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ECONOMIC MANAGEMENT

MISUSE OF PUBLIC FUNDS, UNHEALTHY TENDENCIES SCORED

Tianjin TIANJIN RIBAO 27 Dec 81 p 1

[Article: "Encourage Healthy Trends and Check Unhealthy Tendencies"]

[Text] It was after the State Council issued the "Notice on Stopping Unhealthy Tendencies in the Circulation of Commercial Goods" and the Central Party Committee for the Inspection of Discipline issued the "Notice on Being Strict About Party Discipline and Putting an End to the Unhealthy Tendency of 'Cronyism,'" that the Tianjin City Auxiliary Plant squandered over 10,000 yuan of public money in entertaining and giving gifts. These were deliberate and serious violations of discipline and it is entirely proper and essential that disciplinary action be taken against those responsible and that a circular be distributed at all levels of the Party in the city as a warning example.

Using public funds to entertain and give presents is something that absolutely cannot be condoned as the party attitude of our Communist Party. There are a few units that always use public money to give banquets and that give "souvenirs," "samples" and special products worth dozens of yuan when higher level leaders come for inspection work or when the leadership personnel of other units make visits or when receiving visiting groups, inspection parties and sympathy groups, when holding meetings at which goods are ordered and meetings for evaluating product quality and when opening new stores and putting new plants into operation. Some have even taken their guests on sightseeing tours or to moving pictures and plays. Where does this money come from? Secretaries and managers do not pay out of their own pockets, nor do those who put on a big show or arrange for meals and drinks. This is nothing more than "thinking of a way" to be generous at the expense of the state. And what is the "way"? Some use "little treasuries" outside of the accounts or sell of "waste products." Some misappropriate welfare funds for the staff and workers as well as various types of funds. Some take directly from capital or write "entertainment funds" into their accounts. Some make dummy accounts and false documents. To put it bluntly, these so-called "ways" are nothing more than illegal means for cheating the organization and cheating the masses under various pretexts and in new ways.

What is worthy of note is that the unhealthy tendency of using public funds to entertain and give gifts is often connected with the unhealthy tendency of

"cronyism." Those who receive these benefits are for the most part "cronies" and "useful persons." Some of them are in charge of employment and have allocation authority, some of them are in charge of the allocation of material resources and energy and some of them are in charge of marketing of commercial goods and products in short supply. What is worst is that anyone who does not ingratiate himself with them or who does not give them gifts finds that they abuse their authority to block people, ruin their families and break the "tiger" of the rice bowl.

The unhealthy tendencies of entertaining and giving gifts became rampant under Lin Biao and the "gang of four." Having brought order out of chaos after the smashing of the "gang of four," there was some improvement in the situation. However there are still considerable problems. In addition to the residual evil influences of Lin Biao and the "gang of four" that still have to be eliminated, what is even more worthy of attention is the fact that ideological and political work has been weakened in some units. In these units, the revolutionary character of many comrades is not steadfast and they are not clear about principles. In addition, their spirit of struggle is not strong. When they encounter a situation, they do not consider the principles of Party character, being infected by many unhealthy tendencies of vulgar and sordid merchants. This is where the basic cause lies.

Like other manifestations of unhealthy tendencies, entertaining and giving gifts not only serves to squander and waste state financial resources, destroys the socialist economy and damages the establishment of the four modernizations, it also inevitably dampens the enthusiasm of the masses for the production, damages the prestige of the Party and destroys the relationship between the Party and the masses and the image of socialism.

The use of public funds for entertaining and giving gifts has never been permitted by the Party and the government. The State Council has stipulated in explicit terms that, "In holding meetings or in receiving leadership personnel from higher level organizations or fellow units, public funds must never be used in entertaining and giving gifts. Further, public funds cannot be used for entertaining people with cigarettes, alcohol, candy, fruits and snacks. Nor can public funds be used for going to moving pictures or plays or for organizing receptions for the masses and military companies. Those who violate these stipulations should not apply for reimbursement for their costs and expenditures and anyone who comes up with an 'idea' should pay for it." In July of this year, a State Council notice reiterated that, "It is prohibited for enterprise units and economic units to issue funds to purchase and sales personnel for entertainment, gifts or establishing relationships. If there are any violators after the issue of this notice, an investigation must first be made of the responsibility of the leaders." In "Guiding Principles for Inner-party Political Life," it is stipulated: "It is prohibited to violate stipulations on the use of public funds for entertainment and gifts." The Party Central Disciplinary Committee and the Municipal CCP Committee have already issued notices, circulars and notifications on many occasions regarding the problem of prohibition of use of public funds for entertainment and gifts.

There will be resistance to correcting the unhealthy tendencies of entertaining and gift giving. This resistance can come from many sides. There is the aspect of invitation, there is the aspect of having something to eat, there is the aspect of

old customs and concepts and there are also various types of confused understanding. However, the most important of these is the resistance on the part of a number of those in charge of units. Some responsible persons themselves have a spirit of ostentatiousness and extravagance and indulge in such incorrect ideology and bad habits as being extravagant, establishing relationships and being swayed by personal considerations. Some responsible persons who ordinarily do not study directives from the higher levels, who lack the concepts of policy and discipline, and, who, lured and instigated by "persons who are more a hindrance than a help," abandon their principles in the face of arguments that appear true but are false, nodding their heads in approval and even going to banquets and taking part in the eating and drinking. There are some responsible persons, who, although they themselves to not have anything to eat or drink or take anything and whose hands and mouths can still be considered clean, nevertheless in the face of such incorrect tendencies in their districts, systems or units do not criticize them or struggle against them, turn a deaf ear to the disclosures and accusations of the masses and do not lend their support to the disciplinary and inspection sectors, keeping one eye open and closing the other. There are some who are fully aware that certain persons have problems but who do not look into or deal with these problems for such reasons as "their work is still not bad," "they cannot be taken away from their professional work" and "fear of hurting feelings." They even go so far as not agreeing to shift someone to another post. If this is not weak and lax, what is it?

How can we check this unhealthy tendency of entertaining and gift giving? First, responsible comrades at all levels must take the lead in implementing the "Guiding Principles" and in implementing the policies of the Party by not engaging in entertaining and gift giving, by not going to eat or requesting gifts, by being honest in performing their official duties and by not letting themselves be stained by a single bit of dirt. This is the most basic aspect. If the principal leaders can observe this point, this will be a silent order to their own units to put an end to entertaining and gift giving. If they can take a clear-cut stand in supporting all levels of the Party structure, then the vase body of the masses both inside and outside the Party, the financial personnel and the disciplinary and inspection departments can struggle with this incorrect tendency so that it can be continuously subjected to inspection and correction. In this way, one level can get a grasp on one level, and there can be successive levels of responsibility. If we do not loosen our grip once we get a hold on it and hold on till we get to the root of it, then the effect will be even better. Second, we must be strict about Party discipline. We must be firm about upholding the principle of making critical education the principal element, permitting those who have committed errors to correct their errors. We must also enforce the discipline of the Party and the government on those who have committed serious errors and apply the necessary discipline and punishment to the principal responsible persons. The small minority of persons who have committed violations with full awareness, who have not reformed on repeated education, who have resisted investigation and who have retaliated against those who have informed the authorities about them should be subjected to severe punishment even to the extent of being expunged from the Party register and being punished according to the law. The public funds and public goods that they have usurped must be paid back. They cannot under any circumstances be let off lightly. Third, at all levels of out Party and government organs, in our enterprises and businesses and in our

rural people's communes, there are very large numbers of good Party members, good cadres and good leadership groups who wholeheartedly serve the people and who do not entertain, send or receive gifts, do not manage their affairs by taking advantage of the public sector and who are not swayed by personal considerations. We should take them as models for study, regularly cleanse ourselves of dirt, uphold the prestige of the Party at all times and in all places and launch an unwavering struggle against all incorrect tendencies.

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FINANCE AND BANKING

BUDGET BALANCING METHODS DISCUSSED

Shanghai WEN HUI BAO in Chinese 12 Dec 81 p 3

[Article by Wang Weiquan [3769 3262 3123]: "Why Did People Say That It Would Be Difficult for China to Realize Virtual Balance in Fiscal Receipts and Expenditures Within a Short Period of Time?"]

[Text] In the government work report presented to the fourth session of the Fifth National People's Congress, Premier Zhao Ziyang declared, "It is predicted that the national economic plan for 1981 will be victoriously fulfilled, the goal of the stable economy being substantially realized." "That fiscal receipts and expenditures would go from much red ink to virtual balance within a short period of time is no easy matter for any country." When the people of the entire country heard this news, they were extremely happy. Why is it that this matter that is so difficult to achieve could be realized by China in such a short period of time?

First of all it was because the decisions of the CCP Central Committee and of the State Council on balanced fiscal expenditures and receipts were correct and determined. For the past 2 years China's finances showed a large amount of red ink. In 1979, the deficit amounted to 17.2 billion, and in 1980 it was 1.27 billion yuan. When deficits occur, it becomes necessary to issue more currency, which makes prices difficult to control and leads to a series of chain reactions, which pose very great dangers.

Following the smashing of the "gang of four," China's national economy rapidly revived, and fiscal revenues increased very rapidly. However, no sufficient estimate had been made of the serious consequences of 10 years of internal turmoil, and no timely inventory had been made of the effects on economic work of "leftist" mistakes. Consequently, out of anxiousness to have quick success, some unrealistic plans were drawn. Following the Third Plenary Session of the 11th Party Central Committee the CCP set a program for the national economy of readjustment, restructuring, reorganization, and upgrading. However, since some units and places did not have the necessary sufficient understanding of this program and did not carry it out vigorously, deficits continued. At this time, the CCP Central Committee convened a work conference proposing further readjustments economically, and further stability politically in two major decisions. At the beginning of the year it proposed further curtailment of investment in capital construction, cutbacks in administrative expenditures,

and taking account of abilities in construction for production, in administrative facilities, and in improvements in people's lives, to keep the limits of expenditures within income. At the same time the State Council issued an eight point decision on balancing fiscal receipts and expenditures, and strict fiscal management. It called for efforts to increase output and increase earnings; to assure that the tax payments and profits of enterprises be promptly tendered to the state in full amount; to exercise strict control and supervision over disbursements for capital construction; to vigorously conserve on expenditures by public agencies and on administrative expenditures; to strictly observe fiscal discipline, etc. Furthermore, on many important issues, it called for exercise of a high degree of centralization and uniformity and the adoption of resolute and vigorous measures. Examples were placing production of consumer goods in an important position; allocation and transfer plans for major agricultural byproducts and processed raw materials had to be resolutely fulfilled according to plan; strict regulation of loans, cash, foreign exchange and management of prices, putting a resolute stop to reckless awards of cash prizes and welfare subsidies so as to assure fiscal balance, credit balance, and stable prices. Within 1 year, action in accordance with the CCP Central Committee's and the State Council's programs, policies, and major measures brought about very rapid virtual balance in China's fiscal expenditures and income.

Secondly, this was possible because people everywhere in the country, in all units, and of all races had a conception of the total situation in their minds. They shared the country's concerns and strove to increase output and earnings. This year, total national output value of industry and agriculture is expected to increase by about 130 percent over last year. This positively could not have been done under circumstances of large scale readjustment of the national economy when agriculture also sustained some serious natural calamities without the unity of purpose of the people of the entire country to increase social wealth. The tremendous increase in output of light industry played a particularly great role in enlivening the marketplace, increasing exports, withdrawing currency from circulation, and increasing earnings.

Yet another reason was implementation of a program of frugality and hard work, arduous struggle, and vigorous curtailment of expenditures of all kinds. This year cutbacks in investment in capital construction nationwide amounted to 38 billion yuan, a cutback of about one-third over last year. All quarters have paid attention to how money was spent, spent as little as possible to do the most possible, thereby further carrying forward the spirit of doing a good job. Accompanying the launching of work to increase earnings and conserve expenditures was restructuring of fiscal and financial organizations, which increased both local financial strength and control over funds by enterprises themselves. This year, in order to stabilize the economy and balance expenditures and revenues, the state properly concentrated some of the financial strength of every place. Following decision by the State Council, national treasury certificates were put on sale, 4 billion yuan in sales begin the required goal, and 5 billion yuan being hoped for. Thanks to every jurisdiction and every unit bearing the overall situation in mind and responding to the call of the Central Committee to actively buy them, the entire quota of national treasury certificates was overfulfilled. In order to balance

national revenues and expenditures, the state also borrowed some of the financial strength of jurisdictions. Both city and rural people eagerly saved. Between January and October this year, savings deposits increased by 9.5 billion yuan throughout the country, also providing funds to support national construction.

As a result of this aforestated efforts the Central Committee's decision at the beginning of the year to virtually balance revenues and expenditures was finally realized. When virtual balance is spoken of here it means to generally approach balance. According to the report that Finance Minister Wang Bingqian made to the Fourth Session of the Fifth National People's Congress, this year's national budget income will be 105.86 billion yuan, and fiscal expenditures will be 108.58 billion yuan for an estimated deficit of 2.72 billion yuan. This is to say that the fiscal deficit will amount to about 2.6 percent of estimated revenues. This is a very great decline from the fiscal deficit of the past 2 years, which was more than 12 percent of revenues. In view of the shortness of the time and the size of the figure, this could only have been done as a result of great efforts, and it is something that no country could have done easily. Henceforth a program of readjustment will be diligently carried out, efforts made to increase output and increase earnings, and to increase economic benefits so as to gradually realize a fundamental turn for the better in the financial and economic situation.

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FINANCE AND BANKING

DISCUSSION OF CURRENT STATE OF CURRENCY CIRCULATION

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 2 (19 Jan 82) pp 2-4

[Article by Shi Lei [4258 7191]: "We Must Resolutely Implement the Policy to Stabilize the Currency"]

[Text] The current state of currency circulation is a matter of concern to everyone. Due to differing approaches, standpoints and views, there has been widespread discussion in the theoretical field and among economic workers. Currency circulation is the result of the joint effects of various economic factors. It is the combined reflection of national economic conditions and the primary basis for carrying out economic policy decisions. It is therefore necessary to have quite a realistic assessment of the situation. Some individual views will be discussed so that together we may make a thorough study of this matter.

New Changes in the Circulation of Currency

Since the Third Plenary Session, our national economy has developed steadily and the situation has improved. Due to the fact that many new conditions have emerged in the overall national economy new changes have also occurred in the circulation of currency. The most important of these are: (1) Cash income and expenditures have grown. The 1981 estimate of cash income has increased 80 percent from that of 1978 and cash expenditures have increased 81 percent. The major reason for the increase in cash income has been the withdrawal of commodities and credit and the major reason behind the increase in cash expenditures has been the increased procurement of subsidiary agricultural products and increased wage payment. (2) There have been changes in the distribution of the amount in the market. Since the Third Plenary Session, because the rural economy has developed faster than the urban economy, the peasants' income has increased faster than that of urban workers so that the proportion of currency distributed in the countryside has increased while it has dropped in the cities. The proportion of commune members with ready cash has increased while the proportion of urban residents with ready cash has declined. Consequently, when looking into the state of currency circulation and organizing the recall of currency it is particularly important to stress strengthening work in the countryside. (3) The recall and circulation of currency by banks has become decentralized. Once the system of responsibility in production was implemented in the countryside, the situation changed somewhat. Production brigades no longer sell subsidiary agricultural products, settle accounts or distribute proceeds in a centralized manner. Rather, it is increasingly the

case that each household is responsible for selling products and settling accounts. (4) There have been changes in the ratio of cash and the transfer of accounts. In the past, when production brigades sold grain and other subsidiary agricultural products, they generally used to transfer and balance accounts without involving cash and only at the end of the year would they decide to withdraw some cash. At present, with contracted production, household contracts and with selling and the settling of accounts managed by each household, cash is generally used. In this way there is an increase in the circulation of currency in the market. Changes in the proportion of cash payments for subsidiary agricultural products are as follows: from 27.85 percent in 1978 to 34.04 percent in 1979 to 40.81 percent in 1980 and to an estimated 50 percent in 1981. At the same time, the proportion of cash received from commodities sales has grown. In the past, production brigades primarily used the system of transferring and balancing accounts when purchasing materials for production. However, with contracted production and household contracts, there has been an increase in household procurements of production materials using cash. Nationwide, the proportion of cash income from commodities sales in the retail turnover of social commodities is increasing year by year, from 62.37 percent in 1978 to 63.63 percent in 1979 to 65.92 percent in 1980 and to an estimated 70 percent in 1981.

In order to organize and regulate the circulation of currency in a planned way and to improve currency control, it is extremely important to be aware of these changes in the circulation of currency, study the characteristics of these changes and understand the principles of these changes.

The Circulation of Currency in the Market Is Still Not Normal

Because there have been new changes in the circulation of currency in the market, the amount of currency in the market has increased. In the last 3 years the amount of currency on the market has increased by 15 billion yuan, of which 10 billion yuan is from 1979 and 1980. This is primarily due to the following factors: a more active economy (in the volume of retail sales of consumer goods); contracted production and household contracts in the countryside that have enabled people to lay aside production reserve funds; and rural commune households which have saved more cash because of their higher incomes. It is also due to the fact that urban individual economy has made advances and each household has been able to retain some cash. Furthermore, urban and rural units have increased in number so that there are more opportunities for keeping funds in reserve.

There still tends to be more bank notes on the market, and the state of currency circulation is still not normal. (1) Based on the number of bank notes in the past 3 years since 1979, if we deduct the amount of currency that is required by the new factors emerging from economic development and from reform of the system, there are still an excessive number of bank notes on the market. If we add on the already excessive number of 1978 bank notes on the market, then the number of bank notes at the end of 1981 is even higher. This does not even include those bank notes from lowered commodity prices. (2) The proportion of the amount of currency in circulation and the retail turnover of social commodities plus market turnover has altered. Based on historical experience and calculations, since the founding of the nation the above mentioned changes in proportion may take several

forms. First, there is the normal state of currency circulation when the proportion is from 1:8 to 1:9. With the new factors computed in, it will be 1:7.5. At this time commodity prices are stable, market supplies are fairly good and the quality of life is good. Second, when currency is either in short supply or excessive, the proportion is 1:7 and 1:6.5 with the new factors added on. In this situation the market conditions are not too bad but the circulation of currency is not normal and it therefore presents a potential danger. Third, if the proportion reaches approximately 1:5.5 it will become an inflationary situation. Prices will go up and there will be a credit crisis. At the end of 1981, the proportion was approximately 1:6.4, which means that we are in the second phase when the circulation of currency is not normal thereby presenting a potential danger. (3) The abnormal circulation of currency is reflected in several areas. For example, the task of economic readjustment has still not been completed and financial and economic troubles have not yet been solved. Furthermore, among the bank notes in circulation, some do not accurately represent our social wealth and some lack the material resources for withdrawing the bank notes from circulation. The state of currency circulation which reflects the national economy is not likely to return to normal. Furthermore, the financial deficit has by no means been eliminated. Although market supplies are satisfactory, the purchasing power of society still exceeds the supply of commodities. Commodity prices are more stable than before but some commodity prices have risen. This all goes to show that there still tend to be too many bank notes on the market.

The Policy to Stabilize Currency Must Be Resolutely Implemented

A fundamental principle for carrying out socialist economic development in our nation is to uphold the economic circulation of currency and not engage in the financial issuing of currency. The Central Committee has repeatedly emphasized that it is essential to uphold the policy of stabilizing the currency. Under the guidance of this policy we have made great efforts these past few years to develop production, revive the economy, increase the withdrawal of currency and control the unreasonable circulation of currency. We have obtained definite results which have played a great role in economic development and in promoting readjustment.

At present, the state of currency circulation has certainly undergone some new changes and the required quantity of currency has also increased. However, the irregular state of currency circulation has not basically changed. The financial issuing of currency still prevails, we have not fully switched over to the economic circulation of currency. As for the excessive number of bank notes on the market, we must become fully aware of the potential danger that exists in this situation. It is necessary to continue to adopt down-to-earth measures, consolidate and stabilize economic gains and reduce and eliminate those destabilizing factors. It should be particularly stressed during times when things are going well. Thus, we must resolutely implement the policy to stabilize the currency, and when bank notes are excessive we must support the development of production with cash, revive the economy and take care not to overstep the warning line in order to avoid influencing production and economic stability.

If we cannot keep a sober head and make calculations that don't coincide with reality when faced with successes, that would be very dangerous and we would be

unable to resolutely implement the policy to stabilize the currency. At this point I will present my own opinions on certain points of view regarding the current problems of the circulation of currency.

1. "The number of bank notes on the market is not excessive." Comrades who uphold this point of view believe that in a country as great as ours, if the number of bank notes on the market increases by several billion yuan, each person could then take his share of several yuan. They also say that the peasants have just increased their income, workers have just readjusted their rank and our standard of living has just begun to improve so they cry out for more bank notes, etc. The amount of bank notes on the market has to do with commodities not the standard of living or each person getting his share of several yuan. These two aspects of this concept should not be confused. If we don't have commodities, we won't increase our wealth by having an even greater number of bank notes. Under the current conditions of not having completed the task of readjustment and with our production of consumer goods unable to catch up with the increased level of purchasing power, their actually does exist a large amount of currency on the market. If we reach the conclusion that "the number of bank notes on the market is not excessive" and that it appears that we can issue even more bank notes and if we use this way of thinking to guide the economy and carry out policy decisions, it will surely lead to future troubles.

2. "Although there may be quite an excessive amount of bank notes at the present time, this economic circulation puts expenditures first and revenue last, it is not seasonal and may be carried over to next year." The circulation and withdrawal of currency is seasonal by nature because it is restricted by agriculture. However, the tendency to have an excessive number of bank notes on the market is the result of the financial issuing of money during the past 2 years. It is certainly not brought about by putting expenditures first and revenue last.

3. "The circulation of currency in 1981 has already changed from the financial issuing of currency to the economic circulation of currency." It should be acknowledged that although some of the currency that was issued in 1981 was economically recirculated, there still exists the problem of the financial issuing of currency. First, there was still an increase in the number of bank notes put in circulation this year even though there are already an excessive number on the market. Second, the proportion of the amount of currency on the market and the retail turnover of social commodities plus market trading volume changed from 1:6.6 during last year to 1:6.4. Third, it was necessary to make withdrawals on credit from banks for 1981 financing. It is therefore impossible for there to be any fundamental improvement in the circulation of currency on the market when there has been no change in the financial and economic situation.

4. "The distribution of currency in the countryside is based on economic circulation of currency." This argument is also not comprehensive. At present, the base procurement figures have once again been lowered. Overpurchasing and raising prices are increasingly and randomly practiced. Procurement is negotiated but not selling. Goods are purchased at a high price and sold at a fair price. This subsidy is assumed by central government financing. If this kind of "economic distribution" is carried out, it is inevitable that the prices of industrial

goods will increase and the benefits to the peasants will essentially be swallowed up by the increased costs of material goods.

5. "At present there are some commodities that still haven't been sold, it cannot be said that materials and commodities are in short supply." Although market supplies are good, commodity shortages can still be seen everywhere. There currently are definite commodity stockpiles, however quality is inferior and prices are high. Overstocked commodities that are unmarketable constitute 15-20 percent of the inventory. As regards material goods, a fair portion of the inventories of electric and steel products are overstocked and a large portion of the inventories of agricultural machinery are overstocked. If the prices of these overstocked goods and commodities are cut there will be a corresponding decrease in capital. These goods cannot be sold on the market nor can they realize their worth, therefore they should not be used as the basis for having fewer bank notes on the market.

6. "Purchasing power is the motive force and lifeline of a commercial economy." The growth of consumer goods must be built on the basis of improving labor productivity and on the basis of steadily increasing social wealth. In the past 2 years average annual purchasing power has increased 20.3 percent while during the last 3 years the national income according to that year's prices has had an annual average increase of 7.5 percent. The gross output value of industry and agriculture has had an average increase of 6.3 percent while the retail value of social commodities during the last 3 years has had an average annual increase of 14 percent. Obviously the growth rate of consumer goods surpasses the increase in labor productivity. At present there is already a large disparity in the supply of commodities. If we once more increase purchasing power to stimulate production, it will influence economic stability which, in the end, will surely affect the development of production.

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FINANCE AND BANKING

'JINGJI YANJIU' DISCUSSES FINANCE, BANKING

HK051155 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 1, 20 Jan 82 pp 75-80

[Article by Xing Junfang [6717 0193 5364]: "Discussions on Finance and Banking During the Past Year"]

[Text] During the past year, academic economic circles in our country have discussed certain problems concerning finance and banking. This article will make a summary of the discussions on several of those theoretical problems.

The Question of Fiscal Deficits

1. Can fiscal deficits be used as a lever to stimulate economic development?

Some people express the view that we must concretely analyze whether continuous fiscal deficits in our country during the last few years have been harmful or not. They believe that "of two evils we should choose the lesser one," and that if we did not allow any fiscal deficits then the harm to the national economy will be even greater. They further believe that provided there is no panic buying in the market, it is permissible to have a slight fiscal deficit. ("Theoretical Discussions on Economic Readjustment," CAI ZHENG [FINANCE], No 2, 1981) Under socialism, it may not be entirely harmful to have a slight fiscal deficit. Indeed, the question of whether or not fiscal deficits can serve as a lever for economic readjustment is a debatable one. ("Notes on an Academic Discussion Meeting on the Question of Financial Deficits," CAIMAO JINGJI CONGKAN [FINANCE, TRADE AND ECONOMICS], No 1, 1981) In the history of capitalist countries, there have been very few cases where the countries did not have any fiscal deficits, but capitalism has continued to flourish just the same. If there is some source for replenishing the deficits, then the finance department can spend the monies derived from the issue of banknotes and the banks have to correspondingly reduce their loans to the enterprises. If the finance department spends the funds belonging to the enterprises the latter can, for the time being, refrain from making use of them. If this can be done without any adverse effect on the demand for funds in economic life, then there is no need for the excess issuance of banknotes despite the fiscal deficit. In other words, although the budget

is not balanced, the "larger balance" achieved in monetary circulation brings about a balance. Under such circumstances, there is no harm in having a slight fiscal deficit, even if it occurs regularly.

Some other people have expressed the view that under the conditions of a planned economy built on the socialist public ownership system, we must insist on the policy of "a balanced budget, leaving a little surplus," and that therefore we must refrain from adopting a policy allowing the existence of a fiscal deficit. This is because such a policy represents a negative factor and is extremely dangerous: First, it disturbs and harms simple reproduction. The excess of capital construction investment over the available supply of material resources means that in regard to available funds, circulation funds (including funds for credits and loans) are squeezed out. Funds for renewal or renovation are also squeezed out. In regard to material resources, it means that the raw materials originally for the maintenance of simple reproduction and the equipment and machinery for maintenance and renewal purposes are diverted to capital construction. This results in the equipment of the enterprises having to carry on in poor condition. Second, it results in capital construction being unable to produce any production capacity, thereby causing enormous waste and extravagance. Third, it increases the volume of money in circulation, makes the volume of money in circulation exceed normal needs, and brings about a sharp contradiction between the available supply of goods and purchasing power. Moreover, it prevents the return to the treasury of money in circulation, makes the value of money unstable, provokes a rise in commodity prices, disturbs the tranquility of the people's lives, and thereby seriously damages the enthusiasm of the masses. The method employed by capitalist countries to make use of an unbalanced budget to stimulate the economy cannot be used by us. The conditions in our country are entirely different. Our situation is one of an insufficiency in resources and not one of an excess in production. Under such conditions, the resort to an unbalanced budget is tantamount to adding oil to a fire. It only aggravates the contradiction of supply lagging behind demand and the consequences are unimaginable. (Ge Zhida: "On the Question of a Balanced Budget," JINGJI YANJIU [ECONOMIC RESEARCH], No 1, 1981) After a year's deliberations, it is found that the majority of the comrades share this view.

2. Causes of fiscal deficits.

As for the causes bringing about fiscal deficits, the controversial point is: Under socialist conditions, is there an objective certainty of the production of fiscal deficits? One view holds that such a certainty does exist. This is principally because of certain irresistible objective conditions such as war and natural disasters as well as subjective errors and misjudgments. (see "Theoretical Discussions on Economic Readjustment," FINANCE, No 2, 1981) In reality, over the past 30 years in our country, fiscal deficits have occurred in one-third of these years. The basic causes were serious imbalances between accumulation and consumption and the accumulation rate being much too high. (see "Notes on an Academic Discussion Meeting on the Question of Financial Revenues," FINANCE, TRADE AND ECONOMICS, No 1, 1981)

Another point of view holds that the cause for the financial deficits in our country over the past 2 years was not due to the socialist economic system itself nor because we intentionally took this course to relieve economic difficulties. Rather, it was the bitter result of undertaking, for many years, capital construction far in excess of the nation's capability. (Dai Yuanchen: "Finding a Way To Eliminate Financial Deficits Through Macroeconomic Policymaking," ZHONGGUO SHEHUI KEXUE [CHINESE SOCIOLOGICAL SCIENCE JOURNAL], No 5, 1981) The basic cause of the problem was the large proportion of capital construction, the construction period being too long, and its poor effect. (Qian Jiaju: "We Must Insist on Financial Equilibrium and Elimination of Fiscal Deficits," FINANCE, No 2, 1981) In addition, another cause was the stockpiling of goods, thereby laying idle large amounts of circulation funds and bringing about financial receipts and bank deposits which just exist on paper. Still another cause was that the increase in consumption funds was not backed by a sufficient supply of material resources. (Zhuo Jiong: "From Where Comes Financial Deficits and Currency Inflation?" YANGCHENG EVENING NEWS, 18 April 1981)

3. Ways to eliminate financial deficits.

A relatively unanimous view is that the basic means to eliminate financial deficits are to increase revenues and to economize on expenditure, to reduce waste and extravagance, and to upgrade economic effects. But in the concrete discussions, there appeared a slight difference in the relative importance given to these measures. Some believed that to eliminate financial deficits, besides reducing capital construction to effect savings in expenditure, the following measures were essential: opening up sources of income, such as tapping the hidden potential of the enterprises, energetically increasing the output of consumer goods, effectively organizing conversion of a portion of the first category of production to the second category of production, clearing up the coal, crude oil, electric power and transport "bottlenecks," appropriately upgrading the standard of living of the people in accordance with the current capability of the country, and effecting tight control over price subsidies and the granting of bonuses. (Dai Yuanchen: ibid.) Some offered the view that the basic measure should be to eliminate the vast waste and extravagance in production and construction and upgrade the economic effect. Viewed from the standpoint of financial work itself, in addition to effecting an increase in revenue and economy in expenditures, tax collection work must be strengthened, the major taxes must be directly remitted to the central authorities, a perpendicular taxation system must be instituted and taxation must gradually become the main source of financial revenues and an important lever in regulating and adjusting the market. Simultaneously, price subsidies must be gradually reduced. Then there were others who believed that in eliminating financial deficits, the most important problem was to perform a good job of commodity production and circulation, curbing the production of unmarketable commodities, regulating production in accordance with market needs, and earnestly endeavoring to market and dispose of stockpiled products. (Zhuo Jiong: "From Where Comes Financial Deficits and Currency Inflation?" YANGCHENG EVENING NEWS, 18 April 1981)

The Problem of Credit Inflation

1. What constitutes credit inflation? It is generally manifested in four aspects.

(1) Credit inflation is the state where the banks, under the conditions of enjoying the decisionmaking power, grant loans in excess of their deposits and their own funds, thus blindly expanding. They thereby cause capital expansion which is only on paper and the appearance of unreal economic prosperity. In other words, it is a state of affairs brought into being by the banks granting loans in excess of a definite volume or fixed limit and also exceeding the credit quality norms. (2) So-called credit inflation is the granting of loans in excess of the normal growth of production and of the marketing of commodities. (3) In reality, credit inflation implies the volume of loans being in excess of the objectively permissible limit, while inflation itself indicates that this form of economic procedure is an abnormal one. The objectively permissible limit for loans should be more definitely set down as: the gross volume of loans, less the portion convertible into potential currency, should be equivalent to the necessary volume of currency for circulation. (Huang Da and Zhou Shengye: "What Is Credit Inflation? How Is It Brought About?" JINGJI YANJIU, No 11, 1981) (4) Credit inflation is the increase in the gross volume of bank loans (including relative value and absolute value) exceeding the increase in the gross volume of deposits, thereby causing an excessive currency issuance in the economy.

2. Does credit inflation currently exist in China?

One view is that at present there is no credit inflation in China. It holds that, as seen from the standpoint of value movement, we are currently facing not the problem of credit inflation but that of credit stagnation and currency inflation. We are still far from fully bringing into play bank credits' inherent extensiveness, their mobility, elasticity and role in regulating the national economy. An allegation of the existence of credit inflation in the country would have no theoretical backing. Rather, in actual practice, this allegation would only stifle credit, stifle the national economy and stifle the market. Seen from the actual conditions, since the founding of our republic, in by far the great majority of years, the proportions occupied by deposits and loans in the gross industrial and agricultural output value were as follows: deposits occupied a proportion of about one-fourth, not exceeding one-third at the highest point, and loans occupied a proportion of one-third, not exceeding one-half at the highest. Only in the years 1961 and 1962 were the proportions of deposits and of loans found to have exceeded the above-mentioned highest points. In these years there was credit inflation. In the years 1979 and 1980, the proportion of deposits were respectively 23.2 percent and 28.3 percent while those of loans were respectively 33 percent and 36.5 percent. It can thus be seen that at present, we have not yet reached a stage of credit inflation.

Another view is that at present credit inflation does exist in our country. The principal reasons given are: First, the financial deficits have brought

about an imbalance in the credits and loans of the banks. This has compelled the banks to increase the issue of banknotes but this increased issue of currency has actually surpassed the circulation needs of the market. Furthermore, this increase was not backed by available supplies of commodities and material resources, being only funds advanced by the banks in the form of credit inflation. Second, of the medium-term and short-term loans granted by the banks for the purpose of equipment purchases, a portion were not backed by a corresponding source of funds supply and the duration of these loans was usually 1 year or longer. Actually, this has promoted duplicate and wasteful construction. Third, of the increased credit funds raised by the banks, a portion is not actually an increase in normal deposits. This rather substantial portion of the funds is actually the difference between the social purchasing power and the available supply of commodities. In other words, these deposits are not backed by corresponding material resources while the loaning out of the funds by the banks ultimately converts them into real purchasing power. In reality, this constitutes "real loans backed by unreal deposits," and is also one form of credit inflation. Fourth, it is also one form of credit inflation, when enterprises turn out products which do not conform with social needs or the quality of which is inferior. This holds back bank funds for a prolonged period which is virtually defaulting on bank loans or having loans without the backing of corresponding material resources. (Li Chengrui: "Finance, Balancing of Credits and Loans, and Balancing of the National Economy," JINGJI YANJIU, No 3, 1981; and Huang Jubo: "A Question in the Unified Balance of Finance, Credits and Loans," RENMIN RIBAO, 17 February 1981)

3. Divergent views on currency policy.

Those comrades who believe that at present there is credit inflation in the country hold the view that in order to eliminate credit inflation we must tighten the money market. (Li Chengrui: ibid.)

On the other hand, those comrades who hold contrary views to the above contend that the principal countermeasure necessary at present is the stepping up of the return flow of currency to the treasury rather than exercising the utmost efforts to reduce the number of loans granted or tightening the money market. They hold that in promoting the return flow of currency, we should carefully note the actual conditions of the money market and that we should enliven the national economy. Through enlivening the national economy both the economy and the market may be stabilized.

When analyzing the two points of views mentioned above, some comrades have opined that tightening the money market and curbing the circulation volume of money might be helpful in swiftly effecting an about-turn in the rise of commodity prices. But it also incurs the risk of making industry and commerce suffering from financial stringency, resulting even in their bankruptcy or the closing of their doors. The continued pursuance of this policy would strangle the national economy, particularly heavy industry, resulting in an enlargement of the financial deficits. They argue that we should adopt a policy of tightening on the one hand and opening up on the other, that is to say, tightening and economizing on fiscal expenditure and concurrently

defreezing the deposits of the enterprises and enlivening or promoting credits and loans from the banks. Concretely speaking: (1) We should firmly insist on currency flotation strictly in accordance with economic principles and put an end to overdrafts from the banks on the part of the financial departments and also stop the banks from indulging in currency inflation. (2) We should amply supply the loans and currency issuance needed by the state in purchases of agricultural products. (3) We should grasp tightly the two roads for the return flow of money, from the sale of commodities and from savings deposits and credit repayments to banks. We should exert the utmost efforts to effect the return flow of funds in order to fortify and augment the fund resources for increasing bank loans, enlivening the national economy and undertaking the necessary construction tasks. (4) We should rely on funds from the savings deposits and fixed deposits of the banks to grant medium-term and short-term loans for equipment purchases, for construction in the energy industry, and for the renewal of equipment. We should simultaneously develop both light industry and heavy industry, enliven the national economy, and lay the foundation for future development.

The Problem of Raising and Using Social Funds

One view that is more or less unanimous is that raising and making good use of social funds is an important means of overcoming financial difficulties and an insufficiency of capital construction funds. However, there is still much divergence of views on the following three points:

1. Concerning the hidden potential of social funds and the extent to which they may be utilized.

One view believes that social funds have vast hidden potential. If only we knew how to raise them properly, then the problem of procuring funds could be readily solved. The principal reasons offered are: In the course of the development of socialized large production, the volume of funds concentrated in the banks will grow continuously and will surpass the dimensions of the state budget. The excess of funds outside the budget over funds inside the budget is a trend of development which cannot be changed by mankind's wishes. Over the last few years, a rapidly increasing amount of social funds has been concentrated in the banks. In 1980, bank deposits amounted to 175.2 billion yuan, equivalent to roughly 48.9 percent of the national income for that year, while during the same period the amount of financial revenue was equivalent to only 28.9 percent of the national income. The depreciation and renewal sinking funds and development funds of the enterprises amounted to over 50 billion yuan. Of the savings deposits of the residents, fixed deposits constituted roughly 80 percent. The amount of savings deposits of the whole country amounted to 40 billion yuan. On the basis of 20 percent of this being available for credits and loans, about 8 billion yuan would be available. Actually, of the latter amount, 4 billion yuan had been utilized for medium-term and short-term loans. A balance of 4 billion yuan would still be available for credit and loan investments.

Another view holds that currently budget funds and bank funds are equally stringent and that therefore the gross volume of funds allocated and utilized

must conform with the sources of these funds. Supporters of this view hold that the sudden increase in the amount of bank deposits over the last 2 years is an abnormal phenomenon and that a large portion of the deposits were just transformed financial deficits. (Xu Yi: "Some Divergent Views on Economic Readjustment," FINANCE, No 2, 1981) Viewed from society as a whole, the current increases in the savings deposits of the residents have grown principally from the disparity between the amount of purchasing power in society and the available supply volume of commodities. Therefore they were not backed by the existence of real material resources. They served the purpose of balancing the disparity between the available supply volume of commodities and social purchasing power and also served the purpose of stabilizing commodity prices. However, to use this money on capital construction would be pure speculation and would bring about credit inflation. Hence, whether or not the savings deposits of the residents can be used for credit and loan investments should be governed by the restriction that currency inflation and credit inflation will not result therefrom. It is true that the gross volume of bank deposits of the enterprises is enormous, but all of these funds have specially designated uses. Besides, they constitute merely temporarily idle funds in the process of utilization. If diverted for use on credit and loan investments, it would be like "marrying a girl to two husbands." The outcome would be the stretching of the capital construction front and the disturbing of the normal progress of production and construction. In short, an earnest study must be made of the limits of the amount of social funds to be used on construction purposes. (Xu Yi: "Macroscopic Control and Overall Finances," JINGJI YANJIU, No 1, 1982)

A third viewpoint holds that in regard to the problem of funds, we should not make an overoptimistic estimate and that in solving the contradiction between construction speed and insufficiency of funds, allowing inflation to exist to some extent is unavoidable. Viewed from the law governing the movement of credit and loan funds, expanding loans will create a corresponding amount of deposits and cash. Actually, the extent to which bank loans can be made is governed by the following condition: The amount of real purchasing power that can be formed by the loans, after taking into consideration the factor that the real purchasing power may be converted into hidden purchasing power, should not surpass the requirement for maintaining an equilibrium in supply and demand. If this requirement is exceeded, credit inflation and currency inflation will result. Over many years we have had a state of inflation. In 1981, it seemed that general inflation was changing to inflation of a structural nature. Under such conditions, the funds loaned out by the banks are funds in actual currency. While a portion thereof may be converted from consumption to accumulation and another portion may just be the redistribution of the accumulations between the departments and the enterprises, the large quantity of deposits and cash which represent real purchasing power have now become the medium for the distribution of the products of society. But no direct increases of any kind have been effected in the status of material resources. Viewed from this angle, the stringency of funds is obvious and can be readily seen. Therefore, at the present moment, in order to solve the contradiction between the speed of construction and the insufficiency in funds, the possibility of having a little inflation cannot be ruled out. This must be properly noted and we must be extremely careful in handling it.

2. Is there any risk in using funds raised from society for granting medium-term and short-term loans for equipment purchases?

Some people hold the view that at present the problem of fiscal deficits has not been solved, that the banks still have an adverse balance in their credit and loan accounts, that there is an overissue of currency in circulation and consumer goods are still extremely short in supply. Hence, they contend that under such conditions, it is rather risky for the banks to use the idle funds of society, which they have absorbed ostensibly for short-term turnover, for the purpose of granting medium-term and short-term loans of a duration period of 1 year or longer. At present, viewed from the conditions of the credits and loans of the banks, the granting of loans has already exceeded the growth of bank deposits. For this reason, those comrades holding the above view suggested that first of all we must make an accurate estimate of the exact amount of funds which can be raised in the whole country and which can be utilized and only after it is ascertained that the credits and loan funds can satisfy the needs for ordinary turnover uses and still have a balance left, that suitable amounts of credit and loan investments can be made. Moreover, loans of the latter category must be included in the state plan, to effect an overall balance.

Another view believes that making use of social funds for the purpose of granting medium- and short-term loans helps in enlivening the economy and speeding up construction. The reasons are: First, medium- and short-term loans are principally intended for use by the light and textile industries and by the old enterprises for technical reform and hence can enliven both supply and demand. Second, they can effectively help in the readjustment of the national economy. Third, they can strengthen the economic responsibility system of the enterprises and raise the investment effect. (Yang Peixin: "On Medium- and Short-Term Bank Loans for Equipment," JINGJI YANJIU, No 8, 1981)

3. Channels for raising and utilizing social funds.

Some people hold the view that the raising and utilizing of social funds should take the form of bank credits. This complies with the demand of the objective laws of economic development in our country. They suggest that in order to raise the investment effect the banks should take over the unified handling and granting of loans for all construction funds, including not only funds absorbed by the banks themselves and funds for economic construction expenses (capital construction investments and circulation funds) included in the state budget, but also foreign funds.

Another view holds that mobilization of social funds should be along two broad lines, namely, by fiscal measures and by credits and loans, and that the utilization of funds should also take the same two roads. These two credit forms have their own characteristics. In the case of deposits absorbed by the banks, they must necessarily be of the depositors' own volition but in the case of bonds floated by the state, they embody characteristics which embrace both mandatory allocation and voluntary subscription. Moreover, the latter embodies the additional feature of changing the power

of utilization under the conditions of not changing the right of ownership. Bank deposits, including fixed deposits, can be withdrawn by the depositors at will. This type of funds more or less lack the stability feature, and are more suitable as loans for circulation funds and short-term turnover. On the other hand, state loans possess the stability feature for a given period and thus can be used for capital construction. Therefore, bank credits alone should not be relied upon and resort must be made to credit from the state as well. (Li Chengrui: "Balancing of Finance, Credits and Loans and the Overall Balance of the National Economy," JINGJI YANJIU, No 3, 1981; Xu Yi: "Macroscopic Control and Overall Finance," JINGJI YANJIU, No 1, 1982)

Problem of Overall Finance

1. Divergent interpretations of the meaning of overall finance.

One interpretation is: overall or comprehensive finance is a special economic category under socialism and is controlled finance built on the foundation of the system of public ownership of the means of production and belongs to the category of macroeconomics in liaison with planned economy. In other words, it is macroscopic finance covering the scope of the whole national economy or a locality. It is a branch of financial studies under socialism. (Li Chengrui and Xu Yi: ibid.)

Another interpretation is: overall finance is the overall measurement and overall allocation of the financial power of the country. It should not be taken as a special economic category found only under socialism. Capitalist countries, when forming, concentrating and using a portion of the national income, must likewise resort to overall measurement and apply mathematical methods to its distribution. The question lies in the differences in the nature they manifest, in the depth and width of the overall measurement, in the scope of function of the funds, and their targets.

2. The function and role of overall finance.

Concerning the above, there are three separate points of view: (1) The function of overall finance is principally to reflect the gross amount and the utilization of financial funds and social funds so that the leadership organs may know the state of the allocation of the funds. (2) Overall finance is to provide a mathematical basis for the raising of funds from society by means of which the amount of social funds to be raised may be determined. (3) The principal function of overall finance is to strengthen macroscopic control in order that under the logical premise of not changing the ownership right of the funds the direction of the use of funds may still be guided so that the amount of funds, though limited, may be put to the best use, thus raising the effect of their utilization. Some publications have expressed the view that the main functions of overall finance should be to effect a unified handling and utilization of funds, to supervise economic activities, and to solve the problem of the contradiction between national power (mainly financial power) and the scale of construction.

3. The scope of overall finance.

One view holds that overall finance embodies two aspects, namely, quantitative and qualitative aspects, and is the dialectical unification of quantity and quality. Its qualitative aspect is related to the allocation relations of the various categories of funds under the national income which constitutes the main body for the allocation of financial funds. Its quantitative aspect is related to the quantitative relations it embraces. Overall finance includes funds inside the budget, funds outside the budget, funds for special uses of the various departments of the national economy and among the financial receipts and expenses of the enterprises (including those under the collective ownership system), credits and loans of banks and their cash receipts and expenses (amounts of increase or decrease). (Riqing: "Preliminary Study of Overall Finance," JINGJI YANJIU, No 2, 1981)

Another view is as follows: overall finance should embrace the movement of funds of the whole society, including the sum total of the movements of funds at the various stages of production, distribution, exchange and consumption. It should also embrace the movement of funds in simple reproduction on the part of the enterprises. This is because the movements of funds involved in the enterprises' simple reproduction and embracing both fixed funds and circulation funds occupy a relatively large weight. Besides, at present, the state of goods stockpiling and of waste and extravagance is very serious. Viewed from the standpoint of the balancing of funds and material resources, it is necessary to probe into this portion of funds. (Xu Riqing: JINGJI YANJIU, No 2, 1981)

Still another view contends that overall finance should embrace both funds within the budget and funds outside the budget. First of all, we must strengthen the planned control of funds outside the budget in order to guide the direction of use of this portion of funds to key construction urgently needed by the state and to technical transformation so as to improve the economic structure and product structure, and speed up the pace of technical transformation of enterprises. (Xu Riqing: ibid.)

On the Question of Reforming the Financial System

1. How to appraise the reform of the financial system.

A comparatively unanimous view concerning the existing graded financial system calling for "eating in separate kitchens" is as follows: The orientation of reform is correct and has yielded obvious results. But there still exist differences in varying degrees. The three types of views below are of a representative nature: One view believes that under the present circumstances the graded financial system calling for "eating in separate kitchens" is a good system conforming to current reality. Its superiority is shown in the following: arousing the activism of the localities, strengthening the sense of responsibility, and displaying the realization of the principle of a combination of power, responsibility and benefit; it helps the localities to make unified plans; it assists the localities in increasing production and effecting economy, in increasing income and reducing outlay, and in raising

the economic effect. Naturally, it has numerous problems and contradictions, but by no means should we ascribe all the maladies in current-day economic life to faults in the financial system. Under the conditions of the current economic readjustment, to attempt to work out a better and new financial system is unrealistic. Another view contends that the graded financial system calling for "eating in separate kitchens" has its aspects of arousing the localities to increase their income and to effect economy and also of stirring up their enthusiasm for economic development and development of other enterprises. However, it can easily attract the localities to adopt various "protectionist" measures, to institute blockades, to curb competition, to seriously weaken the horizontal relations between the localities and the enterprises, and to impede production development. Still another view opines that the principal question lies in the selection of the time element for reform. Under the present circumstances of there being huge financial deficits and no room for maneuver, ordinarily the centralization of financial power is a requisite but now, on the contrary, the division of financial power is advocated. Moreover, in the absence of a central blueprint for economic reform, finance is being put to the fore, as a result of which, the contradiction between centralized authority and divided authority has appeared glaringly in the realm of finance, thus intensifying the disequilibrium in financial revenues and expenditures. (Dai Yuanchen: "Correctly Handle Readjustment and Reform in Relation to Budget Balance," CAIZHENG, No 8, 1981)

Concerning the question of the system of partial retention of profits, a comparatively unanimous view is that it represents an important reform in the system of the control of funds in our country and that it has played an important role in raising the enthusiasm of the enterprises and their staff and workers. But it has also created new contradictions. For example: There is a great disparity between the partial retention of profits among the trades and among the enterprises. The situation may be described as "whipping a fast ox," and the phenomenon of an uneven distribution of hardship and happiness has become particularly outstanding. Viewed from the standpoint of policymaking, laying stress on achieving the rational distribution of profits and on supervising the enterprises to improve their management and control have produced a certain effect. However, because of the irrational commodity prices, the present level of profits of the enterprises does not necessarily reflect the level of their management and control. Besides, the business accounting of the enterprises has been unduly distorted and this has produced many evil effects.

On this question an important point of divergence concerns the theoretical background for reforming the system of management of funds. Some people believe that socialist enterprises constitute the basic unit of the socialist economy. They are mobile and organic structures and possess independent economic interests. Hence, the economic system of socialism should be built on the enterprises as the basic units. (Jiang Yiwei: "On Enterprises as Basic Units," "The 1981 China Economic Yearbook" p V-139) The basis for setting up the system of management of funds is: Since state enterprises belong to the state which represents the whole people and are commodity producers enjoying independent authority, in reforming their fund management

system they follow the direction of responsibility for their own profits and losses and handling their own financial affairs. (see Huang Da and others: "Financial and Currency Problems of Socialism," China People's University Publishing House, 1981 edition, pp 252, 247)

Another view holds that the purpose of making state enterprises carry out reform of their management system is to arouse their activism and to develop the productive forces. But some people suggest the theory of enterprises as basic units which is completely divorced from the state plan, opposed to administrative intervention, and opposed to regulation by planning mechanism. Then there are people who say: Since socialism advocates a commodity economy, the enterprises should be accorded with the status of independent commodity producers. All these views are incorrect. (Xu Yi: "Some Unrealistic Views on Economic Readjustment," CAIZHENG, No 2, 1981)

2. Relations between finance and banks.

The traditional view is that under socialist conditions finance has the function of distributing and redistributing the national income, whereas banks serve as the chief center for settling accounts and for handling credits and loans and cash receipts and payments. The liaison of bank credits and loans with commodity circulation and the turnover of funds gives the banks the function of regulating the supply of funds but they do not have any function of distribution. (Xu Yi: "Some Unrealistic Opinions on Economic Readjustment," CAIZHENG, No 2, 1981) The basis for this theory is that the socialist economy is a planned economy and that investments on economic construction may be controlled by plans and are not governed by the credit and loan policy of banks.

Comrades opposed to the above interpretation are of the opinion that since the economic readjustment and system reform, the function and role of banks have undergone a new development. The generalization that banks have three functions (credits and loans, settling accounts and cash receipts and payments) no longer correctly denotes the status of banks in the national economy and cannot penetratingly reveal their role in the process of social reproduction. Among the comrades holding the above view are some who believe that the new development in the role of the banks is seen in the following: regulating the direction of development of production, the structure of products and the speed of production; the inclusion of bank loans in the realm of fixed assets promotes the development of expanded reproduction; coordinating the relations between industry and commerce and between wholesalers and retailers, enlivening circulation and expanding the withdrawal of currency from circulation; by means of intelligence transmission, bringing into full play their role of serving as an important link with funding activities; and promoting coordination among specialized departments and economic integration. (Huang Zhaozhi: "New Development in the Role of Banks in Our Country," WEN HUI BAO, 29 August 1981) Some people are of the opinion that socialist banks are tools for the distribution and redistribution of funds, and that their principal function is to centralize the idle funds of enterprises and business units and funds in the hands of individuals, to convert them into social funds and, based on actual needs, to carry out redistribution by means of loans.

3. Divergent suggestions on reform of the financial system.

In the course of economic readjustment and reform, the call to expand the decisionmaking power and the scope of credit facilities of the banks has been a comparatively general one. But no unanimous agreement has been reached concerning the extent to which the power and the scope of credit facilities of the banks should be extended.

One view contends that in their real nature banks should be separated from finance, that they should enjoy autonomy, and that they should play the important role of distributing and regulating funds in the national economy, to the end that finance and banks serve as the right and left hands in guiding the economy of the nation. Among those comrades holding this view some have gone even further and suggested that the division of work between finance and banks should be demarcated again, that finance should handle investments and foreign capital whereas banks should take charge of deposits and exercise unified control over the granting of loans, and thus help the achievement of overall balance.

Another view points out that following the reform of the economic system and expansion of the decisionmaking power of the enterprises, financial revenues will correspondingly be reduced but this should not mean that the functions and role of finance have been reduced. In the distribution and redistribution of the national income, finance should still occupy the leading place.

Still another point of view suggests the gradual reduction of the ratio of financial appropriations and the expansion of bank loans so that the banks become the main source of investments, claiming that this is the future trend of development. Some comrades have suggested that in order to bring into full play the role of banks as the lever of credits and loans, all capital construction investments should be handled by contstruction banks and that the greater portion of the loans should be on a reward for utilization basis. They further expressed the view that when conditions are ripe the former practice of the people's bank advancing the circulation funds in full to the enterprises should be restored. (Li Chengrui: "Financial and Credit Balance and Overall Balance of the National Economy," JINGJI YANJIU, No 3, 1981) However, some comrades did not fully subscribe to this view. They contended that when the need for the renewal of the fixed assets should arise and if finance had been handling the depreciation funds then finance would provide the funds required and in the event of any deficiency the banks should advance small loans to make up. If the enterprises themselves had been handling the depreciation funds, then the redistribution task falling on the banks would be heavier. As for funds required for the expansion of fixed assets, all along they have been provided for by means of financial appropriations. While from now on there will be an increasing possibility for the banks to attend to this phase of activities by means of their accumulated credit and loan funds, financial appropriations (including long-term loans in the form of appropriations) will continue to take the lead. In regard to circulation funds, hereafter the necessary conditions should be created for the enterprises to depend on their own fund accumulations to have them replenished. However, newly created enterprises will still receive

financial appropriations to serve as circulation funds. While in this connection the tasks falling on the banks will steadily grow, to hope that the supply of circulation funds will in due course come wholly from the banks in the form of credits and loans will be stretching the imagination a little too far. Nevertheless, the replenishment of deficits or lost capital should clearly be the task of finance. (Huang Da and Han Yingjie: "On the Question of the Junction Points in the Mutual Coordination of Financial and Credit Expenditures" CAIMAO JINGJI, No 4, 1981).

CSO: 4006/343

FINANCE AND BANKING

GUANGZHOU MUNICIPALITY SAVINGS DEPOSITS INCREASE

Guangzhou NANFANG RIBAO in Chinese 16 Dec 81 p 1

[Article: "People's Savings Deposits in Guangzhou Municipality Exceed 900 Million Yuan; Yesterday Municipal Departments Concerned Held a Meeting to Exchange Experiences and to Mobilize Further Efforts to Get People to Save"]

[Text] The savings deposit situation for the people of Guangzhou Municipality is very good. As of the end of November this year, savings deposits by the city and towns within the municipality totaled more than 933 billion yuan, a 244 million yuan increase since the end of last year. This has been the year of greatest savings since 1979.

As people's livelihoods have improved, savings deposits by the people of Guangzhou Municipality have increased remarkably, savings deposits per capita averaging an increase to the present 303 yuan as compared with 173 yuan in 1979. More than 70 percent of these deposits have been time deposits or long-term deposits. Savings deposits by the people of the municipality now total as much as about 70 percent of the total sum of industrial loans by the Municipal People's, and they play an active role in supporting construction of the four modernizations. Nevertheless, savings potential of the people of Guangzhou Municipality remains very large. According to people in a position to know, the increased savings deposits amount to only 12.8 percent of the income of staff and workers. If this ratio could be raised by three percent, savings would increase by 50 million yuan in a single year. Currency currently in the hands of the people of the municipality amounts to more than 300 million yuan. If one-tenth of idle funds could be mobilized for savings accounts, that would amount to 30 million yuan. Consequently continuing to do a good job in getting people to save so as to accumulate more funds for building of the four modernizations is imperative. Yesterday the Guangzhou Municipal Branch of the Chinese People's Bank held a meeting to exchange experiences in undertaking savings deposit work and to mobilize further development of work to get people to save.

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INDUSTRY

ZHAO ZIYANG ADDRESSES INDUSTRY CONFERENCE

OW042118 Beijing XINHUA Domestic Service in Chinese 1601 GMT 4 Mar 82

[Text] Tianjin, 4 Mar (XINHUA)--The National Work Conference on Industry and Communications held by the State Council ended in Tianjin on 4 March. State Council Premier Zhao Ziyang made a lengthy, important speech at the conference on the current economic work in our country.

Zhao Ziyang said: On the basis of last year's remarkable achievements, our country has made further progress in industrial production since the beginning of this year. Judging from the results of January and February, the trend in production is good, and it is completely possible to fulfill this year's target of ensuring a 4 percent increase and striving for a 5 percent increase in total industrial output value over last year. What we are afraid of this year is not the problem of the growth rate but of the failure to pay attention to economic results. In the light of this, it is necessary to correct the guiding principle for industrial production by stressing economic results instead of pursuing excessively high output value and production growth.

Zhao Ziyang's speech is divided into five parts: 1) on the question of raising economic results; 2) on the question of adhering to the principle of giving highest priority to the planned economy and taking the whole country and the overall situation into account; 3) on the question of overall reorganization and readjustment of enterprises; 4) on the question of finance; and 5) on the question of strengthening ideological and political work.

Since the opening of the National Work Conference on Industry and Communications on 20 February, the participants held ample discussions around the central topic of raising economic results. They pointed out that it is necessary to make determined and painstaking efforts to bring about a drastic change in the guiding principle for economic work by shifting the stress from output value and production growth to economic results and by implementing this new principle in our action. In this way, we will be able to achieve a breakthrough in industrial production and transportation work. To this end, the conference formulated some specific measures for raising economic results that can enable us to use the minimum cost to produce more and better marketable goods and achieve a genuine increase in industrial production for this year with better economic results.

Through discussions, the conference participants conscientiously studied and made arrangements for questions on energy production and conservation, transportation of coal, all-round reorganization of enterprises in groups and by stages, and strengthening of ideological and political work in enterprises, especially propaganda and education on the economic situation among urban residents.

Attending the conference were responsible persons from all provinces, municipalities and autonomous regions, industrial and communications, finance and trade and military industrial departments under the State Council, representatives from some small and medium-sized cities and advanced enterprises, and experts and scholars from economic circles.

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INDUSTRY

'JINGJI GUANLI' ON PROPORTION OF LIGHT INDUSTRY

HK090139 Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 1, 15 Jan 82 pp 26-27, 61

[Article by Liu Peng [0491 7720]: "Is It True That the Share of Light Industry Should Be as Large as Possible?"; passages within slantlines printed in boldface]

[Text] When they were summing up the experience of our economic construction and drawing lessons from it, some comrades deemed that the industrial structure in our country is a kind of "heavy structure" which was not rational and should be changed into a "light structure." In their opinion, over 60 percent of the total value of industrial and agricultural output should come from agriculture and light industry, while heavy industry should only account for less than 40 percent. As a result of implementing the national economic plans in 1980, the output value of agriculture and light industry made up nearly 60 percent of the total output value, but consumer goods for daily use were still in short supply. This made some comrades feel that even if agriculture and light industry just amount to 60 percent, that is still not sufficient. They maintained that the appropriate proportion of agriculture and light industry should be as much as 70 percent. Their desire to develop more light industry is understandable. However, in my opinion, it is not correct to think that the share of light industry should be as large as possible.

/1. The concepts of "heavy structure" and "light structure" as used by some people to differentiate the industrial structures, though rather vivid, are not accurate and cannot help clarify the problems./

First, these concepts can only indicate the quantitative factors, they cannot reflect the quality of production. The theory of light structure only calls for drawing 60 to 70 percent of the total output value from agriculture and light industry. But the proportion of output value cannot reflect whether the products conform with the objective demands and the qualitative requirements. Even if the products can fulfill the qualitative requirements, due to the different levels of economic development and different technological makeups, the proportion of agriculture and light industry in the economy still cannot indicate whether the economic structure is reasonable or not. For example, the output value of light industry and agriculture in our

country in 1952 made up 84.5 percent of the total output value of industry and agriculture, and greatly exceeded the 70 percent standard set by the theory of "light structure." But this did not indicate that the industrial structure at that time was reasonable, it only showed that our foundation of heavy industry was too weak. Then let us take the situation in 1965, when our country had initially set up an integrated industrial system, as another example. The share of agriculture and light industry in that year was 69.6 percent, not far below the 70 percent standard. But it still cannot prove the soundness of the industrial structure at that time. Currently, the output value of agriculture and light industry has also exceeded 60 percent of the total output value of production, and has also met the requirement set by the theory of light structure. According to this theory, the arduous task of readjusting the industrial structure has thus been accomplished. This conclusion apparently does not conform with the reality.

On the other hand, can it be said that a larger proportion of heavy industry will lead to an unreasonable structure? No, that is not certain. In the early 1970's, the proportion of heavy industry in Japan and West Germany was above 60 percent, but their economies were still well coordinated and developed at rather high speeds. The reasons lay in the fact that their heavy industry not only served their agriculture and light industry, but also supplied the international market with a considerable part of their products. If our state can do the same, even if the proportion of heavy industry gets larger, it cannot be considered as an unreasonable structure. So, we cannot judge the rationality of an industrial structure by the proportions of various industrial departments.

Second, the theory of dividing the industrial structure into light and heavy cannot clearly explain some of the complicated phenomena in industry. For a long time, the industrial sectors producing capital goods were called heavy industry, and the sectors producing consumer goods were called light industry. This was only a rough division. In fact, things are more complicated. Some daily-use consumer goods such as mechanical and electrical products are made in heavy industrial sectors; on the other hand, some products of light industry are not consumer goods. This shows that the division of industry into heavy and light is relative. Heavy industry and light industry often overlap.

It is thus obvious that the method of dividing the industrial structure into heavy and light is apt to confuse people and result in deviation.

/2. The theory of light structure is not in conformity with the Marxist principle that the two major categories of production should develop in proportion./ According to the Marxist theory of social reproduction, in addition to meeting the needs inside a category, products should be exchanged between these two major categories. This exchange requires that the use value of the products be mutually compatible and that the value of the products be mutually compensated. For this purpose, the production of these two categories should be kept in proportion. And the proportionate development of the two major production categories forms a basic condition for realizing social reproduction.

The relationship between heavy industry and light industry, though not equal to the relationship between the production of capital goods and of consumer goods, in essence reflects the latter. Therefore, a proper ratio should be maintained between heavy and light industry. Overbalance, whether on the side of heavy industry or of light industry, will violate the Marxist principle on the proportionate development of the two major categories.

Marxist reproduction theory also holds that, in the expanded reproduction based on advanced technology, the production of the means of production should develop at a higher speed than that of consumer goods. This is the law of priority development of production of the means of production. Whether in capitalist society or in socialist society, provided the expanded reproduction is carried out with advanced technology, the law will work in the same way. In the past, when our heavy industry was rather developed, the state gave priority to heavy industry. According to the law, that was a correct policy. The problem lay in the fact that we one-sidedly treated this policy for a long time, even when heavy industry had achieved a given foundation, we still overstressed its development and neglected the development of light industry, thus resulting in the uncoordination and disproportion between these two industrial sectors. We should draw our lessons from past experience, and should not neglect the necessary development of heavy industry while stressing the development of light industry. Instead, we should study how to coordinate the development of heavy industry and light industry (including agriculture) in the course of readjustment.

How can we judge whether heavy industry and light industry are well coordinated? There are three criteria: 1) The principle of the two major categories developing in proportion should be observed; thus heavy and light industry can be developed in concert and each side can achieve consistent and steady growth. 2) The superiority of the socialist system should be brought into play, and the productivity and economic results of both heavy and light industries should be consistently improved, thus increasing the national revenue. 3) The purpose of socialist production should be maintained, that is to say, both heavy and light industry should proceed from satisfying the people's needs, instead of merely considering their own interests. The current readjustment should also be conducted in accordance with the above requirements, so as to readjust the balance between heavy and light industry. The theory that the share of light industry should be as large as possible cannot help achieve a coordinated development of heavy and light industry; this theory does not comply with the above requirements.

/3. The theory of light structure is apt to mislead people into thinking that the proportion of light industry should be as large as possible and the proportion of heavy industry should be as small as possible; or that readjustment means only to boost light and textile industries and to cut back on heavy industry. This thinking cannot help vitalize heavy industry and is harmful to the technological transformation of the national economy./

During the current readjustment, it is absolutely necessary to devote great efforts to develop the light and textile industries and appropriately reduce heavy industry to a certain extent. The reduction of heavy industry is aimed

at reforming the lopsided economic structure and cannot play a negative role. Through this readjustment, heavy industry can better coordinate the development of agriculture and light industry, and achieve a sounder foundation for its future development. If we regard one-sidedly the readjustment as "boosting light and textile industries and cutting back on heavy industry," it will lead to the following results: 1) Some enterprises in heavy industry will be shut down. 2) The development of heavy industry will not get the necessary attention from the leading departments concerned, the problems concerning heavy industry will not be able to be placed on their working agenda. 3) The capacity of heavy industry will not be able to be fully utilized and will be idle. 4) The previous drawbacks of heavy industry, such as incorrect service orientation and irrational product range, will not be able to be overcome.

Under the guidance of the theory of light structure, technological transformation and equipment renovation in the national economy cannot be accomplished as fast as possible. The future production development not only needs more capital construction in the energy and transportation departments and in some key enterprises, but will mainly rely on the expanded reproduction based on technological transformation and equipment renovation of the existing enterprises. At present, many enterprises of our country are backward in technology and are poorly equipped, thus resulting in low efficiency, high consumption of energy and raw materials, poor product quality and unsatisfactory economic results. Therefore, there is a necessity to carry out technological transformation and equipment renovation in a methodical and planned way. And this will call for the help of heavy industry, especially the machine-building industry. Through technological transformation and equipment renovation, some key equipment and technology can come up to advanced levels, thus expanding the production capacity. This is a strategic policy made by the central authorities recently. But the theory of light structure cannot help properly implement this policy.

/4. If heavy industry is reduced in accordance with the theory of light structure, its growth will slow down. The entire industry and the whole national economy will not be able to grow at a steady speed./ In our country, the fixed assets of heavy industry in 1980 accounted for over 80 percent of the total fixed assets of the entire industry; the number of workers and staff in heavy industry amounted to over 60 percent of the total employment in the industry; and the output value of heavy industry made up 50 percent of the total industrial output value. It is thus obvious that the growth rate of heavy industry decisively affects the growth rate of the entire national economy. In the period from January to July 1981, light industry achieved an increase of 11.7 percent as compared with the same period of the previous year, but heavy industry suffered a decrease of 8.3 percent; while increases set off decreases, the growth rate of the entire industry was far lower than the planned rate of increasing by 3 to 4 percent. Such a low growth was caused by the excessive reduction in heavy industry. If this situation continues, the only result will be recession and economic stagnation.

We should also note that light industry can never make up the losses caused by excessive reduction in heavy industry. In addition, only relying on its own strength, it is very difficult for light industry to grow. The reasons lie in the following facts: 1) The machinery and equipment of light industry are supplied by heavy industry. 2) Light industry needs raw materials from heavy industry. 3) Light industry needs energy and transportation from heavy industry. In a word, if the corresponding development of heavy industry is neglected, people's demand for more consumer goods will never be satisfied.

If a steady growth rate cannot be maintained in the whole economy, a series of problems will result: 1) Output value and profits decrease, thus seriously affecting the national financial income, and finally obstructing us from fundamentally removing the potential dangers in our economy. 2) The increasing material and cultural demands of the whole people cannot be satisfied. 3) The employment problem of the youth waiting for jobs cannot be solved properly. 4) Cadres cannot improve their management skill. 5) Morale cannot be boosted. 6) Science, education and health work cannot be promoted. In addition, without a steady growth rate, accumulation of economic strength cannot be realized and the "economic take-off" after the readjustment will lose its solid foundation. It is true that the growth rate during readjustment cannot be too high, but it is necessary to maintain a steady rate. The theory of light structure cannot help us attain this aim. What we ought to do is to follow the Marxist theory concerning the two major categories which are interdependent and interacting; while great efforts are devoted to develop the light and textile industries, heavy industry should also be vitalized. Only when agriculture, light industry and heavy industry all develop in a well coordinated manner can a reasonable and sound industrial structure be attained.

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FOREIGN TRADE

BENEFITS OF SPECIAL ECONOMIC ZONES OUTLINED

Guangzhou NANFANG RIBAO in Chinese 24 Dec 81 p 1

[Article: "A Major Event in the Building of Special Economic Zones"]

[Text] By way of meeting requirements for building and developing special economic zones, acting in the spirit of "Regulations on Special Economic Zones in Guangdong Province," and following full investigation, study, and seeking the views of all quarters, the Standing Committee of the Fifth Guangdong Provincial National People's Congress" promulgated and passed four separate regulations, namely "Temporary Regulations on Control of Personnel Entering and Leaving Special Economic Zones in Guangdong Province," "Temporary Regulations on Control of Registration of Special Economic Zone Enterprises in Guangdong Province," "Temporary Regulations on Worker Wage Controls in Special Economic Zone Enterprises in Guangdong Province," and "Temporary Regulations on Control of Land in the Shenchuan Special Economic Zone." These regulations were approved for publication by the National People's Congress Standing Committee, and are to take effect from January next year. This has been a major event in the building of Guangdong Province's special zones. It may be foreseen that these regulations will be a powerful force giving impetus to smooth progress in the building of special economic zones.

The party and the people's government attach exceptional importance to the building of and to the legislative work pertaining to the special economic zones. Last August, after the Standing Committee of the National People's Congress approved and published "Regulations on Special Economic Zones in Guangdong Province," Guangdong Province launched construction of special zones at Shenchuan, Zhuhai, and Shantou under the guidance of the "Regulations." tions." For more than a year, surveying, planning, designing, and construction of these special zones has moved along smoothly in preparation for large scale future capital construction. Additionally, the special zones have gained preliminary experience and made heartening accomplishments in developing foreign economic activities and technical exchange, as well as in developing internal liaison. Foreign citizens, overseas Chinese, compatriots from Hong Kong and Macao, and compatriots from Taiwan Province who have come to the special zones to invest, have become increasingly happy with construction. Statistics as of the end of August this year show that in the special economic zone at Shenchuan alone, 804 different kinds of effective contracts of various kinds have been signed with traders from elsewhere, and accumulated investment amounts to 1.5 billion Hong Kong dollars. The special economic zones

have already begun to show their vitality, and beautiful prospects for the building of economic zones have already appeared.

Today the Standing Committee of the Provincial National People's Congress again published four separate regulations. These separate regulations embody the fundamental character of China's socialist system, help protect national sovereignty and the people's welfare, and advance a step further the policy of lifting external restrictions by the special economic zones, all of which favors investment and operation of various enterprises by foreign traders in the special zones. Given these regulations, activities of all kinds that are part of the building of the special economic zones have a charter to abide by, and laws that can be relied upon. Implementation of these regulations will raise to new levels the management work of the special economic zones, and they will provide citizens of foreign countries, overseas Chinese, compatriots from Hong Kong and Macao, and compatriots from Taiwan with preferential investment condition a broad scope for operations, and a stable, advantageous environment. Their properly conducted production activities, their capital, their profits, and their legal rights are all under the protection of China's laws. The labor, remuneration, and the labor insurance and social welfare benefits due personnel who work in enterprises introduced into the special zones are also guaranteed by national laws. In this way, the building of the special economic zones will certainly flourish and develop.

Naturally this is not to say that now that we have these four separate regulations, everything is perfect. We should realize that the trial operation of economic zones in our socialist country is a new event, and one for which we lack experience. Consequently, these separate regulations cannot be suddenly made the acme of perfection. Only as a result of future practice and the constant summarization of experiences can they be gradually perfected. Moreover, as building of the special areas develops, inevitably we will be required on the basis of the principles formulated in pertinent Chinese laws, ordinances, and policies, add on the basis of specific circumstances and actual requirements of the special zones, to formulate both more and more complete separate regulations so that economic management of the special zones will fully meet work needs, and so as to attract foreign capital, overseas Chinese investment, and the introduction of advanced technology and advanced equipment for more effective advantage from the special economic zones to accelerate construction of the four modernizations.

Building of special economic zones is a major aspect of Guangdong Province's practice of special policies and flexible measures in its foreign economic activities. A good job in building the special zones plays a major role in development of foreign economic cooperation and technical exchange, and in promoting the building of socialist modernization. People throughout the province should support and care about building of economic zones. They should strive on every battle front to make a contribution to the building of the special zones. Comrades who work in the special zones should arouse the spirit, with one heart and one mind, and with honesty in the discharge of their official duties, and work hard and resolutely carry out party and government policies as well as the regulations pertaining to special zones to make a contribution to the building of special economic zones that are possessed of a high degree of material civilization and spiritual civilization.

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LABOR AND WAGES

RENDERING WORK ACCORDING TO REMUNERATION QUESTIONED

Shanghai JIEFANG RIBAO in Chinese 17 Dec 81 p 4

[Article by Wang Guorong [3769 0948 2837]: "Should Rendering Work According to Remuneration Be Practiced Simultaneously With Remuneration According to Work?"]

[Text] When we were discussing how better to implement the principle of distribution in accordance with work, a thought point emerged maintaining that both "rendering work according to remuneration," and "remuneration according to work" were both part of distribution in accordance with work. In the past, because of our neglect of "rendering work according to remuneration," maladies such as low rates of productivity and "eating out of a large common pot" resulted. In order to overcome these maladies, it is necessary to practice both "remuneration according to work" and "rendering work according to remuneration" simultaneously. This thought point merits discussion.

In order to reply whether or not "rendering of work according to remuneration" is an ingredient of distribution according to work, it is necessary, first of all, to clarify just what is meant by distribution according to work. Distribution according to work was put forward by Marx in "Critique of the Goethe [0766 6671] Program," and was a negation of capitalist distribution according to capital. It was a criticism of capitalist exploitation and is a fundamental characteristic of socialist society. This most progressive system of distribution, which is today most sensible for human society, uses work as the yardstick for distribution (remuneration). It has "work" as its premise, and "work" is the basis of remuneration; the more work the more gain; the less work, the less gain; and no food to those who do not work. The reverse of this is "rendering work according to remuneration," which makes "remuneration" a prerequisite for "work." To use distribution as a yardstick for work is a problem of work attitude for socialist society. One is a principle of distribution; the other is a work attitude, so how can one consider "rendering work according to remuneration" as an ingredient of distribution according to work?

Of course, work attitudes and distribution principles are related. Whether or not the principle of distribution is fair has a great deal to do with the enthusiasm of workers. Since the principles of distribution of capitalism are not fair, it is impossible to arouse the enthusiasm for production of the

broad masses of workers. Socialism's practice of distributions according to work, which link individual benefits for workers to the quantity and quality of work they do, has annihilated unrecompensed "surplus labor" by workers. The "surplus labor" workers provide society is "taken by the people and used by the people." Consequently it can fully stimulate and arouse the enthusiams for labor of the workers, nurture socialist collectivist ideology, and produce more and better fruits of labor. When the fruits of labor are great, the workers themselves can obtain greater distributions. If the principle of distribution according to work is destroyed or badly implemented, that can hurt the enthusiasm of workers. For example, during the period of rampage of the "gang of four" when distribution according to work was villified as being an "economic foundation for a new capitalist class," labor and remuneration were seriously divorced from each other. Whether one worked much or little made no difference, and whether one worked well or badly made no difference. Even doing little was better than doing much and not doing anything better than doing something. Under such a situation of "eating out of a large common pot," the enthusiasm for labor of the workers was greatly impaired to the deteriment of growth of production. Even today this situation has not been entirely surmounted. In order to solve problems in this regard, we must further perfect distributions according to work by establishing and perfecting systems of economic responsibility. However, we by no means need to depend on "rendering of work in accordance with remuneration" to arouse the enthusiasm for labor of the workers. Such a method not only cannot arouse the socialist enthusiasm of workers or establish a work attitude of being master in one's own house; quite the contrary, it can only foster ideas of being employed and impair or obstruct implementation of the principle of distribution according to work.

Comrades who advocate "rendering of labor according to remuneration" suppose that only by the practice of "rendering of work according to remuneration" can maladies such as low productivity rates, "eating out of a large common pot," and even living gratis off the labor of others be eliminated. Facts are completely otherwise. This is because distribution according to work is an economic principle; it is not a mathematical formula. We must do all possible to match "labor" and "remuneration;" however, yardsticks cannot be used in the same way that common measuring sticks are used to figure very precisely every inch and fraction of an inch. They can only be used to make work and remuneration generally equivalent. In determining wage scales and standards for rewards, economic management authorities have to figure not only quantity and quality of labor, and consider not only labor intensivity and the distinctions between simple and complex labor, but also must correctly handle the mutual relationships among various kinds of personnel if they are to satisfactorily solve contradictions among the people, and they must "make overall plans taking all factors into account and make proper arrangements." It is difficult to avoid having the wages of some people and some units a little high while, in other places and other units, emoluments may be a little low. The same is true of rewards. Myriad differences exist between one industry and one trade and another, so one has to take account of what is going on everywhere and not act with arbitrary uniformity. Generally speaking, enterprises that are owned by all the people (particularly those enterprises whose products command high prices and in which profits are good) have superior production conditions provided workers by the state, and should provide society with some share of

"surplus labor." Furthermore, the means by which workers get back "surplus labor" is in some cases direct and some cases indirect. In individual terms, this means quantity may be a little more or a little less; there can be no absolute balance, and no doing everything to the letter. Even a person with just a little common sense can readily understand all this. However, the practice of "rendering of labor in accordance with remuneration" leads to everyone figuring out how much work he must render to get remuneration, to comparisons of wages and awards, and whether everyone is being treated fairly rather than the size of contributions to society. This can only lead to "money grubbing" by everyone, complicate problems, and arouse mutual frictions between various kinds of people in a socialist society, damaging the internal unity of the working people so that nobody will be willing to contribute excess labor to society. This clearly would obstruct the building of the four modernizations and a socialist spiritual civilization. Under these circumstances, there is no use, of course, in talking about genuine implementation of the principle of distributions according to work.

We firmly advocate steady perfection of a system of distributions according to labor; however, we similarly resolutely oppose "money grubbing," and oppose all erroneous theories such as the implementation of "rendering work in accordance with remuneration" simultaneously with implementation of payment of remuneration in accordance with work. We should propagandize more the correct handling of the benefits to the state, the collective, and to individuals, and correctly implement socialist economic policies, struggle for the material welfare of all the people, and not struggle for the material welfare of individuals.

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LABOR AND WAGES

GUIDELINES FOR HIRINGS IN INDIVIDUALLY OPERATED BUSINESSES AIRED

Nanjing XINHUA RIBAO in Chinese 2 Dec 81 p 3

[Article by Li Fuge [2621 1381 7041]: "Individual Businesses Must Have as Their Premise No Exploitation of Others"]

[Text] Some articles in periodicals treat approval by cities and towns for households engaged in individual business to "request helpers" as approval to "hire employees." Furthermore, some comrades suppose that approval for households engaged in individual businesses to seek helpers is the same thing as permitting the hire of labor to be exploited. They say that any difference between the two is simply a matter of wording. Is this truly the way things are? Of course not.

Hiring of workers is one form of exploitation. Both the point of departure and the end result when an employer hires an employee is to derive excess labor from the employee without payment of compensation. The relationship between employer and employee is one of the hirer and the hired, the exploiter and the exploited. But at the present stage in China, approval for city and town households engaged in individual businesses to seek helpers to help them is a horse of a different color. Individual households engaged in business are usually either a single person doing business or a family doing business; only when the individual or the family are truly terribly busy does it seek someone to help. The relationship between them is fundamentally not one of employer and employee or exploiter and exploited, but is rather a relationship of cooperation in work between two independent workers founded on voluntary participation and mutual benefit. Looked at in terms of political rights and social position, they are both completely equal. Therefore, one cannot call the seeking of helper in time of need by an individual household engaged in business as being hiring and exploitation.

Approval for a household engaged in individual business to seek helpers or take on apprentices is not to say that if a household engaged in individual business wants to bring in several assistants it can bring in several assistants, or that if it wants to take on a certain number of apprentices it can go ahead and take on a certain number of apprentices. It has to obtain approval of industrial and commercial administrative units, which clearly stipulate the number. Only one or two helpers may be brought in. In matters of a strongly technical nature or requiring special technological skills

requiring the taking on of apprentices, only two or three may be taken on and absolutely no more than five. Furthermore, one cannot simply make any regulations one desires, but rather a contract must be signed that clearly sets forth the rights, responsibilities, period of validity, and remuneration for both parties. Additionally such contracts must be certified by industrial and commercial administrative units. All that is needed is for such procedures to be adhered to, and even if a household engaged in individual business were to consider exploiting a helper or an apprentice it had sought, it would be unable to do so.

Speaking theoretically, if the individual engaged in business who sought helpers is truly in a dominant position in terms of the work, and the work that he does is skilled work (i.e. complex work), while the work of the helper is truly auxiliary in nature, under such circumstances even if the income of the person engaged in business who sought a helper is two or three times that of the helper, that would have to be considered fair. Of course, this is a theoretical abstraction formed solely on the basis that the value one skilled worker creates is equal to the value that three unskilled workers create. Actual life is doubtlessly more complex than this. Nevertheless, under most circumstances, the reasons why the income of a person engaged in individual business can be greater than that of helpers are, first of all, because as compared with the assistant, the amount of work he provides is greater and its quality is better. Secondly, it is because not only has he invested a certain amount of funds, but he also shoulders business risks. Just as when one is able to gain a certain interest from the deposit of currency in a bank, in investing funds, he takes risks and should thus get a certain "reward." Thirdly, it is because the help a helper gives a household engaged in individual business is generally only temporary, while the individual engaged in business who sought a helper must continue to work for a long time. He does not enjoy the benefits that state staff and workers enjoy, but must use a portion of the fruits of his endeavors for a labor insurance fund against possible time of adversity.

Since this is so, then why is it necessary to restrict at one or two people the number of helpers in a household engaged in individual businesses? This is because, on the one hand, the individual person doing business who sought a helper is limited in the "reward" he can obtain from investing funds and taking risks, and in the amount he can afford to pay into the compulsory labor insurance fund. On another hand, were no limit to be placed on the number of helpers a household engaged in individual business could hire, the income of the person engaged in individual business who hired numerous helpers would greatly exceed fair and proper bounds. Were such a situation to occur, it would be very difficult indeed to claim that a portion of the income of those who hired numerous helpers did not derive from exploitation.

The socialist system does not itself permit any exploitation. Not only is class exploitation not permitted, but even the slightest amount of exploitation between independent workers may not legally exist. The "Constitution of the Chinese People's Republic" made this point perfectly clear long ago. No matter that some slight exploitation may not be completely unavoidable in

real life, nevertheless, theoretically we positively cannot lightly compromise in "permitting a little bit of exploitation."

The reason some comrades advocate that households engaged in individual businesses should be able to seek several more helpers when necessary, and the reason they advocate that a little bit of exploitation be permitted in the initial stages of socialism is largely the result of the following thinking. First, on the basis of Marx's "small proprietor" thesis, they suppose that seeking several more assistants does not amount to being capitalist. Second, they suppose that when helpers are few in some trades, the work cannot be done. Third, they suppose that the proportion of such households engaging in indiviuual business is extermely small, so in terms of the total national economy a little bit of exploitation so it cannot affect China's socialist system as a totality or in an overall sense. But these comrades have forgotten the following: First, that pertinent national regulations clearly state that under socialist conditions in China it is appropriate only to "respect national policies and laws, serve the building of socialism, with no individual economy that exploits the work of others," It is not the "small proprietor" situation that Marx hypothesized on the basis of the situation in a foreign country, whose hiring of eight workers permitted him to have a life that was twice as good as that of ordinary workers. Secondly, the trades that cannot do their work for lack of helpers demonstrate that some trades are not suitable to work as households engaged in individual business. Take the house repair trade, for example. Recently neighborhood labor service companies, which are enterprise units owned by all the people, and voluntarily organized repair teams that are collective in nature have come into being, so even though there are no households engaged in individual business involved in this trade, there is no question that needs in this field are being satisfied. Finally slight exploitation is still exploitation; it is only that the extent of exploitation differs. If this group of workers is allowed to exploit that group of workers, there will be no equality among workers to speak of. If this takes place, what is to prevent relationships between people from being turned upside down? What use would there be to talk about the difference in nature of the socialist system and all exploitive systems!

9432
CSO: 4006/221

LABOR AND WAGES

'CONGREN RIBAO' ON YEAR'S FIRST WORKERS CONGRESSES

HK020244 Beijing CONGREN RIBAO in Chinese 22 Feb 82 p 1

[Commentator's article: "Make a Success of This Year's First Workers Congresses"]

[Text] In the first quarter of this year, many enterprises will hold their first workers congresses for this year, the success or failure of which will have an extremely important bearing on the enterprises' work for the whole year. We hope that all units will, on the basis of further clarifying their guiding ideology and doing a sufficiently good job of preparatory work, attain a new level at this year's first workers congresses and make a good start in further guiding enterprises' workers congresses onto the correct path.

Spring is the best time to make plans for the whole year. At the first workers congresses, we must first pitch in together to draw up the enterprise's plans for the whole year. This year, the overall plan for the growth rate of total output value of our country's industry and agriculture calls for "ensuring 4 percent growth, but aiming at 5 percent growth." All enterprises must conscientiously mobilize the masses into considering implementation of this year's production plan and principal measures and into devoting efforts to raising the economic effect. Some enterprises must also carry out an overall rectification, including a rectification of leading groups, staff and workers ranks, the management system, labor discipline, financial discipline and party style, as well as strengthening ideological and political work and so forth. These are important matters affecting construction in the enterprises and are crucial in deciding the success or failure of the enterprise's work for the whole year. This year's first workers congresses should all adopt the discussion of these major problems as their main topic. The vast numbers of staff and workers and every worker representative must concern themselves with the overall situation of the enterprises and take greater pains over matters of importance for the enterprises. They must adopt an attitude of being master of their own future in thinking of ways and means. As far as leadership of the enterprises goes, we must genuinely and sincerely believe in and rely on the masses and resolutely follow the mass line in drawing up the year's plans. In planning for these major concerns of the enterprises, we must rely on the vast numbers of staff and workers. In implementing every important task of the enterprise, we must

rely on them all the more. At workers congresses, there are representatives of workers, engineering and technical personnel, management personnel and leading cadres. They come from all walks of life, are on close terms with the broad masses, understand the actual conditions of all aspects of work in the enterprises and possess all kinds of practical experience and knowledge. When their strength in these areas is integrated with the workers congresses, we will be able to pool the wisdom of the masses and widely concentrate the wisdom and experience of personnel from all areas, so as to lay down more correct policies and to arouse initiative in all areas to overcome the various difficulties on the path of progress. At the same time, while grasping the focal points of production and enterprise management, the workers congresses must also conscientiously deal with and discuss problems such as working conditions and social welfare which are of general concern to the masses and which they are in a position to solve. They must also think up thoroughly feasible arrangements and make feasible decisions.

If we are to do a good job of this year's first workers congresses, one of the most important things to do is to stir up the revolutionary spirit of the cadres and the staff and workers and to raise the ability of the vast numbers of staff and workers to think as though they were masters of their own future. Without this ideological base, it will be difficult to carry out a conscientious and deep discussion of the enterprises' major concerns, and even more difficult to concentrate the wisdom of the masses and to lay down positive and correct policies. We must, in accordance with the demands made by the experience of the CCP Central Committee in learning from such advanced enterprises as Daqing, mobilize the whole body of cadres and staff and workers into linking up with the realities of their units and, on the basis of summing up last year's work, conscientiously determine whether our revolutionary zeal has been roused. We must determine whether we have established the ideology of paying attention to the interests of the state and to the overall situation and of giving consideration to the interests of the state, the collective and the individual, and we must consider whether leading cadres have managed to integrate closely with the masses and to share in their ups and downs. By means of such examination and summation, continuously raising the sense of master-like responsibility of the whole body of staff and workers, especially of leading cadres and worker representatives at all levels, and stirring up revolutionary spirits, the workers congresses will have a reliable ideological foundation.

In order to do a good job of holding the first workers congresses of this year, the most important thing is to conscientiously prevent and overcome formalism. If we hold a congress for the sake of holding a congress, without adequate preparations and without laying the situation before the masses and presenting them with the facts, the congress will merely be a formality to give worker representatives the chance to raise their hands. This kind of formalistic workers congress is a completely futile exercise. As leaders of the enterprises, they must regard the vast numbers of staff and workers as masters of their own future and sincerely create the conditions for the masses to be able to genuinely participate in the management of the enterprise. Some enterprises, in order to do a good job of holding workers congresses, hand over before the meeting the factory manager's report and the

various proposals to the worker representatives so that they can read and study them and ask the masses for their opinion. They also seek out the opinions and suggestions of the masses inside and outside the congresses, constantly supplement and revise, and manage to develop a situation in which the leadership genuinely and modestly asks the masses for advice and the masses speak their mind in contributing to the enterprises' policies. This has enabled the workers congresses to play their role of doing a good job of enterprise management to the fullest. These methods deserve to be widely advocated.

Our country's workers congress system has already begun to show its effect and vitality in our everyday lives. We believe that through further enrichment and amplification, it will definitely follow the correct path and display an ever greater power in the building of a socialist material civilization and spiritual civilization.

CSO: 4006/343

GENERAL

READJUSTMENT OF NATIONAL ECONOMY RECONSIDERED

Shanghai WEN HUI BAO in Chinese 19 Dec 81 p 3

[Article by Yuan Enzhen [5913 1869 2823]: "A Reconsideration of Readjustment of the National Economy"]

[Text] At the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang reported an inspiring piece of news: This year's economic plan can be completed victoriously. A basic equilibrium was achieved in finance and credit and the national economy had started on a stable course of development. These were great accomplishments that had been achieved as the result of readjustment work. The historical conditions of our current readjustment are different from those of the readjustment of the early 1960's and the circumstances are not entirely similar. However, there is no harm in making some comparisons. In that earlier readjustment, 20 million workers and staff members were mobilized and transferred to the countryside where they underwent hardship. Currently, for the past three years we have arranged to employ more than 20 million persons within the cities and towns. At that time, the readjustment involved a massive contraction in production, whereas in the current readjustment there has been a series of rich harvests, there has been an increase of 12 percent in the value of output of the light and textile industries and there has been a very rapid pick up in the heavy industries. The earlier readjustment entailed shortages of goods which inevitably resulted in increases in the prices of some goods, with the standard of living of the masses of people being affected to a considerable extent. In the current readjustment, the markets are flourishing, commodity prices have been stable, and there has been continuous improvement in the standard of living of the masses of people. In the earlier readjustment, a great deal of effort had to be expended to withdraw the excess 5 billion yuan of currency in circulation in the society. However, in the past three years, because the state raised the purchase price of sideline agricultural products, raised workers' wages and instituted the incentives system, it was possible to achieve a basic equilibrium between financial revenues and expenditures, even though 92.5 billion more yuan were expended. In making these rough comparisons, one feels even more strongly that these accomplishments were not made easily. However, Comrade Zhao Ziyang reminded everyone that the present equilibrium between financial revenues and expenditures was realized on the premise of reduction in expenditures and that there are latent dangers in the national economy that have still not been completely eliminated. In order to effect expansion of the readjustment of the national economy and to bring about a basic turn for the better in the state of financial economy, a considerable period of time and the expenditure of great effort

will be necessary. That is to say, readjustment work can definitely not be stopped. During the entire period of the sixth five-year plan, it will be necessary to continuously implement the policies of readjustment, restructuring, reorganization and upgrading and to become more fully involved in the painstaking expansion of readjustment work. How can we bring about the continuous development in depth of readjustment work? This involves the problem of furthering understanding of readjustment.

Readjustment cannot be thought of as simply a matter of making a simple adjustment in an irrational economic ratio. Rather, it requires true coordination of economic relationships among various sectors. To take readjustment of the proportional relationship between light and heavy industry, in 1978, the proportion of the total value of industrial output accounted for by light industry in this country was 43.1 percent, while, by September 1981, it had increased to 50.6 percent. Correspondingly, the proportion of the total value of output accounted for by heavy industry fell from 56.9 to 49.4 percent. It should be said that this was a great accomplishment. However, changes in proportions are not the only standards reflecting accomplishments in readjustment work. At present, because of the rapid increase in purchasing power on the part of the masses of people and of the vast body of peasants in particular, the vigorous expansion of production of industrial and consumer goods will certainly continue to be one of the major tasks of readjustment. However, the expansion of production of industrial and consumer goods has been severely limited by current productive capacity and supply of raw materials. For this reason, replacing the old equipment of the light and textile industries and developing new sources of raw materials for industrial and consumer goods has become a matter of top priority for development of industrial and consumer goods. However, these tasks inevitably depend on vigorous support from such heavy industry sectors as machinery and the chemical industry. This demands further readjustment of the direction of service on the part of heavy industry. As far as Shanghai is concerned, this is what the situation is. While the machine industry should be reckoned as having a considerable scale and foundation, it is still hard put to meet the high demand required for technological reconstruction of the light and textile industries. Therefore, readjustment of the proportional relationship between light and heavy industry is not simply a matter of decreasing the proportion of production by heavy industry but also requires coordination of the proportional relationships between light and heavy industry so that the expansion of heavy industry can be linked with the requirements for expansion of light industry. Beginning in the fourth quarter of this year, a rapid pick up in heavy industry started in this country. This was a very important signal reflecting the quality of readjustment work. It is a sign that heavy industry in our country has begun to lose its "edema" and that it is gradually readjusting its direction of service and product structure and that it is again returning to the path of healthy development. It is evident that, during the readjustment, there is still room for the expansion of such heavy industrial sectors as the machine industry, the chemical industry and metallurgy.

Readjustment must be developed around the basic starting point of raising economic benefits. At the same time, it must cause the economy to maintain a fixed rate of expansion. Over the past few years, we have also engaged in a series of readjustment work involving the demands for raising economic benefits. For example, we have reduced the scale of capital construction, readjusted the direction of service

of heavy industry and have greatly expanded the production of various brands of consumer goods. Moreover, many gratifying achievements have been obtained. At the same time, we cannot forget about maintaining a fixed rate of economic expansion. This year, the total value of output of industrial production in this country increased about 3 percent. This is sufficient to demonstrate that it is still possible to have the economy maintain a fixed rate of growth even though it is a year of maximum readjustment under great difficulty. Of course, the rate of expansion that we want is a steady rate of expansion that will achieve actual results and cannot be allowed to be exaggerated in any way.

In order to obtain even greater effects from readjustment, we must also give full attention to coordination of readjustment and restructuring. Readjustment is readjustment of irrational economic structures and restructuring is restructuring of irrational economic management systems. During a period of readjustment, not only is it necessary to make thorough preparations for comprehensive restructuring of the economic management system but it is also necessary to proceed with those aspects of restructuring advantageous to readjustment in a timely way. For example, in order to readjust the relationship between industry and foreign trade, in addition to organizing such modes of structure as trusts in which there is a union between industry and trade, the establishment of an internal system of settling accounts and quoting prices is also an effective measure for promoting readjustment by means of restructuring.

10019
CSO: 4006/235

GENERAL

COMMENTARY ON STRUGGLING AGAINST ECONOMIC CRIMES

HK031530 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 1 Mar 82

[Station commentary: "Actively Wage an Anticorruption Struggle and Ensure the Sustained Development of the National Economy"]

[Text] The fourth session of the Fifth Guangdong Provincial People's Congress has triumphantly ended. This will serve as the rallying call for the people of the whole province to arouse their spirits, strive for national prosperity and accelerate the pace of socialist modernization. It will serve as the rallying call to mobilize the whole province and governments at all levels to combine the building of material civilization with the building of spiritual civilization, so that the efforts to achieve the various tasks of our province can reach new high levels.

At present, to uphold the spirit of the session, we must combine the proper handling of economic construction with serious attention to the building of spiritual civilization. We must especially severely deal with criminal activities in the economic and other fields and overcome the trend toward liberalization. We must carry through the struggle against corruption stemming from capitalism to the very end, in order to stimulate and achieve a turn for the better in the social atmosphere and ensure the sustained development of the national economy of our province. Severely dealing with criminal activities in the economic and other fields and actively striking at smuggling, corruption, bribery and violations of law and discipline is the manifestation of the serious struggle against corruption. It is also an important part of the current effort to develop the party's fine traditions and build spiritual civilization.

Given our open-door policy toward foreign countries, our province which borders Hong Kong and Macao is the showplace on the southern gate of the socialist motherland. The importance of realistically strengthening the building of spiritual civilization and resolutely resisting corruption by bourgeois ideas is obvious. In recent years, we have adopted special policies and flexible measures, drawing on foreign investments and advanced techniques, expanding foreign trade and carrying out various forms of economic activities with foreign countries. This has played a positive role in stimulating the economy of our province and promoting the favorable situation in our province. But with the development of economic exchanges with

foreign countries, bourgeois corrupt ideas and practices have also intruded into our country. As a result, various unhealthy practices have appeared within the party and on the social scene. Smuggling, corruption, bribery, the practice of appropriating state property on a large scale, and other serious criminal acts are especially noticeable. Even some cadres in leadership posts have also got involved in criminal activities in the economic field. These facts show that on the one hand, we must firmly and unswervingly carry out the open-door policy toward foreign countries, absorbing what is wholesome to us. While on the other, we must maintain a high degree of vigilance, resisting what is harmful to us. Since the beginning of this year, we have strengthened the struggle against corruption by bourgeois ideas, smuggling, corruption, bribery, and violations of law and discipline, and criminal activities have leveled off. But where we show the least relaxation of our vigilance, these unhealthy practices have become rampant, interfering with and undermining our economic construction effort. Facts have shown that to properly handle our province's economic construction and ensure the building of material civilization follows the socialist direction, we must severely deal with criminal activities in the economic field, overcome the trend toward liberalization and resolutely wage an anticorruption struggle. Moreover, we must carry through this struggle to the end. However, some party committee members and leading cadres of our province have been irresolute in the face of this serious struggle. They have turned a blind eye to serious problems that exist among cadres, especially backbone ones, in the economic field. They have delayed in taking action and even shielded the offenders. This can never be tolerated. They must fully understand that fighting smuggling, corruption and bribery, resisting corrosion by bourgeois ideas and overcoming unhealthy practices is an important matter concerning whether the party and the government can maintain the style of selflessly serving the people and firmly cement the ties with the masses. It is also a major issue concerning whether we can successfully carry out special policies and flexible measures and properly run special economic zones. In short, it is a matter of importance concerning the success or failure in the effort to modernize Guangdong. In the face of such major problems of principle, party organizations and people's governments at all levels and all cadres must adopt a clear-cut attitude and take a firm stand. They can never take a soft and hesitant approach. Still less can they compromise and shield the offenders.

At present, we must pay attention to major and important cases, severely dealing with them one by one. In so doing, regardless of which department or which cadre is involved, we must persevere to the end. The higher the rank of a cadre, the more severe the punishment to be meted out. In the province, so long as we severely deal with a number of major and important cases and, at the same time, take a down-to-earth approach toward the proper conduct of the "All-People Civility and Courtesy Month" activities, properly take care of environmental sanitation, consolidate social order and improve the quality of service, the party style and the whole social atmosphere will show a great improvement. Economic construction will also show greater results and proceed at a quicker pace.

CSO: 4006/343

BRIEFS

CHINA ADVERTISING SOCIETY--The first meeting of the board of directors of the China Advertising Association was held on 26 February. It decided to change the name of the organization to the China Advertising Society. The board of directors, consisting of 65 people, including Lu Derun of TA KUNG PAO, Zhou Zuoqiang of WEN WEI PO and Liu Huada of ECONOMIC REPORTS, CHING CHI TAO PAO [ECONOMIC REPORTS], was elected by the first national congress of the association which ended yesterday. President of the society is Zhang Ding, director of the Central Institute of Arts and Crafts, and first vice president is Chang Shi, general manager of China Advertising Joint Company. Deputy Director of the Central Institute of Arts and Crafts Pang Xunqin and chief editor of ZHONGGUO GUANGGAO [CHINA ADVERTISING] Xu Baiyi were invited to be advisers of the society. The society now consists of representatives of 115 groups and over 400 individual members. [HK011216 Beijing ZHONGGUO XINWEN SHE in Chinese 0742 GMT 26 Feb 82]

CSO: 4006/343

AUTHOR: A. Horikawa
WEN Hongzhao

ORG: Both of the Department of Engineering, Osaka University

TITLE: "The Variation of Roller Pressure and Its Optimum Distribution"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 1, Jan 82 pp 5-11

TEXT OF ENGLISH ABSTRACT: In this paper, the roller vibration equation with a solution either under the condition of loading by weight or by spring has been theoretically approached. The conclusions drawn are: (1) For a light roller with greater pressure, the operation will be more stable, and (2) The unstable range will be smallest in the spring-loaded case.

The pressure distribution of roller sets has also been dealt with, and the conclusion arrived at is that the pressure should be reasonably distributed in light of the speed requirement of the roller even if various minimum values of changing nip pressure of all the rollers can reach the same desired number.

AUTHOR: LI Dezhao [2621 1795 2507]
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TITLE: "Some Dynamic Characteristics of Yarn Tension during Ring Spinning"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 1, Jan 82 pp 13-18

TEXT OF ENGLISH ABSTRACT: In this paper, the dynamic characteristics of yarn tension during ring spinning were investigated by means of the data analyzer. Based on the data obtained, the characteristics of frequency and amplitude of dynamic yarn tension were derived through high speed photography and other techniques.

The paper proposes use of the effective value of yarn tension as its physical measurement. It includes the statical component of its average value, and the dynamic component of its variances.

Experiments show that dynamic yarn tension is a function of the traveler revolution period. The simplest form of the function is a sine curve, which takes place at the nose of cop build during each ring-rail movement. The complicated forms consist of four spectral values, i.e., fundamental, twice, triple and quadruple frequency traveler revolution. The dynamic component of yarn tension has no connection with

[Continuation of FANGZHI XUEBAO No 1, Jan 82 pp 13-18]

the instantaneous changes of the friction between ring and traveler, but does depend on the change of contact between the yarn and thread guide.

The amplitude of different spectral bands of yarn tension can be obtained from the power spectrum. The maximum tension during each traveler revolution is T_0, which is the tension at the top of the ballon, and at this instant the yarn slips off the thread guide as shown.

Finally, the paper points out that yarn tension has a close relation with the conditions of the thread guide.

AUTHOR: ZHANG Youmei [1728 0645 2734]

ORG: Huadong Institute of Textile Technology

TITLE: "Loom's Vibration and Automatic Shuttle-changing Motion"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 1, Jan 82 pp 19-22

TEXT OF ENGLISH ABSTRACT: This article describes the results of measuring the vibration of an automatic shuttle-changing loom.

It is concluded that an application of slow shuttle-changing motion will be very helpful in reducing the vibration and noise of the loom when compared with ordinary methods which strengthen the fram, lower the center of gravity, improve the picking motion, etc.

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TITLE: "The Method of Raising the Speed of Spinning Polynosic Fiber--Research on the Viscose Solution Preheating and Rheological Behavior"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 1, Jan 82 pp 23-27

TEXT OF ENGLISH ABSTRACT: A pressure capillary rhemeter was used to measure the rheological parameters of polynosic viscose solution. It was brought to light that the temperature of the viscose is an important factor affecting its rheological behavior; by raising the temperature of the viscose before spinning the rheological behavior could be improved remarkably; it is a good procedure to raise the spinning speed of polynosic fiber. The result of experiments performed with a single spinneret spinning equipment proved this method to be feasible. If the viscose was preheated from 14°C to 20°C before spinning, the maximum speed of the first

[Continuation of FANGZHI XUEBAO No 1, Jan 82 pp 23-27]

godet could be raised from 12 m/min to 18 m/min. The physico-mechanical properties of the end product fiber spun at the speed of 38 m/min were approximately the same as those of the fibers obtained at low speed. This is in line with the fact that the fiber produced in summer will have better properties.

A static mixing heater was used in conducting the experiments. It was shown that heaters of this type can meet the requirement of preheating the viscose solution very quickly before spinning with good effects and are easy to operate.

9717
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END

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China Report

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON SIMPLIFYING ADMINISTRATION

HK100654 Beijing GUANGMING RIBAO in Chinese 28 Feb 82 pp 1, 3

[Article by Xia Yulong [1669 4416 7893], Liu Ji [0491 0679], Feng Zhojun [7458 0037 3182] and Zhang Nianchun [1723 1519 2797]: "On Better Troops and Simpler Administration]

[Text] Better troops and simpler administration are a tradition of good government in our country. After ascending the throne, Li Shimin, Emperor Taizong of the Tang Dynasty, addressed himself to the Sui Dynasty's problems of ineffective troops and muddled administration by streamlining the army and simplifying administration, and, for a time, the total number of central government officials was only 643. These reforms greatly increased the level of efficiency in the government, allowing for the prompt implementation of a series of innovative policies and laying the foundation for what was to go down in history as the "Zhenguan period of government."

Better troops and simpler administration are also glorious traditions in our party. In the autumn of 1941, a period of terrible hardship for the Chinese as we fought on against the Japanese, the Party Central Committee resolutely adopted the suggestion of the patriot Li Dingming to "streamline the army and simplify administration." The lessening of the burden placed on the people and increasing the fighting power of each unit were important factors in the victory in the war of resistance against Japan. Since nationwide liberation, the many occasions on which our party has streamlined the army and simplified administration have achieved definite results.

Now that the bugle to advance has been sounded for the four modernizations and the development of China, our party has once again raised the policy of streamlining state organs, a policy which in meaning is the same as the call for better troops and simpler administration. This enlightened and important policy decision has already become the focus of great interest and enthusiasm.

Regular Activities of Modern Scientific Management

Modernization is the transformation of small-scale production into large-scale socialized production. While under conditions of small production the streamlining of the army and the simplification of administration may be extraordinary measures, under conditions of large-scale production they are

regular features of modern scientific management. The reasons for this are as follows:

First, the principles of efficiency in small- and large-scale production are fundamentally different.

The principle of efficiency in small-scale production is that "it is easier to get things done and to raise the level of enthusiasm when there are lots of people." In large-scale production, however, it is entirely different as thousands of people engage in socialized activities based on division of labor and cooperation. There arises not only the question of individual efficiency but also the more important question of efficiency within an overall system composed of various separated units. As in the case of a machine, even though all the individual parts may be operating properly, this does not necessarily mean that the machine as a whole will function well. As far as reliability is concerned, it is impossible for every single part to be perfectly reliable. Therefore, the more parts there are the less reliable the machine will be. The principle of efficiency in large-scale production is that "a few people should do many things since one extra person means one more possible source of trouble." This is because superfluous personnel will only disturb those who are actually working. Therefore, the call for good troops and simplified administration is the same as the basic management demand in modern, large-scale production. This is also the reason for the separation in modern foreign enterprises of ownership and management authority.

Second, large-scale production is also characterized by rapid changes in development.

The reason for this is that large-scale production is based on the foundation of modern science and technology. Modern science and technology change with each passing day. The achievements made in science and technology since World War II are perhaps equal to the sum total of achievements made during the previous several thousand years. Our understanding of certain specialized fields has begun to change every 5 years while the rate of change for products is even faster, with products being replaced every 1 or 2 years. Because of this, competition on the world market has been raised to a fierce level. Under such complex and constantly shifting conditions it was inevitable that the demands placed on management would also change. Units and personnel that are essential one day could easily become unnecessary the next and what were efficient units and competent workers one day could all of a sudden become unnecessary. Because of this, if management in large-scale production is to succeed in keeping itself current, it must both carry out readjustment in accordance with the changes in situation and also carry out streamlining of troops and simplification of administration in accordance with the principle of efficiency in large-scale production.

Third, large-scale production and bureaucratism are as incompatible as fire and water. Bureaucratism not only lowers the level of efficiency of large-scale production activities, but can, in the long run, also contaminate the whole system of large-scale production. There are many reasons for bureaucratism. In 1958 the book "Parkinson's Law," written by the famous English

historian Northcott Parkinson caused a sensation. After a long examination of real life in England, the author asked himself why the phenomenon of overstaffing had occurred. He noticed that there are probably three choices open to an incompetent officeholder: He can ask to be discharged; he can find someone talented to take over his own duties; or he can find two assistants whose level of competence is even lower than his own. The first is not an alternative he would willingly choose as it will involve the loss of his "old-age pension" and other benefits. The second alternative is no good either because as soon as an upper level post falls vacant this talented person will present a virtually insurmountable obstacle to his own promotion. Because of this, it is the third alternative that is best. He will, therefore, divide his work among two assistants while retaining control of the whole situation as their superior. At the same time, the two assistants will mutually restrain each other, ensuring that neither will ever pose a serious threat to his position. In this way, work falls into the hands of two incompetent assistants who, in turn, act in the same fashion by hiring two assistants each of their own. If such a tendency continues unchecked it results in a system of bureaucratism that is characterized by constant haggling and inefficiency. Parkinson's law refers to conditions in England, and, of course, conditions in our country are very different. However, there is still one point from which we can gain a good deal of enlightenment: If we ignore the need for better troops and simpler administration and allow too many people to hold posts, the management of large-scale production could easily sink into the mire of bureaucratism.

From the above three points we can see that if either large-scale production or modernization is to be carried out effectively then constant recognition of the need for better troops and simpler administration is an essential aspect of modern scientific management. Because of this there is no need to become frightened as soon as better troops and simpler administration are mentioned; rather than seeing such a process as a "sudden attack" we should treat it realistically as a common feature of management under large-scale production. If failure to pay attention to better troops and simpler administration gives rise to the erosion of management by bureaucratism the most effective way of reversing the situation is still to streamline troops and simplify administration. In the early 1970's the world famous German enterprise, the Volkswagen Automobile Company, was almost reduced to bankruptcy by the energy crisis. The reason for this was that the former general manager of the company lacked the ability to manage modern large-scale production. In 1974, the company lost 870 million Deutsche marks; this was followed by a loss of 157 million Deutsche marks in 1975. Added together these losses far exceeded the total value of the company's shares, meaning that bankruptcy was near at hand. In February 1975, the board of directors invited a management expert from Rhine Steel Works to take over as general manager. After taking over at the helm of this very shakey ship, his first step was to reorganize the leadership organization and personnel. By borrowing 300 million Deutsche marks to cover compensation payments he was able to reduce the number of workers from 110,000 to 93,000. "It is necessary to get rid of those managers and workers who merely follow the beaten path, seeking only personal gain and those who refuse to do practical work and are unable to make suggestions." This opened up the way for reorganizing

units as well as upgrading products. Within the first year the company was able to convert its losses into profits and in the second year a profit of 1 billion Deutsche marks was announced.

Owing to management habits borne of a long period of small-scale production, our country is fraught from top to bottom with the problem of overstaffed organizations and redundant personnel. Only if we are bold and decisive in our efforts to streamline troops and simplify administration will modernization have any hope.

Scientific Understanding of Better Troops and Simpler Administration

Any discussion of better troops and simpler administration must begin first of all with a correct understanding of what this involves. The differences between small- and large-scale production is very important here.

In the case of small-scale production better troops and simpler administration refers to the merging together of management organizations and reducing management personnel. Such methods can be used in the case of small-scale production because those who manage small-scale production are officeholders rather than actual producers and the streamlining of their organization will improve efficiency. This simplistic method, however, will not be able to resolve the problems encountered in large-scale production. Reform of administration has been undertaken several times since liberation; the results, however, have been far from ideal, with old habits returning once the wave of reform has passed. In fact, it can even be said that in some cases such attempts at reform only compounded the problem of bloated government administration even further.

The better troops and simpler administration that are required by large-scale production are of a very different kind. According to statistics, since the 1950's the number of managers in America has been increasing at a rate of 11 percent each year with the result that so-called "white collar workers" already outnumber "blue collar workers." In the Soviet Union between 1941 and 1973 the number of specialized personnel who had received higher education increased eight times. The number of planners, statisticians and other such managers increased by 392 percent. From this it can be seen that the small-scale production habit of viewing all management organs and all managers as nonproductive is no longer valid. The belief that it is better to have as few personnel and management organs as possible runs counter to the aim of better troops and simpler administration.

It is necessary to reach a scientific understanding of better troops and simpler administration from the viewpoint of large-scale production. In the case of large-scale production, better troops and simpler administration are directly related to the question of improving overall system efficiency. It is a question of observing actual effects rather than the form. We believe that the content of better troops and simpler administration under the system of large-scale production can be summarized in the following manner:

(1) There should be a streamlining of all nonessential management organs. For entirely superfluous organs this, of course, goes without saying.

(2) Personnel who serve no purpose or are unable to discharge their duties should be transferred from their posts and retrained.

(3) We must establish a highly effective, scientific organizational structure and select competent managers suited to this organizational structure.

1) The center of decisionmaking--this refers to the leading policymaking body of the large-scale production system. In addition to establishing a relatively large committee to decide on major policy issues, we must ensure that there is also a small efficient decisionmaking body to handle day-to-day affairs. Decisions should be made by a single body as the existence of several decisionmaking bodies would only result in confusion. The number of decisionmakers should be kept as low as possible, otherwise conflicts stemming from varying opinions would become difficult to resolve. Generally speaking, there need only be one decisionmaker for day-to-day affairs. This person must be highly skilled at decisionmaking and management and should be accountable to the management system as a whole. There should also be two or three assistants to help coordinate work. It is very rare in foreign countries, however, for the number of assistants to exceed five. The decisionmaking center is the soul of administration and management, practice both in China and abroad has shown that it is impossible for a management system with an inefficient decisionmaking center to ever achieve satisfactory results.

2) Executive system--the task of this system is to carry out the instructions issued by the decisionmaking center. These instructions must be carried out in a firm and rigorous manner, otherwise even the best instructions will not achieve the practical results they should. Therefore, the executive body must be efficient and tight knit. Members of this body must be faithful and hard working and anyone who is either unwilling or unable to carry out the instructions of the decisionmaking center should be transferred out of the executive system.

3) The supervisory system--this system should supervise the way in which the instructions of the decisionmaking center are carried out so as to ensure that they are carried out correctly. With the development of modernization, supervision of financial administration, the economy and market is particularly important.

4) Feedback system--this system should assist the decisionmaking center in revising and perfecting its instructions by reporting back the practical results of the instructions that have been implemented. The system should include general bodies for investigation, information, statistics and advice. The feedback system embodies the basic principle of Marxism that "practice is the sole criterion for testing the truth. Therefore, whether or not there exists a sensitive, correct and powerful feedback system is the critical factor in whether or not management has vitality. The feedback system should permit necessary repetition and should draw on collective wisdom and absorb

useful ideas by incorporating a diverse range of people within its organization. The feedback system needs a group of sharp-witted and creative advisers; and it is for this reason that old and infirm but nevertheless very experienced people as well as those people with talent but who disagree with the instructions of the decisionmaking body are such vital assets to this system. The wide-ranging knowledge of these within the feedback system will help to strengthen the correct, tight, and authoritative character of decisionmaking and will in no way hinder the implementation of policy instructions. As the feedback system is very different from the decisionmaking center its members may be permitted to hold office for life.

In this way the one center and three systems combine to form the management structure. Not only is this structure highly efficient it is also able to adjust to all sorts of changes in objective reality. This is the aim and requirement of better troops and simpler administration in a system of large-scale production. Unfortunately, our country's management system is still very weak in this area. Many decisionmaking centers are much too large with overcomplicated structures that only cause laxity and weakness. Furthermore, while our management system contains a powerful executive system its supervisory system is weak and its feedback system is virtually nonexistent. With all of our cadres concentrated in the executive system is it not at all surprising that the structure is bloated and overstaffed?

In our opinion the above represents the scientific significance of the current streamlining of the administrative structure.

Carry Out the Call for Better Troops and Simpler Administration Scientifically

When carrying out the call for better troops and simpler administration in the past, for the sake of fulfilling the target of streamlining, we sometimes indiscriminately sent administrative personnel to the "frontline of production." Later, because of work requirements, we again transferred them back and even "borrowed people" from the grassroots units. Consequently, following every streamlining, there was often a greater bloating. We must draw from this lesson. Better troops and simpler administration should be rigorously carried out, but a scientific method must be used. We suggest:

1. Use systematic viewpoints and methods. First, we must streamline the policymaking centers at various levels so that leading bodies at all levels can be strengthened on the basis of rationalizing their intellectual structure. This body must be capable and effective. Only if this end is properly streamlined can we take in hand the program of better troops and simpler administration.

After that, we must set up a study group for better troops and simpler administration under the leadership of the policymaking centers to carry out a scientific analysis of that administrative system and to consider the whole administrative structure as well as select and readjust relevant personnel based on the three systems mentioned above. Without a rational structure, streamlining organs and personnel will be carried out blindly and it will

be impossible to achieve good systematic efficiency. With a sound structure, we can remove those unnecessary and unqualified personnel and readjust or increase necessary and qualified administrative personnel based on the demands of the structure.

2. Make scientific arrangements for qualified people. Better troops and simpler administration under the socialist system is not the capitalist reduction of staff, and there is an essential distinction between them. This is not only because the socialist system offers full work protection to every worker, but also because every worker himself is a valuable part of the wealth of the whole great socialist system. Better troops and simpler administration is precisely for the sake of more fully bringing into play the ability of every worker so that he will have room to bring his own role into play. With this as the point of departure, regardless of the personnel retained in a certain administrative unit or the personnel transferred to a certain administrative unit, we must have sensible scientific arrangements for them.

First, we should make appropriate arrangements for those who definitely are no longer suited to be administrative personnel. For example, some of the comrades who are advanced in years and in poor health and who are no longer equal to administrative work should either leave their posts for convalesence or retire. We see to it that they enjoy their remaining years in comfort. After they have left their posts or retired, they can still continue to make contributions to the socialist cause. This is not only because vacating their posts for the younger generation they have helped to foster and allow them to enhance their abilities in practice which will benefit the cause of socialism, but also because, to a genuine revolutionary, there are battle stations everywhere and there are still many things he can do after he has left his post or retired.

Second, we should bring up qualified people scientifically. The objective of better troops and simpler administration is admittedly to raise systematic efficiency, but the basis of systematic efficiency is the efficiency of every individual worker. Therefore, an important task of better troops and simpler administration is improving the quality of the workers. Our country requires large numbers of economic management, administrative management and social management cadres for the four modernizations. However, the scientific and cultural level of many administrative cadres is very low at present. They have no knowledge of modern management and do not now fit the needs of modernization. In this better troops and simpler administration, we should arrange for them to return to study in a planned manner. By means of study, they will increase their knowledge, improve their administrative ability and raise their administrative efficiency when they return to their posts. As a result of the rapid development of science and technology, the concept of modern education is already no longer "a single education" of from kindergarten to college, but a "lifelong education." Therefore, the training of cadres at work by rotation is an important mission of modern management. We must make withdrawing from production to study into the furnace for bringing up qualified people and the great reservoir for storing and interchanging cadres. That is why our party has attached equal importance to "cadre training by rotation" and "streamlining the organs" in its streamlining work.

Third, we should know the people well enough to assign them work commensurate with their ability in accordance with the systematic principle of scientific management.

Judging from actual conditions in our country at present, we must energetically strengthen the supervisory system and the feedback system before we can fit in with the needs of the four modernizations. As a result of the strengthening of socialist law, the judicial departments alone require large numbers of legal cadres. We estimate that Shanghai needs more than 1,000 lawyers, but it has less than 100 at present. This figure still does not include the number of cadres engaged in economic law required by modern enterprises. The capacity of the feedback system is even greater. Various consultant advisers, policy study groups, research institutes and research centers have been extensively set up. Such "software scientific" organs cost very little, but the visible and invisible role they play is enormous. Here, we think it is necessary to give proper respect to advisers. At present, some people have either been influenced by the vulgar feudal point of view or by the prejudice of small production, and they hold that advisers are "shopworn goods" and there is "no way to make arrangements for them." This is extremely wrong. In modern mass production, the position of adviser is very honorable and dignified. Not just anyone can be hired as an adviser. Only scholars with real learning and rich experience or men of action are equal to the task. A single idea of the adviser can sometimes determine the rise and fall of an enterprise. Therefore, in foreign countries, some famous advisers receive over $1,000 for 1 or 2 hours of their time. In short, all kinds of advisers are required for the management of mass production. This is a very important post and requires large numbers of qualified people to fill it.

If this is implemented in accordance with the three points mentioned above, all the talented people will be able to bring their role into play at their different posts, and the phenomenon of more people than jobs will certainly be eliminated.

3. Give play to and temper the fine work style of the party in better troops and simpler administration.

Although better troops and simpler administration is an effective measure of scientific management, however, the effectiveness of this measure still depends a great deal on the people. If instead of attaching importance to the great cause of the party, we do not carry out work in accordance with scientific truth and only pay attention to personal feelings, to so-called former subordinates, comrades in arms, schoolmates, colleagues and friends and even to the coattail influenry, then better troops and simpler administration may possibly only streamline the talented people and leave behind mediocre people. Under the present conditions of the problem of "everybody eating from the same iron rice bowl" which has still not been completely solved, there is actually this danger. Therefore, we must energetically give play to the party's fine tradition of selflessness and working wholeheartedly for the people, strictly carry out work in accordance with the "guiding principles for inner-party political life" and put an end to all unhealthy tendencies before we can really achieve the objective of streamlining the organs, raising efficiency and opposing bureaucracy.

The seeds of better troops and simpler administration we have sown will bear rich fruit in the four modernizations.

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ECONOMIC MANAGEMENT

NEW APPROACH TO ECONOMIC WORK URGED

Shanghai WEN HUI BAO in Chinese 5 Feb 82 p 3

[Article by Xing Chun [6580 2504] and Jin Wei [6930 1414]: "On Improving Economic Results"]

[Text] Since the beginning of the year, while studying Premier Zhao Ziyang's "Report on the Work of the Government," everyone has expressed firm support for the new path of economic construction and the ten principles raised by the Central Committee of the Party which take the improvement of economic results to be the focus, and has been greatly encouraged. People say that this is a glorious path, a scientific path, a path to prosperity and a path necessary to revitalizing China. Truly, if the problem of improving economic results is solved, it will not only stabilize the advance of the national economy, leading to healthy development, but will inevitably have a far reaching effect on every aspect of socialist life. Because of this, improving economic results is not only the basic point of departure for comrades engaged in economic work in their considerations of economic matters, but is also an important standard with which comrades on all other battlefronts must be concerned and to which they must adhere.

Establishing this correct notion of taking the improvement of economic results to be the focus has been a tremendous achievement of upholding the line of the party since the Third Plenum of the 11th Party Central Committee. Although there are a number of objective reasons for poor economic results, still they are closely related to the effects of the mistaken ideology of the "left" on economic construction. For a long time now we have generally taken the high speed development of the economy to be the "soul" of socialist construction, without regard for economic results, with the result that, although there have been quite a few achievements in economic construction since the establishment of the nation, the extent of increase in the national income has been much lower than the extent of increase in the total value of agricultural and industrial output, and the extent of improvement in the people's standard of living as been much lower than the extent of increase in the national income. The discussions about the standards of truth that were carried on both before and after the Third Plenum of the 11th Party Central Committee shattered the guiding ideology of the "left" at work in the economic domain. The discussion of socialist economic goals that have gone through so many twists and turns also has led to a further correction of the guiding ideology in economic

construction. The measures in keeping with the principles of readjustment, restructuring, reorganization and upgrading that were set forth by the Central Committee of the Party have finally brought about a change in the terrible cycle of "two highs" and "two lows." Now, "High targets" have been changed to reflect more realistic rates of growth, "large accumulations" have begun to be reduced, "low consumption" has been readjusted and the situation of "low efficiency" has attracted alot of attention. Through our practice of the last few years, we have finally set ourselves upon a new path of developing the economy in ways suited to our national conditions and have clearly recognized that the core of this new path is the improvement of economic results. Going from "high speed is the soul" to "improvement of economic results being the focus" must be called a turn around of a basic nature in our nation's economic development strategy. It has truly set our nation's national economy on the path of stable development, and it reflects the tremendous deepening of our party's and our nation's understanding of our national conditions and the laws of socialist construction. In traveling this steady and dependable path, the hearts of the people are freer from anxity, and, as a result, their confidence is greatly strengthened.

Improving economic results by all means possible will greatly develop the tremendous economic potential of our nation. What do we mean by economic results? Simply put, it means using the smallest expenditure to achieve the greatest effect. According to Marxist theory it means relying on expending the smallest effort, under conditions that are most conscionable and most suited to the basic nature of mankind, to regulate in a reasonable way the material exchanges between people and nature" (see the "Complete Works of Marx and Engels," vol. 25, pp. 926-927). People of every society pursue the optimum economic results for their time and their society. Even though the organizers of capitalist economics are motivated by economic results and the limitless pursuit of surplus value, and take the matter of "results" to be a "perpetual concern," still, because of the inherent contradictions in the system of private ownership, it is not possible for them to achieve optimum economic results for the society as a whole. Only under a socialist system can a love of labor and of the fruits of labor be truly cherished, and is it possible to uncover fully the various economic potentials and improve the economic results for the society as a whole. This is because the fundamental economic laws and production goals of socialism require that we use the smallest expenditure of labor to produce the most and the best material and spiritual goods in order to satisfy the daily increasing material and cultural needs of the people. This is the internal impetus behind our uncovering potentials and improving economic results. In the past, because we did not establish the notion that economic activities must take the improvement of economic results to be the focus, there existed situations of increasing factories without increasing production and increasing production without increasing income, and of tremendous waste. Taking the question of energy resources as an example, our nation's energy resources are not at all lacking, and our volume of production is not small, but our utilization ratio is low and our wastefulness is shocking. In 1979, our nation's total energy consumption was 586 million tons --third in the world. For the same period, Japan's total energy consumption was 550 million tons. Total energy consumption for China and Japan was practically identical, but the value of our nation's industrial output was only

25 percent of that of Japan. According to statistics for the years 1952 to 1978, our total investment in capital construction reached 600 billion yuan, but fixed assets actually formed were only worth 400 million yuan. Because we have lacked the notion of taking the improvement of economic results to be the focus and have not been particular about our paths to producing, accumulating and utilizing wealth, situations of high costs, high consumption, low earnings and slow turn around time exist almost everywhere, to the point of finding conditions where there is "gold" everywhere, but no one picks it up or where people are holding a "golden rice bowl," yet begging for food. Such circumstances make it clear that behind this waste lies buried tremendous economic potential. If we can only plant the notion of improving economic results in the people's minds and make the improvement of economic results the point of departure for all economic activity, then we can develop our potential, clench our fists, utilize our strength at the crucial points and reach our goals of increased production, increased income, and increased social wealth.

Lenin once said that we must be good at seeking out the special link in the chain in every period and must grasp that link with all our strength. Improving economic results truly is the crucial link in our economic construction. The new path to economic development laid out in the "Report on the Work of the Government" encompasses three aspects: one is "a relatively realistic rate," one is "better economic results," and the third is that "the people receive greater material benefits." These three are important features of socialist economic construction and not one of them can be dispensed with. And what is the relationship between them? A relatively realistic rate pertains to one that is solidly down to earth and is totally concerned with improving economic results. Therefore, the results and the rate are in dialectical unity and only with results and at this rate can the people attain greater material benefits. Because of this, in thoroughly implementing the ten principles in economic construction, a firm grasp of the key link of improving economic results can spur on the entire economy. The facts of the last year and more have already made this completely clear. When we pay attention to economic results and produce more goods that meet the needs of the marketplace, then buying and selling becomes brisk and goods become more abundant, and, as it turns out, trade in some really popular watches, bicycles sewing machines, televisions and like merchandise has already picked up and excellent selections are now available, and the vast rural markets have also picked up steam. For many years now in dealing with the relationships between the various sectors of the national economy, such as the relationships between agriculture and light and heavy industry, between capital construction and the overhaul of existing enterprises, between accumulation and consumption, between planned adjustments and market adjustments, and between economic tasks and scientific, educational and cultural tasks, and others, we have learned various lessons. Now, clearly raising the ten principles which take the improvement of economic results to be the focus is helping us to achieve a comprehensive balance in our handling of the relationships between each sector of the national economy--it gives us a measuring rod. Firmly grasping the key link of improving economic results will inevitably spur on the stable advance of the overall national economy.

Firmly grasping the key link of improving economic results will hasten the reform of the superstructure. Presently, the condition of each area being separated from others, departments being as numerous as trees in a forest, agencies being overstaffed, administration being far too stratified, areas having mutually overlapping responsibilities, people floating about without work to do and efficiency being extremely low, and especially bureaucratism and improper tendencies, is obstructing the improvement of economic results and becoming a serious obstacle to the four modernizations construction, and it has already reached the point where it absolutely must be changed. The improvement of economic results and the implementation of these ten principles places more, newer and greater demands on the scientific, educational and cultural sectors, not only by requiring a supply of feasible technologies and qualified construction personnel, but also by requiring that we inculcate socialist and communist ideological styles and moral practices in the people of the entire nation and that we strengthen the construction of a spiritual socialist civilization. The announcement of the Third Plenum of the 11th Party Central Committee profoundedly pointed out: "Realizing the four modernizations requires a large improvement in production forces and naturally requires changes in many aspects of production relationships and the superstructure which are not suited to the development of production forces, as well as changes in all inappropriate styles of management, behavior and thinking, and in this light is a sweeping and profound revolution." Presently, we are facing just such a revolutionary situation.

The Central Committee of the Party has opened a glorious path to prosperity for us. Let every comrade adopt the bearing of a heroic protagonist and meet the coming period of economic vitality with solid, down to earth work.

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'BAN YUE TAN' ON ACHIEVING BALANCED BUDGET

HK130324 Beijing BAN YUE TAN in Chinese No 4, 25 Feb 82 pp 48-49

[Article by Yi Hua [0076 5478]: "A Talk About Budget Balance"]

[Text] Finance is the economic pillar of the state power. Without financial support, it is difficult for a country to maintain its state power. To provide for the expenditures of the government organizations strengthen and consolidate the proletarian dictatorship, carry out socialist construction and develop socialist economic and cultural cause, a socialist country needs rich financial resources to ensure the progress of the above projects. Socialist finance is a type of distributive relationship which enables the state to exercise its function of collecting and redistributing the national income. The state budget is the main component part and the basic financial plan of the state finance.

The financial income and budgetary receipts of a socialist country mainly come from state revenues and profits turned over by state enterprises. A socialist country not only levies various taxes by relying on political power (this is also done in countries with other types of political systems), but as the owner of the means of production it takes part of the profits from various state enterprises (this is impossible to do by countries with other types of political systems). At present, nearly 100 percent of the state's financial revenue and budgetary receipts are derived from the taxes levied on and profits turned over by state enterprises. In addition, getting loans from foreign countries and issuing bonds at home are also sources of financial revenue and budgetary receipts. But these involve incurring internal and external debts which must be paid back. In particular, we pay a fairly high interest rate when we borrow from foreign countries. Therefore, these cannot be regarded as the main sources of our country's financial revenue and budgetary receipts.

The following are the main financial and budgetary expenditures of a socialist country:

1. Expenditures for production and construction. This includes the expenditure for production and nonproduction capital, construction, additional circulating funds and bank credits and expenses incurred in tapping the potents and reforming the existing enterprises, trial-producing new products, and so forth.

2. Expenditures for science, education, culture and public health. This includes expenses in developing social sciences, education, culture and public health and paying salaries to the personnel of the departments concerned.

3. Expenditures for national defense, war preparedness and administration as well as management of the state. This covers the expenses in national defense construction and administration as well as management of the state, including salaries paid to personnel in the army as well as other administrative and management personnel.

4. Reserve and social relief funds. These funds are to be used to deal with various natural calamities and accidents. In promulgating the budget of a socialist country, attention should be paid to "keeping expenditures within the limits of income," that is, maintaining a balance between income and expenditure and assuring a slight surplus. Generally speaking, a socialist country should avoid "deficit financing," a "deficit budget" characterized by the fact that financial budgetary expenditures greatly exceed the financial budget, unless under certain special circumstances.

Enormous financial deficits will lead to inflation and continuous price increases of commodities, all of which will adversely affect our national economy and social life. We all know that if a government's expenditures exceed its income, it can borrow from the private sector--banks--to make up the deficit. But since banks do not create any material wealth, what is happening is simply more banknotes are being printed and issued to plug the financial hole. This results in merely glossing over the deficit since no material wealth has been generated. We know that currency circulation follows a basic rule. The amount of currency in circulation should be suited to amount of commodities that can be supplied. If we increase the number of banknotes without generating material wealth, the value of the currency is liable to decrease. Once currency is ostensibly devaluated, the prices of commodities will rise accordingly. Although in the socialist system, prices of commodities, especially those which are important to the national economy and the people's livelihood, are fixed and controlled by the state in a planned way, administrative measures are only effective within a certain period of time and scope. They cannot change the inexorable trend of the objective economic process. Inflation and price increases not only lower the people's actual income and standard of living, but also dampen the masses' initiative, disrupt the normal order of our national economy and obstruct the proportional relations of the national economy. They also encourage speculation and profiteering and adversely affect the stability of society.

Two years ago, fairly large financial deficits occurred successively in our country. They occurred in the process of solving the accumulated problems which resulted from the protracted interference and sabotage of Lin Biao and the "gang of four." We had no choice in this affair. Due to the great efforts exerted by the people of the whole country, our financial deficits were greatly reduced at the end of last year. However, we should realize that last year's budget balance was achieved by cutting down on expenses. But, we cannot readily continue in this way. To continue solving the problem

of financial deficits and achieve a balanced budget, we should extensively broaden and expand the sources of income. This is the basic way for extricating ourselves from economic difficulties and eliminating deficits. In the meantime, we should practice economy and eliminate all waste. The practice of "broadening the sources of income" should be combined with that of "reducing expenditures." We should cut down all unnecessary government expenditures and utilize our limited financial resources in a more rational way. Only thus will we be able to thoroughly improve our country's financial and economic situation as quickly as possible.

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FINANCE AND BANKING

USE OF COMPUTERS IN ACCOUNTING DISCUSSED IN SYMPOSIUM

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] in Chinese No 11 (20 Nov 81) pp 33, 14

[Article by CAIWU YU KUAIJI staff correspondent: "Prelude to a Technical Revolution in Finance and Accounting--Report on a Special Symposium on the Use of Electronic Computers in Accounting"]

[Text] In mid-August, a special symposium on the use of electronic computers in finance and accounting and for working out production costs was held at the Changchun No 1 Motor Vehicle Plant at the initiative of this plant and the China People's University, and with the support of the Ministry of Finance, the First Ministry of Machine Building, and the China Accounting Association. Representatives from all these organizations were sent to attend the symposium. This symposium, the first of its kind in the history of accounting in China, was warmly supported by people in various circles. More than 40 other representatives were sent by 26 units, including plants, banks, universities and colleges, and scientific research institutes, to attend the symposium. Discussions were held on the great significance of computerization in accounting and on certain questions related to theories, policies, steps, and methods.

I. The Need for Gradual Computerization in Modern Scientific Management

The comrade participants unanimously agreed that, along with the implementation of the policy of "readjustment, restructuring, reorganization, and upgrading" and the progress of the four modernizations, modern scientific management has been included in the agenda of important meetings, and computerization in accounting is necessary for this purpose.

The product of a new technology developed in the 1940's, electronic computers were first used in handling economic information in the early 1950's. Now they are extensively used in finance and accounting in some countries where there is fairly advanced production technology, and they have brought about important changes in business management and accounting. In recent years, some of our industrial and commercial enterprises and banks have imported foreign equipment and applied technology and have begun to use electronic computers in certain unrelated jobs, such as the calculation of wages and the inventory of materials. Through practical work, they have also obtained

experience in the exploitation and utilization of a complete system of accounting information. Experiences through practice at home and abroad have proved that the significance of using electronic computers in accounting lies not only in the liberation of broad masses of finance and accounting workers from their backward and toilsome manual calculations, but also in a rise in accounting efficiency. More important still, it is only through the computerization of accounting that we can give full play to the functions of accounting in the scientific management of economic work and in the promotion of a planned, proportionate, steady development of the national economy. The reasons are as follows: First, "quantity control" and "system control" methods are being gradually popularized in modern scientific management. These methods are making more extensive and intensive demands on numerical data in accounting. It is impossible for the traditional method of manual calculation in accounting to supply such a huge volume of complex data. Second, modern scientific management demands strict control over the entire process of production and business activities. In order for this control to be effective, we must be able promptly to supply various accounting information data required in management. It would be difficult to ensure the prompt and complete supply of these information data with traditional manual methods, no matter how much we increase the number of accounting personnel. Only the use of electronic computers can serve this purpose. Third, along with the strengthening of planned management in the national economy and a more active regulative role of the market, extensive use of mathematical methods will be necessary for a timely analysis of various modes of production and management and to forecast changes in market conditions. Obviously, we cannot rely on the use of traditional methods instead of electronic computers to accomplish this type of analysis and forecasting. The participating comrades unanimously pointed out that accounting personnel must be able to anticipate the various demands made on accounting by modern management before they can fully realize the important role of electronic computers and the significance of their use in accounting, and they must earnestly study the related problems in order to find solutions.

II. Several Practical Problems To Be Seriously Studied and Solved in Practicing Accounting Computerization.

The comrade participants held that the use of electronic computers in accounting has created a new sphere of activities, and that it will take time for their use to be popularized in such a large country as ours. Yet this is a very practical task. From now on, therefore, planned and organized research should be conducted to deal with or to solve the problems already revealed in our practical work, so as to gradually promote the development of computerization in accounting. At present, the main problems to be studied, arranged, and solved are as follows:

First, the reorganization of enterprises should include a thorough reorganization of the accounting system. The use of electronic computers in economic management should be based on efficient enterprise management. Electronic computers can promptly, accurately, completely, and systematically supply various numerical data only when the various basic tasks in enterprise management are in perfect order. The reorganization of accounting is an important

aspect of the reorganization of enterprise management, and the use of electronic computers in accounting should proceed hand in hand with the work in other aspects of enterprise management. In reorganizing the enterprises, therefore, it is necessary to streamline the basic work and the procedures in accounting and to reorganize the accounting system in order to meet the needs of computerization.

Second, we should immediately start training a fairly large number of technical personnel who are not only skillful in the operation of electronic computers but also familiar with finance and accounting work.

Third, the electronic industrial departments and the other departments concerned should in a planned way manufacture and supply homemade electronic computers which are stable in performance, competely equipped, and relatively low in price together with other related equipment. Our country must rely on equipment produced at home instead of imported equipment for the program of gradual computerization in accounting. Of course, in our attempt to master this new technology, the controlled, selective, and suitable import of some foreign computers is entirely necessary for the organization of study of software techniques and the summation of experiences. However, we must uphold the principle of economy, practical use, and effectiveness.

Fourth, after studying the use of electronic computers, necessary reforms should be carried out in the methods and technology of accounting. The use of electronic computers will bring about great changes in the handling of vouchers, ledgers, and report forms. The old forms of bookkeeping and statements of accounts based on the traditional method will have to be changed. While the traditional method is being changed, how can we avoid a deterioration in the quality of accounting, a reduction in the norms required in the report forms, and violations of the rules for the financial management system? This question should be seriously studied. Again, after the adoption of electronic computers in accounting, the question of auditing will also loom large. How are we to set up systems to inspect the accuracy of programming and of auditing that are suitable for computerization? This problem should also be carefully solved. Furthermore, in setting up a system of computerized accounting information, we should fully consider the highly comprehensive nature of accounting work and carefully handle its relationship with other systems. Then, based on the special characteristics of each unit, we should classify the work into subsystems and different function projects, and carefully plan the steps and the starting point in system exploitation.

III. Computerization in Accounting To Be Accomplished Gradually and in a Planned Way

The participants unanimously pointed out that, based on the actual conditions in our country, it would be impractical to expect a rapid realization of computerization in our accounting work. As a matter of policy, we should make every effort to adapt our work to the requirements of economic development and modern scientific management, proceeding at a steady rate from individual sites to whole areas. First, we should popularize the use of electronic computers among large and medium-size enterprises and the comprehensive economic departments in charge. The comrades held that the main

job of the moment is to conduct experiments carefully, and then discover some way suitable to our national conditions for computerization in accounting. The Changchun No 1 Motor Vehicle Plant began its study in the use of electronic computers in enterprise management as an experiment in the early 1970's, and it has gained some useful experience. The choice of this plant as an experimental unit by the Ministry of Finance and the First Ministry of Machine Building was the correct one. We should organize the resources of the relevant units in the country in a suitable form, strengthen their cooperation, and endeavor to make a success of the experiment.

As proposed by the China Accounting Association, the First Motor Vehicle Plant, and the China People's University, the representatives unanimously agreed to the establishment of a "Preparatory Committee for Research in the Computerization of Accounting," and to the speedy organization of a permanent academic research body in order for the members of the China Accounting Association to promote computerization.

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BRIEFS

PEOPLE'S BANK LOAN FIGURES--Beijing, 5 Mar (XINHUA)--In 1980 and 1981, the People's Bank of China extended a total of more than 10.4 billion yuan of medium- and short-term equipment loans in support of technical transformation of more than 40,000 projects. In 1981 the bank loaned out 3.8 billion yuan for developing consumer goods industry, 198 million yuan for 936 energy-saving projects and more than 900 million yuan for collectively-run enterprises. In 1981 more than 23,000 projects using the bank's loans were put into operation, which increased output value by 16 billion yuan and profits and taxes by more than 3.3 billion yuan. By the end of 1981, the bank had recovered more than 3.1 billion yuan of medium- and short-term equipment loans. [Beijing XINHUA Domestic Service in Chinese 0057 GMT 5 Mar 82]

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INDUSTRY

VIEWS GIVEN ON ESTABLISHING VEHICLE MANUFACTURING PLANTS

Biejing QICHE GONGCHENG [AUTOMOTIVE ENGINEERING] in Chinese No 11, 81 pp 6-9

[Article by Chen Zutao [7115 4371 3447], deputy director and chief engineer of the Second Automobile Plant: "Several Views on Establishing Vehicle Manufacturing Plants, From Importing Complete Plants to Building Plants on Our Own in Our Nation"]

[Text] Since 1951, I have participated in the planning, site selection, improvement, design and building of the First Automobile Manufacturing Plan, the Second Automobile Manufacturing Plant, the Beijing Automobile Plant, the Beijing Gear Manufacturing Plant, the Beijing Internal Combustion Engine Manufacturing Plant, the Sichuan Automobile Plant and the Yunnan Automobile Plant. It has been nearly 30 years. I have personally experienced the stages of development of our nation's automobile industry, from nothing to something and from small to large. In the following, I will talk about my understanding, though slight, of the process of building the First Automobile Plant, the Sichuan Automobile Plant and the Second Automobile Plant based on my personal experiences.

I. The First Automobile Manufacturing Plant

The Changchun First Automobile Manufacturing Plant was built during the period of the first 5-year economic plan. The First Automobile Plant was one of the state's 156 major development projects at the time. The whole nation gave support and the plant was completed in 3 years. Designing began in 1951, ground breaking was held on 15 July 1953, and on 15 July 1955 the plant began production. The plant was built quickly and the construction period was short.

The plant was built by importing the complete plant from abroad (the Soviet Union). The designs for the plant, the designs for construction, the blueprints of the products, technological documents, factory assembly, major equipment, personnel training, blanks of semifinished products, testing arrangements, etc, were all supplied and provided by the Soviet Union. During the Stalin era, 200 Soviet Union accepted 500 of our managerial and technical backbone personnel to go to the Soviet Union to learn. The Soviet Union trained the technical team for us.

At a time when China did not have an automotive industry, complete importation was feasible and correct.

The First Automobile Manufacturing Plant began production in 1956, and it took 8 years to reach its designed capacity of 30,000 units, including 3 years of natural disasters. By 1964, it produced 34,000 units of Liberation trucks.

Before the Cultural Revolution, the state gave its approval to making technical improvements at the first Automobile Manufacturing Plant so that it could manufacture 60,000 units. This started in 1965 and took 6 years. By 1971, the products had developed from one model (Jiefang) to three models (Jiefang, Hongqi and Yueye). The output developed from 30,000 units to 60,000 units, But from 1971 to the present, the output has remained at about 60,000 units.

The main reasons for this are as follows:

First, the development of productivity has been confined by Soviet factory designs of the beginning period of the 1950's. The ability to manufacture blanks of semifinished products was smaller than the processing ability. The processing ability was smaller than the assembly capability. The production capacity for accessories was larger than the production capacity for main engines; the supporting rear could not assure the needs of the frontline.

Second, during the course of technical improvement, the First Automobile Manufacturing Plant did a lot in innovation and developing potential, but technologically it lacked major breakthroughs, so although the output increased, the technology did not change much. Maintaining 60,000 to 70,000 units of output is already a heavy load, and a continued increase in output is even more difficult.

Also, expansion had also brought about some new problems. When carrying out improvements to increase the output to 60,000 units, the manufacturing of over 1,600 spare parts was divested from the main factory. Standard parts manufacturing, tire manufacturing, small punching processes and manufacturing of springs and of triple rotor pumps were moved out. The advantage of expansion was that a capacity of 60,000 units was achieved quickly. The disadvantage was that production was handed over to factories subordinate to the cities and counties, and the system changed, so a series of new problems emerged in management and raw materials supply, and they could not be solved.

The building of the First Automobile Manufacturing Plant gave our nation an automotive industry, and for over 20 years the plant has provided a massive number of vehicles that were basically suited to our nation's conditions of use. At present, the plant is still responsible for manufacturing over one-third of the vehicles produced in the nation. We should say that the First Automobile Manufacturing Plant has contributed greatly to our nation. To summarize the experience and lessons, I believe the following problems exist:

1. The level of production techniques has become backward. The level of production techniques of the First Automobile Manufacturing Plant were indeed at the most advanced level at the beginning of the Stalin era, but after more than 20 years, the level remains at the original foundation and has not changed a lot, and this has resulted in it being outdated.

2. The organization of production has not developed toward specialization. The plant was established like a large family house with accompanying courtyards. At that time, it was natural not to engage in specialization because the problem of not having a vehicle industry had to be solved. But such a high degree of concentration and comprehensiveness has not been reorganized toward specialized production even 20 years later, and this has remained a hindrance to the development of productivity for a long period. Technologically, the plant has only been able to maintain simple reproduction, but it has not been able to expand reproduction.

3. There has been a lack of seriation and diversification in product development. For more than 20 years we produced only the "Jiefang" model, which was designed during the 1930s, and we were unable to alter the model. Subsequently we produced the "Hongqi" sedan and cross-country vehicle, and for both of these we had to set up separate and independent production lines before we could produce them.

4. The technological means have been too weak. The technicians involved in product design and technology have been inadequate or have not developed their function, and practical training in new products has been lacking. The technical means for test production and experiment have been too weak, seriously hindering technical improvement and development.

5. Rear production has not been strong nnough. Since coordination between specializations in our nation then and now has still not been developed, the facilities of technical support should be stronger, but the support for the First Automobile Manufacturing Plant has been weak. There has been no surplus strength to develop new products and to prepare for major improvements in production.

6. The problem of how to organize a transition to new products without stopping production has not been solved. The technological level of the First Automobile Manufacturing Plant has progressed slowly over the past 20 years and more. There are reasons in the factory system and subjective reasons, but there are also many objective reasons. For example, the higher authorities had too many ideas; each expressed his own opinion; decisions were not decisive and they swayed back and forth. The ideological line that has guided the development of the automotive industry for over 20 years was actually an extension of the "First Automobile Manufacturing Plant, the Second Automobile Manufacturing Plant, the Third Automobile Manufacturing Plant, the Fourth Automobile Manufacturing Plant", not developing the automotive industry internally; the industry has never completely broken away from the confines of building the First Automobile Plant and a rational policy has not been formed.

II. The Sichuan Heavy Motor Vehicle Industrial Company

In 1965 when our nation first established diplomatic relations with France, the First Ministry of Machine Building sent a delegation to visit France, Britain and Italy, and the technology of building heavy motor vehicles was introduced.

Nine years after the First Automobile Manufacturing Plant began production, some experience and lessons had been learned from it to a certain degree, and the policy of importing parts and relying on our own efforts was followed in building the Sichuan heavy motor mehicle base. It was characterized by a change from complete importation to partial importation coupled with self-reliance. The products, prototype, some technology, factory assembly, technical data were introduced from the Beiliai [phonetic] Company of France, and some key facilities were imported from West European nations. Several million U.S. dollars were spent on buying product blueprints and technical information and over $10 million were spent on buying key equipment. Product bluprints of three models (GCH 6-ton cross country motor vehicle, GLM 12-ton highway motor vehicle, T-2525-ton tipcart) were imported, and blueprints of the 6130, 6140 and 6145 diesel engines were imported.

We carried out plant site selection, planning, plant design and construction and produced technologies and equipment ourselves. In March 1965, a design team was organized. Capital construction was completed in the summer of 1967. The plant was completed in 2 years, the equipment was installed in 2 years, and the staff and workers were assembled in 2 years. The plant became operational quickly.

Construction of new factories and improvement of old factories were carried out simultaneously, and efforts progressed toward organized and specialized production. The original Qijiang Gear Plant was expanded and rebuilt to produce gears. The original Chongqing Automobile Engine Accessory Plant was rebuilt to produce engines. The original Chongqing Automobile Accessory Plant was rebuilt to produce accessories. In the foothills of Bayueshan in Dazu County, the Dazu Motor Vehicle Plant was built to produce the chasis for heavy motor vehicles, to assemble metal parts, and for general assembly. The higher authorities founded the Sichuan Heavy Motor Vehicle Company and placed all personnel, finances and materials under unified management, organized the leadership and coordinated a balanced production of heavy motor vehicles. In general, the conditions for organizing the production of heavy motor vehicles existed. At the same time, attention to strengthening technical means had begun. The Chongqing Engine Plant established a position to conduct experiments with engines, and the Qijiang Gear Factory established a position to conduct experiments with gears and test runs.

The main experience, lessons and problems in building the Sichuan Heavy Motor Vehicle Plant were as follows:

1. I believe that the road of "partial importation and self-reliance" enabled a rapid startup and was feasible and suited to the conditions in our nation at the time.

2. Because of the interference and sabotage by Lin Biao and the "gang of four," the squabbles among factions and internal fighting during the Cultural Revolution period, many problems in the quality of the vehicles still exist even though the plant has been established for 15 years.

The introduction of foreign products should be "to use them during the first stage, to improve them during the second stage and to invent new things during

the third stage". Because of the influence of the "gang of four," the reverse occurred. "Foreign products were changed during the first stage, new things were invented during the second stage, and all of them were put to use during the third stage." As a result, most of the several millinn U.S. dollars worth of imported materials were useless.

3. From the start of organizing the production of automobiles, no consideration was given to the alliance of the military and the civilian sectors. There were only military concerns but no civilian concerns. The quality requirements for military vehicles are high, the numbers produced are small, and continuing in this way will not work. We should consider "an alliance between the military and civilian sectors to use civilian efforts to nurture military requirements."

4. The means of designing and testing products has yet to be unified and placed in the forefront. Therefore, today, 15 years after the founding of the factory, our nation's largest heavy motor vehicle base still cannot achieve the function it should have, although the road of "partial importation and self-reliance" is still correct.

III. The Second Automobile Plant

The Second Automobile Plant was the large automobile industry base built in a large mountain region by the method of "contracting work and centralizing achievements" and by following the principle of "mainly independence and self-reliance and not abandoning imports from abroad" during the Cultural Revolution period. Although efforts suffered from interference and sabotage by the extreme liftist line of Lin Biao and the "gang of four," in practice, through the hard efforts of the masses, the construction of the Second Automobile Plant has been basically successful.

The period of preparing for the building of the Second Automobile Plant was very long. As early as the time when construction of the First Automobile Plant began (1953), the Central Committee considered using the First Automobile Plant as the headquarters to prepare for the construction of the Second Automobile Plant. In 1953, people were sent to the Soviet Union to develop a set of designs. In 1956, the work ceased. In 1958, the proposal was again made to build the Second Automobile Plant somewhere south of Changjiang. The Motor Vehicle Bureau organized a work team which went to the Changsha, Changde and Zijiang areas in Hunan twice to select a site, but the project was shelved again. In 1964, the state again proposed construction of the Second Automobile Plant. In 1965, the First Ministry of Machine Building organized a work team led by comrade Rao Bing [7437 2430] to go to Hunan, Guizhou, Sichuan, Shaanxi and northwestern Hubei to select a plant site. In 1966, the Central Committee decided to build the Second Automobile Plant at Shian in Hubei. The town of Shian was planned as the center of the plant site. At the time, the idea was to complete the plant and begin production in 1971 or 1972. Premier Zhou reviewed and approved the building of the Second Automobile Plant at Shian during the fourth quarter of 1968. Large-scale construction began in 1969, and since then, 11 years have passed. Production of the first model

began in 1975, and profits were realized beginning in 1978. From 1975 to 1979, the plant produced a total of over 20,000 vehicles. The annual output in 1980 was over 31,000 units. This year, the plant plans to produce over 40,000 units.

The building of the Second Automobile Plant shows that the vehicle manufacturing industry progressed toward "independence, self-reliance, and appropriate importation" 9 years after the the First Automobile Plant was completed and began production and not long after the Sichuan Automobile Plant was built. Thus, our nation's automotive industry began its smooth development.

The ideas of practice of the principles of building the Second Automobile Plant:

Using the First Automobile Plant as a reference, the level of the Second Automobile Plant is slightly higher. The experience and the lessons of the First Automobile Plant must be learned as much as possible and consideration must be given to the international trends in the development of vehicles.

The products must be in series and they must be varied. Organization of production must be specialized. The varieties must combine military and civilian uses, and civilian efforts must serve the military. Various technical means must be strengthened.

We should use the method of "contracting manufacturing, concentrating achievements and appropriate importation" in completing construction of the Second Automobile Plant.

There are two aspects in contracting manufacturing work:

The automobile industry can sign contracts with the Second Automobile Plant to do some work for it. Like a hen laying eggs, old plants can do work for new plants. Small plants can contract with large plants to do work for the large plants. There are over 30 factories in the nation that can contract work to build the Second Automobile Plant. For example, the First Automobile Plant can contract others to manufacture engines, transmission, the body, the frame, the axle shaft, casting, forging..... The Beijing Automobile Plant can contract to manufacture carburetors and gas pumps. The Shanghai Automobile Plant can contract to manufacture standard parts, shock absorbers, springs, transmission shaft, and meters. The Wuhan Automobile Plant can contract to manufacture pistons, shaft flanges, etc. Contracted manufacturing includes design, preparations for production, training of personnel, transportation of various types of personnel to various plants to conduct tests and to engage in production. This benefits helps to speed up the building the new base.

The machinery industry can contract with the Second Automobile Plant to do work. The domestic machinery industry can carry out a general mobilization. There are over 300 machine tool factories, universities and colleges, and scientific research units which can provide over 5,000 pieces of machinery which have been designed and manufactured for the first time in our nation for casting, forging, punching, and machining and for automated production lines. They have

armed the Second Motor Vehicle Plant, and they have also improved the technical levels of old factories. Although some equipment "has been used even when not fully operational" and a small number are still being developed, the principle of contracted manufacturing is correct and the achievements have been major ones.

Centralizing the Achievements

The Second Automobile Plant has learned the advanced experience and the advanced technology of our nation's machinery industry and has cooperated with over 140 factories, schools, designing and scientific and research units in 27 provinces and cities to carry out technical innovation and has used the method of centralizing the advanced achievements to utilize many new technologies, new techniques, new equipment and new materials. These achievements have been linked together in production and they signal a new improvement in the level of our nation's automobile manufacturing techniques.

Appropriate Importation:

When the technical strength accumulated domestically does not meet the demand, foreign aid should not shunned, and the equipment which truly cannot be made domestically can be imported from abroad. The Second Automobile Plant imported over 100 units of equipment from abroad, constituting one one-hundredth of the total number. A total of several tens of millions of U.S. dollars was spent, constituting over 10 percent of the investment in equipment.

The Second Automobile Plant is situated in a mountain region. The plans of the factory show that this is still rational in organizing automobile production, and no severe shortcomings exist.

The Second Automobile Plant is in the northern foothills of Wudangshan on both sides of the Laobai Highway. The facilities extend 22.5 kilometers from east to west and 8.5 kilometers from south to north, covering 150 square kilometers. Within the premises are many hills. The topography is high in the south and low in the north. The geological, topographic, climatic and traffic conditions are all relatively complex, and there are indeed many problems encountered in building a plant here. The amount of soil and rock moved in construction was 10 times greater than that in building the First Automobile Plant. Therefore, many foreigners who came to visit the Second Automobile Plant believed that this plant was not built by us and they asked how many foreign experts helped in building the plant. After we explained to them many times, they finally believed that we did it on our own; they considered it remarkable that the Chinese people could build this plant in the mountain region by relying on themselves; many difficulties had to be overcome.

Based on the goal of achieving a capacity of 10,000 units, 80 to 85 percent of the amount of construction of the Second Automobile Plant has been completed. There is still 15 to 20 percent of the construction to be completed. The state has approved the Second Automobile Plant soliciting its own funds for continued construction. It is expected that by 1985, the ability to produce 10,000 units in three models will be basically achieved.

The main experience, lessons and problems in building the Second Automobile Plant are as follows:

1. Building a plant in a mountain region requires a lot of money, a long time, a large amount of work, and a high cost. Building a mass production facility as the base of the automobile industry in the mountain region meant starting out from scratch. While building the plant, a city also had to be built, and several hundred million was invested in strengthening the reservoir, building protective slopes to prevent floods, dredging rivers, building roads and building urban facilities. Unnecessary expenditure was incurred, and the time of building the plant was lengthened. This should be reviewed.

2. Because of the interference and sabotage by Lin Biao and the "gang of four," products were not completely in series and the products were not varied. They cannot satisfy the many needs of the national economy, and this requires further development in the future.

3. The Second Automobile Plant entered into specialization, but the specialization was not thorough. The specialization served only the Second Automobile Plant; the many specialized factories were not oriented toward the entire industry, so the effectiveness of specialization was not fully developed.

4. The technical means used in products and technology are still very weak and they must be strengthened in the future.

At present, the production situation of the Second Automobile Plant is good. If the state will provide some investment and improve the plant somewhat, the plant will be able to make even greater contributions to the "four modernizations" in our nation's automotive industry.

Reviewing the course of development of our nation's automotive industry over the past 30 years, we can see that in the building of plants, as represented by the First Automobile Plant, the Sichuan Automobile Plant and the Second Automobile Plant, a path has been opened up from complete importation to partial importation and self-reliance to mainly self-reliance and appropriate importation. I believe this road is correct and is a necessary trend of development. To hasten the speed of development of our nation's automotive industry in the future, whether in building new plants or rebuilding old plants, under ordinary situations, we should insist on the principle of self-reliance and appropriate importation. We should fully develop our effective method of "concentrating achievements and contracting manufacturing work", mobilize the whole automotive industry and the machinery industry to participate in building new plants and rebuilding old plants. In introducing foreign technology, we should clarify the key points and combine them with actual situations, for example: 1) advanced techniques of product design (not necessarily introducing the whole vehicle) and product testing; 2) equipment that temporarily cannot be produced domestically; 3) advanced production management, technical management and quality management.

Also, the building of vehicle manufacturing plants, the introduction of technology and the purchase of foreign vehicles have not been linked together.

Over the past 30 years, 380,000 vehicles have been purchased. A lot of foreign exchange, far surpassing the total investment in the automotive industry, has been used. Up to now, this problem has not yet been solved.

In general, over the past 30 years, our nation's automotive industry has accumulated rich experience and lessons. We should conscientiously summarize the situation on an overall basis so that the automotive industry can make even greater contributions to our nation's realization of the four modernizations.

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BRIEFS

HOHHOT COMMODITY SUPPLIES--In Nei Monggol, the Hohhot Supply and Marketing Cooperative has so far sold 1.83 million yuan of commodities since May 1981 when it was established. The profit made was 110,000 yuan. [SK090339 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 8 Feb 82]

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FOREIGN TRADE

CAUSES OF PROFIT, LOSS IN FOREIGN TRADE STUDIED

Beijing GUOJI JINGJI WENTI [INTERNATIONAL TRADE JOURNAL] in Chinese No 4 (Winter 81) pp 14-22

[Article by Xu Shiwei [1776 0013 0251], Wang Shaoxi [3769 0801 3556] (writer), Wang Shouchun [3769 1108 2797], Zhu Guoxing [2612 0943 5281], and Lin Yu [2651 1751]: "Question of Profit and Loss in Foreign Trade Explored"]

[Text] Our foreign trade has undergone great development since the founding of the People's Republic. There have been more years of profit than years of loss, and on the whole, foreign trade has accumulated huge funds for the state. In recent years, however, we have suffered losses in foreign trade. These losses have attracted great attention and aroused serious concern. The views expressed and the explanations offered are many and varied. How should we deal with this problem? Why has profit been turned into loss in foreign trade? How can we basically change loss back into profit again? All these questions should be seriously studied. This article will attempt to present some of our ideas and views on these questions.

How To Deal With the Question of Profit and Loss in Foreign Trade

Profit is the goal of capitalist social production and circulation. Marx sharply pointed out: "The vocation of bourgeois society is the making of money." ("Collected Works of Marx and Engels," Vol 13, p 148) The basic goal of all economic activity in a socialist society, on the other hand, is to satisfy the constantly increasing material and cultural needs of society. However, this does not mean that under the conditions of socialism, all economic departments can neglect economic accounting and disregard profit and loss. Quite the contrary, we must carry out our planning and accounting in terms of value and prices so as to compare consumption with the achievements of labor, to strengthen economic accounting, and to improve business management for better economic results, in order to attain the goal of socialist production.

Profit and loss constitute an economic index which cannot be ignored in socialist economic activities. For the same reason, profit and loss reflect to a certain extent the economic results of our foreign trade. As to the question of profit and loss, it is entirely necessary and correct for the foreign trade departments to analyze the subjective causes [of profit and

loss] and to greatly improve their business management. In fact, however, profit and loss in foreign trade are determined by many complex factors, such as price changes in the international market, the method which foreign trade departments use to price the import-export goods that are to be resold to the departments ordering and using these goods, changes in the product mix and in the method of settling foreign exchange accounts in foreign trade, and so forth. All these factors must be analyzed in detail.

All factors affecting profit and loss must first affect the price level. Capitalist market prices fluctuate around value and spontaneously regulate production and circulation. The current commodity prices in our country are planned mainly on the basis of party policies and on the requirements for economic development. These planned prices have a dual nature. On the one hand, they are used as a measurement of the value of commodities, or a measurement of the socially necessary labor materialized in the commodities. They still belong to the category of value and are the expression of value in monetary terms. On the other hand, they belong to the category of the socialist planned economy. As such, they serve as one of the levers for the planned national economic development of socialist countries. Because of the systems used and our limited knowledge nad managerial expertise, we have sometimes acted blindly, with the result that planned prices have deviated from value and from objective economic laws. Planned prices should be relatively stable. They generally do not change frequently, and, more important still, they cannot fluctuate spontaneously according to capitalist market prices. Therefore, at different times these planned prices will naturally be rational to some economic sectors and irrational to others. For example, our country has for a long time sold grain at low prices, with a government subsidy, as a matter of policy. The losses incurred by the grain department are mainly the result of the implementation of policy and do not reflect on the economic results of this department. Since the profit and loss index of a socialist economic sector does not reflect on the economic result, we cannot as a rule assume that one sector has good economic results because it shows a greater profit, while another sector has poor economic results because it has a smaller profit or a loss. Even one single economic sector can be affected by a change in policy or the relative systems at different times, and we cannot arbitrarily assume that it has good economic results when it makes a greater profit, and that it shows poor economic results when its profit is less. If we want to compare the economic results of various economic sectors, we must exclude all external factors and note the rise or fall of the original profit or loss level; only this method makes sense. In assessing a single economic sector, it is also logical to exclude the different external factors at different times before making a comparison.

There is an even more complex aspect that affects profit and loss in foreign trade. Since profit and loss are inevitably influenced by price changes in the international market, there is a conflict between the relatively stable planned prices at home and the constantly fluctuating prices in the international market. To protect domestic production, stabilize prices, and develop our own economy independently, it is entirely necessary for our domestic market prices to be basically detached from international market prices. However, China is located in the world, not outside the world; the

two markets and the two types of prices are unavoidably interrelated and affect each other. A suitable combination of these two prices in a way that is advantageous to socialist economic development, with the basic detachment of our domestic market prices from international market prices under the conditions of socialism as a prerequisite, is an important theoretical and practical issue which should be deeply explored. Domestic prices and international market prices, either detached or related, will produce direct effects on profit and loss in foreign trade. For example, if they are detached from each other, an increase in international market prices for our imported commodities, without timely corresponding changes in the prices set by the foreign trade departments for the same commodities to be resold to the departments ordering or using them, will increase the foreign trade losses. Similarly, when the international market prices of our exported commodities rise and there is no corresponding change in our procurement prices at home, there will be increased profits for foreign trade. Now let us assume that the two prices are related. If the prices of our imported goods are increased abroad and the resale prices for certain goods at certain times are increased to a certain extent, the foreign trade losses will be reduced. Similarly, increased prices abroad for our exported goods, followed by increased procurement prices for certain goods at certain times, will reduce the foreign trade profits. Foreign trade losses caused by the disparity between two prices of different characteristics are mostly the result of policy implementation and of attempts to meet the requirements of the domestic economy and the people's livelihood. These are called policy implementation losses, and most of the losses, or the main losses, in our foreign trade at present belong to this category.

Economic result is a comprehensive index. In studying the economic results reflected by profit and loss, therefore, we should also conduct a concrete analysis of microeconomic as well as microeconomic results. Macroeconomic and microeconomic results are identical under many conditions, but not all. Sometimes, economic results are good for a certain locality but poor for the whole country; sometimes, it is the other way around. In studying the profit and loss index for foreign trade, therefore, we must conduct a detailed analysis of a combination of macroeconomic and microeconomic results, with primary stress on the former.

Foreign trade is an extremely important link in, and an indispensable condition for, our socialist economic construction and the "four modernizations." The macroeconomic result of foreign trade should be fully affirmed. Through the international exchange of commodities and active international division of labor, we can develop our domestic productive capacity and enliven the domestic market. Through appropriate utilization of foreign funds, we can strengthen the weak links in our national economy and improve the proportionate relationships. Through international technical exchange, we can raise our technical level in production and further strengthen our self-reliance. At the same time, foreign trade is an important source for the accumulation of socialist funds. In short, we hold that the macroeconomic results of foreign trade are manifested principally in two aspects: in material form, the needs of socialist economic development and the people's livelihood are satisfied and there comes an overall balance in the national

economy; in the form of value, there is increased accumulation. In the final analysis, both aspects mean one thing: the saving of social labor. It is very important that we should understand this point both in theory and in practice. The kind of accumulation to be increased comes not only from foreign trade profits but also from import duties, the unified industrial-commercial tax on export commodities, and so forth--all of which are state revenues. When losses are incurred, therefore, the adverse effects of foreign trade on accumulation in the national economy cannot be ignored.

In analyzing the macroeconomic results of foreign trade in terms of either material objects or value, we must consider the receipts and expenditures of foreign exchange involved; that is why [foreign trade] is inseparable from its foreign exchange earnings or from the balance of international payments. If we want to study the direct relationship between profit and loss in foreign trade and the balance between national revenues and expenditures, we cannot set the latter against the balance of international payments. If we were concerned only with the balance between revenues and expenditures and drastically reduced the export of unprofitable commodities, our foreign exchange earnings would be further reduced, resulting in a more serious international payments deficit. To make up this deficit, we would have to resort to foreign loans and bear the burden of compound interest. The consequences would be more serious than those of a financial deficit. Therefore, we should conduct a comprehensive analysis of, and a comparison between, the balance of national revenues and expenditures and the balance of international payments from the standpoint of macroeconomics, so as to guard against one-sidedness in policy decisions and against errors of policy.

The affirmation of macroeconomic results in foreign trade does not mean that the problems in the management of the foreign trade sectors can be ignored. It is obviously improper for us to one-sidedly stress macroeconomic results in foreign trade and to use external factors such as implementation of policies as an excuse for the economic losses that result from poor management, instead of adopting positive measures to strengthen economic accounting. Such action would not help to control foreign trade losses.

However, there is now a tendency worth noting: Some comrades are judging foreign trade losses only from the microeconomic angle and from the standpoint of individual departments, regardless of the existing systems and the whole set of important external conditions; they are inclined to treat these losses as the sole, or the main, index of economic results. Thus they have come to the conclusion that the economic results of our foreign trade are poor, or have even doubted the necessity of foreign trade in socialism. This idea does not correspond to facts and is obviously untenable.

Based on what has been analyzed, we maintain that we must attach very great importance to the question of profit and loss in our foreign trade, realistically study the causes of the present losses, find out which losses have been incurred because of policy implementation and which have been caused by poor management, and then apply the proper remedy to turn losses into profits and to improve the economic results.

Causes of Present Foreign Trade Losses Analyzed

There are many causes for the change from profits to losses in our foreign trade in recent years. The main cause, in our opinion, lies in the following three factors:

1. We have not conscientiously observed economic laws, and in particular we have failed to apply the law of value, which we have not fully understood.

A socialist economy is a planned economy built on the foundation of a commodity economy. Under conditions of commodity production and commodity exchange, the law of commodity economy or the law of value naturally makes its influence felt. How to correctly understand and apply the law of value is one of the basic problems in urgent need of solution in developing a socialist economy as well as in developing foreign trade.

As shown by the problems revealed in our foreign trade losses, our knowledge and application of the law of value have not been adequate.

First, the very irrational pricing of import-export commodities in our country and its deviation from the principle of exchange at equal value as demanded by the law of value have caused great losses in our foreign trade.

Ours is a great socialist country with 1 billion people and 800 million peasants. Compared with that of the economically developed countries, economic development in our country at present is very backward, and the scientific and technological level as well as labor productivity is low. Because of the great disparity between the labor productivity of the economically developed country and ours, there is a large different between commodity prices on the international market as determined by its law of value and our commodity prices which are under the influence of our domestic law of value. For the smooth implementation of our national economic plans and the promotion of our industrial and agricultural production, it is necessary for us to adopt the policy of separating domestic from foreign prices. But the problem is that we have carried out this policy in too absolute terms. This is shown by the foreign trade departments' way of pricing import-export commodities in their dealings with the departments that supply goods for export and the departments that order or use imported goods. This is a serious violation of the principle of exchange at equal value, and it is an irrational method of value distribution.

In the past 10 years, the prices of commodities to be purchased abroad for imports have almost doubled, while the resale prices set by the foreign trade departments for the departments ordering or using these commodities are the same as the prices of similar products at home. This has been the practice for many years, with little or no increase in prices. This has caused a sharp drop in the profit rate for many commodities imported by the foreign trade departments, and in some cases profits have been turned into losses. In particular, the profits from many imported commodities have been turned into losses for the foreign trade departments since the system of internal settlement of accounts in foreign exchange was adopted. These imported

commodities are a decisive factor in our foreign trade losses at present. In 1981 alone, according to one estimate, the import of cotton, unrefined sugar, chemical fertilizer, and steel materials has caused a loss of billions of yuan for foreign trade.

The prices of imported commodities are entirely separate from prices on the international market. Thus, the economic consequences of price inflation following the currency inflation in foreign countries are almost entirely borne by the foreign trade departments as decided by the central financial authorities. This is manifestly inappropriate. These huge losses not only dampen the enthusiasm of the foreign trade departments, but they fail either to strengthen economic accounting among the departments ordering and using imported goods, or to raise the management level of the enterprises. The very low reselling prices at home in fact serve to spur on the ordering and using departments to blindly import goods despite the policy of encouraging exports and restricting imports in foreign trade.

As for exports, the rise of prices in our country in recent years has carried with it a rise in the procurement prices for commodities to be exported, thus to a large extent offsetting the increase in foreign exchange earnings for the foreign trade departments [that has resulted] from the inflation of prices on the international market. In 1980, according to an estimate, the foreign trade departments' foreign exchange earnings increased by slightly more than 40 percent due to the price inflation on the international market, but nearly 60 percent of these increased earnings were offset by the price inflation and change in the commodity mix at home.

The irrational pricing of export commodities by the departments concerned in our country is evidenced mainly by the retention of industrial profits from exported goods at a rate higher than for similar products sold at home, because of the supply departments' disregard for the international market price level. The taxation departments, showing the same disregard, have raised taxes. Thus the industrial departments make high profits, the taxation departments collect higher taxes, while the foreign trade departments suffer losses--an abnormal and irrational situation. This is a form of exchange at unequal value between the supply departments and the foreign trade departments. Many commodities are supplied to the foreign trade departments at prices higher than those on the domestic market, while the foreign trade departments must sell these commodities at international market prices which are generally lower than the domestic market prices. Under such conditions, huge losses in foreign trade are a foregone conclusion. For example, in the export of cigarettes, the tax alone accounts for 66 percent of the wholesale price, and the loss rate in foreign trade is more than 70 percent. In the export of nylon stockings, wristwatches, and watch hairsprings, the industrial profit rates are more than 100 percent, while the loss rates for foreign trade are more than 70 percent. Of course, these foreign trade losses are caused by the domestic market prices, taxation, and irrational distribution of profits. For the state as a whole, there are no losses, and that is why some comrades call them "false losses" or "fictitious losses." According to an estimate from a competent source, the macroeconomic result of the processing of imported materials in our country has been quite good

for many years. The labor expended in processing imported materials can almost double the original prices of these materials in foreign exchange. After all expenses are deducted, considerable revenues are left over for the state. Because of the irrational distribution of value, however, the foreign trade departments have to incur great losses. To resolve this contradiction, we must actually change the irrational export prices, taxation, and distribution of profits so that the macroeconomic results of foreign trade for the entire national economy can be reconciled with the microeconomic results of the foreign trade departments. From this we can see that the existing method of pricing our exported goods does not help to implement the basic policy of encouraging exports and restricting imports.

Second, the foreign trade departments have little room to use their initiative in utilizing the law of value, in properly adjusting import-export plans according to changes in international market prices, and in controlling the import and export of highly unprofitable commodities.

Ours is a socialist planned economy, and the composition of import-export goods is arranged and determined according to a unified national economic plan. In working out plans, however, we have long failed to implement the policy of "determining imports on the basis of exports." In planning, we generally consider the need for imports first and then plan for export. In planning for imports, we consider mainly the material needs with little or no thought for the law of value. When the state hands down its import plan, the foreign trade departments must organize imports accordingly, regardless of the price inflation on the international market or the losses to be incurred by the foreign trade departments. Furthermore, the procurement plan for export commodities is usually not based on the requirements of the international market or on the principle of determining production according to marketing. The foreign trade departments have no say in such matters. Thus we frequently come across such a situation: Exports of profitable commodities are reduced by such large quantities that we have to increase exports of those items that bring great losses, while the overstocking of unmarketable goods becomes increasingly serious. In recent years, in line with the state's economic development needs, we had to import large amounts of grain, cotton, unrefined sugar, and other commodities which bring great losses, while exports of such profitable items as petroleum, husked rice, resin, and tung oil were reduced. These are important factors in the increase of foreign trade losses.

Third, with regard to systems: the system of foreign trade planning, the business system, and the financial system do not combine to form an organic unity but are separate from one another. Despite the various authorities in foreign trade management, the accounting of profit and loss has to be undertaken by the Ministry of Foreign Trade alone. Thus, authorites and responsibilities are not integrated, and many departments are "eating from the same pot" and adding to foreign trade losses. In imports, the losses caused by the disparity between import prices and marketing prices are borne by the Ministry of Foreign Trade. In exports, the losses caused by the increased procurement prices, high taxes, and profits for other departments are also borne by the Ministry of Foreign Trade. Yet localities can obtain financial benefits from the disparity between import and market prices, from the increase in the

procurement prices of exported products, from the high profits of the local industrial departments, and from the high taxes collected by the local tax departments. This is in fact a case of local finance's being subsidized by the central government through imports and exports in foreign trade. The same situation exists in the relationship between the foreign trade departments and the other departments as a natural result of the disjointing between rights and responsibilities in foreign trade management.

These three factors show that foreign trade losses are basically caused by the failure to observe economic laws, and particularly by the failure to accurately understand and apply the law of value, while the various restrictions imposed on foreign trade by irrational economic systems have further complicated the problem. For example, the fact that domestic pricing is not compatible with the principle of exchange at equal value, as demanded by the law of value, is a problem with the system of pricing; the fact that there is little room left for foreign trade departments to use their initiative in adjusting import-export plans according to the law of value for the international market is a problem with the system of planning; and the fact that the Ministry of Foreign Trade has overall responsibility for profits and losses, thus permitting others to "eat from the same pot," is a problem with foreign trade management. At the same time, this has something to do with the systems of state taxation and credit.

2. In recent years, there have been changes in our import-export commodity mix which have been disadvantageous to economic accounting and to reducing losses and increasing profits.

Since the founding of the People's Republic, we have set up nearly 400,000 industrial and transportation enterprises, in addition to fairly complete industrial and national economic systems. The achievements are remarkable. However, under the "leftist" guiding thought, we failed to respect economic laws or to regard highly the overall national economic balance. As a result, our economic development has been slow, and there has not been any basically favorable change in our import-export product mix. Since the 1960's, the proportion of agricultural sideline products in the import-export product mix has gradually declined, while that of light industrial products has rapidly risen and that of heavy industrial products has also shown an increase. We should call this a positive change, but some concrete analysis is called for. The increase in the proportion of light industrial products is attributed mainly to increased efforts to "support exports with imports," while the increase in the proportion of heavy industrial products has mainly been the result of our exporting petroleum to capitalist countries. Judging from the aspect of foreign trade profits and losses, we can see that, apart from the increase in profits from the export of petroleum under extraordinary circumstances, the export of agricultural sideline products with low cost for foreign exchange earnings has declined, meaning reduced foreign trade profits, and the export of light industrial products with high costs for foreign exchange earnings has increased, meaning increased losses in foreign trade. The tight supply of energy in our country in recent years has forced us to reduce our petroleum exports. Furthermore, in order to meet domestic needs, the export of such profitable items as husked rice, resin, tung oil, goatskin, woolen knitwear, cashmere and aquatic products has also been reduced.

Now let us look at our imports. Before 1958, ours was a grain-exporting country. In 1958 we began to reduce such exports, and in 1960 we stopped them entirely. Since then, we have gradually increased our imports of grain, until by now China is a large grain-importing country. In 1960, we began to process imported cotton into finished products for export. Along with the expansion of exports through imports, imports of cotton have increased rapidly, until by now, grain and cotton have become our major import items as well as the items that bring high losses.

The large-scale increase of highly unprofitable commodities in our import-export product mix naturally reduces our profits and increases our losses. This has been an important cause of the losses in our foreign trade in recent years. Of course, this is related to the irrational pricing of import-export products in our country and to the change in the method of internal settlement of accounts in foreign exchange.

3. Many problems exist in the management of foreign trade.

In our opinion, many problems such as bureaucracy and inefficiency exist in foreign trade management. However, the important problem in business operations is how to control the prices of import-export products. In recent years, some departments and localities have engaged in foreign trade independently. For their own local interests, they have competed among themselves in importing at increased prices and exporting at reduced prices, with the result that foreigners have been the only ones to stand to benefit, and our foreign trade has had to suffer increased losses. Although there is no way to calculate them, the extent of these losses can be shown in some specific instances. In the case of medicinal herbs, for example, a comparison of the selling prices in Hong Kong at the end of 1980 with those at the end of 1979 shows that the price of tuber of elevated gastrodia dropped by nearly 70 percent; that of bark of eucommia dropped by 60 percent; and that of Chinese caterpillar fungus dropped by 25 percent.

Supply and demand on the international market are spontaneously regulated by the law of value, and commodity prices are subject to constant fluctuations. The timing of our imports and exports, the choice of markets, and the channels and forms of marketing all have a bearing on the level of our import-export prices. A lot of work can be done in these areas. The problem with us at present is that there is a serious shortage of personnel who are conversant in foreign trade and foreign languages. Our system of transmitting information is backward; the quality of our investigation, analysis, and forecasting of market conditions is poor; and the work of statistics, financial accounting, reporting on commercial conditions, and pricing has not been given sufficient attention for a long time. This has been the cause of our failure to control import-export prices effectively as well as our undue economic losses.

Furthermore, since the responsibility for profits and losses in foreign trade is assumed exclusively by the central financial authorities, the local foreign trade departments have not hesitated to procure products over and above planned quotas for export, even to certain foreign markets of limited

capacity. Worse still, the sharing of foreign exchange earnings from exported goods on the basis of procurement value in recent years has induced many localities to procure blindly at increased prices, resulting in unprecedented overstocking. According to a rough estimate by the Ministry of Foreign Trade, huge amounts of substandard, ill-matched, and unmarketable goods have been procured for export; the stockpile of these goods accounts for more than 10 percent of the total stock of foreign trade goods. Huge overstocking ties down a lot of circulating funds, increases the payment of interest and other expenses, and increases the losses resulting from the disintegration and deterioration of goods or from the need to dispose of them in the home market.

It should particularly be pointed out that the inadequacy of harbor wharves, communications, and other infrastructural facilities for foreign trade development also causes foreign trade losses and seriously obstructs the improvement of foreign trade management.

In short, poor management is a factor in the decreased profits and increased losses in foreign trade, and this factor cannot be overlooked.

The Way To Stop Losses in Foreign Trade

Based on the analysis of the causes of foreign trade losses, we maintain that the basic way to stop these losses consists mainly of the following three factors.

1. We should correctly apply the law of value, observe economic laws, and reform the irrational economic system.

Under the conditions of socialism in our country, the law of value is naturally restricted by the basic socialist economic laws. Therefore, instead of spontaneously regulating production and circulation, the law of value can play only a limited regulative role. This is one aspect of the problem. In another area, since foreign trade involves the exchange of international commodities, imports from and exports to the international market must be subject to the spontaneous regulation of the law of value. This brings up the question of how to fully recognize and correctly master the two yardsticks of international value and domestic value. A grasp of this point is of great importance to our recognition and application of the law of value.

The irrational pricing of import-export commodities in our country has been the main cause of our foreign trade losses. If we want to apply the law of value correctly and stop our foreign trade losses, we must first reform the system of pricing import-export goods in our country. Instead of completely servering the relationship between domestic and foreign market prices and maintaining the state of exchange at unequal value between the foreign trade departments on the one hand and the supply departments, ordering departments, and using departments on the other, we should gradually establish the proper relationship between domestic and foreign market prices and uphold the principle of exchange at equal value between the foreign trade and other departments. The main thing we have to do right now is to change the method

of setting resale prices according to the prices of similar products on the domestic market, regardless of the higher or lower buying prices on the foreign market, so that hereafter the foreign trade departments will serve in the capacity of import agents and will convert buying prices in foreign exchange into Renminbi to be used as resale prices. The import duties, unified industrial-commercial taxes, and relevant expenses in the country should be borne by the ordering departments, while the foreign trade departments should charge certain handling fees. The ordering departments should quote their resale prices to the production enterprises and business units according to the unified national regulations for pricing. The losses thus incurred should be charged to the implementation of policies and be subsidized by the state. In this way, the prices of both domestic and foreign markets will be properly related. Instead of affecting national economic planning or upsetting the domestic market, this method will help the ordering departments to become more cost-conscious, so that they will be more attentive to meticulous calculations and strict budgeting as well as to economic accounting. It will also be advantageous to the implementation of the policy of restructuring imports, and will thus help to improve economic results. Recently, the relevant departments in the central government decided to change the method of pricing large-scale import commodities to the [above-] proposed way. This will not only help decrease losses and increase profits in foreign trade, but will also facilitate economic accounting in the departments concerned.

The law of value should also be observed in exports. We should consider foreign market prices and adjust our export prices accordingly. For products of good quality which can easily be sold at higher export prices and can yield profits in foreign trade because of their low cost for foreign exchange earnings, the procurement prices should be suitably raised so as to encourage production and exports. We can also consider the use of floating procurement prices for different enterprises that produce similar goods, according to the goods' specifications, quality, marketability, production costs for foreign currency earnings, and labor consumption. Before adopting these measures, of course, we should establish specific regulations as a precaution against a scramble by various localities to produce marketable and profitable goods, as that would result in driving up prices, in increasing expenses by encouraging the production of raw materials, in a disguised rise of prices, and in other forms of internal competition which would increase the production cost of exported goods. For those highly priced goods which have a poor rating in foreign exchange earnings and which bring about foreign trade losses, the tax should be reduced and the producers should be allowed to retain more of the profit so that the procurement prices can be kept low.

To correctly apply the law of value and to stop the losses in foreign trade, we have to restructure the system of planning for imports and exports. On the other hand, while working out import-export plans, the state should fully consider the demand and price levels on the domestic and foreign markets, attach great importance to economic accounting, and stress economic results. On the other hand, after working out the import-export plans, the state should allow the Ministry of Foreign Trade a certain flexibility in implementing these plans, so that foreign trade departments can choose the opportune times for adjusting the varieties and quantities of goods for import and

export according to the trend of changes in international market prices, in order to obtain better economic results.

To correctly apply the law of value and to stop the losses in foreign trade, again, we should properly restructure the system of foreign trade management. At present, the Ministry of Foreign Trade assumes sole responsibility for profits and losses, resulting in "eating from the same pot" and a disjointing between rights and responsibilities and between management and business accounting. This system should be changed in such a way that those who operate businesses will have to carry out their own accounting and be responsible for their own profits and losses. In other words, there should be a combination of rights, responsibilities, and interests. This system will help strengthen economic accounting and improve the management of foreign trade. The departments or localities concerned should also make corresponding adjustments to taxation, credit, and industrial profits.

2. Based on our national conditions and resources, and in coordination with our national economic readjustment and restructuring, we should work out long- and medium-range development plans for import-export goods, and in particular we should formulate a strategy for developing exports.

On the basis of investigations and study, we should set long- and medium-range strategic goals for our foreign trade and gradually change our import-export product mix.

In imports, we must fully meet the requirements of an overall national economic balance and conscientiously implement the principle of "determining imports on the basis of exports." While carefully attending to the importation of technology and of important raw and semifinished materials, we should in a planned and systematic way reduce the large-scale importation of unprofitable goods. We should ensure the fulfillment of the task of importing grain, as instructed by the state, in order to meet the requirements of national economic readjustment. From a long-range view and from a strategic angle, however, we should consider this whole question by carefully weighing the advantages and disadvantages. Along with the development of cash crops at home, we should gradually reduce imports of cotton and unrefined sugar, which are the cause of heavy losses in foreign trade. As for those highly unprofitable commodities such as sulfur, wire rods, soda ash, and caustic soda for which we have rich natural resources and the required productive capacity, and of which we even have overstocked [supplies], we should adopt administrative and economic measures to reduce or stop their imports.

As for exports, we should as our foremost concern, develop those goods which are in demand in foreign markets, are strongly competitive, and are profitable. We should actively develop their production, raise the labor productivity, expand their exports, and strengthen the material base for increasing foreign trade profits as our most important task.

Since we have abundant labor power and fairly rich material resources in addition to a fairly high productive capacity, we should in the near future

develop products with high labor intensity as the main items for export. At the same time, we should develop exports of mechanical and electrical appliances, for whose production we have latent strong points, and then gradually change our export product mix. In the next several years we should mainly develop exports of light, textile and handicraft products that require less investment, produce quick results, have a good market, and can earn more foreign exchange. We should further encourage "supporting exports with imports," which, as has been proved in practice, is an important way to enliven our national economy through the help of the international market. However, we should readjust our profit, tax, price, and credit policies. Along with the progress of our national economic readjustment and restructuring and the development of science and technology, we should, as a long-range plan, gradually replace our labor-intensive products with capital- and technology-intensive products for export.

While further developing the potential of the coastal provinces and municipalities, we should also have a rational geographical distribution for the production of export commodities inland so as to arouse enthusiasm in various areas. The key to the production of easily sold, competitive, and profitable goods and to the expansion of exports lies in the establishment of production areas, special plants, and special workshops. We should adopt positive and effective measures to solve such problems as the rights of product distribution and the methods of pricing, and to actively support production. Such measures will include the granting of special loans for the production of industrial products for export, short-term foreign currency credit and circulating funds for foreign trade production, and investment in export projects.

3. We should gradually enforce the system of economic responsibility among the foreign trade enterprises and further improve their management.

From the microeconomic point of view, one of the important conditions for further improving management and economic results is to have effective control over the price of export commodities. A lot can be done in this respect to stop foreign trade losses. This can be easily understood if we will only look at the constant price fluctuations in the prices of what, cotton, and unrefined sugar--which we import in huge quantities.

In 1979, wheat was sold on the London market at a minimum price of 92 pounds and a maximum price of 99 pounds per ton. The minimum price was approximately 7 percent below the maximum price.

In the same year, each ton of cotton was sold at a minimum price of 78.25 dollars and a maximum price of 83.10 dollars in the London market. The minimum price was approximately 6 percent below the maximum price.

In the same year, again, each ton of unrefined sugar was sold on the London market at a minimum price of 99 pounds and a maximum price of 178 pounds. The minimum price was approximately 48 percent below the maximum price. [figures as published]

When prices constantly fluctuate and the margin of fluctuation is very wide on the international market, seizing the favorable opportunity to import at a price approaching the minimum price instead of blindly importing at a price approaching the maximum price will make a great difference as far as our profits and losses are concerned. Supposing that, based on the planned volume of foreign trade for 1981, we managed to increase or decrease the prices of commodities for import-export by 1 percent. In that case, the difference between 1 percent higher and 1 percent lower would mean a difference of 700 million dollars, or a difference of 1.96 billion yuan in profit or loss. [figures as published]

The key to mastering import-export prices lies in strengthening investigation and study in the international market. We must have the determination to set up a fairly complete commercial information network, improve the means of transmitting information, step up our investigation and study of the economic and trade conditions in various foreign countries, extensively collect data on the market for the main products and on customers abroad, study and analyze the trend of changes in the market price of the main commodities, and then carry out our forecast on the trade conditions. International market conditions change very quickly, and if we are slow in reacting to these changes because of our low work efficiency, our foreign trade cannot be improved. It is therefore necessary for us to have a foreign trade contingent of suitable size and high quality. The present problem with our foreign trade personnel is that their numbers are small and their quality is inadequate. We must pay great attention to tapping our intellectual resources and stepping up our work in cultivating foreign trade personnel in various forms.

At the same time, we should set up a system of economic responsibility. For example, after setting profit and loss quotas, we should reward those who have increased profits and reduced losses, allowing them to retain part of the increased profits or part of the savings from reduced losses. If profits are reduced and losses are increased, certain economic punishment will be necessary. Thus, people's personal benefits will be directly linked with the result of enterprise management and with the extent of their contributions to the state. There are many good experiences of this kind among foreign enterprises (particularly Japanese enterprises), and we should learn from them or use them for our reference.

Furthermore, improvements in foreign trade management are inseparable from support from and coordination with other departments. In transportation, for example, there now is stagnation in the harbors and in both land and water transport. The charges for transportation by state-operated shipping facilities are excessive, thus adding to the outlays and expenses for foreign trade. Some localities are procuring unmarketable and substandard products or are procuring in excess of planned quotas, thus causing overstocks and increasing expenses and interest payments. Sometimes, because of irresponsibility on the part of the producing units and the supply departments, some of the contractual obligations for export cannot be fulfilled, resulting in demands for indemnity and so forth. Not much can be done about these problems through foreign trade management, and it is necessary for the

transportation departments, the localities, and the production departments to offer their close cooperation.

* * *

We believe that under the correct leadership of the Party Central Committee and the State Council, and provided that we conscientiously observe economic laws, readjust and restructure irrational economic systems, reform our industrial structure, and then gradually change our product mix for imports and exports, strengthen economic accounting among the foreign trade enterprises at various levels, and improve our business management, it will be entirely possible for us, with the coordination and support of the departments concerned, to control or basically stop the present foreign trade losses. We firmly believe that our socialist foreign trade will be further developed on a fairly large scale in the course of our national economic readjustment and in the accomplishment of the "four modernizations."

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FOREIGN TRADE

DEVELOPING EXPORT OF LABOR-INTENSIVE PRODUCTS DISCUSSED

Beijing GUOJI MAOYI WENTI [INTERNATIONAL TRADE JOURNAL] in Chinese No 4 (Winter 81) pp 37-41

[Article by Chu Xiangyin [0328 4382 6892] and Wang Shouchun [3769 1108 2797]: "The Problem of Developing Our Export of Labor-Intensive Products"]

[Text] I

We speak of labor-intensive products as a contrast to capital-technology-intensive products. Along with the development of production, the progress of science and technology, and the rise in the organic composition of capital in the course of social development, two different types of products--labor-intensive products and capital-technology-intensive products--have emerged. [The term] labor-intensive products refers to those goods produced with a relatively low consumption of embodied labor but a relatively high consumption of living labor. In other words, the proportion of additional value is relatively large, while the proportion of transferred values in labor-intensive products is relatively small. Garments, leather and leather goods, sundry goods in daily life, toys, cultural and sporting goods, small metal-wares, porcelainware for daily use, processed foodstuffs, toilet articles, tourist articles, and so forth belong to this category. Ships also belong to this category because of the fairly large amount of human labor used in building the hull. Some products such as electronic products and precision instruments, though of a highly technical nature, are still classified as labor-intensive products because of the large amount of skilled labor required for their assembly.

The development of labor-intensive products requires huge labor resources. We have a population of 1 billion and a very rich source of labor power. This is an advantage for developing the production of labor-intensive products. Another advantage we have is that the wage level in our country is low. The production of labor-intensive products requires less investment, less technical equipment, and less energy consumption; it is entirely suitable for the conditions in our country, which is now short of funds, backward in technology, and laboring under a shortage of energy resources. In the 26 years from 1952 to 1978, the state invested 420 billion to 430 billion yuan in heavy industry (mostly in the capital-intensive sectors) and accumulated 530 billion yuan. The ratio of investment to accumulation was

approximately 1:1.25. In light industry (mostly in the labor-intensive sectors), the investment was 42 billion to 43 billion yuan, and the accumulation was 430 billion yuan, a ratio of approximately 1:10. In these 26 years, the investment in light industry was only one-tenth the investment in heavy industry, and the difference between the two accumulations was only about 23 percent. In the 7 years between 1973 and 1979, the state invested 86.1 million yuan in arts and crafts, and these paid the state 1.92 billion yuan in taxes. The ratio of state investment to the taxes paid was as high as 1:22. It required 5 years and 7 months for the investment in heavy industry to be recovered fully, but the investment in light industry could be recovered fully in 1 year and 10 months. Now let us consider energy consumption. The consumption of coal in light industry was approximately one-fifth of the amount required for heavy industry, while the consumption of electricity in light industry was only about one-third that of heavy industry. From this, we can see that developing the production adn export of labor-intensive products in our country at present is an important way to bring into play our strong-points--such as rich labor power resources and low wage level--and to steer away from our weaknesses--such as shortage of funds, scientific and technological backwardness, and the short supply of energy--in order to attain optimal economic results.

The export of labor-intensive products, compared with the export of raw materials, both produced with the same material consumption, can yield more foreign exchange earnings. For example, the export of 1 kilogram of high-grade feathers can yield only 53 yuan; if they are made into badminton shuttlecocks, they can yield 167 yuan; and after deducting 53 yuan for the raw material and another 30 yuan for rubber, glue, and other auxiliary costs, there is still an additional gain of 84 yuan, or a 50-percent increase. In exporting down garments, we can, after deducting the material and auxiliary costs, increase our income by approximately 50 percent. The export of Western-style dresses can also increase our income by approximately 75 percent more than the export of the materials alone. The export of embroidered silk dresses instead of the materials can almost treble our foreign exchange earnings. From this, we can see that the processing of raw materials for export can greatly increase our foreign exchange earnings. Essentially, this means the exchange of labor for foreign exchange. At the same time, by processing raw materials, we can gradually change our export commodity mix, increase the proportion of finished industrial products, and continue to raise our industrial production level and manufacturing capacity.

Furthermore, developing the production and export of labor-intensive products can absorb more labor power. According to statistics in 1978, for every million yuan's investment in heavy industry, we can provide jobs for 94 persons; however, the same amount of investment in light industry can accommodate 257 persons. In the garment trade, arts and crafts, metalwares for daily use, and leather and leather product trades, as many as 800 persons can be employed. Moreover, in addition to the regular employees in these trades, there are many extra workers. In the arts and crafts trade, for example, the ratio of regular to extra workers is 1:10.5; and in the canning industry, the number of temporary workers hired on a seasonal basis more than doubles that of the regular employees. Therefore, developing the

production and export of labor-intensive products is an important way to accommodate more unemployed people without increasing investment.

II

Developing the production and export of labor-intensive products is not only significant but also feasible. First, the capacity of the international market for these products is continuing to expand. Labor-intensive products have a direct bearing on what people eat, wear, and use every day. Therefore, the demand for these products on the international market can only continue to rise, and the potential is large. The garment trade is universally recognized as a labor-intensive trade. From 1970 to 1978, the world export of garments increased from 6.29 billion dollars to 27.9 billion dollars, a 3.4-fold increase, or a progressive average increase of 20.5 percent each year. Porcelainware for daily use is a daily necessity with heavy consumption. From 1974 to 1978, the trade volume showed a progressive average increase of 20 percent each year. Because of high labor costs in the industrially developed countries, most people are using their spare time to repair or whitewash their houses, repair their own vehicles, or engage in gardening. That is why the demand for handicraft and garden tools is higher than ever.

Second, in the industrially developed countries, the export of some labor-intensive products is gradually being eliminated, while imports of them are continuing to increase. With the deepening of the capitalist economic crisis and currency inflation, labor costs in the industrially developed countries are also rising, as shown by the level of wages. The gap between these wages and those in the developing countries continues to widen. From 1955 to 1978, the wages of workers in the nonagricultural sectors of the United States approximately trebled. At present, the wages of textile workers in West Germany are 16 times those in South Korea and 26 times those in Pakistan. It is obviously inadvisable for these developed countries to produce labor-intensive products themselves, and that is why they let the developing countries and regions turn out these products, while they concentrate on the production of profitable and capital-technology-intensive products calling for high labor productivity and less labor consumption, and it is why they depend on imports of labor-intensive products for their domestic needs. In West Germany, for example, imports of shoes in 1978 were 419 times those of 1950, while in the same period, imports of garments increased by 170 times and imports of photographic materials, clocks and watches, and general optical instruments increased by 163 times. Even heavy and chemical industrial products that require a little more labor and are slightly backward in technology had to be imported from foreign countries in increasing quantities. For example, from 1950 to 1978, imports of the means of communications and transportation increased by 316 times, while those of heavy machinery and chemical products increased by 293 times. However, it should be noted that some countries and regions of the Third World have developed the production and export of labor-intensive products very rapidly, and Hong Kong has become an important region for the export of these products. In 1979, the volume of its export of garments, toys, metalwares for daily use, shoes, furniture, and plastic articles reached 48.9

billion Hong Kong dollars. South Korea has also exported more garments than we have. Therefore, we have many competitors in developing the export of labor-intensive products, and this matter should be given great attention and handled carefully.

Third, more than 30 years' experience in economic construction in our country has brought about a fledgling industry with a certain capacity for the production of labor-intensive products. After meeting domestic requirements, we have been able to export some of these products to foreign countries; through many years of efforts, we have earned fairly a good reputation for some products in the international market. Of the four major items which brought in more than 500 million dollars in foreign exchange in 1980, two of them--cotton cloth and garments--are labor-intensive products. There were 26 other items which yielded more than 100 million dollars. These items included canned vegetables, filature silk, silk, cotton knitwear, polyester, woolen knitwear, drawn work, porcelainwares, leather goods, and more than 10 varieties of small metalwares. These facts have proved our capability for producing labor-intensive products. Not only are we capable of producing some light industrial products, but their absolute output can occupy an important place in the world. Yet very few such products have been exported, the volume of their export being only 1-3 percent of the total volume of world transactions for similar products. Even the volume of drawn work amounted to only 7-8 percent--less than 10 percent. Therefore, there is a great potential for the export of our labor-intensive products.

III

From this analysis, we can see that we have certain advantages in developing the export of labor-intensive products. However, we must be also aware that advantages and disadvantages are only relative, and that under certain conditions they can influence each other or be transformed into each other. That is why, instead of confining our observations to the advantages of developing the export of labor-intensive products, we should also note the disadvantages, conscientiously analyze the causes of these disadvantages, and do our best to change them.

The main problem in developing exports of our labor-intensive products concerns our foreign trade losses. We have incurred losses in exporting the vast majority of labor-intensive products. Worse still, the more that is exported, the greater will be the losses; and the greater the consumption of additional labor, the higher will be the cost for foreign exchange earnings. This will seriously reduce the advantages we enjoy in exporting labor-intensive products. That is why some people have misgivings about developing the export of labor-intensive products and even advocate in practice the reduction of finished products and the increase of raw materials. We hold that such views are one-sided. First, we must be aware that the export of labor-intensive products in general, and the processing of raw materials into finished products in particular, which involves additional labor and yields a corresponding increase in commodity value, can help us earn more foreign exchange. From the national macroeconomic point of view, we can see that the export of most labor-intensive products is profitable and has good

economic results, in addition to increasing foreign exchange earnings. The foreign trade losses are caused by the existing systems and policies of pricing and taxation in our country, and it will not be difficult to solve these problems after some readjustment. Second, we must take a realistic view of the situation. A country's natural resources are limited, and whatever we sell means a corresponding reduction in these resources. Therefore, we should fully utilize our resources and try to earn more foreign exchange without increasing the consumption of our natural resources. Third, since the scissors difference between raw materials and finished products in the national market continues to increase, the export of raw materials will ultimately be unprofitable. Furthermore, to support and develop our processing industry, we should try every way to export more finished products and fewer raw materials. Despite all these efforts, however, the problem of foreign trade losses incurred in exporting labor-intensive products cannot be overlooked, because of their demoralizing effects on exports. We must carefully analyze these losses, discover their causes, adopt practical measures according to different conditions, and make every effort to reduce these losses and promote the export of labor-intensive products.

(1) Raise Productivity and Lower Labor Consumption

Our level of productive forces and productivity is low, and the labor consumption per unit product in our country is much higher than in the industrially developed countries of the world. This is the main cause of the losses from our export of labor-intensive products. We must start by raising productivity and try every way to lower labor consumption and reduce the proportion of wages in the composition of the prices of our export products. This is a fundamental measure.

The principal way to raise productivity and lower labor consumption is to adopt advanced technology and strengthen scientific management. On the one hand, we must adopt the world's advanced technology, including the import of new technology and key equipment. On the other hand, we must promote specialization and coordination, as well as the standardization and serialization of accessories and spare parts for universal use. We can never raise productivity with "large and complete" and "small and complete" methods. At the same time, we must strengthen the scientific management of labor, rationally organize productive forces, and perfect the system of management so that the workers who are engaged in production can use the production equipment scientifically and economically and can bring about optimal economic results with minimal consumption.

(2) Upgrade Commodities and Rely on Superior Quality to Win the Competition

It is very simple logic that high-grade and fine-quality commodities command high prices. From the present realities, we can see that our labor-intensive products for export are mostly of low and medium grades, and that they lack competitive power in the world market. Therefore their prices are low, and not much foreign currency can be earned from them. It is quite common that, despite our huge export volume, we cannot earn much foreign exchange. Our export of porcelainware ranks first in the world. Each year, we export 700

million to 800 million pieces, being one-quarter of the total volume of procelain trade in the world. Because of their inferior quality and low grade, however, they can yield only about 100 million dollars in foreign currency, or only 8 percent of the world trade volume, each year. In 1979, Japan exported 600 million pieces and obtained more than 400 million dollars from them. Although its export volume was only three-quarters of ours, the foreign currency earnings were more than 4 times ours. Again, the Dongdan Leather Shoe Factory in Beijing is now producing cow-leather shoes to be exported to Hong Kong. Each pair of these shoes can sell for only 20 Hong Kong dollars, while each pair of Italian shoes can generally sell for 200 Hong Kong dollars, and some high-grade leather shoes can sell for as much as 500 Hong Kong dollars. If, among other things, we can upgrade our porcelainware to Japan's level and our leather shoes to Italy's level for export, then our export prices and foreign exchange earnings can greatly increase, or even double, and we can make good profits instead of incurring losses. Therefore, on the basis of a closer study of the international market, and through our efforts to improve the technology of production and labor skills, we must continue to upgrade our products, improve their quality and packaging and increase the designs and varieties. We must rely on the superior quality of our goods in winning the competition before we can further broaden our avenues for developing the production of labor-intensive products.

(3) Adopt Policies and Measures To Encourage Export and To Arouse Enthusiasm for Exporting Labor-Intensive Products

Despite fairly good macroeconomic results, the export of labor-intensive products has brought fairly serious losses to the export sectors. To reduce these losses, the foreign trade sectors are now reluctant to increase the export of light and textile products and prefer to export more raw materials. The reason is that increased exports of light and textile products mean increased profits. The profits from the export of agricultural sideline products and raw materials, and the losses from the export of light and textile products and finished industrial products are disadvantageous to the production and export of labor-intensive products. We should change this situation and adopt policies and measures designed to encourage exports and to arouse the enthusiasm of the units engaged in exports.

The losses in our export of labor-intensive products are in the main inseparable from the existing irrational policies of pricing and taxation. We must positively and cautiously readjust these policies or adopt policies and measures to support and encourage export through tax reductions, tax exemptions, rational distribution of profits between the industrial and foreign trade sectors, and financial subsidies in order to quickly stop the losses from the export of labor-intensive products.

(4) Overall Planning and Comprehensive Arrangement

Developing the export of labor-intensive products should be based on long-range considerations, overall planning, and a comprehensive arrangement. We must observe economic laws, advance steadily and in good order, and then

gradually gather momentum, instead of rushing into action on a "none or all" basis. At present, we must adopt different measures for different commodities and different areas, and fit these measures into an overall planning and comprehensive arrangement.

To work out an overall plan and comprehensive arrangement, we must have a clear knowledge of the conditions for exporting labor-intensive products and have these products properly classified. We should expand exports for those [items] with a promising market, a low cost for foreign exchange earnings, and good economic results; as for those items that show good macroeconomic results but cause foreign trade losses, we should support their export through state subsidies, tax reductions, tax exemptions, and a better way to distribute the profits between the indsutrial and foreign trade sectors. For those items that have poor macroeconomic results, that create foreign trade losses, and that yield little foreign exchange earnings, we should temporarily reduce or stop their export. All products must be upgraded and be of fine quality so that we can win the competition through the high grade and fine quality of our products. Under existing conditions, however, we cannot upgrade all products at once, and the state is in urgent need of foreign exchange. Therefore, we have still to continue the export of low- and medium-grade commodities and to adhere to the principle of exporting products of high, low, and medium grades simultaneously, while gradually trying to upgrade them and to improve their quality.

In working out an overall plan and comprehensive arrangement for the export of labor-intensive products, we should also analyze the conditions in various areas and enterprises throughout the country, bring their strong points into play, protect competition, and choose the fine products for export. Active encouragement and priority in export should be given to those areas and enterprises that produce fine-quality goods and have a high production level and low cost for foreign exchange earnings. For those enterprises that operate under better technical conditions and are better equipped, we can arrange for them to produce goods of even higher labor intensity for export. For those enterprises that have a low production level and that produce poor-quality products at high cost for foreign exchange earnings, we should arrange for their exports to be reduced or suspended, and for their products to be sold on the domestic market. The level of industrial development is higher and the conditions for developing the export of labor-intensive products are better in our coastal provinces and municipalities. Furthermore, these areas are densely populated with a concentration of surplus labor. Based on these realities, we can set up export bases for labor-intensive products in these provinces and municipalities, or, as an alternative, we can designate some plants to operate as special plants for producing goods for export, so as to increase our competitive power in the export of labor-intensive products.

As we work out an overall plan and comprehensive arrangement for the export of labor-intensive products, there should also be active cooperation for foreign trade at various links and united action in dealing with foreign countries. Strengthened management and proper division of labor should be

carried out among all departments and enterprises for the export of such products. There should be unified arrangements, and all-round coordination in dealing with foreign markets and foreign customers. These departments and enterprises must not be concerned solely with the production of one or several commodities, or keep their eyes on a single market and then compete among themselves, with adverse effects on the economic results in the export of labor-intensive products.

In short, active development of the export of labor-intensive products is consistent with our national conditions and resources, and it can play a role in developing our strong points and steering away from our weaknesses. As long as we conscientiously study and solve the inherent problems, we can certainly develop such exports and attain optimal economic results as our new contributions to our national economic readjustment and the four modernizations.

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TRANSPORTATION

BRIEFS

RECORD DATONG COAL SHIPMENTS--Overcoming the difficulties of a bitterly cold climate and the arduous task of taking care of the traffic during the Spring Festival, the workers and staff of the Daton Railway Subbureau shipped good coal and more of it. Within a short period of 41 days this year, a total of 4,454,000 tons was shipped. This was 80,000 tons greater than the plan and established the highest level in the history of coal transportation. The Datong Railway Subbureau is located in a sea of coal. The production from more than 300 large, medium and small mines in Datong and the Yanbei Prefecture is all loaded and shipped by the Datong Subbureau to more than 2,000 large and middle size enterprises and ports throughout the nation. The coal transporting responsibility of this subbureau accounts for one tenth of the nation's rail shipment of coal. It is one of the subbureaus with the greatest amount of coal shipped on its rail lines. This year the state plan for the transportation of coal assigned to the Datong Subbureau is 2,090,000 tons in addition to the actual amount shipped last year. The staff and workers of this subbureau were deeply inspired and resolved to transport more coal and support the expansion of production in the area's industry and the needs of the people's livelihood. The directors of transportation have strengthened the planning for production, meticulously organized and ensured that trains are safe and on time with no impediments. The train crews promoted a spirit of being unafraid of overwork or hardship and initiated shipping more with greater speed. Because the Beijing-Datong-Pukou line has had a lot of damage, the regulations allow each train to pull 1,400 tons unless the engineer of the train can vouch for safety, then he can pull 3,500 tons. This will be more than triple the utilization rate of the train. By the end of the first 10 days in February, the total number of trainloads for the entire subbureau was more than 909,000 which is 200 trainloads more than what was planned. [Text] [Beijing CONGREN RIBAO in Chinese 15 Feb 82 p 1]

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GENERAL

FEATURES OF ECONOMIC CONTRACTS IN CHINA EXPLAINED

Beijing ZHONGGUO CAIMAO BAO in Chinese 26 Dec 81 p 4

[Article by Song Jinbo [1345 6855 3134]: "Economic Contract and Conditions of Its Validity"]

[Text] To correctly implement the "Economic Contract Law of the People's Republic of China," we must correctly understand what an economic contract is and what the conditions of its legality and validity are. This is a prerequisite as well as the foundation for the study and enforcement of the "Economic Contract Law of the People's Republic of China."

What an Economic Contract Is

A contract, also called a deed in common parlance, is a kind of agreement signed by two parties concerning certain specific interests and duties. An economic contract is so called because of its economic substance. Article 2 of the Economic Contract Law says: "An economic contract is an agreement between different juridical persons in achieving certain economic objectives, including a clear definition of the relations of mutual interests and duties." From this, we can see that an economic contract has the following features:

(1) An economic contract represents a legal act of two (or more) parties and is the result of their identity of purpose. Unilateral action cannot constitute legal relations in an economic contract. (2) An economic contract represents a legitimate legal act, and its contents must be consistent with state principles and policies. It must be within the scope permitted by existing economic law. It must be legal in order for it to have legal effect and for the contracting parties to be able to enjoy the protection and supervision of the state in the form of coercive power. (3) An economic contract must serve a definite economic objective. In other words, it must have some economic activity as its substance.

An economic contract is a byproduct of social productive forces developed up to a certain stage, and belongs to the category of history. It is a legal system born after the appearance of commodity exchange and developed along with the development of the commodity economy. Different social systems give it different class nature. Under the socialist system, it serves as a tie between production, supply, transportation, marketing, and other forms of economic activity. Besides being the basis for the compilation of state plans,

it is an effective guarantee of the implementation and fulfillment of state plans and the principal measure used by socialist countries for economic management through economic and legal means.

Both the party and the state have always attached great importance to the economic contract system and have given full play to the positive role of economic contracts in the national economy ever since the founding of the People's Republic. The 10 years of domestic turmoil deprived economic contracts of their legal protection. After the Third Plenary Session of the 11th Party Central Committee, however, the role of economic contracts and the position they occupy in the national economy were again emphasized, and a series of decisions and regulations have been adopted in the sphere of law for popularizing the contract system, strengthening the control of contracts, and providing procedures for the settlement of economic disputes. Now, the "Economic Contract Law of the People's Republic of China," which provides a legal basis for economic tribunals to try disputes over economic contracts, has been promulgated.

Conditions for the Validity of Economic Contracts

The conclusion of an economic contract is not only a form of economic activity but also a legitimate, legal act. Only valid economic contracts can be protected by state laws; therefore, in signing economic contracts, we must strictly abide by the economic contract law. Economic contracts can be legally binding only under the following conditions:

1. Both (or more) signatory parties must have the qualification of juridical persons.

Article 2 of the Economic Contract Law stipulates that an economic contract is an agreement between different juridical persons for the achieving of certain economic objectives, including a clear definition of the terms of interests and duties--meaning that the main bodies must be juridical persons. Then, what is meant by juridical persons? "Juridical person" is a technical legal term currently used in the legal circles of our country, standing for a legal entity. We speak of juridical persons as being different from natural persons (citizens) in order to imply the legal position of social organizations, which are thus personified. Under certain conditions, they will, like natural persons, enjoy rights and undertake responsibilities according to law. All social organizations that engage in production and management are called economic juridical persons according to economic law. For example, industrial and mining enterprises and rural communes and production brigades are all economic organizations that practice economic accounting. They are the most common principal parties under the economic contract law, while government organs, military units, public agencies, and other social groups are not social organizations with economic accounting, although they are under the state budget. However, they can manage the allocation of budgeted funds independently within their own jurisdictions. Therefore, when involved in the legal affairs with economic activities as the substance, they are also the principal parties in economic contracts.

Even though a social organization has acquired the qualifications of a juridical person, it does not mean that, just for this reason, it can sign an economic contract. The limits of a juridical person's rights are determined by his motive in acquiring the qualifications of a juridical person and the scope of his business activities. If these requirements are not met, the signed contract will not be valid. Also, who can sign economic contracts on the juridical person's behalf? Generally they are signed by the attorney legally entrusted by the juridical person for this purpose. For example, the director of a factory, the manager of a commercial store, and the responsible persons of government organs or social groups can either sign the contracts themselves or delegate this power to attorneys. In other words, the legal representative can delegate the power to a responsible person in charge of a certain business to sign economic contracts in the name of the juridical person. However, the attorney must have the power-of-attorney specifying the substance of the contract and the duration of validity. The legal representative, or the attorney on his behalf, cannot exceed the limits of his authority in signing economic contracts; otherwise, he will be held responsible for the consequences.

Article 54 deals with some exceptional conditions, namely:

"This law applies to the economic contracts signed between individual undertaking households and rural commune members on the one hand and juridical persons on the other." We must correctly understand and apply this stipulation subject to two preconditions: first, either one of the two contracting parties must be a juridical person; and second, rural commune members can conclude economic contracts only with rural communes and production brigades. If a commune member signs a production contract with a production team, he cannot expand the scope of its applicability at will.

2. The substance of economic contracts must be consistent with the requirements of state policies, the stipulations of law, and state plans.

Article 4 of the Economic Contract Law states: "The conclusion of economic contracts must be in accordance with state laws and must meet the requirements of state policies and plans." State policies and laws are a centralized reflection of the will and interests of the broad masses of people. Any economic contract that violates the law, decrees, and plans will impinge on the interests of the state and the people, and are [therefore] illegal and without legal effect. Therefore, no individual or unit whatsoever can take advantage of a contract in order to carry out illegal activities, disturb the economic order, disrupt state plans, or jeopardize the public interest for illegal gain. At the same time, according to Article 7 of the Economic Contract Law, invalid economic contracts are listed as follows: (1) contracts in violation of the law, state policies and plans; (2) contracts concluded by fraudulent means or under duress; (3) contracts signed by an attorney who has overused his authority, or contracts signed by an attorney for himself or for others whom he represents, but in the name of the person who has authorized him to act on his behalf; and (4) economic contracts that are against state interests or social and public interests. An invalid economic contract is not legally binding, and none of the contracting parties can use it as a basis for

insisting on their rights and applying for judical protection. However, this does not mean that they can be absolved from their responsibility for the legal consequences. They are still held economically and legally liable for damage according to the seriousness of the violation and the extent of the damage.

3. Equality, Mutual Benefits, and Compensation at Equal Value Are Required for Contracting Parties

Article 5 of the Economic Contract Law says: "Economic contracts must be based on the principle of equality and mutual benefit, unanimity through consultation, and compensation at equal value. None of the contracting parties can impose his will on the opposite party, and no individual or unit whatsoever can illegally intervene." Socialist economic organizations consist of different independent commodity producers and business managers who are all equal before the law. Both parties should have equal and identical interests and duties. Therefore, economic contracts must be based on voluntary consultation and the simultaneous consideration of state, collective, and individual interests in a just and reasonable way. "Compulsory contracts" should be opposed. None of the contracting parties can do anything detrimental to the interests of the opposite party, and far less to the interests of the third party or to the social and public interests. If an economic contract is obviously unjust and likely to be detrimental to the interests of the opposite party or a third party, the economic contract is invalid, and the injured party has the right to demand compensation.

4. Economic Contracts To Be in Written Form

To preserve their stability and dignity, we must execute an economic contract in writing instead of doing it verbally. At the same time, not only the contract but also the relevant data should be in a written form. Article 3 of the Economic Contract Law says: "Apart from those which will soon be liquidated, all economic contracts should be in written form. Documents, telegrams, and diagrams for the alteration of contracts as agreed to by the contracting parties are also considered components of the contract."

These are the main conditions necessary for the legality and validity of economic contracts. Furthermore, when any party makes extraordinary demands, agreement must be reached beforehand, after mutual consultation. A legal and economic contract, once signed, must be strictly carried out, and any party who refuses to do so or who fails to carry it out completely must be held economically or legally liable according to Article 4 of the Economic Contract Law.

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GENERAL

FEATURES OF CHINESE ECONOMIC CONTRACT LAW EXPLAINED

Beijing ZHONGGUO CAIMAO BAO in Chinese 26 Dec 81 p 4

[Article by Pan Jingcheng [3382 7234 2052] and Xu Xuelu [1776 1331 7773]: "Special Features of our Economic Contract Law"]

[Text] The adoption of the "Economic Contract Law of the People's Republic of China" at the Fourth Session of the Fifth National People's Congress is a major event not only in our economic life but also in our legal system. This article will attempt to present some superficial views on special features of this economic contract law.

Consistent With Our National Conditions

Our economic contract law is based on, and is consistent with, our national conditions. The most important feature is that it reflects the economic characteristics in our country at present.

Our economic contract law has a socialist character as determined by our socialist economic base. At the present stage, ours is a socialist commodity economy formed of many different economic sectors. It is necessary to use economic contracts as a legal means to ensure the normal progress of economic activities. This is the first time that we have used economic contract law as a legal means to affirm the system of legal entities in our country. In the economic contract law it is clearly pointed out: "An economic contract is an agreement between different legal entities for achieving certain economic objectives, including a clear definition of the relations of mutual interests and duties." The system of legal entities has been adopted in our country as a legal recognition of the dominant position occupied by the social organizations in economic and legal relations. Their engagement in production and their participation in circulation in the capacity of legal entities are not only advantageous to the integration of rights and responsibilities and the combination of state, enterprise, and individual interests in the economic activities of enterprises and other units, but they are also helpful in giving full play to the initiative and enthusiasm of the enterprises and in promoting the restructuring of our economic systems. At the same time, it will be more convenient for the state to conduct examinations into and exercise supervision over the enterprises and other units.

Another special feature of our economy is that the system of responsibility for production in various forms is now extensively adopted by all trades and undertakings throughout the country, especially in the countryside; many areas have used economic contracts as a means of perfecting or consolidating the system of responsibility for production. The economic contract law reflects this objective reality and makes it clear that it is applicable not only to the contractual relationship between legal entities but also to the relationship between individual undertakings, which are nonlegal entities, as well as between rural commune members and legal entities. This is necessary because the individual economy is an indispensable supplement to the state and collective sectors of economy, and therefore relations between urban individual undertakings and economic units under the state and collective sectors are inevitable. Furthermore, along with the popularization of the system of responsibility for production in the countryside, economic contacts with commune members and collective economic units will be much more frequent, and it is only reasonable that contacts between them should be regulated by the economic contract law. The promulgation and implementation of the economic contract law are of very great significance to the introduction and popularization of the system of economic responsibility. Introduction of the responsibility system in various forms through economic contracts will fashion a relationship between the contracting parties with regard to rights and responsibilities, and this relationship will acquire an economic and legal character and receive legal production. This will not only result in an integration of responsibilities, rights, and interests, thus fully arousing the enthusiasm of the enterprises and workers, but it will also legally ensure that the state will receive the largest share first, that the enterprises should retain the major part of the rest, and that individuals will receive more from the distribution. It will also guard against the possible defect whereby certain enterprises and individuals might stress their rights and interests and neglect their responsibilities and duties in their one-sided quest for profits. Enforcement of the responsibility system in the form of production contracts will not only ensure the fulfillment of the tasks of unified procurement and quota procurement with regard to quality and quantity, but it will also enable the commune members to be aware of their obligations and thus will further arouse their enthusiasm. At the same time, the signing of contracts will guarantee the supply of the means of production by the state for the commune members according to the contracts. Therefore, in the responsibility system, economic contracts serve as "ties" to link the state, the collective, and the individuals; the economic contract law, according to the legal system, gives these contracts a legally binding effect. That is why the promulgation of the economic contract law is an important measure for consolidating and perfecting the various forms of responsibility for production and management, and for enabling the responsibility system to develop in a steady and healthy way.

Another feature of our national economy is the regulative role of the market as a supplement to the planned economy on the basis of public ownership. In our country, planning is the main basis of contracts, while contracts supply important data for the formulation of plans and serve as a means to carry out the plans. Economic contracts are necessary for either enforcing the planned economy or bringing into play the regulative role of the market.

Furthermore, national economic readjustment is now being carried out according to plan. That is why "guaranteeing the fulfillment of state plans" is considered one of the functions of the economic contract law. It clearly points out: "No unit or individual can take advantage of contracts" as a means of "undermining state plans," and, based on our national conditions, it specifically states that "all economic contacts having to do with products and projects under state plans of a mandatory nature should be covered by economic contracts according to the standards set by the state"; and "economic contacts having to do with products and projects under state plans of a guiding nature should be covered by economic contracts, based on the standards set by the state in combination with the actual conditions in each unit." In view of the binding effect of plans, any change in or termination of contracts under extraordinary circumstances should have the prior approval of the relevant departments in charge, if state plans of a mandatory nature for products or projects are involved.

Therefore, our economic contract law is a socialist law that is entirely consistent with our national conditions. It reflects our economic features and sums up the fruits of victory in our economic readjustment and restructuring. It is also a shapr weapon for accelerating the triumphant advance of readjustment, restructuring, and the four modernizations.

A Summation of Experiences Over the Past 30 Years

Article VI of the Economic Law stipulates in explicit terms: "Economic contracts are based on law and have legal binding effect. The contracting parties have the duty of overall fulfillment of the contractual obligations, and the contracts cannot be unilaterally altered or terminated." Implementation of the principle of overall fulfillment is the result of a summation of our experiences, both positive and negative, over the past 30 years in the adoption of the contract system. The purposes of our contract system are to ensure that state plans are fulfilled, that production is promoted, and that the people's constantly increasing material and cultural needs are met. That is why particular stress is laid on the fulfillment of economic contracts in practice. In other words, the contracting parties should fulfill all contractual obligations according to schedule and [meet] quality and quantity standards--particularly the contract objectives concerning commodities, labor, engineering, projects, and technical cooperation. The number of economic contracts in our economic life is very large; if the principle of overall fulfillment cannot be upheld, there will be a very serious effect on all types of economic work.

First, the economic contract law includes specific stipulations as to the signing and fulfillment of contracts. In view of the present problems in concluding and fulfilling contracts, the economic law has provided specific stipulations according to the essential characteristics of different contracts, in addition to general stipulations regarding the forms and substance of contracts, the means of payment, downpayments, securities, invalid contracts, and so forth. This will effectively reduce or guard against contractual disputes and ensure the smooth fulfillment of contracts.

Second, the economic contract law clearly stipulates the responsibility for any breach of contract. Fulfillment of economic responsibility ensures the enforcement of contract laws and the legitimate interests of the contracting parties. Therefore, the economic responsibility of the contracting parties, particularly the responsibility for a breach of contract, should be clearly indicated. Our economic contract law includes a special chapter generally dealing with responsibility in case of a willful or unintentional breach of contract, or a breach of contract through malfeasance, dereliction of duty, or violation of the law. In the past, when a contracting party failed to meet its contractual obligations for reasons having to do with the higher leading organs or the business departments in charge, the units at the lower levels dared not ask any questions, while the units and the same level would not do so, and the judicial organs had no way to pursue the liability. Now, the economic contract law clearly stipulates that in case of a breach of contract for reasons involving higher leading organs or the business departments in charge, the defaulting party can first pay a penalty for breaking the contract or indemnify the other party and later claim compensation from the higher leading organ or the business department in charge. The economic contract law includes stipulations for prescribing the penalty for breach of contract, the payment of compensation, and the time for such payment, as well as the specific stipulation that the money paid in fines for a breach of contract "cannot be charged to production costs." In addition, the economic contract law includes separate stipulations for different types of economic contracts with regard to the specific conditions for payment of "breach of contract" fines and compensations, the amounts to be paid, and the responsibility for expenses. In short, all the stipulations in our economic contract law concerning the payment of fines and compensation in case of a breach of contract are intended to guarantee the fulfillment of contractual obligations. This is the guiding principle in the entire economic contract law, and is another prominent feature of our economic contract law.

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SYMPOSIUM IN SHANDONG DISCUSSES ECONOMIC PROBLEMS

Jinan DAZHONG RIBAO in Chinese 29 Dec 81 p 3

[Article by Bao Yongshan [0545 3057 0810] and Wang Xiuyin [3760 4423 6892]: "Provincial Economic Association Holds Annual Meeting To Discuss Proportionate Economic Development and the Responsibility System"]

[Text] The Provincial Economic Association held its 1981 annual meeting in Jinan from 24 to 27 December. A total of 45 academic theses and investigative reports were presented at the meeting. Centering closely around the actual conditions in Shandong, the meeting discussed in particular the problems of planned and proportionate economic development and the system of economic responsibility.

During the discussions, many comrades pointed out that great changes have taken place in the proportionate relationship of the national economy, following more than 2 years of economic readjustment in Shandong Province, and that the economic structure is developing in a rational direction. The participants held that arranging the proportionate relationship among agriculture, light industry, and heavy industry, with the increase in consumer goods as the central issue, should be the basic principle to be followed not only during the present economic readjustment period but also throughout the socialist period. Only thus can we form a rational economic structure and bring about a healthy cycle in our national economy. As to the question of speed in national economic development, they held that we could never return to the old way of setting unrealistic "high targets" and striving for "high speed" simply because economic development has been slow and some undertakings had been adversely affected during the period of economic readjustment. The speed that is to be maintained must be based on a harmonious balance, with better economic results as the goal. However, we must not overlook the necessity for maintaining a certain speed in economic growth, because this is necessary for the sustained development of social reproduction and for heavy industry to supply advanced technical equipment for various sectors of the national economy. This is necessary for the harmonious development of the two major categories of social production. The participants proposed that people in economic circles should pay attention to the study of the interrelationship between the two major categories of social reproduction and their concrete forms of manifestation. Concrete quantitative analysis should be conducted on certain aspects in order to draw the logical demarcation line.

Some comrades at the meeting tried to explore ways to correctly handle the relationship between accumulation and consumption. The consumption fund should ensure a steady rise in the people's standard of living every year, but the speed of this rise cannot exceed the speed of the rise in labor productivity. The accumulation fund should meet the requirements of expanded reproduction in the way of money and materials, but expanded reproduction cannot hinder the continued improvement of the people's livelihood. In other words, the increase in the consumption fund should be confined within the scope prescribed by the growth of production; otherwise, this fund cannot last long. Also the increase in the accumulation fund should be confined within the scope prescribed by the improvement in the people's livelihood every year; otherwise, accumulation will be meaningless.

With regard to the system of economic responsibility being adopted in various forms by the agricultural, industrial, and finance and trade departments, the participants held that the system of responsibility is a form of production management or business management based on the integration of economic rights, economic responsibilities, economic results, and economic interests under the socialist system of public ownership. This is highly significant because, through changes in labor organization and in the methods of management and distribution, it brings a partial readjustment and further improvement in the relations of production. During the discussion, opinions differed with regard to the system of fixing output quotas on the basis of households, and the responsibility of households for all farm work. Some comrades held that these two systems of responsibility--particularly that of "unified undertakings and responsibility of households for all farm work"--are the better forms because they can bring into play the strong points of the collective economy and help arouse the commune members' enthusiasm. Others held that although they are components of the socialist agricultural economic structure, there is nevertheless some trace of small peasantry economy, so that for those units with fairly strong leading bodies, a high standard of mechanization, and fairly efficient economic diversification, it would be better to adopt the system of "fixing output quotas on the basis of specialized groups, and linking remuneration to planned output." Many comrades also conducted useful discussions in an attempt to explore the essence and roles of economic responsibility among the industrial and finance and trade enterprises, [discussions] on ways to handle correctly the interests of the state, the collective, and the individuals, and [discussions] on ways to further improve the system of economic responsibility.

At the meeting, the participants listened to the reports by the relevant provincial departments on the economic readjustment and restructuring in Shandong Province. Those comrades who had participated in the national conference on the system of responsibility for agricultural production, those who had attended the national conference on the study of "Das Kapital," and those who had just returned from an inspection trip to the United States all made separate reports at the meeting.

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WAYS TO ALTER OR TERMINATE ECONOMIC CONTRACTS ELABORATED

Beijing ZHONGGUO CAIMAO BAO in Chinese 12 Jan 82 p 3

[Article by Pan Haimin [3382 3189 3046]: "The Alteration and Termination of Economic Contracts"]

[Text] Social economic activities are very complex, and the conditions for carrying out contractual obligations are constantly changing. Readjustment of plans, the closure, suspension, merging and retooling of enterprises, changes in market supply and demand, natural disasters, and so forth can make the fulfillment or the complete fulfillment of original contractual obligations impossible. Some alteration or a termination of the contract is therefore necessary. Alteration and termination of economic contracts subject to legal restrictions and specific stipulations are dealt with in the "Economic Contract Law."

The so-called alteration or termination of an economic contract means that the contracting parties have reached some new agreement on the basis of the original contract. However, the legal aftereffects cannot be exactly the same. Termination of a contract means it is terminated before it is fulfilled, but this does not mean that responsibility for debts incurred as a result of the contract is over. In other words, unless there is some law to the contrary, damage to the opposite party should be compensated. The alteration of a contract means a revision of the substance of or the clauses in a contract, and after the alteration the contract should carry new interests and duties for the contracting parties.

The alteration or termination of contracts is a legitimate act only under extraordinary conditions. Based on the realities in our country, the "Economic Contract Law" stipulates that alteration or termination of contracts can be permitted under one of the five following conditions:

First, both parties must have come to an agreement after consultation, while the state's interests must not be impaired and the implementation of state plans must not be impeded by the alteration or termination. This implies two requirements: first, adherence to the principle of agreement after consultation; and second, such consultation should be carried out on the precondition that the interests of the state must not be impinged and that state plans must not be impeded. Otherwise, such alteration or termination cannot be considered valid.

Second, the plan based on the contract has been revised or shelved, as determined by the system of planned economy in our country. All economic activities affecting planned products or projects should be covered by economic contracts according to the standards set by the state. Thus when the plan is altered or canceled, the economic contract concerned should also be duly altered or terminated. Only thus can the fulfillment of plans be ensured.

Third, one of the contracting parties may find it impossible to carry out the contractual obligations because of "closure, suspension, merging, or retooling." While the economic readjustment is going on in our country, enterprises may undergo many changes. Under such circumstances, if one of the contracting parties proposes alteration or termination of the contract, the other party should actively cooperate in consideration of the overall interests.

Fourth, contractual obligations sometimes cannot be fulfilled because of irresistible forces. [The term] irresistible forces refers to the kind of coercive power that cannot be resisted by human efforts. These forces can be caused by either subjective or objective elements. First, something may happen beyond the anticipation of the contracting parties. Second, during that time and under the local conditions, the contracting parties, with the technical and material resources at their disposal, could not possibly take any precautionary measures. However, if the forces could be anticipated and no precautionary measures were taken, then the term "irresistible forces" ceases to be applicable. Sometimes, irresistible forces take the forms of natural phenomena, such as earthquakes, typhoons, floods, drought, holocaust, and fires from natural causes. Sometimes, they take the form of social phenomena, such as war and similar military operations. If a contract is altered or terminated for these reasons, the contracting party should be absolved or partially absolved from his obligations.

Fifth, if one party commits a breach of contract, the fulfillment of contractual obligations by the other party is unnecessary. For example, a certain commercial store has signed a contract with a certain factory for the purchase and marketing of electric fans, with the stipulation that the goods should be delivered in July. However, the factory could not deliver the goods until October. Then the commercial store can terminate the contract because of the breach of contract on the part of the factory, and can refuse to accept the electric fans. At the same time, the factory should bear the responsibility for the breach of contract.

When one contracting party demands an alteration or termination of the contract, the other party should be notified in good time. Apart from conditions in the fourth and fifth categories, any loss suffered by one party as a result of the alteration or termination of contracts by the other party should be compensated by the responsible party.

Proposals concerning the alteration of termination of contracts and replies to them should have a time limit; this limit can be set by the relevant business department in charge or through consultation among the contracting parties. The time limit set by the business department in charge can vary according to actual conditions.

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'TA KUNG PAO' ON GEOLOGICAL SURVEY OF TAIWAN STRAIT

HK120208 Hong Kong TA KUNG PAO in Chinese 8 Jan 82 p 3

[Report: "Results of Taiwan Strait Geological Survey Reveal Discovery of Sedimentary Basin in Sea Area Off Chaozhou and Shantou"]

[Text] Beijing, 7 Jan (ZHONGGUO XINWEN SHE)--With the completion of preliminary investigations there is now hope that more than 30 of the ferrous and nonferrous producing areas discovered in China during 1981 will prove to contain large and medium size mineral deposits. In the mining areas currently being prospected there are over 130 places having good prospects and more than 80 areas which have already produced minerals on the level of large and medium scale mines. Moreover, success has also been achieved in more than 170 items of scientific research.

The above-mentioned information was revealed by the head of the Geological Department, Sun Daguang, in a report he made to the conference currently underway in Beijing [to] department heads of the provincial, municipal and autonomous district levels.

The geological survey of energy related minerals: An investigation of marine geology carried out in the Taiwan Strait and Taiwan shallows has already revealed the existence of a sedimentary basin covering an area of 20,000-30,000 square kilometers. This basin is potentially rich in oil and gas. In northern Sichuan an area of 28 square kilometers has been designated as the Shilongchang oil and gas field, and drilling just outside of this area has uncovered industrial grade oil and a gas deposit. In northwestern Sichuan a structural belt covering an area of several hundred square kilometers has also been discovered, and in the Xiaoquan area, structure drilling has revealed a layer of high-pressure gas.

The geological survey of ferrous and nonferrous minerals: In the more than 110 mineral-producing areas newly discovered, the mining of nonferrous minerals, precious metals and ferrous metals has proved the most successful. The mineral deposits in many of these areas have very good prospects: the minerals are near the surface, of a good quality and of high grades. For example, the tin deposits in Yunnan, the molybdenum and tungsten deposits in Henan, the kaolin deposits in the coastal region of Fujian and the superior quality quartzite deposits in Hubei. The discovery of molybdenum deposits

in Liaoning and porcelain clay in the eastern section of Jingdezhen in Jiangxi have provided the material conditions for reopening these ancient mountain mines. Many of the mineral-producing areas have good prospects and some are particularly outstanding. For example, the gold deposits in Shandong and Henan, the gold and silver deposits in Guangdong, the aluminium and copper deposits in Guizhou and Shanxi, the mercury deposits in Hunan, and the abundant iron deposits in Yunnan.

The geological survey of hydrology: The national (excluding Taiwan and Xizang) underground water resources have been estimated to be around 800 billion cubic meters per annum; a preliminary survey has also been carried out of the underground water resources in Shanxi and the eastern section of the Taihangshan Mountains. Survey is being carried out in more than 10 sites at the mouth of mountain rivers where there is enough water to operate power stations. New sources of water have also been either discovered or verified for several commodity grain bases, drought areas, and Harbin and 10 or so other cities in which have accute water shortages.

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TITLE: "Experimental Investigation of the Complete Stress-Strain Curve of Concrete"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 1, 5 Feb 82 pp 1-12

TEXT OF ENGLISH ABSTRACT: A simple and effective experimental method in which a general hydraulic test machine with a couple of jacks is utilized to measure the complete stress-strain curve of concrete under monotonic and cyclic loading is introduced in this paper. Several factors that influence the behaviors of deformation and cracking of concrete have been considered in the testing program. From the test results, the relationship between the shape of the complete stress-strain curves and the failure modes are discussed and the formula of the complete stress-strain curve with the necessary parameters is suggested for various kinds of concrete.

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TITLE: "Study of the Fundamental Structural Behavior of Concrete Filled Steel Tubular Columns"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 1, 5 Feb 82 pp 13-31

TEXT OF ENGLISH ABSTRACT: Based on a test of concrete filled steel tubular columns with various percentages of steel, the core concrete strength and slenderness ratio, basic structural behavior and compression failure mechanism of concrete filled tubular columns are studied and analyzed.

Equations and diagrams for designing such columns under axial and small eccentric loads are given in this paper and have been used in practical engineering designs.

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TITLE: "Designs of Concrete Filled Steel Tubular Columns in Industrial Buildings"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 1, 5 Feb 82 pp 32-37

TEXT OF ENGLISH ABSTRACT: Designs of concrete filled steel tubular columns in industrial buildings are presented in this paper and details of joints as well as analysis of their economic effect are discussed. It could be used as a reference for designers.

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TITLE: "The Stability of Single-story Mill Bents"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 1, 5 Feb 82 pp 38-49

TEXT OF ENGLISH ABSTRACT: In this paper, the formula for computing the stability of single-story mill bents has been developed by applying the formula for computing column buckling under vertical force expressed in integral form.

Considering the effects of space behavior and load distribution on the bent, a practical method for calculating the effective length of the bent columns is proposed.

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TITLE: "Research on Shear Strength in Prestressed Concrete Hollow-core Slab"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 1, 5 Feb 82 pp 50-58

TEXT OF ENGLISH ABSTRACT: Prestressed concrete hollow-core slab is a widely used structural element. However, its shearing strength has scarcely been studied, and it has not been specifically given in most design codes. In this paper, a theoretical analysis for the cracking and ultimate strength in shear of the prestressed concrete hollow-croe slab together with the experimental results are presented. In order to simplify the calculation, a magnifying factor for the minimum web thickness is introduced. This factor allows for all sources of strength increase, such as the shape and dimension of the slab cross section, the prestress developed in the element and the percentage of longitudinal reinforcement.

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TITLE: "Experimental Test and Analysis of the Bearing Capacity of Longitudinal Reinforced Brick Column with Cement Mortar Facing Layer"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 1, 5 Feb 82 pp 59-68

TEXT OF ENGLISH ABSTRACT: The formulas for computing the bearing carrying of the composite brick column (longitudinal reinforced brick column with cement mortar facing layer) are proposed, which are based on the test results of 30 full-scale specimens with different ratios of reinforcement, slenderness, eccentricity, materials strength, etc.

A comparison with the specified formulas given in the current code shows that the results obtained by the proposed formulas are in closer agreement with the test results. The problems existing in the current code formulas have been pointed out and discussed in this paper.

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TITLE: "Stabilization of Collapsible Loess Subsoil by Alkaline Solution"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 1, 5 Feb 82 pp 69-80

TEXT OF ENGLISH ABSTRACT: Consolidation of collapsible loess by alkaline solution is a different method from the existing methods of chemical stabilization of soil and its realization is dependent on the producing of colloidal matter from the solution. The principle of the present method lies upon the fact that the soil grains can be consolidated mutually by the reaction of the alkaline solution with the soil.

This paper describes the theoretic principle of soil stabilization by the alkaline solution together with the results of experiments and experiences gained from actual practice. It has been shown that the main advantages of the given method are simplicity of construction, low cost, high strength and water tolerance of the stabilized soil.

9717
CSO: 4011/34

AUTHOR: DING Yuguang [0002 5940 0342]

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TITLE: "Reconstruction of Wet Rotary Kiln to Utilize Residual Heat for Power Generation: A Survey of 9 Cement Plants Using Residual Heat to Generate Electricity"

SOURCE: Beijing SHUINI [CEMENT] in Chinese No 1, 10 Jan 82 pp 18-24, 30

ABSTRACT: It is the conclusion of the paper "Economic Comparison of 3 Schemes for Reconstructing Wet Method Cement Plants" (SHUINI No 9, 81) that none of these schemes is beneficial. This paper offers a contrary viewpoint. In Nov 80, the author and colleagues conducted a survey of 9 cement plants in Harbin, Benqi, Wushun, Jinxi, Dalian, Gongyuan, Qixin, and Liulihe with a total of 23 residual power generating kilns in operation. As many kilns all over China are of 1920-30 vintage, the reconstruction cost varies so much that an average cost is meaningless. With respect to those kilns that were new in 1976-80, the cost is estimated at about 6 million yuan each and the economic benefits are calculated to be a saving of 12,163.5 tons of coal, a production of 24,300 kwh of electricity, and an increase of production of 80 thousand tons of cement per kiln per year. In this manner, the capital investment may be recovered within 2 years. The technical data of 23 kilns obtained from the survey are compared with data of similar kilns in Japan and the USA to support the viewpoint of the paper.

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TITLE: "Strict Scientific Management to Improve the Quality of Products"

SOURCE: Beijing SHUINI [CEMENT] in Chinese No 1, 10 Jan 82 pp 31-32

ABSTRACT: For many years, the extreme leftist ideology caused management confusion at Suqian Cement Plant. The production stayed around 20 thousand tons while the equipment capacity was 32 thousand tons. The quality of the products was unstable as well. A reorganization project was launched in 1977. Following theoretical computations, production data analyses, etc. a formula for mixing raw materials was determined to cause it to be reasonable for the production condition and the parameters of the clinker were controlled within a definite range. Throughout the plant, 17 quality control points were established providing concrete items of inspection and job responsibilities. Each batch of raw materials, such as limestone, clay, etc. and each shipment of fuel coal were to be analyzed in detail. The temperature of raw materials before entering the kiln, of the clinker before grinding, and of the cement before packaging was to be controlled at below 40°C and older stock in the warehouse was to be shipped out before newer stock. Since the introduction of these management procedures, the plant has produced 100 thousand tons of cement in 2+ years [1979-81 ?] and 100 percent of it meets the quality standard of the state.

6248
CSO: 4011/9

AUTHOR: None

ORG: Xian Hot Work Research Institute, Ministry of Electric Power; East China Electric Power Design Academy; Electric Power Construction Research Academy

TITLE: "Calculation of Pressure Drop in Pulverized Coal System"

SOURCE: Beijing DIANLI JISHU [ELECTRIC POWER] in Chinese No 1, 5 Jan 82 pp 7-12

ABSTRACT: As the capacity of boilers increases, the problem of equalizing the friction of the various pipes to insure even distribution of pulverized coal is becoming more important. Model experiments and on-site tests were set up to obtain real data for calculation. On the basis of summarizing these experiments, this paper discusses problems concerning the definition and computation of component resistance, friction drag of the pipes, localized friction of a single ell and that of a compound ell, the unstable precipitation of the powdered coal in the pipe, the throttling components, and the equalization of resistance of pipes of parallel connection. A method of computing the resistance or pressure drop of the pulverized coal system is preliminarily recommended. Finally, results of computation with the method are compared with results using methods recommended in the USSR and Japan.

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ORG: Bureau of Electric Power Construction

TITLE: "Conductor Sagging Adjustments in 500KV Line Sections"

SOURCE: Beijing DIANLI JISHU [ELECTRIC POWER] in Chinese No 1, 5 Jan 82 pp 27-31

ABSTRACT: For the purpose of preventing wear of conduction wire, tension machine was used to string the 500KV line in Pingwu and Yuanjin. New work procedures were adopted in order to utilize the work capacity of the machine fully. This paper introduces methods of computing the stress of the wire of the spaces between various conductors or transmission towers as well as for determining the permissible range of variation for spacing the towers based upon representative weather and terrain conditions of China in terms of these new work procedures.

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China Report

ECONOMIC AFFAIRS

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ECONOMIC AFFAIRS

No. 215

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NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON ECONOMIC CRIMINALS' PUNISHMENT

OW100823 Beijing XINHUA in English 0747 GMT 10 Mar 82

[Text] Beijing, 10 Mar (XINHUA)--An editorial in today's PEOPLE'S DAILY calls for a nationwide effort to help enforce the 8 March resolution of the National People's Congress Standing Committee to punish "economic criminals."

The paper says the resolution, adopted by the 22nd session of the Standing Committee of the NPC, is "an important decision in defense of the socialist system." "It is absolutely necessary and conforms to the desires of all the people," it adds.

The editorial accords with the recent effort to weed out and prosecute corrupt officials. "The cadres' ranks will perform official duties well... and socialist morals will have a new look," the paper says.

The article says China's policy of expanding economic relations with other countries has been important in the nation's modernization drive in the past 3 years. But, it says, a very small number of cadres have been corrupted by bourgeois ideas and "have collaborated with the scum of society in smuggling, illegal purchase of foreign exchange, speculation for huge profits, swindling, theft of public property, sale of rare cultural relics and acceptance of bribes."

Economic offenses, and some major cases in particular, are "a grave scourge on the socialist cause and the people's interests," the paper notes. "They have seriously interfered with the party's policies, disrupted economic order, undermined state economic construction and the socialist legal system, impaired state sovereignty, corrupted both cadres and people, and defamed the party's work style and social morals."

The paper says the NPC Standing Committee resolution provides serious punishment for economic offenders and says life imprisonment and even the death penalty may be levied in particularly grave cases.

"The party and the people's government have always advocated using capital punishment as little as possible," the paper says, "but the seriousness of a few economic offenses has reached such an extent the death penalty may have to be employed to beat down the offenders' arrogance and to educate and save others."

The resolution, the paper says, underlines that offenses by state functionaries must be pursued. "Some cases directly or indirectly involve officials in fairly responsible positions, and their shielding of offenders complicates the handling of some cases....Therefore, offenses by state functionaries will be dealt with more severely."

The resolution grants leniency to those who confess their crimes and threatens severity to those who refuse.

The resolution will go into effect 1 April and offenders who surrender to authorities, confess their crimes and expose others before 1 May will be treated according to the old laws. Otherwise, the paper says, offenses will be handled according to the new resolution.

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ECONOMIC MANAGEMENT

DEMOCRACY, LEGALITY IN ECONOMIC SPHERE NEED BOLSTERING

Beijing ZHONGGUO CAIMAO BAO in Chinese 31 Dec 81 p 2

[Article by Jia Chunfeng [6328 2504 1496] and Teng Wensheng [3326 2429 3932]: "Democracy and Legal System in the Economic Sphere Must Be Strengthened"]

[Text] The level of development of the democratic and legal system under socialism is a good indication of whether or not the superstructure of socialism is healthy and in good order, and to what degree. Due to a number of complicated historical factors, especially the severe damage resulting from the 10-year period of domestic turmoil created by the "great cultural revolution," the socialist democratic and legal system in our country is in a poor state of health and the democratic and legal establishment in the economic sphere in particular constitutes a weak link in the system. Since the Third Plenary Session of the 11th Party Central Committee, the Central Committee, having committed itself to the policy of developing the socialist democratic and legal system, has adopted a series of important measures to bring about a historic turning point in the establishment of our democratic and legal system. The establishment of our democratic and legal system has now made significant progress in meeting the needs of the projects of socialist modernization construction.

To make socialist democracy a form of government and a political system, it is first necessary to bring about and to develop political life. That, however, is not to say that socialist democracy is confined that that alone. To bring about and to fully develop socialist democracy naturally demands that democracy should be brought into each and every sphere of life in society, especially that of economic life, and that democratic control should be established and strengthened in such spheres. Unless the principle of social democracy is applied to each and every sphere of social life and is made a positive factor socially and historically among the people and the masses, it would be difficult to fully develop the creative aspect of the principle, to consolidate and to develop by political means social stability and unity, to make it possible for the government based on people's democratic dictatorship to faithfully ensure the welfare of the people, to take dictatorial prerogatives against the enemies of the people, and to safeguard the future development of our economic enterprises and all our socialist undertakings.

Considering the historical experiences we have gained since the establishment of the republic, the work we have actually done in the economic sphere and the needs of the four modernizations, it is incumbent upon us to strengthen the establishment of the democratic system in the economic sphere by placing emphasis on the following:

First, we should bring about structureal reforms and overcome the bureaucratic tendency in the work of economic administration. At the present time, our work in economic administration is seriously plagued by a multiplicity of departments, a plethora of organizations, a proliferation of levels, mutual recriminations, overstaffing, an excess of part-time jobs and jobs which exist only in name, a lack of mobility in the execution of orders and extreme inefficiency. For example, the fact that the number or organizations performing the same functions and the number of permanent and temporary organizations and working staffs have exceeded the highest figure in history is a good indication of the seriousness of the problem. This bureaucratic tendency runs counter to the system of socialist democracy. It presents a major obstacle to our effort to increase economic benefits, to explore new avenues to develop our national economy and to proceed with projects of modernization construction. Aside from the influence of old traditions and practices which have come down from the old society, the most important factor contributing to the creation of a bureaucratic society is a deplorable lack of understanding on our part of the laws governing the development of socialism and the imperfections in our socialist system itself. Although we have in the past waged a number of struggles against corrupt bureaucratic practices, the results have not been encouraging. The chief reason is that we merely stressed the need to wage a struggle in ideological education and in the ideological area and were only aware of the fact that bureaucratism was a legacy of the old society. We failed to appreciate the fact that bureaucratism interrelates to and interacts with the existing anachronistic economic system and to seek to overcome the problem by bringing about a change in the system. Unless we seek to eradicate bureaucratism by bringing about a change in the system, we cannot full activate the positive attitude of those engaged in the work of the nation and that of the masses. In his "Report on the Work of the Government" delivered at the 4th session of the 5th National People's Congress, Comrade Zhao Ziyang made clear the need to adopt measures to cure the ills of bureaucratism by bringing about a change in the system. He pointed out the need to reform and to simplify the system to increase efficiency in order to overcome the bureaucratic tendency existing in the political life of the nation and in the work of economic administration and to set a target date for the accomplishment of the task by the various departments of the State Council as a start. "While the system is being simplified," he said, "it is necessary to spell out by administrative decree the responsibilities and the powers of the various departments of the State Council and of the governments at various levels and the scope of responsibilities of various organizations and their staffs within the various administrative organizations. It is necessary to establish a strict system for the evaluation of, and for giving reward or dealing out punishment to, all those working for the state. It is necessary to correct the evil practice of putting the blame on other people, of procrastinating, and of showing an extreme lack of responsibility in performing one's duties, and to eradicate the practice prevalent in the government in indulging in

the shuffling of documents which serve to accomplish nothing." Through serious, practical and effective reforms of the system, we can rest assured that readjustments and reforms of the entire national economy can be brought about and that such reforms will lend great impetus to our undertakings. Furthermore, such reforms will improve the style and the method of our leadership and encourage large numbers of cadres, those in leadership positions and administrative personnel in the economic organizations at various levels to renew their spirit in dealing with actual problems, in going deeply into the masses, and in overcoming various difficulties in dedicating themselves to the service of the people so as to make themselves truly loyal socialist warriors for bringing about and ensuring the welfare of the people. The more cadres of this type that we have, the faster will be the development of socialist democracy, the more certain we will be that the social evil brought about by bureaucratism will be eradicated and the greater the hope for the accomplishment of the projects of modernization construction.

Secondly, it is necessary to bring about and to strengthen democratization in decision making in the economic and technical fields. By democratization in the process of decision making in the economic and technical fields is meant the full implementation and realization of the principle of socialist democracy in the process of decision making. The making of major decisions in the economic and technical fields must be preceded by detailed investigation and study, the weighing of the opinions and suggestions offered by economic and technical workers, the experts and the masses, and a full discussion and the presentation of scientific proof so that the decisions made may be in tune with the objective economic and natural disciplines, meet with the requirements for economic and technical development and are in line with the will and the benefit of the entire people. We must eschew the opposite method which goes against the principle and the spirit of democracy, that is, a method devised in a cavalier and subjective manner by people in leadership positions who shut themselves in their rooms and isolated from realities and the masses. Following the October Revolution, Lenin, in exercising leadership in the economic development of the Soviet Union, paid serious attention to the democratic and scientific process in the making of decisions in the economic and technical fields and set an excellent example in the actual implementation of such decisions. The "National Electrification Plan" adopted by the Eighth Congress of the Soviet Union in December, 1920 under the leadership of Lenin was formulated after the National Electrification Commission had spent 10 months in studying in detail all the facts, figures and materials and after it had analyzed and discussed all the ramifications on the basis of actual experiences. In order to formulate this economic plan and economic policy in a scientific manner, the National Electrification Commission recruited all the outstanding people in the country. Over 180 scientific and technical experts, including scholars, engineers, agriculturists and statisticians, who took part in the work assessed and checked every basic problem in the plan. Lenin, in rating the meaning and significance of the plan, called it " a truly scientific plan" and "a consolidated economic plan established on a scientific basis." At the same time, he castigated those in leadership positions seriously tainted by bureaucratism within the party who scoffed at and found fault with the plan for "casually criticizing the work of hundreds of outstanding experts," exposing the conceitedness of ignoramuses, and "adopting

a purely bureaucratic attitude in burying the work." "We should," he said, "learn to have some respect for science, to spurn the opinions of the laymen and the conceited and egoistic attitude of the bureaucrats, to engage in our work systematically, and to make use of our pratical experiences" ("Selected Works of Lenin," Vol 4, pages 470-473). What was said by Lenin demonstrates in a convincing way his dedication to the principle of democracy in the making of decisions in the economic and technical areas and his uncompromising determination to wage a struggle against the bureaucrats who made light of democracy and science. It is most meaningful to review the practical experiences and the comments of Lenin in providing leadership in the formulation of the Soviet Electrification Plan while we are engaged in making decisions in the economic and technical areas in a democratic and scientific manner. Although we have made certain efforts in this area since the founding of the republic, we have, on the whole failed to fully appreciate the importance of adhering to the principle of socialist democracy in making decisions in the economic and technical areas and to adopt the necessary measures. Particularly worthy of note is the fact that due to our leftist errors and our policy toward intellectuals, we have grossly neglected the need to enlist scientific and technical experts to participate in the work of making decisions with the result that we have failed for a long period of time to put on a sound basis the democratic process, the organizational structure and the entire system in decision making in the economic and technical areas and that the lack of exhaustive study and scientific verification of many economic plans, economic and technical policies and economic and technical measures has created enormous waste and damage. Since the Third Plenary Session of the 11th Party Central Committee, our party, making use of the lessons it had learned, has made significant progress and done a great deal of work in the democratization of the work of decision making in the economic and technical areas. Our present task is to go a step further in following the mass line and especially to make more effective and fuller use of experts and the workers concerned in the scientific, technical, administrative and economic fields in the process of decision making in the economic and technical areas and to create a favorable climate for them to participate in the work of decision making by such means as organization and direction. At the same time, it is necessary to set up as soon as possible a process and a system for the formulation, selection, checking and evaluation of various economic and technical programs. All major economic construction projects and technical decisions involving national policy and the livelihood of the people nationally and locally must be discussed and approved by the national and local peoples congresses or their standing committees. This is an important aspect in safeguarding the democratic privilege of the people and the masses in exercising control over the economic affairs of the nation and an important condition for ensuring the effective and healthy development of the national economy.

Thirdly, continued effort must be made to strengthen the democratic control of the enterprises by staff members, workers and the masses and to establish a close relationship between enlarging and upholding the sovereignty of the enterprises and the democratization of the administration of the enterprises. The strengthening and upgrading of the leadership of the party committees of the enterprises, the establishment of an authoritative and efficient production system under the direction of the heads of the factories and the full

realization of the democratic control of the enterprises by their staff members and workers are the three important elements in the efficient operation of socialist enterprises. One of the basic differences between socialist enterprises and capitalist enterprises is that in socialist enterprises, the employees are their own masters and the enterprises are under democratic control. If the operations of the enterprise are determined by a small number of people in leadership positions, the employees and the masses, deprived of any power, have no say in the making of decisions and in the management of such important matters as the production, operations and distribution of the enterprise, and no opportunity to exercise supervision over those in positions of leadership and management. In that situation, it would be ironical to say that the staff members and workers are the masters of the enterprises and it would be difficult to ensure that the enterprises would be developed in the socialist direction. The "Provisional Laws Governing the Congress of Employees of State Industries and Enterprises," which has not been promulgated, stipulates in a clear-cut manner that the Congress of Employees serves as a basic agent for the democratic management of the enterprises and that it is an organization which empowers the employees and the masses to participate in the making of decisions, in management and in exercising supervision over the cadres. The implementation of the laws would serve to heighten the feeling of responsibility of the employees and the masses as masters of the enterprises from both the organizational and the legal points of view and to ensure and to strengthen their democratic rights as their own masters and decision makers. Each and every enterprise must, as stipulated by these laws, establish, actively develop and perfect the system of the Employees Congress. While the work of reorganization is in progress, the enterprises must develop to the full the role to be played by the Employees Congress and make full use of the wisdom and creative talent of the employees and the masses. Otherwise, it would be impossible to improve and to reorganize the enterprises. One effective way to strengthen the democratic control of the enterprises is through engaging in animated ideological political work and education in the principles of Marxism, letting the progressive thinking of the labor class to take a leading role in the thinking of the entire body of employees, and using such progressive thinking as a matter of course to oppose and to overcome the erosion and influence of the ideas of the exploitation and non-proletariat classes, including vestiges of bureaucratism, capitalism, anarchism and ultra individualism. At the same time, a struggle must be waged against actions which are prejudicial to the interests of the nation and the collective welfare of the people. It is only thus that it is possible to exert meaningful control over the enterprises for the benefit of and according to the will of the working class and the masses instead of operating the enterprises according to the backward ideas of a small number of employees. That is what is meant by the democratic control of socialist enterprises.

There is a close and complementary relationship between democracy and the law. While engaged in strengthening the establishment of the democratic system in the economi sphere, we must at the same time strengthen the establishment of the legal system so that it may be effectively developed in such a way as to be capable of playing its role and fulfilling its function in improving the administration of the economy, maintaining the economic order and ensuring the development of the economy.

In the final analysis, the establishment of the socialist legal system as a political superstructure is made possible by the economic foundation of socialism, the interests of which should in turn be served by the socialist legal system. The most outstanding feature of modern socialist production are mass production, specialization and extensive cooperation. With the development of our economy and the socialization of our production there has been an increase in the degree of specialization and a closer and more complex system of relationships in the national economy. Under such circumstances, the gap between the economic foundation and the superstructure is bound to narrow, the legal ramifications of economic activities and the range covered by the law are bound to widen and laws are certain to play an incrasingly inseparable role in the development of the economy. In the economic sphere, the law is resorted to not only to reprimand its violators and to punish the criminal elements; it is also a mainstay in economic management. It assumes great importance in determining the form of economic organizations and economic enterprises, in protecting the legitimate rights of the various economic organizations, in providing a guideline for handling problems between different economic organizations, between buyers and sellers, between those who provide services and clients who make use of such services, and between producers and consumers, in settling various contradictions and conflicts of interest in various economic activities and in promoting a smooth relationship among the various sectors of the economy. It is for this reason that in resorting to administrative and economic measures in the management of economic affairs, we must also resort extensively to legal measures.

We have in the past failed to delve deeply and systematically into the relationship between the economy and the law, and we have been lacking in the understanding of the functions of and the role played by law in the national economy. The mistaken view is still maintained by some comrades that economic activities can be pursued without resorting to the law and that economic laws are not really essential. It should be obvious that this line of thinking is not untainted by the influence of certain traditional socialist theory and viewpoints. According to the traditional socialist theory and viewpoint, the law is merely related to the economic area of commercial commodities and that under conditions of the socialist planned economy, it is possible to adopt organizational and technical measures in the management of the economy without having to resort to legal measures. This obviously runs counter to the historical facts in the development of the socialist economy. Our failure to free outselves from such traditional theories and viewpoints will damage our positive attitude and our awareness in the need to strengthen the establishment of the legal system in the economic sphere.

Because our legal system in the economic sphere leaves a great deal to be desired, the law has yet to play its proper role in economic management. Our most pressing task is the simultaneous strengthening of economic legislation and economic judicature. In recent years, we have made great strides in the work of economic legislation. The government has formulated and promulgated a set of important economic laws such as "Laws Governing Joint Ventures With Chinese and Foreign Investment," the "Income Tax Law Concerning Joint Ventures with Chinese and Foreign Investments," the "Individual Income Tax Law," the "Regulations on Special Economic Zones in Guangdong Province," the "Regulations

Governing the Control of Foreign Exchange," the "Provisional Provisions Governing the Expansion of Autonomous Powers in the Administration of Operations of State-operated Industries and Enterprises." In addition, a considerable number of economic regulations are in the drafting stage. The work of economic judicature is also making good headway. Most economic judicial courts of the courts of law at various levels have been set up. However, in order to meet the needs of economic management and economic development, economic legislation as well as economic judicature must be greatly strengthened. Effort should be made to establish and to perfect the legal system in the economic sphere as soon as possible.

Due to the low level of the productive power in our society and the limited variety of our products, we are confronted with many difficulties in various quarters during the period of economic readjustment. Because of the lack of soundness in our administrative and economic laws and the system of the management of operations, there remain many weak links in the chain. On top of that, the weak and dispirited attitude shown by those in leadership positions in certain units in various localities and departments has made it possible for a small number of law breakers to engage in activities prejudicial to the interests of the socialist economy and to take advantage of the existing state of affairs to exploit the situation. At the present time, the various forms of criminal economic activities are running rampant in a large number of localities. They include illegal transactions in consumer products, speculative activities, smuggling and tax evasion, misappropriation of public funds, the stealing of public property, the misappropriation and stealing of government assets, the offering and accepting of bribes in the selling of government assets and promoting the sale of products, the abuse of authority over people, materials and finances, blackmail and extortion, sabotaging the national planning, withholding profits which should go to the government, the use of ingenious ways to misappropriate products and engaging in activities resulting in losses to the government and one's personal profit. These criminal activities must be firmly dealt with according to the laws of the nation. Cases of a particularly serious nature must be dealt with accordingly. As was pointed out by Comrade Zhao Ziyang at the 4th session of the 5th National People's Congress in his "Report on the Work of the Government," "We must, in addition to other measures, adopt the necessary legal measures to safeguard the economic order. In addition to the economic departments, the public security bureaus, the procurates, the law courts, the industrial and commercial administrations, the customs and the tax administrations must cooperate and coordinate in directing their efforts in dealing effectively and promptly with the various types of economic crimes according to the laws and the stipulations of the nation." It is only thus that we can ensure the smooth progress of the readjustment of the national economy and of the projects of modernization construction.

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DIFFERENT TYPES OF INTERNAL ECONOMIC ACCOUNTING SYSTEMS DESCRIBED

Beijing CAIWU YU KUAI JI [FINANCE AND ACCOUNTING] in Chinese No 12 (20 Dec 81) pp 30-31

[Article by Jie Guangfeng [6328 0342 6912] and Wang Qingcheng [3769 1987 2052]: "Forms of Internal Economic Accounting System To Be Adopted by Different Types of Enterprises"]

[Text] The system of economic accounting within plans has undergone great developments in recent years. In the 1950's, the so-called system of economic accounting within plants refers to the accounting of production costs in the workshop in a two-level accounting system, while the system we speak of now refers to a fairly comprehensive application of the principles of economic accounting and the establishment of a fairly regular system of economic accounting at the workshop level.

At present, many enterprises have adopted the system consisting of index breakdowns, funds determination, calculation of profit and loss, internal settlement of accounts and material rewards as the five basic methods for economic accounting within the plants. We agree that these five basic methods fairly aptly embody the correct method of handling the relationship among economic rights, economic responsibilities and economic interests within enterprises, and that they have been used with good effects in many enterprises. But they cannot remain unchanged forever. In addition to adapting themselves to the developments in the practice of economic management, they should take different forms to suit the special features of different types of enterprises.

Dependence of Internal Economic Accounting System on Scope of Enterprise Organization and Types of Products

There is a close relationship between the adoption of the internal economic accounting system on the one hand and the scope of the enterprise organization and the types of products on the other. The latter includes the varieties of products, the products and the technological process. For enterprises of large-scale organizations, which produce few varieties of products and have a simple product mix with little transfer of products between the workshops, it would be more convenient to use these five methods. However, for enterprises of small-scale organizations which produce many varieties of

products and have a complex product mix requiring frequent transfers of products from one workshop to another, it would be rather difficult to adopt all these methods for the following reasons:

First, for enterprises producing complex varieties of goods, these methods become very complicated because the many varieties of goods and the frequent transfer of semifinished products make the internal settlement of account difficult. The workload will be heavy and some enterprises will find it very difficult to set the prices for internal settlement of accounts. Second, if enterprises of small-scale organizations practice two-level control for two-level units (workshops and work teams) many expenses cannot be clearly classified. This not only applies to the expenses on the consumption of water, electricity, wind, air and other forms of power (because it is difficult to install separate meters to record the consumption) but also to wages and depreciation (because of the disposition of personnel and equipment according to changing current needs). Many expenses require certain coefficients for their apportionment and the results of different units can hardly be accurately determined. Thus a comprehensive adoption of these five methods will not produce good effects.

For these reasons, it would be inappropriate to adopt the same internal system of economic accounting regardless of the different types of enterprises. Instead, we should determine the form of internal economic accounting system according to the scopes of the organization of enterprises.

Basically Complete Internal Economic Accounting System

A basically complete internal system of economic accounting can be adopted by the medium-size enterprises producing many varieties of goods in a fairly continuous work process or by the small enterprises producing less varieties with simple production technology. The main feature of this form is that the procedures in the calculation of profits and losses are simpler in the workshops. All workshops can use the finally finished products as the basis of their accounting and individually work out their own direct processing expenses. The main difference between this and the usual system of economic accounting is as follows: First, the cost of transferred semifinished products is not accounted for. In other words, the semifinished products transferred from one sequence of operations to another are recorded only according to their quantities, but not their value calculated at the internal prices. Thus it is unnecessary to wait until the cost of the semifinished products received has been worked out, and then work out their own cost. Second, only the direct processing expenses in each workshop are accounted for. The other expenses, carried by the semifinished products such as power expenses on water, electricity, wind and air, which cannot be clearly divided, will not be apportioned among different workshops. The plant can calculate the production cost of products with methods which parallel step-by-step transfer from the cost of semifinished products in each workshop. By the end of the month, the expenses incurred by the products of that month will be worked out from the detailed cost records in each phase of production. Then the relevant indirect expenses and the enterprise operating expenses can be apportioned according to a certain coefficient, and the total product cost can be worked out.

The total prices of the products can be accordingly broken down into the prices of semifinished products processed at each workshop, and the result can be used to work out the profits or losses of each workshop. The total profits of all the workshops is the unitary profit for the whole plant. Under such conditions, neither the cost nor the price of the product is complete, but the bases of the two are identical. The internal profits worked out according to this cost and price method can be used to evaluate the workshops' economic results. The other several methods in the internal system of economic accounting can also be duly simplified.

The Incomplete Internal Economic Accounting System

The incomplete internal economic accounting system can be used on small enterprises producing many varieties of products in a fairly continuous production process. The difference between this system and the usual complete internal economic accounting system is that the procedures in calculating the costs and prices of semifinished products in the workshops are simpler. According to this system, accounting is only required on the main economic indexes, and material rewards aregiven on the basis of the fulfillment of various economic indexes. The specific methods are as follows:

(1) Index breakdown. The various economic indexes of small enterprises can be completely or partially broken down into the shares of different workshops according to the requirements and feasibility. The indexes for the workshops are mainly for the output, quality, consumption and the direct workshop expenses; and other subsidiary indexes for the fulfillment of these main indexes, such as the rate of attendance, the utilization of work hours and so forth. The workshops can conduct accounting for the various indexes in terms of either quantity or money. The size of broken down indexes for the workshops should be based on the size of the enterprise, the simplicity or complexity of the work process, and the level of management. In evaluating the efficiency of workshop management in a small enterprise, we should see if its output is up to the plan, whether the quality of products is up to the standard, and whether its consumption is on the conservative side. Expenses on water, electricity, wind and air, and depreciation expenses that cannot be conveniently apportioned can be included in the unified control and accounting of the whole plant. The semifinished products processed in the workshops can be accounted for according to the quantities but not the prices used for the internal settlement of accounts. This method will reduce the complicated work for the workshops in calculating the costs and prices and can at the same time reflect the conditions of production in the workshops. The workshops can further break down the relevant economic indexes for the work teams or the individual workers.

(2) Funds determination. The workshops of small enterprises generally do not have two-level warehouses for their materials, and there is no need to set the amount of reserve funds. It will be enough to set the amount of funds for the goods under production and a small amount in a circulation fund. Through a monthly inventory, we can find out how the funds are being used. The reserve funds, finished product funds and fixed funds can be separately kept by the departments concerned in the plant. However, a good all-round fund control is still necessary.

(3) Material rewards. The workshop accountants should keep a record of the way various economic indexes have been fulfilled and publicize the records (usually once a month). The way the indexes have been fulfilled will serve as the basis for the recording and rewarding of workpoints. The number of basic points can be based on different indexes, such as 40 points for output, 20 points for quality, 10 points for consumption, 10 points for use of funds, 10 points for attendance, and 10 points for work hour utilization. These points can be added or reduced according to the way the indexes have been fulfilled. For example, there should be additional points for the increased output of goods in short supply and for raising the standard of products; reduced points for turning out substandard products or excessive rejects; and deduction for accidents. Since the ways of fulfilling the economic indexes by different workshops are different, the recording of points and the bonuses are also different.

The system of internal economic accounting is a system with great flexibility in economic management within the enterprises. Adoption of the system of economic accounting can take many forms, but the basic requirement is that the vertical and horizontal relationships between rights, responsibilities and interests within the enterprise should be handled well. If we will adopt the complete, the basically complete and the incomplete forms of economic management for different enterprises according to their needs, we will be better able to serve them by letting the economic accounting system play a more active role and on a larger scale.

9411
CSO: 4006/288

FINANCE AND BANKING

MONETARY STATISTICS FOR END OF 1981 PUBLISHED

OW080512 Beijing XINHUA in English 1225 GMT 4 Mar 82

[Text] Beijing, 4 Mar (XINHUA)--China's monetary statistics for the fourth quarter of 1981 were published today in the fifth 1982 issue of BANKING IN CHINA.

China's foreign exchange reserves at the end of the fourth quarter of 1981 were U.S.$4,773 million, and gold reserves were 12.67 million troy ounces.

Total deposits amounted to 203,297 million yuan at the end of the fourth quarter, 37,433 million yuan more than at the end of 1980. Total loans came to 276,467 million yuan, 35,037 million yjan more than at the end of 1980. Of the various kinds of loans, short- and medium-term loans for buying equipment were 8,376 million yuan, 2,825 million yuan more compared with the end of 1980; industrial and commercial loans to collective and individual enterprises in cities and towns came to 9,915 million yuan, up 2,086 million yuan.

The money in circulation at the end of 1981 was 39,634 million yuan, 5,014 million more than a year ago.

Deposits in rural credit cooperatives by the end of the fourth quarter of 1981 were 3,961 million yuan, 4,727 million yuan more than at the end of 1980; and loans from the credit cooperatives were 9,638 million yuan, 1,474 million yuan more than at the end of 1980.

CSO: 4020/105

FINANCE AND BANKING

MEASURES TO IMPROVE TAX COLLECTION WORK OUTLINED

Beijing ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE JOURNAL] in Chinese 19 Jan 82

[Article by Liu Pinghai [0491 1627 3189]: "Strengthen Tax Management. Improve Tax Collection Work"]

[Text] For a long time the influence of leftist mistakes has weakened the management of tax collection. In recent years, the various parts of the country have summed up the lessons of the past and gradually strengthened the management of tax collection. Summing up past experience and some current practices, we have concluded that to strengthen management of tax collection, we need to stress the following areas of work:

1. Uphold the principle of "centralized leadership and multi-level management management." Taxation on industry and commerce has a great deal to do with policy and involves production, circulation, consumption and distribution. The collection and exemption of taxes and the amount of tax all affect directly the interests of the state, the enterprise, and the individual. This feature determines that taxation must be managed in a centralized and unified way. Therefore, any change in the state's tax policies, the promulgation and implementation of tax laws, the beginning and ending of taxation on tax categories, and the adjustment of tax items and rates should all be decided by the National People's Congress or the State Council. The interpretation of tax laws and the specific regulations on taxation and tax management should be issued by the Ministry of Finance or the General Tax Bureau. If this is decentralized with each department making its own policies, many conflicts will arise between regions and between enterprises, which will adversely affect the development of production. On the other hand, China is a huge country and economic development is uneven, so to impose uniformity in every specific stipulation is to overlook differences between localities. Thus the localities should be granted certain discretionary power in the matter of tax management. For example, the initiation and cessation of certain taxes and the adjustment of tax items and rates on such local taxes as slaughter-house taxes, city real estate taxes, vehicle and boat registration taxes, trade fair taxes, and livestock trade taxes should be decided by the provinces, centrally-administered municipalities and autonomous regions according to local conditions. This way we can both guarantee the uniformity

and serious nature of tax policies and make allowances for varying local conditions so that problems can be solved in light of local conditions, and tax policies can be carried out effectively to promote economic development. Past experience proves that correctly upholding this principle will bring both central and local initiatives into full play, so that the two will work together and do a good job of tax management and collection.

2. Strengthen the legal system of taxation, tighten the discipline of tax payment. Taxation is a legal means used by the state power to acquire revenue without compensation, so the legality of taxation must be emphasized. Current tax policies and decrees, whether they are promulgated by the National People's Congress, made public and implemented by the State Council, or formulated by the Ministry of Finance or the General Tax Bureau on their authorization, all have legal force. The tax laws and decrees contain clear and specific provision on the scope of taxation, the taxpayer, tax items and rates, tax deductions and exemptions, as well as procedures to deal with violations. All these provisions must be observed. All taxpaying units and individuals must register according to regulations, file tax returns truthfully, carry out their tax-paying duties conscientiously, pay their taxes on time and in full. To uphold the solemn nature of tax laws and decrees, all tax evasions and late payment should be dealt with either by requiring the payment of back taxes or by imposing fines as provided in tax laws. Serious cases of tax evasion and defiance should be prosecuted according to law.

In China, revenues from industry and commerce taxes come mainly from state and collective enterprises. So it is very important to see that these enterprises strictly observe their obligation to pay taxes and do so according to regulations. It should be stressed that enterprises must pay taxes immediately upon receiving payment of goods. When they fail to pay back taxes after repeated notices, banks should be notified to make payment by deduction. Should disputes arise over tax payment with tax departments, enterprises should pay the taxes first and then submit a report to tax departments at a higher level, and must not refuse to pay on any excuse. Only when tax payment discipline is strictly observed can we guarantee revenue for the state. Tax departments are organizations directly implementing tax laws and must at all times make tax laws their criteria of work and firmly safeguard the legality of taxation. Tax departments must be impartial in carrying out the laws, never practice personal favoritism, dare to uphold principles, and fight against all actions in violation of tax laws and decrees.

3. Strictly implement tax regulations. Experience in different places shows that to strengthen tax management we must persist in the following rules and regulations:

(1) Tax payment registration. This is the basis for departments to keep informed of changes in the production, management, and tax sources in enterprises and do its job well. All tax-paying units must register at their local tax departments when opening or going out of business. Through registration, tax departments keep informed of the number of taxpaying

enterprises and changes in their production and management and thus keep sources under control.

(2) Tax payment appraisal. This is the specific way by which tax departments implement tax policies, decrees, and rules and regulations at taxpaying units. Through appraisal, tax departments will define for the enterprises taxable categories, appropriate tax items, rates, procedures, and payment time limit, so that enterprises will be able to compute their payments accordingly. Appraisal will be examined and approved once a year. Revisions should be made promptly if conditions change.

(3) Tax payment counseling. This is a necessary measure to assist enterprises solve problems regarding tax payment before collection. Tax departments should inform and explain tax payment matters to enterprises in accordance with their specific conditions, and acquaint accountants with tax policies, decrees and payment procedures, so that they can compute tax payments accurately and improve the quality of account settling and filing of tax returns.

(4) Filing tax returns. This is a legal procedure for taxpayers in fulfilling their taxpaying duty. It is also the principal basis for basic-level tax departments to handle collection, verify payment amounts, and issue payment certificate. Tax departments must examine carefully the tax returns filed by enterprises to see if they fit with facts, if the items and rates are appropriate, if the computations are correct, and if the time limit is according to regulation, in this way ensure prompt and full payment by enterprises.

(5) Inspection of tax payment. This is an effective method used after collection to correct mistakes and stop loopholes, and to see that enterprises have correctly fulfilled their duty. Inspection is mainly to see how enterprises have carried out tax policies, to find out problems in production, administration, finance management, and cost accounting, to see whether enterprises have violated financial discipline, evaded or delayed tax payment. This work should be conducted regularly and in a planned way to guarantee state revenue.

4. Strengthen specific responsibilities in tax management. Tax management is a regular task in tax departments. Economic conditions these days are very complex. In addition to state and collective economy, there is a tremendous increase of individual economy, a rapid growth of trade fairs, a growing number of joint ventures by China and other countries, and enterprises financed by foreign capital. Work in tax collection and management is becoming increasingly heavy and complicated. To do this effectively, we must have a clear division of work, define specific responsibilities for specific positions, so as to do a detailed and thoroughgoing job of tax collection and management.

(1) There should be rational forms of management. Forms of tax management should be determined by the scope of the enterprises, the distribution of the industries, and the characteristics of the regions. Work force should be

organized rationally according to specific conditions so that there is somebody responsible for every work unit and every link of work.

(2) Insist on personal responsibility system for tax managers. There should be clearcut definitions of tax managers' tasks, scope of responsibility, and work quality. Tax managers whose negligence in work results in tax evasion and non-payment should be subjected to criticism and education, and investigation to determine their responsibility. All acts of dereliction of duty and bribe-taking should be dealt with sternly.

(3) Strengthen professional training and raise tax managers' policy and professional level. Training should take various forms to continuously raise the policy and professional level of tax managers. Conditions should also be provided for them to learn through actual work and develop as quickly as possible the ability to perform their specific duties in order to meet the growing needs and complete their tasks more effectively.

9924
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FINANCE AND BANKING

JIANGXI MEETING REPORTS ON CHECKING ENTERPRISE FINANCES

OW261115 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 25 Feb 82

[Text] The Jiangxi provincial people's government held a telephone conference on the evening of 24 February to make arrangements for more effective inspection of financial work in enterprises.

Wang Zhaorong, Standing Committee member of the provincial party committee and vice governor of the province, presided over the conference. Zhang Ruiqing, head of the State Council inspection section and vice minister of finance, attended and addressed the conference.

Present were responsible persons of prefectural administrative offices, municipal and county people's governments, of units concerned and of concerned departments directly under the provincial authority.

The conference noted: Achievements have been made in earlier inspection of enterprises' financial work in the province. However, this initial inspection shows that the problems in enterprises' financial work in the province are serious. In appearance they are economic problems, but essentially they are problems in the ideological field and in the party's work style and party discipline. This initial inspection also shows that there are many problems in enterprise management in the province. However, it should also be noted that achievements have been the main aspect of enterprise management in the province. By examining and dealing with these problems, we will be able to do a better job of enterprise management.

The conference set forth concrete requirements for conducting a more effective inspection of enterprises' financial work. It pointed out: First, problems must be thoroughly examined; and second, those problems that have been examined must be dealt with. It is now necessary to seriously deal with major cases. Those involved in economic and smuggling cases must be made to pay for the losses suffered by the state; in serious cases, those involved should be punished according to the law. Enterprise regulations that are neither reasonable nor legal should be done away with. In the course of the current inspection, all enterprises and units should start studying how

to consolidate and perfect their financial system and formulate new regulations in the light of the new situation. In the current inspection, it is necessary to grasp typical cases, both positive and negative, in order to check unhealthy trends and foster a spirit of uprightness.

In some departments, problems involving their leading bodies have been discovered. Although leading cadres of those departments have not been engaged in graft or have not taken bribes themselves, they have not dealt with their departments' problems even after stalling for a long time. This shows that they are not suitable for their leading positions and should be transferred to other jobs. Leading cadres who are questionable, practice factionalism, shield one another or even openly resist inspection should be removed from their posts.

The conference stressed: the current general inspection of enterprises' financial work must be carried out resolutely and well. The inspection of enterprises' financial work should be linked to the reorganization of enterprises, and should be regarded as a breakthrough in the reorganization of enterprises. We must not stop until we have achieved the objectives of inspection.

CSO: 4006/350

CONSTRUCTION

SICHUAN MOVES TO CURB BLIND CAPITAL CONSTRUCTION

Chengdu SICHUAN RIBAO in Chinese 31 Jan 82 p 1

[Article by staff reporter Xia Rong [1115 3310]: "Strengthen Planning and Management of Capital Construction, Firmly Curb Redundant and Blind Construction"]

[Text] The principal responsible comrades of the provincial people's government, at a recent economic forum, discussed the fact that redundant construction and blind construction constitute one of the problems that for a long time have not been well solved on the capital construction front, and it seriously affects the upgrading of economic results and the development of industrial and agricultural production and construction.

From what I understand, in the past 2 years some industrial departments and areas in our province, in order to increase their so-called financial income, have blindly put up many paper mills, tea processing factories, silk mills, leather factories, saltworks, and other light and textile industry works, which compete with older works for raw materials and markets. Within 2 years, the three systems--spinning and weaving, communes and production brigades, and the two light industries--have newly built or expanded the silk filature capacity by 200,000 threads, so that the province's total capacity is 360,000 threads, 1.25 times greater than the province's former capacity. Based on this capacity, last year's and this year's production of solk could total 10,180 tons of solk, but only about 1.8 million dan of solkwork cocoons can be purchased, a shortfall of over 200,000 dan, and the problem of large capacity and insufficient raw materials has already appeared.

Coupled with the fact that technical training has not kept pace, the quality of the silk is poor, which adversely affects its export. The forecast for the province's requirements for gunny sacks over recent years was about 10 million, but the capacity of 6 gunny sack factories now being built is 20 million, so that when they all go into production half of them will have no market. The state-run capacity for producing superfine tea had been basically suited to the amount of tea leaves purchased, but in the past 1 and 2 years the communes and production brigades have been blindly operating 300 tea processing factories so that the total production capacity has reached about 1 million dan. Last year only 500,000 dan of tea leaves were purchased, so that the processing capacity was double the amount of tea leaves purchased. There is also a trend toward blind development in the construction of breweries.

The leading comrades of the provincial government have paid full attention to the problem of duplicative and blind construction, and the provincial-level departments responsible for the economy have taken the necessary measures for strengthening the planning and management of capital construction and for following strict examination and approval procedures. These specific measures are: for all products whose existing production capacity exceeds the possibility of supplying energy and raw materials for them, no new factories are permitted to be built; for all products whose existing production capacity is greater than society's needs, development must be stopped; all enterprises already under construction must put forward suggestions for dealing with the problem and report them to the original approving organs for examination and approval; and enterprises which compete with large works for raw materials and markets, whose product quality is low, and which have no prospects for development should conscientiously study how to change their product orientation.

In order to curb duplicative and blind construction, everybody must be aroused to give this problem sufficient attention. The planning commissions and construction commissions at every level, and the finance, banking, designing, and construction departments at all levels, must divide up the work and coordinate, closely cooperate, and conscientiously carry out checkups so as to insure the further successful carrying out of the readjustment of the national economy.

9727
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DOMESTIC TRADE

IMPROVED TAILORING SERVICE IN SHANGHAI REPORTED

Shanghai JIEFANG RIBAO in Chinese 28 Nov 81 p 2

[Article by JIEFANG RIBAO correspondent Hu Minqiao [5170 2404 3061]: "Contradiction in 'Difficulty in Getting New Outfits Made' Alleviated After Expansion of Processing Capacity for Materials Supplied by Customers"]

[Text] In past years, the contradiction of the "difficulty of getting new outfits made" was always keenly felt at the approach of the autumn-winter season. How about this year? We understand that the Municipal Garments, Shoes and Hats Company has adopted a series of new measures since early summer to deal with this situation. Judging from the present situation, we can see that the contradiction has been much alleviated. Now, although many large and well-known stores are accepting only limited amounts of material every day, there is no longer any refusal to accept materials for processing. Many garment stores can complete the tailoring of chemical fiber garments and woolen trousers for men and women for delivery in 2-3 weeks. The delivery dates for women's woolen dresses, overcoats and Western-style cotton-padded jackets are also earlier than last year. In alleviating the contradiction of "difficulty in getting new outfits made," the garment trade has adopted a number of measures to tap potential as follows:

1. Increase in network outlets and acceptance of more varieties. Formerly, there were altogether 142 state-run stores or cooperative stores in the whole municipality accepting materials for processing. Now the number has been increased to 167, an increase of 25. The number of garment stores accepting materials for processing into men's outfits has also been increased from 81 to 107; and the number of stores making Chinese-style cotton-padded jackets has been increased from 25 to 46.

2. Increase of production personnel and expansion of processing capacity. According to statistics, the personnel of state-run and cooperative stores processing materials supplied by customers has been increased by 646 persons. At the same time, all units have actively hired extra people to assist in the work so as to expand the capacity for processing supplied materials into men's woolen outfits.

3. Processing supplied materials now included in indexes for evaluation. Formerly, there were only four major indexes--namely, marketing, profit and expenditure rates and the turnover of funds--for evaluating the performance

of basic level stores. Since the start of the second half of this year, processing supplied materials has been listed as an index for evaluation, and any unit not enthusiastic about accepting materials for subjective reasons, and thus failing to fulfill this index, will have its bonus funds reduced.

4. Planned subsidy and reformed wage system. Since the processing of supplied materials yields low output value and little profit, suitable subsidies have been granted since the beginning of this year. This measure has to a certain extent aroused the enthusiasm of the basic-level stores. Furthermore, since last August, the state-run garment stores in the municipality have introduced the system of piecework wages for half of the above-quota output, which has further aroused the enthusiasm of the broad masses of workers and staff members.

Since the adoption of these measures, altogether the entire trade has accepted materials to be made into more than 202,500 garments of various kinds, an increase of 6.3 percent over the same period last year. Among these garments, more than 86,200 of them were made of woolen fabric, an increase of 48.62 percent over the same period last year. Among these woolen garments, the number of outfits and overcoats for men and women totalled more than 52,500, an increase of 80.41 percent over the same period last year. However, because of the continued increase in people's consumption, the purchases of woolen fabric, silk and other high-grade materials to be processed into garments have also continued to increase. At present, the demand for processing men's woolen outfits and overcoats has greatly exceeded the actual processing capacity in the garment trade. Therefore, despite the great efforts of the workers and staff members in the garment trade to tap potential, they still can find no way to meet the demand. According to statistics, in September, the garment trade in the municipality altogether produced more than 35,200 woolen garments, an increase of 41.94 percent over the same period last year. However, by the end of the month, there were still more than 51,900 pieces, an increase of 70.16 percent over the same period last year, left to be made. Because of the huge number of orders on hand, many stores are now unable to accept any more materials for making men's woolen overcoats or outfits. The garment trade is now strengthening its weak links, stepping up cooperation in processing, organizing labor emulations, and since the beginning of November has revised the piecework wages for above-quota output in order to further arouse the workers' enthusiasm for processing supplied materials. At the same time, it is hoped that the industrial departments will also tap their potential and set aside some resources to restore and add more retail departments to accept materials for processing in a common effort to alleviate the contradiction of "difficulty in getting new outfits made."

9411
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FOREIGN TRADE

IMPROVEMENT OF FOREIGN TRADE MANAGEMENT DISCUSSED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 4, 20 Aug 81 pp 44-46

[Article by Zhou Huamin [0719 5478 3046]: "Foreign Trade System and Management Results"]

[Text] Just what is the best system for China's foreign trade is a question which interests everyone. Our foreign trade system in the past had the following characteristics: (1) The Ministry of Foreign Trade monopolized the import and export business and made unified accounting of the profit and loss. (2) The branch corporations in the various areas were under the dual leadership of the general specialization corporation and the local foreign trade bureau, and were subordinated mainly to the former in business leadership and financial relations. (3) The business dealings between the inland corporation and the coast was a relationship of transfer whereby the inland corporation organized the sources of commodity to supply the coastal unit for export, and a foreign trade center with the coastal unit as the main component was formed. (4) Large commodities of a national nature were handled by the general specialization corporation and delivered severally by the various areas.

How do we assess the superiorities and defects of the foreign trade system? We must analyze it from the angle of the economic demands of the foreign trade work of the state. Generally speaking, a good economic system will produce good economic results. In terms of export, the goal of our foreign trade work is doubtlessly to sell commodities according to plans at the best price. To attain this goal, three conditions are required: (1) Foreign trade enterprises must have business accounting in mind and the desire to seek the best price. (2) Unified external measures are needed and self-competition must be reduced to the minimum. (3) The production units must feel an interest in exporting and have the capacity to create new varieties, raise the quality and improve the packaging, striving to attract the purchasers with their own products. Measured against these three conditions, our previous foreign trade system had its defects, which were mainly manifested as follows: The foreign trade enterprises shared equally in the large canteen cauldron, failed to

pay attention to business accounting, and sometimes cut prices to compete against one another in their one-sided pursuit of the export quota; unified foreign trade was maintained solely by administrative intervention and there was no economic stimulation; the production units did not understand foreign marketing, failed to undertake the responsibility of completing the export tasks, and lacked the inherent ability to improve the export products.

The measures to reform the foreign trade system adopted by us last year include the following: (1) Special policies and flexible measures were adopted for Guangdong and Fujian, and foreign trade was freely developed. (2) The productive enterprises possessing export qualifications may, upon approval and under the premise of independent accounting and sole responsibility for profit or loss, engage in the export business. (3) Business management powers were transferred to the municipalities of Beijing, Tianjin and Shanghai, and general import corporations of the municipal level were created which assumed sole responsibility for profit or loss of their own areas and managed the foreign trade business of the municipal branch corporations. (4) The tri-city system was introduced in inland provinces and foreign trade business was fully opened up. Will such measures avoid the defects of the old system and attain favorable economic results? It seems that there are many loopholes. First of all, the business relationship between the general specialization corporation and the branch corporations in the provinces changed from one of leadership to one of guidance. As a result, words no longer carry weight, creating confusion in foreign trade management. The light industrial general corporation, for instance, wanted to organize a "China Cloth Shoes Export Federation" to unify the management of export cloth shoes, but was unable to proceed because some provinces and municipalities refused to participate. One should say that our previous unified foreign trade work was sharing equally in the large canteen cauldron. Yet today, the competition among the provinces, municipalities and prefectures, and even among the enterprises, the lack of an overall concept and the failure to reach uniformity on prices and other aspects of export commodities constitute the greatest defect of the tri-city system. Next, the rational flow of export commodities with the coastal units as the centers is disrupted. The coastal units possess foreign marketing personnel, but they have no authority to proceed inland to organize commodity sources; the inland units have the commodities, but they lack the marketing ability. The personnel are not put to their best possible use and the resources do not flow smoothly. Thirdly, the transfer of export business to the lower level has not accomplished the goal of sole responsibility for profit or loss and independent accounting on the part of the enterprises, but merely changed the previous unified accounting of the Ministry of Foreign Trade to that of the local areas, and changed from taking much from the "common pot" to only taking a little from it. In terms of the enterprises, while there has been no essential improvement, many new contradictions have emerged. As the composition of the export commodities of the various provinces and municipalities is different and the ratified exchange cost may be either high or low, the areas where the cost is high go to the areas where it is

low to seek commodity sources, creating the situation of raising prices and rush purchasing. With external price cuts to compete for market and internal price hikes to compete for purchases, how can foreign trade management be successful?

The previous foreign trade system required reform. However, the direction of reform should be placed in enlarging the self-governing power of the economic entities (enterprises and enterprise federations); its course should be by way of experimental units and gradual progress according to the proper order; its goal is to promote the improvement of operation and management, uniformity in foreign trade, and activation of the enthusiasm of the production units. Here, I wish to discuss my views.

1. How does the reform promote the improvement of operation and management? The foremost measure is independent accounting and sole responsibility for profit or loss on the part of the enterprises. Today, the greatest obstacle for the foreign trade enterprises to assume sole responsibility for profit or loss is the discrepancy between internal and external prices. The prices of some commodities, for instance, are high at home and low abroad, resulting in a loss when exported, while the prices of others are low at home and high abroad, producing a profit when exported. How do we solve this problem. There are only three methods: reform the price structure; adopt differential exchange rates; introduce the system whereby the enterprise takes sole responsibility of the undertaking regardless of profit or loss. It appears that the first two methods are relatively more difficult, while the third may work. Possibly we can first select a group of branch corporations with relatively good management conditions as the experimental units. The first step is to determine the total exchange cost (so many yuan for $1) of the branch corporations according to the actual results of operation and the total profit or loss of the previous year and reward those increasing their profit and reducing their loss. Thereafter, the exchange cost and profit or loss of several large commodities within the corporations are compiled and section and group accounting introduced. Additional batches of commodities are placed under accounting every year, gradually intensifying. As the structures and proportions of the commodities handled by the various branch corporations are different, differences in the total exchange cost are permitted, but the exchange cost of the same commodities should gradually move toward uniformity, in order to encourage the advanced and select the superior for export. We advocate that the small plants refrain from competing for raw material with the large plants in domestic production, and we should also advocate that, in export, the provinces and municipalities with high exchange costs refrain from competing for market with those with low exchange costs. Meanwhile, we must also avoid the situation where the provinces and municipalities with high exchange costs raise prices to make purchases in other areas. If so, the improvement of the operation and management of foreign trade enterprises is hopeful.

2. Uniformity is an important policy on our socialist foreign trade. Only with uniformity will we "prevent the outflow of benefit." Sole responsibility of the enterprises regardless of profit or loss will promote uniformity in foreign trade. Only on such basis will the enterprises be impelled to think of their own economic interests and consciously observe the foreign trade measures jointly formed. If it can be supplemented with legislation on external economic activities, it will be even better. Uniformity in foreign trade requires the general specialization corporations under the Ministry of Foreign Trade to strengthen the management of the market, customers, and prices. Degrading the leadership relationship between the general specialization corporations and the branches in the provinces and municipalities to one of guidance is undesirable. It requires strengthening the position of Beijing and the large coastal bases as the centers of foreign transactions and concentratively utilizing the foreign marketing forces. Transactions on all large commodities of a national nature should be handled in Beijing in a unified manner, to be delivered severally by the provinces and municipalities. Coastal transaction centers should be organized for unified handling of large commodities of a regional nature. Such centers are organizations in the nature of enterprise federations, and the general specialization corporations participate in their leadership.

3. Permitting the production units to engage in foreign trade is also an important measure in the reform of the foreign trade system. To engage in foreign trade, the production units must possess certain conditions, such as whether they have foreign marketing personnel and whether they can assume sole responsibility for profit or loss on the commodities handled by them. If the conditions are present, the kinds of commodities to be handled by them must also be specified. Last year at the fall trade fair, it was discovered that enterprises exporting machine products promoted the sale of kerosene stoves at low prices, thereby disrupting their normal export. The situation must be prevented. In regard to the production units which do not directly engage in export business, industry and trade must maintain close cooperation and mutually exchange information, so that the production units can promptly understand the market conditions abroad and the foreign trade units can have a clear idea of the production cost, thereby overcoming the defect of production and marketing losing touch with each other.

The differential exchange rate mentioned in this article means deciding on different exchange rates according to the price differentials of the different commodities in foreign and domestic markets, such as 5.50 yuan per $1 for import and export household electrical appliances, 4 yuan per $1 for import and export general market resources, etc. As this work is relatively complex, we should explore it further. It must be pointed out that the management of foreign exchange and the determination of the exchange rates are closely linked with the development of foreign trade. Centralized management and planned and rational use of foreign exchange constitute an important principle in our foreign exchange management. However, under the principle of centralized management, within the business range of the foreign exchange banks, the suitable liberalization of

foreign exchange dealings between socialist enterprises may benefit the improvement of export commodity management, reduction of unnecessary export losses of the state and enhancement of the economic results of foreign trade. Currently, the export exchange cost of some commodities is very high (over 4.50 yuan per $1, far beyond the internal subsidized export exchange rate of 2.80 yuan to $1). On such commodities, if we arbitrarily prohibit their export, it will certainly affect employment; if the state assumes the export losses for an extended period of time, it will be unfavorable to the improvement of the operation and management of the production enterprises. The measure satisfactory to both sides is to let the production units assume the sole responsibility for profit or loss on certain high loss commodities, to exclude the export foreign exchange receipts from the state plan on the use of foreign exchange, and to free the state from being responsible for their export losses. The foreign exchange receipts after export are considered the reserve of the enterprises themselves and may, through the foreign exchange office of state foreign exchange banks, be sold to units in urgent need according to prices agreed on, or the enterprises may, on their own initiative, ask the import and export corporations concerned to import commodities for them, thereby offsetting the export losses with their import profit.

Currently, to improve the management results, reverse the foreign trade losses, eliminate the fiscal deficits, and render better service to the readjustment of the national economy, we must concentrate on the following items of work in foreign trade:

The first is called increase. While we must enable foreign trade to complete the import and export tasks and provide relatively more profit to the state, we should vigorously develop the production of commodities of relatively low cost to expand export or reduce import. Every year, we burn up tens of million tons of petroleum. If we can replace it with coal and increase the export, we will acquire a large export profit as well as a sizable foreign exchange for the state. It is an issue calling for our concentrated effort. Meanwhile, we must not overlook the development of the export of relatively low cost agricultural by-products. China's rural population is of an overwhelming majority. As long as the policies are correct, the potential of output increase is great. According to the conditions in 1979 and 1980, the increase in the export of agricultural by-products and special native products was greater than light industrial products. We should create a group of agricultural by-products production bases, improve the varieties, increase the output and expand the export as much as possible. For light industrial and textile products to get a good price, we must mainly rely on superior quality and rapid innovation in design and coloring, and make the designing ability and the speed of diesinking keep pace.

The second is called decrease. We must moderately reduce the import volume of a batch of unprofitable commodities and the export volume of a batch of high loss commodities. For this reason, we must line up the unprofitable import and export commodities according to order. We lose,

for instance, 1.36 yuan on the import of $1 of wheat, 1.53 yuan on that of $1 of chemical fertilizer, 1.50 yuan on that of $1 of cotton, and 1.60 yuan on that of $1 of paper pulp. We must weigh the sizes of the losses, select the items involving large losses for reduction, and reduce the losses as much as possible. Naturally, we must consider resource balancing at home when reducing import. Reducing the export of high loss commodities is also a means to decrease the loss and increase the profit. For many of our products, we suffer a loss of 1.70 yuan or more for every $1 exported, and for some commodities, such as cigarettes and fiberboards, there is a shortage at home. Therefore, if they are kept at home and used to help currency circulation, the economic results will be much greater than exporting them. In reducing high loss export commodities, we must follow three different principles: (1) liberal on high-supply products and strict on short-supply products; (2) liberal on products affecting a wide area of employment and strict on those affecting a narrow area; (3) liberal on products of low production cost and high taxation profit and strict on those of low taxation profit. In case of increase in difficulties for the production units due to the export reduction of some high-supply commodities, we should devote our effort to raising the adaptability of the products for foreign marketing and reducing their production cost.

The third is called adjustment. We should adjust the import and export commodity plans according to the principle of rational management. There should be the following adjustments: (1) On certain import raw materials with similar use and interchangeable, we should increase the proportion of the profitable varieties and reduce that of the unprofitable ones. The import of polyester, for instance, is profitable and that of cotton unprofitable. If we import 100,000 ton less of cotton and a like amount more of polyester, we will cut the loss and increase the profit by 627 million yuan. (2) For the same kind of export commodities, there is a big difference in the export exchange cost for the various areas. Take the following articles for instance: For bicycle parts, Shanghai's exchange cost is 4.10 yuan per $1, Jiangxi 4.28 yuan and Beijing 5.92 yuan; for enamelware washbasins, Jiangsu's exchange cost is 2.92 yuan per $1, Shaanxi 3.50 yuan and Hebei 5.12 yuan. For this reason, we should select the superior for export and restrict the export of products in areas with a high exchange cost. (3) The fact that some commodities are both imported and exported is unfavorable to us. The import and export of each ton of newsprint, for instance, result in a loss of $100; the import and export of each bicycle result in a loss of $10. We can no longer engage in such business with a fancy name but actual harm, and should introduce the measure of differential import and export. For some commodities, such as wristwatches, though we both import and export them, their import will enrich the market and help currency circulation while their export will lay a foundation for occupying the international market in the future.

The fourth is called economy. A glass utensils plant in Sichuan imported an automatic cup blowing machine in 1975 and owed more than 3.5 million yuan. It lost money after putting it into production and still cannot

repay the debt even today. Beijing imported a set of equipment to make fluorescent tubes which has been sitting in the warehouse for 5 years. Controlling the import of high-level consumer goods is also an effective way to save foreign exchange. High-level consumer goods are divided into public and private consumption. We must be as strict as possible when it comes to commodities purely for public consumption, such as small sedans. Commodities for private consumption have the effect of helping currency circulation, stabilizing commodity price and improving the people's living, but their import must also be controlled, in order to avoid affecting domestic production and overstocking. We were relatively confused in this aspect last year. Besides the items imported according to the plans of the central government, the various areas used their own foreign exchange to import 800,000 television units and 400,000 tape recorders. This loophole must be blocked this year.

6080
CSO: 4006/340

FOREIGN TRADE

SYMPOSIUM HELD ON PACKAGING OF EXPORT COMMODITIES

Taiyuan SHANXI RIBAO in Chinese 18 Jan 82 p 2

[Article by Zheng Dianbao [6774 0368 1405] and Ma Zhiyuan [7456 5268 6678]: "Shanxi Foreign Trade Bureau Holds Province-wide Packaging Symposium to Improve Packaging Design and Decoration for Export Commodities"]

[Text] To meet the needs of an ever-growing foreign trade, the Shanxi Provincial Foreign Trade Bureau recently held a province-wide symposium in Taiyuan on packaging of export commodities with a view to improving package designs and decorations and packaging quality.

The symposium reviewed and summed up foreign trade packaging work in the past year, carefully studied and exchanged experience on how to improve the allocation and supply of packaging materials for Shanxi's export commodities this year, the manufacture of package containers, package design and decoration, and advertising and promotion at home and abroad.

The symposium put on an exhibit comparing package designs and decorations of Chinese and foreign commodities, showed videotapes on product packaging in other countries, and explored from a theoretical viewpoint the role played by packaging in the entire commodity circulation process. The symposium held earnest discussions on a number of questions, including: How to actively support and develop the packaging industry in the province; how to gradually change the province's foreign trade packaging industry from one supplying packaging materials to one supplying packaging containers, from one importing packaging materials into the province to one exporting the province's packaging materials and containers; and how to constantly improve packaging quality and lower costs.

Participants to the symposium pointed out that the symposium, the first of its kind in the province, had helped liberate the minds of the participants, broadened their views, increased their understanding, and enhanced their confidence in improving package design and decoration.

9924
CSO: 4006/298

TRANSPORTATION

DOMESTIC AIRLINE DEVELOPMENT REVIEWED

Beijing HANGKONG ZHISHI [AEROSPACE KNOWLEDGE] in Chinese 6 Jan 82 pp 2-3

[Article by Xu Hongjia [1776 7703 0857], Planning Bureau, China Civil Aeronautics Administration: "Civil Aviation Administration of China Domestic and Special Flights"]

> [Text] Editor's Note: As of the end of 1980, China's internal air routes numbered 159 covering a distance of 200,000 kilometers, reaching 79 cities, more than 500 flights each week being flown. In addition, China is now capable of performing special flights for aerial afforestation, forest protection, photography, and ore prospecting for a total of more than 10 different kinds of jobs. Area of operations covers 29 provinces (or regions) and municipalities. As of the end of 1980, flight had been flown for an accumulated more than 600,000 hours.

From their inception in 1929, old China's civil aviation endeavors had always been controlled by imperialism and bureaucratic capital. Development was extremely slow; aircraft were antiquated, airfields were in disrepair, and facilities were backward. On the eve of Liberation, all that remained were several seriously damaged airfields.

Following the founding of New China on 1 October 1949, the Civil Aviation Bureau was founded on 2 November in which was assembled a group of cadres who began to build civil aviation endeavors. On 9 November the broad masses of staff and workers of the Chinese Central National Aviation Company, their hearts filled with patriotic zeal, resolutely defected flying 12 aircraft to Hong Kong. Nearly 4,000 employees returned to the motherland. During the period of national economic revival, under the leadership of the party, the broad masses of staff and workers in New China's civil aviation surmounted difficulties of many kinds to gradually restore the formerly tattered aircraft and communications, navigation, and meteorological equipment at major airfields. In August 1950, two routes from Tianjin to Wuhan to Guangzhou, and from Tianjin to Wuhan to Chongqing were formally inaugurated. Thereafter the people's civil aviation endeavors developed rapidly.

During the past 30 years, in order to meet needs for development of the socialist national economy and of construction, the state invested funds in civil aviation, did new construction, enlarged airfields, renovated aircraft, added facilities, operated flying schools, and enlarged repair plants. Now civil aviation has built a group of large airfields capable of handling jet passenger planes under complex meteorological conditions, has a substantial number of aircrews for various types of aircraft, has established a special flying school and a civil air academy, an aircraft maintenance base, and four aircraft and communications and equipment repair plants.

Now an internal air network centered on the capital at Beijing radiates to every province, municipality, autonomous region, and large city in the country, and connects the seacoast with the interior, and the interior with the frontiers. Since 1958, and in coordination with local governments, southeast, northwest, and northeast regional airlines have been inaugurated. The opening of these regional airlines dovetails with the internal trunk lines, thereby further strengthening the link between the national capital and provincial capitals, and between provincial capitals and certain special zones or industrial cities. This has transformed the situation of inaccesibility to transportation of some areas, and has promoted political, economic, and cultural development of these places. Statistics show that as of the end of 1980, 120 of the country's internal airline routes were trunk lines, and 39 were regional routes, flights covering a distance of 106,000 kilometers, serving 79 cities with somewhat more than 500 flights per week. During the past 30 years, total amount of turnover in transportation has averaged an annual 20 percent incremental increase annually.

Following Liberation, the state attached extreme importance to and gave priority consideration to establishment of an air network to distant places and to places to which transportation was not developed. Following the opening of flights to Chongqing in 1950, the "aviation forbidden zone" was broken through in 1956 with flights across the "roof of the world" on the Tibetan Plateau in a successful test flight to Lhasa. In carrying out test flights, the aircrews who had defected, and other comrades made major contributions and built merit. Today that route has become the major transportation route between Lhasa and the interior. In recent years, in order to meet China's tourism needs, civil aviation in China has constantly inaugurated new routes to cities opened to tourism, has enlarged airfields, and increased the number of flights. In 1979 alone, it increased by 14 the number of internal air routes. Now there are direct flights among the eight major tourist cities of Beijing, Shanghai, Guangzhou, Xian, Hangzhou, Guilin, Nanjing, and Kunming, and large jet passenger aircraft can take off the land at these places. As a convenience to compatriots from Hong Kong and Macao participating in the Guangzhou Fair and visiting the country to do sightseeing or visit relatives, and in order to cut down travel time, in 1978 charter flight service was inaugurated between Guangzhou and Hong Kong, and in 1980 scheduled flights were inaugurated between Hangzhou and Hong Kong, Shanghai and Hong Kong and Beijing and Hong Kong. Last year, scheduled flights or charter flights were inaugurated, one after another, between Nanking, Kunming, Chengdu and Hong Kong.

Air transportation consists largely of passenger transportation, which accounts for almost 70 percent of the total amount of turnover. The transportation of passengers aside, civil aviation is also responsible for the transportation of cargoes and of mail. Most of the cargo carried is material with fairly high value, or equipment and instruments urgently needed for production. Also carried is seedlings, seeds, livestock, and pesticides. In 1958, for example, 400 million fish fry were sent from Wuhan, Wuhu, and Nanning to the northeast, to North China, and to the southwest to help development of aquatic product endeavors. The survival rate for fish fry transported by aircraft is better than 9 percent [sic]. A shipment of Australian breeding sheep imported to Shanghai in 1979 were airshipped to Lhasa with a 100 percent survival rate.

China had never had special flights until they were gradually established after Liberation. China's special flights began in May 1951 in Guangzhou with the spraying of DDT emulsion to kill mosquitoes and flies. They developed gradually thereafter. Projects ranged from solely the protection of forests from fire to development of aerial photography, aerial prospecting, aerial investigation, petroleum surveys, railroad route selection, dredging of rivers, prevention and control of agricultural and forestry diseases and insect pests, sowing of seeds for afforestation, killing weeds and applying fertilizer, artificial rainmaking, aerial photography, sea rescue, melting of ice and snow, and killing of snails and field mice for a total of more than 10 projects. Except for Taiwan Province, the area of operations has included 29 provinces, (regions) and municipalities at a total of more than 370 operations bases. As of the end of last year, an accumulated total of more than 600,000 hours had been flown, with annual 15 percent incremental increases, and with remarkable effectiveness. For example, in the southwest, northwest, in South China, in North China, and in the East China regions, aircraft were used to sow seeds in the afforestation of more than 160 million mu in 458 counties in 22 provinces or autonomous regions. Over an area of more than 63 million mu seeds have sprouted and forests have grown to maturity, and in some areas cutting for use has begun.

The New China Civil Aviation Administration has always placed flying safety first. In 1957 Premier Zhou instructed, "Guarantee safety first; improve service; and make flying routine," and that is the program that the civil aviation administration has followed. In order to carry out this program, constantly improve administration and management, and assure flying safety, much work has been done from the training of air and ground service personnel, to the formulation of rules and regulations, to improving technical facilities. As a result, China's civil air administration has always maintained a good flying safety record, and enjoys a very high reputation both at home and abroad. Efforts to make flying routine and quality of service have also been steadily improved. Experience has shown that only a socialist system can make civil aviation develop rapidly.

After 30 years of development, the civil air administration is pretty well in shape; however, as compared with the world's air transport industry, it is still relatively backward, and it is not commensurate either with China's

position or with development needs. With development of the building of four modernizations, and especially with the rise of tourism, new and higher requirements have been placed on civil aviation, and in future air transportation play an ever more important role. In the future, civil aviation will have to inaugurate some domestic routes to accommodate tourism and to provide convenience to compatriots in Hong Kong and Macao returning to the motherland to visit relatives, and will have to focus development of special flights on providing service in petroleum development.

Last year following publication of the talk by Commissioner Ye Jianying on the eve of the national anniversary about the return of Taiwan to the motherland and realization of a program and policy of peaceful unification, we gave enthusiastic endorsement and firm support. We sincerely hope that the day will come when civil aviation will be conducted with our compatriots in Taiwan, and that we will work together to develop civil aviation endeavors for the motherland to enter the advanced ranks of the world, and make a greater contribution to the motherland's building of the four modernizations.

Editor's Note: Both this article and the following one on development of China civil aviation's development of international service were delivered by the writer at last October's aviation world national anniversary symposium held in the national capital.

9432
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TRANSPORTATION

INTERNATIONAL AIRLINE DEVELOPMENT REVIEWED

Beijing HANGKONG ZHISHI [AEROSPACE KNOWLEDGE] in Chinese 6 Jan 82 p 3

[Article by Ma Liandai [7456 5114 1486], International Service Bureau, Civil Aviation Administration: "Development of the International Service of the China Civil Aviation Administration"]

> [Text] Editor's Note: China has signed government to government aviation agreements with more than 40 countries joining the international Civil Aviation Organization. We have air service to 21 cities in other countries over 18 air routes covering a distance of about 200,000 kilometers.]

Following the founding of the Chinese People's Republic in 1949, under the leadership of the Chinese Communist Party and the People's Government, China's civil aviation developed steadily to its present size.

1. Situation in Brief on International Air Routes

1. The first international route (the China-USSR route) was inaugurated in January 1955. In April 1956, a route from Beijing to Kunming to Rangoon was inaugurated. Thereafter, air routes were inaugurated, one after another, to several neighboring countries including Korea, Vietnam, Mongolia, Laos, and Cambodia, which were short international routes.

Since September 1974, China's civil aviation international routes entered a new stage, with routes being inaugurated one after another to Tokyo, Osaka, Karachi, Paris, Tehran, Bucharest, Tirana, Addis Ababa, Belgrade, Zurich, Frankfurt, Manila, Sharjah, Baghdad, Nagasaki, and Bangkok. In 1980 and 1981 flights were added to London, New York, and San Francisco. Flights now serve 21 cities over 18 international air routes covering a distance of about 200,000 kilometers.

2. In 1980 local routes were inaugurated from Beijing, Shanghai, Guangzhou, and Hangzhou to Hong Kong.

3. Establishment of air links between China and foreign countries has been done in a spirit of equality and mutual benefit, and friendly cooperation. The main goals are convenience for people to travel and promotion of friendly relations, as well as to develop cooperative relationships in every field.

4. China has signed government to government aviation accords with more than 40 countries. China's civil aviation has also established general agent relationships with 28 foreign aviation companies, has established ordinary agent relationships with the airline companies of 45 countries, and has established financial accounting relationships with more than 180 airline companies.

5. Fifteen national and regional airlines fly to China.

Flight safety of the Civil Aviation Administration of China is renowned throughout the world. During more than 30 years, no serious accident has occurred on any of its international routes.

After the smashing of the "gang of four," and particularly since the Third Plenary Session of the 11th Party Central Committee, administration and management have gradually improved. In a world situation in which most airline companies are losing money, we are still gaining. Our position among international air carriers has been improved, and our influence has expanded further.

2. Participation in international organizations and international treaties.

1. In February 1974 China reinstituted participation in the International Civil Aviation Organization, and from that time forward it has been elected a permanent member state in three consecutive sessions. Chinese has been accepted by that association as a formal working language.

2. China has not yet joined the International Air Transport Association formed by more than 100 aviation companies, but it has established friendly relations with that organization.

3. China is a signatory to the most important international aviation treaty, the "International Civil Aviation Treaty," and it is also a signatory to the "Warsaw Treaty" and the "Hague Convention" on passenger and cargo indemnification, as well as to the "Tokyo Pact," the "Hague Treaty," and the "Montreal Treaty" on prevention of illegal disturbances of civil aviation.

Not long ago, Commissioner Ye Jainying further clarified the program and policies for the return of Taiwan to the motherland. We ardently endorse and resolutely support this, and are determined to make a contribution to the early realization of unity of the motherland.

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TRANSPORTATION

RAIL LINE BETWEEN HENGYANG, GUANGZHOU TO BE MULTIPLE TRACK

Guangzhou NANFANG RIBAO in Chinese 16 Feb 82 p 1

[Report by staff special correspondent: "Work Begins on Multiple-Track Project on Hengyang-Guangzhou Stretch of Beijing-Guangzhou Line"]

[Text] The State Council recently formally approved the construction of multiple tracks from Hengyang to Guangzhou on the Beijing-Guangzhou railroad line. This project will play a major role in invigorating north-south transportation and in promoting our province's economic construction.

The Beijing-Guangzhou line is the only railroad line connecting the various provinces and cities in north China and south-central China with our province and running into Hong Kong, and is also an important north-south trunk line of our country. Its transportation task is extremely heavy. However, because the 530-kilometer Hengyang-Guangzhou line is single track, the transit transport capacity has been affected adversely. Following national economic construction and the development of foreign trade and tourism, this stretch of railroad became less and less suited to requirements. Passenger and freight transportation is extremely strained; every year several millions of tons of goods cannot be transported, and a large number of passengers have difficulty in booking trips. This has a very big adverse effect on the development of the economy, the people's livelihood, and the construction of special economic zones in our province. Because of this, our province has many times asked the State Council and the central leadership to build, as quickly as possible, a multitrack rail line between Hengyang and Guangzhou. The State Council and the central leading comrades gave full attention to these requests and, after investigation and study, in 1980 the department concerned began advance work on the central project for the building of the multiple-track line--the Mount Dayao tunnel. Recently, formal approval was obtained for carrying out the multiple-track construction.

Because the investment for this project is large, the method of having the state, the Ministry of Railways, and the province raise funds and use foreign capital loans was adopted for carrying out the construction. According to the principle of constructing by stages and benefiting by stages, before the Mount Dayao tunnel is finished, the existing line will be rebuilt, so that 2 million tons of transport capacity will be added during the period of the

sixth 5-year plan. Afterward, if the state's financial and material power permit, there will be added an additional 2 million tons of transport capacity. It is estimated that the entire multiple-track construction project will be basically completed in 1978. After completion, the transit capacity will be more than double that at present.

9727
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GENERAL

SMUGGLING SAID TO POSE SERIOUS THREAT TO COUNTRY

Beijing GONGREN RIBAO in Chinese 13 Feb 82 p 2

[Article by Nan Changming [0589 2490 2494]: "Firmly Crack Down on Smuggling"]

[Text] Smuggling and trafficking in smuggled goods is a crooked, shameful business. However, in some places it can be carried out in broad daylight and has become quite popular. Some people don't consider it wrong to buy smuggled goods, have an easy conscience about using smuggled goods and even feel pleased with themselves, bragging to others that they know the ropes and have got real bargains. This cannot but shock people.

Recently, it has also unexpectedly been discovered that party members and leading cadres support and take part in smuggling and trafficking in smuggled goods. Some of them, because they have taken bribes, give the briber a "handle," and again and again intercede on behalf of the smuggler, extricating him from criminal charges and covering up for him. Others, because of their lust for foreign goods, disregard state law and personally take part in organizing smuggling and trafficking in smuggling goods, or take up the position of the backstage boss of these criminal activities. The masses' talk about them is increasing day by day, and people concerned about national affairs have even sighed: "If this goes on, the state will be ruined!" Is this an exaggeration just to scare people? No! Let us look back at history: In the past, the rapid decline of the Qing government began with imperialism's bribing and colluding with high and low officials in the imperial court so that it could smuggle and traffick in opium, and China was quickly reduced to a colony! The corruption and destruction of the Chiang Kai-shek "dynasty" also began with officials at all levels indulging in corrupt practices, smuggling and trafficking in smuggled goods, and practicing graft and taking bribes. Therefore, smuggling and trafficking in smuggled goods is like a pestilence, and since ancient times men of insight withing the ruling classes have looked upon it as a pestilence. Even the corrupt late Qing government explicitly issued strict prohibitions against it. It was only because the Qing's social system had become decadent and rotten that the government could not enforce the prohibition, and in the end the government perished. We are a socialist country, and we certainly cannot let the crime of smuggling go unchecked and let these smuggled goods run rampant. This is an important matter that concerns the success of failure of the four modernizations and is an important matter of national dignity. We must create a social atmosphere

in which smuggled goods are despised, and make them a case of "when a rat runs across the street, everybody cries, 'Kill it!'"

The character of our country is diametrically opposed to the acts of smuggling and trafficking in smuggled goods, which pursue private interests, and is a powerful guarantee against such acts. The central authorities, with the greatest determination, have already prohibited smuggling and trafficking in smuggled goods. I think that if only we fully rely on the masses to ruthlessly expose smuggling crimes, and firmly struggle against smuggling and trafficking in smuggled goods, the prospects will be very bright!

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GENERAL

CORRECT DEVELOPMENT OF ADVERTISING URGED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECNOMICS] in Chinese No 1, 10 Jan 82 pp 58-60

[Article by Tian Yu [3944 7183]: "The Functions of Advertisement Should Be Correctly Understood And Brought Into Play"]

[Text] At present, advertising is developing and is increasingly demonstrating its important functions in our country. But many people are not familiar with advertising, and some even think advertising does not serve much purpose, if any. How to correctly understand and bring into play the function of advertising in the socialist economy remains an important issue to be settled.

What is advertising? Advertisement is the means to publicize commodities, open up markets and push sales of commodities. It is an economic form commodity owners use to illustrate, through proper channels of propagation and means of propaganda, the character and characteristics of commodities and their consumer benefits (results) to the users, thereby to arouse demand desires and establish the reputation of commodities. In capitalist society, advertising is developed to such an extent that special agencies, people with professional skill and specialized knowledge are provided and the forms of advertisement and the propagation media are more diversified and modernized.

Do socialist countries need advertising? Does advertising serve any purpose in our country? Obviously the answer is in the affirmative. Formerly, we totally repudiated advertising as a purely capitalist thing, and it seemed that socialist countries should refrain from using it. That view was wrong. Facts prove that advertising is still of great significance in socialist countries.

First, as far as its functions are concerned, advertising is the medium between commodity production and consumption. So long as there is commodity production there is need for advertising to recommend commodities to consumers. Originally commodities are products of labor used for exchange (sale) and, only by having them sold, can the use-value of commodities be consumed and can the commodity value be realized. Therefore, to recommend commodities and push sales through the medium of advertising is actually the objective demand of commodity production itself. Since socialism still needs vigorous development of commodity production, inevitably it is necessary to recommend

commodities extensively to the users and to permit the existence of advertising. In the past, since we did not give importance to the question of whether products satisfied needs, much less to the question of how to serve consumers (users), there was a widespread phenomenon of "production for production's sake." Because of this and also state monopoly for purchase and marketing of most products, commercial sector only sold what it purchased. Under those circumstances, naturally advertising was not needed.

Second, the purpose of socialist production is to satisfy the material and cultural needs of the whole society, making it imperative to link producers closely to consumers (users). The commercial sector serves as the bridge between producer and consumer. The variety, quality and quantity of commodities and the speed of commodity turn-over have great impacts on the development of production and the improvement of people's livelihood. Therefore, recommending commodities to users through the medium of advertising is precisely a concrete manifestation of the effort of the commercial department to serve users and social needs. As far as consumers and users are concerned, without advertising they will have no way to know the variety and function of the commodity they need and the development of new products, and will find it difficult to select and purchase consumer goods. In order to ensure integration of production with demand and sales, it is necessary to bring the functions of advertising as a medium into full play so as to facilitate development of commodity production. This is particularly the case with a country like ours which has a large population, a vast territory and more complex and diversified requirements regarding socialist production and the people's livelihood.

At present, our country is in the period of economic readjustment and a number of enterprises lack sufficient production assignments. Some enterprises have used advertising as the medium to obtain more orders for goods. They have achieved good results because they have changed from a state of "not having enough orders" to a state of "having more orders than they can fill." For example, the Harbin Fenghua Machinery Plant lacked sufficient orders in the winter of 1979 and put an advertisement in the newspaper in January 1980. Soon they received several hundred enquiries and concluded one transaction involving 100,000 yuan. By March the plant had signed 283 contracts, putting itself in a position to arrange production plans for two to three years.

Third, in the process of restructuring the economic system the state has pursued the policy of market adjustment under the guidance of state plans and has given enterprises more power to manage themselves, permitting them to compete with each other.

The functions of advertising in expanding the influence and reputation of enterprises, opening up markets for products and launching competition among enterprises cannot be overlooked. Advertising is a good weapon employed by enterprises to expand their influence, fight for markets, stimulate consumption, and expand sales. In addition, it plays an important part in enabling us to develop foreign trade and break into and occupy the international market.

Thus, advertising is still very useful under socialist conditions.

To be sure, there is a distinction between socialist and capitalist advertising. (1) In a capitalist society, everything is commodity, anything can be used as the medium of advertising, and all places are full of advertisements. In the streets, advertisements meet one's eyes on every side. Advertisements are put up inside and outside of buses and street cars, and even stage curtains are occupied by advertisements. When a TV film is shown, it is interrupted many times by commercials. This is the result of promoting the capitalist mode of commodity production and advertising battles among enterprises. Obviously this cannot be the case with a socialist society. The socialist economy is based on public ownership and is a commodity economy under the guidance of plans. Enterprises are engaged in publicity through the medium of advertising according to their requirements. In addition, the state may provide enterprises with information about supply, production and demand and guide enterprise production and operation through special agencies like market forecast centers, trade centers and information centers and with the aid of special publications and product catalogues of various enterprises. Advertising will not spread unchecked as it does in capitalist society. (2) To solicit customers and prevail over competition, capitalist advertising often stops at nothing and capitalist advertisements flooded with false, vulgar and decadent things. Advertising becomes an instrument of profiteering and cheating customers. Under socialist conditions, advertising subordinates itself to the production aims of the whole society, serves social requirements, assumes responsibility to users, stresses the economic responsibility, reputation and commercial morality of enterprises; it must not practice fraud and cheat users. Furthermore, the state will gradually make laws to safeguard the interests of customers and coordinate the advertising activities of various enterprises. Advertising should have a socialist style and Chinese style loved by the masses; it should be prominent and practical in content and elegant in style. It must not publicize vulgar and bizarre things. (3) Because of acute competition, capitalist enterprises push out and jostle against one another, exploiting the instrument of advertising recklessly to achieve their aims. They seek the exciting, squander manpower and material resources, and raise advertising costs to a very high level, thus causing huge wastes of social wealth. For instance, advertising costs in the U.S. amounted to $1,600 million in 1934 and rose to $21,000 million in 1971. The advertising costs paid by a tourist company in Hakone, Japan were equivalent to one fifth of the company's annual revenues. Capitalist advertisement is characterized by being numerous, big in scale and costly. The Citroen Company set up a bill-board on the Eiffel Tower of Paris; the letter "N" on the bill-board was 20.7 meters long visible for 38.6 kilometers. Capitalist advertising is very costly; for instance, during the 1970 football playoffs the Hartford Insurance Co. bought one minute of TV commercial hour at the cost of $200,000. All this has gone far beyond the necessity of normal commodity exchange and become a phenomenon peculiar to capitalism. Besides, the huge advertising costs will eventually be shifted to the consumers. Under socialist conditions, such things should not be sought and inappropriate increases in purely circulating costs should be avoided.

In short, socialist advertising enterprises should avoid capitalist malpractices as far as possible and promote its healthy growth.

Advertising itself is a branch of science. Success in advertising demands good technical work to enhance the artistic character of advertisement and make it attractive while achieving good commercial effects. In addition, special attention should be paid to the objectives and aims of commercial advertisement and, on the basis of market survey and forecast, market movements should be grasped and the consumer psychology, habits and preference of customers, regional differences and the characteristics of different strata should be carefully studied. In the case of advertisements aimed at foreign buyers or designed with the additional aim of propaganda, care should be taken to study the foreign customs and traditions and pay attention to the consumer modes and characteristics of foreign customers. Only by clearly setting the objective of advertising, stressing its aim and devising perfect artistic forms can advertising achieve the anticipated results. We must not follow the same pattern and use "pictures of beauties" for advertisement purposes in all cases. Nor should we disregard the character and characteristics of commodities and use stereotyped remarks like "excellent quality and reasonable price, three things guaranteed." At the same time, we should choose the best means of propagation on the basis of commodity variety and consumer objects. For instance, for advertising capital goods we should use special publications more frequently instead of cramming TV programs with such advertisements. Otherwise, we shall take up a lot of publicity facilities and time with poor results, which is also a sort of waste. To be sure, whatever the advertisement the most important thing to do is to keep faith and call a spade a spade. Otherwise, no matter how good its form advertising cannot achieve the aim of expanding sales. On the contrary, it may achieve the opposite result and damage an enterprise's reputation.

To sum up, socialist advertisement is anything but unimportant. The crux of the matter is to have a correct understanding of its functions and bring them into play appropriately. Both total repudiation and reckless utilization of advertising are harmful. At present, advertisement and propagation still have many shortcomings. This has something to do with our insufficient knowledge of the character and functions of socialist advertisement and insufficient knowledge of the advertising art. Such shortcomings are unavoidable. As long as we keep summing up experiences, conscientiously make improvement through trial and error, and keep improving our steering ability, our advertising will certainly develop in a more healthy manner.

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GENERAL

NEW PROBLEM IN PRICE THEORY POINTED OUT BY NOTED ECONOMIST

Shanghai WEN HUI BAO in Chinese 25 Nov 81 p 3

[Article by staff corresondent: "A New Problem in Working Out Theoretical Prices Pointed Out by Xue Muqiao [5641 2550 0294]"]

[Text] In a recent speech, Comrade Xue Muqiao mentioned a theoretical problem which has to be solved in working out theoretical prices. Should our theoretical prices be equal to the value or to the production price (that is, the average production cost plus the average profit calculated according to the average profit rate on funds)?

In the early 1960's, and particularly during the "Great Cultural Revolution," most economists and the then current textbooks on political economy held that the planned price of socialist countries should correspond to the value of a product, not to the production price, which was repudiated as the outcome of a revisionist theory, particularly during the criticism of "putting profit in command." At that time, Comrade Sun Yefang [1227 0396 2455] was under attack from all sides because he was strongly in favor of using a production price. Reasonable profits for socialist enterprises were again favored after the smashing of the "gang of four." Since the introduction of the experimental system of profit-sharing among enterprises, most economists have again advocated planned prices based on production prices. Some foreign economists also advocate this way of price setting, and there seems to be no more argument about it.

However, in a recent trial formulation of theoretical prices, a new problem emerged. Since there are no capitalists in socialist countries, nobody has ever demanded that an enterprise should yield an average profit. The state wants the enterprise to yield a profit, but it does not insist that the profit on funds should be equalized. We invest in various trades not because of their profit level, but according to the need for products in the society. Hereafter, enterprises can no longer enjoy the free use of funds and must pay taxes to the government or interest to the bank. The rate of taxes and interests can be adjusted according to the specific conditions in each trade; so our system is not like that in capitalist countries where all the banks choose to invest in enterprises making high profits. Particularly after the introduction of the system of profit-sharing by the enterprise (the profit now means the remaining profit after the payment of taxes or interest), the

enterprise's own funds, except for that portion used on its own technical renovation, are mainly used on the workers' collective welfare or bonuses. The latter portion is not based on the amount of capital funds, but on the number of workers. If profits are calculated according to the average profit rate on funds, then those enterprises with a particularly high organic composition of capital (that is, more capital funds and less workers and staff members), will share more profits, with corresponding increases in the fringe benefits and bonuses for the workers and staff members. As to those enterprises with a particularly low organic composition of capital, that is the labor-intensive type enterprises, the share of profits will be small, and the fringe benefits and bonuses for their workers and staff members will also be small. This is obviously unfair. Therefore, whether socialist countries should set their prices according to value or according to production prices is still an important question to be studied. Even now, we cannot say that this problem has been solved.

9411
CSO: 4006/189

BRIEFS

ECONOMICS COURSE FOR ADMINISTRATORS--Kunming, 10 Mar (XINHUA)--A 6-month course in economics sponsored by the Chinese Federation of Economics Study Groups started recently in Kunming, Yunnan Province, to train qualified administrators for China's enterprises. This is the first of a series of courses planned by the federation. Students are selected from all over the country, according to a federation spokesman. The federation, founded in March last year, is a national, nongovernmental society specializing in the study of economics. It embraces 250 economics associations and academic societies, and has Chinese economists Xue Muqiao, Yu Guangyuan, Sun Yefang, Huan Xiang and Ma Hong as its advisers. The current training course has 223 students including government economic administrators, enterprise managers and technicians and college faculty from 15 provinces, municipalities and autonomous regions. The curriculum includes political economy, industrial economic management, systems analysis and econometrics. The federation has also undertaken to help some provinces, municipalities and autonomous regions set up provincial-level economics training centers and is editing a series of economics texts. The federation publishes a number of economic journals, including ECONOMICS REVIEW, a weekly carrying research results and opinions, ECONOMICS DIGEST which carries articles in Chinese and foreign languages, and a bimonthly EXCERPTS FROM FOREIGN ECONOMIC DOCUMENTS. [Text] [Beijing XINHUA in English 0700 GMT 10 Mar 82]

CSO: 4020/105

Construction Industry

AUTHOR: None

ORG: Guest Columnist of the journal

TITLE: "How is the Construction System Going to Perform This Year's Work Well?"

SOURCE: Beijing JIANZHU [BUILDING CONSTRUCTION] in Chinese No 1, 30 Jan 82 pp 1-4

ABSTRACT: This paper is like a report of an interview without naming either the interviewer or the person being interviewed. All questions concern arrangements and activities of the construction system in the coming year of 1982. Without mentioning specific projects, steady advancement in the midst of national economic readjustment is promised in the answers. More specifically, in plant design, skylights are to be abandoned [no reason given] and more prefabricated members are to be used. Mechanized and semimechanized techniques are to be adopted in the construction procedure. On the basis of standardizing various structural members, efforts will be made to achieve serialization and capability of general application while at the same time there also will be efforts to create some variety. In construction materials the policy of energy conservation is to be carried out. In some large cities where conditions permit, there will be experiments with building commercialized residential dwellings which will be for sale at a price. There will be reforms in the construction labor system to adopt piece work, contract work, and temporary work systems. All leaders of the construction system will seriously reform their thoughts and work attitudes to contribute to the 4 modernizations and to link closely with the masses.

AUTHOR: LIU Yixin [0491 0001 1800]

ORG: None

TITLE: "Select Middle-aged and Young Cadres To Reinforce the Leadership Team"

SOURCE: Beijing JIANZHU [BUILDING CONSTRUCTION] in Chinese No 1, 30 Jan 82 pp 6-7

ABSTRACT: At present, the average age of the leaders of the various agencies of the Bureau of Construction is 57 while it is 60.6 in the parties and governments. The average age of the leaders in the companies, divisions, and first rank offices, is 52 to 53. As a leader of the Central Government pointed out that in another 3 to 5 years, a whole batch of old leaders will be forced to leave [reach the retirement age] while a large group of untrained new cadres will be forced into promotions. In the bureau, there is no lack of talent, however. Among the cadres, there are 12 thousand between ages of 36 and 50. For example, in the Northwest Academy of Construction Designing, alone, there are more than 100 1960's college graduates. This paper discusses the problem of the aging leadership in the construction industry and the urgency of preparing a group capable of taking over the responsibilities in a few years time.

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CSO: 4011/33

AUTHOR: None

ORG: Shaanxi Provincial Construction Engineering Company No 3; Shaanxi Provincial Research Institute of Construction Sciences

TITLE: "The Construction of China's First Four-Flue Smokestack"

SOURCE: Beijing SHIGONG JISHU [CONSTRUCTION TECHNOLOGY] in Chinese No 1, 30 Jan 82 pp 7-12

ABSTRACT: Multi-flue super high smokestacks began to be built for large fuel power plants in foreign countries in the 60's because they have high horizontal load resistance, easily tested and repaired, have stable thermal draft, and produce less environmental pollution. They do have shortcomings of high cost, complex structure, and difficulty of construction, however. In 1975, the original Ministry of Hydroelectricity decided to build China's first 210/4 Φ4.5 m 4-flue smokestack for the Shaanxi Province Qinling Power Plant. The project was to be designed by the Northwest Academy of Electrical Power Designing and the construction was to be undertaken by the Shaanxi Construction Engineering Company No 3, with the cooperation of the Provincial Research Institute of Construction Sciences. At present, the major structure has been completed. The brick laying work had started in Nov 81 and is expected to finish in Jan 82. The structure of the smokestack is described in some detail. A photo and numerous drawings depicting the schematic designs of its various parts are included.

AUTHOR: None

ORG: Jiangsu Provincial Research Institute of Construction Sciences; Nanjing Concrete Member Plant No 2

TITLE: "Mechanized Extruding Process Production Line

SOURCE: Beijing SHIGONG JISHU [CONSTRUCTION TECHNOLOGY] in Chinese No 1, 30 Jan 82 pp 16-20

ABSTRACT: Porous concrete boards are very serviceable in civilian dwellings as floor boards, wall boards, etc, and their production amounts to 40-70 percent of the products of prefabricated concrete factories. When they are made manually, the work is hard, and the productivity and site utilization are low. The research on making an extruding forming machine to manufacture porous concrete boards began in 1973. The machine and the production line in Nanjing Municipal Structural Member Plant No 2 were placed in production in 1975. Since then, more than 200,000 m^2 of structure members have been produced. The complete mechanized production line was set up more than a year ago. It consists of 2 concrete platforms measuring 18 x 96 m, having 26 runways measuring 1 x 96 m, and equipped with 2 extruding forming machines, 2 portal jib cranes, one oil brushing machine, one concrete wet cutting machine, one steel reinforcement cutting machine, and 2 pairs of clamps. The process of stirring the concrete is controlled by a small computer. The various components of the production line, including the computer control system are described.

6248

CSO: 4011/35

Economic Development

AUTHOR: FENG Ianrui [7458 5695 3843]
ZHAO Lyukuan [6392 1462 1401]

ORG: None

TITLE: "The Wage Problem in China"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 1, 20 Jan 82 pp 18-24

ABSTRACT: Since 1949 the wage system in China has had 4 changes: 1949-57, 1958-65, 1966-76, 1977 to the present. The gang of four assailed the principle of distribution according to labor and regarded the system of wage as revisionist. After the gang of four was overturned 4 conferences were held to discuss the problem from Apr 77 to Oct 78. Since then, the principle of distribution according to labor has been firmly established and some obviously beneficial results have been obtained. Existing problems include a large number of low wage earners (less than 56 yuan/month), overemphasis of egalitarianism, extremely complex standards, centralized inflexible decision making process, lack of attendance standards or records, and unreasonable distribution of bonuses. As the current system remains to be the old system formulated 20+ years ago on the USSR model and no longer conforms with China's present conditions, reforms are urgently needed. Following practices at individual factories are deemed to be worthy of consideration: (1) Regarding 50 percent of the wage as the basic wage and the other 50 percent added to the bonus to be awarded according to performance; (2) Distributing wages from the sales total; (3) Designating a percentage

[continuation of JINGJI WENTI TANSUO No 1, 1982 pp 18-24]

of take or profit as wages to be distributed according to the contribution; (4) Paying wages on a piece-work basis; (5) Establishing a point system to calculate quantitatively the responsibility, the authority, the requirement, the labor intensity, the time, etc. The above local reforms have been successful, the authors maintain, because they represent a direct link, to a certain extent, between reward of labor and fruits of labor. China's wage problem cannot be properly resolved until the system of economic responsibility becomes the general practice, the principle of distribution according to labor is seriously implemented, and all forms of egalitarianism phenomenon among units and among individuals are strictly overcome.

AUTHOR: HUANG Changji [7806 2490 1015]

ORG: None

TITLE: "An Investigation Into Existing Questions of Prices of Cotton Textile Products"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 1, 20 Jan 82 pp 36-39

ABSTRACT: While the proportion of the various elements of the national economy is being readjusted, a reform of the management system has also been launched to expand the autonomy of individual enterprises and to use the method of allowing retention of a portion of the profit to encourage production increase and thrift. This is undoubtedly a very good thing but some new conditions and problems have appeared regarding prices. The key factor is the separation between pricing and reality. The price of raw cotton has been adjusted and readjusted many times but the price of cotton yarn and cloth remains the same to cause a reduction of profit for the textile industry. The average profit created by a worker is 1.26 yuan for weavers and spinners but 6.86 yuan for a worker of the printing and dyeing industry. The average profit (percent) is 5.54 for pure cotton yarn, 10 for chemical fiber, 4.62 for pure cotton cloth, and 12 for chemical fiber cloth. On the one hand it is necessary to continue to maintain stable prices for cotton textiles, on the other hand it is also urgently necessary to adjust the prices of different products and of different regions to make them more reasonable. Among other proposals, the author suggests the use of taxes to improve the profit of the weaving and spinning industries and reduce the profit of the printing and dyeing industries.

AUTHOR: ZHANG Huaiyu [1728 2037 3254]
HUANG Jianguo [7806 1696 0948]

ORG: None

TITLE: "A Report of the General Condition of the Yunnan Province Economic Work Discussion Meeting"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 1, 20 Jan 82 pp 74-76

ABSTRACT: The First Provincial Economic Work Discussion Meeting was organized in early Sep 81 by the Yunnan Provincial Committee and the Provincial People's Government. Committee members, leaders of the various provincial departments, specialists of economic theory and professors of economics, totalling more than 200 persons, participated. Discussions centered upon the following: (1) There must be no vacillation concerning the policy of regarding agriculture as the foundation; (2) All beneficial readjustments and reforms should continue. Adoption of income tax, excess profit tax, etc. under the condition of not allowing price changes is suggested by some participants as a way of resolving newly arisen problems. (3) A certain speed of growth must be maintained for all industries. (4) Financial and economic work must be made more flexible. (5) Attention must be given to the increase of economic benefits through practicing democratic management, perfecting the system of economic responsibility, expanding re-production, and fully utilizing existing equipment, manpower, etc.

6248
CSO: 4011/12

AUTHOR: JIN Hongfan [6855 3126 3062]
YU Jinman [0151 6855 3341]

ORG: None

TITLE: "On Ways of Speeding Up the Economic Development of Fujian Province"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC ISSUES] in Chinese No 1, 20 Jan 82 pp 9-13, 19

ABSTRACT: As China's economy has begun to enter a stable path of development, the Central [Government] implements a special policy toward Guangdong and Fujian Provinces which are located in the subtropics and close to Hong Kong, Macao, and Taiwan, with numerous overseas Chinese and excellent conditions for developing foreign trade. In the past, leftist ideology prevented Fujian from fully utilizing her advantages. The strategy today is to use overseas Chinese capital to promote export trade. Aside from introducing foreign capital, establishing bases of export trade, and expanding world markets, the authors include as ways to promote accelerated development, the need for continuous increase of consumption to stimulate production and the need for effective control of the growth of population.

AUTHOR: QIU Zongshun [5941 1350 5293]

ORG: None

TITLE: "Problems of Promoting Economic Effects"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA"S ECONOMIC ISSUES] in Chinese No 1, 20 Jan 82 pp 14-19

ABSTRACT: From a long term point of view, the economic problem of China cannot be limited to the distribution relationship. Some complain about the rate of accumulation being too high. This is to view the national income [the GNP] as a fixed amount. It is in fact a variable determined by production. In the middle of the 70's, Japan's rate of accumulation was as high as 40 percent and the level of consumption was not affected while the condition for improving future national income was thus created. The reason for the scant national income in China is the great waste and loss in the production process. Using economic laws of Yugoslavia as the example, the author suggests the use of economic legislation to emphasize economic benefits for the nation as well as economic effects for the individuals (the micro economic effects and the macro economic effects,) and to overcome egalitarianism.

AUTHOR: HUA Depei [5363 1795 1014]

ORG: None

TITLE: "On the Problems of Calculating the Net Product of an Electric Power Network"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC ISSUES] in Chinese No 1, 20 Jan 82 pp 26-31

ABSTRACT: According to the document, Interpretation of Major Indices of Industrial Statistics (Draft) revised in Dec 79, the National Bureau of Statistics permits the use of either the production method or the distribution method for calculating the net product of an industry. Due to the fact that the profit of a power generating plant is computed by the power network, it is difficult to use the distribution method. In concrete calculation, some prevailing regulations appear to be unreasonable. The prevailing equation is as follows: Net production of the industry = quantity of power x average unit price of power sold - (fuel cost + material expenditure + depreciation + estimated future renovation cost + cost of buying power + cost of water). Unlike other industries, the production and the sales departments of the power industry cannot be separated. The power is the product of the combined entity of the power plant, the burueas of power supply, power transmission, and management. The power sold is not the product of a single power plant; it is that of the power network. The author suggests a revised equation as follows:

[continuation of ZHONGGUO JINGJI WENTI No 1, 1982 pp 26-31]

Net product of a power network = the amount of power generated (the amount of heat supplied) x average unit price of power (heat) sold - (fuel cost + material cost + basic depreciation + estimated future repair cost + value of power used by the plants + value of power lost by the lines + cost of water) + (amount of power purchased x average unit price for power sold - cost of power purchased). After the net product of a power network is obtained, it remains necessary to calculate the net product of the various power plants scattered in different provinces or prefectures. Consideration must be given to the difference between hydroelectric and fuel power plants and plants of advanced and backward equipments so that the size of contribution of the workers of the different plants may be correctly represented. The author suggests the following equation: Net product of a power plant = [value of total production of the plant - (cost of power generation of the plant - total wages paid by the plant + value of power used by the plant)] - amount of power supplied by the plant/ amount of power supplied by the entire power network x [value of power of the entire network - (total cost of power generation of the entire network - total wages paid by the power plants of the entire network + the value of power used by plants of the entire network) - the net product of the entire network]. Results of calculation using various equations are compared.

6248
CSO: 4011/11

Economic Research

AUTHOR: CHEN Shengchang [7115 0524 2490]

ORG: Research Institute of Economics, Chinese Academy of Social Sciences

TITLE: "On Socio-economic Effects of Distorted Structure of Industry"

SOURCE: Beijing JINGJI KEXUE [ECONOMIC SCIENCE] in Chinese No 1, 20 Feb 82 pp 17-22

ABSTRACT: The socio-economic effects of the so-called distorted structure of industry is discussed in the paper from the following 4 aspects: (1) Macro-economic results: The increase of per capita income and the rate of fixed asset investment of 1976-78 are compared with the previous four 5-year plan periods to show some progress over the period of the Cultural Revolution, but still considerably below the level of the first 5-year plan period. (2) The production cycle: Overemphasized development of some heavy industries causes an imbalance in transportation, energy resources, light industry, and agriculture in terms of a limited supply of materials and manpower, resulting in a dislocation between supply and demand. There is no feedback from consumption to productinn and the production-reproduction cycle is in total disarray. (3) Adverse effects on the natural environment: Such measures as the destruction of forests, encroachment of lakes and wetlands, etc. did raise the grain production but also brought about worsening problems of drought, flood, erosion, and the expansion of deserts. (4) On the livelihood of the people: The im-

[continuation of JINGJI KEXUE No 1, 1982 pp 17-22]

provement of the standard of living of the people cannot be made faster than the rate of increase of the productivity, otherwise, inflation will cancel the gain. In China, the average increase of productivity is 4.6 percent in 1950-78, but it was only 1.3-2.5 in the years of 1966-75. It was only 1.38 percent in 1976-78. Even if the rate of accumulation [the savings rate] is instantly reduced there is still no way to improve the standard of living of the people, because: (1) There is no way to turn the gigantic quantity of machinery and equipment into consumer goods; (2) The self-servicing structure of China's heavy industry is often completely helpless to meet the demand of large quantity of consumer goods. (3) There is no way for the light industry to produce so many consumer goods all at once. These are only the basic aspects of the socioeconomic consequence created by the distorted industrial structure offered by the author to promote understanding of the significance of the current economic readjustment.

This paper was received for publication on 21 Sep 81.

AUTHOR: GAO Chengde [7559 4453 1795]
WANG Yongzhi [3769 3057 3112]

ORG: Both of Beijing University

TITLE: "The Function of Economic Law in Reinforcing and Improving Economic Management"

SOURCE: Beijing JINGJI KEXUE [ECONOMIC SCIENCE] in Chinese No 1, 20 Feb 82 pp 29-32, 38

ABSTRACT: Economic law sets a limit for economic life and is the rule of economic activity to be seriously obeyed and implemented by everyone. In the following aspects, economic law may function to improve economic management: (1) To guarantee the realization of the principle of centralized leadership and democratic management so that economic construction will prosper in the direction of socialism: The law provides a centralized leadership authority as well as guarantees the rights of the workers' representative associations. (2) Economic law promotes cooperation under a management system of clear-cut responsibilities, authorities, and benefits of various elements of an enterprise. (3) Economic law insures the realization of the national economic plan. The socialist economy is a planned economy of orderly and proportional development. The law is clear against misuse of public materials and funds, spurious authorization of construction projects, improper hiring, arbitrary increase of prices, false report of data, or undermining the state's plan.

[continuation of JINGJI KEXUE No 1, 1982 pp 29-32, 38]

(4) Economic law protects the legitimate rights and benefits of the people, therefore, encourages positive productive activity of the masses. (5) Economic law strengthens and reinforces international economic copperation and promotes external economic relationship.

This paper was received for publication in Nov 81.

6248
CSO: 4011/37

Population Research

AUTHOR: KANG Yonghe [1660 3057 0735]

ORG: Member of Chinese Delegation to the Asian Conference of Parliamentarians on Population and Development, Director, National Bureau of Labor

TITLE: "Employment in Cities and Towns in China"

SOURCE: Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 82 pp 17-18

ABSTRACT: This is a report of the author at the conference. As problems of population and development are closely related to employment, the author believes that exchange of opinions on the subject should be beneficial. In 1949, the new China took over from the old 400 million unemployed and through retraining and workfare programs, jobs were found for all by 1958. In 1958-66, the problem was mainly assigning work to junior and senior highschool graduates while new industries sprang up rapidly to absorb them without delay. Internal upheavals of the decade of 1966-76 seriously disrupted the national economy, while 13 million farmers were absorbed into the work force of the cities and 17 million city youths were brought to the countryside. In addition, the control over the growth of population was lost in some of these years. Since 1977, positive measures have been taken by the government to resolve the mounting problem of unemployed youths and on the average jobs have been arranged for 7 million of them each year. At present, in 10 provinces,

[continuation of RENKOU YANJIU No 1, 1982 pp 17-18]

those who were unemployed in 1979 have received assignments. [There is no mention of the number of unemployed in the country today, however.] It is estimated that by 1985, in most regions, jobs will be found for the unemployed youths waiting for assignments more than a year. The author provides the statistical data of the change of the ratio between the number of the employed and the number of dependents as follows: 1 : 5.15 in 1949, 1 : 2.60 in 1952, 1 : 2.15 in 1957, 1 : 1.06 in 1977, and 1 : 0.83 in 1980.

AUTHOR: ZHANG Fan [1728 0416]
ZHOU Qing [0719 3237]

CRG: None

TITLE: "A Report of the Special Subject Symposium of Population and Economy"

SOURCE: Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 82 pp 21-25

ABSTRACT: A symposium on the special subject of population and economy was held in Beijing in Aug 81 under the auspices of Chinese Population Society. The participants carried out lively debates on the theory of 2 forms of production and the relationship between population and the economy. Major controversies are as follows: (1) Does the theory of 2 forms of production exist in Marxism? The point being debated is the importance of the Marxist theory of population in the entire philosophy of Marxism. (2) Does the 2 forms of production theory imply dualism? It would be a dualistic viewpoint if population [the production of people] is understood to be the determinant factor of the historical development of society. (3) Is the ratio between the 2 forms of production, i.e. the production of people and the production of materials, the most basic ratio in the national economy? It appears that the participants at least agree that a high speed development of the national economy can only be realized with an optimal ratio between the 2 forms of production. (4) Is a harmony between the 2 forms of production a principle common to all so-

[continuation of RENKOU YANJIU No 1, 1982 pp 21-25]

cieties? The only thing all seem to agree is that socialism promotes conscientious regulation of population and productive materials while capitalism impeded a harmony between the two. (5) Can the population problem fade away naturally when the economy is straightened out? There are 2 factors in the solution of the population problem of China: all out development of production and all out control of population. All agree that anyone who believes that one of the factors can solve the problem without the other is wrong. (6) What is the effect of implementing a system of production responsibility in rural villages on family planning work? All agree that as farmers become more positive toward production following the implementation of various farms of production responsibility system the birth rate will somewhat increase. As more land is distributed to larger families there will be more early marriages, more unplanned births, and more worry about childless old age with the somewhat altered condition of the collective economy. New solutions must, therefore, be found as new problems arise.

AUTHOR: WANG Weizhi [3769 4850 1807]

ORG: State Council Population Survey Office

TITLE: "To Improve the Quality of Demographic Statistics Through Population Census"

SOURCE: Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 82 pp 41-42

ABSTRACT: China is one of the earliest countries of the world to have population data, with known official population figures dating back to 206 B.C. (the Western Han Dynasty.) Since the liberation, there have been censuses in 1953 and in 1964, and a system of yearly population statistical report. In some ways, China's population statistics remain backward, however. There are no basic data concerning occupation, employment, size of family, condition of marriage, etc; the condition of movement of population and other seasonal, cultural, racial, etc. variations are not exhaustively reported; there have been no timely registration of birth and death in recent years; and some classifications are less than scientific (for example the division between farming and nonfarming population is based upon whether the people eat commercial grain.) For the coming third national census, the author suggests: (1) Instead of on the basis of legal residence, people should be counted where they regularly live.in order to conform with reality. (2) All aspects of population development, including natural, economic, social should be included in the census as the result is to be used as the basis for developing a population policy. (3) In a country of a billion people, the modern sampling technique should be adopted to improve efficiency.

AUTHOR: QU Geping [2575 2706 1627]

ORG: State Council Environmental Protection Office

TITLE: "Population Control and Environmental Protection"

SOURCE: Beijing RENKOU YANJIU [POPULATION RESEARCH] in Chinese No 1, 29 Jan 82 pp 43-48

ABSTRACT: lately, many scholars of the world and some agencies of the UN have listed the rapid rising population, pollution and destruction of the environment, the unreasonable development of resources, and the improper ways of development as the 4 major problems facing the world community. All other problems of mankind are influenced and controlled by these 4 problems. Under the condition of a reduction of cropland per capita and rapid increase of population, the positive way to increase the food supply is to increase the unit yield, which are effectively dependent on the application of chemical fertilizer and pesticides and uncontrolled use of these brings about increasingly serious problems of environmental destruction. The problem is also compounded by excessive grazing and destructive cropping systems to cause serious deterioration of land resources. Forests are being destroyed to cultivate crops, to build houses, and to supply materials for many other activities to a tone of 37, 12, 18 million hectares in Africa, Asia, and Latin America, in the 5 years of 1975-80 alone. Effects of population pressure on energy resources, on urban environment, on industrial development, and on the climate (atmospheric pollution) are also discussed.

6248

CSO: 4011/38

Railroads

AUTHOR: CHENG Shengao [2052 5110 5063]

ORG: None

TITLE: "Tunnels Through the Mountains and Across the Ranges"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 1, 28 Jan 82 pp 6-7

ABSTRACT: This article contrasts the history of tunnel building on Chinese railroads prior to 1949 with the furious pace since that time. From the time the first railroad tunnel was built in Taiwan in 1889 (261.4m long) until 1949, 238 tunnels with a total length of 89 km were built, amounting to 0.6 percent [sic] of the21,000 km of railroads in the entire country. The article points out 4 characteristics of tunnel building during this period: (1) There were few tunnels built; (2) They were short, averaging only 370 m; (3) Standards were lacking; (4) The level of construction technology was backward, resulting in poor quality and many accidents. Since the liberation, 3957 tunnels with a total length of 1,897 km have been constructed, amounting to a 20 fold increase over that which took place in the 60 previous years, and amounting to about 6 percent of the 30,000km of new railroads constructed. A detailed discussion of tunnel building on the Chengdu-Kunming Railway is provided. In the past 30 years over 50 tunnels exceeding 3 km have been constructed, and 10 of them more than 5 km, the longest being the 7,032 m Yimaling tunnel on the Jingyuan Railway. China is actively pursuing the advancement of tunnel building technology.

AUTHOR: FENG Wen [7364 2429]

ORG: None

TITLE: "A Discussion of China's Local Railroads"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 1, 28 Jan 82 pp 8-10

ABSTRACT: Usually when discussing railroads people only think of the 50,000 km of railways under the Minister of Railways. However, there is also a substantial network of local railways which has usually not been included in calculations of China's railroad mileage. They are mainly locally managed railroads built with local capital. In the last 20 years about 6,000 km of such railroads have been built. Of these, 2,300 km of standard gauge lines have been turned over to the ministry at various times to form a part of the national network. The remaining 4,000 km (of which 1,000 km is standard gauge and 3,000km narrow gauge) are under provincial and local management. Many of these serve small and medium scale mines. Some are feeder lines which connect local communities with major trunk lines. The article discusses improvements in the quality of local railroads achieved under central leadership. Trains on narrow gauge railroads travel at 35 to 40 km/hr and transport 450 to 500 tons. Standard gauge roads now approach the national standards for 3rd class railroads. The article discusses the relative efficiencies of trunk railroads, local railraods, and highways, and concludes that local railroads are not as efficient as trunk railroads but much more efficient than highways, therefore, they have a rational place

[continuation of TIEDAO ZHISHI No 1, 1982 pp 8-10]

in China's transportation system. The cost per ton-km is less than half that of trucks and they can save the country 120 to 150 million yuan per year. Finally, the article concludes that China's railroards still do not meet the country's needs, and therefore the local railroads have an important role to play.

AUTHOR: LI Bingrui [2621 4426 3843]
MENG Guofang [1322 0948 2455]

ORG: None

TITLE: "Damages and Benefits From the Wind Along the Lanzhou-Xinjiang Railway"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 1, 28 Jan 82 pp 16-17

ABSTRACT: The Lanzhou-Xinjiang Railway passes through some regions of notoriously high winds, including Wulumuqi, Zhunger Basin, Tulufan, and Hami. According to meteorological records and reports of railroad workers, windstorms take up 2/3 of the year, from the end of Feb to Nov. Spring winds are especially ferocious, frequent, and long lasting. The wind speed may reach 40m/sec. In spite of all sorts of wind walls, protective nets, etc. the wind is still capable of turning the train over. Sometimes, the locamotive is unable to move against the wind and the whole train had to return to the original station to wait out the windstorm. The exterior brick walls of a new station building was completely worn down by windblown sand and stone. The power lines are often broken by the wind to interrupt communication. At first the station in the Gobi Desert did not have electricity and depended upon kerosene lamps. The Wulumuqi Bureau of Railways experimented successfully with a windmill generator. Now it provides 2kwh of power to charge all the batteries of the passenger trains as well. In the long run, the use of solar energy and wind energy to generate electricity for the railroad stations appears to be very promising.

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31 March 1982

China Report

ECONOMIC AFFAIRS

No. 216

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ROLE OF LAW OF VALUE IN SOCIALIST SYSTEM

HK181002 Beijing JINGJI YANJIU in Chinese No 2, 20 Feb 82 pp 65-68

[Article by Fang Gongwen [2455 1872 3306]: "The Characteristics of the Role of the Law of Value and its Relationship with Other Economic Laws Under the Socialist System"]

[Text] 1. Marx and Engels once predicted that in the socialist society, with the abolition of private ownership and with the ownership of all means of production by the society, commodity production would die out. However, real life is far more complicated than theory. The countries where the socialist revolution triumphed were not the most developed capitalist countries and after the victorious revolution, the society has not been able to achieve ownership of all the means of production. Ownership by the whole people, collective ownership and in some areas, private ownership still exist in these countries. Even in the enterprises owned by the whole people, ownership by the society of the means of production has not reached the degree envisaged by Marx and Engels, for although the state owns the means of production, the enterprises still have quite great power to wield and dispose of them. Therefore, commodity production necessarily exists in the socialist society. Nevertheless, there has been a change in the nature of this sort of commodity production which, being now under public ownership instead of private ownership, has the characteristics of a product economy. The most outstanding characteristics are:

First, in a socialist society, the interests of an enterprise basically coincide with those of the society and the state can plan the whole society's commodity production according to the needs of society. Therefore, the socialist commodity economy is a planned commodity economy.

Second, under the socialist system, commodities still keep the dual property of having use value and value. As socialist commodity producers, enterprises set value and profit as the immediate goals of their production. But from the viewpoint of the society as a whole, the aim of production is to satisfy people's needs in material and cultural life.

Under the socialist system, there are new features in the functions that the law of value performs. In the first place, the law of value has ceased to be a force beyond people's control, for people are in a position to conscientiously make use of the law of value with a view to regulating production and cir-

culation. Yet, in two cases, the law of value will spontaneously perform its regulatory function again. When people do not act in compliance with the law of value, it will force its way into operation regardless of people's subjective wishes and thus become a force beyond people's control. Moreover, for individual commodity production, the law of value remains an automatic regulator. Also, while performing its function, the law of value acts like a satellite of the basic economic law of socialism and is subordinate to it. In the first place, the proportion that each sector should have in the national economy is determined in the light of what is to be produced according to the society's needs, instead of by the law of value, value the society's needs are, in their turn, determined by the basic economic law of socialism. The law of value regulates the distribution of the society's total labor only after the aim and orientation of production have been determined by the basic eocnomic law of socialism. In the second place, the law of value pushes enterprises in competition to keep abreast of market trends, improve technology, upgrade quality, lower costs raise economic efficiency, and produce goods for which there is a demand so as to better satisfy the needs of society. In the third place, the law of value regulates the direction of demand for consumers' goods and thus results in meeting the needs of consumers to the extent that these needs are reasonable under the present condition of commodity supply. Apparently, under the socialist system, the function of the law of value consists of helping us act in accordance with the basic economic law of socialism. If we overlook the sort of restraints that the basic economic law of socialism places on the law of value and if we deviate from the aim and orientation of production prescribed by the basic economic law of socialism, stressing the regulatory function of the law of value unilaterally, then enterprises would be induced to pursue profit blindly regardless of the needs of society and even to the detriment of the interests of the society.

2. On the relationship between the law of value and the law of planned and proportionate development of the national economy, which are two of the many economic laws in the socialist society, opinions are quite divided. According to one opinion, there is incompatibility between the regulatory function performed by the law of planned and proportionate development of the national economy and that performed by the law of value. In fact, the comrades who hold this view refuse to accept that under the socialist system, people can consciously apply the law of value with a view to regulating production and circulation. They deem that only in the cases where the effects of the law of planned and proportionate development of the national economy cannot reach, have we no alternative but to let the law of value play its regulatory function.

In my opinion, in the socialist society, basic economic laws, the law of planned and proportionate development of the national economy and the law of value all perform the function of regulating production of society. In many respects, the regulatory function of the law of value and that of the planned and proportionate development of the national economy coalesce, overlapping each other.

The law of value regulates the proportion of the society's total labor which should be allocated to each sector. If the amount of labor that the society has used to produce a certain kind of commodity exceeds what is required to

meet the society's demand for this commodity, then a part of this commodity will not be salable or will not be able to sell reflecting the amount of labor used to produce it. In this case, a part of the society's labor which has been invested in the production of this commodity will shift to other sectors. If too much labor has shifted to other sectors, the demand for this commodity will exceed its supply. This means the society's needs in this regard cannot be satisfied. As a result, its price will rise to a level above the amount of labor absorbed by the commodity and then a further part of the society's labor will be attracted to the sector in question.

Obviously, the law of value determines the proportion of the society's total labor which should go to each sector of the economy according to the demand of society for individual commodities, meant for both production and consumption. The society's needs are not determined by the law of value. Under the socialist system, the basic economic law of socialism sets a target for each of the society's needs and according to these targets, the law of planned and proportionate development of the national economy determines the proportion that each sector should have in the national economy. The regulatory function of the law of value consists of distributing the society's labor according to the prescribed proportions. Moreover, how to allocate the society's total labor should be shared out, the society must go by these two laws.

The law of value operates as an regulator through price movements, parity or disparity between price and value, the prices of commodities relative to each other and economic levers which are related to value such as profitability, interests rates and taxation. Since the socialist economy is a planned commodity economy, changes in price level, price relations, profit, interest and tax are also constituent parts of the law of planned and proportionate development of the national economy.

The law of value regulates supply of and demand for commodities (that is, regulates commodity distribution) and regulates the relationships between all sectors and enterprises insofar as their interests are concerned (that is, regulates the distribution of the national income) through changes in prices and changes in the economic spheres which have something to do with value. On the other hand, how to distribute the society's commodities and how to distribute the national income are also elements of the law of planned and proportionate development of the national economy.

The following three points of primary importance distinguish the regulatory function performed by the law of value from that performed by the law of planned and proportionate development of the national economy.

First, in contrast to the laws of ruthless competition and anarchic production which hold in the capitalist society, the law of planned and proportionate development of the national economy holds in a society with public ownership of the means of production and provides conditions for the society to develop the national economy proportionately and according to plan. The law of value holds in all societies with commodity economies and dates back several thousand years. In a socialist society, it operates together with the law of planned and proportionate development of the national economy.

Secondly, commodity production and circulation are not the only spheres where the law of planned and proportionate development of the national economy operates. The other spheres where, as a rule, the law of value does not perform a regulatory function, but the law of planned and proportionate development of national economy does operate, are state revenue and expenditure, the ratio between accumulation and consumption, the ratio of economic construction, cultural and educational construction and national defence construction to one another.

Thirdly, the law of planned and proportionate development of the national economy requires the society to lay down in plans (including instructional plans, flexible plans and indicative plans) the various ratios and economic targets. On the other hand, the value of law operates as a regulator by affecting profitability. Price levels affect producers' (or enterprises') interests. Thus, enterprises are induced to invest the means of production and labor into the production of commodities of which the price and profit are high, instead of producing more commodities of which the price and profit are low or below cost. Thus, there will be a change in the distribution of the society's total labor. Since price levels affect the interests of consumers, they may also regulate the relationship between supply and demand.

Having discussed the relationship between the law of planned and proportionate development of the national economy and the law of value, I feel the matter of combining planned regulation and market regulation has to be brought up for deliberation. Let us look at planned regulation first. Plans are subjective things elaborated by the state or by the society and are correct only if they correctly reflect objective economic laws. Drawing a parallel between planned regulation and market regulation and representing market regulation as regulation through the law of value mean that plans only reflect what should be done according to the basic economic laws of socialism and the law of planned and proportionate development of the national economy. They do not reflect what should be done according to the law of value. This sort of plan cannot be correct and will even be erroneous. On the other hand, neither is it appropriate to represent market regulation as regulation through the law of value. Markets are places where commodities are exchanged and therefore fall under the sphere of circulation. What does market regulation mean? Does it mean the regulatory function that the law of value performs in the sphere of circulation, and if so, is it impossible for the law of value to regulate production? Does it mean the law of value regulates production indirectly through circulation, and if so, can't the law of value regulate production directly? Moreover, since the market in a socialist country is a planned market, what regulates the market is not limited to the law of value, but includes, rather and above all, the basic laws of socialism and the law of planned and proportionate development of the national economy. This is why we should not equate market regulation with regulation through the law of value. Evidently, the formulation of combining planned regulation and market regulation is inexact and vague. Just because the formulation itself is not scientific, it can now be construed in different ways according to the understanding and needs of individuals. In my opinion, the correct formulation should read: the law of planned and proportionate development of the national economy and the law of value combine in that they jointly perform a regulatory function.

3. In the course of planning, different methods may be adopted in agreement with the characteristics which distinguish the regulatory function of the law of value from that of the law of planned and proportionated development of the national economy. First, the method of vertical regulation: issuing instructional plans and establishing the various ratios. This method has a strong hint of the law of planned and proportionate development of the national economy. But the law of value still performs regulatory function, for plans should be made by taking into account that ought to be done according to the law of value. If plans contravene the law of value, the law of value will not respect what is provided for in the plans, but will go its own way instead. Second, the method of horizontal regulation: plans do not set fixed targets, but take the form of flexible plans or indicative plans to be realized mainly through manipulating prices, tax, profits, interest and other economic levers. This method reflects the function of the law of value to a fairly great extent and at the same time also reflects the function of the law of planned and proportionate development of the national economy. Third, a combination of the method of vertical regulation and that of horizontal regulation. By varying the importance of and the ratio between both kinds of methods, it will be possible to get a series of different combinations.

For a long period of time, the first method was adopted in our country with the central government deciding both macroeconomic policies and policies on enterprises's routine activity and then issuing instructional plans. Under this system of highly centralized planning, it is often hard to make realistic plans and to discover and correct errors in planning promptly and enterprises are seriously hindered from displaying their initiative. This planning system must be reformed. But we should not entirely give up instructional plans. Instead, we should adopt the practice of combining the method of vertical regulation and the method of horizontal regulation, because the planning system is subject to the basic economic law of socialism and the characteristics peculiar to its functions at the present stage.

As prescribed by the basic economic law of socialism, production in a socialist country should serve the purpose of satisfying people's growing needs in their material and cultural life. Yet at the present stage, insofar as the enterprises themselves are concerned, their immediate goal of production is to make profits because the socialist economy is still a commodity producers who enjoy relative independence. As a commodity producer, the enterprise has to regard the production of value as its prime aim, for how much profit an enterprise may yield directly affects its interests. Nevertheless, profit in a socialist society differs in essence from profit in a capitalist society. Profit in a capitalist society is merely a form of surplus value and reflects the exploitation of workers by capitalists while profit in a socialist society reflects the value of surplus products created by the working people for the society. Besides, most of the profits in a socialist society go, through diverse channels, to the state for economic and cultural construction and for raising the standard of living of the people both materially and culturally and even the part of profits left with enterprises are used to develop production or to improve the living conditions of their personnel. Therefore, an enterprise's profit in a socialist society is after all merely a means to satisfy people's needs in material and cultural life.

To summarize, from the macroeconomic angle, the aim of production in a socialist society is to satisfy the needs of the people in their material and cultural life, instead of to pursue the creation of value and profit, which are merely instrumental in satisfying the needs of the people in their material and cultural life. Besides, as we mentioned before, some ratios to be observed at macroeconomic level are not within the scope of operation of the law of value. Therefore, while making macroeconomic decisions, some of the important ratios concerning the national economy as a whole, such as the growth rate of the national economy, the ratio between capital formation and consumption, state revenue and expenditure, the scale of capital construction, the relative proportions of agriculture, heavy industry and light industry, the ratio between the primary industry and the processing industry, the relative scales of economic construction, cultural construction and national defence construction and so on, should be laid down in state instructional plans. It must be noted that issuing instructional plans does not mean we may ignore or contravene the law of value. We would be penalized for this. At enterprise level, the immediate aim of production is to make profit and profit margin is related to the enterprise's interests. Therefore, instead of instructional plans, indicative plans for flexible plans should be used to regulate enterprise's production through the effects that the law of value will produce on the enterprise's interests. This will better suit the enterprises and mobilize their enthusiasm and initiative. This principle should apply to most of the enterprises. However, this does not prevent the state from issuing instructional plans in the spheres which are of vital importance to the national economy, such as key products and key enterprises, major capital construction projects, prices of essential raw materials, fuels and consumers' goods. These instructional plans should run counter neither to the law of value nor to the interests of the enterprises. If in the course of carrying out instructional plans, the interests of an enterprise have been affected adversely by pricing, technology or resources, the state should compensate it by means of adjusting prices, revising the rates of tax, profit retention percentage and interest rates or by other economic means, so that the enterprise may secure reasonable profits. As regards grain and other essential consumers' goods, they have always been subsidized by the state. In the future, further efforts should be made to narrow the price gap between agricultural products and industrial products while keeping prices stable and thus avoiding harmful effects on the life of the people. It is unlikely to raise grain prices substantially and the state purchase prices will remain lower than its selling prices. However, the practice of package compensation and subsidies that prevailed in the past should be stopped. Instead, enterprises should be subsidized according to the volume of purchase or sale (for instance, a subsidy of so many yuan for one ton grain purchased or sold) and thus, after having made up for the losses, they may gain reasonable profits out of the subsidies. Only in this way, will enterprises be stimulated to improve their management and achieve better economic effects. As regards some general commodities, if need be, the state may also issue instructional plans. In a word, while making economic decisions at enterprise level, we should mainly resort to indicative plans and flexible plans, but also maintain instructional plans in certain spheres of economic activity.

It goes without saying that in order to fulfill the task that the reform sets us, it is necessary to take a series of measures appropriate for the period of transition. These constitute a matter to be dealt with separately.

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UTILIZE NATURAL RESOURCES TO 'HARNESS LAND'

HK191347 Beijing JINGJI GUANLI in Chinese No 1, 15 Jan 82 pp 13-15

[Article by Guo Tu [6753 0956]: "Do a Good Job in Land Harnessing to Promote Socialist Construction"--note passages within slantlines denote boldface type]

[Text] The Tasks in Harnessing Land

Basically speaking, land harnessing represents a correct handling of the relationship between men and the natural environment on which they rely for their survival so that the environment will become more adaptable to the survival and development of mankind. Concretely speaking, it means that within the sphere of state sovereignty, people are resorting to science and technology, and social resources in their effort to utilize natural resources to the greatest effect and with the utmost economic rationalization.

The main contents in the work of land harnessing can be divided into the following four points:

/(1) Exploitation./ It usually refers to the reclamation, exploitation and engineering construction of the natural resources that still remain in primitive conditions and that have never been utilized such as land, rivers, forests, grassland and ore deposits so that they will be able to display their roles for the interest of mankind. Following the constant development of productive force, the scientific and technological level, economic conditions and changes of other factors, some resources that have already been utilized to a certain degree can further be utilized considerably or may be used in a new way. This situation also belongs to the category of exploitation.

/(2) Utilization./ Usually it refers to the natural resources that can be utilized without major exploitation or further utilization of the natural resources that have already been exploited.

/(3) Harnessing./ For a long time, people have exploited and utilized land resources with considerable blindness. It was often the case that to a certain degree they seriously damaged the natural environment on which they rely for their survival. For instance, the damage caused to the natural plant cover has resulted in soil erosion, sandy soil, silting up of river beds and rivers and lake pollution caused by improper sewage disposal. Therefore it is necessary to resort to such measures as engineering and biological measures

to harness the natural environment so that it will further accord with the development of production and with the need to improve people's standard of living. Land harnessing also includes changing the primitive conditions of nature such as ridding marshlands of waterlogging and channeling water from several rivers. This project is similar to exploitation.

/(4) Protection./ Mainly it refers to the protection of natural resources and people's living environments. Because of limited knowledge or because of the lack of overall planning, it is often the case that when people are exploiting and utilizing natural resources they are at the same time damaging these resources, natural ecology and living environments. We are now living in an era where productive force is highly developed and science and technology are constantly developing; therefore it is imperative for us to make a full consideration and work out overall planning in exploiting and utilizing land resources. That is to say, in doing so, we must make the best intermediate and partial achievements and at the same we must guarantee our long-term and overall interests. It is also necessary to consciously protect resources and the environment and realize ecological equilibrium.

Land harnessing is highly comprehensive work. The exploitation, utilization, harnessing and protection mentioned above are related to each other and cannot be carried out singly. In order to harness the land comprehensively, it is necessary to survey land resources in an overall and deep way so as to grasp the natural conditions and, on the basis of analyses and study, it is necessary to carry out comprehensive comparisons and work out the most rational planning for combining exploitation, utilization, harnessing and protection. It is also imperative to work out the related principles, policies and regulations to guarantee the implementation of the planning.

Land Harnessing is an Important Guarantee for Carrying Out Socialist Construction

Land harnessing is a complete work. Under the situation in which the society of mankind has developed to a certain historical stage, the productive force has developed to a certain level, the world's population has become enormous and the land all over the globe has been basically divided up, the importance of such work is becoming more and more apparent. Following the development of productive force and the constant growth of population, the importance of such work will become even more outstanding.

Following the development of the national economy after liberation, our country has made tremendous progress in exploiting and utilizing land resources and certain achievements have been made in land protection thanks to the enormous work carried out in land harnessing. But as we did not proceed from the overall situation in harnessing the land and did not closely combine exploitation with utilization, harnessing and protection, many problems have consequently cropped up.

/(1) Natural resources are not fully and rationally utilized, creating serious waste./

Natural resources guarantee the material conditions for the survival of mankind, including the material conditions that are needed in improving living conditions of mankind. We must rationally utilize natural resources; we must in no way utilize them arbitrarily and wastefully.

Generally speaking, our natural resources are very rich and our country has historically been termed as a "big country with abundant resources." The volume of many of our natural resources is among the biggest in the world. But because of our huge population, most of the average quantity of our various natural resources per capita is lower than the world's average standard. Therefore proceeding from this point, we must spare no efforts to protect our natural resources and there are still many shortcomings in this aspect.

First of all is the utilization of land resources which are the "mother of wealth." The average land acreage per capita in our country is less than 15 mu as against the world's average of about 50 mu. The average acreage of our cultivated land is less than 2 mu as against 5 mu of the world's average. With less than 10 percent of the world's total cultivated land, we have been able to feed more than 20 percent of the world's population. This situation shows the superiority of the socialist system; but it also represents our unfavorable conditions and difficulties. In the past, we utilized land, particularly cultivated land, irrationally in many aspects. For example, in arranging agricultural production we violated the principle of proceeding from specific conditions and displaying advantages. We lopsidedly stressed the importance of taking grain as the key link to engage in unitary operations. As a result, we failed to make the best use of our land which resulted in very bad economic effects. Some industrial and mining enterprises and administrative units occupied excessive land in carrying out their construction or occupied the land but did not use it, only to waste an enormous amount of good cultivated land.

Now let us look into the situation of the use of water resources that are vital for the survival of mankind. The volume of flows of the surface water in our country averages 2.61 trillion cubic meters annually, with an average of 2,700 cubic meters per capita. Our average per capita is only 1/4 of the world's average of 11,000 cubic meters, 1/17 of the Soviet Union and 1/11 of the United States of America. With regard to regions and times, the distribution of our water resources is far from being balanced. Some regions are subject to floods while others are subject to drought. Some regions are hit by drought and then by floods in the same year. An enormous volume of water flows into the sea before being utilized and on the other hand, many regions such as Tianjin, Qingdao and Dalian are seriously short of water. Even in water-defficient regions, the limited water resources are not fully utilized. In industrial production for example, the cyclical rate of water utilization is very low. In addition, water resources have been seriously polluted. The water of 15 of the 27 rivers across the country are polluted to varying degrees. Investigations in 44 municipalities showed that the water table of 41 munitipalities has been partially polluted.

Another reason is the situation of our ore resources that have an important role in modern production. The varieties of our confirmed ore deposits amount to 134. This means that we have considerable deposits of a fairly wide variety of areas. But based on the average per capita, these varieties are not enough. Some important ores, such as iron and copper ores, are mostly poor ores and consequently it requires more labor power to exploit and smelt them. Ore resources cannot reproduce themselves and with exploitation they are getting scarcer and scarcer; therefore we must treasure such resources and use them properly. The surveys and exploitation of our ores in the past

were carried out in a somewhat disorderly fashion because there was no unified management. People opened up small mines beside some big mines. These small mines are characterized by arbitrary exploitation, with a very low recycling rate in exploiting, sintering, smelting and dressing; let alone comprehensive utilization. As a result, such a practice has damaged and wasted our valuable resources.

/(2) Natural ecology and the environment have been damaged and as a result, the role played by our natural resources in the interest of mankind has disappeared or diminished, or has even become harmful./

The natural ecology seeks balance in its process of constantly developing and changing while mankind is a product of a certain natural ecological environment. But since the emergence of mankind, men are able to use tools to carry out the work for their specific purposes and consequently they are stepping up natural ecological changes. For a long time, people have been fundamentally changing the natural ecology blindly. Thus on the one hand, they are exploiting and making use of the natural resources to improve their living standard and on the other hand, they are also seriously damaging the resources to create difficulties and even calamities for their own life. For example, felling trees once played a very important role in guaranteeing the survival of mankind and improving people's living standards. But when forests were seriously damaged, the whole ecology and environment consequently changed into a direction that is unfavorable to the survival of mankind. Some scientists confirmed that forests will be able to conserve water resources, preserve soil, fix sand, display their roles as windbreaks, regulate climate and form fairly ideal natural environments only when their coverage area constitutes more than 30 percent of the total land area and their location is even. Our rate forest cover is only 12.7 percent, and is unevenly distributes. Such a low rate has been formed after a long historical period. But over the past few years, we did not work hard to protect our forests. Because of various factors such as felling more trees but with less attention to afforestation, reclaiming land from forest areas, forest fires and the consumption of timber, our present rate of forest lover has gradually decreased. We must pay attention to this problem.

In addition, following the development of cities and industries, the "three wastes" are increasing. Statistics show that in 1979 a total of 77.8 million tons of sewage, 950 million tons of residue and 9.9 billion cubic meters of waste gas were discharged everyday throughout the country. Most of this waste was not properly handled and consequently affected the environment. Some even created serious pollution. There was one city that discharged almost 2 million tons of sewage every day, of which only 8 percent was handled through a sewage treatment plant. Over the past few years, the party and state have paid attention to the work of environmental protection and the situation has taken a turn for the better thanks to the enormous work done in this respect. Yet there are still heavy tasks and following the development in production and constant improvement in people's living standard, there will constantly emerge new problems in the work of environmental protection.

/(3) Some economic construction and production activities violate the laws of nature and economy, creating losses, waste and low economic effects./

Following the general summing up of the experiences and lessons in our economic construction over the past many years, we found that one of the major reasons for the mistakes in some work is that we did not pay attention to the work of harnessing our land. First of all, we were not really aware of the situation of our land resources. Therefore it was enivitable that some ideas, plans, slogans and requirements were divorced from reality. Some people only cared about their needs and neglected possibility; others only cared about the partial situation and neglected the overall situation, cared about immediate interests and neglected long-term interests. At one time, they "went all out" in doing one thing and at another time they did another work in a "big way." But the results were contrary to their expectations. Not only did they achieve very bad economic effects but they also damaged land resources and ecological balance and caused more serious pollution. Second, we lacked an overall scientific plan for land exploitation and utilization and arrangement of productive force. Many construction projects were carried out blindly. In carrying out such projects, people did not consider the features of the related resources, nor did they pay attention to nautral geographical conditions and economic geographical conditions. The distribution of these projects was very irrational. As a result, enormous funds were used in these projects that only failed to make the required achievements. In addition, the surveying, exploitation, utilization, harnessing and protection of our land resources are dispersedly carried out by various departments and regions. Thus without unified planning and management and with more exploitation and utilization but with less harnessing and protection, we have consequently failed to exploit and comprehensively utilize our valuable resources in an overall way and consequently we suffered undue losses.

All this proves that the work of harnessing land resources is related with the long-term interests of mankind and it is also an important guarantee for smoothly carrying out socialist construction. We must learn so that we will be able to work out scientific planning for economic construction, carry out our work according to the laws of economy and nature and achieve good economic effects. Therefore it is imperative for us to do a good job in harnessing land.

Land Harnessing Requires General Attention and Full Cooperation

The work of land harnessing involves a wide range of aspects; it is directly or indirectly related with almost all production activities. Therefore in order to do a good job in this aspect, it is imperative for various departments concerned and regions to pay attention to and fully cooperate in land harnessing in a highly comprehensive way. This work also requires a comprehensive management organization to unifiedly regulate the relations and steps of various departments and regions. The state council has recently decided that the state construction commission must take it as their important task to manage the work of land harnessing. The commission must also set up a state land bureau to manage the daily work of land harnessing. This decision is very important. In this way, our country will have an organization that is specialized in the management of land harnessing work and consequently this work has entered a new stage.

In order to do a good job in land harnessing, it is imperative at present to grasp well the following three points:

(1) Carry out systematic and scientific surveys of our land conditions and natural resources, including collecting, compiling and studying the existing survey results and make scientific analyses and evaluation so as to provide scientific information for exploitation, utilization, harnessing and protection. Ours is a vast country with complicated conditions and we do not have enough strength for carrying out surveys and scientific research; therefore the surveying of our land must be carried out according to key points and step by step so that we will be able to deal with one region after another and one specialized problem after another.

(2) Study and work out the direction and goal for the exploitation, utilization, harnessing and protection of land resources and work out the related land planning. Land planning mainly includes plans for regional comprehensive planning; exploitation planning for departments and trades; planning for communications networks; comprehensive planning for exploitation of rivers; town planning; rural area construction planning; big and medium specialized planning (such as the harnessing of the Loess Plateau, improving large areas of alkaline and saline land, preventing soil from becoming sand, creating large-scale forest belts and channeling water among rivers).

(3) Study, work out and implement the party's and state's principles and policies for the exploitation, utilization, harnessing and protection of land resources and work out and amend the related rules and regulations.

Land harnessing is a common task of hundreds of millions of people and therefore it is imperative to mobilize the initiative of various sectors and the broad masses of the people. Such work cannot be done by administrative directives. We must have definite and correct principles and policies. At the same time, it is also necessary to strengthen laws. At present, the laws and regulations being worked out and amended by the departments concerned include land laws, forest laws, grassland laws and laws for marine environmental protection. The work of formulating temporary plans for the use of land for state construction must also be enhanced.

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ECONOMIC MANAGEMENT

ROLE OF ACCOUNTING IN ECONOMIC RESPONSIBILITY SYSTEM LIMNED

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING]in Chinese No 1, 20 Jan 82 pp 9-12

[Article by Jao Fule [6787 1318 7081] Nanning Silk Textile Mill, Guangxi: "How To Perform the Functions of Accounting in Implementing the Economic Responsibility System"]

[Text] Accounting is an important tool for managing the economy. The greater the growth of the economy the greater the importance of accounting. Under the socialist conditions, the greater the complexity of the production, exchange, distribution and consumption processes the greater the need for bringing the inherent functions of accounting into play. Our national economy is currently in the process of readjustment and restructuring. Following the expansion of enterprises' powers of self-management and the implementation of the profit-retention system, state-operated industrial and communications enterprises are carrying out the economic responsibility system, and drawing on the experience of rural production and distribution. This is a major economic reform, a fundamental measure for bringing the enthusiasm of enterprises and productive laborers into full play and the only way of industrial production and development. In the course of carrying out the economic responsibility system, how to give play to the functions of accounting as a tool for controlling processes and summing up ideas is a pressing problem confronting our financial and accounting workers.

(I) Views on some questions in carrying out the economic responsibility system.

1. When handling some economic relations between the state and enterprises, it is necessary to substitute multiple-target evaluation for single-target evaluation. The economic responsibility system is a good form of effectively combining authority, responsibility and profit. The word "contract" stands out as its core. That is to say, when handling economic relations between the state and enterprises, contracts are entered into to resolve the problems of stifling overcentralization and "eating from the same big pot" by giving enterprises necessary powers of self-management and operation. At the same time, when handling the relations of distrubution within an enterprise, the economic responsibility system is carried through to individuals by dividing work according to different levels and lines or by dividing work and assigning a part to each individual or group. This will integrate the [system of] remuneration based on work with [that of] labor results, thereby overcoming egalitarianism, implementing the principle of distribution

according to work and bringing the initiative and enthusiasm of workers into full play. But whatever the form of distribution, it is not advisable to take a single target as the only basis of evaluation when carrying out the economic responsibility system. A single target, however effective and comprehensive, cannot possibly be taken as the only criterion of judging how an enterprise is operated and managed or how much it has contributed to the state. Take the profit-retention system for instance. Although it has played an important part and achieved distinct economic results in economic reform, this system itself still has certain points that are open to question. First, it excludes from costs the bonus and welfare funds which are in the category of costs. As a result, costs are not integrally and truthfully reflected and are rendered no longer comparable, thus running counter to the principle of value and cost composition. Second, when the single target of profit is used in handling economic relations between the state and enterprises, it does not give sufficient expression to the complexity of industrial production and to the inherent connections between various economic targets which depend on, condition and exclude one another; it excludes other important targets like quality, output, variety, consumption and rate of product marketability, thereby down-grading enterprises' role in achieving comprehensive economic results. Third, it is apt to run counter to the basic aim of socialist production, leading to the tendency to concentrate on profit. Therefore, when carrying out the economic responsibility system we should take all these factors into full consideration and substitute multiple-target evaluation for single-target evaluation, and take multiple targets as the basis of evaluation so as to ensure better combination of economic authority, economic responsibility and economic profit.

2. When handling the relations of distribution within an enterprise, it is necessary basically to maintain the original proportionate structure of distribution. The economic responsibility system is developed on the basis of the profit-retention system. As far as the units with expanded powers are concerned, whatever the form of distribution, it is necessary to overcome egalitarianism and shake off the state of "eating from the same big pot" when handling the relations of distribution within the enterprises. As for the units which adopt piece-rate wages or floating wages, it is necessary to carry through to individuals the integration of economic and technical targets with the economic responsibility system, on this basis, the units concerned should encourage their workers to increase production freely, contribute more and overfulfill quotas more so as to earn more while ensuring product quality and cutting down consumption. To this end, the units should adopt some appropriate control measures: 1) Keeping piece rate unit prices within the range of average wages for the same unit of product prevailing prior to the restructuring of the system; 2) taking floating wages linking remuneration to output as supplement to wage funds and putting floating wages on the planned track for management; 3) maintain a definite connection between piece-rate wages for above-quota output and retention of profits, and manage this as part of the bonus fund, calculating workpoints according to results, and calculating remuneration according to fixed values. In short, the original proportions of distribution among the state, enterprises, and individuals should not fluctuate too much after introduction of the new system. If the proportion of profits going to the state is found falling too much, ti should be reflected and controlled through accounting and analysis,

and effective measures like appropriate adjustment of quotas should be taken to prevent a situation in which enterprise production quotas are set too low and are over-fulfilled to such an extent that funds which should fall into the category of state revenues are drawn away in disguised forms. In short, it is necessary, on the one hand, to embody the principle of more pay for more overfulfillment of quotas and, on the other, to full ensure the interests of the state. To do so, it will be necessary to go a step further and utilize the functions of accounting as a tool of reflection and control.

3. Success in the conomic responsibility system presupposes raising the levels of enterprise operation and management. The implementation of the economic responsibility system involves the entire processes of supply, production and marketing and touches upon manpower and material and financial resources. The system should be implemented in such a way that authority, responsibility and profit are effectively combined and the interests of three sides--the state, enterprises, and individuals--are properly integrated. Development of enterprises' productive forces depends on the rise in technical and production levels as well as on whether enterprises can raise their levels of operation and management and can implement an economic responsibility system that is suited to the development of their productive forces. Therefore, for implementing this system enterprises need not only a set of scientific and rational economic and technical quotas suited to their industrial production and distribution requirements but also a set of advanced systems of operation and management suited to their industrial production and distribution requirements. In dealing with the question of distribution within enterprises we should evaluate not only the achievements scored by various departments in attaining their economic and technical targets but also their achievements scored in operation and management; we should put total quality control, business accounting and personnel training under the responsibility system so as to ensure product quality by upgrading the quality of work and ensure economic results by upgrading product quality and work quality. To this end, I think that when evaluating the way the departments concerned are managed, we should include the system of personal responsibility, standardization of work, civilized and safe way of production, operational determination, and market forecast in the range of evaluation. In this way, by raising the levels of operation and management the work of carrying out the economic responsibility system will be put on a practical basis.

4. Strengthen accounting's reflection and control [functions] and provide information for carrying out the economic responsibility system. Under the current system of economic responsibility, the forms of distribution adopted by state-operated industrial and communications enterprises are diversified, including piece rate wages, above-quota piece rate wages, floating wages linking remunerations to output, wages paid according to sales and at profit rate, bonuses for overfulfilling quotas, and minor-target bonuses based on points. In order to keep abreast of changes in the objective circumstances, it is necessary to make corresponding and necessary supplement and revision of the existing accounting system. It is suggested that the departments concerned conduct a special survey of the question of economic responsibility system for state-operated industrial and communications enterprises, study the proportionate structure of profit distribution among the state, enterprises

and individuals in different industries and different regions, study the proportionate relationship between the added living labor expended after introduction of the new system and the increase in output value, output and profit, find out the level of average personal income from bonuses and the range of differences between different regions and different industries, study the equilibrium between the total amount of wage and bonus payments and the available supply of social commodities. At the same time, the departments concerned should keep prompt track of the changes in unit wages and the major product among those units that have adopted piece rate wages; centering on these requirements, the departments concerned should supplement the original accounts and report forms where appropriate and necessary or add the necessary items to the original report forms so that accounting can more effectively fulfill its functions of reflection and control.

(II) Some ideas concerning implementation of economic responsibility system.

On the basis of the above understanding, it appears advisable at the present stage to record points and calculate remunerations on the basis of multiple targets. This is because compared with others this form makes control and management easier and can achieve overall economic results. Under this premise, the following tentative ideas are advanced for the purpose of carrying out the economic responsibility system:

1. Adopt the method of recording points and calculating remunerations on the basis of multiple targets, implement the principle of integrating remunerations paid according to work with the economic responsibility system, record points according to achievements, fix value, and calculate remunerations according to points.

2. This form of distribution is characterized by bringing "contact" to the fore and stressing "increase." On the basis of enterprise production-increase and income-increase plans, the factory department should break up the major economic quotas and assign these divided quotas to various shops; the shops should break up the divided quotas and spread them among various teams, groups and indiviuals. Centered on the economic responsibility system, management should be divided into different levels, and distribution of bonuses should also be managed at different levels. That is, the factory department should check up on various shops and administrative offices each month, record points and calculate remumerations for them; in turn, the shops should check up on teams and groups, record points and calculate remunerations for them, and teams and groups should check up on individuals and record points and calculate remunerations for them.

3. The points are divided into base points, added points, and deducted points. Those who have attained targets of increased production and increased income are credited with base points. Points are added according to how difficult it is to overfulfill quotas, and are deducted in light of the effects produced as a result of failure to fulfill quotas. Standards should be set respectively for these three kinds of points.

4. The major economic targets included in the range of evaluation and their base points are: 20 points for output, 25 points for quality, and 25 points for profit. At the same time, operation and management should be included as subjects of evaluation: 10 points for overall quality control and 5 points each for operational determination, equipment management, civilized and safe way of production, and standardization of work.

5. The principles underlying addition and deduction of points are: In the case of general targets and management work, addition of points should be kept within a certain limit. In the case of key targets (like quality), points may be added without limitation so as to arouse shops' enthusiasm for attaining key targets. As to deduction of points, there will be no limitation, and where deduction is justified the base points may be deducted down to zero. In order to control points and stabilize the value of points, departments should keep the total points added within one-third of the total number of base points.

6. In some production shops there are some kinds of auxiliary work without quota or target. Considering the difficulties involved in evaluating and calculating the points, this kind of auxiliary work may be linked to the average points for some basically related kinds of production work, and then points may be added or deducted and points may be recorded and bonuses determined for the workers in light of their performance at their posts.

7. In the case of workshop sections of the power sector (like steam, electricity, gas and water supply), the number of points to be recorded should be directly linked to the points recorded by the beneficiary departments for the output achieved and should be combined with the results of management work. Then points can be recorded and bonuses determined.

8. Let the personnel engaged in productive, technical and economic work return to their specific fields and come under seven systems of management--planning, technology, quality inspection, labor and capital, supply, equipment, and finance. Work out vertical methods of recording points and checking up, that is, methods of checking up on and combining specific responsibility for production technique with specific-line calculation of points and remunerations. In the case of those shop personnel in a specific field, the responsible office and shop should respectively check up on 50 percent of their base points so that the tasks arranged by the responsible office can be implemented at the shop level.

9. In principle, the department held responsible should assume economic responsibility for economic losses caused by production or work errors and should receive certain economic punishment. Of the economic losses less than 1,000 yuan, 10 percent should be deducted from the bonuses earned by the department held responsible; for economic losses exceeding 1,000 yuan, necessary economic punishment should be meted out and disciplinary action taken according to circumstances of the case.

10. Inspection is an important means of management and control. In order to implement the economic responsibility system smoothly, it is necessary to ensure

it organizationally by setting up check-up organizations, employing permanent inspectors and amplifying the check-up and evaluation systems.

(III) How to ensure accounting is reflection and control function in implementing the economic responsibility system.

To sum up the above, the economic responsibility system implemented by the state-operated industrial and communications enterprises involves a wide range and many-sided external and internal connections of enterprises. Under the circumstances, where should accounting reflection and control begin? My superficial understanding is as follows:

1. Use accounting's reflection and control functions in correctly handling economic relations between the state and enterprises. How to raise adequate funds to finance the four modernizations is a major problem confronting us, a problem bearing on the overall interests. To improve the macraeconomic and microeconomic results is precisely the main way and method of solving the problem of construction funds. Accumulations by state-operated industrial and communications enterprises are the important source of the state's construction funds, and by using accounting's reflection and control function in correctly handling the economic relations between the state and enterprises, the enthusiasm of enterprises can be stimulated to realize the tasks of increasing production and revenues. What is the lever to handle these relations? I think the first thing to do is determine a rational profit base and proportions of profit division through repeated accounting, surveys and calculations. This will prevent "whipping the fast-moving ox" and avoid a situation in which one gets too much and the other too little. The "interests of three sides" should be correctly handled with priority given to the interests of the state. Next, select the best production, technology and finance plans, and use then as the basis for checking up on enterprises' economic activities. Next, through daily accounting data, promptly reflect the information on distribution of profits between the state and enterprises, and comprehensively probe into the changes taking place before and after introduction of the new system from the angles of labor productivity, rate of capital profit, rate of cost reduction, and rate of product marketability. If the economic results of these targets have shown distinct improvements, it shows that the new system has played a positive role in achieving better quality, high output [illegible] low rate of consumption. At the same time, it is necessary to analyze [illegible]her, from the financial angle, whether the growth rate of profits delivered into the treasury is compatible with the growth range of labor productivity and capital profit. If it is basically compatible with the growth range of labor productivity and capital profit, it shows these relations have been well handled and an impetus can be given to the development of productive forces. Otherwise, either "too much" or "not enough" would signify improper handling of these relations, in which case the macroeconomic and microeconomic results will be directly and indirectly affected.

2. Use accounting's reflection and control functions in handling the relations of distribution within an enterprise. Handling the relations of distribution within an enterprise entails a meticulous and complicated process. In order

to overcome egalitarianism and bring the production enthusiasm of the workers into play to the maximum, it is imperative to apply the law of value on the basis of good ideological and political work, implement the principle of more pay for more work and the principle of taking bonuses as remunerations for above-quota work, determine the forms of distribution in light of the production characteristics and the realities of enterprises, work out distribution plans and evaluation measures. But all forms of distribution will run into the problem of setting objective standards for determinging economic quotas. In my view, economic quotas should be worked out scientifically and rationally. In other words, economic quotas should stand at advanced average level so that they can really play their part as guide and accelerator in practice. Furthermore, economic quotas should dovetail each other and balance each other so that they can embody the practical and realistic spirit. The process of implementing the economic responsibility system is the very process of handling the relations of distribution within an enterprise. If we want to handle these relations properly, we should proceed with reflection and control from the standpoint of price, production costs and wages. Therefore, first of all, we should apply the law of value in working out the planned prices and institute strict systems of receipt, payment, and settlement among various departments. Next, we should institute a system of cost accounting at the shop level, formulate a system of accounts and report forms necessary for shop cost accounting, calculate shop production cost and profits each month, and break down the relevant production cost and profit quotas of factory department and assign the divided quotas to various shops, using them as the basis for checking up on points and calculating remunerations. Finally, through repeated calculations, balancing, and reduction, we should determine the average value of points, which remains basically constant the whole year round, and which shall be used by departments as the basis for calculating and distributing bonuses each month. This average value of points is based on enterprises' plans for points and remunerations, which have been worked out according to state provisions and in light of the total annual profits projected and the total amount of bonuses that may be made available for distribution. As to redistribution of bonuses among teams, groups and individuals, departments should determine the value of points in two or three groups according to the technical levels and labor intensity. The value should be determined without breaking through the level of bonuses earned by departments. Points should be recorded and remunerations calculated in light of production or work achievements so as to embody the principle of paying remunerations according to work. In the case of those teams and groups within a shop with insufficient individual production tasks, points should also be recorded and bonuses determined on the principle of taking care of neighbors and at the average bonus level for shops. In this way, cooperation within an enterprise can be fully embodies. In short, through accounting's reflection and control functions, we should overcome egalitarianism and properly handle the relations of distribution within enterprises.

3. Apply accounting in reflecting and controlling expenditure of living labor. Whatever the form of distribution the economic responsibility system currently implemented by state-operated industrial and communications enterprises will bear upon the question of expending living labor in the form

of wages and bonuses. And saving the working time is a matter of great importance at all times and under all conditions. For this reason, we must pay utmost attention to this question. In the case of expenditure of living labor as reflected by money, all departments throughout the area include payment of workers' bonuses and welfare costs in production cost, but the majority of enterprises exclude from costs these outlays which should fall into the category of costs while some enterprises with expanded powers, which have adopted piece rate wages or above-quota piece rate wages in product costs. Thus, accounting requirements are not uniform and reflection is not comprehensive and integral. I therefore suggest returning bonuses and welfare costs (retained from profits) to the production cost table and adding a supplementary table as additional data. In addition to providing the macroeconomy with data for studying the national income and the proportionate relations between accumulation and consumption we should stress study of the proportionate relations between expenditure of living labor reflected in monetary form on the one hand and the output value, output and profit provided on the other, thereby studying at what level the structure of proportions between regions and between industries should be placed so that more accounting information and data can be provided for improving the reward system and working out feasible plans.

We are in an era of economic ascendency, and economic readjustment, restructuring, reorganization and upgrading are developing in depth and breadth. In this process, new circumstances and problems are bound to arise while the quality and efficiency of work on each front will produce a great impact on the four modernizations. Under such circumstances, how accounting work should meet the new situation and requirements in theory and practice is an important problem confronting us, a problem which calls for urgent solution. Our financial and accounting workers should be good at thinking, deligent in studies, courageous to exploring and daring in scaling new heights. They should fulfill the glorious mission given by the party and the people, and make greater contributions to the four modernizations.

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ECONOMIC RESPONSIBILITY SYSTEM IN INDUSTRIES, COMMERCE DISCUSSED

Shanghai JIEFANG RIBAO in Chinese 4 Feb 82 p 4

[Article by Xu Jiashu [1776 1367 2885] and Chen Huanqing [7115 3183 7230]: "Probe of the Economic Responsibility System in Industry and Commerce"]

[Text] The nature, function and significance of the various forms of the economic responsibility system now emerging in all branches of the national economy are in the process of being probed into by the press, and this article proposes to talk about the Shanghai situation.

The "Resolution on Certain Questions in the History of the Party Since the Founding of the PRC," while summarizing the experiences of our country's socialist construction, points out that we must, under the prerequisites of maintaining the basic socialist system, strive to reform those specific systems not suitable to the needs of the development of the forces of production and which are not beneficial to the people, and that we must institute specific management and distribution systems that are suitable to each segment of the economy. We believe that the economic responsibility system now being practiced in industries and commerce is one kind of specific management system formed under the leadership of state planning in the process of systematically reforming and revising the economy, and which has as its goal the increase of beneficial results for the economy and which closely integrates economic responsibility, economic jurisdiction and economic benefits. "Viewing the Shanghai situation, the economic responsibility system is at present being practiced in two segments. One is the economic responsibility system of enterprise towards government, or, as it is known, the enterprise economic responsibility system. It focuses primarily on the resonsibility for profits and losses, and its main point is to resolve the economic relationship between enterprises and the state and correct the malpractice of "eating from the same pot." The specific forms it takes are retention of some profits, using taxation in place of taking profits, minimum-profit contracts or profit-loss contracts. Since April 1979, 1,434 industrial and commercial enterprises have begun practicing retaining portions of profits and using taxes in place of profits, accounting for 74 percent of the enterprises under the local industrial bureau, 87 percent of the total output value, 84 percent of total profits and 75 percent of the total number of workers and staff members. The second is the economic responsibility system for each category of personnel within an enterprise, also known as the inner-enterprise economic responsibility system. It focuses

primarily on linking remuneration to production, and its main point is to manage well the distribution relations within an enterprise and overcome egalitarianism. Its specific forms include bonuses based on workpoints, bonuses for piecework in excess of the quota, semi-piece work wage systems, floating wage systems, cadre joint responsibility-reward systems, etc. This gradually took shape during the process of consolidating and implementing distribution according to work in the enterprises, and while uniting the establishment and strengthening of the labor system of personal responsibility with the improvement of the reward system. At present the scope of the trial implementation is already quite broad, but the depth is insufficient, and in particular the combination of responsibility, rights, and profits is still far from perfect. Economic resonsibility has focused on the demands of profit and loss, but its stress on total economic responsibility is insufficient. Economic jurisdiction mainly broadened some property rights; other rights are still quite minimal. Economic benefit is also only linked to bonuses and its relationship with basic wages is very slight, with the result that some enterprises concentrate on profits alone, neglect variety and quality in their products, lose control over bonuses, and other problems. At the same time, economic departments responsible for work should also establish relevant responsibility systems in accordance with the internal relations of the economic responsibility system, and stringent contract systems must also be established in and among enterprises in order to form a comprehensive economic responsibility system linked from bottom to top and integrated horizontally and vertically. These make clear that there must be a thorough understanding of economic responsibility systems and that economic responsibility systems need undergo a process of gradual perfection.

The close integration of economic responsibility, economic jurisdiction and economic benefit is a basic feature of the economic responsibility system. Economic responsibility, economic jurisdiction and economic benefit are mutually linked and condition and supplement each other. With responsibility as the foundation, the state makes use of the means of production turned over by cadres, workers and managers in an enterprise. An enterprise needs to accomplish the tasks determined by the state in order to make more contributions to the state and achieve the best economic results. This is the starting point and fundamental goal of establishing an economic responsibility system. However, without the relevant jurisdiction, responsibility cannot be undertaken and the goal of increasing economic results will also not be obtained. So, authority is the prerequisite and condition for fulfilling economic responsibility, and profit is the impetus. If we do not pay attention to economic profit, the initiative of enterprise and labor will not be brought into play, nor will we be able to solidify a better economic responsibility system. In establishing an economic responsibility system the inseparable combination of responsibility, jurisdiction and benefit must be strived for in order to bring the stimulating role of the economic responsibility fully into play. In the past many factories have established personal responsibility systems, technological responsibility systems, safe production systems, quality control responsibility systems, etc., in accordance with the demands of socialized mass production. The state has also determined output, output value, variety, quality, profit, depletion, and other economic and technological norms for enterprises. It should be said that this is one kind of

responsibility system. However, [when] the entire economy is an organized system of "unified receipts and expenditures" and "eating from the common pot," it does not recognize the relatively independent enterprise status of commodity producers. If an enterprise does not have its own economic benefit, there will be no direct connection between the quality of management and economic benefits. Therefore, these systems cannot play the proper roles of promoters. Now we crown responsibility systems with the word "economic," and this imbues it with new meaning. It links enterprises together with economic benefits and economic results, and links the income of the individual workers to the size of production achievements, which is conducive to overcoming the malpractice of "eating from the common pot" and the persistent ailment of egalitarianism. This will cause the enterprises and the workers, with both the pressure of undertaking economic responsibility and the power to assume economic responsibility, and with the impetus to increase economic results, to bring their initiative into play and promote the development of production. In 1980 the total output value and the growth of total profits of the industrial and commercial enterprises throughout the city that practiced retaining a portion of the profits and used taxes in place of profits generally exceeded the level of units throughout the area.

The emergence of the economic responsibility system was certainly not fortuitous. It was determined by the levels of development of the forces of production and by the economic features of our country's present stage of socialism. In the past Comrade Mao Zedong pointed out that "Socialist production relations have already been established. It is in mutual conformity with the development of the forces of production. However, it is still far from perfect, and these imperfections and the development of the forces of production are mutually contradictory as well." The establishment of our country's fundamental socialist system has opened up vast vistas for the development of economic construction. Yet there are still some unripe and imperfect areas in the internal structure of socialist production relations and in specific economic management systems. Our task is to transform and improve unendingly the socialist production relations based on the demands of our country's developing forces of production, and in each stage create specific forms of production relations which are correspondingly suitable to and convenient for continued advancement. This is the essence of our country's carrying out systematic reformation and practicing the economic responsibility system.

The reformation of production relations not merely changes an old form of system of ownership into a new form of ownership. There is one more important aspect, and that is the unending revision and perfection of the internal structure of new systems of ownership and the exploration and creation of specific management systems that are beneficial to economic development. In 1956 our nation victoriously achieved the socialist transformation of the private ownership of the means of production. This was a major change in production relations. However, due to our country's starting with the form of state ownership and following that set of measures used by the Soviet Union in the early 1950's that put into practice the economic management system of highly centralized state power and which regarded administrative means as the dominant factor, this kind of abuse, following the development of the forces of production, was increasingly exposed and it severely fettered the initiative

and zeal of enterprises and the working masses. The conducting of the reformation of the economic system and the practicing of the economic responsibility system that began after the 3d Plenum of the 11th Party Central Committee was an important test for further liberating the forces of production and transforming production relations.

Under the conditions of guaranteeing and maintaining the state's ownership, expanding enterprises' managerial autonomy and partially entrusting the right of possession, use, and disposition of the means of production and the products of labor to the responsible persons in enterprises and to all the workers has served to concretize the form of socialist ownership by all the people. Due to the partial separation of rights of possession, use, and disposition from ownership rights, each industrial and commercial enterprise possessed to varying degrees the status of a relatively independent goods producer. Thus, in and among enterprises and labor there was the need to implement the principles of exchange at equal value and the exchange of equal labor for equal labor. There must not be the practice of indiscriminate transfer of resources and free use of the labor of others, but there should be the establishment of the interrelation of mutual aid and cooperation and equality and mutual benefit. In the aspect of distribution relations, due to the recognition of the principle of material gain and the existence of permissible differences, economic profit should be linked to successful management and further embody the principle of from each according to his ability, to each according to his need. In brief, viewed from each aspect of production relations, the reformation of the economic system and the establishment of the economic responsibility system are major reforms of socialist production relations carried out in keeping with the nature of the present phase of ownership by all the people and the level of development of the forces or production. Just as leading comrades of the Central Committee have pointed out in previous times, its significance is no less than the socialist transformation of privately owned industrial and commercial enterprises.

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FLAWS IN COMMERCIAL MANAGEMENT RESPONSIBILITY SYSTEM CITED

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4 Feb 82 p 2

[Article by Tian Junqian [3944 0193 6197]: "The Management Responsibility System in Commerce Urgently Needs Improvement"]

[Text] In Hebei province at present, 46.4 percent of the units in the commercial and supply-and-marketing sectors have instituted the system of management responsibility, which has helped improve enterprise management, arouse the enthusiasm of staff members and workers, and eliminate egualitarianism in distribution. But in some enterprises, because the leaders and the staff members and workers did not fully understand the significance of the system of management responsibility and did not correctly handle the relationship between "responsibility, authority and profit," there have appeared certain tendencies that require attention.

First, individuals contend with the enterprise for profit; enterprises contend with the state for profit. Some enterprises' base contract figures are too low, their percentages of profit retention too high. The leaders of some enterprises try in every way to distribute more profits among their staff members and workers. After adopting the system of profit retention, the seven restaurants under a municipal food and drink company realized 15.2 percent less profit in August-September last year than they did in the same period of the previous year, but profits distributed among their staff members and workers were 24 percent more than what they received in the same period of the previous year.

Second, among some enterprises, the practice of crossing over from one's own field to operate in someone else's field is widespread. There are now vegetable stores selling clothes, restaurants selling leather shoes, and department and piece goods counters selling cement. In short, they will do business in any field that is more profitable. Last year, one country gathered more than 20 million jin of persimmons. This product should have been handled by the Grocery Company, but the Candy, Tobacco and Liquor Company, the Trade Exchange and several basic-level supply-and-marketing cooperatives all vied to handle this trade. The number of freight cars they requested in their plans submitted to the railroad bureau was more than necessary to transport all the persimmons actually produced. The purchasing agent of a supply-and-marketing cooperative

used personal relationship to deal in polyethanol chloride, making a personal profit of more than 1,100 yuan from just one transaction.

Third, some unhealthy tendencies in the sphere of commodity circulation have come to the fore. Some staff members and workers cultivate personal relationships and use backdoor influences to deal in fast-selling commodities in order to get a bigger portion of the profit. A staff member of a county native products company used 10,000 yuan of the enterprise's circulating fund to deal in plastic pipes through personal relationships. Within a month, apart from turning over 1,000 yuan as contract profit, he netted for himself a profit portion of more than 3,000 yuan. What merits attention is the fact that the leaders of some enterprises not only failed to check such unhealthy tendencies but supported and encouraged them.

The chief reason leading to these problems is that a considerable number of enterprise leaders used the system of managment responsibility merely as a means to solve long-standing problems or to turn losses into profit. Some of them even believe that since the system of production responsibility in agriculture has enabled some of the peasants to get rich, in commerce too some of the people should receive help to get rich first. Therefore, when instituting the system of management responsibility, they neglected responsibility while emphasizing profit. A county department store suffered losses two years ago. For the first quarter of last year, it practiced the system of management responsibility. By that time both the business space and the number of employees had doubled that of the first quarter of three years before, but the contract profit was set at pretty much the same level as the average first-quarter profit of the previous three years. As a result, the profit target was greatly exceeded, and the staff members and workers averaged more than 100 yuan in profit each person, with some counters distributing 300 yuan to each person.

Since the system of management responsibility combines responsibility, authority and profit, the first thing to make clear are the responsibilities of the enterprise and the staff members and workers. If we are bound to make the staff members and workers think that money is all important. This will have an adverse effect on the management of the enterprise. A county department store has set the figure of its contract profit base so low that the personal benefit of its staff members and workers increased from 20 to 40 yuan. As they receive more money, their thinking becomes more confused. Recently the Ministry of Commerce issued the Rules and Regulations for Commercial (Service Industries) Workers. Some comrades proposed posting the announcement in public for the masses to use in judging the performance of the commercial workers. But some people said: "No use posting it. It's not worth a single yuan!" A contrasting case is a department store in Xincheng county. Since adopting the management responsibility system in January last year, in the spirit of "one principle, two services, three viewpoints," the store laid down clear responsibilities for all employees, from managers to staff members and workers. Although the staff members and workers average less than 9 yuan of bonus per month, their enthusiasm is high. They have done well in policy implementation, operation style, production promotion, and fulfillment of economic targets. A salesman offered to sell the store 1,000 sewing machines

made in Dalian--a fast-selling commodity sure to bring profits. But the people in the store said: "Ours is a socialist enterprise. We must be responsible to the state and serve the consumers. We cannot handle transactions of goods that come from dubious sources." The store organized people to help commune- and production brigade-run enterprises develop small products which the big factories do not make but which the people need. The store's purchases and sales for the first 10 months of last year were 8.6 percent and 6.8 percent higher respectively than those of the same period of the previous year, and profits increased by 1.82 percent. Facts prove that in practicing the system of management responsibility, we should first define responsibilities and manage the enterprise well, and profit will take care of itself. On the contrary, concentrating only on the distribution of benefits often leads to a negative result. The restaurants under the Food and Drink Company of Shijiazhuang practiced a wage system that includes a percentage from surplus profit. The Jiefang Road Restaurant spells out responsibilities for all posts, from party secretary and manager to waiters and waitresses. In everything they do, they put responsibility first and benefits last. Business has been gettting better all the time. Their sales for the first 11 months of last year was 15.96 percent more than the same period of the previous year, expenditures were 1.62 percent lower, profit increased by 40.86 percent, and the income of staff members and workers increased by 22.57 percent. Another restaurant did not define responsibilities and cared only about making more profit so as to distribute more benefits. Business has declined to such an extent that last September the restaurant could not meet its payroll. It is clear that in practicing the system of management responsibility in commercial departments, it is important to integrate responsibilities, then delegate authority, then give benefits. Only by stressing responsibilities first can the commercial departments serve as an effective link and provide better service to production and the people's life.

9924
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ECONOMIC MANAGEMENT

CAUSE OF ECONOMIC CRIMES, ABUSE OF OFFICIAL POWER DISCUSSED

Beijing ZHONGGUO CAIMAO BAO in Chinese 22 Dec 81 p 3

[Article by Li Jiling [2621 3444 3781]: "A Tentative Analysis of Economic Crimes"]

[Text] Economic Crimes With New Characteristics

The economic crimes through abuse of official power which have been brought to light in recent years have attracted great attention.

During these years, the exposed cases of graft and embezzlement involving more than 10,000 yuan in renminbi, 10,000 jin of grain, and ration coupons totaling more than 10,000 feet of cloth--known as "10,000 brand cases"--have been on the increase. At the same time, more serious cases of the same nature but involving several tens of thousands of yuan in renminbi and tens of thousands of jin of grain have also been brought to light one after another. For example, in 1979, the case of Wang Shouxin [3769 1343 2450] and his cohorts in Heilongjiang Province involved more than 530,000 yuan; the accountant of an engineering company in Dukou Municipality, Sichuan Province, misappropriated a total of some 262,000 yuan by falsifying accounts for 7 consecutive years; and the storekeeper of a flour mill in Huaiyin Prefecture, Jiangsu Province, colluded with some boatmen to steal 13 boatloads of wheat totaling 295,000 jin.

Economic crimes committed by the leading members of enterprises through abuse of official power are also numerous. For example, the director of a carpet plant accepted a "supply and marketing" job in a commune knitting mill and earned his "wages" by supplying materials. This and his other criminal activities in speculation and profiteering gave him an illegal income of more than 2,600 yuan. Again, a deputy secretary of a certain county party committee, in a grandiose construction scheme, built a red brick house with a floorspace of more than 26 square meters which occupied the land of two units, using the building materials of 35 units, the motor vehicles and tractors of 18 units and the labor power of 10 units of some commune and agricultural and forestry farms. This is a serious encroachment on state and collective interests.

Economic crimes through abuse of official power are committed in an artful way, because they are often covered by a "legitimate" mantle. For example, bribes are paid and accepted in the name of "wages," "social intercourse expenses" or "subsidies."

Economic crimes through abuse of official power, with these new characteristics, can seriously jeopardize the economic interests of the state and the people, and are a direct obstacle to the smooth progress of the four modernizations. They also seriously corrupt social values and corrode the people's minds.

Loopholes, "Hotbed" and "Protective Layer"

There are many causes of graft and embezzlement, and speculation and profiteering by abusing official power. Decadent bourgeois ideas are the subjective cause of these crimes, as shown by the oft-heard saying: "I will take the gains and you will hold the sack." However, there are also objective factors, such as loopholes, "hotbed" and "protective layer" to encourage these crimes.

Loopholes exist in the control systems of enterprises, finance and materials. For example, in accounting, no separate accounts are kept for receipts and expenditures; the same person controls both money and supplies; and incoming and outgoing goods are not checked. In some units, the blank forms of letters of introduction, bills of lading, or bills of consignment, are not properly kept so that anybody can pick them up. Some commune- and production brigade-run enterprises are only concerned with money, so that as long as extra income can be made, other people are welcomed to use their bank accounts, sales vouchers and even the official seals with no questions asked. Some people of highly questionable integrity, and even with criminal records, are put in charge of money and supplies without their personal records being checked beforehand. In many plants and enterprises, unhealthy tendencies, as shown by their expenditures on gifts and entertainment, have assumed alarming dimensions. All these practices provide facilities for graft, embezzlement, speculation and profiteering, and serve as the soil for the breeding of economic crimes through the abuse of official power.

Bureaucracy provides a "hotbed" for grafters. Facts have proved that in those units where shocking cases have been brought to light, bureaucracy is also more rampant. Some leading members do not get deeply in touch with realities and have no idea of the conditions or weak links in their unit's control of money and supplies. Others are only concerned with the supplies obtained by their subordinates and never care to find out if these supplies have been obtained in the proper or legal way. For example, when the discipline inspection commission of a certain county investigated a case of graft involving a deputy factory director who was a party member, a leading member of the county party committee stepped out to obstruct the investigation on the grounds that this deputy factory director was good at obtaining supplies. Later investigation revealed that this deputy factory director was guilty of not only graft but also malfeasance. He was given a jail sentence of 3 and 1/2 years according to law. It was also discovered that he had seven accomplices. In combating and guarding against economic crimes through the abuse of official power, it is imperative that bureaucracy be resolutely overcome.

"Protective layer" refers to the "human wall" set up by those engaging in corruption and embezzlement or speculation and profiteering. Some of those in the "human wall" are clearly aware of the problem of the economic criminals, but deliberately refuse to expose them. Others may obstruct the investigation,

while still others may protect them in every possible way, sometimes even by handing over the letters of exposure from the masses to the grafters themselves. The misappropriation of more than 260,000 yuan by the accountant in Dukou Municipality, Sichuan Province, as mentioned earlier, is a case in point. Some people concerned had repeatedly reported to Jia Yongnian [6328 3057 1628], the company party committee secretary, that the family of the accountant was spending far more money than his salary permitted, and requested that his accounts be audited, but this secretary, who had been bribed, paid them no heed, and no auditing was carried out. Again, the director of a leather plant in Huaibei Municipality made more than 32,000 yuan in only 2-3 years from graft and embezzlement. After he was exposed and arrested, the staff officer director of the county party committee and the deputy secretary of the suburban party committee under the county party committee, who had both been bribed by the defendent, made repeated attempts to silence the witnesses and to attack and slander the judicial organs. Some people, having no official power to abuse but having been "fed" by the defendent, also tried to fabricate evidences to protect him. From these instances, we can see the complicity of this "protective layer" in the economic crimes committed by the person it shields.

Punishment of Economic Crimes According to Law

Economic crimes through abuse of official power should be punished according to law. At the same time, we must make serious efforts to fill the loopholes, to demolish the "hotbed," and to break through the "protective layer" so that every one of the broad masses and cadres can be free to combat economic crimes. In the investigation or trial of cases of economic crimes, we should ascertain the causes of the crimes and offer our proposals for due precautionary measures to be taken.

9411
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MODERNIZATION OF MANAGEMENT IN ELECTRIC POWER ENTERPRISES REVIEWED

Beijing DIANLI JISHU [ELECTRIC POWER] in Chinese No 12, 5 Dec 81 pp 1-8

[Article by Ji Zhi [1323 2535] of the Ministry of Electric Power: "Modernization of Management in Electric Power Enterprises"]

[Text] Affected by fierce competition, business enterprises of capitalist nations, have placed special emphasis upon business management and administration as monopoly of capital became highly centralized, as the scale of production expanded dramatically and as science and technology progressed daily. They are paying a lot of attention to research and the use of new management theories and management techniques, and are widely utilizing modern communication tools and computational means. Thus, management and administration of enterprises are constantly being refined and updated so that they can survive and grow and achieve the goal of exercising monopoly over their products in competition. A lot of the experience of business administration and management of capitalist enterprises to improve quality, business methods and the labor production rate is worth learning by our nation's socialist enterprises. Therefore, we should study this experience to promote the modernization of business management of our nation's socialist enterprises.

I. The Major Tasks of Modern Business Management

The scope of modern business management and administration is very broad. A tightly linked network from production, transportation to marketing is formed. Scientific management methods and management means must be fully utilized before the enterprises can be assured of achieving good business results. Viewing the history of development of business management, we see that business management during the beginning period of development under capitalism still used the management method of handicraft industries. Later, as production techniques advanced and as the production scale expanded, business management became more and more thorough, and such methods as fixed quota management, quality control and standardization emerged, and they gradually formed a complete factory management system. As monopoly capital developed, trust organizations, industrial groups and international corporations were established, and business management developed from within the enterprises to among the professions. The organization and implementation of business management by these monopoly groups were characterized by the central task of establishing company policies. The parent company widely established various types of specialized departments and led and managed all subsidiaries (subsidiary

companies). "Brain trusts," "think tanks" and "advisory councils" were established to carry out leadership by groups of experts. In business management theory, emphasis changed gradually from technology and science to behavioral science, and "independent management", "goal management", "overall quality management" and such new management systems were developed and established. In management facilities, information transmission systems and computer systems for information search were widely used, magnetic tape recording equipment and highly efficient copying and direct dialing equipment and such new types of recording and telephone equipment were widely utilized. The tasks of business management started out mainly as tasks to benefit management and competitiveness. Centralized authority and division of authority were not fixed and unchanged. Generally speaking, the authority of more independent enterprises was more scattered while in enterprises with more coordination and more cooperation, authority was more centralized. Enterprises with complete production, supply and marketing systems have greater authority to operate independently whil enterprises with scattered production, supply and marketing have less authority. In general, the emergence and establishment of all business management systems started out from increasing the labor production rate and improving the results of business management.

The electric power industry is an enterprise in which the three processes of production, supply and marketing are closely linked together and are inseparable. Therefore, the authority of the enterprise should be relatively scattered. But because the power network closely links together each of the power generating and supply enterprises, unified management and unified control must be carried out. Therefore, the authority of the enterprise needs to be relatively centralized. Based on the production characteristics of the electric power industry in combination with the actual situation in our nation and in reference to the experience of foreign business management, we have proposed some views and opinions regarding how business management can be modernized in our nation's electric power industry.

Strengthen Understanding of Business Management

Whether business management is done well will directly affect the business results of an enterprise and the future development of the enterprise. We did not sufficiently understand this point in the past. This was due to relying on "eating from the big pot" practiced by socialist enterprises of the system ownership by the people in the past. Even when an enterprise suffered losses year after year, its production and development would not be affected at all. Similarly, even if the enterprise produced a surplus and realized a profit because of improve management and administration, it would not benefit the enterprise itself and its workers. This means the enterprises did not bear business and economic responsibilites, and in this way, the enthusiasm of the enterprise and the workers was not fully mobilized. This situation will be gradually reformed as the national economy is readjusted in the future. Therefore, elevating the standard of business management and utilizing modern methods of business management have already become important tasks of all state-run enterprises. In this regard, we must never refuse to actively utilize advanced managment methods and resist modern business management just because our nation's economy is still relatively backward at present and just because our professional abilities are still relatively low. We should see that only

by continually improving business management can we free our national economy from the backward situation and elevate it to the world's advanced level. Therefore, leading cadres, managerial personnel and technicians of the enterprises must all exert efforts to learn from the experience of modern business management and study the problems in the management and administration of their own enterprises and to improve the level of management and administration of the enterprises. In modern business management, there are many methods which we are not familiar with. For example, the experience of applying branches of modern mathematics such as probabliity theory, cybernetics, operations research, optimization and game theory in business management requires us to continue to learn and improve in practice.

Exert Efforts to Carry Out the Basic Work in Business Management.

Basic work in business management is the most fundamental work. If basic work is not done well, even with modern production facilities, they will not be able to develop their function very well. In the actual situation of our nation's electric power industry, basic work is what we frequently call "the three basics", i.e., basic level buildup, capital work and fundamental results. Basic level buildup is grasping the establishment of work teams and groups. Among these basics, on-the-spot rules and regulations are the main points. In the enterprises of our nation's electric power industry, these refer to the "three regulations", the "twelve systems" and "four supervisions" that have been effectively implemented for many years. The "three regulations" are safety regulations, operating regulations and inspection and repair regulations. The "twelve systems" are the work post responsibility system at each level, the democratic management system, the statistical system, the safety management system, the inventory management system, the fuel management system, the materials and data management system, the management system for technical reforms, and the economic accounting management system. The "four supervisions" are supervision of chemicals, insulation, meters and metals. Basic work includes establishing systems for organizing and analyzing various primary records, measurements and statistical data, systems for inspecting and summarizing each plan and fixed quotas, and systems for statistical analysis of all minor indices and economic accounting for work teams and groups. Basic result means that the worker at each post should be skilled in the work of his own post so that each will possess his three skills and three abilities.

The basic tasks described above constitute the basic management systems that have accumulated over a long period and that have been effective in the enterprises of our nation's electric power industry. As the electric power industry becomes modernized, these basic management systems must still be continued and must be reformed and perfected through practice. In addition, as the enterprises are readjusted and reformed, we must also establish some necessary systems, such as an economic responsibility system, worker's evaluation system and an economic contract system.

Making Business Management Organizations Sound and Rational.

The establishment of business management organizations should be based on the needs in the development of the enterprises themselves. It should not be the same for all and it should not remain fixed and unchanged for long periods.

Without an advanced and highly efficient business management organization, modernized business management cannot be realized. In recent years, the form of business management organizations in the nations of the world has gradually developed from a linear leadership system, a division of labor according to function, a regional responsibility system and a committee leadership system to a matrix system of leadership. The matrix system has developed on the foundations of the present system of division of labor according to function. Some specialized departments are established according to need above the functional departments so that various types of transverse links can be established to coordinate and supervise completion of business plans. For example, some companies have marketing and sales departments that uniformly manage advertising and marketing of the products of all subsidiary enterprises. Some companies have materials departments that uniformly manage the supply of raw materials and materials of every subsidiary enterprise. This type of organization is beneficial to improving the competitive ability of the enterprise and the results of management of the enterprise, but sometimes certain disputes also occur. This type of management system is similar to our nation's Nuclear Power Bureau or the Communications Bureau. As long as its scope of duties is rationally determined, it would not only be beneficial to strengthening the leadership of this profession, it would also be beneficial to hastening the development of this profession.

According to the characteristics of electric power production combined with the actual situation in our nation, we see that in the management system of the entire electric power industry, implementation of a production system and a production command system centered around power network management and supplemented by management under administrative regions are still more rational. In basic level enterprises, the system of management by division of labor according to function should replace the current regional responsibility management system to make it easy to decrease the number of managerial levels and to improve work efficiency. In addition, some of the tasks that are suitable for developing specialization should be gradually unified or centralized. For example, to carry out major repairs of power plants, a centralized inspection and repair team should be established under unified arrangement to facilitate full development of manpower and material strength.

Modernization of Production and Management Facilities

Modernization of production facilities and modernization of management facilities are all fundamental to good business management. In the operation and management of the power network, we must establish a sound communications dispatch system and a computer system so that they can utilize independent carrier waves or microwaves and such communications methods to establish direct links between the dispatching departments at each level and the dispatchers, an automated system for remote testing, remote communications and remote control of the centers of the power network, utilize computers to carry out off-line computation or on-line control, and equip the system with screen displays and emergency recording and memory devices to realize man-machine conversation, information transfer, data search, and calculations for the optimal plan. In the automation of generators of power plants, major large power plants must gradually utilize computers for automatically controlled starting, shutdown and regulation of generators to operate them under the best

conditions. In the operation of substations, we must develop towards unmanned substations, gradually utilize computers for remote testing and remote control and mobile inspection vehicles to inspect and handle emergencies. In power supply, sound frequency control of electricity users should be gradually established and automatic recording meters and devices should be installed, and gradually computers should be used to show the consumption of electricity by the users and for automatic calculation and printout of electricity bills. For communication within the enterprises, we should widely utilize highly efficient copying equipment, telecommunications equipment and modern communications equipment, automatic direct dialing and computers to select the optimal plans and decisions. Our nation still does not possess some of these modern facilities. They should be test produced or imported after key selection.

Gradually Develop Diversification According to Conditions

Capitalist enterprises, in order to survive and develop, have already taken the development of diversification as an important decision in the fierce competition of commercial products. This type of diversification is also called multiple angle business or multilateral business. After diversification, an enterprise not only can open up and expand its scope of production, change the structure of products of the enterprise at any time so that the enterprise can occupy a stable and favorable position in competition in the world market of commercial products that changes dramatically every instant, it can also fully utilize its production equipment and labor force and increase the production of commercial products suitable for the market so that the enterprise can realize greater profits. Although the electric power industry of each capitalist nation also produces a single product, the development of diversification is heavily emphasized. Many enterprises of the electric power industry are trying to break away from the single product and are actively developing joint thermal-electric power management, joint hydraulic-electric power management, joint gas-electric power management, and joint electric power-electrical appliance sales, etc. Our nation is a nation of socialist enterprises. Because the economic nature is different, therefore in considering how to improve management and administration of the enterprises of the electric power industry, we should reform the economic system and fully develop the potential of the enterprises to improve their level of management and administration. According to the needs of current national economic readjustment, we should fully utilize presently available machinery, equipment and surplus labor, and increase the production of certain commercial products that have run short to satisfy social needs. For example, at present, the electric power industry has a surplus capability in machinery repair. The rate of utilization of the equipment is very low. Many processing machines are left unused for many years. This portion of the strength in machinery repair capability should be appropriately utilized and we should organize production of peripheral products used by the electric power industry itself or certain commercial products that are urgently needed in the market. Again for example, some of the current surplus labor can be fully utilized, electric power installation teams or special services companies can be organized to take up various electrical installation jobs or civil engineering jobs, like the Dalian Power Plant which has established a special inspection and repair team to clean the boilers of ocean-going foreign vessels and those of the city's industrial enterprises. This

is a good way. This service type collective enterprise carries out independent accounting and it is responsible for its own loss and profit. Business income is very large. This has not only reduced the production cost of the electric power industry, it has also arranged work for some of the unemployed intellectual youths in society, and it has benfited the state, the collective and the individual. The road is very wide in this regard. For example, management, marketing, repairing various electrical machinery and electrical appliances, installation, inspection and repair of electrical facilities of other industrial enterprises, testing electrical appliances, etc. can all be realized by developing the potential of the enterprise without additional investment.

II. Systems Engineering in Business Management and Administration

As science and technology progressed, the scale of production of enterprises expanded, and capitalist nations realized new developments in the science of business management. Especially as international monopoly capital developed, many monopoly groups developed a global scale from the production of raw materials to handling commercial products. If such huge and complex enterprises do not have a set of modern management systems and management methods, they will not be able to sustain development and improve their competitive ability. The use of systems engineering to manage and administer modern large enterprises developed in this way.

Systems engineering in management and administration involves the application of modern mathematics -- operations research, probability, cybernetics, optimization, game theory, remote mathematics and such mathematical theories in the realm of business management and administration. In the management and administration of enterprises, systems engineering mainly studies how to utilize manpower, equipment and capital most economically and most effectively to realize maximum business results throughout the processes from the production and manufacturing of commercial products to transportation and marketing. Ordinarily, the whole process is taken as a large system and each stage and each part of the process are considered as many subsystems. By using the theory of systems engineering, data are put into computers, and these systems are analyzed and computed to select an optimal or best plan among many plans as the basis for business decisions. For example, the whole electric power system or a regional electric power system can be taken as a large system. Power generation, power transformation, power distribution or production, transmission and sale can be divided into interwoven subsystems. Data and information for executing the plans of these systems are entered in the computer, and the best plan can be found using computer computations and analysis.

Forecasting Increases in Power Load. Forecasting is economic information work. It is the work of gathering, processing and analyzing dynamic economic information. Forecasting increases in the power load is equivalent to market forecasting for other commercial products. It is an important task in business management and administration. The rate of increase of the power load is closely related to the rate of development of the national economy. It is the barometer of growth in industrial and agricultural production. The precision of forecasting the power load greatly affects the national economy. If the long-term forecast of the power load is too high, then during a certain period,

surplus electric power will be produced. If the forecast is too low, then during a definite period, a long period of shortage in electric power will emerge. In short-term load forecasts, if the accuracy of the forecast is 5 percent, a network of 5 million kilowatts will produce an error of 250,000 kilowatts. This will create a daily increase of 250,000 kilowatts of reserve heat and thus there will be a waste of massive amounts of energy and capital. If the accuracy of forecast can reach 1 percent, the capacity of reserve heat can be reduced to 50,000 kilowatts, and the amount of energy consumed by the generators to produce 200,000 kilowatts of reserve heat a day can be saved. This increases the economic performance of network operation and reduces the cost of producing electric power. Foreign nations frequently use a flexible coefficient of electric power for long-term forecasts of power loads. The flexible coefficient of electric power refers to the ratio of the rate of growth of the electric power industry and the rate of growth of the total production value of the national economy. This ratio is generally between 1.2 and 1.4 at the beginning of industrialization. Later, it drops a little but ordinarily remains above 1.0. This means the development of the electric power industry leads and is slightly faster than the rate of development of the entire national economy, therefore some people have called it the "lead coefficient." Actually, it means that the electric power industry must start out in advance, therefore it can also be called the coefficient of advance of electric power.

Load Forecasting Is Actually Load Management. Forecasting the load well, whether in long-term forecasts or short-term forecasts, requires complete and reliable statistical data. There must be accurate statistics on the actual situation and on the growth of consumption of electricity in industrial and agricultural production, transportation, urban and village life, and there must be accurate indices on the consumption of electricity by various types of industrial products, industrial production processes and production techniques. This is the fundamental task in forecasting the power load well. Without reliable basic data, highly precise load forecasts cannot be obtained. Generally speaking, the method of calculating curve extensions and the rate of increase can be used for short term forecasts. Methods using the flexible coefficient of electricity and mathematical models can be used for long-term forecasts. When using these methods, analysis of the various kinds of basic data must be done well, including the selection of various typical load curves, analysis of the composition of the peak load, analysis of the rate of consumption of electricity of unit products, analysis of the consumption load of electricity and the load rate. Through analysis, a load adjustment plan can be established. Measures to reduce the consumption of electricity by unit products can be taken, and the proportional increases in power generation, power supply and power distribution equipment can be determined, and finally, a rational and optimal rate of increase of electric power can be obtained.

Drawing Up Production Plans for the Electric Power Industry. Socialism is planned economy, therefore, business planning is the important basis for guiding production by the enterprises. Plans inappropriately and mistakenly drawn up will create confusion and passiveness in the enterprises. The waste created by an inappropriate plan is the largest waste. Therefore, in drawing up plans, there must no only be a set of plans for execution, there should also be a set of backup plans for contingency measures to be taken when change occurs.

There are many methods of drawing up business plans, such as the fixed quota method, the method of dynamic and static coefficients, linear planning method, the method of input and output, etc. These can be selectively used according to different situations for drawing up the best plan. During the course of executing the plan, we should also exercise control and supervision to solve problems that have occurred during the course of execution. The original plan can be revised through such feedback processes, and the best results of execution can be obtained through a process of repeated and continuous revision. In this way, statistical work must be strengthened in the process of continuous execution of the plan to obtain data and information for analysis. Value engineering can be used in the analysis of the course of execution of the plan: Value engineering includes the steps of information gathering, functional reorganization, proposing improved plans through evaluation or evaluating plans. Methods of technical and economic analysis can also be used.

Power Network Management and Control Systems. The power network as an enterprise is the union of all independent power generating and supplying enterprises. In systems engineering, the power network can be taken as a large system. The various hydroelectric and thermal power plants and the power supply zones in the network are taken as several subsystems, remote measurements, remote control and computer systems. Whether the management of the power network and the operation of the control system are good or not greatly affects the safety of the power network and the economic results. Therefore, power network equipment must possess a relatively high level of automation. The control of large power networks generally uses a split-level method or a graded method of control. This control method divides management of the network into two or three levels under a master control. There can be several methods of division, for example, the levels can be divided according to voltage levels and administrative regions, according to the different levels of control or according to the degrees of complexity, and they can also be established according to different modes, i.e., by dividing the system into emergency control, restoration control, preventive control according to the mode of control of the electric power system. These split level control systems execute the functions of business decision making, dispatching commands and carrying out actual operations respectively by automatic or semi-automatic information transfer and information exchange.

The main task of regulating the power network is to strictly ensure maximum energy conservation on the basis of safe operation so as to fully develop the economic gain of the power network. Not only must the electric power that produces work be controlled by levels, the electric power that does not produce work must also be controlled by levels. Thermal power plants of the network can use the regulatory method of equalizing small incremental curves, i.e., to distribute the load of the generators according to the curve of incremental consumption of coal or heat obtained by experiment. Hydroelectric power plants in the network can use regulatory diagrams of the reservoir to manage electric power. These regulatory diagrams of reservoirs are drawn from statistical data accumulated during many years of operation, and the best reservoir management plan is obtained using the methods of operations research, cybernetics or dynamic planning.

Management of Generators of the Power Network. The reliability of operation of the generators to generate and supply electricity to the power network affects the safe operation of the whole power network. A set of scientific management methods and management systems must be established to manage the generators and to ensure safe operation of the generators. There are many methods of managing the generators. The main method is the evaluation of plans. This involves drawing network diagrams for the operation, inspection and repair of generators specifying dates, working hours, types of jobs and such major indices. Methods of operational research are used to find the major ways and secondary ways to rationally arrange plans for the operation, inspection and repair of generators. Management of generators can also be realized by utilizing comprehensive engineering methods. This involves finding the relationship between a rational maintenance cost and improvement of the useful life of the generators based on analysis of the useful life of the generators and their maintenance costs to improve the rate of utilization of the generators.

Management of Raw Materials, Materials and Fuel. To ensure stable production and normal operation, a definite inventory of raw materials and fuel must be maintained. An overly large inventory will create an accumulation of circulating capital. An insufficient inventory will also affect normal production. How to maintain the most suitable inventory requires surveying the various supply channels well to ensure timely supply before the best plan is selected. Inventory control is also a specialized science. It must adhere to economic results. It must study whether the use or substitution of each material is economical and rational. It must study the cost of maintaining an inventory of each material, i.e., the cost per square meter of storage space needed, and use the relationship between the average amount of capital needed to maintain an annual inventory and the storage cost to find the monthly storage cost. The major gross consumption materials can be categorized and curves of material flow can be drawn up. The relationship between stocking and issuing materials can be analyzed from the curves of material flow to grasp the flow of materials. The ABC method can be used to manage materials in the inventory, also called the key management method. This involves categorizing all materials in storage. First, materials that tie up floating capital the most must be grasped so that they can be reduced to the most rational inventory. Then the materials should be analyzed and controlled according to the amount of floating capital they tie up. Finally, we can use the least amount of floating capital to obtain the greatest inventory turnover rate.

Management of Production Cost and Financial Management. All processes of economic activity of an enterprise and the final results will reflect the costs and the finances of the enterprise. Costs and finances are manifestations of the comprehensive results reflecting business achievements of the enterprise. Various methods of categorization by cost structure can be used to analyze the economic activities of the enterprise. There are the value engineering method, matrix model method and the method of cost vs benefit analysis. The value engineering method is based on analysis and computation to obtain the value coefficient, the cost coefficient and the price coefficient of products and to find the numerical values for reducing their production cost. Although the proportion of variable costs of production in the electric power industry

is not large, this method can also be used to study the reduction of costs. The matrix model method directly reflects the relationship between the production cost and the result of production, and compiles the data in tabular form to facilitate input to the computer to provide necessary analytical results. Cost effectiveness analysis is abbreviated C/B analysis, and it is mainly used in the analysis of investment in construction projects.

Establishing a System for Information Transfer. Management and administration of a modern enterprise must possess modern communications systems as the enterprise expands and develops so that various kinds of information and data can be obtained in time. Then, the information and data are analyzed by a computer system to obtain computational results quickly. According to the development of our nation's electric power industry, the whole nation must gradually develop a unified electric power system to fully utilize all types of energy resources because of the difference in the distribution of energy in our nation where coal resources are mainly concentrated in the north while hydroenergy resources are mainly concentrated in the southwest and the northwest. This requires the establishment of nationwide and regional information transfer and management systems at each level, including a power network regulation system, a capital construction management system, a computer network, a flood prevention system, a business management and administration system (business, planning, finances, supply, personnel). The transfer of information must be carried out by means of a sound communications system, using computers as the centers linked in a network forming a nationwide management system and several regional subsystems.

III. Decision Making in Business Management

Capitalist enterprises place a lot of emphasis on decision making. They believe the entire business management task is a decision making process. In fact, whether a decision is correct or not is closely related to the development and survival of an enterprise. Therefore, studying business decision making has become a new field in economic management. Decision making is a process to decide the direction of business of an enterprise and its technical and economic policies. Capitalist enterprises have fully utilized modern science and technology in this regard, such as system engineering, computer technology and behavioral science, thus decision making has become an independent scientific system.

Decision making itself is not a new thing. Our nation's electric power industry has also proposed many decisions of this kind and that kind during the course of development. But, research in how to utilize modern technological means to establish every decision on a scientific foundation and thus bring about great benefits to the development of the electric power industry after carrying out the decisions is still far from sufficient. On major decisions, Comrade Mao Zedong once made the creative suggestions that electric power must lead, and that the electric power industry must diversify. Yet, in the actual course of execution during certain periods, these were not realized, thus, for a long period, there was a shortage of electric power produced by the electric industry and there was only one product. Among the policy decisions of the electric power industry itself, the Ministry of Electric Power proposed the

policy of safety first and decided to strictly abide by the system of rules and regulations. These should be considered correct decisions. We believe that even during the 10 years of upheaval, production by the electric power industry still remained relatively stable because these correct decisions served their important functions. Of course, there were also many decisions that were incorrect, for example, the decision to operate generators beyond the specified dataplate limitations, the decision to popularize transmission of electricity via two lines for one region and the decision to manufacture electric motors with iron sheets. These incorrect decisions have created loss for the electric power industry and even now, some have not been completely abolished. It can thus be seen, a good or bad decision will have a long term effect upon the development of an enterprise. In addition, when making a major business decision in the past, there were many situations in which the leadership was relied upon to provide the beat, i.e., decisions mady by relying on individual judgment of the leaders and their level of business sense. The wisdom of the experts and the collective was seldom developed, and scientific methods of calculation and analysis were utilized even less, therefore, even when a decision seemed to be correct, it was not necessarily a decision for the best plan, and even during the course of execution, deviations occurred. For example, in the past, the campaign to develop electric power by the whole people was such an error. Present-day capitalist nations place a lot of emphasis on business decision making. They fully utilize modern mathematical theories and modern science and technology to make business decisions. The experience of capitalist enterprises in carrying out business decisions well should be given a lot of attention and should be learned and utilized.

The Principle of Socialist Business Decision Making. Socialist economy is an economic system based mainly on planned economy. The superiority of the socialist economic system must be fully developed. First we must use the theories of Marxism-Leninism and Mao Zedong Thought to guide business decision making. Therefore, decisions of socialist enterprises must never deviate from the various guidelines and policies of national economic development, this means, determining the policies for enterprises of industries under the guidance of the unified national economic and technological policies, and this also means that lower level decisions must obey higher level decisions. Second, all decisions must start out from the actual situation, theory must be linked to reality, survey and research must be done well, attention must be paid to comprehensive balance, and the best plan must be selected from among many plans through repeated comparison. Finally, during the course of making and carrying out decisions, inspection and examination must be constantly carried out, i.e., to emphasize feedback on the decision and to examine the execution of decisions through daily statistics and reports. Those decisions that do not pass the examination should be revised or abolished. Only in this way can a decision be truly implemented thoroughly and predicted results be realized.

Classification of Decisions in Business Management. Based on the characteristics of decisions, they can be divided into hard (or strong) and soft (or weak) decisions. Hard decisions refer to those decision problems which have a clear goal and a clear structure and which can be programmed. Ordinarily, these decisions have already been compiled in existing computer programs and they can be accessed and used at any time. Much effort can be save this way. Soft

decisions refer to those decision problems that are not programmed and that do not have a clear nature or situation. For example, the methods of social psychology can be used to supplement the deficiency of hard methods in solving problems due to human or social factors. As to the nature of decisions, they can be divided into qualitative decisions and quantitative decisions. Qualitative decisions refer to decisions made on the basis of qualitative analysis. Quantitative decisions refer to decisions made on the basis of quantitative analysis. Because many decisions cannot be analyzed using the quantitative method, their nature can only be determined by analysis but cannot be expressed numerically. These decisions can be qualitatively analyzed using the method of probability analysis. In addition, based on the economic model, decisions can be divided into open decisions and closed decisions. Open decisions are based on rational results and they can only produce satisfactory results, not the best and greatest result. Closed decisions seek only the best and the greatest result and do not consider environmental limitations. This means, open decisions take environmental limitations into consideration, therefore they only require seeking the satisfactory values among the results. Closed decisions do not consider environmental factors, therefore they require seeking the best value among the results.

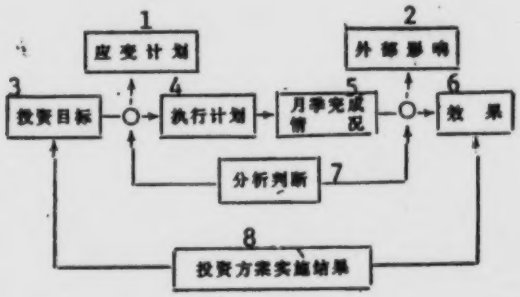
Decision Making in the Electric Power Industry. The electric power industry is characterized by inseparability of production, supply and marketing. Therefore, all decisions of the electric power industry related to the arrangement of production, capital construction, planning and design, energy utilization, guidelines and policies and all concrete decisions constitute an organically linked body. In the past, decisions on plans for the electric power industry were frequently influenced by various factors and they did not completely reflect the actual situation. Thus, one cause of proportional incongruity among power generation, power supply, the power network and construction of power stations was an insufficient understanding of the organic links between decisions. Widespread opinions were not solicited. Feasibility of the decisions and plans was not analyzed. Decision making is not only a job of the leading departments of industry, it is a job that should be done by every enterprise and business unit. Each enterprise and business unit must make decisions for their own departments based on the direction of development and the working guideline of the departments themselves combined with their actual situation. For example, at present, a seriously incorrect style of work exists in the power supply departments of the electric power industry. It has adversely affected the electric power industry, It is called power monopoly or power bureaucracy. This requires the leaders of enterprises to make decisions and to restore the good tradition of the people's electric power industry of serving the people. This is a decision to restore the image (of the industry). The "Rules for Workers and Service of the Power Supply Departments" published in the REN MIN RIBAO on 20 September of this year was one decision to restore the image. Every enterprise must make corresponding decisions by combining the rules with their own situation.

Examining Decisions and Contingency Measures. After a decision has been carried out, a set of measures has to be established to trace and examine the situation to see whether the result of execution coincides with the originally established goal. Tracing and examining the situation include three steps,

establishing the criteria for examination, using the criteria to examine execution and establishing contingency measures. The criteria for examination should best be expressed by computed data, and a scientific information feedback system should be established (data processing and on-line control) to ensure speed and accuracy. Where computer links are absent, various statistical tables and reports should be widely utilized to examine and understand the situation in the implementation of decision. The accompanying diagram is a box diagram showing the improvement of an engineering investment plan by feedback control through tracing and examination.

Plans for contingency measures are measures drawn up to give flexibility to a decision (leeway for turnabout) during the course of implementing the decision through feedback messages, data and information when the process of execution is found to deviate from the best plan and even when a reversal occurs. The plans for contingency measures should consider what new situations might occur during the course of execution of the original decisions and plans and how to treat and handle problems under the new situation etc.

Diagram of Tracing and Examination by the Feedback Control System



Key:

1	Contingency plan	5	Situation of Monthly and quarterly completion
2	External Influence	6	Results
3	Investment goal	7	Analysis and judgment
4	Plan of execution	8	Results of implementation of investment plans

IV. Application of Behavioral Science in Business

Behavioral science is a scientific theory developed under the capitalist mass production. It takes sociology and psychology as the foundation to study behavioral patterns of man and use them to control human behavior and to serve the realization of political, economic or cultural goals. Behavioral science not only studies the psychology and needs of individuals, analyzes their motives, stimulates their behavior, develops their abilities, it also studies organized behavior and the behavior of leaders and followers to find the best leadership model. The application of behavioral science in business management can change the productive environment, labor organization, encourage communication of

feelings between people, coordinate the relationship between management and labor, and mobilize and develop the subjective mobility of the masses or workers materialistically and spiritually, thus it increases the labor production rate to create more material wealth for the enterprise. In recent years, capitalist enterprises have widely utilized various types of "democratic management", "self management" and "goal oriented management" and organized friendship gatherings, recreational gatherings and discussion meetings to promote a sense of concern for the factory like one's concern for his family, etc. All of these are various types of activities carried out under the guidance of the theories of behavioral science.

Our nation is a socialist nation. A lot of experience has already been created and accumulated in how to implement the mass line and fully mobilize the productive enthusiasm and the initiative of the worker masses in socialist enterprises. The present problem is how to carry out political and ideological work more profoundly, more lively and more scientifically in face of the new situation and according to changes in the people's ideology. Some of the successful experience and theories in the application of behavioral science in business management by capitalist enterprises are worth learning. They must be closely combined with the actual situation in our nation in studying and using them.

The Research Content of Behavioral Science. According to capitalism's analysis of human needs, it is believed that the patterns of human thought can be divided into five levels, physiological need, need for security, social need, need for self respect and need for self expression. These patterns must be grasped to carry out ideological work. In behavioral science there are so-called fitness factors and urges. Fitness factors are desires to do preventive work well, for example, doing safety work well, doing environmental work well, establishing relationship between people, advocating discipline and obedience, advocating the spirit of conscientiousness and responsibility and developing the function of the collective. The system for examining the organization of an enterprise and personnel performance also belongs to the realm of fitness factors. Urges are factors that satisfy the various human needs, including material incentives and spiritual encouragement. One incentive utilizes external factors such as wage increases, additional monetary rewards, etc. The other is to achieve satisfaction in work, such as changing the method of work, designing simple and repetitive job procedures into a systematic work procedure so that people would not become tired of the job. Behavioral science also emphasizes improving the environment, including the working environment, the production environment and the work station environment, family environment and sanitary environment, for example, greening the environment, creating lawns, eliminating noise interference, improving production and job procedures, etc. Behavioral science also emphasizes the study of worker fatigue, analyzes the causes of fatigue, and studies the effects of labor intensity, working hours, speed of operation, mental state during work and the working environment in causing fatigue. Behavioral science is also involved in organizing after work activities to eliminate fatigue and improve the combination of work and relaxation. Behavioral science believes production by modern enterprises cannot simply rely on the commands of the leaders, more important is a full development of man's subjective mobility. This requires studying and grasping the patterns of change in man's ideology, predicting their motives and guiding their behavior before the labor production rate can be improved.

Strengthening Management of the Front Lines of Production. Business management and administration include two aspects. One is overall management and administration of an enterprise. The other is on-the-spot management and administration of the enterprise. On-the-spot management and administration are the foundation of overall management and administration, while in on-the-spot management and administration, the teams and groups of workers at the frontline of production are the foundation. In the teams and groups, the one who serves a backbone function is the foreman. In capitalist enterprises, much emphasis is placed on the selection and training of the foreman. The foreman must possess a higher cultural level, professional ability and knowledge of management and administration. He must not only be familiar with the production process of his own station and with basic level management work, possess modern management knowledge and experience, he must also be able to maintain a close liaison with the masses, skilled in handling people and interpersonal relationships and sensitive to new things. He should not rigidly follow established rules, he should be a thinker, he should study hard and he should be able to work quickly and smoothly. For example, American enterprises have established 18 personal traits a foreman should possess. They include the following:

1. Do other people like him and are they willing to be with him?
2. Does he mostly care about himself or does he care about other people's welfare?
3. Is he good at cooperating with other leaders?
4. Has he mastered his job or is the job controlling him?
5. Is he skilled at organizing the work of his own team?
6. Does he have an adequate writing skill?
7. Does he give others a good impression?
8. Does he have the quality of a good teacher?
9. Is he good at maintaining discipline and transferring people who are unsuited for their jobs?
10. Does he utilize a lot of time studying problems in work?
11. Does he study general social problems and social science?
12. Is he willing to understand people, care about people, sympathize with people?
13. Does he have enthusiasm, creativity and an attitude to cooperate sincerely with others?
14. Is he calm and resilient, just and trusted by subordinates?
15. Does he treat people and business appropriately or does he have extreme likes and dislikes?
16. Does he think clearly and is he emotionally excitable?
17. Does he exert efforts to find new ways or adheres to established rules?
18. Can he make decisions when information is lacking?

Attention to training talent is an important reason for rigid development of Japan's economy. They call it "development of capabilities" or "investment in natural abilities." Training superior foremen not only includes ordinary training. more importantly, it must rely on the leadership's correct selection and they must be frequently examined, including examining their basic knowledge, their ability to use that knowledge and checking their actual performance. Foremen who have passed the performance test must be allowed to work independently.

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ECONOMIC MANAGEMENT

BETTER MANAGEMENT OF FARM MACHINERY URGED

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[Article by Zhu Peiwei [2612 1014 1983]: "How to do a Good Job in the Management of Agricultural Machinery Under the New Situation?"]

[Text] On the basis of readjusting proportions, our agricultural machinery industry is being reorganized according to the principle of coordination among specialized departments and the main points of this work is reforming technology, renewing equipment and improving the quality of products in rural areas. Work is also being carried out to restructure the rural economic system and it began with the introduction of the production responsibility system. The following are my views on how the management departments of agricultural machinery can do a good job under this new situation.

Use Well the Existing Agricultural Machinery

Since the founding of the People's Republic of China, the mechanization of agriculture has mainly developed in the following four stages. First, the stage of creating a foundation. The total power of agricultural machinery throughout the country on the average increased by about 1.4 million hp annually between 1949 and 1970. Second, the development stage. The total power of agricultural machinery on the average increased by 14.65 million hp annually between 1970 and 1976. Third, the highest stage of development. The total agricultural machinery power across the country on the average increased by 21.53 million hp annually between 1976 and 1979. Fourth, the stage of readjustment. The development of the total power of agricultural machinery has tended to slow down since 1979, and since then it has entered into a long stage of stable growth.

In accordance with the current new situation, I suggest that the key work in agricultural mechanization should be shifted to managing well the existing agricultural machinery. My reasons are:

First, our agricultural machinery industry is now in the readjustment stage and all the enterprises across the country that are manufacturing agricultural machinery are being closed, suspended, merged or shifted to other production. According to the principle of suspending as few enterprises as possible and merging as many as possible, the existing 213 medium and small tractor plants

were readjusted into 98 by the end of 1980. The internal combustion engine plants have been readjusted from 277 to 126 while irrigation machinery plants (including those producing big water pumps, deep well pumps, submersible electrical pumps and sprinkling irrigation machinery) have been readjusted from 105 to 63. Other factories that are being readjusted include parts plants, the plants producing complete sets of farm tools, animal husbandry machinery plants and combined-harvester plants. It is impossible for our agricultural machinery industry to develop rapidly during this readjustment period; therefore, it is particularly important to manage well the existing agricultural machinery.

Second, under the current conditions for energy supply in our country, it is not permitted to turn out many agricultural machinery that consume oil and we must manage well the existing agricultural machinery industry. The amount of the oil supplied by the state for agricultural machinery gradually dropped over the past 4 years. It was 8.34 million tons in 1978, 7.89 million tons in 1979, 8.04 million tons in 1980 and about 7.04 million tons in 1981. Yet over the past few years, the production of the agricultural machinery that consume oil on the average increased by 14 million hp. Consequently, the average oil for per hp of agricultural machinery decreased. We carried out investigations in some provinces in the southern part of the country last year and found that various places in general lacked oil. Some places were compelled to stop using agricultural machinery during busy seasons because they did not have oil. Other places even used rapeseed oil or castor oil to replace diesel oil, which resulted in the machinery being ruined. Therefore judging from the energy supply situation, it is also necessary to manage well the existing agricultural machinery.

Third, agricultural mechanical installations have a large role in agricultural production. The number of big and medium tractors across the country now has already reached 744,000, coupled with 1,875,000 small tractors, 3,640,000 mechanically-driven farm tools of various types, and 4,520,000 pumps of various types. In addition, there are a great number of planting and safety machinery operation and transportation machinery that are used in threshing grounds and other mechanical farm tools. Agricultural machinery has become an important part of our agricultural production force. Facts in various places proved that agricultural machinery are useful not only in improving the quality of cultivation, in fighting against drought and floods and in fighting against and preventing insect pests but also in fulfilling enormous and short-range transportation tasks in agricultural production.

Therefore in the new situation, it is urgent to step up the management of agricultural machinery while agricultural machinery management departments must consider this work as the focal point in agricultural mechanization.

Tap the Potential in the Management of Agricultural Machinery

The management of agricultural machinery is specialized management know-how. Through such management, it is possible to fully tap the potential of the existing agricultural machinery. Facts have proved that the agricultural machinery stations and teams with the same conditions will arrive at different achievements because of differences in managing agricultural machinery.

Where is the potential? Judging from the whole country, the growth in the number of agricultural machinery is far from being compatible with the actual effort of agricultural mechanization. The number of big and medium tractors in 1980 increased by more than 900 percent over the figure in 1965, small tractors increased by over 500 percent and small mechanically-driven farm tools increased by over 300-fold. But during this period, our cultivated acreage only increased by 1.7-fold. The number of tractors in some provinces has continued to increase but cultivated acreage has decreased. In addition, the average comprehensive operation that is completed by per hp of tractor has been decreasing year after year. The average operating volume for per hp reached 244 standard mu in 1956, the highest in history; but by the end of 1980, the figure dropped to 150.5 standard mu, 21.5 standard mu less than the previous year. The present general situation is that cultivated acreage has continued to decrease while the acreage under mechanical sowing and harvesting has increased slightly. There are many reasons for the constant increases in the number of agricultural machinery and tools and for the long-standing instability and failure of our agricultural mechanization efforts to reach the desired level; one of the most important reasons is bad management.

Looking at it from the standpoint of localities and units, the development in the management of agricultural machinery is far from balance. The operating level of some agricultural machinery is as high as over 90 percent but the figure for a number of agricultural machinery is only 50 to 60 percent or even lower. The operating efficiency of per hp of some agricultural machinery is as high as over 300 standard mu; but the figure for a number of them is less than 100 mu. The average oeprating costs for 3 times (the cost of oil, repairs and management) for per standard mu is 0.3 to 0.4 yuan, but in some cases they are as high as over 1 yuan. The average oil consumption for per standard mu is about 0.5 kg; but in some cases it is as high as over 1 kg. It has been calculated that if the perfection rate of the big and medium tractors across the country is increased to 80 percent from the present 70 percent, it means an addition of tens of thousands of good tractors that equal the total production of the Loyang tractors plant for 2 years.

Therefore it can be seen that there is still a big potential in the management of agricultural machinery.

Management Must Accord With the Needs in the Responsibility System

We must set standards for the management of agricultural machinery. The most important standards should be for high efficiency, good quality, low consumption and safety so as to increase agricultural output and income. High efficiency refers to "three high rates" (perfection rate, utility rate and attendance rate) and high operation rate. The good quality refers to good quality in the operation of agricultural machinery and it must accord with the needs of the level agricultural technology in localities. Low consumption refers to low operation costs of agricultural machinery. No matter whether such costs include 3, 4, 5 or even 6 items, they must be the lowest possible levels in the localities. Safety means there should be no accidents. In addition to meeting these standards, the management work must also be linked with output, income and contributions, so as to achieve maximum economic effects.

The responsibility system of linking remuneration to output such as fixing output quotas and fixing work quotas for individual households is now being introduced in rural areas. In this new situation, how should the management of agricultural machinery be carried out? Some people said that "with output quotas being fixed for individual households, agricultural machinery must be kept in warehouses," and "with individuals being assigned responsibility for machinery, it will not do to manage the machines." In my opinion, it is necessary to see in an all-round way the influences of fixing output quotas and work quotas for individual households on the management of agricultural machinery. We must see both the advantages and disadvantages; but taken as a whole, the advantages are more numerous. In the early period of the introduction of the method of fixing output and work quotas for individual households, there appeared in some places such matters as dividing, dismantling, selling and storing agricultural machinery because the method was carried out by teams and groups. But subsequently, this situation has changed. Agricultural mechanization made headway in some places. Although the method of fixing output and work quotas for individual households is characterized by small plots of land and many plots belonging to one production unit but are enclosed in that of another, various places are summing up experiences to gradually solve this problem. We must understand that following the introduction of the method of fixing output and work quotas for individual households in rural areas, peasants have decisionmaking rights in cultivating land. The peasants in many places even have decisionmaking rights in the use of machinery. This situation has helped to drastically mobilize the peasants' initiative in production and enhanced the development of agricultural production.

With the introduction of the method of fixing output and work quotas for individual households, it is necessary for the management of agricultural machinery to readjust to the new situation and solve new problems that are mainly manifested in the following three points.

First, great changes have taken place in the maangement of agricultural machinery. The form of the management of agricultural machinery in the places with collective production as the main stay has tended to develop from the system of cultivating for others (the agricultural machinery under the management of the people's communes and production brigades are used for cultivating the land of other production teams) to the system of cultivating for themselves (production teams are cultivating their own land with agricultural machinery being under their own management), of the 67,000 various farming tractors being used throughout Zhejiang Province in 1978, 8 percent and 71 percent were respectively managed by the people's communes and production brigades while those under the management of production teams only add up 22 percent. But by the end of 1980, the number of various farming tractors in the province was 102,000, the percentage of the tractors under the management of the people's communes and production brigades dropped respectively to 6 percent and 50 percent while the figure for the production teams increased to 44 percent. The management of agricultural machinery in the places where the method of fixing output and work quotas is predominent tended to develop in the form of combined households and individuals. For example, in Anhui Province, the households that are responsible for fixed output and work quotas now made up 84.6 percent, the number of the tractors bought by more than 200,000 peasant households

jointly and by individuals across the province is more than 40,000, while is 1/3 of all tractors in the province. In Guangdong Province, the number of the peasant households that are responsible for fixed output and work quotas is more than a half of the total, while the tractors bought by such households and individuals have risen to more than 30,000. These facts served to prove that the form in the management of agricultural machinery tended to develop in a direction where the cultivators own their own machinery.

Second, in guiding ideology, the management of agricultural machinery has shifted from official undertaking in the past to the present civil undertaking. In the past, the departments at various levels that were responsible for the management of agricultural machinery did not consider whether or not peasants needed agricultural machinery and they resorted to the administrative method to distribute tractors, and other goods, noncompensative funds and loans among peasants. On the other hand, the peasants considered that all these were given to them by the state and consequently they did not treasure them. Now peasants are buying agricultural machinery with their own money according to their needs after meticulous consideration and consequently, they treasure their own property. In the past, agricultural machinery management departments ran official training courses. The peasants who joined the courses were given an allowance everyday as well as workpoints by production teams; yet, more often than not they dia not attend the courses. But now since many peasants own tractors, they have demanded to attend training courses even if there is neither an allowance nor subsidy to make up for their workpoints during their absence from work. They have even suggested that they pay to attend them. The number of participants generally far exceeds the original planning.

Third, the method used in the management of agricultural machinery must accord with the various management forms of agricultural machinery in rural areas; management must not be carried out in the way of cutting with a knife. The present agricultural mechanical personnel have low cultural and technical levels. Therefore, the method used in the management of agricultural machinery must be characterized by "definite tasks, simple methods and direct interest"; we can in no way over elaborate our work and seek unobtainable targets. The various forms of the responsibility system in the management of agricultural machinery must be helpful in overcoming egalitarianism and the situation of "eating out of the same iron rice bowl" so as to fully mobilize the initiative of the machinery personnel. The old method that was used by the state agricultural machinery stations in the 1950's and the 1960's can no longer be used in the present management of agricultural machinery. Under the new situation and with new problems, it is imperative for us to carry out more studies and investigations and continuously sum up experiences.

In 1981 we investigated the situation in Anhui Province of the purchase of tractors by combined peasant households and individuals. This situation has developed very rapidly in the province. The number of tractors bought by peasant households and individuals made up more than one-third of the total tractors in the province. We found from the investigation that peasants jointly bought tractors voluntarily. Such households may belong to the same production team or to different production teams and consequently they have broken away from the limitations within a production team. The members of the

households that have jointly purchased agricultural machinery range from 2, 3 to even 10. Most machinery bought in this way are used in farm operation. In addition to being used by the members of the households concerned, these machinery are also used in cultivating land, pumping water and doing threshing work for other production teams. The instances where machinery is purchased for the sole purpose of transportation is few. There are yet no complete regulations for the management of the agricultural machinery that are bought jointly by peasant households. But such households have rules with regard to the use of the machinery, wages for operators, sharing of expenditures and distribution of income. For example, oil and maintenance costs are shared according to the number of persons or field acreage. The payment to the operators for their work for the members of the combined households is mostly in the form of mutual help, that is, members of combined households perform certain tasks for the operators. Some operators are paid in money or grain annually by the households according to the number of persons or the field acreage. The payment for doing work for other production teams it set through consultation by the both sides. Operators get a certain percentage of the income while the rest belongs to the households. In general, the agricultural machinery under the management of the combined households are in good condition and have few problems. Regarding this form of the management of agricultural machinery, some local agricultural machinery departments in the provinceheld that the main work for them is to step up safety supervision, that is, to step up management from the point of legislation. These departments are now probing into this matter and summing up experiences.

Nationally, most agricultural machinery in rural areas are under the management of the people's communes, production brigades and production teams. According to the present situation in rural areas, it is imperative, with regard to the machinery under the collective management, to set up and perfect responsibility system. This is because when a good job is done of this key work, all the work in the management of the agricultural machinery will develop, and this situation will be of a great significance in improving the efficiency, quality of work, lowering consumption and improving the safety of agricultural machinery.

The emergence of the various forms of the responsibility system in the management of agricultural machinery is a breakthrough in agricultural machinery management in rural areas. Such a responsibility system is vital not only because it is able to overcome egalitarianism and the situation of "eating out of the same iron rice bowl" but also it has organically combined operators' economic responsibility with their economic rights and economic interests. That is to say, this system has been able to fully mobilize the initiative of both the collective agricultural machinery stations and production teams with individuals.

The following four points are the most common forms of the responsibility system in the management of agricultural machinery implemented over the past 1 to 2 years.

First, accounting is based on a single agricultural machinery, with fixed quotas, awards and compensation. The feature of this form is that it is only the awards and compensation that are related with the labor achievements of the operators of agricultural machinery while the remuneration for the oper-

ators is basically linked to output. The advantage of this form is that operators will have more sense of responsibility to further display their initiative. The shortcoming of this form is that the remuneration is basically not linked to output. This form can be introduced more easily in the agricultural machinery stations and production teams that have more ordinary farm machinery and tools and with a medium management level. It is the form most common in the present responsibility system for the management of agricultural machinery in rural areas.

Second, fixing professional responsibility, with remuneration being linked to output (mainly output value, income and earnings). The feature of this form is that operators are responsible for agricultural machinery as profession. Under this form labor achievements of the operators are closely linked with their economic interests. That is to say, with more work and more income, they will get more payment; otherwise they get less. Thus with such form, tractor drivers will be concerned about their labor achievements and they will be able to fully display their initiative.

Third, fixing a small amount of the work quotas. This form is mainly suitable for agricultural mechanical operations for which annual quotas cannot be fixed. The main feature of this form is that payment is made according to the amount of the work that is completed by agricultural mechanical operations according to the work quotas during busy farming seasons. This form is suitable for the agricultural machinery that are used only for a short period of a year and only during busy farming seasons and these machinery include various walking tractors, transplanters and irrigation machinery.

Fourth, assigning individuals with responsibility for machinery. With the form of fixing output and work quotas for individual households in the agricultural production responsibility system, this form is easy to implement and is one of the forms that is welcomed by agricultural machinery operators. This form can be divided into two types. One is that operators are only responsible for handing over a fixed amount of money. Reaction in many places toward this form is that it is likely that tractors will only be used in transportation and not in cultivating and that they may be totally engated in commercial activities and not in farming. Another type is that operators are responsible for both fixed amount of the money to be handed over and fixed quotas for field operations. Some people have suggested that operators be responsible for the maintenance of agricultural machinery and safety. The advantage of this form is to guarantee that tractors will be mainly used in farming and it will diversify the pattern of economic management, and the tractors will be maintained in perfect operating condition and there will be fewer accidents. It is also easy for peasant-operators to implement. In my opinion, this form can be popularized and it is most suitable for the production teams that are mainly equipped with walking tractors, but it must be constantly perfected.

CSO: 4006/351

FINANCE AND BANKING

INTEREST RATE ADJUSTMENT POLICY MERITS SUPPORT

Beijing ZHONGGUO CAIMAO BAO in Chinese 31 Dec 81 p 2

[Article by Yang Zhesheng [2799 0772 4164], Deputy Director, Planning Bureau, Head Office of People's Bank of China: "Implement the Decision of the State Council to Adjust the Interest Rate"]

[Text] The State Council, having given its approval to the "Report Concerning the Adjustment of the Interest Rate for Bank Deposits and Loans," of the People's Bank of China has decided to adjust the interest rate for deposits and loans by public organizations and private individuals as of 1 January 1982 and to adjust the interest rate for savings deposits as of 1 April of the same year. This represents the first overall adjustment of the interest rate in the past 10 years and a major economic measure adopted in the area of economic management to meet the needs for the development of our economy. The whole-hearted implementation of the State Council's decision to adjust the interest rate will have a positive effect on the adjustment of our economy and the development of production, the reform of the economic management system, the reorganization of the enterprises, the enlivening of the economy and the achievement of higher benefits.

The interest rate is an important economic lever in the hands of the government. Whether this economic lever can be used to the best effect depends on whether or not there is a correct policy and system pertaining to the setting of the interest rate, whether or not the limit put on the interest rate meets the needs of economic development, and whether or not the interest rate is so calibrated as to reflect the need for a measure of flexibility. It is only when the interest rate is set with these factors in mind that it can be made to serve as a flexible and effective weapon. Certain major problems existed in the past with regard to the interest rate. First, due to various reasons, the interest rate for deposits and loans had been set rather low. Although the interest rate for savings deposits was adjusted upward in 1979 and again in 1980, the amount of time deposits remained at a low level. The low interest rate for loans was a major problem. The interest on loans paid by the industries and enterprises came to roughly 0.8 percent of the cost while that paid by commercial institutions came to roughly 1.5 percent of expenditures. The low rate of interest neither made it easy for the banks to accumulate capital nor for the enterprises to manage and utilize capital. Secondly, time deposits had not been made available to the enterprises. The

time limit of five years for savings time deposits was not calculated to facilitate the accumulation of capital for long-term use or to ensure the nation's capital inflow. Thirdly, there was little flexibility in the interest rate which was the same for loans for the working capital of the industries and enterprises, for loans for working capital and for intermediate and short-term loans for the installation of equipment. The interest rate was the same for long-term loans and short-term loans and for well-operated and poorly-operated enterprises. This lack of variation in the interest rate was not conducive to the speeding up of capital circulation or to the economic use of capital. Fourthly, the interest for loans was lower than that for savings deposits. The average interest for savings deposits was 5.09 percent per year while that for loans was 4.44 percent. If the banks were to use the savings deposits they had accumulated for making loans, they would stand to lose 650,000 yuan every year for every hundred million yuan they loaned out, and that was not counting even the expenses. Furthermore, because the interest rate for loans was lower than that for savings deposits, it was possible to make a profit by putting loan funds into savings deposit accounts. Fifthly, the interest rate had not been placed under centralized and unified control. In contravention of the financial policy of the government, some non-financial institutions set their own interest rates. Sometimes, different interest rates were set by specialized banks and other financial institutions so that they created a loss of confidence and a waste of capital. Unless these problems are resolved, it would be difficult to use the interest rate as an economic weapon in the fulfilment of its functions.

Although certain problems remain to be solved, the adjustment of the interest rate will enable it to play a bigger role as an economic weapon and make it possible to accumulate a larger amount of idle capital in society, to accumulate sizable amounts of capital by adding up small amounts, to turn consumer capital into productive capital and short-term circulating capital into long-term capital, to lend an impetus to the development of production, and to speed up the rate of economic development. In short, the adjustment of the interest rate for bank deposits and loans is necessary for the implementation of the 10 principles for our economic development.

The work of adjusting the interest rate is broad in scope, political in nature and complicated in character. It is incumbent upon the banks at various levels to heighten their ideological understanding and to attend to their work with great circumspection under the joint leadership of the local party committee and government. They should take the initiative in establishing close cooperation and coordination with other concerned departments. The specialized banks should work with one mind and act in unison with the financial institutions in finding ways and means to deal with whatever new problems that may emerge, in making constant use of their experience and in standing united in the effective implementation of the State Council's decision to adjust the interest rate.

9621
CSO: 4006/269

SAVINGS DEPOSITS MANAGEMENT IN SUPPORT OF CONSTRUCTION URGED

Beijing ZHONGGUO JINRONG [CHINA FINANCE] in Chinese No 1 (4 Jan 82) p 19

[Commentary: "Fixed Savings Deposits Ought to Be Worthy of the Name"]

[Text] Along with the development of our national economy, it is necessary to bring into full play the role of the banks by requiring the banks to draw in more idle capital in order to more effectively support production and construction. Under conditions in which the medium-term and short-term equipment loans and relatively long-term construction loans issued by the banks are all on the increase daily, our savings work, as an important channel for raising capital and accumulating wealth, faces a question over which there is a need for research and improvement, and that is namely that our savings deposits not only must show a trend of sustained increase, but their duration must also be fairly long, and they should be stable and reliable. Long-term capital must be strictly separated from short-term capital so as to facilitate their transfer and full use and improve the results of capital utilization.

Since the Third Plenary Session of the 11th Party Central Committee, our savings operations have developed very fast; in a period of only 3 years the increase has amounted to 20 billion yuan; of this, fixed savings make up more than 80 percent, thus providing the decisive portion of the banks' credit capital.

In the overall view, this situation is fine, as they have played an important role in supporting production and construction. But, because of the provision in our regulations on savings deposits that in case of premature withdrawal, interest is calculated according to the period the savings are actually on deposit and in case of delayed withdrawal, interest is calculated periodically according to the originally fixed rate, this premature withdrawal of fixed savings has actually turned the savings into funds that can be convenently viewed as subject to either fixed or flexible withdrawals while it is still possible for them to earn a rate of interest as fixed savings; as fixed savings are not withdrawn after they become mature, they have already become savings of a flexible nature, yet they will enjoy the interest rate of the savings according to their originally fixed duration, this results in confusing flexible savings with fixed savings as to their respective nature and thereby leads to many defects. Certain inappropriate ways of saying and doing things when propaganda on savings was carried out have further aggravated the situation in which there is no strict distinction between fixed duration and flexible duration and fixed savings are thus not worthy of the name.

The main characteristic of credit capital is that it can be easily turned over and used, and the premise for such easy turnover is that both deposits and loans are made with a definite duration; this is the principle for an operation such as making loans on credit. If the duration of deposits is not subject to control and hence becomes difficult to manage, it will be impossible to guarantee the easy turnover and use of the capital for loans if we use such indeterminate deposits to issue loans with fixed durations. How are we to successfully draw in more of the idle capital in society and at the same time makes a strict distinction between fixed and flexible durations so that fixed savings are worthy of the name and become stable and reliable? First of all, we must revise our regulations on savings in a planned and orderly manner. Before the regulations are revised, we should immediately launch correct propaganda so as to enable depositors to begin presently to have a correct understanding of the nature of the time limit for savings deposits. We must immediately change the incorrect propaganda and methods for attracting savings adopted in the past, refrain from propagating "advance withdrawals at any time, convenience and profitability" with the view to encouraging people to make fixed deposits, nor seek to propagate again that "if a renewal is not made at the time of maturity, the deposits may enjoy the same originally fixed interest rate" with the view to inducing people to ignore timely renewals. We must carry out correct, positive propaganda among the masses and propagate patiently and carefully on fixed savings as an economic contract signed between the depositor and a bank, on the duration of such a contract and its solemnity, on the necessity for the bank and depositor to maintain such a contract and the benefit of observing the duration to the state and the individual, etc., in order to change the views of the depositors. We must also propagate the functions and characteristics of the various types of savings in order to guide and help depositors to select the appropriate types for themselves.

Changing such a habitual approach which we have followed in practice for many years is not going to be readily acceptable to people. Some are afraid that after the approach is changed, fixed deposits may decrease. But we should know that the decreased part, in such a case, does not consist of real fixed deposits to begin with; even if there is going to be some decrease, that is not necessarily a bad thing. Those who wish on the one hand to put in fixed deposits and on the other hand also hope to withdraw them at any time can only make the kind of deposits susceptible to both fixed and flexible withdrawal. There may also be people who are afraid that, if they require fixed savings now and at the time of maturity all depositors should come forward to make renewals, that would increase pressure at the counter. Indeed, if the approach is just changed, such a situation may well come to pass; but there would be a relief gradually thereafter because the times the deposits are made are different, the times of their maturity will likewise be different. We should also see that, if we continue to maintain the present state of affairs, those deposit slips whose renewals are not made at the time of their maturity will become more and more numerous, and their duations will also become longer and longer; in the meantime, there will be several readjustments of the interest rate; if the interest is calculated periodically, the pressure and difficulty at the counter will likewise become greater and greater, thus making the whole situation inveterate. Therefore, we cannot skip this link of the renewal just because we wish to spare some effort at present. We cannot, just because the prescribed practice has been the same in the past and hence a change would give

rise to many difficulties, simply resign to the present state and dare not think of any reform. We should recognize clearly that we are situated in a changing, new era, new things and new situations will continue to surge forth, our national economy must be further adjusted and transformed, transformation requires changes, and changing is normal. The change in our approach is required by economic readjustment and reform; our thinking must correspond to the development of the situation; we must endeavor to study the various problems that appear in our work, continue to ameliorate them, and carry out our work more in accord with realities and more effectively.

9255
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FINANCE AND BANKING

SUBSCRIBING FOR STATE TREASURY BONDS URGED

Beijing ZHONGGUO CAIMO BAO [CHINA FINANCE AND TRADE JOURNAL] in Chinese 2 Feb 82 p 1

[Editorial: "Enthusiastically Subscribe to State Treasury Bonds in Support of the Four Modernizations"]

[Text] Last year when the state issued treasury bonds, the people in the whole country and the various regions, departments and units responded enthusiastically, and the target was overfulfilled. This contributed to economic stability. To channel a part of social funds to national construction use, the State Council has decided to continue to issue state treasury bonds in 1982. The various regions and departments should take active measures to ensure overfulfillment of this task in 1982.

The state plans to issue 4 billion yuan's worth of state treasury bonds this year. Besides selling them to enterprises owned by the whole people and enterprises owned collectively, as was the case last year, the state will also sell them to individuals in town and country. Why? Because with the economic readjustment program making further progress, enterprises need to regain a certain amount of funds for tapping potentialities, technical innovation and transformation. Thus enterprises should be allowed to buy a reduced number of treasury bonds in 1982. On the other hand, after the Third Plenary Session of the 11th Party Central Committee, the state has introduced many economic readjustment measures, raised the state purchase prices for agricultural produce and sideline products, created more jobs, raised wages and issued bonuses, so that the real income of most people in town and country has gone up. Since last year, many patriotic-minded people have proposed that the state issue a Four Modernizations Construction Bond to individuals. This is in keeping with the desire of the broad masses of the people who support the four modernizations program.

The people of our country have always cared about the financial conditions of the state. In the 1950's the state six times issued economic construction bonds. Every time the people responded enthusiastically and subscription targets were overfulfilled. Last year many individuals subscribed to treasury bonds on their own initiative. This year, besides mobilizing the work units to do their best to overfulfill subscription targets, we must do a good job of publicizing the need to people in town and country, arousing their patriotic

zeal so that they will subscribe to treasury bonds enthusiastically. Bonds sold to people in town and country in 1982 will carry a higher interest rate than last year--equal to the banks' soon-to-be adjusted five-year savings interest rate--giving greater economic benefits to the buyers. Therefore, so long as we do a good job of informing and organizing, we will have no problem fulfilling the task of selling a part of the treasury bonds this year to people in town and country.

As the 1982 bonds will be sold to both work units and individuals, the work will be heavy and complicated and will involve much policy matters. Assignment of subscription quotas to the lower levels must be preceded by investigations to find out the different conditions in different localities, to be carried out practically and realistically without imposing arbitrary uniformity. As for individual subscriptions, while we should make sure that the tasks will be fulfilled, we must adhere to policy, abide by the principle of voluntary subscription, refrain from coercion, and avoid using such simplistic methods as forced apportionment and payment by withholding wages. The finance and banking systems, have an important role to play in the issuance of treasury bonds. They must, under the leadership of the party committees and governments at different levels, work at their jobs conscientiously, and contribute their part to the overfulfillment of the issuance of the 1982 treasury bonds.

9924
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FINANCE AND BANKING

BRIEFS

JIANGSU TOPS 1981 REVENUE PLAN--According to preliminary figures disclosed yesterday by the Jiangsu Provincial Bureau of Finance, the province's revenue plan for 1981 was overfulfilled by 1 percent over that of the previous year. Of the various items of increase, industry and commerce tax revenues increased by 8.8 percent. Suzhou Prefecture fulfilled its revenue plan more than a month ahead of schedule. Xuzhou and Changzhou municipalities increased their revenues by 7.9 percent and 5.1 percent respectively. In spite of the overfulfillment of the revenue plan, economic efficiency of the province's enterprises is far from satisfactory. According to sources in the Bureau of Finance, there is much room for improvement for the enterprises to raise economic efficiency, stop "runoffs, spills, drips, leaks" and increase production and revenue. If the profit rate of the output value of locally-operated state-owned industries could be raised by 1 percent, the total profit of the province could be increased by some 200 million yuan in one year. This is equivalent to the investment needed to build a 300,000-kilowatt power plant or some 2 million square meters of housing for staff members and workers. Thus a priority task in finance and economic work this year is the reorganization and consolidation of existing enterprises with a veiw to improving their economic efficiency. [Text] [Jiangsu XINHUA RIBAO in Chinese 7 Jan 82 p 1] 9924

CSO: 4006/293

INDUSTRY

VIEWS GIVEN ON MOTOR TRANSPORTATION, AUTOMOTIVE INDUSTRY

Beijing QICHE GONGCHENG [AUTOMOTIVE ENGINEERING] in Chinese No 11, 1981
pp 1-5, 53

[Article by editorial department: "Some Views on the Development of Motor Transportation and the Automotive Industry"]

[Text] The national economic readjustment now going on in our country is a matter of concern to people throughout the country. They hope that after the readjustment, the national economy will be able to develop steadily, and that people's livelihood can be further improved. The whole world is watching and waiting to see if the Chinese people will be able to realize their lofty aspiration of accomplishing the four modernizations through the readjustment.

Motor vehicles are the principal means of transporting materials between cities and the countryside, enlivening the market and expediting the turnover of capital funds. In combination with trains, ships and airplanes, they complete a transportation network embracing the whole country. Like blood vessels carrying nutrition to various parts of the human body, they carry materials for the national economic development and for the people's livelihood. Since people throughout the country are concerned with the development of the automotive industry, we should like to analyze the present situation of this industry and present some preliminary, tentative views for the reference of our readers and the leading departments concerned.

Modern motor transportation and the automotive industry are developing along with the national economic growth in various countries. The number of motor vehicles maintained and the length of highways in the United States are the highest in the world. It has some 130 million motor vehicles and a total highway length of approximately 6.1 million kilometers, and the majority of passengers and freight in that country are transported by motor vehicles. Japan's automotive industry developed rapidly after World War II, and in 1980, its vehicle output surpassed that of the United States and became the highest in the world. From 1955 (when Japan's national economic development began to gather momentum) to 1977, Japan's economy increased at an average rate of 8.6 percent every year and the gross national product increased by six times. During this period, the transport volume was increased by 4.5 times, and highway transport accounted for half of the increased portion, with the other half going to water transport. Such was the situation in Japan even though

it was accessible by ship from all directions. In the same period, however, railway transport was not much increased. The proportion of highway freight transport to total freight transport volume was increased from 11 percent in 1955 to 37 percent in 1977, while, in the same period, that of railway transport dropped from 50 percent to 11 percent. The proportion of highway passenger transport to the total passenger transport volume also rose from 17 percent in 1955 to 52 percent in 1977, while in the same period railway passenger transport dropped from 82 to 44 percent. Among the nine member countries of the European Economic Community, according to the statistics of 1977, there were 77 million motor vehicles, including approximately 8 million trucks. The average annual increase in vehice output from 1969 to 1977 was approximately 5 percent. Europe originally had convenient systems of railway and water transport, but the majority of freight was transported by motor vehicles. In the European Economic Community, 63.1 percent of the total freight turnover--in terms of tons/kilometer--was undertaken by highway transport. Even in France and West Germany, where the price of water transport was relatively moderate, 55 to 60 percent of the freight turnover was handled by motor vehicles. Thus national economic growth spurred on the development of the automotive industry, and the development of the automotive industry in turn accelerated further national economic development.

How could motor transportation play such an important role in the world? We will first leave out passenger transport, since passenger cars abroad have become a necessity in people's work and daily life, and are the principal means of transportation; and we cannot compare ourselves with these people. So let us now analyze the situation of freight transport. Motor vehicles can deliver the freight of the consignor straight to the home of the consignee in a "door-to-door" service, while the other means of transport, such as railway, waterway and air transport, all require motor vehicles at the starting and terminating points to pick up or to release the passengers and frieght. This means an additional step in transportation. Furthermore, loading and unloading on the way are rare for motor transportation, and this helps avoid damage, speeds up cargo turnover, reduces storage space and personnel, and improves the economic results. Therefore, motor transportation can be prompt, accurate, economic and convenient. Some advanced enterprise management units, such as the Toyota Motor Vehicle Company of Japan, have adopted the "kanban [signboard] production" control method, whereby each sequence of operations in production is based on the requirements of the preceding sequence, thus completely eliminating the need for stocking and reducing storage expenses and circulating funds. For each passenger car produced in Japan, the sum total of cost price, charges on transportation to the United States and customs is still less than the production cost of one produced in the United States by $1,000-$1,500. Japanese cars are therefore highly competitive, and in 1980 the sales of Japanese cars accounted for 27 percent of the total car sales in the U.S. market. Without a prompt, accurate, ecnomical and convenient transportation service, it would be very difficult for the "kanban production" control to be accomplished. This is the reason for the superiority of motor transportation in the world. In view of the energy crisis today, some people have proposed that railway and water transport be more extensively used as a means of energy conservation. However,

others hold that energy conservation should be based on the overall economic results. In addition to their need for motor vehicles at the starting and terminating points, railway and water transport do not have the motor vehicle's advantages of speed, accuracy, timely operation, convenience and less likelihood of damage. Therefore, an overall evaluation of all aspects of energy conservation and economic result should be conducted before a conclusion can be reached.

Since the founding of the People's Republic, our automotive industry has started from scratch and continued to develop. The output of motor vehicles and the number of varieties have also continued to increase every year, and reached a peak in 1980 with an output of approximately 220,000 vehicles. At present, our highway transport accounts for 37 percent of the total national transportation volume, and approximately half of it is being handled by motor vehicles. The proportion is even lower in terms of frieght turnover--down to approximately 2.3 percent, with the rest being handled by tractors, push carts and animal drawn carts. Highway passenger transport has increased fairly rapidly all along. From 1949 to 1980, the average annual increase rate was 16.8 percent, and the 1980 volume was 12.3 times that of 1949. In 1980, 2.2 billion passengers were carried. Railway traffic is fairly congested in our country. The freight transported over a distance of less than 100 kilometers amounted to about 300 million tons, or 13 percent of the total railway freight traffic; and 50 percent of this amount was carried over distances of less than 50 kilometers. It would have been better for this freight to be hauled by motor vehicles. That is why the development of our motor transportation and automotive industry are far from adequate to meet the requirements of national economic development.

We believe that besides the lack of an overall study in our national transportation, the authorities concerned have not given much thought rational planning for the various modes of transportation. In the past, when two "priorities" were proposed as a requirement for national economic development, transportation was one of these priorities. However, no serious study was made of motor transportation. In agriculture, transportation was supposed to share 40 percent of the total labor. Yet our planning for agricultural mechanization did not include motor transportation. In foreign countries, one tractor has to be supported by six-seven motor vehicles; in our country, less than one can be used for this purpose. That is why tractors are being used in place of motor vehicles for transportation. The profits handed over to the government by the first motor vehicle plant since its inception have been more than eight times the investment in building the plant; however, so far, there has been no investment in its renovation or transformation. Because of the shortage of motor vehicles several years ago, many provinces and municipalities through self-reliance, organized the production of motor vehicles in small lots. Although the quality was not high, they could have more vehicles to use, after all. This method is very uneconomical and illogical. but people could not avoid it. This shows the lack of a long-range plan for the automotive industry. Furthermore, since the performance, quality, varieties and quantity of motor vehicles produced at home are inadequate to the requirements of various departments, these departments have to import motor vehicles in large numbers,

and the money spent on importing motor vehicles since liberation is many times the investment in our own automotive industry.

In expressing these views, we have no intention to minimize the responsibility of the motor transportation and automotive industry departments. The direct cause of the present difficult situation is that for a long time, the automotive industry has failed to meet the requirements of various departments because of the scarcity of varieties, the backward performance, and the high gas consumption of their products. Even today, it is the urgent duty of the broad masses of workers and staff members and the leadership in the automotive industry to end this difficult situation and to adapt the industry to the changes through readjustment and restructuring. We believe that the three most important problems now confronting motor transportation and the automotive industry are the problems of market, energy resources and the development of varieties. Now let us conduct some study on these problems.

I. Market Problem

The main reasons for the failure of our motor transportation to compete with railway transportation are as follows:

1. Motor transportation has not been well organized. Its facilities are scattered among different areas and departments, and the number of vehicles kept by the regular highway transport departments is less than 20 percent of the national fleet. Even this small number is split up among various provincial, regional, municipal, county and commune transportation teams, each of them going its own way. Therefore, overall coordination and organization of loads cannot be carried out well, and the transportation efficiency cannot be high.

2. The regular highway transportation departments have not taken good advantage of their strong points of "door-to-door," on-schedule and speedy service, and the customers cannot see how motor transportation can be better than other means of transportation.

3. Highway transportation charges are high--0.20 yuan per ton/kilometer--against 0.0154 yuan for railway transportation, or a difference of 13 times. Hence the customers' preference for trains. Although the railway loses money on short-distance hauls, the railway departments are unwilling to leave such hauls to highway transport, because the number of loaded wagons serves as an index for the evaluation of railway performance, and the freight for short-distance hauls can help fill the wagons. On the other hand, the high cost of highway transport is due to the excessive profit rate.

4. For a long time, variety in the automotive industry has been monotonous and has failed to meet the diversified demands of customers. Furthermore, some old products are backward in performance, with high gasoline consumption which adds to the transportation cost.

Since diesel oil costs much less than gasoline, and tractors can run on the highways without paying road maintenance fees, some tractors have replaced motor vehicles in highway transport. In fact, gas consumption by tractors is higher than that of diesel engine vehicles. Its speed is much lower, and its tires wear out faster, causing traffic jams and accidents in certain areas.

In view of these conditions, the government departments concerned have proposed that all the relevant ministries and commissions should get together to study and work out some way for the comprehensive utilization and rational use of various transportation facilities. We must join in the study of the following problems:

1. The scope of rational use of railway transport and the division of work.

2. Rational coordination and division of work between waterway and motor transport.

3. The rational makeup of motor vehicles including the rational proportions of large, small and medium-size trucks, reasonable towing capacity of vehicles, and various special vehicles for more efficient transportation.

4. The orientation of transportation development in the countryside.

5. The orientation of transportation development in cities.

The proportion of motor transportation should be raised to gain better economic results, joint highway transport service should be organized, and the level of management should be raised in order that motor vehicles will become the principal means of short and medium-distance transportation instead of trains and civilian-run transport. To stimulate the demand for motor transportation service, we should have a complete assortment of large, small and medium-size vehicles of high technical standards so that we can charge lower prices, offer better service, increase our competitive power and attract more customers.

II. Problem of Energy

Shortage of energy resources is a global problem. According to numerical data from competent sources, 350 billion barrels of crude oil have been already extracted from underground in the world, and there are reserves of more than 650 billion barrels which have been verified and are waiting to be exploited. Geologists estimate that there are reserves of 1 trillion barrels in the world which can be discovered by prospecting. Besides, there are oil shale and tar sand from which crude oil can be extracted, although the method of extraction is somewhat difficult. The liquefaction of coal has already been technically accomplished, although it has not yet been commercialized because of the high production cost. An optimistic source estimates that in the near future, the selling price of liquid fuel can be brought down to $1.60 per gallon, by which time mass production will begin. In Brazil, bagasse can be fermented and made into alcohol as a substitute for gasoline, and the United States has also though of adding 10 percent alcohol to gasoline.

Other researches are also being conducted on hydrogen energy and electric power-driven cars.

Besides looking for new energy resources, all countries are now practicing energy conservation. In doing so, they start with the departments where the petroleum used can be easily substituted, such as power plants using boilers and other equipment, so that the petroleum thus saved can be used by the transportation departments, to which petroleum is indispensable. The weight of vehicles should be also reduced so that the engines can run at lower fuel consumption. Therefore, the use of motor vehicles will continue, although the fuel and their source of power will undergo certain changes.

Our crude oil output in 1980 was approximately 100 million tons. The output of motor vehicles in countries with an annual oil output of more than 100 million tons is shown in the following table:

Output and Total Number of Motor Vehicles Kept in Countries Producing 100 Million Tons of Petroleum.

国名 1	年产石油一亿吨的年份 2	油料 3		小计 6	汽车产量万辆合计 7	小轿车 8	载重车 9	汽车保有量万辆合计 10	小轿车 8	载重车 9
		车用汽油占油品 4 %	车用柴油占油品 5 %							
美国 11	1925	30.9	21	51.9	478.5	373.5	53	1994	1744	250
苏联 12	1957	20.9	17.7	38.6	49.5	11.4	38.1	330	41.5	288.5
中国 13	1980	11.5	1.4	12.9	21.2	0.53	20.6	208	16.5	191.5

Key:
1. Countries
2. Years in which 100 million tons of petroleum were produced
3. Fuel
4. Percentage of petroleum for cars in oil product
5. Percentage of diesel oil for cars in oil product
6. Subtotal
7. Total car output in tens of thousands
8. Cars
9. Trucks
10. Total number of motor vehicles kept in tens of thousands
11. The United States
12. The Soviet Union
13. China

In the years when 100 million tons of petroleum were produced as shown in the table, we can see that the output and the number of motor vehicles maintained in our country were lower than in the other countries. According to the data supplied by the Petroleum Research Institute in 1979, the amount of gasoline to be used by motor vehicles accounts for 90.5 percent of the total gasoline output, while the amount of diesel oil to be used by motor vehicles accounts for only 7.1 percent of the diesel oil output. Energy consumption by motor vehicles amounted to 2.4 percent of the total national energy consumption by

motor vehicles generally amounted to 10-20 percent of the total energy consumption. On the whole, therefore, our vehicles are not many, and their energy consumption is not high. Of course, development in different developed countries is not the same, and we cannot simply copy from any one of them. Yet there are some objective laws universally applicable which we cannot disregard on the grounds of special conditions. If we disregard them, we will naturally be punished and will encounter obstacles or suffer losses in our economic development. If we restrict the output and use of vehicles because of a petroleum shortage, we will be forced to use backward means of low efficiency which would seriously affect our passenger and freight transport and result in a serious deterioration of the economic result. This is a most negative way and might touch off a series of side effects. We must bear in mind the overall national economic situation, and decide on a correct energy policy. We must adopt a positive policy to promote the healthy development of our national economy and to maintain a certain rate of growth. We must not throw up our hands in despair in the face of difficulties; otherwise, how are we to accomplish the four modernizations?

First, we must make maximum use of our annual output of 100 million tons of petroleum. We were overoptimistic about our petroleum resources a few years ago, and converted the equipment of some power plants, originally burning coal, into petroleum burners. We have now reconverted part of them, but reconversion of the remaining portion may be difficult. We must try every way to reconvert them all so that they will burn coal in future. The price of diesel oil is low in the country, and it has been reported that some diesel oil is being used as household fuel. This practice must be resolutely stopped. If we can save the petroleum by replacing it with coal, we will have enough of it for our means of transportation.

The price of our gasoline is more than double that of diesel oil. Therefore, the oil refining departments are unwilling to produce much diesel oil, while the chemical industry departments are glad to use more of it. It is proper for tractors to carry on transportation in the fields. Because of the low price of diesel oil and the fact that its supply is not restricted in the countryside, many tractors are now regularly used in place of motor vehicles for transportation. This is certainly improper. We have already mentioned the defects of tractors as a means of transportation. However, because we have for many years restricted the production of diesel oil vehicles, it is impossible for the automotive industry to produce enough of them for the countryside all of a sudden. As a result, some localities are spontaneously trying to rig up diesel engines to be installed in vehicles before these engines are strictly tested. If we allow this practice to go on without proper guidance, the reputation of our diesel vehicles may be ruined and many peasants may suffer losses. We believe that the price of diesel oil should be properly adjusted so as to promote the normal development of transportation facilities. For many years, the U.S. Government held down the selling price of gasoline in order that the large passenger cars could be sold. Japan has all along relied on imported gas and produced small passenger cars of lower gas consumption. When gasoline prices skyrocketed after the Iranian crisis, the U.S. Government, afraid of being cut off from the source of supply, could no longer arbitrarily hold down prices. The American people all wanted to

save gasoline on their own cars, but the U.S. automotive industry could not turn out small passenger cars of good quality in time to meet their demand. That was how the Japanese car found its way into the U.S. market, and in October 1980, the sales of Japanese cars accounted for 27 percent of the total sales in the U.S. automobile market. Since the large U.S. passenger cars could not be sold and the enterprises suffered losses, many plants had to be closed down, causing a chain reaction among the spare parts, steel, rubber and other related industries and the most serious economic crisis in the United States. According to the estimate of some concerned people in the United States, it will require an investment of $70 billion and 5 years to transform the U.S. automotive industry for manufacturing small and fuel-saving cars. Therefore, we must take this bitter lesson from the United States and be careful to avoid the same pitfall. We must have the correct technology and economic policy to guide the healthy development of our national economy.

Furthermore, we must suitably raise the octane rating of our gasoline in order to raise its efficiency. Foreign gasoline is generally between 85 and 90 octane (research method) with a compression rate of approximately 8.5, while in our country, the gasoline commonly used for cars is 70 octane (motor method) with a compression rate of 6.2-7.2. Therefore, our gasoline engines are not economical. The petroleum departments are now conducting research and planning to raise the octane rating to 80. This will have a great effect on our gasoline consumption.

Gasoline conservation is now an urgent task for the automotive industry. We not only have to transform our old products and develop some new gasoline saving products, but also remodel the vehicles now being used in the society for gasoline conservation. The principal measures for transforming the old products are:

1. To raise the engine efficiency by raising the compression ratio of the cylinder. For example, the compression ratio of the engines of our Jiefang [Liberation] vehicles has been raised to 6.4, and will be further raised to 6.6, and the vehicles will be equipped with economical carburetors. It is estimated that this method can reduce gas consumption by approximately 15 percent.

2. To popularize the use of low alloy steel of high strength, plastic or other light materials to reduce the weight of cars.

3. To use meridian [Ziwuxian 1131 0582 4848] tires which will reduce the resistance to rolling and help save gasoline. All vehicles can use tires of next smaller size and thus save rubber.

We should also design new models, such as those of the Jiefang brand of 5 tons and 6 tons, the new Yuejin [Leap Forward] brand and so forth. These new models have better performance and lower gasoline consumption compared with those now in common use, and it is planned that some of them will have diesel engines.

III. Problems Concerning Development of Varieties, Readjustment of Service Orientation and Expansion of the Sphere of Service in the Automotive Industry.

1. Passenger vehicles: As mentioned earlier, passenger transport has been increasing every year. After readjustment and improvement in agriculture, the standard of living for the peasants will be raised, and passenger traffic will be further increased. It is anticipated that in 5 years, the number of passenger vehicles will have to be increased by 50,000-100,000.

For a long time there has been a severe strain on passenger transportation facilities in the cities, and the problem of "difficulty of getting on to a bus" in the large and medium-size cities has still not been solved. We anticipate that hereafter, 5,000 vehicles should be added each year, totaling 25,000 in 5 years.

Since passenger vehicles are now in heavy use, we should develop the production of special chasses and assembles so as to provide greater comfort, raise the safety factor and produce better economic results.

Tourist vehicles: To meet the requirements of rapidly developing tourism at hom and abroad, we should quickly produce tourist vehicles of large, small and medium sizes.

2. Cargo trucks: Following the rise of the tertiary industry, the development of collective and individual service trades and the food trade in large and medium-size cities, and the building of small and medium-size towns; and to meet the requirements of large cities, there is now a daily increasing demand for small trucks with a capacity of 500-1,000 kilograms. The commercial departments want to have more pickups with small wheels and a low trunk, because of their low gasoline consumption and maneuverability. They are suitable for hauling small loads and are well received by the customers because they can deliver the load direct to their doors. We should quickly study and design suitable models for the market so that they can gradually replace the motor tricycles or the manual tricycles. The vehicles used as taxis are mostly imported, since the home-produced Shanghai brand passenger vehicles and the jeeps consume too much gasoline and are unsuitable for this purpose. We should produce more simple and dependable passenger vehicles or microbuses with a displacement of 1-2 liters, low gasoline consumption and moderate prices.

3. Special vehicles. After thorough investigation among the users and being well acquainted with their needs in different localities and departments, we should conduct feasibility studies, design special vehicles to the satisfaction of customers, and teach them how to operate them properly. We should be responsible for designing and manufacturing the vehicles and then guarantee their operation in order to exploit the potential market. According to a preliminary investigation, there are in addition to those already in use, several major categories of special vehicles to be produced, including 120 varieties and more than 250 models. More than 130 models have already been produced. The following models are required as proposed by the customers:

Vehicles for geological prospecting for oil; vehicles for the southern and northern forestry areas; large, small and medium-size hydropower engineering vehicles; urban construction vehicles; container transportation vehicles; large and medium-size mining vehicles; animal husbandry vehicles;

agricultural vehicles; military vehicles and special vehicles for the exploitation of the Sanjiang Plain.

At present, we should pay special attention to the newly emerging and developing trades and take the initiative of designing and assembling special vehicles for the customers according to their requirements, so that we can serve as their advisers and develop the potential market by producing the following types:

For improving people's livelihood in the cities: special vehicles for mechanized chicken farms, fishery farms, orchards, dairy farms and vegetable bases. They should include special vehicles for the transportation of finished products, special fodder vehicles, and all-purpose vehicles.

Special vehicles for environmental protection in the cities: scavenger trucks, manure disposal vehicles, street-cleaning vehicles, snow-sweeping vehicles, vehicles for checking atmospheric pollution and so forth.

Vehicles for apiary: recently, the general animal husbandry workers requested that 15,000 on them be produced.

Special vehicles serving the development of the light industry market: vehicles for the supply of beer and liquefied gas and various types of mobile vendor vehicles.

Developing the manufacture of special vehicles should be the service orientation for the automotive industry as well as the most effective means of creating new markets and promoting sales. We should take the initiative of visiting the user departments to learn about their actual needs (as regards the size of loads to be transported, the distance of the hauls, the size of the packaging, and other characteristics of the freight) and design for them highly efficient special vehicles so that the users will attain the best possible economic results. Instead of waiting for the customers to call, we should take the initiative of sending them the design and delivering the vehicle to their door, together with offering a warranty. We must have satisfied customers before we can expand our market.

4. We should create an international market by selling vehicles, assemblies, spare parts, semifinished products and artistic equipment, and accept processing jobs and orders for goods. The purpose of creating an international market is not simply to earn foreign exchange; more important still is the need to import technology through foreign trade, to improve the quality of our products, and to raise the level of modern management, so that we can master the advanced techniques, raise the standard of our products to the international level, offset our imports with domestic sales, and then compete with foreign goods in the domestic market. This will help reduce the state's foreign exchange spendings.

To promote the production of vehicles and energy conservation, we must change our way of enterprise management so that in addition to production, selling will also be the central task. We must fully strengthen the departments for

developing new products and train more technical personnel so that we can master the techniques of designing, testing and manufacturing modern vehicles. We must design and produce various types and sizes of vehicles with good performance and low gas consumption to meet the needs of our national economic development and as our contribution to the four modernizations.

9411
CSO: 4006/255

DOMESTIC TRADE

GANSU INVITES JOINT EXPLOITATION OF NATURAL RESOURCES

Lanzhou GANSU RIBAO in Chinese 9 Jan 82 p 1

[Article by staff correspondent: "Fraternal Provinces, Municipalities and Regions Invited To Invest in Joint Exploitation of Gansu's Natural Resources, According to Governor Li Gengying's Talk with JINGJI CANKAO [ECONOMIC REFERENCE] Correspondent"]

[Text] According to a news report in JINGJI CANKAO, Governor Li Dingying told its correspondent in an interview that fraternal provinces, municipalities and autonomous regions are invited to come to Gansu to invest in the joint exploitation and utilization of its natural resources. The fraternal units coming for investment will be warmly welcome and will be given most favored treatment by the Gansu provincial government.

Comrade Li Dingying said: Gansu has a huge area with abundant natural resources. For agriculture and animal husbandry, there are more than 200 million mu of pastures, nearly 10 million mu of wasteland suitable for agriculture, and more than 40 million mu of wasteland suitable for forestry. These resources can be used for producing sugar, tobacco, edible oil, medicinal herbs and various types of animal products. In mining, the reserves of nickel, lead, zinc, antimony and other nonferrous metal occupy an important place in the country. In energy, the hydropower resources in Gansu are more than what we need, while the whole country is now experiencing a power shortage. We cordially invite experts on all fronts and from various fraternal units throughout the country to come to Gansu and demonstrate their skills in some new undertaking. We warmly welcome all fraternal provinces, municipalities and regions to come for investment (including technical investment) and to exploit Gansu's resources in various economic forms of mutual benefit.

Comrade Li Dengying listed the following five projects for initial exploitation:

1. The second-stage engineering project for power irrigation in Jingtai County. The project requires approximately 230 million yuan. After its completion, the adjoining fertile land of 530,000 mu can be used to good advantage and the investment will receive its first installment of returns in 4 years after the start of construction. It is planned that 180,000 mu of this land will be used for planting beetroots, tobacco and oilbearing plants, and that 350,000 mu will be used for grain. This includes 150,000 mu to be used for fodder in

multicropping. It is estimated that each year, the state and the collectives will have a net income of 9 million yuan, and Gansu will use sugar, tobacco and edible oil to repay the investment in kind. Jingtai County has the advantage of convenient transportation as it is traversed by the Baotou-Lanzhou railway.

2. A dairy farm in Shigangduntan in Zhangye Prefecture. It is estimated that an investment of 25.2 million is required for reclaiming 240,000 mu of land for growing fodder. The soil here is fertile and the conditions are favorable. After exploitation, 13,000 head of fine Ximentaer breed cows can be raised for both milk and meat. This project will yield benefits in 4 years. The total annual output value is estimated to be 8.7 million yuan, including a net income of 3.35 million yuan. Gansu will repay the investors in meat, milk and cowhides. Further investment is invited for setting up a canning factory and a milk product plant.

3. Joint exploitation of the Cahngba Lead and Zinc Mine in Chengxian County, southern Gansu. There is an abundant reserve of high-grade lead and zinc. Construction of this mine, promising an annual output of 110 million tons of metal concentrates, requires an investment of 250 million yuan, and the construction will take 4 years. The annual output value will be 110 million yuan, including a profit of 59 million yuan. It will be able to supply concentrates to the investing units having smelting facilities, or supply lead and zinc to other investors. The profits will be higher if exports can be arranged.

4. Joint exploitation of the Yawan antimony mine in Xihe County of southern Gansu. The grade of the antimony deposit is fairly ideal. Construction of an antimony smelting plant with an output of 3,000 tons requires an investment of 38 million yuan. The construction will take 3 years. Investment in this project will be rapid in kind with the products. If the investor can arrange for the export of the products, then the entire investment can be recovered within 3 years.

5. Production of sulphuric acid through comprehensive utilization of the tall gas of the sulfur dioxide of the Jinchuan Company. A total of 150,000 tons of sulphuric can be produced, with a planned output of 70,000 tons in the first stage of engineering. This project requires an investment of 35 million yuan, and can be completed in 2 years. Investment is invited from areas short of sulphuric acid; it will be repaid in kind with sulphuric acid.

Comrade Dengying said: Gansu has mines and electricity. In addition to the above projects, it also welcomes investment in the setting up of an iron alloy plant, a calcium carbide plant, an aluminum plant and many other projects. It is hoped that the fraternal provinces, municipalities and regions can come for full consultations. All investors in Gansu will be given most favored treatment.

9411
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DOMESTIC TRADE

PRICE INSPECTION CAMPAIGN LAUNCHED IN BEIJING

Beijing BEIJING RIBAO in Chinese 12 Jan 82 p 1

[Article: "Immediately Organize Forces and Earnestly Launch a Major Inspection of Prices"]

[Text] Yesterday afternoon the municipal government held a meeting to implement the "Circular of the State Council Concerning the Firm Stabilization of Market Prices" and demanded that each district, county and relevant bureau immediately organize forces and earnestly launch a major inspection of commodity prices in accordance with the demands of the State Council circular and mobilize the vast masses to carry out exposures and denunciations. It must be resolutely conducted according to the stipulations of the State Council circular and market prices must be stabilized. We must also see to it that price inspections become a regular practice and are institutionalized.

The meaning of this major price inspection has two aspects. One is whether or not whatever retail price stipulated by the state correctly conforms to national market quotations, and whether or not there are spontaneous price increases, disguised price increases and unauthorized fixed prices. The second is whether or not negotiated retail commodity prices conform to the fixed price policies and methods stipulated by the municipal government, and whether or not there are irregular, unauthorized sanctions of expanded negotiated price ranges. In addition, a thorough investigation of all weighing and measuring devices must also be conducted. In the spring festival period we must emphasize the inspection of commodities put on the market for the holidays, and we must especially pay attention to inspecting commodity prices that are based on rationing. Prepared manufactured goods for daily use to be put on the market for the holidays, as well as the criteria for garment-work charges, the criteria for the allocation of staple food rations in the catering trades, and standards for ingredients of garnishes must also be regarded as a prefestival focus of inspection.

At the meeting leading comrades of the municipal government pointed out that for this major price inspection, mobilizing the masses to launch self- and mutual inspections must be regarded as the principal factor, and each industrial and commercial enterprise should immediately conduct self-inspection of their units' prices, and also see to it that such self-inspections are carried out regularly. Each municipal CCP committee and staff office and district, county and bureau must strengthen its leadership of price inspection work.

Each company, plant head and administrative office must transfer personnel whose business is prepared food and who can adhere to principles to form inspection groups and spot check prices in their own units. District and county governments must invite this region's people's representatives, CPPCC members and workers', youth and women's representatives to conduct key inspections and be attentive to acting as people's volunteer price inspectors. The municipal government will also organize inspection groups and conduct key spot checks. In regard to the problems of inspecting violations of price discipline, criticism and education should be regarded as the principal factor for rather minor cases, which should be entered on record. For more serious cases, appropriate disciplinary action must be taken. Refusing to improve despite repeated admonitions, rather severe cases and poor attitudes must be severely dealt with. In regard to those units and individuals who refuse payments and fines and who have illicit incomes, pricing departments have the authority to notify banks or credit unions that they will force transfers from their deposits. For the severe cases of violating price discipline, industrial and commercial executive branches can order businesses to be shut down and can file charges in the judicial departments.

Attending the meeting were leading comrades of each metropolitan department, municipal CPPCC committee, staff office, district, county and bureau along with representatives of workers, youth, women, the municipal NPC and the CPPCC.

9926
CSO: 4006/297

FOREIGN TRADE

EFFECTIVE MANAGEMENT OF RETAINED FOREIGN EXCHANGE URGED

Guangzhou GUANGZHOU RIBAO in Chinese 10 Dec 81 p 4

[Article by Zheng Ling [6774 7117]: "It Is Necessary to Strengthen the Management of Retained Foreign Exchange"]

[Text] Since the adoption of the "special policies and flexible measures" by our province, the development of foreign trade has been speeded up and there has been an increase in the inflow of foreign exchange. There are in Guangzhou a large number of industrial and commercial enterprises. In line with the stipulations permitting the use of retained foreign exchange for the development of the local economy and with the approval of the concerned authorities, the import of much needed raw materials, equipment, spare parts and consumer goods has helped to develop industrial production and to bring about a balance of supply and demand in the market.

However, some problems deserving our attention have emerged in the utilization of retained foreign exchange. First, the reckless pursuit of profit and the engagement by certain units in a variety of operations have resulted in sluggish sales and an accumulation of unsold products. For example, when they were first imported last year, nylon fabrics and chemical textiles were hot import commodities. Because of the high profits which could be realized. many units competed to import those commodities. By the second quarter of this year, however, they became difficult to dispose of. Certain units had imported vast quantities of nylon fabrics and chemical textiles during the first three quarters of this year. Because of sluggish sales, the total amount of commodities held in stock was 1.37 times that of last year, exceeding in fact the highest level in history, thus creating great difficulties in capital turnover. Secondly, the import of commodities in competition with locally produced commodities has hurt local industrial production. The chemical textiles produced by the two major factories in the city had always enjoyed brisk sales until the same commodities were imported this year. In September, to avoid accumulating unsold products, one of the factories was forced to cut its production units and the amount of production by 50 percent while the other factory was forced to go into other lines of production. Thirdly, the sale of large amounts of imported commercial commodities in other areas is not calculated to bring about a balance between the local purchasing power and the return of cash to the banks. According to statistics supplied by several units, the sale of imported commercial commodities

have not brought about a balance in the market in the province, the use of foreign exchange available locally and the capital put out by the banks have not resulted in the return of cash obtained from the sale of commodities. Consequently, the situation has brought about an imbalance in the market and great difficulties in the development of the local economy.

It should be known that we do not have a large amount of foreign exchange which is difficult to come by. In order to make the best use of the limited retained foreign exchange to speed up the industrial development of the province, to increase the volume of supply and demand in the market and the amount of cash returned to the banks and to truly enliven the economy of the province, it is essential that we strengthen management in the use of retained foreign exchange and the screening of imported commercial commodities. In this regard, I would like to propose the following:

First, we should set a definite limit to the use of foreign exchange by the various units. The various units should be allowed to import raw materials, equipment required by the respective enterprises for productive purposes and commercial commodities within the scope of their operations. They must not be allowed to step over the limits of their operations for the purpose of making profits. The surplus foreign exchange, through arrangement made by the Foreign Stock Exchange of the Bank of China, may be transferred to other units or be used by the concerned units to engage in joint operations with other units which are in need of foreign exchange.

Secondly, overall arrangement should be made for the use of locally retained foreign exchange. First, it should be used to meet the urgent needs for raw materials and equipment for industrial production locally and for the purchase of much needed commercial commodities in the market. If the industrial concerns are capable of assembling spare parts, priority should be given to the import of spare parts in order to enliven industrial production. Commercial commodities may be imported according to a plan and in the proper quantity if there is a temporary shortage of such commodities in the domestic market. The quantity, however, should be limited so that the production of similar commodities domestically may not be adversely affected.

Thirdly, the import of commercial commodities should be determined by the needs of the local market. To facilitate arrangements on an overall basis and to bring about an overall balance, the chief operation units of the commercial concerns should assume responsibility for the import of the needed commercial commodities. As for the import of commercial commodities required by certain units not for their own operations, but for projects of cooperation with other provinces in exchange for materials required locally, the responsible units of the commercial concerns should be entrusted with the import of the commercial commodities after stringent screening by the concerned authorities.

Fourthly, loans required for the purchase of foreign exchange to pay for imported commercial commodities should be subjected to stringent screening. First, applications for foreign exchange by the enterprises must be in accordance with provisions for the internal bidding for foreign exchange for

commercial purposes stipulated by the General Administration of Exchange Control and the difference should not exceed 10 percent. The People's Bank should not extend loans for foreign exchange bids in excess of the stipulated figure. Secondly, the screening for applications for the purchase of foreign exchange must be strengthened. Units desiring to purchase foreign exchange must be strengthened. Units desiring to purchase foreign exchange must adhere to the principle of importing an amount in proportion to the volume of sales and according to actual needs. A list of the exact types, quantitites and the amount of cash involved must be supplied by the units and screened by the concerned authorities before the Bank of China would approve the transaction and the People's Bank would release the loan. As for the chief imported commercial commodities, a total import quota should be set for certain fixed periods and allotted to departments in charge in the light of the supply and demand situation in the domestic market to avoid the import of commercial commodities by a large number of units in a willy-nilly fashion.

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BRIEFS

PENSIONS, MEDICAL INSURANCE IN SHANGHAI--The Shanghai Branch of the Chinese People's Insurance Company will offer old-age pensions and medical insurance plans to collectively-owned enterprises starting this year on an experimental basis. Staff members and workers in collective enterprises which participate in such plans will have medical insurance coverage, old-age pensions, and death and funeral benefits. With such protection they will have fewer worries and can concentrate on work. Already 11 collective cooperative organizations of the Beizhan Street Neighborhood in the city's Zhabei District have joined these plans and started to enjoy medical and other benefits. [Text] [Shanghai JIEFANG RIBAO in Chinese 3 Feb 82 p 1] 9924

CSO: 4006/293

GENERAL

PEOPLE'S LIVELIHOOD CONTINUES UPWARD TREND

Shanghai WEN HUI BAO in Chinese 15 Jan 82 p 3

[Article by Chen Wen [7115 2429]: "People's Livelihood Improves Year by Year"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, our party and government have made maximum efforts to improve the people's livelihood and have brought about a noticeably higher level in the actual income and consumption for the overwhelming majority of the people in the urban and rural areas.

Peasants' Income Shows Dramatic Rise

Despite the fact that a number of areas were struck by serious natural disasters in 1981, the state of agriculture throughout the nation remained favorable and the income of the peasants has shown a further increase on top of the increases registered in the previous two years. In many farm families, it may be said that "the granaries are filled with grains, the fragrance of rice and flour fills the air, there is meat and there is wine and happiness pervades the whole family." It is particularly gratifying that even in the more productively backward areas such as western Shandong, eastern Henan, northern Jiangsu and the region north of the Huai River, both the production and the people's livelihood have shown considerable improvement. Even in areas which had to live on the foodstuff sold back to them and which had to depend on relief to survive, many farm families have surplus food and ready cash and all the necessities of life. Many of the commune members, production teams, production brigades, communes and counties throughout the nation with significantly increased incomes are in a position to purchase "the three major items" (bicycles, sewing machines and wrist-watches). Between 1977 and 1980, the distributed income for peasants in the suburbs of Shanghai shot up progressively at the rate of 40 yuan per year. The collective income for farmers increased by 60 percent so that by 1980, the average distributed income for each individual came to 278 yuan. In 1981, the gross and net incomes for the county people's communes, the federation of communes and the basic level communes are expected to surpass those of the previous year while the gross distributed income is expected to remain the same. Although the net income for some production teams has shown a decline, there has still been an increase in the income for commune members as a result of the development of subsidiary household industries. The improvement in the livelihood of the

peasants is reflected not only in the changes in the level of consumption of food, clothing and daily commodities, but also in the large-scale building of homes. According to incomplete statistics, newly-constructed dwellings in the past three years throughout the nation came to 900 million square meters, while those for over 200,000 farm families in the suburbs of Shanghai came to over 18 million. The significant improvement in the livelihood of 800 million farmers within a few short years is nothing short of astounding.

Livelihood for City Dwellers Continues Upward Climb

Since the smashing of the "gang of four," the government has raised the wages for workers a number of times and has put into effect the bonus system. While raising the prices of several subsidiary agricultural products, it has simultaneously increased its subsidies for subsidiary foodstuffs. The payment of wages in cash for workers throughout the nation has generally increased from year to year. From 602 yuan in 1977, the figure rose to 762 yuan in 1980. The rate of increase for workers in Shanghai in 1980 is roughly the same as that for workers throughout the nation. According to government stipulations, salaries and grades for elementary and middle school teachers, certain workers in the field of medicine and those engaged in physical education will be raised this year. The increase in employment opportunities in the cities and towns is an important factor accounting for the improvement in the livelihood of the people. It is estimated that jobs would be made available for 8 million people in 1981. Including those who have been offered jobs since 1979, over 20 million jobs will have been found for people in the cities and towns. According to a sample survey of 500 families of workers in the city, the average number of people employed in each household increased from 2.41 in the second half of 1980 to 2.49 in the second half of 1981. Because of the increase in the income of workers, the level of consumption of food, clothing and daily necessities has been on an upward climb. Aside from the increase in the use of medium and high grade textiles, woolen materials and silk goods, there has also been an increase in the purchase of durable goods. The housing situation for workers has also improved during the past few years. In 1978, the newly-constructed houses for workers throughout the nation came to over 37 million square meters. The figure came to over 67 million in 1979 and over 80 million in 1980. Although the government drastically reduced investment in basic constructions in 1981, investment in housing for workers still maintained the level of the previous year and the area for completed housing for workers in the cities and towns throughout the nation is still expected to reach 80 million square meters. The construction of houses for workers in Shanghai has also shown a sharp increase. Between 1977 and 1980, the figure came to over 8.2 million square meters. In 1981, an amount of investment representing two-thirds of the total non-productive investments was used for the construction of houses for workers, an increase of 32 percent over that for 1980. This has considerably eased the housing problem for a number of families.

Increase in Savings and Purchasing Power

The retail sale of commercial commodities has continued to climb. An increase of roughly 9 percent is expected in 1981 for both the nation and the city over

the previous year. According to relevant surveys, the number of television sets will have increased from 58 at the end of 1980 to 70 at the end of September, 1981 for each 100 families, the number of tape recorders from 11 to 15, the number of electric fans from 44 to 67, and the number of watches from 250 to 268. Due to the development in the production of subsidiary agricultural and consumer products, the prosperity in the market and the basic stability in commodity prices, the savings deposits of the people in the urban and rural areas have continued to show an increase. From January to September, 1981, the nationwide figure increased by 9.5 billion yuan to reach the total of 49.4 billion yuan. The figure for this city reached 32.9 billion yuan by the end of 1981, or an increase of 270 million over the figure for the same period the previous year. This is a convincing indication of the improved livelihood of the people as well as of the confidence which the vast number of people have in the future economic development of the nation.

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CSO: 4006/269

GENERAL

IMPROVING ECONOMIC RESULTS DEEMED CRUCIAL

Nanjing XINHUA RIBAO in Chinese 9 Feb 82 p 4

[Article by Chu Xing [2806 2502]: "Enhancing Economic Results Is the Core of Economic Work"]

[Text] Premier Zhao Ziyang pointed out in his report on government work to the Fourth Session of the Fifth People's Congress: "Enhancing economic results in the spheres of production, construction and circulation by every possible means is a core issue." "From now on, in considering all economic problems we must take enhancement of economic results as the fundamental point of departure and insure a better and sustained growth of our economy." Enhancing economic results means changing the long-standing approaches taken under the guidance of the "leftist" thinking, proceeding from the actual conditions of our country, and blazing a new path that will insure a real growth rate, better economic results and more material benefits for the people.

The question of taking enhancement of economic results as the core of economic work arises from the fact that at present the level of economic results in the spheres of production, construction and circulation is not high and improvement of the people's livelihood is not compatible with the amount of labor performed by the people. The issue at the core in the 10-point policy of economic construction as put forward by Comrade Zhao Ziyang in his report is to enhance economic results and insure healthy growth of the national economy. We should understand the 10-point policy fully in light of the reality of Jiangsu and implement it conscientiously. In our province, the area under cultivation is small, population density is the highest nationwide and, while the development of industrial and agricultural production is comparatively fast and is making some contributions to the state, most areas remain at middle and lower levels in terms of per-capita income, consumption of grain, fish and meat, and area of shelter. The fundamental reason for this state of affairs is that under the influence of the "leftist" guiding thought, many things have been done in violation of the objective economic laws, and the level of economic results is not high. Our important indexes reflect economic results which are lower when compared with Shanghai and other fraternal provinces and municipalities, and are also lower compared to Jiangsu's record levels of the past. For example, the profit realized per 100-yuan industrial output value is about half of Shanghai's, is lower than that of Liaoning and Shandong Provinces, and is also 27 percent lower than Jiangsu's 1965 level. The amount

of profits generated per 100-yuan of fixed assets in 1980 was 20 percent lower than in 1965. Labor productivity of industrial enterprises owned by the whole project is about half of Shanghai's level. In the case of the textile industry, which has a good foundation, Jiangsu lags far behind Shanghai in terms of production efficiency, profit level, and product quality and variety. This makes it necessary for us to enhance, in light of the realities in Jiangsu, the economic results of production, construction and circulation by every possible means according to the 10-point policy put forward by Comrade Zhao Ziyang. The reason is that poor economic results have a direct bearing on the growth of state revenues, work against control of market price increases, and hinder steady progress and healthy growth of the economy. The disparity is where potential exists and, provided we find where we lag behind, exploit potential, and grasp the economic work in a down-to-earth manner, there are good prospects for enhancing economic results. Taking our province as a whole, if the cost of industrial production is cut by 1 percent, income can be increased by 120 million yuan; if the time limit for capital construction projects is shortened by half a year, more than 100 million yuan in wage costs can be saved; if commercial establishments lower costs by 1 percent, revenues can be saved to the tune of more than 10 million yuan. Provided we are of one heart and one mind, these targets can be achieved through our efforts.

The fundamental aim of socialist production is to keep enhancing economic results and producing the maximum amount of fine-quality products with the consumption of minimum materials and labor to meet the ever-growing material and cultural needs of the people, that is, to enable the people to gain more material benefits. Comrade Mao Zedong said in his "On the Coalition Government": "The effects produced by the policies of all Chinese political parties and their practice among the people will depend, in the final analysis, on whether they help develop the productive forces of the Chinese people and to what extent, and whether they fetter productive forces or liberate productive forces." His comment on the article "Experience of Liziyuan Agricultural Producer Cooperative in Zhenru District in Saving Production Costs" stated: "All socialist economic enterprises must utilize manpower and equipment as far as possible and must improve labor organization, operation and management and increase labor productivity as far as possible, save all manpower and material resources that can be saved, launch labor emulation campaigns and practice business accounting, thereby lowering production costs and increasing personal income and accumulation year by year." This is to say that economic results must be enhanced so as to give the people more material benefits. Looking back on the practice of economic work since the founding of the republic, we find that whenever our economic work as a whole was done with more attention to meeting people's material and cultural needs, the tremendous socialist enthusiasm of the masses could be aroused; otherwise, mass enthusiasm would be dampened and the socialist cause would suffer. At present, in order to improve people's livelihood--clothing, food, shelter, transportation and consumer items--and to build up more strength to develop the socialist economy, it is necessary to implement the 10-point policy. This 10-point policy is a concrete manifestation of the policy of readjustment, restructuring, reorganization and upgrading, and is an accumulation of 32 years' experiences since the founding of the republic, particularly the experience of the last 3 years. If we implement the 10-point policy, we can enhance economic results and realize a virtuous circle.

To take enhancement of economic results as the core, make the target clear and bring the focal point to the fore will help each economic department grasp the crux of the matter and also help the workers launch learn-from-Daqing and learn-from-the-advanced activities and launch socialist emulations of comparing, learning, catching up, helping and overtaking, with enhancement of economic results as the target. Recently, the Changzhou Municipality, a medium city comparatively developed in industry, has found where it lags behind in economic results, discovering that tax receipts and profits generated per 100 yuan funds are not only 34 percent lower compared with Shanghai but also 5-20 percent lower compared with Nantong, Wuxi, and Suzhou. The city is now doing all it can to catch up. The seven petrochemical plants in the Xixia ward of Nanjing were formerly under three-level leadership of the central government, the province and the municipality, and their operations were managed by three departments vertically and horizontally. Their valuable petroleum and gas resources were put to irrational use, limiting achievement of economic results. At the earnest request of the workers and under the strong support of the departments concerned, the State Council has formally approved joint establishment of the Nanjing Petrochemical Head Office, making it possible to speed up technical transformation, strengthen operation and management and increase production of chemicals that are in short supply on the light industrial market. Without increasing investment, these petrochemical plants can increase output value by 130 million yuan this year and increase tax receipts and profits by 35 million yuan.

We may assert without hesitation that enhancing economic results will bring material benefits to the people and that our production and livelihood will certainly be better year by year.

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GENERAL

JIANGSU USES FOREIGN CAPITAL FOR SMALL, MEDIUM PROJECTS

Nanjing XINHUA RIBAO in Chinese 12 Feb 82 p 1

[Article by Liu Long [0491 7893], Yao Guoguang [1202 0948 0342]: "Economic Benefits Enhanced in Jiangsu Through Bold Utilization of Foreign Capital"]

[Text] Bold utilization of foreign capital to develop economic and technical cooperation with foreign countries with emphasis on medium and small projects has become an effective way to bring the superiority of our province into play and enhance economic benefits.

Since the 3d Plenum of the party determined the economic policy of keeping our door open to foreign countries, our province has gradually launched activities of economic and technical cooperation with foreign countries through the utilization of foreign capital in varied forms--processing and assembly, compensation trade, cooperative production, joint operation, and local short-term foreign exchange loans. Our province has concluded 575 projects involving $192 million in foreign capital through negotiations with firms in Hong Kong, Macao and foreign countries. Of these projects, 80 percent have been put into operation and are showing results, and 70 percent of the equipment loans have been paid off.

Utilization of foreign capital in our province is oriented to the development of consumer goods production in light and textile industries and to the technical transformation of existing enterprises and the strengthening of the weak lines so as to make existing enterprises gain new vigor. For example, utilizing foreign capital, our silk industry has imported raw and processed materials from foreign countries to make more than 5,000 units of silk winding, drawing and twisting equipment and broad silk machines, and at the same time has imported some natural silk refining and dyeing equipment to be used for retooling old plants, with the result that the technical level of the silk industry has been greatly raised and exports of silk goods and broad silk have increased by big margins. As another example, with 12 clothing production lines imported into our province, the variety of export clothing has shifted from medium and low grades to medium and high grades and "Yinhu" shirts from Wuxi and "Lanling" shirts from Changzhou have become famous-brand products in our country. Utilizing some $30 million in foreign capital, Changzhou's silk factories have built 26 projects, 21 of which have generated output value amounting to 170 million yuan and increased tax receipts and profits amounting to 35 million yuan.

The vast majority of projects built with foreign capital are medium and small ones involving several million, several hundred thousand or tens of thousands of U.S. dollars; moreover, feasibility studies have been made before construction. As a result, less money has been used, turnover of capital has been sped up, and great effects produced while repayment ability is assured. Enthusiasm on all sides is high and foreign merchants are willing to cooperate with us. In general, the projects put into effect have been built and put into operation in the same year or a little more than a year, and the loans have been paid off in 2 to 3 years.

The responsible person of the department concerned said: "Our province has excellent conditions for strengthening international economic cooperation and technical interflow because it is situated along the coast and has good communications facilities, higher scientific, technical and managerial levels and a good foundation of industrial and agricultural production. To adhere to the open-door policy and boldly utilize foreign capital to undertake more medium and small projects is the shortcut to bringing the superiority of Jiangsu into play and enhancing economic benefits. We must make a new breakthrough this year."

To this end, the provincial people's government called a provincial import and export work conference in Nanjing on 5-11 February to study and implement the decision of the forum of nine provinces, municipalities and prefectures along the coast on economic and foreign trade work called by the State Council and to sum up and exchange experiences. The conference has worked out programs for utilizing foreign capital for this year and next year and has drawn up this year's plan for economic and foreign trade work.

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CHINA REPORT

ECONOMIC AFFAIRS

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'JINGJI YANJIU' ON RESEARCH OF 'DAS KAPITAL'

HK230947 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 2, 20 Feb 82 pp 10-11

[Article by Yu Guangyuan [0060 0342 6678]: "Several Questions on the Research of 'Das Kapital'"]

[Text] "Das Kapital" is the most important work in Marxist literature. It deals with that part of political economics which is about capitalism. Moreover, it also discusses general laws governing social production. I divide economic science into two parts: First, basic economic theory; and second, theory of applied economic techniques. Political economics belongs to the category of basic economic theory. It is the theoretical basis of scientific socialism. It is of great practical significance for us to study and do research on "Das Kapital." Considering our domestic situation, this will help provide guidance for our country's socialist construction and help us satisfactorily carry out our national construction. Considering the international situation, it is our international obligation to study the theory contained in "Das Kapital." To sum up, when we study "Das Kapital," we must bear in mind our country's socialist construction and develop the theory of socialism in political economics; we must bear in mind modern capitalism and develop the theory of capitalism in political economics; and we must bear in mind the international communist movement and develop the scientific theory of socialism. If we only have "Das Kapital" in mind when we study "Das Kapital," then our study will be unsatifsfactory and will become scholastic.

When we study "Das Kapital," we must extend the scope of study. Aside from studying volumes 1 to 3 of "Das Kapital" and volume 4, which presents the "theory of surplus value," we must also study the notes on and manuscripts of "Das Kapital" as well as other related works.

Let me present four views on how to study "Das Kapital."

1) Many principles contained in "Das Kapital" are now still applicable. Under current conditions, we must integrate theory with practice when we study and apply these principles. For example, what relationship does the principle concerning reproduction in the two major categories bear to equilibrium between various sectors? Another example is: Does production price, as a category in political economics, exist under the socialist system?

In connection with the production price mentioned in "Das Kapital," there is a question of the so-called "transformation," which bourgeois economists put forth to oppose Marx's theory of labor value. Our personnel who do research on "Das Kapital" must study this question. If some bourgeois economists oppose certain principles in "Das Kapital," we must not simply denounce their views. We must refute them by reasoning.

2) The methods of study of "Das Kapital" are very important in studying that part of political economics on socialism. These methods can be divided into two categories. The first category are the methods which are characteristic of "Das Kapital" and which many people have studied. In the future, we must continue to study and apply these methods. These methods, namely, to go from the concrete to the abstract and to the concrete again, are extremely important. However, the methods employed in "Das Kapital" also include general methods for studying basic economic science. For example, in studying imperialism, Lenin did not use the special characteristic method of "Das Kapital," but followed the general methods used in "Das Kapital." Lenin's study of imperialism represents a development on the basis of "Das Kapital" and does not involve the use of methods which are identical to those used in "Das Kapital." Actually, it was impossible for Lenin to use identical methods, seen from the needs of revolutionary practice of that time. As to the studying of problems of the socialist economy, we must not only follow the general methods Marx used to study economic laws, but must also realistically use the special method of study used in "Das Kapital."

Moreover, we must compare the methods for studying the capitalist economy with those for studying the socialist economy, in order to see their differences and similarities. For example, it seems that we may add a subtitle to the book "Das Kapital": "The role of the law of value in the capitalist economy." This is because capitalist production is the production of value and surplus value. The socialist economy is different. Its nature is plain and obvious and need not be revealed through step-by-step analysis, as is necessary in revealing the nature of the capitalist economy. However, at the present stage, because the production of commodities still exists in socialist society and the law of value still plays a role in it, the socialist society is not so plain and obvious. For example, money fetishism still exists to a certain extent.

3) We must discover useful things. Certain things in "Das Kapital" do not amount to an exposition of basic principles. However, they are useful to our practice and we should exploit them. For example, it is only in recent years that we have paid full attention to the question of the possible conversion of science into productive forces. This has greatly promoted the development of science and technology. Another example is that today, we must pay attention to the expositions on the system of cooperation under the condition of capitalism and on the drawing of a distinction between the means of subsistence, the means of enjoyment and the means of development. (Although this classification was put forth by Engels and not by Marx, it was written in Engel's preface to Marx's work.)

4) There are also some expositions which are not directly useful in themselves but can stimulate people's thought. For example, Marx placed the production of materials for making money in the first category. If we clearly understand why he did so, we will be able to think of the role of money as a tool for organizing production.

When we study and do research on "Das Kapital," aside from integrating theory with practice, we can also do textual research, compile historical materials, and so on. It is also necessary to study the history of the writing of "Das Kapital."

We must formulate a plan for our future research on "Das Kapital." We must go about implementing the plan separately and further organize the exchange of experience. We must discover a means of publishing in various forms all those things which can worthily be called fruits of research and affirm the contributions of those who do the research, so that these things can form a basis for other people's further research.

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'JINGJI YANJIU' ON VITALITY OF 'DAS KAPITAL'

HK230913 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 2, 20 Feb 82 pp 8-9

[Article by Xu Dixin [6079 3321 2450]: "On The Vitality of 'Das Kapital'"]

[Text] Editor's note: The first national academic forum on "Das Kapital" and the founding conference of the "Das Kapital" Research Association of China were held in Wuxi, Jiangsu from 15-22 December 1981. At the forum and conference, Comrades Xu Dixin and Yu Guangyuan presented their reports respectively entitled "On the Vitality of 'Das Kapital'" and "Several Questions on the Research on 'Das Kapital.'" We now publish summaries of these two reports. [End editor's note]

"Das Kapital" was written by Marx, leader of the global proletarian revolution. As soon as it was published, the bourgeoisie and bourgeois scholars regarded it with deep hatred. For many years, they tried to obliterate it. However, no one could possibly obliterate this great work. Therefore, they later attacked it instead. Their attacks were focused on several key questions, including the "theory of labor value," the "theory of surplus value," the "pauperization of the proletariat" and the "theory of the inevitable demise of capitalism." Their attacks, which have lasted several decades, are still going on. Therefore, we are forced to accept their challenge.

The Western bourgeois economists primarily attack the theory of labor value when they vilify "Das Kapital," because this theory is not only an extremely important part of Marxist economic theory, but it also leads to the theory of surplus value, which is the foundation stone of that part of Marxist economic which studies capitalism. They deny the theory of labor value precisely to negate Marx's theory of surplus value and th rationalize their theory of the generation of profit and interest by capital and the generation of rent by land. They attempt to prove that exploitation by capitalists and landlords will forever be justified.

The theory of surplus value is the foundation stone of Marxist economics. It reveals that the bourgeoisie get rich precisely by the extortion of surplus value. It is like a sword which pierces through the heart of the capitalist system of exploitation. Thus, it naturally arouses the deep hatred of the entrepreneurs. Aside from negating the theory of surplus value through

negating the theory of labor value, the bourgeois economists also coin various theories which directly oppose the theory of surplus value. They try to prove that the profit and interest obtained by the bourgeoisie do not come from surplus value or the exploitation of labor by capital, but come from their "sacrifice of present consumption" and serve as their "reward" for running, managing and rendering "services" to the enterprises. If these theories of theirs were tenable, then, would not Marx's theory of surplus value have fallen down without being attacked? However, the capitalists' exploitation of the workers cannot be disguised by their so-called "sacrifice of present consumption" or by the false claim that the capitalists' profits are their "reward" for organizing production.

Some people also think that "under the condition of modern production, both machinery and the workers are sources of surplus value; they create surplus value together." This way of putting things brings confusion to both the theory of surplus value and the theory of labor value. Actually, whether production is by means of machinery, by automatic or by means of robots, the machinery and robots are production tools which represent the extension of the human hand. They do not cause a change in the essential principle that a commodity's value is the materialized abstract labor embodied in it. Therefore, the "magic weapon" of referring to the use of machinery and automatic processes cannot help refute the theory of labor value and theory of surplus value.

Economists of the West negate the theory of the pauperization of the proletariat in capitalist society. In capitalist society, with the increase in the proportion of organic components of capital, the demand for labor forces inevitably tends to decrease. There is always a large contingent of the unemployed who are tossed into the streets by virtue of the capitalist production process. What kind of life do they lead? Of course, we must not deny that some people are still being employed, that the workers' wages may increase slightly, and that their livelihood may improve to some extent. However, it certainly does not imply any change in the capitalist system of exploitation. In particular, when capitalism gets into a crisis or depression, some of the workers will not only suffer from relative pauperization, but may also suffer from absolute pauperization, marked by deterioration in the living conditions year after year.

As to Marx's theory of the inevitable demise of capitalism, this is undoubtedly a tremendous threat to the bourgeoisie. Therefore, they inevitably try to negate and oppose this theory of Marx from various angles and by various means. However, this is futile, according to the historical materialist viewpoint. Which thing or social system in the world does not undergo processes of birth, development and demise? Even if the capitalist system is a "kingdom that will last 1,000 years," it will be unable to escape the fate of dying out. Has not the tension in the international situation and the deepening of economic crises which have occurred since World War II proved that this capitalist "kingdom that will last 1,000 years" is well past its years of vigor? In the protracted course of human social development, several decades or even one or two centuries are just like the time taken for "a fleeting horse to leap across a crevice." If we interpret the thesis,

"imperialism is dying capitalism," from the biological viewpoint, we cannot arrive at a correct understanding.

During the last 30 years of the 19th century, capitalism in which free competition prevailed was finally superseded by monopoly capitalism. Although Marx had already pointed out the tendency of the concentration of capital in "Das Kapital," he did not live long enough to see the final consummation of monopoly capitalism. Based on a scientific analysis of "Das Kapital" and in the light of the laws governing the birth, development and demise of capitalism, Lenin summed up the development of world capitalism during the 50 years or so after the publication of "Das Kapital," and further scientifically analyzed the political and economic nature of imperialism, the highest stage of capitalism. Lenin's works enriched the theory contained in "Das Kapital."

Since World War II, world capitalism has developed amid contradictions and many new circumstances have appeared. Has "Das Kapital" become "outdated" and lost its guiding role? Although monopoly capitalism differs from free-competition capitalism, the contradictions of monopoly capitalism are a developed form of those contradictions of capitalism which were in a rudimentary stage during the free-competition period. The scientific analysis of laissez faire capitalism in "Das Kapital" is precisely the theoretical basis of our knowledge of monopoly capitalism.

Therefore, although many bourgeois economists of the West have, since the 1870's, arduously tried numerous ways of refuting the theories of labor value, surplus value, pauperization of the proletariat and the inevitable dying out of capitalism, none of them have succeeded in refuting these basic principles in Marx's "Das Kapital." If they had really triumphantly and gloriously refuted "Das Kapital," then they need not have been filled with bitterness until now, or need to maliciously revile it, saying that "Marxism is the opium of the Marxists."

Even now, Marx's "Das Kapital" not only serves as the basic theory for analyzing modern capitalism, but also serves as the socialist countries' theoretical guide to socialist production and construction. In "Das Kapital," Marx put forth the theories of "surplus value," "distribution according to work done," "circulation of capital" and "reproduction." These theories play an important role in guiding socialist production and construction. Of course, the principles governing the functioning of the socialist economy, which are directly or indirectly expounded in "Das Kapital," are not limited to the above-mentioned four items. My examples here are just to prove that "Das Kapital" is not only the basic theory for analyzing modern capitalism, but is also the theoretical guide for our socialist production and construction.

Thus, it can be seen that although some bourgeois scholars of the West are loudly claiming that "Das Kapital" is "outdated," this brilliant monumental work is still full of vitality and is still the illuminating people's path of progress.

World capitalism continues to develop and change. Our country's socialist production and construction are also developing everyday. New things continue to appear. Thus, adhering to our party's principle of integrating theory with practice, we must study and do research on "Das Kapital," so that we can use the basic principles in "Das Kapital" to analyze the new situation and new contradictions of international capitalism, and can use the theoretical principles in "Das Kapital" which are directly or indirectly related to socialism to serve our country's socialist modernization construction.

CSO: 4006/353

'DAS KAPITAL' SUMMARIZED BY FORUM

HK230825 Beijing JINGJI YANJIU [ECONOMIC RESEARCH[in Chinese No 2, 20 Feb 82 pp 3-7

[Article by Forum Secretariat: "A Summary of the First National Academic Forum on 'Das Kapital' and the Founding Conference of the 'Das Kapital" Research Association of China"--written on 22 December 1981]

[Text] I

The first national academic forum on "Das Kapital" and the founding conference of the "Das Kapital" Research Association of China were held in Wuxi, Jiangsu in a ceremonial atmosphere from 15 to 22 December 1981. The 232 delegates to the forum and conference came from 120 scientific research and educational institutions in 28 provinces, municipalities and autonomous regions. These institutions include social sciences research institutes under the CCP and of various provinces, municipalities and autonomous regions; general universities; higher institutes for teacher training; party schools; certain military institutes; as well as the party committee propaganda offices and news publishing units of some provinces and municipalities. The delegates to the forum and conference included eminent economists of our country and also new forces on our economic theory front. Many other comrades also attended the forum and conference as observers. Some 224 theses and informative articles on the research on "Das Kapital" were presented to the forum and conference by delegates to the forum and conference and others who did not attend.

The forum and conference were presided over by a presidium whose 19 members included Xu Dixin and Yu Guangyuan, deputy heads of the Chinese Academy of Social Sciences. At the convention, Comrades Yu Guangyuan and Xu Dixin presented their reports respectively entitled "Several Questions on the Research on 'Das Kapital'" and "On the Vitality of 'Das Kapital.'" At the academic forum, the delegates were divided into eight groups to separately discuss the relationship between "Das Kapital" and the socialist economy; the relationship between "Das Kapital" and contemporary capitalism; the subject matter, structure, methodology and history of the writing of "Das Kapital"; and so on. The delegates exchanged academic views. Some comrades also reported the fruits of their study at the plenary session of the forum. The founding conference of the "Das Kapital" Research Association of China was held on 21 December. The constitution of the Research Association was

adopted and a 59-member council was elected. Comrade Xu Dixin was unanimously elected president of the association. At the conference, it was resolved to publish two publications, namely "'Zibenlun' Yanjiu" ["Research on 'Das Kapital'"] and "'Zibenlun' Yanjiu Ziliao He Dongtai" ["Information About and Recent Developments in the Research of 'Das Kapital'"]. It was also proposed to launch grand activities in 1983 to commemorate the centennial anniversary of the death of Marx.

This forum on "Das Kapital" has been successful. An atmosphere of vigor and enthusiasm prevailed throughout the meeting. The spirit of democracy and scientific thinking was carried forward. The principle of letting a hundred schools of thought contend was adhered to. This forum and conference have constituted a grand and unprecedented convention in our country on the research on "Das Kapital," in which the delegates took this rare opportunity to learn from one another and exchange academic views, and in which those in our country who do research on and teach on "Das Kapital" made concerted efforts and were mobilized to scale the heights of science.

II

At the forum and conference, it was noted with pleasure that during the last few years, a gratifying situation has appeared in our country: people have been studying and doing research on "Das Kapital." The vast numbers of cadres are now diligently studying the basic principles in "Das Kapital" and applying them to the practice of socialist economic construction in our country. Economic theory departments of universities and higher teacher training institutes generally offer courses in the study of "Das Kapital." Some universities and institutes have even enrolled postgraduate students specializing in studying "Das Kapital." Party schools run by the CCP Central Committee and the party committees of various provinces, municipalities and autonomous regions have organized "Das Kapital" study classes for cadres. In many provinces, municipalities and units over our country, research bodies and academic groups for studying "Das Kapital" have been established. Research work is gradually progressing in depth. Meanwhile, the number of people who do research on or teach on "Das Kapital" has continued to increase. On the other hand, it was pointed out at the forum and conference that research work on "Das Kapital" has been quite inadequate, both in terms of the scope and depth of research, and in terms of the quantitative and qualitative aspects of the fruits of research. In view of this situation, it is necessary to establish a National Research Association to organize and coordinate the forces in various localities that do research on "Das Kapital," to exchange information, to sum up experience, to carry out division of labor and cooperation, and to work together to raise the standard of research.

Forming a National "Das Kapital" Research Association is also something which the vast numbers of workers in our country who do research on or teach on "Das Kapital" have hoped for over many years. On 30 October 1980 Comrade Xu Dixin called together for a discussion more than 30 people from scientific research and educational institutions in Beijing. It was agreed at the meeting to publicize all over our country a proposal to found a "Das Kapital" Research Association of China and to convene an academic forum. This proposal

was received with enthusiastic response and supported by workers all over our country who do research on or teach on "Das Kapital." This led to the convening of our forum and conference.

At the founding conference of the "Das Kapital" Research Association of China, it was hoped that all members of the association and the vast numbers of workers in our country who do research on or teach on "Das Kapital" could more thoroughly understand the importance of studying and doing research on "Das Kapital" and could vigorously give publicity, in the light of actual needs, to the enormous importance of studying and applying "Das Kapital." "Das Kapital" is an epochal monumental work which Marx wrote by expending the majority of the efforts of his lifetime. It is the most important part of the treasure of Marxist theoretical literature. It is the theoretical foundation of scientific socialism. It provides an extremely profound analysis of the capitalist economic system and reveals the objective laws governing the birth, development and demise of capitalism. Until now, it is still a powerful ideological weapon by means of which the proletariat, under the rule of capitalism, fights for liberation; and it provides criteria according to which we observe, analyze and study contemporary capitalism. We should also note that while "Das Kapital" mainly deals with the laws governing capitalist economic movements, it also scientifically expounds laws which are generally applicable to human society, laws governing socialized large-scale production, and general laws concerning the commodity economy. Moreover, it scientifically predicted certain basic characteristics of the socialist economy and the principal laws governing this economy. Therefore, it is also the theoretical guide to economic construction for countries which have successfully turned socialist. Currently, while our nation is carrying out socialist modernization construction and implementing the policy of readjustment, restructuring, reorganization and upgrading with readjustment as the key task, it is of immediate significance to seek guidance through studying the theory of social reproduction and other important principles of political economics, which are expounded in "Das Kapital."

It was emphasized at the conference that in studying "Das Kapital," we must adhere to the principle of integrating theory with practice. We should note that the times are advancing, and in both the development of contemporary capitalism and the practice of contemporary socialism, there are many new phenomena and new problems which Marx could not have foreseen when he wrote "Das Kapital." Therefore, we must not adopt a dogmatic attitude toward "Das Kapital." We must not think that no single word or sentence in "Das Kapital" can be interpreted in a flexible way. Applying the stand, viewpoints and methods embodied in "Das Kapital," we should relate this work to the contemporary realities of capitalism and socialism, get to understand new phenomena, study new problems, sum up these phenomena and problems to obtain new theoretical conclusions, and further enrich and develop Marxism.

Moreover, we must not neglect the fact that over the past 100 years or more, bourgeois scholars have continued to viciously distort and attack the great work, "Das Kapital." Even now, these attacks are on the increase. In our country, because of the disruption by Lin Biao and the "gang of four," the influence of the Western bourgeois ideological trend and the weakness of our ideological work, a minority of young students also erroneously think that

"Das Kapital" is "outdated." In view of this, we must use forceful theoretical arguments and facts to rebut the bourgeois scholars' attacks and to educate the masses through scientific and convincing propaganda.

The conference expressed the belief that the founding of the "Das Kapital" Research Association of China will play a positive role in coordinating the efforts of all those in our country who do research on "Das Kapital," helping us implement the policy of letting a hundred schools of thought contend and the principle of integrating theory with practice under the guidance of Marxism-Leninism and Mao Zedong thought. It will help us carry out in-depth academic research on "Das Kapital," raise the standard of philosophy and social sciences in our country, and facilitate the cause of socialist modernization construction in our country. Achieving all this is the aim of the founding of the "Das Kapital" Research Association of China as well as a glorious task for those who do research on "Das Kapital."

III

Closely relating their discussion to the real situation of our country's socialist economic construction and the contemporary problems of capitalism, the comrades who attended the forum discussed the relevant basic theories in "Das Kapital" and also the subject matter, methodology and history of the writing of "Das Kapital."

1) On the Marxist Theory of Reproduction

Currently, we are working to implement the "eight-character" policy the key idea of which is readjustment, to put an end to the grave disproportion in our national economy that has lasted many years, and to break with all old practices that began under the guidance of "leftist" ideology. In the light of our actual national condition, we are opening up a new path that enables a relatively reasonable speed of development to be attained, that yields relatively substantial economic benefits, and that enables the people to enjoy greater material benefits. The objective situation requires us to study the Marxist theory of reproduction. In the opinion of some comrades, to enable our national economy to rapidly change over to a benignant cycle, we must coscientiously study the Marxist theory of reproduction, and we must satisfactorily handle the relationship between simple reproduction and expanded reproduction, the relationship between the expansion of reproduction by extension and the expansion of reproduction by intension, the relationship between the two major categories of social production, the relationship between agriculture, light industry and heavy industry, as well as the relationship between accumulation and consumption. Moreover, we must pay attention to improving economic effect in production.

At the forum, with their discussion centered round the Marxist theory of reproduction, the comrades put forth various views on certain questions, such as the prerequisite conditions for, and the conditions for the realization of, simple reproduction and expanded reproduction; whether the preferred development of the production of the means of production is governed by any economic law; the criteria for distinguishing a benignant cycle from a malignant cycle; and so on. Examples of things discussed include the following:

Discussing the conditions for the realization of expanded reproduction, some comrades said that the conditions should include the attainment of equilibrium in the following five realms. 1) Equlibrium must be maintained in the exchange of one of the two major categories of products for the other; that is, I(V plus delta V plus M/X) must be equal to II (C plus delta C). 2) Equilibrium must be maintained between the first-category total product on one hand and the compensation funds and accumulation funds of both categories on the other. 3) Equilibrium must be maintained between the second-category total product and the consumption funds of both categories. 4) Within each of the two major categories, equilibrium must be maintained in the exchange of its own products. 5) Equilibrium must be maintained between the total social product on one hand and the sum of the compensation funds, accumulation funds and consumption funds of both categories on the other. Some other comrades held that the basic condition for the realization of expanded reproduction is I (V plus M) equals IIC plus I delta C plus II times delta C, instead of I(V plus delta V plus M/X) equals II(C plus delta C), because the latter is not found in "Das Kapital."

There are three views on the question of whether the preferred development of the production of the means of production is governed by any economic law. The first view holds that this is governed by a specific law, that is, a law that plays a role under specific conditions, which are: 1) Attainment of a stage at which machinery is replacing manual labor; 2) the two major categories are developing in appropriate proportions; and 3) the accumulation rate for the first category exceeds that of the second category. The second view holds that the preferred development of the production of the means of production is governed by a general law, which is applicable not only at the stage when machinery is replacing manual labor, but is also applicable to modern production and to the future communist society. The third view holds that it is not governed by any law, because with the advance in technology, economy in using the means of production is possible; workers' wages may rise; and the development in education, cultural services, medical and health services and the service trades also checks the increase in the proportion of the means of production.

2) On Whether Surplus Value Exists in Socialist Society

During the discussion, two different views were expressed. According to one, surplus value does exist, because surplus value is a general category common to all commodity economies, and is not peculiar to capitalism. Surplus value inevitably exists under two conditions: the existence of surplus labor and the production of commodities. The surplus value discussed in "Das Kapital" has two meanings: First, surplus value in general, which is related to commodities in general; and second, surplus value in the specific sense, which is related to capitalism. Surplus value in general exists in specific forms in various societies. For the sake of differentiation, surplus value in capitalism can be called value gratuitously appropriated, and surplus value in socialism can be called value necessary for public use. The other view holds that surplus value does not exist in socialist society, because surplus value is a specific economic category which reflects the relationship between capital and wage labor, and is related to the conversion of labor power into commodities. Surplus value does not coexist with the production

commodities. In slave society and feudal society, although surplus labor and the production of commodities coexisted, the category of surplus value did not exist.

3) On the Question of Productive Labor

Two major views were expressed during the discussion. One view holds that productive labor should cover the following three realms: The production of material things, the production of services and the production of spiritual satisfaction. The other view holds that productive labor can only be limited to labor which produces surplus value. Some comrades said that socialist society is built on the basis of a labor productivity that is higher than in capitalist society, and therefore the characteristic of socialist productive labor is that it must be labor which creates surplus products; otherwise, the socialist mode of production itself cannot be established. Some comrades analyzed the relationship between the social characteristic and material characteristic of productive labor. They held that the two characteristics are linked up as an organic whole. Because productive labor belongs to the category of production relations, the social characteristic of productive labor is its essential characteristic. However, productive labor is not completely unrelated to its material characteristic. The existence of a material characteristic is the basis and precondition for labor being productive. When Marx analyzed capitalist productive labor, he said that it is unrelated to the material content of production. He said thit to rebut the view of the physiocrats who argued that only labor expended in agricultural production could be productive labor. We must not interpret Marx's argument as meaning that productive labor is unrelated to the production of material things in general. Some comrades also discussed the relationship between productive labor in general and capitalist productive labor, capitalist productive labor in its narrow sense versus such labor in its broad sense, and so on.

4) On "Das Kapital" and Contemporary Capitalism

On this question, the comrades at the forum mainly discussed Marx's theory of labor value and the pauperization of the proletariat.

Since the end of World War II, in production, automation has rapidly developed, computers have been extensively used, and the number of robots has continued to increase. Therefore, some bourgeois scholars bawl out the claim that Marx's theory of labor value has become outdated. All who attended the forum held that we must adhere to Marx's theory of labor value and answer the bourgeois scholars' challenge. However, to do this, we must scientifically explain the following several questions. First, automatic systems are designed and created by man. The peculiar point about this fact is that it involves a change in the intension of abstract labor as the embodiment of value. The change is that the relative importance of mental labor is becoming increasingly greater, in the following two senses. For one thing, the proportion of mental labor in the labor expended by workers is increasing; and for another, the composition of various types of workers is changing. The number of workers directly taking part in the production of products is decreasing, while there are an increasing number of those who are specialized

in scientific and technological work, who are engaged in research, design and so on, rather than in directly producing products. Second, according to the theory of the dual character of labor, the value of robots is transferred to the products produced by the robots through man's concrete labor. Moreover, man expends a certain amount of mental and physical effort, and consequently adds a definite amount of new value to the products. Therefore, value is created by man, not by robots. Third, labor which controls automatic machinery systems is highly complicated. Such labor multiplies itself and can create a much larger value than simple labor.

At the forum, there were different interpretations of the pauperization of the proletariat. Some comrades held that although the concept of "pauperization" is not explicitly stated in "Das Kapital" or other works of Marx, the implication of pauperization does exist, and the pauperization of the proletariat is governed by an economic law concerning capitalism. Some comrades held that it is not scientific to categorize pauperization as "absolute pauperization" and "relative pauperization." Rather, we should categorize it as "material poverty" and "social poverty." "Social poverty" means that the workers' standard of living gets increasingly lower when compared with the bourgeoisie's standard of living or with the increasingly higher consumption level of the whole society. Such social poverty always exists in capitalist society. "Material poverty" refers to poverty in the workers' material life. Such poverty exists only during certain periods and only among a proportion of the workers of certain localities in a capitalist country.

At the forum, some comrades also gave an account of the debate on the "question of transformation," which has lasted many years in the West. They also explained the methodology used in Marx's analysis of the concept of "transformation" in "Das Kapital," stressed the theoretical significance of the transformation of value into production prices as discussed in "Das Kapital," and pointed out that studying the "question of transformation" is of key significance in defending Marx's theory of labor value.

5) On the Subject Under Study in "Das Kapital"

Capitalist production relations is a subject under study in "Das Kapital." There has been no disagreement over this point. The disagreement is over whether productive forces and modes of production are subjects under study. Some comrades think they are, while some others do not think so. The discussion was again centered round the interpretation of the phrase, "capitalist mode of production," in the following quotation from the preface to the first edition of "Das Kapital," Volume I: "This book is to study the capitalist mode of production as well as the relations of production and exchange corresponding to it." Various views on this "capitalist mode of production" were presented. They can be summed up into the following six points.
1) This "capitalist mode of production" refers to the capitalist society viewed as a socioeconomic formation. 2) It has two meanings: First, the mode of labor, that is, the ways in which workers are coordianted and use the means of labor in the labor process; and second, the social form of production. 3) It refers to the socialization of production or to socialized large-scale

production. 4) It refers to the way in which the means of production and the labor forces are integrated, under the system of capitalist ownership. 5) It refers to the dialectical unity of production relations and productive forces. 6) It refers to the unity of the production relations and the form of labor organization.

6) On the Methodology Employed in "Das Kapital"

The comrades at the forum held that by and large the methodology employed in "Das Kapital" is materialist dialectics. Going from the concrete to the abstract or vice versa, and using the logical method or historical method, are specific applications of materialist dialectics. According to some comrades, when we say the method of study is to go from the concrete to the abstract and the method of description is to go from the abstract to the concrete, we are merely referring to the principal and essential characteristics of these methods. Actually, the method of going from the concrete to the abstract and the method of going from the abstract to the concrete are often integrated, related and interconnected. However, we must not thus treat them as identical. Some comrades also said that when we discuss the relationship between the method of study and the method of description, we must distinguish between the two different meanings of the relationship between the abstract and the concrete: The first being the relationship between rational knowledge and perceptual knowledge, and the second being the relationship between simple characteristics and complicated characteristics. In the light of the first meaning, to go from the concrete to the abstract is the path to the knowledge of truth; and in the light of the second meaning, to go from the concrete to the abstract is a wrong method of description. As to the relationship between the logical method and the historical method employed in "Das Kapital," some comrades held that overall, they are compatible with each other, but being compatible does not mean they are identical. Some people interpret the compatibility of logic with history as meaning that everywhere throughout "Das Kapital," the logical structure of the book must be compatible with history. According to this interpretation, the logical sequence must be perfectly in accordance with the historical sequence, so that the logical method is turned into the historical method; and moreover, a historical sequence must be created for certain things that objectively do not exist in history. For example, the development from the production process to the circulation process and the overall process, the development from simple reproduction to expanded reproduction, and so on. This is questionable.

Because the structure of "Das Kapital" is a theoretical reflection of the capitalist socioeconomic structure, and it embodies the method of going from the abstract to the high plane of the concrete, the question of the structure of "Das Kapital" was also discussed at the forum. Some comrades took the production, realization and distribution of surplus value as the summary of the contents of respectively the first, second and third volumes of "Das Kapital." They also see the summary of the overall logical structure of "Das Kapital" being built up in this way. Some other comrades held that to a certain extent, this view points out the most essential contents of various volumes of "Das Kapital," but it does not precisely describe the

structure of "Das Kapital." They also held that another relatively popular view, which holds that the first, second and third volumes of "Das Kapital" respectively study capitalist production, exchange and distribution, is even less satisfactory. This is because it is tantamount to using the "method of dividing things into three categories," which is used in bourgeois economics and which Marx denounced, to explain the logical structure of "Das Kapital."

The forum also discussed various other questions, such as the history of the building of the structure of "Das Kapital," the relationship between Marx's draft on economics and plan on one hand and "Das Kapital" on the other, and so on. Many comrades held that studying these questions is of great significance. Doing this does not amount to overelaborate research, because it can help us more satisfactorily understand the structure and methodology of "Das Kapital," help deepen our understanding of the basic principles of Marxist political economics, and help us further discover useful things.

At the forum, the comrades from the general universities, the higher teacher-training institutes and the party-school system also discussed the teaching of and research on "Das Kapital." They gave accounts of the situations of their units, exchanged experience in teaching, and discussed how to improve the teaching of and the research on "Das Kapital" under the new situation.

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MERITS OF ECONOMIC CONTRACT SYSTEM WITHIN PLANTS EVINCED

Beijing CAIWU YU HUAIJI [FINANCE AND ACCOUNTING] in Chinese No 12, 20 Dec 81 pp 28-29

[Article by Shu Bing [5289 0393]: "Problems of Economic Contract System Within Plants Discussed"]

[Text] Is it necessary for an economic contract system to be set up within plants? How should such a system be enforced? Since there still are divergent views on these questions, this article will attempt to conduct some preliminary study on this subject.

If we want a plant that has hundreds or thousands of people to fulfill its plans and to improve its production and management, we must attach great importance to the roles played by the various workshops and administrative offices and fully arouse their enthusiasm and initiative in production and management. At the same time, in completing the production tasks of the plant, there should be close coordination as well as clearly defined responsibilities among these workshops and offices. To strengthen economic management within the enterprises, therefore, it is necessary that all workshops and offices enjoy relative independence and assume certain economic responsibilities, so that they will have more concern for the economic results of production and management, in consideration of their own material interests. A system of economic contracts within the plants is precisely the means to correctly handle or harmonize economic relations among all workshops and offices with regard to rights, responsibilities, and interests. Furthermore, there are objective conditions in the plants for the adoption of an economic contract system, for the reason that within the same plant, the products of the first workshop often become the raw and semifinished materials of the second workshop, and one workshop often requires the assistance of other workshops or of the offices in supplying labor for the completion of its production tasks. The relations of exchange of products and labor according to the required quantity, quality, varieties, and specifications within a certain period precisely constitute the objective basis for an economic contract system within plants.

An economic contract system within plants calls for the signing of contracts for various orders for goods or various forms of cooperation through mutual consultation for the fulfillment of production tasks, all assigned by the plant. The contracts should clearly specify what one party expects of the other party in the way

of procurement, marketing, or cooperation with regard to the quantity and quality required and the time limits, and should spell out the rights, duties, and responsibilities involved. This will help to strengthen mutual cooperation, arouse the subjective initiative of various workshops and offices, and enhance their sense of responsibility for the fulfillment of various tasks.

According to the economic contract system within plants, the intermediate products that the first workshop supplies to the second workshop will be considered as commodities sold by the first workshop, while the second workshop will be in the capacity of a customer purchasing the commodities. This is perfectly in line with the concept advocated in quality control that "people in charge of the next sequence of operations are the customers." According to commercial principles, both contracting parties should practice exchange at equal value, and the results of production and management as the economic relations between them should be comprehensively reflected in terms of money. Some people are of the opinion that the intermediate products and labor services supplied within a plant need not be accounted for, as long as there are rewards for the fulfillment of production targets in material terms with regard to quantity and quality, and deduction of bonuses for failure to do so. This method would reduce the contract system to a mere formality. At the same time, it would make it difficult to compute revenues and expenditures in material terms. Such a method often leads to a pure quest for production, regardless of production costs, to the neglect of economic results. Therefore, the economic contract system within plants requires both contracting parties to compute prices in monetary terms for the intermediate products or labor services supplied according to the contract. Thus the supplying party will have revenues for its sales, while the receiving party will incur expenses on production. All workshops and administrative offices should use the proceeds from their sales to compensate their consumption on production (production cost); a surplus of these proceeds over expenses means internal profits. Then, bonuses will be paid according to the amount of internal profits. Only thus can there be a direct link between economic interests, economic responsibilities, and economic results, so that the workshops and offices will gain some innate economic driving force in fulfilling the obligations of the contracts they have signed.

There must be uniform prices for the settlement of internal accounts according to the economic contracts within the plants. This not only will help to accurately evaluate the performance of various units in production and management that are not affected by price fluctuations outside the plant, but it also will avoid any wrangling over prices when the contracts are signed. There usually are two methods in working out the prices for internal settlement of accounts: 1) Discounted market prices; that is, the market price minus taxes and profits. This method is convenient for comparing internal prices with the prices of similar external units, and it can serve to promote the improvement of internal management and the lowering of production costs. 2) Production cost plus a certain percentage; that is, the fixed internal production cost plus a certain internal profit rate. Because the numerical data can be more easily obtained, this method is more suitable for the intermediate products with no market prices to be used as the basis.

To a certain extent, the prices for the internal settlement of accounts also embody the requirements of the law of value, which should therefore be intelligently

applied in setting these prices, as shown in the following examples: 1) For some key accessories and spare parts, we should use a grade differential for different grades of products, so that products of a higher quality should have higher prices. This will encourage an improvement in the quality of processing work. 2) For intermediate products that are in short supply and cannot be easily processed, prices should be set a little higher so as to ensure balanced production by reducing the goods already in excessive supply and producing more products in complete sets. 3) There will be a fairly balanced profit rate for different workshops that produce different products within the plant, instead of unequal opportunities for them to make a profit. In this way, the prices for internal settlement of accounts will serve as economic levers to regulate production and equalize supply and demand.

The system of economic contracts within plants calls for the strict fulfillment of the economic responsibilities stipulated in the contracts. The core of a contract system is the responsibility system. Once signed, contracts between different enterprises will have legally binding effect, and the contracting parties must carry out their obligations. Any party that fails to deliver the goods on time and according to the quantity and quality norms laid down in the contract will have to compensate the other party for the economic loss or pay a fine. The same principle should apply to internal contracts as well. Any unit in the plant that supplies intermediate products and labor services which do not measure up to the required standards should have the responsibility of replacing them, withdrawing them, or compensating the other party. If losses due to the production of rejects have been caused by other workshops or offices, then these workshops or offices should bear the whole responsibility. However, the scope of internal economic contracts cannot be confined to the compensation of losses or the payment of fines. The failure of any workshop to carry out contractual obligations usually affects production in the whole plant, and holding this workshop responsible for the loss is no consolation for the loss to the plant as a whole. Therefore, the plant must strengthen its inspection and supervision of contract implementation, take precautionary measures in good time, and try every way to forestall any breach of contract in the course of production. At the same time, the workshops and offices should be given the necessary discretionary power. For example, if the supply office cannot supply a workshop with the necessary raw and semifinished materials on time, this supply office should on its own initiative try to procure these materials from outside sources. In this case, the expenses in excess of the prices for internal settlement of accounts should be borne by the supply office concerned. Similarly, if a workshop is unable to supply a processing service as stipulated in the contract, this workshop should be permitted to enlist outside assistance and bear the extra expense involved. By this means, we can induce the workshops and offices to exert their efforts to fulfill their contractual obligations in order to complete the plant's production plan.

However, the system of internal economic contracts is not suitable for all economic activities of the enterprises. For example, wages, equipment [costs], working funds, and other similar expenses that go into the workshops' production costs, and which should be directly accounted for by the financial department of the plant, generally should not be covered by contract, since these expenses reflect only the relationship between the plant and the workshops. This relationship,

although embodying the relations of rights, responsibilities, and interests, is different in nature from the relationships among different workshops. In the relationship between the plant and the workshops, the question of "right" concerns relations between centralization and decentralization; the question of "responsibilities" concerns relations between management and responsibility at different levels; and the question of "interests" concerns relations between the whole and the parts. None of these relations should be handled through contracts. Some enterprises have tried to substitute contractual relations between plant and workshops for the system of leadership and command, but the result has been that the centralized and unified planning of the plant as a whole was affected to such an extent that the enterprise was hamstrung in working out suitable policy decisions for the external changing conditions, its power in handling routine internal affairs was weakened, and its management even became chaotic. Contractual relations can be established between certain administrative offices (such as the supply office) and the workshops simply because these offices, aside from their specific management functions, are in contact with the workshops on an equal footing in certain business dealings such as the supply of materials and labor services to one another. Therefore it is obviously incorrect to indiscriminately apply a contract system to all economic activities within the plant.

The method of quotas and control of targets should be adopted for wages, equipment, and working funds. In other words, the plant should set up adequate quotas for personnel, equipment, and working funds for every workshop to ensure that production requirements are met. At the same time, the workshops should have certain independent economic rights. For example: 1) The workshops should have the right to the disposition of their personnel, including payment of overtime wages out of their own funds in order to solve temporary labor shortage problems. 2) The workshops should have the right to demand that their unwanted equipment be sealed for safekeeping or be transferred away. 3) In case of a shortage of funds for production, the workshops should have the right to obtain loans from the financial department of the plant by paying interest at the established rates. In short, the plant should provide every facility for the workshops to fulfill their contractual obligations.

From what has been described, we can see that the system of economic contracts within plants can play an important role in strengthening internal economic accounting, in clearly defining the economic responsibilities of the workshops and offices, in closely coordinating supply and demand, in implementing the plants' unified production plans, and in improving economic results. However, [such a system] cannot replace planned management, quality control, and financial control in the enterprises. On the other hand, plants should adopt specific means to strengthen their control and supervision over contracts and should set up a sound system of contract control and internal settlement of accounts to meet the requirements of contract signing between various units, the settlement of accounts, and the economic responsibility assumed by each party. An economic management organ should be set up in [each] plant, with the participation of the plant director (or deputy director), the chief engineer, and the chief accountant. This organ should have the authority to examine all internal contracts and to organize an overall balance (in principle, all contracts should be examined and validated by this organ); to set up uniform prices for the internal settlement of accounts and

establish standards for the collection of fees for the use of working funds; to publish the terms and clauses for internal economic contracts and for rewards or compensation; and to arbitrate in contractual disputes. Only thus can the system of economic contracts within plants be set up and carried out, and can its role be given full play.

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ENERGY ADVANTAGES OF ELECTRIC LOCOMOTIVES ANALYZED

Zhuzhou JICHE DIANCHUANDONG [ELECTRIC DRIVE FOR LOCOMOTIVES] in Chinese No 1, 1982 pp 2-4

[Article by Dong Zhaomin [5576 0340 3046], Scientific Research Academy, Ministry of Railways: "Comparative Energy Conservation With Three Types of Railway Motive Power"]

[Text] Electrification of the main railway lines is an important means of modernizing the railroads. The use of electric locomotives not only can greatly increase the capacity of existing lines, but also constitutes an important measure in implementing the national energy policy of "concentrating on the use of coal and placing equal emphasis on energy development and conservation."

1.1. Our country's basic energy situation:

--eighth place in the world in petroleum reserves;

--coal reserves of 600 billion tons, recoverable reserves estimated at 300 billion tons;

--theoretical potential hydroelectric resources 680 million kWh, exploitable installed capacity 380 billion kWh.

1.2. 1980 energy output:

--106 million tons of petroleum;

--610 million tons of coal;

--300 million kWh of electricity.

1.3. Applicable national energy policy is as follows:

The national energy policy is to "concentrate on coal, placing equal emphasis on energy development and conservation," with priority accorded to conservation in the near term.

In the utilization of primary nonrenewable energy sources, the utilization of waste heat and the combined supply of heat and power are being pursued to increase efficiency.

Domestic oil consumption is being decreased and an effort is being made to increase petroleum export to acquire foreign exchange which will be used for domestic development of energy resources. The policy of converting from oil to coal and increasing petroleum exports so as to develop domestic energy resources requires that all departments capable of using coal make use of it and conserve petroleum for export.

2. According to figures from the Statistical Office of the Ministry of Railways, energy consumption on our nation's railways using three types of motive power in 1981 was as shown in Table 1.

Table 1.

	Electric power		Steam power		Internal combustion	
Numbers of locomotives	Available 287	In use 123	Available 7,801	In use 5,304	Available 2,190	In use 1,422
Total haulage (ton-kilometers)	2,208,543		85,707,687		19,409,570	
Percentage of total annual haulage	2		80		18	
Annual energy consumption	287 million kWh of electricity		18.521 million tons of natural coal		680,000 tons of diesel oil	
Energy consumption per ton-kilometer	129.8 kWh of electricity		106.4 kg standard coal		35 kg diesel oil	
Average efficiency (%)	23.6		6.1		19	

Note: In the calculation of electric locomotive average efficiency (23.6 percent), the efficiency of fossil-fired generating stations was taken as 30 percent. If fossil-fired electric power stations are converted to simultaneous supply of heat and electricity, their efficiency may reach 50 percent.

The average efficiencies shown for the three types of motive power are as follows: steam locomotives, using coal as fuel, give an average efficiency of only 6.1 percent; internal combustion locomotives, using diesel oil as fuel, give an average efficiency of 19 percent; electric locomotives, which at present use primarily coal as fuel, give an average efficiency of 23.6 percent. Electric drive gives the highest average efficiency and also is based on coal as a fuel, which is in accordance with the requirements of national energy policy.

3. If electric locomotives replaced steam locomotives in 80 percent of total 1980 haulage, there would be a saving of more than 10 million tons of natural coal. If internal combustion locomotives replaced steam locomotives to the same extent, there would be an annual loss of more than US$400 million in foreign exchange.

Since electric drive consumed 287 million kWh to perform 2 percent of total haulage in 1980, if it had been used to perform 80 percent of haulage in 1980 the electrical energy consumption would have been 11.48 billion kilowatt-hours. In every kilowatt-hour is equivalent to 0.5 kg of standard coal (including allowance for electrical transmission losses), 11.48 billion kWh is equivalent to 57.4 tons of standard coal. Energy consumption by steam locomotives in 1980 was 18.521 tons of natural coal, and accordingly if electric locomotives replaced steam locomotives to the extent of 80 percent of 1980 haulage, the annual saving would be more than 10,000 tons of natural coal.*

Since internal combustion locomotives consumed 680,000 tons of diesel oil to perform 18 percent of total haulage in 1980, the use of internal combustion locomotives to perform 80 percent of total 1980 haulage would have resulted in consumption of 3.022 million tons of diesel oil. In 1980 the export price of a ton of light diesel oil was US$380, so that 3.022 million tons of light diesel is equivalent to more than US$997 million in foreign exchange. At a 1980 export price of US$32 per ton, 18.521 tons of natural coal is equivalent to more than US$592 million in foreign exchange, so that the use of diesel oil results in a loss of more than US$400 million in foreign exchange, in addition to substituting a high-quality fuel for a low-quality one.

4. As of 1980, world proven recoverable petroleum reserves were 87.9 billion tons, which would last for 28 years at an annual production rate of 3.1 billion tons. If this country produces 400 internal combustion locomotives per year, the total from 1981 to 1990 will be 4,000, which, added to the existing 2,190, gives 6,190. Given the period for which reserves are expected to last, these more than 6,000 internal combustion locomotives will be usable for 18 years starting in 1990. Thus expanding the use of internal combustion locomotives is irrational. There is already a crisis with world petroleum reserves, and many countries are searching for petroleum replacements and new energy sources, and it would be incomprehensible if our country were actually to undertake a major expansion of petroleum-fueled locomotives.

Of 141,124 km of operating railway lines in the Soviet Union, 42,442 km is electrified, and the 11th Five-Year Plan requires that an additional 6,000 km be converted from internal combustion to electric power to save petroleum.

Electric power is a secondary energy resource which is converted from such primary energy sources as coal, petroleum, water power or nuclear power. Accordingly it is more adaptable than the primary energy resources: generating plants can use poor-quality coal with caloric values below 3,000 kcal, water power, or nuclear power to generate electricity. Our country's recoverable coal reserves amount to 300 billion tons, and with an annual output of 700 million tons they will last for 400 years. Our country's installable water power capacity is 380 million kW. This is the material base for assuring that electric power will be available for a long period. From considerations of long-term availability of energy too, we should vigorously develop the use of electricity for railway motive power.

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*Standard coal has a heat content of 70,000 kilocalories and natural coal is assumed to have a heat content of 5,000 kilocalories.

In order to speed up the replacement of internal-combustion locomotives, while substituting electric locomotives for them on large-capacity lines we should use them in turn to replace steam locomotives on lines with capacities of 35 million tons or less so as to speed the abandonment of steam locomotives.

5. Table 2 shows annual capacity of various railroad districts or sections with different types of motive power.

Table 2.

Section	Annual Transport Capacity (10,000 tons)		
	Steam	Internal combustion	Electric
Baoji-Fengzhou [1]	250	--	1,200
Guangyuan-Mianyang [2]	770	1,300	1,500
Yangquan-Shijiazhuang [3] (up track)	2,000	--	6,000
Fengtai-Zhangjiakou [4]	2,400	3,027	5,000 [5]
Baiji-Tianshui [6]	--	--	Annual capacity doubled after electrification

Notes: 1. Source: Xi'an Railway Bureau Survey and Statistical Office, "Operation of Electrical Power System for Electrified Railways," April 1980.

2. Source: Chengdu Railway Bureau, Chengdu Railway Branch Office, Railway Scientific Research Academy Transport Office, "Economic and Technical Effects of Electrification of Guangyuan-Mianyang Section of the Baoji-Chengdu Railway," June 1975.

3. Source: Cao Yalin [2580 0068 2651], Rui Yulan, Jin Chenhu, Transport Office, Railway Science Research Institute, "Problems of the Current Electrification Project: Survey Report on Electrification of the Shijiazhuang-Taiyuan Line," 1979.

4. Source: Feng Yazhoi [7458 7161 7872], Yan Gongmao, Zhao Bingsen, Zhu Zhengan, Locomotive Bureau, Ministry of Railways, "Views on Some Policy Matters in Conversion to Electric Motive Power," September 1980.

5. Furnished by Electrification Projects Bureau.

6. Source: Baoji-Tianshui Electrification Project Directorate, Xi'an Railway Bureau, "Experience and Lessons of the Baoji-Tianshui Railway Electrification Project," May 1980.

Table 2 shows that the transport capacity of old railways after electrification is at least double that when steam locomotives were used and is also considerably greater than when internal combustion locomotives were used. For example, when the Fengsha main line was built in 1952, traffic was so heavy that a second line was soon built and steam locomotives were replaced by internal combustion locomotives, increasing annual capacity to 30.27 million tons, which still did not meet

growth requirements. Accordingly, it was decided to electrify the line. The rated annual capacity after electrification is 50 million tons, an increase of 65 percent over the figure for use of internal combustion locomotives.

Conversion of existing railway lines is an important part of railway modernization. Only by converting them to electricity can large increases in their capacity be realized.

6. The foregoing makes it clear that replacing steam locomotives with electric locomotives should be the only major thrust of modernization of railway motive power. Not only is the average efficiency of steam locomotives only 6.1 percent, but they pollute heavily and have poor traction capabilities, so that they should be rapidly abandoned. Because internal combustion locomotives are subject to the limitations of our country's petroleum supply and the effects of the worldwide oil crisis, it is difficult to expand their use greatly. Accordingly the main thrust of motive power modernization on our country's railways must be vigorous expansion of electric power. Not only does the supply of electricity have the powerful material backing of water power and coal reserves, but simultaneous supply of heat and electricity by electric power stations can increase their thermal efficiency to 50 or 60 percent, making it an important energy conservation measure. Accordingly, making the fullest possible use of electricity in the railway system is the most important energy conservation measure in railway motive power.

We suggest that every year 1,000 km of major trunk lines be electrified, which will require 150 locomotives, replacing 300 steam locomotives. The conversion of 1,000 km of line from steam to electricity will save a million tons of natural coal a year. At this rate, by 1990 we will have more than 10,000 km of electrified lines. Our country's six busiest lines (Beijing-Guangzhou, Beijing-Shenyang, Beijing-Baoji, Tianjin-Shanghai, Gansu-Qinghai, Harbin-Dalian) should be totally electrified. This will mean that electric locomotives will have taken on more than 60 percent of total railway haulage, and every year there will be a saving of more than 8 million tons of natural coal compared with the use of steam locomotives. At the same time, the capacity of the electrified lines will be more than double that of the lines using steam power, thus transforming the railway transport situation from an unfavorable to a favorable one, and making it possible to run more passenger and freight trains, particularly the sorely needed passenger trains.

Electrification of 1,000 km of railway lines a year will require an investment of more than 1 billion yuan. With electrification of 10,000 kilometers between 1982 and 1991, the total investment will be about 10 billion yuan. This investment not only will save about 8 million tons of natural coal a year, but will also bring about a fundamental change in the long-standing problem of railway transport's inability to keep pace with national economic development. Putting an end to the long-standing railway transport situation in which "transport capacity controls output," "overstocks accumulate" and "passenger transport suffers," will make the railway transport genuinely serve as a vanguard of the national economy.

The 2,190 internal combustion locomotives currently in service perform 18 percent of total annual railway haulage. While energetically improving the quality of

internal combustion locomotives and increasing their service life, on the basis of their characteristics we should use them for motive power on lines with capacities of 35 million tons or less and for switching tasks, so that they and electric locomotives combine to speed the replacement of steam locomotives, thereby truly putting railway motive power on the path of "promoting both internal combustion and electric locomotives, with the emphasis on electric."

8480
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TRANSPORTATION

PRC EXPANDING CONTAINERIZED CARGO HANDLING

Hamburg DEUTSCHE VERKEHRS-ZEITUNG in German 10 Nov 81 pp 21-22

[Text] The adaptation of the ports to meet the requirements of container traffic confronts the PRC with big problems. Experts from Bremen are to make their know-how available in the future. This supposedly is the express wish of Deputy Chinese Transportation Minister Guo Jian, it was said recently by Dr Hans Ludwig Beth, director of the Bremen Institute of Maritime Transporation, following his return from Peking.

In the port city of Tianjin, Beth directed a specialized seminar on container traffic which had been prepared together with the Bremen Warehousing Company.

More than 60 participants from China's main ports and Beijing government agencies displayed extraordinary interest in the specialized reports presented by the experts from Bremen whose topics were geared particularly toward the modernization of maritime freight transportation in the ports of the world's most populous country. The documentation compiled by the Bremen institute is currently being translated into Chinese along with the contributions from all seminar reporters in order then to made available for training purposes to a larger group of interested persons in the PRC.

As Dr Beth reported further, the Bremen Institute of Maritime Transportation moreover agreed upon a long-term exchange of information with corresponding installations in the PRC. The sphere of interest extends far beyond the container sector and covers all aspects of maritime transportation.

In conjunction with the Bremen training program--which was given under the heading of "port containerization"--the PRC Transportation Ministry specifically spelled out the desire for continuing cooperation in this special field. An exchange of experiences was labeled a priority matter for future activities; this exchange of experiences was to deal with the points of harbor organization and rate schedule questions, of information and documentation, as well as methodological and practical problems in harbor planning. According to Mrs Jian, it is important especially during the phase of containerization introduction in maritime ports to learn from the experience of other countries if the adaptation process of Chinese ports to the new structures of intercontinental freight transportation is to take place smoothly.

The containerization wave finally hit the PRC with considerable delay but in the meantime the cargo handling volume has been rising rapidly: in 1980, it was 50,000 [containers] and this year it will be presumably 100,000 containers which will be unloaded or loaded in Chinese ports. Authorities in Beijing forecast an annual volume of 700,000 TEU [twenty foot equivalent units] for the year 1985.

The construction of two berths on a landfill area has been planned for Shanghai, currently the biggest container port; the idea is to achieve a total capacity of 250,000 units per year. Upon the opening of the new complex next year, Shanghai will also be able to process, by far, bigger ships than has been the case so far.

The same kind of development activities are underway in Huangpu. This port, which has a capacity of 6,000 continers at this time, is to be able to handle 106,000 containers by 1983 and 206,000 containers by 1985.

China's second-largest container port, Tianjin, is to get three new container piers. By the time they, together with a series of hoisting equipment units, start operating in 1985, Tianjin's cargo-handling capacity will have gone up to 250,000 units per year.

The port of Dalian is located in the northeastern region of the Middle Empire which is rich in natural resources; in the past, the cargo handling volume was concentrated on oil and bulk transportation; it was included in China's containerization plan among other things because of its depth. The reorganization of existing organizations and the construction of an extra pier would seem to point to a cargo handling capacity increase to about 30,000 units per year.

Qingdao a bulk port with rail connections, is also to be converted for partial container processing. A new pier, the planners hope, will decisively participate in the future capacity of 50,000 containers per year.

For the Chinese, the FRG is one of the most important partners in commerce and in the country's economic growth. Although industrial expansion is being pushed more slowly compared to earlier plans, the sales volume in bilateral commodity transportation is still growing. During the first half of 1981, the increase was 15 percent compared to the same period of time the year before. Goods worth DM 2 billion were shipped.

An increase in imports of Chinese origin by 24 percent to DM 0.8 billion was paralleled by an increase in German exports by 9 percent to a figure of DM 1.2 billion.

But out of all of Germany's foreign trade, the PRC accounted for only 0.5 percent of all imports and 0.6 percent of all exports. Among countries with which Germany engages in foreign trade, China during the first half of 1981 was in 35th place for imports and in 30th place for exports.

Due to the greater increase in imports, the asset balance in commodity traffic with China (as a producer or consumer country) declined from DM 0.4 billion during the first half of last year to DM 0.3 billion during the period covered by this report.

In the balance of trade--which is calculated by using the data for China as a purchase or buyer country--the surplus dropped from DM 0.53 to DM 0.49 billion.

A comparison of the foreign trade statistics in both of these country groups shows that during the first half of 1981 likewise about 26 percent of all commodities of Chinese origin were procured via other purchase countries. On the exports side, only 6 percent of the shipments went to the PRC via other buyer countries.

The latest edition of the official foreign trade statistics shows that imports of Chinese origin during the first half of this year consisted of 54 percent industrial finished products, 14 percent industrial raw materials, 6 percent industrial semifinished products, and 25 percent food industry items.

The increase compared to the same period of time used for comparison last year extended primarily to purchases of finished goods (up 37 percent to a figure of DM 453 million). The import increases included above all fabrics, knitted materials, clothing, chemical products, leather goods, furs, pharmaceuticals, and basketry items.

Among raw materials (up 11 percent to a figure of DM 120 million), there were increases above all in procurements of hard coal, tungsten ores, bauxite, graphite, and magnesite, while the import of bed feathers declined.

The import of semifinished goods of Chinese origin (up 55 percent to DM 46 million) was heavily characterized by increasing procurements of fuel during the first half.

Imports of foodstuffs increased by only 5 percent to DM 212 million, compared to the preceding year. Increases in canned vegetables in fruits, oil crops, and hops were offset here by decreases in guts, roots, and tubers.

German exports to the PRC during the first half of that year consisted of 87 percent industrial finished goods and 5 percent food industry items. Industrial raw materials and semifinished goods comprised 4 percent, each, in total exports going to the middle empire.

In the breakdown of the commodity list for industrial statistics, the emphasis in German shipments to China was on products from the capital-goods-producing industry (61 percent).

A comparison with the prior year showed a decline by 8 percent to DM 0.7 billion here; it took place primarily in machine-building products (down 29 percent), as well as road vehicles (down 81 percent).

On the other hand, there were increases in exports of steel structure products and rail vehicles (up 813 percent) as well as electrotechnical products (up 54 percent).

The products of the raw materials and producer goods industry continued to share with 31 percent in exports going to China.

As part of an increase by 33 percent to DM 0.4 billion, there was also an increase especially in shipments of chemical products (up 77 percent), while decreases were recorded in exports of iron and steel (down 47 percent) and rolling mill products (down 70 percent).

Exports of products from the consumer-goods-producing sector--which yielded only 1 percent exports to China--finally increased to 20 percent and a figure of DM 8 million. Only printing products, textiles, as well as glass and glassware played a certain role among them.

5058
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HUBEI GIVES GENERAL STATISTICS, DISCUSSES FOREIGN TRADE

Chen Pixian Discusses Situation

HK171530 Hong Kong WEN WEI PO in Chinese 16 Mar 82 p 3

[Report: "Chen Pixian Introduces the Situation in Hubei"--first part]

[Text] Editor's Note: Not long ago, Chen Pixian, first secretary of the Hubei Provincial CCP Committee, met with our reporter Wang Chia-chen in Wuhan and talked about the development of Hubei Province in recent years and the future measures to be taken. The interview lasted 3 1/2 hours. The following is a record of what Chen Pixian said (a record edited without having been examined by the speaker.) [end editor's note]

It is a welcome season of spring. We welcome you visitors to the capital of Hubei Province--Wuhan Municipality. This gives us an opportunity to meet each other. All of us feel very happy. Personally I heartily welcome your visit. This time Mr Mei Wending has not come. Please convey my regards to him. I hope that he will come to visit Hubei when it is convenient.

I know that the purpose of your present visit is to get an idea of the conditions of our province. You are interested in the political and economic conditions of our province prevailing last year and in our economic trade with foreign countries. I herewith provide you with some information as follows:

Plans for the National Economy Fulfilled, Total Industrial and Agricultural Output Up 9 Percent, Grain, Cotton and Oil Production Up Despite the Effects of Natural Disasters, Industrial Growth of the Province Ranks Third in the Country

Hubei Province lies in the central part of the Changjiang River Valley. Under it are 6 municipalities--Wuhan, Huangshi, Xiangfan, Shashi, Yichang and Shiyan; 8 prefectures--Huanggang, Xianning, Jingzhou, Xiaogan, Xiangyang, Yichang, Yunyang and Enshi; 73 counties and 5 prefectural cities. The province has a total area of 187,400 square kilometers with a population of over 46 million. Under the guidance of the general and specific policies formulated at the 3d Plenary Session of the 11th CCP Central Committee and

thanks to the efforts of the party organizations and governments at all levels of the province and the masses of people, the political situation of stability and unity in all fields of endeavor in our province, as in all other parts of the country, has been further consolidated and has received a boost. Stability has marked urban and rural social order. The masses of people are full of fighting spirit, their enthusiasm running at an all-time high. Economic, cultural, educational, scientific, public health and other fronts have embarked on a road of steady development. The whole situation is better than we anticipated.

Industrial and agricultural production in our province occupies an important position in our country. Our province represents one of the country's important bases for grain and cotton production, and for the steel and iron, textile, automobile and electric power industries. In recent years, the economic situation in our province has become increasingly favorable from year to year. In 1981, the provincial plans for the national economy were overfulfilled. Total industrial and agricultural output value reached 36.67 billion yuan, an increase of 9.3 percent compared with 1980.

You know that in 1980 our province suffered from serious floods and waterlogging. The affected area amounted to over 32 million mu. Various losses in the countryside were equivalent to around 1.5 billion yuan. In 1981, frequent natural disasters again struck. Between spring and summer, there was a provincewide drought. In mid-July, the highest flood peak since the founding of the PRC appeared in the upper reaches of the Changjiang River, seriously threatening the areas along the river. With the beginning of the fall, a long period of gloomy and rainy low-temperature weather was experienced. In the face of these realities, party organizations and governments at all levels of our province--guided by the call for "making good in 1 year the effects of serious natural disasters suffered in 1 year"--worked hard to overcome the consequences of the natural disasters of the preceding year, and strived to resume production and rebuild their homes. On the other hand, they waged a dogged struggle against natural disasters in the current year. In 1980, when floods and waterlogging were at the most serious stage, I personally went to several counties in Jingzhou to make a survey. I made arrangements for fighting floods. I saw for myself a sheet of water; cultivated fields and housing were all submerged. Last year, I visited the same counties. I found that all the farmland had been restored to good order. Housing had been rebuilt and was in better condition than before. The aim of "making good in 1 year the effects of natural disasters suffered in 1 year" had really been achieved. At a time when serious drought hit certain areas last year, I also visited the most seriously affected Xiangyang Prefecture. The farmland there had dried up and cracked, all the wheat was dead. It was a really serious situation. At that time, the whole province organized nearly 100,000 cadres, over 6 million workers, power-driven machines with a total of 1.5 million horse-power, motors with a total of 400,000 kilowatts, and over 70,000 water-carrying carts to fight drought. When the extraordinarily high flood

peak hit our province, we mobilized 250,000 cadres, ordinary people, and commanders and fighters of the PLA in an around-the-clock fight, thus protecting the safety of the big dike of the Jingjiang River. The project of the Gezhou dam also stood the test of an extraordinarily high flood peak for the first time. In a word, after a dogged struggle, we overcame various difficulties that natural disasters had inflicted on us. We reaped a bumper harvest.

Last year, the province's total grain output exceeded 34 billion jin, an increase of over 10 percent compared with the preceding year. Total cotton output came to 7.05 million dan, an increase of 11 percent compared with the preceding year. Total output of oil-bearing crops reached 7.85 million dan, an increase of 90 percent compared with the preceding year, the highest level on record. Other economic crops and undertakings in the diversified economy mostly showed relatively large growth compared with the preceding year.

Peasants' Income Rises, Reaching an Average of 162 Yuan

One of the main reasons why we reaped a relatively good harvest in agricultural production last year was that we seriously carried out the party Central Committee's various policies on rural work and its instructions on the introduction of the agricultural production responsibility system. Up to the end of last year, 99 percent of the production teams of the whole province had introduced various versions of the responsibility system of linking remuneration with output, acting in accordance with local conditions. This gave an effective boost to the development of agricultural production, various operations and family sideline occupations and the consolidation of the collective economy.

With the development of production, the peasants' living standard has continuously improved. The income distributed by the collective for commune members of the whole province reached an average of 102 yuan, an increase of 14 yuan compared with the preceding year. Income from family sideline occupations reached an average of around 62 yuan per person.

There is quite a sound basis for our province's industry. It is also relatively complete in its composition. The whole province now has over 16,000 industrial enterprise units. There are such main industrial sectors as metallurgy, electric power, machine-building, automobile, construction materials, textiles, food, paper-making and so forth.

Based on the guideline for the further readjustment of our national economy, we have energetically readjusted the internal structure of industry and effected initial reforms concerning systems and management. We have introduced in enterprises the economic responsibility system and upheld the principle of distribution according to work. With the planned economy as the main factor, we have given play to the supplementary role regulation by market mechanism. Guided by the above principle, various industrial

sectors and enterprise units have attached importance to improved quality, increased output of marketable products, reduced consumption of raw materials, safety in production, and other requirements. They have fully tapped the potential in given enterprises and paid close attention to technological reform of existing enterprises. This has enabled our province's industrial production to maintain a relatively satisfactory pace of development in the further readjustment of the national economy. In 1981, on the basis of an average [annual] increase of 18.6 percent for industrial production in the 3 preceding years, total output value of the province reached 24.68 billion yuan, an increase of 10.2 percent compared with 1980. This pace of growth was relatively high in the readjustment of national industrial production last year, ranking third on a national basis. This pace was slower than the average in the preceding 3 years because industrial production in these 3 years had partly to do with resumed production projects. In addition, such factors as cutting down on capital construction projects, redressing the balance between light and heavy industries, and so forth, accounted for a slower growth of industrial output value in certain sectors. But economic results were better in most of the industrial sectors. The pace of growth was more consolidated. Financial income for the whole province showed an increase of over 7 percent compared with 1980.

In industrial production, we have given priority to the light and textile industries and the production of consumer goods for everyday use. For example, we have paid primary attention to arranging for the supply of raw materials and energy, the granting of bank loans, the use of foreign capital, communications and transportation facilities, and so forth. On the basis of strong growth in the preceding 2 years, the light and textile industries of the province have been able to continue to maintain a relatively high pace of development. In 1981, the light and textile industries of the whole province achieved an industrial output value totaling over 12.79 billion yuan, an increase of 20 percent compared with the preceding year. The output of major products in the light and textile industries showed a relatively big increase compared with the preceding year. Of these products, sewing machines, bicycles, wristwatches, television sets, washing machines, electrical meters for civilian use, cameras, beer, polyester-cotton cloth, wool and other high and medium-priced commodities accounted for an increase of over 50 percent. Meanwhile, over 1,800 kinds of new products and over 10,000 new designs were recorded. Commodities in short supply on the market and export commodities also showed a relatively big increase. Of the total industrial output value, the percentage accounted for by the light and textile industries rose from 47.7 percent in 1980 to 52 percent. I believe that in the period of readjustment, such a change in proportions is correct and necessary. But as far as the heavy industrial base of Hubei is concerned, with the further development of production, the superior features of heavy industry will naturally further asset themselves.

A Turn for the Better in Social Style, 'Civilization Month' Activities Develop Properly

Commerce has focused on an effort to actively create a market and give full play to state-run commerce as a leading factor. Meanwhile, it has taken on varied economic components and introduced many outlets for circulation and various management methods. This has helped enlivening the market, as far as urban and rural areas throughout the province are concerned. Most of daily necessities are in relatively ample supply. In 1981, the purchases, sales and inventories of commercial and supply and marketing departments showed an overall increase. Commodity purchases registered an increase of 9.3 percent compared with the preceding year. Sales chalked up an increase of 4.3 percent. The aim of enlivening trading was achieved.

In the further readjustment of the national economy, science and technology, education, public health and other undertakings have shown appropriate development. Since 1977, investments in science, education, culture and public health throughout the province have shown an average increase of around 45 percent.

In 1981, while directing energetic efforts to the proper handling of economic work, we seriously worked on promoting spiritual civilization. At present, we are launching throughout the urban and rural areas of the province a "civilization and courtesy month" campaign and continuously deepening the "five stresses and four beautifuls" campaign. On various fronts, such activities as labor emulations, citing shock hands on a new expedition and "three-eight work style" standard bearers, and so forth, have been started. In the rural areas throughout the province, prominent results have marked such activities as vying to join advanced teams and to be model households and "five-good" commune members. The ideological consciousness of the masses of people has been further raised. Their morality, their attitude toward labor and their social style have taken a turn for the better. There have also appeared large numbers of advanced models. It is a stable situation that now prevails in our province.

Export Commodities Reach 1,000 Kinds; Three Measures Are Taken To Attract Foreign Investment, Mutual Interests Considered and Contracts Carried Out

Concerning the above situation, if you people go deep into the midst of factories and visit the countryside, I believe that you can see and hear everything for yourselves. You will also surely get a more overall, vivid and concrete idea of the situation than I can give you. Regarding economic relations with foreign countries, I wish to give you the following information.

Hubei Province has a long history, as far as foreign trade is concerned. Wuhan Municipality was one of the earliest ports to trade with various countries. In ancient history, there were many records on Wuhan Municipality's commerce and transportation. In the work "Visit to Sichuan," the patriotic

Song Dynasty poet, Lu You, wrote: "There are countless traders' ships. They come one after another in a line stretching for a few li." In the middle part of the Qing Dynasty, Hankou became a nationally renowned big port. In the early 20th century, Hankou conducted fairly brisk trade with foreign countries. Total imports and exports were only second to those of Shanghai Municipality. During the rule of the corrupt Kuomintang government, Wuhan Municipality was not well developed or used as a trading outlet. After the founding of the new China, we achieved definite results in economic exchanges with foreign countries. But on the whole, a tortuous path was followed, and such development that should have been possible was not achieved. This situation must, first of all, be attributed to the then prevailing historical factors. The first factor was a long period of hostility, blockade and embargo on the part of the capitalist countries of the world headed by the United States. The second was that from the 1960's, the Soviet Union began to tear economic contracts to pieces and our economic relations with the Soviet Union and the East European countries shrank considerably. The third was that for a period, especially during the "Great Cultural Revolution," the guideline of "relying on our own strength" was seriously distorted. It is entirely right and proper to rely on our own resources. Our country must build our socialist economy independently with the initiative in our own hands. But if that is interpreted as relying on ourselves for everything needed and keeping to ourselves without developing economic relations with foreign countries, then that is wrong. Under the conditions prevailing in the contemporary world, economic problems are by no means isolated. The phenomena in one country must be studied with reference to international relations and cannot be separated from such relations. The overwhelming majority of countries in the world attach great importance to problems on economic relations with foreign countries. In the past several decades, especially after World War II, such a situation has developed unprecedentedly. This is the inevitable trend of social development. This idea was not really accepted until the 3d Plenary Session of the 11th CCP Central Committee. Correct general and specific policies and measures for economic relations with foreign countries were then worked out. Only under this guideline has Hubei's economic trade with foreign countries really got on to the path of healthy development. The port of Wuhan has also been properly used.

An Increase in Foreign Trade Organs and Resumption of the Wuhan Customs Office

In the past 2 years or so, due to the thorough implementation of the general and specific policies for economic trade with foreign countries formulated by the party Central Committee, marked changes have taken place in Hubei's economic trade with foreign countries.

First, the port has been opened up and an appropriate number of organs have been set up. Before the third plenary session, Hubei was categorized as hinterland province. According to the then prevailing systems and regulations, except for a small number of native special products given access to direct trade with foreign businessmen, the bulk of commodities could not be promoted for sale abroad through the province's own efforts. Now, this practice is allowed. In 1981, total sales generated by Hubei itself reached 83 percent.

A reform in the practice of foreign trade has been followed by an increase in local power and its workload. Therefore, foreign trade economic organs have been set up. The original eight foreign trade companies have been made more specialized. Five additional ones have been established. Thus, there are now a total of 13 such companies. The Hankou branch of the Bank of China and the Wuhan Commodity Inspection Bureau have been reinforced. The Wuhan customs office has been restored. The Trust and Investment Company of Hubei Province and the Qingchuan Steamship Company have been established. The number of cadres and workers on the front of economic trade with foreign countries has reached over 10,000.

Second, economic exchanges and relations with financial and business circles abroad have been expanded. At present, our province has established trade relations with 100 countries and regions in the world. Over 3,000 businessmen have established close economic trade and cooperation with our province. Not long after the establishment of diplomatic relations between China and the United States, our province established friendly province-to-state relations with the state of Ohio in the United States. Wuhan Municipality had contacts with the city of Oita in Japan on friendly city-to-city terms. The establishment of province-to-state relations and friendly city-to-city relations has strengthened and stimulated our exchanges with the United States and Japan and promoted mutual understanding. Economic trade and cooperation between us has increased and developed with the establishment of such friendly exchanges. In 1980 and 1981, our province held an export commodity exhibition of Hubei Province in the state of Ohio. In September 1981, it held an export commodity exhibition of Hubei Province in Hong Kong. These exhibitions were warmly received by American friends and compatriots from Hong Kong and Macao. In regard to international financial work, the Hubei Provincial Trust and Investment Company signed agreements for cooperation with the United States, Japan, France and other countries. The Hankou branch of the Bank of China has established business relations with most of the countries and regions in the world.

Third, the quality of export commodities has shown continuous improvement. Exports have increased quickly. Many enterprises of our province have done a lot of work in stimulating the production of export commodities of our province, improving product quality, and increasing variety. Now, the whole province boasts over 1,300 kinds of export commodities. Of them, well-known brands have begun to appear in large numbers. The latter have reached about 150 kinds, some of them enjoying relatively great fame on the international market. Foreign trade exports in the past 3 years have shown an average increase of 28.1 percent, which means quite a big increase compared with before.

Establishment of a Steamship Company Allows Direct Access to Hong Kong, Japan and Southeast Asia

Fourth, the first step has been taken in the business of using foreign capital and introducing foreign technology. Up to the end of 1981, our province had used foreign loans to improve and to newly build over 60 projects. Results had already been achieved for 82 projects where agreements had been concluded

in regard to the offer of raw materials for processing, compensatory trade and joint ventures. Through these projects and cooperation with foreign businessmen, we have introduced new techniques, imported some advanced equipment and also learned something about management. Though the projects for cooperation are still few, they have played a part in reforming industrial techniques and expanding exports. Work has started on building a hermetically sealed container factory in Wuchang--a joint project with the Parker-Hannifin Company of Ohio. The work is progressing smoothly. This represents an experimental project on our part with the state of Ohio. With the project put into operation and beneficial results achieved, we can gainfully use our experience to stimulate the development of economic cooperation. We have had over 2 years of compensatory trade with Mr Yang Yuan-lung of the Yida [4135 6671] Company of Hong Kong concerning the Puqi cotton mill and have achieved very satisfactory results. The contract in its first and second stages has been basically put into realization. Now, work on the third stage is afoot.

Fifth, we have established our own steamship company. In order to solve transportation difficulties in exporting commodities, our province has set up the Qingchuan Steamship Company. We have bought six steamships. The company's fleet has direct access to Hong Kong, Japan and the areas of Southeast Asia.

In the past few years, our province has developed economic trade with foreign countries at a relatively fast pace. But we are not going to rest content with that. There are still many problems remaining to be solved in this respect. There are three main ones. First, our province's foreign trade represents only 3.9 percent of the total output value of the national economy. This is too low a percentage and cannot meet the needs of the development of industrial and agricultural production. Second, commodities exported by our province are of second grade and of limited variety, packaging is relatively poor and they are not very competitive on the international market. Third, we have attracted too little foreign capital. In order to quickly push economic trade with foreign countries forward, we think that we must firmly and unswervingly continue carrying out the party Central Committee's open-door policy. As far as the province is concerned, we must put emphasis on the proper handling of the following several tasks.

1. We must further raise our awareness of the significance of economic relations with foreign countries. Some progress has been achieved in the past 1 or 2 years. But more must be done to raise our awareness. How should we understand the matter of relying on our own resources? It cannot be said that the less we import, the better able we are to rely on our own strength. Of course, we cannot live on loans and count on foreign countries. But to break into the international market, use all positive factors that can be turned to our advantage and make up our weaknesses with others' strengths--this does not clash with the guideline of relying on our own strength. By so doing, we can use foreign capital and advanced techniques to develop our national industry with the quickest possible speed. This will allow a smooth solution to the difficulties confronting us and quicker development of socialist modernization. We must enable

party committees and governments at all levels to unify their thinking and also various departments to unify their thinking. We must cultivate a foreign trade contingent. This contingent must embody not only comrades from foreign trade economic departments but also relevant personnel working on industrial, agricultural, finance and trade fronts and comrades on party committees at all levels. By so-called cultivation, we mean cultivating not only the skills needed for the job but also, first of all, a unified understanding of economic trade with foreign countries.

2. We must energetically develop the production of export commodities, allowing a relatively great development of foreign trade. In the past few years, foreign trade exports have shown an increase larger than that in industrial and agricultural production. The increase in future exports must also be bigger than that in industrial and agricultural production. This is normal and also necessary. We must not only call for a quick pace of growth but also guarantee quality. In our current effort to reorganize enterprises, we must pay particular attention to economic results. Those enterprises with export assignments must, first of all, see whether the quality of export commodities is good or not, whether the design and style are suited to the needs of the international market, and whether prompt deliveries can be effected.

Over 100 Projects Involving Foreign Technology Will Be Introduced This Year

3. We must use foreign capital in a positive, steady and safe manner, and introduce new techniques and import advanced equipment. Though certain achievements have been scored in this respect in the past few years, they are far from being adequate. In future, we must seek a quicker pace, for that matter. But, of course, this does not mean that we need not proceed in a steady and safe manner. We must seek a quicker pace on a steady and safe basis.

In using foreign capital and effecting technical reforms, we now focus on such priorities as 1) light industrial, textile and food industries; 2) machine-building industry; 3) mining industry; 4) chemical industry; 5) electronic industry; and 6) the building of communications and transportation ports. We are prepared to handle more projects this year. We may take up over 100 projects and work on them for a few consecutive years. The results achieved will then be conspicuous. These reform-related projects (also including a small number of new projects) focus on introducing techniques, importing important equipment and acquiring advanced management experience. Concerning whole sets of equipment, we may have some such imports to meet actual needs. But we should reduce imports of whole sets of equipment to a minimum.

The use of foreign capital may take various forms and involve various methods of operation. We may get involved with joint ventures, compensatory trade, the processing of raw materials, the hire of required equipment, and so forth. We will obtain credits through the Bank of China. We are also prepared to seek through the provincial trust and investment company a fixed amount of free foreign exchange from foreign financial groups and banks and to strive for low-interest loans on the international market.

Chen Pixian Concludes Remarks

HK171540 Hong Kong WEN WEI PO in Chinese 17 Mar 82 p 3

[Report: "Chen Pixian Comments on the Situation in Hubei"--second and last part]

[Text] We shall protect the due interests of those who cooperate with us in accordance with our national law. Our concrete measures are as follows:

1. The interests of both parties should be taken into account whenever a contract is signed.

2. Advanced methods of management should be adopted so that the efficacy of the enterprises can be brought into play. The supreme power organ in a joint enterprise is the board of directors and both sides of the joint enterprise must provide representatives to take up the posts of directors, managers and deputy managers, so that the advanced experience in management from China or abroad can be introduced by them to help the enterprise maintain a comparatively high management level. As to the enterprises engaged in compensation trade or processing trade, representatives of the guest side will be invited to be advisers so that their experience in management can be absorbed. Workers' wages in these enterprises can be higher than in other enterprises, and the system of piece-rate wages or the system of basic wages plus floating wages can be practiced. As to those staff and workers who violate labor discipline and refuse to mend their ways after education, they can be punished or even fired. In short, we must manage the enterprises well so that a reliable material foundation will be laid for ensuring the interests of both sides.

3. Contracts should be carried out once they are signed. We shall be responsible for all losses due to mistakes on our part, and for the losses of the other party due to causes beyond the control of both sides. We shall also do our best to help reduce such losses and increase profits.

4. Transportation will be greatly improved. The backwardness of the present transportation and communications is a great obstacle to the development of foreign trade. We have made up our minds to change this backward situation as soon as possible. We must make full use of the Changjiang River. The Ministry of Communications and the Changjiang Shipping Management Office are making efforts to enlarge the transportation capacity and our province is doing the same. As was just mentioned, we have established a shipping company, but at present we only have one ship. Including the other five which will join us soon, the transportation capacity will still be no more than 30,000 tons. This is far too low to meet our needs. We must build more ships, say, dozens of ships. In several years' time we will be able to sail to Hong Kong and Southeast Asian countries. At the same time, we must build more piers and modern harbors.

5. The economic and trade contacts with Hong Kong, Macao and foreign countries must be further developed. Our province is not far from Hong Kong and Macao. Our Hong Kong and Macao compatriots have always closely cooperated with our provincial foreign trade departments. This cooperation has been further developed in recent years and we now have more trading partners from these areas. We welcome our Hong Kong and Macao compatriots to trade with and invest in Hubei. We shall also make greater efforts to increase our trade with them. At the same time, we shall also develop our trade with Japan, Europe, the United States, the Middle East and Southeast Asian countries as well as with Africa and Latin America.

In short, we welcome all people in the industrial and commercial circles from Hong Kong, Macao and other countries who want to contact and do business with us through proper channels, no matter whether we can reach agreements or not. However, we must point out that we resolutely oppose and will resist all those who want to contact or do business with us through improper channels or even by means which violate our national sovereignty, such as smuggling, bribery, deceit, deliberately spreading the rotten bourgeois way of life and so forth.

In our socialist construction, there are two resources and two markets: domestic and foreign resources and the domestic and foreign markets. Thus, it is necessary for us to achieve abilities in the two aspects: the ability to organize domestic construction and the ability to develop foreign trade. We must make these two complement and support each other and promote the modernizations construction in our province with a faster speed.

When we held an exhibition in Hong Kong last year, your paper gave wide coverage to introducing the achievement of our province. We would like to express our heartfelt thanks for this. In introducing our achievements to other countries, we have done very little work ourselves. It is no wonder that in some foreign countries I have visited, I have found that some foreigners (of course, not Hong Kong and Macao compatriots) only knew Hankou and did not know Hubei. We shall strengthen our efforts in this respect and hope that your paper will continue to further provide information about our province. We must keep in touch with each other in the future. You may also commission Shanghai's WEN HUI BAO and our provincial HUBEI RIBAO or Wuhan's CHANGJIANG RIBAO to solicit contributions for you.

Should you have any suggestions or demands, I will try my best to take them into account. Thank you.

CSO: 4006/367 END

JPRS 80623

21 April 1982

China Report

ECONOMIC AFFAIRS

No. 222

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21 April 1982

CHINA REPORT

ECONOMIC AFFAIRS

No. 222

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NATIONAL POLICY AND ISSUES

PRESS COMMENTS ON LENIN'S 'CONCESSIONS SYSTEM'

HK230946 Beijing BEIJING RIBAO in Chinese 12 Mar 82 p 3

[Article by Zhou Xirong [0719 6932 2837]: "Firm Policy, Special War--Studying Lenin's Thinking on the Concessions System"]

[Text] With the shattering of the imperialist armed intervention and the end of the civil war, the newborn Soviet Union was at an important turning point at the end of 1920. In the face of the devastated motherland that awaited reconstruction, Lenin and the Bolshevik party promptly switched the focus of work to economic construction. Under the guidance of Lenin, the 10th CPSU (Bolshevik) Congress adopted the significant resolution on the transition from the wartime communist policy to the New Economic Policy [NEP]. Lenin firmly held that "Russia under the New Economic Policy will become socialist Russia." ("Collected Works of Lenin," Vol 33, p 401)

The NEP has a substantial content. One of the important aspects is that the state can adopt the concession system, a form of state capitalism, and employ foreign capital to restore and promote the productive force of the country. On 23 November 1920, the USSR issued a decree on the concessions issue. At the same time, Lenin had thoroughly expanded his thinking on the concessions system on several occasions in his important talks and works.

Concessions Have "Nothing in Common With Betraying the USSR"

According to the state decree on concessions: the concessions system would not abrogate the state ownership of the USSR; rather, the USSR signed contracts with foreign capitalists and leased some enterprises, mines and forests, that the country was unable to run or exploit for the time being, to the capitalists so that they could obtain the essential equipment and machinery from the capitalists to bring about a speedy recovery of the Soviet large-scale industry. Lenin once precisely explained the meaning of concessions when he said: "What are concessions from the standpoint of economic relations? They are state capitalism. The Soviet government concludes an agreement with a capitalist. ....The socialist state gives the capitalist its means of production such as factories, mines and materials. The capitalist operates as a contractor leasing socialist means of production, making a profit on his capital and delivering a part of his output to the socialist state." ("Collected Works of Lenin," Vol 32, pp 284-285) Lenin also listed the three objects of concessions: first, timber concessions in the far north, second, agricultural concessions and third, mining concessions in Siberia.

The proposal of the concessions issue had agitated some cadres and the masses. The main reason was that they feared that with the implementation of the concessions system, they would let the foreign capitalists in after having driven out those at home. Some even said, "Don't sell mother Russia in the form of concessions." This is because they did not understand the concessions policy. On the one hand, Lenin was very pleased to see that the masses treated with extreme suspicion every step that involved the possibility of new dangers of the restoration of capitalism. On the other hand, he held that publicity work of the concessions system must be carried out among the masses so as to explain to them that there was no question of selling out Russia to the capitalists. That was because the political power still remained in the hands of the working class and of the workers' state and all the terms of the concessions were under the control of the Soviet government. All concession agreements are limited to a definite period and by definite terms and are carefully considered as to their nature, terms and scale. Lenin firmly held that concessions were merely a kind of economic compromise with the capitalists and "there is no hint in them of selling Russia," ("Collected Works of Lenin," Vol 31, p 448)

"Concessions Are Convenient to Us Both Politically and Economically"

Lenin also pointed out the importance and necessity of implementing the concessions system at that time. He explicitly said: "Concessions are convenient to us both politically and economically, and we must make the best possible use of them." ("Collected Works of Lenin," Vol 31, p 436)

[HK230948] Politically speaking, implementing the concessions system was making use of the contradictions between the capitalist states so as to consolidate the situation of the USSR. At that time, Soviet Russia was in an adverse situation and it was surrounded by imperialist countries. With the implementation of the concessions system, Soviet Russia was able to deter the capitalist states from attacking it. Lenin pointed out: "Is it the correct policy for us to use the discord among the imperialist bandits to make it more difficult for them to unite against us, who are doing everything in our power to accelerate that revolution, but are in the position of a weak socialist republic that is being attacked by imperialist bandits? Of course, it is the correct policy." ("Collected Works of Lenin," Vol 31, p 427) Lenin knew very well that time was extremely important for a country that had just rid itself of the disasters of war. Time would be gained by implementing the concessions system and that "gaining time is gaining everything."

Economically speaking, it is very obvious that the implementation of the concessions system was advantageous to the Soviet Union. First, a portion of foreign capital was to be absorbed by means of concessions so as to make up for the inadequate construction funds. Lenin said, "How can we speed up the development of our economy while we are an economically weaker country? We can do that with the aid of bourgeois capital." ("Collected Works of Lenin," Vol 31, p 392) By implementing the concessions policy, a portion of foreign capital was to be absorbed by enterprises in the concessions. Second, advanced technology and equipment was to be imported by means of concessions. Lenin clearly understood that the economy of the Soviet Union was seriously sabotaged by the war and, without the help of foreign equipment and technology, it was impossible for the country to have a speedy recovery of its

national economy. Thus, Lenin advocated that "conceding a certain management right to the technologically advanced countries under rational conditions as a means to gain their help." Third, by means of concessions, the Soviet Union could train a technological force and learn some skills of enterprise management. According to Lenin, on the one hand, workers would be sent to study technology from enterprises of the concessions; on the other hand, Soviet plants would be set up near the enterprises of the concessions so as to learn their management skills.

As a matter of fact, Lenin also pointed out that concessions would cause some losses; for example, the foreign capitalists would consume a portion of oil, timber and other valuable products. However, Lenin held that this is only a kind of tribute which the workers' state pays to the world bourgeoisie. He frankly said, "Without in any way glossing this over, we must clearly realize that we stand to gain by paying this tribute, so long as it accelerates the restoration of our large-scale industry and substantially improves the conditions of the workers and peasants." ("Collected Works of Lenin," Vol 32, p 446)

"Concessions Are a Continuation of War"

Lenin not only pointed out that the implementation of concessions played an important role in consolidating and developing Soviet Russia, but also revealed that concessions were in essence a continuation of war. In many of his important speeches, he reiterated this important issue and reminded all party members and Soviet cadres to be alert. After foreign armed intervention had been shattered and after victories had been won in the civil war, Lenin timely pointed out: "It must be borne in mind that although we have now gained a military victory and have secured peace, history teaches us that no big question has ever been settled, and no revolution accomplished, without a series of wars. And we shall not forget this lesson. We have already taught a number of powerful countries not to wage war on us, but we cannot guarantee how long it will last. The imperialist predators will attack us again if there is the slightest change in the situation. We must be prepared for it." ("Collected Works of Lenin," Vol 31, p 449) The purpose of implementing the concessions policy is to bring about a speedy recovery and development of the economy so that Soviet Russia will be able to stand on a firm basis; and when troubles crop up, it will not be defeated.

Second, implementing the concessions policy is after all dealing with the capitalists of the imperialist states, and it is strange to maintain the private ownership system and the exploiting capitalists inside a socialist state. Therefore, Lenin further pointed out: "Concessions are a continuation of war by other means," that is a war in the economic field." ("Collected Works of Lenin," Vol 31, p 435 and Vol 32, p 302) Lenin also reminded the Soviet cadres and masses of the bourgeois greediness for profits and called on them to discard any illusion toward the foreign bourgeoisie. Lenin said critically, "They have never forgotten how to bargain, and will bargain at our expense. We are not forgetting that either, and do not in the least imagine commercial people anywhere turning into lambs and, having turned into lambs, offering us blessings of all sorts for nothing." ("Collected Works of Lenin," Vol 33, p 398) On the other hand, Lenin also hoped that the Soviet

cadres would be able to trade and earn money for the state and to lift the country out of its difficult economic situation.

[HK230950] Since concessions are a special kind of warfare between communist and capitalist modes of production, between two social patterns and between two kinds of economies, Lenin also predicted that "Some soviet towns will adopt some evil capitalist practices and the foreign bourgeoisie will attempt to corrupt our cadres to the extent that speculation and espionage will be active in our country." However, Lenin held that these are predictable phenomena and the are not at all dreadful. He pointed out, "Every means of administration, supervision, influence and action will be required," and "we must be on the alert and exercise our communist counterinfluence at every step." (Collected Works of Lenin," Vol 31, pp 417, 416) They must not be neglected and ignored.

Lenin's thinking on the concessions system is both substantial and complete. Today, more than half a century has past; the time, the national conditions and the tasks confronting us are different; however, if we can have a precise and thorough understanding of Lenin's thinking on the concessions system, it might help shed light on the ongoing open-door economic policy of our country.

CSO: 4006/399

HEILONGJIANG COMMENTARY ON ECONOMIC RESULTS

SK290812 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Mar 82

[Station commentary: "Enhance the Guiding Ideology and Pay Attention to Economic Results"]

[Excerpts] The party Central Committee stresses that enhancing the guiding ideology in industrial production and shifting industrial production to increase economic results are strategic policy decisions in economic work. We must enhance our understanding and earnestly implement them.

The main responsibility of socialist enterprises is to produce according to plans quality goods at a fair price, which enjoy good sales and are necessary for production and daily needs to achieve better economic results. Since the Heilongjiang passenger car manufacturing plant established the guiding ideology of "production means to serve society," it has enjoyed good economic results. It enjoys a good reputation because it has attached prime importance to improving product quality and increasing product varieties. It creates a record of obtaining an average annual increase of 35 percent in output value in 5 successive years.

Owing to the deeprooted influence of the leftist guiding ideology, many enterprises produce products which are not in line with the market trend. They blindly stress output value and product quantity. Some only pay attention to profit-making products and take no interest in products that are necessary but can earn only a little profit. They pay no attention to the situation, only their own interests. As a result, they obtain very few economic results. For instance, profits from every 100 yuan of manufactured goods in our province are only 5.7 yuan, 10.9 yuan below the national average. Our products are poor in quality but expensive. How can they be competitive on the market? However, our province has great potential even with poor economic results. If we enhance our guiding ideology in economic work, stress economic results and quicken our pace in the economic development, we can certainly blaze a new trail.

CSO: 4006/399

NATIONAL POLICY AND ISSUES

'SHANXI RIBAO' ON CLASS STRUGGLE IN ECONOMIC FIELD

HK061033 Taiyuan SHANXI RIBAO in Chinese 22 Mar 82 p 3

[Article by Song Runxi [1345 3387 3886]: "Attach Importance to Class Struggle in the Economic Field"]

[Text] It was pointed out in the "resolution" of the party's Sixth Plenary Session that after the abolition of the exploiting class, class struggles will continue to exist for a long period of time in certain areas and will probably be intensified under certain conditions." Studying and understanding this idea of the "resolution" in connection with the current situation inside the party and particularly with the fact that there is a series of criminal activities in the economic field, we can boldly and assuredly draw the following conclusion: At present, it is necessary to attach great importance to the class struggle in the economic field and it is necessary to strike hard blows at various criminal activities in the economic field.

Since the Third Plenary Session, our country's economic front has been flourishing. However, certain questions still exist in spite of the good general situation. One of the outstanding problems is that economic crimes have run rampant in recent years to a horrifying degree. Some people tried all possible means to make use of contradictions between supply and demand, violating the state financial, foreign exchange, monetary administration, material supply and business management laws and regulations and making great profits out of engaging in speculative activities. Some people practiced corruption, theft, smuggling and selling contraband and some even openly evaded payment of taxes. All these have seriously sabotaged the state's planned economy and infringed upon the interests of the state and the masses. What merits our attention is that some cadres and even some leading cadres have gone so far as to ignore repeated injunctions by the party, and participated or supported various criminal activities in the economic field. In the face of such a situation, many places are using the weapon of law to strike hard blows at criminal activities in the economic field. The broad masses of cadres and people were happy about this. Some of them even lit firecrackers to congratulate the government on its success in ridding the people of a scourge. In the light of this, we see that attaching great importance to the class struggle in the economic field accords with the masses' desires.

Some comrades may worry that stressing the importance of class struggle once again will create ideological confusion because the party's work focus has

been shifted and class struggle is no longer the major contradiction. This is in fact a confused understanding. Reality has proved that the shift of work focus put forth at the party's Third Plenary Session and the resolute decision on stopping the use of the slogan "taking class struggle as the key link" are perfectly correct. However, in negating "taking class struggle as the key link," the party has never said that class struggle has been eliminated. We oppose the so-called theory of "stressing the importance of class struggle every year, every month and every day," but we do not say that it is forbidden and unnecessary to stress class struggle. We oppose the so-called theory of "not departing from the key link and line at any place, at any time or in anything we do," but we do not mean that class struggle does not exist anywhere at any time. We oppose the theory of "waging repeated struggles" and promoting exaggeration, but we do not advocate the practice of sending the horses to Nanshan and putting all our knives and guns in the storerooms, turning a blind eye and a deaf ear to the actual existing class struggle or the practice of not striking blows at illegal activities. We oppose the continuous launching of large scale mass movements which are like hurricanes, but we absolutely do not advocate that we can do without the masses and can launch struggles only by relying on a small number of professional personnel of the public security and legal departments. In short, what we oppose is the fallacious metaphysical practice of taking class struggle as the "key link" in everything and using the so-called class struggle to "command everything, replace everything and pound at everything"; we uphold the Marxist principles of seeking truth from facts, proceeding in everything from reality and that everything is dependent on time, place and the conditions. Under such circumstances, when faced without serious economic crimes, should we not squarely face the reality and should we not be determined to proceed from such reality in attaching great importance to the class struggle in the economic field, rely firmly on the masses, correctly make use of the weapon of law, actively adopt effective measures, and strike hard blows at and punish illegal elements for their sabotaging activities?

Certainly, when we attach importance to the class struggle in the economic field, we absolutely cannot repeat past mistakes of oversimplification, doing things in a rigid way regardless of specific conditions and launching movements like a passing breeze. In order to master the laws governing this struggle and gain the initiative in guiding this struggle, it is very essential for us to seriously study the new characteristics of this struggle. One of the major reasons for rampant illegal economic activities is that there has been collaboration inside and outside the country. [HK061035] At present we have established economic and trade intercourse with more than 170 countries and areas in the world. This is a requirement for modernization and is an unshakable principle. We must further develop economic intercourse with foreign countries in the future. However, some illegal elements and even some state cadres have taken advantage in the course of launching economic activities with foreign countries. In order to seek personal privileges, they openly ignored the interests of the state, violated economic discipline in relation to foreign trade and the state's policies and laws, betrayed the state's interests and sold the state's economic information, causing direct and severe economic damage to the state.

Collaboration between cadres of political organs and enterprises and illegal elements in the society is also a characteristic of the current class struggle in the economic field. The majority of our party members and cadres are good or relatively good. They take the lead in abiding by party discipline and state law and being honest in performing their official duties, and they play exemplary roles in not seeking personal privileges and in struggling arduously. However, there is a small number of party members and cadres who make use of their authority to tolerate, support of even participate in criminal activities. Their support and participation account for why some criminals can pass unimpeded and are secure in the knowledge that they have strong backing. They are blinded by lust for gain and their heads are turned by greed. They have forgotten the party's aim and lost their party principles. They are speaking and working for the bad elements and have become the bad elements' tools and "umbrellas."

Another characteristic of the current class struggle in the economic field is that certain economic criminals are engaging in various criminal activities under some legitimate banners such as "upholding open-door economic policies," "enlivening the economy," "for the benefits of the collective" and so on. All these can confuse and deceive the people somewhat. However, taking a comprehensive view of the recently exposed criminal activities, we cannot find anything in common with our reforms of the economic system and project of expanding the enterprises' decision-making power. We uphold an "open-door" policy because we want to develop the economy and we uphold "enlivening" because we want to change the situation which has been too rigidly controlled. The premise for all these is upholding the socialist orientation. What is the relationship between this and the illegal elements' criminal activities in the economic field?

In short, under the socialist system today, there would not have been criminal activities in the economic field if there had not been collaboration inside and outside the country and between upper and lower levels and if criminal activities had not been carried out under legitimate banners. Therefore, we must take the initiative to launch an appropriate attack in the following four aspects: First, peeling off the masks of the illegal elements and exposing the facts; second, seriously investigating and dealing with their support and striking hard blows at criminal activities which occur in the political organs. The big organs and powerful personages should be dealt with more promptly, severely and harshly; third, cutting off connections both inside and outside the country. Those who sell national information, humiliate the nation and forfeit its sovereignty and cause great losses to the party and country will have to be severely punished; fourth, resolutely punishing illegal elements in the society. In regard to those major economic criminals, we must confiscate their property and sentence them according to law so that they will lose both freedom and property. In waging this struggle, we must distinguish between two kinds of contradiction. We must educate the majority of people who commit general mistakes and in some serious cases, we must punish the criminals according to law. No matter who has committed crimes, those who should be punished or imprisoned must be punished or imprisoned. We must ensure that everyone is equal before the law. We must talk about truth and not just talk about face.

Dealing blows at criminal activities in the economic field and correctly launching the class struggle in the economic field absolutely does not imply promoting a mass movement. On the contrary, it means relying on the masses and making use of the weapon of law to correctly and efficiently launch this struggle. This is one of the questions that the CCP Central Committee is determined to solve this year. This struggle is related to the life or death of our party and our country and we are determined and confident of achieving a victory in this struggle.

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NATIONAL POLICY AND ISSUES

'SHIJIE JINGJI DAOBAO' ON SPEED OF DEVELOPMENT

HK251451 Shanghai SHIJIE JINGJI DAOBAO in Chinese No 73, 1 Mar 82 p 9

[Article by Yin Bocheng [1438 0130 2052] and Yao Haijin [1202 3189 6855]: "How Should 'Relatively Realistic Speed' Be Interpreted?"

[Text] In summarizing the characteristics of the new path of our country's future economic development, Premier Zhao Ziyang started off with a "relatively realistic speed." Why do we need a "relatively realistic speed," and how should we interpret a "relatively realistic speed?"

I. We Learned From the Experience of "More Haste, Less Speed"

For a long period of time in the past, our country has been onesidedly pursuing a high construction speed and hoping that the industrial and agricultural output would be increased by more than 10 percent each year. In order to rapidly lift our country from the state of "poverty and blankness" and to counter the threat and aggression of antagonistic foreign powers, developing the national economy at a high speed became the common desire of the people. However, the speed of development is not only determined by the need but also by the capability. It is possible for us to use the words "1 Day Equals 20 Years" to describe the superior features of the socialist system and it is necessary for us to use it to enhance people's vigor, but we can never use it to guide economic construction. We must work according to our capability and proceed in an orderly way and work step by step in developing speed and the scale of construction. More haste will only bring less speed. This is because one-sided pursuit of a high speed will only result in the following: first, we will only be concerned about accumulation and production and will neglect consumption and livelihood, thus violating the socialist aim of production and infringing upon the masses' enthusiasm; second, there will be one-sided development of heavy industry focusing on iron and steel production, creating an imbalance in the national economy; third, there will be blind promotion of capital construction projects and other new projects, thus extending the period of construction and leaving no room for production of consumer products; fourth, when all units and departments blindly pursue a high production speed and high production quotas, they will not take the product quality, market demand and production cost into consideration, thus bringing about bad results. The speed will consequently be slowed down when the results are bad. The guiding "leftist" ideology of blindly pursuing a high speed still existed in the early years after the smashing of the "gang of four." This accounts for why those

unrealistically high quotas and slogans were put forth again in 1978. Funds allocated for capital construction were increased by 50 percent over those of 1977 and complete sets of equipment were blindly and hastily imported from foreign countries. Contradictions in economic construction were eventually reflected by large financial deficits. The "leftist" guiding ideology was not corrected until the Third Plenary Session. People were taught a lesson by the past practice of a "high speed," and they gradually understood that the speed must be more realistic and should not be too high.

II. What Can Be Called "A Relatively Realistic Speed?"

Summing up both positive and negative experiences over the past 32 years since the founding of the country, we eventually understand that a "relatively realistic" speed in economic construction must be:

First of all, a speed that can be attained by means of our hard efforts. That is to say, the scale of construction must accord with the national condition and the capability of the country, and absolutely cannot be decided by our subjective wishes. The criterion for judging whether the scale of construction accords with the country's capability is that only that part of the year's gross social production that remains after deducting a part for the compensation of simple reproduction and public expenditure (such as administrative expenses and national defense expenses) and a part for an appropriate improvement in the people's living standards should be used for construction. Our country had a poor foundation to start with, our population is great and the living standard of our people is low. This is the actual condition of our country which decides that our scale of construction cannot be abruptly expanded and that the speed cannot be suddenly accelerated.

Second, a practical speed without exaggeration. There were many factors accounting for a high growth rate of industrial and agricultural output, a low growth rate of national revenue and an even lower rate of improvement of the people's living standard in the past. However, there were two major factors: First, a high rate of consumption and waste. According to estimates, during the "First 5-Year Plan," material consumption accounted for 44.3 percent of the gross social production. This proportion was gradually raised after the "Second 5-Year Plan" and reached 56 percent in 1979. The second factor was a serious accumulation of materials. Although higher production quotas and output value were fulfilled, the products were only accumulated in the storerooms because they were unmarketable and the quality was poor. For instance, calculating according to the actual volume of mechanical and electrical products installed and utilized that year, volume of products in storage at the end of 1979 was equivalent to 1-1/2 years' consumption. The fact that consumption was high and accumulation was great shows that there was a great deal of exaggeration in the gross output of industry and agriculture. In the future, we must produce better and more necessary products for the people by means of readjusting the economic structure and lowering the consumption rate, enabling the economy to develop at a speed which is not a sham in any form.

[HK251453] Third, a speed which lays a good foundation for developing accumulated strength in the future and absolutely not a speed which brings great ups and downs. Recalling the period of the "Great Leap Forward," industry

(mainly heavy industry) indeed developed at a tremendous speed. The output in 1958 was suddenly increased by 66 percent over that of 1957. How could we do this? We did this first by sacrificing agriculture and light industry and second by rigging up equipment and resources. As a result, we had to spend another 5 years healing the wounds and recuperating from the bad consequences of the 3-year "Great Leap Forward." That is to say, we spent 8 years doing nothing. At present, it seems that we are proceeding at a low speed in promoting readjustment, restructuring, consolidation and improvement, getting rid of various flaws existing in the current economy and coordinating proportionate relations. However, this will lay a solid foundation for developing accumulated strength in the future. Thus, our national economy will develop at a high speed on the new foundation and have greater "staying power."

Having understood the meaning of a "relatively realistic speed," we can correctly understand the current situation and the future principles and prospects. Although the gross industrial and agricultural output of our country only increased by a bit more than 3 percent amid readjustments in 1981, the situation was much better than in 1958 during the "Great Leap Forward." Of course, we do not mean the slower, the better. It does not imply that we are disregarding speed when we oppose pursuing speed one-sidedly. Under the premise of according with the national condition, complying with the country's capability and laying a good foundation for developing accumulated strength in the future, we demand an improved speed without exaggeration as soon as possible. The growth rate was 3 percent last year and it should be possible to maintain a growth rate of between 4 to 5 percent this year. There is hope that the speed of the "Seventh 5-Year Plan" will be higher than that of the "Sixth 5-Year Plan"; and it is hoped that it will be even higher 10 years hence.

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'JINGJI YANJIU' ON SOCIALIST STATE OWNERSHIP

HK130931 Beijing JINGJI YANJIU in Chinese No 3, 20 March 82 pp 44-49

[Article by Zhu Yuanzhen [2612 0337 3791] and Liu Zhidian [0491 1807 0368] of the Economic Department of the Beijing Teacher's College and Liu Xun [0491 1789] of the Economic Research Institute of the Academy of Social Sciences of China: "The Essence of Reforming the Economic Management System is Not to Change Socialist State Ownership"--passages within slantlines denote boldface]

[Text] Over the last 2 years, China's economists have made an extensive discussion on the relationship between the reform of the economic management system and socialist state ownership. In This discussion, some comrades held that socialist ownership by the whole people in form of the state ownership, that is, socialist state ownership, does not suit the socialized productive force. In their opinion, this ownership system does not directly link producers with the means of production. It is therefore the root of all kinds of maladies in our economic life. Thus, they maintained, the essential purpose of reforming the economic management system is to change socialist state ownership. But in our opinion, this viewpoint is not correct.

I. Socialist State Ownership is in Conformity with the Current Level of China's Social Productive Force

One of the reasons given by those people who held that the essential purpose of reforming the economic management system was to change socialist state ownership was the nonconformity between this ownership system and the socialized level of China's productive forces. There are two kinds of "nonconformity theory."

The first kind of "nonconformity theory" does not recognize the characteristics of China's socialist revolution. It says that both when the Chinese Proletariat seized state power and now, 30 years after the seizure of power, the socialized level of China's productive forces is too low to realize nationalization of the means of production. Is it really true that the establishment of socialist state ownership in an economically underdeveloped country such as ours overstepped the level of the growth of its productive forces? Practice has given a negative answer.

First, on the eve of the seizure of state power by the Chinese Proletariat, modern industry was already highly concentrated, though its proportion in the national economy was not great. Bureaucrat capital, headed by the four families of Jiang, Song, Kong and Chen, accounted for over 80 percent of the gross capitalist product of the whole country and controlled the lifeblood of the national economy. The system of state monopoly capitalism was then also adopted. After the founding of the People's Republic of China, the national regime of the people's democratic dictatorship, that is, the dictatorship of the Proletariat, confiscated the enterprises of bureaucrat capital and transformed them into socialist state-owned enterprises, which formed the main body of socialist state ownership. On this basis, national capitalist private ownership was then transformed step by step into socialist state ownership. All this was a historical necessity in China. This development is in conformity with the law that the production relations must suit the nature of the productive forces. In particular, transforming bureaucrat capital state ownership into socialist state ownership was exactly a characteristic of China's revolution. It was the economic foundation for the transition from the new democratic revolution to socialist revolution.

Secondly, Marx and Engels once conceived that socialism would succeed simultaneously in some developed capitalist countries. They also pointed out: /"The Proletariat will seize state power and begin by transforming the means of production into state property."/ (Engels: "Anti Duhring," "Selected Works of Marx and Engels" vol, III p 320) However, we cannot thus make a conclusion that China has not been provided with social productive forces as a base on which socialist state ownership can be founded. In fact, the level of the growth of modern industrial productive forces, which is an objective condition for socialist revolution and socialist state ownership, is not inflexible. The objective conditions for realizing Proletariat socialist revolution and establishing socialist state ownership raised by Marx and Engels in "The Communist Manifesto" were based on the level of the British industrial productive forces at that time, which was far lower than the current level of developed capitalist countries. Over the last 32 years, China has achieved great successes in industrial construction and has progressively established an independent and relatively integrated industrial system and national economic system. The socialized level of China's industrial production has been greatly raised. The material foundation of socialist state ownership has been considerably strengthened. Of course, the current level of China's productive forces is still far lower than the high plane where all means of production can be publicly owned by the whole society. Now, most laborers are still living in a collective ownership economy. A small number of them even have individual ownership relationships. But, none of this is a reason for negating the existence of socialist state ownership in China.

The second kind of "non conformity theory " held that, since the socialist transformation has been largely completed in China, the socialized level of productive forces had been greatly raised, socialist state ownership is therefore out of date and has become an obstacle to the development of social productive forces. This opinion does not tally with the actual situation of socialist economic development in China.

First, the continuous improvement of China's industrial socialization arose exactly from nothing but the basic accomplishment of the socialist transformation, especially the founding of socialist state ownership. Comparing 1980 with 1956, cotton yarn increased by 2 times; the output of coal increased by 4.5 times; the output of steel increased by 7.3 times and electric energy production increased by 17 times. This is important evidence that the socialist state ownership is much superior to the old system. It shows that production relations in under socialist state ownership are completely suited to the level of the development of productive forces. Of course, the superiority of our socialist economic system has not been given full play. But those problems which arose after the socialist transformation are not maladies inherent in socialist state ownership. They are caused by mistakes in the guidelines and backward economic management systems. It is not a correct attitude of seeking truth from facts if we attribute all these problems to socialist state ownership and proceed to negate the necessity of its existence.

Secondly, the comrades who maintained this "outdated theory" often quoted Engels' following words as their basis: "The first act in which the state really comes forward as the representative of the whole of society--the taking possession of the means of production in the name of society--is at the same time its last independent act as a state. The interference of state power in social relations becomes superfluous in one sphere after another, and then dies away by itself. The government of persons is replaced by the administration of things and leadership of the production processes." (Engels: "Anti Duhring," "Selected Works of Marx and Engels" vol 111, p 320) Taken literally, "the first act" here is "the last independent act" and it appears that the task of a socialist state is to use the strength of the Proletariat dictatorship to expropriate the exploiters. Once this task is completed, the existence of socialist state ownership thus seems to be superfluous. Understanding Engels' words in this way is not correct. This is because, Engels wrote another important sentence immediately after the above: "The state is not abolished, /it withers away./" Taken in entirety, these words tell us that socialist state ownership will evolve into another form of social ownership of the means of production, and the state will gradually wither away in this course. It does not mean socialist state ownership should be abolished before the state withers away. Of course, when the state is withering away, the forms of intervention in and management of the social economy by state power will not be unalterable. After the October revolution, Lenin hoped to separate the organs of state power from the economic management organs step-by-step. He hoped the guiding center of the social economy could be moved from the state power organs to the leading socioeconomic organs step-by-step. But the past practice of socialist countries has shown that, up until the present, the conditions for setting up a kind of central leading organ capable of guiding the social economy and independent of the state power of the Proletariat dictatorship have never arisen. The reality in China requires us to improve and strengthen, rather than weaken, the leadership and management of the state over the social economy, particularly the state-owned economy.

II. Socialist State Ownership is One of the Ways of Directly Combining Laborers With the Means of Production

Some comrades think that, in socialist state ownership, the state owns the means of production on behalf of the working people. Thus, laborers and the means of production do not directly combine, but just combine indirectly. As a result, the laborer's initiative and creativity cannot be brought into full play. Thefefore, it is necessary to take changing socialist state ownership as the final aim in reforming the economic management system. This opinion is not correct either.

First, it is necessary to clarify what is the direct way and what is the indirect way for combining laborers and the means of production.

Marx said, "No matter what social forms production take, laborers and the means of production are always the factors of production. But, when these two factors are separated, they are just possible factors of production. Whenever there is production, these two factors must be combined. The specific ways and methods of combination divides the social structure into different economic periods." (Marx: "Das Kapital" vol II, published in 1975, p 44) the so-called "direct combination" mode indicates unity between laborers and the means of production, that is to say, the means of production used by the laborers belong to nobody but themselves. In the history of social development, there were different specific forms of this "direct combination" mode. For example, this direct combination mode can be found in primitive communes, in the production of peasants and handicarftsmen under private ownership, and in production under modern socialist public ownership. The so-called "indirect combination" mode indicates the separation of laborers from the ownership of the means of production. This separation means laborers lose the means of production, but non-laborers can own the means of production, thus forcing a laborer "to become a slave of other men who have made themselves the owners of the objective conditions of labor. He can work only with their permission, hence live only with their permission." All exploitive systems in history are specific forms of indirect combination of laborers and the means of production, talking about the direct mode and indirect mode of combination without making this concrete definition is not proper.

Secondly, the specific modes and ways of combining laborers with the means of production should be analyzed from an historical point of view. It is not possible to abstractedly judge whether "the direct combination" or "the indirect combination" is better.

In the course of the development of human society, the specific modes and ways of combining laborers and the means of production always established on the basis of some specific material conditions, and they are decided by the development of the producitve forces. The direct combination forms in primitive communes and in household agricultural and handicraft production are based on the material conditions characterized by a low level of product of forces and underdevelopment of division of labor insociety. These two forms can closely and directly combine laborers with the means of production, but Marx still called them "naive forms which are not suited to developing labor into /social/

labor or to improving the productive forces of social labor." When the productive forces develop, the separation of laborers from the means of production occur. Both the slave system and the feudal system are specific forms of indirect combination between laborers and the means of production. The forms of capital have made this separation of laborers from the means of production develop to an extreme. Compared with the primitive naive "direct combination," this separation (indirect combination mode) is historical progress. It has promoted the development of social productive forces. The capitalist mode of production has created the material foundation for socialized mass production. The Proletariat and broad laboring masses waged revolution, "expropriated the exploiters" and establsihed socialist public ownership of the means of production. Thus "the former unity" can be restored and the direct combination of laborers and the means of production can be realized. This direct combination is not simply a repetition of the former direct combination, but is a direct combination of opposites, in the form of capital, based on socialized mass production.

Thirdly, socialist state ownership is not an indirect mode of combination, but a direct mode of combination between laborers and the means of production.

In history, there were state ownership by the slave-owner class, state ownership by the feudal landlord class and state ownership by the bourgeoisie. The nature of socialist state ownership is absolutely different from capitalist state ownership and all other forms of state ownership in history. After the Proletariat overthrows the rule of capital and replaces capitalist private ownership with socialist public ownership, the capital ghost which is a barrier interposed between laborers and the means of production will be thus removed and laborers can directly combine with the means of production. This completely conforms with China's socialist state ownership.

Socialist ownership by the whole people indicates that the means of production are owned by the whole society, instead of by individual members in the society or by the collectives formed by some producers. The means of production owned by all working people are unified and inseparable. Only a social center which represents the interests of the whole working people can control and arrange them. When the state still exists, this social center is nothing but the state of the Proletariat dictatorship. Under the leadership of the Proletariat party and functioning as a real representative of the whole society, the state concentrates the means of production in a nationwide sphere, thus realizing common ownership of the means of production by the whole society. Therefore, it is inevitable for socialist ownership by the whole people to take a form of state ownership. In this way, a laborer is both an owner and a user of the means of production. Laborers are no longer separated from the means of production and the two sides are now directly combined.

It cannot be negated that, in the course of development of the communist society, direct combination between laborers and the means of production must go through different stages from low to high levels. As compared with communist ownerhsip by the whole people, direct combination in the form of socialist state ownership is still at a low level. Even so, the direct combination mode based on socialized mass production can still promote the development of the social productive forces.

However, in actual life, laborers cannot fully gain position and rights of masters even under the direct combination mode of socialist state ownership. Sometimes, their position and rights as masters were even undermined. Why could this occur? In our opinion, socialist state ownership cannot be considered as a condition for "reseparating" laborers from the means of production; the socialist state cannot be considered as an "alien" force to the working people. In fact, both socialist state ownership and the socialist state themselves were undermined by alien "forces," such as the Lin Biao and Jiang Qing counterrevolutionary cliques. There is no doubt that all kinds of bureaucracy in the socialist state ownership are also seriously obstructing the laborers from enjoying position and rights of masters. But it cannot be considered that bureaucracy is an inevitable product of socialist state ownership. In fact, socialist state ownership and bureaucracy are incompatible.

III. Social State Ownership is Not the Root of Various Current Maladies in Our Economy

In the opinion of some comrades, various maladies in China's current economic management system, such as state power organs taking the place of economic organs, enterprises being reduced to subsidiaries of the administrative organs at all levels and losing independent autonomy, economic management by more administrative measures instead of economic measures, and so on, are rooted in socialist state ownership. So, they maintain, to reform the economic management system, to overcome these maladies and to promote the development of social productive force, in the end, it is necessary to change the state ownership system. We cannot agree with this argument.

First, the problems of socialist state ownership and of the economic management system cannot be lumped together.

It should be seen that, though the current economic management system in China is related to socialist state ownership, they are, in the end, different sorts of things. This is because: 1) their contents are different. As a form of socialist ownership by the whole people, the essential character of socialist state ownership is the nationwide concentration of the means of production for the working people. As the representative of the whole society and in the name of society, the state owns the means of production and retains their ownership, so as to organize and manage the major economic activities in the entire economy under the ownership by the whole people in the light of the interests of the working people in the whole country. The economic management system we are talking about refers to the whole system of organization forms in production, circulation and distribution, the division of decision-making power and the economic management ways and means under socialist state ownership. Its main task is to set up a scientific and perfect labor organization in accordance with socialist economic laws, so as to bring about high productivity. 2) Socialist state ownership is determined by the development of socialized mass production. As the productive forces have not yet developed to the stage that the state withers away, this ownership system will continue to exist. The economic management system is not only determined by the productive force development and the nature of ownership. It is also influenced by different actual conditions and management experiences. Meanwhile, under the same

socialist state ownership, there can be different modes of economic management systems. 3) China's current economic management system was copied from the Soviet Union in the 1950's. Many aspects in this system do not conform with the socialist economic development patterns in China. China's socialist state ownership is precisely an inevitable outcome of the historical development of China's socialist revolution and construction.

Secondly, "the replacement of economic organs by state power organs," is not an essential characteristic of socialist state ownership.

As is known, economic organs, which are different from state power organs, are formed by adapting to objective needs in economic development. The states of the Proletariat dictatorship though have a function in organizing the economy and setting up some departments in charge of economic affairs, are themselves not economic organs. Those phenomena, such as the replacement of economic organs by the state power organs and the enterprises being reduced to subsidiaries of the state power organs at all levels, are not the inevitable outcome of socialist state ownership, but a kind of malady in the current economic management system. They are the consequence of lumping the functional organs in charge of economic affairs in the socialist state with the economic organs.

Over the last 2 years, in our elementary practice of reforming the economic management system, a number of enterprises have broken through the former limits of administrative departments and areas; they have carried out reorganization and integration, and created a new form of economic organization--the integrated enterprise. These economic organizations have been separated from the state power organs, but the ownership of their means of production has not been changed, they are still owned by the socialist state. Since the separation of enterprise management from government administration does not change the nature of the socialist state ownership, it can prove that the problems of "enterprise management being lumped together with government administration" and "enterprise management being replaced by government administration" have no relation to the nature of the socialist state ownership. They are not the essential characteristics of this ownership system.

Third, "all powers on economic affairs should be centralized to the state, enterprises should not have independent autonomy in these affairs." This is not an essential demand of the socialist state ownership.

Under the condition of the socialist state ownership, an enterprise, as a basic unit in production and exchange activities, should be given relatively independent autonomy. That is to say, the economic power relations between the state and the enterprise should be a relationship between democracy and centralization, should be a unified relationship between the centralized leadership of the state and the independent autonomy of the enterprise.

When talking about how to exercise democracy in enterprises under the socialist ownership stystem, Lenin pointed out that the trade unions should organize the broad working masses "to take a direct part in economic management," "to fight against bureaucratization of the economic organs in the Soviet Government," so as to "truly give effect to the people's supervision." (Lenin: "On the

Trade Union, the Current Situation and the Mistakes of Trotsky and Bukharin," "Selected Works of Lenin," vol 4, p 461) Of course, Lenin also stressed the integrity of the inseparable socialist state ownership in these enterprises owned by the whole people. He said: "To legalize directly or indirectly the ownership of their own production units by the workers in individual plants or trades, or to legalize their rights to weaken or to obstruct the execution of orders issued by the national regime, is a tremendous distortion of the basic principles of the Soviet regime and a thorough renouncement of socialism." (Lenin "On the Democracy [words indistinct] Soviet Nature of Socialism," manuscripts of Lenin, vol 3, p 79)

Our economic management system copied from the Soviet Union has the maladies of overemphasizing the centralized leadership of the state and neglecting the independent autonomy of the enterprises. Because the state departments excessively and overrigidly control the enterprises, the initiative and mobility of the enterprises cannot be brought into play, the master position of workers is weakened, thus blocking the growth of productive force. As early as in 1956, aiming at these maladies of the current economic management system, our party made a summary and laid down the policies for reforming this system. It is regrettable that, owing to various reasons, these policies could not be properly put into effect. They were not put on our working agenda until the 3d plenary session of the 11th CCP Central Committee in 1978.

Fourth, "the economy is managed by administrative measures in place of economic measures." This is not decided by the essence of the socialist state ownership.

Under the condition of the socialist system of ownership by the whole people, the state enforces "administrative interference" in the national economy, and adopts scientific administrative leading measures. This is suited to the needs of socialized mass production and is necessary in working according to objective socialist economic laws. If this indispensable "administrative interference" and the scientific administrative measures in the economic work are discarded, that is equal to relinquishing the unified leadership by the state over the overall economy and to abandoning the planned economy. Is that not just like a band losing its conductor and an army losing its commander? When we are reforming the economic management system, it is absolutely necessary to expand the independent autonomy of the enterprises, but this can never weaken the unified leadership by the state over the whole national economy, never lead to giving up the guidance of state plans and the necessary administrative interference.

"Replacing economic measures with administrative measures" is undoubtedly incorrect, but these two aspects should not be set one against another. Administrative measures should not be absolutely negated, let alone be lumped together with bureaucratism and arbitrary orders. In socialist economic management, both administrative and economic measures are indispensable; they should be properly linked together. Both administrative and economic measures should be based on socialist economic laws. It is not appropriate to simply consider that administrative measures are bound to violate economic laws. By adopting administrative measures, the socialist state can formulate and issue unified

national economic plans (including the assignment of some plan targets as instructions on the production of some major products), and lay down and release policies and decrees on economic affairs. All this should be done on the basis of the objective economic laws. The administrative measures in line with the objective economic laws are scientific ones, and they are absolutely indispensable. Only those bureaucratic administrative measures against the economic laws should be resolutely abandoned.

To sum up, though the socialist state ownership system is related to the current economic management system, they are not equivalent to one another. The maladies occurring in the current economic management system are not inevitably related to, and have no essential relations with socialist state ownership. Therefore, the conclusion that the essential purpose of reforming the economic management system is to change the socialist state ownership is incorrect.

IV. Adhering to the Correct Orientation in Reforming the Socialist Economic Management System in China

Under China's current conditions, the existence and development of the socialist state ownership system is a historical necessity; thus this ownership system cannot be randomly abolished. If it is abolished at present, the state of the people's democratic dictatorship or the dictatorship of the Proletariat can no longer be a socioeconomic power center, a centralized and unified organizer and leader of the economy under the whole people ownership system. Then, are there any other strength and organizations in society that can take its place and play the same authoritative role to enforce unified planned leadership over the whole national economy and to guarantee the ownership of the means of production by the whole people? This state of affairs will certainly result in each enterprise going its own way and the national economy falling into anarchy.

Of course, it does not mean that the current economic management system in our country does not need to be reformed. Reform is imperative under the current circumstances. The problem is what should be reformed, how to reform it and what aims should be attained in this reform. After study and discussion in the last 2 years, economists basically agree that, the principles and the orientation in reforming China's economic management system should be as follows: while keeping the system of public ownership of the means of production in a dominant position, make great efforts to develop commodity production in the light of the principles of the socialist planned economy; conscientiously applying economic laws, breaking with the old administrative conventions and shaking off the ideology arising from the natural economy, change over from the old policymaking system of overcentralization by the state to a new policymaking system under which regulation by planning mechanism plays a major role and regulation by market mechanism plays a supplementary role and all aspects of the state, the collective and the individual laborer can be well coordinated; and change over from economic management mainly by administrative measures to economic management mainly by economic organization, economic measures and economic laws and regulations. The purpose of the reform is to establish a Chinese-style socialist economic management system in the light of China's specific conditions, to arouse initiative in all respects, to reasonably or-

ganize economic activities and to achieve the best economic results with the lowest labor consumption, so as to speed up our socialist modernization construction.

It can thus be seen that the reform of the economic management system currently going on in China is not to change or to abolish the socialist state ownership system, but to help consolidate and develop the socialist state ownership system. Those opinions that the essential purpose of reforming the economic management system is to change the state ownership form of the socialist system of ownership by the whole people into the so-called "social ownership system" or "autonomous system of ownership by the whole people," or the so-called "enterprise ownership system," can only bring confusion to our economic reform in theory and in practice.

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'JINGJI YANJIU' ON PRC RURAL MARKET, MODERNIZATION

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[Article by Yang Chengxun [2799 2110 6064] of the Henan Provincial Economic Research Institute of the Academy of Social Sciences: "Role of the Rural Market in Promoting China's Modernization Program"]

[Text] Our country has a population of 1 billion people, of whom 800 million are peasants. Our economy and culture are relatively backward. These are our difficulties. Hence, in undertaking the modernization program, we must take this into account, and if we ignore it we shall be committing leftist errors. But can we not change the disadvantageous factors into advantageous factors? Comrade Mao Zedong said: "The results of the struggle between two opposing parties in a confrontation are usually seen in their mutual conversion under certain conditions. Herein, the conditions play an important role (Mao Zedong: "On the Problem of Correctly Handling the People's Internal Contradictions," "Selected Works of Mao Zedong," vol 5, p 398). Do we have the necessary conditions for conversion? Yes, we have. Of them, an important one is that by means of bringing the superiority of the socialist system into full play we can arouse the enthusiasm of the 800 million peasants and promote the development of agriculture, industry and the entire national economy. The events following the 3d plenary session of the 11th CCP Central Committee have fully confirmed that this can be accomplished and that the focal point depends on the adoption of a correct policy. As we see it now, the following measures are effective: 1. Improving the operation and management of the collective economy and its organizational forms through the implementation of the various forms of the responsibility system of linking remuneration to output. 2. Readjusting the rural economic structure through the development of diversified operations. 3. Promoting advanced scientific technology and advancing in the direction of agricultural modernization in line with local conditions. 4. Promoting the coordinated development of agriculture, industry and the entire national economy through enlivening the rural market. If these measures are all effectively carried out, then our "burden" can be converted into a motive force. In this article, the winner will present his crude views on how to utilize the role of the rural market in the modernization program.

The Vast Domestic Market Can Be Converted into an Enormous Motive Force For Economic Development

The historical development of capitalism over the past several hundred years has demonstrated that a continuously expanding market is an important condition for the existence and development of socialized large-scale production. One of the special features of the capitalist economy is that it is built on the foundation of the existence and growth of foreign trade. Just as Marx described: "The discovery of the American continent has prepared the ground for the establishment by big industry of a world market. The world market has enabled commerce, navigation and inland communications to develop greatly. In turn, this development has promoted the expansion and development of industry. At the same time, the greater industry, commerce, navigation and railroad communications expanded and developed, the greater the capitalist class developed, the more they increased their capital, and the more they pushed the remnant classes of the middle ages to the back corners" (Marx and Engels: "Communist Manifesto," "Selected Works of Marx and Engels," vol 1, p 252). Without the existence of a market, in particular without a world market, modern industry and technology would not have developed so rapidly, and nor would the capitalist system have been established so solidly.

Although the nature and purpose of socialist production and capitalist production differ from one another, both of them are socialized large-scale production and hence must have many laws and regulations in common. For example, both require the condition of the existence of a market and both depend on market expansion as the motive force for promotion of production. For a fairly long time, socialist production will still be production of commodities. It is commodity production based on the public ownership system and under the guidance of a planned economy, and it is unthinkable not to have a daily expanding market. However, on account of the restrictions of historical conditions and the nature of society, it cannot depend on a world market. Rather, it principally depends on the domestic market engendering a benign cycle for social reproduction based on continuously satisfying the daily increasing material and cultural needs of the people of our country. This is different from the market condition of capitalism. It is also a manifestation of the superior character of the socialist system. This is because under the socialist system the chronic disease of a dwindling domestic market does not exist. On the contrary, the tendency is that frequently production cannot catch up with the growing social needs and the domestic market is daily expanding. If utilized well, the conditions for production development are far superior to those under capitalism.

Other special features of the domestic market in our country are the following: the rural population makes up more than 80 percent of the total population. The consumer public consists of two categories: the urban residents and the rural residents. Their proportion is 2:8. The great majority of the consumer public are in the countryside and the rural market is the principal constituent of the domestic market. At the time of the democratic revolution, Comrade Mao Zedong had already pointed out this special feature. He said: "Peasants--they constitute the principal part of China's industrial market. Only they are capable of providing plentiful grain and raw materials and absorbing the largest quantity of industrial goods" (Mao Zedong: "On a Coalition Government,"

"Selected Works of Mao Zedong," People's Publishing House, 1966 edition, horizontal typesetting, p 978). Following the basic completion of the transformation of the system of private ownership of the means of production, he again pointed out on several occasions: "Now we have founded a socialist rural economy. Regardless of whether light industry or heavy industry is being developed, the countryside provides an extremely large market" (Mao Zedong: "Speech at Conference of Party Secretaries of Provinces, Municipalities and Autonomous Regions," "Selected Works of Mao Zedong," vol 5, p 360). This line of thought on the part of Comrade Mao Zedong completely conformed with China's realities. However, subsequently due to the leftist rural policy and other leftist errors, this correct ideology was never thoroughly implemented. This was one of the reasons for the subsequent imbalance in the national economy.

In my opinion, we can make an assessment as follows: the role of our rural market in the socialist modernization program is tantamount to that played by the new American continent discovered by the capitalist at the height of their development. While capitalism has relied principally on the utilization of the world market to accomplish modernization and has taken several centuries in so doing, similarly socialism can rely principally on the domestic market with the rural market as its center for the realization of its modernization program but will take much less time in so doing. Naturally, this does not mean that the international market can be completely dispensed with. On the contrary, the international market also plays an important role in promoting our construction program and therefore cannot be ignored in the slightest degree. Nevertheless, we should focus on the domestic market. At the same time, this does not mean that the urban market in the country is not important, since at the moment, the retail sales of commodities in the urban areas make up 40 to 50 percent of the gross retail sales of the country and from now on the urban areas will continue to be an important part of the domestic market. However, viewed from the standpoint of future development and of market potential, the consumption power of the rural areas will far surpass that of the cities and towns and will assuredly play a much larger promotional role on the entire national economy. Because:

First, the rural market has an enormous capacity. Because the rural population consists of over 800 million people, which is equivalent to 4 times the population of the United States, 7 times that of Japan and 16 times that of France, their consumption capacity is naturally enormous. Viewed from the angle of the volume of money in circulation, cash disbursements of the countryside make up over 60 percent of the gross volume of cash in circulation. If we include the purchases made in the urban areas by rural residents, the volume of retail sales of commodities to people in the countryside makes up roughly 70 percent of the gross volume of the retail sales of the country. Of the gross retail sales of industrial consumer goods (including means of production for agricultural use), the countryside occupies roughly 60 to 70 percent. In reality, the volume of the retail sales of commodities cannot entirely indicate the actual volume of demand on the part of the peasants. Quite a large portion of the sales of commodities were carried out via many and varied channels and it is difficult to compile really exhaustive statistics concerning them. In particular, commodities are presently in short supply. There are

many instances of peasants holding RMB notes in their hands but being unable to procure the goods they want on account of the short supply. According to an investigation made in Wubu County of Henan Province, the average per capita cash holdings of commune members in the countryside were 10.14 yuan at the end of 1978, 13.98 yuan at the end of 1979, and 20.59 yuan in 1980. In other words, over a 3-year period, the amount increased by over 100 percent. It is found that at the end of 1980, the total amount of cash holdings and savings deposits of commune members amounted to 34.4 percent of the gross monetary receipts of the commune members. This would seem to indicate that roughly 1/3 of the purchasing power could not be realized and had to be withheld. Even at this rate of 1/3 it could mean that the actual market deficiency for the country as a whole amounted to several tens of billion yuan. In particular, the shortage of consumer durables was especially serious. For example, the following table illustrates the disparity between demand backed by actual purchasing power and the available supply of major commodities in Xixia County:

Commodity	Unit	Demand	Available Supply	Shortage	Percentage of Shortage to Demand
Bicycles	1	8353	3000	5353	64.1
Wristwatches	1	6462	1300	5162	79.9
Sewing Machines	1	9848	2000	7859	79.8
Radios	1	8420	3200	5157	61.2
High-Grade Apparel	10,000	24.8	11	13.8	55.6
Small Electric Fans	1	123	0	123	100

If it is assumed that in order to give the consumer some leeway in the choice of goods and that for every 100 yuan of purchasing power, commodities worth several hundred yuan must be held in readiness, then a much larger volume of commodities would be needed. In such a case, even if the entire output of light industry in the country at present were sent to the rural market, it would still not be sufficient to meet the demand.

Second, in the countryside the growth in commodity consumption does not take place at an average speed but rather at an accelerated speed. Since the 3d plenary session of the 11th CCP Central Committee, the increase in the state purchase price of agricultural products, the implementation of the system of linking remuneration to output, and the development of diversified operations have enabled the peasant masses, whose income was at a very low level for many years, to have their income rapidly increased. In the 18 years between 1959 and 1976, the income of the peasants averaged an annual increase of less than 1 percent. In some of the years, there was actually a decrease. Beginning from 1977, the income of the peasants averaged an increase of 10 percent, while in 1978 and 1979, the increase was 20 percent and in many localities (particularly the backward areas) the increase actually reached 30 to 50 per-

cent. Take for example the savings deposits of commune members in Henan Province. In the 7 years between 1970 and 1976, the gross amount of deposits increased by less than 200 million yuan, but in the 5 years from 1976 to 1980 the increase was nearly 500 million yuan while in the 2 years 1979 and 1980 an increase of 400 million yuan was made. Hereafter, following the further implementation of the policy of the third plenary session, agricultural production and the peasants' income will continue to increase. This will form the basis for the continued expansion of the rural market. Meantime, because of their originally low basic level, the extent of the increase will surpass that in the cities and towns.

It must be pointed out that expansion in the volume of demand in the rural market and the increase in the income of the peasants do not progress in a parallel manner but that the former gathers speed faster than the latter. This is because our rural villages are still in the process of transition from "self-contained consumption to semiself-contained consumption thence to consumption of a commodity or commercialized nature. The greater the increase in the peasants' income, the greater will be the relative weight of the consumption of a commodity nature. The law governing this transition may be illustrated by the following tabulation of the economic conditions of our country's peasants during the 3 years 1978 to 1980: (note: the materials in this tabulation are based on investigation data released by the state statistics bureau and published in RENMIN RIBAO on 3 January 1981; figures for 1980 are approximate, computed on the basis of data from the state statistics bureau):

Year	Per Capita Income		Net Per Capita Living Expenses		Self-contained Consumption			Commercialized Consumption		
	Amount	Increase (A)	Amount	Increase (A)	Per Capita Amount	Increase (A)	Ratio (B)	Per Capita Amount	Increase	Ratio
	(Yuan)	(Percent)	(Yuan)	(Percent)	(Yuan)	(Percent)	(Percent)	(Yuan)	(Percent)	(Percent)
1978	134.0	--	115.86	--	71.02	--	61.3	44.84	--	38.7
1979	160.2	19.5	134.50	16.1	76.28	9.7	56.7	58.25	29.9	43.3
1980	206.4	29.1	165.1	22.7	82.55	8.2	50.0	82.55	41.7	50

Note: (A) Increase over preceding year;
(B) Ratio of total living expenses.

The above table shows: 1. The increase in the peasants' net income and the rise in their living expenses do not follow the steps of the ratio between self-contained consumption and total living expenses. Rather, they follow the steps of the ratio between commercialized consumption and total living expenses. 2. Accompanying the increase in the peasants' income and the improvement in

their living the speed of increase in self-contained consumption shows a progressively decreasing trend whereas commercialized consumption shows a progressively increasing trend. 3. The speed of the increase in commercialized consumption surpasses that of net income and that of living expenses. The reasons are exceedingly simple. The self-contained consumption of the peasants consists principally of the basic materials of life. As soon as it increases to a certain limit, it will begin to fall, or not to increase at all. On the other hand, commercialized consumption consists principally of materials for enjoyment or for development. The demand for them is unlimited. For example, when the grain ration reaches 500 to 600 jin, there is no need for any further increase, and after the problem of filling the stomach has been well settled, the peasants will turn their major attention to improvements in clothing, housing, articles of daily use, transportation, culture and recreation. Simultaneously, the demand for industrial food may also increase. For this reason, in planning for the rural market we should take into consideration not only the peasants' income but also the trend of the peasants' consumption of a commodity nature increasing at an accelerated pace.

Third, there is also a progressively increasing demand for products of better quality. Generally speaking, the consumption level of the peasants is much lower than that of urban residents. All that they want is that the goods are cheap in price and durable in quality. But in more recent years the peasants have begun to purchase goods of a higher-grade and in many respects to gradually follow the example of the urban residents. This is also a trend worthy of note. Thus, we have not only the mission of expanding the sale of commodities in the rural market but also that of improving the quality of the industrial products, that is to say, gradually improving the quality of the products on top of their popularization. This means that for the sake of the industrial enterprises we must study the special features and changes in rural consumption, in order that we can better serve the needs of the 800 million peasants.

The above has special reference to the means of subsistence. As a matter of fact, the demand for the means of production also tends to increase at an accelerated pace.

In short, we should pay special attention to the unlimitedly extensive rural market and consider it as a more important factor than the "discovery of the new American continent" formerly. The failure to understand this will mean the failure to know the reasons for the sharp contradiction between supply and demand and far less to take it as an important motive force. At present, on the one hand, there are big gaps in our rural market and on the other hand many industrial enterprises are not operating at full or sufficient capacity. This contradictory phenomenon precisely illustrates that we have failed to comprehend and consciously utilize this important factor, thus adversely affecting the benign cycle in social reproduction. Marx once said: "Speaking simply from labor itself, social production can be divided into the two main categories of agriculture and industry. This may be known as the general division of labor" (Marx: Das Kapital," vol 1, People's Publishing House, 1955 Edition (same below), p 389). Agriculture and industry are the most basic departments in social production. The division of labor and exchange between them constitute the basis for division of labor and exchange in society

as a whole, while the rural market provides the bridge for communication between these two big departments. Whether or not these two big departments are developing harmoniously is well reflected by the rural market. One of the superior features of the socialist economy is the promotion of the harmonious development of industry and agriculture via a unified market under planned guidance. Just as Lenin proclaimed: "The use of products of a large-scale ('socialized') industry in exchange for products of the peasants is the essence of a socialist economy and is the basis of socialism (Lenin: "Outlines of Book on 'The Grain Tax,'" "Collected Works of Lenin," vol 32, p 311). If we merely look at the enormous market without doing anything or making use of it, then there is no outlet for our industry, the economic essence of socialism will be violated and the foundation of socialism will be damaged. The alliance between industry and agriculture may even be broken. When talking on correctly handling the relations between industry and agriculture, Lenin pointed out: "The so-called normal relations should be, and can only be, thus: the proletariat having control of big industry and of the products of big industry, by means of which they cannot only fully satisfy the needs of the peasants but also supply them with the means of subsistence and improve their living conditions. People can thus clearly see and feel the disparity of the capitalist system. In this way, and only in this way, can the basis for a normal socialist society be established" (Lenin: "10th Congress of Russian Communist (Bolshevik) Party," "Collected Works of Lenin," vol 32, p 250). We must achieve such a high-grade understanding and utilization of the rural market to bring into being a benignant cycle of the socialist economy and to augment the alliance between industry and agriculture.

Based Mainly on the Rural Market, Establish a Pagoda-type Service Orientation Structure for Industry and Raw Material Structure for Light Industry

Marx pointed out: "Insofar as industrial production is concerned, a continuously expanding market constitutes a necessary condition for its subsistence (Marx: "On the Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26 (III), p 521). This principle likewise applies to the development of our modern industry. Implementation of the planned economy on the basis of the public ownership system not only does not eliminate the supplementary role of regulation by market mechanism but also takes the market supply and demand relations as the basis for formulating the plan. Under the conditions of the existence of products in a commodity form, only in performing well the task of forecasting the market supply and demand relations can we make the national economic plan function in an appropriately proportionate manner. A plan which deviates from the market is necessarily a blind plan and is no less harmful than a state of anarchy. Industrial production must conform with market needs. Only then can it develop, can the product structure become rational and can better economic effect be achieved.

What kind of market should our industry face? And which category of consumers should it serve? This has a bearing on the direction of development and the development speed of our modernized industry. As can be seen now, generally there are three markets, namely, the international market, the domestic urban market and the domestic rural market. The proportionate relations in the distribution of industrial products among these three markets constitute what may be called the service structure of industry. Acting in accordance with this service structure, putting the various industrial enterprises and industrial products in line, planning and arranging production in a planned manner,

and knowing exactly the direction of movement, we can thus avoid proceeding blindly. This will help in achieving control in a planned manner of the different markets and in thereby obtaining the best microeconomic effect and also the best macroeconomic effect. Formerly, we did not do enough research on the service structure of industry. We stuck to the generalization of two major categories, namely, light industry and heavy industry, while the majority of the enterprises failed to clearly know to which market they should belong. In my opinion, we should, based on our country's national condition and on the position occupied by the rural market in our national eocnomy, fix in general the proportionate relations of our industrial service structure, as follows: International market, 10-20 percent; domestic urban market, 30-40 percent, and domestic rural market, 40-50 percent. A pagoda-shaped service structure should be formed, and the rural market should clearly be the main component. The service orientation of the enterprises and products should be fixed in accordance with the varying demands of the various markets. Naturally, the enterprises are at liberty to cross over to other markets but their main efforts should be devoted to their own principal market. This will help the enterprises in studying the special features and the changes in consumption of their clients. It will facilitate the fixing of production in accordance with the marketing prospects, and will also facilitate the unification of speed and effect.

This pagoda-shaped service sturcture is applicable not only to light industry but also to heavy industry. In 1957, Comrade Mao Zedong pointed out: "That heavy industry must take agriculture as an important market has not been fully understood by people at present. However, following the gradual development of the technological reform of agriculture and agriculture becoming daily more modernized, the various industries and trades such as machine building, fertilizer, water conservancy, electric power construction, transportation, fuel, construction materials for civilian use, and so forth, will be steadily increasing. The state of heavy industry taking agriculture as its important market will become more easily understood by people at large" (Mao Zedong: "On the Problem of Correctly Handling the Internal Contradictions of the People," "Selected Works of Mao Zedong," vol 5, p 400). We should follow this thought of Mao Zedong and systematically conduct research work on rural construction, in order that heavy industry may arm the countryside on all sides. In this way, heavy industrial enterprises not only can basically change the situation of having none or only few orders but also reap better economic effect than the former way of eating "ready-made meals." For example, following the implementation of the responsibility system, the vast countryside is in urgent need of a large quantity of medium-sized and small farm tools suitable for local use, while the supply of hand-operated tractors lags behind demand and chemical fertilizer is likewise in short supply. For another example, due to over 2/3 of the localities in the countryside lacking fuel for household use, plant stalks and straw cannot be made into compost for the fields, and this results in the deterioration of the soil's organic composition and fertility. This directly disrupts the benign cycle in the ecosystem. If, for use in the countryside, our machine-building industry can produce a large quantity of cheap, highly efficient and up-to-standard parts of equipment for methane generation and also produce plentiful marsh gas electricity generating sets and solar energy ovens, then not only can there be a large conservation of coal, crude oil, and firewood and can a benign cycle in agriculture be promoted, but also the enterprises will be brimming with vitality.

The same thing is true with civilian construction projects. It can be expected that the next 10 to 20 years will be a period for large-scale rebuilding of houses in the countryside. The requirement for construction materials will be especially brisk and, indeed, much can be done by the building materials industry and the metallurgical industry. If we roughly estimate that on the average each rural resident requires industrial products worth 1,000 to 2,000 yuan, the aggregate requirement for the whole country will amount to over 1 trillion yuan, equivalent to 5 to 7 times the gross output value of heavy industry in 1980. If we add on the value of the mechanical equipment for large-scale water conservancy projects, electric power generators, and communications and trans-ortation equipment, then the resulting total figure will be a staggering one. In short, heavy industry will have an unlimited future if it turns to the rural market.

Turning to the supply of industrial raw materials from the countryside, we can readily see that light industry must also utilize the rural market well for its own development. At present, of the raw materials for our light industry and textile industries, over 40 percent consist of agricultural, animal husbandry and sideline products. Some comrades take this phenomenon as an indication of our backwardness in technology and economy. They advocate a gradual transference to the use of industrial raw materials. In my opinion, this suggestion deviates from our own national condition. It is just like "picking the short and avoiding the long." True, it is necessary that for the sake of strengthening the light and textile industries we must have a certain amount of additional industrial raw materials on the foundation of self-reliance and import certain materials (such as chemical fiber). But under no circumstnaces should we abandon the superior position enjoyed by our agricultural, animal husbandry and sideline products and thus, literally speaking, "seek far and wide for what lies close at hand." First, we must take into account the economic interests of the 800 million peasants and find an outlet for the daily increasing volume of agricultural, animal husbandry and sideline products. Second, facts have shown that the use of agricultural, animal husbandry and sideline products as the major raw materials has achieved comparatively good economic effect. Take for example the case of Henan Province in 1979. Here, on the basis of a capital investment of 10,000 yuan the yield of profits tax from heavy industry was 1,093 yuan, from light and textile industries, 5,124 yuan and from light industry using agricultural, animal husbandry and sideline products as raw materials, 6,578 yuan. The period of capital recovery was 9 years and 2 months for heavy industry, 1 year and 11 months for the light and textile industries, and 1 year and 6 months for light industry using agricultural, animal husbandry and sideline products as raw materials. Third, much can yet be done in the processing of agricultural, animal husbandry and sideline products in regard to quantity, quality and variety. As a matter of fact, much of the processing work now being done in foreign countries we are still incapable of doing. Fourth, for the development of the light and textile industries, the utilization of agricultural, animal husbandry and sideline products, with their complete assortment of varieties, constitutes an important magic weapon for breaking into the international market. In other words, our light and textile industries must make full use of agriculture--this big treasure-house of biological resources--and rely principally on the rural market. This represents an important factor for the promotion of a benign cycle in our country's industry and agriculture

and in the whole national economy. It should be considered as one of the special features of our country's modernization program.

Use the Rural Market to Promote the Intensification, Specialization and Commoditization of Agriculture

The enlivening and expansion of the rural market not only prepare a market for industry and promote the development of light industry and heavy industry, but also can promote the development of agriculture itself. In a directive on the development of diversification of operations in the countryside, the party Central Committee and the state council pointed out: "We must make our comrades understand that without fully developing socialist commodity production, our agriculture not only cannot accomplish modernization but also cannot extricate itself from the state of poverty." We must learn how, under planned guidance, to skillfully utilize regulation by market mechanism to promote the development of agriculture.

In this regard, we can learn from Lenin's thinking and practice at the time of the new economic policy. Lenin's important starting point was to fully arouse the peasant's enthusiasm and let them concern themselves with the individual's interests (in combination with the state's interests). At the same time, commodity circulation "is a stimulation, encouragement and promotion to the peasants" (Lenin: "10th Congress of the Russian Communist (Bolshevik) Party," "Collected Works of Lenin," vol 32, p 215). That can heighten the peasants' interest in management and operation. He said: "Implementing the system of commodity exchange stimulates the peasants to enlarge their sown area and to improve their farming technique" (Ibid, p 424). This thinking and policy of Lenin enabled the Soviet regime to overcome the serious difficulties confronting agriculture. It was an exceptionally successful experience. In our country, many concrete instances have testified that the rural market is the barometer of the rural economy and plays an important role in promoting the development of agriculture. We should make skillful use of the counteraction of the market.

Marx said: "In comparison with the labor of workers in the manufacturing industry under the system of division of labor, the labor of peasants employs a much larger degree of brain power" (Marx: "On the Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26 (II), p 259). This is because agriculture is much more subject to the effects of the natural elements. It requires a higher degree of prediction, judgment and adaptability. Under the conditions in our country of a huge population, scanty land resources and complex natural environment, agriculture can only take the road of a high degree of intensification. What is principally required here is the arousal of the enthusiasm of the laborers and the upgrading of their scientific technology and level of management and capability. In this regard, the market plays an extremely stimulating role on the peasants. By means of the market, the peasants can increase their income by selling their own surplus products. In turn, they can purchase the industrial goods they need and thus continuously improve their standard of living. Judging from the high yield of private plots, the hidden potential of land is still rather great. What acts as an important lever here is that the material interests of the laborers are directly affected and that their products can be disposed of in the country fairs. If in the collective utilization of land, egalitarianism can be overcome through the adoption of the responsibility system linking remuneration to output and if rational

benefits can be achieved from the market, then it is possible to fully arouse the peasants' enthusiasm in working, investing and grasping scientific techniques. The hidden potentials of land can thus be fully tapped and production can be greatly increased.

The development of agricultural specialization and the development of the market economy are also directly related to each other. The formation of agricultural specialization is a natural process in the development of the commodity economy. Mankind's subjective will cannot arbitrarily demarcate the specialization areas. The resort to administrative intervention can speed up this natural process but it cannot skip over the process or ignore it altogether. Insofar as our country is concerned, we should not completely copy the pattern of specialized division of labor in foreign countries. On the contrary, we must retain our own special features. In our country, with the exception of a small number of localities, the great majority of the rural areas should take up one major trade but must strive for a comprehensive development of other trades as well and should not confine themselves to the development of one trade only. We should fully utilize our natural resources and our manpower resources and engage in diversified operations. At the same time, we should develop, with the household as the basis, small breeding and rearing farms, small plantations and small processing units. This will yield a comparatively good economic effect and will help the peasants to solve their own food problem and promote a benign cycle in agricultural ecology. On this basis we should then proceed with the organization of specialized households and specialized teams. The role of the rural market is to stimulate and regulate the development of diversified operations or trades and, by means of such measures and channels as marketing, pricing, credits and loans, administrative control, technological guidance, and so forth, arouse the peasants' enthusiasm in developing diversified operations. As we see it now, the circulation media presently available are still far short of the needs for development of diversification. In fact, in some cases, they are a deterrent, such as for example problems related to pricing, purchasing and transporting agricultural and sideline products. In order to enable the countryside to greatly develop diversified operations, and, on this basis, to organize specialization, we must firmly grasp the circulation links.

Only by developing the intensification and specialization of agriculture can we raise to any great extent the commoditization of agricultural products. Take grain for example. In a large agricultural country such as ours, to depend on imported grain for a prolonged period of time is by no means a normal phenomenon. We should as soon as possible realize selfsufficiency in grain supply. It is true that raising the state purchase prices of grain and other agricultural products will naturally increase the state's fiscal expenditures, but this will be immensely more worthwhile than importing grain and cotton. Some comrades may express concern that following the implementation of the responsibility system of linking remuneration to output, the surplus products of the peasants will increase and a petty commodity economy will develop. This viewpoint, on the one hand, overlooks the fact that following the implementation of the production responsibility system the character of the collective economy still remains unchanged and is basically different from the petty private ownership economy. On the other hand, it fails to clearly comprehend the role of the socialist unified market. This unified market plays the role of a big melting pot under the guidance of the state plan. It gradually absorbs the products of the diversified businesses onto the track of the

socialist planned economy and converts them into socialist commodities. As a matter of fact, our commodities are not too plentiful, but are pitifully scanty. We should not restrict the commodity economy but should promote its development. For this reason, we must fully utilize the role of the rural market, including that of the planned market which constitutes the main body, and that of the supplementary country fairs.

Small Cities and Towns Scattered All Over the Country Will Lay the Foundation for a "New and Higher-grade Combination" of Inudstry and Agriculture

The enlivening and development of the rural market will bring prosperity to the myriads of small cities and towns scattered all over the vast countryside. This is of deep significance in promoting the combination of industry and agriculture, improving the peasants' livelihood, reducing the differential between the urban and rural areas, and solving the difficult problem of the overconcentration of the population in large and medium-sized cities and towns.

Small cities and towns constitute the trading centers of the countryside. They embody a definite number of medium-sized and small industrial enterprises and commercial service establishments. They have comparatively good communications and transportation facilities. Their cultural and educational conditions are generally better than those in the countryside. They are the seats of county or commune party and government organs. They are imbued with certain elements of the urban areas but also possess the basic characteristics of the countryside. They serve as the liaison centers between the cities and the countryside and constitute the starting points in the latter's urbanization. Politically, economically and culturally, they wield exceptionally direct influence on the countryside, in order to lessen the differential between industry and agriculture and between the cities and the countryside, we should follow the pattern of developing small cities and towns and not that of concentrating the population in large and medium-sized cities.

Nevertheless, the formation, growth and prosperity of small cities and towns do not take place isolatedly. Nor can they be brought about by sheer administrative means. They are an inseparably tied with the development of the commodity economy, Marx said: "The basis of all forms of division of labor that are prosperous and employ the medium of commodity exchange is the separation between the urban and rural areas" (Marx: "Das Kapital," vol 1, p 390). The growth of small cities and towns, like the case of the large and medium-sized cities and municipalities, is the products of the development of division of labor in society under the conditions of the commodity economy. At the same time, their formation in turn promotes the progress of the division of labor in society. When talking of the break-up by capitalism of the primitive family system linking together agriculture and the manual handicraft trade, Marx pointed out: "But the capitalist production pattern concurrently creates the materials logical premises for a new and higher-grade combination. Namely, the combination of agriculture and industry on the basis of a mutually opposing

pattern of development" (Ibid, p 552). These "material logical premises" consist of the socialized large-scale production of industry and agriculture. In our country, the "material logical premises" can be created only under the pattern of socialist production. On the one hand, we must avoid the evils, caused by the capitalist production relations, of the cities and the countryside being in contradiction to one another, and, on the other hand, we must make the masses of people emancipate themselves from the state of the natural economy and seminatural economy. As a result, a development process appears which is characterized by separation and combination and opposition and unification, as follows: the stronger the separation from the old countryside, the quicker the steps in the urbanization of the countryside and the more rapid the development of the new and higher-grade composition. Only in the development of the socialist commodity economy in the countryside can there be a strong foundation for the prosperity of the small cities and towns and can there be an increasing number of processing trades for agricultural products and medium-sized and small enterprises directly serving agriculture. This is the development procedure for the intensification of the division of labor within the countryside following the expansion of the rural market. At present, our country has over 3,000 cities, over 50,000 market towns, and several hundred thousand localities for small country fairs. If in the next 10 to 20 years we can build them up initially, then production and life in the countryside will be changed greatly. In addition, an extremely large market will be ready for urban industry and many new lessons will be gained for the popularization of science and technology. This will tend to accelerate the progress of our country's socialist modernization program.

CSO: 4006/404

ECONOMIC PLANNING

HENAN LEADERS, EXPERTS DISCUSS ECONOMIC PLANNING

HK220355 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 21 Mar 82

[Summary] Leading comarades of the Henan Provincial CCP Committee and Government and experts and professors have studied major questions in the province's economic development and decided on the strategic outline for this development.

"Henan, located on the central plain, has many advantages and great potential. However, its foundation is weak and its technology rather backward. How to make full use of the advantages and avoid the weak points in accordance with the unified state plans and the province's actual conditions and work out specific plans for promoting the province's economy is a new question in urgent need of solution. For this reason, while going into rural areas, factories and mining areas for on-the-spot investigations, the principal responsible comrades of the provincial CCP committee and government have also attached great importance to conducting investigations with the experts. Last September provincial CCP committee first secretary Liu Jie and other responsible comrades held forums with experts, engineers, technicians, and cadres familiar with professional work in over 10 units including the provincial energy research center, coal research center, agricultural department, light industry department, finance department, supply and marketing, bank and foreign trade bureau, to listen to their introductions on the situation and their measures and proposals for economic development. At the same time, Liu Jie, Dai Suli and other responsible comrades have frequently invited experts and professors to their homes or offices, to exchange views on a whole series of problems in the province's industrial and agricultural development.

"Last September the provincial authorities set up an economic research center and a technical economic research center, as general staff and consultative organs of the provincial CCP committee and government in studying and deciding on major technical and economic problems and working out long-term development plans. Personnel of provincial research departments concerned participate in these two centers. They have also hired a number of experts, professors and scientists, technicians and economists as advisers or executives."

These two centers have been working over the past 6 months to tackle major problems in the province's economic development. For instance, the province has 130 small nitrogenous fertilizer plants. However, they consume a lot of energy, and their production costs are high and economic returns low. The

provincial petrochemical department proposed carrying out technical reforms in these plants. The two research centers studied this problem, and approved the general plan for technical reforms. Specific measures are now being worked out.

The economic research center recently appointed a forum to discuss the province's long-term development strategy and stage-by-stage plans. Among the topics discussed were population growth, consumption and accumulation, energy exploitation and use, agricultural production and so on.

CSO: 4006/399

ECONOMIC PLANNING

HAINAN AUTONOMOUS PREFECTURE PLANNING CONFERENCE

HK150923 Haikou Hainan Island Service in Mandarin 0330 GMT 15 Mar 82

[Text] Hainan Li-Miao Autonomous Prefecture recently held a conference on planning work. The conference conveyed the spirit of the provincial conference on planning work, summed up the experience in economic work last year and made arrangements for this year's economic planning work throughout the autonomous prefecture.

The conference pointed out: the whole autonomous prefecture's industrial and agricultural production last year developed to a certain extent. Its total output value was 5.33 percent more than in 1980 and its capital construction, commerce, supply, marketing, foreign trade, finance, labor resettlement, science, education and public health also developed. The economic income of staff, workers and peasants increased and their livelihood was improved. In this year's economic work, we must continue to implement the principle of readjustment and the various economic policies of the party and raise the economic results.

This conference on planning work at the autonomous prefecture demanded: All places throughout the autonomous prefecture must grasp the following several points well:

First, it is essential to grasp revenue well. We must grasp the production of sugar and salt, enable industrial enterprises, commercial departments and supply and marketing departments to turn loss to profit and strive to fulfill the quotas for submitting profits to the state. Furthermore, we must pay attention to strengthening control over expenditures, reduce expenses and strengthen supervision of financial affairs.

Second, it is necessary to seriously raise the economic results. Through the readjustment of enterprises, we must take measures to close, suspend and merge the enterprises whose consumption is large, product quality is poor, economic results are low, production is redundant and supplies exceed the demands and to shift them to other types of production. We must deal with them promptly. Regarding the existing old enterprises, we must do well in tapping potential and carrying out technical innovation and modification and promote several products of theirs which have good prospects for development, to meet the needs in improving the quality of products, reducing costs and raising the economic results.

Third, it is imperative to stabilize market commodity prices, to resolutely strike blows at speculative, profitteering and smuggling activities and ban the intermediate dealers so that the livelihood of the urban and rural people can be further improved.

Fourth, under the guidance of the planned economy, we must fully attach importance to and spontaneously utilize market readjustment and organize production and supply. We must develop the commodities which are specially needed by the minority nationalities.

Fifth, we must grasp well economic activities with foreign countries. We must fully exercise the powers conferred on the autonomous prefecture by the central authorities and the provincial CCP committee to actively import foreign capital, capital of Overseas Chinese and advanced technology to promote the exploitation and utilization of the natural resources of the whole autonomous prefecture and to benefit the people of all nationalities throughout the autonomous prefecture.

CSO: 4006/399

ECONOMIC PLANNING

SHAANXI INDUSTRIAL, COMMUNICATIONS CONFERENCE

HK251155 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 24 Mar 82

[Summary] "From 17 to 24 March the Shanxi Provincial People's Government held a provincial industrial and communications conference at Taiyuan. At the conference the discussion was focused on the problem of how to raise economic effect. Attending the conference were all prefectural and municipal leading comrades who are responsible for industry and responsible persons in relevant provincial departments, committees and bureaus."

"The Shanxi Provincial CCP Committee and the Shanxi Provincial People's Government attached great importance to the conference." Leading provincial Comrades Wang Kewen, Wang Maoling, Yan Wuhong and others attended the conference. Wang Kewen made an important speech at the conference.

"He said that we should conscientiously implement the spirit of the Central Committee's directives and regard raising economic effect as a task of great importance which we should pay great attention to. The leading groups at all levels and all the enterprises should focus their efforts on raising the quality of increasing the varieties of, reducing the cost of and raising the marketability of their products and on raising economic effect. All our work to fulfill our many tasks, such as formulating plans, giving macroeconomic guidance, enlivening microeconomic activities, reorganizing our enterprises and perfecting the responsibility system should be centered on raising economic effect. We must achieve good result in this respect this year."

Touching on the problem of taking the planned economy as the core and taking into account the situation of the whole country, he said that our province is one of the major coal bases in the country. This year we should supply 85.5 million tons of coal to other districts and we must be determined to fulfill this task.

Touching on the problem of observing state regulations and conducting foreign trade under the guidance of unified planning of the foreign trade departments of the state, he stressed political and ideological work. "We should vigorously strengthen the political and ideological work among our staff and workers and do a good job of teaching them to understand the present economic situation. We should crack down on the criminal activities in the economic field. Thus we will fill the people with enthusiasm for their work and bring about a decisive turn for the better in the general mood of the society."

Today SHANXI RIBAO reports the news of this conference and carries a commentary on this conference which is entitled "Relying on Real Abilities and Making Arduous Efforts."

CSO: 4006/399

ECONOMIC PLANNING

SHANGHAI HOLDS MEETING ON ECONOMIC RESULTS

OW282207 Shanghai City Service in Mandarin 1130 GMT 27 Mar 82

[Text] The Shanghai Municipal People's Government held a cadres' meeting this morning at the cultural square to transmit the guidelines laid down by the national conference on industry and communications. It called on all trades and professions to achieve even better economic results and strive to fulfill this year's production tasks. Attending the meeting were some 12,000 people, including the leading comrades of the municipal CCP committee and the municipal government Chen Guodong, Hu Lijiao, Wang Daohan, Han Zheyi, Chen Jinhua, Yang Shifa and Zhao Zukang, as well as the cadres of the departments concerned. The meeting was presided over by Comrade Han Zheyi. At the meeting Comrade Chen Jinhua delivered a summary report, and Comrade Wang Daohan gave a speech.

The meeting called on the masses of cadres and people in the field of industry and communications to earnestly study and implement the guidelines laid down by the national conference on industry and communications, foster the attitude of further improving economic results, strengthen political and ideological work, do a good job in streamlining the enterprises, correctly handle the relations between production and livelihood and strive to achieve a 4-percent increase in Shanghai's industrial production this year.

In his speech Comrade Wang Daohan pointed out: To achieve better economic results, we must persistently follow the socialist road, combat the corrosion by bourgeois ideas and resolutely deal blows to criminal offenses in the economic field. On the other hand, we must make use of the excellent trend in production, work hard with tremendous drive and strive to fulfill and exceed this year's production targets.

CSO: 4006/399

ECONOMIC PLANNING

HEILONGJIANG COMMENTARY ON BETTER ECONOMIC RESULTS

SK270728 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 26 Mar 82

[Station commentary: "We Have a Good Chance To Increase Economic Results"]

[Excerpts] The provincial industrial and communications work conference opened in Daqing Municipality on 20 March. It discussed ways to increase economic results. Participants unanimously held that enhancing the guiding ideology in industrial production and shifting industrial production so as to increase economic results are strategic policy decisions in economic work.

(Xu Ke), director of the Provincial Second Light Industrial Bureau, said: Economic results in our province's second light industry are very poor. In 1981 the profit accured from every 100 yuan of fixed assets was 3.5 yuan, 57.8 percent below the national average. Fulfillment of other economic targets is also poor. This leaves us no choice but to grasp economic results and shift industrial production to promoting good profits.

Comrades of Harbin and Qiqihar Municipalities and Nanjiang Prefecture held that the old thinking of stressing output value and product quantity at the expense of economic results and production quality is an obstacle to increasing economic results.

Since 1979 Harbin Chemical Industrial Bureau has considered increasing economic results as a target for consolidating enterprises. By implementing economic responsibility systems at all levels, improving management and tapping potential, this bureau made three big strides in 3 years. The output value in 1981 increased 27 percent over 1978. Profits handed over to the state increased 300 percent. Viewing our province's situation as a whole, because leaders at all levels have paid attention to economic results, industrial output in January and February 1982 increased in value. According to statistics, the total industrial output value in these 2 months stood at 3.929 billion yuan, a 5.1 percent increase over the corresponding 1981 period. Profits gained in projected local industries reached 40.63 million yuan, an increase of 28.9 percent over the previous corresponding period. Clearly, our province has great potential for increasing production and income on the industrial and communications front. We can achieve good profits by changing old ways of thinking.

Our province needs a great amount of energy for industrial production. Is it possible to use the province's limited energy supply to produce more products? Harbin Electric Cable Plant leaders say it is possible, because their plant has achieved good results in reducing power consumption and increasing production by modifying equipment and enacting individual responsibility systems in energy conservation. This year our province will cut 1.3 billion kwh of electricity. Many persons fear this will affect economic results. Our reporter interviewed (Cui Fengzi), chief of the Provincial Power Industrial Bureau. He said: This year our province's power industrial departments have decided to reduce coal consumption for power generation. If we can reduce coal consumption for generating each kwh of electricity by 4 grams, our province's thermal power equipment with a capacity of producing 1.35 million kwh of electricity will generate an additional 100 million kwh of electricity.

CSO: 4006/399

ECONOMIC PLANNING

JILIN COMMENTARY ON INDUSTRIAL PRODUCTION PICTURE

SK250348 Changchun Jilin Provincial Service in Mandarin 1100 GMT 24 Mar 82

[Station commentary: "Make Good Preparations for the Second Quarter Industrial Production in a Timely Manner"]

[Excerpt] Since the beginning of the year, the general situation of our province's industrial production has been good and both the growth rate and economic results have been better than the corresponding 1981 period. As of the end of February, the profit rate of enterprises covered by the budget increased 9.4 percent over the same 1981 period, resulting in increased production and income. However, this still lags behind the demand of planned targets and many problems still exist.

For this reason, we must not be slack in developing the present industrial work, still less be unrealistically optimistic. We should seize the opportunity to make good preparations for the second quarter industrial production so as to create conditions for fulfilling all annual plans. To achieve success in the second quarter industrial production, we must conscientiously implement the guidelines of Premier Zhao Ziyang's speech delivered at the national conference on industrial and communications work as well as 1982 major tasks defined by the provincial CCP committee. At the same time, we should intensify the guiding ideology on industrial production, regard the increase of economic results as a basic starting point in developing economic work and strive to increase the gross industrial output value and profits over the corresponding 1981 period. To fulfill this task, the most important thing is to comprehensively reorganize and further readjust enterprises.

CSO: 4006/399

ECONOMIC PLANNING

NEI MONGGOL INDUSTRIAL CONFERENCE URGES INCREASED EFFICIENCY

SK030909 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 Apr 82

[Excerpts] According to our reporter (Zhou Huayu), the regional conference on industrial and communications production sponsored by the regional people's government stressed that we must proceed from improving economic efficiency in straightening out the guiding ideology governing industrial production and preserve the continuity and stability of policies. We must ensure that the 1982 industrial output value will increase 4 percent over the 1981 level and strive for a 5 percent increase, ensure that profits will increase 10 percent, profits handed over to the state will increase 30 to 40 percent and deficits will drop by 30 percent.

The regional conference on industrial and communications production was held from 26 March to 1 April in Hohhot. Responsible persons from the various leagues and municipal industrial, communications, finance, trade and trade unions attended the conference. Zhang Pengtu, deputy secretary of the regional CCP committee; Chen Bingyu and Li Binsan, vice chairmen of the regional people's government, attended the conference and spoke.

Conference participants earnestly studied the important speed delivered by Premier Zhao Ziyang at the national conference on industry and communications, summed up the region's industrial and communications work since 1981 and worked out arrangements for 1982 work. They carried out several discussions focusing on the central subject of improving economic efficiency. They contended that we must resolutely effect a turnabout in the guiding ideology governing economic work, correct the current practice which stresses output value and speed alone and pay more attention to economic efficiency. Genuine efforts should be made to put into practice the new guiding ideology to achieve real industrial growth with better economic efficiency. The conference stressed that the following tasks must be successfully executed:

1. Uphold the principle of giving primary importance to planning and secondary importance to market mechanism, organize production in accordance with market needs and commit more manufactured goods to rural and pastoral areas where they are needed.

2. Upgrade product quality and promote technological cooperation. The region should select 100 key manufactured goods, check regularly on their quality and announce the results.

3. Increase energy production and economize on energy.

4. Successfully execute comprehensive enterprise consolidation.

5. Step up political and ideological work among enterprises.

CSO: 4006/399

ECONOMIC PLANNING

HENAN HOLDS INDUSTRY, COMMUNICATIONS CONFERENCE

HK310816 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 30 Mar 82

[Summary] "From 22 to 29 March, the Henan Provincial People's Government convened an all-province conference on industrial and communications work in Zhengzhou. The conference called for a redress of the guiding ideology for industry, expecting that it would bring about a new situation in improving economic results. Present at the conference were assistant commissioners and vice mayors in charge of industry from various prefectures and municipalities; the responsible people of economic departments concerned; the responsible people of the first group of on-the-spot investigation teams for enterprise reorganization, and so on, altogether more than 300 people. The spirit of the national conference on industrial and communications work was conveyed at the conference, and the participants at the conference initiated further discussion on the matter. Li Qingwei, secretary of the provincial CCP committee and vice governor, gave a report on the implementation of the spirit of the national conference on industrial and communications work. Dai Suli, secretary of the provincial CCP committee and governor delivered a speech at the concluding meeting."

The conference realized that the danger for the province's economic work at present is the negligence of economic results. Therefore, the focal point of the economic work should be shifted from now on to the improvement of economic results, with equal attention paid to speed and effect. Economic results remained the main theme throughout the conference. Taking it as a key target, the conference put forth the following tasks which would be undertaken in the days to come: promoting high-quality products with low prices and marketing competence; strengthening technical transformation; continuing to carry out the policy of closing, suspending, merging and shifting for enterprises which are suffering losses, paying attention to economizing on energy and promoting market forecasts. At the same time, the conference stressed upholding the guideline of taking planned economy as a dominant factor while making regulation by market mechanism secondary and emphasizing the principle of subordinating the local economy to the state interests. The conference also demanded that units concerned carry out the principle of taking concerted actions in foreign trade.

Realizing that the key to the improvement of the economic results lies in enterprise reorganization, the conference demanded that all enterprises must sign contracts with the state, guaranteeing the attainment of various indices.

For internal administration, the economic responsibility system must be carried out at all levels. At the same time, attention should be paid to the rectification of leading groups. Therefore, the conference urged industrial and communications units to select young and middle-aged technical cadres who are professionally competent to take up leading posts.

In response to the present move of redressing financial and economic discipline, the conference called for seriously exposing, prosecuting and punishing by law economic criminals and improving rules and regulations as an effective step toward the elimination of illegal and criminal activities in the economic field.

Finally the conference demanded that all leading comrades on the industrial and communications front uphold the principle of putting ideological work in command, strengthen political and ideological work, and educate the broad masses of staff and workers to carry on the four basic principles.

In the end, "the conference appealed to all units concerned to extensively and penetratingly carry out the drive of emulating, learning from catching up with, helping and in turn surpassing each other, so as to greet the provincial meeting of model workers on the fronts of industry, communications, capital construction, finance and trading with excellent achievements."

CSO: 4006/399

ECONOMIC PLANNING

'YUNNAN RIBAO' CALLS FOR DEVELOPING ECONOMIC WORK

HK020907 Kunming YUNNAN RIBAO in Chinese 16 Mar 82 pp 1, 2

[Contributing commentator's article: "Strive To Increase Economic Returns and Achieve Higher Growth Rate"]

[Text] More than 2 months have passed since the beginning of the year 1982. Clearly defining the principal tasks in economic work for this year is of great importance in helping the cadres and the people of all nationalities in our province achieve unity in thinking and action. The general guiding ideology for this year's economic work is to penetratingly implement the policy of economic readjustment, to continue to consolidate and stabilize the economic results, and to achieve a higher growth rate on the basis of striving for better economic returns.

Enormous results have been achieved in economic work in the past year. An outstanding indication is that the economy has been stabilized and the aim of "two balances and one stabilization," that is, achieving a basic balance between state revenues and expenditures and between credit receipts and payments and stabilizing commodity prices, has been attained. In our province, this is shown by the big increase in state revenues and the effort to minimize the state's financial deficits. However, this achievement has not been consolidated. The factors of economic instability have not been completely eliminated. The great number of ration coupons and the scanty supply of goods are a hidden factor of instability of prices. Price instability is an outstanding indication of economic instability. When the economy is unstable, it is impossible to guarantee a steady and healthy development of the national economy and to increase economic returns. Therefore, maintaining the "two balances and one stabilization" must be taken as the major task for this year's economic work.

We must continue to implement the policy of readjusting the national economy so that we can attain the "two balances and one stabilization." The most important reason why we achieved remarkable results last year was that the party committees and the governments at all levels firmly and realistically implemented the party Central Committee's correct policies. Acting on the state regulations, our province resolutely curtailed capital construction, economized on spending, froze last year's surplus capital funds, readjusted the bonus system and overfulfilled the task of buying treasury bonds. It further readjusted industrial production, tightly grasped consumer goods production and

greatly increased its investment in textile and other light industries. It vigorously developed a diversified economy in industrial production on the basis of a steady increase in grain output. It actively and steadily introduced the economic responsibility system in all economic units. It repeatedly stressed economic returns in all economic spheres, and so forth. Last year's readjustments were made on an extensive scale and involved arduous tasks and great hardships. However, work was carried out rather smoothly. This shows that it is possible to stabilize the economy provided the leadership at all levels correctly understands and firmly and realistically implements the party Central Committee's policies. This is the most important experience.

Readjustment of the economy concerns problems of a wide range. It can be considered to have been completed only when the proportions among the various sectors of the national economy have been gradually harmonized, the economic structure has been gradually rationalized and the administrative system has been made more and more scientific. The policy of readjusting, restructuring, reorganization and upgrading concerns the whole situation and the state's long-term interests. We should handle it consciously and solemnly and be determined to accomplish the tasks regarding readjustment.

To consolidate the achievements in stabilizing the economy, we should not adopt any measures which may enhance the factors of instability. We must pay particular attention to controlling the scale of capital construction and the growth of consumption and maintaining basic balance between state revenues and expenditures and between credit receipts and payments.

In consolidating the achievements in stabilizing the economy, an important thing is to strive for better economic returns in all economic activities. This not only is the key to maintaining the "two balances and one stabilization" but also concerns the fundamental question of accumulating strength to lead the national economy to be a benignant cycle in the future and the question of what road we shall take in building our economy. Striving for better economic returns is the crux of the question regarding economic construction. It is the key to economic work as a whole and the basic starting point in considering all economic problems. We must really cultivate the concept of stressing economic returns.

Better economic returns can also be achieved through readjustment. If macroeconomics is irrational, disproportionate and lopsided in structure, it cannot yield good economic returns.

Penetratingly implementing the policy of readjustment, consolidating the achievements in stabilizing the economy, and striving for better economic returns--these three links react and are closely related to one another. Consolidating the achievements in stabilizing the economy is an important task and striving for better economic returns is the key. Both of them rely on the correct implementation of the policy of readjustment and serve readjustment.

The concrete conditions in our province show that in order to accomplish the task of stabilizing the economy, it is necessary first to stabilize commodity prices and second, to increase state revenues.

Why are commodity prices unstable? A basic reason is that the growth of purchasing power has surpassed the increase in commodity supply and there has been a considerably wide gap between the two. To solve this problem, it is first necessary to tap the commodity resources, promote withdrawal of currency from circulation, increase the production of industrial consumer goods and the supply of materials for agricultural production and building materials for rural use, increase the state purchase of nonstaple foodstuffs and actively develop the food industry. Second, it is necessary to control the amount of money put into circulation and restrict the growth of consumption. The meaning is twofold: 1) It is imperative to control the amount of money put into circulation in order to stabilize the economy; 2) it is imperative to implement the principle that "first, the people must have sufficient food; second, socialist construction must be carried out." This is the principled stand of raising the people's living standards. This year, in order to develop production of consumer goods, 24.4 percent of the total amount of money to be invested in local construction projects has been earmarked as fixed assets of textile mills and other light industrial enterprises. [HK020909] Without curtailing consumption, it will be impossible to develop construction. A country will have a bright future only when it has surplus resources for construction after the people have eaten their fill. Third, it is necessary to properly organize goods purchase and supply. It will not do if there are goods but we cannot purchase them. It also will not do if we cannot properly supply the goods which we have purchased. This calls for efforts to correctly arouse the enthusiasm of commercial workers and to perfect the economic responsibility system. Fourth, it is necessary to strengthen market management and price control. It is definitely possible to stabilize prices provided we keep our heads clear and seriously carry out the work in this respect.

In our province, the purpose of consolidating the achievements in stabilizing the economy and of achieving "two balances and one stabilization" is to increase state revenues. With revenues increased, it is possible for our province to share the task of balancing state revenues and expenditures, to reduce and write off the deficits and, still more important, to solve the problem of having insufficient capital funds. It is entirely possible to fulfill the revenue plan for this year if there are no particularly serious natural disasters for this year and if all comrades work concertedly to strive for better economic returns. To attain this goal, we should continue to bring forth the superiority of our province's industries dealing with tobacco, sugar, tea and other foodstuffs and to vigorously develop production of consumer goods. Commercial departments and affiliated organizations, as well as supply and marketing cooperatives at and above the county level, should strive to increase sales. Efforts should also be made to seriously do a good job of economic accounting, to vigorously combat waste, to lower consumption, production costs and other expenses, to stop losses and increase profits. Attention should be paid to realistically checking up on and readjusting various forms of unreasonable subsidies, so as to alleviate the financial burden. We should go deep into reality to conduct financial inspection and carry out the work of clearing up unpaid taxes, so as to further check every form of tax evasion.

The key to attaining the goal mentioned above lies in the efforts to increase economic returns.

In all economic spheres and activities, stress should be laid on increasing economic returns. As over 80 percent of revenues come from industry, particular stress should be laid on increasing economic returns in industrial production.

There is no contradiction between economic returns and growth rate. By returns we mean the returns yielded by economic activities. Where there are economic activities, and whether they concern industrial and agricultural production, commodity circulation or capital construction, there will invariably be the question of economic returns. Therefore, under normal conditions, there is no contradiction between increasing economic returns and achieving a certain growth rate. Should there be a contradiction, expressed in high growth rate and poor economic returns as in the past, it is an outcome of violating the objective law of economic development and unilaterally seeking a high growth rate.

Why do we now lay particular stress on increasing economic returns? This is because we have learned a very important lesson after summing up our experience of economic construction in the past 30 years and more. Premier Zhao explained this point very clearly in his report on the work of the government. Each of the 10 principles for economic construction put forth by him is imbued with the spirit of increasing economic returns.

Last year's conditions in our province shows that the economic returns were not good enough and waste remained enormous.

The biggest contradiction at present is between accumulation and consumption, that is, it is necessary to feed the population and at the same time to carry out construction. To increase economic returns is the basic way to resolve this contradiction. It is also a way to stabilize the economy. It calls for a reduction in the consumption of materials and the capital funds in the spheres of production, construction and circulation. The materials and funds thus saved should be invested in the new construction projects. Increasing production by means of less investment is a way to resolve the contradiction between accumulation and consumption and stabilize the economy. In the final analysis, to stress economic returns means to practice economy and reduce and eliminate waste. Enormous waste was the cause of slow increase in our national income despite a fast growth of our total output value in the past.

[HK020911] What should we do in order to increase economic returns? The first prerequisite is to solve the question of our understanding. Some comrades have a vague and even blurred understanding on this question. For this reason, we should organize the cadres and the masses to repeatedly study Premier Zhao's government work report and to arm themselves with the idea embodied in the 10 principles, that is, the idea of increasing economic returns. We should also create public opinion and build up a favorable situation. At the same time, we should take concrete action to make comparisons, settle financial accounts, find out shortcomings and work out plans. We should train the cadres and teach them essential knowledge. We should discover, sum up, exchange and popularize the advanced experiences.

To increase economic returns, we should start with two points. The first is to make readjustments and, in particular, to implement the policy of switching, reorganizing and amalgamating when dealing with the machine-building industry so that macroeconomics may become rational. The second point is to earnestly consolidate the enterprises, carry out technical innovations and train the workers.

A prerequisite for maintaining "two balances and one stabilization" is to uphold the policy that the planned economy should prevail and regulation by the market can only be supplementary. Earnestness should be stressed in carrying out the state plan. In carrying out the state plan, no matter whether it concerns production, capital construction, state purchase of goods, delivery of products to the state, revenues or expenditures, we should uphold the spirit of coordinating all the activities of the nation and the province like pieces in a chess game. Otherwise, we shall be unable to overcome many of the hardships and, instead, shall create new hardships. Therefore, we should intensively popularize the spirit of coordinating all the activities of the nation like pieces in a chess game. At the same time, we should be good at employing economic methods and should, where necessary, resort to intervention by means of administrative decrees. The most important economic method is to institute the contract system, which is conducive to bringing all economic work into the orbit of the state plan. The contracts should pay simultaneous attention to the interests of all parties concerned and be extensively depended upon, especially where the peasants are concerned.

In a discussion during the spring festival on the question of strengthening planned economic work, Comrade Chen Yun pointed out: "Our economy will develop quickly so long as we work in a down-to-earth and systematic manner. If we are too anxious for quick success, economic development will be slowed down." This is a very important principle. When we have achieved unity in thinking, understanding and action and adopted all possible means to increase economic returns in all our economic activities and if we work in a down-to-earth manner, we not only can maintain the "two balances and one stabilization" but can also score better results year after year and definitely make 1982 a better year than 1981.

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ECONOMIC PLANNING

BEIJING'S 1981 ACHIEVEMENTS, 1982 PLANS LISTED

HK071421 Beijing BEIJING RIBAO in Chinese 26 Mar 82 p 2

[Excerpts from a report by Beijing Municipal Planning Committee Director Han Boping [7281 0130 1627]: "On the Execution of the 1981 Economic and Social Development Plans and a Draft of the 1982 Plans, Delivered on 13 March at the 6th Plenary Session of the 7th Municipal People's Congress"]

[Text] I. The Execution of the 1981 Plan

In 1981, the execution of the economic and social development plans in Beijing Municipality was relatively good and work on all fronts was fruitful.

First, we scored relatively good results in reducing the size of capital construction and in readjusting the orientation of investment. In 1981, 2.39 billion yuan were invested in capital construction in the municipality, a decrease of 9.9 percent on the preceding year. In reducing the scale of capital construction, the proportion of investment in nonproductive construction, which is closely related to the people's material and cultural lives, increased by a large margin. In 1981, investment in nonproductive construction in the municipality was 1.52 billion yuan, an increase of 9.5 percent over the preceding year; the proportion of this in total investment increased from the preceding year's 52.4 percent to 63.7 percent. Throughout the year. buildings with a total floor area of 5.83 million square meters were constructed. Of this, 3.9 million square meters (about 70,000 units) were residential houses, an increase of 9.6 percent over the preceding year. Furthermore, new urban public facilities were installed. These increased the supply capacity by 100,000 tons of tap water and 100,000 cubic meters of gas daily. A three-lane highway is now opened and most two-lane roads and urban underground tunnels have been completed. This has created advantageous conditions for construction on both sides of the two-lane roads. Throughout the year, investments in construction by the cultural, educational and public health departments increased by 35 percent over the preceding year. This was the largest investment over the past few years. Furthermore, we scored significant results in construction for the foreign affairs, tourist and hotel industries. Progress was made in environmental protection and urban afforestation work, and measures were taken to alleviate the pollution created by the capital iron and steel plant, the Yanshan Chemical Plant and to clean up the seriously polluted spots along the three-lane highway. Thus, the present situation is much improved. Some 880,000 trees have been planted in gardens of the municipality and grass has been grown over an area of 680,000 square meters.

Second, industry continues to make progress amid readjustments and reorganization. In 1981, in accordance with the characteristics of the capital city, the industrial front seriously readjusted the industrial atructure, the product mix and the organizational structure of the capital city and devoted great efforts to promoting the production of consumer goods. The total industrial output value of the whole municipality increased by 1.7 percent over the preceding year. The production of the light and textile industries increased by 14.5 percent, overfulfilling the target growth rate of 8 percent. The proportion of the light and textile industries in all industry increased to 44.1 percent from the previous year's 39.1 percent. To a certain extent, the readjustment of heavy industry affected the growth rate of all industrial production. Thus, it could not attain the target growth rate of 3 percent. The industrial department was active in manufacturing marketable goods. The quality of a large number of products improved. In 1981, 23 products manufactured in the municipality were awarded gold and silver medals by the state. The number of medals totaled 59. According to incomplete statistics, 45 products won first prizes in national emulation drives. More than 20,000 new designs and new varieties were manufactured in the light and textile industries, the chemical industry and the electronics equipment industry. Many enterprises integrated industrial readjustment with the conservation of energy and water. Throughout the municipality, more than 110 million tons of water for industrial use were saved and the quotas set by the state for economizing on oil, coal and electricity were fulfilled. Furthermore, satisfactory work has been done with regard to transport, posts and telecommunications and geological work.

[HK071423] Third, agriculture continued to score good results after a year of severe drought. The total grain output for the whole year amounted to 3.61 billion jin, the fourth highest yield year in history. The production of vegetables also scored good results; vegetable supply to markets was basically guaranteed and was relatively balanced. While stabilizing pig raising and consolidating and developing state chicken farms, we promoted collective breeding of dairy cattle and devoted major efforts to encouraging peasants to raise chickens. The production of milk, fresh eggs and meat and the degree of self-sufficiency all reached historical highs. The area afforested amounted to 410,000 mu and some 18 million trees were planted in all areas. At the same time, the growing of saplings was strengthened. Industrial and sideline occupations of communes and brigades and household sideline production continued to make relatively rapid development.

Fourth, the rural and urban markets were stable and active. Foreign trade and tourism have been developing. The total value of commodities procured in the municipality amounted to 13.5 billion yuan, an increase of 11 percent over the preceding year. The total volume of retail commodities in cities and towns amounted to 6.8 billion yuan, an increase of 11.7 percent over the preceding year. Throughout the municipality, 5,000 commercial and service trade networks have been added (of these, 1,800 were collectively owned networks and 2,700 were individually owned networks). This is the fastest rate of network increase over the past few years.

In 1981, export commodities overfulfilled the quota by 10.5 percent, an increase of 6.6 percent over the preceding year. Product mix of export commodities continued to change and the volume of export heavy industrial products such as metal and mineral products, machines and equipment increased by more

than 30 percent over the preceding year. While promoting normal export trade, further development was made in various kinds of flexible trade.

In 1981, 390,000 tourists were received by the municipal tourist department, an increase of 37 percent over the preceding year. There are now more supplies of tourist commodities and the quality of services has improved.

Fifth, scientific research, cultural and educational undertakings and public health made new progress. Ninety of the 382 scientific research projects under the 1981 Municipal Plan scored significant results. In addition to scientific research projects arranged by the departments themselves, some 600 scientific research results were accomplished throughout the province. Most of the scientific research results have been published and used in production; they have scored good economic returns.

Regarding education, in 1981, colleges and universities, secondary schools and vocational schools tapped their potential and the actual number of students enrolled overfulfilled the quota. Some 54,000 students were enrolled in senior secondary schools and some 160,000 students were enrolled in junior secondary schools.

Regarding public health, in 1981, some 800 beds (including beds added to wards) were added. The total is now 29,300. Some 4,600 professional medical workers were added, amounting to a total of some 107,000.

Sports also scored satisfying results. Substantial development was made in cultural, publication, television, broadcast, news and cultural relics undertakings.

Sixth, employment in towns and cities expanded and the living standard of urban and rural people further improved. In 1981, some 136,000 youths awaiting employment in towns and cities had jobs arranged. As more people were employed, the average number of dependents per capita decreased from the preceding year's 0.5 people to 0.44 people. The average income of urban inhabitants increased by 8 percent. The average income of suburban commune members from the collectives increased by 11 percent over the preceding year, amounting to 202 yuan. Since the income of people living in towns and cities increased, their deposits in banks also increased.

II. Initial Arrangements for the 1982 Plan

The major tasks for the 1982 Economic and Social Development Plan of Beijing Municipality are to seriously implement the spirit of the Fourth Session of the Fifth NPC and the four instructions of the central secretariat on the policy of building the capital city and in accordance with the characteristics of the capital city, implement the 10 principles for economic construction proposed by Premier Zhao Ziyang. In accordance with the tasks delegated by the state to Beijing Municipality, the following is proposed for the 1982 plan.

[HK071425] First, the size of capital construction will continue to be controlled, and major efforts will be devoted to reducing the construction periods

and striving to improve the effects of investments. In accordance with the spirit of the four instructions on the building of the capital city issued by the central secretariat, the priority for capital construction in the municipality in 1982 is: 1. The building of residential houses and municipal works. 2. Public order, political and law, cultural, educational, public health and complete-set commercial service facilities. 3. The construction of embassies, and tourist projects which are urgently needed. 4. Solving problems for the food industry, which is urgently needed in the daily livelihood of the people, for the light and textile industries, and the raw material industry which serves the light and textile industries and the urban construction and the building material industries.

In 1982, the initial plan for investment in local capital construction is 1.27 billion yuan, basically maintaining the level of the 1981 plan. The proportion of investment in nonproductive construction to total local investment should be maintained at 70 percent. The area planned to be built is 7.17 million square meters.

Second, major efforts will continue to be devoted to promoting the consumer goods industries and further readjusting the orientation of services to heavy industry. Proceeding from striving for economic results, we must accomplish a growth rate of "maintaining 3 percent and striving for 4 percent" and there should be no exaggeration. The plan calls for an increase of 7 percent in the light and textile industries, with efforts being made for 10 percent. Heavy industry should basically maintain the preceding year's level and strive for considerable growth.

Third, while tackling grain production, we must devote major efforts to promoting the production of nonstaple food and actively promoting the diversified economy. In the face of this year's continuous drought and the severe shortage of water, when promoting agriculture in the suburban areas, we must center on fighting the drought and have an overall plan for all production tasks.

The total output of grain will be 3.5 billion jin, slightly higher than the average output over the past 5 years. The total output of oil crops will be 60 million jin.

Some 2.24 billion jin of commodity vegetables will be supplied to urban markets, an increase of 7.2 percent.

The total output of meat will be 110,000 tons and the output of milk will be 160 million jin, an increase of 6.7 percent. Some 5 million jin of fish will be caught.

Trees will be planted over an area of 250,000 to 500,000 mu and 90,000 saplings will be cultivated. Fresh and dried fruits will amount to 310 million jin. We must strengthen management over fruit trees and raise the output of every tree.

The income of enterprises run by communes and brigades will be about 1.4 billion yuan, an increase of about 7 percent.

Fourth, providing supplies to the markets, arranging for foreign trade and further promoting the development of tourism will continue to be done well. In 1982, it is estimated that the total retail value of social commodities will amount to 7.4 billion yuan, an increase of 8.8 percent over the preceding year. Commercial departments should seriously implement the policy of "developing the economy and guaranteeing supplies," actively foster the development of industrial and agricultural production, organize the procurement of industrial and agricultural products, promote cooperation with other fraternal provinces and strive for more supplies of goods. At the same time, we must do a good job of technological renovation of industries run by commercial bodies, and improve the management standard. We must also tackle the construction of flour mills and edible oil plants and seek a speedy solution to supplies of soy sauce, vinegar, cakes, cooked meat and bean products.

We must strengthen the production and supply of small commodities and continue to add more commercial networks, facilitate the lives of the masses, and continue to do a good job of stabilizing the commodity prices. To do a good job of stabilizing the commodity prices. To do a better job of providing supplies to the market of the capital city, we must strengthen market research so that the commodities manufactured will be more marketable and the supply and marketing plans will better meet the ever-changing needs of the market.

Regarding tasks for the export trade, the 1982 plan is the same as that of the preceding year. Industry and trade must coordinate with each other. We must actively expand foreign trade, further develop flexible trade such as processing and assembling imported materials, and compensation trade. We must actively and effectively make good use of foreign capital, import advanced technologies and promote various kinds of international economic cooperation so as to better serve the building of the capital city.

We must further promote the tourist industry and strive to improve the quality of services.

[HK071427] Fifth, the collective ownership system and the individual economy in cities and towns will be promoted and labor employment will be arranged well. In accordance with the various situations, state farms, forestry centers and pasture farms should organize a number of youths to promote crop cultivation and animal husbandry.

Sixth, science and technology, culture and education, public health and sports will be promoted. In promoting science and technology, we must implement the policy of promoting harmonious scientific, technological, economic and social development. In the light of the characteristics of the capital city, we must devote major efforts to strengthening production technology research. We must also stress the development of technology in the forefront of industrial and agricultural production and publicize the results of scientific and technological research. We must further reform management of scientific research and improve economic returns. Regarding education, we must further do a good job in readjustment and rectification and devote major efforts to improving the quality of education. Excessive special courses offered by colleges and universities should be reduced. Instead, more courses on political science and law, economics and light and textile industries should be started. We must

continue to reform the structure of secondary education and actively and steadily promote senior vocational schools so as to provide more job opportunities for the youths. We must strive to improve the quality of secondary and primary education and build a firm foundation for primary and junior secondary school education. We must strive to promote nursery education and spare time industrial and agricultural education. We must continue to do a good job of running training courses for staff and workers, consolidating and developing television and correspondence universities, and holding spare time vocational secondary courses and technological courses so as to strive to enhance the cultural and technological standard of the staff and workers. Regarding public health, we must further implement the policy of giving priority to prevention, and launch patriotic public health movements in a thorough manner. Medical and health departments at all levels must continue to do a good job of readjusting and improving management methods and service quality. They must strengthen scientific research so as to enhance the medical and health standards of the capital city.

Regarding sports, we must further promote physical education in schools and hold games activities for staff and workers. We must also do a good job in training amateur and professional teams and strive for good results in the national games.

We must strictly control the growth of population and seriously promote planned parenthood. We must continue to adopt effective measures so that there are fewer children and encourage each couple to have only one child. At the same time, we must strictly control the mechanical growth of population.

III. Boost Our Spirit, Increase Production, Strictly Practice Economy, Strive To Improve Economic Returns, Fulfill and Overfulfill the 1982 Plan

In 1982, the focus of work for the municipality is on building material civilization on the one hand and spiritual civilization on the other. In the light of the position of the capital city and the existing needs, we must give priority to the building of spiritual civilization. In order to accomplish the tasks stipulated in the 1982 plan, all departments, enterprises and institutions must, under the leadership of the municipal CCP committee and the people's government, unite their ideologies, deepen their understanding, boost their spirit, learn from the advanced, check where they have lagged behind and launch movements to increase production and practice economy, centering on improving economic returns. We must tackle the following tasks.

[HK071429] First, we must launch rectification of enterprises by stages and in groups. Starting from this year, we must take 2-3 years to straighten out the existing enterprises by stages and in groups. Regarding the major rectification tasks, we must; 1) Further perfect the economic responsibility system; 2) reorganize labor organizations, establish and perfect the individual responsibility system and organize production (management) according to a fixed number of workers and a fixed quota; 3) straighten out labor discipline; 4) straighten out financial discipline and strengthen regular inspection and supervision of the financial affairs of enterprises. We must investigate and affix economic and legal responsibility to the relevant people.

Regarding the rectification of enterprises, we must do a good job of straightening out the work of the leadership group, and strengthening the ideological and organizational work of the leadership group.

Second, do a good job of technological transformation, the renovation of equipment for enterprises and bring the role of the existing enterprises into full play. The future development of the economy of the municipality should center on technological transformation and the renovation of equipment and on bringing economic benefits into full play. In the course of transforming technology, we must pay attention to three integrations: integrating technological transformation with the readjustment of enterprises and the reorganization of professions; integrating technological transformation with the dissemination of the results of scientific and technological research; and integrating technological transformation with urban reforms.

Third, do a good job of the conservation of water and energy. All departments and enterprises must strive to raise the utilization ratio of water and energy so as to practice economy and increase production. We must continue to do a good job of the renovation of equipment for the generation of energy and technological transformation. At the same time, we must also do a good job of planning the designs and construction of major projects for the conservation of energy.

Fourth, we must seriously find more ways to generate, accumulate and use our wealth. We must try every possible means to tap potential, increase income and economize on expenditure. We must integrate capital not included in the budget, budget capital and the credit funds and have overall arrangements and an overall balance so as to use the fund rationally. We must systematically work out a financial plan.

Fifth, we must adhere to the principle of giving priority to the planned economy and take regulation by market mechanism as subordinate. We must firmly establish the thinking of taking the whole country into consideration. When enlivening the microeconomy, we must strengthen the guidance of the state plan and oppose the tendency of selfish departmentalism and decentralism.

Sixth, we must strengthen ideological and political work. We must devote major efforts to launching "five stresses and four beautifuls" activities and activities of the "all-people civility and courtesy month" and enhance the political consciousness and the moral standards of the masses. We must resolutely combat criminal activities in the economic field. We must educate the broad ranks of cadres and the masses in the four basic principles, and correctly handle the relationship between partial and overall interests, and between short-term and long-term interests. We must also strengthen the sense of being masters of the country, establish a sense of responsibility to the state and to the overall situation and the concept of "serving the people and being responsible to them." We must motivate the enthusiasm of the broad rank of staff and masses, boost our spirit, overcome all hurdles, bring the fine revolutionary tradition into full play, be steadfast and make more contributions to the state.

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BRIEFS

GANSU FUNDS FOR PEOPLE--From 1979 to 1981 Gansu Province allocated 1.8 billion yuan to improve the people's living standards. The amount equals about 30 percent of the province's revenues in the 3 years. The fund was used to subsidize increasing the procurement prices of farm and sideline products, reducing rural taxes, arranging jobs for youths, raising workers' wages and producing farm and sideline products and some consumer goods. It was also used to build houses for workers and repair towns and cities. [SK260916 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 25 Mar 82 SK]

SHAANXI FINANCIAL SUPERVISORY SYSTEM--Shaanxi Province has restored the financial supervisory system which proved effective before the 10 years' civil strife. Relevant departments have trained the first batch of 716 financial supervisors, who are now working hard. To meet the needs of the four modernizations, further strengthen financial management and supervision, strictly enforce financial discipline, increase revenue and enable enterprises to rationally utilize funds, the provincial government has decided to restore the financial supervisory system and advised that a local state-run enterprise at and above the county and regimental levels which submits a profit of more than 200,000 yuan to the state a year or incurs a loss of more than 200,000 yuan a year should have a financial supervisor. [HK161355 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 15 Mar 82 HK]

HENAN LIVING STANDARDS IMPROVE--According to statistics, from 1979 to 1981, Henan Province spent 6.338 billion yuan on the improvement of people's livelihood. Of this sum of funds, 933 million yuan was spent on urban housing on 9.331 million square meters for staff, workers and residents, 232 million yuan was spent on arranging employment for 620,000 people, 2.694 billion yuan was spent on the purchase and sales of agricultural and sideline products and the subsidies to support agricultural products, 816 million yuan was spent on the subsidies of urban and rural consumer goods such as coal for everyday use, 890 million yuan was spent on readjusting the wages of staff and workers and the increase of bonuses and 530 million yuan was spent on nonstaple food subsidies for staff and workers. Due to the readjustment of wages, the total wages of the staff and workers throughout the province in 1981 was 65 percent more than in 1978. The average annual wages of a staff member or a worker in 1981 was 22.9 percent more than in 1978. [HK301359 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 28 Mar 82 HK]

GUANGDONG REVENUE INCREASES--According to the statistics compiled by the Guangdong Provincial Finance Department, in the first quarter of this year, the province fulfilled 26.1 percent of the annual revenue quota for 1982 and the revenue in the first quarter of this year was 4 percent more than in the corresponding period of last year. Except for Meixian and Zhaoqing Prefectures the revenue of which dropped, the revenue of the other 11 prefectures, municipalities and autonomous prefecture in the province was more than in the same period of last year. The revenue of Guangzhou, Shenzhen, Zhuhai and Shaoguan Municipalities, Foshan and Huiyang Prefectures, Hainan administrative region and Hainan Li-Miao Autonomous Prefecture increased by more than 10 percent. The province fulfilled its quota for industrial and commercial taxes for the first quarter of this year relatively well, fulfilling 29.3 percent of the quota for 1982. [HK090653 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 7 Apr 82 HK]

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ECONOMIC MANAGEMENT

'SHAANXI RIBAO' LISTS MARKET MANAGEMENT METHODS

HK310431 Xian SHAANXI RIBAO in Chinese 15 Mar 82 p 2

["Shaanxi Provincial Trial Methods for Market Management (adopted by the Seventh Meeting of the Fifth Shaanxi Provincial People's Congress Standing Committee on 7 March 1982)"]

[Text] Chapter I--General Principles

Article 1. In order to promote industrial and agricultural production, stimulate the urban and rural economy, enliven the markets, stabilize prices and maintain socialist economic order, the following trial methods have been worked out in accordance with the "Instructions on Strengthening Market Management and Hitting at Speculation, Profiteering and Smuggling Activities" and other policies, laws and regulations made by the State Council.

Article 2. State-operated commerce and supply and marketing cooperatives are the main part of the socialist market. All units and individuals who are engaged in state-operated commercial activities, in supply and marketing commercial activities, in collective commercial or other purchase and sale activities, must carry out the policies and laws of the state in this respect. Commercial departments at various levels must make great efforts to promote the circulation of commodities and actively promote purchase and sales in accordance with the state plan and the needs of the markets.

Article 3. Country fairs and urban markets for agricultural and sideline products are indispensable component parts of the socialist market. They play an active part in promoting the urban and rural economies and satisfying the people's needs. It is necessary to adhere to the principle of "taking flexible measures in market management" and protect normal commercial activities. It is also necessary to hit at speculation and profiteering so that urban and rural fairs and trades can be enlivened and be managed well.

Chapter II--Management of Agricultural and Sideline Products

Article 4. Agricultural and sideline products of the first category, such as grain, fat and oil, must be managed by the grain departments under a unified plan. No other units are allowed to be engaged in managing these products. After fulfilling the quarterly purchase tasks of the whole county, the surplus grains and oil of communes and brigades can be sold in the market. The grains and oil owned by commune members can be sold in the market at any time of the year. All cotton and all short-staple cotton must be managed by the supply

and marketing cooperatives under a unified plan. No other units or individuals are allowed to be engaged in managing these products. All collectively-owned or individually-owned cotton can only be sold to the supply and marketing co-operatives and cannot be sold in the market.

Article 5. Agricultural and sideline products of the second category, such as, tung oil, raw lacquer, lacquer oil, silkworm cocoons (natural silk), black edible fungus, flue-cured tobacco, tea, sheep's wool, cashmere, sheepskin, cattle hide, bristles, musk, gastrodia, elata, eucommia ulmoides, coptis chinensis, bezoar, magnola officinalis, cornus officinalis and other major industrial raw materials and valuable Chinese medicinal materials must be purchased by responsible departments under a unified plan. They must not be sold by any other units or individuals in the market. As for other products, after fulfilling the purchase tasks set by the state plan or contracts, they can be sold in the market.

Article 6. Agricultural and sideline products of the third category can be sold in the market when the purchase tasks set by the state plan or contract are fulfilled.

Article 7. With the approval of the relevant state grain departments, state-operated, collective and licensed individual catering trade units can purchase grains and oil at country fairs. The mills run by communes and brigades to produce bean or sweet potato noodles, beancurd, soy sauce, vinegar and such like must be built on such a basis that they can have an ensured supply of raw materials from their own products, from the processing trade or from exchange. However, with the approval of the grain departments, they can also purchase raw materials and sell processed goods at the fairs. But reselling their raw materials at a profit is strictly banned.

Article 8. Agricultural and sideline products of the third category, which are produced by state-operated farms, tree farms, pasturelands and fishing grounds, and the second categorical agricultural and sideline products of the second category which are allowed to be sold in the market can be sold only after fulfilling the purchase tasks set by the state plan or contracts, and with a certificate issued by a relevant purchase department. Failure to do so will incur a fine of no more than 20 percent of the sales, according to the seriousness of the case.

Article 9. When organs, organizations, army units, schools, enterprises, institutional units or industrial and commercial departments in the sales district want to purchase the above-mentioned products which are allowed to be sold in the fairs in the production districts, they must register with and be approved by the proper local departments in charge of industrial and commercial administrative management. They must abide by the relevant regulations in the localities. Failure to do so will result in criticism, the confiscation of the purchased goods at the state's purchasing price or a fine of no more than 20 percent of the purchase volume, according to the seriousness of the case.

Article 10. Vegetables produced by vegetable production teams in the cities and in the industrial or mining areas, which are subject to planned purchase by the state, must not be sold in the market.

Article 11. All edible things which are sold in the market must be strictly examined in accordance with relevant sanitary regulations. Selling of foodstuffs which have deteriorated, or become rotten or poisonous is not allowed. The foodstuffs of those who violate this rule will be confiscated. Those whose actions have had serious consequences will be investigated and have the economic responsibility or criminal responsibility for such consequences affixed on them.

[HK310433] Chapter III--Management of Timber

Article 12. No free markets will be established in forestry or nearby areas. Standard timber produced by state-run forestry units must be purchased by the state except that timber which is for the use of these units according to relevant stipulations. Standard timber produced by communes and brigades in the forestry area must be divided into different grades and be purchased according to plan. From 1982, the state will monopolize 70 percent of the purchase. The timber or semi-finished products produced in the forestry areas must be managed by forestry departments under a unified plan. No other departments or units are allowed to go to the forestry areas to fell trees, or purchase or process timber.

Nonstandard timber produced by communes and brigades in the forestry areas as well as commune or brigade-owned timber and large quantities of processed or semiprocessed products can be sold by forestry departments on a commission basis or exchanged, under unified organization and with the approval of the forestry departments, with the sales areas. The timber privately owned by commune members in the forestry areas can be sold by forestry departments on a commission basis when approved by production brigades.

Firewood, charcoal and other processed or semiprocessed wood products needed by supply and marketing cooperatives, light industrial and foreign trade departments, and commune and brigade enterprises must be produced and supplied by forestry departments under a unified plan.

Article 13. Timber and other wood products produced by commune members or communes and brigades outside the forestry areas can be sold in the fairs with a certificate of the relevant production brigade.

Article 14. All timber-processing enterprises run by communes and brigades collectively must be examined and approved by the relevant forestry department and must register with the proper department in charge of industrial and commercial administrative management. Without being approved and registered, these enterprises are banned.

Chapter IV--Management of Industrial Products

Article 15. The industrial products produced by state-owned or collective industrial enterprises, which are stipulated in relevant policies as being allowed to be put up for sale by the producers, can be sold or placed on trial sale by the producers after fulfilling the purchase tasks set by the state plan or fulfilling contracts.

Article 16. All state-operated commercial units, supply and marketing cooperatives, industrial units which are authorized to sell their own products or place their products on trial and exhibition sale, collective commercial units, licensed peddlers and other units which are engaged in purchase and sale must implement the state's sale and price policies. All commodities which have a fixed price must be sold at the retail price stipulated by the state. As to the commodities the price of which can be negotiated between industrial and commercial departments, the state's policy on the discrepancy between wholesale and retail prices must be carried out. The illicit income of those who violate this rule will be confiscated according to the seriousness of the case.

Article 17. Commune members can, with a certificate issued by the production brigade, sell the industrial products which as a reward, the state authorizes them to buy.

Chapter V--Management of Transportation of Goods for Sale

Article 18. Rural communes and brigades can be engaged in the transportation of surplus second and third category agricultural and sideline products of their own or of nearby communes and brigades, which the state no longer requires to purchase, after contracts and purchase tasks set by the state plan are fulfilled.

Article 19. Commune members, with the approval of the production team, and within their capability, can engage in the transportation (such as, shouldering, carrying, pulling carts and carrying on bikes) of those second and third category agricultural and sideline products which are allowed to be sold at the fairs.

Article 20. No individual is allowed to privately purchase or use cars, tractors, motor vehicles, ships or other major means of transportation to transport goods for sale. However, as for some seasonal fresh and live agricultural and sideline products which can easily die or turn putrid, and for some products which are bulky but of little value, they can be transported by individual laborers by means of trucks or ships in their season with the approval of the relevant department in charge of industrial and commercial administrative management in the production region.

Article 21. Commune members and production teams can either buy or sell livestock at the fairs. But when they want to sell livestock at the fairs, they must have a certificate issued by the production brigade so that reselling on the spot can be strictly banned.

While giving priority to serving their own production, the production teams can transport major livestock to other places for sale with the approval of the county (municipal) industrial and commercial administrative management department. The transportation of large quantity of livestock to other provinces for sale must be approved by county agricultural departments.

[HK310435] Chapter VI--Management of Business Limits and Trade Marks

Article 22. All state-operated commercial units, supply and marketing cooperatives, collective commercial units and individual producers and businessmen

as well as all other units engaged in commercial activities must be registered with the industrial and commercial administrative management department, obtain a business license and do business within the limits set and in the same way as when they registered. Business without licenses or businesses operating beyond licensed limits are not allowed. Those who violate this rule will be criticized or their illicit income will be confiscated according to the seriousness of the case. At the same time, the bank will not settle their accounts.

Article 23. No organs, organizations, army units, schools, industrial or mining enterprises or institutional units are allowed to engage in commercial activities, except in the case of retail shops selling, trial selling or exhibiting their own products, factory-run shops, soldiers' service centers and shops for young intellectuals, which have been registered with and approved by the relevant industrial and commercial administrative management departments. Those who violate this rule will have their illicit income confiscated and will be banned.

Article 24. With the approval of the industrial and commercial administrative management departments, rural communes and brigades as well as commune members can engage in the catering trade, repairing and service trades, and handicraft industry at country fairs. Communes, brigades and commune members in county locations can engage in these activities in the county localities. With the approval of the public security organs and the industrial and commercial administrative management department, communes and brigades can collectively run hotels along the main communications lines in rural areas. Unapproved business activities are strictly banned.

Article 25. All medicines produced by any unit must be examined and approval by the provincial public health bureau in accordance with the "regulations governing management of medicines." Unapproved medicines must not be produced, purchased, sold or used. Those units which violate this rule will be ordered to cease production or will be banned by the industrial and commercial administrative management department and medicinal management department jointly with the public health department. All medicines produced with approval, and which are up to standard, must be managed by the medical sales agencies under unified arrangements. However, those which are not up to standard must not be permitted to leave the factory, be sold by sales agencies or be used by medical departments. All such medicines which have already left the factories should be fined. Before starting business, all individual doctors must be approved by the public health departments at or above the county level and given a certificate of qualification. Without being approved, no one is allowed to practice medicine.

Article 26. State-owned warehouses (including commission agents) are chiefly commissioned to purchase, sell, transport or store commodities. They can also be engaged in self-run businesses. The range of commodities they can manage is as follows: the third category agricultural and sideline products; the second category agricultural and sideline products which are allowed to be sold at the fairs after the state purchase plan and contracts are fulfilled; the industrial products which are allowed to be sold by the producers; and the products produced by rural communes and brigades or neighborhood collective

enterprises in towns and cities, which are not included in the state plan and will not be purchased by state-owned commercial departments and the supply and marketing cooperatives. The following products should not be managed by state-owned warehouses: the first category agricultural and sideline products, such as grain, cotton and so forth; the second category agricultural and sideline products which are not allowed to be sold at the fairs; the second and third category agricultural and sideline products the purchase tasks set by the state plan or contracts for which have been fulfilled; and the first and second category industrial products which are not allowed to be sold by the producers.

No organs, organizations, army units, neighborhood committees, schools, factories or mines are allowed to run warehouses.

Those who violate this rule will be educated through criticism or their illicit income will be confiscated according to the seriousness of their cases, and the bank will not settle accounts for the units concerned.

Article 27. All purchase and sales personnel should purchase or promote sales in accordance with the state's rules and regulations. They should not violate the policy of the state's monopoly in the purchase and marketing of grain, cotton and other products and the policy of purchasing under a unified plan. No unit or enterprise is allowed to do business through improper means, such as, giving dinners and presenting gifts, giving or taking bribes, or speculating. It is not allowed to hire hands to purchase raw materials, to sell them or promote their sales. Go-betweens are not allowed to get "commissions" in sales. Anyone who violates this rule will have their illicit income confiscated or will be dealt with according to law and according to the seriousness of the case.

Article 28. No unit or individual is allowed to privately produce or manage superstitious or gambling paraphernalia or drugs, to publish, purchase or sell reactionary or obscene books, journals, pictures, gramaphone records, recorded tapes and such. The illicit income and materials of the offenders will be confiscated, and serious cases will be dealt with according to law.

Article 29. Trade marks of industrial products must be registered with the industrial and commercial administrative management department by the users. Unauthorized trade marks should not be used and papers, radio and television stations and printing houses must not carry, broadcast and print such trade marks. Violators of this rule will be punished according to the seriousness of the case, the unauthorized trade marks will be banned and the income of newspaper offices, radio and television stations and printing houses will be confiscated.

[HK310437] Chapter VII--Management of Imported Goods

Article 30. Individuals who want to sell their imported goods must sell them to the units appointed by the state. They should not sell them openly at the fair market or through black markets. Violators will be given punishments, such as paying overdue tax, having the state purchase the goods according to list purchase prices, having fines imposed and confiscation of the goods,

according to the seriousness of the cases, or they will be punished by judicial organs according to law.

Article 31. Commercial units which are engaged in the management of individual imported goods must be approved by the industrial and commercial administrative management department above the county level. Unapproved units cannot engage in this management. The illicit profit of the units which violate this rule will be confiscated and the goods which have not been sold will be purchased at list purchase price by state-appointed commercial units. Those units which seriously violate this rule will be ordered to cease business and the leaders of these units will be affixed with responsibility for the cases.

Article 32. Any unit or individual who wants to buy imported goods must buy them at state-appointed commercial units. No one is allowed to buy these goods from individuals or through black markets. Violators will be given punishments according to the seriousness of the cases, such as paying overdue tax, having the goods purchased by the state at list purchase prices, having fines imposed and having goods confiscated. Leaders of the units which seriously violate this rule will be affixed responsibility for the cases.

Chapter VIII--Management of Speculation and Profiteering

Article 33. Those who illegally resell industrial and agricultural production materials, buy up state-controlled goods by forcing up prices or buy up commodities from state-owned or supply and marketing cooperatives retail shops for resale at higher prices will be punished. They will be made to return their illicit income or be fined. The existing unsold goods will be sold at a lower or limited price, or will be confiscated.

Article 34. The wholesale resellers, black market brokers who seek exorbitant profits through speculation and driving up prices by hoarding and cornering commodities in great demand as well as those who are engaged in smuggling will be made to return their illicit income or be fined. The unsold commodities will be sold at a lower or limited price, or will be confiscated.

Article 35. Those who are engaged in reselling goods-supply coupons and bank negotiable securities and those who are engaged in reselling gold, silver, foreign currencies, counterfeit money, jewelry, cultural relics, imported goods, valuable medicinal materials and such will be made to return their illicit income. These goods and coupons will be confiscated and fines will be imposed. Serious cases will be dealt with according to law.

Article 36. Those who have done shoddy work and used inferior or spurious materials in production to seek exorbitant profits will be made to return their illicit income, be fined, have their materials confiscated, be ordered to cease production or their business licenses will be revoked in accordance with the seriousness of the cases.

Article 37. Those who are engaged in swindling and bluffing under all sorts of pretexts, such as working for state-owned enterprises and institutional units, and those who grab property and seek illicit income by improper means, such as selling certificates, invoices and contracts, writing certificates,

making out invoices and signing contracts on others' behalf, and offering bank accounts, checks and cash for this purpose will have their property confiscated. The property they have grabbed in th s way and their illicit income will be confiscated and they will be fined. Leaders and handlers in the units which are involved in these illegal transactions will be affixed with the responsibility for such activities and serious cases will be dealt with according to law.

Article 38. Minor cases of speculation and profiteering as mentioned above can be handled by grassroots industrial and commercial administrative management offices and then be reported to the county (municipal) industrial and commercial administrative management bureaus for the record. Major cases must be handled by the county (municipal) industrial and commercial administrative management bureaus. In serious major cases, the county (municipal) industrial and commercial administrative management bureaus must report them to the county (municipal) people's government for examination and approval. Most serious cases which must be investigated and have responsibility for criminal offences affixed should be handled by judicial organs.

Article 39. Public security organs, tax bureaus, banks, railway and communications departments, post and telecommunications departments, public health departments and departments in charge of market prices and measuring and weighing must take concerted action in dealing with speculation and profiteering. It is necessary to act in accordance with the relevant rules and regulations of the state in dealing with the money deposits, remittance, postal parcels and consignment goods of the units or individuals involved in speculation and profiteering.

[HK310439] Article 40. Fines and confiscation of goods must be handled by the industrial and commercial administrative management departments. Units and individuals which are fined or have materials confiscated will be given a receipt when things or money are received. If the payment of the fine imposed on a unit is delayed, the industrial and commercial administrative management department will notify the bank or the credit cooperative to debit its deposit accounts. If an individual delays the payment, the fine will be deducted from his or her income in the work unit.

Article 41. All materials which have been purchased at a lower price, at the market price or have been confiscated, must be purchased and sold by the business department responsible for the work. They must not be shared among the staff members within the department. If the business department will not purchase these goods, they can be sold by commission shops. Coupons which have no list value must be returned to relevant responsible departments and the negotiable securities and cash must be handed over to the local financial department to be handled according to relevant stipulations.

Article 42. The industrial and commercial administrative management department must have written record for each case of speculation and profiteering it handles and must notify the units and individuals concerned.

Article 43. Managerial personnel of the industrial and commercial administrative management departments are authorized and have been given "credentials for examining industrial and commercial management" to interrogate those who

are engaged in or are suspected of being engaged in speculation and profiteering and to examine the goods they carry with them.

Article 44. In regard to property illegally stored and voluntarily reported to the responsible department by speculators, the industrial and commercial administrative management personnel must be on the scene with necessary witnesses and make the speculators themselves take them out. If a search is necessary, it must be made in accordance with the relevant state stipulations. The property being speculated on can be detained for a time when necessary and be handled after investigation or after winding up the case. The industrial and commercial management personnel must give a receipt for the detained goods.

Article 45. Strong measures will be taken against those who obstruct or refuse examination by the industrial and commercial management personnel, who attack, abuse or beat them, and those who attack the industrial and commercial, tax and public security organs or who pretend to be market management personnel to commit offences. Serious cases shall be dealt with according to law.

Article 46. Those who obstruct and sabotage the examination of speculation and profiteering cases and shield and encourage the activities of the speculators will be given administrative punishment, be subject to economic sanctions or be dealt with according to law and according to the seriousness of their cases.

Article 47. The industrial and commercial administrative management departments will give spiritual and material rewards to any unit or anyone who helps in the examination of speculation and profiteering cases. Those who expose and report illegal activities to relevant departments must be protected.

Chapter IX--Service and Management

Article 48. The people's governments in various municipalities and counties must take into account and make arrangements for the construction of the markets and market facilities for rural fairs and urban agricultural and sideline markets in line with the principle of making things convenient for the people, the principle of them being beautiful, practical and economical and the principle of not blocking traffic. This must be included in the plan for the construction of towns and cities.

Relevant departments must be appointed to be responsible for sanitation work in the market places.

Article 49. Country fairs and urban markets for agricultural and sideline products must be put under the unified leadership and management of the industrial and commercial administrative management departments. Sales points of various business departments at the fairs must accept the management of the industrial and commercial management departments.

Article 50. The industrial and commercial administrative management departments are responsible for collecting and spending market service charges in accordance with the principle of "collecting from the market and using in the

market." The service charges must be calculated according to the day's transaction volume. For transactions of cattle, pigs and sheep, the service charge must be less than 1 percent of the transaction volume while for other transactions, less than 2 percent of the transaction volume. For a transaction under 10 yuan, the service charge is 5 fen to 1 jiao. Apart from taxes collected by the tax department according to state stipulations, the quarantine fees collected by the epidemic prevention station and transaction service charges collected by the industrial and commercial administrative management departments, no other units are allowed to collect any charges in the market and fairs. When charges are collected, the relevant department must write out a receipt.

Article 51. The industrial and commercial management personnel must handle matters impartially, realistically and according to the state policies. They must actively propagate the policies and regulations on market management and protect normal transactions of the masses. Those who take advantage of their power to receive bribes and oppress the masses will be dealt with severely or punished according to law.

Article 52. The industrial and commercial management personnel must wear armbands or badges when they are on duty.

Chapter X--Supplementary Articles

Article 53. If any of our previous provincial regulations and methods on market management differ from this trial method, we must follow the latter.

Article 54. The provincial people's government authorizes the provincial industrial and commercial administrative management bureau to organize the implementation of this trial method and be responsible for its explanation.

Article 55. This trial method is effective from 1 October 1981.

CSO: 4006/399

ECONOMIC MANAGEMENT

ECONOMIC RESULTS IN SOCIALIST ENTERPRISES DISCUSSED

Beijing SHIXING JINGJI GAIGE, JIANQUAN JINGJI HESUAN ZHI /CARRYING OUT ECONOMIC RESTRUCTURING, STRENGTHENING ECONOMIC ACCOUNTING SYSTEMS/ in Chinese 1980 pp 225-235

[Article by Chen Lingshu [7115 0109 3219]: "Substance of Economic Results in Socialist Enterprises and Criterion for Their Assessment"]

[Text] Readjustment of the proportionate relationship of the national economy, restructuring of the economic system, reorganizion of the enterprises and upgrading of their economic results all have one common goal: improvement of the economic results of production and management in enterprises and acceleration of the four modernizations. Such economic results are the starting point as well as the end result in the management of the entire national economy, and the effectiveness or ineffectiveness of the national economic management at various links will ultimately be revealed in these economic results. Therefore, a study of the substance of the economic results of production and management in socialist enterprises and of the criterion for assessing these results are of very great significance in implementing the policy of readjustment, restructuring, reorganizion and upgrading.

I.

After deducting for the consumption of energy and raw materials required, what is left from an enterprise's production becomes the economic results of the enterprise's production and management. This is the general substance of economic results under conditions of socialized production. Therefore, as long as there is socialized production, this general substance of economic results will remain.

However, the economic results of an enterprise's production and management are determined not only by the development of social productive forces, but also by the social character of the relations of production. The substances of economic results of an enterprise's production and management are different under different social systems. In a capitalist society, the economic results of an enterprise's production and management are measured in terms of profits, so that the greater the profits, the better will be the economic results, and the lack of profit will also mean the lack of economic result. That is why we usually say that capitalist enterprises produce only for profits. Socialism

has eliminated the capitalist system of private ownership of the means of production. Under this system, the laborers make use of the publicly owned means of production to work for the common needs of their own society. Then what should be the yardstick of the economic results of the production and management of socialist enterprises? For a long time, people have not been able to find a final answer to this question.

Since the economic results of production and management in socialist enterprises should be subordinated to the goal of socialist production, they are different from capitalist cconomic results because of their social character. Some comrades hold that since the aim of socialist production is "the satisfaction of requirements," the enterprises achieve economic results as long as they produce material products. Thus material products are equated with the economic results of production and management. In fact, an enterprise must be able to produce a certain amount of material products regardless of the consumption incurred in the process of production, as long as these products are not all rejects. However, these products do not show whether or not the production and management of the enterprise have produced any economic result. These economic results are shown not by the amount of products produced, but rather by a comparison of the goods produced with the energy and raw materials consumed. If the goods produced are worth more than the energy and raw materials consumed, then economic results have been achieved. However, if the goods produced do not make up for what has been consumed, then there is no economic result to speak of. This is a common way of comparison under conditions of socialized production. To understand the substance of economic results of production and management in socialist enterprises, we must first understand the basic aim of socialist production. Some comrades think that since the aim of socialist production is "the satisfaction of requirements," the material products produced should stand for economic results. In fact, this is an interpretation of the aim of socialist production as that of social production in general. Satisfying social requirements is a common goal of production in human society, because production in any society aims at the satisfaction of certain requirements, and without these certain requirements, there would be no production in human society. Therefore, the satisfaction of requirements is a very general concept and cannot be the basic characteristic of the aim of socialist production. For the same reason, the production of material products cannot be regarded as the substance of economic results of production and management in socialist enterprises. Marx said: "Labor, as a creator of use-value or useful labor, is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal nature-imposed necessity, without which there can be no material exchange between man and Nature, and therefore no life."[1] From this, we can see that if we regard the satisfaction of requirements as the aim of socialist production and the production of material products as socialist economic results, we are treating a common characteristic of all forms of society as a special feature of the aim of socialist production. This cannot explain the particularity of the socialist relations of production and therefore cannot help solve the real problem which now exists or raise the level of economic management. The real problem which now exists does not concern the ability of the enterprises to produce material products or the suitability of these material products to social needs. Quite the

contrary, all enterprises are now producing material products, although some of them may fail to stress economic results. Their consumption is high and their waste is serious. For a long time, they have been incurring losses and are an obstacle to the development of the national economy. It is therefore necessary for the enterprises under poor management to be closed during the readjustment, so that there can be a concentration of funds to be used on other enterprises which require less investment but yield better results. This measure will help raise the level of management and promote the development of the entire national economy.

Instead of meeting people's needs in a general way, the aim of socialist production is "the securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society."[2] In other words, the people's living standards should be constantly raised, and individual income and social accumulation should be constantly increased. The so-called "constantly rising material and cultural requirements of the whole of society" certainly do not imply a subsistence level, or only the freedom from cold and hunger, and even less luxury for a small number of people. It means a constant rise in the people's standards of living. In other words, people should enjoy increasing prosperity instead of suffering increasing poverty. To satisfy these requirements, mere production of material products is not enough. Compared with the consumption required, the production must leave a credit balance which will serve as a material condition for a rise in people's standards of living. This balance is what people usually call "surplus product," and we must have this balance before we can meet the basic requirements of socialist production--to further raise the people's standards of living and to carry out expanded reproduction. Therefore, we can say that surplus product is the basic substance of the economic results of production and management in socialist enterprises.

Surplus product in this sense is decided by the fundamental requirements of socialist production and reflects the basic feature of the socialist mode of production. The aim of socialist production is maximum satisfaction of people's requirements in their daily life, and surplus products are the material foundation for raising people's standard of living and level of consumption. Both products and surplus products are needed under the socialist system, and there is actually no antagonistic contradiction between them. On the contrary, surplus products are the material foundation for increasing the necessary products and the individual income. Experiences in the development of socialist economy have shown that workers' income can be increased only through the increase of surplus products. If many enterprises incur losses, the increase of individual income will be impossible. Engel said: "Instead of generating misery, overproduction will reach beyond the elementary requirements of society to assure the satisfaction of the needs of all; it will create new needs and at the same time the means of satisfying them."[3] Therefore, in socialist economy, the increase of surplus products has become a precondition for the improvement of people's living conditions.

At the same time, we must expand reproduction at a high rate in order to satisfy the constantly rising material and cultural requirements of the people.

If production can only be maintained at the level of simple reproduction, we will not be able to maintain a constant increase in surplus products, and it will be impossible for us to satisfy the constantly rising material and cultural requirements of the people. At the same time, surplus products are the material foundation for increasing social accumulation, carrying out expanded reproduction and promoting further social progress. Engels said: "A surplus of the product of labor over and above the costs of subsistence of the labor, and the formation and expansion of a social production and reserve fund out of this surplus--these were and are the basis of all social, political and intellectual progress."[4]

Surplus products are created by the laborers in the sphere of material production. They reflect the contribution of laborers in this sphere to the entire society; and more surplus products will mean greater contributions from these laborers. The amount of surplus products created in an enterprise is mainly determined by its levels of management and labor productivity. When the production of necessary products is relatively stable, higher labor production of necessary products is relatively stable, higher labor productivity will enable the enterprise to provide more surplus products to the society, and the level of labor productivity is determined by the skill of the laborers, the level of the technical equipment, the organization, and the standard of management. The reason why we advocate a rise in the standard of management and the accleration of the four modernizations is that we want to further raise the labor productivity in order to improve the economic results of the enterprise's production and management. Our productive forces are fairly backward and our standard of management is fairly low at present, and that is why the economic results of production and management in many enterprises are very poor, and some of them are incurring losses. This will hamper the progress of the four modernizations.

One of the important causes of our poor economic management is that the economic results of production and management have not been highly regarded. People have only been concerned with production regardless of profits or losses, and this has resulted in serious waste of manpower and material resources. This is against the objective laws of economic management. The Party Central Committee has recently adopted the policy of readjustment, restructuring, reorganizing and upgrading for the national economy, and one of the important goals of this policy is to improve the economic results so that every enterprise will more thoroughly understand the objective laws, improve its mamangment, and continue to increase the production of surplus products as a material foundation for the four modernizations.

II.

Socialist production is socialized mass production. Since the products of every enterprise are not directly used to meet its own needs, there can be no way to tell the difference between necessary products and surplus products on the basis of their material forms. At the present stage of socialism when the relations of commodity and money are still preserved, we must use value as a means to tell this difference. According to the law of value, there is still a contradiction between the consumption of socially necessary labor and the

actual consumption of labor by individual enterprises. Thus the value of any product cannot be determined by the actual consumption of labor in an enterprise. Instead, it should be determined by the consumption of the average socially necessary labor for the same type of product. Under the system of economic accounting, the enterprises can only calculate their revenues and expenditures in terms of money. They can calculate the consumption of the means of production in monetary terms and the consumption of labor according to the remuneration paid to their workers and staff members based on the principle "to each according to his work." This is how the enterprises calculate their production costs. The enterprises sell their products at prices determined by the consumption of average socially necessary labor. Part of the proceeds from sales is used to cover the production costs, and the remaining part becomes their profits. This is how surplus products are transformed into the enterprises' profits. Since the surplus products are the substance of the economic results of socialist production and management, profits, as a monetary form of surplus products naturally become a yardstick of the economic results of production and management in socialist enterprises.

In the strict enforcement of economic contracts and of the principle of exchange at equal values, the sale of products shows that the products of the enterprise can meet social needs and have been socially accepted, and that the value of these products has been realized at prices determined by the consumption of average socially necessary labor in production. These products therefore stand for the achievements of the enterprise in production. Production cost represents the expenses incurred by the enterprise in the process of production. It includes the amount spent on the purchase of the means of production and the payroll. The former shows the consumption of materialized labor, but the latter does not show all the living labor consumed in the process of production. Nevertheless, while the payment of wages according to the principle "to each according to his work" is still preserved, we can only use the payroll as a means of showing the consumption of such labor in production. Both materialized labor and living labor combine to form the total consumption in the enterprise's production. The proceeds from the sale of products less the production cost represents the economic result gained by the enterprise. Some comrades think that the enterprise should have already obtained its economic results as soon as its products are off the production line. In fact, under conditions of commodity production, if a socialist enterprise does not gain any profit after balancing its revenues and expenditures, it shows that although its goods have already been produced, its receipts can only cover its expenses on the means of production and the payroll; if the receipts cannot even cover the production cost, it shows that the enterprise has incurred a loss; and if the amount of loss is larger than its payroll, it shows that despite its output, the enterprise has not created any new value, and that some wealth previously created by labor has been wasted. All these suppositions show that the enterprise has not achieved any economic result even though it has produced goods. A socialist enterprise must be able to keep the consumption of living labor to produce its products below that of the average socially necessary labor in order to make profits or to achieve economic results. The greater its profits, the better will be its economic results and the more successful will it be in accomplishing its tasks.

Some comrades have raised this question: The economic results of capitalist enterprises in production and management are shown by their profits, and the economic results of socialist enterprises in production and management are also shown by monetary gains; then what is the difference between the economic results of capitalist and socialist enterprises? We would say that there are differences in principle between them. The differences are as follows: (1) The profits of capitalist enterprises represent the surplus value created by workers and taken over free by the capitalists. The change of the material wealth created by workers into the private property of capitalists reflects the relations of exploitation in capitalism. The monetary gains of socialist enterprises represent the wealth created by the laborers in the sphere of material production to satisfy common social needs and are the material foundation for the expansion of public property. They are the laborers' contributions to the society, and reflect the relations of mutual cooperation among the laboring people. (2) The profits of capitalist enterprises are transformed from surplus value with a distortion of its source, while the gains of socialist enterprises are surplus value in monetary form, reflecting an accounting of surplus value and the process of distribution. (3) The profits of capitalist enterprises are the cause of continued increase of capitalist wealth, with corresponding increase of poverty for the working class and a growing imbalance in the distribution of social wealth; the gains of socialist enterprises on the other hand are the material foundation of people's common prosperity, as well as the material conditions for the ultimate abolition of classes and the realization of communism. Therefore, the gains of socialist enterprise are fundamentally different from the profits of capitalist enterprises, and they should never be confused. In theory, we must also further eliminate the bourgeois metaphysical and reactionary viewpoint of the "gang of four"--the viewpoint that since profits are the economic results of capitalist enterprises, the economic results of socialist enterprises should not be shown in monetary gains. This is a reactionary viewpoint of "working against it" which is contrary to historical materialism and has been the cause of severe damage to our social economy. The pernicious influence of this viewpoint still has not been completely wiped out, as shown by the opposition which still exists to the use of monetary gains as a measure of economic results for the reason that such use will obliterate the demarcation between socialist and capitalist enterprises. The people who hold this viewpoint are apparently not aware that such opposition is influenced by the poisonous idea that "business losses are a sign of socialist superiority" as preached by the "gang of four." The superiority of socialist planned economy is that a sustained proportionate development will provide maximum economic results for the national economy and that the gains obtained in this way will be ever greater than those of capitalism.

III.

The use of gains in socialist enterprises as a means of assessing the economic results of the enterprises in production and management is of great importance to enterprise management.

First, it strongly encourages the enterprises to increase their output and to improve the quality of their products. Since the gains of enterprises come

from the proceeds of their sales minus the production cost, the enterprises can increase their gains only by increasing their sales. When the prices have already been set, the enterprises must increase their output and improve the quality of their products before they can have increased proceeds from their sales and then raise their profit level. Therefore, the use of profits as a means of assessing the enterprises' economic results will encourage them to produce more goods of fine quality. The improvement of quality means the reduction of losses from rejects in the process of production. The increase of fine quality goods with even less consumption of fuel and raw and semi-finished materials shows the improvement of economic results. Fine-quality means of production will guarantee the quality of production and construction and will help speed up the development of the national economy, while fine-quality consumer goods will help improve the conditions of living for the urban and rural population and secure the satisfaction of the constantly rising material and cultural requirements of the people. On the contrary, if the enterprises pay no attention to economic results and only try to increase their output, with no regard for the quality or to the requirements of the market and the people, their products will be either "crude and unattractive" or "substandard and unsalable." Furthermore, these products will become overstocked and have to be disposed of either at cut prices or through arbitrary distribution among the consumers. This will eventually hinder production and the improvement of people's livelihood, and will cause great waste for the state. This vicious cycle may even bring about a backslide in production in the whole society. In fact, this form of arbitrary distribution and high-pressure sales are against the law of value, and will be sanctioned by objective laws. We must observe the objective laws, bring into play the role of value, including the use of profit as a criterion for assessing economic results, as a means to arouse the enthusiasm of the enterprises, before we can induce every socialist enterprise to use its own initiative to increase the output, improve the quality, add more designs and varieties, and produce more fine-quality and profitable goods.

Furthermore, the use of profit as a criterion for assessing economic results can induce the enterprise to continue the reduction of labor consumption. Provided the proceeds from sales remain unchanged, the enterprise can increase the profits by lowering the expenses in production, that is, the cost expenditures, and reduce labor consumption. While being frugal with the consumption of raw and semifinished materials, auxiliary materials, fuel and power in the process of production, the enterprise should also achieve better utilization of its machinery equipment so as to reduce the per-unit consumption of products and lower the value transferred from these materials to the finished products. It should also economize on living labor and reduce the number of man-hours spent on each unit of product, so as to raise the labor productivity and lower the wages paid in production. This will reduce the enterprise's production expenses, lower the production costs, and increase its profits. If we do not use profit as the criterion for assessing economic results, the enterprises will only be concerned with the output and pay no attention to consumption in the process of production. This is a very important cause of high consumption, serious waste and even prolonged losses which cannot be prevented among many enterprises. The use of profit as a criterion for assessing the economic

results of production and management among enterprises will help prevent the serious losses incurred by some enterprises at present, give full scope to the role of profits as an objective lever, and dynamically induce the enterprises to practice economy.

Finally, profit is the ultimate overall index of production and management in enterprises, and can comprehensively reflect the results of work in various aspects. The use of profit as a criterion for assessing the economic results of an enterprise's production and management will encourage it to comprehensively raise its management level. Production is the central task for all socialist enterprises, and all aspects of enterprise management, including the management of planning, finance, materials, labor, technology, equipment and so forth, should serve production. When the relations of commodities and money still remain, under the system of economic accounting, the movement of enterprise funds reflects the entire process of production. As a comprehensive value index in the movement of funds, profit reflects the result of not only just certain aspects but also an all-round view of the work, provided the pricing is rational. For example, faulty planning or unsalable goods can result in a tie-up of funds, reduction of revenues from sales, and the lowering of profits. Again poorly organized labor may result in work stoppage or technical accidents, and ultimately the production of rejects, reduction of output and increase of consumption. In technical management, any change in the design or the composition of ingredients may have a direct effect on the level of production cost. Other factors such as the quality of management of equipment and material will also finally be shown in the profit level. Therefore, the use of profi as a criterion for assessing the economic results of production and management will encourage the enterprises to strengthen management in various aspects, and the improvement of management will in turn enable the enterprises to increase their profits. Comrade Mao Zedong said: "All socialist economic establishments must pay attention to the full utilization of manpower and equipment, improve labor organization to the full extent, raise the level of management and labor productivity, save all manpower and material resources that can be saved, and practice labor emulation and economic accounting. This will help in the gradual reduction of the production cost, and increase both individual income and collective accumulation."[5]

To give full play to profit as a yardstick of economic results, we must let the enterprises assume economic responsibility for their own profits and losses in production and management, so that the material benefits of the enterprises and the workers and staff members will be directly linked with the economic results of production and management. There will then be a joint responsibility for the state, the enterprises and the workers and staff members. Way back in 1942, Comrade Mao Zedong clearly pointed out: "All plants' ups and downs should be related to their profits."[6] The increase or decrease of workers' fringe benefits should be decided by profits, which will then become an objective mechanism closely linking the material benefits of the enterprises and the workers and staff members together and serve as an economic driving force for the enterprises and their workers and staff members to raise their labor productivity. In consideration of the common interests of the state and their own, the enterprises and the workers and staff members will

make every effort to earn more profits in order to raise the material and cultural levels of all laborers, to develop socialist production and to contribute to the acceleration of the four modernizations.

FOOTNOTES

1. Marx, "Das Kapital," Vol 1, People's Publishing House, 1963 p 14.

2. Stalin, "Economic Problems of Socialism in the USSR," p 31.

3. "Collected Works of Marx and Engels," Vol 4, p 369.

4. "Selected Works of Marx and Engels," Vol 3, p 233.

5. Mao Zedong, "Experiences of Li Ziyuan Agricultural Producers' Cooperative, Zhenru District, in Saving Production Expenses" in "Socialist Upsurge in China's Countryside," Vol 2, p 768.

6. Mao Zedong, "Economic Problems and Financial Problems," Zhongyuan Xinhua Bookstore, 1949, p 82.

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ECONOMIC MANAGEMENT

GUIZHOU: SU GANG ON PROVINCE'S ECONOMIC SITUATION

HK310721 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 29 Mar 82

[Summary] A report meeting on economic situation was held yesterday afternoon in the Guiyang steelworks. Governor Su Gang attended the meeting and delivered a report on the province's economic situation. He cited lively and specific examples to show that since the 3d Plenary Session of the 11th CCP Central Committee, the economic situation in our province had taken a favorable turn year after year and that the livelihood of the people in the cities and rural areas had improved to some extent.

Comrade Su Gang said: Since the third plenary session, our party, on the basis of summing up the experiences gained and the lessons drawn from the economic construction since the founding of the PRC, has formulated the policy of "readjusting, restructuring, reorganizing and upgrading" and a series of other correct policies, thus fundamentally straightening out the guiding ideology. Great successes have been achieved in various work and the national economy has also got onto the right track of steady development. We have also made great efforts to readjust the economy in our province. Industrial and agricultural production has developed steadily. Calculated on the constant price in 1970 and taking 1978 as the base, the total value of industrial and agricultural output from 1979 to 1981 increased by 2.16 percent annually. Despite the fact that we were confronted with a lot of difficulties in industrial production during the period of readjustment and that our agriculture was hit by severe drought last year, we succeeded in achieving this growth rate. This was attained by the people throughout the province through arduous struggle. While developing production, the party and government also adopted a series of important measures to improve the livelihood of the people.

In conclusion Comrade Su Gang requested various localities, departments and units to conduct education on the economic situation among the staff and workers in the near future in the light of their specific conditions.

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ECONOMIC MANAGEMENT

LIAONING DEALS WITH SERIOUS ECONOMIC CRIMES

SK251026 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 24 Mar 82

[Text] According to our sources, the procurators' offices throughout Shenyang Municipality, Liaoning Province, have placed a number of economic criminal cases on file for investigation and prosecution. Of these cases, eight persons who embezzled over 10,000 yuan have been ferreted out and arrested, including (Wang Duo), member of the sale and purchase section under the Shenyang Municipal Production Means Service Company, who has misappropriated 310,000 yuan of public funds since 1979 to perpetrate profiteering and speculation with local criminals and obtained illicit commissions and profits. In the name of the company, he also illegally purchased a large amount of state materials for criminal profiteers and speculators to seek bribes and commissions. He forged official documents and receipts and raised commodity prices arbitrarily to wantonly sow corruption. As a result, (Wang Duo) has earned over 15,000 yuan in illicit profits. He was arrested by the procurator's office in accordance with the law.

Ex-convicts, including (Wang Fenglin) and (Hu Chunqing), again organized a gang to perpetrate speculation by offering bribes. Since 1979 they have purchased waste corundums in a big way and resold them at a high price in other provinces. They have offered over 4,000 yuan of bribes to the director, deputy directors and staff of the conservation office under the No 1 Shenyang Municipal Emery Wheel Plant. They purchased over 2,000 tons of waste corundums from the plant and picked up 60 tons of goods which had been sold at high prices in other provinces inside Shanhaiguan, earning over 110,000 yuan in illegal profits. (Hu Chunqing) got a share of 60,000 yuan, and (Wang Fenglin) got a 30,000 yuan share. By placing the case on file for investigation and prosecution, the procurator's office of Sujiatun District, Shenyang Municipality, has arrested criminals (Wang Fenglin) and (Hu Chunqing) in accordance with the law and seized a large amount of money and goods.

The procurator's offices at municipal and district levels throughout Shenyang Municipality have earnestly implemented the policy of being lenient to those who confess their crimes and being severe with those who refuse to make confessions. They have dealt blows at the minority, strictly punishing chief criminals and accomplices to teach them a lesson and make them repent. They have also cooperated with departments concerned to draw lessons from crimes, to plug all loopholes and to enhance preventive measures, bringing about good results in controlling economic crimes.

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ECONOMIC MANAGEMENT

JIANGXI: BAI DONGCAI URGES ECONOMIC RESULTS IN INDUSTRY

OW250901 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 24 Mar 82

[Text] Governor Bai Dongcai said at the Fourth Session of the Fifth Jiangxi Provincial People's Congress that it is necessary to have a correct guideline regarding industrial production and to work hard to achieve better economic results. He said: For a long time we have been accustomed to regarding increased output value as the main criterion in judging industrial production while paying less attention to economic efficiency. Industrial output value in our province over the past 32 years has shown an annual growth rate of 12.8 percent. This cannot be said to be very slow, but yet we have not attained the desired economic results. Summing up past experience, we can say that an important task is to have a correct guideline regarding industrial production and to shift from onesided pursuit of output value to full attention to economic efficiency. We must be good at manufacturing more goods to meet popular demand while using a minimum of labor force and a minimum amount of materials, thereby integrating economic growth rate with economic results.

Bai Dongcai continued: To improve our industry's economic efficiency, we must readjust our province's industrial structure and our industrial products mix to meet the needs of the general public. At present, special attention should be paid to developing production of selected and important industrial products for everyday use that represent established and famous brands. We must upgrade our industry, produce goods of well-known brands and keep improving our products so that they are of good quality, are cheaper and are sold quickly. By so doing, we will have whatever manufactured goods others have and will have more and better commodities than others, being able to learn from others if their goods are better than ours.

Bai Dongcai stressed: An important measure for raising economic efficiency is to consolidate enterprises. In line with the requirements set fourth by the party Central Committee and the State Council, we should fulfill this task within the next 2 to 3 years in a planned way and step by step. Among the 141 backbone enterprises in our province that have a great impact on the national economy, 51 should be consolidated first this year. By consolidating these enterprises, their economic efficiency will rise quickly. Meanwhile, we should improve the leading bodies of the enterprises and readjust them in accordance with the requirements for members of leading bodies: they must be revolutionary, young in age, educated and be professionally competent. The system that

requires a factory head to be responsible for the factory's operation under the party committee leadership and requires the establishment of workers congresses at factories and mines must be put into force. The various forms of economic responsibility should also be established so as to strengthen management and perfect the fundamental operation of enterprises.

Bai Dongcai concluded: Technical reform of enterprises is a great change of strategic significance, a change from relying mainly on the assistance of other localities to relying mainly on our own efforts, a change from a broadly but loosely organized management to an intensive form of management. It is also an important measure for raising our economic efficiency. Investment funds earmarked for this year should be used to upgrade the equipment of those departments that are capable of achieving quick results and raising their economic efficiency but require less investment. These funds should also be used to carry out technical reform in these departments.

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ECONOMIC MANAGEMENT

GUANGXI PAPER DISCUSSES REGIONAL ECONOMIC POLICY

HK090405 Nanning Guangxi Regional Service in Mandarin 1100 GMT 8 Apr 82

[Report on 8 April GUANGXI RIBAO editorial board article: "Consolidate One Foundation, Grasp Two Big Pillars, and Bring Eight Superior Features Into Play"]

[Excerpts] In January the regional government proposed the construction tasks of consolidating one foundation--grain--getting a tight grasp of two big pillars--sugar and hydroelectricity--and bringing eight superior features into play--sugar, hydroelectricity, nonferrous metals, building materials, indigenous products, forestry, the use of foreign investment and foreign trade, and tourism. This scheme was adopted by the Fourth Session of the Fifth Regional People's Congress.

The article says: In recent years our region has done a lot of work to implement the strategic policy decision of the Third Plenary Session on shifting the work focus and explore the speeding up of development of the national economy. At the start, the regional CCP committee and people's government concentrated everyone's views and proposed brining six superior points into full play. These were sugar, hydroelectricity, nonferrous metals, forestry and indigenous products, building materials, and foreign trade and tourism. Afterwards forestry and indigenous products were separated and foreign trade and the use of foreign investment were separated from tourism, thus becoming eight superior features. Last September it was proposed to take sugar and hydroelectricity as the two big pillars of the economy, and today's formula was proposed in November: consolidate one foundation, grasp two big pillars, and bring eight superior features into play.

The article says: There are two notable characteristics of this construction task. One is that development of grain production is regarded as the foundation of bringing the eight superior features into play. The other is that sugar and hydroelectricity are regarded as the pillars of bringing the eight superior features into play. In carrying out this construction task, we must pay full attention to developing one foundation and two big pillars.

Grain is regarded as the foundation of bringing the eight superior features into play because grain is the foundation of entire national economic development. It is very closely related to bringing the eight superior features into play. Only if grain production develops can people eat and promote economic

construction, and can the eight superior features be brought into play. At present, the level of grain production in Guangxi is not high. Our grain production is not yet up to standard. In accordance with the demand of the central authorities that Guangxi should be self-sufficient in grain, solving the region's grain problem basically depends on our own efforts. The cropping arrangements in Guangxi are now basically rational, as a result of several years or readjustment. The existing grain area, especially that of rice, cannot be reduced any more. We must further implement the rural policies, perfect the production responsibility systems, and bring people's enthusiasm into play. On the basis of maintaining the existing sown area, we must promote scientific cultivation and improve the yields of grain and industrial crops.

Sugar is one of the eight superior features. However, compared with the other seven, there are many existing favorable conditions for developing sugar production. Guangxi is one of China's main sugar cane areas. Apart from Taiwan Province, we are second only to Guangdong. The masses have ample cultivation experience, the research departments have developed some fine strains, and we have a certain capacity for processing sugar cane. By putting sugar production in a priority position we can make full use of existing favorable conditions and get good results and economic returns from low investment.

Developing hydroelectricity and solving the energy problem is a strategic task. Guangxi has abundant hydroelectric resources. Some 16 million kilowatts of power could be produced by exploiting these resources, and 76 billion kwh could be generated annually. The State Council has now agreed to regard exploiting the Hongshui River as a strategic measure for solving the energy problem in South China, and has put this project in the Sixth 5-Year Plan. Exploitation work will be carried out in a planned and measured way. Considering the matter from the angle of the overall situation and from the long-term plans for developing the region's national economy, although the investment required for developing hydroelectricity is rather large and the construction cycle rather long, the moment this strategic problem is solved the all-round development of the region's national economy will be stimulated, and our contributions to the state will increase still more.

We are not saying that the other superior features need not be grasped, nor can we wait until the two big pillars are developed before developing the others. In particular, Guangxi has a relatively complete range and abundant reserves of nonferrous metals; the region ranks first in the country in tin, second in antimony, third in zinc, and fourth in tungsten and bauxite. While concentrating on promoting the two big pillars, we must act according to our capacity and actively develop the other superior features, to make all eight stimulate each other to develop together.

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ECONOMIC MANAGEMENT

SHAANXI HOLDS RALLY ON FIGHTING ECONOMIC CRIMES

HK061151 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 6 Apr 82

[Summary] Yesterday afternoon, the Propaganda Department of the Shaanxi Provincial CCP Committee held a mobilization rally of the propaganda system at the provincial level to penetratingly carry out the activities of striking blows at economic crimes.

"Provincial CCP committee secretary Yan Kelun spoke at the rally. Demanding that people who have committed this or that economic crime clearly understand the situation, wake up early and, before 1 May, surrender themselves to public security organs, thoroughly confess their mistakes and accuse and expose other criminals in order that they can be dealt with leniently. Otherwise, they will be regarded as continuing to commit crimes and will be strictly and severely punished in accordance with the new law.

"In his speech, Comrade Yan Kelun said: Judging from the situation of initial investigation and handling of cases in all places throughout the province, economic criminal activities are rampant. He pointed out: Economic criminal cases have the following characteristics: 1) The cases have involved enormous sums of money; 2) the number of people both inside and outside organs who have committed economic crimes in collusion with each other is large; 3) many people have engaged in embezzlement; 4) many people have committed economic crimes in groups and gangs; 5) many criminals have had support from upper levels; 6) many have carried out criminal activities under lawful pretexts; 7) many evil elements of Lin Biao and the gang of four, people who were sentenced to reeducation through labor and were later released and hooligans have committed crimes. This situation shows the seriousness, harm and danger of the current criminal activities in the economic sphere."

Yan Kelun said that in the last few years, the number of cases of thefts of cultural relics in the province had been on the increase. Some cultural relics have been stolen and exported. As a result, the state has incurred serious political and economic losses. Leaders of some cultural relics management units have been slack and weak. There are many loopholes in the system and criminals can use these loopholes. Therefore, we must seriously absorb experiences and lessons, strengthen ideological and political work, improve regulations and systems and stop up the loopholes. Those cultural relics management personnel who have caused state cultural relics to be damaged or

lost due to neglect and dereliction of duties must be investigated and dealt with and the criminals who have committed graft and theft, smuggled cultural relics and stolen and exported cultural relics must be resolutely, severely and quickly punished in accordance with the law.

In striking blows at the economic criminal activities in the whole province, Yan Kelun put forth the following five points:

1. It is essential to continue to study the documents of the central authorities and the province on striking blows at the economic criminal activities and to further deepen our understanding.

2. It is necessary to deal with the key cases at all levels. In the e key cases, we must lay stress on grasping the economic criminal cases which involve leading cadres at all levels.

3. We must teach and mobilize the masses to strictly act in accordance with the policies.

4. We must persist in investigation and study, verify the facts and not obtain confessions by force and then regard them as true. Those who surrender themselves to public security organs, voluntarily return ill-gotten gains and truly confess their mistakes must be leniently dealt with in accordance with the policies.

5. CCP committees at all levels must regard this struggle as one of the central tasks for this year and seriously grasp it to the end.

Provincial CCP committee deputy secretary (Bai Wenhua) presided over the rally, some 600 people attended the rally, including leading members of all units of the propaganda system at the provincial level, responsible comrades of the discipline inspection committees of the CCP committees of organs, all comrades who are attending the provincial conference on cultural relics and responsible comrades of all departments, committees, offices and bureaus at the provincial level and propaganda units in Xian Municipality.

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ECONOMIC MANAGEMENT

QINGHAI STEPS UP STRUGGLE AGAINST ECONOMIC CRIMES

SK070735 Xining Qinghai Provincial Service in Mandarin 1100 GMT 6 Apr 82

[Text] According to our sources, at the end of March the Qinghai Provincial Industrial and Commercial Administrative Bureau sponsored a forum in Xining Municipality to discuss ways to block current smuggling, trafficking in contraband goods and speculation and profiteering. The forum urged departments concerned to punish resolutely and strictly economic criminals.

At the forum, participants contended that over the past 3 years the industrial and commercial administrative departments at all levels had scored certain achievements in focusing on dealing blows at economic crimes such as smuggling, trafficking in contraband goods and speculation and profiteering. The province has punished or imposed fines on a large number of criminals who have engaged in speculation and profiteering and has amassed 1.44 million yuan from confiscating illegal earnings and imposing fines on convicts. As of now, the province has cracked down on 12 serious cases, each of them involving over 10,000 yuan of embezzled money.

However, current crimes such as smuggling, trafficking in contraband goods and speculation and profiteering still are serious. Most convicts illegally trafficked in good, silver, musk and Chinese caterpillar fungus. In particular, some state organs, enterprises, establishments and units and collectively owned economic units have taken part in smuggling, illegally purchasing foreign currency and speculation and profiteering. A few CCP members and state cadres also commit crimes in collaboration with social criminal elements.

At the forum, participants noted: In dealing blows at smuggling, trafficking in contraband goods and speculation and profiteering, special attention should be paid to cracking down on cases which occur in state organs, enterprises, establishments and units. No matter who and what unit is involved, cases should be thoroughly investigated and dealt with. The participating comrades stressed: In purifying the ranks of staff and workers, industrial and commercial administrative departments at all levels should enhance ideological education among staff and workers and professional training work so as to meet the needs of their work. In addition, cadres in charge of industrial and commercial administration should be upright, never stoop to flattery and be law-abiding. Under no circumstance should they seek private gain by violating the law or connive at and shield criminals. All deeds and persons violating the law must be strictly dealt with.

CSO: 4006/399

ECONOMIC MANAGEMENT

HENAN RADIO ON PUBLICIZING ECONOMIC SITUATION

HK050609 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 4 Apr 82

[Station commentary; "Get a Good Grasp of Education in the Economic Situation"]

[Excerpts] In accordance with the instructions of the Central Committee and State Council, the provincial CCP committee and government have decided to carry out propaganda and education in the economic situation in the urban areas throughout the province during April and May. This is another major measure for building socialist spiritual civilization, following the civility and courtesy month.

The key to doing a good job in propaganda and education concerning the economic situation lies in having the party committees at all levels attach importance to the work and the whole party carry out ideological and political work. The party and government leading cadres at all levels must, in connection with the reality of their own department or unit, apply methods such as calculation and contrast to report to the masses on the economic situation and vigorously publicize the excellent situation and bright prospects in the national economy in the whole country and whole province. They should also tell the truth about the existing problems and difficulties, and publicize the importance of readjusting and restructuring the national economy.

Conducting propaganda and education in the economic situation is arduous and meticulous ideological work. The work must be done in a sound way, and we must avoid rushing headlong into mass action. It must be carried out in a planned and measured way.

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ECONOMIC MANAGEMENT

IMPORTANCE OF ECONOMIC ACCOUNTING IN COMMERCE STRESSED

Beijing SHIXING JINGJI GAIGE, JIANQUAN JINGJI HESUAN ZHI [CARRYING OUT ECONOMIC RESTRUCTURING, STENGTHENING ECONOMIC ACCOUNTING SYSTEM] in Chinese 1980 pp 204-214

[Article by Bai Zongyao [4101 0112 1031], Jia Lurang [6328 1462 6245] and Tang Lunhui [0781 0243 1920]: "Economic Accounting for Socialist Commercial Enterprises"]

[Text] Is economic accounting necessary for socialist commerce? This is an important question as to whether socialist commerce can be effectively run. Some systems and methods of control in economic management in commerce in our country at present are unfavorable to economic accounting or even run directly counter to the requirements of economic accounting, resulting in the fairly prevalent tendency toward the system of rationing or "eating from the same pot." To meet the requirements of the general task in the new period, economic accounting must be strengthened in socialist commerce in order to better serve the four modernizations. In this article, we will try to present some superficial views on several problems in economic accounting for socialist commerce, and we hope our comrades will comment on them.

I.

Economic accounting is an important question in socialist economic activities. However, the different interpretations of economic accounting have produced serious adverse effects. In discussing economic accounting for socialist commerce, therefore, we must have a preliminary knowledge of the essence of socialist economic accounting.

What is economic accounting? There are basically two different views on this question. One is that it is a method of checking on economic results, or of recording transactions or keeping accounts, while the other is that economic accounting has to do with economic relations. We agree with the latter view.

Checking or keeping accounts and economic accounting are two different concepts. Ever since the beginning of human society, the calculation of labor consumption and the comparison of economic results have been practiced in varying degrees wherever there has been a process of labor. These calculations are required in such a process because it serves the production and circulation

of material supplies. Along with the development of social production, the work of calculation gradually developed into a component part of the social division of labor. Therefore, calculation, meaning the recording of transactions and the keeping of accounts, is a tool serving production.

Economic accounting is something else. It belongs to a special economic category under the socialist system, and is formed of the bonds of economic interests on the foundation of socialist public ownership. Its aim is to improve the economic results in production and the economic relations regarding rights and duties among people. These economic relations are specifically manifested as independent management and responsibility for profits and losses by the economic accounting units. These units should offset their expenditures with their revenues and still gain some profits, and they must be responsible to the society for their performance. In short, the economic accounting relations are a specific manifestation of the relationship regarding the rights, responsibilities and interests among the state, the enterprise and the individual. It is true that the recording of transactions and the keeping of accounts are a necessary tool in the practice of economic accounting. However, an economic tool cannot in any sense be equated with economic relations. In fact, wherever there are economic activities, the recording of transactions and the keeping of accounts are necessary, even in places where the system of rationing is in force. Therefore, the interpretation of the use of economic accounting as a means of recording transactions and keeping accounts may lead to a misinterpretation of the objective economic relations, in which case, the problem of rationing and "eating from the same pot" cannot be satisfactorily solved.

The economic relationship regarding the rights, responsibilities and interests among the state, the enterprise and the individual, reflected by economic accounting, is an objective entity which is independent of people's subjective will. However, the forms of its expression in different sectors of the economy have their own characteristics. Economic accounting for socialist commerce is part of the socialist economic accounting. Like that for industry, agriculture, communications and transportation, it reflects the economic relationship regarding the rights, responsibilities and interests. However, socialist commerce is a special type of business activity in organizing commodity circulation. This activity gives commercial economic accounting its own special characteristics. We must pay attention to these characteristics in order to carry out commercial economic accounting well.

First, decisionmaking power in management is the basic prerequisite for commercial economic accounting. Commerce is the intermediate link between production and consumption in the process of social reproduction. The main task for commercial activities is to help the producers realize the value of their products and to satisfy the material needs of the consumers through purchasing and marketing. Therefore, socialist commerce must have certain decisionmaking power under unified state leadership and be highly flexible in order to practice economic accounting. Unified state leadership means the enforcement of a unified plan, unified principle and unified policy for the total volume of commodities in circulation, for the level of commodity prices, and for the amounts of procurement and supply of certain important

commodities with a bearing on the national economy and people's livelihood, so as to promote the proportionate development of the national economy. At the same time, the commercial enterprises should have sufficient leeway for independent management. They have to deal with tens of thousands of producers and hundreds of millions of consumers, and to deal in thousands and tens of thousands of commodities. If they do not enjoy sufficient independence and flexibility in their purchasing and marketing, they cannot be active in business and will not be able to meet the many and varied requirements of industrial and agricultural production and the people's constantly changing living conditions. Then these enterprises will fail in their tasks. That is why the key to economic accounting among commercial enterprises lies in their independent management, particularly their independent purchasing and marketing.

Second, the main economic responsibility of commercial enterprises is to organize commodity circulation with greater, faster, better and more economic results. Commercial labor is nonproductive labor, because it does not create any new value. The work of commercial workers connected with the process of circulation, such as transportation, storage and selection of commodities and setting them in order, which are a continuation of the processs of production, creates value only in the sense that it adds to the price of commodities instead of increasing any use value. Therefore, the labor among commercial enterprises should be saved as much as possible, so that circulation expenses can be kept to a minimum. All savings come from the reduction of labor time. There is an inverse ratio between the time required for social reproduction and the circulation time, so the shorter the circulation time, the longer will be the time available for production. Marx said: "The quicker the sale is effected, the more smoothly runs the process of reproduction." ("Collected Works of Marx and Engels," Vol 24, p 155) Similarly, the greater the enthusiasm of commercial workers, the higher will be their labor productivity, and the quicker will be the sales; otherwise the commodities will be overstocked and the circulation will stagnate. This will not only bring difficulties to social reproduction but also cause great waste of social manpower and materials. Therefore, the saving of circulation time is a glorious task for all commercial workers and staff members.

Third, the disparity between the buying and the selling price is the foundation of the system of economic accounting in socialist commerce. In the course of realizing the value of commodities, certain amounts of materialized labor and live labor have to be expended in commerce, and this expenditure can only be compensated from the disparity between the buying and the selling prices. The taxes paid and the profits handed over to the state also come from the same source. This price disparity is the main source of income for commercial enterprises. The economic interests of the state, the enterprises and the workers and staff members are also specifically and clearly manifested in the distribution of the proceeds from this disparity. Without a rational price disparity for commodities, economic accounting in commerce will be difficult. If the selling price is lower, or the same as, the buying price, or if the proceeds from this price disparity are insufficient to cover the commercial expenditures, the commercial labor will not be compensated, and commercial activities will be unprofitable or may even be suspended.

Therefore, there must be a reasonable price disparity before the economic interests of the state, the enterprises and the workers and staff members can be guaranteed, and before economic accounting can be carried out.

II.

Economic accounting in socialist commerce, although an objective necessity under the system of socialist public ownership, does not play its role spon-spontaneously or automatically. There are many factors in the present economic life obstructing the adoption of economic accounting in commerce. The main problems, in our opinion, are as follows:

1. In the relationship between the state and the enterprise, centralization is one-sidedly stressed, while the relative independence of the enterprise is neglected. In the economic activities of socialist commerce, the substitution of party for government, and of government for enterprise have become commonplace. For example, the system of combining government and enterprises was adopted in the state commercial sector in 1958 and in 1970. Commercial organs were set up according to administrative levels, and commodities were circulated according to administrative zones. In many provinces, prefectures, counties and municipalities, such organs were often overlapping. According to the system of unified purchase and marketing of industrial products for daily use, the commercial enterprises had to "purchase whatever was produced and in any quantity." This system operated under the coercion of administrative order. Thus the commercial enterprises could only carry out their economic activities at the bidding of the administrative measures, instead of economic laws.

The centralized leadership of the state and the relative independence of the commercial enterprises are mutually supplementary. If commercial activities are carried out totally at administrative bidding, it means the abolition of commerce. Under conditions of socialist or commodity economy, the abolition, or any weakening, of commerce may bring incalculable damage to the entire social economy.

2. The present financial system of the state is unfavorable for the development of commodity circulation or of economic accounting.

The state's financial system reflects the relationship between the state and the enterprises, and has a direct bearing on economic accounting in the enterprises. Generally speaking, a correct financial system of the state can promote the development of production and circulation, and strengthen economic accounting. Conversely, an incorrect financial system can obstruct the development of social production and circulation, and weaken or even destroy the system of economic accounting.

According the the present financial system of unified receipts and expenditures, the state allocates the funds required by the enterprise; the total profits of the enterprise have to be handed over to the state; the enterprise's expenditures are paid out of state allocations; and all the losses will be subsidized or accounted for by the state. When all revenues are handed over

to the state, then all expenses are paid by the state, and making a profit or incurring a loss, efficiency or inefficiency, make no difference at all; there is no direct link between the economic benefits of the enterprise and that of the workers and staff members. As a result, economic accounting for the commercial enterprise exists in name only.

The state finance plans for commerce are not based on the financial plans of the commercial enterprises, and are divorced from the realities of commodity circulation in the enterprises. Thus the state's financial budget for commerce cannot be consistent with the business conditions of the commercial enterprises. Some commercial enterprises may be doing good business but are given only small profit quotas which they can fulfill without any effort. Such quotas will not induce the enterprises to be meticulous in calculations and strict in budgeting, or to operate industriously and frugally. Some commercial enterprises' business may not be good, and their planned tasks cannot be completed despite their maximum efforts. In this case, these enterprises may consider further efforts futile. As we all know, commodity circulation is also accompanied by monetary circulation. The financial plans of commercial enterprises must be based on and must serve the plans of commodity circulation, but not the other way around. If the financial plans of the commercial enterprise are superseded by the state's financial plans, the enterpreises' finance will not be able to play a supportive or supervisory role regarding business operation. This may lead to chaotic management in the enterprises.

3. Relationships among enterprises not based on exchange at equal values are disadvantateous to the clarification of their economic responsibilities.

Exchange at equal values is one of the basic principles in commodity economy. Commercial enterprises have to bear losses in the form of subsidies implementing certain policies. This is contrary to the laws of economic activity. In the case of subsidies, for instance, industrial losses have to be subsidized by commerce. Such subsidies are required even in the case of industrial profits. The power for laundry production, for example, has been subsidized by the commercial departments for 15 years. In 1978, there was an industrial profit of 9 million yuan, but the commercial departments had to continue the subsidy and incurred a loss of 37 million yuan. Commercial subsidies for producers of commodities can only be a temporary expedient, and the amounts involved should be small. Subsidies in large amounts and over a long period are essentially a form of equalitarianism and arbitrary requisition instead of subsidies. Worse still, some enterprises, taking advantage of administrative authorities or certain special conditions, have shifted their expenses to the commercial departments. Among the enterprises under the system of ownership by the whole people, the practice of one using the materials or labor of another without paying for them are harmful to both production and circulation.

Under the socialist system, the principle of exchange at equal values must be implemented in dealings between industry and agriculture, between state-owned and collectively owned enterprises, and even among the enterprises owned by the whole people. In dealing with the state, the enterprises owned

by the whole people may have only relative independence; in dealing with one another, however, they must be considered as entirely independent commodity producers or commodity dealers. If any commercial department becomes a financial department without financial power, and anybody can ask it for subsidies or use its labor without payment, it will mean the abolition of economic accounting in commerce.

4. Irrational buying and selling prices of commodities add to the economic burden of commercial enterprises.

The buying and selling prices of many commodities have deviated from the principle of exchange at equal values. "If industry makes a profit, commerce will make a slight profit; if industry makes only a slight profit, commerce will neither gain nor lose anything; if industry gains nor loses anything, commerce has to incur a loss; if industry incurs a loss, commerce has to subsidize it." This method is disadvantageous to the promotion of production or the development of commerce. The value of commodities is created by the industrial sector. If the production departments cannot create any new value, even reduction of the price disparity between the buying and the selling prices cannot add to value of commodities. As we have said, all commercial economic activities are closely related to the disparity between the buying and selling prices of commodities. At present, the prices of some commodities are generally set to benefit only one party, regardless of the requirements of commercial economic activities. For example, the wholesale prices of chemical fertilizers and insecticides have remained unchanged, or little changed, for many years, while the retail prices have been reduced time and again. In 1978 alone, the commercial sector suffered a loss of more than 400 million yuan. Under the socialist system, out of regard for the entire national economy, it may be reasonable for the prices of a small number of commodities to be much higher or lower than their value. However, we must at the same time think of the departments to be credited with the profits or charged with the losses resulting from the price changes. The commercial departments are now incurring great losses as a result of policy implementation. This is a heavy burden for commerce in practicing economic accounting. It is unreasonable.

In short, the main causes adversely affecting the practice of economic accounting in socialist commerce are the problems of substituting government for enterprises, unified receipts and expenditures, exchange at unequal value and irrational pricing. These problems are the concrete expression of irrational pricing. These problems are the concrete expression of irrational economic relations, and if not solved they will be harmful to economic accounting as well as to the development of the entire national economy.

III.

Now that our country is on a new long march toward the goal of the four modernizations, there will be a very great development in idustrial and agricultural production along with a corresponding development in commerce. Efficient commercial work will help speed up industrial and agricultural progress; and to develop commerce, commercial economic accounting must be properly carried

out. To accomplish this, we must correctly handle the economic relations between the commercial enterprises and the state, between these enterprises and the industrial and agricultural enterprises, between different commercial enterprises, and among all people within an enterprise, all based on the objective requirements of economic accounting. According to the system of economic accounting in socialist commerce, the commercial enterprises should be designated as the basic accounting units. They must be under a unified leadership, operate independently, offset their expenditures with their revenues, assume responsibility for profits and losses, and have a system of reward and punishment according to merits or shortcomings. At present, we are of the opinion that the following problems should be carefully solved:

1. The basic accounting units should be properly designated and the practice of enterprises being superseded by the government should be rectified.

The basic accounting units are the basic links in the practice of economic accounting. The setting up of basic accounting units should be based on the objective needs of production and circulation. In the peoples commune collective ownership system, production teams or production brigades, or sometimes even communes are designated as the basic accounting units. The designation of these units should depend on the conditions of production and its development instead of on subjective wishes. The same is true of the internal structure of the system of ownership by the whole people. The commercial departments should designate their own basic accounting units according to the characteristics and requirements of business operation for different commodities. On the basis of investigation and study, the stores, basic-level supply and marketing cooperatives, the procurement and supply stations, and the special companies can also be designated as our basic commercial accounting units. After their designation, the economic relations of integrated economic organizations of different trades or systems should be correctly defined. For example, at one time the whole national system of supply and marketing cooperatives practiced the economic accounting system of "unified planning, unified management, accounting at different levels--each level being responsible for its own profits and losses--and regulation of funds," which correctly handled the economic relations between the basic-level and the higher level cooperations. It not only aroused the enthusiasm and initiative of the organizations at all levels, including the basic level, but also embodied the superiority of the socialist society of mutual assistance and common progress. The experiences of economic accounting in the supply and marketing cooperatives should be carefully studied.

The economic activities of enterprises constitute the relations or connecting links established among people through labor in the course of production and circulation. These activities are regulated by objective economic laws. Administrative control means the use of administrative power to force people to do, or to refrain from doing, something in their economic activities. Purely administrative control may easily mislead an enterprise into working against the requirements of production and circulation while carrying out its economic activities. Therefore, the practice of enterprises being superseded by the government must be rectified. The main duties of administrative

departments at all levels, including the departments in charge of commerce, are to guide and supervise the implementation of state plans, principles and policies; to regulate the economic relations between different enterprises; to adjust the relationships among the workers and staff members within an enterprise; and so forth. They must give the enterprises a free hand in handling their own business affairs.

2. The decision-making power of enterprises should be expanded.

The enterprises practicing economic accounting must offset their expenditures with their revenues and assume the responsibility for profits and losses in order to contribute to state accumulation. In other words, the enterprises must have certain responsibility for their own profits and losses. If they have to assume certain responsibility, they must also be given some rights. Rights and responsibilities should go hand in hand, and an enterprise cannot be well run if it has only the responsibilities but not the rights. The circulation of commodities in a socialist society is mainly undertaken by socialist commercial enterprises. Based on the actual conditions in various localities, the commercial enterprises must use their own initiative in actively promoting procurement and marketing in order to enliven urban and rural economy and to bring prosperity to the socialist market. That is why the expansion of decision-making power for commercial enterprises is also an objective necessity in commodity circulation.

After all, decision-making power for socialist commercial enterprises raises the question of the scope of their power in purchasing and marketing and in the use of manpower and financial and material resources. We hold that commercial enterprises have the following powers:

(1) The power of independent commercial management. Guided by state planning, commercial enterprises should have the power to work out procurement and marketing plans based on the scope of their own business operation and the market conditions; to freely choose the commodities to be purchased; and to take various measures for purchasing, marketing, transferring and storing. According to the actual conditions in our country at present, the state should stipulate in its plans the varieties, quantities and prices of the main commodities related to the national economy and people's livelihood. This is a necessity. However, not too many commodities should be controlled under state plans, or the control will become too rigid and the enterprises will be deprived of their decision-making power. Aside from the main commodities related to the national economy and people's livelihood, transactions involving the other commodities and the quantities and prices of these commodities should, as a matter of principle, be decided by the production and marketing parties concerned after discussion.

(2) A certain amount of financial power. During the discussions on the economic restructuring now going on, it has been proposed that the circulating funds for state-run enterprises be provided totally in the form of loans, and the fixed capital used should be reimbursable. This is an important measure in economic restructuring. However, the method of controlling commercial funds should be based on the characteristics of business operation.

In addition to buying and selling, socialist commercial enterprises are also responsible for setting the market in order and for keeping a reserve supply of commodities to keep the market constantly supplied. Agricultural products in particular must be procured at the right season and put on the market in large amounts. Moreover, since these products cannot be transferred out all at once after procurement, large amounts of money have to be tied up for a long time. At present, many agricultural products are in short supply, and the state has adopted policies to encourage their procurement. Apart from them, some commodities are produced throughout the year but are supplied on a seasonal basis. Therefore, the question of the amount of funds to be kept for commerce deserves very careful study. Furthermore, the funds owned by the supply and marketing cooperatives belong to the cooperative personnel in the capacity of shareholders and have been accumulated through their painstaking efforts over many years. The abrupt abolition of these funds would dampen the enthusiasm of the cadres and workers for improving their management. Therefore, we hold that commercial enterprises should be permitted to keep a certain amount of their own funds to be used at their own discretion in accordance with the current conditions. Furthermore, along with the continued development of commodity circulation, profits for the enterprises will also continue to increase. For long-range planning, the commercial enterprises should be permitted to use part of the retained profits to increase their own circulating funds, so that they can reduce the payment of interest. This method will help arouse the enthusiasm of enterprises as well as workers and staff members. In addition, the enterprises should have decision-making power in the use of fixed asset depreciation funds and retained profits as collective welfare and bonus funds.

(3) Certain power over personnel matters. Enterprises should have certain decision-making power regarding the employment, disposition, promotion or demotion, and reward or punishment of their personnel; while the administrative departments or the leading organs at the higher levels should not transfer workers out or arbitrarily install unwanted personnel in the enterprises.

3. The leadership should bear certain economic responsibility.

The independence and unity of commercial enterprises are closely related under the socialist system. One serious defect in the present system of economic management is that the leading organs do not bear any economic responsibility. To solve this problem, we should stress on the one hand the need for the commercial enterprises to carry out their own economic activities under the state's unified plans and unified leadership, and, on the other hand, the need for the leading organs to bear certain economic responsibility. In this way, all losses incurred as a result of carrying out state policies or the decision of the higher organs should be fully compensated by the leading organs concerned, and the organ that has made the wrong decisions should bear the responsibility. This is one of the necessary economic conditions for strengthening economic accounting among socialist commercial enterprises, as well as a powerful measure to induce the leading organs to

maintain close contact with reality so that they can properly direct the economic activities of the enterprises.

4. The material benefits of the workers and staff members of a commercial enterprise should be related to the enterprise's business results. The greater the profits of an enterprise, the greater should be the portion it retains. Thus the enterprise will have more funds to expand the circulation of commodities and to improve the material welfare of its workers and staff members. This is an important means to arouse the enthusiasm of the enterprise and its workers and staff members. At present, the wages of commercial workers and staff members are paid out of the expenses for commodity circulation. The amount of bonus should be related to the amount of profits and the level of expenses. The remuneration of commercial workers and staff members can be based partly on time wages (or piecework wages) and partly on bonuses. To overcome the defects of egalitarianism and the lack of attention to the workers' routine work before deciding on the payment of bonuses, part of the bonuses can probably be paid by the method of calculating workpoints on the basis of work done. The work is evaluated and workpoints recorded on the basis of the worker's usual attitude toward work, quality of service, rate of attendance and job performance. By the end of the year, when the enterprise's profits have been determined, the individual will get his bonus on the basis of his workpoints. Part of the bonus may be paid in advance at the end of each month or season, but the amount paid in advance must not exceed that permitted by the anticipated year-end bonus. The broad masses of workers and staff members must show concern for the enterprise's economic accounting. If economic accounting has an extensive mass base, socialist commerce will be more effectively run.

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ECONOMIC MANAGEMENT

NEED TO COMBAT ECONOMIC CRIMES STRESSED

Beijing ZHONGGUO CAIMAO PAO in Chinese 20 Feb 82 p 1

[Editorial: "A Serious Struggle Bearing on the Rise and Fall of the Party and State"]

[Text] Comrade Li Xiannian [2621 0341 1819] pointed out at the Spring Festival mass greeting this year: Economic crimes and important criminal cases must be sternly dealt with. This is an important matter bearing on the rise and fall of our party and state; action must be taken vigorously and rapidly and must be carried through to the end. In Haifeng County, Guangdong, cases of taking bribes and perverting the law have been cracked down on and sternly dealt with. These crimes committed by the anti-contraband personnel show how serious the criminal activities are in the economic sphere and that our party and state have made up their minds to crack down on the criminal activities in the economic sphere.

Striking ruthless blows at the criminal activities in the economic sphere is a serious class struggle. Smuggling, selling smuggled articles, being corrupt, accepting bribes, speculating, and stealing state property--these criminal activities not only cause serious economic losses to our country, damage the sovereignty of our country and undermine the social system of our country; they also seriously damage our party workstyle, the general mood of society and public security. To strike ruthless blows at these criminal activities will prevent the organism of our party and state from being corroded and prevent our cadres and the masses from being victimized. That is why the whole party and the whole nation rejoice over this struggle.

The important economic cases already prosecuted or being investigated have one characteristic in common: collaboration between the higher and lower levels, collusion between insiders and outsiders, more group activities, enormous amounts of money, and cunning tricks of committing crimes. In some cases leading cadres were involved. These leading cadres not only acted as umbrellas for criminals; they themselves were smugglers, sellers of smuggled articles, speculators, bribe-takers, and stealers of state property. Since they caused greater economic and political losses, these criminals should be caught and not let go and dealt ruthless blows.

It is noteworthy that some important economic cases are not dealt with sooner or cannot be dealt with. This obstruction often comes from certain leading departments. As the key to eliminating this obstruction, the leading departments must

fully understand that dealing with economic crimes according to law is of the utmost significance in insuring the socialist material civilization against being undermined, in rectifying the party workstyle and the general mood of society, in safeguarding public security and enhancing the prestige of the party. They should put the interests of the party, the interests of the state, and the interests of the people in the primary position, overcome all sorts of erroneous thinking, and make up their minds to exert themselves and do their duty in investigating and dealing with important criminal cases. To assume the opposite attitude, deal with important criminals perfunctorily and tolerate and abet evil are not permitted by party discipline and the law of the land.

Equality of all before the law should be stressed and on no account may the old-time practice of "not punishing senior officials (in feudal China)" be allowed. Those leading cadres who had rendered great service in the past, who had not been subdued by the enemy's military force in those years and had not been overpowered by the despotic power of the "gang of four" but who were hit by "sugar-coated bullets" and violated the criminal law, must be seriously investigated and dealt with, no matter how high their official posts. Serious cases where there is conclusive evidence must be dealt with sternly, severely and quickly according to law. During the "three-anti and five-anti" movements in the early days after the founding of the people's republic, Liu Qingshan [0491 7230 1472] and Zhang Zishan [1728 1311 6365] were sentenced to death on charges of taking huge bribes; moreover they were not pardoned because of their past service.

The determination of the Party Central Committee to rectify party workstyle and deal with important economic cases is firm and unshakable. The broad masses of party members, cadres and people strongly demand and earnestly expect this. Provided we rally around the Party Central Committee, rely on the masses, are realistic and practical, take sweeping action and carry the struggle through to the end, we shall certainly be able to win this struggle.

The finance and trade departments are in charge of financial and material resources, having extensive and close connections with all sides. Comrades of the finance and trade departments should all the more vigorously wage a resolute struggle against various economic criminal activities. At the same time, they should draw on lessons and raise their understanding through the handling of major economic cases, thereby overcoming various evil practices, managing affairs and finance properly for the people, and making greater contributions to serving industrial and agricultural production and the people's livelihood.

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SHEKOU'S STYLE OF HIGH-SPEED CONSTRUCTION OUTLINED

Guangzhou NANFANG RIBAO in Chinese 15 Feb 82 p 1

[Article by Jin Yiping [6855 0001 1627]: "How to Dive Into the Mysteries of High-Speed Construction in the Shekou Industrial Park--Five Points of Experience Summed Up by the Leading Body of the Industrial Park"]

[Text] The China Merchants Steamship Navigation Company has constructed the Shekou industrial park at a high speed. How did they do it? Recently the leading body of the industrial park has summed up five points of experience known as the "Shekou style."

The five points of experience are as follows:

1. Building infrastructure projects first, creating excellent conditions for investors' operation of their enterprises. Shekou was formally a tract of desolate sandbank. First, they exerted efforts and spent money to achieve the "five-opens and one-level" in a down-to-earth manner. After 2 years, the industrial park was opened to navigation, traffic, electric power, water supply, and telephone service last August, and 95 hectares of construction land were leveled and opened up, thus completing the first phase of infrastructure construction, creating prerequisites for running enterprises, and laying a solid foundation for construction in the industrial park in the future.

2. Following the economic laws and carrying out construction, operation and management with economic means and in scientific ways. When building projects, they dared to break with the malpractice of monopoly, invited tenders and signed contracts. As regards planning and construction policy, they dared to break with the "small-scale and all-round" approach, restricted construction of nonproductive facilities, and socialized the service undertakings. In operational policy, they dared to proceed from realities, and coordinated construction, operation and recovery. Last year they recouped HK$20 million in capital. As regards the system of personnel management, they dared to break with the long-standing practice of "iron rice bowl" and "eating from the same big pot," tried out open recruitment and the system of contracting workers, restructured the wage system, and gradually shifted over to job wages. They changed the system of providing workers with low-rent housing through payment of subsidies, and put staff and workers' housing on a business basis.

3. Separating politics from the enterprise, delegating powers to the lower level, streamlining the administrative structure, blocking the "back door." They abolished the former administrative branches, sections and offices and set up the general office, chief engineer's office, chief accountant's office, and 13 specialized companies like real estate, labor service, and warehousing. In addition to providing 3 offices with a staff of about 30, the 13 specialized companies practiced independent business accounting, taking profits and losses as their own. Personnel were employed only for available jobs and talented persons were put to best use. This practice was carried right down to the grass-roots level. Operation and management of enterprises operated with joint capital or single foreign capital were decided by their board of directors and managers employed by the board. Managers have functions and powers and need not report all matters to the higher level and seek approval. This ensures high efficiency of personnel.

4. Honoring contracts, keeping words, and knowing how to apply funds and bank loans. They did everything to win preferential loans from international banks, and their financial departments always took promotion of production as their primary aim when transferring and allocating funds and accelerating the circulation of funds. Under conditions stipulated by state laws and decrees and the special (economic) zone's regulations, they dared to support and assisted those enterprises operated with joint capital or single capital in resolving difficulties encountered in the course of their operations, thus enabling these enterprises to complete construction, put their projects into operation, and make reasonable and legitimate profits as quickly as possible. Since its establishment the industrial park has never gone back on a single contract and has always maintained its creditability.

5. Combining the domestic and the foreign, bringing its superiority into play, developing what is useful and discarding what is not. They dared and knew how to utilize the rich manpower and land resources at home, the abundant funds and advanced technology of Hong Kong and foreign countries, and enthusiastically brought in foreign capital. They set up a development department in Hong Kong to maintain overseas connections. This has greatly facilitated business negotiations with foreign merchants and settlement of problems calling for immediate action.

The Shekou industrial park has brought in 24 projects operated with joint capital or single capital. Construction of most of these projects has started one after another. Last year four additional plants were completed and went into operation, and began to develop their business activities. A new multi-purpose industrial park with emphasis on industry has taken shape. They are determined to continue to apply these five points of experience and to launch the second phase of "five-open and one-level" engineering project. Many leading cadres and economists who visited the Shekou industrial park have affirmed their construction experience. Some called it the "Shekou style."

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BRIEFS

CRIMINAL ACTIVITIES STUDY CLASS--The fifth class for studying the resolution adopted by the NPC Standing Committee for severely punishing offenders who do great damage to the state economy, a class sponsored by the Jiangsu Provincial CCP Committee, ended on 24 March. Comrade Xu Jiatun delivered a speech at the closing ceremony. Comrade Xu Jiatun thoroughly discussed the question of how to crack down on economic criminal activities at present. He said: To strictly deal with the major or serious cases in the economic field is a struggle against corrosive influence of erroneous ideas. All sober-minded Marxists must not only fully understand the urgency of this struggle but its seriousness as well. Comrade Xu Jiatun also elaborated the important role of this struggle in relation to strengthening the party spirit, improving the party's workstyle and upholding the party discipline, and touched on the question of how to launch the struggle against economic crimes in Jiangsu Province. Speaking at the closing ceremony, a responsible member of the party branch urged each person attending the class to respond to the call of the party Central Committee to become a resolute, sober-minded and useful Marxist. [Text] [OW260409 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 25 Mar 82]

LA DADONG LECTURES--Sichuan Provincial CCP Committee Second Secretary and Governor Lu Dadong gave a lecture on the current economic situation at the Chengdu Seamless Steel Pipe Plant on 31 March. He cited hosts of facts and figures to illustrate the improvements in Sichuan's industrial and agricultural production and the rise in living standards in recent years. Lu Dadong noted: "Despite extremely serious floods last year, industrial output rose by 2 percent and agricultural production by 1.5 percent, setting new records. In the past 3 years, the province has spent 3.15 billion yuan on increasing workers' wages, paying bonuses, building housing, providing jobs for unemployed and increasing the prices of agricultural and sideline products. Both workers and peasants have benefited. Average worker annual wages are now 748 yuan. They have risen by 157 yuan in the past 3 years." Lu Dadong also cited facts and figures to illustrate the improved wages and living standards of the plant's workers. He urged them to work hard to increase production, practice strict economy, and improve economic returns, so as to further improve the people's living standards. [HK010359 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 31 Mar 82]

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PROPER CONTROL OVER GOLD, NONFERROUS METAL MINING

Guangzhou NANFANG RIBAO in Chinese 8 Feb 82 p 2

[From our correspondent Liang Hao [2733 3185] and Yu Kejia [0060 0344 1367]: "Gold and Nonferrous Metal Mining and Management Must Be Strengthened"]

[Text] Gold is a very precious metal and nonferrous metals are valuable materials for the building up of national defense. It is understood that nearly 2,000 gold and nonferrous metal mining points are spread over our province. Since the founding of the people's republic, gold mines and small nonferrous metal mines have produced nearly 140,000 metric tons of nonferrous metals and 100,000 "liang" of gold, generating US$1,650 million in foreign exchange for the state. But on our recent inspection tour of these mines we found that production and management of gold and nonferrous metal mining were chaotic. Incomplete figures from the department concerned indicate that the annual output of gold in our province is only one-third the need and annual output of lead only one-third the need while in the case of barium, bismuth, and antimony the gaps between production and need are even wider. What is more serious, some units and individuals, disregarding party discipline and the law of the land, have raised prices, rushed to purchase, smuggled and illegally trafficked in gold and nonferrous metals, thus seriously undermining the policy of state monopoly for gold and nonferrous metals. This state of affairs is manifested in four ways: 1) Illegally rushing to purchase in order to obtain exhorbitant profits. For instance, the Baibuti Forestry Center Native Produce Company in Hua County, the warehouse of Shangping Commune in Lianping, and the Luhua Hotel illegally signed contracts with some nonferrous metal mines for purchasing 200 metric tons of tungsten, making a 700-yuan profit per metric ton. The state has confiscated 250,000 yuan of these profits. 2) Making metal articles in disguised forms to cheat the customhouse. For example, the fishing-net weights used by fishing boats were originally made of lead, but the Guangzhou Agricultural Machinery Import and Export Corporation unscrupulously utilized Tuanjie Brigade, Shijing Commune to make fishing-net weights of fine lead (99 percent content) and exported them under false pretenses. A number of speculators and smugglers in Shantou Prefecture flagrantly set up purchasing centers, rushed to purchase fine lead ore, and constructed smelting furnaces without authority to make tinfoil paper. As a result, state purchase of fine lead ore in the prefecture has dropped by 60 metric tons or so each year, thus seriously hindering fulfillment of state purchase plans. 3) Rushing to purchase at high prices, smuggling, and trafficking. According to an investigation by the relevant department, some smugglers have

rushed to purchase gold at a premium of 400 yuan per "liang" above the official purchase price in the producing centers with the result that our province has failed to fulfill this year's plan for gold sales to the state. 4) Reckless mining and excavating and destroying state natural resources. Violating mine control regulations, commune and brigade peasants have been found in our province recklessly mining and digging for metal resources in some 10 mining areas with the result that metal resources were destroyed and normal mining operations were hindered.

In our view, the above state of affairs is serious and the department concerned must take it seriously and take effective measures to stop it. State-operated mines or those run by the local people are owned by the state and mine resources are state property, and no unit or individual may encroach upon it or meddle. Still less are units or individuals allowed to mine and dig recklessly in mining areas. Even if rural commune and brigade members want to extract gold or other nonferrous metals, they must apply to the local nonferrous metals control stations (companies) and, only after their applications have been approved and mining permits received, can they mine at designated mining points. Gold and silver extracted should all be purchased by the bank according to state regulations, and other nonferrous metals should all be purchased by local nonferrous metals control stations (companies). Under no circumstances is it permitted to engage in long-distance trafficking or making sales in other counties. As for units and individuals who illegally rushed to purchase and engaged in smuggling activities, the cases must be sternly investigated and dealt with according to law; those who informed against offenders and assisted the authorities in tracking down smugglers and speculators should be commended or rewarded.

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INDUSTRY

HUNAN LEADER ON STRAIGHTENING OUT ENTERPRISES

HK220257 Changsha Hunan Provincial Service in Mandarin 1100 GMT 21 Mar 82

[Excerpts] Vice Governor Zhou Zheng announced at the provincial industry and communications work conference on 21 March: The general scheme for straightening out the province's industrial enterprises consists of making all-round plans, laying stress on the key points, combining experiences gained at points with work over areas, and doing the work in groups and batches. Beginning this year, about 3 years will be spent in all-round straightening out and building of the province's more than 3,000 state-owned industrial enterprises, so as to bring the potentials of the existing enterprises into full play and greatly improve economic returns.

Comrade Zhou Zheng said: The provincial authorities will grasp 30 enterprises as key points for straightening out this year. All prefectures and municipalities should also select a number of enterprises as pilot projects. The following work must be grasped well in all pilot project enterprises:

1. Do well in rectifying and building the leadership groups. It is necessary to strengthen their ideological building and solve the problems of lack of drive, weakness and laxness, and lack of boldness to tackle sinister and unhealthy trends. It is necessary to solve the problems of leading cadres in having incorrect party workstyle, using their power to pursue private interests, being divorced from the masses, and indulging in departmentalism and so on. We should as far as possible promote to managerial posts people who possess ability and integrity, are in the prime of life, are capable of organizing things, have college or secondary technical education levels and [words indistinct]. We must establish and put on a sound basis the factory manager responsibility system under party leadership and the workers' congress system, and build up a leadership system with strong party leadership core, good democratic management by the workers, and high work efficiency of the administrative and command system.

2. We must grasp the work of perfecting the economic responsibility systems as a major content of straightening out the enterprises. We must combine practicing these systems with strengthening planning controls. Whatever form of economic responsibility system is adopted, it is necessary to link the profit indices with the quality, variety, output, production costs, input consumption, safety, and supply contract indices, examine these indices in an all-round way, avoid simple pursuit of output value and profit by enterprises, and ensure the all-round fulfillment of state plans.

3. Straighten out the labor organization and institute training for all staff in a planned way.

Comrade Zhou Zhang demanded in his speech: It is necessary to dispatch investigation groups to stay at the first batch of pilot projects to help straighten out those enterprises. In straightening out the enterprises over a broader area, the current tasks to be tackled are building the leadership groups, tidying up labor, financial and economic discipline, and strengthening basic work in enterprise management, to create conditions for all-round straightening out in the future.

CSO: 4006/399

INDUSTRY

'JINGJI GUANLI' ON ECONOMIC RESPONSIBILITY SYSTEM

HK140947 Beijing JINGJI GUANLI in Chinese No 1, 15 Jan 82 pp 35-38

[Report by Economic Responsibility System Investigation Group of the Ministry of Textile Industry: "The Economic Responsibility System can Have Vitality Only When the Characteristics of the Trade Are Taken Into Consideration"--note passages within slantlines denote boldface type]

[Text] In July and August 1981, through the coordination of the ministry, we investigated and studied the situation of the economic responsibility system carried out in the textile industry in Hebei, Shandong, Tianjin and Shanghai. We had a strong feeling that no matter what form the economic responsibility system would take, a better economic result could be obtained when the achievement in labor and the economic interest were combined. However, this is only initially. We should proceed from the characteristics of the trade in order to score better results. Egalitarianism can be overcome only when the principle of districution according to labor is implemented thoroughly. The economic responsibility system can have vitality only when we bring every positive factor into play.

Our modern textile industry has been in existence for nearly a century. Various kinds of management work have been rectified and reformed in accordance with socialist principles since liberation, thus laying a certain foundation for the internal economic system of the industry. The systems of wages according to position held and of piece rate wages, which suited the characteristics of the textile industry, were introduced. However, after the 1960's, particularly during the "great culutral revolution," these systems of distribution, which were suitable for the development of productivity, were suspended. The development in production was seriously hampered. In the 1950's people vied with each other in working as weavers and spinners in textile factories. But in the 1960's and 1970's, people did not want to work in such factories. They did not want to work on the front lines of production even when they did work in such factories. The system of equal distribution of bonuses implemented in many enterprises has gradually been replaced by the system of distributing bonuses in accordance with one's points since the 3d plenary session of the 11th CCP Central Committee. Various systems of piece rate wages have been introduced. Rectification of enterprises has been promoted and the quota system pushed forward. With the establishment and perfection of the system of keeping records and statistics, the enterprises began to have vitality. However, generally speaking, egalitarianism in distribution has not been resolved.

In the course of investigation, we analyzed the advantages and disadvantages of various economic responsibility systems implemented in the textile enterprises in Hebei, Shandong, Tianjin and Shanghai, which combine the achievements in labor with economic interest.

/1. Calculating bonuses by keeping a tally of points./ More than 50 percent of the workers in the enterprises whose work cannot be assessed by economic quotas such as the direct calculation of the quantity and quality of products work under this bonus system, which breaks up the economic quotas into minor ones to be used to assess the workers so that points can be given for the sake of bonus calculation. Linking up bonuses with economic responsibility remedies the shortcomings of the system of equal distribution of bonuses, under which advanced workers were not financially encouraged. However, the problem is that many workers who cannot clearly share the responsibility for the quotas have to work under the system of equal distribution of bonuses. They cannot benefit from the principle of getting more for laboring more. People said, "the first lines have definite quotas, the second have flexible ones, and the third have none." They also said, "It is difficult for those who work under definite quotas to get bonuses. It is easy for those who work under flexible quotas to get them. Those who work under no quotas definitely get them."

/2. Introduction of the piece rate system for small collectives that overfulfill their production quotas./ In the first half of 1981, the Shanghai Textile Bureau, hoping to overcome further egalitarianism, introduced the system of piece rate wages for small collectives which were working on the first assembly line and had overfulfilled their production quotas. It was also introduced for some enterprises in Shijiazhuang, Tianjin and Qingdao. Its major characteristic was to make assessment by production group. Assessment was made directly of individuals where practicable. Those who had fulfilled their quotas received their basic wages. New workers whose wages were set below the standard for their positions could get 10 to 15 percent more as an allowance. Those who had overfulfilled their quotas could get extra pay for the overfulfilled portions which were worked out by the piece rate system. A sum would be deducted from their basic wages for those who failed to fulfill their quotas. Distribution of regular production bonuses had been terminated since the introduction of the piece rate system to small collectives which had overfulfilled their production quotas. The Shanghai No 28 Textile Mill increased its weaving efficiency by 0.95 percent after the introduction of the new system. The wage costs for weaving every 100 meters of cloth from yarn dropped by 5 to 6 percent. From January to May 1981, the Shanghai No 30 Textile Mill experienced a cost drop of 0.89 percent after the introduction of the new system. The wage cost dropped by 2.3 percent. The new system was an improvement on the system of calculating bonuses by keeping a tally of points. However, there still existed a certain degree of egalitarianism within a small working group. Some comrades said that the new system was only a "quick short step."

/3. Introduction of the piece rate system for individuals who overfulfill their quotas./ The piece rate quota system could not be carried out since the senior and junior workers were not at the same wage point. Many enterprises, therefore, adopted the piece rate system. Workers on the front lines of production whose quotas could be directly assessed received their basic wages if

they had fulfilled their quotas. They received extra pay for their overfulfilled portions, which would be worked out by the system of wages according to position held. Those who failed to fulfill their quotas would have not more than 10 percent deducted from their basic wages. Now workers whose wages were set below the standard for their positions would receive make-up pay if they overfilled their quotas, normally about 3 to 8 yuan. Normal production bonuses would not be given to those who were working under the piece rate system. The Tianjin Woolen Mill had a great capacity for spinning, printing and dyeing, but had a poor capacity for weaving. Wool yarn was overstocked and only a small quantity was sent to be printed and dyed. After the introduction of the piece rate system for weavers, the mill exceeded the production quota for weaving by 447 percent. The problem arising from the bottleneck was resolved at once. Ever since the introduction of the new system, the zeal of the workers in the forefront of production had been mobilized. The irrational phenomenon of unequal pay for equal work was not resolved since the basic wages of senior and junior workers differed greatly, which constituted a major portion of their total income.

/4. Introduction of the piece rate quota system according to position held./ The Jian No 3 National Cotton Mill implemented this system in the beginning of 1979. It has also been introduced in many enterprises in Shandong. Its characteristics: advanced and reasonable quotas were set for workers on the frontline of production. Normally, such quotas were set not lower than the highest standard of the ministry. The price units and wages were calculated and set by the ministry with reference to the wage standard according to position held. Regular production bonuses were terminated since the introduction of the new system. The basic wages of the junior workers were low. Their wages would increase too much if they worked under the same price units and piece rate system as the senior workers and that would thus create a new conflict. Different price units were set for junior workers in accordance with their seniority. Apprentices would take an examination after half a year of service. After they had passed the examination, their price units would be calculated in proportion to 65-95 percent of their wages from the first year through the fourth. They would gradually proceed to the piece rate quota system according to position held. Moreover, workers would get piece-rate wages when they were on duty; they would get their original basic wages when they were off duty. The advantages and effects of this new system were fairly evident.

/First, the principle of distribution according to labor was fairly well embodied./ In the 1950's, the system of wages according to position held was introduced in frontline production workers in the textile industry. Quotas and wage standards were set in accordance with the required standard of skill and the quality and quantity of products. Workers in the same position got the same wage if they fulfilled their quotas. After the introduction of the wage scale, workers were classified as grade-two workers regardless of the nature of the work, or the skill and labor involved. They got the same pay for the same type of work, regardless of the number of machines they were taking care of and the conditions of their jobs. They got the same wage regardless of their position. As a result, they got equal pay for unequal work. Those who worked less got more. Frontline production workers were junior and got low pay. When spinners and weavers who had been working under the system of wages according to position held grew old and weak, they were transferred

to do auxilary work. But their wages were calculated in accordance with their seniority. Weavers in the Shanghai No 4 Cotton Mill got an average wage of 44 yuan; auxilary workers 88 yuan. Spinners got an average wage of 49 yuan; sweepers 79 yuan. The zeal of the workers on the frontline of production was seriously undermined. At present, the piece rate quota system according to position held has been introduced in enterprises such as the Jinan No 2 National Cotton Mill. The new system, which is, in fact, drawing close to the system of wage according to position held, is beneficial to future wage reforms and is well received by the workers on the frontline of production.

/Second, it suited the production characteristics of the textile industry./ The manual operations of workers on the frontline of production were heavy and their labor intensity great. Noramlly, they start working at 18 or 19. After undergoing a certain period of training, they work on production lines. Their golden age of making contributions to the country is from 20 to 30 years old. Some of them cannot work on the production lines after 35. Under the wage scale, they receive the lowest wages while they are at their peak. Their wages cannot go up while they are on the decline. Their normal wages are 40 odd yuan. Some female workers retire in their forties. They lead a hard life as their pension is small and their children are still dependent. Compared to the 1950's, present workers on the frontline of production have a greater labor intensity, worse working conditions, higher productivity and make a greater contribution. However, their wage level continues to decrease. In 1980 the monthly output of spinners in Tianjin No 3 Cotton Mill for the same product increased by 69.24 percent compared to 1957. But their average monthly wages decreased by 39.63 percent, from 71.86 yuan to 43.38 yuan. The monthly output of weavers increased by 172 percent, but their wages decreased by 56.89 percent, from 78.47 yuan to 33.83 yuan. The above-mentioned shortcomings can be overcome by the introduction of the piece rate quota system according to position held. The new system suited the characteristics of textile workers who mature, contribute and decline at an early age.

/Thirdly, the labor force in the front-lines of production was strengthened and the attendance rate improved./ Before the introduction of the piece rate quota system according to position held, the rate of attendance of front-line production workers in Jinan No 3 National Cotton Mill was around 65-80 percent. Workers had to work overtime and temporary workers had to be recruited whenever the labor force was inadequate. Every summer, up to 300 outside workers had to be recruited. The annual payment for overtime work reached 200,000 yuan. After the introduction of the new system, workers began to have hope and positive factors were brought into play, even though the monthly wage level only increased by 8 to 10 yuan and could not return to the level in 1965. The previous problem of "the frontline being tense, the second line loose, and the third swollen" was basically resolved. In 1976 the mill started a recruiting drive for new workers to be posted to 20 units in the city area. The recruitment drive lasted for more than a month, but the vacancies were not fully filled. In 1979 the mill wanted to recruit 200 new workers. On the first day, 358 applications were received. Most of them insisted on working in the frontlines of production. Those who had been transferred to the second line and third line of production on health grounds, now asked to be transferred back

to the front-line of production. Those who had disliked working in textile mills because of the heavy workload and poor pay and who had transferred to other enterprises asked to be transferred back to the mill. The rate of attendance of front-line production workers in many enterprises was normally above 95 percent.

/Fourthly, the masses of workers began to have enthusiasm in studying and their level of skill was raised./ In the past, weekly practice, monthly assessments, quarterly evaluations and half-yearly contests were scheduled by many enterprises. However, the owrkers did not take them seriously and such exercises became mere formalities. Now, operational and technical practice has become self-motivated. Many new workers insist on going to work early and going home late every day. They have tried hard to practice by themselves and their level of skill has been greatly raised. The number of skilled workers has increased. In the past, the position of Jinan No 3 National Cotton Mill in provincial and municipal contests was very low. Now it reaches high positions. The improvement of the levels of skill has given rise to an improvement of quality and quantity in production. Compared to 69.7 percent in the first half of 1978 before the piece rate quota system according to position held had been introduced, the proportion of best quality cotton in 1981 rose to 85.5 percent. The proportion of standard quality yarn rose from 75.5 percent to 91 percent. Other economic or technological targets were also considerably raised.

/Fifthly, the development of production was promoted and the increased in production and revenue were achieved./ Many enterprises in Shandong which had implemented the piece rate quota system according to position held, had changed the three shift system into the "four shifts with three rotations system." The labor quota rose by an average of more than 20 percent. Excessive workers were sent to meet the needs of the new shift system. The problem of having no fixed workers or quotas was basically resolved. The system of personal responsibility and systems of quota management, keeping records and data, business accounting and quota assessment were established and perfected. Reorganization of enterprises was promoted, business management was improved and productivity was increased. The total output value of Jinan No 3 National Cotton Mill in 1980 increased by 10.1 percent compared with that in 1979. Its profit increased by 13.1 percent. Its total output value in the first half of 1981 increased by 20.78 percent as compared to the corresponding period in 1980. Its profit increased by 24 percent. While both the state and enterprises achieved increases in production and revenue, workers' wages were also increased considerably through increasing labor quotas. According to an analysis made by Shandong Province, after the introduction of the peice rate system, according to the position held, a textile mill of 50,000 spindles with an annual total output value of 50 million yuan would have had a 12 percent increase in production, an increase of 6 million yuan in total output value and an increase of 1.2 million yuan in profit tax. The average monthly wages for every 1,000 positions in which the new piece rate system was implemented, the average monthly wage increase was 8 yuan, amounting to 96,000 yuan a year, less than 1/10 of the increase in profit tax.

The problem of egalitarianism in distribution among front-line production workers (who make up nearly 50 percent of the total number of workers) was

gradually resolved. The problem of egalitarianism in distribution among second line and third line production workers (who make up another 50 percent of the total number of workers) had to be further studied.

The piece rate quota system according to position held is the best of the above-mentioned major wage and bonus systems and it tallies better with the actual situation of the textile workers. In order to further overcome egalitarianism in distribution and stimulate front-line production workers it is necessary, before any reform of the wage system is carried out, to implement trial points and to gradually popularize it. At the same time, the economic responsibility system of second line and third line production workers should be seriously studied. We should liberate our minds and break free from conventions in finding a new way. No matter what kind of economic responsibility system is implemented for second line and third line production workers, the objective is to make them serve the front-line production and to ensure normal front-line production.

The introduction of a piece rate quota system according to position held for front-line production workers is, in fact, entirely different from the piece rate systems and repeated bonus systems currently implemented by some enterprises. In the first place, it is a gradual restoration of a reasonable wage system according to position held, which suits the characteristics of the textile industry and was carried out before the "great cultural revolution." It is a solution to the problem of egalitarianism. It is also an effective way to consolidate the labor force of the front-line production workers in the textile industry. It is not a system which only aims to give more bonuses to workers. Secondly, workers do not get large wage increases. In the 1950's, under the wage system according to position held, workers in the same position held, workers in the same position got the same wage when they fulfilled the same quota. At present, the wage rates of workers is worked out in accordance with their seniority. The actual wage level is still very low as compared to that in the 1950's. Moreover, the localities can fix their own wage rates for workers of different seniority in accordance with their economic development. It is not intended to set a standard pattern for all localities. Thirdly, enterprises experimenting with the piece rate systems according to position held should meet several strict requirements. They should have a strong leading class, satisfactory production, regular supplies and sales, sound accounting and recording systems, advanced quotas and fixed numbers of workers and a good system of assessment and examination. Fourthly, workers cannot get more wage than they are entitled to. We hope that the quota of those enterprises experimenting with the new system will reach the highest standard set by the ministry. The production quota of the textile industry is worked out in accordance with the speed of the machines. There are several economic targets, such as output, quality, and strict economy. Generally speaking, the change for individual overfulfillment of a quota is limited. Wages for overfulfillment of quotas is also limited. Since the introduction of the piece rate system according to position held, the quota of Jinan No 3 National Cotton Mill, which was set in accordance with the highest standard set by the ministry, has increased by 20 percent. Only 96 percent of the workers fulfilled their quota. The actual average wage level is lower than that stipulated. To sum up, we should practically examine the advantages and disadvantages of various economic readjustment and to bringing every positive factor

into play should be put right. Anything that is favorable to production development should be seriously summarized, continuously perfected and experimented with step-by-step. The piece rate system according to position held falls within this category. It is a distribution system which better suits the development of productivity.

At present, the localities are confronted with a very serious problem while carrying out the economic responsibility system. They have paid attention to establishing a sound economic responsibility system for workers, but ignored the establisment of a sound economic responsibility system for cadres. To consolidate the productivity of the front-line of production and to stimulate the enthusiasm of workers are two essential requirements for improving production. However, cadres have to shoulder a great responsibility for the management of enterprises. Conditions of production such as management, technological design, facilities and technological competence have a direct relationship with the economic effect of enterprises. They also have a direct relationship with the performance of cadres at all levels. At present, quotas and the system of distributing bonuses in accordance with the responsibility of ones position are imposed by many enterprises on cadres at all levels, in line with their terms of reference. However, no significant results have been achieved. The problems are that quotas cannot be imposed directly on individuals, and that assessment is not strict enough. As a result, workers get their bonuses regardless of their performance. More important is the influence of the current cadre system. Cadres do not have a sound system of awards and penalties. Good cadres are not commended and bad comrades are not criticized. Promotions, transfers and disciplinary actions are all decided by higher authorities. Very often, criticism of cadres is not supported by higher authorities which fear giving offence and making work complicated. The sense of responsibility of cadres at all levels cannot be stimulated if high standards and strict demands are not imposed on them. The establishment of a sound economic responsibility system for cadres at all levels can link up economic interests with performance. More important is that it can link up with an assessment system and a system of awards and penalities for cadres. In this way, the enthusiasm of the vast number of cadres can be stimulated, so that they can really shoulder responsibility and work well for the enterprises.

Ideological and political work should also be strengthened during the course of establishing the economic responsibility system. At present, there is a trend that the more money received the better. Many members of the staff and workers give much thought for their own interests, the interests of the enterprises and immediate interests. They have little thought for the state's interests, overall interests and long-term interests. Staff should be taught to build up a lofty ideal of socialism and communism, to work hard and to make more contribution. A state, a nation should have a lofty spirit. So should every enterprise and every member of the staff. The revolutionary spirit can be strengthened and the enterprises can be properly managed only when we are armed with the communist ideal. All enterprises should pay close attention to ideological and political work. Special attention should be paid to the staff's mental and physical health after their enthusiasm has been stimulated.

The management should also strike a proper balance between work and rest. Since the burden of the front-line production workers in some advanced enterprises is very heavy, the number of spindles and stands should not be increased to augment the worker's labor intensity. Workers should be taught to improve their technological skills. Management and quality should be improved. Strict economy should be practiced to score good economic results.

The success of the economic responsibility system depends on whether or not cadres at all levels are really responsible, whether or not they study and investigate practically and proceed from the characteristics of the localities and of the trade, whether or not they can find out some practical ways to avoid both formalism and the bad habit of following trends. We should ask cadres at all levels to follow Comrade Pan Xunzeng, director of the Shanghai No 28 Cotton Mill, who is always thinking of the good management of the mill, living with the masses and seriously studing matters concerning the construction of socialist spiritual and material civilization. This social change will be achieved if cadres at all levels are dedicated to their work.

CSO: 4006/404

INDUSTRY

SHAANXI ON DEVELOPING MACHINE BUILDING INDUSTRY

HK250918 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 24 Mar 82

[Station commentary: "There Are Bright Prospects for Developing Machine Building in Shaanxi"]

[Excerpts] Great efforts were made last year to readjust the service orientation in our province's machine building industry and to open up new avenues of production. With the total value of output reaching 913 million yuan last year, the machine building industry turned over profits of 34.7 million yuan to the state. Clear improvements were made in the level of administration and management, the level of scientific research and technology and in the degree of responsibility felt by workers and staff toward their work. There was also an increase in overall productive capacity.

While our province's machine building industry still faces many problems this year, conditions are conducive to the development of production. These conditions are: The broad masses of cadres, workers and staff members now have a better understanding of our party's line, principles and policies since the Third Plenary Session of the party's Central Committee and share a common ideological foundation. The spiritual state of most leading cadres is also relatively good. They have the confidence to overcome problems and bring about a revival of the industry. Various marketable products developed last year provide another condition conducive to the development of production this year. Moreover, owing to the implementation of the production responsibility system in the rural areas there has been an increase in the need for small- and medium-scale agricultural machines. The success of preliminary efforts to carry out technical transformation has also led to an increased demand for marketable machinery and equipment. There has also been an increase over last year in the number of assigned production tasks. These conditions all benefit the prospects for developing the machine building industry.

This year our province's machine building industry has the following general tasks: continue readjustment, improve economic results, grasp the reorganization of enterprises, develop a wider range of products, improve the product quality, improve reliability and strive to ensure high output. The specific targets are to increase agricultural output by 4 to 6 percent on the basis of fulfilling last year's production quotas, lower comparable production costs by 1 percent, produce 109 new products and increase total export output by 15 percent over last year's. In view of the production situation in the first

2 months of this year, the province's machine building industry has already fulfilled 69.88 percent of the output quota of the first quarter of the year, showing an increase of 10 percent over the corresponding period last year.

We believe that so long as the broad masses of workers of the machine building front unswervingly implement the party's principles and policies and work in a practical fashion, the machine building industry will reap better economic results this year than last year.

CSO: 4006/399

HUNAN: GOVERNOR SPEAKS AT INDUSTRIAL WORK CONFERENCE

HK290737 Changsha Hunan Provincial Service in Mandarin 1100 GMT 26 Mar 82

[Text] The provincial conference on industrial and communications work convened by the Hunan Provincial People's Government was concluded in Changsha today. The conference pointed out: At present, we must focus economic work on improving economic returns and on striving for an increase of 4 percent in the gross industrial output value over the preceding year, and make an effort for 5 percent. Comrades attending the provincial conference on industrial and communications work had conducted thorough discussions on raising economic returns since the conference commenced on 17 March. They all held: In improving economic returns, we must first raise social economic returns. We must adhere to giving priority to the planned economy so that the economy of the province will comply with that of the country. We must firmly establish the idea of taking the overall situation into consideration and organize production in accordance with the plan and the needs of society.

The conference pointed out: We must strive to improve the quality and variety of the province's industrial and communications products and try hard to minimize the consumption of energy. This is the way to raise economic returns. We must strive to score significant achievement in improving the quality of products within this year. We must work hard to produce a number of famous brands and complete sets of products as soon as possible; and strive to make innovations for products and increase their varieties, so as to meet the everchanging needs of the market. At the same time, we must practice economy.

The participating comrades held: Attaching importance to management work and doing a good job of it are key measures for raising economic returns. Our plans must meet the needs of society and reflect the wishes of society. At the same time, enterprises must strengthen their management work, conduct more market research and forecasts and organize production which focuses on the needs of society.

Sun Guozhi, secretary of the provincial CCP committee and provincial governor, spoke at the closing ceremony of the provincial industrial and communications work conference.

During the conference, representatives from eight units including the Changling Refinery, the Liling Guoguang Porcelain Plant, the Heyang Metallurgical Machine-Building Plant, the Liyujiang Coal Mine, the Xiangyi Nitrogenous

Fertilizer Plant, the Xiangxiang Cement Plant, the Xiangnan Machine-Building Plant and the Lianyuan Iron and Steel Plant introduced their experiences. Responsible comrades of the provincial CCP committee and people's government awarded certificates of merit, silk banners and certificates to the 101 advanced enterprises of 1981, 13 products which were awarded by the state for fine quality goods, 163 production units which produced fine quality goods and 37 advanced units of quality control.

CSO: 4006/399

INDUSTRY

GUANGDONG HOLDS INDUSTRY, COMMUNICATIONS MEETING

HK261053 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 25 Mar 82

[Summary] On 18 March, the Guangdong Provincial People's Government held a report meeting to convey and implement the spirit of the national conference on industrial and communications work. Leading cadres of the subordinate provincial industrial and communications system attended. Vice Governor Liu Junjie presided while Vice Governor Li Jianan conveyed the instructions of leading comrades of the State Council. Provincial economic commission chairman Wang Huan conveyed the spirit of the national conference and put forth a specific view for implementing its spirit.

"In accordance with the spirit of the national conference on industrial and communications work, this year our province must strive to raise economic results. That is, the total industrial output value must increase by 7 percent, the profits to be submitted to the state must increase by 4 percent, the costs must be reduced by 1.7 percent and we must reduce by one-third the number of state-run industrial enterprises which incur losses. In future, the major targets for economic effect and the results of assessment of the work of all prefectures and municipalities must be published once in each quarter. We must exchange information and compare ourselves with, learn from and catch up with the progressives and help each other. Once in each quarter, with relevant departments at the same level, economic committees at all levels must hold a meeting to analyze economic results of activities, coordinate their actions and improve their work. Moreover, we must implement the system of business analysis and forecasting and understand the market conditions at home and abroad."

In industrial production, we must adhere to the principles, "quality comes first" and "products must be marketable." If a product which was assessed as a product of superior quality several years ago fails to measure up to the requirements of a product of superior quality, its superior quality certificate must be canceled. No backward areas are allowed to protect themselves by prohibiting other places' products from entering their markets or by prohibiting the purchase of goods from other places. Nobody is allowed to take improper measures to promote the sales of goods. The bonuses of enterprises throughout the province in 1982 must remain at last year's level. We must check and ratify the total amount of the bonuses which will be issued to all

prefectures, municipalities and trades. In the course of issuing bonuses, we must resolutely oppose egalitarianism. We must investigate and affix the responsibility for indiscriminately issuing bonuses. To promote industrial production, our province must take measures to solve the problems of the short supply of energy resources and the problems of communications and transport and must speed up technical modification in enterprises.

CSO: 4006/399

INDUSTRY

REGULATIONS ON COLLECTING POLLUTION DISCHARGE FEES PUBLISHED

OW301151 Beijing XINHUA Domestic Service in Chinese 1220 GMT 29 Mar 82

[Text] Beijing, 29 Mar (XINHUA)--The State Council has published the "Provisional Regulations on Collecting Fees for the Discharge of Industrial Wastes" and issued a circular in this connection.

The circular points out: The State Council has decided to collect fees for the discharge of industrial wastes in order to encourage enterprises and institutions to strengthen management, economize on natural resources and make mult-purpose use of them, control pollution and improve the environment.

The circular states: The collection of fees for the discharge of excess wastes is a better way of applying economic pressure to strengthen environmental protection. Since this task involves many departments and significantly affects policy, it is hoped that the people's governments at all levels will strengthen their leadership and carry out this task step by step, in a planned manner and with the stress on key enterprises and institutions.

The 13-article "Provisional Regulations on Collecting Fees for the Discharge of Industrial Wastes" will go into effect on 1 July this year.

The provisional regulations stipulate: All enterprises and institutions must meet the relevant standards set by the state on the discharge of industrial wastes, including the "trial standards for the discharge of waste gas, waste water and industrial residue." In case the people's governments of provinces, autonomous regions and municipalities directly under the central government have published regional standards on the discharge of industrial wastes, the enterprises and institutions located in these provinces, autonomous regions and municipalities must meet the regional standards. Enterprises and institutions that exceed the discharge standards must pay pollution discharge fees. Other units whose chimneys discharge smog and dust in excess of the discharge standards must also pay pollution discharge fees.

Units that exceed the discharge standards must report to the local environmental protection departments on the type, quantity and density of their pollution discharge. These reports, after having been approved by the environmental protection departments or the designated pollution monitoring units, will be used as a basis in collecting pollution discharge fees from them.

When a unit, after having paid pollution discharge fees, still fails to meet the discharge standards, its pollution discharge fees will be increased 5 percent each year, beginning from the third year after it started paying such fees. When a unit meets the discharge standards or noticeably reduces the quantity and density of its pollution discharge by making efforts to control pollution and strengthen management, it may report this to the local environmental protection department. After this has been verified by monitoring, that unit may have its payment of pollution discharge fees stopped or reduced.

Pollution discharge fees shall be levied on a monthly or quarterly basis. Units that exceed the discharge standards, regardless of their organizational or ownership relationship, shall pay their pollution discharge fees to designated banks within 20 days after being notified by the local environmental protection department. If a unit fails to make payment within the specified time, it shall be fined an amount of 1/1000 if its fee per day.

Enterprises may charge their pollution discharge fees to their production costs. As for institutions, they may pay such fees from surplus funds or from extrabudgetary funds. If their surplus of extrabudgetary funds are insufficient, they may pay their pollution discharge fees from their operating expenses.

The pollution discharge fees collected shall be included in the budget and used as subsidies for environmental protection. They shall be managed as a special fund and shall not be used for other purposes. In coordination with finance departments, environmental protection departments shall make overall arrangements for the use of subsidies for environmental protection. These subsidies should be given mainly to major enterprises that exceed discharge standards so as to bring pollution under control, and to those that carry out comprehensive measures to improve the environment.

CSO: 4006/399

INDUSTRY

GANSU URGES EFFORTS TO DEVELOP LOCAL CHEMICAL INDUSTRY

SK310956 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 30 Mar 82

[Text] According to our sources, a recent provincial work conference on the petrochemical industry pointed out the need to vigorously and steadily develop the local chemical industry in our province. The work conference analyzed the situation in our province's petrochemical industry, revealing that our province has engaged chiefly in producing raw materials and initial processing and very little in [words indistinct] and producing chemical products for daily use. The work conference pointed out in particular that chemical industries run by prefectures and counties are weak and their technology is backward, equipment is old and technical forces are weak. They cannot meet the needs of agriculture, light and textile industries, markets and the people's living.

In order to improve this situation, the work conference urged efforts to do a good job in chemical industries directly owned by the province and, at the same time, to make full use of the natural resources and favorable conditions of our province to actively develop the local chemical industry to meet the needs of agriculture, light and textile industries, markets and exports. To strive to make a relatively big progress in the next few years, it is necessary to make painstaking efforts to develop scientific research, technological and other basic work. Large petrochemical industrial enterprises are encouraged to use existing secondary vocational and engineering schools and workers universities to train a number of technical forces in a planned way for local chemical industrial enterprises, actively establish integrated complexes among different enterprises and organize professional and technical coordination between large and medium-sized petrochemical enterprises and local chemical enterprises.

The Provincial Petrochemical Industrial Bureau has decided to allocate 1 million yuan from the profits retained this year to help localities develop key chemical industrial projects which require little investment, will yield results soon and are welcomed by markets on a trial basis to promote the local chemical industry.

CSO: 4006/399

INDUSTRY

LIAONING CALLS FOR RAISING ECONOMIC RESULTS

SK060826 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 5 Apr 82

[Brief commentary: "It Is Imperative To Pay Attention to Economic Results"--date not given]

[Text] The industrial and communications front of Liaoning Province made a good start in the first quarter production and scored an 8.1 percent increase over the figure of industrial output value in the corresonding 1981 period. This is a very gratifying achievement.

However, in fulfilling the task set forth by the central authorities in regard to focusing on raising economic results when taking all work into consideration, our province has still lagged behind. Some enterprises have blindly engaged in production only for the sake of products which are of high output values and yield large profits, without paying attention to sales. As a result, products finding no market have been overstocked due to excess production.

Such production not only results in ineffective labor, it also adds nothing to economic results. The anarchist state of affairs such as blind and duplicate production still prevails in various industries. For instance, while suspending production for a commodity in one plant, another one is ready to put a project into production for the same commodity. When one enterprise has worked out a production project for the commodity, another one has already overstocked commodities of this category. Some engage in production for commodities outside the state assignment and arbitrarily increase their output of these commodities over those under the state assignment. Small enterprises even scramble for production tasks with large enterprises in producing goods of high output value and profits. All of this has caused great waste to the state.

Therefore, we should concentrate our efforts on improving economic results. In view of the industrial and communications front as a whole, further efforts should be made to do a good job in maintaining a production balance in a comprehensive way and intensifying guidance in drawing up production plans. In viewing managerial responsibility, it is necessary to overcome the onesidedness of paying attention to production rather than sales and paying attention to output value rather than economic results. Every trade and enterprise should exert all-out efforts to improve economic results so that it will be able to turn out its products without exaggeration and in a down-to-earth manner.

CSO: 4006/399

BRIEFS

GUIZHOU INDUSTRIAL TASKS--The provincial government held a telephone conference on industry and communications on 6 April, to review production in the first quarter and make arrangements for the second. Governor Su Gang and Vice Governors Li Tinggui and Meng Xiaoping spoke at the meeting. The following specific demands were put forward: 1. All areas and departments must review their first quarter performance and make proper arrangements for the second. They must unify economic returns with growth rate and regard improving economic returns as the fundamental starting-point in work. 2. Improve product quality, and reverse the decline of quality of certain products. 3. Do a good job in straightening out the enterprises, starting off by improving economic returns. 4. Promote safety in production. 5. Strengthen ideological and political work. This includes conducting education in the economic situation. The meeting called on the industry and communications front to work hard and fulfill half the year's tasks in less than half the year. [HK070421 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 6 Apr 82]

SHAANXI INDUSTRIAL ISSUES--The Shaanxi Provincial CCP Committee and Government held a telephone conference on 6 April to make arrangements for industrial production in the second quarter. Provincial CCP committee executive secretary Zhang Ze presided, secretary and Governor Yu Mingtao spoke. Yu Mingtao said: Shaanxi has scored good results in the first quarter, with a steady rise in output and improved economic returns. Total value of industrial output during the period was 9.6 percent higher than in the corresponding period of last year and amounted to over 23 percent of the year's plan. Yu Mingtao said: During the second quarter, the general demand is to seriously convey the spirit of the national industry and communications work conference, center efforts on improving economic returns, rectify the enterprises, hit at illegal and criminal activities in the economic field, and strengthen ideological and political work. At present it is necessary to concentrate on the following tasks: 1) Increase output of products that sell well; 2) improve product quality and increase variety; 3) turn losses to profits and fulfill the profit quota; 4) promote capital construction and projects for tapping potentials and carrying out innovations and improvements, so as to increase production capacity; 5) do a good job in straightening out the enterprises; 6) grasp production safety. [HK070359 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 6 Apr 82]

HEILONGJIANG FLAX COMPANY--The Laixi Flax Textile Plant construction project broke ground on 1 April in Heilongjiang Province. Hou Jie and (Wang Guangwei), leaders of the provincial CCP committee and the provincial people's government, attended the ceremony. The Provincial People's Commune Enterprise Administrative Bureau, the China International Trust Company and the Laixi County People's Government have decided to jointly invest in, construct and manage the Laixi Flax Textile Complex. The designed capacity of the complex is 15,000 spindles. The construction consists of three stages. Some 50.25 million yuan was invested in the first stage. Upon completion of the first stage, the plant will be able to produce 2 million meters of wide linen cloth and 35 million yuan of output value and hand over to the state 22 million yuan of taxes every year. [SK021155 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 1 Apr 82 SK]

HEILONGJIANG INDUSTRIAL OUTPUT--Qiqihar Municipality, Heilongjiang Province, made great progress in industrial production in January and February. The city scored an industrial total output value of over 276 million yuan in this period, a 20 percent increase over its output value plan and a 21.4 percent increase over the figure of the corresponding 1981 period. In the first 20 days of March, the city fulfilled its monthly industrial production plan by 85 percent. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Mar 82 p SK]

XINJIANG LIGHT INDUSTRY CONFERENCE--The Xinjiang Regional Conference on Light Industry concluded on 12 March. The conference formulated this year's tasks for light industrial production in the region. The tasks include vigorously developing the production of consumer goods, raising economic results and guaranteeing that the total industrial output value of the whole region this year will be 7 to 8 percent more than last year. At the conclusion of the conference, Huang Luobin and (Xu Guo), secretaries of the regional CCP committee, spoke. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 19 Mar 82 HK]

CSO: 4006/399

BRIEFS

YUNNAN COMMODITY PRICE CIRCULAR--The Yunnan Provincial People's Government recently approved and transmitted the view of the provincial commodity price committee on the all-round straightening out of market commodity prices and issued a circular. The provincial people's government demands that all places and departments seriously do well in straightening out market commodity prices. The view of the provincial commodity price committee includes the raising of retail prices of industrial and agricultural commodities, prices of food and drinks, social service charges, the purchasing prices of agricultural products and the selling prices of means of agricultural production in accordance with regulations of the State Council and the provincial people's government. The prices of all commodities and service charges must be clearly marked. It is essential to regularly inspect the commodity prices and service charges, to observe commodity price discipline and establish the system of rewards and penalties. To strengthen leadership over the straightening out of market commodity prices, the provincial government has decided to establish a provincial commodity price straightening-out leadership group and all prefectures, autonomous prefectures and municipalities must also establish commodity price straightening-out leadership groups. [HK290749 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 21 Mar 82 HK]

CSO: 4006/399

FOREIGN TRADE

BENXI NOW EXPORTS CAST IRON INSTEAD OF PIG IRON

Shenyang LIAONING RIBAO in Chinese 4 Feb 82 p 2

[Article by staff reporters Si Xiangchun [0674 4382 2504] and Dong Changli [5516 1603 4409]: "Changing from the Export of Raw Materials to the Export of Manufactured Goods, Benxi [2609 3005] City Ends the History of Inability to Export Cast Iron Implements; In Just Four Months It Exports One-hundred-fifty-eight Metric Tons of Cast Iron Products, Thus Creating Over Thirty-thousand U.S. Dollars in Foreign Exchange for the State."]

[Text] Last year from August to the end of the year Benxi City exported nine types of cast iron products totaling 158 metric tons and including such items as water measures, water boxes, large covering plates, small covering plates, and round covering lids, etc. In the first quarter of this year foreign orders have already been received for over 150 metric tons of goods. In this manner, Benxi's history of only being able to export pig iron and not being able to export cast iron manufactured goods has finally come to an end. The high quality pig iron produced in Benxi, the city of coal and iron, has always been known throughout the world as "ginseng iron" [0086 0639 6993]. Since 1914 when Benxi's first iron smelting furnace began producing, Benxi's cast iron manufacturing industries have appeared one after another. Today the number of cast iron manufacturing enterprises has expanded to nearly 100, and their technical resources are rich. However, in the past only pig iron was exported for foreign trade. Since the beginning of readjustment of the national economy, the Benxi Municipal Foreign Trade Department saw that the international market needed large quantities of cast iron products, and yet, while on the one hand we exported large quantities of pig iron, on the other many cast iron manufacturers did not have enough business. Therefore, they organized six factories such as the Benxi Municipal Motor Vehicle Parts Plant, and the Benxi County Foundry, to produce cast iron products for export which have been welcomed by foreign traders.

Even though it has been only 4 months since Benxi has converted from exporting pig iron to exporting cast iron products, its most important effects are already very clear to see:

Converting raw materials into manufactured goods is beneficial in transforming the export goods structure and thereby increasing foreign exchange earnings. Presently the quantity of cast iron products for export is still not large and the types of goods are rather few. Nevertheless, they have already increased foreign exchange earnings to nearly two times what they are for exported pig iron, and in only four months it has created additional foreign exchange of U.S. $33,000 for the state.

It is beneficial in raising the enterprises' technical level. In the past the cast iron manufacturing industry used to produce clumsy black coarse cast iron implements, but what the foreign market needs in the way of cast iron implements mostly are light, small, thin products of many varieties which require a high technical level. Such requirements induced the enterprises to study advanced experiences from abroad, upgrade technical level, and improve the quality of products.

It is beneficial in fully bringing into play the enterprises' productive capacities and in opening new production gateways. In the past the Benxi Municipal Motor Vehicle Parts Plant had no work, and it was incurring losses. After producing cast iron products for export, the whole plant has been experiencing a new lease of life; the staff and workers have been striving day and night to better their industrial techniques. Daily output has risen from three to seven metric tons, and loss has been changed into profit.

9879
CSO: 4006/341

FOREIGN TRADE

UNBALANCED DEVELOPMENT IN TOURIST TRADE REPORTED

Guangzhou NANFANG RIBAO in Chinese 9 Feb 82 p 4

[Article by Kong Ganqiang [1313 4907 1730]: "The Tourist Trade Should Develop in a Balanced Manner"]

[Text] The tourist trade is a newly developing, comprehensive economic undertaking. The development of the tourist trade must be in conjunction with tourist hotels, and they in turn with transportation, sightseeing spots, travel services, entertainment facilities and tourist souvenirs in order to structure a comprehensive body of tourist services which are mutually interrelated and mutually promotive.

The tourist trade in our province already possesses a fairly good foundation with great potential. However, the salient problems at present are an unbalanced distribution and a lopsided development. For example, in the three prefectures of Foshan [0154 1472], Zhaoqing [5128 1987], and Huiyang [1920 7122], of the existing total of hotel guest rooms, except during holiday or vacation seasons, the China Travel Service only rents about 40 to 50 percent; the Foshan Branch of the National Travel Service only about 25 percent; while the Zhaoqing Branch merely reaches about 23 percent. The explanation for the generally low occupancy rate is that the number of hotel guest rooms in these prefectures are already at their peak and even excessive. And yet, they are still continuing to build more hotels. For example, the tourist departments at both prefectural and municipal levels in the city of Foshan at present already have over 1,500 beds, and because it is not far from Guangzhou most tourists simply pass through so that rooms basically are not a problem in the first place. Nevertheless, several units are still preparing to introduce foreign capital and have signed contracts to build new hotels. Or take for example, the city of Huizhou [1920 1558] which at present contains such units as the China Travel Service, the West Lake Travel Service, and Service Mansion. It already has seven hotels which can accommodate tourists, and altogether has 1,652 guest beds. Based on the present transportation situation and the state of the number of guests, the presently existing hotels and those in the process of being build are already sufficient to meet tourist needs. Nevertheless, according to our understanding, the commercial departments are planning to erect a high-rise hotel of over ten stories. And yet, a great many places do not pay

sufficient attention to building up scenic areas, sightseeing spots, or amusement facilities, and some sightseeing spots even seriously lack funds for minor repairs with the result that there is very little construction in these scenic areas and sightseeing spots and many cultural relics and historic sites have been neglected for many years.

In order to make our province's tourist trade flourish and grow, we believe that we must first take up a unified plan for the tourist hotels in the whole province and have a rational layout. Adding on a set number of rooms suitable for receiving foreign tourists is a must in developing foreign tourism. However, the focus should be placed on self-reliance as the basis, attention should be paid to transformation and tapping potential, and the major effort should be centered on transforming present hotels and thoroughly utilizing unused high-class guest houses. Whether national investments or utilizing overseas Chinese capital, the stress should be laid on key areas instead of "scattering over every corner." Except for building a few high class hotels in key cities, should stress medium- and small-scale and average class hotels. In sum, the principles should be to economize on investment, show quick results, and reap great profits. At the same time, we should proceed from our own actual situation and with regard to building up tourist hotels, sightseeing spots, and amusement facilities, we should suit measures to local conditions and emphasize the special qualities of each area and its ethnic style. For example, the architecture of Zhongshan [0022 1472] Hot Springs Hotel has a great deal of ethnic flavor and its gardens are unique; the pavilions, lofts, villas and pavements of the vacation campsites in Shenquan's Xili [3234 1101 6007 3468] used the local granite for construction and each object is unique. However, presently, there are many localities which blindly seek after "the grand foreign style" in constructing tourist hotels, such as wanting to install such things as refrigerators and carpets. This manner of doing things is open to question. Actually, most of the foreign tourists whom we receive are from middle and lower echelons, the overwhelming proportion being overseas Chinese and our compatriots from Hong Kong and Macao. This is a special characteristic which should not be overlooked. Finally, we must pay special attention to coordination and balanced development. At present, the most important problem for most areas should be to manage existing hotels well, engage in building up scenic areas, sightseeing spots and entertainment facilities, and raise the quality of services at the same time. For this purpose, we hope that the leading departments concerned will work out a long-range comprehensive plan for the development of tourism throughout our province, on the basis of investigating and studying the resources for tourism for the whole province, in order to achieve rational distribution and development of all relevant facets. At the same time, for newly opened places such as Danzia [0030 7209] Mountain, Luofu [5012 3187] Mountain, and Lingxiao [0407 7197] Cliffs or the scenic areas and sightseeing spots of places such as the Sanye [0005 2814] of Hainan [3189 0589] and Tianya Haijiao [1131 3209 3189 6037] we should stress their planned construction in key areas even more. In addition, the situation regarding certain scenic spots and historical sites long renowned in China and abroad, such as Guangzhou's Guangxiao [0342 1321] Temple, Luofu Mountain of Boluo [0590 5012] and the White Cloud Temple of Zhaoqing's Dinghu [7844 3275] Mountain, etc, which certain units presently either continue to occupy or restrict from being opened up, ought to be seriously resolved, and they should be speedily renovated.

9879
CSO: 4006/341

LABOR AND WAGES

SICHUAN URBAN WORKERS' LIVING STANDARD IMPROVES

HK301513 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 26 Mar 82

[Excerpts] According to SICHUAN RIBAO, due to the overall consideration and arrangements made by the party and the government for production, construction and the people's livelihood in the course of the readjustment of the national economy, there have been notable improvements in the living standards of the great majority of urban staff and workers in Sichuan Province. According to a survey of the income and expenses of 1,500 households of staff and workers selected from 13 municipalities including Chengdu, Chongqing, Zigong, Dukou, Luzhou and Wanxian and the 3 county towns of Guangyuan, Wenjiang and Yongchuan Counties, the per capita cash income in 1981 reached 449.64 yuan, an increase of 10.3 percent compared with 1980. After excluding the factors in price hikes, the per capita income for 1981 was 157.83 yuan or 61.1 percent more than that of 1980. Over the past 4 years, the per capita cash income has increased by an average of 12.7 percent a year. The major factors in the increases in income are: 1. There has been an increase in the number of staff and workers who have obtained employment, the burdens on the households of staff and workers have been lightened, and the households of staff and workers have received increases in income correspondingly. 2. There has been a big increase in bonuses and a distinct rise in wage level. 3. The average income from traveling expenses, subsidies for health, food and cultural recreation, welfare allowance and subsidies for living in straitened circumstances for every staff member and worker [in 1981] amount to 17.4 yuan, 10.4 times more than the 1.52 yuan in 1977 and 18.5 percent more than the 14.69 yuan in 1980. 4. The per capita income from the people's study grants savings interest and other sources [in 1981] amount to 39.25 yuan, 82.6 percent more than in 1977 and 34.2 percent more than in 1980.

Over the past 4 years, the province has improved and solved over 3 million people's housing conditions and problems. Although the living standards of urban staff and workers in the province have been raised and improved to varying degrees over the previous years, there are still quite a few problems: 1. The number of high-income households of staff and workers in the province is not up to the national level. 2. Houses are still in short supply. 3. There has been a rapid rise in the expenses in sending gifts. Giving wedding dinners and funeral feasts and sending wedding and funeral gifts have become prevailing practices this year and have also become scourges in society. However, with the further readjustment and development of the national economy, the idea of making wedding arrangements and building all kinds of undertakings through thrift and hard work has been spread, the above-mentioned problems will be gradually tackled and solved and the situation will take a turn for the better day by day.

CSO: 4006/399

LABOR AND WAGES

SHANDONG DETAILS FUNDS TO UP LIVING STANDARDS

SK030508 Jinan Shandong Provincial Service in Mandarin 2300 GMT 2 Apr 82

[Text] During the 3 years following the 3d Plenary Session of the 11th CCP Central Committee, our province allocated 9,254,000,000 yuan, 63.5 percent of the province's revenue, to improve people's living standards. This sum was mainly used in the following seven ways:

1. Raising procurement prices of farm and sideline products to increase peasants' incomes by 3,562,000,000 yuan.

2. Reducing agricultural taxes to increase the income of communes, brigades and peasants by 315 million yuan. This included exemptions from taxation for brigades whose food grain was less than 365 jin and income less than 40 yuan and for newly established commune- and brigade-run enterprises for a certain period of time and reductions and exemptions for commune and brigade-run enterprises which produced agriculture-oriented products.

3. Providing jobs for 795,000 youths in urban areas and increasing the income of urban people by 557 million yuan.

4. Readjusting the wage scales of staff and workers, giving all kinds of allowances and instituting award systems to increase the income of staff and workers by 1,297,000,000 yuan.

5. Adopting a policy of reducing prices of agriculture-oriented items for communes and brigades such as diesel oil, chemical fertilizer, farm chemicals, farm machines and electricity, and the market prices of commodities for urban and rural residents such as grains, edible oil, vegetables, meat, eggs, briquets and leather goods. Allowances for this purpose totaled 2,034,000,000 yuan in 3 years.

6. Constructing 10 million square meters of housing for staff and workers in 3 years to improve housing conditions of urban residents. This totaled 1.17 billion yuan.

7. Allocating maintenance funds for newly established urban public facilities. Such funds totaled 319 million yuan in 3 years.

Through these direct or indirect measures for improving the people's living standards, the income of urban and rural people has markedly increased. Last year the average per capita income of rural commune members from the collective economy reached 125.5 yuan, an increase of 83.4 percent over 1978. The average per capita income of urban staff and workers from wages was 755 yuan. Excluding price hikes, real income increased 23.5 percent.

CSO: 4006/399

BRIEFS

JILIN YOUTH EMPLOYMENT--Since 1981, Jilin Province has arranged jobs for over 246,000 urban youths awaiting work. Of these urban youths, 68.9 percent of them totaling over 129,000 persons have been employed by collectively-owned enterprises or have operated individually-owned firms. Over 84,000 youths have voluntarily formed groups to open joint-venture enterprises. As of now, two municipalities and nine counties throughout the province have completed job arrangements for middle school students who graduated before 1980. However, employment of children among miners and railway staff and workers is still encountering many problems. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 20 Mar 82 SK]

QINGHAI EMPLOYMENT--Over the past 3 years, Qinghai Province has arranged jobs for 170,000 people. According to the investigation data on 50 staff and worker households in Xining Municipality, the 1981 per household population was 4.72 persons, and its employed population was 2.06 persons. Each employed person is able to provide for 2.29 family members including himself, a 1.33 person and 24.7 percent decrease from the 1964 figure. The 1981 per capita monthly income was 37.89 yuan, a 34.9 percent increase over the 1966 figure. In 1981 the province arranged jobs for over 14,000 people in collectively-owned enterprises, which was a third of all employed persons in the province. [SK082248 Xining Qinghai Provincial Service in Mandarin 2330 GMT 7 Apr 82 SK]

SHAANXI PEOPLE'S INCOME INCREASES--Over the past 3 years, people's income in urban and rural areas in Shaanxi Province has increased and their living standards have improved. Over the past 3 years, peasants' income has increased by 786 million yuan as a result of the rise of prices and each peasant's income has increased by 32.9 yuan. Since 1979, the wages of workers in the province have increased by 1.3 billion yuan, an increase of 19.3 percent. In 1978, people in urban and rural areas throughout the province spent 2.85 billion yuan on consumer goods. In 1981, they spent 4.196 billion yuan on consumer goods, an increase of 43.7 percent. The savings of people in urban and rural areas throughout the province by the end of 1981 were 886 million yuan more than at the end of 1978. Over the past year, the state has spent 1.606 billion yuan each quarter on nonproduction undertakings, such as cultural, educational and public health undertakings, urban construction and housing for workers and this amount accounts for 32.4 percent of the total investments in capital construction. The area of residential housing completed is 6.236 million square meters, equal to the total area of residential housing completed from 1972 to 1977. [HK290911 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 23 Mar 82 HK]

YUNNAN PEOPLE'S LIVELIHOOD IMPROVED--Over the last 3 years, the Yunnan Provincial CCP Committee and the Provincial People's Government have appropriated about 2,816 million yuan to improve people's livelihood in the urban and rural areas. In the 3 years from 1979 to 1981, the province spent 1,741 million yuan on subsidies, housing, pay rises and bonuses for people in urban areas and each urban resident received an average of 439 yuan. Over the last 3 years, the province has used 1.07 billion yuan for the benefit of all peasants throughout the province and each person in the agricultural population has received an average of 37.94 yuan. As the province has reduced the selling prices of means of agricultural production, including chemical fertilizers, agricultural chemicals, hand-guided tractors and small agricultural tools, it has therefore lightened the peasants' burden by 199 million yuan over the last 3 years. [HK091035 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 2 Apr 82 HK]

HENAN COAL ADMINISTRATIVE BUREAU--In accordance with demands of the Ministry of Coal Industry and the State Administrative Bureau of Labor, the Henan Provincial Administrative Bureau of Coal Industry has mobilized those coal extraction workers who took surface jobs to go back to the forefront of coal extraction. By the end of February, a total of 3,373 people had returned to the forefront of coal extraction. They account for 89 percent of the total number of people who should return to the forefront of coal extraction. The Provincial Administrative Bureau of Coal Industry demanded that all such coal extraction workers must return to their mines before the end of March and that they will no longer be allowed to take surface jobs. "If they do not do so, their names will be removed from the books, they will not be given pay, and their cases will be reported to the Provincial Administrative Bureau of Coal Industry for the record." [Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 17 Mar 82 HK]

JILIN PEOPLE'S LIVING STANDARDS--According to a survey of 635 worker families in Changchun, Jilin, Siping, Tonghua, Baicheng and Yanji Municipalities, the average monthly net income of each worker in 1981 was 35.7 yuan compared to 17.73 yuan in 1965, an increase of 17.97 yuan. Daily expenses for workers' families also increased 99.3 percent compared to 1965. The improvement in the workers' living standard is the result of birth control, increases in job opportunities for the unemployed and the awards systems practiced by enterprises. [SK122216 Changchun Jilin Provincial Service in Mandarin 1100 GMT 11 Mar 82 SK]

UNEMPLOYED SHANGHAI YOUTHS DEMONSTRATION--On 23 March more than 500 unemployed young people staged a 2-hour sit-down demonstration in front of the Xuhui District People's Government building to strongly protest the government decision to give priority to helping find jobs for the 25,000 demobilized and retired armymen who had arrived in Shanghai early this year. The sit-downers were later dispersed by the public security personnel, and 20 of them were arrested. [Text] [OW300426 Ba Yi Radio (Clandestine) in Mandarin to China 1330 GMT 28 Mar 82]

HEILONGJIANG WORKERS LIVING STANDARD--The statistics compiled from 1,050 working families in / municipalities of Heilongjiang Province show that the workers living standard have substantially improved in the past 3 years. The per-capita worker's income in 1981 was 36.07 yuan. Comparing 1981 with 1978, per-capita income increased by 9.01 yuan--33.3 percent--or 21.4 percent after accounting for inflation. The increase is mainly due to the wage readjustment by the state and the population reduction due to successful birth control measures. Every 100 working families owned 35 televisions in 1981 but only 2 in 1978. In 1981 per-capita living space was 4.17 square meters, an increase of 1.2 square meters compared to 1978. [SK251342 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 24 Mar 82 SK]

CSO: 4006/399

TRANSPORTATION

BRIEFS

NEW FLIGHT ROUTE--The Provincial Civil Aviation Bureau plans to start a new flight route between Harbin and Guangzhou effective 1 April. The weekly flight is temporarily scheduled to take off from Harbin at 1335 Sunday and return from Guangzhou the next day. A return flight from Shanghai to Harbin will become effective 1 April. There will only be scheduled flights from Harbin to Shanghai and no return flight from Shanghai to Harbin. [Text] [SK250842 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 24 Mar 82]

CSO: 4006/399

GENERAL

HEILONGJIANG HOLDS MEETING ON ECONOMIC CRIME

SK230616 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 22 Mar 82

[Excerpts] According to our sources, this afternoon the provincial CCP committee sponsored a meeting of leading cadres of provincial-level organs, mobilizing all provincial-level organs to wage further struggles against criminal offences in the economic field. Some 800 cadres at the department and bureau levels attended the meeting. Li Lian, second secretary of the provincial CCP committee, delivered a report.

In light of criminal cases in the economic field already exposed in our province, Comrade Li Lian pointed out in his report: Criminal cases in the economic field show that class enemies both at home and abroad exert a destructive and corrosive influence on us with decadent bourgeois ideas. Therefore, we must fully understand the seriousness, harmfulness, danger and character of this struggle.

We should, at the same time, approach this issue from the high plane of a struggle between the corrosive bourgeois influence and the proletariat countercorrosive forces. We should foster the determination to carry out this struggle through to the end.

Never should we underestimate such activities as smuggling, bribery, graft, speculation, fraud and theft of large amounts of state and collective property.

Comrade Li Lian said: Struggling against criminal activities in the economic field is one of the central tasks for the entire party. Whether or not the provincial-level organs achieve success in struggling against economic crimes will greatly affect all localities in the province. The provincial CCP committee urges all party members at the provincial-level organs, high- and middle-ranking cadres in particular, to take the lead and set an example in dealing blows at economic crimes.

In his report, Comrade Li Lian urged all units to make proper arrangements in line with the practical situation of their own units and to wage struggles in a well-guided, planned and down-to-earth manner. In these struggles, the unhealthy practices which are the most serious ones in their own units and about which the masses most strongly complain should be checked so as to decisively improve the party's workstyle.

CSO: 4006/399

GENERAL

HEBEI URBAN WORKERS' LIVING STANDARD RISES

HK081053 Shijiazhuang HEBEI RIBAO in Chinese 24 Mar 82 p 1

[Report by Ji Tongjia [0370 4827 1367]: "Standard of Living of Hebei Urban Workers Shows Notable Rise"; passages within slantlines denote boldface]

[Text] An investigation conducted by a provincial department concerned to find out the living conditions of 720 worker households in the 9 municipalities in the province shows that thanks to the measures adopted by the party and the government since the 3d Plenary Session of the 11th CCP Central Committee, the urban worker households have earned more income and there has been a notable rise in their standard of living.

/Incomes increase, and the number of needy families decrease./ In 1981, the monthly cash income of worker households was 38.64 yuan per capita. Part of it was used providing for parents and expenditure on presents, and the remaining 35.82 yuan was used as daily expenses. This represented an increase of 12.95 yuan or 56.6 percent as compared with that in 1978. If we deduct 12.5 percent to offset the rise in commodity prices, the actual income still increased by 39.2 percent. The average annual increase was 16.1 percent. The main factors accounting for this increase were: First, the workers' monthly income increased as a result of salary revision, promotion, issuance of bonuses, giving of allowances to offset price increase, and the adoption of other measures. In 1981, a workers' average monthly income was 66.96 yuan, being 27.3 percent higher than that in 1978. Second, new avenues of employment were opened and the scope of employment was widened, so that more members of the workers' families had jobs. In 1981, an average of 2.35 persons in each household were employed, representing an increase of 10.1 percent as against that in 1978; 57.6 percent of the members of worker families were employed, representing an increase of 10.6 percent as compared with that in 1978. That is to say, in 1978, 1 out of every 2.13 worker family members was employed and in 1981, 1 out of every 1.73 worker family members was employed. Those employed had fewer family members to support. Third, late marriage and planned parenthood were encouraged, so that the worker families will have fewer members year after year. In 1981, each worker family had an average of 4.08 members, being 10.1 percent fewer than that in 1978.

/The level of worker families' consumption has been raised./ With income increased, the level of worker families' consumption shows a notable rise. In 1981, the average monthly living expenditure for each worker family member

amounted to 35.7 yuan, being 35.7 percent higher than that in 1978. Of this expenditure, 93.5 percent was used to buy commodities and the remaining 6.5 percent to pay for rent, electricity and water charges, haircuts, baths, school fees, repairs and other services. Of the expenditure on commodities, that consumed for food, clothing, daily necessities and fuel increased. A characteristic of this consumption was that the proportion of expenditure on food continuously fell and the proportion of expenditure on clothing and daily necessities increased year after year. In particular, there was a big increase in expenditure on expensive, durable consumer goods. This change showed that while raising their standard of food nutrition, the worker families were progressing in terms of clothing, daily necessities and cultural recreation.

/The worker families have greater quantities of durable consumer goods./ By the end of 1981, the worker families possessed notably greater quantities of durable consumer goods than they did in 1978. On average, every 100 worker families had 49 television sets, showing an increase of 4.79 percent as compared with 1978; they had 200 bicycles, showing an increase of 27 percent; they had 66 sewing machines, showing an increase of 35 percent; and they had 229 wristwatches, showing an increase of 34 percent. In addition, they had 103 radio sets, 7 tape recorders, 2 cameras, 3 washing machines and 19 electric fans. There was also a big increase in the number of big wardrobes, sofas and desks as compared with 1978.

/There has been a big improvement in the workers' housing conditions./ In the past 3 years, more money has been invested in the nonproductive construction projects on the capital construction front in our province, and the total floor space of workers' living quarters has quickly increased. In 1981, the average floor space for each occupant was 5.4 square meters, representing an increase of 1.6 square meters of 24.4 percent as compared with 1978.

Despite the notable rise in the standard of living of the urban workers since the 3d Plenary Session of the 11th CCP Central Committee, some problems still exist: First, the prices of some articles for daily use have risen, thereby lowering the standard of living of some workers. According to an investigation, 1.1 percent of the urban workers have not had a wage increase since 1956; 2.3 percent of them have not had a wage increase since 1963, and 10 percent of them have not had a wage increase since 1971. As a result of price increases, the real standard of their wages has dropped by varying degrees. Second, due to price increase, some worker households which earn relatively low wages still have difficulties in everyday life. For this reason, it is imperative to study and solve the problem of stabilizing the retail prices of the basic consumer goods needed by workers so as to guarantee the rise in the real standard of workers' income. Third, some worker families still had difficulties in housing in 1981, and 8.8 percent of them were not allotted living quarters. Therefore, solving the question of housing for urban workers is an urgent task.

CSO: 4006/399

GENERAL

BRIEFS

WUHAN LIVING STANDARDS--Statistics of departments concerned at the end of 1981 showed that in Wuhan Municipality, every 100 worker households had 252 watches, 75 bicycles, 74 sewing machines, 103 radio sets, 67 TV sets and 74 electric fans. [Wuhan HUBEI in Chinese 23 Mar 82 HK]

GANSU MEETING--The 11th Meeting of the 5th Gansu Provincial People's Congress Standing Committee concluded in Lanzhou on 14 March. It adopted a resolution on the province's 1982 economic and social development plans and a decision on launching an all-people voluntary tree-planting campaign. It held that the implementation of the 1981 provincial economic plans was good and the 1982 economic plans are feasible. It called for readjusting enterprises to ensure steady development in industry and agriculture, and strengthening management of commodity prices, credits and loans to ensure a balance between income and expenditures. The plenary meeting was chaired by chairman Wang Shitai. [SK171237 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 15 Mar 82 SK]

HEILONGJIANG'S MODEL WORKER--Harbin, 29 Mar (XINHUA)--According to XINHUA reporter Zhang Chijian [1728 2170 1017], Yang Ju [2799 5468], chairman of the Sixth Neighborhood Committee on Dongcaijie Street in Harbin Municipality, was recently elected municipal model worker for her devotion to educating and helping 18 young people who went astray. She won the respect of the local people for her work. Upon hearing of Yang Ju's deeds, Yang Yichen, first secretary of the Heilongjiang Provincial CCP Committee, praised her for her "contribution in educating the young people with motherly dedication and persuasion." Yang Ju is 61 years old. Early in the 1960's, she took a misguided young girl into her home and patiently educated her with motherly kindness and changed her way of life. The people praised her for what she did. Deeply worried by the deteriorated social mood during the "Great Cultural Revolution" that contaminated the minds of the young people, she decided to do her utmost to help the young people who went astray. Most of the young people she directly helped or helped with the support of civil police, school and parents between 1975 and 1981 have turned over a new leaf and some have become activists in factories and in public security work. [Excerpt] [OW290614 Beijing XINHUA Domestic Service in Chinese 0133 GMT 29 Mar 82]

YUNNAN SECOND SECRETARY APPEARANCE--According to YUNNAN RIBAO, Li Qiming, second secretary of the Yunnan Provincial CCP Committee and chairman of the Yunnan Provincial CPPCC Committee, yesterday spoke at a bimonthly forum held

by the United Front Work Department of the provincial CCP committee, saying: To guarantee the successful carrying out of our economic construction, we must resolutely hit hard at economic criminal activities. Comrade Li Qiming stressed: With the implementation of China's policy of lifting restrictions on relations with foreign countries, there has been a very serious corrosive influence of decadent capitalist ideology. "The conflict between the corrosive influence and the anticorrosive influence is particularly sharp in Yunnan which is situated in the frontier region. We must keep a very cool head and maintain sharp vigilance." Referring to the province's economic construction, Li Qiming said: We must grasp grain production, actively develop diversified economy as primary and regarding regulation by market mechanism as supplementary. Zhu Jiabi, director of the United Front Work Department of the provincial CCP committee, presided over yesterday's forum. [HK031145 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 21 Feb 82 HK]

GUIZHOU CIRCULAR CRITICIZES MALPRACTICE--On 12 Feburary, the Guizhou Provincial People's Government issued a circular, criticizing some communes and brigades in Zhijin County for unlawfully levying charges when issuing 1982 ration cloth coupons. Levying charges is incorrect. All places must inspect the work of issuing 1982 cloth ration coupons. Places which have not issued these coupons to the masses must quickly issue them. In places where charges have been unlawfully levied in issuing 1982 cloth ration coupons, it is essential to investigate the situation, strictly handle the cases and return all charges to the masses. The circular also instructed the Bijie Prefectural Administrative Commissioner's Office to step up the handling of the problem occurring in Zhijin County and to report the results of dealing with the problem to the provincial government. [HK081124 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 24 Feb 82 HK]

GUANGZHOU CCP COMMITTEE MEETING--The Second Enlarged Plenary Meeting of the Fourth Guangzhou Municipal CCP Committee was held from 1 to 9 February. This meeting mainly implemented the spirit of the forum of the first secretaries of the provinces, municipalities and regions which was held recently by the central authorities, the spirit of the Fourth Session of the Fifth NPC and the spirit of the meeting of the secretaries of prefectural and municipal CCP committees held by the Guangdong Provincial CCP Committee, reviewed last year's municipal work and arranged for this year's main tasks. The meeting held that last year, the municipal CCP committee strengthened leadership over ideological work and further eliminated the leftist ideological influence. After readjustment and transformation, the municipality has promoted the development of production and increased revenue. Last year's municipal revenue was 10.9 percent more than in 1980. The municipality submitted a revenue of some 1.18 billion yuan to the province in 1981. The meeting held that economic readjustment, industrial reorganization and technical reform have not developed quickly, the management level is low, economic results are poor, commodity prices are high and the party workstyle, the general mood of society and social order have not basically improved. The meeting demanded that in the year ahead, economically, the municipality completely implement the 10 principles on construction put forth by the CCP Central Committee, adhere to the principle of regarding the planned economy as the major method and readjustment as an auxiliary method, and enliven the economy and strengthen control to basically stabilize commodity prices. The party workstyle and social order must be improved. [HK191113 Guangzhou Guangdong Provincial Service in Cantonese 1100 GMT 10 Feb 82 HK]

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'WEN WEI PO' REPORTS ECONOMIC COMMISSION MEETING

HK290607 Hong Kong WEN WEI PO in Chinese 29 Mar 82 p 3

[Dispatch from Beijing: "Economic Commission Stresses No Slackening in Production"]

[Text] The State Economic Commission held an executive meeting on production on 27 March. The meeting demanded that all areas and departments seriously absorb the lesson of the production drop early last year, absolutely avoid slackening leadership over production, make no mistakes in reforming the bureaucracy and commanding production, and make a still greater success of industry and communications production and work in the second quarter, so as to lay a firm foundation for achieving this year's target of a 4 percent growth rate, with efforts being made to attain 5 percent.

The whole country has got a very tight grasp on industry and communications production right from the start of the year. The guiding ideology is clear, the measures are effective, and the situation is excellent. A good start has been made to the year. Industry and communications production rose each month in the first quarter. Profit turned over to the state by state-owned enterprises from January to early March was 17.5 percent more than in the corresponding period of last year, while production in heavy industry continued to maintain its rising momentum since the fourth quarter of last year.

The State Economic Commission pointed out that although the country achieved relatively good success in industry and communications in the first quarter, economic returns were not good enough. This problem must be viewed seriously. For example, production of high energy-consuming products such as ferroalloy and batteries, and output of items whose output is restricted by the state, such as chemical fibers, exceeded the numbers fixed by the plans; while stocks of light and textile goods that currently sell only slowly, such as polyamide fiber stockings and electric fans, continued to increase.

With regard to the production and work of the industry and communications departments in the second quarter, the State Economic Commission pointed out: In guiding ideology it is essential to center the effort on improving economic returns, and unify rate and returns, so as to achieve a sound growth rate with good economic results. The State Economic Commission decided to publish in April the main economic results of each province, municipality and autonomous region, with the aim of urging all areas and departments to pay attention to improving returns in industrial production.

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END

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China Report

ECONOMIC AFFAIRS

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ECONOMIC AFFAIRS

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HK030535 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 3-7

[JINGJI GUANLI editorial department: "Launch an Overall Reorganization of the Enterprises To Promote Fundamental Improvement of the National Economy"--slantlines denote boldface]

[Text] (I)

In order to further implement the party's national economic principle of readjustment, restructuring, reorganizing and upgrading, fully display the initiative of the existing state-owned enterprises, improve economic effect and promote the fundamental improvement of our national economy, the CCP Central Committee and the State Council have decided that, beginning this year, the enterprises will gradually be reorganized in a planned way, with experiments and then popularization, by stages and in groups and in an overall way and that this works must be completed in 2 to 3 years. It is a very important decision.

Some comrades do not yet really understand this important decision. They wonder why, since we are carrying out readjustment as the core of our work, it is necessary to reorganize the existing enterprises in an overall way? Some other comrades hold that since we have reorganized the enterprises for many years, it is therefore no longer necessary to carry out such reorganization because it is just an old story.

We must understand that the state-owned industrial enterprises are the lifeline of the national economy and the situation of the mental outlook of the staff and the economic effects in the production and management of these enterprises have a most important bearing on our socialist modernization program. Since the convening of the 3d Plenary Session of the 11th CCP Central Committee, various regions and departments have implemented the party's national economic principle of readjustment, restructuring, reorganizing and upgrading and have done enormous work with regard to enterprises' leading groups, in expanding the autonomy of the enterprises, in carrying out democratic management with the participation of staff,

establishing economic responsibility systems, improving management and training staff. Proceeding from the specific conditions of our country, they have also made a good start in opening up a new road for the development of our national economy. But the development of enterprise reorganization work has not been balanced. There are only a few enterprises that have been reorganized and a few that have not carried out reorganization. The situation of the majority of enterprises is that they are in the process of reorganizing. Even the enterprises that have done a good job in reorganizing are still very far from meeting the management needs of a modern socialist enterprise. At present, quite a number of enterprises are characterized to different extents by weak and slack leading groups, low spirits, weak ideological and political work, a situation of overstaffing, slack labor discipline, low quality products, serious waste and very low economic results. The leading groups of a few enterprises are not pure. Influenced by capitalist ideology, these groups engage in unhealthy activities, violate financial and economic discipline, practice fraud, evade taxes, retain the profits that should be handed over to higher departments, engage in malpractices for selfish ends and practice graft and embezzlement. If we do not take serious measures to solve these problems, we will not be able to fundamentally improve the situations of our national economy, nor will we be able to turn our enterprises into modern socialist enterprises. Therefore, it is very important for the party and the state in the next 2 to 3 years to reorganize the enterprises in an all-round way according to the principle of varied guidance and according to the specific conditions of the enterprises themselves.

Why is it necessary to carry out reorganization in an overall way? What is the difference between overall reorganization and past reorganizations? First of all, the overall reorganization of the enterprises represents comprehensive improvement work that includes a series of jobs such as reorganizing leading groups, the ranks of staff, the management system, labor discipline, financial and economic discipline, the style of party work and stepping up ideological and political work. All this work will be combined through reorganization and all the problems will be gradually resolved according to their importance and according to the specific conditions of each enterprise so that various work of the enterprises can be carried out and these enterprises will be able to take a new road for developing the national economy. Secondly, the overall reorganization is a reorganization marked by construction while the previous one was marked by restoration. Therefore the overall reorganization needs systematic and overall construction planning so as to form a foundation for building our enterprises into modern enterprises that are characterized by high material and spiritual civilization and have China's own features.

(II)

The overall reorganization of the enterprises must be carried out in a planned way and gradually. First of all, it is necessary, at the present stage, to do a good job in the following several overall reorganization tasks that were pointed out by Premier Zhao Ziyang in his report to the 4th session of the 5th National People's Congress.

/First, reorganize and perfect the economic responsibility system, improve the management of enterprises and do a good job in overall planning management, quality management and economic accounting./

The purpose of implementing economic responsibility systems is, under the guidance of state planning, to manage well enterprises and combine the interests of enterprises and their staff with their economic responsibility and economic results so that the broad masses of the workers and staff will work with a sense of being masters of their own affairs to achieve the best economic effects in their production activities. Together with mobilizing the initiative of the workers and staff and resolving the problem of enterprises and the staff and workers within and enterprises eating out of the same big pot, the economic responsibility systems constitute a vital link in the reorganization of the enterprises. It is imperative to further sum up experiences in the process of reorganizing enterprises in an overall way, constantly perfect economic responsibility systems, define enterprises' economic responsibility toward the state and to grant enterprises a certain degree of economic power. Thus the economic interests of the enterprises will be directly linked with the results of their production and management and their responsibility will be unified with their rights and interests.

We can in no way consider economic responsibility systems as nothing but a matter of distributing benefits. First of all, the responsibility of enterprises is to meet the requirements of state planning and market demands and to turn out high quality, low-priced and salable products so as to meet social needs and improve economic effects. The first aim of the enterprises in creating earnings is to make contributions to the state, to increase its revenues; the second aim is to increase the income of its workers and staff. Therefore, it is necessary for the enterprises under the guidance of state planning to implement overall planning management and guarantee that various work such as production, technology, supply, sales and finance are carried out by each post and staff concerned. In implementing overall planning management, it is also necessary to continue to implement overall quality management and overall economic accounting so as to increase varieties, improve quality, decrease production costs, increase profits and realize overall economic earnings.

In implementing economic responsibility systems, enterprises must follow the principle of combining responsibility with rights and benefits. Such systems must be set up and perfected in all administrative and technical offices, workshops, teams and for individuals so as to combine individual economic benefits with collective achievements and individual labor contribution and thus implement the principle of distribution according to labor. It is necessary to perfect basic work such as original records, calculations, statistics and accounting and work out average advanced quotas for production and consumption and strengthen fixed quotas management. It is also necessary to sum up the experiences of current distribution according to labor, probe into a more rational distribution method. We must carry out

ideological and political work that is related with production so as to mobilize the initiative of the masses in improving production technology, constantly carrying out innovation and improving management and economic results in an allround way.

/Second, reorganize and step up labor discipline and strictly carry out the system of rewards and punishment./

Modern, socialized mass production cannot be carried out without strict labor discipline. Anarchism was rampant during the 10 turbulent years and today its influence has still not been completely eradicated. Therefore, it is imperative to step up in a big way, ideological education among workers and staff so that they will heighten their sense of being masters of their own affairs and it will create a good atmosphere in which people are conscious in observing labor discipline. In order to step up labor discipline it is necessary to set up a strict reward and punishment system. The workers and staff who have a good attitude toward their work and who have observed discipline and regulations and have made outstanding achievements must be commended and awarded; with regard to those who have seriously violated labor discipline, enterprises have the rights to follow regulations and give them economic and administrative punishment and heavily punish and sack those who refuse to correct their mistakes despite repeated admonition.

Experiences of some enterprises have proved that working out "staff regulations" is an effective measure for educating workers and staff and strengthening labor discipline. The All-China Federation of Trade Unions and other departments concerned will sum up these experiences and work out "staff regulations" for the approval of the State Council that will then be issued and implemented across the country. Before the "regulations" are issued, all enterprises can work out their own "provisional staff regulations" and implement them following approval from their workers' congress. All enterprises must follow the demands of the "regulations" and accordingly work out a system of rewards and punishments so as to guarantee the implementation of the "regulations."

/Third, reorganize financial discipline and perfect financial accounting system./

All fixed funds and circulating funds of the state industrial enterprises are state property and no one is permitted to embezzle them. The profits made by the enterprises must be distributed according to rules and regulations. The enterprises must in no way change profits of the majority to profits of the minority and it is even more forbidden to turn public profits into private profits. All activities that violate laws and financial discipline must be resolutely stopped and the relevant person must be punished.

It is imperative to conscientiously check on the implementation of financial system, perfect the financial accounting system and steadily implement

financial discipline. Those who make ordinary mistakes must be criticized and educated while those who engage in malpractices for selfish ends and corruption or take bribes must be punished. Leading comrades and financial staff of the enterprises must set a good example in these aspects by observing financial discipline. Once they violate regulations, they must be seriously punished and must bear economic and legal responsibility. All the workers and staff of the enterprises must dare to fight against those who damage state property and embezzle state profits. The workers and staff who have made contributions in observing financial discipline and protecting state property must be commended and rewarded.

/Fourth, structure labor organizations, organize production according to fixed staff and fixed quotas, train all staff in a planned way and resolutely overcome situations of overstaffing and indolence./

The work of structuring labor organizations must be combined with the setting up of personal responsibility systems. The core of personal responsibility systems is a sense of responsibility toward work. It is necessary, on the basis of improving workers' and staff members' ideological consciousness, to define the responsibility of each production position and work position. We must quantity and quality standards in assigning workers and staff on the basis of the requirement of production technology and work. [sentence as printed] Thus the workers and staff will be able to display their ability. Rotational training courses must be given to workers and staff in a planned way, by stages and in groups so as to constantly improve their political and ideological as well as technical levels. A system is needed in this aspect so that this work will be carried out for a long period.

The workers and staff who can no longer hold their posts because of technical conditions, age or health may be assigned to other jobs or transferred to other posts after training is given. Proper arrangements must be made for those who have reached retirement age. In future, newly recruited workers and staff or those whose type of work has been changed may begin in their new posts only after they have received training and passed an examination.

Training must be combined with personnel assessment, promotion and wage readjustment; it is also necessary to set up and perfect an overall personnel management system.

The workers and staff who are leaving their posts for training must receive their basic wages during the training period, but no rewards can be given. Scholarships may be given to those who have studied hard and who have made outstanding achievements.

In order to do a good job in training, it is necessary for big enterprises to set up training centers. The medium and small enterprises that are not in a position to independently do so may set up such centers jointly or higher management departments may provide training courses for these enterprises. Capable cadres must be assigned to lead the work of training

centres. Workers and staff may undertake training courses by leaving their posts on a full-time or a part-time basis or doing so during spare time. Those who have completed their courses and passed examination must be given certificates.

The surplus staff of enterprises that are restructuring their labor organization and management structure by following the principle of fixed staff and fixed production quotas, must be sent to rotational training courses. In addition, some surplus staff may be transferred to livelihood service organizations while others may join labor service organizations so as to open up and develop new production avenues.

In order to gradually achieve the division of work between production management and livelihood services, enterprises with certain conditions may set up livelihood service companies to unifiedly manage livelihood and welfare facilities such as living quarters, dining halls, kindergartens, clinics and bathhouses so that to do a good job of serving the livelihood of workers and staff. Livelihood and welfare work must be gradually turned into a form of socialized enterprise.

In order to make temporary arrangements for the employment of surplus staff and job-awaiting youths, enterprises may set up labor service companies independently or jointly so as to provide society with production and labor services. As collective units, such labor service companies may serve enterprises themselves or society. But such companies must be managed independently, with independent accounting and their own responsibility for both losses and profits. They cannot mix with the enterprises, nor can they eat out of the same big pot.

The enterprises must assign comrades who are willing to work hard and are not upset by criticism, who are responsible and have a healthy style of work, to leading posts in livelihood and labor service companies. The workers and staff that are transferred to such companies still maintain their position as workers and staff of enterprises under the ownership of the whole people.

/Fifth, reorganize and set up leading groups and step up ideological and political education among workers and staff./

With regard to the various above mentioned reorganizing tasks, it is imperative to further reorganize and set up leading groups in enterprises so as to overcome the various shortcomings of the leading groups such as weakness, slackness, excessive staff, old-aged staff and bureaucratism. They should also promote outstanding young cadres with technical know-how to leading posts.

All the enterprises must abide by the basic principle of following the collective leadership of party committees, democratic management by the participation of workers and staff and having factory directors in command

of administrative work. It is necessary to conscientiously implement the "temporary provisions on state enterprises workers' congresses" the "temporary provisions on the work of state factory directors" and the "CCP working regulations for industrial enterprise grassroots organizations" that are to be issued soon. Under the leadership of party committees, it is imperative to set up and perfect factory director responsibility systems and the system of workers' congress so that the enterprises will be able to gradually establish a democratic centralized leadership system. A few enterprises that have been approved to experiment on transforming the enterprise leadership system must continue with their experiments so as to probe into a new leadership system that is in a better position to reflect party leadership, democratic management and the strengthening of the unified command of factory directors.

In order to improve working efficiency, it is imperative for the enterprises to set up production and administrative leading groups that are composed of capable cadres. The posts of leading cadres at the factory level must be gradually filled by those young cadres who have a high revolutionary level, education and specialized knowledge. Factory directors (managers) must be able to persist in the four basic principles, be resolute in implementing party's principles and policies and understand production technology and related economic laws and regulations. They must be good at management and have healthy morale and be able to relate with the masses. They must be healthy and must be able to manage heavy leading work. The enterprises that are temporarily in difficulties must appoint young cadres to leading positions. They must select cadres under 45 years of age who have a good moral character and specialized knowledge and who are vigorous and willing to contact the masses as deputy factory directors (deputy managers) or for other deputy managerial posts so as to give them more training.

In readjusting enterprise leading groups, some cadres at the factory level may be appointed to leading posts in, or as advisors to, research offices, consultant offices, supervisory offices and workers' training centres. Their political and livelihood treatment will remain unchanged. The cadres who have become incapable of doing their work because of sickness may be advised to retire and proper arrangement must be made with regard to their political and livelihood treatment. All the veteran and sick comrades who have made contributions to the revolution must understand that it is their bounden duty to actively recommend, promote and support young comrades who are loyal to the party as their successors.

In reorganizing enterprises it is imperative to step up and improve the party's leadership over enterprises. Party organizations and administrative organizations in enterprises must gradually divide their. [as printed] while major principles and policies will be decided by party committees, the daily production and administrative work must be the responsibility of factory directors (managers). Party committees must mainly concentrate

their efforts on grasping ideological and political work and party building through party organization work, propaganda and educational work. Through the exemplary roles of party members, they must step up their ideological and political leadership over enterprises and supervise and guarantee that the enterprises will persist in the socialist orientation. They must strictly implement the various party and government principles, policies and planning, observe the state system and laws and regulations and protect the state's and people's interests. They will thus guarantee that the enterprises will be able to fulfill various political and economic tasks and will be able to correctly handle the interests of the state, the enterprises and of their workers and staff.

The party committees of the reorganized enterprises must be turned into powerful leading cores that are able to unite the workers and staff of the enterprises, implement party's various principles and policies and persist in democratic centralism. The posts of party committee secretaries must be held by the party members who have a strong party character with a healthy style of work, and who are resolute and good at implementing the party's line, principles and policies. They must have acquired certain production and management knowledge and must be able to keep close contact with the masses and grasp work in an overall way. In addition, it is necessary to appoint assistants to secretaries by appointing deputy secretaries who are vigorous and who have a good moral character and talent.

The party organizations in the enterprises must step up the work of workers' congresses and fully display the roles of trade unions and communist youth league organizations.

Such party organizations have to grasp reality and persist in educating workers and staff with regard to the four basic principles, the political situation and patriotism. It is particularly necessary to strengthen education among young workers and staff so as to improve their political level. Training courses must also be held for workers and staff who are totally or partially released from their jobs to join the courses. Such training must include cultural courses, technical or vocational courses as well as political courses. Strict measures must also be taken to assess the results of the study.

(III)

Overall reorganization of enterprises is a reorganization with a construction nature. In addition to the above-mentioned five items of work that are the priority, it is also necessary to work out systematic and overall construction planning. We must sum up and absorb all the effective experiences from the past campaign of building "five-good" and "Daqing-type" enterprises so that the reorganization of the enterprises can be carried out in a close connection with construction.

The above five items of work include things with a construction nature. The basic demand for the construction during the reorganization of the enterprises can be summarized into: do a good job of the three construction projects so as to fulfill the requirements for the six-goods. The "three constriction

projects" entail gradually, through an overall reorganization, establishing a leading system that is characterized by democratic centralism, gradually building the ranks of workers and staff characterized by high political consciousness and vocational knowledge and gradually setting up a complete and scientific management system. The "requirements for the six-goods" mean that through the "3 construction projects," the enterprises will be able to correctly handle the economic relationships between the state, the enterprises and workers and staff and will be able to fulfill state planning with flying colors. Thus, these enterprises will be able to turn themselves into "six-good enterprises" that are able to consider well the interest of the state, their own interests and those of their workers and staff, produce good quality products, achieve good economic results and have good labor discipline, good civilized production and good political work.

Various industrial departments and regions must refer to the state economic commission demands for reorganizing enterprises and define the contents of the "three construction projects" and "requirements for the six-goods" according to their own specific conditions.

(IV)

Overall reorganization of enterprises must be carried out in the way of combining experiments with popularization. Various industrial departments must base themselves on the five points of works, the "three construction projects" and the "requirements for the six-goods" and work out overall reorganization planning according to their specific conditions. Different requirements and different steps for reorganization must be set for enterprises of different categories, and of different levels. Guidance must be given on the basis of different classifications. All enterprises must proceed from their own specific conditions in working out reorganizational planning. All workers and staff must be fully mobilized so as to create the enthusiastic atmosphere of the "six-good enterprises" that is characterized by emulating, learning from the catching up the advanced and helping the backward and thus promote reorganizational and other work of the enterprises.

In order to do a still better job in reorganizing enterprises, the various management departments under the State Council and various provinces, municipalities and autonomous regions will send out responsible cadres who will form themselves into groups. These groups will be responsible for staying at selected grassroots units to help improve their work and gain firsthand experiences in guiding overall works and in investigating the units. Under the unified leadership of local party committees and governments, these groups will, in groups and by stages, investigate the situations of all enterprises, give the necessary guidance, help solve problems, sum up experiences in due time and guide reorganization work. The enterprises that are not included in the work of such groups must also carry out their reorganization by themselves; they cannot wait.

Following the completion of their reorganization, the enterprises will have to be investigated and checked by higher management departments. The main criteria for judging the achievements of the reorganization are whether the enterprises are producing good or low quality products, whether their output has increased or decreased, whether their economic effect is high or low and whether their contribution to the state is big or small.

The CCP Central Committee and the State Council are fully confident that following an overall reorganization, our enterprises will have a new appearance. We hope that all cadres and workers and staff of the industrial and transportation fronts will spare no efforts in fulfilling various tasks in reorganizing enterprises, do a good job in the "3 construction projects" so as to fulfill the "requirements for the six-goods," and strive for the great goal of building socialist modern enterprises with Chinese characteristics and with a high degree of material and spiritual civilization.

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'JINGJI GUANLI' DISCUSSES ENTERPRISE REORGANIZATION

HK051232 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 8-10

[Economic commentary by Wang Jibo [3769 4949 0514]: "Continue To Do a Good Job in the Overall Reorganization of Enterprises"]

[Text] Recently the party Central Committee and the State Council decided that, within 2 to 3 years starting from this year, all the state-run industries and enterprises should be reorganized in all respects so as to bring into full play the potential of the existing enterprises, to enhance the economic effect, and to promote the fundamental improvement of the national economy. The overall reorganization will enable the enterprises of our country to follow an entirely new path in developing the national economy, and step-by-step to establish modernized socialist enterprises of a new type. This is a very important and arduous task faced by the working class of our country under the new circumstances.

Our enterprises are advancing continuously amid reorganization. Reorganization itself means advance. Industries and enterprises are units for producing materials, and their production and marketing activities must develop continuously with the changing demands of the society. In order to adjust themselves to new circumstances and to solve new problems, all the enterprises should be constantly reorganized. Needless to say, reorganizations in different periods have different focal points and specific requirements.

After the smashing of "the gang of four," in order to heal the wounds of the 10 years of turmoil, the industrial and communications fronts, while exposing and criticizing the crimes of the Lin Biao and Jiang Qing counter-revolutionary cliques, learned from Daqing's experiences, carried on reorganization of a rehabilitative nature, and solved the especially important problem of the purification of the leading bodies. At the same time, by means of cleaning up the pernicious influence, restoring out of chaos and combating unhealthy trends and evil practices, they reestablished various regulations and systems with personal responsibility as the core, and set up normal production procedures. By the end of 1979, 80 percent of the country's enterprises at and above the county level had been

reorganized. Of these, it was mainly the large and medium-sized enterprises which had gone through the process of reorganization. The leading comrades in many regions and departments personally supervised the reorganization work of a group of influential key enterprises, thus promoting the work as a whole, and thus attained better results. This enabled the industrial and communications fronts to achieve order out of chaos. In the last 3 years, more than 12,000 Daqing-type enterprises have been established in the country, and many of them are still maintaining their advanced levels.

Since the 3d Plenary Session of the 11th CCP Central Committee, with the shifting of the focal point of work, new progress in the reorganization of the enterprises has been made. All the regions and departments have seriously carried out the party's policy of readjustment, restructuring, reorganization and upgrading, and have done a great deal of work in raising the economic effect. Thus the levels of production, technology and management and operation have been raised by a relatively great extent in all the enterprises on our country's industrial and communications fronts. This is demonstrated in the following aspects:

1. The leading bodies of the enterprises have achieved further readjustment and strengthening. In accordance with the party Central Committee's requirements of becoming more revolutionary, younger, more knowledgeable and specialized, most enterprises have selected a team of young or middle-aged and vigorous cadres and placed them in leading posts. At the same time, the old cadres have been well taken care of, and the cadres unfit for the posts they held have been transferred elsewhere. In this way the structure of the leading bodies of the enterprises have improved considerably. According to incomplete statistics, in the current leading bodies of the industrial and communications enterprises, about 50 percent of their cadres possess technical know-how and practical managerial experience. Of these, about 20 percent of the cadres are classified as technical personnel and the average age is around 50, 2 to 3 years younger than the figure in 1979. The situation of some regions and trades are even better. For instance, among the 294 large and medium-sized enterprises in the textile industry, those cadres who have technical know-how and are proficient in trading and management amount to 67.3 percent among which 27.4 percent of the cadres are classified as technical personnel. Since the readjustment and reorganization of the leading organs, the management and operation levels have obviously improved, and some formerly backward enterprises have quickly emerged with a completely new look.

As the leading organs are being reorganized, about 80 percent of the enterprises have begun to adopt the system of the factory director assuming responsibility under the leadership of the party committee. Some of the advanced enterprises in reorganization work have established and strengthened the leading bodies in directing production, while the party committee exercises political leadership in a better way. The democratic management of the enterprises has also been strengthened. About 70 percent of the enterprises have initially established the system of workers' representative

congresses, thus expanding the democratic rights of the workers to varying degrees, and raising the workers' sense of responsibility as masters of the society. In some advanced enterprises, a comparatively sound system of democratic management has been introduced; the party organizations and the administrative organs fully respect the rights of the workers as masters of the enterprises; and all the important decisions are discussed, evaluated and approved by the workers' representative congresses. Sometimes the administrative cadres are democratically nominated and elected by the masses, and a vigorous and flourishing situation has appeared in the enterprises.

2. Initial steps have been taken to reorganize the basic work, and comprehensive quality control, economic accounting and personnel training have been gradually implemented. Many enterprises have reorganized and strengthened the basic management work of simple record keeping, statistics and quantitative evaluation. Enterprises of the First Ministry of Machine-Building, have persisted in working according to the twelve criteria issued by the ministry and have earnestly carried out reorganization of the basic work. By the end of 1980, about 94.5 percent of the key enterprises had been verified as being up to standard, and they are being further consolidated and enhanced. In 1979, all-round quality control was implemented on a trial basis in a small number of enterprises. By the end of 1981, more than 11,000 enterprises had implemented the work of all-round quality control, and more than 80,000 had set up quality control groups, thereby effectively raising the quality of our industrial products. In the state-run industries and enterprises, over one-half of the enterprises have set up economic accounting and checking systems at two or three different levels. Some of these enterprises, incorporating the system of economic responsibility, have implemented all-round economic accounting, initially integrated the responsibilities, rights and benefits of all posts within the various links and units of the enterprises, and in this way made sure of fulfilling the task of increasing production and revenue while practicing economy. In the last 2 years, considerable progress has been made in the work of full-scale staff training, and the political, technical and cultural levels of the workers have been correspondingly raised. By the end of 1981, about 330,000 leading cadres of the industrial and communications enterprises at and above the county level have undergone rotational training. This figure accounts for 64 percent of the total number of leading cadres. Many enterprises have also set up various types of spare-time schools and rotational training classes. The enrollment rate of the workers has reached 50 percent or more. In this way regular training systems have been gradually established.

3. The management work of the enterprises has been placed in a very prominent position. With the expansion of the decision-making power of the enterprises, some enterprises, under the guidance of the state plan, have begun to pay attention to the auxiliary function of adjustment by market mechanism. They have gradually adjusted their orientation from grasping only production management to grasping marketing and operation, and set up related groups and systems for marketing and sales, made their production plans in accordance

with the sales volume, conducted market investigation and forecasts, strengthened cooperation between industry and commerce, paid attention to the opinions of the end-users, and served the end-users in a better way. They have held fairs and produced goods with reference to the sales potential. Thus the variety of their products has been continuously on the increase, and the quality has been further improved. All this has greatly promoted the work of developing production and enlivening the economy.

4. Various places have carried out experiments on expanding the decision-making power of the enterprises, and set forth the system of economic responsibility for industrial production. By the end of 1981, over 70 percent of the state-run industries and enterprises throughout the country had initially implemented various types of economic responsibility systems. All those units that have really implemented the economic responsibility system effectively have increased their production and income and attained better economic results. Some enterprises have also combined the personal responsibility system, the distribution of quotas and the economic responsibility system. They have thus initially formed an economic responsibility system that can integrate responsibility, rights, and benefits within the organization of the enterprises. Also the principle of distribution according to work can be further realized.

5. The organization and structure of the enterprises have gradually improved. In many regions and departments, with the aim of rationalization of the organization and structure, the enterprises have been reorganized and amalgamated to form various kinds of specialized companies. Nearly one-third of the enterprises in Beijing, Tianjin and Shanghai have been organized and mobilized, and experiences have been gained in changing the conditions of "small but complete," "big and complete" prevalent in our industries and enterprises.

All these achievements have resulted from implementing the party Central Committee's series of principles and policies since the third plenary session, reflecting the fact that our country's industries and enterprises have shaken off the long-dominant "leftist" ideological influence, and have gained a good beginning in realistically following a new path in developing the national economy.

While affirming our achievements, we should also pay enough attention to the existing problems. In the first place, the development of enterprise reorganization work is uneven. According to incomplete statistics, in some regions, 25 percent of units have done a good job in reorganization work about 60 percent are in an intermediate state; and about 15 percent of the units have not carried out reorganization work seriously. The management of 15 percent of units is in a state of chaos, and many problems are still to be solved. With respect to the requirements of modernized management, even those well-reorganized enterprises still leave much to be desired. In quite a number of enterprises, the problems of overstaffing and slackening

of labor discipline are rather serious. Some of the enterprises violate financial and economic discipline to a considerable degree, such as exaggerating costs, inventing excuses to grant bonuses, subsidies and material objects, and even resorting to evasion of taxes and engaging in malpractices for selfish ends. The existence of such problems are mainly due to the fact that the guiding ideas in running the enterprises are erroneous, the system of management is unsound, and the ideological and political work is comparatively impotent. It also reflects that the positive results gained in the reorganization work during the last few years have not been consolidated. In the second place, the situation of poor economic effect has not been fundamentally changed. Although the economic effect of most enterprises has been enhanced after several years of reorganization, many enterprises still operate at a loss, and the economic targets of some enterprises have not rescaled their historical heights. The industrial gross output value generated by every 100 yuan of fixed assets of the state-run industries and enterprises averaged 102 yuan per year in 1979 and 1980, 26 percent lower than that of 1957 which was 138 yuan; the taxes and profits generated by each 100 yuan of capital averaged 24.8 yuan per year in 1979 and 1980, 28 percent lower than that of 1957 which amounted to 34.7 yuan; the net output value generated by every industrial worker has increased by an average 3 percent in the last 2 years, much lower than the 16.9 percent average increase per year in the first 5-year plan period. From January to November 1981, in the state-run industries and enterprises, the labor productivity of all the personnel, profits and the quality of some of the products dropped compared with the year 1980, and the comparable costs of products and material consumption have increased. Of course, some factors cannot be compared in different periods, but the basic fact that the economic effect is rather poor remains a serious problem confronting us.

Raising the economic effect of the existing enterprises is the starting point as well as the ultimate aim in the course of our conscientiously implementing the 8-character policy. It is also the primary task of our current economic work. In order to increase the economic effect of the existing enterprises, in addition to doing a good job in the reorganization of the economy, transformation of the systems and carrying out well-planned technological reform of the enterprises, the fundamental way lies in further reorganizing the existing enterprises to effect an overall elevation of the enterprise's standards of production technology and management.

In order to further reorganize the enterprises, all the problems of the enterprises must be dealt with comprehensively. In other words, we should not reorganize only certain aspects or links in the enterprises, but should conduct all-round reorganization. That is, reorganization of the leading bodies, the ranks of staff and workers, management systems, labor discipline, financial and economic discipline, the party's style of work, the strengthening of political and ideological work, and so forth. Through the reorganizational work, the enterprises should step-by-step establish a leadership

system and style that integrates democracy with centralization, gradually set up a team of working personnel who are both red and expert, and gradually set up a series of scientific and civilized management systems. The reorganization and restructuring within the enterprises, and also the transformation of technology, should have the enhancement of economic effect as the main target, and they should proceed step-by-step in a planned way while integrating the work of all-round reorganization.

All the enterprises should formulate a plan of all-round reorganization based on their own concrete conditions. They should grasp the key link and carry on reorganization and construction work in a down-to-earth manner and in accordance with priorities. At present, it is especially important to seriously reorganize and perfect the economic responsibility systems, to directly associate the economic benefits of the enterprises with the results of production and operation, to associate the economic benefits of the workers with collective gains and the endeavors of the individual members, and correctly handle the relationships between the state, the collective and the individual. The implementation of the economic responsibility system must be coupled with intensive ideological and political work, so that the initiative of the workers can be fully mobilized. In the course of reorganizing and perfecting the economic responsibility systems, the enterprises must earnestly enforce labor discipline and financial and economic discipline, must reorganize labor structure and organize production with designated numbers of workers and quotas, must explore and broaden the new modes of production, dispose of surplus manpower properly, and do a good job in training the personnel. All the enterprises should, in accordance with the party's principles and policies and under the guidance of the related leading departments, actively and conscientiously do a good job in the overall reorganization and construction, blaze a new trail in the work of management and operation, and attain greater achievements in enhancing the economic effect.

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'JINGJI GUANLI' DISCUSSES TRANSFORMING ENTERPRISES

HK010415 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 21-24, 49

[Article by investigation group of the Economic Research Institute of the State Construction Commission: "How To Do Well the Transformation Work of the Existing Industrial Enterprises"]

[Text] Between May and September last year, we went to Sichuan and Liaoning Provinces and other places and conducted investigation into the problems in transforming existing industrial enterprises. How some problems we encountered in the investigation and our tentative ideas are presented here as follows:

Over the last 32 years, in expanding its production capacity, our country has established a relatively complete industrial system and the national economic system with the newly built factories as the dominant factor and now has 40,000 industrial enterprises in all. The original value of the fixed assets of the state-run industrial enterprises is 446 billion yuan, of which the original value of the fixed assets of Liaoning and Sichuan Provinces ranks first and second respectively throughout the nation. These two provinces have a relatively solid industrial foundation, a satisfactory variety of industrial sectors and enormous potentials, but influenced by "leftist" guiding ideology for a long time, they attached importance only to the construction of new production projects to the neglect of the replacement and transformation of the existing fixed assets, thus resulting in a low utilization rate of fixed assets and relatively poor economic effect. A considerable part of fixed assets has entered "menopause" or "extended active duty" and has become a grave stumbling block obstructing the national economy from advancing to a benign cycle. The 15 enterprises delegated to Shenyang by the First Ministry of Machine Building have 1,250 machines. Among them those which are so inaccurate that they cannot be used any longer and which call for urgent replacement and transformation constitute 14.2 percent. In accordance with the present level of investment in tapping potential, renovating and transforming, it will take 7 or 8 years to update and transform these machines. The Shenyang heavy-duty machine-building factory known as one of the "8 major steelworks" throughout the country has 1,462 machines, the average service life of which is 16 years,

of which those that have been in use for over 20 years account for 74 percent. The factory has an area of 540,000 square meters of factory buildings of which those that have been in use for more than 30 years account for 90 percent. Of the 67 industrial kilns, those which were set up in the 1950's constitute 90 percent. They all consume a large amount of energy but produce low thermal efficiency. The factory produces mainly mining equipment with cold and hot-rolling techniques dating back to the 1950's. In making steel, it relies mainly on basic boilers and cannot produce any kinds of high-quality alloy. In steel casting, handmade molding, free forging and casting are still being used. Most of the hot-rolling techniques are nonstandard equipment made domestically in the 1950s with low-quality forging and casting. Cold-rolling technology constitutes basically "five ones" (one worker, one machine tool, one cutting tool, one part and one working procedure). The factory leadership anxiously said: "No one wants old products, yet new products are not being turned out." Over the past 2 years, the production of the factory has decreased continuously. The profit was 30.62 million yuan in 1979; it dropped to 25 million yuan in 1980 and a profit of 5 million yuan was difficult to create in 1981. If no breakthrough is made in product quality and varieties in 1982, this factory will become an enterprise which operates at a loss. The above-mentioned situation shows that the failure to attach importance to the replacement and transformation of the fixed assets of the existing enterprises for many years has had a detrimental effect on the national economic development.

Seen from the situation of tapping potential, renovating and transformation of the existing enterprises, satisfactory economic effects have been achieved especially over the past 2 or 3 years. For instance, in giving priority to the light and textile industries, the funds for tapping potential, renovating and transformation arranged by Chongqing in 1980 totalled 169 million yuan. The return on investment in the same year was 118 million yuan and the output value was increased to 420 million yuan, thus adding 67 million yuan of taxes to the state revenues. The funds for tapping potential, renovating and transformation arranged by Liaoning Province in 1980 were 859 million yuan and resulted in an increase of 3 billion yuan in output value, thus adding 740 million yuan of taxes to the state revenues. All the funds are expected to be recovered within 1 or 2 years. All this proves that "relying on the old factories, tapping potential and transformation" is indeed a construction principle for achieving greater, faster, better and more economical results.

Judged from the investigation materials, to implement this principle, the following problems need study and solutions:

1. The Orientation of the Transformation of Enterprises

What is the orientation, aim and stress of the transformation of enterprises? This question has remained unsolved for many years. The commonly used formulation is "tapping, potential renovating and transforming." The comrades of the enterprises say: The concept of this formulation is unclear, the main direction of attack is not definite, and no prominence is given to the stress, thus bringing us quite a few problems in transforming enterprises. Their

manifestations centered on "three more, three less": more investment was allocated to projects of a capital construction nature for restructuring and expansion and which can directly increase production capacity while less investment was allocated for raising the efficiency of the existing fixed assets, for maintaining simple reproduction and for necessary replacement and transformation of the existing enterprises; more attention was paid to continuing to use technical reproduction while less investment was allocated for the adoption of new technology and equipment to reduce the consumption of energy and materials and to boost product quality and varieties and for ensuring safe production; more investment was allocated for direct production projects while less investment was allocated to forming complete sets of nonproduction projects. For example, in recent years, the proportion of investment allocated for enhancing the capability to expand reproduction increased year by year, ranging from 31.6 percent in 1979 to 41.5 percent in 1980 and 52.6 percent in 1981 while that allocated for maintaining simple reproduction and improving the utilization rate of fixed assets decreased year after year, ranging from 49.5 percent in 1979 to 41.5 percent in 1980 and 29.5 percent in 1981. The investment made by Shenyang for increasing product quality and varieties constituted 18.4 percent in 1979, 15.7 percent in 1980 and 4.2 percent in 1981. Of the 6.82 million yuan earmarked for economizing on energy in 1981, 2.7 million yuan was diverted to other purposes. Of the 5 million yuan arranged by Chongqing in 1980 as funds for tapping potential, renovating and transforming, the portion which was used for directly expanding the capacity of fixed assets accounted for 54 percent, that used for replenishing and increasing the comprehensive production capacity occupied 24.5 percent, that used for moving the enterprises to other locations constituted 4.2 percent, that used for bringing under control the three wastes and for comprehensive utilization made up 3 percent but that really used for renewing equipment comprised only 13.7 percent. On the one hand, some enterprises were like "an ox pulling a rickety cart" with their product quality and varieties failing to progress, and on the other hand, people blindly expanded the production capacity and concentrated on output value. This practice was, in terms of macroeconomics, obviously irrational.

Then what is the orientation and aim of the transformation of enterprises? Where should the stress of transformation lie? In our opinion, the orientation of the transformation of enterprises must be to expand reproduction by intension and must be to mainly improve the utilization rate of the fixed assets of the existing enterprises, to adopt new skills, new technology, new equipment and new materials which suit China's national condition, to gradually update and transform the backward technology and equipment and to strive to approach and catch up with the world advanced levels.

The aim of the transformation of enterprises must be to use the minimum investment to achieve relatively good economic effect in a relatively short time and the quality and varieties of the main products and the technical and economic targets catch up with the domestic advanced levels and try hard to approach the catch up with the world advanced levels, to provide both the domestic and international markets with marketable products of good quality and variety of color and design and to constantly meet the increasing material and cultural needs of the people.

The stress of the transformation of enterprises must be to take technical transformation as the center and the main line, closely center on the improvement of the economic effect and starting with reducing the consumption of energy and materials, rationally utilizing resources, changing the product mix and boosting product quality and varieties, to improve the utilization rate of all the fixed assets and to put an end to the backwardness of all the enterprises. The increase in the volume of fixed assets depends mainly on doing a good job in replenishing and filling in the gaps to make up complete sets of equipment and improving the comprehensive production capacity.

2. The Concrete Targets and Measures for the Transformation of Enterprises

At present, one of the reasons for the comparatively confused situation in the transformation of enterprises is that the state does not have medium and long-term programs and a definite goal and lacks overall arrangements. The comrades of the provincial and municipal economic commissions have summed up this situation into "five don't know": they do not know the orientation and goal of the transformation of enterprises and the standards for their equipment, the actual size of production capacity of the various trades and enterprises; the amounts of funds, materials and equipment they can allot annually; how to arrange the design and construction forces and the number of projects which can be completed and commissioned annually. Hence blindness was serious and widespread. Some projects which had just been completed even became the targets of closing, suspending, merging and shifting [to other types of production]," thus causing extremely great waste of the state's financial and material resources.

"Relying on old factories, tapping potential and transforming" is a long term strategic principle for socialist construction and the main measure to develop production. However, in regard to such important problems as the orientation, line and principles of China's technical development, the standards for technology and equipment, the product mix, the reform of the economic system, the urban restructuring and construction, the regional economic programs, the possibilities of the state's financial and material resources, the quite wide scope of reconstruction projects and the proportion which cannot be reduced in some years before the stage of the Seventh Five-Year Plan, we must study and find solutions to them as early as possible. Only in doing so, can it be ensured that the orientation of the transformation of enterprises will forge ahead along the correct path. In accordance with the aforesaid reasons, we propose that we should first of all start with working out the medium and long-term programs for the transformation of enterprises and integrate the concrete targets in the near future for the transformation of enterprises with the long-term programs. This is a link of the first importance for doing a proper job of the transformation of enterprises. By and large, we may take the following two steps:

The first step is a preparatory stage in which plans are to be drawn up and the targets are to be determined. First it is necessary to have a clear understanding of the distribution of the fixed assets and the productive

force of the existing industrial enterprises, draw up the medium and long-term programs for the transformation of enterprises and plans for various trades and professions, clearly determine the orientation, stress and concrete targets of the transformation, formulate the technical and economic policies, the standards for the technology, equipment, product mix, and so forth, and it is necessary to first work out the programs for transforming the industrially developed central cities, the main trades and a batch of key enterprises and organize their implementation in a planned way in key units by stages and in groups. We reckon that the preparatory work in these fields will take about 2 or 3 years. The medium and long-term programs for transforming the enterprises must be worked out mainly by the planning commission with the participation of the economic and construction commissions by extensively arousing the masses of staff and workers to suggest ways and means. All this should be done from top to bottom by pooling the wisdom and enthusiasm of both the higher authorities and the grassroots units. The inner plans for various trades and enterprises must be drawn up mainly by the departments concerned with the participation of enterprises run by the central authorities and locally run enterprises. The planning commission must ensure comprehensive balance and at the same time pay attention to the congruity of the projects which are being transformed. All projects to be transformed must be continued whenever we have an accurate understanding of them.

During the stage of the Sixth Five-Year Plan, while drawing up the programs for the transformation of enterprises, the state must grasp well a batch of key enterprises, and particularly the transformation of the machine-building industry, the raw material industry and communications and transportation projects. Under the prerequisite of ensuring the fulfillment of the state's key enterprises, the various departments and localities must, in accordance with the possibilities of their own financial resources, choose and transform a batch of key enterprises and try hard to reduce the transformation periods. One, 2 or 3 years are regarded as suitable for this work. It is imperative to bring the returns on investment into play as soon as possible.

During the stage of the Sixth Five-Year Plan, it is unsuitable to work out too high a concrete target and too rapid a speed for the transformation of enterprises. The following features, such as reducing the consumption of energy and materials and boosting product quality and varieties must be taken as the main targets. They include: 1. reducing the consumption of energy and materials. Special attention must be paid mainly to two things: replacing the equipment which consumes an excessively large amount of energy on the one hand and vigorously manufacturing new technology and equipment as well as raw materials and grasping well the upgrading and updating of key products which consume a large amount of energy on the other hand; 2. centering around the production of daily consumer goods, it is necessary to update the obsolete and backward equipment which seriously interferes with the improvement of the economic effect and the boosting of product quality and varieties on the one hand, and to substantially manufacture new technology and equipment to arm the light and textile industries on the other; 3. concentrating on replenishing the weak links and filling in the

gaps to make up complete sets of equipment and raising the comprehensive production capacity; 4. enthusiastically paying back the money owed by the enterprises for many years in the past in a planned way and striving not to incur any new debts so as to ensure the gradual and coordinated development between the production facilities and nonproduction facilities and between the main and necessary projects in the inner sectors of the enterprises; 5. stressing the replacement and transformation of the equipment and dilapidated factory buildings which interfer with safe production; and 6. paying special attention to bringing the three wastes under control.

The second step is a stage of making the key points stand out and carrying out the transformation in an all-round way. In entering the stage of the Seventh Five-Year Plan, and especially in the last 2 or 3 years of the stage, the readjustment of the national economy will near completion in the main. Then the stress of the state construction policy can be shifted from giving priority to the construction of new production projects to giving priority to the transformation of the existing enterprises [as published]. Our tentative idea is that it will take 10 years (or a little longer) to grasp the transformation of backbone enterprises with backward technology and equipment in stages and by groups in accordance with the principle of importance and priority so as to bring along the transformation of all the industrial enterprises and help effect a big leap in the levels of China's technology and equipment.

3. Integrate the Transformation of Enterprises With Industrial Readjustment and Reform

There is potential in the existing enterprises in varying degrees but greater production potential lies in breaking down the barriers between different departments, between different localities and between different enterprises and rationally organizing the various trades and enterprises. At present, the utilization rate for the industrial fixed assets is only 70 to 80 percent. According to rough calculations of the Sichuan Provincial Planning Commission, if the indices of every 100 yuan of fixed assets, such as the rate of output value, the profit rate of output value, the utilization rate for circulation funds and labor productivity, reach the national average levels, the state will receive an additional 8 billion yuan or more in output value, an increase of 1.6 billion yuan in profit and a decrease of 900 million yuan in the use of circulation funds every year. This proves that improving the utilization rate of fixed assets is the fundamental way out for the transformation of enterprises. But restricted by the system of ownership of different departments, localities and enterprises, while carrying out the transformation, some enterprises are unwilling to take the road of integration. As a result, large fixed assets were left unused on the one hand and production capacity was blindly expanded on the other. In Shenyang, a certain newly built tractor factory with an area of 30,000 square meters of factory building had to be completely dismantled owing to the failure to find a market for its agricultural machinery products. The municipal planning commission wanted to use the buildings of the factory

to expand the production capacity of the woolen mill but due to the restrictions of the system of ownership, it had to abandon its plan. However, the Chongqing-Jialing Joint Motorcycle Enterprise has provided us with good experience. Under the principles of voluntary participation and mutual benefit, by taking the Jialing machine-building factory as the main body and the products as the center and absorbing 32 factories with similar products and related technology, Chongqing established the joint enterprises. In the light of the characteristics and strong points of the various enterprises, the division of labor according to specialization was practiced. In carrying out the necessary replacement and transformation of the existing factory buildings totaling 65,000 square meters and 1,028 machines, the joint enterprise took only 6 months to set up and had expenses of 5 million yuan, thus resulting in the capacity to produce 100,000 motorcycles each year. Compared with the practice of "independently running new enterprises," this method can save an investment of tens of millions of yuan. The integrated reorganization of enterprises has pointed out the direction and created conditions for the transformation of enterprises and in addition, the transformation of enterprises will promote integrated reorganization of enterprises. Therefore, it is imperative to clearly stipulate that the transformation of enterprises, and particularly the transformation of key enterprises must be based on integrated reorganization. It is not permissible for each to do things in his own way.

4. The Problem of Funds in the Transformation of Enterprises

Along with the increase in fixed assets, the funds for transformation of fixed assets will go up year after year. Supposing investment made at the time of the First Five-Year Plan was 100, then the 1980 and 1981 tapping-innovating-transforming funds alone were equal to 20 or 30 times the investment made at the time of the First Five-Year Plan. The annual tapping-innovating-transforming investment is more than 30 billion yuan. How to manage and use well this huge amount of funds and how to bring the returns on investment into full play is the crux of the problem and it calls for urgent study and solution in the course of the transformation of enterprises.

In accordance with the tentative programs and plans for the development of China's national economy, it will be impossible for the state to substantially increase funds for the transformation of enterprises for some years to come. On the one hand, the departments, localities and enterprises are required to use their own funds for the transformation of enterprises as much as possible. On the other hand, under the guidance of state planning, it is necessary to practice careful calculation and strict budgeting, use the money where it is needed most, use a minimum investment to create a maximum new production capacity and bring the returns on investment into full play. This is the point of departure and the foothold for carrying out the transformation of enterprises.

In raising funds for the transformation of enterprises, we must uphold the principle of stressing the funds possessed by the parties concerned as the main part with the necessary state and bank assistance as a supplement. This involves the following problems which need study and solutions.

1. Appropriately increase the depreciation rate for fixed assets. Reducing the depreciation periods is the main way out in finding a solution to the problem of transformation funds for enterprises. At present, the national depreciation rate for the state-run enterprises is 3.5 percent. Freezing the depreciation rate for a long time will be detrimental to the transformation of enterprises and also does not tally with the objective economic laws. However, suddenly increasing the depreciation rate by too large a margin will interfere with the state financial revenues and thus this method will lead nowhere. The general principle must be that along with a favorable turn in the national economy and under the prerequisite of not excessively affecting state financial revenue that year nor increasing product costs, the enterprises be allowed to appropriately increase the depreciation rate every year and shorten the time limit for the use of fixed assets. Whether the depreciation rate for the various trades and enterprises should be uniformally raised and what depreciation rate should be fixed should be dealt with separately. It is not encouraged to find a single solution for diverse problems. According to the results of calculations in Liaoning Province, during the stage of the Sixth Five-Year Plan, increasing the depreciation rate from the present 3.5 percent to 5 percent will mean drawing more than 500 million yuan of depreciation funds out of state financial revenue and the depreciation periods can be reduced from the present 25 to 30 years to about 20 years. The effect on profits to be handed over to the state and product costs will not be too serious. This is because of the total product cost, which constitutes three-fourths of the total output value, the depreciation funds for fixed assets account for only 4.4 percent. If some of the wages and welfare funds are deducted from this, the major part of the total product cost is constituted by the consumption funds used for raw and semi-finished materials, fuel power and so on. The proper use of the 500 million yuan of depreciation funds will produce greater results and the output value and taxes created by these funds can help replace excessively drawn depreciation funds at a greater pace. Furthermore, if the total consumption of materials is reduced by 1 or 2 percent, the taxes will increase. So, from a long-term point of view, we must take the road of properly increasing the depreciation funds every year, shortening the depreciation periods and accelerating the pace of replacing and transforming fixed assets, a road which will help us act in accordance with the objective economic laws.

2. Uphold the principle that, in transforming the present methods of distributing depreciation funds the enterprise should retain a major part of the funds and a smaller part should be centralized in the financial department. Before 1967, depreciation funds were all turned over to the state's financial departments and the tapping-innovating-transforming funds which were needed were allocated by the financial departments in the form of "four-item expenses." After 1967, 30 percent of the funds was turned

over to the state's financial departments; 20 percent was centralized in the hands of the localities and a small part was amassed in the hands of the responsible departments concerned. Only 40-50 percent of the depreciation funds were left over to the enterprises. Practice for some years in the past has proved that these two methods are detrimental to the transformation of enterprises. We are of the opinion, in the light of the different characteristics of each trade and enterprise, that the time limit for the formation of fixed assets, the importance of the transformation tasks and the capacity of the funds possessed by the parties concerned should be dealt with in different ways. For instance, within 5 years after the completion of the construction, reconstruction and expansion of enterprises, the enterprises could turn over 60 to 70 percent of the depreciation funds to the higher authorities; within 10 years, 40 to 50 percent; within 20 years, 20 to 30 percent and after 20 years all depreciation funds are left over to the enterprises. Whether these ratios for distributing the depreciation funds are rational or not remains to be further studied.

3. Practice a system of the enterprise assuming full responsibility for the fulfillment of profits to go to the state's financial departments, encourage the enterprises to exceed the fixed output quotas to get more material benefits, which could then be used in the transformation of enterprises. This system must not be changed for some years once it is fixed.

4. Appropriately increase bank loans, expand the scope of the use of bank loans and practice the use of different interest rates and different repayment times for different trades and enterprises. At present, excessive restrictions are imposed on the granting of bank loans, on the scope of the use of the loans, the interest rates and the repayment of capital and interest. These matters must be flexibly handled and treated on the merits of each case. Under the guidance of state planning, the enterprises are allowed to collect together various funds for a certain use for a period of time under the tightened supervision of the banks.

5. In the state budget, gradually increase the ratio of investment in the transformation of enterprises to the investments in fixed assets. This investment should be used mainly in economizing on energy, effecting an upswing in product quality and varieties and bringing under control waste water, waste gas and waste industrial residue. It should also be used in scientific research and the transformation of key enterprises. These funds should be allocated by the banks in the form of credits. In terms of investment structure, it is necessary to gradually shift the focus of work from giving priority to the construction of new production projects to giving priority to the transformation of the existing enterprises.

6. Formulate rational proportions for various transformation funds. Depreciation funds are of a compensation nature. First of all, they are used for maintaining simple reproduction and surplus funds can be appropriately used for expanding the necessary production capacity. They must not be used

for circulation funds, for making up financial deficits, distributing bonuses or buying treasury bonds. In our opinion, it is fairly suitable to distribute the funds for the transformation of enterprises according to the following proportions: the funds for the replacement and transformation of fixed assets may constitute around 40 to 50 percent; those for adopting new technology, 10 to 20 percent; those for the construction of housing for the staff and workers, about 20 percent, and those for other purposes, around 10 to 20 percent. In order to restrict the enterprises from "engaging in capital construction" under the cloak of "tapping the potential of, innovating and transforming the existing enterprises," the state should start drawing up plans for levying taxes on the use of both fixed assets and land.

7. Strengthen the centralized and unified management of transformation funds and financial discipline. It is imperative to thoroughly sort out the existing funds for the transformation of enterprises and projects in an all-round way. All funds for transformation of fixed assets, no matter through which channels they are raised, are referred to as the funds for the transformation of enterprises and should be included in financial and bank credit plans at various levels and be put under the unified management of certain units. The funds should be arranged in accordance with the programs for the transformation of enterprises and the projects which have been approved by the state.

8. Maintain a balance between funds for the transformation of enterprises and materials and equipment. The planning commission should make overall arrangements for ensuring the supply of materials and equipment. The principle of putting production before capital construction should be upheld.

5. The Problem of a Management System for the Transformation of Enterprises

Along with the gradual shift in the national economic construction policy from giving priority to the construction of new production projects to giving priority to the transformation of the existing enterprises, the ratio of investment in the transformation of fixed assets to the investments in the construction of new production projects will become increasingly large. According to preliminary estimates and calculations, during the stage of the Sixth Five-Year Plan, the investment in capital construction will be about 11 billion yuan and the funds for the transformation of enterprises will be around 8 billion yuan. In such old industrial cities as Chongqing and Shenyang, the number of new projects will decline. However, the existing management system for the transformation of enterprises is not quite suited to the new construction policy. At present, we are encountering a confused situation in which "the planning commission refuses to take any further part in the transformation of enterprises; the construction commission keeps their hands off it and the economic commission fails to manage it." According to the investigation in Sichuan and Liaoning Provinces, the planning, construction and economic commissions have their own separate figures on the size of the annual tapping-innovating-transforming funds. No one has implemented overall control in the matters of plans for the

transformation of enterprises, funds, materials, equipment, design and the arrangements for a construction force. This has resulted in each blaming the other. Therefore, we hold that the situation where the management of the transformation of enterprises "was not attended to by any one of the planning, construction and economic commissions" must change. Under unified and centralized leadership, a clear division of labor should be worked out among the planning, construction and economic commissions. The planning commission must mainly be in charge of the work of examining and approving the medium and long-term programs for the transformation of enterprises. It should carry out the general programs for transforming the key enterprises and the plans for transforming the key projects with the participation of the construction and economic commissions. They should formulate, examine and approve the programs together. Funds, materials and equipment should be put under the overall control of the planning commission. Under the guidance of unified state planning, the division of labor and graded management should be practiced. The transformation projects which are not of a capital construction nature should be organized by the economic commission and the transformation projects which are of a capital construction nature should be organized by the construction commission which should uphold the principle of acting according to capital construction procedures. A specialized body should be established to handle the important transformation projects and reconstruction, equipment manufacture, materials supply, scientific research, design and work method departments should be organized. Under unified guidance, we must share out the work and cooperate with one another so as to ensure the completion of the projects on schedule and help make the most of them. The planning, construction and economic commissions should jointly study and implement the technical line, technical and economic policies and the administrative regulations.

CSO: 4006/398

NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' DISCUSSES ENTERPRISE, URBAN TRANSFORMATION

HK011003 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 25-26, 57

[Article by Zhong Chengjian [6945 6134 6015]: "Transformation of Existing Industrial Enterprises Should Be Combined With the Transformation of the Cities"]

[Text] Systematic technological innovation and introduction of new equipment in existing key industrial enterprises is a policy of strategic importance in promoting the economy while ensuring a steady growth of the national economy. In order to develop our national economy, we should mainly rely on the existing enterprises, fully utilizing the production capacity of their fixed assets while new construction projects are restricted to the energy, transport and raw material manufacturing sectors. This will of course have a bearing on the transformation and construction of cities, especially insofar as industrially developed key cities are concerned. How to correlate the transformation of enterprises and the transformation of cities, putting them under centralized planning and arrangements, ensuring their balanced and coordinated development and gradually adapting them to economic development and people's needs, is an issue of primary importance. Below we discuss our views in this regard.

1. Establishing a Correct Guiding Principle--Unified Planning

Since new China was founded 32 years ago, we have achieved great success in our economic construction, having built up a national economy and industries which are self-sufficient and relatively complete. Urban development has also greatly progressed and dozens of economically developed key cities have been founded and have played an important role in the national economy as "basic installations." However, for a long period of time, we followed the guidance of "leftist," ideology overstressing the importance of turning "cities of consumption" into "cities of production" and pursuing sustained "doubling and redoubling" of industrial output. As a result, the total value of industrial output used to increase 10-fold or even several times that, with forests of chimneys evidencing a high density of factories. The urban area snowballed, and urban public utilities, urban administrative infrastructure, commercial services, culture, education and public health failed

to keep pace. This kind of striking disproportion between "the skeleton and the muscles" has caused a great deal of difficulties in developing production and raising living standards. Since the 3d Plenary Session of the 11th CCP Central Committee, work in this respect has been intensified. However, there are evidently still many problems to be solved because on the one hand, too many pending urban infrastructure projects have accumulated in the past years and on the other hand, the "leftist" influence has not yet been eradicated. In some places, not only does the old problem of "warehouses giving way to industrial premises" and "roads giving way to warehouses" remains unsolved, but new projects are also lagging behind while many old projects remain pending. This constitutes a burden to the task of adjusting the urban economic structure and will protract the process of adjustment. For instance, the population of the 12 cities (of which four have a population of over one million) in Liaoning Province amounts to over 12 million, representing one-third of the province's total population. In the past 32 years, the value of its industrial output has increased 9 times, making it the foremost province in the country with regard to aggregate industrial fixed assets at cost prices. As much as over 1.2 billion yuan should have been, but was not, spent on public utilities, housing construction and other urban infrastructure. The shortage of housing is especially acute. The per capita living space is only 3.4 square meters in spite of the great efforts made in housing construction in the past couple of years. In Shenyang City, which has a total of 603,000 households, 48 percent of the households either cannot find accomodation or are living in crowded and inconveniently located houses. Deficiencies in public utilities and in treatment of the three wastes and other urban infrastructure is also very serious. Of the urban area of Liaoning Province, which totals 700 square kilometers, half is not provided with drains and over 1,000 kilometers of roads are not sealed; daily water and gas supplies fall short by 600,000 tons and 300,cubic meters respectively; half of the 14,900 kilometers of existing drain-pipes, water pipes and gas supply pipes were laid before liberation and are in a bad state of repair, giving rise to frequent breaks and leakages. Urban traffic congestion and crowded vehicles have become a widespread pheonomenon. According to an estimate by Shenyang City if we reconstruct those roads which constitute bottlenecks, so as to put an end to congestion and raise driving speed, then we will be able to take 7,000 to 8,000 vehicles off the road. The calculation was based on the aggregate loads carried by the 38,000 trucks currently in service. This will not only save energy, but also ease the strain on the provision of public transport service. The problem of environmental pollution due to the three wastes is also alarming. In Chongqing City, over 1,000 enterprises which are regarded as major sources of pollution are discharging 11 million cubic meters of industrial smoke, 5 million tons of industrial wastes and 900 million tons of industrial sewage per year, badly polluting the Changjiang River and the Jialing River.

The above picture shows clearly that we are facing a situation in which our urban economic structure is largely lop-sided and the restructuring of the existing industrial enterprises must be correlated with the transformation

and construction of cities. We must firmly adhere to the correct guiding principle and see the matter in its correct perspective. In respect of enterprise restructuring, we should not focus on alterations and expansion of the fixed assets, which would result in an immediate expansion of production capacity, or on new construction projects for extending factory premises while neglecting the importance of raising the efficiency of the fixed assets. We should not merely emphasize that urban construction should serve the needs of production while neglecting urban transformation and construction. We should not merely pursue higher profitability by switching to larger scale production while cutting back on investments in urban construction.

In particular, it is to be pointed out that restructuring enterprises and actively developing small towns should go hand in hand, for about 70 percent of our industrial output by value comes from a few dozen key cities where overcrowded industrial zones and residential areas are mixed up in a disorderly way and where there is no vacant space left. The opportunity of restructuring enterprises should be used to create conditions for enterprises which do not fit the urban environment to move, according to a plan and in stages, into small towns. At the same time the state should set about elaborating a corresponding policy with a view to encouraging some enterprises to develop in small towns, easing the pressure on large cities and gradually adjusting the lay-out of our productive forces.

2. Adjusting the Proportions--Investing in a Rational Way

As regards adjusting the urban economic structure by gradually making up for the insufficient investment in the past in urban infrastructure, the kernel of the issue is to maintain a fixed ratio between the investment in urban renovation and construction and the investment in projects related to industrial enterprises' restructuring. For many years, investment in the productive sector has constituted too large proportion while the investment in urban construction has failed to maintain a correlative proportion. For instance, in Liaoning Province, the investment in urban construction took up 19 percent of the total investment during the First Five-Year Plan and thus "the skeleton and the muscles" were in comparatively good proportion. But during the Second Five-Year Plan, this percentage dropped to 10.8 and has remained at that level ever since, causing the contradiction between "the skeleton and the muscles" to become increasingly acute. Since the 3d Plenary Session of the 11th CCP Central Committee, the investment in urban construction has grown at a good pace, marking the beginning of an adjustment of the ratio. But due to the aggregate insufficient investments in the past, the current investment level is far from being adequate if we want to make up for the investment deficiency and ensure sufficient new investments. In the past couple of years, Liaoning Province has managed to raise 400 million yuan per year for investment in urban construction. Of these funds, only 100 million yuan could be used to make up for insufficient investment in the past, while 300 million yuan was for regular expenditure

of urban repairs and maintenance. According to a rough estimate, it will take as much as 20 years to make up for the past insufficient investments in urban construction, which amount to about 2 billion yuan (exclusive of housing and treatment of the three wastes). Apparently urban construction cannot meet the growing needs of producers and consumers.

While commenting on urban construction, comrades from the central authorities have said that we should not erect too many new factories. Instead, money should be used for urban repair and maintenance, for investment in a growing number of urban construction projects. They also said it is necessary to fix an appropriate ratio for the investment in urban construction. The method used to calculate and determine the ratio for investment in urban construction has for many years consisted of evaluating a ratio between investment in urban construction and investment in capital construction. Now, this method cannot reflect the true ratio between urban construction and industrial production. Especially now that the scale of investment in capital construction has been quite substantially reduced in the past few years, thus making the denominator smaller and the relative ratio of investment in urban construction larger, this method cannot fully reflect the amount of investment. Besides, the scale of investment in restructuring and renovation projects has been growing. According to statistics, in 1980 alone, the investment for restructuring and renovation in all the state enterprises, increased over 11 times with respect to the First Five-Year Plan. This sort of investment also requires a correlative development of investment in urban construction. Therefore, it is evidently inappropriate to use the old method to determine the proportion of the investment in urban construction. We propose adopting the method of unified planning to determine the proportion of the investment in urban construction. This method takes into account five factors which have a bearing on urban construction (urban population, industrial fixed assets, the value of industrial output, local financial revenue and investment in capital construction) while determining a rational investment coefficient. Based on the actual investment in urban construction in 1979 and 1980, Liaoning Province has arrived at a figure of 0.47 percent as the urban construction investment coefficient. In future, while calculating the total amount to be invested in urban construction in any year, we may just multiply by 0.47 percent the sum of the projected amount of investment in urban construction calculated on the basis of urban population, the value of industrial output, the value of the fixed assets at their cost prices, the amount of local revenue and the amount of investment in capital construction and the resulting figure will represent the actual amount to be invested in urban construction. Evaluated according to this coefficient, in 1980 the two cities of Shenyang and Dandong should have invested 7 to 8 million yuan more in urban construction, equivalent to 3 to 5 yuan more per capita of investment in urban construction. It is forecasted that during the Sixth Five-Year Plan, the province will invest about 520 million yuan in urban construction per year, of which about 200 million yuan will be used to make up for the past deficient investments. In this way, all the deficient investments accumulated in past years will be made up for in about 10 years. Then the urban construction will be much better adapted to the needs of production development due to the restructuring of the existing enterprises and will also contribute substantially to raising living standards.

3. Encourage Fund Raising, Strengthen Management

During the period of readjusting the national economy, the state will not be in a position to appropriate more money to invest in urban construction. Therefore, in order to get enough investment funds for urban construction, we should, apart from resorting to the current appropriations (including the budget for the three items of repair and maintenance, 5 percent profit taxes levied on urban industrial and commercial enterprises and subsidies for special projects) and the revenue from some kinds of taxes which we may reasonably introduce for urban construction, ask existing industrial enterprises to raise funds and jointly undertake restructuring and construction projects relating to public utilities and other urban infrastructure in accordance with their restructuring schemes. That means, if the restructuring has resulted in an additional demand for water, gas or equipment for treating the three wastes, the enterprises concerned can jointly undertake investments, which will be put under the central control of the departments in charge of urban construction insofar as the planning, construction, water and gas supplies and management are concerned. Large projects may take the form of joint-venture investment by the state, the enterprises concerned and the departments in charge of urban construction on a capital and profit-sharing basis. Recently Shenyang City has started building a high pressure gas works designed to provide 540,000 cubic meters of gas per day. The total cost amounts to 150 million yuan, of which some 70 million yuan are invested by the state and local government in the projects within the factory premises, the remaining 70 million-odd yuan being invested by the users (mainly enterprises) in gas pipelines. It has proved to be a good way of raising funds and beneficial to all the parties concerned. From the viewpoint of the economy as a whole, this facilitates coordinated development and utilization of water and gas resources and centralized treatment of the three wastes as well. In this way, urban restructuring and construction can be correlated with the development of industry. As regards urban construction, more secure sources of funds will speed up the pace of its restructuring and development, facilitate centralized management of public utilities and other urban infrastructure and reduce losses and waste while at the same time contributing to the reform of the management system.

CSO: 4006/398

ECONOMIC MANAGEMENT

PRC ATTACHES IMPORTANCE TO STATISTICAL WORK

OW031421 Beijing XINHUA Domestic Service in Chinese 0156 GMT 3 Apr 82

[Text] Beijing, 3 Apr (XINHUA)--The state statistics bureau has recently begun verifying the various figures on implementation of the 1981 national economic plan. A cadre of the Liaoning provincial statistics department reported on how it verified grain output figures: Together with other departments concerned, it sent 1,250 persons to make investigations at 305 selected production teams located in good harvest, poor harvest, mountainous, plain and hilly areas. These production teams had reported an aggregate grain output of 83.15 million jin. The verified output was 84.16 million jin, 1.01 million jin or 1.1 percent more than the reported figures. On the basis of this verification, the provincial statistics department accurately calculated the province's total grain output.

This episode reflects the efforts being made by China's statistics departments and other departments concerned to increase the accuracy of statistics figures and improve the service and supervision functions of statistics work in the national economy.

Since the downfall of the "gang of four," in particular since the 3d plenary meeting of the 11th Party Central Committee, the state statistics bureau and the statistics workers of various areas and departments have been setting things straight, strictly following the party's line of seeking truth from facts, reforming and perfecting the statistics system and methods and going to basic-level units to conduct investigation in coordination with related areas and departments. To meet the needs in the development of the national economy, they constantly expand the scope of the statistics work and analysis. Dealing with hundreds of millions of figures, they have provided large quantities of statistics figures and economic analysis materials. These figures and materials basically reflect the actual condition of the social and the national economic development, including the achievement of and problems in industrial and agricultural production, the change in the national economy structure, the analysis of the results of the capital construction investment, the energy consumption indices of major enterprises, the purchase and marketing situation of commerce and foreign trade, the revenue and expenditure trend in finance, credits and loans, the living standard of worker and peasant families, the development of cultural and educational undertakings and so on. These provide an important basis for leading organs' decision-making and other departments' good planning and research work.

Today, the importance of statistics work is known to many sectors. The socialist economy is an organic entity. If it is considered a machine, statistics is the machine's dashboard. The dashboard will tell whether the machine is running normally. If it is not running normally, adjustment can be made. Therefore, people vividly describe statistics as "the correction device" for the national economy. Leading comrades of the party central committee and the state council have on many occasions stressed the importance of good statistics work, praised the "tremendous achievement in the statistics work" and decided to provide more manpower and funds for statistics work while the structure of state organs is being reformed. Principal responsible persons of many provinces, municipalities and autonomous regions have personally taken care of statistics work. Statistics and analyses of statistics departments at all levels are widely made use of by the economic department and research, journalist and theoretical circles. In the first quarter of this year, the news media in the capital alone reported these statistics and analyses of the state statistics bureau on 15 occasions.

At the recently held national meeting of statistics bureau directors called by the state statistics bureau, participating comrades studied the new situation and problems of the statistics work and proposed measures for improvement. The meeting decided that statistics departments at all levels this year must use various methods to increase the accuracy of statistics figures and conduct statistical analyses centering around the economic results in order to give full play to the service and supervision functions of statistics in the national economy.

CSO: 4006/402

TIANJIN MEETING ON HITTING ECONOMIC CRIMES

HK020239 Tianjin City Service in Mandarin 2330 GMT 25 Mar 82

[Summary] The Tianjin Municipal CCP Committee convened a meeting of party members and leading cadres of districts, counties and bureaus on 25 March to make further arrangements [passage indistinct] The meeting also adopted a decision demanding that the municipality grasp this struggle as one of the key tasks for this year, and rapidly unfold it in the second quarter.

Municipal CCP committee secretary Yan Dakai presided at the meeting. Second secretary Huang Zhigang made a speech. He pointed out: The municipality has scored some success in work since the central authorities issued important instructions on hitting at economic crimes. "However, work is still very slow in many units, and the struggle has not been unfolded. Certain units are even still waiting to see what will happen."

Huang Zhigang pointed out: "Party committees at all levels must fully understand the gravity, harmfulness and danger of illegal and criminal activities in the economic field, and deepen their understanding of the significance of this struggle. The party committees at all levels must rapidly bring their thinking in line with the central instructions." The party committees must also take the following steps:

1. Set up effective work groups. This struggle must be waged under the unified leadership of the party committees at all levels. The principal responsible comrades of the party and government departments must grasp it personally, and outstanding cadres must be organized into groups to handle it.

2. Step up inspection and supervision.

3. Speed up the handling of a number of major cases.

"4. We are not launching a mass movement in this struggle; we must adopt the method of handling cases. However, we must fully follow the mass line."

5. Do a good job in propaganda and education, to form powerful public opinion.

Huang Zhigang also pointed out: We must correctly grasp the central principles and policies on conducting this struggle, and deal steady, accurate and hard blows at illegal and criminal activities in the economic field. It is necessary to launch a powerful offensive against criminal elements before 1 May and compel them to give themselves up and make a clean breast of their crimes.

CSO: 4006/403

GUANGDONG ON ECONOMIC CRIMES, OPEN-DOOR POLICY

HK070919 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 6 Apr 82

[Station commentary: "Steadfastly Crack Down on Economic Crimes and Carry Out the Special Policies and Flexible Measures"]

[Summary] "The deepening of the struggle to crack down on economic crimes has been stipulated as one of this year's key tasks by the party central committee and the provincial party committee. This struggle concerns the life or death of our party and state and also concerns the success or failure of our province in carrying out the special policies and flexible measures. Since the 3d plenary session of the 11th CCP Central Committee and in accordance with the central authorities' instructions, our province has carried out the special policies and flexible measures and experimented with various economic measures. Subsequently, our economy is thriving. Relatively rapid progress has been achieved in production and construction and in various other tasks. The people's standard of living has improved. The results achieved are very obvious."

But in our work, new conditions and new problems have also arisen. In carrying out the open-door policy, some people have been corrupted by bourgeois corrosive ideas. This has found prominent expression in smuggling, trafficking in contraband, speculation, fraud, graft, bribery, and the appropriating of state and collective property, and these illegal and criminal activities have been very rampant since the beginning of the year. Therefore, while carrying out the open-door policy, we must extensively launch the struggle to crack down on illegal and criminal activities in the economic field and resist corrosion by capitalist ideas.

Some comrades worry that the crackdown on criminal activities in the economic field may interfere with the implementation of the special policies and flexible measures. It must be noted that the open-door policy is a steadfast policy adopted by our party in light of the needs of socialist construction and the developing international situation. If we had not done so, we could not have changed the situation of isolation that had long prevailed or accelerated the pace of modernization. On the basis of this basic national policy, Guangdong has carried out special policies and flexible measures. This is a firm and steadfast policy.

"Of course, we cannot depart from the four basic principles in carrying out the open-door policy. Nor can we depart from state laws in carrying out special measures. Smuggling, trafficking in contraband, speculation, fraud, and appropriating state and collective property are outright criminal activities. They can only have a disruptive effect on the implementation of special policies and flexible measures. Therefore, we must resolutely crack down upon them. This is also a firm and steadfast policy. In a word, a resolute crackdown on illegal and criminal activities in the economic field is prompted by a desire to effectively implement the special policies and flexible measures. The two are unified.

"In this struggle, we must not only pay close attention to major and important cases by severely punishing those lawbreakers and criminals in the economic field but also conduct among the masses of party members and cadres extensive education on the need to resist corrosion and obey law and discipline. Through education, we will enable everyone to understand that the greater the stress on the implementation of the open-door policy the greater is the need to serve the public faithfully and honestly and obey law and discipline. There is no 'special zone' concerning party work style. Nor is there a 'special state law'."

CSO: 4006/401

ECONOMIC MANAGEMENT

ECONOMIC CRIMINALS URGED TO GIVE THEMSELVES UP

HK060923 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 5 Apr 82

[Text] A responsible person of the Guangdong provincial people's procuratorate told this station's reporter yesterday that the decision adopted by the NPC Standing Committee on severely punishing the economic criminals who had done serious damage to the economy had manifested its immense power. By the end of March, 116 economic criminals in various parts of the province had given themselves up to the judicial departments and had returned over 423,000 yuan of illicit money and a number of bribes in the form of TV sets and so on.

He emphatically pointed out that there is little time left between now and 1 May. All people who have committed crimes in the economic field, including those VIP's who until now are still holding leading posts, should get a clear understanding of the situation and cast away illusions by giving themselves up immediately. They should never miss the invaluable opportunity of being meted out lenient punishment.

The responsible person of the provincial procuratorate repeatedly stressed that the decision of the NPC Standing Committee fully embodies the consistent policy of the party and government in dealing with criminal elements, that is, the combination of severe punishment with lenient one and leniency to those who confess their crimes and severity to those who refuse to. All criminal elements, whatever great crimes they might have committed in the past and however stubborn they might have been in admitting their guilt, will be handled leniently in accordance with the relevant clauses of the past law provided that they give themselves up of their own accord and make a clean breast of their crimes by 1 May. Those who have performed meritorious deeds by actively reporting and exposing offenses to the authorities or who have really mended their ways by sincerely admitting their guilt and actively returning illicit money or bribes will receive a reduction of or exemption from penalty.

The responsible person of the provincial procuratorate pointed out that the economic criminals should not let slip the opportunity for it may never come again. What course to follow--that is a question all the economic criminals must quickly decide for themselves. If they should obstinately stick to their wrong course by refusing to give themselves up or destroy incriminating evidence, obstruct other people's attempt to report and expose them and even create disturbances by committing physical assault as a means of reprisal, they will certainly eat their own bitter fruit.

CSO: 4006/402

ECONOMIC MANAGEMENT

QINGHAI OPEN TRIAL AGAINST ECONOMIC CRIMINALS NOTED

SK311144 Xining Qinghai Provincial Service in Mandarin 2330 GMT 30 Mar 82

[Excerpts] According to our correspondent, the Xining Municipal Public Security Bureau and the municipal people's procuratorate jointly held a rally 30 March to openly try 12 criminals involved in eight cases concerning speculations, swindling, embezzlement and bribery.

From June to December 1980, (Lin Shengxiang), (Ma Wenqing) and (Jin Yongcai) formed a partnership to resell at profits in Xining, Sichuan and other places some 960 liang of musk, 25 jiang of musk kernels and 209 jin of Chinese goldthread rhizome, worth 148,900 yuan. They netted a profit of 35,600 yuan, 13,000 yuan of which was obtained by (Lin Shengxiang); 4,000 by (Ma Wenqing); and 2,800 by (Jin Yongcai). The rally declared that these three criminals should be apprehended according to law. The rally also declared the apprehension of two speculators and profiteers, (Cui Xinming) and (Liu Guojing).

Attending the rally were (Qiang Jianhua), leading comrade of the Xining Municipal CCP Committee, responsible comrades of the provincial and Xining municipal public security and procuratorial organs and people's courts as well as many cadres and the masses, over 5,000 people in all.

Comrade (An Weiming) spoke at the rally. He said that we should adopt strong measures to stop criminal activities in the economic field. He urged all economic criminals to gain a clear understanding of the situation and surrender to the police before 1 May. Relatives, friends and superiors of criminals should persuade criminals to realize their errors and report their criminal offenses and expose other offenses as soon as possible to receive lenient punishment.

CSO: 4006/403

ECONOMIC MANAGEMENT

KONG FEI REPORTS ON ECONOMIC CRIMES

SK020746 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 Apr 82

[Excerpt] According to our sources, on 30 March Kong Fei, chairman of the regional people's government, pointed out in his government work report: We should strike relentless blows at criminal activities in the economic field, seriously handle major cases and strengthen public security work to ensure smooth development of economic construction. Kong Fei pointed out: Criminal activities in the economic field are very serious. Cases concerning smuggling, embezzlement, robbery, speculation and profiteering are rampant in many localities. Unable to withstand sugarcoated bullets, a small number of cadres accept bribes, wink at and shield criminals and even directly engage in criminal activities. We must pay great attention to this situation and adopt strict measures to check unhealthy practices. Major offenses with conclusive evidence must be severely and promptly dealt with according to law. More severe punishments should be imposed on major active economic offenses involving responsible comrades. Criminal cases which occurred in the past 2 years and have not yet been handled for whatever reason should be handled as soon as possible.

People's governments at all levels should take the lead in promoting healthy tendencies and maintaining a socialist economy and voluntarily cooperate with discipline inspection commissions and judicial departments to achieve success in this work. The key to achieving success in this work is in dealing resolute blows at criminals. Only in this way can we improve party workstyle, purify society, protect the socialist economy and educate and redeem cadres.

CSO: 4006/403

BRIEFS

GUANGDONG INSPECTION GROUPS--The Guangdong provincial CCP committee has dispatched 12 inspection groups, composed of 67 provincial organ cadres, to Shantou, Huiyang, Shenzhen, Zhuhai, Zhanjiang, Zhaoqing, Hainan and elsewhere to inspect and supervise the handling of major criminal cases in the economic field. Provincial CCP committee secretary Li Jianzhen and standing committee member Kou Qingyan spoke to the groups before they set out. They urged them to do their work really well. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 20 Mar 82 HK]

GUANGDONG BANK ACCOUNTANT PUNISHED--(Tci Xinfang), accountant of the (Qianshui) office of the Wuchuan County branch of the Agricultural Bank of China, took advantage of his position and power and from 1978 to July 1981, embezzled public funds of some 605,000 yuan from the bank. This is the biggest embezzlement case which Guangdong Province has ever cracked. (Li Xinfang) and eight accomplices have been arrested by the political and legal organs in accordance with the law and are being tried. (Li Xinfang) committed graft in the beginning of 1978. In October 1980, in collusion with his son, (Li Yuhua), and other people unlawfully and privately set up the (Qianshui) commune goods center with (Li Yuhua) as a cashier. The goods center was a trust organization in name and bought and sold goods for customers. In reality, using the goods center as cover, (Li Yuhua) in collusion with (Li Xinfang), embezzled public funds from the state bank and used these funds as their capital for peddling smuggled goods and carrying out speculation and profiteering. They unlawfully sold 70 tons of rubber, the purchase of which is a state monopoly; 200 tons of chemical fertilizers and other goods. They smuggled some 1,600 watches. The criminal activities of (Li Xinfang) and his accomplices were supported and covered up by leading people of some departments and units. (Qianshui) commune recognized the (Qianshui) goods center as a lawful organization on condition that the goods center paid a management fee of 5,000 yuan a year. In addition, the goods center gave bonuses to principal leading persons of the commune and thus obtained a lawful business license. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 7 Apr 82 HK]

HENAN ECONOMIC CRIMES CIRCULAR--The preparatory group of the discipline inspection committee of the Henan Provincial CCP Committee recently issued a circular on investigating economic crimes to CCP committees and discipline inspection committees at all levels. The circular points out that when other provinces and municipalities send people to our province and all prefectures, municipalities, counties, districts, departments and units in our province to investigate economic criminal cases, we must facilitate and vigorously support their investigations and warmly receive them. We must practically and realistically inform them of the situation. We must also help and educate people involved in these cases to give real evidence. The circular points out that in the course of investigation, if we discover that people who know the facts of a case hinder or make things difficult for investigators, do not inform them of the real situattion, conceal criminal facts, destroy criminal evidence or forge evidence, relevant departments and party organizations must promptly and clearly investigate the facts. These people must be educated, criticized and punished in accordance with the seriousness of the case. [HK310957 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 27 Mar 82 HK]

SHANGHAI ECONOMIC INVESTIGATION--The Shanghai Municipal People's Government held a meeting on 19 March for responsible persons of relevant municipal commission, offices and departments to hear a report by the State Council's enterprise finance inspection group on the results of its inspection in Shanghai. The inspection discovered 2,391 cases of illegal economic activities involving 2,811 persons. The inspection will end in late March or April. The group proposed that a series of measures be taken in ideology, system and managment to ensure strict adherence to financial and economic discipline. Chen Jinhua and Pei Xianbai, vice mayors of Shanghai, attended the meeting. They pointed out that investigation will continue to illegal activities, especially major ones. [as printed] [OW231419 Shanghai City Service in Mandarin 2300 GMT 19 Mar 82 OW]

CSO: 4006/403

FINANCE AND BANKING

PRC AGRICULTURAL BANKS ISSUE MORE LOANS

OW031505 Beijing XINHUA in English 0227 GMT 1 Apr 82

[Text] Beijing, April 1 (XINHUA)--The China Agricultural Bank and rural credit cooperatives made loans totalling 33,280 million yuan for promoting agricultural production in 1981. This was about 4,100 million yuan more than loans granted in 1980, XINHUA learned at a national meeting sponsored by the bank.

Loans were made to rural communes, production brigades and commune members to expand agricultural production and other undertakings including livestock and poultry raising, tea and fruit growing and small rural industrial workshops. Some of the loans were issued to state farms.

Loans issued to collectives and peasants for promoting farm production and sideline undertakings amounted to 16,070 million yuan, 10.9 percent more than in 1980.

The Agricultural Bank in Nenjiang Prefecture, in sparsely populated Heilongjiang Province, granted 42.3 million yuan in loans to 371 production brigades in 1981 for them to buy farming machines. The machines enabled the brigades to sow and harvest crops in good time within the relatively short frost-free period in this China's northernmost province. Output of these production brigades increased and cash income rose by 83 million yuan in 1981. Half of the loans were repaid within the year.

Hubei Province made loans of 63 million yuan in 1981 to help production teams and peasants increase the output of industrial crops and sideline products. Output of tobacco, cocoons, fish, ramie, citrus fruit, tea, raw lacquer, edible fungus and tung oil all increased. This brought an additional income of 120 million yuan.

The bank has decided to grant more loans in 1982 to boost agricultural production.

CSO: 4020/115

FINANCE AND BANKING

PEOPLE'S BANK HOLDS CREDIT LOAN CONFERENCE

OW050441 Beijing XINHUA Domestic Service in Chinese 1211 GMT 4 Apr 82

[Text] Beijing, 4 Apr (XINHUA)--At a conference of managers of branches of the People's Bank of China which ended on 4 April, it was suggested that, in the current year, the bank strive to absorb more capital from society, raise the economic results of credit loans, continue to implement the policy of economic readjustment and insure that revenue and expenditure are essentially balanced.

Managers of provincial, municipal and autonomous regional branches attending the conference maintained that a current salient problem is the poor economic result from credit loans. Although industrial and commercial enterprises get the lion's share of the banks' circulating capital, their capital turnover is slow. Circulating capital loans made to state industrial and commercial enterprises in 1981 respectively rose 9.1 and 14 percent over 1980, yet their industrial output value and commodity retail sales respectively rose only 2.2 and 4.2 percent. Thus, the percentage of loan increases far exceeded that of increases in commodity output and sales. The economic results of a few intermediate- and short-term equipment loans also fell short of expectations.

The conference stressed that it is necessary to enhance the economic results of all circulation capital loans as well as those of all intermediate- and short-term equipment loans. Banks at all levels must strengthen their investigation, study, supervision and management of credit loans. They must actively urge the enterprises to do a good job in coordinating their production and sales plans, make their products more appealing to consumers and meet the needs of society. By adapting to local conditions, the banks in various localities must take effective measures to change their past practice of "letting enterprises continue producing unsaleable products, letting procurement agencies continue to buy these products and letting these enterprises continue getting loans from the banks." They must coordinate with responsible departments and enterprises concerned in striving to fulfill the requirement that this year's circulation capital be reduced by 2-3 percent. The conference proposed to uphold the principle

of setting production, procurement and loans according to sales, and that loans to industrial and commercial enterprises be based on state plans and the sale of products. The bank must be more strict in making loans to enterprises having a huge inventory of products on hand even though their products have been included in state production plans. Regarding products, on which the state has imposed a production limit, or the production of which has a time limit, the bank must base its loans strictly on production plans or sales contracts. Regarding those enterprises which do not follow state production plans, or which do not abide by supply and marketing contracts but overproduce items that do not have a market, the bank should flatly refuse making loans to them. Regarding the production of machinery and electric products having a ready market but some overstocking as well, the bank, after studying the real situation, may adopt such methods as materials and accounts transfers to deal with the problem. It is necessary to do a good job in making intermediate- and short-term loans. In making such loans, it is necessary to continue implementing the principle of "treating each case individually and support enterprises on a selective basis," so that loans are mainly made to projects that need only a small amount of capital but give a fast, large profit return.

The conference pointed out that it is necessary to continuously promote urban and rural savings to accumulate more capital from society. It is necessary to strictly implement the state credit loan plan in order to maintain a basic balance between revenue and expenditure.

CSO: 4006/403

BRIEFS

GUANGDONG NONPRODUCTIVE CAPITAL CONSTRUCTION--According to the statistics up to the end of March, compiled by the Guangdong provincial statistical bureau, over the past 3 years, the proportion of nonproductive capital construction investment in the province has increased. The ratio of investment in workers' housing which has a bearing on the workers livelihood, has increased especially quickly. The ratio of nonproductive capital construction investment increased from 19.1 percent in 1978 to 43.6 percent in 1981. Over the past 3 years, the province has built new houses with a total floor area of 13.83 million square meters, 1.4 times greater than that of the 3 years from 1976 to 1979. [HK090653 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 2 Apr 82 HK]

CSO: 4006/402

BRIEFS

LIAONING COAL PRODUCTION--Coal mines in Liaoning Province whose products are distributed under the unified state plan have prefulfilled the first quarterly production plan by 2 days, producing 7.21 million tons of coal. This is an increase of 14 percent over the corresponding 1981 period. Monthly output of the coal mines during the first 3 months of 1982 increased 1.3 percent over that of the last quarter of 1981. [SK310640 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 29 Mar 82 SK]

CSO: 4006/401

INDUSTRY

'JINGJI GUANLI' ON GROWTH OF LIGHT INDUSTRY

HK060630 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 17-20

[Article by Qing Yan [7230 6056] of the Ministry of Light Industry: "Light Industry Continues To Grow in the Course of Economic Readjustment in 1981"]

[Text] (I)

Light industrial production and construction developed at a great rate in the course of the readjustment of the national economy in 1981. Production went up steadily and various construction projects were fulfilled. The total output value of light industry increased by 10.4 percent over 1980. Light industrial production in provinces, municipalities and autonomous regions such as Hubei, Xinjiang, Yunnan, Guangdong, Nei Monggol, Zhejiang, Henan, Hunan, Anhui, Shandong, Heilongjiang, Tianjin and Jiangsu increased by over 10 percent. The plans for capital construction in light industry were also fulfilled. Some key projects were carried out faster than the previous year. New production capability increased. Goods which were in short supply and which were marketable and most sought after by the people and durable consumer goods increased by a large margin. Daily used necessities became rich and varied every day. The supply in the market changed for the better. It was much better than the previous years. Sugar, beer, bicycles, sewing machines, wristwatches, leather shoes, detergents, washing machines and electric fans increased by more than 20 percent over the previous year. There was also a large increase in light industrial products for export. Foreign exchange from export increased by more than 13 percent over the previous year.

The quality of most light industrial products was stabilized or improved. The designs and colors of marketable goods increased. Good results were achieved in the work of propagating famous brand and superior quality products in various places. In many regions and light industrial enterprises, an overall quality control was strengthened and quality inspecting organizations were set up and commenced carrying out quality inspection and supervision. In 1981, 44 light industrial products won state quality prizes and superior quality prizes. Of the 44 products, 6 won gold prices and 38 won silver prizes. One hundred and seventy products won superior quality prizes

awarded by the Ministry of Light Industry. The arts and crafts trades carried out a public appraisal to award "hundred-flower prizes." Six items of products won gold cup prizes and 11 won silver cup prizes. Many regions enthusiastically developed new products, grasped firmly systematic investments and increased marketable products to make light industrial market rich and full of variety. In 1981, more than 4,000 kinds of new products were successfully trial produced by the light industrial departments and the number of new designs and colors and of new items increased by 40,000. More than half of the units put their production into operation.

There was also new progress in scientific and technological educational work in light industry. In 1981, the light industrial departments gained 120 items of achievements in science and technology. Of the 120 items, 7 were awarded major-achievement-prizes in science and technology by the State Scientific and Technological Commission. Most of the scientific and technological achievements in light industry played an important role in reforming technology, renewing equipment, raising production and quality, reducing consumption and changing the situation in trades.

(II)

The characteristics in the rapid growth of light industry in the course of readjustment in 1981 were as follows:

1. Leading departments of the party and government in various places strengthened their leadership over light industry, put the development of consumer goods industry in an important position and supported the work of developing light industry from various aspects. In the early period of last year, the State Council put forth the principle of stressing the development of daily-used consumer goods and adopted a series of measures. The leading departments of the party and government in various provinces, municipalities and autonomous regions conscientiously implemented this principle. Many key leading comrades at the provincial and municipal levels personally grasped the production of consumer goods industry, strengthened the leadership over light industry, paid attention to the arrangement of the proportional relationships among departments on the basis of developing the production of consumer goods and continued to carry out the principle of "six priorities." The central and localities successively arranged a series of plans for increasing production, supplied a batch of raw materials and enthusiastically supported the work of developing light industry. In the readjustment, the departments of heavy industry shifted from "serving themselves" into serving agricultural production and the production of consumer goods industry. In this way they enlarged the sphere of service and raised their adaptibility. Some heavy industrial and military enterprises also produced some daily-used consumer goods and put them on the market. This was a major and important change in the guiding ideology of industrial and communications production.

2. Some important policies and measures were adopted. At the national conference on industry and communications held in Shanghai, the State Council put forth six policies concerning the collective economy of the second light industrial departments. In the light of the specific conditions of the localities, some provinces specially issued documents concerning the policies to be carried out in the second light industrial departments. The State Council decided to centralize the management of tobacco, raised the purchase prices of tobacco leaves and supported the production of nationally required goods and of children's goods. This effectively promoted the development of light industrial production.

3. Great importance was attached to key trades and key products. This provided an impetus to light industrial production as a whole. In 1981, the State Council and the localities took firm hold of the work in key trades and for key products to increase revenue, withdraw currency from circulation and promote the production of consumer goods. In the early period of last year, the State Council chose, for major emphasis, 10 main products such as bicycles, sewing machines, clocks and wristwatches, household electric appliances, furniture, sugar, high-class cigarettes and famous wines, electronic products, cotton, woolen, linen and silk products, middle and high-grade synthetic fabrics and construction materials. Of these 10, 7 were light industrial products. According to the needs of the market, the Ministry of Light Industry increased production of 8 major products and took firm hold of 15 trades and products. These trades and products are needed by the society in large numbers. They account for a large percentage of the state revenue. Their output value accounts for more than half of the total output value of light industry throughout the country. They play a decisive role in the whole year's production. In the light of specific conditions, key trades and products were fixed in various places and stress was laid on key towns and counties. This provide an impetus to the production of other products and to light industrial production in other regions. Statistics up to the end of last October showed that the output value of 13 products which included bicycles, sewing machines, wristwatches, cigarettes, sugar, household electric appliances, plastic products, leather and leather shoes increased by 100 to 500 million yuan. The increase rate was over 19 percent. The net increase of the above output value was 53.6 percent of the net increase of the output value of light industrial products as a whole.

4. Regarding the economic responsibility system as a starting-off point, the localities reorganized their enterprises and effectively promoted the development of production. Beginning from the latter half of 1981, the light industrial departments successively carried out the economic responsibility system, used the contract method to reduce the tendency of exercising too tight a control and the egalitarianist tendency of eating from the same pot and combined the interests of the state, enterprises and staff and workers. Remarkable results were achieved. It brought the initiatives of enterprises and staff and workers into play, promoted the reorganization of enterprises and improved their management and pushed

forward the responsibility system of enterprises, their management over fixed quotas and their work in economic accounting. In the last three quarters, light industrial production in many regions went up sharply, and their profits also increased every month.

5. The localities grasped firmly the work of supply and marketing, smoothed out the channels and enlivened their production. In order to promote the constant increase of production, light industrial departments and enterprises in various places firmly grasped the supply of raw materials and the marketing of products, grasped the work of supply and of guaranteeing production and grasped the work of marketing and of promoting production. This played a very positive role in increasing light industrial production by a large margin. Besides doing a good job in supplying raw materials according to plans, many regions also organized buyers and sent them to other places to purchase goods which were urgently needed in production. Through economic coordinative offices, some provinces, municipalities and autonomous regions carried out vocational coordination of material goods between provinces and municipalities. In exchange they got the raw materials needed for light industrial production and supplemented what was insufficiently allocated by the state plans.

In marketing, under planned guidance, the supply and marketing departments of light industry in various places carried out well regulations by market mechanism and actively pushed forward the work of industrial units marketing their own products. According to investigations and statistics of the No 2 light industrial departments in 24 provinces, municipalities and autonomous regions, the No 2 light industrial system had nearly 20,000 sales departments and about 100,000 marketing personnel. Thirty to forty percent of the products sold were marketed directly by the industrial units. According to the statistics of the No 1 light industrial departments in 26 provinces, municipalities and autonomous regions, the No 1 light industrial system had more than 4,000 sales departments and over 20,000 marketing personnel. Fifteen percent of the products sold were marketed directly by the industrial units. In 1981, there were two new characteristics in the work of marketing light industrial products: 1) there was a new development in the marketing forms. Various marketing forms were restored and developed. For the purpose of carrying out wholesale business, the method of organizing a fair for ordering goods by referring to samples was used in some provinces and municipalities, and the industrial and commercial departments jointly ran fairs for ordering goods. 2) market analysis was strengthened. The industrial marketing departments strengthened the work of collecting market information, flexibly arranged their production according to the changes of market requirements, were ready to readjust their plans for products whenever necessary and increased the adaptibility of products. In some provinces, new methods were probed for marketing industrial products in the countryside and a new channel for marketing light industrial products in the countryside was opened.

There was a comparatively rapid development in the readjustment of light industry in 1981, but light industry still fell far behind the needs for the development of the national economy and the demands of the people. The growth of light industrial production could not keep up with that of the purchasing power of the society. Some products were a bit short of supply. There was a slight reduction in the variety and quantity of some small commodities. The management level was low in quite a number of enterprises and the economic effect was poor. Some enterprises incurred losses or gained less profits, and rough and slipshod manufacturing began to emerge in some regions and enterprises. These problems must be seriously solved in the coming year.

(III)

According to the spirit of the fourth session of the Fifth National People's Congress, we must continue to increase light industrial production by a large margin in the coming year, work hard to raise the economic effect and make greater contributions for our country.

The large-scale increase of light industrial production is not only the objective requirement for the development of the national economy, but it is also possible to achieve. The development of light industry can promote the rationalization of the whole economic strucrure. It can better meet the needs of the people both in the cities and in the rural areas, enable the market to flourish and enliven the economy. In this way, we can provide more employment for the people, keep a certain speed in the development of industry as a whole and increase the state revenue.

There are many favorable conditions for accelerating our efforts in light industrial production:

1) The party Central Committee and the State Council attach very great importance to the production of consumer goods and to accelerating the development of light industry. They have clearly stated that consumer goods industry must be placed in a very important position and that we must continue to increase light industrial production by a large margin. The party Central Committee and the State Council have also proposed that we must first guarantee the needs for developing the production of consumer goods industry in respect of the supply of energy and materials, the allocation of loans and investments, the allocation of scientific and technological strength and the choice of subjects and the imports of foreign technology and equipment.

2) Since the implementation of the principle of "eating from different pots" in the financial field, the party committees and government in various places have attached great importance to the development of the production of consumer goods industry, and financial resources, material resources and labor force in various fields have been mobilized in many regions to support the development of light industrial production.

3) The situation in the rural areas is very good, agricultural development is in the ascendant, there has been a great increase in industrial crops, the sideline production of the commune members was developed by leaps and bounds, and the raw materials provided by agriculture for light industry are increasing. The enhancement of the purchasing power in the rural areas will open a broad rural market for light industry.

4) Through readjusting the orientation of service, the heavy industrial departments have increased their adaptibility. They will trial-produce and produce suitable raw materials for light industry and help carry out technical innovations and provide technology and equipment.

5) The economic responsibility system has been carried out and the management of enterprises strengthened in light industry through the readjustment and reorganization of enterprises in the past 2 years. The production capability and economic effect of many enterprises will be further brought into play. The cadres and staff and workers on the light industrial front will certainly continue to realize a large-scale increase in production so long as they unite, exert themselves and work hard.

To accelerate light industrial production, we must enthusiastically increase the designs and colors of our products, raise their quality and meet the daily increasing needs in the people's livelihood. To energetically develop the production of daily-use consumer goods, we must not only increase the quantity by a large margin, but also constantly improve the quality. Following the gradual improvement of the people's livelihood and the expansion of the consumption sphere, we should study the changes of the consumption structure and constantly readjust the structure of products to suit the changes of domestic and foreign market and to meet the needs of the consumers. According to an investigation of some regions, the requirements of the masses for consumer goods are "four requirements and four particularities." The "four requirements" are requirement for new designs and colors, requirement for middle and high-grade goods, requirement for good quality and famous brands and requirement for low prices. The "four particularities" are particularity about having a spacious room to live in, particularity about having set furniture in where they live, particularity about being well dressed and particularity about having nutrition in what they eat and drink. In the countryside, consumption of the commodity type has increased remarkably and purchasing power has increased by a large margin. In the past, the peasants' wishes were "to have enough food to eat and enough clothes to wear." Now peasants in many regions "do not have to worry about food and clothing." They are concerned about "going to the department store." Therefore, we must adhere to the principle of giving first consideration to quality in light industrial production, work hard to increase the designs and colors and reduce the production costs to make our products cheap and good and marketable. According to the changes of market requirements, we must, in various regions and trades, energetically develop the production of well-known brand-name and good-quality products and the production of middle- and high-grade products and expand the production of children's goods, wedding goods, decorative goods, nutritious food, instant food and goods bearing the national

characteristics and the production of daily-use small commodities. We must meet the needs of the rural market and enthusiastically increase the production of various durable daily-use consumer goods which are needed in large numbers in the rural areas to meet the needs of the 800 million peasants. We must study how to improve the structure of export commodities, open the road for expanding the exports of light industrial products and enliven our export business. Along with the development of labor-intensive products and of tourist commodities, we must energetically increase the production of durable consumer goods such as daily-use machinery and household electrical appliances and increase the export of light industrial machinery so as to enable our well-known brand-name products to compete on the international market and to give an impetus to the enhancement and development of trades as a whole.

To accelerate light industrial production, we must energetically raise the economic effect and provide more accumulation for the state. In his government work report made at the fourth session of the Fifth National People's Congress, Premier Zhao proposed that we "must pay close attention to the economic effect and strive to achieve remarkable results" in all economic fields. To raise the economic effect in light industry, we must first have a change in our ideology. We must start from raising the economic effect in various production and construction plans, shift from laying emphasis on output value to laying emphasis on quality, variety of items and economic effect, from merely paying attention to production to overall management and from relying on the extension method for the expansion of production to relying on the intension method for the expansion of production. Therefore, we must carry out technical innovations, renew our equipment and fully tap the intension potential of the existing enterprises. The emphasis of technical innovations must be laid on raising the quality of products, increasing the designs and colors, manufacturing new products, reducing consumption, economizing on energy, promoting the production capability and raising the economic effect. We must enthusiastically popularize the new results of mass technical innovations and popularize the scientific and technological results which have been authenticated as technically mature, import the necessary key and advanced technology and equipment, strengthen the designing and molding of products, promote the renewal and replacement of products, produce fine quality products for upgrading, energetically economize on raw and supplementary materials, raise productivity, reduce production costs and achieve a better economic effect. We must continue to push forward technical coordination and economic integration in various places, popularize the advanced technology and management experience of the coastal regions of Shanghai and Tianjin in the interior of our country, raise the level of specialized production, bring the superiority of various regions and enterprises into play and enhance the production level, technological level and management level of light industry. In combination with the reorganization of enterprises, we must

implement and consummate the economic responsibility system in a planned way, energetically improve the management of enterprises, strengthen economic accounting, organically combine the responsibility, power and profits of enterprises, bring into full play the initiative of the staff and workers of enterprises, promote the work of increasing income and economizing on expenditures, turn losses into profits and make greater contributions to our country.

CSO: 4006/398

INDUSTRY

'GUANGMING RIBAO' VIEWS SHANGHAI TECHNICAL TEAMS

OW030806 Beijing XINHUA in English 0737 GMT 3 Apr 82

[Text] Beijing, April 3 (XINHUA)--Shanghai's textile industry has, in the past two years, sent technical teams to 95 textile mills in other parts of the country to instruct personnel in advanced methods and management techniques and help improve textile production in these areas, reports today's GUANGMING DAILY.

The teams have 1,039 members, including technicians, managers, skilled workers and mechanics who work in cotton, woolen, silk, hemp and flax spinning and printing and dyeing.

The aim of the teams was to raise quality, increase variety of products, improve enterprise management, train technical personnel and introduce technological renovations.

A 66-member technical team headed by Liu Guangjun, deputy director of the Shanghai textile bureau was dispatched to help a cotton textile mill, a printing and dyeing mill and a cotton spinning mill in Chongqing tackle management problems. Technicians from Shanghai helped the cotton spinning mill renovate mercerizing ranges, modulate remote infrared ray hot air tenters and improve technological processes, so that the proportion of defective polyester cotton fibers produced was greatly reduced. The Shanghai No 1 printing and dyeing mill also helped its counterpart in Chongqing increase variety of colored polyester cotton fibers.

The spread of Shanghai experience in 1980 also gave rise to growth of textile production in Henan Province, with a 24-percent increase over 1979 in terms of output value. Profits went up 42 percent that year and production costs were lowered.

With the help of a group of 100 technicians and management cadres from Shanghai, 15 textile units in Henan Province increased varieties of textile products by 2,000 in 1980, and quality also improved.

Professional teams from other provinces or autonomous regions also went to Shanghai mills to learn technology or attend short-term courses and demonstrations, the paper says.

CSO: 4020/116

BRIEFS

HUBEI CONSTRUCTION WORK IMPROVES--The Hubei provincial construction system has attached importance to economic results, improved the quality of projects, shortened the construction time and reduced the construction costs. Over the past 2 years, the province has built some 350 projects of superior quality with reduced construction costs in a shorter time than previously. These 350 projects are on some 820,000 square meters, 11.8 percent of the total construction areas. According to statistics, the construction costs of projects at provincial level in 1981 were some 5.11 million yuan less than in 1980, a reduction of 5.36 percent. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 28 Mar 82 HK]

JILIN HOUSING CONSTRUCTION--To counter the problem of low technical and productivity levels in housing construction, Jilin Province has applied an industrialized construction technique by utilizing local natural resource and industrial waste materials instead of using large, foreign and highly mechanized equipment. From 1979 to 1981, houses built with such a technique were 385,000 square meters, 8 percent of the floor space of houses built in urban areas in this period. This figure was 39 times that of the houses built with such a technique before 1979. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 7 Apr 82 SK] Since 1977, Jilin Province has made steady progress in urban housing construction. According to statistics, its completed floorspace for urban housing in 1980 surpassed the 1979 figure by 23.3 percent. Over the past 4 years, urban houses built with private investment throughout the province total 2 million square meters of floor space. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 13 Mar 82 SK]

CSO: 4006/403

DOMESTIC TRADE

GOODS CIRCULATION IMPROVES UNDER STATE PLANS

OW021425 Beijing XINHUA Domestic Service in Chinese 1230 GMT 1 Apr 82

[Report by RENMIN RIBAO and XINHUA correspondents]

[Excerpts] Beijing, 1 Apr (XINHUA)--At the national conference of supply bureau directors held recently in Beijing, many supply workers delightedly talked about the great successes scored in the past few years in enlivening circulation of materials under the guidance of state plans. This fact fully shows that the policy of putting the main stress on the planned economy while giving scope to the supplementary role of regulation through the market to enliven the domestic economy implemented since the 3d plenary session of the 11th Party Central Committee is entirely correct.

In the past 3 years, they have done a lot of work in improving the materials distribution and supply system, adopting business management of materials, rationally organizing materials circulation, and so forth and begun to blaze a new trail.

-- Improving the materials distribution and supply system. Beginning in 1979, while continuing the practice of planned distribution and allocation, the supply departments have adopted many flexible measures for the supply of some important materials according to conditions of resources. This has greatly accelerated the circulation of materials and reduced goods kept in stock. For example, in 1980 and 1981, 4 nonferrous metals, copper, aluminum, lead and zinc, kept in stock by various production and construction units dropped by 246,000 tons, thus saving large amounts of circulating funds.

-- Adopting business management of materials. At present, the country's supply departments have set up more than 27,000 outlets supplying materials in urban and rural areas and 64 means of production markets of various types. These outlets and markets supply materials according to state plans and at the same time engage in such business operations as selling goods on a commission basis, acting as purchasing agents, handling processing and consignment for customers, helping enterprises regulate surpluses and shortages, and so forth; handle overstocked materials for various production and construction units and at the same time assist marketing of new products; and display and sell goods on hand and at the same time deal in goods to be delivered at a later date. They provide many forms of services and their service attitude is warm and attentive to the great satisfaction of customers.

-- Organizing materials circulation according to the rational direction of flow and economic regions, resulting in reduced circulation expenses.

As the supply departments have initially enlivened materials circulation and speeded up materials turnover, there are marked increases in economic returns. The country's total sales of goods were 47.2 billion yuan and 44.7 billion yuan respectively in 1980 and 1981, showing an increase of 9.5 percent and 3.7 percent respectively over 1979. Such high growth rate has been rare since the founding of the People's Republic. The turnover period of fixed circulating funds in 1981 was reduced by 15 days from that in 1979, tying up 2.16 billion yuan less of state funds.

To further improve supply work, a responsible person of the state supplies bureau called on supply departments at all levels to adhere to the principle of putting the main stress on the planned economy and giving scope to the supplementary role of regulation through the market, organize materials circulation in a rational way and focusing on increasing economic returns, constantly upgrade their service standards for production and construction and make greater contributions to promoting the national economic development.

CSO: 4006/402

DOMESTIC TRADE

USE OF COMPUTERS IN MARKET FORECASTING DISCUSSED

OW030033 Beijing XINHUA Domestic Service in Chinese 1138 GMT 2 Apr 82

[Excerpts] Beijing, 2 Apr (XINHUA)--JINGJI CANKAO [4842 3444 0639 5072] published today carries on its front page a report, with an editor's note, on the use of large electronic computers by the Ministry of Agricultural Machinery and the State Supplies Bureau to forecast market demand for farm machines and trends in the production and marketing of bearings.

The editor's note says: At a national conference on industry and communications Premier Zhao Ziyang pointed out: Our plans should reflect the needs of society and meet the requirements of social development as much as possible. If products do not meet the needs of society and are not marketable, proportionate and coordinated development will be out of the question. It is this basic point to which we failed to pay attention in our economic work in the past. This is why many problems arose. It is not easy to immediately understand the needs of society or anticipate them. More often than not, when commodities are out of stock or overstocked, people come to know that such commodities are in short or excessive supply. This calls for a timely understanding of social needs as well as market changes and trends and improving our planning work.

The editor's note says: The use of large electronic computers by the Ministry of Agricultural Machinery and the State Supplies Bureau to forecast market demand for farm machines and trends in the production and marketing of bearings is a new attempt to use modern means to raise the level of planning work. This procedure should be promoted.

The report says: The survey and forecast by the Ministry of Agricultural Machinery of Market demand for farm machines are unprecedented in depth and scope. Last October the Ministry of Agricultural Machinery began to organize nearly 10,000 personnel of agricultural machinery departments in the country's 28 provinces, municipalities and autonomous regions to survey the basic economic conditions of 13,175 production teams and brigades and their demand for 24 kinds of major farm machines in 1982. They also surveyed the basic rural economic conditions of 1,338 countries in the 4 years from 1959 to 1982.

Thus, they collected more than 5.7 million groupings of original data. In coordination with the scientific research and education departments concerned and under experts' guidance, this data was sorted and programmed into large electronic computers with an average speed of 1 million operations per second. By using the metrological model method, the computers analyzed the data and came up with a forecast for the net volume of annual domestic sales of farm machines from 1982 to 1985 as well as a forecast for the amount of demand for 24 kinds of major farm machines in 1982. These forecasts are fairly close to objective realities. For example, the forecast shows the country's demand for over 10,700 model 55 wheeled tractors in 1982. To further acquaint itself with market demand, the Tianjin tractor plant, which originally planned to produce 8,000 such tractors this year, recently sent 160 personnel to survey various tractor marketing centers in the country. The results of their survey basically tallies with the national forecast.

Since the second half of 1980, the State Supplies Bureau has used large electronic computers to make a quarterly inductive analysis or 52 million different sets of bearings of 5,020 different specifications stocked by 180 major departments using such bearings and by supplies enterprises throughout the country. The State Supplies Bureau has compiled a "general list of stocked bearings for industrial use" and a "detailed list of industrial bearings stocked by each unit." These quarterly lists have been printed and distributed to the State Council's ministries and commissions concerned, bearing-producing enterprises, bearing-using units and bearing marketing departments, thus timely transmitting market conditions and information. This information has served as a guide to bearing production and has made things convenient for consumers.

CSO: 4006/403

DOMESTIC TRADE

BRIEFS

YUNNAN COMMODITY PRICE CIRCULAR--The Yunnan Provincial People's Government recently issued a circular, demanding that from March to June, all prefectures and departments straighten out commodity prices in the market in an all-round way, correctly implement the policy on prices and thoroughly eliminate the phenomenon of chaotic commodity prices in the market. The retail prices of all industrial and agricultural commodities which concern urban and rural people's livelihood, food prices and social service charges must be straightened out. The purchase prices of agricultural products which affect the relations between industry and agriculture and the selling prices of the means of agricultural production must also be straightened out. These prices and charges must be straightened out in accordance with the relevant regulations of the State Council and the provincial government. The prices of all commodities and the service charges must be clearly marked. The production, repair and use of all weights and measures must be controlled by the quality and quantity bureaus in a unified way. It is essential to strictly observe commodity price discipline and establish the system of rewards and penalties. The provincial government must establish a commodity price inspection and straightening out leadership group. All prefectures, autonomous prefectures and municipalities must also set up commodity price straightening out leadership groups. [HK020733 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 28 Mar 82 HK]

GUANGDONG COMMODITY SUBSIDIES--According to preliminary statistics of departments concerned, Guangdong spent 1.9 billion yuan on commodity subsidies from 1979 to 1981. Some 400 million yuan was spent in 1979, some 600 million yuan in 1980 and some 800 million yuan in 1981. This has played an important role in achieving a political situation of stability and unity and in developing the favorable situation. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 24 Mar 82 HK]

CSO: 4006/402

FOREIGN TRADE

'XINHUA' NOTES USSR FOREIGN TRADE STATISTICS

OW271924 Beijing XINHUA in English 1900 GMT 27 Mar 82

[Text] Moscow, March 27 (by XINHUA correspondent)--Foreign trade of the Soviet Union topped ruble 100 billion in 1981 for the first time in history. Official statistics published in the March number of the FOREIGN TRADE, [as received] a journal of the Soviet Foreign Trade Ministry, show that foreign trade of the country in 1981 totaled 109.7 billion rubles, 15.6 billion more than that in 1980, with export standing at 57.1 billion and import amounting to 52.6 billion.

Trade with Western developed countries recorded a further growth, from 31.5 billion rubles for 1980 to 35.3 billion rubles last year, of which 17.2 billion was export and 18.1 billion was import. A breakdown by country indicated that Soviet trade with West Germany, Finland, France and Italy, Moscow's major trade partners, had increased steadily.

Two-way trade with the United States had increased from 1.5 billion rubles in 1980 to 1.8 billion rubles in 1981, but with an unfavourable balance of some 1.6 billion on the part of the Soviet Union. The great disparity was attributed to heavy purchases of grain from the United States.

Trade with the other members of the Council for Mutual Economic Assistance (COMECON) totaled some 52.2 billion rubles last year, accounting for half of its foreign trade and giving the Soviet Union a favourable balance of approximately 5 billion. An important reason for the gain was price hikes on Soviet fuels to the COMECON partners.

Statistics show that the Soviet Union's superior position was all the more evident in trading with Mongolia, Cuba and Viet Nam.

The volume of trade with the developing countries totaled 16.4 billion rubles last year, with a favourable balance of 900 million on the part of the Soviet Union.

CSO: 4020/115

FOREIGN TRADE

QIAN MIN ON EXPORT OF ELECTRONIC PRODUCTS

OW311411 Beijing XINHUA in English 0724 GMT 30 Mar 82

[Text] Beijing, March 30 (XINHUA)--China exported more than 100 million U.S. dollars worth of electronic products and accessories in 1981, five times the 1980 figure, according to Qian Min, minister of the fourth Machine-Building Ministry.

He revealed this in an address to a national electronics industry conference now in session here.

"China has great potential for export of electronic products," he said. "The country has 2,800 electronics factories and nearly 100 research and design institutes. Engineers and technicians number 110,000.

"China's electronic products--components, devices, measuring instruments, specialized equipment, communications equipment, radar, radios, TV sets and materials for specialized uses--now go to 50 countries and regions," the minister said.

"At the same time, China has imported technology and equipment for production of color TV sets, electronic computers and integrated circuits," Minister Qian Min said, "and great importance is attached to such imports."

"China will import technology for the production of key components, devices and parts for making electronic consumer goods, and more technology for making electronic equipment needed by the energy industry, communications, light industry, and scientific research and education," the minister said.

Over the past two years, several hundred agreements and contracts on compensation trade and on processing business with supplied materials have been signed by about 100 Chinese electronics factories with foreign and Hong Kong and Macao firms. Talks on co-production are going on between Chinese factories and overseas firms.

CSO: 4020/115

BRIEFS

JIANGXI EXPORT INCREASE--Nanchang, 24 Feb (XINHUA)--Jiangxi Province doubled its export last year to more than 190 million U.S. dollars, compared with 1980, according to the Jiangxi Provincial Foreign Trade Bureau. The province expects to increase that figure to 210 million dollars in 1982. Last year it added textiles, machinery, chemicals and pharmaceuticals to its traditional export of farm produce, native products, consumer goods, arts and crafts, equipment and mineral products. According to the bureau, the province has set up over 50 export commodity production centers. Quality and packaging of export goods have been improved. Famous porcelain center Jingdezhen's blue-and-white rice-pattern porcelain has become an especially good seller after it resumed its traditional features. Jiangxi's products are sold in 83 countries and regions, the bureau said. [Text] [OW260139 Beijing XINHUA in English 0703 GMT 24 Feb 82 OW]

SHANDONG SHIJIU HARBOR CONSTRUCTION--Jinan, 17 Feb (XINHUA)--Construction of the deep-water coal wharf of Shijiu harbour along the Shandong coast started today. Shijiu harbour is one of the projects being built with Japanese government loans. The other projects include a railway linking the harbour with the Yanzhou coal mines, expansion of the Qinhuangdao harbour, and reconstruction of the southernmost section of the Beijing-Guangzhou railway. A 100,000-ton class berth and a 25,000-ton class berth will be built in the first stage of the harbour project. When completed in 1985, they will be capable of handling 15 million tons of export coal annually. The first part of the project will involve removal of 3.8 million cubic meters of silt, filling of 1.1 million cubic meters of earth and 1 million cubic meters of stone, and building of 29 kilometers of railway line. Preparations for the construction started in June 1980. By the end of 1981, 12 kilometers of road, 11 kilometers of water pipeline, 17 kilometers of power transmission line and a substation had been finished. Designed and being built by Chinese engineers and workers, the new harbour will boost China's shipping and coal export. [Text] [OW260139 Beijing XINHUA in English 1224 GMT 17 Feb 82 OW]

GUANGDONG EXPORTS INCREASE--The value of daily-use consumer goods and handicraft articles exported by Guangdong Province in 1981 was 1.5 billion yuan. This year, production departments will continue to increase production and exports. It is planned that the total value of exported products in 1982 will increase by 9 percent. This was announced at a press conference held by Liang Huimin, deputy director of the provincial No 2 light industry department which is in charge of the production of daily-use consumer goods and handicraft articles. On 11 March, Guangzhou will hold a trade fair where samples can be seen and orders can be placed. Liang Huimin said that last year, the provincial No 2 light industry system imported raw materials worth $15 million from abroad, Hong Kong and Macao. These raw materials have improved the quality of the provincial light industrial products and increased the variety of products. [Beijing Zhongguo Xinwen She in Chinese 10 Mar 82 HK]

SHAANXI-IRAO TECHNOLOGY COOPERATION--In accordance with the provisions of the 1982 supplementary contract on technical service between the textile general organization of the Ministry of Industry and Minerals of the Republic of Iraq and the National Complete Plant Export Corporation of China, our side will organize a Chinese technical service group of 164 engineers and technical workers, who will go to Mosul Textile General Corporation in Iraq in two groups respectively in April and May to provide them with labor and technical service. This group comprises 120 women textile workers. The Textile Industry Company and relevant units of our province are actively making good preparations in accordance with the contract. [Text] [Xian Shaanxi Provincial Service in Mandarin 1130 GMT 15 Mar 82 HK]

CSO: 4006/402

BRIEFS

GUANGDONG SUBSIDIES--The provincial government has allocated a total of 6.7 billion yuan in subsidies in the past 3 years to stabilize the markets and improve living standards. Some 25.5 percent of this has been spent on raising agricultural and sideline product procurement prices and easing the total tax burden, 46.4 percent on arranging jobs for 1.2 million persons and on raising wages and paying bonuses and post subsidies, and 26.9 percent on price subsidies for grain, oil, meat, poultry, fish, eggs, vegetables, domestic coal and soap, and subsidies for diesel fuel for agricultural use and farm machines, and so on. [HK230604 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 20 Mar 82 HK]

CSO: 4006/401

BRIEFS

HEILONGJIANG FERRY SERVICE--The Harbin Ferry Company recently broke the frozen surface of Songhuajiang River to start operations 1 month ahead of schedule. This company began the ferry service on 3 April. [SK042230 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 2 Apr 82 SK]

GUANGDONG WENJINDU PORT--The passenger transport facilities of Wenjindu Port which links Guangdong Province with Hong Kong have been completed and will soon be put into operation. The facilities at Wenjindu Port were constructed with the approval of the State Council. The total investment in these facilities was some 2.6 million yuan. [HK111456 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 10 Mar 82 HK]

AIR ROUTE OPENS--Harbin, 4 Apr (XINHUA)--A new air route between Harbin in northeast China and Guangzhou in south China opened today. The flight covers 2,900 kilometers in five hours with a 70-minute stopover in Beijing. It takes more than 50 hours by train. The air service between the two cities will facilitate tourism and economic and cultural exchanges between southern and northern China. [Text] [OW041237 Beijing XINHUA in English 1200 GMT 4 Apr 82]

CSO: 4020/115

BRIEFS

SHANGHAI RURAL ECONOMY--Shanghai, April 7 (XINHUA)--A recent random sample poll of 1,200 scientists, technicians, peasants, shop assistants and college students indicates satisfaction with the rural economy, according to Feng Zhijun, secretary-general of the Shanghai Society of Science. He was addressing a meeting of the municipal people's political consultative conference of which he is a deputy. The poll also asked for appraisals of 1981 city administration, and the city's most pressing problems. Some 66.1 percent of those polled said the city government's work had improved. In a June poll, 84 percent voiced anxiety over the housing problem, but the figure dropped to 70.2 per cent in the recent one. Vegetable supply, which was sixth among 1981's most pressing problems, dropped to ninth this year. The poll also indicated support for the current campaign to streamline the administration and fight corruption. [Text] [OW080540 Beijing XINHUA in English 0710 GMT 7 Apr 82]

CSO: 4020/116

SHANGHAI MAYOR ON COOPERATION WITH HONG KONG

HK021226 Hong Kong TA KUNG PAO 1 Apr 82 p 2

[Report from special correspondents Chen Pin [7155 1755] and Li Wei-ching [2621 4850 1987]: "Wang Daohan Talks on Shanghai-Hong Kong Cooperation"]

[Text] Today, during an interview granted to our reporters, the Shanghai Mayor Wang Daohan said, Shanghai and Hong Kong have long since maintained very close communications; we wish to make more constructive efforts to strengthen the ties and cooperation between Shanghai and Hong Kong, especially in the field of economics and trade, on the basis of equality and mutual benefit. Mayor Wang also showed that Hong Kong and Macao compatriots are welcome to make investments and establish plants in Shanghai, and have technological interchange with the city, so as to make contributions to the home country in pushing ahead with all sorts of construction in Shanghai.

Wang Daohan said, Shanghai, as an open city, maintains extensive international ties with the outside world. According to statistics, Shanghai entertained last year a total of 369,000 people, including delegates, guests, tourists, businessmen, overseas Chinese, and foreigners of Chinese descent from 154 countries all over the world, and compatriots from Hong Kong, Macao and Taiwan. In view of the present conditions in Shanghai, hotel accommodations and transportation facilities are lagging behind demand. There is little space in the center of Shanghai which can be used for future development. Therefore the authorities are planning to develop two suburban districts into bases for tourism, foreign trade and importing foreign investment.

According to Wang Daohan, some foreign businessmen and Hong Kong and Macao compatriots have made contact with departments concerned in Shanghai in the last few years. Quite a few people have shown their interest in investment and joint ventures. Shanghai possesses a solid material basis, strong technological force, and a convenient transportation and telecommunications network. If the construction plan of the above two districts can be materialized and the investment conditions can be improved, that will undoubtedly be very good news for external investors.

After that, Wang Daohan declared that under the guidance of the principles and policy laid down by the CCP Central Committee, Shanghai will continue to unswervingly carry out the guideline of opening the door to the outside

world, actively importing foreign capital and promoting external economic activities. But, first of all, all preparatory work should be completed before carrying out any projects. In the short term, in order to make conditions available, Shanghai should pay good attention to four things: 1) select and put some industrial branches of Shanghai which are competent for exports on the list of projects which can be offered to Hong Kong and foreign business circles for cooperation; 2) work out some relevant rules and regulations in the light of the actual situation in Shanghai, so that all investors from abroad can "abide by them"; 3) do a good job in urban planning, taking into consideration those things such as housing, water supply, electricity, communications, and so on, and try to improve the investment environment; 4) foster technical personnel, learn advanced technical knowhow and administrative methods from foreign countries.

Shanghai occupies a decisive position in China in terms of economic development and science and technological force. In the last 32 years, Shanghai has created for the country a total profit which amounts to several hundred billion yuan. Now, the municipal government is deliberating on and working out the Shanghai 5-year plan for economic and social construction. We can confidently expect that Shanghai and its people, with the progress they are making in readjustment, will make greater contributions to the construction of China's four modernizations.

The fourth plenary session of the seventh Shanghai Municipal People's Congress is taking place at the moment. It was in a short interval between meetings that Mayor Wang granted us a cordial interview to talk on the question of foreign trade and economic affairs.

CSO: 4006/400

'TA KUNG PAO'ON ORGANIZATION OF GUANGZHOU FAIR

HK080204 Hong Kong TA KUNG PAO weekly supplement in English No 821, 8-14 Apr 82 p 1

[Article by Guangzhou correspondent]

[Text] A spokesman of the Chinese Ministry of Foreign Economic Relations and Trade has said that the reformed Guangzhou fair of export commodities will open on April 15 as planned.

To date, 50 sessions of the twice-a-year Guangzhou fairs have been held. The spokesman said the coming spring fair will be on a scale smaller than its predecessors, but will cover machine and equipment, hardware, mineral products, chemical products, metallurgy, scientific instruments, apparatuses, and super arts and crafts. Commodities under the categories of textiles, light industrial products, foodstuff, grain and edible oil, native and animal products will be dealt with at the autumn fair, he said.

The length of the fair will be 20 days instead of a month as in the past.

Stressing unified organizational work vis-a-vis visiting overseas businessmen, the spokesman reiterated that both separate and outside-fair deals would be firmly opposed. All arrangements for buyers and market needs will come under an overall plan and there will be no cut-throat pricing practices.

Wang Pingqing, representative of the minister of foreign economic relations and trade will come to Guangzhou to help in the fair's organizational work, the spokesman said.

The fair will be composed of eight trade groups:

Hardware and minerals: Director, Zhang Yubin; deputy directors, Xiang Zizhi, Ye Lei; general secretary, Han Ruifu.

Chemicals: Director, Chen Mu; deputy directors, Cui Yugui, Yu Hongde; general secretary, Du Feng.

Machinery: Director, Yue Jixian; deputy directors, Zhu Mingjiu, Zhang Baoqin (concurrently general secretary).

Instruments: Director, Cui Yubin; deputy director , Guo Wengui; general secretary, Chen Guanghui.

Machinery and equipment: Director, Meng Qinghou; deputy directors, Gong Shujin, Zhang Xuesheng (concurrently general secretary).

Xin Shi Dai (new era) Corporation: Director, Tian Rufu; deputy directors, Yang Tingfan (concurrently general secretary), Li Guofu, Li Fuxing, Zhang Qiming, Wu Runting.

Metallurgy: Director, Bai Bujia; deputy directors, Qian Shudong, Si Dehuai; general secretary, Zhao Xizhong.

Scientific equipment: Director, Guo Yunxuan; deputy directors, Chen Fuchang, Zhang Hua, Wang Xi (concurrently general secretary).

Super arts and crafts: Director, Mao Ling; deputy directors, Liu Paijin (concurrently general secretary), Chen Paiyu, Song Kuofan and Xu Changan.

CSO: 4020/114

BRIEFS

ECONOMIC ZONES INSPECTED--State Council Vice Premier Gu Mu said when recently inspecting the Shenzhen and Zhuhai special economic zones: Building the special economic zones is a major policy decision of the central authorities. There will be no change in the policy of opening up the special zones to dealings with the outside world. The special economic zones must be run well. Vice Premier Gu Mu said: Shenzhen and Zhuhai special zones have taken on a new appearance in the short space of only 2 years or so and scored outstanding achievements. This is a fact evident to all. It demonstrates the force of the policy of opening up to the outside world and fully shows that the central policy on trial-operation of special economic zones is correct. Such great achievements could not have been scored without the policy of opening up to the outside world. Vice Premier Gu Mu said: Of course, while looking at the achievements of the past 2 years or so, it is also necessary to seriously sum up experiences and squarely face the problems that have arisen in the development of the special zones. [Text] [HK040222 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 3 Apr 82]

CSO: 4006/400

END

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'JINGJI GUANLI' ON OVERALL REFORM OF ENTERPRISES

HK160735 Beijing JINGJI GUANLI in Chinese No 3, 15 Mar 82 pp 3-5

[Report by JINGJI GUANLI reporter: Interview with State Economic Commission Minister Yuan Baohua [5913 1405 5478]: "Existing Enterprises Must Be Reorganized and Managed in an Overall Manner"]

[Text] Recently a JINGJI GUANLI reporter interviewed the State Economic Commission Minister Yuan Baohua on the question of carrying out all-round reorganization of industrial enterprises. Comrade Baohua first briefed the reporter on the situation where at present the industrial and communications front throughout the country has studied and implemented the "Decision of the CCP Central Committee and the State Council on Carrying out the All-Round Reorganization of State Enterprises." He said: The decision of the CCP Central Committee evoked enthusiastic response from the broad masses of staff members and workers. Everybody agreed that the CCP Central Committee's decision to spend 2 or 3 years to carry out the all-round reorganization of enterprises was a necessity for the development of China's economic situation and an extremely important task. Grasping well the all-round reorganization of enterprises in a down-to-earth manner will play an important role in consolidating and developing the achievements gained in the last 2 years of economic readjustment and restructuring, in effecting a fundamental turn for the better in the situation of the national economy and in advancing the four modernizations program.

Then Comrade Yuan Baohua answered the following questions raised by the reporter.

I. What Achievements Have Been Made in the Reorganization of Enterprises Over the Last new Years?

After the smashing of the gang of four, the industrial and communications front, combined with exposing and repudicating the Lin Biao and Jiang Qing counterrevolutionary cliques, carried out the campaign of learning in industry from Daqing and carried out reorganization of enterprises for recovery. The stress was placed on solving the problems of purifying the leading bodies of enterprises, establishing necessary rules and regulations and restoring normal order in production. By the end of 1979, most of the enterprises at the county level or above throughout the nation had been reorganized to varying degrees.

Ninety percent of large and medium-scale enterprises reached the reorganization standards formulated in the "30 industrial regulations." Advanced enterprises emerged in large numbers all over the country and more than 12,000 enterprises were named Daqing-style enterprises. Normal production was resumed in China's industrial and communications enterprises.

After the 3d plenary session of the 11th CCP Central Committee, the industrial and communications front implemented the policy of readjustment, restructuring, reorganization and upgrading and a series of policies of the CCP Central Committee, gradually got rid of the prolonged influence of "leftist" guiding ideology, upheld the principle of seeking truth from facts, integrated economic measures with administrative measures, advanced further the work of reorganization of enterprises and thus new changes took place in the operation and management. All this is manifested mainly in:

1. Through reorganization the leading bodies of enterprises have moved a step further on the road to "becoming more revolutionized, younger, more educated and professionally more competent" and the proportions of middle-aged and young cadres and of technically professional cadres have become larger. The leadership system of enterprises has been perfected step-by-step in the light of the principle of "collective leadership by the party committee, democratic management by the staff and workers and the factory director taking command in administration and production." The system under which the factory director assumes full responsibility for production under the leadership of the party committee and the system of staff and workers congresses has been introduced on a relatively wide scale. In the enterprises which have been run quite successfully, the prestige of the party has increased, the authority of administrative command has become effective and the [word illegible] life of staff and workers has become livelier than that in the past.

2. The basic work of enterprises has been universally intensified. A section of enterprises carried out overall quality control, business accounting and the training of all staff and workers and thus achieved initial successes. The management of our industrial enterprises has begun to change from the previous pure production management to all-round operational management. This is, the management of the whole process of production and operation ranging from market surveys and forecasts, the study, designing and manufacture of products to the work of marketing and servicing.

3. Over the past 2 years, the experiement of expanding the decision-making power of enterprises has been carried out and last year the industrial production economic responsibility system was trial implemented. Tentative investigation was done on the questions of how to realize the correct integration of the interests of thestate, the enterprises and the individual staff and workers, of how to carry out the management system of combining responsibility, authority and benefit under state planning and of how to introduce the economic responsibility system in the inner departments of enterprises. Some achievements have been socred in this.

4. In the course of economic readjustment, industrial reorganization and integration has been promoted in accordance with the requirement and integration has been promoted in accordance with the requirement for a rationalized structure of enterprises. A number of enterprises have already been

and various forms of business companies have been set up, thus improving the level of specialization and coordination in production. All this has proved, as the CCP Central Committee pointed out, that China's industrial enterprises already have a good beginning in embarking on the new path of developing the national economy. However, the development of the reorganization of enterprises is uneven and only a minority have really been reorganized in a satisfactory way.

II. Why Are the Enterprises Being Reorganized in an Overall Manner? Why Is the Overall Reorganization a Constructive Reorganization?

Overall reorganization means managing the various work of enterprises in an overall manner withthe improvement of the economic effect as the center. This in cludes the reorganization of the leading bodies, the ranks of staff and workers, the management system, the work units, labor discipline, financial and economic discipline and the party work style and the strengthening of political and ideological work. The technical transformation and the production and construction of an enterprises should go hand in hand with its overall reorganization. The overall reorganization of enterprises includes a wide range of things, from material civilization to spiritual civilization involving the various links of production, supply, marketing, manpower and material and financial resources. The various tasks of an enterprise are interrelated and influence and complement each other. The reorganization of enterprises should be carried out in a planned and orderly way, in accordance with the principle of importance and priority by taking the overall situation into account and stressing the central link. The method of treating the head when the head aches and treating the foot when the foot aches is not able to attain the aim of reorganization. In the past, some enterprises carried out reorganization several times and improvements were thus made for a period of time but were difficult to consolidate. The fundamental reason for this state of affairs was that we failed to stress the crucial point and lacked overall management. We summed up the past experiences and formulated the task of carrying out overall reorganization. The leaders of enterprises are thus required to conduct a thorough investigation and make a detailed analysis of the actual condition of enterprises, to expose problems and seek the cause and then to solve them one by one.

Why do we say that overall reorganization is a constructive reorganization? This term is mainly used relative to the previous recovery reorganizations. Constructive reorganization requires a qualitative change and new advances and improvement rather than mere recovery and consolidation of the past good tings. Of course, the carrying out of constructive reorganization includes the recovery and consolidation of the past good things. Just as there were new advances in some respects in the course of recovery reorganizations, these two reorganizations crisscross and are interrelated, and no hard and fast line can be drawn between the two. Generally speaking, the constructive reorganization is carried out on the basis of the completion or the basic completion of the tasks of recovery reorganization.

With a higher point of departure, the goal and requirements of constructive reorganization are also raised. This reorganization is aimed at enabling the various work of enterprises to really get onto the new path of developing the national economy. This is to say, there must be a new breakthrough and improvement in accordance with the requirements of taking a new road in guiding ideology, and in systems and methods of enterprise operation and management. Whether better economic effect is really achieved or not should be taken as the indication. The CCP Central Committee made a decision that we should carry out the "3-item construction" and fulfill the "6-good requirements," that is, through overall reorganization, we must gradually establish both a democratic and centralized leadership system, a contigent of staff and workers who are both red and expert and a set of scientific and civilized management systems. Through the "3-item construction" we must enable the enterprises to correctly handle the economic relationships of the state, the enterprises and the individual staff and workers, to splendidly fulfill the state plans and to become "6-good enterprises" which are good at giving consideration simultaneously to the 3 items of construction, in terms of product quality, economic effect, labor discipline, civilized production and political work. This is the basic requirement and goal of struggle in carrying out construction in the course of overall reorganization. If our enterprises can reach this level, a completely new appearance will emerge in the economic situation of our country.

The overall reorganization is carried out in the new situation where the "8-character policy" has been implemented in a thorough-going way and certain advances have been achieved in the readjustment and restructuring. We are required to consolidate and develop the achievements scored in the readjustment and restructuring and find solutions to the new problems which have cropped up in the new situation. For example, the economic responsibility system which is being universally carried out on a trial basis among state enterprises is a new operational and management system. Being established only a short time ago, there are some problems in this system which need to be perfected in the course of reorganization. As a further example, some enterprises have been initially organized and have established various forms of companies in accordance with the requirements of a rationalized structure of enterprises and the principle of specialization and coordination in production. There also exist some problems in the operational and management as well as the leadership system of companies which need to be solved in the course of all-round reorganization so as to ensure their healthy development. A further example is in the policy which gives priority to the planned economy with regulation by market mechanism as a complement. Over the past years, many enterprises have accumulated quite a few experiences in giving play to the role of regulation by market mechanism but there are also some problems in this respect which need to be solved in the course of reorganization. In short, the overall reorganization of enterprises must on the one hand, consolidate the achievements made in the last 2 years of readjustment and restructuring and on the other hand create conditions for further readjustment and restructuring. The overall reorganization is constructive in nature and is aimed at further advance.

III. How Should the Overall Reorganization of Enterprises Be Carried Out? To What Problems Should Attention Be Paid?

The CCP Central Committee has clearly defined the principles and tasks for overall reorganization. At present, our task is to conscientiously carry out and concretely implement them. First of all, it is necessary to profoundly understand the great significance of the overall reorganization of enterprises, raise our understanding and strengthen our confidence in forging ahead. It is imperative to pay attention to solving all kinds of incorrect ideas existing among a section of cadres, to thoroughly propagandize and mobilize the broad masses of cadres and workers and to consciously do a good job of the tasks of reorganization. Second, it is necessary to formulate programs for overall reorganization and draw up measures for realizing the programs in the light of the actual condition of enterprises, to choose the thrust and then proceed in an orderly and step-by-step way and to adhere to successfully carrying out the all-round reorganization through to the end. Third, the responsible comrades of the economic leading organizations at various levels must lead groups of cadres to stay at selected lower levels in order to conduct investigations, to help enterprises seek solutions to problems and gain firsthand experience for guiding overall work. Fourther, the reorganization of enterprises involves many matters of policy for which the CCP Central Committee has clearly formulated the principles. We must sum up experience in good time in practice, and objectivize them so as to ensure the healthy development of the enterprise reorganization tasks.

The overall reorganization of enterprises is an arduous and painstaking task. Since the situation varies from enterprise to enterprise, it is necessary to uphold the principle of seeking truth from facts and not to find a single solution for diverse problems; pay attention to practical results and not indulge in formalism. It is necessary to pay attention to the coordination and congruities of the various tasks and not to concentrate on one thing only. It is necessary to integrate the reorganization of enterprises with actual production, to carry out reorganization while developing production and to develop production along with reorganization. It is also necessary to link the reorganization of enterprises with readjustment and restructuring, to readjust the product mix and the organization structure of enterprises in the course of reorganization and to restructure the operational and management system so as to enable it to suit the readjustment and restructuring of the macroeconomy. It is necessary to combine the reorganization of enterprises with the activities of emulating, learning from, catching up with and helping each other. While drawing up programs for overall reorganization, every enterprise must have clear objects to learn from and to catch up with, find out where it falls short compared with advanced units and particularly see where it lags behind in terms of economic effect and mobilize the masses to make concerted efforts to try to catch up with and surpass advanced units. Advanced units must also do this. They must not only compare themselves with the domestic advanced levels but also try hard to catch up with and surpass the international advanced standards. The reorganization of enterprises should be combined with the study and application of modern management and the popularization of carrying out the technical transformation of enterprises with the utilization of advanced techniques so as to [illegible] build

our enterprises into modernized socialist enterprises with Chinese characteristics. In brief, so long as we do a solid and good job of the overall reorganization of enterprises, manage the various tasks of enterprises in a conscientious and overall manner, the economic effect of our national economy will be substantially improved and the pace of socialist modernization will be significantly accelerated.

CSO: 4006/405

'JINGJI GUANLI' ON ENTERPRISE REORGANIZATION

HK160945 Beijing JINGJI GUANLI in Chinese No 3, 15 Mar 82 pp 6-9

[Article by Jiang Yiwei [5592 0001 5517]: "Overall Reorganization of the Enterprises Is a Constructive Reorganization"--passages within slantlines denote boldface]

[Text] Editor's note: Comrade Jiang Yiwei's speech on the overall reorganization of enterprises consists of a total of five parts: 1. Why should the enterprises be reorganized in an overall manner? 2. Pay close attention to the present five tasks with the improvement of the economic effect as the focal point. 3. Establish centralized leadership system which is both democratic and centralized. 4. Establish a contingent of staff and workers who are both red and expert. 5. Establish a set of scientific and civilized management systems. This magazine will publish the speech in installments and in stages with a part in each issue, for the readers' reference. Excerpts of the first part of the speech which is carried in full now in this issue were publish in RENMIN RIBAO. Here we publish the full text.

I. Why Should the Enterprises Be Reorganized in an Overall Manner?

The CCP Central Committee has made a decision that we should spend 2 or 3 years, beginning from this year, in carrying out overall reorganization of the state-owned industrial enterprises.

It is known to all that the reorganization of enterprises is not a question which has just been raised recently. After the smashing of the Jiang Qing counterrevolutionary clique, the work of reorganization of enterprises began. The policy of readjustment, restructuring, reorganization and upgrading formulated by the 3d plenary session of the 11th CCP Central Committee listed reorganization as an important task. The various departments and regions have done a lot of work in the reorganization of enterprises and have achieved remarkable successes. Why then, should the enterprises be further reorganized now and furthermore, why should 2 or 3 years be spent in carrying out the "overall reorganization" of enterprises?

In my opinion, to answer this question, it is still necessary to start with the "8-character policy".

To deal with the crucial problems existing in the development of China's national economy, the 3d plenary session of the 11th CCP Central Committee formulated the policy of readjustment, restructuring, reorganization and upgrading. This is a complete policy which ensures the steady and healthy development of our economy. Readjustment, restructuring, reorganization and upgrading are closely related and mutually interact with each other rather than are isolated from each other. The task of readjustment is mainly to put an end to China's irrational economic structure and to overcome the phenomena of serious disproportion in the national economy. This is a central link in the 8-character policy. The main task of restructuring is to restructure our irrational economic management system and to open a way for further emancipating the productive forces. However, regardless of whether it is readjustment or restructuring which is best, it should eventually be implemented in the basic units of the economy. Therefore, while carrying out readjustment and restructuring, it is necessary to correspondingly reorganize the basic economic units and lay a solid foundation for the healthy development of the whole national economy. Only when we carry out these various tasks in an integrated way, can we eventually attain the aim of raising the level of our economy and improve the economic effect.

In a broader sense, reorganization is, of course, not confined only to the reorganization of basic economic units but includes the reorganization of leading economic organizations. This question has now been put on the agenda. However, the stress of reorganization still undoubtedly lies in the reorganization of basic economic units, and industrial enterprises in particular.

The great significance of the reorganization and construction of industrial enterprises to the development of the whole national economy is quite evident. Politically, industrial enterprises are where the working class assembles; economically, 90 percent of the state's financial revenue comes from the taxes and profits handed over to the state by industrial enterprises; technically, the improvement of the technical level of industrial enterprises constitutes the leading factor in accomplishing the four modernizations. For this reason, the quality and mental attitude of the contingent of the staff and workers of enterprises, the level of production techniques and managerial skills of enterprises and the economic effect of the production operations of enterprises and the economic effect of the production operations of enterprises all play a key role in our socialist modernization program.

The influence of leftist guiding ideology and some faults and errors committed in our work, particularly the perverse acts of the Lin Biao and Jiang Qing counterrevolutionary cliques duirng the 10-year disorder hindered the development of our socialist construction and as a result, the superiority of socialism was not brought into effective play and the vast numbers of industrial enterprises, suffered the lifelines of the national economy, suffered serious damage. After the smashing of the gang of four, especially since the 3d plenary session of the 11th CCP Central Committee, reorganization has been carried out many times; ideologically, order has been brought out of chaos;

ferreted out; and in terms of enterprise management, normal production order has been restored. Furthermore, the implementation of the 8-character policy has aroused the enthusiasm of the enterprises and the broad masses of staff and workers. There is a world of difference between the appearance of today's enterprises and that of the enterprises during the 10-year disorder. If the task of reorganization is only to put an end to the extremely abnormal phenomena during the 10-year disorder, it can be said that the task of reorganization has long been completed. However, as an important component part of the party's 8-character policy, reorganization is a high priority requirement. Now the CCP Central Committee and the State Council have formulated that we should spend 2 or 3 years in carrying out the "overall reorganization" of the enterprises. By the addition of the two characters "overall," we mean distinguishing this reorganization from the past reorganizations. This reorganization is carried out in the new situation where the readjustment of the national economy is constantly developing in depth, the restructuring of the economic management system is continuing to advance and the steady development of the national economy has been ensured. It is an important strategic plan for implementing the 8-character policy in an overall manner.

"Overall reorganization" and the former reorganizations are both related and different. Overall reorganization is based on the former reorganizations. It is a reorganization with higher requirements. The difference between overall reorganization and the former reorganizations lies, as I see it, in at least the following aspects:

/First, overall reorganization is a reorganization of overall importance./

The work of enterprises is quite complicated, ranging from the question of the production relationships to that of the organization and development of the productive forces and from the question of production techniques to that of operation and management. In raising the level of production techniques and managerial skills and in improving the economic effect of the production operations of enterprises, at all times there are large numbers of concrete problems calling for solution. Over the last few years, we have done a lot of work in reorganization. Many departments and regions have drawn up numerous requirements and standards for the reorganization of enterprises and the results of reorganization have been checked and accepted item by item. There may possibly exist tendencies of formalism in some aspects of this method, but generally speaking, the results of this method are satisfactory. It has resulted in great successes. Now that so much concrete reorganization has been done, can it be regarded as an overall reorganization? It is still far from so. This is because, judged from its contents, the main stress in the past was on the reorganization of the internal production management of enterprises. By a reorganization of overall importance, we mean formulating longer-term goals and drawing up plans for the reorganization of enterprises from the angle of a higher plane. First, it is necessary to further reorganize the enterprises in the light of the overall implementation of the 8-character policy, that is to say, in the light of the requirements for the further readjustment of the national economy and the orientation of development of structural reform. Second, it is necessary to proceed from the socialist system and China's national condition in considering how to build the enterprises into modernized socialist enterprises with highly developed material and spiritual civilizations in a planned and orderly way.

Of course, giving consideration to the reorganization of enterprises on a higher plane does not mean requiring the enterprises to reach a high level right away. However, whether we have such an overall point of view or not makes a world of difference. In carrying out the overall reorganization, it is similarly necessary to do a lot of painstaking and concrete work of reorganization. In addition, it is necessary to carry it out in an orderly manner in the light of the principle of importance and priority. We should not carry it out in a way of treating the head when the head aches and treating the foot when the foot aches but rather in a way of having the general goal in mind but starting with concrete tasks and ordering every concrete item of reorganization from the overall point of view.

/Second, overall reorganization is a comprehensive reorganization./

At present the problems existing in the enterprises are numerous. Through the reorganization over the past few years, the enterprises whose various tasks have been fulfilled quite successfully still constitute a minority and the enterprises whose problems are relatively serious also constitute a minority. But most of the enterprises still have problems of one kind or another. Either the leadership system is imperfect and the leading bodies are weak and lax or the quality of the contingent of staff and workers is poor, the political and ideological work is weak and work discipline is lax; or the management system is imperfect and the effect of production operations is poor. In a small number of enterprises there still exist serious phenomena, such as confused leading bodies, unhealthy tendencies, serious violations of financial and economic discipline and even corruption, theft and bribery, phenomena which infringe laws and violate discipline. It goes without saying that these problems should be solved in the course of overall reorganization.

Since the 3d plenary session of the 11th CCP Central Committee, the implementation of the 8-character policy has posed many new tasks and requirements for the enterprises. Many enterprises are asked to readjust their production orientation and change the product mix; some enterprises whose planned tasks are insufficient are required to develop new product varieties so as to adapt themselves to market demands; quite a few enterprises have been carrying out the experiment of expanding the decision-making power of enterprises and many more enterprises are introducing the economic responsibility system. All enterprises are obliged to implement the provisional regulations on staff and worker congresses and some enterprises are still designated to carry out the experiment of restructuring the leadership system. In terms of the improvement of enterprise management, quite a few enterprises have enthusiastically carried out overall quality control, business accounting and planning and started training of all staff and workers. Enterprise party committees have further strengthened party leadership over the enterprises ideologically and politically, improved the ideological and political education of enterprises and carried out the "5 stresses and 4 beautifuls" activities...and so on and so forth. All these numerous tasks are very important and also have important contents which must be further perfected in the course of overall reorganization.

In the past, the above-mentioned numerous important tasks were separated and passed down to lower levels item by item. When they reached the enterprises, they had become a multitude of things, some even contradicting others. Overall reorganization is aimed at making overall plans for and proceeding to manage the various problems existing in the enterprises and various tasks. These should be implemented in an overall manner with an overall point of view and in accordance with their interrelationships.

/Third, overall reorganization is constructive reorganization./

Overall reorganization is constructive reorganization and is essentially different from the past recovery reorganizations.

In a general sense, the two characters meaning reorganization invariably mean correcting certain abnormal phenomena and helping them return to normal. This is really so in the case of the reorganization of enterprises which was carried out after the smashing of the gang of four. Since the 3d plenary session of the 11th CCP Central Committee, the further reorganization of enterprises has had new contents and is no longer completely of a recovery nature. At present, it is possible that in a small number of enterprises, the recovery reorganization has not been completed well. But, as far as most enterprises are concerned, they must proceed from the reorganization which gives priority to recovery to the reorganization which gives priority to construction.

For example, in the course of the recovery reorganization, in reorganizing the leading bodies, first it was necessary to ferret out scoundrels who sneaked into the leading bodies and then to enhance the quality of leading bodies, by fulfilling the four modernizations requirements of making them more revolutionized, younger, professionally more competent and more educated. As constructive overall reorganization, it is far from enough just to fulfill these requirements. It is imperative to give consideration to the question as how to establish a leadership system which can fully embody the nature of socialist enterprises.

Seen from the reorganization of the contingent of staff and workers, first, order was brought out of chaos ideologically and politically; various kinds of ideological bad influence spread by the gang of four were eliminated; factionalism was liquidated on the basis of achieving unified understanding and the situation of stability and unity was thus consolidated. On this basis, work units and work discipline were reorganized. The training of all staff and workers was started in order to raise their educational and technological levels. As a constructive overall reorganization, it is far from enough to do a good job only of these tasks. Consideration should be given to the question of how to improve the quality of staff and workers in every aspect, politically, culturally, technologically and professionally and how to build a contingent of staff and workers who are highly conscious, technically proficient, strict in discipline, honest and upright and both red and expert so as to enable it to become the backbone in consolidating the proletarian dictatorship and in building socialism.

In terms of the reorganization of enterprise management, in the course of recovery reorganization, first, efforts were made to reestablish necessary rules

and regulation and restore normal production order. Then on the basis of summarized positive experiences, attention was paid to absorbing advanced foreign managerial experiences. Along with the development of the readjustment and restructuring, efforts were again made to change the enterprise management from production management which concentrates solely on the inner sectors of enterprises to the management which attaches importance to the operation and management which make great efforts to improve the economic effect. Thus overall reorganization requires us, on the basis of these already gained successes, to systematize the enterprise management and build a set of scientific and civilized management systems which tallies with the properties of socialist enterprises and the objective economic laws and has Chinese characteristic.

The overall reorganization of enterprises is a multipurpose and constructive reorganization of overall importance. In other words, it is a reorganization which is carried out under the guidance of a long-term strategic goal. The long-term goal is to build the enterprises into modernized socialist enterprises with highly developed material and spiritual civilizations and with Chinese characteristics. The basic requirements for accomplishing this goal have been summarized by the CCP Central Committee and the State Council into: doing a good job of the 3 items of construction and fulfilling the 6-good requirements. The term "3 items of construction" means, through overall reorganization, gradually establishing a leadership system which is both democratic and centralized, a contingent of staff and workers who are both red and expert and a set of scientific and civilized management systems. The term "6-good requirements" means, through the "3-item construction." Enterprises are required to correctly handle the economic relations of the state, the enterprises and the individual staff and workers, to brilliantly fulfill the state plans and to become "6-good enterprises" which are good in giving consideration simultaneously to the 3 items of construction, in terms of product quality, economic effect, work discipline, civilized production and political work.

As the basic contents of the overall reorganization of enterprises, the "3-items of construction" and the "6-good requirements" are, of course, impossible to accomplish wholly in a short period of time. It is necessary to draw up programs for reorganization in the light of the different and specific conditions of the various enterprises and realize them step-by-step. Overall reorganization must have either a long-term goal or short term requirements. In the light of the problems widely existing in the enterprises at present, the CCP Central Committee and the State Council have called for first priority to be given to the following five tasks:

1. Reorganizing and perfecting the economic responsibility system, improving the operation and management of enterprises and doing a good job in overall planning, quality control and business accounting; 2. Reorganizing and strengthening work discipline and strictly enforcing regulations concerning rewards and disciplinary actions; 3. Reorganizing financial and economic discipline and improving the financial control system; 4. Reorganizing work units, arranging production according to a fixed number of workers and fixed quotas, systematically training all staff and workers and firmly overcoming

overstaffing and laxity; and 5. Reorganizing and building leading bodies and intensifying the ideological and political work among the staff and workers.

Here, stress has been put first on the "3-items of construction" and the "6-good requirements," then on the "5 tasks." This may possibly make some comrades feel that they have too many things to attend to and scarcely know what to do. In fact, so long as we make a detailed analysis of them, we can see that these many contents are actually the contents of the "3-items of construction" if we summarize them. Giving first priority at present to the five tasks means in fact carrying out the tasks of the "3-items of construction" by starting with the five tasks which have to be done most urgently at present. Reorganizing and building leading bodies is precisely the starting point for establishing both a democratic and centralized leadership system. Intensifying the ideological and political work, reorganizing work units, strengthening work discipline and systematically training all staff and workers and so on and so forth are just the important contents of establishing a contingent of staff and workers who are both red and expert. Reorganizing and perfecting the economic responsibility system, improving the operation and management of enterprises, doing a good job in overall planning, quality control and business accounting, reorganizing financial and economic discipline and improving the financial control system are exactly the starting point for establishing a set of scientific and civilized management systems. With regard to the "6-good requirements," they constitute some basic indications of successes in the "3-items of construction." It can thus be seen that the overall reorganization of enterprises is in essence carried out around the "3-items of construction." For this reason, we say that overall reorganization is a constructive reorganization. The end goal of carrying out the "3-items of construction" in a planned and orderly way and in the light of the conspicuous problems widely existing at present is to build the enterprises into socialist modernized enterprises with highly developed material and spiritual civilizations and with Chinese characteristics. When we understand the overall reorganization of enterprises in this way, we will be able to realize the great strategic significance of the overall reorganization of enterprises proposed by the CCP Central Committee and the State Council.

CSO: 4006/405

NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON SPECIALIZED REORGANIZATION

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[Article by Sun Xiaoliang [1327 2400 5328] and Qin Zongyu [4440 1350 2485]: "Some Views on the Specialized Reorganization of the Machine-Building Industry"]

[Text] In 1978, the state officially decided that the machine-building industry should be reorganized in line with the principle of carrying out coordination of specialized production. Now, 4 years have passed since then. This reorganizationhas achieved certain results, but the progress in general was not fast. The state of affairs in the enterprises where production is being carried out in a "big and complete" way or in a "small and complete" way has not been fundamentally changed. The phenomena of irrational duplicate production have not obivously diminished. The specialized production of spare parts has not developed. Quite a lot of enterprises even resumed the production of those spare parts which had once been contracted out to other factories as coordination. Fairly great efforts have been devoted to some technologically specialized production. Some centers for dealing with castings,forging, electroplating and heat treatment have been founded in some of the large and medium-sized cities, thus reducing a number of scattered backward production units, but at the same time adding quite a lot of new production units. For reorganization, many new companies have been founded in all parts of the country. But only a small number of them were really welcomed by the quarters concerned and have achieved noticeable economic results.

What is the reason for the slow progress of the specialized reorganization? What is the way out? It is necessary to thoroughly review these problems and sum up our experience and lessons. There are mainly two points: One is to comply with the objective needs; the other is to comply with the economic laws. If these two points are maintained in our work, specialized production can be consolidated and developed; but if we do not adhere to these two points, specialized reorganization cannot be conducted successfully.

I. Comply With Objective Needs

The objective needs concerning the specialized reorganization include mainly two aspects: 1) There should be a market for selling products; 2) There should be the conditions that advanced equipment and technology are adopted.

Let us talk first about the influence of market demand upon the specialized reorganization. Specialized production can naturally help improve product quality, lower production cost and raise technical level, but another of its important roles is to increase production output. So, only when society is in need of a certain kind of product, can the specialized reorganization relating to this kind of product become necessary, and can this reorganization achieve economic results.

The Harbin printing machinery factory is a small factory with only 400 workers, mainly making Quarto printing machines which were in short supply for many years. In early 1980, this factory had an order for over 1,000 printing machines, but its capacity at that time was only 400. Under these conditions, this factory consulted with seven other factories which did not have enough production assignments and they formed an integrated general factory. It also reached agreements with a further 23 factories to carry out coordination of production on a bilateral basis. Castings were all produced and supplied by other factories, and its own casting workshop was then shut down. Many of the spare parts were also processed in other factories. The spare parts supplied by cooperative factories accounted for 40 percent of the whole. This factory is now shaking off the small and complete mode of production and developing toward specialization. After carrying out cooperation with other factories, it has achieved a result equal to an increase of 750 workers, 6,000 square meters of factory building floor space and 80 machines, and a saving of over 2.5 million yuan of investment. The yearly output of Quarto printing machinges in 1979 was 400, in 1980 1,000, in 1981 as many as 2,000. The Xianjin oil pump factory has helped them produce the "frames for big rollers." The printing machinery factory itself had to take 4.5 man-hours to produce one of these spare parts with general equipment. But the oil pump works used highly efficient specialized equipment to process and it took just 1 man-hour to produce this high-quality spare part. Waste products were also reduced. Thus, the specialized coordination andintegration was consolidated and developed under favorable circumstances.

On the contrary, if specialized coordination is organized for some products which find no market and are short of production assignments, the utilization rate of the capacity that has thus grown will become even lower. Reorganization in the production of bearings and engineering machinery conducted in many areas was the example of this problem. Because few assignments came down, all parties concerned found no necessity to carry out reorganization of these items, and their initiative could not be aroused. Even when the reorganization was carried out, no economic results could be seen from it; this was a delimma.

Then, let us talk about the influence of technical equipment on specialized reorganization. Continuously raising the degree of specialization in production is fundamentally a necessity in technological progress. Since World War II, the machine-building industry in developed countries has been upgraded from the specialized production of products to the specialized production of spare parts and technological specialization, in which the same spare parts needed by different trades and products are concentratedly produced in massive quantities by the specialized factories. The necessity and possibility

of this specialized production can be found in the fact that the emergence of highly efficient processing equipment and automated production lines required production to be conducted in massive quantities. Only in that way can advanced technical equipment be utilized to achieve better economic results. That shows that specialized production is conditioned by the possibility of adopting advanced technical equipment. We must consider this condition when carrying out specialized reorganization.

Shanghai's standardized parts trade combined their reorganization with the adoption of advanced equipment and achieved satisfactory results. Many years ago, there were over 680 small factories in this trade. The same products were often produced in different factories in small quantities. The advanced equipment and technology, such as cold-forging and thread twisting, could not be adopted. Processing could only rely on manual forging individual cutting and other simple technology. Thus productivity was quite low. In 1960, they adjusted the division of their production according to the specifications and models of the products, increased their production quantities, thus creating conditions for adopting advanced technology. Several years later, they readjusted the division of production once more and further increased production quantities, thus creating conditions for adopting more efficient equipment, such as the gold forgers with multiple working positions. Owing to continuous reorganization and transformation, the number of workers in this trade was reduced from more than 10,000 to over 7,000; output of products increased from 2 billion items to 10 billion items; variety of products increased from several scores of kinds with over 2,000 specifications to over 300 kinds with over 30,000 specificiations; utilization rate of materials increased from 40 percent to 85 percent. It is obvious that, when cold forgers were available, it was not necessary to concentrate on production in massive quantitites. But if mass production was not concentrated, it was impossible to adopt advanced technical equipment.

However, the relations between specialized reorganization and technical equipment was sometimes not properly considered when this reorganization was conducted. If the production of spare parts is contracted out to other factories without conditions for adopting advanced equipment and technology, the economic results will not be improved but decline. There was a factory which once contracted 48 kinds of spare parts out, mostly to enterprises run by communes. In the course of this, no concentrated mass production was organized correspondingly. Thus, the production quantities did not change, nor was the production associated with technical transformation. The production was only based on the old equipment and the old technology. The level of equipment and technology was not raised, but the product quality was lowered. Production cost increased by 33 percent.

The above examples show that, only when the products meet the needs of society and are in short supply, coupled with the ability to utilize advanced technology and equipment in production, can we consider the objective conditions are ripe for carrying out specialized reorganization. Reorganization under these conditions complies with the objective needs, and it can smoothly yield satisfactory results just like pushing a boat along with the current. If the reorganization is conducted without the necessary objective conditions, just like helping shoots grow by pulling them upward, good results will never be achieved.

It should also be seen that these two factors act on one another. When production is based on old technology and equipment, the market may be lost due to poor quality and high prices. While new technology and equipment is adopted, products can become good in quality and low in price, thus winning a broad market. That should also be regarded as an objective need. As a result of this reorganization and transformation, the technologically advanced factories and production units will replace the backward ones step-by-step, thus greatly improving economic results in the whole society. That is the goal we want to attain through reorganization.

2. Comply With Economic Laws

The problems of complying with economic laws in conducting specialized reorganization are mainly two points: 1) To organize production and circulation in line with the laws of the commodity economy; 2) to harmonize the interests of all quarters concerned.

The specialization of spare parts production and processing technology requires that the bounds of different areas and trades should be broken and that the same spare parts of different products should be produced concentratedly and in massive quantities. But the most difficult problem that the current reorganization is facing is exactly that the bounds of different areas and trades cannot be broken. If departments in the central government take charge of the reorganization, the bounds of different areas can be broken, while the barrier between different trades will become larger. But if the reorganization is led by the area authorities, the bounds of different trades can be lifted, while different areas are kept farther apart. How can we simultaneously break these two bounds to organize specialized production? Following are two actual examples which can help us realize something.

In Weifang of Shandong Province, a factory making spare parts for tractor diesel engines has built an automated production line for making gudgeon pins and adopted a new technology for cold extruding. The yearly capacity amounted to 1.5 million units, compared with the old technology of processing by turning, the utilization rate of materials could increase by 67 percent, and the productivity could increase by 15 times. However, in 1979, this factory only received an assignment of producing 500,000 gudgeon pins, thus leaving two-thirds of the capacity idle. Meanwhile, more than 30 production units in the whole country were still producing the same products by means of backward technology.

Why could this obviously irrational state of affairs arise? Reasons can be found in two aspects: One is the planned distribution of the products. Under this system, which diesel engine factory should use which spare-part factory's gudgeon pins is decided by the superior department in charge of planned distribution. Thus, diesel engine factories in other provinces could not buy gudgeon pins made by the Weifang factory. The other is the unified prices of the products. The production cost of gudgeon pins made by factories in general was 1.6 yuan per piece, yet the cost of those made by the Weifang factory was only 0.6 yuan. But the ex-factory price of all these products was unalterably set at 2 yuan per peice. As far as the diesel engine factories that needed

gudgeon pins were concerned, they did not need to consider how low the production cost of the gudgeon pins had become, for they always bought them at 2 yuan each and could not share any benefits from the specialized production. That is to say, even if the system of planned distribution of the products was abolished and the enterprises were allowed to purchase what they needed by themselves, they still would not be certain to buy the products made by factories which conducted specialized production.

How did the specialized production of spare parts develop in other countries? In West Germany, there was an enterprise specially producing bracket rollers for conveyers belts, with 270 workers and a yearly output of 1 million rollers which sold well in many countries. The large companies producing conveyer belts, instead of making bracket rollers themselves, bought from this factory. That is the specialized production of spare parts we are talking about. However, more than 20 years ago, this enterprise was not a specialized factory specially making bracket rollers, but a factory making various spare parts for coalmine machinery. In our words, their production at that time was "small and complete." Then, many large companies making conveyer belts were also making bracket rollers by themselves, or conducting production in a "big and complete" way as we said. Afterwards, this factory made an important breakthrough in the technology of designing and producing bracket rollers. The quality of their products was greatly improved. Thus there were more and more buyers; production quantities were increased and the cost was reduced. In order to promote sales, the prices of their products were also lowered. Then the bosses of the companies producing conveyer belts found that, to buy bracket rollers from these factories would cost less than to make these spare parts themselves. So, they decided to stop producing these parts themselves and turned to purchasing them from the other factory. This kind of cycle made the production quantities of the factory specially producing bracket rollers become larger and larger. They could thus adopt equipment of even higher efficiency in production, and further reduce the production cost and expand sales. The specialized production of spare parts thus developed smoothly and naturally. Here we are just talking about one kind of spare parts. In fact, specialized production of other kinds of spare parts developed in the same way.

It can be seen through the comparison between these two instances that the transition from "complete" to "specialized" production must rely on organizing production and circulation in line with the laws of the commodity economy. That is to say, first, products can be freely bought and sold in the market--users can buy products from any producers and producers can sell products to anyone--making no distinction between different areas and trades. Next, prices are floating. Producers can lower prices of their products when the production cost is reduced, thus sharing advantages brought by the specialized production between both the main machine builders and the spare part producers, and harmonizing the interests of both sides.

In fact, specialized production is associated with the development of the commodity economy. In the past, we did not realize this point, and conducted specialized reorganization without linking it with the development of commodity relations. So, no breakthrough could be achieved. Now, the situation that

the bounds of different areas and trades cannot be broken results from the system of managing production, supply and marketing of the enterprises by areas or trades. Unless this management system is reformed, commodity relations will never be able to develop. If reliance is put wholely on straightening out ideology, the bounds of different areas and trades will never be able to be broken and it will never be possible to develop specialized production.

In order to carry out specialized reorganization smoothly, not only should the organization of production and circulation be in conformity with the laws of the commodity economy, it is also necessary to conscientiously adjust and harmonize the interests of the parties concerned.

Beijing Municipality has organized heat treatment centers and this can be taken as an example. The heat treatment workshop of the walking tractor factory is one of the heat treatment centers in Xuanwu District assigned by the municipality. It has successively undertaken, as coordination, all the heat treatment for six nearby factories since March, 1981. Before that, only 35 percent of its capacity for heat treatment equipment could be utilized. In January of that year, it incurred a fiscal loss of 8,600 yuan, and the workers there could only gain an average bonus of 2.16 yuan per person. After the heat treatment center was founded, along with the increase in production assignments, the utilization of its equipment's capacity increased to 65 percent. In September of the same year, it gained a profit of nearly 13,000 yuan, and the average bonus of each worker also increased to 10 yuan. The enterprises that it served could also enjoy the benefits of this specialized cooperation. One of them is the No 3 textile machinery spare parts factory, in which the heat treatment was a bottleneck that affected the full utilization of the whole capacity in the past. For example, the monthly production assignment of a spinning machine's lap rollers was 30,000 pieces in 1981, while its capacity due to its heat treatment was then only 20,000 pieces. After this work was handled by the heat treatment center, this guaranteed the accomplishment of their production assignment of 30,000 pieces per month and created the conditions for an increase in its output value and profits.

All the facts show that, in the course of specialized reorganization, we should recognize the principle of keeping all interests in harmony. The socialist relations of production determine that the fundamental interests of all enterprises coincide. This only means that, when interest relations are conscientiously adjusted, the harmony between interests of all parts can absolutely be attained. But it never means that this harmony of interests can be realized naturally without studying and adjusting the interest relations of all parts.

3. Several Suggestions

The purpose of studying the past experience and lessons is to make clear how we should act in the future. Based on the problems mentioned above, here are six suggestions:

1) Make it clear that the aim of specialized reorganization is to improve economic results, but not to set up more production companies, nor to merge some scattered factories simply for convenient management. Therefore, the specialized reorganization should not proceed from organizing new companies, but from developing the specialized production of spare parts and technological specialization, because only on the basis of this development, can concentrated mass production be organized and advanced technology be adopted to improve economic results. In the course of this, we organize companies where necessary; if companies do not need to be organized, we do not organize them.

The only criterion for evaluating the reorganization work is whether the economic results are improved. Reorganization measures that are unable to improve economic results should all be stopped. Where analysis of the economic results has not been made before the reorganization, this situation should start to be rectified.

2) Make it clear that no indiscriminate measures should be imposed while arranging the reorganization. There are two kinds of conditions that should be treated in different ways: If products sell well and have a good market, adding to advanced technology and equipment that can be adopted, reorganization should be conducted without any delay. If products do not meet the needs of society, or there is a dearth of production assignments, or conditions for adopting advanced technology and equipment are not available, we should first readjust the service orientation, and not rush into immediate reorganization. It is not too late to start the reorganization if one waits until the objective conditions are ready. In the whole machine-building industry, from product specialization to spare parts and technology specialization, there is a process of development which cannot be accomplished overnight.

3. Clearly map out plans and measures for reorganization and transformation. This includes the following problems: (1) It should be decided which products are in need of specialized reorganization in the light of market demands. (2) It should be decided which spare parts to produce and which work concerning casting, forging, electroplating and heat treatment needs to be transferred from the factories making finished machines to other coordinated factories, and which factories should offer this cooperation. (3) A solution should be found as to how these coordinated factories that specially produce spare parts or adopt specialized technology organize concentrated production in increasing quantities to serve all parties without distinction between areas and trades. (4) Measures should be taken to carry out technical transformation in these coordianted factories. The above are four links closely related to specialized reorganization and technical transformation. They need to be unifiedly and thoroughly coordinated and planned. Because these four links were not methodically handled in the past, the goal of improving economic results could not be attained. Positive and negative experience has told us that we cannot conduct specialized reorganization without considering the market for the products; we cannot only proliferate the production of spare parts without organizing concentrated production of spare parts at the same time; we cannot only conduct reorganization without associating it with technical transformation.

4. Clearly realize that reorganization should be linked with reform. There are at least two points that need to be maintained: (1) Regulation by the market mechanism should be put into effect under the guidance of state plans. When the factories making finished machines need to buy spare parts from other factories, or need technological cooperation from some other factories, and when the factories producing spare parts are going to sell their products to some factories, they should not be limited by the bounds of areas and trades and their transactions should not be rigidly controlled by the superior departments in charge. The enterprises should have the right to make their own decisions according to the analysis of economic results. (2) Floating prices should be implemented. The factories producing spare parts or providing technological service should have the right to adjust their prices downwards when their production costs have been reduced. The state can stipulate floating margins, but not unified prices.

5. Clearly realize that work should be done according to the principle of keeping the interests of all parties in harmony. Specialized reorganization is a process of adjusting and harmonizing the interests of all quarters concerned. Following are the main points that should be taken into account: (1) All parties can get what they need from each other to offset their weak points by making use of others' strong points. (2) All parties can make production more convenient and develop together. (3) The distribution of profits is fair and reasonable. (4) All parties concerned can have a chance to take part in decisionmaking and planning. How can the interests of all parties be adjusted? It is necessary to strengthen ideological work and to encourage mutual understanding and mutual accommodation. But what is more important is to rely on actual measures and to formulate necessary policies, to carry out regulation by means of price, tax, loans and other economic levers.

6. Clearly realize that administrative intervention should be enforced in line with objective laws. Administrative intervention in conformity with the objective laws can promote specialized reorganization; but administrative intervention that violates those laws can only bring adverse effects.

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'JINGJI YANJIU' DISCUSSES INTERNAL PRICE RATIOS

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[Article by Zuo Mu [0146 3668]: "Internal Price Ratios of Agricultural Products Must Be Well Adjusted"]

[Text] Judging from the current situation, there exists not only exchange at unequal value between industrial and agricultural products, but also irrational price ratios within the agricultural products themselves. The latter situation exerts fairly extensive and direct influence on the initiative in production of the peasants and even on the entire strategic policymaking on the agricultural front. Therefore, enough attention should be paid in this respect.

Of all the irrational price ratios within the agricultural products in our country, some were formed in the past and still have not been able to be altered up to the present, but the majority have been formed in the course of numerous price adjustments in the past years. In the past, when we adjusted the prices for agricultural products, the raising of the price for a particular product was based on the condition that the peasants were dissatisfied with the fixed price for that particular product and the initiative in producing it was low. The result was a harmful cycle of adding water to the thickening dough and adding flour to the surplus water. Comrade Mao Zedong pointed out this error as early as 1956. At the time, in order to rectify the trend of slighting sideline production and industrial crops by the peasants, the prices for the products of sideline occupations and industrial crops were greatly raised. But "by so doing, the peasants have become greatly interested in sideline production and industrial crops, and grain production has been neglected. At first, the scale was tipped in favour of food grain; and then in favour of by-products and industrial crops. Cheap grain hurt the farmers. Peasants did not like growing rice when the price for it was too low." (Mao Zedong: "Speech at the 2d Plenary Session of the 8th CCP Central Committee," "Selected Works of Mao Zedong," Volume 5, pp 316-317.) It seems evident that the erroneous tendency criticized by Comrade Mao Zedong early in the 1950's still exists to date. Indeed, the current raising of the prices for part of the agricultural products carries with it a certain amount of subjective and groundless handling of affairs.

For instance, an extensive investigation was carried out in 1979 among the 133 production brigades of the 56 counties in Jiangsu Province. The result showed that the existing price ratios between grain and oil were very irrational.

About the time when the adjustment of prices took place in 1979, the gains of the major cereals and oils were as follows: (unit: yuan)

Item	Net gains per mu			Net output value per standard labor day		
Year	1965	1978	1979	1965	1978	1979
Round-grained nonglutinous rice	17.46	7.54	24.34	1.30	1.10	1.58
Wheat	-1.25	13.67	38.37	0.82	1.29	2.08
Sweet potatoes	7.44	51.46	25.26	1.12	1.40	1.57
Broad beans	-2.70	-1.75	13.40	0.71	0.91	1.54
Peas		-8.90	15.90		0.57	1.42
Mung beans	2.51		-2.7	1.21	0.59	0.59
Chinese sorghum	-3.15	-9.40	-34.04	0.26	0.50	0.16

Generally speaking, in the last 15 years, the purchase prices for agricultural products have been increasing gradually, and the net output value per agricultural labor day has also been on the increase. After the readjustment of prices in 1979, the deficit for certain agricultural products was changed, and the problem concerning prices has been greatly eased. But the internal price ratios for agricultural products still have some shortcomings because of lack of sufficient time and preparation. For example, in 1965 before the readjustment, in terms of the income per mu and the income per standard labor day, the round-grained rice was the highest, the sweet potato and wheat ranked next, and the minor nonstaple grains like broad beans and peas ranked last. When readjustment took place in 1979, special consideration was given to the wheat area. The raising of the price for wheat was the highest, and growing wheat was more profitable. The income per mu from growing wheat was 57.6 percent higher than for growing round-grained rice; the net output value per standard labor day was 32 percent higher; and the income from growing broad beans and peas was even lower. Another instance was that, of the oil-bearing crops, the income from growing peanuts was 54 percent higher than from growing rape; and the net output value was 21 percent higher. Of course, the planning authorities had taken many factors into consideration when determining the scope of price readjustment. But the above situation was obviously due to the fact that the demand for raising the prices of wheat and peanuts was then voiced more strongly. As a result, the income from growing wheat increased from the lowest to the highest, and the income from growing peanuts also increased from relatively low to the highest.

Second, judging from the price ratios between food crops and industrial crops after the adjustment of prices in 1979, a new imbalance appeared in the price ratios between the major crops (such as cotton) and food crops. The price of cotton, after the two adjustments in 1979 and 1980, was 20 percent higher than the original price. This caused the widening of gap between growing cotton and growing grain.

According to typical investigations carried out by the Jiangsu provincial authorities of 21 representative production brigades, the situation turned out to be as follows: (unit: yuan)

	Grain (various species combined and averaged)	Cotton
Net output value created per investment of 100 yuan	101	388
Average profit per standard labor day	0.71	13.38
Average profit per mu	17.79	72.94

In 1979 and 1980, the price of cotton was raised by 20 percent for 2 consecutive years. The price of grain was raised by the same percentage. But owing to the fact that growing cotton had originally been more profitable than growing grain, the same percentage of price rise made growing cotton even more profitable, and the initiative for growing grain was seriously affected.

Of course, this situation appeared not only in the price ratios between grain and oil, but also between cotton and grain, and the influence was not limited to individual regions. For instance, in the countryside of Foshan region in Guangdong Province, there exists recently the demand to destroy the mulberry so as to grow the sugarcane, because growing sugarcane will gain far more benefit than growing mulberry. From this it can be seen that if attention is not paid to the internal price ratios within the agricultural products in the work of price adjustment, the carrying out of plans for cultivation will be affected; a chain reaction of demands for price rises may even be induced, thus causing new difficulties in the work of price adjustment. It will not do to presume that the general price range of agricultural products is comparatively low and will be raised sooner or later, and that the scope of price rises should pose no serious problems. As a matter of fact, because of the expansion of the rights of autonomy for the production brigades, plus the various forms of responsibility systems in production in all the agricultural units, the problem of the internal price ratios of agricultural products appears rather sensitive. Any mishandling of this problem would have a serious impact on the plans of cultivation. Therefore, the whole problem should not be slighted.

In order to conduct the adjustment of prices for agricultural products in a more scientific way, in addition to strengthening the work of cost investigation and other basic work, I deem it necessary to affirm the following three principles on the problem of internal price ratios within agricultural products:

1. In order to handle properly the internal price relations within agricultural products, there must be a unified profit rate, such as a guarantee that the investors in all the agricultural and sideline products can get an average profit through the means of price control. Since different agricultural crops will take different proportions of the invested capital, and have

different rates of land utilization, it is more appropriate to adopt an average profit rate for investment. Take cotton for example, the average cost plus the average profit rate will give the production price; and then the regional differential can be calculated based on this production price; in addition, some agricultural products may even enjoy seasonal differential prices. When evaluating the price according to the profit rate for individual sector investment, the land with its related quality may be included as an item of the fixed assets.

In recent years, capital for agricultural use has played an everincreasing role of importance. The difference in capital distribution and utilization among various sectors is very great, and must be considered when fixing prices. Therefore, the adoption of an average profit rate for investment is necessary in the agricultural sectors, so as to obtain a corresponding profit for a certain amount of capital.

Even if the prices of agricultural products are fixed with reference to production price for individual sectors, shifting of value still happens among different producers of various agricultural crops. For those products that utilize less capital, a portion of the new value created by the producers would be shifted to the hands of the producers whose products utilize more capital. For instance, a portion of the new value created by the grain producers would be shifted to the hands of the producers of cotton and tobacco. For the major industrial crops, because: 1) the land for cultivation is guaranteed; 2) food ration is guaranteed; 3) the supply of materials for agricultural use is normal; and 4) the market requirements are stable, plus the measure of fixing the prices according to production prices to ensure corresponding profits for their relatively higher investments, there should be no additional reasons for these crops to ask for profits over and above the average. Of course, for those important industrial crops like cotton, a somewhat higher price to encourage cultivation is necessary, but there is insufficient reason to enable the cotton producers to gain a net output value per 100 yuan of investment 2.84 times more than the value received by the grain producers.

Some comrades have expressed their concern that if the income is nearly the same for growing grain as for growing cotton, grain will dominate cotton or other industrial crops. But as a matter of fact, in those regions which enjoy the custom, techniques and facilities in growing industrial crops, the local peasants can still gain extra profits out of their technological superiority and low labor consumption even based on the fixed prices for individual production price. In addition, industrial crops absorb more capital and labor force, which will make the peasants feel reluctant to switch to planting other species. Therefore, for the major industrial crops to fix their prices based on individual production price, it will not hamper but facilitate the full display of the advantageous aspects of different regions, and, with proper centralization coupled with making use of the specific favorable conditions, create a good situation for the specialized development of agricultural production. In some places, the soil and climate are very suitable for growing certain industrial crops, but the quantity in production is unsatisfactory owing to the lack of familiarity with planting and the

related techniques. In this case, if prices are fixed according to individual items, the production will never increase. Therefore, if this particular crop is important enough, then the regional differential price system will help to expand a new production region. For example, some provinces in northern China are suitable for growing cotton, and though the per unit area yield is not very high, the initiative for growing this variety has been tremendously enhanced thanks to the raising of the purchase price plus regional differential subsidy. However, this should be regarded as an exceptional measure of adjustment. In normal circumstances, the fixing of prices should be based on production price for individual sectors.

It must be clarified here that the past phenomenon of grain pushing aside cotton or other industrial crops was not primarily due to price factors. On the contrary, it was the aftermath of political and administrative practices. Guided by the past leftist ideology, grain was the key link, and the question of whether to grow grains or to grow industrial crops was regarded as a matter of paramount importance concerning the political line. Thus a high political pressure was formed, and it was mainly due to this condition that the situation of "taking grain as the key link, to the exclusion of everything else" ensued. This problem has been gradually resolved since the 3d Plenary Session of the 11th CCP Central Committee. The second cause was that the food supply for those regions growing industrial crops was rather tight, forcing the producers to buy their grain at higher prices from the rural fairs, and made the peasants grow rice to replace cotton or mulberry. Therefore, if enough food ration cannot be guaranteed in certain industrial crop-growing regions, the purchase prices should be set higher to compensate for their losses. If the food ration is normal, then the industrial crops may be purchased based on the production price. It should be pointed out here that some problems, including the calculation of the profit rate for investment, remain to be solved.

We should point out further that we have to be very careful in making the policy of providing commercial grain in exchange for industrial crops. Nantong region in Jiangsu Province was famous historically for its high grain output. When carrying out the policy of exchanging cotton for grain to encourage cotton production in that region, it was discovered that the incoming grain was often unsuitable or even rotten, and was disliked by the masses. The prices of grain and oil were high in the rural fairs because of the scarcity of grain. The peasants complained: "Come in the daytime (meaning the raising of the cotton price), go in the dark (meaning the rise of grain prices in the rural fairs)." Therefore, starting from the concrete conditions of our country, in a specified area (such as in a province or in a big region), it is an appropriate policy to create favorable conditions to ensure self-sufficiency or near self-sufficiency in grain, so as to avoid long-distance transportation and long-term storage. Even in places where industrial crops are concentrated, maintaining a certain proportion of grain production is still beneficial in reducing state subsidies and long-distance transportation of grain, in stabilizing local grain prices in the rural fairs, and in the proper management of labor utilization and even distribution of different types.

Based on the above reasons, it is absolutely necessary in a certain period from now to stabilize the current prices for industrial crops, and reduce, when conditions of the state's finances permit, gradually the amount of purchase of grain or to raise the purchase prices, so that the gains between grain and industrial crops can be gradually balanced. Of course, in the current period, say 3 to 5 years, it is not expedient to further raise the purchase prices for agricultural products.

2. With regard to the internal price ratios between grain and oils, adequate preference should be given to minor varieties such as oil-bearing crops and food grain other than wheat and rice, and their prices may be somewhat higher than the average. This is because: 1) These varieties can often meet the needs of many quarters. For example, mung beans can be used to produce cold drinks; sorghum can be used to brew wine; glutinous rice can provide us with wine and food products; finely ground sesame oil can satisfy the special needs of hypertension patients, and so on. 2) These minor varieties are very easily neglected. Their planned sown area is often only partly planted because of the soft target of the plan. 3) These minor varieties are frequently scattered over large areas. They are lacking in scientific research, backward in plantation techniques, and relatively low in labor productivity. 4) If planned prices for these minor varieties are too low, they will be diverted to the rural fairs and fetch especially high prices, thus widening the gap between planned prices and rural fair prices and exerting a harmful influence on the stability of the overall price structure. The previously cited planned purchase prices of Jiangsu Province in 1979 demonstrated the fact that the gains from growing peas, broad beans and mung beans were much lower than those from growing wheat and sweet potatoes, although they were all of the dry land species. The net gains from sweet potatoes per mu were 25.26 yuan; those from broad beans, 13.40 yuan; those from peas, 15.90 yuan; and those from mung beans, -2.70 yuan. As for the net output value per person per day, sweet potatoes gave 1.57 yuan; broad beans, 1.54 yuan; peas, 1.42 yuan; and mung beans, only 0.59 yuan. This was the situation after the adjustment of prices in 1979. The prices were even lower before that. This has been the primary reason for the low figure of coarse grain production. Once the problem of enabling the planting of coarse grains to get average or a little above average profits has been solved, the situation of the scarcity of coarse grains would be completely changed. For instance, the Yanghe Daqu wine and the Shuanggou Daqu wine produced in Jiangsu Province are two kinds of wine famous all over the country. Their material is the local traditional product sorghum. Because the price of the sorghum was too low, and consequently there was a scarcity, these two factories had to get the material from the northeast provinces. With the costly transportation charges, the quantity of products could not be raised as desired. Now that the provincial financial authorities have granted a subsidy of 0.05 yuan per jin, the planned sown area of 300,000 mu has been readily effected. The local favorable aspects of planting sorghum have been fully utilized and the wine factories can now increase their productivity on a large scale. The result is beneficial both to the state and to the peasants. Therefore, adequate increase for the prices of the minor coarse grains is necessary and advantageous. The adjusted prices in 1979 for the minor oil-bearing crops were quite appropriate and therefore are not dealt with here.

3. The fixing of prices for industrial crops should also take care of the minor varieties so that the production of these varieties can fetch profits somewhat higher than the average profit rate for general investments. The main reasons are: 1) the areas sown to minor varieties of industrial crops such as peppermint, spearmint, day lily, dalmatian chrysanthemum and others have not been guaranteed and are easily neglected and pushed aside. 2) These products are mostly used for industrial materials and have significant influence on the production of light industrial consumer products. They are minor merchandise of a special kind, with more demanding planting techniques, requiring more delicate management and entailing a more complicated labor process, so they deserve higher remuneration for the additional efforts involved. 3) The sales of these products are not as stable as the sales of the major industrial crops. They are more subject to the requirements of industry, and are directly influenced by the international market, resulting in drastic fluctuations in prices. For all the above reasons, the prices of these small commodities should be somewhat higher than average. Specifically, the production price should be calculated first with reference to the profit rate for the investment of a particular sector, and then fix a market price which is a little higher than the production price. This market price should be kept stable and should not be altered at will.

In the past, when the sown area of these minor industrial crops became smaller, or the international market price increased because of greater demand, the prices for these products were raised sharply; but the prices would be reduced drastically if the products were in a state of surplus. Thus the production was regulated entirely by means of price fluctuations. The situation for the prices of the products of animal husbandry was similar. The result was like a man suffering from malaria, cold at one moment, and hot at another. Dalmatian chrysanthemum is an ingredient in mosquito coils, but was once very scarce because of low prices. The price of peppermint was raised tremendously because of the demand on the international market, but overproduction happened soon after. There were many other similar instances. It is imperative that a formula be worked out for the calculation of the prices of these small commodities, such as the method suggested in this article that products should be purchased at prices somewhat higher than the production prices. This is a requisite means to stabilize the sentiments of the peasants in production, and to prevent drastic fluctuations in purchase prices.

The purpose of our putting forward the above three principles for fixing the prices of agricultural products is to rationalize and standardize the internal price ratios of the agricultural products and to prevent and overcome the subjective and groundless handling of affairs. Of course, the rectification of the current prices should be carried out step by step with due attention to the practicability of the financial status of the state, and should not proceed too hastily. But if we can work out through consultations some principles and means in standardizing pricing procedures, the internal price ratios of the agricultural products will become more rationalized after a certain period of adjustment, and it will be much easier to resolve the price problems accumulated and left over from history.

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'JINGJI GUANLI' REPORTS ON PROPER USE OF FOREIGN CAPITAL

HK201108 Beijing JINGJI GUANLI in Chinese No 3, 15 Mar 82 pp 34-36

[Article by Yan Weijin [7346 4850 6651]: "Utilize Foreign Capital Positively and Properly To Intensify the Transformation of Existing Enterprises"]

[Text] Taking the road of expanded production by intension and technical transformation of the existing enterprises and renovating their equipment is a focal point for the smooth development of the national economy of our country. Naturally, in undertaking the technical transformation of the enterprises we must principally rely on the financial and natural resources inside the country. Apart from this, the utilization of foreign capital in a positive and proper manner constitutes another important channel. Over the past few years, Beijing, Tianjin, Shanghai, Jiangsu, Shandong and other localities have taken various measures to absorb foreign capital, or contracted foreign exchange loans from the Bank of China, for the purpose of introducing certain advanced technology and importing certain key equipment. In this way, they have carried out a number of medium-sized and small technological transformation projects and achieved satisfactory results.

I. Replenishing the Country's Shortage of Capital Funds and Promoting the Growth in Production of the Light and Textile Industries

For a long time, our light and textile industries have been short of capital. This has affected the speed of their development. Responding to the demand for accelerating production in the industries producing consumer goods in the readjustment of the national economy, certain localities have focused on the light and textile industries in the utilization of foreign capital. Since the 3d Plenary Session of the 11th CCP Central Committee, Jiangsu Province has utilized $175 million of foreign capital on technological transformation projects. Of this amount, 77 percent was spent on the light and textile industries. In Shanghai municipality, the technological equipment imported for the textile and handicraft industries occupied 72 percent of the total for the entire municipality. In Tianjin municipality, for over 20 years prior to 1977, the textile industry added some 150,000 spindles to its equipment by using capital construction funds of the state and funds earmarked for technological transformation purposes. However,

since 1978, some 100,000 new spindles have been added mainly through use of foreign funds (including certain domestic funds for accessory equipment). In Beijing municipality, from the years 1979 to 1980, the textile industrial system spent over $45 million on the introduction of new technology, the importation of textile equipment and the technical transformation of 18 textile mills. This helped to lessen the contradiction of the industry's weaving capacity being greater than its spinning capacity and of its generally weak dyeing capacity. Thus, production was promoted. These funds, when converted into renminbi, were equivalent to 360 percent of the total investments from the state over the preceding 10 years.

II. Upgrading the Technological Level of Production and Changing the Entire Countenance of Production

The technical transformation of existing enterprises should not be confined to merely renewing, or adding some new equipment, at the original level but should include improving the backward technology and renovating the antiquated equipment. The utilization of foreign capital can combine the work of technical transformation and that of introducing and importing new technology. This will enable us to absorb useful things from abroad and upgrade our technological level and the economic effect. For example, we have plentiful silk resources, but our silk filature industry has antiquated equipment and very backward technology. This has hampered the upgrading of the quality of our silk products. In view of this situation, in recent years, Jiangsu Province imported 20 sets of silk-weaving machines and a set of dyeing equipment for real silk. At the same time it imported certain metallic materials with which it produced various kinds of parts for silk spinning and weaving machines such as parts for spooling, ribbon lapping and drawing. In this way, a total of 5,000 sets of broad gauge silk spinning and weaving machines were built. The silk filature plants in the province were also rebuilt. As a result, the output of real silk-woven goods and broad-width silk filatures has doubled. In Shanghai, the No 4, No 5 and No 15 silk filature plants imported a total of 60,000 pieces of new-type threading spindles, 275 sets of broad-width heavy silk filature machines, 130 sets of new-type water sprinkling silk filature machines, as well as other accessories and equipment. As a result, the output of high-grade and superior-quality real silk filatures, silk fabric for Japanese apparel, and large-width crepe de chine increased. The countenance of the entire industry was thus initially changed. Also, in Shanghai, the No 2 electronic tube plant, using the compensation-trade method, imported from Japan a complete production assembly line for the automatic production of fluorescent tubes. Compared with the original equipment, the new set-up consumed 15 percent less electric power and 70 percent less gas. It raised the labor efficiency rate by 400 percent while the up-to-standard rate of the finished products was increased from 83 percent to 90 percent.

III. Strengthening the Competitive Power in the International Market and Increasing Foreign Exchange Earnings From Export Trade

The good effects of the above-mentioned measures are even more evident in the following: The Shanghai garments No 2 plant imported a set of garment stitching and adhesive machinery of the advanced type at a cost of $25,000. This filled a long-standing gap in garment-making technology. It is claimed that clothes made with this machine will not wrinkle after washing or ridge, shed, degum or become unglued. As a result, the number of orders rose from 25,000 suits to 110,000 suits. Similarly, the garments industry of Tianjin municipality used foreign capital to transform and renovate in varying degrees 80 percent of its subordinate plants. Seven specialized production assembly lines were formed. It was found that great improvements were made in the work and processing efficiency rate and in the quality of the garments made. The number of varieties was also increased. Compared with 1978, in 1980 output increased by 100 percent, foreign exchange earnings by 160 percent (amounting to $60 million), and profits by 250 percent. The packing and decoration plant of the Shanghai light industry bureau made use of foreign loans and domestic funds (for producing accessories) to technically transform 14 of its printing plants. As a result, their packing capacity was greatly increased and the quality of their output was improved. In 1980, Shanghai's tea export managed to fetch much better prices than before as a result of the use of the new packaging method of these plants. The foreign exchange earnings from this source increased by $15 million. This was equivalent to over 12 times the amount of foreign loans contracted for renovating these printing plants.

IV. Assuring the Achievement of Good Economic Effect and the Ability to Repay

In the case of foreign loans for technical transformation projects, the foreigners are naturally concerned about our ability to meet the principal and interest payments on time. However, facts have amply shown that if the work is done well, there is no question of such payments being made on time. According to statistics compiled in Beijing municipality, 59 projects financed with foreign loans have been completed and are now in operation. The investments in them amounted to 52 percent of the total investments currently made in the municipality. It has been found that the capital investments can be wholly recovered in 1 year and 9 months and that their foreign exchange earnings in 1 year and 6 months are sufficient for the full repayment of the foreign loans. In the last 3 years, Shanghai municipality contracted 113 compensation trade projects with foreign businessmen. The gross value of the equipment supplied by the foreign businessmen amounted to over $33.3 million. Up to now, capital repayment amounting to $13 million has been made while loans on some 42 projects have been fully repaid. In 1978, the Nanjin wool filature mill of Jiangsu Province borrowed foreign money for the importation of 5,700 wool spinning

spindles. In the second year, it produced 1,100 tons of woolen fabric, obtained 10.58 million yuan of profits and taxes and repaid the foreign loans in full. According to statistics compiled by Tianjin municipality, since 1978 the municipality has used $110 million in foreign loans to transform and renovate 123 projects. Of them, 38 projects have been completed and in operation. It is estimated that upon completion of all the projects, their output value will be increased by 1.1 billion yuan, that the profits will be increased by 270 million yuan, taxes by 120 million yuan, and foreign exchange earnings by 270 million yuan. On the basis of the utilization of the original premises and facilities plus additional sundry renminbi investments for accessories, on the average each dollar of foreign capital utilized will produce additional output value of 10 yuan, additional taxes of 3.50 yuan and additional foreign exchange earnings from exports of $2.40.

Summing up the above, it may be seen that the utilization of foreign capital for the introduction of foreign advanced technology which we need and importing certain key equipment for the purpose of technically transforming and renovating our existing enterprises, particularly the large number of medium-sized and small enterprises, carries the following advantages: it is economical, turnover is rapid, the effect is good, there is no risk, the enthusiasm of the localities, departments and enterprises is aroused, and the foreign businessmen cooperate willingly. Such a scheme may be said to be both feasible and practicable and the loans can surely be repaid. This concerns the implementation of the central government's open-door policy and utilizing foreign capital and technology to augment our power of regeneration and self-reliance. In his government work report made at the fourth session of the Fifth NPC, Premier Zhao Ziyang pointed out the following: "Concerning the medium-sized and small enterprises producing goods urgently needed in the domestic and foreign markets, we should be more liberal in such matters as the use of foreign capital and the introduction of advanced technology. We have a large number of such enterprises. What most of them need is the introduction of certain key technology and equipment. They require only a small capital outlay but can soon greatly upgrade the quantity and quality of their output. Moreover, the investments in them can be quickly recovered. This pattern of making use of foreign funds is highly beneficial to the development of production in our country." Based on this spirit, the localities, departments and enterprises can act on their own in borrowing and repaying capital for the purpose of readjusting and developing our national economy. They are entirely at liberty to undertake all sorts of projects which conform with the conditions for production construction. Undertaking, albeit gradually, the work on these medium-sized and small projects, not in small numbers such as hundreds or thousands, but in large numbers such as thousands and tens of thousands, will play an important role in accelerating the technical transformation of our industry and the renovation of equipment.

The use of foreign capital to undertake technical transformation work requires, on the one hand, emancipating the mind, progressing in a positive manner and refraining from "binding one's own hands and feet." On the other

hand, we must go about things steadily and surely and must not be hasty. To achieve a relatively good economic effect, we must exert great efforts and a great deal depends on doing our work well. We are still at the beginning and have acquired little or no experience. This all the more requires that we handle with care the problems we meet in actual work. Judging from present conditions, we must grasp well the following points:

1) Perform well planning work and make a correct selection of projects. Planning should embrace the following: targets for the technological transformation, focal point, detailed projects, technology and equipment to be imported, procedural methods, utilization and source of foreign capital, arrangements for and implementation of the production conditions. All the above should be included in the entire technical transformation plan. The focal point in performing the planning well and making a correct selection of projects is that we must bear in mind the importance of promoting the smooth progress and healthy development of the national economy and of upgrading the economic effect. In future, we must emphasize the following: a) making effective arrangements for projects which embody the targets of upgrading the quality of the products, increasing the number of varieties, improving packaging and decoration, increasing the number of marketable products and expanding the amount of foreign exchange earnings from export; b) conserving energy, reducing consumption of raw materials, and producing more of the products in short supply; c) raising the technological level of the electrical machinery industry, particularly with reference to basic technology which we have not yet grasped nor mastered sufficiently, and acquiring the necessary and vital parts of the machines; d) preparing the ground, or making effective arrangements, for projects in agriculture, municipal construction and the tourist trade. Priority should be given to those projects which can make full use of the existing structure, which do not require much construction and engineering work but which can upgrade the economic effect and increase foreign exchange earnings through adding only a little supplementary equipment or renovating only certain parts of the equipment or improving certain aspects of the production techniques. Regarding each and every concrete project, we should carefully study its feasibility, work out or select the best plan for it, and pay special attention to the possible economic effect. We should link the macroeconomic and microeconomic aspects as well as the present and the future. The relevant departments in charge and the localities concerned should strengthen their guiding work and effect an overall balance between the trades and industries and the localities. Before the formulation of an overall plan, we should first try out a few token projects so as to grasp the time element.

2) Introduce those key technologies and equipment that are suitable and bring the manufacturing capacity of the domestic machine-building industry into full play. In utilizing foreign capital for technical transformation work, an important point is that the techniques must be suitable for use and must be advanced. What is meant here is that they must conform with the existing economic level, technological standard and management skill in

the country and that they can immediately be used in production and construction, promote technological progress and achieve the best economic effect. They may be the most advanced techniques in the world, or only intermediate grade, or perhaps recently improved or reshaped. In short, we should introduce only those with the following features: techniques which we can digest after importation, which are suitable for use, can be easily kept up (meaning spare parts are available), can rapidly increase the variety of products, can improve the quality of products, can raise the productivity rate, can expand labor employment, and can augment the products' competitive ability abroad.

In many cases, advanced foreign technology is added to, or is imbued in, the equipment. Many foreign merchants are willing to loan us capital on the condition that the money is used to buy their equipment. For the sake of digesting and grasping the imported technology and renovating certain antiquated and backward technology of our own, it is essential, in the course of the technological transformation work, to import certain key equipment including tools and instruments. On the other hand, we should protect well our own production and bring the capability of our own machine-building industry into full play. We should not import equipment which can be produced in the country and can be produced in sufficient quantity. We should import equipment which we cannot produce in the country but which we need and which is suitable for our use. As for equipment which we can produce ourselves but whose quality is substandard or which we cannot produce in sufficient time and quantity to meet urgent needs, we may import a reasonable quantity for use and as a specimen and guide for future manufacturing. The importance of key technology and equipment and production of the domestic industry are both meant to promote our technological development. They should go hand-in-hand and not in opposite directions. The No 4 cotton spinning mill of Tianjin municipality, in utilizing foreign capital for technological transformation and concurrently importing cotton-yarn spindles from abroad, found that the textile machines of our own country were more advanced. Accordingly, it utilized a portion of the foreign capital to import steel materials and entrusted our textile machine-building plants to do the processing work. This is a good method and should be lauded.

3) Tightly grasp construction work, put the projects into operation on schedule, and carefully and scrupulously attend to management work. This constitutes an important link in giving full play to the economic benefits and in meeting the principal and interest payments on time. The utilization of foreign capital for technological transformation work requires a strong consideration for the time element. We must be on the move all the time and can afford no delays. It has been found that this way has always produced good economic results. For example, the Qingho woolen textile mill of Beijing municipality made use of a foreign loan of $3.84 million and a domestic loan of $7.64 million for purchasing accessories and importing 95 sets of textile machines. It placed the order in July 1979 and at once proceeded with the preparatory installation work. In February 1980, the equipment began to arrive. The mill immediately proceeded with the installation. In August of the same year, production started. By

September 1981, it had exported 900,000 meters of woolen textile products of fine quality. The foreign exchange earnings amounted to $4.4 million, sufficient to repay the entire foreign exchange loan.

4) Grasp well the digesting, comprehending and promotion work in regard to the key technology and equipment imported. Some units have paid special attention to these points and have had commendable results. For example, in recent years, the Shanghai textile bureau made use of foreign exchange loans to import certain advanced textile equipment. Doing the digesting and creative work in combination with the special features of the locality, the bureau produced some 600 sets of textile machines in 18 different varieties. This helped in the renovation and renewal of the old equipment of the industry. Similarly, the Qingdao transistor parts plant of Shandong Province combined the good features of certain imported medium-cycle transformers and the superior points of the equipment and instruments supplied by its clients to turn out its own specially made machines and tools. It improved its original production techniques and formed a special type of domestic production assembly line for medium-cycle products. In labor productivity, it surpassed even its sister plants which used to enjoy a better rating.

5) Adopt a policy of assistance and promotion. In order to perform well this big and promising task of technological transformation through use of foreign capital, we should readjust the unsuitable links in the current system and policy. In general, we should widen the available channels, liberalize our policies, undertake assistance and promotion work and arouse the enthusiasm of all quarters concerned. For example, in appraising and examining the request for foreign exchange for the importation of a special type of technology, special considerations should be given. Concerning the examination of applications for importation of key equipment, the relevant procedures should be simplified, and the customs duties should be reduced, or exempted, or their payment deferred. During the period for the repayment of the capital of the foreign loans, special amenities should be given to the relevant plant in regard to tax or profits remittance. In general, the plants should be allowed to repay the loan first and remit the tax or profits afterwards. In principle, the enterprises contracting the loans should be responsible for their repayment but there are cases in which the departments in charge or the localities concerned undertake the repayment in part or in full. State banks should also study the feasibility of allowing the enterprises to borrow foreign exchange and repay the loans in renminbi, or vice versa. The former method will facilitate the repayment of foreign exchange loans by enterprises which can derive economic benefits from the contracting of foreign exchange loans for technological transformation but whose products are mainly intended for the domestic market and therefore cannot produce any foreign exchange earnings.

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'JINGJI YANJIU' DISCUSSES ENTERPRISE DECISIONMAKING POWER

HK191026 Beijing JINGJI YANJIU in Chinese No 3, 20 Mar 82 pp 39-43

[Article by Huang Zhengqi [7806 2182 1142] of the Economic Research Institute of the State Planning Commission dated December 1981: "Several Questions Related to the Expansion of State Enteprises' Decisionmaking Power in Operations and Management"]

[Text] More than 3 years have elapsed since the implementation in the last quarter of 1978 of the experiment of expanding the state enterprises' decisionmaking power in operations and management. Most of the enterprises have achieved remarkable economic results. Beginning in the second quarter of 1981, forced by the need to fulfill financial tasks, many provinces, municipalities and autonomous regions widely introduced the economic responsibility system whose main aspect is to make the contractor responsible for profits and losses. According to statistics, by the end of August of the same year, the proportion of state enterprises at the county level or above throughout the nation, which had introduced various forms of the economic responsibility system, was 65 percent (including over 6,000 enterprises which were involved in the experiment of the expansion of power of enterprises). The introduction of the economic responsibility system is, in fact, the continuation and development of the expansion of enterprises' power. In the course of carrying out expansion of enterprises' decisionmaking power, a series of theoretical and policy matters have cropped up which demand further probing and solution. On the questions relating to the importance of enterprises under the system of ownership by the whole people, the objective bases for the expansion of power of enterprises, the limits of the rights of enterprises under the system of ownership by the whole people, and the question of "assuming full responsibility for their own profits and losses," and the coordination of the expansion of power of enterprises and the structural reform of various economic management departments, the writer of this article is going to express his sketchy understanding and look forward to the comments of the comrades concerned.

I. The Importance of the Enterprises Under the System of Ownership by the Whole People and the Objective Bases for the Expansion of Power of Enterprises

In the discussion on the question of structural reform, there is a highly typical argument which says that the necessity of the expansion of decisionmaking power of enterprises is proved by the enterprises under the system of

ownership by the whole people being relatively independent commodity producers, the demand for the law of value, the enterprises having independent economic interests, the need to revitalize the microeconomic activities of the enterprises and other aspects. This argument is partially correct, but the problems in carrying out the experimental work in expanding enterprises' power have proved that this argument is far from accurate and comprehensive.

In terms of the importance of the enterprise under the system of ownership by the whole people, in the past we termed it a basic production and operational unit, but we did not recognize it as a commodity producer. During the "Great Cultural Revolution," one-sided stress was put on the enterprise being a place for class struggle, and its role as a production and operational unit was discarded. Now we recognize the enterprise under the system of the ownership by the whole people as a relatively independent commodity producer. This means, in essence, recognizing that the means of production exchanged among the enterprises under the system of ownership by the whole people are also commodities. This is undoubtedly important progress in theory. However, can the enterprise's role as a relatively independent commodity producer wholly express the nature of the socialist enterprises under the system of ownership by the whole people? Does the reason for expanding the decisionmaking power in any enterprise under the system of ownership by the whole people just lie in the fact that it is a relatively independent commodity producer? When commodity production withers away in the future, must an enterprise not have any power then? Must it become beads of an abacus which anyone can move at will? Obviously these problems call for urgent study.

In my opinion, the complete formulation of the role of socialist enterprises under the system of ownership by the whole people must include two interrelated aspects: first of all, they are the direct managers and users of the means of production under the system of ownership by the whole people and at the same time, are relatively independent commodity producers. Naturally, independent commodity producers must have independent decisionmaking power in operations and management, and relatively independent commodity producers must have relatively independent decisionmaking power in operations and management. However, the objective basis for the expansion of power of the socialist enterprises under the system of ownership by the whole people does not merely lie in the fact that they are relatively independent commodity producers. The expansion of the decisionmaking power of enterprises is, fundamentally speaking, the requirement of the socialist system of public ownership of the means of production. The socialist system of ownership of the means of production by the whole people means that the entire laboring people are the masters of the means of production. The position of the laboring people being the masters of the means of production is, in terms of the management and use of the means of production, realized in two ways: first, the enterprise as a social production command center, which represents the entire laboring people, exercises the macroeconomic rights of management and control over the means of production which are owned by the whole people.

Second, every laborer has the right to directly participate in the management and use of the means of production of his own unit. These two complement each other and neither can be done away with. Otherwise, it would be contrary to the position of the laboring people as the masters of the means of production and to the nature of the system of ownership of the means of production by the whole people. Thus it can be seen that expanding the power of enterprises and giving the enterprises a measure of decisionmaking power in operations and management is not only the requirement of the enterprises as relatively independent commodity producers but also the requirement of consolidating the system of ownership by the whole people and giving full play to the superiority of the socialist sytem of public ownership.

The crux of the problem of reforming the national economy's management system is to readjust the rights and material benefits of all concerned, to establish the responsibility system in each level from the central authorities to the localities and from the enterprises to the laborers so as to enable the entire people to play their part as masters at different posts and from different angles and to concern themselves with the development of the economy under the system of ownership by the whole people. In the course of granting a measure of decisionmaking power of enterprises, it is necessary to acknowledge that the enterprises have certain independent economic benefits and to enable the enterprises and the individual laborers to get material benefits. But the material interests involved in the structural reform are fundamentally still the common interests of the whole society. The present implementation of the economic responsibility system among industrial enterprises can be called "the expansion of responsibility." "The expansion of responsibility" and "the expansion of power" refer, in fact, to one thing. Both are required to effect the three-in-one combination of responsibility, authority and benefit. The core of the problem is "responsibility," that is, being responsible for the common interests of the whole society. Under the old system, the enterprises had neither rights nor responsibilities, which was detrimental to doing a good job of production as well as operations and management. Showing no concern for the improvement of the economic effect was first harmful to the common interests of the whole society. After the expansion of decisionmaking power of enterprises and the introduction of the economic responsibility system, the fundamental aim of integrating the material interests of the staff and workers of the enterprises with the results of production and operations of the enterprises to a certain extent, of enhancing the sense of responsibility of the enterprises and the staff and workers for doing a good job of production and operations and of mobilizing the enthusiasm of the enterprises and the staff and workers is still to improve the common interests of the whole society. Thus, in the course of the structural reform experiment, whether in drawing up the ratio for profit deduction, the contracting base and the proportionate profit-sharing of revenue in excess of the fixed quotas or in formulating the orientation of the use of enterprise funds and the routine production and operational activities of the enterprises, it is imperative to correctly handle the relationships of the interests of the state, enterprise and the individual. We must not put the interests of the enterprise and the individual above

the interests of the state. Moreover, we must not one-sidedly pay attention to the interests of the enterprise at the expense of the interests of the state. Expounding the objective necessity for expanding the decision-making power of enterprises and the implementation of the responsibility system by proceeding from the commodity producers rather than from the socialist system of ownership by the whole people will easily lead to putting one-sided emphasis on material interests of the enterprises to the neglect of the common interests of the whole society. In carrying out experiments in reform, some symptoms of this tendency have emerged. For instance, some enterprises have tried to force down as far as possible the contracting base and the proportion of profits in excess of fixed quotas handed over to the state. The situation has even emerged where, in seeking the partial interests of the enterprises, a small number of enterprises have spared no efforts in violating the state's financial discipline and laws and decrees. They have adopted illegal operational means and erroneous measures such as evading taxes, forcing up prices, retaining profits which ought to be turned over to the state and arbitrarily issuing bonuses and subsidies--all of which harm the interests of the state.

The expansion of power of enterprises and the implementation of the economic responsibility system are aimed not only at bringing into play the role of regulation by market mechanism and enlivening the microeconomy but also at correctly practicing planned guidance and macroeconomic decisions. There is still commodity production and commodity exchange under socialism at the present stage and the market still plays a certain regulatory role in social production. In practical economic work, to give better play to the supplementary role of regulation by market mechanism, it is necessary to give the enterprises the relevant power as relatively independent commodity producers. If an enterprise does not have any power and all its production and operational activities are carried out under the instructions of the leading organizations at various levels, you cannot begin to talk about regulation by market mechanism alone. At the same time, an enterprise is also the organizer of the various factors of the productive forces. Regarding the state of their own productive forces (laborers, labor tools and objects of labor), how to correctly integrate their productive forces and how to tap their own potential and how to improve the economic effect, the enterprises more often than not have a clearer understanding than do the leading organizations which are removed from the production process. To bring this role of the enterprises into full play, it is also necessary to grant the enterprises a measure of power so that they can use the manpower and material and financial resources they have at their disposal to engage in the production and operational activities in accordance with the principle of achieving the maximum economic effect. However, the socialist economy is a planned economy established on the foundation of socialized mass production and the public ownership of the means of production. The effect of the economic development of the whole society depends not only on the efforts of the various enterprises but also on the planned guidance and macroeconomic decision of the various functional departments of the national economy. To correctly understand and respect the due power of the enterprises is the foundation for clearly defining the responsibilities and limits on the powers of the central and local functional departments (such as planning, materials, labor, pricing and financial departments and others). The central and local

functional departments must not excessively interfere with the matters within the power of the enterprises, but they should play a role in matters outside the limits of the enterprises' power. In this way the central and local functional departments can concentrate their efforts and energies on doing a good job in the work they should do. In this sense, the rational formulation of the limits of the enterprises' power is conducive to correctly bringing the enthusiasm of the central and local authorities into play. In addition, as a result of expanding the power of enterprises, the enterprises and laborers have had a measure of responsibility, authority and benefit, thus enabling the enterprises to initially subject themselves to the correct guidance of the state's macroeconomic decisions and to resist the "harmful directives" which run counter to the objective laws and are detrimental to the development of production. Of course, we must not believe that the greater the power of the enterprises the better. We must find a rational link in carrying out the experiment of the expansion of power, a link which is conducive both to the enterprises' activities to reinvigorate the microeconomy and to the state's efforts to strengthen its planned guidance and tighten macroeconomic control. The efforts to expound the necessity for expanding the power by departing from the economy under the system of public ownership, which is based on socialized mass production, and proceeding only from the position of the commodity producers will easily result in the situation where the regulation by market mechanism and the revitalization of the microeconomy are stressed one-sidedly while the role of the state's planned guidance and macroeconomic decisions is neglected and even negated.

II. The Problems of the Limits of Power of the Enterprises Under the System of Ownership by the Whole People and Their Assumption of Full Responsibility for Their Own Profits and Losses

One of the forms adopted in the experiment of the expansion of power and the implementation of the economic responsibility system in industry is to carry out the practice of "paying taxes rather than handing over profits to the state, practicing independent business accounting and assuming full responsibility for their own profits and losses" among the large and medium-scale state industrial and communications enterprises. To this day, there have been over 200 enterprises throughout the country which have been carrying out the experiment of "assuming full responsibility for their own profits and losses." On the question of whether the authority, responsibility and benefit of the enterprises under the system of ownership by the whole people can be expanded to the extent of assuming full responsibility for their own profits and losses, there have always been two diametrically opposed arguments among the practical economic departments and economic theoretical circles. One argument holds that assuming full responsibility for one's own profits and losses is the inevitable tendency of the development of the expansion of power of enterprises and the economic responsibility system. The other argument maintains that the enterprises under the system of ownership by the whole people must not practice assuming full responsibility for their own profits and losses. Once it is practiced,

it will mean retrogression in the relationship of the system of ownership. Through the nearly 3 years of experiments in reform, how should we look upon the question of whether or not the enterprises under the system of ownership by the whole people can implement the measure of assuming full responsibility for their own profits and losses? In our opinion, the following aspects need to be pointed out:

1. The introduction of the practice of the enterprises under the system of ownership by the whole people assuming full responsibility for their own profits and losses is a question involving a series of economic rights, economic responsibilities and economic interests rather than a question of simply paying taxes rather than handing profits over to the state. Now that you allow the enterprises under the system of ownership by the whole people to practice the measure of assuming full responsibility for their profits and losses, you must simultaneously acknowledge that they have the right to increase profits and avoid losses in every possible way. In terms of "being fully responsible for their own profits," in order to increase profits, apart from improving operations and management, doing a good job in technical transformation and strengthening business accounting, the enterprises must still have the following rights: First, in order to ensure capital and maintain simple reproduction, the enterprises must have the right to dispose of all the depreciation funds and to renovate fixed assets. Second, in order to invest the funds they already have at their disposal in the production of the most favorable products, the enterprises must have the right to define the production orientation and to shift production to the manufacture of other products. Third, in order to increase profits and avoid overstocking and losses, the enterprises must have the right to fix the prices for their products, and they should be allowed to raise the prices for goods in short supply and reduce the prices for goods in excessive supply. Fourth, the enterprises must have the right to distribute and dispose of the net results of their own production and operations beyond fulfillment of the quotas. Here the rights to raise accumulation, expand reproduction and improve welfare treatment and wages of the staff and workers of the enterprises concerned and so on and so forth are involved. In terms of "being fully responsible for their own losses," the enterprises should bear important economic responsibility. First, under the circumstance where the enterprises produce meager profits and manage to ensure capital, if they still need to pay taxes to the state according to the categories of taxes and tax rates defined by the economic laws and decrees, this will certainly affect and reduce the welfare and bonuses of the staff and workers. Second, if the enterprises operate at a loss, not only will the welfare and bonuses of the staff and workers be affected but even their basic wages will possibly not be paid. Third, if losses in funds and bankruptcy of an enterprise occurs, the staff and workers of the enterprise (the leaders of the enterprise in particular) must bear economic and even legal responsibility and so on and so forth. It is, in reality, impossible for the enterprises under the system of ownership by the whole people to assume full responsibility for their own profits and losses if they divorce themselves from the rational formulation of the above-mentioned basic economic rights, economic responsibilities

and economic interests. At present, the measure of "assuming full responsibility for one's own profits and losses" in the experiment of the expansion of power is, in reality, a form of profit sharing. The major difference between the enterprises carrying out the experiment of "assuming full responsibility for their own profits and losses" and the enterprises practicing profit sharing lies in the replacement of the profits which have to be handed over to the state by income taxes which have to be turned over to the state. But there is no substantial difference in the fundamental economic rights and economic responsibilities. Thus, one cannot begin to talk about the assumption of full responsibility for one's own profits and losses. First of all, at present the enterprises carrying out the experiment of "assuming full responsibility for their own profits and losses" are generally profit-making enterprises which have good conditions in supply, production and marketing and manage to pay taxes and hand over profits. In addition, in working out the income taxes and the rates for the regulatory taxes, the vested interests gained by this kind of enterprise from profit deduction are actually already ensured. According to investigations, the profits retained by the enterprises under a certain light industrial machine building company between January and July in 1979 constituted 11 percent of the total amount of profits. After the introduction of the measure of "assuming full responsibility for their profits and losses" in 1980, the retained profits of the enterprises between January and July accounted for 16.5 percent of the total amount of profits. [words indistinct] the retained profits of the enterprise between January and July in 1979 made up 13.5 percent of the total amount of profits. After it assumed full responsibility for its own profits and losses in 1980, the ratio of its retained profits between January and July in the same year to the total amount of profits went up by 23.5 percent. Therefore, among the enterprises which are carrying out the experiment of "assuming full responsibility for their profits and losses," generally speaking, they have been making profits rather than operating at a loss. Although the amount of profit earned by the enterprises which are carrying out the measure of "assuming full responsibility for their own profits and losses" is a little larger than that earned by the enterprises which are practicing the other forms of profit retention, there is, generally speaking, hardly any significant difference between the two. Most of the profits earned by the enterprises ought to be handed over to the state's financial departments. That is to say, the amount of profit from above-quota products which the enterprise is entitled to dispose of and use in expanding reproduction and improving the livelihood of the staff and workers is fairly limited. Moreover, at present not only is the power for some enterprises "assuming full responsibility for their profits and losses" to dispose of the surplus products and use them in expanding reproduction limited, but even the power to ensure capital and maintain simple reproduction is also difficult to fully guarantee. These enterprises can dispose of only 70 percent of their depreciation funds, and the remainder should go to the state and the localities for their redistribution. In addition, the existing depreciation rate is very low, and a considerable part of the depreciation funds ought to be turned over to the state in the form of profits or taxes. Furthermore, judging from the present external economic conditions, it is also impossible for the enterprises to practice the

measure of assuming full responsibility for their own profits and losses. Whether an enterprise makes a profit or incurs a loss in business depends on the labor of its own staff and workers. Besides, the fluctuation of prices, the conditions of the taxation system, the amount of state investment and the quality of natural resources all have a decisive bearing on the operations of the enterprises. Particularly before the irrational phenomena in pricing and taxation are eliminated, if losses are really incurred in the experimental enterprises, the enterprises will also be unable to fully bear the responsibility for their own losses. In short, the enterprises which are practicing at present the measure of "assuming full responsibility for their own profits and losses" do not, in essence, assume full responsibility for their profits and losses. What they are practicing can at best be called the "profit-loss responsibility system."

3. In the present experiment of the expansion of enterprises' power under the system of ownership by the whole people, it is imperative to replace the formulation of "assuming full responsibility for one's own profits and losses" by that of "paying taxes rather than handing over profits to the state." The enterprises which are carrying out the experiment of "paying taxes rather than handing over profits to the state, practicing independent business accounting and assuming full responsibility for their own profits and losses" do not, in essence, practice the measure of "assuming full responsibility for their profits and losses." Instead they are practicing a form of profit sharing. Therefore, I hold the view that among the enterprises which are carrying out this experiment, the formulation of "assuming full responsibility for one's own profits and losses" must be abolished, and it is sufficient to replace it by the formulation of "paying taxes rather than handing over profits to the state." In so doing, the name will match the reality. If the categories and concepts used in economic policies are more in name than in reality, and if they are used for the sake of being simple and convenient and for sounding better, but in reality they are impossible to be put into effect, then this will be not only disadvantageous but also harmful to the economic development. Under the current economic conditions, the profit rate of some enterprises which are carrying out the experiment of "assuming full responsibility for their profits and losses" is on the high side. This is probably caused mainly by external factors, such as the fact that the prices are on the high side, and does not reflect increased effort on the part of the enterprises. Despite all this, the enterprises still argue: did you not say that the measure of "assuming full responsibility for one's own profits and losses" should be introduced? Now that we have produced more profits, we are only justified to distribute more and get more. If something contrary to one's expectations occurs and serious losses are really incurred in some specific enterprises, despite "assuming full responsibility for one's own profits and losses," the enterprises will be unable to fully bear the responsibility for their losses, and eventually the state has to take responsibility for their losses. It can thus be seen that what we have been practicing recently is not the measure of "assuming full responsibility for one's own profits and losses," but we have forced ourselves to call it this. This practice, which is more

in name than in reality, will be detrimental to the correct handling of the relationship of the economic interests of the state, the enterprise and the individual.

4. Whether the expansion of power of the enterprises under the system of ownership by the whole people can be carried out to the extent of "assuming full responsibility for their own profits and losses" has yet to be proved through further practice of structural reform. For instance, is it better to fully delegate to the enterprises the power to use enterprise depreciation funds and renovate fixed assets or delegate the greater part of it to the enterprises and leave the remainder to the state for redistribution as a means of achieving an overall balance? Furthermore, is there any necessity for the enterprises to have the power to raise accumulation and expand reproduction? On this matter, there are now three arguments: one argument holds that the power to raise accumulation and expand reproduction should be fully given to the enterprises. The practice of some socialist countries has proved that although this measure is conducive to the mobilization of the enthusiasm of the enterprises, it easily leads to blindness in production and construction and is thus unfavorable for the state to strike an overall balance. The other argument maintains that it is just enough for the enterprises to have the power to carry out simple reproduction, and the power to raise accumulation and expand reproduction should be put completely in the hands of the state. The practice at home and abroad has also shown that this measure is not only detrimental to arousing the initiative of the enterprises but also easily causes overextension of the scale of capital construction and disproportions in accumulation and consumption. The third argument considers that the principal part of the power to raise accumulation and expand reproduction should go to the state, but at the same time, a measure of it should be given to the enterprises. This will be favorable not only for the state to attain an overall balance but also for enhancing the enthusiasm of the enterprises for production and construction. In our opinion, the third argument is correct. However, on the matters of accumulation and expanded reproduction, where does the rational demarcation line defining the powers of the state and the enterprise lie? This needs to be answered by the further practice of the structural reform. Moreover, the full delegation to the enterprises of the power to define the production orientation and to fix prices will certainly give rise to anarchy in social production and to disproportions in the economy, while monopoly of the power by the state will be detrimental to the reinvigoration of the economy and to the realization of the integration of production with demand. The rational demarcation line of the powers of the state and the enterprises in these aspects also needs to be solved through practice.

III. The Question of the Coordination of the Expansion of Power of Enterprises and the Experiment To Reform the Systems of the Various Functional Economic Departments and Responsible Departments

To expand the decisionmaking power of enterprises in operations and management and to grant due power to the enterprises as the direct managers and users of the means of production under the system of ownership by the whole people

and as relatively independent commodity producers, it is necessary for the functional departments and responsible departments of the national economy to delegate a measure of power. At the same time, under the situation where the enterprises already have the decisionmaking power in operations and management and have put regulation by market mechanism, into effect, how the various leading departments of the national economy adapt themselves to the requirements of the new situation and exercise proper and effective management over the enterprises is also an important question raised in the experiment of the expansion of power. In addition, for the functional departments and responsible departments of the national economy to really "return authority to the enterprises" and to do a proper job in the management of the enterprises under the new situation also means reforming the systems of these departments themselves. The expansion of power of enterprises and the reform of the various functional departments and responsible departments of the national economy are two aspects of one thing. Therefore, in order to achieve success in the experiment of reform of the whole national economic management system, it is necessary to manage to coordinate the expansion of power of enterprises and the reform of the various multiple state departments and responsible departments. Otherwise, the expansion of power of enterprises will be substantially limited or the situation will emerge whereby the power is delegated to the enterprises in name but not in reality, or some enterprises blindly wield their power in departing from the guidance of macroeconomic decisions. There is the question of these two aspects in the current practice of the experiment of the expansion of power of enterprises.

In the area of coordination in the present experiment of structural reform, we must at least firmly grasp the solution to the question in the following fields: first, the question of how to strengthen planned guidance under the new situation. After the introduction of profit sharing among the enterprises and regulation by market regulation, blindness emerged in production and duplication in construction to a certain degree. This state of affairs calls for urgent reinforcement of planned guidance. To do a good job of the reform of the planning system and step up the study of the question of planning work, we must not only discuss planning in theory but also formulate some specific "regulations" for doing a proper job in offering planned policy guidance to the production of various products of different types. Second, we must grasp the question of the study of economic legislation and its enactment. Of course, it is impossible to enact a series of complete laws and decrees in the early stage of the experiment of structural reform. However, along with the deepening of the development of the expansion of power of enterprises, it is advisable to draw up some clear provisional regulations at every step, so as to help the enterprises clearly understand which matters are lawful and which are unlawful. In this way, there will be regulations to go by in arbitrating economic disputes arising between different enterprises, between enterprises and various economic departments and between various departments. Third, under the condition of ensuring the state's financial revenues and the stability of the people's livelihood, it is imperative to do a good job of the reform of the system in pricing and taxation. Reform must be carried

out gradually. Those whose conditions are ripe can be reformed first. Uniformly freezing commodity prices is by no means a long-term strategem. Failure to solve this problem will prevent the enterprises from correctly combining responsibility, authority and benefit. Fourth, it is necessary to do well in the experiment of banking reform and give full play to the regulatory and supervisory role of banking in socioeconomic life.

China's socialist economy is a planned economy practiced on the basis of the system of public ownership. We need planning not only in developing the productive forces but also in readjusting the production relations and reforming the management system. It is necessary to regard the plans for the structural reform as an important part of national economic planning. To do a good job of the coordination of the experiment in structural reform, it is imperative to intensify the planned guidance over the reform work, overcome blindness and heighten consciousness. It is essential to study and enact long-term programs, general plans for the structural reform and concrete steps for their implementation and to have a unified and powerful leading body for the structural reform so as to ensure the smooth advance of the expansion of power and the whole reform work.

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FINANCE AND BANKING

SUPERVISION OF FUNDS TO SUPPORT AGRICULTURE STRENGTHENED

Beijing ZHONGGUO CAIMAO BAO in Chinese 30 Jan 82 p 1

[Article by staff correspondent: "Strengthening the Supervision of Funds to Support Agriculture and Striving for Better Economic Results, Banks of Agriculture in Various Localities Are Encouraging Communes and Production Brigade To Be Self-Reliant and To Use State Aid As a Subsidiary Measure"]

[Text] In accordance with the policy of economic readjustment, the banks of agriculture in various localities have strengthened their supervision regarding the allocation of funds in support of agriculture in an effort to achieve better economic results.

According to statistics compiled by the main office of China's Bank of Agriculture, a total of 6.68 billion yuan was allocated for the support of agriculture under the supervision of the Bank of Agriculture. This amount, added to the funds spent on developing the old revolutionary base areas and the minority nationality areas and those spent as relief funds of various types in the countryside, totalled 8 billion yuan, out of which 80 million yuan was withheld because of irregularities in their allocation.

In supervising the allocation of funds, the banks of agriculture at all levels considered their job in regulating state investments in the support of communes and production brigades as their main concern and actively conducted investigations and study in collaboration with the relevant departments. The banks implemented the principle of stressing the need for self-reliance among the communes and production brigades and using state aid as a subsidiary measure, and other principles including that of attempting only the possible which had proved to be effective and welcomed by the masses. These banks correctly worked out their projects for supporting agriculture, and made comprehensive arrangements for the use of state allocations, bank loans and funds raised by the communes and production brigades themselves, to help the poor areas and the poor communes and production brigades to stand on their own feet, and to support economic diversification and scientific farming in the countryside in a rational way. Last year, the Bank of Agriculture in Sichuan Province took part in the general planning and recommended the cancellation and postponement of 264 projects, thus reducing unjustifiable expenses by 1.74 million yuan. By monitoring under-the-counter activities, it discovered and stopped the payment

of irregular expenses totaling 2.81 million yuan. It also discovered other expenses of a questionable nature totaling 4.55 million yuan and helped recover 1.42 million yuan. Thus the bank made sure that all the funds in support of agriculture were properly spent. Some water conservancy departments in the province reported that as a result of the bank's supervision of the allocation of funds, they were now having "four lesses," namely, less withholding or misappropriation of funds, less half-finished projects, less useless engineering projects and less waste and loss.

Last year, when the system of production responsibility was introduced in the countryside, some households undertaking the "responsibility of work brought down to the households" and the "responsibility for all farmwork (formerly undertaken by the production teams)" were short of funds needed to buy farm animals and farm tools. The Bank of Agriculture in various localities, in collaboration with the financial departments, gave them active support. In Guyuan County of Ningxia Autonomous Region alone, more than 2.2 million yuan were appropriated, and loans totaling 2.92 million yuan were granted to help the "double-responsibilities" households purchase more than 16,000 farm animals and a large number of farm tools.

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SPECIAL MACHINES FOR LIGHT INDUSTRY PRODUCED IN SHANGHAI

Dalian ZUHE JICHUANG [MODULAR MACHINE TOOL] in Chinese No 1, 15 Jan 82 pp 2, 12

[Article by Zhou Peiren [0719 1014 0086] and Zheng Zhixun [6774 2535 6064]: "Shanghai Machine Tool Plant No 10 Striving To Produce Special Machines for Light Industry"]

[Text] Shanghai Machine Tool Plant No 10 is a medium-size plant with only some 600 workers and staff members. It was established in 1967 and mainly produced modular machine tools and power spareparts. In a period of more than 10 years, on different occasions it set up six automatic production lines for Motor Vehicle Plant No 2, the Shanghai Diesel Engine Plant, and some other units; and produced more than 120 modular machine tools and nearly 6,000 sets of power spare parts.

After the beginning of the national economic readjustment, however, this plant, originally intended for serving heavy industry, experienced a sharp drop in the demand for its products. There was hardly any need for its power spare parts, and its products became overstocked. The serious shortage of production tasks brought the plant great difficulties. Normally, arrangements were made in the middle of every year for the plant's production in the following year. By the end of 1980, however, only about half the production tasks for 1981 had been received. Some workers thought: "There is no future for modular machine tools."

In the face of a shortage of production tasks and the workers' low morale, the leadership of the plant, guided by the spirit of the Third Plenary Session of the 11th Party Central Committee and the principle of a combination of planned economy and the market's regulative role, organized a market-investigation team, comprised of leading members and business and technical personnel of the plant, to survey the market, to familiarize themselves with market conditions, and particularly to collect data on the special machines urgently needed by the light industry for the production of daily necessities. After analyzing these data, they discovered that many light industrial trades were in urgent need of special machines, and that this was a good opportunity for the plant to demonstrate its strong points. There was a good future for the production of modular machine tools after all. The plant accordingly changed its service orientation and undertook the task of manufacturing various machines for the light industry on the basis of market demand. In nearly 2 years, since the

latter half of 1979, the plant has received orders for "large multiple-spindle drills" to be used for the multiple-hold processing of vacuum couch rollers of paper-making machines; "automatic feeding equipment for punching machines" to be used by pharmaceutical products packaging plants for making metal containers for ointment for export; "special automatic machines" for bicycle parts plants; "production lines for finished machining of sewing machine casings after painting;" and other special modular machine tools, totaling more than 80 sets. By the middle of 1981, the special machines produced for light industry by the plant already amounted to more than half of its total annual production tasks. Now the plant is operating "above capacity" instead of "under capacity." Some of these special machines have received favorable comment by the users. The plant is expected to operate at full capacity in 1982.

Some cadres and workers had complained that "the production of special machines for light industry is not profitable and is a thankless job." The plant overcame their mental hurdle by convincing them of the need to serve the market and the light industry.

Since the special machines for light industry were bought by the customers with funds earmarked for upgrading equipment and because of the competition going on, the prices of these machine tools were generally low and the manufacturer could not make much profit. To bring about a unity of purpose among the workers, the plant reminded them of the need to promote the interests of the society and the state, rather than the interests of the plant alone. The plant made an accounting of the 25 sets of special automatic machines of five varieties produced for a bicycle spare parts plant, and found that the plant had spent one-quarter of a year's time on the production of these special machines with a total output value of only one-twelfth of its annual amount. It was true that such production was "not profitable." For the users of the special machines, however, an investment of 250,000 yuan could raise the output of bicycle spare parts fivefold, with an additional output value of more than 6 million yuan including an increased profit of more than 1 million yuan. This accounting greatly enlightened the workers. They said: "Since the special machines can help the state make so much profit, we should continue to produce it even though we earn less." Their enthusiasm for producing these sets of special machines was greatly enhanced, and they are now prepared to produce other special machines in addition to the "production line for finish machining of sewing machine casings after painting."

The plant has also paid attention to tapping its own potential, lowering the production cost and shortening the manufacturing time. In the past, the plant was only concerned with production and paid little attention to business methods. For more than 10 years there was little change in their products, so the production cost and profit could be more easily controlled. Now the plant is planning its production on the basis of market needs and there are new designs and new varieties to be added every year.

Despite the scores of special machines produced for the light industry since 1979, the plant has not acquired a single item of additional equipment and the state has not invested a single yuan in it. To keep pace with the growing market needs, its customers are always in urgent need of these machines. The

key to the reduction of the manufacturing time lies in the reduction of designing time. The plant then took full advantage of its experience in the use of clamping apparatuses, which not only helped reduce the manufacturing time but also lowered the production cost. In the first half of 1981, the "special automatic machines" produced according to contract were well received by the users, many of whom sent letters or agents to place orders. Since there was still some problem with the completion of its annual production tasks, the plant mobilized the workers to tap resources and again succeeded in producing 10 additional items in the second half of the year. These additional items not only satisfied the requirements of the users, but also increased the plant's revenues and profits. Its total annual output value is now expected to be even higher than in the preceding year.

Since each unit ordered only one special machine, the plant explored other resources by contacting similar plants in various parts of the country in a sales canvass. As a result, the plant not only obtained more orders, which helped increase its production, but it also received useful comments from various quarters which helped the plant to work out more practical details and parameters for its products. By cooperating with the users and taking advantage of their experience in the operation of special machines, the plant first constructed models according to the users' requirements and then carried out joint designs. This resulted in a meeting of minds between the plant and its customers so that the special machines produced could be "better operated, better repaired, better produced and better looking."

The plant is now planning to collect some typical parts for the light textile industrial trades for designing special machines as a technological reserve. For example, through certain adjustments and alterations in the automatic production line for the finish-machining of Model JAL-1 household sewing machine casings after painting, the same production line could also be used for JB or other models of sewing machines. For the special machines used in processing bicycle parts, plans have been made for the production of 26 varieties of special machines based on the outlines and threads of disc-shape parts of various types of bicycles. These special machines can be used for processing the flywheels and footpedals of bicycles as well.

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INDUSTRY

NANJING DEFENSE INDUSTRIES SERVE CIVILIAN NEEDS

OW130301 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 12 Apr 82

[Text] Nanjing's defense industry has offered technological know-how in aeronautics, navigation, electronics and machine building, previously exclusively its own, to various civilian organizations, such as light industry, textile and food-processing departments, medical organizations and commercial units. More than 240 kinds of new technological know-how have thus been passed on the various civilian industries over the past 2 years. This has not only solved difficult technological problems for local industries but also raised their technological level to a new high.

The Nanjing auxiliary marine engine plant has provided nearly 500 factories in more than 30 different civilian industries with the technology concerning an oil-water separator used in ships. Used in milk processing, this separator can reduce the impurities and moisture in milk powder to as low as 1 part per 10,000 which surpasses the national standard for special-grade dried milk. The separator can also be applied to remove impurities from Zhenjiang vinegar, a famous product of Zhenjiang, making it possible for the vinegar to keep for a long tiem without precipitation. An improved model of the separator can raise the purity of lard to as high as 99.9 percent, meeting the specification for export. When waste water left from wool washing in the woolen textile industry is treated by the separator, not only the waste water meets the established standard for dischargeable effluent, but high-value lanolin can also be recovered.

Previously, the stainless steel flexible pipe made by the Nanjing (Chengguang) machinery plant had only limited application because it was supplied to a single user. Since 1980, the plant has held 3 on-the-spot meetings aimed at popularizing the techniques in connection with the use of this product. This has evoked extensive interest among civilian users, such as the chemical, light, textile and electronics industries, and as a result, they have quickly received the product. The Nanjing Qixiashan chemical works has used this kind of flexible pipe and found it twice as durable as that provided with the imported equipment. This means an increase in our country's ability to provide spare parts for imported equipment as well as a saving in foreign exchange.

Last year, a scientific and technological cooperation meeting was held in Nanjing. Defense industry enterprises offered more than 130 kinds of transferrable

technological know-how to the meeting. It was only after the implementation of the national economic readjustment principle that such technological know-how began to break through the confines of the defense industry and serve a large variety of needs in civilian industries. This represents a new way to achieve greater results with less money in promoting the technological transformation of industrial enterprises and in developing science and technology.

CSO: 4013/53

XIAMEN ECONOMIC ZONE WILL BE SOURCE OF FOREIGN CAPITAL

Construction Being Expedited

Fuzhou FUJIAN RIBAO in Chinese 10 Nov 81 p 2

[Article by Chen Mingge [7115 2494 2706]: "Construction of Xiamen Special Economic Zone Being Expedited"]

[Text] After over a year's active preparations, the construction of the Xiamen Special Economic Zone is now entering a new stage. This article will present some personal views on the way to accelerate this construction.

The first stage of the engineering project on the Huli Industrial Part of the Xiamen Special Economic Zone will soon be started. To guarantee the speed and quality of the capital construction so that adequate material conditions can be provided for foreign investment in building plants, we must adopt new methods of management. Now that the overall plan has been submitted and approved, can a system of bidding be adopted for the small zones and the single item projects? In other words, after publicizing the requirements of the project designs and stipulating the deadline for completion in inviting bids, the plans submitted by several design units (including domestic and foreign units) for each single-item project should be studied by the construction departments of the special zone. These departments will compare these plans and choose the best. The advantage in this method is that we can mobilize the resources of various quarters, bring into play the strong points of many design units, pool their ideas, and then encourage their competition in bidding with regard to the artistic appearance, construction costs, and quality of work embodied in their plans. This method is certainly better than a "monopoly" in designing. The organization of construction forces should also be based on a combination of state arrangements and inviting bids. Based on the design selected, the special zone should consider the conditions stipulated by each of the various companies and choose the best conditions offered. When the choice of the construction unit for a certain project has been decided, there should be definite assurances as to the progress and quality of work, along with a system of economic bonuses and penalties. For example, the amount of bonus will be based on the amount of time saved by the advanced completion. The outlay on bonuses should be offset by the benefits derived from the earlier opportunity for foreign investment in the building of plants and from the faster circulation of funds. This is

advantageous to the overall situation. In so doing, we will have to break through some existing regulations of the construction departments and construction banks, and the special zone should be given some decisionmaking power in the use of construction funds. To speed up the progress of work and to guarantee the engineering quality after the project has been undertaken by the contractors, the control of labor should be carried out in a scientific way and in accordance with the principle of "to each according to his work" instead of "eating from the same pot." The special zone should be free from the existing restrictions on the ratio between wages and bonuses. This will also call for the coordination and support of the departments concerned.

While proceeding with capital construction according to the overall plan, we should study and formulate the plans for the economic development of the special zone. It is now clear that the Xiamen Special Economic Zone will mainly engage in processing goods for export, while at the same time serving the development of tourism. What should be the orientation of its development in the processing trade? In this connection, we should study the condition of resources in our province and municipality, study and predict the conditions on the international market, know the requirements of foreign markets, and posses the current economic, scientific and technological information in addition to other information on the trend of developments and other conditions. We will then be able to make our policy decisions without missing any favorable opportunity. Since the goods processed in the special zone are mainly for export, there will be the problem of our joining in the competition on the international market. We must choose the industrial projects which will help promote the development of our industrial technology and at the same time enable us to enter and maintain a foothold on the international market in the face of competition. We should avoid any project for which our present technical facilities are still inadequate. We must not export any of our overstocked products which are due to be taken off the market. This is the main orientation of development for our processing industry in the special zone. We have now decided to develop industries that cause less pollution, use less water and electricity, and call for labor intensiveness, and to gradually develop industries of the technology-intensive type. Based on our present conditions, we should welcome investors engaging in the electronic industry (including the production of household electrical appliances), in the light and textile industries, and in the industries of precision meters and instruments, garments, leather goods, toys, furniture, precision machinery, plastic ware, jewelry, foodstuff and printing. When foreign merchants come to invest in the special zone, we should beware of two possibilities on their part: first, the dumping of any equipment that is due to be phased out in the process of upgrading products and equipment in foreign countries, and the importing of high-price but low-quality parts to be assembled, in which case, our products would lack competitive power and might bring losses to our plants or even force them to close down; and second, keeping their eyes on our vast domestic market and bringing in goods to compete with our products of the same type and to clash with our industrial development. We must have constant and systematic contact with international and domestic fraternal special zones and know them thoroughly before we can take the initiative in our negotiations and policy decisions.

To guarantee smooth progress in the construction of the special zone, we must set up a highly efficient special zone administrative organ. This organ must be compact and efficient, with full authority and not too many administrative levels. There should be a small number of highly competent cadres, a clear-cut system of responsibility, and a distinctive system of reward and punishment. In other words, overstaffed and overlapping organs crammed full of incompetent personnel must be avoided. The enterprises and basic level units must be adequately staffed, although the organization of enterprises should also be based on the principle of "simpler government and better troops." Economic work must be carried out in accordance with economic laws and the principle of independence and initiative, and responsibility for their own profits and losses should be upheld. There must be a separation between government administration and enterprise management. The duties of the government and administrative organs will mainly consist of providing guidance and supervision in matters of policy; conducting investigation and study; uncovering problems and promptly working out or revising the regulations. They will also examine and approve the reports and contracts submitted by the enterprises, and then register them, issue the licenses, and collect and control the taxes. Instead of taking over wholesale the economic activities, which should be carried out by the enterprises in accordance with their duties, they should give the enterprises a free hand in business affairs. The enterprises in the special zone should have greater real decisionmaking power than the expanded decisionmaking power of enterprises elsewhere. The administration committee is a political power organ, and the company is an organization formed of the enterprises. There should be clear-cut duties and division of work for all levels, from the administration committee down to the sections (offices) of the enterprises, and all rights must be accompanied by responsibilities. We must have a centralized leadership and also be able to give play to the roles of every unit, department and individual so that we can work efficiently, arouse the enthusiasm in various quarters and train workers in economic relations with foreign countries, and thus operate the special economic zone well.

Absorbing Foreign Funds

Fuzhou FUJIAN RIBAO in Chinese 10 Nov 81 p 2

[Article by Hong Guisheng [3163 2710 3932]: "Some Proposals on the Absorption of Foreign Funds in Industry"]

[Text] The Xiamen Special Economic Zone is mainly intended for processing export products and at the same time for the development of tourism and other trades. Industry occupies the dominant position in the economic structure of this special zone. Regardless of the order of priority for different trades in the special zone, the need for foreign funds in industry after all cannot be ignored. The use of foreign funds for this purpose touches on many complex issues, and this article will present some preliminary views on the way to absorb foreign funds.

Up to now, in the special zones of both Guangdong and Fujian, very few projects involving foreign funds as already decided or still under negotiation have anything to do with industry, mainly for the following reasons: 1) since the infrastructural work is not yet ready, conditions are not ripe for investment in the building of plants; 2) economic legislation is not completed or remains uncertain, and the prospective investors have misgivings; and 3) the preferential treatments offered are not sufficiently attractive. Therefore, the special zones in both provinces are now speeding up their infrastructural work, while the central government is increasing its efforts in economic legislation. We should then be able to solve these two problems gradually. What is now the key problem with the absorption of foreign funds?

We have already given quite a lot of preferential treatment to foreign investors, such as the supply of low-cost labor, low rent for land and plant buildings, reduction or exemption from taxes, and so forth. All these measures should have certain power of attraction. However, at present the industrial areas in many countries in the world, particularly the developing Asian countries, are also fiercely competing with one another to offer preferential treatment to foreign investors. Then how we should offer ours is a question deserving careful study.

Many foreign investors are fascinated by China's rich resources and vast market, as usually reported in the foreign press. According to the data of investigations by a foreign research center, 51.4 percent of the enterprises willing to invest in China are interested in China's vast market, while 19.8 percent of them have a high opinion of China's natural resources. Combined, they form 71.2 percent of all these foreign enterprises.

In practice, we have now already opened part of our domestic market to these investors. However, there has been some confusion and misunderstanding regarding the methods used, with the result that our open-door policy has been received with mixed feelings. This problem, in the final analysis, is attributed to our inexperience and lack of an open-door policy based on macroeconomics.

Every country has economic cooperation or contact with others as well as a policy of protecting its own economic interests. These two considerations must be reconciled. The market must be opened, but not without limit. To encourage the investors to act in a way beneficial to ourselves, we should adopt a clear-cut and limited open-door policy, as we did in Fujian and Guangdong. This policy should distinctly stipulate the types and quotas of products permitted to be sold on the domestic market. For those items which are rare or nonexistent in our country and for which we have to rely on foreign imports for a fairly long time to come, and for the items which include a high percentage of our raw and semifinished materials and which have a higher foreign exchange earning capacity, we should, for example, consider the overall situation and permit their sales on the domestic market. We should compile a list of them for the information of both ourselves and foreigners. The quota of goods for domestic consumption should be, as a matter of principle, governed by our consideration of the foreign exchange generated (including labor wages, revenues from the raw and semifinished materials provided in our country, the rentals on land and plant buildings, taxes, profits and so forth). If necessary, the quotas may be exceeded, subject to approval (as though they were imports).

This policy has the following merits: 1) a greater attraction to foreign investment as a means of promoting our industrial development; 2) an increased supply of products or raw materials needed in developing the domestic market; 3) the encouragement of foreign enterprises to use our raw and semifinished materials in order to develop the trades dealing in these raw and semifinished materials; and 4) the expansion of our foreign markets. In doing this, some of our own industrial products, the foreign counterparts of which can be sold on the domestic market, will not be able to earn much foreign exchange in the near future. In consideration of the overall situation and from a long-range point of view, however, they can still yield both direct and indirect economic results. There can only be advantages and no disadvantages. For example, the Jianggiao Corporation jointly operated by us and some Hong Kong merchants to produce heat-retractable plastic sheet has filled a gap in the packaging materials in our country. We cannot only use the portion sold on the domestic market as a substitute for imports, but we can also export the remaining portion to foreign countries. Therefore, we should carefully study this matter and try to make good use of it.

In short, if we will open up part of our domestic market in a planned way, many foreign investors, now taking a wait-and-see attitude, will gladly come to us. Then we can have a wide range of prospective investors to choose from and find the right ones to serve our purpose.

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China Report

ECONOMIC AFFAIRS

No. 225

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CHINA REPORT

ECONOMIC AFFAIRS

No. 225

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TECHNICAL TRANSFORMATION; ECONOMIC READJUSTMENT

Beijing RENMIN RIBAO in Chinese 18 Jan 82 p 5

[Article by Zhou Shulian [6650 0647 5571]: "Technical Transformation and Economic Readjustment"]

[Text] For a long period of time various negative consequences have resulted from our neglect of the technical transformation of existing enterprises. The first [negative consequence] is aging equipment. At present the equipment of many enterprises is obsolete. The service life of machine tools of the First Ministry of Machine Building is, for the most part, over 20 years. Much of the equipment in light and textile industries is even more outdated and backward. Due to aging equipment, the metallurgical, chemical industrial, building material and other branches of industries consume 20 and 30 million tons of standard coal in over a year. In some enterprises the loss of equipment due to corrosion is severe, so much so that it is even difficult for them to maintain simple reproduction. The second is backward technology. This is the cause of the poor quality of products, massive depletions, and high costs. The third is outdated products. Economically developed nations for the most part attach great importance to the replacement and exchange of products. But for several years our products more often than not have been consistently limited. Consequently, the economic results have been much poorer than those for similar products overseas. The fourth is disrepair of factory buildings. Sections of old cities correspond to parts of factories in disrepair that imperiled both production and safety. The fifth is the lack of qualified technical personnel. Not only is the number of technical personnel of our nation's industrial enterprises small, but they have not been fully trained and utilized. In 10 years of upheaval some knowledge that technical personnel originally had a good command of has also fallen into disuse. As a result, the phenomenon of outdated knowledge is rather severe. The above circumstances make clear that the technical transformation of existing enterprises, to be carried out step by step and in a planned way, is indeed completely essential.

Technical Transformation of Enterprises Is an Important Task in the Readjustment Period

The technical transformation of enterprises encompasses many aspects. In view of the serious problem of aging equipment of a fairly good number of enterprises, there is at present a great need to give importance to replacing equipment. The replacement of equipment generally requires that advanced equipment take the

place of backward equipment, with emphasis on the replacement of key components and equipment. In addition, technical transformation encompasses improving technology, developing new products, maintaining the transformation of factory building structures, as well as training qualified scientists and technicians, and increasing technical competence of workers. Technical transformation is a long-term task. In the midst of the economic readjustment period, our nation is confronted by financial and economic difficulties. Therefore, while carrying out technical transformation of enterprises we must go no further with full-scale reconstruction. We cannot demand overall transformation within a short period of time. We must carry it out step by step and in a planned way on the basis of need and possibility. Obviously, this certainly does not imply that during the readjustment period, we may neglect the technical transformation of enterprises. On the contrary, technical transformation is extremely important in economic readjustment.

First, it can lay a rather firm material and technological base for the development of light industry. Accelerating the development of light industry is an important task for the readjustment period. To enable the light industrial sector to develop continually and rapidly, an essential material and technological base needs to be established. How, then, can this be accomplished? Evidently, we can no longer rely on new construction, spending huge investments to build a large number of new factories. Doing this under the present financial and economic circumstances would not only be impermissible, it would also be disadvantageous to increasing economic benefits. The correct and feasible way is to rely mainly on existing enterprises to carry out technical transformation emphatically and step by step. In recent years the bicycle trade and other trades have done it this way and have achieved good results. In the light industrial sector, there is also a structural rationalization problem, such as in the cotton textile trade where thorough processing capacity is insufficient and post-printing and dyeing rearrangement is backward. These weak links should also mainly rely on the technical transformation of existing enterprises to fill up the gaps.

Next, it is capable of promoting the readjustment of heavy industry and will impel structural rationalization within heavy industry. In the past, heavy industry was mainly self-serving and was particularly serving new construction. Now, the scope of capital construction has been reduced, causing some heavy industrial departments to have insufficient production responsibility. To solve this problem, in addition to producing and providing raw materials for consumer goods for daily use and increasing the production of exported goods, the heavy industrial sector also needs to firmly get hold of the replacement of equipment and technical transformation. Some people estimate that in the coming few years both mechanical and electrical products and metal products for daily use and export products, etc., will add up to less than 40 percent of the gross value of industrial output of our engineering industry. What is needed to serve the national economy and technical transformation (including maintenance) accounts for around 60 percent. If the technical transformation of existing enterprises is not firmly grasped, the problem of the engineering industry and other departments "not eating their fill" will then be difficult to solve. If the replacement and transformation of equipment is firmly grasped, then it will be capable of promoting the engineering industry, the metallurgical industry, and other relevant heavy industrial departments. The technical transformation of enterprises can still impel heavy industry to change its internal structure, by putting less emphasis on serving capital

construction and giving more attention to serving the technical transformation of old enterprises. Past excessive self-indulgence has been changed to more and better service to agriculture, light industry, energy resources, communications, as well as commerce, service trades, and other branches. In this way, the internal structure of the heavy industrial sector can then gradually suit the needs of the healthy development of the entire national economy.

Furthermore, it would be advantageous to conserving energy resources. The short supply of energy resources is the principal factor behind the current limit on the development of the national economy. The means for solving the energy resource problem is putting equal stress on increased production and practicing economy. But at present conserving resources should be given more prominence. The conservation of energy resources must rely on readjusting the structure of products and improving the management of resources. Furthermore, we must rely on technical transformation. Our country's potential for undergoing technical transformation and resource conservation is great. For example, the capacity of industrial and heating boilers throughout the country is for the most part small; heat efficiency, low; and energy consumption, high. If the boilers are altered so that capacity is enlarged and the heat efficiency increased, and central heat supply methods are adopted, the theoretical calculation of the resource conservation potential per annum could be millions of tons of standard coal. If carried out gradually, great quantities of resources could be conserved within the near future. Another example is that our country's motor vehicle energy consumption is much higher than that overseas. If replacement and alteration of existing motor vehicles were carried out, the resources that would be conserved would also be considerable.

Moreover, economic results can be improved. Technical transformation will increase both investment and economic results of existing enterprises in many aspects. The exploiting of potential as well as innovations and the transformation of old enterprises will generally save more investments than building new projects. Results will also be good and desired results will be rapidly produced. For example, of the amount of investment of the unit production capability of the Gansu East Is Red Glass Factory, new construction was 24 yuan/carton and exploitation of potential, innovation and transformation was 5 yuan/carton. Of the amount of investment of the unit production capability of the East Is Red Aluminum Factory, new construction was 6,522 yuan/ton and exploitation of potential, innovation and transformation was 2,435 yuan/ton. The past exploitation of potential, innovation and transformation often consisted of old factories getting additional equipment so it could be called "inter-factory extension." Doing so also achieved rather good results. By doing a good job in technical transformation in the future, and by realizing the intent of reproduction on a much larger scale, economic results can thus be even better.

Carrying out the technical transformation of existing enterprises is not only an important task for the readjustment period, but also the only way to develop our nation's economy. Before liberation our country's economy was extraordinarily backward, industry was quite underdeveloped, and the foundation was very weak. After establishing the People's Republic it was necessary to set up a group of new enterprises in order to lay the foundation for industrialization. Within a certain period of time we placed emphasis on establishing new enterprises, which

was entirely essential. Once there was a group of essential factory enterprises laying the preliminary foundation for industrialization, we did not shift the focus on time to the technical transformation of existing enterprises, thus resulting in a loss to economic construction. Looking at some economically developed countries, the proportion of fixed capital investments used in transforming already existing enterprises is quite large. For example, in America between 1947-1948 the proportion of the fixed capital investment used in transforming already existing enterprises was 69 percent, 55 percent from 1947 to 1950, and 77 percent from 1971 to 1978, assuming the form of an increasing tendency. This kind of tendency was in conformity with laws. At present our nation already has 400,000 industrial and communications enterprises, with fixed assets amounting to more than 400 billion yuan. For vast reproduction in the future, in addition to establishing some essential new enterprises in accordance with possible conditions, we must mainly rely on the technical transformation and give full play to the role of existing enterprises.

Technical Transformation Must Have as Its Goal the Increase of Economic Results

It must be pointed out that although technical transformation can increase economic results, this certainly does not say that any technical transformation will inevitably cause an increase of economic results. In fact, in the technical transformation of the past there arose the situation of chasing after form, not to mention actual effects, and with the result that much money was spent for small results, some to the point of severe loss. For example, some provinces spent much money in making more than 100 automatic routes. But because they had no definite purpose and were not realistic, the result was little use. Drawing lessons from the past, we must now certainly insure that technical transformation earnestly achieves the benefit of increasing economic results from guiding ideology and policy measures. In carrying out the technical transformation of any enterprise, economic results must be earnestly considered. Not only must the economic results of each enterprise, trade, department, and district be considered, but also those for all of society must be taken into consideration. As for major projects, we certainly must conduct feasibility studies, put forth various programs, and select the best plans in accordance with the demands of increasing the results of socialist economy. Technical transformation must undoubtedly substitute advanced technology for backward technology, but this can only be achieved gradually. Considering the situation of our massive labor force, insufficient funds, and backward technology, we especially cannot blindly pursue advanced technology and we cannot unilaterally pursue automation. Even if our country were economically developed, we also certainly could not blindly chase after advanced technology. For example, electronic computer control is advanced technology. However, in America too, they do not install electronic computers in all places where electronic computers can be utilized. The new technology that they adopt is also conditional and is dependent on whether or not it is economically worthwhile. Technical transformation is a major event that touches upon the whole national economy, and there must be comprehensive programs, plans and coordinated actions before good economic results can be achieved. Thus, on a foundation of testing and research, it is necessary to formulate plans that are feasible and based on science. The goals, foci, steps and principal measures for technical transformation must be correctly defined. The plans should be formulated from numerous administrative levels and

should include the overall plan of the whole country and plans of major cities, departments and trades. Enterprises should also have their own plan for technical transformation. Selecting the focus of technical transformation is an important issue. The starting point for selection should be advantageous to solving the most pressing problems in the national economy at present, advantageous to spurring on the technical transformation of the whole national economy, should rapidly produce the desired results and should have the possibility of being accomplished. The plans should also encompass funding sources, sources of equipment and materials, arrangements for scientific research, design and testing, as well as any relationship for handling production responsibility and technical transformation.

In capitalist countries the technical transformation of enterprises is the affair of individual enterprises, but the state intervenes and guides to varying degrees. Ours is a socialist country, and in practicing planned economy the state must further strengthen leadership over this kind of major event which influences the whole nation and bring it into the unified national economy plan. However, under the present conditions where prices are inequitable and market mechanisms are unable to function normally, if the state's planning guidance is relaxed, not only will the technical transformation of enterprise not be able to be smoothly carried out, it can even produce various deviations. The leadership of the state is multifaceted and includes formulating plans, strengthening economic legislation and jurisdiction, utilizing various kinds of economic levers, and carrying out needed administrative intervention. Naturally, emphasizing the state's strengthening of leadership certainly does not imply that it may ignore the role of enterprises. It would be difficult to carry out smoothly technical transformation without the zeal and initiative of enterprises. Thus, state leadership must be strengthened and the initiative of enterprises must be brought into play. The state must, by perfecting the economic responsibility system and taking measures in the areas of funding, installations, goods and materials, as well as prices, tax revenues, credit, interest rates, and other fields, guide, encourage and supervise enterprises, to carry out the replacement of equipment, improvement of technology, exchange of products and other series of technical transformation activities based on the principles of state planning and rational economy. The state must strengthen ideological and political work that will make the workers improve their understanding of technical transformation so that they can learn the attitude of masters in doing this work well with all their energy.

At present we must particularly emphasize handling well the relationship between technical transformation and economic readjustment. The technical transformation of enterprises is one of the tasks of economic readjustment, and must be subordinate to and advantageous to all of the economic readjustment work. In order to cause technical transformation to promote economic readjustment, technical transformation must at first be combined with the readjustment of enterprises. Those enterprises that are about to shut down and enterprises whose direction in production is uncertain should temporarily not carry out further new transformation so as to avoid giving rise to squandering and increasing difficulty for later readjustment. Next, technical transformation must be combined with the reorganization of industry. On a foundation of united reorganization and based on the principles of specialized cooperation and rational economy, further new transformations must be carried out which will cause the mutual advancement of technical transformation

and united reorganization. Further, technical transformation must be combined with the reorganization of enterprises. Those enterprises whose management is utterly confused and whose daily production is poorly done must undergo reorganization before they can create the conditions for the development of technical transformation. In addition, technical transformation must be combined with the full utilization of existing technical facilities. It should be seen that at present technical facilities of our nation's many enterprises are far from being fully utilized, and among them is some equipment that is considerably advanced. Thus, while attaching importance to technical transformation, we must attach great importance to bringing into play the potential of existing enterprises. We must guard against taking advantage of the opportunity of technical transformation and acquiring a collection of new technology and new equipment that is incapable of being fully utilized. This way, we can then cause technical transformation to truly be beneficial to increasing economic results, and we can promote the accomplishment of the task of economic readjustment as early as possible.

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CSO: 4006/322

STERN HANDLING OF ECONOMIC CRIMES URGED

Beijing ZHONGGUO CAIMAO BAO in Chinese 2 Mar 82 p 1

[Article by Staff Commentator: "Major Economic Crimes Must Be Dealt With Sternly"]

[Text] The case of reselling automobiles for profit in Anyang, Henan Province, involved more than 130 units in 15 provinces and municipalities. There have seldom been as extensive activities and as staggering profits since the founding of our people's republic. The Henan Provincial Party Committee treated this major case extremely seriously. Under the direct guidance and support of the Central Commission for Inspection of Discipline, a special investigative group was established to deal with the case thoroughly and sternly and to give the criminal activities a serious blow. How well this case was handled!

The Anyang case shows that the spread of unhealthy trends and criminal activities in the economic sphere in some regions and departments is extremely serious. We must exert great efforts to check these unhealthy trends in the economic field and deal the unlawful criminal activities a serious blow. This is an important struggle affecting the rise and fall of our Party and state.

The Anyang case has shown us clearly that the reason the criminal elements were able to do what they wanted was that they had behind-the-scenes backers in our institutions, enterprises, and agencies. More seriously, attracted by money and goods, some cadres with leadership responsibilities directly participated in the unlawful and criminal activities. They acted in collusion and in cahoots with the criminals, which made it possible for the wanton criminal activities to prevail and caused great losses to state property and to the people. These cadres ignored Party discipline and the law of the land, and recklessly used the responsibilities and authority given to them by the Party and the people for personal gains. Some of them associated with the criminal elements. Others took the opportunity to make a gain, willing to do anything to achieve it. The profiteering elements in our society are able to attract into their "relations network" the weak-willed who are hit by "sugarcoated bullets," adopting the tactics of "using money as the horse to travel the difficult road of the world, and using wine as the army to break out of the siege of the city of sadness." This type of "relations network" shelters evil people and countenances evil practices and becomes the hotbed of crimes. It must be thoroughly cleaned up.

This struggle to deal a serious blow to the criminal activities in the economic sphere accords with the will of the Party and the people and is being intensively pursued. What is worth paying attention to is that there are still some leading cadres who are not combating and struggling against these unhealthy trends. They still practice favoritism and shield the wrong-doers, making light of serious matters and ignoring the less serious. Some are even permissive and openly block any punishment. This helps the unhealthy trends to spread and become disasters and delays the deserved punishment of the criminal elements.

The determination of the Party Central Committee to investigate and deal with unlawful and criminal cases in the economic field and to punish the unlawful elements, especially the unlawful activities of certain leading cadres, is extremely necessary. We must eliminate every obstruction and investigate to the end. All those who have violated the criminal law must be punished accordingly. This is required by the state laws of the land. It is demanded by the broad masses of the people.

5974
CSO: 4006/359

AGRICULTURAL LOANS IN KANSU REACH 100 MILLION YUAN

Lanzhou GANSU RIBAO in Chinese 15 Feb 82 p 1

[Article by Gong Tongan [7895 6894 1344]: "Develop Economic Diversification--Increase Peasant Income; Loans in 1981 Totaled 100 Million Yuan"]

[Text] A Lanzhou dispatch. While supporting grain production, the various levels of agricultural banks and credit cooperatives also increased loans for economic diversification. These loans for the entire province reached a total of 100 million yuan last year, an increase of 42.8 percent over the previous year.

In supporting the development of economic diversification, the financial departments in the various rural areas selectively supported the development of economic crops and traditional products, such as lilies, hotbed chives, day lilies, dried fungus, beets, sunflower, black mellon seeds, citrus, tung oil tree, raw lacquer, as well as such valuable Chinese medicinal herbs as gastrodia elata and coptis root. The Lanzhou subbranch bank and credit cooperative made loans last year totaling 2,870,000 yuan, making it possible for the production of roses, lilies, and tobacco to reach an all-time high.

Banks and credit cooperatives at various locations fully utilized the rich labor resources and natural resources in the rural areas and actively supported the development of industrial and subsidiary production. The loans to commune and brigade enterprises in the province totaled more than 47 million yuan, supporting over 6,000 commune and brigade enterprises in the development of marketable daily-use consumer goods and medium and small farming implements.

At the same time, financial departments in the various rural areas also put into practice the system of "two contracts based on households" for most of the production brigades in the province, supporting thousands of families and households in the development of economic diversification. Loans to individual commune members accounted for over 60 percent of total loans for economic diversification. These loans supported more than 13,000 various types of integrated households, specialized households, and key households in the development of industrial and subsidiary production and increasing the output of commercial products.

5974
CSO: 4006/359

INDUSTRIAL OUTPUT INCREASES IN FIRST QUARTER

OW100559 Beijing Domestic Service in Mandarin 1200 GMT 7 Apr 82

[Text] China's industrial and transport work was fine during the first quarter of this year with some improvement in the economic results of the work. The gross industrial output value was 129.32 billion yuan, accounting for 24.2 percent of the annual plan and showing an 11.6-percent increase over the same period last year. The output of 81 of the 99 main industrial products, including cotton yarn, paper, sewing machines, coal, crude oil, acids, alkalis, lumber and cement, as well as electric power output, met the quantitative quotas for this quarter as set in the annual plan. Output of 79 products exceeded the figures for the same period last year. In addition, the quality of most products turned out by coal, petroleum, chemical, building materials and light industries was maintained at a fairly good level.

For the first quarter of this year, the state-run industrial enterprises listed in the budget turned more profit to the state than during the same period last year, while fewer enterprises operated at a deficit. As of the end of February, the number of enterprises operating at a deficit had decreased by some 1,300, and the total loss had declined by 10.4 percent compared with the records for the same period last year.

Generally speaking, the industrial and transport work for the first quarter had a good beginning. Energy production was better than in the past. Light industrial production continued to grow, and heavy industrial production began to rise steadily. At the same time, fairly good results were achieved in fulfilling the cargo transport quota. However, it should be noted that some products whose supply had already exceeded demand continued to accumulate in stock, and insufficient work was done to control the production of certain items as planned. Energy supplies and transport service were still inadequate to meet the demands. The plan for supply of lumber from the south to the north was not fulfilled. Moreover, the quality of some products declined instead of improved. For this reason, the State Economic Commission thinks it still is an arduous task to fully accomplish the production plan for this year and that in no way should we relax our efforts.

The second quarter is a golden season for developing industrial production and transport service. The State Economic Commission urges all localities and departments to take the opportunity to further promote production during the second quarter by turning out more products required by the market while paying attention to achieving greater economic results in their work, improving the quality and increasing the varieties of their products, practicing economy and ensuring the safety in production.

CSO: 4020/118

INDUSTRY

RELATIONSHIP OF SCIENCE AND ECONOMICS

Tianjin KEXUEXUE YU KEXUE JISHU GUANLI [SCIENOLOGY AND MANAGEMENT OF SCIENCE AND TECHNOLOGY in Chinese No 1, 1982, p34-36

[Article by Zheng Muqi [6774 1970 3823]: "Science Economics"]

[Text] In modern society there already is a very close relationship between science and technology and economic development. The development of the national economy depends upon science and technology and science and technology serve national economic development. The natural sciences, technology and the science of economics are always intermingling and overlapping, forming a new branch of science--science economics. This is both a branch of economics and an important organizational component of science. Its major areas of investigation are: the relationship between science and economics; the formation, development and economic characteristics of science "production"; the study of the economic standards of science workers and of the work performed by science research institutes; as well as the economic consequences of scientific research work.

I. The Relationship Between Science and Economics

In his "1857-1858 Economics Draft" Marx pointed out, "Nature did not fabricate any machinery, did not fabricate such things as automobiles, railways, telegraphs and looms. These are the products of man's labors, they are natural materials transformed by man's will to exercise mastery over nature or by the activities of human organs in nature. They are the material transformation of the power of the intellect. The development of fixed capital demonstrates that general social knowledge already to a large extent has transformed direct production forces, and as a consequence has caused the process of social life conditions to be greatly influenced by the control of general knowledge and to moreover use this knowledge to bring about reforms." (MAKESI-ENGESI QUANJI--THE COMPLETE WORKS OF MARX AND ENGELS Vol 46, Part 2, p 210-220) With this statement Marx reveals the major role of scientific knowledge in material life and in social life.

1. Science and Technology Promote Development of the National Economy

The history of the development of modern science and technology dramatically demonstrate that the development and application of science and technology provide advanced technology for development of the national economy and are the key link in improving labor productivity. The development of a nation's social production forces and the increase of its social wealth are to a great extent determined by the role of science and technology, the success in accomplishing material transformation of knowledge and by the "quantity of science and technology" involved in production. According to the statistics of certain economists, the 60 percent rate of economic growth in post-war West Germany is directly or indirectly related to new accomplishments in science and technology. In the Soviet Union, part of the 70 percent increase of the national income is related to applications of the results of science and technology. In the period of the Ninth Five Year Plan (1971-1975), the benefits obtained from the results of science and technology produced economic results valued at over 40 billion rubles. The [huanqiu-world] Petroleum Products Corporation in America has 10,000 employees, 15 percent of which are scientists and technicians. This corporation registers 1,000 patents each year and about one half of corporate profits are related to patents or to construction contract fees.

2. Science and Technology Guarantee the Scientific Nature of Economic Work

With regard to all sorts of economic conditions as well as the mutual relationships between various factors affecting economic development, the use of scientific theory, technology and methods in carrying out investigations and research will guarantee that there is a high degree of scientific accuracy in the goals, direction, principles, policies, actions, programs and management of national economic development.

3. Scientific Research Work Must Also Follow Economic Laws

Science and technology are a part of the national economy and their development must also adhere to the overall national development. Therefore, the development of scientific and technological enterprises not only must adhere to the laws of scientific development but must also adhere to economic laws. Just as the socialist national economy is planned according to the laws of proportional development and according to the state's financial powers and society's needs, the economic development of science and technology also must have a logical proportion. At the same time, each stage of its development, such as basic research, applied research and developmental research also should have a logical proportion.

The ultimate goal of scientific and technological development is to develop the national economy and improve the people's standard of living. Therefore, the development of scientific and technological enterprises must have an economic viewpoint and must pay attention to economic results. Economic methods must be used in managing scientific research work, such as developing and managing scientific research work according to the law of value and the law of the division of labor.

Thoroughgoing investigation of the relationship between science and technology and economics has major significance for the promotion of economic development, guaranteeing the scientific nature of economic work and improving the economic results of scientific research work.

II. The Formation, Development and Economic Features of Science "Production"

1. The Formation and Development of Science "Production"

The goals of scientific research are: 1. The creation of spiritual wealth--new knowledge and new concepts and improvement of the people's intellectual capabilities. 2. The creation of material wealth--to transform science into a social production force. It is only with the integration of science and technology to transform science into a practical social production force and create material wealth for society that we achieve science "production."

The economic statistics of western economists divide production activities into three industries. The first industry is mainly agriculture and includes forestry, animal husbandry and fishery. This was the first industry throughout human history which could maintain mankind's basic livelihood. In slave societies and feudal societies people also utilized some technology of this first industry, such as planting, herding and breeding. Although the techniques of that time did have some scientific content they were at a very primitive stage and cannot be called science "production." Following the Industrial Revolution the manufacturing industry then appeared as the second industry, including such industries as mining and construction. At this time science and technology had already been transformed into a production force, creating a strong material foundation for mankind and occupying a defininte place in society. Following the growth of social production and consumption, the service industry arose and developed as the third main industry, and included such public services as transportation, communication, electric power, gas and running water; service industries in the nature of commerce, banking and insurance; cultural and educational services such as science, education, broadcasting, journalism and television; and service industries of a consumer nature such as entertainment, dining and tourism. At this time, science and technology had

already become an independent production department, occupying an important position in society. In the last several tens of years, the service industries of the economically advanced nations have developed rapidly and have had increasingly heavy investment. According to statistics, in 1975 Japan had 12.7 percent, 35.3 percent and 52 percent of its employed population in the first, second and third industries, respectively. In 1975, the United States had 68.4 percent of its employed people in the third industry, occupying 63 percent of the gross national product. Science and education, the two services industry departments which produce knowledge, are becoming increasingly more important and are praised as the "sophisticated industries" which promote social and economic progress.

2. The Features of Science "Production"

(1) From the economic point of view, science "production" is the broad reproduction of knowledge in society. Science "production" differs from usual production in that it encompasses the two areas of the material and the spiritual. The production of scientific knowledge always benefits from previous results, and in the process of deriving these benefits scientific knowledge continually is supplemented and perfected. It cannot be worn out through use and the more it is used the faster its "capital" increases.

(2) The economic results of science "production" are not calculated in the same fashion as general production. Because the spiritual wealth created by scientific research activities do not belong to the realm of production, and because the material wealth that it creates does fall into the realm of production, consequently it is difficult to devise a unified formula to calculate the economic results. The pure theory of basic research which creates new concepts and new knowledge is wealth shared by all mankind. When scientific results are expressed in theorems, laws and formulas, such as Newton's three laws, the economic results are difficult to measure and express in concrete numbers. As for directional basic research, its results laid the foundation for new inventions. It is also difficult to directly measure such results. At the [Beier] Research Institute in the United States Shockley and Bardeen in their theoretical investigations into the responses of the substance germanium discovered its nature as a semi-conductor and as a consequence invented the transistor. This is an example of directional basic research which has economic results. Generally speaking, the economic results of science "production" must go through the three stages of basic research, applied research, and developmental research before they become obvious and can be evaluated according to information on their special features of quantity and quality.

(3) The costs of science "production" are difficult to determine. The exploratory nature of the products of scientific research makes it difficult to quantify production and the cost of each aspect is difficult to determine. In the process of material production raw materials and the basic means of production undergo depreciation (the material transformation of labor), which are entirely accounted in the newly created value. In science "production" the results of previous of labor are used entirely without cost and there is no newly created value to with which to calculate the transformation of labor, Therefore, its cost is very low. Nonetheless, science "production" can be a complete failure and still have great learning value

(4) In the area of circulation, science "production" is not exchanged at equal value. When the ownership of science "production" is transferred the information is not lost. Therefore, the transmission of such production differs from the circulation of ordinary commodities and is not a resale at equal value.

These special features of science "production" determine the special features of the relationship of science and economics, determine the choices in science economics, determine the organization and management of scientific research work, determine the formulation of scientific research planning and determine the formula for evaluating the worth of the component structure and ownership transfer of the results of scientific research.

3. The Commodity Characteristics of Scientific Research Results

The commodities in a capitalist society are divided in two types--material commodities and intellectual commodities. These two types of commodities are expressed in very different forms. The former is concrete while the latter is abstract. Intellectual commodities can be plotted on paper, discussed in a report, punched on tape or recorded in various concrete ways. If for example a new commodity is but a shell the existence of which depends on the results of scientific research, then the purchase price of that new commodity is relatively inexpensive. What is ten times or one hundred times as expensive is the technology which planned and manufactured that new product. Although there are different forms to concrete commodities and intellectual commodities they nonetheless have concrete value and applied value, and similar commodity values (W) constitute the formula:

W equals C plus V plus m

In the formula, C is constant capital, V is variable capital and m is surplus value. However, although the results of basic theoretical research have applied value, these hypotheses, laws and formulas are impossible to calculate with concrete figures, even though the application figures in the value produced by creation or invention. Such scientific research results do not have any commodity characteristics.

Under the socialist system, there still exists a commodity exchange relationship between society, the collective and the individual, and this undergoes a process of currency exchange based on equal value. However, under the socialist system, commodities have planned production by socialist enterprises in order to satisify social needs. Whether it is individual consumer goods or the means of production, both go through the realm of commodity exchange to enter the realm of consumption. Therefore, they are commodities which exist as direct products of social labor. Under the socialist system, those scientific research results which have quantifiable value and applied value also have commodity characteristics.

In the past in China, the scope of commodities was limited to the means of livelihood and to that portion of the means of production which was exchanged between the enterprises which were under the ownership of the whole people or the collectives. The largest portion of the means of production was not for sale, but rather circulated among the various enterprises owned by the whole people through a system of state allocation and transfer. Therefore, this portion of products did not possess commodity characteristics, but rather were commodities shells, and were treated as commodities only in economic accounting and product valuation. In the past, the results of scientific research by China's scientific research institutes were given to the enterprises to use. There was no compensation for ownership transfer and there were no commodity characteristics. However, the results of not recognizing the commodity characteristics of applied research and developmental research are serious in that scientific research work costs are not calculated, the efficiency is disregarded, quantities are small, the standards are low and the research periods are prolonged. Now that reform of the national economy management system are being instituted, commodity characteristics should gradually be implemented for a portion of the scientific research results.

11582
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DOMESTIC TRADE

SYMPOSIUM ON PRICING

Beijing ZHONGGUO CAIMAO BAO in Chinese 16 Mar 82 p 3

[Article by Wang Ziqiang [3769 1311 1730]: "China Pricing Commission Convenes Symposium on Theories of Pricing"]

[Text] The first symposium on the theories of pricing to be held since the founding of the nation was convened by the China Pricing Commission from February 2nd through 11th at Kunming. The topics discussed were price stability, agricultural commodities prices, price supports, the theories of pricing and price formation.

The Implications of Price Stability. Some comrades believe that this primarily concerns the basic stability of retail prices and includes three levels of meaning: 1. Stabilization of the general level of retail prices. 2. Stabilization of the basic prices for livelihood consumer goods. 3. Stabilization of the people's standard of living. Some comrades believe that price stabilization is divided into absolute stability and relative stability. Absolute stability is the provisional freezing of prices. Relative price stability is explained in three ways: 1. Individual commodity prices may rise or fall but the average annual prices for goods is stable or nearly so. This can be considered either as absolute or relative stability. 2. If commodity prices and wages have relative changes and if wages increase at a rate slightly faster than that of prices this is considered to be relative stability. 3. If the overall price level rises at a rate slightly lower than the interest rate for savings this also is considered to be relative stability. There are yet other comrades who explain things from the viewpoint of mathematical economics and who believe that the meaning of price stability is that in a given economic system the tendency and rate of commodity price changes should match the tendency and rate of commodity value changes.

The Mathematical Limits of Price Stabilization. There were four observations made at the symposium: 1. If the retail price index has an annual increase of 1,2 or 3 percent then there is basic stability. 2. According to China's history in pricing the annual

rate of increase cannot exceed 2 percent. 3. The limitation can not cause a decline in the people's livelihood. 4. The percentile system should not be used as a standard. This should be replaced by a system which includes increases in value along with some other index in the national economy, such as a proportional relationship with the speed of wage increases.

The Issue of Agricultural Commodity Prices. There was relative unanimity of views expressen in saying that in this series of adjustments great improvements had been made in lowering the purchase prices for agricultural products. There now is a mutual correspondence between agricultural product prices and developments in the national economy. This basically will promote development of agricultural production and increase the peasants' income. Consequently, in the immediate future there should be stability and no need to make any more major adjustments. Some comrades believe that the stability of agricultural product prices means that there is stability in price levels, and in order to maintain ideal relative prices there ought to be minor price increases or decreases in a small number of goods.

The Issue of Excess Purchases of and Price Increases for Agricultural Commodities. There are two basic viewpoints: 1. The base figure of state purchases lack any direct relationship with advantages or disadvantages in local conditions or with the amount invested, and the price increases do not correspond to the differential profits. Such methods do not suit the requirements for development of commodity production. There are many disadvantages and few advantages and it is not a good device for making long-term price adjustments. 2. There is a theoretical foundation for overpurchase and price increases. In any given period in which there are no significant reforms of the technology, some units can locally continue investment to increase production, which will result in progressive cost increases and in progressive profit decreases. Overpurchases and price rises are a form of supplement. The present problems are primarily caused by shortcomings in our work and certain rectifications ought to be made, such as strengthening leadership of the plan, adjusting the rate of price increases and regulating the maximum limits.

The Issue of Price Supports. Three views were expressed: 1. Price supports originated in the basic economic rules of socialism. If there are planned prices then there ought to be price supports. They can only be controlled and cannot be eliminated. 2. Price supports are a manifestation of the conscious use of the law of value and are a necessary compensation when prices do not equal value in a transaction. Price supports have two characteristics. On the one hand they promote production development and price stability and are beneficial in providing a secure living. At the same time they add to the problems of the price structure and increase the burden on national finances. Because of this, price

supports can only be of a certain type for a fixed period. 3. Price supports violate the law of value, so they cannot become a necessary or long-term fixture of socialist economics. In the future we should take steps to make integral wage and price adjustments.

The Theory of Pricing. Everyone believes that this is an item of basic construction in commodity price work. Many comrades engaged in a discussion of the theories of pricing and the price formation problems, which measurement of the theories of pricing can be expected to solve.

The Issue of Price Formation. The core of the discussion was how to follow the principle of taking the economic plan as primary and supplementing it with market adjustments in selecting a corresponding price formation. The comrades attending the symposium all agreed that the five types of price formation, i.e., state fixed prices, floating prices, industry and commerce mutually fixed prices, negotiated purchases and negotiated sales, and market trading prices, all played a part in galvanizing the economy. At the same time, they suggested that in the future we must use the primary tool of planned prices and adjusting and negotiating prices to strengthen our management of market trading prices.

11582
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EXPORT VOLUME, VALUE OF ZHEJIANG SILK GOODS SEEING GREAT SUCCESS

Hangzhou ZHEJIANG RIBAO in Chinese 9 Feb 82 p 1

[Article by Staff Reporter Chen Xingde [7115 1630 1795]: "Zhejiang Established Its Own Port and Began to Conduct Its Own Export Business in 1981; Export of Silk Products Completed Its First Year Successfully; Trading Relationship Was Established With 455 Customers in 41 Countries and Regions and Total Value Exceeded US$100 Million"]

[Text] According to the Hong Kong Huarun Textiles Company, Ltd., agent for China's textiles for export in Hong Kong, Zhejiang silk goods placed first among the nation's 11 port companies in both export volume and export value in 1981. Also, according to the responsible official of the provincial silk company, the total value of the province's silk exports last year was US$105,780,000, exceeding the planned value of US$100 million by more than US$5 million. In its first year of establishing a port and managing its own exports, the "Silk Capital" enjoyed instant success. Praises were received from others in the trade around the country. Their comments were: Not very easily done.

Not only was the volume of our silk export the largest but its quality was also consistently very good. Foreign customers are now asking for "Zhejiang Silk" by name. This shows that the quality of the "trump card" products of the Baichang Plant silk has shown a general improvement. The top of the line of the province's silk export still is in the position of selling so well that "there is demand for everything there is." These include such products as Chinese crepe, oriental yarn, genuine thin silk, baldachine, fabric made of waste silk, and weft-knitted taffeta. Newly designed and trial-produced silk products for export, such as brocade made of raw silk, grass linen made of unprocessed silk, tartan made of raw silk, keluoni [0344 5012 0716] made from spun silk, and variegated crepe, and products for domestic sales such as fragrant silk, pure woollen, figured silk, and chiffon have also been welcomed by customers at the Canton Trade Fair and in the domestic market. The degree of processing of the silk products was also improved last year, developing gradually in the direction of small quantities, more color designs, and more final products. The export of real silk prints in small quantities totaled 250,000 meters. At the same time, following in the footsteps of 10 some export garment plants, the Huzhou, Zhedong, and Huali silk garment plants also began to produce export garments. Last year the province exported 790,000 pieces of silk garments, 400,000 embroidered dresses, and US$630,000 worth of embroidered replica articles, for a total value of US$9,466,700.

Zhejiang began to establish its own port and started to conduct its own export of silk products at the beginning of last year. At that time, it had just begun to handle deliveries, time was short, there were few customers, it was not familiar with the business, and there were many other difficulties. With the strong support of the provincial government and sister departments, the provincial silk company fully developed the advantageous "industry and foreign trade integration" system. On one hand, it stressed production adjustment, planned management, maintenance of quality and quantity, and on-time delivery. On the other hand, it stressed the training of personnel in the foreign trade business. At the same time, extensive investigation and study on the international silk market were carried out, so that requirements reflected in "foreign trade" were taken care of in "industry" on a relatively timely basis. For instance, in order to meet the requirements of "more varieties, new color designs, small quantities, and prompt deliveries" in nearly 1,000 export contracts, the company gave maximum quarantee of planning, the supply of raw materials, and the availability of auxiliary facilities. It organized visits to the plants and discussions with production departments by staff personnel and made sure that every product and every piece of equipment was accounted for. The various silk enterprises also paid attention to the overall picture and actively coordinated with each other. More than 2,000 pieces of machinery were changed to take care of the export goods alone. Whatever was needed for the export trade was actively produced. The delivery cycle was clearly shortened. As a result, a normal export work procedure began to be established and an international reputation was gained. Customers and letters and telegrams ordering goods came in increasing numbers. At the beginning of the year, there were only 30 some export contracts. By the second half of the year, trading relationships had been established with 455 customers in 41 countries and regions on the five continents of the world. A total of 3,703 export contracts for silk and replicas were signed during the year. A marketing network, centered on the Hong Kong area, for the active development of the Western Europe, United States, Japan, Middle East, and Near East markets began to take shape. The export contract consummation rate reached 73.5 percent, meeting the requirement of 70 percent established by the Ministry of Foreign Trade.

5974
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FOREIGN TRADE

CHONGMING TO BECOME PRODUCTION BASE FOR EXPORT GOODS

Shanghai JIEFANG RIBAO in Chinese 20 Feb 82 p 1

[Article: "Develop and Construct Our Country's Third Largest Island; Chongming Will Become Production Base Specializing in Export Production; Procurement of Goods for Export Placed First Among Suburbs"]

[Text] Correspondent Lin Zitong [2651 1311 6639] and reporter Gao Xiaoxiao [7559 5135 4562] have learned from the department concerned that Chongming County will become Shanghai's production base specializing in export production. Currently, over 270 production centers and a number of production projects for export goods have been developed in the county. The volume of procurement of export goods in 1981 jumped to the number one position among all suburban counties.

Chongming is a distant suburb of Shanghai and our country's third largest valuable island. In order to develop the island resources to serve export, Chongming was the first to establish a county and bureau-level foreign trade company under the guidance of leading departments in the municipality and the county, that is to provide liaison and contact with the municipal headquarters company for foreign trade and related import and export companies and to develop exports.

Based on the characteristics of an island (in the sea) and local resource advantages in Chongming County, over 200 production centers for farm and sideline products have already been developed. Among them are white goats, baby eel, mink, loofah, dehydrated vegetables, and long-haired rabbits, all of which have distinctive local features. The procurement of these special native farm and sideline export products in 1981 increased by nearly five times over 1977 when the centers were first established. The procurement of goat's hair from the white goat production center, which was the first center to be established, increased by over four times over that of 1977. The hair from the necks and backs of the male goats raised here has a high resilience. It is highly treasured in the world and can be used for making high grade writing brushes, oil painting brushes, and brushes for precision instruments. Baby eels are produced at the mouth of the Yangtze River. During flood season around the spring festival, the commune members braved the wind and snow to catch them, creating large amounts of foreign exchange for the state. The cotton produced here has long fibers and good quality and can be used for weaving high count cloth. Through arrangements made by export companies for textiles, garments, and crafts, such easily exportable pure cotton goods as

superior quality white blank fabric, color fabrics, towels, bath towels, sheets, and handkerchiefs have already been produced.

A new industry--household electric appliances--has also been developed on this island by foreign trade departments. Under the support of the import and export company for light industries, the household electric appliances industry was developed rapidly with outstanding results. Currently 10 some products are produced, including electric blowers, electric fans, electric irons, refrigerators, electric stoves, flashlights, electric curlers, plastic covered electric wires, and sun lamp ballast and stands. Among these, the Wanli brand electric blower manufactured by the Chongming Electric Equipment Plant is among the best in the country and is widely sold in the international market.

Currently, the concerned department in Chongming County is developing ways to produce new export products and further planning the sources for export goods in the county so that the island will be established as a production base specializing in export production as rapidly as possible.

5974
CSO: 4006/359

GENERAL

REPORT ON 1981 FUJIAN ECONOMY

Fuzhou FUJIAN RIBAO in Chinese 14 Mar 82 p 2

[Article by Hu Ping [5170 1627]: "A Report on Conditions in Implementing the National Economic Plan in 1981"]

[Excerpts] In the one year since the Third Plenum of the Fifth Fujian Provincial Congress, we have thoroughly implemented the Party Central's suggestions for carrying out economic adjustments and in politics we have made progress in implementing the principle of stability and in carrying out the special policies and lively actions directed toward our province. Our economic situation is good. In 1981, the overall production value for industry and agriculture totaled 11.51 billion yuan, which was 4.5 percent over planned production and 7.4 percent higher than the previous year.

In agriculture, there were adjustments in rural production relationships and in the structure of agricultural interprises. There was overall implementation of various forms of production responsibility systems and there were improvements in the agricultural side-line products selling prices. This stimulated the peasants' enthusiasism for production and the agricultural economy is in fine shape. The total value of agricultural production for the whole province was 4.43 billion yuan, which was 5.5 percent over the plan and 7.2 percent greater than the previous year. Even though some prefectures encountered repeated disasters there still were good all-round harvests in agricultural production. Total grain production for the entire province reached 16.197 billion jin, which was 150 million jin more than the historical production record set in 1980. Such cash crops as peanuts, rapeseed, sugarcane, tobacco, tea and fruit also attained seldom-seen large production increases. Forestry, animal husbandry, fishery, side-line enterprises and brigade enterprises all made new achievements. Income from brigade enterprises increased by 10 percent and commune members side-line household occupations developed even more rapidly.

During the adjustments industry continued to make increases and total industrial production value for the entire province reached 8.12 billion yuan, 4 percent over the plan and 7.6 percent higher than the previous year. Of the 56 various projects listed in the provincial plan, 42 of them either fulfilled or overfulfilled planned production, while only 36 accomplished this the previous year. Because of the principle and concrete actions regarding greater emphasis on the production of consumer goods, there were relatively large increases in light industry production, especially the textile industry. Production value was 11.5 percent higher than the previous year while the ratio of light industry increased from 61.6 percent the previous year to 63.8 percent. In heavy industry the adjustment tended toward service and the production structure was improved with an overall increase in production value of 1.2 percent. There was an improvement in the economic efficiency throughout the industrial enterprises, with an improvement in the quality of some products and a decrease in the consumption of raw materials, power and energy. There was a 5.9 percent decrease in the amount of energy for each 10,000 yuan of industrial products produced. State operated industrial enterprises had profits 3.9 percent higher than the previous year and achieved increases in both production and income.

The Department of Transportation fulfilled its responsibility in the transportation of all major goods. Both steamship transportation and railway transportation exceeded their planned cargo capacity by 5.2 percent and 2 percent, respectively. Truck transportation completed 92.2 percent of its planned capacity. Harbor construction has accelerated and the cargo handling capacity exceeded the plan by 6.2 percent.

There was a reduction in the scope of basic construction. At the beginning of the year the Provincial People's Congress set the scope of capitalization at 5.6 hundred million yuan, including items for various affiliated organizations it then came to 6.3 hundred million yuan, and of this 243.08 million yuan was planned in the budget. During the process of implementation certain adjustments were made. The year's bduget was handed down at 8.5 hundred million yuan and investment was completed at 8.7 hundred million yuan, which was 15.8 percent less than last year. Of this, the budget included investment of 3.87 hundred million yuan (including a local budget of 2.05 hundred million yuan) which was 28.3 percent less than the previous year. The direction investments took was toward making adjustments and raising the ratio of investment in the textile industry, in culture, education and health, in urban construction and in staff and worker housing. The investments showed improved results, the province-wide rate of return on capital construction fixed assets rose by 19.5 percent, reaching 81 percent. Ten large or middle scale construction projects went into full or partial production. There

are four newly added sugar plants capable of pressing 500 dun of cane per day, 30,000 new weaving spindles, 60,000 square meters of additional lumber transport capacity, 21 more kilometers of railway and 2 new electric transformer substations. Three projects to expand integrated amonia and urea systems into 110,000 dun urea plants have already been completed. The Xiamen port of Dongdu completed ahead of schedule a plan handed down by the transportation department and the No 1 and No 2 deepwater berths (10,000 and 50,000 dun) are already operational. Construction at the Fuzhou airport is proceeding rapidly and it is estimated that it will resume operations this March.

Certain results were obtained on the financial battlefront in making structural adjustments, galvanizing the economy, supporting production and laying out the city marketplaces. Last year, after the province over-fulfilled its duties in subscribing to national treasury bonds and in reducing expenditures, there were financial revenues of 1.449 billion yuan and expenses of 1.425 billion yuan, which reflects the balance of financial revenues and expenses. There were relatively large increases in the spread of urban markets and in the sale of commodities. The province-wide net sale of commodities by the department of commerce increased by 7.1 percent over last year. Of this, agricultural side-line products increased by 6.1 percent, net food grain sales (including negotiated purchases) increased by 7.9 percent and industrial products sales increased by 7.7 percent. Because of increased in commodity supplies the retail sale of social commodities reached 5.683 billion yuan, a 9.8 percent rise over the previous year.

There were developments in international economic activities. The year's total of commodities exported reached 1 billion yuan, an increase of 27.5 percent. Even though restrictions were in effect, the export of such major commodities as rice, granulated sugar and tungsten ore which have a relatively high rate of exchange, the level nonetheless reached 3.8 hundred million US dollars, an increase of 5.2 percent. There were gradual increases in joint capital operations, compensatory trade and processing of imported raw materials. The Xiamen special economic zone is rapidly being built and the Huli processing zone has already begun land-leveling operations.

Wise development and scientific and technological work have begun to improve our major projects. Science and technology play an increasingly positive role in giving impetus to national economic development. Culture, education and health continuedto advance during the process of carrying out the adjustments. Throughout the province, over 35,000 college, middle school and vocational school graduates are taking up their sentry posts, the highest number ever. The reform of the structure of middle school education was an important step. New accomplishments were obtained in culture, physical education, journalism and broadcasting. However,

the birth rate and the population have began to rise again. The rate of natural population increase is 12.4 per thousand, a net increase of 316,000 people, so at year-end the population reached 25,569,000 people.

With the foundation of production developments, there were continued improvements in people's lives. Developments in agricultural production mean that the projected average income of commune menbers might reach 194 yuan, 12.7 percent higher than the previous year. Their share of the collective income was 84 yuan, an increase of 16.8 percent. During the year, employment was found for over 168,300 of the people awaiting assignment. There were wage increases for middle and elementary school teachers, some medical personnel and physical education workers. Staff and worker housing had investments totaling 304 million yuan, an increase of 16.7 percent over the previous year, resulting in completed floor space totaling 1,780,000 square meters. This, together with the completed housing and the construction funded by the inhabitants over the last two years, resulted in improved staff and worker housing conditions.

During this past year, there have been new devlopments in the state economy in our province. Nonetheless, many problems and difficulties yet remain, some of them rather conspicuous. The hidden dangers existing in economic construction have not yet been eliminated. The balance of income expenditures was obtained under conditions of reduced expenditures. The economic structure, especially the structure of production under the adjustments, has not produced ideal results and it will take prodigious efforts to improve the efficiency of the economy. There are shortcomings in our planned work. We lack adequate understanding of principles of a primary planned economy and supplementary market adjustments. We lack the strength to carry it out and we do not have a firm grasp on overall balance in the economy. Although we have taken some steps to stabilize commodity prices, there has been an increased gap between the ability of the province to provide commodities and the buying power of the people because of increased bonuses, barganing and price hikes for agricultural side-line products. Additionally, because of our inadequate supervision and study of the plan, some places and units have relaxed their implementation of the plan, the planned purchase of some agricultural side-line products was not properly carried out and there were relatively serious instances of drains on goods not covered by the plan, so that there were sharp contradictions in market supply and demand. The resulted in price inflation, especially in inflated prices for goods which are so important to the people, such as fresh vegetables and non-staple foods traded in the marketplaces. The prices in our province rose at faster rate than the the average national price rises. All this awaits advances in our overall experience in order to carry out genuine progress.

11582
CSO: 4006/381

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TITLE: "Practice and Knowledge of Vortex Spinning"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese Vol 3 No 2, Feb 82 pp 67-72

TEXT OF ENGLISH ABSTRACT: The main points of this paper are outlined as follows:
1. A reasonable structure of the vortex tube is presented. The vortex formation in the tube and the distribution of air speed and pressure are analyzed. An equation is derived to express the fact that the difference between the pressure at the center of the tube cross section and the atmospheric pressure is equal to the product of air density and the square of the outmost layer surface velocity of the vortex in the tube. Therefore, a vacuum-producing unit can be selected properly. A discussion is made of such problems as the fiber arrangement and yarn irregularity in vortex spinning by analyzing the fiber motion during their condensing process.
2. The effect of the friction between the yarn and the tube wall and also the head top, as well as of the axial air flow stability on twisting efficiency, is analyzed. Methods for improving twisting efficiency is also offered.
3. The relations among yarn count, tube vacuum, yarn twist and yarn strength are investigated.

[Continuation of FANGZHI XUEBAO Vol 3 No 2, Feb 82 pp 67-72

4. Discussions are made on the strength and constructional feature of the yarn for vortex spinning, the irregularity of the yarn and its influence on cloth appearance, and the yarn count and fiber types suitable for vortex spinning.

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TITLE: "An Approach to the Designing of the Blowing Bag Filter System"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese Vol 3 No 2, Feb 82 pp 73-77

TEXT OF ENGLISH ABSTRACT: Through testing and analysis the following conclusions have been arrived at:
(1) For one set of scutching machines, using only one dust extraction system is of great benefit to energy saving and quality control.
(2) The proper air current speed in the duct is recommended within the range of 8~10 m/sec, the higher being undesirable.
(3) The larger the dust chamber, the less the static pressure and the lower the resistance, the smaller is the power consumption. A corresponding method for calculating simply the length of the top dust chamber has been suggested.

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TITLE: "Testing of the Roving Tension and Some Discussions"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese Vol 3 No 2, Feb 82 pp 79-85

TEXT OF ENGLISH ABSTRACT: The roving tension is measured by means of a strain gauge type Y6D-3A and an oscillograph model SC-16. On different type speed frames, various rovings are experimentally spun in large packages with or without false twister at high speed.

The following results have been obtained:
1. The fluctuation of the roving tension:
i. The pulsating frequency of the spinning tension equals the cycle frequency of the spindle; ii. The spinning tension of the front row is always greater than that of the back row; iii. The fluctuation of the tension is closely related to the cone pulley profile; iv. The spinning tension of man-made fiber roving is greater than that of the pure cotton roving; v. The spinning tension in a large package is greater at high speed; vi. The spinning tension is greater when the false twister is used; vii. The tension is greater when the bobbin rail is at the mid position of its lift than at the top and bottom positions.

[Continuation of FANGZHI XUEBAO Vol 3 No 2, Feb 82 pp 79-85]

2. The relationship between the semifinished product quality and the spinning tension.

The roving and yarn quality will be spoiled when the false twister works unsatisfactorily and if the tension difference between the front and the back rows for pure cotton rovings is large.

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TITLE: "Kinematic Analysis and Synthesis of Rapier Driving Mechanism of the Conjugate Cam Type"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese Vol 3 No 2, Feb 82 pp 87-94

TEXT OF ENGLISH ABSTRACT: This paper mainly deals with:
1. Kinematic analysis of a special mechanism with an analytical method has been presented so that the motion of the oscillating follower in the conjugate cam mechanism can be determined.
2. The appropriate sizes of the base circles for the conjugate cam driving the rapier and of its oscillating follower have been specified according to the allowable pressure angle.
3. The equations for such conjugate cam profiles are derived by means of coordinate transformations.

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et al.

ORG: None

TITLE: "A Digital Electronically Controlled System in Cotton Jacquard Loom"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese Vol 3 No 2, Feb 82 pp 95-100

TEXT OF ENGLISH ABSTRACT: This paper introduces an electronic digital control system in the cotton jacquard loom. This system does not need any complicated techniques for preparing the classic point design draft and jacquard card. However, the cotton jacquard looms can weave directly after the artistic design draft. Thus, a lot of tedious work in the information processing can be saved, and the time required for changing patterns can be shortened greatly. The system acquires the information of the pattern by a scanning device which discriminates and separates colors by photoelectric transducing and the processes the signal by a digital circuit. Finally, the patterning information is supplied to the jacquard loom by the electromagnetic actuator.

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TITLE: "Electron Microscopy for Studying Wool Keratin"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese Vol 3 No 3, Mar 82 pp 131-135

TEXT OF ENGLISH ABSTRACT: The fine structure of Chinese wool has been studied through the observation of transmission electron images and secondary electron images. The transmission electron images were obtained from the ultra-thin sections of wool in TEM, and the secondary electron images from the wool fracture in SEM. The double embedding techniques of preparing samples were used for the experiment.

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TITLE: "An Automatic Twist Tester for Self-twist Yarn"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese Vol 3 No 3, Mar 82 pp 137-140

TEXT OF ENGLISH ABSTRACT: The automatic twist tester is designed for the rapid measurement of the twists per half cycle along the sell-twist yarn. The yarn is passed continuously through a mechanical transducer consisting of two measuring plates, one stationary and the other movable. The movable plate can vibrate up and down. A semiconductor strain gauge is utilized to convert the projected diameter approximately into an electric signal for each half twist of the yarn. The twist number can be obtained by totaling the twists for each half-cycle of the yarn through the computing circuit.

The half-cycle twists of self-twist yarn can be measured continuously for different cycle lengths. The tester is eight times faster than the manual method. A set of

[Continuation of FANGZHI XUEBAO Vol 3 No 3, Mar 82 pp 137-140]

experiments has been carried out to assess the measurement accuracy and stability of the tester and it has been proved to work well. The testing results of the tester deviate from those of the manual method by about -1 ~ +3 percent.

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TITLE: "The Impact Action between Non-linear Cam and Knitting Needles"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese Vol 3 No 3, Mar 82 pp 141-146

TEXT OF ENGLISH ABSTRACT: This paper describes investigations and discussions on the impact action between non-linear cam and knitting needles. It also gives a typical mode of the oscillogram of acting force between the practical non-linear cam and some useful conclusions of the acting force.

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END

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China Report

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No. 233

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18 May 1982

CHINA REPORT

ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

'NANFANG RIBAO' NOTES ECONOMIC POLICIES UNCHANGED

HK031450 Guangzhou NANFANG RIBAO in Chinese 30 Apr 82 pp 1, 3

[Commentator's article: "It Is Not True That 'The Golden Time Is Over'"]

[Text] Since the implementation of the "emergency circular," some comrades in our province have been worrying that the struggle against serious criminal activities in the economic field would affect the implementation of open-door policy with foreign countries and the policy to enliven the domestic economy. Some cadres and masses in the rural areas have gone so far as to worry that the economic policy in the rural area will be changed. Such worries are unnecessary. In "The resolution on severe punishment of criminals who severely undermine the economy," the CCP Central Committee and the State Council have explicitly stated that the open-door policy and the policy to enliven our economy are policies that our party resolutely adopted proceeding from the actual situation and in accordance with the demands of socialist modernization. These policies would not be changed nor would there be any wavering on them in the course of combating criminals who seriously undermine the economy. The resolution also demanded that in the course of implementing "the resolution," all localities must make suitable arrangements and give meticulous instructions. While seriously investigating major cases, they must have a firm grasp of industrial and agricultural production, ensure that all tasks will be carried out in a smooth manner and avoid the occurrence of any negative factors that might affect production and normal work. We are implementing "the resolution," seriously investigating major cases and resolutely combating criminals who seriously undermine the economy in order to promote a healthier development for the economy in the urban and rural areas.

Therefore, "the golden time" described by the broad masses of peasants is not over, on the contrary, it has just started.

To further illustrate this point, the following major policies for the rural areas are quoted.

The socialist agricultural economy must be subject to state planning and instructions. This is a principle we adhere to. "The resolution" of the central authorities and the State Council has reiterated that "we must adhere to the principle of taking planning as the principal and regulation

by market mechanism as the subordinate in carrying out the open-door policy with foreign countries and the policy to enliven the domestic economy. Any major economic activities must be brought into line with the state plan." Over the past few years, by putting emphasis on respecting the decision-making power of production teams and on promoting cultivation in line with local conditions, we have mobilized the cadres' and peasants' enthusiasm for production, overcome the shortcomings of "doing everything in a rigid way regardless of the conditions," and "providing blind instructions" in exercising leadership over production. This is absolutely correct. However, some people mistake respecting the decisionmaking power of production teams as discarding state planning, to the extent that their basic sense of planning is getting blunted. They grow whatever earns money, randomly reduce the cultivated areas sown to grain and blindly enlarge diversified economy. Some suburban areas even give up growing vegetables to promote industry and sideline occupations. This has affected the supplies of non-staple food to the rural areas. This trend must be corrected. At present, by stressing that agricultural production must be subjected to state planning and instructions, we are in fact reiterating the consistent policy stipulated since the third plenary session and correcting trends that have already emerged. The policies have by no means been changed.

Since the third plenary session, the party has corrected the past mistake of overlooking peasants' material interests and has made some necessary readjustments on policies regarding procurement prices and state monopoly for procurement and marketing of agricultural and sideline products. Now the peasants can earn more profits. These just interests of the peasants are protected by the party's policy at all times. "The resolution" of the central authorities and the State Council have not changed the policy in this regard. In the preceding period, since we did not have sufficient experience in handling the interrelationships between state planning and instructions and regulation through market mechanism, we merely paid attention to "enlivening" the economy while ignoring management. As a result, some agricultural and sideline products that should have been under state monopoly procurement were not purchased according to the state plan while those producing other agricultural and sideline products did not meet their assigned procurement quotas. On the other hand, some cadres and peasants have one-sidedly interpreted the party's policies in this aspect. They think only of individual and immediate interests and neglect state and long-term interests, they do not fulfill the task of state monopoly procurement and marketing that need to be fulfilled. Instead, they took the products to markets and sold them at high prices. Some people even engaged in speculation and profiteering and disturbed market management in the rural and urban areas. This has affected the state procurement plan and the livelihood of people in the urban areas. Aiming at changing this, the people's government has now readjusted the quotas for all those agricultural and sideline products which should continue to be kept under the program of state monopoly procurement and state assigned procurement quotas. This is also a necessary specific measure for carrying out better the principle of paying equal attention to the interests of the state, the collective and the individual which we have emphasized all along since the third plenary session. Similarly, the problem of changing policies does not exist here.

In the past few years, in enlivening the rural economy and increasing peasants' income, commune- and brigade-run enterprises, which have been counted a rather important source of peasants' income, have played an active role. It is by transforming the single-product economy and adopting the form of comprehensive management of agriculture, industry and sideline production that many places managed to change their face of poverty and backwardness within a relatively short period, and thus many peasants became rich. This form of comprehensive management of agriculture, industry and sideline production should be upheld in the future. But, we should also see that some commune- and brigade-run enterprises do not depend on their local resources; instead, they compete for raw materials with the state by various means such as cottoning up to state-run enterprises by giving banquets, presenting gifts and so on, and thus harm the state's interests. This time, in the "resolution," the CCP Central Committee and the State Council called for solving the problems existing in commune- and brigade-run enterprises and laid down a very clear demarcation line. We must mainly deal blows at those who use various means to seriously sabotage the economy. We will also punish according to the law all those who interfere in market management in urban areas, hamper the state monopoly for procurement and marketing, and harm the interests of the people in urban areas. Unhealthy trends in the relationship between commune- and brigade-run enterprises and urban commercial and industrial enterprises should be corrected through reorganization of the commune- and brigade-run enterprises, strengthening of the management of commercial and industrial enterprises, improvement of buying and selling methods for goods and materials, and perfecting of the management system for markets. In this way the development of communes and brigades will be better suited to the socialist orientation, as well as healthier and stronger. Because of this, the policy of developing comprehensive management of agriculture, industry and sideline production remains unchanged.

As the CCP Central Committee has repeatedly emphasized, the agricultural production responsibility system is like the public ownership of the means of production in that both will remain unchanged for a long time to come. The "resolution" reaffirms this. The policies of opening up agricultural markets and permitting commune members to engage in household sideline production will also continue to be implemented.

Therefore, the party's basic policy toward rural areas laid down by the third plenary session actually has not been changed. Of course, in saying that the basic policy has not been changed, we do not mean that all the problems emerging in the course of enlivening the economy can be left unsolved. For all those practices which have proved to be overdone and pernicious, we still have to work out some specific measures and some necessary adjustments in light of results of investigations. The purpose in doing so is to continuously sum up experiences and seek methods for ensuring the prosperity of the socialist agricultural economy. Following further practice, we may probably make more adjustments in regard to some individual problems. But, anyway, the purpose of all these necessary

adjustments is to mobilize the initiative of peasants better, push ahead with the development of the agricultural production and correctly handle the relations between the state, the collective and the individual. The general purpose of all these is to safeguard the fundamental interests of peasants, and to enable them to improve their own livelihood step by step on the basis of the development of production. All the new measures and stipulations that we have mentioned above are aimed at the same goal.

The reason why our peasants have been able to become gradually so rich after the third plenary session that they call this period the "golden time" is because, in general, we have implemented the following three principal policies: the first is to respect the decisionmaking power of production brigades; the second is to adopt various forms of the production responsibility system; the third is to adopt the form of comprehensive management of agriculture, industry and sideline production. All these policies of making the people rich have not been changed so far. Therefore, we say, the "golden time" has not passed; on the contary, it will face a brighter and brighter prospect following the further implementation of various economic policies on rural areas, the consolidation and perfecting of the production responsibility system, and the daily development of the diversified economy in rural areas. Only if the vast number of peasants abide by the party's policies and depend on their own labor in getting rich, the state will apply no constraints, but will encourage and assist them. It is completely false that the state, as some people say, does not want to let peasants become richer.

Then, why are there still some people insisting that the policies have been "changed" and "the golden time has come to an end?" It is because, in the first place, they have one-sidedly understood the party's policies adopted since the third plenary session, and have always gone to extremes. For example, while the party has shifted its work focus, and no longer takes class struggle as the key link and promotes political campaigns, some comrades have forgotten the guiding ideology set by the party--that the class struggle still exists and that we must solve any problem we come across. They are so blind to the obvious sign of the real existence of class struggle that they feel the present move to deal blows at serious criminal activities in the economic field an abrupt action, and just cannot understand it. They wrongly interpret this move as a step towards changing the policies and the end of the "golden time." In the second place, it is because they have gotten into the habit of being afraid of changes in policies, having witnessing that in the past peasants would suffer whenever there was a campaign and changes in policies. Therefore, in considering some measures we have adopted in order to correctly implement our series of policies on the rural areas, they always easily link them to the frequent changes in policies to the time of the leftist guidance in the past, and thus think that the policies "are changing again," and "the golden time has passed."

Therefore, to carry out a reeducation of the cadres and masses in policies adopted since the third plenary session, to make everybody truly understand the substantial spirit of the party's policies to fully understand the stability and continuity of the party's policies, to urge them to resolutely and correctly carry out the party's policies, all of these are still important tasks to undertake in promoting both the economic work and the struggle in dealing blows at serious criminal activities in the economic field in order to enliven the economy, in making the rural economy more prosperous and in pushing ahead with the further development of the "golden time."

CSO: 4006/435

NATIONAL POLICY AND ISSUES

REGULATIONS ON WORKERS' REWARDS, PENALTIES

OW020538 Beijing XINHUA Domestic Service in Chinese 0010 GMT 2 May 82

[Text] Beijing, 2 May (XINHUA)--Regulations on rewards and penalties for enterprise workers and staff members (adopted by a meeting of the Standing Committee of the State Council on 12 March 1982 and promulgated on 10 April for implementation)

Chapter 1: General Principles

Article 1

In accordance with the relevant provisions of the PRC constitution, these regulations are hereby laid down to strengthen enterprise workers and staff members' sense of responsibility as masters of the country, encourage their initiative and creativity, maintain normal order in production and other work, raise labor productivity and work efficiency and promote socialist modernization.

Article 2

Enterprise workers and staff members must abide by state policies, laws and decrees; observe labor discipline and various regulations and rules of their enterprises; take good care of public property; study and grasp culture, technical or professional knowledge and techniques needed in their work; and unite and cooperate with each other to accomplish their tasks in production and other work.

Article 3

In implementing the system of rewards and penalties, an enterprise must combine ideological and political work with economic measures. In giving rewards, it must uphold the principle of combining moral encouragement with material rewards, with stress on the former. In dealing with workers and staff members who violate discipline, the enterprise must uphold the principle of using ideological education as the main method and penalty as an auxilliary method.

Article 4

These regulations apply to all the workers and members of enterprises owned by the whole people and of collectively owned enterprises in towns and cities. Meting out rewards or penalties to enterprise personnel appointed by state administrative organs shall be handled within the limits of one's authority and in accordance with the procedures for examination and approval as prescribed by the "State Council provisional regulations concerning rewards and penalties for functionaries of state administrative organs."

Chapter 2: Rewards

Article 5

Rewards should be meted out to workers and staff members who have done one of the following:

1) Those who have made remarkable achievements in fulfilling their tasks in production and other work, improving product or service quality or saving financial and energy resources for the state or in other aspects;

2) Those who have made inventions and technical improvements or reasonable suggestions leading to important results or remarkable achievements in production, scientific research, technological or product design, the improvement of working conditions or other aspects;

3) Those who have made remarkable achievements in improving operation and management or raising economic results and have thus made a relatively large contribution to the state;

4) Those who have rendered a meritorious service in protecting public property or preventing or handling accidents so that no serious damage is done to the interests of the state and the people;

5) Those who have made remarkable achievements in struggling against evildoers and evil deeds or maintaining public order or normal order in production and other work;

6) Those who have performed outstanding deeds in upholding financial and economic discipline and resisting unhealthy trends and evil practices;

7) Those who have performed outstanding deeds by being consistently devoted to their duties, doing their work vigorously and responsibly, being honest in performing their official duties or sacrificing their own interests for the sake of other; and

8) Other deeds that deserve a reward.

Article 6

The rewards for workers and staff members are: merit, great merit, promotion, issuing an order of commendation and conferring the honorary title of advanced producer (worker) or model worker. In meting out the rewards, one-time bonuses may be issued.

Article 7

Recording a merit or a great merit, issuing a bonus or conferring the honorary title of advanced producer (worker) should be recommended by a workers congress and decided by an enterprise or by higher competent authorities. Bonuses should generally be issued once a year and should be budgeted in and paid from the enterprise's fund for money awards for labor emulation.

The issuance of orders of commendation shall be decided by the people's governments at various levels or by the departments in charge of enterprises.

The method of conferring titles of model workers will be formulated separately.

Article 8

There must be discussion and evaluation by the masses of the unit in which a reward is to be presented to a worker or staff member, and the reward must be handled in accordance with the limits of authority stipulated in Article 7. The reward will be recorded by the enterprise in the personnel file of the rewarded worker or staff member.

Article 9

Workers and staff members who have made inventions, technical improvements or rational suggestions in accordance with clause 2 of Article 5 shall be rewarded according to the regulations on awards for inventions and on rational suggestions and technical improvements, but they will not be given additional bonuses.

Article 10

The principles of issuing production and conservation rewards on a regular basis, funds for bonuses and the method of recommending rewards shall be handled in accordance with the relevant state regulations.

Chapter 3: Penalties

Article 11

Workers and staff members who are found to have engaged in the of the following forms of misconduct and who refuse to mend their ways even after criticism and education should be given disciplinary punishment or economic penalties:

1) Those who violate labor discipline, regularly arrive for work late and leave their work early, stay away from work without leave, are slack in work and fail to fulfill their production quotas;

2) Those who adversely affect production, work and social order by disobeying work assignments, transfers and orders without a good reason, or by making trouble and inciting others to engage in fist fights;

3) Those who neglect their duties, violate operational and safety measures or disobey orders, thereby causing accidents that result in losses of lives and property damage;

4) Those who are irresponsible in their work, frequently produce substandard products, damage equipment and waste raw materials and energy, thereby causing economic losses;

5) Those who abuse their powers, violate policies, laws and financial and economic discipline, are guilty of tax evasion, retain profits that should have been delivered to the state, hand out bonuses indiscriminately, squander state funds and harm the public in order to achieve personal gains, thereby causing the state and enterprise to sustain economic losses;

6) Those who are guilty of graft and theft, engage in speculation and smuggling, offer or accept bribes, engage in extortion and other unlawful acts; and

7) Those who have committed other serious mistakes.

Any worker or staff member who has engaged in any of the abovementioned forms of misconduct, provided his case is serious enough as to have violated the criminal code, will be punished by the judicial departments according to law.

Article 12

Administrative punishment for workers and staff members includes warning, recording of demerit, recording of serious demerit, demotion, dismissal, continued employment under observation, and expulsion. In taking the above disciplinary measures against workers and staff members, cash fines may be imposed on them on a one-time basis.

Article 13

In the case of expulsion, it must be proposed by the enterprise director (manager) and decided through discussions at a congress or meeting of enterprise workers and staff members. The expulsion must be reported to the department in charge of the enterprise and to the labor or personnel department in the area where the enterprise is located so that the matter will be put on record.

Article 14

In the case of punishment of a worker and staff member by allowing him to continue employment under observation, the time limit is from 1 to 2 years. During the observation period wages shall be suspended, and only living expenses shall be provided. The living expenses should be less than the original wages and shall be determined by the enterprise in light of actual conditions. At the end of the observation period, those who have conducted themselves well will be reinstated, but their wages will be determined anew; those who have behaved badly shall be expelled.

Article 15

If necessary, a worker or staff member who has been dismissed from his post may have his wage grade lowered.

In the case of demoting a worker or staff member, the demotion should generally be to the next lower grade. The maximum punishment in this respect should not exceed two grades.

Article 16

The amount of the fine imposed on a worker or staff member is to be decided by the enterprise and should generally not exceed 20 percent of his standard monthly wage.

Article 17

A worker or staff member who has committed any act listed in clauses 3 and 4 of Article 11 should be instructed to compensate for any economic losses. The amount of the compensation is to be decided by the enterprise in accordance with actual conditions and deducted from the wage of the worker or staff member. However, the amount of the deduction should generally not exceed 20 percent of his monthly salary. The amount of the compensation may be reduced if the worker or staff member can rapidly mend his mistake and start to do well in work.

Article 18

The enterprise has the right to remove from its payroll any worker or staff member who frequently stays away from work without good reason and, even after repeated criticism and education, stays away from work for 15 consecutive days or accumulates a total of 30 days of unauthorized leave of absence in a year.

Article 19

In meting out administrative sanctions and economic penalties on a worker or staff member, it is necessary to make decisions prudently, after finding out

about the real situation, obtaining evidence and holding discussion at a meeting at which the trade union's opinion is solicited and the punished person is allowed to defend himself.

Article 20

In the case of dismissal, examination and approval of a worker's or staff member's penalty should be made not later than 5 months after the day the worker's or staff member's mistake is confirmed. The time for other penalties should not exceed 3 months.

The enterprise should notify in writing the worker or staff member who receives an administrative sanction or economic penalty, or is dismissed, of the punishment and should have it recorded in his personal file.

Article 21

After a penalty for a worker or staff member is approved, if he pleads not guilty he may appeal in writing to a higher leading body within 10 days after the penalty is made public. However, pending the decision by the higher leading body on changing the original penalty, he should be punished according to the original decision.

Article 22

Generally, after a worker or staff member is dismissed or removed from the payroll, he should take up residence in the place where the enterprise is located.

If he requests to return to his original domicile, the request should be handled in accordance with the principle of moving from a big city to a small or medium-sized city, from a coastal area to an inland or frontier area, and from a city or township to a rural area.

In handling a request in line with this principle, the enterprise department in charge should first contact the public security department of the locality to which the worker or staff member wishes to move. The public security department of the locality should complete the procedures of permitting the worker or staff member to take up residence on the basis of the certificate issued by the enterprise department in charge. Production teams should allow those who wish to return to a rural area to take up residence.

Article 23

In giving a reward or promotion to a worker or staff member who has been punished, 6 months after receiving a warning, demerit or serious demerit, or 1 year after this dismissal, or after completing the period of employment under observation, he should be treated in the same way as other workers and staff members in accordance with relevant regulations.

Article 24

A worker or staff member who obtains a reward through fraud and deception should be given the necessary penalty according to the seriousness of the case.

Article 25

Personnel who abuse their power by taking revenge on a worker or staff member under the pretext of giving punishment and enforcing discipline or who shield a worker or staff member who deserves punishment should be severely punished. In serious cases, criminal responsibility may be affixed.

Chapter 4: Supplementary Articles

Article 26

All provincial, municipal and autonomous regional people's government and State council departments may formulate their respective methods for implementation in accordance with these regulations.

Article 27

The labor departments at various levels have the right to supervise and inspect the implementation of these regulations.

Article 28

These regulations come into force upon their issuance.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' DISCUSSES GRAIN IN AGRICULTURE

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[Article by Ding Shengjun [0002 5116 0193] of the Information Research Department of the Grain Ministry: "On the Position of Grain in the Strategy for the Development of China's Agriculture"]

[Text] Summary of contents: This article explains that grain still plays a foundation role under the new historical conditions and that it occupies an important position in the strategy for the development of China's agriculture. It further explains that we must pay attention to maintaining an overall balance, give guidance in a planned way, advance steadily and enable grain production and a diversified economy to develop in coordination. This article proposes to discuss the viewpoint of "large food." It holds that the viewpoint of "large food" is divorced from the national conditions, is not scientific and may cause a new imbalance in the agricultural structure. [end summary]

Broadly speaking, agriculture includes farming, forestry, animal husbandry, sideline production and fishery. It is the foundation for developing the national economy. China has a population of 1 billion people, of which 800 million are peasants. It has long been our habit to build our country by relying on agriculture and thus studying the strategy for the development of agriculture has primary significance. Grain is the most important product in agriculture, and we must not overlook the problem of grain when studying the strategy for the development of agriculture. In this article, I would like to approach the position of grain production in the strategy for the development of China's agriculture and thus seek the guidance of the theoretical circles.

I. Grain Still Plays a Foundation Role Under New Historical Conditions

The important position of grain in the strategy for the development of agriculture is decided by the foundation role it objectively has.

The two production theories of Marxism concerning material production and population production explain that grain is the most important condition for human life and that it is an important foundation for social development.

viewed from the actual status of today's China and the world, grain still occupies a decisive position in the people's economic lives. First, grain is the people's most basic means of subsistance. In whatever undertakings we run, we must first solve the problem of eating. In our country, grain is the people's staple food. According to estimates, 80 percent of the heat and 50-60 percent of the protein taken in by the people in our country are provided by grain and vegetable oil. Second, the development level and increase in speed of grain production have greatly restricted the development of a diversified economy. Whether grain production can be rationally arranged and whether the proportional relationship between grain and a diversified economy can be coordinated have a very important bearing on the development of agriculture. Third, grain is an indispensable basic material needed by many branches of the national economy. For instance, the food industry, the condiment industry, the sugar refinery industry, the distillery industry, the amylum industry, the fodder industry, the pharmacy industry, the textile industry and the chemicals industry all use large quantities of grain as their materials. Fourth, grain is the key product that can stabilize the market and the prices of commodities. Whether the situation and prices of grain are stable is an important sign of whether the market is stable. Fifth, grain is a strategic material for war and calamities. China has a large territory and complicated natural conditions. Almost every year, some areas suffer natural calamities such as drought, floods, winds and hail. Therefore we must store up in bountiful years to make up for lean ones and be prepared against calamities. In addition, only when we have sufficient grain reserves, can we have ample food and a strong army and can we be victorious in future wars of resistance against invasion and in safeguarding our country. Sixth, grain is one of the staple goods in international trade. Grain has become a "weapon" in the international diplomatic struggle. Among Third World countries, the strategic task in developing their national economy is to become self-sufficient in grain. All this shows that grain plays a very important role in the national economy as a whole and that in particular it occupies a decisive position in the strategy for the development of China's agriculture.

What merits attention is that some comrades lack the understanding of the position of grain in agriculture when studying the strategy for the development of China's agriculture. They do not consider in detail the dialectical relationship between grain and a diversified economy, nor do they study meticulously the national condition and particularly the overall situation of grain. Therefore, the viewpoints they have put forward are quite onesided. This must be discussed seriously. For instance, they have not fully appraised the success achieved in agricultural production since the founding of the People's Republic of China, saying that in agriculture we have carried out the policy of "taking grain as the key link and sweeping away everything else." This viewpoint is not in conformity with historical facts. Like studying other problems, we must not study the strategy for the development of China's agriculture isolated from its historical context. We must start from China's specific conditions, make an overall analysis and correct appraisal of its development (including grain production) so that we can obtain a correct premise and starting point in the study of the strategy for the development of agriculture.

Everyone knows that in the early period of the People's Republic of China, China's economy was in a dilapidated state, its agriculture languished, the prices of grain kept soaring and the people lived in dire poverty. In 1949, the number of farm animals throughout the country dropped by 16 percent as compared with the highest level in the prewar period, the production of large farm implements was down by 30 percent and the total output of grain dropped by 74.6 percent. (Li Shucheng [2621 2521 6134], "Great chievements in Agricultural Production in the 3 years Since the Founding of New China." "The Economic Achievements in the 3 Years Since the Founding of New China," People's Publishing House, 1953 edition, p 13) At such a critical historical juncture, under the leadership of the party, the people of all nationalities throughout the country indomitably persisted in effective struggle. In 1957, when the First 5-Year Plan was completed, the grain output throughout the country had increased by 150 percent over 1949 and the cotton output by 420 percent. Forestry, animal husbandry, sideline production and fishery also developed to a certain extent. What a pity that all this was disrupted by the leftist erroneous line in the late 1950's. Furthermore, the serious natural calamities and the perfidy of the Soviet social imperialists in the early 1960's and the 10 years of internal disorder brought great losses to the whole national economy which included grain production. But even under such circumstances, China's grain production still developed greatly. By 1979, the total grain output had increased by 293 percent over 1949. This growth far exceeded that of other countries which had similar conditions to China.

Perhaps some comrades will argue that although grain production has developed since the founding of the People's Republic of China, we have only laid emphasis on grain production and neglected a diversified economy and so this is still "taking grain as the key link and sweeping away everything else." I do not think that this viewpoint is in conformity with facts. In short, since the founding of new China, our agricultural principles have been formulated in accordance with the basic law governing the socialist economy and with the objective requirements of agriculture in the planned development of the national economy. Of course, because the situation and tasks of the national economy have varied in each development period, what has been proposed and emphasized in the principles for agricultural production has also varied. Generally speaking, the state also pays attention to developing a diversified economy when laying emphasis on grain production. The party and the government have repeatedly pointed out that we must take grain as the key link in developing agricultural production, and at the same time we must energetically develop industrial crops. When developing grain production, we must simultaneously develop forestry, animal husbandry, sideline production and fishery. Under the guidance of the above principles, China's agriculture has not only achieved great success in grain production, but also made considerable headway in forestry, animal husbandry, sideline production, fishery and industrial crops. By 1979, the total output value of agriculture had increased by 270 percent over 1949. On the average, the rate of increase was 4.2 percent each year (higher than Japan's 2.7 percent, the Soviet Union's 2.5 percent, America's 1.9 percent and West Germany's 1.8 percent); grain

output value increased by 190 percent, that of cotton by 400 percent, of oil crops by 150 percent and of sugar crops by 700 percent; the output value of pigs increased by 450 percent and of sheep by 330 percent. What merits mentioning is that the state has not only built and expanded large numbers of commodity grain bases, but also set up and expanded production bases for cotton, beet, sugarcane, rubber and tea. Because the development rate of forestry, animal husbandry, sideline production and fishery has been faster than that of grain, the internal structure of agriculture left over by history has also changed to a certain extent. By comparing the total agricultural output value of 1979 with that of 1949, we find that the production of farming dropped from 82.5 percent to 66.9 percent, while the proportion of forestry rose from 0.6 percent to 2.8 percent, the proportion of animal husbandry rose from 12.4 percent to 14 percent, the proportion of sideline production rose from 4.3 percent to 15.1 percent and the proportion of fishery rose from 0.2 percent to 1.2 percent.

When affirming the great achievements in the development of agricultural production since the founding of the People's Republic of China, especially when affirming the great achievements in grain production, we must point out that we have also learned a profound lesson. First, we departed from the basic principle of the production relationships having to suit the basic principle of the character of the productive forces. The change in the production relationships was too abrupt and too frequent. The long-term "leftist" rural policies, the practice of "eating from the same pot" and the carrying out of egalitarianism in allocation seriously disrupted the initiatives of the peasant masses and affected agricultural production. Second, the principle of taking agriculture as the foundation was not implemented well. In production and construction, it was said that we carried out the principle of "first agriculture, then light industry and then heavy industry," but what we carried out in practice was "first heavy industry, then light industry and then agriculture." The investment in agriculture was a little low. The policy of exchange of unequal values was exercised over agricultural and sideline products especially over commodity grain. As a result, production increased but the income of the peasants remained the same; the yield was high but the production teams were poor. This affected the initiatives of the peasants in developing commodity grain. Third, when giving production instructions, we violated the principle of acting in line with specific conditions and did not observe the natural law. We destroyed the forest for cultivation and built dikes to reclaim land from lakes. As a result, we destroyed the ecological balance and exacerbated the irrational state of the internal structure of agriculture. Especially during the 10 years of internal disorder, every now and then "the gang of four" clamoured that "it does not matter even if we do not collect any grain" and branded the diversified economy as the "capitalist tail" which had to be done away with. They disrupted the party's various rural policies. As a result, grain production and the diversified economy were destroyed. Since the 3d Plenary Session of the 11th CCP Central Committee, we have brought

order out of chaos, emancipated minds, relaxed the rural economic policies, carried out the responsibility system in agricultural production, gradually readjusted the internal structure of agriculture and formulated the correct principle of "not relaxing grain production under any circumstances and enthusiastically developing a diversified economy." (Comrade Zhao Ziyang's report to the fourth meeting of the Fifth NPC: "The present economic situation and the principles for future economic construction," RENMIN RIBAO, 14 December 1981) As a result, the country's agriculture, forestry, animal husbandry, sideline production and fishery have begun to take the road of overall development. In short, only when we affirm our achievements and sum up our lessons in a practical and realistic manner, can we really develop our achievements, draw lessons and put forward useful suggestions for working out the strategy for the development of China's agriculture.

In the study of articles concerning the strategy for the development of China's agriculture, some comrades have proposed emulating the Western countries and changing the food composition of our people. They think with more consumption of animal food (meat, eggs and milk), the consumption of grain will fall and grain production can correspondingly be reduced. In this way, more areas of cultivated land, labor force, funds and other means of production can be available for the use of the diversified economy and for the development of animal husbandry. This is not an all-round viewpoint. Innumerable facts have proved that regardless of the food structure, the basic role of grain in human's food is undoubted. This theory is not hard to understand. We should know that animal food such as meat, eggs and milk are processed from grain and other vegetable materials through the "organic factory" of animal husbandry. The quantity of grain consumed for the production of animal food such as meat, eggs and milk throughout the world is 560 million tons each year, and the countries that consume large quantities of fodder grain are precisely the countries that consume large quantities of meat, eggs and milk. Take for example the United States, Canada, West Germany, France and other West European countries. They are countries of this type. It is true that the quantity of grain directly consumed by each person in the United States every year is small, only about 126 jin, and the consumption of meat, eggs and milk is high. But the quantity of grain consumed for the production of meat, eggs and milk for each person is as high as 1,690 jin, making a total of 1,816 jin. It is the same situation in Canada, France and West Germany. The above situation shows that in a food structure with animal food as the main factor and vegetable food as the subsidiary one, the consumption of grain is not smaller but instead, larger, and that the basic role of grain does not change. With regard to food structure, we must start from a scientific viewpoint. A scientific food structure should be able to provide various types of nourishment for human bodies so that they can grow healthily and vigorously undertake all kinds of activities. In addition, because of the difference of nationalities, of historical traditions, of natural conditions, of the development levels of production and of the consumption levels and habits of the people, the food structure of the various nationalities is very

complicated and varies very much. Therefore, we cannot indiscriminately negate a food structure that takes either vegetable food or animal food as its main factor. Some articles have excessively propagated the food structure that takes animal food as its main factor and at the same time inappropriately negated the food structure that takes grain and other vegetable food as its main factor. This lacks overall consideration and is divorced from the national conditions of our country.

Sumaing up what has been stated above, we know that not only in the past, but also under the present conditions, grain plays the most basic role and occupies a most important position in agriculture. This is an objective law independent of human's will. When studying the strategy for the development of agriculture, we cannot but observe the law. We must not negate or violate it.

II. Bring Into Play the Superiority of Our Country's Agriculture

When studying and working out the strategy for the development of China's agriculture, we must develop our strong points and overcome our weak points, bring our superiority into play, rationally utilize our natural resources and fully tap the potentials in various fields. In the past few years, we have implemented the policy of bringing our superiority into play in agricultural production, made full use of "mountain river projects," exploited our plains, grasslands, hilly regions, mountainous regions, rivers, lakes and sea and promoted overall development in agriculture, forestry, animal husbandry, sideline production and fishery. We must persist in this fruitful economic policy.

In the final analysis, bringing superiorities into play is persisting in the dialectical materialist theory of knowledge and considering the overall balance of the national economy as a whole in accordance with the natural laws and the economic law. Superiorities are relative and changeable. In some regions something looks superior, but if viewed from the situation as a whole, it is not necessarily superior. Superiority manifests itself in many aspects, such as in a diversified economy and in grain production. Therefore, when studying the strategy for the development of China's agriculture, we must have the whole situation in mind. That is, we must bring into play not only the superiority in the diversified economy but also the superiority of grain production.

The Chinese nation has a long history and a fine tradition of carrying out intensive and meticulous farming and has accumulated rich experience. Grain is a great superiority in China's agriculture. The whole country has placed grain in a very important position and paid close attention to its production. This excludes those places that take forestry, animal husbandry or fishery as the main factor and those industrial crops producing regions.

To bring the superiority of grain into play we must energetically raise its area unit yield. This is an important method of increasing the total output of grain and raising labor productivity in agriculture. Therefore, centralizing certain labor forces, water resources and fertilizer and raising the area unit yield of grain-growing land have an important bearing on increasing grain production. Since the founding of the People's Republic of China, our country's grain production has increased greatly. In 1976, the average per mu yield of grain in China was 491 jin, higher than America's 417 jin, Canada's 303 jin and France's 452 jin. But at present there is about 500 million mu of low-yield fields in China. If the per mu yield of 100 million mu out of this 500 million mu is raised by 100 jin, then we will have an increase of 10 billion jin of grain. Moreover, there is about 400 to 500 million mu of medium-yield fields throughout the country, which have certain irrigation conditions and foundation. Energetically raising the per mu yield of these fields will help us attain faster results and greater increases in production with less investment. In short, intensive and meticulous cultivation, scientific farming and raising the per mu yield are the main orientation of China's agriculture. But because China's agricultural production forces are still very low and its ability to resist natural calamities is not strong, increases in grain production cannot avoid being affected by various factors. Chinese agricultural harvests are by and large "3, 4, 3," which means that within 10 years there will be 3 years of good harvests, 4 years of ordinary harvests and 3 years of poor harvests. Therefore, in order to guarantee a steady increase in the total grain yield, we must guarantee enough grain fields areas when raising the unit yield of grain. In addition, according to estimates by foreign agricultural scientists, in the same area of farmland, more economic returns can be obtained from crop growing than from animal husbandry. According to calculations by Ma Ke Si. Mi Er Na Er [3854 0344 2448.4717 1422 4780 1422] if 1 hectare of cultivated land is sown to soybeans, it can produce 640 jin of protein each year, if sown to corn, it can produce 457 jin of protein, if sown to wheat, it can produce 274 jin of protein, if used for breeding egg-laying hens, it can produce 65 jin of protein, if used for breeding milk cows, it can produce 59 jin of protein and if used for breeding cattle, it can produce 51 jin of protein. This data is quite informative as to the scientific and rational utilization of cultivated land.

To bring grain superiority into play, we must accelerate the building of commodity grain bases. Take, for example, the Sanjiang Plain, the Songnen Plain, the North China Plain, the Jianghan Plain, the Dongtinghu Plain, the Payanghu Plain, the Taihu Plain, the Jianghuai Plain, the Chengdu Plain and the Zhujiang Delta which include a total of nearly 200 counties. In these places, the land is fertile, the weather is good and the economy is prosperous. They have good transport facilities and a long history of grain production. Their production is stable and their commodity rate of grain is high. They all have excellent conditions for building commodity grain bases. Changing these commodity grain producing regions into the commodity grain bases has great strategic significance to maintaining a

balance between the supply of and need for grain throughout the country, to enlivening agriculture and to promoting the developement of a diversified economy. Of course, in building the commodity grain bases, we must act in line with specific conditions and give classified guidances. Besides implementing the principle of taking grain as the main factor or of taking grains and beans as the main factor, we must also develop a diversified economy so that we can combine agriculture, forestry and animal husbandry and build the commodity grain bases into modern agricultural bases.

In bringing grain superiority into play, we must pay attention to bringing into play the role of the state farms throughout the country. The mechanization of the state farms is high. They have a solid foundation in materials, technology and equipment and are a vital new force on the agricultural front. At the end of 1979, there were over 2,000 state farms throughout the country. Of these, those that mainly produced grain and industrial crops accounted for 48.4 percent. The total sown area was 67.58 million mu, of which the area sown to industrial crops (excluding soybeans) accounted for 60 percent. It is obvious that the state farms throughout the country are an important basis for agricultural and grain production.

In short, bringing grain superiority into play has an important bearing on the whole situation of agricultural development and on the whole situation of the development of the national economy. When studying the strategy for the development of China's agriculture, we must place this problem in an important position and consider it seriously.

III. Correctly Handle the Dialectical Relationship Between Grain and a Diversified Economy

The various agricultural production departments are linked with each other, restricted by each other and are dialectically unified. No economic department can exist in isolation from other departments. Grain production is the material foundation for developing a diversified economy, but it cannot develop by divorcing itself from a diversified economy. Grain production and a diversified economy are the two wings in the development of China's agriculture. Only by lifting the two wings at the same time, can agriculture move forward and can grain production open up new prospects. Therefore, in the study of the strategy for the development of China's agriculture, we must start from the dialectical relationship between grain production and a diversified economy and ascertain the development scale, development speed, development proportions and development arrangement of the two. Only in this way can we achieve excellent results.

On the one hand, grain production and a diversified economy promote each other. On the other hand, they vie for the means of production, labor force and cultivated land and they are mutually contradictory. If we only keep in mind the former aspect, we will be overanxious about getting quick results when

working out the strategy for the development of agriculture. We will not act according to our ability and what we propose will not comply to the national condition. And if we only have in mind the latter aspect, or if we make the contradictions between the two absolute, we will have the wrong idea that "the problem of adequate grain production has not been solved and a diversified economy cannot be effected," and we will be busy attending to one thing at the neglect of another. We must try to avoid these two phenomena.

As we have explained above, there has been certain changes in the lopsided internal structure of China's agriculture. But there has not been a fundamental change. There are still irrational and imbalanced phenomena. In 1978, in the total output value of agriculture throughout the country, the output value of crop growing accounted for 67.8 percent and the total output value from forestry, animal husbandry, sideline production and fishery accounted for 32.2 percent. The proportion of grain crops in crop growing accounted for 70 percent. This irrational internal structure of agriculture has brought difficulties to the further development of agricultural production. Therefore, the question of energetically developing a diversified economy has to be placed on the agenda.

By energetically developing a diversified economy, we can form an excellent ecosystem, guard against wind and sand, protect water and protect soil, regulate the weather and create excellent conditions for increasing production; we can enable the commune members to increase their income and guarantee and promote grain production in respect of funds, fertilizer and machinery; we can make full use of water from mountains, exploit natural resources such as barren mountains, marshlands, water areas, forest land and mountainous regions. China now has 1.8 billion mu of forest land, 4.3 billion mu of grasslands, 810,000 square nautical miles of sea fishing grounds, 7.4 million mu of seawater breeding areas and 75 million mu of freshwater breeding areas. These grasslands, forest land, barren mountains and water areas are a vast area for developing industrial crops and a diversified economy. By energetically developing a diversified economy, we can also provide a variety of raw materials for light industry and produce more consumer goods to meet the needs of the people; we can provide more export goods and create more income from foreign exchange; we can also allocate the surplus rural labor force to increase the range and quality of production.

At present, the two viewpoints concerning the relationship between grain production and a diversified economy are worth discussing.

One is the viewpoint that "the problem of adequate grain production has not been solved and a diversified economy cannot be effected." This is a wrong viewpoint. It is true that at present China is not yet rich in grain, and the contradictions between the supply and demand of grain are still sharp.

This phenomenon cannot be fundamentally changed within a short period of time and will, of course, restrict the development of a diversified economy. But it does not mean that we can develop forestry, animal husbandry, sideline production and fishery and the production of industrial crops only after we have solved the problem of adequate grain production. On the contrary, the two must be developed in coordination. We should understand that China has favorable conditions for developing a diversified economy: first, it has a certain foundation for developing grain production and can guarantee the people's basic livelihood needs. Second, throughout the country there are superior natural conditions for developing a diversified economy; third, in the rural areas there are large numbers of skilled workers who have rich experience in and long traditions of developing a diversified economy; fourth, we have correct policies, which serve as the fundamental guarantee for developing a diversified economy. Therefore, we must not onesidedly lay emphasis on grain production. Instead we must energetically develop a diversified economy on the basis of guaranteeing steady increases in grain production.

The other is the viewpoint that regards grain as a branch of a diversified economy and that has recently been described by some people as the "large grain" viewpoint. According to their explanation, "large grain" means "everything that can be eaten. Besides the above-stated crops of the grass family, peanuts, beans, fruit, vegetables and the woody cereals and oil-bearing crops--tea-seed oil, chestnuts, walnuts, dates and persimmons, and especially meat, eggs, milk, fish and shrimps that have a high calorific level should all be regarded as major component parts of grain." (Hou Xueyu [0186 1331 3558]: "What is the viewpoint of 'large grain' and 'large agriculture?'" "RENMIN RIBAO," 10 June 1982) I think that this "large grain" viewpoint is inappropriate.

It is true that the subjective desire in putting forward the "large grain" viewpoint is to solve the food problem of the people by various means. But as a scientific concept, the viewpoint of "large grain" is not well-conceived. First, it can easily cause confusion. The concept of "large grain" is different from that of a diversified economy. A diversified economy means forestry, animal husbandry, sideline production, fishery and industrial crops that rely on and promote grain production and vice versa and that have their own characteristics. It has a strict and clear concept that cannot be misunderstood. But the viewpoint of "large grain" has confused grain with the many branches of a diversified economy. In fact, it regards grain as a branch of a diversified economy. In this way, it has confused the concept that was originally very, very clear. Second, the viewpoint of "large grain" has confused the agricultural classification system which is basically identical domestically and internationally. China and foreign countries adopt the logical system of classification from general into divisions and from universal into specific. In the main, this logical system has classified products that are edible by human beings as "edibles" or "food." From

universal into specific, food is divided into grains such as rice, wheat, corn, sorghum, millet and beans; vegetable oils such as soybean oil and peanut oil; sugar such as cane sugar and beet sugar; fruits such as kernel fruit, pit fruit and berries; vegetables such as taproots, stem tubers, green leaves and fungi; meat such as pork, beef, mutton and other animal meats; beverages such as tea, cocoa and coffee. This classification system expresses not only the common attributes of various kinds of food, but also their special characteristics and the differences between them. This system has long been accepted through common practice and used in policy documents and scientific documents and by the broad masses of the people. But the viewpoint of "large grain" has confused this concept. Third, the viewpoint of "large grain" is divorced from the national condition of our country. Viewed from the development level of our economy and from the consumption level of the people, we can only take grain as our staple food and animal husbandry and sideline products as our nonstaple foods. The viewpoint of "large grain" treats agricultural and sideline products which are the people's nonstaple foods as equal in importance to grain, which is the people's staple food, making no distinction between the primary and secondary and between the greater and lesser urgency. Starting from this viewpoint, we cannot formulate the correct proportionate relationships between various agricultural departments, nor can we correctly fix the scale and speed of enlarged reproduction. On the contrary, it will cause "free crop planting," which will be divorced from the state plans and instructions. It will also cause a new imbalance in the agricultural structure. Fourth, the viewpoint of "large grain" has underestimated the nutritive value of the wood plant grains. According to the viewpoint of "large grain," rice, wheat and maize are "amylum grains which are only able to meet calorific needs." This does not conform to the science of food nutrition. The main component part of woody plant grains is carbohydrate, which is the main source of heat in human bodies. But analysis by cereal chemists has proved that amylum grains are also rich in protein (8-12 percent), fat (1.5-4 percent), minerals (1.5-3 percent) and moisture (11-14 percent). Besides, they also contain multivitamins and are an important source of vitamin B. (Du Xixian [2629 1585 6343]: "Dietetic Nutrition," Shandong Science and Technology Publishing House, 1980 edition, pp 54-56) This component of rich nutrition plays an important role in guaranteeing the needs of human bodies. Some other people say that the viewpoint of "large grain" is also the viewpoint of "large food." This explanation is more inappropriate. As I have explained above, "grain" is any product that is edible by human beings. This has already the broadest sense. Is there anything else that is edible and not included in this concept? The concept is very, very clear as it is. It is somewhat redundant to add in a farfetched manner the word" large" before "grain." Will it inevitably obstruct the development of other kinds of food if the original concept of grain is used? Not necessarily. We have, however, to come back to the dialectical relationship between grain and a diversified economy. So long as we correctly handle the relations between the two, we can certainly make them promote each other and develop together.

My conclusions are as follows: Only by correctly handling the dialectical relationship between grain production and a diversified economy, can we bring the superiority in all aspects into full play, make the best possible use of land, men and material and can we enable grain production and a diversified economy to develop in an all-round way, steadily and continually. Undoubtedly, this is a fundamental problem in the study of the strategy for the development of China's agriculture.

CSO: 4006/435

ECONOMIC PLANNING

NEED TO PUBLICIZE ECONOMIC SITUATION DISCUSSED

HK041416 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 3 May 82

[Station commentary: "Actively Give Publicity to and Carry Out Education on the Economic Situation"]

[Excerpts] Cities and towns throughout Sichuan Province are currently giving publicity to and carrying out education on the economic situation. The publicity and education are of great importance to enabling vast numbers of cadres and the masses to correctly understand the current situation, to inspire revolutionary enthusiasm, to heighten their confidence, and to actively promote production and other types of work. Party organizations at all levels must actively go into action and conscientiously promote publicity and education.

Just like other parts of the country, the situation in this province is good. The province's industrial output value increased for 3 years running. Although the province's agricultural areas suffered extraordinarily serious floods last year, the province's grain output last year still increased by over 600 million jin on the basis of reaping rich harvests for 3 years running.

The past 3 years' expenditures on improving the people's living conditions account for 30 percent of the province's total revenues. No other period of time over the past 30 years and more can match these 3 years in expanding expenditures on improving the people's living conditions. Due to the great efforts made by the party and the government over the past 3 years, the wages of Sichuan staff members and workers increased by an average of 26.7 percent a year.

The great majority of people are pleased with these improvements. However, we have not given sufficient publicity on the economic situation in the past few years. As a result, although much notable improvement has been made in the people's real standard of living, some staff members and workers do not have a deep impression of the improvement and still have some confused ideas about it. Therefore, it is quite necessary to seize the opportunity to vividly give publicity to and carry out education on the economic situation for the broad masses of the people in urban factories, mines, enterprises, offices, schools and residential districts. Through education on the economic situation, we must enable vast numbers of cadres and the masses to clearly understand that since the third plenary session, the party and government have done their utmost to improve the people's living conditions.

CSO: 4006/435

ECONOMIC PLANNING

SHIJIAZHUANG CONFERENCE ON PRODUCTION, CIVILITY

HK240225 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 10 Apr 82

[Summary] "According to a HEBEI RIBAO report, the provincial party committee and provincial people's government held on the evening of 8 April a telephone conference and made arrangements for such tasks as current industrial and agricultural production; how to put the civility and courtesy activities on a permanent footing and launch such activities in an extensive and penetrating manner; a crackdown on criminal activities in the economic area, and so forth. Comrade Yin Zhe presided over the meeting. Comrade Li Erzhong gave a speech."

"On current agricultural production, Comrade Li Erzhong stressed the problem of fighting drought. Some time ago, various areas aroused the masses to action and achieved some results. But we should clearly note that the development of work has been rather unbalanced. Many areas have not performed well. We must be determined to fight a sustained and hard battle against drought and other natural disasters.

"1. We must properly solve the problem of basic-level leading groups. It should be affirmed that most of the basic-level leading groups are good or relatively good. But those inactive or partially active leading groups must be reorganized by competent cadres. Concerning the good and relatively good leading groups, we must support their work and help them sum up experiences, develop achievements, overcome weaknesses and improve their work. The bad elements who run foul of the law and discipline and disrupt socialist order must be resolutely dealt with according to the law.

2. In stabilizing and improving the responsibility system, we must take good care of the management responsibility system concerning existing motor-pumped wells and irrigation facilities in line with the spirit of a recent REMMIN RIBAO editorial calling for the solution of problems in nine fields. At present, we must first properly take care of public motor-pumped wells and irrigation facilities. They must again be brought under control and organized to provide irrigation for fields in a unified manner. Those that have been distributed must be immediately reclaimed. Those wells sunk by individuals can be controlled by themselves.

3. We must sink new wells and repair old ones and open up all available water sources that can be tapped. We must try to conserve water in every way.

4. We must try to properly arrange and use anti-drought operating funds as quickly as possible. We must do a good job of conserving water and diesel oil and providing electricity. Those people who practice corruption appropriating anti-drought funds and trading illegally in diesel oil must be severely dealt with. Those who waste diesel oil and water should be given a serious lesson. Measures should be taken to make them correct their ways." Its financial income was also relatively satisfactory. For the second quarter, we must keep up our efforts. In line with the spirit of the instructions of the central authorities, we must organize competent working personnel to crack down on criminal activities in the economic sphere while consolidating enterprises. Those inactive or partially active units must be immediately reorganized, so that they can become leading groups that play an active role. Concerning the problem of improving economic returns, we must arouse the masses to hold widespread discussions and work on drawing up measures, lowering costs and improving quality. Economic returns can thus be improved.

CSO: 4006/435

ECONOMIC PLANNING

SHANDONG HOLDS WATER UTILIZATION CONFERENCE

SK011356 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Apr 82

[Text] The provincial conference on water utilization in urban areas sponsored by the provincial people's government ended recently in Jinan. The conference stressed: To solve the problem on water utilization in urban areas, we must pay equal attention to broadening sources of water and reducing consumption. Not only the current but also the long-term problems on water utilization should be solved. Various cities should devote major efforts to curb water consumption just as they do in conserving energy so as to help boost the national economy.

The conference pointed out: Urban areas in our province are suffering from serious water shortages. Water supply in the province's 10 municipalities falls short of demand by 1 million tons each day. To counter this, the conference put forward four measures:

1. The whole party and all the people should be mobilized to conserve water. The key to conserving water lies in economizing on industrial water consumption, especially consumption by enterprises which use large amounts of water. We should regard the increase of the repeated utilization ratio of industrial-use water as an important method to solve the water shortage. Referring to daily water consumption, the system of collecting water charges in a unified manner regardless of how much is consumed should be abolished. Meanwhile, each household should be equipped with a water meter so that water charges will be collected on the basis of the amount consumed.

2. All fields should be encouraged to build new water sources to expand the water supply capacity.

3. Strengthen the management of water sources in urban areas. Urban construction departments should manage water sources in a unified manner. When enterprises, establishments, government units, groups and army units extract groundwater and use surface water, they must apply for approvals from urban construction departments. All water sources owned by various enterprises should be investigated and registered. Such enterprises should have water meters installed and utilize water in accord with the approved plans.

4. Party committees and people's governments at all levels should list the water shortage problem, which affects the national economy and the people's livelihood, as an important item on their daily agenda. All planning, economic and construction commissions as well as urban construction and water conservancy departments should make concerted efforts to successfully solve the problem of water utilization in urban areas.

CSO: 4006/435

ECONOMIC PLANNING

BRIEFS

NEI MONGGOL INDUSTRIALISTS, BUSINESSMEN--Since last year, former industrialists and businessmen have made over 100 suggestions for economic readjustment and various other work in Nei Monggol region. They have made great contributions to the four modernizations and helped departments concerned to establish and strengthen collective enterprises, arrange jobs for unemployed youths, begin economic activities with foreign countries and enliven the economy in Nei Monggol region. The regional industrial and commercial federation held the third enlarged meeting of its fourth Standing Committee 10-15 April to sum up experiences in 1981 and arrange work for 1982. [SK200952 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 19 Apr 82 SK]

CSO: 4006/435

ECONOMIC MANAGEMENT

GANSU HOLDS MEETING TO HEAR FIRST QUARTER ECONOMIC REPORTS

SK050950 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 4 May 82

[Summary from poor reception] "The provincial CCP committee recently held a meeting of Standing Committee members to hear reports by the party organs of the provincial economic commission and the provincial financial department on our province's first quarter economic results and on revenue and expenditures, and to discuss ways to improve further the economic work, to raise economic benefits, to increase revenue and to economize on expenditures. Our province scored fairly good achievements in industrial production in the first quarter." The meeting urged staff members and workers on the industrial and communications front to develop further the achievements, make consistent efforts, do solid work and regard the raising of economic benefits as their main tasks in order to fulfill and overfulfill the production tasks in the first half of this year.

"The meeting urged party committees at all levels, in the light of the situation in their own localities and units, to grasp well the following tasks:
1. All economic departments must grasp the raising of economic benefits as their main task. The industrial production of our province in the first quarter of this year is fairly good. However, we must note that the economic benefits are rather poor."

2. Repeatedly conduct traditional education of plain living and hard work among cadres, staff and workers and urge them to take Daqing as an example in their work. Leading cadres at all levels must take the lead in this work and set themselves as examples in observing state stipulations. Good persons and deeds must be commended. Unhealthy work style such as lavish spending must be criticized. Persons who spend state funds and cause serious consequences must be sternly dealt with.

3. Pay attention to economic returns. The bureaucratic attitude of ignoring economic results while spending money must be criticized.

4. Strengthen management and supervision over financial work. All units must serve as examples in observing state stipulations on financial affairs and properly handle the relations of the state, enterprises and the staff and workers.

5. Strengthen leadership over economic work. "The meeting urged the broad masses of staff and workers on the industrial and communications front to continue to enhance the revolutionary spirit with a high sense of responsibility of being masters of the country, work hard and strive to raise economic results and make new and greater contributions to the building of the socialist material and spiritual civilizations."

CSO: 4006/435

BRIEFS

HUBEI STATISTICAL WORK CONFERENCE--On 21 April Han Ningfu, secretary of the Hubei Provincial CCP Committee and governor, spoke at the Hubei provincial conference on statistical work, demanding that statistical work in the province be raised to a new level. The statistical departments of governments at all levels, professional statistical departments and statistical cadres of enterprises, units and communes must study politics hard and be proficient in professional work. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 22 Apr 82]

CSO: 4006/431

FINANCE AND BANKING

'ZHONGGUO JINRONG' PUBLISHES BANKING OVERVIEW

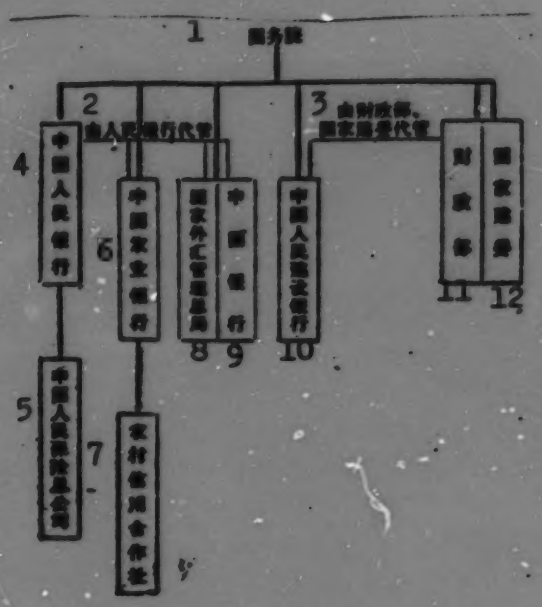
Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese Nos 6-8, Jun, Jul, Aug 82

[Article by the Planning Bureau of the People's Bank of China: "An Overview of PRC's Banking"]

[No 6, 4 Jun 81, pp 13-15]

[Text] I. PRC's Banking System

Our banking system consists of the People's Bank of China as the central bank and other specialized banks and banking organs.



Key: 1. State Council.
2. Controlled by the People's Bank of China by delegation of authority.
3. Controlled by the Ministry of Finance and the State Capital Construction Commission by delegation of authority.

4. People's Bank of China.
5. People's Insurance Company of China.
6. Agricultural Bank of China.
7. Rural Credit Cooperative.
8. State General Administration of Exchange Control.
9. Bank of China.
10. People's Construction Bank of China.
11. Ministry of Finance.
12. State Capital Construction Commission.

II. The People's Bank of China.

1. The Character, Function and Basic Tasks of the People's Bank of China

The People's Bank of China is the state bank of the PRC, a component of the State Council and under the direct leadership of the State Council. It is a state administrative organ in charge of banking as well as an economic organization for credit handling. It is also entrusted by the State Council with the control over the Agricultural Bank of China, the State General Administration of Exchange Control and the Bank of China.

The People's Bank of China is the sole bank to issue banknotes. It prints and issues renminbi according to the power invested by the state.

The People's Bank of China is responsible for drafting the state's unified financial policies both general and specific, setting interest rates, the main control systems and other financial regulations.

In credit handling, the People's Bank of China should implement the state's general and specific policies, use economic methods for economic control, bring into play the bank's role as an economic lever, promote and supervise economic activities, support the planned, proportionate and sustained development of the national economy; and accelerate the socialist modernization.

The People's Bank of China's functions and main tasks are:

(1) To exercise unified control over currency issuance and currency control and to regulate currency circulation on the market.

(2) To organize the deposits of various units and the savings deposits of residents and to raise funds for socialist construction as well as to grant industrial and commercial loans to support the development of production and the expansion of commodity circulation.

(3) To devise unified nationwide credit and cash plans, and organize, carry out and bring about an overall balance of nationwide credit funds.

(4) To exercise unified control over the dealings in gold and silver and control over the monetary market according to government decrees and the power invested, control over cash and supervision over wage funds.

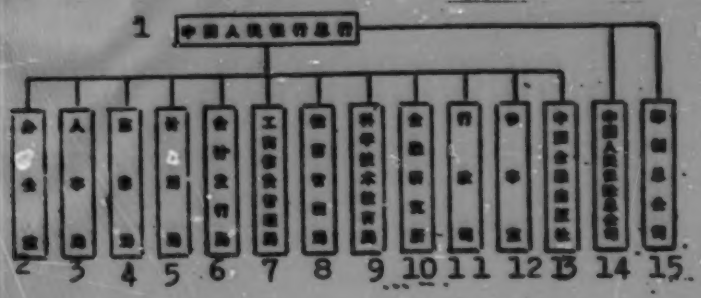
(5) To set interest and foreign exchange rates.

(6) To handle treasury receipts and expenditures.

(7) To handle the nationwide settlement of accounts in both urban and rural areas.

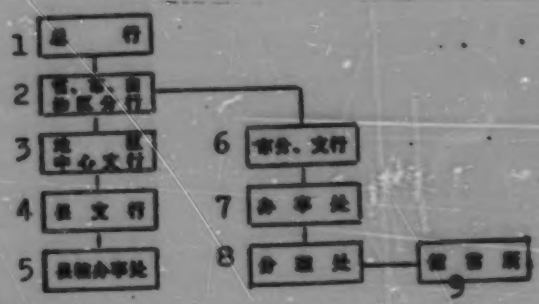
2. The Functional Organs and Personnel of the People's Bank of China

The functional organs in the main office of the People's Bank of China are as follows:



Key:
1. Head Office of the People's Bank of China
2. Staff Office
3. Personnel Bureau
4. Supervisory Bureau
5. Planning Bureau
6. Accountants and Circulation Bureau
7. Industrial and Commercial Loans Control Bureau
8. Savings Control Bureau
9. Science and Technical Education Bureau
10. Financial Research Department
11. Administrative Department
12. Counsellors' Office
13. ZHONGGUO JINRONG [CHINA'S BANKING] Publishing House
14. People's Insurance Company of China
15. General Printing Company

Nationwide Organizational Chart of the People's Bank of China



Key:
1. Head Office
2. Provincial, Minicipal and Autonomous Regional Branches
3. Prefectural Central Branches

4. County Branches
5. County-controlled Offices
6. Municipal Branches
7. Offices
8. Suboffices
9. Savings Deposits Offices

The People's Bank of China has branches [fen hang 0433 5887] in all provinces, municipalities and autonomous regions; central branches [zhongxin zhihang 0022 1800 2388 5887] in all prefectures; branches [zhi hang] in the counties; and offices or business offices in the large towns and the industrial and mining areas.

Branches [fen hang] are set up in the larger cities under the jurisdiction of the provinces, while another type of branch [zhi hang] is set up in the other cities. Under these municipal branches of both types are area offices; and under these offices, suboffices or savings deposits offices may be established according to business requirements.

By the end of 1980, the People's Bank of China had a total of 16,731 organs at various levels throughout the country. Among them were 29 provincial branches [fen hang]; 202 municipal branches of both types; 207 central branches; 2,098 county branches; 993 town offices; 2,221 suboffices; 8,417 savings deposits offices; 1,700 county offices, 216 branch insurance organs, and more than 500 others.

By the end of 1980, the People's Bank of China had a total of more than 35,000 cadres and workers.

III. Specialized Banks and the Other Banking Organs

1. The Agricultural Bank of China

The Agricultural Bank of China is directly affiliated with the State Council, but controlled by the People's Bank of China through delegation of authority. It is a specialized bank for handling rural credit and is responsible for the organization of rural credit funds and the unified control of various state funds in aid of agriculture, the centralized handling of credit in rural areas and loans to state farms and supply and marketing cooperatives. It also provides leadership for the rural credit cooperatives in addition to handling other matters as entrusted by the state and the People's Bank of China.

The Agricultural Bank of China has branches in all provinces, municipalities, autonomous regions, prefectures and counties, with business offices below the county level. By the end of 1980, this bank had a total of 27,828 branches at various levels and more than 284,000 cadres and workers.

2. The State General Administration of Exchange Control

The State General Administration of Exchange Control is directly affiliated with the State Council, but controlled by the People's Bank of China through

a delegation of power. It is responsible for foreign exchange control, including the unified control of the state's foreign exchange; for checking and supervising all the receipts and spendings of trade and nontrade foreign exchange; for an overall balance of plans for foreign exchange receipts and spendings; for publicizing the rates of exchange between renminbi and other foreign currencies; and for handling other matters as entrusted by the state and the People's Bank of China. The State General Administration of Exchange Control has foreign exchange control branches in the provinces, autonomous regions and the main coastal ports where its work is heavy.

3. The Bank of China

The Bank of China is directly affiliated with the State Council, but is controlled by the People's Bank of China through a delegation of power. It is a state-designated import-export bank and our only specialized bank handling foreign exchange. It is responsible for handling all international credit, settlement of accounts, signing agreements with foreign exchange, and handling foreign exchange credit, foreign trade credit, overseas Chinese remittances, and other matters as entrusted by the state and the People's Bank of China. Based on the requirements of its business development, the Bank of China has gradually set up its branches in various provinces, municipalities, autonomous regions, and coastal ports. By the end of 1980, it had 79 branches with more than 8,000 cadres and workers. There are Bank of China branches in Hong Kong, London, Tokyo, Singapore and Luxemburg, and foreign agencies in the principal countries and regions all over the world.

4. The People's Construction Bank of China

The People's Construction Bank of China is directly affiliated with the State Council but controlled jointly by the State Capital Construction Commission and the Ministry of Finance, (mainly by the Ministry of Finance) through a delegation of power. It is a specialized bank in charge of state investment in fixed assets and with a dual financial and banking function. It is responsible for keeping the state's capital construction outlay budget; setting up financial control systems for capital construction; examining and approving the financial plans for capital construction and final financial accounts of various regions and departments; allocating funds and granting loans according to state planning and the financial budget to the capital construction units, the construction and installation enterprises, the geological prospecting units, and the supply and marketing enterprises for capital construction; controlling state financial allocations to existing enterprises for tapping potential and carrying out technical renovation and transformation, and the funds retained by the enterprises for the same purpose; absorbing and organizing the use of various deposits in the sphere of fixed assets and extending loans for tapping potential and carrying out technical transformation; and exercising supervision over the use of funds.

The People's Construction Bank of China has branches in various provinces, prefectures and counties; and special organs in localities where construction tasks are fairly concentrated and important construction projects are already in progress.

5. The People's Insurance Company of China

The People's Insurance Company of China is under the leadership of the People's Bank of China, and is responsible for domestic and international insurance and reinsurance. Domestic insurance has been suspended for some time, but is now gradually restored. At present, the People's Insurance Company of China has established direct or indirect exchange and reinsurance relations with more than 900 insurance companies in some 120 countries and regions.

The People's Insurance Company of China has established branches in the large and medium-size cities in various provinces, municipalities, the important coastal ports, and county cities where industrial and commercial activities are fairly concentrated. It also has two subordinate joint state private insurance companies, namely, the China Insurance Company and the Taiping Insurance Company.

6. The Rural Credit Cooperative

The Rural Credit Cooperative is a rural collective banking organization as well as the basic level organ of the Agricultural Bank of China. It handles rural banking, carries out the tasks of the state banking organs in the countryside and implements the unified state monetary policies. The interest rates charged by the credit cooperative can be slightly higher or slightly lower than the rates of state banks. However, it is still using the unified state interest rate, while special rates are for personal loans only. It practices independent economic accounting and assumes responsibliity for profits and losses. The banks have to pay handling fees to the credit cooperative if they entrust any task to it. Should the credit cooperative suffer any loss because of charging interests at the unified state rate, the banks have to subsidize it.

Furthermore, trust and investment companies have been established in some localities to handle trust and investment matters on a trial basis. Since its inception in October 1979, the China International Trust and Investment Corporation has adopted many forms to absorb foreign funds, and is now actively and steadily developing its business. It has successfully negotiated with foreign countries in organizing 30 production projects in the form of joint venture with Chinese and foreign investment.

All these specialized banks, insurance companies and credit cooperatives are combining with the People's Bank of China to form a unified nationwide banking system with its banking network in the urban and rural areas throughout the country.

IV. Issuance of Banknotes

Renminbi is the currency of PRC, and the renminbi issued by the People's Bank of China is the only currency in circulation on the domestic market. It is only for domestic circulation and not to be brought out the country. We also forbid the circulation of foreign currency in the domestic market.

We are now implementing the policy of currency stabilization. The issuance of renminbi is based on the needs of our national economic development and for economic instead of financial purposes. The amount of currency issuance and the varieties and forms of the currency to be printed and the coins to be minted should all be approved by the State Council.

The state forbids any locality, department of unit from issuing any currency or token money. Any form of forgery which would undermine the renminbi or its prestige will be dealt with according to law.

V. Banking Administration

1. Cash control. The People's Bank of China controls the cash of all state-run enterprises, public agencies, government offices, social groups, army units, schools and collective economic units. All specialized banks exercise the same control on behalf of the People's Bank of China over their customers.

2. Control of gold and silver. The People's Bank of China exercises unified control over dealings in gold and silver and handles the receipts, payments and controlled sales of gold and silver. Other units dealing in gold and silver and articles made of them should have approval by the People's Bank of China. The state prohibits private buying or selling of gold and silver and their circulation at certain prices.

3. Credit control. Credit should be concentrated at the bank, and no locality or unit whatsoever is permitted to set up their own banking organs for the deposit of money or extention of loans. The state strictly forbids usury. Nobody can be permitted to lend money or material objects to others at usurious rates, and offenders will be dealt with according to law.

4. Foreign exchange control. The state has designated the Bank of China as the sole agency for handling foreign exchange credit, settlement of foreign exchange accounts and other foreign exchange transactions. Private dealings in foreign currencies and foreign negotiable securities, and their circulation at certain prices are forbidden.

5. Interest rate control. Interest rates are under the overall control of the People's Bank of China. This bank may delegate to the specialized banks the authority to set or revise certain interest rates. No other departments or units can set the interest rates for deposits or loans.

6. Control of banking organs for foreign funds. Overseas Chinese or foreign merchants wishing to establish overseas investment banks, joint venture using Chinese and foreign investment, foreign investment banks or other banking facilities must first apply for approval. They must abide by the PRC laws and accept the control and supervision of the People's Bank of China. The PRC Government will protect their legitimate interests.

[No 7, 4 Jul 81, pp 16-18]

VI. Bank Deposits

One of the main tasks of banks is to collect and organize the idle funds in various national economic sectors and from the private individuals in both urban and rural areas. Bank deposits are divided into two different types according to their characteristics. One of them is unit deposits (including the deposits of enterprise units, government offices, social groups, schools and other units), and the other is private savings deposits. At present, the deposits incorporated in the overall nationwide credit balance are from the People's Bank of China, the Agricultural Bank of China and the Bank of China and their branches.

The composition of bank deposits in 1980 are shown in percentages as follows:

Key:
1. Enterprise deposits.
2. Rural deposits.
3. Urban deposits.
4. Government office and social group deposits
5. Financial deposits.

1. Unit Deposits

According to state regulations for cash control, the funds of all enterprises, government offices, social groups, schools and other units and their receipts from the transfer of accounts should be deposited in state banks if the amount exceeds the cash on hand limit. This type of deposit is compulsory. The bank pays interests on the deposits of the departments in charge of enterprises, the enterprises and public agencies with independent accounting; but not on the deposits of government offices, social groups and other public agencies because they do not engage in production and the working funds used on commodity circulation are from government allocations.

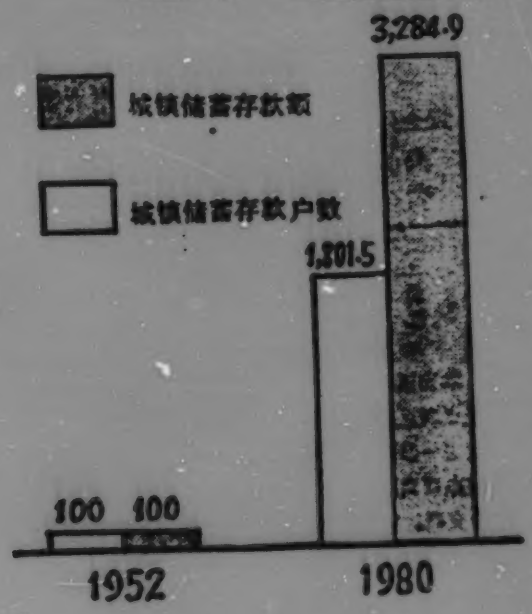
2. Savings Deposits

These deposits come from the urban and rural population. The right of savings possession is protected by the PRC Constitution. The principle behind individual savings deposits in our country is: voluntary deposits; freedom in withdrawals; interest for deposits; and information on depositors treated as confidential.

Deposits are classified into current savings and fixed deposits. Fixed deposits amount to approximately 80 percent, and current savings amount to approximately 20 percent. The terms for fixed deposits, on a one-time deposit and one-time withdrawal basis, can be half a year, 1 year, 3 years or 5 years. Fixed deposits on a multiple deposit but one-time withdrawal basis, and fixed deposits by Overseas Chinese in renminbi are for 1 year, 3 years and 5 years. The deposits by people in cities and the countryside are handled by the savings branches of the People's Bank of China. Among the enterprises, public agencies, government offices and other units, the masses have also formed their mutual-aid savings associations. If conditions permit, the government offices, enterprises, schools, army units and other units can also set up their savings agencies. By the end of 1980, the deposit balance increased by 31.8 percent over that of 1952, and the number of savings accounts also increased by 17 times.

Figure showing increases in our urban savings deposits.

(100 for 1952)

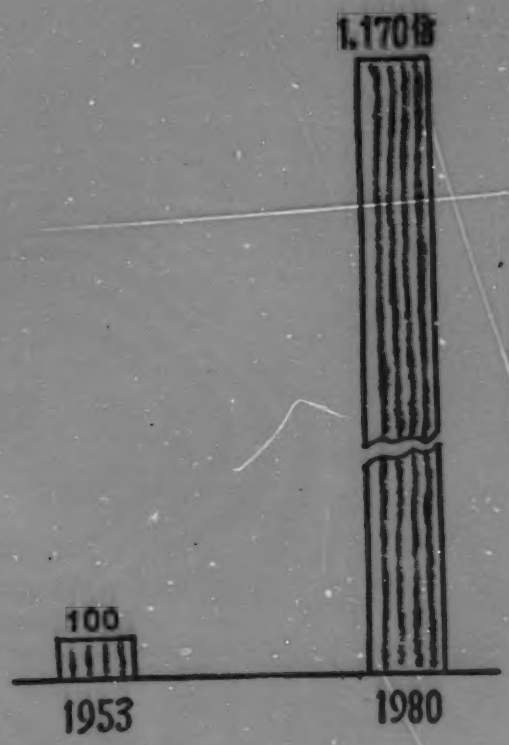


Key: 1. Amount of deposits. 2. Number of savings accounts.

The savings deposits of rural commune members are handled by the rural credit cooperatives. By the end of 1980, the deposit balance was more than that of 1953 by more than 1,000 times.

Figure showing increase in our rural commune members' savings

(100 for 1953)



The main causes for the huge increases in our savings deposits are as follows:

1. The people's income has continued to increase and their living conditions have continued to improve. They now have more money than they need

2. People are strongly imbued with the spirit of building the country and running the household through diligence and frugality.

3. The party and the state have adopted correct principles and policies to develop savings.

4. The interest rates for deposits have been raised.

5. The increase of savings facilities and personnel has improved savings service.

VII Loans from the People's Bank of China and the Other Specialized Banks

Loan serves as a channel for the redistribution of funds by the state. Through banks, the state collects the idle funds in the society and then issues them in the form of loans for supporting the development of industrial and agricultural production, the expansion of commodity circulation, and the potential tapping and technical renovation and transformation of the old enterprises.

Principles behind our loans and their special features:

(1) All credit facilities are concentrated on the banks. Commercial credit is not permitted. No locality or unit whatsoever can set up their own banking facilities to handle deposits or to extend loans.

(2) Financial funds and credit funds must be separately controlled in principle. The use of bank credit funds for financial allocations is strictly prohibited.

(3) Loans should be granted according to plans, and each enterprise should be treated on its merit, so that support will be given to the deserving ones. In applying for loans, the enterprises must have their economic contracts examined by the bank which will issue the loan at its own discretion.

(4) In applying for loans, there must be assurances of the suitability and marketability of materials. The banks do not grant loans for the production or marketing of unsaleable goods or materials.

(5) The loans must produce economic benefits, and be repaid on time in order that there can be turnovers.

Our loans are classified by trades. There are agricultural loans, industrial loans and commercial loans. Those classified according to their economic characters are state-run enterprise loans, collective enterprise loans, and loans for individual economy. There are also circulating fund loans, and short- or medium-term equipment loans according to the character of funds.

Agricultural Loans

Agricultural loans are granted by banks to support grain production and economic diversification in order that there will be an all-round development of agriculture, forestry, animal husbandry, sideline production and fishery. Therefore, the extention of agricultural loans in support of agricultural development occupies a very important place in the work of banking. Agricultural loans are granted according to the principle of "using state aid as a supplement to self-reliance." These loans and other agricultural funds should be rationally used under an overall arrangement. In supporting the production of commodities by the communes and production brigades or teams, we must stress economic results.

Our agricultural loans are of several types, such as loans for agricultural production expenses, loans for production equipment, loans for commune-run enterprises, loans for state farms, loans for small rural hydropower stations and loans for the circulationg funds of credit cooperatives. All these loans are granted by the Agricultural Bank of China in accordance with established regulations and policies. Personal loans to individual commune members are granted by the credit cooperatives.

2. Industrial Loans

Industrial loans are granted to industrial enterprises as extra circulating funds or as short- and medium-term equipment laons. The regular circulating funds are allocated by the state. Industrial loans are granted to state-run industrial enterprises with independent accounting, the supply and marketing enterprises under the industrial departments in charge, the material supplies enterprises at various levels, the collective industrial enterprises and individual economy.

Types of Industrial loans:

(1) Extra loans. These are for circulation funds of a seasonal or temporary nature for state-run enterprises. The terms are at most 1 year.

(2) Collective industrial loans. These loans are granted to collective industrial enterprises whose business operation has been approved by the industrial and commercial administrative departments in charge. They must have their own minimum funds for regular production.

(3) Loans for the settlement of accounts. These loans are mainly intended for the settlement of accounts by enterprises which have already delivered their goods but not yet received the payment for these goods.

(4) Loans for major repairs. These loans are intended to help enterprises carry out their major repairs pending their receipt of the regular major repair funds.

(5) Short-and medium-term equipment loans. These are mainly intended for tapping potential and carrying out technical renovation and transformation among the old industrial plants. They can also be used on minor alteration or expansion projects, or on measures of energy conservation; but not on new projects or on the continuation of capital construction projects. These loans generally are classified into equipment loan for state-run industry, special light and textile industrial equipment loan, energy conservation equipment loan, equipment loan for collective industry, gold equipment loan, loan for small county-run hydropower stations and other special loans as approved by the State Council.

(6) Individual industrial household loans. These are granted to individual industrial households as approved by the industrial and commercial departments in charge. These households must have their own funds and certain security.

3. Commercial Loans

The special feature of commercial loans is that, since commodity circulation is closely related to currency circulation, the grant of loans to the commercial departments for stocking up their goods can help in currency withdrawal when the goods are sold. These are pruely short-term loans. That is why bank credit can take care of a fairly large portion of the commercial enterprises' circulating funds, generally amounting to 70 percent. The banks are usually quite liberal in granting loans to the procurement enterprises for the procurement of agricultural sideline products of the first and second categories and the main items of the third category. If the procurement is more than the planned amount and there is not enough time to apply for an increase in the loan, the loan can be extended while the application is being processed.

Types of commercial loans:

(1) Commodity circulation loans. These loans are intended to help increase the stocking of goods and the procurement of industrial products and agricultural sideline products as a stop-gap measure or for the settlement of accounts.

(2) Downpayment loans for the procurement of agricultural sideline products. These loans are granted to commercial departments as downpayment for the procurement of agricultural sideline products (including cash crops and export supplies) from the communes and production brigades in the countryside.

(3) Major repair loans. These are intended for the commercially run industry to carry out major repairs. The arrangements are the same as for industrial loans.

(4) Short- and medium-term equipment laons. They are used to help commercially run industry tap potential and carry out technical renovation and transformation.

Commercial loans include state-run commercial loans, collective commercial loans, individually run commercial loans, and loans for the food, service and repair trades. Loans for the commercial sector, grain loans, and loans for the farm machinery company, the Xinhua Book Store, and other commercial loans are handled by the People's Bank of China; loans for the supply and marketing cooperatives are handled by the Agricultural Bank; and loans for the foreign trade sector are handled by the Bank of China.

[No 8, 4 Aug 81, pp 56-59]

VIII. Control of Banks' Plans

The plans of our banks are mainly the comprehensive credit plan and the cash receipts and payments plan. Formulation, implementation and control of these plans can reflect and reveal the situation and problems in the implementation of the national economic plan, provide guidance for the development of bank business, and bring the role of banks into play. The comprehensive credit

plan and the cash receipts and expenditures plan include the plans of the Agricultural Bank of China and the Bank of China, which are to be comprehensive credit plan and the cash receipts and expenditures plan include the plans of the Agricultural Bank of China and the Bank of China, which are to be comprehensively balanced by the People's Bank of China at each level and then reported to the higher authorities level by level. Both the comprehensive credit plan and the cash receipts and payments plan of the state are compiled by the People's Bank of China.

1. Comprehensive credit plan

(1) This plan deals with the sources and uses of funds. The sources of funds include the bank's own funds, financial allocations for the credit funds and various types of deposits. The uses of funds includes various types of loans, funds on hand and foreign exchange on hand.

(2) System of plan control: According to the principle of unified planning by the central authorities and differentiated administration at the central, provincial, municipal and autonomous regional levels, the People's Bank of China's head office formulates the annual credit plan for various provincial, municipal and autonomous regional branches; and within the scope of the annual credit plan approved by the head office, the provincial, municipal and autonomous regional branches work out quarterly plans which should be reported to the high levels for their file. The credit plans for the enterprises directly controlled by the central ministries are jointly controlled at the central and local levels. All the provincial, municipal and autonomous branches should in each month and each quarter examine how the credit plan is being carried out, so as to uncover problems and take prompt measures to ensure its implementation. To give more scope to the initiative and enthusiasm of the provincial, municipal and autonomous branches, the plan control system of "unified planning, differentiated administration, linking deposits with loans and controlling the disparity" was tried out on a nationwide scale beginning from 1981. Under this system, the main office will only control the disparity between deposits and loans among the branches; if the branches can absorb more deposits, they are free to grant more loans.

(3) Method of responsibility for rural credit index. Beginning from 1971, the newly added portion of rural deposits each year can be used as agricultural loans under the overall arrangement of the provinces provided withdrawals by the depositors are guaranteed. The main office will not make other arrangements for them.

2. Plan for Cash Receipts and Payments

(1) The plan is for cash receipts and cash payments. Cash receipts include the proceeds from commodity sales, from services rendered, from rural credit, from taxation, from urban savings deposits, from the handling of remittances and other sources. Cash payments include the payment of wages and other individual expenses, payment for the procurement of agricultural sideline products, payment for rural financial credit, payment of the operating expenses of administrative enterprises, payment for the procurement of

industrial and mineral products, payment for urban savings deposits, and for remittances.

(2) System of plan control: The same as the system of comprehensive credit plan control. Based on the national economic plan and the annual cash plans compiled and reported by the various provincial, municipal and autonomous regional branches, the main office compiles the national plan for cash receipts and payments, and sets the targets for the issuance and withdrawal of cash in the provinces, municipalities and autonomous regions. The branches will organize and carry out monthly and quarterly examinations and analyses on the changes in the cash receipts and payments based on the approved plan in order to handle the existing problems.

IX. Our Currency Circulation and Regulation

Under the control system of socialist planned economy in our country, money transactions among different units are basically carried on through the transfer of bank accounts and cash is very rarely used. Cash is mainly used for the payment of wages or for the exchange of commodities between the state and the collective economy or individuals. Therefore, the channels for the circulation, issuance and withdrawal of currency in our country are as follows:

1. Channels for cash issuance:

(1) Payment of wages or additional wages for workers and staff members and individual expenses.

(2) Payment for the procurement of agricultural sideline products to the rural collective economy or individual commune members.

(3) Payments for the procurement of industrial and mineral products and handicraft products; for the collection of used and old materials; and for the handling of gold and silver transactions.

(4) Payment for part of the operating expenses of various units (such as travel expenses, expenses for the performance of official duties, petty cash expenses and other operating expenses of administrative enterprises).

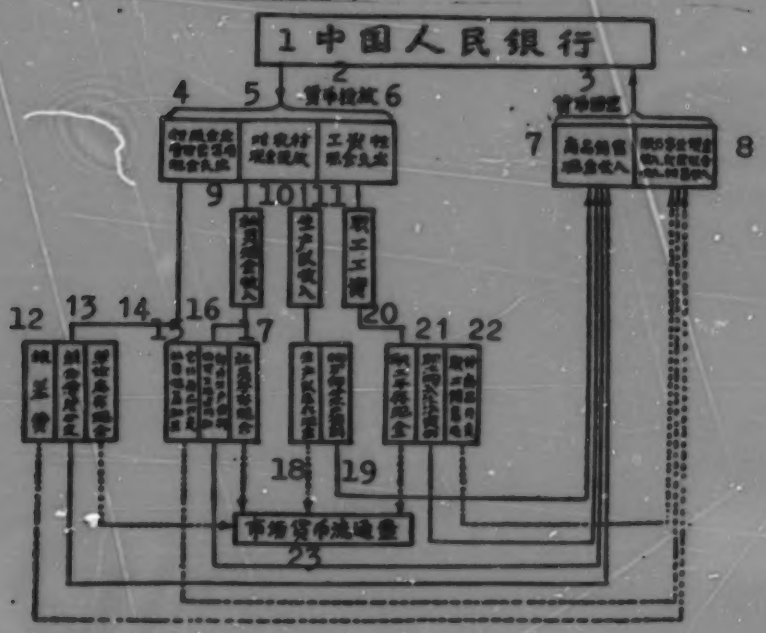
(5) State issuance of financial credit to the countryside (such as commune investment, agricultural loans, social relief for the countryside, and so forth).

The first three items account for 80 to 90 percent of the total amount of cash issuance.

2. Channels of Cash Withdrawal

(1) Proceeds from commodity sales by state-run or collective commerce. These proceeds are commonly called cash receipts from commodity sales.

Figure showing money circulation



Key:
1. People's Bank of China
2. Issuance
3. Withdrawal
4. Operating expenses for administrative enterprises
5. Issuance to the countryside
6. Payments in the nature of wages
7. Proceeds from commodity sales
8. Service charges, taxes and bank deposits
9. Commune members' income
10. Production teams' income
11. Wage fund
12. Travel expenses
13. Units' petty cash expenses
14. Units' cash on hand
15. Commune members' savings and noncommodity expenses
16. Purchases of the means of subsistence and part of the means of production
17. Commune members' cash on hand
18. Production teams' cash on hand
19. Purchase of part of the means of production
20. Workers' cash on hand
21. Workers' purchase of the means of subsistence
22. Workers' savings and noncommodity expenses
23. Amount of currency in market circulation

(2) Fees collected for services rendered by units, such as transportation fares, movie ticket charges, water and electricity charges and the receipts by the food and drink service trade.

(3) Taxes to be paid by residents.

Commodity sales account for approximately 70 percent of the total withdrawal.

3. Basic Stability of Our Currency Circulation

Our policy of currency stabilization is now in force, and our currency circulation is basically stable mainly because of the following conditions:

(1) The planned and proportionate development of socialist economy is the economic foundation for the stability of the renminbi as well as the basic condition for regulating currency circulation in a planned way.

(2) The large-scale supply of commodities to the market under state control and at stable prices is the material foundation for the stability of the renminbi.

(3) We are firmly upholding the principle of keeping the revenues and expenditures in the financial budget balanced and leaving a little surplus for the current year and the principle of separate controls of credit and financial funds. This is a reliable guarantee of the stability of the renminbi.

(4) We have established monetary and credit system for the independent, centralized and planned regulation of currency circulation. Unless approved by the state, all forms of commercial credit are forbidden. All credit rights and debts (except in petty cash transactions as stipulated in the "Cash Control Regulations) should be handled by banks through the transfers of accounts. All forms of negotiable instruments are forbidden.

X. Cash Control

Cash control constitutes an important financial system in our country and plays a significant role in consolidating and developing socialist economy. According to state regulations, all cash funds of state-run enterprises, public agencies, government offices, social groups, army units, schools and collective economic units by the People's Bank of China. For those units which have opened accounts with the specialized banks, these specialized banks will control their cash funds on behalf of the People's Bank of China. The specific methods of control are as follows:

1. All units in possession of cash are allowed to keep only a limited amount of cash on hand, and any excess should be deposited in the bank.

2. Except for the amounts within the limit of the cash on hand, the settlement of accounts among all units in their economic contacts must be carried

out by the bank through transfers, unless other means are in conformity with state regulations and agreed to by the bank.

3. The use of cash by the units are mainly confined to individual payments in the urban and rural areas, petty cash expenses, and payments for the procurement of suitable amounts of agricultural sideline products in the country fairs according to state regulations.

4. All units wishing to procure materials in other places should settle their accounts through bank transfers, except for extraordinary circumstances and with the bank's concurrence after examination of the circumstances, in which case they may be allowed to carry certain amounts of cash with them.

5. The units handling many cash transactions should work out their own plans of cash receipts and expenses.

Enforcement of cash control can help the state banks regulate the momentary circulation and stabilize the market in a planned way. It also helps the bank collect huge sums of idle funds to be used to support the development of industrial and agricultural production and to expand commodity circulation. The reduction of cash transaction will help reduce currency issuance, thus saving the social labor otherwise required for counting and checking the money, and for its transportation and custody.

XI. Supervision of Wage Funds

The State Council has authorized the People's Bank of China to supervise wage funds. All money paid to the workers by their units in the nature of wages must be incorporated in the State Labor Wage Plan. After approval by the relevant departments, the labor wage plans prepared various units should be forwarded to the bank which is charged with the responsibility of supervision. Should there be any unplanned increase of personnel, increase of fringe benefits or subsidies, indiscriminate payment of bonuses or other acts of violation of the state's wage policies, the bank can report this to the departments concerned and urge them to make an early settlement. If necessary, the banks have the power to refuse payment.

At present, expenses in the nature of wages account for 50-60 percent of the total amount of our cash payments. The bank's supervision in collaboration with the relevant departments over the payment of wages can help guard against unauthorized expenditures by the units which are excessive for the state's wage plan and may increase the currency issuance. Thus the bank can play an even more effective role in regulation monetary circulation.

XII. Transfers and Settlement of Accounts by the People's Bank of China

Except for the cash transactions permitted by the regulations on cash control, the settlement of all accounts in the economic contacts among different economic units in our country should be handled by the bank through transfers. All units having accounts to settle must have opened accounts with the bank according to regulations, and must keep an adequate balance in the bank to cover the expected payments.

All units settling their accounts through bank transfers must uphold the state's economic policies, observe discipline, and honor their contractual obligations. No unit whatsoever can delay their payments, arrange loans among themselves, make improper use of their bank credits, let others use their bank accounts, or purchase commodities on credit. Unless approved by the state, they can neither receive nor pay money in advance for their purchases.

1. Principles for Settlement of Accounts Through Transfers:

Transactions must be paid for in full, and the interests of both the receiving and the paying parties must be respected. The bank does not advance any money.

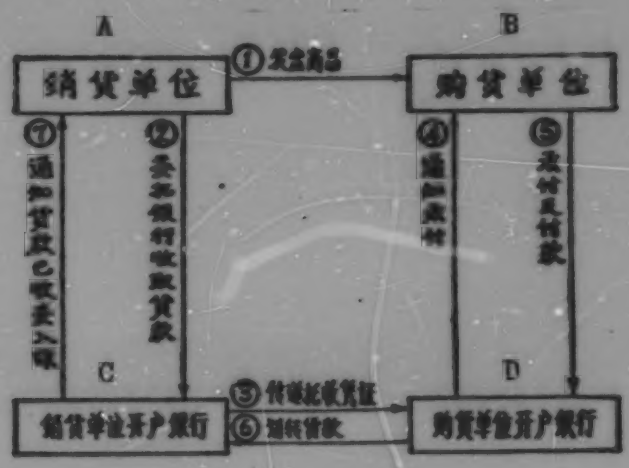
2. Forms of Settlement Through Transfers:

There are settlement of accounts involving different localities and settlement of accounts locally.

Settlement involving different localities can take the following forms:

(1) Collection and payment through banks in different localities.

Procedure for Collection and Payment Through Banks



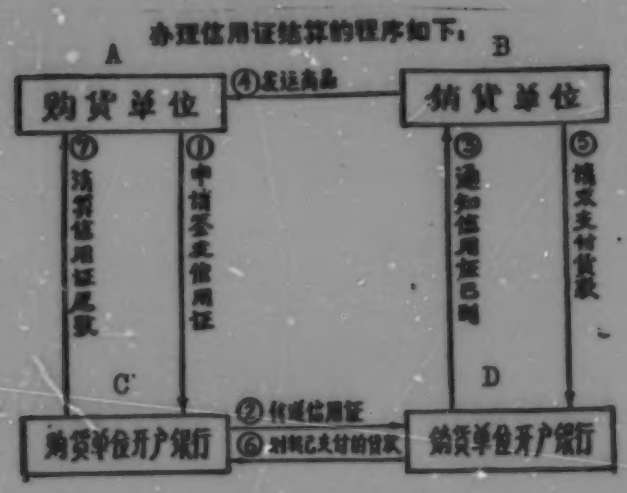
Key:
1. Shipment of goods
2. Authorizing bank to collect money
3. Documents sent relating to collection
4. Notification to buying party
5. Payment authorized
6. Transfer of money
7. Notification to selling party about the amount being credited to its account

A. Selling party
B. Buying party
C. Selling party's bank
D. Buying party's bank

After delivering the goods according to economic contract, the unit can authorize the bank to collect money on its behalf from the designated unit in some other locality. The paying party, on the other hand, will check the documents or examine the goods, and then notify the bank of its willingness to pay. This form of settlement is mainly used for commodity transactions which also involves certain labor services.

(2) Letter of Credit. The paying party first deposits the required amount of money in the bank and asks it to issue a letter of credit, and to notify the receiving party's bank in another locality so that this bank will inform the receiving party accordingly. When the receiving party has dispatched the goods according to the contract and the stipulations in the letter of credit, the bank will settle the account by paying the receiving party. This form of settlement is rarely used within the country.

Procedure for Settlement of Accounts with
Letter of Credit



Key:
1. Application for Letter of Credit
2. Transmitting Letter of Credit
3. Notification of arrival of Letter of Credit
4. Dispatch of goods
5. Request for payment
6. Notification of the amount paid
7. Settlement of balance left by Letter of Credit
A. Purchasing unit
B. Selling unit
C. Purchasing unit's bank
D. Selling unit's bank

(3) Remittance. By this means, the paying party authorizes the bank to remit its money to the receiving party in another place. This method can be used for the transfer of funds, settlement of old accounts, or temporary

procurements. Remittance can take the form of either mail transfer or cable transfer according to the paying party's choice.

(4) Collection through bank from other places. The receiving unit first produces proof for the collection of money, and then authorizes the bank to collect the money on his behalf from the paying unit in another palce. This form is suitable for commodity transactions between units, for the supply of labor service and the settlement of other accounts. This method was first used in 1980. The bank is not responsible for supervising the collection through this arrangement.

(5) Settlement in limited amounts. The purchasing unit first deposits a sum of money with the bank and requests the bank to issue a certificate of settlement in the same amount. On the strength of this certificate, the selling unit can arrange for the money to be transferred to its account. This method is mainly used in commodity transactions in which the units concerned will take delivery of the goods and transport the goods themselves, and is used within one province or among only some provinces and cities.

Settlement of accounts locally [in the same city] can be carried out by the use of checks, collection and payment, or collection and not payment, through the bank locally. The banks and units in various localities can adopt the suitable form of settlement according to their specific needs.

When the production brigades and production teams of the rural communes deliver their agricultural sideline products to the state, payment in cash or through bank transfers is basically a matter of choice to be decided by themselves or according to the relevant regulations set by the local people's governments.

9411
CSO: 4006/372

FINANCE AND BANKING

LIAONING CONDUCTS GENERAL FINANCIAL INVESTIGATION

SK300308 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 20 Apr 82

[Text] Since last December, our province has conducted a general financial investigation. Self-investigation by units, units investigating one another and spot investigations have uncovered many financial discipline violations involving 280 million yuan, of which 840 million yuan has been recovered.. [As received] Four months of financial investigations have shown that successful implementation of this work is conducive to balancing the state revenue and expenditures, carrying out enterprise consolidation, cracking down on unlawful activities in the economic sphere and improving the party's work style.

Among the problems exposed in the course of the investigations are detention of state revenue, taxes and other income; illicit dividing of funds and expenditures; reckless issuance of bonuses, articles for labor safety use and allowances; illegal diversion of funds earmarked for special use; violations of regulations on controlling institutional purchases; and illicit use of public funds to entertain guests, send gifts and go sightseeing.

To ensure successful conclusion of the general financial investigation, the provincial CCP Committee and people's government recently convened a telephone conference on intensifying the financial investigation. The conference urged localities to step up leadership, make up for what has been missed in previous investigations, divert more attention to spots as yet untouched, strive to recover all the money that can be recovered and carry through to the end the financial investigation of enterprises. We should commend in public those good examples who abide by financial discipline and severely punish a number of bad examples who have grossly violated and are still violating financial discipline. We must investigate all behavior attacking and retaliating against financial and accounting personnel who uphold the financial system.

The conference also urged localities to pay earnest attention to checking the results of the investigation, amplify financial regulations and strenthen the ranks of financial and accounting personnel.

CSO: 4006/431

BRIEFS

YUNNAN FINANCIAL AFFAIRS CONFERENCE—On the evening of 13 April, the Yunnan Provincial People's Government held a telephone conference on inspecting financial affairs in enterprises throughout the province. The conference demanded that all prefectures and relevant departments step up the handling of problems discovered in the course of inspecting financial affairs in enterprises and do well in inspecting financial affairs in enterprises from beginning to end. The province has begun inspection of financial affairs in enterprises since the end of last December and achieved remarkable results. The province has basically completed the preliminary inspection of some 8,100 state-run enterprises which should be inspected. Some departments have conducted reinspection and mutual inspection. By the end of March, the province had discovered financial and economic offenses which involved some 120 million yuan, of which 22.9 million yuan has now been given to the treasury. [HK161349 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 15 Apr 82]

BEIJING ENTERPRISE FINANCIAL INSPECTION—Beijing Municipality has basically completed its large-scale inspection of enterprise finances. Preliminary inspections of finances were conducted in 2,742 state-run enterprises and thorough inspections were carried out in approximately 100 key enterprises of these 2,742 enterprises. Cases of violations of financial discipline involving some 148 million yuan were discovered. Of this amount, some 56 million yuan was recovered and submitted to the treasury. The large-scale inspection of enterprise finances lasted some 3 months. This inspection included inspection of the situation of the implementation of financial discipline and inspection of the system of financial management. About 19 percent of the enterprises have done financial work well, about 75 percent have done financial work fairly well and about 6 percent have done financial work poorly. [HK290303 Beijing City Service in Mandarin 2300 GMT 18 Apr 82]

SICHUAN CURRENCY WITHDRAWAL—The situation of the withdrawal of currency in Sichuan Province in the first quarter of this year was excellent. Since the beginning of this year, this province has continued to implement the principle of stabilizing currency, vigorously organized the withdrawal of currency and strictly controlled the issuing of currency. The whole province withdrew some 360 million yuan of currency in the first quarter of this year. The fine situation of the withdrawal of currency in the province in the first quarter showed that production in the province developed, the market thrived and the

national economy was readjusted very well. The province's light industrial output value in the first quarter was 13 percent more than in the corresponding period of last year. The amount of urban savings in the province was some 150 million yuan more than at the beginning of this year and was 64 percent more than at the corresponding time last year. [HK031417 Chengdu Sichuan Provincial Service in Mandarin 1100 GMT 24 Apr 82]

JILIN TREASURY BOND PURCHASE—Urban and rural areas throughout Jilin Province have subscribed for about 100 million yuan in treasury bonds. According to statistics, by 20 April, units and individuals throughout the province took up treasury bonds worth 99,823,000 yuan, which surpassed the state assignment by 1.6 percent. According to the demand set forth by the provincial authorities, the purchase plan was prefulfilled and overfulfilled by 10 days and 1,263,000 yuan. [SK030506 Changchun Jilin Provincial Service in Mandarin 1100 GMT 1 May 82]

CSO: 4006/430

MINERAL RESOURCES

METALLIC, NONMETALLIC DEPOSITS FOUND IN GUANGXI

OW270254 Beijing XINHUA in English 0223 GMT 27 Apr 82

[Text] Nanning, 27 Apr (XINHUA)--China's largest manganese deposit with verified reserves exceeding 100 million tons, and seven large metallic and nonmetallic deposits have been discovered in the Guangxi Zhuang Autonomous Region, according to the Regional Geological Department.

The manganese deposit covers 40 square kilometers in Daxin County in the southwestern part of the region.

A pyrite deposit with verified reserves of 15 million tons was found in the northern part. The deposit also contains zinc, lead and silver, the department said.

An ilmenite deposit covering 6 square kilometers and containing verified reserves of 1.26 million tons, was found in Tengxian County in the east. The three ore beds average 24.4 meters thick, the department said.

The department also reported discovery of a fluorspar deposit in Yulin County in the southeast, with verified reserves of 2.28 million tons, and another similar deposit in Ziyuan County in the northeast, with verified reserves of 1.49 million tons.

A limestone deposit with 270 million tons of reserves was found in Guixian County in central Guangxi. It covers 2 square kilometers and contains 53 percent to 55 percent calcium oxide. A clay deposit covering 2 square kilometers was verified in the same county.

A barite deposit with 5.1 million tons of verified reserves was found in Xiangzhou County, also in central Guangxi, the department said.

CSO: 4020/122

MINERAL RESOURCES

BRIEFS

JILIN GEOLOGICAL ACHIEVEMENTS--In the past 2 years Jilin Province has scored tremendous achievements in looking for mineral deposits and in hydrogeological work. The province delivered 55 geological reports to the state, discovered 19 new mining areas and discovered the deposits of five kinds of minerals. Meanwhile, abundant groundwater resources were discovered in Yushu, Nongan, Huaide, Yongji and Fuyu counties. [SK031028 Changchun Jilin Provincial Service in Mandarin 1100 GMT 2 May 82]

CSO: 4006/431

INDUSTRY

'DAZHONG RIBAO' STRESSES POLITICAL WORK IN INDUSTRY

HK300403 Jinan DAZHONG RIBAO in Chinese 22 Apr 82 p 1

[Editorial: "Vigorously Strengthen Ideological and Political Work in Industry and Communications Enterprises"]

[Excerpts] Comrade Mao Zedong profoundly pointed out: "Political work is the lifeline of all economic work." "Grasping ideological education is the cardinal link in uniting the whole party for waging great political struggles." The facts have proven that these theories are entirely correct. Carrying out ideological and political work is our party's fine tradition and also a treasure of the revolution. As far as the party committees and government at all levels are concerned, any tendency to neglect and relax ideological and political work is extremely erroneous and harmful.

It should be pointed out that since implementing the line, principles and policies of the third plenary session, the main ideological current on our province's industry and communications front has been good; the workers' political awareness has been continually enhanced and there have been very great changes in the state of production and people's mental outlook in the enterprises. However, at present the mental outlook of some cadres and workers is very far from meeting the needs of the modernization drive. The main manifestations of this are varying degrees of muddled understanding and erroneous concepts in viewing the economic situation, handling the relationship between the state, the enterprise and the individual, in resistance to corruption by decadent capitalist ideology, and in attitude to labor and work. These muddled understandings and erroneous concepts affect the effort to bring people's enthusiasm into full play and to build material and spiritual civilization, and hamper the effort to improve economic returns. The main reason for these problems is that the leadership has relaxed ideological and political work. Certain leading comrades lack correct understanding of the relationship between spiritual and material encouragement and have not done very well in upholding the principle of taking political encouragement as the primary factor and material encouragement as supplementary; they have abandoned a lot of ideological work that they should and could have done. In particular, since the establishment of economic responsibility systems, certain comrades have gotten the erroneous feeling

that ideological and political work is unnecessary; they are only bothered about "production, supply, and sales," and pay very little attention to "the party, the CYL, and the masses"; they only pay attention to profit and spend very little time finding out what people are thinking. We must squarely face the harmfulness and danger of this tendency, and resolutely correct it. The facts have told us that if in the current stage we only stress spiritual without material encouragement, it is not possible to bring people's enthusiasm into full play; and if we only stress material without spiritual encouragement and fail to keep abreast of needs in ideological and political work, people's enthusiasm cannot be brought into full play and still less can it be sustained for long. Only by closely integrating the two, "grasping them with both hands," and persistently putting ideology to the fore and spiritual encouragement in first place can we run the enterprises as prosperous units and win victory in building both material and spiritual civilization. This is a fundamental experience of many enterprises that have done well.

The first thing in strengthening ideological and political work in the industry and communications enterprises is to brace the spirits of the leading cadres at all levels and further solve the problems of laxness and weakness. As far as an enterprise is concerned, the mental outlook of the leading cadres has a decisive influence on how well or poorly ideological and political work is done. It should be affirmed that there has been a great change in the lax and weak state of the leading cadres on the province's industry and communications front since we implemented the spirit of the national forum on ideological front problems. However, there are still many problems in this respect. In some places and units, powerful and effective ideological and political work has not been launched, good people and deeds have not been commended, bad trends and tendencies have not been criticized as they should, and the bourgeois liberalization trend still exists to a rather serious degree among a few people; some cadres cater to and indulge the backward thinking of certain people and adopt all kinds of ways to damage the interests of the state and collective; in particular, certain leading cadres dare not carry out forceful and just struggle and criticism against various phenomena that harm the socialist cause. This cannot but affect the party's prestige and combat-effectiveness, the improvement of enterprise management and the development of production. All party organizations in industry and communications enterprises must seriously check to see: have they seriously implemented the series of important instructions of the central authorities? Does their mental outlook meet the demands of the current situation and tasks, have they put the interests of the party and people in first place, have they braced their spirits, and do they have the fighting spirit of the girls' volleyball team? Dare they take action to deal with various bad trends and tendencies? By carrying out this check, they should apply the methods of study, discussion, criticism and self-criticism to solve the problems of lack of drive and laxness and weakness in some of the leadership groups, and overcome certain negative ideas.

The key to whether ideological and political work in the enterprises can be strengthened and production promoted lies in the leadership groups. Departments, trades and enterprises that have achieved outstanding success in production and work have leadership groups that are able to set a good example and lead the masses to build the four modernizations. The leadership groups at all levels in the province's industry and communications enterprises are generally good or fairly good. However, there is also a prominent problems of failure to meeting the needs of the modernization drive. We must get a good grasp of rectifying and building the leadership groups. We must in particular attach importance to selecting, promoting and cultivating outstanding middle-aged and young cadres, promote the division of work between party and government, and clearly stipulate that the main task of the enterprise party committees is to implement the party's line, principles and policies and strengthen ideological and political work. We must strive to improve work style and efficiency. It can be affirmed that so long as we do really well in strengthening ideological and political work in the enterprises and improve leadership style and methods, a new situation will certainly appear in building material and spiritual civilization on the province's industry and communications front.

CSO: 4006/435

INDUSTRY

GUANGDONG HOLDS INDUSTRIAL WORK CONFERENCE

HK281001 Guangzhou NANFANG RIBAO in Chinese 27 Apr 82 pp 1, 3

[Report: "The Industry and Communications Front Cannot Relax Production for a Single Day"]

[Text] The provincial industrial and communications work conference which lasted 10 days finished yesterday. At the conference the spirit of the national industrial and communications work conference was transmitted and the CCP Central Committee and the State Council's "Resolution on severe punishment of criminals who seriously undermine the economy" was studied. Those who attended the meeting focused on discussing the problems related to production, policies, reorganization of enterprises and intensification of political and ideological work in the manner of always keeping an eye on raising economic effect. As a result, they have eliminated some of their muddled ideas and heightened their confidence in fulfilling this year's production plan and in achieving a sound and unexaggerated speed of increase with good economic effect.

In particular, the conference discussed the relationship between the struggle of cracking down on serious criminal activities in the economic field and the present production work. Through discussion, all those who attended the conference understood that the struggle of cracking down on serious criminal activities in the economic field is aimed at removing obstacles to the development of production. While paying attention to doing a good job of cracking down on serious criminal activities in the economic field, we must make great efforts to develop our production satisfactorily at present and we must not relax production for a single day. The key problem at present is whether our leading cadres at all levels have adopted a correct mental attitude, whether they dare to adhere to overcome difficulties, whether they can rouse themselves to paying attention to exercising their leadership over production and whether they have the courage to shoulder their responsibility in actually solving practical problems. They must persist in adopting the measures that have been proved to be effective and correct by our practice in the past few years, in opening up to the outside world and in enlivening the economy at home. The conference pointed out that we should make allowance for the possible mistakes by the people at lower levels in some of their work as long as these mistakes do not constitute serious illegal offenses and that we should allow

the lower levels time to correct their mistakes and overcome their shortcomings. Only by so doing can we eliminate the doubts in the minds of our cadres. We should pay special attention to the problem that some of our marketing and purchasing staff members dare not and will not go to the prefectural and county enterprises in some areas. This is detrimental to developing production. The leading persons at various levels should personally persuade these staff members and encourage them to go where they should go and be responsible for the work they should be responsible for. They must protect their initiative and praise those who have achieved good results in enlivening production. They must clear the way for conducting normal cooperation and for conducting marketing and purchases. They should also conscientiously solve the problems related to supplies of raw materials and fuel and related to the marketing of products.

The conference emphatically pointed out that we must sum up our experience and ensure the stability and continuity of our economic policies. The policies and measures that have been proved by practice to be effective in our province since the 3d Plenary Session of the 11th CCP Central Committee can be summarized as follows: conducting a positive readjustment, reducing the number of enterprises to be closed and suspended and expanding the number of enterprises to be merged and shifted to other types of production in order to enliven our production; persisting in making experiments in reforming our industrial management system; continuously perfecting both the economic responsibility system that assigns state responsibilities to our enterprises and the economic responsibility system that is implemented within our enterprises; organizing industrial restructuring and cooperation around the task of producing key products; under the guidance of the state plans, giving full play to the supplementary role of market mechanism and granting the enterprises a certain degree of decisionmaking power in production, marketing and purchases; restoring independent accounting systems in most of the collective industrial enterprises and assigning to them the responsibility for their own profits and losses; replacing the eight-grade progressive income tax with a proportional income tax; and establishing new export and import corporations to put the manufacture and trade of export goods under unified management and conscientiously developing a large variety of external economic activities. These flexible changes in our policies have to a certain extent facilitated the the harmonizing of the relationships between the interests of the state, the enterprise and the individual, enabled the enterprises to rest and build up strength and have brought into more satisfactory play the initiative of the broad ranks of staff and workers. As a result, we have achieved good results that have been rare for many years, and we have substantially raised economic effect, increased the accumulated funds in our enterprises and improved the livelihood of our staff and workers.

The conference was of the opinion that at present we should pay attention to the following four problems that concern our policies:

1. Adhering to the policy of taking the planned economy as the core and supplementing it with regulation by market mechanism and the policy of fighting liberalization. Whether we have taken the planned economy as the core cannot

be judged solely by the proportion of output value. Instead, we should firmly fix in our minds, as a guiding ideology, our sense of responsibility to the state and our sense of responsibility in fulfilling the state plans and we should do our managerial work in accordance with the state plans and fix the prices of our goods as prescribed by the state. We should also try every possible means, including that of giving play to regulation by market mechanism to ensure the fulfillment of the state plans. We should conscientiously implement the policies and degrees of the state. We should conduct our production in the manner of meeting the demands of the society, obey the unified arrangement of the national and provincial authorities and do a good job of striking a comprehensive balance in our production. On the other hand, we should put an end to malpractices such as pushing big enterprises out by establishing and developing small enterprises, conducting production blindly, expanding at will the retail trade run by manufacturers, refusing to fulfill the purchase plan of the state, vying with one another in producing and marketing the goods in short supply, thus resulting in surplus stock and waste, and adopting local protectionist measures to preserve backward ways of production. All the above-mentioned malpractices go against the requirements of unified planning and unified management.

2. Further improving the economic responsibility system. The conference decided to enlarge the decisionmaking power of the enterprises and ensure that there will be no change in the policy of implementing various forms of the economic responsibility system which assigns the enterprises the responsibility for their own profits and losses and which assigns profit or loss targets to their responsibility. Pilot tests in implementing this system have already been carried out in some enterprises. The conference decided to ensure that there will be no change in the policy of reforming our industrial managerial system, in which we have already gained some experience in our experiments in Qingyuan County. The power that should be assigned to the enterprises but which has not yet been assigned to them should be gradually assigned. We should vigorously promote the implementation of the economic responsibility system within our enterprises. In so doing, we should learn from the experiences of Qingyuan County and the experience of the Nanfang food factory in Jiangmen municipality in doing a good job of implementing the internal economic responsibility system and in raising economic effect. In implementing the economic responsibility system, we should not only assign responsibility for profits or link remuneration with profits. Instead we should at the same time take into account the quality and variety of the products, the amount of overheads, costs, labor productivity and the fulfillment of contracts. We should also pay attention to adopting decent means instead of crooked or dishonest means to increase our profits. In implementing the responsibility system we should not disregard the requirements of the state plan and the needs of the society. We should also solve the problem of taking into account the interests of the state, the enterprise and the individuals and, under the condition of ensuring more revenue for the state, ensure there is more profits left at the enterprises' disposal and more income for individuals.

3. Enforcing the correct reward system. At present, we should inspect the financial discipline along with the work of reorganizing our enterprises and conduct an effective readjustment of the bonus schemes in our enterprises.

4. Conscientiously enlarging our external economic activities in accordance with the principle of being concerted in conducting external affairs. We should fully utilize the relatively favorable conditions in our province of being allocated more foreign exchange to use and use our foreign exchange in developing the undertakings of processing foreign goods, in introducing advanced technology and equipment and in carrying out technical reform in existing enterprises. We should strive to lower the costs of the products for export, continue to develop the undertakings of processing foreign goods and compensation trade, continue to introduce investment and advanced technology and equipment from abroad and continuously improve our management of and continuously make good use of the foreign exchange allocated for our use.

CSO: 4006/435

INDUSTRY

HEBEI INDUSTRIAL, COMMUNICATIONS CONFERENCE

HK240241 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 10 Apr 82

[Summary] According to a report by a HEBEI RIBAO reporter and a provincial service station reporter, a plenary session of the provincial industrial and communications work conference was held yesterday afternoon. Leading comrades of the provincial party committee and provincial people's government Jin Ming, Jiang Yizhen, Li Erzhong, (Liu Bingyan), Liu Ying, Yue Zongtai, (Wang Yu), (Fu Zhiguo), (Xu Peixin), Yang Naijin, and Yang Yuan attended the meeting. Comrade Jin Ming presided over the meeting. At the meeting, Comrade Li Erzhong gave a speech entitled "Focus on Economic Construction, Devote Overall Efforts To Improving Economic Returns and Create a New Situation in Economic Work."

Comrade Li Erzhong pointed out: "At present, under the guiding thought for work, party committees and governments at all levels of our province must properly solve two problems. 1) We must further shift the emphasis in all our work to modern socialist construction centering on economic construction. 2) Our economic work must be switched over to the orbit of improved economic returns. Now it is entirely necessary and also possible to further shift the focus of work to economic construction. At a meeting of prefectural and municipal party secretaries held in February this year, the provincial party committee stressed that in 1982 the main energies of the leadership of party committees and governments of all levels of our province must be directed to modern socialist construction centering on economic construction. It is hoped that all areas, departments and units will seriously carry out the provincial party committee's instructions."

"By stressing economic returns, we must, just as Comrade Zhao Ziyang pointed out, first understand this important point. With the least possible consumption of labor and material, we must produce more products that suit social needs. At present, economic returns from our province's industrial and commercial enterprises have still not been restored to the level before the Great Cultural Revolution. Even some economic targets in 1981 were lower, compared with the preceding year. Our province is especially backward compared with Shanghai and Shandong. On the other hand, this shows that there is still great potential in our effort to improve economic returns. If we make

no effort in improving economic returns, our economic work can hardly be lifted out of a passive state. There would then be no hope for a basic change for the better in the economic situation. This is a point that calls for the serious attention of our party committees and governments at all levels and all comrades involved in economic work. Of course, by stressing improving economic returns, we do not mean paying no attention to quantity. Instead we want to overcome the tendency toward one-sidedly pursuing quantity to the neglect of economic returns. This year, we must strive to achieve relatively good economic returns combined with a real increase in quantity. This is not only necessary but entirely possible."

Comrade Li Erzhong said that we must take the planned economy as the main factor and regulation by market mechanism as the subsidiary one in our effort to improve economic returns. All departments and units must cherish the idea of coordinating all the activities of the nation like pieces in a chess game. Under the guidance of unified plans, they must determine their own economic activities. They must avoid acting blindly and try to increase their consciousness. They must properly handle the relations between the planned economy and regulation by market mechanism. They must carry out various economic activities under the guidance of unified state and provincial plans. They must correctly handle the relationships between immediate and long-term plans, between the part and the whole and between the state, the collective and the individual. They must strengthen the supervision and inspection of plans.

In light of the actual conditions of our province's industrial and communications fronts, Comrade Li Erzhong in his speech also pointed out: to improve economic returns, we must do a good job of overall reorganization of enterprises. With the goal of improving economic returns, we must properly handle the technical transformation of existing enterprises. To develop the production of consumer goods, we must make proper readjustments in the industrial field, improve social economic results and strive to increase income and reduce expenditures and achieve a balance between receipts and payments. We must get further mobilized to resolutely crack down on illegal and criminal activities in the economic field. We must strengthen ideological and political work and foster great communist ideals.

CSO: 4006/435

INDUSTRY

SHAANXI INDUSTRIAL CONFERENCE CONCLUDES

HK230301 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 22 Apr 82

[Summary] The provincial conference on industry and communications, convened by the provincial government from 10 to 21 April, called on industry and communications enterprises throughout the province to correct the guiding ideology, improve economic returns, straighten out the enterprises, grasp ideological and political work and bring about a new situation in the province's industry and communications.

The meeting conveyed the spirit of the national industry and communications conference and the national forum on ideological and political work in industry and communications enterprises. Yu Mingtao, secretary of the provincial CCP committee and governor, made a report on improving economic returns. Ma Wenrui, first secretary of the provincial CCP committee, made an important speech at the conclusion of the meeting.

The conference concentrated its discussions on three issues: 1) how to raise total value of output by 4 percent, while striving for 5 percent, over last year; 2) how to carry out all-round straightening out of the enterprises; 3) how to strengthen the party's ideological and political work in the enterprises.

The conference held: "The province has achieved great success in industrial production. This must be affirmed. The current main problem is that economic returns are rather poor. The outstanding expressions of this that the quality of some products is poor, they have little variety and do not sell well. Hence, at present it is essential to lay stress on correcting the guiding ideology in industrial production and put the improvement of economic returns in the first place."

The conference held: "The province must vigorously develop the light and textile industries, the raw material and fuel industries and [words indistinct], actively readjust and restructure the machine-building industry, and strive to strengthen and improve transport and communications capacity."

CSO: 4006/435

INDUSTRY

ZHEJIANG HOLDS INDUSTRY, TRANSPORT CONFERENCE

OW010903 Hangzhou ZHEJIANG RIBAO in Chinese 18 Apr 82 p 2

[Excerpts] At the recently held Zhejiang provincial conference on industry and transport, the question of technically transforming the province's existing enterprises this year was discussed, and the basic principles and main targets in this work were clearly defined.

In the past few years steady progress has been made in the technical transformation of Zhejiang's existing enterprises. This has particularly raised their capacity for producing light industrial and textile products that are in short supply, thereby considerably raising the economic results of these enterprises. According to statistics, from October 1979 to the end of last year, with the assistance of the State Economic Commission, the People's Bank of China and other departments concerned, 200.2 million yuan of loans were extended to the province's light industrial and textile enterprises for the construction of 463 projects. By the end of last year, 397 of these projects were completed and put into production, accounting for 85.7 percent of the total number of planned projects. This raised the enterprises' output value by 1.23 billion yuan and provided the state with an additional amount of tax and profit worth 200.22 million yuan. The completion of these projects boosted the production of consumer goods urgently needed by the people, accelerated the withdrawal of currency from circulation, increased revenues and foreign exchange earnings and provided jobs for the unemployed.

In accordance with the instructions of a leading comrade of the State Council, the conference, taking into account the realities in Zhejiang Province, agreed that the guiding principle for this year's technical transformation is to raise economic results. However, consideration should be given not only to the interests of the various enterprises and departments, but also to the interest of the national economy as a whole.

The conference held that in line with the above principle, the following four main tasks should be grasped in carrying out technical transformation:

1. Technical transformation in conjunction with energy-saving measures should be grasped firmly. This year, the funds allocated for this purpose account for about one-third of the total amount earmarked for technical transformation throughout the province. Some of the key projects are transformation of power supply networks of 35,000-volt capacity or more to raise their capacity, small-scale collective heat supply, replacement of oil fuel with coal, utilization of residual heat, transformation of low-efficient boilers and replacement of old equipment.

2. Technical transformation of light industrial, textile and food processing enterprises should be carried out in a planned way.

3. Transformation of measures for increasing the output of industrial raw materials and semifinished products that are in short supply should be grasped.

4. Technical transformation of key harbors should be grasped in order to improve communications and transport. The key harbors include Wenzhou, Haimen and Hangzhou's Genshanmen.

CSO: 4006/435

INDUSTRY

VICE PREMIER FANG YI URGES TIN INDUSTRY DEVELOPMENT

OW270257 Beijing XINHUA Domestic Service in Chinese 1318 GMT 26 Apr 82

[Text] Kunming, 26 Apr (XINHUA)--Scientific and technological contingents should tackle key problems and build up our tin industry. This was the new task set at the recent national scientific and technological work conference of the tin industry.

The conference introduced the scientific and technological results achieved by the Yunnan Tin Industrial Company, the Dachang Mining Bureau and other units, together with their experience, presented the latest topics of scientific research and formulated certain measures for developing the tin industry.

Vice Premier Fang Yi of the State Council attended the conference and spoke. He said: The political and economic situation in our country at present is very good and so is the situation on the scientific and technological front. Both the central and local organizations have raised their understanding of the role of science and technology and clearly defined policies and tasks for scientific and technological development. We must link scientific and technological development with economic and social development and develop the national economy by relying on science and technology, which in turn must serve economic construction. We are now taking steps to get the scientific and technological forces organized, to strengthen work coordination and to select our projects properly, especially those key problems bearing on economic results in economic construction, in order to tackle them. In the meantime, we are also taking steps to turn science and technology into a powerful productive force by making a technological shift from laboratories to factories, from coastal areas to inland, from putting science and technology purely to military use to combining military and civilian use and from relying on external support to development of the tin industry at home. Comrade Fang Yi pointed out in his speech that our country has rich nonferrous metal resources with a complete range, of which tin, tungsten, rare-earth metals and antimony rank first in the world. The demand for nonferrous metals, mostly strategic materials, is becoming greater and greater both at home and abroad. There are great prospects for exploiting our country's nonferrous metal resources. The CCP Central Committee and the State Council, therefore, emphasize that nonferrous metal industry is

one of the country's superior industries. Tin has many superior functions and is an important metal essential to industrial production, the people's livelihood and the national defense industry. The use of tin will become more extensive with the development of science and technology. As our country has unique tin resources and a good material and technological foundation for developing the tin industry with higher economic results, we must give priority to developing tin industry to bring the superiority of nonferrous metal industry into full play.

Comrade Fang Yi said: To develop the tin industry, we must start with science and technology. We must carry out effective scientific research in the geological, mining, ore dressing and metallurgical fields, as well as in reforming product structure; we must apply scientific achievements in production and construction and carry out technical transformation of the current production process. In future, our scientific and technological work must lay stress on improving geological work and mining technology; we must also raise the recovery rate in tin ore dressing and in smelting, readjust the tin product mix and consumption structure, study the use of tin substitutes and recycling, the comprehensive utilization of resources and environmental protection, organize the mining enterprises, research units, institutes of higher learning and units under the Chinese Academy of Sciences to engage in socialist division of labor and coordination, tackle key problems in a concerted effort and carry the tasks forward thoroughly and achieve greater results. Comrade Fang Yi emphasized that the key to developing the tin industry effectively lies in strengthening the party leadership. Indiscriminate tin mining has been reported in some places, devastating tin resources and causing serious waste. We should deal with this matter seriously and implement resolutely the 1981 State Council circular on strengthening the production and marketing of tin products and firmly prohibiting indiscriminate tin mining. We should not allow waste and destruction of resources to continue unchecked.

This national conference of the tin industry, the first of its kind held since the founding of new China, was jointly sponsored by the State Scientific and Technological Commission, the Ministry of Metallurgical Industry and the State Nonferrous Metal General Administration. The conference was held from 20 to 24 April in Gejiu municipality, Yunnan. The conference summed up 39 items of relatively significant new achievements in scientific research made since 1978, verified by organizations above provincial level, of which 21 items won state, ministry and provincial scientific-technological awards. Some of these achievements are unique in our country and a great number of them scored high economic results in application and popularization in enterprises engaged in production.

CSO: 4006/435

BRIEFS

QINGHAI INDUSTRIAL CONFERENCE--The Qinghai provincial industrial and communications work conference and the forum on enterprise democratic management held by the provincial CCP committee and the provincial people's government concluded 25 April. The conference and the forum emphasized the need to raise economic results and reorganize enterprises in an all-round way. Zhang Guosheng, governor of the province, addressed the conference. The conference noted that our province made progress in both light and heavy industries in the first quarter of this year. Industrial output value increased 17.36 percent over the corresponding 1981 period. However, economic results in this regard were not good. [SK302217 Xining Qinghai Provincial Service in Mandarin 2330 GMT 29 Apr 82 SK]

GUANGDONG INDUSTRIAL CONFERENCE -- "The Guangdong provincial industry and communications work conference was held recently in Foshan city. During the conference a few big problems that had hindered the development of production and had not been solved for a long time owing to disputes over trifles were solved on the spot. This new style of holding a conference has won the acclaim of all the participants." "The industry and communications work conference was chiefly aimed at carrying out the guidelines of the industry and communications conference sponsored by the State Council and at studying measures for improving the economic results." "In the course of preparing the conference, provincial CCP committee first secretary Ren Zhongyi set a demand on the conference: do not hold a conference purely for its own sake. All practical problems that come from the lower levels and are resolvable should be solved on the spot. If there are some big problems that cannot be decided on at the conference, they should be reported to the provincial CCP committee for study and solution." In the course of the conference, delegates from various quarters strongly indicated that owing to failure to draw clear lines of demarcation in applying a policy, a few normal channels of cooperation had been blocked and the development of production had been adversely affected. Through a series of consultations, some of the problems were solved at the conference. [HK040352 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 3 May 82]

NEI MONGGOL INDUSTRIAL FORUM--The Nei Monggol Regional Economic Commission recently convened a forum of responsible persons from various leagues and municipalities. The forum discussed and devised specific measures for industrial and communications enterprises to increase profits and stop deficits. It urged the region's industrial and communications front to reduce deficits by 30 percent in 1 year. Over the past 3 years, industrial enterprises in the region have suffered from increasing losses. The forum urged economic commissions at regional, league and municipal levels to assign special personnel to attend to this work. The region should select 100 enterprises suffering from serious losses and check their progress in this work each month. The measures devised by the regional economic commission have been relayed by the regional people's government to localities for implementation. [SK242210 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 23 Apr 82 SK]

SICHUAN PRODUCTION SAFETY MEETING--The production safety leadership group of the Sichuan Provincial People's Government recently held a meeting on production safety. The meeting examined the situation of publicizing and studying the two regulations on labor safety promulgated by this province and looked into the views on carrying out the "safety month" activities this year. A responsible person of the production safety leadership group spoke on production safety and labor protection throughout the province. Safety inspection departments must seriously carry out their duties, exercise their powers and resolutely struggle against people who violate regulations and laws and against bureaucrats who seriously disregard people's lives and state property. The meeting stressed that it is essential to carry out this year's "safety month" activities well. [Chengdu Sichuan Provincial Service in Mandarin 1100 GMT 25 Apr 82 HK]

JILIN LOCAL INDUSTRIAL GOODS--The Jilin provincial commercial retail departments have promoted sales of local industrial goods to other provinces since 1982. Over 134 million yuan of local industrial goods were transported in the first quarter, an increase of 10.5 percent over the corresponding 1981 period. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 24 Apr 82 SK]

CSO: 4006/435

COMMISSION URGES SHORTER CONSTRUCTION PERIOD

OW030532 Beijing XINHUA Domestic Service in Chinese 0018 GMT 3 May 82

[Excerpts] Beijing, 3 May (XINHUA)--According to XINHUA correspondent Luo Xuan [5012 3373], the State Capital Construction Commission has recently pointed out that shortening the construction period is an important way to raise the economic results of the investment on capital construction projects. The specific requirement put forth by the commission is that henceforth, the construction period for large and medium-sized engineering projects, except for a few projects that require an extraordinarily large workload, be shortened from the current 8 years to 5 years.

This requirement was put forth at a recent meeting called by the State Capital Construction Commission and attended by directors of all provincial, municipal and autonomous regional capital construction committees. According to a rough estimate made at the meeting, if the construction period of all engineering projects in the country can be shortened by 1 year, the wages of the workers and staff members of the construction teams alone can be cut by 5 billion yuan. This plus the annual management expenditures ranging from 4 to 5 billion yuan, the profits and taxes turned over to the state as a result of the early completion of the projects and their operation can considerably raise the economic results.

Due to the influence of the "leftist" erroneous line, especially the destruction by Lin Biao and the "gang of four" during the 10 hectic years, the scale of capital construction in China was too large for years, exceeding the government's financial and manpower capabilities and causing decentralization of funds and materials. Moreover, because of improper management and violation of capital construction procedures, the construction of many engineering projects was procrastinated causing much waste. As a result of the readjustment in recent years, the situation has improved somewhat. However, a long construction period, poor economic results and much waste remain the salient problems facing the capital construction front. Nevertheless, some engineering projects built in recent years required short construction periods but have yielded fairly good economic results.

The state planning and capital construction commissions recently consulted with State Council departments concerned and decided to select 50 of the 615 large and medium-sized engineering projects currently under construction as the first group of projects to experiment with the above-mentioned requirement. The scale of the construction of the first group of projects consists of about one-third of the total scale of all the large and medium-sized construction projects.

CSO: 4006/431

BRIEFS

LHASA URBAN CONSTRUCTION--Last year the state invested 27.08 million yuan in Lhasa urban construction, resulting in improving municipal affairs. According to statistics compiled by relevant departments, in 1981 the municipal planned housing area was 100,000 square meters but the municipality completed construction of houses on 112,000 square meters, of which 6,000 square meters were factory premises, 21,000 square meters were warehouses, 3,000 square meters were commercial premises, 9,000 square meters were offices, 44,000 square meters were residential houses, 3,000 square meters were workers' quarters, 5,000 square meters were school premises, 4,000 square meters were clinics, 4,000 square meters were scientific and experimental units and 13,000 square meters were houses for other uses. In addition, the municipality laid tap water tubes, 1 kilometer long, so that the total length of tap water tubes is 8 kilometers. The number of people who use tap water has increased to 21,000. The municipality laid drainage tubes, 1.2 kilometers long. The municipality also extended the embankment of the Lhasa River by 0.7 kilometers, increasing its flood control ability. [Lhasa Xizang Regional Service in Mandarin 1130 GMT 15 Apr 82]

HEILONGJIANG BUILDING MATERIAL ENTERPRISES--Heilongjiang Province is building a large number of back-bone enterprises turning out building materials. With the approval of the State Council, the province is going to construct a glass factory in Qiqihar Municipality with an annual output of 1.5 million crates of plate glass and to build additional production lines in Jiamusi and Hegang municipal glass factories with an annual output of 1.6 million crates of plate glass. Following this construction, the province will have an excess 4 million crates of plate glass in its annual output. The province will begin to build the No 2 kiln in Mudanjiang municipal cement plant this year with an annual output of 600,000 tons of cement. It is also completing the construction of No 4 kiln in Harbin municipal cement plant. The province has appropriated over 11 million yuan for brick, tile, ceramic and lime enterprises to conduct technical renovations and expand facilities to promote production. [SK030502 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 1 May 82]

SHANDONG HOUSING CONSTRUCTION--Since the 3d plenary session of the 11th CCP Central Committee, Shandong Province has built new houses on 14.76 million square meters of floor space by accepting the state's investment and encouraging each specific unit to raise funds itself. The housing acreage

which has been accumulated over the past 3 years is equal to half a total acreage which was accumulated in the 29 years after the PRC's founding. Of this newly increased acreage, cities including Jinan, Qingdao, Zibo, Zaozhuang, Weihai, Yantai, Weifang and Huimin have occupied 7.68 million square meters of floor space and have had about 130,000 households moved into new buildings. The per capita housing acreage of the province increased from 3.7 square meters in 1978 to 4.4 square meters in 1981. [SK030510 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 May 82]

CSO: 4006/431

DOMESTIC TRADE

TIANJIN ISSUES CIRCULAR TO COMBAT ECONOMIC CRIMES

HK240251 Tianjin City Service in Mandarin 2330 GMT 14 Apr 82

[Text] In accordance with the instruction of the Standing Committee of the municipal CCP committee, the Tianjin Municipal CCP Committee issued a circular on 14 April to all district and county CCP committees and the departments and committees under the municipal CCP committee, all party groups and committees of the state organizations at the municipal level and the party groups of all mass organizations to put forward arrangements and demands for studying and implementing decisions of the Central CCP Committee and the State Council on combating serious criminal activities in the economic field.

The circular said: The decision of the central authorities is a programmatic document that instructs us to combat serious criminal activities in the economic field. The Standing Committees of all CCP committees must promptly hold meetings to study and discuss the decision and make sure that the spirit of the decision is thoroughly understood. We must seriously check whether or not we have thoroughly understood the seriousness and the danger of criminal activities in the economic field and the necessity and urgency of opposing degeneration. We must also check if there are any obstacles in the minds of the leading members of the CCP committees. Through studying, first of all, the understanding of the party committee members will be unified under the spirit of the decision of the central authorities. Under the leadership of the CCP Central Committee, the CCP committees at all levels in the municipality must be united and act in unison, be resolute and overcome all obstacles and launch the struggle in an unswerving and thoroughgoing manner.

The circular pointed out: The decision of the central authorities has explicitly stipulated the policies and principles for unfolding the struggle and the target for combat. It also explicitly stipulated that we should adhere to the party's policy of implementing the open-door policy to foreign countries and enlivening the national economy. We must study the decision line by line and paragraph by paragraph, and thoroughly understand the formulation and demarcation lines of the central authorities regarding some important issues in order to correctly comprehend the policy. In carrying out the policy, we must not deviate from the original plan.

The circular also pointed out: At present, while promoting industrial and agricultural production, party and government organizations at all levels must concentrate their efforts to doing a good job in leading the struggle. The principal responsible comrades must personally organize all forces, conduct serious research and understand the policies and principles. From now on, departments and units which discover and have a good grasp of major cases should promptly take action to investigate the cases and report to the municipal CCP committee and the preparatory group for the discipline inspection committee under the municipal CCP committee. In this year, they should report their progress in work and problems to the municipal CCP committee and the preparatory group of the discipline inspection committee under the municipal CCP committee every month. In case of serious situations, they should report promptly without delay.

CSO: 4006/435

DOMESTIC TRADE

XU JIATUN DISCUSSES FIGHT AGAINST ECONOMIC CRIMES

OW020250 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 1 May 82

[Excerpts] The Jiangsu Provincial CCP committee's leading group for cracking down on criminal activities in the economic sphere held an enlarged meeting from 27 to 29 April. It was attended by responsible persons in charge of this work from various municipal CCP committees and departments concerned throughout the province. Comrade Xu Jiatun presided over and spoke at the meeting. He called on all party committees and comrades of provincial level organizations to immediately study the decision of the CCP Central Committee and the State Council on cracking down on criminal activities in the economic sphere, understand it well, recognize the significance of the struggle against economic crimes, understand the necessity and urgency of waging this struggle on a long-term basis, correctly grasp the target of the struggle and the regulations and policies for waging the struggle. He also called on them to unify their understanding and actions, unite as one and set an example in implementing the policies so as to carry out this struggle successfully.

Comrade Zhang Yun, deputy secretary of the central discipline inspection commission, who is inspecting work in Jiangsu, also attended and spoke at the meeting. Comrade Chu Jiang, secretary of the provincial CCP Committee, and Comrade Hong Peilin, Standing Committee member of the provincial CCP committee and vice governor of Jiangsu, also spoke at the meeting.

After reviewing the results of cracking down on economic crimes in the past few months, the meeting, taking into account Jiangsu's reality, earnestly studied and discussed the decision of the party Central Committee and the State Council. The meeting noted that in the past month or so, a number of economic criminal cases had been cracked after publicizing the decisions of the NPC Standing Committee, the CCP Central Committee and the State Council launching a political offensive and implementing the party's policies. By 29 April, 1,736 persons throughout the province had surrendered to authorities.

The meeting called on party committees at all levels to attach importance to this struggle, provide specific guidance for carrying out this struggle, make overall plans for this struggle and work in other fields and carry out this struggle successfully while grasping industrial and agricultural production.

CSO: 4006/435

BRIEFS

HUNAN ECONOMIC CRIMINALS--A large number of economic criminals in all places in Hunan Province have surrendered themselves to relevant units and confessed their crimes. Since 10 March, all places throughout the province have seriously publicized the resolution of the NPC Standing Committee in various forms. Through publicity, party members, cadres and the masses have inspired their enthusiasm for struggling against criminals. Some economic criminals have surrendered themselves to relevant units in the hope of being dealt with leniently. [HK190739 Changsha Hunan Provincial Service in Mandarin 2310 GMT 15 Apr 82 HK]

GUANGDONG ECONOMIC CRIMINALS--According to incomplete statistics, by 14 April, 338 economic criminals had surrendered themselves to procuratorial organs or relevant departments in all places throughout Guangdong Province and confessed their crimes. Of these 338 criminals, 24 were state working personnel at and above the county department level. Total ill-gotten gains of some 550,000 yuan were returned to the state. Some economic criminals under custody who did not confess their crimes in the past have begun confessing their crimes, returned their ill-gotten gains to the state and exposed their accomplices. Political and legal departments throughout the province have dealt leniently with economic criminals who have surrendered themselves to procuratorial organs or relevant units, confessed their crimes and returned their ill-gotten gains to the state. [HK190813 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 15 Apr 82 HK]

HEILONGJIANG ECONOMIC OFFENDERS--As of 27 April, 709 economic criminals had surrendered to the public security units, returning over 610,000 yuan of illicit money. In March alone, 97 economic criminals in the province surrendered and returned over 100,000 yuan of illicit money. [SK292227 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Apr 82 SK]

LIAONING ECONOMIC CRIMES--As of 16 April, 271 people in Liaoning Province who committed economic crimes and mistakes had surrendered to the police and confessed their crimes. They have admitted crimes involving 390,000 yuan of illicit money, and 183,000 yuan has been returned to authorities. They also exposed 96 economic offenses committed by other criminals. [SK232214 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 22 Apr 82 SK]

SHAANXI ECONOMIC CRIMES--On 14 April, the Shaanxi Provincial CCP Committee issued a notice calling for earnest study of the decision made by the CCP Central Committee and the State Council on dealing blows at serious criminal activities in the economic field. The notice said, the decision made by the central authorities is of prime importance and has come in good time. For the current struggle against serious crimes in the economic field, the decision gives clear instructions on the ideological understanding, guiding principles, policy demarcation lines, methods, steps and organizational leadership. All units at and above county and regimental level must earnestly study and discuss the decision made by the central authorities, be clear about its spirit, and understand the wording and demarcation lines that the decision puts forth on certain problems. All prefectures and counties must adopt measures for correctly and resolutely implementing this decision in line with local conditions. [Text] [HK200300 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 19 Apr 82]

FUJIAN ECONOMIC CRIMES--The Standing Committee of the 5th Fujian Provincial People's Congress held its 15th session on 29 April. The meeting listened to and approved a report delivered by the provincial people's procuratorate and higher people's court on extending by 1 month the deadline set for economic criminals to surrender themselves to authorities in order to receive more lenient punishment. The meeting decided to extend the deadline to 1 June 1982. [OW021315 Fuzhou Fujian Provincial Service in Mandarin 1120 GMT 30 Apr 82 OW]

NEW GUANGDONG PROCUREMENT REGULATIONS--In order to further stabilize market commodity prices, reduce the scope of negotiated prices and increase the supplies of those commodities which have had their prices raised, the Guangdong Provincial People's Government yesterday issued the regulations on the procurement of agricultural and sideline products. The regulations readjust the prices of some commodities. The regulations provide that beginning this year, bananas, litchi, pineapples, timber, bamboo, pepper and brown and white sugar in the main production areas will be changed from third category products into second category products. The provincial government has also formulated a new regulation of the procurement of pond fish. Except for Foshan Prefecture where the regulations remain unchanged, pond fish in other places will be procured according to a contract between the producer and the buyer. The assigned procurement of pond fish in communes, brigades and counties on the outskirts of the large and medium-size cities must be restored. The amounts of assigned procurement will be fixed by the counties themselves. The province will continue to implement the policy of procuring half of the total number of pigs raised. [HK031341 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 24 Apr 82]

CSO: 4006/430

BRIEFS

ZHEJIANG OIL EXPORT--Petroleum products produced by the Zhejiang oil refinery are now shipped to foreign countries directly from Ningbo Harbor. On 29 April, a 38,000-ton-class foreign tanker entered Ningbo Harbor to take on 18,000 tons of gasoline from the refinery. The cargo is destined for the United States. In the past, the refinery used Shanghai as a transshipment port for its export products. [Hangzhou Zhejiang Provincial Service in Mandarin 1040 GMT 30 Apr 82]

CSO: 4006/431

LABOR AND WAGES

CONTROL OF BONUS BY MACROMEASURES DISCUSSED

Shanghai CAIJING YANJIU [THE STUDY OF FINANCE AND ECONOMICS] in Chinese No 1, Jan-Feb 82 pp 23-28

[Article by Qian Shiming [6929 0013 2494] and Tong Yuanshi [4547 3293 6524]: "Several Questions Concerning the Macrocontrol of Bonuses"]

[Text] Ever since the smashing of the "gang of four," and before conditions were ripe for the restructuring of the entire wage system, we have, through various forms of the system of economic responsibility, linked the results of the enterprise's business operation with the contribution of labor by the workers, in varying degrees by the distribution of remunerations for above quota labor, mainly in the form of auxiliary remunerations for labor, or bonuses. In an attempt to overcome equalitarianism in distribution between the state and the enterprise and between the enterprise and the workers, we have carried out many experiments and significant explorations and accumulated much experience, both positive and negative. This article will present some superficial observations on several questions concerning the macrocontrol of bonuses.

Can the Margin of Bonus Increase Exceed that of Profit Increase?

Bonuses are part of the consumption fund, and their increase should be considered along with the increase of wages, labor security, fringe benefits, education, culture, public health and other social funds under overall planning. Similarly, profit is part of the enterprise's net income and an important source of the accumulation fund. Therefore, the relationship between the margin of bonus increase and that of profit increase should be studied in the context of the variable relationship between the consumption fund and the national income. If the increase of the consumption fund exceeds the increase of national income, the accumulation rate will be lowered; and if the reverse is the case, the accumulation rate will be raised. If the increase of the consumption rund is the same as that of national income, then the ratio between accumulation and consumption will remain unchanged.

Should the increase of the consumption fund be higher or lower than the increase of national income? We are of the opinion that this question cannot be answer in general terms. We must conduct a specific analysis of each specific set of conditions, and each of them should be treated on its own merits. There should not be any iron-clad immutable criterion.

When the proportion of accumulation to the national income is relatively low, and there is the need for a rapid development of economic construction, then, provided the workers' income can be increased each year on the basis of increased production, we should arrange for the increase of consumption fund to be lower than that of national income in order that the accumulation rate can continue to increase for some time.

Let us assume that a rational ratio between accumulation and consumption has been established. For example, according to the experiences of the 1st 5-Year Plan, an accumulation rate of approximately 25 percent was considered to be consistent with the national conditions of China, and most advantageous to us in meeting the requirements of socialist basic economic laws. Then, to keep up this optimal accumulation rate, it is permissible for the increase of the consumption fund to be lower than, the same as, or even higher than the increase of national income, according to the requirements of national construction development and the improvement of people's livelihood in that year. Furthermore, the rational ratio between accumulation and consumption can be maintained only when these three conditions appear in rotation. Of course, the optimal accumulation rate of a country cannot be fixed and invariable; however, in a certain period, it can remain relatively stable. If we must set the increase of the consumption fund below that of national income and regard this as a firm principle, then the accumulation rate will be progressively increased every year until finally the ratio of the consumption fund to the national income will be reduced to "infinitesimal." This is certainly inconsistent with the aim of socialist production.

The optimal accumulation rate may be disrupted. For example, under the influence of the leftist guiding thought, people were so anxious for quick success in economic construction that they kept on striving for an excessively high accumulation rate for a long time. As a result, the increase of people's consumption would slow down or even come to a complete halt. Then, if we want to correct the leftist mistakes and reduce the excessively high accumulation rate, we can only raise the increase in the consumption fund to a level above the increase in the consumption fund to a level above the increase in the national income. This is precisely an important task in our national economic readjustment. In the past several years, the state has adopted a series of measures to readjust the wages, to restore the system of bonuses, to grant price subsidies and to increase the fringe benefits in Shanghai. In the 4 years from 1977 to 1980, the total amount of wages, labor security and fringe benefit expenditures increased progressively by 12.7 each year, which was more than the annual progressive increase rate of 8.6 percent in the total industrial output value, or that of 8.2 percent in the total revenue. It was only by this means that the ratio of wages, labor security and fringe benefits for the workers to the total revenues could be raised from 15:85 in 1978 to 20:80 in 1980. We believe this to be reasonable and necessary from the standpoint of the readjustment.

However, we must also be aware that during the readjustment in these years, there were some factors restricting any further large-scale increase in the consumption fund. These factors are as follows: (1) In the course of readjustment, the rapid increase in light industrial output was offset by the decrease in heavy industrial output. The development of the entire national economy was fairly slow and there was not much increase in the national income. Whatever

manuvering room was left by the increase in accumulation and consumption was very limited. (2) During the readjustment period, we provided jobs to a large number of people. In the past several years, the national income was increased not mainly by reduction in the consumption of materialized labor or by any higher labor productivity, but by the newly added labor force, which, though adding to the total national income, lowers the labor productivity. Thus the per capita contribution to the national income was reduced. Furthermore, since this newly added labor force itself consumes quite a large portion of the increase in national income, whatever is left to provide for consumption and the improvement of livelihood cannot be much. (3) The state did a great deal of work in improving the workers' living conditions in the past several years, and the increase in consumption fund exceeded the increase in production and profit every year, (and in these several years, our labor productivity had hardly increased, or may even have declined.) However, up to 1980, we increased our consumption without correspondingly reducing our investment in capital construction. Thus the distribution of national income exceeded the generation of national income with financial deficits in several consecutive years as the result. This can only restrict any further increase in consumption. Since the readjustment has to be continued despite these difficulties, the national economy can only be developed at a slow speed. Therefore, we believe that in the next several years, the increase in consumption fund for wages, bonuses and so forth, should not exceed the increase in the national income. In eating, we can only swallow by mouthfuls; similarly, good things cannot all be accomplished in one day. Readjustment of the long-standing irrational ratio between accumulation and consumption should be adapted to the objective economic conditions, and there should be a process of ups and downs as well as quick and slow developments.

Should There Be Any Control on the Level of Remunerations for Above-quota Labor?

Remunerations for above-quota labor here refer to bonuses or above-quota piecework wages (hereinafter referred to as a bonus). Should the level of the bonus be controlled? This has been a controversial question all along. We believe that the general level of the bonus payment must be controlled for the following reasons: First, since the amount of people's above-quota labor is limited, the bonus should also be correspondingly limited. The ratio between the bonus and the total payroll should correspond to the ratio between the workers' above-quota labor and their total labor. Second, production determines distribution. Determination of the bonus level, though a matter of primary distribution of the national income within an enterprise, is nevertheless subjected to the restrictions of various macroeconomic factors. The main restriction is by the availability of consumer goods on the market. If the increase in bonus exceeds this limitation, the result will inevitably be a shortage of supplies on the market. This is disadvantegeous to the stability of prices, economy and the people's livelihood. Third, objective factors at present have a strong influence on an enterprise's profit. The amount of profit is to a fair extent attributed to irrational pricing as a form of redistribution of the national income. If the bonus is linked up with profit, then the objective factors affecting the profit will affect the bonus level as well, thus creating unequal advantages among different enterprises. These unequal advantages cannot be attributed to the labor or above-quota labor of the workers; this is only because of the objective

restrictions on the level of the bonus payment. Fourth, the remunerations for labor includes regular wages, bonuses, subsidies and many other forms of payment, and each of these "components" claims a due share. Among them, wages are the basic component of remunerations. If the workers' income has to be gradually increased on the basis of increased production, there should be a regular system of wage increases as a means of gradual readjustment of the workers wages. Now we are using large increases in bonuses every year as a means of gradual readjustment of the workers wages. Now we are using large increases in bonuses every year as a means of making up for the low wage level. The proportion of bonus to the regular wages has been increased from 7 or 8 percent before the "Cultural Revolution" to approximately 20 percent, and in some enterprises to more than 25 percent. In the past several years, the amount spent by the state on bonuses was several times the amount spent on the readjustment of wages, and yet bonuses cannot completely replace the function of wages. Therefore, the demand for a balanced structure within the labor remunerations system also objectively restricts the level of bonus payment.

In the past several years, according to the actual situation in Shanghai, control of the bonus level has actually produced some negative effects. We feel that the objective necessity of the control on bonus itself cannot be negated simply on this account. On the contrary, these nagative effects should remind us of the urgent need to improve the methods of controlling bonuses. The present method of control is mainly setting the maximum level for the bonus payment, and is known as "putting up a ceiling and sealing the top." In effect, it means only the control of the payment of bonuses but not the appropriation of the bonus fund, with administrative instead of economic methods. This is "putting the cart before the horse." Because of the "ceiling" for the payment of bonuses and the separation between appropriation and payment, some enterprises achieving outstanding success in production and business can appropriate a large bonus fund but pay only a limited amount of it. Thus the above-quota bonuses become "cakes in a show window" which can only be looked at but not eaten. This dampens the workers' enthusiasm, and that was why whenever they knew that their bonus had already reached the ceiling, they did not make any further effort. Now we can see that this was the very cause of the "adverse after-effects" of the control on bonuses.

After summing up the experiences, both positive and negative, in controlling the bonus level over the past 3 years, we are of the opinion that some improvement can be carried out along the following lines:

1. We should actively create the necessary conditions for the gradual replacement of administrative methods with economic methods for controlling the appropriation of the bonus fund. The rate of appropriation for different enterprises cannot be "all the same." In combination with the improved methods of profit retention and based on the different profit rates among different enterprises and the existing bonus level, we may work out a tentative regressive rate for bonus appropriation according to different grades, and subject to later revision when the subjective efforts of the workers of different enterprises and the objective conditions, which may have helped or hindered their efforts in profit making, are all taken into consideration. The main idea behind this method is to show the difference in business management among the enterprises and to avoid any great disparity caused by objective conditions in their

bonus level. According to this arrangement, the enterprises can appropriate their bonus funds according to the profits they have made. If the appropriation rate is rational, there should be no further need for control on the payment of bonuses, since appropriation and payment are in harmony.

2. Objective conditions are constantly changing, and the rates of appropriation can only be relatively stable. Since the rates set can hardly be entirely rational, it is possible that in any place and at any time, the appropriation for some enterprises may be too high. Therefore, there is still the need for the use of economic methods to control the payment of bonuses. As a tentative measure, we may suggest that when the average individual bonus exceeds a certain limit, the excess portion should be added to the reserve fund at different progressive rates under a unified plan. If the average amount of individual bonus exceeds the limit of a certain grade, this amount will be transferred at different rates, according to the extent of the excess, to the reserve fund so as to control the excessive increase instead of jeopardizing their material benefits through the method of equalization by transfers [to other enterprises].

3. The reserve fund can be used for three "transformations." In addition to making up for the "lean years" in bonuses, it can be used on the collective welfare measures in the enterprises. If the reserve fund is abundant, part of it can be appropriated for "self-financed restructuring" of the wage system, or for other allowances, such as special job allowances, position allowances for the team leaders, or seniority allowances for the old plants in far-away suburbs. It can also be used in the floating wage system for workers, or to solve certain outstanding problems in the wage system, as a means to arouse the workers' enthusiasm without resorting to the use of bonus.

Should Bonuses Be Related to or Separated From Profits?

The first link to be considered in the system of economic responsibility is that between the state and the enterprise. At present, the amount to be appropriated by the enterprise is determined by the state according to its profit level. This serves as an incentive to the enterprise in increasing its production and its profits, but has also led some enterprises to the use of fraudulent means to obtain illegal profits. People in all circles have voiced their complaints and some of them even proposed that the bonus of enterprises, particularly the retail stores, be separated from their profits. Our views on this question are as follows:

1. "Linking remunerations with output" is a remarkable innovation in applying the principle "to each according to his work" in the countryside. If properly understood, this method can help arouse people's enthusiasm, resulting in an all-round increase of agricultural output. The industrial and commercial enterprises in our cities must likewise take the road "to each according to his work" and this is beyond question. Before conditions are ripe for a major overhaul of the wage system, we must discard the method of "eating from the same pot" and practice the economic responsibility system of "linking remunerations with output." However, industrial production is far more complex than agricultural production. There are millions of varieties of industrial products and an enterprise usually produces more than 10, and perhaps even scores of them. This

raises the question of what should the appropriation of bonuses be linked with. The output, quality, varieties, consumption of raw materials and energy, labor productivity and other use value indexes can only reflect certain aspects of an enterprise's business operation, but cannot be added up to present a complete picture for overall evaluation. Output value and production cost, though useful as comprehensive value indexes, have but limited effects. The output value can show comprehensively how much has an enterprise (or an individual) produced for the state, but cannot tell how much has to be paid for that production. Identical output values with different amounts of consumption are quite common. It is even more difficult to compare the production costs, because when the varieties of products have changed, or when new products have made their appearance, the cost price index can never correctly indicate the rise or fall of the cost price. Profit is what remains after the deduction of production costs and the payment of taxes. Either in direct or inverse proportion to the production cost, profit is either directly or indirectly related to other economic and technical indexes. Therefore, profit is the most comprehensive and most sensitive index for evaluating the result of an enterprise's business results. Except for the small number of enterprises producing only a single line of products (and these enterprises can appropriate their bonus funds according to the amount of goods in stock), most enterprises are afraid that "linking remunerations with output" may turn out to be "linking bonuses with profit." If profit is to be separated from the appropriation of bonuses, then no other comprehensive index can be found as a suitable substitute for profit.

2. The practice of "linking bonus with profit" among the industrial and commercial enterprises has eliminated the old practice of "eating from the same pot"--under which good or poor management made no difference--and aroused the enthusiasm of the enterprises and their workers. A host of facts have proved that the new practice has played its role in promoting the development of production, the increase of sales, the improvement of management and economic results, and the rise in the profit level. Therefore, the merits of linking the appropriation of bonus funds to profit are most important. It must be particularly pointed out that the strong points of this system have not yet been brought into full play. If the irrational features in the appropriation and payment of bonus (such as the "uniform formula" of appropriation, the "cutting of Chinese chive [to prevent its overgrowth]" in the chain method, the "ceiling" in the payment of bonuses, equalitarianism in distribution, and so forth) are eliminated so that this system can be more closely combined with the system of economic responsibility at various levels, it will certainly show the same vitality as the system of "linking remunerations with output" does in the countryside.

3. All objective entities are subjected to the law of "one dividing into two"; similarly, "linking bonus with profit" has its pros and cons. One of its adverse side-effects is that some enterprises, in striving for high bonuses, have resorted to fraudulent means in making illegal profits. Some of them have paid no attention to state planning or economic readjustment, and their exclusive concern with profit has resulted in a dislocation between production and demand so that the overproduced goods cannot be reduced while the goods in short supply cannot be increased. Some are cheating on labor and raw materials and producing their goods in a rough and slipshod way resulting in increased "output" but

deterioration of quality. Some have increased their prices at will or in disguise, thus whipping up an evil blast of price inflation. Some have cheated on weights, forced customers to take unwanted goods, and substituted substandard for high-quality goods, thus jeopardizing the consumers' interest. Some have gone out of their own lines of business in order to steal business from others. Some cadres have yielded to the persuasion of a small number of degenerated workers and then ganged up with them in cheating the state so as to turn the state's benefits into benefits for their own unit; and so forth. This shows that in practicing the system of economic responsibility, the system of responsibility for profit quotas, or the system of profit sharing, we still cannot close our eyes and sleep soundly with the belief that the responsibility system can automatically work wonders even though we do not have to attend to the minor details. However, we must also be aware that even "linking with output" instead of "linking with profit" can still produce such adverse side-effects as lavish spending on equipment and raw materials regardless of quality and the demand for their goods.

4. We should take a correct approach. Instead of stopping eating for fear of choking, we should sum up our experiences, adopt effective measures, strengthen our control and endeavor to reduce the adverse side-effects to a minimum. Some preliminary experiences have been gained, based upon our observation of Shanghai and the whole country, in stopping the use of fraudulent tactics. The methods are as follows: (1) The fluctuations in the bonus level can be related to profit as the comprehensive index which, however, cannot replace other economic indexes in an overall evaluation. For the industrial enterprises, we must at the same time examine the output, quality, varieties, supply contracts, production cost and other indexes as supplements, so that failure to fulfill any one of them will result in the deduction of a certain percentage in the appropriation of the bonus fund. For commercial enterprises, we must not confine our observation to the volume of their business and the amount of their profit; we must examine the turnover rate of funds, their expenditures, the rate of errors, the ratio of minor commodities supplied, the quality of their service and the way they have implemented the supply policy and commodity price policy. (2) When the enthusiasm of the enterprise and its workers and staff members has been aroused by the practice of the economic responsibility system, we should provide the proper guidance and take the opportunity of the reorganization of enterprises to consolidate the leading bodies at various levels, to set right the business orientation of the enterprise, to streamline the basic work for the management system and to tighten the labor disciplines among the workers and staff members in order to insure the healthy development of the economic responsibility system. If the economic responsibility system is not set up on such an organization, some negative results may be produced. (3) We should correct the laxity and weaknesses in ideological education among the cadres and workers. At present, we should particularly educate them on the need to consider the interests of the four parties and to serve the people wholeheartedly. In practicing the economic responsibility, it is not enough for them to be concerned with the interest of just one party, or even three parties; they must bear in mind the interests of the state, the enterprise, the workers and staff members and the broad masses of consumers. We must urge the cadres and workers to think of the overall situation, develop the revolutionary spirit of serving the people and being responsible to the people, and overcome economizing which

has already reared its head. (4) The state should set up the relevant economic laws so that there will be laws for people to follow and lawbreakers will be punished. The higher leading departments should strengthen their supervision and inspection of the enterprises' business activities. The heavier the responsibility of the enterprises, the closer should be the supervision as a precaution against improper attempts by the enterprises for illegal gains. Any fraudulence detected must be promptly and severely dealt with. Their illegal profits must be confiscated, fines must be imposed, their bonuses must be withheld, and they must not be allowed to obtain any economic benefit. The persons concerned and the enterprise leadership should be subjected to the necessary administrative or disciplinary action or even be punished according to law.

Should Profit Increases Be Evaluated by the Fixed-base or the Chain Method?

When the economic responsibility system had been set up and the enterprises appropriated their bonus funds according to their profits, the majority of enterprises in Shanghai before 1981 adopted the method of retaining part of the base profit and sharing the above-quota profit. They generally used the fixed base method and the chain method for evaluating the increase of profit. After 2 or 3 years, many contradictions were revealed. In using the chain method, the increased profits were "cut like Chinese chive" every year, and the enterprises had to start with a new and larger base each year, so that they had to keep on increasing their profit before they could be eligible for any above-quota profit sharing. This was like "beating the fast ox" [penalizing the advanced unit] which was something the enterprises could not afford. Therefore, whenever they knew that their bonus had reached the maximum, they would stop all further efforts. In using the fixed-base method, the base figure of profit remains unchanged, and year after year, the profit would keep on growing like a rolling snowball, with the bonus being correspondingly increased. This was something the state could not afford.

To handle correctly the relations of interests among the three parties and to fully arouse the enthusiasm of the workers and staff members in increasing their output in view of these contradictions, two alternate methods are open to choice:

1. The "rolling method" [gundongbi 3340 0520 3024] based on the average profits of 3 years. In other words, the profit of the year under evaluation has to be compared with the average of the actual profits of the 3 preceding years in order to determine the amount of increase. Thus every year, the 3 years supplying the average of the actual profits would "roll on" to another year. This contains the elements of both the fixed-base and the chain methods. In effect, it "neutralizes" the "rolling snowball" of the fixed-base method and the "cutting Chinese chive" of the chain method. It is suitable for the localities and enterprises having low base figures for production, good potential for increased output, and fairly weak management.

2. Retention of part of the whole profit. In other words, the entire profit is to be shared at one ratio. This will help eliminate the various contradictions brought about by the sharing of the base profit and the above-quota profit at different ratios according to the fixed-base or chain methods. It is suitable

for the localities and enterprises whose productive capacity has reached the saturation point and when further increase of output is difficult. In practicing the system of retention of part of the whole profit, the most important point is that we must not insist on "arbitrary uniformity" for the rate of retention. In working out the output value profit rate from the total profit, we may refer to the existing level of profit retention and then work out separate regressive retention rates based on the different levels of output value profit rates. Then, based on the objective conditions in the enterprise for production which may be either favorable or unfavorable for the increase of profit, further revisions can be carried out. At the same time, based on the existing bonus level, different ratios can be worked out for the bonus out of the retained profit. (Note: On the question of evaluating the profits retained and the way to analyze the pros and cons of the "fixed-base" and the "chain" methods, as well as the way to further improve these methods, the authors have already given detailed explanations in the article entitled "How Profit Retention Can Be Beneficial to the Development of Production" carried in SHEHUI KEXUE [SOCIAL SCIENCE] No 5, 1981. We will not dwell on these aspects here.)

Should Distribution Be Based on Work or on Profit?

There are very many factors which may affect enterprise profits. Apart from the subjective efforts of the workers and staff members, the objective factors in an enterprise's production also play a fairly decisive role; and among these objective factors, the most significant one is the deviation of price from value. For either the rate of profit retention or the ratio of bonus to the profit retained, people have always insisted on "arbitrary uniformity," without considering the objective factors causing the difference in profit. Thus the appropriation of bonus funds has been too much for some and too little for others, and the benefits recieved are not proportionate to the amount of above-quota labor from the workers and staff members. Among the experimental enterprises in the expansion of decisionmaking power in Shanghai, some of them paid their workers an average bonus of more than 400 yuan each, while others paid as little as 23 yuan. No wonder people complained: "Those who work hard make no money, while those who make money do not have to work hard." This is not "Distribution according to work, but distribution according to profit."

There is no doubt that socialist distribution must follow the principle "to each according to his work." Since, however, the pricing and taxation systems in our country cannot be completely restructured for some time to come, we must adopt other measures to eliminate the effects of the objective factors on profits and bonuses and to equalize the profit intakes among different enterprises.

Taking advantage of the system of profit retention by whole trades in the past 3 years and more, some trades in Shanghai have conducted certain meaningful explorations. Their experiences can be summarized as follows:

1. Prices for internal settlement of accounts. This method was first adopted by the Shanghai Cotton Textile Company for the redistribution of profits within the trade. The internal settlement price is equal to the per unit set cost price plus the per unit set profit. The set cost price is based on the medium level of cost price among the enterprises in the trade. The set profit amount

is based on the apportionment of the total profit for the whole trade according to the roles of fixed assets and circulation funds in production. The proportions of apportionment are as follows: for fixed assets, 48.5 percent; for circulation funds (including raw and semifinished materials and energy), 3 percent; and for the wage funds, 48.5 percent. Again, the amount of fixed asset depreciation, as determined by the company for that year, is used to divide the share of profit for fixed assets, and the result is the amount of profit earned by every yuan of depreciation. Then the total annual amount of raw and semifinished materials and energy consumed is used to divide the share of profit for circulating funds, and the result is the profit for every yuan of raw and semifinished materials and energy consumed. Finally, the total wages for the year are used to divide the share of profit for wages, and the result is the profit for every yuan of wages. Now the amounts of the three different funds spent in contribution to the per unit cost price are separately used to multiply the per yuan profit obtained and the grand total is the per unit set profit. The method of internal settlement prices has shown remarkable results in equalizing the profit intakes among different enterprises. For example, No 11 and No 28 plants of the Shanghai Cotton Textile Mill had about the same number of workers and the same scope of operation. The former produced pure cotton fabrics and the latter produced blended fabrics of chemical fibers. Calculated at the market prices, the latter's profit was six times that of the former; calculated at the internal settlement prices, the difference between them was only 11.3 percent. The bonus fund appropriated by the No 28 plant was 18.63 percent more than that of No 11 plant.

2. The method of profit revision. Some trades revised the profits of their products before distributing the retained profits in an attempt to equalize the profit intakes during the profit calculations. The revised profit figures were determined by the company for every major category of products according to the amounts of funds spend on the production, the complexity or simplicity of the required technology, and the extent of price deviations from value. The revised figures may be higher, lower or the same as those in regular use. Another method was to set the profit of a certain standard product as 100, and then, with the coefficient method, work out variable coefficients to be used to revise the profit figures of other products.

3. The bonus system of "taking from the fat to pad the lean." Some companies with expanded decisionmaking power first carried out profit retention by the enterprises before readjusting their bonus funds according to the method of "taking from the fat to pad the lean" in an attempt to equalize the profit intakes during the appropriation of bonus funds. This method can take many forms, but in most cases, an average individual amount of bonus to be appropriated from the increased profit is first worked out. If the amount is below the stipulated level, the entire bonus fund is to be retained by the enterprise; if it is above this level, the bonus fund will be shared between the company and the enterprises at either a progressive or a regressive ratio. The share collected by the company is generally used to subsidize those enterprises whose bonus fund is below the minimum level, and to help the subsidiary enterprises serving the production of main engines or complete sets of engines.

4. Different bonus rates for different enterprises. According to existing regulations, the appropriation of bonus from the base profits among the

enterprises is based on a "uniform formula." At the same time, appropriation of bonus from the increased [above quota] profits is also based on a "uniform formula." Now, some companies with expanded decisionmaking power are trying to solve the problem of unequal profit intakes by setting different rates of appropriation from increased profits. These rates are generally based on the favorable or unfavorable conditions for profit making. First, different bonus levels are set for different enterprises; then, after deducting the portion of bonus appropriated from the base profits, different rates are worked out for appropriations from the increased profits.

Is the method of "taking from the fat to pad the lean" a form of equalitarianism through transfers? This is a controversial question at present. We are of the opinion that theoretically speaking, and before the effects of objective conditions on profit and of the "uniform formula" in the appropriation of bonus funds are eliminated, the method of "taking from the fat to pad the lean" is entirely consistent with the principle "to each according to his work" instead of distribution according to profits. The present problems are only with the specific methods adopted. Some trades are applying the "uniform formula" even in "taking from the fat to pad the lean." Instead of conducting concrete analyses on the subjective and objective conditions of the enterprises, the action of these trades is guided purely by the different bonus levels. Thus different rates are worked out according to different bonus levels, with the result that high levels are trimmed down to make up for the low levels as a method of equalization. This dampens the enthusiasm of the enterprises which have gained high profits through their subjective efforts, and is therefore also not helpful in encouraging the backward enterprises in catching up with others through self-reliance. It is true that there is some trace of equalitarianism through transfers. Before a fundamental reform in the methods of bonus appropriation, and by a comparison of these four different methods, we believe that it would be more logical to carry out some "surgery" on the prices, the profits and the rates of bonus appropriation. It is true that this will involve more work. However, since it will produce good results, it deserves to be popularized.

9411
CSO: 4006/374

LABOR AND WAGES

'NINGXIA RIBAO' DISCUSSES ARRANGING SURPLUS LABOR

HK271311 Yinchuan NINGXIA RIBAO in Chinese 19 Apr 82 p 3

["Weekly Talk" by Xiao Wu [1321 2976]: "We Must Solve the Problem of Finding Outlets for Surplus Labor"]

[Text] The last issue of SAI SHANG NONG CHENG ["RURAL AREAS TO THE NORTH OF THE GREAT WALL"] carried an article which raises the question of "How to be a good production team leader" for discussion. This time we should like to first discuss the question of how a production team leader can solve the problem of finding outlets for surplus labor.

Along with the establishment of the production responsibility system, the initiative of the masses of commune members has been brought into full play and their work efficiency has been raised everywhere. As a result, whether in plain or mountain areas, the problem of surplus labor has cropped up in many production teams. Manpower is the most valuable of all resources. If we concentrate a large amount of labor on the planting undertaking on our limited stretch of cultivated land, we will inevitably have some surplus labor, which means a waste of labor force. This will certainly lead to a drop in labor productivity and a depression in the rural economy. Judging from this, we can see that it is indeed an important task at present to find diversified ways for developing production and organize and arrange the surplus labor in developing our production both in its width and in its depth in order to create more wealth for the society and increase the income of the collectives and the commune members. Our production team leaders should have a strong sense of responsibility, strive to perform their duties and responsibility and earnestly pay close attention to doing this work well.

The practice in various areas has proved that by finding diversified ways to develop production, utilizing all our natural resources, developing a diversified economy, establishing a rational production structure in which various undertakings are being developed in a comprehensive manner and carrying out rational social division of labor, we will be able to successfully find outlets for our surplus labor. For example, the Xuzhuang No 1 production team at Yongkang people's commune, Zhongwei County, has adopted the measure of walking on both legs, by which they have conscientiously developed planting,

breeding, service trades, processing and other forms of sideline production involving both the collective and individual commune members. Thus it has been engaged in the comprehensive development of diversified undertakings including planting, breeding and processing. As a result, it has found employment for its 25 surplus laborers which constitute 24.7 percent of its total labor force and has thus given play to their abilities. What it has done is something all other production team leaders should learn from. We should mobilize and organize our surplus labor to find employment by developing diversified undertakings like the Xuzhuang No 1 production team has been doing. In so doing, we should encourage both the collectives and the individuals to make efforts. Our production teams, as collective economic organizations, should perform their due economic functions and continue to run well and develop the enterprises they are running and other collective agricultural and sideline production in order to provide more job opportunities for their surplus labor. At the present stage, quite a large number of diversified undertakings have to be carried out by peasants at home. Therefore, developing household sideline production and having some people professionally or mainly engaged in sideline occupations is one of the major ways to fully utilize surplus labor. In this respect, our production team leaders should conscientiously give support, assistance and guidance. The production teams should organize the commune members who have no professional skills and help them to learn the skills necessary to develop diversified undertakings. At the same time, they should organize the commune members who are versed in sideline occupations to help and cooperate with unskilled members on a voluntary and mutually-beneficial basis. They should encourage the necessary cooperation and joint venture among individuals and between individuals and the collectives. Whatever forms of cooperation and joint venture have been undertaken in developing diversified undertakings, we should always bear in mind that only by constantly opening up new fields of production and only by developing our production in the direction of socialization and specialization and thus making our division of labor more elaborate on the basis of developing diversified undertakings, can we open up increasingly greater possibilities for solving the problem of surplus labor. In the past, some people were of the opinion that there were few possibilities and many difficulties in our region in developing diversified undertakings and providing employment for surplus labor. However, judging by our natural resources and judging from the large number of facts in our rural areas, the possibilities are great and the prospects are wide. If we live in the vicinity of mountains, we can make a living from the mountains and if we live in the vicinity of water, we can make a living from the water. For example, there are indeed broad prospects for developing planting and breeding undertakings which will absorb a large amount of surplus labor. There are also wide prospects in developing the processing of our agricultural and sideline products. In this respect, there is also great potential to tap in absorbing the surplus labor as well as broad prospects for future development. The key problem is whether we are good at using our heads and thinking up ways. If we are, we will surely be able to overcome our difficulties. Of course, in order to do this work well, the relevant departments should render their assistance in solving the problems related to purchases, production and sales. If they do so, we will be able to really and more satisfactorily solve the problems of developing diversified undertakings and providing employment for rural surplus labor.

CSO: 4006/435

LABOR AND WAGES

GUANGXI'S QIAO XIAOGUANG MEETS LABOR MODELS

HK010455 Nanning Guangxi Regional Service in Mandarin 1100 GMT 30 Apr 82

[Summary] On the morning of 30 April, leading comrades of the region received representatives attending the regional forum of labor models and progressive figures and celebrated May Day with them. Leading comrades attending the function included Qiao Xiaoguang, Qin Yingji, Xu Qihai, Liao Shengdong, Zhang Shengzhen, Huang Yun, Liu Yisheng and Zhong Feng.

Huang Yun, member of the Standing Committee of the regional CCP committee and vice chairman of the regional people's government, put forward the following demands and hopes on labor models and workers throughout the region: 1) clearly understand the situation, brace spirits and work hard to promote the economy and build the enterprises into six-good enterprises; 2) promote the "five stresses and four beautifuls" drive, be a vanguard force in building spiritual civilization, and wage resolute struggle against economic crime; 3) learn from and catch up with the progressives and promote an emulation drive. He also said: "The party committees and trade union organizations at all levels must, with a high sense of political responsibility, vigorously support the labor models and progressive figures. We must change the situation by which progressive figures have to hold many concurrent posts, attend many conferences and take part in many social activities, and ensure that they can better play their role in their own posts."

CSO: 4006/435

LABOR AND WAGES

QINGHAI'S LIANG BUTING ATTENDS WORKERS FORUM

SK040113 Xining Qinghai Provincial Service in Mandarin 1100 GMT 3 May 82

[Text] According to our sources, a provincial forum of model workers and advanced persons opened today in Xining. Responsible comrades of the provincial CCP committee and the provincial people's government including Liang Buting, Zha-xi-wangxu, Zhao Haifeng, Song Lin, Ma Wanli, (Yang Xilin) and Shen Ling received all representatives of model workers and advanced persons and had photographs taken with them.

The 80 representatives participating at the forum hailed from all fronts including industry, communications, finance, trade, agriculture, animal husbandry, public health, culture and education. Among them were representatives of such minority nationalities as Zang, Hui, Tu and Monggol, who always advance in the front in building the two civilizations at their own posts.

At the forum, Comrade Ma Wanli, deputy secretary of the provincial CCP committee, highly praised the model workers and advanced persons, saying that they are the elite of the working class with a high degree of political awareness and a socialist spirit of selfless labor, are vanguards of the four modernizations and are examples from whom broad masses of workers should learn. He urged the model workers and advanced persons to bring along the broad masses of workers in the province and to create a new phase in the four modernizations.

The forum is to study the letter of proposals adopted by the national forum of model workers and advanced persons, study the national workers manual, sum up experiences and advance proposals.

CSO: 4006/435

BRIEFS

HEILONGJIANG MODEL WORKERS RALLY--A provincial rally to name and commend model workers ceremoniously opened today in Harbin municipality. The Harbin Municipal Workers Cultural Palace was permeated with a cheerful atmosphere today. Full of joy and wearing a big red flower on their chests, 120 new model workers gathered at the theater of the Workers Cultural Palace to attend the rally. Among the participants at the rally were leading comrades of the province and Harbin municipality including Yang Yichen, Li Lian, Chen Lei, Chen Junsheng, Li Jianbai, Zhao Dezun, Wang Yilun, Chen Jianfei, Wang Luming, Hou Jie, (Wang Fei), (Wang Yusheng), Zhao Xingyuan, (Sun Dengren), Xie Yunqing, Lu Guang, Zhang Ruilin, Wang Pinian, Wu Cheng, Wang Jun, Wang Jinling, (Wang Guangwei), Wang Weizhi, Tang Liandi, Gui Shouchang, Jin Bangbai, Wang Huacheng, (Wei Jianping) and (Zhang Ping). [Excerpt] [SK300212 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 29 Apr 82]

HEILONGJIANG SERVICE TRADE--Over the past 3 years, Heilongjiang Province has made job arrangements for 1.65 million persons who account for 91.1 percent of all urban people awaiting work. The employment of these persons who have attended the production of collectively-owned enterprises or operated individual business has greatly accelerated the development of service trades and consumer goods production. According to statistics, commercial and food service networks and centers operated by the state and collectives reached 26,976 in 1981. The number of per thousand-person service centers increased from 0.6 in 1978 to 1.8 in 1981. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 1 May 82 SK]

SHAANXI LABOR MODEL CONGRESS--The Shaanxi provincial congress of progressive enterprises and collectives and labor models concluded in Xian on 30 April. The congress proposed that workers throughout the province should launch socialist labor emulation in creating six-good enterprises and in becoming models in building the two civilizations, and strive to fulfill the province's economic plans and all other tasks this year. Provincial CCP committee executive secretary Zhang Ze spoke at the closing ceremony. He praised the success of the congress and stressed the role of labor models. Also present at the closing ceremony were Ma Wenrui, Yu Mingtao, Zhou Yaguang and Zhang Fanghai. [HK010529 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 30 Apr 82]

HENAN PROGRESSIVE CONGRESS--According to this station's reporter (Feng Ming), from the afternoon of 2 May to this afternoon, participants in the provincial congress of advanced collectives, model workers, advanced producers and advanced workers on the industrial, communications, capital construction, finance and trade fronts listened to speeches on models. The congress is currently being held in our provincial capital Zhengzhou. Representatives from 6 advanced collectives and 18 advanced individuals briefed the congress on their brilliant exploits and experiences in building socialist material civilization and spiritual civilization. Listening to the representatives' speeches at the congress were Liu Jie, Dai Suli, Zhao Wenfu, Li Qingwei, Zhang Shude and Li Baoguang, leading comrades of Henan Province and Zhengzhou municipality; and members of the Presidium of the congress. [Excerpt] [HK040702 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 3 May 82]

BEIJING WORKERS' INCOME RISES--According to statistics of departments concerned, the total income of Beijing municipal workers and staff members last year was 53 percent more than that in 1978. Calculated on the basis of average wages, subsidies and labor protection benefits, the average total income per capita of workers and staff members in units under the ownership of the whole people last year was 957 yuan, which was 217 yuan more than that in 1978 or an increase of 29.3 percent. Taking into account price increases, the actual income increase was 16.5 percent. However, the situation of different sectors varied. The growth rate of actual income of workers and staff members in economic units where bonuses and subsidies were issued exceeded this average level, whereas the growth rate of state functionaries income was only 8.7 percent. According to a survey of 1,200 typical workers and staff members' households, the proportion of households whose average monthly per capita income exceeded 50 yuan increased from 5.7 percent in 1978 to 27 percent last year and low-income households whose average monthly per capita income was below 30 yuan dropped from 45.1 to 7.1 percent. [HK041435 Beijing City Service in Mandarin 2330 GMT 4 May 82 HK]

SHAANXI PROGRESSIVES CONGRESS--The Shaanxi provincial congress of progressive enterprises and collectives and labor models opened in Xian on 28 April. The opening ceremony was attended by provincial leaders Ma Wenrui, Yu Mingtao, Zhang Ze, Jiang Yi, Yan Kelun, Zhou Yaguang, and Zhang Fanghai. Provincial CCP committee secretary Zhang Fanghai presided. [HK290444 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 28 Apr 82]

HEILONGJIANG EMPLOYMENT CONFERENCE--The Heilongjiang provincial labor employment conference concluded on 27 April. The conference noted that 450,000 urban residents in our province are waiting for jobs. The best way to settle jobseekers is to develop the collective and individual economy to broaden employment avenues. Meanwhile, we should strengthen vocational training and bring into play the role of labor employment service companies. [SK302220 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 29 Apr 82 SK]

CSO: 4006/435

DIESEL LOCOMOTIVES SEEN AS TEMPORARY AID ON YINGTAN-XIAMEN LINE

Dalian NEIRAN JICHE [DIESEL LOCOMOTIVE] in Chinese No 1, 15 Jan 82 pp 49-50

[Article by Ji Yan [4764 1750]: "Discussion of the Problem of Using Diesel Locomotives as a Temporary Measure for Towing Before the Electrification of the Yingtan-Xiamen Railway"]

[Text] The technical standards of the Yingtan-Xiamen Railway are low. The railroad line between stations is short, the limiting slopes are precipitous, there are many curves, and the radii of curves are small. Since the railroad began transportation, the loads have increased continuously. At present, the density of cargo flow on some sections has already surpassed the designed capacity. Cargo accumulates and this has greatly affected industrial and agricultural development in Fujian Province. There is a saying that "whether Fujian becomes rich or not depends upon the railroad."

Electrification undoubtedly can improve the transportation capability of that railroad. But, there are still difficulties in investment, power sources, locomotives and rebuilding that have to be solved. Some people estimate that it will be five to six years before electrically powered towing is realized. Fujian is a special economic zone. In order to "begin in 1982 and to take off in 1985," there must be an immediate temporary measure for the railraod to improve its transportation capability before electrification.

In December of 1981, the Fujian branch of the Railroad Society held an "academic discussion meeting to discuss improvement of the passage capability of the Daheshan section of the northern section of the Yingtan-Xiamen Railroad." During the discussion, the question of using the Beijing model diesel locomotive for temporary towing was proposed. This problem attracted the attention of the conferees. Comrades at the meeting who advocated the use of the Beijing model diesel locomotive for temporary towing suggested that such locomotives should be dispatched to the railroad for test runs and they also held that:

Using the diesel locomotive for temporary towing is feasible and the Beijing model diesel locomotive is a more suitable locomotive for that railroad because 10 years of passenger hauling have proved that the Beijing diesel locomotive has a rational structure. It runs reliably, its performance is good, it consumes less oil, it requires less inspection and repairs, its repair cost is low, and it has been recognized as a superior passenger locomotive. Also, to satisfy the need of cargo

transport, the Beijing 27 Locomotive Plant has proposed the use of two locomotive engines connected together to provide 5,000 to 5,400 horsepower. This type of locomotive has a sufficient drag weight and is suitable for drawing heavy loads. At the same time, a single locomotive engine can be used for towing, to transport passengers and to transport cargo on branch lines. In general, before electrification of the Yingtan-Xiamen Railroad, the use of the Beijing model diesel locomotive for temporary towing can produce the following six visible economic gains:

1) It can rapidly improve the transport capability. This also creates proper conditions for reducing the interference of the transportation tasks caused by electrification construction, and this benefits electrification.

2) It reduces transportation of coal by the railroad. Just this item alone is equivalent to increasing the southward transportation capacity by 400,000 to 500,000 tons.

3) The locomotive can be used for cargo transport and can also be used for passenger transport. It can be used in multiple linked engine configurations to increase the capability for towing cargo through difficult sections and it can also be used singly in flat regions for towing to conserve consumption of power.

4) The locomotive has a biaxial turning chassis. The drag is small when the locomotive goes through a curve. This greatly reduces the wear of the tracks and the wheel and eliminates the present necessity of replacing worn tracks by new tracks in the difficult sections every five years.

5) It conserves state investment. The railroad maintenance section does not require a lot of additional facilities. According to the experience of a section of a certain railroad which had changed from steam locomotives to the Beijing model diesel locomotives, the change-over required only a few moderately-priced parts testing facilities. There was no need to add processing lathes. The cranes and fuel supply facilities could be simple. After electrification, the locomotive can be recalled or transferred to the Waiyang-Fuzhou line or other branch lines.

6) It can serve to prepare equipment and technical strength for diesel locomotive switching after electrification.

9296
CSO: 4013/26

TRANSPORTATION

'WEN WEI PO' DISCUSSES GUANGZHOU-MAOMING RAILRAOD

HK261219 Hong Kong WEN WEI PO in Chinese 24 Apr 82 p 1

[Telephoned dispatch from Guangzhou dated 24 April: "Construction of Guangzhou-Maoming Railroad Speeded Up"]

[Text] Recently, the State Council has officially approved the raising of money by various means, with cooperation between the state and local areas, to speed up the construction of the Guangzhou-Maoming railroad, an artery west of Guangdong Province. The whole line will be completed in 1984 and will be open to traffic in 1985, according to plans.

Construction work on the Guangzhou-Maoming railraod involves a total length of 320 kilometers and the conversion of the old line running from Guangzhou to Sanshui and the building of some new lines farther down than Sanshui. The whole railroad passes through Nanhai, Sanshui, Sihui, Yunfu, Zhaoqing, Maoming and other counties and municipalities. Two bridges across the Beijiang and Xijiang rivers are to be set up. Concerning this railroad, the state decided in 1958 to first build the section from Sanshui to Maoming. Work on part of the section started the same year. In 1960, the state suffered from temporary economic difficulties. Work had to be stopped.

Not until 1978 did work on the two bridges across the Beijiang and Xijiang rivers resume. But for various reasons, work was again held up in 1979. Up to now, overall work on such aspects of the Guangzhou-Maoming railroad project as surveying, alignment, and construction design has been completed. Work on the piers of the two bridges across the Beijiang and Xijiang rivers has also been basically completed, to meet the communications and transportation needs of the areas southwest of Guangdong Province and to develop as quickly as possible the economic returns that can be realized after the completion of the Yunfu sulphur-iron mine which is potentially rich and of high grade and which has a massive concentrated base, the Guangdong Provincial People's Government and the Ministry of Chemical Industry, Ministry of Railways and other relevant departments, after many consultations and study sessions, put forth a proposal to the State Council some time ago calling for the adoption of various means to raise money and for joint investment by the

Ministry of Railways, Ministry of Chemical Industry and Guangdong Province. This was to speed up the building of the Guangzhou-Maoming railroad project. After a process of investigation and study, the State Council recently gave its approval and agreed to this proposal.

The Guangzhou-Maoming railroad, when completed, will link up with the Beijing-Guangzhou railroad to the north and with Zhanjiang and Litang station to the south and will constitute one part of the Guangzhou-Kunming railroad, forming the railroads north and south of Guangdong into a network. This will not only greatly reduce the pressure on the Beijing-Guangzhou railroad but will also stimulate the economic development of the areas along the line southwest of Guangdong and further encourage the interflow of urban and rural commodities throughout the province.

CSO: 4006/435

BRIEFS

DATONG-BAOTOU RAILWAY--According to our correspondent (Liu Lanqian), the supplementary railway line between Datong, which is noted for its coal, and Baotou, noted for its steel, is now under rapid construction. The design of the railway line, which stretches 448.9 km, is under the apspices of the Hohhot Railway Bureau. After completing the construction, two cities will increase their daily train runs from 24 to 65 and surpass their current capacity several times over. From 1977 to the end of 1981, over 170 km of rail were laid in the building operation. Specific sections totaling over 90 km long have opened to traffic and have partly taken up transport tasks. Baotou city has also made new progress in building key projects for railway transportation. Following economic improvements throughout the country, state investment has increased year after year. The construction cost this year surpasses the 1981 figure by 66.7 percent. This year the railway of 11 sections such as between (Gujian) and (Jinshan) and (Lingmu) and (Sanchakou) will open to traffic. The (Qinhiaying) tunnel, the longest railway tunnel in our region, will also open to traffic at the end of this year. [Text] [SK031000 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 May 82]

BEIJING-LOS ANGELES AIR SERVICE--Beijing, 9 Apr (XINHUA)--China's General Administration of Civil Aviation (C.A.A.C) has announced that air service between Beijing and Los Angeles will start on April 12, in accordance with the Sino-U.S. civil air transport agreement. The new route will be Beijing-Shanghai-Los Angeles with the return route, Los Angeles-San Francisco-Shanghai-Beijing. The Beijing-Shanghai-San Francisco-New York route was inaugurated last year. A group of officials and other well-known persons from Los Angeles will visit China in late April to celebrate the opening of the new service at the invitation of the C.A.A.C. and the people's government of Guangzhou with which Los Angeles established sister city ties on December 4 last year. [Text] [OW091232 Beijing XINHUA in English 1224 GMT 9 Apr 82]

HEILONGJIANG RAILWAY TRANSPORT--Harbin railway transport procuratorates and courts at all levels will begin operations on 1 May. They are to handle cases submitted by railway public security departments and economic disputes in transportation. Civil cases and cases not related to the railway transport sphere are still to be handled by the local people's procuratorates and people's courts at all levels. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 30 Apr 82 SK]

CSO: 4006/435

GENERAL

'SHAANXI RIBAO' DISCUSSES CLASS STRUGGLE, ECONOMIC CRIMES

HK010950 Xian SHAANXI RIBAO in Chinese 21 Apr 82 p 3

[Article by Lin Mu [[number indistinct] 3688] and Yang Caiyu [2799 2088 3768]: "Tentative Discussion on the Current Class Struggle in Our Country"]

[Text] The "Resolution on certain questions in the history of our party since the founding of the People's Republic of China" pointed out that in our country "the exploiters have been eliminated as classes." "Class struggle no longer constitutes the major contradiction. However, owing to certain domestic factors and influences from abroad, class struggle will continue to exist within certain limits for a long time to come and may even grow acute under certain conditions. It is necessary to oppose both the view that the scope of class struggle must be enlarged and the view that it has died out." This scientific judgment provides a theoretical basis for our correct understanding and handling of class struggle under new historical conditions.

1. Class Struggle Will Exist Within Certain Limits for a Long Time

We are opposed to enlarging the scope of class struggle. We do not accept that the bourgeoisie exists within the party now or that a new bourgeoisie and other exploiting classes could possibly emerge now that the exploiting classes and the conditions fostering exploitation have been eliminated inside our country. At present and for a considerable time to come, however, class struggle will continue to exist within certain limits. This is reflected in the following ways: in the area of politics, the authorities of certain foreign countries and Taiwan have sent spies into our country to carry out espionage activities. There are enemy agents inside our country who collaborate with reactionary foreign forces abroad and Taiwan espionage units, obtaining and selling the party's and the nation's secrets. There are also counterrevolutionaries who write reactionary slogans, distribute reactionary pamphlets, transmit reactionary letters, express opinions on their opposition to both the party and socialism, and take part in destructive counter-revolutionary activities. In the economic field, some of state personnel, including certain responsible cadres, have been hit by the bourgeoisie's sugar-coated bullets. They engage in all forms of corruption: stealing, profiteering, extorting and accepting bribes, smuggling and trafficking in contraband, and embezzling state funds. Some have even degenerated to the

point that they have become new exploiters; they seriously damage the socialist economy and injure the body of the party and national organizations. In the ideological and cultural fields, reactionary and pornographic books, tapes and videotapes have begun to filter into society through a wide range of different channels, corrupting and poisoning cadres, the masses and especially youths, and polluting the social atmosphere. As far as social order is concerned, criminal activity is extremely widespread. Murder, arson, bombing, robbery, kidnapping and rape, and drug peddling have seriously damaged the social order. These various hostile elements have the destruction of the stable and unified political situation, the destruction of the political system of the democratic dictatorship and the destruction of socialist modernization as their aim. Their contradiction with the broad masses of the people is one of fundamental and fierce conflict and represents a vestigial form of class struggle.

Why is it that class struggle will exist within certain limits for a long time to come? There are several reasons for this. First, after the exploiters had been eliminated as classes, remnant forces continued to exist and their ideological influences will continue to be felt for an even longer period of time. There remnant forces and ideological influences have corrupted our cadres and the masses and polluted our social atmosphere in a wide range of ways. Aside from a few of these enemy spies, counterrevolutionaries, criminals, degenerates and new exploiters who are remnants of the old society, the majority are people who have cut themselves off from the masses of workers, peasants cadres and intellectuals. Having already betrayed their own class, they become "new bacteria" growing on the putrid remains of the old society. Second, although the exploiters have already been eliminated as classes on the mainland, our country also comprises areas such as Hong Kong, Macao, Taiwan, Penghu, Jinmen and Mazu. In such areas the exploiters and the exploitative system is still intact. There is already contact between the mainland and these areas and in the future it promises to increase steadily. Third, class struggle within our country is not an independent struggle but is already related to class struggle on the international scale. At present social imperialism has led the Soviet Union to set its covetous eyes on our country, and there are thousands upon thousands of Soviet troops stationed along our northern border. On our country's southern bordern the regional hegemonists, the Vietnamese are carrying out frenzied anti-Chinese activities. Furthermore, reactionary forces in several countries continue to regard socialist China as an enemy even though these nations have already established friendly economic, cultural and political relations with China. These various conditions clearly show that our country is still a participant in class struggle on the international scale.

We should pay particular attention to the fact that because of the firmness of our country's socialist political and economic system, the strength of the people's democratic dictatorship and the profound development of socialist modernization, capitalist forces have avoided open subversion but have tried instead to carry out infiltration and corruption in the areas of economics,

politics, ideology and culture. The open-door policy and the policy of enlivening the domestic economy pursued by our party since the 3d Plenary Session of the 11th CCP Central Committee represent, without a doubt, correct strategic decisions and should be firmly and resolutely implemented. We should also take sober note of the fact that while some capitalists conduct business with us in a perfectly legitimate manner, there are also those who engage in smuggling, bribery, extortion, theft and other illegal activities. The practice of harming others exemplified in corrupt ideology, corruption, smuggling and bribery has become a way of life for the capitalist class. Taking advantage of our country's open-door policy and policy of enlivening the domestic economy, these capitalists have been able to carry out infiltration and corruption. Hostile elements within our country and people who have been deeply influenced by the ideology of the exploiting classes engage in corruption, theft, profiteering and other exploitive activities, using sugar-coated bullets such as food and drink, money and other material goods to buy off and corrupt the small number of weak-willed people in the cadre ranks. Under attack from the bourgeoisie's sugar-coated bullets, some people become either partially or completely corrupted. They engage without restraint in criminal economic activities, promoting collusion between different levels, between people inside and outside units and between China and Taiwan, Hong Kong and foreign countries.

Under these new historical conditions a vigorous assault on such economic activities will mark a major battle between the corrupting influences of bourgeois ideology and the opposition of socialist ideology to such corruption and will have an important bearing on the transformation of party work style, and social atmosphere, on the success or failure of socialist modernization and on the prosperity or decline of the nation.

On the eve of nationwide liberation, Comrade Mao Zedong warned the entire party that while our enemy is unable to subjugate us by means of military force, the bourgeoisie sugar-coated bullets might still be effective against the weak-willed in our ranks. More than 30 years later, attack from the bourgeoisie's sugar-coated bullets is still a very real problem. In the past, we found ourselves confronted with the Chinese bouregoisie. But after years of both cooperation and opposition our party had already acquired rich experience of this class. Now, however, we are faced with international capitalism, with which we have had no previous contact. It is far stronger than Chinese capitalism and also far more "experienced." Recently, there have been a few comrades--including a small number of comrades who managed to resist both the military strength of the enemy and the despotic power of Lin Biao and the "gang of four"--who after having contact with capitalists from foreign countries, Hong Kong and Macao allow themselves to become captives of the bourgeoisie, becoming traitors to the communist cause. At present the problem of illegal activities within the economic field is far more serious than it was during the "three evils" and "four evils" campaign. In the ideological field, the corrosive influences of decadent bourgeois ideology and the remnants of feudal ideology are relatively serious. The

grim facts of the development of class struggle in these new historical conditions warns us that our party, nation and socialist cause must cope not only with the threat from abroad but also with the internal threat of "peaceful evolution." Therefore, we must maintain a high degree of vigilance.

2. This Kind of Class Struggle Is Not the Major Contradiction at Present

We must guard against the mistaken view that since class struggle under these new historical circumstances is not so visible then it must have died out. And since at present class struggle has developed within a certain scope we must also guard against any vacillation on the question of class struggle that might lead to our repeating the serious mistake of enlarging the scope of class struggle.

Can we assume because the "tiger" is now fatter and "bigger" that the form of class struggle must have undergone a fundamental change? We cannot. [word indistinct, corruption, bribery, smuggling, profiteering and other criminal activities in the economic field are now all rather widespread. The fact that such activities can involve thousands, tens of thousands, hundreds of thousands and even millions of yuan is truly startling. However, there are many reasons for the "tiger" getting fatter. First, it certainly has something to do with the fact that after 30 years of socialist construction the economic base is far more secure. However, more important, is the fact that the 10 years of disorder damaged our party's work style and social atmosphere and disrupted our not yet perfect systems of finance and economics and other work systems, providing criminals with the environment and conditions they needed. Second, during the past few years we have failed to launch a concerted campaign against criminal activities within the economic field. As a result, there are still many loopholes and unresolved cases, and some criminals are developing an increasingly large appetite and are becoming increasingly bold. We must be able to both recognize the serious threat posed by these "tigers" and also to avoid exaggerating the class struggle as reaction to the strength and size of these "tigers."

Is there any possibility at present of the remnant forces of the old exploiting classes and the new exploiting classes being able to unite to form a new exploiting class? There is not. Although the exploiting classes are certainly composed of exploitative elements, for these elements to form an exploiting class requires certain conditions. As Engels pointed out, "In any period, social classes are the product of the relations of production and exchange. Each event is the product of the economic relations of that age." ("Selected Works of Marx and Engels," Vol 3, p 427) Lenin also said that, "The basic criterion for all class distinctions is position in social production. Therefore, it is a question of one's relation to the means of production." ("Collected Works of Lenin," Vol 6, p 233) From this we can see that the formation of an exploiting class is dependent on the existence of a system of private ownership of the means of production. Our country has already eliminated the exploitative system and established the socialist ownership of

the means of production, thus severing the important economic link between the existence of exploiters and the formation of the exploiting class. There are a number of different reasons for the emergence and continued existence of the hostile elements now present in our country, and as they share no common relation of ownership regarding the means of production, they are unable to unite together into a single group. The most significant difference between these new exploiting elements and the old exploiting elements lies in the ownership of the means of production. In the absence of conditions allowing for the rental of land or the hiring of labor, these activities of the exploiting elements are confined to the spheres of economic allocation and circulation. Through misappropriation of public property, smuggling, corruption, theft, profiteering and other illegal means, they are able to embezzle the property of the state and the people. However, while they certainly share the characteristic of exploiting other people's labor, they are few in number and are constantly being exposed and gradually eliminated. Moreover, there are no inherent economic relations between them. So while they may be able to form "groups" or "factions," they are unable to unite to form an exploiting class.

From this we can see that although class struggle will continue to exist within certain limits for some time to come and may even show signs of development, it is certainly not the major contradiction within our country. As the resolution adopted at the sixth plenary session pointed out: "The major contradiction our country has had to resolve is that between the growing material and cultural needs of the people and the backwardness of social production. It was imperative that the focus of party and government work be shifted to socialist modernization centering on economic construction and that the people's material and cultural life be gradually improved by means of an extensive expansion of the productive forces." This analysis fully accords with the objective reality of our country's socialist development. We should draw an important lesson from the fact that after socialist transformation of private ownership of the means of production had been completed and after the exploiters had been eliminated as a class, we failed to persevere in shifting the focus of our work to socialist modernization but continued instead to regard class struggle as the major contradiction of socialism. It is imperative that we never forget this profound lesson.

3. Clearly Understand the Characteristics of Struggle and Adopt Correct Ways of Dealing With the Situation

Class struggle under new historical conditions is not the same as it was during the war period when it was a struggle for the seizure of power waged against imperialism, feudalism and bureaucratism. Nor is it the same as it was during the period of the three great reforms when class struggle was both a struggle for reform against a fully formed capitalist class and a special form of class struggle waged against the corrosive infiltration of foreign capitalists and the remnant forces of China's exploiting classes. We must clearly understand the characteristics of this struggle and adopt the correct ways of dealing with the situation.

1. The principal expression of the current class struggle is to be found in the economic field. Complex struggle also exists in the political, ideological and cultural fields. Struggle in these fields, however, derives almost wholly from struggle in the economic field. Therefore, it is imperative that we begin by striking blows at criminal activities in the economic field and should struggle step by step to resist corrupting influences in the political, ideological and cultural fields.

2. This class struggle exists only with certain limits. Various contradictions exist within our society at present and aside from those contradictions which possess the character of class struggle, most are not by nature class struggle. In resolving these contradictions we should adopt measures different from those we would use in dealing with class struggle and we should avoid arbitrarily using the label "class struggle." Moreover, in dealing with illegal economic activities we should look at the seriousness of each case and avoid "finding enemies behind every tree" and looking insistently for such problems in departments and units where they do not exist. We must steadfastly uphold the principle of proceeding from reality in all our work, acting only as each particular case merits.

3. Although no class struggle exists among the people, the influence and reflection of such a struggle can be seen. The notion of the people is a historical category. Before the socialist transformation of the system of private ownership of the means of production, the notion of the people included workers, peasants, the petite bourgeoisie and the national bourgeoisie. Because of the dual nature of our country's national bourgeoisie at that time, however, our party saw the contradiction between the proletariat and the national bourgeoisie as a contradiction among the people. It was with regards to this question that Comrade Mao Zedong put forth the idea of class struggle among the people. Now, however, the national bourgeoisie has already been eliminated as a class and it is the socialist laborers and patriots who now constitute the people of our nation. While certain class distinctions and various contradictions still exist among the people, they do not involve any conflict of interest. To insist, in spite of these circumstances, that class struggle still exists among the people runs counter to the actual social conditions in our country and easily leads to confusion concerning the distinction between the question of right and wrong among the people and the question of class struggle and can also easily enlarge the scope of class struggle. However, owing to a number of domestic and international factors, the influence and reflections of class struggle can still be seen among the people. For example, extreme individualism, anarchism, bourgeois liberalization and the remnants of feudal ideology. Although these influences and reflections have the character of class struggle they are not, however, the same as class struggle itself.

4. Because of the basic changes that have occurred in class relations and the relative strength of the classes and the special form of class struggle that is now being carried out, there is no longer any need to adopt the measure of violent mass movement. Instead, we must develop socialist democracy,

strengthen the socialist legal system and make use of the weapon of law to struggle against all counterrevolutionaries and criminal elements. As far as the destructive activities of hostile elements are concerned, it is imperative that we exercise dictatorship in accordance with the law. We must severely punish all those who practice illegal activities in the economic field, especially when such activities involve state personnel. We must deal severely with all criminal cases involving contradictions among the people, using the facts as the basis and the law as the only criterion, and should also make an effort to educate and redeem those involved. We should adopt the methods of democratic persuasion and education and of criticism and self-criticsm to resolve contradictions that occur within the party, among the people, between proletarian and nonproletarian ideologies and between different work styles.

In dealing with infiltration and corruption by bourgeois forces from Hong Kong, Macao, Taiwan and abroad we can use neither the method of "one class overthrowing another" nor the method used in the past to deal with national capitalists inside the country. However, it is imperative that we adopt the correct way of dealing with the situation if we are to continue our contact with them. It is necessary to educate party members, cadres and all people that in carrying out contacts with foreign countries they must pay attention to unity, and should neither neglect nor reject the necessary struggle. They must protect the purity of the proletariat and socialist system and should never allow themselves to be corrupted by bourgeois forces.

CSO: 4006/435

GENERAL

'BEIJING RIBAO' URGES PRACTICING FRUGALITY

HK261046 Beijing Radio in Chinese 19 Apr 82 p 3

[Article by Shao Rong [4801 2837]: "Is the Truth of the 1950's Inapplicable to the 1980's?"]

[Text] There is a young man who only earns some 30 yuan a month. However, he spends money extravagantly without considering how much he earns. Once he bought a hat with 40 yuan. His father was not very happy with him and said, "I have never bought any expensive hat like this before." He criticized him for being extravagant. The son was not happy either and argued, "So what! Some even cost 80 yuan! It is now the 1980's; what you believed in the 1950's is out of date now!" The father could not say anything when that one remark cut him off.

At present, there are plenty of people like this young man who frequently take the 1980's as an excuse to reject criticisms, despite the fact that they do not thoroughly understand what they mean by the "1980's."

Frankly speaking, what are the differences between the 1950's and the 1980's? Does it mean that what we believed in the 1950's are no longer applicable in the 1980's?

There are really some differences between the two decades. In naming a few of them we can make the following points:

First, the productive forces have greatly developed. In the wake of the development of productive forces, the living standard of the people has been significantly raised. In the 1950's, not many families could afford a television set. At present, televisions are a basic daily necessity of many families. In those days, many women comrades had to spend their sparetime and holidays mending their socks; at present, nylons are very common and our women comrades no longer have to bother about mending socks. There are many other similar examples.

Second, production relations have undergone great changes. Since the socialist transformation of the system of private ownership of the means of production was basically completed in the later stage of the 1950's, after some 20 years' experience, we have accumulated some positive and negative

experiences. At present, the socialist system of ownership of the means of production is much improved and we have acquired more experience in carrying it out. At the same time, the interests of every individual citizen are integrated with the socialist ownership system; thus, their understanding of socialism needs to be further enhanced.

Third, the culture, science and technology of the whole world have greatly developed. The outlook of people has been broadened and more efforts should be devoted to the study of science and liberal arts and to improving our ability to distinguish the good from the bad and the beautiful from the ugly.

Since there are so many differences, are there any similarities? Yes, there are. Here, I would like to point out one thing. At least the principle of our behavior remains the same. Despite the differences of the times and situations, in our socialist country, we should conduct ourselves well and this is not to be changed. Let us take spending money as an example. Principles such as "practice thrift and lead a simple life," "live within one's means" must not be forgotten at any time.

The improvement of the individual's living standard cannot be divorced from the actual situation of the economic development of the state, nor can it go beyond the individual's actual economic income. In the 1950's, there were also hats costing 80 yuan or even 100 yuan. If, in those days, the father of this young man had acted like his son and bought whatever he thought was good without consideration, and often spent more than what he earned, then I am afraid he would have had great difficulty in bringing up his son. Some people might argue that in those days, the father of this young man had to feed the whole family and his burden was heavy; certainly, he had to be thriftier and lead a harder life. But the young man earns money for his own expenses and he has nothing to worry about; hence, he should not be that "shabby." Such remarks need elaboration. Although our living standard is improved with the increase of our economic income, we must not acquire the habit of being extravagant. If we get used to being extravagant, we will be unable to make ends meet. It is not a permanent solution for us to rely on our parents to make up the deficit resulting from our extravagance. It is even more dangerous to get money by crooked means. Frankly speaking, it is better to spend money carefully and cultivate the good habit of being hardworking and thrifty.

That the young man takes the "1980's" as a pretext to reject his father's criticism is evidence of his ignorance. Being extravagant is nothing new and it does not have anything to do with the "1980's."

The 1980's does have its own special characteristics. In my opinion, we cannot ignore strengthening the building of socialist spiritual civilization in our country. To be specific, we must do a good job of the "five stresses and four beautifuls," strengthening education on communist ideology and improving the social mood and mental outlook of the people. At the same time, we must work hard to study liberal arts, science and technology in order to improve our cultural and scientific and technological levels.

At present, some people ignore this and wantonly mistake those capitalist, individualistic and egoistic elements for representations of the "1980's." This is a gross deception and completely groundless.

As a matter of fact, no good and honest person, including the father of the young man, should be intimidated by people who make a fuss of the "1980's." They must use their brain to think about and analyze the actual situation and see if what they say has anything to do with the "1980's." The basic principles of our behavior must be upheld. If there is anything wrong, we must express it boldly and confidently.

CSO: 4006/435

GENERAL

STRENGTHENING EDUCATION IN ECONOMIC SITUATION VIEWED

HK030345 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 30 Apr 82

[Station commentary: "Conscientiously Strengthen Education in Economic Situation"]

[Excerpts] "Since the 3d Plenary Session of the 11th CCP Central Committee, as our party has redressed its longstanding leftist guiding ideology, and carried out the readjustment of the national economy, industry and agriculture are steadily going up, and the economic situation is better off than anticipated. Satisfied with those achievement, most cadres and masses have a correct understanding of the economic situation. However, we still find that a small number of people, being unaware of the circumstances in the whole region, cannot distinguish between the principal and secondary aspects, fail to correctly understand some problems emerging in daily life, and thus have some misunderstanding, doubts and misgivings. Therefore, it is of great significance to vigorously carry out now an education in the economic situation in all cities and towns throughout the region. Party organs at different levels must conscientiously promote this propaganda and educational drive on the economic situation as an important part of the political and ideological work at the present stage. In the propaganda on the economic situation, we must emphatically explain seven points to the masses, namely, the importance of the economic readjustment and reform." "The efforts the state has made to improve the people's livelihood since the 3d Plenary Session of the 11th CCP Central Committee, the reason why we must first provide enough food to the people and second carry on construction." "The state's price policy and the reason for the adjustment of some commodity prices, the complementary relationship between material and spiritual civilization, the great significance of the present move to deal blows at serious criminal activities in the economic field, and the great significance of the correct implementation of the party's policy toward nationalities to the economic development of Xinjiang region."

CSO: 4006/435 END

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21 May 1982

China Report

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No. 234

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21 May 1982

CHINA REPORT

ECONOMIC AFFAIRS

No. 234

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NATIONAL POLICY AND ISSUES

COMPLETE OVERHAUL OF STATE INDUSTRIAL ENTERPRISES DISCUSSED

Beijing GONGREN RIBAO in Chinese 8, 9, 11, 18 Feb 82

[8 Feb 82 p 1]

[First of five articles by Luo Yuanming [5012 0337 2495] and Luan Zhongxin [2940 1813 0207]: "Why Do State-Operated Industrial Enterprises Need To Be Completely Overhauled?"]

> [Text] Editor's Note: It has been decided by the Party Central Committee and the State Council to completely overhaul the state-operated industrial enterprises stage by stage and group by group, systematically, according to a plan, within 2 or 3 years starting this year. To enable the vast number of cadres and employees of the enterprises to understand the significance, scope, purpose, procedure and methods of the complete overhaul, we have compiled a set of materials, "A Discussion with Employees on Reorganization," to be published today and on subsequent days.

In order to further implement the party's policy to reorganize, reform, put in good order and improve the national economy so as to make the best use of the potential strength of the state-operated industrial enterprises, to increase the economic benefits and to bring about a basic change in our national economy for the better, the Party Central Committee and the State Council have decided to completely overhaul the state-operated industrial enterprises stage by stage and group by group, systematically, according to a plan and in a coordinated manner, within 2 or 3 years beginning this year.

Since the state-operated industrial enterprises were already overhauled according to the party's readjustment, restructuring, reorganization and upgrading policy following the Third Plenary Session of the 11th Party Central Committee, why is it necessary to exert so much effort to put them in order now?

Since the founding of the republic 32 years ago, under the party's guidance and with the concerted efforts of the entire people, our state-operated industrial enterprises have established 2,000 large-scale key industries and 81,000 small and medium-sized enterprises. These enterprises now own 350 billion yuan in fixed assets and pay the state over 86 billion yuan in taxes, representing

80 percent of the total amount of taxes paid by the industrial and communications enterprises of the entire nation. The state-operated industrial enterprises are the lifeline of the national economy. The enthusiasm and performance of the rank-and-file employees of these enterprises, as well as the economic benefits engendered by the productive operations, have a determining effect on our socialist modernizations.

Despite certain setbacks encountered in the course of the past 10 years, our state-operated industrial enterprises, with the full support of all their employees, have on the whole continued to advance, made significant contributions to the nation and learned some valuable lessons from their experiences. During the 10-year period of unrest, severe damage was done to the regulations and systems which had proved to be effective and to the excellent tradition of the enterprises. Since the Third Plenary Session of the 11th Party Central Committee, the enterprises under the various departments in the various areas underwent certain readjustments and achieved certain results. They played a positive role in restoring production, stabilizing the economy, increasing financial returns and making readjustments. According to an analysis of the 25,000 state-operated enterprises, a good job of readjustment was done in 25 percent of the enterprises, mediocre work was done in 60 percent of the enterprises, while 15 percent of the enterprises were plagued by a lack of proper readjustment, confusion in management and other serious problems. Even among the enterprises where good work was done in readjustment, a great deal more needed to be done in order to meet the standard for the management of modern socialist enterprises. At the present time, the enterprises are characterized in varying degrees by a weak and dispirited attitude and a lack of enthusiasm on the part of those in leadership positions, a weakness in ideological and political work, the overlapping of organizations, overstaffing, a laxity in labor discipline, low quality of products, serious waste, and extremely low economic returns. According to figures covering the period January to November 1981, the labor productivity rate for the entire body of workers in the state-operated industries showed a 3.2-percent decrease compared with the same period the previous year, net profits decreased by 8.4 percent, the cost increased by 1.1 percent and the number of enterprises which suffered losses increased from 24.1 to 31.8 percent. It is particularly worthy of note that certain questionable people in leadership positions in a small number of enterprises, under the baleful influence of capitalism, have resorted to corrupt practices, acts in violation of financial and economic discipline, misrepresentation and falsification, evasion and withholding of taxes, withholding of profits which should go to the state, seeking illicit personal gains, corruption and bribery. Unless these problems are adequately resolved, it will not be possible to bring about a basic improvement in the national economy, not to mention the need to make our enterprises truly enterprises for socialist modernization that are capable of accomplishing the historic mission of implementing the four modernizations.

[9 Feb 82 p 2]

[Second of five articles by Luo Yuanming [5012 0337 2495] and Luan Zhongxin [2940 1813 0207]: "The Extent of and Chief Methods for the Complete Overhaul of Enterprises"]

[Text] It has been said that overhauling the enterprises is the same as overhauling the leadership. It has also been said that overhauling the enterprises means overhauling the workers. Both of these views are erroneous. The complete overhaul of the enterprises entails the overall overhauling of the work of the enterprises. It includes the overhauling of those in leadership positions, the rank-and-file workers, the administrative system, labor discipline, financial and economic discipline, the party workstyle and ideological and political work. At the present time, our efforts should be directed toward the accomplishment of the following tasks in order to bring about higher economic returns: First, we should put in good order and perfect the economic responsibility system, improve the administration of the operations of the enterprises, do a good job of setting up an overall plan, insure that the products come up to standard and pay attention to the work of making economic forecasts. Second, we should put in good order and strengthen labor discipline and strictly enforce the system of giving rewards and meting out punishment. Third, we should put economic discipline and the financial accounting system in good order. Fourth, we should put labor organizations in good order, organize production on the basis of the size of the labor force and the production quota, provide training to all the workers according to a plan, and make a determined effort to overcome the problems of overstaffing and the lack of dedication in workstyle. Fifth, we should overhaul and establish a corps of leadership personnel and strengthen the ideological and political education of the workers. It is by the adoption of these corrective measures that it is possible to resolve the various problems existing among the industrial enterprises, to enable the enterprises to accomplish their various tasks and to find a way to develop the national economy.

The cadres and employees of state-operated industrial enterprises are in the main of a high caliber. The work of putting the enterprises in good order must be carried out by the existing corps of leadership personnel, the employees and the masses under the leadership of the party organizations of the enterprises. In the process of reorganization and the elimination of certain serious problems, those in leadership positions who have proved themselves unequal to their tasks should be reassigned to jobs for which they are better qualified.

The overhauling of the enterprises is of a constructive nature. Aside from tackling the work listed above in order to achieve higher economic returns, it is also necessary to have a system and an overall plan for construction. To meet the basic needs of the enterprises in undertaking the work of overhauling and construction, it is necessary to engage in the three constructions and to meet the six demands.

By the three constructions is meant the gradual establishment, through the overhauling of the enterprises, of a leadership setup that is both democratic and centralized, the gradual establishment of a corps of rank-and-file employees that is both red and expert, and the gradual establishment of a management system that is scientific and up-to-date.

By the six demands is meant, through the three constructions, the enabling of the enterprises to establish a correct economic link among the nation, the enterprises and the employees; to fulfill the national plan in an outstanding manner; and to become "six good enterprises" that are good in taking care of the needs of the nation, the enterprises and the employees; good in maintaining the high quality of the products; good in achieving economic benefits; good in labor discipline; good in modern production; and good in engaging in political work.

The work of completely overhauling the enterprises is to be carried out both selectively and on a general basis. Although only a few enterprises have been specifically singled out to undergo overhauling this year, it is also necessary to do a good job of overhauling all the enterprises as a whole. The enterprises must, in keeping with the spirit of the "Report on the Need for the Industries to Emulate Daqing" issued by the Central Committee to the National Economic Commission, engage in depth and in detail in the work of ideological education and make known the fine qualities, the glorious revolutionary tradition and the great historical mission of China's labor class so that the vast number of employees, fortified by the knowledge that they are their own masters, may participate effectively and in a positive manner in the work of overhauling the enterprises. All those concerned should be encouraged to learn from the progressive areas, the progressive businesses, the progressive units and progressive personages. They should acquire scientific skills, regard the experts as their teachers, and fully mobilize the vast number of employees to emulate the veterans, to learn from the veterans, to catch up with the veterans, to lend a helping hand to the newcomers, to create a climate of enthusiasm for the establishment of "six good enterprises," and to give an impetus to the work of overhauling the enterprises and other kinds of work that need to be accomplished.

[11 Feb 82 p 2]

[Third of five articles by Luo Yuanming [5012 0337 2495] and Luan Zhongxin [2940 1813 0207]: "The Need To Overhaul and Perfect the Economic Responsibility System and To Improve the Management of the Operation of the Enterprises"]

[Text] The chief objectives in overhauling the enterprises are to put in good order and perfect the economic responsibility system, to improve the management of operations, to do a good job of overall planning, to maintain a high standard of quality and to engage in the work of making economic forecasts.

In accordance with the policy of enlarging the autonomous powers of the enterprises on a trail basis decided upon some years ago, our industrial enterprises began to put into effect the economic responsibility system in 1981. Depending on the circunstances of the various enterprises, such measures as the retention of profits, the profit and loss contract system, the payment of taxes in lieu of profits, and the assumption of responsibility for profits and losses were adopted to establish a link between the economic benefits of the employees and their economic responsibilities and contributions. Initial results show that these measures have served to overcome the longstanding and undesirable mentality of "eating out of the big pot," to eliminate practices which represented

egalitarianism and to motivate the enterprises and employees to give full play to their potential, to improve the management of operations and to increase economic benefits. Many profit-making enterprises have continued to make further gains, while a number of enterprises which had been operating in the red started to show profits within a short period. A large number of heavy industries, in which the range of products had been drastically reduced in the course of readjustment, have begun to operate at a profit by adjusting the make-up of their products, by redirecting their services to new clients and by adopting new methods of production. Actual results achieved during the past year have proved the effectiveness of the economic responsibility system.

However, the implementation of the economic responsibility system, like anything that is new, has brought certain problems to the surface. The main problem at present is that some enterprises tend to circumvent the stipulations of the national plan regarding the volume of production, the types of products, the quality of the products, the expenses, the cost, the rate of productive labor and the fulfillment of contract obligations. With their eyes on profitmaking, these enterprises tend to direct their efforts to projects which bring the highest profits and to ignore the less profitable projects, thus creating an imbalance between production and demand, producing a large volume of products of poor quality, increasing prices under false representation, and creating a situation where the financial burden is passed on to the consumer. Concerned solely with benefits to a few and oblivious to their responsibility to the state, these enterprises deliberately lower the base contract figures to the minimum, increase the gap between profits and costs, and appropriate for themselves what rightfully belongs to the state. Some enterprises, interested only in the signing of contracts at the various levels, fail to insist on the fulfillment of responsibilities by the various levels and units and to properly set up the necessary regulations and evaluation systems, thus creating a dislocation among responsibility, authority and profit. Some enterprises, instead of using retained profits chiefly for production development and the increasing of collective benefits, use an excessive amount for increasing the payment of bonuses. These problems may be attributed to the short time that the responsibility system has been in effect, the rapid pace of its adoption, the lack of experience and the fact that the people have yet to understand and appreciate the overall significance of the system, rather than to the implementation of the system itself. The problem can easily be solved once it is given the attention it deserves by all concerned.

Experience gained in various areas points to the fact that emphasis should be placed on the following in order to continue to perfect and develop the economic responsibility system in a healthy manner:

First, it is necessary to define the economic responsibilities of the enterprises to the state and those of the employees to the enterprises. Regardless of what form the responsibility system takes, consideration must be given to the overall situation, and a link must be established between the amount of profits on the one hand, and the quality of products, the type of products, the volume of production, the cost, the expenses, the safety measures and the terms of contracts for delivery of products, on the other. It is essential to raise the quality and to reduce the cost of the products, to insure the implementation of the overall national plan and to avoid creating an imbalance between production and demand by recklessly increasing production with the sole objective of increasing profits.

Second, it is essential to place emphasis on the implementation of the responsibility system within the enterprises themselves, to establish in a healthy manner a system of responsibility for those in leadership positions and the concerned organizations, the staffs and the workers to insure that the workers are assigned to the proper jobs and that the jobs carry with them the designated responsibilities. In order to establish a healthy productive, technical and economic administration system, it is especially important to strengthen the production control by a system of norms and the estimation of production costs. The system of giving to each according to his work must be adopted to insure that every employee in every workshop and every unit discharges his responsibilities and to motivate the masses to exploit to the full the potentialities within the enterprises, to improve the management of operations and to bring higher economic benefits.

Third, it is essential to establish a proper ratio of benefits to the state, the group and the individual, and a link between the base contract figures and extra profits. Measures must be taken to insure that the state and the enterprises receive a fair share of the extra profits. Bonuses should be increased or decreased in proportion to the increase or decrease in production. The level of increase in bonuses should be lower than that of the increased production and profits. The enterprises themselves must set a balanced advanced quota. Wages must not be raised in proportion to the unit's production costs. The piecework wage system may be adopted if it is arranged by a circumstances, but it must be studied and approved before being adopted. Those enterprises which have already adopted the piecework wage system must put it in good order. Wages paid to workers must not be raised to too high a level within too short a time. It is necessary to look forward and backward and to make use of profits to make up for deficits.

The proper implementation of the above measures, the continuous upgrading of our understanding, the derivation of value lessons from our experiences and the perfection of the various methods will result in the healthy development of the economic responsibility system and contribute greatly to the development of production.

[16 Feb 82 p 2]

[Fourth of five articles by Luo Yuanming [5012 0337 2494] and Luan Zhongxin [2940 1813 0207]: "Consolidate and Strengthen Labor Discipline, Strictly Enforce the System of Reward and Punishment"]

[Text] Socialist labor discipline means a set of behavioral regulations which the broad masses of laborers must observe in working together under the system of public ownership of the means of production in order to protect public interest and to insure the normal progress of production and construction. Its basic substance includes submission to the organization in the assignment of duties, observance of the various systems set up in their own units (such as the system of job responsibility and the regulations regarding technical performance and safety in production, protection of equipment, attendance and so forth), guarding state secrets, and so forth. This is a prerequisite for the harmonious and smooth progress of production toward

planned goals. Modern large-scale social production requires laborers of many departments for different types of work and according to different work procedures, and these laborers must work together in harmony according to the objective requirements of production and technology. This calls for even stricter labor discipline. It was through the collective labor in production, based on cooperation through the division of work, that a keen sense of organizational discipline has been cultivated in the working class which has thus become an advanced class and the embodiment of advanced productive forces.

Since the founding of new China, the working class and the broad masses of laborers have become masters of the country. They are taking part in socialist labor with a keen sense of responsibility, and the vast majority of them can conscientiously observe labor discipline and maintain good production and work orders, thus insuring the smooth progress of socialist construction. However, because of the ideological influence of the exploiting class and the force of old habits which still exist, there have been violations and disruptions of labor discipline. During the 10 years of turmoil, Lin Biao and the "gang of four" incited anarchism and called the necessary rules and regulations "control, restriction and suppression" of the workers, while those who protected and conscientiously observed labor discipline were slandered as "conservatives." Thus the rules and regulations and the strict labor discipline set up in many years were seriously disrupted, and some people's concept of discipline became weakened. Although these rules and regulations have been restored, labor discipline has not returned to its highest level because many new young workers have not received intensive technical or vocational training or strict educational discipline before starting work, and the leadership of some enterprises is weak and lax, or afraid to exercise any control. This lack of labor discipline is shown by noncompliance with the work system, coming on duty late and leaving early, and passive idleness; the frequent requests for leave of absence, neglecting work for no reason, or, in some cases, obtaining sick leave certificates by fraudulent means and tailoring these certificates. It also may be seen in refusal to accept assigned jobs, to follow directions or to observe the regulations in work, which results in the production of rejects, damage to equipment, suspension of production, and disabling people in cases of occupational negligience; helping oneself to public property, graft, embezzlement, speculation and profiteering, gambling, fighting and other hooligan activities which sometimes lead to the committing of crimes. All these problems have seriously corroded the ranks of workers, disrupted normal production procedures, and affected production efficiency, economic results and social stability and unit. If not promptly solved, these problems will become serious obstacles to the progress of the four modernizations.

In consolidating labor discipline, we should mainly stress education and implement the policy of "learning from past mistakes to avoid future ones and curing the sickness to save the patient." All enterprises should constantly carry out education in law and discipline among the workers, particularly the young and new workers. Relying on the masses, they should set up and perfect the relevant rules and regulations, factory rules and rules for workers in the light of actual conditions in the unit; and strictly enforce them. Those conscientiously observing labor discipline should be commended or rewarded; those violating labor discipline should be patiently educated so that they can be helped to turn over a new leaf; and the small number of

workers who have seriously violated law and discipline and refuse to mend their ways even after repeated education, must receive disciplinary action or be dismissed according to the seriousness of the case.

Consolidating labor discipline is an important matter for the enterprise's production and the workers' ranks. The broad masses of workers and staff members must display their keen sense of responsibility as masters of the country by taking an active part in this work. First they must recognize the importance and necessity of the consolidation of labor discipline, be more eager to uphold labor discipline, and resolutely to combat all violations of labor discipline. They must form the idea that observance of labor discipline is an honor, while violation of its is a disgrace. Secondly, the Communist Party members, old workers and model workers should play a resolute and leading role in observing labor discipline, and should carefully pass their experiences to and help and lead the young workers. Thirdly, all workers and staff members, particularly the young ones should study diligently so that they can be aware of the glorious tradition and the historical mission of the Chinese working class and of the basic requirements of labor discipline, and the requirements of their own jobs in production and technology. They should try to become fine workers who are ideologically advanced, technically expert, strict in observing discipline, and eager to cooperate in unity.

If all the workers and staff members will rise in action and participate in the struggle to consolidate labor discipline, they will be able quickly to change the complexion of the enterprise and promote the development of production and construction.

[18 Feb 82 p 2]

[Fifth of five articles by Luo Yuanming [5012 0337 2495] and Luan Zhongxin [2940 1813 0207]: "There is Need To Enforce Financial and Economic Discipline and To Establish a Better Accounting System"]

[Text] Financial and economic discipline represent a yardstick set by the nation for strict observance by the various economic departments, areas, units and individuals in their economic activities to safeguard the financial interests of the state and to insure the proper use of the funds of the nation. Financial and economic discipline requires that the concerned departments and units pay to the state the full amount of taxes, profits and other funds in time according to the financial system, to use their funds for the stipulated purposes, to refrain from keeping and using taxes and profits which belong to the state, to refrain from using bank loans and working capital for basic construction, to refrain from falsifying costs and incurring unwarranted operational expenses, to refrain from seeking to obtain state funds under false pretenses, to refrain from giving dinners and gifts, to refrain from pretension and waste, and to refrain from paying excessive amounts as bonuses and subsidies.

Many enterprises have recently instituted readjustments which have resulted in better financial accounting and better financial and economic discipline. However, there are also enterprises which continue to violate financial and economic discipline and to withhold what belongs to the state, chiefly by overstating costs, by evading and withholding the payment of taxes, by raising the foreign exchange rate without authorization and by taking it upon themselves to operate large collective enterprises.

They magnify costs by dipping into special funds, by withdrawing expenses in advance and by putting special funds for basic construction in the cost column. Under the pretext of entertaining foreign guests and "clients," they constribute to enormous waste by indulging in wining and dining and the giving of gifts at the expense of the state. It has even become commonplace for some enterprises to resort to ingenious means to pay excessive bonsues, subsidies and payments in kind for the benefit of the enterprises and their employees. Even more serious is the fact that a few of the enterprises in the cities and towns and those operated by the production teamsn in the communes have become "a source of profit for the concerned cadres, a means for reporting expenses for wining and dining, and a veritable gold mine for taking care of the needs of one's family members." Such practices not only drastically reduce the income of the state, but also damage the party's workstyle, erode the morals of rank-and-file employees, and create opportunities to unlawful elements to engage in criminal activities. Unless financial and economic discipline is strictly enforced, the work of economic readjustment cannot be carried out smoothly and the establishment of a socialist spiritual and material civilization will be seriously impaired. It is for this reason that it is of paramount importance that financial and economic discipline should be enforced to bring about an overall readjustment of the enterprises.

The vast number of employees, as masters of the enterprises, are in a good position to know how well financial and economic discipline is being enforced by the enterprises and are best qualified to speak their minds. In order to bring about better financial and economic discipline, the employees must direct their attention to the following:

First, they must heighten their ideological awareness and wage a struggle against practices in violation of financial and economic discipline. The vast number of employees must be fully aware of the fact that the fixed assets and the working capital of the industrial enterprises belong to the state and that they are not to be appropriated by anybody. They should fully understand that profit made by the enterprises must be shared as stipulated, and that it is in violation of the law to appropriate for oneself what belongs to the public. The vast number of employees, particularly those responsible for accounting, must firmly uphold the inviolability of the financial assets and interests of the state, make a conscientious effort to observe financial and economic discipline, and be prepared to wage a determined struggle against activities which are in violation of financial and economic discipline.

Second, they must assist and supervise those in leadership positions in launching a massive investigation into the financial and economic discipline of the enterprises. The purpose of the investigation is to sum up the experiences in intensifying the effort to get the progressive enterprises to strengthen their financial administration and to bring about higher economic benefits, to perfect the system, to plug up loopholes, to educate the cadres in the need to observe rules and regulations, and to take into consideration the interests of the whole in order to put an end to practices which contribute to the state's financial losses and which are in violation of financial and economic discipline.

Third, they must assist those in leadership positions in investigating irregularities which have been brought to light. The purpose of the investigation is to educate through criticism those who are guilty of committing errors of a general nature and to mete out punishment to those who abuse their positions to reap personal benefits and who are guilty of corruption and larceny. Those enterprises which voluntarily admit to wrongdoing should be dealt with leniently, while those which cover up or deny their wrongdoings should be severely dealt with. Leadership cadres and financial personnel of the enterprises who violate financial and economic discipline must be dealt with severely and held economically and legally accountable. Those who are exemplary in the observance of financial and economic discipline and who are zealous in protecing the financial assets of the state should be given citations and rewards.

Fourth, they must, on the basis of their investigation, bring about changes for the better though the congresses of employee representatives. In the process of investigating violations of financial and economic discipline, they must analyze seriously the causes that give rise to such violations and seek to find a solution to the problem in time and in an appropriate manner.

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ECONOMIC PLANNING

GOVERNMENT NOTICE ON ECONOMIC RESPONSIBILITY SYSTEM ISSUED

Hangzhou ZHEJIANG RIBAO in Chinese 11 Feb 82 p 1

[Article by staff correspondent: "Further Improve the System of Economic Responsibility for Industrial Production; Notice Issued by Provincial People's Government"]

[Text] Recently the provincial people's government issued a notice relaying the "Specific Views on the Implementation of the State Council's Provisional Regulations Concerning Certain Problems in Adopting the System of Economic Responsibility for Industrial Production" of the provincial economic commission, the finance department and the labor bureau proposing suitable measures for further improving the system of economic responsibility.

On the basis of a summation of practical experiences, the "Specific Views" decided that beginning from this year, the enterprises and the departments in charge practicing the system of economic responsibility should adopt the following methods: (1) Retention of base profit in addition to sharing increased profit; (2) Sharing of total profit; (3) Sharing of above-plan profit; (4) Responsibility for profit quotas; (5) Responsibility for loss; and (6) Paying taxes instead of handing over profits, and assuming responsibility for profits and losses. Each enterprise can choose only one of these six methods, and no more than one. A policy of encouragement and support should be adopted in dealing with mines and the enterprises producing goods in short supply and yielding low profits, and minor commodities. In stipulating the ratios of profit sharing, the base figure of profit and the ratio of sharing above quota profits, special considerations should be given to these enterprises. At the same time, regarding the relations of distribution within enterprises, specific regulations have been worked out concerning piecework wages, and above-quota piecework wages and the levels of bonuses.

The "Specific Views" strongly pointed out: The enterprises practicing the system of economic responsibility must insure the overall fulfillment of state plans, produce according to social needs, constantly improve the quality of products, increase the designs and varieties, lower the production costs, and achieve better economic results. The departments in charge should set standards for evaluation according to the characteristics of enterprises in different trades, and carry out comprehensive evaluations of the way in which the enterprises fulfill state plans. The enterprises practicing the system

of economic responsibility should stricly carry out the state's economic policies and observe the financial and economic disciplines. The finance department, banks and other departments should strengthen their financial supervision in collaboration with the departments in charge of the enterprises, and conduct periodical inspections on how the enterprises are observing the financial and economic disciplines. The enterprises' legitimate interest should be protected and those who are scrupulous in the observance of law and discipline should be commended. In the case of illegal acts and violations of financial and economic disciplines, the leading persons and the personnel concerned must be held economically or even legally liable, depending on the seriousness of the offense, besides repossessing their illegal economic gains.

The "Specific Views" pointed out: Suitable guidance should be provided in the adoption of an economic responsibility system so as to arouse the enthusiasm of the masses to improve their management, to carry out technical transformation well, and to achieve better economic results. At the same time, ideological and political work should be stepped up, and spiritual encouragement should be combined with material incentives so that the broad masses of cadres and workers will understand that while the task of national economic readjustment is still very heavy at present, the enterprises' retained profits cannot be excessive, while the individual income should be controlled. Since the working class is the master of the country, each worker should correctly handle the relationship between the state, the enterprise and the individuals, set right the relationships between immediate and long-range interests and between partial and overall interests, enhance their sense of being masters of their own affairs, and devote their main energy to the development of production so as to make greater contributions to the state.

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ECONOMIC MANAGEMENT

CRACKDOWN ON ECONOMIC CRIMES URGED

Guangzhou NANFANG RIBAO in Chinese 10 Mar 82 p 1

[Commentator's Article: "The Need to Tighten the Rules and Stop Up All the Loopholes in Ideology"]

[Text] Cracking down on criminal activities in the economic field is one of the problems which the party Central Committee is determined to solve this year. Recently, there have been many areas in our province where due to the stern handling of illegal and undisciplined incidents in the economic sphere and other fields, the people were greatly satisfied and inspired with enthusiasm. This fully proves the correctness of the party Central Committee's policy decisions. Therefore, we must resolutely carry this struggle to the end.

Criminals in the economic field have one characteristic in common--they seek private gain through power. As soon as they have power, they use it to increase their own personal interests. Moreover, more often than not, when you give them an inch, they will take a mile since they are so insatiably greedy. The deputy bureau chief for the Zhaoqing Prefecture Transport Bureau, Qiu Cai [6726 2088] was a case in point. As soon as he took over as deputy director, he could not wait to come out into the open. From stealing and reselling steel materials at a profit, he graduated to reselling all the materials in his charge. He embezzled 63 yuan by selling steel materials and then went on to embezzle more than 6,000 yuan. Therefore, our party organizations at all levels must learn a lesson from these cases. They must carry out conscientious ideological education for our cadres, making everyone, from an ideological point of view, build up an anticorrosive "great wall of steel." We must make all cadres clearly understand from an ideological standpoint that all the power we have in our hands is given by the party and the people. We should honestly and conscientiously use this power to guard the interests of the party and the people. Under no circumstances should we misuse this power to seek private gain. Otherwise, we would give the decadent ideology of capitalism an opportunity to exploit through the gap opened up in our ideology and we would be gradually struck down by sugar-coated bullets.

A major reason why the criminals in the economic field, such as Qiu Cai and his ilk, are able to seek private gains through power is that they make use

of the weakness found in a number of our units where the management is not good and where the rules are not strict. Accordingly, they can fish in troubled waters. Due to the effects of the 10 years of turmoil, a number of our units have a lot of loopholes in their management and in their rules. As government and party cadres, of course we should conscientiously stop up all the loopholes. But Qiu Cai not only did not patch up any loophole, he in fact created confusion and undermined the very foundation of socialism, which is even more loathsome. These types of grubs and worms must be resolutely punished according to law. Of course, we will also want zealously to learn lessons from these kinds of cases. In addition to first plugging the loopholes from an ideological standpoint, we must earnestly establish and perfect all types of rules and regulations, strengthen management and administration, and thereby plug all the loopholes through management and the system. We should see that the special policies and flexible measures implemented in our province, with regard to economic work, must be handled both in a flexible manner; and, managed strictly. At present, there are many units which, as soon as "flexible" is mentioned, will conclude that the "stretching" of the rules and regulations can be very broad. This is incorrect. For example, some units stipulate that a specific remuneration may be given to an enterprise to market slow-selling products, but they do not concretely stipulate how these sales should be promoted. Thereupon, some people adopt the manner of "the Eight Mortals crossing the sea, each one showing his or her special prowess" and try to establish relations with each other or switch to adopt the tactics of "making a secret substitution," and transfer the losses to the state. Thus people like Qiu Cai will continue to exploit opportunity until we establish complete and strict rules and regulations. Of course, we cannot count on immediately killing off the evil practice of seeking private gain thru power with one regulation. But, strict rules and regulations, at least will make many people feel apprehensive and be hesitant about acting wantonly when they engage in evil practices and will make all people be bold and assured and have a precedent they can follow when they carry out supervision. All of our cadres, especially the leading cadres at all levels, should come forth and take part in the job of plugging up the loopholes.

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ECONOMIC MANAGEMENT

PROBLEMS IN SYSTEM OF RESPONSIBILITY FOR MANAGEMENT DISCUSSED

Beijing SHANGYE KUAIJI [BUSINESS ACCOUNTING] in Chinese No 2, 10 Feb 82 pp 4-7

[Article by Ren Jiliang [0117 4949 0081]: "Several Theoretical Problems in Adopting the System of Responsibility for Management--On Studying Lenin's Notes on the Relevant Theories"]

[Text] Adoption of the system of responsibility in socialist commerce is an important reform for the purpose of raising the level of commercial enterprise management. As the term responsibility for management implies, the enterprise has to assume economic assume economic and, most important still, political responsibilities to the state, while the workers have to assume the same responsibilities to the enterprise. In addition to the enterprise's economic interests, they should be even more concerned with the economic interests of the state and the people; and in addition to the quantities of their tasks, they should also fulfill the targets relating to the quality of their tasks. Therefore, adoption of the system of responsibility for management in socialist commerce is helpful to the enterprise in expanding commodity circulation, improving its business management, raising the standrad of service, economizing on circulation expenses, increasing its profits and the all-round fulfillment of state plans. It also helps promote industrial and agricultural production, increase state revenues, stabilize market prices, raise the people's standard of living, and conslidate the worker-peasant alliance for the state and the people. The sum total of all these functions should be the result of the adoption of the system of responsibility for management.

In practicing the system of responsibility for management, the enterprise should be given certain rights of management, while both the enterprise and the workers should be entitled to certain economic benefits in order that there may be an organic integration of responsibilities, rights and interests as an encouragement to the enterprise and the workers in doing their commercial work well. This is what the party demands in accordance with the general trend and the popular will. We must fully recognize the great and profound significance in the adoption of the system of responsibility for management.

But how should this work be properly carried out? We are still in the exploratory stage and further efforts are required in this direction so that we can accumulate our experiences and gradually improve our work. We should

also have a clear theoretical knowledge of its theoretical significance so that we can guide our practice with theory, avoid the wrong path, and achieve even better results.

Here are some tentative ideas based on the study of Lenin's basic theses on the system of responsibility.

I. System of Responsibility for Management Should Be Based on Political and Economic Unity

Politics and economics are inseparably related to each other, with politics in the first place. This has already become the basic knowledge of Marxism-Leninism. Politics is important for the following reasons:

First, the party's policies and tactics determine the direction and character of all activities. Lenin said: "By the party's tactics, we mean the party's political conduct, or character, direction and methods of its political activities,"[1] In adopting the system of responsibility for management today, we must stress its political role, its political and economic unity, and, first of all, the need to firmly adhere to the socialist orientation. In the past several years, some articles have stressed only profits as the criterion for assessing economic results, and held that only thus can economic means be used to manage economics. The motive behind this idea is understandable. However, with regard to the relationship between politics and economics, all economic measures must serve certain politics, and there can be no purely economic method of management. Management itself is inseparable from politics. If we deviate from the socialist orientation and planned economy in the one-sided quest for profits, then the greater are the profits, the more serious will be the defects. Furthermore, if we deviate from the socialist orientation and planned economy and stress the system of responsibility in isolation, there can be no responsibility to speak of. Some enterprises whipped up a blast of price inflation in 1980, causing dissatisfaction among the people. This was precisely the inevitable outcome of this one-sided stress on profits. In fact, the increase in commodity prices cannot by any means create any social wealth, and increasing prices blindly will certainly affect the distribution of commodities, the standard of people's living and the market prices, and are harmful to social stability and unity. The uncontrolled increase in prices was the result of deviation from the orientation of socialist business operation.

Second, upholding political and economic unity is a necessity for strengthening ideological and political work and for the successful reorganization of enterprises. We must help the workers form the concept of the overall situation, and to be concerned for the overall and long-range interests of the state. Our economic activities at the present stage are beset with certain contradictions. For example, there are certain conflicts of interests between industry and commerce, between different areas and different products, between the enterprises and the market, between accumulation and consumption, between various links in commerce, and between the state, the enterprise and the individuals; and these contradictions should be properly resolved. In resolving these complex contradictions of economic interests, we must

follow the principle of political unity, that is, the subordination of individual to collective interests, the subordination of temporary to long-range interests, and the subordination of partial to overall interests. This is the basic difference between socialist and capitalist and material interests, as well as the key to political and economic unity. "With the skin gone, what can the hair adhere to?" Similarly, if the national economy fails to make any headway, the market is not stable, and the finance is unbalanced, the minor interest for individuals cannot last long. Therefore, the enterprises and workers must recognize the importance of, and be concerned with the overall situation and willingly and strictly observe the state's policies, principles, rules and regulations, and systems. This concerns the long-range benefits of the state, the enterprise and the workers, and we cannot be indifferent to it.

II. System of Responsibility for Management Should Be Based on the Unity of Democracy and Centralism

According to Lenin's theses, democracy and centralism have a dual significance.

First, the unity of democracy and centralism is manifested as the unity of economic interests. Lenin said: "If we do not employ the phrase "revolutionary democracy" as a stereo-typed ceremonial phrase, as a conventional epithet, but reflect on its meaning, we find that to be a democrat means reckoning in reality with interest of the majority of people and not the minority, and that to be a revolutionary means destroying everything harmful and obsolete in the most resolute and ruthless manner."[2] In other words, we must attach great importance to the economic interest of the majority of people as a precondition to our consideration of the interest of the minority. We will talk more about this question later.

Second, the unity of democracy and centralism is also manifested as the unity of political rights and duties. Lenin said: "Democracy signifies the formal recognition of equality of citizens, the qual right of all to determine the structure of, and to administer, the state."[3] At the same time, he emphasized: "To realize communism, it is absolutely necessary to have the highest and strictest centralization of labor on a national scale..."[4] Therefore, when Lenin spoke of the responsibility system, the system of responsibility under strict discipline was mentioned as being under the category of democracy. He said: "We must strictly distinguish between the two different categories of democratic functions: one is debate and mass meetings, and the other is a strict system of responsibility for various duties. We should also unconditionally carry out the decrees and orders in a disciplined and willing way in the process of labor, so that the economic structure can function like clock-work."[5] The unity of democracy and centralism required for the system of responsibility for management we talk about includes the unity of economic interests as well as the unity of political rights and duties. In an enterprise, these two unities are interwoven and are very strongly manifested as economic interests, or as economic results.

The unity of democracy and centralism we stress in the enforcement of the system of responsibility for management also refers to the unity of the enterprise's decision-making power and state policies, principles and plans and an all-round harmonious division of work. In actual work, if we one-sidedly stress centralism and include everything, major or minor, in the state plan, the result will inevitably be what Lenin criticized as "'bureaucratic fantasy' which is equivalent to a complete, all-inclusive and real plan."[6] This will restrict the enthusiasm of the enterprise and workers and ruin our cause. On the contrary, if each goes its own way without any leadership, it will be difficult to achieve a unity of purpose and action. It will be impossible for our economic plan to become "our urgently needed economic plan based on the strictly coordinated and mutually related plans of various production departments"[7] as envisaged by Lenin. In carrying out our planned economy, we must stress planned coordination, and this coordination should be like clock-work. On the contrary, it would also be undesirable for us to set democracy and centralism against each other, or to set the decision-making power against the implementation of policies, financial laws and the necessary regulations and systems; to indiscriminately treat all plans as "stereotypes" and to consider all systems as being over-rigid. It is true that in the past, the way of handling certain problems was over-centralized or over-rigid, so that certain readjustment is in order. However, there have also been problems on which our control was not strict enough. The unhealthy tendencies in the economic field were in many cases formed and gradually spread precisely because of the lack of strict control. Therefore, centralized and unified state leadership must be exercised on all economic activities which concern the overall situation and have a bearing on the national economy and the people's livelihood, while decision-making power in varying degrees should be given to different enterprises, whose workers and staff members should, at the same time, enjoy greater democratic rights in their management. Thus economic methods are combined with administrative methods. That is why the decision-making power for enterprises can only be relatively expanded, and these enterprises should become relatively independent socialist economic entities. The degree of the expansion of decision-making power should be determined by the changes in objective conditions and the level of management of each enterprise. Since ours is a socialist state, we must, in economic management, correctly recognize and handle the relationship between planned economy and the regulative role of the market. The market should play its regulative role under the guidance of state plans. One-sided stress on the market's regulative role and on the decision-making power for enterprises without the guidance of state plans is in fact a reflection of the liberalistic ideas in the economic field which will most probably lead to chaotic management, lax discipline and one-sided quest for profit among some enterprises. This may also destroy the overall effects of planning and cause a deviation from the socialist orientation of business operation. As a result, the political concept, production concept and mass concept which commercial enterprises must cherish will be weakened, and it will be difficult for them to correctly implement the policy of "developing economy and guaranteeing supply," and to serve production and people's daily life effectively. This runs counter to the type of responsibility system demanded by Lenin.

III. In Practicing the System of Responsibility for Management, We Must Raise Labor Productivity as the Basic Task.

In the development of socialist economy, our primary task is to raise labor productivity. Lenin pointed out: "For every socialist revolution, after the proletariat has solved the problem of capturing power, and to the extent that the task of expropriating the expropriators and suppressing the resistance has been carried out in the main, there necessarily comes to the forefront the fundamental task of creating a social system superior to capitalism, namely, raising the productivity of labor..."[8] Lenin attached great importance to labor productivity because "in the final analysis, labor productivity is the most important and the principal means of guaranteeing victory for the new social system."[9] In practicing the system of responsibility for management, socialist commerce should likewise treat the rise of labor productivity as their basic task. This includes the labor productivity as their basic task. This includes the labor productivity in commerce itself[10] as well as in the development of industrial and agricultural production, since production and circulation are originally united.

The rise in labor productivity among commercial departments is first determined by the correct implementation of the party's principles and policies. They must try to match commodity circulation with industrial and agricultural production. With the development of industrial and agricultural production as a prerequisite, they must make every effort to raise the standard of enterprise management, continue to promote commodity circulation, reduce expenditures and increase profits; and to bring about an all-round fulfillment of state plans. On the contrary, if they do not try to raise labor productivity as their basic task and only one-sidedly strive for profits, it may lead to dishonest practices.

IV. In Practicing the System of Responsibility for Management, We Must Show Our Concern for Individual Interest.

Lenin highly regarded individual interest. He said: "We say that every important branch of the economy must be built on the principle of personal incentive. There must be collective discussion, but individual responsibility. At every step we suffer from our inability to apply this principle."[11] He also said: "Concern for individual interest can help raise production, and we must by all means increase the production."[12] The individual interest to be recognized and promoted here refers primarily to the interests of all the people. While recognizing certain material interest for each individual, we cannot disregard the interests for the state, the collective and other individuals and must not struggle only for our self-interest. Showing concern for individual interest should not be any controversial issue; the only problem is with the way to recognize such interest and to carry out such a policy. Under present conditions, we should pay great attention to the solution of the following problems.

First, in practicing the system of responsibility for management, we should implement the "three-in-one" principle of responsibilities, rights and interests and the principle of linking interests with economic results.

Responsibility here means the enterprise's economic responsibility to the state and the workers' economic responsibility to the enterprise. To be specific, both the enterprise and the workers should increase production and revenues and create more social wealth for the state under the guidance of state policies, principles and plans. The external obligations of commercial enterprises are to support and develop production; and their internal obligations are to improve their management, to expand commodity circulation, to economize on expenditures, and to increase profits and economic benefits. This is the goal in the practice of the system of responsibility for management as well as the bounden duties of the enterprises and workers. Therefore, "responsibility" is the main component in the system of responsibility for management.

Rights here mean the policy decision rights in management in varying degrees being given to different enterprises for carrying out their economic activities, and the expanded democratic rights for the workers to manage the enterprises, so that these enterprises may become relatively independent socialist economic entities in their economic activities, in the implementation of party principles and policies, and in the control of manpower and financial and material resources. Thus rights have become a necessary condition for responsibilities, because the enterprise and the workers must have the necessary policy-decision rights before they can fulfill their tasks according to their specific responsibilities. However, the substance of rights can change in different enterprises and according to the different demands of their responsibilities. From the standpoint of development, we should work out economic laws consistent with the changing objective conditions, gradually separate government administration from enterprise management, establish economic centers, clear the channels of circulation, and so forth. These changes can take place in the intensiveness and extensiveness of the rights, and also play a promotional role in meeting the demands of responsibility.

As for interests, distribution of the increased portion of income on the basis of increased production should be carried out in accordance with the principle for a rational distribution among the state, the enterprise and the workers. Only this way of distribution can help promote the development of national economy and meet the requirements of the responsibility system.

As we can see now, responsibilities, rights and interests are inseparable. If properly handled, they will combine to form a harmonious cycle with each of them helping the others. Mishandling their relationships, such as stressing one of them to the exclusion of the other two, will produce undesirable effects which would nullify the economic achievements which we deserve. The detailed methods of integrating these three parties, such as the extent of expansion of the decision-making power for the enterprise, the limits of the enterprise's economical responsibility, and the lvel of economic benefits for the enterprise and the workers, involve a very complex and delicate problem which should be carefully handled through a detailed analysis of the specific conditions for different enterprises.

Second, the distribution of the increased portion of profit should be handled as a problem in the relations of production. Between the state and the enterprises, distribution should be carried out according to the principle of a greater share for the state. The state should have more because of the need for expanded reproduction and to meet the people's ever increasing material and cultural requirements. Between the enterprise and the workers, the distribution of economic benefits should also be guided by the principle of a major share for the enterprise, because the enterprise has to retain more profits not only to insure the continued development of its business and the workers' welfare, but also to leave some leeway in the tradition of "storing food against the rainy days" and in consideration of the situation of the neighbors.

In the distribution among these three parties, we should carefully note the following requirements:

1. The speed in the improvement of people's livelihood cannot be more than the speed of production development or that of increase in productivity. This is a necessary condition for expanded reproduction and is based on the consideration of long-term interests for the people.

2. The increase in people's purchasing power cannot be higher than the increase in the supply of consumer goods, so as to preserve a balance between supply and demand. This is a necessary condition for the stability of market prices.

3. The increase in the enterprise's profit retention cannot be more than the increase in the enterprise's profit. This is a necessary condition in guarding against any reduction of state revenues.

4. Attention should be paid to a balanced distribution among enterprises. At present, profit intakes are uneven among the enterprises. In the case of retail business, for example, this unevenness is mainly the result of the difference in trades, the locations of the stores, the changes in the commodity mix, the increase in social purchasing power, the trends and changes in the composition of social consumption, and the effects of taxes, prices, supplies and other policies. There are subjective as well as objective factors, and they affect each other in a most complicated way. Those whose profits are increased because of objective factors are "richly endowed by nature." If this portion of profit is simply distributed in recognition of the enterprise's contribution, such distribution will be divorced from realities and inconsistent with the principle of "to each according to his work" and aggravate the unevenness in profit intakes among the enterprises. As for the reduction in profit caused by the implementation of certain policies or by other normal factors (such as dealing in small sundry goods) which may even bring about losses, an overall arrangement should be worked out for all the enterprises, shifts and groups concerned. To solve this problem, it is only natural that we should be mindful of the situation of the neighbors at the time of distribution.

Third, in the works of Lenin, the system of bonus was proposed as "an incentive to outstanding work performance."[13] Therefore, there should be some criterion for assessing the performance of each worker, and this criterion should be based on the advanced average quotas of the quality, quantity and result of the performance. The workers who have given above-quota performances should be given special bonuses in order to overcome the defeats of "eating from the same pot," and to truly embody the principle of "to each according to his ability" as an incentive to the advanced and a spur to those who are lagging behind.

Because of the difference in the specific situations and conditions, there should also be different advanced average quotas. However, the basic substance of the quotas should include the labor time, labor intensity, labor efficiency, attitude toward labor, and the way policies and rules and regulations have been implemented, in addition to quality, quantity and the economic results.

In setting up the bases for the advanced average quotas for the system of responsibility for management, many enterprises have conducted in-depth research and explorations, and have generally adopted the method of rolling calculations [gundong jisuan 3340 0520 6060 4615] of the actual results of the 3 previous years in combination with the planned indexes for the current year, which is to be supplemented by additions or reductions according to the favorable or unfavorable market forecasts. We should say that the advanced average quotas worked out in this way are relatively practical. Of course, we have to continually sum up our experiences and constantly improve this method in practice.

There are many instructions from Lenin on enterprise management, such as enterprise management by experts, learning from advanced foreign experiences, launching emulations and so forth. Generally speaking, however, as long as we pay attention to the application of the theses we have mentioned; combine responsibilities, rights and interests in an organic way; integrate these responsibilities, rights and interests with economic results; combine the use of economic means with the use of administrative means; consolidate our achievements and overcome our shortcomings, we can certainly continue the improvement of the system of responsibility for management.

FOOTNOTES

1. "Selected Works of Lenin" Vol 1, p 516, People's Publishing House, 1972.

2. "Selected Works of Lenin" Vol 3, p 139. (ditto)

3. "Selected Works of Lenin" Vol 3, p 257. (ditto)

4. "Selected Works of Lenin" Vol 3, 749. (ditto)

5. "Collected Works of Lenin" Vol 27, p 193, People's Publishing House, 1958.

6. "Collected Works of Lenin" Vol 35, p 473, People's Publishing House, 1959.

7. "Collected Works of Lenin" Vol 4, p 395, People's Publishing House, 1972.

8. "Collected Works of Lenin" Vol 27, p 235, People's Publishing House, 1958.

9. "Collected Works of Lenin" Vol 4, p 16, (ditto) 1972.

10. Author: There are two schools of thought as to whether or not socialist commerce belongs to productive labor. The author agrees with the former.

11. "Collected Works of Lenin" Vol 33, p 51, People's Publishing House, 1957.

12. "Collected Works of Lenin" Vol 30, p 39, People's Publishing House, 1957.

13. "Collected Works of Lenin" Vol 3, p 748, People's Publishing House, 1972.

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FINANCE AND BANKING

SICHUAN CONFERENCE DISCUSSES TAX COLLECTION

HK060603 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 5 May 82

[Summary] A Sichuan provincial conference on tax work was held in Chengdu at the end of April. The meeting conveyed the spirit of the national tax work conference and discussed how to further improve the work this year. Vice Governor He Haoju made a speech.

Sichuan has overfulfilled its annual tax collection quota in recent years. The conference demanded that the tax collection departments actively promote production and open up more revenue sources so as to increase revenue. They must help the enterprises to improve financial management, do a good job in economic accounting, tap internal potentials and improve economic returns.

The meeting stressed: "It is essential to ensure centralization and unity in tax collection. No area, department or unit is permitted to exceed its tax collection jurisdiction, arbitrarily change the tax rate, or reduce or waive taxes. Violators will have their responsibility investigated. The tax cadres must act in an honest way, correctly implement the tax policies, and resolutely uphold centralization and unity in management of tax collection."

Last year the province implemented the general tax bureau's notice on investigating tax evasion cases and uncovered tax arrears totalling 59 million yuan. In some cases the enterprises had deliberately avoided paying tax. The conference demanded further investigation of this problem. The tax departments must also expose cases of smuggling and peddling contraband, speculation, bribery and corruption and so on.

The province overfulfilled the tax collection quota for the first quarter by 12.4 percent, with an increase of 20 percent over the same period of last year. The conference demanded that tax cadres throughout the province work hard and make still greater contributions to overcoming the state's financial difficulties.

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FINANCE AND BANKING

RESPONSIBLE OFFICIAL GIVES TALK ON PROBLEMS OF ACCOUNTING

Beijing SHANGYE KUALJI [BUSINESS ACCOUNTING] in Chinese No 3, 10 Mar 82 pp 2-7

[Article: "Several Problems in Present Accounting Work—Excerpts of a Speech Delivered by Comrade Yang Jiwan [2799 4764 3834], director of Accounting System Department of the Ministry of Finance, Before an Advanced Class of the Beijing Commerce Academy for Accountants, in December 1981"]

> [Text] Editor's note: This speech is very important. We hope the broad masses of finance and accounting works in the commercial, food and supply and marketing sectors will carefully study it, understand the spirit behind it, and then do their finance and accounting work well. We also hope your directors (officer in charge) and comrade managers will also read it in order that they will attach greater importance to it and strengthen their leadership accordingly.

Great achievements have been won on the accounting front since liberation. Accounting work was very backward in old China. There was no unit specially engaged in research on accounting theory as a branch of science, and accounting could not be well developed. After liberation, accounting practically started from scratch, and great achievements have been won in the past 30 years and more. These achievements are shown as: a fairly strong accounting contingent of, according to an estimate, 1.7-2 million finance and accounting workers, not counting those working in the people's communes and the army units; approximately 40 special finance and accounting institutes included in the institutes of higher learning and turning out thousands of graduates each year; and the fairly great developments in teaching and research in accounting, and in accounting system and accounting work. On the whole, however, accounting work still cannot catch up with the development of the situation. Recently, Premier Zhao called on us to take necessary measures to restore the work of accounting to the level of 1950's. The implication of his remarks is that compared with the 1950's, our accounting now is backward. Of course, he was referring to certain aspects of the work instead of accounting as a whole. There are two main causes for this backwardness: First, the work of finance and accounting was seriously disrupted during the 10 years of turmoil. Despite the many measures adopted in the past 3 or 4 years for its consolidation, the

problem, generally speaking, has not been completely solved. Secondly, the economic development, and particularly the restructuring of the economic system as shown by the increase of decisionmaking power for the enterprise and adoption of the system of economic responsibility have given rise to many problems in finance and accounting work, and we have not been able to conduct any timely research or study in the new problems under these new conditions. In order that the work of finance and accounting can be compatible with the development of the new situation, we should adopt effective measures within the next several years to consolidate and improve such work. Among the 10 principles mentioned by Premier Zhao in his Report on the Work of the Government at the Fifth National People's Congress, there is one entitled "Carry Out the All-round Consolidation and Necessary Restructuring of Enterprises by Groups," in which he said: "We should carry out the consolidation of enterprises step by step, taking into account the experiences gained in selected enterprises and their popularization in other enterprises, and try to complete it by groups in 2 or 3 years." This is going to be an important job next year. The consolidation of enterprises involves quite a wide range of subjects, and one of them is the consolidation of finance and accounting work. For this reason, we have to study several problems carefully. Here I plan to deal with six of them.

1. On the Consolidation of Accounting Procedure and Improvement of Accounting Work

Consolidation of accounting procedure is the focus of consolidation in some enterprises. The task and function of accounting is to reflect the economic situation and to supervise economic activities. Truthful reflecting of the economic situation is the most basic function of accounting. However, there are now many problems in this respect. The lack of truthful accounting figures is no longer an isolated problem in individual enterprises because of both subjective and objective factors. For example, there are not enough accounting cadres, and the standard of their work is not high. We should step up the training of the accounting personnel in order to increase their professional competence. Some new conditions can also give rise to new problems. For example, the expansion of financial power for the enterprises, which should be a very good method of restructuring the old economic relations of "eating from the same pot," has at the same time produced some side-effects. After handing over part of its profits to the state, the enterprise will be concerned with its profit and loss, which have a direct bearing on its own interest; and may be tempted to disregard the overall interest and to resort to fradulent means in promoting self-interest. Therefore, consolidation of the accounting procedure is the most basic work in the consolidation of accounting, and should begin with the consolidation of the basic accounting work. The problem in this respect is now quite serious among some enterprises. If the basic work is not well carried out; if the accounting procedure is not properly arranged; and if the accounting system is not firmly upheld, accounting will not only fail to provide truthful figures to serve as reliable numerical date for economic management, but may also leave loopholes for corruption and embezzlement. In the No 3 Jinghang Engineering Company of the Panzhihua Metallurgic and Mining Company in Sichuan, a female accountant misappropriated some funds every month from

the time she started work, and in 7-8 years, accumulated more than 260,000 yuan from these misappropriations. This instance clearly shows the problem. Therefore, we are planning to request the State Council to issue some document concerning the consolidation of finance and accounting among the enterprises, and this consolidation should include the basic work and the procedure in accounting. At the same time, we plan to start a large-scale financial inspection beginning this (1981) year end and lasting 2-3 months. In his report to the National People's Congress, Minister Wang Bingquan of the Ministry of Finance made these remarks : "The State Council has decided to accomplish the consolidation of enterprises, by stages and by groups, within 2 or 3 years. In coordination with this effort, there will be a general check-up on the financial work of enterprises next year. Its purpose will be to improve enterprise management and business accounting and strictly enforce financial discipline, to firmly check and do away with illegal practices such as holding back profits that ought to be delivered to the state, inflating production costs and transferring funds for unauthorized purposes and to eliminate all forms of reducing payments to the state." We hope all enterprises will consolidate their accounting procedure within this brief period, because in readjusting and restructuring the national economy, in carrying out planning and arrangements, and in studying the ratio between accumulation and distribution and the balance between revenues and expenditures, we must have very accurate and reliable statistical and accounting figures as the basis of our policy decisions. Truthful reflection of conditions is not only a microeconomic, but also a macroeconomic requirement.

2. On the Problem of Accounting Legislation

The system of finance and accounting is the basis of finance and accounting work. However, many finance and accounting systems at present cannot be implemented. This is on the one hand because some systems themselves are incompatible with the present objective conditions, and these systems should be reformed. On the other hand, this is due to the rather weak concept of the legal system among the finance and accounting personnel. Therefore, we are considering the setting up of some highly authoritative law—the accounting law. We have already filed our proposal with the Legal Commission of the National People's Congress and are planning to submit the first draft next year (1982). After repeated discussions and studies, it will be referred to the higher levels, and every effort will be made to have it adopted by the NPC Standing Committee. When the accounting law is available, the work of finance and accounting will have a strong legel backing, and the other systems of finance and accounting can be worked out according to the accounting law and implemented authoritatively. Violation of the accounting law will also be a law violation punishable according to law. Furthermore, we plan to have production cost law. Comrade Wang Bingquan said in his report: "At the same time, we shall incorporate into relevant statutes our useful practical experiences accumulated over the years, and especially our recent successful experiences in reforming the financial system. As a first step in this direction, next year we plan to draft and enact separate statutes on accounting, production costs and depreciation of fixed assets of enterprises as well as some basic statutes concerning taxation." The most important among them is that of accounting.

Besides, we also plan to carry out some reform in our accounting system. To strengthen the basic work in finance and accounting, it will be necessary for some regulations concerning the basic skill of accounting personnel. For example, we plan to set up some rules which every accountant must follow in his bookkeeping, and which should be studied by the new accounting personnel.

3. On the Restoration of the Auditing System

In his speech before the National Accounting Conference in 1980, Vice Premier Yao Yilin mentioned the work of auditing, saying: "The implementation of these principles and policies will certainly enhance the importance of accounting in the national economy and greatly strengthen the work of bookkeeping, cost accounting, account analysis and auditing." He added: "Recording transaction and keeping accounts are certainly the most basic jobs. On the basis of these jobs, we should be able to learn advanced accounting, cost accounting, account analysis, and the way to conduct forecast and auditing through accounting." At the same time, people in the finance and accounting academic and theoretical circles and the relevant departments had already proposed that the state should restore the auditing system. Auditing was originally practiced in the old liberated areas before the nationwide liberation. After the liberation, it was gradually abolished, and now we plan to have it restored. Auditing is an academic subject which should be studied. The universities should again include it in their curricula.

There are internal and external auditing. The capitalist countries formerly stressed only external auditing, meaning that the auditing of accounts should be carried out by outsiders. Since the 1950's, they have stressed internal auditing. The more active is internal auditing, the less would be the workload for external auditing; and this was one of the features in the development of auditing among the capitalist countries after the 1950's. What is internal auditing? It is the job carried out by professional auditors, or inspectors, in an enterprises of checking the accounts and the records of financial activities which have already taken place in the enterprise. In our country, the task of internal auditing is entrusted to accountants who, in handling the accounts, are required to check and see if the activities are rational and legitimate. If any transactions are found to be against the financial system or financial law, the accounts have the right to reject them. If any leading person in the enterprise tries to overrule them, they have the responsibility of reporting the matter to the higher authorities. This is one form of internal auditing. It has two defects: First, the accountant can only check and found out whether the transactions recorded are rational and legitimate, but would not check his own accounts to see if there is any mistake or violation of law. The misdeeds of the female accountant in Panzhihua, as mentioned earlier, remained undetected for a long time simply because nobody checked her account. Second, since the accountant to do the auditing is under the enterprise leadership, many violations of law have been committed with the knwoledge of the leadership or according to the leadership idea. Even though the accountant's refusal to follow the idea is backed by the state's

authorization, such backing can be of only limited effect, because people would ask: "Should the factory director lead the accountant or the other way around?" Of course, such a question is inappropriate, because both the factory dicector and the accountant must obey the state's financial law and financial system, which nobody can violate. So the question of who leads whom does not arise. As proved by experience, since all financial receipts and payments pass through the accountants' hands, accountants are in the best position to reflect the conditions comprehensively and to guard the property effectively. External auditing can be carried out only periodically or take the form of spot checks, and the auditor cannot have a clear knowledge of the operation as the accountant does. Therefore, we still insist that accountants should strictly enforce the financial laws and financial system, and should resist and report any violation. At the same time, we still need external auditing for two reasons. First, external auditing can be a support for the basic level unit accountants, because it is something the leading persons have to care about. Even though the accountant is forced to go along with their unjustifiable expenses, such irregularity can still be detected by external auditing. Second, if the accountant is incompetent or colludes with the leadership, his mistakes can be exposed through external auditing. This is the main reason for our proposal that auditing organs be established and the auditing system be restored.

Restoration of the auditing system refers to external auditing. Internal auditing can be undertaken by the accountant, and there is no need for the enterprise to designate any special auditor, for the reason that even special auditors are under the leadership and have but limited authority. Minister Wang Bingquan said in his report at the National People's Congress: "To initiate supervision through audits, the State Council has decided to gradually establish auditing bodies at the central and local levels to supervise the relevant activities of all economic organizations. This will play an important role in doing away with malpractices and unhealthy tendencies in the economic field and in enforcing state laws and discipline." How will the auditing bodies be established? According to the views expressed in various quarters, there can be no more than three methods: The first, and the most ideal, is the establishment of a permanent auditing body under the standing committee of the National People's Congress, called the State Auditing Bureau. Western countries generally adopt the same method. Despite the different names used, all these auditing bodies are actually responsible to the parliament or congress. If we establish the auditing body under the National People's Congress and charge it with the duty of auditing and supervising over state organs and government personnel, including the Ministry of Finance, the great advantage is that it is highly authoritative and the units to be auditied will certainly fully cooperate instead of resisting. However, since the National People's Congress is not a standing organ like the parliament or congress of Western countries, this idea cannot be easily realized. The second idea is for a state auditing bureau to be established under the State Council, and this bureau is to be on the same level with the ministries; and for branch auditing bureaus to be established under the provincial, municipal and regional people's government. There will also be branches at the county and other lower levels, and these branches will be under the local people's government as

well as the auditing bodies at the higher levels. This auditing structure is fairly ideal because of their authority. However, for such a structure, we need approximately 200,000 cadres who are competent in accounting as well as auditing, have a strong policy concept and a high political consciousness. At present, it is difficult to realize this idea. Therefore, some people have a third idea, the idea of a transitional method. According to this method, a general auditing bureau is to be established under the Ministry of Finance, with corresponding auditing bodies under the provindial, prefectural and county people's governments. This method is comparatively simpler, and there is no need for a huge structure. If the personnel is not enough, they can be borrowed from several sources. First, the tax bureaus and finance departments of the bureaus which originally had the duty of checking the enterprises in financial matters, and some of their cadres can be borrowed for auditing. Second, the system of stationing personnel in factories can be restored. Third, rules can be set up in future for the finance and accounting personnel of industrial, communications and commercial enterprises to check on one another. For example, the personnel of Unit A can check the account of Unit B, and Unit B's personnel and check the account of Unit C. These mutual checks are not only for "fault-finding," but also for learning from one another so as to raise their management level.

We will report to the State Council later on the specific plan for establishing the auditing bodies.

As to the system of auditing, two points have to be clarified. First, the substance of auditing. There are two aspects to auditing work. First, it is of a portective nature, meaning the precaution against mistakes in the entries or inacuracy of figures which may leave loopholes for corruption and embezzlement by unscrupulous elements. This is the aspect of auditing work at an early stage. Second, it is of a constructive nature. According to the practice of capitalist countries, external auditing will be reduced after the strengthening of internal auditing. The primary purpose of external auditing is to find out whether there is a sound internal auditing system. If this system is really sound, then there will be no need for further checking, and the auditing of a protective nature can be relegated to a position of secondary importance. Thus the purpose of auditing is mainly to check on the business activities aas a whole, so as to discover the achievements, problems, or the results of inexperience; and the methods of lowering the production costs and increasing profits. Auditing can positively help improve business management and achieve the goals of lowering production costs and increasing profits. This is called constructive auditing. Auditing among Western capitalist countries has now reached this stage, and the main duty of auditors is for consultation on business management or to serve as advisers or councilors. Conditions in our country are different. For the overall accounting in business management, stressing economic results, strengthening planned control and practicing the internal system of economic responsibility, the enterprise has a complete system of organization and a chain of command, and requires no special assistance from outsiders. Second, auditing is of two types, namely subsequent auditing and advance auditing. Subsequent auditing is intended for fait accompli, and can only discover problems which have already taken

place. Since it is always better to take advance precaution against violations of financial law, we should strengthen advance auditing. Our advance auditing is in fact the core of our entire business management and planned economy, because from the beginning of forecasting, planning and making policy decisions, we have to consider economic accounting and economic benefits, and to strive for greater, faster, better and more economic results. I may add that in capitalist countries, the focus of auditing work has already been shifted to constructive auditing, and from subsequent auditing to advance auditing. In our country, auditing still belongs to the subsequent and protective type, but we can tentatively strengthen advance auditing. This work, if satisfactorily carried out, will play an important role in eliminating certain malpractice in the economic cphere at present and in strictly enforcing the financial law. It should also be mentioned that at present, there is a director of financial supervision. This director investigates only the important cases and the investigations are not of a regular nature. In some ministries, financial supervision sections are established under the financial director. If we are to establish auditing bodies and restore the auditing system, these auditing bodies must meet these three requirements: First, authority or the authority to check accounts. All units must give them full cooperation instead of rejecting of hoodwinking them. Second, professional competence. There must be a number of auditing cadres who have strong policy concepts and professional ability. Third, regularity. Auditing must be carried out regularly and constantly so that every unit will be aware that sooner or later, their accounts will be checked. These are the three main requirements in setting up auditing bodies.

4. On Summing Up Our Country's Experiences and Learning From Foreign Countries.

We should learn from foreign finance and accounting or the theories and methods of management. This serves a two-fold purpose: First, in this field, foreign countries certainly have good experiences which we should learn or use as reference; and second, it will help absorb foreign funds and will be convenient for us to negotiate or cooperate with foreign merchants.

Can all foreign methods of management be used by us? Here, we must conduct some analysis. Facts have proved that wholesale copying from foreign experiences can lead us nowhere. We practice planned economy and are different from capitalist countries. If we say that the turnover of funds in Japanese plants is several times faster than that of ours, and that we should speed up our turnover, it is quite correct. However, we also have objective reasons. Besides, some equipment is in complete sets. For example, electronic computers are good and progressive. Its production should be the orientation of our development. However, its large-scale development is impossible at the present stage, because three conditions are required for such development. First, we should be able to produce instead of importing them. Even if they have been imported, we do not know how to repair them in case of any breakdown. Second, we need a number of

qualified electronic computer operators, and this need can only be taken care of at a later stage. Third, a higher level of management, because electronic computers cannot be used at our present level of management. The operation of electronic computers requires complete programming, while at present, even our accounting procedure and our organizational structure are unstable. Under such conditions, manual operation would be more convenient. Another problem with the use of electronic computers is that they cost too much. The use of electronic computers serves only three purposes: labor-saving, large calculating capacity and speed. If we are to use electronic computers now, we have to spend huge amounts of manpower and material resources in importing the equipment and training the personnel. Then we have to consider the production cost and economic results. I do not oppose learning from foreign countries as long as we can learn intensively and thoroughly. However, we must, first, study; second, avoid fetishism; and third, be sure to sum up our own experiences. We have rich experiences in economic management, financial management and accounting. In the last several years, for example, economic accounting and all-round economic accounting were practiced by plants, and some plants have practiced them effectively. But why can't they be popularized? I hope we can overcome the difficulties, emancipate our minds, very carefully sum up our own experiences, and then create sets of theories and methods for economic management, financial management and accounting. This is now an important matter, because compared with foreign methods, ours can produce better and quicker results and are easier to use. At present, financial management in enterprises has not yet completely returned to the levels of the 1950's and 1960's. If some units were able to attain these levels, it should be easy for them to repeat their performance. Now let us look at the comparable production costs in the plants. Instead of being lowered each year, some are even rising. Speaking of our final accounts in his report before the National People's Congress, Premier Zhao anticipated a 2.7 billion yuan deficit. We cannot let our unfinished jobs accumulate over a long time. What shall we do? The only way is to lower the production costs and circulating expenses, to increase the profits and construction funds and, of course, to expand produc tion and curtail the expenditures. There can be no other way out. Therefore, first of all, the primary goal of every unit is to restore its best and highest level. Then they should learn from the advanced units, and from Shanghai, in the country. If Shanghai can make it, why can't we? If we cannot completely succeed, we can at least be close to it. There may be objective causes, but if the discrepancy is too much, it cannot be entirely attributed to objective factors. That is why we should first learn from the advanced units in our country before trying to learn from the advanced standards in foreign countries. Incidentally, let us look at our experiences gained in management, including financial management, since the founding of the People's Republic. First, we have the methods of ideological and political work which can arouse the workers' enthusiasm. Second, under the leadership of the party committee, we have a chain of command under the factory director as the basic principle, in addition to the method and system of planned management, and the internal system of job responsibility. Daqing highly regarded the job responsibility system in the past, and it is a pity that this system cannot be well popularized at present. Our circulating funds and production costs are

controlled at separate levels and by separate departments, and we have an information system supplying fairly complete figures. In this respect, we are better than foreign countries, where these figures are obtained with the methods of sampling statistics. These methods have a scientific basis and the figures obtained are only slightly different from realities. Yet, on the whole, their figures cannot be as accurate as ours, which are reported level by level, starting from the basic level in an upward direction. The figures supplied at the basic level may not be accurate and thus will affect the accuracy of the totals, but this is only a question of implementation. If this system is properly implemented, then we are better than foreign countries. If we can expound our system in theoretical terms, it is entirely possible for us to turn enterprise management, including financial management, in China into an integral academic subject. If these experiences are fruitfully summed up, we can certainly use them to guide our management. People can certainly sum up their experiences.

5. Acceleration of Cadre Training

The prerequisite to the solution of all these problems is the availability of large numbers of competent accounting cadres and professional accountants. Without this prerequisite, nothing can be accomplished. Under present conditions, it may not be too much of a problem to arrange short-term training or rotational training for those finance and accounting cadres—who have not received any professional training and who account for one-half of the total number of accounting cadres throughout the country—in the next 2 or 3 years. After these years, again, it may not be very difficult for each accounting cadre to carry out his job independently. It will certainly require a lot of efforts to learn and understand whatever we are required to do, since this is by no means a simple task. What we are short of right now are high and medium-grade accountants, and our urgent task of the moment is to train these people. We must use every possible method to accomplish this task. The number of trainees need not be many, but cannot be too small either. If only one of them is required for each of the 500,000 industrial, communications and commercial enterprises, then there will be 500,000 of them, and this cannot be a small number. Therefore, while training low-grade accountants, we must at the same time attach great importance to the training of high and medium-grade ones. We should mobilize resources from various sources in this undertaking, since reliance on any single department or locality is not enough. Reliance on a small number of universities and specialized colleges is likewise not enough, since the the graduates from universities and specialized colleges are only enough to replace those who have retired the natural way. To encourage the accountants to make further progress, we attach great importance to the evaluation and conferment of technical titles for the accountants. The Ministry of Commerce has been a little ahead of others in this work, since it has conducted experiments in Zhejiang and tried out many methods. A conference may be held next year for evaluation and conferment of titles. It will be an occasion for exchanging experiences, reviewing some good methods and solving some problems.

Concerning the evaluation and conferment of technical titles, several problems should be clarified. First, the problem of examination. Examination is one of the methods to measure the level of knowledge. At present, the young accountants were mostly students of the worker-peasant-soldier universities during the Cultural Revolution, and they have a very poor educational background. After working for some time, can they be rated as assistant accountants? Examination for them is even more necessary. As for those who started their work before the Cultural Revolution, we do not favor any written test, but would rather base our judgement on their normal performance of duty and the level of their knowledge. Second, the problem of foreign language. The state should train personnel on the basis of realities in our country. Apart from those who must have a good command of foreign language in order to study abroad, to maintain contacts with foreigners and to learn from foreign experiences, a preliminary grasp of foreign language should be sufficient for the majority of people, and these people should not spend too much time on foreign language. According to present conditions, it would be better for them to further improve their Chinese language than to learn any foreign language. At present, many university graduates are poor in Chinese, and it is all the more necessary for them to study more Chinese. Third, the problem of being strict or flexible in complying with the conditions of evaluation and conferment of technical title. All localities should be realistic and make it even. They should do whatever should be done and discard all interferences and old conventions. To avoid possible differences caused by the strict or flexible application of the standards, it would be best for an organ to be set up to make it even. Some provinces have specially organized such organs for all accountants in their own province, and others have left this job for the finance departments. There should not be any time limit for the conferment of titles. We can evaluate group by group as soon as they are ready and then confer the titles accordingly. Should there be any dissenting voice from any quarter, we should postpone the evaluation instead of carrying it out under pressure. We hope all areas and all departments will do this work well so as to encourage everyone to continue their efforts in making progress.

6. Problem of Attention From Leadership

Since the founding of the People's Republic, the leadership at various levels in our country has shown far greater attention to finance and accounting than in the old society. Accountants were very rare in the old society. Now, according to a rough estimate, after the latest national evaluation, there are not less than 200,000 with higher ratings than that of assistant accountants. This should indicate the state's attention to accounting. But it is still not enough. Since the expansion of decision-making for the enterprises, the leadership at various levels has paid great attention to accoujting, because they have to settle the accounts and to be concerned with the amounts of profits. If there are more profits, there will also be more bonuses. This is a good sign. If it will continue, the leadership will attach even greater importance to accounting. However, it has also produced some adverse side-effects. For example, some factory director hopes the accountant can "work out" a good "production cost," and this

becomes the derivation of defects, and must be overcome. On the whole, however, the leadership at all levels in the country are gradually recognizing the importance of this work. The economic benefit (in fact, it should be economic result) we so often talk about is an important condition of our economic management, and the key to this benefit is the system of economic responsibility (including internal responsibility and the responsibility to the state) as a means of its promotion. This type of work is closely related to the work of finance and accounting, which, though not the sole factor, is nevertheless one of the major factors. At the accounting conference last year, Vice Premier Yao made these remarks: "We hope the responsible comrades of all departments and enterprises will consciously appreciate the work of accounting, support it and learn it." We believe Vice Premier Yao's request, that is, for the appreciation of accounting, supporting and learning it, can certainly produce the desired effect. The question is whether or not the accountants can satisfy the requirements of the leadership in their work in the effort to win their appreciation and support. We will have to increase our efforts for this purpose.

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FINANCE AND BANKING

FUJIAN FINANCIAL CONDITIONS REPORTED AT PEOPLE'S CONGRESS

Fuzhou FUJIAN RIBAO in Chinese 15 Mar 82 p 2

[Report by Jin Jingbo [2516 7234 3134], Director of Finance Department, Fujian Province, on the Final Accounts for 1980, the Financial Budget for 1981 and the Draft Financial Estimate for 1982 at the Fourth Session of the Fifth Provincial People's Congress on 28 February 1982]

[Excerpts] I. Implementation of the Final Accounts for 1980 and the Financial Budget for 1981

The Third Session of the Fifth Provincial People's Congress adopted the report on the implementation of the financial budget for 1980. After examination and revision, the results of the final accounts are as follows: Financial revenues, 1,533 million yuan, being 116.1 percent of the budgeted amount and an increase of 20.5 percent over last years. If the problems left over by the handling of enterprise finance in 1979, the redemption of various technical measure loans, and the transfer of incomparable revenues to the treasury in 1980 are all excluded, there was an actual increase of 7.1 percent. Financial expenditures totaled 1,505 million yuan, being 83.5 percent of the budgeted amount, and an increase of 6.1 percent over last year. The balance sheet is as follows: Financial revenues, 1,533 million yuan and the addition of 138 million yuan of regular and special subsidies from the central government, totaling 1,671 million yuan. Financial expenditures, 1,505 million yuan, leaving a credit balance of 166 million yuan. The vast majority of this balance belonged to various prefectures and departments, and was carried over to 1981.

The revenue budget for 1981 adopted by the Third Session of the Fifth Provincial People's Congress was for 1,450 million yuan. Because of the price increases for beans and cotton, the amount was reduced by 9 million yuan, leaving an adjusted amount of 1,441 million yuan. Based on statistics from monthly reports, we have received 1,449 million yuan, being 105 percent of the budgeted amount and a reduction of 5.5 percent below the figure of the 1980 final accounts. Among these revenues, those from enterprises amounted to 311 million yuan, being 85.5 percent of the budgeted amount and a reduction of 31.4 percent below last year's. This reduction was mainly because of the increase of procurement prices for agricultural sideline products which added to the industrial production costs and the financial subsidies. The reduction was also partly due to the system of responsibility for profits and losses among the enterprises, and the system of profit sharing among the transportation enterprises. Revenues

from industrial and commercail taxes amounted to 993 million yuan, being 105.5 percent of the budgeted amount and an increase of 8.8 percent over last year. This increase was mainly due to increased light and textile industrial outputs and the increase of taxes from this source. The increase of prices for agricultural sideline products has also raised the tax revenues a little. The inspections on the payment of taxes and the strengthening of tax administration since May have also helped recover some revenue. The salt tax collected amounted to 54 million yuan, being 97.6 percent of the budgeted amount, and 18.2 percent below last year's. This reduction was mainly due to the reduction of transfers out of the province and the serious smuggling and evasion of taxes. The depreciation funds handed over by the enterprises and the agricultural taxes collected were all according to plans.

The financial expenditure budget for 1981 adopted by the Third Session of the Fifth Provincial People's Congress provided for 1,341 million yuan. In the course of implementation, amother amount of 35 milion yuan was added as circulating funds for housing construction and for the construction of granaries. The central government also allocated special funds for relief in disaster areas, building houses for demobilized, retired or rehabilitated army cadres, construction the old liberated areas and border areas, and some other projects. The total budgeted expenditures was 1,430 [figures as published] yuan. According to statistics from monthly reports, the total expenditure amounted to 1,425 million yuan, being 99.7 percent of the budgeted amount and a decrease of 5.3 percent below last year's. This reduction was mainly due to the curtailment of allocations for capital construction and the reduction of funds for tapping potential and technical transformation, and circulating funds for enterprises. Among the expenditures, allocations for capital construction amounted to 205 million yuan, being 115.4 percent of the budgeted amount, and a reduction of 39.5 percent below last year's. The funds used on the enterprises for tapping potential and carrying out technical transformation amounted to 65 million yuan, being 88 percent of the budgeted amount, and 29.6 percent below last year's. The circulating funds used amounted to 35 million yuan, being 11.5 percent of the budgeted amount and 55.8 percent below last year's. The operating expenses of various public agencies totaled 1,003 million yuan, being 104.7 percent of the budgeted amount and an increase of 11.9 percent over last year's. Among these expenses, 216 million yuan was spent in aid of agriculture, a reduction of 5 percent below last year's; 34 million yuan on city construction, an increase of 41.8 over last year's; 452 million yuan on culture, education, public health and science, an increase of 16.9 over last year's; and 195 million yuan on administrative expenses, an increase of 21.2 percent over last year's. These expenses were mainly used on strengthening the judicial system and market control, and on increasing and staffing some necessary organs.

The balance sheet for 1981 is as follows: Total revenue, 1,449 million yuan and the addition of 154 million yuan of regular and special subsidies from the central government, totaling 1,603 million yuan. Expenditures, 1,425 million yuan, and 154 million yuan handed over to the central government as loans. After subtracting the expenditures, the revenues still left a balance of 24 million yuan.

In 1980 and 1981, the broad masses of people in the province, under the leadership of the party committees and government at various levels, conscientiously carried out the spirit of the Third Plenary Session of the 11th Party Central Committee and the policy of national economic readjustment as well as

the special policies and flexible measures worked out for the province by the central government, resulting in the continued development of the national economy in the course of readjustment. The result of agricultural production is gratifying; industry continues to develop in the course of readjustment; and the system of responsibility for the province to the central government has shown remarkable results. The positive measures adopted particularly in the course of economic readjustment and restructuring have speeded up their progress and gradually enlivened the economy. As shown by the figures, the budgeted revenues were not increased in the past 2 years, and the revenues of last year were even reduced. The important reason for the decrease is that in implementing the policy of readjustment, we have restructure the pattern of distribution. As a result, while the revenues shown in the budget have been decreased, extra-budgetary revenues have increased; the funds to be collected by the provincial finance department have been decreased, but those collected by the prefectures, department and enterprises have been increased. These measures have done a great deal in arousing the enthusiasm of the prefectures, department, enterprises and laborers in production. If these factors are taken into consideration, our revenues, instead of being decreased each year, have been increased by a wide margin. The common characteristics in carrying out the budgets in the last 2 years are as follows:

First, balanced revenues and expenditures, with a little surplus left. In the course of the national economic readjustment, there were many factors leading to the reduction of revenues and increase of expenditures. Since the state was in financial difficulty, we cannot expect much help from it. Under such conditions, it was no easy matter for us to bring about a balance between revenues and expenditures and still leave some surplus. We were able to accomplish this task because of the combined efforts of people throughout the province in the last 2 years.

Second, strong support for agriculture. Altough the funds for supporting agriculture provided in the last 2 years' budgets were not increased we still followed the instructions from the central government in the light of actual conditions in the province, and continued to readjust some of the procurement prices for agricultural sideline products, granted tax reduction or exemption for some rural areas, and helped increase the peasants' income, thus arousing their enthusiasm and promoting agricultural production. According to statistics, because of the readjustment of prices in the last 2 years, the peasants' income has been increased by 190 million yuan. If the benefits from the price adjustments in 1978 and 1979 are taken into account, the peasants in the province receive 540 million yuan each year.

Third, restructuring the financial management system in enterprises as a means of revitalizing microeconomics. In 1980, experiments in the expansion of decisionmaking power were carried out in 114 state-run industrial enterprises. In 1981, the system of responsibility for profits and losses in various forms was extensively introduced among the state-run industrial and commercial enterprises. We also raised the ratio of profit sharing for the state-run industrial and commercial enterprises. For the material supply, transportation and urban public utility enterprises, and the units engaged in cultural activities, publication, and the food industry, we adopted the

two-eight profit sharing ratio. We also adopted the methods of sharing the savings from the reduction of losses and responsibility for their own finances among the units engaged in food industry, maritime products, defense industry, construction, overseas Chinese affairs and reform through labor [lao gai 0525 2395]. Through all these reforms, the funds retained by the enterprises in various forms amounted to 240 million yuan in 1980, and will reach 270 million yuan in 1981. These measures have played a positive role in arousing the enthusiasm of the enterprises in strengthening their management, in promoting production and circulation, and in improving the economic results.

Fourth, supporting the development of production and construction. Although the allocation of funds for capital construction in the budget was reduced, those funds for tapping potential and technical transformation were increased. Even the funds for capital construction were increased through other channels. In 1980, 1,030 million yuan, an 18.4 percent increase over the previous year, was invested in capital construction in the province. In 1981, it was reduced to 870 million yuan by 15.8 percent. In these 2 years, the funds allocate in the expenditure budget for tapping potential and carrying out technical transformation, and the funds out of the revenue budget to redeem the loans incurred for the same purpose, totaled 255 million yuan. This was a strong impetus to the development of production. In the same 2 years, a development fund of 38 million yuan was allocated for supporting the under-developed regions, including the old revolutionary bases, the border and frontier regions, and the poor areas, in production and construction. At the same time, intellectual investment was increased. In 1981, the expenses paid for cultural, educational, scientific and public health undertakings were increased from 327 million yuan in 1979 to 452 million yuan at an average progressive increase of 17.4 percent each year. The expenses on education have been increased at an annual average progressive rate of 18.7 percent; that on science, at 19.7 percent; and that on public health, at 6.1 percent.

Fifth, the readjustment of proportionate relationship between accumulation and consumption and the initial improvement in people's livelihood. Living conditions in the countryside have shown marked improvement because of the introduction of the system of responsibility for production, the increase in the procurement prices for agricultural sideline products, the increased output of agricultural sideline products and the development of country fairs. The development of production and construction, the increase in job opportunites and the introduction of the bonus system have also markedly improved people's living conditions in the urban areas. For the personnel of government organs and public agencies who are not eligible for bonuses, rewards were offered for the practice of economy. The wages of elementary school teachers and some medical and sports personnel have also been increased since last October. To insure the supply of nonstaple food in the cities, part of the pork, fish and vegetables, sold at negotiated prices, are being sold at regular prices with government subsidies for the decrease of profits. The funds allocated for city construction in the budget and the share of profits retained by public utility enterprises for the same purpose totaled 39 million yuan in 1981, a 1.4 time increase over the total amount in 1979. In the past 2 years, 67 million yuan was allocated for investment in housing and for circulating funds. The completed housing areas reached 3.12 square meters. We also

allocated 14 million yuan to be used as circulating funds in providing jobs to the unemployed and for their training, and 310,000 persons have been employed through various channels. At present, people's livelihood and their housing conditions are still not quite satisfactory in the province. They can be gradually improved only on the basis of increased production and revenues.

Sixth, initial success in the use of overseas Chinese funds and foreign funds to promote the province's economic development. Since 1979, the province has signed 2,051 contracts for processing imported materials and assembling imported parts. The volume of materials processed totaled $111 million, including a net income as fees for services rendered of $10 million, and creating job opportunities for 44,000 persons. We have also signed 98 agreements on compensatory trade, and imported $18 million worth of equipment and production lines which have helped promote the technical transformation of the existing enterprises and the upgrading of their products. For Chinese-foreign cooperation, 26 joint undertakings have been started, for which the overseas Chinese and the foreign merchants invested a total of $19 million. There are now 14 joint ventures using Chinese and foreign investment with a total registered capital of $12 million. In addition to importing 41 items of technology and equipment, they have also purchased 399 sets of advanced equipment costing $48 million. Through economic activities abroad, the province has raised capital construction funds totaling 395 million yuan to be used in the construction of harbors, wharves, airfields and other infrastructural projects and coal and electric power energy projects.

Seventh, completion of the tasks of issuing national treasury bonds and extending loans to the central government. In 1981, the central government set a quota of 85 million yuan for the bonds to be sold in the province. We actually bought a total of 88.7 million yuan's worth. We also loaned to the central government 154 million yuan as our contribution to a balanced national budget.

Despite the achievements gained during the economic readjustment, many problems still remain. The latent danger in our national economy has not been completely wiped out, and the balanced revenues and expenditures in 1981 were obtained by tightening our expenses, and may not be stable. Market prices are still unstable. For some time to come, price subsidies of various types will continue to increase. The major portion of taxes and handed-in profits by the newly commissioned enterprises has to be used for redeeming the loans incurred for capital construction and tapping potential. The expenses of the public agencies engaged in cultural, educational, public health and scientific undertakings will continue to increase every year. Increased investment will be needed particularly for energy, communications and the auxiliary and infrastructural construction in the special economic zones. All this will sharpen the contradition between the sources of our revenues and the needs for expenditures. At the same time, we have to fulfill the tasks of extending loans to the central government and purchasing treasury bonds. Therefore, in the next several years, there will be a fairly serious problem in keeping our revenues and expenditures balanced, and it is necessary for governments at all levels and the people in the province to make great efforts.

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BRIEFS

GRAPHITE DEPOSIT--The largest graphite deposit ever found in China has been located near the Jixi City in eastern Heilongjiang Province, according to the province's geological department. The deposit, suitable for open-cut mining, was estimated [word indistinct] more than 300 million tons of high-grade ore in reserve, the department said. High-grade graphite can be used to make electrodes for arc furnaces, batteries and arc lamps, brushes for electric motors, and lubricants for machines. [Text] [OW102344 Beijing XINHUA in English 06123 GMT 6 May 82 OW]

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INDUSTRY

URGENT NEED FOR FOOD INDUSTRY DEVELOPMENT STRESSED

Xi'an SHAANXI RIBAO in Chinese 11 Feb 82 p 1

[Article by Jiang Yi [3068 0001]: "Firmly Implement the Policy of National Economic Readjustment, Actively Develop Food Industry in Our Province"]

[Text] In his Report on the Work of the Government at the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang gave prominence to the development of consumer goods industries and further adjustment of the service orientation of heavy industry, according to the second of "10 Principles." Through commodity exchange, the rapid development of consumer goods industries will further stimulate the development of agriculture, heavy industry and exports in foreign trade, and will more effectively meet the requirements for the improvement of people's livelihood. At the same time, it will help increase state revenues, stabilize the market prices, and provide more jobs for people. Development of consumer goods production will also bring about a rational structure of the whole economy and help solve the contradiction between accumulation and consumption. Therefore, in developing the production of consumer goods production, we can count on a steady speed and good economic results. It is a new way for people to obtain greater benefits.

I. Food industry is an important component of the consumer goods industry and a continuation of agricultural production, and has a close bearing on people's livelihood. By developing food industry, we can more effectively implement the policy of national economic readjustment, make better use of our resources, conserve our energy, and increase the use value of agricultural sideline products and animal products. Development of the food industry can also help readjust the economic structure of agriculture, promote the growth of sideline production in agriculture, forestry, animal husbandry and fishery; bring prosperity to the market, enrich people's life, increase the enterprises' income and state revenues, solve the employment problem and strengthen stability and unity. Therefore, the development of the food industry can bring great benefits to the state and the people and is a new important task in the economic construction which the province is now undertaking.

Food is an energy resource for the human body and the basic means of subsistence on which human beings rely for their survival and procreation.

All nutritious and nontoxic materials in nature are sources of food, and these natural products are called foodstuff. There is an abundance of foodstuff, both domesticated and wild, in the vast area of our province. In plant life, we have grain, edible oil, sugar, fruits, nuts and the highly-priced "monkey peaches," all in abundance. The yield of persimmons and apples is more than 2-3 million dan. Foodstuff from animals is also plentiful. There is pork, beef, mutton, milk, poultry, eggs, fish and oil from animal fat. Among the chemical materials suitable for food are yeast, baking soda, edible soda powder, edible additives, spices, MSG, food preservatives, concentrated or synthetic albumen, and so forth. All these are nutritious materials to be used as condiments. From this, we can see that our province has rich resources and a good future in the food industry. At the same time, along with the development of agricultural and industrial production and the improvement in people's livelihood, there is also an increasing demand for food. Furthermore, food is processed from agricultural products. Agricultural development supplies the resources for the food industry and this can help peasants increase their income. This will also provide a good market for the food industry. That is why we say that there is a good future for the food industry. Along with the development of industry, the increase of agricultural sideline products from economic diversification, the rise in people's purchasing power, and the expansion of tourism, there will also be a high regard for the food industry. At long as we can emancipate our minds, increase our knowledge and provide more active leadership, there will be a great development in the food industry in our province.

II. In the food industry, our handicraft workshops in the early postliberation have been transformed into a number of enterprises with a certain level of technical equipment and technical personnel. In 1980, there were in the province a total of 964 food industrial enterprises with fixed assets totaling 250 million yuan, more than 52,000 workers and staff members, and a total output value of more than 935 million yuan, or 8.7 percent of the total industrial output value in this province. In this respect, it ranks fourth, below the machinery, textile and light industries. Its industrial accumulations total 171 million yuan, and is 10.6 percent of the total industrial accumulations. In this respect too, it ranks fourth.

Among all production trades, the food industry in our province has gradually become a system with a fairly complete assortment of products. This system now includes grain and oil processing, slaughtering and meat production, sugar refining, wine brewing, and the production of tobacco, salt, candies, other delicacies, milk, condiments and so forth, totaling over 10 different trades. It has helped meet the requirements on the market and among the people. However, we must also note that its development has been slow and is incompatible with the development of the entire national economy as shown in the following respects:

(1) Low speed of development. According to comparable data, the total output value of our food industry in 1978 was 760 million yuan, and the volume of food sales was 1.6 billion yuan, being only 48 percent of the purchasing power. In 1979, the national per capita output value of the food industry was 54.4 yuan, while that of our province was only 30 yuan, only 44 percent of the national average.

(2) Little varieties, poor quality, and the continued reduction of our well-known traditional special products. According to the statistics compiled by Xian Municipality, we formerly had more than 200 varieties of food on the market; now there are only some 80 varieties, which is far from adequate for the market demand. Besides, many varieties have sanitary problems.

(3) Scattered management by many departments. At present, food industry in the province is under seven different departments, namely, the first light industry bureau, the commerce bureau, the grain bureau, the foreign trade bureau, the supply and marketing cooperative, the commune-production brigade enterprise bureau and the agriculture bureau, each taking care of its own affairs; and there is no department to work out a unified and harmonious balance or to plan the layout of production. Consequently, there is much confusion in production and circulation as shown by the disjointedness between production and demand, and the separation between production, supply and marketing. Among these departments, mutual hindrances are quite common. At the same time, there is blind development and overlapping plant construction. Their competition with one another for raw materials is also fairly serious.

(4) The minds of the leaders at various levels are not sufficiently emancipated, and their ideas are not practical enough for the present realities. Due to the shortage of investment, thre is not enough economic support. Goods cannot circulate freely and there is no special base for the supply of raw materials. The technical force is weak, while management is poor.

Food industry has the advantage of requiring less investment, producing quick results and providing more job opportunities. Investment in a food industry project can be fully recovered within 2 or 3 years, and the recovery here is 4 or 5 years earlier than in the machinery industry. As for labor productivity, the output value per worker in the present food industry doubles that in other industries in general. Furthermore, the investment of every million yuan in food industry can accommodate more than 400 workers. That is why we should take strong measures to expedite the development of food industry and to end its present passive position.

According to an estimate, the purchasing power for consumer goods in our province will reach 6.3 billion yuan and that for food will approach 3 billion yuan in 1985. Even though the ratio of the food industrial output value to the food purchasing power is set at as low as 50 percent, the food industrial output values should reach 1.5 billion yuan, nearly doubling that of 1980. To accomplish this very arduous task in the light of actual conditions in our province, we should pay particular attention to the following points:

(1) Vigorous development of preserved food, cooked food and traditional food. At present the amount of processing for preserved food and pastry in our province is very small and very far short of the market demand. Xi'an has the equipment for a daily output of 10,000 jin of bread, and the trial production has been a success. We should give this product every support in

order to blaze a new trail for the development of our food industry. Next, we should pay attention to our meat products. At present, the meat products in our province account for only 0.7 percent of our pork, and from this, we can see the very great potential for the development of meat products. As long as we regulate our production and adopt advance techniques, there will be a bright future in this undertaking. Hereafter, except for special needs, we should reduce the number of pigs to be brought out of the province and use part of the pork for making preserved meat. The export of preserved meat will become an important means of developing our food industry.

(2) Increase in the production of our traditional high-price food. We have many highly priced food items welcomes by the broad masses, such as xifeng [west wind] wine, the Sanyuan brand candy, "peach" cookies, the crystal cakes of Xi'an, the preserved mutton, and the Tongguan vegetables with sauce. We should improve a number of products, let them find a firm foothold outside the province first, and then help them make their way into the international market. This is an important step in the improvement of our food industry. Some traditional products are still processed manually; we must change this backward mode of production into industrialized production.

(3) Development of our strong points in producing milk products to start the production of nutritious food. We already have a fledgling milk product industry, and can take great advantage of this strong point. We should work out our plans carefully and first establish a base for the production of 10,000 tons of milk products, and then gradually increase the varieties. Proceeding from this base, we will study and develop the production of nutritious food, baby food, food for aged people, food for women, food for tourists, inflight means, and easily served food.

(4) Utilization of local resources to develop food processing. Our province has abundant domesticated and wild resources of food. There are seven types of "monkey peach" with the reputation of "precious fruit of the world," and even the ordinary peaches are of fine quality, compared with others in the country. At present, these two types of canned fruit have become highly competitive commodities in the world market. We also have green tea and chestnuts, which should be fully utilized for processing into fruit sauces, fruit juice, dried fruits, fruit wines and various types of cold drinks. We should promote primary processing, intermediate processing and fine processing, and by this means, our food industry can certainly be rapidly developed. When our milk powder has been transferred to Shanghai in large quantities, what needs to be done is to add some cocoa or tangerine powder and sugar in turning the milk powder into cocoa milk or tangerine milk through fine processing. The profit will be increased by more than 40 percent.

Food industry is intended to serve production and people's daily life. It is therefore necessary to study the market conditions and people's needs all the time. The profitable items as well as the less profitable ones should be developed. We must never confine our efforts to the profitable items and neglect the less profitable ones. Some food processing is less profitable. However, even at less profit, we can sell more. Some food items are special

consumer goods, and we can raise their grades to meet market demands. For the items needed by the broad masses, such as soybean sauce, vinegar, and so forth, we must guarantee their ample supply. Instead of striving for only high-grade products, we should have a combination of high, medium and low grades so that people can enjoy the convenience and feel the superiority of the socialist market.

How to develop food industry? This is a very important question. First, we have to take the road of tapping potential and carrying out technical renovation and transformation, and make use of the old factory premises, the equipment that can still be used, and the labor power left after the "closing, suspending, merging and retooling" treatment, for development from lower to higher levels. Second, we have to adopt the method of joint state and collective operation for a pooling of funds; then we will invite the participation of the masses as shareholders, and obtain some loans for financial support. For these new enterprises, supports should be given through the tax policy or the retention of profits. In order to strengthn leadership by the different departments in their separate management, the food association and the relevant departments should carry out joint investigations and study, in order to work out well coordinated plans and a unified layout of production, and be finally examined by the planning and economic commissions and included in their general plan. Fourth, for the food industry as a special trade, there should be cooperation from an agricultural raw material base to insure the supply of the required materials. Fifth, we must stress hygienic conditions, nutrition and suitable specifications. Finally, we have to pay great attention to technical training and scientific research so as to develop new techniques for food production, to contribute to the great development of our food industry and to meet the requirements of market supply.

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CSO: 4006/344

INDUSTRY

FOREIGN FUNDS USED TO DEVELOP LIGHT, TEXTILE INDUSTRIES

Hangzhou ZHEJIANG RIBAO in Chinese 29 Jan 82 p 1

[Article by staff correspondent Ren Ruizhen [0117 3843 3791]: "Foreign Funds Utilized To Develop Light and Textile Industries in Many Forms by the First Light Industry Sector in Our Province"]

[Text] Proceeding from realities, the first light industry sector in our province has actively utilized foreign funds for developing light and textile industries with fairly good economic results. Its basic experiences are as follows:

1. Utilization of foreign exchange Loans for Importing Advanced Equipment and Technology To Revitalize Our Light and Textile Industries

With the assistance of banks and the Ministry of Foreign Trade, the first light industry sector in the province has used foreign exchange loans to import from West Germany, Japan and Italy 94 sets of 32 varieties of fairly advanced printing and dyeing equipment and instruments so that the principal Printing and Dyeing Plants in the province can be "better armed." Most of the imported equipment is now in operation. At present, in addition to dyeing, printing and finishing various types of silk and chemical fiber fabrics, these plants are able to undertake resin finishing, and nylon coating, thus filling a gap in our province. The fabrics treated by these sets of equipment are neat, smooth, crisp and evenly colored, and the quality of products is markedly improved. Their competitive power in the home and foreign market has been strengthened. In 1981, our province had a flying start in our independent export of silk. In the same year, we earned $107 million. The increase of our printing and dyeing capacity has enabled us to intensify our silk processing. Now, we are capable of printing and dyeing 180 million meters of silk, and the ratio of silk printing and dyeing has been raised from 70 percent last year to the present 78 percent. This alone has increased our output value by 20 million yuan. By the end of 1981, the foreign exchange loan used for importing the equipment had been fully repaid. Besides, the first light industry sector of the province has also imported a production line for dyeing and printing broad width fabrics and another production line for producing large empty cans. These production lines are of great help to the production of broad width fabrics--a project which has been promptly started--and to the export of canned food.

The importation of advanced equipment has also promoted the development of our machinery industry. With the close cooperation of the first light industry sector, the Hangzhou Turbine Plant imported some foreign technical data in 1981, and, within the same year, successfully manufactured a first-rate dyeing machine. In addition to meeting the requirements of the printing and dyeing plants in our province, it has also helped Shanghai, Tianjin, Guangdong and other fraternal provinces develop their light and textile industries.

2. Compensatory Trade With Foreign Merchants Helped Solve Problem of Funds Required for Developing Light and Textile Industries

There are rich resources of rabbit furs in Jiaxing Prefecture, but no plant to process these furs. In the past, rabbit furs were exported and the foreign exchange earnings from this source were not significant. In 1980, with the help of the relevant departments, Huzhou Municipality signed a compensatory trade contract with a Hong Kong merchant to form the Huzhou No 1 Woolen Textile Mill for producing rabbit fur yarns. The total investment was 1.53 million yuan, of which 70 percent came from the Hong Kong merchant. In only 10 months, the mill was completed and began its operation. The Hong Kong merchant's investment was completely returned in half a year. Now, this mill can collect more than $200,000 each year for services rendered. The first light industry sector in the province has signed nine similar compensatory trade contracts with foreign merchants, who have altogether invested $6.42 million. Thus we can promptly start our projects without spending much money and can produce good results.

3. Use of Foreign Funds To Purchase Raw Materials in Short Supply and To Produce Urgently Needed Products for the Market

In the past 2 years, with the support of the provincial people's government, the provincial light industry department has collected a total of $27 million from the sharing of foreign exchange from exports, the local share of foreign exchange and the adjustment foreign exchange; and used the money to import shipments of tobacco, sugar, chemical fibers, packaging paper and other raw materials. Production was promptly organized to enrich market supplies. The shipment of chemical fibers, in particular, provided a firm foundation of raw materials for the upgrading of textile products in the province, and large quantities of high and medium-grade chemical fiber products have been produced. According to statistics, more than 1,000 varieties of new chemical fiber products were put on the market last year. Thus with the raw materials purchased from abroad, we have been able to organize our own production, to develop the light and textile industries in the province, and to increase the state's accumulation funds. The purchase of 100,000 dan of tobacco, for example, could increase our cigarette production by 90,400 cases, which can help the state withdraw 98 million yuan from circulation.

4. Processing Imported Materials To Increase Foreign Exchange Earnings and To Create More Job Opportunities

In the past 2 years, the silk, textile and light industry companies affiliated with the provincial light industry department have signed many contracts with foreign merchants for processing imported raw materials and assembling imported

parts. Among others, they have processed more than 20 million yards of cotton cloth, more than 6,000 bales of cotton yarns, 3 million yards of nylon fabrics, some 5,000 sashes for Japanese kimonoes, some 30,000 embroidered dresses and 190,000 wrist watches. After all the processing according to the contracts, they can collect processing fees totaling $8.7 million. This form of business is flexible and simple, costs little money, but yields quick results. Besides bringing into play the technical strength of our province in the light and textile industries, it has also provided more job opportunities and increased the masses' income.

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INDUSTRY

IMPORTANCE OF CONSUMER GOODS INDUSTRIES DESCRIBED

Hangzhou ZHEJIANG RIBAO in Chinese 3 Feb 82 p 4

[Article by Lu Jiaheng [4151 0502 0077]: "On the Important Place Occupied by Consumer Goods Industries"]

[Text] In his "Report on the Work of the Government," Premier Zhao Ziyang put forward 10 principles for economic construction and stressed the need to give prominence to the development of consumer goods industries and to further adjust the service orientation of heavy industry. This is of great significance to the continued implementation of the policy of national economic readjustment in order to bring about a rational economic structure and the healthy development of our national economy.

Consumer goods industries directly serve people by meeting their needs for clothing, food, housing, travel and other things. The sacred duty of a socialist country is to gradually improve people's livelihood according to the goal of socialist production and on the basis of developing production. Stressing the need to give prominence to the development of consumer goods industries and the need for heavy industry to serve the development of agriculture and light industry--instead of one-sidedly stressing the development of heavy industry itself--is tantamount to stressing the need to proceed from the urgent needs of the people and to stipulate the orientation of development for agriculture, light industry, heavy industry and the entire national economy according to the goals of socialist production. Therefore, instead of a temporary expedient, development of consumer goods industries is a question of developing the national economy and the orientation of this development. This will be the policy of economic development which must be carried out for a fairly long period hereafter.

The development of consumer goods industries plays an important role in the further readjustment of the national economy, in eliminating the hidden danger, and in achieving a rational economic structure. Such a development will help improve market supply by providing more consumer goods, speed up currency withdrawal, stabilize the market prices, and safeguard an all-round political and economic stability. Consumer goods industries require less investment and consume less energy, but yield quick results, increase accumulation, provide more job opportunities and will help solve the serious problems of a large population, a weak economic foundation and the shortage of funds, energy resources and job opportunities. At the same time, the development of

consumer goods industries will promote our export trade and increase our foreign exchange earnings. The remarkable success of the national economic readjustment has shown that the shift of priority from the development of heavy industry to the developement of consumer goods industries can enable us to extricate ourselves from the serious difficulties of economic and financial imbalances, to eliminate the hidden danger, and to achieve economic stability.

Vigorous development of consumer goods industries will also lead to the development of heavy industry and agriculture, and serves as the key to a rational economy. On the one hand, the situation in the countryside is continuing to improve and people everywhere are getting more income. There will be a good market for consumer goods which will become a strong driving force in the development of consumer goods industries. On the other hand, the development of consumer goods industries will require the supply of equipment and various raw materials from the machinery, electronic, chemical industry, metallurgy, and building materials departments. It will be necessary for heavy industry to serve consumer goods industries instead of capital construction, and to end the irrational situation of "self-cycling of heavy industry and self-struggle of light industry." At the same time, the development of consumer goods industries will not only meet the peasants' urgent needs for industrial consumer goods and arouse their enthusiasm in selling more agricultural sideline products, but also prompt the peasants to supply more raw materials for the light and textile industries which will in turn create a good market for agricultural sideline products.

Giving prominence to consumer goods industries does not by any means deviate from the Marxist theory of repoduction nor ignore the law of priority for the increase of the means of production. Production of the means of production and production of the means of consumption--or the production of the two main categories--must suit each and be kept balanced, and this is the basic condition for reproduction. Stressing the development of consumer goods industries does not mean the rejection of the balanced relationship between the two main categories in production or of the need for priority for the increase in the means of production. It only demands that heavy industry, which produces the means of production should meet the requirements of the consumer goods industries and serve them accordingly.

In short, giving prominence to the development of consumer goods industries and further adjustment of the service orientation of heavy industry, far from deviating from the Marxist theory of reproduction or ignoring the leading role played by heavy industry in our national economic modernization, are advocated in the light of actual conditions in our country and according to objective economic laws. Implementation of this policy will arouse enthusiasm in various quarters, and promote the coordinated development of various economic sectors with even better economic results. It will further increase social wealth and benefits for the people, and the entire national economy will develop even more rapidly on a new foundation.

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FOREIGN TRADE

PRC TO DISTRIBUTE DOCUMENTS ON OIL BIDDING 10 MAY

OW091628 Beijing XINHUA in English 1500 GMT 9 May 82

[Text] Beijing, May 9 (XINHUA)--Documents on the first round of bidding for the joint exploitation of China's offshore petroleum resources will be distributed tomorrow to representatives of the applicant foreign petroleum companies, the China National Offshore Oil Corporation announced today.

Forty foreign petroleum companies applied for participation in the first round of bidding, which covers an area of 150,000 square kilometers at the Pearl River mouth, the southern part of Beibu Gulf, the western part of Yingge Sea Basin and the South Yellow Sea. Representatives of the 40 oil companies will receive from the C.N.O.O.C. copies of the model contract, bid proposal forms and Chinese laws and regulations concerning the exploitation of offshore petroleum resources, taxation and other affairs.

These foreign oil companies, which are from the United States, Britain, Canada, Australia, France, Japan, Italy, the Federal Republic of Germany, Spain, Brazil and Kuwait, are required to forward their bid proposals to the C.N.O.O.C. within 100 days from tomorrow.

Qin Wencai, C.N.O.O.C. president, gave a buffet dinner this evening in honor of the representatives.

CSO: 4020/125

FOREIGN TRADE

ZHUHAI MAYOR ON ZHUHAI'S ECONOMIC CONSTRUCTION

HK070305 Beijing ZHONGGUO XINWEN SHE in Chinese 0743 GMT 6 May 82

[Text] Beijing, 6 May (ZHONGGUO XINWEN SHE)--At the recent second session of the first Zhuhai municipal people's congress, Wu Jianmin, mayor of Zhuhai Municipality, Guangdong Province, put forward this year's major tasks for the economic development of Zhuhai Municipality as follows: We should persist in promoting external economic dealings as the central task, and develop various other sectors, such as industry, agriculture, fishery, commerce, culture, education, health work and tourism.

Wu Jianmin said that Zhuhai Municipality must properly carry out the following tasks this year:

We must resolutely implement the policy of opening up to the outside world and enlivening the domestic economy. We will introduce a number of projects that can help change the face of Zhuhai, such as projects for generating power and for transport, telecommunications, the precision instrument and electronics industries, and the porcelain and glass industries, which both use local raw materials.

We must enhance the construction of the special economic zone. In the eastern district, we should complete the basic construction projects this year, open up the navigation route between Jiuzhou Port and Hong Kong and finish 22 other complete-set projects. In the central district, we should strive to start work on contracted development projects in the second half of this year. In the western district, we will construct a wharf at Wanzai and actively make preparations for development.

In industrial production, we should mainly develop the production of consumer goods such as those in light, textile, electronics and foodstuff industries and of construction materials. Besides striving to put into operation nine projects for producing new products, we should make efforts to raise the quality of domestic electrical appliances, daily-use consumer goods and tourist commodities.

The main task for urban construction this year is to improve the roads. We should strive to complete the municipality's first road, 8 kilometers long and 40 meters wide. We plan to use foreign investment to gradually construct 15 scenic spots in order to turn Zhuhai into a very good place for tourism.

CSO: 4006/437

FOREIGN TRADE

BANK OF CHINA LOANS INCREASE EXPORTS

Beijing RENMIN RIBAO in Chinese 24 Mar 82 p 2

[Article by Zhang Xijun [1728 6932 6874]: "Our Country's Loans for Production of Export Commodities Bring Beneficial Results"]

[Text] The Bank of China began issuing short-term and intermediate loans in the latter half of 1980 in order to back the development of production of export commodities and to accumulate foreign exchange funds in order to support the four modernizations. During the period of a year, this new type of loan has produced fairly significant beneficial results.

By the end of 1981, from statistics of 22 provincial and municipal branches throughout the country, this type of loan was approved for a total of 664 items, amounting to a sum of more than 310 million yuan. At present, economic results have been realized or partially realized from 212 of these items, with an increase in industrial output value of more than 270 million yuan, tax revenue of 47,430,000 yuan accrued, and export revenue of $64,120,000 accrued.

There were 491 items among the 664 approved which were from light and textile industries. Their loan amounts constituted 57.4 percent of the total sum approved. Sixty percent of the cotton blankets produced by the Tianjin Cotton Blanket Mill are for export. To expand production, this mill requested a loan of 600,000 yuan to buy advanced equipment. All equipment is now in operation. Production of cotton blankets increased to 200,000 and revenue from exports increased to $1,360,000. The Harbin Bearing Plant, to expand production of the "hot-selling" miniature bearings, obtained a loan of 2 million yuan from the Bank of China, and set up two production lines to produce the miniature bearings. Within only 9 months of the start of production in March, 1981, the output of miniature bearings was increased to 1.2 million, of which 600,000 were for export. At present, this factory has paid back 600,000 yuan of the loan.

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BRIEFS

LIAONING PORT EXPORTS--Shenyang, 26 Apr (XINHUA)--Exports from the port of Dalian in Liaoning Province came to 1,077.4 million U.S. dollars in the first quarter of this year, 27.6 percent higher than in the 1981 like period, according to the Liaoning Provincial Foreign Trade Department. Compared with the same period of 1981, textile exports rose 47 percent, animal products 45 percent, metal and mineral products 39 percent and chemical products 32 percent, the department said. Export goods registering even greater gains included pig iron. Hardware, alloyed alumina ingots, naphtha, talcum powder, apparel, rubber and cloth shoes. More than 600 kinds of goods went to 130 countries and regions in the first quarter of the year, the department said. Exports to Japan reached 677.45 million U.S. dollars, 62.7 percent of the total, or an increase of 22.6 percent over the corresponding period last year. [OW021351 Beijing XINHUA in English 0722 GMT 26 Apr 82 OW]

HONG KONG BUSINESS VENTURE--Beijing, 30 Apr (XINHUA)--The Beijing Air Catering Company, China's first joint venture with a Hong Kong firm, has reported business boom after two years' operation. It is now supplying 14 foreign airlines with meals, cold dishes, refreshments and other services. Based at Beijing International Airport, the Beijing Air Catering Company has in the past two years netted a profit of 2.2 million yuan. Its service quality has been greatly improved. This was announced today by the company's general manager, Xu Zhixue, at a board meeting here. The company is supplying foreign and domestic airlines daily with 300 sets of meals, 5 times the figure when it was first set up in 1980. Among the favorite dishes the company serves is Beijing roast ducks. The company also prepares dinners and buffets for customers in Beijing. The general manager said, the company is preparing a new food supply center in Shanghai airport, ready for service this autumn. [Text] [OW301545 Beijing XINHUA in English 1535 GMT 30 Apr 82]

GUANGZHOU FAIR ENDS--Guangzhou, 5 May (XINHUA)--China's 1982 spring export commodities fair closed today at the Guangzhou Foreign Trade Center. More than 9,600 business people from 69 countries and regions participated in trade negotiations. Business transactions were concluded for the export of machinery, chemical products, minerals, hardware and arts and crafts articles. Business transactions for imports included industrial chemicals materials, dyestuffs, medicines, pesticides and precision instruments. [Text] [OW062000 Beijing XINHUA in English 1515 GMT 5 May 82]

HEILONGJIANG DELEGATION TO JAPAN--A 25-member Heilongjiang provincial visiting delegation headed by (Wang Jin), deputy director of the provincial trade union council, left Harbin for Japan by plane on 2 May. [SK031029 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 2 May 82 SK]

CSO: 4006/437

TRANSPORATION

SOLUTIONS TO EXISTING TRANSPORTATION PROBLEMS SUGGESTED

Beijing GONGREN RIBAO in Chinese 16 Feb 82 p 2

[Article by staff correspondent: "Three Major Problems To Be Solved by Workers on the Transportation Front--Railway Transport for Coal from Shanxi, Transport for Import-Export Cargoes in Coastal Ports, and Transport for Passengers"]

[Text] A responsible comrade in charge of communications and transportation in the State Economic Commission recently told this correspondent: "This year, there are still three problems in communications and transportation, namely, railway transportation primarily for carrying coal out of Shanxi, transportation for import-export cargoes for foreign trade at the coastal ports, and transportation for the rapidly increasing passenger traffic." Unless these three problems are positively solved, the development of the national economy, the four modernizations and stability and unity will be directly affected. He continued: "Last year, the communications sector treated these three problems as the main target of their efforts. They still remain as the principal contradictions for this year, next year or even for some years to come. We must make great efforts to solve them."

How the Situation of Transporting Coal from North to South Was Brought About

After minutely analyzing the causes of these contradictions, the responsible comrade said: The reason why coal transportation has become a sharp contradiction is that our coal-producing areas are mainly concentrated in Shanxi, Henan, Shaanxi, Nei Menggol and Ningxia, while the industrial areas are concentrated in northern China and the northeast where no coal is produced. Thus we have to transport coal from west to east and from north to south over long distances. Now, coal transportation accounts for 40 percent of the total railway traffic, and 80 percent of the coal is for the coastal areas east of the Beijing-Hankou Railway. Railway facilities in these areas are poor and far from adequate for handling the traffic. This imbalance between production and transportation and the disjointed supply and demand are expected to remain serious in the next several years.

Causes of Heavy Pressure on Transportation at Ports and on Passenger Transportation

Speaking of the problem at the ports, the responsible comrade pointed out: At present 90 percent of our foreign trade is carried on through the coastal parts, and we are very short of berthing facilities. These ports therefore cannot meet the requirements of the expanding foreign trade. This year, the import-export cargoes according to the state's foreign trade plan and the transportation tasks for foreign trade at the ports will be increased by a wide margin. Because of these increases, there is the hidden danger of harbors being choked up by loaded ships.

As to the continued increase of passenger traffic he pointed out: In recent years, our passenger traffic has greatly increased, now averaging 10 million persons daily. Although the railway, highway, waterway, and air transportation deparments have taken various measures to tap their resources, there are still serious problems with overloading, sometimes by carrying twice the allowed capacity, particularly in the case of trains. For the Beijing-Guangzhou, Tianjin-Pukou, Longhai, Beijing-Shenyang, Zhejiang-Jiangxi, and the Jiaoji lines, the pressure is heavy throughout the year.

Accelerated Construction Through Effective Use of Funds as a Radical Treatment

How should these problems by solved? The responsible comrade said: The radical treatment is to expedite the construction of railways and harbors. This year, the state has already increased the investment in communications and transportation construction. We will carefully manage and use these capital construction funds in the construction or reconstruction of the nine railway trunk lines or coal transportation lines, including Jingshan, Jingtong, Jiaoji and Hanchang lines, whose responsibility for coal transportation is the heaviest; and in engineering projects for the six electrified railways, namely, Longhai, Jingbao, Shitai, Xiangyu, Chengyu, and Xiangqian lines. Harbor construction will be expedited with particular attention to complete sets of equipment so that they can bring about timely economic results.

Quicker Effects of Symptomatic Treatment

While radical treatment is undoubtedly important, symptomatic treatment can produce quicker effects in view of the state's limited funds for construction. In the near future, we should increase the transportation capacity through technical transformation and by tapping potential. For example, in the Fengsha section of the Jingbao line, we can use double-locomotive towing to increase the capacity, and raise the traffic rate by improving the signal system in combination with engineering projects of electrification. For the harbors, we can increase the space for stowage in lighters and make full use of the private wharves of industrial and mining enterprises. Practice has shown the efficiency of lighters in loading and unloading.

As for passenger transportation, we should develop joint transportation, joint operation, and use of container and bulk cargo loading, and strengthen our management. These methods are quite effective in raising our transportation efficiency and increasing its capacity, and should deserve full attention.

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TRANSPORTATION

ELECTRIFICATION OF RAILWAYS IN PROGRESS

Engineer's Views

Xi'an SHAANXI RIBAO in Chinese 17 Jan 82 p 2

[Article by Yan Wenjiao [7051 2429 2403] and Chen Guangying [7115 1639 3841]: "Let the Motherland's Railways Be Electrified at an Early Date--Engineer Xun Yunqi [5424 0061 1477] Discussed Electrification of Railways"]

[Text] Railways as a means of transportation are a "main artery" in the national economy and the "vanguard" in socialist construction. How to accelerate the modernization and electrification of railways in the four modernization drive is now a matter of great concern to all people. Recently, the Xi'an Railway Administration Bureau held a meeting to celebrate the 20th anniversary of the opening for traffic of the first electrified railway (Baofeng section) in our country. We took this opportunity to interview Comrade Xun Yunqi, the engineer in charge of design for the Electrification Engineering Bureau of the Ministry of Railway and secretary general of the Special Electrification Committee of the China Railway Academic Association, when he was participating in the celebration; and asked him to talk about this subject.

Comrade Xun Yunqi said: Along with the march of time, electrified railway as an advanced means of transportation is being universally developed in various countries in the world, while steam locomotives as a means of towing have already received the "death sentence" because of their low efficiency, the poor conditions of labor involved, their high energy consumption, the environmental pollution, and other weaknesses. Since the electrified railway at the Baofeng section was open to traffic in our country, a total of more than 1,600 kilometers of these lines have also been opened, while more than 1,000 kilometers of them are still under construction. This is a gratifying achievement for us in the past 20 years.

Comrade Xun Yunqi continued: Because of the "10 years of turmoil," the electrification of railways in our country has been very slow, compared with other countries, and incompatible with the developments in socialist construction. There is now an urgent need for us to adopt suitable measures to catch up with the other countries. From what we have learned after summing up the experiences, there are still some problems with the electrification of our

railways. First, we did not at the very beginning lay the focus of construction on the main trunk lines, such as the Beijing-Guangzhou and the Longhai lines where the traffic is always heavy. At present, our electrified railways are mostly spread out in the mountainous areas in the southwest and the northwest where the traffic cannot be very heavy. Thus electrification was not carried out first in the areas where it is most needed and where it can play a more useful role. This question should be borne in mind at the later stages of construction. Secondly, as to the electrified railways which are in operation, the power transformation stations, the power supply system and other technical equipment are rather backward. As a result, the trains cannot run fast enough and the transportation efficiency is not high enough. Electrified railways have not played their role as they should. In future, we must make great efforts to solve these problems.

Speaking of the future development in electrified railways, Comrade Xun Yunqi said with great confidence: We have a bright future. Since the smashing of the "gang of four," the party Central Committee has led us in speeding up the construction of electrified railways and we have accumulated rich experiences since the building of the first electrified line. We have also trained a number of personnel and blazed some trails in technology. As long as we can take advantage of other people's strong points to develop our own, we can certainly catch up with, or even surpass them as far as the speed of construction is concerned. However, Comrade Xun Yunqi strongly pointed out, we should quickly train a number of technical personnel for designing and constructing electrified railways, for manufacturing the required equipment, and for managing their operation. Those who are now working on electrified railways are mostly graduates of universities and vocational colleges of the late 1950's and the early 1960's. They are now in their 40's or 50's, and we are in urgent need of new strength to swell the ranks. Furthermore, among the many institutes of higher learning for railways in the country, only the Southwest Communications University offers a special course in electrification while some of them do not even include a special course of electrification management in their curricula.

Comrade Xun Yunqi finally said: We need support from various quarters for accelerating the electrification of the motherland's railways and hope everyone will contribute their ideas to "put wings" on the electrification of our national railway transportation.

Progress in Tianlan Line

Lanzhou GANSU RIBAO in Chinese 8 Feb 82 p 1

[Article by Shen Peide [3947 1014 1795]: "Electrification of Tianlan Line Makes New Progress"]

[Text] Lanzhou--Electrification for the technical transformation of the Tianlan Railway has made new progress.

Displaying the spirit of national construction through diligence and frugality and the pioneering spirit of hard struggle, the broad masses of railway

workers, engineers, technicians and cadres at various levels now struggling at the electrification work sites are doing everything they can with the sense of being masters of their own affairs, despite various difficulties caused by the shortage of funds and materials, the collapse of the Baotian section on two different occasions, and the heavy strain on transportation facilities. By the end of last December, they had completed a total of 243 small and medium-size bridge culverts (including those of multilayer intercrossing bridges) along the Tianlan Railway, and thus fulfilled 95.6 percent of the designed work. They also reconstructed 35 stations; built houses totaling 41,800 square meters of floorspace for both residence and production; erected 6,500 posts and put up 337 kilometers of lines for the power grid; laid 284 kilometers of long distance communications cables; basically completed the stone and earth work for the foundation of the railway and other projects for its improvement; and built 21 central power stations.

At present, one-half of the projects covered by the total investment have been completed. Except for the expansion of two stations in the Tianshui-Longxi section, the concentration of electricity in three stations and a small amount of work on the power grids, all other projects have been completed. Technical transformation on the western intersection of Lanzhou, which accounts for one-third of the total investment in the electrification of the Tianlan Line, is now going on at full speed. Reconstruction of the tunnel, beginning from under the freeway, which crosses Lanzhou City, and ending at Xiaxiyuan; and the major repair on the line were completed by the workers of the Lanzhou Railway Administration Bureau after 100 days' hard struggle. On 8 January, the laying of tracks, which marked the final phase of the reconstruction of two tunnels, was completed. By now, reconstruction of the 50 tunnels required for electrification of the Tianlan Railway has been completed.

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TRANSPORTATION

NEW RECORD SET FOR COAL TRANSPORTATION VIA DATONG RAILWAY

Beijing GONGREN RIBAO in Chinese 15 Feb 82 p 1

Article by staff correspondent: "Workers of Daton Railway Overfulfilled Coal Transportation Plan by 80,000 Tons in 40 Days"]

[Text] Despite the cold weather and the heavy passenger traffic during the Spring Festival, the workers and staff members of the Datong Railway Administration Branch Bureau have given outstanding performances in the transportation of coal. In 41 days since the beginning of this year, they transported 4,454,000 tons of coal, 80,000 tons over the planned amount, which is the best record ever attained.

The Datong Railways Administration Branch Bureau is located in a coal mining area and undertakes the transportation of coal produced by more than 300 mines of all sizes. The coal has to be supplied to more than 2,000 large and medium-size enterprises and seaports throughout the country. This branch bureau is now transporting approvimately one-tenth of the total amount of coal transported by railways throughout the country. It is in the section of the railway handling the heaviest coal traffic.

This year, the state plan of coal transportation for this branch bureau calls for an addition of 2.09 million tons over and above what was actually completed last year. Thanks to the all-out efforts of the workers of the Datong Coal Mine, coal output has increased by a wide margin since the beginning of this year. Their performance greatly inspired the workers of the railway administration branch bureau, who decided to transport more coal to support production in the industrial areas and to meet the people's daily needs. The transport controllers intensified their planning and arrangements to insure the safe, on-time and smooth operation of trains. The locomotive operators also pledged to tow more and to run faster. In the northern section of the Tongpu line, there is a fairly steep slope, and the towing capacity for each locomotive is limited to 1,400 tons. After assuring the train's safety, the locomotive operator towed 3,500 tons, thus more than doubling the capacity. By the first 10 days of February, the branch bureau had already loaded more than 90,900 wagons, some 200 wagons over the planned number.

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GENERAL

TOTAL REORGANIZATION OF COMMERCIAL ENTERPRISES ORDERED

Shijiazhuang HEBEI RIBAO in Chinese 14 Mar 82 p 2

[Article by Organizational Office, Finance and Trade Department of the Provincial Party Committee: "Reorganization of the Financial and Trade Enterprises Is Imperative"]

[Text] This year, the party Central Committee and State Council have ordered that within a time frame of 2 to 3 years all state-owned industrial enterprises are to be totally reorganized, step-by-step in a planned way, with individual sites combined with the entire area by stages and in groups. The thrust of this order is fully applicable to the financial and trade enterprises. Financial and trade offices at all levels throughout the province must conscientiously and thoroughly put this into effect and strive to do a good job in accomplishing a total reorganization of the financial and trade enterprises.

The financial and trade battlefront is a major component of the national economy. Reorganizing and building the financial and trade enterprises well, will be of major significance toward the successful building up of socialist material and spiritual civilization. At the moment, the mainstream of the financial and trade enterprises throughout the province looks good. However, there are a considerable number of enterprises which still have a lot of problems concerning ideology, organization, management and administration, and the work style of the leadership, and are very far from being able to adapt to the requirements of changing circumstances. For this reason, a total reorganizing of the financial and trade enterprises is imperative. The reorganization of the financial and trade enterprises must take as a weapon, spirit of the 3rd Plenum and the resolution of the 6th Plenum of the 11th Party Central Committee. The breakthrough point must be the implementation of the management responsibility system. Emphasis must be placed on reorganizing and building up the leading groups, and the objective is to improve the economic results, and successfully build up the socialist material and spiritual civilization. After reorganizing, we must continue criticizing and clearing out the leftist erroneous influence, thoroughly complete bringing order out of chaos in the real work and solve the problems currently existing in the enterprises. We must totally implement the lines, principles and policies of the Third Plenum, bring into full play

the initiative of the cadres, staff and workers, and fulfill or overfulfill the quotas in every financial and trade task. At the same time, we can create the conditions for building up the modernization of our enterprises by adapting to the requirements of the basic task in this new stage of historical development. The general requirement for the reorganization of the financial and trade enterprises is a total reorganization tackled in a comprehensive manner. The current points of emphasis center on improving economic results and conscientiously solving the problems in the few areas listed below: reorganizing and perfecting the management responsibility system, improving the management and administration of enterprises, reorganizing the work force and strengthening its discipline, strict implementation of a system of rewards and penalties, strengthening and enforcing financial and economic discipline, perfecting the financial and accounting system, reorganizing the work units, successfully setting the number of personnel and the quotas, reorganizing the party organizations at the grass-roots level, improving the fighting capacity of the party organization, reorganizing the leading groups at all levels, and strengthening ideological and political work. To undergo the reorganization, the following six standards must be met: (1) There will be one group of leaders which conscientiously implements the party's lines, principles and policies, adheres to the four basic principles, rectifies party work style, works with incessant vigour, fights with the spirit of solidarity and military, understands day-to-day work, has the talent to manage, and all of whom are in their prime--smart and capable. (2) In order to establish and strengthen the responsibility system of managers (factory directors) under the leadership of the Central Committee and the system of the People's Congress under the leadership of the party Central Committee, the core of the party Central Committee must be strong, the democratic management by workers and staff members must be fully implemented, and the administrative command system must be efficient. (3) There is to be a contingent of workers and staff members with high awareness, business experience, stern discipline and proper conduct. They must be both socialist minded and vocationally proficient. (4) Ideological and political work is to be done vigorously; the direction of the management of the businesses is to be proper and correct; (the standard of) "one principle, two services, and three main points of view" is to be adhered to; efficient management, courtesy to customers, top quality service, and conveniences for the people are to be maintaned. (5) Once the management responsibility system is established and perfected, there is to be a system of scientific management which will completely fulfill the national plan, with the main economic target of reaching the best level in history for the specific enterprise or reaching the advanced level of a sister enterprise in the local area. (6) On the basis of expanding management, improving administration, and increasing state revenues, the staff and workers collective welfare, material benefits, and cultural livelihood will be improved.

To reorganize the financial and trade enterprises, we must conscientiously carry out the policies and pay close attention to eliminating the leftist erroneous influence. We must implement the principles of 'dredging," begin with a summary of our work, and base ourselves on mass education and improvement. We should not inflict ordeals on the people, but aim at

improving the economic results, and not get bogged down in organizational affiliations. For those problems related to business management, production or day-to-day work, we must incite the masses to suggest ways and means, and conscientiously straighten them out. Economic and legal and disciplinary problems must be clearly differentiated and conscientiously handled. Problems of a universal nature, can be solved mainly by positive measures or examples. With regard to such major or important cases involving acts violating the law and discipline such as profiteering, graft and embezzlement, smuggling, selling smuggled articles, and offering or accepting bribes, we must get in contact with the political and legal offices or the office in charge of discipline inspection, and work with them in close cooperation, conscientiously investigate, and deal with the case severely according to policy. With regard to the handling of people, we definitely must adopt a prudent attitude to uphold the principle of "learning from past mistakes to avoid future ones and cure the sickness to save the patient," take care of matters by examining and checking the precise facts, and within the limits of authority for managing personnel affairs, report handling of a case to the higher authorities for approval. We must persist in maintaining the mass line, depend on the masses of workers and staff members, be adept at conducting thoroughgoing and painstaking work, study as we reorganize and make improvements as we do both. This year we will do everything possible to reorganize one-third of the 25,000 financial and trade enterprises we now have in our province in accordance with the demands from the party Central Committee and the State Council; we should stress the reorganization of the enterprises which have great influence but which lack management and administration, reorganize another group of enterprises next year and wind up the reorganization the following year. Financial and trade offices at all levels should, in accordance with this general requirement, carry out investigations to find out the real situation of their enterprises, arrange them in order of importance and urgency, formulate plans to carry out the reorganization by stages and in groups, differentiate between situations, provide systematic guidance, and adopt forceful measures to ensure implementation. The key to accomplishing the reorganization of these enterprises is to strengthen the leadership. The leading comrades at every level in the financial and trade offices must recognize the major significance of a total reorganization of the enterprises. Their confidence must remain steadfast, and they must overcome any fear of difficulty. The work of reorganizing the enterprises must be placed on the agenda as a major item and we must earnestly strive to strengthen the leadership. We must draw experience from selected units to promote overall work, and have the leading comrades take the lead in organizing investigation teams for those cadres gaining first hand experience at selected grass-roots units, concentrate on launching one or two pilot projects for the reorganizing of the enterprises, conduct investigations and studies, help reorganize, promptly sum up and exchange experiences, and generally expedite the launching of the reorganization work.

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FOREIGN TRADE

SOME FEATURES OF SHENZHEN SPECIAL ECONOMIC ZONE DESCRIBED

Hong Kong CH'I-SHIH NIEN-TAI [THE SEVENTIES] in Chinese No 3, Mar 82 pp23-25

[Article by He Li [0149 4539]: "'New Hong Kong'?—A Look at the Inside of the Shenzhen Special Economic Zone"]

[Excerpts] Part III: Overlapping Administrative System—A Formidable Array of 'Court Houses'

For a Hong Kong merchant newly arriving in Shenzhen to negotiate the opening of a factory with his own investment, what gives the deepest impression is perhaps the "Shenzhen Municipal Office of Economic Relations With Foreign Countries" located by the side of the Shenzhen Theater. Most of the newly arriving Hong Kong merchants have to come to this office to make appointments with the persons with whom they will negotiate. For example, if a foreign merchant plans to open a woolen textile mill, then besides the responsible person of "Economic Relations With Foreign Countries Office," he will most probably have to talk to the responsible persons of the municipal development department, the industry bureau, the municipal light industry department (since wollen textile industry is included in light industry), and the responsible person of the provincial light industry department stationed in Shenzhen. If the merchant from Hong Kong wants to make use some ready plant premises, then of course the director of that plant has to be included among the negotiators. If he wants to open his plant in some district or commune in the vicinity of the municipality, the secretary and the responsible person of the locality (or commune or production brigade) will have to join the negotiation. If the plant building has to be newly built or some old building has to be altered, the construction department and the construction company will send their representatives to attend the meeting. Anyway, the number of departments involved and of participatns at the meeting is usually beyond the Hong Kong merchant's expectation. If the investment is heavy, then the higher levels will be involved and the "responsible persons" at the negotiation table will be even more. Such an imposing array of "court houses" is apt to scare foreign merchants.

What Premier Zhao Ziyang said in his report at the Fifth National People's Congress last year about "overlapping and overstaffed administrations with their multitiered departments crammed full of superfluous personnel and

deputy and nominal chiefs who engage in endless haggling and shifts of responsibility, all resulting in low efficiency" is particularly conspicuous here. Furthermore, the chains of command in building and equipping the special zone and the leading bodies have changed time and again; therefore, to obtain a clear knowledge of the administrative system and the division of authorities in Shenzhen is by no means an easy task.

Three Signboards, "Each Has Its Share of Work"?

There are now three administrative systems in Shenzhen:

First, the Administration of Special Economic Zones whose legal basis is the "Regulations on Special Economic Zones in Guangdong Province" approved by the National People's Congress. Article 3 reads: "A Guangdong Provincial Administration of Special Economic Zones is set up to exercise unified management of the special zones on behalf of the Guangdong Provincial People's Government," and Article 24 reads: "The Shenzhen Special Zone is under the direct jurisdiction of the Guangdong Provincial Administration of Special Economic Zones. Necessary agencies are to be set up in the Zhuhai and Shantou Special Zones." In the same "Regulations," Article 25 reads: "A Guangdong Provincial Special Economic Zones Development Company is to be set up to cope with the economic activities in the special zones. Its scope of business includes fund-raising and trust investment, operating enterprises or joint ventures with investors in the special zones in matters related to sales and purchases with other parts of China outside the special zones, and providing services for business talks."

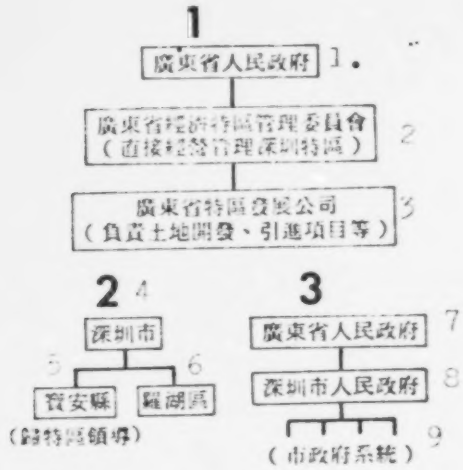
The second system is the Shenzhen Municipal People's Government. Since Shenzhen was raised to the status of a municipality directly under Guangdong Province, as approved by the State Council in 1979, there is naturally the system of the Shenzhen municipal people's government. The Shenzhen Municipality has under its jurisdiction the entire Baoan County. According to a decision by the Guangdong provincial party committee last October, Shenzhen's status will be raised to the same level with Guangzhou.

The third one is the organizational system of Baoan County restored last September "according to the central government's decision." After Shenzhen's rise to the level of municipality, the organizational system of Baoan County was abolished. However, after the demarcation of the Shenzhen Special Economic Zone, the nonspecial zone section again became Baoan County. Baoan County is under the jurisdiction of the Shenzhen Municipality. As we understand, the central portion of Shenzhen Municipality is now under "Luowu District" government and also directly under the municipal government.

The establishment of these three systems reflects certain problems in the administration of Shenzhen. When Shenzhen became a municipality, Baoan County's organization system and staff became those of Shenzhen Municipality, and then responsible persons of higher levels were gradually transferred here from the province. When the demarcation of the Shenzhen Special Zone was completed, the people formerly responsible for the nonspecial zone were "swept out of the door" as though in a game of "drawing circles on the ground." As we understand, the functionaries of the middle and lower

levels are mostly the "native cadres" (local cadres) of Baoan County, and after being "expelled" out of the special zone, they were in a sad state. The purpose of restoring Baoan County, according to a report, is to set up an agricultural sideline products base to serve the special zone. However, the "secondary purpose" may be to take care of these native cadres. The county city of Baoan, as we understand, will be located at the north of Nantouxu. When the special zone and the nonspecial zone are separated, it is possible that this county city will be divided into two portions by a barb-wire fence.

The structure of the "three systems" shown in a diagram, drawn even with the best possible effort, is still confusing:



KEY: 1. Guangdong Provincial People's Government.

2. Guangdong Provincial Administration of Special Economic Zones (directly administering the Shenzhen Special Economic Zone).

3. Guangdong Provincial Special Economic Zones Development Company (responsible for exploitation of land and importation of projects).

4. Shenzhen Municipality.

5. Baoan County (under the leadership of the Special Economic Zone).

6. Luowu District.

7. Guangdong Provincial People's Government.

8. Shenzhen Municipal People's Government.

9. (Municipal Government Departments).

Three Major Changes in Leading Bodies in 3 Years

Actually, if we want to fairly clearly understand the administrative system in Shenzhen, it would be better for us to know something about the personnel or the leading bodies. Within the last several years, the leading body in Shenzhen underwent three major changes and innumerable minor ones. When the municipality was newly established in 1979, Jia Hua [6328 5479] was the principal responsible person. Later, Liang Xiang, [4731 3276], second secretary of Guangzhou Municipal Party Committee, was sent here to take charge of the work of the municipality. Last October, he was officially appointed by the Guangdong Provincial Party Committee as the secretary of the Shenzhen Municipal Party Committee and mayor of Shenzhen. In other words, the leading body originally consisted of Jia Hua and his team; even though Liang Xiang later took over his job, his team still remained in the leading body. However, this team was since then constantly reshuffled until it consisted mostly of Liang Xiang's men. When the municipality was first established, the municipal party committee members included Zhang Xunfu [1728 0534 3940], Cao Xizhi [2580 0823 0037], Fang Bao [2455 0545], Jia Hua, Ye Minghua [0673 2494 5479] and Chen Ren [7115 0088]. Now only Fang Bao's name remains on the list of municipal party committee members.

The Administration of the Special Economic Zone and the municipal government are basically run by the same team. The Administration of the Special Economic Zone consists of: Director Wu Nansheng [0702 0589 3932], First Deputy Director Liang Xiang, Deputy Director Qin Wenjun [4440 2429 0193], and Secretary General Ding Lisong [0002 0536 2646]. The municipal government consists of Mayor Liang Xiang, Vice Mayor Zhou Ding [0719 7844], Zhou Hanwu [0719 3352 0582] and Luo Changren [0512 2490 0088], with Liang Xiang playing the main role, of course. Liang Xiang joined the CCP in 1936, and has been active in Guangdong ever since liberation, serving as the director of the Public Security Bureau in Guangzhou, director of the Industry-Commerce Bureau, deputy director of the Municipal Finance Commission, deputy chief of the Industry Department, director of the Provincial Planning Commission, vice mayor, secretary of the Municipal Secretariat, and vice chairman of the Provincial Revolutionary Committee. His transfer to Shenzhen was fully justifiable. Now, he has the title of vice governor of Guangdong Province, first deputy director of the Guangdong Provincial Special Economic Zones, mayor of Shenzhen Municipality, secretary of Shenzhen Municipal CCP Committee, and member of the Standing Committee of Municipal Party Committee.

The personnel of the Xiamen Special Economic Zone in Fukian is the same as that in Shenzhen. The director of the Administration of the Special Economic Zone Guo Chao [6753 6389] is the vice governor of the province; the deputy director of the Special Economic Zone Lu Zifen [7120 5261 1164] is the first secretary of the Municipal Party Committee; and another deputy

director Xiang Zhen [0686 4176] is a vice mayor of the municipality. The relationship between the Administration of the Special Economic Zone and the municipal government is called "one team with two singboards and division of work," in the country.

However, the "division of work" is not quite clear. In his interview with a Hong Kong correspondent last August, Liang Xiang said that the municipal government had to be responsible for urban construction and other matters relating to the market, public order, culture and education, public health, and so forth, while the exploitation of land, and importation of projects are undertaken by the development company under the Administration of the Special Economic Zone. However, according to Article 23 of the "Regulations on Special Economic Zones in Guangdong Province," the "functions exercised" by the Administration of the Special Economic Zone include "to run education, cultural, health and other public welfare facilities in the special zones" and "to maintain law and order in the special zones and protect according to law the persons and properties in the special zones from encroachment." These "functions" are the responsibility of the municipal government. This system of dual authority can hardly fail to produce the undesirable effects of unclear division of work and difficulty for a centralization of authorities.

Mutual Wrangling and Causes of Contradictions

These three systems are not the only cause of the large number of "court houses." There are also the customs stationed in the special economic areas, the frontier defense forces and the banks under the vertical leadership of the central special departments. An article carried by an economic journal in circulation at home pointed out: "The industrial and commercial trading units of many central departmtnts, all provinces and municipalities (except Xizang) and all prefectures and counties in Guangdong Province have either set up their offices in, or sent their representative to Shenzhen, and they are not mutually coordinated under the centralized leadership of the special economic zone." For these reasons, "the Shenzhen Special Economic Zone is beset with many contradictions which are harmful to the construction of the special economic zone and the development of economic relations with foreign countries." The article also pointed out the "mutual conflicts and wrangling causing these contradictions" which "have led to the misgivings and the 'wait-and-see' attitude among the foreign merchants. Some of them even said in great disappointment" 'What is special about the Shenzhen Special Economic Zone is that the procedures are too complex, the check-points are too many and the charges are particularly high.'"

At the Fifth Provincial People's Congress held last December, some representatives from Hong Kong and Aomen made some comments on the question of investment by Hong Kong merchants in the inland. The comments were: 1) The system was so complex that people are scared at the sight of it. 2) There are more ignorant than knowledgeable cadres, thus causing unnecessary losses. 3) Unhealthy tendencies are beginning to spread so that people can hardly get anything done in the regular and proper way. 4) Psychologically, there is the fear that foreign merchants may gain profits.

Probably because of the numerous defects resulting from the very large number of overstaffed departments, Liu Tianfu [0491 3944 1133], governor of Guangdong Province, proposed before the Fifth Provincial People's Congress a program of simplifying the administration and raising working efficiency by reducing the original 80 and more bureaus of the government to some 30 of them, with one mayor and one vice mayor, and only one director for each bureau. However, because of the complex and chaotic system, the lack of a unified policy and decree for the leadership and management of the various orgainzations and personnel of various regions and departments stationed in the special economic zone, and the personnel contradictions and conflicts of interests involved, this Gordian knot may not be cut easily.

Part IV: Transition to Capitalism

Construction of the Shenzhen Special Economic Zone is now on the threshold of vigorous growth. The "special policies and flexible measures" according to relevant laws and directives from the central government are gradually transforming Shenzhen into a "special" zone. Now that this special economic zone has been in existence for 2 years, what is so "special" about it?

After the announcement of the establishment of the special economic zones, theorists in the country have repeatedly carried out discussions on the nature of the special economic zones. It was generally agreed that these special economic zones, "guided by Marxism-Leninism, are built on the foundation of our national sovereignty and are not a revival of the old concessions." It was also held that these special economic zones embody "a combination of Lenin's basic theories on the utilization of capitalism for building socialism and our country's socialist modernization," and are the result of an "important policy decision" based on learning from foreign experiences. The theoretical foundation was provided by Lenin's concession contracts signed by the Soviet political power and the capitalists. Therefore, their theory is always that the special economic zones stand for "national capitalism" under the control of a "socialist country."

No matter how these theorists may explain it, the Shenzhen and Zhuhai special economic zones are in a gradual process of "transition to capitalism." In a brief period of slightly more than 3 years, the "processing of imported materials" has developed into 100 percent capitalist business operations, and the "compensatory trade in which the means of production will be collectively owned in a few years" has been transformed into capitalist development of scores of square kilometers of land. The border line of socialism is gradually receding.

Is this a tactic of "paying him back in his own coin" in the struggle against capitalism? Does this mean using capitalism to serve socialist modernization? Is this an invitation to capitalism for its "restoration" in the special economic zones? Should the world be remodled in accordance with the proletarian or the bourgeois world outlook?

The Shenzhen Special Economic Zone which has been marked out in the socialist "game of drawing circles on the ground" is now continuing to intensify its economic relations with Hong Kong, the capitalist frontier outpost, and even the people's life style and social morality have also changed. In appearance, a "new Hong Kong" is being established in Shenzhen with Hong Kong as its model. In CH'I-SHIH NIEN-TAI of the February 1980 issue, Mr Wu Moran [0702 7817 3544] pointed out: "Shenzhen's development in fact means its "transformation into Hong Kong. In future, Guangdong will follow Shenzhen's example." Some "signs" of Guangdong's "transformation into Shenzhen, and Shenzhen's "transformation into Hong Kong" can now be discerned. Liang Lingguan [2733 7227 0342], mayor of Guangzhou Municipality also said in January this year that Guangzhou will also adopt special policies in the same way as Shenzhen's. The "first line" of demarcation between Hong Kong and Shenzhen will become increasingly blurred after the simplification of immigrations procedures and the improvement of transportation, and the "second line" of demarcation between the special zone and the nonspecial zone may be even more significant. With the gradually diminishing difference between Shenzhen and Hong Kong, the economy in these two places may later merge into an integral whole. This may be China's vision of the special economic zones or Hong Kong's future as envisaged by China.

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TITLE: "Calculation of Ductility Factor of Reinforced Concrete Members with Flexural and Compressive Axial Load by Determination of Boundaries between Two Adjacent Regions"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 1-13

TEXT OF ENGLISH ABSTRACT: This paper analyzes the curvature distribution characteristics of reinforced concrete members with flexural and compressive axial load, simplifies the curvatures in two working levels on half-span with bilinear and trilinear distribution, and deduces formulas for determining the boundaries between two adjacent regions. The method presented is suitable for hand computation of the ductility factor of structural members. By the proposed formulas and method, 24 reinforced concrete members with flexural and compressive axial load have been analyzed and satisfactory results have been obtained. Based on the experimental and theoretical analysis, this paper also demonstrates the reasonable value adopted for ultimate strain of concrete and concludes that it is sensible to take $\varepsilon_u = 0.003$ for ductility analysis of unconfined reinforced concrete members with flexural and compressive axial load.

AUTHOR: DONG Shilin [5516 4258 7792]
XIA Hengxi [1115 0077 3588]

ORG: DONG of the Chinese Academy of Building Research; XIA of Hubei Agricultural University

TITLE: "Analysis of Orthogonal and Ortho-laid Space Truss as Equivalent (Sandwich) Plate (Part I)"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 14-25

TEXT OF ENGLISH ABSTRACT: In this paper the orthogonal and ortho-laid space truss has been assumed to be an orthotropic sandwich plate and is analyzed by the plate theory with consideration taken of shear deformation and three generalized displacements. The differential equation, the expressions for bending stiffness and shear stiffness of such a space truss, as well as the formulas for calculating internal forces of its members are given. The solution expressed in double trigonometric series is presented and design tables for calculating internal forces and displacements are worked out for space truss simply supported at the perimeter. In addition, the influence of shear deformation and that of unequal stiffness or of variable stiffness in two directions is discussed and simplified approximate formulas are given. Numerical examples are also included in this paper.

[Continuation of JIANZHU JIEGOU XUEBAO No 2, 5 Apr 82 pp 14-25]

The research results presented in this paper have been adopted into "The Specification for Design and Construction of Space Truss (JGJ 7-80)" in China.

AUTHOR: TONG Yuesheng [4547 1471 3932]

ORG: Xi'an Institute of Metallurgy and Construction Engineering

TITLE: "Limit Design of Reinforced Concrete Continuous Beams and Rigid Frames"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 26-35

TEXT OF ENGLISH ABSTRACT: In this paper, a method for limit design of reinforced concrete continuous beams and rigid frames is presented. By this method, a moment diagram for the structure is assigned and then the corresponding plastic hinge system is determined. A rational and economic reinforcement of the structure may be achieved when the structure is thus designed by the assigned moment diagram. In order to make the calculation simple, the principle of virtual work has been used and some simple self-stressed moment diagrams are chosen.

AUTHOR: QIAN Guozhen [6929 0948 2823]

ORG: Hangzhou Design Institute

TITLE: "Simplified Calculation of Orthogonal Hyperbolic Paraboloid Cablenet"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 36-45

TEXT OF ENGLISH ABSTRACT: In this paper, the discrete method is used in the analysis of cablenet structure. By using the condition of equivalent deformation at the node of bracing cable and bearing cable, and introducing the concept of load distribution coefficient, the distributed load as well as the incremental deformation and the stresses in bracing cable and vearing cable are obtained.

Two numerical examples are given. The results are compared with those obtained from an accurate method so as to show the reliability and simplicity of the given method. This method is especially applicable to tentative designs.

AUTHOR: YANG Cuiru [2799 5050 1172]
ZHONG Xigen [6945 6932 2704]
LIU Dahai [0491 1129 3189]

ORG: All of the Northwest Building Design Institute

TITLE: "Simplified Method of Analyzing Single-story Mill Buildings under Longitudinal Seismic Action"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 46-55

TEXT OF ENGLISH ABSTRACT: For single-story mill buildings, the current design practices in the analysis of longitudinal earthquake responses either completely ignore the stiffness of the roofing system or treat it as an absolutely rigid diaphragm. In this paper, according to the experimental data and conclusions drawn from earthquake damage surveys, a spatial structural analyzing model, in consideration of the deformability of the roofings and the effective stiffness of the longitudinal walls, is established. With the aid of a computer, a number of different mill-type buildings have been analyzed and the results studied. Based on these data of spatial structural analysis, a simplified method of analyzing single-story mill buildings under longitudinal seismic action is proposed and the calculation can be done with hand computations.

AUTHOR: WANG Yisun [3769 6318 5549]

ORG: Hunan University

TITLE: "Some Problems in the Ground Vibration Analysis"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 56-67

TEXT OF ENGLISH ABSTRACT: In this paper the exact solutions of displacement are given of a homogeneous, isotropic, elastic half-space surface of arbitrary Poisson's ratio under a vertical and a horizontal harmonic point load. Some problems of attenuation of the ground vibration are analyzed by means of the exact solution and the method of influence function of circle center displacement. The method is applicable for analyzing the ground displacement of the near-field. The rationality of Barkan's discriminant for the far-field is discussed. The analysis shows that increasing the excitation frequency of the source reduces the decay rate of the ground vibration.

The calculation of the phase velocity of vibration indicates that the phase velocity of the near-field is less than the Rayleigh wave velocity in general.

AUTHOR: LIANG Shouxin [2733 1343 0207]
ZHOU Yongguan [0719 3057 1351]
ZHOU Fuliang [0719 4395 5328]

ORG: All of the Building Research Institute, Building Construction Bureau of Gansu Province

TITLE: "Determination of Static Bearing Capacity of Single Pile by Wave Equation Using Input of Direct Force Wave Measurement"

SOURCE: Beijing JIANZHU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese No 2, 5 Apr 82 pp 68-78

TEXT OF ENGLISH ABSTRACT: In this paper, against the problems existing in pile driving analysis by wave equation while the velocity of hammer center of pile is in its initial condition, a wave equation analysis using input of direct force wave measurement with the concept of isolated body is presented and a computer program is developed. Nine parameters in relation to hammer are eliminated, so that the reliability of the wave equation analysis is increased. The experimental results of 10 precast square piles with static and dynamic measurements show that the ultimate bearing capacity of single piles obtained by the above-mentioned method is in good agreement with that obtained from static measurement in field.

AUTHOR: JIN Minqiu [6855 2404 3061]

ORG: None

TITLE: "Inquiry Into Ways of Revitalizing the Construction Industry"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 2, 15 Apr 82 pp 2-6

ABSTRACT: The Central Party has proposed the goal of revitalizing the construction industry so that it may offer a greater contribution to the nation. This proposal has profound and long range significance. China has 7.9 million construction workers in the cities and 3 million in the countryside. China has not entered the international construction market for very long and foreign contracts have already amounted to more than 4 billion U.S. dollars every year. It is estimated to reach 5 billion for Turkey alone in 1981 and the profit will be 600 million US dollars in foreign exchange. Many problems exist with the construction industry, including the lack of long range plans of development, the lack of unified business management, confused and unreasonable pricing structure, the lack of an economic responsibility system, and an unreasonable internal structure and the lack of coordination among the units of survey and prospecting, designing, scientific research, and building. For example, a certain construction division of Heilongjiang has more than a hundred painters but only 20 or so masonry workers. A list of measures are presented for correcting these shortcomings.

AUTHOR: None

ORG: Economics Division, Bureau of Finance and Economics, National Bureau of Construction

TITLE: "A Survey Report of the Practice of the Economic Responsibility System Among the Construction Industries"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 2, 15 Apr 82 pp 7-10

ABSTRACT: This paper is a condensation of the report of a survey and research conference on the condition of implementation of the economic responsibility system among the construction industries. Bureaus of Construction of 13 provinces, cities, and regions participated in the conference. The paper does not give the date or the location of the conference, however. At present, 3 forms of distribution of economic responsibilites are being adopted, including between the State and an enterprise, between an enterprise and a construction unit, and between various elements within an enterprise. Outstanding problems discussed include a lack of understanding of the meaning of economic responsibility, the rise of income of individual workers higher than the rate of increase of the profit, the way of arriving at a proper ratio of distribution of profits between the State and the enterprise, and ramifications of egalitarianism. Many suggestions for further improving the system of economic responsibilites are included in the final section of the paper.

AUTHOR: ZHANG Xiuzhi [1728 0208 1807]
JIN Daqin [6855 1129 0530]

ORG: None

TITLE: "Thrifty Use of Land for Urban and Rural Construction to Raise the Benefits From Land Utilization"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 2, 15 Apr 82 pp 11-12

ABSTRACT: Although China's territory is large , 2/3 of it are mountains and hills. At present, there are only 1,490 million mu of cropland, averaging 1.6 mu per person while the world average is 5.5 mu/person. Since the liberation, a considerable amount of land has been taken over by urban and rural construction. According to incomplete statistics, in the 20 years of 1957-77, 436 million mu of cropland were occupied by construction. The area of cropland is reducing on an average of 22 million mu a year, the size of all croplands in Fujian Province. Moreover, kilns and clay materials for brick-making are also destroying crop-producing fields. About 1/3 of the more than 18,000 brick factories of the country dig dirt from nearby fields to make brick. The Handan Prefecture of Hebei alone has more than 1,100 brick factories, occupying 53,000 mu of land, of which 49,000 mu are cropland. These and other abhorrent conditions are reported to prove the urgent need for research and strict control to prevent further shrinkage of cropland in China.

AUTHOR: YANG Lanru [2799 5695 5423]
WANG Junan [3769 0971 1344]
ZHANG Hongfu [1728 3163 1788]

ORG: None

TITLE: "Several Problems Concerning the Implementation of Bonus Awards and Piecework Wages in the Construction Enterprises"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 2, 15 Apr 82 pp 13-15

ABSTRACT: On the basis of setting up unified work load for the entire country, the construction enterprises began to implement a system of bonus awards and piecework wages in 1978. The system has been gradually expanded and improved since then and the beneficial effects of higher labor efficiency and better incentive to produce, etc. are very obviously obtained. The following problems remain, however: (1) The level of bonuses awarded must have a proportional relationship with the accomplishments of the enterprise; (2) There must be a ratio between the total bonuses awarded and the total reduction of cost; (3) There must be a proportional relationship between bonuses and profits; (4) There must be a ratio between the total wages paid and the total amount of construction completed.

6248
CSO: 4006/97

AUTHOR: HU Chunfang [5170 2504 5364]
ZENG Haosong [2582 7729 1345]

ORG: Both of Department of Economic Management, Wuhan University

TITLE: "Inquiry Into the Current Problem of Energy Conservation in China"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 3, 25 Mar 82 pp 8-11

ABSTRACT: Most recently, the National Economic, Planning, and Energy Committees resolved to launch the energy-conservation-month activity for the 3rd time. That is to say, beginning with the year 1979, there has been such an activity every year, to demonstrate the importance the State places on the problem. In China, to generate 1 kwh of electricity 0.453 kg of coal is consumed (1979); in Japan, only 0.335 kg. To produce one ton of steel, 1.6 tons of coal are needed in China; only .77 tons in Japan. To produce one ton of ammonia, 2.84 tons of coal are needed in China; only 1.2 tons in Japan. With these and other data, the authors maintain that the problem of energy conservation and the one important strategy for achieving energy conservation is to end waste through improving management and improving technology.

AUTHOR: SUN Zhongying [1327 0112 5391]

ORG: Taiyuan Municipal Bureau of Environmental Protection

TITLE: "On The Readjustment of Industries in Taiyuan City From the Viewpoint of Environmental Pollution"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 3, 25 Mar 82 pp 12-14

ABSTRACT: In these 30+ years, Taiyuan has been developed from a dilapidated place into an industrial city but the rapid development has also caused the quality of the environment to deteriorate continuously. The atmospheric, water, and noise pollution has now reached a very serious situation. According to preliminary statistics, every year more than 400 thousand tons of sulfur dioxide, smoke, etc. are discharged into the atmosphere. The 400 thousand tons of waste water discharged every day contain more than 10 types of toxic substances, including phenol, cyan, chromium, etc. Over an area of 84 km^2 of the city, the density of sulfur dioxide is more than twice the permissible limit of the State. The one waterway in the city, Fenhe, has lost all its natural appearance. The water is murky and smelly and the phenol content was once detected to be 400 times higher than the State's regulation. The paper blames the unreasonable arrangement of industries for the severe pollution problem and proposes control measures through readjustment of industries.

AUTHOR: CHEN Feng [7115 1409]

ORG: Department of Commercial Economics, Beijing College of Finance and Trade

TITLE: "Preliminary Inquiry of the Economic Contract System"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 3, 25 Mar 82 pp 28-31

ABSTRACT: Contracts having economic activities as their contents are economic contracts. In the course of readjustment and reform of the national economy in China, planning and the marketplace are combined to revitalize the economy. It has, therefore, become important to study ways of utilizing the form of economic contract to ascertain the rights and responsibilities of parties and industries to promote a harmonious relationship and to maintain the economic order of the society. This paper traces the history of development of economic contracts, from the slave society, through the feudal society, the liberation, the national economic recovery, the five-year plans, etc. It has been a long time, when socialism was regarded as an economy with no, and no need of, production or circulation of merchandise and all economic activities were regulated with planned quotas in the nature of directives. All sales and distribution were carried out according to the State's plan. The relationship between parties of an economic activity was fixed and there was no room for negotiation. It did not matter whether there was a contract or not. Now, things have begun to change and the system of economic contract is being extended. The seriousness of a contract and the method of protecting the legal effectiveness of the contract system are briefly discussed.
6248
CSO: 4011/90

AUTHOR: ZHENG Youjiong [6774 1635 3518]

ORG: None

TITLE: "A Preliminary Inquiry Into the Rational Approach to the Provincial (Regional) Industrial Structure"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 2, 20 Mar 82 pp 1-6

ABSTRACT: In this period of readjustment of the national economy, the central responsibility of economic work is to raise economic benefits. The practice of the system of economic responsibilities provides the internal impetus for the industries to reform their business management and has exerted an important function in the micro-economic aspect. If the unreasonable industrial structure and the economic system are not reformed, the optimal economic benefits in the macro-economic aspect just cannot be obtained, however. Industrial structure is often viewed to be a proportional relationship between light and heavy industries and some believe the value of heavy industry must not exceed 40 percent of the value of total products of industries and agriculture. Today, it appears that this viewpoint cannot be supported either theoretically or practically. It is rather that the relationship among agriculture, light, and heavy industries must be studied to ascertain the relative correspondence of accumulation and consumption of all types of products.

[continuation of JINGJI WENTI TANSUO No 2, 1982 pp 1-6]

The major factors affecting the industrial structure of a province (region) are the resources condition, the economic, cultural, and technological foundation, the geographical location, and the State's plan. The author believes that in order for that structure to be reasonable,2 conditions must be present: a satisfactory cycle among production departments and a relatively good macro-economic result, and in addition, under the condition of maximum utilization of the local advantages, a harmonious and optimal development of local light and heavy industries must be realized to contribute positively to the State and to satisfy effectively the material and cultural requirements of the local people. On the above basis, the author suggests that the way to make a provincial industrial structure reasonable, the following problems must be resolved: (1) The local conditions must be fully considered in determining macro-economic policies; (2) During the adjustment period, the development of consumer products must be of the foremost importance; (3) Heavy industry must be adjusted to serve the national economy; (4) The industries must be reorganized in accordance with the prinicple of cooperation among specialized entities.

AUTHOR: PAN Zhenxiong [3382 2182 7160]

ORG: None

TITLE: "Steadily Continue To Promote the System of Economic Responsibility in the Industries of Yunnan"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinesse No 2, 20 Mar 82 pp 15-17

ABSTRACT: According to statistical data, the value of industrial products of Yunnan grew 8.1 percent in 1981, compared with that of 1980. One of the important reasons for the fast growth is the general extension of the system of economic responsibilities. The overall condition of development appears to be normal and healthy, but some new problems have also surfaced, including the low management level, lack of average growth targets, less than satisfactory treatment of the relationship among the State, the industry, and the workers to cause bonuses and cost to rise and profits [paid to the State] to shrink, a lowering trend of product quality, and a not very high economic result. Yunnan is one of the first provinces to extend the system of economic responsibility. Inspite of the obvious benefits, the current method of implementing the system remains crude and there is an imbalance in its development. Ways of summarizing the experience, rectifying the mistakes, and continuously perfecting the system of economic responsibility are discussed.

AUTHOR: WANG Yuqi [3076 3768 1142]

ORG: None

TITLE: "On the Characteristics of Durable Consumer Goods and Our Economic Strategy"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 2, 20 Mar 82 pp 38-41

ABSTRACT: In the past few years, some thing very obvious has occurred to the structure of consumption of the masses in China: i.e. there is a growing consumption of durable goods. According to satistics, the growth of consumption of 1980 compared with 1977 in bicycles, sewing machines, watches, and radios is 1.75, 1.81, 2, and 2.66 fold respectively. It is estimated that a peak of demands for durable consumer goods will come in China in the late 80's and the early 90's. Characteristics of durable goods include: (1)An order of preference until all the purchasing power is exhausted; (2) Long use cycle and replacement by newer models; (3) Unlimited desire in a limited environment; (4) A chain reaction among consumption of durable goods and soci -economic problems. On the basis of these characteristics, other contradictions may be expected to occur. The author emphasizes the importance of fully utilizing the advantages of socialism and public ownership to proceed with regulating consumption of the society as a whole. Through planning and marketing, a balance between production and consumption may be reached.

6248
CSO: 4011/89

Economic Studies

AUTHOR: ZHUANG Qidong [5445 0796 2639]
SUN Keliang [1327 0344 0081]

ORG: ZHUANG of the Institute of Economics, State Planning Commission; SUN of the Industrial Economics Research Institute, Chinese Academy of Social Sciences

TITLE: "On the Historical Experience in Solving the Employment Problems in Cities and Towns of China"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC PROBLEMS] in Chinese No 2, 1982, pp 10-15, 58

ABSTRACT: China's urban employment problem over the last 32 years is broken down into three time periods: 1) 1949-1957, 2) 1960-1965 and 3) 1977-present, and the basic causes of the problem in each period are analyzed. Six proposals are then made regarding the present urban employment situation: 1) Employment must be arranged resolutely according to the actual needs of production and economic development. At the same time, production construction policies must benefit employment and be conducive to the realization of a favorable cycle in which production and employment are mutually stimulating. 2) Serious attention must be given to the resolution of potential labor and employment problems. In the present stage, a new labor reserve system should be set up which meets the needs of modernization construction, and the goal of a "package" solution to urban employment should be achieved. 3) Population growth must be further controlled. Of particular

[Continuation of ZHONGGUO JINGJI WENTI No 2, 1982 pp 10-15, 58]

concern at present is the influx of the rural labor force into cities and towns. 4) The policy of economic diversification must be resolutely upheld, and attention must be given to the roles that the urban collective economy and individual economic enterprises can play in expanding employment. 5) The "iron rice-bowl" labor system must be destroyed and a new system established which is conducive to developing production and expanding employment. 6) Pre-employment technical education of workers must be strengthened, with attention being given to improving the quality of the labor force. This will not only ameliorate the current urban employment problem, it will also train a large force of specialists for modernization construction.

AUTHOR: HONG Wenjin [3163 2429 6855]

ORG: Xiamen University

TITLE: "A Tentative Treatise on Banks' Role in Raising and Allocating Funds and the Necessity of Establishing a Central Bank"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [CHINA'S ECONOMIC PROBLEMS] in Chinese No 2, 1982 pp 36-39, 55

ABSTRACT: Reform of the economic system, with the concomitant increase in enterprise autonomy, and the implementation of such policies as linking remuneration to production and partial retention of profits, etc., have led to a considerable increase in idle capital and rural income. Accordingly, many new local investment companies, credit finance companies and rural banking institutions are springing up. The establishment of a central bank is proposed as a way of dealing with the contradictions stemming from the proliferation of such institutions, and a division of authority among existing banking institutions and the proposed central bank is outlined.

9717
CSO: 4006/86

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ORG: Department of Information and Control Engineering

TITLE: "Calculation of the Radiation Field of a Slot Cut in a Metal Sheet of Finite Size by Use of the Diffraction Theory"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 1-12

TEXT OF ENGLISH ABSTRACT: On applying the diffraction theory and with the aid of the reciprocity theorem, an approximate formula for the radiation field of a slot cut in a metal sheet of finite size is derived. Although the same formula can be obtained in an alternative way, the present approach is superior as far as the clarity of its physical interpretation is concerned.

AUTHOR: WANG Xiaotian [3769 4562 1131
TAN Yuxu [6151 5148 3563]
ZHANG Hongqing [1728 7703 1987]
CHEN Zhen [7115 4176]
et al.

ORG: WANG, TAN and ZHANG, et al., all of the Xi'an Jiaotong University; CHEN of the Shanghai Iron and Steel Research Institute

TITLE: "The Design of the Low-carbon Martensitic Structural Steel for High Strength and Toughness and Its Structure Property Relations"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 13-22

TEXT OF ENGLISH ABSTRACT: Some design guidelines for improving strength-toughness properties of medium and low-carbon martensitic structural steels are critically reviewed. From this, two types of low-carbon martensitic structural steel developed based on Fe-Si-Mn-Mo-V, with Cr and Ni additions for improved qualities, are investigated. The microstructures of all quenched and tempered specimens are investigated by TEM. The selected electron diffraction patterns of martensite, austenite and carbide are also indexed. This shows that, in the quenched condition, the microstructures of steel consist of the following features:
(1) Dislocated lath martensite and a small fraction of twinned martensite;

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO No 1, 1982 pp 13-22]

(2) ε-carbides in martensite obtained by auto-tempering; (3) retained austenite in the form of thin interlath film, and (4) undissolved alloy carbides in the original austenite. The effect of various microstructural parameters on the strength and toughness is discussed. The investigation shows that when one of the investigated steels is quenched from 950°C and tempered at 300-350°C, an optimum combination of strength and toughness can be obtained. Its tensile strength will be greater than 1765 Mpa (180 kg/mm^2), yield strength greater than 1422 Mpa (145 kg/mm^2) and the fracture toughness greater than 127.7 MN/m (410 kg/mm$^{3/2}$). This shows that in developing an ultra high strength steel, strengthening a low-carbon martensite steel with high toughness has an advantage over improving the toughness of a medium carbon martensite steel.

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FENG Zhongxin [7458 1813 0207]
ZHANG Dingquan [1728 1353 6898]
et al.

ORG: All of the Research Institute of Strength of Metals

TITLE: "The Effect of Surface Plastic Deformation on Fatigue Strength of Medium Carbon Steel and the Mechanism of Strengthening"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 23-32

TEXT OF ENGLISH ABSTRACT: In this paper, the effect of surface plastic deformation on asymmetrical cyclic three-point bending fatigue strength is investigated. A medium carbon chromium steel (45Cr) of different heat treatment conditions was used for the experiments. Residual stress distribution and half-value breadth were measured th X-ray diffraction. The fracture morphology and characteristics were observed by electron microscope.

The improvement of fatigue strength by surface plastic deformation can be attributed to three fundamental factors: macroscopic residual stress, surface toughness and structural changes.

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO No 1, 1982 pp 23-32]

For specimens tempered at 600°C after surface rolling, structural changes may result not only in work hardening, but also in structural damage. Their effect on fatigue strength is generally smaller than that of residual stress, but it can also become a main factor affecting fatigue strength when residual stress is attenuated appreciably.

For specimens tempered at 200°C, surface plastic deformation produces a very beneficial strengthening effect. In addition to residual compressive stress, the improvement in micro-homogeneity of tempered martensite, which brings about more favorable substructural conditions, also plays an important role in the resistance of the specimen against fatigue.

AUTHOR: ZHANG Pingsheng [1728 1627 3932]
HU Zhizhong [5170 1807 1813]
CAI Heping [5591 0735 1627]
HUANG Mingzhi [7806 2494 1807]

ORG: All of the Research Institute of Strength of Metals

TITLE: "A Mathematical Expression for the Fatigue Crack Growth Rate da/dN"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 33-42

TEXT OF ENGLISH ABSTRACT: Based on the linear elastic fracture mechanics for blunting brack and the blunting model, a crack growth rate has been derived.

When expressed in terms of cyclic mechanical parameters of the materials, the expression reads as follows:

$$\frac{da}{dN} = \frac{4a}{\pi\sigma_{y.s}^2(1-R)}\left[\frac{\sigma_{y.c}}{E\,\varepsilon_{f.s}}\right]^{1+n_c}\left[\Delta K^2 - \Delta K^2_{th(R)}\right]\cdot\left[1+\frac{\Delta K}{K_c - K_{max}}\right]$$

When expressed in terms of the static mechanical parameters of the metals, the expressions have the following forms:

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO No 1, 1982 pp 33-42]

$$\frac{da}{dN}=\frac{4\alpha}{\pi\sigma_y^2(1-R)}\left[\frac{\sigma_y}{E^*\varepsilon_f}\right]^{1+n}[\triangle K^2-\triangle K^2_{th(R)}]\left[1+\frac{\triangle K}{K_c-K_{max}}\right] \text{ (Plane stress)}$$

$$Or\ \frac{da}{dN}=\frac{4\alpha}{\pi\sigma_y^{*2}(1-R)}\left[\frac{\sigma_y^*}{E^*\varepsilon_f^*}\right]^{1+n^*}[\triangle K^2-\triangle K^2_{th(R)}]\left[1+\frac{\triangle K}{K_c-K_{max}}\right] \text{(Plane stress)}$$

If $n(or\ n^*)=0$, *then*

$$\frac{da}{dN}=\frac{4\alpha}{\pi(1-R)\sigma_y E\varepsilon_f}[\triangle K^2-\triangle K^2_{th(R)}]\left[1+\frac{\triangle K}{K_c-K_{max}}\right] \text{(Plane stress)}$$

$$Or\ \frac{da}{dN}=\frac{4\alpha}{\pi(1-R)\sigma_y E\varepsilon_f}[\triangle K^2-\triangle K^2_{th(R)}]\left[1+\frac{\triangle K}{K_c-K_{max}}\right] \text{ (Plane stress)}$$

By cross checking with published data on structural steels and an Al-alloy and Ti-6Al-4V, it is clear that these expressions are generally applicable in the case of small size fatigue yielding problems.

AUTHOR: CAO Zidong [2580 1311 2767]
ZHANG Yanmou [4545 3601 6180]

ORG: Both of the Department of Power Machinery Engineering (I)

TITLE: "An Experimental Investigation of the Flow Characteristics under Reverse Circulation Conditions of a Bayonet Tube Type Heat Transfer Element in Waste Heat Boilers"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 43-54

TEXT OF ENGLISH ABSTRACT: In order to clearly explain the flow characteristics of the reverse circulation in a bayonet tube type heat transfer element in waste heat boilers, an experimental model was built. In this paper, the main test results and their interpretations are given. The test results indicate that the local pressure drop at the end of the tube is dependent only on the geometrical parameters, such as D/d, h/d, and not on the flow parameters. Hence data obtained in these model experiments appear to be adequate for setting guidelines for use in engineering designs.

In addition, the effect of the reverse circulation in a bayonet tube type waste heat boiler on the safe operation of the apparatus is also discussed.

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TITLE: "Research on the Solution and Application of One-dimensional Unsteady Gas Flow System of Equations"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 55-64

TEXT OF ENGLISH ABSTRACT: In this paper, the nonlinear system of equations describing the pulsation of gas flow was used to compute the pressure pulsation of the piping systems. The methods of the overall treatment of boundaries were given according to the pressure compatibility of interconnecting elements and the continuity of gas flow, and by use of the modified homoentropic theory. In the computing scheme, we made use of the highly accurate Richtmyers two-step version of the Lax-Wendroff finite differential scheme at the internal computing points and the modified homoentropic theory characteristic mesh method at the boundaries. The values obtained in calculation agree well with those obtained experimentally. Since most homemade computers meet the requirements, this method can be recommended for general use in China at its present stage of development of production technology.

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TITLE: "A Study of the Non-linear Vibration of the Floating Ring and the Stability of the Trajectory of Its Center"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 67-76

TEXT OF ENGLISH ABSTRACT: In this paper the vibration characteristics of the floating ring in the floating ring seal are studied. As the floating ring is acted upon by non-linear forces, such as the oil-film forces, the Coulomb frictions, etc., it is a two-degree non-linear vibration system. Based on the dynamic lubricant theory of short bearings, the analytical expression of the oil-film force are derived; and by using the Treanor numerical integration method, the serious "stiffness" of the differential equations for the motion of the floating ring is treated. By means of the computer calculation, the trajectory of the center of the ring is presented and the "jumping" phenomena of its phase trajectory are analyzed. Meanwhile, the half-speed whirling of the seal ring and sub-harmonics at its forced vibration, etc., are discussed. A comparison made between the calculated results and the published experimental results shows good agreement.

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TITLE: "Development of a Hydrogen Ion Sensitive Semiconductor Device"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 77-83

TEXT OF ENGLISH ABSTRACT: This paper is concerned with a hydrogen ion sensitive semiconductor device. This device has many advantages. It is small, operates reliably and responds quickly. The device may be used to replace the glass electrode. The test results showed that during the measurement of ion hydrogen activity in the buffer solution, the measurement drain-to-source current (I_{DS}) bears a linearity relation to the pH value of the solution.

It has been reported by Bergveld that SiO_2 is used as a gate insulator layer to make hydrogen ion-sensing layer semiconductor devices. However, it has a short life and is unstable. The range of the measure of hydrogen ion-activity is small. No information on the device has been published in China.

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO No 1, 1982 pp 77-83]

In order to solve the problems which appeared in the development of the device, we have improved the production technique. We have succeeded in making the device stable with an extended range of measurement (the pH values range from 2-11).

AUTHOR: CHEN Changyou [7115 7022 0147]

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TITLE: "Numerical Simulation of the Combustion Process in Spark Ignition Engines Using Thermochemical Method"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 91-102

TEXT OF ENGLISH ABSTRACT: In this paper, a practical method for the calculation of the combustion process in spark ignition engines is proposed. The features of the method are that the flame front is considered to be propagating spherically, the flame propagation velocity is determined by gas expansion velocity and turbulent burning velocity, and the effects of the flow field and the concentration are fully considered in the calculation. In this paper, the formula for calculating the flame propagation velocity and the general method for determining the initial values of combustion are suggested. The initial condition of equality of specific enthalpies of burned and unburned charges under the common condition of electric spark ignition is also suggested. A zoned calculation method by which the areas of flame front and heat transfer can be easily determined even in the combustion chamber with complex geometrical shapes is proposed. A universal program of calculating the combustion process of the usual spark ignition engines is made. The

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO No 1, 1982 pp 91-102]

results of calculation worked out with this program in a practical example are shown to be in good agreement with experimental results. Results of the emission calculations plainly manifest the correct trends.

AUTHOR: KONG Xiangliu [1313 4382 7511]
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TITLE: "Development of a Small Area Multipoint Transducer with a Gasbag Booster for Pulse Feeling in Traditional Chinese Medicine"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 1, 1982 pp 103-110

TEXT OF ENGLISH ABSTRACT: In this paper some points for consideration in the use of a transducer for diagnosing by pulse-feeling have been discussed in respect to the physiological characteristics of skin sense and finger sensing in pulse feeling, as well as the mechanical characteristics of the soft tissue in the human body. A tentative transducer program has been developed, i.e., the small area multipoint-feeling transducer with a gasbag booster. A dynamic model of the "machine-human" system has been proposed and discussed. The system is composed of the transducer and the soft tissue at *cun*, which is a small area at the wrist where the pulse is usually measured. The measured data show that all pulse-diagrams at *cun* are not identical, and the pulse information picked up by the multipoint-feeling transducer is much better in both quantity and quality than that picked up by the single point-feeling transducer.

9717
CSO: 4011/85

AUTHOR: None

ORG: Yueyang County Highway Section, Hunan Province

TITLE: "Practicing the Four-fix and One-guarantee System to Improve Benefits From Machines"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 3, 25 Mar 82 pp 35-38

ABSTRACT: The system of four-fix and one-guarantee means that the teams and their respective members are made to be responsible for a fixed [quantity or quality] condition of the roadway, materials, expenditure, and machines and to provide a guarantee of meeting these fixed economic and technical indices. Based upon the job requirements, machines are to be used for transporting materials, sweeping up sand, spreading sand, etc. At present, the 3 items of crushing stones, rolling, and sprinkling are not yet included in the mechanization program. Following discussions in Mar 81, the provincial, prefecture, and county authorities officially organized the teams on 9 Apr 81 for the maintenance of the section of highway measuring 59.57 km. The teams are provided with 9 tractors of 160 hp [each ?] and 20 machines. An annual production plan was formulated and its implementation began in Jul 81. Various results in improved road condition and reduced cost in the 3 months of practice of this system are reported in the paper. Some outstanding problems are also discussed.

AUTHOR: None

ORG: Hubei Provincial Bureau of Highways

TITLE: "Methods Practicing Reward According to Road Maintenance Work Implemented by Two Road Maintenance Teams of Jiangling County"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 3, 25 Mar 82 pp 38-40

ABSTRACT: A system of guranteed roadway by the team and a system of guranteed roadway by individual workers have been implemented by Chuanhan Highway and Huayuan Highway respectively. With both systems, jobs of the 6 aspects of road surface, road foundation, machines and parts, road markers, tree or green space maintenance, and road administration are included in the contract and wage-payments are to be determined according to the quantity and quality of contract fulfillment. In the 6 months of implementation of these systems, the quality of road maintenance has improved; an idea of being their own boss has been established among the workers resulting in improved accounting and thrifty use of expenditure and materials; and the team committee members changed their attitude and began to participate in the road maintenance work. Some concrete problems, including the problem of the cost of health care of the workers, and ways of resolving these problems are also discussed.

6248
CSO: 4011/79

AUTHOR: LIU Zhongkang [0491 0112 1660]
WANG Yihua [3769 0110 5478]

ORG: None

TITLE: "A Significant Change in the Economic Management of Machine Manufacturing Plants"

SOURCE: Beijing JINGJI LILUN YU JINGJI GUANGLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT] in Chinese No 1, 25 Feb 82 pp 11-16

ABSTRACT: As China's national economy continues to readjust, one of the key points being adjusted is the machine manufacturing industry. Many contradictions exist and there are many difficulties in business management. The production quota and profit index of the State in 1980 were no lower than those of 1979, but the orders had dropped seriously, to 50-60 percent in some and 20-30 percent in others. The cost rose and profits had to go down. Some previously fast selling products no longer moved while some products urgently needed in the marketplace the industries had no ability to supply a sufficient quantity of. These contradictions require changes in the idea of planning, in the management viewpoint, in the business attitude, in the object of service, and in the method of management. According to some industries, the following are serious problems: the supervising department bears no economic responsibility for breach of contract; double taxation on components impairs specialization; deficient internal accounting; and the industry has no authority to change prices of products. Most industries are, therefore, undergoing a significant change of situation and some are struggling to meet the challenge.

AUTHOR: ZHU Yaoming [2612 5069 2494]

ORG: None

TITLE: "An Important Aspect in Revitalizing Heavy Industry"

SOURCE: Beijing JINGJI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGMENT] in Chinese No 1, 25 Feb 82 pp 15-20

ABSTRACT: It has been for some time that articles appear in this and that publications downgrading the self-serving aspect of heavy industry. They seem to think of this as a very bad thing. From the viewpoint of social reproduction, the production of heavy industry includes: (1) Producing consumer goods: (2) Producing the productive material with which to manufacture consumer goods: (3) Producing the production materials with which to produce the production materials. In the first 2 aspects, heavy industry serves the society directly; in the third and last aspect heavy industry serves itself. In other words, it must provide itself with equipment and productive means and materials in order to produce. This is not to say the greater the ratio of the third aspect the better. This is a problem of a proper proportion. In the past, heavy industry served itself too much and served light industry and agriculture too little. The paper traces the cause of this problem and attempts to bring the problem and its solution to a proper perspective.

AUTHOR: CHE Li [6508 4409]
GAO Guangli [7559 1639 4409]

ORG: None

TITLE: "Lectures on Market Forecasting: I. The Importance of Market Forecasting"

SOURCE: Beijing JINGLI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT] in Chinese No 1, 25 Feb 82 pp 76-80

ABSTRACT: The market is the result of production development and also its condition for development. On the basis of social division of labor, the market is the place where producers of different products exchange them as merchandise. Production is not an end in itself; the products are in need of consumers. The requirements of consumers change continuously. The market can provide the information of the changing needs of consumers sensitively. It tells the producers in a timely fashion what are the products welcomed by consumers and what are those the consumers do not like very much. For example, a few years ago, there was a shortage of electrical fans and it was highly profitable to manufacture them. A fierce competition got underway but no one really knew the size of the fan market. It is now estimated that there are more than 3,000 electrical fan producers in the country and people have begun to look for brand names. Off brand fans are now very difficult to sell. Planning targets of the national economy should, therefore, include market forecasting. In the past, influenced by leftist ideas, the emphasis was on production only. Consumption was looked down upon; hence no market forecasting was possible. In this period of readjustment, market forecasting has become necessary for formulating production plans.

6248
CSO: 4011/80

AUTHOR: None

ORG: A Commentator of the Journal

TITLE: "Total Overhaul of an Industry is an Important and Urgently Needed Job"

SOURCE: Beijing QIYE GUANLI [ENTERPRISE MANAGEMENT] in Chinese No 2, 1 Mar 82 pp 4-5

ABSTRACT: Since the 1st Plenum of the Third Congress, with the shift of emphasis of the work of the party, groups of leaders have been organized in every region and every department to overhaul various enterprises, to expand industrial autonomy, to implement democratic management by the workers, to establish the system of economic responsibility, to improve economic management, and to train the staff and workers. The progress of this overhauling work is not balanced, however. According to a partial survey of some provinces, etc. the work is satisfactorily completed in less than 1/3 of the enterprises. To a varying degree, most enterprises still have the problems of weak and lax leaders, single-minded pursuit of quantity and high prices of products, large quantity of unsold stock, excessive consumption of energy and raw materials, poor economic benefits, confused management, unclarified job responsibility, over-staffing, low labor efficiency, etc. In some cases, indices of fuel, motive power, and raw material consumption have not yet been restored to the better levels of the past. In others, ideas of capitalism have infiltrated to result in acts of bribery, corruption, keeping profits belonging to the supervising organization, etc. The paper outlines the problems of industries awaiting correction and , in a sense, explains the need for and the goals of the ongoing readjustment activity.

AUTHOR: JIN Zhi [6855 2784]
BIAN Ji [6708 7139]
GONG Zhiyun [6300 6736 0061]

ORG: None

TITLE: "Conditions of Industrial Overhaul activities in Hubei, Heilongjiang, and Jinan"

SOURCE: Beijing QIYE GUANLI [ENTERPRISE MANAGEMENT] in Chinese No 2, 1 Mar 82 pp 16-18

ABSTRACT: This paper includes 3 short items by each of the 3 authors respectively. All report the activities of overhauling the enterprises in the 3 respective places. Aside from data concerning the progress of the overhaul work in the past 2+ years in terms of setting up concrete indices for performance, clarifying goals of the enterprises, and extending the system of economic responsibility, all 3 papers mention an educational program for the staff and the workers. For example, in Heilongjiang, more than 40 percent of the staff and workers of industries are going to school. In Jinan City, about 40 percent of the economic management cadres now average 2 years younger and more than 20 percent of the leaders of the enterprises have the educational and cultural level of colleges and specialized schools of higher education.

6248
CSO: 4011/81

AUTHOR: GONG Yan [1362 1750]

ORG: None

TITLE: "Industrial Production Advanced Steadily Amidst Readjustment in 1982"

SOURCE: Beijing TONGJI [STATISTICS] in Chinese No 2, 17 Apr 82 pp 31-32

ABSTRACT: The following special accomplishments of industries in China in 1981 are reported: (1) Plans are successfully completed and the production situation is improving every quarter; (2) The internal structure of industries is becoming more and more reasonable; (3) The structure of products is readjusted and many new products and varieties have been tested and produced. (4) The quality of most products has become basically stable and the number of superior quality products is growing; (5) The structure of enterprises has been preliminarily readjusted to close or to convert a group of small factories producing poor quality products, consuming a high amount of energy, or suffering from serious losses. The major problems in 1981 are reported to include: some products are unsuitable for the market; the phenomenon of overstocking is worsening to occupy too much liquid capital asset, the quality of some products is poorer, the cost is higher and the profit is lower. The paper does not offer specific data to substantiate either the advancements or the problems and all discussions are in general terms.

AUTHOR: ZHANG Jiukun [1728 0046 1024]

ORG: None

TITLE: "A Brief Description of Economic Development of Beijing City in 1981"

SOURCE: Beijing TONGJI [STATISTICS] in Chinese No 2, 17 Apr 82 pp 35-37

ABSTRACT: In both aspects of readjusting the economy and executing the directives of the Central Party Secretariat regarding the construction policy of the capital, the city of Beijing has produced good accomplishments in 1981. There is an obvious increase of production of consumer goods. The total value of light industry products is 14.5 percent greater than 1980. The direction of service of the heavy industry has changed somewhat. In agricultural production, a severe drought is overcome to bring about a relatively good grain harvest. The urban construction proceeds in a faster pace and the environmental control measures are showing some results. The scale of investment in basic construction has begun to decrease and there is a stepped-up change of the direction of investment; channels of circulation of commodities have increased in number; markets of towns and countries are more prosperous every day; total retail sales grow 11.9 percent over 1980; the income of farmers continues to be somewhat larger; and 127 thousand youths have assigned jobs by the city and the towns. These achievements and some problems of the economy of Beijing in the year 1981 are discussed in some detail.

AUTHOR: YANG Zengwu [2799 2582 2976]

ORG: None

TITLE: "What is Economic Benefit Statistics?"

SOURCE: Beijing TONGJI [STATISTICS] in Chinese No 2, 17 Apr 82 pp 39-41

ABSTRACT: Economic benefit means the comparative relationship between the amount of labor consumed or taken over and the qualified or usable fruits of labor produced in the course of material production. In short, it is a ratio of gains and expenses. Fruits of labor are distinguished between material result (use value) and price result [sale value.] Comprehensive statistical indices are generally computed on the basis of price values. Labor consumption includes the acutal amount of labor used in the production process and the consumption of labor in terms of materials; the latter include the plant, machinery and equipment, and the necesary raw materials. Economic benefit may express the benefit in terms of labor consumption or it may be divided into the rate of benefit in terms of live labor consumption and the rate of benefit in terms of material-labor consumption. Economic benefits in all these aspects may be reflected quantitatively in a series of statistical indices and may be analyzed statistically. The task of economic benefit statistics with respect to both macro-economics and micro-economics are explained, including computing the comprehensive labor productivity, the comprehensive production expenditure, the national income provided by every 100 yuan of productive

[continuation of TONGJI No 2, 1982 pp 39-41]

accumulation, the energy utilization rate, etc. Various equations are used to illustrate the meaning and implications of these terms and methods of computation.

6248
CSO: 4011/100

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ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON RURAL COMMODITY ECONOMY

HK130605 Beijing JINGJI YANJIU in Chinese No 4, 20 Apr 82 pp 13-17

[Article by Liu Zhicheng [0491 1807 3397]: "Developing a Rural Commodity Economy: A Matter of Strategy"]

[Text] Only When Rural Commodity Economy Is Developed, Can Agriculture Play a Role as the Foundation of the National Economy

Agriculture exerts a great influence on the development of the national economy, thus showing its important mechanism as the foundation of the national economy. At present, agriculture creates a large part of national accumulation and foreign exchange income. In spite of the fact that the proportion of the agricultural gross output value in the industrial and agricultural gross output value has declined from 70 percent in the early days of new China to the present 30 percent, the proportion of agricultural net output value is still higher than that of both heavy and light industry. Within the output value of light industry, about 70 percent of the products are made with agricultural products. The No 1 item of consumer goods in China is good; foodstuffs and raw materials of the food industry are mainly agricultural sideline products. The No 2 item is clothing, for which raw materials are also supplied by agriculture. Quite a large part of goods for everyday use are also provided by agriculture. This fact indicates that the key of developing the national economy and improving the living standard of the people in both urban and rural areas lies in doing a good job in developing agriculture.

Commodity production is a special phenomenon in a certain historic period. Under the condition that commodity production prevails, the part of surplus agricultural products which exceeds its own needs will take the form of commodities. Marx said: "Productivity of agriculture, which exceeds the laborers' personal needs, is a foundation of all societies." (Marx: "Das Kapital" Vol 3, p 885) Here, in his concise words, Marx explicitly pointed out that, the agricultural mechanism as a foundation of the national economy is the agricultural productivity exceeding laborers' personal needs. "All societies" in Marx words, beyond doubt, do not merely refer to capitalist society but also include socialist and communist societies. Since commodity production will exist in socialist society, the agricultural productivity exceeding laborers' personal needs in socialist society takes the form of the commodity rate of agricultural products. It is apparent that various agricultural products needed by the urban and rural people

have to be supplied on the basis of developing commodity production in agriculture. The agricultural commodity economy is also a precondition for the existence and development of other branches in the national economy. Only the part of surplus agricultural products, which exceed the needs of the laborers in agriculture, can enter into markets at home and abroad and circulate as commodities. Thus, the more surplus products agriculture can supply and the more developed the rural commodity economy is, the more rapidly can other branches of the national economy grow and can the people's living standard improve. It can be said that, the role of socialist agriculture, as a foundation of the national economy, in essence, is reflected in commodity products which agriculture is able to supply. Comrade Mao Zedong said, "Only when agricultural products which are marketable have become more and more, can industry be provided with sufficient labor force and be developed." ("Selected Works of Mao Zedong" Vol 5, p 360) What he referred to is exactly that role.

It should be pointed out that the rural commodity economy in China is still rather underdeveloped; manual labor prevails in peasants' work with low productivity; agriculture is still in an economic state of semiautarky. At present, the net rate of marketable grain in grain produce is only 15 percent, and the grain consumption needs of the urban population and industry cannot be met yet. Thus, in a given period, we have no alternative but to import certain quantities of grain to make up this deficiency. In 1978 the state purchased grain, cotton, oil-bearing crops, tobacco, hemp, tea, livestock products, aquatic products and other agricultural sideline products with a gross value of 55.5 billion yuan. On the basis of this, agricultural per capita output of agricultural sideline products is only valued at about 70 yuan. This indicates that the agricultural commodities supplied by 800 million peasants in a year are very limited. In recent years, in spite of the fact that rich harvests have been reaped for many years running and the peasants' livelihood has been improved, commune members' average yearly income from collective distribution is only 80 yuan. Our undeveloped rural commodity economy and low agricultural commodity rate not only affect the growth of industry and the improvement of the people's livelihood, but they also affect, first of all, the peasants' income and the reproduction capability in agriculture.

Most of our agriculture is under the socialist collective ownership system. Production and exchange of agricultural commodities are also conducted on the basis of socialist public ownership. Developing the rural commodity economy and strengthening agriculture's role as the foundation of the national economy under the guidance of a unified socialist plan should be a matter beyond any question. The inevitability and necessity of developing the rural commodity economy, however, have been denied and the commodity economy has been considered as an equivalent of capitalism in the past, owing to the influence of the "leftist" mistakes over many years. Guided by this erroneous idea, socialist things were treated as capitalist things; household sideline occupations handled by commune members were cut off as capitalist tails; communes and teams which properly handled diversified undertakings, were criticized as typical cases of developing capitalism; and country fair trade, which can accelerate exchange of materials and goods

and invigorate the rural economy, was blocked as a road leading to capitalism. As a result, the development of the rural diversified economy was restricted; and the rural commodity economy, which was rather weak already, was almost stifled.

At the current stage, our socialist national economy is composed of the state-owned economy, the collective economy and the individual economy. The state-owned economy and the collective economy are the basic forms of the Chinese economy; while the individual economy of working people, operating within certain prescribed limits, is a necessary complement to the public economy. Each of them represents different economic interests of their own. This will derive various contradictions, but they all bear a common aim--to serve the socialist construction and the people's livelihood. This aspect shows that a close relationship of dividing labor in society and carrying out social cooperation exists between different branches of the national economy and between enterprises. On the other hand, it also shows that, in a socialist society, there are different owners of the means of production, who are also the owners of the products produced by each of them; none of them can obtain other's products without compensation. Products of the state-owned economy cannot be occupied by the collective economy and the individual economy without compensation; products of the collective economy cannot be transferred and requisitioned by the state without compensation; neither can products of the individual economy be dominated by the collective arbitrarily. Their economic connection shaped from the social division of labor must take the form of buying and selling or be reflected by commodity exchange. When talking about commodity exchange between the socialist state economy and the collective economy, Stalin pointed out: "In order to ensure the economic combination between urban and rural areas and between industry and agriculture, commodity production (exchange through buying and selling), which is the /only acceptable/ [words within slantlines denote boldface type] form of limiting the economies of the urban and rural areas as far as the peasants are concerned, should be maintained within a given period of time." (Stalin: "Problems of the Soviet Socialist Economy," People's Publishing House, 1961 edition, p 6) These words are also suited to China's conditions. So long as the form of commodity exchange is properly applied, commodity production and extensive exchange of materials and goods between urban and rural areas can be promoted. Thus, not only can the people living in cities and working in factories and mines be supplied with more agricultural sideline products for daily consumption, and can the state be supplied with more raw materials for industry and goods for export, but the rural economy can also be invigorated, so as to increase peasants' income, build up collective accumulation, raise funds for agricultural expanded reproduction and provide industry with a broad market. The development of agriculture, industry and the entire national economy can thus be further accelerated.

Developing Rural Commodity Economy Is a Strategic Need in Realizing Widespread Development of Agriculture

The socialist agricultural production should be a fairly developed commodity production which can offer more and more products for the markets. However, we only implemented a narrow agricultural strategy in the past and only paid

attention to growing crops, even only to growing grain crops. Many places were forced to handle unitary operations with grain as the only item of production, blindly ruin forests, weed out grass, reclaim land from lakes and beaches, one-sidedly utilize natural resources and handle the economy in a way that abused natural resources. Thus, imbalance was caused in agriculture, natural resources were damaged and peasants were heavily burdened. As a result, the grain problem was not solved, the means of making a fortune in rural areas was strangled, agricultural reproduction was slowed down for lack of funds, and agriculture lost the conditions for rapidly increasing output because of the ecologic imbalance. Practice has proved that the narrow agricultural strategic policy of "taking grain as the key link" implemented one-sidedly in the past does not conform with the specific conditions of China, and does not conform with natural laws and the needs of the state and the people. The idea of unitarily developing grain production proceeded from the indiscriminate demand of realizing grain self-sufficiency in all parts of the country without considering their different specific conditions. It can be seen that this narrow agricultural strategy is associated with the ideology formed in the natural economy; in a sense, it is an economic thinking derived from and further evolved on the basis of the autarkic natural economy. It cannot make full and reasonable use of manpower and material resources to achieve the best economic results. Broad agricultural strategy is associated with the thinking of developing a commodity economy. Division of labor and specialization in production are the basis for the overall development of farming, forestry, animal husbandry, sideline occupations and fishery in line with local conditions. In a society where commodity production exists, division of labor and specialization in production are inevitably associated with commodity exchange. The overall development of farming, forestry, animal husbandry, sideline occupations and fishery is also based on making use of local favorable conditions. This comprehensive development can make full use of local labor and natural resources and achieve fairly high productivity, thus creating a material condition for providing a greater volume of commodities. The development of diversified undertakings in agriculture is not only related to the existence of a commodity economy, but also to the realization of a commodity economy. That is because the development of diversified undertakings in agriculture is achieved by socialist agricultural enterprises and individual laborers. Under the condition of socialism, no matter whether they be state-run or collective agricultural enterprises, or individual operations, their production is all commodity production, and each enterprise or individual has its own material interests. Their products must be submitted to exchange, thus they can reap their economic benefits and promote the growth of their production. Greatly developing the commodity economy is conducive to arousing the initiative of agricultural enterprises and individual laborers in diversified agricultural production and encouraging them to develop agriculture in depth and in breadth by following the objective natural laws and economic laws.

There are abundant and various natural resources as well as labor force in our country. In our 14.4 billion mu of territory, except for the 19 percent of deserts and wasteland, the Gobi Desert, frozen highlands, glaciers and stony mountains and the 7 percent of land used for building cities, factories,

mines and transport facilities, the remaining 74 percent of land, about 10 billion mu, can all be used for agricultural, forestry, fishery and animal husbandry production respectively. For a long time, however, 1 billion people throughout the country have been working on 1.5 billion mu of cultivated land solely for the purpose of tackling the grain problem, and let several billion mu of wasteland and grasslands suitable for farming and raising livestock and a large area of lakes and ponds suitable for raising fish go to waste. Thus, abundant natural resources cannot be properly utilized and exploited. This is a very important reason why China's agriculture has not been able to free itself from the backward situation. In this regard, we must break from the narrow agricultural system of thinking that only one-sidedly emphasizes grain production and unitary crop cultivation when working out our new agricultural strategy. Instead, we should set up a broad agricultural system of thinking aiming at rationally utilizing our entire territory, thus changing the narrow agricultural strategy into a broad agricultural strategy.

The prospect of developing rural commodities is very broad in China. There is a tremendous amount of land and water areas in all parts of the country, which can be used for developing farming, forestry, fishery and animal husbandry production. The opportunities for developing sideline occupations are also very good. Our conditions for handling diversified operations are superior. In order to effectively promote commodity production, however, it is imperative to follow the principle of suiting measures to specific conditions, to exploit and utilize natural resources on a scientific basis, and to develop commodity production in line with natural and economic laws. In this regard, we should now first do a good job in the following two aspects: 1) Make a thorough survey of local resources. All localities (a county, a commune and a production team) should have a scientific recognition of their local natural and economic conditions, then they can clearly know what are their strong points and what are their weak points. Only on this basis can they work out feasible plans for developing commodity production with an attitude of seeking truth from facts and displaying strong points while overcoming weak points. Each place must develop what it is suited for, and never blindly handle what is beyond its current capability specially not things that will incur losses. We should also consider the change of material resources, the growth and decline of favorable and unfavorable conditions, and associate current interests with long-term interests--based on current conditions, while taking a broad view towards future and long-term interests. Never should we do stupid things like killing the goose that lays golden eggs and abusing resources without considering the interests of future generations. Otherwise, the ecological environment will be destroyed, thus resulting in no end of trouble in the future. 2) Readjust the rural economic structure. The development of the rural commodity economy and the realization of a broad agricultural strategy need a reasonable structure to combine all farming, forestry, animal husbandry, fishery and sideline occupations, so as to conduct an integrated operation of agriculture, industry and commerce. Practice has proved that, readjusting the internal structure of agriculture, developing diversification and rationalizing agricultural distribution are important steps in speeding up the development of rural commodity production. At present, the emphasis of readjustment should be laid on properly handling the relationship

between developing grain production and developing diversification. These two aspects are contradictory as well as unified. On one hand, grain production is the basis for diversification. The problem of adequate grain production in China has not been solved yet, thus inevitably hindering the development of the rural commodity economy. On the other hand, diversification can promote the development of grain production. For many years, we have not properly implemented the policy of developing diversification, and have not simultaneously and comprehensively developed cash crop production, forestry, animal husbandry, fishery, and sideline occupations together with the emphasized development of grain production by making full use of local favorable conditions. As a result, cotton, oil-bearing crops, and sugar-bearing crops could not meet the needs for a long time; while animal husbandry, in particular, has been in a backward state up to now. The growth of forestry and fishery was also very slow. Sideline occupations, though they did grow, only accounted for a small proportion. Diversification could not play its role in supporting and promoting grain production. This state of affairs whereby a severe imbalance existed within agriculture was a result of irrational operation for a long time. This should be subjected to readjustment. Viewed from the agricultural production structure in 1980, farming income accounted for 73.9 percent of the gross income; among farming income, 70 percent derived from grain crops, cash crops just accounted for 30 percent. Except in suburban areas of large and medium-sized cities, income from forestry, animal husbandry, fishery and sideline occupations was generally fairly low. This indicates that it is imperative to readjust the agricultural economic structure and to greatly develop the rural commodity economy. For this purpose, we should, first, readjust the distribution of production of crops and departments on the basis of working out comprehensive agricultural plans and agricultural zoning; while ensuring the increase of grain output, actively develop rural diversification; and appropriately concentrate cash crop production and speed its development--all this comprises an important link in increasing the variety and volume of agricultural commodities. We should firmly straighten out this phenomenon of grain production being one-sidedly developed in areas where cash crops are more suitable and of cash crop production being arbitrarily conducted in unsuitable areas. Second, in order to increase grain output, besides guaranteeing grain-growing areas, we should mainly pay attention to increasing per unit area yield by handling production in an intensive way, instead of merely relying on expanding cultivated areas, still less should we rely on expanding the cultivated area for minimal returns. This is where the potential for increasing the quantity of marketable grain and other products of diversification lies. In this regard, we should resolutely cease cultivation on sloping fields, hillside fields and fields reclaimed from lakes where it is unsuitable to grow grain crops and resume forestry, animal husbandry, and fishery there. In those places where the season for growing crops is short and the per mu yield is merely several dozen or just over a hundred jin, rotation of grasslands and cultivated lands should be adopted, so as to comprehensively develop farming, forestry and animal husbandry. Third, sloping grasslands and grasslands should be used for developing animal husbandry with great efforts, while water areas should be fully used for developing fishery, so as to raise the proportion of forestry, animal husbandry and fishery in agriculture. Measures should be adopted in line with local conditions to develop enterprises run by communes

and production teams and realize the integrated operation of agriculture, industry and commerce step by step. At present, emphasis can be laid on the initial processing of products of farming, forestry, animal husbandry and fishery. Most of the profit yielded in this processing should be retained in rural areas to promote the prosperity of the rural commodity economy. Fourth, while readjusting the agricultural production structure, it is necessary to set up a number of commodity production bases specialized in cotton, oil-bearing crops, sugar-bearing crops and in forestry, animal husbandry and fishery. They can handle one main item and develop other diversified items. Production can thus be conducted, step by step, in a regionalized and specialized way. Specialized production is a high stage in the development of the commodity economy, and more commodities can be supplied in this way. It should be pointed out that the development of diversification is a many-sided work. We should not consider this as merely the development of cash crop production. Furthermore, many of these undertakings do not occupy land. The key is how can we arrange them in line with local conditions and properly distribute farming, forestry, animal husbandry, fishery and sideline occupations. The fact is, if grain production is slackened, the people's livelihood will not be guaranteed; if commodity production is not developed and diversification is not properly handled, people will not become rich; simply grasping grain production, not only harms diversification, but does not do grain any good either.

Developing Rural Commodity Economy Is the Only Way to Make Peasants Rich

The purpose of socialist production is to satisfy the increasing needs of the people's material and cultural life, including both the personal needs of the laborer and the public needs of society. In a big country like ours where there is a population of 1 billion, including 800 million peasants, matters concerning peasants should first be properly handled. This is fundamentally important--it means matters concerning 80 percent of our population are being properly handled. There has been a debate about the relations between "a big river" and "a small river." In fact, the saying--"a small river will be full if a big river has water, while the small one will be dry if the big one has no water"--is to put the cart before the horse and violate the natural law of the flow of water. In the economic sense, it is, in fact, an excuse for expropriating peasants. From the viewpoint of dialectical materialism, it should be that "a big river will be full if small rivers have water, while the big one will be dry if small ones have no water." Therefore, how to make hundreds of millions of peasants rich is an issue of great importance concerning our current strategy for developing agriculture and calls for immediate solution. If the improvement of the peasants' livelihood is not kept in our mind when we handle agriculture, it will be difficult to establish a solid foundation for rural economic policies. If we want to let the peasants become rich, we cannot but devote great efforts to developing the rural commodity economy. At present, a new change has occurred in rural areas. In many places, peasants not only desire to increase grain production and solve the food problem, they also want to develop diversification and increase their cash income, so as to meet the needs of expanding reproduction and improving their living standard. This shows the necessity of further developing the

agricultural commodity economy with respect to expanding both production and consumption. We can make an analysis of the production teams where the per capita income was more than 300 yuan in 1980; all of them became rich because they properly handled diversification. More teams were able to attain this level in 1981 for the same reason. Along with the implementation of the party's rural policies, the household sideline occupations of commune members have developed rapidly. Income from operations on private plots and from household sideline occupations has comprised a larger and larger proportion of the yearly gross income. In 1980 commune members' income from both collective and household sideline production was 155 yuan per capita, of which, income from household sideline production was 58 yuan, accounting for 37.1 percent. Meanwhile, yearly sideline income of some households was already more than 1,000 yuan; there were even some "outstanding" households which made a yearly income of 10,000 yuan or even tens of thousands of yuan. Experience of many years has proved that, purely grasping grain production does not work and can never make peasants rich. We must greatly develop commodity production but doing a good job of diversification is the material basis for developing agricultural commodity production.

Favorable conditions for developing commodity production exist in our broad rural areas. Adding to the party's rural economic policies that have been widely implemented and greater decisionmaking power of production teams and peasants' initiative which have been further mobilized, it is absolutely feasible and promising to develop the rural commodity economy. In order to change a possibility into a reality, we should also clarify some questions that we have not clearly understood. First of all, we must correctly understand commodity production under a socialist system and continue to eliminate "leftist" influence. We should see that commodity production and exchange in a socialist society is an objective law beyond the control of man's will. We should free the masses from any misgivings and encourage them to establish a sense of honor that the more commodities they can supply to the state, the greater contribution they can make. Those that fear that the development of rural commodity production will lead to polarization and equate the commodity economy with capitalism are erroneous ideas.

The development of rural commodity production can also help mobilize the initiative of both the collective economy and the individual economy. Thus, the peasants' livelihood can be improved in these two aspects. There are 300 million peasants capable of full-time labor in China. Each of them can only have an average share of 5 mu of arable land. As the rural population grows naturally and the agricultural technical reform makes advances, in particular, after various agricultural production responsibility systems are established, surplus labor force will be a very common phenomenon in rural areas. Greatly developing commodity production is an effective method to enlarge working opportunities for this labor force. In line with local conditions of natural resources, communes and production teams can open up broad opportunities for commodity production. They can organize all kinds of special teams, groups, households and personnel to handle processing of agricultural and sideline products or livestock and fish raising, herbal medicine and other cash crop collecting or weaving, knitting and other labor-intensive trades. Then a large number of surplus labor force can thus be organized to develop the rural commodity economy and to make a greater contribution to the improvement of the peasants' livelihood. At

the same time, many items of rural commodity production are suited to scattered operation. So, while developing diversified operations run by communes and production teams, we should actively support the development of commune members' household sideline occupations, and encourage them to do a good job in managing their private plots, hills and livestock. We should allow commune members to handle livestock and fish raising and run transport privately or in partnership, and allow rural craftsmen to engage in handicrafts and to take on apprentices. So long as they do not conduct exploitation through the hiring of labor, do not engage in speculation, do not destroy natural resources, do not violate the state's policies and laws, do not harm the collective economy, and if there is a market need, we should allow them to produce, so as to stimulate the commodity economy to grow faster.

At present, in the economy of rural people's communes, household sideline production of commune members still accounts for a given proportion. In 1980, the volume of business handled in rural fairs amounted to 8.4 percent of the entire social commodity retail gross volume. Commodities provided through commune members' household sideline occupations took a large share. Operations on commune members' private plots and their household sideline occupations are determined by the current level of agricultural productive forces. Their existence is conducive to increasing the growth volume of social products, can help meet the increasing demands for agricultural and sideline products in urban areas and help increase peasants' income, so that their increasing needs for industrial products can also be satisfied. They can also accelerate exchange of goods and materials between urban and rural areas and invigorate market activities. Commune members' operations on their private plots and their household sideline occupations do not essentially belong to the capitalist economy. They are not the same private economy of small producers before the cooperation, but a necessary complement to the socialist economy. They can play a powerful role in helping peasants become prosperous. We should bolster them from all aspects and help them develop healthily.

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'JINGJI YANJIU' ON PRODUCTION, DEMAND CONTRADICTION

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[Article by Deng Shaoying [6772 4801 5391] of the Economics Research Institute of the Hebei Provincial Social Sciences Academy: "On the Contradiction Between Production and Demand and Its Function as a Motive Force"]

[Text] The "resolution on certain questions in the history of our party in the 32 years since the founding of the PRC" adopted at the 6th plenary session of the 11th CCP Central Committee clearly pointed out: "Following the basic completion of the socialist transformation, the principal contradiction confronting our country is that between the daily increasing material and cultural needs of the people and the backward social production." This generalization, riding on the crest of historical materialism, correctly reveals the law of development of socialism from revolution to construction. It not only casts aside the erroneous leftist view of "class struggle still being the principal contradiction and it runs through from the beginning to the end of the socialist period, but also gives a more scientific elucidation of the principal contradiction during the socialist period than the resolution of the 8th National CCP Congress. Moreover, it explains to us the motive force of socialist economic development, particularly the question of the motive force for the development of socialist production and the productive forces.

Concerning the question of the development of production and the productive forces, academic circles have for a prolonged period of time differed in their opinions. In my opinion, the pronouncement of the "resolution" contributes greatly to the solution of this controversy.

Benefits and Demand Have Always Been the Motive and Aim of Production

The basic theory of historical materialism tells us that in order to live and develop, mankind must continuously struggle against nature, and must work so as to obtain the various kinds of necessities for life. This is to say: Mankind must eat, wear clothes, reside and travel and these objective demands are the causes and motive force for mankind's production activities. They propel mankind continuously to engage in production and reproduction. Following mankind's progress and development, its consumption demands will continuously increase. This continuous increase in consumption

demand in turn propels mankind to continuously expand reproduction. And so this process is continuously repeated. Viewed from the material side, the history of production development is the history of mankind continuously and to varying degrees realizing its own demands and continuously and in varying scales and degrees bringing forth new demands. However, in the different stages of social development there is a difference in the concrete form of the demands and the method and tactics employed in fulfilling them. Meeting the old demands will be followed by the breeding of new demands. The unity of opposites between the continuously increasing consumption demands and the production level provides the usual motive force for propelling forward the development of production.

In his analysis of the identity of production and consumption, Marx pointed out that production and consumption reciprocally created each other. Although consumption is restricted and controlled by production, consumption demand also determines production. Because consumption evokes the likes or dislikes of the producer, it attracts the latter's demand for a definite objective. Hence "consumption, as a necessity and as a demand, itself constitutes an innate factor in production activities" (Marx: "Preface to 'Critique of Political Economy,'" "Selected Works of Marx and Engels," Vol 2, pp 97, 94 and 89). Without consumption, there is no production objective and hence no production. Seen from this consumption serving as the motive force for production, precedes production serving as the motive force for consumption. Therefore, Marx on various occasions emphasized that consumption demand created the internal motive for production and the motive force for production. He further said that the crest of development of a national industry was at the time when its important task was the struggle for benefits (ibid).

The function of material benefits and consumption demand as a motive force for production takes on a different form under different social conditions. In a primitive society, because of mankind's weak ability to conquer nature, very simple products were turned out in production and there were very little surplus products beyond what was needed for the bare subsistence of the producers themselves. The exploiting class who profits from other people's toil was at that stage, not yet able to come into existence. Hence, maintaining the subsistence of labor and meeting the absolute consumption demands for reproduction (natural and physiological demands which had to be met) constituted the direct motive force for production development in a primitive society. Following the development of the productive forces, the exploiting class appeared and after the exploiting class began controlling production, the material interests of the ruling class became the propelling force in compelling the workers to engage in production and this gradually promoted the progress of production. Naturally, the function of the interests of the ruling class and the profits of the capitalists as motive force in production is still performed through the hands of the workers and, in the last analysis, the workers bear the burden of material production. But in a society dominated by the exploiting class, the workers are under the control of the ruling class. Hence, the consumption demand of the workers is also part of the material interests of the exploiting class. But only under the conditions of this not being harmful,

but instead beneficial, to the material interests of the exploiting class or when surplus value is actually realized, can this become the motive force for production. The conflict and opposition between the working class and the exploiting class in material interests leads to the class struggle between the working masses and the exploiting people. In the last analysis, class struggle is the conflict between class interests. Hence, the people's interests are the determining factor. What mankind struggles for is related to their interests. Material interests provide the motive force not only for the struggle in production but also for class struggle. What we have said about class struggle or changes in the production relations having the function of exerting an enormous propelling force or motive force on production actually refers to the propelling force in the second stage of production. The contradiction between the productive forces and production relations is, in the last analysis, caused by the demand for benefits.

Following the proletariats' seizure of political power and the completion, basically speaking, of the socialist transformation of the system of private ownership of the means of production, the exploiting class has been eliminated. At this juncture, the workers no longer need to produce for those doing the exploiting but can produce directly for their own interests. Under the socialist system, the so-called material interests or consumption demands of the populace include not only the material interests of the individual workers but also the group interests of the state and of the collectives. They include both current interests and long-term interests. These interests and demands of the populace no longer are under the control of the exploiting class, but are only restricted by the level of production development. The contradiction between the continuously increasing material and cultural demands of the populace and the current level of production necessarily forces the people to vigorously develop production and upgrade the production level. Doubtlessly, the material and cultural demands of the populace and the material and cultural demands of the entire society, which represents the popular, from the direct motive force for the development of socialist production.

Marx once pointed out that the expansion or reduction of capitalist production was determined by the profits of the capitalists and "not by the relations between production and social demand, that is to say, the socially developed demand of the people....When the extent of the expansion of production is still far from sufficient under another set of circumstances the restriction on capitalist production has already appeared" (Marx: "Das Kapital," Vol 3, People's Publishing House, 1975 edition (same below) p 288). It can be seen from these words that Marx believed that under a rational social system, that is to say, a socialist and communist system, the development of production was determined by the relations between production and social demand (that is, the socially developed mankind's demand). In other words, the contradiction between the level of production and social demand should be the motive force for the development of socialist production. Precisely for this reason, Lenin on many occasions emphasized the principle of material interests and pointed out that a socialist society must "fully ensure the overall development of the welfare and freedom of all the constituents of society" (Lenin: "Opinion of Plehanov's Second Program Draft," "Lenin's Collected Works," Vol 6, p 37).

Mao Zedong also said that the populace must be given perceivable material interests. In reality, these correct expositions by both Lenin and Mao Zedong noted from different angles the function of the motive force of material interests. Unfortunately, following the basic completion of the socialist transformation of the means of production, we (including Mao Zedong himself) have not consistently insisted on the above-mentioned correct viewpoint, but believed that only production relations and class struggle constituted the direct motive force for social production. We even went so far as to employ artificially-made class struggle as a deterent to eliminate the real motive force. This damaged the enthusiasm of the populace and at the same time was utilized by the counterrevolutionaries. As a result, it made socialist production suffer avoidable losses. As a matter of fact, class struggle and changes in production relations are brought about by the material interests of the classes. They display their function as a determinant motive force for production only at the transformation stage of history, that is to say, at the stage of the quality change in production relations and in the forms of social production. In the daily production activities of society, that is, in the stage of the quality change in social production development, what usually performs the function of a direct motive force is the "motive force of motive forces" comprising class struggle and changes in production relations which in effect are the material interests and the economic demands of the social groups controlling production. Engels said this well: "Each and every event confirms how each and every action grows directly out of a material motive and not out of mere words accompanying the material motive" and this fundamental viewpoint is tantamount to "a red string binding together all the party's documentation" (Engels: "Karl Marx: 'Critique of Political Economy,'" "Selected Works of Marx and Engels," Vol 2, p 118). Once separated from this red string which runs through all the party's documentation and through the entire process of social production and which is the only thing which can make us understand this development process, we shall fall into a pit of errors.

The Contradiction Between Aim and Tactics is the Internal Motive Force for the Development of the Productive Forces

That the interests, demands and the contradiction between production activities provides the motive force for their development should be unquestionable. This is because the consumption which is the manifestation of interests and demands is a link in the entire reproduction process. As mentioned previously, production and consumption share an identity and at the same time interests and demands are under the restriction of the productive forces as well as the control of the production relations. Interests and demands themselves constitute the sources of the contradiction between productive forces and production relations. Marx and Engels once said: "The organization of material life in one form or another relies on demand which has already developed." Again, they said that the form of intercourse, that is, the production relations, must conform with definite interests (Marx and Engels: "Fuerbach" "Selected Works of Marx and Engels," Vol 1, pp 78-79). Naturally, interests and demands constitute one form of manifestation of the contradiction between the productive forces and production relations. Since production activities include the two factors

of the productive forces and production relations, the interests and demands are naturally the internal factors of production. Demand and the level of production, or to put it in another way, demand and the contradiction which it produces, belong to the internal contradictions of production. According to the basic theory of materialist dialectics, the internal contradiction of things is precisely the fundamental motive force of their development.

Although productive force and production are closely linked and cannot be separated, they are not entirely identical. Similarly, the internal motive force of productive force, which exists on account of production and serves as the production capacity and the motive force of production, acts in unison with it but is not entirely identical.

First, like social production, interest and demand constitute the motive forces propelling the productive forces forward. Judging from the development of the various constituent factors of productive force, particularly science and technology, machinery and other tools of labor, they all come into being and develop in company with mankind's demand and originate from mankind's demand. In his publications, "Dialectics of Nature," and "Anti-Duhring," Engels repeatedly pointed out that the various natural sciences all grow out of mankind's demand and that the growth and development of science were from the beginning determined by production. "Economic demand has been the major motive force for the growth of the knowledge of the domain of nature and continues to be more and more so" (Engels: "(Letter of 27 Dec 1890) to (K. Schmidt)," "Selected Works of Marx and Engels," Vol 4, p 484). Engels' conclusion was: "When society has an acute demand for technology, then this demand is more capable of promoting the forward progress of science than the combined forces of 10 universities" (Engels: "(Letter of 25 Jan 1894) to (Wa Bo-Er-Ji-Wu-Si) [3907 0590 1422 0679 3527 2448]," "Selected Works of Marx and Engels," Vol 4, p 505).

Labor tools as an important factor of productive force are even more inseparable from mankind's demand. Modern industry began with the industrial revolution of the 18th century precisely because of the rapid increase in market demand and the inability of the handicraft industry to cope with the increased demand. As a result, the steam engine and together with it the textile machines which counted on it furnish the motive power as well as coal-burning machines and other relevant industrial machines were rapidly invented and developed. None of the various kinds of modern machines and technical equipment were invented without being originally intended to meet mankind's certain demand. Machines and equipment not demanded by mankind do not constitute means of labor and therefore cannot become productive force.

The function of demand in propelling the productive forces forward is carried out through the internal factors of the productive forces in the form of activities with a purpose. Slightly different from the motive force of production, the direct motive force of productive force arises from the contradiction between demand and the tactics employed. During the course of the display of productive force, mankind employs certain labor tactics on the products of nature or on other labor objects in order to achieve the purpose of its own activities. Generally speaking, mankind always hopes

to have in its grasp more powerful and more effective labor tools in order to smoothly transform the quality of the products of nature or other objects of labor and thereby attain a use value which is more ideal and more in conformity with demand. However, under definite historical conditions, mankind's labor tactics must suffer certain limitations. Mankind frequently cannot obtain its objectives. At the same time, following the realization of an old objective, a new demand will bring forth a new objective and requires new tactics to handle it. Hence, between objectives and tactics there is always a cycle of "contradiction, balance and again contradiction" which revolves continuously. But this propels labor tactics and manufacturing forward and promotes the development of the labor technique and scientific technology of those controlling and utilizing the labor tactics.

Some comrades may say that an objective is factor that is outside productive force. To employ the contradiction between the objective and the tactics in expalnation of the motive force for the development of productive force goes against the principle of materialist dialectics that the internal contradiction of things provides the internal motive force for their development. An apprehension of this kind is unnecessary. Man, as the principal factor of productive force, not only possesses definite production experiences, labor skill and scientific knowledge but also harbors a definite motive in his activities. Activities with a purpose are embodied in the main factor of productive force which is man. Regulating the trend of development of productive force and customarily determining the form and method of the activities of the workers constitute the source of labor actions. To place the purpose of man's activities outside productive force is not right. Naturally, the nature of the purpose of man's activities as an important factor of productive force is that it anticipates the results of the utilization and transformation of natural objects and develops in tandem with the progress of labor tactics and science and technology. Also, it is subject to the influence and restriction of the production relations. But it belongs to the realm of productive force and not to the realm of the production relations. Viewed from this context, it, and interest and demand have liaison with each other but are different from each other.

Another view believes that productive force and production relations denote the relations between content and form. They are two inseparable sides. Outside the relation of the unity of opposites, there does not exist any "internal" or "external" relation between them. We cannot deviate from production relations to look for the internal motive force for the development of productive force. In other words, the contradiction between production relations and productive force constitutes the motive force for the development of productive force. This exposition had wide circulation for a time in the past. As we see it now, it deserves a critical reappraisal.

It cannot be denied that from the standpoint of a united production form, productive force and production relations are inseparable. Within the united production form, productive force and production relations constitute two sides of a contradiction and it is precisely this contradiction which propels the forward development of the production form. The contradiction between productive force and production relations provides the motive

force for the development and changes in the production form. (Note: Production form and production cannot be viewed as entirely identical concepts. In general, production form principally refers to the socioeconomic formation and the socioeconomic system whereas production frequently refers to properties as exemplified by agricultural and industrial production and production actions. There is more inherent in production form than in production activities. The motive force for production development mentioned in this article refers to production actions.) It is also the propelling force for raising the socioeconomic formation from a lower plane to a higher plane. But it must be seen that there is a fixed demarcation between productive force and production relations and we cannot ignore the "realistic disparity" between them. In other words, productive force and production relations can be separated from each other. Each of them constitutes a contradictory united body. Each has its internal special contradictions and possesses a relatively independent character. As everybody knows, productive force is a most active and most revolutionary factor. All the time it is engaged in quantitative changes whereas relatively speaking production relations constantly maintain a stabilized posture and cannot, like productive force, change all the time. During the period of interchange between an old society and a new one, in certain localities, production relations frequently lag behind productive force. This phenomenon of productive force and production relations not being absolutely in step with one another explains that productive force and production relations, aside from mutually restricting each other, are each restricted by their internal contradictions. The evolution of history is thus: First productive force breaks through the old production relations and advances forward; then new production relations are demanded to conform with the newly developed production level. Here, it is seen that productive force takes the initiative and is all the time seeking a new road of development. When the production relations are in conformity with the developed productive force, productive force is still reinforced by an external important propelling force, in addition to its own internal propelling force. And when production relations lag behind the development of productive force, productive force does not remain entirely dormant but depends on the internal propelling force to continuously press forward though in a relatively slow and zigzag manner. This condition denotes that although production relations constitute a powerful external motive force of productive force, productive force definitely possesses its own inherent motive force. To refute that productive force itself possesses an intrinsic motive force is not tenable either in theory or in practice.

Realistic Demand and Aim Are Not Subjective Products

One view holds that demand and aim are things which in most part are subjective and conceptual. Hence, we cannot use subjective and conceptual things to explain the development of material productive force of an objective nature. We cannot subscribe to this view.

Naturally, it cannot be denied that the demands and aims of certain individuals are unrealistic, divorced from the whole and are subjective and wishful. If these demands and aims come from the whole and from society's gross labor power, then, on the basis of the present material conditions, they

conform to the trend and are realistic and objective demands and not subjective but objective products. But if taken as the demand and aim of the motive force for the development of production and productive force, then they naturally refer to the demand and aim of the gross labor force of society (in a class society this refers to the entire social bloc and to the class in control of production) and of the individual labor power reflected in and under the control of the gross labor force.

The demand of mankind as a composite body or reflecting a composite body may generally be divided into two categories, namely, consumption demand, that is to say, demand for material goods, for spiritual goods, and for other labor services; and nonconsumption demand such as for honor, friendship, ideology, and so on. As for the consumption demand, Engels divided it into life materials, enjoyment materials and materials required for developing and demonstrating the forms of physical power and intelligence. In his publications, Marx mentioned man's natural demand and spiritual and social demand and that as for the spiritual and social demand, "its sphere and quantity would be determined generally by the cultural conditions" (Marx: "Das Kapital," Vol 1, pp 260, 559). On this basis, Stalin included in the demand of a socialist society and its constituents all material and cultural demands. My own opinion is that concerning the form of consumption demand it may comprise the two categories of material and cultural demands while as for its contents it should be divided into subsistence materials, enjoyment materials and development materials. A classification of this kind appears to be more appropriate. Mankind's realistic demand, whether seen from its form or from its concrete contents, is not wishful thinking, nor can it surpass at will currently available material conditions.

Both in ancient and modern times, mankind can only be based on the material conditions in its grasp to shape its realistic tasks in waging war on nature. Similarly, mankind can only be based on its current production capacity to determine the demand and aim it can possibly attain. Primitive people could not put forth any demand or aim in excess of their primitive production capacity. "In the initial period of culture, the productive force of labor attained was very low and demand was also very low. Demand developed simultaneously with the tactics for satisfaction of demand and was dependent for development on the development of these tactics" (ibid). Engels stated that the demands and aims of primitive society had been exceptionally low and that subsequently, due to bringing into play the function of the hands, speech organs and brain of not only every individual person but also of society as a whole, mankind was able to increasingly engage in complicated activities and to bring forth higher and higher objectives. Engels criticized the materialism which emerged following the collapse of the ancient world as "being accustomed to explaining their actions on the basis of their ideas and not their needs (naturally, as can be imagined, the demand was reflected in their brain as well)" (Engels: "Dialectics of Nature," "Selected Works of Marx and Engels," Vol 3, p 515).

Obviously, mankind's realistic demands and objectives, though reflected in the brain and commanding the production actions of mankind, are not subjective things but rather objective reflections. On this point, Marx and Engels,

when dwelling on the development of division of work as producing common interests made a rather clear elucidation. They said: "Common interests do not constitute merely 'something general' or exist in concept only but constitute the reciprocally dependent relations among the individuals taking part in the division of work and exist in reality" (Marx and Engels: "Feuerbach," "Selected Works of Marx and Engels," Vol 1, p 37).

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'JINGJI YANJIU' DISCUSSES ROLE OF COMMERCE

HK201257 Beijing JINGJI YANJIU in Chinese No 4, 20 Apr 82 pp 61-63

[Report by Bai Zhongyao [4101 0112 1031]: "The Role of Commerce Should be Enhanced During the Period of Readjustment"]

[Text] I

Commerce is the key link in the economic relationships between various national economic departments. During the period of economic readjustment, the role of commerce should be enhanced if we want to solve the problem of economic dislocation and promote the rationalization of our socioeconomic structure.

The function of commerce is to resolve the contradiction between commodities and currency, and to keep a balance between the supply of commodities and the purchasing power of the currency. Commerce becomes very flexible when the supply of commodities and currency is constant. For instance, it can open up new sources of goods. In the market, price equilibrium depends heavily on commerce grasping definite goods and materials and selling them at fixed prices. Without a definite amount of goods and materials, Administrative policies alone cannot achieve the goal. The more resources that are put under control, the better can commodity prices be stabilized. This is true both of commodities in general and of particular commodities. Since in social production, the amount of production is determined by the state, can the commercial sector put more goods and materials into circulation? The answer is affirmative. The reason is that, at any time, the amount of social products and the amount of commodities put into circulation and exchange are two different amounts. This is especially so in a big state such as ours. The economy of which is not fully developed, and many of its products have remained in the production sphere; they have not yet been put onto the market. If the role of commerce is enhanced, it can be arranged for these products to boost the supply in the market. At the same time, the commercial departments can try every possible means to help the light and textile industry increase commodity production which is inadequate, help rural areas achieve the goal of diversification, and help production units produce cheap, good and salable goods, instead of producing goods which are difficult to sell, expensive and of poor quality. In short, there is plenty of scope for commerce to improve production and expand purchases so as to increase the supply of goods and materials on the market.

The main way to stabilize market prices is to promote sales. There are generally three kinds of commodities, namely, goods which sell well, goods which have a fair market and goods which are slow-selling. Normally, the prices of goods which sell well will rise, the prices of goods which have a fair market will remain stable while the prices of slow-selling goods will fall. The commercial departments should try their best to boost the sales of slow-selling goods, so as to absorb some of the purchasing power and relieve the pressure on the goods which have a good market. In this way, the prices of such goods will be stabilized. At present, great amounts of unsold commodities are piled up as a result of our aimless production and purchase. The Ministry of Commerce itself can reduce its reserves by 3.2 billion yuan and can withdraw 3 billion yuan of currency. We have a vast territory and a big market but with loose economic relationships. There is plenty of room for readjustment. Slow-selling goods in a certain place should be sent to another place where there is a good market. Commercial departments can withdraw much money and ensure stable market prices if they adjust their commodities rationally and boost sales.

Commercial departments can also cut down the cost of goods circulation by improving their methods of management--collecting more profit tax and directly increasing the revenue of the state. In 1978, commercial departments paid profit tax of 13.662 billion yuan, which constituted 12.2 percent of the state's revenue. If profit tax increased to become 20 percent of the state's revenue the state would receive an additional 8.76 billion yuan. At present, commercial departments are burdened with losses resulting from incorrect policies. They also have to subvent production departments. It is, therefore, difficult for them to greatly increase the profit tax. However, they have great potential in this. Increasing the revenue by enhancing the role of commerce is an immediately obvious way.

In a socialist system, the state should regulate the whole society's production of commodities and the flow of commodities by planning and at the same time should also utilize the role of regulation by market mechanism. Our state has hundreds of thousands of industrial and transport enterprises, a few million agricultural production brigades and about a hundred million agricultural households. They remain, to various degrees, dispersed and independent. It is obviously a difficult and complicated task for the state to directly plan their production. Commerce is the most important means of socioeconomic life in a state. The normal flow of commodities is from dispersion to centralization, then from centralization to dispersion again. In the process from dispersion to centralization, the commercial departments purchase various kinds of commodities produced by the society. Here, the individual labor of the producers has become social labor. The economic activities of individual enterprises, individual units and individuals have formed a relationship with the state economy as a whole. In the process from centralization to dispersion, the commercial departments allocate the supply of commodities according to the state plan and social needs, so as to satisfy the needs of individual enterprises, units and individuals, and to bring about smooth reproduction in the society.

The aim of regulation by state planning is to ensure that the development of the national economy is proportional. Whether or not the relationships between various national economic departments is suited to the changes that occur within them is quickly and acutely reflected by the market through the contradiction between supply and demand. The commercial departments should organize the flow of commodities. They should actively promote the sale of commodities when the supply is greater than demand. They should increase the supply of goods and satisfy the consumers' needs when demand is greater than supply. In this way the commercial departments can regularly take the initiative to keep a regular balance between supply and demand so as to maintain stable and healthy socioeconomic development.

II

The present commercial situation is not suited to the current needs of economic readjustment. The present economic management system in commerce should be reformed in order to enhance the role played by commerce in the national economic readjustment. The following points are very important:

1. The most basic step is to reform the commercial-economic management system. We should proceed from the actual situation of the flow of commodities in our state. At the present stage, the basic characteristic of our flow of commodities is that the exchange of industrial and agricultural and sideline products makes up the main part of the flow and the main orientation. The resources for our light and textile industries mainly come from our agricultural products. The needs of the urban population in regard to staple foods, such as grain, edible oil, meat, fruit, vegetables and nonstaple foods are mainly filled from the rural areas. The rural areas are the main market for industrial products. Moreover, the level of production development in our state varies greatly. The economic development between localities is unbalanced. The depth and scope of the flow of commodities varies a great deal between different localities and different types of goods. The economic relationships in the process of the flow is complicated by the diversity of economic composition. On account of the imbalance in our national economic relationships, the difference between the supply of commodities and the social consumption power is relatively great. The supply of some commodities always falls short of demand. These are the basic factors which, at the present stage, determine our commercial system. We should formulate the economic management system of the state, or of a locality or of a commodity through the study and examination on such practical situations.

2. The commercial and economic management system should suit the demands of the development of the flow of commodities in our state. It should, first of all, suit the demands of the exchange between industrial goods and agricultural and sideline products. In the past, we did not establish a strong commercial institution to specially arrange the exchange of such goods and thus to serve as a basis for our socialist commerce. Although the strength of the various major commercial systems such as commerce, supply and marketing, grain, commodities and foreign trade is quite great, these systems suffer from many mutual reitraints in the rural markets and in many ways offset each others strengths. The reform of the commercial system should, therefore, be focused

on the establishment of special commercial organizations, the function of which is to "deliver industrial goods to the rural area and to send agricultural products to the urban areas." Such commercial organizations should purchase the dialy-use commodities and other production materials in the urban area for the peasants in the rural area, so as to effect a real exchange between industrial goods and agricultural products.

3. We must break down barriers and overcome and confining situation, so that all kinds of commercial activities can be carried out in accordance with the natural demands of the flow of commodities. First of all, we must not make too rigid the lines of division between commodity operations. In domestic markets, with the exception of a few important commodities that are related to the national economy and people's livelihood and therefore are under the unified management of certain departments assigned by the state, monopoly should not be advocated. Commercial entities should be given a free hand in managing their own activities to the extent that their strong points can be developed fully. Moreover, the situation of commercial enterprises being subsidiary institutions of regional administrative organs should be changed. This has been the cause of segregated markets, and local demarcation and thus commerce has lost its role of reacting to production. Therefore, the relative independence of commerce and enterprises should be maintained. Otherwise, plans for a rational organization of the flow of commodities will be fruitless.

4. We must establish a proper responsibility system of commercial management. We should make proper use of socialist public capital and property to rationally organize the flow of commodities to serve production and consumption. All commercial enterprises should be held fully responsible for the economic effect in utilizing public capital and public property. On this basis, different management responsibility systems can be practiced in accordance with the actual demands of the flow of commodities, and the socialist enthusiasm of the huge commercial workforce can be mobilized to effectively manage socialist commerce.

After the commercial system is restructured, the commercial enterpirses can become more relatively independent and their scope of activities will be widened.

The state must protect legal management and smash illegal activities. To ensure that people will follow a certain code of behavior in commercial activities, commercial regulations must be provided. As a result, there will be rules for guiding the state's implementation, rules for enterprises and the workforce to abide by and rules for supervision by the masses. This will facilitate the state's control and guidance of commerce which will then become a genuine economic strength and economic means for the state.

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ECONOMIC PLANNING

REPORT ON SICHUAN GOVERNMENT WORK AT PEOPLE'S CONGRESS

Chengdu SICHUAN RIBAO in Chinese 3 Mar 82 pp 1-3

[Report on government work by Lu Dadong [7627 1129 2639], governor of Sichuan Province, at the Fourth Session of the Fifth Provincial People's Congress on 24 February 1982]

[Text] Fellow Deputies:

On behalf of the privincial people's government, I am now to report on the work of the government for your deliberation and examination.

A Year of Struggle in Unity in 1981

Since April 1981, the provincial people's government, under the leadership of the party Central Committee, the State Council, and the Sichuan Provincial CCP Committee, and in accordance with the resolutions of the 3rd Plenary Session of the 5th Provincial People's Congress, has mobilized and organized people of all nationalities in the province to follow the line of the 3rd Plenary Session of the 11th Party Central Committee, to act in accordance with the spirit of the party Central Committee's work conference in December 1980 and of the 6th Plenary Session of the 11th Party Central Committee, and to implement the policy of further economic readjustment and further political stability and unity. New progress has been made in the work on various fronts, as mainly shown in the following: The national economy continues its advance in the course of readjustment and the political situation has become more stable. Despite a reduction of energy resources, insufficient task for heavy industry and the difficulties brought forth by a particularly serious flood and a long spell of drizzling and low temperature, industrial and agricultural production was still slightly above the 1980 level, then the highest in history. The total agricultural output increased by 1.5 percent; the grain output totaled 65.9 billion jin, an increase of more than 0.6 billion jin over last year; and the output of cash crops and economic diversification increased by 2.5 percent. The total industrial output value was 26.8 billion yuan, a 2 percent increase, including a 12.4 percent increase in light industry. There was an all-round increase in procurement, marketing, transferring and stocking in the commercial sector, and the market was brisk. The scale of capital construction was brought under control and there was readjustment in the orientation of investment. Thanks to the efforts of various areas and departments in increasing revenues and curtailing expenditure in order to

give us great support in the way of money and supplies. The broad masses of people, many overseas Chinese and Hong Kong and Macao compatriots, foreign friends and friendly countries sent us comforting cables and donations of money and supplies. On behalf of the provincial people's government, I hereby express our thanks.

In combating the flood and directing the rescue operation, the provincial government unswervingly implemented the two "by every possible means" policies, adopted emergency measures, and organized and led the masses in an all-out stirring battle against the flood, in rescue work, and in the struggle to restore production and rebuild our homes. First, huge amounts of manpower and supplies were mobilized, and with the strong support of the PLA, over 1 million people stranded in the flood were brought to safety. We also saved huge quantities of important supplies of the state and the collectives, overcame many grave dangers, and played an important role in enabling the Gezhouba engineering project to safely harness the flood. Second, the state sent us large quantities of food, clothing, drugs and various building materials; made arrangements for people's living, and dispatched a large medical team to carry out timely treatment for the sick and wounded, thereby preventing a post-disaster epidemic and giving the people moral encouragement. At the same time, a call was issued for support to be given from various quarters to the disaster area, for victims of mild disasters to help victims of serious disasters, and for people in disaster-free areas to help people in the disaster areas. Thus production, self-relief, and the rebuilding of homes proceeded rapidly, and the problem of housing for the victims (including the use of improvised houses) were more than 90 percent solved. Third, special policies were adopted for the disaster areas in the countryside. The masses were mobilized in a crash program to plant the late autumn crop in the land which had been flooded and anyone planting the crop will reap the harvest later. Production quotas were promptly reduced for the areas which had been submerged and therefore could not produce as much as originally planned. For the reclamation of the destroyed farmland, the method similar to "providing work instead of relief" was used to organize the masses. More than 5 million mu in the province was planted to late autumn crop for a change, and economic diversification was encouraged in an attempt to remedy part of the losses. Hundreds of thousands of mu of farmland has been reclaimed and levelled, and part of it has been sown for the winter crop, and other parts may be ready for the spring crops. Last winter and spring, a mighty labor force of a million strong battled with nature and harnessed the river and a people's war began for the repair of the engineering projects damaged by the flood. The amount of water storage has approached that in 1980, and the availability of water for irrigation in the spring was basically assured. The industrial and communications enterprises started a "what to do after the disaster" discussion and an emulation campaign to win merits in 100 days in order to pluck up people's courage. Thus production improved every month, and in November and December, new production records were set. The damaged railways, highways and power cables were repaired in good time; the stores have resumed business; and the elementary and secondary schools are mostly operating as usual.

In this special struggle against the flood and in carrying out the rescue operations, the cadres at various levels and the broad masses of party members

share the state's difficulties, the financial revenues in the province amounted to 3.15 billion yuan. Though insufficient to cover the expenditures, this amount has turned out to be more than anticipated. People's living conditions continued to improve along with the development of production. The average income of each peasant from the collective increased by more than 3 percent over that of 1980, and their income from household sideline occupation and other sources increased even more. Some 300,000 persons were given jobs in the cities. Upgrading wages for the teachers of elementary and secondary schools and part of the medical and sports personnel is now in progress. The purchasing power of people in both urban and rural areas was markedly increased and the volume of retail sales increased by 9 percent. The balance of savings deposits increased by 27.4 percent, and new dormitories for workers with a total floorspace of 5.53 million square meters were build. Cultural development made good progress while science, culture, education public health, and sports all underwent certain development. We had more than 400 important scientific achievements, and approximately 2/3 of them can be applied in production. We also had fairly good success in family planning. Continued efforts were made to develop socialist democracy, to perfect the socialist legal system, to preserve social peace, and to combat the counterrevolutionaries and various types of criminals who had seriously disturbed the social order. Public order in both urban and rural areas has improved. Now that people are feeling at ease because of social stability and the basic stability of commodity prices, we have basically completed the various tasks set at the previous session.

In the past year, we learned many lessons from our experiences mainly as follows:

I. Triumph Over a Serious Flood Rarely Seen in the Last 100 Years

From late June to early September 1981, the province had torrential rains on six different occasions, followed by a flood. The magnitude of this flood and the extent of the damage caused ad few parallels in the last 100 years. The disaster area included 135 counties (municipalities and districts); and 57 county cities, 776 small towns, and more than 220,000 production teams were inunadated, involving some 20 million victims. Some 1.53 million houses collapsed or were washed away; 17,560,000 mu of crops were destroyed. The water conservation engineering projects were also seriously disrupted; 3,115 industrial and communications enterprises had to suspend operation because of the disaster. The Chengdu-Chongqing, the Baoji-Chengdu, and the Chengdu-Kunming railways had their foundations damaged at more than 40 points; 523 highways operated at or above the county level were cut; a large number of finance and trade enterprises and their warehouses were inundated; and more than 10,000 elementary and secondary schools were affected by the disaster. There were serious losses and damage to economic construction and people's lives and property.

After the flood, the party Central Committee and the State Council showed great concern; sent us comforting cables and letters; and dispatched aid teams here to comfort the masses and to direct the rescue work. The various departments of the State Council and the fraternal provinces, municipalities and regions

showed great courage in the face of danger. Their mutual assistance and readiness to die or to survive together fully illustrated their noble quality of dedication to the cause of serving the people. The commanders and fighters of the PLA Units stationed in Sichuan also demonstrated their dauntless revolutionary spirit in their brave struggle with the flood, in rescuing the stranded people, in saving state property, and in helping the masses resume production and rebuild their homes. They won great merits in serving the people. By further strengthening the fish-and-water relations between the army and the people and the unity between the army and the government, they have written a new chapter on "supporting the government and cherishing the people." The broad masses of people were also undaunted in the face of the flood. Their readiness to serve the public regardless of their own safety presented an inspiring spectale reminiscent of Emperor Yu's battle with the flood on Sichuan, and numerous thrilling acts of heroism by thousands or tens of thousands of advanced collectives and advanced individuals were witnessed during this struggle. On behalf of the provincial people's government, I wish to warmly greet and express our deep respect to them.

The great victory in fighting the flood and in the rescue operations fully illustrated our party's greatness because of its flesh-and-blood relations with the people, its whole-hearted dedication to serving the people, and its strong militancy; our army's greatness because of its readiness to protect the people and to defend socialist construction; and also the greatness of our people because of their firm faith in the party, their love of the motherland and their keen sense of being masters of their own destiny. This victory is eloquent proof of the great superiority of the socialist system and fully demonstrates the great might of socialist cultural development.

The exceptionally extensive flood of 1981 in our province severely damaged our economy and took a heavy toll of lives and property, and several years' hard struggle will be needed to recover from the aftermath. However, it has given us a stern test and tempering. Politically, we have won a great victory. At the same time, it has enriched our experiences in struggling with nature. The planetary circulation which caused the torrential rains is an act of nature which cannot be resisted. Nevertheless, this exceptionally extensive flood has exposed some of the defects in our work in the past. For example, in combating natural disasters, the guiding ideology usually stressed the struggle against drought, but rarely against flood. The excessive felling of trees and the reduction of the percentage of forest cover caused serious soil erosion and an ecological imbalance. We also lacked a unified plan for the harnessing of rivers, and the layout of construction was not rational enough. This historical lesson deserves to be well remembered, and we cannot afford to do any more stupid things against natural law.

II. Steady Progress of National Economy During Readjustment

For 1 year, in implementing the policy of a further economic readjustment, we have made great efforts to boost our agricultural, and light and textile production; to produce heavy industrial products to meet the market demands; to clear the channels of circulation; and to reduce the scope of capital construction. We also "closed, suspended, merged and retooled "some enterprises,

initially readjusted the agricultural, industrial and commercial structures, and succeeded in improving the economic results. Our national economy is now embarking on the road of steady development.

In agriculture, we have initially readjusted the agricultural structure and the crop pattern with a view to setting up a good system of agricultural ecology. For grain crops, we have increased the acreage for rice paddies and increased the cross-breeding of fine strains. Rice output was increased by 1.7 billion jin. The ratio of acreage for cash crops to the total sown area has been raised from 8.8 percent in 1980 to the present 9.7 percent. The commune members' household sideline occupation has developed fairly well. The commune- and production brigade-run enterprises have also steadily developed in the course of readjustment and reorganization, and their output value has reached 3.3 billion yuan, a 10 percent increase over 1980. In the three counties of Guanghan, Xindu and Qionglai, experiments in the restructuring of rural economy is being carried out. The orientation of the experiments is correct; the methods used are proper; and the result is satisfactory. The methods of experiments in the integrated agriculture-industry-commerce, forestry-industry-commerce, and animal husbandry-industry-commerce enterprises are being gradually improved with continued increase of benefits.

In industry, we implemented the principle of "six priorities" for light and textile industries, and the increase of production exceeded the original plan. In heavy industry, we have readjusted the orientation of its service and its product mix so that more durable goods needed in people's daily lives, and more equipment needed for technical renovation and transformation of light and textile industries, could be produced. Besides helping our products to enter the international market, this method will also increase the production of easily marketable goods. At present, the machinery industry in our province is capable of supplying complete sets of equipment of 323 varieties under 20 categories. A comprehensive productive capacity for motor cars, bicyles, sewing machines, and other electrical appliances for daily use, totaling 11 varieties, has been achieved, and the output value has increased by 2.3 times. The enterprises engaged in national defense industry are implementing the policy of an army-civilian combination. Besides guaranteeing the completion of the tasks in scientific research and the production of military products, they have raised the ratio of output value of civilian products by 42 percent over last year. Changes have also occurred in the composition of enterprises. For those enterprises consuming high energy, producing goods of inferior quality, sustaining losses over long periods, and engaging in overlapping production, we have closed, suspended, merged or retooled them. Fairly successful results have been obtained in carrying out technical transformation among a number of old enterprises, which have thus become new productive forces in light, textile and other industries. Energy consumption has been reduced.

In commerce, we have permitted the existence of different economic sectors, different channels of circulation, and many forms of business operation, and thus reduced the links of circulation. While developing the leading role of state-operated commerce, we have further developed collective and individual commerce. Among the total volume of retail sales, the ratio of combined

collective and individual sales increased from 21.8 percent in 1980 to 24.3 percent. Commodities are now circulating more freely, and the markets in both urban and rural areas are now brisk.

III. New Progress in the System of Economic Responsibility

In the past year, the system of responsibility for production in agriculture developed very rapidly, brought great changes, and produced very good results. Some 615,000 production teams throughout the province have set up the system of responsibility for production in various forms. The systems of forestry rights and forestry production are now being carried out, and other systems of responsibility, such as the "four special's and one responsibility" are being set up and developed for animal husbandry, sideline production, fishery and economic diversification, followed by the setting up of the systems of job responsibility and agricultural technical responsibility for cadres at all levels in the countryside. The broad masses of peasants are showing growing interest in science and technology. In the province, 30,000 production teams in 160 counties have signed contracts with the agrotechnical departments for the popularization of scientific and technical methods over an area of 3 million mu. Introduction of the system of responsibility for production has not only done away with the evil of "eating from the same pot," which has long existed in the collective economy, but also readjusted part of the relations of production and corrected the defects of overconcentration in a single form of management, through improved labor organization and methods of remunerations and other means, in order that the forms of management will be more suitable for the rural economic conditions in the province. At present, agriculture is taking the lead and is full of vitality everywhere, while the broad masses of commune members can carry out production with peace of mind, confidence and energy.

The adoption of the system of economic responsibility in industry, commerce and the building trade in various forms--such as profit quotas, loss quotas, responsibility for meager profits, and responsibility on a trade basis; paying taxes in lieu of turning over profits and independent accounting among the small enterprises; and so forth--is in fact a continuation and development of the expansion of decisionmaking power for enterprises. It helps clarify the enterprise's economic responsibility to the state, and its orientation is correct. Within the enterprise, it links the business results directly with the remunerations of the workers and staff members so that there will be an integration of responsibilities, rights and interests. This strengthens the workers' sense of being masters of their own affairs and arouses their enthusiasm. However, the system of economic responsibility in industry, commerce and building trade is far more complex than the system of responsibility for production in agriculture. Some enterprises have adopted the system hastily and their management failed to meet the requirements, while the use of profit and loss as the sole criterion of assessment has led to many problems. Problems of disharmony and lack of coordination also existed in the regulation and control of microeconomics by macroeconomics. We must sum up our experiences, carefully carry out the reorganization and continue to bring about improvement.

IV. Initial Consolidation and Improvement of Ideological and Political Work

In the past year, the governments and departments at various levels and all units in the province have stepped up their ideological and political work.

While eliminating the "leftist" guiding thought, they also carefully resisted and guarded against the interference from other wrong ideas in order to insure that the party's line, policies and principles are properly implemented. They have carried out a great deal of meticulous ideological and political work centering around economy readjustment, stability and unity, combating the flood and providing relief, adoption of the system of economic responsibility, correctly handling the relationships between the state, the collective and the individuals; and other important issues. Particularly since the 6th Plenary Session of the 11th Party Central Committee, an upsurge has been whipped up in the province to study the "resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" which greatly helped unify people's thinking so that they could strive for the four modernizations with one heart and one mind. Under the direct leadership of the provincial party committee, we conscientiously carried out the spirit of the forum on ideological questions, carried out education in upholding the four basic principles, seriously and correctly conducted criticism and self-criticism, summed up our experiences and drew lessons from them, and solved the problems of laxity and flabbiness on the part of the leadership which dared not attend to, or control, the tendency toward bourgeois liberalization and various unhealthy tendencies. Striking changes are now beginning on our ideological front. The government organs at the provincial level have also achieved certain success in this direction after some preliminary reorganization. Last year, the campaign of "five stresses and four points of beauty" and "learning from Lei Feng to create a new atmosphere" were extensively launched throughout the province. The cadres took part in cleaning up public places and beautifying the environment; their action played a positive role in improving the social atmosphere. We must continue to discover the special characteristics and laws of ideological and political work in the new period in order that it will better suit the requirements of new conditions and new tasks.

Fellow Deputies:

Despite the serious difficulties in the past year, we were still able to accomplish the two "slight increases" and three "stabilities." This was the result of the common struggle by people of various nationalities in the province under the CCP's leadership. However, if we will examine the work of the provincial government, we can see that it is still short of the demands from the party Central Committee and the State Council as well as the expectation of the people in the province. Early last year, because of our incomplete understanding of the readjustment policy, we did not make sufficient efforts and failed to adopt strong measures in promptly promoting the system of economic responsibility, and, as a result, had a fairly big drop in the industrial output value in the first quarter of the year. This drop affected the rate of growth for the whole year. Our financial revenues turn out to be below the expected level. Because of inadequate research in the new conditions created by the responsibility system in the countryside, we failed to solve the new problems in time. In striving for a basic stability of prices, our supervision was inadequate and our control over the scope of negotiated

prices was not strict enough, resulting in an increase in some commodities prices, particularly those of vegetables, eggs and other nonstaple food in some localities, and thus adding to the masses' financial burden. Some of these problems were the outcome of the economic readjustment and restructuring, but others are attributed to our work. We must take a serious view of this situation and make great efforts to improve it.

Work Policies and Main Tasks in 1982

Now, 1982 is the 1st year after the completion of our historical mission in setting things right regarding the guiding ideology, as well as the very important year in carrying out the Sixth 5-Year Plan. The government's work policy and main tasks are: to mobilize people of all nationalities in further implementing the policy of readjusting, restructuring, reorganizing and upgrading, to implement concientiously the resolution of the 6th Plenary Session of the 11th Party Central Committee and the spirit of the 4th Session of the 5th National People's Congress; to boost our national economy with all-out efforts and in unity; to promote cultural development; to strive for a steady rate of development in our national economy; and to achieve a decisive improvement in social order, social atmosphere, and the leadership's work style, in order to make greater progress in our socialist construction.

I. Strive to Boost the National Economy With the Improvement of Economic Results as the Central Task

The main task for governments at various levels is to promote economic construction. The 10 principles for economic construction put forward by Premier Zhao Ziyang are a scientific summation of our experiences over the 32 years since the founding of the People's Republic, and particularly those of the past 3 years. He has pointed out a new road for us to attain a fairly steady rate in development and better economic results, and for the people to obtain more real benefits. He has pointed out the goals for our struggle and shown us a bright road ahead. We are confident that as long as we advance along the line of the 3rd Plenary Session of the 11th Party Central Committee; conscientiously implement the 10 principles for economic construction; unify our thinking and march in step; concentrate our energy, provide more active leadership, and form the concept of taking the whole country into account; uphold the principle of allowing market forces a supplementary role within the planned economy; and carefully carry out readjustment, reorganization, and the restructuring which is helpful to readjustment, with improving economic results as the central task, we can certainly overcome all difficulties, keep our revenues and expenditures balanced, preserve a basic stability of commodity prices, and achieve a certain speed in the growth of our national economy.

(1) Continue To carry Out Readjustment Well, and Strive for a Sustained and Steady Increase in Industrial and Agricultural Production

We should continue to carry out the readjustment and restructuring of the national economy, further implement the various economic policies of the party, make great efforts to attain the goal of "guaranteeing three, striving for four and planning for five" (that is, guaranteeing a 3 percent, striving for a

4 percent and planning for a 5 percent increase over last year) for our total industrial and agricultural output value. The total agricultural output value should be increased by 3-5 percent, the total grain output should be increased by 150-200 million jin, and there should be a large comprehensive increase in cash crops and economic diversification. The total industrial output value should be increased by more than 3 percent, including a 10 percent increase in light and textile industrial output; and the downward tendency in heavy industry should be reversed.

First, while we can never relax our efforts in grain production, we must actively develop economic diversification. Agriculture is an important component of the national economy, and should be developed mainly according to the requirements of a planned economy with the regulative role of market as a supplement. We must not think that planning will be unnecessary as soon as the system of responsibility for production in various forms has been introduced. We have in this province a population of 100 million and the question of feeding them is an important one. We must first guarantee a steady increase of grain before continuing the readjustment of the internal structure of agriculture; and then gradually set up a fine agricultural ecological system, raise its marketability rate, and accomplish a comprehensive development. The present acreage for grain crops must be preserved; we must direct our main efforts to the growing of paddy rice, increase the output of upland rice, restore the planting of minor miscellaneous grains and beans. The original commercial grain bases must continue to produce grain. We cannot develop economic crops by reducing the grain acreage; instead, we should raise the output per unit area and the quality. Continued efforts should be made in the production of cotton and edible oil. We use make use of the farmland made available by the reduction of cotton plants--according to readjustment--and the still unexploited hilly and mountainous areas, the water surfaces and the grassland for planting sugarcanes, tobacco, mulberry trees, tea, fruits; for acquatic products, forestry, animal husbandry, high-price medicinal herbs and other cash crops; and for economic diversificatinn. The suburban areas originally used for growing vegetables, must be used for the same purpose in the future, and no other crop should be grown in these areas. For the mountainous areas, we must continue to uphold the policy of taking forestry as the key link, simultaneous development of agriculture and animal husbandry, economic diversification, and overall development of production. The mountain slopes with poor soil and unfit for agriculture should be used for forestry or animal husbandry through suitable arrangements. We should mobilize people throughout the province to protect the forestry resources, and to launch an active tree-planting campaign which should be developed into an upsurge this spring. We should also try to increase their survival rate. Specific tasks should be assigned for hog-raising, and the state's policies concerning rewards and marketing remain unchanged. The production teams should quickly restore and carry out the "one jin of hog for one jin of grain: and other measures to encourage the careful raising of dam hogs so as to guarantee a steady increase of hogs and an increase of fertilizers. The raising of cows, sheep, rabbits and other plant-eating animals should be vigorously developed, while the commune members should be encouraged to raise cattle and fowls at home. More households should be given the special tasks of cattle-raising. The existing commune- and production brigade run enterprises should be

reorganized. They must set up a strict financial system, improve their management and strengthen their democratic operation. They must not compete with state-run enterprises for raw materials and must guard against the building of overlapping plants. All commune- and production brigade-run enterprises whose natural resources, raw materials and manpower are supplied by the production teams should be gradually reorganized so that they will be run as joint production team enterprises or joint commune, production brigade and production team enterprises.

We cannot expect the state to increase investment on agriculture, or further to increase the procurement prices for agricultural products in the next several years; and in developing agriculture, we should still mainly rely on correct policies and science. We must make full use of the present means of production and facilities of production in agriculture in striving for better economic results. We must cherish every inch of land, reclaim the farmland that has been destroyed by the flood, and strictly prohibit any improper use of farmland. We should repair the water conservation facilities on a crash basis, strengthen the weak and dangerous reservoirs, and shift the focus of water conservation work to management. The systems of weather forecasting and hydrological forecasting should be further strengthened. The farm machines and tools should be carefully kept and used, and the use of suitable farm machinery should be selectively popularized. We should continue to organize the surplus labor in the countryside to carry out farmland capital construction, gradually improve the conditions of agricultural production, and thus increase our strength for combating future disasters. We should give prominence to agrotechnical research and its popularization, tackle the key problems in agrotechnology in a planned way, conduct a careful survey of the agricultural resources, carry out agricultural zoning, and perfect the system of popularizing agrotechnology. We should combine this popularization with our fine tradition of intensive farming in order to obtain more agricultural products from nature.

Second, in industrial readjustment, we must strengthen our planned guidance with particular stress on the development of consumer goods production and the readjustment of the service orientation for heavy industry. In developing consumer group industries, we must take full advantage of such favorable conditions as rich material resources, a good market and strong backing from a well developed heavy industry, tap the resources and continue to speed up the development. We should particularly stress the production of food, textile and leather products, building materials (including glass), handicraft products, and durable consumer goods, along with a great improvement of quality and a large increase in output. The ratio of heavy industry to all industry is quite high. We must exert great efforts to readjust its service orientation in the hope that within this year, it will make new progress in offering the "five services," namely services to agriculture, consumer goods industries, technical transformation in the national economy, export, and the modernization of national defense, and achieve outstanding results. The national defense industry, after completing its task in the production of military products and its scientific research, should vigorously develop the production of civilian goods, actively support local industries in technical transformation, and loan some of its technical personnel for scientific research to support light, textile and energy industries. Energy industry is a particularly weak link in our province. We must implement the policy of both

exploitation and conservation with priority to conservation at present, pay great attention to the projects still under construction, and endeavor to have them ready for operation as soon as possible. In industrial reproduction hereafter, we must selectively and systematically carry out technical transformation for the primary purpose of improving economic results, conserving energy and raw and semifinished materials, reform the product mix, and raise the level of comprehensive utilization of resources. We must actively develop marsh gas. Great attention should be paid to communications and transportation, and efforts should be stepped up for the repair of highways, bridges, navigation routes, and wharves so as to increase the traffic by motor cars and ships and to speed up the transportation of material supplies. We should also pay attention to civilized and safe production.

Third, we must take the road of restructuring to promote the readjustment of national economy. At present, we must be careful to review, stabilize and improve the system of economic responsibility, and continue to enliven the economy. In agriculture, we must persist in taking the socialist road of collectivization and first make sure that neither the system of ownership of the means of production, including land, nor the system of responsibility for production in the agricultural collective economy can be changed for a long time to come, and then adapt measures to local conditions and provide guidance accordingly in further improving various forms of the system of responsibility for production. We should pay particular attention to solution of the new problems following adoption of the systems of fixing output quotas on the household basis and of households assuming full responsibility for farm work (Formerly undertaken by the production teams). We should also streamline the responsibility system in economic diversification, firmly uphold unified management, fixing output quota on the basis of specialized groups, and linking remunerations with assigned outputs. We should also adopt the method of "four specializations and one responsibility" in which specialization should be ahead of responsibility. There should be both unified control and individual responsibility which should be well coordinated. We should develop more specialized households of various types so that they can help consolidate the collective economy and promote the all-round development of agricultural production, the system of technical responsibility in agriculture, and the system of job responsibility for cadres should be closely integrated. In industry, the main purpose of the system of economic responsibility should be the improvement of economic results, with stress on not only profits but also the output, quality, varieties and production costs so as to strengthen the all-round enterprise management. The fruits of labor should be linked with economic benefits according to the principle "to each according to his work" so as to overcome equalitarianism. The responsibility system should be set up and perfected for not only workers, but also for cadres, and there should be criteria for assessment of the performance of the factory directors and all cadres so that there will be a combination of duties, responsibilities, rights, rewards and punishments. We must step up the ideological and political work, and channel the enthusiasm of the enterprises and workers on to the improvement of management and economic results. Commerce is mainly concerned with circulation. It has a wide range of contacts which may give rise to important policy issues. In adopting the system of responsibility for management, we must firmly uphold the socialist orientation, and, under the guidance of

state planning, improve the quality of service and the economic results. We must carry out an overall assessment of the commercial enterprises' performances with regard to their implementation of the price policy and the supply policy, the scope of their business, the varieties of their products, their attitude toward work and the quality of their service. We must never base our judgement on the profit index, and should resolutely oppose any resort to fraudulent means.

Introduction of the economic responsibility system should be combined with economic integration and industrial reorganization. This is a good method to expand the productive capacity and to increase the speed of development by relying of the existing enterprises, and this method costs little or no money. We should carefully sum up and popularize the experiences of the Congqing Clock and Watch Company, the Chongqing Jialing Motor Car Production Complex, and the Nantong Motor Vehicle Joint Transportation, adopt the method of a combination of economic means with administrative intervention, break down the regional and departmental barriers, make good use of the key cities and industrial bases and speed up economic integration and industrial reorganization with a view to producing more key products and brand name products. The industrial departments in charge at various levels can only assist, but not intervene, in these matters so that hopefully a new breakthrough may be made in the economic integrations between different industrial enterprises, between industry and agriculture, between industry and foreign trade, and among agriculture, industry and commerce. Industrial reorganization should go hand in hand with the closing, suspending, merging and retooling of enterprises. In accordance with state regulation, we should close, suspend, merge or retool those enterprises which consume energy heavily, produce unwanted goods of inferior quality, have suffered losses for a long time, and are engaging in overlapping production; or those whose goods cannot be sold in the near future and whose distant future is also gloomy. In so doing, we will gradually bring about a rational line-up of enterprises.

We should continue to promote the experiments in the restructuring of the rural economy now going on in Guanghan, Xindu and Qionglai Counties. We should gradually expand the scope of the experiments and this year, all prefectures and municipalities should select one county for this experiment.

(2) Carefully Attend to the All-round Reorganization of State-run Industrial Enterprises, and Extensively Launch the "Compare, Learn, Catch Up, Help, and Surpass" Labor Emulation

The purpose of an all-round reorganization of state-run industrial enterprises is to exercise an overall control over these enterprises so that their various types of work can be maintained, their potential can be given full play, and their economic results improved. These means will enable these enterprises to truly embark on the road of national economic development. At present, we must particularly stress these five tasks: First, we should consolidate and perfect the system of economic responsibility, improve the management of enterprises, and carry out an all-round planned control, quality control and economic accounting. Second, we should consolidate and strengthen labor discipline and strictly enforce the system of reward and punishment. Those

who are law-abiding and whose attitude toward labor and work performance are good should be commended or rewarded. As to those who have seriously violated labor discipline, the enterprise has the right to mete out economic or administrative penalties. Those who fail to mend their ways even after repeated admonitions should be more severely dealt with, or, in the worst cases, be asked to leave or summarily discharged. Third, we must consolidate the financial discipline and perfect the financial and accounting system. All violations of law or financial discipline must be dealt with resolutely. Those found guilty of corruption or embezzlement should be punished according to the seriousness of the offense. The leading persons or finance personnel of enterprises found guilty of these violations should be even more severely punished, and they must be held economically or legally liable. Indiscriminate payment of bonuses, subsidies or bonus in kind must be resolutely stopped. Fourth, we must consolidate labor organization, arrange production with fixed quotas for fixed numbers of personnel, and firmly oppose overstaffing and laxity. Fifth, we should reorganize the leading bodies, intensify ideological and political education among the workers and staff members and put an end to the phenomena of laxity, flabbiness, overstaffing, keeping on people who are too old, and bureaucracy. We should also correct the practice of some of the leading cadres of enterprises or units in yielding to the decadent ideas of a small number of people, and the wrong tendencies which may jeopardize state and collective interests. At the same time, we should promote the young and middle-age cadres who are technically or professionally competent, to leading posts so that the leading bodies will become revolutionized, better educated, professionally more competent and younger. We should carry out a training program in a planned way for the enterprise administrators and workers so as to raise the level of management and gradually form a contingent of workers with progressive ideas, professional competence and a keen sense of discipline who are ready to cooperate in unity and to struggle bravely for the cause of the four modernizations.

The all-round reorganization of enterprises is a constructive reorganization, for which we should work out a comprehensive and constructive plan. The basic requirement for the construction to be carried out along with the reorganization of the enterprise is to strive for "three build-ups" in order to meet the "six-good requirements." It means that through the all-round reorganization, we should gradually build up a system of leadership in which there is both democracy and centralization; gradually build up a contingent of workers who are both Red and expert; and gradually build up a set of scientific and civilized management systems, so that the enterprises will be good at handling the relationships between the state, the collective and the individuals; produce goods of good quality; achieve good economic results; have good labor discipline; be good at civilized production; and carry out good political work, as "six-good enterprises."

We should carry out the all-round reorganization of enterprises by groups and at intervals, taking into account the experiences gained in selected enterprises and their popularization in other enterprises, and try to complete it 2 or 3 years. This reorganization should be carried out under the leadership of the party organizations in the enterprises and by relying on the present leading bodies and workers. This year, 40 enterprises which pay high

taxes or turn in high profits will be selected for this purpose from the relevant municipalities or prefectures in the province. The departments at the provincial, municipal and prefectural levels should dispatch responsible cadres, who will bring with them a number of finance and accounting, and other professional cadres and party-mass work cadres--who should be familiar with production, business management, and matters relating to labor and wages--to the enterprises and stay there to conduct investigations and study, and to assist in the reorganization in a realistic way. The experiences they obtain will be gradually popularized. The main criteria for assessing the result of the reorganization are the quality of the enterprise's products, the output, the economic result and the magnitude of its contribution to the state. The reorganization, when completed, should be examined and passed by the higher departments in charge. Any enterprise failing to pass the examination will have to be reorganized again.

The other enterprises should mainly attend to three tasks: First, they should learn from all good experiences, including the basic experiences of Daqing, and actively launch a "comparison, learn, catch-up, help and surpass" socialist labor emulation. With the method of "inviting in and sending out," they should learn from the advanced areas and advanced units, particularly from units of the same trade; compare themselves with the advanced units of the same trade; compare themselves with the advanced units, note the differences, and reward the advanced units as their tutors. They should also learn from the advanced units about science, technology and business management; try to gain some scientific skill, and regard the professional experts as tutors. Second, they should pay constant attention to the building of the leading bodies of enterprises. They should on the one hand commend the good leading bodies and, on the other hand, readjust the unsatisfactory ones. The cadres should be taught not to complain constantly to the higher authorities; and not to condone violations of law or dishonest practices. They should carry out education in the four basic principles among the workers and staff members; teach them about the relationships between the state, the collective and the individuals, about the working class; sense of being masters of their own destiny, and about the worker-peasant alliance. Such education is particularly necessary for the young workers in order that they can learn about the meaning of the working class, its history and glorious revolutionary traditions, its historical mission, and its quality and nature, and carry forward the spirit of the working class as master of its own destiny.

(3) Further Promote Circulation and Make Good Arrangements for the Urban and Rural Markets and for Exports in Foreign Trade

State-run commerce and the supply and marketing cooperatives play the main role in urban and rural markets and serve as the main channels of commodity circulation. The state relies on them in exercising planned regulation over the market. To promote circulation, we must use planned economy as the leading factory and the regulative role of the market as a supplement, and first keep the main channel clear and let the other channels play their supportive role. We must firmly uphold the principle of simultaneous considerations for the interests of the state, the collective and individuals. State planning must not be affected by the expanded decisionmaking power

of enterprises or by the introduction of the system of responsibility for production in the countryside. The commodities which should be delivered must be delivered according to contracts, while the supplies which should be transferred out of various localities and departments must be transferred out according to plan. The state-run commerce, supply and marketing cooperatives, and material supply departments must pay great attention to their reorganization, improve their business style, clear the circulation channels, reduce the intermediate links in circulation, increase the procurement and marketing of commodities, support industrial and agricultural production, improve the market supplies, and do everything possible to meet the people's ever growing needs for consumer goods.

We should improve and perfect our work in the procurement of agricultural sideline products. We should carry on the systems of unified purchase and quota procurement according to policies and regulations. Bearing in mind the "three simultaneous considerations," we should carry out the work of procurement according to the set base figures for agricultural sideline products of the second category and the set ratios between procurement and retention. Unauthorized lowering of the base figure and increase in the proportion of commodities to be sold at increased or negotiated prices are not permitted. The system of agricultural-commercial contracts should be vigorously popularized, and both parties should strictly observe their contractual obligations in order that guidance can be provided for economic diversification and the state's procurement plan can be fulfilled. All unified purchases and quota procurement of commodities for the state should be handled by the relevant departments in charge and be free from interference from any quarter. Commercial work in the countryside should be further intensified, and the role of the supply and marketing cooperations as the main channel of circulation should be given full play. We should plan the experiments in setting up collective commercial undertakings to be run by communes and production brigades, and manage the rural fairs well. We should send more industrial products, including the means of agricultural production, consumer goods and building materials, down to the countryside, The experiences of Dazhu County in the improvement of business management should be extensively popularized so that supply and marketing cooperatives can be operated as a mass organization, managed in a democratic way, and function more flexibly. We should restore and carry forward their glorious tradition of being closely related with the masses and helping bring prosperity to the rural economy. Experiments in restructuring the supply and marketing cooperatives in the province should be carried out in a planned and systematic way.

We should strengthen the coordination and integration between industry and commerce so that more avenues will be available for the marketing of industrial goods produced by the localities. The industrial departments should produce easily marketable goods according to plan and market needs. They must pay primary attention to quality, and increase the designs and varieties according to changes in the patterns of consumption, so as to strengthen the competitive power of locally produced products. The commercial departments should improve their wholesale system. They should procure and market products in accordance with policies, plans and contract requirements, and carefully handle the relationship between the products within the province and those outside the province, step up their work of market forecast, supply

timely information to the indsutrial departments, and support them in controlling the production of goods already in excessive supply and in producing outside-the-plan goods to be sold by themselves. We should sum up and popularize the experiences of joint industrial-commercial exhibitions and sales and sales promotion, adjust the distribution of benefits between industry and commerce, and increase the sales of industrial products produced by the localities.

We should actively improve the supply of nonstaple food to the large and medium-size cities and the industrial and mining areas. The top leaders in large and medium-size cities should personally see to it that vegetables are produced and supplied, and attend to this job several times each year. They should adopt the necessary administrative and economic measures to designate the areas for growing vegetables, set up the system of responsibility for vegetable production, improve the method of food rationing, and pay equal attention to grain and vegetables. They should also popularize the system of agriculture-commerce contracts, and the system of rewards and punishment so that the vegetable peasants will strictly follow the plans in growing and delivering vegetables. The production of pigs cannot be taken lightly. We must continue to implement the policies on the production, procurement-retention, and rewards for their sales. In accordance with the new conditions resulting from the adoption of the system of responsibility for production, the quotas for the raising and the procurement of pigs should be worked out for the production teams to be carried out by individual households. Procurement contracts should be signed so as to insure the steady development on pig-raising and the regular supply of pigs to the market. The method of quota procurement should be restored for eggs, and the food industry should be actively developed.

We should pay attention to the positive role of collective and individual commerce. The state-run commerce should take on the responsibility of providing economic guidance to the collective and individual commerce. According to state regulations, we should give equal considerations to staterun enterprises as well as collective and individual commerce in the way of supplies, pricing, and bank loans. Politically and socially, they are all equal. All forms of commercial organizations and of transportation and sales undertaken by individuals must be strictly in accordance with government policies and decrees. They should also submit to the control of the industrial and commercial administrations.

Efforts must be made to expand our economic and trade activities abroad. Instead of closing the country to international intercourse, we should increase such activities in a flexible way. We should adopt many different methods, such as utilizing imports to serve the expansion of exports, processing imported materials, assembling imported parts, cooperative business, cooperative production, compensatory trade, and so forth, to develop our economic and trade activities abroad. Provided the fulfillment of the state's export plan is assured, we should try to export more commodities, particularly electrical appliances. We should also try to increase the export of labor and our native pickles.

(4) Improve the Economic Results, Increase Revenues and Practice of Economy

Improving the economic results by all possible means is the core of production, construction, circulation and other activities, as well as the basic starting point in economic work and the practical method to increase financial revenues. We must be sure that our financial revenues will not be less than 3.3 billion yuan, while our financial expenditures must not be more than the planned figure. To keep our financial receipts and expenditures balanced, we must adopt correct policies, arouse enthusiasm in various quarters, make great efforts to increase production, strictly practice economy, oppose waste, and stress the acquisition, accumulation and spending funds.

First we must vigorously develop production, broaden the avenues of production and stress the acquisition of wealth. The financial departments should devote their main efforts to the development of industrial and agricultural production, the increase in social wealth, and increase the sources of wealth. In this connection, they should pay great attention to these three aspects: First, active support for the production of more consumer goods; second, promote economic diversification in the countryside; and third, help the enterprises in the rational use, and the conservation of energy.

Second, we should tap the potential, close the loopholes and improve the economic results. There is now strong potential for increasing production and practicing economy and for increasing revenues and curtailing expenditures in the spheres of production, construction and circulation, and conditions are very favorable for the improvement of economic results. Compared with the national levels, the output value for every 100 yuan of fixed assets of the local industrial enterprises in 1980 was lower by 16 percent; the taxes and profits handed in for every 100 yuan of output value was lower by 6.8 percent; and the per unit production cost was higher by 7 percent. If the total industrial output value throughout the province can be increased by only 1 percent, the total output value of local industry will be increased by approximately 20 million yuan; and if the total production costs of comparable products can be lowered by only 1 percent, we can increase our profits by 60 million yuan. Therefore, we must make serious efforts to reorganize the enterprises, arouse the enthusiasm of the enterprises and the workers and staff members, strengthen economic accounting and financial control among the enterprises and improve the systems of statistics, first-hand records and quotas and other basic work in order to improve the quality, raise the output, lower the consumption and earn more profits to increase the state's revenues. In capital construction, the focus of our work is to increase investment returns. For the new projects, we must carry out feasibility studies so as to avoid any errors in macroeconomic policy decisions. All projects should be subjected to a strict system of responsibility for the construction periods, and a time limit must be set for their commissioning. The administrative units and public agencies should continue the system of responsibility for their own finance and practice economy.

Third, we should strengthen the control over financial allocations and bank loans so as to accomplish the task of wealth accumulation. The finance departments should help the enterprises perfect their systems of economic responsibility. The relations of interests among the state, the collective and the

individuals should be correctly handled. First, the state should receive the largest share; then the enterprise should have the major portion of the rest with the remainder going to the individuals. The funds which should be turned in to the state must be promptly turned in. We should strengthen and give full play to the role of banks in the accumulation, disposition and unified control of all credit funds. Through the absorpiion of deposits, insurance, trust and other services, the banks should help raise more funds to be used for construction. The extra-budgetary funds must be well controlled and carefully used. Some projects can be financed by local or enterprise extra-budgetary funds, and this means reduction of the state's burden. Extra-budgetary funds should be combined with budgetary funds and then rationally used accoding to plan and under overall arrangements so as to prevent overlapping construction or production. The governments at various levels should provide more active leadership in propaganda work concerning the treasury bonds which the state has distributed to this province so that these bonds can be all sold.

Fourth, we should strengthen our supervision on finance, strictly enforce financial discipline, and stress the proper way to spend money. The finance departments should give full play to their supervisory role to insure that all revenues due are collected and that the funds are rationally used. All expenditures must be carefully budgeted and checked so that we can accomplish more tasks even though we spend less money. Those who are diligent and frugal should be commended, while expenditures with poor results should be criticized, and persons causing serious waste should be disciplined. We must resolutely stop and correct the practice of witholding the funds which should be handed over to the state, diverting them to other uses, false reports on expenditures, illegal transfer of funds to others, and other violations of law. We should take a very serious view of these violations of financial laws. We will be lenient to those who have committed honest errors and discovered these errors; and will be severe with those who resist investigations or try to hookwink the investigators. The state's economic losses must be recovered.

(5) Be Concerned With People's Livelihood and Stabilize the Market Prices

The fundamental goal of socialist revolution and construction is continually to increase the social productive forces and gradually to satisfy the ever growing requirements of people's material and cultural life. We must be concerned with the people's livelihood particularly in the disaster areas. The improvement of people's livelihood must be based on the development of production. First, we must let the people have sufficient and nice food, not that of poor quality. But the food cannot be of the highest standard. Second, we need construction. If a country lets its people eat up and use up everything, it will have no future. We must teach the cadres and people to properly handle the relationship between production and livelihood and between immediate and long-range interests, so that they, as masters of their own destiny, will strive for great contribution to the four modernizations.

Continued efforts should be made to stabilize commodity prices. This is a very important matter in people's daily life. Governments at all levels should conscientiously carry out the State Council's "Notice Concerning the Stabilization of Market Prices," and provide more active supervision over commodity

prices. All industrial and agricultural commodity with quoted prices set up according to state regulation must be sold at the quoted prices. All the negotiated prices for the retail sales of commodities can be lowered, but not raised. The scale of fees for handling noncommodities should be revised. We must strictly follow state regulations and policies in strengthening our control over the urban and rural fairs, strictly prohibit any price increase in disguise, and resolutely combat such illegal activities as speculation and profiteering or driving up commodity prices. The small number of people who deliberately spread rumors to deceive people and disturb the market must be severely dealt with after full investigation. We should organize the relevant departments to conduct large-scale periodical checks on commodity prices, set up and strengthen mass groups for supervision over prices, and encourage people to expose those who have violated the price regulations. Any unit found to have actually violated the State Council's regulations will have to pay a fine or to forfeit its bonus. The person responsible for the violation will have his regular wages withheld and be given administrative disciplinary action. In serious cases, the industrial or commercial administrative departments may order the suspension of its business and file charges against it with the judicial departments.

We should make suitable arrangements to accommodate those people who are waiting for jobs. This year, we plan to provide jobs for 250,000 of them, and may possibly increase the number to 300,000. In accordance with the decision of the party Central Committee and the State Council on solving the urban employment problem by dovetailing efforts to generate more jobs with efforts to readjust the structure of industry and ownership, we should pay great attention to the development of collective and individual economies as the channels of creating jobs. We should publicize the employment policy of the party and the government among the masses, and correct the mistaken ideas of looking down on collective and individual economies and despising commercial and service trades. We should support these economies in our policies and work in such a way that our support does not mean our responsibility for the, that controls will not be rigid, and that flexibility will not lead to chaos. These enterprises should be organized on a voluntary basis and can take many forms with responsibility for their own profits and losses, as a matter of principle, in order that they can from the very beginning preserve and develop the fine characteristics of collective economy. We should set up and perfect labor service companies at various levels in various forms and adopt simple and easy methods to provide technical training for the job-awaiting people in the cities and towns so as to create the conditions for labor employment.

(6) Develop Nationality Economy and Strengthen Nationality Unity

The main task in nationality work is to help the minority nationalities develop their economy and culuure, to strengthen the unity between various nationalities in order that the nationality areas can continue their march toward the goal of unity, prosperity and civilization.

In recent years, we have adopted a series of special and flexible policies based on the actual conditions in the nationality areas. Thanks to the efforts of the cadres and people of various nationalities, their economy has continued to develop, the people's livelihood has markedly improved and the unity between different nationalities has been further strengthened. This year, we must continue to implement the provincial party committee's conference on the work in the three auto prefectures, further emancipate our minds, adopt flexible policies, carry out and perfect the various forms of systems of responsibility for production, and actively help the nationality areas develop their production, revitalize their economy, raise their cultural standards and improve their conditions of living. In most of the areas in Ganze, Aba and Liangshan auto prefectures, we should follow the principle of taking forestry and animal husbandry as the key link in an all-round development of agriculture, forestry, animal husbandry, sideline occupation and fishing, bring the strong points in animal husbandry, forestry small-scale hydropower, medicinal herbs and mineral resources into full play, and strive for even greater economic cevelopment. We should conscientiously put into practice the system of forestry rights, the system of responsibility for forestry production, protect the forestry resources, and plant forests well. We should also promote scientific rearing and speed up the development of animal husbandry. The production of special goods for nationality minorities should be encouraged along with the development of nationality commerce so as to enliven their economy. We should actively develop nationality education, science, culture, public health work and sports. The consolidation and development of Chongqing, Chengdu, Zigong and Dukou Municipalities as support bases for the three auto prefectures should be continued. In developing nationality economy and culture, we should pay particularly attention to the investment results and stress economic benefits.

We should further implement the policy of autonomy of the nationality areas and respect their right to regional autonomy. We should also continue to train nationality cadres in a big way, raise their political, cultural and vocational levels, and promote their fine cadres to leading positions. The Han candres have made important contributions to construction in the nationality acres in various respects, and we should encourage them to continue to join the cadres of various nationalities in making the construction a success. Nationality minority work for those people now living among other people in the inland urban or rural areas must be carefully carried out, in order that they can enjoy equal rights politically, economically and culturally. We should constantly carry out reeducation in the nationality policy so as to strengthen unity and mutual assistance among people of different nationalities and to continue the development of socialist nationality relations.

We must correctly and comprehensively implement the policy of freedom in religious beliefs. Every citizen had his religious freedom as well as the freedom of religious disbelief. We must recognize the protracted and mass nature of the religious question, unite with the religious people and teach them about loving the motherland, and supporting socialist and the Communist Party's leadership so as to guide religious activities on to the normal channel permitted by state law and policies. Religion must not interfere with politics, education or marriage, and religious activities cannot be utilized as a means of exploitation, oppression or other illegal activities.

While striving to accomplish these six tasks, we should at the same time step up the work of formulating the Sixth 5-Year Plan for economic and social development. With a clear goal in view, we should look forward and backward to size up the situation and then carry out a general improvement and utilization program in order better to serve the four modernizations. While formulating the Sixth 5-Year Plan, we should further meet the requirements of readjustment, restructuring, reorganization and upgrading, and implement the 10 principles for economic construction so as to improve the economic results. All prefectures, auto prefectures, counties, departments and units in the province should, on the basis of meticulous investigations and study, work out a heartening and realistic Sixth-5-Year Plan.

II. Strive for a High Level of Cultural Development, Insure the Socialist Orientation of Material Development

In the work of socialist modernization, we must strive for a high level of both material and cultural development. The two are inseparable. Accomplishment of the material development will lay the foundation for cultural development; and there must be cultural development before we can insure the sustained development of the national economy and the socialist orientation of material development. While striving for material development, we must treat cultural development as a long-term and magnificient strategic task.

Cultural development has a broad scope, mainly including education, science, culture, arts, public hellth work, sports, social and political ideology, ethics and so forth. Judging from the present situation, the governments at various levels should devote their efforts to the following aspects of work:

(1) Vigorous Propaganda

The entire social force and various mass media, particularly the press, the radio, television, literature and art, publication, movies and the cultural hall, should be mobilized, and each of them should display its own strong points in various vivid forms, in an educational campaign for socialist cultural development so as to form a powerful public opinion with its influence felt by every household. We will strengthen ideological and political work through effective publicity and education to enable our cadres and people to cherish the socialist and communist ideology, morality and attitude toward labor; to cultivate noble thoughts and feelings, a fine life style and aesthetic standard, a conscious law-abiding spirit and a high sense of organization and discipline; correctly to handle the various relations among the people and to accomplish those tasks which can be accomplished if we try. Then both material and cultural developments will continue to bring satisfactory results.

(2) Extensive Campaign on "Five Stresses and Four Points of Beauty"

All government organs, schools, enterprises, public agencies and various social groups should play their leading role in launching a widespread "Five Stresses and Four Points of Beauty" campaign. Our main attention should be

paid to the large and medium-size cities, and we must improve the sanitation, the public order, and the attitude toward service in the cities. Of these three tasks, we must use sanitation as a breakthrough point, and then devote our efforts in purifying and beautifying the environment with tree planting. Government cadres' participation in cleaning up and other public welfare activities should be made into a system to be kept up for a long time. Tree-planting throughout the province is a great undertaking for harnessing the rivers and mountains, the preservation and improvement of ecological environment, building socialism and creating prosperity for the future generations. We must all be well prepared ideologically and inspired with a keen sense of patriotism so that everyone of us will rise in action in tree-planting every year and the movement will be kept up for a long time. The public security and communications departments should make great efforts in maintaining public order and regard good social order as an important aspect of socialist cultural development. The commercial and service departments should carry out education in "one policy," (develop economy and guarantee supply) "two services" (service to production and service to consumption) and "three concepts" (political, production and mass concepts) among their workers and staff members, improve the attitude toward service and the quality of service, and launch an emulation to become "five-good enterprises" and "six-good workers" so as to bring about a new complexion in commercial work. All trades and professions should learn from the dashing spirit of the Chinese women's volleyball team in raising China's prestige. They should have less empty talk, do more work, aim at great acheivements, but attend to even minor matters so that their goal can be attained gradually by attending to these "minor matters."

(3) Strengthening Basic-Level Political Power in Urban and Rural Areas

After the adoption of the system of responsibility for production in various forms in the countryside, the basic-level political power should be correspondingly strengthened. We should continue to strengthen our leadership over the production teams, strengthen the peace preservation associations and mediation committees, and carefully attend to the work of supporting the army and giving preferential treatment to army dependents, social relief, education and public health, family planning, militia training, maintenance of public order, mediation in civil disputes, and so forth. The masses should be mobilized to set up village regulations and people's pledges and various factory rules and factory laws. We should play up new people, new deeds and new practices, encourage the new style of wedding and the practice of economy among households, forbid feudal supersititon and gambling, protect socialist economy and insure the implementation of state laws and decrees.

(4) Comprehensive Control for Maintaining Social Order

We should organize the forces from various quarters and adopt various ideological, political, economic, administrative and legal measures in various forms to promote the proper system of responsibility for public order, and truly enforce the "comprehensive control." Education in the socialist legal system should be strengthened so as to promote the people's concept of law. It is particularly necessary for us to attend to the education of young

people with particular reference to their personal traits. We should strengthen our ideological and political work and patiently teach them to love the motherland, the party and socialism; to carry forward the fine revolutionary traditions and to cherish communist morality and the Marxist world outlook; and to promote vigorously socialist cultural development. The masses should be mobilized to help reform the misguided youths and to take various preventive measures. We should further intensify our work in economic legislation and administrative legislation so that legal means can be used to preserve the economic order and to deliver timely blows at various economic crimes. All acts of violation of the law, such as giving and accepting bribes tax evasions, smuggling, speculation and profiteering, driving up prices and disturbing the market should be resolutely dealt with. Those having brushed with the criminal laws will be dealt with accordintly. Both the cities and the countryside, particularly the urban areas along the railways, should pay attention to public order. Heavy and swift punishments should be meted out for the criminals in cases of homicide, robbery, rape and criminally caused explosion and arson, so that there will be a marked improvement in social order.

(5) Development of Education, Science, Culture, Public Health Work and Sports To Raise People's Scientific, Cultural and Physical Level

In education, we should firmly uphold the policy of an all-round moral, intellectual and physical development, actively readjust the structure of education, strengthen the teachers' ranks and raise the standard of teaching. We should also develop vocational scoools and sparetime education and encourage self-study. In science and technology, we should cultivate the concept of serving economic reconstruction. All forces from the scientific research organs, universities, special colleges and productive units should be mobilized to promote those subjects that may be of benefits to our province's economic development. Among these subjects may be mentioned the cultivation of fine strains, conservation and utilization of energy, finishing on textile products, processing food and leather, and so forth, which can be used in tackling key problems. In order that the fruits of scientific research can be widely used, we should launch a widespread campaign for the popularization of science. Continued efforts should be made on forecast and forewarning on earthquakes. In the sphere of literature and art, we should continue to uphold the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," firmly adhere to the socialist orientation, warmly praise the new spiritual outlook and the noble morality and feelings of the new age, and actively organize a rich variety of healthy mass literary and art activities. In public health work, we should stress the "prevention first" policy, reorganize the medical structures in both rural and urban areas so as to raise the standard of medical services. We should also encourage mass sports to improve people's physical conditions. Family planning is an important matter with a bearing on the result of the socialist modernization drive, and a long-term strategic task on which we cannot for a single moment relax our efforts. This year, we must control the rate of natural population growth below 1.1 percent. We should continue to encourage late marriage, late birth, less births and eugenics. Married couples are encouraged to have only one child. After setting up the system of responsibility for production in the

countryside, we should carefully study the new conditions and solve the problems in the work of family planning, and carry out patient and meticulous ideological education. We should quickly adopt adequate measures to reverse the present tendency toward a large upswing in the birth rate in the countryside, so as strictly to control the blind increase in population and to improve the quality of our people. Wide publicity should be given on the great significance of the general census and of the relevant regulations. We should mobilize the forces in various quarters and arouse the enthusiasm of the broad masses in order to complete this job on time and up to the required standard.

In striving for a high level of material and cultural development, we must clearly understand that intellectuals, like workers and peasants, is an important and indispensable force. We must conscientiously carry out the party's policy on intellectuals and must see to it that politically, they receive equal treatment; in work, they should be boldly put to use; and in their daily life, they should receive every care. Those of high integrity and great ability who are young and healthy and good at organization and leadership should be boldly promoted to leading posts at various levels, and be trained in a planned way. We should evaluate and confer suitable titles for various professional personnel so as to give full play to the ability of intellectuals.

III. Reorganization of Government Offices to Improve Workstyle

At present, the bureaucratic tendency in our country's political life and economic management is a serious obstacle to our four modernizations. In order that the governments at various levels can effectively lead the people of various nationalities in the province in socialist economic construction and cultural development and in smoothly accomplishing the various tasks set for 1982, we must act in accordance with the spirit of the 6th Plenary Session of the 11th Party Central Committee and the 4th Session of the 5th National People's Congress and pay special attention to these 2 tasks: First, reorganize the government offices to improve the work style and to overcome bureaucracy in order to raise the work efficiency; and, second, to carry forward our fine traditions and strictly enforce the administrative and financial laws.

To overcome bureaucracy and raise work efficiency is a strategic policy decision in striving for the four modernizations. We should continue to reorganize the government offices; clearly define the duties and responsibilities of various departments of the government, the internal organization of various administrative organs, and the duties and responsibility of the personnel; set up and strengthen the system of job responsibility for all personnel from the leading cadres down to the workers, so that there will be a combination of duties, responsibilities and rights, and a combination of a keen sense of responsibility and a strict system of job responsibility; and enforce the systems of assessment and of reward and punishment. We must have the courage to carry out criticism and self-criticism and resolutely rectify the obnoxious practice of laxity, disregard for discipline, negligience, shirking responsibility, wringling, and irresponsibility, so as to raise work

efficiency and the quality of work, and to serve the people wholeheartedly. We should be good at using people, and the fine young and middle-age cadres who have both integrity and ability, good health, and professional knowledge and skill should be promoted to leading posts. At present, we will not set up any new organization or add any new offices.

In enforcing administrative and financial laws, we must be strict in handling the major economic cases, In present economic dealings, such obnoxious practices as giving lavish dinner parties and presents, trying to establish underhand connections for the sake of personal gain, demanding commissions, securing advantages through pull or influence and going in for extravagance, have appeared among some units. The criminal activities of committing graft and embezzlement, speculation and profiteering, smuggling, misappropriation of state properties, and so forth are being reflected inside some state organs, seriously corroding our cadres and workers. Some government workers have connived at, shielded, or even directly participated in these criminal activities. This should arouse our high vigilance. These government workers must be severely dealt with, and, in serious cases, according to law. Criminality is not to be tolerated. In handling serious economic cases, we must first deal with those cases involving responsible cadres. If there is conclusive evidence and the case is serious, we must mete our heavy and swift punishment according to law. This is an important matter with a bearing on the future destiny of the state, and we must handle it with full vigor and carry this task through to the end. However, we must carry out this task very cautiously in order that there can be no miscarriage of justice whatsoever. At the same time, we should launch a vigorous educational campaign, consolidate the relevant organizations, strictly enforce the relevant systems, and close the loopholes in order to prevent the recurrence of similar cases.

Government personnel at all levels must firmly uphold the four basic principles. Those who have deviated from the socialist road and party leadership and are now pursuing bourgeois liberalization should be strongly criticized, or attacked, if necessary. We must develop the glorious tradition of hard work and plain living and serving the public honestly, and firmly resist the corrosive ideas and work style of the bourgeoisie.

We should bear in mind the overall situation, correctly handle the relationship between the part and the whold, and uphold the principle of giving "three simultaneous considerations" for the interests of the state, the collective and the individuals. We must not stress the interests of our own region and our own department at the expense of those of the state and the people. We must carry out the party's line, principles and policies in an exemplary manner and submit to a unified command instead of going our own way.

The leading cadres of governments at all levels should change their work style, pay attention to investigations and study, and to inspections and supervision. They should go deeply among the basic level units and realities, sum up their experience, provide guidance in work and solve problems. They should strengthen their relations with the people, and carefully attend to the letters and visits from the people. Cadres at all levels should make

great efforts to study Marxism-Leninism-Mao Zedong Thought and learn more about culture, science and technology so as to raise their political and professional levels and win new achievements in the socialist modernization.

Fellow Deputies:

The present political and economic situation in our province, as in the rest of the country, is very fine. The mountains and rivers in our province are now basking in the spring sunlight, and everything is full of vitality. The socialist cause is advancing in triumph. The year 1982 is an inspiring year, and the year for us to go all out to make the country strong, to make positive progress and to win greater achievements. We must closely rally around the CCP, hold high the banner of Marxism-Leninism-Mao Zedong Thought, continue to consolidate and develop political stability and unity, and make due contributions in ushering in a new period of economic rejuvenation and building our country into a modernized, highly democratic and highly civilized strong country!

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AGGREGATE ECONOMIC DATA

PROVINCIAL ECONOMIC DATA GIVEN

[The following selected provincial-level aggregate economic data have been extracted from various sources as indicated. In the table below the gross value of industrial output is abbreviated as GVIO, heavy industry as HI, light industry as LI, and gross value of agricultural output as GVAO.]

Date; or Period of Comparison	Increase, in Percent	Value, in yuan	Percentage of Annual Plan	Source
Beijing				
1982:1981 Jan	GVIO: 2			1
1982:1981 Jan	HI: 3.6			1
1982:1981 Jan	LI: 12			1
Fujian				
1981:1980	GVIO: 7.5			6
1982:1981 Jan	Avg daily output value: 11			7
1982:1981 Jan	GVIO: -0.6			7
Gansu				
1952-1980	LI-Avg annual gross output value: 7			2
1982:1981 Jan	GVIO: 0.2	524 million		8
1982 Mar	GVIO	641 million		9
1982:1981 1st Q	GVIO: 7.48	1.696 billion	23.43	9
1982:1981 1st Q	LI: 14.09	421 million		9
1982:1981 1st Q	HI: 5.46	1.275 billion		9

Date; or Period of Comparison	Increase, in Percent	Value, in yuan	Percentage of Annual Plan	Source
Gansu (Cont'd)				
1981:1980 Sep-Dec	GVIO: 5.2		103.5	16
1981			Railway trans: 109.7	16
1981			Highway trans: 108.3	16
1981			Port trans: 108.4	16
Guangdong				
1981:1980	HI: 1.7			19
1982:1981 Jan	GVIO: 2.3 Avg daily output value: 20.9			20
1982:1981 Jan	LI: 3.2 Avg daily output: 22			20 20
1982:1981 Jan	HI: 0.58 Avg daily output: 18.9			20 20
1982:1981 1st Q	GVIO: 13.19 LI: 15.48 HI: 8.57			21 21 21
1982:1981 Jan+Feb	GVIO: 11.5	LI investment: 20 million		22
1981:1980	GVIO: 11.4 LI: 17.4	24.96 billion		30 30
1981:1980	GVAO: 3.3	9.1 billion		30
Hebei				
1982:1981 Jan	Coal: 3.93 (460,000 tons over plan)			10 10

Date; or Period of Comparison	Increase, in Percent	Value, in yuan	Percentage of Annual Plan	Source
Hebei (Cont'd)				
1982:1981 1st Q	GVIO: 9.6	5.296 billion		11
1982:1981 1st Q	Textile-LI: 15.1			11
1982:1981 1st Q	HI: 4.9			11
1982:1981 Jan	LI: 22.6			11
1982: Feb/Jan	LI: 0.79			11
1982: Mar/Feb	LI: 12.3			11
1982:1981 1st Q	GVIO/LI: 28.9		105.96	11
Heilongjiang				
1981:1980	GVIO: 2.5 LI: 13.6	22.73 billion		12 12
Hubei				
1981:1980 Jan-Nov	GVIO: 8.4		91.2	13
1981: Nov/Oct	GVIO: 1.9	2.353 billion		13
1981:1980 Nov	GVIO: 20.7			13
1981:1980	GVAIO: 9.3	33.67 billion		29
Liaoning				
1982:1981 Jan	GVIO: 2.4			17
1982:1981 Jan	LI: 3.4			17
1982:1981 Jan	HI: 1.9			17
1982:1981 Jan	Avg daily output value: 12.8			17
1982 Jan: 1981 Dec	Avg daily output value: 3.6			17

Date; or Period of Comparison	Increase, in Percent	Value, in yuan	Percentage of Annual Plan	Source
Liaoning (Cont'd)				
1982:1981 Feb	GVIO: 9.4			18
1982: Feb/Jan	LI: 4.4			18
1982:1981 Feb	LI: 27.1			18
1982:1981 Jan+Feb	GVIO: 8.9			18
1982:1980 Jan+Feb	GVIO: 5.4			18
Ningxia				
1952-1980	LI—Avg annual gross output value: 8.7			2
Qinghai				
1952-1980	LI—Avg annual gross output value: 8.8			2
Shaanxi				
1952-1980	LI—Avg annual gross output value: 9			2
1982:1981 Jan	Daily output value: 8.3			23
1982:1981 Jan	LI: 5.88	16.74 million		23
1982:1981 Jan	HI: 11	13.9 million		23
1982:1981 1st Q	GVIO: 7		123	24
1982:1981 Jan	GVIO: 5.5			25
1982:1981 Jan	Coal: 5.8			25
1982:1981 Jan	Electric power: 5.4			25

Date; or Period of Comparison	Increase, in Percent	Value, in yuan	Percentage of Annual Plan	Source
Shandong				
1981:1980 Jan-Sep	GVIO: 2.63	24.503 billion	74.7	3
1981:1980 Jan-Sep	LI: 15.89	13.523 billion		3
1981:1980 Jan-Sep	HI: -10.3	10.98 billion		3
1982:1981 Jan	GVIO: 0.99			4
1982:1981 Jan	Avg daily output: 12.2			4
1982: Feb/Jan	GVIO: 2.14			5
1982:1981 Jan+Feb	GVIO: 13.9			5
1982:1981 Jan+Feb	LI: 15.9			5
1982:1981 Jan+Feb	HI: 9.6			5
Shanghai				
1982:1981 Jan	Avg daily output value: 7.1			14
1982 Jan: 1981 Dec	Avg daily output value: 2.7			14
1982:1981 1st Q	GVIO: 6.6			15
1982:1981 1st Q	LI: 8.8			15
1982:1981 1st Q	HI: 3.9			15
Sichuan				
1982:1981 Jan	GVIO: 2.1			26
1982:1981 Jan	LI: 13.6			26
1981:1980	GVAO: 1.5	14.07 billion		27
1981:1980	GVIO: 2	26.8 billion		27
1981:1980	LI: 12.4	13.5 billion		27
1981:1980	HI: -6.7	13.3 billion		27
1982:1981 Feb	Avg daily output value: 10			28

Date; or Period of Comparison	Increase, in Percent	Value, in yuan	Percentage of Annual Plan	Source
Xinjiang				
1952-1980	LI--Avg annual gross output value: 9			2
Yunnan				
1982:1981 Jan	Coal output: 3.76			31
1982:1981 Jan	Electric power output: 3.4			31
Zhejiang				
1981:1980	GVIO: 4	519 billion	103	32
1981:1980	HI: 4.3			33
1982:1981 Jan+Feb	GVIO: 12.4			34

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5. Ibid., 7 Mar 82 p 1
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8. Lanzhou GANSU RIBAO 6 Feb 82 p 1
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10. Shijiazhuang HEBEI RIBAO 2 Feb 82 p 1
11. Ibid., 8 Apr 82 p 1
12. Harbin HEILONGJIANG RIBAO 12 Jan 82 p 1

13. Wuhan HUBEI RIBAO 6 Dec 81 p 1

14. Shanghai JIEFANG RIBAO 5 Feb 82 p 1

15. Ibid., 4 Apr 82 p 1

16. Shengyang LIAONING RIBAO 10 Jan 82 p 1

17. Ibid., 5 Feb 82 p 1

18. Ibid., 5 Mar 82 p 1

19. Guangzhou NANFANG RIBAO 16 Jan 82 p 1

20. Ibid., 7 Feb 82 p 1

21. Ibid., 8 Apr 82 p 1

22. Beijing RENMIN RIBAO 19 Mar 82 p 2

23. Xi'an SHAANXI RIBAO 12 Feb 82 p 1

24. Ibid., 4 Apr 82 p 1

25. Taiyuan SHANXI RIBAO 8 Feb 82 p 1

26. Chengdu SICHUAN RIBAO 6 Feb 82 p 1

27. Ibid., 5 Mar 82 p 2

28. Ibid., 7 Mar 82 p 1

29. Hong Kong WEN WEI PO 16 Mar 82 p 3

30. Guangzhou YANCHENG WANBAO 26 Feb 82 p 1

31. Kunming YUNNAN RIBAO 4 Feb 82 p 1

32. Hangzhou ZHEJIANG RIBAO 12 Jan 82 p 1

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CSO: 4006/439

FINANCE AND BANKING

'NEW FINANCIAL RESOURCES' MUST BE TAPPED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] No 4, 19 Feb 82 pp 12-13

[Article by Yin Jungang [1438 0193 4854] and Zhang Hansheng [1728 3352 3932]: "Tapping New Financial Resources Must Be Stressed"]

[Text] For the purpose of supporting the socialist construction in our country, various methods of opening all avenues for tapping financial resources have been suggested from different quarters in our society, e.g., starting trust deposits, setting up time deposit accounts for government offices and enterprises, and so forth. All of these suggestions are really the appropriate measures for tapping financial resources. However, most of these funds have been deposited in banks and are being utilized by us. If these funds are transferred into trust or time deposits, although they can be used by the state over a long period of time, from the point of view of the overall situation, these funds raised by the state have not been increased. Funds raised by the method of moving them around are not new financial resources.

The banks of socialist China are essentially different from the banks of the capitalist world. The capitalist banks are separate from each other and belong to individual banking magnates. Those who can draw more deposits enjoy a larger share of the total amount of monetary funds in society. Even if the total social monetary funds remain unchanged, funds held by each individual capitalist may increase. Under the socialist conditions in our country, even though there are also banks of all kinds and at different levels, funds held by all of these banks belong to the state. In accordance with regulations promulgated by the state, the deposits of business units are concentrated in banks; these deposits form the resources for national trust funds; and banks cannot, among themselves, expand their fund resources from the fund resources that they already have. If the actual situation is not taken into consideration and all parties concerned rush headlong into tapping financial resources, not only will it be impossible to tap financial resources. On the contrary, they will offset each other's strength and increase the number of various unnecessary links, this will result in waste of funds. For instance, a unit having an account with the Qiaokou Office of the People's Bank in the city of Wuhan transferred a deposit of 1.5 million yuan into a trust deposit account. As a result, deposits in the Qiaokou Office were decreased by 1.5 million yuan and the trust deposits in a trust company were increased by the same amount. No single cent was added to the monetary funds of the bank as a whole; yet, a service charge of more than 1,000 yuan was paid. This way of tapping financial

resources warrants our attention and study. We feel that if we want to tap financial resources, we should tap new ones. We should accumulate the idle funds dispersed in various sectors of our society which we are not using.

Where are the financial resources? Are there new financial resources to tap? Some comrades are of the opinion that funds of the enterprises have already been deposited in banks according to state regulations and that there are no new financial resources to tap. Judging from the deposits of individuals, banks have never slackened their efforts to draw in more savings, but the potential is limited. Therefore, it is felt that banks are no longer able to tap financial resources. We disagree. According to a survey recently conducted by units concerned, we feel that at present there are at least four fields from which banks can tap new financial resources.

First, the Monetary Funds held by Individual Economic households. Since the 3d Plenary Session of the 11th CCP Central Committee, individual economy has been rapidly restored and developed as various economic policies were progressively implemented. It is reported that at the end of 1980, there were a total of 5,545 individual industrial and commercial households registered with and granted business permits by the local industrial and commercial administrative bureau of the city of Wuhan. Based on an investigation made of 43 different trades and 543 individual economic households in the neighborhood of Hanzheng Street, we found that a vast amount of monetary funds ranging from a few hundred yuan to as much as several thousand yuan have constantly been held by single households. With this in mind, it is calculated that at least 3 to 4 million yuan of monetary funds are in the hands of more than 5,000 individual economic households in the entire municipality. The monthly sales of each of the 543 individual traders on Hanzheng Street average over 500 yuan and some traders' monthly proceeds reach as high as over 5,000 yuan. These individual households are not willing to reveal their financial status and they also fear that it will not be convenient for them to utilize their money if it is deposited in the bank. As a result, only around 10 of them have bank accounts. Furthermore, money deposited in banks amounts to only a small portion of their incomes. Most of their sales proceeds have not been absorbed by banks. According to our estimate, the total annual sales proceeds of the individual industrial and commercial households of the entire municipality may reach as high as over 40 million yuan. If 80 percent of this sum could be absorbed by the bank, the total deposits would reach the level of more than 3,200 million yuan. So far as the whole province is concerned, 100 million yuan could thus be added the construction funds. This is an enormous resource.

Second, the Monetary Funds Accumulated by the peasants After They Have become Rich. Since the implementation of the party's readjustment policies, the raising of the purchasing prices of the agricultural and sideline products, and especially since the implementation of various forms of the economic responsibility system, obvious changes have taken place in the situation of agricultural production. The amount of money put into the rural areas by the state has been greatly increased. As a result, those who are already better off have now become still richer and those poor production brigades also have gradually become rich. Incomes of the peasants are constantly increasing. The peasants in Enshi Prefecture of Hubei Province which has a population of

3.2 million people received relatively low incomes in the past, averaging less than 50 yuan per capita. Since last year, the broad masses of peasants inspired by the party's guiding principles and policies have fully utilized local resources to devote their major efforts to developing economic diversification. As a result, average per capita income excluding income from household sideline production reached over 100 yuan in the period from January through July. This was nearly double the annual income of 1980. Mei Yuncheng [2734 6663 2052], a member of the Ninth Friendship Production Brigade of the Shadi Commune in Enshi County, has a family of six and two of them are able-bodied persons. They contracted for 7 mu of land and earned an income of more than 1,000 yuan from growing tobacco and more than 400 yuan from cultivating rape. In addition, they raised seven head of hogs, and grew grain crops. Over a period of 7 months, the family had a total income of 3,500 yuan. In this entire area, better-off households having an income of more than 1,000 yuan account for 5 percent of the total households. And in some communes, the number of such better-off households amount to as high as 10 percent. In the period from January through July last year, cash put into Enshi Prefecture by the state totaled 187 million yuan, of which only 140 million yuan were withdrawn from circulation through sales of commodities and another 12 million yuan through savings. The peasants had the remaining 35 million yuan, with each individual holding an average of more than 10 yuan, four times as much as the corresponding period of 1980. Since the second half of 1981 was a busy season for purchasing agricultural and sideline products, input of money was expected to increase by a big margin. Calculating on the basis of a current per capita holding of only 10 yuan, it is estimated that the amount of money in the hands of more than 40 million peasants in the whole province was over 400 million yuan. Had half of this sum been absorbed by banks, bank deposits would have increased by more than 200 million yuan.

Third, the Idle Monetary Funds Not in the Account Books of State-run and Collective Industrial and Commercial Enterprises, and Government Offices and Public Organizations. Based on the situation revealed by our investigation, idle funds not in the account books of enterprises, and government offices and public organizations fall roughly in four different categories: the first kind is the income earned from sources other than regular business operations. Income of this kind includes admission fees of clubs, earnings from processing contracts with private parties, sales proceeds from sources other than regular business operations of the plant, and so forth. Income of this kind earned by some of these units is as high as 10,000 yuan. (Some) enterprises neither enter this sum of money into their account books nor deposit in a bank. They store the money in a safe and deem it a small property of their own. The second kind involves converting both the funds designated for special purposes and welfare funds withdrawn from the bank into cash and keeping them out of the account books in order to avoid supervision by the bank. The third kind is that some newly established collective enterprises either do not have an account with a bank or fail to send their sales proceeds to the bank even though they have accounts with the bank. Some of them send deposits to the bank, but these are only a very small portion of the total sum. The fourth kin kind is that much of the subsidiary income of government offices and schools as well as the cash income of school-run plants has not been deposited in the bank or not even entered into the account books.

Fourth, the Monetary Funds Held by City and Town Residents. Along with the development of industrial production, income of staff and workers in cities and towns has been steadily increasing. According to our initial estimate, nearly 210,000 more people in the city of Wuhan have been employed in the past 2 years. On the basis of a per capita wage of 36 yuan, it is estimated that income has increased by 7.56 million yuan. At the same time, wages of more than 80 percent of staff and workers have been increased after wage adjustment. Besides, additional benefits including bonuses, wages for piece work and subsidies in various forms received by staff and workers account for about 40 percent of the total income. By adding these items together, the average annual income of each staff member or worker has been increased by nearly 200 yuan. However, judged by the situation of savings deposits in the city of Wuhan, although there has been a yearly increase, yet its pace lags behind the increase in the wages of staff and workers. Both the average individual deposits and the ratio of savings deposits to the total amount of wages are lower than in other provinces and municipalities. If we reach the general level of the whole nation, we can accumulate 81 million yuan in capital funds.

As has been shown in the analysis of the above four areas, it is not that there are no new financial resources for us to tap, but rather there are broad areas of financial resources which we need to develop. Moreover, it is not impossible for banks to accumulate funds. Instead, they have bright prospects.

9560
CSO: 4006/387

FINANCE AND BANKING

WAYS TO BALANCE REVENUES, EXPENDITURES DISCUSSED

Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Feb 82 p 1

[Editorial: "The Chief Ways To Balance the Budget"]

[Text] While further readjustments of the national economy are being made, we have, during the past year, achieved outstanding results and brought about a basic balance between revenues and expenditures by reversing the situation of the previous 2 years characterized by large deficits. Without detracting from the joint efforts made by the people of the entire country, however, we must realize that the basic balance between revenues and expenditures achieved last year was made possible mainly by reducing expenditures and is not of a permanent nature. The important mission confronting the various regions and departments and the entire people is to persevere in continuing to achieve a basic balance in the nation's finances this year. We must wage a struggle to achieve this objective by strengthening our ideological and political work and by educating and heightening the awareness of the vast numbers of staff members and workers.

The chief methods for achieving a basic balance of revenues and expenditures are to increase production, reduce expenses, avoid waste, and increase profits. For this reason, it behooves the various trades and businesses throughout the nation to explore ways and means to make profits. It is only when the wealth of the society is increased and the sources of revenue are opened wide that the problem of balancing the budget can be solved satisfactorily. During the current year we must strive to achieve a more abundant harvest, continue to speed up the development of light industries, upgrade the quality of products, promote the production of consumer commodities which are in demand, provide further services with respect to heavy industries, and increase revenues by increasing production. At the present time, enterprises are plagued by such problems as high expenditures, high production costs, low quality of products, and low profits. For instance, whereas the amount of taxes and profits of state-operated industrial enterprises in 1965 came to over 34 yuan out of every 100 yuan in the value of production, the present figure is only 26 yuan. As another example, the amount of working capital used by the enterprises for every 100 yuan in the value of production has increased [only] 11 percent compared to the figure for 1965. Once this undesirable situation is reversed and enterprise potentials are fully explored, it will be possible to bring greater wealth to society and to increase revenues.

Taxes and profits paid by the state-operated enterprises comprise the main sources of revenue for the state and play a crucial role in balancing the budget. The work of tax collection and administration must be strengthened, and the full amount of taxes must be collected within the stipulated period according to the government's tax policy. At the same time, we must keep in step with economic developments, open up new sources for taxation, restore certain taxes, and levy new taxes. During the past few years, the reform of the economic and financial system in order to give a larger measure of financial control to the enterprises has achieved good results in activating a positive attitude on the part of the enterprises and their employees and in enlivening the economy. We must continue in the direction pointed out by the reforms, refrain from going in the reverse direction, and safeguard the legitimate rights of the enterprises and employees, on the one hand, and, on the other hand, insist that enterprises take a correct view of the relationship among the government, the enterprises, and the employees, that they make further contributions to the nation, that they strictly observe financial discipline, that they put a stop to the payment of excessive bonuses and subsidies, and that they refrain from using pretexts and improper methods to misappropriate taxes and profits and siphon off revenues that belong to the state.

One important method of achieving a balance in revenues and expenditures is to drastically reduce expenditures and to utilize funds more effectively. While it is true that we cannot engage in economic construction projects without funds, it is also true that we cannot do a good job if we fail to make good use of the funds that we have. Over a period of years, the government has invested a large amount of funds to develop production and initiate various undertakings, with good results. However, due to the influence of "leftist" errors, the comrades of no small number of units have shown a casual attitude toward spending money and making profits. At the present time, the production units, basic construction units, run-of-the-mill enterprises, and administrative units tend to show a cavalier attitude toward spending money, with the result that losses and waste have assumed alarming proportions. Considering the size of the country and the plethora of organizations, it is possible to save hundreds of millions of yuan if we all tighten the purse strings a little. On the other hand, billions of yuan can easily be wasted if we relax our control over expenditures. For this reason, it is of vital importance to exercise stringent control over expenditures and to achieve higher profits from the utilization of funds. To fulfill our arduous financial mission for the current year, it is incumbent upon the comrades of the financial departments at various levels to revive their spirit, to overcome difficulties, and to go about their work with dedication in the light of existing circumstances. Leadership cadres at various levels must first engage in investigation and study in depth, have a firm grasp of the new situation and new problems in the field of finance, find new ways to solve the various financial problems, explore new methods to generate and retain profits, and exercise good judgment in the use of funds. It is our belief that if we all dedicate ourselves to the task and go about our work with one mind, we can achieve our objective of bringing about a basic balance in revenues and expenditures, and the financial situation of our country will improve year by year.

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'GUANGMING RIBAO' ON INVESTMENT MANAGEMENT

HK110917 Beijing GUANGMING RIBAO in Chinese 1 May 82 p.3

[Article by Jiang Jingyu [5592 4842 1342]: "An Exploration Into the Need for Strengthening Planning and Management for Credit and Loans"]

[Text] Aside from the profits and depreciation funds that each company retains in accordance with regulations, bank loans have been the main source of the funds used by local industry over the past few years to carry out consolidation, restructuring and technical transformation and to develop consumer goods and expand their export trade. The use of bank loans to meet an enterprise's credit needs both encourages the enterprise to pay greater attention to investment results and to improving management, and helps to promote the development of production and to enliven the economy. However, because there are up to 20 different types of loans, each of which is issued and managed by one of several organizations such as the People's Bank, the Construction Bank, municipal, provincial and central branches of the Bank of China and local financial bureaus, primary level enterprises often feel hopelessly confused; moreover, with money coming from so many different sources, the departments responsible for economic management also find it difficult to reach any overall financial balance, resulting in problems such as unnecessary construction and unrealistic development. This problem, which has only just been brought to the fore by economic readjustment and reform, must be examined and studied. Relatively good results have been achieved in Changzhou City where loans are issued and reviewed jointly by five commissions, five bureaus and three banks (the statistical, economic, scientific, construction and import-export commissions; the financial, goods and materials, foreign trade, environmental protection and industrial bureaus; and the People's Bank, the Construction Bank and the Bank of China).

This joint method of handling loans is the product of practical experience. In the early 70's small loans administered by the city's financial bureau were often out of step with the aims of the city's economic plans as a whole, seriously influencing the efficacy of such loans. So as to ensure that the limited funds for construction were loaned in a more efficient way and achieved greater economic results, a method was gradually worked out whereby all loans were discussed jointly by the financial, goods and materials and planning (in science and technology) departments. In accordance with needs of expanded production and the implementation of technical transformation and on the basis of the nature and scale of each project, they began pooling the funds earmarked

for small loans, technical transformation and other uses, allocating construction funds according to the local unified plan and making overall plans for the allocation of manpower and materials. In this way small loans could be made to yield visible results within the space of a single year, meaning that loans could be repaid that same year and that both production and income could be increased.

For the past few years banks have been making foreign exchange loans in an effort to make use of foreign capital to develop the production of export commodities. This has opened up another source of capital to enterprises. However, before a loan can be offered to an individual factory or enterprise the loan application must be approved by the responsible bureau, bank, foreign trade department, financial department and planning department. And even once all the necessary stamps have been obtained at the municipal level, the application must then be submitted to higher levels for approval. Should there be any differences of opinion at any level the whole process must start again. The complexity of these procedures combined with a large number of different links in the chain leads to long delays. Faced with this situation, the planning department in Changzhou decided to simplify the procedure by having the financial departments, the banks, the foreign trade departments and the goods and materials departments jointly review each application within a set period of time. Thus once an application for a foreign exchange loan had been "brought before the jury" and cleared, the case as a whole could then be submitted to the higher levels for approval. This new approach reduced the red tape involved in such applications. Moreover, because decisions are now made in a more unified manner the departments concerned work closer together in implementing the projects approved and results can be achieved in a shorter period of time. The joint administration of loans has now become common practice throughout the city and is gradually supplanting the old system. Joint review of each individual loan application and the simplified administrative procedures in no way disrupts the division of work and responsibility between different bodies. In a general sense it facilitates the introduction of an overall plan by unifying the plan for fixed capital investment.

Practice has shown that this type of joint administration has the following advantages:

1. It strengthens planned guidance and improves the selection of investment projects. There are at present many different sources of fixed capital investment each of which is managed by a wide variety of different bodies. This joint review of investment projects is favorable to bringing about an overall balance and prevents reckless development and unnecessary construction. In order to facilitate coordination it is necessary to direct investment in accordance with the city's unified plan: (1) readjustment and organization of existing industrial units should be linked with increased cooperation between these units to promote further specialization; (2) renewal of equipment should be combined with technical transformation in old factories; (3) application of new achievements should be linked with the development of new products; (4) the import of technology and equipment must be comgined with the use of foreign capital to expand the import-export trade; (5) transformation of urban areas must be linked with protection, adjustment and rearrangement of the environment. On the premise of increasing production and income, we should

do things in order of importance and urgency and must pay attention to the needs of each sector. If all investment projects were to be selected in this way the failure rate could be reduced considerably. Calculations made by the People's Bank estimate that as many as 80 percent of the loans issued could yield satisfactory results.

2. Joint review also allows for greater concentration of strength, which means that projects can be started relatively quickly. Because each investment project is entered in the unified plan, once it has been approved by the responsible departments, decisions regarding allocation of manpower, supply of materials, building construction, allocation of raw materials, energy resources, and so on, must take each individual project into account. For example, the No 1 garment factory imported four sewing production lines as part of a compensation trade arrangement with Hong Kong. In order to house the new equipment it was necessary to build a 6,000 square meter air-conditioned workshop. This workshop took a total of 4 months to design and build. As the workshop was being built, the factory began training the labor force. It took another 2 months to install all the equipment and the whole project went into full operation only 6 months after work had first begun. The Dongfanghong dye-works imported a complete set of high-speed dying equipment from abroad and it was necessary to expand the factory floor space by more than 9,000 square meters. It took less than a year to demolish a small adjacent factory building, clear the land, build a new factory and install and test the equipment. And it took only 10 months to recover the whole of the initial investment.

3. It is also favorable to the linking of administrative procedures with economic measures and helps to ensure that each investment achieves relatively good results. Joint administration does not replace the system of each unit having individual responsibility. The various bodies should interact, encourage and support each other. The planning departments and other general departments should take a broader view of the rational nature of each project. Financial and trust departments, on the other hand, must take a narrower view, paying attention to the specific viability of each project. Together these two different approaches will impose economic constraints on the investment plan and will increase the sense of responsibility felt by each body. Let us take foreign exchange loans as an example. Since 1978 the city has undertaken 26 investment projects involving short-term local loans, central loans and compensation trade agreements. These projects involved the expenditure of D32.3 million in foreign exchange and 123.6 million yuan (in addition to funds raised by the departments concerned and state subsidies, bank loans accounted for 88.42 million yuan of the total investment). Of these 26 projects all but 4 have already gone into production. By 1981 total output value of these various projects had reached more than 221 million yuan and they contributed more than 44 million yuan in tax revenue. Once all 26 projects have been put into full operation their annual output value will be around 380 million yuan and tax contribution will be over 78 million yuan. On average, therefore, for every dollar invested there will be an increase in output value of 12 yuan and an increase in tax revenue of 2.5 yuan.

4. Joint review of investment projects also has the advantage of strengthening links between different units, and raising the level of administrative efficiency.

The fact that different departments must frequently consult and communicate with each other has helped to reduce both misunderstanding and shirking of responsibility. This is a relatively good way of remedying defects in the existing system.

Joint handling of loans, however, is still at the experimental stage and we still need to answer several important questions. Joint review of loans does not involve any reform of the system itself. The fact that it is a temporary measure adopted in order to bring greater unity to the plan for fixed capital investment raises the question of how such an approach will develop in the future. At present we are all agreed that this is a good way of achieving "unity," The scope and level of this "unity," however, are still rather unclear. Since different projects will fall under the management of different departments it is difficult to say which department should take the lead in each case. In the event of serious differences of opinion how can such unity be achieved? These questions are all in need of further examination and study.

CSO: 4006/445

BRIEFS

QINGHAI REVENUE, EXPENDITURE--In the first quarter, Qinghai Province scored remarkable achievements in controlling financial revenues and expenditures. According to statistics, financial revenues reached 32.6 percent of the annual budget--nearly a third of the budget, a 23.3 percent increase over the figure of the corresponding 1981 period. The province's financial expenditures in the quarter also surpassed the figure of the corresponding 1981 period by 20.78 million yuan. As compared with the provincial annual budget, both revenue and expenditure figures in the quarter are bigger than that set by the budget. [SK090752 Xining Qinghai Provincial Service in Mandarin 2330 GMT 7 May 82]

LIAONING RURAL SAVINGS--According to LIAONING RIBAO, the fixed savings deposits of rural areas of Liaoning Province totalled 876 million yuan at the end of April, accounting for 80.6 percent of the savings deposits of commune members in rural areas. Calculated in terms of rural population, each peasant has 39 yuan in fixed savings deposits. The substantial growth in the rural fixed savings deposits indicates that the broad masses of peasants in Liaoning Province have faith in state economic construction. [Text] [SK140954 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 13 May 82]

CSO: 4006/445

BRIEFS

QINGHAI GOLD PROCUREMENT--Commune members and the masses in Minhe County, Qinghai Province, have actively sold placer gold to the state. Most of the placer gold produced in the county used to be sold to profiteers. However, during the past 2 months, the peak season for gold procurement, the masses have voluntarily sold placer gold to the state to aid the four modernizations. According to statistics compiled by the county people's bank, the county procured 983 grams of placer gold from January to 10 May this year. The gold is valued at 15,000 yuan. [SK172204 Xining Qinghai Provincial Service in Mandarin 1100 GMT 14 May 82]

CSO: 4006/445

INDUSTRY

'GUANGMING RIBAO' DISCUSSES DEFENSE INDUSTRY

HK101110 Beijing GUANGMING RIBAO in Chinese 1 May 82 p 3

[Article by Wu Jiong [0702 3518]: "Defense Industry Enterprises Must Strive for Economic Results When Producing Goods for Civilian Use"]

[Text] Striving for economic results is a central problem of socialist economic construction. Defense industry enterprises must pay much attention to economic results when producing goods for civilian use. This is because first, defense industry enterprises must undergo the test of the market when producing goods for civilian use. Only those worth their price are marketable. Consequently, we must continuously improve the quality of goods and reduce labor and materials expenditure, so as to raise economic results. Second, when producing goods for civilian use, defense industry enterprises cannot rely on vast quantities of investment to carry out construction. They must rely mainly on exploiting potential and carrying out innovation and transformation, and should, through the production of goods for civilian use, accumulate more funds, so that revenue from these goods can be used to fund the defense industry. Third, as the No 2 product of the defense industry enterprises, if goods for civilian use are to be included in the state plan, more and better goods will have to be provided for the state. Therefore, they must also strive for economic results.

By producing goods for civilian use, the defense industry enterprises can score distinct economic results in a relatively short period of time. This is because bringing into play the superiority of the defense industry and making use of the defense industry's present technological equipment and technicians is faster and more economical than building new enterprises of a similar kind. However, there are at present certain defense industry enterprises whose economic results have not been ideal in the production of goods for civilian use. This has mainly been due to their inability to satisfactorily solve in a comprehensively balanced way such problems as what to produce, how much to produce, where to arrange production and how to organize production.

What should be produced? The socialist national economy is an integral whole. All departments have been developed proportionately and in a planned way. In their arrangement of the production of goods for civilian use, the defense industry enterprises must proceed from this integral whole. They must also take this integral whole as "systems engineering" to find those goods which are in

short supply throughout the country. When the defense industry department is capable of producing something, it is no longer necessary to import it or to build new enterprises. At present, there are still many goods which are in short supply in our country and are urgently required. It is not that there are not enough orders; it is just that the orders cannot be filled. Defense industry enterprises can select the appropriate goods for civilian use from among these and arrange for production.

How much should be produced? This again can be ascertained. By carrying out market forecasts and bringing about a balance among production, supply and sales, we can find a fundamentally reliable basis. We must constantly be aware of changes in the market. We must not only understand both the foreign and the domestic market and development trends, but must also find the superior-quality goods most appropriate to the needs of the market as well as their technological and economic norms. We must set our sights high. Right from the outset, we must produce superior-quality goods and formulate various plans to meet the constant changes in the market.

Where should we arrange production? Some comrades think that it does not matter where goods for civilian use are produced. They rely solely on subjective aspirations or they do as they please, with the result that some enterprises have already arranged to produce 10 to 20 kinds of ordinary goods for civil use, while some enterprises have failed to arrange for production of even one item. Production in some enterprises is not in keeping with the rational overall layout of the local economy so that the commercial departments have refused to purchase their goods. In some cases, the principle that the technology needed to produce these goods for civil use must match the technology possessed by the defense industry enterprises is being violated. Only a small part of the equipment can be used. Most of it needs to be rebuilt. Therefore, the question of where to set up production points to manufacture goods for civilian use is very important. It has far-reaching effects not only on the development of the enterprises themselves but also on the industry as a whole and the whole national economy.

How should we organize production? We must resolutely implement the principle of specialist cooperation and "centralize general assembly work and disperse the work of assembling individual components." We must first select as general assembly plants those defense industry enterprises which possess the relevant technology and are capable of producing the major component parts of goods for civilian use and of carrying out general assembly work. As for vital parts, we must select suitable enterprises within the defense industry system as a whole and arrange them into key points, so that the goods can form a complete set for the whole industry. Most components should, with the general assembly plant as the core, be assembled into complete sets in the vicinity. Take, for instance, a certain defense industry department's arrangement for wooden clocks. It has, in accordance with the foreign and domestic markets and its own production capacity, decided to select defense industry enterprises with fine processing ability as general assembly plants in the southwest, northwest and north of the country where production of goods for civilian use has been relatively slack. It has assigned the factories which are capable of making rolled steel plates the tasks of making such major parts

as springs and pendulums, so as to complete a chain of procedures in wooden clock production. It has arranged for the production of wooden cases in the neighboring forest area. As for clock dials, clock hands and other such general components, complete sets can be produced in the city where the general assembly plant is situated, so that production capacity can be built up in an even shorter space of time. On the basis of specialization, they have also integrated all enterprises with internal connections, so that production can be linked even more closely and the continuity of technology can be improved. They have scientifically organized coordination so as to achieve a new socialist productive force and economic results.

Socialist production requires unanimity between the economic results of individual enterprises and society. Therefore, when producing goods for civilian use, the defense industry departments must not only strive for economic results within an industry or enterprise, but should also proceed from the social angle and, taking the entire national economy as an integral whole, strengthen planned management and bring about an overall balance, so as to anticipate their economic results and make feasibility judgments.

CSO: 4006/446

FANG YI AT MEETING ON SICHUAN'S PANZHIHUA BASE

HK280159 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 27 Apr 82

[Text] According to DUKOU RIBAO, the State Scientific and Technological Commission, the Ministry of Metallurgy and the Sichuan provincial government have jointly held a conference on the comprehensive use of the resources of Panzhihua in 1982. The meeting took place in Dukou municipality from 12 to 17 April. Fang Yi, member of the Political Bureau, secretary of the Central Secretariat and vice premier, attended and delivered an important speech. Also present were (Ye Shixiang), a responsible person of the State Economic Commission; (Yang Jing), vice minister of the State Scientific and Technological Commission; Yang Chao, secretary of the Sichuan Provincial CCP Committee; and Zhou Chuandian, vice minister of metallurgy. Some 255 people attended the conference, comprising leading cadres, experts, teachers, and scientific and technological personnel from 93 units including the State Planning, Economic, and Scientific and Technological Commissions, the Ministry of Metallurgy, the State Nonferrous Metals General Bureau, the Academy of Science, and the Ministry of Chemical Industry.

The conference concentrated on studying how to apply the fruits of scientific research in production as quickly as possible, further shift the fruits of research to application in production, transform science and technology into productive force, speed up industrialization and organize powerful productive force in China's vanadium and titanium industries. The conference put forward the future work tasks and targets for endeavor.

Vice Premier Fang Yi said in his speech: We must clearly understand the new situation, continue to seriously implement the line and the series of principles and policies laid down since the third plenary session, and firmly follow a new road in which we rely on science and technology to forge ahead, stress economic returns, achieve relatively realistic growth rate and good economic returns, and bring still more tangible benefit to the people.

He also demanded that the cadres, scientific and technological workers and worker masses taking part in building the Panzhihua base work in concert and make ceaseless and great efforts to build Panzhihua into a modern base for the iron and steel, energy, and vanadium and titanium industries, a base for the production of many types of nonferrous metals, a base for scientific and technological experiment, and a modern comprehensive production base with simultaneous development of agriculture, light industry and heavy industry and close ties between military and civilian industries. It should become a major base in China's rear area, with prosperous economic, scientific, technological, and cultural development.

CSO: 4013/71

INDUSTRY

'ZHONGGUO ZINWEN SHE' ON AUTOMOTIVE CORPORATION

HK110616 Beijing ZHONGGUO XINWEN SHE in Chinese 0939 GMT 7 May 82

[Report: "China Automotive Industrial Corporation Established in Beijing"]

[Text] Beijing 7 May (ZHONGGUO XINWEN SHE)--Today, Bo Yibo, a state councillor, met with the delegates participating in the first meeting of the board of directors of the China Automotive Industrial Corporation. He said: The establishment of the China Automotive Industrial Corporation is another major breakthrough in the reorganization of China's machine-building industry following the establishment of the general office of the China State Shipbuilding Corporation.

Under the guidance of the unified state planning, the China Automotive Industrial Corporation is an independent entity which is responsible for its own production, management and business accounting. It is a corporate body. It can do business directly with relevant departments of the state council and in all provinces and municipalities.

The China Automotive Industrial Corporation has opened an account with the Bank of China to organize its subordinate automotive joint enterprises and plants for specialized trades to carry out direct export businesses with foreign countries. At the same time, the China Automotive Industrial Corporation is responsible for importing technology, carrying out scientific and technological cooperation and joint ventures, inviting overseas bodies to visit China, sending local staff overseas on tours of investigation and training, and dispatching delegations to foreign countries.

The China Automotive Industrial Corporation will implement the general manager responsibility system under the leadership of the board of directors. This year's board of directors is made up of 29 people. At the first meeting of the board of directors convened from 4 to 7 May, Rao Bin was elected chairman of the board and Liu Shouhua vice chairman of the board. It also decided that Liu Gang should be appointed general manager, Chen Zutao Chief Engineer, Feng Ke, Zhang Xingye and Hu Xinmin Assistant General Managers, and Zhang Jianfei and Hu Liang advisers to the board of directors.

Under the China Automotive Industrial Corporation, there is the technological development department, the quality control department, the planning and trans-

forming department, the production and supplies department, the foreign affairs department, and the sales and service department. There is also a readjustment and reorganization office and an enterprise management office. Under the leadership of the general manager, these departments and offices will concentrate on their respective operations.

Many joint enterprises have been set up under the framework of the China Automotive Industrial Corporation, they include: The "Dongfeng Automotive Industrial Joint Corporation" which manufactures "Dongfeng" automobiles by the joint efforts of 9 plants in 8 provinces, municipalities and autonomous regions in under the basic supervision of the No 2 automotive manufacturing plant; the "Nanjing Automotive Industrial Joint Corporation" which manufactures "nanjing" light trucks by the joint efforts of 18 plants in 5 province and municipalities under the basic supervision of the Nanjing automotive plant. Arrangements for other organizations have also been made, they include: The "Heavy Truck Automotive Industrial Joint Corporation" which manufactures vehicles above 8 tons and cross-country vehicles above 5 tons by the joint efforts of the Jinan automotive general plant, the Xichuan Heavy Truck Manufacturing Corporation, the Shaanxi automotive plant, the Shaanxi automotive gear plant and the Hangzhou automobile motor plant; the "Beijing, Tianjin and Hebei Automotive Industrial Joint Corporation" which manufactures "Beijing" light trucks and "Beijing" jeeps in Beijing Municipality, Hebei Province and Tianjin Municipality by the joint efforts of 103 main engine and fittings plants. Furthermore, preparatory work is being undertaken for a joint corporation to manufacture "Jiefang" automobiles in the No 1 automobile manufacturing plant. Apart from these, informal discussions on readjustment and reorganizing the Shanghai tractor plant and establishing a joint company of auto fittings are being conducted.

CSO: 4006/466

INDUSTRY

NEW DEVELOPMENT OF AUTOMOTIVE INDUSTRY

HK111307 Beijing ZHONGGUO XINWEN SHE in Chinese 0847 GMT 7 May 82

[Text] Beijing 7 May (ZHONGGUO XINWEN SHE)--Talking at the first meeting of the board of directors of the China Automotive Industry Corporation, chairman of the board Rao Bin said: The Chinese automotive industry has made big progress over the past 20 years or so; relatively complete systems for product designs, testing, production, sales, service, plant designs and staff training have been formed. The establishment of the China Automotive Industrial Corporation marks a new period of development of the Chinese automotive industry.

At present, China has 73 automotive manufacturing plants, 9 of which are key plants. They are: The No 1 automotive manufacturing plant, the No 2 automotive manufacturing plant, the Shanghai automotive manufacturing plant, the Nanjing automotive manufacturing plant, the Jinan automotive manufacturing plant, the Beijing automotive manufacturing plant, the Sichuan automotive manufacturing plant, the Shaanxi automotive manufacturing plant and the Beijing No 2 automotive manufacturing plant. One hundred and thirty plants have been refitted to manufacture vehicles for special purposes, and about 2,000 plants are manufacturing vehicle fittings. The Chinese automotive industry has an annual output is 223,000 vehicles, The number of staff and workers of the whole trade exceeds 700,000.

At present, the Chinese automotive industry has stipulated plans to promote seriatim and diversified production. The past practice of manufacturing one type or a few types of products is now changed. In the past, the No 1 automotive manufacturing plant only manufactured "Jiefang" 4-ton trucks, CA 30 cross-country vehicles and high class "Hongqi" limousines. At present, it is manufacturing more than 15 types of vehicles. On the basis of manufacturing 5-ton trucks and 2-and-1/2-ton cross-country vehicles, the No 2 automotive manufacturing plant has manufactured and trial-manufactured 18 multipurpose and special-purpose vehicles.

Since the implementation of the open-door policy with foreign countries over recent years, the Chinese automotive industry has strengthened technological interflow and cooperation with foreign traders. Sixty-two delegations and more than 330 people have been sent overseas in the past 3 years to carry out negotiations on joint ventures, to import technology, investigate technology, participate in various kinds of international professional conferences, and

take part in activities organized by the United Nations or foreign firms on training programs and on the execution of contracts.

From 1979 to 1981, the Chinese automotive industry has imported 8 kinds of technology and all these imported projects are now in the course of executing the terms of the contracts. The Changchun Automotive Research Center has imported a road simulator and has completed in 26 days in indoor simulated road test of the bearing system of the CA 141 model 5-ton vehicles on 10,000 kilometer hardened road surfaces. This is equivalent to driving 150,000 to 200,000 kilometers on moderate road surfaces. This has provided a reliable basis for improving designs. Since importing devices to test vibration from France, we have tested the vibration of the frames of vehicles, driver's cabs, chasses, crankshafts, cylinders and other fittings and have mastered the latest analytical methods for testing structures and the method of data processing.

Taking products as the objective, the Chinese automotive industry has stepped forward to transform the technology of the old plants. The proposal of the No 1 automotive manufacturing plant on remodelling products and transforming technology was approved by the state council. After the transformation, the oil consumption of the new 5-ton trucks to be manufactured in 1986 will be lowered by one-quarter compared with the original consumption. We can save 800,000 tons of oil in 5 years. The proposal of the No 2 automotive manufacturing plant on carrying out construction with transformation was also approved by the state council. After the implementation of this policy, the oil consumption of the transformed 5-ton trucks will be lowered. If transformation is carried out with the 6-and-1/2-ton trucks, the oil consumption will be further lowered and we can save a total of 750,000 tons of oil in 5 years.

The reorganization of the Chinese automotive industry has made new progress. At present, the "Dongfeng" Associated Motor Vehicle Manufacturing Company and the Nanjing Associated Motor Vehicle Manufacturing Company have been established. Preparations are under way to establish the Heavy Trucks Associated Company and the Beijing-Tianjin-Hebei Associated Vehicle Company. The No 1 automotive manufacturing plant is going to establish an Associated Motor Vehicle Company to manufacture "Jiefang" motor vehicles.

In the coming years, the China Automotive Industrial Corporation will speed up renovation of products and terminate the past practice of manufacturing only one type of vehicle. On the basis of manufacturing improved CA 10C 4-and-1/2-ton trucks, the No 1 automotive manufacturing plant is now producing CA 141 5-ton and 6-ton trucks and has succeeded in remodelling the "Jiefang" motor vehicles. The Nanjing Associated Motor Vehicle Manufacturing Company manufactures new products of NJ--142 2 to 4 ton vehicles, with emphasis placed on 3-ton vehicles, and has succeeded in changing the model of "Yuejin" vehicles. The No 2 automotive manufacturing plant manufactures improved models of 5-ton and 6-and-1/2-ton and 8-ton heavy-duty trucks, 3-and-1/2-ton cross-country vehicles and other vehicles to supplement the product series. The Beijing-Tianjin-Hebei Associated Motor Vehicle Company has manufactured second-generation light cross-country vehicles, second-generation 2-ton heavy-duty trucks and has succeeded in remodelling the 212 light cross-country vehicles and 2-ton heavy-duty trucks. Furthermore, several provinces and municipalities have been

organized to establish a plant specialized in manufacturing mini-trucks. The Shanghai Associated Motor Vehicle Manufacturing Company has manufactured new-style Shanghai limousines and improved 32-ton dump trucks for mines, and has succeeded in remodelling the Shanghai limousines. The Heavy-Duty Truck Vehicle Company has manufactured a series of trucks with total weight ranging from 16 to 32 tons and has succeeded in remodelling the Huanghe motor vehicles.

The chairman of the board, Rao Bin said: The task confronting the Chinese automotive industry is both glorious and arduous, the China Automotive Industrial Corporation is determined to make contributions to reviving the automotive industry.

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BRIEFS

VEHICLE TIRE PRODUCTION--Beijing, 11 May (XINHUA)--China produced more than 11 million sets [tao 1152] of motor vehicle tires in 1980 although the state planned target was only 9 million sets for that year. The excessive tire production was due to the unchecked establishment of small tire plants in the few years prior to 1980 because of the lucrative nature of this business. To curb the unrestrained growth, China cut its vehicle tire production target to 7.2 million sets in 1981 and assigned state output quotas to 58 tire plants instead of 78. As a result, only 7.14 million sets of tires were produced in 1981. To further reduce tire supplies, the state planned production target for 1982 was limited to 5.1 million sets. These measures taken by government departments to effectively control vehicle tire production were praised by participants of a recent national meeting of supply bureau directors. They said that the administrative intervention in the production, distribution and marketing of vehicle tires was fine and necessary. [Beijing XINHUA Domestic Service in Chinese 0019 GMT 11 May 82 OW]

LIAONING LOCOMOTIVE SURVEYING EQUIPMENT--With the assistance of some locomotive testing plants, the Dalian Internal-combustion Engine Research Institute in Liaoning Province succeeded in 1980 in building large, modernized, computerized and multi-purposed equipment for surveying and testing the performance of diesel locomotives, the first of its kind in China. This equipment can be used in spite of the influence of natural conditions. [SK161127 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 15 May 82]

JILIN PRODUCTION SAFETY--Since the nationwide unfolding of the safety-month campaign in May 1980, the level of production safety has risen markedly in Jilin Province. Since last year, there has been not any accident in which more than five people were killed. The number of persons killed in the line of duty in 1981 dropped by 46.8 percent from the lowest previous record. The number of persons seriously wounded dropped by 32.6 percent. In implementing the safety-month campaign, party, government and enterprise leadership have mobilized the people to push home the idea of putting safety above everything else. Various rules and regulations on production safety have been established or amplified. [SK161127 Changchun Jilin Provincial Service in Mandarin 1100 GMT 14 May 82]

NEI MONGGOL TEXTILE INDUSTRY--The textile industry output value of Nei Monggol region in the first 4 months of 1982 reached 181.47 million yuan, 32 percent of the annual plan and an increase of 21.58 percent over the corresponding

1981. The quality of products equaled or surpassed the requirements. [SK120830 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 11 May 82]

SHANGHAI INDUSTRIAL PRODUCTION--According to the Shanghai municipal departments concerned, Shanghai's total industrial output value in April increased 7.3 percent over the corresponding period of last year. The city's total industrial output value in the first 4 months of this year also increased 7.3 percent over the corresponding period of last year, with a net increase of 1.4 billion yuan. The average daily output value in April was an all-time high. In the January-April period, Shanghai's light industrial output value increased 8.2 percent over the corresponding period of last year. [OW141035 Shanghai WEN HUI BAO in Chinese 6 May 82 p 1]

JILIN INDUSTRIAL OUTPUT--Jilin Province's industrial output value in the January-April period increased 6.5 percent over the corresponding 1981 period. The output of light industry increased 9.3 percent; that of heavy industry, 4.5 percent. The economic results were better than in the previous year. Net profits earned by projected industrial enterprises increased 69.6 percent, and profits handed over to the state increased 18 percent. Deficits declined by 20.4 percent--or 21.15 million yuan. [SK120828 Changchun Jilin Provincial Service in Mandarin 2200 GMT 11 May 82]

TEXTILE INDUSTRY DELEGATION TO JAPAN--Beijing, 10 May (XINHUA)--A nine-member delegation from the Chinese Ministry of Textile Industry left here by air this morning for Japan. The visit of the delegation, led by Minister of Textile Industry Hao Jianxiu, is on invitation of Aiichiro Fujiyama, chairman of the Japan Association for the Promotion of International Trade, and Ichizo Kimura, director-general of Kansai chapter of the association. [Text] [OW100302 Beijing XINHUA in English 0253 GMT 10 May 82]

CSO: 4020/128

DOMESTIC TRADE

PRIMARY IMPORTANCE OF STABLE COMMODITY PRICES NOTED

Beijing JIAGE LILUN YU SHIJIAN [THEORY AND PRACTICE OF PRICING] in Chinese No 1, 20 Jan 82 pp 1-4

[Article by Zhang Qi[1728 0366]: "Maintaining the Basic Stability of Commodity Prices is of Primary Importance in Current Pricing Policy"]

[Text] The party and the state have made progress in carrying out political stability, have taken steps to implement the principle of economic adjustments and have taken a series of major actions to stabilize the economy. The consequence has been basic price stability in China. At the same time, a number of unreasonable prices were given necessary readjustments. It was not easy for the national economy to achieve such results in carrying out such major readjustments, considering the relatively difficult conditions of the nation's financial economy. The resolutions of the Fourth Session of the Fifth National People's Congress asked that the basic stability of commodity prices be maintained this year. This is the primary concern of current pricing policy. Given this premise, there also must be planned, step by step suitable adjustments of the very small number of unreasonable prices which urgently require handling. Moreover, much effort should be expended to carry out research on readjustments and formulate a plan for pricing reforms in order to make rational preparations for the gradual readjustment of China's pricing system.

In formulating commodity price policy there are two aspects which cannot be disregarded, i.e., stabilization of commodity prices and readjustments to commodity prices. If there is stabilization without readjustment, or if there is only readjustment and no stabilization there then cannot be a correct price policy for commodities. The central focus of price policy and price work must be the execution of suitable readjustments according to changes in the political circumstances. A look at present circumstances indicates that the primary concern in commodity price policy is the stabilization of commodity prices. Right now, conditions in China's economic development are quite good. In comparison with the past two years the hidden dangers in the economy have been greatly mitigated, and conditions in the financial economy have taken a big turn for the better. However, the

dangers have not been completely eliminated, the difficulties in the nation's financial economy have not been basically resolved and the potential for commodity price rises still exists. First, there are excess amounts of currency in circulation, certain commodities are still in short supply and a number of enterprises have inferior economic efficiency. These are objective economic factors which could possibly lead to increases in commodity prices. Second, during the past few years the state made rather large increases in the purchase price of agricultural products, while the selling price was not raised or was not sufficiently raised. Some industrial products which use agricultural product raw materials did not have price increases, the transportation departments and processing industries were unable to decrease their consumption, cut back on expenses or increase their labor production efficiency in order to compensate for the increased expenses for the agricultural products, so their prices do not cover their expenses. Third, in the purchase of agricultural products such conditions as broad-ranging increased prices, negotiated prices and forced price rises through competitive purchasing have not been completely or effectively restrained. For such products as vegetables, meat and aquatic products as well as certain non-staple foods new production and supply conditions have emerged to threaten price stability. These problems should be given even more serious consideration in current commodity price stabilization work. Fourth, in the cities' process of promoting economic responsibility systems, the management methods and the systems of observation and investigation are inadequate so that there is a relative excess of individually initiated price increases, abnormal price rises and indiscriminate collection of costs for expenses. Conditions such as these indicate that maintaining basic commodity price stability is still a difficult task. In order to consolidate stable unity and promote progress in stabilizing and developing the national economy, our primary responsibility in commodity price work must be an effort to maintain the basic stability of commodity prices in the marketplace.

In looking back over the factors involved in the commodity price increases of 1980 and over the actions taken which stabilized commodity prices in 1981, the lesson we learned is that with regard to the current situation of basically stable commodity prices the proper execution of commodity price work was of considerable benefit.

1.It is Necessary to Achieve Overall Balance in Macro Economics.

In 1980 there were relatively large commodity price increases and there were sudden, abnormal and indiscriminate price increases in society. The basic reasons were the successive years of financial administration deficits and excessive currency in circulation beside that needed for economic development. The

basic reasons why we were greatly able to attain basic price stability in 1981 were the achievement of a basic balance in financial administration and restrictions on the issuance of currency. If 1981 had been the same as 1980, with a large deficit in financial administration and continued issuance of currency, it would have been impossible to stabilize prices and halt inflation even by the more extreme measure of a commodity price freeze. The practices of the past two years again demonstrate that, basically speaking, the ability to stabilize commodity prices depends upon developing production and improvements in the economic conditions of state financial administration. The stabilization of commodity prices is a duty which is shared by all departments in the national economy, there must be mass policies with mass efforts to enable social purchase power to have rapid increases, to improve the people's standard of living at the same rate as that of production increases so that there is a suitable supply for the means of living. The present hidden danger in the marketplace commodity prices is the excessively rapid increase in purchase power, outstripping the level of commodity supply, Unless there is an overall balance of macro economics, mere reliance on administrative management to control commodity prices will be unable to provide prolonged stability of commodity prices. It is only through overall coordinated economic development and with all economic departments and all enterprises striving to increase production, eliminate waste, reduce consumption, reduce costs, achieve maximum production with minimum investment and continually improve economic efficiency that we can provide a reliable foundation for stabilizing commodity prices.

2. The Necessity of Controls over the Purchase Price of Agricultural Products.

In 1981, China had basic commodity price stability. However, a concrete analysis shows that there was general stability or price decline for mining products while industrial products based on agricultural raw materials had price increases. Therefore, an important feature of the current basic stability in commodity prices is how to restrain the price increases in agricultural products and in the industrial products using agricultural raw materials. The control of agricultural product prices is primarily based on control of their purchase price, especially the control of price increases and negotiated prices. Because there is no consistency of thought on the necessity of stabilizing agricultural product purchase prices, there has been no obstruction of price increases and negotiated prices which exceed the state established limits, and conditions in which prices are forced upward through competitive buying of scarce items are quite severe. The consequences are that on the one hand there are increases in the state's burden, an adverse effect on the balance on financial administration, and an increase in the amount of currency in circulation, all of which harms the economic foundation of commodity price stability; on the other hand, increases in the costs of

light industry production or an upward push in retail market prices are an even more direct attack on marketplace commodity price stability. Without controls over price increases and negotiated prices for agricultural products there is no guarantee for the consolidation of basic stability of marketplace commodity prices. Ever since the Third Plenum, the state has placed the emphasis in commodity price readjustments on prices for agricultural products and has applied great amounts of financial power to raise agricultural product purchase prices. This is both correct and necessary. Compared to 1979, 1981 agricultural product purchase prices (including increased and negotiated prices for surpluses) already were higher by about 35 percent. At the same time, the selling prices for some agricultural products and industrial products based on agricultural raw materials also were readjusted, negotiated prices were restored and marketplace trading was developed. It ought to be said that after this series of readjustments and reforms had taken place there already was considerable improvement of irrational agricultural product prices in China. Generally speaking, the current level of agricultural product prices is sufficient to promote development of agricultural production and to make improvements in the peasants' livelihood. The primary contradiction in current agricultural product pricing no longer is the issue of low prices, but rather is how many years prices should be stabilized. After the countryside promotes responsibility systems and develops diversified management, the emphasis in research will be placed upon the study of the great transformations that will take place in the rural economy and in agriculture product costs and on research in price parities between industrial and agricultural products and on price parities between agricultural products. If we do not investigate the new conditions and study the new issues, but rather depend upon materials two or three years old and continue to insist that agricultural product prices are too low, the price parities between industrial and agricultural products will not be objective and will easily get out of touch with real conditions. If we rely on guidance for the formulation of policy this will have a negative effect upon the coordinated development of the Chinese economy.

3. The Necessity for Strengthening Commodity Price Management.

Before the nation's financial economy has taken a turn for the better we cannot completely or even primarily rely on economic methods to guarantee the basic stability of marketplace commodity prices. It also is very difficult to eliminate the objective economic factors which could possibly cause commodity price increases. Therefore, an important action for consolidating fundamental commodity price stability is to strengthen and give full vent to the role of all levels of commodity price management departments and work under the leadership of all government levels with reliance on administrative management techniques to strengthen observation and investigation to control commodity price increases.

In 1981, after the State Council issued the communique regarding the strict controls on commodity prices and the rectification of price negotiations, all government levels and commodity price departments relied on the broad masses to carry out commodity price investigations and, within a very short time, indiscriminate price increases and irresponsible price negotiations were brought to a halt and marketplace commodity prices tended toward stability. This created conditions which led to a full year of basic commodity price stability. The facts are further demonstrated under the socialist system, which utilizes a planned economy in which the major economic forces in society are the state-operated and collective-operated enterprises. The state has great power in applying administrative devices to control commodity prices, and with various accompanying economic measures is able to exert effective controls over commodity prices. In the effort to consolidate basic commodity price stability it is both necessary and efficient to strengthen commodity price management, centralize jurisdiction over commodity price management and continue to urge the masses to carry out commodity price investigations on a regular basis. Price is the lever in redistribution of national income and there always are price contradictions between the production and circulation departments on the one hand and the consumers, departments and prefectures on the other hand. Therefore, another important aspect in consolidating fundamental commodity price stability is for the commodity price management departments to strengthen the overall balance, make suitable adjustments between all sides and clear away these contradictions and clashes. The strengthening of commodity price management does not mean to thoroughly constrain all prices, the emphasis of management ought to be placed on prices for commodities which are closely connected with the people's livelihood. When this portion of the price structure is securely stabilized there basically will not be any adverse influences upon the living standards of the great majority of the masses. The prices for commodities of secondary importance should be allowed to increase or decrease, making suitable adjustments, according to conditions in state policy and in marketplace supply and demand.

The stabilization of commodity prices is the most important requirement in commodity price policy, but it is not the only requirement. Under the premise of maintaining basic marketplace commodity price stability, there still is a need to carry out readjustments of certain unreasonable prices. We must at all times prevent or control commodity price fluctuations and must strive to maintain basic marketplace commodity price stability. At the same time, conditions permitting, we also should carry out reasonable adjustments of those prices which are unsuitable for economic development. When there is a disassociation from basic stability in commodity price levels there are then no reasonable standards for readjusting commodity prices and the more price parities are adjusted the more chaotic they become. Just the

same, it is contrary to economic laws to reject the importance of regular readjustments either up or down of certain prices and it is incorrect to interpret stabilized commodity prices as being forever fixed and unchanging. The leverage function of prices cannot be brought into play unless prices undergo changes. Commodity price policy can achieve concrete manifestation only through the process of evaluating and ratifying prices and by readjusting prices. If prices become fixed and never change this actually negates the leverage function of prices and effectively eliminates commodity price policy. The correct principles regarding commodity price issues are that prices which must be stabilized should be firmly stabilized; prices which ought to decline should do so at the right time; for prices that ought to be increased, work must be done to create conditions, allow the conditions to develop, and then make price increases. Under the premise of basically stabilized marketplace commodity prices, utmost efforts should be taken to ensure mutual responsiveness between various prices and economic development conditions and to promote the planned proportional development of the national economy. A price freeze is an efficient temporary measure, but cannot remain in effect for long periods of time because of adverse influence on economic development. Since the founding of the nation, we have used the measure of commodity price freezes several times. Generally speaking, this was beneficial in calming the people and in stabilizing commodity prices. In 1981, the process of carrying out the State Council communique regarding strict controls on commodity prices and the rectification of price negotiations actually imposed a freeze on the marketplace retail prices for consumer goods. Considering the conditions of that time period this was both necessary and timely and achieved the predicted results.

Of course, there must be unified arrangements for adjustments to commodity prices rather than indiscriminate readjustments. This is especially true right now, when readjustments of commodity prices are of extreme importance. The scope of price adjustments ought to be made as small as possible. Except in cases where production is hard put to continue without price readjustments or where overall economic development would be damaged without price adjustments, there generally ought to be no readjustments or very minor readjustments. A concrete analysis must be made of industries which suffer deficits. Generally speaking, we now have a great deal of waste and a great amount of potential. The main path to eliminating the deficits is to improve management and administration and improve economic efficiency. When deficits occur we cannot simply plan to raise prices and transfer the deficit to the consumer or place the burden on the our nation's financial administration. The current pricing structure in China has accumulated a great many unreasonable problems which not only obstruct production and circulation but which moreover make it difficult to carry out many reforms in the economic system. Consequently, when conditions in the nation's financial administration take a turn for the better we then can make complete preparations to readjust commodity prices without influencing peaceful unity.

A look at our work in readjustments to the retail prices of consumer goods over the last two years shows that the methods of price readjustments generally can be divided into three types: 1. The combined results of the major price increases for basic necessities of the people's livelihood and the increase in the income of the masses did not influence the basic living standards of the great majority of the masses. For example, when the retail prices for eight staple foods were raised in 1979 there was a concurrent regulation providing all staff and workers with price subsidies for staple foods, there moreover was a wage increase for certain staff and workers. Increases in the purchase price for agricultural prices resulted in increased income for the peasants. 2. Price increases and price decreases for important commodities exclusive of basic necessities for the people's livelihood were clearly explained and thoroughly propagandized. An example is the November, 1981 price decrease for polyester-cotton cloth and price increase for tobacco and alcohol. 3. For general commodities, prices were allowed to increase and decrease in response to market supply and demand and cost changes, all the while maintaining the premise of not influencing the basic stability of marketplace commodity prices. The results of these practices show that while this method of price readjustments may evince problems of one kind or another in the process of implementation, they nonetheless are basically successful. These three methods of price adjustments have been and probably will continue to be the basic methods for adjusting the marketplace retail prices of consumer goods.

For a long time we have held to the principle of stabilizing commodity prices, and this is correct. However, for the past 20-some years there always have been shortages of various degrees in the supply of many commodities and wage levels have not been increased for a long time. Therefore, the task of stabilizing commodity prices is a difficult one. There must be major restrictions on commodity price readjustments and many prices which ought to be readjusted cannot be readjusted because of the necessity of maintaining commodity price stability. In actual work, the stabilizing of commodity prices very nearly became an overall requirement in commodity price work. In propagandizing the policy of stabilizing commodity prices great emphasis was always placed on the importance of stabilizing commodity prices, while little mention was made of the necessity for readjusting commodity prices. An impression gradually formed among the broad cadres; it seemed as though the stabilization of commodity prices simply meant that prices remained firm and unchanging for a long period or that prices could only decrease and could not increase, especially the prices of major commodities, otherwise commodity price stability did not exist. The broad existence of this concept made readjustments to commodity prices even more difficult. In the future, we definitely must continue to maintain a prudent attitude toward readjustment of commodity prices and must be extremely cautious in making price increases for consumer goods.

We must take into consideration the interests of the state, enterprises and consumers when making our arrangements. We must simultaneously carry out good propaganda work to enable the broad cadres and masses to have an overall understanding of the relationship between stabilization of commodity prices and readjustments to commodity prices. Moreover, in reforming the commodity price management system we must gradually change the conditions of excessive centralization and excessive unresponsiveness in price management. Following the gradual expansion of the results of economic readjustment, with a few more years of effort it will then be possible that in our price management system and in the eyes of the broad cadres and masses certain price increases and decreases will be seen as everyday occurances in our economic livelihood.

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DOMESTIC TRADE

'GUANGMING RIBAO' ON FORMULATING THEORETICAL PRICES

HK101146 Beijing GUANGMING RIBAO in Chinese 1 May 82 p 3

[Article by Jia Kecheng [6328 0344 6134]: "Why Must We Formulate Theoretical Prices?"]

[Text] In order to provide a basis for readjusting commodity prices in the future, it is necessary to formulate theoretical prices for all categories of commodities.

Theoretical prices are the opposite of actual prices. In our socialist economy, planned prices are formulated by the state and actual prices are brought into effect in the course of commodity exchange by industrial and commercial enterprises, authorized by relevant state departments. They both have legal impact. They are what Marx called "market prices" in his "Das Kapital." Theoretical prices, however, are calculated in accordance with the Marxist value theory. They correspond to the "market value" mentioned by Marx. Theoretical prices provide a basis for acutal prices, for the adjustment of actual prices, and serve as the central factor for adjustment of actual prices. Some actual prices may be equal to theoretical prices, but some may be higher (such as those of cigarettes, wine and so forth) or lower (such as those of grains, cloth and so forth) than theoretical prices. The decisive factor for commodity value is nothing but labor time needed by the society, but the factors affecting commodity prices are more complicated. Besides value, which is the main determinant, commodity prices are also decided by the relation between supply and demand and the needs of certain political and economic policies. However, theoretical prices are calculated by the state, excluding all non-value factors. They are a monetary expression of value. Of course, this is not the same as that of actual prices. Theoretical prices are a theoretical monetary expression of commodity value and are generally identified with commodity value, but actual prices are not necessarily so. The calculation of theoretical prices is aimed at finding out the value of various commodities, which is expressed in monetary terms. It provides an objective basis for formulating and adjusting the actual prices of various categories of commodities. Without theoretical prices, we cannot have an objective criterion to measure the present actual prices or to improve our price work in accordance with the objective law and overcome subjectivism and blindness. So the calculation of theoretical prices is an important capital development in our work in this respect, reforming the economic management systems and promoting the development of our national economy.

The present price system in our country was developed and inherited from the old one. Although adjustments were made for some obviously unreasonable prices with reference to the costs and profit rates of relevant departments, reasonable and complete readjustments have not been made for a long time. In order to solve this problem, it is necessary to take the following two steps: First, calculate theoretical prices and second, study and solve concrete problems concerning actual prices.

Theoretical prices are applicable in many aspects. In many economic problems, we are unable to draw correct conclusions merely by using actual prices. For example, in calculating industrial and agricultural output values, as the actual prices of industrial products are higher than agricultural products, the result is usually that the net output value created by a worker and the contributions he makes to the state (profits gained for society) are much higher than those of a peasant. For example, in 1978, the average annual net output value created by a worker was 2,823 yuan while that of a peasant was only 362 yuan, with a ratio of 7.8 to 1. After the prices of agricultural products were raised in 1978, things became better, but the ratio was still 7 to 1. In order to accurately estimate the labor and contributions of the workers and peasants, we cannot do without theoretical prices. At present, some people believe that it is more beneficial to develop light industry than to develop heavy industry, because the prices of many light industrial products are higher than their actual value while those of many heavy industrial products are lower than their actual value. Thus to make a correct assessment of the economic results of light and heavy industries, it is also necessary to apply theoretical prices. In foreign trade, in order to correctly calculate gains and losses in import and export, it is even more necessary for us to apply theoretical prices. As the purchase prices for our agricultural products are much lower than those of the international market, taking only actual prices into account, people can easily come to the conclusion that it is beneficial for us to export more agricultural products. As a matter of fact, the value of our agricultural products may be even higher than that of the international market. While importing a large quantity of chemical fibers, we are exporting cotton cloth and cotton cloth products and believe that this is beneficial for us. Actually, cotton cloth and cotton cloth products, which bring lower prices in our domestic market, have a higher value in the international market, and chemical fibers, which bring higher prices in our domestic market, have a lower value in the international market. Therefore it is necessary to apply theoretical prices to correctly solve these problems. In short, whenever there is an inevitable discrepancy between prices and value, the existence of theoretical prices is indispensable.

The value of commodities is composed of C, V and M. C plus V is cost and M is profit. At present, there are differing views of the calculation of M. Some people propose to calculate it by means of the wage-profit rate. The method for concrete calculation is:

$$M \text{ equal } v \text{ (wage) } X \frac{\text{Sum of M}}{\text{Sum of V}} \text{ (wage-profit rate), then add M to}$$

cost to arrive at the theoretical price. Some other comrades propose to calculate M by means of other profit ratios (such as capital-profit ratio, cost-profit ratio, comprehensive-profit ratio and so forth; except for comprehensive profit ratio, the method for calculation is the same as above).

Since there are differences in our theoretical circles on the calculation of M. It is difficult for relevant departments to decide which method should be adopted in formulating theoretical prices. They have decided to try various methods to calculate several theoretical prices before further decision is undertaken for adopting a certain method, that is, to try before making a decision.

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BRIEFS

LIAONING OPIUM SELLING--Fu County industry-commerce administrative bureau in Dalian Municipality recently cracked an opium selling case and arrested all the principal culprits. In December 1981, (Xu Zihai), a commune member in Fu County, ganged up with other commune members to go to a township in Heilongjiang Province to buy 1 jin and 3 liang of opium and resold it at a profit. In January and February 1982, (Xu Zihai) again colluded with a commune member and a statistician of a labor service company to buy 1 jin and 1 liang of opium from Wuchang County and 2 jin and 2 liang of opium from Suihua County. They resold the opium and shared the profits. [SK120644 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 10 May 82]

CRIMES INVOLVE CENTRAL SENIOR CADRES--At a panel discussion, (Mao Zhifen), member of the Beijing municipal CPPCC committee, said that Beijing had cracked down on 13,000 cases of economic crimes. The shocking thing about it is that 683 of these cases involved senior cadres of the central authorities. Criminal relatives of some important leaders of the central authorities are still at large. [Text] [OW121330 (Clandestine) Ba Yi Radio in Mandarin to China 1330 GMT 11 May 82]

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FOREIGN TRADE

SYMPOSIUM PROPOSES MEASURES TO BOOST LIAONING'S EXPORTS

Shenyang LIAONING RIBAO in Chinese 23 Jan 82 p 1

[Article by Wang Xintang [3769 2450 1016]: "The Rate of Increase in Foreign Trade Should be Higher Than the Rate of Economic Growth"]

[Text] The recently concluded symposium on the foreign trade of the province stressed the need to take full advantage of the province's assets to develop in a positive way the export of machinery and electrical products; black, colored and rare metals; nonmetallic products; and petrochemical products; and to continue to promote the export of light textiles, handicraft and artwork products, marine products, and marine-cultured products in order to develop further the foreign trade of the province, to speedily correct the anomalous discrepancy between the limited volume of exports and our great industrial potential, and to increase the volume of our export trade at a more rapid pace than the growth of our national economy.

It was pointed out at the symposium that in order to develop production, to increase exports, and to put more and better products on the international market on a competitive basis, it is necessary to make use of foreign capital to rebuild small and medium-size enterprises and to renew technical equipment. This should be done in close coordination with the readjustment of enterprises and the reorganization of business establishments, and a plan should be formulated according to the proper procedures, after a course of action has been mapped out, after consideration has been given to the need to achieve an overall balance, and after a study has been made to ensure that the plan is practicable. Favorable treatment should be given to the extension of loans and to the repayment of loans. The various cities and regions should be granted certain powers to review and approve projects involving the use of foreign capital. Commodities imported for processing, articles imported for assembly, and imported equipment for compensatory trade should be exempt from customs duties and from taxes levied on imported industrial and commercial commodities.

To develop exports, it is essential that efforts be directed to the processing of imported commodities. To reduce the plethora of bottlenecks between the processing of imported commodities and the export of finished products, and to do away with "paper losses," taxes should be reduced or eliminated and rebates should be given to exports.

The way to reorganize the foreign trade system is to gradually place the actual operations in the hands of the enterprises and a conglomeration of enterprises, to grant such qualified enterprises as the Anshan Steel Works autonomous power in the conduct of foreign trade and, simultaneous with the reorganization of the foreign trade system, to adopt a uniform position in dealing with foreign countries and to exercise united leadership so that enterprises may pursue their operations separately under flexible but not chaotic control.

In order to further promote foreign trade, a decision was made to establish a provincial import and export administrative commission to serve as a comprehensive department of the provincial government in the administration of foreign trade operations.

9621
CSO: 4006/355

EXPAND FOREIGN TRADE; SPEED UP ECONOMIC DEVELOPMENT

Jinan DAZHONG RIBAO in Chinese 9 Feb 82 p 1

[Editorial: "Strengthen Foreign Trade and Speed Up the Development of the National Economy"]

[Text] Since the adoption of the open door policy following the Third Plenary Session of the 11th Party Central Committee, there has been a considerable increase in our [Shandong] province's foreign trade. In the 3-year period between 1979 and 1981, the total purchase price of our export commodities has increased by 1.43 billion yuan, at an annual average of 23.8 percent. The inflow of foreign exchange from the sale of export commodities has increased by $1.06 billion, at an average annual rate of 31.7 percent. It should be noted that through the development of foreign trade, we have continued to acquire expertise, show progress in our work, and make significant achievements. However, we must also admit that not a few of our comrades have yet to free themselves from the bonds of the self-contained economic outlook of the small farmer and appreciate the importance of foreign trade and the stretegic role that it plays in the national economy. Consequently, their field of vision is limited, their methods lack flexibility, and the measures they have adopted are ineffective.

In going about our socialist modernization construction, we must firmly adhere to the policy of relying more on our own efforts than on foreign assistance. Reliance on our own efforts does not mean isolationism, however, and self-reliance cannot be equated with self-sufficiency. It is also a form of self-reliance to rely chiefly on our own efforts while freely making use of foreign capital, foreign technology, and foreign expertise to promote the development of our own economy. In the past few years our province, by making use of foreign capital and foreign loans, has brought in advanced technology and essential equipment to renovate and rebuild over 330 medium and small enterprises, to upgrade their products, and to fill in certain gaps in the industrial sector. By means of compensatory trade, the No 1 Knitting Factory in Qingdao, using less than $1 million to import essential equipment from abroad, has been able to pay for the cost of the equipment within a period of 2 years through the sale of its products, to substitute quality products for inferior products in the international market, and to replace equipment of the 1930's and 1940's with equipment that meets the standards of the 1970's. Our province has been able to rebuild old enterprises, upgrade their technical standards,

develop a corps of rank-and-file workers, and strengthen our ability to stand on our own feet. It is a proven fact that the vigorous development of our foreign trade and the import of technology on a large scale have contributed greatly to the upgrading of our products, the modernization of our industries, and the acceleration of the economic development of our province.

It is a sharp contradiction that, blessed with a large population and abundant resources, our province is small in size and backward in economic technology. To resolve this contradiction and achieve the strategic objective of attaining a "moderately affluent" status by the end of the century, it is definitely not sufficient to the county [solely] on agricultural production in the rural areas. It is absolutely essential to direct our efforts toward the development of diversified operations and the commune enterprises as producers of commercial commodities. This in turn depends to a large degree on the development of foreign trade. Many of the diversified operations and the production of the commune enterprises have been made possible by the development of our foreign trade. Export trade has made it possible to invest over 1.5 billion yuan annually out of the total value of our agricultural sideline and handicraft products in the rural areas--a per capita rate of over 20 yuan. This constitutes a large portion of the income derived from agriculture. Unless a positive effort is made to develop foreign trade, it will not be possible to diversify operations or add to the income of the masses. Viewed from another angle, the solution of the problem characterized by our province's large population, limited size, and labor surplus must also depend to a large extent on the development of foreign trade and diversified operations. During the past few years we have, through the development of foreign trade to meet the needs of the international market, made use of our imports to develop our exports, imported raw materials for processing, developed labor-intensive products for export, and provided employment to over 2 million surplus workers. With the development of mechanized farming, the labor surplus problem is likely to become more acute. Aside from the labor force required to work on the farms, our province has between 10 to 15 million additional laborers who could be put to work in various diversified operations. Unless the export trade is expanded, it will be most difficult to provide jobs for this labor pool. This labor surplus affects not only the income of the masses but social stability as well. We must also realize that the development of our export trade is, generally speaking, an important measure for promoting production, enlarging sources of revenue, and easing the financial difficulties of our province. The present value of the export commodities of the entire province comes to over 3 billion yuan. If we can double this amount, we will have over 6 billion. If the industrial and business tax is pegged at 5 percent, over 300 million yuan will be added to our revenues. It can be seen, therefore, how important export trade is as a source of revenue.

Party committees, governments, and economic departments at various levels must look at foreign trade from the strategic angle of the development of the entire economy and come to fully appreciate the vital role it plays in speeding up the technical reform of the national economy, in promoting the development of the production potential in society, and in bettering the living standard of the people and the masses. Unless we keep in sight the strategic objective of economic development, we will not be able truly to appreciate the strategic

importance of foreign trade. It is only when we fully appreciate the important role of foreign trade that we can further liberate our thinking, strengthen our leadership, make full use of our assets, and adopt various measures to use our imports to develop our exports, to take advantage of what is foreign to strengthen our own position, to establish a link between industry and trade, to enlarge the volume of exports, and to increase technical exchange so as to speed up the development of the national economy of our province and to further contribute to the work of constructing the four modernizations.

9621
CSO: 4006/355

FOREIGN TRADE

'RENMIN RIBAO' ON INTERNATIONAL TRADE COUNCIL

HK071010 Beijing RENMIN RIBAO in Chinese 4 May 82 p 4

[Article by the Research Office of the China Council for Promotion of International Trade: "Promoting Economic Relations and Trade with Foreign Countries for 30 Years"]

[Text] Today is the 30th anniversary of the founding of the China Council for Promotion of International Trade [CCPIT]. For 30 years, with the support of departments concerned inside the country, the CCPIT has kept on expanding its scope of business and its foreign connections in all parts of the world. Since the 3d plenary session of the 11th CCP Central Committee, there has again been a new development in various kinds of work. It has established friendly relations with over 350 economic and trade groups, exhibition organizations, legal affairs organizations and business circles in more than 150 countries and regions throughout the world. The CCPIT has already become a nongovernmental organization with extensive international connections promoting China's foreign economic and trade relations as well as friendly relations from many sides. It has been praised as the "trade link" and the "bridge of friendship."

Three decades ago, for the sake of opposing the imperialist policy of blockade and embargo and establishing international trade relations on the basis of equality and mutual benefit, more than 470 well-known businessmen, economists, cooperative workers and trade unionists from 49 countries held an international economic conference in Moscow in April 1952. The conference passed a resolution on eliminating man-made obstacles and developing normal international trade and urged the various countries attending the conference to set up relevant organizations for the promotion of trade. This was the historical background from which the [CCPIT] emerged.

During the 1950's, even though many countries had still not yet established diplomatic relations with China, the CCPIT had maintained contact with the economic and trade circles of many Asian, European and Latin American countries and promoted trade relations with these countries.

In the 1960's, for the sake of strengthening unity and cooperation with the developing countries and exchanging economic experience with developing nations, the CCPIT actively participated in the economic discussions, cooperation meetings and other international activities promoting economic and trade relations

as well as friendly cooperation held by some of the Asian and African countries.

At the same time, the CCPIT also signed nongovernmental trade agreements as well as agreements for the mutual setting up of agencies with the economic and trade organizations of European and Latin American countries and also set up offices in these countries. This was a new development in our trade relations with Europe and Latin America at that time.

By the 1970's, there was a great increase in the number of countries which established diplomatic relations with China, and official intercourse gradually became more frequent. In the economic and trade field, there was also a greater development in nongovernmental contacts and exchanges. Before the establishment of formal diplomatic relations between China and the United States, the CCPIT had all along been the contact point for economic and trade relations between the two countries. After the establishment of diplomatic relations between China and Japan, in line with the principle of not forgetting old friends and extensively making new friends, we continued friendly intercourse and business dealings with nongovermental Japanese economic and trade organizations and enterprises and promoted the development of economic exchange and cooperation between the two countries.

One of the major activities of the CCPIT is holding economic and trade exhibits abroad or participating in international expositions. In the last 30 years, the CCPIT has held over 340 economic and trade exhibits in more than 100 countries to show world people China's new achievements in construction and prospects in foreign trade development. At the same time, the CCPIT has also hosted more than 150 exhibits from 25 countries. This has played a positive role in promoting trade intercourse and mutual understanding. The CCPIT has also published "Chinese foreign trade" to introduce our trade policies and trade conditions. It has compiled and published a magazine entitled "Foreign Products and Technology" to introduce relevant technological data inside the country.

In recent years, the CCPIT has also urged some of the state economic and trade organizations and enterprises to cooperate with some of our relevant localities, departments or enterprises in such fields as energy conservation, prevention of pollution, transfer of technology, joint ventures, processing of material on consignment basis, technical transformation of old enterprises and improving the production techniques of certain products.

For the sake of adapting to the demands of the new situations and tasks, the foreign trade arbitration setup of the CCPIT has also expanded its scope of business and set up a legal consultation office to supply such services as giving legal advice and acting as proxy for relevant organs and individuals both in China and abroad.

In the new period of our socialist modernization, the CCPIT will, in accordance with our national construction policy and foreign policy, introduce advanced technology and make use of foreign capital in the development of foreign trade, and more fully bring its promotional role into play in all aspects of economic and technological exchange and cooperation between China and foreign countries

and in the service of our socialist modernization. The CCPIT will further tighten and increase friendly intercourse and business connections with economic and trade organizations, enterprises and businessmen abroad, actively develop intercourse and cooperation with each other, and play the role of an intermediary in promoting and pushing forward intercourse and cooperation between them and our departments, localities and enterprises.

Looking back on the path taken by the CCPIT and toward the beautiful vista of the modernization of the motherland has further inspired us to do all we can to vitalize China and to carry out the four modernizations.

CSO: 4006/445

BRIEFS

SAVINGS BANKS--Beijing, 11 May (XINHUA)--The number of savings banks across the country will exceed 12,000 by the end of 1982, 3,800 more than in 1980, according to today's "China Finance and Trade Journal." So far 9,900 savings banks--all branches of the state-owned People's Bank of China--have opened for business, including 549 in 1981. Eight hundred more banks are expected to open soon. Construction of another 1,800 banks is under way, the journal said. The difficulty that people have experienced in depositing money has been relieved as new savings banks have opened and old ones have been enlarged since April 1981, the journal said. China's urban savings deposits were 38,396 million yuan in the first 3 months of this year, and rural savings deposits were 24,050 million yuan, according to the People's Bank of China and the Agricultural Bank of China. [Text] [Beijing XINHUA in English 1246 GMT 11 May 82 OW]

CSO: 4020/129

AUTHOR: TANG Jiaxe [0781 1367 1331]

ORG: None

TITLE: "Concerning the Capacitance of Ordinary Signal Cables"

SOURCE: Beijing TIEDAO TONGXIN XINHAO [RAILWAY COMMUNICATIONS AND SIGNALS] in Chinese No 3, Mar 82 pp 15-16

ABSTRACT: Under the signal system currently in effect in China, the cable capacitance must be small. When it is excessively large, some abnormal phenomena will occur, for example: if a core-line is connected to one pole of the power source and other core on the ground, the bulb will light up; if the bulb filament is broken, the filament relay will still pick up; if the fuse of one pole of the relay is broken the relay will still pick up. When such is the case, the circuit condition cannot be correctly reflected and there will be a stepped-up display of signal. For example, if the green-yellow signal is to be displayed and the filament of the yellow light is broken, the filament relay will not drop because the cable capacitance is large so that the circuit of the signal relay is not cut off. Consequently, the green signal light will be displayed, and this is a stepped-up from the green-yellow signal to the green signal. When the cable is produced by the plant, the capacitance may meet the regulation requirement but in the process of transporting, installing, and using, such as burying the cable under the ground, damaged insulation to cause the core to become damp, etc. the capacitance of the cable may in-

[continuation of TIEDAO TONGXIN XINHAO No 3, 1982 pp 15-16]

crease. In foreign countries, such as the urban telephone cable of England petroleum jelly is used to prevent dampness and to form a verticle seal. If this problem is taken into consideration in the process of manufacturing the plastic cable cover to improve the sealing property of the cover, the useful life of the cable may be prolonged while a great deal of the maintanance work may also be reduced.

6168
CSO: 4011/83

AUTHOR: QI Zulin [4359 4371 2651]

ORG: Research and Designing Division, Communication Signals Company, Ministry of Railways

TITLE: "Application of Fuse Box in Railway Signalling"

SOURCE: Beijing TIEDAO TONGXIN XINHAO [RAILWAY COMMUNICATIONS AND SIGNALS] in Chinese No 4, Apr 82 pp 9-12

ABSTRACT: To date, overload and short circut of electrical equipment in railway signalling systems are almost always controlled by fuses. Prolonged practice has proved the basic reliability of the protection system composed by fuses, but the location of the fuse box, the selection of fuse capacity, and maintenance of the system remain less than perfect and necessary troubles are often caused by these problems to affect directly the normal performance of the signalling equipment. Sometimes, the trouble may spread causing extremely serious accidents or fire. This paper attempts to explain several types of fuses commonly used for railway signalling, the basic requirements of fuses, special characteristics of fuses used in signalling systems, and important items regarding the location of the fuse box, its application, and its maintenance.

AUTHOR: HU Xiande [5170 2009 1795]

ORG: None

TITLE: "Automatic Blocking: Chapter I: The Concept of Automatic Blocking"

SOURCE: Beijing TIEDAO TONGXIN XINHAO [RAILWAY COMMUNICATIONS AND SIGNALS] in Chinese No 4, Apr 82 pp 19-21

ABSTRACT: For the purpose of helping workers of the railway signalling system to learn and to understand the advanced signalling technology and equipment that have already been adopted in China, the journal requested related specialists to provide reference materials to constitute this series of lectures. There will be four in the series, to introduce the concept, the efficiency, the work theory, and the development prospect of automatic blocking. This paper is the first of the series. The paper begins with explaining that the signal equipment in a block section is to guarantee that only one train can operate in the block section. A short history of block techniques adopted in China follows before introducing the triple-display system of green, yellow, and red lights, currently being practiced in China. The four-light system of an additional yellow-green light practiced in some foreign countries is not yet introduced due to the different concrete condition of Chinese railways. This paper is to be continued.

6168
CSO: 4011/99

Railway Construction

AUTHOR: None

ORG: Engineering Division, Jinzhou Railway Bureau

TITLE: "Continuous Improvement of Overall Management Quality With Budging and Guaranteed Work Performance as the Main Policy"

SOURCE: Beijing TIEDAO JIANZHU [RAILWAY CONSTRUCTION] in Chinese No 3, Mar 82 pp 16-19

ABSTRACT: For the purpose of finding ways to improve the quality of management, the authors have spent a long time groping and searching. In 1979, construction budget plans and in 1980 construction design plans were initiated; a system of accounting for every team and group was introduced to divide responsibilities among various labor divisions. Later, construction quality was made into a special department. All these programs brought some benefits but none was ideal and the benefits were by no means stable. Toward the end of 1980, efforts of previous years were given an overall analysis. It became clear that the method of comprehensive awards is not as effective as awards according to accumulated points, a limited piece-work system is better than an unlimited piece-work system, and guaranteed performance is better than unlimited piece-work in terms of increasing the benefits of the workers and raising the rate of labor efficiency. Early in 1981, a system of budgeting and guaranteed performance was finalized. The guarantees include guaranteeing the duration of a construction project, the quality, the material consumption, the num-

[continuation of TIEDAO JIANZHU No 3, 1982 pp 16-19]

ber of man-days, safety, etc. These guarantees are acknowledged as the means to achieve the objective which is an overall improvement of quality. The concrete procedure of carrying out this system, the beneficial effects, the experiences gained since its inception are briefly introduced.

AUTHOR. DENG Xianzhen [6772 0341 7201]

ORG: None

TITLE: "A Survey of the Troubled Tunnels in the Mu-hu Section of the Xiang-Yu Line"

SOURCE: Beijing TIEDAO JIANZHU [RAILWAY CONSTRUCTION] in Chinese No 3, Mar 82 pp 23-24

ABSTRACT: The Mu-hu Section of the Xiang-Yu Line [from Xiangfan of Hubei Province, through Ankang of Shaanxi, to Chongqing of Sichuan, the railway line measures 916 km in its entirety.] is located in the midst of mountains of Northwestern Hubei. The section is managed by the Wuhan Railway Bureau. The stratigraphic structure of the region is extremely complex, with mica quartz schist, gravel, sandstone, diorite, metamophosed volcanic rocks, etc. The weathering condition is very severe. The line has 76 tunnels, measuring a total of 34,790 m. It was designed by the Survey and Design Academy No 4 of the Ministry of Railways, having a minimum curve radius of 700 m and a maximum grade of 12°/oo. The line was completed in 1973, and electrification began in Nov 80. As the load continues to increase, troubles of the tunnels become more and more severe. At present, 54 tunnels, measuring 547.4 m, have sprung leaks. Drops of water turn into a stream during rainy season to fall directly on the contact network of the electrical cable to affect the safety of the trains; cracks have appeared on the walls of 74 tunnels; 20.5 percent of the roadbed are damaged and mud and water accumulate in the holes and cracks; the tunnels

[continuation of TIEDAC JIANZHU No 3, 1982 pp 23-24]

have no light to make maintenance and repair work extremely difficult and to threaten the safety of the trains and passengers. The causes of all these troubles are analyzed. As the causes are very complex, the paper suggests that continuous survey and investigation are needed to accumulate data for further analysis of the causes so as to create favorable conditions for future repair and maintenance work.

6168
CSO: 4011/82

AUTHOR: YANG Zhaojiu [2799 3564 0036]

ORG: None

TITLE: "Locomotive and Energy Conservation"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNEOWLEDGE] in Chinese No 2, 28 Mar 82 pp 4-6

ABSTRACT: The locomotive is the drawing power in railway transport. It converts the heat energy of coal and oil into mechanical energy to operate the trains day and night. At present, energy cost amounts to 25 percent of the cost of railway operation. Continuous reduction of the energy consumption of locomotives is one of the major targets of technological and ecomemic improvement of railways. For more than 20 years, there have been passionate debates in China regarding the subject of internal combustion locomotives versus electrified railroads. The paper compares the efficiency of converting heat energy to mechanical energy in case of the steam, the internal combustion, and the electrical locomotives to arrive at 8.42, 30, and 20 percent respectively. With the electrical locomotive, the efficiency is calculated in terms of thermal power generation, including losses at the power plant and during power transmission. The paper thus concludes that the future should belong to the internal combusion locomotive with some development of electrification. For some time to come, steam locomotives will still dominate China's railways and the major problem will remain replacement using newer steam locomotives designed to save coal and reduce pollution.

AUTHOR: XU Shaoyan [6079 1421 3508]

ORG: None

TITLE: "Introducing China's Railways in Forests"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 2, 28 Mar 82 pp 6-7

ABSTRACT: At present, China has 36 railway lines operating in the forests, totalling 11,000 km, transporting 10 million m^3 of timber a year. Of these 18 lines are in Heilongjiang Province. The largest is the one in Chaihe Forestry Bureau. It is 560 km in length and transports more than 600 thousand m^3 in a year. The line of Dahailin Forest Bureau measures 421 km, and transports close to 600 thousand m^3 a year. Both bureaus are in Mudanjiang Prefecture. Suiling Forestry Bureau and Tonghe Forestry Bureau of Harbin Prefecture also have forest railways. Jilin Province has 10 forest railroads, totalling 4,000 km in length, distributed in Yanbian Korean Nationality Autonomous Prefecture and Tonghua Prefecture. The trunk line of Dunhua Forestry Bureau is as long as 102 km. Songjianghe Forestry Bureau has a radial-shaped railway in the forest region. It is relatively shorter, only 304 km. Other bureaus having railways include Huangnihe, Dashitou, Linjiang, etc. The forest region of Nei Menggu has fewer lines. All its 5 railways are in Yakeshi forest region. Shunchang of Fujian Province, Ganzhou of Jiangxi Province, and Ruyang of Guangdong Province have one line each and none of these is longer than 100 km. These are the last ones built in the country.

AUTHOR: ZHEN Yan [4176 6056]

ORG: None

TITLE: "A New Star Among Thermal Powered Locomotives--the Gas Turbine Locomotive"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 2, 28 Mar 82 pp 8-9

ABSTRACT: In 1969, China produced her first 3,000 hp AC-DC electrical transmission gas turbine locomotive, Changzheng I. The Changzheng II 4,000 hp locomotive was produced in 1977. The former has now been operated for 60,000 thousand km and the latter 5,000 km. Neither has had any trouble. When the price of the heavy oil, which is the fuel of the 2 gas turbine locomotives, is compared with that of diesel, under the same load condition, the operating cost of Changzheng II only amounts to 47.18 percent of that of the diesel locomotive. A 7,000 hp gas turbine locomotive is being designed. The maximum locomotive efficiency of the new one is going to be 31.4 percent higher. Railway research scientists are continuing their efforts to study, improve, and design gas turbine locomotives of 8,000 to 10,000 hp. This paper provides a brief description of gas turbine locomotives and introduces their advantages in energy conservation, low manufacturing cost, structural suitability for cold and arid regions, and easy adaptability to automation. The 4,500 hp and 8,500 hp gas turbine locomotives of the USA and the 3,500 hp gas turbine locomotives of the USSR are brifly mentioned.

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CSO: 4011/88 END

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27 May 1982

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NATIONAL POLICY AND ISSUES

XU DIXIN SPEAKS AT ECONOMETRICS CONFERENCE

HK110739 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 4, 20 Apr 82 pp 3-6

[Opening speech delivered by Xu Dixin [6079 3321 2450] at the First National Forum on Econometrics]

[Text] Opening Speech

Comrades:

This First National Forum on Econometrics is also the first annual meeting of the Chinese Econometrics Society. More than 150 specialists and professors who hail from more than 20 provinces, municipalities and autonomous regions all over the country have come together to carry out academic exchanges and discuss various problems related to econometrics. This is the first such gathering ever held in our country. This is a grand gathering for reviewing China's ranks of econometrists and recent achievements in econometrics. On behalf of the Chinese Academy of Social Sciences, I would like to extend our warmest congratulations to fellow deputies.

The application of mathematical methods and electronic computing techniques to economic research and economic management and the conducting of quantitative analyses are a very important field in China's economic science. Not long after liberation, these methods came to the attention of economists and mathematicians. In 1958, many mathematicians left their ivory towers and applied mathematical methods (mainly linear programming) to the solution of some enterprise management problems. After that, Comrade Hua Luogeng organized forces to spread the application of the optimum seeking method and overall planning method throughout the country and achieved some results. In the early 1960's, a small number of comrades of the present Institute of Systematic Science under the Chinese Academy of Sciences and the Institute of Economics under the Chinese Academy of Social Sciences began to apply mathematical methods to the study of macroeconomic problems. But, during the 10 years of turmoil, this rising field of science was subject to "repudiation" and was almost completely strangled.

After the smashing of the "gang of four," and particularly since the 3d Plenary Session of the 11th CCP Central Committee, things have changed fundamentally. The responsible comrades of the CCP Central Committee have been very much concerned with the development of this branch of economics. Comrade Zhao Ziyang personally wrote instructions to approve the application of the input-output [tou ru chan chu 2121 0354 3934 0427] method throughout the nation. Early in 1978, Comrade Hu Qiaomu asked people to conduct a quantitative analysis of the economy. Soon after the establishment of the Research Center of Technical Economics under the State Council, in May last year, the research group of macroeconomic models was set up, a group which is composed of scores of units in Beijing. Between June and August in 1980, entrusted by the Institute of Economics under the Chinese Academy of Social Sciences, the Chinese Society of Econometrics sponsored national study groups on econometrics and invited seven American professors headed by Professor Klein who is a famous economic metrologist and 1980 Nobel prize-winner in economics to come to China to give lectures. One hundred people participated in the studies.

Since the establishment of the Chinese Society of Econometrics in March 1979, quite a few provinces, municipalities and autonomous regions have been preparing to establish societies to organize and unite the local ranks of econometrists. Over the last 2 or 3 years, apart from the carrying out of theoretical study, a lot of practical work has been done in this field. More than 100 treatises related to econometrics have been submitted to this forum. This fully reflects the results of the theoretical research and practical application in this field. This makes us very happy.

The task of econometrics is on the one hand, to use mathematical methods in conducting a quantiative analysis of economic theoretical problems and on the other, to widely apply higher mathematics and electronic computers to the solutions to various economic management problems. These two tasks are all very important but the second task is, as I see it, more important. Japanese economists have summarized the experiences of Japan's high-speed economic development into two points: One is technology and the other is management. These two points are both of great importance to us. The importance of technology has been realized by many people but the importance of management has not yet been understood by many people. A host of facts show that without scientific management, modern technology will be unable to bring its due efficiency into play. Raising the managerial level in China's macroeconomy and microeconomy as quickly as possible has become a task of top priority. There is plenty of room for econometrics in this respect.

The aim of this forum is to carry out academic exchanges, advance econometrics and serve the improvement of economic research and economic managerial skills. Econometrics is fairly extensive in range. Here, we will stress the discussion of questions in the following 4 fields:

First, the question of the theory of econometrics. What is econometrics? At present there are widely differing views on this matter. Some comrades hold the view that econometrics does not exist; some argue that econometrics is actually economic metrology; some maintain that econometrics is a new branch of learning involving the study of quantities in the socialist economy; there are still others who are of the opinion that econometrics is the mathematical school of Marxist economics. In this forum full exchanges of views on this question are encouraged.

The West has for more than 100 years been applying mathematics to economics. Further very great advances were made after World War II. We made a relatively late start and so we must learn from them. Here there is a question of how to correctly handle and spread Western economic metrology and how to correctly handle the Western mathematical schools of thought. While discussing this question, besides making clear the general principles, it is still necessary to make a penetrating analysis of the main contents of Western economics.

Second, the question on the economic system and input-output analysis. The national economy is an exceptionally large complicated and changeable system. Many questions on how to make a scientific analysis of and how to effectively manage the system need to be studied by applying modern mathematics and electronic computers. The input-output method is one of the major methods for studying the economic system. We have done some work in both theoretical study and practical application and some problems have cropped up. For instance, working out an input-output table takes time and a lot of trouble; can we find a simpler and more convenient method?; in order to spread the application of this method throughout the country, how should the existing system of statistical planning methods be restructured?; how should the expansion model, performance model and optimization model be studied and applied?; and so on.

Third, the question of economic metrological models. We have done some work in this respect and some problems have also cropped up, including the problem of how to establish models under the guidance of Marxist economic theory; why regression analysis can be used in forecasting; and how to use economic models in making economic analyses, in policy appraisal and in economic forecasting. This exchange and discussion will enable us to make preparations for establishing more, bigger and better models.

Fourth, the question of economic forecasting. Economic forecasting, which is a new branch of China's economics, has attracted the close attention of the grassroots enterprises and responsible departments. Some localities and units have run study classes of various types. We must intensify the study of theory and methodology to meet the needs of practical work. The methods of forecasting are many and apart from the input-output method and economic metrological models, there are many other methods. This time we will emphatically discuss the relationship between planning and forecasting, the theory and methodology of economic forecasting and the question of how to carry out forecasting and how to improve the accuracy of forecasting in our country. This forum is just a step toward establishing our economic forecasting theory. In the future, this branch of learning needs to be developed through theoretical study and practical application.

Apart from the questions I have mentioned above, you comrades can raise any other questions for discussion.

Below I would like to make a few principled remarks on how to carry out the work of the study and application of econometrics.

First, uphold Marxism-Leninism-Mao Zedong thought and implement the policy of "letting a hundred schools of thought contend." Marxism-Leninism-Mao Zedong thought is our guiding ideology and one of the four basic principles. We must have a clear-cut attitude towards this matter of principle. At the same time, we must further emancipate our minds, resolutely implement the policy of "letting a hundred schools of thought contend," and practice the principle of the "three don'ts." However, in stressing the policy of "letting a hundred schools of thought contend," we must have a basic premise, that is, to uphold Marxism-Leninism-Mao Zedong thought. Without this premise, some people may possibly indulge in bourgeois liberalization with the excuse of "letting a hundred schools of thought contend." In establishing an economic model, having a correct theoretical guide is an important condition. Western metrologists also take the theory in which they believe as the foundation. Of course, their theory is bourgeois economics while ours is Marxist economics. The two are essentially different. Therefore, while reading Western econometric works and carrying out academic exchanges with the Western economists, must take a correct stand and uphold Marxism-Leninism-Mao Zedong thought. In this respect there exist two tendencies: one the one hand, at the mention of criticism, everything is totally repudiated and on the other, at the mention of learning from others, everything is indiscriminately and mechanically transplanted. These two tendencies are both harmful. The correct attitude is to apply the Marxist stand, viewpoint and method in making a profound analysis of Western economics and critically absorb its scientific components so that they can serve us. Comrade Mao Zedong said: "Now there are two different attitudes towards learning from others. One is the dogmatic attitude of transplanting everything, whether or not it is suited to our conditions. This is no good. The other attitude is to use our heads and learn from those things which suit our conditions, that is, to absorb whatever experience is useful to us. This is the attitude we should adopt." ("Selected Works of Mao Zedong," "on the correct handling of contradictions among the people," vol 5, pp 401-402).

Second, in the study of economics in the past, we attached insufficient importance to metrological analysis. For the sake of the socialist modernization program, we must continue, on the basis of the attained achievements, the study of economic metrology and sincerely put a lot of further work into it. However, we must not, just because of this, unlimitedly exaggerate the role of economic metrology. It is known to all that in everything in the world, there is a unity in the contradiction between quantity and quality. Certain quality must conform to a certain quantity; the gradual change in quantity which reaches a certain stage will inevitably give rise to a change in quality. This is so in the case of the natural world and it is also so with the case of social life. But in the social economic phenomena, this survey of the quantitative limit which conforms with a certain quality cannot be as accurate as the quantitative analysis in the natural sciences. For instance, an important law in Marxism is that the productive forces advancing to a certain stage will lead to a change in the relations of production. However, in the question of to what extent the productive forces must develop before this gives rise to a change in the relations of production, we cannot use metrological analysis to set a quantitative limit as precisely as can the critical temperature under which water freezes be set. Comrade Mao Zedong said: "Marxists are not fortune-tellers. They should, and indeed can, only indicate the general direction of future developments and changes; they should not and cannot fix the day and the hour in a mechanistic way." ("Selected Works of Mao Zedong," "a spark can start a prairie fire," vol 1, p 103) This is the experience summed up from the history of the Chinese revolutionary struggle. This is of great significance to comrades who study economic metrology.

Some economic metrologists in the West not only take economic matters exclusively as relationships between matter and matter but also regard economics as a branch of mathematics. That is to say, social economic phenomena are treated as natural phenomena. Marx said: "In making an analysis of economic forms, neither microscopes nor chemical reagents can be used." He went on saying: "Physicists start with the place where the course of nature appears to be the truest and suffers the least obstructions in observing the course of nature." ("Das Kapital," People's Publishing House, 1975 Edition, vol 1 p 8) But, the study of economic science lacks this condition. In fact, the law of motion in economic relationships between man and man, who is governed by his subjective consciousness are restricted by the social systems and class relationships. It is obviously different from the laws of motion governing molecules and energy. However, we must not underestimate economic metrology just because of this, because under the premise of certain qualities, quantitative determination is a question which should not be ignored. In this respect, higher mathematics and electronic computers are tools and the object of study is the question of quantitative determination of economic phenomena. Economic metrology is a branch of economics rather than a branch of mathematics.

Third, correctly handle the relationship between the macroeconomy and the microeconomy. Econometrics is divided into the two major categories of macroeconomics and microeconomics. At present we attach more importance to the former and neglect the latter to some extent. Ours is a socialist country. Such questions as practicing a planned economy, the development strategy, management system, population control, an overall balance, the economic structure, economic effect, and the optimum allocation and utilization of resources

are all very important. It is highly necessary to study these questions in terms of the macroeconomy. But we must not ignore the microeconomy. We have 400,000 industrial and communications enterprises. Along with agricultural, commercial and other departments, the number of grassroots units is even greater. Enterprises are the cells of the national economy and also the foundation for the modernization and automation of management. Rapidly improving the managerial skills of enterprises is an urgent task. Econometrics must make its own contributions in this respect. The experiences at home and abroad show that the application of mathematical methods and electronic computers to a company or an enterprise can result in quicker results because smaller scope brings about fewer difficulties. I hope that in the future, more units and comrades will engage in the study and application of microeconometrics and make new sustained achievements.

Fourth, correctly handle the relationship between theory and application. Judged from the treatises submitted to the forum, our comrades have attached more importance to the study of theory and methodology. They have also achieved some results in practical application but only a few. If econometrics is confined to theoretical study and not applied in practice, it will become water without a source or a tree without roots and will result in theory departing from practice. If things go on in this way, it will be difficult to achieve new breakthroughs in theory. One of the conspicuous features differentiating econometrics from other branches of economics is its practical application. Econometrics with Chinese characteristics can only be developed on the basis of extensive application and through theoretical summarization. Compared with theoretical study, practical application is far more difficult. I hope our comrades will surmount difficulties with an indomitable spirit and do more work in practical application so as to advance econometrics.

Fifth, correctly handle the relationship between popularization and improvement. We have nearly 10 million cadres from the grassroots enterprises to the central economic management departments. For various reasons, quite a few of these comrades have little schooling and particularly do not understand higher mathematics and electronic computers. "For them the prime need is not 'more flowers on the brocades' but 'fuel in snowy weather." (Mao Zedong: "Selected Works of Mao Zedong," "talks at the Yanan forum on literature and art," vol 3, p 819) One of our important tasks is to write about the scientific managerial methods which have been proved to be effective by practice in articles and booklets for popular consumption and widely publicize and introduce them. We must do a good job of the popularization work. By stressing popularization, we do not in the least mean negating the necessity and importance of improving. However, "this improvement does not take place in mid-air, or behind closed doors, but is actually based on popularization. It is determined by and at the same time guides popularization." (Mao Zedong: "Selected Works of Mao Zedong," "talks at the Yanan forum on literature and art," vol 3, p 819) In their prolonged practical work, the managerial cadres at various levels have accumulated rich experiences. Once they master and widely spread the mathematical methods and electronic computers, they will provide fertile soil for improvement. It can be expected that a brand-new situation will emerge in China's econometrics.

Sixth, although we do not agree with the argument which treats economics as a branch of mathematics, it is necessary to strengthen the cooperation between the economic workers and mathematics personnel. Econometrics is a comprehensive science. To engage in the study and application of this science, one must have a relatively comprehensive knowledge. On the one hand, he must understand Marxist economics and Western economics and on the other, he must have a good mastery of higher mathematics and electronic computers. However, most of our economics workers do not understand mathematics while most of our mathematical personnel do not have the knowledge of economics. This is the difficulty we encounter at present in developing econometrics. This state of affairs is the result of the previous irrational educational system which absolutely separated the natural sciences from social sciences and did not allow those who specialized in economics to study mathematics nor those who majored in mathematics to study economics. However, one of the laws of the development of modern science is the interpenetration of the natural sciences and social sciences, of which the penetration of mathematics into the social sciences is the most pronounced. At present, in order to propel the development of econometrics, it is necessary to enhance the cooperation between the economic workers and mathematics personnel, to learn from each other, to make up their deficiencies by acquiring others' strong points and to improve proficiency in their own fields together.

Among the deputies who are participants in this forum, quite a few comrades work in the institutions of higher education. I would like to take this opportunity to make a suggestion that those institutions of higher learning which have the conditions should offer a specialized course in econometrics as early as possible; those which do not yet have conditions should energetically create conditions for offering a specialized course in econometrics and train specialized qualified personnel who are badly needed for the four modernizations program.

Finally, I would like to express our heartfelt gratitude to the comrades of the four sponsoring units of Shaanxi Province who have done a lot of work for this forum.

I wish to offer, in anticipation, congratulations to the first National Forum on Econometrics on its complete success!

That's all I have to say. Thank you.

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NATIONAL POLICY AND ISSUES

SUN YEFANG ADDRESSES ECONOMETRICS FORUM

HK110847 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 4, 20 Apr 82 pp 7-9

[Speech delivered by Sun Yefang [1327 0396 2455] at the First National Forum on Econometrics]

[Text] I am mathematically illiterate. I am much less educated mathematically than a senior middle school graduate. Therefore, I am not only a defective but also a faulty economist. An economist without a certain level of natural sciences education and particularly without the understanding of higher mathematics cannot be regarded as a certified and modern economist. Although, I am not qualified to make a speech at this annual meeting on econometrics, I would like to take this opportunity to tell you comrades about my bitter personal experience: My repeated failure to firmly grasp the opportunity to study mathematics is my lifelong regret which I will carry to my grave. I will also tell you comrades about the bitter experience of the birth of this branch of learning--econometrics in new China. Trampled underfoot by leftist ideology, this branch of learning, which should have been established more than two decades ago, has only begun to be established today.

Let me first recount my personal experience. When I was in my last years of primary school, I joined the Communist Youth League and then became a party member. Since then I have taken part in revolutionary work. At that time, under the influence of the Chen Duxiu opportunist line, fundamentally speaking, no importance was ever attached to the study of Marxist-Leninist theory, and even less to general knowledge courses. When I finished the first year of middle school, I was assigned to study Marxism-Leninism in the Soviet Union. However, at that time Soviet economists and research fellows did not concern themselves with studying econometrics. Therefore, while studying in the Soviet Union, I also did not consider pursuing the mathematical knowledge I was lacking. If I had this realization at that time, I would have been able to at least study on my own. After returning home, I became involved in the party's underground work. Circumstances did not permit, nor did I understand, that as a Marxist, especially as a research worker of Marxist economics, one had to understand higher mathematics. Later I was transferred to the liberated areas to work, where the situation remained the same. I still failed to realize I lacked knowledge in mathematics. In the early days of liberation, I worked in the industrial department in Shanghai. I began to realize that my scanty knowledge of science and especially mathematics was

detrimental to my work of managing enterprises. However, my work kept me busy and confused, and studying mathematics was fundamentally out of the question. Later I was hospitalized with a liver ailment. When my liver began again to function relatively normal, I asked the department to invite a mathematics teacher to teach me algebra. No more than 3 weeks after I began my study of algebra, my liver took a sudden and rapid turn for the worse. For this reason, the doctors forbade me to study mathematics. Later my health recovered and I returned to duty but failed to make productive use of my time. Now I am over 70 years old. It is much too late for me to study mathematics. However, as Lu Xun said it was because Confucius had stomach ailments that he always thought of eating ginger. Similarly, it is because I am mathematically illiterate that I pay great attention to the importance of mathematics in economics. At the end of 1958, together with Comrade Liu Guoguang, I went to Prague to attend a meeting. At the beginning of 1959, before we returned home, we made a short visit to Moscow. By coincidence the noted American economist Wassily Leontief Jr was giving lectures in the Soviet Union in which he talked at length about the input-output method. After attending his lecture, we visited the Soviet Central Statistical Administration and had a discussion on the content of his lecture with (Sobolev). Sighing, Suo Bo Li described to me the twists and turns which this new branch of learning--econometrics, or the input-output method--had undergone before its emergence in the Soviet Union. First he told me what kind of person Leontief Jr was and how he studied the input-output method. He told us both Leontief Jr and his father, Wassily Leontief Sr, were former staff members of the Soviet Planning Committee and later Leontief Jr defected to the United States. (Sobolev) said that the formula for the input-output method which Leontief Jr now formulated was, in fact, the chessboard balance formula which was designed by Popov, the first director of the State Planning Committee of the Soviet Union. This table was also called the departmental relationship formula, showing the interrelations of the various sectors of the national economy, including industry, agriculture, communications and transportation, as well as such nonproductive departments as scientific research, culture, education and health work. Originally, this formula was calculated with simple mathematics, for at that time there were no such modern mathematical methods as operations research and linear programming, or econometrics as we now call it. But (Sobolev) said Leontief Jr made his own contributions, that is, he applied linear algebra to this chessboard balance formula. (Sobolev) said that in the Soviet Union in the past, some people advocated econometrics, but owing to the obstructions of the "leftist" ideology at that time, econometrics was repudiated as the stuff of the bourgeoisie. Therefore, (Sobolev) said with great emotion, in the past we repudiated such modern mathematics as econometrics, operations research and linear programming as the stuff of the bourgeoisie but conversely we had to grovel at the feet of Leontief and regard the input-output method as a so-called foreign creation and invention.

At the time when Comrade Liu Guoguang and I visited the Soviet Union, the Soviet Union had attached great importance to the study of econometrics. In New Siberia, the Soviet Union set up an economic-mathematical research center which was under the direct leadership of Academician (Nemchinov).

After returning to our country, I explained the necessity of the study of econometrics at an office meeting held by the propaganda department of the CCP Central Committee and described the zigzag road the Soviet Union had followed for several decades in the study of econometrics. I proposed that students should be sent to the Soviet Union to study econometrics. The propaganda department of the CCP Central Committee approved this proposal. Apart from sending a comrade to the Soviet Union to study operations research, the Institute of Economics also sent two comrades to the mathematics department of the China University of Science and Technology to study higher mathematics.

I remember that when I put forth the proposal to the propaganda department of the CCP Central Committee, I did not understand operations research so I failed to clearly explain the role of operations research in the programming work of planning, and the conspirator Kang Sheng used "computing chain reactions," this relatively common formulation, to express what I meant. I said, yes, operations research can quite accurately compute the series of chain reactions which resulted from variations in the output or price of a certain product.

However, it was not foreseen that this conspirator Kang Sheng, who colluded with the other conspirator Chen Boda, would in 1964 instigate the so-called "socialist education movement" or the "four clean-ups" in the Institute of Economics and brand as propagators of revisionism those people studying econometrics and furthermore would recall those comrades sent to the Soviet Union and the China University of Science and Technology to study operations research. This science then was repudiated in economic circles. Not long afterward, the "great cultural revolution" began, when even economics was discarded, to say nothing of econometrics!

The "gang of four" was smashed and now all of us devote much attention to econometrics and what is more, are able to hold this nationwide annual meeting on econometrics. This fact itself is well worth celebrating. In reviewing the history of the birth of econometrics in the Soviet Union and China, a course which was full of twists and turns, it was not easy for us to hold the first session of the annual meeting on econometrics today. By telling you these bitter experiences of the birth of econometrics in the Soviet Union and China, I hope that our comrades will always bear in mind these lessons and strive to make up for the lost two decades through the concerted efforts of all of us. I hope you will strive to establish our own econometrics and the Chinese chessboard balance formula within 5 or 6 years or at most within the next two 5-year plans and, in the future, catch up with and surpass the world.

Before I conclude, I would like to make a suggestion: At present everyone in the economic circles pays great attention to econometrics and the erroneous tendency to negate econometrics has been lessened. However, I am afraid that another tendency may emerge. That is, the tendency to neglect political economics and to hold that economic mathematics alone can solve all the problems in the socialist planned economy and the problems of the overall balance of the national economy. If we harbor such ideas and further think that we can replace Marxist political economics with economic mathematics, we will make a gross error. In an article concerning productive and nonproductive labor, I said that statistics is a pioneering science which has both qualitative determination and quantitative determination with the former determining

the latter. It is the same in the case of economic mathematics. We must apply modern mathematics and economic mathematics to the study of economics but the application of econometrics must be put under the guidance of Marxist political economics. It must be acknowledged that the results of mathematics and all modern higher mathematics are, in terms of economics, only a tool. This tool can be used not only by us, the proletarians, but also by the bourgeois economists. It is known to all that in the West, owing to the different schools of thought of the economists, for instance Keynesians and Friedmanites hold different viewpoints, the economic models they worked out by the application of mathematics are also not completely the same. Even in the inner sectors of Keynesian and Friedmanite schools of thought there are still different theories held by small groups. The economic models they formulate vary due to the difference in viewpoints among the small groups. The Marxist political economic viewpoint is fundamentally different from that of the bourgeois economics. For this reason, we must only apply the mathematical methods of econometrics in the light of the basic principles of Marxist political economics. If we apply econometrics by divorcing ourselves from the basic principles of Marxist political economics, then we will, consciously or subconsciously, learn and transplant together bourgeois economics and lose our bearing among the bourgeois economic models of all types.

It must be realized that it was not absolutely without reason that in the past the Soviet economic circles repudiated econometrics. It was because at that time there were indeed quite a few bourgeois economic scholars who tried to find a magic solution for saving the existence of the capitalist economy from among the various mathematical models. They hoped in vain to help the capitalist world economy not to fall into another worldwide economic depression, a depression which took place in the early 1930's and lasted several years, with the economic index dropping by 40 to 50 percent. After World War II, an economic crisis as profound and extensive as that in the 1930's did not emerge. Therefore, they used the term "economic recession" to replace the term "economic crisis." However, this so-called "economic recession" comes more frequently, as frequently as every 3 or 4 years, than the previous crisis, which took place every decade. Economic mathematics cannot save the capitalist economy from its economic cancer. The socialist planned economy plus ecnometrics will be like a tiger that has grown wings. But there must be a premise, that is, the socialist planned economy must, under the guidance of the party's correct line and Marxist political economics, eliminate the obstructions of the bourgeois economic ideas of all shades and all forms of feudal association trade mentality or the natural economic mentality of small producers.

Finally, I close my speech with the wish I have mentioned above, that is, I hope our research workers of econometrics will, under the guidance of Marxist political economics, gradually catch up with and even surpass the international standard of econometrics (including the input-output method).

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NATIONAL POLICY AND ISSUES

YU GUANGYUAN'S LETTER TO ECONOMETRICS FORUM

HK110914 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 4, 20 Apr 82 pp 9-11

[Letter by Yu Guangyuan [0060 0342 6678] read at the First National Forum on Econometrics: "A Letter to the Annual Meeting of Econometrics"]

[Text] I am sorry I cannot spare the time to attend to the first annual meeting of econometrics held in Xian to learn from you comrades. Since I am unable to attend I have written this letter to extend my greetings to your meeting and put forth some of my personal views.

I enthusiastically support the establishment of this organization, the Society of Econometrics. I am a supporter of this society. To trace back, it was as easy as the 1950's that Sun Yefang and I enthusiastically advocated that we should organize people in the Institute of Economics of the Chinese Academy of Social Sciences to engage in the study of econometrics. Over the last 2 years, I have been busy with other work and have done nothing of significance in this respect but I hope you still regard me as supporter of this branch of economics. The ideological base of my enthusiasm is very simple, that is, every social phenomenon has its regularities of both quality and quantity, but in economic movement and social economic life, quantitative regularity is of particular importance. Therefore, economics itself is a science of quantitative determination. Without quantity, no problems can either be dealt with or solved. Besides, out of my interest in mathematics, I also hold the view that if we say that past advances in mathematics were made in the study of natural phenomena, then in the future, the quantitative study of economic movement and of social and economic life, phenomena which are extraordinarily complicated, will become an important reason for advance or serve as the spearhead for the development of mathematics. Now we are able to see this point and it is no longer a matter of theory. In actual life, this trend has emerged.

When I visited Europe in 1979, I bought several books on mathematics and started writing a thesis "An Introduction to Algebra in the Production of Material Means." In Switzerland, The Netherlands and France, I made use of my free time at night and wrote a draft of more than 20,000 characters. When we arrived in France, some of the comrades who accompanied me decided to return home while I continued to visit other countries. In order to travel light, I asked these comrades to take home those books and my draft. It was unfortunate that they were mislaid and have not yet been found. The pity of this lose is about the books rather than the draft, because what I thought

about this matter was written about those books, and furthermore, we can hardly buy those books now. In the "Introduction," I intended to use such branches of mathematics as "metric algebra" (or "complex imaginary numbers") to express every rapid change in social and economic life and movement and especially in the production of material means. That article of mine was highly abstract. However, I think that this basic study is of significance because it is one of fundamental importance. I hope I will be able to return to this study in the future. However, I know my own limitations, with my knowledge of mathematics, I can hardly manage to understand all facets of this subject. Particularly the question of how to quantitate this most abstract study to a greater or lesser extent the mathematical took which I lack. Encountering this difficulty, I would think that under the socialist system, this can be achieved by developing cooperation between economists and mathematicians but this would be hard to accomplish under the capitalist system. I have always had this viewpoint. Before the "great cultural revolution," I reached an agreement with Comrade Hua Luogeng that we should cooperate with each other to recruit students who would study econometrics. However, before we managed to carry this out, the "great cultural revolution" occurred. Quite naturally this idea came to nothing.

What I have mentioned above is my personal cooperation with mathematicians. How can this not also be the case for econometrics as a whole and its study? I am of the opinion that the cooperation between economists and mathematicians in the domain of the study of econometrics is very important. I do not know to what extent work in this domain has been carried out. For this reason, I cannot make relatively concrete suggestions to you. However, I think it is best to continue to stress and need for cooperation between scholars of these two fields.

In addition, I still have some ideas which I formally want to write down after I read the materials and documents related to this meeting. But up to now I have never read any such materials which will be presented at this meeting. However, even if I received them today, I would not have the time to read them. For this reason I find it difficult for me to offer any practical suggestions. Instead, I will offer some of my personal feelings on the matter.

First, at the time when I went abroad, I went to Japan and West Germany in 1979 and Mexico in 1980. Although I did not intentionally discuss the question of econometrics with foreign economists, I heard some arguments related to it. For example, a Japanese economist told me on his own accord that economic mathematical methods were more often than not useless. He said that the base which was constructed in the peninsular stretching to the north where Oamori Prefecture was located, a region northeast to Japan's main island was aimed at storing and chemically processing imported petroleum. The construction of the base ended in failure because it was unable to calculate in mathematical figures the strong opposition of the local fishermen and peasants. He also told me of another instance: One year the Japanese Government hoped to reduce or eliminate the favorable balance of payments to the United States and wanted to adopt some financial measures. It asked some economists to study the matter. The economists applied econometric methods in computing and drawing up a plan. The result of the implementation of the plan was an increase in the favorable balance rather

than a decrease. As a result, the work of econometrics suffered a serious setback. In West Germany, a certain economist also told me of some similar instances. When I visited Mexico in 1980, in a speech, one of the vice chairwomen of the Mexican Society of Female Economists especially dealt with the issue of whether econometrics is useless. During the Sixth Plenary Session of World Economists held in Mexico, at the cocktail party organized by the meeting, several young Mexican economists gathered around me, asking me to state my views but I asked them in return what they thought about it instead of answering their question. They all disagreed as to its importance. Last year I asked a professor who taught in an economics department which is well known to Europe some questions concerning econometrics. He told me, over the past few years, students who wished to study the theory of operations and management increased in numbers while those who wished to study economics drastically decreased. The reason was that the students all knew that the mathematical models they were taught in the course of studying economics were useless. All instances I have listed above are some opinions I heard when I met with foreign economists. I do not think that these opinions mean that econometrics is useless in those countries. I have no intention to conduct an investigation of this matter but what I heard on this matter is undoubtedly one-sided rather than comprehensive. For instance, the computing of input and output, as I see it, plays a relatively great role in the forecasting and planning of the development of the national economy. By citing the above-mentioned instances, I do not mean pouring cold water on you but instead I mean to ask to reflect on this information. In my opinion, this will be good in our study of econometrics. I would like to hear your opinions and in the future if there is an opportunity I would like to discuss further what I think about this matter.

Here I am going to discuss the question of "indigenous econometrics." By "indigenous" econometrics, we mean: 1. The econometrics which is more closely integrated with China's actual conditions. That is to say, in studying how to apply econometrics in our country, we must devote more energy and time and develop a set of methods which are suited to our country rather than indiscriminately transplant foreign things. I advocate that we should lay less stress on those which are of little importance to and far away from China's reality and put more stress on and carry out those which are closely related to China's reality and which will promise quicker results through research. (Of course, as specialists, it is necessary for us to study foreign things.) 2. Strive to be concise in putting forth principles and computing methods of econometrics. Econometrics can play a greater role in actual life when it is grasped by larger numbers of people. If it is grasped by small number of specialists while the other people do not know what it is, the role it can play and its development are fairly limited. We must, in my opinion, learn from Comrade Hua Luogeng in this respect. He has done a lot of work in popularizing operations research and done it quite successfully. He made the formerly quite complicated mathematical principles and methods quite easy to understand and master. As for us who are in econometrics, if we manage to do so, our research work will then play a greater role than expected. We must "explain the profound in simple terms" rather than "explain the simple in profound terms." One of the premises of explaining things in simple terms is to explain the profound. Frequently, the poorer the research

work is, the more we "explain the simple." As a result, the more often we "explain the profound" rather than "explain things in simple terms." Of course, "explaining the profound in profound terms" is also detrimental to the popularization of this work.

I suggest that this question will also be discussed at the meeting. I also hope to learn of the various opinions expressed on this. Of course, I hope to see more research findings in this respect. I will be particularly happy to see that our research findings will be able to play a greater role in our socialist construction.

Today, I can only express some of my personal feelings as I have stated above. Since they are personal opinions, I have to ask you to view them as such. That is to say, it is not necessary to treat them seriously. I would be content if any words in my letter will serve as enlightenment for your meeting. If there is nothing good in it, I will have to beg your pardon for wasting 20-odd minutes of your time in reading this letter.

I wish the meeting success!

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON MA HONG ECONOMETRICS SPEECH

HK110920 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 4, 20 Apr 82 pp 11-12

[Speech delivered by Ma Hong [7546 3163] at the First National Forum on Econometrics: "My Hope"]

[Text] Comrades,

At the opening of the First National Forum of the Society of Econometrics, first I would like to extend my warm congratulations to you all, comrades.

China's research work in econometrics has risen anew and developed since the smashing of the "gang of four," and particularly since the 3d Plenary Session of the 11th CCP Central Committee. After the establishment of the Chinese Society of Econometrics in March 1979, it did a lot of useful work and promoted the development of the study of the theoretical methods and some subjects of practical application in this academic sphere. The nearly 100 treatises submitted to this meeting on econometrics reflect the rich fruits of the research work over the past years. The spirit of you comrades to assiduously study and strive to make explorations for the socialist modernization program must continue to be carried on.

It was in the summer of 1980 during the national study groups on econometrics sponsored by the Chinese Society of Econometrics, together with other comrades, that I discussed the great role and significance of econometrics in China's socialist construction. At present, the economic development of our country poses many important subjects to the study of econometrics and some of them are pressing ones.

What are those important subjects?

In November last year, in the government work report delivered at the Fourth Session of the Fifth NPC, around the attainment of better economic results and the blazing of a new trail for economic construction, Comrade Zhao Ziyang formulated 10 major principles for China's future economic construction which should be implemented in real earnest. These 10 principles involve large numbers of research subjects of a macroscopic and microscopic nature. I think the specialists who attend this meeting will surely have great interest in these great matters which have a great bearing on the national economy and

the people's livelihood. In addition, many comrades have started studying these matters. Comrade Zhao Ziyang pointed out: "The crux of the problem is to do all we can to get better economic results in the areas of production, construction and circulation." In my opinion, this problem must be the major task at present of our research work of econometrics.

To make an analysis of the economic results in all areas of economic construction, it is necessary to make both a qualitative analysis and quantitative analysis. Qualitative analysis is very important. Without qualitative analysis, quantitative analysis will lose both its soul and bearings and will probably go astray. To do a good job in qualitative analysis, it is necessary to have the economic theoretical guide of Marxism-Leninism-Mao Zedong thought and it is necessary to implement the party's principles and policies. Any attempts to neglect qualitative analysis and to overlook the guiding role of Marxist economic theory and the party's principles and policies to qualitative analysis are all naturally wrong.

However, it is also wrong to one-sidedly stress the importance of qualitative analysis, or to content oneself only with empty political or economic slogans without any vivid contents and concrete figures, or to be preoccupied with only the so-called political and not the economic side of accounts, to ignore and even fundamentally negate quantitative analysis and to indulge in subjective voluntariness and harmful directives. We have paid a high price for this. We must bear in mind this lesson. It will be a greater mistake to repudiate econometrics as bourgeois stuff.

Practice is the only criterion for testing truth. To the questions, such as whether or not our qualitative analysis is correct, and whether or not the development strategy for the economy, models, plans, programs and measures which we have adopted reflect objective reality and whether or not they really produce better economic results, it will be impossible for us to find the correct answers unless we make a quantitative analysis of the process of social practice, make a comparison of the quantity of various different plans which are formed by the various continuously changing parameters, and carry out repeated testing and verification. Practice has proved that with qualitative investigation alone and without quantitative investigation, it is difficult to solve the problem of how to improve economic results. It is precisely in this respect that at present our work is still very weak. Therefore, while paying attention to qualitative analysis, it is imperative to attach importance to qualitative analysis and ensure that the two are organically combined, each complementing the other and each shining more brilliantly in the other's company. Only in so doing, can we gradually deepen our understanding of the objective economic laws, and actually manage to act according to the objective economic laws, continuously improve the economic results, and can the superiority of the socialist planned economic system be brought into fuller play.

At present there exists a difficult problem, that is, some of our comrades who have a relatively good understanding of Marxist economic theory and the party's principles and policies have scanty knowledge of econometrics while some comrades who have a relatively good mastery of econometrics have not

studied enough Marxist economic theory and the party's principles and policies. The comrades of these two aspects must cooperate hand in hand, strengthen their unity, learn from each other, help each other, overcome their shortcomings by learning from each others' strong points and make concerted efforts to promote the prosperity of China's socialist economic science.

I hope that the society of econometrics and the specialists who engage in the study of econometrics will give more counsel for the sake of attaining better economic results in the areas of production, construction and circulation and make fresh and greater contributions to the implementation of the 10 major principles for our economic construction. It is believed that propelled forward by this meeting, China's research work in econometrics will surely achieve greater successes.

I wish the meeting complete success beforehand!

I wish beforehand our socialist economic science will grow increasingly thriving and prosperous and become increasingly modernized.

I wish all fellow deputies the best of health!

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'JINGJI YANJIU' ON REFORMING ECONOMIC STRUCTURE

HK121017 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 4, 20 Apr 82 pp 18-22

[Article by Yang Jisheng [2799 4949 4939], staff member of the Tianjin Branch of XINHUA News Agency: "Theories, Blueprints, Experiments and Conditions--Investigation and Research on the Problems of Reforming the Economic Structure"]

[Text] "Without reform, there will be no way out for our economy." This is where the view's of all the economic circles and of all departments of economic work are identical at present. The CCP Central Committee has long made up its mind to carry out reform and has already been conducting experimental reforms in some places. At present, we are in a transitional period when the new system is replacing the old one, therefore, it is natural that our economic work may run up against certain temporary difficulties and confusion. People's minds are actively working, but at the same time they are also bewildered by quite a few problems. Under these circumstances, this writer has recently made a special investigation on the problem of the reform of the economic structure in Tianjin. The following are the views he has collected from various circles.

Theory

Any vagueness or lack of clarity related to theory will result in blindly groping for a way out in practice. Many comrades are of the opinion that some of the difficulties in our experiments of economic reform stem from the lack of a unified understanding of a few basic theoretical problems.

For example, in the process of implementing profit retention, dispute has arisen as to how much or how little the enterprises should retain. The financial department is of the opinion that the enterprises have got too big a share, but in the opinion of the enterprises their share is not big enough. What are the objective criteria for the sharing? How can these criteria be defined? It is imperative to answer these theoretical questions clearly.

Another example is that in summing up the experiences in our three decades of construction, some comrades describe the period of the First 5-Year Plan as a period when the planned economy in our country reached the realm of the ideal and they hope that the methods we used during the 1950's will be adopted now in the 1980's. True, during that period our economy rose steadily and some

experiences we gained during that period can be referred to by us even at present, but the economic management system then was basically copied from the Soviet Union. This system was full of maladies but because our level of economic development at that time was very low and moreover, because we did not make any material errors in our decisionmaking and we were very prudent and painstaking in carrying out our economic work, these maladies did not have enough time to clearly reveal themselves. Our present economic reform is precisely aimed at freeing ourselves from this pattern of overcentralism. Some of our comrades say that excessive eulogy of the First 5-Year Plan precisely showed our shallow understanding of the goal of our reform and the fact that our methods of thinking were one-sided. This was said with good reason.

Some theoreticians said that anything consists of two mutually contradictory aspects and that in order to handle it well, we should find a rational quantitative demarcation line between the two opposite aspects (this demarcation line is called "boundary" in philosophy). As yet some comrades have often failed to find proper "boundaries" on quite a few major theoretical issues. As a result, their exposition on these problems gives people the impression that they waver in their views on these problems. This has certainly exerted a detrimental impact on people's understanding.

For instance, in the past it was held that people's spirit was omnipotent and the principle of the incentive of material interests was negated. But later the incentive of material interests was overemphasized and the role of the people's spirit was negated. As a result, an unhealthy trend of pursing money in doing everything came into vogue among some people. In the past, we negated the regulation by market mechanism and put one-sided emphasis on the unified planning of the state. Thus we managed our economy in an overcentralized manner. But later when we paid attention to the role of regulation by market mechanism, we neglected the role of planning in giving guidance and in conduction administration and management. As a result the malpractices of letting things slide cropped up in some trades and professions. In the past, we closed our country to international exchange and rejected anything that was foreign. But later some people indiscriminately assimilated anything foreign without making analysis. All the above-mentioned facts have shown that our theory is shallow and one-sided.

Many comrades suggest that the understanding of the following problems should be unified theoretically, otherwise it will be difficult to carry out the reform of the economic structure smoothly.

1) In order to be able to put an end to the malpractices of "eating out of a big pot" and "having an iron rice-bowl," what actual form of socialist public ownership should be adopted in our country? Should the reform of the economic structure affect the existing state ownership? Will the practice of enterprises assuming sole and complete responsibility for their profits and losses lead to a change in the nature of the ownership of the whole people?

2) How are we to correctly implement the policy of taking the planned economy as the core and supplementing it with the regulation of market mechanism?

How are we to ensure that the economic activities in all our enterprises conform to the macroeconomic activities in all our enterprises conform to the macroeconomic goals while we are enlivening our microeconomy? How are we to ensure that the initiative and flexibility of all our enterprises is given free play while carrying out the unified plans?

3) In handling the relationships between the spirit and material, how are we to prevent the malpractice of treating money as being above everything, while giving play to economic incentive? How are we to prevent the principle of commodity exchange from being adopted in our political, cultural and ideological fields while developing commodity production? How are we to prevent our moral qualities, conscience and people's mutual relationships from being turned into commodities?

In order to speed up the reform of the economic structure, our economic workers and economic theoreticians are faced with arduous and complicated tasks. There are a large number of questions to be scientifically answered by them. Some comrades are of the opinion that during the recent years our theoreticians have broken away from the ideological fetters of the "two whatevers," criticized the "leftist" erroneous guiding ideology, exposed the maladies of the existing economic system and thus significantly prepared public opinion for economic reform. However, we should not fail to point out that some of our theoreticians have adopted an unhealthy style of study and treated the directives of the higher level and the theory in books as the only source of truth. As a result they have refused to make sound investigation and study when they are conducting research and they have failed to persistently maintain the scientific and serious nature of theory. When a certain problem was put forth, people rushed to write one article after another and hold one meeting after another. But all they said in their articles and meetings were almost the same things. When the trend changed, they would make an about-face. Some people said, "some of our theoreticians have no scientific views of their own. If a certain leader says something is good today, they will cite classics to prove that this thing is really good. However if this thing is said by another leader to be bad tomorrow, they will again cite classics to prove that this thing is really bad. They seldom look for the criteria of right and wrong in practice." This criticism is to the point for some people. In order to fulfill the historical tasks facing them, our theoreticians must definitely rectify their style of study.

Blueprints

Should there be a general design for the reform of the economic structure? Through 2 years and more of practice, many comrades have begun to see that it is better to have a general design first.

We have gradually formed a tentative idea on the reform of the economic structure through years of arduous groping at all levels and in all fields. This idea can be summed up as the following: Taking the planned economy as the core and supplementing it with the regulation of market mechanism; flexibility in microeconomics and centralism in macroeconomics; strengthening economic legislation and upholding division of labor between the political

leadership and the management of the enterprises; and developing joint ventures and cooperation and enlivening circulation. However, this tentative idea is only an orientation and a rough plan. Using the terms of engineering design, this idea can only be treated as a "design program." In order to complete all the blueprints of the general design, we have to, furthermore, draw up all the concrete structure, features and all the details of every component in accordance with the various requirements of the "design program." As these requirements are often somewhat contradictory with one another, in drawing up the general design we must balance and dovetail all these requirements and thus make the new system a harmonized and coordinated organic entity. Besides, we should also make an estimation beforehand of the problems that may possibly crop up when the new system is being implemented and design a few measures to be adopted to solve these problems.

After drawing up a general design, we should also draw up a series of "working plans." Thus we will know what should be done earlier, what should be done later, how we are to link up one component with another and how we are to dovetail all the components. Without the "working drawing," the various parts of the reform will possibly contradict or offset one another and all sorts of confusion may crop up.

At present, we have already adopted some measures of economic reform, but because of our failure to draw up a mature general design and our lack of a "working plan," the following problems have cropped up in our practice.

1) We failed to form these measures into a complete set and our macroeconomic management lagged behind. As a result we failed to achieve good results even though we have adopted good measures. Undoubtedly, it is necessary to enlarge the decisionmaking power of our enterprises, but because we have failed to adopt other measures of reform to form a complete set of reform measures, we have failed to solve a large number of problems, despite trying every means to enlarge the decisionmaking power of our enterprises. The implementation of profit retention was originally aimed at giving play to the initiative of the enterprises. But because we have failed to coordinate this measure with price reform and because we have failed to provide other necessary conditions, we have failed to give play to their initiative owing to the difference in the exertion needed to fulfill their respective profit targets. On the other hand, the above-mentioned measures are moreover a hotbed for departmentalism, separatism and the tendency of liberalization, which will weaken and destroy the unified planning and harm the unified interests of the state.

2) Failure to dovetail one measure with another. This has made us neglect one aspect while paying attention to another aspect. For example, it is certainly right to lay stress on giving play to the strong points, but we have failed to take both the strongpoints of a part and those of the whole. Because we have failed to take the whole situation into account, instances of anarchic duplicate construction have occurred and a large number of small enterprises have mushroomed everywhere. As a result the big ones suffered and for a time the big cities could not get supplies of tobacco, wool and other raw materials and their technical strong points could not be

brought into play. In solving the employment problem, we have neglected the problem of raising labor productivity. Thus we have not only further inflated the overstaffed personnel of our enterprises, but have also replaced a large number of skilled old workers with unskilled young ones. In implementing the policies of profit retention and assigning full responsibility for profits to the enterprises, we failed to fix criteria for targets of variety and quality. As a result, the malpractices of focusing on producing products with the greatest profit margins and manufacturing goods in a rough and slipshod way have cropped up.

3) Some isolated reforms will perhaps become obstacles to the comprehensive reforms later. For example, since we have divided up the financial systems between the central and the local levels, the localities have pursued their own financial interests and refused to carry out the policy of closing, suspending, shifting the production of and merging some of their enterprises and unplanned duplicative construction projects have become unavoidable. At the same time, this has created obstacles to merging enterprises of the same trade and profession in different areas. As the existing wage system itself does not satisfactorily embody the principle of distribution according to labor, it is difficult to overcome its shortcomings by paying bonuses. In 1980, Tianjin City paid 150 million yuan of bonuses which was 4.3 times the amount of the additional wages paid in that year. Such excessive payment of bonuses will create obstacles to the wage reform in the future.

The above-mentioned problems have proved that the national economy is an integrated entity consisting of sectors that are related to and interact on one another. Therefore an attempt to solve problems one by one in isolation often fails because of the restriction of other factors. That is why many comrades have proposed that the central authorities should establish a commission to take charge of designing the new economic system. This commission will concentrate the wisdom of all circles and conscientiously draw up the blueprints of the new system through repeated investigation and study.

Experiments

Whether in the course of formulating a reform plan, or before the comprehensive implementation of a completed plan, we have to carry out a series of experiments on a small scale. The purpose of these experiments is to prove or negate certain provisional ideas. The experiment in expanding enterprises' decisionmaking power should be conducted in the course of formulating the reform plan. Good results have been achieved in the last 2 years when experiments were being carried out in selected enterprises. However, we have also found several conspicuous shortcomings. To expose these shortcomings does not mean that we want to knitpick or "pour cold water," but that we wish to see improvement in the work.

First, the enterprises selected for experimentation are not representative because they possess some favorable conditions which ordinary enterprises never have. For this reason, the conclusions drawn from experiments in those enterprises may not necessarily be generally applicable, and usually, their experience cannot be easily popularized throughout the trade. Most of the enterprises which are carrying out the experiment of proportional profit

retention are ones which enjoy high profit rates. Therefore, we can find in each enterprise selected for experimentation that profits are distributed according to a formula, namely, "the state takes away the large portion, the enterprise retains a small portion, while the individual keeps the small change." But, if we apply this formula on a larger scale, we will find that the portion retained by the enterprise is too large to ensure the financial revenues of the state. On the other hand, enterprises selected for carrying out the experiment of "assuming sole responsibility for profits and losses" are enjoying a high profit rate. They include watch factories, bicycle plants, and so on. As all of them always make profits and never suffer losses, carrying out that specific experiment in these enterprises seems meaningless.

Second, too many enterprises have been selected for experiments. Take Tianjin for example. The number of enterprises selected for carrying out the experiment of proportional profit retention amounts to 509, or 62 percent of the total number of enterprises subordinate to the municipal administration; and in terms of output value or in terms of profits, they account for over 80 percent of all state-run enterprises throughout the city. At the beginning, there was the opinion that selection of more enterprises for experimentation meant emancipation of the mind. This opinion pushed some regions to expand the scope of the experiment in disregard of their own objective conditions.

Third, we have seldom made objective and scientific observations and analyses of those enterprises selected for experiments and summed up their experience. In the appraisal of the progress of the experiments carried out in these enterprises, we have always heard indiscriminate comments such as "the situation is enlivened wherever the responsibility system is enforced," "the responsibility system is universally applicable," and so on. People have seldom made scientific and overall analyses and have put forth their own opinions. The actual purpose of the experiment is to justify the correctness of certain provisional ideas or policies. It may prove the ideas correct or it may prove them wrong. Even though the results of an experiment prove them wrong. Even though the results of an experiment prove that an original idea is correct, we still have to try to find out its defects so as to improve it. And this is the only scientific and responsible attitude we should take.

Apart from the above, the content of the experiment is relatively simple. We are experimenting with only one aspect: Expansion of enterprise decision-making power by reforming the distribution system. Undoubtedly this is one of the important topics of the present reform. But there are a number of other problems in the economic reform which need to be solved through experimentation, for example, taxation, pricing, salaries, labor, finances and so on. Unfortunately experiments in reform in these fields have not been properly carried out so far.

Some comrades suggest that comprehensive and comparable experiments using different models be confined to several medium-size and small cities; in other words, a certain comprehensive reform plan will be extensively carried out in a small city so that its policy will be different from that adopted in the surrounding area. The advantages of this kind of experiment are: Since

various reform items are carried out in a well-coordinated manner, it is possible to see the overall result. Since they are carried out within a relatively isolated locality, external interference can be avoided and the experimental conditions can be easily controlled. Since they are carried out in several medium-sized and small cities, their influence on the overall situation will be limited in case of failure Finally, since several comparable reform plans are implemented, we will be able to select an optimum plan. Not all of these advantages exist in those experiments which are currently being carried out.

Conditions

The reform of the economic system requires certain conditions: 1. All organizations concerned, from the upper levels down to the lower levels, must reach a unanimous understanding of the malpractices of the current economic system and have a strong desire for reform; 2. There must be a strong leading organ which is determined in carrying out the reform; 3. There must be a favorable political climate of stability and unity; 4. There must be a harmonious economic situation which is steadily developing; and 5. The party must cultivate a good work style. Here we mean that leading organs at various levels must hold identical views to those of the CCP Central Committee, so that orders and prohibitions can be strictly enforced, the principle of being practical and realistic be upheld and everything be carried out in accordance with principles. In the opinion of many comrades, at present, the former three conditions are basically available, while the latter two conditions still need to be created.

The present economic situation in our country is generally good. Very great successes have been achieved in the readjustment of the national economy, production is developing, and the people's livelihood is being improved step-by-step. However, the long-standing irrational economic structure has not yet been fundamentally changed, and the latent danger has not yet been eliminated. Quite a few enterprises are having their production wholly or partly suspended, the difficulties we are facing in allocation of funds, energy production, employment arrangement and so on are still rather prominent, and the national economy is still not on a healthy cycle. Under these circumstances, the reform should be carried out steadily and not rashly; otherwise good results cannot be achieved. We will surely be bitterly attacked or criticized by various circles once the reform is proved ineffective, and this will in turn slow down the progress of the economic reform. Therefore, in view of the present situation in our country, economic readjustment is the prerequisite for economic reform. We must first conscientiously do a good job of readjusting the economy if we really want to reform the economic structure.

In a certain sense, the reform of the economic system is equivalent to a readjustment of power and interests. Therefore, it is bound to encounter various obstacles and possibly has to face an unexpected and complicated situation. Therefore, our cadres at various levels must proceed in all cases from the fundamental interests of the state and the people, take the overall situation into consideration, and resolutely oppose those activities of

regarding personal interests and the interests of one's own unit as everything, harming the collective to benefit the individual and violating the law and discipline. Moreover, it is also an important task to correct the party's work style, to reorganize leading groups at various levels and to prepare necessary political conditions for economic reform.

At present, some comrades are overanxious in carrying out the reform and are speeding up new construction projects. However, there will surely be more and greater difficulties if new construction projects fail to emerge while the old ones have already been destroyed. Therefore, those comrades who are really eager for reform should never be overanxious to destroy the old structure but should try their best to complete a good design for new structures, carry out experiments, actively create conditions and then enforce the reform in a planned way.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON STABILIZING RURAL PRICES

HK111445 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 4, 20 Apr 82 pp 27-29

[Article by Yang Fangxun [2799 2455 0534]: "Persist in the Principle of 'Giving Simultaneous Consideration to the Interests of the State, the Collective and the Individual' and Stabilize the Price of Agricultural Products."]

[Text] It is the desire of the people and is also the policy in the work of handling price problems to ensure the basic stabilization of the market prices with a view to achieving overall stability and unity. The purchasing price for agricultural products is the basis of the market price. In order to stabilize the market price, the first thing to do is to stabilize the price of agricultural products. How should we treat the problem of stabilizing the price of agricultural products? What should the peasants depend on if they wish to increase their income? This article attempts to present some initial ideas concerning all these problems.

1. Overall Consideration Is An Important Principle in Handling Price Problems in Our Country

All the economic activities in socialist countries aim at satisfying the ever increasing needs of the people for a better material and cultural life, and improving step by step the life of the people on the basis of everincreasing production. Therefore, the proportion of accumulation and consumption in the national income must be well arranged. There should be appropriate proportion for the amount of money to be spent on economic construction, and for the sum to be spent on raising the income of the people of various social strata, especially the income of the workers and peasants. Increasing the wages is a means to improve the life of the staff and workers. In the enterprises, administrative organs and various organizations, the collective welfare, such as subsidy for rent, for the barber shop charges, for laundry charges and others, may also offer some assistance to the raising of the living standard of the staff and workers. The income of the peasants depends on the quantity and quality of the agricultural products sold by the peasants themselves, and at the same time it also depends on the purchasing price for the agricultural products. Besides, the lowering of the selling price for agricultural production materials (such as fertilizer, farm chemicals, and so forth), and the increase of consumer goods of a self-sufficient nature (such

as grain, vegetables, meat, and so forth) can help to reduce the expenses and raise the living standard of the peasants. As regards the distribution of the national income, how to handle correctly the relations among the state, the collective and the individual is a matter of paramount importance. In 1957, when elaborating the problem of how to overcome difficulties in the society, Comrade Mao Zedong suggested that "our policy is overall consideration and appropriate arrangement." (Mao Zedong: "On the correct handling of the internal contradictions among the people," "Selected Works of Mao Zedong," vol 5, p 387) In the work of handling price problems, the principle of overall consideration should also be followed so as to handle correctly the relations among the state, the workers and the peasants.

Readjustment of commodity prices cannot increase the wealth of the society, and it is only a means of redistributing the national income. For example, to raise the purchasing price of agricultural products can increase the income of the peasants; if the selling price of the agricultural products and the selling price of the industrial products which use the agricultural products as the basic material are correspondingly increased, then the financial expenditure of the state will not be affected, but the expenditure of the staff and workers will be increased. If the purchasing price of the agricultural products is riased, and the selling prices remain the same, then the life of the staff and workers will not be affected, but the financial expenditure of the state will be increased, thus possibly affecting the financial balance in that particular year. Therefore, we should do things within our power, and arrange the purchasing and selling prices of agricultural products according to the principle of overall consideration. Consideration should be given to the financial status of the state, the income of the peasants and the expenditure of the staff and workers, and nothing that is rash and one-sided should be practiced.

In 1979, the purchasing prices of grain, oil and cotton were raised. In order to enable the life of the staff and workers to remain stable, the State Council decided to keep the selling prices of grain, edible oil and cotton fabrics unchanged, the price difference being subsidized by the state. At the same time there were some commodities whose purchasing prices or ex-factory prices were raised but the selling prices were unchanged or slightly adjusted, the price difference being also subsidized by the state. Thus, the amount for various kinds of price subsidies furnished by the financial authorities increased drastically. In 1978 this kind of subsidy amounted to 6.57 billion yuan, that is, 5.9 percent of the financial expenditure of the state. In 1979, the subsidy was 14.05 billion yuan, 11.6 percent of the state expenditure. In 1980, the subsidy was 18.43 billion yuan, 16.3 percent of the state expenditure, out of which the subsidy for agricultural products was 15.94 billion yuan, 86.4 percent of the total amount for subsidies (this figure did not include the subsidies for agricultural production materials and for the imported grain.) The large amount of money spent on subsidizing the price of agricultural products has been one of the factors that has affected the balance of revenue and expenditure of the state in the last few years. At present, the wage level of the staff and workers in our country is rather low. Under the present conditions where there has not been a big increase in the state revenue, and where there has not been a big rise in the wages of the staff and workers, within a certain period from now, the policy of basically

stabilizing the purchasing price of agricultural products should be adopted, so as to keep the revenue and expenditure basically balanced, and to enable the life of the staff and workers to remain stable. Only those particular prices that are very irrational may be adjusted, whether upwards or downwards, as the case may be.

2. The Current Purchasing Price of Agricultural Products Can Basically Help Develop Agricultural Production

Since liberation, especially since the 3d Plenary Session of the 11th CCP Central Committee, when implementing various economic policies, the purchasing prices of agricultural products have been raised many times, with a view to developing agricultural production and to consolidate the alliance of workers and peasants. Compared with 1950, the purchasing price of agricultural products in 1980 increased by 151.2 percent (the figure would be 184.4 percent if the additional price for above-quota products and the rural fair price were included), among which the purchasing price of grain increased by 171.8 percent, that of edible vegetable oil increased by 298.1 percent, and that of cotton, by 65.2 percent. In 1979, the State Council decided to raise the purchasing price for 18 kinds of agricultural products including grain, cotton, oil, pigs, cows, sheep, eggs, aquatic products, the timber of the southern provinces, and so on. The general level of the purchasing price of agricultural products increased by 22.1 percent. This was an instance that the variety and extent of the price raising were both comparatively great after the founding of New China. In 1980, the purchasing price of cotton, jute, tung oil, raw lacquer, resin and others were raised, and the ex-factory price of timber from the northeast and Nei Monggol was also raised, the average rise in the whole country being 7.1 percent. In 1981, the purchasing price of flue-cured tobacco, soybean, timber and edible black fungus was raised, and that of hemp and honey was lowered. Judging from the overall situation of the country, the purchasing price for all the principal agricultural products has been increased in the past few years. The practice of the production responsibility system in the countryside has mobilized the labor initiative of the peasants. The raising of the purchasing price of agricultural products has increased the income of the peasants. All these policies have brought about a new phase in the rural areas. In 1981, although many places in our country suffered from severe floods and droughts, still the overall situation on the agricultural front was very good. The gross grain output approached the level of 1979, being the second year of bumper harvest after the founding of New China. The output of cotton, oil and roasted tobacco were also increased. This demonstrates that the current purchasing price of agricultural products can help develop the agricultural production in our country.

3. To Increase the Income of the Peasants on the Basis of the Development of Production

Because the level of productive forces in our country is comparatively low, plus the long-term erroneous influence of the "leftist" line in our work, the income level of the peasants is low. Therefore, to help the peasants to increase their income and to get rich is a common task of every trade.

What should be relied upon if the income of the peasants is to be increased? There are different opinions regarding this problem. Some comrades hold that since the purchasing price of agricultural products in our country is low, raising the purchasing price is the primary means of increasing the income of the peasants. My view is that the peasants should resort to increasing production so that the quantity of merchandise can be increased and thereby income can be raised. Raising the purchasing price of agricultural products will help to increase the peasants' income, but it is not a fundamental way to attain the goal.

With reference to the concrete conditions of our country, and based on our initial analysis, there are four principal ways to raise the income of the peasants:

First, to implement various forms of agricultural production responsibility system, so as to raise the labor productivity and to increase production output and the quantity of commodities. After the 3d Plenary Session of the CCP Central Committee, various forms of agricultural production responsibility systems were practiced in many rural areas, and the initiative in production of the peasants was greatly enhanced. In 1979 and 1980, the production output and the purchase quantity of the principal agricultural products were increased, and the income of the peasants was correspondingly raised. Particularly in some longterm backward rural areas, the change of income for the better was markedly manifest after the practice of the responsibility systems. Of the 221 poor counties that provided a yearly income of under 50 yuan per person for 3 consecutive years, 72 counties succeeded in providing a yearly income of above 50 yuan per person in 1980, out of which 4 counties, Gaotang, Xiajin, Xinxian and Heze in Shandong Province and Luyi County in Henan Province, succeeded in providing a yearly income of above 100 yuan per person.

Second, to carry out the policy set forth by the CCP Central Committee that "we should never slacken the efforts in grain production, and at the same time actively develop the production of the diversified economy." Many places carried out this policy and thereby increased the income of the peasants. Santangjie commune in Taojiang County, Hunan Province, began to alter the structure of the labor force in 1980. The labor force that was occupied with grain production originally amounted to 2/3 in 1979, which was reduced to 1/3 in 1980. The labor force engaged in the diversified economy increased to 2/3. Still, the total grain output in 1980 reached a record high, with a tremendous increase in the diversified economy. The gross income of the commune increased from 1.63 million yuan in 1979 to 2.35 million yuan, an increase of 44 percent. The average income per person increased from 80.7 yuan to 134 yuan, an increase of 66 percent.

Third, to pay due attention to scientific farming, strengthen operation and management, raise the unit output, reduce waste, and minimize costs. In the past, under the erroneous "leftist" influence, many communes and brigades did not pay enough attention to scientific farming and financial control, resulting in heavy losses and waste, so that the expenditure in agricultural production increased and the production cost rose. On the average, in our country, the percentage of the cost of agricultural production in the total

income of agriculture was 25.13 percent in 1957, 25.05 percent in 1965, and increased to 31.93 percent in 1980 which was an increase of 6.88 percent over the year of 1965. That year the total cost of agricultural production amounted to 39.979 billion yuan. If the production cost had been reduced by 2 percent, the income of every peasant, totalling 800 million, in our country would have increased by 1 yuan. The figure shows the great potential inherent in this respect. In the past 2 years, since some production brigades practiced the system of production expenditure have been reduced, the output has increased, and the costs have been lowered.

Fourth, to raise the purchasing price of agricultural products. Raising the purchasing price of agricultural products can increase the income of the peasant. But as the quantity of the products sold by the peasants varies to a great extent, benefits arising from the raising of purchasing prices are markedly different with different peasants. In 1979, a big raising of the purchasing price for agricultural products was effected, and each peasant in our country increased his income by 9 yuan and more on the average. But a peasant in a certain region might get well over 30 or 40 yuan of extra income, while another peasant in another region might get only 2 or 3 yuan of extra income. Therefore, it follows that the raising of the purchasing price of agricultural products is one of the means to increase the income of the peasants, but it is certainly not a principal means. The fundamental means of increasing the income of the peasants is to help them develop their production, to increase the quantity of the products for sale and at the same time to pay enough attention to producing more high-quality agricultural products.

4. Stabilization of the Purchasing Prices of Agricultural Products Is An Important Factor in Basically Stabilizing Market Prices

At present, the consumer goods for the people in our country are mainly of two categories: The first consists of the agricultural products such as grain, oil, meat, eggs, vegetables, aquatic products, and so on; the second consists of the industrial products, such as cloth, knitwear, furniture, bicycles, sewing machines, and so forth. Of all the industrial products for daily use, about 70 percent make use of the agricultural products as the constituent material. This illustrates the important role which the agricultural products play in the daily life of the people. The stabilization of the purchasing price for agricultural products helps to stabilize the selling prices of most of the consumer goods, and it is an important factor in keeping the market prices basically stable.

The stabilization of the purchasing price for agricultural products can also control in a planned way the monetary investment in the rural areas, and help to maintain the fundamental stability of the selling price on the market. The balance of the circulation of money and the supply of commodities is one of the important conditions in maintaining the stabilization of the selling price on the market. In the last few years, because of the development of agricultural production and the increase in the quantity of agricultural products sold by the peasants, plus the raising of the purchasing price for agricultural products and the increase in the monetary investment, and because of the insufficiency of the supply of industrial products, there exists the

imbalance of the circulation of money and the supply of commodities. Dezhou District of Shandong Province had a bumper harvest in 1980. The purchase of cotton that year amounted to 2 million dan, about 4 times the average figure of 400,000 dan and more in previous years. The cash in the hands of the peasants out of the sales of their agricultural products increased 3 to 4 times accordingly, but the quantity of the industrial products on the market did not increase much. Hence the peasants were unable to buy the requisite goods with their ready money in hand. Some peasants put their money in the bank or in the credit cooperative, and some just kept their money at home as their assets. The current contradiction of the abundance of money and scarcity of industrial merchandise has to be solved in one way or another. At present, a handful of speculators sell their industrial products which are in short supply at very high prices in the rural areas, thus affecting the stability of market prices. Under these circumstances, it is necessary to stabilize the purchasing prices for agricultural products and to control in a well planned way the volume of money circulating in the rural areas. Such measures will facilitate the maintenance of selling prices on the market.

In order to carry out the policy of basically stabilizing the selling price of agricultural products, in addition to solving the problem of acquisition of a correct understanding, some concrete work must be done meticulously. With respect to the irrational purchasing prices for individual agricultural products, adequate readjustment of prices should be effected, with the raising or lowering of prices as appropriate on particular occasions. Restructuring of the negotiated price system for agricultural products should be carried out so as to reduce the categories of the negotiated goods and to lower the inflated prices. As regards the agricultural products of the first and second categories, the purchasing prices set by the state should be strictly followed, and no raising or lowering of either the grade or the price is permitted. Price rises and price subsidies for those extra above-quota products should be placed under strict control. Prices for agricultural products in places bordering two localities should be in alignment, and no competitive purchase by raising the price of agricultural products should be enforced, thus effecting the principle of matching management with individual endeavor, and coupling flexibility with orderliness.

CSO: 4006/438

FINANCE AND BANKING

'JINGJI YANJIU' ON EXTENDING ROLE OF BANKS

HK121027 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 4, 20 Apr 82 pp 64-66

[Article by Zhao Haikuan [6392 3189 1401]: "Further Enhancing the Role of Banks in Adjusting the Economy"]

[Text] Banks are one of the national departments responsible for capital management. Their role in raising and employing capital should be given full play. In the past 2 years, the system of banking management has been reformed, the work of raising social capital has been strengthened, the area of capital spending has been widened, medium- and short-term loans for the purchase of equipment have been provided, and the readjustment of the circulation of money has been strengthened. Much has been achieved. However, the following three things should be done to better bring the role of the banks into play:

1. We Must Raise More Social Capital By Some Economic Means

Our banks have done a lot in raising social capital and large amounts of deposits have been made since the founding of the PRC. According to the statistics, the sum total of various forms of saving at the end of 1980 reached 165.864 billion yuan, equivalent to 45.7 percent of the national income in that year which amounted to 363 billion yuan, or 1.53 times of the total revenue of 108.52 billion yuan that year. Such capital has been spent on our socialist construction, as planned by the state.

In the past, our banks, however, had quite a few shortcomings in raising social capital. The main reason was that they relied too much on administrative means while economic means were inadequate. The problem had to be studied and resolved.

In the past 2 years, as a result of the rise in the prices of agricultural products and sideline products, readjustment of workers' wages, an increase in the enterprises' autonomy and the reform of the financial management system, a portion of capital, which was previously included in revenue, has been dispersed to the enterprises and units, into the hands of the peasants and workers. At present, the localities have about 50 billion yuan of capital. The money in the hands of city and rural residents has also greatly

increased. Meanwhile, the ratio of revenue to the national income has inclined. For instance, during the 24 years from 1953 to 1978, the revenue made up an average of 36 percent of the national income. In 1979, this dropped to 32.73 percent, and in 1980 it dropped further to 29.33 percent. The banks thus have to play a more active role in the coordination of raising social capital by economic means.

Deposit rates should first of all be raised appropriately to unify and effectively raise social capital. Bank deposit rates have been raised twice since the gang of four was smashed. However, they have not been raised to the required level. For now on, credit interest rates should be raised as high as possible without bank deposit rates being overtaken, so that people may feel that by saving they can not only offset inflation but can also receive a notable amount of interest. In this way, they will be encouraged to make rational arrangements for their income and expenditure and to save more. In the past, some enterprise units did not receive any interest on their deposits. As the bank rates are raised, such units should also enjoy interest. Higher rates should be set for fixed deposits by enterprises, institutions, organizations and armed forces and other units so that they may feel that making long-term deposits in banks is an effective way to rationally utilize their capital.

Second, the variety of deposits should be extended in accordance with the various characteristics of social capita. As for saving deposits, apart from effectively utilizing the basic forms of saving such as deposit and withdrawal in whole, deposit in parts and withdrawal in whole, deposit in whole and withdrawal in parts, deposit in whole and withdrawing only the interest, the banks should work together with the departments concerned in setting up deposits especially for durable consumer goods, municipal housing and rural construction materials. As for unit deposits, consideration can be given to starting fixed deposits for enterprises and institutions so as to absorb their idle capital. While extending the variety of deposits, consideration can also be given to the issue of bonds so as to raise longer term capital (i.e. for construction programs for which the banks are held responsible as assigned by the state, the construction units would entrust the banks to issue bonds to raise the capital required. Interest would be paid to the enterprises and the people who have bought the bonds voluntarily.) Besides, the banks should also actively promote trust business, and develop the insurance business. In sum, social capital should be raised by various means.

Moreover, attention should also be paid to the services provided for deposit customers. The number of banking offices, saving agencies and mobile service groups should be increased appropriately. Studies should also be made on the possibility of providing saving services in post offices to customers, so that people can deposit or withdraw their money at nearby locations. Attention should be paid to readjusting the labor structures of saving banks so as to simplify saving procedures, reduce customers' waiting time and raise working efficiency.

2. We Must Support the Development of the National Economy and Appropriately Expand the Range of Loans

Our nation, for a long time, followed Russia's practice of limiting loans to a small range. The enterprises of the economic sector, with the exception of the agricultural and municipal collective "five small" enterprises, were not provided with loans of circulating capital, but only with fixed capital loans. As a result, the banks were only involved in one spectrum of enterprise funds activities and their role in enterprise production and management was only partial. This practice could not meet the needs of the changing circumstances. An overwhelming majority of banks throughout the world have begun to provide loans for fixed assets one after another since World War II. At present, the U.S.S.R. State Bank provides loans of circulating capital as well as for fixed assets. For instance, long-term loans made up 24.88 percent (R68.4 billion) of the total amount of loans (R274.9 billion) in 1978.

Bank loans are much better than financial allocation. Loans have to be repaid. When a target is achieved, the loan can be withdrawn to support another construction program. Loans have to be repaid with interest. The larger the amount and the longer the period, the greater the amount of interest which accrues. The banks supervise the process throughout from the issue to the payment of loans. Therefore, loans of various forms can fully utilize the capital of the state, strengthen the sense of responsibility of the enterprises making use of the capital, facilitate the enterprises improvement of their management and raise the efficiency of capital utilization in state construction. In the past, our state narrowed bank loans to the scope of circulating capital. As a result, the banks failed to directly supervise and readjust the enterprises that utilized fixed capital. This was a great defect in our socialist construction.

In order to give fuller play to the banks' role and effectively utilize state capital for construction, the People's Bank of China began in 1979 to provide enterprises, to a limited degree, with medium- and short-term loans for the purchase of equipment. By the end of September 1981, although loans of this type only made up 2.6 percent (i.e. 6.51 billion yuan) of the bank's total loans, they have played a considerable part in the readjustment and development of the national economy. For example, the People's Bank of China provided 7.78 billion yuan of medium- and short-term loans for the purchase of equipment for more than 33,000 tapping, renovating and restructuring projects from early 1980 through to the end of 1981. More than 16,000 projects have been completed and put into operation. The increase in production value amounts to 13 billion yuan, 1.67 times the amount of medium- and short-term loans provided for the purchase of equipment. The amount of profit tax increased by 2.96 billion yuan.

From now on, the banks, in the first place, should fully manage the provision of circulating capital for the enterprises. They should also continue to do a good job of medium- and short-term loans for the purchase of equipment, sum up the experience in the provision of such loans in the past 2 years, further improve investigation before loans are provided, improve the examination at the time and after loans are provided so as to ensure that proper projects

are chosen for the provision of loans, and ensure that greater and quicker returns can be achieved at the minimum expenses.

At present, views are divided on whether the People's Bank of China should provide loans for fixed assets. Comrades holding a negative view believe that the provision of such loans is incompatible with the principle of separating the management of financial and credit capital. They also believe that it may lead to inflation. This is a wrong concept. The separation of the management of financial and credit capital means that their functions should be specifically different from the other. So long as there is a difference between financial and credit capital, the separation of management remains essential. Whether or not the People's Bank of China is capable of providing fixed asset loans is another matter. The provision of these loans by the People's Bank of China will change the demarcation line between financial and credit capital. We may not in the beginning be accustomed to the new demarcation line, but it better fits the present financial and credit conditions, and it is more beneficial to the utilization of our state capital for construction. Changing the demarcation line of work does not necessarily violate the principle of separating the management. On the contrary, this principle can be thoroughly implemented on a new basis. As to whether this will lead to inflation, we hold a negative view. The increase of the amount of currency in the past few years has outweighed the normal needs for the circulation of commodities. This was due to the imbalance of the national economy which was unduly influenced by the 'leftist' errors, and to the large deficits during the past few years. In order to bring the circulation of currency back to its normal course, we should first of all readjust our economy and balance the budget. This will take some time and cannot be accomplished within 1 or 2 years. Under such circumstances, the circulation of currency can hardly be improved unless we proceed from the national economy as a whole and solve the currency problem. We should achieve a benign cycle in our national economy, and support the view that the national economy should be developed at a constant pace during the period of readjustment. While the provision of loans of circulating capital is properly handled, other means of money circulation are under control and the withdrawal of currency is organized, we should also arrange annually an appropriate amount of loans for fixed assets, vigorously support the development of daily consumer products, and support the technical improvement of the national economy. Only by doing so can we develop our national economy, strengthen the currency withdrawal and thoroughly resolve the currency problem.

3. We Must Maintain An Overall Balance in Credit Capital and Rationally Readjust the Circulation of Currency

A stable currency market is essential for the healthy development of the national economy. The difference between the total amount of credit from all sources and that of utilization is the amount of currency that is put into circulation or the amount returned by the banks. To maintain an overall balance of credit is an important part of readjusting currency circulation and stabilizing the currency value and prices. Our state has attached much importance to the overall balance of credit capital in the past. With the

reorganization of the economic system, the increase of credit capital sources and of the channels of utilization, and the widening of the scope of banking activities, a stable currency can be ensured only when we attach more importance to the balancing work.

Stabilizing the currency has been one of our basic policies. This definitely cannot waver. According to Engels, a chronic inflation policy has been generally adopted in the capitalist states for a long period of time. It has considerable effect on stimulating demand and promoting productivity. However, it fails to work now. Ours is a socialist state whose economic problems are basically different from those of the capitalist states. At present, the supply of daily products still falls short of demand and there is no need to stimulate demand. The implementation of a chronic inflation policy will be much to our disadvantage. We definitely will not follow the same old disastrous road taken by the capitalist states.

The People's Bank of China has provided certain medium- and short-term loans for the purchase of equipment. Does this mean that we have given up the policy of stabilizing inflation, ceased to enthusiastically control inflation and tolerated excessive circulation of market currency? Definitely not. The aim of such provision is to raise the utilization effects of the capital for state construction, to help the national economy realize a benign cycle, to help maintain the speed of construction, to fundamentally resolve the problem of excessive circulation of currency, and to stabilize the RMB currency. Moreover, such loans are provided in a planned and limited scope. The orientation of utilization is also under the banks' supervision.

The condition of both financial and credit revenue and expenditure is an overall reflection of the development of the national economy. In order to earnestly improve the condition, to keep a balanced budget, to stop issuing financial currency, to readjust the circulation of market currency and to stabilize value and prices, we must further improve the readjustment of the national economy and the reform of the economic system, greatly raise the economic effects in utilizing state capital, realize a good cycle of the national economy and healthily develop economic construction.

CSO: 4006/438

INDUSTRY

HUNAN MEETING DISCUSSES INDUSTRIAL TASKS

HK080347 Changsha Hunan Provincial Service in Mandarin 2310 GMT 7 May 82

[Text] The provincial government held a provincial telephone conference on industry and communications production on 7 May, to mobilize the workers throughout the province to brace their spirits, maintain and develop the good momentum of sustained output increase in the first 4 months of the year, redouble their efforts, advance from victory to victory, do a good job in production in May and June, and make new contributions to further improving economic returns.

Secretary of the Provincial CCP Committee and Governor Sun Guozhi, Vice Governor Zhou Zheng, and Provincial Planning Committee Deputy Director (Wang Hanping) spoke at the meeting.

The meeting pointed out: The situation in the province's industry and communications system was good in the first 4 months of the year. Total industrial output value was 13 percent more than in the same period last year. Local state-owned enterprises covered by the budget boosted profits by 9.1 percent during the first quarter, while turning over 3.78 percent more profit to the state.

However, there are also some problems. The meeting demanded that the industry and communications take advantage of May and June, a period when power supplies are relatively good, to speed things up and promote production still more. There should be new progress in all economic indices. At present is is necessary to concentrate on the following tasks: 1) Strengthen leadership over production and promote command and control; 2) continue to implement measures for reducing output of products in ample supply and raising output of those in short supply, and ensure that production is organized according to the needs of society; 3) get a good grasp of the production, economy and supply of energy; 4) straighten out the enterprises and vigorously promote economic returns; 5) promote production safety and carry on production in a civilized environment.

CSO: 4006/438

INDUSTRY

DEVELOPMENT OF CHINA'S MARINE OIL RIGS

HK301537 Beijing ZHONGGUO XINWEN SHE in Chinese 0139 GMT 30 Apr 82

[Roundup: "China Scores Relatively Great Development in the Manufacture of Marine Oil Rigs"]

[Text] Beijing, 30 Apr (ZHONGGUO XINWEN SHE)--China's large-scale exploitation of offshore oil will begin soon and its huge needs for extraction equipment have been put on the agenda. In the near future, China will attain new development in the manufacture of offshore oil extraction equipment, particularly various types of marine oil rigs.

It was from the 1960's that China started researching into and designing marine oil-drilling rigs. In 1972 Dalian Shipyard succeeded in building "Bohai No. 1," the first oil-drilling rig capable of operating at a depth of 30 meters. Up to now this rig has sunk 30-40 wells in the waters of the Bohai Sea. Since then Dalian Shipyard has succeeded in building one after another the "Bohai No.3" and "Bohai No.5," the 40-meter deep jack-up drilling rigs. The three oil-drilling rigs being constructed now will also be completed soon.

The Shanghai shipyard is building "Kantan No. 3," China's first semisubmersible marine oil-drilling rig. The upper part of the rig is a platform the size of a football field and its lower part is made up of two submarine-shaped floats connected in the middle with six huge upright pillars 9 meters in diameter, 24 meters in height. The whole rig is 91 meters long, 71 meters wide and 100 meters high and it has a working displacement of over 20,000 tons. At present, work has been completed on joining the principal parts of the drilling rig. After the rig has been completed, it will be capable of executing a drilling operation at a depth of from 35 to 200 meters and of drilling 5,000 to 6,000 meters deep in the waters of the Yellow Sea, Donghai Sea and South China Sea.

The Huangpu Shipyard of Guangzhou is repairing the "Nanhai No. 2" self-navigating semisubmersible oil-drilling rig of the Aker-H-3 type. Imported from Norway in 1978, this rig was capable of carrying out drilling operations at a depth of 300 meters and of drilling at a maximum depth of 7,620 meters. It has sunk three oil wells so far in the waters of the South China Sea. A Japanese company was entrusted with the repair of the rig in the past, but it was not completely repaired. Now the various departments concerned in the

country have joined hands to repair the rig with the Huangpu Shipyard undertaking the main task.

While contacting to build marine rigs for domestic users, China's shipbuilding industry has also received orders for rigs from abroad. From November 1980 up to the present, China has received orders for the joint construction of four marine oil-drilling rigs and for rebuilding another.

In 1980, Dalian Shipyard received orders from the (Baker) Marine Engineering Company of the United States for the construction of two 100-feet-deep jack-up drilling rigs and for repairing a drilling rig. They have been basically completed now and will be available to the users this year. In early February this year, Dalian Shipyard signed a memorandum of understanding with the (Ying Ge Er Si) [5391 2706 1422 2448] Shipyard of the United States for the joint construction of L-780 type jack-up drilling rigs. Recently it again signed an agreement with the (A Ke) [7093 0344] Engineering Corporation of Norway for the joint construction of the improved H-3 type semisubmersible drilling rigs.

In 1981 the Huangpu Shipyard received an order from the Hua Chang International Co., Ltd. of Singapore for a 200-feet-deep jack-up drilling rig. Work has been started on the manufacture of this rig which is scheduled to be completed in 1983.

China still lacks experience in the manufacture of offshore oil extraction equipment, particularly the marine oil-extracting rigs. It is therefore prepared to cooperate in the near future with some financially powerful, prestigious and experienced rig manufacturing companies abroad for the design and production of rigs with the given oil areas as specific items. At present, China has got in touch with the (Bu Lang-lu Te) [1580 2597 6424 3676] Inc. and the (Mai Ke De Mo Te) [7796 0344 1795 5459 3676] Corporation of the United States and the (Lian He Qi Ye) [5114 0678 0120 2814] Corporation of France on matters of cooperation between both parties.

CSO: 4013/69

BRIEFS

XINJIANG FARM MACHINERY CONFERENCE--The Xinjiang Regional Conference of Prefectural and Autonomous Prefectural Farm Machinery Bureau Directors concluded on 16 April. The conference pointed out that farm machinery departments in all places must further sum up and popularize the experiences in implementing and perfecting the system of responsibility for controlling and using farm machinery and strengthen safe use supervision and control of farm machinery in order to reduce the number of accidents and to make farm machinery serve agricultural and livestock production even better. Janabil, deputy secretary of the Regional CCP Committee and vice chairman of the Regional People's Government, visited the comrades present at the conference and spoke. [Urumqi Xinjiang Regional Service in Mandarin 1650 GMT 22 Apr 82 HK]

CSO: 4006/438

DOMESTIC TRADE

BRIEFS

SHAANXI COMMODITY SUBSIDIES--Since the 3d Plenary Session of the 11th CCP Central Committee, the party and the government have done everything possible to improve urban people's livelihood and Shaanxi Province has spent 1.01958 billion yuan on subsidies for seven commodities, including grain, oil, eggs, and so on. Since 1979, due to the increased prices of surplus grain, cotton and oil in excess of their procurement quotas and the reduced price of pork, the central authorities have subsidized this province with 234 million yuan and this province has used 785 million yuan from its local revenue as subsidies. Over the past 3 years, each person in an urban area in this province has obtained an average of 153.6 yuan from the state. According to the amount of commodities sold by the state-run market in 1981, the state subsidized 0.07 yuan on the sale of 1 jin of grain, 0.6 yuan on the sale of 1 jin of edible oil, 0.1 yuan on the sale of 1 jin of pork, 0.14 yuan on the sale of 1 jin of eggs and 0.015 yuan on the sale of 1 jin of vegetables. [HK030335 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 21 Apr 82 HK]

CSO: 4006/438

LABOR AND WAGES

LIFE IMPROVES DESPITE COMMODITY PRICE INCREASES

OW091201 Beijing XINHUA Domestic Service in Chinese 0102 GMT 9 May 82

[Excerpts] Beijing, 9 May (XINHUA)--Information from the latest investigation here shows that there have been some commodity price increases in the past 3 years, but, in general, the life of city and township residents has somewhat improved. In these 3 years, the retail commodity price index has risen 12.2 percent, that is, the consumer products that could be purchased for 100 yuan in 1978 cost 112.20 yuan in 1981. Although this somewhat affected the life of the people, especially city and township residents, their living standard was generally enhanced because most of the staff members and workers had higher wages and received cash awards in recent years. Besides, over 26 million young people were given jobs.

This information was given to this news agency's reporter by the State Statistical Bureau after it carried out a large number of investigations and study. The State Statistical Bureau's investigation states: Of all the consumer products whose prices have increased, vegetables and nonstaple food registered the highest price increase index with an increase of 32.1 percent from 1978 to 1981. Based on the present average number of dependents per each staff member and worker in the urban area--1.77 persons--the family of each staff member and worker is spending 47.5 yuan more in yearly living expenses per person than in 1978. Therefore, a family of four is spending 190 yuan more in such expenses each year. This cannot be regarded as a minor effect on their life.

With regard to changes in the incomes and expenses of the families of staff members and workers in the past 3 years, the investigation shows: The average wage income of staff members and workers at units under the systems of ownership by the whole people and collective ownership throughout the country in 1981 was 772 yuan, or an increase of 158 yuan over the 614 yuan of 3 years ago. Deducting the expenses incurred by the price increase, such an increase in the average wage income is 74 yuan, or 12 percent greater than that of 3 years ago. Based on the average number of employed persons in each household, the actual income of the family of each staff member and worker last year was 167 yuan more than that of 3 years ago. The staff members' and workers' expenses for food, clothing and other purposes have somewhat increased. Television sets, large chests of drawers, sofas and other high-grade products that could only be owned by a small number of people with high incomes in the

past now appear in many families of staff members and workers. At the same time, the balance of deposits by city and township residents in 1981 increased 20 billion yuan over that of 1978, or an increase of 2.3 times. All this indicates that the life of staff members and workers in urban areas has improved.

The State Statistical Bureau stressed: The problem of commodity price increases should not be taken lightly. At present, cases of arbitrary price increases and price increases under disguised forms have often occurred at some units in the production and commodity circulation spheres. In some departments and enterprises, the speed of increasing the incomes of their staff members and workers has exceeded the speed of their production development. Such a situation really merits attention. We should strictly enforce the State Council's regulations concerned and mobilize the masses to carry out supervision and continue to make efforts to stabilize commodity prices and guarantee the people's livelihood.

CSO: 4006/438

BRIEFS

SICHUAN MUNICIPALITY WELFARE WORK--According to the statistics compiled by the Dukou Municipal Finance Bureau, Municipal Statistical Bureau, Municipal Labor Bureau and Municipal Tax Bureau, the municipality has spent 286 million yuan on increasing urban and rural people's income and improving welfare work over the last 3 years. This amounts to 41 percent of the municipality's revenue in the same period. This shows that the party and the government have shown concern for workers in urban areas. The municipality has implemented the system of bonuses and nonstaple food subsidies and arranged jobs for some 38,000 people awaiting employment. The municipality has built houses on 750,000 square meters. [HK060629 Chengdu Sichuan Provincial Service in Mandarin 1100 GMT 1 May 82 HK]

CSO: 4006/438

TRANSPORTATION

RAILROAD COURTS, PROCURATORATES START WORK

HK080553 Beijing ZHONGGUO XINWEN SHE in Chinese 0713 GMT 7 May 82

[Text] Beijing, 7 May (ZHONGGUO XINWEN SHE)--The Supreme People's Court and People's Procuratorate recently issued a joint circular stipulating that railroad transport courts and procuratorates at all levels are to commence formal operations on 1 May.

The railroad courts and procuratorates at all levels are judicial and procuratorial organs set up in the railroad transport departments by the state. These courts and procuratorates are now fully ready to begin operations, thanks to the efforts of the departments concerned since the preparatory work began.

At present the railroad transport courts and procuratorates at all levels throughout the country are mainly handling criminal cases in which the railroad transport public security organs are responsible for detection, applications for arrest, and prosecution, together with economic, disciplinary and legal cases connected with the railroad transport departments, and also cases on the railroad involving foreign nationals. Civil cases of all types and cases that occur in railroad plants, engineering bureaus, survey and design institutes, colleges and other units but which do not come under the railroad transport category will continue to be handled by the local people's courts and procuratorates at all levels. Cases that occurred before 1 May will still be handled by the units originally responsible for them.

CSO: 4006/438

GENERAL

XINJIANG LEADER ON HITTING AT ECONOMIC CRIME

HK100249 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 9 May 82

[Excerpts] According to XINJIANG RIBAO, Regional CCP Committee Secretary Qi Guo spoke at the recent forum of industry and commerce administrative bureau chiefs, demanding that party committees at all levels seriously implement the decision of the CCP Central Committee and State Council on hitting at serious criminal activities in the economic field, wage resolute struggle against criminal activities such as smuggling and peddling contraband, engaging in bribery and corruption, embezzlement and speculation, and protect China's socialist system and the interests of the people of all nationalities.

Qi Guo said: The key lies in enhancing understanding. There are still many comrades in our region who lack sufficient understanding of the importance of this struggle. Some people say that serious illegal and criminal activities mainly occur in the coastal areas or the special economic zones; Xinjiang is far from the coast, and although there may be problems, they will not be so serious. There are also some comrades who worry about this struggle. They are unable to take a correct view of certain problems that appeared in previous campaigns they experienced, and are afraid of future trouble if they get things wrong. Even some comrades who have undergone long education and steeling and now hold quite responsible posts dare not tackle this work. Hence, there remains a problem of enhancing awareness and understanding among our leading cadres and masses.

Qi Guo said: We must act in a thoroughgoing way in implementing the decision of the CCP Central Committee and State Council on hitting at serious criminal activities in the economic field. The stress is on tackling major and important cases. We must seek truth from facts, and attach importance to investigation and study.

Comrade Qi Guo said: Hitting at criminal activities in the economic field is the central task for the industry and commerce administrative departments this year. These departments must make a success of their work this year, centering on this task.

CSO: 4006/438

GENERAL

YUNNAN'S AN PINGSHENG MEETS MODEL WORKERS

HK070309 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 6 May 82

[Text] Four representatives (Dai Renli), (Ma Fuchang), (Li Chaoping) and (Tang Haibai) of our province, who attended the National May Day forum of model workers and representatives of advanced figures, returned to Kunming from Beijing by plane on the morning of 5 May. When the representatives arrived in Kunming they were received by Comrade An Pingsheng. Responsible persons of the Provincial Trade Union Federation, Communications Department, and Metallurgical Bureau, Kunming Trade Union Federation and other relevant departments received the representatives at the airport.

The representatives said that they would join the workers of the whole province in seriously studying and publicizing the rules for workers, and play an exemplary role in observing these rules.

CSO: 4006/438

Economic Development

AUTHOR: LI Jianbai [2621 0494 4101]

ORG: None

TITLE: "Emphasizing the Function of Science and Technology in Economic Development"

SOURCE: Beijing RENMIN RIBAO [PEOPLE'S DAILY] in Chinese 5 Apr 82 p 5

ABSTRACT: The paper announces that during the 6th 5-year plan, Heilongjiang Province will attempt to emphasize sciences and technologies to cause the fruits of scientific and technological progress to become 1/3 to 1/4 of the factors for the growth of the provincial economy. In praise of the policy of the central party to change the leftist ideas and to construct socialism in China on the basis of the actual conditions of China, the paper mentions a series of past mistakes, including insufficient production of consumer goods, lack of coordination in matters of scientific research between the military and the civilian systems and among the various civilian systems, devoid of creativeness, etc. In so far as the development of science and technology is concerned, although it is necessary to catch up with the advanced level, to produce more results, and to train more talents, the most fundamental goal should be to raise the productivity and to promote the economic and social development. If this basic goal is ignored, scientific research will become a water without a source or a tree without its roots. Following this clarification of policy, the paper lists 6 types of programs in scientific and technological research for the purpose of utilizing the advantages of Heilongjiang to develop its economy.

AUTHOR: DONG Tai [5576 1132]

ORG: None

TITLE: "Devote More to Economic Management"

SOURCE: Beijing RENMIN RIBAO [PEOPLE'S DAILY] in Chinese 5 Apr 82 p 5

ABSTRACT: With the implementation of the readjustment policy of recent years, the national economy has been put on the track of stable development and the people have received more true benefits. The masses are happy for that but they are not happy with the rising prices. There are 3 origins of price increases: (1) An increase of prices approved by related departments of the State; (2) The industry raises the price of its products on its own; (3) A price increase in the marketplace. The first does give the masses a bad impression but after some reasonable explanations, they do understand. The third type is caused by the function of the marketplace, i.e. created by a bunch of secondary traders. The masses are most unhappy about the second type of price increase. Many industries arbitrarily raise prices or use other ways, such as collecting additional fees, etc. to increase their profits. They attempt to charge the consumers the cost of their own waste in the process of production, transportation, management, and circulation. Instead of devoting themselves to economic management to improve their cost and profit profile, these industries have their minds fixed on the consumers and are determined to use whatever means to get more out of consumers so as to increase their profits. The paper explains that this is definitely wrong in a socialist society.

AUTHOR: ZHANG Guangdou [1728 0342 2435]

ORG: Qinghua University

TITLE: "Improve Engineering Colleges to Fulfill the Educational Goal of the Party"

SOURCE: Beijing RENMIN RIBAO [PEOPLE'S DAILY] in Chinese 8 Apr 82 p 3

ABSTRACT: If the four modernizations are to be quickly realized and the advanced level of the world is to be reached Chinese colleges of engineering must be reformed and improved. Judging from his observations of many universities and colleges of the USA, France, Japan, Mexico, Argentina, etc. the author is of the opinion that foreign experiences cannot be transferred to China totally. The goal of colleges of engineering should be to train engineers and the attitude of valuing scientists and professors and treating engineers lightly must be changed. At the same time, students of colleges of engineering must emphasize the overall development of the mind, the morals, and the body. The colleges must link theory with practice. At present, the trend is to emphsize theory and this trend is in need of readjustment. The industries should help the colleges to bring education to reality. On the one hand, colleges of engineering should devete their efforts to scientific research; yet on the other hand scientific research and education should compliment each other so that both may serve China's productive construction. In a not very systematic manner, the paper attempts to point out the essence of the party's policy on engineering education and the necessary difference in goals and procedures between Chinese and foreign systems of higher education in the various fields of engineering.

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TECHNOLOGY ECONOMICS

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' STRESSES ECONOMIC RESULTS

HK120814 Beijing GUANGMING RIBAO in Chinese 1 May 82 p 3

[Article by Yu Zuyao [0060 4371 1031]: "Pay Serious Attention to Practical Results, Guard Against 'Artificially Inflated Figures'"]

[Text] Correctly handling the relationship between speed and results is a major issue in all our economic work.

After the October Revolution, Lenin poignantly pointed out, "Bravely forge ahead at full speed or perish. This is the choice history offers us." ("The impending catastrophe and how to combat it") but furthermore, Lenin taught the Russian people not to dream of a "fantastic speed," and that they should strive to achieve a "real speed." ("Collected Works of Lenin" vol 33, p 353)

After the founding of our country, we achieved, for a time, high speed that was accompanied with actual economic effect and this showed the vitality of the new socialist system. During the period of economic restoration, it took us only 3 years to restore our national economy which had suffered the destruction of prolonged war and was on the verge of complete collapse and thus brought a radical change for the better to the financial and economic situation of our country. After this, the first 5-year plan began. During this period, we maintained a steady speed in developing our national economy and succeeded in laying the initial foundation for an independent integrated industrial system and national economic system and in substantially raising the standard of living of our people. The average growth rate of our industrial and agricultural output value was 10.9 percent, the annual growth rate of national income averaged 8.9 percent and that of the financial revenue of the state averaged 15.1 percent. The average wage of staff and workers rose by 42.8 percent and the income of the peasants rose by 30 percent. During the readjustment period in the 1960's, the ratio of pretax profit to captial employed rose from 15.9 percent in 1961 to 29.8 percent in 1965 and the ratio of floating funds used in producing products to the output value of products dropped from 39.6 to 25.5 percent. During this period, the annual growth rate of total industrial and agricultural output averaged 17.9 percent and that of agricultural output averaged 17.9 percent. The annual growth rate of national income averaged 14.5 percent and the increase in national income resulting from every 100 yuan of accumulation rose from 1 yuan during the second 5-year plan to 57 yuan in this period. The average level of consumption of staff, workers and peasants was

higher than during the period of the first 5-year plan. By high speed of socialist economic development, we mean that under the socialist system "the productive forces are able to develop at a speed that is higher than that which could be attained in the old society. Thus production will be expanded continuously and the ever increasing demands of the people can gradually be satisfied." ("On Correctly Handling the Contradictions Among the People")

However, we have suffered very severely owing to our pursuance of an impractically high speed and our pursuance of a high speed without paying due attention to economic effect.

In 1958, after criticizing those who "opposed rash advance," we committed leftist mistakes in giving ideological guidance in our economic construction. The chief aspects of the mistakes were laying excessive stress on speed, neglecting effect, pursuing high targets and excessive accumulation, excessive waste and low consumption. The 3 consecutive years of the "great leap forward" resulted in a low annual rate of 0.6 percent in the average growth of total output value of industrial and agricultural production, the growth rate of industrial output value was only 3.8 percent and that of agricultural output value was a negative rate of 4.3 percent. The annual national income dropped by 3.1 percent on the average and we were forced to spend 3 years in readjusting our national economy. During the decade of turmoil, whether one upheld or opposed the "great leap forward" and "high speed" was regarded as the criterion for distinguishing between the two paths and the two lines in carrying out economic construction. The "eight-character policy" was denounced as "rightist opportunism." As a result, the national eocnomy suffered great destruction. After the smashing of the "gang of four," we once more committed the mistakes of indiscriminately laying stress on high speed and neglecting economic effect. These mistakes further aggravated the disproportion that the decade of turmoil had given rise to and we were again forced to carry out a readjustment.

From the above we can see that pursuing an exaggerated high speed and neglecting economic effect will only lead to violent and rapid increases and decreases in our national economy and this can never ensure a continuous and steady growth of our national economy. On the contrary, it will give rise to the wasting of huge amounts of labor, funds, materials and goods instead of achieving greater output with less input. Besides, we are forced to reduce the people's consumption in exchange for the high speed, much less are we able to gradually satisfy the daily increasing demands in the material and cultural life of our people. Furthermore, this malpractice will only cause our national economy to develop in a lopsided manner instead of promoting the rational arrangement of the labor force and the rational arrangement of the economic structure. In short, in the development of the national economy this will only result in a vicious cycle of "leaping forward" and readjustments instead of a favorable cycle which all achieve relatively better economic effect and provide more benefits for the people.

What we want is a real speed rather than an exaggerated speed. We oppose the way of thinking of the coward and the sluggard and encourage going all out and aiming high. But in doing our economic work, we are realists not romantics. "Acting according to our capabilities and doing things step-by-step" is the

guideline that we must follow in our economic work. In doing anything at any time we should not try to go beyond the limit of our national resources. Whether our speed is fast or slow cannot be decided by our subjective desire. It can only be decided by our existing funds, resources of materials, goods and energy, our transportation and equipment capacity, our science, technology and education, the quality and amount of our labor force and other objective factors. Moreover, only when all these factors that restrict the speed of the growth of production are correctly integrated and coordinated with one another and only when all the sectors of the national economy and all the aspects of reproduction are being developed proportionately can we achieve a real speed. We can see from the course of development of the national economy, that proportionate relationships are constantly changing and balance is relative. However, proportionate relationships and a balance are the premises for development. Without them there will be no development at all. The development of the economy is achieved in the course of repeatedly destroying the old proportionate relationships and balances and establishing new and higher level proportionate relationships and balances. If, after destroying the old proportionate relationships and the old balances, we fail to establish new and higher level proportionate relationships and balances, we will be, in fact, destroying our economy instead of developing it and therefore we cannot talk of speed. Compared with speed, the proportionate relationships have priority. They decide the speed. Without proportionate relationships, there will never be any speed. When there is a conflict between seeking a high speed and pursuing proportionate relationships, it is better that we should reduce our speed. We must clearly understand that drawing up plans is aimed at consciously maintaining proportionate relationships and consciously handling the contradiction between balance and imbalance and turning imbalance into balance. Whether in drawing up national economic plans or production plans for individual enterprises, we should not regard the increase in the output or output value of a certain kind of product as the starting point or basis for the whole plan. Any output value or output quantity can only be the result of a comprehensive balance. However, for many years we always fixed the growth rate of output value and quantities first before arranging the energy, material and funds resources and the labor force. Thus the gap between the targets and the resources and between the targets and demands and the exaggeration of results became increasingly aggravated and this gave rise to a vicious cycle in our planning work.

What we want is a real speed that is accompanied with actual economic effect.

We must very clearly understand that in carrying out construction we are not pursuing speed for the sake of speed. A high speed in itself is not our goal. Striving to achieve a high speed is aimed at achieving the fundamental goal of socialist production--satisfying the continuously increasing demand in the people's material and cultural life. At the present stage of socialism in our country there is still production and exchange of commodities and whether in satisfying individual needs or in consumption of production we should rely on exchanges in the market. Therefore, all the products must meet the demands of society in terms of their quality, varieties, style and quantities. Only the products that meet the demands of society are marketable. Only when the products of an enterprise are marketable can the labor that has been expended in an enterprise's production be regarded as socially necessary labor and can

the value of the products be realized. Thus the labor used up in its production can be compensated, profits can be realized and reproduction can be maintained. On the contrary, if an enterprise neglects the social demand for its products and blindly carries out its production, the more it increases its output and output value, the greater the unmarketable stock it will have. Then its financial income will be exaggerated to an increasingly great extent and there will be an increasingly serious waste of social wealth. Therefore, the speed of growth in production can be real only when the marketable products are increased. Using less labor to increase the output of marketable products is the most important way to achieve good economic effect. No enterprises should set their goal solely on pursuing a high growth rate of output and output value or producing products which are to be stored. Instead, they should serve the needs of the market, focus their work on management and put achieving actual economic effect first.

In terms of the mutual relationship between speed and economic effect, the two are related and interact with one another. Therefore, without a certain degree of economic effect, there will be no speed and any economic effect is accompanied by a certain speed of growth. However, it is economic effect that decides the speed. An artificially inflated speed is achieved by wasting social wealth, while a real speed cannot be achieved unless we are particular about economic effect. Achieving the best economic effect necessarily means achieving the optimal speed. On the other hand, pursuing a greater speed while being particular about actual results will surely bring about greater economic effect. Thus, effect--greater speed--greater effect--even more steady, more real and greater speed...will create continuing cycles, each of which will raise the production and the people's livelihood to a higher plane. That is why we should seek the optimal speed by achieving the optimal effect and seek even greater effect by achieving the optimal speed. This is the only way to ensure the continuous, steady and proportionate development of production and to achieve the above-mentioned favorable cycles.

Since the 3d plenary session of the 11th CCP Central Committee, we have brought the guiding ideology in our economic work out of chaos. Moreover, the CCP Central Committee has put forth the 10 policies for economic construction which mark the fact that our socialist modernization has already begun to embark on a new route by which we will be able to achieve more real speed and better economic effect and by which our people will be able to get greater actual benefits.

But we should not think that we have already thoroughly overcome the erroneous view of laying stress on speed and neglecting economic effect. Last year, the growth rate of our industrial production was as high as 4.2 percent. In a period of economic readjustment, it was not easy to maintain such a growth rate. This showed that our country's economic situation had taken a turn for the better. However, we must soberly recognize that during the fourth quarter of last year some departments and areas increased their production by means of raising the quotas at each level and forcing the enterprises to indiscriminately increase their output value. As a result, the growth rate last year was to a certain degree artificially inflated. This reduced the economic effect. This was mainly shown in the following figures: At the end of last year, the unmarketable and dead stock in the storerooms of our commercial departments rose

by 25 percent over that at the end of the year before. The excess stock of mixed and chemical textiles, wristwatches, transistor receivers, fountain pens, socks and stockings amounted to billions of yuan. The ratio of floating funds used in products to the value of products of our state-owned enterprises averaged 31.3 percent which was 0.9 percent more than that of the year before. The quality of some products was uneven or even dropped substantially. According to the results of the tests and examinations that were carried out on 54 kinds of products produced in 12 industrial sectors, only 29 of them reached or surpassed their former best levels. The quality of textile industrial products was especially poor. The number of the enterprises that suffered losses rose. It rose from 22.4 percent of the total number of enterprises in 1980 to 27.1 percent last year. The average comparable cost of products rose by 1 percent, the labor productivity of the whole work force dropped by 1.8 percent and the ratio of pretax profits to value of products dropped by 0.9 percent.

At present an artificially inflated growth rate is very harmful to the implementation of the policy of readjustment and the stabilization of the economy. First, it aggravates the shortage of supplies of energy, materials and goods. Oil, electricity, coal and raw materials are the weak points in our national economy and the shortage of energy and raw materials have caused the equipment and personnel to be idle in many of our enterprises. At the same time, we are consuming our energy and raw materials in producing products that are of low quality and plain designs and that do not meet the demands of society, and we are thus wasting our social wealth. Second, it aggravates the imbalance between the supply and demand in our market. Over the past few years, along with the increase in the income of our rural and urban people, market demands have also risen sharply. Despite the rapid growth of the consumer goods industry, the supplies of commodities have continued to fall short of the purchasing power of the community. Under such circumstances, the greater the inflated growth rate of industrial production and the greater the output of unmarketable products, the greater the shortage of supplies in the market. This is because the enterprises that blindly seek high output value have paid excessive wages and bonuses which increases the purchasing power of the society and the state has increased its issuance of currency to purchase these unmarketable products. Both the increase in purchasing power and the increase in currency result in people not being able to find a corresponding amount of commodities to buy because some of the products are unmarketable. Obviously, this is harmful to the stability of prices and the stability of the market. Third, the blind production by our enterprises of those products for which there is no demand in society not only is unable to increase the financial revenue of the state, but will bring about a concealed financial deficit. When these products leave the producers, the producers will pay taxes and transfer their profits to the state and the state's revenue will be increased by a certain amount according to the increased book value of these products. However, as these products remain dead stock forever and their value is never realized, the financial revenue of the state is, in fact, artificially inflated by the unrealizable book value of these marketable products. Moreover, the state will incur more expenses in keeping these commodities in store. Therefore, an artificially inflated growth rate or a growth rate that is not accompanied with actual economic effect is by no means favorable and is definitely harmful to our efforts to bring about a radical turn for the better in the financial and economic situation. It is also unfavorable to our efforts to thoroughly eliminate the latent dangerous

factors in our national economy. This is a foolish malpractice of creating obstacles to readjustment while carrying out readjustment. We must never engage in it.

The target proposed by the central authorities for this year is to "ensure a growth rate of 4 percent and strive to achieve a growth rate of 5 percent." Both the goals of "4" percent and of "5" percent meant a real growth rate without the least artificial exaggeration. This growth rate is not only necessary in striving to bring a radical change for the better to our financial and economic situation, but is also a target that we are completely capable of achieving. This can be proved by the new results in our country's industrial production and the improvement in our economic effect that we achieved during the first quarter of this year. At present, our enterprises in all trades and professions have a large number of ways to increase their financial income. At the present scale of production, reducing the production costs in our industrial enterprises by 1 percent will increase our income by 2 billion yuan a year. If we can increase the circulation of floating funds throughout our country and thus reduce their total amount by 2 or 3 percent, we will be able to conserve 7 or 10 billion yuan of funds. At present, the chief danger is not the problem of whether we will be able to achieve a 4 or 5 percent growth rate, but the problem of the possible neglect of the economic effect and the malpractice of forcibly raising output value quotas level by level. We should soberly recognize that we are now still in a period of readjustment and there is still an imbalance between our state's financial revenue and expenditure. We should also soberly see that our shortage of energy will not be eased in the near future, that the readjustment and reform of our economic structure has just begun and that we have to continue to provide employment for our people. In these circumstances, we should not seek a greater growth rate. We have to seek a conservative growth rate in the coming few years, but during this period we will rationalize our economic structure and harmonize the proportionate relationships between various economic sectors. Thus we will be able to lay a sound foundation for the continuous and steady growth of our national economy in the future. The present situation is that we can maintain a steady growth rate in developing our agriculture by means of implementing correct policies and popularizing scientific farming and we can continue to relatively quickly develop our light industry. But a major issue is the decline in our heavy industrial production, which directly affects the growth rate of our national economy and the financial revenue of our state. In the process of readjusting the service orientation and production structure of our heavy industry, this decline is expected and cannot be avoided. In reducing the rate at which our heavy industrial production declines, we must not try to blindly raise the growth rate of our heavy industrial production. We should make vigorous efforts to readjust the service orientation and production structure of our heavy industry. Otherwise, the malpractice of increasing production only to increase dead stock will again occur.

CSO: 4006/454

'JINGJI YANJIU' DISCUSSES GEOLOGICAL ECONOMY

HK211325 Beijing JINGJI YANJIU in Chinese No 4, 20 Apr 82 pp 22-26

[Article by Zhou Shiyu [0719 0013 3768], Metal Geological Prospecting Company, Xinjiang: "Macroeffects of Geological Economy:]

[Text] Geological prospecting is a basic work in the national economy and it is of great significance in stepping up our modernization program. The development of geological prospecting is closely related to the distribution, scale and growth of basic industry and it has a great effect on the whole situation of economic construction. As the national economy is undergoing readjustment at present, it is consequently necessary to readjust the geological economy and overcome the influences of the "Leftist" mistakes so that the distribution of geological work will accord with the principle of economic rationality. This will improve economic effects in an overall way and serve socialist construction still better. All this has to be urgently and conscientiously studied and it merits our attention.

I. Paying Attention to Studying Macroeffects of Geological Economy

At present, the geological department has become an industrial department that is armed with various modern technologies and that is composed of various sciences, stages and types of works. It represents the scientific work in the investigation and study of mineral resources as well as big scale social economic activities that consume enormous manpower, material power and financial power. All activities in mineral prospecting have to pay attention to their effects and must compare what is consumed with what is gained. Therefore like other economic departments, the geological economy must also pay attention to economic effects and must spare no efforts to achieve better and more beneficial geological effects with as little labor (live labor and materialized labor) consumption and with the shortest period between finding minerals and surveying sites. With such a general goal, it is imperative to pay attention to both microeconomic effects and macroeconomic effects.

The so-called macroscopic geological economic effects mean that we must proceed from the whole situations of the national economy and resort to the viewpoint of macroeconomy to investigate the economic rationality of the distribution of geological prospecting. We must unify the verified mineral deposits with the utilization of minerals in production and construction so that our mineral resources can be rationally, more economically and more fully utilized for the greatest comprehensive economic effects. Microscopic geological economic

effects refer to internal geological relationships and more concrete economic effects. Improving geological economic effects in an overall way includes macroeconomic policies and individual specific microeconomic activities and therefore these two aspects must be studied. Viewed from historical experiences and the present situation, it is of greater and more realistic significance to study macroscopic geological economic effects. This is because mineral resources are an important material base for the construction of the modernizations and macroscopically they have an important influence on state economic policies as well as on development strategy. For example, in defining the goal of economic construction, in the rational distribution of industry, the rational utilization of industry and in working out technological and economic policies, it is necessary to pay attention to mineral resources. Therefore, the question of geological economic effects is first of all a question of macroeconomic effects. In speaking of the microgeological economy, it is a basic principle to pay attention to macroscopic geological economic effects. Of course, studying geological economic effects from the point of the macroeconomy does not mean neglecting the study of microscopic economic effects; these two cannot be separated as they are interconnected and condition each other.

Since the founding of the PRC, our country has made tremendous achievements in geological work. Deposits of more than 130 varieties of minerals have been located, with the deposits of some important ores being among the biggest in the world. Ours is one of the few countries in the world with fairly complete mineral resources and this situation has provided a strong material foundation for our socialist modernization program. But for a long period in the past, we did not pay enough attention to geological economic effects. We studied very little and the study was just mainly concentrated in geological technical analysis and economic analysis; we did not study macroscopic effects. As a result, the effects of the whole geological economy were not satisfactory. Now, the state in investing several billion yuan every year in geological prospecting but the achievements do not match the investments. The work in our geological prospecting is characterized by huge consumption, small achievements, long cycles, many "stagnant mines" and low resource utilization rate. This situation fails to meet the needs of the development of the national economy. Therefore in readjusting the national economy at present, it is necessary to put the study of macroeconomic geological effects in an important position.

II. Persist in Carrying Out Work According to Objective Geological Law

Persisting in carrying out work according to geological law, proceeding from geological and mineral conditions, arranging geological prospecting according to specific conditions, increasing the rate of the work of finding ores and uncnying [as published] geological achievements with economic effects are very important in improving macrogeological economic effects. In paying attention to macrogeological economic effects, it is necessary first of all to depend on the achievements in finding minerals, on the amount of the labor consumed in the achievements and on the value of such economic effects.

The formation and distribution of mineral resources are objective natural phenomena that are strictly controlled by geological conditions. The location of minerals and their types are independent of people's will. Ours is a vast

country and the long process of geological history and various geological environments have been created with very favorable conditions for the formation of minerals. The regions with different geological background have their own minerals with specific features. Different geological conditions have resulted in different varieties of minerals with different sizes of ore beds. Such a complexity of mineral conditions and an unbalanced distribution lead to mineral products in various regions having their own features and advantages and this forms an unbalanced geological distribution of the resources. For example, more than a half of the iron ore deposits in our country are located in southern Liaoning Province, eastern Hebei Province and Sichuan Province and they are very limited in northwest and southern China; coal deposits in Shanxi Province and Inner Mongolia make up about 65 percent of the naitonal total but they are very limited in the nine provinces south of the Changjiang River; 90 percent of our bauxite deposits are in Shanxi, Henan, Guizhou and Guangxi Provinces; more than 70 percent of our tungsten and tin deposits are in mountain regions south of the Changjiang River and they are rarely found in the regions north of the river; two-thirds of phosphate rock deposits are in Yunnan, Guizhou, Hunan and Hubei Provinces but they are rare in north and northwest China. All this means that in carrying out geological economic work we must proceed from different geological conditions and fully display the advantages of the resources of each region according to specific conditions. In the regions with favorable conditions for the formation of iron ore, the works must be centered on looking for iron ore while in the regions with favorable conditions for nonferrous metals the work must be mainly concentrated on looking for such metals. In this way, we will be able to achieve good results in prospecting for minerals. Otherwise, our work will be fruitless and we will cause waste. We have a number of experiences in this aspect. In the past, under the influence of the "leftist" guiding ideology, we ran counter to objective geological law and economic law, disregarded the feasibility factors of geological conditions, subjectively demanded that certain minerals must be located in certain regions and subjectively decided to "change the unbalanced situation in the distribution of mineral resources." Some principles of the macroscopic geological economy were characterized by the feature of acting rashly and this situation was directly shown in the guiding principles and demands with regard to looking for minerals. For example, under the influence of the principle of "taking steel as the key," it was decided that all regions must "mainly look for iron ores" irrespective of their geological conditions and the characteristics of their resources. The regions with favorable conditions for nonferrous mineral ores had to concentrate their efforts in looking for iron ores while the regions with unfavorable conditions had to "wage a war of attrition" in looking for the ores. In addition, under the demand of "changing the situation in which coal is transported south from the north," it was decided that all the coal-poor regions, south of the Changjiang River had to "launch a big war for coal," only to waste enormous amounts of funds with few achievements. In the past, we also improperly stressed the importance of various provinces setting up their own independent and complete industrial systems and under this influence, many provinces and regions were required to set up their own "resource system." It is obvious that, by disregarding the different features of the geological resource conditions of various places and demanding that each province have its own complete variety of minerals and set up its own "big and complete" and "small but complete" system of resources, this could only result in serious waste. Over

many years in the past, our acro-geological economic effects have turned from bad to worse and this situation is closely related to the fact that we have violated the guiding ideology and requirements of geological law. For quite a long period in the past, we often launched big geological prospecting campaigns which did not have a geological foundation and as a result, our enormous geological power became bogged for long periods in some regions without mineral deposits. On the other hand, prospecting work in some promising regions could not be carried out for a long period. As a result, the verification of deposits of advantageous resources of traditional ores (such as tungsten, tin and antimony) has drastically dropped and the deposits located are lagging behind the exploitative capacity. We cannot but say that it is a serious lesson.

Of course, stressing the importance of following objective geological law does not mean that it is not necessary to consider the needs of state construction. A socialist economy is a planned economy. Therefore it is wrong not to work hard to produce ores that are urgently needed in state construction, nor is it right to exploit any ores that can be found, regardless of the results or to carry out the work at will. We must be good at combining needs with feasibility and under the premise of the geological conditions, we must fully display the advantages of the resources of various regions so as to meet the needs of state construction. As long as we are able to proceed from the actual distribution of mineral ores, we will be able to find more and better ores so that in carrying out construction, our country will be able to select ores according to the principle of economic rationality.

In order to carry out geological work according to objective geological law and improve efficiency in finding mineral ores it is imperative for us to step up investigations on the basic geological situation, step up the study of basic geology, improve the study of regional minerals, do a good job in working out regional planning for predicting the likelihood of ore formation and grasp well the law of the formation of various ores as well as the prospects of the resources. Having done a good job in this strategic basic work, we will be able to understand the objective geological law, grasp the geological conditions and provide a scientific foundation for distributing geological prospecting according to specific conditions. This work is also an important method for improving macro-geological economic effects.

III. Geological Prospecting Must Be Carried Out Proceeding From Economic Rationality, Exploitation and Utilization

In paying attention to macro-geological economic effects, it is required that we make the greatest possible geological achievements with the least labor consumption; it is also imperative to investigate from the angle of the national economy and the applicability of geological achievements and carry out economic evaluation. We must also combine the located ore deposits with rational exploitation and utilization because this work will also determine whether our production and construction can be carried out with greater, faster and better economic results.

The situation of mineral resources is more complicated. Ore beds are of different sizes and the amount of deposits is different, they may be rich or poor quality and they are of different depths. Some deposits are easy to ex-

ploit while some others are difficult. This is because there are different conditions for exploitation and construction and different areas have various economic-geological situations and different levels of regional economic development. Such different features of ore beds and different conditions have a direct influence on the economic effects of mining production and construction. After a mineral region is prospected, it largely depends on the above-mentioned conditions as to whether we can, in a timely way, and effectively, exploit and utilize the region. During a certain period, the state financial power is always limited. According to the development needs of the national economy, the direction of utilization, order to construction and extent of exploitation of mineral resources must be carried out in accordance with the scale of their economic effects. Priority must be given to ore mining regions with good conditions both in resources and in exploitation and construction. Therefore geological economic effects show not only the geological prospecting itself but what is more important is that they show the whole process of exploitation and utilization. That is to say, the economic value of an ore bed is determined not only by the geological conditions of this ore bed but also by inner and outer economic conditions of the region. We must be aware of the amount of the located deposits and what is more important is that we must understand whether the ore bed's technical and economic conditions are in line with the construction needs and whether or not they are accord with the exploitation and utilization of this ore bed. If we disregard the utilization for production and construction and if we lopsidedly stress the amounts of the deposits, the prospected minerals will not be able to be utilized and the mines will become "stagnant mines." What then is the actual significance of such deposits to the development of the national economy? In summing up the experiences of geological work over the last three decades and more, we have learned a series of lessons. That is how we have enormously increased the located deposits. For example, the located iron ore deposits amount to more than 44 billion tons. But those that can be utilized are few. We have enormous deposits of poor quality ore resources but few rich ore resources. The rich ores that can be directly put into furnaces only make up about 3 percent; the location of some ore deposits is too deep, and with complicated hydrogeological conditions they are therefore difficult to exploit; the separability of some ores is poor and 60 percent of ores cannot be separated. Although some ores contain various metals, their comprehensive utility rate is limited because our mineral separation technology is not up to standard; some other ore deposits are located in remote and barren regions 3,000 to 4,000 meters above sea level with difficult transportation conditions. They have very bad conditions for construction. In short, due to various reasons such as difficulty in exploitation, separation and construction, the deposits of the "stagnant mines" that cannot be utilized in the near future make up more than 60 percent of the total deposits. That is to say, seen from the view of geological departments, they have located a number of mineral deposits; but seen from the view of industrial departments, the amount of deposits that can be utilized for construction is very limited. That is to say, on the one hand, we are waiting for "rice" to cook and on the other hand, there is "rice" that cannot be cooked. This shows that our geological work, with regard to the distribution of the work and the selection of prospecting regions, has been carried out blindly to a great extent and that we have paid attention to the growth of total verified deposits but have not paid attention to the economic effects of these deposits. Therefore in order to enable geological work to serve the national economy still better, it is imperative to formulate the service ideology of "looking for minerals is aimed

at exploiting them," pay attention to geological economic rationality and look for more bigger and richer ore deposits with good construction conditions. Thus the located ores will be able to quickly display their roles in production and construction and increase the utility rate of our ore resources.

The question of stressing the importance of the economic effects of mineral resources is in fact a question of how to correctly display the advantages of the resources. When a region has an advantage of certain ores it means that this region has an objective opportunity but whether this advantage can be brought into play and if it can, to what extent, is decided by various conditions such as transportation, exploitation and separation technology, the relationship between supply and demand and other social and economic conditions. Therefore we must stress the importance of proceeding from the benefits to production and construction and we must economically and rationally arrange geological work and consider all these things as criteria in assessing macro-geological economic effects.

In order to avoid the emergence of "stagnant mines," increase the utility rate of ore resources and better guarantee for the level of production and construction, we must pay attention to the following two points:

First, all such measures as strictly controlling detailed prospecting of mineral regions, stepping up mineral investigation and initial prospecting and providing more reserve mines must be considered as important economic principles for resource prospecting technology. Detailed prospecting must be included in the intermediate period of state construction projects and such prospecting must be backed up by a full geological foundation and high economic value; otherwise such prospecting will be carried out blindly. In this way, we will be able to liberate enormous geological power from prospecting works for carrying out assessing works more effectively and providing more reserve mine base areas. Outwardly, limiting detailed prospecting means that the located industrial deposits will be small for a time being. But as more and more regions are initially prospected and more long-term deposits are located, there will be more choice in mine construction and this will provide a full geological foundation for state long-term planning. This means that there will be a very real guarantee for production and construction. Also, when we have grasped long-term deposits, when they are needed in production and construction, it is easier to carry out Jia Mi [0502 1378] projects and raise the levels of exploitation and the grading of reserves. We should not worry that there will be [a] lapse of time in this respect.

Second, carry out a feasibility study prior to prospecting and strictly select the regions for prospecting so as to improve efficiency. Following initial prospecting, whether a mineral region can be prospected in detail depends on the needs of state construction. Therefore it is imperative for us to conscientiously carry out technical and economic analysis and on this basis it is necessary to select and prospect those areas with good conditions. In this way we can basically guarantee the utilization of our geological achievements and reduce our blindness in this work. We must make it a rule that with regard to the mineral regions that become subject to detailed prospecting, it is necessary to work out and hand over a "report on the technical and economic

assessment of ore beds" and make correct geological and economic conclusions. Only deposits with industrial utilization value can be prospected. In this way, in working out state planning for mining construction, we will have an economic effect foundation in selecting prospecting regions and in arranging detailed prospecting tasks. As a result, we will be able to avoid the waste in capital construction and prospecting investments that may be caused by improper selection of mining regions.

IV. The Management of Geological Prospecting and Exploiting Must Be Transformed

Other important aspects of macro-geological economic effects are transforming the prospecting and exploiting management systems, carrying out comprehensive prospecting and comprehensive exploitation and utilization, shortening prospecting and construction periods and improving economic effects in prospecting mineral regions. Prospecting mineral regions is an important stage in geological work and it consumes enormous manpower, material power and financial power. At present, prospecting investments in general constitutes more than 60 percent of total investments and the results of prospecting are directly used in mining production and construction. Therefore economically and rationally prospecting and exploiting mineral regions is related not only to the microeconomic effects but also to the macroeconomic effects of the whole situation of mining construction. But over the past three decades and more, our management of and arrangements for prospecting mineral regions have basically followed the Russian method of divorcing prospecting from exploiting. This method is very irrational. According to this method, the more deposits located the better and the higher the degree of prospecting the better. As a result, the period of prospecting and construction is too long and the deposits are stockpiled and this situation has seriously affected the economic effects in prospecting mineral regions. At the same time, because of the lack of understanding comprehensive prospecting and exploiting, the prospecting and exploiting are carried out in disregard of other work. Each is only concerned with its own task of looking for certain minerals and each exploits the ores it is assigned to. Those which are responsible for ferrous metals do not care about nonferrous metals while those in charge of metal ores will not care about nonmetal ores. Thus while they are attending to one thing, they lose sight of another. As a result, repeated prospecting and investment occur, only causing serious waste. It is apparent that this management system of divorcing prospecting from exploiting and of solely prospecting mineral regions in disregard of other work is very irrational. In order to improve the prospecting of ore beds and the economic effects in exploiting mines, it is imperative, on the basis of summing up our experiences, to basically transform the current management system in prospecting and exploiting mineral regions and determine a prospecting method that accords with our national conditions. According to my view, we must proceed from the whole situation of stepping up mining construction and break away from departmental and regional management systems. On the basis of doing a good job in forecasting ore production and in working out planning for mineral regions, it is necessary to set up, according to mineral regions and zones, some unified prospecting and exploiting systems that break through the limits between departments and regions. This will change the prospecting and exploiting management system that is characterized by spheres divided according to administrative regions, and dispersing various ores to various industrial departments. In

this way, our geological work will accord with objective geological law and the specific law of the extraction industry. This situation will be in the interests of unified planning and the management of comprehensive prospecting, exploiting and utilizing of mineral resources and will basically solve the relationship between geology and mines. It will also be in the interests of conscientiously selecting mineral regions, strictly controlling detailed prospecting, rationally arranging construction periods, saving funds and achieving better economic effects.

The core of the above-mentioned transformation is to combine prospecting with exploiting and in the prospecting of ore beds and mine construction, to better combine time, space and engineering methods. In the past, detailed prospecting of mineral regions and exploitation construction were managed stage by stage by geological and mining departments. No matter what the size of an ore mine and no matter whether the ore beds' structure was simple or complicated, the exploiting of an ore bed could only be started after the completion of detailed prospecting and rational geological arrangement was made; as a result, the start of exploiting was postponed. Now, if we combine prospecting with exploiting, most prospecting work can be combined with exploiting. On the one hand, mining designing departments may, on the basis of geological reports, initially define the scale of construction and work out planning for exploitation so as to make arrangement as early as possible for the building of vertical shafts and for opening up shaft lanes in order to save time. On the other hand, as the prospecting of mineral regions is based on concrete mine design requirements and is defined after a common geological, design and mine study and the mining projects are closely combined with the opening of shaft lanes and the unified execution of the projects, prospecting can be carried out simultaneously with exploitation to avoid duplication in work. Various prospecting work must be arranged economically and rationally so as to meet the requirements of exploitation and guarantee the precision of prospecting. These measures will prevent excessive work, guarantee that the deposits that should be exploited, are and those which should not, are not and will be helpful in using an appropriate labor force with less investment and in achieving better economic effects in prospecting.

In prospecting mineral regions it is necessary to study well technical and economic policies. That is to say, it is necessary to study the reational life-sapn of the located deposits. In the past, we carried out prospecting of mineral regions without any restriction and the prospecting of mineral regions from several hundred million tons to dozens of billions of tons; the life-span of some mineral deposits was defined at dozens of years and some even more than 100 years. Even when the depth of prospecting exceeded existing exploiting technical levels, we still continued to look for deep deposits; in fact such mines are economically irrational "stagnent mines." The experiences in production and construction both at home and abroad showed that the life-span of a deposit-located mineral region is generally 15 to 20 years and the depth of prospecting should not exceed 300 meters; the live-span of some small but rich ore beds may be shortened to 5 to 10 years. The principle of "constructing and prospecting by states" and "prospecting the shallower part and controlling the deeper part" must be implemented in big mineral regions. That is to say, the prospecting of such mineral regions must not be completed at once and thus we can avoid excessive investments and excessive period. A

small number of drilling machines is enough for the deep ore deposits that can be exploited 2 to 3 decades in the future and it is not necessary to make too high demands with regard to the grade and prospecting depth of the deep deposits. This is because, following the exploitation of the shallow deposits, we will naturally understand still better the situation of the deep located ores. At the same time, even if additional prospecting is necessary later because of the production needs of a mine, this work can be carried out by using the profits made in the first phase of exploitation and this is more worthwhile than making new investments that will consequently be frozen for a long period.

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'JINGJI YANJIU' ON VALUE OF CURRENCY, INVESTMENT

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[Article by Fan Min [2868 3046] of Shaanxi Institute of Machinery: "The Concept of Present Value of Currency and Its Application in Policy Decision For Investment"]

[Text] Time is an important factor in the policy decision for investment. If this factor is not seriously considered, it is very probable that the investment will sustain heavy losses. Furthermore, the time factor in policy decisions for investment bears a close relationship to the concept of present value of currency. In the developing countries, of the projects invested or introduced from foreign countries, some projects come out with very unsatisfactory economic effect. This has something to do with the lack of this concept. Therefore, we must investigate and study the essential aspects of this concept.

1. The Concept of Present Value of Currency

From the viewpoint of the capital movement, currency in different times has different values. One yuan at present is different in value from 1 yuan in the future. The former is called the present value of currency, and the latter is termed the terminal value of currency. The cognition of this economic problem may be simply called the concept of present value of currency.

Suppose 1 yuan can be utilized and is invested in production, with an annual profit of 10 percent. This sum plus 10 percent profit will be invested again, and the annual profit rate will also be 10 percent. In this way the 1 yuan will increase its value in the following manner:

	Yuan	Yuan
Present, beginning of 1st year	1 (present value)	(terminal value)
End of 1st year	1 plus 0.1 equals	1.1
End of 2d year	1.1 plus 0.11 equals	1.21
End of 3d year	1.21 plus 0.121 equals	1.331
End of 4th year	1.331 plus 0.1331 equals	1.464

This is to say, the present value of 1 yuan is 1 yuan; its value at the end of the 1st year will be 1.1 yuan; its terminal value at the end of the 4th year will be 1.464 yuan. It is obvious that the present value of currency is not equal to its terminal value. The formula showing this relationship is:

S equals P (1 plus R) to the nth power

Where, S represents the terminal value of currency, P is its present value, R is the interest rate, and N is the period of years.

It can be seen from above that 1 yuan at present equals 1.464 yuan at the end of the 4th year from now. Because 1.464 is not a very convenient figure to use, it may assume the figure of 1 yuan, then if 1 yuan is the figure at the end of the 4th year, its present value is 0.683 yuan. The formula for this can be obtained by the shifting of the terms of the first formula mentioned above:

P equals S divided by (1 plus R) to the nth power

Based on this formula, the present value of 1 yuan at the end of each year that follows (profit rate: 10 percent) will be: end of the 1st year--0.909 yuan; end of the 2d year--0.826 yuan; end of the 3d year--0.751 yuan; end of the 4th year--0.683 yuan. This demonstrates that the 1 yuan at the end of the 1st year is equal to the present (beginning of the 1st year) 0.909 yuan, and the 1 yuan at the end of the 4th year is equal to the present 0.683 yuan.

In short, with reference to the concept of the present value of currency, for a certain amount of money, its present value becomes smaller if the time is farther away from now. Conversely, the money at present is more valuable than the same amount of money in the future.

2. The Cause of the Difference in Value Between the Terminal Value and the Present Value of Currency

Why and where does this difference in value between the present value and the terminal value occur? Some economists in the West interpret this as "remuneration gained through investment" and "the income brought about by the capital itself." All these are vulgar and ridiculous viewpoints. Currency itself, or capital itself, cannot create new value. The increment in value can only come from the labor of the workers. In the capitalist countries, the capitalists invest their currency (or capital) to employ the labor force and to purchase the means of production. The process in the combining of these two activities is also the process in which the workers make use of the means of production to manufacture goods through their labor. The laboring process transfer the value of the original means of production to the new products, and at the same time this process creates new value of its own, so that the value can be increased, that is, the value of the original investment (in the form of currency) can be increased. This is the source of difference in value between the terminal value and the present value of the currency. In other words, the source lies in the labor of the workers. The labor of the workers creates new value which makes the value at the end of a laboring process greater than the value

at the end of a laboring process greater than the value at the beginning, and this manifests itself in the form of the terminal value of currency being greater in value than the present value. It can be seen that the essence of increment in value is the labor of the workers, and the difference in value between the terminal value and the present value of currency is but a superficial phenomenon. But both are in existence as a matter of fact.

As the factor of the difference between terminal value and present value exists objectively, it should be under consideration in the activities of the socialist commodity economy, especially when making a decision for investment. It is especially true under the present circumstances that the capital in our country is not unlimited. Therefore, when using currency capital, especially when planning investments, consideration should be given not only to the profit that can be acquired in the future, but also to the time needed for the acquired profit. With the same profit, say 10,000 yuan, if it can be acquired earlier, it can be invested again. In other words, it can make the combination of the means of production with the labor force take place earlier and better, and expand reproduction intrinsically or extrinsically, thus adding more value and accumulation, and expediting the development of the socialist economy. On the contrary, if the profit or the recovery of the original investment is delayed, no such good economic results can be obtained. If a certain project, after its investment, cannot be put into operation for a long period, cannot acquire profit in time, keeping the means of production in stock for a long time and slowing down the circulation of capital, then the results will be very bad indeed. By what means can the investment gain good economic results and avoid harmful effect? One of the important means is to uphold the concept of the present value of currency, and make this concept work in the policy decision for investment and in the arrangement of capital.

3. The Application of the Concept of Present Value of Currency in Policy Decision for Investment

Generally speaking, investment can have the income of currency only after the capital (currency) has been invested for some time. Longer time will be required if the original investment is to be recovered. In other words, what is invested is the present currency, and what is to be recovered is the future currency--and these are quite different from each other. If we disregard this difference, the estimated effect for the investment will be in error and the policy decided with reference to this estimation will be incoherent, or even absolutely wrong, and will cause the state to sustain heavy losses.

How should we make use of the concept of present value of currency in policy decisions for investment? There are several ways which are illustrated below.

(1) The circulation of cash at a discount. Discount here means the present value of a certain amount of future capital calculated in accordance with a specific profit rate. The circulation of cash at a discount is the calculation of the present value of the currency income in every year from now in accordance with a certain profit rate. Then the total present value of this income (the cash flow) is compared with the total amount of original investment (the cash outflow). The reasonableness of this investment can then be judged from

whether the cash inflow is bigger than the cash outflow and how much the difference is between them.

Let us presume that 250,000 yuan is invested in a construction project and it goes into operation in the same year, the means of production is used up at the end of the 3d year, and the cash income (including profit and depreciation) at the end of each year is 100,000 yuan. If the factor of present value of currency is not taken into account, then the total cash income of the 3 years is 300,000 yuan, 50,000 yuan more than the original investment--that is to say, the profit is 50,000 yuan, and this consideration may lead to the conclusion that the investment for the project is correct. But in fact the conclusion is wrong, because the present value of currency is not considered. If this factor is taken into account, using the method of the circulation of cash at a discount, the present value of the income of each year is calculated in accordance with the average profit rate of that particular department, say 10 percent, and comparison is made between the total present value and the cash outflow value, then we can formulate the following list (unit: 10,000 yuan)

Cash outflow	
Original investment	25
Cash inflow	
Cash obtained by sales (based on the present value)	
1st year 10 multiplied by 0.909 equals 9.09	
2d year 10 multiplied by 0.826 equals 8.26	
3d year 10 multiplied by 0.751 equals 7.51	
Total cash inflow	24.86
Net present value	-0.14

As a result of the calculation, the net present value (that is, the difference between the total present value of the forthcoming cash inflow and the total cash outflow) is not 50,000 yuan, but a negative figure: -0.14 (unit: 10,000; 67-,). It is evident that this plan is not well-founded. In order to make this investment rational, efforts should be made to minimize the amount of investment, to increase the cash inflow after the project is in operation, that is, to economize the cash outflow and to increase the cash inflow, with a view to obtaining a greater amount of the net present value.

(2) The comparison of different plans for investment after discount. The criterion for comparison should be the ratio of "income after discount divided by cost after discount." Income after discount here means the total cash inflow after discount, or the total income through sales after discount; cost after discount here means the total cash outflow after discount, or the total investment after discount. If the result of the ratio is greater than 1, or the income is greater than the cost, it demonstrates that the plan for investment is rational. The greater the figure, the more rational it will be. If the result of the ratio is smaller than 1, or the cost is greater than the income, then this plan is irrational and should not be adopted. Suppose a certain construction project has three plans for investment (Unit: 10,000 yuan):

Plan	Cost After Discount (A)	Income After Discount (B)	B/A	Conclusion
I	100	110	1.10	Better
II	200	180	0.90	Poor
III	150	180	1.20	Best

of the above plans, plan II is the most irrational, because the ratio of income after discount/cost after discount is smaller than 1. Plans I and III are rational, because the ratios are both greater than 1, and plan III is more rational--it is the best plan of the three, since the result of the ratio is the greatest.

(3) The method of calculating recovery period of investment after discount. If the factor of the present currency value is not considered, the direct calculation of the recovery period of original investment is the simplest method of recovery. This method of evaluating investment is too simplistic to be termed scientific. If the factor of the present currency value is considered, and the present value of the cash in sales in the coming years is calculated according to a certain specified profit rate, and then the recovery period of investment is calculated based on this present value, this method is called the method of calculating recovery period of investment.

Suppose the planned investment of a certain project is 500,000 yuan, the operation can be in full swing in the same year, and the yearly cash in sales will be 100,000 yuan in the following years. If the time value of the currency is not considered, then a conclusion can be reached that in 5 years the investment will be fully recovered, or, the recovery period of investment is 5 years. If the investment recovery period planned by the department is 5 years, then based on the above conclusion, the policy decision of adopting this investment plan can be justified and finalized. But this conclusion is incorrect. Because the value of currency differs, the value of the 100,000 yuan to be recovered at the end of each following year is lower than thepresent 100,000 yuan. According to the above-mentioned formula for calculating the present value, P equals S divided by (1 plus R) to the nth power, and suppose R equals 10 percent (based on the average profit rate of that department), then the recovered present value at the end of the 1st year will be only 90,000 yuan. The application of the same formula will give the value for the 100,000 yuan at the end of the 2d year through the 5th year. The present values will be 82,600 yuan, 75,100 yuan, 68,300 yuan and 62,100 yuan respectively. The total income of these 5 years will be only 379,000 yuan, which is less than 500,000 yuan. That is to say, the original investment cannot be recovered in 5 years' time, or, the recovery period for investment is more than 5 years--over 7 years. This greatly exceeds the planned recovery period, and shows that the plan for investment is incorrect, and the original policy decision for investment is irrational. In order to rationalize this investment, something must be done to ensure that more profit can be acquired within a shorter period, to make the capital circulate faster and to enable the investment to be recovered as soon as possible.

It can be seen from the above that in the policy decision for investment, the utilization of the concept of present value of currency can help to correctly evaluate the effect of investment, and to select the best plan for investment. In other aspects of capital utilization, this concept should also be adopted to figure out the requisite economic measures, such as granting the capital used by the enterprises through the bank with a specified interest rate to replace the sum being granted by the state without any interest; collecting taxes for the fixed assets of the state-run industries and enterprises, and so on. The utilization of this concept to adopt relevant economic measures can prompt various departments and enterprises to use their capital more rationally and more economically, to expedite the circulation of the capital and raise the economic effect, thus speeding up the development of socialist construction.

CSO: 4006/457

ECONOMIC MANAGEMENT

'JINGJI GUANLI' ON EMULATION WITHIN SAME TRADE

HK261013 Beijing JINGJI GUANLI in Chinese No 4, 15 Apr 82, pp 51-53

[Article by the National Defense Industry Union of the all-China Federation of Trade Unions: "Emulation Between Factories of the Same Trade is a Good Way to Speed up Industrial Development--Introducing the Experiences of Emulation Between Factories of the Television Trade"--passages within slantlines denote boldface type]

[Text] The national emulation between factories manufacturing televisions began in July 1979. At that time, the outstanding problems confronting the production of television sets were: poor quality of products, high cost of production, big losses, production quantity failing to meet market demands and great disparity existing between the enterprises. Moreover, there was no interchange of technology between the factories. Some factories adopted the policy of maintaining the utmost secrecy on their production technique, blocking any leadage therefrom, and thus generally hampering the tapping of the latent potentials. In order to rectify this situation, our union, working in conjunction with the state broadcasting and television general bureau, organized an emulation campaign between factories of the television trade, for the principal purposes of improving the quality of the products and lowering the production cost. At the start, there were 45 factories participating. Now the number of participants has increased to 57.

Over the past 2 years, we have tightly grasped the work of summing up and promoting advanced experience and extensively organized the activities of mutual help and mutual study between the factories, so as to effect the popularization of the advanced experiences and the gradual diminution of the disparities within the trade. As a result, backward factories have been able to catch up with the advanced ones, and the advanced level has continuously improved. This has played an important role in accelerating the development of the television industry. Thus, the output volume of television sets has greatly increased each year. In 1979, the output volume was 1.31 million sets. In 1980, it was 2.22 million sets, an increase of 69.5 percent. In 1981, it went up to 3.64 million sets, an increase of 64 percent over the preceding year. The quality of the products was also noticeably improved. In the 1979 quality appraisal conducted by the state, the average trouble-free period of operation of the various types of televisions was only 790 hours. An appraisal made in 1981 found that the period had been extended to 2,560 hours and that, in addition, in the case of some 22 types, it had actually been increased to 4,000 hours

and the work-reliability rate raised by 300 to 500 percent. At the same time, the cost of production has been lowered. Take for example the 12-inch black and white sets: in the first half year of 1979, the production cost per set was 430 yuan; now, it has dropped to 299 yuan which [is] 15 lower than the advanced level of 305 yuan before the emulation. Concurrently with the general reduction in the production cost, the disparities between the factories were reduced. At present, the per unit production cost ranges from a minimum of 254 yuan to a maximum of 355 yuan, a difference of around 100 yuan whereas formerly it was as high as over 360 yuan. The state of the whole trade suffering losses has also been changed to that of the whole trade generally making a profit. This has thus prepared the ground for lowering the prices of television sets and for their further popularization. The principal reasons why the emulation between factories of the television trade has produced such outstanding economic results may be analyzed as follows:

/1. Strengthen the ideological and political leadership work during the emulation, promote and bring the communist style of work into full play and continuously break through the technological blockade. All these are the logical premises and the ideological basis for achieving success and for the extent of the success achieved in mutual help and mutual study./ Before the emulation it has been quite common for the factories to strictly keep to themselves their technological knowhow and zealously guard against its leakage. Many factories had at first embodied high hopes when approaching their advanced counterparts for knowhow only to find themselves subsequently frustrated. Some knocked at the doors of the advanced factories for knowledge but were frequently denied admittance, or, though admitted, were given a cold reception. When confronted with key problems that affected everybody, they nevertheless had to break up and seek a solution separately. Certain technical problems concerning production might well have been solved by some of the factories already but the latter would still allow others to remain in the dark and to work out their own solution. Obviously, this caused a waste of manpower, natural resources and money. A situation of this kind could hardly do justice to the superiority of our socialist system. It was in effect a major deterrent to industrial development. Hence, during the course of the development of emulation between the factories of our trade, we insisted firmly on ideology taking the lead. First of all, we grasped and fostered the communist spirit of cooperation, avoided the capitalist way of competition, and encouraged the factories to bear the whole situation in mind and make more contributions to the development of our trade. We adopted the following principal measures:

First, we carried out positive educational work, repeatedly propagandized and played up communist ideology, and emphasized that the interests of socialist enterprises were basically identical. We drew a clear line of demarcation between socialist emulation and capitalist competition. We impressed on everybody that each and every technological success was the common property of the state and not privately owned. In short, we encouraged the units to make positive contributions to the development of our television trade.

Second, we grasped typical cases and endeavored to break through at a single point to reach and guide the whole. As soon as mutual help and mutual study started, we seized hold of north China and northeast China to serve as the

emulation trial areas. We then made the leading factory of the areas, the Beijing television factory, the focal point and encouraged it to make a good start. Forthwith, the Beijing factory, on its own initiative, introduced and revealed to its counterparts 10 of its latest experiences which it has not made known to the public before. This helped to open wide the "doors" of the factories in north China and northeast China. In turn, we used the typical cases in the areas to motivate Shanghai to follow suit and to open its "doors." This brought about a new upsurge in the campaign to foster mutual help and mutual study among factories of the entire trade.

Third, we used the communist demeanor of cooperation as the major criterion in appraising the performances of the factories in the emulation campaign. Through the democratic system of appraisal and selection, we granted awards for outstanding communist demeanor to those units which had scored notable successes in the mutual help and mutual study emulation campaign.

Fourth, we made the system of mutual help and mutual study benefit all the parties concerned. In signing the agreement for implementation of this system, we not only stressed the need to foster the communist style and spirit but also displayed concern over the economic benefits to both sides. Accordingly, some leeway was always provided to give some rational form of financial compensation to those units willing to part with, or reveal, their advanced experiences.

/2. Adopt practical and effective means to organize in a down-to-earth manner the system of mutual help and mutual study in order to ensure the timely promotion and adoption of advanced experiences./ In organizing the propagation and promotion of these experiences, we emphasized that the factories concerned must bear in mind their actual needs, make real efforts and desist from engaging in empty talk. Only in this way can the emulation between the factories become really attractive and lasting. The emulation between the factories may take one or more of the following forms:

First, organize a team of experts to go around different places to engage in mutual help and mutual study work. Toward the end of 1979, the emulation areas organized 86 experts to form mutual help and mutual study teams. They went deep into 45 factories to give lectures and to collect valuable experiences. They discovered and collected some 267 advanced experiences and concurrently offered some 204 recommendations to solve the existing problems of the factories. Some of the teams tackled the problem of the high cost of production on the part of some of the factories. They conducted a "collective diagnosis." Starting from production planning, production technique, supply of essential materials, management and operation, and so forth, they made a thorough examination of the causes leading to the high production cost and forthwith brought forward their suggestions for rectification and improvement. In 1981, 24 more experts were organized to proceed to Shanghai, chosen as the pivotal point, where they went into 22 factories to learn and to study and also to collect and to promote some 51 new technological results gained over the past year. Again in the same year, the north China and northeast China emulation areas dispatched one after the other two investigation units to Shanghai to learn and to study two special themes, namely, one on "general reliability" and the other on "management and operation," their mission was to take stock of Shanghai's experiences and, based on them, to recommend measures of improvement and rectification for

factories in the emulation areas. This made it possible to learn from the experiences of advanced localities and advanced units in a down-to-earth manner and reap very encouraging results.

Second, through conducting rotational investigation and study trips, the factories signed mutual help and mutual study contracts with one another on the basis of their own needs and their volition to band together and to link up with each other. The contracts clearly stated the objects of the mutual study, the factories' wishes and their respective obligations. Over the past 2 years, 474 contracts were signed and as a result a large batch of advanced experiences were rapidly promoted and put into effect. For example, the production assembly lines of the Beijing television factory and the Beijing Dongfeng television factory were found to have been economical and fit for introduction. As a result, over 20 units in the country signed contracts with these Beijing factories to learn from them. Of the 7 factories in the northeast, 6 copied and adopted the production assembly line system of the Beijing factories. They managed to raise their productivity by over 100 percent. Advanced units have their weak points whereas backward units also have their strong points. It is thus vital to promote mutual help and mutual study between them. During the emulation work, not only should small factories learn from the big ones and outside localities learn from Shanghai but also big factories should learn from the small ones and Shanghai from the outside localities. For example, the Shanghai No 18 wireless factory is one of the units in the whole trade rated to possess such merits as a large output, good-quality products, and low production cost. In one round of the campaign activities alone, 14 units signed a total of 22 contracts with the Shanghai plant. Conversely, the Shanghai plant learned from 6 other factories, signed 15 contracts with them, and derived worthwhile results. Moreover, in the mutual help and mutual study activities, the parties concerned not only signed help-and-study contracts involving only one phase of technology but also concluded general "factory-help-factory" agreements of a comprehensive nature. For example, the Shanghai No 4 wireless factory and the Shanghai No 18 wireless factory separately signed agreements with the Shaanxi wireless factory and the Dalian television factory providing for the systematic and bulk transplanting of the experiences of the advanced units in the sectors of production technique, dispatch and delivery of products, management and operation, and other phases.

Third, convene meetings on the exchange of experiences in specialized topics. Over the past 2 years, more than 20 discussion meetings have been organized on specialized topics such as planning of the inside core of the machines, welding technique, quality control, use of specialized tools, cost analysis, statistical work, and so on. In general, the participants welcomed these meetings and were deeply impressed by what they saw and heard. Additionally, short-term training classes were organized to help train up specialized personnel for the enterprises. The north China and northeast China emulation areas called a cost analysis meeting and invited the Shanghai No 18 wireless factory and the Gansu television factory to introduce to the meeting their experiences and to make on-the-spot sample demonstrations on the analysis of the production cost. After learning from the Shanghai No 18 wireless factory, the Zhangchun No 1 wireless factory succeeded in cutting down the per unit production cost by 56 yuan on the average.

Fourth, organizing a scientific and technological intelligence center and a statistics center which cover the whole trade, so as to transmit news on time, to open up intelligence channels, and to regularize the activities "comparing with and learning from the advanced units." By means of the scientific and technological intelligence center, a compilation of 147 selections of new techniques and new technological data was printed and, together with 15 issues of a new pamphlet, "short notes on technology," were sent to the various factories. In addition, supplementary reports were made from time to time on the progress of technological development. The statistics center organized a statistics transmission network covering the whole trade and reporting, every month or season, on the condition of the fulfillment of the various technological and economic targets of the factories and also analyzing their economic activities. This enabled the various factories to have timely information and data, to compare with the advanced levels of the trade, and to know what to learn and what targets to pursue. For example, in the Dandong television factory, originally the production cost was 423 yuan per set, but the factory made use of the statistics and reports of the whole trade as a "mirror" and shaped their measures every month accordingly. It succeeded in reducing the production cost to 266 yuan per unit and in this way joined the ranks of the advanced units. On learning of this development, the Shanghai No 18 wireless factory at once sent a team to the Dandong factory to study its experiences.

Fifth, concentrate the technical forces of the whole trade to jointly tackle the big and common problems. At present, the following joint programs are in progress: a program to tackle the problem of attaining the objective of products operating for 5,000 hours without a hitch, sponsored and organized by the Shanghai No 4 wireless factory and participated in by factories turning out whole machines and some factories producing the key and essential parts of the machines. A program to collect and sum up the superior points of imported production lines and of home-made lines, so as to supply data to the member factories for the technical restructuring and planning of their own production lines so that they conform to our national conditions and are of an advanced level, sponsored and organized by the Nanjing wireless factory and participated in by research workers selected from the technical personnel operating the production and assembly lines of eight factories. A program to collect and assess advanced technology for the purpose of formulating a sample production technique for the production of 12-inch televisions, sponsored by the Shanghai No 18 wireless factory. A program to jointly tackle the problems of the export of televisions, sponsored by the Beijing Dongfeng television factory and eight other factories, and so forth.

/3. Insisting on the mass line and on the methodology of everybody caring for everybody's business./ Emulation committees selected through a democratic process by the member factories are mainly responsible for the organization and leadership of the emulation between the factories of the television trade. Assisted and led by the upper-level organs and the trade unions, they assume the task of organizing the emulation activities of the whole trade. They are permanent organs but do not have under them any specialized structures or personnel who are separated from the production activities according to their needs, their decision and their violation and are assessed and completed by them, subject to guidance from the relevant departments. Facts have proven that the activities handled by the factories themselves conform to reality, are rich in creativeness, are prosecuted in a lively manner and exhibit a relatively

high organizational level. The state broadcasting and television trade bureau incorporates the emulation activities between the factories in its work plan but relies on the trade itself to carry them out. In this way, it fully displays our good tradition in industrial administration of combining centralized leadership with the mass line. The people call this procedure one which is "fun by the people and assisted by the state." In so doing, the various emulation activities between the factories cannot only carry out the guideline and demands of the management departments but can also solve the vexing problem of the administrative and management departments wishing to do something but unable to do so at once. In other words, it serves as an important supplement to the usual practice of doing leadership work through the issuance of administrative directives. Since this procedure carries out the mass line, the factories truly feel that they are the masters of their own trade. It motivates them to fully display their sense of responsibility and their enthusiasm. Without relying on the masses but merely relying on the industrial administrative departments and the national trade unions alone, it is impossible to perform well the complicated organizational tasks of mutual help and mutual study and the exchange of techniques.

Actual practice over the past 2 years has amply shown that emulation between the factories of the television trade constitutes a road to fully demonstrating the superiority of the socialist system, to placing reliance on the collective strength of the trade, to tapping the trade's latent potentials, to upgrading the technological level in production of the enterprises and their management and operational level, and to achieving greater, faster, better and more economical results in developing the television trade. At present, the kinescope trade and the recorder trade have both absorbed the experiences of the television trade and have successively started emulation between factories within their own trades. The emulation of the kinescope trade has been in progress for over half a year and has already achieved initial successes.

CSO: 4006/457

BRIEFS

IRREGULARITIES OF HUBEI HOTELS--(Xinfu) Hotel, (Qianjin) Hotel and railway neighborhood residents' committee hotel in Xiangfan Municipality have not carried out business properly and have operated in violation of regulations. They are places where a small number of bad people carried out unlawful and criminal activities and jeopardized social order. The municipal people's government recently decided to suspend these three hotels for readjustment and instructed relevant departments to investigate and seriously deal with the problems. These three hotels were set up by suburban brigades and a neighborhood residents' committee respectively. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 25 May 82 HK]

CSO: 4006/461

FINANCE AND BANKING

PRC DELEGATES SPEAK ON WORLD ECONOMY IN HELSINKI

OW151636 Beijing XINHUA in English 1616 GMT 15 May 82

[Text] Helsinki, 14 May (XINHUA)--The meeting of the interim committee of the International Monetary Fund (IMF) and the meeting of the development committee of the International Bank for Reconstruction and Development (IBRD) took place here on 12-14 May.

The meetings mainly discussed the issues concerning the world economy situation, the IMF policy and the increase of International Development Assoication (IDA) quotas.

Prior to the meetings, group 24 of developing countries and group ten of developed countries met separately. They held that the world economy is facing a lot of difficulties, but the two groups had quite different views as to how to solve the problems.

A communique issued by group ten after its meeting said that the main task at present is to continue the battle against inflation and the tightened monetary policy. The group 24 meeting pointed out that the developed countries' monetary policy, high interest rates and protectionist measures have an "adverse impact" on developing countries. Therefore, it called for a change in the monetary policy of the developed countries, reduction in interest rates, a basic change in the international monetary system and increase in fund quotas. It was disclosed that the group 24 meeting criticized certain countries for being involved in sanctions against Argentina in the British-Argentine dispute over the Malvinas Islands.

Chinese Finance Minister Wang Bingqian said at the group 24 meeting, "the economies of the vast majority of developing countries, particularly in the monetary and financial field, have deteriorated further owing to the attempt by developed countries to shift the consequences of their economic difficulties onto the former." While stressing south-south cooperation, he emphatically pointed out that the developing countries should make joint efforts to "urge the major developed countries to do their duty and honour their commitments to promote the work of the international monetary and multilateral development institutions, and thus help to meet the urgent needs of the developing countries, especially the least developed countries, in covering their current account deficits and financing their developemnt programmes."

At the interim committee meeting, China, France and nordic countries expressed support for the increase in quotas which was demanded by developing countries while the United States tried its best to block any substantial increase in international lending. The communique of the interim committee also considered it a primary task to fight inflation. Reporters at the meeting pointed out that the demand of developing countries "was brushed aside" by developed countries.

Addressing the interim committee meeting, Chinese delegation Shang Ming said an increase in the total amount of the quotas should be brought about mainly through a substantial general increase of quotas of the member countries. The share of the voting powers of the developing countries as a group in the total should be appropriately increased, he added.

At the development committee meeting, the ministers mainly discussed the IDA issue.

The Chinese Finance Minister Wang Bingqian said at the meeting, "IDA's current crisis stems from the failure of a major donor to honour its commitment by reducing its annual contribution under the IDA-6 replenishment agreement. This occurred at a critical juncture when developing countries were in dire need of IDA credits. The World Bank was compelled to make adjustments and cut back on its IDA lending programme for 1982. Adverse consequences resulted in delays of many projects in the pipeline of the countries affected, and this was a setback to their economic development."

According to an AFP report, the panel conceded that there was an "urgent need" for "adequate" flows of official assistance to developing countries, especially poorest ones. But the final statement offered no concrete solutions and the outcome of the talks was "disappointing."

CSO: 4020/131

FINANCE AND BANKING

HEDERBAI ADDRESSES FINANCIAL INSPECTION GROUP

HK200653 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 19 May 82

[Summary] "The regional leading group for checking on the financial affairs of enterprises held a meeting this morning to relay the guidelines of the state council documents on checking on the financial affairs of enterprises. It also made arrangements for the methods of doing a good job of the financial inspection work at the next stage."

"Hederbai, member of the standing committee of the regional CCP Committee, director of the regional financial commission and deputy group leader of the regional leading group for checking on the financial affairs of enterprises, spoke at the meeting."

He first of all talked about the importance of carrying out a great inspection of the financial affairs of enterprises. He said: All factories, mines, departments and bureaus should, on the basis of summing up the work in the previous stage, make a serious effort to do a good job of the work at the next stage in accordance with the requirements of the state council, the regional CCP Committee and the regional people's government. Great efforts should be made to bring the current inspection work to a temporary close by the end of June. With regard to the problem enterprises, it is necessary to do a thorough job of this work in the light of the reorganization of enterprises. There is no time limit for it and neither should we handle our work in the light of the reorganization of enterprises. There is no time limit for it and neither should we handle our work in a rigid way regardless of the actual conditions. During this inspection, it is necessary to make a basically thorough inspection of the existing problems in the enterprises and deal with them according to the state regulations. Money that should be handed in should be turned over to the higher authorities. It is also necessary to sum up lessons and set forth proposals for reorganization and reforms.

"The responsible comrades in charge of the financial work in various regional departments, bureaus, companies and key enterprises, accountants as well as relevant comrades in Urumqi attended the meeting today."

CSO: 4006/461

FINANCE AND BANKING

BRIEFS

LIAONING FINANCIAL CONSOLIDATION--Liaoning Province has made rapid progress in consolidating financial work in communes and brigades. According to statistics, 231 communes and 39,660 production brigades and teams across the province have consolidated their financial work. In general, they have taken stock of what they have had, improved management and raised economic results. As a result, they have withdrawn 50.44 million yuan of outstanding debts owed by commune members and 45 million yuan of debts owed by other units, recovered 8 million yuan of misused public funds and 529,000 yuan of dining, wining and reception allowances, and exposed the fact that over 1,023,000 yuan has been embezzled. They have also checked a number of erroneous and disorganized accounts. [SK060758 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 3 May 82]

CSO: 4006/461

INDUSTRY

'JINGJI GUANLI' ON SHAANXI LIGHT INDUSTRY

HK270815 Beijing JINGJI GUANLI in Chinese No 4, 15 Apr 82 pp 12-13

[Article by the policy research office of the Shaanxi Provincial CCP Committee: "What Type of Assistance Does Light Industry in Shaanxi Province Require From Heavy Industry?"]

[Text] In developing the production of consumer goods, it is necessary to seek assistance from heavy industrial departments. What type of assistance does light industry in Shaanxi Province require from heavy industry? Initial investigations showed that there is much to be done in this respect by heavy industry.

(I) It Must Supply the Urgently Needed Raw Materials That Are in Short Supply and Guarantee the Needs for the Development of Light Industry

With regard to the composition of the raw materials for light industry in Shaanxi Province, 55 percent of the raw materials that are consumed by the first light industrial system are supplied by agricultural and sideline production while the other 45 percent of the raw materials are supplied by industry. Such industrial raw materials as sheet steel, strip steel, tin, soda ash and concentrated sulphuric acid have always been in seriously short supply. The supply of No 15 round steel, No 35 strip steel and shaped steel that are urgently needed in the sewing machine industry is not guaranteed. About 90 percent of the raw materials that are needed in the second light industry system belong to the "goods and materials supplied according to the plans," yet more than 60 percent of the raw materials are not included in the plans and their supply is difficult. These materials include the urgently needed metallurgical raw materials such as sheet steel, galvanized iron, steel plates and high grade steel alloys while the urgently needed nonmetallic raw materials are even more and these materials include polyethylene, polypropylene, plasticizer, No 75 resin, scrubber agent, No 120 benzine, formic acid, phthalic acid, red alum, various dyestuffs, mono-benzine ethene, offset printing ink, moisture resisting oil, isopropyl alcohol and high pressure polyethylene.

(II) It Must Supply Special Equipment to Promote Technical Reforms

One of the important reasons why the light industry in the province has failed to develop rapidly is that it is equipped with old equipment and its rate of mechanization is low. Take the situation of the clothing industry for example. Of the nearly 1,000 clothing industrial enterprises throughout the province, 85 percent are using sewing machines intended for family use; only 15 percent are using industrial sewing machines. The important processes in clothing production, such as cutting and sewing, are basically semimechanized while the other auxiliary processes such as hemming, holing and buttoning are done manually with very low productivity. Therefore the machines for these processes are urgently required. Following the popularization of birth control and the improvement in people's living standard. The requirement for embroidering machines, collar processing machines, decorative bordering machines and other machines that are needed in processing children wear, shirts and coats, will gradually increase.

In the sector of the food processing industry, our equipment and processes in brewing, and in dairy and meat processing are very backward. The equipment needed in the brewing industry such as overhead cranes, stirring machines, blowers, ball-type rotational evaporating containers, deep-layer vinegar producing containers, materials reserving containers and other special equipment; that equipment urgently needed in the dairy processing industry includes evaporators, heat exchangers, purifying machines, milk processing containers, concentrating containers and testing apparatus while those urgently needed in the abattoir industry include such equipment as low temperature refining equipment, reproducing equipment and cooking equipment.

The province's tannery industry is characterized by a low degree of special equipment and very backward production methods. This industry requires the machine-building industry to study and turn out stretching plates, drying machines, stretching and softening machines, scalding machines and other equipment that is needed in producing high quality leather, such as color spraying machines and border pressing machines. The shoe-making industry requires such equipment as stretching machines for various uses.

The backward situation in our packaging industry is yet to be basically improved. At present, our printing factories need such specialized equipment as TD 402 printing machines, RD 801 printing machines, Intaglio printing machines, letterpresses, offset presses, electro-aluminum pressing and printing machines, glazing machines, cutting machines, plastic laminating machines, large size plastic injecting machines, reticular plates for producing plates and camera lenses. In addition, paper box factories in general need oil printing machines and combination printing machines.

The furniture industry needs such equipment as plant cutting machines, reserved-energy welding machines, 400-ton beat processing machines, wooden plate lathes, riveting machines and automatic bending machines. The electric appliance industry is a newly emerging industry in our province and it urgently needs 80-ton double movement tensile machines, oven baked lacquer production lines and 100 to 150 ton die-casting machines, welding machines and hemming machines.

The plastic industry is a new industry in our province, with a weak foundation and backward equipment. There are more than 900 plastic processing machines across the province, but 60 percent of them were self-made or have been transformed, and have very low precision. The largest capacity plastic injection machines in the province are only 2,000 grams and the province urgently needs similar equipment with a capacity of more than 4,000 grams.

(III) It Needs To Assist in Technology and Staff and Research Work

The technical strength of the provincial light industrial system is weak while the technicians of the first light industrial system are mainly concentrated in the wristwatch and sewing machine industries. The second light industrial system has a serious shortage of technicians. The statistics compiled in July 1981 of 820-plus second light industrial enterprises above prefectural level showed that the technicians of these enterprises only made up 0.49 percent of the total staff. A total of 593 enterprises did not have a single technician and these enterprises made up 71.4 percent of the total. This does not even take into account the technical level of the technicians, specialisation in complete sets of equipment and the distribution of industry. At present, the first light industrial system urgently needs specialized technicians for designing and manufacturing various equipment for smelting, flattening, heat treating, electroplating, oven baking lacquer, electrification, paper making, chemical analysis and producing silicate. The second light industrial system needs even more technicians to meet various requirements; the clothing industry needs equipment maintenance workers; the tanning industry urgently needs machinery, electrical, chemical industry and management technicians; the wooden furniture industry needs machine, moulding and designing and manufacturing technicians and workers while the metal printing plants and plastic plants in the packaging industry need staff for the design and manufacture of moulds.

The only way to develop the production of consumer goods is to carry out scientific research. At present, the light industrial system in the province needs the following items from heavy industrial departments for research work.

First, new materials. In order to solve the problem of raw materials for making the needles for high-speed packaging and sewing machines, the sewing machine industry in the privince hoped that the metallurgical departments would help study and produce a new type of steel that is characterized by resistance to wear, easiness to process and little deformation following heat treatment. In order to produce heavy-duty bicycles to meet the needs in the broad market in rural areas, the bicycle industry is planning to study and produce new type of steels with high tensile strength and good flexibility. The clock and watch industry demanded a readjust in the alloy mix of hairsprings so as to improve the characteristics of the hairsprings made by our country and ensure that the watches we make will be able to run stably for a long period. The battery industry needs help in studying high molecular synthetic raw materials so as to improve the leakage prevention capability of our batteries and solve the problem of decreasing electrical capacity. The printing industry hoped that the departments concerned would study, produce and supply high quality but low-priced coated paper. In order to solve the difficulties in the supply of timber, the tanning industry demanded the study and production of a new type of raw materials to replace Korean pine that is used in rotational drums.

Second, new equipment. The Abattoir industry has demanded that its working conditions, that are characterized by "dirt, bad smells and fatigue," be changed and consequently it urgently needs such equipment as pork dissecting machines, pig's heads shearing machines, pig's trotters shearing machines, intestine washing machines and a machine for turning intestine inside out. The packaging machine industry hoped to be able to produce 5 kinds of easily operated machines for processing granulated sugar, biscuits and flour. The furniture industry, packaging industry and watch industry also need such equipment as tube-bending machines for steel furniture, printing-folding machines for note paper and automatic lathes for processing clocks and watches.

Third, new processes and technology. The bicycle industry demanded to be helped in carrying out the study of how to improve the quality of the three main links of technology such as electroplating, oven-baked lacquer and welding. The sewing machine industry demanded the study of the following items: dynamic testing of the process of grinding and blow-coating of the heads of sewing machines. The furniture industry demanded to be helped in studying the processing technology of painting and then installing and the technology for drying high-quality timber economically and with less energy. The packaging industry demanded to be helped in the study of how to improve the sealing properties of lacquer drums. The home appliance industry demanded the study of many items; with regard to washing machines, it mainly demanded the study the shape of the containers, cleanliness in washing, the rate of wear and tear and mechanical parameters. With regard to electric fans, it was demanded to study such subjects as low-voltage starting, moisture insulating capacity, the best blades and the materials for the blades. With regard to refrigerators, it was demanded to study such problems as blocking up of pipelines due to freezing, leakage and how to decrease noise.

(IV) It Must Do A Good Job in Coordinating the Production of Light Industrial Consumer Goods

At present, the provincial light industrial departments are carrying out coordination in the following aspects. First, coordinating the supply of raw materials. For example, the Xian No 1 sewing machine part factory needed drawing steels and it hoped that the metallurgical departments would help transform the system with regard to steel and produce steel to their specifications. Second, coordinating spare parts. The clock and watch industry hoped that the heavy industrial departments would produce and supply electronic elements. In the sewing machine industry, it was demanded that the reproduction of the four kinds of key parts of kernel caps, pendulum shuttles, upper bearings and pig-iron parts must be expanded as soon as possible. The hope appliance industry needs 80201-specification bearings for washing machines. Paper box factories hoped that the machine-building industry would be able to help process such parts as gears, gear springs and cams. Fourth, coordination in auxiliary production. The Shaanxi Watch Company which is studying the production of ladies' watches, hoped that heavy industrial departments would be able to supply small module molds.

CSO: 4006/457

INDUSTRY

BRIEFS

HEILONGJIANG OIL PROCESSING PLANT--After a 2-year construction period, a modern oil processing plant with a daily capacity of 30 tons was put into production on 11 May in Qiqihar Municipality, Heilongjiang Province. Petroleum supplied for Qiqihar Municipality will be guaranteed. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 11 May 82 SK]

CSO: 4013/74

CONSTRUCTION

XU JIATUN ON CONSTRUCTION OF SMALL CITIES, TOWNS

OW110530 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 10 May 82

[Text] In the fourth part of his report delivered to the second Jiangsu Provincial Urban Work Meeting, Comrade Xu Jiatun, first secretary of the Jiangsu Provincial CCP Committee, called for doing well in the construction of small cities and townships and bringing into full play the role of small cities and townships as the tie linking the urban economy to the economy in the countryside.

Comrade Xu Jiatun said: We must fully understnad the position and role of small cities and townships in the four modernizations and their favorable conditions in terms of locality, communications and transport, culture and education, and technical force. Small cities and towns are situated between cities and the countryside and play the important role of a bridge in the circulation and interflow of commodities between cities and the countryside. Small cities and townships have good conditions for developing farm and sideline product processing industry, handicraft industry, collectively-run commerce, service trades and other trades which call for a large amount of labor. There arrangements can be made for the placement of a large number of local unemployed people and the surplus labor force in rural areas. There are more scientific and technical installations, and cultural, educational and public health facilities in small cities and townships which can help develop spiritual civilization in rural areas, disseminate scientific and technical knowledge and promote interflow of techniques. Therefore, we must actively develop small cities and townships and bring the role of small cities and townships into full play so that they can become centers in politics, economy, culture and service for living; ties linking large and medium-sized cities to the vast rural areas; and forward bases for changing the features of rural areas and building a new socialist rural area.

Comrade Xu Jiatun said: All party committees must include the work of small cities and townships in their important agendas, strengthen leadership according to the characteristics of small cities and townships, mobilize all departments and units to support the work of small cities and twonships, and work in full cooperation and coordination to promote the construction of small cities and townships.

Comrade Xu Jiatun pointed out: To promote the construction of small cities and townships, it is necessary to draw up a scientific and rational plan to

serve as a short-term basis and a long-range goal for our projects. While drawing up the plan, we must not only take into consideration production and residents living in townships, but also the offering of services for agricultural and sideline production and the people's livelihood in the rural area around the twonships. It is necessary to orient the layout of small cities and townships to the rural area and form a radius of service.

Comrade Xu Jiatung said: To speed up the construction of small cities and townships, it is necessary to first develop the economy. It is necessary to develop enterprises under collective ownership, particularly farm, sideline and the special local product processing industry, building material industry and traditional handicarft industry. This can open avenues for employment of a large number of workers and produce funds for the construction of townships. Secondly, it is necessary to develop cultural and educational facilities and bring the role of small cities and townships into full play as cultural centers to satisfy the masses' need for cultural life. Thirdly, it is necessary to develop commerce, service trades and repair trades to meet local people's needs.

Comrade Xu Jiatun said: If we can further promote the construction of small cities and townships in production, transportation, culture, education, commerce and service trades, we can attract more intellectuals and workers from large and medium-sized cities to settle down in small cities and townships and engage in construction work and social activities.

CSO: 4006/461

CONSTRUCTION

XU JIATUN ADDRESSES JIANGSU URBAN WORK MEETING

OW191101 Nanjing XINHUA RIBAO in Chinese 9 May 82 p 1

[Text] Addressing the second provincial urban work meeting, Comrade Xu Jiatun said: In urban construction, we should make a big change in our guiding ideology, clearly define the orientation of urban development and draw up a sound plan for this work. Through persistent and unremitting efforts, we should build our cities into socialist modern cities which are highly civilized and democratic with a thriving economy and well-developed culture. These cities should be technologically advanced, reasonably distributed, beautiful and neat with every convenience for the people's daily life. While characterized by harmonious development of economic and social conditions and science and technology, they each should have their own salient features.

He said: On the eve of the nation's liberation, our party stated that in cities "the central task was to mobilize all forces to resume and develop production, and that this was of key importance to all our work." As proved by practice, this was absolutely necessary at that time; it was a correct principle. In implementing this principle, we scored considerable achievements, thereby laying a sound material foundation for our socialist construction. Reviewing what we have done, however, we can see that we can certainly learn some profound experience and lessons from our past work. The most striking problem was that we had a onesided view with regard to the aforementioned principle, for we only narrowly understood the concept of production. In particular, under the influence of the "left" ideology, we more often than not put stress on industrial production at the expense of developing production and construction in other fields and developing various social undertakings. We failed to see the question of how to ensure proportionate and harmonious development of urban economic construction and the various social undertakings in cities. That is, we did not attach due importance to the development of various social undertakings. For this reason, numerous problems accumulated in municipal construction, public utilities, environmental protection, service networks, people's housing and the development of science and technology, education, culture and public health, resulting in serious imbalance of the work in various fields in the cities. After the smashing of the "gang of four," especially since the 3d plenary session of the 11th CCP Central Committee, we have done a great deal of work and achieved fairly good results in straightening the guiding ideology for urgan construction, in improving municipal facilities and in quickening the pace in housing construction. Now, while making continued efforts to pro-

mote industrial production, we should develop various other urban projects in a proper and proportionate way according to our plans.

Comrade Xu Jiatun said: The cities must grasp industrial production. In our province, each and every city and town must strive to increase industrial production and enliven its economy as a material foundation for the construction of various urban projects and the improvement of the people's living standard. However, as past practice indicates, while promoting industrial production, we must take the development of commerce and service trade as equally important component parts of our social production work. Unless we pay attention to this, the "difficult" problems confronting the masses, such as the difficulty in having their clothes made and having their old appliances repaired, will still be hard to resolve.

Further elaborating on the subject, he said: Our onesidedness in the past lay in that we regarded "production" as merely industrial production, and that we lacked an overall concept of economic construction. What we should do now is to include the promotion of municipal construction, the acceleration of housing construction and the continuous improvement of the people's livelihood as component parts of urban production and do our best in these tasks. Building municipal facilities and houses, in itself, is a production task; it is a construction project. In addition, we should pay attention to and work on the development of intellectual resources as an urban construction project closely related to production.

Jiangsu has favorable conditions; it has a relatively good foundation of science and cultural education, especially in cities along the Shanghai-Nanjing railway. We should give full play to this favorable condition and use the urban manpower to go all out to develop science and technology as well as cultural education. We should do this seriously by taking it as an investment in training intellectuals. This is a matter of strategic importance not only to the development of our present economy as a whole but also to our work of promoting material and spiritual civilization and to our far-reaching interests. Unless we grasp this in doing our urban work, we will make a historical mistake. In Jiangsu, we should take the development of tourism for travelers at home and from abroad as another production and construction project and make a conscientious effort to grasp it. In addition, we should never relax our efforts in developing vegetable production in the suburbs of cities.

Comrade Xu Jiatun continued: On the whole, we should do our best to sum up experience and draw lessons from the past. With regard to the guiding ideology for urban construction, we should change the idea of onesidedly stressing industrial production and should properly handle the relationship of industrial production with production in all other fields and with social development as a whole. This, we may say, is a radical change in the guiding ideology.

He said: In developing the economy and the various social undertakings, we should continue to carry forward the relatively successful experiences we have gained in the past; that is, we should devote our main efforts to the development of processing industry, service trade, small and medium-sized enterprises and collective undertakings and to the tapping of potentials "inside" the

existing enterprises. In addition, in carrying out the principle of "closing down or merging enterprises, converting them to produce other products or having them engage in joint production projects," we should put emphasis mainly on switching to production of other products and on joint production projects. Under unified planning and leadership, every city should strive to develop its industrial production and raise its economic and social construction as a whole to a new level.

CSO: 4006/461

CONSTRUCTION

BRIEFS

RESERVOIR INSPECTED--According to TIANJIN RIBAO, on 12 May responsible comrades of the Tianjin Municipal CCP Committee, people's congress standing committee and government including Chen Weida, Hu Qili, Wang Enhui and Li Ruihuan inspected the Panjiakou reservoir, a key project in the scheme to bring water from the Luan River to Tianjin. A responsible comrade of a PLA capital construction corps unit undertaking the project told them of the progress of work. The municipal leaders praised the PLA personnel for their hard work in solving Tianjin's water problem. [Summary] [HK200359 Tianjin City Service in Mandarin 2330 GMT 13 May 82]

XINJIANG HOUSING CONDITIONS IMPROVE--Over the past 3 years, the housing conditions of staff and workers in 8 cities, namely Urumqi, Yining, Kashi, Karamay, Shihezi, Qitai, Hami and Korla, in Xinjiang region have improved. The average housing area for each staff member or worker in these places was 3.6 square meters in 1979 and 4.36 square meters by the end of 1981, which is larger than the national average housing area for each staff member or worker. From 1979 to 1981, the region invested some 397.8 million yuan in housing for staff members and workers in urban areas and completed houses on some 2.43 million square meters of land. The average housing area for each staff member or worker in Yining Municipality was 4.1 square meters in 1979 and 5.5 square meters by the end of 1981. [HK200755 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 11 May 82]

HENAN CAPITAL CONSTRUCTION--Since the beginning of this year, the capital construction front in Henan Province has shortened construction periods and strived to raise economic returns. From January to April, the province invested 321 million yuan in capital construction projects and this investment was 19.3 percent more than in the corresponding period of last year. Of these projects, the floor area of residential houses under construction was 1.9 million square meters, 21.3 percent more than in the same period of last year. The floor area of those residential houses completed was 158,000 square meters, 46 percent more than in the same period of last year. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 13 May 82]

CSO: 4006/461

FOREIGN TRADE

SHAANXI PROVINCE INCREASES EXPORTS IN 1981

Xian SHAANXI RIBAO in Chinese 21 Jan 82 p 1

[Article by Qin Mao [4440 5399]: "Our Province's Continuous Growth in Foreign Trade"]

[Text] Last year, our province achieved further good results in foreign trade after having gained increases on a large scale for 3 consecutive years. Up to the end of last year, the total value of goods purchased for export reached 545.31 million yuan, surpassing our province's annual plan by 6 percent and showing an increase of 5.97 percent as compared with that of the previous year. The amount of exports handled directly by our province were valued at $23.8 million, surpassing our annual plan by 27.68 percent, and showing an increase of 1.5 times over that of the previous year. The number of patterns and the variety of export commodities increased from 77 the previous year to more than 120. The selling markets have extended from 8 to 27 countries and regions.

Last year, our province's foreign trade departments at all levels carried out conscientiously the policy that foreign trade should serve the readjustment of national economy, and paid special attention to their work mainly in the following four fields: 1) Vigorous support was given to the development of agriculture and multiple undertakings, and the sources of goods for export were organized in a positive way. According to incomplete statistics, last year the foreign trade departments subsidized people's communes and their members with Renminbi 12.32 million yuan through imported wheat and improved varieties [of rice], which were provided to them either as a bonus or in exchange for farm produce and sideline products; promoted the development of production; and increased the purchase of goods for export. The province purchased 8,312 tons of buckwheat, which was an all-time high. The annual plan for the purchase of wool was fulfilled 5 months ahead of schedule. 2) The superiority of our province's textile industry was brought into full play, the textile industry was supported in tapping potential and in innovation and renovation, and imports were actively used to help exports. Our province took various measures to explore markets for machinery and electric and chemical products, increase production and expand the scope of exports. Since the beginning of last year, the foreign trade departments have signed 19 contracts with foreign merchants for processing polyester

yarn and interwoven silk and wool textiles and for the compensation trade of perforated satin embroidery and automobile parts, increased exports by 7.57 million yuan, and gained 850,000 yuan in additional revenue. 3) Products were advertised in foreign countries, more channels were opened, and sales abroad were promoted. Last year, the foreign trade departments invited 200 foreign merchants to visit Shaanxi and hold trade talks; transactions were concluded which constituted one-third of the province's total volume of business in foreign trade. 4) Management was improved and economic accounting was strengthened; losses were reduced and profits improved. The foreign trade departments at all levels also took effective measures to improve the packaging and decoration of goods for export, arranged rationally the transportation of exports, and reduced expenses by 0.32 percent over that of the original plan. They accelerated the circulation of funds by a quarter of a cycle as planned, reduced the cost of getting foreign exchange in return, and increased the amount of profit handed over to the state by 2.76 times over that of the annual plan. It was the most profitable year for our province to export goods directly to foreign countries in recent years.

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CSO: 4006/361

FOREIGN TRADE

GROWTH OF SHENZHEN SPECIAL ECONOMIC ZONE DESCRIBED

Guangzhou YANGCHENG WANBAO in Chinese 12 Feb 82 p 1

[Article by He Yunhua [0149 0061 5478] and Wang Zhenhua [3076 2182 5478], NCNA reporters in the Shenzhen Special Zone, and Cheng Kai, staff reporter in the Shenzhen Special Zone: "The Rapid Growth of the Shenzhen Special Economic Zone"]

[Text] The Shenzhen Special Economic Zone has actively forged links with the interior, strengthened its ability to draw funds from abroad, and accelerated the pace of construction in the zone. Last year, the special economic zone achieved an investment of more than 140 million yuan in capital construction, and completed the work of construction on an area of more than 450,000 square meters, equal to the total of the previous 3 years.

Energetic Support from Various Places in the Country

The original economic foundation of the Shenzhen Special Zone was very weak. For more than 2 years, various central departments and all localities gave the special zone energetic support with personnel and technology. According to its requirements for construction, the special zone allied itself with the planning forces of various places throughout the country; organized a united planning corporation with the State Capital Construction Commission, the Ministry of Metallurgical Industry, the Ministry of Railways, the Ministry of Communications, the construction engineering army units and other departments as well as more than 60 units of some interior provinces and municipalities and more than 200 engineering and technical personnel; formed a construction industrial company with a working force of more than 30,000 people from various places in the country; and solved difficulties regarding the lack of personnel and the shortage of technical force for the zone's construction planning, geological survey, engineering designing and urban construction. By means of this alliance, the special economic zone established its logistics base for the engineering work of construction, including pipe-making, prefabricating components, quarrying, reinforcing bar processing, construction machinery maintenance, cement mixing, work quality testing, and renting special machines and tools for use in the work of construction, and laid down a foundation to transform gradually the construction industry into factory production. The special zone has brought the speed of construction

up to an advanced level in the country. At present, in the construction of high buildings, the common pace of completing the earthwork for one story is 7 or 8 days. Up to the end of last year, the Shenzhen Special Zone had worked in coordination with interior departments to undertake 18 industrial projects. The total amount of investments reached more than 50 million yuan.

Increasingly Greater Attraction to Foreign Investments

The fact that the special zone has forged ties with the interior provides foreign investments with a vast field of operation and favorable conditions for doing business, and attracts investors. In a little over 2 years, the number of projects involving foreign investment has reached more than 980, and the amount of planned investments has reached more than 7.7 billion Hong Kong dollars. In the early period, most investors were middle-class and small merchants who sent in raw material for processing or assembling. Now, large and medium-sized financial groups have invested huge sums and are participating in the construction and development of stretches of land and in setting up a number of large enterprises with advanced technical equipment. For instance, in the past 2 years the special zone has built an electronics industry of considerable scale and with certain capabilities of production and assembling. At present, electronics factories in operation such as Xinhua, Aihua, Jinghua, Huajiang and Shahe have signed contracts with foreign merchants to assemble television sets, radio cassette recorders, electronic watches and household electric appliances. Last year, the amount of their sales for export reached 90 million U.S. dollars. Last year, the Shekou Industrial Zone had built enterprises with foreign investments for building construction machinery, ship painting and making oxygen and started formal operation. This year, this industrial zone has another dozen enterprises to be completed for operation. In the Shenzhen Special Zone, the New Nanxin Dyeworks, financed and managed solely by a Hong Kong merchant, was completed for test operation at the end of last year. This dyeworks can handle more than 60 million meters of gray cloth each year. In addition, a number of enterprises have also started operation, including those for color printing, making furniture, making leather goods, making plastic articles, making drinks and foods, making textile goods, and making hardware.

An Increasingly Prosperous Market in the Special Zone

At present, to meet the needs of the special economic zone which has been opened to foreign visitors and to cope with the rapidly rising standard of consumers in the zone, such places as Beijing, Shanghai, Tianjin, Nanjing, Guangzhou, Liaoning, Jilin, Fujian and Hubei have joined the Shenzhen Special Zone in setting up various commercial stores with their local distinguishing features and retail departments for displaying and selling local products. For instance, many stores have opened for business, including Shanghai stores selling dresses in the latest fashion, lamps and lanterns, hardware and electrical equipment; Jilin restaurants serving northern dishes; and stores selling Beijing handicraft articles, Nanjing furniture and Fujian lacquerware and carvings. Famous stores such as the Guangzhou Panqi Restaurant, the Beijing Roast Duck Store and the Guangzhou Zhimeizhai, one of the four large sauce and pickle shops in the country, have also opened branches in the urban area of the Shenzhen Special Zone, so that there is an increasingly prosperous market in the special economic zone.
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BRIEFS

GUANGXI CEMENT PLANT--According to the Guangxi regional import and export committee, Liuzhou Cement Plant in Guangxi region is cooperating with Denmark to expand a project which will be capable of producing 1 million tons of cement per year. They have recently reached an agreement which provides that, in the form of compensation trade, export credit of Copenhagen Commercial Bank of Denmark will be used to import the advanced cement production techniques and equipment of the Danish Smith Company. Some 200 million yuan will be invested in this project. The region will use $37 million of Danish capital. This project will be completed by the end of 1985 and put into operation in Spring 1986. Smith Company will entrust a Swiss company to sell 300,000 tons of cement and 400,000 tons of cement will be used to pay back the capital and interests of the Danish loan. Foreign trade departments in this region will export 300,000 tons of cement and 400,000 tons of cement will be sold at home. [Nanning Guangxi Regional Service in Mandarin 1100 GMT 20 May 82 HK]

CSO: 4006/461

LABOR AND WAGES

JIANGSU'S XU JIATUN ON WORKERS' ROLE, LEADERSHIP

OW132146 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 12 May 82

[Text] The seventh part of the report by Comrade Xu Jiatun, first secretary of the Jiangsu Provincial CCP Committee, at the second provincial urban work meeting dealt with the topic: Rely wholeheartedly on the working class; give play to its role as a main force in the four modernizations drive. The eighth part of his report is entitled: Adapt to the requirements of the new situation; strengthen and improve leadership over urban work.

Comrade Xu Jiatun said: In doing a good job in urban construction and in other fields of work, we should know on whom to rely. After discussing the historical position of China's working class and its historical contributions under the leadership of the CCP, he pointed out that the historical mission of the working class is the realization of communism. Its present task is to bring about a new situation in the four modernizations drive. The working class is the pioneer of revolution and the vanguard in creating material wealth and building a spiritual civilization. Therefore, it is the basic force on which all fronts, including the urban construction front, should rely.

Comrade Xu Jiatun pointed out: In carrying out the four modernization program and in urban construction we must uphold the mass line, give full scope to democracy, respect the pioneering spirit of staff members and workers and give full play to the role of the working class as the main force. Factories, mines and other enterpirses should set up and improve, step by step, the system of workers' congresses under the leadership of party committees in order to allow workers to participate in managing enterprises. Important issues in factories, mines and enterprises should be discussed by staff members and workers, whose opinions should be respected. Certain important matters must be decided by workers' congresses. The industrial, communications, finance and trade fronts should launch a socialist labor emulation campaign to learn from and catch up with the advanced in order to give full play to the vanguard and exemplary role of advanced workers.

Comrade Xu Jiatun said: We must adapt to the requirements of the new situation and strengthen and improve our leadership over urban construction work. Urban party committees and governments, entrusted by the working class, are responsible for building modern cities and towns. To adapt to the requirements of the new situation, they should first strengthen themselves, overcome laxity

and weakness in leadership and pull themselves from the state of inertia. In this respect, a very urgent task is to strengthen and improve the leading bodies at all levels so that the ranks of leading cadres will become revolutionized, better educated, more competent and younger. This task should be carried out in a better and faster way in urban areas. Efforts should be made to achieve sound progress in this respect this eyar. In carrying out this task, we must, of course, eliminate the interference from factionalism and uphold both moral character and competence in promoting young and middle-aged cadres. We must also pay attention to raising the political quality of the cadre ranks and to gradually changing their composition.

Touching on the question of work style, Comrade Xu Jiatun said: We are confronted with a profound and complex change in the new historical period, with new problems emerging one after another. This requires us to continually study the new situation, solve the new problems and discover new methods. We must strengthen theoretical study and investigations, uphold the correct ideological line, improve leadership style and method, sum up experiences in the course of practice and bring about new creations and progress in our work year by year.

CSO: 4006/461

GENERAL

PRUDENT POLICY IN IMPORTING ECONOMIC THEORIES URGED

Shanghai WEN HUI BAO in Chinese 26 Feb 82 p 3

[Article by Jiang Xuemo [5592 1331 2875]: "Be Careful in Importing Theories"]

[Text] To carry out successfully our socialist modernization, we must import not only technology but also "theories." By "theories," we mean economic theories in this case. At present, we frequently use such economic terms as the "economic pattern," "macroeconomy," "microeconomy," "economic policy," "gross national product" and the "third estate," which are all imported "foreign goods."

Imported economic theories have come from two sources: first, the socialist countries, such as the theories and plans of the planned management pattern of socialist national economy; and second, the developed capitalist countries. We should study and understand all economic theories of foreign countries. However, we must be very careful in "importing" and applying these theories; we must analyze them discriminatingly to differentiate one from the other.

Economics in capitalist countries may be roughly divided into the following three categories:

1. Applied economics, such as accounting, statistics, commodities, and economic technical sciences related purely to the rational organization of productive forces in enterprise management and economic management, such as value engineering, system engineering, and the theory of input and output. Generally speaking, economics of this category are linked only to socialized production on a large scale or to commodity relations. In these subjects, the developed capitalist countries are far more mature than we are, and we should learn from them.

2. Departmental economics, such as public finance, banking, industrial economy, agricultural economy, trade economy, tourism economy and so forth. Economic subjects in this category are linked not only to socialized production on a large scale and commodity and currency relations but also to a certain social economic system. We should carefully study these bourgeois departmental economics to distinguish between those which reflect the needs of socialized production and commodity and currency relations, for our

reference and use, and those which reflect the needs of the capitalist economic system that we must reject.

3. Theoretical economics, that is, various schools of bourgeois political economy. Bourgeois political economy reflects capitalist economic relations, speaks in favor of the capitalist system, and serves the interests of the bourgeoisie. The more "modernized" the bourgeois theoretical economics, the less its scientific component. Of contemporary bourgeois political economy, whether the Austrian school, the Cambridge school, the doctrine of Keynes, new liberalism or others, as far as their theoretical systems are concerned, they all speak in favor of the system of monopoly capitalism and suggest ways and means for the monopoly capitalist class. Not only are they entirely useless to our socialist economy, but also they cannot explain scientifically the current movement of capitalist economy. We should criticize economic theories of this category as a whole, and repudiate them totally. Moreover, we should not use freely terms used currently in capitalist economy, and should analyze all economic terms and concepts to differentiate one from the other.

Some concepts reflect only a certain economic phenomenon or economic process of socialized production and commodity production, such as macroeconomy, microeconomy, economic policy, market mechanism and so forth. Economic concepts of this category can be used to analyze capitalist economy and also socialist economy. Naturally we may adopt them.

Some economic concepts, such as the "gross national product" and the first, second and third estates, are used to reflect socialized production and commodity and currency relations; they were established according to theories of bourgeois vulgar economics. For example, the two sectors, the gross national product and the third estate, both involve understanding and calculation of national income; the connotation and method of calculation of national income in bourgeois vulgar economies are incompatible with Marxist theories on labor and value and on production and labor. Therefore, we must apply economic concepts of this category only under certain conditions. For instance, when we analyze the socialist economy in comparison with the economic situation of the capitalist countries, we can use these concepts just for reference. However, it would be improper for us to take them as a scientific category and use them to reform our economic statistics and to classify our economic departments.

Some economic concepts, such as those of marginal productivity and balanced value, are used especially to reflect bourgeois vulgar economic views, and we cannot use them to analyze socialist economy. Also, such concepts as benigh circle and vicious circle are used by bourgeois vulgar economics as an apology to cover up cyclical economic crises of capitalism. Although our socialist economy has also turned from side to side in the course of development, this was caused by our faults in making subjective policy decisions. According to the nature of the socialist economic system, a continuous and stable growth could be assured, there would be no production cycles of "crisis-depression-recovery-prosperity-crisis," which bourgeois vulgar economists call "commercial cycles." Thus, such concepts as benign circle

and vicious circle are not suitable for use in analyzing the movement of the socialist economy.

On the basis of our present attitude toward bourgeois economics, it may be seen that not only do we fail to deal carefully with each case on its merits in using economic concepts and use them too indiscriminately, but also we often introduce and use bourgeois economic theories uncritically. For instance, some newspapers and magazines have translated passages from contemporary works of bourgeois vulgar economics continuously and without criticism, and have introduced them as new knowledge. Some comrades have used the theory of balanced value and the theory of marginal productivity of bourgeois vulgar economics to draw up plans for the reform of our economic system. There have been even more instances when people used Ricardo's theory of comparative cost of production without making any analysis or criticism to discuss problems in the foreign trade of our country. Of course, Ricardo was different from bourgeois vulgar economists. His theory of the comparative cost of production contains scientific components. It plays a certain role in analysis of the superiority of our foreign trade. However, it serves the policy of free trade of advanced capitalist countries. Naturally, we cannot simply use this theory to direct the course of our foreign trade.

In short, on the question of "importing economic theories," on the one hand, we should correct our "leftist" mistakes of denying all foreign experiences and theories in economic fields; and, on the other hand, we should take great care in learning from the experiences of other socialist countries and in dealing with the economic theories of capitalist countries, by making analyses and criticism, and by differentiating one from the other. (The author is a professor of Fudan University)

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CSO: 4006/361

GENERAL

JIANGSU'S XU JIATUN ON URBAN PROBLEMS, IDEOLOGY

OW122202 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 11 May 82

[Text] The fifth part of the report by Comrade Xu Jiatun, first secretary of the Jiangsu Provincial CCP Committee, at the second provincial urban work meeting dealt with the following topic: Continue to solve the problems of filth, chaos, poor service and overcrowding and bring about general improvements in urban management work. The sixth part of his report stressed strengthening ideological and political work and building a highly developed spiritual civilization.

Comrade Xu Jiatun said that the basic objective of urban management is to better serve economic construction and the people's livelihood and to further develop political stability and unity. At present, we should continue to concentrate our efforts on solving the problems in urban management of filth, chaos, poor service and overcrowding. The major tasks are improving environmental sanitation, public order and service quality, gradually repairing and installing more public utilities and making full use of existing facilities to increase industrial capacity. To solve the problems of filth, chaos, poor service and overcrowding it is necessary to combine ideological education with the corresponding codes of conduct and disciplinary actions. The achievements made in launching the mass movement on five stresses, four beauties should be consolidated by perfecting the relevant systems and formulating regulations.

In his report, Comrade Xu Jiatun stressed strengthening ideological and political work and building a highly developed spiritual civilization. He said: Large-and medium-sized cities and smaller towns are specific areas that serve as centers for building the material civilization. They are also major areas for building the spiritual civilization. Success in building spiritual civilization in urban areas will serve as an example and as an impetus for the whole society. We should regard building spiritual civilization as an important task in the historical period, persist in this work for a long time and achieve good results.

It is necessary to make communist ideological education the primary task and to insist on the primacy of ideological education. In the current practical activities it is necessary to seize every opportunity to educate the people, instill the communist spirit in them and help them foster communist faith so that they will consciously uphold the four basic principles and firmly keep to the correct political orientation.

It is necessary to conduct education in vocational ethics according to the different vocational characteristic and to formulate codes of vocational ethics so that communist morality will take on a concrete form. It is necessary to take age and sex into consideration while conducting moral education on principles for living social lives and on marriage and family life in order to influence the people's thoughts and emotions, their moral quality and their overall spiritual outlook. The movement on five stresses, four beauties is an important element of communist ideology and moral education. All localities should continue to earnestly carry out this work in order to make it a constant practice and turn it into an institution. They should strive to create a new social atmosphere characterized by civility and courtesy.

Comrade Xu Jiatun also said: Since the beginning of this year, in order to effectively promote the building of socialist material and spiritual civilization, the party central committee has issued instructions and decisions that call on the whole nation to gradually unfold the struggle against serious criminal activities in the economic field. This is a struggle waged among CCP members and state functionaries. It is designed to uphold communist purity and oppose corruption and degeneration. It is an important manifestation of class struggle in the economic field under the new historical conditions in China's socialist society. It concerns the success or failure of China's socialist modernization program as well as the prosperity or decline of our party and state. Party committees at all levels should consider this struggle an important task for this year and for many years to come and exercise direct leadership to ensure success in this struggle.

CSO: 4006/461

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TITLE: "On Economic Development Strategies"

SOURCE: Taiyuan JISHU JINGJI YU GUANLI YANJIU [RESEARCH ON THE ECONOMICS AND MANAGEMENT OF TECHNOLOGY] in Chinese No 1, 31 Mar 82 pp 1-7

ABSTRACT: Some comrades believe the determination of strategy is the business of those who decide on policies and no one else needs to understand strategic problems. The author believes that those whose job it is to execute policy must express their opinions according to the experience gained from the practice to promote socialist democracy, to propose new problems, to investigate new formulas, and to cause their suggestions to reach those levels of policy decision makers so that the economic development strategies may be further perfected and certain important mistakes may be avoided or corrected. In order to arrive at correct strategies of economic development, the general problems to be considered include: an estimate of the economic situation, including the international and the domestic economic situations, the method of using sufficient scientific data to analyze the natural and the ecomic conditions, the choice among various targets for economic and strategic development, and the feasibility of an assemblage of technical and economic policies. Beyond these general problems, there are also some specific problems related to the period of economic readjustment. These include the method of handling the relationship between consumption and accumulation, the method of dealing with the

[continuation of JISHU JINGJI YU GUANLI YANJIU No 1, 1982 pp 1-7]

the result of development and the speed of development, the method of strengthening weak links and the needed adjustment of the economic structure, the choice between concentrated capital investment in new projects and some technical reform of existing enterprises, the choice between developing new regions and reasonable readjustment of productivity of old enterprises through rearrangement and technical reform, and the correct treatment of the relationship between raising economic benefits and the work of strengthening political ideology. Through analyses of the above problems, the author seeks to explain the grave nature of arriving at a correct economic development strategy. Some facts are cited to show that the several ups and downs of the Chinese economy were created by serious errors in strategic decisions. Some foreign data are also quoted to prove his point of view. For example, fast cars and well-built highways in the USA and Japan are blamed for the traffic congestion of cities of these countries and the economicdevelopment strategy of Norway is credited for the high average per capita income of 11 thousand US dollars in that country.

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TITLE: "Strengthening the Technical and Economic Work of Enterprises"

SOURCE: Taiyuan JISHU JINGJI YU GUANLI YANJIU [RESEARCH ON THE ECONOMICS AND MANAGEMENT OF TECHNOLOGY] in Chinese No 1, 31 Mar 82 pp 23-26

ABSTRACT: In order to development China's natural economy, the function of the existing enterprises must be fully utilized. The important way to do that is tecncal reform. In the process of technical reform, such problems as which equipment is to be renewed, which is to be replaced by a new one, whether a work procedure is to be changed or whether a new product design should be found, whether different raw materials should be used or whether new products should be created, etc. must be decided on the basis of the goal of good economic benefits. Many facts and data must be analyzed before correct decisions can be reached on these problems. This is what the author refers to as technical and economic work. The author claims that such technical economic work does not cost any money but it can prevent the enterprise from incurring losses and can cause the enterprise to gain good economic benefits. Furthermore, the author also claims that the method of technical economic analysis and evaluation is not difficult to master. It was in fact practiced by Chinese industries in the 50's and was called economic analysis and calculation. The author; therefore, believes that Chinese enterprises have the condition to strengthen their technical economic work.

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ORG: None

TITLE: "A Discussion of Several Problems in Post and Telecomunication Economics"

SOURCE: Taiyuan JISHU JINGJI YU GUANLI YANJIU [RESEARCH ON THE ECONOMICS AND MANAGEMENT OF TECHNOLOGY] in Chinese No 1, 31 Mar 82 pp 56-58, 60

ABSTRACT: In the past, the post-telecommunications industry in China was regularly designated as a material producing department in the national income statistics and the work of postal workers was counted completely as material-producing labor. This method does not fully reflect the nature of the industry, which is different from other material-producing departments such as agriculture and other industries. The postal workers do not produce any products of shape and form. It is a service type of labor, i.e. to transfer information. The post telecommunications industry is produced as a development from transportation economics. The goal of the industry is to give the maximum satisfaction of the information transfer needs of the society and its members. This paper explains the nature of the post telecommunications industry, its importance as the link among all other aspects of the national economy, and its dependence upon perfect and speedy coordination of all the parts within that industry. Giant post telecommunication systems of the USSR and the USA are briefly cited to demonstrate the position and function of that industry in a nation's economy.

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ORG: None

TITLE: "How to Resolve the Currect Problem of Excess Repairs With Respect to Equipment Repair of Enterprises"

SOURCE: Taiyuan JISHU JINGJI YU GUANLI YANJIU [RESEARCH ON THE ECONOMICS AND MANAGEMENT OF TECHNOLOGY] in Chinese No 1, 31 Mar 82 pp 58-60

ABSTRACT: The goal of all activities of a factory is to use a minimum of capital, labor, equipment, and materials to produce more high quality products. It is for that goal, we have engineering management, quality control, cost control, equipment management, financial management, labor management, etc. Of these aspects, equipment management is often neglected. The job of equipment management is to reduce the expenditure and improve efficiency of the equipment during its useful life span. At present, there is a serious problem of excessive major repairs, i.e. repairing when no repairs are necessary or the cost of repair reaching more than 30 percent of the original cost of the equipment. In China, the rate of depreciation in machine industries is generally about 4 percent and equipment is depreciable in about 25 years. This system has reduced available money for equipment renewal. Moreover, at present, enterprises do not pay for using the equipment to cause many to think the longer a set of equipment is used the better it is for the enterprise. Consequently, there are more and more old equipment, with half of it incomplete and a utilization rate of only about 60 percent. Even such is the case, regular

[continuation of JISHU JINGJI YU GUANLI YANJIU No 1, 1982 pp 58-60]

major repairs are still routinely scheduled at a fixed rate of 10-15 percent. It does not matter how old is the equipment, how incomplete it may be, etc. it will be repaired as scheduled. The quality of this kind of repair is necessarily poor. This paper proposes a new equipment repair system to resolve this problem.

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON THEORY OF ECONOMIC REFORM

HK260915 Beijing GUANGMING RIBAO in Chinese 19 May 82 p 3

[Article by Zhou Taihe [0719 1132 0735]: "Clarify the Theoretical Basis for Economic Reform and Draw up a Good Overall Reform Program"--This was a speech given by the writer at a report meeting to launch the discussion on the problems related to the theory of the reform of the economic system]

[Text] In his report on government work at the fourth session of the fifth NPC, Premier Zhao Ziyang spoke about the reform of our economic system and clearly pointed out "our present task is to sum up experiences from the reform we have carried out before and through prudent investigations and study and repeats scientific reasoning, to draw up an overall program for reforming the economic system as soon as possible and to gradually carry out this program." One of the important parts of the scientific reasoning that he mentioned here was theoretical reasoning, by which we make clear the theoretical basis for the reform. Therefore, conscientiously organizing the discussion of the theoretical problems related to the reform of the economic system is a prerequisite for successfully carrying out the overall program for reforming the economic system.

A correct revolutionary theory is the guideline for us in carrying out the reform of our economic system. Through widespread and profound theoretical discussion, we will be able to both adhere to the basic principles of Marxism and socialism and to adapt the program we design to the economic characteristics of our country in drawing up the overall program. Then we will be able to satisfactorily combine theory with practice and orientation with methods. [Words indistinct] the reform [words indistinct] rely on the joint efforts of the broad ranks of our cadres and the broad masses of the people. At present, our cadres and masses differ in their understanding of a few theoretical problems. A widespread and profound discussion will facilitate unifying and improving their understanding and thus help them make joint efforts to carry out the reform of the system.

The reform of the economic system is a very complicated and difficult task and in carrying it out we are bound to encounter obstacles that will stem from various sources. Only by mastering powerful theoretical weapons can we open up new prospects, remove all obstacles and carry out the reform step by step in a planned manner.

At present, we have to clarify, in theory, some important problems concerning the reform of the economic system. For example:

We should correctly handle the relationships between the planned economy and the regulation by market mechanism. We must correctly understand the nature of the socialist economy, the economic laws, the relationships between the planned economy and the market and the relationships between production and circulation.

We should correctly handle the relationships between different areas and different departments. We should correctly understand the economic function of the state and the relationship's between centralism and decentralism.

We should correctly solve the problems related to diversified economic compositions and diversified ways of management. We should correctly understand how the socialist relations of production should be suited to the degree of development of the productive force.

At a recent forum, a leading comrade of the state council said that there are two major issues related to the reform of the economic system: One concerns planning and the market, and the other concerns division of and relationships between various areas and departments, that is the issue of departmental management and the management of various areas. We should regard these two issues as key themes of our research. If we fail to satisfactorily and correctly solve in theory these major issues related to the reform of the economic system, we will lack a scientific theoretical basis in drawing up the overall program for the system reform and we will not have a correct orientation in planning and carrying out this reform. Therefore, it is necessary at present to launch a widespread discussion on the theoretical problems related to the reform of the economic system.

Of course, the theory of a system reform is not a dogma and cannot be established by means of pure theoretical deduction. We should not merely carry out theoretical study, but should, at the same time, study and sum up the problems that have cropped up in our practice and sum up both the past experiences at home and the experiences abroad. We should find the objective laws through integrating theory with practice. Thus we will be able to fix the goal, principles and policies of the system reform and draw up an overall scheme of design. We should theoretically sum up what we have discovered in our research into our practical experience and then apply what we have discovered to the comprehensive pilot projects we are carrying out at present and to the pilot projects for economic reform in local areas and in various trades and professions in order to test and improve it for the purpose of further popularizing it.

We warmly welcome all the comrades who are carrying out research into economic theory and who are working in the department of economic management throughout our country to freely air their views and to actively take part in the discussion on the problems related to the theory of the reform of the economic system.

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'JINGJI GUANLI' ON RURAL ECONOMIC RESTRUCTURING

HK280751 Beijing JINGJI GUANLI in Chinese No 4, 15 Apr 82 pp 63-67, 53

[Article by Gui Yuwen [2710 3768 2429]: "Summary of Experiences in Rural Economic Restructuring in Experimental Unites in Guanghan, Qionglai and Xindu Counties of Sichuan Province"]

[Text] Guanghan and Xindu Counties are located in the Chengdu Plain and most of their farmland and soil is fertile and rich. Qionglai County is located at the edge of the Chengdu Plain with mountainous areas, hills and plains each comprising one-third of the total area of the county. The three counties all have abundant resources and are the grain and edible oil base counties of Sichuan Province. The average per-capita amount of collectively-owned cultivated rural land is about 1.1 mu.

Since the collectivization of agriculture, some advances have been made in the industrial and agricultural production of the three counties and initial improvements have been achieved in their conditions of production. However, the growth rate was slow compared with the advances achieved in the reforms which have been carried out since the 3d plenary session of the 11th CCP Central Committee. During the 21 years between 1956 and 1977, the annual average increase in the total value of industrial and agricultural output of Guanghan, Qionglai and Xindu Counties was respectively 4.5 percent, 2.2 percent and 3.4 percent; the average increase in the total grain output was respectively 1.9 percent, 1.4 percent and 1.2 percent; the average per capita grain ration of Guanghan and Xindu has for many years fluctuated between 400 jin and 500 jin and that of Qionglai, between 300 jin and 400 jin; the average per capita income from collective distribution increased by only some 10 to 20 yuan during the 21 years. The cause of this state of affairs, apart from the losses brought about by the "great cultural revolution," was the "leftist" erroneous ideas which had for long years existed in economic work. The chief manifestations of these were: 1. The overcentralized economic management system, the failure to separate the functions of the government from those of the enterprises, the lack of decision-making power of the production and operational units and producers and the failure to bring their initiative into play; 2. the unitary production and operation forms with most attention being paid to the existing cultivated land and grain crops planting. This resulted in the internal sectors of agriculture being out of proportion and the utilization of resources and the exploitation of local strong points being hampered; 3.

Egalitarianism in distribution, with "everybody eating from the same big pot," a practice which dampened the enthusiasm of the vast numbers of cadres and the masses; 4. The unitary channel of commodity circulation and the monopoly of operation which resulted in impeded purchase and sale, the failure to smooth, out and even presenting obstacles to, the development of production and commodity exchange. The existence of these weakenesses interfered with the development of agricultural production, prevented the rural areas from becoming prosperous and tremendously hampered the agricultural modernization program.

After the smashing of the "gang of four," and particularly since the 3d plenary session of the 11th CCP Central Committee, the agricultural production of these three counties has been restored and developed at a relatively rapid pace; grain production has increased by a big margin and the vast numbers of cadres and the masses have eagerly hoped to do away with old restrictions and boost production to become prosperous as quickly as possible. Since 1978, the three counties, including Guanghan, have emancipated their minds and begun to probe and explore ways to restructure the rural economy. Comrade Zhao Ziyang, who worked in Sichuan Province at that time, gave them positive backing and offered timely guidance. Later the provincial CCP Committee made an official decision that the three counties should become experimental counties in rural economic restructuring, and urged them to explore ways to accelerate the development of the rural areas of the province.

The guiding ideology for the restructuring of the three counties should be as follows: While upholding the socialist road and planned economy, restructure those management systems, production setups, modes of operation, methods of distribution and circulation channels which are detrimental to production; bring the enthusiasm and initiative of the production and operational units and laborers into full play; boost commodity production; improve economic results; and accelerate the pace of economic growth so that the peasants will become prosperous as soon as possible. The concrete methods of restructuring mainly involve the following eight aspects:

1. Change the Practice of "Everybody Eating From the Same Big Pot" Into the Implementation of the Overall Economic Responsibility System

Rural economic restructuring of the three counties was started with the implementation of the economic responsibility system. In 1979, the Jinyu commune of Guanghan County was the first to introduce the responsibility system of fixing output quotas for each group and adopted the method of linking remuneration with output. In 1979, some communes and their subdivisions of Xindu County created the responsibility system of "four specialities and one contract" (that is, the system of fixing output quotas for contract production by specialized teams, specialized groups, specialized peasant households or specialized individual workers by linking remuneration with output) in the diversified economy and in their industry and sideline production. At present, of the 8,620 production teams throughout the three counties, over 95 percent of the teams have separately adopted, in their large field production, different forms of the responsibility system. These include such systems as specialized contracting, fixing output quotas for each group, assigning production targets to each laborer, unified measures for paddy cultivation and individual responsibilities in dry land cultivation, fixing output quotas for individual house-

holds and assigning full responsibility for task completion. The responsibility system of "four specialities and one contract" is largely carried out in the diversified economy, industry and sideline occupations. In the service of agrotechnology, multifarious forms of agricultural technical responsibility system have been implemented in a relatively universal way. In regard to the county-run industrial enterprises, on the basis of overall business accounting, they carry out various kinds of contracting out the requirement to fulfill part of the profits that ought to be handed over to the state, methods they mainly learned from the experience of Qingyuan County of Guangdong Province. In the inner departments of enterprises, various forms of the economic responsibility of "quotas fixing, contracts and rewards" have been introduced and as a result, the overall fulfillment of the various economic and technical targets and the improvement of the economic effect were closely integrated with the economic interests of the individual staff and workers. While upholding the implementation of the policies of the party and the country and raising the level of service quality, some experimental units of commercial enterprises have begun to trial implement the management responsibility system. Along with this, various organizations, departments and units have practiced the responsibility system of contracting the tasks at each level and the cadre job responsibility system. A method of rewards for overfulfilling the production tasks and penalties for failing to fulfill the fixed quotas in the light of the production tasks fulfilled and profits produced under their jurisdiction and duties, has been practiced among the cadres ranging from the deputy secretaries of the CCP county committees and deputy county heads who are in charge of the economic work to ordinary cadres. After fulfilling their contract tasks, the industrial, commercial and other units practice the method of proportionate sharing of the part that is in excess of the fixed quotas. The retained part is used mainly in expanding reproduction, and some of it is used for the collective welfare and bonuses of the staff and workers. A method has been introduced among the county cadres and the cadres of the communes and their subdivisions. The cadres are assigned full responsibility for the completion of the tasks of large rural areas, of a commune or of a brigade or a team. This method stipulates that a reward of 1 to 5 percent of the amount of their wages or their remuneration in workpoint, will be given for each 1 percent they overfulfill their contracted tasks by, but the amount of bonuses gained for over fulfilling the fixed targets must not exceed 40 percent of their annual basic wages (in Guanghan there is no such a ceiling). A reduction of 1 to 3 percent in their wages will be made for those who fail to fulfill the tasks they are contracted.

In the various above-mentioned responsibility systems, which are all-encompassing and are integrated horizontally and vertically, giving rewards to or penalizing each cadre, staff member or worker not only depends on the quality of the fulfillment of his own job but first depends on the quality of the fulfillment of the various tasks which the enterprise or unit where he works has been contracted by the higher authorities. In this way it is conducive to arousing the enthusiasm of the individuals and the enthusiasm of every production and operational unit and every worker for showing concern for the collective.

2. Change the System of Integrating Government Administration and Commune Management Into the System of Separating Government Administration From Enterprise Management

The present system of "integrating government administration and commune management" in the rural people's commune merges the grassroots state power organs and the collective economic organizations of the peasants. This system has for many years been proved by practice to have more disadvantages than advantages. Owing to the failure to separate the functions of the party from those of the government and the functions of the government from those of the enterprises, this system frequently encourages commandism and harmful directives; is harmful to the safeguarding of the decision-making power of the various production and operational units and particularly that of the production teams; is not suited to the needs of rural economic development at the present stage and is detrimental to the implementation of the various forms of responsibility system and thus detrimental to the acceleration of agricultural development. The "three-level ownership by the commune, the production brigade and the production team, with the production team as the basic accounting unit" which integrates government administration and commune management is related to the pattern of "the system of ownership by the production brigade and the production team advancing to the system of ownership by the commune and the system of collective ownership advancing to the system of ownership by the whole people." In the past, in order to strengthen the two-level economy of the commune and the production brigade, it was hard to avoid adopting some methods of indiscriminately transferring resources in an egalitarian manner, thus dampening the enthusiasm of the production teams and commune members. Therefore, since 1979, the three counties have trial restructured the commune management system and the commune and brigade-run enterprises. At present, the 86 communes of the three counties have all carried out restructuring in this respect.

The major method of restructuring to annul the former commune to establish the CCP township committees, township governments and township integrated companies combining agriculture, industry and commerce, to leave the former production teams or brigades to run their own businesses independently and make the party, the government and the enterprises relatively independent. Township integrated companies combining agriculture, industry and commerce are economic integrated organizations on the one hand and economic administrative organs on the other (in some townships there are three specialized companies concerned with agriculture, industry and commerce but there [are] no integrated companies). Under the leadership of the CCP township committees and the township governments, the companies are in charge of organizing and managing the daily economic agricultural, industrial and commercial activities of the whole township. The cadres of the integrated companies (including specialized companies and jointly run enterprises) are employed through a regular elections or through public personnel recruitment. The former production brigades were changed into villages and the CCP village committees were established, with the village heads and office clerks separately being in charge of the party's work and the administrative work of the whole village. A unified name for former production teams after they become independent collective economic organizations with initiative in their own hand and assume full responsibility for their own profits and losses, has not yet been decided. Guanghan County called the former production

teams agricultural production cooperatives but Xindu and Qionglai still called them production teams.

As for the question of the control over the former commune and brigade-run enterprises, apart from the enterprises which were run at a loss, they were all changed into enterprises jointly run by the production teams in accordance with the different source of their assets. The enterprises which have been put under the administration of the former departments of grain and edible oil and the No 2 light industrial bureau have adopted the method of retaining property rights and engaging in joint operation with the production teams through absorbing new shares or processing supplied materials and returning profits. The representative assembly of a jointly run enterprise which is collectively owned by the units and members which raised the shares, is the supreme power organ. After the payment of expenses, such as due loan repayments, the retaining of profits which will be used in expanding reproduction of enterprises and in collective welfare, and the deduction of tax payments most of the profits of the jointly run enterprises will be returned to the production teams which participated in the joint operation. Thus, the production teams and commune members can get substantial benefits from running enterprises and they can thus concern themselves with the enterprises and really become the masters of the enterprises.

3. Change the Agricultural Single-Product Economy Into a Diversified Economy

While increasing the per area unit yield of grain and ensuring a steady increase in the total grain output, the three counties have simultaneously grasped agriculture, forestry, animal husbandry, sideline occupations, fishery, industry and commerce, vigorously developed a diversified economy and opened up new prospects for production so as to manage to grasp grain on the one hand and money on the other.

They first concentrated their main energy and time on raising the per area unit yield of grain to a certain level and thus laid a foundation for readjusting the agricultural production setup. Compared with 1976, the total 1979 grain output of Guanghan and Qionglai each increased by 120 million jin, an increase of 30 percent and that of Xindu increased by nearly 80 million jin, a 22.5 percent increase. This created preconditions for substantially developing a diversified economy.

Proceeding from their own natural resources and labor power and technological conditions, they have set up commune and brigade-run industries in such fields as the processing of agricultural and sideline products, wine-making, building, building materials and the silk industry and tannery one after another and commerce serves the communes and their subdivisions. The total output value of the restructured commune and brigade-run industries of the three counties was 228 million yuan, an increase of 360 percent over that in 1977. The amount of money involved in purchases and sales by commune and brigade-run commerce constitutes about one-quarter of the total amount of money involved in purchases and sales in the rural areas.

In the last few years, on the premise of a steady increase in grain output, the three counties have appropriately reduced the acreage sown with grain crops and expanded the acreage sown with industrial crops, such as rapeseed and tobacco. They have done this in ways suited to local conditions and returned the barren land on steep slopes which were unsuitable for agricultural cultivation to forestry.

4. Change the Simple Agricultural Production and Operation Into the Overall Operation Combining Agriculture, Industry and Commerce

On the basis of comprehensively developing production and improving the commodity rate and in the light of their needs and capabilities, the various communes and their subdivisions enthusiastically carried out the overall operation combining agriculture, industry and commerce and furthermore. On the basis of developing overall operation of the communes and their subdivisions, they trial operated a batch of integrated enterprises combining agriculture, industry and commerce. There are two major forms in this respect:

One is a comprehensive integrated company combining agriculture, industry and commerce formed basically within the limits of a township or a village. For instance, Xiangyang Township of Guanghan County and Shibantan Township of Xindu County set up integrated companies combining agriculture, industry and commerce by taking the township as the unit and there were three specialized companies concerned with agriculture, industry and commerce under their jurisdiction. The agricultural company is in charge of the work of agricultural production and technical service; the industrial company is in charge of the commercial purchases and sales of the whole township and the fulfillment of tasks of the state's purchase, sale and allocation. In this type of integrated company, enterprises are units which are independent in business accounting. A company and a general company are administrative organs on the one hand and definite economic bodies on the other. This horizontally integrated form combining agriculture, industry and commerce is of great use at present in promoting rural economic development. Take Xiangyang Township of Guanghan County for example. In the 2 years between 1979 and 1980, the industrial company, through various forms, returned and gave subsidies of 240,000 yuan in cash, to agriculture from the profits it made. The commercial company returned profits of more than 40,000 yuan to agriculture. These two sums added together constituted an average of 22 yuan per person in the whole township. Part of the sum was used in buying agricultural machinery and in the construction of farmland water conservancy, thus effectively supporting and promoting agricultural production. At present, some production and operational units of some integrated enterprises of the townships or villages have broken down the barriers of different administrative divisions and participated in the transprovincial, transregional and transprofessional specialized integrated complexes of different economic sectors, thus taking a step further towards specialized integration.

The other is one which carries out the vertical integration of production, processing and marketing in a coordinated sequence. That is, it integrates the production, processing and marketing of one or many agricultural products and other products and carry out integrated operations combining agriculture,

industry and commerce. The profits created are distributed according to the products, labor power, land, funds and equipment provided by the participating units. Some integrated operations combining production, supply and marketing were set up within the limits of a township or a village. In some places integrated operational companies were established, on a countywide scale, in which the county, the commune and the brigade took part in accordance with the principle of division of labor according to specialization. This was done by integrating the three links of agriculture, industry and commerce or two links of the three and by breaking down the barriers of different administrative divisions, trades and systems of ownership, integrating them through the form of contracts. The specialized companies of Qionglai County, such as those engaged in tea, wine-making, paper-making, forestry, industry and commerce fall into this category. (See the article "marked achievements made by Qionglai County in trial running integrated companies combining agriculture, industry and commerce")

5. Guide Some Agricultural Production Links and Service Items Toward Specialization and Socialization and Toward Becoming Enterprises

Specialization means setting up specialized service companies which are responsible for some important links in agricultural production and some other items which serve agriculture, such as seed, plant protection, agrotechnology, agricultural machinery, compound fodder and accounting and rendering specialized service. This is in order that these companies can become relatively independent production and operational units. Socialization refers to these specialized companies carrying out cooperation and comprehensive service on a large scale by breaking down the barriers of different administrative divisions and the ownership systems. Making some agricultural production links and service items become enterprises means that the units which participate in various types of cooperation and comprehensive service all carry out the system of independent business accounting and assume full responsibility for their own profits and losses. They do not carry out the practice of everyone eating "from the same big pot" and do not indulge in equalitarianism and indiscriminate requisition. These different units as well as the operational departments and production units were combined through various economic contracts. Responsibility for paying the operating costs of the specialized companies including the wages and remuneration of the cadres and technical personnel is gradually being taken over by the companies themselves. (See the article in this issue "Xindu County Carries Out the 'Three Modernizations' in Agricultural Service Work"]

6. Set up a Rural Commercial System with the Supply and Marketing Cooperatives as the Principal Channel, a System which will Gradually Become Diversified in Composition, Many-Channelled and with Fewer Levels of Management

In order to meet the needs of rural economic development, the three counties have gradually formed, at the township level, a many-channeled circulation system with the supply and marketing cooperatives as the principal channel, a system in which diversified economic sectors coexist. Marked changes have taken place in the ratio of the various circulation channels to the total amount of purchases and sales. According to statistics, between January and September 1981, the four experimental townships of Xiangyang Township in

Guanghan County, Shibantan Township in Xindu County and Sangyuan Township and Nanbao Township in Qionglai County, state-owned commerce, such as grain supply centers and provisions shops, the supply and marketing cooperatives and the cooperative shops under its jurisdiction constituted 73 percent of all commerce. The commune and brigade-run enterprises and the integrated supply and marketing companies and trading warehouses under their jurisdiction accounted for 24 percent and collectively and individually-run commerce, which was recently organized by the population of the small cities and towns accounted for 1 percent. In addition, sales at agricultural trade fairs constituted 15 percent of total sales.

In order to better coordinate the supply and marketing cooperatives and the supply and marketing companies and trading warehouses which are jointly run by the communes and their subdivisions, to develop local production and to meet the needs of and provide service to the people, the three counties have carried out experimental work in restructuring the rural commercial system. They each had individual methods with their own characteristics: Most of the townships of Guanghan County gave priority to the supply and marketing cooperatives and merged the supply and marketing cooperatives and the managerial departments of the commune and brigade-run enterprises into commercial companies, thus becoming "one organization with two functions." Apart from the supply and marketing cooperatives, Shibantan Township of Xindu County set up township commercial companies which separately carried out their own business activities independently and, on the basis of voluntary participation and mutual benefit, subjected certain agricultural and sideline products to joint operation and practiced profit sharing. Sangyuan Township of Qionglai County changed the supply and marketing cooperatives into integrated commercial companies with diversified economic sectors through the expansion of shares and reform of the system of ownership. Regardless of which form, the reforms have enabled the supply and marketing cooperatives to enhance the mass character in the organization, to heighten democratization in matters of management and flexibility in matters of operation, and enabled the supply and markeing cooperatives to play a greater role in organizing rural economic life.

7. Practice a Contract Method in the Financial Sector and in the Purchase of Grain and Major Agricultural and Sideline Products

To grant the counties a certain amount of decision-making power in arranging and developing the economy with the prerequisite of fulfilling the state plans, the province trial implemented the policies of contracting the financial matters, and the purchase of grain and major agricultural and sideline products in the three counties.

In taking responsibility for one's own finances, because conditions in the three counties varied, the privince adopted three individual experimental methods: In Guanghan County, it practiced a method of appropriately apportioning the adjustable income (revenues from industrial and commercial taxes) and fixed income (agricultural tax, income tax, enterprise profits and other revenues) in a separate and proportionate way. In Qionglai County, it practiced a method of appropriately apportioning the adjustable income in a proportionate way and leaving all fixed income to the county. The normal expenses of these two counties, the limits of which were noted in the contracts were

paid from the financial revenue which was left to the county. In Xindu County, it practiced a method of counter-balancing revenue and expenditure, ensuring the fulfillment of state fixed quotas and sharing that part in excess of the fixed targets.

In grain contracting, the province assigned the tasks of state grain purchase (marketing of grain has not yet been included) under a contract. In Xindu and Qionglai counties, it practiced a method of handing over the net balance between purchase and sale to the state.

In the purchase of the major agricultural and sideline products, the three counties, in the light of the spirit of the (1981) No 3 document of the CCP Central Committee and the (1981) No 26 document of the CCP provincial committee, worked out the contract bases or the ratio of purchase and retention according to varieties and signed contracts, with the counties, communes and their subdivisions to ensure the fulfillment of the tasks of state purchase. Some of the products outside the bases will still be purchased by the state, some will be partially and proportionately purchased by the state, and some will wholly be left for the communes, their subdivisions and the peasants for their own disposal.

The above-mentioned contract methods will not be changed for several years once they are fixed.

8. Begin Restructuring the County Management System in Order to Meet the Needs of Rural Economic Restructuring

The above-mentioned reforms have impelled the three counties to accordingly restructure the leadership system at the county level as the superstructure. Otherwise, it would be difficult to consolidate and develop the initial results gained in the rural economic restructuring. Beginning in 1980, in the light of the principle of separating the work of the party, the government and the economy, the three counties have carried out explorations in restructuring the management system at the county level. The common characteristics of their reform are that the CCP county committees must lead the eocnomic work but must put an end to the previous organizational form and leadership method of monopolizing concrete economic matters and they must chiefly handle the principles and policies of the economic work, the marcroeconomic decisions, plans for development and major measures of the whole county rather than directly command and manage the daily economic activities. The county governments must also lead the economic work and direct, regulate, supervise and interfere with, in terms of the macroeconomy, mainly through the economic functional departments, such as planning, finance taxation, banking, pricing, and industrial and commercial administration and management. It is necessary to establish, under the leadership of the county committee and the county government, a specialized organ which will lead and manage the economic work of the whole county in a unified way. The economic commission or the financial and economic commission of Guanghan and Xindu is composed of the leading cadres of the CCP county committees and the country governments who are in charge of the economic work and the responsible comrades of the departments of the national economy, such as agriculture, industry and communications as well as finance and trade. The

different point is that Guanghan still takes the multiple state departments, such as planning and finance as the functional organs of the county government and in Xindu the financial and economic commission manages the daily work of the finance and economy of the whole county in an overall manner. Qionglai County has divided the various economic departments at the county level into five companies concerning agriculture, industry, commerce, the diversified economy and agricultural enterprises. There is a county general company combining agriculture, industry and commerce above these companies. The multiple state departments, such as planning and finance are still regarded as the functional departments of the county governemnt.

Over the last few years, the three counties have achieved the following marked economic effect through the eight above-mentioned reforms:

1. The pace of economic development is accelerating. Compared with 1977 when the reform had not yet been started, in 1981 the total industrial and agricultural output value of Guanghan, Qionglai and Xindu increased respectively by 75.6 percent, 117.3 percent and 84.3 percent, with the annual average growth rate being 14 percent, 20.6 percent and 16.5 percent respectively, thus substantially surpassing the average growth rate in the previous 21 years. The growth rate of some advanced experimental units of the communes and their subdivisions was more rapid. Take the Fenghuang and Heihu riverside integrated enterprises combining agriculture, industry and commerce of Qionglai County for example; last year's total average per capita output value was separately 3,077 yuan and 3,000 yuan, an increase of 1,150 percent and 2,020 percent over that in 1978 respectively.

2. Overall advances have been made in grain production and the diversified economy. In the past few years, despite appropriately reducing the acreage sown to grain crops, the total grain output of the three counties still increased to some extent. Compared with 1977, the 1981 increase in the total grain output of Guanghan, Qionglai and Sindu was respectively 7.26 percent, 15.7 percent and 2.8 percent. In addition, the diversified economy increased at a higher speed, of which the output value of industrial crops went up respectively by 197 percent, 196 percent and 30 percent; that of forestry, animal husbandry, sideline occupation and fishery rose separately by 240 percent, 218 percent and 60 percent; and that of the commune and brigade-run enterprises gained a respective increase of 273 percent, 933 percent and 336 percent. The proportion of the output value of the diversified economy in the total output value of agriculture, industry and sideline occupations of the three counties increased from about 50 percent in 1977 to over 70 percent in 1981. The proportion of labor power engaged in the diversified economy (including that in industry and commerce) in the total labor power has gone up from about 10 percent to around 30 percent.

3. Greater contributions have been made to the state, and there have been increases in collective accumulation and the income of the staff and workers as well as commune members. Compared with 1977, the 1981 financial revenue of Guanghan, Qionglai and Xindu registered a separate increase of 41.8 percent, 65.9 percent and 41.2 percent; the respective increase in the state tax revenue was 53.7 percent, 82.6 percent and 46.3 percent and that in grain

handed over and sold to the state, 20.8 percent, 19.6 percent and 28.4 percent. The accumulation of the rural collective economy of the three counties rose separately by 143 percent, 110 percent and 138 percent. The increase in the income of the commune members from collective distribution (excluding the income which they gained from the part in excess of the fixed quotas) of Guanghan was 117 yuan; that of Qionglai, 85 yuan and that of Xindu, 95 yuan. The average per capita income from distribution of the Fenchuang and Heihu riverside integrated enterprises of Qionglai County last year was at least 500 yuan or 400 to 500 percent higher than in 1978.

4. Improvements have been made in the material and cultural life of the masses. According to incomplete statistics, since 1978, more than 250,000 residential houses have been newly built or rebuilt by the rural commune members of the three counties covering a floor space of 290,000 square meters of living quarters for staff and workers and residential houses, and 150,000 square meters of cultural, educational and health facilities has been completed by using the funds of state financial allocation and the enterprises' retained profits. The 1981 supply volume of high-grade consumer goods, such as bicycles, sewing machines, radios and television sets was at least 300 percent higher than in 1977. The consumption volume of pork and eggs increased from an average of 15.5 jin per person and 2.5 jin per person in 1977 to 37 jin (55 jin in Guanghan) and 7.3 jin (11 jin in Guanghan) in 1981. Private savings deposits in rural areas increased by a big margin. The total savings deposits in the rural areas of the three counties increased from 3.63 million yuan in 1977 to 27.09 million yuan in 1981, an increase of 645 percent.

5. The administrative organizations have been streamlined, the levels have been reduced and work efficiency has been raised. During the last few years, more than 500 administrative cadres of the three counties have been transferred to work in the enterprises as cadres and over 300 of them have received their payment directly from the enterprises. After the system of the rural people's communes was reformed, the grassroots party and government work and the economic work were significantly strengthened rather than weakened. In the past the commune cadres adopted a "package" method of undertaking all the work of the brigades and teams and they "grasped everything when outdoors, and divided them up again when they returned." Every cadre immersed himself in pressing people to plant and to harvest, with the result that the work of political power was thrown into passivity, and there was no one specific to pay close attention to ideological and political work and party building. At present, since division of work between the party, the government and the enterprises has been clearly defined, the cadres at various levels of the townships, villages and production teams (agricultural producers' cooperatives) already have specific duties and specific responsibilities. Furthermore, rewards or disciplinary measures are linked to the quality of the work done. This has aroused their enthusiasm, improved their work style and thus resulted in the relations between cadres and the masses becoming closer.

Rural economic reform is a new subject. The work of the three counties still awaits further perfection through practice. The comrades of the three counties are resolved to continue to uphold the spirit of seeking truth from facts and

being bold in conducting explorations, to satisfactorily implement a series of principles and policies, such as giving priority to the planned economy with the regulation by market mechanism as a supplement and to do a good job in the various tasks of building material civilization and spiritual civilization so as to ensure the healthy advance of the economic activities of the counties and communes along the socialist course.

CSO: 4006/462

STATE COUNCIL LAND REQUISITION REGULATIONS

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[Text] Beijing, 21 May (XINHUA)--On 14 May, the State Council promulgated for enforcement the "regulations concerning land requisition by the state for capital construction" which was approved in principle by the 23d session of the 5th NPC standing committee on 4 May. The full text of the "regulations concerning land requisition for state construction" [Guo Jia Jian She Zheng Yong Tu Di Tiao Li 0948 1367 1696 6080 1767 3938 0960 0966 2742 0173] follows:

Regulations Concerning Land Requisition by the State for Capital Construction

Article I: These regulations are formulated for the purpose of making rational use of land resources, ensuring the requisition of land by the state for captial construction and making proper arrangements for the production and livelihood of masses of units whose land has been requisitioned.

Article II: When the state needs to requisition land for economic, cultural or national defense constructions or for public projects or facilities, the regulations contained herein must be complied with. All direct or covert buying and leasing of land from rural communes and brigades by any unit are forbidden. Rural communes and brigades also prohibited from exchanging land for the enterprises' stocks for the purpose of gaining participation in the latter's management.

Article III: Practicing thrift in the use of land is our national policy. All construction projects must be economical and rational in the use of land. They should not be built on farmland when barren lands are available or constructed on good land when poor lands are available. Construction projects should never be built on vegetable fields, garden plots, high-yield fish ponds or any other places yielding high economic results. The various localities--particularly big city suburbs and densely populated areas--should comply with local plans for land utilization and impose strict controls on land plots for construction purposes. Construction projects within the limits of city planning should meet the requirements of urban planning with a view toward rebuilding the old city and minimizing the use of new land.

Article IV: When state land requisitions conform to the regulations stated herein, cadres and the masses of communes or brigades whose land is requisitioned should submit their wishes to the state's needs and try not to prevent or obstruct the state from obtaining their land.

Article V: Requisitioned lands are owned by the state. Only the units who are authorized to use these lands have the right to use them.

Article VI: The use of land for construction projects must meet the requirements of state laws and regulations concerning land management, environmental protection and water and soil conservation in order to prevent soil erosion, the exhaustion of water sources, mud rock flows, salinization of soil, floods, waterlogging and environmental pollution. For damages caused to requisitioned lands, units with the authorization to use them should repair them or pay the cost for repairs and compensate the victims for their losses. The demand for repair, repair cost or compensation will be agreed upon through negotiations between the unit authorized to use them and the victimized unit under the supervision of local county or municipal land management agencies. If no agreement is reached, the matter will be decided by the county or municipal people's government. If the county or municipal people's government fails to reach a decision, the matter will be reported to the next higher government for decision. Land that cannot be rehabilitated for farming will be regarded as requisitioned land, and the people's governments at and above the county or municipal level can make the proper arrangements for its use in accordance with the authorities for examination and approval as mentioned in these regulations.

When there are water sources, irrigation ditches, conduits, pipelines, roads, electric cables and other such facilities that are closely related to industrial and agricultural production and the masses' livelihood in the land requisitioned, the unit authorized the use the land and construction units, under the sponsorship of the local people's government, should coordinate departments concerned in making the proper arrangements and must not cut off or destroy these facilities without proper authorization. If cutoffs or destructions have already taken place, the responsible unit should repair them or build corresponding facilities to replace them.

Article VI: Procedure for Land Requisition

1. Request for site selection: With the approved construction design, plan, letter of assignment or a related letter of certification from the organ at the higher level in charge of the affairs, the unit authorized to use the land should file an application with the land administration agency in the county or city where the requisitioned land is located. After the application is examined and approved by the county or municipal government, the unit may begin to select the site. If the use of this site will affect urban planning, it must be approved by the department in charge of urban planning.

2. Discuss the area of the requisitioned land and the plan for compensation and settlement: After the construction site has been selected, the land management agency in the county or city where the land is located should organize the unit authorized to use the land, the unit whose land is requisitioned and all units concerned to decide upon and estimate the area of the requisitioned land together with the plan for compensation and settlement and to sign an initial agreement.

3. After the area of the requisitioned land is determined and the initial design of the construction project is approved, the unit authorized to use the land should show the document approving the land requisition along with the general construction plan or map and formally report the total area needed for construction to the land management agency in the county or city where the land is located. After the people's government at and above the county or city level examines and endorses the report within its jurisdiction as specified by this regulation, the unit authorized to use the land and the unit whose land is requisitioned should sign an agreement under the supervision of the land management agency.

4. Land transfer: After the request for land requisition is approved, the land management agency in the county or city where the land is located should transfer the land at one time or by several stages according to the progress in construction work and ensure that the unit whose land is requisitioned hands over its land on schedule.

Article VIII: Authority in Examining and Approving Requests for Land Requisition

The requisition of over 1,000 mu of arable land or garden plots and more than 10,000 mu of other types of land must be approved by the State Council. The requisition of land in suburban areas of a municipality directly under the central government must be approved by the people's government of the municipality. The requisition of land in the suburban area of a city with a population of 500,000 and above should be screened by the people's government of the city where the land is located and referred to the provincial or autonomous regional people's government for approval. The requisition of more than 3 mu of arable land or garden plots, more than 10 mu of forest land or grassland and more than 20 mu of other types of land must be screened by the people's government of the county or city where the land is located and referred to the provincial and autonomous regional people's government for approval. The requisition of an amount of land below the aforementioned limits may be approved by the county or municipal people's government. The people's government of a province, autonomous region or municipality directly under the central government may act according to the actual local conditions to adequately enhance or curtail the power of the county or municipal people's government in examining and approving the number of applications for land requisition.

Land requisition for a single construction project must be requested and approved at one time only according to the general plan. It is impermissible to break the whole into parts. Land requisition for a project which is under construction stage by stage must be requested stage by stage. It is impermissible to requisition the land early and use it at a later date. Approval of the requisition of the land needed for the construction of trunk railways or highways may be requested and the procedure for land requisition be carried out sector by sector.

Article IX: Compensation Must Be Paid For Land Requisition by the Unit Authorized to Use the Land

The standards for computing the compensation fees are as follows:

1. Compensation fee for the land: The compensation fee for a plot of arable land (including garden plots) should be equal to 3-6 times the annual output value of that particular plot. The annual output value should be determined on the basis of the average annual output value during the 3 years prior to the land requisition and according to the prices specified by the state. The specific standards for determining the compensation should be worked out by the people's governments of various provinces, autonomous regions and municipalities directly under the central government within the aforementioned framework. The standards for determining compensation for the requisition of garden plots, fish ponds, ponds where lotus roots and reeds are grown, housing areas, forest land, animal husbandry farms and grassland should be determined by the people's governments of various provinces, autonomous regions and municipalities directly under the central government. No compensation fees will be paid for the requisition of land from which there is no income.

2. The standards for determining compensation for young crops as well as the houses, wells, trees and other installations on the requisitioned land should be worked out by the people's governments in various provinces, autonomous regions and municipalities directly under the central government. However, no compensation will be paid for any crops or trees planted and anything installed on a crash basis after the talks for land requisition have begun. As for the requisition of vegetable plots in suburban areas of cities, it is also necessary to pay money to the state according to the regulations concerned in order to contribute to the funds for the exploration and construction of new vegetable plots. Specific measures in this regard will be worked out separately.

Article X: In order to properly arrange for the production and people's livelihood of the units whose land is being requisitioned, the units requisitioning the land should, in addition to compensation fees, also pay the units whose land is being requisitioned a settlement allowance.

Standard of settlement allowance:

1. The settlement allowance for each person of the agricultural population on the requisitioned cultivated land (including vegetable fields) should be from 2-3 times the per-mu annual output value of the land. The number of people of the agricultural population receiving the allowance should be computed on the basis of the ratio between the number of people of the agricultural population living on the requisitioned units before the requisition (computed in accordance with agricultural households and excluding those households which move onto the units after consultations for the requisition are stated) and their cultivated land and the amount of the land requisitioned. The annual output value should be the average of the annual outputs and the state stipulated prices for the 3 years prior to the requisition. However, the maximum per-mu settlement allowance should not exceed 10 times the annual output value of the cultivated land being requisitioned.

2. The standard of the settlement allowance for the requisition of garden plots, fish ponds, lotus root ponds, forests, pastures and grasslands should be decided by the people's government of a province, autonomous region of municipality directly under the central government in light of the settlement allowance for cultivated land in general.

3. No compensation fees should be paid for the requisition of land to build houses.

In a few special cases where the aforementioned compensation fees and settlement allowance still cannot guarantee the people of the requisitioned units their former production and living standards, the settlement allowance can be appropriately increased after the cases are reviewed and approved by the people's government of a province, autonomous region or municipality directly under the central government. However, the total amount of compensation fees and settlement allowance should not exceed 20 times the requisitioned land's annual output value.

Article XI: Except for the compensation fees for the individuals who clearly own the property attached to the requisitioned land and for the young crops grown by the collective on the land, which should be included in the collective's income of the year and distributed among its members, all other compensation fees and settlement allowance paid by the units requisitioning the land should be used by the requisitioned units for developing production, arranging jobs for the surplus labor force resulting from the land requisition and subsidizing the livelihood of the unemployed; it should not be used for other purposes. Leading organs and other units concerned should not use these compensation fees or settlement allowance under any circumstances.

Article XII: County or municipal land administration offices should organize those units being requisitioned, the requisitioning units and other units concerned to assume their share of responsibility in arranging for the surplus agricultural labor force created by the land requisition. Major channels for making the arrangements include:

1. Develop agricultural production: It is necessary to ameliorate the soil, build water conservancy projects and improve farming methods. Within possible and reasonable limits and with the approval of county or municipal land administration offices, it is necessary to reclaim wasteland in order to increase the area of arable land. Units requisitioning the land may carry out construction engineering projects to help reclaim land and accordingly deduct the settlement allowance paid to the requisitioned units on the basis of the amount of land reclaimed.

2. Develop commune- and brigade-run industrial and sideline production: Under the conditions permitted by the relevant state regulations, it is necessary, in light of the actual situation in each locality, to set up industrial and subsidiary production enterpirses and service trades which are beneficial to the national economy and people's livelihood.

3. Move or merge the production teams: The production teams whose lands are completely or basically requisitioned may move to other areas where conditions permit. They can also merge with production teams in the vicinity on the basis of the principles of voluntary participation and mutual benefit.

With the approval of the people's government of a province, autonomous region or municipality directly under the central government and within the limits

of the labor plan, the surplus labor force which cannot be handled by the above-mentioned channels can be assigned to work at collectively owned units if they meet the requirements. The settlement allowance for this surplus labor force should then be transferred to the units accepting them. If the units requisitioning land have worker recruitment quotas, they may recruit, with the consent of the people's government of a province, autonomous region or municipality directly under the central government, qualified workers from among the surplus labor force and deduct the settlement allowance for the requisitioned units accordingly.

After examination and approval by the people's government of a province, autonomous region or municipality directly under the central government, those production teams whose lands are completely requisitioned and who do not have the necessary conditions to move to other areas or merge with other production teams may change their former agricultural households into nonagricultural or urban households. The former collectively owned property and the compensation fees and settlement allowance received by the production teams should be handled by the people's government at and above the county or municipal levels in consultation with concerned communes and production brigades and used for organizing the production and subsidizing the livelihood of those who cannot find employment; it should not be divided up among individuals.

Article XIII: Grain ration quotas for the personnel of the requisitioned units who are assigned jobs with approval and for those who change from agricultural to nonagricultural or urban households and arrangements for those who cannot find employment should be handled by local labor, public security, food and civil affairs departments respectively.

Article XIV: Houses of the collective and commune members which are dismantled during land requisition should be rebuilt by the production teams or house owners under the unified arrangements of communes or production brigades.

Article XV: When a unit whose land is requisitioned uses the compensation fund and settlement allowance to build facilities for production and living, the commune, brigade or team to which the unit belongs shall arrange by itself the goods and materials needed for the construction, provided the commune, brigade or team is capable of doing so; otherwise, the local government shall help arrange the goods and materials. For the limited amount of goods and materials that are distributed by relevant state organs under unified plans, which cannot be arranged locally, the unit requisitioning the land shall, after the required amount of goods and materials is verified by the county or municipal land administrative office, apply to the relevant state organ along with the construction plan. These goods and materials shall be paid by the unit whose land is requisitioned.

Article XVI: Regulations governing the settlement of emigrants from the site of large- or middle-sized water conservancy projects or water and electricity projects shall be drawn up separately by state water conservancy and power departments in cooperation with state land administrative organs with reference to these regulations.

Article XVII: The unit whose land is requisitioned shall not make additional demands or present other conditions other than the compensation fund and settlement allowance provided for under these regulations.

Article XVIII: Construction materials storage areas, transportation routes and other temporary facilities necessary for the construction of the projects should be built within the requisitioned land areas as far as possible. If there is a true need for temporary use of additional land, the construction unit shall apply to the responsible organ that approved the original land requisition, specifying the area of land required and the period of its use. After the application is approved, the construction unit shall sign an agreement with the production team on the temporary use and shall make yearly compensation to the production team of an amount equal to the average amount of the output value produced on the land during the previous 3 years. No buildings of permanent nature shall be constructed on the land allocated for temporary use. When the term for the temporary use expires, the unit using the land shall restore the land to its original farming conditions and return it to the production team without delay, or pay the production team for the amount of labor required for the restoration.

The temporary use of land for erecting and laying lines or pipes above or under the ground, for constructing underground works or for conducting field survey by geological prospecting departments shall be handled in accordance with the above principle. Such temporary use may be approved by the county or municipal people's government if the period is less than 1 year.

In conducting the land survey to select the construction site for a project, the construction unit shall obtain the approval of the local county or municipal people's government. It shall make compensation for any damage resulting from the survey by taking into consideration of the actual circumstances.

Article IXX: In extraordinary cricumstances, such as a natural disaster or a military emergency, when the temporary use of land is urgently needed, the land may be used with a notice to the local county or municipal people's government immediately afterward. In case the land is to be used indefinitely, the approval of the county or municipal people's government is required, and the land requisition procedures shall be carried out afterward in accordance with the prescribed provisions of these regulations.

Article XX: The construction unit should not destroy the young crops growing on the requisitioned land but should wait until their harvesting by the peasants if this does not hamper the normal construction work. The construction unit should sign an agreement with the production team allowing the peasants to grow crops on the requisitioned land if the land is not needed until after the next harvesting season.

Article XXI: If the land is continually not used 2 years after its requisition, the local county or municipal people's government has the right to take back the requisitioned land and report this to the organ approving requisition, unless the approving organ has agreed to the postponement of the use of the land. The land requisitioning unit shall not dispose of the unused land itself without authorization, nor shall other units or individuals occupy it. The requisitioned land, after it is taken back, may be disposed of in the following ways:

1. In accordance with the provisions of these regulations, it may be transferred, with remuneration, to other units that are qualified for requisitioning the land. The payment shall be the actual sum of compensation and settlement allowance paid, and the original land requisitioning unit shall dispose of this payment in accordance with relevant state regulations.

2. It may be lent to the production team for farming. The production team shall not construct any buildings or grow perennial crops on the land. It must immediately return the land to the state if the land is needed for construction purposes, and it shall not make additional compensation or settlement demands. If there are young crops growing on the land, the unit requisitioning the land shall compensate the production team by taking into consideration the circumstances.

The land retained in accordance with state regulations along the railway lines or retained to meet special safety and protection needs shall not be regarded as unused land.

Article XXII: With regard to the tombs on requisitioned land, the unit requisitioning the land shall report them to the local people's government, which shall put up a public notice asking owners of the tombs to move them to other places. The unit requisitioning the land shall pay for the expenses. Unclaimed tombs shall be moved or buried deeper by the unit requisitioning the land.

With regard to the cultural relics, historical sites or unclaimed goods or money found in the requisitioned land, the land requisitioning unit and the construction unit shall have the responsibility for their safekeeping and report this to the people's government at and above county or municipal level for disposal.

Article XXIII: With regard to projects that cover more than one county, the land requisition work shall be organized by the land administrative office of the province, autonomous region or municipality under the state council.

Article XXIV: The land administrative office of the people's government at various levels and the responsible department of the land requisitioning unit shall supervise and conduct timely checkup on the use of the requisitioned land and on the implementation of the settlement program.

Article XXV: Economic or disciplinary sanctions shall be imposed on violators of these regulations according to their individual cases, and their criminal liability, if any, shall be investigated.

1. Agreements of land requisition shall be null and void if the approval of such land requisition has been obtained through illegal and deceptive means or if those who have approved such land requisition have overstepped their authority to do so. In serious cases, those in charge of land requisition and those directly responsible shall be given disciplinary sanctions or may be fined at the same time.

2. Those who have seized collective land or who have failed to return the land for their temporary use after the time limit shall be ordered to return the land and to compensate for the economic losses incurred. In serious cases, those in charge of this work and those directly responsible shall be given disciplinary sanctions or may be fined at the same time.

3. Illegitimate gains from selling or leasing land, from selling or leasing land in disguised form or from illegal transfer of land shall be confiscated, and buildings erected on illegally seized land shall be confiscated or dismantled. In serious cases, those in charge of this work and those directly responsible shall be fined and given disciplinary sanctions.

4. When one of the interested parties persists in unreasonable demands and refuses to sign the land requisition agreement after the requisition of such land has been approved, this shall be adjudicated by the land administration office. When one of the parties fails to carry out the lnad requisition agreement which causes economic losses for the other party, he shall be ordered to compensate for the losses. In serious cases, those in charge of this work and those directly responsible shall be fined.

5. Those who misappropriate or embezzle compensation funds or settlement allowances shall be ordered to pay back. In serious cases, those in charge of this work and those directly responsible shall be given disciplinary sanctions or may be fined at the same time. Worker-recruiting and domicile-changing quotas [Zhao Gong Zhuan Hu Zhi Biao 2156 1562 6567 2073 2172 2871] illegally taken over by others shall be null and void. In serious cases, those in charge of this work and those directly responsible shall be given disciplinary sanctions or may be fined at the same time.

The land administration office shall submit its opinions on the above disciplinary sanctions to the people's government at or above the county level for approval, and the unit to which the sanctioned belong or the competent authorities at a higher level shall be instructed to decide on and carry out the disciplinary sanctions. Economic sanctions shall be determined by the land administration office and shall be carried out by it within a set time. If the interested party refuses to accept the sanctions, he may bring an action at the people's court within the set time. When the interested party does not bring a legal action within the set time and fails to fulfill the sanctions, the land administration office shall submit the case to the people's court for compulsory enforcement in accordance with the law of civil procedure.

In the course of land requisition, those who incite the masses to make trouble and obstruct construction by the state, who embezzle state or collective property, who give or accept bribes, who extort money from others or who commit other illegal and criminal acts shall be investigated for criminal liability by judicial organs in accordance with the law. Those whose cases are minor ones and whose acts do not constitute a crime shall be punished for their offenses against public order or shall be given economic or disciplinary sanctions.

Article XXVI: The minimum fine for an individual is 30 yuan in people's currency, and the maximum is no more than the individual's 6-month income.

Economic compensation by state-owned enterprises and institutions and by administrative organs should be paid from enterpirse funds. The portion of retained profits or the surplus of their budgeted funds the surplus or deficit of which they are responsible for, and it should not be included in their production costs or investment in capital construction.

Article XXVII: Land requisition agreements reached in accordance with relevant state regulations before the promulgation of these regulations shall be carried out as they were originally agreed upon.

Article XXVIII: When a unit owned by the whole people and a rural commune or production brigade jointly invest in building a project and need to use land collectively owned by the rural commune or production brigade for this purpose, it shall be handled as state requisition of land for construction in accordance with the provision of these regulations.

Article XXIX: When a collectively owned unit in a city or town needs to use land collectively owned by a rural commune or production brigade for building a project or when one such unit and a rural commune or production brigade jointly invest in building a project and need to use such land for this purpose, it shall be handled in accordance with the provisions of these regulations.

Article XXX: When a rural people's commune or production brigade use its production team's land for construction, it should also compensate the production team for it and make proper arrangements for the peasants concerned. Concrete measures and the standards for settlement allowances shall be laid down by the people's government of a province, an autonomous region or a municipality directly under the central government in light of these regulations.

Article XXXI: When the state needs to use state-owned barren hills, undeveloped lands or beaches for construction and when other units need to use state-owned lands, they shall be allocated gratis in accordance with the procedures and the authority of examination and approval as stipulated in these regulations. When state-owned land which has been farmed by a commune or production brigade for a long time is taken back, adequate allowances should be given to the commune or production brigade according to specific conditions. The use of floodlands shall also be approved by the water conservancy, aquatic products and communications departments.

Article XXXII: The people's governments of all provinces, autonomous regions and municipalities directly under the central government may lay down implementation measures in accordance with these regulations and their local specific conditions.

Article XXXIII: These regulations go into effect from the date of their promulgation, and the "regulations concerning land requisition for state construction" promulgated by the state council on 6 January 1958 are forthwith repealed.

CSO: 4006/463

NATIONAL POLICY AND ISSUES

'XINHUA' COMMENTS ON LAND REQUISITION REGULATIONS

OW220936 Beijing XINHUA Domestic Service in Chinese 0128 GMT 21 May 82

[Text] Beijing, 21 May (XINHUA)--Article by XINHUA commentator: "Seriously Implement the Important Statutes of Land Requisition for State Construction."

After being approved in principle by the 23d meeting of the 5th NPC standing committee, the "regulations concerning land requisition for state construction" have been promulgated by the State Council and come into force. This is an important matter guaranteering the rational utilization of land and promoting socialist construction.

Ours is a socialist country. Land belongs to the state and collective. A unit or individual cannot seize, buy, sell or lease land. The state can requisition land in accordance with laws and regulations to meet public interests and needs. It is precisely based on this fundamental principle that the "regulations concerning land requisition for state construction" were formulated for correctly handling various questions dealing with state requisition of land owned by collectives. The promulgation and coming into force of the "regulations" are of great significance for the smooth progress in the building of socialist modernization, implementation of the national policy on economically using land and the correct handling of relations between the state and the collective and the peasants.

The "regulations" stress and embody a number of important principles that all units and individuals must strictly observe.

1. It is necessary to use land, an indispensible factor for our production and livelihood, economically and rationally. Although China has vast territory, land suitable for farming is scarce in terms of existing technical and economic levels because of restrictions due to various natural conditions. Moreover, due to the large population, the area of per capita arable land is very much smaller than the world's per capita arable land. This fact tells us that we must cherish ever square inch of land and regard economic use of land as our national policy. It is necessary to carefully calculate and strictly budget all construction engineering projects, use less land and try to use wasteland instead of cultivated land if possible. In particular we must try not to use land that yields high economic results in agricultural production. In requisitioning land, it is necessary to strictly follow the procedures and fulfill the

requirements for examination and approval. Local people's governments should be allowed to make arrangement for the land that has been requisitioned but has not been used.

2. It is necessary to protect the legitiamte interests of the communes and production brigades and teams and peasants whose land is requisitioned. It is necessary to appropriately compensate the collective units whose requisitioned land yields income and make proper arrangements for the production and livelihood of the masses of the communes and production birgades and teams whose land is requisitioned. The "regulations" clearly stipulate the standard of land compensation fees and a settlement allowance for the masses. At the same time, the "regulations" take into consideration China's vast territory and the very different situations in various localities and allow wide margin for the standard of compensation fees and a settlement allowance, urging all provinces, autonomous regions and municipalities directly under the central government to set their specific standard in the light of the reality in each locality and within the limit of the "regulations" by leaving a smaller margin or no margin at all. All provinces, autonomous regions and municipalities directly under the central government may divided their locality into several areas and set different standards for different areas. In deciding the standard for land compensation fees and a settlement allowance, all provinces, autonomous regions and municipalities directly under the central government should consider the interests of the state, the collective and the individuals at the same time and should not only consider the interests of higher levels. It is necessary to seriously implement the standards once they are formulated. The units requisitioning land must pay the requisitioned units the required amount of funds and the latter should not ask for an extra amount. Land compensation fees and settlement allowances all belong to the communes and production brigades and teams whose land is requisitioned. Leading organs at various levels should not seize the funds.

Communes and production brigades and teams as well as peasants are obliged to actively support the state in taking over their land for construction according to law. The requisition of land, especially farmland, obviously will bring relatively big changes and certain difficulties to some communes, production brigades or teams and peasants. However, this is done in the overall and long-term interests of the people. This calls for the communes, production brigades and teams and peasants whose lands are requisitioned to proceed from the overall situation of socialist construction, to try in every possible way to surmount difficulties and to take practical action in insuring the smooth development of various state construction undertakings.

A small number of people only stress economizing on the use of land and generally oppose the requisition of land for state construction or advocate greatly increasing the cost for requisitioned land in order to restrict nonagricultural departments from seizing and using land. This view is incorrect. It is necessary to carry out construction on a proper scale in order to develop production, to improve the people's material and cultural life and to realize the four socialist modernizations. This is the reality before us. Therefore, we should persistently implement the principle of economizing on use of land and at the same time insure that the state has land necessary for construction. If the

cost for requisitioned land is inappropriately raised, it will be impossible for the state to spend its limited construction funds where they are needed most and it will also make people give up their land lightly. Some other people try to make peasants better off by raising the cost for requisitioned land. This practice is also incorrect.

4. It is necessary to effectively strengthen land administration. The "regulations" stipulate that the land administration offices under the people's governments at all levels are the offices in charge of land requisition. Where land administration offices are not yet set up, offices should be assigned to assume overall responsibility for land requisition. Under the leadership of people's governments, land administration offices should take charge of land requisition. They should not only be responsible for examining and approving requests for land requisition but also organize the departments concerned to do a good job in settling peasants and supervise the use of lands and the implementation of agreements on land requisition. Land administration offices at all levels should effectively perform their duties and do a good job in land requisition. All units concerned should support the land administration offices in exercising their functions and powers according to law.

5. It is necessary to strengthen the legal system. Illegalities in land requisition must be severely dealt with, and the "regulations" provide for explicit penalities for these. In the spirit that the law is observed, its enforcement is strict and lawbreakers are dealt with, we must investigate all illegal acts in order to protect the legitimate interests of the state, the collective and the individual and to insure the smooth development of socialist construction.

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NATIONAL POLICY AND ISSUES

LIAOWANG DISCUSSES LAND USE IN URBAN AREAS

HK220158 Beijing CHINA DAILY in English 22 May 82 p 4

[From Liaowang]

[Text] As arable land in China is valuable, urban land use should be as well-planned as possible. This is advantageous to the development of both cities and villages.

In order to do this, it is necessary to conduct some research. The following data can serve as a reference:

Two hundred administrative regions, which include cities and counties affiliated to a municipality, occupy an area of some 550,000 square kilometres.

The area of urban districts is estimated at 1.26 million hectares.

A recent survey of 55 cities shows that there are 85 square metres per capita in metropolitan areas and large cities. In medium-sized cities it is 97 square metres and in small cities 100. The bigger the city, the less the amount of land per capita.

In every city, too much land is for manufacturing but too little for housing, public utilities or transportation. The cities surveyed used 63 percent of their land for manufacturing and 37 percent for housing, utilities and transportation. Ideally, each should occupy 50 percent.

Too little land is used for roads and squares, with little more than 5 square metres per capita. The per capita share of public green is even lower at 2.5 square metres. These fall short of the projected 6 to 10 square metres for roads and squares and 3 to 5 square metres for greens designated for urban areas. There are 41 cities, three fourths of the total surveyed, in which the public green is less than 3 square metres per capita.

The lack of planning in urban land use is serious. For instance, much land is used for building private yards and compounds. A factory with a staff of less than 1,000 in a city in Hebei Province occupies more than 53 hectares, much of which is not in use.

Often, land use violates city ordinances. Buildings sometimes jut out into roads, green belts and public places, many have been jammed together without fire prevention facilities or minimum sunshine. Most newly-built factories which combine industry and agriculture occupy too much of land.

CSO: 4020/133

LIAOWANG DISCUSSES URBANIZATION OF CHINA

HK220200 Beijing CAHIN DAILY in English 22 May 82 p 4

[From Liaowang]

[Text] In China, the appearance of cities and towns, in an old sense, dates back 2,000 years. The first modern cities evolved from the trading ports opened up following the first opium war in 1840.

Since that time, cities have played an increasingly important role in China's society. As modernisation progresses, the development of cities should be the result of research and planning.

By the end of last year, China had 233 cities raised to a municipal level compared to only 157 in 1952. There were more than 3,200 towns and county seats and more than 50 thousand rural market centres. Their non-agricultural population totalled more than 134 million--an increase nearly 100 percent over the 70 million in 1953.

China now has 15 metropolitan cities with a population of more than a million each. Thirty big cities each have populations between 500,000 and 1 million, and there are 70 medium-sized cities of between 200,000 and 500,000 people. In 118 small cities, there are populations of less than 200,000.

Important Role

Cities have played a significant role in China's social and economic development. According to statistics, by the end of 1979, the gross industrial product of some 200 cities amounted to 74.1 percent of China's gross national product (GNP) in that year. Their heavy industry amounted to 73 percent of that in the country and their light industry 68 percent.

Their financial revenues in 1979 amounted to 55.4 percent of the country's. The number of students in these cities' institutions of higher learning constituted 79.5 percent of all college students in China. Therefore, cities already have become strategic strongholds for our social and economic development.

If a country wants to be modernized, its tendency to become urbanised is inevitable. Urbanisation is a process of transforming a rural population to an urban one. This is a trend of social progress.

National Conditions

However, urbanisation should correspond to our national conditions. So, we have to build cities and towns that will be integrated with villages for their mutual benefit, because a top consideration should be whether the development of cities is advantageous to spur the development of agriculture.

Rational distribution of cities of large, medium and small sizes throughout the country to make their development coordinate with that of villages is a better way to urbanize this country.

But, there are also some experts who advocate control over the scale of large cities and a development of medium and small-sized cities, because they think this corresponds to our national conditions.

Research on the effects and functions of existing cities should be emphasized so we can make them become virtually the national and regional political, economic, scientific and cultural centres.

Because our national conditions are rather complicated, an unbalance in the social and economic development of different parts of the country will exist for a long time. Therefore, there not only should be a nationwide strategy for the development of cities, but also a regional strategy as well as planning for each city.

In formulating a city-development strategy, the demands of social and economic development as well as those of national defence should be taken into consideration.

A "city-development strategy" should be planned by people from all social communities including circles of economics, sociology and natural science.

CSO: 4020/133

EXECUTION OF SICHUAN'S 1981 BUDGET, DRAFT OF 1982 BUDGET

Chengdu SICHUAN RIBAO in Chinese 5 Mar 82 pp 2, 3

[Report by Jiang Zeting [1203 3419 0080], Chief of Sichuan Provincial Finance Department, on 22 February 1982, at the Fourth Meeting of the Fifth Sichuan Provincial People's Congress: "Report on Execution of Sichuan's 1981 Budget and Draft of the 1982 Budget" (Excerpts)]

[Text] Resolution of the Fourth Meeting of the Fifth Sichuan Provincial People's Congress on Execution of Sichuan's 1981 Budget and Draft of the 1982 Budget (passed on 28 February 1982 at the Fourth Meeting of the Fifth People's Congress of Sichuan Province)

Based on the examination report of the budget committee, the Fourth Meeting of the Fifth Sichuan Provincial People's Congress approves the report of Jiang Zeting, chief of the provincial finance department, on the execution of Sichuan's 1981 budget and the draft of its 1982 budget.

The meeting finds that the fiscal work of our province in 1981 was remarkably successful in supporting flood fighting and disaster relief, promoting the economic readjustment and the development of various undertakings, organizing revenue, reducing expenses and sharing the difficulties of the state, but there are also problems of lack of strictness in supervision and management and slackness in fiscal and economic discipline which should be conscientiously rectified. The meeting authorizes the standing committee of the Provincial People's Congress to examine and approve the 1981 final accounting when it is formally completed.

The meeting finds that the report on the 1982 budget manifests the spirit of continuing the policy of readjusting the national economy and maintaining the balance of revenue and expenditure and that the arrangements of the various revenue and expenditure norms are proper and should be vigorously achieved.

The meeting appeals to the people of all races and all fronts throughout the province to unite as one under the leadership of the party and the government, enhance their revolutionary enthusiasm, develop production,

tap the potentials, practice strict economy, combat waste, tighten fiscal and economic discipline, increase the economic benefits, and struggle against the current fiscal difficulties of our province and for the gradual improvement of the fiscal situation!

Delegates:

Upon the request of the provincial people's government, I now report to the congress the execution of our 1981 budget and the draft of our 1982 budget for your scrutiny.

Execution of the 1981 Budget

In 1981, the people of all races in our province, under the leadership of the Party Central Committee, the State Council and the provincial party committee, conscientiously implemented the policy of further readjusting the economy and further stabilizing the political situation and made new progresses in productive construction and various undertakings. In the economy, in spite of the energy reduction, inadequate tasks for the heavy industry, and especially the severe difficulties caused by the catastrophic floods, grain output showed a slight gain over the previous year; the total agricultural output value rose 1.5 percent and the total industrial output value 2 percent over 1980; commercial purchasing and marketing both flourished, and urban and rural markets were active. The final fiscal accounting is being examined and compiled level by level according to the regulations. Now, based on the major revenue and expenditure figures telegraphed in by the various areas, I will report to the congress the execution of the 1981 budget.

As approved by the third meeting of the fifth provincial people's congress, the 1981 revenue budget was set at 3,500,000,000 yuan. In its execution, as a result of the reduction and exemption of farm taxes and the higher subsidies for the higher purchase price of cotton due to the catastrophic floods, the state reduced the revenue quota of our province by 54,440,000 yuan, thereby reducing our revenue budget to 3,445,560,000 yuan. The actual revenue of the year was 3,151,300,000 yuan, or 91.46 percent of the budget, a shortfall of 294,260,000 yuan. Among the revenue, receipts from industrial-commercial and salt taxes exceeded the quota. Enterprise receipts were relatively poor, mainly because of certain appropriate policy measures in answer to the need of economic readjustment, the loss of merchandise and materials of industrial and commercial enterprises due to water damage, the additional supply of grain, cotton and coal to the disaster areas, the additional purchase of grain at a higher price from areas of good harvest, and the larger import of cotton from outside the province and the corresponding increase in subsidy for the price differential and losses. The fact that the effort to reduce production cost and make up the deficits fell short of the original goal was also an important factor contributing to the shortfall of enterprise receipts.

The expenditure budget approved by the third meeting of the fifth people's congress was 2,252,090,000 yuan. With the additional special case and disaster relief appropriations from the state, the funds transferred from the final accounting of the previous year, and the extra disbursements of the various levels, it was finally readjusted and increased to 3,571,640,000 yuan. The actual expenditures of the year totaled 3,001,960,000 yuan, constituting 84.54 percent of the budget. The surplus of 552,040,000 will be transferred to the continuous special funds in 1982 according to the regulations. [as published]

According to the conditions of execution of the revenue and expenditure budget, due to the shortfall in revenue and the negligible net surplus from expenditures, it is estimated that there is a total deficit of 250,000,000 yuan, computed according to the current fiscal system, for the entire province. At present, as the final accounting has not been completed, there may be some inaccuracies in the receipt and expenditure figures reported above. It is suggested that, after the final accounting is completed and the discrepancies verified, methods of solution will be proposed for examination and approval by the standing committee of the provincial people's congress.

In the execution of the budget in the past year, with the joint effort of all areas, departments and units, we actively implemented the party and state principles, policies and measures on readjusting and stabilizing the economy and balancing the revenue and expenditures, rigorously pursued output increase and strict economy, and vigorously enhanced the revenue and reduced the expenditures, performing a large amount of work and making remarkable achievements.

1. Vigorously Supporting Flood Fighting and Disaster Relief. From June to September last year, our province encountered the onslaught of rainstorms and floods many times. The Party Central Committee and the State Council paid serious attention to the conditions of disaster and demonstrated a deep concern, and promptly arranged funds and materials in support of flood fighting and disaster relief. According to statistics, the special funds for flood fighting and disaster relief arranged by the state and the various local levels totaled more than 340,000,000 yuan. Due to the serious attention given by the party committees and governments of the various areas and the vigorous supervision and inspection, the results of the use of the funds and materials for disaster relief were good. While arranging the disbursements for disaster relief, a number of measures in fiscal and tax policies was adopted: For the more than 200,000 production teams which reaped a poor harvest due to disaster, agricultural taxes were either reduced or exempted according to the degree of disaster; for the collective enterprises of cities and towns which had difficulty paying taxes after resuming productive operation, industrial-commercial and income taxes were reduced or exempted; the finance department provided funds for the price differential subsidies of the additional grain, cotton and coal supplied by the commerce departments to the disaster areas; in regard to the property losses suffered by the industrial

and commercial enterprises, besides reimbursement by the insurance companies to the insured enterprises, the water damaged commodities and materials of others were charged to the profit. The above items reduced the fiscal revenue by more than 127,200,000 yuan. All the measures produced a positive influence on properly arranging the life of the people and helping the communes and brigades and the enterprises rapidly resume production and normal business in the disaster areas.

2. Actively Promoting Economic Readjustment. To further readjust the economy, while retrenching the investment in capital construction, we, in policies and funds, continued to support agriculture and light and textile industries and the development of energy sources. In supporting agriculture, we raised the purchase prices of soybean and flue-cured tobacco, increased the price subsidies of cotton and other farm products, promoted the readjustment of the internal structure of agriculture, and aided the development of diversification. To hasten the development of forestry, we gradually changed the situation of excessive lumbering and soil erosion and restored the ecological balance. Last year, we continuously raised the disbursement standard of the afforestation and renewal funds and set up a forestry development fund. In supporting light and textile industries, besides the investment for capital construction and the funds arranged by the state for tapping the potentials, innovation and remolding, the provincial finance department also allocated to the Construction Bank 20,000,000 yuan for small technical loans. With the short-term equipment loans issued by the People's Bank on top thereof, the productive capacity of our light and textile industries was somewhat increased and the level of their technical equipment somewhat improved, enabling them to maintain a relatively high rate of development. Last year, the light and textile industrial output value grew 12.4 percent, and the taxes and profit turned over to the finance department were higher than the previous year. In developing energy sources, we arranged for special funds for the technical reform and safety measures of local coal mines, introduced coal price subsidies, and raised the disbursement standard of the developing and extending funds, producing a positive influence on improving the production conditions of the coal industry and promoting a larger output of energy.

3. Appropriately Increasing Funds for Culture and Education, Public Health and Scientific Undertakings; Gradually Improving the People's Living. While the total 1981 expenditures were 9.88 percent less than the previous year, the funds for culture and education, public health and scientific undertakings increased 7.32 percent, including a 7.76 percent increase for education, 33.3 percent increase for scientific undertakings and 6.68/as published/ increase for public health, meanwhile, according to state provisions, we are now in the process of readjusting the pay of middle and elementary school teachers and a part of the medical personnel and physical education workers. We arranged for jobs for 300,000 unemployed youths. Urban construction continued to develop. There were 5,540,000 square meters of new staff and workers' housing, and the living conditions were somewhat improved.

4. Cutting down Expenses and Sharing the Difficulties of the State. To balance income and expenses, the state took the measure of borrowing from local finance departments and issuing treasury certificates. Because of the loan to the central government, the various local expenses had to be cut down rather drastically. All areas and departments put the general interest first, reduced expenditures, practiced strict economy and vigorously enhanced the efficient use of funds, making contributions to balancing the revenue and expenditures of the state.

The result of the execution of the 1981 budget, as a whole, furthered productive construction, the development of various undertakings and the improvement of the people's living, but the revenue fell short of the original budgetary plan. Besides the influence of a number of objective factors, we have found, through work inspections, that the management of a fairly large number of enterprises is backward and their economic efficiency very poor, and that many economic norms are lower than the historical advanced level of our province as well as the national average. For local industries in 1981, the profit per 100 yuan output value was 17.49 percent lower than the relatively good level in history, the cost was 4.64 percent higher than comparable products, and the circulating funds tied up were 85.87 percent larger. Thus, the enterprises were unable to supply greater reserves to the state. While there were factors which were not comparable, the above numerical comparisons had much to do with the poor enterprise management. Meanwhile, due to the lax fiscal management, the phenomena of violating fiscal and economic discipline, intercepting state revenue, evading and failing to pay taxes, and indiscriminately issuing bonuses and subsidies on the part of some enterprise units were fairly serious. Such problems must be conscientiously solved by means of effective measures in our work hereafter.

Draft of the 1982 Budget

The year 1982 is the second year of the Sixth 5-year plan and a crucial one. We must continue to implement the policy of readjustment, restructuring, reorganization and upgrading and achieve a steady increase in industrial and agricultural production and national income. We must conscientiously study the ways and means of making, accumulating and using money, vigorously tap the potentials of all sides, and increase revenue by means of increasing production, reorganizing the enterprises, improving the economic efficiency and reinforcing fiscal management. We must develop the superior tradition of arduous struggle and building the country through diligence and thrift, spending less money, doing more work and doing it well. We must consolidate and stabilize the economic results and maintain the basic balance of revenue and expenditure and the basic stability of commodity price.

In accordance with this guiding ideology and the relevant computations of the economic norms, and after deducting the losses of the unprofitable enterprises and the various price subsidies, our 1982 revenue budget is set at 3,300,000,000 yuan, an increase of 4.72 percent over the actual 3,151,300,000 yuan of last year.

The range of increase of the 1982 revenue, set rather positively, is slightly higher than the rate of increase of industrial and agricultural production. Currently, there are many favorable conditions for achieving the goal. The rural situation is very good. On the basis of assuring the steady increase in grain output, the development of diversification is relatively rapid, favorable to the growth of light and textile industries using agricultural by-products for raw material. The further readjustment of the economic structure will gradually manifest its effect. The management level of our enterprises, in particular, is still relatively backward at present. In 1981, the unprofitable units among the local industries still constituted 28.8 percent of the total, showing a total loss of 150,000,000 yuan. Enterprise reorganization and tapping the potentials will greatly improve the economic benefits, turning loss into profit and increasing revenue. The development of industrial and agricultural production and the expansion of commercial purchasing and marketing, plus the tightening of fiscal and economic discipline and the earnest elimination of "escaping, risking, dripping and leaking," will increase the revenue. We believe that, by uniting as one and performing the work properly under the leadership of the party and the government, the tasks of our 1982 revenue budget will be completed and completed above norm.

For our 1982 budget expenditures, out of the 3,300,000,000 yuan revenue, besides the percentage to be turned over to the state according to regulations, the loan of 660,500,000 yuan to the state, and the 48,020,000 yuan out of local taxes reserved to the counties and cities for their own disposition, the amount available to the province for unified disposition is 2,591,480,000 yuan, an increase of 268,200,000 yuan, or 11.54 percent, over the 1981 budgetary base.

Though there is a certain increase in the 1982 expenditure plan, it is an increase under the condition of the drastic reduction of expenses and the relatively low base of last year. Meanwhile, according to state provisions, there are the wage adjustment of a part of the personnel of administrative units which have not introduced the bonus system, the required reserve fund, and mainly the wage adjustment of middle and elementary school teachers and a part of the medical and physical education personnel now underway. Therefore, the expenditure budget remains fairly stringent.

As the 1982 special case appropriations of the state have not been allocated, and as the extra funds of the various levels and the surpluses from the final accounting of last year still await sorting out and planning because the 1981 final accounting is in the course of compilation, this part of the expenditures will be gradually entered in the budget while in execution according to the regulations. Generally speaking, the contradiction between the supply and need of funds is fairly pronounced, and the problems in production and living calling for continued solution are many. Nevertheless, they can only be gradually solved on the basis of production development and revenue increase and within our financial capacity. Meanwhile, we must devote a vigorous effort on the ways to use

money, making overall plans and considering all factors, calculating carefully, distinguishing the essential and the nonessential, arranging rationally, and striving to raise the efficiency of the use of funds.

Striving for the Gradual Improvement of Our Financial Situation

The financial issue is an outstanding one in the economic work of our province. We must enhance our revolutionary spirit, go all out, work concretely, tap the potentials of all sides, increase the income and reduce the expenses, and strive for a higher revenue and lower expenses in the execution of our 1982 budget, in order to achieve the gradual improvement of our financial situation.

1. Vigorously Developing Production and Increasing Revenue. Economics is the foundation of finance. Only when production develops and social wealth grows will the financial resources of the state become plentiful. The increase of 1 percent in our local industrial output value will enhance our revenue by around 20,000,000 yuan. All areas and all departments must, by every possible means, complete the industrial and agricultural production plans for this year and lay the material foundation for the success of our revenue tasks. We must rely on policies and science to hasten the overall development of agriculture and, under the premise of assuring the steady increase in grain, actively develop diversification, vigorously promote all kinds of economic crops and agricultural side-products and native products, supply more raw material to light and textile industries and satisfy the need of the market. We must continue to vigorously develop the production of daily need consumer goods, improve their quality, lower the cost and increase the profit. Heavy industry must, by means of readjusting the service objectives and product structures, expand the range of service, prevent any further drop in the output value and in the taxes and profit turned over to the government this year, and strive for some growth. It must vigorously economize on energy and use it rationally, proceed with equipment renewal and technical reform according to plan and the order of importance, actively launch comprehensive utilization and fully develop its latent productive forces. The commercial enterprises must vigorously clear the channels of circulation, expand the purchasing and marketing of commodities, improve the quality of service, reduce the circulation expenses and increase the fiscal reserve. All industrial and commercial enterprises must carry out state plans and vigorously complete the various planned norms assigned by the state, while strengthening their market forecast, preventing repetitive construction, haphazard production and haphazard purchasing, and correcting the tendencies of some units to seek only the output value and profit and neglect the quality of goods and service. The fiscal and tax departments must firmly implement the general fiscal and economic policy of "developing the economy and guaranteeing supply," actively help the various branches open all avenues of production, vigorously increase output and revenue, and accumulate more construction funds.

2. Properly Reorganizing the Enterprises and Improving the Economic Benefits. The state has decided to spend 2 or 3 years, beginning this year, to comprehensively reorganize state industries according to plans and step by step, combining the areas and the individual points, by periods and by groups. It is an important measure to tap the potentials, improve the economic benefits and promote the basic improvement of the fiscal and economic conditions. We will first start with the key enterprises of high taxes and large profit and produce results in output and revenue increases. In enterprise reorganization, we must take reorganizing and perfecting the economic responsibility system as the key link, further clarify and implement the economic responsibilities of the enterprises to the state, closely integrate responsibility, authority and benefit, impel the enterprises to properly carry out overall planned management, quality management and business accounting, and reap overall economic benefits. In the distribution of the additional revenue, payment to the state must be first increased before the enterprises get their share for their reserve. The range of increase in the percentage of profit withheld by the enterprises must not exceed the range of increase of production or profit. We must tighten the fiscal and economic discipline, strengthen the fiscal accounting system, and reinforce the various items of basic work. We must learn and spread the advanced experience of Liaoning's Fushun city in strengthening business accounting and tapping the enterprise potentials and, in conjunction with effective ideological-political work, channel the enthusiasm of the enterprises and the staff and workers to the correct path of improving operation and management and enhancing the economic benefit. In the reorganization, we must also accompany enterprise reorganization with readjustment and reshuffling. Those enterprises whose products are in excess of the demand or of poor quality, whose consumption is high, which suffer protracted losses, or which are seriously pollutive must, according to individual conditions, be firmly shut down, suspended, merged or converted.

3. Strengthening Tax Collection and Steadily Reforming the Tax System. The quality of tax work is the key to the successful completion of the fiscal tasks of the entire province. We must strengthen the centralized and unified management of tax collection and uphold the solemnity of the tax law. All areas, departments and units must strictly act according to the tax policies and decrees of the state. They must not exceed the authority stipulated in the tax management system and arbitrarily reduce or exempt taxes, or issue written instructions conflicting with the tax law to the lower levels. We must further strengthen tax collection and management work, correctly implement the tax policy and reinforce the tax payment discipline. Acts of evasion and default must be handled earnestly according to the provisions in the tax law, even to the extent of investigating the criminal responsibilities. We must strengthen the tax structure and replenish the levying forces. To enhance the leverage effect of taxation in developing the economy and promote the national economic readjustment, we will, in accordance with the unified arrangements of the State Council, continue to resume certain taxes, initiate some new ones, actively and steadily launch reforms of the industrial and commercial tax

systems and make the necessary readjustments of the wide gaps of the profit levels among the areas, trades and enterprises.

4. Giving Attention to the Ways of Using Money and Improving the Results. To solve the fiscal problems, we must reduce expenses as well as broadening the sources of income. Saving money for more undertakings is just as important as increasing income. Under the current situation of financial difficulties and a fairly pronounced contradiction between the supply and demand of funds, we must give particularly serious attention to the ways of using money, properly achieve an overall balance, use our limited funds on the most urgent and most effective undertakings, vigorously improve the results, and strive to have little or no waste. All units spending money must calculate carefully, plan rationally, forecast and examine the results, firmly follow the principle of doing more work with less money and perform the work better. In capital construction, we must continue to pursue the method of changing allocations to loans and of being responsible for a task until completion with the investment, promote economy in the use of funds, shorten the construction cycle, and enhance the return of investments. The administrative units must continue to pursue and perfect the method of "being responsible for a task until completion within the budget." All qualified business units must practice enterprise management. In regard to funds in support of the communes and brigades, we must enlarge the range of compensatory revolving use, pursue the business contract system, and enhance the benefits. In regard to the various disaster relief special funds, we must continue to strengthen management, spend them on restoring production in the most urgently needed aspects, and concretely prevent diversion and waste. At present, we will not create new structures or add new establishments. We must continue to strictly control the purchasing power of social groups and reduce all nonproductive expenses. In short, we must establish a responsibility system on the use of money, make the use units responsible to the state, encourage and commend those which spend less and do more work, criticize those whose results are poor and punish those committing serious waste.

5. Strengthening Fixcal Supervision and Tightening Fiscal and Economic Discipline. Violating fiscal and economic discipline is a pronounced manifestation of the unhealthy trends in the economic realm today, not only causing serious losses to the state, affecting the balance of revenue and expenditure and disrupting the smooth progress of the national economic readjustment and restructuring, but also corroding man's mind and corrupting the social mores. Therefore, strengthening fiscal supervision, tightening fiscal and economic discipline, and firmly combating the unhealthy trends constitute a long-term and important task in the economic realm. The leading cadres of all levels must serve as models in observing discipline and obeying the law, actively support the fiscal and accounting personnel in implementing the fiscal and accounting systems, and perform their supervisory duties. In 1982, we must, in conjunction with enterprise reorganization, launch a mass examination of enterprise finances, strengthen and tighten fiscal and economic discipline and firmly curb the

wrong practice of crowding out, defaulting on and diverting the fiscal revenue of the state. We must strictly follow the relevant provisions of the State Council and the province, concretely control the total amount of bonuses, and forbid the practice of inventing pretexts to issue disguised and duplicate bonuses. The contract surpluses and organization income of all business and administrative units must be mainly spent on developing the business and improving the working conditions. The funds outside the budget must be sorted out and overhauled and the overall balance strengthened, so that the distribution and use of this part of the funds will conform to the demands of the macroscopic plan and the supplementary role of the budget funds will be enhanced. We must firmly implement the various economic laws and regulations and the fiscal and economic systems, so that all laws are obeyed, laws are strictly enforced, violations are investigated, and no mercy is given under the law. Cases of law violations and discipline disruptions must be earnestly handled, so that each case is accounted for. They must not be left unsettled with the admonition of "just this once." The responsible personnel concerned, especially the leading cadres, must be given critical education or economic punishment and disciplinary action wherever they are called for.

6. Strengthening Propaganda and Properly Handling the Treasury Certificates. The State Council has decided to continue to issue treasury certificates in 1982. Besides the popular and collective ownership units, they will also be issued to the urban and rural masses. It will not only raise a part of the social funds for state construction, but also stimulate the patriotic fervor of the people for the socialist construction and develop the social trend of arduous struggle and diligence and thrift. The state assigned our province 210,000,000 yuan of treasury certificates for 1982, which have already been allotted according to the actual conditions. The governments of all levels must concretely reinforce organizational leadership, conscientiously perform propaganda work and ensure the successful completion of the pledging and issuance work.

Delegates: The fiscal tasks for 1982 are formidable, but the favorable conditions for their completion are many. The 10 principles on economic construction in the future, decided by the fourth meeting of the Fifth National People's Congress, constitute the important guarantee for the steady and healthy development of the national economy. We believe that, if the people of all races in the province, under the leadership of the party and the government, start from the overall situation, enhance their concepts of the state, of planning and of policies, strive together, and struggle arduously, we will overcome the current temporary difficulties, improve the financial situation of our province year after year, and promote the steady and sustained development of our socialist construction cause.

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ECONOMIC PLANNING

'NANFANG RIBAO' CARRIES 1981 GUANGDONG STATISTICS

HK201311 Guangzhou NANFANG RIBAO in Chinese 12 May 82, p 2

[Communique of the Guangdong Provincial Statistics Bureau on the results of the execution of the 1981 national economic plan of Guangdong Province (released on 6 May, 1982)]

[Text] In 1981, under the leadership of the party Central Committee and the State Council, people of the entire province further implemented thoroughly the policy of readjusting the national economy and continued to carry out the special guideline and flexible strategy and tactics for Guangdong Province designated by the central authorities. They have achieved outstanding results. Agricultural and industrial production in the province progressed at a rapid pace. The important proportionate relations of the national economy continued to be improved. Financial receipts and expenditures were balanced, and yielded a slight surplus. Foreign economic relations were fairly well developed. Construction of the special economic zones made a good start while the standard of living of PBFWTLE in the urban and rural areas was improved. The gross industrial and agricultural output value for the year, at 1980 prices, was 37.08 billion yuan, overfulfilling the plan by 5.3 percent and registering an increase of 9.9 percent over the preceding year. The national income of the province was estimated, at 1980 prices, at 24.7 billion yuan, an increase of 7.6 percent over the preceding year. But the major problems that still remained were that the economic effect of many departments and enterprises continued to be rather low, that energy supply was scarce, that the stringent conditions of communications and transportation in the railways and at ports remained unchanged, that the increase in the supply of consumer goods still lagged behind the rise in the social purchasing power, and that there was a rise in certain commodity prices.

Following is a resume of the results of the execution of the national economic plan by departments:

I. Agriculture

In 1981, although agriculture in our province suffered from various natural disasters, it still yielded a good harvest. This was because of the implementation of the various rural economic policies, the installation and improvement of various forms of the production responsibility system, the positive develop-

ment of diversified operations and the rise in the production enthusiasm of the peasants. The gorss agricultural output value (including agriculture, forestry, animal husbandry, sideline production and fishery) was 12.03 billion yuan at 1980 prices. This overfulfilled the plan by 1 percent and was an increase of 5.5 percent over the preceding year. Of this, the output value of the agricultural crops was 6.86 billion yuan, a reduction of 2.2 percent. The output value of animal husbandry and fishery was 3.59 billion yuan, an increase of 15.2 percent, while that of sideline production was 1.58 billion yuan, an increase of 20.9 percent. Of the 8 major agricultural products, apart from grain which showed a drop in output, all the others, namely, sugarcane, yellow and red hemp, silkworm, peanuts, tea leaves and rubber, showed rather substantial increases over the preceding year. Simultaneously, the diversified operations of the communes and production brigades and the sideline production of the commune members' households all made rather rapid progress.

The following table shows the output value of the major agricultural products:

	1981	Growth in Percent in 1981 Over 1980
Grain	3,287 billion jin	- 8.5
Sugarcane	13,352 million tons	48.3
Peanuts	11,895 million dan	14.5
Yellow & Red Hemp	2,599 million dan	30.9
Tea leaves	272,000 dan	14.3
Silkworm	452,000 dan	4.4
4 major fruits (Litchis, Pineapples, Bananas and Oranges)	6,399 million dan	35.2
Rubber	103,000 tons	12.0

The total area afforested in the province during the year was 4.59 million mu, a decrease of 20 percent compared with the preceding year.

The output of fishery products was 706,000 tons. This overfulfilled the plan by 8.6 percent and was an increase of 2 percent over the preceding year. The output of fresh water products increased by 12.6 percent over the preceding year.

The output of tropical crops showed varying degrees of increases. Raw rubber increased by 12 percent, pepper, by 6.6 percent, citronella, by 92.3 percent, and coconuts, by 14.8 percent.

At the end of 1981, the province owned 20,000 large and medium-sized tractors. In addition, there were 140,000 hand-operated tractors, an increase of 14,000 over the preceding years, and motor-driven agricultural irrigation machines with an aggregate capacity of 2.32 million horsepower. Of the total cultivated

land, 27.9 percent was under mechanized farming. On the average, 18 kilograms of chemical fertilizer (of 100 percent efficiency) were applied on each mu of farmland, an increase of 0.7 kilograms over the preceding year. In the rural villages, 1.57 billion kwh of electric power were consumed, an increase of 19.5 percent over the preceding year.

At the end of 1981, there were 7,545 large, medium and small-scale reservoirs in the whole province. They held an aggregate capacity of 42.18 billion cubic meters of water.

II. Industry

In 1981, the gross output value of industry, at 1980 prices, amounted to 25.05 billion yuan. This overfulfilled the plan by 6.9 percent and was an increase of 11.6 percent over the preceding year. Of the 113 major industrial products listed under the provincial plan, 94 products, or 83.2 percent fulfilled or overfulfilled the year's plan. The remaining 19 products, or 16.8 percent, which failed to fulfill the plan, included coal, salt, synthetic ammonia and timber.

In 1981, as a result of actively promoting the production of consumer goods for daily use and accelerating the development of the light and textile industries, the ratio between light and heavy industry was improved and light industry was able to continue to maintain a relatively high growth rate. The output value of light industry during the year amounted to 16.21 billion yuan, an increase of 17.8 percent over the preceding year. The ratio of the gross output value of light industry to the gross output value of industry as a whole rose from the 61.8 percent of the preceding year to 65.3 percent. Of the 44 major categories of light industry products listed under the plan, 35 fulfilled or overfulfilled the plan. The great majority of the high-grade consumer goods for daily use, including radios, tape recorders, television sets, sewing machines, bicycles and wristwatches, showed rather large increases in output.

The output value of the major light industry products is shown in the following table:

	Output in 1981	Percentage Increase in 1981 Over 1980
Cotton Yarn	52,344 tons	13.3
Cotton Cloth	267.99 million meters	3.6
Gunny Bags	34.83 million	25.3
Machine-made Paper and Paper Board	301,000 tons	-2.3
Silk	2,325 tons	-5.9
Sugar	1,115 million tons	34.7
Salt	609,000 tons	-27.0
Pharmaceuticals	1,206 tons	- 4.2
Synthetic Detergents	16,088 tons	0.9
Bicycles	1,303 million	25.0

Sewing Machines	800,000	23.1
Wristwatches	1,056 million	19.1
Radios	1,945 million	57.1
Tape Recorders	519,000	308.7
Television Sets	221,000	143.5
Washing Machines for use in the Home	62,435	157.7
Cameras	36,400	71.7
Refrigerators for use in the Home	5,798	181.6
Electric Fans	2,934 million	112.8
Electric Lamp Bulbs	57.99 million	-10.8

In 1981, in order to further readjust the internal proportionate relationships of industry, the output volume of many products of heavy industry was reduced according to plan. The gross output value of heavy industry for the whole year was 8.84 billion yuan, an increase of 1.5 percent over the preceding year. The ratio of heavy industry output to the gross output value of industry dropped from 38.2 percent in the preceding year to 34.7 percent. Of the 69 major heavy industry products included in the plan, 34 fulfilled or overfulfilled the plan while 35 failed to do so. Compared with the preceding year, 36 products recorded an increase in production while 33 products recorded a decrease.

The output value of the major products of heavy industry is shown in the following table:

	1981 Output	Percentage Increase in 1981 Over 1980
Coal	7.235 million tons	-10.0
Crude Oil Processing	5.814 million tons	- 3.4
Electric Power Generation	12.24 billion kwh	8.1
Hydropower Component of Above	5.41 billion kwh	20.2
Steel	399,000 tons	- 1.0
Pig Iron	448,000 tons	- 0.4
Steel Products	469,000 tons	2.7
Timber	1.592 million cubic meters	-15.5
Cement	4.872 million tons	20.0
Plate Glass	414,000 standard cases	- 7.0
Sulfuric Acid	674,000 tons	3.1
Caustic Soda	69,693 tons	1.6
Chemical Fertilizer for Farm Use (100 Percent)	652,000 tons	6.0
Hand-Operated Tractors	21,148 units	101.1

As a result of readjusting the structure of industrial products, the energy consumption per 10,000 yuan worth of output value dropped by 8.9 percent compared with the preceding year. In 1981, the per capita labor productivity rate of workers in enterprises owned by the whole people amounted to 11,102 yuan, an increase of 6.8 percent over the preceding year. However, in general, the economic effect of industrial production was still very low. Of the 93 major quality targets, 34 declined, compared with the preceding year. Of the 64 targets for consumption of materials assessed by the province, 22 were at a higher level than the preceding year. In an examination of the per-unit consumption of materials of 53 comparable products, 41.5 percent of the targets for consumption of materials could not match the best in history. This applied to the consumption of electric power in the production of calcium carbide as well as in the production of cement and plate glass. The gross production cost of comparable products of the local state-operated enterprises owned by the whole people increased by 1.2 percent over the preceding year. Their profit remittances to the state dropped by 5.2 percent. In addition, abcut 32.7 percent of the enterprises sustained losses to varying degrees.

III. Capital Construction

In 1981, as a result of large-scale increases in domestic loans and in investments made by the localities and the individual enterprises, plus the utilization of foreign capital and funds of overseas Chinese and Chinese compatriots, the total capital construction investments made by the province amounted to 3.18 billion yuan, an increase of 23.6 percent over the preceding year. Following readjustment, the investment included within the state budget dropped by 28.1 percent compared with the preceding year. The structure of the 1981 investments was further readjusted and as a result, of the total investments, the percentage of nonproductive investments rose from 34.9 percent in the preceding year to 43.5 percent. Investment in residential housing increased by 52.5 percent over the preceding year and constituted 26.5 percent of the gross investment volume compared with 21.5 percent in the preceding year. Increases were also made in the investment in the commercial network, communications and transportation, posts and telegraphs, education, culture, public health and municipal construction. The increases were: Commerce, 60 percent; communications and transportation, posts and telegraphs, 22.9 percent; education, culture and public health, 57.4 percent; and municipal construction. 60.5 percent. Investments in the light and textile industries increased by 61.6 percent over the preceding year. The percentage the investment in the industries constituted in the gross investment increased by 2.1 percent compared with the preceding year.

In 1981, the newly added fixed assets of the whole province amounted to 2.24 billion yuan, an increase of 22.8 percent over the preceding year. Due to the large-scale construction work undertaken, the completion rate of making the fixed assets available for use was 70.4 percent, a slight decrease compared with the preceding year.

In 1981, 1839 projects, each with an investment of 100,000 yuan or more were completed and put in operation. This was an increase of 267 projects over the preceding year. The new production capacity and the increased effect from

capital construction during the year were as follows: Newly installed generating capacity of electric power generating units, 255,000 kilowatts, of which 116,000 kilowatts were from hydropower units; power transmission lines of 110,000 volts or over, 348 kms; cement, 121,000 tons; machine-made paper and paper board, 8,140 tons; machine-processed sugar, 70,000 tons; cotton-yarn spindles, 68,000; chemical fertilizer (converted quantity), 6,500 tons; area of commercial network points, 159,000 square meters; construction sites of large and small school buildings, 589,000 square meters; places for students, 185,000; daily tap water supply, 97,000 tons; and hospital beds, 4,800.

The principal problem with regard to capital construction in 1981 was still its overextended front. Although in the state budget rather substantial reductions had already been made in capital construction investment, investments outside the state budget still exceeded the preceding year by 74.7 percent.

IV. Communications, Posts and Telegraphs

In 1981, the turnover volume of goods transported by the communications and transportation departments was 118.21 billion ton-kms. A decrease of 1.5 percent compared with the preceding year. Of this, the turnover volume of goods transported by the railways was 6.98 billion ton-kms, and the volume transported by water transport, 110.35 billion ton-kms, both showing a decrease of 1.6 percent compared with the preceding year. The volume carried by highway transport was 880 million ton-kms, a reduction of 6.9 percent compared with the preceding year. The total volume of goods handled by the major ports along the coast was 29.77 million tons, an increase of 4.4 percent over the preceding year.

In 1981, the aggregate turnover volume of passengers carried by the various kinds of transport was 13.02 billion passenger-kilometers, an increase of 11.4 percent over the preceding year. The turnover volume of passengers carried by the railways was 2.99 billion passenger-kms, an increase of 8.6 percent over the preceding year; by water transport, 1.85 billion passenger-kms, an increase of 6.1 percent over the preceding year; and by highway transport, 8.18 billion passenger-kms, an increase of 13.8 percent over the preceding year.

At present, communications and transport, particularly with regard to the transit capacity of the Guangdong section of the Beijing-Guangzhou railway, cannot meet the needs of the development of the national economy.

In 1981, the service receipts of the posts and telegraphs of the whole province amounted to 93,818 million yuan, an increase of 10 percent over the preceding year. Of this amount, receipts from the posts increased 4.3 percent, from the telegraphs, 9.7 percent, and from long-distance telephone calls, 13.7 percent.

V. Domestic Commerce

In 1981, the total volume of commodity purchases made by commercial units under the system of ownership by the whole people was 17.22 billion yuan, an increase of 16 percent over the preceding year. Of this volume, purchases of industrial goods amounted to 11.94 billion yuan, an increase of 16.8 percent; and purchases

of agricultural and sideline products amounted to 5 billion yuan, an increase of 12 percent. However, if the factor of the rise in the state purchase prices is taken into account, the actual increase was 3.7 percent. In the gross volume of purchases of agricultural and sideline products, the purchases made according to the state-listed prices dropped by 6.1 percent while those at negotiated prices increased by 46.7 percent. The majority of the purchases of major industrial and agricultural products showed increases over the preceding year. Of these, purchases of wristwatches, sewing machines, bicycles and television sets registered increases ranging from 30.3 percentot about 330 percent; purchases of edible oils increased by 29.1 percent. However, purchases of grain and pigs dropped.

In 1981, the retail sales of social commodities amounted to 17.61 billion yuan, an increase of 18.9 percent over the preceding year. The actual increase was only 8.8 percent if we deduct the factor of the price-rise of ratail goods. Comparing the volumes of the retail sales of the major consumer goods with the preceding year, it was found that grain increased by 14.7 percent, edible oils increased by 30.8 percent, pork increased by 18 percent, sugar dropped by 4 percent, cotton cloth dropped by 2.4 percent, synthetic fibre cloth dropped by 41.1 percent, sewing machines increased by 17.3 percent, bicycles dropped by 0.5 percent, wristwatches increased by 5.1 percent; radios increased by 35 percent, tape-recorders increased by 154.7 percent, and television sets increased by 260 percent.

At the end of 1981, the aggregate volume of stocks of commodities held in the godowns by commercial units under the system of ownership by the whole people increased by 13.1 percent over the 1980 yearend.

Throughout 1981, the supply of commodities in the domestic markets maintained a sustained growth but the supply of consumer goods still lagged behind the increase in the social purchasing power. Supplies of some commodities with well-known brands and of major sideline products and food products were slightly strained but supplies of commodities at negotiated prices increased.

In 1981, the increased supply of commodities at negotiated prices and its expanded scope brought about a rapid rise in the commodity prices. As a result, in the province the general level of retail sales prices (including listed prices of state-operated enterprises, negotiated prices and country fair prices) increased by 9.3 percent over the preceding year. The prices of consumer goods increased by 9.5 percent while those of the means of production for agriculture increased by 4.8 percent.

Among the changes in the listed prices of consumer goods of state-operated enterprises, the price of clothing dropped by 0.6 percent; food prices increased by 4.1 percent (including the listed prices of state-operated enterprises, negotiated prices and country fair prices, the prices of subsidiary food products rose by 25.4 percent). The prices of goods for daily use increased by 3.1 percent, those of cultural and recreational goods rose by 0.6 percent, those of pharmaceutical products increased by 0.9 percent, and those of fuels, by 1.1 percent.

VI. Foreign Economic Relations and Tourism

In 1981, foreign trade exports increased rather substantially. The gross value of exports from Guangdong ports amounted to 4.12 billion yuan. After taking price changes into account, the actual increase over the preceding year was 8.2 percent. Of this amount, the gross value of exports of goods originating from Guangdong Province was 3.9 billion yuan. This was an increase of 22.4 percent over the preceding year after taking price changes into account.

Of the export commodities (originating in this province), heavy industrial products showed an increase of 25.4 percent and constituted 22.8 percent in the preceding year. Export products of the light and textile industries increased by 20.4 percent over the preceding year, and constituted 34.7 percent of total exports compared with 34.4 percent in the preceding year. Exports of agricultural and sideline products increased by 15.7 percent over the preceding year and constituted 42.5 percent of total exports compared with 43.9 percent in the preceding year.

During the year, the province signed with foreign merchants 6,853 contracts of various sorts, encompassing projects such as processing and assembling work, medium-size and small compensation trade, cooperative production (operations) and joint-venture or solely-owned projects. This was an increase of 21.4 percent over the preceding year. The actual volume of foreign capital imported, when converted into renminbi, amounted to 580 million yuan, an increase of 150 percent over the preceding year. Of these, 6,563 contracts were signed for processing and assembling work and the foreign exchange earnings converted into renminbi amounted to some 210 million yuan (including compensation trade), an increase of 68.2 percent over the preceding year.

In 1981, in the province as a whole, units owned by the whole people had 151 projects, which were financed by using foreign funds, under construction. Projects completed during the year involved an investment of 230 million yuan. Equipment, tools and appliances which were brought in were valued at 39 million yuan.

During the year, construction of the special economic zones made a start and applicable results were attained. Work was in progress on implementing basic measures for the Shenzhen and Zhuhai special zones and on a number of construction projects financed by foreign capital there. Similarly, initial work was done in the Shantou special zone. This year the Shenzhen special zone signed over 400 contracts with foreign businessmen and utilized foreign capital equivalent to over 300 million yuan.

In 1981, some 7.18 million foreigners, overseas Chinese and Macau and Hong Kong compatriots visited the province via Guangdong ports for purposes of tourism, sight-seeing, visiting friends and relatives or engaging in trade, recreational educational or cultural interchange activities. This was an increase of 34.9 percent over the preceding year. The foreign exchange earnings from this source were equivalent to 160 million yuan, an increase of 88 percent over the preceding year. Throughout the province, a large number of districts, municipalities and counties have set up tourist bureaus or travel agencies for the development of tourism.

VII. Science, Education and Culture

In 1981, the whole province, in the enterpirse units owned by the whole people there were 283,000 personnel who had a knowledge of the natural sciences. The various academic fronts in the province granted awards to 132 projects with superior results in science and technology and to 65 projects with especially outstanding results. Of the latter, 5 projects were related to agriculture, 50 projects to industry, and 10 projects to medicine, pharmacy, and public health.

In 1981, the province had 31 institutions of higher learning, including the newly established Guangzhou foreign trade institute. Their total enrollment was 47,500 students, an increase of 3,500 students over the preceding year. In the intermediate vocational schools (including intermediate teachers' colleges), the students enrollment was 47,000. The ordinary middle schools had a total enrollment of 2,452 million students, a decrease of 370,000 students compared with the preceding year. The agricultural middle schools and professional middle schools had 20,000 students. There were 8,252 million students in the primary schools, a decrease of 135,000 compared with the preceding year. There were 550,000 children being educated in kindergartens. In addition, various units have organized different kinds of classes for the training of their cadres and staff and workers.

During the year, the cultural cause continued to flourish in the various sectors such as literature, drama, movie, singing, music, dancing and art. A batch of new works gushed forth. The Zhujiang film-producing plant released 8 feature films. In the province as a whole, 134 films (feature films) were distributed. In addition, 17 films were revived for screening. There were in the province a total of some 6,917 film projection teams, 190 drama troupes, 113 cultural halls, 103 public libraries, and 11 television transmission and relay stations, each with a capacity of over 1,000 volts. There were 800 million copies of newspapers circulated, while 44.03 million copies of magazines and 253 million copies of books were published.

Within the education sector, there still existed the problem of an irrational intermediate educational structure.

VII. Public Health and Recreation

In 1981, there were 105,000 beds in the hospitals of the privince. The number of specialized public health technicians was 176,000, an increase of 5.4 percent over the preceding year. Of these, 61,000 were doctors and 32,000 were nursing technicians and nurses.

In the whole province, public recreational activities flourished extensively. The standard of play in the various sports was generally raised. Throughout the year, in international and national competitions, six provincial athletes won world championships in four events. Altogether, 43 gold medals, 16 silver medals and 25 bronze medals were won in world and international competitions while 94 gold medals, 74 silver medals and 75 bronze medals were won in national championship games. In the world sports tournaments for middle school

students and the international youths' championship competitions, youngsters from our province won 8 gold medals. One athlete broke a world record, 4 athletes broke 1 Asian record, and 22 broke 20 national records. In the province, 1.12 million people passed the "national athletic standard" tests.

IX. People's Livelihood

In 1981, the standard of living of the urban and rural population was generally improved. Following the development of agricultural production, the raising of the state purchase prices of some of the agricultural and sideline products and the adoption of the system of paying additional prices on state purchases in excess of quotas, the incomes of the peasants and of the commune members were increased substantially. According to a sample survey covering 760 peasants' households in 24 counties of the province, the average annual per capita net production income (including income for labor services) was 290 yuan, an increase of 20.3 percent over the 241 yuan of the preceding year.

In 1981, the province found employment for 415,000 people, including youths and other people awaiting employment and graduates of universities, middle schools and vocational schools under the unified distribution system. At the end of the year, the total number of staff and workers in the province was 6.78 million, an increase of 330,000 people over the preceding year. This number comprised 5,061 million employees of enterprise units owned by the whole people, an increase of 280,000 people over the preceding year and 1,719 million employees of urban units under the system of ownership by the collectives, an increase of 50,000 people over the preceding year.

In 1981, the gross amount of the payroll of the staff and workers of the province was 5.56 billion yuan, an increase of 710 million yuan over the preceding year, or an increase of 14.7 percent. Of this gross amount, the portion paid to employees of organs under the system of ownership by the whole people was 4.29 billion yuan, an increase of 14.9 percent over the preceding year while the portion paid to organs owned by the urban collectives was 1.28 billion yuan, an increase of 13.7 percent over the preceding year. The average per capita monetary income (including bonuses, subsidies and allowances) of the staff and workers of the province was 854 yuan, an increase of 77 yuan, or 10.1 percent, over the preceding year. Of this, the per capita monetary income of employees of organs owned by the whole people was 883 yuan, an increase of 76 yuan, or 9.4 percent, over the preceding year. If we take the rise in the cost-of-living index into consideration, the real average per capita wage income showed an increase of 3.6 percent.

At the end of the year 1981, the savings deposits of the urban and rural residents amounted to 4.64 billion yuan, an increase of 45.6 percent over the preceding year.

In 1981, 5.69 million square meters of new residential housing were built by the state in the province. This was an increase of 820,000 square meters, or 16.8 percent, over the preceding year. There were in the province, 214,000 shops, eating places and retail sales stores, an increase of 68,000 shops and stores over the preceding year.

The problems which existed in the people's lives were an insufficient supply of commodities at the state listed prices, an increased number of commodities at negotiated prices, a general rise in commodity prices, and the generally ill effects on the standard of living of those people who had no or little bonuses in addition to their regular pay. These people include those engaged in science and technology, teachers, medical staff and ordinary employees of government organs. The standard of living of the latter groups was indeed greatly affected. Moreover, the residential housing for some residents was, comparatively speaking, too crowded.

X. Population

At 1981 year-end, the population of the province was 58.84 million, an increase of 1.04 million, or 1.8 percent, over the end of the preceding year.

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ECONOMIC MANAGEMENT

STRENGTHENING OF FINANCIAL, ECONOMIC DISCIPLINE EMPHASIZED

Shanghai JIEFANG RIBAO in Chinese 20 Mar 82 p 1

[Article: "Municipal People's Government Arranges Further Step in Enterprise Finance Inspection; To Strengthen Finance and Economic Discipline and Deal With Unlawful Cases, Shanghai Working Group of State Council's Enterprise Finance Inspection Group Delivered a Report and Made Recommendations Yesterday"]

[Text] Yesterday morning (19th), the municipal government called a meeting of responsible personnel from concerned committees, offices, and bureaus to hear a report by the Shanghai working group of the State Council's Enterprise Finance Inspection Group on the inspection of Shanghai enterprise finances. At the same time, studies were conducted and arrangements were made for the next step in this work.

Under the direction and assistance of the Shanghai working group of the State Council's Enterprise Finance Inspection Group, notable results have been achieved in the inspection of some important areas of enterprise finance in Shanghai. Progress was relatively rapid because inspection requirements were clearly defined, special attention was given by various levels of leadership, and measures were firmly established. Violations of financial and economic discipline in the municipality requiring makeup payments totaled 220 million yuan. The major part of this has already been paid to the treasury. The inspection also uncovered 2,391 cases of unlawful economic violations involving 2,811 persons and 1.97 million yuan in unlawful gains. Through the finance inspection work, a group of advance models with good enterprise finance work were uncovered and reported on. For example, because of their strict adherence to state financial and economic discipline and their comparatively good systems of finance management work, relatively good economic results have been achieved by the No 8 Plant of Shanggang [Shanghai Steel], the No 17 Plant of Shangwu, the Shanghai Sulfuric Acid Plant, the Shanghai Internal Combustion Engine Plant, the Shanghai Bicycle Plant, No 21 Plant of Shangmian [Shanghai Cotton], and the small products wholesale section of the Shanghai Department Store. At the same time, the inspection also revealed that many problems existed in the finance management area in a substantial number of enterprises. These were exhibited in various ways: in loose systems of accounting for finance and goods and serious losses from overstocking; in disorderly confusion caused by outside processing with lack of strong supervision; in the existence of many loopholes, and even violations of law and discipline; in inappropriate use of funds with poor economic benefits; and in the qualifications of the finance and accounting personnel not meeting the requirements of finance management.

The inspection not only provided a vivid education in discipline and law abidance for a large number of cadres and workers, but also established a good foundation for the overall enterprise reorganization which is to follow, and the improvement of economic benefits. At the same time, it also uncovered some important leads for the enterprises to carry out their work of dealing a blow to unlawful and criminal activities in the economic field.

Comrade Pu Jun [3184 6874], head of the Shanghai working group of the State Council's Enterprise Finance Inspection Group, pointed out in the report that the inspection of enterprise finance in Shanghai will be completed at the end of March or in early April. In order that the enterprise finance inspection may be conducted well from beginning to end, the working group recommended the following: adoption of a series of measures in ideology, systems, and management to further the education of the cadres in finance and economic discipline; conscientious resolution of problems concerning violation of financial and economic discipline by the enterprises and revision and perfection of various finance systems; formulation of standards for finance management and inspection and systematic reorganization of the management of enterprise finance; based on the conditions of disorder and violation of laws and discipline in the management of outside processing, reorganization of the outside processing system; and strengthening of the supervision of enterprise finance and establishment of audit systems.

Deputy Mayors Chen Jinhua [7115 6930 5478] and Pei Xianbai [5942 0341 4101] of Shanghai attended the meeting and gave talks. They emphasized that comrades of the Shanghai working group of the State Council's Enterprise Finance Inspection Group had done a lot of work which was of considerable help to the various enterprises in Shanghai. The central government strongly emphasizes that improvement of economic benefits should be the guiding thought in leading industrial production and various types of economic work. This finance inspection provided a very good start for the reorganization of our enterprises and the further improvement of economic benefits. We should move ahead on the basis of this foundation. The experience in finance inspection, uncovered problems, and ideas for improvement should be conveyed to the various enterprises in the municipality, focusing on the central problem of improving economic benefits. The advance models with good enterprise finance work should be widely publicized and promoted, and those units with poor work should be criticized and helped. Examples of unlawful and criminal activities with wide educational significance should be used to educate the cadres and workers so that everyone will have a clear understanding of the struggle in the economic sphere. For those units with relatively serious problems, forces should be organized for a deeper investigation. Cases where leads have already been uncovered, especially the large and important ones, should be followed up on, thoroughly investigated and sternly dealt with. On the foundation of self-inspection and mutual inspection, the aforementioned enterprises should properly establish systems, business procedures, and personnel so that the results of inspection of enterprise finance discipline are transformed into ways of improving economic benefits.

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MINERAL RESOURCES

MEASURES TO INCREASE COAL PRODUCTION DISCUSSED

Beijing RENMIN RIBAO in Chinese 19 Mar 82 p 5

[Article by Chen Fujin [7115 4395 0093]: "Several Problems in the Development of Production in the Coal Industry"]

[Text] Coal is the most common energy resource in our nation. It accounts for 70 percent of the nonrenewable energy resources in our nation's energy resources structure. Because in the next few years the production of petroleum and natural gas can only be maintained at roughly the current output levels and the production of hydroelectric power also cannot achieve any large-scale increase, the increase in energy resources production will depend primarily on coal. Coal is the key to the increase of energy resources in the near future.

To speed up the development of the coal industry requires proper technical and economic policies. The following problems need to be conscientiously studied and resolved.

Emphasis on Technical Reconstruction of Old Mines

Carrying out the technical reconstruction of old mines not only will increase coal production and improve the technical levels of coal mines but will also help change the present condition of lack of sufficient responsibilities for heavy industry. This will allow our national economy to maintain a definite rate of development and create the conditions for future national economic development.

The potential for increased production through the technical reconstruction of old mines is very large. It is estimated that from 1976 to 1979, raw coal production from mines under the system of unified distribution increased by 77.8 million tons. Of this total, over 40 million tons came from technically reconstructed coal mines. Compared to the construction of new mines for a similar scale of production, the saving in investment was generally about 30 percent and the time involved was reduced by about one-third. Although the current total production capacity of our nation's coal mines is very large, generally speaking, the technology and equipment are old and outdated, the efficiency of existing enterprises is low, the quality of the product is poor, consumption is high, and accidents are numerous. The technical reconstruction of old mines is a long-term technical and economic policy aim. Where reserves

are abundant and technical and economic conditions permit, technical reconstruction should be carried out on existing coal enterprises to raise coal production and improve the appearance of the coal mines.

The technical reconstruction of coal mines lies primarily in the improvement of mining plans, improvement of mining techniques, replacement of mining equipment, improvement of the hoisting and transportation systems, improvement and addition of facilities, increase of washing and beneficiation capacities, and emphasis on comprehensive utilization. Through technical reconstruction in these areas, production capacity will be increased, mining relationships will be further coordinated, safety conditions will be improved, and comprehensive technical and economic results will be achieved.

Proper Distribution of Coal Construction

The distribution of coal construction should consider not only the resources situation, geological conditions, communication conditions, and economic results, but also the balance of energy resources in the regions, particularly close coordination with thermoelectric stations and reduction as much as possible of the need for long-distance transportation.

Based on the conditions of our country, the layout of energy resources construction should emphasize the rapid development of our Shanxi coal resources during the "Six Five" and "Seven Five" periods so that it will become an energy resources base for the entire country. Shanxi coal resources are abundant (proven reserves account for one-third of those in the country); all types of coal are available (coking coal, power generating coal, and anthracite, all accounting for half of the nation's total); the overburden is shallow (generally 200 to 500 meters) and the coal seams are stable. Relatively small investment is needed for the construction of coal mines in Shanxi and results are achieved quickly. Using the same manpower, materials, and funds, two to three times the rate of development and economic results can be achieved compared to provinces south of the Yangtze River. According to calculations, because of the low production cost and high heat value of Shanxi coal, the total cost when shipped to the major consuming areas in the country is lower than that of coal from other mining regions in the country.

At the same time, we should speed up the construction of coal mines in the region between the Yellow River and the Yangtze River in Anhui and Jiangsu and in southwestern Shandong, vigorously develop the coal fields in the northeast region, continue to develop the coal fields in central and western Henan, and develop the Guizhou coal fields. Simultaneously with the construction of these key coal bases, a group of thermoelectric bases should also correspondingly be constructed. Unified planning should also be carried out with communication and transportation so that the problems of coal consumption and outlet are better resolved.

Establishment of a Rational Construction Policy

In the construction of the coal industry, the integration of large, medium, and small mines should be carried out on the basis of resources, funding, equipment, and other conditions. From the standpoint of the total, long-range

national economy, the construction of large modern coal bases is entirely necessary. However, because of the country's present urgent need for energy resources and limited investment funds, many medium and small mines should be constructed in the near future. There are many advantages in constructing medium and small mines as compared to the construction of large mines. First, the investment is small; second, construction period is short; and third, the development of production capabilities is relatively rapid.

The current scale of our coal construction does not meet the needs of our national economic development. However, 70 percent of the mines being constructed are large, most of which can only make a contribution after 5 years and cannot shoulder any greater production load in the next few years. Under these conditions, in addition to speeding up the construction of these large mines, it is absolutely necessary to stress the construction of medium and small mines.

Vigorous Support and Development of Local Coal Mines

Simultaneously with the development of mines under the system of unified distribution, local coal mines should be vigorously supported and developed. The local coal mines represent an important front army on the coal industry's battlefront. Currently, their output accounts for about 45 percent of our nation's total coal production and they play an important role in our national economy.

The development of local coal mines can fully utilize local resources. Out of the more than 2,000 counties and municipalities in our country, over 1,200 are already operating coal mines. They have had a very important influence on improving the distribution of the coal industry, speeding up the development of local industries and commune and brigade enterprises, and satisfying the needs of the large industries and the provinces and regions with coal shortages.

Events have shown that local coal mines are the same as mines under the system of unified distribution in that they are both important forces in speeding up the development of the coal industry. Particularly in the present situation, when large-scale development of centrally coordinated coal mines is not possible, greater contribution by the local coal mines is especially needed. We should further develop the positive action of the various levels in developing coal mines, adopting many forms of joint operation, putting together relatively large funds, constructing relatively orthodox coal mines, and avoiding unregulated excavation and mining. In the course of development, funds generated from mines should be used to build new mines and thus continue the development. Technical reconstruction should be stressed to build a group of backbone mines and improve production techniques. Thus, continued development may be achieved while existing positions are strengthened.

Development of Coal Washing and Beneficiation Processing

Under our current conditions of energy resources shortage and extremely tight transportation, the development of coal washing and beneficiation processing, increase of the ratio of raw coal to be washed, and at the same time implementation of research and experimental work in coal gasification and liquefaction

and accomplishing the comprehensive utilization of coal are urgent tasks to conserve energy resources, save transportation forces, and raise economic benefits. They also represent a long-range technical policy.

Currently, our industrial energy consumption is high, the energy resources utilization rate is low, and the heat energy utilization rate of coal is only about 25 percent. One of the important reasons is the low degree of coal processing. As a result, the waste rock content is high, the ash content is high, and the types of coal supplied are not consistent with the requirements. More than 80 percent of the raw coal is used directly without processing.

The high waste rock content in the coal also means a very large waste of the transportation force. According to incomplete statistics, over 60 percent of the commercial coal sold by the country's centrally coordinated mines consists of raw coal which has not been through washing and beneficiation processing. This means as much as over 30 million tons of useless transportation for the railways.

Currently, our country has a definite foundation and designing and manufacturing capability in coal washing and beneficiation. We should carry out investigation and research on the basis of this foundation and establish plans for gradual implementation of coal washing and beneficiation processing. Jointly with machinery manufacturing departments, studies should be actively conducted on new, high-efficiency washing and beneficiation equipment and technology and the equipment should be manufactured. In the future, coal washing plants should be suitably constructed along with the construction of new mines. At old mines where washing and beneficiation are not available, washing and beneficiation plants should be added on the basis of planning in accordance with local conditions. Technical reconstruction should be carried out on existing washing and beneficiation plants to increase their washing capacities and raise the output of products that will meet demands.

In addition to the development of washing and beneficiation processing, comprehensive utilization should also be properly developed. Coal is not only an important energy resource but also an important industrial raw material. We must do a good job in the research experimental work of gasification and liquefaction so that heat energy of coal can be fully utilized and the useful element of coal can be recovered as much as possible.

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INDUSTRY

JILIN ACTING GOVERNOR ADDRESSES INDUSTRIAL CONFERENCE

SK181234 Changchun Jilin Provincial Service in Mandarin 1100 GMT 17 May 82

["Excerpts" of speech by Acting Governor Zhang Gensheng at provincial industrial conference held by the provincial CCP Committee and people's government on 11 May, entitled: "Do a Good Job in Enterpirse Consolidation, Improve Economic Results and Strive to Promote Our Province's Industry"--read by announcer]

[Text] The main purpose of the provincial industrial conference sponsored by the provincial CCP Committee and the provincial people's government is to study and implement the guidelines of the national industrial and communications work conference and the important speech of Premier Zhao Ziyang and, in accordance with the 10-point principle for economic construction set forth by the CCP Central Committee, and in light of reality, to conscientiously sum up experiences and lessons, correct guiding thought and strive to open up a new road for our province's industry in order to improve economic results. Given this purpose, the conference has emphatically studied the issue of how to do a good job in enterprise consolidation and made arrangements for industrial readjustment, technical reformation and intensifying ideological and political work so as to guarantee a comprehensive fulfillment of this year's industrial plan and to strive to achieve a balance between incomes and expenditures in our provincial people's government, I will now dwell on the following four issues:

First, correct the guiding thought in developing industry and pay attention to improving economic results.

Improving economic results is a guiding thought which the CCP Central Committee and the State Council have always emphasized in developing the national economy since the third plenary session of the CCP Central Committee; it is the core of the 10-point principle for economic construction of our country; and it is a summary of the experiences gained in the 32 years since the country's founding. Comrade Ziyang said that paying attention to economic results means striving to produce more products needed by society with less labor and material consumption. In case of our province, primary efforts should be made to reduce consumption of energy resources and raw materials, to lower production cost, guarantee that products are highly marketable and strive to increase the state's accumulation in taxes and profits. From now on, we should proceed from this basic starting point in considering all economic issues.

Under the leadership of our party, our industry has laid a relatively good foundation after 30 years of construction. Especially since the third plenary session of the CCP Central Committee, the broad masses of staff and workers on the industrial and communications front of our province have done a great deal of work by conscientiously implementing the principle of further readjusting the national economy. Their achievements are substantial. Industry has somewhat developed in the readjustment. Relatively remarkable achievements have been scored in developing the production of daily consumer goods. Light industry has registered relatively big growth. The inner structure and the service orientation of heavy industry have been readjusted. The production of coal, petroleum, chemical and metallurgical industries has again gone up steadily. A number of machinery enterprises have begun improving the situation in which there have been declines in production. [sentence indistinct] Some definite achievements have been scored in energy conservation. As far as capital construction is concerned, the scale has been reduced, the orientation of investment has been changed and results of investment have improved. New progress has been made in communications, transportation and post and telecommunications industries. All industry is developing toward a harmonious and rational orientation. The situation is getting better and better.

However, the situation formed over a long period of time in which industrial development is slow and economic results are poor has not fundamentally improved. All of the main targets of our province's industrial economic results are lower than the nation's average level. Most of them are among the lowest. Our province's economic results not only are lower than the nation's average but also lag a long way behind that of other provinces whose industrial foundations are about the same as ours. We have not yet gotten back to our own best production records. The slow development and poor economic results in our province's industrial production have seriously affected our incomes. We cannot make contributions to the state, and this situation is bound to increase the state's burden. Owing to a lack of money, it is very difficult to conduct technical reforms, modify equipment and begin new projects for industrial production. Neither can problems in workers housing, education, culture, public health, physical culture, broadcasting and urban public facilities be properly solved. This has affected the building of the national economy and the spiritual civilization in our province.

The cause of poor economic results in our province is many-sided.

1. From a macroscopic view, industrial structure is very irrational. We failed to proceed from reality, make full use of natural advantages and technical foundations, and seek a industrial structure which has our province's characteristics. Instead, we blindly went in for iron and steel industry and small enterprises and sought to establish independent industrial systems which are either small and complete or big and complete, resulting in a serious imbalance in the proportion of light and heavy industries. Our province is rich in agricultural resources and very rich in forestry resources which are a gift of nature. However, we have not made full use of these advantages to develop food and medical industries or those which comprehensively utiliza timber. In the past several years, we developed a number of light industries. But, key enterprises which can make full use of natural advantages are but few in number. There is no framework for light industry.

We have a satisfactory variety of basic organic raw materials in our chemical industry, but we failed to take the advantage of this favorable condition to develop a corresponding, comparatively high-grade and precision processing industry. We laid a certain foundation for our machinery industry, but we did not successfully organize enterprises to produce complete sets of equipment and quality products, not to mention organizing them to serve the development of light and textile industries and the production of machinery and electrical products for daily use. Due to the influence of the leftist ideology, collective enterprises developed very slowly developed and occupy only a very small portion.

2. From a microcosmic viewpoint, the management of enterprises is in chaos, their business orientation is incorrect and their production purpose is not clear. Instead of producing according to social needs, they feel comfortable with the state monopoly for purchase and guaranteed marketing and give one-sided attention to output value and output, neglecting product quality. Quality and inexpensive products with new patterns, with a wide range of variety and with ready markets are rather few. Still fewer are products with exceptional high quality and high competitiveness. Many of our products are shoddy and thus are overstocked. This causes serious losses and waste.

We have not established or improved enterprise managerial systems, nor have we strictly enforced them. The responsibilities, rights and profits of enterprises have not been successfully integrated. Their problems arising from the ideologies of having an iron rice bowl, eating from the common pot and equalitarianism have not been properly solved. This has greatly dampened the enthusiasm of cadres and workers for building socialism.

3. From the standpoint of leadership, since the third plenary session of the CCP Central Committee, we have not effectively put an end to chaos and restored order, nor have we fully emancipated our minds. This is mainly because we failed to completely understand and eliminate the influence of the leftist mistakes and, in organization, to readjust leading bodies in a timely manner. We have not succeeded in enterprise readjustment, that is, closing down enterprises which should be closed down and promoting those which should be promoted with concentrated efforts. We have not flexibly implemented economic policies, thus failing to take feasible measures to tackle the problems of giving greater autonomy to enterprises, developing the collective economy and commodity circulation. All of this has resulted in our slow pace in changing our industrial backwardness. We should not blame the problems on lower levels. Ineffectiveness on the part of the provincial CCP Committee and government is the major reason for the problems.

We should draw lessons from our experiences. The purpose of our summing up experiences and finding out where we lag behind is to advance and to keep pace with the whole country's economic development, which is progressing rapidly. We should add to our achievements, overcome difficulties, ascertain our favorable conditions and enhance our confidence in promoting industry. We should see that we have not only a fairly solid foundation for industrial development but also abundant resources. We have plenty of timber, grain, oil, sugar, local native products, and mineral products. We also have plenty of raw

materials for the chemical industry. This means we have a much greater potential for industry. If the productivity of all of our workers can be as high as the national standard, we can increase annual output value by 3 billion yuan. Even a restoration of our best record would bring us 2 billion yuan more. If the percentage of the profit in the output value of enterpirses operating under the provincial budget can reach the national level, we can increase annual profits by 500 million yuan. If we can restore our best record in the amount of profit and tax in per-hundred-yuan output value of state enterprises, we can earn 1 billion yuan more in a year. Despite factors which cannot be compared, it is evident that we have great potential. This means that as long as we strengthen leadership and make the best use of our favorable conditions, the acceleration of our industry is promising.

We have had a good start in this year's industrial production. In the January-April period, our industrial output value was 6.5 percent higher than in the corresponding 1981 period. We have done a generally good job in fulfilling our heavy and light industrial production targets. In the same period, light industry showed an increase of 9.3 percent and heavy industry and increase of 4.5 percent. Thus, we altered the situation which existed last year, when light industry rose and heavy industry declined by a large margin. Most departments of various municipalities, prefectures and counties registered increases. A majority of products showed steady improvement in quality and consumption of major raw materials, fuel and power decreased. Losses were reduced and profits increased.

We should continue our efforts and fulfill this year's industrial plans comprehensively, so that the goal to guarantee a 3 percent, strive for a 4 percent and advance toward a 5 percent increase set forth by the provincial CCP Central Committee can be realized and a solid, not inflated, speed with better economic results can be achieved. When we organize this year's industrial production, we should strengthen planned guidance and successfully combine speed with results, quantity with quality and production with needs and see to it that speed is subordinated to results, quantity is subordinated to quality and production is subordinated to needs and that all targets are fulfilled.

We should achieve new developments in the production of consumer goods for daily use. We should strive to keep heavy industry on the rise. Our products should meet market needs. Production of overstocked products should be discontinued to avoid new stockpiling. We should decrease energy consumption by 3 percent. Transportation departments should guarantee the supplies of coal, timber, grain and other major materials. We should strive to increase production and income.

Effective in June, we will publish, in order to their fulfilling the state-stipulated 16 major economic targets, the names of municipalities, prefectures and counties on a regular basis. All localities, all trades and professions and all enterprises should arouse the masses to plunge into the campaign to emulate, learn from, catch up with, help and surpass the advanced.

Second, make a success of enterprise consolidation with the focus on improving economic results.

Comrade Ziyang said that to improve economic results we should devote ourselves to enterprise consolidation; otherwise, we will have no foundation for any other work. During the past few months, some 1,400 cadres have been transferred from provincial, municipal and county departments to form groups to conduct investigations at 280 enterprises which have greater potential, more problems and heavier production tasks. The output value of these enterprises amounts to about 40 percent of the province's total, and their profits amount to 80 percent of those of the enterprises operating under the provincial budget. As they control the whole industrial production situation of the province, we should exert more efforts to consolidate them.

1. We should fully understand the importance and urgency of enterprise consolidation. To comprehensively consoldiate enterprises in a planned and systematic manner and in different groups and stages is an important strategic measure of the CCP Central Committee and the State Council for further implementing the readjustment policy, tapping potential of existing enterprises, achieving better economic results and bringing about a fundamental turn for the better in the economic situation.

Taxes and profits turned over by our industrial enterprises account for more than 80 percent of the province's revenue. Whether the leading bodies of industrial enterprises are powerful or weak, whether the mental outlook of workers is sound or bad, and whether their production and economic returns are high or low have a most important bearing on the province's economic construction. Rather serious problems have been revealed through the initial consolidation.

A. Leading bodies are lax and weak, and serious unhealthy trends exist among cadres. We should say that the quality of the overwhelming majority of the cadres of industrial and communications enterprises is good, and they are active and hardworking. However, many enterprise leading bodies more or less have such problems as being lax and weak. Overstaffed, old and unprofessional and, therefore, cannot meet the needs in work.

B. Enterprise management is chaotic and waste and losses are serious. Systems of fixed consumption quotas, economic accounting and economic responsibilities are not perfect and financial, material and labor management and quality control are poor.

C. Enterprises are overstaffed and their managerial departments overlap.

D. Enterprises' economic returns are very low.

1. Host of facts fully prove that there are ways everywhere for enterprises to make money. Good results can be achieved once we consolidate them. Take the first group of consolidated enterprises in Changchun, Siping and Tonghua, for example. Their first-quarter output value was 23.6 percent higher than in the corresponding 1981 period and their profits were 160 percent higher, much greater than the average increase for all the enterprises in the municipalities. The purpose of consolidation is to achieve quicker and better economic results. Through consolidation, we should change the passive, backward situation in our industry. This is the key to quickly advancing industry.

2. Make the focal points of enterprise consolidation stand out. One of the focal points is to conscientiously grasp the building of leading bodies, and the other is to strengthen enterprise management. Attention should be paid to these two points.

The consolidation of leading bodies should be stressed in ideological work, such as studying the central No 2 document, eliminating left influences, summing up experiences and heightening the understanding of the realities of enterprises, correcting managerial ideology and checking malpractices. The consolidation of enterprise leading bodies should be conducted by the enterprise CCP committees themselves. CCP committees of the higher level and investigation groups staying at enterprises should, if necessary, help enterprises straighten out their wrong and muddled thinking.

In conducting ideological consolidation, we should adopt the methods of studying, discussing, criticizing and self-criticizing, the major ways to eliminate protracted left influence on work are to heighten awareness and to draw lessons. Those who engaged in individual malpractices should be criticized or conduct self-criticism in the manner of "a gentle breeze and a mild rain" so as to "cure the sickness to save the patient." Those who committed common economic mistakes should volunteer to make a self-criticism and return their illegal gains to the state. Malpractices should be rectified and reformed simultaneously. All mistakes which can be corrected should be corrected immediately. Meanwhile, specific regulations and measures should be formulated to correct malpractices. Efforts should be made to improve the relationship between the cadres and the masses so as to bring along enterprises' workstyle with the party's workstyle.

We should conduct organizational consolidation. We should sleect and organize enterprises' leading bodies in line with the principle that leading bodies must be composed of highly competent people who are younger and have revolutionary aspirations and professional knowledge, so as to promote to leading posts young and middle-aged cadres with both ability and political integrity. Those who seriously neglect their duty and have no sense of responsibility and devotion to their work should be firmly reformed. Such people should be strictly prevented from sneaking into leading bodies. Such people who are already in leading bodies should be resolutely dismissed.

Leading bodies of enterprises should be small in number but highly trained. A common enterprise should have one director, two or three deputy directors, one secretary and one deputy secretary. These posts should be filled as far as possible with cadres under 50 in age. Secretaries of CCP committees and responsible members of workers' congresses can be older than 50, but not too old. The consolidation of leading bodies should follow the mass line. The consolidation should be developed by the method of combining the leaders' selection with the masses' recommendations.

Another focal point of enterprise consolidation is to strengthen enterprise management. Efforts should be made to achieve success in the following issues:

A. It is necessary to grasp the basic elements of enterprise management. All enterprises should further amplify their original records, statistics, measures, commodity inspections, production quotas, quotas for material consumption, criteria for judging the quality of products, scientific and technological files and safety equipment.

B. It is necessary to intensify labor management, consolidate labor organizations and organize production items in accordance with the fixed production quotas and fixed number of staff members and workers. We should conscientiously implement the State Council's regulations on reward and punishment for enterprise workers and staff as well as the national rules for workers and staff adopted by the national forum of representatives of model laborers and advanced personages. We should manage to mete out punishments or rewards as the case demands and be clear about what to reward and what to punish. We should also vigorously correct situations in which organs are overstaffed, labor discipline is lax and labor productivity is low. Bonuses will not be given to those who fail to fulfill production quotas. The number of workers and staff should be fixed in accordance with production tasks. It is necessary to assess technical proficiency of workers in line with the demands on production technology. Only qualified workers will assume work posts.

C. It is necessary to strengthen the overall management of commodity quality and to firmly foster a concept of attaching primary importance to the quality and use of commodities. Every enterprise should guarantee quality in the fields of product design, raw materials, processing skills and inspection, packing and marketing of products. Those who cause great quality-related accidents and incur serious losses should be investigated and punished severely. Every enterprise should concentrate some technological forces on running a product design office or a product design group to design new varieties of products and to improve the quality of old products.

D. It is necessary to strengthen financial management in enterprises and do a good job in overall economic accounting. Every enterprise should establish economic accounting systems not only for its plants but also for its workshops, work teams and the whole process of production. It is necessary to plug loopholes in all fields and strive to achieve the best economic results with as little manpower and material consumption as possible.

E. It is necessary to closely integrate responsibility, funds and profits and establish and improve all forms of economic responsibility systems. Strict responsibility systems should be established for all positions from plant leading cadres, and department personnel to all staff and workers. Such systems should be combined with economic profits to bring into full play the enthusiasm of personnel who directly guide or participate in production and to eliminate the practice of equating people who work hard and well with those who do not. It is necessary to conduct regular examinations and evaluations and organize the masses to participate in democratic evaluations and public opinion polls. After a certain period of evaluations, those whose work performance is good should be given appropriate awards and those who fail to meet the requirements of their responsibility systems should be considered incompetent and transferred to other positions or assigned different responsibilities. In consolidation, enterprise organs should be reformed and streamlined.

As long as we continuously attend to the above issues, we will be able to graudually improve the backward situation of messy enterprise management and poor economic results.

3. We should carry out enterprise consolidation step by step. The first step is to conscientiously study central documents to enhance our understanding of ideological issues. Through study, it is necessary to correct our thought and free our minds from all fears. At the same time, it is necessary to organize cadres and staff and workers to conduct joint investigations and studies to locate problems in enterprises.

The second step is to sum up experiences and lessons and to train cadres to solve problems in leading bodies. We may replace training with meetings. In other words, we may organize leading members of enterprises selected for conducting experiments, some middle-level cadres and representatives of staff and workers to receive training of 8 to 10 days. By doing so, cadres will be educated to tighten the ties between themselves and the masses. At the same time, workers will also be educated to arouse their enthusiasm for production. After the training, leaders of all units should report to plant staff and workers. Plant managers and secretaries should voluntarily conduct self-criticism and explain existing problems. [passage indistinct] It is necessary to establish and improve the five systems for enterprise management and systems for workers evaluation.

The fourth step is to strengthen organization. Enterprise consolidation should be combined with the consolidation of the party and the CYL and carried out simultaneously [words indistinct]. In accordance with the circular of the provincial CCP committee on conducting education in the party's spirit, style and discipline and on conducting investigations, we should intensify ideological education, strictly participate in the organizational life of the party and the CYL, and conduct criticism and self-criticism. We should conscientiously implement the system of having plant managers in charge under the leadership of CCP committees and the system of workers congresses. When conditions permit, it is necessary to hold party congresses to elect party committee members and hold workers congresses to elect plant managers. Enterprise consolidation will be accomplished after we concentrate our efforts on these four steps for 3 to 5 months. We should unremittingly conduct enterprise consolidation step by step and group after group, pay attention to work quality, avoid perfunctoriness and do a really good job in enterprise consolidation throughout the province.

4. We should further strengthen leadership over the work of enterprises consolidation. From now on, leaders at all levels must make greater efforts to attend to enterprise consolidation.

5. We should pay attention to the consolidation of all enterprises, not just key enterprises. Consolidating all enterprises cannot be put off. Efforts should be made to solve major current problems in two steps. The first one is to conduct initial consolidation in leading bodies. All municipal, prefectural and county CCP committees should make timely and necessary readjustments in leading bodies which are too weak or have serious problems. The second step is

to consolidate enterprise management and gradually establish and improve several management systems. To counter chaotic management in enterprises, it is necessary, first of all, to do away with the problem of loss and waste. All leading organs of industrial enterprises should strengthen supervision and guide the consolidation work in enterprises in all areas with the experience gained in key enterprises. Enterprises under departments of communications, capital construction, forestry, agricultural reclamation, commerce, grain, foreign trade and banks should also conduct consolidation stage by stage and group after group in accordance with the abovementioned steps. In short, we should conduct enterprise consolidation in a planned and down-to-earth manner, lay a solid foundation for all enterprises and create a brand new outlook for enterprises.

Third, pay close attention to industrial readjustment and technical renovations and strive to fundamentally improve the industrial situation. In addition to consolidating enterprises and improving management, we should conscientiously attend to industrial readjustment and enterprises' technical renovations if we are to achieve better economic results. This is a strategic task to thoroughly overcome our province's industrial backwardness and to accelerate industrial development. Therefore, we should coordinate our efforts in readjustment and technical renovations with those in enterprise consolidation and make them a success.

1. We should enhance our understanding and resolutely surmount the ideological obstacles which are reflected in people's unwillingness to readjust because they want to maintain the status quo or want to wait and see and because they are indecisive. Party committees and governments at all levels should bear the entire situation in mind, break local and administration barriers and unify their thinking and plans to readjust the enterprises which should be readjusted and close those which should be closed. Recently, we discussed long-term plans for our industrial development and set forth an initial goal, that is, to strive to catch up with or surpass the average national standards in the speed of increase, in technology and in economic returns in 5 years and to keep pace with national development. Through readjustment and technical renovations, we should gradually make the structure of light and heavy industries reasonable to enable them to develop harmoniously, furnish them with suitable organizations, achieve a fairly high level in specialized production, increase the variety of products, consolidate and improve existing brand-name products, produce a number of brand-name products which are competitive on international markets, markedly improve the technical level of existing enterprises and strive to achieve better economic results and high speed so as to bring our industry onto a track of steady and sound development. Therefore, we now set forth the following tasks:

A. Industry should be readjusted so that raw material supplies and markets are ensured, and an industrial structure and product mix characterized by our resources and technology should be gradually established. We should resolutely alter the imbalance in the structure of light and heavy industries. While exerting great efforts to develop light and textile industries, we should take advantage of our resources and technology to develop in a planned manner heavy industries which serve market needs and yield high economic returns so as to balance light and heavy industries.

1) We should make the best use of our resources of farm and sideline products and local native products, which is an advantage of our province, to greatly develop light industry and food, medical and textile industries. We should exert extra efforts to improve product quality and increase variety to enable a number of our products to become famous for their quality. The emphasis of the food industry should be placed on development of cigarettes, wines, sugar and starch and protein products. We should fully use precious medicinal materials, such as ginseng, pilose antler and toad oil, and precious mountain products to develop processing industries and comprehensively utilize them to produce canned food, high- and medium-grade candies, cakes, tonic products, cosmetics, prepared Chinese medicines and beverages to supply domestic and world markets. The emphasis of textile industry is to develop woolen, silk and flax products.

2) We should make the best use of our abundant timber resources to do a good job in comprehensive timber utilization.

3) We should make the best use of our advantage as a chemical raw material base to develop a precision processing industry.

4) We should make the best use of our nonmetal and nonferrous metal resources to develop building material and nonferrous metal industries.

5) We should make the best use of our existing machinery and electronic industrial foundation [words indistinct] to serve the changed rural needs, the development of light and textile industries and technical renovations and equipment modification.

6) To develop energy, we should emphasize local collieries. We should strenghten geological surveying and successfully operate existing local collieries.

7) We should resolutely halt enterprise deficits. Enterprises which lack raw materials, whose products find no markets and which are bound to lose money if blindly developed should be resolutely closed down. Money-losing enterprises which will not have production tasks for a short time to come and which find no market for their products should be converted to other lines of production within a limited time. Enterprises which turn out shoddy expensive goods, consume a great amount of energy and materials and suffer serious deficits and whose operation can do more harm than good should be suspended for consolidation and should improve within a limited time.

B. We should gradually reform industrial managerial systems in the course of readjustemnt and continue to give greater autonomy to enterprises to satisfy production needs. The provincial party committee and government held that except for a few large enterprises, all enterprises should be put under the administration of municipalities. The provincial economic commission should complete this work as soon as possible. This work should first be completed in Jilin and Changchun municipalities during the second half of this year. Within 2 or 3 years, industrial enterprises of our province, under the unified plan of the state and the province, should vigorously expand cooperation for

specialized production and gradually establish a number of complexes to produce highly competitive products, famous quality products and products which are in short supply and which have a ready market. Some of the complexes should be established by different enterprises according to their trades or localities. Others should be established solely by the enterprises of our province or by the enterprises of our province, other provinces and even foreign countries. By so doing, we can change the situation in which some enterprises have no production tasks while others have so many that they exceed their capacities, and we can improve product quality and increase quantity. Enterprises which join in the complexes should strictly implement contracts and be creditable. Pertinent departments should quickly solve the problems arising from duplicate taxation and problems in purchases and marketing. This is an important job to accelerate industry.

C. Arrange proper jobs for talented persons and strengthen scientific and technological forces. On the one hand, our province's scientific and technological force in local industry is very weak. The distribution of this force is not even and balanced, and the integration of scientific research and production is not good enough. On the other hand, the scientific and technological force of the central authorities and of colleges and universities in our province is very strong. However, we have failed to get in touch with them and to bring their role into full play. This is an important reason for the poor quality, scanty designs and varieties and low economic results in our industrial products. We must pool our efforts to solve this problem to enable our scientific and technological force to meet the needs of industrial development. We must further implement the policy on intellectuals, create better working conditions for them and bring into full play the role of our existing scientific and technological personnel. We must adjust our surplus and deficiency. In the meantime, we must transfer some surplus technicians from large enterprises to reinforce middle-seized and small enterprises and some technicians from heavy industrial enterprises to reinforce light and textile industrial enterprises, or employ them to serve as technical advisors at middle-seized and small enterprises. Moreover, we can employ some technical specialists and specially skilled aged workers from other provinces in accordance with our needs. We must expedite the training of talented persons, organize people to study independently in their spare time, sponsor television college programs and spend money for the purpose of training talented persons. We must closely integrate scientific research with production, stress applied science and technology, organize together the scientific and technological force of science units and of colleges and universities in our province and do a good job in tackling technical problems and popularizing scientific research achievements.

After this conference, we must hold forums of specialists to hear their opinions. All enterprises must hold mass scientific and research activities.

D. We must develop collectively-owned enterprises. This is an important point for readjusting the industry. By managing well collectively-owned enterprises, we can draw on local resources to develop consumer goods for daily use and small commodities, enliven markets and increase state revenue and also provide a way for the unemployed. Some localities now still restrict and discriminate

against collectively-owned enterprises. Some have refused to grant loans to such enterprises, have forbidden local financial departments to invest funds, have supplied no raw materials to and arranged no actory sites for them. Party committees and governments at all levels must properly handle the relations between enterprises run by the whole people and collectively-owned enterprises and support the development of collectively-owned enterprises in all respects. Collectively-owned enterprises must be responsible for their own profits and deficits and promote the fine traditions of careful calculation, strict budgeting and flexible management. We must also actively develop commune- and brigade-run industrial enterprises. We should note that such enterprises are not only a component of socialist large-scale agriculture but also a component of industry. During industrial readjustment, we must make overall arrangements for commune- and brigade-run enterprises in accordance with the stipulations of the CCP Central Committee and the State Council and the plans of the provincial CCP Central Committee. These industrial enterprises must, persisting in the principle of drawing local materials and processing and marketing products locally, develop small-scale industries, including agricultural and sideline product processing, building material, coal, water and power and timber processing industries. While expanding production capacity, large enterprises with favorable conditions must take the initiative in delivering products to commune- and brigade-run enterprises and undertaking coordination so as to achieve the goal that state-run enterprises will help the collectively-owned enterprises, the people-run enterprises will lead the collectively-owned enterprises and large plants will help small plants to enable commune- and brigade-run enterprises to achieve more rapid development. Moreover, commune- and brigade-run enterprises must be readjusted in order to solve the problems of blind development and replacing the developed ones by the less developed.

E. Do a good job in technical renovations among enterprises in the course of industrial readjustment. We must properly handle the relations between carrying out readjustment by means of own efforts and outside efforts. In the future, in carrying out expanded reproduction, we must mainly rely on technical innovation and reformation and bring into full play the role of existing enterprises. By doing so, we can enable enterprises to quickly achieve economic results and high benefits even with a small investment. Of course, speaking on a long-term basis, we need to carry out some few projects among backbone enterprises such as light industrial, textile, foodstuff, chemical, timber and medicine processing industries. Technical innovations among enterprises must be carried out group by group and in selected units first. We must first select from our existing enterprises some key ones which have a foundation, and good prospects for development, which require little investment and a short construction period and can achieve quick economic returns to engage in technical innovation. We must actively develop popular products. Furthermore, we must grasp well the present reconstruction, expanded or new construction projects so as to form a new structure for the light and textile industries. Technical innovations among most enterprises should be concentrated on small innovation and reformation, on solving weak links in production, economizing on energy, reducing consumption of raw materials, improving product quality, increasing varieties, strengthening market competitiveness, doing well in comprehensive utilization, eliminating pollution and rationally using natural resources.

F. We should stress good ways to raise and use money in order to successfully carry out industrial readjustment and technical renovations. When raising fund, we should widen our field of vision to collect funds from many sources in our province, properly use state loan and vigorously make use of funds from other provinces or foreign countries. We should strive to expand cooperation with other provinces or foreign countries, establish compensation trade and develop processing of imported raw materials and processing according to supplied samples so as to collect more funds. When using funds, we should choose the right projects to invest in and pay attention to the returns of the investments.

G. We should correctly implement labor policy and improve workers' technical standards. Over the past 5 years, the province has arranged jobs for 1,459,000 people. This is a great achievement. In our future efforts to make job arrangements, we should implement the principle of having labor departments offer jobs, having people organized voluntarily to run businesses and having individuals find jobs themselves under the guidance of the overall state plan. All industrial enterprises should strive to enable 20 percent of their staff members and workers to attend study classes every year so that after 5 years of rotational training, most of the staff and workers can reach the junior high school level and can skillfully do their specific jobs.

H. Communications and transportation should be correspondingly developed in the course of readjustment.

Fourth, strengthen party leadership and ensure the fulfillment of all tasks.

During the next few years we should, on the one hand, concentrate our efforts on enterprise consolidation and exert enormous efforts to implement industrial readjustment and technical renovations so as to strive to catch up with the average national level within 5 years. On the other hand, we should fulfill industrial production tasks, achieve better economic results, reduce production costs, minimize the use of funds and turn over to the state more taxes and profits under the situation in which bank interest rates have been reduced, the prices of some products lowered and the prices of some raw materials and electricity charges raised. The tasks are very arduous and, therefore, require strengthened party leadership over industry and intensified ideological and political work.

1. We should intensify ideological and political work, which is a guarantee for successful enterprise consolidation and industrial readjustment and for the fulfillment of production tasks. In particular, under the new situation in which we are implementing the principle of opening up to the world and enlivening the domestic economy, the party's ideological and political work should be all the more strenghtened instead of weakened. We should successfully build both material and spiritual civilizations. In the economic field, we should attend to ideological and political work and economic work, coordinate them closely and strive to put ideological work in the lead so that every link in the economic field attaches importance to the work. We should pay attention to ideological education, a key link, to educate workers--particularly young workers--to uphold the four basic principles, to love the motherland,

the Communist Party and socialism, to resist the influence of capitalist and other decadant ideologies, to enhance their belief in the superiority of the socialist system and to raise their socialist, communist awareness.

We should educate with vivid and concrete materials the masses of staff members and workers on the economic situation. At present, some workers feel dissatisfied without good reason. Some even complain frequently. This shows that some people do not clearly understand the current economic situation and that ideological and political work is not effectively carried out in enterprises. We should give a detailed account to the people to make them see that, since the smashing of the gang of four, especially since the third plenary session of the CCP Central Committee, the party and the state have made tremendous efforts to improve the people's living standards despite economic difficulties. We should cite facts to make the masses of workers clearly see the excellent situation and believe in the correctness of the party's line, principles and policies laid down since the third plenary session. During the education work, leading persons at all levels should conduct study and investigations, take the lead in giving lectures and explain problems with convincing facts that people can actually see and feel. They should also factually explain to the masses the problems arising from state financial difficulties and the problems in the workers' livelihood. They should make clear to the workers the principle of ensuring sufficient food first and carrying out construction second and educate them to correct the relationship between development of production and improvement of living standards, to correctly handle the relationship between the interests of the state, the collective and the individual, to strengthen their sense of responsibility as being masters of the state, to enhance revolutionary spirit and to vigorously share the difficulties of the state and make contributions to it.

We must resolutely deal blows at serious criminal activities in the economic field and carry out the anticorruption struggle. Some comrades, even now, still have a confused understanding of this struggle. Some fear that such a struggle will delay production and work. Therefore, the struggle they wage is not bold and energetic enough. Some fear that they might offend others or cause trouble for themselves. Some even have misgivings, fearing that they might make deviations because of their failure to draw clear lines of demarcation in applying a policy and that people might ask for rehabilitation.

We must earnestly study the decisions of the party Central Committee and the State Council on dealing blows at serious economic crimes and the circular of the provincial CCP Committee and the government, correct our ideology and enhance our thinking. Attacking serious criminal activities in the economic sphere is a salient expression of class struggle in the economic sphere in our socialist society under the new historical conditions. Launching this struggle, which adheres to communist purity and opposes corruption and decadence among Communist Party members and state personnel, will affect the success and failure of our socialist construction and the prosperity or fall of our party and country. We must educate the broad masses of party members and cadres to deeply understand the importance and necessity of this struggle and urge them to voluntarily participate in it. We must integrate with the current struggle the implementation of the circular of the provincial CCP Committee on

conducting education on party spirit, party work style and party discipline and on investigations. Dealing blows at serious crimes must be closely combined with production. We must correctly grasp policies, and strictly distinguish between and properly handle the contradictions of two different natures. We must make a clear distinction between smuggling, trading in smuggled goods, corruption, accepting bribes, speculation and swindling and the problems arising in the course of implementing the policy of opening up to the outside world and enlivening the domestic economy because of certain imperfect systems and methods. This year, our province is expected to achieve half of its industrial output value through regulations by the market. Therefore, we must not stop business activities such as proper business coordination and promotion of market sales and must continue to vitalize the economy.

2. We must strengthen organizational leadership over industrial production work. Presently, our province has established financial and economic work leading groups and assigned secretaries and deputy governors to take charge of industry, thus intensifying the leadership force. It has recently readjusted and reinforced the leading bodies of various departments, committees, offices and bureaus and organized a more powerful force to grasp industrial work. Since the beginning of this year, all municipal, prefectural and county CCP committees have universally organized leading bodies composed of secretaries, deputy secretaries, deputy mayors, deputy county heads and members of standing committees of party committees to grasp industry. They have done a good job in this field and scored achievements. This has played an important role in fulfilling the current production tasks. Therefore, such efforts must not be relaxed.

3. All departments must maintain close ties with one another and exert efforts to promote industry. Developing industry requires the efforts of all fields. It is not only a matter which must be attended to by the industrial departments. Party committees and governments at all levels must organize all departments well and undertake concerted efforts to make this work successful. In the past 2 years, the financial and trade departments throughout the province have scored noticable achievements in supporting the development of industrial production and have solved in timely fashion many problems concerning the links between production and marketing. They have greatly supported industrial readjustment and technical innovation and scored fairly good results by means of granting loans and credits and allocating funds from state revenues to enterprises. However, we still have many problems awaiting solution. The most important and effective measure to increase our province's state revenues is to develop industrial production, improve economic benefits, and open up more financial resources. Financial departments and banks must, in terms of revenues, loans, credits and taxes, further support the development of industrial production. Commercial, supply and marketing, foreign trade and grain departments must take the whole situation into account, consider the support of local industrial development as their own tasks, ensure supply of industrial raw materials, do a good job in the procurement of products, simplify business links and procedures and strive to expand sales.

There are many reasons for our failure to develop our superiority in grain and oil production. One of them is the rigid control exercised by departments concerned. We should conscientiously change the indifferent and passive attitude and oppose the practices of paying attention to ones own interests to the detriment of the interests of the whole and even abusing power to create difficulties in purchasing, marketing and transportation. Commercial, financial and banking departments should also supervise industrial production and provide information on market needs and the masses' opinions. This is also an important way to support industrial production. Agricultural, forestry, animal husbandry and land reclamation departments should also support the province's industrial production. At present, they should mainly develop hog, cattle, sheep, rabbit production and the production of ginseng, pilose antler and other native products and develop beet production so as to supply sufficient raw materiasl for light and textile industries. Industrial departments should imporve the work of purchasing and transporting farm and sideline products and other raw materials. Scientific research and education departments should cooperate with industrial enterprises to tackle technical problems and accelerate training of qualified technicians. Newspaper, broadcast, television and literary and art departments should emphasize their reports and create literary and art works on our province's industrial consolidation, readjustment and production so as to make contribution to the promotion of our province's industry.

Comrades, our tasks are glorious and yet arduous. We should be courageous and rouse ourselves for vigorous efforts to change our work style, to conduct study and investigations, to earnestly perform our tasks, to strive to fulfill all our industrial production tasks for this year, improve the passive situation in our industrial production and gradually catch up with the national industrial development and to greet the convocation of the 12th party congress with concrete deeds.

CSO: 4006/462

INDUSTRY

'SHANXI' HOLDS INDUSTRIAL OUTPUT PHONE CONFERENCE

HK210947 Taiyuan SHANXI RIBAO in Chinese 10 May 82 p 1

[Report: "Provincial Government Telephone Conference on Industry and Communications"]

[Text] The Shanxi Provincial People's Government convened a provincial telephone conference on the evening of 8 May, to mobilize staff and workers throughout the province to brace themselves, work without a letup for the whole month of May, make new achievements and strive to overfulfill the first half-year plan for output value and profits.

Vice Governor Wang Xi presided over the conference and gave a speech. At the conference, Ye Xiufeng [5509 4423 1496], chairman of the provincial economic commission, also delivered a mobilization speech. In this speech, Ye Xiufeng disclosed that with the concerted efforts made by the vast number of staff and workers on the industrial and communications front throughout the province, encouraging results have been made in the province's industrial production in April, and both the production growth rate and economic returns are relatively high. In April, the total industrial output value of the province increased by 16.4 percent when compared to the same period last year, and the average daily output value reached the highest recorded level in history. The amount of profit handed over to the state increased by more than 23 percent when compared to the same period last year, with the profit growth rate remaining higher than the growth rate of output value. Growth of varying degrees in industrial production was witnessed in 11 prefectures and municipalities throughout the province. However, compared with other provinces, many production standards remain relatively low in the province; and many accidents have occurred because production safety standards are not followed. On behalf of the provincial people's government, Ye Xiufeng appealed to the vast number of staff and workers throughout the province to keep their enthusiasm high, make the best use of the second season which is the golden season for industrial and communications production, and work without letup for the whole month of May so as to ensure that the output value increases by 7 percent and the amount of profit handed over to the state increases by 18 percent in May when compared to April; and to strive for better results in terms of speed and returns. He asked those departments such as the light industry, textile industry, medicine industry, second light industry, metallurgical industry, chemical industry, building material industry and so on, to go all out to

produce more major food and textile products and consumer goods, which are in short supply, in accordance with the market demand. The machine-building industry must step up trial production of new products and actively expand new markets in agricultural production and coal mine construction. In upholding the principle of attaching equal importance to readjustment and production, the coal industry must properly promote balanced production and strive to raise the resource recovery rate. The power industry must strengthen regular maintenance and try their best to ensure safety in electircity consumption, and provide a stable and sufficient electricity supply. In May, in order to support industrial and agricultural production, the daily power generation load must be maintained at or above 1.8 million kilowatts, and the three targets for power industry must be fulfilled. [These three targets may denote "safety in electricity consumption, and a stable and sufficient electricity supply" mentioned above]. As for railway transportation, organizational work must be strengthened, the internal latent power should be tapped and various technical standards including loading and unloading requirements and so on must be fulfilled. Only by improving the unloading work, speeding up the recycling of railcars, enhancing transportation efficiency and ensuring safe and punctual operation of trains, can railway transportation be the good vanguard of industrial and agricultural production. All trades must pay close attention to maintaining the progress of technical transformation projects, and strive for quick completion and quick returns.

The economic commissions and all departments concerned in various prefectures, municipalities and counties must work hard to improve the quality of products, stop the decline in quality and improve it to the best level ever recorded as soon as possible. Those trades which have maintained the quality of their products should try to catch up with and surpass the advanced levels of their colleagues throughout the country. From May on, a monthly analytical examination of product quality must be conducted. Based on the findings of the examination, appropraite measures must be taken to improve product quality. We must strengthen business administration; close the loopholes in the administrative and assessment systems with emphasis placed on reducing the consumption of raw materials, fuel and energy, so as to keep production costs down, make up deficits and increase surpluses. We must further improve the economic responsibility system, and quicken our pace in enterprise reorganization.

We have to resolutely deal blows at serious criminal activities in the economic field. At the same time, we must also strengthen education on the economic situation and organize our staff and workers to conscientiously study and discuss the draft of the revised constitution. In carrying out the regulations for rewards and penalties for the staff and workers of state-run enterprises, leading people at different levels should set examples, and be brave in upholding principles and bold in grasping the work and carrying out criticism. We must further correct labor discipline by implementing the regulations so as to establish a new order in our socialist enterprises.

We must conscientiously organize the activities of the third safety month so as [to] achieve good results. All activities must be organized in a planned way, with emphasis on key tasks. An investigation and summation must be made. In rigorously enforcing rules and regulations, we must abide by the regula-

tions, observe discipline, and carry out the principle of safety first in everyday production in order to prevent serious accidents.

Our leading organs must foster a work style of paying attention to both the grassroots levels and production. Our leading comrades must frequently go to the grassroots levels to assist enterprises in solving their problems in external conditions, in organizing production and in doing a good job in basic work. Those departments including the planning committee, economic commission, financial department, material supply department, commodities price department, commercial department, banks and so on must act in close coordination, establish close contacts between the producing and marketing sectors, and maintain clear circulation channels so as to ensure that production is carried out smoothly. Leading organs at different levels must keep in step and pay close attention to large-and medium-sized enterprises, enterprises which are suffering great losses, and large enterprises of local importance so as to raise production speed and increase economic returns.

CSO: 4006/462

INDUSTRY

OFFICIAL DISCUSSES INDIVIDUAL INDUSTRY, COMMERCE

OW261129 Beijing XINHUA Domestic Service in Chinese 0150 GMT 26 May 82

[Text] Beijing, 26 May (XINHUA)--A responsible person of the central administration of industry and commerce has told XINHUA reporters that China's urban individual industry and commerce need continued support and development. To meet the needs of society in various respects it is essential that, from now on, we must energetically develop the individual handicraft industries, repair and service trades and local catering services.

The responsible person said: Since the convocation of the party's third plenary session China's urban individual industry and commerce have been restored and developed. By the end of 1981 there were 830,000 families or 1.01 million people in urban areas engaging in individual handicraft industry, commerce, catering services, service trades, house repairing understakings and transport business. This figure is 6.2 times greater than that of 178. Individual industry and commerce have played an active role in promoting commodity circulation, activating the market and providing daily conveniences for people. There are more and more jobless youths who go in for individual industry and commerce. There were over 200,000 jobless youths engaging in individual industry and commerce in 1981.

The responsible person of the central administration of industry and commerce added: There are still problems existing in the development of individual industry and commerce. For example, there is not enough space for development; some departments ask for exorbitant fees from families engaging in various individual trades and that such fees are often not consistent; some localities have not extended sufficient support and protection for individual industry and commerce. These factors have greatly dampened the initiative of developing individual industry and commerce. From now on, we must make efforts to solve these problems, strengthen leadership and supervision and promote the healthy growth of individual industry and commerce.

CSO: 4006/462

DOMESTIC TRADE

IMPORTANCE OF PRICING POLICY STRESSED

Shanghai JIEFANG RIBAO in Chinese 22 Feb 82 p 2

[Article by Li Yin [2621 7299]: "The Crucial Importance of Upholding the Pricing Policy"]

[Text] Not long ago, the Fengguang Department Store in the Huangpu District sold the Peacock Brand of nylon stockings at 1.47 yuan a pair instead of 1.39, increasing the price by 10 cents without authorization. After some 440 pairs had been sold, those in leadership positions, apprised of the violation, immediately put a stop to the practice by dealing severely with the culprits.

What made this department store increase prices without authorization? It so happened that it had suffered a loss of 90 yuan by inadvertently selling genuine nylon stockings as seconds and that it then decided to resort to this improper method to recoup the loss.

From this incident, we can clearly see that although good work has been done in holding prices in check in this city, there are still instances where the pricing policy is being violated. If there are people who raise prices without authorization on articles whose prices are under government control, it can be imagined how often the pricing policy is being violated for small commodity items and special sideline local products whose prices are subject to negotiation and therefore lacking in uniformity. Recent investigations have revealed certain practices which merit serious attention. Taking camel hair of the same quality as an example, it is sold at 8.40 yuan a jin at some stores and 8.50 yuan at others. Porcelain tiles of the same quality are sold at 25 cents a piece at some stores and at 32 cents a piece elsewhere. The practice of substituting inferior articles for articles of fine quality and of shortchanging is even more rampant. Some packaged commodities vary in quantity and in weight. By using different packages, some production units resort to such devious means to increase prices as representing old products as "new products." Such practices have given rise to a great deal of complaint by the masses. Are not such wisecracks which went the rounds at one time as "milk coffee candies" and "coffee milk candies" prime examples of this chaotic state of affairs? All in all, such incidents show that those who think the matter of prices is of little consequence are not facing facts. Far from being unnecessary, it is a matter of utmost importance to continue to alert the masses to the need to investigate into and to supervise the pricing of commodities.

The pricing situation tells us that many comrades in the basic level stores have a vague idea of the pricing policy. The firm adherence to fixed prices is an important party policy. How well this policy is being observed affects not only the economic life of thousands and tens of thousands of families, but also the stability and unity of the people and the masses as well as the prestige of the party and the government. Those businesses and employees most closely involved with the market prices must pay the strictest attention to this policy. The least they can and must do to implement the pricing policy is to sell merchandise at prices fixed by the government. Not only the basic level units, but also those commercial departments in leadership positions must not be allowed to take it upon themselves to alter the prices of commercial commodities approved by the government. It was a minor error on the part of the Fengguang Department Store to have suffered a loss by inadvertently selling a quantity of commercial commodities at a lower price, but for it to make up for the loss by raising prices without authorization turned a minor error into a major offense in that it was in violation of the pricing policy. That the employees of that department store were unable to distinguish between the different nature and relative gravity of the two errors is an indication of the extent of their lack of understanding of the policy.

In the course of the last 2 years, the party and the government have issued a number of instructions and adopted a number of concrete measures to ensure the stability of commodity prices. Shanghai itself has conducted a number of price check inspections and has helped considerably in holding prices in check by organizing a network of over 1,000 volunteer inspectors and setting up an inspection system on a regular basis. However, due to the fact that certain departments had failed to do a thorough job in the political and ideological area, the importance of stabilizing commodity prices has yet to be made known to every family and household. Even in such important battlefronts as basic department stores, not a few of the comrades have yet to truly appreciate the importance and inviolability of the policy. This is manifested not only in their business operations, but also in their work style. When they hear unfounded rumors going the rounds in society, some of those engaged in business operations not only fail to squelch the rumors, but even help to spread such rumors with the result that rumors feed on rumors with disastrous consequences. Was that not how the brouhaha created by rumors about the price increase of crystal sugar was brought about some time ago?

At the close of the Chinese revolution, it was Comrade Mao Zedong who correctly drew the conclusion that "policy and strategy are the life of the communist party." That our party was able to proceed from victory to victory in the course of half a century was due basically to the correct policy of the party. Without a correct policy, we cannot expect to enjoy the support of the masses. This is a profound historical lesson that we have to learn. We must, under no circumstance, neglect our work in educating the staff members and workers in matters of policy.

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CSO: 4006/363

FOREIGN TRADE

SYSTEMATIC REFORM OF CHINA'S FOREIGN TRADE SETUP URGED

Fuzhou FUJIAN RIBAO in Chinese 9 Feb 82 p 3

[Article by Wei Qin [7614 4440]: "The Systematic Reform of the Foreign Trade Setup"]

[Text] In his report on the work of the government delivered at the Fourth Meeting of the Fifth National People's Congress, Premier Zhao Ziyang listed 10 guiding principles for economic construction from now on. He pointed out that under the principle of holding firm to the open door policy and of self-reliance, such cities as Shanghai, Fuzhou and Xiamen should come forth with greater contributions in promoting economic and technical exchange with foreign countries. He further pointed out the necessity to adopt without delay various measures for the training of personnel, the establishment of an international commercial intelligence network, including a network responsible for purchasing and sales, to continue to engage in the systematic reform of the existing foreign trade administrative setup, to activate the positive attitude of the regions, departments and enterprises which must also operate strictly under the coordinated and united direction of the government. That is the correct guiding principle for continuing to bring about a reform of the foreign trade setup in our province.

Since the "gradual adoption of the agency instead of the procurement system," our province, in reforming the foreign trade setup, has established at various times 18 foreign trade enterprises made up of industrial and trade units and brought about a change in the pattern characterized by the conduct of foreign trade by foreign trade organizations alone. The specialized foreign trade companies have also been gradually broken up into smaller units which began to engage in business and to set up a number of joint enterprises in foreign countries. Lateral coordination among the enterprises and cooperation with the province have been strengthened. Some of the commercial commodities have been sent to the markets in the various regions and cities. The "three definitive" measure has been adopted to define the scope of responsibility, the payment of subsidies to cover losses and the supply of raw materials. The work of financial auditing has been strengthened. A start has been made in the direction of eventually putting foreign trade operations in the hands of the enterprises or a conglomeration of enterprises. The reform format of "putting an end to monopolistic practices, the unification of specialized business organizations, lateral and vertical cooperation and eating rice out of separate pots" is being put into practice. Following a period of

reforms and readjustments, the province has done well in the conduct of foreign trade. The value of exports in 1981 has shown an increase over that of 1980. The province has exceeded the export quota set by the government by 33 percent. There have also been new changes in the makeup of the export commodities and many new products have been exported. The export of machine products has increased by 100 percent. The adoption of special policies and flexible measures in its foreign trade operations requires that our province should further emancipate its mind, increase its freedom of action, continue to introduce reforms methodically in the foreign trade system and offer new insights gained from new experiences to the entire nation.

In the process of continuing to bring about reforms methodically in the foreign trade system, it is necessary that we should come to a clear understanding of the following:

1. The purpose and direction of the reform of the foreign trade system. What really is the purpose of reforming the foreign trade system? We should approach this question by looking at the flaws in the entire system of the national economy. Our protagonist in trade is the fiercely competitive and constantly changing international market. We must therefore replace the existing highly centralized system largely characterized by administrative control with a system composed of the enterprises and characterized chiefly by the use of economic measures to develop lateral and vertical channels of coordination in order to enlarge the volume of exports, to increase foreign exchange earnings and to achieve the objective of using foreign trade to further promote the entire national economy. The way to bring about foreign trade reforms is for foreign trade organizations to relinquish their purchasing operations and to serve instead as agents and to put the actual foreign trade operations in the hands of the enterprises and a conglomeration of enterprises. If there is too great a decentralization of businesses, the organizations engaged in the same line of business should be merged to form specialized joint enterprises to jointly engage in foreign trade. It is necessary to proceed with the upgrading of the technical standard of the enterprises simultaneously with the improvement and reorganization of the foreign trade system. Serious effort should be made to reduce the cost of exports, to increase foreign exchange earnings and to bring higher economic benefits. The Party Central Committee has already put the financial and foreign exchange contract system into effect in our province. It is only by increasing economic benefits that we can bring about a balance in revenues and expenditures and in the inflow and outflow of foreign exchange and make our accumulated financial income maintain a certain rate of increase and in the proper ratio. "We must, in dealing with problems of an economic nature, make the increase in economic benefits our basic point of departure." The purpose and the raison d'etre of the reform will not be served if, after the province has been empowered to engage in the export trade, there is a decrease in the volume of exports, an increase in deficits and a larger consumption of raw materials.

2. Link among responsibility, authority and profit. In order to motivate the positive attitude of the enterprises and regions, it is essential to allow the units at various levels to engage in operations in their own ways so that a link may be established between production and sales, that the amount of production may

be determined by the amount of sales and that the number of exports may be increased. Since the enterprises are the entities actually engaged in foreign trade operations, if the operations are shifted to the companies which operate chiefly under the dictates of administrative measures, then the productive enterprises would still be deprived of their rightful power to operate in their own way, and it would still not be possible to activate effectively their positive attitude and the departments and regions would still have to restore autonomous powers to the enterprises. We must avoid this procedure in reforming the foreign trade system in Fujian and we must refrain from vacillating between centralization and decentralization of power. We must follow the repeated instructions of those in leadership positions in the provincial party committee to empower the enterprises to engage in foreign trade operations and to establish a relationship among responsibility, authority and profit.

In his report on the work of the government, Premier Zhao Ziyang stressed the need to reform the economic system in a positive and stable manner, to fully and effectively activate the positive attitude of all the parties concerned, to put into practice step-by-step the separation of politics and the enterprises, to enlarge the autonomous powers of the enterprises, to give the enterprises the status of independent socialist economic entities and to alter the situation characterized by an atmosphere of alienation between the regions and the departments. The reform of the foreign trade system in our province must be brought about along these lines. Lateral liaison must be strengthened so that there may be a close relationship between the industrial and technical sectors on the one hand and trade organizations on the other. This division of labor for mutual assistance and profit necessitated by the system of mass production is a manifestation of the superiority of the socialist system. Although there are in Japan inumerable medium and small-sized enterprises, they are able to adopt a uniform position and to offer uniform prices in their negotiations with outsiders chiefly because they have associations whose job it is to coordinate the interests of the parties concerned and to prevent them from undermining their own interests. We should take a page from what is done in Japan. We suggest that the various economic departments in the province should avail themselves of the services rendered by such associations. We believe that through the adoption of positive and correct methods, the reform of the foreign trade system in our province will have valuable lessons learned from experience to offer to the entire nation and will make the expected contributions toward the enlarged exchange of trade and technology between Fuzhou and Xiamen with foreign countries and the speeding up of the pace of economic construction in our province.

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FOREIGN TRADE

EXPORT OF LIAONING INDUSTRIAL PRODUCTS SEEN PROMISING

Shenyang LIAONING RIBAO in Chinese 23 Jan 82 p 1

[Article: "The Export of Industrial Products of Liaoning Province Shows Good Promise"]

[Text] The total value of the industrial products for export in Liaoning Province in 1981 came to over 2.4 billion yuan, exceeding the previous high achieved in 1980 by 20 percent. The proportion of industrial products among all export products also registered an increase, climbing from 86 percent in 1980 to over 88 percent in 1981.

The following special features may be noted in the export of industrial products of the province during the past year:

First, there was an increase in the export of heavy industrial products. In the past, the chief export items consisted of agricultural sideline and light textile products. In 1980, the proportion of heavy industrial products for export began to exceed 50 percent of all export products. In 1981, the proportion increased to 60 percent. Although the original plan was to export the amount of 140 million yuan of metallurgical products, the actual amount came to 240 million yuan, thanks to the joint efforts made by the industrial and commercial sectors. The increase in the volume of exports was especially rapid in such electrical machinery products as machine tools, shaft bearings, electrical machinery, electric cables and standard items. The annual amount of four lines of exports, including machine tools, exceeded 10 million yuan. Also exported for the first time were small electrical machinery, three types of complete equipment made of zincotype plates and patented technology.

Second, certain industrial products have not only established themselves in the international market, but have also won favorable comment. Such products as refired [chongshao 6850 3599] magnesium, clothing, gunny sacks, plastic knitted bags, carpets, lead glass utensils, small shaft bearings, tires and rubber shoes all enjoyed brisk sales in the international market, so much so that the supply of some products could not meet the demand. At the international Machine Tools Exposition held in Australia in 1981, over 700 sets of machine tools out of the 800-odd sets sold came from our province.

Third, we have made use of imports to promote our exports to enlarge the volume of trade. During the past year, our province gradually enlarged the volume of its exports and increased its capacity for the work of processing by engaging in the processing of imported materials, the processing of materials supplied to us, the processing of sample products, the assembling of spare parts and compensatory trade.

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LABOR AND WAGES

PEOPLE'S LIVELIHOOD IN GUANGXI RECENTLY IMPROVES

HK170955 Nanning Guangxi Regional Service in Mandarin 1100 GMT 12 May 82

[Summary] Data provided by the Guangxi regional statistical bureau shows that since the 3d plenary session of the 11th CCP Central Committee, despite financial difficulties, CCP committees and people's governments at all levels in the region have taken a series of measures and done their best to increase people's income and improve people's material and cultural life.

Peasants' income has greatly increased. According to a sample survey of peasant households in 17 counties, the per capita net income was 144 yuan in 1979, 172.9 yuan in 1980 and 203.9 yuan in 1981, which was 84.45 yuan more than in 1978. From 1979 to 1981, there was an average increase of 19.5 percent per year. The increase in peasants' income was the result of the implementation of all rural economic policies of the party, of the implementation of various forms of the production responsibility system and of the development of diversification. The region's total agricultural output in 1981 was 25.1 percent more than in 1978. The increase in peasants' income was also due to the fact that the state raised the purchasing prices of some agricultural and sideline products and reduced or remitted some rural taxes. After the state raised the purchasing prices of agricultural and sideline products and expanded the scope of negotiated prices, peasants' annual average income which was derived from the sale of agricultural and sideline products from 1979 to 1981 was 1.408 billion yuan more than in 1978 and the per capita income was 44.98 yuan. In the 3 years from 1979 to 1981, the region reduced or remitted 130 million yuan of rural taxes and each peasant enjoyed a remission of 4 yuan.

The income of staff members and workers has increased. According to a sample survey of the income and expenses of the households of staff members and workers in five cities, including Nanning and Liuzhou, their per capita income a month in 1981 was 34.57 yuan, which was 43.4 percent more than in 1978. After taking the increase in commodity prices into account, their income increased by 20.6 percent. In the 3 years from 1979 to 1981, the region arranged jobs for 418,600 people. Jobs have now been arranged for the majority of people awaiting employment. As many people have obtained employment, the economic burdens of the households of staff members and workers have been alleviated and the income of staff members and workers has increased. The total amount of income of the staff members and workers of units under the ownership by the whole people and by urban collectives throughout the

region in 1981 was 578 million yuan more than in 1978 and there was an average increase of 193 million yuan per year. The per capita wages of staff members and workers a year in 1981 was 177 yuan more than in 1978 and each worker had an average increase of 59 yuan a year, an increase of 32.5 percent. After taking the increase in some commodity prices into account, the real income of staff members and workers increased by 11.4 percent.

The total amount of labor insurance and welfare funds of the staff members and workers of the units under the ownership by the whole people throughout the region in 1981 was approximately double that in 1978. The proportion of the amount of welfare funds to the total amount of wages increased from 11.5 percent in 1978 to 14.9 percent in 1981.

As people's livelihood in urban and rural areas in the region improved, in 1981 every 100 households had an average of 60.8 bicycles, 36 percent of which were bought in 3 years from 1979 to 1981; 27.6 sewing machines, 37 percent of which were bought in that period; 44.2 watches, 47 percent of which were bought in that period; 20.3 radio sets, 63 percent of which were bought in that period; and 0.3 TV sets, 65 percent of which were bought in that period.

In the 3 years from 1979 to 1981, the region invested 535 million yuan in housing for staff members and workers of the units under the ownership by the whole people. This investment was double that in the 10 years from 1966 to 1975. The construction of residential houses for staff and workers on 7.52 million square meters was completed and there was an average increase of 2.51 million square meters per year. If each household had been provided with housing on 50 square meters, 150,000 households of staff members and workers would have moved into new houses in the 3 years. According to the survey in five cities, including Nanning and Liuzhou, by the end of 1981, each urban resident had a housing area of 5.9 square meters. According to the sample survey of peasant households in 17 counties, each rural person had a housing area of 8.8 square meters.

By the end of 1981, the savings of residents in urban and rural areas in the region was 977 million yuan, which was 150 percent greater than in 1978. Of this, the savings of urban residents was 694 million yuan, an increase of 130 percent, and the savings of rural commune members was 283 million yuan, an increase of some 200 percent.

The public health and medical conditions have improved. By the end of 1981, all hospitals throughout the region had 54,400 beds, which was 11.5 percent more than in 1978. The number of public health technicians in 1981 was 32 percent more than in 1978. Beginning in 1981, the maternity leave of a female worker who is resolved to have only one child was increased from 56 days to 90 days.

The cultural life in the region has been enlivened. By the end of 1981, the region had some 5,600 film projection units, some 3,000 units more than in 1978. The region had 182,000 TV sets and 1.436 million radio sets. The number of students of institutes of higher education in the whole region in 1981 was 24,300, 16.3 percent more than in 1978.

CSO: 4006/462

BRIEFS

QINGHAI STATE ENTERPRISES--Labor productivity of state-owned enterprises in Qinghai Province went up again in the first quarter of this year. Average productivity was 1,653 yuan, up 197 yuan or 14.4 percent compared to the corresponding 1981 period. [SK220942 Xining Qinghai Provincial Service in Mandarin 1100 GMT 21 May 82]

HENAN FORUM OF PROGRESSIVES--On 11 and 12 May, the Hunan Provincial CCP Committee held a forum of model workers and advanced figures to seriously study and discuss the report, which was made by the all-China Federation of Trade Unions, the CYL Central Committee and the all-China Women's Federation and which was transmitted by the secretariat of the CCP Central Committee, on giving play to the role of advanced figures and promoting the activities of learning from and catching up with the progressives. Responsible comrades of the provincial CCP committee, including Wan Da, Sun Guozhi, Zhao Chuqi and Liu Yue; and responsible comrades of the Provincial Federation of Trade Unions, provincial relevant fronts and Changsha Municipality, attended the forum. On behalf of the provincial CCP committee, Sun Guozhi spoke at the forum. The provincial CCP committee demanded that CCP committees at all levels conduct inspection of the activities of learning from and catching up with the progressives and seriously enforce the regulations which have been formulated by the state on remuneration for model workers. All departments and leaders at all levels must show concern for and support advanced and model figures. Advanced and model figures must achieve good results to greet the holding of the provincial meeting of representatives of model workers and advanced collectives. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 12 May 82 HK]

XIZANG WORKERS' INCOME INCREASES--According to the statistics compiled by relevant departments in Xizang region, the average monthly income of staff members and workers in the region from 1979 to 1981 was 27.27 yuan more than in 1978. In October 1979, the region promoted 75,199 people, the income of each of whom increased by an average of 10.4 yuan. The increase in total monthly wages paid by the region amounted to some 782,000 yuan. The region also promoted in grades and positions, some 14,500 people who were grade 1 workers or grade 26 administrative personnel before March 1979. Given that the income of each of them increased by 7.5 yuan, the total increase in the monthly wage bill of the region, was some 109,000 yuan. The region promoted 16,837 people in the education, public health and physical culture systems in

1981 and the total amount of monthly wages increased by 180,780 yuan. Over the last 3 years, the region has issued a monthly average of 382,000 yuan in bonuses. Since the prices of the main nonstaple food were raised in November 1979, the extra monthly allowance for living expenses issued to each staff member and worker has been 9.5 yuan, 10 yuan and 11 yuan respectively, according to height above sea level. The region's total average monthly expenditure has been 697,563 yuan. [HK240743 Lhasa Xizang Regional Service in Mandarin 1130 GMT 12 May 82]

CSO: 4006/462

TRANSPORTATION

BRIEFS

RAILROAD REPAIR WORKERS VISITED--On the morning of 24 May, Ren Zhongyi, first secretary of the Guangdong Provincial CCP Committee, and Liu Tianfu, governor of Guangdong Province, personally paid a visit to railroad workers in Qingyuan County who worked hard to repair the section of the Beijing-Guangzhou railroad which had been destroyed during the flood. Ren Zhongyi and Liu Tianfu comforted and thanked all personnel involved for their hard efforts. [Summary] [HK250651 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 24 May 82]

CSO: 4006/462

Highway Repair, Construction

AUTHOR: None

ORG: Department of Transportation, Shanxi Province

TITLE: "HU Yaobang [5170 5069 6721] 's Directive Concerning Urgent Repair and Construction of County and Commune Highways Implemented in Shanxi Province"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 4, 25 Apr 82 pp 1-2

ABSTRACT: In response to the report of prefecture and municipal committee members of Shanxi Province regarding the need of transporting coal out of that region and the poor condition of highways there, in the afternoon of 14 Aug 81, HU Yaobang directed "the one thing that was successful about the "Great Leap Forward" was to assign people and workers to repair railroads and highways." "In the winter, the farmers do not have as many chores and will be willing to repair highways even if the pay is not much..." This directive was communicated to the provincial department of transportation in early Sep and soon afterwards a highway work conference was called to formulate detailed instructions for all local jurisdictions throughout the province. In the process of implementing this directive, there remain the following problems: (1) It is implemented better for county and commune highways than for highways of special industries; (2) The local authorities are more than willing to repair the highways but a large amount of money is needed. For example, if the Dakou Line of Jincheng is to be resored and made operative, about 16 million yuan will be required and if this sum must be raised entirely from local resources, where only about 3-4 million yuan a year is available at the maximum, completion of the project will have to be dragged on for a long time.
This paper was received for publication in Feb 82.

AUTHOR: WEI Zhicheng [7279 1807 2052]

ORG: Highway Division, Bureau of Transportation, Changchun City

TITLE: "Some Problems in Need of Being Resolved"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 4, 25 Apr 82 pp 3-5

ABSTRACT: Compared with advanced countries of the world, China's highways are backward in terms of scientific research and designing and even more so in terms of construction and management. The author relates his personal experience in a 70 m bridge project. After considerable efforts in designing for the purpose of saving materials, a design was produced with an estimated construction cost of one million yuan. There were delays in construction and the construction management was less than satisfactory. In the end, when the project was completed, the cost had reached 2.5 million yuan. With this type of construction management level, no matter how advanced is the structural design, the advantages of the design will never become a reality. The problem of construction management must be resolved, according to the author, by adopting the following measures: (1) Unifying responsibility and authority; (2) Unifying financial and personnel authorities; (3) Utilizing locally suitable materials; (4) Reducing the number of intermediate links [Simplifying procedures and redtape.]

AUTHOR: LI Senlin [2621 2773 2651]

ORG: Hunan Provincial Bureau of Highway Management

TITLE: "The Problem of Highway Management Authority Must be Resolved Without Delay"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 4, 25 Apr 82 pp 5-7

ABSTRACT: After the system of production responsibility is implemented in all rural villages of the province, the grain production has risen and commune markets have become very active. The situation is indeed delightful. New problems begin to appear, however. For example, rural villages would not allow road maintenance workers to go up the mountains or down the river terraces to gather materials for the use of road repairs. Some communes and brigades have made demands for new purchase transactions of roads built before 1958 with local labor. [If the provincial authority does not buy these roads over again] [the villagers threaten that] these roads will be dug up and turned into fields. As a matter of fact, some communes and brigades have dynamited mountains by the highways [to build fields on the side of these mountains,] used sections of highways to thresh or sun grains, dug up part of the roadways to drain water, constructed kilns and shacks right on the road, or cut down trees by the roads. During the second quarter of 1981, the long distance bus in Laiyang had to stop due to these obstructions on the road 362 times. In Cili County, the things piled on the road took areas totaling 2 x 26 m. An accident was caused by such obstructions on the road, and one person died and 21 persons

[continuation of GONGLU No 4, 1982 pp 5-7]

were injured. According to a survey carried out by the highway department of the province in 1980, there were 57,473 such road obstructions, 6700 incidents of illegal use of roadways, 14,000 pieces of highway signs destroyed, and 4,357 km of road beds taken over by fields; the obstructions on the road had caused 442 accidents and 243 persons died in these accidents. In spite of repeated pleas on the party newspapers and television broadcasts, this problem of highway managemnt remains to be resolved. The author believes that there is an urgent need for a management agency with a unified authority to adopt measures, to formulate policies, and to be given the power to enforce the law on the highways.

AUTHOR: None

ORG: Anhui Provincial Department of Transportation

TITLE: "A Survey of the System of Work and Economic Responsibility With Respect to Highway Maintenance in Sections"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 4, 25 Apr 82 pp 37-39

ABSTRACT: In 1977, the Xiao County of Anhui Province had an 84 percent rate of good asphalt roads and a rate of 55 percent for gravel roads. Starting in 1978, following the example of joint production responsibility system being practiced in the rural villages, a system of work and economic responsibility for highway maintenance in sections was adopted. In these 3 years, the rate of good asphalt roads has risen to 90 percent and that of gravel roads to 76 percent. The concrete contents and methods of this system are described in some detail. The advantages of practicing this system and its good results are also discussed.

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NATIONAL POLICY AND ISSUES

FOCAL POINT OF REORGANIZATION

HK290445 Beijing JINGJI GUANLI in Chinese No. 4, 15 Apr 82 pp 14-19

[Article by Jiang Yiwei [5592 0001 5517]: "Overall Reorganization of Enterprises is a Constructive Reorganization"--passages within slantlines denote boldface as published]

[Text] //II. Pay Close Attention to the Present Five Tasks With the Improvement of the Economic Responsibility System as the Focal Point//

Overall reorganization of enterprises is a constructive reorganization. It is necessary to fulfill the "6-good requirements" through the "3-items of construction." This is a task which will be accomplished within a longer period of 1 to 2 or 2 to 3 years. At present, which tasks should we start with?

In the overall reorganization of enterprises, managing the various tasks of enterprises in an overall manner is multifaceted. However, managing the various tasks of enterprises in an overall manner does not mean, in a certain period of time, undertaking all tasks at once and launching an attack on all fronts regardless of priorities. All enterprises must, in the light of their own specific conditions, work out a reorganization plan by taking the overall situation into account--a plan which pays attention to the principle of priority and importance and proceeds from one point to another. As for the question of where the overall reorganization should be begun, every enterprise is allowed to carry it out in its own way. It is not necessary to impose uniformity on all enterprises.

The CCP Central Committee and the State Council have called for immediate attention to be paid in the overall reorganization to the following five tasks: First, reorganizing and perfecting the economic responsibility system and improving the operation and management of enterprises; second, reorganizing and strengthening work discipline and strictly enforcing regulations concerning rewards and disciplinary action; third, reorganizing financial and economic discipline and improving financial and accounting rules and regulations; fourth, reorganizing work units and systematically training all staff and workers; and fifth, reorganizing and building leading bodies and intensifying the ideological and political education among the staff and workers. These five tasks summarize the problems which widely

exist in the enterprises at present and which call for urgent solution. As far as every specific enterprise is concerned, of course the conditions cannot be exactly the same. Therefore, in doing a good job of these five tasks, such questions as which tasks we should start with and which tasks we should stress should be determined by the various enterprises themselves in the light of their own specific conditions.

In some enterprises there are serious phenomena, such as confusion in the leading bodies as well as weakness and laxity or other problems. As a result, the leading bodies of these enterprises are unable to lead the overall reorganization of enterprises. This small number of enterprises must of course be readjusted first and their leading bodies must be reorganized. Only then can one begin to talk about reorganizing other types of work. It is advisable to gradually readjust, substantiate and perfect the leading bodies of ordinary enterprises in the course of reorganization.

In the course of the examination of financial matters, some serious mistakes or cases of grave illegality were discovered. This type of enterprise must take the further examination of financial matters and economic discipline and the reorganization of financial rules and regulations as the primary link in starting the reorganization of enterprises. The ordinary enterprises must also carry out in real earnest the examination of financial and economic discipline. But this should not present an obstacle to paying close attention to the other reorganization tasks at the same time.

There are still enterprises whose work discipline is seriously lax and whose production is chaotic. This loss of enterprises should carry out the other reorganization tasks step-by-step by starting with the formulation of the "provisional regulations for staff and workers" and other factory rules and regulations in the light of conducting ideological and political education, reorganizing work discipline and production order.

Still there are enterprises whose production tasks are seriously insufficient and whose production orientation should be readjusted or which need to be closed, suspended, merged or shifted. This kind of enterprise must of course solve the problem of readjustment first. But they are encouraged to create conditions for further developing production in the light of the readjustment of production by starting with reorganizing work organizations, training the staff and workers in an overall manner and setting up and perfecting a set of operational and management institutions which are suited to market demands.

In brief, in regard to the five tasks which should be grasped well at present, in the light of specific conditions, the enterprises are allowed to have different individual emphases and different starting methods. But as far as the majority of enterprises are concerned, it is logical and in conformity with the laws to first grasp the other reorganization tasks by taking these tasks as the central link if there are no exceptional cases.

Below I would like to discuss my sketchy ideas on the question of perfecting the economic responsibility system for your reference.

1. "How should we evaluate the economic responsibility system which was introduced last year?"

Last year, most of the state-owned enterprises introduced different forms of economic responsibility system on a relatively wide scale and at a fairly rapid pace. Is this actually good or bad? In the economic circles, there are widely differing views on this matter. Some people hold that "it is indeed good" and others maintain that "it is very bad."

Everything divides into two. It does not tally with reality to say that the economic responsibility system which was introduced last year was carried out perfectly without any faults. Still less does it conform to reality to claim the following: The fact that last year we had a higher growth rate than expected in industrial production and managed to have a basic balance in the state's financial revenue and expenditure had nothing to do with the implementation of the economic responsibility system among the enterprises. At the same time in terms of economic results, the problems, such as the decline in the quality of some products, the increases in costs and stocks, the drop in the profits created and handed over to the state compared with those in the previous year were all caused by the implementation of the economic responsibility system.

During the past year our national economy was further readjusted. The scope of capital construction was slashed by a big margin and industrial production was faced with extremely great difficulties. Production of the first quarter dropped compared with that in the same period of the previous year but it gradually rose again after the second quarter. The year's total industrial output value was 519 billion yuan, an increase of 4 percent over that in 1980, thus maintaining a certain growth rate. The fact that we made such achievements depended in the final analysis on the enthusiasm of the enterprises and the broad masses of staff and workers. It cannot be denied that the decision adopted last year by the National Conference on Industry and Communications to carry out the economic responsibility system among the industrial enterprises in various localities throughout the country has played a decisive role in arousing the enthusiasm of the enterprises and the staff and workers.

Take the Shoudu Iron and Steel Company for example. In the course of the readjustment, production of certain units was to be reduced. But in accordance with the state plans, they were to turn over to the state a profit of 22 million yuan more than the previous year. How did they boost income despite reduced production? They carried out the economic responsibility system with each level of the internal departments of the company contracting and ensuring the fulfillment of the economic responsibilities which the company undertook from the state. This kindled the sense of responsibility of being the masters of the country of the staff and workers of the whole company. Eventually, they met the target of handing over to the state a profit of over 270 million yuan 28 days ahead of schedule. Their average profit per month in the first 6 months of last year was 23.34 million yuan. However, the average profit per month created in the succeeding 5 months

between August and December after the introduction of the economic responsibility system was over 30 million yuan, a record-high 28 percent increase over the first 6 months.

The Shoudu Iron and Steel Company summarized its experience in carrying out the economic responsibility system into four "unprecedenteds": The sense of duty and the initiative of the staff and workers for managing money matters is unprecedented; the cooperation between different departments and between individuals is unprecedented; the strengthening and intensification of operations and management is unprecedented; and the extent of the economic effect is unprecedented.

Of course, since the economic responsibility system was carried out on a large scale over a very short time, its development is surely uneven. The enterprises where the economic responsibility system is being carried out relatively well, such as the Shoudu Iron and Steel Company, constitute a minority. Judging from the situation of Beijing, Shandong Province and other places, this type of enterprise accounts for 20 to 30 percent of the enterprises which follow the economic responsibility system. But those enterprises which carry out the economic responsibility system relatively poorly also constitute a minority. Generally speaking, the economic responsibility system is correct in its orientation and has produced good results and played a great role in changing the face of the enterprises and raising the level of the operations and management of enterprises. It played a positive role in fulfilling last year's industrial production plans and tasks of turning over financial revenue to the state.

There would inevitably be some problems in the understanding of the concrete methods for carrying out the economic responsibility system, for it was practiced extensively over a very short time. Everyone knows that the economic responsibility system which was introduced last year mainly involved the implementation of the financial tasks. The emphasis on contracting for profits turned over to the state resulted in the tendency of some departments and enterprises to one-sidedly concentrate on profits. In terms of the interests of the state, the enterprises and the individual staff and workers, some enterprises one-sidedly emphasized the interests of the enterprises and staff and workers. Some enterprises ignored quality, exerting more effort for big profits and less effort for meager profits in disregard of state planning. The excessive increase in the income of the staff and workers of some enterprises resulted in unfairness in the division and allocation of profits among enterprises. Some enterprises still sought profits by violating financial and economic discipline and resorting to dishonest practices, and illegal cases such as corruption and theft as well as bribery even emerged. However, none of these tendencies constitute a primary aspect. If we give up eating for fear of choking and retreat while problems are cropping up, we will be unable to advance a step further in our attempts to reform. It is precisely because of this that in the overall reorganization, it is imperative to take the perfecting of the economic responsibility system as the central link in starting our work.

2. //The nature and significance of the economic responsibility system.//

In doing any work, we must first gain a clear idea of the nature and significance of the work and then we can correctly carry it through to the end. However, at the beginning of a new task, very frequently it is impossible to fully grasp at once its nature and significance, and it is necessary to gradually deepen our understanding of it in the course of practice.

What is the nature of the implementation of the economic responsibility system in the industrial enterprises? What great significance does it have in promoting the fundamental turn for the better of the national economy?

It is acknowledged that the nationwide implementation of the economic responsibility system among the industrial enterprises was determined by the national conference on industry and communications in April last year. Were there not any enterprises which practiced the economic responsibility system before last year? Of course there were. After the 3d plenary session of the 11th CCP Central Committee set forth the task of reforming the economic management system, throughout the nation there were about 6,000 enterprises which carried out the experiment of expanding the decisionmaking power of enterprises. In the distribution of interests, the practices of profit-sharing or paying taxes rather than handing over profits to the state and assuming full responsibility for one's own profits and losses were carried out. These experimental enterprises have in fact implemented on a trial basis certain forms of the economic responsibility system. The complete sense of the expansion of the decisionmaking power also requires the enterprises to become step-by-step relatively independent economic bodies which combine responsibility, authority and benefit. Therefore it can be said that the implementation of the economic responsibility system was not begun just from the past year.

However, last year, because of the need for implementing the financial tasks, the scope of practicing the economic responsibility system was expanded and the form and the content were substantially developed. It has been a continuation and a leap in the development of the reform of the economic management system since the 3d plenary session of the 11th CCP Central Committee.

Viewed from more than 6 months of practical experience, the economic responsibility system of the industrial enterprises is the production operational and management system which closely combines responsibility, authority and benefit under the guidance of state planning with the aim of improving the socioeconomic results. It consists of two main aspects. The first aspect is determining the economic responsibilities and economic rights and interests of enterprises in relation to the state and correctly handling the relationship of distribution of interests between the state and the enterprises so that the interests of the enterprises are related to the results of the production and operations of the enterprises. This puts an end to the practice of everyone eating from the same big pot in which no distinction is made between those enterprises which are run well or poorly.

The second aspect is practicing the economic responsibility system in the internal departments of the enterprises, determining the economic responsibilities and economic rights and interests of every department, every post and even every staff member or worker and correctly handling the relationship of distribution of interests between the small collective units and between the individual staff and workers, so that the personal interests of the staff and workers are combined with the results of the collective operations and the contributions of individual labor. This resolves the problem in the enterprises of everyone eating from the same big pot.

Practice has proved that the implementation of this complete set of economic responsibility systems can link the economic interests of the enterprises and the staff and workers with the responsibilities they undertake and the economic effect they produce. Thus it can arouse tremendously the enthusiasm of the enterprises and the staff and workers, heighten their sense of responsibility of being the masters of the country and enhance the initiative of the enterprises in improving operations and management and raise the level of production techniques. As the responsible comrade of the State Council pointed out, it was a great reform which would promote the development of our industry.

The time for the implementation of economic responsibility system is very short. Its specific methods are still in an exploratory stage and need to be further perfected. Nevertheless, practice has shown that it has great vitality and is an important foundation of the structural reform. Bringing the enthusiasm of the enterprises and the broad masses of staff and workers into play is the basic condition for the socialist economic development and also the concrete manifestation of the superiority of socialism. Further perfecting the economic responsibility system on the basis of the experience already gained will play a great role in promoting the fundamental turn for the better of the national economy.

//3. Perfecting the economic responsibility system is a powerful force propelling the overall reorganization of enterprises.//

The overall reorganization of enterprises requires overall management of the various types of work of enterprises and the various problems existing in the enterprises. The economic responsibility system of enterprises is an overall and comprehensive management system. It determines not only the responsibility, authority and benefit of the enterprises in relation to the state but also the responsibility, authority and benefit of every department and every type of work and even every post and every staff member or worker within the enterprises. It can thus be seen that the content of the economic responsibility system and the requirements of the overall reorganization are objectively identical. Therefore, the implementation of the economic responsibility system can be taken as the thrust of the overall reorganization of enterprises.

Take the several tasks to which top priority should be given at present. For example, the reorganization and the perfecting of the economic responsibility system are also a central link. In reorganizing financial and economic discipline, apart from exposing the handling of some illegal actions, it is still necessary to reorganize and perfect enterprise financial rules and regulations so as to check every form of tax evasion and guarantee against the occurrency of similar problems in the future. This requires clearly defining the limits of responsibility, authority and benefit of enterprises and ensuring the implementation of financial and economic discipline and the financial rules and regulations through the establishment of the responsibility system at each level in the internal departments of enterprises. In reorganizing work discipline, besides carrying out ideological education among the staff and workers and drawing up the rules and regulations, such as the regulations for the staff and workers and the methods concerning rewards and disciplinary action, it is also necessary to consolidate work discipline through the establishment of the job responsibility system which combines responsibility, authority and benefit. It is all the more necessary to take the formulation of the job responsibility system at various levels as the foundation in reorganizing the enterprise work organizations (including administrative organs) and arrange production tasks according to a fixed number of workers and fixed quotas. Only when the limits of responsibility of the various production and work departments and posts are clearly defined and the fixed quotas for various types of production and other work are worked out, can we draw up, on this basis, the rational criterion for fixing the number of workers. Furthermore only when the job responsibility system is instituted can we set the requirements for the technical and professional abilities of the personnel at different posts and further draw up the goals and plans for training all staff and workers. Similarly, the reorganization and building of leading bodies must also be integrated with the economic responsibility system. The implementation of the economic responsibility system has set higher demands on the leading cadres at various levels and given them specific responsibilities. Only those leading bodies which are small in number but highly trained and which conform with the "four modernizations" requirements can meet the demands of the economic responsibility system.

In terms of the long-term goal of overall reorganization, the perfecting of the economic responsibility system is also the starting point for the enterprises to carry out the "3-items of construction." It is a powerful motive force for various types of construction.

The development of the enterprise management level of our country is uneven. The management of quite a few enterprises, such as the Shoudu Iron and Steel Company, was originally quite good, and they had a complete set of rules and regulations. But these rules and regulations were frequently implemented unsatisfactorily. The managerial skills of some enterprises were quite poor. They have been improved to some extent through repeated reorganizations in the last few years, but the results of the reorganization very often could not be consolidated. Why? One very important reason was that we lacked the inner dynamic force to improve the management level.

The implementation of the economic responsibility system and the combination of responsibility, authority and benefit have enabled us to integrate the interests and responsibilities which the enterprises should fulfill with the results of the operations of enterprises and the personal interests of the staff and workers with the results of the collective operations of enterprises and the individual labor contributions. With this integration, everyone pays much attention to the quality of operations and management, and improving operations and management has become a conscious action of the leadership in relation to the broad masses of staff and workers. Just as the comrades of the Shoudu Iron and Steel Company said: "The economic responsibility system has expanded the power of enterprises and added vitality to the enterprises, brought pressure to bear on the staff and workers and given them motive force. This new vitality and motive force will push the various tasks of enterprises forward and enable them to ceaselessly advance along the new path of improving the economic results."

4. //Some problems which demand study and solution in perfecting the economic responsibility system.//

The economic responsibility system includes two parts: One is the economic responsibility system which is practiced by the state in relation to the enterprises and the other is the economic responsibility system which is practiced in the internal departments of enterprises. Thus, there are problems in both aspects in further perfecting the economic responsibility system.

//Judging from the relationship between the state and the enterprises, some problems which require study and solutions at present are as follows//:

First, we must combine the implementation of the economic responsibility system with the strengthening of the planning control of the state over the enterprises.

The economic responsibility system introduced last year began with the implementation of the financial tasks, with emphasis on giving consideration to profits. Thus people have the impression that the economic responsibility system is profit-contracting or profit-sharing.

In the economic responsibility system which combines responsibility, authority and benefit, "responsibility" is a matter of prime importance. In this respect, it is necessary to clearly define which economic responsibilities the enterprises should fulfill for the state and the society. Turning over taxes and profits to the state to ensure an increase in the state's financial revenue is undoubtedly a grave responsibility of the enterprises but is by no means the only responsibility. As a socialist production enterprise, its fundamental task is to produce marketable first-rate, attractive and rationally-priced goods that meet social demands. It must not take the increase of profits as the only aim as the enterprises under capitalism do. However, a socialist enterprise does not ignore profits. The difference lies in the fact that under the premise of meeting social

demands a socialist enterprise creates more profits so that the state can gain its appropriate interests and the enterprises can also obtain their relevant interests through the efforts to raise production efficiency, economize on consumption, reduce costs and improve operations and management.

In order to meet social demands, an enterprise must produce marketable goods whose quality comes up to fixed standards. It must not blindly engage in production regardless of actual needs and still less should it seek profits by manufacturing goods in a rough and slipshod way or resorting to dishonest methods. Therefore, apart from profits, there must be other responsibilities which should be guaranteed in the economic responsibilities of enterprises. These responsibilities must be formulated by the state and specific requirements should be worked out through state plans.

At present, China's management planning system is far from perfect. How to reform the management planning system so as to make it suit the needs of the implementation of the economic responsibility system is a problem which calls for urgent study and prompt solution.

Second, we must sum up the experiences in the experiment of expanding the decisionmaking power of enterprises and work out general regulations for the limits of decisionmaking power of state-owned enterprises.

Now that the economic responsibility system is a management system which combines responsibility, authority and benefit, while clearly defining the responsibilities of the enterprises, it is also necessary to work out some regulations to appropriately limit the decisionmaking power of enterprises. Rights and duties are the unity of contradictions. Wherever there is responsibility there is authority and wherever there is authority there must also be responsibility. More than 3 years have elapsed since the 3d plenary session of the 11th CCP Central Committee, a time when the experiment of expanding the decisionmaking power of enterprises was carried out. At present, the number of the enterprises which are following the economic responsibility system has greatly surpassed that of the experimental enterprises. Those enterprises which are not involved in the experimental work must similarly have certain decisionmaking power. Therefore, it is necessary to sum up the experiences in the experimental work and formulate some provisional regulations for the limits of the decisionmaking power of the state-owned enterprises. Those enterprises which introduce the economic responsibility system must act according to the regulations. After a certain period of time, in the future "law concerning enterprises," we will be able to work out even better regulations for the rights and responsibilities of the enterprises.

Third, we must correctly handle the relationship of interests between the state, the enterprises and the individual staff and workers.

All of the economic interests of a socialist country belong in the final analysis to the entire working people. However, for the sake of the overall interests and the long-term interests of the working people, it is necessary

to rationally distribute the gains in production among the state, the collective and the individual rather than among individuals.

Handing over taxes and profits to the state and ensuring an increase in the state's financial revenue year after year is the glorious duty of socialist enterprises. Under this premise, the enterprises must also obtain their relevant interests in accordance with the quality of production and operations. The problem at present is determining whether or not the quality of production and operations of the enterprises is good. Can profits fully reflect the quality of the production and operations of the enterprises?

The principle of distribution according to work is practiced under socialism. The amount which the enterprises gain must reflect the amount of the labor contributions which the enterprises have made to the society. The different enterprises must not be uniformly egalitarian. They must similarly embody the principle of more pay for more work and less pay for less work. But because of the different technological makeup of enterprises, and particularly the present relatively irrational prices and many other complicated factors, the profits created by the enterprises cannot fully reflect the labor contributions made by the enterprise collective. For this reason, there are bound to be many contradictions in distribution according to profits. Since the implementation of the economic responsibility system, the various localities have created various forms of distribution, but all these forms are still exploratory in nature and need to be perfected through summing up experience. The key lies in what regulatory measures to take so that the interests which the enterprises gain can reflect the results of the collective efforts of the enterprises.

Most of the interests gained by the enterprises are used as production development, collective welfare and other funds. Some of them are distributed among the individual staff and workers as bonuses. This is also quite a complicated matter. Along with the development of production, the income of the staff and workers must in principle correspondingly increase. However, in the national economy a certain rational proportion between accumulation and consumption must be maintained and the level of consumption has to increase in a planned and orderly way. Only in this way can the steady and healthy development of the national economy be ensured. Therefore, apart from being restricted by the improvement of the economic results of enterprises, the personal income of the staff and workers is also restricted by the level of the development of the whole national economy. The methods adopted at present to control the level of bonuses are not ideal. But under the present circumstances where prices and the economic management system have not been restructured in an overall manner, the present methods of control have to be carried on. The enterprise has to implement the principle of distribution according to work within the bounds of the state's regulations and in the internal departments of enterprises and perfect the distribution system so that the limited wages and bonuses can also play a role of encouraging the advanced.

Fourth, we must reform the industrial leading organizations and establish the relevant responsibility system.

In perfecting the economic responsibility system, besides defining more clearly the responsibility, authority and benefit of the enterprises in relation to the state, it is also necessary to improve the state's management over the enterprises. The 3d plenary session of the 11th CCP Central Committee pointed out that it was necessary to overcome the phenomena in which there was no separation between the functions of the party and those of the government and between the functions of the government and those of the enterprises. This is the orientation of reforming the industrial leadership system. At present, our country is vigorously carrying out structural reforms including reform of the industrial leadership system. But time is still needed to carry out the reforms. Before an overall reform is carried out, in order to better implement the economic responsibility system, in my opinion, at least two problems must be solved: 1. We must exercise single-headed unified leadership over the enterprises and put an end to the present phenomena of "under-defined authority." In reforming the industrial leadership system, the economic commission of Qingyuan County of Guangdong Province put the industrial enterprises run by the county under its unified leadership and passed down the various tasks in a unified way after it had coordinated them in an overall manner, thus resulting in both streamlined administration and unified leadership. This is a successful experience. It is necessary to adopt similar methods so that the enterprise will be responsible to only one leading organization and to arrange the requirements of all quarters concerned for the enterprises through a "funnel." How to further carry out the reform to separate government administration from enterprise management will be taken into account at a later time. 2. We must establish the responsibility system of the responsible organizations. The enterprises are responsible to a single-headed organization and the latter is bound to be responsible to the former. Its duty is to help the enterprises find good solutions to the incongruities in such areas as manpower, finance, materials, production, supply and marketing and to the key problems in production and operations. It thus provides necessary external conditions for the enterprises to fulfill their economic responsibilities and improve operations and management. The enterprises being fully responsible for the fulfillment of the state's assignments and the state's providing the necessary conditions for carrying out the assigned tasks can thus reflect the unity of duties and rights.

//Judging from the internal departments of enterprises, in implementing the economic responsibility system at present the following problems must be emphatically studied and solved//:

First, we must implement the economic responsibility system down to each level of the internal departments of enterprises, down to every post in production and other work and down to every individual.

The implementation of the economic responsibility system which combines responsibility, authority and benefit, for which the enterprises are

responsible to the state, depends on the efforts of the various departments within the enterprises and depends in the final analysis on the concerted efforts of the whole staff and workers. Therefore, it is necessary to set up the economic responsibility system in the various departments and various levels within the enterprises in accordance with the principle of combining responsibility, authority and benefit. For instance, the Shoudu Iron and Steel Company has practiced the method of "each level contracting for state assignments and ensuring their fulfillment" and developed the job responsibility system into the job economic responsibility system and so on. The various enterprises must sum up their own experiences and at the same time further improve the economic responsibility system in the internal departments of enterprises by learning from the experiences of the advanced enterprises so that a complete system can take shape. At the same time, it is necessary to appropriately simplify it so as to make it easy to grasp and practical to use.

Second, the implementation of the economic responsibility system must be combined with the improvement of operations and management and the carrying out of technical transformation.

The central aim of implementing the economic responsibility system is to ceaselessly improve the economic results of production and operations of the enterprises and to direct the enthusiasm of the staff and workers toward improving operations and management, innovating production techniques and tapping the potential of boosting income and reducing expenditure. It is necessary to raise the economic results through developing the varieties which are marketable, improve product quality, save on consumption of energy and materials, economize on funds, reduce costs and open up new prospects for production and then proceed to boost the interests of the state, the enterprises and the individual staff and workers. It is imperative to oppose seeking unlawful profits by means of dishonest practices and even breaking the law and violating discipline.

Therefore, on the basis of establishing the economic responsibility system at each level in the internal departments of enterprises and in the light of the specific conditions of the enterprises and the principal contradiction and weak links, it is necessary to carry out technical transformation step-by-step and to mobilize the masses to carry out the tapping of potential, innovation and transformation activities of a mass character. In operations and management, it is necessary to establish a complete set of scientific management systems, such as overall planning, quality control, business accounting and personnel.

Third, we must vigorously strengthen ideological and political work in the light of the establishment of the economic responsibility system.

Political responsibility is the soul of the responsibility system. Whether or not the economic responsibility system can be carried out in a really satisfactory way lies in bringing the sense of responsibility of being the masters of the country of the entire staff and workers into play. A system

without an ideological foundation will not work. To carry out ideological and political education among the broad masses of staff and workers, it is first necessary to foster the spirit of ardently loving the party, ardently loving the motherland and ardently loving socialism, carry out the "five stresses and four beautifuls" activities and teach the staff and workers to correctly understand the significance and aim of practicing the economic responsibility system and correctly handle the relationship of interests between the state, the enterprises and the individual. Since the 3d plenary session of the 11th CCP Central Committee, the state has devoted much effort to improving the livelihood of the staff and workers under the situation where the state's economic conditions were quite difficult. But the vast numbers of staff and workers have not had a proper understanding of this matter. Through laying bare the conditions and problems and settling detailed accounts, many enterprises helped the staff and workers realize the direct relationship between the personal interests and the economic development of the state, overcome the tendency of one-sidedly concentrating on personal interests and then proceed to foster the sense of honor and pride in making greater contributions to the society. On the basis of this ideological education, it is necessary to link spiritual encouragement with material encouragement and carry out the emulation drive of emulating, learning from, catching up with and helping each other. In this way the economic responsibility system will become a powerful motive force for encouraging the advanced and arousing the enthusiasm of the masses for socialism.

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NATIONAL POLICY AND ISSUES

XUE MUQIAO ON ECONOMIC SYSTEM

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[Article by Xue Muqiao [5641 2550 2890]: "On the Discussion of the Theoretical Question of Restructuring the Economic Management System"]

[Text] I

Since 1979, we have conducted tests at selected points for restructuring the system and implemented the policy of promoting economic exchanges with foreign countries and livening up the economy at home. During this process, many economic workers and economists have also carried out heated discussions on questions of theory in restructuring the economic system. A correct appraisal of the practical and theoretical work of restructuring the system in these past 3 years should be conducted. At the national commerce and communications conference held this March, Premier Zhao Ziyang made a realistic and comprehensive estimate of the policy of promoting economic exchanges with foreign countries and livening up the economy at home over the last 3 years. He pointed out that since the 3d plenary session of the 11th CCP Central Committee, out orientation of carrying out the policy to promote economic exchanges with foreign countries and to liven up the economy at home under the unified leadership and planned guidance of the state is correct and the achievements are primary. Without this kind of restructuring, there would not be the excellent situation of today, and this must first be affirmed. At the smae time he also pointed out that we must not only see the aspect of the achievements obtained from promoting economic exchanges with foreign countries and livening up the economy at home, but we must also soberly recognize some of the problems inavertably caused by this policy. At present, such illegal and criminal activities as smuggling and dealing in contraband, speculation and swindling and corruption and graft have actually increased. In the economic field, departmentalism, decentralism and the trend of liberalization have recently developed. He stressed that the policy to promote economic exchanges with foreign countries and the policy to liven up the economy remain unchanged and that the orientation of restructuring is firm and persistent. However, it is necessary to pay attention to existing problems and sum up experiences. This is precisly for the sake of better carrying out restructuring in the future. I think that the comrades present must have agreed with this correct analysis made by Premier Zhao Ziyang. As long as we are able to have a more unified understanding of practical experience, our theoretical exploration will be able to progress more smoothly.

I think that we should also have a correct appraisal of the theoretical work centered on the question of restructuring the system over the last 3 years. This appraisal should be realistic and comprehensive. We not only must see our achievements, but we must also look squarely at the existing problems. Correct appraisal will further enhance our enthusiasm for study and discussion and will promote a more healthy development of discussions.

How do we appraise the theoretical exploration of these 3 years? I will put forth several immature viewpoints for exchange with the comrades.

1. We should affirm that the orientation of theoretical discussions in restructuring the economic system of recent years is correct, the main trend is good and the achievements outweigh everything else. Most of our comrades have conducted research work guided by the spirit of the third plenary session. The third plenary session has pointed out the necessity of restructuring our economic management system and paying attention to the role of law of value, the CCP Central Committee further proposed implementing the principle of integrating regulation by planning mechanism with regulation by market mechanism in the entire national economy of our country, and, while taking regulation by planning mechanism as the key factor, to pay full attention at the same time to the role of regulation by market mechanism. This decision is aimed at our long neglect of planned economy and the role of the market which resulted in the ossification of planned management. It played an important guiding role at that time in the selected points for testing the restructuring of the system. After more than 2 years of practice, we gradually realized that this form of expression is still not precise enough. It is too incomplete and easily leads to misunderstanding. Based on the view of Comrade Chen Yun, this formulation was changed at the sixth plenary session to read: "It is necessary to cary out planned economy on the basis of public ownership and give play at the same time to the supplementary role of regulation by market mechanism." This formulation is more precise than the previous and is a step forward. However, this does not basically negate the policy passed by the third plenary session but is a new development of the policy passed by the third plenary session. We must not think that the policy of the third plenary session is wrong. In the last 3 years the main trend of carrying out theoretical discussions by the comrades under the guidance of the spirit of the third plenary session is correct, and this point must be affirmed. It should be said that a very great breakthrough has been effected in economic theory because of the joint efforts of many comrades in recent years. For example, after studying the production of socialist economy and the law of value, we have corrected the lopsided views that the means of production are not commodities and that the law of value does not play the role of regulating production. The point of departure of many comrades for studying this question is for the sake of improving planning work, strengthening planned economy and pushing forward the restructuring of the economic system. Without theoretical progress, it is difficult to imagine how it would have been possible for us to carry out experiments in restructuring the economic system in recent years. We should encourage the majority of the comrades to show enthusiasm for theoretical study. As for the shortcomings and mistakes in theoretical exploration, we can only say that they are minor issues. As long as we strengthen guidance, help each other and raise standards together, they can be overcome gradually.

2. We should also keep a sober head. We cannot only notice the achievements in work but we must also see the existing problems. The restructuring of the economic system is extremely complicated and no country in the world has yet to solve this question. We ourselves also do not have enough experience. The appearance of this or that kind of incorrect view in theoretical discussions is unavoidable. Just as Lenin said, human knowledge is not straightforward but resembles a spiral curve. Any section of this curve can one-sidedly become an independent straight line thereby leading to mistakes. In recent years, there is definitely more or less this or that kind of one-sidedness in many of our articles. For example, when attaching special importance to the study of the commodity character of the socialist economy and the role of the law of value, some of the articles often fail to pay sufficient attention to the aspect that socialist economy is planned economy. This is also a point that cannot be denied. As for the imporper use of words and unprecise method of expression, such conditions are even more numerous. In the middle of last year, I myself was not clear about an important question in theory and also regarded the conscious use of the economic lever to carry out planned regulation as regulation by market mechanism. Consequently, I improperly thought that the greater part of regulation of planning mechanism must be realized by means of regulation by market mechanism. Now, I have realized the defect of this formulation and must clarify this point. I think that comrades engaged in theoretical work should have a sincere spirit of self-criticism. They must not believe themselves to be consistently correct and they must have the good style of study of upholding truth and correcting mistakes. We must seek truth from facts and make efforts to overcome lopsided and improper views so as to constantly enhance theoretical understanding and gradually make progress.

Apart from this or that kind of one-sidedness and shortcomings mentioned above, we see that there are indeed some very erroneous viewpoints put forward by individual comrades who have deviated from the general orientation. For example, a scholar in the economic department of a university in an article said: "Under the present economic condition in our country and for a relatively long historical period to come, the integration of market economy and planned economy under the centralized and unified leadership of the state is an impractical dream." He held that "our country still does not have any material basis or condition for carrying out planned economy under the centralized and unified leadership of the state," and "the way out is to gradually, comprehensively and systematically expand market economy." He also said that although market economy will give rise to various social maladies, when "compared with the universal poverty of egalitarian 'socialism' and the universal privilege and all-round bureaucratic feudal fascist 'socialism,' it is still a kind of blessing." This line of argument will be opposed by most of the comrades. Those who subscribe to this view are just individuals and cannot play any decisive role. However, this has also indicated that confusion actually exists in the theoretical circles and we should keep a clear head.

3. To ensure that the restructuring of our economic management system will not go astray, it is imperative to make a success of theoretical research work in the future. Marx and Engels had laid the theoretical foundation for us in scientific socialism. However, because they had no practical experience in socialist economy at that time, they were unable to envisage that socialist

society could exist without commodity currency. Lenin had experienced wartime communism, and he pointed out that the socialist society must still carry on commodity exchange and attach importance to commerce. However, as the socialist transformation of the national economy had still not been completed at that time, he also could not make a comprehensive theoretical summary. Stalin summed up the experiences of 30 years of socialist construction and wrote "Soviet socialist economic problems" in his latter years. This is a historical work of major significance. In the last 30 years and particularly since the 3d plenary session of the 11th CCP Central Committee, for the sake of restructuring the economic management system, our country has carried out active discussions in this direction. This is a good sign. However, thus far, there are still many diverging views. It is necessary to bring together people in the economic field and economists throughout the country to carry out more extensive discussions, sum up experiences in restructuring the economic system over the past 3 years and raise these discussions to a higher theoretical level.

We must have the courage to conduct further theoretical discussions and be good at carrying out comradely discussions. Since the publication of resolution on certain questions in the history of our party of the sixth plenary session and the new year's speech of Comrade Chen Yun, some of the comrades have been worried about discussing the question of restructuring the system. They are afraid that some of the things they have said in the past may be produced for criticism. This kind of worry is completely unnecessary. I think that as long as we adhere to the socialist road and the planned management of the national economy, we should recognize the correctness of the general orientation. As regards the method of planned economy we should adopt, everybody can present his own view. This kind of discussion is normal and necessary. The making of this or that kind of verbal mistake, one-sidedness and improper use of words should be allowed in the discussion. The practice of picking on mistakes or shortcomings, using the big stick and raising minor issues to the plane of principle should not be repeated. We should uphold the spirit of emancipating the minds and the principle of letting a hundred schools of thought contend of the third plenary session. Therefore, comrades with such worries should get rid of them as quickly as possible.

Some of the comrades may think that as the CCP Central Committee has come up with a new formulation, it is better to follow the new formulation. Why continue to develop discussions? This viewpoint is also incorrect. The restructuring of the economic management system is a very complicated matter. Without extensive theoretical discussions the matter cannot be clearly explained. At the central working conference in September 1980, I said: The restructuring of the economic management system is intended to solve the question of what kind of socialist economy we are going to build in China. This is the basic policy of socialist construction. The rules for the economic management system we will draft may also be considered as an "economic constitution." We must solve the question of criterion for economic structures and economic activities. Such an important question cannot be solved without extensive discussions and thoroughgoing study.

The discussion this time should be a healthy and friendly one. Our object is to improve understanding together so that there will be development in the theory of restructuring the system. All methods must contribute to pushing

forward the development of theoretical discussions and must not block the path of further study. Therefore, we must not be too particular about who said the right thing and who said the wrong thing. We not only must not settle old scores, but we must also not settle new scores. Furthermore, we must not regard the views of other people in terms of the absolute or arbitrarily criticize them. All comrades must adopt the scientific attitude of seeking truth from facts, maintain a good style of study and modestly listen to the views of other people.

II

At present, there are many theoretical questions on restructuring the economic system which should be studied and discussed. The two most important questions are: First, the relationship between planned economy and regulation by market mechanism. Second, the relationship between the parts and the whole, or the relationship between departmental management and regional management and between concentration of power and decentralization of power.

On planned economy and regulation by market mechanism, I feel that we must conscientiously discuss the following questions:

1. The Relationship Between Commodity Economy and Planned Economy

How can we understand the socialist economy of our country at the present stage? In 1980, one of the "manuscripts from people invited to give their views" said: "The socialist economy of our country at the present stage is a commodity economy in which public ownership of the means of production has overwhelming superiority and ingredients of diversified economy coexist." I had said at that time that whether or not this understanding was correct should be more fully discussed. Recently, some of the comrades have pointed out the inappropriateness of this formulation and said that it should be changed into: "The socialist economy of our country at the present stage is a planned economy based on the public ownership of the means of production in which commodity production and commodity exchange are present." The latter method of expression may be more precise than the former method. However, there is also a difference of views. Some of the comrades question whether or not changing commodity economy into planned economy would be going from one extreme to another? In the discussion, some of the comrades believe that we should not set commodity economy against planned economy. The opposite of commodity is natural economy and the opposite of planned economy is market economy, or the state of anarchy in production. Commodity economy is naturally not the exclusive feature of socialist economy, however we cannot say that there is no commodity but only commodity production and commodity exchange in socialist economy. In the past some of our articles said that socialist economy is commodity economy under planned guidance or a planned commodity economy. This kind of commodity economy is different from the capitalist commodity established on the basis of private ownership of the means of production and is a socialist commodity economy established on the basis of public ownership of the means of production. I am afraid that this kind of formulation is not very precise and there is a need for further discussion.

Socialist economy is planned economy and capitalist economy is market economy. Is this method of expression correct? Some of the comrades have pointed out that planned economy is not completely without regulation by market mechanism, and furthermore, cannot be described as without a market. Market economy depends on the spontaneous role of the law of value and other capitalist economic laws (such as the law of average profit) to carry out regulation. Naturally, it is also not entirely free from state intervention. Planned economy must also apply the law of value. The difference is the state consciously makes use of the law of value to guarantee the planned and proportionate development of the national economy and not making use of the law of value to spontaneously carry out regulation. Is this kind of view appropriate?

2. On Regulation by Planning Mechanism and Regulation by Market Mechanism

Since the third plenary session, many of the articles have often discussed integrating regulation by planning mechanism with regulation by market mechanism and giving full play to the role of regulation by market mechanism under the planned guidance of the state, or integrating regulation by planning mechanism with regulation by market mechanism and mainly relying on regulation by planning mechanism while making regulation by market mechanism subsidiary. Can we say that this formulation is basically correct? From attaching equal importance to the two kinds of regulation, we have changed to giving priority to one while making the other subsidiary and then changed one into the main body and one into the supplementary. Does this imply that the extent and role of regulation by market mechanism has become smaller than in the past? In the last 3 years, our planned economy has been subjected to battering. Does this kind of battering come from regulation by market mechanism; has regulation by market mechanism gone out of control? In order to strengthen planned management, is it necessary to reduce the extent of regulation by market mechanism? Have we gone too far in advocating the use of economic means or economic levers to achieve the state plan and should we put greater emphasis on administrative means in restructuring the planning system in the future? In livening up the economy, have we gone too far or have we not gone far enough? Some of the comrades hold that the state plan has been battered mainly because we have not made use of economic levers at the same time to guarantee the achievement of the state plan after expanding the decisionmaking power of the localities and enterprises. For example, our price policy has violated the law of value and cannot guide the development of the enterprises along the orientation indicated by the state plan. The solution is to make better use of economic levers to achieve the state plan and not suppress their role. Is this view correct?

What is the relationship between planned economy and regulation by planning mechanism? In mentioning planned economy, need we mention regulation by planning mechanism? Can we make a distinction between planned economy and market economy and between regulation by planning mechanism and regulation by market mechanism and that the two have different meaning and are a question concerning different levels? Can this term of regulation by planning mechanism be abolished?

There have been disagreements in the cognition of regulation by market mechanism in the past and we should define the scope of the meaning of regulation by

market mechanism. In the past, we sometimes described the use of economic levers to achieve the state plan in making plans of a guiding nature as the integration of regulation by planning mechanism with regulation by market mechanism. Many foreign economists have also frequently described the use of economic levers to achieve the state plan as using the market mechanism or regulation by market mechanism. Later, I felt this form of expression had overenlarged the meaning of regulation by market mechanism and could easily lead to confusion. Therefore, I have now changed this formulation and have placed the use of economic levers to achieve the state plan within the framework of planned management. Only the free production of miscellaneous minor commodities, not included in the state plan and not regulated by the unified pricing of the state but are allowed spontaneous regulation and free exchange subjected to the law of value, can be considered regulation by market mechanism. Is this amendment correct?

Some of the comrades hold that regulation by planning mechanism can be divided into a narrow sense and a broad sense. In the narrow sense, regulation by planning mechanism refers to the regulation of production, purchasing and marketing of the enterprise by means of state plans of a directive nature. In the broad sense, regulation by planning mechanism includes plans of a guiding nature and the use of economic levers and the law of value by the state to carry out adjustments. Apart from this, is there also a distinction of broad sense and narrow sense in regulation by market mechanism? The broad sense of regulation by market mechanism includes the use of economic levers by the state to achieve the state plan. If we acknowledge that there is a broad sense in regulation by market mechanism, then we can still adopt the form of expression of "integrating regulation by planning mechanism with regulation by market mechanism." If this is the case, how do we explain regulation by market mechanism only plays a supplementary role?

Some of the comrades have advocated reducing as much as possible plans of a directive nature. They hold that under the normal condition of economic development in the future, plans of a directive nature can be greatly reduced and replaced by plans of a guiding nature. However, some of the comrades emphasize that there cannot be any great reduction of plans of a directive nature in socialist planned economy. They hold that plans of a directive nature are the fundamental hallmark of socialist planned economy. The abolition of plans of a directive nature will inevitably lead to anarchy in social production. This question also merits study.

3. On the Distinction Between Market, Market Economy and Regulation by Market Mechanism

Socialist economy is not market economy; however it cannot be without a market. Since commodity production and commodity exchange still exist extensively, most products must pass through the market before they can be transferred from the hands of the producers to the consumers. In daily conversations, we sometimes condense mainly relying on planned economy while making regulation by market mechanism subsidiary into planning is the mainstay and market is supplementary. Some of the comrades hold that in the strict scientific sense, the method of expression of "market is supplementary" is not precise. Planning cannot stand opposed to the market. Even now we still cannot practice planned economy di-

vorced from the market. Planned economy and market economy are diametrically opposed, but planning and the market can coexist, our planned economy must still be carried out by means of the market. Therefore, we must still be good at making use of the role of the market. Some of the comrades hold that the shortcoming in our economic work at present is not because we have excessively made use of the role of the market, but because we still are not good at making use of the role of the market and have violated certain general laws of commodity economy (particularly the law of value). We must continue to develop commodity production and make better use of the role of market. This policy still cannot be changed.

The socialist market is not a capitalist market in a state of anarchy, but a socialist unified market guided by a state plan. In 1956, Comrade Chen Yun said: "In the socialist unified market, the state market is its main body, but has to a certain extent a state controlled free market. This kind of free market is under the leadership of the state. As it is a supplement of the state market, it is therefore a component of the socialist unified market." Based on the same principle, some of the comrades are saying that free market and regulation by market mechanism should be included in planned economy, not excluded. Can we say that the planned economy of our country should rely mainly on regulation by planning mechanism (including planning of a directive nature and of a guiding nature) while making regulation by market mechanism subsidiary and can we also regard regulation by market mechanism as a component of planned economy? As a theoretical question, it also can be put forward for discussion.

Market, market economy, regulation by market mechanism, planning, planned economy and regulation by planning mechanism have different meanings and cannot be confused. Whether or not many former methods of expression are precise must be studied over again. These questions are not easy to explain clearly and we must properly develop theoretical discussions.

III

Besides the problem on the relationships between planning and market, in reforming the management system of the economy, we should also solve the relationships between the upper and lower, or departmental and area levels. In other words, we should solve the problem of relationships between centralism and decentralism. This is a more complicated and difficult issue in which there are more theoretical problems for us to conscientiously research.

In a socialist economy, it is the economy owned by the whole people, which Marx called the economy owned by the whole society, which plays the major guiding role. At present, we have hundreds of thousands of enterprises (including industrial, agricultural, communications and transportation, commercial and service enterprises) that are owned by the whole people. It is impossible for all these enterprises to be put directly under the management of a unified state organ which represents the interests of the whole people. These enterprises must be put separately under the management of various departments and areas. This is why the "department ownership" and "area ownership" (the system of department management and the system of area management) has emerged.

The experience that we have gained in the past more than 30 years has proved that department management may aptly lead to alienation between different departments and area management may aptly lead to alienation and blockade between different areas. This is detrimental to the unified development of the national economy. Our past reform of the system of economic management often aimed at solving the problem of whether we should put the enterprises under the management of the departments or under the management of the areas. In other words, it was aimed at solving the problem of whether we should concentrate the power of management in the hands of the central government or divide the power of management of enterprises and put it separately in the hands of different local governments. Our experience has proved that whether we put the management of the enterprises in the charge of the central departments or in the charge of local governments, we fail to treat our enterprises as economic organizations which should have a certain degree of decisionmaking power and thus we are not be able to give play to the initiative and creativeness of our enterprises.

The socialized large-scale production that is the result of the development of the commodity production demands the linking up of various trades and professions with the various areas in order to enable them to cooperate with one another through division of labor. This demand goes against "department ownership" and "area ownership." The previous management system of dividing into departments and areas goes against the demand of the socialized large-scale production. This, along with the complete taking over of responsibility for the profits and losses of the enterprises by the financial departments and the practice of "eating out of the same pot," has greatly reduced the economic effect of our production and construction. During the past 3 years, we have gradually expanded the decisionmaking powers of the local governments and the enterprises and have gradually established the economic responsibility system. As a result, we have to some extent corrected the malpractice of "eating out of the same pot." However, the alienation between different departments, between different areas, and between areas and departments has not been eliminated. Sometimes, the alienation leads to sharp contradictions because of contention for interests between upper and lower levels and between different areas or departments of the same level. In order to increase local financial revenue and increase the retained profits of the enterprises, the localities and the enterprises often infringe on the interests of the state and violate the state plan by blindly producing large quantities of unmarketable products that are high priced and have high profit margins, and by carrying out duplicate construction resulting in wastage of funds, by refusing to obey the unified allocation of the supplies of raw materials and by hindering the exchange of products between different areas. This, in the final analysis, weakens the planned management of the national economy. In order to correct these malpractices, besides strengthening the guidance of planning and strengthening administrative management, we must consider whether we can solve the problem from the bottom. In other words, we are trying to find a way to combine the enterprises into various groups and replace the "department ownership" and "area ownership" with these groups, thus eliminating the alienation between departments and areas.

During the past 3 years, we have carried out a number of pilot projects. Besides organizing transregional and transdepartmental combined corporations, we

have also proposed the development of an economic structure that uses the big cities along the coastline as bases to help the development of the medium-sized and small cities in the inland areas and thus form a complete economic network that links all the big, medium-sized and small cities. This is suited to the objective demands of the economic development. However, this does not conform with the present division of administrative areas. Can we combine the structure of the current administrative divisions of areas with this economic network and enable them to coexist? This is a question we must study, but have failed to solve as yet.

In order to solve this problem and promote economic cooperation between different trades, professions and areas, some comrades have put forward a tentative plan of "separating economic management from government administration," by which they mean regarding the transregional and transdepartmental combined corporations as independent economic entities, which will not be put under the leadership of the departments or the areas. This seems a reasonable measure, but in reality is difficult to carry out. For every enterprise there must be an owner. In a capitalist company, the owners of the company are its shareholders who elect a board of directors to manage the company. The owner of a socialist company owned by all the people is the 1 billion of people who must also entrust the management of this enterprise to a certain organ. At present, this organ is the local government at a certain level or a certain department of the central government. An enterprise owned by the whole people must represent the common interests of the whole people and obey the unified planning of the state as a whole. If we allow an enterprise to be completely independent and to be managed by the staff and workers of the enterprise themselves, it will be very difficult for us to ensure that the enterprise obeys the unified planning of the state. Then, the ownership of the whole people will become a collective ownership. Besides, in a socialist country the supplies, production and marketing of any enterprise or any company must be included in the planning of the state. It is impossible for an enterprise or company to rely completely on itself to solve the problems related to its supplies, production and marketing. Nor is it possible for the enterprise or company to develop in a completely independent manner. Therefore, the leadership of an upper-level organ is always indispensible. Most of the recently organized nationwide corporations are under the leadership of the state economic commission, the department responsible for its trade and profession or the government of the area responsible for them. Some of them are directly under the leadership of the state council. The government of a socialist country has its economic function as well as its political function. This economic function will continue to develop along with the development of the economy and will not wither away even when the communist period has come. Unnecessary administrative interference with the enterprises by the state must be reduced. However, a socialist enterprise can only have a decisionmaking power of a relative nature and it can never be allowed to have an absolute decisionmaking power. After we have given our enterprises the decisionmaking power of a relative nature, we should adopt another method to further strengthen the leadership over planning in order to ensure the fulfillment of the state plan. This is a difficult problem to be solved.

Whether or not we should establish the autonomy of workers in our enterprises is still a problem to be researched. The leaders of the big enterprises that

have a bearing on the state plan and the people's life must be responsible not only to the staff and workers of their enterprises but also to the state. If the enterprise leaders selected by the staff and workers through democratic election are neither recommended nor approved by the state, it will be very difficult for us to ensure that these leaders will not pursue the interests of their staff and workers at the expense of the state interests and that they do not violate the state plans or develop departmental selfishness. Therefore, the workers autonomy in the state-owned enterprises is only allowed to be relative and not absolute. The leaders of the enterprises should not be responsible only to the workers congresses of their enterprises. They should also be responsible to the organs at a higher level. This is especially true for the party committees. They should represent the common, long-term interests of the people of the entire country and should supervise the implementation of the state plans and the policies and decrees of the state in their enterprises. We have not yet clearly defined the so-called system of workers congresses under the leadership of the party committee.

Apart from the two major questions mentioned above, many other questions need to be studied jointly by the theorists and the departments responsible for practical work. For example, some articles in the past said that in the socialist economy in China at present, the system of public ownership of the means of production is in absolute superiority and various sectors of the economy and various forms of management exist at the same time. Are they correct in saying this? Some comrades hold that in a socialist state, there should only be the public sector of the economy and that a socialist state should not step back economically. Other comrades hold that as the productive forces of our country are still developing at a low level, it is permissible for other sectors of the economy to exist as supplements provided that the public sector of the socialist economy is in absolute superiority. Individual ownership has been recognized by law, and enterprises jointly operated with Chinese and foreign capital and even a small number of foreign enterprises have also been recognized. Now that we may take in foreign capital and welcome investment by overseas Chinese, are people who have large deposits with the bank permitted to invest in state enterprises? At present, some state enterprises encourage their staff and workers to join them as partners; many cooperatives have been newly established by commune members by raising funds themselves and they issue bonuses to laborers according to work done and to investors according to the amount of capital contributed. Some well-off rural people's communes have also set up enterprises outside the original scope of their businesses, or have invested in state enterprises. In some localities, some enterprises have been established with the capital of individuals and each hires 10 or more staff members and workers. To what extent can these semisocialist or nonsocialist sectors of the economy develop? This question is very important and complicated and needs serious discussion.

Remarkable results have been achieved in making use of foreign capital and setting up special economic zones. However, many signs of confusion have surfaced. We must seriously sum up experience. Some theoretical problems also need to be solved. In short, many theoretical problems need to be discussed in the course of restructuring the economic system. In the above, I have mentioned only a few general problems. Many other specific problems are also

very important. They include problems of prices, labor, wages, financial and managerial systems, and so forth. I cannot list all the important problems today. Therefore, the discussion should not be restricted by the questions I have raised. (This is the author's speech delivered at the mobilization and report meeting to discuss theoretical problems involved in restructuring the economic system.)

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ECONOMIC PLANNING

REPORT ON LIAONING GOVERNMENT WORK AT PEOPLE'S CONGRESS

Shenyang LIAONING RIBAO in Chinese 13 Mar 82 pp 1-4

[Report on government work by Governor Chen Puru [7115 3877 1172] at the Fourth Session of the Fifth Liaoning Provincial People's Congress on 4 March 1982]

[Text] Fellow Deputies:

On behalf of the provincial people's government, I am now to report on its work for your examination and deliberation.

Work in 1981

More than 1 year has elapsed since the Third Session of the Fifth Provincial People's Congress. Under the leadership of the party Central Committee, the State Council and the Liaoning Provincial Party Committee, the governments at all levels in our province have conscientiously carried out the policy of further economic readjustment and further political stability and unity, and intensively studied and implemented the spirit of the 6th Plenary Session of the 11th Party Central Committee, the 4th Session of the 5th National People's Congress, and the important speech delivered by Chairman Hu Yaobang on his inspection tour to Liaoning. With economic construction as our central task, we have mobilized and organized people throughout the province to work with a united will to make the country strong and have made new progress and won gratifying results in various construction undertakings in the province. The national economy has continued to improve; the political situation has become even more stable; and the overall situation is becoming more and more favorable.

1. We have had a bumper agricultural harvest. Because of the implementation of the various rural policies of the party, the adoption of the system of production responsibility in various forms in accordance with the local conditions, the readjustment of the agricultural structure and the use of effective scientific and technological methods in agriculture, the broad masses of commune members are now more enthusiastic then ever in promoting production. Last year, some counties and districts in the Chaoyang Prefecture, Fuxin and Jinzhou Municipality experienced a severe drought which had last 2 years, while some areas in the southern part of the province

experienced severe floods. Yet the province as a whole had a good year. According to the annual statistics, the total output of grain and beans was 23.2 billion jin. This figure seems a little conservative, since it could have been as high as approximately 24 billion jin. It was the second best harvest year in the history of our province. Aside from the reduced output of tussah and sunflower seeds, the output of cotton was increased by 3.1 percent; that of peanuts was increased by 23.8 percent; that of sesame was increased by 67.9 percent; that of cured tobacco was increased by 11.5 percent; that of sugarbeet was increased by 77.3 percent; that of fruits was increased by 18 percent; that of vegetables was increased by 14.7 percent; the sale of hogs was increased by 4.2 percent; and the output of acquatic products was increased by 10 percent over the previous year. The plan for afforestation was overfulfilled in all places except the Chaoyang and Jinzhou areas which were imperiled by droughts. Economic diversification also developed rapidly, and by now, we have more than 10 different trades including planting, breeding, knitting, mining, fishing, repairs, transportation, food and the service trades. Commune-run and production brigade-run industry has also made further progress in the process of readjustment, and its total output value reached 2,720,000,000 yuan, a 2.1 percent increase over the previous year. The total agricultural output value in the provinces was 5,960,000,000 yuan, a 2.8 percent increase over the previous year. The broad masses of peasants throughout the province are now full of confidence in their ability to build a new socialist countryside. The number of peasants studying cultural, scientific and technological subjects has increased, and more of them are now devoted to production and economic diversification. Their savings deposits have increased, and they have built more new houses and bought more high- and medium-grade commodities. The countryside in the whole province is now full of vitality and prosperity.

2. We have achieved outstanding results in industrial readjustment and overfulfilled the state's production plan. Last year's production plan for the province called for the reduction of many heavy industrial products. There was also a shortage of energy and raw material supplies. Despite these difficulties, the broad masses of workers on the industrial and transportation fronts in the province waged hard struggles with a united will and achieved gratifying results. At the beginning of last year, the plan of the province called for a total industrial output value of 44 billion yuan, a 3.5 percent reduction below the previous year. By the end of last year, however, we actually brought the figure up to 45.59 billion yuan, and overfulfilled the plan by 3.6 percent. The total industrial output value approached that of the previous year. Among the 80 types of main industrial products, the output of 57 of them surpassed the annual production plan.

Light industrial production continued to increase by a wide margin. The total light industrial output value in the province reached 17.14 billion yuan last year, a 16.1 percent increase over the previous year. Of the 35 varieties of light and textile electronic products for civilian use, 28 of them, especially wrist watches, sewing machines, bicycles, TV sets, radios, cigarettes, matches, and foodstuffs, showed an increased output compared with the previous year. All the 12 municipalities and prefectures

in the province have set up breweries of productive capacities of 5,000-10,000 tons, and wineries of productive capacities of 500-1,000 tons each year.

After readjustment of its service orientation, heavy industry now has an expanded sphere of service. According to last year's state planning, the heavy industrial output value in the provinces was reduced by 9.3 percent. Thanks to the efforts of the broad masses of workers and staff members on the heavy industrial front, however, the figure was actually brought up to more than 28.45 billion yuan, 1.6 percent above the planned figure, and a decrease of 7.7 percent below the previous year. Heavy industry has achieved gratifying success in serving the agricultural and light industrial markets and in serving export particularly because of the change of its service orientation and the readjustment of its product mix. In the metallurgical industry, a number of small and medium-size steel plates, strip steel, curved plates and other steel materials which are in short supply and some new steel varieties have been trial-produced. The output of steel, pig iron and rolled steel was above state plans. In the coal industry, we have already filled the gap formerly left in tunneling and stripping, and conditions of production in the mines have been improved. The coal production plan was overfulfilled. Because of the opening of more avenues for production and the readjustment of the product mix, the machinery industry has supplied to various sectors of the national economy a number of highly efficient and energy saving machines and produced more than 140 varieties of mechanical and electrical products for people's daily use. The state plans for crude oil, crude oil processing, power generation, chemical industry and cement production were all fulfilled. The enterprises, engaging in military projects, have actively developed the production of civilian goods while at the same time completing their tasks of military products. The proportion of the output value of civilian goods to their total output value rose from 26 percent in the previous year to 36 percent.

Energy conservation has also been a great success. With the total industrial output value approaching that of the previous year, we were still able to save an equivalent of more than 2 million tons of standard coal, and to lower our energy consumption for every 10,000 yuan's output value by 4.9 percent below the previous year.

The quality of many products has been improved and their designs and varieties have been increased. Some 1,300 different products in the province were evaluated, and 1,080 of them reached the best level every attained. Gold and silver state medals were awarded to 24 of them, and 137 products were rated as first class or fine quality products compared with others of the same trade throughout the country. Another 225 products were rated as fine-quality products of the province. Throughout last year, more than 2,000 new products were trial manufactured and produced with an increase of 13,800 new designs and varieties.

State plans for railroads, highways, harbors, civil air transport and posts and telecommunications were all fulfilled.

Restructuring of the economic management system, expansion of decisionmaking power for enterprises, and adoption of the system of economic responsibility are being continued in various localities. A number of economic integrated entities have been organized and developed along the lines of specialization and coordination and by breaking through the barriers between different regions, departments and systems of ownership. There are now in the province 231 industrial companies or general plants consisting of 3,357 enterprises; and 329 jointly operated or integrated enterprises and other forms of economic integration consisting of 691 individual enterprises. These reforms have effectively aroused enthusiam in various quarters and raised the productive capacity.

3. We reduced the scale of capital construction and readjusted the orientation of investments. Last year, the province invested 2.7 billion yuan in capital construction, a reduction of 17.1 percent compared with the previous year. The ratio of total investments in nonproductive construction projects was raised from 42.9 percent in the previous year to 47.8 percent. The investments in energy and light and textile industrial production projects amounted to 63 percent of the total investments in productive projects in the province. Throughout last year, more than 1,600 projects, with an investment of more than 100,000 yuan each, were completed and commissioned; they have now become a new productive force. The Liaoyang Chemical Fiber General Company has already carried out all-round trial operation and is now proceeding with trial production. Coal mining capacity has been newly increased by 1.55 million tons; crude oil exploitation capacity has been increased by 400,000 tons; and 197 kilometers of super-high tension wires have been put up. Fixed assets have been newly increased by 2.88 billion yuan. Fairly good results have also been won in urban construction, environmental production, geological prospecting, production of complete sets of equipment, people's air defense, and surveying and mapping.

4. We expanded our domestic and foreign trade, and the conditions of market supplies were fairly good. The total volume of commodity procurement by state-run commerce in the province reached 10.3 billion yuan, a 15.8 percent increase over the previous year. The amount of agricultural sideline products procured was increased by 33.9 percent, and the procurement plans for foodstuffs, edible oil, cotton, hogs, vegetables and fruits were overfulfilled. Procurement of industrial products increased by 8.4 percent. The total volume of retail sales reached 13.15 billion yuan, an incrase of 13 percent over the previous year. The volume of retailed consumer goods for people's food, clothing and other uses increased by 13.6 percent, 2.7 percent and 26 percent respectively. Supply of the 22 items of people's daily necessities was basically assured. Supply of vegetables was fairly abundant. Last year, among the urban population, each person consumed an average of 25 jin and 3 liang of pork, and this amount supplemented by the cooked food supplied by restuarants and the labor protection and the collectives increased the average meat consumption by each person to 42 jin. Sales of bicycles, sewing machines, TV sets and other high- and medium-grade goods have been greatly increased. In addition to the increase of a number of network outlets by state-run commerce, there has also been a huge increase in collective and individual commerce, and in food, service and repairs trades which helped

promote economic development and provided greater conveniences for people's daily life. In our efforts to strengthen the supply of the means of production, we have overfulfilled the plans for bringing in the 10 principal items of raw and semifinished materials and fuel and organized for large quantities of unplanned material resources to be brought in. Market prices were basically stable, and there were no increases in the prices of people's daily necessities, rents, and fees for the supply of water and electricity and for transportation. The products procured by the state at increased prices were sold without corresponding price increases through the method of subsidizing. Last year, the province spent nearly 1 billion in subsidizing the sales of grain, edible oil, eggs, meats and vegetables. The margin of increase in the general index of retail prices was smaller last year than the year before and also slightly smaller than the national average. For some time last winter, there were unauthorized price increases, or disguised price increases. The situation was improved after several large-scale price inspections in accordance with the State Council's "Notice Concerning Resolute Measures for Stabilizing Market Prices." There are now still certain elements of price instability, and the work of price control should be further tightened.

In procuring commodities for export in foreign trade, the province spent 2.78 billion yuan while the main ports spent $4.34 billion, being 19 percent and 20 percent above the planned figures and 5.3 percent and 9.2 percent more than the previous year respectively. The ratio of light and textile products for export was higher, and progress was made in processing imported materials, assembling imported parts, importing technology and key equipment, joint ventures and compensatory trade. More than 18,000 foreign tourists visited the province last year, and we received some 6.74 million yuan from this source.

5. We achieved a basic balance between revenues and expenditures. In various regions, departments, enterprises and public agencies, the masses were extensively mobilized in a campaign to increase production and revenues and to curtail expenditures. The annual revenues totaled 7,767,000,000 yuan last year, being 461 million yuan short of the requirement for the necessary tasks and 9.7 percent less than the previous year. There were many causes for this decrease of revenues, but the more important ones were the planned reduction in heavy industrial production and the increase in the procurement prices of agricultural products without corresponding increases in the retail prices, thus increasing the amount of financial subsidy. The collection of industrial and commercial taxes in the province last year was satisfactorily completed, and the revenues from this source exceeded the planned figures by 1.7 percent, a 3.5 percent increase over the previous year. The expenditures totaled 2,665,000,000 yuan, a reduction of 21.9 percent below the previous year, showing our ability to meet the demand for reduced expenditures. Support and aid from the State Council enabled us to achieve a basic balance between revenues and expenditures in local finance. Plans for bank credit and cash handling were all fulfilled through our efforts to develop the national economy.

6. We made new progress in scientific, tehcnological, cultural and educational untertakings. By implementing the policy of scientific and technological

development, we closely coordinated the work in science and technology with the development of the national economy. Through painstaking research and great efforts in tackling key problems, the broad masses of scientific and technical personnel won more than 1,400 scientific achievements, including more than 700 important ones. The high vacuum electronic beam welding technique as the result of research by the Shenyang Metal Research Institute affiliated with the Chinese Academy of Sciences; the catalyst for the control of space flying manufactured by the Dalian Chemical Physics Research Institute; the microcomputer jointly manufactured by the Liaoning University and the Fushun Aluminum Plant; the production of gypsum with the tail gas of sulfur dioxide by the Shenyang Smeltery; the air cooling separator manufactured by the Yingkou Municipal Ossification Institute; the method of metal plating (which is free from corrosion) discovered by the Xisi Electric-Chemical Metal-Plating Plant in Haicheng County; the fixed isomerase manufactured by the Shenyang Municipal Food Fermentation Institute; and the Liaoyou No 1 hybrid rice cultivated by the Rice Crop Research Institute of the Liaoning Academy of Agricultural Science and other units are all advanced standards in the country. More than 800 scientific achievements were popularized last year, thus giving a strong impetus to the development of agricultural production. The technique of covering cotton and peanut crops with plastic sheets, which has been popularized, has already yielded remarkable results. The restructuring of various systems of scientific and technological management has also made new progress, while academic exchange, publicity on the popularization of science and technological consultations have become increasingly active.

Education continued to develop in the process of readjustment. Enrollments for institutes of higher learning, workers' universities, TV universities, correspondence universities and night universities have increased. The structure of secondary education has undergone very significant changes, and the number of secondary vocational school students amounted to 41 percent of the total number of high and secondary school students. Industrial and agricultural education has also developed rapidly, and the number of workers and peasants receiving such education continued to increase. Compared with the previous year, investment in education was increased. We built or repaired some school dormitories and further improved the conditions of school mangagement. Through consolidation and training, the rank of teachers has been further strengthened, resulting in better teaching quality and ideological and political work. The atmosphere in schools and the procedures in teaching have further improved.

In the public health departments, the quality of medical service has been improved after the reorganization and consolidation of the medical structure. We actively launched campaigns to prevent endemic diseases and to protect the health of women and children in addition to the mass patriotic public health movement. Last year, the work of family planning was carefully attened to in various localities and many measures were adopted for this purpose. However, the natural population growth rate in the province was still more than 1 percent. This situation should deserve our urgent and serious attention.

In literature and art, we firmly adhered to the orientation of serving the people and socialism, and some good works and plays were created and staged. The movie "New Shore" and another 46 titles were rated as fine theatrical works of the province. We also won great achievements in sports. Last year, 8 athletes won championships in 18 events in an international contest and earned a high reputation for the motherland. The sports participants from the province also won 105 gold medals in various international and national tournaments. Furthermore, we won outstanding success in newspapers, publications, broadcasting and television shows.

7. People's livelihood was further improved. Along with the development of production, people's clothing, food, housing, travel and cultural life have all been improved in varying degrees. Apart from the disaster areas and some production teams laboring under hardship, the peasants in most of the areas in the province had increased income. According to an estimate, each rural commune member could have received an average of 126 yuan from the collective economy. With the addition of their income from household sideline occupations, the total average income could be as high as 241 yuan, an addition of 34 yuan or an increase of 16.4 percent over the previous year. A total of 600,000 unemployed people in the cities were given jobs, and the total wages of all workers and staff members in the province increased by 7.7 percent over the previous year. Revision of payscales for secondary and primary school teachers and for some medical and sports personnel began early last winter and is still being carried out. The new payscales will be retroactive from October of last year. Some 5.4 million square meters of floorspace have been completed in the cities and are now being used. More than 100,000 families have moved to their new homes. In the countryside, the commune members completed some 15 million square meters of floorspace. Savings deposits in the urban and rural areas throughout the province totaled 3.25 billion yuan, a 32.1 percent increase over the previous year. Rural savings deposits accounted for more than 988 million yuan in this amount. The governments at all levels in the disaster areas in western and southern Liaoning actively supported the people in these areas in developing production as a means of self-relief. Because of satisfactory arrangement made for their daily life, the victims of disasters are now striving to resume and develop production with ease of mind.

8. Both social morality and social order have shown improvement. Thanks to the intensification of ideological and political work, the in-depth education in upholding the four basic principles, the extensive campaigns in "five stresses and four points of beauty," in "learning from Lei Feng [7191 6912] and establishing a new work style" and in "warmly cherishing the motherland, socialism and the party" and other mass educational activities, a new change has taken place in people's spiritual outlook, and a large number of advanced people and exemplary deeds of hard working, selflessness, courage in defending justice and pleasure in helping others have emerged on various fronts. With the Chinese is women volleyball team as their paragon, the broad masses of people have pledged to make every contribution they could to the prosperity of the motherland in order to make China strong. The public security and judicial organs, working in close coordination with the relevant departments and relying on the help of the broad masses have further strengthened their comprehensive control over social order. In many localities,

active criminals who had seriously jeopardized social order were heavily and swiftly punished according to law. We launched extensive campaigns in publicizing the legal system, in educating the people about it, and in forbidding gambling and feudal supersition; and paid particular attention to the education, redemption and persuasion of misguided youths. Social order in both urban and rural areas has improved and people's feeling of security has been enhanced.

Our achievements and progress during the past year have proved that the line, principles and policies adopted since the 30 Plenary Session of the 11th Party Central Committee are entirely correct. Practice has also proved that as long as we closely rally around the party Central Committee, eliminate the influence of the "leftist" ideas, and firmly carry out the party's line, principles and policies, we can certainly triumph over all difficulties before us and win even greater victories for the causes of socialist construction. The victories won on various fronts in the province last year did not come the easy way; they were the result of hard struggles by people of various nationalities in the province who were united as one under the leadership of the party committees and people's governments at various levels. These victories were also inseparable from the strong support given by the PLA units stationed in Liaoning and the fraternal provinces and municipalities. In the past year, the PLA units stationed in our province won outstanding achievements in defending the four modernizations, supporting industrial and agricultural production, preserving social order, strengthening militia building, and supporting the government and cherishing the people. Particularly during the serious flood in southern Liaoning and Benxi, these PLA units immediately dispatched a large number of commanders and fighters to join in the struggle against the flood and in the rescue work, during which, many advanced collectives and individuals emerged. They also sent huge quantities of supplies in aid of the victims and made important contributions in helping these victims promote production as a means of self-relief and to rebuild their homes. On behalf of the provincial people's government, I wish to express our heartfelt thanks to the broad masses of commanders and fighters of the PLA units stationed in Liaoning! And our deep respect to the workers, peasants, intellectuals, cadres and patriotic personages who are struggling on the agricultural, industrial-communications, capital construction, finance and trade, scientific and technological, cultural and educational, public health, sports, public security, judicial, foreign affairs and other fronts!

Fellow Deputies:

Despite the great achievements won last year, there are still many defects and problems in our work. Because of the large-scale reduction of heavy industrial output last year and the poor economic results among many enterprises, our revenues were reduced and we were confronted with many difficulties. These problems could be attributed to such objective factors as reduced production according to state plans, the shortage of energy and fuel, and the increased prices of some raw and semifinished materials, as well as certain shortcomings in our work. The main cause is that in providing leadership, our provincial government did not have a comprehensive understanding of the policy of a further readjustment of our national economy. Our minds were not

sufficiently emancipated, and the steps we took were not bold enough. Consequently, in studying and handling the new conditions and new problems emerging in the course of readjustment, the action we took was not prompt and forceful enough. There were also laxity and flabbiness in certain quarters so that no timely and strong measures were taken in dealing with the state of lassitude among the leading bodies of some departments and enterprises, or with the illegal activities and unhealthy tendencies in the economic sphere. Our social morality and social order have not been fundamentally improved, and our work style still contains some elements of bureaucracy. We have not done enough of going deep among the basic level units and among realities to help these units solve their problems. In the government structure, there are still such problems overlapping and overstaffed administrations of low efficiency. All these problems should be thoroughly solved in our future work.

Tasks for 1982

In 1982, the people's governments at all levels and people of all nationalities in the province should continue the implementation of the "Resolution" of the 6th Plenary Session of the 11th Party Central Committee, and the spirit of Premier Zhao Ziyang's "Report on the Work of the Government" delivered at the 4th Session of the 5th National People's Congress, They should unswervingly carry out the 10 principles for economic construction, simultaneously attend to socialist material and socialist cultural developments, open up new prospects for our work in Liaoning, and strive for even greater progress in various fields of work.

I. Bring into play the strong points of heavy industry, vigorously develop agricultural and light industrial production and enable our province to make steady progress in the course of national economic readjustment.

The 10 principles for economic construction announced by Premier Zhao Ziyang in the "Report on the Work of the Government" before the 4th Session of the 5th National People's Congress embody the integration of Marxism-Leninism-Mao Zedong Thought with the new conditions and new practice in China's economic construction, and is a scientific summation of the experiences in economic work over the past 32 years since the founding of the People's Republic, and particularly during the past 3 years. They constitute the program of our economic work in our country for a long time to come. Implementation of these 10 principles of economic construction will completely free us from the shackles of the "leftist" ideology in economic work. It will also help us solve the core problem of improving economic results in economic work and embark on a new road which will lead to better economic results through a more practical speed of development, with more real benefits for the people. This will ensure the smooth progress of the national economic readjustment, and, on such a basis, accelerate the development of the national economy, so that we can strive for a period of economic rejuvenation within the last 10 years of the century.

The key to the implementation of the 10 principles for economic construction and to new prospects for our work lies in a correct understanding of the

conditions in the province, in fully mobilizing the strong points of heavy industry in Liaoning, in giving full play to the role of the existing enterprises, and in fully tapping the potential of agricultural economy in order to bring about coordinated developments in heavy industry, agriculture and light industry.

In the past 32 years since the founding of the People's Republic, our province has been gradually built into one of the important heavy industrial bases of the country under the leadership of the party Central Committee and the State Council. This strong heavy industrial base has become an outstanding superior feature of our province. In 1981, heavy industry accounted for 62.5 percent of the total industrial output value in the province; the taxes and handed-in profits from the heavy industry accounted for 75 percent of the total provincial revenues; and the personnel in the heavy industry account for 68.9 percent of the total industrial personnel in the province. The fixed assets of our heavy industry ranks first in the country, and its capacity in steel and iron smelting and crude oil processing accounts for about one-quarter of the national capacity. The question of heavy industrial development in Liaoning has not only a decisive effect on the rate of national economic development in our province, but also a bearing on the economic construction of the whole country. Therefore, we must pay great attention to heavy industry in the province. While bringing into play the strong points of heavy industry, we should also vigorously develop agriculture and light industry as the basic and important conditions for heavy industrial development.

In accordance with the spirit of Premier Zhao Ziyang's "Report on the Work of the Government" and based on the realities in the province, the main task of economic construction in our province during 1982 is to continue the comprehensive implementation of the policy of "readjustment, restructuring, reorganization and upgrading," and to make every possible effort to improve economic results in the spheres of production, construction and circulation. We should also strive to fulfill all the national economic plans, to maintain a steady rate of development, and to achieve a balance between receipts and expenditures in finance and credit and a basic stability of commodity prices in order to bring about more coordinated developments in economic construction, science and technology, culture and education, public health and other undertakings. For this year, the target of total industrial and agricultural output value in the province has been set at 53.2 billion yuan, a 3.4 percent increase over last year. This includes 6 billion yuan, a slight increase over last year, for agriculture and 47.2 billion yuan, a 3.5 percent increase last year, for industry. Our goal is to ensure a 3 percent increase, to strive for a 4 percent increase, and to hope for a 5 percent increase.

To accomplish these tasks, we must do the following items of work well:

1. Accelerate the all-round develompent of agriculture. Agriculture is the foundation of the national economy. In a province where heavy industry is predominant and with a large urban population, it is all the more necessary that agriculture be promoted. Historical experiences have proved that every year of good agricultural harvest has been a period of happy days for the

people. Recently the consecutive years of bumper harvest in the province have provided excellent conditions for the development of the entire national economy and the improvement of people's livelihood, much to the gratification of the urban and rural population. The broad masses of rural cadres and commune members should continue their efforts in actively combating all forms of natural disasters in order to win an all-round good harvest this year. In 1982, there should be in the province a 3 percent increase in the total output of grain and beans, and a 7 percent increase in income from economic diversification, compared with last year. The average income of each peasant from collective distribution is planned at 140 yuan, and the average individual income in one-third of the production teams should be as high as approximately 300 yuan.

To accomplish these agricultural production tasks, we should continue to rely on, first, correct policies and, second, science. We should continue to implement the various rural policies of the party, consolidate and perfect various forms of the system of responsibility for agricultural production, continually sum up the new experiences, and study the methods of handling the new conditions and new problems that may emerge in practice. We should ensure that the socialist collective road, the system of public ownership of the means of production--including land--and the system of responsibility for production under the agricultural collective economy will remain unchanged for a long time, and further arouse and keep up the enthusiasm of the broad masses of peasants in production. Agricultural production should still be mainly guided by the planned economy supplemented by the regulative role of the market. The production teams should plan their production in accordance with state plans, and must be sure to fulfill all the tasks of planting, breeding, unified procurement and quota procurement according to state plans.

For the all-round development of agriculture, we must open more avenues of production. Provided a steady increase in grain output is guaranteed, we should develop economic diversification. After several years' readjustment, the acreage for grain and cash crops is now generally rational, and there should be no further reduction in the acreage for grain in future. The development of cash crops will mainly depend on the increase in output per unit area and on the use of hilly areas, wasteland and the territorial waters. People in the suburb areas should plant vegetables in accordance with state plans, correctly handle the relationship between vegetable production and industrial sideline production, and uphold the principle of taking vegetables as the key link and supporting vegetable production with industrial sideline production. The present acreage for growing vegetables must not be reduced. The development of animal husbandry is an important aspect of agricultural development, and the development of livestock with pig raising as the central task, the raising of fowl, and the breeding of sea water and fresh water products should be encouraged in order to produce more meat, eggs, milk, fish and other nonstaple foods. We should continue to develop the production of commercial grain and edible oil; promote animal husbandry, forestry, the growing of fruits and the raising of silkworms; and set up bases for processing nonstaple foods and supplying light and textile industrial raw materials. We should also carefully manage the commune-run and production brigade-run enterprises, the state farms, and the agricultural-industrial-commercial integrated enterprises; carefully attend to the work

of agricultural mechanization, control and use the farm machinery to good advantage, develop the production of small farm machines and tools, actively expand the areas for sowing with machines and for intertilling, sum up and popularize the experiences of agricultural mechanization under the new conditions.

People throughout the province should be mobilized in tree-planting so as to implement conscientiously the "Decision Concerning the Afforestation Drive by the Whole People." This year, the province plans to afforest some 3 million mu with particular attention to the survival rate and their protection. We should be careful with the nurturing of saplings so that there will be enough of them to be supplied for the development of forestry. Efforts must be made to complete the task of planting the three shelter-forests in the north. Effective measures should be adopted for protecting our forestry resources, while indiscrimate felling must be strictly prohibited.

To strengthen the protection of water and soil, we must resolutely stop the reclamation of land on the mountain slopes and in the prairies, so that prairies can be built in a planned way. While effectively controlling and using the existing water conservation facilities, we should further increase the small farmland irrigation projects so as to continue the improvement of conditions for production. We have poor water resources in the province, and its scarcity is being keenly felt in people's daily life as well as in industrial and agricultural production. The rational use of water resources and their exploitation must be included in our meeting agenda. We must strongly encourage water conservation, pay attention to the protection of water resources, and guard against water pollution. We must strictly control capital construction and the use of land by the commune members for building houses, protect the vegetable fields in the suburbs, carefully cherish and rationally use every inch of land.

For the all-round development of agriculture, we must highly regard the study and popularization of agricultural science and technology. At present, the broad masses and peasants are very enthusiastic in learning about science and its application, and are making new demands on agricultural science and technology. We hope the agrotechnicians will work closely with the peasants in a common effort to popularize the fine strains, to improve the farming methods, to use barnyard manures and chemical fertilizers in a rational way, to popularize agricultural mechanization selectively, to strengthen education and training in agrotechnology and agricultural scientific knowledge, and in raising the technical level of agricultural production. In meteorology, the work of weather forecasting should be strengthened so as to increase its accuracy and to give full play to the role of meteorology.

The huge area in the western part of the province is favorable for the development of grain and cash crops as well as animal husbandry. However, the frequent spells of drought have brought serious difficulties in agricultural production. Therefore, we must rationally exploit and utilize the resources in the western region and set this region in good order for production as an important long-term task. We must conscientiously carry out the "Directive Concerning Strengthening Agricultural Facilities in the

Chaoyang Prefecture and Quickly Ending Its State of Poverty" issued by the provincial party committee and the provincial government. The broad masses of cadres and people must display their spirit of self-reliance and hard struggle in improving the facilities for production. The various departments under the provincial government must give every support and assistance in jointly surmounting the difficulties and in accelerating the development of the western region for production and construction.

At present, the countryside throughout the province should lose no time in attending to spring farming and production. Many regions, particularly the western region, are now experiencing long spells of drought, and the situation is serious. We must mobilize the broad masses of cadres and people to pool their resources with a united will, to display the spirit of triumphing over the natural forces, and to struggle with the spring drought and other natural disasters in order to win the battle of spring farming and production and to lay a good foundation for a bumper harvest this year.

2. Further promote the readjustment and production in heavy industry and actively develop light industry. Promoting the heavy industry and bringing its strong points into full play are necessary for opening up new prospects for the economic construction in the province and for maintaining a certain growth rate during the readjustment as well as for enabling Liaoning to make great contributions to the state. Therefore, we must make great efforts for the readjustment of heavy industry and for its production. We must further readjust its service orientation, change its product mix, control the production of goods already in excessive supply, increase the production of goods in short supply, and strive to raise their quality and increase their varieties. After due investigations and study last year, the province worked out separate plans for the readjustment of metallurgy and the coal, petrochemical and machinery industries. This year, we must energetically organize our forces to carry out these plans in order to achieve quick results.

In metallurgic industry, we must actively manufacture and produce new fine-quality steel materials, increase the output of urgently needed consumer goods--such as strip steel, steel plates, other steel materials which are in short supply--and nonferrous metals. In order to bring the strong points of heavy industry into play, we must make some new breakthrough in the machinery industry. This year, our machinery industry should take new steps in serving agriculture, light industry, the market, technical transformation and export. Attention should be paid to the technical transformation of machinery industry itself so as to accelerate the upgrading of its products and to increase their competitive power. We should continue to uphold the "10 buying and 10 sellings" principle, plan our production in accordance with the consumers' needs, strive to increase the export of products and thus revitalize our machinery industry. In the petro-chemical industry, we should strongly encourage the comprehensive utilization of petroleum resources and actively increase the production of chemical fertilizers, insecticides, plastic sheets and other raw materials needed for the support of agriculture and light industry. Since our crude oil processing has been lowered below last year's level, we must devote our efforts to its intensive and meticulous processing in order to produce more high-grade oil. In the building materials industry, we should increase the production of cement, plate class, toilet ceramics.

and so forth; manufacture and popularize new types of building materials, and produce more building materials urgently needed for building houses in the countryside. In communications and transportation, we must be sure that the transportation is planned, rational and balanced, and that the transfer of coal, petroleum and the other key materials are properly handled. We should promote the system of joint trnasportation and large-scale coorindated transportation, expand the scope of joint land and sea transport at Dalian harbor, and ensure the completion of all domestic and foreign trade transportation tasks. Posts and telecommunication facilities should be quickly improved so as to raise the efficiency of communications. In national defense industry, we must conscientiously implement the policy of combination of military and civilian needs or wartime and peacetime needs, with higher priority for military products, and using civilian production to support military production. We must ensure that the tasks for the production of military products and the related scientific research are completed and at the same time continue to expand its activities by increasing the production of civilian products.

Active development of consumer goods production is of great significance in meeting people's daily needs, bringing prosperity to the market, withdrawing currency from circulation, increasing revenues and creating job opportunities. Production of consumer goods was greatly increased in our province in the past 2 years. However, because of our huge urban population and the rapid increase of income for the rural commune members, the supply of consumer goods still cannot keep up with the increase of the social purchasing power. Therefore, we must continue to regard the increase of consumer goods production as an important matter, and, based on the special characteristics of Liaoning, use heavy industry to help light industry which in turn should prompt the development of heavy industry so that, under unified state planning, the development of consumer goods production can be further accelerated. We must continue to carry out the plans and measures adopted at the second provincial light industry conference, promote the production of small machines, metal wares and chemical industrial products for daily use, foodstuffs, textile, silk, and electronic products, toys and others totaling 60 items under 40 categories and belonging to 10 different trades. There should be fairly large increase in the production of goods now in short supply on the market, the important spare parts for key products and the coordinating parts required for arts and crafts. The quality of these products should show marked improvement, and efforts should be made to produce more easily marketable goods of fine quality and low prices, and with new designs and greater varieties. We should strive to raise some products to advanced domestic levels or above international levels. There should be also a big development in the food industry producing baby food, drinks, bean products, candies and pastry. The chemical industry producing daily necessities should make its comeback, and the resources of all trades and undertakings, with Shenyang, Dalian, Dandong and other large cities as their bases, should be mobilized to quickly promote the production of detergents, toothpaste, essence and spices, and toilet articles. To meet the requirements or urban and rural markets, we should produce more articles for children, and restore or develop the production of minor commodities.

We must vigorously develop collectively owned industry in the cities and towns as well as the communes and production brigades, since it is an important factor in the coordinated development of national economy in our province. We have good prospects and potential for the development of collective economy. We must make full use of all industrial waste, leftover bits and pieces, mineral resources and agricultural sideline products to set up various types of processing industry and particularly enterprises requiring high labor intensity and low energy consumption, but yielding quick results. In localities where conditions are favorable, the communes and production brigades should be organized to open small mines. In developing collectively owned industry in cities, towns, commune and production brigades, we must provide active guidance in order to prevent any rash action.

3. Strive to improve capital construction investment returns. This year the province invested 2.26 billion yuan in capital construction, including 1.30 billion yuan, an increase of 110 million yuan over last year directly arranged by the state. According to the state budget, the investment for localities under an overall arrangement totaled 150 million yuan, a reduction of 9 million yuan below last year. The target of self-raised funds in the localities was approximately 700 million yuan. The investment directly arranged by the state is mainly intended for developing energy and transportation facilities and for maintaining simple reproduction in metallurgy, chemical mines and so forth, while the investment arranged by the localities is mainly intended for agriculture, cultural and educational activities, public health work, housing--which is urgently needed in people's daily life--and urban construction besides strengthening the weak links in the sphere of circulation. This year, there are 38 large and medium-size projects in our province, mostly for strengthening the weak links in our national economy, such as coal, electricity, oil and transportation. Speedy completion of these projects is of great significance in accelerating the development of national economy in the province. Therefore, we must ensure their on-schedule completion.

We must firmly adhere to the capital construction procedures, and pay great attention to the advance work and feasibility study. Nobody can without authorization approve any capital construction project, and the starting of new projects must be strictly controlled.

The serious problems in our capital construction at present are the long construction period, the poor engineering quality, the high construction costs and the serious waste. Therefore, in planning, designing, construction, material supply and the control of funds, we must adopt effective measures to improve the investment returns by shortening the construction period, raising the engineering quality and lowering the construction costs.

4. Pay great attention to energy production and energy conservation and raise the utilization rate of energy. Energy shortage is the key problem in the national economic development in our province, and the solution of this problem has a close bearing on our ability to maintain a fairly high rate of growth for the national economy in the province and to make better use of our industrial bases in future. Therefore, we must make great efforts in energy production and conservation.

This year, the state has arranged for this province to produce 35.1 million tons of coal--30 million tons from state-controlled mines and 5.1 million tons from other mines. The broad masses of workers and staff members on the coal front must continue their efforts to fill the gap previously left in tunneling and stripping. While attending to readjustment in the coal mines, they should keep up their regular and safe operation and strive to increase the coal output so as to ensure the fulfillment of the state's production plans. We should highly regard and support the small local coal mines in an effort to overfulfill the production plan by a wider margin. We should also strive to fulfill the production plans for crude oil and natural gas. In the electric power industry, we should adopt effective measures to guard against serious accidents and to ensure safe generation and supply of electricity. Under normal conditions of operation, we should also strive to generate more electricity to meet the requirements of production and construction. In the eastern mountainous and rural areas where water power resources are available, we should set up small hydropower stations. In the countryside throughout the province, continued efforts should be made to produce marsh gas.

Fuel shortage is still serious this year, since the coal and fuel allocated by the state for this province are 2 million tons and 380,000 tons respectively short of our actual needs. We must exploit as well as conserve our energy resources, and give priority to conservation in the immediate future; and strive to increase production at high speed along with energy conservation. Scientific management of energy should be strengthened, and for this purpose, advanced average quotas should be worked out for coal, oil, electricity and water consumption. These materials should be supplied according to quotas, so that supplies within the quotas will be charged at the regular prices, and above quota supplies will be charged at prices 50 percent higher. We must pay special attention to the technical transformation of the old equipment and production technology which are backward and require high energy consumption, and actively popularize such measures as combining central heating with thermopower generation and the utilization of residual heat and poor-quality fuel. Industrial enterprises should universally adopt the method of water recycling. We should extensively and intensively mobilize the masses to economize the use of coal, electricity, oil, gas and water and try every possible way to lower energy consumption.

5. Carefully attend to the overall reorganization of enterprises. The reorganization of enterprises is an important measure for developing the resources of existing enterprises and improving their economic results. In accordance with the "Decision on the Overall Reorganization of State-run Industrial Enterprises" by the party Central Committee and the State Council, all regions and departments should in a planned and systematic way, reorganize the existing enterprises by separate groups and stages, taking into account the experiences gained in selected units and their popularization in other units, and centering around the reorganization of the leading bodies with the improvement of economic results as the central task. Vigorous reorganization of enterprises is required not only on the industrial, transportation and capital construction fronts, but also in all trades and undertakings including finance and trade in various aspects. This year, our main attention should be directed to the reorganization of the 94 backbone

enterprises in industry, transportation and capital construction in the province because of their close bearing on the overall national economy. The other enterprises should take the initiative of solving their own problems in the light of realities. The province, municipalities and prefectures should pick out some cadres to be organized into basic-level inspection groups. They should go to the key enterprises to assist in the reorganization, to sum up the experiences, and to direct the reorganization of other enterprises. One of the important aspects of the reorganization enterprises is to set up and perfect the system of economic responsibility. First, the responsibility of the enterprise to that state and the responsibility of workers to the enterprise must be clarified, with particular stress on the system of responsibility within the enterprises so that every person will be assigned to a post which carries some responsibility. Rational base figures should be worked out for the quota system and fair ratios should be set for the sharing of above-quota profits so as to ensure a greater share for the state. Individuals cannot expect to gain too much all at once. Practice has proved the correct orientation and good effects of the system of economic responsibility. If this system is properly carried out, the enterprise will gain new vitality in its operation. All enterprises should carefully note the experiences of setting up "five-good enterprises" and the Daqing-type enterprises, establish and strengthen the system under which the factory director assumes full responsibility under the leadership of the party committee and the system of congresses of workers and staff members. These enterprises should also intensify the ideological education and technical training for their workers and staff members. Through overall reorganization, there will gradually be formed a system of democratic and centralized leadership, a contingent of workers and staff members who are both Red and expert, and a scientific and civilized management. They will then be able to fulfill the state plans in an exemplary way and become "six-good" enterprises--namely, good at considering the interests of the "three parties" [the state, the enterprise, and the individual workers]; good-quality products; good economic results; good labor discipline; good at civilized production; and good in political work. We should pay great attention to the typical examples and sum up, exchange, and popularize the advanced experiences in reorganizing enterprises according to different trades. The enterprises should launch a "compare, learn, catch-up, help and overtake" socialist emulation with learning from the advanced as the main feature. We should combine the reorganization of enterprises with their readjustment and restructuring. Those enterprises whose products are excessive to the current demand and are of inferior quality; whose energy consumption is high; and who have long been operating at a loss, should be closed, suspended, merged or retooled according to the circumstances, so that the limited energy resources and raw and semifinished materials can be first used by others whose products are of fine quality and whose energy consumption is low. Those whose products have been already overstocked should be asked to restrict or to suspend their production. They must not one-sidedly strive for high output in the face of huge stockpiling. The phenomenon of "good news from industry, sad news from commerce, overstocking of goods and poor revenue" of the past must not be repeated.

We must continue to restructure the system of economic management in an active and steady way, further consolidate the gains from the expansion of decisionmaking power for enterprises, and develop various forms of economic integration in accordance with the needs of specialization and coordination and the requirements for production and by breaking through the barriers between different regions, different departments and different systems of ownership. By these means, we will be able to arouse enthusiasm in various quarters to stimulate production.

6. Attend to the technical transformation of existing enterprises in a planned and selective way. Expanded reproduction should be based on the technical transformation of existing enterprises. This is a strategic measure to raise the technical level of production, to promote the modernization of existing enterprises, to gradually shift the entire national economy on to a new technical foundation and to give full play to the role of the industrial base.

There are many old enterprises in our province using obsolete equipment and outdated technology. The task of their technical transformation is a heavy one. We must conscientiously implement the State Council's "Decision on the Technical Transformation of Existing Enterprises Selectively and Systematically," proceed from the realities in our province, conduct investigations and study, work out plans, and start out with a number of backbone enterprises in some large cities and then gradually spread out the technical transformation. The focus of our work in technical transformation at present is to conserve energy and raw and semifinished materials, to change the product mix, to improve the products' performance and quality, and to use our resources in a rational way. The Anshan Iron and Steel Company and the industrial enterprises in Shenyang Municipality have been listed as the state's key units for technical transformation, and plans should be formulated and carried out accordingly. The specific plans and goals for the province this year are as follows: (1) Using the production of the highly efficient mechanical and electrical equipment for energy conservation as a breakthrough, we should popularize the use of the 50 types of energy-saving equipment already successfully manufactured and at the same time manufacture another 60 new products for the same purpose. (2) We should actively adopt and popularize technology to upgrade 200 types of mechanical and electrical products, and develop another 100 types of mechanical and electrical products in order to raise the tehcnical level of our machinery equipment. (3) Carefully attend to the technical transformation and equipment renovation of some 100 key machinery enterprises so as to raise their level of machinery design and manufacturing techniques, and to increase the competitive power of their products. (4) We should boldly utilize foreign funds and raise domestic funds to import advanced technology and key equipment in order to carry out technical transformation among a number of small and medium-size enterprises. (5) We should continue to promote the production of some highly competitive products, brand-name products, and raw and semifinished materials in short supply among the light, textile and electronic industries, and help the oil refineries carry out projects of technical transformation in comprehensive utilization.

All enterprises should encourage the broad masses of workers and staff members to display the spirit of self-reliance, to conduct mass technical innovation and technical coordination, and to make rational suggestions. We should increase the sources of funds for technical transformation and strengthen the control and use of these funds. The funds earmarked for technical transformation must not be diverted to other uses. The general contract system to be practiced in technical transformation is an important measure for the enterprise to strengthen its technical transformation and to upgrade its equipment, and should be actively popularized in all regions and departments.

7. Increase revenues and curtail expenditures in order to maintain a financial balance. The target set by the state for the revenues of the province this year is 8.12 billion yuan, and the province has arranged for 7.8 billion yuan, a 0.4 percent over last year, to be used on the projects which must be accomplished. Therefore, we must make every effort to meet the state's planned target. The localities have planned to spend 2.34 billion yuan, a 4 percent increase over last year's actual expenditures, according to the comparable items. The task of financial revenues this year is going to be a heavy one, and we must be very conservative with our spending. We must make great efforts to promote production, to strengthen management, to tap potential and to improve economic results in order that our financial situation will turn out to be better than last year's.

To bring about a balance between revenues and expenditures, we must be careful with the acquisition, accumulation and use of funds. We should boldly mobilize the masses to increase production and to practice economy. Furthermore, we should adopt the system of all-round economic accounting, lower the production costs and raise the profit level. We must call on all industrial enterprises throughout the province to lower the production costs of comparable products by 1.5 percent below last year; and call on all commercial, supply and marketing and food enterprises to reduce their circulating expenses by 1-3 percent. All industrial enterprises which have been operating at a loss should reduce their losses by at least 50 percent this year. Financial supervision must be strengthened, and financial law must be strictly enforced against all forms of tax evasion. As instructed by the State Council, we should conduct effective large-scale financial inspections and improve the rules and regulations in order to bring about a remarkable improvement of the enterprises' economic results and to raise their economic and technical standards up to, or above their highest levels ever attained. We must step up our work in the collection and management of taxes and in supervision over profits so that all revenues due will be promptly collected and transferred to the treasury.

Control over various funds should be strengthened so that they can be used to better advantage. For the use of funds allocated for capital construction, tapping potential and carrying out technical innovation and transformation, supporting agriculture and administrative expenses as well as the circulating funds, the economic responsibility should be clearly specified. There should also be strict examinations to ensure their proper use so that these funds can produce better effects. We should also continue our strict control over institutional purchases.

This year, our province had to subscribe to treasury bonds totaling 235 million yuan, including 105 million yuan to be shared by various enterprises and public agencies and 130 million yuan to be shared by individuals. The broad masses of cadres, workers and staff members, and the commune members should be encouraged to subscribe to them in order that our task can be accomplished.

We should further restructure our financial system. The experiences of the system of "apportioning revenues and expenditures between the central and local authorities, while holding the latter responsible for their own profit and loss" should be carefully summed up. We should continue to adopt the system--under which the enterprise assumes responsibility for profits and losses--perfect the methods of profit retention, and further arouse the enthusiasm of the enterprises and their workers and staff members in increasing both production and revenues. Careful investigations and study should be conducted before the collection of new taxes, and experiments and preparatory work should be carefully carried out for the restructuring of the taxation system.

The control of bank credit should be strengthened and the bank's role in raising and using funds should be brought into play, so that they can offer better service and exercise more effective supervision in supporting production and construction. To raise more domestic funds, we should encourage savings deposits as a means of increasing the sources of funds and turning idle funds and consumption funds into construction funds. Strengthened control over credit will help to gradually change the phenomenon of possession of excessive circulating funds with slow turnover and serious waste. Insurance and trust business should be actively developed.

8. Strengthen our foreign affairs and actively develop our economic and trade activities with foreigners. We should actively establish friendly contacts with foreigners, promote economic, cultural, scientific and technological exchanges, and vigorously develop tourism. In dealing with foreigners, we must seriously carry out education in patriotism, internationalsim, foreign policy and foreign affairs discipline, and continue to strengthen the foreign affairs contingent.

This year, the province plans to procure commodities totaling 2.84 billion yuan, a 2.2 percent increase over last year, for export, and the main ports plant to export $4.41 billion dollars' worth of goods. We must strive to overfulfill these targets.

We must give full play to the strong points in our province by paying special attention to the export of metallurgic products, machinery, petro-chemical products, building materials and native, animal and acquatic products. We should also continue to bring into play the productive capacity of our arts and crafts, light and textile industries, and increase the export of arts and crafts, metal wares, chemical products for daily use, foodstuffs, textile products and garments. Business management of the export of commodities should be greatly improved and our production costs in foreign exchange must be reduced. To create the required conditions for expanding our exports, we

must set up special export plants and bases, and actively develop the production of highly competitive goods. Efforts must be made to absorb advanced foreign technology, to manufacture fairly competitive goods for export, to improve their quality and to increase their varieties so that they can be competitive in the international market.

Both industry and foreign trade departments should further implement the policy of "four integrations and two publicities" and jointly plan for production and for sales abroad. Every effort should be made for the success of the provincial export commodity discussion meeting to be held in Shenyang in March this year.

We should boldly develop such flexible trade activities as processing imported materials, assembling imported parts, processing according to supplied samples, compensatory trade and joint ventures. This year, the ratio of the export of finished products processed from imported materials had been increased by a wide margin. We should boldly utilize foreign funds, actively import advanced technology and equipment, and accelerate the technical transformation of small and medium-size enterprises. This year, we have planned to import 90 projects, and all regions and departments are urged to carry out these plans.

Governments at all levels should provide more active leadership over the work of economic and trade relations with foreign countries, and learn to utilize two different resources, to open two different markets and to master two different skills. The system of economic and trade contacts with foreign countries should be actively restructured so as to enliven our export trade. Transportation facilities at the ports should be improved through the combined efforts of the highway, harbor and foreign trade departments, and the role of the joint committee of Dalian port should be further developed.

9. Actively develop science and technology, culture and education, and public health work. To bring into play the strong points of heavy industry in our province and to ensure a certain rate of industrial and agricultural growth and better economic results, we must give full play to the role of science and technology. We must firmly adhere to the policy of closely combining science and technology with economic construction, proceed from the special characteristics of the national economy in our province, organize the scientific and technical forces in various quarters, and greatly strengthen their cooperation in jointly tackling the key problems--such as the problem of economic results--through comprehensive utilization in agriculture, heavy industry, energy resources, and light and textile industries as the principal means; and in improving environmental protection. The scientific and technological achievements already gained must be energetically popularized, and the popularization of the key items should be included in our plans. We must conduct active research in technical policies, more extensively develop our scientific popularization and technical consultation services, standardize measurements, and strengthen the work of earthquake forecasting and reporting so that science and technology can contribute to economic development and bring about better economic results.

Governments at all levels must attach great importance to education in order to train more people for the "two developments" Funds for education should be increased every year so that the progress of education can be maintained during the readjustment period. Plans for higher learning should be carefully worked out in the light of realities in Liaoning, and continued efforts should be made to reform the structure of secondary education. Seondary vocational education should be included in state plans so that vocational schools of various types in both urban and rural areas can be steadily developed. Vocational education should be provided in ordinary secondary schools. The popularization of primary education should be continued. Beginning at this coming autumn, there will be a gradual change to a 6-year system for primary education. Popular education is intended for all students, and the teaching quality has to be improved. The one-sided drive to get higher percentages of students into higher education must be guarded against. Schools of all types and at all levels must comprehensively implement the party's education policy so that there will be healthy moral, intellectual and physical developments among the students. Schools, families and the society should cooperate with one another in carrying out ideological and political work among the students, in strengthening their education in the "three loves [of the motherland, the collective and socialism]" and in developing civilized school activities. The teachers' rank must be further strengthened so as to raise the teaching standards. We should continue to run workers universities, broadcasting universities, TV universities, correspondence universities and night universities well and gradually set up a system of sparetime higher education for adults. To develop preschool education, we must make every effort to run nurseries and kindergartens well.

Culture and arts must be orientated to serving the people and socialism. We must implement comprehensively the various literary and art policies of the party, strengthen our literary and art contingent and enrich literary and artistic works. There should be a number of new literary and artistic works for the people to serve as their healthy spiritual nourishment. We should encourage mass cultural activities in the countryside, provide more cultural facilities at or below the county level, and further improve the conditions for rural cultural activities. We should also carefully run our newspapers, broadcasting, television, publications, movies, libraries, and museums, and protect our cultural relics.

Readjustment in the work of public health should be extensively carried out on the basis of experiments. The medical workers rank should be further strengthened, and the quality of medical treatment and service should be further improved. Various methods should be adopted to solve the problem of the shortage of hospital beds. We must actively launch a patriotic public health movement, strengthen the sanitary supervision and strive to improve the sanitary conditions of work, living and food, and to lower the rate of epidemics and occupational diseases. Prevention against endemic diseases should be stepped up. As for sports, we should pay attention to the discovery and training of talents during the fourth provincial sports meet and its preparatory stage and during our participation in the fifth national sports meet. We must cultivate and train our athletic talents and continue to raise the standard of the athletes. Mass sports should be encouraged and popularized in order to strengthen people's physical conditions.

10. Bring prosperity to the urban and rural markets and take good care of people's living conditions. This year, the social purchasing power in our province is estimated to be at 14.5 billion yuan, an increase of 1.34 billion yuan over last year, but agriculture and light industry can only increase the supply of commodities for the market up to the value of 900 million yuan. Thus there is still a wide gap between the increase in purchasing power and the increase in the supply of consumer goods. Therefore, the task of arranging supplies for the market to meet people's needs, withdrawing currency from circulation and stabilizing commodity prices is still a heavy one. We must step up our work in procuring and marketing agricultural sideline products, and all departments should cooperate with one another in improving the methods of procurement and in strengthening our procurement forces at the first line of action in order to facilitate delivery by the peasants. We should also improve our work in procuring industrial products. In handling the unified and the planned procurement of industrial products, the commercial departments should on their own initiative coordinate production with marketing and strictly follow state plans. They must pay particular attention to arranging for increased production and the supply of goods in short supply. They should also arrange for industrial products to be brought to the countryside and supply more commodities which are in great demand but short supply. The contract system should be actively promoted and the "contract laws" should be followed. Commercial advertisment should be used to promote business.

The supply of meat, vegetables and nonstaple foods to the cities and industrial and mining areas should be carefully attended to. This is an important means to stabilize the market and to take care of people's livelihood. We should carefully adjust the plans for the unified procurement and quota procurement of agricultural sideline products.

The channels of circulation should be further cleared. We must support a commodity circulation system having many economic sectors, many channels and many forms, but leave intermediate links, develop the leading role of state-run commerce and the supply and marketing cooperatives and continue to expand collective commerce and service trade besides suitably developing individual commerce and service trade. Particular attention should be paid to the development of commerce and service trade in the newly established housing areas in the cities, the countryside and the small towns. While bringing vitality to the agricultural and foreign trade markets, we should further strengthen market control, combat speculation and profiteering and protect legitimate trade.

We must implement conscientiously the State Council's "Notice Concerning Resolute Measures to Stabilize Market Prices" and the various stipulations. People's governments at all levels should provide more active leadership over price control, conduct large-scale checks on prices periodically, exercise strict price control, and further encourage the masses to exercise their supervision in order to ensure a basic price stability.

In accordance with the decision of the party Central Committee and the State Council concerning the employment problem, we should carry out comprehensively

the policy of a combination of recommendation by the labor department, voluntary organization for work, and looking for work individually. We should continue to use the methods of overall planning, combination of resources from both the central and the local governments, cooperation from various quarters and the sharing of a common responsibility in order vigorously to develop production and to provide more schooling facilities and job opportunities for the people seeking jobs in the cities. This year, the province plans to accommodate 400,000-500,000 job-seeking people. Since the state-run enterprises are already fully staffed, the main way to create job opportunities is by developing collective and individual economy. At the same time, we should mobilize forces in various quarters to provide preemployment training.

Housing construction in our province has been greatly developed during the economic readjustment. In the past 3 years, an annual average of 4.97 million square meters of floorspace was completed. This has been no easy task. This year, we should continue our efforts in raising housing funds, installing auxiliary equipment, improving the quality of construction, requisitioning materials in order to build as many houses as possible to be occupied as soon as possible. We should also carefully attend to housing plans for the countryside, provide technical guidance and supply the required building materials.

We should strengthen the planning and control of cities and firmly adhere to the policy of combination of state, collective and mass efforts in order to improve the urban public utilities, to further solve the problems of water and gas supply and transportation, and to improve the cities' appearance.

We should strengthen our work in environmental protection and popularize the experiences of the Anshan Iron and Steel Company in the comprehensive utilization of energy and other resources along with technical transformation, all beginning with the treatment of the "three wastes." We should continue to pay great attention to large polluted areas, the sources of pollution and the disposal of polluted materials. We must strictly guard against any new source of pollution so that the problem of environmental pollution can be gradually solved. Labor protection and safety in production should also deserve great attention so that the workers' good health and regular production can be assured.

On the basis of developing production, we should gradually improve the people's material and cultural lives. Since the production level in our country is very low and the state has difficulties, the people's standard of living cannot be raised too quickly. We must, however, first feed the people and then attend to construction. We have to rely on people's own efforts in carrying out welfare measures, and encourage the masses to raise their own funds, to pool their resources and to run various welfare projects well.

To ensure a gradual improvement of people's living conditions, we must persistently control our population growth. The practice of family planning is consistent with the basic interests of all people throughout the country.

This is going to be a peak year for births in our population, since the huge number of people born in the late 1950's have now reached the age of marriage and childbearing. Last year, 720,000 couples, doubling the number of previous years, were married in the province, and we are threatened with an upswing in the rate of natural population growth. This should be a matter of serious concern. Governments at all levels must strengthen their leadership in family planning and continue to encourage marriage and childbearing at an older age, fewer births, and eugenics. They should pay particular attention to family planning in the countryside and satisfactorily solve the new problems cropping up after the adoption of the system of responsibility for production. Vigorous propaganda and education and intensive and meticulous ideological work should be carried out and forceful measures should be adopted in meeting the demand of "only one child for every couple" so that the rate of later marriages will be raised to above 70 percent, the rate of family planning and one birth only raised to above 80 percent, and the rate of natural population growth controlled below 1.5 percent.

We must pay great attention to the census as planned by the State Council. This will be the occasion for a large-scale social survey which will provide data for the formulation of various policies and plans. Since the task is heavy and the schedule is tight, governments at all levels must provide active leadership for it to be accomplished.

We should also formulate our plans carefully for the Sixth 5-Year Plan in accordance with the State Council's plans.

In carrying out all these economic tasks, we must first of all stress better economic results. In his "Report on the Work of the Government" before the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang pointed out: "The crux of the problem is to do all we can to get better economic results in areas of production, construction and circulation." Poor economic results are a salient feature in our province's economic construction. Some main economic indices have not yet reached the highest level previously attained, and compared with some advanced regions, we are lagging far behind. Waste is quite serious in many enterprises and public agencies, and much can be done in improving our economic results. All economic departments and enterprises must fully recognize the importance of and the urgent need to improve economic results, mobilize all trades and undertakings, adopt effective measures, and make great efforts to improve economic results. The finance, banking, commodity price and statistics departments must play their supervisory role. Only through the improvement of economic results can we bring about a basic improvement in our financial and economic conditions, and increase our funds for construction. Only the improvement of economic results can enable our economic construction to embark on a new road of development at a steady rate with better economic gains and more real benefits for the people.

II. Promote socialist cultural development, raise the people's socialist and communist ideology, consciousness and morality.

While engaging in socialist modernization, we must strive for a high level of both material and cultural development. The two are inseparable. Only by

doing so can we ensure the sustained growth of the national economy and the socialist orientation of material development. Since the 3d Plenary Session of the 11th Party Central Committee, we have done a great deal of work in this direction, and our party style, social order and social morality have gradually improved. However, because of the long disruption by Lin Biao and the "gang of four," the corrosive effects of bourgeois ideas from abroad, the infiltration of foreign antagonistic forces, and certain defects in our work, the party style, social order and social morality have not been basically improved. Therefore, a high level of socialist cultural development is of great practical significance as well as far-reaching historical significance. Basically, it is the hallmark distinguishing our socialist society from the capitalist society and any exploiting society in the past. It is also a social political and ideological condition to safeguard our socialist economy and the future development of socialism as well as the common aspiration and ardent desire of the broad masses of politically conscious and upright citizens.

Cultural development covers a wide area, but it must have as its main content the following two aspects: one is the scope and level of development of education, science, culture, art, public health and physical culture; and the other is the orientation and level of the political, ideological and moral development of society. Now let me stress the latter aspect of the problem of cultural development.

Based on the plans of the Party Central Committee and the State Council, we must, under the leadership of the provincial party committee, strive for cultural development and bring about a marked improvement in social morality and social order this year.

1. Firmly grasp ideological education as the central link. We must lead and teach the broad masses of cadres and people to cherish the socialist and communist ideology, morality and attitude toward labor, to cultivate noble thoughts and feelings, a fine lifestyle and aesthetic standard, a conscious law-abiding spirit and a high sense of organization and discipline. They must consciously uphold the four basic principles, develop patriotism, have the national confidence to make China strong, and warmly cherish socialism. Since the state has certain difficulties in both financial and material resources during the national economic readjustment, our cadres and people should be concerned with the overall situation, persist in the principle of subordinating personal and partial interests to those of the whole and subordinating immediate to long-term interests, correctly handle the relationships between livelihood and production, between consumption and accumulation and between ideals and realities, display the spirit of hard struggle, and dedicate their wisdom and strength to the realization of their noble aspiration for the four modernizations.

2. Launch a more extensive and intensive mass "five stresses and four points of beauty" campaign. Such a campaign is now an important part of cultural development. This year, we must pay special attention to these three matters: First, we must improve environmental sanitation to get rid of the "filth." Publicity, supervision and control should be stepped up, and the law of

sanitation should be strictly enforced. The systems of clean up weekends for government offices and clean-up days for all the people should be maintained, and such activities as inspections, evaluations and emulations in sanitation should be widely promoted. The work of propaganda, education and control should be combined with the necessary punitive measures for an in-depth development of the patriotic public health movement. Particular attention should be paid to the santiation of public places where human activities are concentrated in an effort to create a clean, neat and pleasing environment. The forestry departments should carry out the plans of tree-planting in the cities, and all government offices, army units, schools, factories, and neighborhoods should use their leisure to plant trees, flowers and grasses so as to purify the atmosphere and beautify the environment by covering it with a green mantle. Second, we must set up a good public order so as to eliminate "confusion." While continuing to streamline production order and work order, we should also stress good public order. We must further strengthen propaganda and education in socialist democracy and the legal system in order to strengthen the legal concept and the sense of discipline, to cultivate the virtue of being law-abiding, and to form the good habit of consciously upholding and preserving public order. At the railway stations, wharves, movie theaters, stores and other public places, every citizen should have civilized and good manners, give precedence to others out of courtesy, assist old people and children, and unite to help one another. They should have the courage to criticize and educate those who indulge in anarchism and ultraindividualism, disregard law and discipline, and jeopardize production order, work order and public order; and severely deal with those who violate the law. Third, we must improve the quality of service to eliminate poor service. The broad masses of store clerks, service personnel, bus conductors and drivers, medical workers and nurses, and policemen should play an exemplary role in forming civilized behavior and good manners. They should talk politely, be respectful to others, make things convenient for the masses, and offer good services. At the same time, all sections of the society should respect their labor and support their work.

In unfolding the "five stresses and four points of beauty" activities, governments at all levels should rely on the trade unions, the Communist Youth League, the Women's Federation, and other mass organizations and give full play to their roles. Different departments should set different goals consistent with the characteristics of their own work, conscientiously popularize the effective experiences, and adopt practical measures in different forms, which may appeal to popular taste, to turn the "five stresses and four points of beauty" campaign into a regular, institutionalized and mass activity. The "have three loves, behave like masters, win new merits and create a new workstyle" and "civilized enterprise" activities should be unfolded on the industrial-communications and capital construction fronts, while civilized business operation characterized by the "five-good enterprises," "six-good workers" and "civilized stores" activites should be promoted on the finance and trade front. Schools should promote the "learn from Lei Feng, create the three good's and set up new workstyle" and "civilized school" activities; town neighborhoods and the rural communes and production brigades should launch the "five-good families," "five-good

commune members," "civilized villages," "civilized neighborhoods" and similar campaigns; women should try to become "March 8 Red banner winners" and "good mothers"; and young people should emulate "new Long March pacesetters." Vocational ethics should be taught to the workers and staff members. In commerce, service trade, public agencies, and public health departments which are highly socialized and have extensive contacts with the broad masses, the workers and staff members should be encouraged to compile codes of behavior for their own trade and own units, and these codes should be gradually popularized after experiments. The countryside and the neighborhoods should work out "village regulations and people's pledges." All these are good forms of self-education for the masses, and we should give full play to their role in changing the old habit and customs and in creating a new atmosphere.

3. Strengthen social security and further stabilize social order. While looking at the signs of improvement in social security in the province last year, we must also fully recognize the arduous task of striving for a fundamental improvement and cannot afford to take this task lightly. This year, we must strive for a reduction of various types of criminal cases and a marked reduction of exceptionally serious cases. The percentage of reformed juvenile delinquents must be raised and the number of crimes should be drastically reduced, along with the reduction of cases of disturbances of peace or serious accidents. We must make great efforts to bring about a striking improvement in social security in the province.

The leadership at various levels should personally attend to the organization of forces in various departments and various quarters, and adopt different forms to popularize the system of responsibility for the preservation of peace. There should be a combination of resources from both the central and the local governments with separate responsibility for each party in order to carry out "comprehensive control" effectively. On the basis of investigations and study, all regions and departments should classify the state of security in their affiliated units under different categories. They should commend the goods ones and promptly popularize their experiences. The poor ones should be reorganized by groups at different periods and a time limit should be set for them to show their improvement.

Intensive education for the young people is the central link of success for the "comprehensive control." We must show great concern for the healthy growth of young people, pay close attention to their state of mind, provide active guidance and education according to their personal characteristics, and take preventive measures against crime. All government offices, schools, factories, mines, enterprises, and all organizations exercising political power at the basic levels should consider the education of young people as their own unshirkable responsibility, cooperate with one another in their work, and conscientiously carry out the measures of assistance and education particularly for the misguided youths. Secondary and high schools should include education in the legal system in their curricula and give lessons on law. Proceeding from realities and in accordance with the students' characteristics, primary schools should also teach about personal virtue, social ethics and common knowledge of law so that the students can form the habit of being law-abiding at an early age.

It is the duty of the public security and the judicial organs to preserve social peace and to create a good working environment and a good social order for the socialist modernization drive. In consolidating social peace, the public security and judicial departments should consistently carry out the policy of attacking the minority and winning over, dividing and reforming the majority; and the basic policy of combining punishment with leniency, and leniency to those who confess their crimes and severity to those who refuse to do so. The active counterrevolutionaries must be promptly punished according to law. The active criminals in cases of homicide, robbery, rape, and criminally caused explosion and arson which seriously disrupt social order should be heavily and swiftly punished according to law. The places for reform and education through labor are the schools for reforming and educating criminals. We should further improve their functions for the purpose of reform and redemption and endeavor to make them more effective.

Forceful measures should be adopted to proscribe and crack down on gambling and feudal superstition. Lavish spending on weddings is now common in the cities and even more so in the countryside. We must strengthen education and encourage new styles of wedding. We must conscientiously carry out the provincial party committee's instructions and plans for checking these unhealthy tendencies in the countryside. We must carry out both symptomatic and radical treatments in order to produce remarkable results.

4. Adopt forceful measures to crack down resolutely on crimes in the economic sphere. At present, smuggling, buying smuggled goods, graft and bribery, speculation and profiteering, misappropriation of state property and various forms of economic crimes are prevalent in some localities and departments. In certain places, there are even instances of open plunder of state-owned goods and materials and appropriation of other state property. What is particularly serious is that some economic units and some government functionaries connive, shield or even directly particpate in these activities, thus gravely corrupting our state organs and cadre ranks. In severely dealing with serious economic crimes, we should first investigate and deal with those serious cases in which certain responsible cadres are involved. This is one of the most important matters which we should view seriously this year. This struggle will have a close bearing on the future of our party. We must consider our crack down on the criminal activities in the economic sphere as a politically and economically severe battle between capitalist corruption and socialist anticorruption which must be viewed on the plane of defending the socialist system. We must win this battle. The state functionaries participating in these criminal activities must be severely punished without exception. Criminality must not be tolerated. While learning the use of other methods, the responsible persons of all state organs and economic organizations should also use the necessary legal methods to protect the economic order. In addition to the economic departments, the public security and judicial organs, the industrial and commercial administrations, customs and taxation departments should cooperate with the procuratorate and the courts of justice according to state laws and regulations, in dealing timely and effective blows against all economic crimes. While dealing with these cases, we should at the same time carry out education with full publicity, streamline the organizations, perfect the systems, and close the loopholes in order to prevent the recurrence of economic crimes.

5. Provide more active leadership in a strong bid to sway public opinion. Leading cadres at all levels should more correctly understand and handle the relationship between material and cultural developments and regard a high level of socialist cultural development as an important matter of strategic significance. The "socialist ehtics and courtesy month" is now in progress. We must warmly respond to the call of the party Central Committee and the State Council with a gigantic mobilization so that people of all ages in every household will be aware of it. We must be sure that this campaign will proceed in full vigor and continue to gather momentum and produce the desired effect. Persistent efforts should also be made to continue the "five stresses and four points of beauty" activities in a planned, purposeful, and organized way and measures should be taken to regularize and instituionalize them. Various mass media in different forms should be adopted in an extensive and intensive effort to sway public opinion. Newspapers, periodicals, broadcasting, television, movies, theatrical works, music and folk songs should all be utilized to strengthen our propaganda and education so as to create a strong atmosphere in which everyone will highly regard sanitation, good order and good manners. This will further strengthen the confidence of the broad masses of cadres and people in cultural development and intensify their eagerness in keeping it up as a long-lasting good habit and custom. Government personnel at various levels, particularly the leading cadres, must play the leading and exemplary roles in striving for cultural development by setting personal examples for the broad masses.

Strengthen Government Work, Improve Its Work Style

In the past year, the people's governments at all levels and their affiliated departments achieved preliminary success in improving their work style, raising their work efficiency and maintaining close contacts with the masses. Many local governments have done many good deeds to solve the problems in people's daily lives and have won praises from the broad masses. However, our work is still unsatisfactory. Premier Zhao Ziyang pointed out in his "Report on the Work of the Government" delivered at the Fourth Session of the Fifth National People's Congress: "The existing bureaucratic tendencies in our political life and economic administration are an important obstacle to our new approach to economic development and the realization of our modernization program." This analysis correctly reflects the realities in our province. Overstaffed administrations with their multitiered departments and low efficiency are now quite common among our governments and economic administrative departments at all levels, while bureaucracy, laxity and indifference to work also exist in varying degrees among some cadres. A small number of them have unhealthy tendencies or even violate the law. We must take resolute measures to change this intolerable situation. In leading the people of various nationalities in the province in economic construction and cultural development, we must continue to pay great attention to the self-improvement of the people's governments at all levels in order further to improve government work under the leadership of the party committees at all levels.

Simplifying the administration, overcoming bureaucracy and raising work efficiency are a strategic policy decision to advance the revolutionary cause

and the four modernizations, and an important task for the self-improvement of governments, as well as an urgent demand from the broad masses of cadres and people. We must accomplish this major task in accordance with the State Council's program of action. We must strengthen the leading bodies in the governments at all levels, staff them with good and capable people, and make an effort systematically to promote to leading posts at different levels outstanding young and middle-aged cadres with practical experience and a talent for leadership who are qualified ideologically, politically and professionally so that the ranks of our cadres will become revolutionized, better educated, professionally more competent and younger. At the same time, suitable arrangements should be made for the retiring old cadres politically and economically. On the basis of a simplification of administration, we should clearly define the responsibilities and the limits on the powers of the governments and departments at all levels and the various administrations and also the powers and duties devolving on them and their functionaries. A system of job responsibility should be set up along with strict rules for assessing, rewarding and penalizing functionaries. The habit of shirking responsibility and taking a dilatory and irresponsible attitude toward work must be resolutely rectified, and so must the bureaucratic style of work which piles up red tape without solving actual problems.

It is an important duty for governments at all levels to strengthen their investigations, study, inspections and supervisions. Leading cadres at all levels should devote even more time to investigations and study at the basic levels and personally collect first-hand data. They should be able to think and make decisions independently, overcome subjectivism and guard against one-sidedness. These are the most basic conditions for good work performance for any level and any department, as well as our basic work method. We must simplify our meetings and documents and keep up the effective methods of performing our duties at the basic levels and on the spot, and working together with other units, so that our work will be orientated to the basic levels, to production and to the masses. We must also try to solve as many problems as possible at the basic levels. We cannot rely only on routine programs of action by issuing general calls. More active inspection, supervision and specific guidance must be provided.

The people's governments at all levels must report their work to the Standing Committees of the People's Congress at the same levels and accept their supervision. They must maintain close contact with the masses, attentively listen to their voice, pay great attention to the proposals of the deputies of the People's Congress and the letters and visits of the masses, accept the supervision, criticism and suggestions of these deputies and the broad masses, and thus perform their government duties more effectively.

We should continue to emancipate our minds and pluck up our revolutionary courage. Plucking up our revolutionary courage should be interpreted correctly. Instead of making bombastic but empty statements, it means emancipating the mind, studying the new situation, solving new problems, discovering new methods and opening up new prospects. We oppose any disregard for objective conditions and the insistence on doing what cannot possibly be done despite all our efforts. However, we must display a keen

sense of political responsibility and a heavy responsibility to the people for our work, be concerned with the overall situation, be brave in shouldering heavy burdens, combine revolutionary enthusiasm with a scientific approach, go all out to defy difficulties, and accomplish all the tasks which can be accomplished through our efforts in order to maintain a certain rate of development during the national economic readjustment and to perform our duties better. Cadres at all levels, particularly the leading cadres must revive and continue to develop the same effots, enthusiasm and do-or-die spirit displayed during the revolutionary war period, serve as the vanguard in the socialist modernization drive and win new merits.

Strengthening the state power organs at the basic levels is a long-term basic measure. One of the main causes of the present poor social order and social morality in certain urban and rural areas is the imperfection of basic-level state power organs which are sometimes even in a paralyzed or semiparalyzed state and whose basic work is very weak. Therefore, we must positively strengthen these basic-level state power organs in the urban and rural areas. In the countryside where the system of responsibility for production in various forms, particularly fixing production quotas for households and holding households responsible for farm work (formerly undertaken by production teams), have been adopted, the functions of communes and production brigades as basic-level state power organs, far from being weakened, should be further strengthened. The urban residents committee, the peace-preservation commitee and the people's mediation committee should be extensively reactivated and perfected, while the security organs of government offices, schools, factories, mines, enterprises, railways, aviation and transportation and other basic-level units should be strengthened in order to give full play to their roles in strengthening the legal system and settling disputes among the people.

The personnel of government departments at all levels. particularly the leading cadres, must firmly uphold the principle of democratic centralism, bear in mind the overall situation, conscientiously implement the party and state principles and policies, be politically at one with the party Central Committee, and strive to complete all the tasks assigned by the higher authorities. Everyone should study hard and make great efforts to study Marxism-Leninism-Mao Zedong Thought, study the party and state principles and policies and learn to apply the Marxist stand, viewpoint and methods in studying and solving new problems. We should study modern science and technology and modern economic management according to the actual demands of our work and increase our skill in cultural development. We must further strengthen the concept of serving the people wholeheartedly and set personal examples in observing the law, serving the public honestly and in keeping up hard struggle and plain living. We must also be courageous in criticism and self-criticism, in consciously resisting the "sugar-coated bullets" of the bourgeoisie, and in resolutely overcoming and combating various unhealthy tendencies. The people's government at all levels must carry forward the party's fine traditions, bring about close relationships between the government and the people and between the cadres and the broad masses, be concerned with people's clothing, food, housing, and travel, keep themselves constantly informed of the conditions of the people, and, proceeding from realities,

strive to do several good deeds for the local people every year in order that the people's government will become the organizer and leader of the masses as well as the people's bosom friends representing their interests.

Fellow Deputies:

In the new historical period, the united front, with its strong vitality, is still a "magic weapon" in building a strong socialist country. Governments at all levels must resolutely implement the policy of "long-term coexistence and mutual supervision" between the party and other democratic parties and groups, respect their political freedom within the framework of rights and duties given them by the Constitution, the independence of their organizations, and the equality before the law in order to give full play to their initiative and creativity in the four modernizations. We must implement conscientiously the various policies concerning the united front including the policy on democratic parties and groups, the nationality policy, the religion policy, the policy on intellectuals, the policy on former businessmen and industrialists, the policy on those who have come over to us out of a sense of justice, the policy on the dependents of those who are in Taiwan, the policy on our Taiwan compatriots, and so forth. The fine tradition of democratic discussion should be revived and developed, and efforts should be made to improve our cooperation with nonparty members. In conscientiously implementing the party's policy on intellectuals, we should improve their conditions of work and living in order to give full play to their role in the four modernizations. Reeducation in the nationality policy should be continued. We should conscientiously carry out the party's nationality policy, develop the economy and culture of all nationalities and further strengthen the national unity. Holding high the banner of patriotism, we should protect legitimate religious activities and unite with the religious personages and those with religious faith. We should also conscientiously implement the overseas affairs policy, and strive to do our work of uniting with the overseas Chinese, the returned Chinese, and the dependents of overseas Chinese. Chairman Ye Jianying's important speech delivered on the eve of our national day last year further expounded our principles and policies on the return of Taiwan to the motherland and to realize peaceful unification, which are entirely consistent with the desire and fundamental interests of people of all nationalities throughout the country, and are warmly supported and positively responded to by people of all nationalities including the Taiwan compatriots, the Hong Kong and Macao compatriots and the overseas Chinese compatriots. We must conscientiously implement these principles and policies, further expand the patriotic united front and contribute to the great cause of the realization of the four modernizations and the unification of the motherland.

We should develop the glorious tradition of supporting the army and giving preferential treatment to army dependents in order to strengthen army-government and army-people unity. Governments at all levels should be concerned with army building, do the regular work of supporting the army and giving preferential treatment to army dependents well, and take good care in relocating the demobilized or retired armymen, so as to give full play to

their leading role in the four modernizations. We should also strengthen militia work in order that it will be more suitable for the new situation of economic development.

Fellow Deputies:

Two months have already passed in 1982. During this period, this province had a good start in all types of work. This is the year for us to heighten our morale, to work hard, to make positive progress and to achieve even greater success. Our province is occupying an important place in national defense in defending our socialist motherland and serving as an important base for building a strong socialist country. We are shouldering a glorious and yet arduous task. We must be aware of the excellent situation and yet take a sober view of the difficulties confronting us by anticipating the possible problems. People of all nationalities in the province must resolutely respond to the call of the party Central Committee, hold high the banner of Marxism-Leninism-Mao Zedong Thought, unite as one, rally our energy and spirit to make our country propserous, and struggle hard to accomplish all the tasks set for 1982. For the great cause of building a modern, highly democratic and highly civilized strong socialist country, let us take new steps and make new contributions in response to the ardent expectations of the party Central Committee and people of all nationalities throughout the country from Liaoning.

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ECONOMIC PLANNING

DETAILS OF YUNNAN'S 1982 BUDGET REPORTED

Kunming YUNNAN RIBAO in Chinese 14 Mar 82 p 2

[Report by Zhao Hua [6392 5478], Chief, Public Finance Division, Yunnan Province: "Report on the State of 1982 Local Budgetary Arrangement for Revenues and Expenditures in Public Finance--Presented at the 12th Meeting of the Standing Committee of the Fifth Provincial People's Congress, held on 1 March 1982"]

[Text] Committee members:

The overall 1982 budgetary targets for revenues and expenditures in our local public finance were submitted to the Fourth Session of the Fifth Provincial People's Congress for examination and passage. Now we have, on the basis of the resolution of the congress, compiled concrete items of revenues and expenditures in our budget, and we hereby submit them to the Standing Committee for examination and approval.

I

At the Fourth Session of the Fifth Provincial People's Congress, we made a preliminary analysis and report as to the state of the implementation of our 1981 budget. Viewed on the basis of figures provided in our yearend bulletin, the situation turned out to be better than originally calculated. Let me give a brief report now, as follows:

In 1981, our province conscientiously implemented the central authorities' principles concerning further readjustment of our economy and further realization of stability in our politics, and achieved conspicuous results in our economic work. According to the statistics in our bulletin, our budgeted local revenues were 1,219,000,000 yuan, the highest level in history thus created in our province. Judging from comparable specifications, this meant additional revenues of 206 million yuan above those of last year, an increase of 20.5 percent; the surplus collection also amounted to 250 million yuan beyond the budgeted figure, a surplus collection rate of 25.8 percent. All 17 prefectures, municipalities, and administrative offices in our province overfulfilled their tasks in collecting the budgeted revenues. This was a result of earnest struggle by the people of all nationalities on all fronts in our province.

In this 1981 overfulfillment of our budget local revenues, increases were scored mainly by several products with a high rate of taxation. Industrial and commercial tax revenues for the year were 1,133,000,000 yuan including a surplus collection of 238 million yuan; of this figure, surplus revenues from the six products of tobacco, cigars, liquor, sugar, tea, and textiles accounted to 233 million yuan, making up 93.8 percent of the total. As for revenues from the enterprises, because of the increase of various financial subsidies, price-differential subsidies and losses in such cases as foodgrains, oil, cotton, coal, pork, pigskins, chemical fertilizer, and farm machinery amounted to 384 million yuan, equivalent of one-third to the province's 1981 budgeted revenues. Of these, subsidies for the urban people's livelihood (foodgrains, oil, meat, vegetables, coal, wadding, and students' exercise books) amounted to 267 million yuan; subsidies for agricultural production (diesel oil for agricultural use, farm machinery, phosphate fertilizer, carbon-ammonia, insecticides, agricultural fiber, etc.) amounted to 80 million yuan; subsidies for industrial production (carbon-ammonia, pigskinning, soap, textiles, etc.) amounted to 37 million yuan, excluding expenditures allocated as subsidies to auxiliary foodstuffs for staff and workers. With additional problems such as raw material price adjustment and management, some enterprises suffered a decrease in their profits and an increase in their losses; as a result, their negative figures amounted to 10.7 million yuan, exceeding the negative figure of 4.2 million yuan originally budgeted by 1.5-fold.

Our budgeted local expenditures in the amount of 1.58 billion yuan were basically consistent with the budget figure passed by the Fourth Session of the Fifth Provincial People's Congress; if we add the amount of 23 million yuan in expenditures by certain units reclassified as part of the central administrative system, total expenditures amounted to 1,612,000,000 yuan. With revenues and expenditures thus offsetting each other, the yearend surplus collection, closing balance, and amount brought forward totaled 548 million yuan, of which the surplus collection portion included 212 million yuan in local receipts, 270 million yuan in forwarded funds, and 660 million yuan as the closing balance. These results of the implementation of the budget illustrate that we have adhered to the requirement put forward by the central authorities, the provincial party committee, and provincial government that we should realize the "two-leveling and one-stabilizing" policy in order to increase revenues and compress and control expenditures on the one hand and, on the other hand, we have supported and promoted the realization of plans for developing our national economy and society. As a result of the implementation of a financial budget, we come up with a definite amount of closing balance and forwarded funds each year; this is a normal situation. But from the situation of the past few years in our province, we can see that our closing balance and forwarded funds have weighed heavier on the surplus side. For instance, in 1979 we had a surplus collection of 390 million yuan, forwarded funds of 346 million yuan, and a closing balance of 157 million yuan. A number of different reasons have contributed to such a situation, to wit: Subjectively, we have failed to keep the arrangement and distribution of expenditures under sufficiently tight control; this was a defect in our work. Objectively, in the first place certain planned expenditures were arranged, but in the course of implementation they were not carried out

because of various factors, such as the late arrival of ordered equipment, the delay in scheduled construction projects, and change of plans, etc. In the second place, certain expenditures must have their continuity, such as those for scientific research; certain special project investments and expenditure, must be dovetailed from fiscal year to fiscal year and used beyond any given year. Third, public finance at each and every level must have a part of reserve funds, such as preparatory expenditures, which are used mainly for the solving of problems that unexpectedly appear in the course of the implementation of the plans; under normal conditions, they should not be exhausted within the year. Fourth, after the practice of fixed quota of administrative funds is put into effect, departments at the various levels all endeavored to practice economy and careful calculation in the implementing of their plans, and hence should most likely have some funds saved up to use the following year. Fifth, some specially allocated funds can be forwarded as a closing balance only if they cannot be spent within the given year and are not allowed to be used for the purpose of making up deficiencies elsewhere.

In the implementation of our 1981 local financial budget, there also exist certain problems, of which two are especially salient:

(1) Economic results are not very high. In 1981, the output value of industrial enterprises in the province's budget rose by 8.1 percent, whereas their real profits decreased by 4.7 percent and the profits they submitted to the state treasury were reduced by 11.3 percent. There are subjective and objective reasons why the economic results of these enterprises were so low: objectively, the reason had to do mainly with the influence of certain policy readjustment factors, such as the rise in prices in the case of certain raw materials, the reduction in prices in the case of certain products, the withholding of educational funds for staff and workers, the implementation of a new practice of granting holidays to staff and workers for the purpose of visiting their relatives, etc.; subjectively, the reason mainly had to do with bad management, high expenses, low quality, multiple incidents, imperfect economic accounting, considerable waste, etc.

(2) No small number of loopholes still exist in our financial management. In the course of examining the evasion, omission and owing of taxes in 1981, it was discovered that this practice of evading, omitting and owing taxes had been extended to as many as 67 percent of all the enterprises and just a portion of the evaded, omitted, and pending taxes already discovered amounted to 280 million yuan. Since the launching at the end of last year of a general inspection of the financial affairs of enterprises, it has been discovered that not a few enterprises had rather confused financial practices and lax financial and economic discipline; conduct in violation of financial and economic discipline had by no means been rare; and revenues lost in this regard amounted to a far higher figure than that of taxes evaded, omitted and owed. Up to the middle of February 1982, according to incomplete statistics, 54 million yuan had already been discovered: of that amount, more than 9 million yuan had already been turned over to the state treasury. With respect to expenditures, there also exist similar problems. This reflects how low the level of financial management of our financial departments and our

entrepreneurial units and public agencies has been, and how short of strict control and close handling they have fallen.

Generally speaking, the state of implementation of our local financial budget in 1981 illustrates that the principle of the central authorities regarding a further readjusting of our national economy is entirely correct, and the series of concrete policies adopted by the provincial party committee and the provincial people's government for implementing this principle are also all effective and entirely necessary.

II

In 1982, we continue to involve ourselves closely in the implementation of this readjustment in our national economy, the stabilization of our economic results, and, on the basis of an energetic improvement of our economic results, the achievement of a higher rate of development. Basing ourselves on the various targets arranged by the plans for developing our national economy and society in 1982, and having considered the principle of imparting a definite enthusiasm in the departments at various levels, with the consent of the Fourth Session of the Fifth Provincial People's Congress after its examination, we have set our 1982 local budgeted financial revenues at 1.05 billion yuan (not including revenues from depreciation submitted to the central treasury, same below)--an increase of 8.1 percent over the 1981 budgeted figure but a decrease of 13.9 percent from the true figure in the 1981 bulletin. Our local budgeted financial expenditures have been set at 1,414,000,000 yuan--an increase of 14.2 percent over the budget figure for this same category at the beginning of 1981. In the course of implementing this budget, the central authorities are scheduled to add certain special allocations retroactively, such as those in support of the development funds of underdeveloped areas, funds for enterprises to use to tap resources, renovate and transform themselves, etc. And there are still the surplus collection, funds forwarded, and closing balance of last year. Hence, there will be a large increase in the 1982 yearend budgeted expenditures of our province compared to 1981.

The state of the arrangement of our concrete 1982 local budgeted financial revenues and expenditures is as follows:

1. Revenues:

Of the 1.05 billion yuan of our local budgeted financial revenues, enterprise revenues make up minus 30 million yuan, a decrease of 26 million yuan from the 1981 budgeted revenues; industrial and commercial tax revenues make up 1 billion yuan, an increase of 105 million yuan over the 1981 budgeted figure, or 11.7 percent; salt tax makes up 12 million yuan; agricultural tax makes up 64 million yuan; other revenues make up 4 million yuan, and all of these remain at the same level as in the 1981 budget. Compared to last year's bulletin, there is a decrease of various degrees for every item of revenue. Now I shall report the several problems pertaining to our revenues, as follows:

(1) Calculated according to the various targets of our national economic plan, our 1982 local financial revenues may reach more than 1.3 billion yuan, an increase of more than 6 percent over the figure in the 1981 bulletin. But when our budget was fixed, they became somewhat lower than those of last year, and the main reasons are:

a. Our province is a poor province, its economic foundation is rather weak, and the financial resources of various regions and counties are limited. Viewed from our current financial system, the amount of our local mobile financial resources is closely related to the size of budgeted revenues and tasks. Therefore, the various regions and various departments have asked that some room be left for them in the budgetary arrangements, and that they be given a definite promise as to surplus collection so that they can have a greater share in the surplus revenues and will be able to solve flexibly, according to local conditions, the problems the local regions must solve and problems the province's uniform plans temporarily cannot solve, so as to benefit the demonstration of local initiative even more as well as to accelerate the four administrations. In addition, the margin of increase in the 1981 budgeted local revenues was unusual. Therefore, in the budgetary arrangements for 1982, we have taken into consideration these peculiar situations and adopted the principle of effecting some increase over last year's budget figure, but a lower amount than last year's actual amount of revenues in making these arrangements. This is relatively pertinent and represents initiative on our part.

b. As for our capital construction investment with respect to light industrial, textile, and other projects for the tapping, renovation, and transformation of resources in recent years, the allocation of funds has been changed to loans, and the new increases in taxes and profits had to be used to pay back such loans. These loans have continued to increase in the past few years, and the amount of funds to repay them has likewise increased correspondingly. For instance, in the case of industrial enterprises that repay their loans out of realized profits, the amount in 1980 reached more than 18 million yuan; in 1981 it increased to more than 21 million yuan (not even including the amount of taxes reduced and exempted for repaying such loans); and in 1982 it will increase even more. Viewed from the individual projects, for instance, sugar projects--the sugar mills newly built or renovated these past few years--have mostly been solved by loans; hence the taxes and profits from the newly increased sugar production still require loans. Consequently, viewed from the 1982 national economic plan, sugar production will increase by more than 20,000 tons, but viewed from budgeted financial revenues there will basically be no increase.

c. We have considered the effect that some policy readjustments have had on our budgeted revenues. We are right now in the process of our national economic readjustment; in order to adapt to the requirements of this readjustment, certain changes in our reconomic policies and measures can hardly be avoided, and these changes are bound to exert some influence on the implementation of our financial budget. For instance, the central-level financial administration has decided from 1982 on to have part of the increase in our cigar taxes over the 1981 amount submitted to the state treasury and part

of it left to local authorities. Since cigar taxes in our province constitute a weighty category, we cannot but consider the factors in this regard when we compile our budgetary revenues.

On the basis of the above situation, we are of the opinion that, while our 1982 budgeted local financial revenues are less than last year's actual revenues, ultimate actual collections for the whole year are bound to yield a definite increase over those of last year. In order both to look after the possibility that all regions are going to reap some benefits from the assignment of their tasks and to bring about a definite margin of increase in the state's budgeted financial revenues, the provincial party committee and provincial people's government have recently decided to assign a figure for the production increase and the practice of economy by various regions and various departments, and to require various regions to have an increase of 12 million yuan in their 1982 local budgeted revenues on the basis of their 1981 actual collections and the 1982 planned figures of the various departments at the provincial level; that is, their actual collections must amount to 1.34 billion yuan--an increase of 10 percent or so over those of last year. This way, the budgeted figure of 1.05 billion yuan originally studied and decided on by the Provincial People's Congress would be made the basis for calculating the various regions' surplus collections and percentage of their share, whereas the assigned figure for their production increase and their practice of economy would be made the norm for evaluating whether a given region or department has accomplished its task. Thus we can better solve the contradiction between plans and arrangements and actual work and tasks, and make it possible for the province's budgeted financial revenues to score a definite margin of increase while at the same time leaving definite mobile financial resources to the various regions and various departments so that they can solve certain problems that urgently need solving.

(2) An increase in our 1982 local budgeted financial revenues depends mainly on industrial and commercial taxes. Taxes such as those from baked tobacco, cigars, sugar, liquor, tea, textile printing and dyeing, and commercial retailing make up a considerable proportion of our province's overall financial revenues. On the basis of our current policy of energetically developing diversification and building up consumer goods industries, these items will continue to score considerable increases, and hence our tax revenues therefrom will also increase steadily. But in the case of enterprise revenues, because our rectification of enterprises is just getting started, there has to be a due process; the results in this regard still cannot be seen for the time being. In addition, the various subsidies and losses may still continue to increase along with our production increase. Hence, the negative figure of our enterprise revenues in our budgetary arrangements is still likely to continue to increase somewhat.

(3) Appropriate room has been left in the arrangement of our 1982 local budgeted financial revenues. The main consideration in this regard was that in the process of implementation of our budget, there may still be certain measures that tend to reduce our revenues and increase our expenditures along with the progress in our readjustment work, such as price readjustments,

institutional changes, etc. It is therefore necessary to leave some pertinent room.

2. Expenditures

Our local budgeted expenditures are fixed at 1,414,000,000 yuan, an increase of 14.2 percent over those of corresponding specifications at the beginning of last year. Of these, expenditures in support of the various agricultural projects make up 198 million yuan, an increase of 4.7 percent over the budgeted figure of last year; funds for cultural, educational, public health, and scientific undertakings make up 426 million yuan, an increase of 7.6 percent over last year's budgeted figure; funds for administrative management make up 198 million yuan, an increase of 17.9 percent over last year's budgeted figure; and expenditures for wages set aside for readjustment make up 50 million yuan, an increase of 67 percent over last year's budget. Other expenditures also include increases of various degrees.

In the arrangement of our 1982 budgetary expenditures, mainly considered are the following points:

(1) In order to continue to develop our province's cultural, educational, public health, and scientific undertakings, expenditures therefore continue to increase considerably. Over the years, our province's cultural, educational, public health, and scientific undertakings have achieved some definite development; for instance, the figure of our 1981 expenditures was 428 million yuan, an increase of 89.4 percent over the 226 million yuan of 1977, and far exceeding the 21-percent rate of increase in the province's total expenditures. Of this amount, educational expenditures for 1981 made up 261 million yuan, an increase of almost 100 percent over the 133 million yuan of 1977, still not including expenditures for schools run by the enterprises themselves, expenditures from the development funds in support of the developing areas, or expenditures in education allocated from work-and-study revenues. Our 1982 budget for educational expenditures again allocates an increase of 17 million yuan over the budget at the beginning of 1981. Recently, the provincial party committee and provincial people's government also decided on a further increase of 12 million yuan from the mobile financial resources at the provincial level (of which 2 million yuan are for capital construction), to be used to repair dangerous school buildings and supplement classroom desks and chairs, books, etc. In their respective process of implementation, the various regions will hereafter increase expenditures in this regard still further, in line with their own financial resources situation. Given the condition that definite difficulties still exist in our provincial finances this year, such an increase in educational funds fully illustrates the attention and support that the party and the state extend to our educational undertakings. As long as we earnestly handle these funds well, many problems can indeed be solved. Funds for public health undertakings have also accommodated definite increases in recent years; apart from the 6 million yuan already increased when the budget for this year was set, another increase of 7 million yuan has been obtained from financial resources at the provincial level, to be used to add medical equipment to certain key hospitals so as to improve the medical conditions there.

(2) In order to promote agricultural development, a corresponding increase in various funds in support of agriculture has also been made. The 1981 expenditure figure of 246 million yuan represented an increase of 61 percent over the 159 million yuan of 1977. The figure fixed by the 1982 budget again represents an increase of 9 million yuan over the budget figure at the beginning of 1981; recently, still another increase of 6 million yuan has been made from mobile financial resources at the provincial level. In the implementation process, with the addition of funds forwarded from the higher level and the figure arranged from the mobile financial resources of the various regions, the actual figure implemented will represent a continued increase over the 1981 expenditure figure.

(3) We have adequately increased our expenditures for wage adjustments for part of the staff and workers. In 1981, the State Council decided to raise the wages of middle school and elementary school teachers and part of the medical personnel and physical education workers and trainers as of October. This raise was limited to one quarter, last year, but now it is extended to the whole year this year. This project alone has increased our expenditures by more than 20 million yuan.

(4) We have guaranteed the increase in expenditures necessitated by the increase in personnel in the administrative agencies within the limits of the state plans. In order to revive and reinforce the development of the public security, procuratorate, and court departments and the various public agencies, as well as the assignment of university, middle school, and special college graduates and veterans for transfer to civilian work in the past few years, our budgeted expenditures have likewise increased proportionately.

(5) According to the concrete situation of the increase in the sources of funds for this year's budgeted expenditures over those of 1981, and on the basis of our having compressed our 1981 expenditures, we have now made increases to different degrees in our budget according to actual feasibilities with regard to certain expenditures which must be increased, such as floating capital, people's defense funds, militia enterprise expenses, etc.

(6) Certain budgetary items which are calculated and arranged according to their proportions in individual project expenditures, such as preparatory expenses, nationality mobile funds, etc., have increased correspondingly along with the increase in our total budgeted expenditures.

(7) Viewed against the arrangement of our 1982 budgeted expenditures, some projects, such as investment in capital construction, have not yet been increased at the beginning of the year. But because surplus collections in the various regions were rather considerable in 1981, a due portion of them were used for capital construction; in addition, there also are funds raised by the various departments and enterprises themselves. Therefore, in the process of implementation, funds to be used in capital construction will still show a definite increase over 1981.

3. Our local arrangement of budgetary revenues and expenditures for 1982 is safe and reliable, and it also leaves sufficient room for adjustment. There are numerous conditions for us to fulfill our 1982 budget for financial revenues and expenditures. First of all, following the line, principles, and

policies of the Third Plenary Session of the 11th Party Central Committee in these past few years, the provincial party committee and the provincial people's government have, in conjunction with the actual situation in our province, adopted a series of concrete policies and measures which have already played, and are still playing, a great role. Secondly, the potential of our province is quite great; we are just beginning to give scope to many of our strongpoints. Thirdly, our enterprises must undergo an overall rectification; through financial inspection, our economic results are bound to show a conspicuous increase. Fourthly, as the party and government at various levels proceed to further strengthen their leadership over economic financial work, financial management will continue to be strengthened. All of these conditions are extremely beneficial. As long as we fully apply these beneficial conditions, in a situation in which there are no major natural calamities or measures for reduced collection, it is entirely possible to fulfill our financial tasks this year and guarantee the full realization of this year's budgeted revenues and expenditures.

III

A fundamental approach to realizing our 1982 budgeted local financial revenues and expenditures is to follow the principle of relying primarily on our planned economy and secondarily on market adjustment and, under the guidance of the state plans, to promote the expansion of our production and circulation, to foster and open up financial sources, and energetically to improve our economic results.

In the first place, the various levels, departments, and enterprise units must all stress ways to produce wealth and to foster and open up financial sources according to the party's principles and policies in order to increase income.

Of our province's budgeted financial revenues, 80 percent comes from industry; but among the industries, raw materials for light industry in turn come mainly from agriculture, and of our overall budgeted revenues, those from agriculture directly or indirectly make up more than 70 percent. Therefore, a study of the ways to produce wealth in our province requires us to make efforts in agriculture. According to our province's natural conditions and strongpoints, baked tobacco, cigar, sugar, and tea all have a great future for development. They may enable us to greatly increase our financial revenues, and the peasants, too, may become well-to-do speedily on their account. This is a bright road for enriching the people and strengthening the country. Elsewhere, forest products, husbandry products, the silkworm industry, Chinese medicine, and rubber, in addition to nonferrous metals, all have superior conditions for development, and we can certainly accomplish a great deal with them.

Expansion of commodity circulation and increases in sales are also important financial sources for our province, and we must actively grasp them well.

Energetically improving our economic results and fully tapping the resources of our enterprises are another important aspect of our emphasis on ways to

produce wealth. The potential resources of our province, whether in industrial enterprises, commercial enterprises, communication enterprises, or other enterprises, are very great. Earnestly practicing economy, accelerating capital circulation, reducing costs and expenses: these are the core of our efforts to improve our economic results. Once we conscientiously achieve all of these, we should be able to create far more social wealth and accumulate far more for the state. The accumulation rate of the existing enterprises in our province has been generally low and capital circulation slow. Take industrial enterprises which are included in our budget as an example: the profit rate per 100 yuan of output value in 1981 was only 10.22 yuan, a decrease of 1.24 yuan from that of 1980; if the profit rate is restored to the 1980 level, we will have an increase in revenue of more than 50 million yuan; and if it is restored to a better historical level, our revenue will increase 200 million yuan. Again, take floating capital; in 1981 the appropriation per 100 yuan of output value was 32.8 yuan; if a 2-percent economy is achieved, we will be able to save nearly 30 million yuan; if restored to a better historical level, we will be able to save about 500 million yuan. In the latter case, the savings in interest payments alone would amount to more than 30 million yuan. In 1982, we are requiring industrial and communication enterprises to reduce the costs of their comparable products by 1 to 3 percent, and commercial enterprises to reduce their expenses by 2.5 percent. In turn, we are requiring industrial and communication enterprises to accelerate the circulation of their floating capital by 10 percent and commercial enterprises to accelerate the circulation of their floating capital by 5 percent. We likewise are requiring industrial and communication enterprises to compress the public expenses in their management expenses by 15 percent and those enterprises that suffered losses to reverse their losses by 25 percent. If all these requirements are met, we may be able to increase our revenues by about 110 million yuan; even if only 70 or 80 percent is realized, we can still increase our revenues by 80 or 90 million yuan. In addition, readjustment will be made with respect to a part of the insufficiently rational subsidies in order to further stem the "escapes, substitutions, dripping, and leading" in our taxation system; this will enable us to increase our revenues by several tens of millions of yuan.

In our attempt to stress ways to produce wealth, we must handle closely the two aspects of fostering and opening up financial sources and improving our economic results. If we work along both lines, we are bound to reap results. Once these two aspects are well handled, our tasks of increasing production and practicing economy with respect to our budgeted financial revenues this year are bound to be triumphantly realized.

Second, we must stress ways to concentrate our wealth by following our party and state policies and concentrating all funds that should be concentrated in order to use them for production, construction, and social development undertakings. This requires us to bring into full play the role of this instrument of financial management and, through the strengthening of our financial management and the utilization of the leverage of taxation in our economic readjustment, to concentrate in a planned way all funds that should be concentrated. With respect to strategic financial sources, we must energetically grasp them, and even with respect to nonstrategic financial sources

we still need to grasp closely. As we "embrace all watermelons as well as pick up all sesame seeds," we are bound to reap a huge accumulation through minor gatherings. In the meantime, we must rectify all situation of dispersing, interceding, squeezing in on, diverting, or delaying payment of our financial revenues. At present, the amount of extrabudgetary revenues is becoming more and more considerable; careful management of this source of funds will play a great role in accelerating our various construction undertakings. We must strengthen our guidance over such extrabudgetary collections, so that all funds within and beyond our budget can be rationally arranged in a planned way and can play their full role.

Third, we must stress ways to use our wealth relevantly by placing our funds where they are needed most, so that we can spend less while taking care of more things with high efficiency. When our money is used relevantly, it exerts its effect in time and promotes the development of our enterprises of production and construction; then, even expenditures can be turned into revenues. If our money is not applied at the right time or properly, we delay the progress of our construction enterprises: that actually is the greatest waste. Using our money well, macrocosmically, means promoting the development of our national economy in a proportionate and coordinated manner and turning our national economy into the course of a wholesome circle; microcosmically, means achieving less investment, more production, and high economic results. In order to use our funds properly, we must bring into full play the enthusiasm of various levels and various departments, strive together, and really seek to make rational arrangements, appropriate distribution, and combine the consideration of money and of given operations, thereby bring about salient results. Naturally, in making such arrangements we must also leave room for adjustments and never use up all we have. We must sustain ourselves on the one hand and engage in construction on the other. This is the experience that Comrade Chen Yun has succinctly summed up from the whole country for many years; we should understand it well and implement it conscientiously. In a word, revenues must be collected according to established policy, expenditures must be appropriated according to an established budget, and money must be spent with emphasis on achieving results.

Fourth, we must make our financial and economic discipline strict and strengthen financial supervision. This is one means of guaranteeing our macroeconomic interests. Viewed from the general inspection of enterprise financing launched last year, a good many problems really do exist. According to incomplete statistics, there have been over 20 cases involving violation of our financial practice and discipline alone, with more than 50 million yuan of funds in question. Problems reflected in financial and economic discipline are in reality also problems of our party workstyle. The Central Committee has decided to link the strengthening of our discipline and the rectification of unhealthy practices within the party in its handling of the problems; this really catches the crucial point. We must treat the tightening of our financial and economic discipline and the strengthening of our financial supervision as an important part of our efforts to rectify our party workstyle and earnestly strive to grasp it closely, grasp it well, grasp it through to the end, and grasp it with eventual results.

Members of the committee: The political and economic situation in our province has been improving year after year, and our financial situation, too, has been improving year after year. As we continue under the guidance of the provincial party committee and provincial people's government to implement the series of principles and policies that the Party Central Committee and the State Council have formulated since the Third Plenary Session of the 11th Party Central Committee, as we earnestly stress ways to produce, concentrate, and use our wealth, as we make our financial and economic discipline strict, and as we unite, assert our spirit, seek truth from facts, and exert ourselves in our work, our 1982 budgeted local financial revenues and expenditures are bound to be realized satisfactorily, and our tasks of increasing production and practicing economy in our budgeted financial revenues and expenditures are bound to be accomplished triumphantly.

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ECONOMIC PLANNING

'LIAONING RIBAO' CARRIES 1981 PROVINCIAL STATISTICS

HK290716 Shenyang LIAONING RIBAO in Chinese 16 May 82 p 2

[Report of Liaoning Provincial Statistics Bureau on Execution of 1981 National Economic Plan]

[Text] Under the leadership of the Liaoning provincial CCP Committee and the people's government, the people of the province have seriously implemented the CCP Central Committee's policies on further readjusting the national economy in 1981. Through arduous work, we have completed the national plan satisfactorily. Agriculture, light industry and heavy industry have been developing harmoniously. The total output value of the five material production departments: industry, agriculture, construction, transport and commerce was 62.67 billion yuan, an increase of 1.9 percent over 1980. Of this, the total output value of industry and agriculture, calculated according to the fixed price of 1980 was 53.67 billion yuan, an increase of 0.6 percent over 1980. The national income was 24.57 billion yuan, a drop of 1.6 percent compared to 1980. Calculated according to the fixed price of 1980, it has dropped by 3.6 percent over 1980. Amid economic readjustment, the people's material and cultural life has been improving and all undertakings have developed in varying degrees.

The following are the results of the implementation of the national economic plan by various departments.

Industry

In 1981, the province further readjusted the internal industrial structure and actively promoted the production of consumer goods for daily use. Light industry has developed considerably and heavy industry has changed its orientation of service. The annual total industrial output value, calculated according to the fixed price of 1980, was 45.14 billion yuan, overfulfilling the quota by 3.6 percent and was basically equal to the record of 1980. Of this, the output value of light industry was 16.27 billion yuan, overfulfilling the quota by 7.1 percent, an increase of 16.5 percent over 1980. The output value of heavy industry was 28.87 billion yuan, overfulfilling the quota by 1.6 percent, a drop of 7.4 percent compared to 1980. Of the total industrial output value, the proportion of light industry has risen to 36.0 percent from 1980's 30.9 percent and the proportion of heavy industry has dropped from 1980's 69.1 percent to 64.0 percent. Since the output of light industry has increased by a large margin for 3 consecutive years, the output value of the province's light industry has risen from the sixth to the fourth place in the whole country.

According to the statistics for the output of 80 major industrial products, 62 types have fulfilled or overfulfilled the quota, accounting for 78 percent; and 39 types have increased their output over 1980, accounting for 48.8 percent. Of the 35 major light and textile industrial products and the electronics industry products for civil use, 27 have overfulfilled the quota and 28 have increased compared to 1980.

Although the output of some heavy industry products, such as the metallurgical industry, the machine-building industry and the chemical industry, has dropped compared to 1980, we have scored gratifying results in agriculture, light industry and export services. The metallurgical industry has recently manufactured a new lot of steel products which are in short supply and some new varieties of steel such as strip steel, sheet metal and rolled sheet. The chemical industry has manufactured more than 200 kinds of materials for light industry and consumer goods for daily use, which was more than 40 percent of the total chemical industrial output. The machine-building industry has manufactured some equipment and installations for special purposes and some equipment to save energy in order to promote the technological renovation of light industry and the old enterprises. While fulfilling the quota of military products, the defense industry production units enthusiastically promoted the production of goods for civil use. The coal industry has repaid some debts for tunnelling and extraction. The production conditions of mines have improved.

The output of the major industrial products is as follows:

	1981	Percentage of Fulfillment of Quota	Percentage Compared to 1980
Steel	8.729 million tons	101.9	96.5
Pig Iron	9.31 million tons	98.9	89.5
Finished Steel Products	5.624 million tons	95.9	99.9
Machine-made Coke	6.615 million tons	96.0	92.6
Generated Energy	28 billion watts	93.3	93.6
Raw Coal	33.707 million tons	104.7	90.3
Crude Oil	5.251 million tons	100.8	98.5
Natural Gas	1.53 billion cubic meters	102.0	85.6
Cement	7.29 million tons	112.2	100.3
Plate Glass	6.059 million standard boxes	121.2	112.0
Sulphuric Acid	740,000 tons	106.0	89.9
Sodium Carbonate	696,000 tons	102.1	97.0
Caustic Soda	226,000 tons	98.3	99.1
Agricultural Chemical Fertilizer	692,000 tons	112.5	95.5

Agricultural Chemicals	60,000 tons	122.7	102.0
Synthetic Rubber	6,339 tons	105.7	99.9
Plastics	81,000 tons	91.0	113.3
Machines Tools	15,000	109.5	86.2
Walking Tractors	9,200	70.8	93.3
Motor Vehicles	4,438	277.4	45.8
Chemical Fiber	84,000 tons	116.7	141.3
Yarn	163,000 tons	107.9	111.8
Cloth	630 million meters	105.6	104.6
Wool Fabric	7.65 million meters	106.3	108.1
Machine-made Paper and Cardboard	496,000 tons	115.3	103.4
Sewing Machines	783,000	95.5	123.3
Bicycles	1.466 million	104.7	142.0
Wristwatches	2.805 million	130.5	147.0
Washing Machines for Household Use	311,000	388.7	570.5
Television Sets	362,000	120.8	227.9
Cameras	79,000	158.0	223.1
Radios	1.853 million	61.8	97.1
Synthetic Detergents	30,000 tons	120.0	126.1
Wine	247,000 tons	411.7	120.2
Cigarettes	550,000 boxes	144.8	110.8

The quality of industrial products has also improved. Twenty-four products of the province won national gold and silver medals. Twenty-nine light industrial products won first-prize in national competitions, 225 products were appraised as ine-quality products of the province. Throughout the year, a batch of new products were successfully trial-manufactured. This has enriched and enlivened the market.

Agriculture

In 1981, the province's rural areas further implemented the party and government's various economic policies and established and perfected various kinds of production responsibility and established and perfected various kinds of production responsibility systems in line with local conditions. We have readjusted the agricultural production structure and plans, promoted a diversified economy, practiced scientific cultivation and mobilized the enthusiasm of the

broad masses of peasants to promote production. Agricultural production has scored good results although some counties in Chaoyang Prefecture and in Jinzhou and Fuxin Municipalities have been hit by droughts 2 years running and some parts of southern Liaoning suffered exceptionally serious flooding.

In 1981, the total agricultural output value, calculated according to the fixed price of 1980, was 8.53 billion yuan, an increase of 4.3 percent over 1980. The total output of grain and beans was 23.21 billion jin, overfulfilling the quota by 0.9 percent, a drop of 5 percent compared to 1980. The output of cotton was 440,000 dan, overfulfilling the quota by 15.8 percent, an increase of 3.1 percent over 1980. The output of oil-bearing crops was 6.122 million dan, overfulfilling the quota by 11.3 percent, an increase of 8.3 percent over 1980.

The output of the major agricultural products is as follows:

	1981	Percentage of Fulfillment of Quota	Percentage Compared to 1980
Grain and Beans	23.21 billion jin	100.9	95.0
of which: Rice	4.98 billion jin	....	105.7
Maize	11.64 billion jin	....	89.1
Kaoliang	4.35 billion jin	....	96.0
Beans	1.25 billion jin	110.4	116.2
Cotton	440,000 dan	115.8	103.1
Oil-bearing Crops	6.122 million dan	111.3	108.3
of which: Peanut	3.402 million dan	....	123.8
Sesame	136,000 dan	....	167.9
Sunflower	2.431 million dan	....	92.5
Cigarettes	499,000 dan	95.2	111.5
Beet	4,512 million dan	....	177.3
Hemp	147,000 dan	....	77.4
Commodity Vegetables	7.01 billion jin	....	115.3

In 1981, the aforested area was 3.305 million mu, fulfilling 88.1 percent of the quota, 70.8 percent of the 1980 figure. The main reason for the decrease of the aforested area was due to the serious drought in Chaoyang and Jinzhou Districts. The output of Tussah was 905,000 dan, overfulfilling the quota by 13.1 percent, 20.1 percent less than in 1980. The output of fruit was 924,000 tons, an increase of 18.0 percent over 1980, of which, the output of apples was 701,000 tons, an increase of 14.8 percent over 1980.

In 1981, production of animal husbandry has increased, apart from a decrease in the amount of draft cattle and pigs by the end of the year. The output of pork, beef and mutton overfulfilled the quota by 36.4 percent, an increase of 14.4 percent over 1980.

The situation of the production of animal husbandry:

	1981	Percentage Compared to 1980
Amount of draft cattle on hand by the end of 1981	2.656 million	95.2
Amount of live pigs on hand by the end of 1981	10.463 million	98.9
Amount of pigs sold in the whole year	6.643 million	101.2
Amount of sheep on hand by the end of 1981	2.104 million	108.1
Amount of poultry on hand by the end of 1981	35.67 million	128.2
Output of pork, beef and mutton	491,000 tons	114.5
of which:		
Output of Pork	484,000 tons	114.4
Output of Wool	103,000 dan	158.5
Output of milk	58,000 tons	105.5

In 1981, the development of sideline production was relatively fast and the total output value of sideline products for the year was 6.2 percent more than in 1980. Its proportion of the total agricultural output has risen to 16.8 percent from 1980's 16.4 percent.

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Amount of draft cattle on hand by the end of 1981	2.656 million	95.2
Amount of live pigs on hand by the end of 1981	10.463 million	98.9
Amount of pigs sold in the whole year	6.643 million	101.2
Amount of sheep on hand by the end of 1981	2.104 million	108.1
Amount of poultry on hand by the end of 1981	35.67 million	128.2
Output of pork, beef and mutton	491,000 tons	114.5
of which:		
Output of pork	484,000 tons	114.4
Output of wool	103,000 dan	158.5
Output of milk	58,000 tons	105.5

In 1981, the development of sideline production was relatively fast and the total output value of sideline products for the year was 6.2 percent more than in 1980. Its proportion of the total agricultural output has risen to 16.8 percent from 1980's 16.4 percent.

In 1981, the total output of aquatic products was 446,000 tons, overfulfilling the quota by 27.4 percent, an increase of 6 percent over 1980. The output of sea fishing was 294,000 tons, a drop of 1.7 percent compared to 1980, due to protection given to offshore resources and the fact that quotas were are assigned to other localities. The output of sea water cultivation was 141,000 tons, an increase of 24.8 percent over 1980 and that of fresh water fishes was 9,000 tons, an increase of 23 percent over 1980.

By the end of 1981, there were 44,000 large and medium-sized tractors in the rural areas of the province, an increase of 4.8 percent over 1980. There were 9,611 trucks for agricultural use, an increase of 39.2 percent over 1980. The proportions of area plowed by tractors and the irrigated area were 51.5 and 19.4 percent respectively, a drop of 3.9 and 0.8 percent respectively. The amount of chemical fertilizer applied per mu was 108.7 jin, an increase of 2.9 jin over 1980.

Capital Construction

In 1981, the province further reduced its investment in capital construction; the total investment was 2.7 billion yuan, a decrease of 550 million yuan and a drop of 16.9 percent. Of the total investment, 1.4 billion yuan were invested in projects directly under the central committee, a drop of 13.6 percent compared to 1980; 1.3 billion yuan were invested in local projects, a drop of 20.2 percent compared to 1980. Investment within the state budget was 1.19 billion yuan, a drop of 23.2 percent compared to 1980. Investment outside the budget including domestic loans, foreign capital and self-raising funds was 1.51 billion yuan, a drop of 11.1 percent compared to 1980. Investment in technological renovation was 1.95 billion yuan, an increase of 590 million yuan over 1980 and a rise of 30.3 percent.

In 1981, the orientation of investment was further readjusted and the proportion of the light and textile industries and the energy industry increased and their "flesh and blood" relationship was improved. The investment in the light and textile industrial departments wad 390 million yuan, the proportion was up from 1980's 13.8 percent to 14.4 percent. The investment in the energy industry department was 800 million yuan, the proportion was up from 1980's 23.7 to 29.6 percent. The investment in nonproduction construction regarding the people's material and cultural life was 1.29 billion yuan, the proportion of investemnt was up from 1980's 42.8 percent to 47.8 percent. Of this, investment in quarters for staff and workers was 960 million yuan, the proportion of investment was up from 1980's 31.8 percent to 35.5 percent.

In 1981, the effect of investment in the province's capital construction improved considerably, and a number of key projects have been established. This increased the productive capacity. There were 1,653 capital construction projects in the province which were either completed or under construction, 60 percent of the total number of projects in 1980. Two complete projects and 10 individual items of projects invested in by the state were basically established by the end of the year. Of these, 9 projects have been put into operation. The percentage of completed houses has risen from 1980's 49.5 percent to 52.3 percent. The newly increased fixed assets of capital construction was 106.7 percent of the total investment. The newly established production capacity in 1981 was: 45,000 tons of nylon 66 salt [Ni Long Liu Liu Yan 1441 7893 0362 0362 7770], 86,000 tons of polyester chips, 1 million tons of iron ore, 1.2 million tons of screened iron ore, 1.55 million tons of raw coal, 175,000 tons of crude oil, 100 million cubic meters of natural gas, 350,000 sets of tires, 200,000 bicycles, 50,000 sewing machines, 10,000 tons of beer and 52,000 spindles. The increase of production capacity will certainly play an active role in further readjusting the national economy.

Communications and Transportation, Posts and Telecommunications

In 1981, communications and transportation fulfilled the state quotas in an all-round way. As for transportation of goods, the Shenyang and Jinzhou railroad bureaus transported 132.76 million tons of goods, fulfilling 109.7 percent of the quota. The amount of goods transported on highways (communications department) was 35.4 million tons, fulfilling 109.5 percent of the quota. The

amount of goods transported by civil aviation was 4,073 tons, fulfilling 104.4 percent of the quota. The amount of oil transported by petroleum pipeline was 40.87 million tons, fulfilling 102.2 percent of the quota. The cargo handling capacity of the central harbor was 33.34 million tons, fulfilling 108.4 percent of the quota. Since heavy industry, which accounts for 90 percent of the total volume of goods transported, has decreased, the volume of goods transported by rail, highways and water was slightly lower than in 1980.

In 1981, the total volume of posts and telecommunications business calculated according to the fixed price of 1980, was 108.95 million yuan, fulfilling 104.7 percent of the quota, an increase of 5.9 percent over 1980.

Commerce Within the Province and Foreign Trade

In the wake of the development of industrial and agricultural production, commerce within the province and foreign trade have achieved great development. An unprecedentedly excellent situation has emerged in the rural and urban markets, purchase and sales are brisk, the market is properous and commodity prices are basically stable.

In 1981, the total amount purchased by the commercial departments under the system of ownership by the whole people was 10.3 billion yuan, an increase of 15.6 percent over 1980. Of this, the total purchase of industrial products was 66.5 billion yuan, an increase of 8.4 percent over 1980. The total purchase of agricultural and sideline products was 3.47 billion yuan, an increase of 33.9 percent over 1980. Commodities purchased by commercial departments of the province amounted to 1.8 billion yuan, a drop of 4.8 percent compared to 1980.

In 1981, the turnover of the province's social commodities was 13.15 billion yuan, overfulfilling the quota by 8.3 percent, an increase of 12.12.9 percent over 1980. Deducting the price rise, there was an actual growth of 11.1 percent. Of this, the turnover of consumer goods was 10.26 billion yuan, a growth of 14.1 percent over 1980. Businesses under the system of collective ownership and individual trade have developed significantly. The turnover of collective trade and catering trade was 2.2 billion yuan, an increase of 88.2 percent over 1980; that of individual trade and catering trade was 250 million yuan, a 92.3 percent increase over 1980. The volume of goods used by the industrial department itself was 1.16 billion yuan, an increase of 26.1 percent over 1980. The turnover of negotiated price commodities of the commercial department was 700 million yuan, an increase of 16.7 percent over 1980. The volume of business in the rural and urban areas of the province was 860 million yuan, an increase of 42.8 percent over 1980. Of the 60 major commodities, 40 showed a sales volume increase over 1980 figures.

The sales volume of the major consumer goods are as following:

	1981	Percentage compared to 1980
Grain	10.1 billion jin	111.6
Edible vegetable oil	220 million jin	113.8
Pork	311,000 tons	104.4
Sugar	169,000 tons	122.5
Cotton	277.91 million meters	98.1
Cigarettes	334,000 boxes	114.8
Woolen fiber	8.188 million	158.5
Silks and Satins	27.44 million meters	112.2
Synthetic detergent	27,000 tons	135.7
Aluminum pots	990,000	108.4
Television sets	496,000	245.5
Wristwatches	1,123 million	99.1
Valve radio sets	102,000	192.5
Recorders	130,000	180.6
Bicycles	742,000	108.8
Sewing machines	378,000	117.0

In 1981, retail prices in the province's markets were basically stable. However, the price of some commodities had risen. In November 1981, since the state readjusted the commodity prices of some cigarettes and wines, the commodity price at country fair trade also rose. Therefore, the general index of retail commodity prices in December (including list price, negotiated price and market price) was up 3 percent over December 1980. The annual general index of retail commodity prices has on the average increased by 1.6 percent over 1980. Of this, prices in urban areas increased 2.1 percent and that of rural areas increased 0.9 percent. The retail price of consumer goods increased 1.7 percent and that of agricultural production means increased 1.2 percent.

In 1981, the province continued to expand foreign trade; the total pruchase of export commodities was 2.78 billion yuan, overfulfilling the quota by 19.8 percent, an increase of 6.7 percent over 1980. The total exports at Dalian Harbor was 4.34 billion yuan, an increase of 9.2 percent over 1980. Of this, heavy and light industrial products had increased by 12 percent and 15.2 percent, respectively, over 1980, and agricultural products had dropped by 17.5 percent over 1980. The province conducted business with some 130 countries and regions in the world and established various channels to make good use of foreign capital and to carry out trade.

Finance and Banking

In 1981, the financial income of the province was 7.77 billion yuan, fulfilling 94.4 percent of the quota, which is 840 million yuan less than that of 1980, a decrease of 9.7 percent. Of this, income of enterprises was 3.52 billion yuan, a decrease of 20.8 percent, or 930 million yuan over 1980. The tax revenue was 4.23 billion yuan, overfulfilling 0.3 percent of the quota an increase of 1.9 percent over 1980. The main reasons for the drop of financial income were the production quota of heavy industry was transferred to the localities and light industry increased its production without increasing its income; the production costs of enterprises increased; the costs exceeded the expenditures; and the financial subsidies increased.

The annual local financial expenditure was 2.67 billion yuan, 18.6 percent less than the quota and 21.9 percent less than in 1980. Of this, expenditure of special funds was 1.18 billion yuan, a decrease of 22.2 percent when compared with the quota, decrease of 39.4 percent over 1980. Capital construction was allocated 340 million yuan, 21.1 percent decrease when compared with the quota and a decrease of 43.1 percent over 1980. Capital allocated for the exploitation and transformation of enterprises was 320 million yuan, 33.2 percent less than the quota, a 50.9 percent drop over 1980. With the support and help of the state, the revenues and expenditures of the localities are basically balanced.

By the end of 1981, the balance of various bank loans in the province had increased by 12.4 percent over that of the beginning of the year. The balance of various kinds of deposits had increased by 19.8 percent over that of the beginning of the year. The savings balance of the inhabitants in towns and cities was 3.25 billion yuan, 790 million yuan more than at the beginning of the year, an increase of 32.1 percent. Of this, the savings balance of the inhabitants in cities was 2.26 billion yuan, 470 million yuan more than at the beginning of the year, an increase of 26.4 percent. The savings balance of the inhabitants in rural areas was 990 million yuan, 320 million yuan more than that at the beginning of the year, an increase of 47.9 percent. After balancing bank reserves, 610 million yuan were put into circulation, a drop of 60 million yuan over 1980.

Science, Culture and Education, Public Health, Physical Culture

In 1981, scientific and technological work of the province made new developments amid readjustments. There were [words indistinct], an increase of 0.5 percent over 1980. There were 309 independent scientific and technological research institutes with 19,000 research workers. Throughout the year, more than 1,~~400~~ scientific research results were scored; some were of the advanced level according to the country's standards, and some were up to international standards.

In 1981, education continued to develop amid readjustments. Throughout the province, there were 68,000 students studying in ordinary institutions of higher learning, a 22 percent increase over 1980. Furthermore, 7,000 new students were enrolled. There were 63,000 students studying in television universities, universities run by plants, correspondence universities and evening universities,

a total increase of 2.9 percent. There were 40,000 students studying in technical secondary schools, a 14.2 percent decrease over 1980. There were 2.29 million students studying in ordinary secondary schools, a 13.6 percent decrease over 1980. There were 51,000 students studying in vocational schools in towns and cities, a 42.2 percent increase over 1980. There were 51,000 students studying in vocational schools in towns and cities, a 42.2 percent increase over 1980. There were 16,000 students studying in agricultural secondary schools, a 48.3 percent decrease over 1980. There were 4.333 million students studying in primary schools, a 2.1 percent decrease over 1980. The percentage of school-age children entering school was 96.1 percent, a 1 percent increase. Through rectifications, the teachers rank was strengthened, the quality of teaching and the political and ideological work were improved and there was a turn for the better in the style of study.

In 1981, authors and artists of the province ahered to the orientation of serving the people and socialism. They had written a number of good works and performed some good plays. Forty-seven television plays such as "the new bank" were commended as outstanding works of the province. There were a total of 350 theaters in the province, an increase of 5.1 percent over 1980. There were 139 places for various types of performances, 139 arts centers and cultural centers and 131 artistic performance groups. The development of the cultural life in rural areas was very rapid and there was a 13.5 percent increase in the number of film projection teams over 1980, opera troupes at all levels were active in performing in the rural areas and there was a 7.4 percent increase in plays over 1980. There was a 59 percent increase in the number of cultural centers in towns and rural areas. There were 11 broadcasting stations in the province, 6 TV stations, 101 relay stations, showing an overall increase over 1980. A total of 530 million copies of newspapers, 90 million copies of magazines, and 230 million books were published, showing an increase over 1980.

In 1981, through rectification, the public health departments of the province further improved their quality of medical care and the service level. There were 125,000 beds in the whole province, an increase of 4,000 beds over 1980, and an increase of 3.3 percent. Of this, 77,000 were in towns and cities and 48,000 were in rural areas, a 61.9 and 38.1 percent of the total number of beds respectively. There were 168,000 public health technologists, an increase of 13,000 people and an 8.2 percent increase over 1980. Of this, 10,000 were doctors and practitioners of traditional Chinese medicine, 49,000 were doctors and practitioners of Western medicine, and 31,000 were nurses. There were 35,000 barefoot doctors in the rural areas. Furthermore, all localities made new progress in prevention and control of endemic diseases, maternity and child care and launching patriotic public health movements.

In 1981, physical culture of the province also scored good results. Throughout the province, 2.07 million students met the "state criteria for physical training," 1,296 sports meets at or above county level were held and 480,000 sportsmen took part in these games. Two sportsmen were commended as the best sportsmen of the country; they had won two world championships, and one was a runner-up in an international competition. One of them broke a record in a world university sports meet and a record in the world cup track and field competition. They won 105 gold medals at home and abroad; 13 sportsmen and 5 teams broke 20 national records 46 times. They have won honor for the province.

The People's Livelihood

By the end of 1981, the total population of the province was 35.348 million people, 479,000 more than the 1980 year-end population, showing an increase of 1.4 percent. The natural population growth rate was 11.33 per 1,000.

In 1981, the people's standard of living in the province's rural and urban areas continued to improve. Calculating according to the population entitled to distribution in the rural people's communes, the average per capita income from the collective (the basic accounting unit) was 125.3 yuan, 2.8 yuan over 1980, an increase of 2.3 percent. In accordance with the survey on the income of 500 peasant families in the rural people's communes, in 1980, calculating according to the population of permanent residence, the average per capita income was about 306 yuan, 33.6 yuan more than 1980, an increase of 12.3 percent. Of this, the peasants' income from collectives (including basic accounting units and enterprises run by communes and brigades) was 147.8 yuan, the same as in 1980. Net income from household sideline occupations was 109.6 yuan, an increase of 30.4 percent over 1980. In 1981, some 618,000 people were assigned employment in towns and cities of the province. There were some 8,146 million staff and workers, 519,000 more than in 1980, an increase of 6.8 percent. Of this, staff and workers employed under the system of ownership by the whole people amounted to 5,783 million people, 377,000 more than in 1980, an increase of 7 percent; the number under the collective ownership system was 2.363 million people, 142,000 more than 1980, an increase of 6.4 percent. In addition to these figures, there were 65,000 individual workers, 11,000 more than in 1980, an increase of 21.6 percent. Total salaries of the staff and workers in the province was 6.11 billion yuan, 440 million yuan more than 1980, an increase of 7.7 percent. Of this, 570 million yuan was in bonuses, 60 million yuan more than in 1980, an increase of 11.5 percent. The average annual salary of the staff and workers was 777 yuan. Since more workers were employed, the average annual salary was lower than in 1980; however, since there were more job opportunities for the staff and workers, the actual average income for the family members of the staff and workers was higher than in 1980. In accordance with the survey on income and expenditure of 960 workers' families in 6 municipalities in the province, the actual average monthly per capita income increased from 41.2 yuan in the fourth quarter of 1980 to 44.8 yuan in the fourth quarter of 1981, showing an increase of 8.7 percent.

Because people in rural and urban areas have increased their income, there were changes with regard to demand for commodities and the consumption structure. In accordance with the survey on the income and expenditure of workers' and peasants' families, in 1980, the average annual expenditure of every workers' and peasants' family had risen by 15.2 and 13.3 percent, respectively; deducting price increases, expenditures had risen by 12.8 and 12.3 percent respectively.

The largest land area for building residential houses in the rural and urban areas of the province since the founding of the PRC was put under construction in 1981. The total land area used for completed private houses, houses under the system of ownership by the whole people and by the collectives in towns and cities was 7.344 million square meters, 954,000 square meters more than 1980, an increase of 14.9 percent. Of this, the land area used for those under

the system of ownership by the whole people was 5.418 million square meters, 56,000 square meters more than 1980, an increase of 1 percent. There were 15.522 million square meters of land area used for new houses for peasants in rural areas, 552,000 square meters more than 1980, an increase of 3.7 percent.

The achievements scored in readjusting the national economy of the province in 1981 were the result of the concerted efforts and the arduous struggles of the people of all nationalities in the province under the leadership of the CCP and the people's government at all levels. However, there are some shortcomings and problems existing in actual practice. The main problems include the drop in the heavy industry production, the economic returns of some enterprises are relatively poor, and the development of the whole economy does not comply with population growth and the labor force when compared with the market and the people's needs. In the coming year, under the leadership of the CCP Central Committee and the State Council, the people of all nationalities in the province must boost their revolutionary spirit, be of one heart and one mind, further readjust the national economy so as to bring about a change for the better in the financial and economic situations and to make more contributions to the building of socialist modernization.

CSO: 4006/470

FINANCE AND BANKING

BRIEFS

NEI MONGGOL TAX COLLECTION--From January to April, financial departments in Nei Monggol collected 221.7 million yuan of taxes from industrial and commercial departments, fulfilling 33 percent of the annual tax collection plan and registering an increase of 44 million yuan compared to the corresponding 1981 period. Since last year, some 42.6 million yuan in evaded taxes has been exposed through investigations. Some 27.82 million yuan has been collected and handed over to the state. [SK271153 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 26 May 82]

CSO: 4006/470

INDUSTRY

TIANJIN CITY BOOSTS AUTOMOBILE PRODUCTION

HK250941 Tianjin City Service in Mandarin 2330 GMT 16 May 82

[Text] Being unwilling to lay behind in carryout out the state policy of protecting national industries, the Tianjin auto industrial company has gone all out and worked hard to produce good-quality type-130 vehicles of which there are many varieties. At the beginning of last year, as a result of blind import of auto vehicles, most Chinese-made vehicles became unsalable, including type-130 vehicles made in Tianjin. In order to protect our national industry, the state adopted measures to limit the import of foreign auto vehicles. While expressing their support for these measures, some comrades in Tianjin's auto industrial departments also feel relieved. They believe that without the competition of imported vehicles, our national products will certainly become salable again. However, this company's CCP Committee holds that the policy of protecting national industries is aimed at promoting our own auto industry rather than protecting its backward situation. To counter the mood of laxity of some comrades, the committee requires that everyone make an earnest study of the advanced technology of other countries so that the ability to rely on our own efforts can be strengthened and the discrepancy between our auto industry and that of the advanced countries can be eliminated as soon as possible. It is necessary to mobilize the masses to find out the shortcomings of our products in quality and in variety and adopt active measures to improve production. In order to raise the quality of its products, the company has made more than 10 improvements on some unreasonable vehicle designs, improved technological equipment, reestablished rules and regulations and strengthened discipline over technological management. As a result, the quality of all the eight major component parts has been raised to the first-class level, of which five were originally of the standard level and three were of the first-class level. Through a 25,000-kilometer performance test on Hainan Island, all vehicles produced last year were proved to be superior- or first-class products being up to the state standard in the required eight targets. The company also succeeded in reducing engine oil consumption by 10 percent and developing new products to suit the demands of the market. When it learned that foreign-made four-seater trucks were in great demand in our domestic market, it spent 2 months after successful experimentation making more than 500 sets of technical equipment. It immediately put them into production so that the gaps in our national industry in this field could be filled. Besides, it also succeeded in trial-production of extra-length trucks and diesel trucks for agricultural use as well as other new products. Now there are eight types of Tianjin-made auto

vehicles, instead of only one as in the past. These products have a ready market and have even fallen short of demand. In the past, it only sold it's products to 12 provinces and cities, but now it sells them to 28. The industrial output value in the first quarter of this year was increased by 15 percent over the corresponding period of last year and the profits turned over increased by 230 percent.

CSO: 4006/470

BRIEFS

METALLURGICAL INDUSTRY INFORMATION NETWORK--Beijing, 24 May (XINHUA)--An economic information network, the first of its kind in the country, has been set up by the People's Bank of China, linking the major metallurgical enterprises. These enterprises, including the iron and steel companies in Anshan, Beijing, Benxi, Wuhan, Baotou, Taiyuan, Ma'Anshan, Chongqing, Panzhihua, Tangshan and Fushun, and the steel mills in Beijing, Tianjin and Shanghai, together turn out about 80 percent of the steel of the country annually. The network will conduct industry surveys, make product forecasts and provide promotional information beneficial to the metallurgical industry. The first meeting of the network, held recently in Shanghai, decided to conduct forecasts on steel strips, sheets, wire and plates, and investigate present rolled steel inventory. [Text] [Beijing XINHUA in English 1230 GMT 24 May 82]

CIGARETTE PRODUCTION STATE CONTROL--Beijing, 21 May (XINHUA)--China has decided to put cigarette production under centralized and unified mangement, according to a recent State Council circular. The circular says that local governments must rigorously implement the state plan for production and distribution of cigarettes. Inefficient small cigarette factories which were set up outside the state plan--mostly in tobacco growing areas--will be closed down, suspended, merged or switched to other items. Hand rolling cigarettes for sale by urban and rural residents are also forbidden. China has 84 cigarette factories under the state plan with an annual capacity of 17 million cases of cigarettes, enough to fill the quota assigned by the state. Under the new plan, equipment and raw materials from the smaller cigarette operations will be sold to factories sanctioned by the Unitary State Tobacco Authority. This measure is designed to increase efficiency of the tobacco industry and to improve the quality of cigarettes as well as market supply. [Beijing XINHUA in English 1246 GMT 21 May 82]

FIRST TOOTH-WHEEL DRILL RIG--Recently, a tooth-wheel drill rig nearly as tall as a nine-story building has been towering over a construction site at the Hengyang Metallurgical Machinery Plant. The plant has designed and trial-produced the drill rig in cooperation with the Changsha Mining Research Institute and the Anshan Mining Company's Mining Research Institute. The tooth-wheel drill rig is a piece of equipment used to drill blasting holes in opencast mining. Currently, only a small number of industrially developed countries in the world are able to manufacture it. The department concerned has already conducted an appraisal of the trial run. It believes the equipment is well-structured and that its main performance is up to the level of drill rigs produced abroad. [Text] [Beijing GONG REN RIBAO in Chinese 21 Apr 82 p 1]

CSO: 4013/84

FOREIGN TRADE

BRIEFS

FOREIGN CONTRACTS--China has earned $330 million in foreign exchange since 1979 from enterprises which process or assemble imported raw materials. The Shanghai-based WORLD ECONOMIC HERALD [SHIJIE JINJI DAOBAO] says that the enterprises signed 8,900 contracts with foreign countries last year, an increase of 25 per cent over the previous year. At present, 8,000 factories in China have contracts with foreign businessmen on processing and assembling imported materials and more than 300,000 people have been employed in the factories. China began its business on processing and assembling with foreign countries in late 1978. The enterprises have already paid back $39 million for equipment--25 percent of the total value of the imported equipment. The WORLD ECONOMIC HERALD reported that measures have been taken to deal with foreign businessmen who fail to execute their contracts, are in arrears of payment, delay supplies of material or engage in smuggling. [Text] [HK270346 Beijing CHINA DAILY in English 27 May 82 p 1]

CSO: 4020/135

BRIEFS

URBAN SELF-EMPLOYED WORKERS--Beijing, 27 May (XINHUA)--Efforts should be made to increase the number of urban self-employed people working in handicrafts, repair, service and catering trades to meet people's needs, said an official of the general administration for industry and commerce. Since 1979, he said, the number of urban self-employed people has risen markedly. At the end of 1981, China's urban areas had 830,000 households with 1.01 million self-employed people engaged in handicrafts, retail, catering and service trades, housing repairs and transportation. Of this number, more than 200,000 were urban young people. The figure of 830,000 households is 6.2 times that of 1978, the official said. "The official urged local authorities to protect and assist self-employed people, while strengthening administration over their business." [Beijing XINHUA in English 0806 GMT 27 May 82 OW]

CSO: 4020/136

TRANSPORTATION

EXPORT BULK CARRIERS OF 27,000 DWT MEET WORLD WATERWAY REQUIREMENTS

Beijing JIANCHUAN ZHISHI [NAVAL AND MERCHANT SHIPS] in Chinese, No 4, Apr 82, pp 12-13

[Article by Hou Yudang: "Why Foreign Firms Are Ordering 27,000 DWT Bulk Carriers One After Another"]

[Summary] On 14 September 1981, the Dalian Yards launched their first 27,000 DWT bulk carrier, the "Great Wall." This vessel, built for export, is one of eight such ships to be built in these yards. Shanghai's Jiangnan Yards have begun construction of these ships and will build five in all. Today, foreign firms are placing orders for these Chinese-built 27,000 DWT bulk carriers one after another. Why aren't the orders for ships of 25,000 or 30,000 tons? Why are all the orders for vessels of 27,000 DWT?

When foreign firms place orders for 27,000 DWT vessels, it means that they will be able to negotiate the Great Lakes, in fact, some people even refer to them as "Great Lakes carriers." Coming from the Atlantic Ocean, the ships must pass through many locks on their way to Lake Superior, rising about 180 meters above sea level in the process. The size of the locks forces restrictions on the size of the vessels. The U.S. and Canadian ship locks are the same size, with a length of 233.48 meters and a width of 24.48 meters. The size of the vessels that can negotiate the locks as stipulated by the Saint Lawrence Seaway Development Company and the size of the two 27,000 DWT ships built in China are given in the table below:

Size	As stipulated by the St. Lawrence Seaway Development Company	"Great Wall"	First ship built by Jiangnan Shipyard
Length (m)	222.50	197.15	196.45
Beam (m)	23	23	23

The table shows that the overall length and beam of the two vessels built in China for foreign firms make them the largest that can negotiate the locks on the Saint Lawrence Seaway. These ships have a designed draft of 10 meters. As the section of the Seaway from the Atlantic Ocean to Montreal has a navigable depth of 10.67 meters, these ships may proceed fully loaded.

However, when passing through the locks, which have a draft restriction of 8.23 meters, the vessels may be loaded to 17,000 to 18,000 tons only. In addition, the Seaway has a number of bridges and the Company has imposed a restriction on the height of ships' masts.

Of course, bulk carriers of this class do not operate exclusively on the Saint Lawrence Seaway and the Great Lakes; they have many other ports of call. The ships which draw 10 meters of water can easily negotiate the Suez Canal because the Egyptians have established a draft of 11 meters for that waterway. So the length and beam of these vessels ordered by foreign firms easily meet the requirements of the Saint Lawrence Seaway, while their designed draft satisfies the requirements of the Suez Canal as well as many shallow water ports.

Twenty-seven thousand tons, then, is the ideal size for these bulk carriers.

CSO: 4006/471

BRIEFS

GANSU IMPROVES RAILWAY TRANSPORT ORDER--According to our sources, over a period of 1 month, the railway transport consolidation between Tianshui and Lanzhou railway stations in Gansu Province has basically been completed, and the transport order and security along the section have been markedly improved. Prior to the consolidation drive, the transport order along the section was relatively chaotic. During that period, there were the usual irregularities such as rides without tickets, illegal rides in cargo trains and trafficking in contraband goods. For over a month, departments concerned under the people's governments at all levels along the railway line have engaged in consolidating work in a comprehensive way by organizing work groups and making concerted efforts, bringing about an obvious improvement in transport order and security along the section. According to statistics, irregularities against transport rules and public security in the first half of May were 22 percent less than those of the corresponding April period, and traffic accidents resulting in injuries were 40 percent less. For instance, prior to the drive, passengers without a ticket on the No 443 and 444 ordinary trains accounted for over 70 percent. The sanitation and order in coaches were worse. Following the consolidation, passengers without tickets accounted for only about 10 percent. A new look in coach sanitation and order can be noticed. Order in railway stations and transport is good. The department concerned noted that we had scored remarkable achievements in consolidating the transport order between Tianshui and Lanzhou stations. However, there is a great deal of work to be done. By no means should we relax our efforts. [Text] [SK300615 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 29 May 82]

CSO: 4006/470

BRIEFS

XINJIANG ECONOMIC SITUATION--Since the beginning of this year, Xinjiang region has made great efforts to grasp economic construction. Despite natural calamities, agricultural production and animal husbandry production have increased. As of 3 May, 16.39 million mu of land has been harvested. As of 22 April, the forested area in the region has increased by some 11.3 percent over that of the corresponding period last year. As of the end of April, the region's total industrial output was increased by 8.8 percent over last year. This year's industrial production has two characteristics: First, readjusting the orientation of service of heavy industry; second, improving the economic returns. As of 19 May, income from sale of industrial products was increased by 15.9 percent over the corresponding period last year and the profits gained were increased by 35.4 percent over last year. Capital construction was also promoted, as of the end of April, the amount of investment completed was increased by 15.4 percent over that of the corresponding period last year. As of the end of April, the region's total financial revenue was increased by 16.6 percent over last year. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 20 May 82 HK]

TIANJIN WATER SHORTAGE--The Tianjin Municipal People's Government held a meeting on water conservation on 26 May. Li Ruihuan, acting mayor of Tianjin, presided over the meeting. It was pointed out at the meeting that because of increasingly dry and hot weather, water in reservoirs and rivers becomes saltier every day, and the potable water supply poses a problem. The meeting urged measures to conserve water and tide over this water shortage period. [SK271159 Tianjin City Service in Mandarin 0030 GMT 27 May 82]

TIANJIN LUANHE DIVERTING PROJECT--The report meeting on implementing the opening ceremony spirit, which was held by the Tianjin Municipal headquarters in charge of the project of diverting Luanhe River water to Tianjin, concluded 26 May after a 4-day session. Comrade Li Ruihuan, secretary of the Tianjin Municipal CCP Committee and acting mayor, spoke at the meeting. He urged efforts to strengthen ideological and political work, persist in scientific measures, conduct a thorough emulation drive, improve leadership and work in unity and coordination. The meeting also studied and made preparations for the project during the flood season. [SK290625 Tianjin City Service in Mandarin 0030 GMT 28 May 82]

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China Report

ECONOMIC AFFAIRS

No. 240

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CHINA REPORT

ECONOMIC AFFAIRS

No. 240

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ECONOMIC PLANNING

SHANGHAI COMMUNIQUE ON 1981 ECONOMIC, SOCIAL PLAN

OW040500 Shanghai JIEFANG RIBAO in Chinese 27 May 82 p 2

[Shanghai Municipal Statistical Bureau's communique dated 26 May 1982 on fulfillment of the 1981 Municipal Economic and Social Development Plan]

[Text] In 1981 the people of the municipality worked strenuously with one mind under the leadership of the CCP Central Committee, the State Counci, the Shanghai Municipal CCP Committee and the Shanghai Municipal Government and scored new achievements in implementing the principle of further economic readjustment and political stability and the guidelines set in the "Resolution on Certain Questions in the History of our Party Since the Founding of the PRC." Economic construction continued to progress steadily in the course of readjustment. Total value of annual industrial and agricultural output, calculated with 1970 constant prices as the base, was 67.6 billion yuan (the amount was 64.2 billion yuan if calculated with the 1980 constant prices as the base), up by 3.7 percent compared with the preceding year. Preliminary estimate of the people's income is 29.2 billion yuan, which, calculated with constant prices as the base, was up by about 4 percent. The people's living standard continued to improve on the basis of the development of production.

1. Industry

In 1981, industrial production increased at a steady rate in the course of readjustment. Calculated at the 1970 constant prices, the total annual output value of industry was 64.8 billion yuan (it was 60.9 billion yuan if calculated at 1980 constant prices), up by 3.3 percent compared with the preceding year. The increase was more than the targeted growth rate of 3 percent. Of the 77 major products in the state plan, output targets were reached or surpassed for 63 products, including steel, rolled steel, sulfuric acid, caustic soda, plastics, ethylene, cement, television sets, bicycles, wristwatches, cotton yarn, cotton cloth, machine-made paper and cardboard. Output targets for electricity, calcium carbide, internal combustion engines, motor vehicles, artificial wood board and nine other products were not reached. Compared with the preceding year, the output of 48 products increased, while that of 29 declined.

In 1981, further efforts were made to readjust the internal structure of industry and to continue speed up the production of consumer goods for daily use. Calculated at 1970 constant prices, the annual light industry output

value was 36.2 billion yuan, showing a 9.6 percent increase over the preceding year. The proportion of the light industry output value in total industrial output value increased from 52.6 percent in 1980 to 55.9 percent in 1981. Of the 30 major light industry products listed in the state plan, output targets were met or surpassed for 28 products. Output value of 22 consumer goods in 17 major categories which were in large demand on market, such as bicycles, dewing machines, wristwatches, television sets, radios, cameras, woolen piece goods, furniture and leather shoes, showed a 26.3 percent increase over the preceding year.

Output of major light industrial products follows:

	1981 output	% increase over 1980
Cotton yarn	398,000 dun	4.1
Cotton cloth	1.67 billion meters	3.0
Chemical fiber	157,000 dun	3.3
of which: synthetic fiber	129,000 dun	4.5
Woolen piece goods	32.74 million meters	7.6
Silk textiles	123.38 million meters	12.2
Knitting wool	18,271 dun	36.9
Cigarettes	828,000 boxes	0.6
Beer	27,000 dun	9.1
Chemicals	5,096 dun	-17.6
Detergents	70,500 dun	5.7
Bicycles	4.1 million	9.1
Sewing machines	2.41 million	6.6
Wristwatches	9.3 million	13.9
Television sets	1.2 million	59.3
Radios	6.88 million	65.8
Cameras	269,000	30.0
Washing machines for household use	38,000	3.7 times
Refrigerators for household use	4,784	13.5
Electric fans	1.5 million	37.4
Light bulbs	150 million	15.9
Machine-made paper and cardboard	310,000 dun	4.7

In 1981, because of the drastic reduction of capital construction investment by the state, plans were made to reduce the production of many heavy industrial products. Calculated at 1970 constant prices, total annual output value of heavy industry was 28.6 billion yuan, a 3.8 percent decline from the preceding year's level. Of the 47 heavy industrial products listed in the plan, output targets were met or surpassed for 35 products, while 21 of them showed declined output compared with the preceding year.

To meet the needs of economic readjustment, the heavy industrial departments made active efforts to change their service orientation, readjust product mix

and increased the output of urgently needed products which were in short supply. Output of steel strips and thin steel plate required for making household mechanical and electrical appliances increased by 12.3 percent and 8.7 percent respectively. Output of cationic and dispersable high-grade dyes requested by the textile industry went up by 66.9 percent and 18.3 percent respectively. The machine-building industry also turned out more equipment to meet the needs of technical transformation in light and textile industries. Output of machines for the plastics industry increased 90.6 percent, machines for food processing increased 42.4 percent and machines for making chemical products for daily use increased 12.6 percent. The varieties of exported machinery and equipment increased to 300, while the total export value was 23 percent more than the preceding year.

Output of major heavy industrial products follows:

	1981 Output	% increase over 1980
Steel	5.06 million dun	-2.9
Rolled Steel	4.07 million dun	-1.3
Electric power	20.5 billion KWH	-0.8
Coke (made by machine)	2.24 million dun	-1.0
Cement	2.01 million dun	7.7
Plate glass	1.87 million standard boxes	12.8
Sulfuric acid	365,000 dun	-5.8
Caustic soda	234,000 dun	-2.5
Chemical fertilizers (calculated on 100 % basis)	162,000 dun	-1.4
Chemical pesticides	20,000 dun	-15.6
Ethylene	138,000 dun	1.8
Plastics	151,000 dun	3.3
Calcium carbide (adjusted quantity)	72,000 dun	-4.3
Synthetic rubber	13,000 dun	2.9
Tires	1.545 million	-11.6
Power-generating equipment	250,000 KW	-57.0
Machine tools	17,000 sets	1.7
Motor vehicles	6,497	-55.7
Tractors	8,196	-43.0
Internal combustion engines (sold as commodities)	2.68 million HP	-35.5
Steel ships for civilian use	206,000 dun	19.6

In 1981 all sectors of the industry tried to improve product quality and increase product varieties and designs in the course of readjustment. Approximately 30,000 new products, new product specifications and new designs were trial produced or put into regular production during the year. Quality of most products showed improvement. The number of products receiving high-quality awards by the state and high-quality certificates issued by the

municipality came to a total of 466. Due to the readjustment of product mix and further strengthening of energy management, the energy consumption for every 100 million yuan of industrial output was cut down by 3.3 percent. This was equivalent to a saving of 650,000 dun of standard coal.

In 1981, while continued efforts were made to readjust the organizational structure of enterprises in various industrial sectors, 10 machinery plants were converted to make light industrial products. At the same time, the Gaoqiao Petrochemical Joint Corporation, which was an enterprise involving different sectors of industry, and a handerchief corporation, which was engaged in both manufacturing and trading, were established. Various forms of economic responsibility systems were implemented on a trial basis by industrial enterprises. However, the main problems of industrial production were that little progress was made in technical transformation, that some enterprises were poorly managed and that the situation of poor economic results was not quickly changed. In 1981, labor productivity of industrial enterprises owned by the whole people was 28,983 yuan, a decline of 1.6 percent from the preceding year. The quality of one-quarter of products was poorer than the preceding year. Of the 210 products in a nationwide quality contest, one-third showed poorer quality than those made in other localities. As regards the 120 indices for testing material and energy consumption rates for making a unit of product, one-third of the products made in the municipality showed increased rates. The industrial enterprises owned by the whole people failed to meet the requirement of reduced production costs. In some enterprises, production costs were more than the budget figures, while a few enterprises suffered losses.

2. Agriculture

In 1981, the suburban countries of our municipality were hit by typhoons, floods, rainy weather, low temperature and other natural disasters. Despite this, we achieved fairly good results in agricultural production. Credit goes to the fact that 97 percent of our production teams enforced the system of production responsibility in various forms, which aroused the initiatives of the vast numbers of peasants for production. Total value of agricultural output, calculated at 1970 constant prices, was 2.84 billion yuan, 14.8 percent above that of 1980 (the total output value was 3.37 billion yuan or 13.4 percent above, if calculated at 1980 constant prices). Of this, farm (crops) output value grew by 3.4 percent while sideline production rose by 23.2 percent (of this, the total output value of industries run by production brigades and teams was up 19.7 percent).

As regards the output of major farm products, the total output of grain was slightly less than the previous year's level, mainly as a result of the reduction of grain crops by over 200,000 mu in order to grow more cotton and oil-bearing crops. However, the average per mu yield of grain crops grew by 7.8 percent to 1,324 jin. Because of the natural disasters, the output of cotton declined despite a 13.6 percent increase in area. The output of rapeseeds increased by a big margin. Vegetables, pork, eggs, milk and other nonstaple food items all reported increase in output by various degrees over the previous year. The output of aquatic products was below the previous year level.

Output of the major farm products (including those produced by commune members themselves) follows:

	1981 output	% increase over 1980
Grain	1,854,000 tons	-0.8
of which:		
Rice	1,251,000 tons	7.3
Wheat	463,000 tons	-14.8
Cotton	74,000 tons	-2.5
Rapeseed	147,000 tons	53.0
Vegetable	1,159,000 tons	3.0
Pork, beef and mutton	170,000 tons	0.4
of which:		
Pork	169,000 tons	0.8
Hogs in stock at yearend	2,662,000 head	2.0
Hogs raised in 1981	5,972,000 head	-2.4
Milk	81,000 tons	10.9
Aquatic products	190,000 tons	-6.9
of which:		
Sea water products	171,000 tons	-7.6
Fresh water products	19,000 tons	0.4

The number of large and medium-sized farm tractors in 1981 was 7,656, an increase of 337. The number of hand tractors was 32,516, an increase of 947. The power-driven irrigation and drainage equipment for farm use totaled 357,500 HP, an increase of 20,000 HP over 1980. The number of motor vehicles for farm transportation reached 5,458, an in crease of 561. A total of 4.78 million mu of fields, or 90.4 percent of the total farmland area, was plowed by tractors in 1981, an increase of 2.4 percent. Some 5.2 million mu, or 98.4 percent of the total area, was irrigated by power-driven equipment, a decrease of 0.7 percent. A total of 170,000 tons of chemical fertilizer was applied on farms in 1981, approaching the previous year's level. Shanghai's rural area used 1.37 billion kwh of electricity, up 11.7 percent.

3. Capital construction

In 1981, 915 capital construction projects were undertaken, of which 293 were all completed and put into operation (including 5 large and medium-sized projects), and 197 were partially completed and put into operation (including 4 large and medium-sized projects). Newly added production capacity by these projects mainly consists of: 1.6 million 12-inch black-and-white picture tubes per year; 50,000 telephone exchanges per year; 136,000 tons of water supply per day; 17,000 tons of sewage treatment capacity per day; 270,000 tons of cargo-handling capacity at 12 newly built or expanded berths in port; 24,000 tons of cold storage capacity for meats and aquatic products; 95,000 square meters of floor space in houses for commercial, catering and

service outlets; 285,000 square meters of floor space in buildings completed for universities and colleges, adding 16,000 seats; 106,000 square meters of floor space in buildings completed for middle and primary schools adding, 32,000 seats; and 1,174 hospital beds. In addition, construction of the Shanghai acrobatic stadium and the Huangpu district stadium were completed and made available to users, and water-drainage works in Lingshi, Changbai and Wujiaochang areas were completed and put to use. The length of the city's water supply lines increased by 85 km over the previous year; the length of gas pipelines increased by 72 km; 5 new routes with a total length of 62 km were added to the public transport system; and the public transport departments added 255 new vehicles.

In 1981, total investment in capital construction in state-owned units in the city was 3.08 billion yuan, a 19.7 percent increase over the previous year. Of this total, 2 billion yuan was invested in the Baoshan Iron and Steel Complex and the second stage construction of the Shanghai Petrochemical Complex, an increase of 26.2 percent, and 1.98 billion yuan was invested in other projects, an increase of 9.2 percent.

The investment orientation was further readjusted in 1981. Of the total investment in capital construction, investment for productive use was 2.34 billion yuan, and the proportion dropped from 79.7 percent in 1980 to 76 percent. Of the investment in industry, the proportion for light industry continued to increase from 6.2 percent in 1980 to 11.7 percent. The investment in nonproductive construction to improve the people's material and cultural life was 740 million yuan, the proportion rising from 20.3 percent in 1980 to 24 percent, and, deducting the investment in the Baoshan Iron and Steel Complex and the Shanghai Petrochemical Complex, the proportion rose from 40.4 percent in 1980 to 58.3 percent. Of the investment in nonproductive construction, the proportion for housing construction increased from 61.3 percent in 1980 to 67.1 percent.

In 1981, new fixed assets turned over to state-owned units in the city through capital construction were valued at 940 million yuan, and the rate of availability of such assets was 30.4 percent (excepting the Baoshan Iron and Steel Complex and the Shanghai Petrochemical Complex, the rate of availability of fixed assets for all other projects was 79.4 percent). Buildings completed in 1981 (including factory buildings and homes) totaled 3,992,000 square meters in floor space, an increase of 8.1 percent over the previous year.

In 1981, 3,362 capital investment projects [zi jin cuo shi xiang mu 6327 6855 2238 2457 7309 4158] of various kinds, costing 50,000 yuan or more each, were undertaken by state-owned units in the city, and 1,531 or 45.5 percent of these projects were completed and put into operation. The investment in these projects was 1.12 billion yuan in 1981, equivalent to 36.3 percent of the year's total investment in capital construction. Among the various kinds of capital investment projects, the investments in light industry and urban public utilities increased by 51.9 percent and 43.2 percent, respectively, over the previous year. Nex fixed assets added by various capital investment projects were valued at 810 million yuan, an increase of 15.8 percent

over the previous year, and the rate of availability was 72.6 percent, higher than in 1980.

In 1981, housing construction continued to apply the principle of combining construction under unified state plan and construction by various units themselves. Through many channels such as state appropriations, investments under various measures and funds raised by collectives, a total of 560 million yuan was invested in housing construction in 1981, showing an increase of 29.3 percent over the previous year. New homes completed in the city in 1981 totaled 2,976,000 square meters in floor space, an increase of 3.5 percent over the previous year (Note 1). Of this total, houses built under unified state plan had a floor space of 1,007,000 square meters, or 23.7 percent less than in 1980, and houses built by various units on their own had a floor space of 1,969,000 square meters, or 26.5 percent more than in 1980.

In 1981, the proportion of unfinished capital construction projects went up. Owing to rather big shortages in building materials and construction manpower, the rate of completion of various kinds of capital investment projects was rather poor.

4. Transport, posts and telecommunications

In 1981, the total freight volume handled by various means of transportation in the city was 154.7 billion ton-km, up 4.1 percent over 1980. Of this, the volume of railway freight transport was 8.65 billion ton-km, 0.7 percent lower than the previous year; the volume of waterway cargo transport (including sea transportation, Changjiang River and inland waterways) was 145.2 billion ton-km, up 4.4 percent; and the volume of road freight transport by local transport departments was 830 million ton-kwm, up 4.4 percent. The volume of cargo handled at the Shanghai port was 83.35 million tons, 1.7 percent lower than the previous year.

In 1981, the volume of passenger transportation by all means reached 25.32 person-times, up 6.9 percent over the previous year. Of this, the volume of passenger transportation handled by Shanghai's railway stations was 18.05 million person-times, a 6.7 percent increase; the volume of passenger transportation handled by the Shanghai port was 4.81 million person-times, up 7.8 percent; road passenger transportation volume was 2.09 million person-times, up 4.5 percent; and air passenger traffic volume was 370,000 person-times, a 19.4 percent increase.

In 1981, the volume of passenger traffic inside the city by public transportation means was 3.68 billion person-times, an 8.1 percent increase over the previous year. The average daily passenger traffic volume was 10.09 million person-times, and the highest daily passenger traffic volume was 11.54 million person-times. In 1981, through continued efforts to strengthen traffic ofder, readjusting routes and stops, separating fast and slow traffic lanes and staggering the work hours, the crowded state of city traffic was eased somewhat.

In 1981, post and telecommunications transactions for the whole city were 67.53 million yuan in terms of 1970 constant prices, a 4.4 percent increase over the previous year. There was a 0.7 percent increase for letters, a 17.7 percent increase for the distribution of newspapers and magazines. a 2.7 percent increase for telegrams, a 2.9 percent increase for long-distance telephone calls, and a 5.5 percent increase for local telephone calls.

In 1981, coal consumption by steam locomotives of the Shanghai railway subbureau per 10,000 ton-km was the same as in the previous year, and fuel consumption by diesel locomotives per 10,000 ton-km was 4.4 percent lower than the previous year. Gasoline and diesel oil consumption by trucks per 100 ton-km also decreased somewhat.

5. Domestic trade

In 1981, the market was flourishing, and there were brisk buying and selling. The total value of commodities purchased by state-owned commercial departments in the city reached 16.86 billion yuan, topping the previous year by 8.4 percent. This included 15.64 billion yuan worth of manufactured goods, an increase of 8.9 percent over 1980, and 1.22 billion yuan worth of farm produce and sideline products, an increase of 2.5 percent. The total value of commodities brought in from other parts of the country was 4.53 billion yuan, an increase of 18.2 percent over the previous year. Of this, the value of farm produce and sideline products brought in was 1.98 billion yuan, an increase of 47.5 percent.

In 1981, the city's total value of retail sales was 9.37 billion yuan, an 8.5 percent increase over 1980 (Note 2). This included 7.88 billion yuan for consumer goods supplied to residents, an increase of 9.4 percent. Compared with the 1980 retail sales of commodities respectively by uses, the sale of food items went up 11.4 percent, items of clothing went up 7.7 percent, and goods for daily use increased 9 percent. Of the main staple and nonstaple food sales, the sale of grain went up 11.5 percent, edible oil went up 26.5 percent, pork went up 11.4 percent, poultry went up 2.1 percent, fresh vegetables went up 7.3 percent, aquatic products dropped 2.6 percent, and fresh eggs dropped 1.9 percent. Among the major manufactured consumer goods, high-grade large commodities continued to be in great demand, and the number of commodities in short supply or unavilable decreased somewhat. Compared with the previous year, the sale of cameras went up 70.6 percent, bicycles 39.5 percent, sewing machines 19.3 percent, television sets 20.7 percent, cassette recorders 26.7 percent, chemical-fiber fabrics 28.7 percent, woolen fabrics 20.5 percent, knitting wool 18.5 percent, and cotton cloth, silks and satins, knitted underwear and cigarettes to varying degrees; while blend polyester-cotton fabrics, electric fans, radio receivers, wristwatches, soaps, leather shoes and so forth sold less than the previous year.

The total volume of transaction of farm produce and sideline products made at country fair reached 200 million yuan, topping 1980 by 67.6 percent.

The total value of manufactured goods delivered by the municipality's state-owned commercial departments to other localities was 11.42 billion yuan, a 6.9 percent increase over 1980.

By the end of 1981, the state-owned commercial departments had 12.6 percent more goods in stock than at the end of 1980.

Generally speaking, the source of goods increased and market supply was basically stable in 1981. However, there still existed a gap between the demand and goods available. Especially some famous brand consumer goods were in short supply while the design, variety and specifications of some other goods could not satisfy the consumer's needs. Inferior quality and high price caused the poor sale and overstocking of these goods. Some nonstaple foods were still in short supply. The supply of vegetables on the market was not even and stable and their variety was insufficient.

Calculated according to the average prices for the year, the overall level of retail prices (including state listed prices, negotiated prices and prices on the rural market) was 1.1 percent over 1980. Following the raising of the price of cigarettes and alcoholic drinks and the reducing of the price of chemical fibre in November 1981, there was a 3.3 percent increase in the overall level of retail prices in December.

In the fluctuations of state listed retail prices throughout the year, the price of food as a whole rose 1.1 percent, including 5 percent increase for vegetables, 3.3 percent increase for aquatic products, 4.7 percent increase for cigarettes, alcoholic drinks and tea, 7 percent increase for fruits and 5.2 percent decrease for pork; clothing dropped 0.5 percent, including 1.3 percent decrease for chemical fibre and 0.9 percent decrease for knit goods; daily necessities dropped 0.5 percent and commodities for cultural and recreational activities increased 0.3 percent; pharmaceuticals dropped 3.8 percent, including 4.8 percent increase for Chinese medicine and 7.9 percent decrease for Western medicine; and the price of fuel remained at the same level as in 1980.

6. Foreign trade, tourism

The total value of the goods procured for exports in 1981 increased 7.6 percent. Due to the increase of exports by inland provinces and regions as a result of reform in foreign trade system, the total value of exports delivered to Shanghai from other provinces decreased considerably.

The total value of exports handled by Shanghai port was 6.76 billion yuan, a 10.4 percent decrease if price and foreign exchange fluctuations are excluded. In the export trade, the exports of special products related to farm produce and sideline products such as grain, edible oil, foods, animal products, tea, native products and silk decreased, while such light and textile industrial products as polyester and cotton blend fabric, man-made cotton cloth, clothings, bicycles, sewing machines, thermos and enamelware increased by big margins. As a result of the change in the structure of export goods, the proportion of farm produce and sideline products exported dropped from 26.4 percent in the previous year to 22.2 percent, while light and textile industrial products rose from 54.5 to 57.7 percent and heavy industrial products from 19.1 to 20.1 percent.

A total of 369,000 foreigners, overseas Chinese and compatriots from Hong Kong, Macao and Taiwan, coming from 154 countries and regions, visited Shanghai in 1981, a 18.4 percent increase over the previous year. Annual foreign exchange income was 165 million yuan, 28 percent increase over 1980.

7. Science, technology, education and culture

Further implementing the policy of serving the economic construction, Shanghai completed 559 projects of major research in science and technology in 1981, of which 70 percent had already been applied to the production. Some gratifying achievements were made in the research of basic theory. Especially the synthesizing of yeast alanine transfer-ribonucleic acid is of advanced world level. The contingent of scientific and technical personnel was expanded with a total of 352,000 scientists and technicians working in the state-owned units, topping the previous year by 21,000 and including 263,000 in natural science fields and 89,000 in social science fields.

Thanks to the continued implementation of the readjustment policy, the quality and quantity of education was raised. Enrollment in institutions of higher learning was 91,000 or 14,000 more than the previous year and a record figure. In addition, there were 2,003 research students living in school dormitories. To cope with decreasing number of middle and primary school students, the distribution of schools was readjusted and reform of secondary education was continued at selected schools through the offering of vocational classes and secondary technical classes. Enrollment in secondary technical schools was 29,000 or 1,300 more than 1980; in technical schools, 55,000 or 4,000 less; in regular secondary schools, 499,000, or 128,000 less; in primary schools, 832,000, a drop of 23,000; in kindergartens, 285,000, 22,000 more than 1980. Enrollment in spare-time schools for workers and peasants was 629,000, including 103,000 in TV colleges and other institutions of higher learning, 467,000 in secondary spare-time schools for workers and peasants, 40,000 in primary schools and 18,000 in colleges for advanced studies for secondary and primary school teachers.

The propaganda and cultural departments scored new achievements in promoting the building of spiritual civilization and enriching the people's cultural life. A total of 17 story movies were made in 1981. Among them, "Xi Lin Men [A House Filled With Happiness"] and other movies won favorable response from the audience. The number of film project units came to 804; performing art troupe, 49; cultural centers, 23; public libraries, 23; museums and memorial halls, 7. There were one radio station, 4 launching stations [fa she tai 4099 1410 0669], one TV station and 2 TV centers. A total of 1.03 billion copies of newspapers, 220 million copies of magazines of all kinds and 600 million copies of books and pictures were published in 1981, showing an increase of 20.2, 66.5 and 7 percent, respectively, over the previous year.

8. Public health and sports

New progress was made in the municipality's public health undertakings in 1981. The number of professional health workers totaled 96,000, 1,600 more than 1980. This included 7,000 doctors of traditional Chinese medicine,

18,000 registered doctors of Western medicine, 19,000 assistant doctors of Western medicine and 22,000 registered nurses and nurses. The total number of hospital beds in the municipality reached 50,000, an increase of 550. In medical and public health work, efforts were made to prevent diseases and raise the quality of treatment. Along with the deepening of the patriotic health campaign, environmental sanitation was improved and incidence of contagious diseases declined markedly.

In 1981, the municipality held a total of 620 sports meets at and above district and county level. A large number of athletes scored outstanding records in competitions at home and abroad. Athletes from the municipality won 8 world championships and broke 1 world record, 2 Asian records, 13 national records and 56 municipal records. Mass sports activities were carried out on an extensive scale and 223,000 persons reached the "national physical training standard."

9. People's livelihood

The year 1981 saw a continued improvement in the people's living standards both in cities and the countryside. In 1981, a total of 264,000 people in the municipality were given jobs, including young people awaiting jobs and other categories of people who were covered by the state job assignment program. Of these, 195,000 were in state-run establishments and 69,000 were in collective establishments. By the end of the year, the number of workers and staff members in state-run and urban collective units came to 4,645,000, 176,000 or 3.9 percent more than a year before. Of these, 3,638,000 were in state-run establishments, 119,000 more than the previous year; 1,007,000 were in collective establishments in cities and towns, an increase of 57,000. In addition, individual workers in cities and towns reached 13,500, 1,800 or 15.4 percent more than the previous year.

With more people employed, the number of people in the municipality that each worker had to support (including the worker himself) dropped from 1.63 in 1980 to 1.57 accordingly.

Owing to the increase of the number of workers and staff members and wage readjustment in some collective units, the annual wages of workers and staff members in the municipality totaled 3,960 million yuan, a rise of 150 million yuan or 3.9 percent over 1980. The total for state-employed workers was 3,240 million yuan, 2.6 percent more, and for collectively employed workers was 720 million yuan, an increase of 10.2 percent. The average annual money wage was 870 yuan (190 yuan for state-employed workers and 727 yuan for collectively employed workers), 0.4 percent more than in the previous year. The slight increase in the average money wage was due mainly to the retirement of old workers and the influx of new workers. According to a sample survey of 500 households of workers and staff members in the municipality, the average income, that could be spent as living expenses in 1981, was 589 yuan per capita. Deducting the 1.4 percent rise in the cost-of-living index from this, average real income per capita still increased slightly over the previous year.

In 1981 the suburban counties saw another fairly big improvement in the livelihood of the peasants. The year's net income for their rural people's communes, production brigades and production teams totaled 2.25 billion yuan, an 8.5 percent increase over the previous year. The average income each commune member obtained from the collective was 288 yuan, which was 10 yuan more than in the previous year, or an increase of 3.6 percent. According to a sample survey of the incomes and expenses of 361 of the commune member households in the suburban counties, the 1981 per capita net income realized from sideline occupations by the commune member households toppled the year before by 26.3 percent. This, plus the income distributed by the collective, brought the year's per capita net income to 444 yuan, an increase of 42 yuan or 10.4 percent compared with the year before.

Savings deposits of all urban and suburban residents in the municipality reached 3.29 billion yuan by the end of 1981, a growth of 9 percent as compared to the end of the previous year.

The existing major problems with regard to the people's livelihood area: some urban residents still face very keen shortages in living quarters; the living standard of some residents has been affected to a certain extent due to price rises plus the fact that no additional family member found employment; urban public transport facilities are crowded; further improvement is needed in the situation of pollution by waste gas, waste water and industrial residue.

10. Population

By the end of 1981, total population of the municipality was 11.628 million, which was an increase of 165,000, or 1.4 percent, from the end of the previous year. Of this, urban population numbered 6.134 million, representing an increase of 121,000 people, or 2 percent.

Since the number of young people getting married has increased in recent years, the 1981 birthrate and natural population growth rate climbed back a little as compared with the previous year. In 1981, the birthrate of the municipality as a whole was 16.8 per thousand and the death rate 6.5 per thousand, with the natural growth rate reaching 10.3 per thousand. In 1981, the number of couples practicing planned parenthood in the municipality reached 92.7 percent. The number of couples certified as one-child families reached 86.2 percent, a growth of 11.6 percent as compared with the year before.

Note 1: The total floor space of completed homes is calculated on the basis of those homes completed and ready for occupancy.

Note 2: The 1981 total value of retail sales listed here does not include the figure of means of agricultural production sold to commune enterprises and institutions.

CSO: 4006/473

'JINGJI GUANLI' ON SHANGHAI BUREAU MANAGEMENT

HK020718 Beijing JINGJI GUANLI in Chinese No 4, 15 Apr 82 pp 8-11

[Article by Shanghai Municipal First Bureau of Mechanical and Electrical Industry: "Practice of Extending the Sphere of Service and Improving Management by Shanghai's First System of Mechanical and Electrical Industry"]

[Text] In 1981, under conditions in which planned production assignments were in severe shortage, Shanghai's first mechanical and electrical industrial system, relying on guidance by state plans and giving full play to the subsidiary role of regulation by market mechanism, actively readjusted its service orientation, extended its service sphere, carried out a diversified operation, broadened method of production and strived for increased production output and returns, thus achieving considerable economic results. This year, the gross industrial output value created by the whole bureau was 5,060 million yuan, exceeding the target--5,000 yuan. Of this, 4,430 million yuan was the output value attributed to the first mechanical department, 14 percent down from that in 1980. After deducting the effects of product price decrease and raw material price increase, the profit was 1,190 million yuan. The profits achieved by Shanghai's first mechanical system amounted to 35 percent of the profits by this system of the whole country. In spite of severe shortage of production assignments and decrease in profits, none of 368 enterprises owned by the whole people in this bureau has incurred a loss for the last 5 years. Shanghai's First Bureau of Mechanical and Electrical Industry has made efforts to extend the service sphere and improve management.

I. Readjust Product Ranges, Extend Service Sphere, Supply New Equipment for Technical Transformation in the National Economy With Great Efforts

In early 1981, the mechanical and electrical industry faced a grave dearth of production assignments with a slow shift of service orientation in the first half of the year. When inspecting work in Shanghai, Premier Zhao Ziyang pointed out that a constant growth should be maintained during the economic readjustment and economic results must be taken into account. In accordance with this instruction, the Shanghai Municipal CCP Committee decided that Shanghai had to ensure a 3 percent growth in 1981. This was a requirement of the overall interests. In line with the specific conditions of the subordinate companies, Shanghai's First Mechanical and Electrical Industrial Bureau tried by all means to take more production assignments,

resolutely accomplished the output value plan of 5,000 million yuan and attained the profit target of 1,150 million yuan. Leading cadres at all levels went deeply among the masses in order to mobilize them and effectively fulfilled their tasks, thus effecting a great change in the situation. Many large-scale backbone enterprises continued to set aside their own interests, undertook, on their own initiative, the assignments of producing what was urgently needed by the state and light industry and invigorated production with great efforts. Medium-sized and small enterprises readjusted their service orientation at a more rapid pace, their prospects for serving light industry thus becoming even broader. All this is mainly reflected in the following aspects:

1. Actively trial-produce new products and reform old products in order to conserve energy. Many enterprises have paid attention to improving old products which consume too much energy, and started to develop new products with lower energy consumption, resulting in a reduction in the "three wastes." According to incomplete statistics, the whole bureau renovated and developed 85 types of energy-saving products in 1981. For example, the energy consumption rate of transformers made by the Shanghai transformer plant has been reduced by 20 percent, with efficiency raised by 3 percent. Electric stoves produced by the Shanghai electric stove plant of 3 ranges and 11 specifications have been improved by reducing power consumption by 20 percent and increasing heating efficiency by 80 percent. Calculated on the basis of 50 kilowatt per stove, 22 thousand kilowatt-hours of power can be saved per year. This plant has supplied 105 power-conserving stoves to its customers. The Shanghai pump plant has developed a new centrifugal pump with 10 specifications with an average of 4 percent increase in efficiency. In 1981, they trial-produced 1,393 of these pumps. If each pump is used for an average 1,500 hours per year, 5.9 million kilowatt-hours of power can be saved.

2. Actively supply old enterprises with efficient special equipment and production lines for the technical transformation. Since the end of 1980, this bureau has actively supplied all trades with equipment for their technical transformation, in line with customers' demands and market needs. Sifang, Xinjian and 13 other factories have supplied over 200 small chemical fertilizer plants throughout the country with 8,200 mechanical or electrical machines with a gross weight of over 13 thousand tons for their technical transformation, thus improving the economic results. Xinjian machinery plant and Shanghai heavy machinery plant actively helped small cement factories to carry out innovation. Compared with an old kiln, a new kiln provided by Xinjiang machinery plant can increase daily output from 63 tons to 106 tons with a 5 percent reduction of coal consumption; the cement produced by the new kilns is upgraded from No 400 to No 500. In 1981, the whole bureau developed 85 kinds of new special equipment for light, textile and other trades, of which, 36 kinds have been delivered to customers. They also supplied equipment for the shoemaking and match-producing trades.

3. Increase the production of short-term and readily marketable products to meet the needs of all fields in society. The concrete measures to be carried out are: Expand production capacity in those enterprises with sufficient production assignments and products meeting demands by means of

tapping potentials, reforming technology, conducting coordinated and integrated operations with other enterprises; actively develop the second and the third categories of products and varied products in those enterprises with a correct product orientation but temporarily insufficient production assignments in line with the principle of keeping structure and technology in line, changing production from single products to diversified varieties; shift production to short-term products and products meeting market needs in those enterprises formerly producing long-term products and with a weaker competitive force. In 1981, this bureau arranged 106 types of short-term and readily marketable products and thus created an output value of 940 million yuan, amounting to 18 percent of the gross output value of the whole bureau.

4. Actively develop some durable consumer goods to satisfy the people's needs in their lives. Twenty-three enterprises in this bureau made use of their surplus production capacity to produce daily-use mechanical and electrical products which can be directly entered into markets. These products are mainly electric fans, light motorcycles, washing machines, family air-conditioners, small electric meters, bakelite electric appliances, locks, metal folding chairs, magnifying screens for TV sets and so on, totaling 67 varieties. The production of these products created an output value of 460 million yuan in 1981, amounting to 9.3 percent of the gross output value of the whole bureau. Furthermore, another 26 factories made use of their surplus production capacity to serve light industry and actively undertook the work of carrying out technological cooperation.

5. Create a new product range for export, thus continuously increasing the gross volume of export. Many companies and enterprises treated expanding the export of mechanical and electrical products as an important task in implementing the policy of readjustment. They adopted flexible and diversified forms, broadly opened channels and actively expanded export items. The quality of straight-twist drills produced by the Shanghai tool plant was continuously improved, with an export volume of 11 million pieces in 1980 and an increased volume of over 13 million pieces in 1981. The foreign exchange return from this item was U.S.$4 million. In 1981 the Shanghai machine tool factory exported 168 machine tools of 17 varieties to 18 countries and areas, thus yielding over U.S.$2 million in foreign exchange. Since 1980, the whole bureau has developed more than 50 new varieties for export, thus changing the export makeup of mechanical and electrical products.

II. Develop New Varieties, Improve Quality, Strengthen the Adaptability and Competitive Force of Mechanical and Electrical Products With Great Efforts

In 1981, the whole bureau continued to improve and upgrade product quality and carried out overall quality control, resulting in even higher product quality. The quality of 200 key products controlled by the ministry, municipality and bureau is being continuously improved. The annual rate of first class products was 71 percent in 1980 and 85 percent in 1981. In 1980, 22 products were listed as "top quality products" respectively by the

ministry, municipality or bureau. In 1981, top quality products increased to 72 varieties, of which six were listed by the state, 15 by the municipality, 51 by the ministry. In this respect, the following measures were taken in the main:

1. Concentrating on the weak links of product quality and continuously organizing forces to surmount technical difficulties. For example, the "three leaks" and noise of machine tools were big and difficult problems existing in the machine tool building trade for a long time. Over the last 2 years, through continuous improvement, the noise of machine tools has been controlled and stabilized under 82 decibels. The "three leaks" have also been reduced to a large extent. In the past, due to loud noise, export volume of the bearing trade was fairly low. After adopting the process of extra precise abrading, 1.54 million sets of bearings were exported in 1981, 14 times more than in 1979.

2. In order to suit the needs in expanding export, quality standards of many products have been changed from domestic standards to international standards. For example, the surface printing of cables and wires and other products of the cable and wire trade have been notably improved in quality through technological innovation. The electric cable produced by the Shanghai electric cable plant has reached or approached the IEC standards.

3. Many enterprises have paid attention to both internal quality and outward appearance quality, not merely emphasizing production quality as in the past. In recent years, the machine tool trade has repeatedly overcome problems of improper fitting of components' joints and made efforts to improve painting quality. They have laid down standards for product cleanliness and other rules of processing, so as to improve the inner quality and outward appearance.

As regulation by market mechanism has played a role, the development of new products has shifted from the past practice that merely emphasized the completion of trial-production assignments laid down by the upper level's mandatory plans, to new measures that attach importance to market survey and developing readily marketable varieties. In 1981, old products being improved and new products being trial-produced totaled 566 items, of which, some were items controlled by the bureau and some were outside plans. Of controlled items, 69 were items concerning energy conservation and exploitation, 57 were items serving the technical transformation in light and textile industry and handicraft trades and items which can directly be supplied to the markets, 45 were items for export, and 85 were items serving technical transformation in other trades. There were also many new products beyond controlled items. For example, the No 8 Shanghai machine tool factory produced, in the past, out-of-date electrical processing machine tools which sold poorly. Thus, the enterprise met with financial troubles and could not pay wages to its workers. In recent years, this factory has devoted great efforts to improving quality and succeeded in trial-producing five types of new products. It helped customers to fix, regulate and use the machines on their own initiative and guided customers in mastering their operation and maintenance, thus gradually establishing a good reputation and opening markets for their products and changing long-term products into readily marketable products.

3. Strengthen Management, Raise the Level of Scientific Management, Actively Invigorate Production and Operation of Enterprises

In recent years, under the guidance of plans, regulation by market mechanism has played a great role and greatly helped enterprises to change their operation style, strengthen management and actively invigorate production and operation.

1. Establish a plan to serve customers, and change operation style. Many companies and enterprises in the bureau have set up a plan that all should proceed from serving the customers. Many facts show that whenever they clearly establish the idea of serving the customers and swiftly change their operation style, the enterprises are inevitably able to invigorate their production and operation and achieve a stronger competitive force and better economic results. The subsidiary machine plant of the Shanghai power station has laid down this operation rule. "Treat business affairs no matter whether they are big or small in the same way, handle them in the same manner no matter how much profits they will yield." As long as customers are in need of some spare parts or equipment, from springs and atomizers worth a few jiao or several yuan, to a condenser worth 2 million yuan, they were all glad to make and handle delivery by post for customers. Even for those products they did not produce themselves, so long as they received customers' letters, they helped contact the parties concerned and made sure whether these products were available. They hoped that friendly relations could be established even if no transactions had been made. Owing to the change of operational style, this factory has established a good reputation among their customers, and consolidated and enlarged the markets.

2. Conduct market surveys, strengthen market forecasts. In the last 2 years, many enterprises have applied the principles of scientific forecasting to carry out market surveys and market forecasts, and initially found out some new ways suited to their own characteristics.

First, through investigation into and forecasts on market demands, enterprises can clearly decide the development orientation of their products, and find out the quantities of products needed. For example, the electric hoists made by the Shanghai hoisting equipment factory have become a kind of product that is in excessive supply. But after investigating the stock in the material department, this factory knew that these hoists, though overstocked, still met a demand for hoists with a small hoisting capacity. They analyzed the specific demands of their potential customers and found out that there was still a great demand in light industry and commercial departments, though the demand in heavy industry had dropped. According to this analysis, they decided to develop those products with a capacity of less than 1 ton, thus opening up a wide market and increasing production. The gross output in 1981 was 8.3 percent over that in 1979 which was the highest level in the past. Second, through the investigation and analysis of the situation in one's own trade, one can decide the tactics in competition. For example, the Shanghai electric cable plant has investigated and analyzed the basic situation of its own trade in the

whole country and proceeded from its own characteristics and technical conditions, and given play to its advantages while avoiding its disadvantages, to develop products with "one high, two deeps, three bigs." "One high" means that they developed mainly the electric cable for high voltage--over 500 kilovolts. "Two deeps" means that they mainly produced cables for deep exploration in petroleum industry and scientific research for national defense. "Three bigs" means cables with a big cross-section, big reference number and great length. Thus they have actively brought their advantages into play in the course of competition.

3. Actively develop diversification, expand the sphere of product utilization and service. In 1981, 64 backbone enterprises of this bureau which handled single products in the past and faced shortage of production assignments, while properly handling their main products, actively developed 94 kinds of secondary and tertiary products in line with their production capacity and equipment conditions. For example, while properly handling the production of equipment and spare parts for the petroleum industry, the Dalong machinery plant simultaneously produced 4,000 tons of machinery for rubber and plastics processing which accounted for 50 percent of the total output of this factory. While properly handling the production of chemical equipment, the Shanghai chemical machinery plant also produced 1,300 tons of machinery for processing drinks which accounted for 60 percent of its total output. The Shanghai machine tool factory and No 10 machine tool factory actively developed varied products and provided light industry with highly efficient specialized equipment. Through developing secondary and tertiary products, varied products and changing from single production to diversified production, these enterprises have not only solved the contradiction of insufficient assignments, but also have given play to their roles of being expert in one thing and good at many, and thus enhancing the adaptability of the enterprises. Moreover, many enterprises also actively handled business with flexible and diversified measures, such as product leasing, exchanging new for old, offering repairs, conducting processing cooperation and offering social service. Thus they can make full use of their surplus capacity, extend the sphere of service, increase income and improve economic results. For example, the Shanghai automobile plant undertook the business of renewing old cars at a charge of 6,000 yuan per car. This practice has been welcomed by customers and brought 2 million yuan of income in a year for this factory.

4. Strengthen technical service, try all means to make things convenient for the people. Companies and factories have taken the following measures:
1. Often visit the customers, promptly help them solve problems.
2. Regularize technical training. Many units held all kinds of training classes by means of inviting customers in or going out to the customers, to introduce the properties and characteristics of their products, and methods of utilization and maintenance. They thus trained a technical force in operation and maintenance fur customers. 3. Set up repair networks. Many enterprises set up service centers and special repair shops in the areas where a fair amount of products are concentrated to promptly supply customers with spare parts and repair services. By the end of 1981, 42 enterprises of this bureau had set up 158 repair shops in 20 major

provinces and cities. 4. Form a system of mobile checking and repair. The trades making elevators, refrigerators, valves and electric motors have organized special service teams, to give regular on-the-spot service to customers, and check and repair products for them.

5. Launch activities of value projects, continuously lower production cost. As the makeup of products has changed, product assignments with high output value and profits have reduced to a large extent, while product assignments with low output value and profits have greatly increased, adding to the price rise in raw materials. All this has resulted in a rise in enterprises' overheads and a drop in profits. In order to attain the target of increasing output and income, it is imperative to devote great efforts to reducing cost. At present, more than 50 enterprises of this bureau have achieved good results in lowering cost, increasing profits and strengthening competitive force. The Shanghai machine tool factory realized 22 value projects in 1980 thus lowering costs by 250,000 yuan; they realized another 24 projects in 1981 thus lowering costs by 210,000 yuan.

6. Strengthen production management, shorten production cycles. When mechanical and electrical products enter the market as commodities, customers like to buy them as soon as they need them and they require to be supplied with goods on hand or hope that goods can be delivered promptly. Whether a producing enterprise can deliver goods in accordance with the customers' requirements is also one of the keys to enhancing competitive force. In order to win markets, enterprises must change the old methods of organizing production, so as to strengthen production management and find ways of shortening production cycles. In the last 2 years, a number of enterprises in this bureau have applied scientific management methods, such as the network technique and rolling planning, to closely combine production, technology and management and effectively shorten production cycles. For those products urgently needed by customers at short notice, they have adopted flexible plans to cut down the normal production period, so as to achieve more contracts. Besides using the network technique and rolling planning, the Shanghai machine tool factory and the Shanghai electric cable plant also organized a "speedy force" specially to tackle problems in design, processing technology and manufacturing of the whole factory in line with the demands of key projects and urgent tasks, so as to try all means to reduce the production cycle.

7. Dredge channels of marketing, establish wide networks of agencies, perfect marketing system and strengthen the ranks of sales personnel at all levels. At present, there are mainly three channels of marketing: First, large and key equipment needed in the state's key projects is designed by research institutes in the light of requirements, then whole-set companies effect orders. Second, the second category of electrical products and a part of general and standard products are handled by material departments. Third, orders for scattered products used for construction, technical measures, maintenance and cooperation are generally placed directly by customers. In accordance with these conditions, we have actively developed various forms of integration over the last 2 years, thus further dredging channels of marketing and expanding markets. We must: 1. Establish

fixed cooperative relations with 95 research institutes on the design and manufacture of mechanical and electrical products. Establish cooperative relations of integrated supply with the whole-set companies in three provinces and cities. Many companies and factories have also associated themselves directly with whole-set companies, and mechanical and electrical equipment companies in some areas. 2. Subordinate companies of this bureau have established fixed supply cooperation and agency relations with mechanical and electrical equipment companies and other counterparts in other areas and cities.

In order to invigorate business, necessary readjustment and strengthening have been carried out. By the end of 1981, the whole bureau had set up 27 sales departments and service centers with 1,008 specialized personnel. Meanwhile, we also pay attention to professional training and improving the professional level of sales personnel. This bureau has opened sales management classes as in the branch school of Shanghai Communications University and in the Shanghai College of Mechanical and Electrical Industry, to train sales personnel.

CSO: 4006/469

FINANCE AND BANKING

BRIEFS

HUBEI TAXATION WORK MEETING--The Hubei provincial taxation work meeting closed on 14 May. In accordance with the State Council documents and the spirit of national taxation meeting, the meeting decided to adjust tax rates for commune and brigade run enterprises in rural areas. Taxation on production of cigarettes, sugar, wine, watches and another 16 items has been raised and enterprises which use oil as fuel will have to pay an additional tax for oil consumption. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 14 May 82 HK]

HAINAN TAX POLICIES INSPECTION--The Han area in Hainan has launched a large-scale inspection on implementation of tax policies. In the first 4 months of this year, some 610,000 yuan of evaded tax payment was recovered. Taxation departments at all levels in Hainan have also carried out analysis of problems found during the inspection and helped relevant units to solve them. Regarding serious economic crimes, they have reported promptly to departments concerned so that appropriate actions would be taken against the criminals. [Haikou Hainan Island Service in Mandarin 0330 GMT 17 May 82 HK]

CSO: 4006/473

BRIEFS

SHANGHAI BAOSHAN STEEL PROJECT--After 3 years, the first phase of construction of the Baoshan Iron and Steel Project is making good progress. As of 20 May, 53 percent of the first phase of the construction project was completed and one-third of the equipment was installed. The loading and unloading wharf, the energy center, the Baoshan Steel transformer substation and the central transformer station are ready for operation. The principal part of the project is proceeding fairly well. Over 30,000 steel piles have been driven into the construction site and over 1.4 million cubic meters of cement have been used for building the foundation. Ninety-five percent of the imported equipment has arrived at the construction site. Framework construction of the factory building and the installation of equipment are now in full swing. [Shanghai City Service in Mandarin 2300 GMT 24 May 82 OW]

CSO: 4006/473

BRIEFS

HUNAN ECONOMIC CRIMES--The Hunan Provincial Commerce Department and the Provincial Grain Department has respectively made arrangements and demanded that all commercial and grain departments throughout the province regard exposing and dealing with unlawful deeds of speculating in the course of buying and selling pigs as an important content of striking blows at the criminal activities in the economic field. In the course of buying and selling pigs, the meant purchasing and selling stations in some places and some rural communes and brigades in the province have seriously violated laws and discipline, speculated and practiced fraud. This has caused losses to the state but also hindered the fulfillment of the quotas for the assigned procurement of pigs. On discovering this problem, leaders of the provincial government have attached great importance to this and conducted analysis and study many times. They have demanded that all places resolutely curb this unhealthy trend. In accordance with the requirements of the provincial government, the provincial commerce department has recently formulated specific regulations. Responsible comrades of commerce bureaus at all levels must personally organize forces to investigate and deal with the deeds of speculation within this year. [HK010557 Changsha Hunan Provincial Service in Mandarin 1100 GMT 29 May 82]

CSO: 4006/473

LABOR AND WAGES

BRIEFS

YUNNAN TRADE UNION MEETING—Recently, the Fifth Yunnan Provincial Federation of Trade Unions held its 5th enlarged Standing Committee meeting on learning from and catching up with the progressives. The meeting urged all leaders of the trade unions to take the lead in learning from progressives. Li Xinwang, deputy secretary of the Yunnan provincial CCP Committee, gave a speech at the meeting. He stressed that it is necessary to solve three problems in launching the mass campaign of learning from progressives. First, party and government leading organs and mass organizations must enthusiastically support the progressives; second, it is necessary to make strong public propaganda on learning from progressives; and third, CCP committees at all levels must strengthen leadership and attach importance to the education and training of progressives. Li Xingwang also stressed that trade unions at all levels must strengthen education of workers. [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 24 May 82 HK]

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GENERAL

'JINGJI GUANLI' ON EQUIPMENT FOR NATIONAL ECONOMY

HK040751 Beijing JINGJI GUANLI in Chinese No 4, 15 Apr 82 pp 4-7, 29

[Article by Rao Bin [7437 2430]: "Provide Technical Equipment for Different Departments of the National Economy to Raise Economic Results"]

[Text] The year 1981 was a difficult year for the First Ministry of Machine Building. Through the combined efforts of the 3 million staff members and workers, they expanded the sphere of service, changed the structure of products, increased the variety of products, raised their adaptability and made big strides forward in implementing the eight-character policy. Although what they have done in this respect is not so great, they have embarked on a new road.

Viewed from the angle of production tasks, by 1981 we had already put our difficulties in order and begun to advance step-by-step. Although the problem of the shortage of tasks has not been solved, we can ascertain that there are many ways to enliven the machine building industry and that the machine building industry can display its role fully. We are confident that we can make greater progress this year.

The six targets to be achieved by the first machine building industry in 1982 are as follows: 1. On the basis that goods are marketable and their quality is constantly raised, we must acquire speed, plan to increase the total output value by 5 percent and raise labor productivity by 2-3 percent. 2. We must try in every possible way to increase income and reduce expenses. The increase in profits should be 4-6 percent, production costs should be reduced by 1 percent and the output value of each 100 yuan in the circulating fund reduced by 3 percent. 3. According to the needs of the society, we will develop 1,800 kinds of new products, of which 500 will be planned by the First Ministry of Machine Building. 4. We must raise the quality of products, produce superior quality and famous brand products and strive to obtain state quality awards for 25 kinds of products and the ministry's "reliable product" prizes for 200 products. 5. We must increase the export of machine and electrical products by 22 percent and reduce foreign trade stocks by 100 million yuan. 6. We must raise the economic returns from investment in capital construction, place 80 percent of the investment into fixed assets the same year the investment is made and keep the project completion rate at least at 40 percent.

There is much to do in the machine building industry. What is the central task? In his "report on the work of the government," Comrade Zhao Ziyang repeatedly emphasized that raising economic results was the "central question" and that it was the "fundamental starting point" for considering all economic problems. The machine building industry provides technical equipment to various departments of the national economy. On the one hand, we are required to energetically raise the economic results of the machine building industry itself, while on the other hand, and more importantly, we should raise the quality of products, increase their variety and enhance their level to create conditions for raising economic results in various departments of the national economy. This is the principal contradiction to be solved in the course of regaining the initiative. It is also the central question of the machine building industry. Of course, this is not a question that can be solved within 1 or 2 years. But, from now on we must carry out our work by centering on this core question.

In 1982, we must fulfill the six main tasks by concentrating on the improvement of the quality of products, the development of the variety of products, the enhancement of the level of products and the raising of the economic effect of the machine building industry itself.

First, we must expand the sphere of service, raise the adaptability of enterprises and develop the production of multi-variety products.

The expansion of the sphere of service has been carried out for more than 2 years, and it has achieved certain success. However, it is only the beginning and must be continued. According to the present specific conditions, we must study the following two problems: First, is how to expand the sphere of service in depth, and second, how to strengthen the organizational, planning and leadership work. We think that it is high time we put forward and solved these problems.

How should we expand the sphere of service in depth? The Wuxi machine tool factory has carried out a correct orientation. A sewing machine factory in Shanghai, while carrying out technical innovations, sent four technicians to this factory, and together, they analyzed the machining technology of 72 spare parts for sewing machines one by one and proposed the adoption of a new technology of cut-in type centerless grinding. Using this new technology, they designed seven models of special grinders. According to caculations, by using nine such special grinders, we can fulfill the workload which originally took 81 circular grinders to accomplish. This can save an investment of 700,000 yuan and reduce operating personnel by 69 persons. What is valuable in their experience is that they not only know well the needs of the customers, but also can help them analyze how to improve the technology of operation. They must not only manufacture what is needed by the customers, but also help them to develop ideas and act as their advisers. We think that the machine building industry should operate this way so that the economic results of the customers and the machine building industry itself can be raised.

How should we strengthen the organizational, planning and leadership work of expanding the sphere of service? We should take five measures: 1. We must concentrate our efforts on raising the adaptability of the enterprises.

Only by raising the adaptability to the requirements of the customers and the market, expanding the sphere of service and developing the production of multi-variety products, can we have a solid foundation and backing. 2. To clarify the purpose of expanding the sphere of service, we must first develop the production of serialized multi-variety products in the original direction. Furthermore, we must develop the production of multi-variety products which are outside the series according to the four principles of similarity in structure, closeness in technology, the bringing into full play of technical characteristics, and the utilization of the superiority of the present technology and equipment. It will not do just to limit ourselves to the production of products in their original direction, nor will it do to develop production as we please. 3. With regard to new products that have developed during the expansion of the sphere of service, the following three things must be done: Some customers must be organized for their evaluation and appraisal of products in order to finalize the design; products that are technically up to standard must be catalogued; the orientation of enterprises' products must be put on the right course and selected production units must be fixed under unified planning. On the one hand, by handling these three things well we can show that we ascertain the achievements of enterprises. On the other hand, we can assure our customers that we will continue with our production for a long time and that we will not drop our customers. 4. In the course of the expansion of the sphere of service, we must develop in a planned way set equipment and technically difficult products. In particular, we must pay attention to organizing designers so that they can avoid duplicating the design of products. 5. We must establish an examination and approval system. The production of new products with capacity and investment that exceed a set amount must be submitted for approval.

Second, we must strengthen our planning and adhere to the principle of relying mainly on a planned economy while making the regulation by market mechanism subsidiary.

Comrade Chen Yun has emphasized repeatedly that we must adhere to the principle of relying mainly on a planned economy while making regulation by market mechanism subsidiary. In light of the specific conditions of the First Ministry of Machine Building, our general idea is that we must adhere to the principle of a planned economy and that we must not return to the old road of "three reliances." We must adopt various forms to bring the economic activities of enterprises into the orbit of the state's unified plan.

We must first do a good job in our long-term planning. We think that to adhere to the principle of a planned economy the most important thing is to have long-term development planning that can guide the whole situation. With such development planning, we can principally guarantee the proportionate development of the national economy and give a positive role to a planned economy. Only with such development planning can the economic activities of enterprises have a basis, and can various planning methods that include administrative interference and economic levers correctly play their role. We believe that whether we have carried out the principle of relying mainly on a planned economy is principally judged by whether

we have scientific long-term planning. The State Council has made a strategic plan concerning the "sixth 5-year" plan and the "seventh 5-year" supposition. We must energetically do a good job in this respect. This is the most important step in implementing Comrade Chen Yun's instruction.

In addition, to guarantee the realization of various requirements of our long-term planning, on the one hand, we must appropriately expand the sphere to compulsory plans, while, on the other hand, we must use various indirect planning methods with regard to the products of various sizes and designs and that are arranged by enterprises in line with the market changes so that we can suit them to the requirements of the state plan.

How should we expand the sphere of compulsory plans? In the spirit of Comrade Zhao Ziyang's "report on the work of the government," we must adopt the following two measures: 1. Orders for 40 kinds of large-sized equipment and 3 kinds of general products will be placed by the ministry, and the production of these products will be arranged in enterprises through compulsory plans. 2. Machine building departments are required to undertake, on a contract basis, the state's key construction projects and key technical innovation projects. These projects will be arranged in the enterprises concerned through compulsory plans.

Besides those products whose production is arranged through compulsory plans, there are many machinery and electrical products of various sizes and designs. It is not necessary and impossible for the state to make compulsory plans. The production of these products has to be arranged by enterprises in line with market changes and in accordance with the needs of the customers. This has been the case for several years, and it has played a positive role in improving the management of enterprises and in developing new products and reforming old products according to the needs of the society. A typical example is the Wuxi machine tool factory. This must be continued in the days to come. But, in accordance with the principle of adhering to a planned economy, we cannot ignore the production and operational activities of these products. We must bring them into the orbit of the state plan by various indirect planning methods. In the past our work in this respect was not ideal, and some people even acted blindly. This situation must be energetically improved. According to our preliminary practical experience in the past 2 years, we can summarize the following seven methods: 1) Fixing instructive planning indices; 2) carrying out planned investigation and opening up the latent market; 3) carrying out planned instructions in coordination with banks' credit; 4) using economic levers such as prices and taxation to carry out readjustment and instructions; 5) carrying out instructions through economic laws, and issuing production licenses is an attempt in this respect; 6) carrying out planned instructions through organized coordination; and 7) implementing guidance through advance planning. The above seven methods are not the entire forms of indirect plans. They are only what we have done in our preliminary experience, and must be consummated in practice.

In the past few years, some work in this respect has been carried out in some places and certain results have been achieved. Take for example the Shanghai No 1 Mechanical and Electrical Bureau. Through market investigation and analysis, it gives instructions to enterprises as to what products they

should develop and how much they should invest in the production of these products. Through organizing coordination, it combines the enterprises that "have too much to eat" with the enterprises that "do not have enough to eat" in producing products that are in short supply. Acting in coordination with banks and by issuing credit, it provides assistance for products that have to be developed. These methods have played a certain role in planning and issuing instructions. Facts have proved that these indirect methods and means are not only necessary but also effective. The problem is that we must conscientiously and systematically apply them. Third, we must carry out technical innovations step-by-step with regard to key enterprises.

We have been talking about technical innovations for many years. The problem now is how to go into action.

We must act but we must not act disorderly. Therefore, we must first know well the relevant principles to be implemented in technical innovations. These principles are mainly as follows: We must take the raising of economic benefits as our target and pay special attention to raising the economic benefits of the society, to raising long-term economic results and to raising social benefits. We must start from products and solve the problem of quality, variety and level in light of specific conditions. We must place the principal, the subsidiary and the coordinated under unified planning and reform them in a systematic way. We must have both general planning and planning for each specific trade and region. Key factories must work out their plans for developing the "three-in-one generation" [san ge yi dai 0005 0020 0001 0180] products. Technical innovations must be carried out according to objective necessities, in a selected manner and by emphasizing key points. We must not carry out overall technical innovations or push them forward simultaneously. If we do so, we will be replacing technical innovations with production tasks. We must fix the specific contents of technical innovations according to the needs for the production of advanced and suitable products. We must not carry out an overall reform of an entire factory. We must, in the way we collect treasures, transplant through trial-production new arts, new technology and new materials that have emerged in our country into technical innovation projects and into factories and enterprises. The importation of technology and scientific research work must be carried out in line with the needs for technical innovations. Reform and reorganization must be carried out under overall consideration and unified planning.

How should we carry out technical transformation? The Shanghai Yuejin electrical machinery plant has provided successful experience. They have signed an agreement with the BBC Company of West Germany concerning the joint production of small electrical machinery. The sample machine provided by West Germany is up to the standard of the International Electrical Engineering Association. Its technical requirements are higher than those of the old products of the Yuejin factory. In order to produce products that are up to requirements, they have not carried out overall transformation in the entire enterprise. They have supplemented what is lacking. They have only transformed some parts of their technological equipment, added some test equipment and improved their check-up system. They have

given professional training to their technical personnel and quality controllers. As a result, they have raised the quality of their enterprise and produced a comparatively high level of products. In the beginning, the Yuejin factory produced low-quality small electrical machinery, and the quality was so low that many foreign businessmen had to return large quantities of goods. Now they check their products by selecting samples, and all the machinery is up to standard. From the experience of the Yuejin factory, we now know clearly that we must work out our plans for technical transformation in order of social needs--products--contents of transformation.

In the light of the present actual needs and by centering on the following eight aspects, we will select a group of projects for carrying out technical transformation: (1) transforming some factories by centering on the enhancement of the precision of their machine tools; (2) transforming some factories by centering on the enhancement of the reliability and durability of their basic equipment; (3) transforming the production line of some factories by centering on the development of energy-saving products; (4) transforming some specialized factories by centering on the coordination among specialized units in 12 key cities that deal in four kinds of technological designs; (5) transforming some factories by centering on the expansion of exports; (6) transforming some factories by centering on the digestion, mastery and investment in imported technology; (7) transforming some factories by centering on the use of large-scale sets of equipment for offshore oil drilling; (8) transforming some factories by centering on the development of series of heavy-duty military and civilian trucks. This technical transformation is not to be carried out wholesale in all the factories. It is to be carried out according to the actual needs for producing high-level products in the way of supplementing what is lacking.

The funds for technical transformation have a direct bearing on whether we can go into action. Financial allocation by the state is limited. Our guiding principle consists of three sentences: We must solve our own problems by various means; we must tap our internal potentials; we must not rely on funds allocated by the state, but we must fully utilize loans.

It is not enough just to rely on good wishes in carrying out technical transformation and producing advanced and suitable mechanical and electrical products. We must strengthen our scientific and technological work in a down-to-earth manner. Our guiding principle is as follows: Stimulating the machine-building industry, we must be advanced in science and technology, bear the customers and market in mind, start with scientific and technological work and pay enough attention to economic effect.

Fourth, we must rectify our enterprises step by step and in a planned way.

In the spirit of the relevant documents issued by the party Central Committee, the plans for rectifying our enterprises are as follows: We must develop in an all-round way the self-rectification of enterprises, while management departments are to give assistance to key units. The ministry and various specialized bureaus will organize investigating groups to stay in the following six selected units to help with the rectification: The Harbin

electrical machinery plant, the No 1 car factory, the Jinan No 2 machine tool plant, the Luoyang mining machinery plant, the Shenyang blasting factory and the Guiyang Instrument and Meter Company.

The pace of progress requires the following: The first group of enterprises selected by the ministry and bureaus and by the provincial and municipal authorities for rectification should complete their reorganization in five aspects within about a year, and they should build themselves into six good enterprises in another year.

How should we carry out well these five aspects of reorganization: Many enterprises have provided good experience in this respect. Take for example the economic responsibility system. The experience of the Harbin electric meter instrument plant is as follows: They carry out overall economic accounting on the basis of completing the basic work such as arranging well various quotas and original vouchers. They implement the economic responsibility system on the basis of economic accounting. This is a correct approach. The purpose of implementing the economic responsibility system is to eliminate egalitarianism and the problem of eating out of a big pot and to carry out the principle of distribution according to work. The prerequisite for the principle of distribution according to work is an accurate calculation of labor contribution. Therefore, we must carry out economic accounting. And the prerequisite for an accurate calculation is original data. Therefore, we must complete the basic work of arranging quotas and vouchers. But some enterprises have acted contrary to this. They are overanxious about implementing the economic responsibility system while their basic work is weak and their accounting work has not embarked on the correct road. As a result, because of the lack of objective and accurate data, not only has the problem of egalitarianism not been eliminated, but the phenomena of more gains without more labor and more labor without more gains have emerged.

Rectifying labor organization and training is a comparatively difficult task, and something that cannot be shirked. According to the requirements of production and the present status of its staff and workers, the Harbin boiler plant has divided the staff and workers into three groups: 4,000 staff and workers have remained at their production posts and have 6 hours of technical study a week; 500 young workers who have been in the plant for nearly 2 years are being released from work for 1 year's training; 500 redundant workers have been assigned the job of building dormitories, controlling pollution and planting trees in and around the factory. They work while there is work and study while there is no work. Furthermore, the plant runs various study courses to train its 500 technicians and management cadres. Their main experience is as follows: The leading group has a profound understanding of the importance of the education of the staff and workers. They are resolute in carrying out such education and are willing to devote great efforts to it; they have transferred more than 10 middle-ranking cadres and grade-4 old workers to be heads of the study courses and more than 40 engineers, technicians and old workers to teach the study courses, and have turned some offices and conference rooms into classrooms; workers are divided into various groups according to their

examination marks, and emphasis is laid on actual results but not on formality; they give prominence to the study of discipline and to examinations. Strict examinations are carried out every month, in the middle of a term and when completing a course. This experience has universal significance.

Fifth, concerning the raising of product quality.

Raising the quality of products is closely related to the rectification of enterprises and to technical transformation. They must be carried out together. Hereby the question of quality is raised independently so that it can receive special attention.

With regard to raising the quality of products, we must stress the following two problems: 1. Overall quality control must be developed from examplary units on an extensive scale. To guarantee the stability of product quality, state enterprises belonging to the First Ministry of Machine-Building are required to implement overall quality control within 2 to 3 years.
2. International standards must be adopted step by step so as to solve the question of further raising product quality. Requirements must be made clear: The major functions of products that will be awarded with gold prizes or silver prizes or of products that will be classified as reliable must be in principle that they are up to international standards.

Practice has proved that an overall quality control is a scientific method for guaranteeing the stability and improvement of the quality of products. Some comrades do not fully understand this point, or they do not implement the principle energetically, and only regard it as a formality. Thus the efficiency is low. In order to solve these problems, the experience of the No 2 car factory is worth mentioning. In November 1978 they began to implement overall quality control. In the past 3 years, the up-to-standard rate in spot checks on various completed vehicles has been maintained at 100 percent. The up-to-standard rate of one-time assembly completed cars has been going up year by year, and in 1981, it reached 92 percent. The quality and reliability of products has been greatly improved. In 1981, oil consumption by completed cars dropped by 10 percent as compared to 1980. Their experience is as follows: Major leading cadres at various levels personally took charge of the factory's work and regularly educated the workers. They combined scientific methods with traditional ones, and have created new forms and methods in quality control that are suited to their own specific conditions and that satisfy the masses. For instance, they combine traditional methods such as the "three-check system," the responsibility system, the three-in-one shock team, workers' participation in management and rationalization proposals with the statistics of low quality products being pointed out in the overall quality control, the establishing of standards for work quality and the activities of quality control groups. This is easily accepted by the masses. They have combined overall quality control with the responsibility system. They have developed the control of machining procedures into quality control of the 10-odd types of on-the-spot working procedures; casting, welding, punching, electroplating,

painting and assembling. They have implemented quality control in manufacturing as well as in the whole process of production. That is, they have implemented overall quality control in product research development as well as in marketing services. They have had a firm grip on this work for 3 years, and have achieved remarkable success.

Sixth, we must strengthen ideological and political work, and build spiritual civilization.

Strengthening ideological and political work is an important guarantee for successfully completing the various tasks in 1982. The crux is that we must devote our efforts to raising the effects of ideological and political work. In this respect, the experience of the Shanghai high pressure oil pump factory is worth emphasizing. They do not raise a hue and cry or indulge in formalism. But they study the laws governing human ideological activities and carry out ideological and political work according to these laws. By setting a good example themselves, leading cadres and party members have heightened the prestige of the party and strengthened the leadership of the party. They understand well the ideological trends of the masses and care for the people's livelihood. They have linked together the cause of the party, the future of enterprises and the interests of the masses. Thus the staff and workers fell that they are the masters of the enterprises and are willing to develop the sense of being the masters of enterprises. They also use vivid methods to carry out ideological education and make ideological work strike a chord in the heart of every staff member and worker and in every family. Excellent results have been achieved.

Relying on the masses and carrying out democratic management are the key links for giving full play to the initiative of the staff and workers and for completing various tasks. The experience of the Beijing Machine-Building Bureau has proved that the most important thing in carrying out democratic management is raising the ideological understanding of leading cadres. Starting from the leading cadres' understanding of democratic management, they have clearly defined the "four fundamentals": Building a political system of democratic centralism is one of the fundamental tasks of socialist revolution; democratic management is one of the fundamental systems of socialist enterprises; the working masses being the masters of enterprises is one of the fundamental differences between socialist and capitalist enterprises; everything for the masses and everything relying on the masses is the fundamental line of our party. In this way, democratic management of enterprises has been raised to a new level.

Large numbers of arduous tasks in 1982 are waiting to be carried out. We must enhance our revolutionary vigor and bring our revolutionary drive into fuller play to achieve new victories.

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TITLE: "Research on the Regional Economic Development Plan of Changjiang Delta"

SOURCE: Shanghai ZIRAN ZAZHI [NATURE MAGAZINE] in Chinese Vol 5 No 2, 1982 pp 83-86

ABSTRACT: Changjiang delta includes, generally speaking, the area from Nanjing and Zhenjiang in the west, along both banks of Changjiang, to the edge of the sea in the east. It contains the 2 plains of North Jiangsu and the lake plain of Hangzhou and Jiaxing, to encompass an area of about 4-5 thousand km^2. It is China's largest estuarial delta, as well as one of the few great alluvial plains of the world. Weather-wise, it belongs to the subtropical zone and is affected by the monsoons of the temperate zone and the tropical typhoons as well. Due to its superior geographical location and natural conditions, it has long been China's land of plenty. Following a systematic discussion of its regional advantages, the paper lists its shortcomings as follows: (1) Deficiency of resources [mineral ?] and energy; (2) Overpopulation; (3) Excessively large cities; (4) Subsidence of ground surface; (5) Increasingly serious problems of environmental pollution; (6) Floods easily caused by over abundance of rainfall from late spring to early summer; (6) Outdated political divisions, established several hundred years ago in the Ming Dynasty. At

[continuation of ZIRAN ZAZHI Vol 5 No 2, 1982 pp 83-86]

present, there is no overall development planning for the delta and there is no reasonable arrangement of industrial production. The cities of Nanjing, Zhenjiang, Changzhou, Wuxi, Suzhou, and Shanghai form independent jurisdictions. Each city has its own watch factory, bicycle factory, chemical factory, etc. and many of these have very low production level to result in considerable waste of energy and materials. The lack of overall authority and planning also causes industrial pollution to be impossible to control. The authors believe that regional divisions on the basis of geographical locations, natural and energy resources, and industrial production are definitely better for the economic development of the region than the current administrative divisions. As early as the Tang Dynasty, the region was administered as a giant Jiangnan Dao. If this system is restored, much more may be accomplished for the overall economic development of the region. The first important subject before future formulation of a Changjiang Delta Economic Development Plan should, therefore, be readjusting the administrative divisions and replacing it with a natural and economic regionalization scheme.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON ECONOMIC RESPONSIBILITY SYSTEM

HK091003 Beijing JINGJI GUANLI in Chinese No 4, 15 Apr 82 pp 20-21

[Article by Zhou Guanwu [0719 0385 0063], "Some Relations Must Be Handled Well in Order to Practice the Economic Responsibility System"]

[Text] In his report on the work of the government, Comrade Zhao Ziyang pointed out: "In the past, the defect of the economic system of our country was the overconcentration of power in the field of management, hence there was no distinction between politics and enterprise. In the field of distribution, the defect was eating out of a big pot and egalitarianism." The planned economy and distribution according to work are all socialist economic laws. The problem is that in the past, enterprises under the system of socialist public ownership were not recognized as units of commodity production, nor was the function of the law of value recognized. Therefore, power was overconcentrated and the enterprises were stifled. Enterprises were originally the cells of the national economy and the massed production power was organized strictly. They should be most active. Nevertheless, it was impossible for enterprises to be active as they had little power.

The economic responsibility system means, under the guidance of the socialist planned economy and through the integration of responsibility, power and interest, a great reform is conducted in the management system of enterprises. This reform aims at rectifying the two above defects and fully arousing the enthusiasm of the staff and workers and enterprise so as to raise the economic effect and make the enterprise more active. It is not only in conformity with the requirements of socialist economic law, but also in conformity with the requirements of the law of value on the commodity economy.

1. The Relations Between the Interests of the State, Collective and Individual Staff and Workers

We must persist in putting the interests of the state in the first place. Without the interests of the state, there would be no fundamental interests of the collective and individual. Therefore, we must be sure to carry out the task assigned by the state in accordance with time schedule, quality and quantity. Only like this can there be autonomy in enterprises. Moreover, the products of the autonomous enterprise must also meet the needs

of the state and the society. We cannot adopt a policy of more production if it is more in our interest, less production if it is less in our interest and no production if it is not in our interest. This is defined by the aim of socialist production. It is also the obligation that an enterprise has to undertake. We absolutely cannot abuse the autonomous power of enterprises and go against regulations and laws, proceeding on an oblique road and adopting wicked ways.

Whether the targets and quotas set by economic responsibility are advanced or reasonable is a matter directly concerning the interests of the relations between the state, the collective and the individual. The target must be set on the basis of the average advanced level. An advanced target will certainly stimulate work. Some targets higher than the average advanced level, which can be attained through strenuous efforts and creating conditions, are to be set according to requirements.

2. The Relations Between Strengthening Scientific Management and Relying on the Masses

The process of practicing the economic responsibility system is a process of reorganizing enterprises. All the professional management of enterprises certainly has to be strengthened. It is worth special notice that the strengthening of management work cannot be carried out by a few professional management personnel, but by the broad masses of workers. The economic responsibility system has created a new situation for the management of enterprises by the masses. Because economic responsibility at different levels not only comprehends the contents and requirements of all professional management work, it should also be carried through to differnet levels from the factory and mine to the office, from the workshop to the office, and from the group to the individual. The main point is that economic responsibility must be carried through to a definite individual. Targets should be set for everyone, everyone should take up the task, and everyone should share the interest, thus bringing into full play everyone's responsibility as being their own master and arousing the enthusiasm of everybody. By carrying through all the management work of enterprises to definite individuals, the management of enterprises will be solidly based on the masses. Meanwhile, economic responsibility, being carried through to every individual, comprehends the need of coordination between positions and processes. All management activities in various aspects of enterprise production are therefore integrated like a chain and enterprises will be in better order.

3. The Relations Between Promoting the Economic Responsibility System and Reorganizing Enterprises

While practicing the economic responsibility system, we must step up the reorganization of enterprises and regard the economic responsibility system as a promotive power in the overall reorganization of enterprises. To carry out this, it is imperative to simultaneously grasp the work in these two fields, as shown in the case of the Shoudu iron and steel works. Proceeding from the works of practicing economic responsibility, plans for guarantees and contract work should be made at different levels, including

every requirement of targets for production, technology and business. All the above-mentioned work must be linked with economic interests. Prizes should be awarded for fulfillment and fines imposed for failure to fulfill contracts, so as to build up the economic responsibility system at different levels. Meanwhile, we must grasp the work of data management, carry out the task of census and examination in respect of the requirements of every target as defined by the economic responsibility system, and provide the principle of distribution according to work with evidence and proof. To grasp the above work well means carrying through economic responsibility. With the strengthening of these two aspects of basic work in enterprises, namely the responsibility system and data management, the principle of distribution according to work can thus be carried out, the enthusiasm of the workers can thus be aroused and the overall reorganization of enterprise management can certainly be pushed forward step by step.

4. The Relations Between Reform and Inheritance

To proceed on the new road of the economic responsibility system with the integration of responsibility, power and interests, has brought up a series of new reforms in all the professional work of enterprise management. Nevertheless, we cannot abandon the whole of the management profession built up in the past. The reform of the management profession must be conducted on the basis of what has gone before. For instance, the post economic responsibility system is the substantiation and development of the previous post responsibility system. Many requirements in the field of production, technology and business in the previous responsibility system should be inherited. The defect of nuclear requirements and tests in respect of the economic responsibility system and the loose association with the principle of distribution according to work must be rectified in the post economic responsibility system. Also, in the field of quota management, many new target and quota systems will be set up to raise the economic effect after practicing the economic responsibility system. However, many previous quotas and data must be kept. Take the distribution of production as an example, after practicing the economic responsibility system, the professional plan of production should be changed to the professional plan of production and marketing. While having a good understanding of production status day by day, we must have a good understanding of the process of product order, product shipment, payment collection and profit-making. Nevertheless, many effective elements of the production distribution and command system from the past should be kept on. All in all, after practicing the economic responsibility system, the reform conducted in the management system of enterprises means, around raising economic effect, the necessary filling of contents and the making up of insufficient professional work. As for the previous management business, despite the inappropriate minority being reorganized, the majority should be strengthened. To practice the economic responsibility system means to redirect the management work of enterprises on to the new road of raising economic returns, upgrading it to a new level. It is absolutely not the method of assigning contracts for profits, increasing piece rate wages, and leaving the enterprise management profession alone.

5. The Relations Between Economic Methods and Administrative Leadership

The integration of responsibility, power and interest includes economic methods. Prizes should be awarded and fines must be imposed according to the extent of fulfillment of the economic responsibility system and on the amount contributed. More reward is given to units and individuals who make bigger contributions, less reward to those who contribute less, whereas there is no reward for those with no contribution. Furthermore, the economic responsibility system must also include the administrative duty and responsibility of various levels of leadership. We must not lay emphasis on economic methods, but neglect the importance of strengthening administrative leadership. Without strengthening the administrative leadership, the economic responsibility system cannot be carried out and kept on. Therefore, it is necessary to reorganize the leadership at various levels so as to meet the requirements of the economic responsibility system. We must do our utmost to improve the weak and loose status, dare to make strict demands, dare to impose strict and justified rewards and punishments, and dare to execute discipline. It is not good leadership if one dares not execute discipline.

6. The Relations Between Political Work and Economic Work

When practicing the economic responsibility system, we must keep up two promotive powers, namely economic power and spiritual power and build up the two civilizations, that is, material civilization and spiritual civilization. Recently, some people have thought that there is no political work to do since the practice of the economic responsibility system. This viewpoint is not correct. It is necessary to put ideological work in a leading position when practicing the economic responsibility system. Political work must be strengthened. We must make public the positive significance of the eight-character policy and the important significance of the economic responsibility system. We must carry out education on the relations of the interests between the three parts, and education on labor discipline, so as to solve various ideological problems of the workers in time. Around practicing the economic responsibility system, we must bring into full play the function of various leadership elements as our fighting fortress and the function of party members as advanced models. We must scrutinize the cadres, discover talented people and reorganize the leading bodies so as to meet the requirements of the economic responsibility system. Without powerful ideological work, it will be impossible to practice the economic responsibility system and step up the reorganization of enterprises in a correct way. The economic responsibility system has been practiced in the Shoudu iron and steel works only after following the instructions of the leading comrades of the Central Committee and the State Council. Though some work has been done, it is far from enough. Further upgrading and improvement are required. Plenty of work awaits us, which needs strenuous efforts.

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REORGANIZE INDUSTRIES TO IMPROVE ECONOMIC RESULTS

Beijing RENMIN RIBAO in Chinese 20 Apr 82 p 5

[Article by Peng Hao [1756 8513]: "Improve Economic Results to Promote Economic Development"]

[Text] To achieve rationalization of the economic structure and assure a certain speed of economic development calls for the further implementation of the policy of readjustment, restructuring, reorganization and upgrading and the performance of work in many aspects. One key issue here is to vigorously improve the economic results.

Today, the economic results in our country are very inferior and the potentials for their improvement very great. In terms of the utilization of fixed assets, when 1979 is compared with 1957, the fixed assets of state industries were 10.2 times greater, while the total industrial output value was only 6.7 times and the net industrial output value only 5.5 times greater. In 1979, the total industrial output value of 103 yuan realized per 100 yuan of fixed assets dropped 25 percent from the 138 yuan of 1957, and the profits tax realized per 100 yuan of fixed assets also decreased from the 34.20 yuan of 1957 to 24.90 yuan, a loss of 27.2 percent. The fixed assets utilization rate of state industries continued to fall in 1980. In terms of the utilization of circulating funds, the circulating funds tied up per 100 yuan output value of state enterprises in 1979 was 31 yuan, an increase of 59.8 percent over the 19.40 yuan of 1957. If the circulating funds of goods and materials supply and marketing enterprises are taken into account, then it became 40.80 yuan tied up per 100 yuan industrial output value, an increase of 72.9 percent over the 23.60 yuan of 1957. The prolonged turnover of circulating funds in China is mainly due to the increase in the excessive overstock of goods and materials. In terms of products cost, when 1979 is compared with 1966, pig iron rose 39 percent, synthetic ammonia 29.8 percent, "Jiefang" automobiles 31 percent, hydroelectricity 31.9 percent, thermoelectricity 31.1 percent, sulfuric acid 33.2 percent, 21-count yarn 13.7 percent, and newsprint 9.5 percent. Computed according to the range of the increase in cost and the current production scale, the revenue of the state, due to the rise in cost, is approximately 10 billion plus yuan

less. In terms of capital construction, the rate of availability for use of popular ownership fixed assets (ratio between the newly added fixed assets and the investments of the current year) at the end of 1980 was 76.7 percent, much lower than the 83.7 percent of the first 5-year plan period. At the end of 1980, capital construction projects under construction tied up more than 75 billion yuan in funds, equal to 140 percent of the total investments of the year and much higher than the 63 percent of the first 5-year plan period. Thus computed, the funds tied up at present in projects under construction are 40 billion yuan more than the need of normal turnover. In the 3 years between 1978 and 1980, every 100 yuan of productive accumulation added 42 yuan to the national income, or 18 yuan less than the first 5-year plan period, and the annual reduction in income was approximately 10 billion plus yuan.

The poor economic results are due, to a large extent, to the irrational economic structure. Here we propose improving the economic results to promote the readjustment of the economic structure and assure a certain speed of development. Is it possible? We feel that it is. Though conditioned by the economic structure, economic results are also affected by many other factors. Besides readjusting the economic structure, improving the economic results also calls for the performance of work in many other aspects. Currently, we can devote our effort to the following aspects to improve the economic results.

First, those enterprises of high consumption, inferior quality and large losses should be shut down, suspended, merged or converted. As a result of blind development, a considerable number of our enterprises, over an extended time, has not only failed to create wealth for society, but wasted large amounts of social wealth. Their products are either not in demand or of inferior quality, and they suffer from high cost and protracted losses. The problem is that, currently, the situation of blind development is still found in some areas. We must not only firmly correct the situation, but also shut down or suspend those enterprises whose production is extremely backward which call for such actions. Some enterprises struggle along and drag on. It is preferable to shut down those enterprises whose energy use efficiency is inferior and transfer the energy to others whose consumption is low and whose products are superior in quality and in urgent demand, so that they can produce at full steam.

Next, the existing enterprises should be reorganized. Currently, the chaotic management, lax labor discipline and severe waste of money and material of a fairly large number of enterprises are one important reason for the poor economic results. Many enterprises lack advanced rational norms on raw and processed materials consumption, man-hour utilization, equipment untilization, tool and fixture consumption, and expenditures; stringent and accurate accounts of the raw and processed materials, semi-finished products, parts and components, and finished products, and the procedure of signing them in and out of storage; all kinds of firsthand records and statistical data on the process of productive operation. Some

enterprises violate state provisions on the limits of cost disbursements, carelessly crowd and spread out the cost, and infringe on state revenue. Others are extravagant and wasteful, giving parties and gifts, and squandering state funds and social assets. If such situations are not rectified by means or reorganization, it will be difficult to gain the proper result in cost reduction. Currently, we have an energy shortage, yet some enterprises fail to exercise rudimentary management on the use of energy. As indicated by large numbers of facts, if we conscientiously perform the work of enterprise reorganization, the economic results will show a remarkable improvement.

Thirdly, operation and management should be improved. Operation and management produce a very important effect on the economic results. When the operation and management are good, the economic results will be good. This point can be fairly and clearly illustrated by comparing the economic results of state industries in Shanghai with the national results. For the year 1979, compared with the national averages, Shanghai was approximately 1.8 times greater in output value per 100 yuan industrial fixed assets, approximately 2.1 times greater in profits tax realized per 100 yuan of funds, and approximately 42 percent lower in circulating funds tied up per 100 yuan industrial output value; funds recovery was 15 months in Shanghai, 33 months shorter than the national average of 48; the labor productivity of the entire industrial personnel was 30,000 yuan in Shanghai, 1.5 times greater than the national average; the average national income created by the industrial staff and workers in Shanghai was 7.673 yuan, 1.2 times greater than the national average. Naturally, the better economic results in Shanghai have many factors, but they are indivisible from its high level of operation and management. To improve operation and management, the enterprises must be skillful in operation as well as management. Having overlooked operation in the past, we must give it serious attention henceforth. Not just the enterprises, but the entire national economy and all areas and all departments must pay attention to operation and management, for only thus will the macroscopic, as well as the microscopic, economic results be enhanced.

Fourthly, the technical remolding of equipment should be pursued according to plan and importance. Our long neglect of the technical remolding of equipment in the past was also an important factor leading to the poor economic results. Currently, among the fixed assets of the industrial and communication enterprises throughout the nation, approximately 25 percent is on extended service. In many enterprises, the equipment is old and the technology backward, resulting in inferior products and high consumption. Due to the aging of equipment, the metallurgical, chemical and building material industries consume an extra 20 to 30 million ton of standard coal per year. As a result of the obsolescence of a large number of equipment, a group of old enterprises finds it difficult even to maintain simple reproduction. Some chemical plants, for instance, use equipment which is seriously pollutive and have difficulty in continuing production. In terms of technical conditions, while the equipment of some enterprises is relatively advanced, the technical level, as a whole, is

fairly low. Most of the equipment of the machine industry, for instance, dates from the fifties, and many of the equipment of light and textile industries are pre-liberation. The relatively inferior means of measuring and experimenting of many enterprises and research units are a crucial factor at present for the failure of our machine products to show improvement. Therefore, while fully utilizing the existing equipment and technology, we must pursue the technical remolding of equipment. It will not only enliven heavy industry, but also enhance the economic results.

Lastly, we are now in the course of carrying out the reform of the economic management system. When this task is properly completed, it will promote the improvement of the economic results. Today, we must conscientiously summarize our experience in the reform of the economic system in the past few years, study the new conditions and solve the new problems. We must subordinate the reform of the economic management system to readjustment, and make it benefit readjustment, and form all the reform measures into complete sets, so that they will raise the enthusiasm of the enterprises and the staff and workers, facilitate the planned guidance of the state, and promote the improvement of the macroscopic and microscopic economic results.

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ECONOMIC PLANNING

JIANGSU GOVERNOR CITES GAINS, STRESSES NEED TO CONTINUE ACHIEVEMENTS

Gains in 1981

Nanjing XINHUA RIBAO in Chinese 1 Apr 82 p 1

[Article: "The National Economy in Jiangsu Province Is Being Readjusted in a Favorable Political and Economic Climate"]

[Text] Reporting to the Fifth Session of the Fourth Provincial People's Congress on the work of the Jiangsu Provincial People's Government, Governor Hui Yuyu [1920 3188 1342] disclosed that readjustments of the national economy in the province were carried out according to schedule and in a favorable political and economic climate during the past year.

1. Stable Development of the Agricultural Economy. Despite a spate of natural disasters, especially Typhoon No 14, which struck the province during the past year, bumper harvests were recorded in agricultural production. The total value of agricultural production came to over 16.03 billion yuan, or 9.2 percent over the figure for the previous year. The total amount of food produced came to 46.58 billion jin, or 3 percent over the amount for the previous year. Both cotton and oil production exceeded 11 million dan while the amount of silkworm cocoons, tea and aquatic products exceeded the highest record in history. The number of pigs being reared has begun to move up. Even in the economically backward region north of the Huai River, agricultural production has shown a noticeable increase and assumed a new look. Food production showed an increase of 1.32 billion jin in the Huaiyang region and an increase of 580 million jin in the Suzhou region. Cotton production increased by over 1.8 million dan in the Yancheng region which also produced more than enough food for its own need. While the value of agricultural production in the province showed an increase, the cost of agricultural production declined by an average of about 3 percent. Preliminary readjustments and improvements were introduced in the commune and brigade enterprises and new developments were brought about in certain localities. All the 46 enterprises under the land reclamation project registered surpluses. As the agricultural economy throughout the province showed an upturn and the income of commune members began to climb, there was a feeling of elation in the hearts of the people. The vast changes in the outlook in the rural areas may be attributed to the enormous authoritativeness of the line, policy and principle of the party since the 3d Plenary Session of the 11th Party Central Committee.

2. Progress in Industries and Communications During the Period of Readjustment. During the past year, the total value of industrial production throughout the province came to 49.39 billion yuan, or 7.9 percent over the figure for the previous year. The increase in the light textile industry came to 16.2 percent while production in the heavy industries was better than expected in meeting the planned quota. The quality of some of the products continued to improve, and gold and silver trophies were awarded to 30 products. Progress was also made in the conservation of energy. While effort was made to develop the potential of the enterprises to the fullest, attention was also paid to the construction and the increased productivity of certain key projects. During the past year, two coal mines in our province were opened and put into operation. The construction of a network of power lines added to the number of transmission lines and transformer equipment. Seven large and medium-sized projects of the Alkyl Benzene Factory in Nanjing and the Xixia Mountain Fertilizer Plant were completed and put into operation. In the area of communications and transportation, good progress was made in achieving the targets in the transportation of passengers and goods, the loading and unloading of cargo in the seaports, the construction of engineering projects and in the work of maintenance. Basically, passenger traffic was opened between the communes in the rural areas. Transportation of goods by sea was actively developed. Progress was also made in the postal and telecommunication services while the work of environmental protection was further strengthened.

3. Budgetary Balance and Basic Stability of Commodity Prices. During the past year, a determined effort was made to scale down basic constructions. The amount of investment in basic constructions under the public ownership system in our province came to 1.77 billion yuan, or 32 percent below than that of the previous year. Sixty-two percent of that was accounted for by the reduction in investment under the budget of the province. A start was made to correct the over-extension of the basic construction battleline which had prevailed over a number of years. The financial receipts of the province came to 6,308,000,000 yuan and the key mission of the province was thus fulfilled. Financial disbursements were reduced by 510 million yuan compared to the previous year. The province also fulfilled its quota in the purchase of national treasury bonds and recovered delinquent taxes to the amount of 100 million yuan. Investments were reduced by over 200 million yuan compared to the previous year. As regards commodity prices, supervision was strengthened over price control and a number of movements were launched to check prices, to put an end to speculation and profiteering, to stop unauthorized price increases and to restrain the practice of increasing prices under false pretenses. At the same time, readjustments were made to commodity prices which were unreasonably high or unreasonably low. In order to stabilize prices, our province, aside from paying subsidies for grain, cotton, oil and coal, also paid reasonable amounts of subsidies for small farm implements, chemical fertilizers, certain small commercial products and certain foods and vegetables. The subsidies, which totaled 1.62 billion yuan for the year, helped to stabilize prices for the basic necessities of the people.

4. The Brisk Purchasing and Selling of Commercial Commodities and the Over-Fulfillment of the Foreign Trade Quota. During the past year, the amount of commercial commodities purchased by the province came to 22.2 billion yuan, or

5.7 percent over the figure for the previous year. The retail sale of commercial commodities totaled 16.8 billion yuan, or 8.7 percent over the figure for the previous year. While continuing to develop the leading role played by state-operated commercial enterprises, the province also paid due attention to the development of the role played by collective as well as individual commercial enterprises. Through developing commercial activities and the service industries and by increasing the number of commercial networks, the province also created more opportunities for employment in the cities and towns and offered more amenities to the masses. There was also new development in the export trade. The province has established commercial relations with over 130 countries and areas. During the past year, the total amount of export commodities purchased by the province exceeded the figure for the previous year by 4 percent while the amount of commercial commodities exported by private enterprises exceeded the figure for the previous year by 45.5 percent.

5. Progress in the Scientific and Technical Field and in Various Commodity Projects During the Period of Readjustment. Upholding the principle of using science and technology to develop the economy, the province broke new ground in scientific research and in achieving a higher standard and greater economic benefits by increasing the variety of crops, by developing the light textile and electronic industries, by conserving energy and by making use of tidal power. Most of the projects are approaching the productive stage. During 1980 and 1981, 660 scientific research projects were given citations by the provincial government while 530 projects were extended. In the field of agriculture, a series of experiments have been made in the technique of cultivating high-yield crops. By taking advantage of its various assets, the province made outstanding achievements in agricultural and animal husbandry production. Research was done in the development of new textiles and a start was made to manufacture new projects in place of the old. Following the adoption of the responsibility system, the desire on the part of large numbers of villages and industrial and mining enterprises to study and to adopt scientific methods reached a fever pitch. The scientific and technical departments as well as the academic bodies have initiated various forms of academic exchange and a variety of activities to promote the popularization of science among the masses. A start has also been made to provide information service of a technical nature and contracts have been signed for the undertaking of scientific research and the exchange of technical information. A considerable amount of work was done by the province in the implementation of the policy toward intellectuals. The province has evaluated the work of and given correct titles to the technical cadres engaged in the industries and the agricultural and scientific research departments. At the same time, much was done to select, to train and to make good use of young and middle-aged scientific and technical personnel.

In the field of education, progress was made to enforce universal elementary education and to upgrade kindergarten and nursery school education. The system of middle school education is in the process of being strengthened in a positive and stable manner while the reform of the middle school education structure is being extended step by step on an experimental basis. The work of readjusting the distribution of institutions of higher learning and of the establishment of vocational schools is going on apace. The number of students

enrolling in various types of spare-time schools has greatly increased. The need to develop a corps of rank-and-file teachers is being given the attention it deserves. Ideological and political work in the schools has been reinforced. The quality of education has been improved. The number of "three good" students (good in character, intellect and health) is on the rise. In the field of public health, the incidence of most infectious and endemic diseases has to various degrees been reduced as a result of the improved quality of medical care; a better attitude of service; and readjustment of and putting in order the structure for medical care and public health; the training of medical and nursing personnel and public health cadres; and the improvement of the standard of management and the quality of the corps of rank-and-file public health technical workers. Public health has taken on a new look following the launching of patriotic public health campaigns in the cities and rural areas. In the field of physical education, athletic activities involving the masses in the cities and rural areas have been further developed and the technical athletic standard has been greatly advanced. In major athletic competitions at home and abroad, the outstanding athletes of the province have garnered 100 gold, 64 silver and 69 bronze medals. Progress was made in the cultural, publishing, newspapers, broadcasting and television fields. In the enforcement of birth control, use was made of persuasion to educate and to appeal to the minds of the people to reduce the high birth rate. The past year has witnessed an increase in investments by the financial departments of the state and the local governments in various social projects. Completed basic construction projects in education and public health totaled 450,000 square meters in area. Improvement was also made to the premises and equipment.

6. Continued Improvement in People's Livelihood. During the past year, the average collective distributed income and income from subsidiary household industries for each commune member came to 200 yuan, or 40 yuan over the amount for the previous year. There were 682 brigades, and ½ times more than the previous year, whose average per capita collective distributed income exceeded 300 yuan. There were 16 counties (regions) whose average per capita collective distributed income exceeded 200 yuan. Even in the traditionally impoverished counties, the per capita distributed income registered a significant increase during the past year. Due to wage readjustments, the pay for public primary and middle school teachers, certain medical workers and people engaged in physical education also showed an increase. By adopting various measures, the cities and towns were able to find employment for over 370,000 people. Importance was attached to work in children's and women's welfare. Thanks to the efforts made by the various parties concerned, the cities and towns throughout the province completed over 6.5 million square meters of housing. Housing construction in the rural areas, totaling over 40 million square meters during the past year, also showed a rapid increase. More improvement was made than the previous year in such public services as transportation in the cities, water supply and the commercial network. In the course of the past year, sustained efforts were made to improve the supply of vegetables. The suburbs were told to take upon themselves to do a good job of growing vegetables and to increase their production. Control was strengthened over the market for agricultural products and a stop was put to the practice of selling vegetables at unreasonable prices. As a result, there

was an improvement in the production and supply of vegetables. The total amount of savings by the people in the cities and villages came to 3 billion yuan, or 28 percent over the amount for the previous year. Seventy-seven million yuan was allocated for social relief projects to alleviate the hardship suffered by those communes, brigades and families in financial straits and to enable them to engage in production without having to worry about their livelihood.

7. Improvement in Public Security in the Cities and Villages. During the past year, close coordination was established by political and legal authorities to make the masses their allies in strengthening public security; to deal severely and promptly according to the law with criminal elements who seriously endanger public safety. Each and every criminal has been dealt with separately according to the severity of his crime.

The internal security of many units took a decided turn for the better as a result of extensive efforts to engage in propaganda work concerning ramifications of the law, to strengthen the handling of matters involving public security and to stress the importance of the internal security responsibility system in the factories, offices and schools. Repeated announcements were made by the provincial government concerning the surrender of weapons and the prohibition of gambling and activities which smacked of feudal superstitions. By mobilizing various social forces, the province was able to prevent and to reduce the incidence of crime and the rate of major crimes, repeated crimes and crimes of a general nature. As a result, the social climate was greatly improved and the feeling of security on the part of the masses was greatly strengthened. Improvement was made in the work of reform through labor and education. Progress was also made in educating, reforming and helping young people who had fallen into evil ways. The work of developing a corps of public security and judicial personnel was strengthened. Relations between the police and the people were improved. The fine tradition and work style of the political and legal authorities were restored and further developed.

8. Strengthening of the Government Establishment. Up to January of this year, the people's governments of 108 municipalities, counties and municipal wards have been elected and set up. The communes and townships have also established commune management committees and township people's governments. The governments at the various levels make regular reports to the standing committees of the people's congresses of the same level and submit to their supervision. In line with the principle of the system of democratic centralism, the governments at various levels have begun to establish and to put into practice a program governing the democratic way of life and the normal work order to improve the work style and upgrade work efficiency. The provincial government has acted on all the proposals handed down by the representatives of the provincial people's congress last year, strengthened the work of responding to the written and oral requests of the people, brought an end to difficult problems which had long defied solution, and established closer relations with the masses.

The province has done a great deal of work in lending its support to the armed forces and according preferential treatment to the families of the military, in finding employment for military retirees and in such fields as the people's militia, civil defense, tourism, overseas Chinese affairs and religion. It has also broken new grounds in developing friendly relations with foreign countries.

Our province has begun to chalk up new gains in the implementation of the two "going a step further" guidelines as a result of the joint efforts made by the large number of cadres, members of the working class, peasants, intellectuals, patriots and the commanding officers of the military units of the Chinese People's Liberation Army stationed in Jiangsu Province.

In his report, Governor Hui Yuyu stressed the fact that our achievements under such favorable circumstances are beyond dispute. However, we must avoid being overcome by a feeling of complacency. On the contrary, we must be fully aware of the real difficulties confronting us and be prepared to face the problems, especially those of leadership, that exist in our work. Regarding economic readjustments which are central to the work of the provincial government, there are not only shortcomings in the way we go about our normal activities, but also deficiencies in leadership. First, we have failed to appreciate fully the fact that an increase in economic benefits is of crucial importance in our economic endeavors. Second, we have failed to adhere firmly to the principle of giving top priority to the planned economy and secondary importance to market adjustments. Third, there is a lack of overall planning and coordinated development among the various construction projects. We strongly feel that the existing structural system and the ideological style of leadership fall far short of the standard necessary to cope with the exigencies of the new situation. Our provincial government, the various departments on the provincial level and the various local government offices are seriously plagued by bureaucratic practices. This is a problem which greatly impedes our forward progress. It is only when we are determined to find an effective solution to this problem that we can proceed with our four modernization construction projects without impediment or hindrance.

Continue Steady Gains

Nanjing XINHUA RIBAO in Chinese 2 Apr 82 p 1

[Article: "Jiangsu Governor Stresses Need To Achieve Steady Gains in National Economy"]

[Text] In his report on the work of the government to the Fifth Session of the Fourth Provincial People's Congress, Governor Hui Yuyu [1920 3188 1342] stressed the need to give top priority to the achievement of economic gains and to strive for the steady development of the national economy of the province.

Governor Hui pointed out that efforts directed toward the accomplishment of various economic endeavors during the year will have a vital bearing on the further development of the favorable situation, the consolidation and stabilization of our economic gains, a further improvement in the financial and economic position of our nation, and the stable development of the national economy. At the moment, our primary task is to implement the 10 guidelines for economic construction issued by the State Council by taking further steps in correcting our guiding thought, establishing a proper correlation between profits and the rate at which they should be achieved, setting up a link between planned economy and

market adjustments, and resolving the relationship between food production and construction projects. The economic benefit stemming from the respective areas of increased production, construction and circulation is central to the problem. We must make a profound change in our guiding thought, direct our attention to results rather than placing emphasis solely on the value of production as we have been doing over a long period of time, and use the least amount of labor and materials to produce the maximum amount of goods that are in demand. First, we must travel a new road at a realistic speed that will bring better economic results and actual benefits to the people. Second, we must adhere to the principle of subordinating market adjustments to planned economy and cultivate the conception of the whole nation as "a game of chess." In our economic endeavors, it is important that we should strengthen our leadership and our administrative involvement and make the fulfillment of the national plan the chief mission in various economic areas. We must establish a proper relationship between the united leadership of the government and the autonomous powers that properly belong to the enterprises and production brigades, and take advantage of the effects of market fluctuations under the guidance of the national plan. Third, due consideration should be given to the betterment of the people's livelihood and to economic constructions within our means. The betterment of the people's livelihood must be brought about at a measured pace through the development of production and without overtaxing our resources. Similarly, the rate of increase and the specific gravity of the accumulated income of the people should be set judiciously and projects of economic construction should be pursued within the limits of our resources.

In line with this guiding thought, our primary concern in the development of the national economy of the province during the current year is to continue to implement and enforce the eight-character policy of readjustment, restructuring, reorganization and upgrading to achieve the stable development of industrial and agricultural production and of the various enterprises and to bring about the continued betterment of the people's livelihood. To accomplish these objectives, we should direct our efforts toward the six following tasks:

1. Strive for the continued development of the agricultural economy. The governments at various levels must strive in a more conscientious manner to establish a solid base for agriculture. The various trades and businesses must give their unstinting support to agriculture and direct their efforts toward the all-out development of agriculture, forestry, animal husbandry, sideline industries and fisheries. The plan for this year calls for the production of 46.5 billion jin of food, 9.6 million dan of cotton, 8.5 million dan of oil, 17 million pigs out of inventory and 430,000 tons of aquatic products. These should not be regarded as steel-clad figures. We should seek to surpass them and to maintain a certain rate of increase in agricultural production.

The agricultural economy must be in alignment with the planned economy. Food production must be in keeping with and designed to implement the guidelines of the national plan. We must direct our efforts toward the stabilization and upgrading of the old bases for the production of the traditional food commodities and the establishment of new bases for the production of new food commodities.

The acreage for grain production in our province must not be further reduced. In areas where food production has been on the increase in recent years, efforts must be made to ensure its continued increase in order to boost the food production of the province. For areas which have seen a drop in food production, efforts must be made to learn from past experiences in seeking to increase the food output in a stable manner. A relationship must be set up between lands for cultivation and lands for breeding animals. The full amount of green fertilizers must be planted according to plan. The policy of unified purchasing and marketing must be strictly enforced. The various areas must, through such means as the signing of contracts, ensure the fulfillment of such tasks handed down by the provincial government as the amount of food production and contracts for purchasing and marketing. It is of particular importance that the cities and villages should exercise strict control over the sale of food and refrain from increasing food expenditures.

While efforts are being made to increase food production, attention should also be directed toward the further development of diversified operations. A proper relationship must be set between the production of food and the production of cash crops and between agriculture on the one hand and industries and sideline industries on the other. There must be a coordinated development of agriculture, sideline industries and industries with emphasis on agriculture. The labor surplus problem must be solved by the development of diversified operations in a positive manner. In the development of diversified operations, we must be guided by the national plan and the needs of society. We must give full play to the positive attitude of the people collectively and individually. We must, on the basis of the needs of the domestic and foreign markets, restore and develop such traditional subsidiary industries as cultivation, animal breeding and handicrafts. We must continue to do a good job in the production of animals and domestic fowls and especially in the breeding of pigs. We must raise the requisite number of a good strain of boars and sows to deal effectively with the problem of pig production in order to achieve the purchasing quota. Further effort should be made to carry out the forestry policy. Everybody should take part in the planting of trees year in and year out. Care must be taken of trees which have been planted. Effort should be made to ensure that they grow well and that they are of good quality. All water bodies which can be utilized should be utilized to the fullest to develop the breeding and cultivation of aquatic products. In line with the policy of readjustment and consolidation, it is necessary to exercise leadership over and to strengthen the management of the enterprises of the communes and brigades in a positive manner so that they may, under the guidance of the national plan, cope with fluctuations in the market and develop in a healthy manner.

Since Jiangsu Province is small in size and large in population, the value of land is at a premium. The cadres and masses must be taught to treasure and to make good use of every inch of land. The system regarding the review and approval of applications for the requisition of land must be strictly enforced. The land in excess of actual needs earmarked for basic constructions, for the establishment of commune and production brigade industries and villages and for housing for peasants or land which has been allocated but not made use of should be returned to the production brigades and put to use for cultivation. A ban should be placed on the illegal leasing of land or the buying and selling of land.

The speeding up of agricultural development must continue to be guided by a policy and managed in a scientific manner. The busy spring planting season has reached its peak. No changes should be made to the production quota which has already been set by the production responsibility system. The production responsibility system must be made binding, perfected and consolidated on the basis of the actual circumstances of the production brigades. There must be a correlation between centralized management and the contract system. Those projects which should be placed under centralized management must be placed under centralized management while projects which should be placed under the contract system must be placed under the contract system. At the same time, a serious effort must be made to put the finances of the communes and brigades in good order to improve management, to increase income, to reduce expenses and to plug up loopholes. Scientific research in agriculture must go hand-in-hand with the perpetuation and further development of the fine tradition of dedication to the art of farming. The role played by the extension of the agricultural technical network must be further strengthened. Effort must be made to study and apply cultivation techniques to increase and stabilize production at lower cost. The findings of agricultural research must be put to extensive use. The major projects set for the year must be pursued with energy. The use of farm machinery should continue to be adopted in areas where it can be put to good use. An irrigation system should be constructed in the farm areas. Effort should be made to improve the conditions for agricultural production and to heighten the capability to cope with natural disasters.

2. Increase the productivity of the industrial and communications enterprises. Continued effort must be made to develop the production of consumer goods and to provide more services in the heavy industries. In an all-out effort to increase profits, we must strive to improve the quality and to increase the variety of products, reduce the cost, produce goods that are in demand, increase profits and tighten up safety measures in production.

Effort should be made to increase the production of commodities which are in demand and to suspend the production of commodities which are slow to sell. While attention should be paid to the production of medium and high quality hot-selling commercial commodities and of whole sets of commercial commodities, effort should also be made to develop in a positive manner the production of small items urgently needed by the people, industrial and chemical items in daily items in daily use, and items used by women and children. It is of particular importance that we should make available to the peasants a greater variety of consumer products and production materials. Particular attention should be given to "hot-selling" and brand-name products. Positive support should be given the production enterprises in the supply of raw materials, labor and funds. Effort should be made to ensure the high quality and wide variety of products and to reduce costs in order to make the products competitive and to establish a reputation for the province. At the same time, positive effort should be made to expand the domestic and foreign markets. We should organize production in strict accordance with the national plan, adjust the makeup of products and avoid and overcome the tendency to produce indiscriminately.

An important way to develop the economy and to increase profits is to use all the means at our command to develop and to conserve energy and to improve communication and transportation. Energy for productive purposes must be allocated according to a plan and on the basis of actual needs. It is not permissible to consume coal, electricity and oil on the assumption that further supplies will be forthcoming. It is of vital importance to conserve energy, to have a list of priorities and to concentrate on the key projects. We must put into general practice the principle of exercising control over allocations, of making supplies available according to the rationed amount, of verifying the amount of consumption against the amount of allocation, of enforcing the system of giving out citations and imposing fines and of having a list of priorities in the supply of energy. The amount of energy consumption in the rural areas of our province is considerable. Aside from the energy needed for draining flooded fields and for the husking of grains, a strict limit should be put on the use of energy by the commune and brigade enterprises for the production of goods and the transportation of commercial products which require a large amount of energy. The large number of villages must develop and make use of methane gas, solar and wind energy. While effort is made to conserve energy, ways and means must be found to increase the production of coal and electricity. In the field of communication and transportation, we must put into practice the policy of "developing land and water transportation simultaneously with emphasis on water transportation." In developing water transportation, emphasis should be put on such trunklines as the Chang Jiang and the Grand Canal. Effort should be made to increase the present loading and unloading capacity of the seaports and the traffic capacity of the sea routes. A plan must be devised for expanding postal telecommunication services in the cities and villages. Outdated equipment must be replaced and backward techniques discarded.

From this year, for the next 2 or 3 years concentrated effort must be directed toward the all-out readjustment of the existing enterprises according to plan. During this year, readjustments should first be made in the 106 key enterprises in the province which have an important bearing on increased production and profits. The run-of-the-mill enterprises must also be readjusted according to actual needs. A campaign should be launched among the masses to learn from Daqing and the progressive elements. The economic responsibility system should be perfected. Effort should be made to increase production, to economize, to increase income and to reduce expenditure. While the enterprises are being put in good order, effort should also be made, within certain limits, to readjust, to reorganize and to merge the enterprises.

While upgrading the technical standards of the existing enterprises, effort should gradually be shifted from the external expansion of the productive capacity to the exploration of the internal productive potential of the enterprises. Old equipment should be replaced and technological reforms should be initiated according to a plan. Technological reforms should be made with a view to improving the quality and increasing the variety of products, conserving more energy and upgrading the safety standard.

3. Make further efforts to put a limit on basic constructions and to increase the profitability of investments. The provincial authorities responsible for overall planning should invest chiefly in construction projects which affect the livelihood of the people, which are of an educational and cultural nature, and which fall under the category of public health. At the same time, they should invest a proper amount of funds in such essential construction projects as water conservancy, sources of energy and transportation. They should make their moves in a judicious manner, and reject overlapping and ill-planned construction projects. They should exercise more rigid control over and strictly follow the procedure for basic constructions. They should put in good order the building trades and rank-and-file construction workers. They should set up the economic responsibility system, heighten the standard of administration, increase the rate of efficiency, shorten the construction period, improve their work style and establish a good reputation.

4. Pay attention to work in the field of finance and trade and stabilization of commodity prices. In the work of finance and trade during the year, we must consolidate and stabilize our economic gains, ensure increased profits and reduced expenditures and exercise strict control over investments. We must further strengthen the control over finances and the money market, enforce financial and economic discipline, speed up the rate of circulation, bring economic prosperity to the cities and villages and continue to maintain the basic stability of commodity prices.

We must use every means at our disposal to broaden the sources of income and to economize on expenditures. From top to bottom, all trades and businesses must find ways and means to increase profits, to accumulate profits and to make good use of profits. All the areas, departments and enterprises must look at the situation as a whole and have a correct understanding of the relationship between the nation and the localities and that between the nation and the enterprises. While giving their positive support to the development of production, the financial departments must make sure that taxes and profits which should be paid by the parties concerned are paid to the government on time. The governments at various levels must strengthen their leadership in the work of tax collection. The various areas and departments are not to be permitted to exceed their authority by giving tax reductions and tax exemptions. The credit departments of banks must make a positive effort to accumulate funds and to do a good job in the extension of loans and the administration of loan operations in order to achieve better results in the use of funds. They should also develop in a positive manner insurance operations. Serious violations of financial and economic discipline must be looked into and severely dealt with. The purchasing power of the various groups in society must be monitored in order to put the limited amount of money to the best possible use and to do what must be done with the smallest possible amount of money.

The supply and sale of commercial commodities should be done in such a way that they may play their important role to a better effect in stabilizing the economy, in promoting industrial and agricultural production and in satisfying the daily needs of the people in the cities and villages. We should expand in a positive

manner the purchase and sale of industrial and agricultural sideline products and keep ourselves informed and in control of market trends so that we may avoid engaging in the production, supply and sale of commercial commodities without regard to the actual conditions. We should make an inventory of commercial commodities, reduce the stock on hand, promote the sale of commodities which have piled up and increase the supply of commercial commodities in the market. It is particularly important at this time that we should pay attention to putting a large quantity of commercial commodities in the rural areas and to increasing the supply of commercial commodities sought after by the peasants but which are in short supply. We should open wide the channels for the movement of commercial commodities, reduce the bottlenecks which hamper the circulation of goods, break through the economic barriers and develop to the fullest the role played by state-operated commercial enterprises. At the same time, we should develop in a positive manner collective and individual commercial enterprises and increase the number of commercial outlets for the convenience of the masses.

We should continue to tighten control over the market and commodity prices. Retail prices for industrial and agricultural commercial commodities which have been set by the government may not be raised. Retail prices for commercial commodities subject to negotiation may be only reduced and not increased. Prices of the first and second categories of industrial daily necessities should not be negotiation. Prices for agricultural sideline products must be basically stable. The system of negotiating purchasing and selling prices must be overhauled. Prices must not be raised without authorization or under false pretenses. The basic figures for unified purchasing and assigned purchasing of agricultural sideline products must be set realistically. Both the buyers and sellers must fulfill their contract terms. Stricter control must be exercised over village fair trade and continued effort must be made to enliven and improve the operation. Offices and systems for price control at various levels should be set up and perfected. A general checkup of commodity prices should be conducted on a regular basis and the supervisory powers of the masses should be strengthened. The state-operated commercial enterprises and cooperative commercial enterprises should play up the importance of stabilizing. commodity prices. Better work should be done in the administration of industrial and commercial enterprises to protect lawful operations and to deal a blow to profiteering and unscrupulous practices.

During the year, our province must fulfill and seek to exceed the quota set by the nation for the amount of purchases for foreign trade and for the amount of foreign exchange earnings for our exports. We must make full use of the rich resources of our province, its abundant labor, its long tradition of excellence in handicrafts, its processing capability and its communication and transportation facilities, to continue to develop its production of export commercial commodities, to boost the export of finished products, to increase the production of foreign exchange earning products at low cost, to improve the quality of commercial commodities, to add to the designs and the variety of commercial commodities and to create brand-name products in order to strengthen their competitiveness.

5. Use science and technology to promote economic construction and raise the scientific and cultural standard of the working people. Our province has already established a certain foundation for scientific, technical and cultural education. We must increase our efforts to promote science and education so as to vitalize the important role played by science and technology in the development of the national economy, to speed up the process of intellectual development and to train various types and levels of personnel engaged in the work of construction.

In the field of scientific research during this year, our province must make the increase of economic benefits one of its goals. In the process of economic development, we must direct our attention to technical research and exploration projects which can be put to practical use and which are capable of yielding rapid results. We must harness our human, material and financial resources to coordinate our efforts in coping with the situation scientifically and from different angles. We must make good use of our scientific research findings and put new techniques to practical use. We must strengthen the direct lines of communication between the scientific research and production departments, establish the system of contracting for scientific research projects and the sharing of technological findings, extend the work of providing information service in response to inquiries of a technical nature and gradually make scientific research a matter of common concern in society. We must also direct our efforts toward promoting activities designed to get the masses interested in scientific matters and give free rein to the production experts, model workers and the large number of young intellectuals so that they may play their role in the popularization of science and technology among the masses and the application of scientific and technical methods.

We must continue to bridge the gap between the educational and the economic construction establishments. We must continue to implement the educational policy of the party and place emphasis on the overall moral, intellectual and physical development of students. We must improve the quality of education and develop a larger number of people who are both Red and expert. We must direct our efforts toward upgrading higher education and, to meet the needs of the development of the national economy and the reform of the educational structure in our province, adopt various methods to increase by gradual degrees the number of trade schools and the number of students. Aside from the regular colleges, we must also increase the number of professional and television colleges and give every encouragement to those who seek to acquire learning on their own. In secondary school education, we must further put junior secondary schools in good order, adjust and reform the ordinary senior secondary school system, develop in a positive manner secondary trade schools and professional schools, and provide training to a large number of technical workers and specialists on the junior and secondary school levels. We must do a good job of providing elementary school education and of improving its conditions. We must safeguard the physical and mental health of secondary and elementary school students, show concern for their development and help to solve their problems. We must also pay attention to kindergartens and nursery schools. We must strengthen the education of the entire body of staff members and workers so that the situation characterized by the low scientific, cultural and technical standard of the corps of staff members and workers in our province may be speedily changed.

In the field of public health, we must continue to establish and put in good order the medical establishment, upgrade the standard of medical care and do a better job of preventing and treating diseases. We must do a good job of providing social services in such fields as physical education, cultural affairs, publishing, newspapers, broadcasting and television so that they may keep pace with the development of projects of economic construction.

We must continue to direct our efforts toward the implementation of the party's policy on intellectuals. During the first half of this year, we must evaluate in a serious manner the work done by intellectuals, study and adopt in a practical way corrective measures so that they may be allowed to go about their work without being discriminated against politically. We must show concern for their livelihood and seek gradually to improve their working and living conditions whenever possible. It is particularly important that we should pay attention to the training of young and middle-aged intellectuals so that they may freely develop their potentials in their different lines of work. We must give praise to those progressive intellectuals who have demonstrated their love for their country, who are mindful of the interests of the nation, who are dedicated to their work and who perform their duties in an unwavering manner.

6. Continue to improve the people's livelihood through the development of production. This year, effort is being made to develop housing construction in the cities and towns throughout the province to match last year's level. At the same time, programs are being assembled for the allocation of housing. Positive effort is being made to sell commercial buildings on a trial basis. Private individuals are encouraged and given public assistance to engage in housing construction. Great attention must be paid to city planning and the size of large and medium-sized cities as well as to controlling the size of the population. Municipal construction and administration must be further strengthened. Within the limits of their financial resources, the cities should install more public utilities and gradually solve the problems of education, medical care, transportation and drinking water for the masses. With the development of production and the adoption of the economic responsibility system, the factories and enterprises must also use part of their retained profits to sponsor and expand collective welfare projects for their staff members and workers. The cities and towns in our province must continue to do what they can to offer work to job seekers or to enable them to find employment on their own. The suburbs must direct their main effort toward the production of vegetables, establish and increase the size of the bases for vegetable production, ensure the adequate supply of vegetables in the market by signing contracts for the production and sale of vegetables and maintain the stability of vegetable prices.

Attention must also be directed to construction projects in the villages and market towns. A plan should be drawn up and implemented stage by stage. Leadership in the construction of housing for commune members in the villages should be strengthened with emphasis on adequate planning and the economical use of land and building materials. Continued effort must be made to improve the living standard of the peasants and to ensure that their income for this year should show an increase over last year's. Special consideration must be given to the impoverished areas and assistance must be provided the communes, brigades and families, and the five guarantees (food, clothing, fuel, education for children and burial for the dead) will enable families to engage in production without having to worry about making ends meet.

The problem of environmental pollution is one which has generated strong feelings among the masses. Aside from stepping up publicity campaigns to educate the people on the importance of environmental protection, it is necessary to enforce the relevant regulations and to adopt economic and administrative sanctions against further violations. Measures must be taken to set a time limit for the old enterprises and other sources of pollution to put an end to pollution.

To ensure the betterment of the people's livelihood, it is necessary strictly to enforce family planning. Firm, appropriate and effective measures must be taken to control the population increase. A laissez-faire attitude must not be permitted. Encouragement must be given to late marriages, late births, fewer births and giving birth to healthier babies.

While effort is made to readjust the economy and to develop science and public services, attention must also be paid to work in other areas. The party Central Committee and the State Council have decided to conduct the third national census beginning on 1 January of this year. The people's governments at various levels must give due attention to the work, exercise their leadership, and tackle their respective jobs in accordance with the plan and in a methodical manner to ensure the success of their missions. They must give their positive support and assistance to the People's Liberation Army in building up the people's militia, in rendering support to the armed forces and giving preferential treatment to their families, in offering assistance to members of the armed forces and retirees who desire to transfer to civilian work, in strengthening the military administration and in promoting the unity of the military and the civilians. Civil air defense must be tailored to meet actual needs in times of war and peace. Further contributions must be made to the four modernization projects of construction. There must be a new breakthrough in the work concerning Taiwan, in foreign affairs, in guerrilla activities, in overseas Chinese affairs and in religious matters.

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FINANCE AND BANKING

BENEFITS OF IMPROVED FINANCIAL CONTROL DISCUSSED

Beijing ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE JOURNAL] in Chinese 27 Feb 82 p 3

[Article by Zi Yaohua [6327 5069 5478]: "Improve Economic Results By Stressing Financial Control"]

[Text] The sixth item in China's 10-point policy on economic construction states: "We must pay attention to principles involved in making money, accumulating money, and spending money in order to increase and economize on construction funds." Making money, accumulating money, and spending money all involve financial control. I would like to discuss methods of financial control.

I once said that "there is a right way to make money, a knack to accumulating money, a method for controlling finances, and a way to spend money." These four are interlinked and overlapping, and all are necessary. If we cannot control our financial resources, then we cannot spend them wisely, and if we do not spend our financial resources wisely, then we cannot make money and we then have no way to accumulate money. Conversely, if we cannot make or accumulate money, then of course we will have no money to spend or control.

Consequently, regardless of whether our financial resources are large or small, we must pay attention to methods for making, accumulating, and spending money. In this regard there is a necessary prerequisite, which is that we must pay attention to methods of financial control. This refers to what we usually call having a good head for management and administration. If we have good financial control, then stagnant money will become active and stagnant goods can be put into circulation. If we revive our assets, then we can revive the economy.

As the saying goes, even the cleverest housewife can't cook a meal without rice. However, a clever housewife can use her limited amount of fish, meat, and vegetables to make a tasty feast. The same is true with financial control. At present, China's funds are not plentifuly, but if we can calculate and budget carefully, curb extravagance, use funds only when needed without exception, and at the same time accelerate capital turnover, then we can reach the point where one coin can be used instead of two of three.

China currently has some 20,000 or 30,000 state-operated industrial and communications enterprises. In addition to fixed assets, liquid assets make up over 303 million yuan. Due to poor financial control, the overstocking of materials in many enterprises is quite a serious problem. For example there are 20 million tons of overstocked steel products and 60 billion yuan in overstocked electrical products. These constitute "stagnant financial resources" that have no turnover. As for China's 1980 fund turnover rate, in industry it was 3 (in the 1950's it reached 4.8 and peaked at 5) and in commerce it was 2.3 (in the 1950's it was 2.6). In developed capitalist countries [the turnover rate] is more rapid. If we have proper financial control so that the turnover of assets accelerates, an annual national fund of several billion or even 10 billion yuan will not present a problem. Therefore we must set down a rational quota for liquid assets in enterprises. If they surpass the quota, banks should increase the interest rate on loans. If they are used irrationally, loans should be denied. At the same time, we must conscientiously make an inventory of warehouses so as to utilize overstocked goods fully. As for goods that really cannot be put to use, we can discontinue them, melt them down, or discard them. Only in this way can we thoroughly clarify the exact amount of available assets in the country.

There currently exist problems in China's financial affairs that require our consideration. These problems are "false profits and real losses" and "false reserves and real goods." For instance, the stock of electrical products appears to be revenue (assets), but in reality these are overstocked products that cannot be sold. Nevertheless, the state treats this false financial revenue as real assets and includes it in the budget. Another example is plant products that are outmoded and of poor quality. They cannot be sold on the market; yet concerned departments purchase them. The plants obtain some revenue, which is deposited in banks, and they pay tax on the revenue and on the profits. As for finance departments, the taxes paid by plants, interest and bank savings are all actually false, because these purchased products are unmarketable. However, the credit extended to plant by banks is real. That means that state financial revenues and expenditures lack material backing. Money exists only in account books, and there are false profits with real losses and false reserves with real goods. The result inevitably is to bring on inflation and credit inflation. This is extremely detrimental to state economic construction.

In the area of investment there is a problem that cannot be ignored, and that is the problem of investing while overlooking the economic results of making investments. Once investments are made, many enterprises and units fail to earnestly investigate, study, and thoroughly consider whether or not products satisfy the market, when funds can be recovered, and when they can net a profit. This causes great waste. From now on, no matter whether it is a matter of investment in basic construction, companies, or bank loans, serious consideration should be given to economic results. A realistic feasibility study should be made on every cent that is invested in the areas of production, circulation, distribution, consumption and in speculation, construction and establishment of production. Furthermore, on the basis of investigation and study, a realistic and comprehensive plan should be worked out. In this way we can completely correct the phenomena of random

expenditures or the ignoring of revenue while managing expenditures (investment); this will greatly enhance economic results.

There is another important aspect to financial management--namely, making full use of fixed assets (plants, machinery, and other equipment). The utilization rate of our current fixed assets is insufficient. For example, the utilization of our equipment is generally 60 percent of capacity; in some cases it is only 50 percent, and in most cases it does not exceed 70 percent. Some facilities have long been idle.

In some discontinued enterprises, the equipment has never been used at all, and there are also some imported facilities that have not been used. There is a need to establish light industries and chemical industries, but we cannot do so for lack of funds and equipment. We should make comprehensive plans, break through local, professional, and departmental restrictions, move plentiful equipment to wherever there are shortages, and move idle equipment to departments that need it. We should resolutely put a halt to the waste that is caused by equipment lying idle.

From here on in, banks should strictly follow state planning in setting norms for issuing currency and in setting credit targets. They should classify and extend loans based on the source of funds. Saving deposits among the people should be separated into long-term deposits, short-term deposits, fixed deposits, and current deposits. There should be appropriate control of the use of long-term and short-term deposits, so that both deposits and loans are controlled.

All enterprises and public agencies must uphold the state financial accounting system, firmly plug the loopholes, correct the unsound practices of extravagance, waste, treating guests and giving gifts. We must attack embezzlement and other activities that violate law and discipline. At the same time, we should fully encourage financial accountants to check up on our financial affairs so that financial control will fall into place.

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BRIEFS

STATE TREASURY BONDS--The work of issuing state treasury bonds has already begun in Zhejiang Province. This year the target for the national distribution of state treasury bonds is 13.18 billion yuan. The Provincial People's Government determined that units in the system of ownership by the whole people and in the system of collective ownership should purchase 8.7 billion yuan. Urban and rural people (including cadres and staff of provincial units) and individuals should purchase 4 million yuan. The distribution targets for each unit and individual were transmitted down to each prefecture, municipality, county, and department. Recently the provincial office of finance, the provincial branch of the People's Bank, and the provincial branch of the Agricultural Bank jointly issued a notice that stipulated that in principle, when subscribing for state treasury bonds, each unit should pay in full, but a small group of units who have difficulties can pay in two installments. For the individual purchase of state treasury bonds, subscriptions for cadres, staff, and workers can be handled by their units, subscriptions for peasants can be handled by their production brigades, and subscriptions for urban residents can be handled by their subdistrict offices. The procedure adopted for making payment and receiving state treasury bonds is either payment in full or by installments. If an individual purchase is high and it is not convenient for the unit to make a centralized purchase, then it is possible to buy directly from the bank. Payments by staff and workers can be made in full by the individual or by his unit according to the payment plan decided upon. This can be deducted from their wages. Payments by peasants are generally made in full to the production brigade, and it can be entrusted to the production brigade to hand it over. Payments by urban residents can be made to the subdistrict office. [Text] [Hangzhou ZHEJIANG RIBAO in Chinese 20 Feb 82 p 1] 9864

SHANDONG BANK LOANS--In the past 2 years, people's banks in Shandong Province have issued 700 million yuan of intermediate- and short-term loans to light and textile industries and consumer goods producing enterprises to help them build 4,400 renovation projects to tap their potential. The projects have added to the state over 1 billion yuan of output value and 100 million yuan of taxes. [SK080916 Jinan Shandong Provincial Service in Mandarin 2300 GMT 7 Jun 82 SK]

SICHUAN CLEARS RURAL ACCOUNTS--Since this year's spring festival, many areas in Sichuan Province have started clearing up financial accounts of communes and brigades. According to the statistics compiled by the provincial agricultural department in 15 prefectures, municipalities and autonomous prefectures, some 323,000 communes and brigades have completed their work in settling accounts. This accounts for 56.9 percent of the total number of communes and brigades in the province. [HK260947 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 17 May 82 HK]

CSO: 4006/475

FIRST SYMPOSIUM ON COMPREHENSIVE UTILIZATION OF MINERAL RESOURCES

Beijing YOUSE JINSHU [NONFERROUS METALS] in Chinese No 2, 1982 pp 79-80

[Text] The First Symposium on Comprehensive Utilization of Mineral Resources in China, co-sponsored by the Mineral Processing Institution, Chinese Society of Metals and the Uranium Mining and Metallurgical Institution, Chinese Nuclear Society, was held on November 10-15 in Beijing. At the Symposium were present 124 people, coming from 70 organizations concerned in scientific research, engineering design, education and production fields.

68 papers were read out and the general and panel sessions respectively. At this Symposium several aspects of full utilization of mineral resources in China were reviewed, involving its present situation and technological level, some useful suggestions on the future work were also made. All this should positively affect the development of technology in the field of full utilization of ore resources in China.

The main aspects discussed at the meeting are as follows:

1. Panzhihua V-containing titanomagnetite ore. The titanium processing plant has been in test run to recover titanium values from tailings of V-containing titanomagnetite ore magnetic separation, by the method of gravity-sulfur flotation-electric separation. In recent years, in order to improve the performance of full utilization of these ores and reduce the production costs, quite a lot of research work has been done in the areas of technology, equipment and flotation reagents for recovering titanium minerals. In some papers the use of high-intensity magnetic separation followed by treating tailings sized 0.4-0.1mm from magnetic cobbing of Panzhihua ores. And the performance of YD type electric separator and spiral separator, developed in China, has also been described for benefici-tion of titaniferous iron ores.

2. Baotou iron ore. The process of flotation followed by selective flocculation for desliming has successfully been run in pilot scale experiment to treat Baotou iron ore, as a result some difficult problems such as separa-tion of rare-earths from fluorite and that of micro-sized iron minerals from iron containing silicates have been solved, rare-earth minerals and fluorite recovered as by-products and iron super-concentrate obtained for iron-and steel-making.

3. Uranium ore. Uranium minerals occur in association with a variety of valuable components in deposits in China. In several papers the techniques have been described for recovering uranium and its accompanying components from such U-containing ores as phosphate ore, carbonaceous slate, nonferrous metal ores, gold ores and lignite, demonstrating the progress achieved in this field. Especially, a plant for treating U-containing lignite has been in operation for 10 years, showing remarkable technico-economical results.

4. Complex non-ferrous ores. Rather rich experience has been gained in China in treatment of these complex ores. In some papers have been discussed the techniques for separation of cassiterite-containing complex sulfide ores, multi-metallic tungsten-tin ores containing Cu, Zn, As, Cd, Ag, etc., as well as pyrite type multi-metallic sulfide ores, and suggestions on technology improvement also been made.

5. Tailings treatment. Owing to the progress in metallurgical technology achieved in China, tailings reclaiming processes have been in commercial stage, for instance, the plants for reclaiming copper tailings at Tongguanshan Copper Mine, Anhui, and for tailings at Yunnan Tin Mining Co. have been put into production in succession. The technology for recovering lepidolite from Nb-Ta tailings at Yichun, Jiangxi, and for treatment of impounded tailings at Yueshan Copper Mine, Anhui, has successfully been developed.

CSO: 4013/95

BRIEFS

HEILONGJIANG HIGHWAY BRIDGE--A state-financed plan for building a highway bridge in Harbin, Heilongjiang Province, across the Songhuajiang River has been adopted. Pre-construction preparations are under way. Construction will begin in June. According to the plan, the bridge is 1,800 meters long and 24 meters wide. Some 18 meters are for vehicles, and 6 meters are for sidewalks. [SK262325 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 25 May 82 SK]

LIAONING HOUSING CONSTRUCTION--In the past 3 years, Liaoning Province has built staff quarters totaling 18.35 million square meters. The per capita living space has increased by 0.6 square meters over that in 1978. Investment on staff quarters in the past 3 years amounts to 3 times the investment during the 10-year turmoil. Since the third plenary session, the province has raised investment totaling 3.12 billion yuan from the state, collective and individual sectors for building staff quarters. Housing totaling 14.5 million square meters were built with state investment. [SK020604 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 1 Jun 82 SK]

ZHEJIANG HARBOR EQUIPMENT--Beicanggang, 17 May (XINHUA)--A complete set of loading and unloading equipment installed at Zhejiang's Beicanggang harbor passed its technical norm test by handling 82,000 dun of Italian iron ore shipped in by the 100,000-dun freighter Baoqing on 7 May. The installation of the computerized harbor equipment, which was imported from Japan, marks the basic completion of the construction of Beicanggang harbor, an important auxiliary project for the Baoshan Iron and Steel General Plant in Shanghai. The harbor, which began construction in 1979, is intended to be used as a transfer port for the iron ore needed by the Baoshan plant and has a designed annual handling capacity of 20 million dun of ore. [Beijing XINHUA Domestic Service in Chinese 1528 GMT 17 May 82 OW]

CSO: 4006/475

FOREIGN TRADE

INVESTMENT PROMOTION MEETING OPENS

OW080446 Beijing XINHUA Domestic Service in Chinese 1300 GMT 7 Jun 82

[Text] Guangzhou, 7 Jun (XINHUA)--An investment promotion meeting, jointly sponsored by China's Ministry of Foreign Economic Relations and Trade and the UN Industrial Development Organization [UNIDO], opened in Guangzhou today.

This is a relatively large international economic cooperation meeting held in our country. It will provide opportunities for our country to absorb foreign funds in a planned way, to establish joint ventures and cooperation enterprises and to transform existing enterprises. At the meeting negotiations will be held with foreign firms on 130 foreign investment projects proposed by the departments concerned of our government and by 23 provinces, municipalities and autonomous regions.

At 0900 this morning the opening ceremony of the meeting was held at Youyi Theater in Guangzhou. Among those present at the ceremony were more than 360 representatives of industrial and business enterprises and personages of banking circles from 19 countries and regions in the world, Italian Vice Foreign Minister (Kerti), currently in Guangzhou, and diplomatic officials and commercial counselors of 17 foreign embassies in China. Their presence was warmly welcomed by representatives from our government departments concerned and by more than 700 personages of economic circles from various provinces, municipalities and autonomous regions of our country.

Chen Muhua, state councillor and minister of foreign economic relations and trade, made an opening address. On behalf of the Chinese Government, she extended a warm welcome to the guests who had come for the meeting. Chen Muhua said: It is a long term policy decision of our country to carry out socialist economic construction by implementing the principle of relying mainly on our own efforts with foreign assistance as a supplement and by pursuing the policy of opening to the world. In recent years our country has been carrying out economic readjustment, and now efforts are being made to strike at the severe criminal offenses in the economic sphere. These measures do not mean a change in our policy of opening to the world and enlivening the domestic economy; on the contrary, they are aimed at implementing our domestic and foreign economic policies in a still better way and ensuring the smooth progress of our socialist modernization program.

Chen Muhua pointed out: The introduction of applicable advanced technology and equipment and the absorption of foreign funds on the basis of equality, mutual benefits and exchanges for each other's needs according to China's concrete conditions are specific manifestations of our policy of opening to the world. China's economic construction has entered a new period of steady development. In the future we will continue to make technological transformation of our existing enterprises and take appropriate steps to concentrate our efforts on the construction of key projects in such fields as energy, communications and transportation. All this requires us to import applicable advanced technology and equipment and to actively absorb and utilize foreign funds.

Addressing the opening ceremony, Dr Abderraham Khane, executive director of the UN Industrial Development Organization, expressed satisfaction with the Chinese Government's decision to hold this meeting. He said that this not only shows the Chinese Government's confidence in the meeting's success in promoting international cooperation, but is also a sign of its confidence in UNIDO. In particular, he said: This Guangzhou meeting will discuss more than 100 investment projects involving principal manufacturing industries. Most of these projects require not only the newest technology but also special management knowledge, and channels must be explored for the products to enter the market. In this major attempt, he added, the greatest importance is attached to finding a way acceptable and beneficial to both sides.

Wei Yuming, vice minister of foreign economic relations and trade, introduced and explained China's policy of absorbing direct investment from foreign countries at the meeting. He said: For some time from now, absorbing direct investment will be the most important way for our country to utilize foreign funds. In absorbing direct investment from foreign countries, we should not only establish and improve related regulations, but also coordinate the work closely with the needs of our economic readjustment, the four modernizations and the improvement of the people's living standards and pay attention to the economic results of the work. We should uphold the principle of equality and mutual benefit, ensure the interests of both sides and see to it that Chinese-foreign jointly invested (cooperation) enterprises enjoy sufficient decisionmaking power. In addition, we should do our best to create a favorable investment climate and convenient conditions for foreign investors.

In conclusion, Wei Yuming said: The cooperative projects proposed for this meeting may be carried out in a variety of flexible ways such as joint ventures, cooperative operations, compensatory trade and import of technology. If initial agreement on a project can be reached at the meeting, the parties concerned may sign a document showing agreement of their intentions, minutes of talks or similar papers as a basis for further negotiations in the future. If initial agreement on a project cannot be reached at the meeting, it may be advisable to find someone willing to cooperate on the project and continue to negotiate with him after the meeting. He said: As long as the Chinese

and foreign representatives attending this meeting proceed from the good intention of sincere cooperation, exchange their opinions, enhance their understanding of each other, make sufficient consultations and cooperate closely, there will be a broad avenue and a bright future for our cooperation.

A speech was also delivered by Nessium Shallon, resident coordinator for the Un operational activities.

Also attending the opening ceremony of the meeting were Liu Tianfu, governor, and Zeng Dingshi, vice governor of Guangdong Province; Liang Lingguang, mayor of Guangzhou municipality; and Cao Zhongshu, assistant general manager of the China International Trust and Investment Corporation.

This evening China's Ministry of Foreign Economic Relations and Trade held a reception for Chinese and foreign representatives attending the meeting. Chen Muhua and Khane were among those present at the reception.

CSO: 4006/475

BRIEFS

SHEKOU INDUSTRIAL DISTRICT FUNDS--After construction for a period of 2 years, the Shekou industrial district in Shenzhen special economic zone has begun to retrieve funds. Last year, the amount received for land-use fees, sale of factory premises, accommodation charges and so on was about HK$20 million. The total income this year is expected to be about HK$40 million. Some 1.2 square kilometers of land in Shekou has been developed in the first phase of the project and the planned investment amount is HK$300 million. At present, there are altogether 24 foreign companies in Shekou and 12 cooperative projects which have helped to absorb foreign investment of some HK$314 million. As of the end of last year, the Shekou industrial district had completed construction of factory premises, guesthouses and residential flats with a floor area of some 71,500 square meters. [HK251005 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 16 May 82 HK]

CSO: 4006/475

LABOR AND WAGES

IMPORTANCE OF EDUCATION FOR STAFF, WORKERS STRESSED

Nanjing XINHUA RIBAO in Chinese 13 Feb 82 p 1

[Editorial: "This Stragetic Task Should Be Given a Strategic Position"]

[Text] Education for staff and workers is an undertaking of strategic significance. Seeing to the education of nearly 600,000 cadres and 6 million staff and workers in enterprises and public agencies throughout the province will have a major impact on establishing a material and spiritual civilization as well as improving party style and popular practices. All prefectures, departments, enterprises, and public agencies throughout the province must deal with this problem as a strategic task.

Education for staff and workers is a major channel for expanding knowledge and training skilled personnel. It is a reliable guarantee for the continued development of our national economy. It is intimately related to the establishment of modernization and economic readjustment. In the final analysis, engaging in the establishment of modernization requires that we need a contingent of staff and workers who have socialist consciousness and scientific and cultural knowledge and are skilled in labor technology. We also need specialized personnel who have an understanding of technology and have managerial skills. At present, the educational level and technical competence of staff and workers in eneterprises and public agencies throughout the province and the managerial level of cadres cannot meet the demands of the establishment of the four modernizations and economic readjustment. The lack of qualified personnel is a striking problem that exists on every front of endeavor. Since the "Great Cultural Revolution," young and middle-aged staff and workers who have participated in work make up over one-half the total number of staff and workers. Eighty percent of these young and middle-aged staff and workers have a low level of practical education; none of them has gone beyond junior middle school. Seventy-five percent of staff and workers have a technical competence below grade three, and a fair number have a practical technical competence lower than their rank. The proportion of technical personnel in industrial departments is low--only 3.3 percent. Most of them have only elementary technical skills. Not even half of the cadres in enterprises and public agencies are familiar with management and administration, and the number of cadres who understand modernized management is even smaller. The primary reason for the poor quality of products in many enterprises, for high production costs, for the

numberous accidents of all kinds and for inferior economic results is "the three low levels and one deficiency." If we fail to adopt measures to enhance the educational and technical quality of this contingent, it will inevitably affect the process of construction of the four modernizations and the progress of economic readjustment. Conducting various types of colleges for staff and workers, technical secondary schools, supplementary classes, and technical training classes will serve to rapidly improve the scientific and educational level of vast numbers of cadres, technical personnel, managerial personnel, and skilled workers. It will also be advantageous for turning out a greater number of qualified personnel at an early date, encouraging the readjustment of the national economy, and ensuring that the establishment of the four modernizations proceeds smoothly.

Education for staff and workers is an important aspect in the establishment of a spiritual civilization. This is because education for staff and workers includes the task of raising their political and ideological level. This involves helping to establish a communist ideology, enhancing socialist consciousness, cultivating a sense of mastery and responsibility, developing a high degree of dedication, taking good care of state property, and daring to struggle against the phenomena of graft and extravagance. It also includes strengthening labor discipline, overcoming backward ways of thinking and poor workstyles, constantly bringing their enthusiasm, initiative and creativity into play, etc. Once the political and ideological level of vast numbers of staff and workers has been raised, the degree of spiritual civilization will surely increase correspondingly. The reason for this is that education for staff and workers includes the task of upgrading the scientific and educational levels of staff and workers, thus enabling many of them to achieve a greater mastery of cultural and scientific knowledge. Generally speaking, the superiority or inferiority of scientific and cultural levels is closely tied to the extent of spiritual civilization. Once scientific and cultural levels are raised, the level of spiritual civilization will go up correspondingly. As for enterprises that have shut down and enterprises with insufficient product assignments, if we reinforce the political, cultural, vocational and technical education of staff and workers in these units and make an intellectual investment, we will then be able to increase our ability to develop these units in the future. Moreover, it would be advantageous to the stability and unity of enterprises and society. It also will encourage the establishment of a spiritual civilization. We believe that once the education of 600,000 cadres and 6 million staff and workers in enterprises throughout the province is carried out, the establishment of a socialist spiritual civilization will develop and that this will inevitably provide a stimulus for improvements in party style and overall social practices.

Education for staff and workers is a comprehensive, broad, immense undertaking that cannot succeed without the serious consideration of party and political cadres at all levels. The key to whether or not education for staff and workers can be carried out successfully is whether or not the leadership at all levels can give this task their serious consideration as a strategic task. Last year, after the Central Committee of the CCP and the State Council issued the "Resolution on Strengthening Education for Staff and

Workers," the understanding of the leadership at all levels throughout the province concerning the education of staff and workers increased substantially. In general, however, since the leadership in many units still does not regard education for staff and workers as a strategic task, they still fail to meet the objective demands of the times. In certain units, launching education for staff and workers is often "given lipservice, delegated to a secondary role, and assigned a low priority." In some fairly active production units, the leadership has stated emphatically that they have no time for study. In other units that have few production assignments, the leadership claims that they are not in the mood to study. There are still other leading comrades in certain units who see the education of staff and workers as being a "losing proposition," so they are unwilling to make an effort. Consequently, all leaders should unify their understanding with the "Resolution" of the Central Committee of the CCP and the State Council. They should have a deep understanding of the importance, urgency, and difficulty of educating staff and workers and truly come to regard it as a strategic task. It should be discussed and investigated several times a year. In each leading party and political group there should be one cadre who is responsible for dividing the work. In every level of government, there should be special administrative bodies. Every level of government should bring education for staff and workers in line with the national economy and national education. This includes making long-term plans and annual programs. This task should become a regular and important part of their work. All concerned departments should arrange production and work assignments in that way. They should make arrangements for the education of staff and workers and consider improving the degree of success of this education program to be a major area to be assessed by leading cadres, enterprises, and public agencies. Those who are qualified to conduct schools but refuse to do so, or those who engage in formalism when dealing with superiors, are being derelict in their duties as leaders. These kinds of units cannot be judged advanced units; rather, they should be criticized.

The objectives of education for staff and workers are numerous. It is an immense and complicated undertaking that no one department can manage alone. In Suzhou, the reason why education for staff and workers was successful is because the leadership paid attention to cooperation in all areas and made a concerted effort in conducting the schools. Consequently, in order to successfully carry out education for staff and workers, it is necessary to follow the principle of "strengthening the leadership, unifying the administration, sharing the responsibility, and making a concerted effort to cooperate." It is also necessary to give full play to the enthusiasm of education departments, labor departments, various vocational management departments, trade unions, the CYL, the Women's Federation, science associations, and other peoples' organizations as well as all democratic parties and social groups. Everyone should attend to his duties and fulfill his responsibilities in order to realize our common goals and encourage the development of education for staff and workers. In particular, trade unions and education departments have consistently concentrated on education for staff and workers, and they have much experience in this area. They should continue to develop the core function of education for staff and workers.

9864
CSO: 4006/360

'WEN WEI PO' OUTLINES INVESTMENT MEETING

HK070411 Hong Kong WEN WEI PO in Chinese 7 Jun 82 p 12

[Article by Ji Chongwei]

[Text] China investment promotion meeting co-sponsored by the Ministry of Foreign Economic Relations and Trade of the People's Republic of China and the industrial development organization of the United Nations will be held on June 7-11 in Guangzhou. Now I am going to make a brief on this meeting.

1) The status quo on absorbing foreign investment in past 3 years.

Since the practice of the open-door policy in the economic field and the promulgation of the law of PRC concerning joint ventures with Chinese and foreign investment, Chinese Government has, early or late, approved 40 joint ventures with Chinese and foreign investment, of which the total investment amounts to $190 million, including a foreign investment of 87.48 million. Of the 40 joint ventures, 27 have opened to business or begun production, 4 are under construction and 9 are under preparation. On the last decade of March, [as published] the Ministry of Coal Industry of China and a coal mining company of the United States had signed an agreement on the research of the feasibility on the cooperation of exploiting the Pinsu open coal mine of Shanxi, which is to be the biggest joint venture with a Chinese and foreign investment amounting to $500-$600 million. There are 390 projects approved by governments at all levels, which are cooperated by China and foreign countries (i.e., the contractual joint venture). They absorbed foreign investments amounting to $1.8 billion. They are mainly tourist restaurant, house building, fishing and culture of aquatic products and service trade. Four projects on prospecting and exploiting offshore oil resources are cooperated by China, Japan and France, with a total investment of $840 million, including $500 million of foreign investment. There are 590 projects of compensation trade, of which the cost of the machinery equipments provided by the foreign investors amount to $460 million. The direct total investment absorbed from the foreign countries through the above-mentioned forms amounts to about $2.9 billion. (The sum of the money is added up according to contracts, more than half of them have been put into

use.) In the past two years, we have taken some experience in trial-operating joint venture with Chinese and foreign investment and achieved initial economic effects. In one word, there is a good beginning in absorbing foreign investment. The foreign investment utilized has done something good to the current economic readjustment and long-term development of our country.

Currently the laws and regulations concerning foreign investment are being made, or promulgated and becoming more perfect. In addition to the laws and regulations promulgated, the implementing regulations of the law concerning joint ventures with Chinese and foreign investment, and the economic contract law involving foreign countries will soon be promulgated and implemented. At the end of March, after the signing of China and U.S. investment insurance and security agreement, China has signed the agreement concerning the protection of mutual investment with Sweden and the discussion on investment protection with West Germany, Japan, and Canada and Switzerland and, the discussion on mutual exemption from taxation with some other countries are under way. Besides, following the smooth development of the readjustment and the reform of the management system, we are creating more and more favorable investment conditions for the foreign investors. Premier Zhou Ziyang announced in a government work report to the national people's congress on November last year: "We welcome the foreigners to invest, to run mining, factories and other causes with us, but the foreign investors must respect the sovereignty and observe the laws, policies and decrees of our country." He also pointed out: "To those medium and small size enterprises turning out products urgently needed by the domestic and foreign markets, we should be more flexible on the utilization of foreign investment and the introduction of techniques." According to the above stated policies, we shall attach special importance to the utilization of foreign investment and the introduction of technology for the technical reform of the existing enterprises.

2) The purpose of the meeting.

In the past two years, many foreign entrepreneurs who are interested to invest in China expressed: It is desirous that China can offer a number of projects for their choices. Our government has considered such proposals and has made preparations.

The industrial development organization of UN, according to their experience in promotion of the industry of the developing countries considers that it is a good way to invite the foreign investor to discuss with the project sponsor in a country on a certain project in the form of investment promotion meeting for promoting the developed countries to invest in the developing countries. In early 1980, the UNIDO had moved to Chinese Government to hold such meeting and expressed willingness to offer various sorts of help. Having gone through considerations, Chinese Government regards that, to hold such meeting after serious preparations is good for further expounding Chinese

policy of encouraging foreign investment, promoting the mutual understanding and cooperation between the potential investor and the Chinese project sponsor, further enlarging the scale in absorbing foreign investment and combining the current need of China. We stand for that it is helpful to both Chinese and foreign parties to hold such meeting. On Chinese side, we can, according to the needs of economic development and our program, initiatively and in a planned way, offer a number of projects wanting foreign investment to the meeting to seek and choose suitable investors. For the potential investors who are interested to invest in China, it is good for them to discuss with Chinese project sponsor in a few days' period and seek and choose suitable investing objectives. The projects are announced early before the meeting and the participants are also being selected. Having certain understanding, both sides can discuss with clear aims and good preparations, which is a good way to save time, manpower and heighten efficiency.

Of course to hold such a meeting is but one way, not the only way. Investors interested in those projects, had they taken part in the meeting or not, are welcome to China to discuss investment with us before or after the meeting.

3) The proceeding of the meeting.

Having discussed and prepared for a long time by the foreign investment administration commission of PRC (now amalgamated to the Ministry of Foreign Economic Relations and Trade) and UNIDO, the China investment promotion meeting is decided to be held on 7-11 June in Guangzhou. It is to be presided over by the Ministry of Foreign Economic Relations and Trade of PRC and by the support of the IDO of foreign economic relations and trade of PRC and by the support of the UNIDO, which is to organize and arrange the meeting together with us. The meeting will invite personnel from enterprise circles and financial circles who are interested in the projects, and Chinese personnel responsible for the projects. Owing to the limitation of the meeting place and the accommodation conditions the scale of the meeting will not be very large. Hence, not all applicants are likely to be invited.

With reference to the experience of such meetings held by the IDO and other countries, the meeting is scheduled to last 5 days. The first day will be the opening ceremony, delivering speech by the representative of the Ministry of Foreign Economic Relations and Trade on behalf of the Chinese Government, briefing the economic development state and investment policy of China. The last day of the meeting will be the closing ceremony. In the intermediate 3-4 days, the Chinese responsible personnel and the foreign enterprisers to the meeting can contact directly and discuss vis-a-vis.

We are desirous that both parties can have full preparations on the potential cooperation items before the meeting, in order to win good results through the meeting. The discussion can continue after the meeting with an appointment agreed by both parties.

4) Projects offered to the meeting.

We hope that we can reach some agreements or suggestions in the period of meeting.

It is necessary to make clear that the spheres of cooperation for Chinese and foreign parties are very broad. We have no idea to limit the discussion of the cooperation objects within the 130 projects. The Chinese participants of the meeting are likely to suggest some preparatory projects. Any investors can also suggest to the Chinese participants and discuss the possibility of cooperation on any other projects they are interested in. In conclusion, we hope we can achieve good results and open a broad way for the cooperation with Chinese and foreign investment through negotiation.

5) The procedure for applicants to the meeting. (omitted)

6) The procedure of reporting the agreed project for ratification.

Having reached the international agreement on the cooperation project, the Chinese participant will have to apply and report to the Chinese Government according to the following procedures:

1. Submit the project suggestion to the Ministry of Foreign Economic Relations and Trade of China. After approval, the Chinese participant can carry on the feasibility study and other work with the foreign investor.

2. Submit the feasibility study report. After approval, both parties can further discuss and sign formal documents such as agreement, contract and regulations.

3. Submit formal documents such as contract, agreement and regulations signed (or initialed) and joint venture application form, the list of the board of directors and general managers to the Ministry of Foreign Economic Relations and Trade of China or its authorized provincial, municipal and autonomous regional people's government and the responsible Ministry of State Council for ratification. After approval, a ratification certificate will be issued by the Ministry of Foreign Economic Relations and Trade on behalf of the Chinese Government. The joint venture will have to register in the industrial and commercial administration bureau of China by producing the certificate of ratification and receive the business license. Until then, the joint venture is established. Industrial and commercial administration bureau of China by producing the certificate of ratification and receive the business license. Until then, the joint venture is established. [as printed]

To speed up the ratification, the original China Foreign Investment Administration Commission stipulated that projects with a total investment under $5 million (in Beijing, Tianjin, Shanghai and Liaoning) or $3 million

(in other provinces, municipalities and autonomous regions), with Guangdong and Fujian having no limitation on the amount of investment, and projects needing no raw material appropriated by the state, causing no influence in the national balance in the fields of fuel, power and communication and transportation, its products processing no export quota of country, are to be examined and ratified by the provincial, municipal and autonomous regional people's government, and to be reported to the foreign investment administration commission for the record, and the certificate of ratification will be issued accordingly. This stipulation is still effective now.

CSO: 4006/476

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ORG: None

TITLE: "What Appraisal Should be Given to the Distribution of Railways Built Since the Third 5-Year Plan?"

SOURCE: Beijing JINGJI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT] in Chinese No 2, 25 Apr 82 pp 22-26

ABSTRACT: In the past 3 decades, the total investment in railway construction in China amounts to several tens of billion yuan. In terms of regional distribution, about 2/3 is spent in areas to the west of the Beijing-Guangzhou Line, where 75 percent of the newly constructed railways are located. Currently, more than 80 percent of the rail transport volume in the country are borne by lines of the Northeast and the coastal regions, however. For this reason, some comrades believe that the railway construction arrangement is not reasonable, because: (1) It is contrary to the objective needs; (2) The construction cost of inland railways is too expensive, for example reaching 3-4 million yuan/km for the Cheng [Chengdu]-Kun [Kunming] Line; (3) Some lines have been built too early and are less than sufficiently used. The author does not agree with the above assessment. (1) Historically speaking, 82 percent of the 21 thousand km of China's railways were in the Northeast and the coastal regions and it was not until the end of the second 5-year plan before the condition of inland transportation was somewhat improved; (2) Judging from the present con-

[continuation of JINGJI LILUN YU JINGJI GUANLI No 2, 1982 pp 22-26]

dition, if these main lines had not been built, the iron, coal, phosphite, lumber, colored metals would have no way to be moved out of the Southwest. It is not that such lines as Xiang [a part of Hunan Province]- YU [Kunming] Line were built too early it is rather that the secondary roads and lines and the original electrification plan were not carried out. (3) The high unit cost of construction represents the difference between railways on the plains, the hills, and the precipitous mountains and of course the unit cost of the coastal regions is higher in subsequent 5-year plans, compared with the cost of the first 5-year plan. (4) The major reason for the current tense situation of railway transportation all over the country is insufficient capital investment in railway construction and nothing else. When the allotment of the fourth 5-year plan is compared with that of the first 5-year plan, the basic construction investment is 2.1 fold, the industrial investment is 2.5 fold, while the railway investment is less than 1.3 fold.

AUTHOR: WANG Chuanlun [3769 0278 4858]

ORG: None

TITLE: "A Long-term Macroanalysis of a Country's External Debt"

SOURCE: Beijing JINGJI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGEMENT] in Chinese No 2, 25 Apr 82 pp 55-64

ABSTRACT: The external debt of a socialist country includes mainly outstanding bills of the government payable to foreign governments, organizations, and private firms within a given period of time. For the purpose of proceeding with long term economic planning, it is necessary to analyze a country's external debt and its major influencial factors over a long period of time. Using various simple equations, the relationships between the gross national product, individual and collective consumption, various accumulations, exports and inports, domestic balance of payments, international balance of payments, surplus or deficit foreign trade balance, remittance of overseas nationals and other one-way receipts or payments, foreign loans, and average interest payments are explained with emphasis on the calculation of the debt liquidation rate. Implicitly, the paper relies heavily upon Gershon Feder's article, "Economic Growth, Foreign Loans, and Debt Servicing Capacity of Developing Countries" (THE JOURNAL OF DEVELOPMENT STUDIES Vol 16 No 3, Apr 80) in the course of explaining the method and the procedure of analyzing a country's long term foreign debt.

AUTHOR: CHE Li [6508 4409]
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ORG: None

TITLE: "Lectures on Market Forecasting: II. Types, Scope, and Procedures of Market"

SOURCE: Beijing JINGJI LILUN YU JINGJI GUANLI [ECONOMIC THEORY AND BUSINESS MANAGMENT] in Chinese No 2, 25 Apr 82 pp 75-79

ABSTRACT: Market demand is expressed at the product level, the space level, and the time level and market forecasting includes predicting the demand for each individual product, its national, regional and local demand, and its short term and long term, or cyclic demands of the various areas. Market demand is also affected by such factors as the levels of production, distribution, exchange, and consumption of the society; therefore, concretely speaking, in order to proceed with market forecasting, it is necessary to predict the following: (1) The development trend of production; (2) The purchasing power and its variation; (3) Changes in foreign trade; (4) Price variations; (5) Changes in consumer needs; (6) Percentage of the market to be supplied by a given enterprise.

6168
CSO: 4011/110

AUTHOR: CAN Huanxing [3927 3562 5281]

ORG: None

TITLE: "Using Computer to Evaluate Cement Raw Material Ore Deposits and to Select the Optimal Design Formula"

SOURCE: Beijing SHUINI [CEMENT] in Chinese No 5, 10 May 82 pp 20-23

ABSTRACT: At present, the cement factories of the world consume 1.3 billion tons of primary ores a year, amounting to 1/4 of all the mineral products. As the production of cement increases, the quality and other requirements of the needed minerals also rise. This is also basically the condition in China. In the course of searching for new ore sources, the following 2 conditions prevail: (1) When the quality of the ore is relatively good, the conditions of water, electrical power, and transportation are so poor that large capital investments are needed to develop the ore resources; (2) When the quality of the ore is relatively poor but conditions of water, power, and transportation are rather good, a suitable development scheme must be selected in order to guarantee the quality of the cement. For the purpose of resolving these problems, many countries are using computer to analyze and study and to select the optimal design formula. Following a general introduction of the use of a computer to analyze geological data for the determination of the quality of ore deposit and the use of a computer to select the optimal design scheme, the condition of application of computer for this purpose, such as the use of CASIO FX-502P [actually a programmable calculator] by Xinjiang Metallurgical Design Academy of the Ministry of Metallurgy and the use of TI-59 [another programmable calculator] by Han-Xing Coal Mine Design Academy of the Ministry of Coal, in China is briefly reported.

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ORG: Cement Industry Design Academy No 3, Ministry of Construction Materials

TITLE: "A Discussion of Designing Nonstandard Parts of a Cement Plant"

SOURCE: Beijing SHUINI [CEMENT] in Chinese No 5, 10 May 82 pp 31-35

ABSTRACT: The so-called nonstandard parts are metal structural parts without finalized patterns or serial numbers. In the cement industry, these normally include a scraper-trough conveyer, steel tank, sluice gate, trestles, casing, etc. Due to the fact that these parts connect the components of the equipment, if they are not reasonably designed, the work process and production will be seriously affected, the equipment will have difficulty in being properly installed, and a great deal waste may be created in the production process. These nonstandard parts are generally of large and irregular shape, relatively simple structure, mostly welded together, and not requiring much finishing work. Their design considerations mainly involve a proper division of segments, spatial angles of suitable sizes, flat and curved surface, the effect of temperature variations (200°-400°C), the problem of abrasion, design and construction errors and their compensation, transportation effects and inspection and maintenance, choice of materials for these parts, etc. Methods of handling these design problems are briefly introduced.

6248
CSO: 4011/115

AUTHOR: WANG Kezhong [3769 0344 1813]

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TITLE: "On Commune-Brigade Industries and Their Readjustment"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 2, 25 Feb 82 pp 1-6

ABSTRACT: In 1979, China had 1.48 million commune-brigade enterprises with total receipts of 49.1 billion yuan, amounting to 9.2 percent of the value of industrial products of the entire country. These enterprises are; therefore, an important constituent part of China's socialist industries but there is considerable disagreement regarding the role and development of these enterprises. These who are against these enterprises present 3 reasons: (1) They weaken the foundation of agriculture which is the proper occupation of communes and brigades; (2) They result in a profit transfer, i.e. they reduce the financial earnings of the State; (3) They represent a serious capitalist deviation. The author gives various facts and quatations from Marx and Engels to prove these arguments to be wrong. The argument against these enterprises claiming that they are technologically inferior, they consume too much, and they compete with large industries for raw materials, energy, and other resources is only partially correct. The following improvements are needed: (1) Channels of supply and sale should be gradually established; (2) On the basis of the principle of specialization and cooperation, these industries should be gradually organized into joint enterprises; (3) The State should use policies of lowering or eliminating taxes to support these local industries; (4) Scientific and democratic managment of these industries should be implemented to improve the economic benefits.

AUTHOR: ZHANG Huanrang [1728 3562 6245]

ORG: None

TITLE: "On the Function of Commune-Brigade Coal Mines in the Construction of a Foundation of Energy Resource in Shanxi Province"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 2, 25 Feb 82 pp 12-14, 6

ABSTRACT: To date, Shanxi has 2671 commune-brigade coal mines, employing a total of 103,690 workers, and producing 30.9 million tons of coal (1980), amounting to more than 1/4 of the total coal production of the province. The coal production of these commune-brigade mines of Shanxi is more than the annual coal production of such countries as France or Japan. The cost of producing one ton of coal of these mines is only 6-8 yuan while that of the large State-operated coal mines is as high as 15 yuan. The existing problems of these mines are: (1) Poor safety records: The rate of accident death is 9.9/one million tons. (2) Poor rate of return: The major problem is the supply of mine timber. (3) Problem of sales: As these mines are not allowed to participate in the coal distribution conferences and have no right to include their production in the State's plan, there is no regular channel to sell this 1/4 of the coal production of the province. The paper urges that in the construction of a foundation of coal resources in the province, large, medium, and small mines should all be given proper considerations.

AUTHOR: ZENG Guoying [2582 0948 5391]

ORG: Department of Economics, Nankai University

TITLE: "On the Problem of Mobility of Labor Force in China"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 2, 25 Feb 82 pp 21-23

ABSTRACT: At present, in some provinces such as Northern Shaanxi, Shanxi, etc. there are so-called man-made plains. At a high cost of 300-500 yuan/mu, the field is leveled and constructed in areas inconvenient to irrigate and the yield is low. In other provinces, such as Heilongjiang, about 52 million mu of fertile lands are available for reclamation but remain unutilized for lack of labor. The paper discusses 2 possible ways of resolving this problem: (1) Year-long, seasonal, or temporary hire: The paper argues in great length that it is not contrary to socialism for workers to work as hired laborers so long as these workers do not lose their ownership position of the materials of production of their original commune-brigade. Another possible way of labor mobility is for the State to organize migration. The State can help move commune members of over-populated areas, on a voluntary basis, to make a living in areas of rich natural resources with the cost of such migration borne by the individuals and their commune-brigades who are the chief beneficiaries of the move. If necessary, the State may provide a loan or a subsidy. The State will acknowledge the ownership of the resources developed by those who migrated for that purpose and will collect tax from them after a given number of years. As a matter of fact, there have been precedents of such voluntary migration from Hebei and Shandong in recent years to prove it to be entirely practicable.

AUTHOR: None

ORG: Computer Central Programming Department, Shanxi Provincial Accounting Committee

TITLE: "Introducing The Input-Output Method Pilot Project in Shanxi: XI: How to Use Computer to Process the Data of the Input-Output Table"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 2, 25 Feb 82 pp 46-inside back cover, 36

ABSTRACT: In 1980, the Shanxi Provincial Bureau of Statistics began to try to compile an input-output table of the entire province of 1979. The authors took over the responsibility of processing the data of the table. The input-output method uses preestablished mathematical models in the form of tables to examine the production and distribution relationship of the various departments of the national economy and to analyze the compound proportional relationship of these departments. The theory of this method was basically formed in the 40's but it had not been extensively applied until just several years ago because there was no way to apply it without a computer. Flow charts are given to explain the need for a computer to process the data. The use of COBOL, FORTRAN Q and ALGOL languages to write programs for this project is mentioned without actually explaining the process of writing the program or programs, which appear to be still in the process of being perfected.

6168
CSO: 4011/111

AUTHOR: ZHANG Changfa [1728 2490 3127]

ORG: Beijing College of Economics

TITLE: "Several Problems Concerning the Overall Balance Statistics of the National Economy"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 4, 25 Apr 82 pp 6-9, 13

ABSTRACT: In the course of readjustment of the national economy, overall balance is the basic problem, being an important job of the planning department as well as that of the statistical department. The author affirms the necessity to achieve an overall balance so as to arrange certain important proportional relationships in the national economy for reasonable and harmonious development. The major contents of research on overall balance, for the statistical as well as the planning department should include the various proportional relationships among the various links of production, distribution, exchange, and consumption in the chain of social reproduction. The statistical study provides timely disclosure of the current condition of these relationships. If they are not harmonious, the reasons should be found and improvements suggested. Most importantly, the following relationships should be emphasized: (1) The ratio between production and consumption; (2) The ratio between accumulation [savings] and consumption; (3) The balance between financial capacity and material capacity; (4) Manpower balance. In the second half of the paper, methods used for the statistical research, including the balancing method, the input-output method, the proportional structure method, the ratio of growth method, and the economic mathematical model method, are introduced.

AUTHOR: FANG Yuqin [2075 6735 3830]

ORG: Department of Economics, Shandong University

TITLE: "A Brief Discussion of the Management Principle of Matching Responsibility With Authority"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 4, 25 Apr 82 pp 10-13

ABSTRACT: At the current stage of development of socialism, the relationship between responsibility and authority also includes benefits to form a three-sided relationship, which is the fundamental principle of organization or management. Within this basic principle, there are several subordinate doctrines: (1) The doctrine of equilibrium between responsibility and authority; (2) The doctrine of clear and precise limit of responsibility and authority; (3) The doctrine of indivisibility of the final authority; (4) The doctrine of absoluteness of responsibility. Various aspects of these doctrines are expounded in some detail in the paper.

AUTHOR: NIU Yangyu [3662 7402 5148]

ORG: Office of Financial and Economic Leadership Group, Chinese Communist Party Shanxi Provincial Committee

TITLE: "On the System of Economic Management and Economic Responsibility"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 4, 25 Apr 82 pp 14-16

ABSTRACT: The system of economic responsibility developed as a result of the system of capitalist private ownership, especially the merchandize economy. It has become the basic principle of economic management. There is no way to carry out the function of management without a system of responsibility. The system of economic responsibility includes the economic responsibility system within an economic unit to reflect the production relationship among men and departments; it also includes the relationship of the owner of productive materials and their distributor or user (the manager.) This is the socialist economic responsibility system, and it must be implemented even more strictly in the economic management of a socialist economy than the economic responsibility system implemented in a capitalist society. The reasons are as follows: (1) As the productive materials are owned by all the people who cannot directly control and use them, there arises the problem of having the State, the governments of the various levels, the economic management agencies of the various ranks, and the cadres of the enterprises be responsible to

[continuation of JINGJI WENTI No 4, 1982 pp 14-16]

all the people. (2) As the socialist economy is a planned economy, the various regions, departments, and enterprises are required to shoulder a given portion of economic responsibility toward the entire national economy. (3) In order to meet the needs of society, in terms of producing a given product and increasing the profit, the economic responsibility must be borne by the enterprise, the machine shops, the various shifts, and the workers themselves in that order otherwise there can be no efficient management of the socialist economy. This paper purports to elucidate the need to implement economic responsibility system in the socialist public ownership economy of China although admittedly the system is an outgrowth of the capitalist private ownership system. In conclusion, the paper promises that all that is necessary is to implement the economic responsibility system strictly and extensively in the management of China's economy, a new economic vitality will emerge so that the superiority of the socialist public ownership economy will be even better demonstrated.

AUTHOR: HE Mingdao [6378 2494 6670]

ORG: Party School, Shanxi Provincial Committee

TITLE: "On the Problem of Technical Reform of Industrial Enterprises"

SOURCE: Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 4, 25 Apr 82 pp 26-28, 40

ABSTRACT: In the 3 decades since the liberation, China has managed to establish an independent and relatively integral industrial system. There are now close to 400 thousand industry-trade enterprises, with 40,000 billion yuan of fixed assets and 300 billion yuan worth of liquid assets in the country. The effects of leftist thoughts had created an overemphasis on new construction at the expense of technical reform, however. An analysis of the present fixed assets shows that about 1/3 are of the 50's to 60's vintage and 60+ percent are of the 70's. The former is old, backward, wasteful, and excessively polluting. About 37 percent of the advanced equipment introduced from abroad in the 70's are incomplete to cause a considerable portion of the latter to be not fully operable. In view of this sorrowful state of affairs, the author proposes the following: (1) The existing industries must bear the two-fold burden of providing accumulations for the need of modernization construction and proceeding with their own technical reconstruction. (2) In the course of technical reform, the principle of uniting macroeconomic benefits and microeconomic benefits, with the former dominating the latter, must be adhered to. (3) There must be a combination of summarizing the domestic technical experience and absorbing foreign new technologies.

6168
CSO: 4011/106

AUTHOR: None

ORG: Editorial Department of the Journal

TITLE: "Strengthening Correct Guidance Ideology to Raise Economic Benefits"

SOURCE: Beijing QIYE GUANLI [ENTERPRISE MANAGEMENT] in Chinese No 3, 1 May 82 pp 2-3

ABSTRACT: The State Council called a National Industrial Transportation Work Conference in Tianjin with strengthening the guidance ideology to raise economic benefits as the major theme of the conference. Concretely, 3 problems are discussed with emphasis: (1) How to realize a real and not watered-down growth rate this year; (2) How to make real progress in energy resources production, saving, and transfer and in transportation; (3) How to do a good job in readjusting the industries. Under the current condition of gradual readjustment of the management system, the economic structure, and the price formation, in order to raise economic benefits, it is especially necessary to unite production and demand, i.e. organizing production on the basis of the needs of the society. On the one hand, industrial products suitable for sale to the consumers should be produced in greater and greater quantities; on the other hand with market surveys, consumer surveys, increase of rural purchasing power, etc. capital turnover should be accelerated to reduce inventory. Electrical and machine products, durable consumer goods, and pharmaceuticals should be given a nationwide market and blockading these products

[continuation of QIYE GUANLI No 3, 1982 pp 2-3]

[by one region against the products of another region in the country] should not be allowed to protect competition. These and other policy adjustments discussed at the conference are reported. Since this conference [the date of the conference is not given] the various prefectures, departments, and enterprises have been seriously implementing its spirit. The ideology is now more clearly understood by everyone and the key emphases are now better defined. The authors believe because of the conference, this year's industrial production and transportation plans will be definitely better fulfilled.

6248
CSO: 4011/117

AUTHOR: HU Lian [5170 8834]

ORG: "Hydrogeological Survey Standard for Water Supply" Management Group

TITLE: "Facts and Problems of Classification of Group Water Resources"

SOURCE: Beijing GONGCHENG KANCHA [GEOTECHNICAL INVESTIGATION AND SURVEYING] in Chinese No 3, 22 May 82 pp 37-41

ABSTRACT: The document "Hydrogeological Survey Standard for Water Supply (TJ27-78)" provided a preliminary reform for ground water resources classification. Practices of the 3 years since its enactment have proved that the classification method coincides with the characteristics of the water supply; the concepts are clear; and the nomenclature is accurate. Opinions of related papers published in this journal differ, however. In view of these disagreements, the following explanations are offered in the paper: (1) Under the condition of mining, ground water collects in the direction of the mined source and new sources of supplement are drawn to it also; therefore, an entire water-bearing stratum or aquifer should be given comprehensive consideration and overall planning; (2) The word,"permissible", is added to the term "mining quantity," in the new classification method to express the quantity that is technically, geologically, and economically reasonable. (3) The only way to judge the quality and effectiveness of a classification method is whether it is

[continuation of GONGCHENG KANCHA No 3, 1982 pp 37-41]

scientific and practicable, and the method should be capable of being revised in the course of its application. (4) The term, "ground water reserve," is changed into "ground water resource" in the new method for the purpose of reflecting the dynamic characteristic of the ground water. The term, reserve, is commonly used in connection with solid mineral deposits and has a connotation of being static and unchanging. Under the present condition of confusion regarding the use of technical terminology, It is hoped that the technical terms recommended in the document will gradually be adopted as a tradition as the document is being applied.

AUTHOR: RUAN Miaosen [7086 8693 2773]

ORG: Survey and Prospecting Company, Ministry of Machine Industry, No 5

TITLE: "Application of Finite Element Method in the Change of Water Level Regime for Ground Water Resources Management"

SOURCE: Beijing GONGCHENG KANCHA [GEOTECHNICAL INVESTIGATION AND SURVEYING] in Chinese No 3, 22 May 82 pp 40-43

ABSTRACT: Understanding the principle of dynamic change of regional water table is an important aspect of managing the ground water resource. At present, the regular technique is to drill a sufficient number of observation holes within the area affected by the mining spot for periodical and long term testing of changes of the water table so as to provide data for analysis. This is an expensive endeavor. With the finite element method, a computer may be used to calculate approximately the regional water table and to predict its dynamic change. It does not mean, of course, that there is no need of any observation holes. When the mathematical model of the extremely complex hydrogeological condition is established, only a limited number of observation holes are to be arranged along the boundary of the first category variable heads to resolve the mathematical model and obtain the known water table. The theory of this finite element method and the related linear equation are introduced.

AUTHOR: LIU Guangcai [0491 1684 2088]
GAO Ming [7559 2494]
YIN Shuren [1438 2885 0086]

ORG: All of Nanjing University

TITLE: "Prospecting of Ground Water in Neotectonic Fracture by α-Trace Method"

SOURCE: Beijing GONGCHENG KANCHA [GEOTECHNICAL INVESTIGATION AND SURVEYING] in Chinese No 3, 22 May 82 pp 45-50

ABSTRACT: The α-trace method is one of the natural radioactivity prospecting methods. It began to be used in the late 60's to prospect for uranium. Since 1979, the authors have used it to look for water concentrations of neotectonic fractures. The theory, procedure, and mechanism of this method are briefly introduced. Samples of its application in Huamu Brigade of the southern suburb of Nanjing, in Nanjing College of Meteorology, and in Xianhao Gate of Nanjing City are described. The application of the α-trace method in hydrogeology and engineering geology has just begun. There remain some theoretical and practical problems to be discussed and studied in the future.

6248
CSO: 4011/118

AUTHOR: MA Zuochun [7456 0155 2504]

ORG: Academy of Prospecting and Mining Research, Jianghan Bureau of Petroleum Management

TITLE: "Hydrocarbon Evolution in Permian Series of Hubei Province and Their Prospect"

SOURCE: Beijing SHIYOU KANTAN YU KAIFA [PETROLEUM EXPLORATION AND DEVELOPMENT] in Chinese No 6, 1981 pp 13-18

ABSTRACT: The sedimentary characteristics, the paleogeographicallithofacies, the geochemical indices, the fluorescent property, the oil and gas indications, etc. of the Permian series in Hubei are analyzed. This region is believed, judging from the data of the analysis, to be good oil-producing strata. The lower limit of the oil-producing index is determined. Through various physical and chemical observations, it is also believed that the organic matter of the Permian Series belongs to the highly mature, over-mature, and methane deterioration stages. The hydrocarbon evolution belongs to the late, the late late, and the late damaging stages. Based upon these conelusions, the region is divided into the area to find oil, the area favorable for finding gas, and the area of poor oil and gas contents. The strata of the Permian Series arerelatively extensively distributed in Hubei. After years of prospecting, oil fields and gas-containing structures have been found in the border area of Hubei and Sichuan. Oil, gas, and pitch have been discovered in more than 50 spots. The characteristics of the oil and gas of the various spots of the region vary. This is the result of the difference of degrees of thermal evolution of these spots.

AUTHOR: DAI Jinxing [2071 6855 2502]
QI Fahou [2058 4099 0624]

ORG: Both of Academy of Scientific Research on Petroleum Prospecting and Exploration

TITLE: "Evaluation of Gas-containing Potential of Qinshui Basin in View of Gas Formation in Coal Fields"

SOURCE: Beijing SHIYOU KANTAN YU KAIFA [PETROLEUM EXPLORATION AND DEVELOPMENT] in Chinese No 6, 1981 pp 19-33

ABSTRACT: In the process of coal formation, there may be a large quantity of accompanying natural gas and under favorable conditions, this gas may concentrate to become a gas reserve. Based upon this viewpoint, this paper disagrees with the negative opinions concerning the Qinshui basin. The basic geological factors serving as the condition of natural gas formation in this basin are discussed. The total quantity of gas in the coal strata, the quantity of gas capable of being moved from the coal strata and the argillaceous rocks, and the quantity of possible gas concentration are estimated. The paper also points out that the claim that most of the natural gas formed in the coal strata is adhered to the coal is worthy of consideration. The paper positively affirms the opinion that it is possible to find medium and small gas reserves in this basin and suggests ways of proceeding with the prospecting work.

6248
CSO: 4009/329

AUTHOR: LI Xianping [2621 6343 1627]

ORG: Fudan University

TITLE: "A Survey of Quantitative Economics"

SOURCE: Shanghai ZIRAN ZAZHI [NATURE JOURNAL] in Chinese Vol 5 No 4, Apr 82 pp 261-264

ABSTRACT: Following a brief introduction of the historical development of quantitative economics, this paper proceeds to explain its various branches, including the input-output analysis, econometrics, economic control theory, economic forecasting, and economic information science. The input-output analysis, developed by Wassily W. Leontief in the late 30's, is explained in some detail. If the economy to be analyzed may be divided into 3 sectors, the agriculture, the light industry, and the heavy industry, the input-output table of the 3 sectors is illustrated, with the attending equations for computing their interrelationships within the given period of time (assuming to be one year for the purpose of discussion in the paper.) The input-output analysis method was introduced to China in the 50's, but pilot projects did not actually begin until a few years ago. The State Council has authorized the compilation of national input-output tables and some local areas have also been compiling regional tables. The paper predicts that the technique of input-output analysis as well as the other divisions of quantitative economics will soon have a great effect on China's socialist construction.

AUTHOR: WANG Yi [3769 5065]

ORG: Nankai University

TITLE: "Application of Control Theory to Economic Systems"

SOURCE: Shanghai ZIRAN ZAZHI [NATURE JOURNAL] in Chinese Vol 5 No 4, Apr 82 pp 265-268

ABSTRACT: Economic systems should be studied from both aspects of the qualitative and the quantitative and a better result may be obtained if qualitative and quantitative studies are integrated. The modern control theory, developed toward the end of the 50's, has the advantage of being applicable to multi-variable problems and, theoretically at least, to nonlinear problems as well; therefore, it is very useful in quantitative studies of economic systems. Of the various branches of control theory. the most powerful and most frequently applied in the study of economic systems is the optimal control theory while the other branches are also useful. Sample applications of control theory, including problem of distribution of short-supply materials--the static optimal control problem, the production and storage system control--the dynamic optimal control problem, the problem of optimal economic growth--the optimal control problem of the macroeconomic system, etc. are introduced. The author believes that it is important to develop theories of economics suitable for the condition of China, to establish reliable economic data, and to coordinate economics, mathematics, and control theory, if the study of economic system is to have its proper function in the economic construction of China.

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CSO: 4011/113

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ECONOMIC AFFAIRS

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ECONOMIC PLANNING

ENTERPRISE REORGANIZATION PROPOSED TO ENHANCE ECONOMIC BENEFITS

Shenyang LIAONING RIBAO in Chinese 18 Feb 82 p 1

[Article: "Carry Out Three Constructions; Achieve Six Good Requests; Develop Enterprise Potential; Improve Economic Benefits"]

[Text] The provincial party committee and government convened an all-province conference on enterprise reorganization work from 11 to 15 February. It was attended by responsible persons in charge of exchanges of work experience from various municipality (prefecture) committees and government departments and from 70 major enterprises. A number of responsible comrades from relevant units and committees under the State Council were also invited to attend the conference.

Comrade Guo Feng [6753 1496] chaired a panel discussion among municipality (prefecture) industrial secretaries on how to do a good job at reorganizing enterprises. He listened to various briefings and also gave a speech. Comrade Shen Yue [3088 6390] delivered a report entitled "Making Energetic Efforts To Increase Economic Benefit Is the Central Task of Economic Work." Comrade Tan Liren [6151 4539 0086], representing the provincial party committee and government, conducted a mobilization and overall deployment for the work of enterprise reorganization. Comrade Chen Puru [7115 3877 1172] delivered a summation of the conference.

The meeting resolved to completely overhaul 397 large- and medium-size core enterprises within the next 2 years. During the first half of this year, we are to reorganize 94 highly productive and profitable enterprises which have a significant bearing on the national economy. Leading comrades from various departments in all administrative levels under the State Council are to personally grasp the essential points and help organize investigation groups. About 100 enterprises per group are to be handled during the second, third, and fourth stages, which will include the work of rechecking and terminating the movement. Small-scale enterprises also will be reorganized and straightened out within 2 to 3 years by municipal and local authorities.

The general overhaul of enterprises means that we must conduct integral management over them. We must do a good job at the three kinds of construction--that is, through reorganization we will gradually build up a kind of leadership system which is democratic and yet centralized, staff and workers who are both Red and expert; and a scientific and civilized administrative system. To achieve the "six good"

demands, we must correctly handle the economic relationship among government officials, entrepreneurs, and workers; completing the national plan in a superb manner requires good attention to be given to the three parties concerned, good quality products, good economic benefits, good labor discipline, good civilized production and good political work.

The meeting demanded that, based on their respective conditions, all enterprises separately carry out minor or major reorganization work in stages, slowly or speedily--as the case may be. Within a period of 2 to 3 years or more, they must do a good job at the "three kinds of construction" and fulfill the "six good" demands. At present, to encompass the improvement in economic benefits, we must strive to do the following five tasks: First, we must reorganize and improve the system of economic responsibility, streamline business administration and management, and improve overall planning management, quality management and economic verification. Last year, more than 70 percent of the enterprises within our province implemented various forms of the economic responsibility system. On the whole, the results were good and the direction correct. We must not waver in our correct direction just because a few problems emerge, but should sum up our experiences and improve further in the reorganization process. Second, we must rectify and straighten out labor discipline, and strictly carry out the system of rewards and punishment. All enterprises must draw up a "Regulation for Staff and Workers" that is to be followed after it is passed by a workers' congress. We must foster uprightness, curb unorthodox tendencies and establish good manners and discipline in factories. Third, we must put in order financial discipline and straighten out the system of financial accounting. Those found violating the law or financial discipline must be resolutely stopped and sanctioned. Fourth, we must straighten out labor organization, set production based on the number of workers and quota of production, with superfluous personnel to undergo training on rotation. Part of them may be channeled to strengthen livelihood service institutions, while another part may participate in labor service institutions. We must establish a system of personnel cultivation and training. Last, we must reorganize and build up leading squads, and strengthen our ideological and political education toward staff and workers. We must revitalize the system of industrial leadership and, under the guidance of industrial party committees, build a healthy system of responsibility for factory heads and a system for workers' congresses. We must sagaciously train industrial leading elements and select outstanding Youth League cadres--up to 80 percent of their total number--to assume leading posts and to be trained to understand production techniques and business management. We must do a good job at rectification and at constructing an ideological workstyle, inspiring their spirit, and upholding party spirit so they can lead their units properly and manage enterprises properly.

The meeting stressed that the overall enterprise reorganization covers all facets of work and wide areas with strong political overtones. All levels of party committees and government departments must strengthen their leadership. The reorganization must be carried out by the existing leading elements and working masses under the guidance of industrial party organizations. The task of investigation groups is to investigate and to conduct research, to express opinions, and to act as

counselors. We must start the work of reorganization on the basis of the real conditions of enterprises, not by treating everything with arbitrary uniformity. We must combine work on key points with work in other areas, and combine them in a timely manner; neither work can be sacrificed or ignored. The work of reorganization must be combined with current production, and through reorganization we will develop toward an excellent situation and fulfill our national plan in due course.

9300
CSO: 4006/364

ECONOMIC PLANNING

LIAONING'S 1981 FINAL ACCOUNT, 1982 BUDGETARY ESTIMATE GIVEN

Shenyang LIAONING RIBAO in Chinese 6 Mar 82 p 2

[Article: "Energetically Increase Income and Practice Thrift To Carry Out Revenue Mission"]

[Text] At the opening ceremony of the Fourth Session of the Fifth Provincial People's Congress on 4 March, the head of the Provincial Department of Finance, Zhang Min [1728 2404], gave a report concerning Liaoning Province's 1981 final account and 1982 budgetary estimate.

In his report, Zhang Min pointed out that allocation and execution of the budget of our 1981 national economic plan have guaranteed the realization of major policies for the adjustment of our national economy and the promotion for development of economic adjustment, as well as industrial and agricultural production and construction undertakings. However, due to extraneous factors that have resulted in less revenue and more expenditures in the process of economic adjustment, our plan for financial revenues cculd not be completely fulfilled, and only 94.4 percent of the budgeted income could be collected. The main reasons were: 1) Our province has a large proportion of industry, and as its production task was adjusted downward, profits dropped considerably; 2) An increase in farm products price-differential subsidies and a financial loss in foodstuff industries; 3) Continued arrangements for youths awaiting jobs, which increased a portion of industrial expenses; 4) Increases in industrial waste-disposal charges and insurance premiums as compared with the preceding year; and 5) A continued drop in industrial and commercial income taxes. Zhang Min pointed out that last year's actual expenditures turned out to be 81.6 percent of the budget, representing a reduction in expenditures of 745 million renminbi, or a drop of 21.9 percent compared with the preceding year. Some 78.7 percent of the budgeted amount for basic construction investment was realized, whereas investments for culture and education, public health, city construction, housing construction and other items having to do with the people's livelihood all registered an increase. Some 66.8 percent of the budgeted amount for tapping and transforming capital was realized. About 95.7 percent of the budgeted amount for city construction and maintenance was realized, increasing the daily water supply capacity by 150,000 tons, the gas supply capacity by 40,000 cubic meters, the number of new public buses by more than 200 vehicles, and new macadamized road surface by 750,000 square meters. Some 88.6 percent of the budgeted amount for agricultural support was utilized. Again, 94.6 percent of the budgeted amount for

culture and education, public health and scientific undertakings was spent, indicating an increase of 5.3 percent over the preceding year. In addition, treasury bonds subscribed to by our province exceeded the government-set norm by 8.6 percent. In his report, Zhang Min said that the situation for executing the financial budget was good, as revenues and expenditures were basically balanced. However, there are still many problems in the field of financial discipline that require serious efforts for solution.

Zhang Min also told the delegates about the budgetary estimate for 1982. He said that the task of collecting budgeted revenues is arduous, while allocations for expenditures are very tight. Consequently, we must open wide the production channels and strenuously bring extra production and extra income to realization. We must continue to sum up, improve and promote the system of responsibility for profits and losses, and further activate the enthusiasm of management and workers in increasing production and revenues. We must enhance the idea of economic efficiency and benefit as the core, readjust industrial financial matters and discipline, comprehensively strengthen economic verification, and improve economic efficiency and profit levels. We must strengthen our tax collection and administration work as well as management of all kinds of capital, meticulously utilize all financial resources and strenuously fulfill this year's task concerning financial revenues and expenditures.

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CSO: 4006/364

ECONOMIC PLANNING

REPORT ON SHANGHAI GOVERNMENT WORK GIVEN AT PEOPLE'S CONGRESS

Shanghai WENHUI BAO in Chinese 6 Apr 82 pp 1, 5, 6

[Report on government work by Wang Daohan [3076 6670 3211] at the Fourth Session of the Seventh Municipal People's Congress of Shanghai on 30 March 1982]

[Text] Fellow Deputies:

Nearly 1 year has passed since the convention of the Third Session of the Seventh Municipal People's Congress. During this period, the municipal government has on different occasions reported to the Standing Committee of the Municipal People's Congress on our economic plans, industrial production, market prices, school education, social order and other matters. On behalf of the municipal people's government, I am now to report on our work in the past year and the main tasks for this year for your deliberation and examination.

I. Review of Last Year's Work

In 1981, under the correct leadership of the Party Central Committee, the State Council and the Shanghai Municipal Party Committee, we resolutely carried out the policy of further readjusting the economy and promoting political stability and unity and the spirit of the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China," and mobilized the cadres, people and personages in various circles to work with one heart and one mind to bring about a basic financial and credit balance for the state and to stabilize the economy and commodity prices. In the past year, Shanghai's economic construction maintained its steady progress, the political situation was stable, both social morality and social order showed improvement, and people on various fronts made new achievements.

Last year, in Shanghai, the plans of economic construction were completed on various fronts during the readjustment, and a certain rate of growth was maintained. The total industrial output value in the municipality reached 64.75 billion yuan, a 3.3 percent increase over the previous year and overfulfilling the plan. The output value of light industry included in this total was 36.17 billion yuan, a 9.6 percent increase, and that of heavy industry was 28.58 billion yuan, a 3.8 percent decrease. The total agricultural

output value was 2,856,000,000 yuan, an increase of 15.5 percent over the previous year. This included 915 million yuan, a 5.3 percent increase, for purely agricultural output; 509 million yuan, a 15.4 percent increase, for forestry, animal husbandry and fishery; and 1,432,000,000 yuan, a 23.2 percent increase, for sideline products including the output value of commune-run and production brigade-run industry. In the transportation departments, the plans for cargo and passenger transportation in and out of harbors, by trains and municipal buses, and along the water and land trunk lines were all fulfilled or overfulfilled. On the capital construction front, the resources were concentrated for developing the production of consumer goods for daily use, energy conservation, civilian housing, environment protection, municipal public utilities, and some key projects including the second stage engineering work for the Baoshan Iron and Steel General Plant and the Shanghai Petro-Chemical Industry General Plant. The investment totaled 3.08 billion yuna, a 19.7 percent increase over the previous year. New progress was made in both domestic and foreign trade. The total volume of retail sales in the municipality was 9.37 billion yuan, an 8.5 percent increase over the previous year; that of industrial products for daily use transferred to other places totaled 11.42 billion yuan, a 6.9 percent increase; and the total value of commodities procured for export by the municipality was 8.95 billion yuan, a 7.6 percent increase. The budgeted local revenue was 17,153,000,000 yuan, a 3.1 percent increase over the previous year, calculated according to comparable prices.

In the first half of last year, industrial output value in the municipality dropped by a fairly wide margin in the process of readjustment of the service orientation and product mix, because of the large-scale reduction in capital construction investment and insufficient production tasks for heavy industry. Because of the large increases in light industrial production in several consecutive years and the need for stronger measures to tap further potential, some new changes took place in supply and demand on the market. There were difficulties in the supply of energy and some raw and semifinished materials, and production increase was to a certain extent restricted. Furthermore, because we did not fully realize the need to maintain a certain rate of growth during the readjustment, and could not anticipate the new conditions in the course of our advance, the measures taken were not prompt enough, and, as a result, the rate of increase in the first half year fell short of our expectation and was down by 0.2 percent, compared with the same period in the previous year. Premier Zhao Ziyang came to Shanghai in July and gave important directions on our tasks and the orientation of our economic development. Later, the municipal party held a symposium on economic work. We seriously discussed the implementation of Comrade Zhao Ziyang's directions, listened to reports from various trades and undertakings, analyzed and studied the problems in economic work and strengthened the cooperation among different economic departments. We further aroused the enthusiasm of the workers and staff members throughout the municipality and adopted active measures, and succeeded in bringing about a gradual upswing in industrial production and overfulfilled our annual plan. All light industrial departments continued to tap potential for production and increased their outputs according to state plans and market demand. The output of 22 different types of daily-use consumer goods, under 17 major categories, which were most needed in society and were fairly

effective in withdrawing currency from circulation, was raised by more than 20 percent. The heavy industrial departments strived to increase the output of raw and semifinished materials needed by light industry, to serve the technical transformation of various trades and undertakings, and to increase the products for exports. Except for the machinery trade whose output value was lowered, all other trades maintained or surpassed the production level of the previous year. Nearly 30,000 new products, new varieties and new designs were manufactured or produced in the municipality. The quality of most products was improved, and a total of 466 industrial products won quality citations from the state and certificates of fine quality from the municipality. Energy consumption in industry last year was reduced by 3.3 percent below the previous year, and the energy saved was equivalent to 650,000 tons of standard coal. While readjusting the organizational structure of enterprises in their own departments, the various industrial departments also carried out readjustments involving different departments on 10 machinery plants by retooling them to produce light industrial products. Some restructuring was also carried out in the course of readjustment. The Shanghai Oil Refinery of Gaoqiao District and the First Section of No 7 Gaoqiao Chemical-Industrial Plant organized an integrated company which cut across different trades. A handkerchief company combining industry with foreign trade was also established. Experiments in the system of economic responsibility in many different forms all proceeded fairly satisfactorily. For capital construction investment, the method of substituting bank loans for government allocations was widely used as a means of shortening the construction period, reducing construction funds and speeding up investment returns. Our economic integration and technical cooperation with fraternal regions continued to develop, and by now, there are more than 120 economically integrated units. The commercial, material, and foreign trade departments, industrial-commercial administrative departments, banks and finance departments have also strengthened their work in market surveys and market forecasting in order to supply information for the industrial departments and help them organize production more effectively to meet social needs.

New achievements were made in agriculture. In the outlying counties, 97 percent of the production teams have adopted the system of production responsibility in various forms which aroused the commune members' enthusiasm in production. Because of the typhoons, floods, drizzel, low temperature and other serious natural disasters, the total grain output was 3.71 billion jin, an 0.8 percent reduction; that of cotton was 1,486,000 dan, a 2.5 percent reduction; and that of rapeseed was 2,932,000 dan, a 53 percent increase over the previous year. The outputs of vegetables, pork, poultry, fresh eggs, milk and other nonstaple foods were all higher than the previous year, and the result of economic diversification was also fairly good. We should mention that the total grain output was slightly less than the previous year only because more than 200,000 mu of grain farmland was used to expand the acreage of cotton and oil-bearing crops. The average per-mu yield was actually increased. The increase of rapeseed output was the result of expanded acreage as well as increase in the per-mu output. An extraordinarily great typhoon, rarely seen in history, was experienced in September last year. To save their city areas from inundation, Quansha and some other counties had to open all the sluicegates in the Quanyanghe River and to

allow some 3,000 mu of farmland to be flooded. Thus they protected the lives and property of people in the cities. This spirit of taking the interest of the whole into account deserves high praise.

The policy of serving economic construction was further implemented in science and technology. Last year, 559 important achievements were made in scientific research. Most of them were related to the present needs in production, and more than 70 percent of these research results have been popularized. Study in basic theories has also produced gratifying results. The yeast alanine transfer ribonucleic acid synthesized is of the advanced world standards. The scientific and technological departments also organized cooperation in scientific research and technical exchange activities and provided consultation service to help the production departments solve their technical problems. The research workers in natural and social sciences carried out extensive explorations in the direction of social and scientific and technological developments and supplied many good suggestions to help the leading departments make correct policy decisions.

People's material and cultural life continued to improve on the basis of the development of production. In addition to public construction and people's air defense engineering projects, housing projects completed in the municipality last year totaled 2,970,000 square meters, overfulfilling the housing plan, and slightly more than the previous year. Houses built by the peasants themselves were about 10 million square meters in floorspace, which doubled that of the previous year. The conditions of market supply were fairly good. The agricultural and commercial departments strengthened the weak links in their production and supply, and improved the conditions of vegetable supply. In the whole year, the number of days of below-normal supply to the market was reduced from 140 in the previous year to 97. We resolutely carried out the State Council's notice, and, after the increase of prices for tobacco and liquor and the reduction of the price for polyester-cotton fabrics, we relied on the organizations at various levels to widely publicize our price policy, conducted price checks, increased the production and supply of commodities needed in people's daily life, and strengthened our control over the market. Thanks to the support of all the people in the municipality, the commodities prices were basically stabilized. At the same time, we created more job opportunities by developing the collective economy and accommodated more than 200,000 people last year. In order to improve traffic order, we rearranged the traffic routes and the locations of stations and bus stops, marked out separate lanes for fast and slow driving cars, and staggered the work shifts; traffic congestion in the municipality has been alleviated a little. The main engineering work on the newly-built Shiliupu passenger station in Shanghai Port has been completed and is now being used. We continued to improve the municipal public utilities and environment protection. The drainage project in Wujuechang and other areas, the Pudong reservoir, and the expansion of the Changqiao Water Supply Plant were completed one after another. We also completed 492 projects in the disposal of the "three wastes," which helped reduce pollution and improved the resident's living environments.

While proceeding with economic readjustment, we also made new progress in cultural development. In the past year, many government organizations, social groups, plants, enterprises, schools, neighborhoods and people's communes conducted education in the four basic principles and the current situation and tasks according to the mentality of the cadres and people. In light of realities in various trades and units, they also extensively unfolded the "five stresses and four points of beauty" activities in many different forms, all for the purpose of education. On the industrial and transportation front, there were the "cultural development creates new morality while increasing production and practicing economy can help win new merits," called the "double-new" activities; in the countryside, there were the "civilized village" activities; on the finance and trade front, there were the "double-improvements" (meaning improvement of service and improvement of quality) activities; among the universities, secondary schools and primary schools, there were the "learn from Lei Feng and create three-good" activities; among the CYL members and youths, there were the "learn from Lei Feng, do good deeds and show warmth" activities; and among women, there were the "six-good" activities, all participated in by tems of thousands or even millions of people. Many advanced people and advanced collectives emerged in the "two developments." The evaluation and selection of model and advanced producers, advanced workers, pace-setters in the new Long March, best store-assistants, superior lane-and-alley workers, superior lane-and-alley workers, superior nurses, superior people's teachers and "three-good" students all inspired the people to make greater contributions to the four modernizations. In the fourth quarter of last year, the new practice of frugality in weddings was encouraged in the municipality, and extravagance and waste were greatly reduced.

The propaganda and cultural departments played active roles in promoting cultural development. There was improvement in both quantity and quality in movies last year. "A Family Full of Happiness" and "Horse-Tender" were among the movies widely acclaimed. We held the first Shanghai theatrical festival, and the wide range of subject matters and the great variety of performances created and staged were highly regarded and welcomed by people in various circles. The socialist cultural field was continually consolidated and expanded. The press also did a great deal of work in publicizing the party's line, principles and policies and in promoting the two developments. XINMIN WANBAO [NEW PEOPLE EVENING NEWS], the publication of which had been suspended for more than 10 years, reappeared on the New Year Day this year. In broadcasting and television, great efforts were made to enrich their programs, while the publication of books and periodicals continued to increase.

Education, public health work and sports all made rapid progress. Ideological and political work were stepped up in high schools. The academic order was stable and the quality of teaching was improved. The 12-year system for secondary and primary schools was restored, and the locations of schools were readjusted. The number of senior secondary schools was reduced and that of junior secondary schools was increased. Experiments in the reform of middle education structure were carried out with the addition of vocational classes and semispecialized classes. In-service training for cadres and cultural

and technical education for workers and staff members were further developed. The number of workers' universities was increased to 109, and there are also secondary workers' schools run by various departments, with a total of some 560,000 workers and staff members attending. In medical and public health work, preventive work was strengthened and the quality of medical treatment was improved, resulting in a marked decrease in the rate of infectious diseases. Family planning was widely practiced. Since the number of married couples was increased, the rate of natural population growth was higher than in the previous year. However, the number of people applying for one-child certificates was higher than in the previous year by 11.6 percent. The broad masses of sportsmen in the municipality, displaying their spirit of fighting and charging, showed good results. In some important international contests, the participants from the municipality won world champion titles in 8 events, smashed 1 world record, 2 Asian records and 13 national records. Mass sports are now vigorously developing.

Acting in the spirit of the national symposium on city security, we swiftly and heavily punished some serious active criminals and exercised the "comprehensive control" over city security last year. The number of active criminal cases has been reduced, and the number of such cases in the second half of last year was less than those in the first half by 9.3 percent, including a 13.4 percent reduction in serious cases. The strengthening of political stability and the improvement in social morality and social order were much welcomed by the broad masses, and served to guarantee the steady progress of economic development.

We also made new achievements in militia work, people's air defense and other work of preparedness against war. Last year, concentrated efforts were made on militia organization and readjustment so as to strengthen militia training both militarily and politically, and to improve their combat equipment. There has been overall improvement in militia building. At the same time, we newly constructed a number of civil air defense works that are up to the tactical standards, carried out an extensive program of "combination of peace and fighting," and expanded the areas to be used for civil air defense works.

There was continued development in our contacts and economic and technical exchanges with foreign countries. In the whole of last year, we received from 154 different countries and regions some 369,000 foreign guests, tourists, merchants, overseas Chinese, foreigners of Chinese origin, and compatriots from Hong Kong, Macao and Taiwan. Many of these overseas Chinese, foreigners of Chinese origin and compatriots from Hong Kong, Macao and Taiwan then visited the motherland for the first time since liberation. At the same time, we sent abroad a total of 547 economic and trade, scientific and technological, literary and art, and sports groups and teams, and organized 68 friendly exchanges with foreign cities. All these activities, in coordination with the international antihegemony united front and the patriotic united front, have helped to deepen mutual understanding and friendship between the people of Shanghai on the one hand and the compatriots from Hong Kong, Macao and Taiwan as well as other countries, and to promote the development of science, technology, culture and economic construction in Shanghai.

Fellow Deputies: The new progress made on various fronts in the municipality last year was the result of the implementation of the line, principles and policies of the Party Central Committee and the State Council as well as the fruits of hard struggle through the combined efforts of all cadres and people, and the PLA units stationed in Shanghai; and are inseparable from the strong supports given by the Party Central Committee, the various departments, and the fraternal provinces, municipalities and autonomous regions.

Since the beginning of this year, our industrial production has continued to develop at the same speed as it did in the second half of last year. Market supply has been fairly good, social order has been fairly stable, and the situation is excellent. We must continue our advance on the basis of consolidating the achievements already made.

II. Further Clarifying Several Guiding Thoughts in Striving for Two Developments

This is now the second year in implementing the policy of further restructuring the economy and strengthening political stability and unity. To consolidate our economic gains so that Shanghai will be able to make greater advances with new steps this year, and to bring about a greater improvement in our party style, social morality and social order, we must, in accordance with the spirit of the directive from the Party Central Committee and the State Council, attend to both socialist material and socialist cultural developments simultaneously. In economic work, we must take the improvement of economic results as the central task, continue to do well in readjustment, restructuring, reorganization and upgrading, and strive for a steady growth rate with good economic results. In striving for cultural development, we must be guided by Marxism-Leninism-Mao Zedong Thought, firmly uphold the four basic principles, strengthen ideological and political work, wage a struggle against bourgeois corrosion, consolidate the socialist positions in various spheres and bring about further political stability and unity. We must further rally our energy, advance courageously, oppose arrogance and complacency, and have a will for innovation in order that Shanghai will make new achievements in various fields in 1982.

To ensure a correct direction of our advance according to the central authorities' policies, we must have a better understanding of and firmly uphold the following guiding thoughts:

First, we must shift all economic activities on to the channel surrounding economic benefits in order to bring about both speed of economic growth and economic results.

Premier Zhao Ziyang pointed out in his report on government work at the Fourth Session of the Fifth National People's Congress: "We must thoroughly change the conventional methods evolved over the years under the influence of the "leftist" ideology and, proceeding from the actual conditions in China, blaze a new trail characterized by a fairly steady tempo and better economic results, yielding more substantial benefits to the people," and accordingly laid down the 10 guiding principles for our future economic construction. At

the national industrial and transportation conference convened by the State Council, Premier Zhao again pointed out: Improvement of economic results is the basic starting point in considering all economic problems and the nucleus of the 10 principles for economic construction. We must make all-out efforts to implement this guiding thought, show good results and open new prospects in industrial and transportation production and various undertakings.

Stressing economic results means reducing labor and material consumption to the maximum extent and producing more goods needed in the society. Shanghai has undergone great economic development in the 32 years since the founding of the People's Republic, and the economic results have been greatly improved. In implementing the policy of national economic readjustment in the past several years, we have energetically developed the production of daily-use consumer goods and gradually readjusted the service orientation and product mix of heavy industry, and the majority of products are in demand. However, there are still some products which have not been produced according to social needs. Furthermore, compared with the highest levels ever reached and with the domestic and foreign advanced levels, we are still lagging far behind. For example, the interest rates for output value tax and for fund tax and the fixed circulating funds in relation to the output value do not reach the fairly good levels of 1965. The number of days for the turnover of circulating funds in 10 industrial bureaus was 85.7 in 1976, and reduced to 57.8 in 1981. Compared to the 43 days in 1965, however, there is still quite a large disparity. We are also behind the advanced units in fraternal provinces, municipalities and autonomous regions in respect to quality, energy and raw material consumption and production costs for many products. According to a quality evaluation during which our products were compared with others of the same trade throughout the country, Shanghai was behind the fraternal regions in 56 different products. Our coke ratio in iron smelting was behind that of the Shoudu Iron and Steel Company; our product cost of polyoxyethylene was higher than that of the Quzhou Chemical-Industrial Plant in Zhejiang; and so forth. The disparity is even larger compared with the industrially developed countries in the world. This problem in industrial production also exists in other sectors of the national economy. We must correctly handle the relationship between speed and results and make every effort to bring about a marked improvement of economic results in production, construction, circulation and various spheres.

Second, we must adhere to the principle of ensuring that planned economy play the primary role and regulating by market play the supplementary role, and organize our production and circulation according to state plans and social needs.

Since the Third Plenary Session of the 11th Party Central Committee, our country has adopted the policy of opening our doors to foreign countries and enlivening the economy at home, and has promoted the development of our national economy. The success is primary, but, at the same time, some new conditions and new problems have emerged. Comrade Chen Yun pointed out: "Planned economy should still prevail and the regulation by the market can only be supplementary," and "the construction of the whole country must be

"must be carried out in a sequence and in the order of importance and urgency." This guiding thought is of great significance in ensuring the flexible development of our national economy without disorder and the maintenance of its steady progress.

Shanghai's total industrial output value, the amounts of its daily-use industrial products being transferred to other places, the value of its exported commodities and its revenues are all of fairly high national ratios. The Party Central Committee and the State Council are quite concerned for Shanghai's economic construction, and all fraternal regions have given strong support to Shanghai. In all our economic activities, we must bear in mind the overall situation, form the concept of coordinating all the activities of the country like pieces in a chess game, and organize our production and circulation strictly according to state plans and social needs. We must make every possible effort to produce or to transfer to other places as required by state plans. State plans are based on social needs; however, since there are endless changes in market demands and numerous types of minor commodities, it is impossible for everything to be included in the state's unified plans. Therefore, it is necessary to bring into play the supplementary role of market regulating under the guidance of state plans. In carrying out state plans, we should follow the centralized and unified leadership of the state and at the same time arouse the enthusiasm of various economic departments and enterprises, conduct regular market surveys and forecasts and produce to the maximum extent the goods required in domestic and international markets according to the changes in supply and demand on the market.

Industrial and agricultural production should mainly be based on state plans, and within the framework of these plans, and the regulative role of the domestic market can be used as their supplement. Under the existing system of economic management, we must correctly handle the relationship between the main role of state plans and the supplementary role of market regulation in the light of new conditions and problems. After the expansion of decision making power for the enterprises, profits from some products can be high or low according to present prices or other factors, and the low profits of some products as required by state plans can often cause conflicts with the interests of the enterprises and workers and staff members. Thus some enterprises may be included to do more work for more profits, less work for less profits and no work for no profit. We must resolutely organize our production according to state demands and people's needs and guarantee the fulfillment of state plans. After the adoption of the system of production responsibility in agriculture, the acreages for grain and cash crops and the procurement of agricultural sideline products will have a direct relationship with the peasants' income and benefits. This relationship may lead to the free choice of crops to be planted on the part of the peasants, and induce them to sell the planned agricultural sideline products in the village fairs. We must firmly adhere to the principle of producing grain as the main agricultural product, actively developing economic diversification, promoting agricultural sideline production according to the state's unified plan and fulfill our contract obligations instead of upsetting state plans by one-sidedly stressing some minor freedoms. While advocating competition in our economic

relations with the fraternal regions with each party doing its own best, we should resolutely protect the unified socialist market and conduct normal cooperation within the scope permitted by state plans in order to promote commodity circulation. In our economic and trade relations with foreign countries, we should also conscientiously uphold the policy of unity in dealing with outsiders and the policy of pooling our resources in dealing with foreigners. We must resolutely forbid any action in promoting the interests of certain units at the expense of the state. After all, in handling various relations of economic interests, we must submit to the state's unified plans, subordinate partial to overall interests, oppose unhealthy tendencies and develop the superiority of socialist planned economy.

Third, we must carry out the principle that "we need both to eat and to build up the country," attempt only the possible, and work out a comprehensive plan for production, construction and people's livelihood.

The basic aim of socialist revolution and construction is to gradually satisfy people's continually growing needs in their material and cultural lives. Recently, Comrade Chen Yun laid the principle that "we need both to eat and to build up the country." This is the basic principle to guide our future planned construction after summing up the historical experiences since the founding of the People's Republic. There must be comprehensive planning and overall arrangement for production, construction and people's livelihood. While gradually improving people's livelihood, we should also be sure that the state has some resources left for construction. In improving people's livelihood, we can only attempt the possible on the basis of developing production. Full understanding of this principle and the correct handling of the relationships of state, collective and individual interests are the basic preconditions for improving people's livelihood.

Since the downfall of the "gang of four" and particularly since the Third Plenary Session of the 11th Party Central Committee, the party and government have carried out a series of measures to improve people's livelihood despite serious difficulties in state finance and economy. The living conditions of people in the urban and rural areas of our municipality have continued to improve year after year, as we have all experienced in person. Here, we can mention a few instances: first, a total of 1,310,000 people were given jobs in the municipality during the past 5 years. The number of people newly given jobs amounted to approximately one-third of the total number of workers and staff members in the municipality at the end of 1976. Those who are still waiting for jobs are mostly the youths who graduated from secondary schools in recent years. In 1981, the number of people to be supported by each worker (including the worker himself) was reduced from 1.71 in 1976 to 1.57. Second, we have readjusted the workers' payscales, adopted the reward system, provided subsidy for nonstaple food prices and created more job opportunities, among other measures. Last year, the total payroll for all workers in the municipality amounted to 3,959,000,000 yuan, a 59.7 percent increase over that of 1976, averaging a progressive increase of 9.8 percent each year. The average monthly wages for each worker last year were 37.3 percent more than those in 1976, and taking into account the rise in price index in the workers' living expenses, there was still an actual increase

of 27 percent. To preserve the basic stability of market prices, the state has granted subsidies for the sales at low prices of grain, cotton, edible oil, meat, vegetables, aquatic products and coal for civilian use, all of which are closely related to people's daily life. Such subsidies totaled 1,043,000,000 yuan last year. Nonproductive investments in housing, schools, hospitals, urban public utilities and environment protection have been increased every year. In 1978, these investments totaled 274 million yuan; in 1981, they were increased to 740 million. In the past 5 years, the grand total of capital construction investments in housing was 1.31 billion yuan, and a total floorspace of 11,260,000 square meters was completed in the municipality, thus improving the housing conditions for more than 1 million people. Fourth, people's purchasing power has been increased as shown by the continued increase in the purchases of high and medium-grade durable consumer goods. By the end of 1981, according to a typical survey, every 100 households in the municipality owned an average of 274 wrist watches, 70 bicycles, 76 TV sets, 74 electric fans, 17 tape recorders and 10 cameras. Fifth, bank savings have increased by a wide margin. At the end of 1981, the total savings deposits of residents in the urban and rural areas of the municipality totaled 3.29 billion yuan, an increase of 1.75 billion yuan, or a 1.1-time increase over the figure at the end of 1976.

All these instances show that along with the readjustment and development of the national economy, the people's living conditions have been improved to varying degrees in the municipality. However, because of the serious aftermath of the disruption by the "gang of four," the imbalances in the national economic development and urban construction over a long time, and some other causes, there are still many problems in people's livelihood to be solved. For example, the housing problem is still very acute. In the 5 years from 1976 to 1981, the population in the municipality was increased by more than 810,000. Furthermore, people of the marriage age have greatly increased, and last year, 282,000 couples were married. Thus, even though our investment in housing has amounted to 43 percent of our capital construction investments (not including those spent on the second stage engineering for the Baoshan Iron and Steel General Plant and the Shanghai Petrochemical Industrial General Plant), we still cannot meet people's needs. The increase in city population has also given rise to a series of problems in employment, municipal public utilities, city traffic and so forth, and the solution of all these problems will take some time. There is some real contradiction between the improvement of people's living conditions and the carrying out of construction. We must firmly adhere to the principle that "we need both to eat and to build up the country," strive to develop production, and attempt only the possible before we can gradually improve people's livelihood. It is certainly incorrect to ignore people's livelihood; however, it is also impractical to solve all the problems within a short period. The important point is that despite the difficulties, we are hopeful and have the means to overcome them. There should be no doubt that the problems with people's livelihood will be gradually solved and that the situation will continue to improve year after year.

Fourth, while striving for material development, we should also vigorously strive for cultural development, so that the two developments will be combined and mutually supplementary.

Last year, after studying and publicizing the "resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China," we have strengthened ideological and political work, and a large number of advanced people dedicated to the four modernizations and having the ambition to carry out reforms have emerged on various fronts. Particularly since the unfolding of the "five stresses and four points of beauty" activities, gratifying changes have taken place in people's spiritual complexion and social morality because of the development of new socialist morality and practice. However, because of the serious disruption of our fine traditions and workstyle during the 10 years of turmoil, the existence of class struggle within a certain scope and the long existence of the corrosive influence of the exploiting classes, the struggle between the capitalist corrosive influence and the socialist countercorrosion forces will also be a long one. We must have a sober and full understanding of this situation. As Comrade Hu Yaobang pointed out, building and developing a cultural life are an important hallmark of our socialist society as distinguished from capitalist society and other exploitative societies of the past, as well as an important social, political and ideological condition for ensuring the future of our socialist economy and socialist society. A correct understanding of the relationship between material and cultural developments and simultaneous attention to both are the basic guarantee for the sustained advance of the four modernizations in the socialist direction.

Shanghai is an open city to foreign countries and has extensive international contacts which play a very effective role in promoting our friendship and economical and technical exchanges with peoples of various countries. However, it is also more susceptible to the corrosion of the decadent ideology and lifestyle of the bourgeoisie. Strengthening cultural development, therefore, is of profound significance in Shanghai. It is the common task of the various fronts to firmly uphold the four basic principles, to step up ideological and political work, and to combat the bourgeois liberalist tendency. In handling the relationship between politics and economy, we must resolutely put politics in command and ideology in a leading position, teach the broad masses of cadres and people to cultivate socialist and communist ideology, morality and attitude toward labor and a keen sense of organizational discipline, and to be law-abiding in order to serve the people and to contribute to the success of the four modernizations. In handling the relationships among the people, we must bear in mind the overall situation, stress principles and unity, show mutual respect and concern, and help one another. In our contacts with foreigners, we must foster our noble patriotism and internationalism and enhance our national dignity and self-confidence so that we will be neither arrogant nor obsequious. We must resolutely oppose any behavior that may debase our national and personal integrity. In handling the relationship between ideals and realities, we must firmly cultivate three confidences, namely confidence in the four basic principles, confidence in the party's line, principles and policies adopted since the Third Plenary Session of the 11th Party Central Committee, and confidence in the leadership

of the Party Central Committee. We must firmly believe in the uparalleled superiority of the socialist system and take a correct attitude toward the difficulties and problems in real life, neither cherishing naive illusions, nor feeling pessimistic or disillusioned in any circumstances. We must rally our spirit for hard struggles and courageously advance to make our country strong.

III. This Year's Main Tasks

Fellow Deputies: In arranging our work for the current year in accordance with these guiding thoughts, we must ensure the successful completion of the tasks in industrial and agricultural production and in financial and other matters along with the material and cultural developments. We have already distributed copies of our reports on our views on the plans and arrangements for our economic development in 1982, on our final accounts and the draft budget for 1982 for your deliberation and examination. Here, I will report on our main tasks for this year.

First, organize industrial production in accordance with state plans and social needs and promote the steady growth of production. This year, our total industrial output value is planned to be 4 percent over last year's, including a 6 percent increase in light industry and 1.5 percent increase in heavy industry. Every effort will be made to overfulfill all quotas.

Our industrial production must be carried out in accordance with the spirit of the national conference on industry and transportation recently convened by the State Council, and every effort will be made to maintain a growth speed with good economic results. We will continue to vigorously increase the production of daily-use consumer goods and to systematically increase the production of durable consumer goods which are now short on the market, articles for children, new-style garments, foodstuffs (including drinks), daily-use chemical-industrial products, packaging materials, civilian building materials and various minor commotities needed in people's daily life. We will continue to readjust the service orientation and product mix of heavy industry, while the metallurgical and chemical-industrial trades should strive to increase the production of sheet steel, cold rolled strip steel, plastics, dyes, paints and other raw and semifinished materials. The machinery and instrument and meter trades should actively develop their production of machinery for the light and textile industries and new equipment for reducing energy consumption.

All industrial products should be in demand and of improved quality, increased varieties and new designs. Continued efforts should be made to protect the prestige of fine-quality and brand-name products. This year, we have decided to abolish the life-long term" for fine-quality products, and those products which have already won fine-quality rewards must be evaluated again. Any product showing deterioration of quality will forfeit its fine-quality titles and its fine-quality certificates will be revoked. All commercial, foreign trade, banking, statistics and industrial-commercial administrative departments should further improve their market surveys, analyses and forecasts, provide timely economic information and help the industrial departments

develop their production in accordance with social needs and the changing markets at home and abroad. All industrial departments whose products are already excessive to the demand should resolutely curtail their production and actively switch to other lines of production according to state plans, or increase their exports. At the same time, after readjusting and reorganizing the existing enterprises, some plants should be retooled in organizing specialization and cooperation by setting up trans-trade and trans-regional economic integrations. The idle productive forces, particularly the empty and spare factory buildings of state farms, should be fully utilized to produce more easily marketable goods.

Each and all industrial departments and enterprises should strictly practice economy, oppose waste, and try hard to lower the production costs and the consumption of energy and raw and semifinished materials. This year, we plan to lower our production costs by 2 percent; this plan must be fulfilled by all means. At present, consumption of raw and semifinished materials accounts for 84 percent of our total industrial production costs. To fulfill our plans for lowering production costs, we should devote our efforts to the reduction of per-unit consumption of raw and semifinished materials. We must attend to two things: first, we must pay attention to the 200 and more backbone enterprises whose annual profits are more than 10 million yuan each. Second, we should adopt practical measures to lower the excessive production costs in the 594 enterprises. This year, we will strive to lower our energy consumption by an equivalent of 500,000 tons of standard coal. The municipal government has already worked out "Certain Rules and Regulations Concerning Energy Conservation in the Municipality" calling on all departments to carry out the task of energy conservation in all enterprises while attending to their production tasks. Realistic measures must be taken to increase production along with energy conservation.

In accordance with the policy that "efforts in grain production must not be relaxed while actively developing economic diversification," the leadership at various levels in the outlying counties must devote their main efforts to agricultural production and teach the cadres and commune members about the need to take agriculture as the foundation and to overcome the tendencies of slighting agriculture or leaving agriculture, so as to ensure sufficient labor power on the first line of agriculture. The land must be strictly controlled, and no unit, commune, production brigade or individual can make unauthorized use of farmland. The arrangement of crop patterns and the marketing of agricultural sideline products must be based on state plans, and the sales of planned collective products at the village fairs or unauthorized expansion of the scope of negotiated prices for agricultural sideline products must be prohibited. Production bases of nonstaple foods must be consolidated, and all categories of nonstaple foods must be marketed according to plans. Vegetable areas in the outskirts should be primarily intended for vegetables, and protection areas should be set up for the production of vegetables, so that adequate acreage can be assured for planting vegetables. Continued efforts should be made to increase the production of vegetables with regard to both quantity and quality, and varieties for a balanced supply on the market. While strengthening the development of agriculture and the sideline production, commune-run and production brigade-run industry should be readjusted and

reorganized in accordance with the municipality's plans of industrial development and the requirements of a rational geographical distribution. We should continue to run state farms well and to raise the capacity for comprehensive agricultural, industrial and commercial business operation.

We must rely on correct policies and science in developing agriculture. All forms of the system of responsibility already set up for agricultural production will not be easily changed as long as they are conducive to the development of production and the consolidation of collective economy and are supported by the cadres and people. We should sum up the experiences and continue to improve them. The counties, communes and production brigades at the outskirts are urged to streamline their finance and lower their production costs in order to help the collective and commune members earn more benefits. To boost agriculture, agricultural science and technology should be popularized, and the required research should be strengthened. We must energetically popularize the fine strains, carry out land surveys and auxiliary projects in water conservation, guard against pests in time, step up our precautionary measures against natural disasters, and promote intensive farming in order to raise the output per unit area. We should also adopt the system of technical contracts between the scientific and technical units on the one hand and the production units on the other. All trades and undertakings in cities should strongly support agriculture.

Third, reorganize enterprises by groups in different periods to strengthen their business management. In the past several years, the municipality did a great deal of work in reorganizing the enterprises. However, there are still signs of laxity among the leading bodies, chaotic management and poor economic results. In accordance with the decision of the Party Central Committee and the State Council on the all-round reorganization of all state-run industrial enterprises by groups and at different periods, the municipality has decided to begin our work among approximately 100 large and medium-size enterprises this year, and to dispatch investigation groups to assist in the work at the basic levels. The other enterprises should carry out their own reorganization in accordance with the spirit of the decision of the Party Central Committee and the State Council. Reorganization of either the selected or the other enterprises should depend on the cooperation of all the workers and staff members. We must strive to learn from the advance units and create more "six-good" enterprises--namely, good at considering the interests of the "three parties" [the state, the collective and the individuals]; good-quality products; good economic results; good labor discipline; good at civilized production; and good in political work.

Overall reorganization of enterprises should begin with the leading bodies according to the requirements for the ranks of our cadres to be revolutionized, better educated, professionally more competent and younger. We should systematically promote to leading posts at different levels young and middle-aged cadres with good ideological, political and professional qualifications, strengthen the system under which the factory director assumes full responsibility under the leadership of the party committee, and the system of congresses of workers and staff members, and gradually set up a leadership system of democratic centralism.

In reorganizing the enterprises, we should continue to change and perfect the system of economic responsibility, improve the enterprise management, and pay attention to all-round planned management, quality control and economic accounting. This year, following the examples of the textile bureau, the metallurgical bureau and the light industrial bureau, seven other principal industrial bureaus in the municipality have adopted the system of whole profit-sharing on a bureau basis this year. In adopting the system of economic responsibility, all enterprises should have a better understanding of their economic responsibility to the state. Within the enterprises, the responsibilities of all functional offices, workshops and individuals should be clearly defined. The work of statistics should be well handled and control of first-hand data and production quotas should be rationally evaluated so as to implement the principles "to each according to his work." At the same time, labor discipline should be strengthened along with the system of rewards and punishments. Strengthening the financial and economic responsibility among the enterprises. All units should strengthen their financial management and cost accounting, perfect their accounting system, and strictly enforce the financial and economic laws. The financial, taxation and banking departments should conduct regular checks in order to play their functional roles of control and supervision.

At present, approximately one-half of the workers and staff members in the industrial enterprises, and approximately 75 percent of those working at the first line of products are young people. The cadres at all levels in the enterprises should carry out meticulous ideological work and encourage the young workers and staff members to do their own work well. We should continue to run various types of workers' schools well and carry out their technical training. Within this year, we must complete the belated education of some 200,000 young and able-bodied workers whose educational level is actually below that of junior middle school graduates. Training for cadres at various levels should also be continued in various forms.

To raise the level of enterprise management, we must rely on the science of management. In the past several years, some enterprises have practiced total quality control and used value engineering to improve their market information feedbacks and to help in their policy decisions with remarkable economic results. All industrial leading departments should sum up and popularize their experiences.

Fourth, we must carry out technical transformation selectively and systematically among the existing enterprises in order to raise their technical level in production. The State Council recently decided to carry out technical transformation selectively and systematically among the existing enterprises, and directed Shanghai to be one step ahead of others. In accordance with the State Council's direction, we must attach great importance to the work of technical transformation and equipment renovation among the existing enterprises in al overall plan and make every effort to carry it out. This is a strategic measure to revive Shanghai's industry and to improve the economic results.

Technical transformation of industry in Shanghai should be based on the market needs at home and abroad. Our aim is to increase the varieties of products, improve their quality, lower their production costs, and expand our exports. We should also adopt new technology, new work processes, new equipment and new materials so that the technical and economic indices of our main products will surpass or approach advanced world levels. In the near future, we should try to show remarkable results in the following respects: (1) Lower the consumption of energy and raw and semifinished materials. The focus of our work is to transform the low-voltage generating sets and to reduce the per-unit energy consumption among the heavy consumers in the electric power industry, and to increase intensive processing in the petrochemical industry in addition to discovering new energy resources. (2)Systematically adopt advanced techniques and highly efficient equipment mainly to develop daily-use consumer goods and the food and packaging industries by improving the production techniques and thus help to upgrade the products. (3) Improve the quality of basic parts and elements in the machinery, electronic and instruments and meters industries and develop new material industries. (4) Strengthen environment protection and the disposal of the "three wastes" in order to raise the level of comprehensive utilization of resources and to improve the working conditions of the workers.

The 300 and more projects proposed by the municipality for technical transformation and equipment renovation this year have been approved by the State Council, and we are now stepping up our efforts to carry them out in the hope that within this year, good economic results can be achieved for some of them. All trades and undertakings are called on to combine the transformation of enterprises with the readjustment, reorganization and transformation of the whole trades with a view to strengthening the weak links in the varieties, quality, and production technology; and to present their ideas and measures for the technical transformation of their own trade. While carefully attending to the key projects in technical transformation, they should at the same time pay great attention to technical innovations in other projects and encourage all workers and staff members to make rational suggestions or to carry out small-scale changes and improvements on a mass basis. The banks should find even better ways to accumulate funds, and then rationally extend short and medium-term loans to promote technical transformation among the enterprises. At the same time, we should make use of foreign funds to import advanced technology and key equipment to transform a number of small medium-size enterprises. We should also assimilate the technology imported in the past several years and put it to use.

To promote technical transformation, we have this year included all these and capital construction projects in a unified plan so that an overall balance can be worked out. In addition to the second stage engineering work for the Boashan Iron and Steel General Plant and the Shanghai Petrochemical Industrial General Plant, we must first ensure the completion of those projects designed to increase this year's production growth rate. There are 255 projects planned to be completed this year; completion of 97 of them and their being commissioned will increase our output value by approximately 1.3 billion yuan. All construction projects, from their earthwork to installation, and from the main to the auxiliary projects should proceed in close

coordination. While guaranteeing high engineering quality, the construction periods should be shortened in order that these projects can be turned into productive forces as soon as possible.

Fifth, expand economic and trade relations with foreign countries and develop economic integration at home. In accordance with instructions from the Party Central Committee and the State Council, we should sum up our experiences, broaden our vision, make full use of Shanghai's existing economic and technological base and port facilities, actively import advanced technology, utilize foreign funds, and develop various forms of international economic and technical cooperation in order to further develop our economic and trade relations with foreign countries. At the same time, we should further raise the technical and production levels of our industry and quicken our pace in harbor construction and city transformation.

According to our plan, the total value of industrial products to be procured for export this year will be more than last year's by 12 percent. To attain this goal, the production and foreign trade departments should more closely coordinate production with marketing, strive to produce more competitive commodities for the international market, including the high- and medium-grade light and textile products of high value which consume less energy and raw materials, require less land and transportation facilities, and calls for high labor intensity, traditional arts and crafts of new designs and native or special agricultural sideline products; and more mechanical and electrical appliances and metallurgical and chemical industrial products for export. We will increase the ratio of the exports of finished products processed from imported materials with the method of supporting exports with imports. Through competition and the examination of our goods on the international market, we will be able to produce more brand-name and fine-quality products, increase the designs and varieties, and raise the rate of foreign exchange earning.

Besides signing engineering contracts with foreigners and supplying technical services abroad in international labor cooperation, we can also undertake such jobs as processing imported materials, assembling imported parts and producing according to imported blueprints, or setting up joint venture abroad for the business in which we have strong points, and developing tourism. There are good prospects for developing these forms of economic and trade relations with foreign countries in view of the international market needs and the domestic advantages.

In importing advanced science and technology from abroad, the main job for us is to systematically import that advanced equipment or key parts which we cannot manufacture for the time being, the new and fine-quality materials, and the advanced science and technology. We should combine importing advanced technology with using foreign funds, and actively develop coproduction, joint venture, compensatory trade and leases.

We envisage the opening of several construction bases in the border regions between cities and the suburbs as the locations for absorbing foreign investments, producing goods for export, and developing economic and trade activities

with foreign countries. The municipal government is now drafting the plans and related policies and rules and regulations, and as soon as they are approved by the State Council, to which they will be submitted, we will proceed to develop these regions or establish companies, and work out plans for these regions. We will also work out the specific projects of cooperation with foreign investors and welcome people in the financial and industrial circles from Hong Kong and Macao to come to Shanghai for investment.

Beginning this year, there will be in Shanghai's system of foreign trade administration a dual leadership of both the central and the local governments, with the latter playing the main role, in accordance with the decision of the Party Central Committee and the State Council. Guided by the state's general and specific policies of united action in dealing with outsiders, we should strengthen the integration of industry and foreign trade, and develop multichannel business relations with foreign countries. We should sum up and popularize the "four integrations" and "two publicities" experiences of the Shanghai Silk Fabrics Company, and encourage the industrial and foreign trade departments to combined their efforts to expand their economic and trade activities with foreign countries. Since the main task in foreign trade will be gradually taken over by enterprises according to the orientation of restructuring, we should actively organize various forms of economic integration and establish a number of enterprises embodying industry-foreign trade integration and production-marketing combination with each party performing its own function and both sharing the benefits. In some trades, the form of combining industry with foreign trade with industry playing the main role can be adopted. Some large plants which are in a condition to handle business affairs with foreign countries can, after examination and approval, enjoy foreign trade rights. Some commodities can be dealt with by the foreign trade departments which can also serve as commission agents in exports.

While we are on the one hand expanding our economic and trade activities with foreign countries, we should on the other hand develop economic integration with fraternal regions under unified state plans. Shanghai has very close economic relations with the fraternal regions. Under new historical conditions, continued strengthening of these relations of socialist cooperation and the development of economic integration are a common need of Shanghai and the fraternal provinces, municipalities and autonomous regions. In developing economic integration and technical cooperation with the fraternal regions, we should, in accordance with instructions from the Party Central Committee and the State Council, pass on to the inland the production techniques we have mastered and the experiences of business management we have accumulated. At the same time, we should modestly learn from the advanced experiences of the fraternal provinces and municipalities. At present, we are organizing transprovincial enterprises with the provinces concerned, and in future, we can adopt various forms, such as compensatory trade, joint venture, technical cooperation and sales coordination, for the integrated enterprises in developing our economic integration with fraternal regions. The municipal government has already set up special organs and assigned special persons with the responsibility to do this job well. We should also develop the consultation organs for the exchange of economic and technical information with the fraternal

regions, and for analyzing and studying the feasibility of specific projects.

Sixth, take even bigger steps in implementing the policy of combining science and technology with economics. In economic construction and social development, Shanghai has to further strengthen the study of applied science and technology and then develop and popularize them in order to promote the technical transformation of enterprises and to raise the level of industrial and agricultural production. This year, a total of 60 items of trial manufacture of new products, intermediate experiments, important scientific research, and experiments in industrial production in Shanghai have been included in the national scientific and technological plans. We should also selectively popularize the application of 30 research results in science and technology which have shown outstanding success, and organize our forces to assimilate 46 items of imported advanced technology. Suitable arrangements should also be made for the study of basic theories to be developed on a steady basis.

The integration of scientific research units and the production units should be strengthened. All scientific research organs, institutes of higher learning, and the various academic associations under the China Scientific and Technical Association should cooperate with the production departments in organizing joint forces to tackle key problems in production techniques and in scientific research involving important economic results. The scientific research and design departments should take good care of the work of transferring and popularizing the research results in science and technology, including the transfer of proprietary technology with royalty, and technical consultations, in order that science and technology will be transformed into productive forces as soon as possible. The present scientific and technological institutes or laboratories under the bureaus, companies and plants of the production departments should be turned into technology development centers of trades or enterprises. This year, the municipality has decided to apply flexibly the rules and regulations concerning the inclusion of trial production expenses in the production costs in order to support the production department in trial producing new products.

One outstanding problem now is that although Shanghai has a fairly strong scientific and technical force, the personnel is not evenly distributed among different departments, with the result that many urgent problems emerging in the course of production among some units, especially the small and medium-size enterprises, cannot be satisfactorily solved. At the conference for scientific and technological cooperation and exchange recently held in the municipality, the scientific research and the production units signed more than 350 technical contracts for tackling key problems, and more than 400 contracts for the popularization of research results, thus setting good examples of close cooperation between science and technology on the one hand and production on the other. We should continue to add more features to, and expand the scope of scientific and technical exchange and cooperation. To give full play to the role of our present technical personnel and to put the intellectuals to good use, we must conscientiously implement the intellectual policy and pay particular attention to the middle-aged intellectuals, who are

now undertaking arduous tasks, by helping them solve their real problems in work, study and livelihood. We must organize a rational circulation of talents under leadership so as to strengthen the technically weak units. The technical cadres of the municipal scientific and technological commission are now drafting the rules and regulations for the exchange of technical personnel. All departments and units in the municipality should bear in mind the overall situation and promote this type of work.

Recently, scientific and technical consultation services have been set up in Shanghai. This is a new way to make use of the intellectuals' special skill to serve society and production effectively, and should be energetically promoted. All specialized personnel should willingly help solve the urgent problems of the technical departments, carry out economic and scientific-technical forecasts, conduct study in economic and technical policies, strengthen the work of economic and scientific-technical information, and serve as good advisers to the leadership at various levels on questions of technical and economic policy decisions. The social science departments, on their part, should provide research results of practical guiding value to the direction of economic and social developments, the solution of important problems of economic theories, and other tasks.

Seventh, step up the transformation and construction of the city and improve its overall function. Despite certain progress in city construction in the past several years, sustained efforts are still necessary to bring about a basic improvement. Hereafter, we must broaden our vision, and instead of confining it to the city proper, we should expand it to encompass the entire municipality of more than 6,100 square kilometers. In coordination with the economic development in Shanghai's neighboring areas, we should work out comprehensive plans and adopt various effective measures to gradually solve the problems of discrepancy between city construction and economic development, and to promote the harmony between economy and society, between the city proper and the outlying counties, and between production and livelihood in the course of development. We have already prepared a draft of the outline of plans for the entire municipality in which we have pointed out the characteristics of the city, and the scope and direction of its development, and included the various special plans and our views on these plans for the near future; and handed over this draft to the congress along with a solicitation for the opinions of the Fellow Deputies. When we have completed the general rules and regulations for Shanghai city, which has to be compiled by the various departments in the municipality, we will submit it to the Standing Committee of the municipal people's congress for deliberation and examination before submitting it to the State Council for approval.

For city construction and transformation in the future, the following aspects of work should be stressed.

For housing, we plan for 3 million square mters of floorspace to be completed this year. If possible, we will do our best to complete more. The housing area should be gradually increased in the next several years. Our main task at present is to develop and improve the 12 small residential areas at the outskirts, including the development of commerce, culture, education, public

health work, public utilities and other supplementary construction in these areas, which, when completed, will be able to accommodate more than 700,000 people. We should systematically rebuild the crude and dangerous buildings, and build a number of convenient houses. All newly built houses should be adequate for the number of occupants. We also support all units in building their own houses, encourage all areas to raise funds for altering or building their houses, and help individuals to build their own houses. We will carefully attend to the work of allocating the houses completed last year and this year carefully and with particular consideration for the families having housing difficulties and the married couples not yet having any place of residence. We should continue to implement the policy on private housing, taking into consideration the requirements in various aspects. Housing construction in the countryside should be carried out according to plans and designs, while support and assistance should be given in the supply of building materials. We will work out a 10-year housing plan and reform the housing system in order to accelerate the progress of housing construction.

As for municipal public utilities, there will be a number of large and medium-size engineering projects to be started or prepared this year. The main projects are the construction of the second tunnel across the Huangpujiang River, the long-distance communication mansion, the new railway passenger terminal, a large gas plant, the Pudong Water Supply Plant, and the repairing or widening of the Jungong Road, Changzhong Road, Yixian Road, and Siping Road. We have to strengthen the purification of tap water in order to gradually improve the quality of drinking water. The systems engineering projects for drainage, numbering more than 10, should be carefully attended to, while the jetties, flood-prevention walls, dikes and other engineering projects must be completed before the flood season. The present facilities must be further consolidated as an effective precautionary measure against typhoons and floods.

As for communications and transportation, our main tasks are the transformation of old harbors, the planning for new ones, and the increase of berths; preparations for enlarging the marshalling yard of the Nanxiang Railway and the technical transformation of the Shanghai section of the Shanghai-Hangzhou Railway; and planning for the construction of express lines connecting Shanghai with its satellite towns, including Minxing and Wusong. Continued efforts should be made to improve the dispatching of public transportation vehicles, to popularize the staggering of workshifts, and to handle the workers' "two readjustments." More vehicles should be added to the public transportation fleet, the ratio of tramcars should be raised, new routes should be opened and more stops could be set up in order to alleviate the present traffic congestion. This year, we will try to build multilayer intersecting pedestrian bridges at the bund of Yanan Dong Road and the Jinganji Road so as to improve the vehicle traffic.

In environmental protection, our main task is to control pollution. Of the 306 "three-waste" pollution sites which have caused sharp contradictions with the residents, our efforts throughout last year have brought 92 of them under control, and continued efforts are still necessary in dealing with the others.

As to the pollution caused by the discharge of organic contaminated water from the paper mills and the chemical-industrial and leather processing plants along the Suzhou Creek and the Huangpujiang River, we are studying the cases individually and will adopt suitable measures of disposal. Plans for controlling these two rivers are also being systematically studied. Conversion of the open grains into underground sewage pipes for the contaminated water in the southern areas, and the building of sewage treatment plants in Quyang and other localities are being stepped up, in addition to other measures necessary for environmental health. The problems of transforming the tap water supply plants, building new public latrines, and the treatment of urban pollution should all be realistically solved.

As for tree-planting, we plan to build windbreaks, fruit trees and timber groves along the river banks and seacoast, and hope that in a few years a green protective screen will be gradually formed. All available space in the city proper should be used for planting trees, flowers or grass, so that by 1985, the forest cover will be raised from the present 8.19 percent to 9.72 percent, and the average green area for each person will be increased from 0.44 square meters to 0.7 square meters. The scenic spots in Longhua and Dingshanhu and the famous places with historical relics in Jiading and Songjiang should be further improved so as to increase the number of tourist attractions.

The construction and transformation of cities and the transformation and development of industry and transportation all have an urgent demand for a big development of the building materials industry and the construction trade. The building materials industry is still a weak link, and plans should be worked out for its development. Right now, serious efforts should be made to increase the annual output of cement, plate-glass and toilet ceramics. Coal ashes and slags should be utilized for producing materials to be used for making walls, and further efforts should be made to develop the production of aluminum alloy, construction plastic, glass fiber reinforced plastic, other new building materials of light weight and high tensile strength, paints and small hardwares, to gradually change the product mix of building materials, and to increase their varieties. At the same time, we should develop the construction industry so that construction units will be run in the form of enterprises in many different ways, and houses can be sold as commodities in line with the requirements for restructuring.

Eighth, stabilize market prices and create more job opportunities. This year, we will continue our efforts in solving some outstanding problems. We have already dealt with the problems of housing for workers, public utilities, public transportation and environment protection. Now, we will dwell at some length on the problem of market prices and employment.

Good market supply is an important factor in the improvement of people's livelihood. At present, commodity supply on the market in Shanghai is gradually becoming stable. However, there is still a certain disparity between social purchasing power and the availability of commodities. The most basic means to solve this problem is to increase production and the supply of commodities.

The commercial departments should actively support production, look for sources of readily marketable goods, arrange for the supply of nonstaple foods, clothing, daily-use industrial products and various minor commodities, and improve the quality of their service to meet the needs of consumption. They should transfer daily-use industrial production to different places and bring in agricultural and sideline products according to state plans. All trades and undertakings should resolutely implement the State Council's notice on stabilizing commodity prices on the market, and be sure to keep the prices stable. They are not allowed to raise prices without authorization or in disguise. As to the losses incurred in the implementation of certain policies, we will continue to solve the problems through financial subsidy or by readjusting the relations of interests among different enterprises. The business departments must strive to lower the production costs, reduce the intermediate links in circulation, and curtail their operating expenditures. Continued efforts should be made to strengthen the control over the country fairs, and timely action should be taken to set price ceilings for some main nonstaple foods. Administrative intervention may be used as a means of price control. We must deal resolute blows on such illegal activities as driving up prices, speculation and profiteering so as to enliven and stabilize the markets in the urban and rural areas.

This year, the municipality has to give jobs to 250,000 persons, and this task is still an arduous one. In accordance with the State Council's policy and guided by the state's overall planning, we will combine the recommendations from the labor departments with the collective efforts organized by the masses on a voluntary basis and individual efforts in seeking employment, and continue to establish cooperatives with independent accounting and responsibility for profits and losses. We will also organize labor service teams and develop household handicrafts, and suitably promote individual economy so as to increase the opportunities for individuals to look for their own jobs. All departments should closely cooperate to develop collective undertakings in the cities, and give support and preferential treatment to these undertakings with regard to the scope of business, sites of operation, sources of goods, taxation and funds. The job-awaiting people should be encouraged to join the municipal administration, and the construction and service trades. There are many opportunities for labor service in the municipality. As long as active leadership is provided and more avenues are opened, it will be possible for us to solve the employment problem.

To ensure the gradual improvement of people's livelihood, we must control the population growth. We must unswervingly keep up the propaganda and education in late marriage, late birth and reduced births, encourage couples to limit themselves to a single child, restrict the practice of having two or more children, and make every effort to readjust the peak periods of birth in order to keep the birth rate at a reasonable level. This year, the birth rate in the municipality must be kept below 2 percent, and the rate of applications for single-child certificates should be maintained at a 90 percent level. Governments at all levels should provide active leadership in family planning, work out and earnestly carry out the population plans, and run nurseries and kindergartens well.

The third national census will be conducted this year. This is an important matter affecting millions upon millions of households and is of great help to us in understanding the national conditions and resources, carrying out the four modernizations, controlling the population and improving people's material and cultural lives. The municipal government has already made the necessary arrangements, and we must satisfactorily complete this task in accordance with the stipulated schedule and other requirements set for the whole country.

Ninth, conscientiously improve our work in education, public health and sports in order to raise the people's cultural and physical level. Higher education should be based on our need for people of talents, and necessary readjustment and reforms in the special equipment and substance of teaching should be carried out. Besides the graduating students from the senior middle schools, the institutes of higher learning this year plan to enroll some worker students for the law, economics, enterprise management and other specialized courses, and suitable reforms will be carried out regarding school ages and methods of examination. All institutes of higher learning should fully tap their resources and help the enterprises train technical and management cadres. Right now, it is particularly necessary to train a large number of high or medium-grade scientific and technical personnel, economic management personnel, and foreign trade personnel with practical experiences. Continued efforts are to be made to consolidate secondary school education, to improve its structure, and to develop vocational education. Secondary schools in rural areas should include the subjects on the rural policies and scientific and technical knowledge in their curricula. All elementary schools and kindergartens should be well run. Since elementary and secondary school education is the basic education, we must pay great attention to its quality, and the one-sided drive to get bigger percentages of students into higher education should be overcome. Care must also be taken to reduce the students' excessive workload. We must also strengthen the teachers' ranks by organizing various forms of vocational training so as to raise the level of the teachers' political quality and vocational ability. All schools should carry out the party's education policy, strengthen the ideological and political work among the students, strictly enforce the students' "rules" so that there will be an all-round intellectual, moral and physical development.

In medical work, we must continue to uphold the "prevention first" policy, guard against all infectious diseases-mainly intestinal infection--and launch the patriotic public health campaign. Medical skill in Shanghai is quite high. However, because of the increasing pressure of work, both the conditions and the quality of treatment are inadequate for people's requirements. We must continue to streamline the hospitals systematically, improve the system of job responsibility for the medical personnel at all levels, strengthen education in medical ethics, and improve the quality of treatment. This year, we will carry out experiments in restructuring the system of leadership and control over the collective medical and sanitary system. We will also gradually improve the hospital facilities and plan to add 1,800 beds this year. The departments of gynecology and maternity will be further strengthened, and better medical facilities will be provided in some locations. The hospitals under favorable conditions should provide pediatric treatment.

Mass sports should be extensively developed, especially in schools, in order to improve the young people's physical condition and to raise the sports level of the municipality. We encourage the sports personnel and coaches to give better performances in the seventh municipal sports meet and in the national and international tournaments. In 1983, the Fifth National Sports Meet will be held in Shanghai. We are now proceeding with various material preparations, including preparations for the sites of tournaments.

Tenth, vigorously propagate cultural work and create a social atmosphere of civilized courtesy. The cultural and art departments should uphold the party's leadership over literature and art, and the principle that literature and art should serve the people and socialism. They should earnestly carry out the "double-hundred" [let a hundred flowers blossom and a hundred schools of thought contend] policy, liberate their minds and be courageous in innovation. They should oppose the bourgeois liberalistic tendency which deviates from the four basic principles. The literary and art workers should be encouraged to go deep into the realities of life and to be familiarized with these realities so that they can draw nourishment from them and use their talents in depicting the contradictions and struggles in real life and create the artistic images of advanced people in the socialist modernization. They should produce more creative works with healthy ideological contents and unique artistic styles that are welcomed by the masses. Their works should include feature films, documentary films on scientific topics and cartoon films as well as TV dramas. They should also create and stage a number of modern, historical and traditional theatrical works of fine quality and foster the development of folk music and folk dances. All cultural troupes should more enthusiastically serve the basic level units by frequently visiting the plants, the countryside and the army units to provide guidance to mass cultural and art activities and to enrich the masses' cultural life.

The newspapers and periodicals, broadcasting and television should step up the propaganda on Marxism-Leninism-Mao Zedong Thought and on the party's line, principles and policies. They should also strongly publicize the two developments, praise the good people, good deeds and good ideas, criticize those ideas and behaviors which disregard cultural life and socialist morality, and disrupt public order; and encourage people to forge ahead. Continued efforts should be made to develop and improve the publications and particularly the reading matter for strengthening political theories, for the countryside, for the popularization of science, and for the young people and children.

The "National Socialist Ethics and Courtesy Month" which has just begun this year is a powerful measure to institutionize the "learn from Lei Feng" and the "five stresses and four points of beauty" activities on a mass scale. The people in Shanghai have done a great deal of work and made great achievements in solving the problems of the "filth, disorder and poor results" during this "National Socialist Ethics and Courtesy Month." We must conscientiously sum up our experiences and keep up these activities for a long time to come so that the "five stresses and four points of beauty" will gradually become a conscious mass action. Among the masses, particularly the young people, we must extensively carry out education in the "three cherishes," namely, cherish the motherland, cherish the communist party and cherish socialism,

and encourage them to learn from Lei Feng, to create a new atmosphere and to become the vanguard in striving for cultural development. At present, we should further improve the system of environmental health and propagate and follow the "Handbook of Public Health for Residents in the Municipality," so that there will be a marked improvement in the unsanitary sections and slum areas. Through the unwearied efforts of people throughout the municipality, we are confident that we can certainly build Shanghai into a clean, neat, civilized and courteous city.

Eleventh, resolutely crack down on illegal and criminal activities and defend the socialist system. To crack down on illegal and criminal activities in the economic sphere is an overall long-term struggle which is vital to the success or failure and the prosperity or decline of our party, our state and our socialist cause. We must seriously attend to this central task this year. In the economic sphere at present, smuggling, selling smuggled goods, speculation, fraudulence, graft, plundering large quantities of state-owned goods and other illegal and criminal activities are very serious, and have in some cases become appalling. If we fail to concentrate our forces to wage resolute struggles against this adverse current, it will certainly seriously corrode the ranks of our cadres, endanger our state apparatus, poison people's minds, pollute the social atmosphere, undermine our economic construction and jeopardize our stability and unity. Before liberation, Shanghai was the "paradise of adventurers"; and in the 10 years of turmoil, it was the lair of the "gang of four." We can never underestimate the corrosive ideas of capitalism and the poisonous effects of the "gang of four." In the past several years when our country kept our doors open to foreign countries and adopted policies to enliven the economy at home, some people took this opportunity to collude with foreigners in various illegal or criminal activities in the economic sphere. Under these new and complex conditions, some people with weak minds in the ranks of our cadres have been hit by "sugar-coated bullets." From the data we have collected, we have discovered scores of serious cases of such nature. We must fully recognize the seriousness of these illegal and criminal activities and the dangers they can cause, and unswervingly carry the struggle against capitalist corrosion through to the end.

In waging this anticorrosion struggle, we must completely take the mass line, conduct careful investigations and study, pay special attention to the key points and act vigorously in handling all the major and serious cases. In dealing with the cadres, particularly the responsible cadres, who have committed serious crimes, we must carry out thorough investigations and mete out swift and severe punishment according to law. We must never be soft-hearted or hesitant, and must never tolerate these crimes or shield these offenders. As for those who have committed mistakes of a common nature, and who have admitted their mistakes and returned stolen money and other stolen property, lighter or no disciplinary action will be taken, depending on the circumstances.

Recently, the Standing Committee of the National People's Congress adopted a "Resolution on Heavily Punishing Serious Economic Criminals" which will become effective on 1 April. All those who have committed crimes before that day will turn themselves in before 1 May; and those who have been arrested and

have made a clean breast of their guilt, or even helped in uncovering their accomplices, will be dealt with in the way before the implementation of this resolution. Failing to do so will mean that they are continuing their criminal activities and that they will be severely punished. We must give wide publicity to this important resolution so that it will be known to every household and everybody. The economic criminal should quickly wake up and surrender to the authorities in the hope for leniency.

Twelve, implement the "comprehensive control" policy to bring about a marked improvement in social order. Shanghai's social order has gradually improved, but has not taken a fundamental turn for the better. We should continue our efforts to strengthen "comprehensive control" in social order, and all departments are urged to cooperate closely in publicizing the socialist legal system, in strengthening security control, in popularizing the systems of responsibility for security according to different conditions, and in strengthening security organizations at the basic levels so as to bring into play the role of the masses in preserving peace and order. Particular attention should be paid to the education, pursuasion and redemption of misguided youths. All units should combine the enforcement of discipline with the improvement of workstyles in plants, stores and schools in order to maintain good internal order. The masses should be guided in handling contradictions among people and to prevent problems in love affairs, marriages, family quarrels and neighborhood feuds from intensifying the contradictions. Efforts should be made to solve the problems in their incipient stage.

We must rely on the masses in promptly dealing with criminal activities and in combating subversive activities by the antisocialist elements. The public security organs should closely cooperate with the judiciary and procuratorate, and continue to swiftly and heavily punish the small number of active criminals in cases of homicide, robbery, rape, and criminally caused explosion and arson which serious disrupt social order. They must also punish the small number of counterrevolutionaries according to law, and resolutely attack, divide and demoralize the remnants of the Lin Biao-Jiang Qing counterrevolutionary clique. All reactionary and obscene books, magazines, pictorials, recording tapes and videotapes are strictly banned and should be confiscated, while all superstition, swindling and gambling are forbidden. By further improving the social order, we will be able to ensure the smooth progress of economic construction.

IV. Improvement of Government Work

All the arduous tasks now confronting Shanghai must be fulfilled. Despite our achievements last year, there are still many shortcomings and problems in government work, mainly because we did not systematically arrange our work in an all-round way; we failed to conduct meticulous investigations and study in certain problems; our policy decisions are not prompt enough; the measures we took are not forceful enough; the leadership's work was not thorough enough; and our work efficiency was low. We must develop our achievements, overcome our defects, and further improve our workstyle.

At present, most government organs are overstaffed with multitiered departments. This seriously affects work efficiency. The Party Central Committee and the State Council have treated the simplification of administration as an important task this year. Instead of being purely a matter of reducing or merging the departments or a matter of coming and going of personnel, this task means a reform of those parts of the government structure which are incompatible with the economic, cultural, and various other construction requirements and an in-depth revolution in the system. Simplification of the municipal administration will begin next year in accordance with the State Council's program of action, and we must be well prepared for it this year.

We should further improve the system of job responsibility for all government personnel so that every person will be responsible for some task and the role of the functional departments can be brought into play. The work of government functionaries should be periodically evaluated through mass comments and organized examinations. Those whose work performance is good should be commended; those whose achievements are outstanding should be rewarded or promoted; those who are lax and indifferent to their work should be criticized; and those who have seriously neglected their duties should be disciplined in a way consistent with their responsibility. All cadres who have violated the laws or committed crimes should be punished according to law. Cadres at all levels should always remember to serve the people and to be responsible to the people, and be aware that nobody can have any special right to work for private gains. Under the present new historical conditions, we must develop the spirit of forging ahead, and while boldly carrying out innovations in a realistic way and doing our best to fulfill our duties as practical workers, we should also resist corrosion and remain immune from its influence forever. We should be law-abiding, serve the public honestly, and plan an exemplary role.

Leading cadres at all levels should overcome bureaucratism, conscientiously improve their workstyle and go deep into realities for investigation and study. In handling important issues, they should make a scientific forecast and arrive at scientific policy decisions on the basis of a comprehensive analysis and full confirmation. In handling basic-level work, they should exercise full leadership and provide separate guidances so as to solve the problems at the basic levels. As for the way to turn enterprises into genuine economic entities, they must carefully study and sum up the present good experiences, systematically improve them and explore more methods for carrying out the separation of government administration from enterprise management in future.

We must constantly listen to people's views and rational suggestions, understand their demands, be concerned with their hardship, and accept their supervision. We must carefully attend to their letters and personal calls and conscientiously solve various problems by seeking truth from facts. We should also continue to carefully handle the problems left over in history.

The legal system should be strengthened, beginning with administrative and economic legislation so that there will be laws and rules and regulations for

people to follow. This year, we will formulate specific measures to be implemented on the basis of the various rules and regulations issued by the state. Proceeding from realities, we should also work out measures for the requisition of land, the tearing down of houses and the relocation of families, and draft rules and regulations for environmental health, the prevention of environmental pollution, the protection of vegetable-growing areas, the transfer of proprietory right with royalty, cultural and art performances, labor protection and so forth so that all types of work will gradually be governed by law.

In the past year, the cadres of neighborhoods, lanes and alleys in various districts and counties worked diligently, steadfastly and uncomplainingly. They have done a great deal of work and made very great contributions in promoting stability and unity, in giving jobs to job-awaiting youths and in taking care of their daily life. However, there are still some basic level units which have not been well organized, and we must continue to staff them with young and health comrades. At the same time, we should give the basic-level organizations adequate power and let them solve the problems within their jurisdiction, so that they can keep close contact with the masses and bring about a closer relationship between the government and the people.

There are many new conditions and new problems in real life, and we must study and solve them. We should also learn about modern science and technology and management and then make use of our knowledge. It is therefore necessary for us to intensify our study. First, we must step up our restudy of Marxism-Leninism-Mao Zedong Thought, and the study of Comrade Mao Zedong's philosophical works, the series of important speeches recently delivered by the leading comrades of the central authorities and Comrade Chen Yun's economic works. We should also study the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" and Premier Zhao Ziyang's report on "The Present Economic Situation and the Principles for Future Economic Construction." The cadres should be trained in various forms by groups and in separate periods, and organized to acquire more vocational and administrative knowledge so that their ideological, policy and work level can be further raised.

The municipal government is now studying and compiling the Five-Year Plan for the economic and social development of Shanghai. In light of realities in Shanghai, we will strive for further progress and breakthroughs in these four aspects of our work: industrial technical transformation; expanding our economic and trade relations with foreign countries and developing economic integration at home; strengthening our city transformation and construction; and training our personnel. These four aspects are interrelated, and our success in this work will enable Shanghai to make a good start in its economic construction.

Fellow Deputies: The patriotic united front is an important "magic weapon" guaranteeing the success of our socialist modernization. All democratic parties and groups, nonparty democratic personages, and patriots in various fields have played a positive role in our political life and economic and cultural construction. We should step up the reeducation in the united front

among cadres at all levels. In their work, they should fully respect and carefully listen to the views of people in various circles, and give full play to their respective roles. We must continue to implement the party's nationality policy, overseas affairs and policy and religion policy. In accordance with the principle and policy on Taiwan's return to the motherland and the peaceful unification as further expounded by Chairman Ye Jiangying and with the spirit of Comrade Hu Yaobang's speech delivered at the rally celebrating the 70th anniversary of the 1911 revolution, Comrade Chen Guodong [7115 0948 2767] said in his speech delivered in Shanghai on the same occasion: We welcome our Taiwan compatriots' return to Shanghai to visit their relatives and friends, or for sightseeing; welcome the return of those--who formerly left Shanghai for Taiwan--for permanent residence in Shanghai, and guarantee suitable arrangements for them including their freedom in coming and going; welcome people in the industrial and commercial circles in Taiwan to come to Shanghai to carry out their economic and trade activities; welcome people in the scientific and technological, cultural and educational, and sports circles in Taiwan to come to Shanghai to carry out academic exchanges, sports contests, artistic performances and other activities; and suggest that the navigation and transportation departments in both Taiwan and Shanghai quickly establish contacts and hold discussions on the early restoration of transportation services. We must make every effort to do our work well in various aspects and to contribute to the unification of the motherland. We should also actively promote our work in foreign affairs in order to better serve our socialist modernization, to oppose hegemonism, to develop an international antihegemonism front, and to preserve world peace.

The trade unions, Communist Youth League, Women's Federation, All-China Federation of Literature and Art Circles, China Scientific and Technology Association, All-China Federation of Industrialists and Businessmen, All-China Federation of Returned Overseas Chinese, Taiwan Compatriots Friendship Association and other mass organizations should join and be united with the masses in carrying out effective activities according to their own special characteristics. We should rely on them, support their work, and earnestly hope that the mass organizations at all levels will continue to assist in government work and play a more active role in material and cultural developments.

The PLA is a strong pillar in the people's democratic dictatorship. We must further strengthen army-government unity and army-people unity, and actively carry out the "support the army and give preferential treatment to army dependents" activities. We must continue to readjust the militia organization, intensify education in national defense, step up military training and strengthen the army-people joint defense in order to achieve new success in the two developments, in preparedness against war, and in the preservation of social order.

In the past year, the Standing Committee of the Municipal People's Congress and the Standing Committee of the Shanghai chapter of the Chinese People's Political Consultative Conference separately organized the deputies of the National People's Congress and the Municipal People's Congress in Shanghai, and the members of the CPPCC and its local chapter to inspect and examine our

work on many occasions. These people have offered their constructive views and suggestions as well as to-the-point criticism. This is a strong encouragement to us and an active supervision over our government's work. This is our report on government work, and after examination, deliberation and approval by the congress, we will act on it and then sincerely hope that everyone will continue to supervise and inspect our work.

Fellow Deputies: This should be the year to enhance our morale in our hard struggle to make progress and even greater achievement. Under the leadership of the CCP, let us hold high the banner of Marxism-Leninism-Mao Zedong Thought, unite as one, struggle hard and continue to strive for both material and cultural developments in Shanghai.

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FINANCE AND BANKING

OBSERVATION OF CURRENCY CIRCULATION DURING READJUSTMENT DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 3, 4 Feb 82 pp 5-6

[Article by Wang Zingbin [3769 1987 1755]: "How To Observe Currency Circulation During the Period of Economic Readjustment"]

[Text] In the past several years, particularly since the 3rd Plenary Session of the 11th Party Central Committee, the readjustment and restructuring of our national economy have brought profound changes in the structure of our industrial and agricultural production, the composition of the systems of ownership, the channels of commodity circulation and the demands for production and daily life consumption. These changes are reflected in currency circulation. Under these new conditions, there are many views on the way to observe currency circulation. Some comrades hold that the money in circulation has decreased instead of increasing, the reason being that since there is an unprecedented abundance of commodities on the market and many items are now liberally supplied, many goods cannot be sold, and brisk sales have turned sluggish; and that commodities are also abundant in the country fairs. Others hold that the money in circulation is still too much, the reason being that the goods on the market, though increased, are still inadequate for the increased social purchasing power; and that the increase of goods has also brought with it an increase in the number of negotiated prices, so that the prices as a whole have increased. Different views have led to different conclusions, and the formulation of different principles and policies. Therefore, how to observe currency circulation during the period of readjustment is a very important question.

On this question, my idea is that we should observe from both the macroeconomic and the microeconomic points of view. In other words, we must note the overall statistical numerical data as well as the typical way of real life. If the conclusions obtained from both methods can be reconciled, we will be able to have a more comprehensive view and our judgment will be more accurate. As for the method of combining macroeconomics with microeconomics in our observation, I would like to present six ideas as follows:

First, we have to observe how the major ratios in the national economy have been readjusted. In the case of the ratio between accumulation and consumption, for example, the accumulation rate was too high in the past and, according to historical experiences, it would be better to set it at approximately 25 percent. Since 1979, the readjustments of prices of agricultural products and the wages of workers and

staff members and the curtailment of the scope of capital construction have all been carried out for the purpose of raising the consumption ratio and lowering the accumulation ratio. As things now stand, this proportionate relationship is developing in the good direction. Now, let us look at the ratios between agriculture, light industry and heavy industry. For many years in the past, the priority order of agriculture, light industry and heavy industry we talked about was in fact that of heavy industry, light industry and agriculture. The light industry concentrated in Shanghai has made very great contributions, but the equipment used is outdated and in a run-down condition. On the contrary, the plants and mines for heavy industry were very large, full of "national pride," and under various favorable conditions. Since the readjustment of the ratios by the Party Central Committee and the State Council at the 3rd Plenary Session of the 11th Party Central Committee, the ratios of both agriculture and light industry have been raised, and this is the decisive factor in the improvement of the market. However, there are still certain irrational elements in the internal structure of industry and further readjustment is necessary. If the basic proportionate relationships in the national economy are not in harmony, currency circulation cannot take place under normal conditions. This is only natural, and a temporary phenomenon. The proportionate relationships are not developing in a harmonious direction, and we should continue our efforts in carrying out further readjustment.

Second, we have to observe the balances between state revenues and expenditures, between credit receipts and payments, and between commodities and purchasing power. Financial deficits are now being gradually reduced, but have not yet been wiped out. In 1979, the deficit was 17 billion yuan; in 1980, 12.7 billion yuan; and in 1981, expected to be reduced to 2-3 billion yuan. The situation of state revenues and expenditures is now improving, but the problem has not been solved. The disparity between commodities and purchasing power has been reduced, but there are still many discrepancies in the composition of commodities. Commodities as a whole are not in short supply, but there are serious problems with their composition. Some of them are not wanted by the masses, but those wanted by the masses are either not available or not enough. The consumer goods imported in the last 2 years have greatly reduced the pressure on the market. However, these goods were imported under conditions of an unfavorable foreign currency balance, and thus increased the state's foreign debts. We used part of the foreign exchange to import some grain and sugar to alleviate the strain on the market. The state has procured less and the peasants have retained more of their products. However, we have to rely on foreign debts to do this, and foreign debts must be repaid.

Third, we have to observe how commodity prices are changing. In the past 2 years, namely 1979 and 1980, commodity prices increased a great deal. In 1979, there were the planned regulated prices. Later, many quoted prices or negotiated prices were increased. Commodities sold at negotiated prices in particular continued to increase and there were large differences between quoted and negotiated prices. Now the prices have been stabilized, only because of their being frozen by a State Council document. However, the irrational elements of prices have not been removed, and once the control is relaxed, the prices of many commodities will rise again. When the procurement prices for grain were first raised, the peasants were happy. Later, the procurement price for cotton was raised and people complained that it was unwise to grow grain. Thus the state was forced to make a further

readjustment. The problem of pricing is a very serious one, because a slight mistake may cause a chain reaction. It will take several years for it to be gradually solved. As long as it remains unsolved, there is always some latent element of price instability. Now the procurement prices of agricultural products have been increased, but the selling prices of only eight varieties of nonstaple food have been increased, and those of grain, cloth and edible oil remain unchanged. The losses incurred because of higher buying than the selling prices are subsidized by the state. This is good for the people, but adds to the state's financial difficulties.

Fourth, we have to observe the changes in the speed of currency circulation. Since the 3rd Plenary Session of the 11th Party Central Committee, there have been certain new changes and new elements, and the "historical numerical data" for the ratio between the amount of currency in circulation and the volume of retail sales used in the past had to be readjusted. However, they can still be used as an important yardstick in the observation of the conditions of currency circulation. As to the method of readjustment, we are thinking of adding the country fair transactions to the total retail sales volume, find out the new elements causing the slow-down in currency circulation, and take them into account in working out some criteria for our observation and measurement. Furthermore, we can observe some more supplementary numerical data. For example, we can compare the amount of currency in circulation with the national income, because the national income represents the net output value, and the output value of the current year, and therefore these can be used to explain certain problems. We can also add part of the bank deposits to the money in circulation on the market as the total amount of money in circulation to be compared with the national income, and try to discover some pattern. Under present conditions, the use of cash alone as a means of measurement is not enough.

Fifth, we have to observe the conditions of supply and demand among some principal commodities. A balanced purchasing power should be observed not only according to the total amount, but also according to its structure. If the total amount is balanced and the structure is appropriate, then the currency circulation can take place under normal conditions. The conditions of supply and demand can be observed from the following aspects: liberal or restricted supply. Liberal supply shows the abundance of commodities, and restricted supply shows their shortage. Brisk and sluggish sales: Sluggish sales show insufficient purchasing power among the masses or unwanted goods on the market, while brisk sales show the strong purchasing power and the suitability of commodities to market needs. Selective purchase and panicky purchase: The former shows the abundance of commodities while the latter shows people's fear of further price increase instead of their excessive cash on hand. If the commodity prices are stable, people will feel at ease and be willing to have savings deposits. Therefore, our observation of currency circulation should also include the savings deposits. At present, there is an urgent need for industrial goods to be brought to the countryside. Commodities are now fairly plentiful in the cities, and the discrepancy between commodities and purchasing power is comparatively less. This discrepancy is, however, keenly felt in the countryside where the increase of commodities is far behind the increase of the peasants' purchasing power.

Sixth, we have to observe the composition of people's receipts and payments of money in the cities and the countryside. In China, 82 percent of the currency in circulation is in the hands of the rural and urban population, and only 18 percent is kept by groups or units. The main portion of retail sales is to the urban and rural population. Therefore, the correspondence between currency circulation and commodity circulation mainly depends on the correspondence between the supply of commodities and the purchasing power of the urban and rural population. We should also observe the correspondence between currency and commodity circulations by studying the composition of these people's monetary receipts and payments. Families are the cells of society. We can select 10 or scores of families of different types to carry out a systematic survey, comparison and analysis of the changes in the compositions of their receipts and payments, the changes in their demand for commodities, their available purchasing power, and the amounts of savings and cash on hand. The analysis will reveal the problems in their production and circulation, and enable us to study the measures for their solution. In studying currency circulation, we must study the cash on hand and the savings deposits. We have also to analytically study a savings institute and see the amounts of fixed deposits and current savings, the patterns of deposits and withdrawals, and so forth. Such a study can answer many questions. Among the depositors, the first type is those who regard savings as the symbol of wealth and therefore deposit all their wealth. The second type includes those who want to buy some expensive commodities, but do not have enough money. Therefore, they have to save money for their purchase. The third type is those who have enough money, but nothing to buy. Therefore, they can only save it. The fourth type is those who deposit their money after they get their pay and later withdraw some of it whenever they need money for daily expenses. There are the same four types of people with cash on hand, the only difference being that instead of depositing their money in the bank, they keep it on hand. Of these four types of people, either having savings deposits or keeping money on hand, only the third type indicates abnormal commodity supply, while the remaining three types all show a normal supply. That is why currency circulation, which seems to be very complicated, is not complicated at all. Many questions which an economist should answer can also be answered by a housewife. As to why some money is deposited and other money is not, the answer can be very flexible. At certain times, the political factor may make the difference. Furthermore, there is also the psychological element. For example, TV sets cannot be sold at some place even after a price reduction. The reason is that people expect further reductions. When commodities were in short supply, people coult not feel at ease. Now they can relax because the market supply is better. This state of mind is attributed to both political and psychological elements. Therefore, we say that currency circulation is not abstract, but very real political economy.

These six aspects should be viewed in combination. However, in a single county or city, there may be something very special about the proportionate relationship, which may not be useful in explaining the conditions in the country or in a province. That is why we have to take an overall view of problems and to study the conditions from more aspects.

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FINANCE AND BANKING

EFFECTIVE UTILIZATION OF RENEWAL FUNDS EXPLAINED

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] in Chinese No 2, 20 Feb 82 pp 11-12

[Article by Xu Shaoying [6079 4801 5391] and Yang Zihe [2799 1311 0735]: "Some Problems in Making More Effective Use of Renewal Funds"]

[Text] Because of the effective measures taken in recent years in the utilization of renewal funds, the overwhelming majority of the governments, localities and enterprises have achieved their economic objectives according to schedule and have garnered some valuable lessons in the process. At the present time, the total amount of renewal funds which may be put to use, including depreciation funds of fixed assets, production development funds, government budgetary allocations, funds accumulated by localities, departments and enterprises, and technical and other types of bank loans, comes to about 9 percent of the original value of the fixed assets of industrial and communications enterprises. If properly administered and effectively utilized, this not inconsiderably amount of funds is capable of being used to finance research projects and to renew and rebuild existing enterprises. The problem confronting us is that of making more effective use of renewal funds.

1. Selection of Projects Whose Practicability and Economic Feasibility Have Been Proven by Studies

Before a decision is made on what projects to undertake, a thorough study must be made as to their practicability from the technical, economic, financial and sales points of view on the basis of scientific verification and evaluation. The purpose of this study is to assess the advantages and disadvantages of the various projects and to find a basis for investment and for the management of operations so that errors may be avoided and more effective use may be made of renewal funds. In 1980, for instance, two plans were put forward in Shanghai for increasing the production of raw materials for making perfume for export. One plan was for the United Perfume Factory to produce an annual amount of 300 tons of perfume on 3,800 square meters of building space on 10 mu of land with a loan of 1.5 million yuan, and for production to begin in 1982. The other plan was for the First Factory for Drug Testing to make minor alterations to its existing equipment to produce an annual amount of 100 tons of perfume on only 600 square meters of building space with a loan of 350,000 yuan. After a study had been made of the practicability of the plans, it was found that while the quality and quantity of the products put

out by the two projected factories were essentially similar, the cost of operating the First Factory for Drug Testing was slightly lower than that of the United Perfume Factory. After approval had been given to the First Factory for Drug Testing, it was able to begin production within a short period of time and the entire loan was repaid within a year. There have been, however, instances where projects were put into operation in the absence of technical and economic verification and before a study had been made as to their practicability, with the result that after being put into operation, they either failed to match the amount of production with the volume of sales and to achieve the expected economic objective, or they were plagued by technical problems which hampered their productivity and led to heavy losses.

Experiences gained in various localities underline the need to have a firm grasp on three main factors before approval is given to a project. First, investigation and study must be made. In the selection of projects, consideration must be given as to whether they meet the needs of readjustments in the national economy and whether they mesh with the principle of cooperation among the specialized businesses. After that, there must be a clear understanding of the factors which affect the productivity of the projects, such as technical requirements, the necessary resources, the supply of raw materials, water, coal and electricity and the marketing of the products. Consideration must be given at the same time to the views of the regulatory departments and the surveying and planning departments of the municipal governments as sources of scientific verification on such matters as environmental protection, public safety and the economic repercussions on the entire society. Second, a technical standard must be maintained. A clear distinction must be made between routine production projects and projects of a scientific research and experimental nature. In drawing up plans, effort must be made to insure that the projects in question possess advanced technology and that they are economically feasible. Projects which fail to come up to the required standard must be rejected. Third, work must be done according to the proper procedure. A great many factors are involved in the screening of projects. There are among the various projects many links in the chain of cooperation and coordination which must be cemented according to the planned procedure and in an orderly manner. Most of the projects must go through the various stages of organization, investigation, acceptance, construction, the taking over of the property when construction work is completed and the handing over of the property for operation. In the process of construction, special attention must be paid to planning.

2. Renewal Funds Must Be Used According to the Stipulated Purposes and Within the Stipulated Limits

According to stipulations, renewal funds may only be used for renovating the equipment of existing enterprises and making technical improvements and not for the alteration and expansion of buildings or the construction of new buildings. However, in actual practice, the use of renewal funds for basic construction is far from being an exception. According to figures released by the Shanghai office in charge of the screening of construction projects, there exists a situation characterized by "several oftens and several seldoms" in the use of various types of technical funds and technical loans in Shanghai. That is to say, funds are often used for basic construction and seldom for technical improvements; funds are

often used for external expansion to increase productivity and seldom for renovations, remodeling and the rebuilding of unsafe structures; funds are often used for measures to increase production and seldom for measures designed to reduce expenses, not to mention measures for energy conservation. Such a large amount of funds is being used for basic construction under that pretext of making renovations and alterations that not enough is left for projects in urgent need of funds for opening up new resources and for making renovations and alterations.

It is not easy to draw a clear line between renewal funds and basic construction funds. The former are funds mainly used for expanded reproduction internally (improving the quality of products) on the basis of simple reproduction by the use of the existing fixed assets, while the latter are investment funds used chiefly for external (expanding the capacity) expanded reproduction. In principle, it is our view that "basic construction investment funds should be used by the enterprises for planning to increase the productivity of major products, for the rebuilding of old enterprises, for the expansion of the main productive machine shops, mines and related supportive measures, and work involving the renovation of the entire technical setup of entire factories" as stipulated by the "Provisions for the Separation of Basic Construction Investment Funds and Other Types of Funds" jointly issued by the State Planning Commission, the State Construction Commission and the Ministry of Finance. Under special circumstances, it is permissible to exercise a certain degree of flexibility with respect to the size of the building site and the amount of investment on projects financed by renewal funds, but that should not detract from the main purpose for which renewal funds should be used.

At the present time, a considerable part of the fixed assets of the enterprises are worn out and some of the equipment, still "pressed into service although overaged," is high in terms of cost and low in terms of productivity and is crying out for replacement. Not a few of the enterprises established in the middle and latter 1960's, although ill-equipped, were put into operation in a haphazard manner. They are in need of rebuilding. The maintenance and repair of unsafe buildings of old enterprises also poses a considerable problem. During the period of readjustment, primary consideration should be given to the conservation of energy in the use of renewal funds. The renovation of old enterprises which consume an inordinate amount of energy, of worn out and obsolete equipment and of workshops must be treated as a matter of urgency. We suggest: First, efforts should be made to strengthen control over planning and to achieve an overall balance. The planning departments at various levels should take the lead, in line with the principle of "getting production going before embarking on basic construction and taking full advantage of the existing potential before engaging in new construction," in determining the total amount of renewal and basic construction investment funds and in incorporating that into the entire investment plan. Second, decisions should be made on an overall basis and control should be exercised by the units at various levels. Renewal funds, including government budgetary allocations, funds made available by the localities, the departments and the enterprises themselves as well as bank loans, must be administered on an overall basis and put under the control of the various units concerned. Within the limits of the total amount of investment funds, the engineering projects of the industrial and communications enterprises

should be placed under the control of the economic commissions at the various levels. The engineering projects of other enterprises may be placed under the control of the parties concerned. Third, the items must be listed under separate categories and the concerned parties must be held accountable.

3. Applications for Technical Loans Must Be Considered in the Light of Actual Economic Results

Loans for technical projects differ from short-term revolving loans. Revolving loans are used mainly for purchasing raw materials and finished projects and are repaid directly by what is realized from the sale of the products. Loans for technical projects are used for the purchase of materials for processing into finished products and are repaid from the profits realized from the sale of the finished products. For this reason, the granting of technical loan applications must be considered in the light of actual economic results. It is not permissible to use the proceeds which should go to the state for the repayment of technical loans just because the profits fail to come up to expectations. It is therefore essential that proper attention be given to the following: First, the granting of technical loans must be closely tied in with the readjustments of the industries and enterprises. A truly practicable plan must be formulated on the basis of the projected needs of particular areas and businesses and in the light of the production operations, the technical requirements and such urgent needs as the renewal of equipment and the availability of various types of renewal funds. Projects financed by renewal funds must have the assurance that there is a demand for the products and that there is no increase in the consumption of energy and raw materials. They must avoid "large and complete" and "small but complete." Loans must be withheld from those projects in which the technical standard fails to meet requirements and which have no means to insure the supply of raw materials and the transportation of their products. Second, when applying for loans, the enterprises must furnish a program stating clearly the projected amount of investment, the quality standard, the construction period, the economic results and their ability to make repayment. Third, the competent departments may, in line with the purpose set forth in the technical loan applications, draw up a list of construction projects for the year together with a factual description of their nature. Approval for the granting of bank loans to the enterprises may be given at the discretion of the banks. Fourth, on the completion of construction projects financed by loans, the enterprises, aside from ascertaining that they meet requirements, must give an assessment of their earnings and an accurate estimate of profits expected to be realized from the use of the loans and sum up the valuable lessons they have learned in repayment of loans on time with the profits realized from the projects financed by technical loans.

4. Full Implementation of the Plan on the Amount of Funds, Materials, Equipment and Construction Work

It is known that in 1980, only about 50 percent of the projects funded by the various localities and departments were completed. One important reason accounting for the slow progress was the absence of an overall administrative setup so that the various departments were left to go about their separate projects in their own way, with the result that "programs were ill-planned, approval was granted in an

irresponsible manner and no limit was set on the amount of funds." As may be expected, proper use was not made of funds and materials, construction work was not carried out according to schedule, and funds were not utilized to good advantage. In order to turn this situation around, we suggest that the planning commissions, economic commissions, supplies departments, financial departments and banks should proceed without delay to formulate a set of rules for studying, renovating and altering various proposed projects, to strengthen supervision over the projects, to bring about an overall balance and to pay greater attention to the effective use of renewal funds. There must first of all be an overall balance in personnel, finances and materials. The supply of materials and the pace of construction work must be governed by sound economic principles. In the supply of materials, there must be an overall system of priorities--namely, production, maintenance, the tapping of resources and new construction--and the system must be strictly followed from the stage of planning to the stage of implementation. The allocation of funds only marks the beginning of the projects slated for expansion, renovation and alteration. While construction is in progress, the responsible parties of the enterprises must hold themselves responsible from beginning to end. The planning commissions, economic commissions, supplies departments and banks must do what they can within their areas of competence to speed up the completion of the projects. When the projects are completed and ready for production, the concerned departments are to take them over after making sure that they are of an acceptable standard, to insure that they are economically viable, to make good use of their experiences and to proceed with the work of extension.

9621
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INDUSTRY

FOCUS ON HEAVY INDUSTRY IN LIAONING URGED

Shenyang LIAONING RIBAO in Chinese 6 Mar 82 p 1

[Article: "Liaoning Must Concentrate on Development of Heavy Industry"]

[Text] In his "Report on Government Work," Chen Puru [7115 3877 1172] said: Heavy industry on a firm foundation has won our province an outstandingly excellent position. In 1981, the value of heavy industry occupied 62.5 percent of the total industrial production in our province, and profit taxes paid by the heavy industry were 75 percent of the entire financial revenue. Staff and workers in heavy industry made up 68.9 percent of the entire industrial work force. Our heavy industry's fixed assets were in a top position throughout the nation, and our capacity for steel and iron refining and crude oil processing was about one-fourth the national capacity. Whether Liaoning can carry on with its heavy industry will not only have a decisive effect on the rate of development of our national economy, but also an important bearing on the overall situation of our national economic construction.

He said that to do a good job in heavy industry, we must give full play to the excellent position of our heavy industry--that is, by opening up a new situation of our economic construction within the province. If we maintain a regular speed in the readjustment process, we will provide our nation with a greater contribution. Consequently, we must exert a big effort to carry out the readjustment and promotion of heavy industry successfully. Furthermore, we must adjust the direction of heavy industry, change the product structure, control products of which there is a surplus, increase the production of products in short supply, wrestle with improvements in quality, and expand the categories of products. Last year, after investigation and research, our province drew up adjustment plans for the metallurgical coal, petrochemical and mechanical industries. This year we must exert great efforts to organize and implement our plans in order to achieve our results within the shortest possible time.

9300
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INDUSTRY

NEW CHINESE INSTRUMENTS REPORTED

Beijing YIQI YU WEILAI [INSTRUMENTATION AND FUTURE] in Chinese No 1, 1982 p 26

[Article: "Instrument News"]

[Article by Hai Zhi [3189 5347]: "Doppler Pulsed Sonar for Fishing"]

[Text] The Eastern Sea Research Station of the Sonar Research Institute of the Chinese Academy of Sciences has developed the type "761" Doppler Pulsed Sonar for fishing. This instrument is designed by us for our own ocean-going fishing needs. It amy be used to detect and to follow schools of fish in the upper and middle levels of the ocean. Usually, it will be installed on Seine net fishing boats of about 250 tons. It may also be installed on trawling net fishing boats or on special boats for large-scale operations. Not only may this instrument be used for deep and shallow fishing grounds in the ocean, it is also suitable for depth-charting and navigation in regions of complex structures.

This instrument combines both electronic and mechanical scanning. In a 90° arc, it emits 12 ultrasonic pulses. Similar to radar, the targets of the schools of fish, their directions, distances, regions of distribution, etc., are displayed on a fluorescent screen. This 90° arc may be electronically rotated for 360° horizontally and +5° to -90° vertically. The instrument is able to search and detect schools of fish in various directions and is also able to follow the return echoes of various targets. The test results have been good for several years. This instrument has been approved for pilot production by Plant No 726.

[Article by Geng Ruicheng [5105 3843 2052]: "Precision Contact-type Photo-etching Mask Reproduction"]

[Text] Optical Instruments Plant No 2 of Shanghai has successfully produced an experimental machine for the reproduction of FB-1 type precision contact-type masks for medium and large electronic circuits. This machine uses a modern compound lens to improve the uniformity of light intensity and to reduce the light diffraction. The use of modern super-high pressure spherical DC mercury lamps has many advantages, such as stable light intensity, little drift of light spot, long operating life, etc. It can produce both chromium plate and very fine grain dry plate.

The plate dimensions are (in inches) 2 x 2, 2.5 x 2.5, 3 x 3 and 4 x 4. There are two types of contacts, soft and hard. Precision of reproduction is 1 micron for chromium plates and 2 microns for dry plates. The uniformity of light intensity is 95 percent in a 80 x 80 mm square. Maximum area of exposure is ϕ150 mm. The exposure time is 1 to 99.9 sec. The light source is a 250 watt super-high pressure DC mercury lamp.

This reproduction machine has been tested at Shanghai Radio Plant No 14, Xiangfan Instrument Parts Plant and other units and the results have been good. It has now been approved for mass production.

[Article by Chang Jiaxiang [1603 1367 4382]: "Low-loss Electric Meters"]

[Text] Shanghai Electric Meter Plant No 2 has successfully developed a low-loss electric meter of the T54-mA type. This meter is suitable for miniature electric motors or household appliances with low power consumption. It provides precise measurements of many parameters as well as economic values of energy saving.

This meter uses an electromagnetic system with four different types of displays. They all have the advantage of low power consumption--about 2.5-5 percent of similar meters of the electromagnetic or electromotive type.

[Article by You Fengxiang [1429 7685 5046]: "Metal Detector"]

[Text] The Shenyang (Mukden) Aluminum and Magnesium Development Institute of the Ministry of Metallurgical Industry and the Wenzhou Instrument Plant have jointly developed a metal detector of the JJT-1A type. This instrument is suitable for the detection of the positions of steel beams or iron pipes in concrete structures and for the inspection of the reinforcing bars in concrete and the thickness of the protective layers.

The instrument's weight is 0.4 kg. The sensitivity is continuously adjustable. For reinforcing mesh of 8 cm buried at a depth of 8 cm, the minimum distance of resolution is 12 cm. The power consumption is less than 150 milliwatts. It employs sound and charts for displays. The range of environmental temperature is 5-40°C and the relative humidity is less than 85 percent.

This detector has been approved for batch production by the Wenzhou Instrument Plant. Because of the demands of various users, types JJT-1B and JJT-1C metal detectors have also been developed, forming a series of instruments.

[Article by Geng Yuan [5105 0337]: "Semi-automatic Photo-etching Machine of the Near-contact Type"]

[Text] Shanghai Optical Machinery Factory has successfully developed a semi-automatic near-contact photo-etching machine of type JKG-3. This machine has light exposure at near contact. The photo-etching may also be done at soft contact.

This machine uses modern compound eye lens with microscope and double positioning adjustment, thus the transfer of silicon chips is automatic. It has stable characteristics and easy operational procedures. It is suitable for medium and large chips. The suitable silicon chip sizes are ϕ50 mm, ϕ75 mm. The variation in light exposure is less than 5 percent. The resolution is 2.5 microns for soft contact type and 3-6 microns for near contact (10-30 micron gap). This instrument has been approved for batch production.

[Article by Xu Ce [1776 3261]: "Infrared Forest Fire Detector"]

[Text] Sichuan University has successfully developed a type HLT-81 infrared forest fire detector with solar cells for electric power supplies. This instrument may be installed in the field for surveillance without human operators, for the automatic scanning of possible fires in the forest, and for the automatic signalling of forest fires by radio over long distances. This instrument is suitable for the surveillance of forests of large areas (several hundred or thousand square kilometers).

The complete instrument consists of two units--the detector and indicator. The threshold signal power level is 6.6×10^{-8} watts. On a clear day, it is possible to detect a fire source over an area of 10 square meters at distances greater than 10 kilometers. The scanning is over the entire horizon, 0°-360°, and the absolute error is less than 10°. The angle of surveillance in the field is greater than 6°. The average power requirement is less than 6 watts. This instrument may be very useful for the protection of forests.

9899
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INDUSTRY

PROGRESS IN MINERAL PROSPECTING DURING READJUSTMENT REPORTED

Beijing TANKUANG GONGCHENG [PROSPECTING ENGINEERING] in Chinese No 1, 1982 pp 1-2

[Article by Prospecting Engineering Department, Ministry of Geology: "Continued Progress in Prospecting Engineering During the Period of Readjustment"]

[Excerpt] 1. Various Degrees of Improvements in Major Technical and Economic Indicators Registered in 1981

During the period of January through November, the drill-month efficiency was 308 meters, higher than the level achieved in 1980. The high quality drill hole rate was 81 percent, which was an all-time high.

During the same period, the largest number of drills in operation using diamond bits was 423 units, representing 29 percent of the total number of coring drills in operation. They completed a work volume of 770,000 meters, representing 33.5 percent of the total rock core exploration work volume. The month-drill efficiency was 344 meters, an increase of 1 percent over 1980 and 19 percent higher than large diameter drills. The average advance per drill bit was 37.9 meters (47.3 meters with natural diamonds, and 30.6 meters with synthetic diamonds), an increase of 2.3 meters over 1980 (an increase of 2.8 meters with natural diamonds and 2.4 meters with synthetic diamonds). The average drill-month efficiency of over 400 meters was achieved by the eight bureaus in Shandong, Heilongjiang, Beijing, Liaoning, Henan, Jilin, Nei Monggol and Guangdong. The average advance per drill bit of over 50 meters was achieved by the seven bureaus in Guizhou, Heilongjiang, Shandong, Beijing, Hunan, Sichuan and Shanxi. The accomplishments in small diameter diamond exploration drilling show that the policy of "consolidate to improve, and steady development" was conscientiously carried out. Many units paid great attention to the proper integration of technical equipment. For instance, in the Liaoning and Jilin bureaus, whenever small diameter diamond exploration was done they invariably made sure that they had diamond drills, variable pumps, diesel generating units, conventional meters and instruments, etc. The Sichuan Bureau spent 500,000 yuan in 1981 to purchase these pieces of equipment. At the same time, the various areas continuously organized forces to solve the key technical questions of abnormal drill bit wear, drilling through complicated strata, and drill rod not holding the line, to strengthen technical training, to improve operating skills, to summarize and exchange experiences and to provide strict

management. Scientific and research units, institutes, colleges and plants also continuously provided new techniques and equipment. All these effectively pushed forward the steady development of small diameter diamond exploration drilling.

In 1981, 44,000 meters of tunneling work was completed, of which mechanized excavation accounted for 27,000 meters. The quality of engineering was able to meet the geological design requirements.

Through the strengthening of safety management, safety education, and the work of promoting new techniques, injury and fatal accidents further decreased during the January through November period over 1980. Fatal accidents decreased by 36.5 percent, while accidents resulting in serious injury decreased by 12.4 percent. The state's health standards in densities of harmful gases and in dust densities were met in many work places.

2. New Developments in the Promotion of New Techniques

The most outstanding new development was the use of drills with rope for core retrieval during drilling. From January through October, 75 of these drills were operated by 49 teams in 23 provinces, accounting for 17 percent of the small diameter diamond drills in operation during the period. Total drilling work completed was 110,000 meters, which accounted for 16 percent of the total small diameter drilling work (Many of the drills started operations relatively late in the year). The drill-month efficiency was 415 meters and qualities of drill hole construction (recovery rate and drill hole straightness) showed great improvements, which fully demonstrated the superiority of the rope core-retrieval drills. Equipment and drill tools were continuously improved, types of drill bits were increased, and operational techniques were greatly improved. These have created a favorable condition for further expanding rope core-retrieval drilling. Extremely good results were achieved in relatively good strata, while some experience was beginning to be obtained in complicated strata. Mineral deposits drilled included gold, silver, copper, iron, manganese, molybdenum, tungsten, lead and zinc, mercury, phosphorus and graphite. The superiority was especially noticeable in deep hole drilling. In the Zhushahong Mining Region, the Northeast Jiangxi Team of the Jiangxi Bureau of Geology drilled to a depth of 1,106.70 meters using 576 rope for core retrieval. The drill-month efficiency was 519 meters. The average drill lift interval was 25.81 meters, with the largest interval of 77.73 meters. The pure drilling time was 41.53 percent, and core recovery rate was 96.1 percent. This new technique greatly lightened the heavy physical labor by the operating personnel and was deeply welcomed by the workers. The above-mentioned results have established a reliable technical foundation for the gradual increase of the proportion of operating drills using rope for core retrieval.

By the end of 1981, 31 teams in 19 provinces had begun to use impact rotary drills for exploratory work. In actual work, people all felt that the impact rotary drill was effective and they therefore showed a great positiveness toward its use. Those in experimental use or actual operation included the jet type, positive action and double action (live valve and throttle) valve, and [injection] type

hydraulic impactors. At the same time, experiences were also obtained and accumulated in the areas of improvements and use of drill rigs, water pumps, drill bits, drilling techniques, and auxiliary tools.

Developments were also achieved in the work of directional drilling. By making use of the special characteristics of the earth strata and angle tools, more and more teams started to make rational planning and carefully engaged in directional drilling. Some drilled initial directional holes. Some used angle tools to drill a number of holes or branch holes. Improvements and understanding were also gained in design computation, methods to establish direction, types and reliability of angle tools, and the degree of accuracy of controlling drill hole direction. Experiments for core retrieval in directional drilling were also successful. Continuous action angle tools as well as directional exploration techniques following the slant of the drill were also being studied.

Techniques related to drill mud were improved. Some good quality expansion clay resources were found. Experiments to improve the characteristics of the clay and to produce mud were carried out. They have had a very large effect on improving the quality of drill mud, raising drilling efficiency, and reducing the cost of drill mud. The use of polyacrylamide low solid phase mud was expanded, and the use of ground prospecting cement was further promoted. Experimentation or trial use was made of sulphonating agent for polyacrylamide and "leak-stopping" materials (walnut shells, cottonseed shells, mica flakes, etc.), and good results were obtained. An organic polymer agent was trial produced. A great deal of work on strate classification was done by some provinces.

Notable results were achieved in promoting new tunneling exploration techniques. The three types of cars for the mechanized production line in medium depth tunnels (rock drill platform car, shuttle and locomotive) were used in 17 tunnels. During their operations, such supporting equipment as the automatic coupler for the shuttle, rail supporter and rail switcher [ban dao qi] were improved, thus pushing ahead the use of the cars. The imported trackless hydraulic drilling platform car and scraper were also tried. Over 100 meters of tunnels were excavated and the equipment showed good capabilities. The use of the durable and effective new long tip horse shoe-shaped and cross drill bits was expanded. The cost was half when compared to the old line-shaped drill bit. The life of alloyed drill rods was over 160 meters, about three to four times higher than that of the ordinary drill rods. The use of liquid gelatin explosives and blasting fuse tubes improved the efficiency of breakage and conditions for safety production.

Considerable results were also obtained in the promotion of safety and health technology. Safety devices for the drilling platform were widely used. Some provinces promoted the use of electrically controlled stopping devices for the platforms in operation. In the area of dust control and poison prevention, comprehensive dust control measures centering on the use of air and water were promoted in mechanized tunnel exploration. Wet drilling was standardized. Ventilation, dust elimination, spraying and wetting were also systematized. Personal protection became a normal practice. The Hubei Bureau started a series of scientific studies in dust control and poison prevention, involving cutting grooves to take samples,

sample processing and chemical analysis, and initial results were obtained. In many of the sampling rooms in small field laboratories, dust control using dan ji mi feng [sealing of single machines], ji wo shi [chicken coop-type] spraying was promoted. In addition, some units started studies on the treatment of the three wastes and on solving the pollution problem. Some initial results were also achieved.

Through scientific study, trial production and experimental work, a group of new products was appraised, such as the 30-meter engineering drill, two 50-meter engineering drills, Model YDC-100 automobile drill (modified for acceptance), Models XY-1 and XY-3 drills (modified for acceptance), Model SZC-325 placer drill, Model SNB-150 variable volume pump and six-speed rotary viscosity meter. Thus, new varieties of exploration equipment and instruments have been added.

Technical innovation on a mass scale was relatively active. Equipment reconstruction work was carried out. For instance, drills with large variable speeds and variable volume water pumps were reconstructed. Many types of instruments and meters were studied and produced, such as [?stool pigeons], excess pressure warning device and electrical drill pressure gauge. Core retrieval tools and drill bits were improved. Towerless lifting structure was trial fabricated. Horizontal holes were drilled. An experiment on air cleaning during drilling was carried out.

3. Refinement in Management Work

Many units improved their systems for (technical) monthly reporting, engineering construction design and approval, mining region construction technical reporting, and technical records for drill holes. Methods of management suitable after systems change [sic] were initially determined. The reward system was improved. Work on statistics and quotas was strengthened. The "Rules on Core Drilling" was revised. Some standards were established (diamond single action double tube standard, standard for a complete set of instruments for the drill mud laboratory, etc.). The standard for materials control in diamond drilling was studied and established on a preliminary basis. In the area of technical management, in addition to selectively promoting new techniques, the various units further emphasized taking a firm hold on the weak links and technical keys (such as quality control, complicated strata, strata that causes the drill hole to go out of line). Still greater attention was given to accumulation of raw data and their comprehensive treatment and analysis in the office, the reduction of "blindness" in action, and the increase in scientific consciousness and consciousness to tackle the problems. To a certain degree, the passive condition of "working to take care of emergencies" was turned around, and the situation of "paying special attention to technical problems of importance" appeared. All these had an important significance in continuously improving the level of prospecting techniques.

Since the 1980 Safety Commendation Conference, safety management work has been further strengthened. As of now, 16 provincial bureaus have established safety and health offices (sections). Six of them have also established safety offices. A number of other provincial bureaus are now awaiting approval for the establishment

of safety organizations. The first levels of safety organizations have basically been established, forming a safety network. In May, safety month activities were totally implemented in the geological system, and the hidden affliction of the "old, large and difficult" accidents was solved. General investigative work was also started on dust and toxic injuries and occupational diseases. Basically, the situation of dust and toxic injuries was determined, providing the basis and experience for the future development of industrial hygiene work.

5974
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LABOR AND WAGES

OWNERSHIP OF LABOR FORCE EXAMINED

HK161037 Beijing JINGJI YANJIU in Chinese No 5, 20 May 82 pp 64-66

[Article by Yan Yongtao [2513 3279 3447] of the New Long March Primary School of Rongwan Township of Yueyang Municipality in Hunan Province: "Ownership of the Wage Workers' Own Labor Force Cannot Be Denied--A Discussion with Comrade Yu Guangyuan"]

[Text] JINGJI YANJIU No 1, 1982 carried comrade Yu Guangyuan's article "A Query About the Theory of Labor Force Ownership" (hereafter shortened to the "Query"). In the course of proving that the theory of labor force ownership could not hold water, the article argued that the wage workers did not have genuine ownership of their own labor force and so there did not exist any ownership of labor force in the capitalist relations of production.

In my opinion, the argument denying that a wage worker is the owner of his own labor force does not tally either with the objective reality of the capitalist relations of production or with Marx's thinking. I am now going to discuss my views on this matter with comrade Yu Guangyuan. They are as follows:

1. The question whether or not a wage worker has genuine ownership of his own labor force directly involves the question whether or not the labor force of a worker is a commodity. Marx pointed out that owing to the regularities of commodity exchange itself, "only when and just because labor force is sold or offered for sale by its own owner, that is, the man who has labor force, can it emerge on the market as a commodity."[1] In order to sell his own labor force as a commodity, it is necessary for the man who has labor force to possess two basic conditions: First he "must be able to dispose of it and proceed to make it his own ability to work and must be the ownership of his own personal freedom;" second, since it is impossible for the owner of labor force to sell the commodities which are saturated with his own labor, he has to sell the labor force only existing in his body as a commodity.[2] At the same time, in order to preserve the nature of his labor force as a commodity in its repeated selling and to avoid becoming "a commodity from the owner of a commodity," in the process of repeatedly selling his own labor force, the man who has labor force "must always sell his labor force only for a certain time,"

"always regard his own labor force as his own property" and must "not abandon the rights of possession of labor force in hiring out his labor force each time."[3]

It must be noted that in accordance with the universal laws of commodity production and commodity exchange, Marx had already clearly expounded his idea that only when a wage worker is the genuine owner of his own labor force, can labor force become a commodity. While denying the fact that a wage worker is the genuine owner of his own labor force, although the "Query" did not clearly state its own views on whether or not labor force is a commodity, in accordance with the above-mentioned thinking of Marx, the denial of the fact that a wage worker is the genuine owner of his own labor force would inevitably deny the fact that the labor force of a worker is a commodity and would thereby deny that the transaction of labor force on the capitalist market was a commodity exchange which was carried out according to the law of value.

It is known to all that in the course of bringing to light the laws governing the movement of the capitalist mode of production, Marx clearly pointed out that the right of ownership of the workers' own labor force was a precondition for labor force to become a commodity and at the same time also clearly pointed out that the adoption of a commodity form of labor force belonging to a wage worker and the adoption of the wage labor in capitalist production were the two sides of one coin, and at the same time he regarded wage labor as the real foundation on which the capitalist mode of production relied for existence. He wrote: "Only when the owners of the means of production and the means of subsistence find on the market the free workers who sell their own labor force, can capital come into being." "Therefore, the characteristics of the capitalist era are that as far as a worker is concerned, labor force is a form of commodity which belongs to him and thereby his labor possesses the form of wage labor."[4] If "there is no wage labor, there would be no capital, no bourgeoisie and no bourgeois society."[5]

2. "The "Query" says, in regard to whether or not a wage worker is the genuine owner of his own labor force, instead of seeing the matter from the "superficial phenomenon of the transaction of labor force on the capitalist market as the bourgeois economists do, we must see the matter from the exploitative nature of the capitalists constantly owning the gratis labor of a wage laborer in the capitalist production, that is, we must see the matter from the capitalist laws of ownership rather than from the laws of proprietary rights of commodity production and commodity exchange. In this way, the right of ownership of the wage workers' own labor force is already completely negated by the capitalist laws of ownership and has "merely become a superficial phenomenon belonging to the process of circulation." Therefore the "Query" holds that recognizing the ownership of the wage workers' own labor force does not constitute either the foundation of the theory of surplus value or the original meaning of Marx. In order to testify the above-mentioned point of view, the "Query" particularly quoted a passage from Marx: "In this way, the relationship of exchange between the capitalists and workers has merely

become a superficial phenomenon belonging to the process of circulation and become a form which has nothing to do with its own content but can only make a itself mystery out of it."[6]

In my opinion, these arguments of the "Query" precisely constitute a misunderstanding of the original meaning of Marx. The main reasons for this misunderstanding are that what was regarded by Marx as a dialectical negation is taken by the "Query" as an absolute one and what was regarded by Marx as a law of superficial opposites with inherent regularities is taken by the "Query" as a law of inherent absolute opposites.

Just within the article from which the "Query" cited the above-mentioned passage from Marx, Marx clearly pointed out that, the law of ownership contained in the transaction of labor force between the capitalists and workers based on commodity production and commodity circulation, precisely because of "its own inherent and unavoidable dialectics, has turned into its own direct opposite." The "separation of rights of ownership and labor has become seemingly the inevitable result of the law which takes their regularities as the starting point."[7] To make a clearer exposition of this idea, Marx went on saying: "No matter how the capitalist mode of coming into possession seems to contradict the earliest laws of commodity production, the emergence of this mode of coming into possession is the result of the application rather than the violation of these laws."[8] For this, Marx particularly reviewed every stage of movement which emerged successively and took capitalist accumulation as the destination. Then he pointed out: "Although every action of exchange which has singly been investigated still follows the law of exchange, a fundamental change can still take place in the mode of coming into possession and in addition, this will not, in the slightest degree, violate the rights of ownership which suit commodity production. In the early stage when the producers own their own products, practice exchange at equal value and have to depend on their labor to become rich, the same right of possession is effective and it is also effective in the capitalist stage when more and more social wealth has become the property of those who can ceaselessly reown the gratuitous labor of other people."[9]

It can thus be seen that Marx's thinking was dialectical. In his opinion, it was just because on the one hand a proletarian was a free man who had the right of ownership of his own labor force and on the other hand, he was so free that he did not have any conditions for realizing his own labor force that the transaction of labor force could genuinely occur and wage labor could take shape; it was precisely the constant and real existence of the transaction of labor force on the capitalist market that constantly and really provided the capitalists with the means to own the gratuitous labor of the proletarians and thus transformed the transaction of labor force itself into its opposite and further made it hypocritical; it was precisely because in the process of money changing into capital, labor force was a commodity which was genuinely owned by a proletarian that made the ownership of his own labor force become a mere formality in the process of the surplus value turning into capital; it was precisely because

of the role of the capitalist law of the right of possession in the two conditions for production that constituted the capitalist law of ownership of labor and labor products. -- It was precisely the coexistence of these laws, which seemed to be mutually exclusive, in the capitalist relations of production owing to their inherent identity, that enabled the capitalist system to possess not only the general character of all exploitative systems but also the unique exploitative form differentiating itself from all other exploitative systems; raking in surplus profits through the real transaction of labor force and accumulating capital by maintaining from start to finish the commodity nature of labor force in the course of its constant transaction.

Therefore, Marx never denied the truthfulness of the transaction of labor force with his theory of money changing into capital but on the contrary, he proved that the transformation from money into capital was just based on the transaction of labor force.

3. According to the fact that the "'right of possession' which a worker does not give up every time he sells his labor force is only the 'right' to 'voluntarily' provide the capitalists with gratuitous surplus labor under pressure next time," the "Query" still quoted Marx as saying: "A Roman slave was tied with fetters whereas a wage worker has an invisible thread attaching him to his owner. This false appearance of his independence was preserved by the frequent exchanges of owners and by legal fabrication of contracts."[10] This passage was used as an excuse to deny the fact that a wage worker is the owner of his own labor force.

True, with his theory of surplus value and that of capitalist reproduction, Marx thoroughly exposed and refuted all sorts of prettifications of the capitalist system by the bourgeois apologists. However, with his whole works "DAS KAPITAL," Marx laid more stress on bringing to light the unique laws governing the capitalist system. The reason why the capitalist exploitative system differs from other exploitative systems lies in the fact that the adoption of a commodity form in which the labor force of the exploited is owned by the exploited themselves enabled capitalist production to adopt the form of wage labor and surplus labor to adopt the form of surplus value. The reason why the form of enslavement suffered by the proletariat differs from that suffered by all other exploited classes in history lies in the fact that on the one hand, a proletarian is legally a free man and on the other hand, he is so free that he has nothing on earth except his own labor force. Thereby he has to constantly sell his own labor force to an unspecified buyer and is thus kept in slavery by the whole bourgeoisie.

Just as we cannot deny the specific property of the capitalist exploitative system at the sight of the general character of the capitalist exploitative system and all other exploitative systems, we also cannot deny the difference between the fact that the "natural rights" of a proletarian are lost when he sells his labor force and that the "natural rights" of a slave are lost when he sells his own person at the sight of the point that just as in

the case of a slave, a proletarian does not get the genuine "natural rights." We cannot forget that every proletarian is not necessarily the property of any specific capitalist and even deny that the labor force of a proletarian is a commodity that belongs to him, because we have a clear understanding that every proletarian is the property of the whole bourgeoisie.

February, 1982

FOOTNOTES

1. Marx: "DAS KAPITAL," People's Publishing House, 1975 Edition, Vol 1, p 190-191.

2. Marx: "DAS KAPITAL," People's Publishing House, 1975 Edition, Vol 1, p 190-191.

3. Marx: "DAS KAPITAL," People's Publishing House, 1975 Edition, Vol 1, p 190-191.

4. "DAS KAPITAL," Vol 1, p 193.

5. Marx: "SELECTED WORKS OF MARX AND ENGELS," "Class Struggle in France During 1848 and 1850," Vol 1, p 401.

6. "DAS KAPITAL," Vol 1, p 640.

7. "DAS KAPITAL," Vol 1, p 640.

8. "DAS KAPITAL," Vol 1, p 640.

9. "DAS KAPITAL," Vol 1, p 643-644.

10. "DAS KAPITAL," Vol 1, p 629-630.

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OVERVIEW OF SINO-HONG KONG ECONOMIC RELATIONS

Hong Kong WEN WEI PO in Chinese 13 Mar 82 p 1

[Editorial: "Sino-Hong Kong Economic Relations"]

[Text] The governor of Hong Kong, Sir Mai Lihao [7796 3810 3185], in a discussion of Hong Kong's business and industrial circles that have been looking for commercial and investment opportunities in the East, West, and South, mentioned a well-known phrase: "We had better learn to pay attention to the North."

Peng Lizhi [1756 0536 3112] has just assumed office in the Finance Department. He made the following short statement: "The future of Hong Kong is determined entirely by our practical use and contribution to China."

At present, Peng Lizhi has agreed to visit Beijing. One of his reactions is reflected in the following sentence: "Many people like to talk about the developmental role of Hong Kong in China's economy, but they don't see the role that China plays in Hong Kong's well-being."

In these few quotes the major ideology of the Hong Kong government is revealed--that is, in order to cause Hong Kong to prosper, it is necessary to look toward the North.

The construction of the four modernizations in China requires Hong Kong's support. There is no question about this. China needs Hong Kong for the sale of large quantities of export commodities in order to gain foreign exchange. The Chinese need to use this foreign exchange in the Hong Kong market to purchase a large portion of their advanced technology and equipment. They also need the support of investments from Hong Kong entrepreneurs to encourage construction within China. China is prepared to regard Hong Kong as a center for raising funds and raising construction capital. At the present time, China obtains 20 billion Hong Kong dollars annually in foreign exchange from trade between China and Hong Kong. At the same time, China has also brought several billions in investments to the Hong Kong area. Because of this, Chinese leaders have repeatedly declared: We must pay attention to Hong Kong's present situation and give serious consideration to Hong Kong's role as one of the world's financial centers. Investors can rest assured. Facts have also shown that if China had had no policies regarding construction over the past several years or no foreign trade policies, then Hong Kong today would not have its unique character.

Let's take a look at Hong Kong. Hong Kong is a small, narrow island and peninsula. It lacks natural resources and agriculture. Its prosperity relies entirely on extensive foreign economic and trade contacts. Frequent entrepot trade stimulates this island economy and has led to the material civilization that exists today. Its prosperity, however, is dependent on China's stable yet cheap supply of agricultural and subsidiary products and on China's vast market for Hong Kong and other entrepot commodity trade.

Currently, China is in the new period of construction of the four modernizations. China's demand for large amounts of capital and technology has had an immeasurable impact on Hong Kong's economy.

In the past 4 years, Sino-Hong Kong trade has developed rapidly. In 1981 the total of Hong Kong's exports and entrepot goods to China amounted to 101 billion Hong Kong dollars--a 50-fold increase compared to 1977. China's import of Hong Kong commodities also showed a 20- to 30-fold increase. The [exports] provided Hong Kong with tremendous profits, which have been transformed into production capital. The [imports] gave Hong Kong a stable supply, thereby ensuring the material needs of the people's livelihood and stabilizing commodity prices in the consumer market.

Real estate prices in Hong Kong are sky-high, and the supply of labor has already reached the saturation point. It is difficult for an industry with a highly concentrated labor force that occupies a broad area to develop. For this reason, special zones and inland areas provide excellent investment opportunities. When Sir Zhong Shiyuan [6945 1102 0337] visited Shenzhou, he mentioned that there is much room for cooperation in plastics, hardware, electronics, and other light industries. These developments would not swallow up Hong Kong's funds, but rather would provide new outlets for Hong Kong industries.

The oilfields in the South China Sea are just being opened up. Twenty billion dollars are required. This will influence the investment of Hong Kong funds and will help propel Hong Kong to become the third largest financial center in the world. All of this will stimulate production and prosperity in Hong Kong.

It must also be realized that while China is opening up foreign economic and trade relations, a large group of foreign companies manage Chinese trade affairs, with Hong Kong as the base for all activities. They have stimulated Hong Kong's trade and local production.

The economies of China and Hong Kong have already formed a relationship in which each stimulates the other. Clear recognition of this point will help us to understand Sino-Hong Kong policies.

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SHARP INCREASE IN TRADE WITH TAIWAN DISCUSSED

Hong Kong WEN WEI PO in Chinese 13 Mar 82 p 8

[Article by staff correspondent: "Trade Between China and Taiwan Has Increased Sharply"]

[Text] In recent years, trade between China and Taiwan has increased at an astonishing rate, yet the two sides still do not have formal trade relations. Therefore, trade contacts between the two sides depend of Hong Kong as an intermediary. Hong Kong entrepot trade is flourishing, and there is no doubt that this is related to the rapid development of trade between China and Taiwan.

The great increase in trade between China and Taiwan is manifested primarily in the shipment of goods from Taiwan into China via Hong Kong. Beginning in the 1980's, Taiwan supplanted Japan as the major supplier of transit goods to China. The total value has reached 1,205,000,000 Hong Kong dollars, which is quite a jump from the 1979 total of 107 million Hong Kong dollars--a 10-fold increase. In 1981 the transport of Taiwan's goods to China continued to climb to 2,182,000,000 HK dollars, constituting 26.5 percent of China's imported transit goods. This was an 80-percent increase. Taiwan ranks sixth among the main markets for Chinese products that pass through Hong Kong. Last year's total value amounted to 427 million HK dollars, an increase of 9 percent over 1980. It constitutes 3.3 percent of the market.

The chief market for Taiwan's entrepot trade is China, which takes 65 percent of the total value of Taiwan entrepot trade of 33.08 billion HK dollars. Thus it can be seen that Taiwan's entrepot trade in recent years has been much more active than ever because of increased entrepot trade with China.

Raw materials and high-grade consumper products are the primary items that are transported from Taiwan to China via Hong Kong. Last year the largest quantities were cement, cloth, and raw textile materials--amounting to 1,485,000,000 HK dollars. The greatest amount imported, 4.08 billion HK dollars, was synthetic fibers. Cloth increased from a relatively small amount to 13 million HK dollars. Machinery for special uses showed a most impressive increase. Last year the total value was 108 million HK dollars, an increase of 535 percent. This was primarily due to increased imports of clothing and vehicles. In 1980 the total value of imported clothing and vehicles was only 5 million HK dollars. Last year it shot up to

87 million HK dollars. The total value of electric equipment amounted to 168 million HK dollars, an increase of 16 percent. Among this equipment, imports of electric fans and household appliances dropped. The decrease was due to an increase in imports of television sets and kinescopes. The total value of tape recorders and communications equipment was 139 million HK dollars, an increase of 8 percent. This was primarily the result of China's increase in import duties last year on television sets and radios. Bicycles, watches, and readymade clothing have increased to a total value of 37 million HK dollars, 16 million HK dollars, and 15 million HK dollars, respectively--an increase of 1.5-fold to 4.5-fold. Bicycles have shown the greatest increase.

China's goods which go through Hong Kong to Taiwan consist primarily of foodstuffs and medicinal substances, with the latter being the most common with a total value of 284 million HK dollars last year. Foodstuffs came next at 40 million HK dollars. Vegetables and fruit constituted a large proportion. Mineral materials amounted to 20 million HK dollars. There was a relatively large drop in textile materials--from 29 million HK dollars 2 years ago down to 13 million last year.

Countries Exporting Transit Goods to China

(in millions of HK dollars)

Principal Sources	1978	1979	1980	1981	80/81 growth rate
Taiwan	*	107	1,205	2,182	81 percent
Japan	40	363	904	1,471	63 percent
South Korea	*	29	225	811	260 percent
U.S.	32	131	337	567	95 percent
China [sic]	-	-	-	291	291-fold
Switzerland	9	39	121	191	58 percent
Indonesia	38	106	221	186	-16 percent
Singapore	2	10	81	143	77 percent
Total value of transit goods to China	214	1,315	4,642	8,044	(in millions, HK dollars)

* Less than 500,000 yuan

Data source: Government Office of Statistics

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TITLE: "Influence of Shot-peening on the Initiation and Propagation of Fatigue Crack in Some Constructional Steels"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 1-8

TEXT OF ENGLISH ABSTRACT: This paper presents the results of an experimental investigation on the effect of shot peening upon the initiation and propagation of fatigue cracks and its relation to the mechanical behavior parameters of the materials and the residual stress. It shows that shot-peening can greatly elongate the crack initiation period $N_{0.1}$ and has comparatively minor effects on the crack propagation period Np. The lower the stress level (or overload level), the better the effect of shot-peening. The correlation between $N_{0.1}$ for shot-peening specimen with residual stress σ_λ and strain hardening exponent n of the material may be expressed by the formula: $N_{0.1(\Delta p)} = A + B(-\sigma_\lambda)^{(an+b)}$.

AUTHOR: WANG Xiaochun [3769 1420 2797]

ORG: Department of Mechanical Engineering

TITLE: "The Relative Curvature Tensor of Two Degree-of-freedom Conjugate Surfaces"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 9-18

TEXT OF ENGLISH ABSTRACT: The theory of two degree-of-freedom conjugation of two surfaces is often encountered in machine designing and manufacturing. This paper gives a method for calculating the relative curvature tensor of two degree-of-freedom conjugate surfaces, in which the angular acceleration and the relative movements of axes are considered. The characteristic of this method is that, based upon the given value of one surface and the relative movements, the analytical result can be obtained by the calculation with simple mathematical operations. The paper also gives the criterion for the curvature interference of two surfaces.

AUTHOR: CHEN Zhaoxiong [7115 0340 7160]

ORG: Department of Basic Courses

TITLE: "The Calculation of the Load and Journal Center Locus in Main Bearings with Consideration of Crankshaft Rigidity, Bearing Rigidity and Oil Film Rigidity"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 19-28

TEXT OF ENGLISH ABSTRACT: In this paper, the main trends in development and investigation of journal bearings have been analyzed. In order to integrate theory with practice more closely, the author suggests that the crankshaft should be taken as a continuous curved beam supported on elastic bearings filled with lubricating oil. According to the physical model mentioned above, a new method for the calculation of load and journal center is proposed.

AUTHOR: YIN Jiaju [3009 1367 7467]
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ORG: All of the Department of Engineering Mechanics

TITLE: "The Finite Element Method Applied to the Large Elastic-plastic Strain Analysis of Cylindrical Specimens with Circular Cracks"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 29-35

TEXT OF ENGLISH ABSTRACT: The large elastic-plastic strain of cylindrical specimens with various types of circular cracks is calculated by isoparametric finite element method. The extension of the plastic region, the opening displacements of the crack surface and the change of the geometry of the initial crack tip are obtained. The results obtained should prove beneficial to the fracture research on plastic materials.

AUTHOR: WENG Siyi [5040 1835 5030]
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TITLE: "An Analog Study of a Control System with Impact Loads"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 37-48

TEXT OF ENGLISH ABSTRACT: This paper introduces the method of carrying out calculated tests on a control system with impact loads to obtain the transfer function from dynamic response of the factory testing of the 321-230/100 drum type boiler. Then it gives the analog-test results of the optimal boiler level and boiler fuel control system under the impact load from the 1.7 meter steel rolling mill.

Comparing the results of analog-tests and the shop tests, it can be concluded that the study of analog-tests provide data accurate enough for the design of a control system and the selection of its optimal parameters.

AUTHOR: SHENG Jianni [4141 0494 7206]

ORG: Department of Electrical Engineering

TITLE: "Calculation of Electrostatic Field in Layered Dielectrics by Moment-simulation Charge Method"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 49-58

TEXT OF ENGLISH ABSTRACT: The moment-simulation charge method proposed in this paper is a new method to be employed for the calculation of electrostatic fields in layered dielectrics. Numerical results show that is is more effective than moment method or simulation charge method when they are used separately. In order to verify the accuracy of this method, an example has been worked out and the results checked by means of the Uniqueness Theorem and the Principle of Harmonic Maximum or Minimum Value. It is concluded that the error consult is not greater than 2.1 percent. These numerical results are compared with the results obtained by the finite element-simulation charge method and also with the experimental results obtained from the conducting paper simulation. It is found that they are close to each other except for some individual parts.

The formula derived in this paper for the boundary condition contains only one variable, so that it is simply applied in practical calculations. In addition, this method is easily generalized and applied to the calculation of electrical field in three-dimensional dielectric layers.

AUTHOR: ZHANG Chunlin [1728 2504 9036]

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TITLE: "A Computation Program for the Design of Bulk Shields in Nuclear Reactors"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 59-70

TEXT OF ENGLISH ABSTRACT: In this paper, neutron flux distribution in the reactor bulk shields is calculated by the use of the multigroup removal-diffusion theory. Based on this calculation, the gamma photon flux distribution, the dose rate distribution and also the neutron and gamma photon heat generation rate distribution are then calculated. The problems of radiation damage of structural parts inside the reactors and the leakage out of shields are thus solved.

The comparison of the calculation by this method with that by the three group method shows that the multigroup method is reliable and quite simple, and can meet the requirements of the calculation in the design of bulk shields in nuclear reactors.

AUTHOR: ZHANG Yunqin [1728 7301 3830]

ORG: Department of Mathematics

TITLE: "Convex and Star Polynomials"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 71-76

TEXT OF ENGLISH ABSTRACT: In this paper we have proved two theorems that define the sufficient conditions for convex and star polynomials.

Theorem 1: Let $f(z) = z + bz^2 + cz^3 + dz^4 + ez^5$ (where b, c, d, e are real and ≥ 0) be analytic and univalent on an open unit disk $|z| < 1$. If these coefficients in the polynomial satisfy the following inequalities:

$$\frac{8c - 30d + 80e - 14cd + 80ce - 30de}{1 + 5c - 32d + 105e} \leq b \leq \frac{1 + 9c - 16d + 25e}{4}$$

$$\frac{9d + 16d^2 + 10e - 25de}{1 + 9d + 10e} \leq c \leq \frac{1 + 64d - 175e}{15}$$

$$6e \leq d \leq \frac{1 - 364e}{56}$$

$$0 \leq e \leq \frac{1}{700}$$

then $f(z)$ is a convex polynomial.

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO Vol 16 No 2, 1982 pp 71-76]

The Poisson Formula can be used to prove Theorem 1. Theorem 2: Let $f(z) = z + bz + cz + dz + ez$ (where b, c, d, e are real and 0) be analytic and univalent on an open unit disk z 1. If these coefficients in the polynomial can satisfy the following inequalities:

$$\frac{16c - 45d + 96e - 7cd + 32ce - 9de}{3 + 5c - 24d + 63e} \leq b \leq \frac{1 + 3c - 4d + 5e}{2}$$

$$\frac{27d + 12d^2 + 24e - 15de}{4 + 9d + 8e} \leq c \leq \frac{1 + 16d - 35e}{5}$$

$$\frac{24}{5}e \leq d \leq \frac{5 - 364e}{70}$$

$$0 \leq e \leq \frac{1}{140}$$

then $f(z)$ is a star polynomial.

For the proof of Theorem 2, we have to make use of the relation between star and convex functions. In the inequality of Theorem 1, constants b, c, d and e can be replaced respectively by $\frac{b}{2}$, $\frac{c}{3}$, $\frac{d}{4}$, $\frac{e}{5}$ in order to give the desired result.

AUTHOR: TANG Xiangli [0781 6272 4409]

ORG: Department of Mathematics

TITLE: "Some Properties of Analytic Functions Expressed by Cauchy-Stieltjes Integral"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 77-90

TEXT OF ENGLISH ABSTRACT: This paper studies the K type of region proposed by G. I. Tumarkin. The judgment rules of K type regions which differ from those proposed by Tumarkin in an earlier paper are given and some properties of analytic functions expressed by Cauchy-Stieltijes integral in K type regions are discussed.

AUTHOR: ZHU Yuexin [2612 1878 2450]

ORG: Institute of Systems Engineering

TITLE: "The Parameter Identification of the Population Model of China"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 91-102

TEXT OF ENGLISH ABSTRACT: This paper applies system identification technique to the population system of China and proposes an economical and effective method of estimating Chinese population model parameters. Based on very limited and incomplete statistical data available for the past 25 years, including two censuses, we have deduced the estimation and forecast data of the population model parameters of China. The validity of these data is sufficiently verified by the population prediction for the past 25 years, with the yearly forecast accuracy of the total population being within 1 percent. As the available statistical data here are too limited for the purpose of directly estimating those parameters, we propose the use of an analytical expression for the age-specific survivals and a special identification method corresponding to it. This not only makes the identification possible, but also provides a useful empirical formula for demography.

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TITLE: "The Flow Field and Performance of an Axial Flow Nozzleless Turbine Stage"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 103-108

TEXT OF ENGLISH ABSTRACT: The flow problem in axial flow nozzleless turbine stage has been investigated. On the basis of the fundamental equations of gas dynamics, the flow field of such a stage has been analyzed and a computational program for calculation has been worked out. To compare the characteristics of a nozzle turbine stage with that of a nozzleless turbine stage, an experiment has been conducted on a test rig using these two types of turbine stages with a common rotor. Test results show that axial flow nozzleless turbine stages are quite promising in performance.

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ORG: All of the Department of Power Machinery Engineering (I)

TITLE: "A Study of the Flow and Loss in an Axial Flow Nozzleless Casing"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 109-117

TEXT OF ENGLISH ABSTRACT: Enlightened by the work of several pioneers in this field, the authors extend the study of flow field in vaneless casing to the case of an axial flow turbine stage. The flow equations are deduced and the flow field is calculated. An experiment with casings of different annulus profiles is conducted. The distribution of the loss coefficient at casing outlet is measured. The static pressure distribution on the surface of an annulus wall and the radial distribution of flow angles at casing outlet are measured. A comparison between the calculated and experimental results is made. A method of rationally choosing the casing profile for the purpose of reducing the loss and controlling its distribution is proposed. The study provides empirical data for designing turbine stages suitable for operation in a specified range.

AUTHOR: CEN Shaoqi [1478 1421 6386]
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TANG Zhaomin [0781 3564 3046]

ORG: All of the Department of Engineering Mechanics

TITLE: "The Numerical Solution of Lubrication-mechanical Equations for Heavy-loaded Journal Bearings"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese Vol 16 No 2, 1982 pp 119-126

TEXT OF ENGLISH ABSTRACT: The paper provides an approach using the mean value of elastic deformation and employs the eight-node isoparametric finite element analysis to solve successfully elastohydrodynamic problems of journal bearing under heavy loading. The method has been applied effectively to obtain a series of solutions with high accuracy, high speed of convergence and wide applicability. These solutions include the performance parameters of pressure distribution, film profile, loading factors, coefficient of friction and inclining moment in the eccentric ratios of the middle section and the tip of the journal $\varepsilon = 1.005$, $\varepsilon_3 = 1.045$ respectively. The paper also provides a formula to calculate the minimum film thickness considering the inclination of journal.

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END

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ECONOMIC AFFAIRS

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ENERGY: STATUS AND DEVELOPMENT --VI

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ENERGY: STATUS AND DEVELOPMENT --VI

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CONSERVATION

CONSERVATION IS CORNERSTONE OF CURRENT ENERGY POLICY

Beijing NENG YUAN [JOURNAL OF ENERGY] No 1, 25 Feb 82 pp 1-4

[Article by Luo Hongda (5012 1347 6671), National Energy Commission Planning Bureau: "Talks on China's National Energy Policy"]

[Text] If we want to solve China's energy problem, we must formulate an appropriate energy policy. In the summer of 1980, the Government established strategic guidelines concerning energy: "Development and conservation should be emphasized equally. For the short term, conservation should take first place." These guidelines took into consideration China's actual conditions. This important measure is to insure smooth progress of China's four modernizations. I would like to make a statement about this matter based on my own understanding.

1. The Bases for China's Energy Policy

China is one of the nations which consume large quantities of energy, occupying third place in the world only after the United States and the Soviet Union. The 1980 annual consumption of standard fuel reached 600 million tons, more than 25 times that of 1949--23.74 million tons. Energy has come to play a more and more important role in the national economy and is having greater impact on the national economy. Unless energy can be further developed, the economy cannot grow. Since the economic readjustment was made, the 1981 energy production in particular was lower than that in 1980. This had a significant impact on the national economic growth, which in 1981 was only 3 percent. The energy required to maintain the 3 percent growth rate came mainly from the energy conserved by various energy consuming departments as a result of industrial and product structure readjustment.

Experience has proven that if we want to improve the energy industry, the government must not only insure an adequate supply of capital and material, but also formulate an adequate energy policy according to China's actual conditions. What are China's actual conditions today?

1) Abundant Energy Resources

China has abundant energy resources. Its proven coal reserves are third in the world. Its water energy resources are especially rich--first in the world.

In addition to the proven oil reserves, the prospect of discovering further oil reserves on land and in the sea is bright.

Other new energy sources such as solar energy, bioenergy, tidal energy, and geothermal energy are also quite abundant.

2) Energy Industry With a Good Foundation

The energy industry has made significant progress as a result of construction undertaken over the past 3 decades. The coal and oil output over the past 3 years has maintained a steady yield of more than 600 million tons and 100 million tons, respectively. Hydroelectric power generation has been increasing year after year. The total 1980 energy production amounted to 637 million tons of standard fuel. The 1980 coal production, which was 19 times that of 1949, was third in the world. During the same period of time, electric power generation increased 70 times. Here, the increase in hydroelectric power generation was 81 times. China's total installed electric power generator capacity has reached 65.87 million kilowatts (including 20.32 million kilowatts of hydroelectric power). Large- and medium-scale hydroelectric and thermoelectric power plants are increasing in number. The increase in oil production over the same period of time was more than 800 times.

Today, there are more than 10 oil production bases and the oil refining industry has also made corresponding progress.

3) Large Potential for Energy Conservation

In the past 2 years, some definite results have already been achieved thanks to our energy conservation efforts which are beginning to take hold. Nationally, the decrease in energy consumption--or energy conservation--was equivalent to 23 million tons of standard fuel in 1979, more than 25 million tons in 1980, and it is expected to exceed 20 million tons in 1981. However, there exists great potential for energy conservation in China in view of the actual way in which energy is consumed in China. Compared with other nations of the world, China consumes a large quantity of energy with larger waste and smaller social wealth created as a result.

For example, let us compare China's standard fuel consumption per unit of gross national product with those of the foreign countries. In 1980, China's total energy consumption was 600 million tons of standard fuel while the total national product was U.S. $285.5 billion, so on average 211,100 tons of standard fuel were consumed per every $100 million worth of national product. In 1979, the corresponding figure was 43,500 tons for Japan, 48,600 tons for West Germany, 73,100 tons for Great Britain, and 106,500 tons for the United States. By comparison, China's energy consumption per unit of gross national product was 4.8 times that of Japan, 4.3 times that of West Germany, 2.8 times that of Great Britain, and twice that of the United States.

Sufficient attention is paid to effective use of energy in foreign countries. According to the data gathered by the concerned organization, the energy

utilization rate in the past 2 years has reached 57 percent or so in Japan, 51 percent or so in the United States, and 40 percent or so in the major European countries. It was only 30 percent in China. A large quantity of energy was thus wasted.

2. Development of Energy Is a Long-range Strategic Measure

Short- and medium-range development of energy must be aimed at energy conservation: Development of coal and hydropower must be emphasized above all and, at the same time, exploration and development of oil and gas ought to be accelerated. Preparation for the construction of nuclear power generation ought to be started and activities related to scientific research, experiment, and information gathering must be strengthened. The purpose of the latter is to solve the long-range energy need problem. Energy construction work usually requires a very long period of time. Basic construction of coal mines, hydroelectric power stations, and oil fields, including the preliminary engineering work, usually requires 7-10 years, and even longer in case of some extra large-scale project. Therefore, in order to be able to meet the ever-increasing demand made by the developing national economy, we must carry out as soon as possible planned construction. Otherwise, we may miss the opportunity and thus hinder the smooth growth of our national economy.

1) Development of Energy Must Take Advantage of the Dominant Feature; Do What the Local Circumstances Dictate; Develop Coal Where There Is Coal and Develop Water Where There Is Water

Energy resources are distributed widely. Coal resources are rich in the north and poor in the south. Hydropower resources are rich in the southwest, northwest, and central south and poor in other areas. From their distribution, one can see that these two energy resources complement one another. For example, Shanxi, Nei Monggol, and Shaanxi in the north are rich in coal resources. Through comparison and selection, Shanxi has been chosen as the priority construction site. Shanxi was chosen because its coal reserves, exploitability, geographic location, and communications and transportation are superior than the other provinces. In the Jiangnan area where coal resources are scarce (of course we must still do our best to develop them) more emphasis on the development of hydropower is in order. Hydropower resources are relatively rich in the southern provinces. Guangxi, Hunan, Fujian, and Zhejiang each has a considerable amount of hydropower resources. Through comparison and selection, the Hongshui River has been chosen as the priority site for continuous development of hydropower in steps along those sections of the river where the hydropower resources are rich and the conditions for construction are favorable. Needless to say, there are many other sections of rivers where hydroelectric power bases can be constructed, including the upper reaches of the Huanghe, Changjiang, and Jinsajiang.

China is in possession of many energy resources with favorable conditions conducive to large-scale development. It can be completely self-sufficient on energy. However, it is also quite important to produce more than what the nation can consume as far as possible and export the excess in order to satisfy the need for foreign trade. It appears that the time is ripe for establishing a long-range, steady energy export policy.

2) Development of Energy Must Emphasize Construction of Coal and Hydropower First

While hydropower is clean, cheap, and renewable, coal is China's main energy resource. These two energy resources must be developed preferentially. Last year, China's total primary energy production amounted to 637 million tons of standard fuel, which consisted of coal 69.5 percent, crude oil 23.7 percent, hydroelectric power 3.8 percent, and natural gas 3 percent. Coal is expected to remain China's main energy source for a long time to come, and its share will be kept at 70 percent or so.

Hydroelectric power must be exploited as much as possible. It is expected that the share of hydroelectric power and a small amount of nuclear electric power will be increased from 3.89 percent today to more than 7 percent in the next 20 years. The share is thus nearly doubled and approaches that of combined hydroelectric and nuclear electric power with respect to the primary energy of the world today.

Oil is an important strategic commodity, and more oil will continue to be discovered in the sea as well as on land. However, its main use ought to remain as raw material. Of course, a portion of it may still be used as fuel where it is absolutely necessary, or exported in exchange for an expanded trade. We should not, as we do today, burn away the greater part of oil as fuel.

Those coal mines and power stations being built today are relatively small in scale, so are unable to meet the needs for long-range development. We must increase the scale of construction to a level comparable with the rate of national economic growth. This means, according to estimates, that we must, through 3-4 years' effort, increase coal construction to 130 million tons or so and hydroelectric construction to 15 million kilowatts or so. This can be accomplished with the manpower, material power, and financial power we have today.

3) Development of Energy Ought To Be Carried Out Around Old Energy Bases Where Conditions are Favorable

Construction of some new energy bases is necessary as the national economy keeps growing continuously. The number of extra large-scale construction projects among the new bases must be kept to a minimum. A great care must be taken to examine these projects before approving them.

The energy industry already has an established foundation and the new energy bases are small in number. In making arrangements for the future development of energy, we must consider them according to the following order: First, use old bases and old enterprises and plan around these. Second, expand construction of new bases which have already been developed. Third, select and prepare appropriate sites for the development of new bases. However, we must emphasize rational arrangement so as to be able to fully develop the economic effect of the energy bases.

Experience has proven that selecting sites in the vicinity of an old base is a quick and economical way of developing and constructing energy. It can take advantage of the manpower, the facilities, and the technology that are available near an old base, and the problems related to water, electricity, and roads are easier to solve. For example, the greater majority of those established large-scale mines of the coal industry today grew up gradually from small to large in an old mine area. They get quick results with little investment.

Datong mine produced 470,000 tons of coal in 1950. With only 1.01 billion yuan of investment made by the government over the past 3 decades, it was able to increase its annual coal production to the level of 25 million tons and became the nation's largest coal mine because the base was expanded gradually using the resources of an old mine.

Kaiyi mine produced 4.39 million tons of coal in 1950. With only 1.19 billion yuan of investment made by the government over the past 3 decades, it was able to increase its annual coal production to 20 million tons and became the nation's second largest mine.

Pingdingshan is a new mine started in 1955. After more than 20 years' construction and an investment of 1.11 billion yuan, its annual production is 15 million tons. This is the proof attesting to the fact that if a new mine is constructed in the vicinity of an old one, quick and large returns can be achieved with little investment.

4) Development of Energy Should Implement the Policy of Developing Large-, Medium-, and Small-scale Bases simultaneously.

The proportion of large-, medium-, and small-scale projects has an important bearing on the growth rate of energy production. Especially in China today where there is shortage of energy supply, implementation of this policy becomes even more important. Generally speaking, a large-scale project, after it is put into operation, will produce more at higher efficiency for a longer period of time, but it requires a larger investment and a longer construction period. Medium- and small-scale projects are smaller in capacity with relatively lower efficiency, but they require less investment and shorter construction period. If development of energy involves a large number of large-scale projects, then a large portion of the limited capital will be frozen for a long period of time, and the urgent energy shortage problem cannot be solved quickly.

The large-scale project to medium-small-scale project ratio for the three areas of energy--coal, electricity, and oil--should be different one from another.

These figures are in general determined by the following factors: the situations of those projects currently under construction; the short-range and long-range growth rates of various parts of national economy; and the possibility of outfitting national economic technology. In regard to the scale of coal mines, the coal construction plan for the "first 5 year" period adopted the guideline emphasizing medium- and small-scale mines. During that period,

the average mine size was 390,000 tons. Based on the mine size of that period, large-scale mines occupied 51.5 percent; medium-scale, 33.7 percent; and small-scale, 14.8 percent. Because this distribution was basically adequate, the coal industry plan was completed one-half year ahead of schedule and thus insured sound national economic growth.

The problem we face today is the fact that there is a larger proportion of large-scale coal mines. Those new coal mines under construction in 1981 (calculation based on mine size), extra large-scale mines with design annual capacity of 3-4 million tons occupied 49.9 percent; large-scale mines with more than 900,000 ton capacity, 40.9 percent; medium-scale mines with capacity in the range of 300,000-600,000 tons, 8 percent; and small-scale mines, 1.2 percent. The average mine capacity was 1.36 million tons.

In view of the changes in various factors that may take place in the future, and taking into consideration the actual situations experienced during implementation of a number of past 5-year plans, it appears that large- and extra large-scale mines should occupy about 65 percent and medium- and small-scale mines, about 35 percent. Of course, these figures refer to the nationwide distribution. Including a portion of medium and small-scale mines that will be constructed in 1982 into estimation, the average mine capacity may be adjusted from 1.36 million tons today to approximately 1.05 million tons. It is more desirable to maintain the average mine size to 1 million tons or less.

3. Energy Conservation is an Important Measure Which Can Promote National Economic Growth and Technological Transformation

Energy conservation is an important part of China's energy policy. It also constitutes concrete implementation of the socialist conservation principle. Energy conservation, if it is done well, cannot only alleviate the energy shortage situation today but also promote technological transformation, equipment renewal and replacement, reform irrational industrial structures and product structures, raise energy management standards, improve economic work and propel the entire national economy with all its departments forward.

1) Implement Technological Transformation Centered Around Energy Conservation

The technology and equipment employed by some enterprises in China are quite obsolete. A large number of old equipments are those of 1940-50's, or even those of 1920-30's. In recent years, although we began to pay attention to the work related to renewal and remodeling of main energy consumption equipment, many old models are still being manufactured. For example, among the 28,000 different equipments manufactured by the machinery industry nationwide, one-half belongs to the old model. Moreover, there are 180,000 industrial boilers nationwide today, and the majority belong to old model equipment with an average thermal efficiency of less than 50 percent, while in some advanced nations an industrial boiler thermal efficiency in excess of 80 percent has been reached. We must replace those low thermal efficiency boilers as soon as possible. Today, nationwide, industrial boilers burn nearly 200 million tons of coal a year. If the thermal efficiency can be raised 5 percent, then 10 million tons of coal can be conserved annually.

2) Substitute Coal for Oil; Reduce Oil Burning; Plug the Oil Burning Hole

Nationwide, oil that was burned as fuel in 1980 amounted to approximately 34 percent of the total crude oil production. Electric power system was the largest consumer of fuel oil; approximately one-half of the total fuel oil consumed nationwide. Industrial boilers and kilns come next; approximately one-third of the total fuel oil consumed nationwide. Therefore, if we want to plug the huge drain of oil burning, we must put emphasis on fuel oil conservation in the electric power industry and industrial boilers. The fuel oil thus conserved may be exported and the capital thus exchanged can be used as the energy development special fund. This special fund can then be used for coal development, electric power construction, and railway and harbor transformation. Only after energy, communications, and transportation are improved can the entire national economy be propelled forward.

3) Implementing the Readjustment of Economic Structure and Product Structure

Rationalization of economic structure and product structure constitutes an important link of the energy conservation effort. In recent years, we have readjusted the proportion between light and heavy industries. The share of light industry was increased and the emphasis was placed on the development of labor intensive type products with large added value and little energy consumption. The economic structure was readjusted from energy consumption type to energy conservation type. For example, the 1971 light industry product amounted to 43.7 percent of the total industrial product. After the readjustment of the economic structure, the 1980 light industry share was raised to 47.1 percent; and in 1981, this share is expected to be raised to about 51 percent. Light industry's share was thus suddenly raised 7.3 percent within 2 years. Whenever the share of light industry product in the total industrial product is raised by 1 percent, 4.6 million tons of standard fuel can be conserved annually. The energy conserved by this item alone is quite significant.

Readjustment of the product structure is also quite beneficial to the industry in moving toward energy conservation. For example, the iron to steel ratio in China's metallurgical industry is 1.07 : 1. This ratio is 0.7 : 1 in foreign countries. In steel production, iron smelting consumes approximately 70 percent of all energy consumed in making steel. Based on China's production level today, a reduction of 0.1 in the iron to steel ratio means a reduction in 6-7 million tons of standard fuel consumed.

It is quite evident from this that it is both necessary and practical to place a priority on energy conservation as a short-range measure.

4) Implementing Scientific Management of Energy; Strengthening Basic Work of Energy Management

If we want to reap the effect of energy conservation as soon as possible, we must begin by strengthening scientific management of energy, and try very hard to strengthen the basic work of energy management. We must establish and strengthen energy management organizations at every level, perfect various

basic systems, formulate average and advanced norms, maintain the original record concerning energy utilization, carry out general surveys of energy utilization efficiency and measurement of energy balance, formulate energy conservation regulations for every unit, and train basic cadres.

In cities such as Shanghai, where key enterprises which consume a large quantity of energy are concentrated, special organizations for energy management with technical personnel assigned to them to carry out energy management should be established. The Shanghai City Fuel Company has a special energy cadre consisting of 60 technical personnel. They work all year round at the front line of a number of large energy consuming eneterprises, constantly monitoring first-hand data concerning energy utilization of the enterprises, supervising and inspecting energy conservation work of the enterprises, and propagating timely advanced experiences of various other enterprises, domestic as well as foreign. As a result of their efforts, they are getting quite significant results.

In summary, conservation and development constitute the foundation of China's energy policy. As long as we carry out conscientiously the energy policies formulated by the Central Government, the economic effect of China's energy development and conservation efforts will become more and more outstanding and have a greater impact on China's four modernizations construction.

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CONSERVATION

METHODS OF ENERGY CONSERVATION SUGGESTED

Beijing TONGJI [STATISTICS] in Chinese No 1, 17 Feb 82 pp 10-12

[Article by Zhang Zhongji [4545 6988 1015]: "Vigorously Tap the Potential of Energy Conservation"]

[Text] The shortage of energy supply is now causing a striking contradiction in our national economic development. How should this contradiction be resolved? Can we depend on an increase of energy exploitation facilities? This problem calls for intensive investigation and study.

Our country has always attached importance to the exploitation of energy resources, and the proportion of our investment in the energy industry to our total investment in capital construction increased from 13 percent during the first 5-year plan to 21.7 percent during the fifth 5-year plan. Further increase in investment in this industry will mean a corresponding reduction in the funds required for other purposes. In any case, energy projects require long construction periods and cannot meet our immediate needs. In the production of our energy industry, the total amount of primary energy resources increased at an average progressive rate of 9.6 percent each year from 1953 to 1980. Such a rate of increase cannot be considered low. In recent years, the production of petroleum for a while failed to make much headway because of the limited reserves. There is good potential for increased coal output in the Northwest, in Guizhou and in the southeastern regions of Shanxi. However, the coal transportation capacity of the railway trunk lines must be increased before the coal can be transported out. This is also somewhat difficult. In the near future, therefore, the main way to solve the energy problem is to tap the potential of energy conservation to the maximum extent.

From 1953 to 1980, our national income increased at an average progressive rate of 6.1 percent each year. In the same period, the consumption of primary energy, aside from exports and stock replenishments, increased at an average progressive rate of 9.4 percent each year, which is much more than the increase in national income. Based on this comparison, it may be more correct for us to say that instead of insufficient output, serious waste has been the cause of our energy shortage. This shows the tremendous potential for energy conservation in our national economy at present.

Potential of Energy Conservation as Shown by Three Different Comparisons

We have achieved certain success in energy conservation in the past 2 or 3 years, and there is still a very large potential left.

First, let us compare the advanced units with other units in the same fields. Among the enterprises in which the equipment and conditions of technology are generally the same, there is a great difference in the energy consumption to produce the same type of product. For example, in the comprehensive coke ratio for iron smelting among the key enterprises, the Shoudu Iron and Steel Company's consumption was 518 kilograms, while that of some others was as high as 708 kilograms, a 37-percent difference. Among the high-tension thermopower plants, the Beijing Thermopower Plant consumed 293 grams of standard coal for every kWh of electricity produced, while some others consumed as much as 445 grams, a 52-percent difference. Among the medium-size nitrogenous fertilizer plants, the Sanming Chemical Industrial Plant in Fujian consumed 1,194 kilograms of coal for every ton of synthetic ammonia produced, while some others consumed as much as 1,834 kilograms, a 54-percent difference. The Fushun No 1 Petroleum Refinery consumed 12.5 kilograms of fuel in processing every ton of crude oil, while some others consumed as much as 70.8 kilograms, a difference of 4 times. Thus if all 234 key enterprises in these four industries--iron-smelting, thermopower, synthetic ammonia and oil refining--can only maintain their consumption at the average rate of their own trades, then, according to our calculations, 4.7 million tons of energy can be saved each year.

Second, let us compare the present level with the best level ever attained. In the first 9 months of 1981, among the 54 main energy consumption indexes in the key enterprises, 30 of them were higher than those of the same period in the previous year. Among the 40 items which are comparable with the best level ever attained, 22 of them failed to reach it. The consumption of crude oil by the oilfields themselves, the consumption of electricity for silicon iron and calcium carbide, and the loss of electricity over the transmission lines were among the best level previously attained by 8-68 percent. If all 22 indexes can be raised to the best level in history, then these key enterprises will be able to save 4 million tons of energy each year.

Third, let us compare our standards with foreign standards. In our country, the overall energy consumption for each ton of steel is 2.04 tons, approximately double that of advanced foreign standards. For each kWh of electricity, we consume 443 grams of standard coal, approximately one-third more than that of advanced foreign standards. For each ton of synthetic ammonia, we consume 2.7 tons of energy, more than double that of advanced foreign standards. If only these three indexes of energy consumption can be raised to the advanced foreign standards, then each year we can save approximately 80 million tons of energy, or 13 percent of our total national energy consumption.

Of course, this is only a rough calculation of our possible savings in the three comparisons. Because of the different conditions in every country and every enterprise, there are many objective factors which make a comparison

impossible. In view of such huge differences, however, it is obvious that there is a serious energy waste in our country.

Potential for Energy Conservation from the Macroeconomic Point of View

We have saved a great deal of energy by readjusting the structures of the light and heavy industries in the past 2 or 3 years. However, the poor utilization rate resulting from the irrational industrial makeup, the product mix and the organizational structure still has not been basically changed, as shown by the following:

1. The reduction of our national income per unit of energy. During the fifth 5-year plan, the average national income yielded by each ton of energy was 529 yuan, a 55-percent reduction below that of the first 5-year plan, which was 1,167 yuan. Compared with foreign countries, we were not only far below the levels of Japan, the United States, West Germany and the other industrially developed countries, but also generally below those of the developing countries.

2. Competition between large and small plants for energy resources, For example, coke consumption for each ton of pig iron by the key enterprises is 580 kilograms, but that of small enterprises is more than 800 kilograms. In the course of readjustment, some key enterprises have been operating under capacity, while many small enterprises have been carrying on business as usual. For the production of each ton of synthetic ammonia, the large enterprises consume 1,400 kilograms of standard coal; the medium-size enterprises consume 2,500 kilograms; and the small enterprises consume approximately 3,100 kilograms. Thus the consumption by small enterprises is more than double that of large enterprises. In the oil-refining industry, the total recovery rate of gasoline, diesel oil, petroleum and lubricants in the small oil refineries is only 20-25 percent, or approximately half the national average of 46.7 percent. Because of the shortage of crude oil, some large refineries are now operating under capacity, while the small ones are producing more than 3 million tons of crude oil each year. As for the indigenous refineries run by communes and production brigades, the waste of resources is even more serious since their products are almost all substandard. Similar instances are only too numerous. Thus the precious energy resources fail to produce the maximum results.

3. Waste of energy because of the "congenital disease" left by the construction projects rashly started in the past. In the steel industry, for example, a number of iron and steel plants have been rapidly developed since the "mass steel-smelting" movement in 1958. Because of the lack of coordination, many of these enterprises have not had complete sets of equipment for iron smelting, steel smelting or steel rolling, and have been compelled to resort to the method of "transferring out iron to be smelted into steel" and "transferring out semifinished products to be made into rolled steel." Thus each year, approximately 6 million tons of pig iron have been transported to Shanghai, Tianjin, Tangshan, Qingdao and Lanzhou over an average distance of 800 kilometeres. Compared with molten iron, the use of transferred iron for steel smelting consumes 270 additional kilograms of energy, or an increase of 40 yuan in expenses for each ton. On this item alone, the country consumes

an additional amount of 1.5 million tons of energy and incurs an additional expenditure of more than 200 million yuan each year, besides adding to the strain on the transportation facilities. Another example can be cited from the experiences of a certain city with overlapping construction and excessive facilities for making oxygen and nitrogen. Each unit goes its own way in production so that the oxygen-making plant simply lets its nitrogen dissipate in the air and the nitrogen-making plant handles its oxygen in the same way. The consumption of electricity by the oxygen-making and liquid mitrogen-making equipment in the city each year is 380 million kWh, of which some 100 million kWh are wasted.

Methods of Energy Conservation

To change the situation of low energy utilization, the following tasks should be carefully attended to in the next few years:

1. In readjusting the industrial makeup and the product mix, continued efforts should be made to conserve energy. The energy consumption per unit of industrial output value in heavy industry is three times that in light industry. Through readjustment of the industrial makeup and the product mix in the past 2 years, we have saved more than 20 million tons of energy each year. The sixth 5-year plan calls for a more rapid growth in light industry than in heavy industry. Therefore, in the course of readjusting the makeup of light industry, we can still save a great deal of energy if we can use our energy conservation through readjustment of the product mix. For example, we are using huge amounts of pig iron for steel smelting, and the ratio between steel and iron output is 1:1.04. In the United States, it is 1:0.64; and in Japan and West Germany, approximately 1:0.7. If we can make better use of our scrap steel and reduce the steel-iron ratio, a huge quantity of energy can be saved. In our production of chemical fertilizers at present, the output of nitrogenous fertilizer is more than that of phosphate and potash fertilizers. This is not only a waste of energy but also a reduction of fertilizing effects. More than 800 kilograms of standard coal are required for the production of each ton of nitrogenous fertilizer; for each ton of calcium-magnesium-phosphate fertilizer, only 290 kilograms will suffice. If we can change the present ratio between nitrogenous and phosphate fertilizers from the present 1:0.2 to 1:0.5, then we can save millions of tons of energy each year.

2. We should resolutely close, suspend, merge or retool the enterprises with high energy consumption and producing unwanted goods. For some time to come, we cannot expect to have sufficient energy resources to meet the needs of the hundreds of thousands of enterprises throughout the country, and the only way out is to limit the supply to the deserving units and to eliminate those enterprises that consume a great deal of energy but produce poor results. The energy thus saved can be used to keep the other enterprises, which consume less energy but produce fine-quality goods, running at full speed. Only thus can we improve the economic results and hold the initiative in the overall situation. For example, a small or medium-size steel plant can produce some 5 million tons of steel each year, and the overall energy consumption for each ton is 1.8 times more than that of a key steel plant.

If we can reduce the output of all the small and medium-size steel plants by one-third and let the key steel plants make up their reduction, we can save more than 6.4 million tons of energy each year. Again, the annual output of our indigenous coke is more than 8 million tons, with low sintering rate and quality; there is no way to recover the gas, coking oil and other byproducts to be reused. Furthermore, the toxic matter emitted can cause cancer and is a health hazard. If we use the surplus productive capacity of large coke ovens to produce machine-made coke instead of indigenous coke, then we can save nearly 3 million tons of coal each year. Therefore, abandoning the backward in order to protect the advanced is the most practical way of energy conservation, as well as an important measure to accomplish a rational organizational structure for the enterprises.

3. We should start the work of technical transformation and equipment renovation with energy conservation as the core. At present, our economic development is about to be restricted by a slow decline in energy production. At the same time, heavy industry does not have sufficient production tasks, and the equipment and technology of the old plants are very backward. To change this situation, we should carry out technical transformation and equipment renovation for the purpose of energy conservation. The technology and many sets of equipment used for energy consumption are left over from the 1940's or 1950's, and many of them are "coal tigers," "oil tigers" and "electricity tigers." Half of the industrial boilers are old, in run-down condition, with high energy consumption, and an average heating efficiency of only 30 percent--only half that of Japan. The energy consumption of various industrial kilns is more than double that of the advanced foreign levels. Of the thermopower generating assemblies, only 10 percent are high-pressure heating assemblies, and most of the rest are of the condenser type, from which approximately 60 percent of the heat is carried away by the water cooling system. There are in the country 500,000 old motor vehicles with appalling gas consumption. Here is a great potential to be tapped. The substitution of high-pressure heating assemblies for those of high energy consumption alone will help us save 13 million tons of energy each year. Again, for example, a certain oilfield now has 200 sets of old water-injection pumps. If they are replaced by pumps of a new model, each year we can save 360 million kWh of electricity or 18 million yuan, although the replacement of these pumps costs 13 million yuan. It is true that equipment renovation and technical transformation will cost money. Compared with investment in the exploitation of energy resources, however, the economic results are far better. First, it costs less and yields quicker results; second, it conserves energy and lowers the production costs; third, technical transformation usually brings about benefits in many respects, such as savings in water, reduction of environmental pollution, and so forth; and fourth, it makes new technological demands on the machinery trade, prompts the upgrading of mechanical and electrical products, and helps keep the machinery trade busy. The whole heavy industry will be revitalized.

4. We should vigorously promote the comprehensive utilization of energy by adopting new technology and new work processes. Because of our backward industrial technology, a great deal of energy which could have been comprehensively utilized has been simply wasted. According to our calculations, the gas emitted by blast furnaces and kilns and allowed to dissipate each year is equivalent to 1.3 million tons of standard coal. If it can be recovered and utilized, we can not only conserve our energy, but also prevent

environmental pollution. In the oil-refining industry, we can raise the processing level of crude oil so that many components which can be used as industrial chemicals can be cracked or separated for rational utilization; the value of the same amount of oil will then be increased several-fold. If the 12 sets of catalytic reforming equipment, most of which are of backward technology in use since the 1940's, are replaced by new ones, we can increase our output by more than 400,000 tons of aromatic hydrocarbon, and, with the addition of other raw materials, we can produce more than 500,000 tons of chemical fibers with an output value of $700-900 million based on the international market price. The cost of technical transformation for these 12 sets of equipment is not more than 50 million yuan in renminbi. Actually, this type of technical transformation is by no means difficult. The three oil refineries in Fushun, for example, produce some 260,000 tons of tail gas which is mostly burned up or discarded. If we make comprehensive utilization of it, we need to invest only 200 million yuan, and can produce various types of chemical industrial products worth more than 400 million yuan, including some 200 million yuan of profit. The investment can be totally recovered in the same year. In this way, we will not only promote the development of the petrochemical industry but also increase state revenues and the supply of daily consumer goods on the market.

In conducting comprehensive utilization, we should at the same time promptly make use of the fruits of scientific research on production, and the energy conservation measures which have proved to be effective--such as the use of marsh gas and far infra-red equipment for drying, the utilization of solar energy, and the blowing of coal dust into blast furnaces--should be energetically popularized.

5. We should strengthen the management of energy and prevent waste. At present, the enterprises in many localities are not strict enough in energy conservation, while the setting of consumption quotas has been reduced to a mere formality. In 1981, for example, a total of 239 indexes were listed for energy consumption in a certain province, yet only 94 of them were included in the plans handed down to lower levels by the departments in charge. Among these planned indexes, only 84 to 89 percent of them were higher than those of the previous year, thus nullifying the guiding role of these plans. In some enterprises, the quantity of incoming energy resources is not checked, and there is no set limit for consumption. The practice of "eating from the same pot" is still prevalent. In other plants, no special personnel are assigned to take charge of energy resources, so that the workers and their dependents can help themselves to the plants' coal or coke for cooking of heating purposes. This situation must be corrected. We must strictly practice the system of energy ration coupons and supply energy only to the deserving units. The enterprises should also strengthen their energy management, set in order and improve their firsthand records, statistics, calculations and inspection methods, energy consumption quotas and other basic tasks, one by one. At the same time, political and ideological education should be stepped up among the workers and staff members, and energy conservation should be treated as the main aspect of economic responsibility. Constant checking should be also conducted in order to remind everyone of the need for energy conservation.

Furthermore, through long-rang plans, we should gradually change the irrational pattern of production in order to reduce energy waste.

9411
CSO: 4006/347

CONSERVATION

RATIONAL UTILIZATION, CONSERVATION OF ENERGY RESOURCES URGED

Beijing ZHONGGUO CAIMAO BAO in Chinese 9 Feb 82 p 3

[Article by Wang Yongyin [3769 3057 6892]: "We Must Concentrate on Conserving Our Energy Resources and Increasing Their Utilization Rate"]

[Text] In his report on government work, Premier Zhao Ziyang clarified the principle for solving our nation's energy problems. We must "give attention to development and conservation and give priority to conservation from now on." This is a practical policy that starts from the reality of China's situation. Energy resources play an undeniable and decisive role in industry and in the overall national economy. Since the 1960's, the production of China's energy resources such as oil and coal has increased rapidly and has quite successfully ensured the needs of production and the necessities of life. In the past however, many oil fields and coal mines were overexploited, which led to an imbalance between extraction and reserves and between extraction and excavation. Subsidies were required to repay outstanding accounts and extraction could not be carried out on a large scale. Consequently, the production of energy resources in the next few years will not increase to any great extent. On the other hand, shortages in our energy resources have occurred because enterprises that use up vast quantities of our energy resources have expanded without appropriate planning and because their structural organization has become unwieldy. The shortages are also due to the irrational use of energy resources and alarming wastefulness. At present, the production capacity of many enterprises cannot be fully harnessed because of short supplies of coal, oil and electricity. Once many new construction projects are completed they cannot be put into operation on schedule. In addition, a large number of oil consuming machines and tools have been put away and their use suspended. Energy problems have already had a critical impact on our national economic development.

The solution to our energy problems is first development and then conservation. In terms of our long-term needs, it is necessary to accelerate the development of our energy resources. Only then can we increase the total output of our energy resources for consumption. We have abundant reserves of energy resources. Our water power resources rank first in the world at more than 670 million kilowatts. Our proved coal reserves rank third in the world at 640 billion tons. For the most part, the oil potential in dry land sedimentary rock areas and in the coastal continental shelf has not yet been thoroughly

explored. The future prospects for our national energy resources are undoubtedly excellent provided that we continue to emphasize work in this area. However, we must realize that the large-scale expansion of our energy resources and increasing the supply of our energy resources takes time. It is not possible to resolve our current energy shortages all at once. Therefore, the key to solving future energy shortages is still to rely on conservation and to increase production while conserving energy. This is the reason why we stress giving equal attention to both development and conservation and to giving top priority to conservation from now on.

The question then arises, is it possible to give top priority to conservation and to increase production while conserving energy? The answer is in the affirmative. At present, China's energy output is second to that of the United States, the USSR and Saudi Arabia. However, the GNP and the national income created by the energy consumption of certain units is substantially lower than in many other countries. China's total annual energy consumption converted into ideal fuels is roughly the same as Japan's but the realized GNP is only approximately one-fourth that of Japan's. In comparison with the period of our "First Five-Year Plan," the national income as created by the energy consumption of units at the present time only comes to one-half that of that earlier period. Although there are some factors involved that cannot be compared, this nevertheless reflects China's current high rate of energy consumption, the great wastefulness and the irrational utilization of energy. China's potential capacity for conserving energy should be greater than that of industrial developed nations. Increasing production while conserving energy can certainly be done and should be done.

Conserving our energy resources is not only a requirement for easing current energy shortages, it is also an essential requirement for getting our national economy onto a new and correct path. From now on we must start from the reality of our current situation and set out on a new path at a more realistic pace. This new direction must have better economic benefits and allow the people to obtain greater material benefits. The focus of this new path is to use every possible means to improve economic results and expend as little labor as possible to create as much social wealth as possible. Energy conservation can reduce costs in the form of value and it can lead to greater utility of material objects thus causing outstanding improvements in economic results.

At present, China's national economy is just now implementing further readjustment. We must implement in a combined way the policy of "readjustment, restructuring, reorganization and upgrading." We must stress the task of successful energy conservation in the following five areas.

First, we must continue to readjust industrial structure and product structure among firms and occupations and restructure their energy needs. Second, we must strive to readjust and reorganize the structure of enterprises so that they utilize energy resources in a rational way. Third, we must launch technical reforms that emphasize energy conservation. We must gradually eliminate obsolete equipment that uses up too much of our energy resources. Fourth, we must make every effort to reduce the depletion of raw and processed materials and raise the quality and marketability of products. Fifth, we must strengthen

the management of our energy resources, work out and improvemethods of rewards and penalties and the management system. We must ensure that the management of our energy resources gradually moves toward scientific management.

China's work in energy conservation has just begun. Our potential capacity for energy conservation is great. It is worth paying attention to the fact that, at present, work in energy conservation has not yet aroused widespread concern. We must further motivate all units that are involved with energy resources so that they fully recognize the importance and urgency of conserving our energy resources. We must develop a spirit of saving each jin of coal, each drop of oil, each kwh of electricity and each sheng of water to actively make a contribution to the conservation of our energy resources. Only if the whole nation, all trades, professions and fields take action to set off a new mass upsurge for energy conservation, only then can our work in energy conservation achieve even greater successes.

9864
CSO: 4013/16

CONSERVATION

FORMULATING STRICT ENERGY CONSUMPTION STANDARDS

Shenyang LIAONING RIBAO in Chinese 4 Jan 82 p 1

[Article: "Exert Efforts To Produce Highly Efficient Energy Conserving Machinery and Electrical Equipment"]

[Text] To solve the energy shortage problem, all professions have strengthened control over energy during the past 2 years, such as implementing strict supply plans, establishing standards for energy consumption, rewarding those who conserve energy, and stopping certain cases of waste. But as energy conservation work deepens, management alone is not enough. Technical measures must be taken. Efforts must be exerted to produce highly efficient and energy conserving machinery and electrical equipment. The rate of utilization of energy must be improved. These constitute an important measure of energy conservation.

The sectors that consume a lot of energy are metallurgy, chemical engineering and urban construction. But almost all of the energy consumed by these sectors is actually consumed by their machinery and electrical equipment. According to statistics, in the total consumption of coal, electric power and gasoline, 50 percent, 60 percent and 90 percent respectively, are consumed by machinery and electrical facilities. It can thus be seen that developing and improving highly efficient and energy conserving new machinery and electrical equipment, and eliminating out-dated old equipment are the fundamental ways to conserve energy. The machinery and electrical equipment manufactured by the machinery industry in the past are mostly old products of the 1940s and 1950s. Their energy consumption is high. Their efficiency is low. They have been called the "tiger that is hungry for coal," the "tiger that is hungry for fuel," and the "tiger that is hungry for electricity." The machinery industry released these tigers and after they came down from the mountains, the other industries and professions had to fight the tigers, thus expanding more energy and wasting a lot of money and materials. The departments and enterprises that manufacture machinery and electrical products must see their own responsibility and must not "release the tigers" again.

Over the past 2 years, because of the efforts of our province's machinery sector and the active coordination and support by various concerns, a batch of machinery and electrical equipment that can conserve energy has been manufactured. Recently, the Provincial Machinery Bureau has recommended to the whole province 50 types of energy conserving machinery and electrical products.

Among them, the DG270-140C boiler and water feeding pump developed by the Shenyang Water Pump Plant have a 6 percent higher efficiency than the old products. Each unit can conserve 1.528 million kilowatt/hours of electricity a year, equivalent to 122,240 yuan. Each unit of this equipment is priced at only 71,300 yuan. The maximum static pressure efficiency of the axial flow ventilator for mines developed by the Shenyang Blower Plant has been increased from 71 percent o 84.5 percent. Each unit can conserve 1 million kilowatt/-hours of electricity each year, equivalent to over 30,000 yuan. The 61020 model diesel engine developed by the Chaoyang Diesel Engine Plant can replace the "Liberation" gasoline engines for automobiles. The consumption of fuel per 100 tons/mile was lowered from 29 liters of gasoline to 13.3 liters of diesel fuel. These facts show that the direction of developing energy conserving machinery and electrical equipment is correct. We must combine the development and improvement of energy conserving equipment with the technological reforms of the various professions in the national economy. The machinery sector must direct its attention towards products with a wide scope, products produced in large batches, and products that consume a lot of energy to serve as the major targets for improvement and to use them to search for newer reforms. At present, the key point is to carry out the work of rebuilding equipment for medium- and small-scale power stations, for power transmission and transformer equipment, for various types of boilers, for internal combustion engines and for various types of power consuming equipment (such as ventilators, water pumps, electric motors).

The development of highly efficient energy conserving machinery and electrical equipment must take into consideration the comprehensive economic results in society. To the manufacturing units, producing energy conserving products will require a higher cost because of the investment in new raw materials, in manufacturing new tools and in increased working time. The enterprise itself may not benefit but may even suffer a loss. But the users will reap a large economic result. This requires the equipment manufacturing plant to establish a concept of the overall situation. The ordinary useful life of machinery and electrical equipment is relatively long. When manufacturing such equipment, more work and more efforts are temporarily required but better economic results can be achieved after several years of operation. This also requires the manufacturing plants to establish a long range view. We must self-consciously require the local situation to obey the overall situation, take the initiative to carry out the task of producing energy conserving equipment and exert efforts to realize comprehensive economic results for the whole society.

Development and improvement of energy conserving machinery and electrical equipment should allow the function of technical personnel to develop fully. We must care about and encourage technical personnel to concentrate all efforts in product design and development. We must provide material incentives to those advanced collectives and advanced individuals who have made outstanding contributions while strengthening ideological and political work. The factories must establish research institutes and exert efforts to develop a technical superiority. In product design, we must conscientiously summarize the experience of the producing factories and the users, and at the same time, we must actively learn and use new techniques and new technologies of our nation and foreign nations so that our energy conserving products can strive towards the most advanced levels.

9296
CSO: 4013/2

CONSERVATION

HIGH ENERGY WASTAGE HAMMERS HOME NEED TO CONSERVE

Beijing GUANGMING RIBAO in Chinese 6 Mar 82 p 3

[Article by Chen Fubao (7115 1381 0202) and Li Jie (2621 2638): "Clear the Way for Energy Conservation"]

[Text] Energy resources are the key to national prosperity and the modernization of production. Our ability in the future to maintain a relatively high rate of development of our national economy will depend to a large extent on how well we can resolve our energy problem. At present, the energy shortage looms as a problem of strategic proportions that affects our nation's economic development across the board.

How do we resolve this problem? There are two ways: 1) developing new energy sources; and 2) conservation. For intermediate and long terms, the two solutions should receive equal attention. For the short term, conservation actually should take precedence over development of new sources. There is no question that there is a lot of room for conservation in our country. Nationally, we are consuming from two to three times more energy than some other nations. Furthermore, our present energy consumption is double that of the period of the First Five-Year Plan. If we can take the necessary economic, technological and administrative steps toward conservation, we can achieve far greater social prosperity with the energy resources now available to us.

There are, of course, many ways to conserve energy. We suggest that we begin conservation in the following areas:

1. Continued Adjustment of Economic and Product Structure

For a long time, we have been hampered by an imbalance in our economic and product structure, in which heavy industry has too heavy a share and light industry too light a share. This imbalance is one of the main reasons causing the shortage. For example, to produce the same amount of national income, the heavy industry consumes three times more energy than light industry and 13 times more than agriculture. Similarly, energy consumption also varies in the production of from one product to another. For example, it takes twice as much energy to produce 1 ton of nitrogenous fertilizer than phospherous fertilizer. This makes it clear that a change in the economic and product structure can result in sizable energy savings. Thus it is necessary for us

to speed up the adjustment of our economy, to give priority to continued development of the consumer goods industry, to direct heavy industry into new outlets for its services, and to establish more labor-intensive consumer goods industries that require small investments, consume little energy, and bring fast returns. While readjusting our economy, we must simultaneously change the product structure. For example, if we can change the undesirable situation where a glut in nitrogenous fertilizer exists at present while phosphorous and potassium fertilizers are in short supply, we will not only cut down energy consumption in fertilizer production but also make our fertilizers available in a more balanced mix for the benefit of agricultural production. For another example, we have more iron than steel in our country and this imbalance accounts for the high energy consumption in our steel making industry. By estimate, if we can use more steel scrap as raw material and cut the iron production by a mere 0.1 percent in relation to steel production, we will save 7 million tons of standard coal a year.

2. Technological Renovation Toward Greater Energy Conservation

In our country, power generation, metallurgy, chemical industry, construction material production, petroleum refining, and railway transportation are considered the six energy guzzlers. Their combined energy consumption amounts to 60 percent of the nation's total. These six large energy consumers are partially hampered by old equipment and backward technology that contribute to a higher wastage than normal. We must introduce certain technological renovation into these six departments emphasizing energy efficiency. The power industry, for example, can cut down energy consumption by selectively and systematically modernizing its low and medium voltage generating units and gradually replacing them with larger and more energy-efficient units. Such an effort will result in an annual saving of 19 million tons of coal. Furthermore, if we can make use of the exhaust from power generating plants for home heating, make more efficient use of energy resources, reduce electricity consumption within the power plants themselves, and cut down line loss, we will achieve even greater energy savings. Our metallurgical department consumes twice as much energy as in any other country in producing each ton of steel. If we can gradually upgrade our steel making technology to bring down the energy consumption per ton of steel, we will save 20 million tons of standard coal a year. Small chemical fertilizer plants, small cement plants and small brickyards are energy guzzlers. We should have the courage to close down all those units showing poor energy efficiency and rechannel the energy resources thus saved into areas more vital to our national economy. The petroleum industry should strive to cut down its own energy consumption, reduce refining losses, and increase the marketable and usable rate of its petroleum products. This way it might save our nation several million tons more of standard coal a year.

3. Upgrading Some Key Products and Discontinuing Others

With the steady advance in science and technology, we must break away from the decades-old list of key products. We must replace the technologically backward, energy wasteful, and qualitatively poor products with technologically advanced, energy efficient, and high-quality goods. The trend in production in

modern times has called for such replacement. It similarly offers our country a way out of its energy problem. For example, half of the boilers in use in China are either old, or worn-out, or patchwork types. Their heating efficiency is 20 to 30 percent lower than foreign-made boilers. Because of their inefficiency, they are consuming tens of millions tons of coal more than normal every year. For this reason, we must make up our minds to discard ancient boilers, retool the inefficient boilers, upgrade the technology in boiler making, and restrict the production of low-efficiency boilers. At the same time, we must step up our research effort toward the manufacture of new types of boilers, types that have larger capacity, types that can handle higher steam pressure, and types that burn cheaper fuel. There are also other new ways of marrying boiler technology to energy conservation. Our automotive industry is another sector where huge energy savings are possible. The industry should strive for design improvements and better workmanship, improve on the old car models and develop fuel-efficient new models, improve on gasoline engines and develop diesel engines. If it can gradually catch up with the advanced auto making technology of the world, it will save our nation several million tons, even as much as 10 million tons of fuel.

4. Fast Expansion of Coal Dressing Industry To Increase the Production of Dressed Coal

For a long time, the percentage of dressed coal has hovered around 18 in China's total coal production (the percentage is 32 in China's rational coal), a low figure. Every year our country invests very little in coal dressing facilities, roughly about 2 percent of our total investment in coal mining. As some 80 percent of the coal is supplied to consumers in an undressed and unprocessed form, the wastage is horrifying. For example, the coal used to fuel railway locomotives and the coal used by chemical departments as raw material for synthetic ammonia is usually undressed coal, generating a waste of some 7 million tons of coal a year. Most of the rationed coal is not dressed either. Let us assume that such coal contains an average of 15 percent of impurities. Such impurities are hauled around the country for as much as 12.3 billion ton/kilometers in an average year. In other words, 200 railway cars and 5000 trucks are used unnecessarily to carry them. It means a waste of 100 million yuan in transportation cost. To cut down this waste, more investments in coal dressing facilities are needed. In addition, we should allow higher quality coal to fetch a higher price, thereby providing the enterprises an incentive to improve their coal dressing ability and to increase the percentage of dressed coal relative to total coal output. This way we can reduce the burden of the railway system to haul undressed coal around the country.

5. Improvement of Business Management

This offers a broad area for energy conservation. There are numerous ways for us to achieve our objective, such as improving the utility rate of various resources, reducing waste in raw materials, increasing productivity, upgrading the quality of products, reducing the rate of production line rejects, speeding up the turnover of resources, reducing the time of capital tie-up, rerouting transportation lines, improving transportation between economic and natural

zones, consolidating warehousing and transportation needs, etc. There is plenty of room for conservation in this broad area. For example, if we can raise the utility rate of steel products to 80 percent, we will save 2.5 million tons of steel products. This saving will translate into a saving of 12.5 million tons of fuel. For another example, if we can raise the utility rate of chemical fertilizers from the present 30 percent to 60 percent, we will save 20 million tons of energy resources. Our country produces a lot of low-quality products and suffers from a high rate of industrial rejects. It means our precious energy resources are going down the drain. If all our enterprises have the determination to raise the ratio of good and acceptable products, reduce the ratio of rejects and sub-standards, and pay attention to shipping and storage as a means of preventing damage to their products, they will greatly cut their energy needs.

6. Conservation of Energy for Home Use

The average home consumption of energy is low in our country. In fact, an acute energy shortage is felt by the rural population. Some 70 million rural homes are not even getting enough fuel for cooking. This is one side of the problem. The other side of the coin is a high waste rate of energy for home use. For example, the utility rate of coal for home heating is only 15 to 20 percent. This translates into a waste of 20 million tons of coal a year. With the development in production and the improvement of living standards, we expect the energy needs for the home to increase rapidly. We must study the present level of energy resources available and the potentials for developing new resources as well as the changes in the life styles of the nation to decide how best to conserve energy without affecting the improvement in the living standards.

We are a populous nation. If every individual is committed to eliminating energy waste and promoting energy conservation, the problem of energy shortage in our country will be readily solved.

9055
CSO: 4013/33

CONSERVATION

CONSERVATION ESSENTIAL TO CLOSE GAPS IN ENERGY RESOURCES

Nanjing XINHUA RIBAO in Chinese 12 Feb 82 p 1

[Article by Staff Reporter Cai Mingde: "Responsible Person of the Provincial Economic Commission Reported at Meeting of Energy Conservation Consultative Committee That Conservation Is Needed To Remedy Large Gaps in Energy Resources"]

[Text] Gaps in our province's supply of energy resources are larger than last year. However, the potential for conservation is also large. The vigorous development of our conservation potential is an important way to remedy the gaps in energy resources. This was the view expressed by Vice Chairman Wang Guixiang of the Provincial Economic Commission during the first meeting of the Provincial Energy Conservation Consultative Committee called by the Provincial People's Government on 6 [February].

According to Comrade Wang Guixiang, notable results have been achieved in energy conservation in our province in the last 2 years. The unit energy consumption of many enterprise products has decreased year by year. In 1980 consumption in terms of standard coal for every 100 million yuan of industrial production value was 42,700 tons, down from 47,900 tons in 1979. It was down to 38,400 tons in 1981. Savings in terms of standard coal were 2,200,000 tons and over 2,320,000 tons in 1980 and 1981 respectively. These savings had an important impact in guaranteeing the increases in industrial output in our province in both years. An increase in industrial output of 5 to 6 percent is called for this year. Computed on a 5-percent increase basis, an increase of 1,320,000 tons of raw coal is needed. However, based on the planned production of raw coal in the province and the state's allocation of raw coal, heavy oil, and petroleum products converted to the equivalent of raw coal, the estimated gap will be 22.73 percent of the total energy consumption. This compares to only 22 percent last year.

However, the potential for energy conservation in our province is still very large. Energy conservation work in the last 2 years concentrated mainly on management, promotion of new techniques, and readjustment of product mix. Technological reconstruction that can produce better results in energy conservation has just been started. If we vigorously stress this new work based on our own funding, technology, and other conditions, if we gradually change the technological backwardness of our energy-consuming facilities, and

at the same time if we continue to stress the management of our energy supply and use, and the readjustment of our product mix limiting or stopping the production of high energy consumption and not urgently needed products, we will be able to take a big step forward in our energy consumption work and ease the contradiction of imbalance in our energy supply and demand. The key of reaching this goal is to raise the energy conservation awareness of the cadres and masses on the industry and communications battle lines and concentrate on energy conservation as a strategic problem.

During the first meeting of the Provincial Energy Conservation Consultative Committee, Deputy Manager Sheng Yuenian of the Provincial Fuel Materials Company said that energy resources have an important relationship to the development of natioal economy and safeguard the people's livelihood. However, currently there are still an important number of comrades in leading organizations and plants and enterprises who are not paying enough attention to this. In some of the leading organizations and plants and enterprises in the light and textile industries, special energy conservation organizations have not been established and no special persons are responsible for energy conservation work. If this situation is not changed, it will not be possible to properly carry out energy conservation work.

Specialists attending this meeting suggested: In order to raise the energy conservation awareness of the cadres and masses, the government should adopt some essential economic measures in addition to continue to strengthen public education. For instance, a system of selective supply to enterprises should be implemented. Where energy consumption is excessive, consideration should be given to reducing supplies, limiting supplies, increasing prices, or even stopping supplies depending on the circumstances. And rewards and punitive measures should be implemented for the cadres leading and directing the use of energy resources in the plants and enterprises. Conservation should be rewarded. Waste should be punished. These measures should be widely and thoroughly implemented.

5974
CSO: 4013/17

CONSERVATION

NEW VENTILATION SYSTEMS SAVE 1 MILLION KW/HR PER YEAR

Shenyang LIAONING RIBAO in Chinese 4 Jan 82 p 1

[Article by reporter Xie Huaiji [6200 2037 1015]: "Shenyang Blower Plant Produces a New Type of Ventilator According to User's Needs; One Unit Conserves an Average of 1 Million Kilowatt/hours Per Year"]

[Text] A new ventilator has been successfully produced by the Shenyang Blower Plant recently. Its conservation is outstanding. One unit can conserve an average of 1 million kilowatt-hours of electricity a year. The cost of electricity conserved over two years is sufficient to purchase this ventilator which costs 60,000 yuan. If the 2,500 old fashioned ventilators throughout the nation at present are all replaced by this new ventilator, 1 billion kilowatt/hours of electricity can be conserved a year, equivalent to the amount of electricity generated by a medium sized power plant in 1 year.

This ventilator is mainly used in coal mines. Its function is to draw away gas in the mine shafts and pump fresh air into them. The greatest shortcoming of old fashioned ventilators produced by the Shenyang Blower Plant in the past is that they have a low efficiency and they consume a lot of energy. The users call them "electricity tigers." Many users have organized "tiger beating teams" to conserve electricity. They rebuilt the old fashioned ventilators but because the design was irrational, minor reforms did not help. The hard facts educated the workers of the Shenyang Blower Plant: The "tigers" must not be allowed to be produced anymore and bring harm to the users! They know that nearly one-half of the amount of electric power generated throughout the nation is consumed by various types of electrical machinery, and one half of the electricity consumed by electrical machinery is consumed by ventilators, blowers, compressors and water pumps. The first three products have been produced by this plant. It seems, developing energy conserving products has become an urgent task at present. After half of year of study and experiment, the 2K60 model axial flow ventilator for mines was born. Evaluation showed it reached the advanced international standards of the 1970s, and its efficiency is 15 percent higher than that of the previously produced ventilators with a technical standard of the 1940s. The new product was welcomed by users as soon as it was marketed.

This reporter visited the Shenyang Blower Plant on the eve of the New Year. Deputy manager of the plant, Liu Xuan [0491 3763] talked about the test

production of the ventilator and views on readjusting the national economy. He made a fist with his right hand and then held it against his chest. Then he struck out. He said, we are now engaged in readjustment. The purpose is to give more strength to the punch. Our departments of heavy industry must find new ways to readjust service and improve technical standards. We must never rely solely on selling ice cream, cold drinks and fruit, and on opening restaurants for a living!

9296
CSO: 4013/2

CONSERVATION

ENERGY CONSERVATION IN THE PRODUCTION OF SYNTHETIC FIBERS

Shanghai FANGZHI XUEBAO [JOURNAL OF TEXTILE RESEARCH] in Chinese, No 6, 1981, pp 67-69

[Article by Sun Shoukang [1327 1108 1660] of the Shanghai General Petrochemical Plant: "On the Question of Energy Conservation in Synthetic Fiber Production"]

[Text] Developing the production of synthetic fibers is a major task in solving the problem of clothing of our nation's 100 million population. At a time when there is a shortage in petroleum resources, rationally utilizing presently available resources and energy has become a problem that urgently requires policy discussions.

I. Synthetic Fiber Production Must Emphasize Energy Conservation

Synthetic fiber production is a productive sector that consumes a lot of energy. But because of the high profits from synthetic fibers in the past, the problem of energy has never attracted attention. Starting from the middle of the 1970s, the energy crisis gradually deepened, and the synthetic fiber production sector that had always emphasized quality and neglected energy consumption also began emphasizing the utilization of various methods of energy conservation to make up for the shortage in petroleum. For example, the average energy consumption by Japanese synthetic fiber producers in 1978 was 28.9 percent [1] lower than that in 1975. The measures of energy conservation in synthetic fiber production consisted of two aspects: First was the improvement of technology. The comprehensive energy consumption for the production of monomers was reduced in chemical reactions. The second was to utilize effective energy conserving techniques in various production links to recover energy. The measures for energy conservation in the production of major products are briefly described below:

1. Emphasis on the selection and study of techniques of monomer production

Three-fourths of the combined energy consumption to produce polyester and polyamide fibers is used in the synthesis of monomers. Therefore, the selection and study of techniques to produce monomers are especially important.

The production of dimethyl terephthalate (abbreviated DMT in the following) consumes methanol. Consumption of raw materials is also large. The Toray

method uses cold water cooling to eliminate reaction heat. Its combined energy consumption reaches as high as 18,100 kilocalories/kilogram. The Witten production method recovers a part of the reaction heat and reduces the comprehensive energy consumption of DMT to 15,400 kilocalories/kilogram. The Amoco method recovers more reaction heat in high temperature oxidation and also eliminates the use of methanol, and thus reduces the comprehensive energy consumption for producing terephthalic acid (abbreviated TPA in the following) to 10,800 kilocalories/kilogram. Half of the energy consumed is used in high temperature hydrogenation. The Maruzen method eliminates energy consumption for hydrogenation and reduces the comprehensive energy consumption of medium pure TPA (abbreviated MTA in the following) to 8,000 kilocalories/kilogram. This has become the production techique that consumes the least amount of energy at present [2-7]. Because direct esterification of TPA can reduce the proportion of ethylene glycol, comprehensive energy consumption of polyester is 30 percent less energy than the DMT method. Therefore, developing MTA production is the key to realizing energy conservation in polyester production. But the comprehensive energy consumption for the production of the coarse products of TPA by the Toray method has already reached 10,000 kilocalories/-kilogram. Changing to the production of MTA must also involve a lot of work to establish serial heat supply for acetic acid distillation, coarse product counterflow washing, tail gas turbines and low temperature surplus heat recovery before the comprehensive energy consumption of producing MTA by the Toray method can be greatly reduced.

Although the main technique for producing hexanolactam is short, its consumption of various raw materials reaches 6 tons, and the amount of ammonium sulfide by-product reaches as high as 4.8 tons. Therefore, its comprehensive energy consumption reaches 39,000 kilocalories/kilogram, and it is the synthetic fiber monomer that consumes the highest amount of energy. Although some improved methods have reduced the yield of ammonium sulfide by half, but the consumption of raw materials is still between 3.5 and 4.2 tons. Pyrolysis of ammonium sulfide into sulfur dioxide and nitrogen under high temperatures and then producing sulfuric acid for re-use actually waste nitrogen and also consume a large amount of heat. Corrosion of equipment is serious, and the amount of energy consumption and production costs are not reduced. In the synthesis of butane dicarboxylic acid, the non-catalytic oxidation technique [8] can be used as an example. The energy consumption for power to oxidize cyclohexane to ketols reaches as high as 6,000 kilocalories/kilogram, constituting 40 percent of the total consumption of energy for power to produce polyamide fiber-66 salt. If a third carbon atom is introduced into the molecules of cyclohexane to improve the selectivity of oxidation, the energy consumption of ketols and butane dicarboxylic acid can both be reduced by a large scale. If hexadiamine can be synthesized using butadiene instead, this will further reduce the overall energy consumption of butane dicarboxylic acid ammonolysis by 45 percent [9]. Hexadiamine can also be synthesized from acrylonitrile and the procedures are few. Therefore, in long range considerations, producing polyamide-66 fiber will benefit the study of new technologies with low energy consumption, and it will also benefit the comprehensive utilization of the C_4 fraction.

2. Strengthen the utilization of thermal energy in spinning

The energy consumed to spin acrylic fiber is 33,100 kilocalories/kilogram [10], constituting 56 percent of total energy consumption. The energy consumed in spinning polyvinyl alcohol fiber is 25,700 kilocalories/kilogram [11], constituting 67 percent of total energy consumption. Both are a lot higher than the energy consumption of polyester and polyamide fibers (Energy consumption for spinning polyester fiber constitutes only 30 percent of the total, and that for spinning polyamide fiber constitutes only 21 percent of the total). According to statistics compiled by the Shanghai General Petrochemical Plant in the production of each kilogram of acrylic fiber: Spinning consumes 14,800 kilocalories. The amount of recovery is 15,300 kilocalories. Spinning woolly strips consumes 150 kilocalories, and the energy consumed in spinning other types of fibers is 1,850 kilocalories. The distribution of energy consumption in the production of polyvinyl alcohol fibers is also similar. This shows that energy consumption levels must be considered to realize multilevel utilization of steam, and we must actively improve the concentration of solidified liquids and air conditioning for refrigeration in wet method spinning. Taking the annual production of 47,000 tons of acrylic fibers of the Shanghai General Petrochemical Plant as an example, if second evaporation can be changed to third evaporation, 15,000 tons of heavy oil can be conserved in a whole year. If the heat supply for evaporation can be changed to using a heat pump, annual conservation of heavy oil will amount to over 30,000 tons. If condensed water is recycled to the water purification station as a supplementary water supply, another 10,000 tons of heavy oil could be conserved in a whole year. If the temperature of the solidified liquid can be raised in spinning and if heat absorption pipes can be used for cooling, another 10,000 or so tons of heavy oil can be conserved in a whole year in refrigeration. If the hot water released can be used by the absorption type refrigerator to provide refrigeration for spinning, or if the hot water is recovered by an organic turbine and converted to power, then another several dozen thousand tons of heavy oil could be conserved in a whole year. Therefore, a power station for recovering low temperature surplus heat should be established. It could serve as a measure to replenish the power source and it could also eliminate heat pollution in the surrounding areas of the plant. This is a direction that should be considered in the medium and long range plans of wet method spinning.

II. Establish Technical Policies Related to Energy Conservation

1. Establish a comprehensive energy consumption examination system

Ordinary synthetic fiber production utilizes only a small portion of crude oil. The rate of utilization in the production of synthetic fibers using crude oil of different quality varies greatly. Therefore, numerical values of energy consumption should be used to include all types of production processes, and a comprehensive energy consumption examination system for products should be established so that products can be compared. After understanding the differences in energy consumption, we would be able to point out the direction to improve rational utilization of energy.

2. Prices should be rationally readjusted

Compared to foreign nations, the price of crude oil in our nation at present is low while the price for fibers is very high. This man-made profit actually hides the backward situation in our nation's petroleum and synthetic fiber production. We believe, many types of power generation cannot use enthalpy but must be based on effective energy to separately improve and establish the price of steam at different pressures and the prices of electric power and other public utilities. This will stimulate the use of low grade energy (such as low pressure steam and hot water) in production as much as possible so that such energy conserving measures as generation of electricity by differential voltage, generation of electricity by tail gas turbines, and the use of absorptive refrigeration can be actively popularized. Prices for synthetic fibers should also be established on the basis of average comprehensive energy consumption and rational business administration costs. The development of conservation work will continually lower the cost of synthetic fibers and develop rational products, expand the domestic market and establish a foundation for pricing synthetic fibers for export.

3. Develop joint production and cooperation between plants

Each set of refinery facility with a refining capacity of 2.5 million tons a year can produce 40,000 tons of p-xylene after rectifying the gasoline fraction. Our nation's oil refineries frequently mix these aromatic hydrocarbons into gasoline as fuel and burn them. After coordinated adjustment, if these aromatic hydrocarbon resources can be provided to synthetic fiber plants as raw material, the present lengthy process of the petroleum refining and synthetic fiber producing plants and the shortage of crude oil can be greatly improved. On the other hand, isomerization is also a technological process that consumes a lot of energy. The energy consumed to produce power to convert ordinary aromatic hydrocarbon mixtures (containing about 14 to 18 percent of ethyl benzene) by the Aromax process to p-xylene reaches 4,800 kilocalories/-kilogram [12]. If the process is changed to the Ebex process, ethyl benzene can be separated from the aromatic hydrocarbon mixture first for isomerization. The energy consumption to produce power to convert it to p-xylene can be reduced to 3,500 kilocalories/kilogram. If the Parex method is used to separate o-xylene and p-xylene, and if they are produced jointly half and half, then, the energy consumed to produce power to convert them into p-xylene can be reduced to 2,400 kilocalories/kilogram. This low conversion into many varieties in joint production also reduces the scale of isomerization and adsorption stripping facilities by 36 percent and 12 percent respectively [13]. The fixed quantities of recovered ethyl benzene and o-xylene both provide raw materials for the chemical industry. The oil conserved in the reduction of energy consumption can also allow the output of p-xylene to basically approach the total productivity of its original process. In the same way, our nation now has over 20 sets of equipment for catalysis and cracking with an annual refining capacity of 600,000 tons. If propylene is recovered and if regional centralized production of acrylonitrile is realized, then the whole nation can increase its production of acrylic fibers by 200,000 tons [14].

Therefore, our nation should develop the superiority of socialism. The petroleum industry, chemical industry, synthetic fiber industry and light and textile industries can develop joint production and cooperation as a four-in-one entity so that oil and various products can be rationally utilized, and the shortage of petroleum can be made up by stopping waste.

4. Improve the depth and broadness of comprehensive utilization

Petroleum and synthetic fiber manufacturing plants must "consume all" oil raw materials and at the same time they must emphasize chemical utilization. Burning coal in boilers and making heavy oil into light oil are important measures to improve the rate of utilizing petroleum. In depth processing, gas produced by refineries frequently constitute 7 percent of the amount of crude oil processed. The Corsob method and such concentration techniques should be used to recover pure hydrogen, pure carbon monoxide and pure ethylene from the released gases for use as chemical raw materials. In the medium and long range planning of synthetic fiber bases, consideration must also be given to establishing nuclear power stations to solve the problem of transporting massive amounts of raw coal.

To reduce the burden of public utilities already borne by petroleum and synthetic fiber plants, comprehensive utilization should first consider synthesizing those products that have a low energy consumption and those that produce a large heat releasing reaction. For example, when synthesizing MTBE (methyl tertiary butyl ether) or TBA (tertiary butyl alcohol) from isobutene, the energy consumed to produce power needed amounts to only 500 kilocalories/-kilogram. When mixing synthetic gasoline with a high octane value, the refinery can reduce the depth of processing and conserve oil two times its own weight. In steam cracking with the same rate of production of ethylene, each kilogram of n-butane can replace 1.5 kilograms of naphtha of 2 kilograms of crude diesel. Synthesis of hexadiamine by butadiene cyanidation or synthesis of butane dicarboxylic acid by carboxylation can also utilize methane, cyan hydride and synthetic gases. All of these have practical significance in improving the utilization of C_4 at petroleum and synthetic fibers plants.

III. Develop Synthetic Fiber Production By Developing Advantages and Avoiding Shortcomings

Synthetic fiber production is a technology-intensive sector, its supply and marketing process is lengthy and its operation is highly repetitive. Therefore, as long as the matched productive links are mutually utilized, energy conservation can be realized. For example, direct spinning of polymerized melts can eliminate the procedures of casting bands, cutting, drying and remelting, and 8,000 to 12,000 kilocalories/kilogram of energy can be conserved. The POY-DTY technique to produce long strands can be directly used in knitting and machine knitting. This will conserve 3,000 to 11,000 kilocalories/kilogram [15] of energy more than using short strands. The POY-ATY technique can also further simplify the technology of feeding the knitting machine. It is estimated that energy consumption and costs can be further reduced. Preparatory coloring in melt spinning or solidified liquid dyeing

in wet spinning have all simplified the process of dyeing synthetic fibers and the amount of energy conserved will reach over 3,600 kilocalories/kilogram [16]. Especially in our nation's coastal regions, if existing favorable conditions of the light and textile industries and technically complete facilities are utilized on the basis of introducing technology to actively improve the technical processes, develop products, create new technologies, then the level of energy consumption in the production of synthetic fibers will surely undergo a new change in outlook. (End)

Previous opinions have been provided by the general plant and the subsidiary plants, the scientific association of the general plant and the Chemical Fiber Engineering Society. This article was reviewed by responsible comrades Qian Chunxuan [6929 2504 2537], Li Dehong [2621 1795 1347], Ye Runqiu [5509 3387 4428] of the Research Academy. We thank them. For details, read "Synthetic Fiber Industry" No 1, 1981.

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POWER NETWORK

YUNNAN POWER GRID GENERATES MORE ELECTRICITY

Kunming YUNNAN RIBAO in Chinese 2 Feb 82 p 1

[Article by Yang Liyi [2799 4539 5030] and Yang Xuanmin [2799 6693 3046]: "Lift Up the Spirit and Build Up Stamina; Overcome Difficulties To Attain High Output; Provincial Electric Power System Generates More Electricity in January"]

[Text] The broad number of cadres and workers of the provincial electric power system have lifted their spirits, overcome difficulties, and exerted efforts in production. Up to 29 January, they had completed the generation of over 298 million kilowatt-hours of electricity, this creating the highest level for any similar period in the past.

Last winter and this spring, our province has had a dry season. Water reserves have been insufficient. Hydroelectric facilities could not generate additional electricity, and the task of generating electricity by thermal power stations was heavier. At the end of December last year, the leadership of the Provincial Electric Power Bureau led cadres to go deep into the basic levels to conduct surveys and studies and held a system-wide cadres conference. They conscientiously analyzed the production situation and established concrete measures to guarantee completion of the task. After 1 January, the leadership of the bureau again went to the localities with concerned departments to implement fuel supply and to guarantee the need for coal by each thermal power plant. At the same time, they conscientiously inspected and repaired equipment. In January, they inspected and repaired 23 units of machinery and boilers, 3 substations, and 11 high-voltage transmission lines, and created good conditions for the safe generation and supply of electricity.

The cadres and workers of this system stayed at their posts with the spirit of being the master and generated more electricity and supplied more electricity. The Xuanwei power plant had a heavier task in generating electricity this year. The workers of the whole plant thought of all kinds of ways to develop potential. Generators were inspected and repaired according to plan, and all other generators began operation. The highest daily output of electricity in January reached 3,812,000 kilowatt-hours, an unprecedented figure during the same period in the past. During the two holidays in January, leading chadres and engineering and technical personnel of the various production units of the system insisted on working with the shifts to direct production, and they contributed efforts to guarantee the supply of electricity for industrial and agricultural production and for the needs of the people in the whole province.

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500,000-VOLT LINE ADDED TO HUBEI ELECTRIC POWER SYSTEM

Wuhan HUBEI RIBAO in Chinese 23 Dec 81 p 1

[Article by Zhang Yuexing [1728 2588 5281]: "A Key Project in Our Nation's Buildup of the Electric Power Industry, the 500,000-volt Ultrahigh-Voltage Pingwu Power Transmission and Transformation Line Joins the Power Network and Begins Transmission"]

> [Text] Editor's Note: The Pingwu 500,000-volt ultrahigh-voltage power transmission and transformation line has been built quickly and well, and has now officially joined the power network and begun transmission. This is the result of the collective wisdom of the builders of this project. It is also a glorious victory in conscientiously implementing the policy of readjustment of the national economy. It has important significance in promoting industrial and agricultural production in the central China region and in guaranteeing electricity for the livelihood of the people. It is a welcome [event]! It is a cause for celebration!
>
> We enthusiastically hope that the builders participating in this project will continue to retain and develop their honorable style of being of one heart and one mind and of working together, as well as their courageous spirit and their attention to science so as to manage and use this new equipment and new technology well, and make even greater contributions to advance the work of the four modernizations.

The key project in our nation's buildup of the electric power industry--the Pingwu 500,000-volt ultrahigh-voltage power transmission and transformation construction project--has officially joined the power network, and began transmitting electric power on 22 December. From now on, the electricity for all businesses in our province (including the Wugang 1.7-meter steel roller) and the electricity for daily living of the people of our province is guaranteed, unless a unique accident occurs.

In the past, the powerlines with the highest voltage in our province were several 220,000-volt power transmission lines. When the power transmission line is long, the electricity at the end becomes reduced. The Pingwu project,

a main trunk of the Central China Power Network, is a power transmission and transformation project that has the highest voltage, spans the longest distance (600 kilometers), has the largest transmitted power, and is the most technically advanced. It includes three large booster stations and substations, the Henan Pingdingshan Booster Station at the starting point, the Zhongxiangshuanghe Substation, and the Wuchang Fenghuangshan Substation at the end. Its completion has connected tightly the power networks of Henan and Hubei provinces. It can coordinate with the Gezhou Dam Hydroelectric Power Plant to transmit electricity outward and coordinate the hydroelectric power of Hubei and the thermal electric power of Hunan. During peak flooding seasons, it can conserve coal and petroleum energy resources, improve the stability and reliability of the power supply of the Central China Power Network system, and assure a supply of electricity for the Wugang 1.7-meter roller and for industrial and agricultural production in the central China region and for use by the people. Because it is computer controlled, it also rasies the level of automation of management and control of the power network in central China.

With the cooperation of more than 8,000 builders in scientific research, processing, manufacturing, construction, and logistics, progress on the project was the fastest in the nation. The quality was tested successfully with one special effort, and it meets the designed requirements. The cost has thus been reduced by 15 to 20 percent, conserving an investment of 15 million yuan. The whole project was built quickly, the quality is high, and the economic benefits are good.

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POWER NETWORK

INCORPORATION OF SMALL HYDROELECTRIC STATIONS INTO BIG POWER GRIDS

Beijing NENG YUAN [JOURNAL OF ENERGY] No 1, 25 Feb 82 pp 15-17, 37

[Article by Consumption Division of Electric Power Bureau, Guangdong Province: "Some Suggestions Concerning Correct Treatment of Contradictions in the Network Incorporation of Small Hydroelectric Power Stations and Big Power Network"]

[Text] Shortage of electric power supply in Guangdong Province is a problem that has existed for a long time. Although a large number of large-, medium-, and small-scale hydroelectric and thermoelectric power plants were built one after another, the supply of electricity still falls short of demand made by socialist production and construction and people's daily lives. It is absolutely necessary that the hydropower resources of the province be fully developed and utilized by systematically building small hydroelectric power stations in order to supplement the shortage of network electric power. According to incomplete 1980 statistics, the total installed capacity of all small hydroelectric power stations which have already been incorporated into big power networks amounted to 286,500 kilowatts. These small hydroelectric power stations transferred a total of 56.6 million kW-hr of electricity (not including figures for Dunshou County) into the network, which amounted to 6.79 percent of the annual electricity supply of the big power network, and thus had definite impact on easing the electricity shortage. We cannot deny this. However, we must also recognize that, with encouragement and support, the construction of small hydroelectric power stations suddenly proliferated, and they are no longer operating according to the principle of "generating electricity for self-consumption, in the villages, for local consumption and balance." Since construction of small hydroelectric power stations lacks an overall plan, many contradictions showed up during the process of constructing these small hydroelectric power stations and incorporating them into big power network. We must take these contradictions seriously and try to find rational solutions if we want to get the full benefit of all the electric power stations --large, medium, and small.

1. How To Evaluate Correctly the Impact of Small Hydroelectric Power Stations

In remote areas where big power network services are not available, it is necessary and correct to utilize locally available hydropower resources, by doing what local conditions dictate and focusing on the small and scattered demand characteristic of rural areas, to provide electricity to the remote

areas by the local means. This helps solve the problem which cannot be solved by the big power network temporarily. It is also necessary to develop small hydroelectric power stations to supplement big power networks to conserve a definite amount of coal and oil for the nation.

However, can we solve the electricity shortage of Guangdong Province by relying mainly on the development of small hydroelectric power stations? The capacity of existing large- and medium-scale hydroelectric power stations is 40 percent of the total combined hydro- and thermoelectric installed capacity (counting only those plants belonging directly to the provincial electrical power bureau). Of these, there are only two plants--Shinfengjiang and Nanshui--which belong to the perennially regulated type of hydroelectric power plant. Because of the large share of hydroelectric power, there is shortage of electricity over 5-6 months each year during the dry season and the situation is especially serious during the first quarter. In addition, every day, the shortage is concentrated in the two peak load periods, one in the morning and one in the evening, and there is surplus of electricity during the low-demand period in the middle of the night. However, transfer of electricity from small hydroelectric power stations to the big power network occurs mainly at midnight and during dry season many small hydroelectric power stations will either reduce or stop generating electricity. Thus, they often run counter to the needs of the network to solve the shortage problem. For example, in the Shantou area, where electricity generation depends mainly on the medium- and small-scale hydroelectric power stations, a large part of industry must be shut down during the dry season; even electricity for illumination of the urban Shantou area is in short supply. After it was incorporated into the electric power network, the industrial production of the entire area over a period from January to July 1981 increased 12.84 percent over that of the same period in 1980, and electricity for people's daily lives was guaranteed. This proves that the normal demand on electricity made by agriculture, industry, and people's daily lives cannot be satisfied if we rely mainly on the medium- and small-scale hydroelectric power stations. Therefore, we must never repeat the past mistake of making hydroelectric power the major and thermoelectric power the minor source of electricity.

2. What Are the Contradictions Arising From Incorporating Small Hydroelectric Power Stations Into the Network?

During the period in which small hydroelectric power stations were springing up rapidly in Guangdong Province, the situation became distorted. That is to say that small hydroelectric power stations were blindly built in large numbers, aiming to achieve only a large installed capacity without much consideration for the conditions required for incorporation or the needs of big network operation. As a result, after they were incorporated, various contradictions surfaced one after another, which not only hindered the development of the small hydroelectric power stations but also discouraged the electric power supply departments of various areas to purchase electricity from the small hydroelectric power stations. Therefore, we must investigate the matter carefully in order to understand the problems concerning incorporation of small hydroelectric power stations. We must analyze and find out the causes of these contradictions and try to solve these problems successively in order to be able to build and manage small hydroelectric power stations better in the future.

The contradictions that exist today consist mainly of the following.

1) The contradiction related to the amount and the time of electricity generation: The basic feature of electric power generation is the fact that generation, distribution, and consumption take place simultaneously, and the product cannot be stored. Small hydroelectric power stations generate electricity seasonally. They can generate electricity only during the wet season and none at all or very little during the dry season, which lasts more than 6 months. Take Longmen County, for example. The total installed capacity of all small hydroelectric power stations in the county amounts to 21,000 kilowatts, with an annual electricity generation capacity in excess of 50 million kW-hr, while the annual electricity consumption of the county is only 42 million kW-hr. On the surface, this county appears quite self-sufficient with its small hydroelectric power stations supplying all its electricity needs with some to spare. In reality, this county generated 45 million kW-hr of electricity in 1980, it consumed 30 million kW-hr, and transferred 15 kW-hr million kW-hr into the network. However, during the dry season, it received 60,000 kW-hr of electricity each day from the network. During the wet season, the Meixian area, except for Xingning County, has surplus electricity transferred into the network, as much as 44 million kW-hr last year. However, during the dry season, every county must get electricity supplied by the network. It is evident from this that, no matter how big the installed capacity may be and no matter how much electricity may be generated annually, they cannot solve the shortage of electricity during the dry season by themselves. This is the weakness of hydroelectric power generation. Therefore, those areas, which used to be self-sufficient with their own small hydroelectric power stations and are now incorporated into the network, are not only unable to help ease the electricity shortage situation during the dry season but, on the contrary, add load to the big power network.

2) Small Hydroelectric Power Stations Generate Much Electricity While Large Power Stations Throw Water Away

The absolute majority of the small hydroelectric power stations incorporated into the power network belong to the through-flow type of power station, so their power generation cannot be planned, nor are they uniformly regulated by the network. During the wet season, they generate more electricity than they can use and transfer the surplus into the network regardless of the need for electricity by the network. During the midnight load period in particular, when the demand for electricity drops in the areas served by the small hydroelectric power stations, large amount of electricity is transferred into the network making the valley load of the network even lower. For example, starting on 7 April 1981, it rained continuously for days. The electricity generation and the generation load of the network before and after the rain showed a significant change. The actual figures on the 7th and 13th are compared in the following table.

Date	7 April	13 April
Daily electricity generation by the network (10,000 kW-hr)	2,592.78	2,278.42
Maximum load of the network (10,000 kilowatts)	130	123
Midnight load of the network (10,000 kilowatts)	89	75
Network load factor (%)	83.1	76.5
Electricity generated by large- and medium-scale hydroelectric power stations of the network (10,000 kW-hr)	879.46	674.94
The above as the percentage of total (%)	33.92	29.62

It is evident from these figures that the electricity generated and the generation load of the network droppped as a result of large input of electricity from the small hydroelectric power stations. The drop was most significant during the midnight load period. On the night of 2 August, the midnight load continued to drop to 610,000 kilowatts, so each thermoelectric plant of the network had to shut down 1-3 boilers in order to reduce electricity generation and to let the small hydroelectric power stations input power to the network. As a result, thermoelectric power plants had to repeatedly shutdown and restart boilers, which is not conducive to safe production and more fuel is spent when boiler is shut down and restarted frequently. At the same time, many large and medium hydroelectric power stations must also reduce power generation and ended up throwing away a large quantity of water. According to the statistics, more than 755 million cubic meters of water were unused by the two hydroelectric plants at Changhu and Cuanshin during a period from April to June, equivalent to a loss of 94 million kW-hr of electricity. The network load factor also plunged from 83 to 76.5 percent.

3) Small Hydroelectric Power Stations Generate More Active Power and Less Reactive Power

During the wet seasons, the phenomena of small hydroelectric power stations generating more active power and less reactive power become widespread. According to the regulation, the power factor of electricity transferred by the small hydroelectric power stations to the network must be 0.8. However, the actual figures show that the daily power factor was in the range of 0.96-0.97 during the months of May and June in Longmen County. In the Fushan area, the power factor of electricity generated by the small hydroelectric power stations during the wet season was also greater than 0.95. As a result of an increase in the power factor, more active power can be delivered. Although there is a penalty of 1.5 fen per kW-hr of reactive power below the norm, after the two are balanced out, the small hydroelectric power stations still come out ahead economically. If the power factor is increased to 0.95, the average per kW-hr income can be increased from 6 to 6.3 fen.

However, due to lack of reactive power, the electric voltage dropped and the customer could not be served. The network suffered a greater transmission loss because a large amount of reactive power had to be transferred over a long distance. Large and medium electric power stations were obliged to generate more reactive power and less active power. Thus, not only was more fuel consumed, the operation also became more unstable, and, above all, the

principle of local compensation of reactive power was violated. On the other hand, during the dry season, when the hydroelectric power stations cannot generate electricity due to lack of water, some small hydroelectric power stations, without any plan, transfer reactive power into the network in order to increase their income. Such practice causes a surplus of reactive power in the network and excessively high voltage on the line, degrading the quality of electricity and endangering the safety of the consumer.

4) Transmission Loss of the Network Increased

When electricity is transferred from small hydroelectric power stations into the network, it undergoes many stages of transformer stations where the voltage is boosted and then reduced. In addition, small hydroelectric power stations are often located in remote mountainous areas, so the transmission line tends to be long and the transmission loss huge. For example, a small hydroelectric power station in the northern part of Yangshan County transferred its electricity over a 10-kilovolt, 58-kilometer-long transmission trunk line. Because the cross-section of the cable is small, the loss amounted to as much as 41 percent.

5) Irrational Electricity Price

According to the regulation, 6 fen per kW-hr is paid to the small hydroelectric power stations for the electricity they supply to the network. Based on the prevailing average sale price of electricity of 7.5 fen per kW-hr, it appears that the network is making some profit by buying electricity from the small hydroelectric power stations. The reality is that not only no profit is made, the network loses because the network must bear the 15 percent tax on all electricity sold and all the expenses of distribution cost and the transmission losses. Take the three counties of Qinyuan, Sihui, and Enping, for example.

In 1980, Qinyuan County bought 9.979 million kW-hr of electricity from the small hydroelectric power stations and lost a total of 177,900 yuan; Sihui County bought 37.729 million kW-hr and lost 770,000 yuan; and Enping County bought 34.937 million kW-hr and lost 510,000 yuan.

According to an incomplete statistics, big power network bought in 1980 a total of 566 million kW-hr of electricity and lost a total of 5.1 million yuan. The number of small hydroelectric power stations is expected to increase further in the future, and so will the loss of big power network. This is one of the major contradictions that exist today concerning incorporation of small hydroelectric power stations into big power network.

Because the price on electricity generated by small hydroelectric power stations is set disproportionately high, the profit of the small hydroelectric power stations is too high. For example, the profit made by the small hydroelectric power stations in Longmen County in 1980 amounted to 1.03 million yuan. Its Hepai hydroelectric power station belongs to medium-scale hydroelectric power plant. Because its electricity was paid 6 fen per kW-hr according to the rate applicable to the small hydroelectric power stations, it made a profit of more than 4 million yuan in a year. Thus, a situation in which small hydroelectric power stations making profit while big power network losing profit has been created. Protecting the benefit of the small hydroelectric power stations one-sidedly can only stimulate the initiative of one side and not the initiative of both sides. This is in violation of a basic economic law.

Name of County	Average income from sale of electricity (fen/kw/hr)				Price of electricity (fen/kw/hr) purchased from small hydropower plant			Comparison of income and expenditure
	Average Unit Sales Price	Deductions		Net income per kW/hr	Purchasing price plus transmission loss fee	Reactive power fee for small hydropower plant	Total purchase expenditure	Gain (+) Loss (-) (fen/kw/hr)
		Tax 15%	Redistribution cost					
Qingyuan	7.483	1.122	0.582	5.779	6.938	0.624	7.562	-1.783
Sihui	7.802	1.17	0.637	5.995	6.983	1.05	8.033	-2.038
Enping	7.444	1.117	0.772	5.555	6.640	0.373	7.013	-1.458

6) Development of Small Hydroelectric Power Stations Lacks Unified Planning

Construction of small hydroelectric power stations in the past was done quite independently without any unified overall planning. Each one considered only the installed capacity and neglected the length of transmission line and the diameter of the transmission cable, and little attention was paid to the capacity of transformer stations and their rational disposition. Therefore after the station was built and electricity generated, they discover too late that the transmission line losses are too big, or worse, the transformer capacity is too small to transfer all the surplus electricity. For example, a small hydroelectric power station in Yangshan County has a total installed capacity of 20,000 kilowatts, but there are only two transformer stations in the entire county providing linkage with the big power network with a combined total transformer capacity of 10,500 kVA. After a portion of electricity generated is consumed locally, approximately 5,000 kilowatts of surplus power cannot be transferred into the big power network during the wet season. Thus, 13 million kW-hr less electricity is generated each year, wasting precious hydropower resources. In addition, because of lack of rational planning, the disposition of the power stations and the transmission lines are mismatched, resulting in transmission losses as high as 41 percent. Because there is too much surplus electricity to be disposed of, the small hydroelectric power stations compete with one another to sell their electricity by raising the transmission voltage from 400 to 500 volts, and thus causing damage to the user's equipment due to excessively high voltage. As a result, this county suffers the consequences of a mismatch between generation, transmission, and consumption characterized by electricity cannot be generated as much as it can during the wet season, poor quality of electricity, and severe shortage of electricity during the dry season. This constitutes the most lively example of the consequences of unplanned, blind construction of small hydroelectric power stations.

3. Some Opinions

1) Set the Course Straight and Continue To Develop

Adjustment guidelines be implemented so that maximum benefit may be gained from expenditure of least amount of money. First of all, we must fully utilize the potential of the existing small hydroelectric power stations, by increasing and expanding the reservoir capacity to increase the output, reorganizing the transformer stations and the transmission lines to match the capacity, and strive not only to increase the utilization rate but also to make the system capable of transferring as much power as need to be transferred.

Furthermore, future construction of small hydroelectric power stations must conform to the principle of "generating electricity for self consumption, in the villages, for local consumption and balance," with emphasis on the remote areas where the network services are unavailable just to satisfy the demand made by the local production and daily lives.

To solve the shortage of electricity in the big power network, we must do it mainly by building large and medium thermoelectric power plants and larger than medium hydroelectric power stations with good adjustment performance.

This must be supplemented by a number of multistage hydroelectric power stations built in areas where there is a large volume of water available and the flow can be regulated by a reservoir in order to conserve fuel.

2) Unified Planning

In making plan for the construction of small hydroelectric power stations, the construction conditions and economic benefit as well as coordination with the supportive facilities such as transmission line and transformer stations must be taken into consideration and rational arrangement must be made for the entire region. Before making attempt to incorporate with big power network, the conditions for incorporation must be carefully studied. The local electricity supply department must be consulted ahead of time to make unified plan and to negotiate the details, in order to avoid bottle neck phenomenon resulting from too small cable or insufficient transformer station capacity from ever taking place again.

3) Improving Grid Management

Before incorporation into the network, the small hydroelectric power stations must sign an agreement about matters related to incorporation such as generation and transmission. Hydroelectric power stations with regulatable reservoirs must be uniformly regulated by the network control according to the network load requirement.

4) Reconstruct the Price Structure Rationally

The price for purchasing electricity from small hydroelectric power stations today is set uniformly at 6 fen per kW-hr, which is somewhat too high and thus is detrimental to promoting two initiatives. A new electricity price structure must be established based on the principle that the network is to recover only the cost without making a profit. The price of electricity ought to vary according to the seasons, peak and low-demand namely different prices at different times, in order to have small hydroelectric power stations generate more electricity during the dry season and the peak load period of the network and to fully demonstrate the impact of small hydroelectric power stations.

Those small hydroelectric power stations which have already been built and are unable to pay back the loan at once, ought to be assisted by some other means and not by means of raising the price of electricity. The electricity generated by the medium hydroelectric power station should not be priced the same as that of small hydroelectric power stations.

5) Transmission Line Losses

The Watt hour meters ought to be installed at the dividing line between two properties.

According to the nature of utilization of right-of-way of the transmission lines and the transformer stations, the dividing line between the network and the individual line must be clearly drawn and each party must bear its own transmission losses and its maintenance cost.

6) Reactive Power Problem

Small hydroelectric power stations must transfer electricity with a power factor of 0.8. The discrepancy in the reactive power must be deducted from the active power before calculating the fee. The purpose of doing this is to encourage local compensation of the reactive power. When there is deficiency of reactive power in the network, the small hydroelectric power stations must according to the dispatch send in reactive power and the fee should be calculated according to the price of reactive power.

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GUANGDONG POWER SUPPLY FACES OBSTACLES IN 1982

Guangzhou NANFANG RIBAO in Chinese 7 Mar 82 p 2

[Article by Reporter Wang Dekuan [3769 1795 1401] and Correspondent Li Peixun [7812 0160 8113]: "What Is the Situation of Our Province's Power Supply This Year? Power Output Will Increase by 300 Million Kilowatt-hours Over Last Year, But There Is a Greater Shortage of Coal and Fuel. Use of Electricity Beyond Plans Is Widespread, Conserving Electricity Is Urgent"]

[Text] Last year, our province's power industry realized two gains and one reduction--the good results of increased power output and profits submitted to the higher authorities and reduced consumption of fuel and coal. The output of power increased by more than 800 million kilowatt-hours over the year before last. If each kilowatt-hour of electricity can increase the value of industrial production by 3 yuan, then this increased output can increase the value of industrial production by more than 2 billion yuan. It can be said that last year, the workers of the power department fought a beautiful battle. What, then, is the power supply situation in our province this year? Recently, we visited the responsible comrades of the provincial power department. According to their explanation, the trend is good. This year, our province plans to increase the output of electricity by about 300 million kilowatt-hours on the basis of last year's output. If the work of the electrical power departments and other departments is done better, there will be even greater increases.

This year, there are many favorable conditions for our province's electric power departments to produce well. The amount of water stored in the reservoirs of all major hydroelectric power stations of the whole province is relatively good. The water level is generally higher than past years. For example, the water level of the Xinfengjiang Hydroelectric Station, our province's largest hydroelectric power station, is more than 20 meters higher than the lowest water level during the ten years of upheavals and is higher than last year's by more than 3 meters. This is very beneficial to generating more electricity. In thermal power, Huangpu Power Plant -- our province's major thermal power plant --added a 125,000-kilowatt generator last year. This year, it will be able to generate over 200 million kilowatt-hours of electricity more than last year. In recent years, every power generating department and power supply department has technically improved the power supply lines, substations, generators and established a good foundation for safe generation and supply of power and conservation of energy. For example, the Guangzhou Power Plant changed from the original generation of electricity only to supplying both heat and

electricity. At the end of the first quarter, it will be able to supply steam to nearby factories. This year, this plant will generate nearly 100 million kilowatt-hours of electricity more than last year.

But this year, some unfavorable factors are present in the electric power industry of our province. This year, there are no large generators that will join in production. The shortage of fuel and coal for generating electricity is also large. For example, if Shaoguan Power Plant can obtain enough raw coal this year, it can generate 100 million kilowatt-hours of electricity more. On the other hand, at present, because the urban power network is old, the conduction lines are small, the capacity of transformers is not enough, the voltage is low, the loss on the line is large and safety and reliability are also poor. At the same time, the use of electricity over the plans by some regions and units is widespread. Families also use a lot of electricity. In this way, the safe and economical operation of power equipment is affected. Therefore, concerned leading departments have asked everyone to overcome the difficulty together to change unfavorable factors into favorable factors. The broad number of electric power workers that shoulder the task of generating and supplying electricity must not hesitate to increase output and conserve, manage power production well, realize economic gain, hasten the steps of capital construction and carry out technical improvements. The hydroelectric sector must realize rational control, and exert efforts to reduce the amount of water used for generating electricity. It must manage small hydroelectric power plants that have joined in the power network to better develop the gain of the small hydroelectric power stations. Thermal power plants must fully develop the function of the generators with a high efficiency, carry out measures to conserve oil and conserve coal and to produce more electricity with a limited amount of fuel and coal. According to the requirements of the provincial power department, this year, the consumption of standard coal for generating each kilowatt-hour of electricity must be 12 grams less than last year. If this requirement is realized, the whole province will be able to conserve 80,000 tons of standard coal and this will increase the output of electricity by more than 200 million kilowatt-hours. The expansion of the Shaoguan Power Plant for a 200,000-kilowatt generator and the large Shajiao Thermal Power Plant in Dongwan should also quicken the steps of construction. The urgent task at present is that each region, each unit and individual must establish an overall viewpoint and use electricity according to plans so that our limited amount of electricity can be used in the most needed places.

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BRIEFS

SICHUAN-GUIZHOU POWER GRID--The Guizhou and Sichuan power grid went into operation on 2 March. Within the power grid of Sichuan, hydroelectricity generating units play an important role. However, there is a seasonal shortage of power supply. In Guizhou, hydroelectricity and thermoelectricity are more balanced. Since the operation of the two 210-megawatt hydroelectricity generating units, there is an excess supply of power. To promote economic effect, the electric power department and the people's government of the two provinces attached great importance to enhancing cooperation. After several negotiations, it was decided that Guizhou should provide electricity for Sichuan. In November last year, a 220 kilovolt high voltage grid system connecting Qijiang in Sichuan and Zunui in Guizhou was established. On 2 March, electric power was successfully transmitted to Sichuan. At present, the Guizhou power grid supplies 30 to 50 megawatts daily to Sichuan. This will certainly ease the shortage of power supply in Sichuan. [Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 4 Mar 82 HK]

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HYDROPOWER

MODERNIZATION OF CHINESE HYDROPOWER CONSTRUCTION DESCRIBED

Beijing SHUILI FADIAN [WATER POWER] in Chinese 12 Jan, 12 Feb, 12 Mar 82

[No 1, 12 Jan 82 pp 3-7]

[Article by Scientific and Technical Committee, Ministry of Electric Power: "The Place of Hydroelectric Power Among China's Energy Resources, and Policy on its Development"]

> [Text] Recently some readers have written expressing a desire to understand the current status of our country's hydroelectric power construction, the distribution of resources, the technical and economic policy for their development, and developmental prospects. We publish this article, written by the Scientific and Technical Committee of the Ministry of Electric Power, as a service to our readers. We plan to publish this information, which includes a general survey, a description of the advantages of hydroelectric power and its place among our country's energy resources, a description and evaluation of this country's hydroelectric resources, the geographical distribution of hydroelectric power construction, and measures to speed up construction, and a discussion of several technical and economic policies, in three issues of this magazine.

I. General Survey

A. Development of Hydroelectric Power Since the Founding of the State

In surveying the development of hydroelectric power in the 32 years since the state was founded, we can note achievements, interference and hopes.

The achievements are embodied in the fact that under the leadership of the party and with the efforts of the broad masses of workers, cadres and technical personnel, the entire country's hydroelectric resources have been surveyed, a huge amount of planning, site investigation and design and research work, has been done, and a large number of hydroelectric stations of all sizes have been built, providing great impetus to the development of the national economy.

Although the conditions under which some of the early projects were built were rather poor, a concerted effort was made to keep to the production program, and construction time was only 3 to 5 years, with relatively small investments. In 1949, installed hydroelectric power equipment accounted for 9 percent of total installed capacity, in 1956 the figure was 23 percent, and by 1971 it had risen to 30 percent; it has now decreased slightly. Although development in the more recent period has been relatively slow, there has been some increase in the overall scale. In 32 years, total installed hydroelectric generating capacity has increased from 160,000 kW to more than 20 million kW, or by 125 times. The technical standards of our country's hydroelectric construction have been greatly improved, and with our own capabilities we can construct different types of dams more than 100 meters high and hydroelectric stations with capacities of more than a million kilowatts. We have developed a strong planning-design and scientific contingent and a strong construction force.

The interference involved the sabotage and meddling of the ultra-"left" line in hydroelectric construction, as in other fields (although to an even more serious extent) from the late 1950's on. During the Great Leap Forward, "blind command" replaced a scientific attitude; during the anti-rightist tendency, "large-hydroelectric-power-ism" was criticized and hydroelectric power was in disrepute; during the 10 years of chaos, design and research units were disbanded and their members dispatched to the grassroots, construction brigades were moved all over the map, and people's thinking was thrown into confusion, so that overall planning was not done correctly, construction began to take longer and longer, investment expenditures increased, and the reputation of hydroelectric construction was seriously damaged.

As for the hopes, since the smashing of the "gang of four," the advantages of hydroelectric power generation and its place in our country's energy resources have been increasingly recognized. The central leadership has frequently pointed out that hydroelectric power development should be actively pursued and given a high priority. Hydroelectric power construction brigades are being readjusted and reorganized, and recently a conference was held on hydroelectric power construction preparatory work and project quality management in order to make preparations for speeding up hydroelectric power construction. We trust that with unity of ideas and energetic effort, hydroelectric power will make its proper contribution to development of the four modernizations.

B. The Relationship of Hydroelectric Power to the National Economy

Experience makes it clear that the faster hydroelectric power is developed the more benefit acrrues to the national economy. Increased development of hydroelectric power will yield a corresponding saving in consumption for fuel extraction, will mitigate the coal and oil shortages, and will conserve some precious energy for succeeding generations. Water power is a renewable resource; however, if it is not immediately utilized, but instead is allowed to flow away, in reality coal and oil are flowing away, which is a great shame. Hydroelectric stations not only represent a way of developing energy resources, but also are installations for converting water power into a secondary energy resource, electrical energy. After they are connected to the power grid, they

can furnish large quantities of low-cost electric power and this flexible, reliable electricity supply can take on such tasks as load and frequency adjustment. Cheap electric power can also foster the development of the electrochemical and electrometallurgical industries, respond to domestic and foreign markets, decrease imports, help increase exports, and accumulate foreign exchange, which is much more profitable than exporting our country's scarce petroleum and coal. Hydroelectric stations built on the rivers generally offer comprehensive-utilization advantages for flood prevention, irrigation, navigation, water supply, fishing, tourism and the like, and thus promote the development of other departments of the national economy.

Priority development of hydropower is a policy that has been widely adopted by other countries. Many developed countries actively expanded cheap hydropower during their development, producing great benefits for economic expansion. Recently some developing countries have been energetically expanding hydropower, thus setting their entire national economies in motion. Our extremely plentiful hydropower resources place us first in the world, but the rate of their development is far below the world level, and there is great unused potential. Stepping up hydroelectric construction and actively utilizing our country's plentiful water power resources will unquestionably have a major effect on the national economy.

C. Main Problems in Hydroelectric Construction

There are still many problems in priority development of hydropower resources and accelerated hydroelectric station construction.

An external factor is insufficient investment funds. The investment funds allocated by the state to the power industry must be used primarily to support projects which will become operational in 2 to 3 years, which means more fossil-fired plants; the remaining amount of investment funds is not large, so that hydroelectric power has had trouble making progress. Ten years ago this situation caused hydropower's share of generating capacity to decline gradually. If the situation continues, the relative share of hydropower will be in danger of continuing to decline for the next 10 years. Comrades involved in hydroelectric power frequently comment sadly, "Although hydroelectric power is good, there aren't enough investment funds." If the state develops it as another energy source on a par with coal and petroleum and increases investment in it, its rate of development will unquestionably increase.

There are also internal factors. At present, preliminary work is lagging behind, it is difficult to reconstitute the disbanded design and research units, there are not enough follow-up units, the construction brigades are getting old and construction efficiency is rather poor, and the problems of inundation of land and relocation of inhabitants associated with reservoirs are very difficult to solve. Every effort must be made to overcome these problems in order to create the conditions for accelerated hydroelectric construction.

II. Advantages of Hydroelectric Power and Its Place Among Our Country's Energy Resources

A. Hydropower Is One of Our Country's Three Major Conventional Primary Energy Sources

In the past, when some comrades spoke of primary energy sources, they meant only coal, petroleum and natural gas, considering hydroelectric power as a secondary source. This was incorrect. Most foreign systematic documents treat hydropower as a primary energy resource. Recently some foreign articles have been naming only coal, petroleum, natural gas and nuclear power. This is because Japan, the United States and the European developed countries have almost fully exploited their hydropower resources; since hydropower development has a very small share of future energy resource development, it is not discussed. Our country has extremely plentiful hydropower resources and their development occupies a rather important place in our energy resource utilization, so that it must not be neglected. Accordingly, this article includes hydropower along with coal, oil, natural gas and nuclear power as a primary energy resource, indicating that we make the correct evaluation of hydropower in relation to our country's specific situation.

According to the latest comprehensive surveys, our country's theoretical hydropower potential is 680 million kW, equivalent to 5.9 trillion kWh. Total developable hydroelectric potential is 370 million kW, which corresponds to 1.9 billion kWh per year and is equivalent to the consumption of 700 million tons of standard coal, 1 billion tons of raw coal or 500 million tons of crude oil a year in fossil-fired stations. Over 100 years, this would be equivalent to 100 billion tons of raw coal or 50 billion tons of crude oil, which are sizeable quantities. This does not take account of the question of expenditures in coal and oil extraction systems. It is clear that we should rank hydropower along with coal and petroleum as one of the three major primary energy resources, having extremely great significance.

Our potential coal reserves are also very great, placing us third in the world. Our potential petroleum reserves are now the subject of extensive exploration, and they too show promise. But in addition to being energy resources, coal, oil and natural gas are also important chemical engineering raw materials and strategic materials, and it would be a shame to burn them up as fuel; furthermore these fuels are currently used with rather low thermal efficiency. Accordingly, doing everything possible to utilize our great undeveloped hydropower resources as a replacement for precious fossil resources, which can then be preserved for future generations, is a strategic matter which requires farseeing, comprehensive consideration.

B. Hydropower Resources Are the Technically and Economically Most Favorable Renewable Resources

Hydropower resources are constantly renewed by the hydrologic cycle (precipitation--runoff--evaporation--precipitation), while such mineral energy sources as coal, oil, natural gas, uranium and thorium were formed through eons of geological change and are not easily renewed, so that they are generally called

"nonrenewable resources." Every country or region has a certain reserve of them which is decreased by the amount which is used: the more of them is used, the less remains. This is not true of hydropower resources: if they are not utilized they are wasted, which is equivalent to wasting energy, while if we utilize them we are making natural resources create wealth for mankind, in addition to which they can be used for a long period without being diminished.

Other renewable resources such as solar power, wind power, tidal power, wave power and the like are geographically dispersed and highly variable over time. Their development and utilization is still in the research and experimental stage, and under currently foreseeable technical conditions their development cost will be extremely high. Firewood forests, methane and the like are extremely important for providing energy in the countryside, but are difficult to use in industry or in the cities.

Hydropower is a technically mature, conventional renewable energy resource which has been used effectively for the past hundred years. It is economically superior to other energy resources and should be developed and utilized first.

C. Developing Hydropower Is an Effective Measure to Alleviate Oil and Coal Shortages

Since the 1973 world energy crisis oil prices have mounted rapidly, and recently coal prices have also been rising fast, so that many countries have an energy shortage. Oil-importing countries are all taking the step of replacing oil with coal or hydropower, and even though developed countries such as the United States, the European nations and Japan have only a few remaining unexploited hydroelectric power localities, they are energetically developing medium- and small-scale hydropower; some developing countries such as Brazil and India are even more energetically pursuing hydropower in an effort to decrease their dependence on fuels imported from abroad. Such petroleum-exporting countries as Venezuela and Mexico are also energetically developing hydropower to conserve on their own petroleum consumption, increase exports and accumulate foreign exchange.

In recent years our country has had a considerable energy shortage, and it will be hard to fundamentally alter the situation for some time to come. The power industry is a major user of coal and petroleum, and when these are inadequately supplied the industry's development is limited. The supply of energy and electricity will determine the speed of our country's future economic development. Replacing electric power produced from oil and coal by hydroelectric power is an effective means of alleviating our country's petroleum and coal shortages.

D. Hydroelectric Construction Represents a Simultaneous Realization of Primary and Secondary Energy Resources

Building hydroelectric power stations, which can convert hydropower, a primary energy resource, into electricity, a secondary energy resource, is equivalent to the entire process of building coal mines, coal hauling railroads and fossil-fired electric power stations. If we consider capital construction expenditures and construction periods in these terms, the two alternatives are

approximately equivalent. Building a hydroelectric power station requires construction of a large dammed reservoir or tunnel, involving a rather large investment and long construction periods; fossil-fired power stations require construction of coal mines and coal-hauling railways from them, involving a rather large investment, and construction of a large coal mine also requires a long time. Of course, large-scale hydroelectric stations generally are rather distant from energy-using centers, as are pithead fossil-fired stations: the investment in power lines and the construction period must be taken into account in both cases. In the past, only the capital construction investment and construction time of fossil-fired power stations was compared with that of hydroelectric stations; the latter clearly take greater expenditures and longer construction times, but this is not a correct comparison. The same approach has been taken in state allocation of capital construction investments, with the result that hydropower has been unable to take its rightful place.

Hydroelectric power is an energy resource requiring one-time construction; once a station is built it uses natural water to generate electricity and no expenditure on fuel is required. Construction requires intensive labor and a rather large labor force, but when construction is completed, labor expenditures during operation are very small and the overall labor productivity is rather high. After coal mines, coal-hauling railroads and fossil-fired power stations are constructed, during operation there is a continuous necessity to open up work faces, cut the coal, haul it, burn it and remove the ash, requiring a continuous expenditure of labor, and the overall labor productivity is rather low. In-house electricity use and losses in the process, from coal extraction, washing and transport to power plant operation, are greater than those for hydroelectric stations (including transmission losses).

During the comprehensive balancing of the long-term national economic plan it will be necessary to treat hydroelectric power as a primary energy resource along with coal and oil and to take account of the fact that it can also be converted into a secondary energy resource if we are to upgrade hydroelectric construction.

E. Hydropower Is Cheap Power

Once a hydroelectric plant is built, it can continuously convert natural water power into electric power. Its operation does not require a continuing supply of fuel; day-to-day operation requires only expenditures on care and maintenance of the civil engineering installations and generating equipment and the wages of the operating personnel. Accordingly, the cost per kilowatt-hour of electricity generated by hydroelectric power stations is much lower than that for fossil-fired stations. International experience indicates that in all countries or regions where hydroelectric power plays a major role the cost of electricity is rather low. Norway and Canada, which have a high proportion of hydroelectric power, have electricity prices lower than those of other countries. Hydroelectric power in the United States is primarily concentrated in the Tennessee River Valley in the central part of the country and the Columbia River Valley in the northwest; these two areas have lower electricity prices than other parts of the United States. In the past hydroelectic power

accounted for a large percentage of power generation in Japan, but recently, as hydroelectric resources have become nearly fully exploited, it has become necessary to build many fossil-fired plants, so that there has been a considerable rise in electricity prices.

Cheap hydroelectric power generally has a major influence on the economic development of a region, or even a country; its effect on certain industries with large energy consumption is particularly great. Norway's electrochemical and electrometallurgical industries and the nuclear industry in the Tennessee River and Columbia River regions of the United States developed with the support of cheap hydroelectric power.

Because operation of hydroelectric stations consumes no fuel and the number of operating and management personnel is rather small, the cost of production of hydroelectric power is little affected by the increasing commodity prices and wages. The increase in world fuel prices in the last 10 years has led directly to a continuous increase in the cost of fossil-fired power production, but power generation costs in hydroelectric stations have been virtually unaffected by this factor. Once a hydroelectric station has been completed and starts generating power, the cheapness of this power source becomes increasingly clear with the passage of time.

In the capitalist countries, the interest on capital construction investments is an important component of hydroelectric station operating costs. According to our former regulations, no interest was applied to investments, so the cost of producing hydroelectric power in our country was even lower. Currently hydroelectric power production costs in our country are only about a third those of electricity produced in fossil-fired plans. If interest begins to be charged on capital construction investments in the future there will be a rather considerable increase in the cost of producing hydroelectric power, but it is estimated that it will still be cheaper than fossil-fired power. Coal is underpriced in this country at present, and if the prices are readjusted the cost of electricity produced from fossil fuels will inevitably rise. Hydroelectric power is cheap power, and its long-term position will not fluctuate.

F. Hydropower Is Clear Power and Produces Many Advantages From Comprehensive Utilization

Hydropower is the cleanest of the three major conventional primary energy resources and does not pollute air or water, which is a great advantage. Construction of hydroelectric plants does some harm to the environment but also produces some benefits. The greatest questions are inundation of fields by reservoirs, and resettlement of inhabitants, which must be carefully handled in our country with its limited land and large population; everything possible must be done to decrease losses from inundation. At the same time, suitable arrangements should be made for passage of vessels, fish and timber. Insufficient attention was paid to the ecological effects of hydroelectric stations construction in the past, but these matters must now be given sufficient consideration.

Reservoir flow regulation from hydroelectric stations can be coupled with flood prevention, irrigation and water supply; torrents may be converted into lakes, which helps improve navigation; land is converted to water areas, which makes it possible to replace farming by fisheries; and dams can also change scenery and climate and help develop tourism.

G. The Use of Cheap Hydropower Can Promote the Development of Electricity-Consuming Industries

Our country has plentiful reserves of nonferrous and rare metals such as aluminum, magnesium, lead, zinc, copper, vanadium and titanium, and most of the deposits are located in the west and south where there is a good supply of water power. Our country also has plentiful deposits of chemical engineering raw materials such as phosphate, limestone, refining coke and smokeless coal which can be used to produce calcium carbide, synthetic ammonia, sulfur, caustic soda and the like. Production of these materials consumes large amounts of electricity, and their production costs are determined largely by the price of electric power.

The development of hydroelectric power can promote the development of our country's electricity-consuming industries; in the short term it can make it possible to import less of these products and save foreign exchange, while later it will be possible to export these high-priced products and earn foreign exchange, which is equivalent to making these electricity-consuming industrial products into carriers and exporting large quantities of hydroelectric power.

In recent years our country's severe energy shortage has made it impossible for many completed energy-consuming enterprises to operate at full capacity, while some newly developed deposits could not be quickly developed and utilized, so that on the one hand we were exporting energy resources (petroleum and coal) and on the other we were importing electricity-consuming substances, which was equivalent to importing energy.

At international prices, our country's coal exports can earn US $55 per ton of foreign exchange. If electricity from coal is used to refine aluminum, at 20,000 kWh per ton of aluminum and 0.55 kg of coal per kWh of electricity, each ton of aluminum produced is equivalent to consumption of 10 tons of coal or US $550 of foreign exchange. But the price of export aluminum is US $1,200-1,400 per ton, so that it is clearly much more economical to export aluminum than to export coal. If cheap hydroelectric power is used to refine aluminum, production costs will be even lower, so that exporting aluminum to obtain foreign exchange will be even more profitable. Other metals such as titanium and tin are extremely expensive, with prices of US $10,000 per ton or more.

When we export electricity-intensive products, because the output value per unit weight is much higher, the weight of product required to obtain a given amount of foreign exchange is much smaller. For example, exporting a ton of aluminum is equivalent to exporting about 24 tons of coal; this would greatly alleviate the transport pressure on railroads and harbors.

H. Hydroelectric Power's Share of Our Country's Total Energy Consumption Should Be Gradually Increased

In 1980 hydroelectric power accounted for 4 percent of our country's total energy consumption: with an average figure of 413 grams of standard coal per ton of electricity produced in fossil-fired stations, our hydroelectric power output of 58.2 billion kWh is equivalent to 24 million tons of standard coal, which is 4 percent of our total consumption of 602.75 million tons of standard coal. The international computation method differs from this method: the electrical energy produced by hydroelectric power is compared with the thermal energy content of the coal, so that each kilowatt-hour of electricity is equivalent to 120 grams of standard coal. Using this computation method, China's 1980 hydroelectric power output was equivalent to only 7 million tons of standard coal or only 1.2 percent of the total consumption of 586 million tons of standard coal. This figure is lower than the average 1978 worldwide figure of 2.2 percent. Statistics for several countries in 1978 are given in Table 1.

Table 1. Percentage of total electric power output and total energy consumption accounted for by hydroelectric power in various countries (1978)

国家 a		水电发电量 b (亿度)	水电发电量/总发电量 比重 c	水电发电量的能量/总能量消耗 比重 d
Norway	挪威	810	99.8	40.4
New Zealand	新西兰	166	76.9	16.9
Switzerland	瑞士	325	76.9	14.9
Brazil	巴西	1031	90.6	13.8
Sweden	瑞典	578	62.3	12.8
Portugal	葡萄牙	96	72.7	11.4
Canada	加拿大	2340	69.7	11.2
Austria	奥地利	249	65.4	9.2
Finland	芬兰	134	40.1	6.9
Yugoslavia	南斯拉夫	252	49.2	6.7
Egypt	埃及	92	68.1	6.0
Spain	西班牙	415	41.7	5.9
India	印度	390	36.4	4.2
France	法国	731	33.6	4.1
Venezuela	委内瑞拉	128	52.9	4.0
Italy	意大利	527	30.4	3.6
Mexico	墨西哥	216	40.3	2.9

Key:
a. Country
b. Hydroelectric power output (100 million kWh)
c. Hydroelectric power output/total electric power output
d. Hydroelectric power output/total energy consumption

The percentage of total energy consumption accounted for by hydropower in these countries is much greater than our country's figure of 1.2 percent, in some cases even by a factor of several tens. One reason that is that hydroelectric power accounts for a relatively large proportion of these countries' power industries, and another is that modernization of industry and agriculture and the improvement of the people's standard of living has also raised the share of electric power in total energy consumption. Our country ranks low in both of these respects. In order to make rational use of our country's energy resources, utilization of hydropower should be gradually increased. Currently, in this country hydroelectric power accounts for only 18 percent of total electric power output; it should be possible to raise the figure to 25 percent by the year 2000. This idea is supported by the fact that: (1) many countries have already reached this level, including all of the countries listed in Table 1; in addition, in the 1930's and 1940's hydropower accounted for between 26 and 35 percent of all electric power in the United States, and before 1969 its share in Japan was consistently above 25 percent; (2) we reached the 25 percent figure in 1957, and the figure for 1974-1975 was 24 percent; (3) our country has large untapped hydropower resources; (4) with 30 years' experience, we have already mastered the technology of building large hydroelectric stations of various types; (5) construction of more hydroelectric plants is rational in terms of the long-term development of the national economy.

[No 2, 12 Feb 82 pp 3-5]

[Text] III. China's Water Power Resources and an Evaluation of Them

A. Theoretical ater Power Resources

Our country is immense, with greatly varied topography and considerable precipitation, and its numerous streams contain plentiful hydropower resources. In the 1950's a comprehensive survey put the country's theoretical resources at 540-580 million kW. An even more complete survey made in 1977-1980 indicated that there were 3,019 streams with hydroelectric potential of more than 10,000 kW, and that if some streams with potential of less than 10,000 kW were included the country's theoretical hydropower potential was 680 million kW, equivalent to 5.9 trillion kWh per year.

Hydropower potential is determined by the drop and the runoff of the watercourses. Our country is high in the west and low in the east, dropping gradually from the Qinghai-Tibet Plateau in the west toward the east, while the precipitation gradually declines from southeast to northwest. The drop of streams is large in the western part of the country and runoff is plentiful in the south, producing a nonuniform regional distribution of hydropower resources. Among the large regions, the figure is greatest for the Southwest, accounting for 70 percent of the national total; the Northwest accounts for 12.5 percent, the Central South region for 9.5 percent, East China for 4.4 percent and the Northeast and North China for 1.8 percent each.

2. Developable Hydropower Resources

The theoretical water power resources of streams are determined in terms of their drop and natural runoff. Because of various technical and economic constraints this potential cannot be fully used. The most recent survey also produced statistics on the country's developable water power resources. On the basis of various types of cascade development plans, it was found that 11,103 hydroelectric stations with generating capacities of 500 kW or more could be installed, with a total possible generating capacity of 370 million kW, equivalent to 1.9 trillion kWh/year.

Of all developable water power resources, including completed power stations, stations under construction and those in the survey and design stage or in the advanced planning stage, the total number of power stations with generating capacities of 10,000 kW or more which can be developed is 1,946 (the statistics by category are given on p. 4 of issue No 2, 1981, of this magazine)*. Statistics on the scale of power stations that can be built are given in Table 2.

Hydropower Reserves of China According to Province (Region)

No.	Area, province (region)	Hydropower Reserves: 10,000 kilowatts	Hydropower Reserves: 10 million kilowatt-hours per year	Hydropower Reserves: Percentage of national total
	National	67604.71	59221.8	100
I	North China Region	1229.93	1077.4	1.8
1	Beijing, Tianjin, Hebei	220.84	193.5	0.3
2	Shanxi	511.45	448.0	0.8
3	Nei Monggol	497.64	435.9	0.7
II	Northeast Region	1212.66	1062.3	1.8
4	Liaoning	175.19	153.5	0.3
5	Jilin	297.98	261.0	0.4
6	Heilongjiang	739.49	647.8	1.1
III	East China Region	3004.88	2632.3	4.4
7	Shanghai, Jiangsu	199.10	174.4	0.3
8	Zhejiang	606.00	530.9	0.9
9	Anhui	398.08	348.7	0.6
10	Fujian	1045.91	916.2	1.5
11	Jiangxi	682.03	597.5	1.0
12	Shandong	73.76	64.6	0.1
IV	Central-South Region	6408.03	5613.8	9.5
13	Henan	477.36	418.2	0.7
14	Hubei	1823.13	1597.1	2.7
15	Hunan	1532.45	1342.4	2.3
16	Guangdong	823.60	721.5	1.2
17	Guangxi	1751.83	1534.6	2.6

*Reprinted here from JPRS 78668, CHINA REPORT, ECONOMIC AFFAIRS, No. 157, 4 Aug 81

V	Southwest Region	47331.18	41462.1	70.0
18	Sichuan	15036.78	13172.2	22.2
19	Guizhou	1874.47	1642.0	2.8
20	Yunnan	10364.00	9078.9	15.3
21	Xizang	20055.93	17569.0	29.7
VI	Northwest Region	8417.69	7373.9	12.5
22	Shaanxi	1274.88	1116.8	1.9
23	Gansu	1426.40	1249.5	2.1
24	Qinghai	2153.66	1886.6	3.2
25	Ningxia	207.30	181.6	0.3
26	Xinjiang	3355.45	2939.4	5.0

Table 2. Nationwide developable hydropower resources in terms of scale of development (station generating capacity 10,000 kW or more)

单站装机 a (万千瓦)	电站座数 b	装机容量 c		年发电量 f	
		总数(万千瓦) d	比重(%) e	总数(亿度) g	比重(%) h
1—25	$1726+\frac{17}{2}$	7532.18	21.1	3652.33	20.1
25—75	$110+\frac{5}{2}$	4666.97	13.1	2235.41	12.3
75—200	$51+\frac{4}{2}$	6526.67	18.3	3172.36	17.4
>200	33	16981.50	47.5	9123.90	50.2
合计 i	$1920+\frac{26}{2}$	35707.32	100.0	18184.00	100.0

Note: Installed capacity and annual power output for stations on rivers forming national boundaries are halved, and numbers of stations in such cases are shown as 1/2, 2/2, etc.

Key:
a. Station generating capacity (10,000 kW)
b. Number of stations
c. Generating equipment capacity
d. Total (10,000 kW)
e. Percentage
f. Annual electrical energy output
g. Total (100 million kWh)
h. Percentage
i. Total

In terms of geographical distribution this figure too, like the theoretical hydroelectric capacity, is quite unevenly distributed. The Southeast's developable hydropower resources account for 68 percent of the national total, a large proportion, and are mostly located near the eastern part of that region, relatively close to the electricity-using centers of Sichuan, Yunnan and Guizhou provinces; the transmission distance from Central and East China is not excessively great. In the Northwest, the potential is located primarily on the upper Yellow River, largely in the eastern part of the region, not too far from

the electricity--using centers. In the extensive, sparsely-populated border regions of Tibet, Xinjiang and Inner Mongolia, developable hydropower resources are limited. Distribution statistics are given in Fig. 3.

Table 3. Developable hydropower resources by region (power stations capacities of 500 kW or more)

地区 a	可能开发水电站 b		电量占全国比重 e
	装机容量 c (万千瓦)	年发电量 d (亿度)	(%)
SW 西南	22234	13050	67.8
Central South 中南	6744	2974	15.5
NW 西北	4194	1905	9.9
East 华东	1790	688	3.6
NE 东北	1199	384	2.0
North 华北	692	232	1.2
Total 合计	37853	19233	100.0

Key:
a. Region
b. Developable power stations
c. Installed capacity (10,000 kW)
d. Annual electrical energy output (100 million kWh)
e. Percentage of total

The locations in which large power stations of 250,000 kW or more are mostly in the Southwest region. There are also many areas where medium-sized hydroelectric stations with capacities of less than 250,000 kW could be built: there are 213 locations in East China where stations with capacities of 10,000 to 250,000 kW could be built, with a total installable capacity of 8.32 million kW; and there are also many locations in the Northeast.

The uneven distribution of our country's hydropower resources can complement the distribution of coal and petroleum resources. In general terms, the south has considerable water power and the north considerable coal; the interior has considerable water power and the coast has considerable oil. Of the major regions, the Southwest, Central South, North China and Northwest regions have relatively plentiful hydropower resources, while East China and the Northeast are relatively energy-poor.

C. Evaluation of the Regions' Developable Hydropower Resources

1. The Southwest

The hydropower resources of the Southewest are mostly on the Jinsha River, the Yalong River, the Dadu River, the Wu River and the Lancang River.

a. The Jinsha River is the main stream of the Yangtze River above Yibin, with abundant runoff and a large, concentrated drop. The area between Hutiaoxia and the Yibin River has been studied; on the upper section in northern Yunnan and the lower section of the Yunnan-Sichuan border it is estimated that large-scale hydroelectric power stations with a generating capacity of 45.67 million kWh and an annual energy output of 252.1 billion kWh could be built. This river section has the country's greatest concentration of developable water power resources. The cascade of hydroelectric stations on this section of the river would have a certain runoff regulation capability and the inundated area and number of persons displaced would be small. But with the exception of the Xiangjia site in the lower section, all of the sites are located in gorges deep in mountainous territory, the construction locations are cramped and narrow, communications are difficult, and in some cases the foundation cover is thicker, while in other cases earthquake intensity is higher. In addition, the project scale is rather large; it should be scheduled for a relatively late date.

b. The Yalong River is a major tributary of the Jinsha River and is another of the rivers with the country's greatest concentrations of water power resources. The conditions in the project sites are relatively good and are suitable for the construction of high dams, while inundation losses will be rather small. The Ertan and Tongzilin hydroelectric power station sites on the lower reaches of the river are only about 40 km from Dukou city, communications are convenient, and they will be able to supply the large quantities of cheap power needed by the Pazhihua Iron and Steel Company for refining vanadium and titanium, making them ideal sites. These two sites are currently undergoing intensive exploration. There is a large bend in the middle section of the river where a 16-km tunnel could be built, obtaining a head of 300 meters, and in addition a high dam and large reservoir could be built upstream for runoff adjustment and power generation, but present transport conditions are rather poor. These four hydroelectric stations could have an installed capacity of 10 million kW, and in addition to furnishing electric power to the vicinity, there would be a possibility of transmission of the electricity to East China over a distance of about 1,700 km using superhigh-voltage DC lines; there is precedent for this technique abroad.

c. The Dadu River is a major tributary of the Min River with plentiful, steady flow and a large drop. The middle and upper sections are in high mountains and gorges and the engineering geology is generally rather good, but in some cases the cover is relatively thick and the earthquake intensity rather high. Many sites have relatively good communications. Inundation losses from impoundment would be rather small, but the reservoirs would not be large and regulation capabilities would be less than ideal. The Gongju hydroelectric stations has already been built on the lower reaches of this river and the Tongjiezi station is under construction. The cascade planned for the middle section of the river would be 160-240 km from Chengdu, making it a good geographical location.

d. The Wu River is a major tributary of the Yangtze on its southern bank. It is mostly located within Guizhou, but its lower reaches pass through Sichuan before entering the Yangtze. Most of the basement rock is strong, the cover is thin, and there are many sites for dam construction, in addition to which inundation losses will not be great. The main problem is extensive

karstification in limestone regions, making it necessary to plan for leakage prevention in the dams and reservoirs. The Wujiangdu hydroelectric stations has already been built. Projects planned for the near future are the Dongfeng station on the upper section of the river and the Pengshui station on the lower section in Sichuan.

e. The Lancang River is the upper section of the Mekong, the international river of Southeast Asia. It flows through many narrow gorges; the valleys are deeply cut, runoff is plentiful, there are rather good topographic and geological conditions, high dams can be built, and inundation losses will be small. The hydroelectric station cascade planned for the middle section of the river within Yunnan is not far (less than 250 km) from the load centers of Kunming and Dukou and communications are rather convenient. Two sites, Manwan and Xiaowan, are currently being investigated. Construction of the Manwan power station is planned for the near future.

2. Central South Region

a. The Gezhouba hydroelectric station is currently being constructed on the Yangtze. This is a low-head run-of-river station with a very large generating capacity, but in the dry season its output will be small, and because of the navigation constraints the water level must not change rapidly, so that it cannot be used for peak regulation and its generating capabilities will be rather poor. The planned installed capacity of the Sanxia project will be 25 million kW, with an annual energy output of 110 billion kWh, making it a very large scale power station. But the investment and the amount of construction work will be very large, and in particular the fact that 1.4 million persons would have to be resettled in the inundation area makes its implementation difficult. If a low dam is built the generating capacity will be about 6 million kW and the annual energy output 33 billion kWh, while the number of persons displaced can be decreased to 200,000, which is more realistic.

b. The Dongting Lake system in Hunan Province, consisting of the Xiang, Zi, Yuan and Feng rivers, could support many hydroelectric power stations. In general communications and construction conditions are relatively good, and the sites are relatively close to load centers. Conditions for the Zhexi station already built on the Zi River, the Fengtan station already built on the You River, a tributary of the Yuan River, and the Dongjing power station currently under construction on the Dongjiang, a tributary of the Xiang River, among others, are relatively good.

c. The Danjiangkou station and several stations on tributaries have been built on the middle and lower sections of the Han River system in Hubei Province. Development of the Qing River is planned for the near future. Karst problems in limestone regions are relatively complex.

d. The Sanmenxia project has already been built on the lower Yellow River in Henan, and construction of the Xiaolangdi project is planned, but silt is excessive and erosion of hydraulic turbines and engineering installations will be troublesome.

e. In the Pearl River valley of Guangdong and Guangxi, the Dong River has already been largely developed, while the Bei river has fewwater power resources; the main resources are on the Xi River, and the most concentrated resources on the Hongshui River; development conditions are excellent. The topographic and geological conditions on the Hongshui River are good and communications are convenient; conditions are suitable for building a large regulation-type reservoir on the upper section of the river, while the middle and lower sections of the river are suitable for construction of medium and low head hydroelectric stations. Ten cascaded stations can be built on this section of the river (including the Tianshengqiao station on the Nanpan River on the Guangxi-Guizhou border), with a total installed capacity exceeding 10 million kW. The Dahua station is now under construction and preparations are being made to build the Tianshengqiao station, with others to follow. They will be able to supply electricity to Guangxi and Guangdong and develop Guangxi's aluminum refining and other nonferrous metals industries.

3. The Northwest

Developable hydropower resources are most concentrated on the section of the Yellow River between Longyangxia and Qingtongsia. The topography on this section of the river has alternating gorges and open areas and there are many excellent sites. The Longyangxia, Liujiaxia and Heishanxia large-sized reservoirs will be located on the upper, middle and lower parts of this section of the river. They will give relatively good regulation of river flow, and rather thorough river flow utilization, and will provide a reliable supply of power, in addition to which their comprehensive utilization will include flood prevention, irrigation and water supply. The various cascades involve a small volume of construction, and inundation losses will be rather small. Investment per kilowatt will be the smallest of any region of our country.

Four stations, have already been built, at Liujiaxia, Yanguoxia, Bapanxia and Qingtongxia, and are playing a major role in supplying energy to the Northwest. The Longyangxia power station, a multiregulation reservoir on the upper reaches of the river, is under construction, and a construction project below it is being investigated. If the entire cascade of 16 stations were built in this area, they would have an installed capacity of more than 12 million kW. In addition to supplying electricity to the local area, it would be possible to transmit electricity to North China, thus complementing fossil-fired electrical power.

Several large and middle-sized stations could be built on the upper reaches of the Han River in Shaanxi Province; the Shiquan station has already been built. The site has rather good geological conditions. Geological conditions at the site of the Ankang station's dam are rather poor. In addition, there are several other dam sites with average conditions.

4. East China

The main developable hydroelectric stations are in Fujian, Zhejiang and Jiangxi--especially in Fujian. This area has few large-scale power stations; medium and small stations are in the majority. In general, communications and geological conditions are rather good, but inundation problems are considerable.

In addition to a series of large and medium-sized stations which have already been built, the Min River, Ou River and Gan River still await development.

5. The Northeast

Many stations have been built or are under construction: the area is 26 percent developed. The Heilongjiang River, on the Sino-Soviet border, is still to be developed, but development will be difficult in the near term. Other rivers, such as the Gonghua River No 2 and the Yalu River in the south and the Mudan and Lan Rivers in the north, are relatively close to electricity-using centers and communications are rather convenient. But most of the stations will be medium-sized and their costs will be rather high. But they are worth developing in the energy-poor northeast.

6. North China

The middle section of the Yellow River passes through the Shaanxi-Shanxi border region. This area's geographic position is rather central, but the quantity of water is small, there is much silt, and certain large power stations (such as the Longmen station) involve a large quantity of construction and many problems.

The Hai-Luan valley's developable water power resources are located primarily in the gorges of tributaries such as the Luan River, Yongding River, and Bai River, where some generating stations could be developed; these are close to electricity-using centers, but the scale of the stations would be rather small.

[No 3, 12 Mar 82 pp 3-6]

[Article by the Science and Technology Committee of the Ministry of Electric Power: "The Role of Hydropower In Our Nation's Energy Resources and Its Development Policy"]

[Text] IV. Planning of Hydroelectric Power Construction and Measures to Hasten Construction

(I) Principles of Planning Hydroelectric Power Construction

1. Construct large, medium and small projects simultaneously, use large projects as the backbone, build a group of medium hydroelectric power stations in the near future. According to the characteristics of hydroenergy resources, the hydroenergy resources of large, medium and small rivers must all be developed. Therefore, large, medium and small projects must be simultaneously built. Because the demand for developing electric power is large and because our nation has more large hydroelectric sites, therefore, we should use large hydroelectric power stations as backbone projects. In the past, large hydroelectric power stations were managed by the Central authority, small hydroelectric power stations were managed by the localities, and there was less development of medium sized hydroelectric power stations. With only a few projects begun during the previous period, the hydroelectric capacity to be added to production in the next 4 to 5 years is less, therefore, a group of

medium hydroelectric power stations must be built. Although the construction cost per unit kilowatt of the medium sized hydroelectric power station is higher, the required investment is less, the construction period is shorter and the stations can produce relatively quick results.

2. Power stations regulated by a reservoir and runoff power stations must be built simultaneously. The variation in the amount of water flow during flooding and drought in many of our nation's rivers is large. We must build reservoirs to regulate runoff before we can better utilize natural hydroenergy resources and supply the needs of the electric power system. But, our nation has more people and less land. When we build reservoirs, we often encounter the difficult problems of flooding arable land and moving people. Under this situation, we can only build low waterhead runoff power stations or diversion runoff power stations. Power stations regulated by reservoirs and runoff power stations can be combined to supply electricity to the electric power system.

3. Build large reservoirs in the upper reaches of rivers where there are less people, and build low waterhead step power stations in the lower reaches where the population is concentrated. In this way, we can reduce the loss by flooding from the reservoir and the reservoirs at the upper reaches can regulate runoff. This will benefit the series of step power stations at the lower reaches.

4. More hydroelectric power stations should be built in the southwest, the south central and the northwest regions where hydroenergy resources are rich.

5. In North China and the northeast where energy resources are lacking, hydroenergy resources that have not been developed should be actively developed, and consideration must also be given to expanding hydroelectric power stations that have already been built and to building pumped storage power stations. The North China region must also consider building pumped storage power stations to regulate peak generation.

(II) The tentative schedule for expanding hydroelectric power projects at each locality before the year 2000

To actively utilize our nation's rich, regenerative and cheap and clean hydroenergy resources so that our nation's present low proportion of hydroelectricity can be increased in our considerations of all possible conditions for developing hydroelectric power stations, for surveying, designing, scientific research and construction, our preliminary estimate is that between 1980 and the year 2000, we can add 40 million to 50 million kilowatts of installed capacity and 1,500 billion to 1,900 billion kilowatt-hours of hydroelectric output a year. By that time, the proportion of hydroelectric power output can be increased from the present 18 percent to about 25 percent.

The tentative estimates of the increase in hydroelectric power capacity for each five-year plan except 1981-1985 which have already been established are as follows:

1981 - 1985	To add 4 million kilowatts
1986 - 1990	To add 9 million to 10 million kilowatts
1991 - 1995	To add 12 million to 16 million kilowatts
1996 - 2000	To add 15 million to 20 million kilowatts
1981 - 2000 total	To add 40 million to 50 million kilowatts

(III) Sources of Capital and Related Policies

To realize the above tentative plan, the source of capital is a major problem which must be solved by many methods. Preliminary consideration includes the following ways:

1. Besides investment by the electric power industry in regenerative energy resources including hydroelectricity, the state should allocate special funds as a special investment in hydroelectricity. Like coal mines and oil fields, this investment should be an investment in exhaustible energy resources so that efforts can be centralized to develop hydroelectric power.

2. Bank loans should be made available. Hydroelectricity, coal and petroleum should be the same. The annual interest rate should be lowered from the present 3 percent to 2.4 percent. Because the life of a hydroelectric power station is long, foreign nations generally set 50 years as the number of years for return on investment capital. Our nation presently limits this period to 15 years. It is too short and it should be extended.

3. We must actively utilize favorable foreign long term, low interest loans. All foreign nations that are willing to provide loans for our nation's hydroelectricity buildup are welcomed. Their loans should be converted according to international market exchange rates into renminbi, and taxes and fees should be reduced as much as possible before hydroelectricity buildup can be stimulated.

4. Mobilize local funds. These should be combined with funds provided by the Central authorities to build hydroelectric power stations. Compensation for flooding by reservoirs can be borne by the localities as a part of investment in hydroelectric power stations. After the power stations have been built, profits from the sale of electric power should be shared proportionally according to investment and special privileges in the use of electricity should be given.

5. Investments in comprehensive utilization projects should be shared so that other beneficiary departments can share part of the investment for construction.

6. The investment in oil conservation and energy conservation to be realized by substituting hydroenergy for oil fuel should be utilized for hydroelectric power construction.

7. Bonds for hydroelectricity construction should be floated to absorb floating capital of localities, groups, units or individuals and overseas residents to develop hydroelectric power construction.

(IV) Preliminary Work in Planning, Surveying, Designing, and Scientific Research Must Be Done Well

To guarantee rationality in selecting the sites for building hydroelectric power stations, planning work is very important. This includes plans for rivers, regional plans and plans for electric power systems.

Plans for rivers (or river sections) must start out from the principles of rational and comprehensive utilization of hydroenergy resources and they must be compared so that development can be carried out in stages. Near-term projects should be drawn up from this. The scope of the plans for rivers can include one river or one river section, but the relationship between the development of the trunk river and branch rivers of the whole river valley must be considered and explained.

Proposed regional plans which include several rivers or river sections within a region should prove the rationality of the river selected for development and the rationality of the project to develop electric power in the region.

Plans for electric power systems must include hydroelectric power stations already built and hydroelectric power stations proposed. Consideration must also be given to thermal power stations that have already been built and those planned to provide a unified and balanced supply of electricity. The plans must also include a unified layout for the transmission network. From this, the rationality of the proposed projects and the scale of the power stations can be determined.

When proposing designs for planned projects, we must first review the above documents, the designs and the plans together. But, plans are not unchangeable. They should change according to the situation and they should be revised when selecting the next phase of construction.

Surveying work must be hastened under the prerequisite of assuring quality. Activities must follow the procedure in capital construction, and work can begin only after the preliminary design has been approved. Preparations for construction can be done first after dam site selection reports or feasibility reports have been reviewed and approved to allow time for construction. Preparations for construction carried out when the proposed project is being planned and when the dam site has been determined will not be wasted efforts and rebuilding will not be required. It is better to use reports of feasibility studies than dam site selection reports because their content includes technical arguments and more economic arguments related to the project's rationality and provides more references for the higher authorities in reviewing and approving plans.

Scientific research must serve planning, surveying, designing and construction. It should promote the use of new techniques, new technologies, new materials and new methods so that the speed of construction of hydroelectric projects and the construction cost can be lowered.

(V) Implement the Economic Responsibility System, Hasten Progress in Construction, Guarantee Construction Quality

In the past, some large hydroelectric power stations took 3 to 5 years from groundbreaking to the beginning of power generation. Recently, this period has extended to 8 to 10 years. Besides such objective factors as complex geological conditions and difficulties in construction, the main factors are poor management and low work efficiency. The long construction period cannot satisfy the demands for electricity in time. It also accumulates state investment and delays the time of recovering the investment. To hasten progress in construction, organization of construction teams must be hastened. The level of management must be improved. New forces must be trained. Mechanization of construction must be improved so that the front line can have a skilled and highly efficient combat team.

We must change the present situation of "eating from the big pot" and the low work efficiency and we must implement the economic responsibility system. We must start a limited number of projects at a time and give small contracts to teams and groups, establish job quotas, quality standards, quotas, progress schedules, systems for delivery and inspection and methods of reward and punishment. Later, we must further expand these to include a portion of actual construction, investment management, contracts of whole projects and a management responsibility system so that the unit in charge of the project is responsible for its own profit and loss.

V. Several Technical and Economic Policies

The following suggestions regarding technical and economic policies in hydroelectric power construction have been proposed:

(I) Comprehensive Utilization and Sharing of Investment

The development of hydroelectric power must adhere to the principle of comprehensive utilization of hydroenergy resources. Besides using hydroenergy for the generation of electricity, we should also consider the gains of comprehensive utilization in flood prevention, irrigation, water supply for cities and industries, navigation, log transport, aquatic production and tourism together. Some river segments can be comprehensively utilized by many sectors while other river sections can be comprehensively utilized by fewer sectors.

When building hydroelectric stations, the original benefits from the utilization of the river by each sector should be retained. For example, the original gain in irrigation, ability of navigation, fish passage and log passage should all be retained. When damage occurs, it should be remedied. Each sector involved in comprehensive utilization must provide newly added gains and it should consider their rationality. Each sector must seek the most economical

and rational plan by comparing various plans. Long range goals can be gradually realized to avoid an accumulation of capital. If the requirements proposed by each sector are too lofty, or if they are demands that span an overly long period, total investment in the project will be very large. This is not economically rational, or sometimes the project simply cannot be built. These are all unfavorable to the sector that needs hydroelectric power. The general goal of projects for comprehensive utilization should require the least amount of total investment by the state and product maximum comprehensive gain for the national economy.

Investment in projects for comprehensive utilization must be shared among the sectors that will reap benefits. The method of sharing investment can be determined by the actual situation, for example, the method of sharing costs and surplus gains.

(II) Reduce Loss From Flooding By the Reservoir and Provide Rational Compensation

Our nation has less land and more people. The problems in moving residents when building reservoirs and the problems due to flooding of agricultural land, mines, factories, houses, railroads, highways, forests, ancient ruins are outstanding. These are not only economic problems, they also involve social problems or political problems. Sometimes, they affect the possibility of construction. In river planning and engineering designs, we must consider reducing the loss due to flooding by the reservoir as much as possible. In densely populated and industrially and agriculturally developed regions, reservoirs should not be built whenever possible or development should be carried out in phases as much as possible. In regions of the upper reaches of rivers where there are few people, even though the technology of building high dams is more complex and the amount of construction is much larger, we must still build large flood blocking dams to regulate runoff so as to reduce the loss in flooding by the reservoir. The gain and loss must be measured in light of the whole national economy.

Areas flooded by reservoirs must have protective measures to reduce loss in flooding, such as dykes, drainage facilities, etc. When the reservoir area is changed from a land surface to a water surface, agricultural production can be changed to fishery production, and this change should be considered in moving the population. In moving the population to make way for the reservoir, we must implement the principle that the level of production and living standards of the population after being moved are not lower than the original level and standard. Plans for the resettlement of the population must be done well and arranged well and there must not be any problems remaining. The criteria for monetary compensation for moving, land acquisition and compensation for loss due to flooding must be rationally regulated and implemented after approval by the State Council. Funds for moving and compensation for loss due to flooding can be borne by local governments on the basis of calculations made according to the criteria approved by the State Council and such should be included as part of the shared investment in the hydroelectric power stations to be built. After the hydroelectric power stations begin generating electricity, the benefits which would be received in proportion to

the investment should be distributed accordingly. After the population of the reservoir area has been resettled and after the land has been acquired, the rights to manage the land and water surfaces within the area should belong to the hydroelectric power station. Cultivated land near the reservoir can be used for planting before the reservoir stores water, but houses and buildings should not be built. When the reservoir stores water, all crops and buildings that are flooded will not be compensated for.

(III) Standards in Designing Hydroelectric Power Stations and Rules and Regulations

The rules and regulations concerning hydroelectric power construction should reflect the advanced levels, and at the same time they should include our nation's actual situation. The purpose is to achieve quick and economical results under the prerequisite of guaranteeing the quality of our nation's hydroelectric power construction.

The following problems should be noted:

1. The criteria for the amount of flood water allowed in the design of large dams (including inspection and protection of the dam) must not be changed back and forth as was done in the past. Safety of the large dam must be considered to avoid serious loss of life and property in case an accident occurs, and the rationality of the criteria for the design must also be considered. When calculating the amount of flood water, the worst situation must not be considered in every step and added to every step. Calculating an overly large amount of flood water in the design (including inspection and protection of the dam) will make it difficult to draw up engineering plans. The cost will be too high and the construction period will too long. This is not rational.

2. The criteria for earthquake resistance of large dams should be appropriately established when considering the safety of large dams.

3. We should consider the complex geological conditions at many of our nation's dam sites, the difficulty in the supply of cement (the difference between the current price of cement and the value), and the great progress that has been made in the design and construction techniques of earth and rock dams and tunnels at present. In selecting the type of dams, we must give more consideration to the rationality of dams built from local materials.

4. When determining installed capacity, we must start out from the need of the power system and establish technical and economical rationality. When establishing duplicate capacity, we must consider seasonal users or the possibility of replacing coal by thermal power within the system. Consideration must be given to the future development of the power system. We must provide leeway for expansion.

(IV) Rationally Adjust the Price of Electricity According to the Characteristics of Hydroelectricity

Because hydroelectric power stations are characterized by the ability to regulate the water stored in the reservoir and the ability of versatile and rapid start up of their generators, they provide electricity to the system and they also serve the function of regulating peaks, regulating frequency and as a reserve power source in case regular generators breakdown. In pricing electricity, prices for peaks and troughs should be separated to reflect the overall function of hydroelectricity. If hydroelectricity is not used for regulating peaks, regulating frequency and as a reserve when generators breakdown, the cost of generating electricity by thermal transformer generators of fuel fired steam turbines will be higher. When building pumped storage power stations, prices for peaks and troughs must be separated before their economic rationality can be proven.

The normal amount of electric power provided by hydroelectric power stations and seasonal electric power should be priced differently. This is beneficial to rationally determining the installed capacity, it is beneficial to attracting seasonal users to fully utilize seasonal electricity, and it is beneficial to both the power station and the users.

Because the cost of generating hydroelectricity is low, the prices of electricity in regions where the proportion of hydroelectricity is larger should be lower than the price of electricity in regions where the proportion of thermal electricity is larger. This is beneficial to attracting industries which consume a large amount of electricity (such as nonferrous metals smelting industries and heavy chemical industries) to establish their plants in regions where hydroenergy resources are rich. It is also beneficial to the appropriate distribution of industry and resources, and it reduces the investment in and the pressure on massive transportation of coal and power transmission.

The various types of price readjustments described above can be made rational by adjusting the price lower or higher at different localities while the total average price of electricity throughout the nation remains basically unchanged.

(V) Sharing the Gain Between the Regions Where Hydroelectric Power Stations Are Located and The Regions to Which Electricity is Supplied and Between the Upper and Lower Reaches

As the power system develops, more and more hydroelectric power stations are transmitting electricity from one province and region to another province and region. According to the present system, taxes on the sale of electricity are all collected by the region selling electricity. The locality where the power station is located does not collect such tax. This is not rational. To rationally solve the problem of the economic benefit of the regions generating electricity and selling electricity, the tax policy on electricity must be adjusted and changed so that taxes can be levied on the generation of electricity and the sale of electricity. For example, the former can collect 60 percent and the latter can collect 40 percent so that the enthusiasm of the regions with rich hydroenergy resources can be mobilized to build hydroelectric power stations and to transmit electricity.

Building reservoirs at the upper reaches of rivers to regulate runoff benefits the series of step hydroelectric power stations along the lower reaches to increase guaranteed output and the amount of electricity generated. When conducting economic analysis and studying plans to share the gain, the increased gain should be rationally divided between the upper and the lower reaches, such as 50 percent each.

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1981 HYDROELECTRIC POWER OUTPUT REACHED 63.8 BILLION KWH

Beijing SHUILI FADIAN [WATER POWER] in Chinese No 2, 12 Feb 82 p 24

[Article: "Nationwide Hydroelectric Power Generation in 1981 Reaches 63.8 Billion KWh, 27.6 Percent Above Plan"]

[Text] Nationwide hydroelectric power output in 1981 was 63.8 billion kWh, which was 13.8 billion kWh or 27.6 percent above plan. The figure was 5.6 billion kWh higher than the 1980 output. This was the best hydroelectric power generation year in our history and marks a new improvement in our country's hydroelectric power operations management. The 63.8 billion kWh accounts for 20.9 percent of our country's total electrical energy output and replaces the equivalent of 38.26 million tons of coal. This has made a major contribution to decreasing consumption of coal and oil resources.

Following improvements in 1979 and 1980, in 1981 the power grid management offices, provincial power offices and hydroelectric plants further strengthened their operations management, making a major effort in economic dispatching, and while assuring project safety in the flood season, they strove hard to store more water and generate more electricity. In the water supply period they persistently adhered to the power generation plan and strictly controlled reservoir levels. At the same time, they devoted attention to better prediction of reservoir hydrology and weather forecasting, constantly adjusted their plans in accordance with actual river flow and strove to maintain rational operation of the station reservoirs, with the result that increased quantities of electricity were generated and better use was made of the stations' advantages in frequency and peak adjustment and their emergency backup function. Ten large hydroelectric stations, namely the Fengman, Shuifeng, Yunfeng, Hunjiang Cascade, Xin'anjiang, Zhexi, Gongju, Xinfengjiang, Liujiaxia and Mudankou stations, produced a year's total of 23.6 billion kWh, up 4 billion kWh from 1980, with an average water consumption per kWh that was 23.5 percent less than in 1980, an indication of further improvement of operating management. Because of timely equipment overhaul, during the flood season the Fengman hydroelectric plant managed to operate safely while generating large quantities of electricity. In June and July alone it decreased the amount of water flow by 2.55 million cubic meters and generated an additional 278 million kWh. Learning a lesson from insufficient agricultural irrigation water and limited electric power in the grid, the northwestern power grid made

further rational adjustments in dispatching at the Liujiaxia reservoir, did everything possible to generate more fossil-fired electricity and controlled hydroelectric power generation in the period before the agriculturation irrigation period, then generated more electricity during the irrigation period, thus allowing more land to be watered while producing increased quantities of electricity and providing better integrated utilization at the Liujiaxia station. Because the Hunan power grid undertook group compensatory operation of hydropower stations and priority dispatching, the Zhexi power station generated a total of 2.4 billion kWh for the year, a new record.

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HYDROPOWER

TWO NEW HYDROELECTRIC POWER UNITS ORGANIZED

Beijing SHUILI FADIAN [WATER POWER] in Chinese No 1, 12 Jan 82 p 37

[Article: "Construction Committee of China Hydroelectric Power Engineering Society and Hydroelectric Engineering Society of PLA Capital Construction Forces Organized"]

[Text] On 14-18 October 1981 the China Hydroelectric Power Engineering Society held a meeting of the Construction Mechanization and Construction Management Committee (referred to for simplicity as the Construction Committee) in Panjiakou, along with the inaugural meeting with the Hydroelectric Power Engineering Society of the PLA Capital Construction Forces.

Director of the Hydroelectric Engineering Society Prof Shi Jiayang [2457 0857 3568] and deputy directors Deputy Minister Li Eding [2621 5501 7844] and Deputy Chairman Shen Xinxiang [3088 0207 4382] attended the meeting and made speeches. The meeting was attended by 122 persons including engineering and technical personnel, scientific research personnel and professors involved in hydroelectric construction, site surveying, design, machinery manufacture and education. The Construction Committee of the Water Conservancy Society and the Headquarters of the Capital Construction Forces also sent representatives to the meetings.

At the meeting 52 persons, including Li Eding, were elected to the Construction Committee. At the first plenary meeting of the committee Wu Shide [0702 1597 1795], He Yi [6320 3015], Li Jinghang [2621 2529 3100], Tan Jingyi [6223 7231 1138], Wang Shengpei [3769 5110 1014], Guan Yingjun [7070 5391 0193] and Han Moning [7281 2875 1380] were elected chairmen and vice chairmen. In order to initiate special activities and thoroughly enlist the members' activism, it was decided to create six specialized working groups on construction management, concrete engineering, underground engineering, defects in large dams and foundation treatment, construction machinery, and water diversion during construction; the Minjiang River Engineering Office, Offices Nos 3 and 4, Unit No 00639, the Hangzhou Research Institute of Machine Design and the East China Institute of Site Surveying and Design were made responsible for chairmanship of the groups and development of experience-exchange on the topics in question.

The Hydroelectric Engineering Society of the PLA Capital Construction Forces elected a 42-member executive committee and chose Prof Shi Jiayang as honorary director and Cui Jun [1508 7786] and others as director and deputy directors. During the meeting, technical experience was exchanged and 21 papers on specialized topics in concrete construction, large dam and foundation treatment, construction machinery, new materials and the like were discussed. Many of them were at a relatively high level and were welcomed by the representatives. In addition, three specialized technical reports dealing with investigations of construction abroad were heard.

The meeting made a summation and announced the formal establishment of the Construction Committee and of the Hydroelectric Engineering Committee of the PLA Capital Construction Forces.

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CONFERENCE FOCUSES ON QUALITY CONTROL, MANAGEMENT OF HYDROPOWER

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 12, 12 Dec 81 pp 4-8, 25

[Article: "Notes on the Conference on Preliminary Work for Hydroelectric Power Projects and Construction Quality Control, 21 September 1981"]

[Text] The General Bureau of Hydroelectric Power Construction held a conference on preliminary work for hydroelectric power projects and construction quality control in Beijing from 8 to 21 September 1981. Attending the conference were delegates from various hydroelectric power bureaus subordinate to the Ministry of Water Conservancy, design institutes of the ministry, related hydroelectric power bureaus, construction command headquarters, design institutes of related provinces (autonomous regions), the State Planning Commission, the State Capital Construction Commission, the Energy Commission, Hydrological Sciences Academy, the 330 Engineering Bureau, and the hydroelectric power command headquarters of the Capital Construction Engineer Corps. The related departments and bureaus of the Ministry of Water Conservancy also sent delegates to attend the conference. The Changjiang Administrative Office and the Beijing Design Institute of the Ministry of Water Conservancy were invited to attend. The conference was attended by a total of 191 delegates.

The main task of this conference was to summarize the lessons and experience in hydroelectric power construction since the founding of the nation under the guidance of the spirit of the Sixth Plenum of the 11th Party Congress, further purge "leftist" influence, overcome the weaknesses and laziness in ideological leadership, study methods and measures to hasten preliminary work for hydroelectric power projects, improve quality of construction, implement the economic responsibility system, and strive towards changing the passive situation in hydroelectric power buildup within 3 years.

In the opening session of the conference, delegates learned the important talks and speeches by comrades Deng Xiaoping and Hu Yaobang concerning problems in the ideological battlefront and the opinions concerning economic work expressed by comrade Zhao Ziyang.

During the conference, Comrade Li Rui [2621 6904] made two important speeches. Comrade Wang Ganguo [3769 1626 0948] gave a speech summarizing the documents presented for discussion at the conference by the General Bureau of

Hydroelectric Power Construction. Comrades Qian Sichao [6929 2646 3390] and Jiang Zhaozu [5592 0340 4371] of the State Planning Commission and Comrade Yuan Lian [5913 5114] of the Production Department of the Ministry of Water Conservancy presented the hopes and demands on how to hasten preliminary work for hydroelectric power projects and how to improve the quality of construction of power stations.

After learning and discussion, comrades attenting the conference unanimously believed that the guiding ideology of this conference was clear. They believed that the conference proposed the goals for struggle and studied concrete measures, and that the conference will actively stimulate and hasten hydroelectric power construction.

I.

Since the founding of the nation, hydroelectric power construction has realized great achievements. We have understood the hydroenergy resources of the whole nation. We carried out a lot of work in planning, surveying, designing, and we built many large and medium sized hydroelectric power projects. We have contributed greatly to our nation's socialist construction. Through practice, we trained hydroelectric power construction teams that can do difficult tasks. The technical standards, technical equipment and capabilities of this team have been greatly elevated. At present, we can rely on our own strength to independently and actively build various large and medium sized hydroelectric power stations.

Over the past 30 years, there have been successful experiences and lessons from failures in hydroelectric power construction. Everyone believed that there must be a strong leading group to summarize the experience of these 30 years and to build hydroelectric power projects well. We must cultivate a team of workers who are advanced in ideology, technically skilled, and well disciplined. We must establish a plan for hydroelectric power construction which suits the situation of our nation and which seeks truth from facts. We must respect science and strictly obey the order in capital construction. We must fully develop the function of technical experts. We must insist on the policy that quality is foremost. We must implement scientific business management. We must study technical and economic policies and pay attention to economic results.

The main lesson in hydroelectric power construction over the past 30 years has been the influence of "leftist" ideology, which included efforts that were detached from reality, the use of politics as a substitute for technology, the use of subjectivism as a substitute for science, violation of the order of capital construction, neglect of the quality of construction, and relaxation of business management. Everyone agrees that we should conscientiously summarize the experience and the lessons, continue to purge the influence of "leftist" ideology, and we must not repeat our mistakes of the past.

Since the Third Plenum of the Party, each unit has made a series of efforts to bring order out of chaos. The leading groups were reorganized. The policies governing cadres were implemented. Many unjust, false and mistaken cases

were overturned, and business management was preliminarily reorganized. All the efforts of the units realized definite progress. At present, the overall situation in the hydroelectric power frontline is good.

But because of serious destruction during the 10 years of civil upheaval, and with the shortcomings and mistakes in our leadership, the passive situation in hydroelectric power construction has not been fundamentally turned around. Preliminary work still lags behind the needs in construction. There are still many problems in the quality of construction. Business management is still relatively backward. The "leftist" influence has still not been conscientiously purged. The leading groups at each level still have to be reorganized and further strengthened. There are still many problems in building up manpower teams. In particular, laziness and weaknesses in ideological leadership are the major barriers to progress in present work. Comrades attending the conference indicated that these problems must attract a lot of attention and emphasis and they must be concretely solved.

Based on the nation's demands for hydroelectric power and the present situation in hydroelectric power construction, the conference proposed that we must lift up our spirit, strengthen our enthusiasm in work, and strive to change the passive situation in hydroelectric power construction within 3 years so that the need for hastening hydroelectric power buildup can be satisfied.

(1) We must establish a leading group that firmly believes in the four basic principles, that has an upright Party character, that can unite and fight, that is skillful and forceful, that is young and strong, that understands production technology, and that is capable of business management according to the requirements of the four modernizations.

(2) We must hasten the pace of preliminary work. We must draw up five-year plans and long-range plans well. We must strengthen economic analysis and proof. We must improve the quality of surveying and designs. We must make sure that the designs of the projects being built and projects to be built are not changed. We must prepare a number of projects which can be started for the "Sixth Five-Year Plan" and the "Seventh Five-Year Plan."

(3) The quality of construction must be improved and elevated by a relatively large extent. We must carry out construction strictly according to the requirements of the designs and quality standards. We must gradually implement overall quality control. After the projects have been completed, they must be safe, they must be economical, they must generate power at full capacity, they must form a complete productive capability, and they must develop economic gain to the maximum limit.

(4) Business management of enterprises must be concretely improved and strengthened. We must actively implement the economic responsibility system and make sound the responsibility systems at each level. We must perform the fundamental tasks of business management well. We must establish a set of relatively complete system of rules and regulations. We must implement scientific management and civilized construction.

(5) The political ideology, technical standards and job capabilities of the workers must be improved by a relatively large degree. We must gradually build a team of workers in hydroelectric power construction who have a high consciousness, who are technically skilled, who are well disciplined, and who have a good work style.

(6) The building of the four design institutes in Eastern China, South Central China, the Northwest and North China must be basically completed. Establishment of surveying and construction teams must have a definite initial scale. On the foundations of developing production, collective welfare and material and cultural life of workers must be improved.

The conference asked that each unit propose its own goals of struggle according to the above spirit and by combining such efforts with the actual situation in the units themselves. Workers and masses must be mobilized to exert efforts to organize and realize the above.

II.

Doing preliminary work well is the foundation for hastening hydroelectric power construction. To enable preliminary work to progress first, comrades attending the conference unanimously believed that during the present period of readjustment, we must concretely do the following tasks well.

(1) We Must Strengthen Surveying Work To Make Sure That the Basic Data Are Reliable

The special hydrological measuring stations of the hydroelectric system have been streamlined many times and the present strength is very weak. Each academy must establish and make sound the organizations and agencies of hydrological surveying, strengthen management of measuring stations, and improve the means of surveying. Each academy should also gradually establish additional special hydrological and meteorological observation stations according to the duties performed.

Surveying for the hydroelectric system is also very weak. Each academy must carry out necessary renovation of equipment and establish navigational surveying centers.

Geological surveying work must insist on scientific procedures and be carried out from the general to the specific. The general and the specific must be combined. Drawings must be made first and then surveying can be done in an appropriate order and progress gradually. We must strengthen geological analysis and geology must be combined with designing to guide surveying. All means of surveying must achieve the purpose of producing a geological report that clearly investigates geological problems and improves quality to prevent blind surveying. We must be skilled at comprehensively utilizing various means of surveying, renovate instruments and facilities, and we must especially strengthen equipment for physical exploration and experimentation according to plan. We want to strive towards basically realizing small caliber diamond bit drilling by 1983.

At present, surveying agencies consist of two managerial systems, the headquarters team and the department. Each academy can study and summarize this further according to the actual situation. To suit necessary surveying work during the planning stage, small surveying squadrons with versatile, portable and advanced equipment and well deployed and skilled personnel should be organized and established.

(2) We Must Strengthen Planning Work and Distribute Hydroelectric Projects Well

Each academy must have good plans for the rivers (river sections) according to current plans for the major rivers within the regions of the various jurisdictions so that rational and feasible plans for rivers which can be developed in the near term or within 3 years can be presented. Comprehensive utilization must be carried out well and attention must be paid to stepped development. The problem of flooding by reservoirs must be considered very carefully. Chief project engineers (chief design engineers) should be established as the situation warrants in drawing up plans for major rivers. It is suggested that concerned leading departments should organize reviews for approving reports on river plans.

We must strengthen the work in planning power systems. We must conduct studies in estimating the load and the function of the hydroelectric power sources in the system. Each academy should restore and strengthen systems planning agencies and participate in the work of planning their region's power system. It is suggested that the ministry establish a systems planning agency with the participation of the hydroelectric power bureau. Economic analysis and the study of ecological balance and environmental protection must be done by specialized personnel. Economic analysis must be strengthened and investigation and research must be strengthened.

We must develop the work of selecting sites for regional hydroelectric power. We must draw up ten-year and twenty-year regional hydroelectric power plans. While designing necessary large backbone engineering projects, we must select a number of medium sized engineering projects that have favorable conditions for development in the near future and propose designs for them. The design institutes should be included in the leading groups for planning electric power in their own regions (power network).

(3) We Must Guarantee That the Design of the Project in Construction Is Not Changed, and We Must satisfy the Construction Needs

Each institute must place the finalized designs of projects currently in construction in the foremost position. Necessary forces must be provided according to the needs of each stage of construction to submit blueprints and documents required by the construction 3 to 6 months ahead of time. At present, the institutes must sign agreements with construction units to submit the designs on time. At the same time, organization, construction designs and the work of estimating the budget must be strengthened. Estimated budgets of construction projects that still do not have estimated budgets must be estimated and reported by the design institutes. The estimated budgets of

construction projects whose estimates have already been reviewed and approved must also be double checked according to the requirements of the general bureau.

Projects that have begun must strengthen and make sound the design institute's representative group stationed at the construction site. The designing sector and the construction sector must unite and cooperate with each other and provide mutual assistance.

(4) We Must Strengthen Scientific Research and Experimentation and Basic Technical Work, and We Must Continue To Improve Technical Standards

First, we must improve the capability of productive experiments, including rebuilding the institutes. The important component sectors developed by each of the scientific research institutes of the academy to carry out the work of the academy must be gradually strengthened to strive towards basically taking over the tasks of the academy within 3 years. At the same time, the tasks and characteristics of the academy must be combined to conscientiously compile five-year and ten-year scientific research plans so that the development of scientific research of each institute can be realized by division of labor and with emphasis, and we must gradually establish several scientific research and experimental centers with unique characteristics. Such specializations as hydrology, geology, planning and machinery and electrical work must study special topics according to approved scientific research plans. The technical departments must be placed under the jurisdiction of each specialization in the institute and the tasks of scientific research and experiment, related plans and funds should be separately included in the proper channels and in the annual production plan of the institute for the institute to compile, report and manage uniformly.

The major technical topics present in current production such as dynamic economic analysis, the study of the stability of large dams on complex foundations, the study of the stability of tall earth and rock slopes on the sides, the study of the stability of the walls of underground tunnels, the study of the prevention of erosion and washing by a large flow of water at high speed must be organized and we must cooperate with each other to strive towards making breakthroughs as soon as possible.

Attention must be paid to fundamental technical work. The buildup of various tasks such as establishing limits, collecting construction blueprints, summarizing technology, publishing design handbooks, gathering technical information, making specified measurements, establishing technical files must be included in the production plans. Forces must be organized, data must be accumulated, and these must be continually perfected.

(5) We Must Make the Technical Responsibility System Sound, and We Must Guarantee the Quality of Surveying and Designing

We must clearly understand and divide the technical responsibilities of the general bureau and each design institute and fully develop the duties and rights of each institute. The general bureau is in charge of preliminary design and review of the major principles of the previous stage, such as the guiding

ideology in planning and design, selection of major technical and economic goals and distribution plans, conclusions on major technical and economic measures, and the general bureau must provide help and coordinate important external relations. All other matters except those under special regulations should be the responsibility of the design institutes.

The general bureau and each institute must pay attention to summarizing experience and study technical and economic policies related to the development of hydroelectric power, such as compensation for moving residents, pricing hydroelectricity, transmitting electricity generated in the west to the east, nonferrous metallic joints for hydroelectricity, so that concrete measures and legislative opinions can be proposed and submitted to higher authorities for review and approval.

We must further make sound the technical responsibility systems at each level within the institute. The chief engineer, the chief design engineer, the head engineer must have duties, authority, responsibility. The responsibility of the chief design engineer must be strengthened so that his responsibilities will serve to coordinate production between specialized sectors and supervising technology.

Each specialized department in planning, surveying and designing must grasp the working plan and the technical guidelines well. It must conscientiously carry out regulations, implement the system of review and evaluation at each level, and perform quality evaluation work well. Quality must be the main indicator to measure whether a plan is completed or not. Those projects that do not pass quality evaluation cannot be considered to have completed the plans and such evaluation must be combined with rewards and punishment.

III.

The quality in building, installation and construction of hydroelectric power stations not only involves safety, full capacity generation, economic operation as required by the design of a power station, it also is related to the safety of people, life and property. Therefore, high standard and strict requirements must be insisted upon to seek fast results in good quality and to seek conservation in good quality. The policy calling for "plans to last for 100 years and quality to be foremost" must be implemented. Comrades attending the conference believed the following tasks urgently need to be done well at present.

(1) Strictly Abide by the Order of Capital Construction

The leadership at each level must respect science, insist on seeking truth from facts, and do things according to objective rules. Engineering construction must strictly abide by the order in capital construction and normal construction procedures. Main construction must not begin if necessary preparation for construction has not been completed. Unit construction (or separate stages and separate projects) that does not have planned construction measures cannot begin. When previous construction and later construction must be joined, the latter construction procedure cannot be carried out before previous construction procedures have not been completed, inspected and approved.

(2) Strictly Implement the Quality Responsibility System

In order to have good quality in construction, surveys and designs must guarantee quality. The construction unit must carry out construction strictly according to the designs and blueprints.

Quality control is overall work. Bureau chiefs of construction units should be totally responsible for the quality of engineering construction. The chief engineer should be in charge of technical responsibility. Technical personnel at each level should have duties, authority and responsibility. We must strengthen technical management and strictly implement the system of review and approval. A system of inspection and approval, quality evaluation and issuance of qualification certificates should be implemented for each single project. Large temporary construction projects must also be inspected and approved and their quality must be evaluated. Quality control involves the work quality of each worker. Each construction bureau should establish a quality responsibility system that includes workers, engineering and technical personnel, each business department and leading cadres at each level so that a quality responsibility system can be implemented. Each unit should combine efforts with its own concrete situation to establish rules for reward or punishment regarding quality. Individuals or collectives who have achieved results in good quality construction and made contributions should be appropriately rewarded. Those responsible for incidents which have created serious quality problems and which have caused the state to suffer severe losses should bear economic and legal responsibility. The technical responsibility system, the quality responsibility system and the economic responsibility system should be joined together. All who do not reach the quality criteria are not to be rewarded.

(3) We Must Make Quality Inspection Agencies and the Quality Inspection System Sound

Delegates to the conference suggested that the general bureau strengthen leadership in quality management work. Each construction bureau must restore and make sound the special agencies of the bureau and the departments. Quality inspection agencies must quickly equip themselves and insist on principles according to the needs, manage affairs conscientiously, and have a staff of quality inspection personnel who possesses definite theoretical knowledge and practical experience. The leadership must support the work of the quality inspection department and maintain the duties and authority of quality inspection personnel. Quality inspection personnel have the right to report any quality problems in construction to the leadership of their own units as well as to authorities one echelon higher in authority. When violations of the designed requirements and regulations are discovered during construction and when such violations may cause serious quality problems, the quality inspection department has the right to order a temporary halt in construction and has the right to immediately report the situation to the bureau chief and the chief engineer and to request for remedial measures.

Quality management work must implement the policy of "taking prevention as the key." The quality inspection system and quality inspection method must combine the situation of each bureau so that they may be further perfected. We must

gradually form a quality inspection network of a mass character and implement the three systems combining professional inspection, mass inspection and self inspection. Quality inspection must include inspection at time of delivery of a project for use and inspection of construction procedures. It must also include inspection and an understanding of the preparations for construction and technical logistics to analyze and forecast the quality of construction in time and to provide a reference for improving quality control. Quality problems that occur in the future must be strictly investigated and construction must not continue "until the three aspects are satisfied", i.e., not until the cause of the incident has been clearly investigated, not until the persons responsible have been clearly investigated, not until remedial measures have been implemented, and quality problems must be conscientiously reported.

(4) Basic Work in Quality Control Must Be Done Well

To truly exercise quality control well and guarantee the quality of construction, each unit must compile related rules and regulations, details of implementation, methods of testing and construction records, implement quality evaluation, inspect and test materials according to the unit's own concrete situation before the ministry has compiled all criteria for promulgation. Corresponding technical files must be established to gradually realize standardized and scientific quality control.

(5) Reorganize Quality Control Work, Gradually Implement Overall Quality Control

Strengthening quality control, restoring and surpassing the best levels in the history of the unit are the near-term goals of construction units in quality control work. To implement the spirit of this conference, comrades attending the conference believed that every construction unit must combine efforts with the quality month activities and carry out engineering quality inspection and reorganization within the fourth quarter of this year. Workers must be educated in strengthening quality control on a widespread basis through reorganization. Written reports on reorganization, measures of improvement and distribution of work for next year and the year after next must be submitted to the bureau headquarters before the end of this year.

The present hydroelectric system is still in a learning and exploratory stage in implementing overall quality control. Each bureau must actively launch propaganda and education in this regard. The units at the three test points, the First Bureau, Dahua, Mingjiang Bureau must strengthen leadership, make plans, start out from the actual situation, insist on practical results, conscientiously summarize experience in test operation and gradually popularize quality control.

IV.

The conference conscientiously learned the important directives issued by leading comrades of the Central Committee concerning the implementation of the economic responsibility system in industrial enterprises. Everyone unanimously believed, implementing the economic responsibility system is a

fundamental measure to solve the problem of eating from the "big pot" and to overcome egalitarianism and to mobilize the enthusiasm of the broad number of workers. It is an important reform of the business management system and also a point of breakthrough in reorganizing the enterprises. It must be done. Each unit must liberate ideology and break away from the old confines. Its attitude must be positive and its steps must be steady.

The conference discussed the "tentative method of establishing an economic responsibility system for hydroelectric power construction units" proposed by the bureau headquarters. It believed the direction of this "tentative method" was feasible and it suggested that the method should be implemented on a trial basis after revisions were made. Each unit should combine efforts with the actual situation of the unit itself according to the "tentative method" and establish details and these should be reported and filed with the bureau headquarters.

Everyone believed that the economic responsibility system can be implemented in hydroelectric power construction enterprises by allowing profit sharing after conserving costs, delegation of responsibility for profit and loss and contracting single construction projects. The principle of compensation according to labor performed must be implemented in the distribution of remuneration, and more compensation should be given to more work performed. At present, the following measures can be implemented in general: (1) wages for piece work, including wages for extra work performed and for extra work performed by the small collective; (2) rewards for surplus output; (3) work points given as reward for indexed and itemized work; (4) rewards for completion of quotas and contracted work; (5) floating wages, etc. The measures used by a unit should be based on the characteristic of that unit. Measures should start out from the actual situation and must be determined by seeking truth from facts. Units must not carry out arbitrary uniformity and must not rush into establishing a fixed form. They must continuously summarize experience in practice to gradually develop and perfect these measures.

The conference also believed that in the implementation of the economic responsibility system, regardless of which form is used, we must pay attention to grasping the following principles: (1) it must have a fixed quota of an advanced average; (2) it must guarantee quality of construction; (3) Construction cost is only allowed to drop and it is not allowed to rise; (4) it must be uniformly planned on an overall basis and it must be rationally distributed. At the same time, leadership must be strengthened, and ideological and political work must be strengthened. All basic work must be done well to create conditions for the further popularization of the economic responsibility system.

V.

Comrades attending the conference believed that in order to change the passive situation in hydroelectric power construction within three years and to suit the needs of hydroelectric power construction, the most fundamental aspect is to improve the Party's leadership and strengthen the Party's ideological and political work.

(1) We must continue to conscientiously learn the spirit of the Sixth Plenum and the important talks and lectures concerning the problems in the ideological battlefront by comrades Deng Xiaoping and Hu Yaobang, and overcome laziness and weaknesses in ideological leadership. The leadership of the Party should strengthen itself and be unified to make it easy to overcome the various mistaken trends in time, and to strengthen unity on the basis of insisting upon the four basic principles. The leadership that deviates from socialism and the Party, and the social ideology of engaging in capitalist liberalization must be severely and correctly criticized and necessary and appropriate struggles must be waged against it. We must continue to purge the influence of the "leftist" guiding ideology, and develop the good tradition of criticism and self criticism. We must develop the party style, and adhere strictly to party discipline so that politics will be consistent with the Party Central Committee. At the same time, we must educate the workers to establish hard struggle, to love hydroelectric work and to establish the revolutionary spirit of giving one's whole life to the struggle of developing hydroelectric power. We must promote the style of sharing the worries of the state and make more contributions to the four modernizations.

(2) We must establish and make sound the responsibility system of the chiefs of bureaus and institutes under the leadership of the party committee and the workers' representative conference system under the leadership of the party committee. This is a fundamental measure to strengthen and improve the party's leadership, and it is also a major reform of the leadership system. Each bureau and institute must follow the directives of the Central Committee and the State Council to actively establish the plant manager responsibility system under the leadership of the party and the workers' representative conference system under the leadership of the party committee.

We must continue to implement the policies regarding intellectuals and fully develop the functions of technical personnel so that they will truly have duties, authority and responsibilities.

(3) We must train all personnel well, and we must continue to improve the technical standards and work capabilities of workers. These are a very urgent strategic task. Each unit must strengthen leadership, establish plans for training, use many methods to organize and implement the plans in stages and in groups. People must be trained and personnel must be readjusted to fill the types of work that have not been established. Workers on the frontline can be readjuted to work four shifts so that one shift of workers can be trained in rotation. Units which do not have enough production tasks and which have a large number of idle workers must organize workers so that all workers can receive training.

(4) The style of leadership must be improved. The new situation of building the four modernizations has made higher and stricter demands upon the leadership at each level. We must lift up our spirit, be skilled at learning and work hard. We must delve deeply into the actual situation to grasp problems and we must break way from the limitations and open up new roads. We must have ambitious goals and we must also have a down to earth style of work.

We must have sufficient energy to work and we must insist on the scientific attitude of seeking truth from facts. We must have the courage to defeat difficulties and we must have the courage to renovate and create.

We must care about the life of the workers and pay attention to solving the problems in worker's lives that urgently need to be solved.

During the conference, each unit also reported on the implementation of this year's plans, and made concrete arrangements for the tasks of the next four months. Everyone expressed willingness to exert efforts to complete the various tasks for this year. During the conference, documents related to the plans for surveying, designing, hastening preliminary work and strengthening construction quality control before 1985 were discussed. They are awaiting revision and review before they are issued and implemented on a trial basis.

Finally, comrades attending the conference unanimously expressed the view that the conference had summarized the experience and lessons of the past, unified ideological understanding, clarified the goals of struggle, studied measures to hasten preliminary work and strengthen construction quality control, and established trial methods to implement the economic responsibility system. The comrades attending the conference were determined to work hard in the future to build hydroelectric power, to unite in battle, and to make new contributions in building hydroelectric power.

9296
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HYDROELECTRIC POWER STATIONS UNDER CONSTRUCTION

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 3, 12 Mar 82 pp 45-46, 53

[Article by special staff correspondent Tao Jingliang [7118 2529 5328] who wrote the article on the Bezhouba Dam System, and Zhang Jihua [1728 4949 5478] who wrote the rest: "Hydroelectric Power Stations in Construction"]

> [Text] At present, China is constructing some 20 large and medium hydroelectric power projects that are directly under the jurisdiction of the ministries and that supply power directly. They include Gezhouba, Longyangxia, Wujiangdu, Baishan, Dahua, Taipingxiao, Hunanzheng, Ankang, Jinshuitan, Dongjiang, Nanyahe, Lubuge, Tondjiezi, Tianshengqiao, Taipingwan etc. The number of generators installed total more than 100 units and total capacity approaches 10 million kilowatts. In response to the widespread demand from readers, this magazine has especially established this column entitled "Hydroelectric Power Stations Under Construction" to introduce the progress of domestic hydroelectric projects one after the other and important foreign hydroelectric power projects will also be introduced.
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> -- Editor

Changjiang Gezhouba Project

Construction of the Gezhouba hub (See WATER POWER, No 4, 1981) is divided into two phases. First phase construction has been basically completed at present and the project has begun to produce gain. The second phase construction began in December of 1981.

Construction of the first phase began after cofferdams were built along Erjiang and Sanjiang on the left side of Changjiang. Water in Changjiang and navigating vessels all used the main river channel. After the first stage construction was basically completed, the main river channel was closed and the water was diverted to Erjiang and Sanjiang through the structures for draining. Then the dofferdam of the main river was built to store water in

the reservoir and to benefit navigation and generation of electricity. Then, the second phase construction began.

Construction of the first phase began at the end of 1970. Because some major technical problems were discovered and had to be further studied and solved, the State Council decided in November 1972, to halt construction of the main structure. At the same time, preliminary designs were revised. In October, 1974, the State Council gave its approval to begin construction of the main structure again. Since 1977, construction has quickened. In 1981, the main river was closed in January. The reservoir stored water in June and Sanjiang was opened for navigation. The No 1 generator of the Erjiang Power Plant began trial operation and generation in July. A major flood was overcome. The No 1 and No 2 generators of the Erjiang Power Plant were inspected and approved by the state and officially joined production in December, and the No 3 generator began trial operation. The construction project of closing the main river received the state's superior quality construction award in 1981.

The construction projects completed during the first stage of construction included: the earth and rock dam on the left bank, the navigational channel of Sanjiang, the No 3 lock, six scouring sluices on Sanjiang, the non-overflow dam, the No 2 lock, straw and concrete dams, the power house of the power station on Erjiang, installation of the No 1, No 2, and No 3 water turbo-generators and their incorporation into the power network to generate electricity (the No 1 and No 2 generators have a single generator capacity of 170,000 kilowatts each, the No 3 generator has a capacity of 125,000 kilowatts), the guide wall of the floodgate of the plant, 27 sluice gates on Erjiang, the concrete longitudinal cofferdam, transverse cofferdams at the upper and lower reaches of the main river, and two concrete leakage prevention walls at the center of the cofferdam at the upper reaches. The investment in capital construction during the first stage of construction was 2.554 billion yuan.

The scope of the first stage construction extended 1,600 meters along the dam and about 7 kilometers from the upper reaches to the lower reaches. The main projects included: 6.22 million cubic meters of concrete, digging 52.50 million cubic meters of earth, refilling of 25.70 million cubic meters of earth, installing 37,400 tons of metallic structures, drilling 33,900 meters of a curtain of filling holes, 39,432 meters of drainage holes, 65,331 meters of cement fillings, 25,584 square meters of seam filling, and 50,000 square meters of anti-leakage walls of concrete. Although the construction was relatively complex, with the efforts of the builders of Gezhouba, a lot was accomplished during the year of peak intensity in construction. Over 12 million cubic meters of earth were dug. Over 5 million cubic meters of earth were filled. Over 2 million cubic meters of concrete were poured. Metallic structures of 22,000 tons were installed. Many new techniques and new technologies were used and created, therefore, conditions for closing the main river were realized one year ahead of the original schedule, and the period of completion of the first stage construction was also correspondingly shortened. At the same time, 358 kilometers of 220,000-volt high voltage transmission lines were erected.

Up to the end of 1981, the Erjiang Power Plant had generated 225 million kilowatt-hours of electricity cumulatively and had provided strong electric power for the Central China power network. The two locks on Sanjiang had provided passage of 2,909 times cumultatively for 12,967 vessels carrying 1.47 million tons of cargo and 646,000 passenger-times. Transportation is good and the demand for transporting cargo and passengers on Changjiang through the dam was satisfied.

At present, the base board of the floodgate 49 meters downstream on the axial line of the sluice gate on Erjiang and its protective seam are being inspected and repaired and scouring of the surface concrete under the current water flow nearby is being inspected. Final construction of the cofferdam at the upper reaches of the main river and the building of monitoring facilities are being hastened to guarantee that this year, the structures can safely withstand floods. Subsidiary enterprises involved in the second stage construction have already begun construction on an overall basis. The work of digging the earth foundation has begun over a large area. Pouring of concrete on the slope in front of the power station on the main river has also begun.

Longyangxia Hydroelectric Power Station

Longyangxia Hydroelectric Power Station is on the main river of Huanghe inside Gonghe County in Qinghai province. It is the first step power station at the upper reaches of Huanghe. The dam across the river is a concrete arch gravity dam. The tallest point of the dam is 175 meters. The leading arc of the top of the dam is 375 meters long. It is the first tall dam being built in the nation. To guarantee that the reservoir drains flood water of different frequencies and supplies water downstream, and to guarantee the reliability and versatility of the regulatory function of the reservoir, spillways have been built on the mountain top on the right side of the large dam, and medium, deep and bottom drainage tunnels have been built through the dam itself. After completion of the reservoir, the reservoir capacity will reach 25 billion cubic meters and it will be the largest reservoir in the nation at present. The power station is located in the back of the dam with four 320,000-kilowatt generators of a total installed capacity of 1.28 million kilowatts and an annual average output reaching 6 billion kilowatt-hours. By regulating the Longyangxia Reservoir, the annual output of the four hydroelectric power stations at Liuxiaxia, Yanguoxia, Bapanxia and Qingtondxia can be increased by 500,000 kilowatts and over 500 million kilowatt-hours of electricity can be added. After completion of the reservoir, it will serve greatly in flood prevention, irrigation and the prevention of icicles in the lower reaches in Lanzhou, Ningxia and Inner Mongolia. The hydroelectric power station is designed by the Northwest Surveying and Design Institute of the Ministry of Electric Power and construction is carried out by the Fourth Hydroelectric Engineering Bureau of the Ministry of Electric Power.

Longyangxia Hydroelectric Power Station is situated in the Qinghai-Xizang Plateau at 2,600 meters above sea level. Natural conditions are severe, including a lack of sufficient oxygen in the atmosphere, severe cold and strong wind and sand storms. These have made construction very difficult.

Since 1976 when the workers of the Fourth Hydroelectric Engineering Bureau arrived at the site, they have overcome many difficulties and within a period of only three years, they have built an access highway, and a system of wind breakers, and water and electricity supply systems for the site, corresponding accessory installations for construction, a lead flow tunnel with a cross section of 15 x 16 meters and 680 meters long, and an earth cofferdam 62 meters high. Construction quality was good. It withstood the extremely heavy flood of 5,570 cubic meters/second on 18 September 1981 (For details see WATER POWER, No 1, 1982) After it won the battle of flood resistance, the subordinate enterprises of the construction site have partially completed facilities to produce sand, gravel, building materials and concrete. The 20-ton cable crane spanning the two banks has already been installed and tested. Pouring of concrete for the main structure is expected to begin in 1982. Because geological conditions at the dam site are complex, and because the dam site is located in a seismic area with seismic activity of 8 on the seismic scale, to guarantee safety of the dam, the foundations of the dam shoulders must be carefully compared and treated in detail. For this, anchor cables, tunnel plugs and concrete have been used in place of ordinary measures for the transmitting tunnels and for filling.

Baishan Hydroelectric Power Station

The Baishan Hydroelectric Power Station is situated on Songhuajiang inside Huadian County in Jilin province. The downstream dam site is 250 kilometers from the Fengman Hydroelectric Power Station. The water-blocking structure is a concrete gravity arch dam. The power station is underground on the bank of the river. The dam spanning the river has a maximum height of 149.5 meters. The height of the top of the dam is 423.5 meters divided into 39 dam sections. The length of the arc of the top of the dam is 667.76 meters. On the left are two dam sections for additional number of generators. They can house two 300,000-kilowatt generators to be installed during the second phase of construction at Baishan. At a height of 350 meters on the dam are three medium drainage holes (with cross sections of 6 x 7 meters). The top of the dam has four overflow floodgates (with dimensions of 12 x 11 meters). The height of the cofferdam is 404 meters. The total amount of concrete for the large dam is 1.633 million cubic meters. The capacity of the reservoir is 6.215 billion cubic meters. The reservoir is a partial multiple year regulatory reservoir. The power house is on the right bank with three 300,000-kilowatt generators of a total installed capacity of 900,000 kilowatts. The power station has three diversion tunnels with diameters of 7.5 to 8.6 meters and a total length of 832 meters. The main transformer room of the power house and the tailwater pressure adjusting chamber are all underground. The cross section span of the power house is 25 meters, the height of the ceiling is 54 meters, and the length is 115 meters. The total amount of digging for the underground power house and tunnels was about 400,000 cubic meters. The project is designed by the Northeast Surveying and Design Institute of the Ministry of Electric Power. Construction is carried out by the First Hydroelectric Engineering Bureau of the Ministry of Electric Power.

After construction of the Baishan Hydroelectric Power Station resumed in 1976, the passive situation caused by a violation of construction procedures has

been basically turned around and now construction has entered an overall construction stage. Digging of the foundation for the cross-river dam has basically ended. Nearly 1 million cubic meters of concrete for the dam structure have been poured, constituting 61 percent of the total amount required by the design. Over 100 meters of the dam height have already been poured, and most of the dam sections have been poured up to 360 meters (the initial power generating water level is 355 meters. When the lower floodgate stores water, a poured height of 366 meters is required, the initial power generating water level is 384 meters). Digging of the underground power house and tunnels are also basically completed. Construction has progressed from digging to laying concrete. Now, 60,000 cubic meters of concrete have been poured, constituting 35 percent of the total of 180,000 cubic meters. Now, pouring of concrete for the No 2 generator has reached a height of 278.5 meters at the bottom of the cone-shaped tube and the vertical frames for the No 1 generator have been poured up to 278.5 meters. Pouring for the No 3 generator has reached the toggle pipe base board at 271.9 meters. Lining and brick laying for the aquaduct are being prepared. Pouring of concrete for the wells of the three floodgates with intakes of 50 meters tall has been completed and intensive construction is being done on the sludge blocking grid.

The concrete structure of the dam is poured from suspended dippers on a loading bridge. Two loading bridges have been built at altitudes of 312 and 361 meters. Concrete is produced by the mixing towers on the right bank downstream (3 x 1600, 4 x 2400, and 8 x 2400 liters each), then it is transported by light rail down the dam. The 10-ton gate crane on the loading bridge lifts 3 cubic meter dippers into the dam. The metallic structure of the dam and the metallic structure of the intakes are lifted by a 20-ton cable crane. This cable crane is also used for pouring small amounts of concrete. During the digging of the power house and tunnels, pre-stress anchor cables and spraying of concrete were extensively utilized. During construction of concrete wells of the intake floodgates, laser guided hydraulic pressure sliding shutters were used for continuous pouring. When lining and laying concrete for the pressure tunnels, the method of "frame drawing" will also be used.

At present, construction at the Baishan Power Station is intense and the task is difficult. The workers of the First Hydroelectric Engineering Bureau are enthusiastic about their work and are working intensively. They are determined to lower the floodgate to store water at the scheduled time to strive for early generation of electricity.

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HYDROPOWER

REMOTE SENSING USED TO SURVEY WATER RESOURCES

OW311200 Beijing XINHUA Domestic Service in Chinese 0121 GMT 29 Mar 82

[Excerpts] Beijing, 29 Mar (XINHUA) -- Significant achievements have been made in the first phase scientific research work for the Yalongjiang River water resources development project in Sichuan by more than 200 scientists and technical personnel in close cooperation with electric power and other departments in the past 2 years. The survey and design work for the project is still in progress.

In order to speed up the development of water resources in the Sichuan-Yunnan region, the State Planning Commission entrusted the Energy Research Committee of the Chinese Academy of Sciences and the Chengdu branch of the academy with the task of organizing more than 260 scientific and technical personnel from 18 research institutes and schools of higher learning to conduct various tests and research work in cooperation with the Chengdu Survey and Design Institute of the Ministry of Water Conservancy and Power and a unit of the PLA. Since 1980, they have conducted aerial remote sensing tests centering on the feasibility of building hydroelectric power facilities in the Ertan area of the Yalongjiang River, made evaluations of geologic features for construction work in the Ertan, Tongzilin and Jinping areas, and made comprehensive studies of geologic features, rock mechanics, anti-seismic structure, hydrology and hydraulics for the dam site in the Ertan area.

During the past 2 years, based on the foundation of the studies made by the Chengdu Survey and Design Institute and a unit of the PLA for more than 10 years, those middle-aged and young scientific and technical personnel have completed the most difficult and extensive aerial remote sensing tests in the history of our country for the design and planning of the Yalongjiang Ertan Hydroelectric Power Station. The tests included flights covering a total area of 31,542 square kilometers, infrared scanning of a total area of 5,684 square kilometers and multispectrum photography of a total area of 920 square kilometers. In addition, they conducted spectrum tests of rocks, soil, water level and vegetation in key areas including Hongge, Ertan and Panzhihua, obtained more than 600 sets of data, drew 405 spectral curves and made a comprehensive analysis on the stability of crux of those areas.

CSO: 4013/42

BRIEFS

HEILONGJIANG HYDROPOWER STATIONS--Sixty-seven small hydropower stations with an installed capacity of 38,360 kilowatts have been established in 24 counties in Heilongjiang Province. Last year, small hydropower stations generated 75.6 million kwh of electricity, a record in the province. At present, 25 hydropower stations are under construction in 12 counties. Upon completion of these stations, the annual power output by small stations will increase to 90 million kwh. The province is abundant in hydraulic resources, but only 5 percent of them have been exploited. Therefore, all localities should quickly build small hydropower stations if conditions permit. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 18 Mar 82 SK]

CSO: 4013/49

COAL, OIL, GAS

PROMOTING PRODUCTION AND CONSTRUCTION OF COAL INDUSTRY

Beijing MEITAN KEXUE JISHU [COAL SCIENCE AND TECHNOLOGY] in Chinese, No 1, 25 Jan 82 pp 1-3

[Article by the Editorial Department of this magazine: "Hasten the Speed of Developing Coal Production"]

[Text] Over the past 2 years and more, the workers on the coal front have responded to the call by the Party, implemented the Party line, carried out the eight character policy, exerted efforts to hasten the readjustment of the progress of construction, hastened the speed of building and developing coal mines, strengthened safety measures, reorganized business enterprises, began some reforms, and completed the various tasks of readjustment and the buildup in production better.

A new year has begun. The tasks faced by the coal industry are more difficult and more glorious. In 1982 and during the whole "Sixth Five-Year Plan" period, the coal industry must keep pace with the speed of development of the national economy. This means, starting from this year, the readjustment tasks that have not been completed should be completed, and the output of coal must be kept at a fixed rate of growth to satisfy the ever increasing daily need for coal in national economic development.

A rapid increase in the output of coal involves expanding reproduction by extension on the one hand and expanding reproduction in intensification on the other hand. Our nation has coal resources and the coal industry has a good foundation. Whether by extension or intensification, there is the potential for expanding reproduction. The problem is to adapt such efforts to the economic pattern, rely on scientific methods, work concretely, and not rely on sudden efforts which will result in future troubles.

I. Hasten the Speed of Building and Developing Mines, Reform the System of Production at Large Coal Mines, Shorten the Construction Period, Produce Coal Ahead of Schedule

To shorten the construction period and to strive to increase the number of coal mines which can begin production each year and to guarantee necessary extension and expansion of reproduction, a lot of work has to be done. A lot of work has to be done, whether in readjustment or reorganization, in geology,

design, scientific research, organization of construction, the quality of construction, reforming the system, economic policy and utilization of foreign capital. In particular, reforming the system of production at large mines and designing work seem to be even more urgent tasks.

One of the main reasons affecting the construction period of mines at present is that the amount of work involved in designing is large and the tunneling distance is long. Therefore, how to improve the deployment of excavation in design and rationally reduce the amount of construction for building tunnels is a problem that waits immediate solution. For many years, some experience has been accumulated in this regard. For example: Where conditions are suitable, level tunnels and inclined shafts should be excavated first. At the beginning, the stopes should be placed near the pit shafts as much as possible, and excavation should be done by advancing the stopes and retreating the faces. The positions of ventilating shafts should be rationally selected and the distance of tunnelling should be shortened. Consideration should be given to using one shaft for many uses. At the beginning, centralized ventilation should be used as much as possible. At mines with favorable conditions, stopes should be established simultaneously while ascending and descending. Coal extraction technology should be reformed. The positioning of tunnels should be improved. In coal seams where conditions are suitable, inclined long wall extraction and extraction without using coal columns should be used and more coal tunnels should be dug. The degree of mechanization of extraction and tunneling should be improved. Production should be rationally centralized. The productive capabilities of the stopes and the faces should be improved. When the conditions are favorable, old pits nearby or ventilation shafts of stopes should be utilized as much as possible for tunnelling new pits. When the conditions are suitable, floor type windlass and steel cable coal tubs should be used as much as possible. The setup of industrial facilities should be improved to conserve land and to reduce the number of coal columns in the fields as much as possible, and the amount of nonproductive construction of tunnels should be reduced. All of these can be selectively utilized after technical and economic comparison.

Reforms are also necessary in the system of production at new mines. All parts of a large mine should be designed at once and constructed in stages to produce coal earlier. For over 30 years, our nation's schedules for completion and production of coal mines have been changed back and forth several times. At present, regardless of size, construction of all new mines is supposed to be completed at once and the mines should begin production after completion. Among the mines being built at present, large mines constitute about 90 percent. In this way, the construction period would necessarily be long and the newly built mines cannot quickly produce benefits from investment. At the same time, if production is not reorganized in time, the construction project must be maintained and even when the construction project has been completed and the facilities handed over for production, a lot of work has to be redone and tunneling has to be redone. Building mines in stages is a good method to produce coal earlier and to reap benefits earlier.

Designing a large mine at once and building the mine in stages to produce coal earlier should be based on the actual situation of the mine. In the

design, the most economical and most rational method of construction should be selected. For example: If the coal seam is shallow, the shallow part can be extracted from many pit shafts in separated zones. Ventilation should be set up for separate zones to produce coal earlier. In large mines, if the coal seam is deep, stopes near pit shafts should be built first to produce coal earlier. At mines where conditions are favorable, consideration can also be given to utilizing ventilation shafts for producing coal earlier but the problem of transport must be solved.

Designing a large mine at once and building the mine in stages to produce coal earlier require that the design establishes corresponding standards for construction of each stage to prevent premature production. The present construction order of first building the bottom of the mine pits and then building the upper parts in current construction of mines must be changed. After the pit shaft has been sunk, the first stage of the stopes must be built first to quickly form a bottom and top production system for the shafts. Therefore, civil engineering work and installations must be done earlier, special railroad lines, power supply, land purchases and moving of villages must be arranged early to adapt to the need for producing coal earlier. Construction of large mines in stages for those large mines currently being built involves a broad area and the problems are more complex, and it must not follow a fixed pattern. Each mine must be studied and built individually.

II. Build a Group of Medium and Small Mines in Regions With Suitable Conditions

The problem of the type of mines directly affects the results of investment and the results during the construction period. The size of the mines should be determined by considering the resources of the coal fields, the conditions of development, and the topography, concrete conditions of production, need and transport and by adhering to the principles of less investment, quicker output of coal and large economic benefits. Those mines which should be large should be large and those which should be small should be small.

It is entirely necessary to build a group of modernized large coal bases according to plan and step by step in view of the overall situation of the national economy and long range development. But, considering the urgent need for energy resources, in the near term, more medium and small mines of less than 900,000 tons should be built to shorten the construction period and to realize benefits earlier.

To quickly build this group of medium and small mines, first, we must build up old mining areas that have suitable conditions and their peripheral fields and fully develop the strength of the old mining areas, and implement the three guarantees system (guaranteed investment, guaranteed construction period, guaranteed output). Second, we must "plan for the whole, design it at once, start out from the small and then build the large ones, start out from the shallow seams and then exploit the deep seams, start out from the small pits and expand to the large pits" in regions where the reserves are rich and are buried at a shallow depth. We should first build a group of medium and small mines. After a few years, we could carry out technical improvements and combine these small mines with the deeper large mines. When building medium

and small mines, we must uniformly consider the limits of the depth of excavation, the procedures of excavation, the setup of the site, power supply, water supply, railroad transport and such productive systems and living facilities. In the past, many large mines and pits of the Jixi, Datong, Yangquan and Xishan mining bureaus used this method. They started out from the small to the large and they developed gradually. Using this method, investment during the first period of construction can be conserved. The construction period is short. Coal can be produced earlier, and the mines already built can serve later mines. This group of medium and small mines must be built quickly and well and they must produce results within about 3 years. The condition is that they must have reliable resources and nonproductive pits must not be sunk. The productive system and the living and welfare facilities of the mines must be matched. Premature production must not be carried out. There must be long-range plans and overall planning.

III. Technical Improvements Must Be Carried Out Step by Step for Presently Existing Coal Mines

Carrying out technical improvements is a strategic measure proposed by the Central authority. If old enterprises are not rebuilt, and if they continue to use out-dated and old technologies and equipment, consumption cannot be reduced, quality cannot be improved, and good economic results are difficult to realize. The technical improvement of mines should be based on the principle of spending less money to do more work. Guidance must be categorized according to different situations and according to the concrete conditions of the mines.

1. The mines with rich reserves, where mining conditions are good, where traffic is convenient should be the key points for technical improvement. We must select a group of mines for overall consideration and overall improvement of their productive capability, their system of production, technical equipment, safety measures, washing and processing procedures, ground storage and transport and living and welfare facilities so that production can be increased and the economic gain can be improved with less investment and within a shorter time.

2. Some mines in coastal regions do not have a rich reserve and mining intensity is high. The rate of utilization of their capabilities has already surpassed the original design. In the future, their present production level should be stabilized and their technical and economic indices should be improved by improving individual links, filling the gaps in safety measures and implementing necessary renovation of equipment. There are also some mines that have favorable conditions for expansion and they should be expanded early. These mines have good transportation and their role can be better developed.

3. In the inland regions, there are many mines with rich reserves but because of the limitations of the condition for transportation, the rate of utilization of the capabilities of the mines is generally only about 60 percent. At present, the main efforts should be to improve the conditions of transportation and to develop the designed capabilities of the mines. In the future, some mines with conditions for shipping coal to other localities should be selected

for improvement and expansion. In technical improvement of mines, we must pay attention to the renovation of technology, techniques and equipment, we must pay attention to increasing unit output, increasing unit tunneling, increasing the recovery rate of resources, we must guarantee safety, and we must change the situation of the backward technology at the mines. All expanded mines must have a reliable geological reserve. After expanding the productive capability, a definite number of years of service of the mine and the level of production must be guaranteed. The proportional relationship between excavating and tunneling must be coordinated, and the production links, the living and welfare facilities and the systems for ground storage, loading, transport and selection must also be matched correspondingly.

Resources must be actively sought in old, run-down mines. Measures must be taken to extract coal from coal columns, residual coal, accumulated coal under buildings, railroads and bodies of water, and the life of the mines should be extended as much as possible.

IV. Develop Mechanized Mining, Add Some Equipment for Comprehensive Mining, High Grade General Mining, and Tunneling and Transport Machinery

Comprehensive mining can produce a high output. It is highly efficient and safe, and its production is centralized. It is the direction of future development in coal mining technology. At present, the output from comprehensive mining in our nation already constitutes over 17 percent of the output of stoping at uniformly equipped coal mines, and it has already become an indispensable means for stable and high output at some major mining areas. In fiscal year 1981, the faces of comprehensive mining throughout the nation produced an average annual output reaching over 400,000 tons, equivalent to the output of a medium mine. In the future, comprehensive mining should be developed according to plan and step by step according to the nation's economic strength. It should progress from position to position to realize "three priorities", i.e., equip newly built large mines with conditions suitable for comprehensive mining as a priority, equip old mines with a rich reserve and which can improve their comprehensive productive capabilities by a large scale through technical improvements, and equip coal mining faces where the use of comprehensive mining can visibly improve the stoping rate or can effectively solve the problems of safe production.

Renovating general stoping equipment and developing high grade general stoping at key localities have practical significance in improving unit output and work efficiency at the present stage. In 1977, our nation developed high grade general stoping equipment on our own. We used single unit hydraulic props, coal extracting machinery of larger power, the model 150 bendable transporting equipment and conveyors, elastic belt conveyors and such matched equipment to replace the friction type metal props, the model 80 coal extracting machinery, the model 40 transporting equipment which have been used since the 1950s and 1960s. Good technical and economic results have been obtained. According to statistics compiled in September, 1981, the average monthly output of the faces of high grade general stoping in the uniformly equipped mines throughout the nation was 75.69 percent higher than ordinary general mining, the work efficiency was improved by 18.41 percent and safety conditions were improved. High grade general stoping should be popularized as the key of the present stage.

Mechanization of mining thin coal seams is a weak link in present production. To hasten the progress of stoping thin coal seams and guarantee the proportional mining of thick and thin coal seams, we must actively create conditions and hasten the development of mechanizing mining of thin coal seams.

A lot of experience has already been accumulated in hydraulic mining of coal in our nation. Under definite conditions of the coal seams, hydraulic mining has obvious superiority. We should study and improve existing problems and actively implement hydraulic mining at places where conditions are favorable.

Stoping and tunneling should be carried out simultaneously and tunneling should be in the leading position. Tunneling through rock tunnels must be centered around mechanized loading to build a mechanized line of operation with matching equipment. We should also popularize directional guidance by laser, wet drilling of rocks, deep hole clean surface blasting, anchored sprayer props and protectors, comprehensive dust prevention, regular circular operation and such experience to hasten the speed of tunneling. Coal tunnels and half coal and half rock tunnels should be worked using mechanized loading as the key point to realize matched mechanized operation, and in tunneling larger sections and comprehensive stoping tunnels, we should gradually develop coal tunneling machinery and accessories, and at the same time, popularize flexible metal sheds step by step.

Transporting coal in stoping regions should use conveyor belts. The original system of tracks in large coaling tunnels at mines with a potential for producing increased output can be utilized for running 3-ton hopper bottom cars. Mechanized operation and joint operation can be implemented at the pitheads or at the bottom of the pits to improve the coaling and lifting abilities and to adapt to the needs of increased output of coal.

V. Implement Policies That Provide Assistance to Local Mines, Carry Out Technical Improvement Step By Step, Increase the Output of Local Coal

Local coal mines are an important component of the coal mining industry. They bear over 40 percent of the production task. To guarantee the need for coal in national economic development, we must assist and develop local coal mines in a big way. One is to implement economic policies that assist local coal mines to develop the enthusiasm of developing coal at all levels. The second is to implement unified planning, establish mining zones, rationally utilize coal resources. The third is to select the sites according to superior conditions, follow the principle of practical results, carry out technical improvement step by step, and improve safety and productive conditions. With such efforts, the proportion of backbone pits of local mines can be continually increased to meet the demands for stable and high output and safety standards.

9296
CSO: 4013/6

EXPERIMENTAL PLANT USES STONE COAL FOR POWER GENERATION

Beijing GUANGMING RIBAO in Chinese 18 Feb 82 p 2

[Article by staff reporters Zhou Wenbin [0719 2429 2430] and Zhang Zuhuang [1728 4371 3874]: "An Undertaking of Bright Prospects--A Report of Investigation On Yiyang Stone Coal Power Generation and Comprehensive Use Experimental Plant"]

[Text] Editor's Note: On the question of the comprehensive use of stone coal, there is a lack of successful experience at home and abroad, and therefore there are different views. In past 4 years, Hunan Province's Yiyang Stone Coal Power Generation and Comprehensive Use Experimental Plant has conducted research and made experiments. It has made fairly good progress in technological and economic fields. The following report of investigation explains the experience of this plant for the reference of departments concerned.

Hunan Province's Yiyang Stone Coal Power Generation and Comprehensive Use Experimental Plant undertakes the state project of intermediate experiment in exploring the use of stone coal resources. It includes three sections of a power generation plant, a building material factory and a vanadium factory. The work of construction began from 1977, and test operation started from 1978. Till the end of 1981, the power plant had run 5,598 hours and generated about 30 million kilowatt-hours of electricity, including 1,124 hours of continuous running in 1980 and over 2,700 hours of running in 1981. During the same period, the building material factory had test run 2,000 hours and used the stone coal cinder to produce more than 1,600 tons of brick-laying cement and clinker-free cement and 3,000 pieces of small flat cement tiles; and the vanadium factory had extracted more than 7,000 kilograms of dry red vanadium from the ashes of the power plant. The results of the test operation show that the comprehensive use of stone coal is indeed an undertaking of bright prospects. It is not only practicable technologically but also rational economically.

Stone coal is a rich energy source in the southern part of our country. The statistics of some provinces (regions) shows that up to 1981 the proven deposits reach more than 60 billion tons, of which more than 18 billion tons are in Hunan Province. The calorific capacity of most stone coal is between 1,000 and 1,500 kilocalories per kilogram, and that of good coal may reach even 4,000 kilocalories per kilogram. Yiyang Experimental Plant tried to

resolve key technical and economic problems on the use of stone coal and selected purposely coal of poor quality with a calorific capacity of only 900 kilocalories per kilogram. The success of this experiment not only will provide the vast areas of southern China with valuable experiences of exploring and using resources of stone coal, but also will open up a practicable way for the coal-producing areas in the north to use large quantities of gangue.

In the past some provinces had conducted experiments of using stone coal to generate electricity. However, in all cases they simply altered the boilers of the old power plants, and the heat efficiency was not good enough. Moreover, the power plants were not in places where stone coal was produced, and had in addition many difficulties of transportation. Also, they did not make use of the large quantities of cinder. Consequently, these experiments gave people the impression that the use of stone coal was technologically not practicable and economically not rational. As a result, for a while we made no progress in using stone coal.

Is the use of stone coal technologically not practicable? On this question, there have been some unfavorable comments. First, people thought that it was difficult to improve the heat efficiency of boilers. Next, they found that stone coal could not be crushed easily, and that the wear and tear of the broad hammer of the crusher was too serious. Besides, the excessive electric power consumption was also an obstacle. On these questions, Yiyang Experimental Plant found fairly good solutions and, thus, carried out its operation with safety, full load and stability. The plant is using a boiler of the capacity of boiling 35 tons of water per hour, with heat efficiency reaching above 60 percent and average consumption of stone coal at 5.3 kilogram for each kilowatt-hour of electricity, that is, 720 grams of standard coal, approaching the performance of a similar generating set burning good coal. The operation of the plant's 6,000-kilowatt generating unit is also approaching full load. With the renovation of the crushing system, the size of coal granules is basically between 3 and 9 millimeters, meeting the burning requirement of the boiler. They improved the broad hammer of the crusher with material of better quality, and the life of the hammer is greatly prolonged with no unusual trouble of wear and tear. At present, the plant has reduced its power consumption to below 16 percent, which is still higher by about 6 percent than a similar power plant burning good coal. With technical renovation, it will be still possible to make further reduction. These facts indicate that the technique of power generation with stone coal has basically reached maturity.

Furthermore, from the economic point of view, if we take into consideration the economic benefits from the comprehensive use of stone coal, such as the saving of energy and the reduction of production cost in making building material from cinder, and the economic value of vanadium and other rare metals extracted from cinder, common power plants will be beyond compare. The comprehensive use of stone coal is of positive significance in protecting coal resources, in mitigating pressure on transportation, and in making up the shortage of building material. The brick-laying cement produced by Yiyang Experimental Plant not only is well received by the users for its fine quality

and low price but also fills up a gap in the variety of cement in Hunan Province. In consideration of only its use for power generation, the economic value of stone coal is also quite high. Though the experimental plant has used stone coal of poor quality, the current cost of generating every kilowatt-hour of electricity approaches that of similar power plants burning coal of fine quality in Hunan Province. Moreover, most of these plants have installed twin-generator units in operation, and are subsidized by the state for the purchase of coal. If a stone coal power plant burns stone coal of slightly better quality, or installs twin-generator units in operation, its cost of power generation will evidently be further reduced, and may become even lower than that of power plants which burn coal of fine quality. At present, though Yiyang Experimental Plant carries out its operation on an experimental basis, it has already brought about very great economic benefits. If we calculate its output value at 2 yuan per kilowatt-hour of electricity, the plant has supplied more than 24 million kilowatt-hours of power (excluding power consumed by the plant), and has made nearly 50 million yuan in output value, equal to more than 6 times its total investment of a little over 7 million yuan. If the plant comes into regular operation, each year it will supply over 18 million kilowatt-hours of power and bring about even more impressive output value. In the face of these facts, the view that economically it does not pay to generate power with stone coal can hardly hold its ground.

At present, with the support of leading departments concerned, the staff members and workers of Yiyang Experimental Plant are striving to further strengthen and improve their present success, and to enlarge the scope of the comprehensive use of stone coal. We can expect that the comprehensive use of stone coal will show more and more fully its superiority.

9039
CSO: 4013/31

GANSU SURPASSES PLAN FOR RAW COAL OUTPUT

Lanzhou GANSU RIBAO in Chinese 16 Feb 82 p 1

[Article by Luo Zhaolu [5012 2507 4389]]

[Text] During the readjustment of the National economy, Gansu's energy resources industries have achieved good results. In 1981, the raw coal production of our province has reached 7,737,500 tons, surpassing the planned amount by 8.98 percent and exceeding 1980 production by 0.98 percent. The seven coal mines (Yaojie, Agan, Jingyuan, Tianzhu, Shandan, Kiutiaoling, Huating) administered directly by the provincial government have surpassed their annual quotas by 293,800 tons.

Progress in electric power production lagged behind previous years, but the result is quite good since power consumption also decreased. For 1981, Gansu's total power generation reached 12,125 million KWH, surpassing the planned figure by 2.8 percent and exceeding 1980 production by 1.5 percent. The 15 power stations administered directly by the provincial government achieved their annual goals.

The petroleum industry also achieved good results in the development of oil fields and in oil production. Under the administration of the Petroleum Bureau of Yumen District, 31 annual production and manufacturing indices (total production, feet of well-drilling, crude oil production, crude oil processing, machine manufacturing, etc.) have achieved their goals. The Changqing oil field also achieved its annual goal of crude oil production ahead of schedule.

9899
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COAL, OIL, GAS

JINZHOU REFINERY MAKES BIG PROFIT

Shenyang LIAONING RIBAO in Chinese 21 Jan 82 p 2

[Article by staff reporters Liu Weiye [0491 4850 2814], Tian Xiangyang [3944 0686 7122] and Wang Xinming [3769 2450 6900]: "Refinery No 6 Goes Ahead in Processing Technology"]

[Text] Jinzhou Refinery No 6 concerns itself about the comprehensive use of oil resources, presents continuously new topics on technical renovation, goes ahead into the depth of processing, produces desired results quickly, and gains excellent economic benefits. In 1981, the refinery made a profit of 114 yuan from processing every ton of crude oil, which is higher by 84.2 percent than the national average of 61.86 yuan in 1980. Its earning power is highest among all oil refineries of our country. With its profit handed over to the state in one year, it is possible to build a new refinery of the same scale.

Jinzhou Refinery has increased its output very quickly by carrying out repeatedly technical renovation, extension and new projects. The leadership of the plant analyzed the situation of production and held that though the plant increased its output year by year in the past, it had not done enough in such fields as the comprehensive use of crude oil and the more refined work of processing. For instance, the refinery released a large amount of petroleum gas which contains many kinds of chemical components. In the past, the gas was simply liquefied for use as fuel. At present, for its comprehensive use, the plant has laid down overall plans for technical renovation and equipment renewal, and also has set a schedule to carry out the reform projects one by one by stages and in groups.

Isopropyl alcohol is one of the valuable chemicals which can be extracted from the petroleum gas. In the past, the refinery used outdated technology to produce isopropyl alcohol, its equipment was obsolete, and the pollution of the "three wastes" (waste gas, waste water, and industrial residue) was serious. Over a long period of time, production could not be carried out on a large scale. In 1977, they renewed and renovated the equipment for producing isopropyl alcohol, improved the production technology, and boosted the output from some 600 tons to 3,000 tons. Last year, the plant took the advantage of carrying out a general overhaul of its equipment, increased the height of the deetherification column--a key section of the equipment, and carried out

corresponding reform of the technological process with the addition of a deodorization device. Consequently, the equipment and technology for the production of isopropyl alcohol reached the international advanced standard, the annual production capacity increased to 10,000 tons, and the Ministry of Chemical Industry approved the fine quality of the product. Furthermore, the plant carried out corresponding extension and new projects on the comprehensive use of liquefied gas as raw material to make such articles as additive for petroleum, synthetic rubber, cyclobutyl sulfone and other products, and raised its productive capacity. At present, the output value of its products extracted from liquefied gas alone in one year reaches 150 million yuan, with a profit of 50 million yuan. They constitute one quarter of the refinery's total output value and profit.

9039
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SICHUAN NATURAL GAS PRODUCTION

Beijing DILI ZHISHI [GEOGRAPHICAL KNOWLEDGE] in Chinese No 2, 1982 pp 9-10 (Excerpt)

[Article by Zhou Shikuan [0719 0013 1401]: "New Face of Luzhou"]

[Excerpt] Development of Natural Gas and Unique Chemical Fertilizer Production

While surveying Luzhou, we took a special inspection trip to the Southern Sichuan Natural Gas Mines and the Luzhou Natural Gas Chemical Plant. We were deeply impressed. Our nation has a long history of developing natural gas. As early as 250 BC, during the Qin dynasty, governor Li Bing and son and the broad number of laboring people dug canals, sank wells in Sichuan and discovered natural gas. The natural gas in Sichuan was utilized during every subsequent period, but the scale was not large. The discovery and large scale exploitation of the rich natural gas resources in the Southern Sichuan area began after liberation. Official surveying and exploration began in 1956 and production of natural gas began in 1959. After more than 20 years of hard work, a large southern Sichuan natural gas mining area centered around Luzhou was finally built. By 1979, natural gas production was 2.9 billion cubic meters/year. The natural gas resources here are rich and the distribution is broad. There are natural gas fields distributed in the north from Longchang County to Shuyong County in the south, and west from Changning County to Jiangjin County in the east. The natural gas fields here have the following characteristics: The individual fields are small in area, the distribution is scattered, yet they are "small but fertile" gas fields and generally their reserves are large. Today, the natural gas reserves already obtained by the Southern Sichuan Gas Fields constitute one-fourth of the total reserve of natural gas in Sichuan. In 1979, 27 gas fields had already been developed. Their output constituted 45 percent of the total yield in Sichuan. At present, they constitute the largest natural gas production base that has already been built at present in our nation. When we went to the gas fields to inspect, we saw well props standing one after the other and extending into the sky. Every extracting pump was working continuously and there was a criss-cross network of gas pipes, and vehicles filled with equipment were going here and there. This busy production scene made us feel happy! The comrades at the gas fields told us that here, natural gas resources are rich, and the gas fields are the crevice type and are easily exploited. The gas producing layers

are relatively shallow. The mines mainly extract the gas of the geostrata of the Triassic Period and the Permian System. At the same time, the quality of natural gas is good, the content of methane reaches over 95 percent and the sulfur content is low. The gas is a dry natural gas. Its value for industrial utilization is very large. It is the ideal raw material for producing synthetic ammonia, methanol, methyl and carbon black and such chemical products. To use natural gas as raw material for chemical production and industrial production and as fuel for cities, we need to continuously transport natural gas to the factories and cities. The criss-cross network of gas pipes at the Southern Sichuan Gas Mines is connected to the main pipelines of the Sichuan provincial network. High pressure natural gas is sent to Changdu, Zigong, Yibing, Chishui, Naxi to satisfy the needs for industrial production and urban living.

The plant was built as our nation's first large nitrogen fertilizer plant to utilize natural gas to produce synthetic ammonia when natural gas was massively exploited in 1964. In two years, the plant acquired the capacity of producing synthetic ammonia of 100,000 tons/year and 180,000 tons/year of urea and became our nation's earliest plant to be equipped with large nitrogen fertilizer producing equipment. There is a rich source of natural gas underground here, and the location is near the large river. Water sources are sufficient, river navigation conditions are good, and thus these factors have promoted the rapid development of natural gas chemistry.

9296
CSO: 4013/55

COAL, OIL, GAS

TAIYUAN COAL GASIFICATION EFFORTS STEPPED UP

Taiyuan SHANXI RIBAO in Chinese 16 Feb 82 p 1

[Article by Zhou Enying [0719 1869 5391], Yang Hengshan [2799 1854 1472]: "Strive to Realize Coal Gasification in Taiyuan Early, Preliminary Work for the 400,000-ton Coking Coal Gasification Project Is Basically in Order, Total Investment This Year Will Be Over 45 Million Yuan"]

[Text] Provincial Governor Luo Guibo [5012 6311 3134] and responsible comrades of Taiyuan City place a lot of emphasis on coal gasification in Taiyuan City. Since the beginning of this month, they called together concerned personnel twice continuously to study the allocation of investment for coal gasification and concrete construction plans. They also went deeply into the construction sites to understand the situation personally and to solve problems.

Since the founding of the Taiyuan Coal Gasification Company in May of last year, the speed of construction for coal gasification in the city gradually quickened. The project for production of liquid petroleum gas by the Taiyuan Detergent Plant has been completed and has begun test production. Before the spring holidays, ten residential families on Jiefang Road began testing bottled liquefied gas. The portion of the project to utilize surplus gas of the coking furnace of the Taiyuan Chemical Fertilizer Plant has been basically completed last year. Over 9 kilometers of pipes have been laid outside the plant. Over 700 families of residents around the First Taiyuan Thermal Power Plant used piped coal gas in December of last year. The preliminary work for the construction of the 400,000-ton coking coal gasification project is also basically in order and "opening of three channels and leveling" have been achieved.

At the beginning of February, Provincial Governor Luo Guibo held a special topics conference which studied the plans for the coking coal gasification project. On February 9, the provincial planning committee and the provincial capital construction committee officially issued the full-year plan for this project involving a total investment of 45.4 million yuan. On the afternoon of February 13, responsible comrades of the province and city Luo Guibo, Wang Maolin [3769 5399 2651], Ma Guishu [7802 6311 2579], Shen Chong [3088 6850], Niu Fahe [3662 4099 0735] and responsible comrades of the provincial and municipal planning committees and capital construction committees again went deeply into the Taiyuan Coal Gasification Company and the Taiyuan Coking Plant to survey and to understand the situation of implementing the plan and to help

solve actual problems. Comrade Luo Guibo repeatedly emphasized: The leaderships of the construction units and the building units must improve the style of work, move to the construction sites to work, strengthen command and management of construction. The broad number of construction workers must develop the spirit of hard struggle and aventure, strengthen the sense of being the master, and hasten the speed of building the coal gasification project so that Taiyuan can realize coal gasification early.

9296
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COAL, OIL, GAS

SPEEDING UP THE DEVELOPMENT OF PRODUCING TOWN GAS FROM COAL

Beijing MEITAN KEXUE JISHU [COAL SCIENCE AND TECHNOLOGY] in Chinese, No 1, 25 Jan 82 pp 8-11, 20

[Article by Ou-yang Yuan [2962 7122 3220] and Li Shilun [2621 1597 0178] of the Gasification and Liquefaction Office of the Coal Science Research Institute: "Hasten the Development of Urban Coal Gas From Coal"]

[Text] The development of urban coal gas is an important component of urban modernization. It is an important measure to reduce environmental pollution, conserve energy, provide convenience to the people and masses, and develop industrial production. In the world, gasification of civilian fuel in cities has become the major direction of development. Industrially advanced foreign nations have already used urban coal gas widely. Over 85 percent of the urban residents in the United States and France use coal gas and the percentage in Japan has reached 98 percent. Direct burning coal is the main way in our nation at present. Among the 88,000,000 urban population throughout the nation at present, only 16,000,000 urban residents use coal gas. The percentage of use is about 18 percent. In recent years, the bad results caused by direct burning of coal have become more and more obvious. The call for the use of gas by city dwellers and concerned departments has become louder. We must implement the spirit of the directive of the party's Central Committee, hasten the development of urban coal gas, and exert active efforts to change the situation in the cities as soon as possible and to realize urban modernization.

I. There Are Many Benefits in Developing Urban Gas

Developing urban gas benefits environmental protection and reduces atmospheric pollution. The fuel for civilian use and for our nation's urban industries is mainly coal. According to estimates, each year, 15,000,000 tons of dust and 12,000,000 tons of carbon dioxide and other harmful substances are released into the atmosphere from burning coal. These pollutants seriously harm the people's health and they constitute a real damage to the cities. Only by developing urban coal gas in a big way and providing clean gaseous fuel to the cities can this pollution be fundamentally changed.

Developing urban coal gas can improve the rate of utilization of thermal energy by a large scale. Direct burning of coal has a low rate of utilization of thermal energy. The rate of utilization of thermal energy of household

coal burners is only 15 to 18 percent. If coal gasification can be used to produce coal gas, the total rate of utilization of thermal energy can reach above 30 percent. According to estimates, the amount of coal gas produced by gasification of one ton of coal provided for civilian use is equivalent to the results of directly burning 1.5 to 1.9 tons of coal. If the 20 key cities exerting efforts in environmental protection and some cities which have favorable conditions for developing coal gas throughout the nation could be provided with urban gas first, the population using coal gas would reach 40,000,000, and each year, about 7 million to 8 million tons of coal could be conserved.

Some special industries producing high technology products, precision products and pioneer products in the cities must use gas to assure the quality of the products. As city buildings become taller, continued burning of coal or liquefied petroleum gas has become very inconvenient and is also not safe enough. Changing from direct burning of coal to burning coal gas can provide a great convenience to the masses. According to estimates, each family can reduce family chores by over 500 hours each year.

In general, developing urban coal gas has already become an urgent and major task.

II. Suit Measures to Local Circumstances and Select Appropriate Gas Manufacturing Technologies

For a long time, our nation has always used coal gas of medium thermal value produced as a by-product from coking for urban gas. According to the actual situation in our nation, the coal gas of medium thermal value used for urban coal gas must satisfy the following requirements:

(1) The thermal value of the coal gas must be greater than 3,500 kilocalories/-cubic meter of standard coal. Only under special individual conditions and only when technical and economic comparison show that it would be rational, could coal gas with a slightly lower thermal value be used.

(2) The content of carbon monoxide is low. Foreign nations usually require that the content of carbon monoxide in urban coal gas should not surpass 10 percent. Our nation's coal gas from coking can satisfy this requirement but the coal gas produced by other technologies should also adhere to such strict standards for carbon monoxide content.

(3) The harmful substances of hydrogen sulfide, ammonia, tar and dust must also be purified to reach the established criteria. For example, hydrogen sulfide content should be less than 20 milligrams/cubic meter of standard coal, and the content of tar and dust should be smaller than 10 milligrams/-cubic meter of standard coal.

There are several methods of using coal to manufacture urban coal gas of medium thermal value. Deliberations on how to select a suitable method must be based on the technical conditions of our nation's industries and they must be combined with the conditions of supply and the varieties of fuel coal by

suiting measures to local circumstances and by suiting measures to the conditions of coal. At present, there are the following major methods of selecting coal:

1. Removal of solid residues and pressurized gasification

This utilizes lump coal of a definite granularity (6 to 24 millimeters or 6 to 50 millimeters). Lump coal is subjected to a pressure of 20 to 28 kilograms/-square centimeter and a temperature of 900 to 1100°C. Oxygen and steam are used to produce coal gas of medium thermal value. The efficiency of gasification of this technology is 68.3 percent. The thermal value of pure coal gas differs according to the type of coal and reaches 3,500 to 4,000 kilocalories/-cubic meter of standard coal. The output can reach 900 to 1,000 cubic meters/-ton of coal (converted according to a thermal value of 4,000 kilocalories/cubic meter of standard coal).

The characteristic of pressurized gasification and removal of solid residues is that the output is large. It is $\sqrt{P}$ times that produced by the gasification furnace of the same diameter under ordinary pressure (P is the pressure inside the furnace). The coal gas contains a dozen or so percent of methane. The thermal value of coal gas has been increased, making the coal gas suitable as coal gas of medium thermal value. This technology can utilize lignite and non-caking and slightly caking bituminous coal. The coal gas produced has surplus pressure of over 20 kilograms/square centimeter and it does not need to be pressurized for transporting it to more distant localities.

This technology is suitable for use in large cities. Building a plant with a daily output of 1 million cubic meters of coal gas of medium thermal value requires 3 pressurized gasification furnaces of 3.8 meters in diameter (two operating and one backup). Annual consumption of bituminous coal is about 400,000 tons. The output of coal gas can be provided to 400,000 families for use.

The main shortcoming of pressurized gasification of solid residues is that this process requires the use of lump coal. The consumption of steam is large. The process produces a lot of waste water containing phenol and it requires a complete facilities for processing waste water and tar. Using this gasification technology to establish coal gas plants requires large investment. The cost of the coal gas is high, and at present, a loss will be incurred since the present sale price of coal gas used by urban residents is lower.

2. Two-stage Gasification Furnace

This type of gasification furnace is also called the GI gasification furnace. The inside of the furnace is divided into two stages. Via some structural and technical measures, the upper part of the gasification furnace performs dry distillation and produces coal gas with a thermal value of 6,000 kilocalories/-cubic meter of standard coal after cracking. The lower section mainly performs gasification. It utilizes heated coke moved from the upper part to produce aqueous coal gas and mixes it with the dry distilled coal gas to yield coal gas of a medium thermal value of about 3,000 kilocalories/cubic meter of standard coal.

This type of gasification requires basically the same raw coal as that required by pressurized gasification and removal of solid residues. Bituminous flame coal or non-caking and slightly caking bituminous coal are most suitable.

The advantage of this type of gasification furnace operating under ordinary pressure is that it does not require oxygen producing equipment. The investment is small and construction is fast. But, the output of this gasification furnace is small and it requires the use of lump coal. The content of carbon monoxide in the coal gas produced is high. The thermal value is lower than that of coal gas produced by the furnace used for pressurized gasification and removal of solid residues. Generally, the coal gas produced undergoes measures to increase its thermal value so that it can be raised to 3,500 kilocalories/cubic meter of standard coal. This type of gasification furnace is suitable in cities which use less amounts of gas or as a supplementary source of gas.

3. Manufacturing Gas by the Coking Furnace

The method of using a coking furnace to heat coal involves dry distillation of coal inside the furnace to produce coke and coal gas. It is called manufacturing gas by the coking furnace. The final temperature of heating in the coking furnace is 900 to 1,000°C. The thermal value of the coal gas produced by the coking furnace is generally 4,000 to 4,400 kilocalories/cubic meter of standard coal. This technology is more mature, and our nation has already used it to produce metallurgical coke. Because coal gas is a by-product of this technology, the cost of production is basically borne by the main product --coke, therefore the price of coal gas is low and the content of carbon monoxide is small, and it is safer.

The coking furnace has a higher demand on the raw material. The coal supply must be fine coal suitable for coking to produce coke of a definite strength. From the point of view of gas production, the output of gas by the coking furnace is small. Each ton produces about 300 cubic meters of gas, and the coking furnace itself uses up half as fuel.

4. Continuous Vertical Carbonization Furnace (Wood's Furnace) to Manufacture Gas

This technology is similar to that of the coking furnace, but the dry distillation temperature is slightly lower. The output of coal gas is slightly more, reaching 360 cubic meters/ton of coal, and the thermal value of the coal gas is 3,900 kilocalories/cubic meter of standard coal. This technology uses a part of the coke produced itself to manufacture coal gas of a low thermal value for the generator furnace as heating fuel for the coking furnace.

The continuous vertical carbonization furnace produces mainly coal gas and does not have a strict requirement for the type of coal. Generally, lesser quality coking coal such as weak caking gas coal and singular types of coal can also be used. This method requires a small investment. The period of construction is short, and operation is simple. But, the technology and technique are relatively out-dated, and the coke produced is of poorer quality.

To increase the output of urban coal gas, some of the coke produced by Wood's furnace can be used to manufacture aqueous coal gas which can be mixed with the coal gas of Wood's furnace. This technology is more suitable for medium and small cities or as a supplementary source of gas in large cities.

III. Several Policy Questions Concerning the Development of Urban Coal Gas

1. Plan the composition of civilian fuel in cities well

It is not possible for any city to use only one type of fuel to solve its own energy problem. A rational composition of fuels must be planned according to the resources of the locality and the situation of consumption. Civilian fuel should also be planned rationally.

Generally speaking, cities are regions where the urban population density is high and where buildings are more concentrated. The number of tall buildings in medium and large cities is increasing year after year. Laying a network of pipelines in these areas to transport coal gas is the most suitable and safest. Business and service industries in the city and some industries can use piped coal gas as the main fuel. The suburbs surrounding the cities where conditions are favorable can use liquefied petroleum gas. Areas where buildings are more concentrated can consider piped coal gas. More distant suburbs can use honeycomb briquets and coal briquets as the main fuel. Of course, civilian fuels cannot all be in arbitrary uniformity as described above because of the city's own layout. But the downtown areas of large and medium cities should use piped coal gas as the main fuel.

As for industrial fuel, electricity generation, casting and industrial boilers still have to use coal (or coke) directly for a long period in the future, but it would be better for some precision or high grade light industries and textile industries, and electronics industries to use coal gas in order to improve the production technology and to improve product quality.

2. It Is More Suitable to Use Coal Gas of Medium Thermal Value as Urban Coal Gas

At present, some nations use coal gas of a high thermal value about 8,500 kilocalories/cubic meter of standard coal as urban coal gas. Its advantage is that the content of harmful carbon monoxide is low. The efficiency of using pipes to transport the coal gas is high and the gas can be transported over long distances. Especially in nations where a network of natural gas pipelines has already been built, this type of coal gas of high thermal value can be directly introduced into the natural gas pipelines to supplement the deficiency in natural gas.

Combining the concrete situation in our nation, we believe it is more economical and rational to supply coal gas of medium thermal value of between 3,500 and 4,000 kilocalories/cubic meter of standard coal to supply nearby cities. Our nation has not built a nationwide network of natural gas pipelines. There is no need to add a set of expensive methanation equipment (constituting about 6 percent of the total investment in a plant for pressurized gasification and

removal of solid residues) and spend more energy (spending 10 percent to 15 percent more energy) to raise the thermal value of coal gas. Whether it is coal gas from coking furnaces or gasification, the coal gas of medium thermal value produced can be directly supplied to the cities for use after purification. Some of the cities of our nation have already been using such coal gas for many years and they prove that coal gas of medium thermal value is suitable. The stoves currently in use and the condition of sealed pipes can all assure safety even when the content of carbon monoxide reaches 10 percent. Therefore, using coal gas of medium thermal value which requires less expenditure as urban coal gas is more suitable.

3. Fully Utilize Presently Available Coal Gas from Coking Furnaces, Gradually Develop Coal Gasification Technology

The development of urban coal gas must insist on the principle of suiting measures to local circumstances and suiting measures to the type of coal to select the technology of gasification. In the near future, we should develop the potential, fully utilize coking furnaces to produce coal gas and increase the release and the utilization of gas from oil fields, gas from refineries and gas from mines to realize quick results without spending too much money.

Our nation currently produces 33,000,000 tons of machine processed coke a year and the coking furnaces produce 16 billion cubic meters of coal gas a year. Among our nation's coking furnaces, only a small number have used coal gas from blast furnaces or coal gas from coal gas furnaces for replacement and heating to provide more coal gas by coking furances. There are still a large number of coking furances that use their own coal gas for heating. If half of them can be changed to using coal gas from blast furnaces or coal gas from coal gas furnaces for heating so that the replaced coal gas from coking furnaces can be used as urban coal gas, then the needs of several tens of millions of city residents can be satisfied. In addition, the indigenous coking furances that still produce 10,000,000 tons of indigenous coke each year in our nation at present not only seriously waste resources, they also cause serious pollution, and they should also be quickly rebuilt. The coal gas produced by these coking furnaces is also very sizable.

Coal gas from coking furnaces is afterall the by-product of the coking industry. The development of the coking industry should mainly be determined by the resources of coking coal and the sale of coke products. We suggest that the coking furnaces be fully utilized because rebuilding the presently existing machine processed coking furnaces and changing the indigenous coke production production into machine processed coke production still have a great potential for producing coal gas from coking furnaces. But, we cannot use newly built coking furnaces as the means for developing urban coal gas at will. Some cities do not have local coking coal resources and they do not have a reliable market for coke but they are planning to build coking plants just to produce coal gas. This is not right.

In the long range view, we must develop gasification technologies for coal in a key way while fully utilizing the existing coal gas of coking furnaces. This should be the direction of development of urban coal gas.

Our nation has very rich coal resources suitable for pressurized gasification and removal of solid residues and two-stage gasification. The reserves of lignite alone reach 120 billion tons. There are also a lot of flame coal and non-caking and weak caking gas coal. They are all good raw materials for gasification. These two technologies have a large output. In cities deficient in coal, less coal can produce more coal gas. For example, a plant producing 1 million cubic meters of coal gas a day using pressurized gasification and removal of coal residues or two-stage gasification requires only 400,000 tons of bituminous coal. A coking furnace that produces the same amount of coal gas needs 1,200,000 tons of washed coal, equivalent to about 2 million tons of raw coal. Therefore, in regions lacking coking coal resources, we should mainly develop these two types of gasification techniques. Pressurized gasification and removal of solid residues is more suitable for manufacturing gas in large cities and two-stage furnaces are suitable for use in medium and small cities.

4. Rationally Solve the Two Economic Problems of Coal Gasification

Using the technology of pressurized gasification and removal of solid residues to establish urban coal gas plants has two economic problems which have to be solved. One is its large investment of building the plant, and the investment in laying the network of pipes is also large. According to estimates, the investment in a gasification plant to produce 1 cubic meter of gas a day is 120 to 150 yuan and the investment in laying the network of pipes is 100 to 120 yuan. If we build a gasification plant with a daily output of 1 million cubic meters, the total investment would be about 200 million to 250 million yuan. The second is that the cost is high. Because at present, the civilian coal gas mostly used in our nation's cities is coal gas from coking furnaces, the selling price is low. The coal gas produced by gasification plants uses a lot of steam and depreciation is high. The cost is higher than the price of the coal gas presently produced by the coking furnaces and there will definitely be a loss.

It is very difficult to lower the investment in building plants under present technical conditions. In the near term, we can only build the plants at key localities. The investment needed should best come from the locality with capital assistance from the state. For example, the capital needed to lay the network of pipes should all be borne by the locality while the capital needed to build the plant should be shared by the locality and the state. The enthusiasm of the locality and the central authority should be fully developed. This may help the development of urban coal gas.

The cost of producing gas from coal, according to estimates made by concerned departments, is as follows. If the price of coal is 18 yuan/ton, the cost of producing coal gas by a coal gas producing plant using pressurized gasification and removal of solid residues with a daily output of 1 million cubic meters is 0.072 yuan/cubic meter. When the price of coal is 27 yuan, the cost of coal gas would be 0.1 yuan. The cost is higher than the coal gas currently produced by coking furnaces and supplied to the cities mainly because the coal gas from coking furances is a by-product of the coking plant. The processing

cost during the coking process is mostly borne by the coke. The cost of the coal gas of the coking furnace and the selling price are lower. Therefore, in Beijing and such cities, using coal gas is cheaper than using liquefied petroleum gas, and using liquefied petroleum gas is cheaper than directly burning coal. In addition, depreciation of the coal gasification plant is large. It consumes a lot of steam, and this has increased the processing cost of coal gas. To develop urban coal gas, we must take measures to change this situation.

First, we must exert efforts to reduce the cost of coal gas. The main measure is to use low priced coal as much as possible, to utilize surplus energy and surplus heat of the plant itself so that external supply of electricity can be reduced, to utilize these surpluses to produce chemical by-products such as using some coal gas to produce methanol and to use the profit from methanol to underwrite the deficit in producing coal gas.

Second, we must also provide support in price policy. For example, urban coal gas can be priced by two pricing systems. Coal gas for purely civilian use can be sold at a price slightly lower than cost. The price of coal gas used by the industrial and commercial sectors and the service industries can be slightly higher than cost so that there will be a slight profit after cancelling out each other. In some cities where the price of coal gas is too low, if due to various reasons the price cannot be raised, the government should consider subsidizing the price. This type of subsidies to public users is also frequently used in our nation and in foreign nations.

In general, we must take effective measures to actually solve the problems of high prices and high production costs for urban coal gas before the development of urban coal gas can be pushed forward.

IV. Strengthen the Scientific Research in Coal Gasification

Foreign nations have already accumulated a long period of experience in the use of urban coal gasification plants for coal gasification but our nation still does not have a set of mature technology. Therefore, we must hasten our efforts to solve related scientific and technical problems surrounding the development of urban coal gas. Our main efforts should mainly be to quickly complete the trial production of the pressurized gasification furnace and removal of solid residues and the two-stage gasification furnace, quickly grasp the advanced techniques of coal gas purification and treatment of waste water. At the same time, we must establish small experimental pressurized gasification furnaces, perfect the intermediate experimental devices for pressurized gasification to provide a basis for designing and selecting the type of coal and the technological process for newly built coal gas plants.

Whether it is pressurized gasification and removal of solid residues or two-stage gasification, both consume a large amount of steam, both have a low efficiency, and both have difficulty in treating tar and waste water. Foreign nations are studying new second generation and third generation gasification techniques that have a high thermal efficiency, that have a broad adaptability

to the types of coal, and that produce less tar and waste water. We should also closely combine the actual needs in our nation to strengthen the study of new techniques of gasification. Pressurized gasification and removal of fluid residues is a new gasification technique that is developing more rapidly and which has produced visible results in foreign nations. Compared to the pressurized gasification and removal of solid residues, the output of gas is 3 times larger. The amount of steam used is 2/3 less. The amount of waste water produced is 3/4 less, and it is possible to gasify less active types of coal, lean coal and anthracite. We should take this type of new gasification technique as the key subject in research. In addition, when we consider that the output of end pieces of coal in our nation will gradually increase, we must also hasten the study of the new technique of directly utilizing pulverized coal to produce coal gas of medium thermal value. In this regard, studies being carried out include multiple fluidized bed gasification, fused residue fluidization and gasification, and catalytic gasification. Their progress should all be hastened to realize results earlier.

The research in coal gasification is difficult and lengthy work. At present, our experimental conditions and research strength are weak and they do not match the task. For this, we need to greatly beef up research strength, perfect experimental conditions, and actively develop international scientific and technical cooperation and exchange to hasten the progress of scientific research.

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COAL, OIL, GAS

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TITLE: "On the Biolithite and Its Oil Potential from Qixia Formation in Changxing, Zhejiang"

SOURCE: Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 2 No 4, 1981 pp 312-313

TEXT OF ENGLISH ABSTRACT: The Qixia Formation, outcropping on the flanks of the Meishan syncline in Changxing, Zhejiang Province, has a total thickness of 236.94 meters. It consists mainly of bioclastic limestone intercalated with two beds of siliceous rocks which were formed by chemical precipitation. This formation may be divided into five lithologic members from top to bottom: the Top Limestone Member (18.11 m); the Upper Siliceous Rock Member (24.48 m); the Chert-bearing Limestone Member (114.11 m); the Lower Siliceous Rock Member (24.04 m) and the Stink Limestone Member (56.20 m).

[Continuation of SHIYOU YU TIANRANQI DIZHI Vol 2 No 4, 1981 pp 312-313]

The limestone contains abundant fossils of many species, but lacks carbonate grains, terrigenous debris and sparry calcite cement. No rocks and sedimentary structures of supra-intertidal or evaporite facies are found. These features show a slightly restricted, subtidal, reducing and shallow-sea environment with low energy.

The biolithite contains plenty of organic matter with more than 3 percent organic carbon. This limestone, especially that of the Stink Limestone Member, is a good oil-source rock. Generally, the oil-storing conditions of the biolithite are poor, but the suite of sparite and granular biolithite in the upper part of the Chert-bearing Limestone Member in the Meishan-Dushan area can be considered a favorable reservoir. According to the infrared spectrum, the oil and gas are at a high degree of thermal evolution and oxidization.

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TITLE: "Geological Characteristics of Petroleum in Tarim Basin"

SOURCE: Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 2 No 4, 1981 p 340

TEXT OF ENGLISH ABSTRACT: The Tarim Basin is the largest inland basin in China, covering an area of about 0.56 m [million] sq km. Considerable work has been done in the past in petroleum prospecting and exploration, but it was mainly confined to the Kuqa and Southwestern depressions. Generally speaking, the basin has not been studied fully.

The author has made an evaluation of three aspects of the basin. First, based on stratigraphy data, the sedimentary and tectonic evolution of the basin has been described; the structural systems and divisions, as well as the features in the development of local structures, have been expounded from the viewpoint of geomechanics and traditional geology; an explanation of the main oil source beds, reservoirs and types of potential oil and gas traps has also been presented.

[Continuation of SHIYOU YU TIANRANQI DIZHI Vol 2 No 4, 1981 p 340]

Finally, the author suggests that the Tarim Basin would be a very promising area for oil and gas. According to the available data, it is pointed out that the oil and gas potential varies in the following descending order: the Southwestern depression, the Eastern depression and the Kuqa depression, the Central uplift and the Southeast fault-step area.

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TITLE: "The Prospect of Permo-carboniferous Coal-formed Gas* in North China"

SOURCE: Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 2 No 4, 1981 pp 349-350

TEXT OF ENGLISH ABSTRACT: The Middle Carboniferous-Late Permian strata in north China are characterized by complete development, widespread distribution, common existence of coal and more stable petrography and thickness. Coal rank ranges from gas coal to anthracite, predominantly the medium-high level metamorphic coal. Predicted reserves above 1000 m are estimated at 1.3 trillion tons. Based on a genetic rate of coal-formed gas of 250 M /T, the predicted genetic potential of coal-formed gas amounts to 325 trillion cu m. Because of the intense tectonic activity in this area, an accumulation factor of 1 percent is used for calculating. As a result, coal-formed gas can still amount of 325 trillion cu m.

[Continuation of SHIYOU YU TIANRANQI DIZHI Vol 2 No 4, 1981 pp 349-350]

The traps, formed during the Indosinian and Early Yenshanian movements in north China, are favorable to the accumulation and preservation of coal-formed gas. So far the following preservative forms of coal-formed gas have been recognized in this area:

1) the accumulation in the Permian and Triassic red beds overlying coal measures;
2) the accumulation in coal measures;
3) the accumulation in ancient weathering crust;
4) the accumulation in the Meso-Cenozoic sandstone;
5) the accumulation in the solution in water layer.

The prospecting and exploration for coal-formed bas should be in areas where the Triassic system is better developed and structural traps exist and where the depths of the top of coal measures are at 1000-4000 m, as in the Qinshui Basin, Jiyuan Depression and Baodin-Shijiazhuang-Xingtai-Handang-Anyang areas, etc.

* Coal-formed gas means the gas associated with a coal source.

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TITLE: "A Preliminary Application of Geomathematical Methods to Oil Prospecting in West Jiuquan Basin"

SOURCE: Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 2 No 4, 1981 p 358

TEXT OF ENGLISH ABSTRACT: After years of exploration, three oil fields, including the Baiyang River oil field, were discovered in the monocline zone in the northern part of the western Jiuquan Basin. Finding new oil fields is an urgent task facing us. Therefore, we have comprehensively studied the relationships of known oil fields with geological variables, such as reservoir structural residual value, thickness and its residual value, mean value of self-potential curve, frequency of sand bed, ratio of thickness of less permeable intercalation to total thickness of reservoir, and with the marginal slopes of these variables. It is demonstrated quantitatively that the oil pool in the middle and upper parts of the Huoshaogou Group (Eh_{2+3}) is mainly controlled by lithological and structural factors. The

[Continuation of SHIYOU YU TIANRANQI DIZHI Vol 2 No 4, 1981 p 358]

characteristics summarized here of the distribution of oil fields are as follows:

All known oil pools occupy the favorable structure positions in areas with positive residual values and with less permeable zones along updip formations. They may also be aligned as strings of beads in a northwesterly direction.

Based on this, it is suggested that drilling be carried out in eight promising blocks of four areas. Consequently, oil sand or commercial oil has been found in blocks A, B and C by test-wells, which shows that initial success has been achieved.

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TITLE: "On the Organic Geochemical Characteristics and Oil-source Correlations in the Tarim Basin"

SOURCE: Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 2 No 4, 1981 pp 359-368

TEXT OF ENGLISH ABSTRACT: By using some advanced techniques, the organic geochemical characteristics of crude oil and its possible source rocks in the Tarim Basin and their oil-source correlations have been studied and presented here.

It is pointed out that in the Tarim Basin the marine beds of the Upper Cretaceous-Lower Tertiary are a moderate source rock only; the Jurassic lacustrine formation is rich in organic matter and may be the best source bed in this basin, but it is distributed only in some local areas, such as the Kuqa and Kashi depressions; the Permo-Carboniferous system has a relatively low content of organic matter, but it is widespread and very thick. Therefore, it may be the best potential source bed for oil and gas among the three possible source beds in the basin.

The high-yield crude oil and gas in the continental Miocene of the Kekeya oil field are highly maturated and characterized by terrigenous origin, therefore the author

[Continuation of SHIYOU YU TIANRANQI DIZHI Vol 2 No 4, 1981 pp 359-368]

believes that they may migrate from Permo-Carboniferous source beds.

Some crude oil in the Kuqa depression is marked by marine origin, which shows that the Meso-Cenozoic in this area may contain some marine source beds.

SUPPLEMENTAL ENERGY SOURCES

OVER 7 MILLION METHANE PITS NOW OPERATING

Beijing GUANGMING RIBAO in Chinese 5 Feb 82 p 2

[Article by Xu Fuxin [1776 4395 9515], Xu Huanfa [1776 3562 3127]: "Generating Electricity from Marsh Gas"]

[Text] Marsh gas is a combustible gas containing mostly methane. It is a new energy source that is cheap and clean. Developing marsh gas is one of the major ways to solve the energy problem in our nation's farm villages. For several years, our nation's development of marsh gas has progressed rapidly. The total number of marsh gas pits is now over 7 million. In farm villages in Sichuan, Zhejiang, Jiangsu, and Guangdong Provinces and the municipality of Shanghai, some communes and brigades use marsh gas to cook and for lighting and they have also built small marsh gas power stations and utilized marsh gas energy as power for threshing, food and feed processing, and tea manufacturing. They have created a new road of using "indigenous" methods to solve the problem of electric power in farm villages.

As scientific research in marsh gas develops, the Jiangsu Provincial Marsh Gas Research Institute, the Wujin Diesel Engine Plant, and the Wujin Electrical Motor Plant have jointly designed, manufactured and built our nation's first single fuel (solely marsh gas) experimental 8 kw power station fired by marsh gas. Thus, the use of marsh gas to generate electricity has progressed one step further on the original foundations.

There are many advantages in building small marsh gas power stations in farm villages and utilizing the gas as a fuel to generate electricity. First, marsh gas energy resources are widely distributed, the potential is great, and all places that have living creatures have raw materials for manufacturing and extracting marsh gas. Therefore, marsh gas is a kind of inexhaustible renewable energy source. Second, local materials can be utilized and costs can be cut. When building a marsh gas power station in the communes and brigades in farm villages, the raw materials for fermentation need not be sought outside. The equipment and the technology of building a small marsh gas power station and electrical power station are relatively simple, and management and maintenance are very convenient. Most communes and brigades can do it. According to surveys and comparisons, investment per kilowatt of power of a small marsh gas power station is only about 400 yuan, only one-half to one-third that of a small hydroelectric power station, and much lower than that of a wind driven, tidal or solar power station. The construction period of a small marsh gas

power station is short. It requires only several months to begin production and use, and basically it is not affected by changes in natural conditions. Using marsh gas mixed with diesel fuel for burning can also conserve 70 percent of diesel fuel.

China's land is expansive and its population is large. Bioenergy resources are rich. Practice shows that whether in farm villages or in cities, local manure, stalks, weeds, waste dregs and waste materials can all be utilized according to the actual situation of the locality to produce marsh gas to generate electricity.

9296
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EXPERIMENTAL 50-WATT CONCENTRATOR-TYPE PHOTOVOLTAIC ARRAY DESCRIBED

Beijing TAIYANGNENG XUEBAO [ACTA ENERGIAE SOLARIS SINICA] in Chinese Vol 3, No 1, Jan 82 pp 98-102

[Article by Chen Shukang [7115 2885 1660], Li Shundi [2621 7311 0966], Zhu Jianshu [2612 1696 2885], Shi Wenzao [2457 2429 5679] and Li Guoxin [2621 0948 2946], Xinyu Electric Cells Plant, Shanghai: "An Experimental 50-Watt Concentrator-Type Solar Cell Array"]

[Text] Because concentrato-type photocells have increased the generating capability per unit solar cell are [1-5], they are able to replace relatively expensive photovoltaic surface area with relatively inexpensive optical surface areas, thus effectively decreasing the production costs of photovoltaic arrays.

The present article gives a brief description of an experimental 50-watt concentrator-type solar cell array developed by us.

Experimental Apparatus

The 50-watt concentrator-type solar cell array has the following main characteristics:

Nominal output power	50 W
Peak output power	⩾ 60 W
Optimal voltage range	11-13 V
Optimal current range	⩾ 4.5 A
Maximum wind load on operating array	Level 6
Maximum wind load on secured array	Level 10
Automatic tracking range	Solar position angle (around vertical axis), 180°
	Solar elevation angel (around horizontal axis), 90°
Average power consumption for tracking	2.2 W
Tracking sensitivity	Tracking suspended when brightness < 10,000 lux (automatic return to initial position at night)
Tracking precision	< 0.5° when brightness >30,000 lux

Fig. 1 is a photograph of the array, which consists of two wings holding the concentrator arrays, a support stand and reducing gear box, and a photoelectric automatic tracking control unit.

Fig. 1. The concentrator-solar cell array

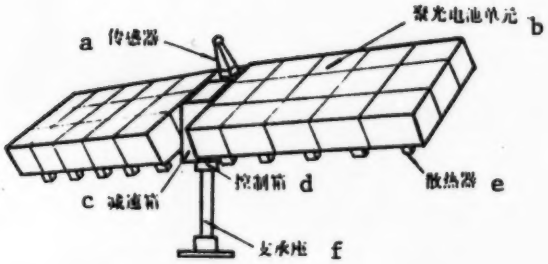


Fig. 2. Diagram of the array

Key:
a. Solar sensor
b. Concentrator cell
c. Reducing gear box
d. Control box
e. Heat dissipators
f. Support

The device contains two concentrator array boards placed on opposite sides of the support stand. Each of these boards is 1.5 m long and 0.9 m broad and consists of 15 concentrator units arranged in a 5 x 3 pattern in a supporting frame. The entire supporting frame is made of light aluminum alloy. Each of the cells is movable within the frame to adjust focal length and right-left or up-down position. The 15 concentrator cells are series-connected, as are the two arrays. Each of the wings is surrounded by thin sheet aluminum to decrease infiltration and damage by dust and sand. The dissipators use natural air cooling.

Each of the concentrator units consists of a Fresnel lens, a solar cell and an aluminum heat dissipator.

The Fresnel lens is cast from plexiglass (polymethyl methacrylate) and measures 260 x 260 mm, with a focal length of 280 mm and a concentration ratio of approximately 30.

The dolar cells are 36 mm in diameter and are made from heavily-doped p-type silicon monocrystals with an electrical resistivity of 0.3 ohm-cm. After the substrate undergoes high-temperature phosphorous diffusion to produce the p-n junction, it is photoetched to produce a radial grid pattern of 120 strips (Al-Ag contacts) each 50 microns broad, and an antireflective TiO_x film is evaporated onto the surface. With incident solar radiation of 100 mW/cm^2, each concentrator cell can produce 2.3 W or more.

The aluminum dissipators are the main components which moderate the temperature rise of the concentrators. These are multilayer radiators made from aluminum castings which are cemented to the solar cell with a special heat-conducting cement.

The support stand is equipped with a one-directional ball and socket thrust bearing, and the entire assembly can move freely around the vertical axis.

The fear box has a reduction ratio of 30,000:1 and consists of five reduction gear stages and one auxiliary worm gear. The operating principle is shown in Fig. 3. The vertical and horizontal axes each have a set of reducing gears, with the last stage consisting of a worm gear and worm shaft which increase the unit's ability to withstand brief heavy loads.

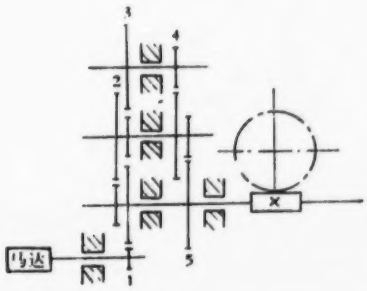


Fig. 3. Operating principle of reducer unit

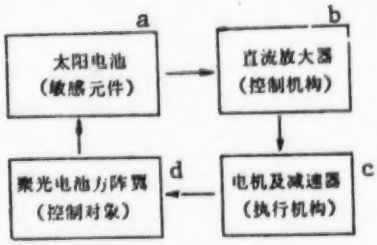


Fig. 4. Operating principle of photoelectric automatic tracking control unit

Key:
a. Solar cell (sensor)
b. DC amplifier (control mechanism)
c. Electric motor and reducer (actuating mechanism)
d. Wing of concentrator array (controlled object)

The photoelectric automatic tracking control unit consists of a sensor, a control box and an electric motor; a block diagram is shown in Fig. 4. A 2 x 2 cm n^+/p high-resistance (10 ohm-cm) silicon photovoltaic cell is used as the sensor element, which converts light signals into electrical signals. The difference signal following comparison is differentially amplified by the control element, a DC amplifier, after which it controls the actuating mechanism, a DC motor, via a switching circuit. The electric motor and reducing gear box actuate the controlled object, the concentrator array, allowing automatic tracking of the solar position angle and elevation angle. In other words, the control mechanism has two circuits, each controlling one DC motor to give "biaxial" tracking.

The solar sensor must assure production of a signal every time the direction normal to the concentrator array surface shows any deviation from the solar position angle and elevation angle. The unit consists of four solar cells separated by baffles, each of which can receive sunlight from only one direction. A sun shield is located at the top. When the sensor is correctly aligned to the sun, the sun shield throws equal shadows on all four cells, and the voltage from each pair of cells is zero. When the sun's position shifts, the shadow which it casts shifts in a specific way, and the two pairs of cells produce different potentials. In order to expand the collection range, the surface of the groups of photovoltaic cells is set at an angle of 45° to the vertical axis (rather than 90°) so that the array can perform tracking when the solar deviation is very large.

The control box contains two automatic tracking amplifiers for the two axes, a operating mode control switch, and an automatic nighttime return circuit. The operating principle of the axial control circuits is shown in Fig. 5. Two-terminal input and two-terminal output is used in the differential amplifiers, which have the advantage of a high common-mode rejection ratio, good stability, and small zero-point drift. The shaping amplifiers are added to convert the outputs of the differential amplifiers, which change linearly, to the square wave signals which are used to drive the final power output stage. For ease of care and maintenance, a switch for "automatic" and "manual operation" is provided. The array is automatically returned to the initial position during the night.

The motor is a miniature DC excitation motor with a working voltage of 12 V, a torque of 100 g-cm, an operating speed of 3,000 rpm and a working current of 0.6 A.

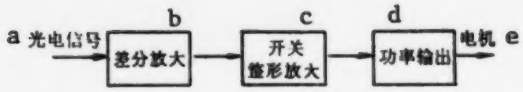


Fig. 5. Axial automatic tracking circuit organization

Key:
a. Photoelectric signal
b. Differential amplifier
c. Shaping amplifier
d. Power amplification stage
e. To electric motor

Experimental Results

1. Operation on 14 September 1980 in Shanghai produced the results shown in Fig. 6. The figure shows that when steadily irradiated with strong solar radiation (0900 to 1500 hours), the collector array was capable of producing more than 50 W.

The volt-ampere characteristic and optimal power point of the array are shown in Fig. 7. When the working voltage is between 10 and 13 V, the array produces an output of more than 50 W. When surface irradiation intensity is 73 mW/cm^2 (i.e. "direct radiation," and similarly below), the array's optimum actual output power was 92.9 W and the optimum working voltage was 11.5 V and the optimal working current 4.6 A.

At 2 PM on 17 September 1980, with a clear sky and surface radiation equivalent to 75-80 mW/cm^2, the array had a real output of 12.5 V, 5.2 A and 65 W. This is equivalent to a peak power output of over 80 W at 100 mW/cm^2 radiation.

2. Starting in mid-October 1980 the devices was tested in the Beijing area; a typical output curve is shown in Fig. 8. As the figure shows, in clear autumn weather in Beijing, during four hours of steady high-intensity irradiation (1000-1400), the array had a stable output of about 60 W.

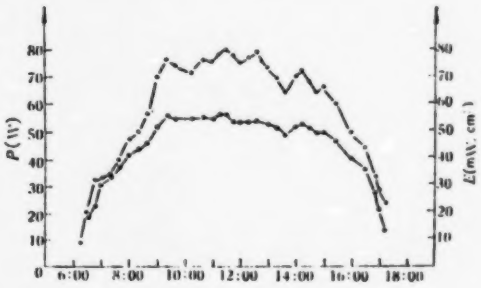


Fig. 6. Experiment conducted in Shanghai (14 September 1980), clear weather, thin cloud, light wind).

o = E-t curve • = P-t curve

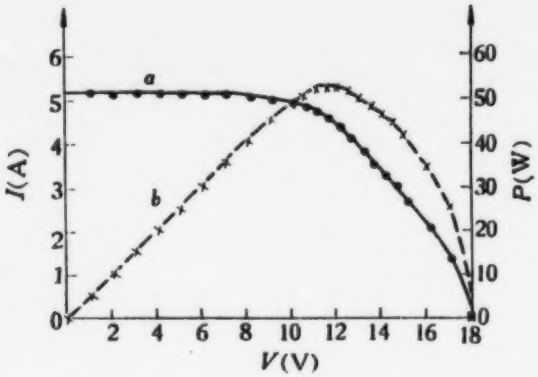


Fig. 7. Volt-ampere characteristic (a) and optimal power point selection curve (b). 1300 hours on 14 September 1980, solar radiation intensity 73 mW/cm^3, ambient temperature 37°C, array heat dissipator temperature 40°C.

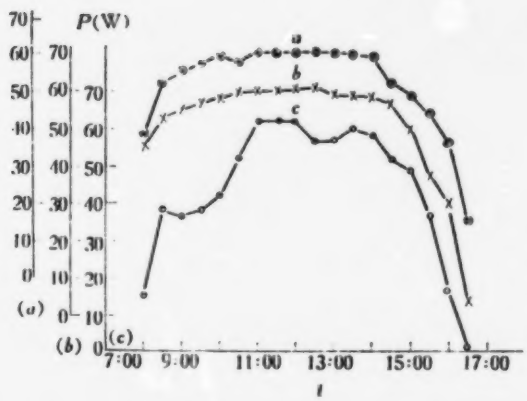


Fig. 8. Results of tests in Beijing. Radiation intensity about 90-92 mW/cm^2.

a. 30 October 1980 (clear weather)

b. 1 November 1980 (clear weather)

c. 3 November 1980 (partly cloudy to cloudy)

Discussion

1. The cost of the concentrator array is less than that of a flat plate array. As Table 1 shows, as the output power of each type of array is increased, the cost of the flat plate array is virtually unchanged, while the cost of the concentrator array decreases steadily.

Table 1. Estimated cost of concentrator type and flat-plate arrays

a 方阵输出功率(W)		50	100	200	500	1000
b 平板型	总成本 (元) d	6000	12000	24000	60000	120000
	成本 (元/瓦) e	120	120	120	120	120
c 聚光型	总成本 (元) d	4000	6400	9000	13100	19100
	成本 (元/瓦) e	80	64	45	26	19
f 聚光型成本/平板型成本(%)		66.6	53.3	37.5	21.8	15.9

Key:
a. Output power (W)
b. Flat-plate Array
c. Total cost (yuan)
d. Total cost (yuan)
e. Relative cost (yuan/watt)
f. Cost of concentrator array/cost of planar array (%)

2. The concentrator array has a higher output power than a flat-plate array. Fig. 9 shows the output power of the concentrator array with power consumption for tracking subtracted and the output power of a flat-plate device with the scattering effect added. In Shanghai at the fall equinox, the concentrator array output was 1.25 times higher than that for the flat-plate array with elevation tracking but no position angle tracking, and was almost 1.5 times higher than that for a flat plate array fixed in the horizontal position.

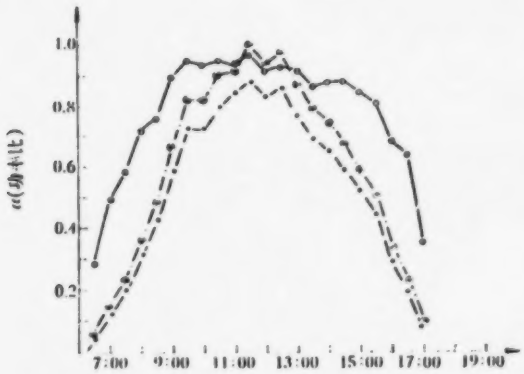


Fig. 9. Comparison of output power of concentrator and flat plate arrays (14 September 1980), Shanghai, clear weather)

O Concentrator type, automatic tracking

● Flat-plate type, focused on sun at noon, o no tracking

● Flat plate type, horizontal position, no tracking

The maximum output power q was 56 W, S_1 = 471.7 Wh, S_2 = 375.5 Wh, S_3 = 323.1 Wh.

3. It will be necessary to increase the reliability of the concentrator array further; only in this way will it be possible to assure that the array will be usable as a power source in extensive border regions and unpopulated regions without water or electricity.

Comrades Wang Xiaoming, Zhang Liyun, Wang Huajun, Jin Lihua, Zhang Conggang, Zhang Wenqi, Wu Xin and Huangfu Zhiqiang participated in the experimental work. We received energetic assistance from Comrades Huangfu Bingyan and Wan Jun of the Xinhua Lamp factory, Shanghai. We take this opportunity to express our thanks to all.

8480
CSO: 4013/14

SUPPLEMENTAL ENERGY SOURCES

COMMON SOLAR HEATING DEVICES DESCRIBED

Beijing XIANDAIHUA [MODERNIZATION] in Chinese, Vol 4, No 2, 16 Feb 82 pp 2-3

[Article by Tian Xiaoping [3944 1420 1627] of the Beijing City Solar Energy Research Institute: "Solar Energy Comes to You"]

[Text] Amid the cries of an "energy crisis" throughout the world, people have noticed that the sun sends to the earth about 6 billion x 100 million kilowatt hours of energy a year. For thousands of years, people have attempted to utilize this enormous and inexhaustible natural resource. Laborers of the Zhou dynasty created a bronze concave mirror to focus sunlight to make fire. This was what ancient books recorded as the "sun flint." It was the world's earliest tool used to make fire by using solar energy. But the "heavenly fire" could only ignite moxa and such material. Today, "heavenly fire" can truly replace fuel to benefit mankind.

Solar Stove Being Developed

The solar stove is a tool for cooking rice, vegetables and boiling water by utilizing "heavenly fire".

Frequently seen solar stoves can be divided into two kinds, the hot box type and the light-focusing type.

The hot box type solar stove utilizes the principle of absorption by a black body. It continues to collect solar energy to reach a tempearture needed for cooking. It is actually a thermos with a transparent window and an air tight box whose interior is painted black. The window generally has two to three layers of glass. The glass allows sunlight to enter the box and the air between the layers of glass serves to insulate heat. This type of stove accepts a limited amount of solar energy and the interior of the box requires better heat insulation. The food that is to be steamed and baked is placed inside the box and it is cooked after a definite time. Some box type solar stoves also have reflecting mirrors to raise the temperature of the solar stove.

This type of solar stove has a good heat insulating layer and wind breaker, therefore it can utilize direct radiation and scattered radiation of the sun and it can also be used on cloudy days. But, because the temperature inside the box is only some 100 degrees and it is very difficult to reach over 200 degrees, the ways of cooking food are limited to boiling, steaming and baking but not stir frying.

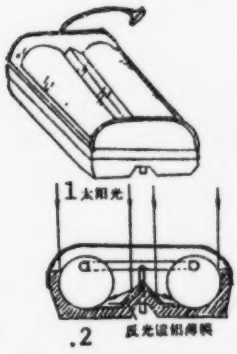
The light focusing type solar stove utilizes optical focusing by reflecting mirrors. They focus direct radiation of sun light onto the bottom of the pan containing food. If the reflecting mirrors can focus light to over 100 times, it would be equivalent to a regular stove heated by fire. The temperature at the bottom of the pan can reach 400°C to 650°C, suitable for boiling water, stir frying and cooking rice. But, its shortcoming is that it cannot fully utilize the scattered radiation of the sun, therefore it is difficult to use on days with light clouds and overcast days. When in use, its mirrors must be frequently adjusted so that the mirrors will face the sun. This limits its use.

Although the solar stoves have different forms and each has its own advantages, all are limited in use, all are affected greatly by weather, and all are unsuited to the traditional habits of cooking. Their widespread popularization is limited. At present, people are using certain modern techniques such as thermal tubes, selective coatings, automatic tracking devices and energy storage devices to transmit solar heat energy indoors for storage.

The Double Barrel Covered Type Water Heater

Introduced here is the small but versatile "BTR-3" model double barrel covered type household water heater (Fig. 3) developed by the Beijing City Solar Energy Research Institute.

This type of water heater has a new structure: A sheet of iron is zinc plated and made into into a double barrel to combine the heat collector and the water tank into one unit. A one-piece outer cover is made of foam polystyrene as a thermos. The transparent cover is made of plastic and it has a relatively high light permeability and it does not break easily. The central part inside the casing is convex and has an aluminum plated sheet attached to focus light. The light gathering area of this type of water heater is 0.55 square meters. The exterior dimensions are 1,105 x 605 x 265 cubic millimeters and it weighs only 8 kilograms empty. It can contain 63 kilograms of water and it is sold for 55 yuan. On clear days in the Beijing area from April to October, it can provide 63 kilograms of water heated to over 40°C (Table 1). This type of water heater does not have a water tank. Its installation is simple, its use is convenient and it is already in use in some families. In July 1981, a certain family used it to provide bath water for 7 persons.



Double barrel covered type household water heater

Key:
1. Sunlight
2. Aluminum plated reflecting sheet

Table 1 Test results of the double barrel covered basking type water heater (November 1, 1980)

Time	Average temperature of water (°C)	Surrounding temperature (°C)	Wind speed (meter/second)
9:20	17.4	12	4
10:20	22.4	13	5.4
11:20	27.4	14	5.4
12:20	32.4	15	4.6
13:20	36.7	15.2	3.6
14:20	40.25	16	4.6
15:20	42.1	16	4.4
16:20	42.5	15.5	2.2
17:20	40.7	14	2
18:00	39.6	13	1

Portable Plastic Solar Water Heater

The "GTR-4" portable plastic solar water heater developed by the Beijing City Solar Energy Research Institute is made of a double layer ethylene plastic with anti-aging chemicals added. The surface layer is transparent to facilitate direct penetration by sunlight. The back surface is black to facilitate absorption of solar energy. The water heater can last 2 to 3 years. The whole heater weighs less than 1 shi jin and when not used it can be rolled up and carried. The water heater has a handle, a plastic showerhead like the showerhead used for showers, a faucet, a tube and a water intake opening. When in use, it does not require any accessories. The total water content is 14 kilograms and it is sold for 4.5 yuan. It is a personal water heater that is good and cheap. We tested this type of water heater in May 1981. The test results showed that when the weather is clear and when the surrounding temperature is from 22°C to 28°C (from 11 am to 3:30 pm), the temperature of the water after basking under the sun for 2 hours can reach 37°C to 42°C and a high of 55°C.

The faucet of the water pipe must first be shut before using this type of water heater. Then the container is filled with water. After it is filled, the container opening is closed by a cap. The water heater is then placed at a sunny place such as the balcony facing the sun or the window still facing the sun with the transparent side facing the sun. To prevent absorption by the ground surface, it is best to place the water heater on a supporting board. When using the heated water, the heater is lifted up by its handle and the faucet is turned on. Heated water will flow from the showerhead for washing or bathing. In winter or when there is no sunshine, it can also be conveniently used for taking a shower after filling it with hot water.

9296
CSO: 4013/13

SUPPLEMENTAL ENERGY SOURCES

GENERATING ELECTRICITY FROM WAVES

Beijing JIANCHUAN ZHISHI [NAVAL AND MERCHANT SHIPS] in Chinese, No 12, Dec 81 pp 18-19

[Article by Tong Menghou [4547 1322 0186]: "Waves Create New Energy -- Brief Discussion of the Buoy That Generates Electricity From the Forces of Waves"]

[Excerpts] The movement in 1 square kilometer of waves generates energy equivalent to 200,000 kilowatts per second. It is a pity that this kind of inexhaustible natural energy source has become useless drops of water for so many years.

In recent years, as scientific technology continues to develop, people have gradually turned towards the ocean in developing new energy sources to let the oceans contribute their treasures to continue to benefit mankind. Now, people have conducted a lot of research and have utilized the forces of waves. Many ocean energy power stations have been built along sea coasts. A new vessel that is run by electricity generated by a turbine driven by waves has made a trial voyage. Navigation buoys that utilize the forces of waves to generate electricity are more common.

In China, the use of the forces of waves to provide a source of energy for navigation buoys already has a history of several decades. When heavy snow falls over the ocean, or when heavy clouds cover the sky, when ships cannot see any object several meters away, there is a special pear-shaped buoy placed near reefs in the ocean. Ships rely on the sound it emits to judge their own position and decide the course they will sail. The pear-shaped buoy is also called a whistle buoy or a fog siren buoy (Figure 1). It has a whistle installed on its buoyant barrel. The buoyant barrel moves along with the waves, rising and falling. In this way, water compresses the air inside the barrel. The air is released through the whistle on top of the buoyant barrel and makes a sound.

The utilization of the forces of waves by the whistle buoy has given people a prodound inspiration: The energy of waves can be converted to air energy. If the air energy can be converted to electrical energy and used on a light buoy then it would have more value. After many years of efforts, this wish finally became a reality. Japan has placed buoys powered by electricity generated by the forces of waves at 400 to 500 places in its territorial seas and has sold this new device to Britain, the United States and Sweden.

The navigation light powered by electricity generated by the forces of waves consists of a buoy, an air cylinder, an air turbine, valves, a generator and a controller. Its working principle is as follows: The buoy on the ocean surface moves up and down with the waves and the movement causes the air pressure inside the air cylinder to change. This pressure drives the air turbine that generates electricity (Diagram 2). When the buoy is at the crest of the waves, the water level in the central air pipe moves downward correspondingly. Under this pressure difference, the $valve_1$ and $valve_3$ automatically shut. The atmospheric air enters the spout through $valve_4$ and drives the turbine generator, causing it to rotate. The air then enters the central air pipe through $valve_2$. When the buoy is at the wave trough, $valve_2$ and $valve_4$ shut under the action of the pressure difference. The air inside the central air pipe flows into the spout through $valve_1$ and drives the turbine generator to continue to rotate and then the air is released into the atmosphere through $valve_3$.

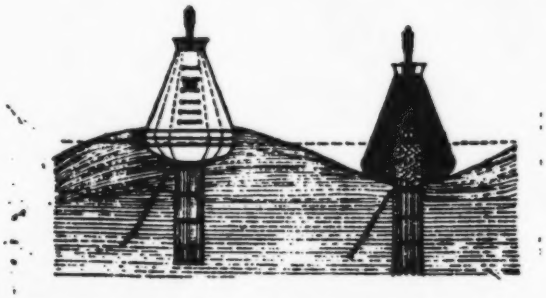


Fig. 1 Whistle Buoy

Waves occur constantly in the open sea. This enables the turbine inside the buoy to continue to rotate and produce electrical energy. The alternating current generated by the generator passes through a full wave rectifier and charges the battery (the battery used is a low efficiency lead acid battery with a small self consumption). This provides a continuous supply of electricity to the navigation light. This type of light buoy powered by electricity generated by the forces of waves enables its turbine generator to generate electricity normally as long as the height of the waves is 40 centimeters. The output power can reach 50 to 60 watts.

Generation of electricity by the force of waves can be used to power lights on buoys, then can it be used to power light houses? According to reports, foreign nations have already applied the principle of generating electricity for buoys using the forces of waves in powering light houses and have built fixed devices for generating electricity using the forces of waves. According to calculations, the force of tides against the coastal rocks near light houses can reach 30 tons/square meter. The striking force of waves against light towers in open sea can also reach 15 tons/square meter. The fierce waves once crushed a light house several dozen meters above sea level in the Bay of

Bengal. To avoid destruction, the fixed device for generating electricity using the forces of waves has several intake floodgates. When a giant wave rushes towards one intake floodgate, this intake floodgate is closed and another is opened. This type of electricity generating device can produce an output power of up to 120 watts.

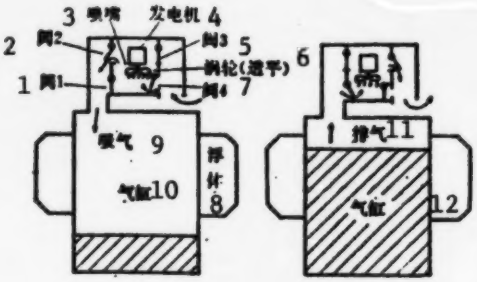


Fig. 2 Working principle of the light buoy powered by electricity generated by the forces of waves

Key:

1. Valve
2. Valve
3. Spout
4. Generator
5. Valve
6. Turbine
7. Valve
8. Buoy
9. Air intake
10. Air cylinder
11. Air exhaust
12. Air cylinder

The equipment using the forces of waves to generate electricity for navigation marks, compared to other forms of energy sources (such as forces of wind, solar energy) is small, the structure is simple, the efficiency is high, the cost is low and it does not release pollutants. An ordinary light buoy requires only slight modification and installation of a turbine generator to become a light buoy powered by the forces of waves. If the navigation buoys can widely utilize this kind of modern device to generate electricity by the forces of waves, then the batteries and bottled gas used as energy sources can be replaced. It can guarantee normal lighting of the navigation buoy and it does not require people to change those heavy and inconvenient batteries and bottled gas at fixed intervals.

During this century, scientific research personnel of each nation have conducted many types of scientific research in utilizing the energy of waves in the ocean and on the sea coast. Several hundred ideas have been proposed but most plans are still in the experimental stage. Generating electricity using the forces of waves can be utilized first in navigation buoys because the power of electricity generated by the forces of waves is relatively small and because navigation lights operate only during the night and the amount of electricity needed is not large.

The navigation light buoy powered by electricity generated by the forces of waves built by our nation ourselves has been tested indoors and in the ocean and preliminary success has been realized. It will join the ranks of other types of navigation buoys and will shine along the ten thousand li of navigation routes of our nation.

Of course, utilization of the forces of waves for light buoys is only one step towards the development of the energy resources of the oceans. As mankind's production and living standards continue to increase and improve, energy consumption will continue to increase. Research and development of natural resources will strengthen. The 1.37 billion cubic kilometers of sea water will become available and will welcome the new forces in the development of new energy resources.

9296
CSO: 4013/15

WORKSHOP ON UTILIZATION OF MARINE ENERGY HELD AT GUANGZHOU

Beijing NENG YUAN [JOURNAL OF ENERGY] No 1, 25 Feb 82 p 4

[Article by Sima Chen [0674 7456 5256]: "Workshop on Utilization of Marine Energy Held at Guangzhou"]

[Brief] From 1-3 December 1981, a workshop on utilization of marine energy was held in Guangzhou by the Chinese Society of Marine Engineering. Ninety-two delegates representing 59 units participated. Forty two papers were presented. These papers covered wide range of topics including development of marine energy all over the world, present status of marine energy utilization, and China's experience in the field of marine energy utilization. Some papers were of very high technical standard and some research results were considered by the participants of the workshop to be quite significant.

The so-called marine energy system includes thermal energy resulting from the temperature differential that exists between the upper and the lower layers of the ocean; mechanical energy resulting from the movement of sea water such as tide, ocean current, and wave; and chemical energy resulting from the salinity differential that exists between the fresh river water which empties into the ocean and the sea water. Marine energy is characterized by its renewability, free from pollution, wide distribution, and low energy density.

The Chinese mainland has a long coastline; more than 1,800 kilometers of shoreline and 4.88 million square kilometers of oceanic region with relatively rich marine energy resources. According to a preliminary estimate, the exploitable marine thermal energy resource is approximately of the order of 1 billion kilowatts, and the tidal, wave, and salinity differential energy resources are each of the order of 100 million kilowatts. These resources are definitely worth exploiting. Those projects which are actually under way today include Ganzhutan Tidal Electric Power Station at Shunde, Guangdong and Jiangxia Tidal Experimental Electric Power Station at Wenling, Zhejiang. A number of effective research and experimental efforts related to the development of wave energy and current energy have also been started. However, generally speaking, China's efforts to develop and utilize marine energy is only in its infant stage and its foundation is rather weak. The participants wish that the concerned governmental department in charge will further strengthen the leadership on matters related to research and development of marine energy by including the utilization of marine energy as part of the short- and long-range plan of the Energy Committee, National Science and Technology Commission. For the

time being, we should start out with small-scale projects including utilization of marine energy in the form of tides and waves to generate electricity for navigational markers, buoys, and lighthouses. If the conditions are favorable, medium-scale tidal electric power station of 10,000-kilowatt class may be constructed and the research and utilization of temperature differential electric power generation may also be undertaken. At the same time, scientific exchanges and compilation of technical information and systematic survey and evaluation of marine energy distribution should also be undertaken to lay down the ground work for future large-scale development and utilization of marine energy.

9113
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SUPPLEMENTAL ENERGY SOURCES

FUZHOU GEOTHERMAL RESOURCES PUT TO PRINCIPAL USE

Beijing GUANGMING RIBAO in Chinese 5 Feb 82 p 3

[Article by Chen Youren [7115 2589 0088]: "Fuzhou Successfully Develops a Refrigeration Facility Utilizing Geothermal Energy"]

[Text] The Fuzhou City Energy Utilization Research Institute, the Fuzhou University and the Fuzhou Refrigeration Plant jointly developed a refrigeration facility utilizing geothermal energy--"the experimental bilevel ammonia absorption type hot underground water refrigeration facility." On December 20 of last year, the Fuzhou Provincial Science Committee held an evaluation meeting. Experts agreed that the facility has met the designed requirements. This was the first successful attempt in our nation to utilize medium and low temperature hot water for refrigeration. This is an important new scientific research achievement in the utilization of geothermal energy and it has opened a new path in utilizing geothermal water of low potential energy.

Fuzhou City has a rich reserve of underground hot water. How to utilize geothermal energy to develop industrial production is a problem facing the broad masses of scientific research personnel that needs to be solved urgently. The Fuzhou City Energy Utilization Research Institute, the Fuzhou University and Fuzhou Refrigeration Plant began in 1974 to explore the utilization of geothermal energy for refrigeration according to the task assigned by the provincial science committee. They studied information on the refrigeration facilities in the nation and abroad, and developed a "bilevel ammonia absorption type experimental facility for refrigeration using underground hot water" which utilizes ammonia as the refrigerating agent and water as the absorbing agent. In January, 1980, the facility was successfully test run. During more than one year of operation, modification and tests, the facility's performance has now reached the designed requirements. The facility can refrigerate up to 45,000 kilocalories per hour while consuming less than 9 kilowatt-hours of electricity. Compared to facilities with the same amount of refrigeration and the equipment for refrigeration using ammonia compression under evaporating temperatures, it can conserve about 65 percent of electricity. The Fuzhou City Energy Utilization Research Institute has already used it to produce ice. This has supported the needs of guaranteeing freshness of export-oriented vegetables in Fuzhou City, and it has also conserved electricity. The refrigeration is also suitable for freezing, air conditioning, preserving freshness of vegetables, cultivating edible fungi and food processing. The hot water released from refrigeration can reach nearly 80 degrees centigrade. The hot water circulates in pipes and is not lost. It does not pollute and it can be used comprehensively for other purposes.

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CSO: 4013/12

SUPPLEMENTAL ENERGY SOURCES

GREAT POTENTIAL SEEN FOR DEVELOPING QINGHAI'S WIND POWER RESOURCES

Beijing GUANGMING RIBAO in Chinese 11 Apr 82 p 1

[Text] Engineer Dai Jiaxi's scientific paper on the utilization of wind power has recently won an award. In the paper he points out that Qinghai's abundant wind power resources have broad prospects for development.

Dai Jiaxi is an engineer with the Qinghai Provincial Weather Bureau. He has conducted statistical analyses on more than 4 million pieces of data from the province's more than 50 weather stations. His scientific research paper won the province's award for the most important scientific achievement on 11 Mar 82.

Based on experience in using the energy of the wind in various places, areas with a yearly average wind velocity of 3 meters per second have a potential for development.

Qinghai Province has many areas that meet or exceed this standard. Tanggula Shan and other regions have the most abundant wind energy resources in China.

More than 90 percent of the area of Qinghai Province has wind for more than 4000 hours per year and areas in the western part of the province may have wind for 6000 hours per year.

Dai Jiaxi's paper basically determines the province's wind power reserves and their patterns of fluctuation, providing the scientific basis for their development and utilization. It is the first major research paper on Qinghai's wind power resources.

Dai Jiaxi idea for the exploitation of Qinghai's wind power resources is: 1) the selection of the proper windmill model suited to the special conditions of the winds in Qinghai; 2) to undertake experiments on the relationship of windmill power and the altitude above sea level; and 3) to conduct studies on the combined use of wind power and solar power.

CSO: 4013/60

SUPPLEMENTAL ENERGY SOURCES

CHINA'S LARGEST WIND-POWERED POWER STATION

Beijing DILI ZHISHI [GEOGRAPHICAL KNOWLEDGE] in Chinese, No 2, 1982 p 15

[Article by Cai Ziming [5591 1311 2494], Luo Yuefang [5012 1471 1496]: "Wind-powered Power Station at Shaoxing"]

[Text] At Shaoxing, in Zhejiang, the home village of Lu Xun, our nation's largest wind-powered power station at present has been built. Its installed capacity is 18 kilowatts, equivalent to the amount of electricity used by 200 families each lighting one large 90-watt lightbulb!

Wind energy is an inexhaustible natural energy. Compared to coal and petroleum, it can be easily collected, its price is low and it does not pollute. It is one of the most attractive new energy resources in the world at present. Therefore, in recent years, all nations are competing to develop it. Our nation has also conducted active research work in this regard and has built a number of test facilities.

The Shaoxing Wind-powered Power Station stands on top of the Xionge Peak on Kuijishan. This mountain peak is about 50 kilometers from Shaoxing and is about 800 meters above sea level. The potential of wind energy is large. The annual average wind speed is 4.5 to 5 meters per second, with highs reaching 28 meters per second. It is suitable for installing windmills.

Preparation for the construction of the wind-powered power station at Shaoxing began in June, 1970. Construction was completed in 1971. The power station began generating electricity officially on July 9 that same year. The tower of the power station is 12 meters high. The diameter of the pinwheel is 13 meters. With a wind velocity of 8 meters per second, the pinwheel turns 64 times a minute. The rotary speed is raised to 1,000 cycles per minute via a mechanism connected to a generator to generate electricity.

After many years of operation and tests, some scientific research data have been obtained. To expand the scope of its utilization, not long ago, this wind-powered power generating installation was moved to Shengsihaidao to continue measurements of its performance in operation and to provide even more data for research in the generation of electricity by wind power in our nation.

9296
CSO: 4013/55

SUPPLEMENTAL ENERGY SOURCES

WIND ENERGY UTILIZATION IN CHINA

Beijing TAIYANGNENG [SOLAR ENERGY] in Chinese No 1, 28 Feb 82 pp 10-11

[Article: "A Glimpse of China's Wind Energy Utilization"]

[Excerpts] Around Lixiahe and Taihu in Jiangsu and in the vicinity of Shanghai and Songjiang area, utilization of wind power for irrigation has been very successful, and the practice continues today. In 1957, in the Yanchen area in Jiangsu alone there were nearly 100,000 wind mills used for agricultural applications and approximately 3 million mu of land were irrigated. In Xinhua County, Jiangsu Province, the history of irrigating fields with water pumped by the windmills is also quite long and the farmers have extensive experience with windmills. The structure of the windmills has been improved continuously over the years with the development in production. During the 19th century, large-scale windmills were in fashion. Wind vanes, 10 in number, were woven from reed grass and rotated around a vertical axis, so the windmill could function no matter which way the wind blew. However, its wind energy utilization rate was low, so it faded away gradually in the early days of this century. Later on, simple windmills having a horizontal axis, which are simpler in construction and lower in cost, (such as the rolling drum type, the chain windmill, etc.) became popular. These windmills, however, have low transmission efficiency and cannot withstand the force of a gust of wind. It tends to topple over quite easily and it is capable of pumping water only enough to irrigate some 10 mu of field. During the 1940's, six-sail mills became popular again. The six sails of this windmill are made of cloth and each stretched over a bamboo rod. The sail is easily raised or lowered, so the speed can be adjusted manually. Two pairs of transmission gears transfer the rotational motion of the blade axis via a vertical axis to an output axis which drives a water pump. Each time the wind changes its direction, an A-frame has to be moved manually so that the wind turbine may face the wind. This wind turbine is simple in construction, low in cost (approximately 100 yuan) and its wind energy utilization rate, its transmission efficiency, and its ability to withstand gusts are all better than the previous windmills. Water pumped by this device is sufficient in quantity to irrigate 30 mu of fields.

Although China was one of the first nations in the world to utilize wind energy, it was late in undertaking modern scientific research work, so the structure of its windmills has not changed appreciably over centuries. Research and development of new types of wind power machines was started only in the late 1950's.

At that time, a number of wind power research laboratories were established within a number of research institutes and a group of scientific personnel undertook the theoretical research and design work related to wind power machinery.

In 1957, a 66-watt wind power generator was successfully trial manufactured in Baicheng, Jilin Province. Since then, small-scale wind power generators ranging in size from several hundred watts to several thousand watts have been developed one after another in various parts of China including Jiangsu, Anhui, Liaoning, and Xinjiang. These windmills have diameters no more than 10 meters and their blades are made of either wood or metal.

In 1963, Xinhua County, Jiangsu Province, in cooperation with concerned units, developed a high-speed wind power machine--the DJX6 wind power generator--and a low-speed wind power machine. Ever since it was installed, the high-speed wind power machine has been running normally and generating power safely. This type of wind machine can supply enough water to satisfy the need of 120 mu of field. The investment, amounting to 2,600 yuan, can be recovered completely in 8 years.

Since 1958, experimental work on the utilization of wind power has been under way in the grazing areas of Xilin Gol league of Inner Mongolia. In 1969, wind power generators provided lighting within Mongolian tents for the first time and wind power operated pumps providing water for man and beast. An FT-183 wind power water pump installed in 1976 in the Hanula commune of Abag banner has been running smoothly ever since, supplying drinking water for 200 head of cattle, 1,500 sheep, and a family of three. The commune has also installed a 100-watt wind power generator which provides many shepherds with electric light. In 1981, Xilin Gol league installed 14 wind power generators at a test site in Gongbulag commune and thus insured a sufficient supply of water for the trees as well as grass within the corral. The Huabei pines planted here in 30 mu of land had a 90 percent success rate.

In December 1978, a wind power water pump was installed in Alashan left banner of the Nei Monggol Autonomous Region. This unit consists of a wind power generator and a pull rod pump. This machine is of the direct drive type, and is attended by a single person. It supplies drinking water for 4,200 sheep. This type of pump can be fitted with pull rod pump of different capacity according to the well depth. It has a simple construction and is easy to operate. The cost of supplying drinking water to a given number of sheep by this pump is cheaper than the cost of supplying water by camel power, and much cheaper than the cost of supplying water using pumps powered by diesel engines. Assuming that the number of sheep that can be watered by a single well is 2,400, then the annual cost of water per sheep will be 0.34 yuan cheaper by this wind powered pump than by camel power, with an annual saving of 816 yuan.

Over a period from March to December 1979, the Bain commune of Zhong Hou banner, Nei Monggol, carried out an experiment of popularizing 23 compact wind power generators having a capacity of less than 30 watts in order to supply electricity for daily life for the shepherds at their dwelling, providing power for 15-watt light bulbs for illumination and electricity for charging batteries used in transistor radios and flashlights. Each wind machine is equipped with

a 100 ampere-hour storage battery which, when fully charged, can supply electricity for 5 hours each day for 6 days even if there is no wind. These units have definite practical value because of their many attributes, including low cost (only 300 yuan per kit which includes lighting equipment and storage battery), low starting wind velocity, and adaptability.

According to statistics, by 1980, altogether eight different types of wind power water pumps were developed and 381 units had been manufactured in the Nei Monggol Autonomous Region, of which 87 units have been installed within the region. Five different types of wind power generators were developed and 292 units had been manufactured, 227 of which have been installed within the region. Wind power generators having 500-watt, 2.5-kilowatt, and 5-kilowatt capacities and wind power water pumps having 6 m and 2.5 m diameters are being researched and developed. New types of 100-watt wind power generator are being developed on the foundation of the original 100-watt wind power generator assembly. At present, the total number of units in operation is 50 percent of the number of units installed.

In 1977, an 18-kilowatt wind power generator was installed on top of Dongshan in Caiyuanzheng, Shensi County, Zhoushan Islands, Zhejiang Province. This unit consists of the blades, a gear box, a centrifugal hydraulic governor, a brake, a generator, a tail rudder, a rotating flat platform, a steel tower, a switchboard, a manually operated oil pump, and an equipment housing. Its gear box, centrifugal hydraulic governor, and generator are grouped together and installed at the top of the tower. This unit can generate electricity if the wind velocity is greater than 4 meters per second, and the rated 18 kilowatt power can be delivered at a wind velocity of 10 meters per second or more. It is currently used for the purpose of supplying power for a number of operations including sea water desalination, illumination, pumping water, and electric welding. On 10 April 1981, the service was extended to Caiyuan fishing unit and the customers are very satisfied. This unit is also equipped with an automatic switching device. When the wind machine output voltage is greater than 300 volts, the power is supplied by the wind machine, but if its output voltage is below 300 bolts, the power is supplied by the electric power network. Its tower is 16.9 meters tall.

A wind power generator assembly developed by the Central Meteorological Bureau's Scientific Research Experimental Plant especially for use at remote high mountain meteorological stations, after numerous improvements, is being operated and tested continuously at the Wutaishan meteorological station in Shanxi Province.

Badaling Wind Power Generation Experimental Station is under construction in Xibozi Commune, Yanqing County, Beijing City. This location is "windy all year round" with an annual average wind velocity of 5 meters per second and gusts up to 7-8 class are common in winter. It is an ideal site for a wind power generation experimental station. So far, five units have been installed. Three of them were designed and constructed in China; the other two were imported from Switzerland and the United States. The smallest unit has a capacity of 1.5 kilowatt while the largest unit has 10 kilowatt capacity.

These five generator units and one anemometer tower are arranged in a straight line, and the bright red, blue, white and greencolors painted on the machinery assembly and tower gleam under the sunlight, attracting the attention of tourists who climb the Great Wall and thus adding new scenic spot to the Badaling scenic region.

There are quite a few organizations engaged in the research and development of wind power machinery in China today. However, the research level is rather low, especially in the area of wind power generator. It has not yet reached the level which deserves authentication and popularization. The research technique employed is also rather obsolete. In fact, many designs have not undergone wind tunnel test and, as a result, many problems cropped up when a prototype was test run. However, the prospect of wind energy utilization is sufficiently bright, because compared with other new energy sources utilization of wind energy requires relatively simple equipment and smaller investment. Therefore, we must strengthen planning and constantly improve the research level so as to be able to better utilize wind energy in service of the four modernizations.

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1 July 1982

CHINA REPORT

ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

RADIO LECTURE ON ENTERPRISE CONSOLIDATION

OW170509 Beijing Domestic Service in Mandarin 2320 GMT 14 Jun 82

[Radio lecture by (Xie Youming): "Carry Out the All-round Consolidation of Enterprises in a Down-to-Earth Manner"--first in a series on the question of enterprise consolidation]

[Excerpts] The party central committee and the state council have decided that beginning this year, state industrial enterprises are to be consolidated in al all-round way, by stages and in groups and in a planned and systematic way in 2 or 3 years. The first group of more than 1,000 big and medium key enterprises have already begun to be consolidated.

After the 3d Plenary Session of the 11th CCP Central Committee, state industrial enterprises were consolidated. Why is it necessary now to consolidate them again? What is the difference between the present consolidation and the past one? How can we carry out the present consolidation successfully? Now we will discuss these three questions.

Let us discuss the first question first. Since we carried out enterprise consolidation in the past, why should we do it again now? First of all, this is aimed at further implementing the policy of readjustment, restructuring, reorganization and upgrading the national economy. [passage omitted]

In the past few years, the work of economic readjustment has progressed rather slowly and the policy of restructuring has not been carried out to the letter in some localities. There are many reasons for this, but the main one is that enterprises do not have a solid foundation. This clearly shows that it will be hardly possible to effectively implement the policy of readjustment, restructuring, reorganization and upgrading in al all-round way if enterprises are not consolidated well.

Second, the all-round consolidation of enterprises is also aimed at achieving better economic results quickly and blazing new paths in economic development. Now let us take a look at the following figures: every 100 constant yuan of state industrial enterprise fixed assets provided an annual average industrial value of (?102) yuan in 1979 and 1980, 26 percent less than that in 1957. Every 100 yuan of capital provided an annual average tax and profit of 24.8 yuan in 1979 and 1980, 28 percent less than that in 1957. The net output

value created by each industrial worker annually increased 3 percent on the average in the past 2 years. Much less than the annual average increase of 16.9 percent in the first 5-year plan period. The situation in the period from January to November last year was even worse. Compared with the same period of 1980, the productivity of the state industrial enterprises' workers decreased 3.2 percent and their profits dropped 8.4 percent, but their fixed production costs increased 1.1 percent. In addition, the losses incurred increased from 24.1 percent in 1980 to 31.8 percent in 1981.

These figures show that although we carried out the consolidation of state industrial enterprises and made a number of achievements in this regard, there are still many problems as far as economic results are concerned. To use a common expression, spending is greater than income. [passage omitted]

Third, industrial enterprises are units engaged in material production, an industrial enterprise's production and management should change to meet the needs of society. Enterprises should be consolidated in order to adapt themselves to the new situation and solve new problems [passage omitted] If we should not consolidate enterprises and should let them run their course, it would be impossible for us to bring about a fundamental change for the better in the national economy, much less would it be possible for us to build our more than 2,000 big, key state industrial enterprises and over 81,000 medium and small state industrial enterprises and over 81,000 medium and small state industrial enterprises into really modern socialist enterprises and to accomplish the great task of realizing the four modernizations.

Now let us discuss the second question: What is the difference between the present consolidation and the past one? Generally speaking, the present consolidation is different from the past one in three respects:

First, their starting points are different. After the downfall of the gang of four, industrial enterprises were consolidated twice in order to heal the wounds caused in the 10 years of internal disorder and to implement the party's policy of readjustment, restructuring, reorganization and upgrading the national economy. The first consolidation was mainly aimed at solving the question of impurity in enterprise leading bodies. Through this consolidation, rules and regulations were restored or established, with the stress on the system of personal responsibility. By carrying out the second consolidation, enterprise leading bodies were further readjusted and strengthened. [passage omitted]

The present consolidation is different from the previous two consolidations because it is being carried out on the basis of the previous ones, through which enterprises were basically recovered. This is a constructive consolidation, with higher aims to be achieved.

Second, the contents of the present consolidation are also different from those of the previous two. During the previous two consolidations, which were mainly aimed at solving only certain problems, enterprises were consolidated only in certain apsects. Unlike the previous two consolidations, the present one is to consolidate enterprises in an all-round way.

Specifically, it is aimed at consolidating enterprise leading bodies, rectifying the party's work style, strengthening ideological and political work, consolidating and improving the economic responsibility system, improving enterprise operation and management and doing a good job in overall planning management, quality control and business accounting. In addition, it is also necessary to consolidate and strengthen labor discipline, strictly implement the system of rewards and penalties, strengthen financial and economic discipline and improve the financial and accounting system. [passage omitted] Through the consolidation of these aspects, we should effectively solve various problems now existing in industrial enterprises so that they will be able to embark on the road to achieving better economic results. A new road in developing the national economy.

Third, the objectives of the present consolidation are higher. The all-round consolidation of those enterprises are a constructive nature. [passage omitted] To put it specifically, the present consolidation is designed to enable the enterprises to do a good job in "three establishments" and become good in six aspects. The "three establishments" are to gradually establish a leadership system with both democracy and centralism, gradually establish a "red and expert" contingent of workers, and gradually establish a scientific and civilized management system. The six aspects are: 1) correctly handling the economic relations among the state, the enterprise and the workers, considering the interests of the three at the same time and outstandingly fulfilling the state plans; 2) the quality of products; 3) economic results; 4) labor discipline; 5) civilized production; and 6) ideological and political work. [passage omitted]

Now let us discuss the last question: How can we do a good job in the present all-round consolidation of enterprises? Judging by the situation of the experimental consolidation at selected enterprises and the consolidation undertaken by some enterprises, the first thing to do is to unify the thinking and understanding of all the workers of enterprises, and in particular, to unify the thinking and understanding of the leading comrades at all levels, so that everyone is concerned about the consolidation. The reason for this is very simple. Consolidating the enterprises, the same as doing other things, needs man to do it. Therefore, we must make all the workers know the significance, contents, objectives and methods of the present all-round consolidation of enterprises. Only in this way can we make them know how to consolidate the enterprise. [passage omitted]

Second, in order to consolidate enterprises well in a down-to-earth manner, we should at present arrange all our work closely around the central task of improving economic results. This is the foundation of the enterprise consolidation. In order to achieve this, all enterprises should set without delay the criteria for assessing the economic results with regard to improving the quality of products and lowering production costs. At the same time, the enterprises should make constant analysis and comparison of their production and management activities and discover shortcomings and the ways to overcome them. [passage omitted]

Third, in order to consolidate enterprises well in a down-to-earth manner, it is necessary to consider the actual situation of an enterprise to decide what to do first and what next. We should not always do things the same way. For instance, many enterprises with poor financial management should first strive to improve their financial management and financial and economic discipline before they undertake all-round consolidation. To consolidate an enterprise of which the leading group is soft, lazy, lax, overstaffed and old, the first thing to do is to solve the leading group problem. To consolidate an enterprise with more new workers whose labor discipline is poor due to lack of systematic and effective ideological education and management measures, it is necessary to proceed from strengthening the ideological education and improving the labor discipline. [passage omitted]

Listeners and worker comrades, let us go into action to do a still better job in consolidating the enterprises!

CSO: 4006/489

NATIONAL POLICY AND ISSUES

SECOND LECTURE ON ENTERPRISE CONSOLIDATION

OW171315 Beijing Domestic Service in Mandarin 2320 GMT 15 Jun 82

[Radio lecture by (Gong Xiguang): "Do a Good Job in Consolidating and Building Leading Groups Gradually Improve the Leadership System in Enterprises"--Part I of second in a series on the question of enterprise consolidation]

[Excerpts] The key to successful management of a socialist enterprise lies in an effective leading group and reasonable leadership system. Therefore, in carrying out all-round consolidation of enterprises, it is necessary to stress in particular the building of the leading group and the gradual improvement of the leadership system. First, let us discuss the question of building the leading group.

Laxity, weakness, overstaffing, aging and bureaucracy are the common problems confronting in varying degrees the leading groups of industrial and transport enterprises in our country. [passage omitted] The causes of these problems, aside from shortcomings in the leadership system, lie primarily in the overstaffing of enterprise leading groups and the lack of cadres well versed in technology, management and professional knowledge and competence, especially outstanding young and middle-aged cadres with all these qualifications. Such leading groups cannot properly meet the demands of modernization.

To change the situation, it is imperative to consolidate and build the leading groups of existing enterprises. First, it is necessary to take a firm hold of the ideological consolidation and building of the leading groups. It is necessary to examine, in light of implementing the party's line, principles and policies formulated since the convening of the 3d Plenary Session of the 11th CCP Central Committee, whether or not the guiding principles in economic construction are correct, the emphasis on the work has been shifted and progress has been achieved along the new course. [passage omitted]

While carrying out the ideological consolidation and building of the enterprise leading groups, it is also necessary to vigorously carry out organizational consolidation and building. It is necessary to resolutely select young and middle-aged cadres who have both ability and political integrity to fill leading posts at various levels in the enterprises and to strive to appoint revolutionized, younger and more educated and professionally competent leading groups as quickly as possible. [passage omitted]

The above mentioned requirements for building the leading groups refer, in fact, to the three criteria for correctly selecting leading cadres of enterprises. Revolutionization means political integrity; education and professional competence mean ability; youthfulness refers to people who are in the prime of life. Let us discuss these three criteria separately:

First, what is revolutionization? It refers to cadres' political attitude and character and ideological quality. In practice, it refers to whether or not a cadre upholds the socialist road and resolutely implements the party's line, principles and policies. Our enterprises are important units for building socialist modernization. As leaders of an enterprise, leading cadres must be revolutionized. Only leaders who are revolutionized can effectively lead the contingent of workers and staff, bring into full play the enterprise's potentials and make the enterprise play a greater role in socialist construction. If the people selected to fill leading posts do not meet this requirement, unhealthy practices will go rampant in the enterprise; the enterprise will be unable to carry out the party's line, principles and policies will even divorce themselves from the socialist orientation. Especially in the current anticorruption struggle, which is very acute and needs to be continued for a protracted period of time, it is all the more important to persist in promoting revolutionized cadres. As far as this requirement is concerned, none of the proven smash-and-grabbers, people who have risen through rebellion and those who harbor strong factionalist ideas and stubbornly resist the party's correct policies should be promoted to leading posts while such people who are already in leading groups must be resolutely dismissed in the current consolidation. Before they make a thorough change, these people always stand in the way of implementing the series of principles and policies adopted by the party since the 3d Plenary Session of the 11th Central Committee. Some of these people behave properly on the surface, but at times convenient to themselves--for example, when the party is hit by a storm--they can become fierce troublemakers. Therefore, in promoting cadres, we must be extremely careful not to let these people sneak into leading groups. [passage omitted]

Now, let us consider education and professional competence. What do we mean by more educated and professionally competent? We mean that cadres must have a certain level of professional knowledge and the ability to organize and lead. There is a close relationship between being more educated and being professionally competent, but there is also a difference. Generally speaking, by more educated we mean that in selecting cadres, attention should be paid to their educational level, and by professionally competent, we mean that to be selected cadres must have a certain level of professional knowhow and competence.

At present, there is a common weakness in the composition of the leading bodies of most enterprises--there are too few cadres who are professionally knowledgable and competent, and too many who are not. Through the current enterprise consolidation, we must solve this problem step by step. [passage omitted]

To select professional people for leading posts, we must treat intellectuals correctly. In dealing with intellectuals, some comrades often cannot overcome the influence of "left" ideas and are always full of worries and misgivings about promoting intellectuals and technical experts into leading bodies. They either are not fully convinced and still doubt that the intellectuals are part of the working class, or regard appointing professionals as opposed to relying on the masses of workers and taking the mass line. This makes it difficult to bring the role of professional people into full play. Even when some intellectuals and technical personnel are appointed to leading posts, more often than not they are not given the authority commensurate to the positions. We should change this state of affairs [passage omitted]

At the same time, stressing selection of professionally knowledgable and competent people from among cadres in the prime of life does not mean that old cadres are no longer needed. Nor does it mean that all old cadres are nonprofessionals and have no professional knowledge. In fact, a considerable number of old comrades not only possess rich revolutionary experience and a rather high level of understanding of policy and ability in organizing, but also have the professional knowledge and ability to lead a modern enterprise. Therefore, in three-in-one leading bodies composed of old, middle-aged and young people, the old cadres remain the backbone and the core. [passage omitted]

Last, let us consider the question of youthfulness. By youthfulness, we mean that cadres should be in the prime of life and capable of handling strenuous work. It is necessary to promote large numbers of outstanding middle-aged and young cadres into leading bodies to solve the problem of aging leading bodies now existing in most industrial and transport enterprises. [passage omitted]

What after all is considered a reasonable average age for the leading body of an enterprise? This must be determined case by case according to the specific conditions and by means of concrete analysis; we cannot set the same age standards for all enterprises. For example, enterprises are different in size and degree of modernization, and the average age of their leading bodies should also be different.

Comrade Zhao Ziyang pointed out: There are many competent people in the enterprises. There are plenty of cadres and technical personnel who are about 40 years old and professionally competent and have both ability and political integrity. A number of them should be promoted to leading bodies.

He also said: With the exception of extra large enterprises like the Anshan Iron and Steel Company and national corporations like the China Shipbuilding Industry Corporation, managers, assistant managers and plant directors should to the extent possible be under 50 years old, and no more than 55 in any case. Party committee secretaries and responsible persons of workers congresses can be slightly older, but not too old.

CSO: 4006/489

'SICHUAN RIBAO' CARRIES 1981 PROVINCIAL STATISTICS

HK141415 Chengdu SICHUAN RIBAO in Chinese 31 May 82 p 2

[Report by the Sichuan Provincial Statistics Bureau issued on 30 May 1982: "Sichuan Provincial Statistics Bureau Report on Economic and Social Development in the Province in 1981"]

[Text] Under the leadership of the CCP Central Committee and the state council and the Sichuan Provincial Party Committee and People's Government and following the line of the 3d Plenary session of the 11th CCP Central Committee in 1981, the people of all nationalities in Sichuan Province conscientiously implemented the major policy of economically further readjusting the national economy and politically further achieving stability, uniting as one and struggling arduously. In the situation where energy supply was reduced and production tasks for heavy industry were insufficient and in addition, the province encountered serious difficulties caused by a catastrophic flood, the economic and social undertakings of the whole province continued to steadily advance, the proportions among major sectors of the national economy gradually became coordinated and new achievements were made in various types of construction in 1981. The total value of industrial and agricultural output of the province in 1981, reckoned at 1981 fixed prices, reached 48.47 billion yuan, an increase of 2.1 percent over the previous year. The preliminary estimate of national income is 28.25 billion yuan, calculated at comparable prices was up 1.8 percent compared with 1980 (the 1980 national income must be adjusted from the original 25.92 billion yuan to 26.83 billion yuan). Markets in cities and rural areas were further activated and the living standards of the people continued to improve.

Economic and social development of the whole province was as follows:

1. Agriculture

In 1981, the province encountered an exceptionally serious flood. The worst for nearly 100 years, and part of the areas were hit by natural disasters, such as overcast weather, rain and low temperature. However, as a result of further implementing the party's economic policies, perfecting and improving the production reponsibility system in various forms, readjusting the agricultural production structure and overall crop distribution, vigorously grasping scientific farming, giving full play to the enthusiasm of the broad

masses of peasants for production, sparing no efforts to resist natural disasters and to save one's self and surmounting the difficulties caused by serious natural disasters, fairly good harvests were still reaped in the agricultural production of the province. The 1981 total value of agricultural output, calculated at 1980 fixed prices, was 20.94 billion yuan (calculated at 1970 fixed prices, the 1981 total value of agricultural output must be adjusted from 13.86 billion yuan to 15.47 billion yuan), 2.2 percent higher than the 1980 figure. Of this, the agricultural output value was 13.59 billion yuan, 1.4 percent more than in 1980; the corresponding figure for forestry was 780 million yuan, 7.1 percent less than in 1980; for animal husbandry, 4.52 billion yuan, up 5.3 percent; for sideline production, 1.98 billion yuan, up 6.5 percent; and for fishery, 70 million yuan, up 6.5 percent. The proportion of the output value of industrial crops and the diversified economy in the total agricultural output value increased from 48.9 percent in 1980 to 51 percent. Of the various major agricultural products, the total grain output registered a net increase of 580 million jin over the 1980 record figure of grain output. As regards the output of industrial crops, apart from a decrease in the output of cotton and sugarcane, the output of oil-bearing crops, hemp, tobacco and tea was all higher than the 1980 figure.

The growth of the output of major farm products was as follows:

	1981	Percentage Increase Over 1980
Grain (The total 1980 grain output must be adjusted from the original 65.28 billion jin to 68.73 billion jin (including the output of land run by the state, the collective and peasants themselves)	69.31 billion jin	0.8
Cotton	1,734 million dan	-8.4
Oil-bearing crops	19,501 million dan	35.6
of which: rapeseed	16,655 million dan	43.2
peanuts	2,451 million dan	1.1
Sugarcane	34,172 million dan	-4.2
Hemp	2.66 million dan	11.3
of which: jute and ambary	2,383 million dan	10.3
Flue-Cured tobacco	519,000 dan	26.3
Tea	658,000 dan	13.1
Silkwork cocoons	1,802 million dan	-2.1
Fruit	7,589 million dan	-12.1

The year 1981 witnessed sustained development in the animal husbandry of the province and increases in the output of major livestock, in the fattening rate of live pigs and in the number of large domestic animals at year end. But there was a slight decrease in the number of sheep and goats and of farm cattle in part of the areas.

The output of major animal husbandry products and the number of livestock was as follows:

	1981	Percentage Increase Over 1980
Porkers slaughtered	33.27 million	6.4
Pork, beef and mutton	3.78 billion jin	10.2
of which: pork	3.64 billion jin	10.6
Milk	280 million jin	7.7
Sheep's wool	5.283 million jin	1.4
Live pigs at yearend	50,229 million jin	-2.4
Large domestic livestock at yearend	9,224 million	0.6
of which: cattle	9.224 million	0.6
Sheep and goats at yearend	10.632 million	-2.3
of which: goats	6.813 million	-2.8
sheep	3.819 million	-1.5

The province afforested 3.527 million mu of land, raised 254,000 mu of tree seedlings and tendered 5.6 million mu of young saplings. The output of major forest products, such as tung oil, Chinese gall, pine resin, coir fiber and dried bamboo shoots showed an increase over 1980. But the output of raw lacquer and walnuts was less than in 1980.

The output of aquatic products all over the province in 1981 was 1.12 million dan, 6.9 percent up on the previous year. The total income of the commune and brigade-run enterprises was 20.2 percent higher than in 1980. Fairly rapid advances were made in the sideline production of commune members.

In 1981, the province had 23,460 larger and medium-sized tractors for agricultural use, 922 more than in 1980; 106,000 small-sized and hand-held tractors, 7,000 more than in 1980; power drainage and irrigation equipment for rural use totalling 3.84 million horsepower, a gain of 176,000 horsepower. A total of 1.192 million tons of chemical fertilizer (reckoned to be 100 percent efficient) was applied, an increase of 8.9 percent over the previous year. Total electricity used in rural areas came to 1.62 billion kilowatt-hours, 26.6 percent more than in 1981.

Although the water conservancy facilities of the whole province were seriously damaged by floods, through rush repairs and realignments, the areas of effectively-irrigated land stayed at the 1980 level. The province had a total of 12,342 large and small-sized reservoirs with a storage capacity of 8.643 billion cubic meters, an increase of 86 million cubic meters over 1980.

The provincial meteorological and hydrological departments gave prompt forecasts for such natural disasters as drought and waterlogging and water conditions, and thus forcefully rendered coordinated backing to the struggle for combatting floods and helping the people tide over natural disasters.

Fairly good harvests reaped in the agricultural production of the province played a great role in stabilizing the economy of the whole province. But at the same time, they also reflected that the province's ability to resist natural disasters was relatively weak. Arduous efforts are still needed to completely wipe out the consequences caused by flood disasters. The phenomena of the wanton felling of trees in some localities were not yet checked; soil erosion was serious and part of the industrial crops failed to meet the needs of industrial production and the market.

2. Industry

In 1981 there was a sustained rise in the industrial production of the province. Light industry continued to increase by a big margin. The service orientation and product mis of heavy industry were initially readjusted. The provincial total industrial output value, calculated at 1980 fixed prices, was 27.53 billion yuan (the 1981 industrial output value, reckoned at 1970 fixed prices, was 26.82 billion yuan. Of this, the total value of light industrial output was 13.49 billion yuan and that of heavy industrial output, 13.33 billion yuan), an increase of 2 percent over the previous year. Of this, the output value of light industry was 14.15 billion yuan, a 12.3 percent increase over 1980, and that of heavy industry, 13.38 billion yuan, a decrease of 6.7 percent compared with 1980. The proportion of light industry to total industrial output value increased from 45.7 percent in 1980 to 51.4 percent and that of heavy industry decreased from 54.3 percent to 48.6 percent.

State planned targets were reached or surpassed for the output of 77 of 100 major industrial products, including raw coal, electricity, steel, rolled steel, chemical fertilizer for agricultural use, cement, plate glass, cotton cloth, machine-made paper and paperboard, sugar, cigarettes, sewing machines, bicycles, television sets and radios, Targets of natural gas, iron ore, chemical fibers, cotton yarn and 19 other products were not fulfilled. Compared with the previous year, the products which increased in output totalled 61 times, of which, the output of 41 products of 48 major consumer goods for daily use and durable consumer goods showed an increase over 1980. Heavy industry did a lot of work in providing light industry with production equipment and raw and semifinished materials and thus achieved some results. Defense industry enterprises implemented the policy of combining the production of goods for military use with that for civil use. The 1981 output value of

the goods for civil use which were produced by defense industry enterprises registered an increase of 38.3 percent over 1980.

The growth of the output of major industrial products was as follows:

	1981	Percentage Increase Over 1980
Raw coal	39.398 million tons	1.1
Natural gas	5.78 billion cubic meters	-8.0
Electricity	16.41 billion KWH	0.2
Steel	3,025 million tons	-8.1
Rolled steel	2.199 million tons	-15.2
Pig iron	2.697 million tons	-6.2
Timber	3.441 million tons	-17.2
Cement	5,036 million tons	1.2
Plate glass	231,000 standard cases	11.6
Chemical fertilizer for agricultural use	1.282 million tons	-0.4
of this: nitrogenous fertilizer	1.021 million tons	-1.7
Chemical insecticides	16,487 tons	8.2
Sulphuric acid	640,000 tons	6.3
Soda ash	101,000 tons	9.8
Caustic soda	117,000 tons	8.3
Power-generating equipment	378,000 kw	62.6
Internal combustion engines (sold as commodities)	090,000 kw	-5.0
Tractors	90	-87.4
Hand-held tractors	7,814	-23.3
Motorcycles	64,000	14 times
Chemical Fibers	23,053 ton	51.7

	1981	Percentage Increase Over 1980
Cotton yarn	126,000 tons	5.0
Cotton cloth	665.16 million meters	4.8
Woollens	2.03 million meters	12.8
Silk	8,839 tons	29.7
Silk textiles	33.42 million meters	4.7
Machine-made paper and lardboard	387,000 tons	5.2
Leather (in cowhides)	4.104 million hides	21.9
Raw salt	1.317 million tons	1.3
Sugar	148,000 tons	-14.5
Cigarettes	668,000 cases	8.4
Alcoholic beverages	452,000 tons	19.9
Canned foods	70,000 tons	20.7
Detergents	21,000 tons	31.3
Television sets	251,000	202.4
Radios	496,000	134.7
Bicycles	133,000	432.0
Sewing machines	163,000	58.3
Wristwatches	797,000	64.3

In 1981, thanks to the adoption of various measures to economize on energy use and particularly the readjustment of the energy consumption structure, although the production of energy of the province was 2.9 percent less than in the previous year, industrial production still maintained a certain growth rate. Forty-one of the 74 indices for energy consumption per unit of major industrial products decreased compared to the previous year. In 1981, an additional 19 provincial products were awarded gold metals or silver medals and 199 products were awarded the honorable title of province wide high-quality products. Of these, 81 products were classified as top-quality products by the responsible departments of the state council.

However, the economic results of the industrial production of the province were still fairly poor. Some of the products showed a decrease in quality and the consumption of materials rose to some extent. Influenced by the increased prices for some raw and semifinished materials and the increase in such materials as cotton which were imported from other provinces, targets for lowering costs and turning losses into gains in business were not all fulfilled. The 1981 product costs of the industrial enterprises under the system of ownership by the whole people, calculated at comparable prices, registered an increase of 1.2 percent over the previous year. The profit yielded by every 100 yuan of output value decreased by 14.6 percent compared with the previous year. The output value per worker was 3.6 percent lower than in 1980.

3. Capital Construction

In 1981, the investment returns of capital construction in the province were relatively satisfactory. Units under the system of ownership by the whole people gained an additional 2.03 billion yuan worth of fixed assets through capital construction in 1981. The rate of availability of fixed assets was 104.8 percent [as published], a 14.1 percent increase over the previous year. Total floor space of housing completed was 8.61 million square meters, with the completion rate of housing being 54.3 percent.

In the last year, the main added production capacity accounted for by capital construction consisted of facilities for producing 720,000 tons of coal, 500 million cubic meters of natural gas 40,000 kilowatts of power-generating capacity, 484 kilometers of transmission lines, 136,000 KVA of transformer equipment capacity, 20,000 cubic meters of timber, 40,000 tons of cement, 15,000 tons of chemical fibers, 15,000 tons of machine processed sugar, 50,000 bicycles, 40,000 tons of commercial cold storage capacity, 132,000 cubic meters of coal gas per day and 34,000 tons of water supply per day. The floor space of buildings for various types of schools was 571,000 square meters; the additional student places of 106,000; the floor space of buildings for hospital use was 112,000 square meters with 2,811 hospital beds added.

In 1981 the scope of investment in capital construction was curtailed by a big margin. The investment orientation of capital construction continued to be readjusted. Total investment in capital construction in units under the system of ownership by the whole people was 1.94 billion yuan, a decrease of 32.2 percent compared with 1980. Investment within the jurisdiction of the national budget was 896 million yuan, 38.2 percent less than in 1980; the ex-budgeted investment, outside the state budget, covered by funds pooled by local departments and enterprises and bank loans was 1.044 billion yuan, a decrease of 26 percent compared with 1980. The ratio of investment used in non-productive amenities, such as housing, culture, education and hygiene and urban public facilities, that is, investment aimed at improving the material and cultural life of the people, to total investment rose from 38.5 percent in 1980 to 50.8 percent. Of this, the proportion of investment used in housing increased to 34.4 percent from 24.6 percent in 1980. Although the proportion of investment used in productive construction dropped to some extent, the proportion of investment used in light and textile industries and the

energy industry still increased by 1.9 percent and 1.1 percent respectively over the previous year. Along with this, the construction of tapping-potential, renovation and transformation measures was strengthened and some improvements were made in some weak links in production.

However, in investment in fixed assets all over the province, the phenomena of duplicate production still exists and the work concerning unified management and overall balance needs to be further strengthened.

In 1981 the geological prospecting departments of the province exerted their efforts to intensify geological surveys of energy resources, metallic and nonmetallic minerals and hydrogeological surveys, fairly good results were achieved in various general surveys and prospecting. This year's newly determined reserves of minerals included coal, lead, zinc, nickel, copper, pyrites, vanadium-titanium-bearing magnetite, phosphorus ore, glass quartz sandstone, limestone for making cement and rigid refractory clay. Of these, the additional reserves of coal were 45.85 million tons and those of iron ore, 360 million tons. The year's total drilling footage for geological prospecting was 246,000 meters. A number of new mineral-bearing areas were discovered.

4. Transportation, Posts and Telecommunications

In 1981, most areas in the province were hit by mountain torrents resulting from rainstorms. Many parts of the roadbeds of the Chengdu-Chongqing, Baoji-Chengdu and Chengdu-Kunming trunk railways within the boundaries of the province were washed away or damaged and several roads were cut and both waterways and road transport were seriously disrupted. The 1981 volume of freight carried by all means of transport totalled 22.85 billion ton-kilometers, 11 percent less than in 1980. The volume of railway freight transport was 17.52 billion ton-kilometers, a decrease of 5.1 percent compared with the previous year; that of road freight transport was 2.35 billion ton-kilometers, a drop of 0.4 percent; that of waterway cargo transport was 2.97 billion ton-kilometers, 38.8 percent less; and that of air freight transport was 9 million ton-kilometers, an increase of 12.5 percent over the previous year.

The volume of passenger transport by all means of transport in 1981 totalled 12.4 billion passenger-kilometers, 6.6 percent less than in 1980. The volume of railway passenger transport was 4.2 billion passenger-kilometers, a 33.1 percent decrease compared with the previous year; that of road passenger transport, 6.84 billion passenger-kilometers, an increase of 22.4 percent; that of waterway passenger transport, 1.05 billion passenger-kilometers, 5.4 percent less; and that of passenger transport by air, 310 million passenger-kilometers, an increase of 6.9 percent.

At the end of 1981, within the boundaries of the province, the province's total operating railway mileage reached 2,640 kilometers; that of inland navigation, 8,751 kilometers; and that of highways, 82,494 kilometers.

At present, the railway transport of the province is still strained; there is still uncoordinated management of truck transport and insufficient play has been given to the strong points of waterway transportation.

In 1981, posts and telecommunications transactions for the whole province, calculated at 1980 fixed prices, amounted to 107.05 million yuan, surpassing the figure for 1980 by 2.3 percent. In this was a 0.5 percent increase in letters, a 0.3 percent increase in the circulation of newspapers and magazines, an 18.6 percent increase in telegrams and a 1.1 percent decrease in long-distance telephone calls. The distribution through the postal and telecommunications network gradually became rational and the capacity to deliver letters was strengthened to some extent.

5. Commerce, Foreign Trade and Tourism

Markets both in cities and the countryside all over the province became even more flourishing and brisk. Steady advances were made in commercial purchases and sales. the total volume of commodities purchased by the commercial departments under the system of ownership by the whole people in 1981 reached 13.87 billion yuan, topping the figure in 1980 by 7.7 percent. This included 7.73 billion yuan worth of manufactured goods, 8.4 percent more than in 1980 and 6.07 billion yuan worth of farm produce and sideline products, an increase of 6.9 percent. Most of the purchased amounts of industrial and agricultural products showed an increase over the previous year.

Along with an increase in the purchasing power of the people in cities and rural areas, the total retail sales of the province in 1981 amounted to 16.55 billion yuan, 9 percent more than in 1980, or a real increase of 7 percent after deducting the rise in retail prices. Of this, the amount of consumer goods sold to the residents surpassed the figure for 1980 by 11.3 percent and the amount of consumer goods sold to social groups registered an increase of 5.3 percent over the previous year. The retail sales of major commodities increased universally. Of these, the sale of edible vegetable oil went up 32 percent, pork 1.7 percent, cigarettes 16.6 percent, wine 14 percent, cotton cloth of various types 7.7 percent, woollens 5.6 percent, leather shoes 34.7 percent, sewing machines 17.9 percent, bicycles 45.9 percent, wristwatches 32.1 percent, radios 11.6 percent and television sets 128.9 percent. However, there was still a certain gap between commodity supply capacity and purchasing power. Some commodities which sold well could not meet the demand and other commodities which were unmarketable, substandard and highly prices were unsalable and overstocked.

The total amount of commodities kept in stock in the provincial commercial departments under the system of ownership by the whole people at the end of 1981 exceeded the figure for the previous year by 12.2 percent.

In 1981, the urban and rural areas throughout the province, advances were made in the various economic forms and circulation channels. Rural fair trade became more active. Of this, the retail sale of commodities sold by the commercial departments under the system of ownership by the whole people was 5 percent more than in 1980 and that of commodities sold by the commercial departments under the collective ownership system registered an increase of 18.1 percent. The retail sale of commodities sold by individual peddlars increased by 158.1 percent. The transactionvolume of rural fair trade in cities and the countryside surpassed the figure for 1980 by 16.8 percent. There were a total

of 291,000 points in the commercial, catering and service network, an increase of 21.3 percent over 1980. Of this increase, there was a 4.2 percent increase in the number of commercial points under the system of ownership by the whole people and a 12 percent increase in the number of commercial points under the collective ownership system. The number of licensed individual pedlars and eating houses rose by 64.6 percent.

The total volume of commodities purchased by foreign trade departments all over the province in 1981 amounted to 1.21 billion yuan, 7.1 percent up on the previous year. The total volume of commodities supplied for export totalled 940 million yuan, 5.1 percent less than in 1980. Of this, the total volume of commodities directly exported showed a 110 percent increase.

In 1981, the province received a total of 34,000 foreigners, overseas Chinese and Hong Kong, Macao and Taiwan compatriots on tours, visits, visiting their relatives and friends, and engaging in all sorts of busines, 23.8 percent more than in 1980. Annual foreign exchange income from the tourist undertakings converted into renminbi, was 12.57 million yuan, an increase of 51.4 percent over the previous year. Of this, the income from selling commodities increased by 53.6 percent.

In regard to the general level of market prices of the whole province, because the scope of commodities sold at negotiated prices were not, at certain times, strictly controlled, the prices of some commodities sold at state listed prices were raised and particularly because there was a relatively big price rise in such nonstaple foodstuffs as vegetables and poultry eggs, the total retail sale price index of the whole society (including the state listed prices, negotiated prices and prices on the rural market) was 1.8 percent higher than in 1980. Of this price increase, there was a 2.8 percent increase in prices in cities and a 1 percent increase in rural areas. Through the efforts to implement the relevant regulations issued by the state council concerning stabilizing market prices, the trend of price hikes were controlled and as a result, market prices became basically stable. The total 1981 purchasing price index for farm produce and sideline products (including the state listed prices, negotiated prices and prices for the surplus above purchase quotas) was 3.9 percent higher than in 1980. Of this, the increase in the proportion of commodities purchased at negotiated prices and above-quota prices resulted in an increase of 3.4 percent in the overall index.

6. Science and Technology

Good results emerged in 506 scientific and technological research projects in the province in 1981. Of these, 216 projects were rewarded by the provincial government with prizes for major scientific research findings. Quite a few scientific results were spread and applied in practice. It was decided to popularize and apply some of them throughout the country. The above-mentioned completed scientific research projects included the planning of natural agricultural regions, the breeding and popularizing of fine varieties of paddy and improved breeding stock, the trail manufacturing and production of high-grade vanadium pentroxide, the overall utilization of waste liquids, the new technology of thermal medium directional cycle conservation, the vacuum

salt-making experiment using yellow-black haloids and the new technology of electrostatic powder deposition. The application of these projects resulted in marked successes in industrial and agricultural production.

There were 394,000 natural science and technical personnel in the units under the system of ownership by the whole people all over the province in 1981, 19,000 more than in 1980. In order to support the development of scientific research activities, 31.6 percent more expenditure than last year was spent on local scientific undertakings.

Further advances were made in the mass scientific activities throughout the province. By the end of the year, a total of 89 natural science institutes, associations and societies at the provincial level and 48 social science institutes, associations and societies at the provincial level had been established. While conducting scientific study and academic discussions in close connection with economic construction, the provincial institutes of geology, chemical industry, crops and roads and some scientific and technical departments at the prefectural or county level carried out such activities as technical advisory services and technical contracting and conscientiously served the four modernizations program.

7. Education, Culture, Health Work and Physical Education

In 1981, the readjustment of the education undertakings of the whole province was continued. The number of students in the institutions of higher learning increased to some extent and initial results were achieved in the reform of secondary education structure. The student body of the institutions of higher education amounted to 86,000, an increase of 11,000 over the previous year. The total number of postgraduate students was 879, 119 more than in 1980. There were 106,000 students in vocational schools at secondary education level, a decrease of 170,000 compared with the previous year; 4,006 million students in regular middle schools, 443,000 less than in 1980; and 15,628 million pupils in primary schools. A drop of 131,000 compared with the previous year. Industrial and agricultural spare-time education further developed. There were 35,000 people enrolled in television universities and spare-time colleges of various types and 646,000 people enrolled in workers' and peasants' spare-time schools at secondary education level. New achievements were made in 1981 by the departments of culture, films, drama, broadcasting, television, newspapers and periodicals and press in propagandizing the party's line, principles and policies, strengthening political and ideological education and enriching the life of spiritual civilization of the people. Seven feature films were produced and 143 new films were distributed in the year. There were 234 performing art troupes throughout the province. The newly created Sichuan operas, such as "Four Young Girls," "Yi Danda," "Select a Number Oen Scholar," the modern drama "Zhao Qian Sun Li," the ballet "Zhuo Wa Sang Mu [0587 0062 2718 1191] and other plays were welcomed and well-received by the audiences. There were 9,210 film-projection units of various types, 217 cultural halls, 2,245 cultural centers, 8 mass art halls, 98 public libraries and 14 museums throughout the province. The province had 4 broadcasting stations, with 17 transmitting and relay stations, each equipped with transmitters of 1,000 watts or more. Thirteen television and radio plays were produced. The annual

output of the provincial and local newspapers was 582 million copies, 1.7 percent more than in 1980. That of magazines of various types was 66.89 million copies, up 47.8 percent and that of books, 463 million copies, up 45.2 percent.

The total number of hospital beds in the whole province reached 181,300, 1.1 percent more than in 1981. There were 259,000 medical workers, an increase of 5.7 percent over 1980. They included 40,000 doctors of traditional Chinese medicine, 34,300 senior and 37,200 junior doctors of western medicine, and a total of 39,500 nurses. They struggle to combat floods and help to tide the people over the natural disasters and cure diseases, thus preventing the emergence of post-disaster epidemic diseases.

In 1981, provincial sportsmen achieved good results both in international and domestic major sports meets. Mass physical activities were further extensively developed. In the past year, 17 provincial sportsmen were awarded 20 gold medals in international sports meets, 37 sportsmen were awarded 54 gold medals in nationwide sports meets. During the year, 9 national records and 155 provincial records were broken. A total of 1,589 sports meets were held at and above the county level throughout the province. An additional 470,000 people reached the standards set by the "National Physical Training Program," representing a 19.4 percent increase over 1980.

8. People's Livelihood

On the basis of developed production, continued improvements were made in the livelihood of the urban and rural population of the province in 1981. According to a survey of the household revenue and expenditure of 2,229 peasant families in 40 counties of the province, the annual net income from farming and sideline production of every commune member averaged 197.7 yuan (excluding an income of 23.3 yuan from redistribution), representing an increase of 15.9 percent over 1981.

The province provided 500,000 people with jobs in 1981. They included youths awaiting employment and other people in cities and towns, and the 1981 university, college and secondary technical school graduates who were assigned work under the system of the unified state plan. Of these, 300,000 were youths awaiting employment and other people in cities and towns. At the end of the year, the total number of staff and workers throughout the province came to 7.445 million people, 247,000 more than in 1980. This included 5.764 million in units under the system of ownership by the whole people and 1.681 million in units under the collective ownership system in the cities and towns, an increase of 202,000 people and 45,000 people respectively over 1980. At the end of 1981, 100,000 people operated individual businesses in the cities and towns, 35,000 more than in 1980.

The total provincial 1981 wage bill for staff and workers reached 5.44 billion yuan, an increase of 3.5 percent over 1980. The wage bill for staff and workers employed in units under the system of ownership by the whole people totalled 4.43 billion yuan, an increase of 2.9 percent over 1980 and that for units under the collective ownership system in the cities and towns came to 1.01

billion yuan, up 6.2 percent. Annual cash wages for staff and workers all over the province averaged 748 yuan in 1981 (the average wage for staff and workers employed in units under the system of ownership by the whole people was 788 yuan and that in units under the collective ownership system in the cities and towns was 613 yuan), a rise of 0.7 percent over 1980. With more people employed and a decrease in the number of family members whom the staff and workers had to support, there was a bigger increase in the average income per person in a staff member's or worker's family. According to a survey of the household revenue and expenditure of 1,560 staff and worker families as well as peasants in 16 cities and counties of the province, in 1981, the average amount of income that could be spent as living expenses, was 419.6 yuan per capita, 7 percent more than in 1980, or a real increase of 4.2 percent in average real income per capita after deducting the rise in the cost of living of the staff and workers.

With an increase in the income of the staff and workers as well as peasants, there were advances in varying degrees in the bank savings and the level of consumption in urban and rural areas. At the end of 1981, the surplus amount of savings deposits of the urban and rural population all over the province totalled 2.82 billion yuan, topping the figure for the previous year by 27.6 percent. The deposits of the cities and towns went up by 22.8 percent and in the rural areas, by 40.7 percent. The staff and workers as well as peasants bought remarkably more medium and high-grade durable consumer goods. According to the above-mentioned survey of household revenue and expenditure of staff and workers as well as peasants, at the end of 1981, on average, every 100 households of staff and workers had 44 bicycles, 52 sewing machines, 218 wristwatches and 40 television sets. On average, every 100 commune member households had 11.8 bicycles, 6.2 sewing machines, 32.2 wristwatches and 0.2 television sets.

Continued improvements were made in the living conditions of the urban and rural residents in 1981. Some additional 5.59 million square meters of housing were built by units under the system of ownership by the whole people and the houses built by the residents in the cities and the countryside themselves increased in number to some extent. The peasants, in particular, built so many houses this year as to make it a record year in which more houses were built than in any other year in the past. However, life was still rather hard for the rural commune member households which had relatively low income. Price hikes affected the practical living standards of some families in which only a few members had jobs and the families of staff and workers who had fairly low income.

9. The Economy and Culture of Nationality Regions

The year 1981 witnessed continued and steady advances in the economy and culture of the three nationality autonomous prefectures and two nationality counties in the province. Some improvements were made in the livelihood of the masses of the people and the unity of various nationalities was further strengthened.

In 1981, the CCP Committee and the people's government implemented a series of special and flexible policies in the regions where various nationalities resided and implemented the policy of giving priority to forestry and animal husbandry and ensuring all-round development of agriculture, forestry, animal husbandry, sideline occupations and fishery. As a result, the total agricultural output value amounted to 1.11 billion yuan, 3.1 percent more than in 1981. Of this, animal husbandry developed at a relatively rapid pace. Output of major animal husbandry products was as follows: output of beef, mutton and pork was 156 million jin, 11.6 percent more than in 1981; that of dairy produce, 203 million jin, up 8.6 percent; and that of sheep wool, 5.198 million jin, up 2.4 percent. The number of large domestic livestock at yearend was 4.571 million, a 4 percent increase over 1981; that of sheep and goats at yearend, 6.853 million, a decrease of 0.4 percent compared with the previous year; that of live pigs at yearend, 2.301 million, up 4.3 percent. With some areas fairly seriously hit by natural disasters, the total output of grain crops was 3.184 billion jin, 1.2 percent less than in 1981.

In order to protect forest resources and put an end to the serious disproportions in the cutting and cultivation of forest trees, relatively large-scale readjustment was carried out in the timber cutting industry of the nationality regions. The industrial output value of the 3 prefectures and 2 counties totalled 651 million yuan, a decrease of 5.1 percent compared with the previous year. Timber output dropped by 19 percent. However, the output of major industrial products, such as cotton cloth, woollens, sugar, dairy products, crude coal, electricity, pig iron, chemical fertilizer for farm use, and such industrial materials as mica, copper concentrate and lead concentrate, still showed certain increases over 1980.

Further advances were made in the commerce of the nationality regions in 1981. The total retail sales of social commodities of the nationality regions amounted to 718 million yuan, an increase of 5 percent over 1980. Of this, the retail sale of consumer goods was 650 million yuan, up 7.5 percent. There were increases in varying degrees in the net sales of the major consumer goods for daily use, such as edible vegetable oil, tea, common salt, sugar, cloth of various sorts, rubber shoes, sewing machines, bicycles and radios. The transaction volume of the rural market trade increased by 26.6 percent over the previous year.

In 1981, Chongqing, Chengdu, Zigong and Dukou continued to assist their counterparts in the three prefectures and helped build the economy and culture of the nationality regions materially and technically, thus promoting the economic development of the nationalities.

There were increases in the income of the staff and workers as well as the peasants in the nationality regions in 1981. According to a survey of the household revenue and expenditure of 170 peasant families in such counties as Jinchuan, Kangding, Xichang and Zhaojue, the annual net income of every peasant averaged 235.1 yuan, 19.9 percent more than in 1980 and the average cash wages of the staff and workers of the three prefectures came to 865 yuan, an increase of 0.8 percent over the previous year.

The cultural, educational and health undertakings of the nationality regions developed steadily. The student body of the schools of various types amounted to 677.800 persons. There were 1,123 people enrolled in institutions of higher education and 9,296 people enrolled in vocational schools at secondary education level. There were 142,500 regular student and 514,900 primary pupils in the nationality regions. The three prefectures and two counties had 1,092 film-projection units, 14 performance art troupes, 2,498 health and medical establishments and 20,000 medical workers in all. In the past year, a total of 480,000 copies of books and 2.79 million copies of newspapers in the Tibetan or Yi languages were published throughout the province.

10. Population

At the end of 1981, the province had a population of 99.24 million, 1.04 million more than in 1980. Owing to an increase in the birth rate throughout the province, there emerged a rising trend in the natural growth rate of population.

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'GUANGMING RIBAO' ON THEORY OF ECONOMIC REFORM

HK110923 Beijing GUANGMING RIBAO in Chinese 28 May 82 p 1, 2

[Commentator's article: "Sum Up Experience, Continue to Force Ahead--on Deepening the Discussion of the Theory of Economic Reform"]

[Text] Since the 3rd Plenary Session of the 11th CCP Central Committee, and under the united leadership and the planned guidance of the state, we have carried out some reforms of the past economic system in relation to the form of ownership, planning, management and distribution. The orientation of these reforms is correct and the achievement is considerable. As Premier Zhao Ziyang recently said: "If these reforms had not been achieved, such an excellent situation would never have occurred." However, the previous reforms were limited and for the sake of probing. A new situation and new problems have arisen during the reform. Now, it is necessary and possible to review and summarize the experiences seriously. In this government work report the 4th Plenary Session of the Fifth NPC, Premier Zhao Ziyang pointed out: "Our present task is to sum up the experiences of previous reforms, lay out a general scheme for the economic system reform and to put it into practice as soon as possible through conducting careful investigation and study and repeated scientific tests of theory." In compliance with the task indicated by Premier Zhao, the national committee for economic system reform and the Economic study center of the state council have decided to organize a forum on the theory of system reform and have made a mobilization report. We consider this forum to be an indispensable and opportune one. Over the past few years, we have published a series of articles and investigation reports inserted in the special column of "In Quest of Economic Reform." Since the end of last year, we have continuously published articles such as: "The Problem of Planning and Marketing"; "Commentary on the System Reform of State Enterprise Management" and "To Adhere to the Socialist Road, It Is Essential to Practice the Planned Economy." We have commented on some points of view put forward in the forum of economic system reform. Our purpose in doing so is to take part in this forum and we hope this discussion will intensify.

The economic system reform means a great change from management system to management method in the economic field as well as a great readjustment of economic power and advantages in various fields. A big nation with a population of 1 billion such as China needs this kind of reform. It is absolutely impossible to forge ahead if we do not have correct theory as our guidance to

link the theory with the real situation of our nation. To speak with some significance, to summarize the experiences of economic system reform over the past 3 years and to organize a forum on this respect, constitutes the precondition for realization of the great task of historical significance which is put forward by the economic system reform.

The scientific socialist theory of Marxism must be upheld as guidance for the discussion on economic reform. Differences of opinion which arose in the forum should be considered as a normal phenomenon. A form may as well not be convened if differences of opinion do not exist. However, whatever opinions comrades might have in the forum, all of us must adhere to the principle of the scientific socialist theory of Marxism as our guidance. Some comrades may raise the following query: "Today, the problems which we are sounding out, studying and resolving, were never foreseen or never resolved by Marx, Engels, Lenin, Stalin and even Comrade Mao Zedong, so how can we apply their theory as our guidance". We consider that the application of the scientific socialist theory of Marxism does not mean that we should persist in the existing conclusions drawn by the Marxists in order to resolve all the specific problems. For, the theory of scientific socialism should be developed in the practice of the struggle of the proletarian revolution and socialist construction. This development is still far from over. Anyway, some of the basic principles and key points of socialism will never be out of date and must be observed. For example, socialist society must carry out the public ownership of the means of production, and distribution according to work. The socialist economy is based on a planned economy of united preparation and arrangement according to the public interests. The socialist state is engaged in directing and organizing the economy. Another example is that the socialist state still needs the development of commodity production as well as the exchange of commodities. Although Marx and Engels never raised this query, Lenin, Stalin, and Mao Zedong had confirmed, on the basis of summing up practical experience, the indispensable development of commodity production during the period of socialist construction, and so on. These basic principles were not just conjured up in someone's mind out of thin air, but are the laws of development of human history summarized by the founders of scientific socialism and the great revolutionary participants, particularly, the conclusion drawn on the law of development of capitalist society as well as the experience of the movement of scientific socialism. Internationally, these basic principles have been proved by socialist practice for over 60 years and by the experience in China for over 30 years. Therefore, our discussion is based on these principles and our experience is summarized on the same basis. If we depart from these basic principles, we shall go astray in the discussion on the economic system reform. Principally, it should sum up the practical experience of China in order to promote the discussion on economic system reform. Some foreign countries began reforming their economic systems earlier and they have taken a step forward before us. We must study the history and experience of the economic system reform of other countries and the disadvantages which existed prior to economic system reform and the measures they had took against it as well as the problems that arose during the reform and how they dealt with them. We should take care to absorb the experience which is useful for our economic system reform. We should avoid by every means the tortuous course which they followed. Principally, we should summarize our own

experiences in comparison with those of other countries, because they have their own experiences due to their own specific conditions. China also has its own conditions. China is a big nation with an enormous population and is economically backward. Consequently, China's economic system reform should be started according to its own practical conditions as a point of departure. The experiences of other countries, even if they are successful, we must just take for reference, but never copy them in full. It will not work if we copy blindly. Now we have had 30 years' history of economic construction some of which is unsuccessful. Since the 3d Plenary Session of the 11th CCP Central Committee we have had 3 years' experience of economic system reform. Internationally, China's experiences are outstanding whether they are successful or unsuccessful. At the same time, we are sure to find out not only a model suitable for our national condition but also a way to carry out the economic system reform, provided we take care to adopt foreign experiences for reference.

Essentially, economic system reform comprises the following points. It should take the real status of the productive forces of socialist society, particularly the real status of the productive forces of China as the point of departure, to readjust the links and aspects of the relations of production which are not suitable for the development of the productive forces, so that the relations of production can meet the requirements of the character of the productive forces, and also can give full play to the superiority of the socialist economic system. The economy is likely to be developed rapidly through the economic system reform, but economic development must never depart from the socialist orientation. It should mobilize all initiative including the initiative of the center, the localities, enterprises and individuals. However, the initiative of all parties concerned must be guided onto the track of development according to the plan. It should deal correctly with the relations between the economic interests in all aspects, including the interests between the state, the collective and the individual, the immediate and long-range interests of the laborers, and the partial and overall interests. Consideration must also be given to protect the interests of all parties concerned but the interests of the individual must be subordinated to the interests of the collective and the state. The immediate interest must be subordinate to the long-range interest and partial interests must be subordinate to overall interests. It should correctly deal with the principle of material interests and cultivate the communist spirit. It should not lead the masses of laborers "to look for money in everything." If we can deal correctly with the above-mentioned relations in the economic system reform, we shall be able to develop the productive forces rapidly. Consequently, the continued increase of production will gradually meet the demand of the people.

A great number of questions have been raised in the discussion of the practice and development of the economic system reform which we have organized in recent years. Most of the participants have reached an identity of views on the basis of summing up the practical experiences. However, the following questions require more intensive discussion:

1. Persist in the planned economy and develop the commodity production. The influence of leftist ideology ignoring the existence of the commodity economy

has been basically resolved during the discussion over the past few years. The majority of the comrades have relatively reached an identity of views. Some difference of views will continue to exist in the above two problems but they are not principal ones. The key to the questions lies in how to put the planned economy, commodity production and commodity exchange into the same orbit, theoretically and practically. The socialist economy is a planned economy. Socialist production mainly (with the exception of a part of the self-supply-production in rural areas) comprises commodity production. The planned economy is the product of public ownership. It reflects the characteristic of socialist society. Commodity production was generated and developed on the basis of private ownership in history. But it still exists under the circumstances of socialist society. Furthermore, commodity production has been adopted by state and collective enterprises based on the system of public ownership. Therefore, how to correctly integrate the planned economy and commodity production has become an important topic of the economic system reform.

2. The structure of the ownership system. We have reached an identity of views of persisting in public ownership as the basis. However, there are many questions to be discussed concerning the ownership structure. For example, should the state enterprises be transformed into collective enterprises or not? Should the sovereignty of a state enterprise be expanded and if so, to what extent? A state enterprise is an economic unit which is relatively independent and what is the relatively independent line? The existence of individual ownership was not allowed by the "gang of four" who made the economy of the collective ownership extremely poor. This problem has been fundamentally solved. The individual and collective economy in the cities has gained its legitimate position which requires further development. In most of the collective agricultural economy various economic systems are practiced in which the peasants arrange farm work on their own and bear responsibility for their own profits and losses. This has obtained remarkable achievements. These systems which are welcomed by the peasants, will remain unchanged for quite a long time, and the same policy will remain stable. Well, how to reinforce the management of the collective and individual economy existing in the cities and towns? How to put the industrial production under collective ownership in urban and rural areas into the orbit of the state plan? And what measures should be taken toward private enterprises which have surpassed the scale of individual business. These questions have yet to be resolved. Since the implementation in the rural areas of the responsibility systems of fixing output quotas for each household and assigning the households full responsibility for task completion, what should the orientation be for further development? And how to gradually realize agricultural modernization? This is also a question that needs looking into.

3. The channel and plan of commodity circulation. In the past, the situation of there existing only one channel of state commerce must be changed. Commodity circulation must be enlivened not stifled. This must be invariable. And how many channels of commodity circulation should exist and how many should be considered reasonable? Which channels are unreasonable? How to manage it actively and how to avoid disorder so as to strengthen commodity circulation?

4. About the financial system. The previous system of unified credit and debit and eating out of a big pot should be corrected. Now finance is practiced at two levels: central and local, there is eating in separate kitchens and enterprises retain a percentage of their profits. What are the disadvantages of this system? Does it need further reform? Now China has had a financial deficit several years running. It is very difficult to concentrate financial power to carry out some projects concerning the state plan and the people's livelihood, and some other construction projects which are important for the national economy as a whole. On the other hand, for the past few years, the local government and enterprises have made money now by running their own business with good results. How to solve this contradiction?

5. About distribution according to work. Theoretically, we have recovered the reputation of distribution according to work. In the past few years, the salary and rewards of most of the staff and workers have been increased. All of them are happy. Now the salary system still remains unchanged. But the phenomenon of egalitarianism towards rewards and offering them at random is very serious. How to cope with it? Now peasants are encouraged to become rich through their own labor. But in some places, they are not allowed to do so. Besides, some upstarts are appearing who do not get their profits by their own labor. All these problems should be studied and resolved.

6. About reasonable organization of productive forces. It should overcome the separation between departments and regions. How to organize the productive forces in a reasonable way according to the real characteristics of China in order to meet the demand of socialized mass production and the commodity economy? This involves the organization of integrated corporations and the establishment of economic zones centered in bit and medium cities.

Besides, there still exist the problems of commodities, prices, employment and the role of banks. These should also be studied. What are the main questions to be grasped in the discussion? A leading cadre of the state council pointed out recently that there are two main problems in economic system reform: one is the plan and the market and the other is departmental management and regional management. In the report "The Discussion on the Theory of the Reform of the Economic Management System," Comrade Xu Muqiao has given a full explanation of these two problems. Guangming Ribao has decided to publish articles concerning the planned economy and regulation by market mechanism. What form should the socialist economy in China take while reforming the economic system? It is only possible to carry out this reform through the common efforts of the cadres and the masses. All the theoreticians, the economic practicians and the staff who are concerned with this event should be mobilized to participate in the forum in order to concentrate the collective wisdom. To make a success of the discussion, it is necessary to uphold the spirit of emancipating the mind and to uphold the principle of letting a hundred flowers bloom and a hundred schools of thought contend. In the discussion, one should modestly listen to the opinions of others and should not maltreat those who hold different points of view. If erroneous points of view are criticized, it should be done by persuading people by reasonable explanation. It should adopt the attitude of seeking truth from facts. All

participants who adhere to the socialist road and the planned management of the national economy are encouraged to express their different opinions and all of them are encouraged to engage in principled argument. The discussion may be deepened and the level may be raised if the question of principle possesses a clear and scientific character. This forum will promote the economic system reform and will develop the style of study still further.

CSO: 4006/489

BRIEFS

LIAONING APPROVES INNOVATION PLAN--The provincial CCP committee and people's government recently approved a report of the provincial planning and economic commissions on the principles of industrial development and the Sixth 5-Year Plan for Chaoyang Prefecture. According to the report, Chaoyang Prefecture will begin 126 industrial innovation and construction projects between 1982 and 1985 with an investment of 264 million yuan. Upon completion, these projects will produce 410 million yuan of output value, 55 million yuan of profits and 35 million yuan of taxes every year. [Text] [SK130555 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 12 Jun 82 SK]

CSO: 4006/489

SICHUAN RESTRUCTURES INDUSTRY, DEVELOPS ECONOMY

OW111059 Beijing XINHUA Domestic Service in Chinese 0135 GMT 8 Jun 82

[Text] Chengdu, 8 Jun--(Xinhua)--Sichuan has made new progress in carrying out coordination among specialized departments to restructure industry and develop a joint economy. At present, the province has established 240 integrated complexes and 68 companies and general plants of an enterprise nature. More than 1,400 enterprises have joined various integrated complexes. These enterprises' output value constitutes 15.8 percent of the province's total industrial output value; their profit delivered to the state constitutes 28 percent and their tax revenue paid constitutes 50.4 percent of the province's industrial profits and tax revenue respectively.

Organized and established in accordance with coordination among specialized departments and the rational principle of economy, these integrated complexes have broken through the restrictions of regional and departmental ownership, changed the backward "big and all-inclusive" and "small and all-inclusive" situation, avoided repetition of production and achieved relatively better economic results.

Over the past 2 years, Chongqing municipality has carried out coordination among specialized departments for the production of 33 kinds of consumer goods, including wristwatches, sewing machines, leather, cans, food and woolen and textile fabrics. As a result, output of many enterprises has doubled and redoubled; their profits have risen and their production costs have plummeted greatly.

To divide the work by carrying out coordination among specialized department, the Chongqing Municipal Sanxia Electric Fan Integrated Complex made unified arrangements for 11 scattered plants. By spending only 120,000 yuan on technican measures, the plant has increased its monthly electric fan output from 1,600 up to more than 10,000 and reduced the production cost of each fan from 135 to 75 yuan. The Sichuan Bearing Company has carried out overall planning for its 16 plants scattered throughout the province. As a result, it has reduced repetition of production and increased the output of products needed on the market.

Thanks to economic integration, which draws on the strength of each to offset the weakness of the other, a number of enterprises, which had difficulties in

production, have been saved. Because of the increase in the prices of raw and other materials and fuel. Papermills in Chengdu had production difficulties. After these papermills were organized into an integrated complex, they developed production in a unified way, conducted technical renovation and speeded up the revamping of equipment and production of better products. They have successfully studied and produced aluminum foil, filter paper, relief printing paper and other new products for the market. In January through April this year, the output of their products increased by 24 percent, while their output value and profits increased by 20 percent, compared with the corresponding period last year. All the increases are greater than the provincial average in the papermaking industry.

Some plants have integrated with scientific research units so a number of new scientific research achievements can be utilized in production in good time. In Yibin prefecture, 25 enterprises have signed a variety of contracts on integration of production and technical coordination and transfer with 17 scientific research units and colleges. These enterprises have solved difficulties in production by utilizing scientific research achievements.

CSO: 4006/489

ECONOMIC MANAGEMENT

IMPROVEMENT OF ENTERPRISE RESPONSIBILITY SYSTEMS URGED

Guangzhou GUANGZHOU RIBAO in Chinese 4 Mar 82 p 4

[Article by Song Juerong [1345 6030 2837] and Huang Senhua [7806 2773 5478]: "The Problem Within Enterprises of 'All Eating from the Same Bit Pot' Demands Prompt Solution"]

[Text] Regarding enterprise production characteristics, some calculate on the basis of individual piece rate; others calculate according to the collective small group or workshop piece rate. Such responsibility systems are only workable in enterprises where there are production targets, guaranteed supplies of raw materials and products made to meet the demands of consumers. Piece-work wage responsibility systems surpassing quotas are also referred to as piece-rate awards for surpassing set targets. That is, on the basis of assessment and determination of production quotas and the unit price of the amount exceeding the production quotas, to disburse basic wages for work fulfilling the targets and calculate above-quota wages for the portion exceeding production targets, and calculate and give out awards to individual workers based on assessment of the workshop or small group targets. This type of responsibility system is more suitable for workshops which closely link assembly lines with work schedules and produce goods independently. Experience has proven that enterprises which have implemented internal economic responsibility systems have all basically broken free from the situation of "all eating from the public pot," embody the distribution principle of more work-more pay, more contribution-more awards, and have, moreover, attained marked economic benefits.

However, the enterprise economic responsibility systems promoted by our city are still lacking in breadth and depth. The main reason is insufficient understanding of the significance and arduousness of implementing economic responsibility systems. We should see that implementation of enterprise profit and loss contracts is merely a preliminary solution to the problem between the state and enterprises of "all eating from the same big pot." The problem within enterprises of workers "all eating from the public pot" still remains to be solved. In addition, the management basis of many enterprises is weak; many management administration systems remain unsound or exist in name only and cannot serve the function of personal responsibility systems. Some enterprises lack even primitive records and statistics, and can only rely on daily attendance to reckon rewards, continuing to "all eat from the public pot." To effectively change this situation, enterprise leaders should take further steps to make clear that economic responsibility systems are good systems to fully develop worker's enthusiasm, improve administrative management and accelerate production development; to broaden and perfect them is an important task on

which every enterprise should concentrate. Furthermore, in the concrete implementation of internal responsibility systems, we still need to emphasize the following several points: First, based on the concrete conditions of particular enterprises, we should select suitable economic responsibility systems, and by selecting according to the various types of work and departments of production, refrain from "cutting everything with one knife." Second, we should successfully complete the fundamental work of breaking down and assessing targets and quota management, etc. Based on the requirements of average advance production quotas, we should break down and put into effect important targets such as output, product types, quality and quantity, production costs and profits, for workshops, small groups and individuals and through close checking, calculate awards according to points, clearly distinguishing prizes and demerits. Third, we should integrate all aspects of examination and checking with the enterprises. At present, specialized responsibility systems have not yet been established among the various levels of leadership and in administrative or technical offices of many enterprises. They still "all eat out of the same big pot." This problem demands resolution. Fourth, we should cultivate and train personnel in the specialized fields of finance and accounting. Enterprises should not just wait for higher authorities to send in people but should rely primarily on their own planned efforts to cultivate and train personnel on the job; responsible departments of enterprises should also organize and train more specialized talent. Fifth, we should correctly handle the triple interests of the state, the collective and the individual, firmly adhering to the principle that the nation receives the greater part. Enterprises should take in profits and cover their costs according to regulations; collective welfare funds and workers' monetary awards should only be distributed based on reasonable percentages within the context of profits collected and costs covered. There must be no clever invention of all sorts of names to intercept and retain profits and production development funds which are earmarked for the state.

9519
CSO: 4006/425

SHANGHAI PLANS TO IMPROVE ECONOMIC RESULTS

Shanghai JIEFANG RIBAO in Chinese 1 Apr 82 p 4

[Text] Recently, the Shanghai Economic Research Center held many enlarged meetings and invited the experts and scholars of economic work and theoretical research units to discuss the ways to improve the economic results. The discussions touched upon the current conditions of Shanghai's economic results, the relations between improving the economic results and accelerating the speed of development, the criteria to assess the economic results, and the ways to improve them. The discussions on the last two issues are summarized below.

Criteria To Assess the Economic Results

Many comrades felt that attention must be given to unity in the following aspects: (1) unity of price and use value: attention on variety and quality instead of the simple pursuit of profit and output value; (2) unity of production and circulation: production according to need to satisfy the market and the demand; (3) unity of macroscopic and microscopic results: attention not only on the economic results of the enterprise and the department, but also on compatibility with those of the city and the nation; (4) unity of economic and social results: consideration of not only the economic aspects, but also such social issues as employment, commodity price and pollution; (5) unity of book and actual figures: absolutely permitting no fraud. On assessing the economic results, all found the 10 norms proposed by the State Statistical Bureau feasible. They are: (1) rate of consumer means taken up by social products; (2) results of social accumulation; (3) social labor productivity; (4) rate of consumption of goods and materials in national income; (5) results of energy utilization; (6) construction cycle; (7) profit and tax rates of funds; (8) rate of output value of fixed assets; (9) rate of use of circulating funds; (10) rate of cost per 100 yuan sales receipts.

Ways To Improve Economic Results

Some views were expressed from different angles:

1. Vigorously Conserving Energy: Shanghai has been successful in energy conservation, but there is a considerable gap with the advanced levels at

home and abroad in many products. For instance, the coke consumption of the converter is higher than the Capital Iron and Steel Mill, and the coal consumption of small fertilizer plants is higher than Tongxiang, and for cement is higher than the national average. Compared with Japan, coke consumption for pig iron is 10 percent higher, and coal consumption for power supply 12 percent higher, for chemical fertilizer 33 percent higher, and for cement 18 percent higher. Each department and enterprise must analyze its own practical conditions and, by such means as strengthening management and improving equipment, further raise the energy utilization rate.

2. Vigorously Reducing Materials Consumption: According to the statistics of 10 local industrial bureaus, the total cost of industrial products was approximately 30 billion yuan, with the consumption of raw and processed materials constituting approximately 84 percent therein. A saving of approximately 1 percent of the materials will lower the cost by more than 200 million yuan. Currently, there are still many problems in the rational use of raw and processed materials, and waste is still fairly widespread. Each and every enterprise must tighten management, lower the unit consumption of products, and create more products needed by society with the same amount of raw and processed materials.

3. Improving the Depth of Processing; Promoting Products Upgrading and Replacing: Currently, the comprehensive utilization of some of the raw and processed materials in the city is inadequate, the depth of processing very shallow, the varieties of many products monotonous, and the quality inferior. Centering on the crucial raw and processed materials and the crucial products, the enterprises must analyze and arrange them in the order of importance, strengthen comprehensive utilization, improve the depth of processing, develop the designs and varieties, and increase the economic value of the products.

4. Strengthening Technical Remolding: Technical remolding is responsible for 60 percent of the development of production in the advanced industrial nations in the world. In many plants in Shanghai, the equipment is obsolete and the technology backward. Remolding is urgently needed. Currently, the focus should be placed on remolding the old equipment, improving the old technology and transforming the product designs.

5. Perfecting the Economic Responsibility System: Four items of work must be properly performed: (1) strengthen the integration of political-ideological work and material encouragement; (2) improve the method of checking and reinforce administrative supervision; (3) properly handle the internal regulation of the trades and industries, and rationally arrange the proportions and use methods of the three funds; (4) create and reinforce all kinds of personal responsibility systems within the enterprises, improve the bonus system and overcome egalitarianism.

6. Strengthening Enterprise Reorganization; Improving Operation and Management: First, the personnel of all enterprises, by undergoing studying, must establish the idea of striving for economic results, feel an interest in the results and pay attention to business accounting. Next, the various items of basic work in enterprise management must be strengthened and all kinds of management systems created and made sound. Thirdly, fiscal management must be strengthened, fiscal discipline tightened, the masses mobilized to check the assets and goods and materials, and conducts such as corruption and theft, deception and fraud, and benefiting the personal at the expense of the public curbed.

6080
CSO: 4006/433

FINANCE AND BANKING

FINANCIAL INSPECTION REQUIRED TO EXPOSE CORRUPTION

Hangzhou ZHEJIANG RIBAO in Chinese 3 Apr 82 p 1

[Article: "Carrying Financial Inspection of Enterprises Through to the End"]

[Text] Financial inspection work of industrial enterprises of the entire province has already attained definite results. Our present task is to bring every phase of the current auditing effort to a successful conclusion. In addition, our task is to employ both the positive and negative aspects of typical cases to carry out anticorruption educational work among the vast number of cadres and workers, to establish and strengthen various systems of financial management and henceforth markedly improve business administration management and upgrade the economic benefits of industrial production.

Since the Third Plenary Session, the party and government have promoted a series of correct policies for industrial reporting, to improve the business management of the enterprises, upgrade the economic benefits and accelerate production development. The situation looks good. However, we should be able to see clearly that, because ideological political work and certain imperative management systems and measures have not kept abreast of the effort, decadent capitalist ideology has seriously corroded our cadres and working ranks. By looking at the problems exposed in this series of financial investigations, we see that quite a number of enterprises have gravely violated state financial and economic regulations, intercepting and squeezing out profits which should have been submitted, enlarging the scope of their expenses without authorization, setting up their own money accounts, and indiscriminately handing out cash prizes, subsidies and materiel. In numerous enterprises there are criminal activities in serious violation of the laws, such as graft, bribery, speculation and profiteering, cheating, etc, appropriating large amounts of state and collective property. This kind of situation clearly reveals that in the process of bringing order out of chaos there truly exists a grave struggle between corruption and anticorruption. To make light of this struggle or even to consider it "making a mountain out of a molehill" due to insufficient understanding of it is entirely wrong. We must strongly emphasize financial inspection work of enterprises and unswervingly carry the struggle between corruption and anticorruption to its conclusion. In auditing enterprises we must hold fast to both the destructive and renewing factors. We should fully utilize the positive and negative aspects of typical cases to vigorously develop propaganda education in order to guide the vast number of cadres and workers to earnestly

summarize the lessons learned from experience, to help them upgrade their political consciousness, and to strengthen their ability to discern and resist the corrosive capitalist ideology and bourgeois lifestyle. Aiming at the problems and loopholes discovered in financial inspection work, we should mobilize the masses to discuss and formulate various financial management systems and strictly enforce them. Henceforth, we should conduct inspections several times a year so that the financial management work of enterprises will become a regular practice and systematized to eliminate step by step all phenomena of violations of financial and economic regulations.

In order to carry financial inspection work through to the end, party committees and government on all levels must earnestly strengthen their leadership. One level should keep an eye on other levels. Provincial leaders should keep an eye on their industrial departments and bureaus; industrial departments and bureaus should concentrate on their affiliate companies; industrial companies should concentrate on their subordinate enterprises. All areas, both municipal and county, should also act in this manner. Not only do we have to get a good hold on financial inspection work of enterprises owned by all the people, but we must also handle well financial inspection of collectively owned enterpirses and brigade owned enterprises. We should correctly implement the policies of the party and clearly distinguish boundaries. As for the various problems discovered during financial inspections, we should seriously analyze and arrange them in order and, distinguishing their unique circumstances, proceed to deal with them. As for those issues which have not been stipulated or have been ill-defined by upper-level organizations, the leadership should shoulder the responsibility. As for those who have committed general errors and have expressed willingness to correct their mistakes and refrain from further violation, we should assist them in unloading their burden. As for those cases involving grave violations of financial and economic regulations and serious criminal disregard of laws, we should investigate them thoroughly and deal with them seriously; particularly when leading cadres are involved in serious damage to party living principles in the political sphere and serious disregard for law and order in the economic sphere, we should punish them severely. As for those who consciously break the laws or violate the laws while enforcing them and those who engage in violent revenge, they should be severely dealt with.

9519
CSO: 4006/425

BRIEFS

JILIN TAX COLLECTION--From January to May, Jilin Province's tax collection progressed rapidly and registered a large increase. By the end of May, over 516.04 million yuan of industrial and commercial taxes had been collected, fulfilling 43.7 percent of the province's annual tax collection plan and showing an increase of 12.6 percent compared to the corresponding 1981 period. [Text] [SK140350 Changchun Jilin Provincial Service in Mandarin 2200 GMT 13 Jun 82 SK]

CSO: 4006/489

DEVELOPMENT OF CHINA'S MACHINE INDUSTRIES IN HISTORICAL CONTEXT

Shanghai JIXIE ZHIZAO [MACHINERY] in Chinese No 4, Apr 82 pp 2-4

[Article by Shen Hong [3088 7703]: "The Past, Present, and Future of China's Machine Building Industries"]

> [Text] Editor's Note: Comrade Shen Hong is the famous mechanical engineer, Chinese Academy of Sciences Philosophy and Social Sciences Division member, and president of the Chinese Mechanical Engineering Society who is familiar to all. This article has been excerpted from a speech that Comrade Shen Hong made to the Shanghai Institute of Mechanics last December, which Comrade Shen Hong has agreed to have printed in this publication. In making the speech he used dialectic materialism to make a brilliant exposition of the past, present, and future, and of the advanced state and backward state of China's machine building industries. This article has not only very great significance for students specializing in mechanics in school, but also provides very great inspiration to the broad masses of cadres and scientific and technical personnel on the battle line of China's machine building industries. The renowned scientist, Comrade Qian Xuesen said, "To be a scientific worker requires having the ability to use ordinary language to explain to the people (including leaders) our specialized knowledge." This article is an example of such an explanation.

On this occasion I have come to Shanghai to participate in the 30th annual meeting of the Chinese Mechanical Engineering Society and the Fourth National Congress of the Mechanical Engineering Society. As long ago as the period immediately following the founding of the Chinese People's Republic we began to plan for the National Mechanical Engineering Society. On this occasion, mechanical engineering societies in all provinces and municipalities in the country have sent delegates to attend the congress. Now there are 22 professional societies of various kinds with a membership of more than 74,500. The members include middle age and old specialists as well as young people who have just begun to bud. This is a rather large mass academic body. Last year when the American Mechanical Engineering Society held its meeting, it

had 75,000 members, and it has been in being for 100 years. Ours has only been in being for 30 years. Ours is a large country with 1 billion population that abounds in talent. I believe that with development of machine building industries, a greater number of new people will join the Mechanical Engineering Society.

During the past year or two, quite a few comrades have talked to me and some university students have written letters to me, some of which have asked whether the machine building industries are still necessary. Some have even said that it appears that it is no longer necessary to have this many people building machines. Others have said that our machine building industries are too antiquated. All this reflects a sentiment among some people at the present time. These notions are incorrect because the people have not looked at the situation as a whole. Today I would like to focus on these problems and express my personal views in discussing the past, present, and future of the machine building industries.

First I will talk about the past in the machine building industries. The past is something that has already become history. "Machines" are easy to talk about. When our ancestors hit something with a stone, they were using a machine. The Chinese have used chopsticks for eating since ancient times, and they are machines too. When the ancients drilled wood to make fire, they were using a machine. Later on there was horse riding with saddles and stirrups, which were also machines. Subsequently waterwheels and windmills appeared, and they were machines too. In ancient times, China created much in the way of machines. The ancients made a vehicle for the emperor to ride in that always pointed south. It was designed very cleverly so no matter in which direction the vehicle was going, it always faced south. In the Han dynasty, Zhang Heng made a seismograph that was ingenious, and ancients also made a kind of steamship called the 1,000 li boat on both sides of which were wheels.... During the Ming dynasty there was a book titled, "Harnessing of Natural Forces" written by Song Yingxing, which was extraordinarily detailed. It was a Chinese encyclopedia of ancient technology. Both "History of the Development of Ancient Machinery in China" by Liu Xianzhou [0491 0103 3166] and "History of the Development of Technology in China" by the Englishman Li Yuehui [phonetic] discuss the 1,000 year history of development of Chinese machines.

Very early in ancient China, a lathe for turning wood powered by peddling was developed; it simply was not made of metal. The world's first lathe was invented by Te Fuman, and subsequently the planting machine and the milling machine appeared. The appearance in China of "foreign machine tools" came in the way of their use by the feudal dynasty to make foreign rifles and guns, probably around 1850. The coastal areas of Shanghai, Tianjin, and Mawei in Fujian Province had the first "foreign machines" in China, but they were all small machines. It was not until the early part of the war against Japan that China's machine industry developed inland. It was at that time that machine industries developed in Chongqing, Kunming, Guiyang, and Xian. At that time the liberated areas also had machine industries, each liberated area having a small ordnance plant. I was the chief engineer at the Yan'an ordnance plant, and we had to do everything at that time, both manufacture

rifles, mortars, and ammunition, and manufacture all kinds of small machines. Later when we ran out of iron, we even had to smelt iron. This was also force of circumstances. When forced to do what we did not understand, we came to understand it. Practice brought forth true knowledge. Many people were steeled in this way. At that time we manufactured 120 mm mortars at the Shijiazhuang ordnance plant when Chiang Kai-shek was able to make only 30 or 50 mm howitzers.

Next the discussion is about machine industries in the present.

In discussing this issue, I will first give a few figures. Once all of the country was liberated, a survey of the machine industry was made. At that time, the country's (with the exception of Taiwan Province) machine tools totaled about 90,000, and personnel totaled no more than 400,000. Today we have 3 million machine tools and more than 13 million people to operate them, including about 500,000 engineering technicians. Machine tool quality is much higher now than then. This is a wonderful large corps and a rather great force. But just what have we done over the years? It must be said that our achievements have been exceptionally great.

Today there is a certain view that China's machines are no good and that foreign machines are good. This is not accurate. Of course, we are not good in everything; we cannot be conceited. But to say that all our things are backward is not fair. Have we not produced quite a few good things? Here are a few examples. At the time of the founding of the People's Republic, our electric power generating capacity was less than 3 million kilowatts, but today it has grown to 68 million kilowatts and 85 percent of the power generating equipment we made ourselves, only 15 percent being imported. Seventy-five percent of textile machinery has been made by ourselves. China-produced metallurgical equipment has reached relatively high standards. We are able to manufacture automobiles, aircraft, missiles, and artificial satellites. Is this backward? On 4 January this year, the Gezhou Dam across the Chang Jiang was joined together. The Gezhou Dam electric power station is one of the world's largest electric power stations, and that is very wonderful. The Chang Jiang has a very great volume of flow and at the outset even the Americans feared we could not do it. Once the great dam was connected, an American company sent us a telegram of congratulations at once and hoped to establish relations with us. The Gezhou Dam has a ship lock that is 34 meters wide and 240 meters long. Each of the two gates to the ship lock weighs 600 tons. The switch-on equipment for opening the gates weighs 250 tons. Initially two 170,000 kilowatt electric power generators and one 125,000 kilowatt electric power generator were installed at the Gezhou Dam project. The first two began generating electricity a long time ago, and the latter one will begin generating electricity at the end of this month. In future the capacity of all the equipment installed will be 2,715,000 kilowatts. There will be 19 generators with a 125,000 kilowatt capacity and two with a 170,000 kilowatt capacity. Following Liberation we provided the metallurgy industry considerable large pieces of advanced equipment. Fulaerji Heavy Machinery Plant-manufactured continuous rolling machines were installed at the Benqi Steel Mill. This shows that we were able to produce by ourselves large rolling machines of the Wugang type, even though their speed was a

little lower than foreign ones. We also manufactured a 30,000 ton die forging hydraulic press, one of the spring holders of which weighs 250 tons. Exceptionally thick steel plates produced by a large rolling machine made in China and used by a steel mill in Henan Province weigh 70 to 80 tons each.

Even though China's machine industries have attained such levels, why is it that there are still some people who believe that it does not amount to much? One very important reason is that some machine products are not of sufficiently good quality. No matter the product, it is quality that counts, and if quality is not good, customers do not want them. Because quality is not good in things that we ourselves can make, people buy from abroad. I believe we ourselves can make all the equipment needed by the Shanghai Baogang plant. What difficulty is there in making even the 4,000 cubic meter blast furnaces? All we need to do is organize all our forces, work in full cooperation and with unity of purpose, diligently study and do, and we can make them. But quality of some of our products does not meet specifications, so we have no choice but to buy abroad. There is nothing strange about this. Chinese machine industries are only a little over 30 years old, while those of other countries are up to 100 years old. During those 30 years there was also 10 years of the "Cultural Revolution," which caused confusion and disorientation. Before Liberation, Shanghai had what was called "eastern sea goods," by which was meant that the quality of Japanese goods was not good. However, after many years effort on the part of Japan, eastern sea goods are no longer eastern sea goods. Nowadays we ourselves have some things in the category of "eastern sea goods." At one time in the past products produced by the United States and Germany were not as good as those produced by Great Britain, and they frequently copied British brands. Nowadays things are different. This shows that a country's industrial level has to go through two leaps--from have not to have is one leap; from have to good is another leap. We have already made the leap from have not to have; the first leap is past. The second leap is past in some regards and not past in others. Therefore, one of the arduous tasks China's machine industries face is expenditure of great energy to complete the second leap.

Completing the second leap means bringing China's machine industries up to advanced international standards. In order to achieve this objective, I believe two problems in understanding have to be solved. First is the problem of "advanced" and "backward." Looked at in terms of the development of society, the two terms, "advanced" and "backward" have existed for several thousand years. Some people always suppose that advanced things are foreign things, and that their own things are not advanced. What does advanced mean? From a philosophical standpoint, advanced and backward are relative. Which is advanced, an automobile or a donkey? Of course, the automobile is advanced. But automobiles cannot run on small paths where donkeys can go. In this case, it is the donkey that is more advanced than the automobile. But on broad urban boulevards, donkeys are backward. From this may be seen that all things change according to time and place. A lot of foreign things are not necessarily advanced once they reach China. Then there is the "decade theory," which makes the "seventies" more advanced than the "sixties," and the "eighties" more advanced than the "seventies." Is such a view correct? I do not think one can say it is definitely incorrect, nor can one say that it is

entirely correct either. Are all modern things advanced? Take the chopsticks that are used for eating, for example. A thing that has been used for thousands of years is still in use, so can it be called backward? In the end the key to whether a thing is advanced lies in whether or not it is applicable. If it is applicable, it makes sense and is advanced. If it is not applicable, it does not make sense and is not advanced.

Talking about applicability, a famous American named Juran wrote a book titled "Handbook of Quality Control," which analyzed how to recognize quality and applicability. He held that quality is not something that is the higher the better, and products are not the newer the better. When they are too high, they do not fit in with economic principles. Being advanced is also conditional. If a rubber band can be used to solve a problem, why manufacture a machine to do the same thing? I wrote an article titled, "An Exploration of What Is Termed Advanced Machine Products," which was printed in HONGQI [RED FLAG], Issue 7, 1979, and reprinted by GONGREN RIBAO [WORKERS DAILY]. I said that whatever applies is advanced, and whatever does not apply is of no use no matter how good it is. But our machine industries truly have numerous inadequacies. For example, varieties are insufficient; quality is both good and poor; and as compared with the world's advanced products, not many can compete on equal footing, and many are inferior. Some are better than theirs, but it is difficult to link them together into a coherent whole. The linking of individual pieces into a coherent whole is done better abroad than in China, small things forming a small whole and large things forming a large whole, a complete array of types being available and service being very complete. When some of our industrial plants do not have enough work to do, could they not devote a little effort to producing a complete line of equipment? Quite a few plants and enterprises have made achievements in this regard and need no longer be like the former "emperor's daughter not worrying about getting married."

Why have machine industries been in a "slump" for the past several years? This is related to the current readjustment of the national economy. Formerly capital construction was done on a very large scale so machine industry business prospered. Times have changed; capital construction has been cut back and equipment requirements have decreased. Opportunities lie in the direction of readjustment of machine industry service, i.e. a change from the primary emphasis of the past on service to capital construction to service in the technical restructuring of the national economy, to servicing the building of national defense, to servicing internal markets, and to servicing an expansion of exports. Therefore, a problem of service attitude exists here. We have to improve administration and management, do an effective job of product research and development, manufacture fine products, and do a good job of marketing at the same time. We have to change the former situation of eating from a "large common pot," it making no difference whether work was done well or badly. While directing attention to material civilization, we must also direct attention to spiritual civilization. Let us speak further about management. In the past we did not understand that management is a science. We supposed that anybody could manage and consequently came to grief. Nowadays everybody realizes that an enterprise can develop only if it is well managed, and that it will collapse and fail if it is not well

managed. Many countries in the world attach extreme importance to scientific management. In the United States, the study of management is more sought after than the study of technology. Management science began in the United States, the founder being a man named Taylor. Lenin paid extremely close attention to his theories. In the "Collected Works of Lenin," five or six articles are devoted to Taylor's theories and the importance of management science. Though we have had quite a large number of technicians in the past, they were not used to the full because insufficient importance was attached to management. But "fall into a pit, a gain in your wit," and now we really must strive to study management science, and master this branch of learning.

Finally, a few words about the future of the machine industries.

To talk about the future is to look into the future and to prognosticate about the future. Just what will the future be for the machine industries? The machine industries constitute a foundation for development of national industry, and the machine industries must be relied upon to supply all the equipment that industrial units need. China is a large country in which all trades and industries require machine products to carry out modernization. If all of them were to be bought abroad, others would not be able to supply them in the first place, and not that much money is available in the second place. The focus of attention is still on ourselves. Vice Chairman Li Xiannian said, "Even if they are a little backward, it is necessary to buy our own things." Here "backward" means that though Chinese products may be a little inferior under certain conditions, they most certainly are not unusable. Good always grows out of not good. During the past more than 30 years we have built so many industrial plants to bring about the first leap from have not to have, and this is very wonderful. Once the second leap has taken place and we have everything and are able to make anything, it will certainly not be inferior to anyone's. The Chinese are a race of people with abundant spirit of hard work. The Americans say that the highest achievers in their schools are Chinese and Jews. We should not deprecate ourselves, for to know oneself and to know others means ability to fight a hundred battles without danger.

China has abundant resources, treasures being everywhere on its 9.6 million square kilometer soil. We have the four great water systems of the Heilong Jiang, the Huang He, the Chang Jiang, and the Zhu Jiang; deposits of coal, iron, tin, copper, and various rare metals are very great; petroleum exists both under the ground and under the sea.... The Chang Jiang alone has an electric power generating capacity of at least 20 million kilowatts. The Gezhou Dam electric power station, which is currently under construction, is located in the mid-reaches of the Chang Jiang about 1,000 kilometers distant from Shanghai, Beijing, Guangdong, and Chengdu to all of which it can supply electricity very conveniently. Once the dam has been built, a portion of the waters of the Chang Jiang can be diverted to the Huang He to solve the water shortage in North China, Beijing, and Tianjin. Even in the currently rather poor border areas, resources are also very abundant. With a hastening of construction, it will not be difficult for these regions to become prosperous. Some people talk about how good the United States is, but

they do not know that the United States was also backward in the beginning and depended on pioneers to build and pioneer. China is at a lower latitude than the United States, and its geographical position enjoys exceptional advantages. If we are to transform our good earth, many things have to be done. If resources are to be developed and used, the machine industries will have to provide equipment, and with machinery everything can be done. Therefore, only through development of the machine industries can a good job of modernization be done. Unless the machine industries are developed, modernization cannot take place. The machine industries are shouldering an extremely formidable and glorious task.

Comrade Deng Xiaoping said that by the end of this century we should attain a comparatively well-off level. If the machine industries do not develop and advance, how is this goal to be realized? The machine industries have a bright and splendid future. If only we will arouse our spirits, go all out, and undergo years of arduous struggle, China's machine industries will certainly attain advanced world standards.

9432
CSO: 4013/67

'XINHUA' PROFILES JIANGNAN SHIPYARD IN SHANGHAI

OW101318 Beijing XINHUA in English 1330 GMT 10 Jun 82

[Text] Shanghai, 10 Jun (XINHUA)--The following is a profile of the Jiangnan shipyard, Shanghai, which delivered today the bulk carrier "World Shanghai" to the Hong Kong Worldwide Shipping Group:

The shipyard, one of the largest in China, has a history of 117 years. In 1868, it build China's first steamer with a wooden hull, a 600-ton ship. Until 1949, the year when new China was founded, it had engaged mainly in repairs of vessels.

Since then, the Jiangnan shipyard has boosted its shipbuilding capacity through expansion and technical transformation.

In 1960, it built China's first 13,000-ton ocean-going cargo ship "Dongfeng." Since then, it has built 45 vessels of all types each exceeding 10,000 tons.

In the 1970s, the shipyard began building 19,000-ton vessels for carrying coal and ore and various types of engineering ships. In recent years, it has increased its production capacity through import of foreign managerial skills.

In May 1980, electronic surveying, meteorological and oceangoing salvage ships built by the shipyward participated in China's first test to launch carrier rockets to designated areas in the Pacific.

The shipyard built a 12,000-ton hydraulic press in 1961 and a ship lock, 34 meters high and weighing 1,800 tons, for the Gezhouba hydroelectric power station. The lock, one of the world's largest, withstood the big floods in 1981.

The shipyard is also one of China's major builders of offshore oil extraction and drilling rigs.

To date, it has contracted to build seven ships totaling 162,000 tons for foreign and Hong Kong shipping companies. It has also contracted for ten vessels totaling 196,000 tons for domestic companies.

The Jiangnan shipyard employs 14,000 workers and staff, including 500 engineers and senior engineers. It has three dry docks capable of building and repairing ships ranging from 10,000 to 60,000 tons and six shipways capable of building ships ranging from 27,000 to 60,000 tons. In building ships for export, it uses electronic computers for designs and amplification of ship samples.

CSO: 4020/139

INDUSTRY

GUIZHOU MEETING ON INDUSTRY, TRANSPORT WORK

HK120455 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 11 Jun 82

[Summary] The Guizhou Provincial Government held a conference of directors of industry and communications departments on 11 June to sum up and review the state of industrial and communications production from January to May and make arrangements for the tasks in June and the second half of the year.

The conference pointed out: industry production rose each month from January to may and there was some improvement in economic returns. The industry and communications departments must pay attention to five tasks in June and the second half of the year:

1. Further correct understanding of improving economic returns and ensure that the products meet market requirements.

2. Work hard to improve product quality and reverse the decline in quality of certain products.

3. Make big efforts to increase production, economize energy and cut input consumption, and improve economic returns.

4. Strengthen equipment maintenance and inspection work, ensure production safety and reduce accidents.

5. Seriously study the experiences of the Capital Iron and Steel Corporation, straighten out the enterprises, further perfect the economic responsibility systems, and strengthen ideological and political work in the enterprises. All these tasks must be grasped really well.

CSO: 4006/489

BRIEFS

JIANGSU PLANT DIRECTORS' CONFERENCE--The national conference on exchanging experiences of plant directors of outstanding enterprises held by the Chinese Enterprise Management Association ended in Wuxi on 29 May after 7 days of sessions. Over 90 plant directors, managers, experts and scholars from all parts of the country carried out exchange of experiences and studied ways of modernizing enterprise management. The conference was the first of its kind held since the inauguration of the Chinese Enterprise Management Association. The participants in the conference concluded that a director of a socialist enterprise must place the state interests above everything elese, safeguarding the party committee's leadership; accept the supervision of the workers' congress; practice democratic management; correctly use cadres; build an efficient administrative system and stress the application of new scientific and technical knowledge. [Text] [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 29 May 82 OW]

MEETING ON FIREPROOF FIBERS--The state economic commission and state scientific and technological commission cosponsored a national meeting on 12 June to popularize the application of fireproof fibers. In the past 2 years, many factories and enterprises in China have adopted such fibers, using them as new refractory linings of a total of nearly 1,000 kilns and furnaces. These fireproof fibers held increase heat preservation efficiency and can cut down energy consumption by an average of between 20 and 30 percent. The expenses for reversion to a fireproof fiber lining will be offset in a matter of a few months by the savings realized from lower energy consumption. [Text] [Beijing Domestic Service in Mandarin 1200 GMT 15 Jun 82 OW]

YUNNAN INDUSTRIAL PRODUCTION INCREASES--In May, industrial production in Yunnan Province increased and the total industrial output value reached 623 million yuan, 16.2 percent more than in the corresponding period of last year. The total industrial output value from January to May this year was 16.8 percent more than in the corresponding period of last year. The province's light industrial output from January to May this year was 27.1 percent more than in the same period of last year. Output of durable consumer goods, including bicycles, sewing machines, tv sets and washing machines. In the period was double that the corresponding period of last year. The season for pressing sugarcane has now ended and output of sugar was 245,000 tons, a record, which was 28.2 percent more than in the preceding season for pressing sugarcane. The province's heavy industrial output from January to May this year was 6.87

percent more than in the same period of last year. The province's electricity output in May was some 540 kilowatt-hours, some 27 million kilowatt-hours more than in April. Output of raw coal from January to May this year was 710,000 tons more than in the same period of last year. Output of nitrogenous fertilizer in may was some 10,000 tons more than in April. [Text] [HK101419 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 8 Jun 82 HK]

SHANGHAI WRISTWATCH OUTPUT--Beijing, 7 Jun (XINHUA)--Shanghai, China's biggest industrial city, has boosted wristwatch production by 1 million pieces annually since 1976, according to the Ministry of Light Industry. Output of wristwatches in Shanghai, 4.15 million pieces in 1976, rose to 9.3 million in 1981, accounting for more than 40 percent of the national total. This has been accomplished by relying mainly on home-made equipment. In the past few years, Shanghai's wristwatch making industry has upgraded its equipment without adding any new factory buildings. Imported machines and instruments account for only 1/10 of the total employed by the industry. China's first wristwatch factories went into production in 1958. Thirty factories in 10 provinces and municipalities have been assigned by the Ministry of Light Industry to produce machine tools needed by China's wristwatch making industry. Additional manpower and factory buildings for the expansion of production have been acquired by merging nine small stationery factories, thus conserving government investment. [Text] [OW101425 Beijing XINHUA in English 1227 GMT 7 Jun 82]

CSO: 4020/139

BRIEFS

HOUSING CONSTRUCTION IN GUANGDONG--According to the information for the last 10-day period of March of the provincial statistical bureau, among Guangdong's capital construction investments in the past 3 years, the proportion of non-productive investments has risen, especially in staff and workers' housing which has risen particularly rapidly. When 1981 is compared with 1978, the proportion of nonproductive investments rose from 19.1 percent to 43.6 percent, and among them, investments in housing rose from 10 percent to 26.8 percent. In the past 3 years, housing investments totaled 1.77 billion yuan, and the area of new housing measured 13.83 million square meters, a 1.4 fold increase over the previous 3 years. The living conditions of some staff and workers improved. New housing built by rural commune members also increased rapidly. The statistical figures also indicate that the average monetary wage of Guangdong's staff and workers has also increased rather substantially. In the past 3 years, urban and rural savings deposits have increase 1.64 times. The average per capita savings of urban staff and workers is 222 yuan, and that of peasants 59 yuan. [Text] [Guangzhou NANFANG RIBAO in Chinese 4 Apr 82 p 1] 6080

CSO: 4006/433

LABOR AND WAGES

URBAN DWELLERS' LIVING STANDARDS COMPARED IN THREE PERIODS

Nanjing XINHUA RIBAO in Chinese 13 Mar 82 p 1

[Article: "Viewing the Upgrading of Urban Dweller's Lives From Three Timeframes--Report of Three Surveys of Xuzhou City"]

[Text] Since liberation, surveys taken at three different times by the Xuzhou City Statistics Bureau in Jiangsu Province of the lives of the city's inhabitants reveal that despite price increases in some commodities in recent years, the standard of living of the city residents has been visibly upgraded when compared with the initial years after liberation and the 1960's.

The initial survey by the Xuzhou City Statistics Bureau was conducted in 1951; 11 households of ordinary working families were surveyed. The second survey was conducted in 1965; 52 households of representative residents were questioned. The third survey was taken in 1981 and encompassed 100 households, including resident families with the various occupations of laborer, shop worker, teacher, medical personnel and organizational cadre. Material from the three surveys clearly shows that during the three timeframes there was a marked increase in the average income of family members among the city's residents. In 1951 the average individual monthly income was 8.3 yuan; this increased to 14.56 yuan by 1965 and to 36.91 yuan by 1981.

There are two reasons for this increase in income:

First, the employment outlook broadened and the number of persons that employed people have to support appeared to have been reduced. In the 1951 survey, each working person had to provide for 4.5 people (himself included, here as below); in 1965 this was reduced to 3.64 people, and in 1981 each worker only had to support 1.65 people.

Second, employed people's income increased. In the 1981 survey of 268 individual working people, only 9 workers had not received a raise in pay since 1971, a mere 3.3 percent. When adjusted for bonuses and subsidies, their average monthly income of 34.78 yuan in 1951 and 49.5 yuan in 1965 increased to 60.73 yuan by 1981.

Along with the increase in income, the lives of the inhabitants of the city clearly improved. This is seen in three areas:

1. Food--from simple seeking to fill the stomach to the beginnings of an emhasis on nutrition. Of the 11 households surveyed in 1951, there were 8 families which could not make ends meet. They could only eat course food grains and miscellaneous grains, sometimes even eating only soya-bean cakes for a meal. Each person had only 1.03 yuan to spend on nonstaple foods and ate 15 jin of vegetables and 3 liang 1 chian of meat. In 1965 each person was already spending 8.6 yuan on food per month, and of that, the money that went for nonstaples increased to 4.31 yuan. The residents not only ate flour and rice but also consumed 17 jin 1 liang of fresh vegetables, 6 liang of meat, and even small amounts of fish, eggs, sugar, cigarettes and pastries, etc. In 1981 the average per-person monthly expenditure for foodstuffs again increased, to 20.21 yuan; of that, the purchase of nonstaples accounted for 15.04 yuan. On the average, each person's monthly diet included 21 jin 6 liang 9 chian of vegetables, 2 jin 4 liang 7 chian of meat, 1 jin 1 liang 8 chian of fish, 1 jin 1 liang 6 chian of eggs, 3 liang 6 chian of sugar, 3.15 packs of cigarettes and 0.84 jin of pastries. Some of the more well-to-do families even ate small amounts of high-class nutritional supplements.

2. Clothing--from simply keeping warm to wearing suitable, well-tailored and pretty clothes. Of the 11 households surveyed in 1951, the greater portion could not afford to buy new clothing or blankets. By 1965, family members of several tens of households were able to wear cotton-padded clothes and lined and single-layered garments. The average per person monthly expenditure to acquire new clothes was 1.64 yuan. In 1981, the average per-person monthly expenditure for new clothes increased to 5.94 yuan. The 442 people of the 100 households surveyed in that year not only brought 2,250 meters of cotton cloth, 1003 meters of synthetic material, and more than 1,300 items of various kinds of wearing apparel, but also purchased comparatively more woolen goods, silks and satins and similar high-grade apparel, including 138 items of knitted woolens, trousers and 244 pairs of leather shoes.

3. Daily-use articles--large quantities of durable and expensive consumer goods have made their way into the residents' homes. In 1965 the 52 households only purchased 2 clocks, 1 wristwatch, 2 radios, 2 bicycles and 5 pieces of furniture. In the 100 households surveyed in 1981, the following were purchased that year: 23 bicycles, 4 sewing machines, 24 wristwatches, 7 sofas, 12 electric fans, 6 washing machines, 3 large wardrobes, 16 rube radios, 29 black and white television sets and 5 tape recorders. There were even 10 additional items of expensive consumer goods.

The material from the surveys also indicates that there has been a rather large range of price increases in consumer goods during the past few years, and this has certainly increased the expenditures of the city's residents. While the state market quotations have not increased much for some commodities, the amounts supplied by the state-run shops were insufficient and the residents were forced to purchase goods at the agricultural byproduct market, thus adding to their expenditures. By 1981, the actual value of expenditures for commodities was as follows in comparison to 1965: each jin of cereals increased 5 fen; vegetables increased 7.5 fen per jin, edible oils increased 1.9 jiao per jin, and the cost of meats, fish, chicken eggs and sugar, etc, variously increased from 11 to 89 percent when compared to 1965. Because of price increases, the

average per person monthly expenditures of the residents of the 100 households surveyed in 1981 were greater as regards several basic consumer items, to the amount of 5.1 yuan, when compared with 1965. This being the case, the actual monthly income of the city's workers in 1981 should be adjusted down from 36.91 yuan to 31.81 yuan, a true net increase compared to 1965 of still 1.1 fold. If a comparison is made with 1951, the increase would be 2.72 fold. Of course, some residents and working people saw no increases; either their wages were not adjusted or their bonuses were minimal. The living standard of the entire family can then be affected by the rising cost of things. But this kind of city resident is rare--of the 100 households surveyed in 1981, there were only one or two such households.

9519
CSO: 4006/425

GUANGDONG'S URBAN INCOME, LIVING STANDARD RISE

Guangzhou NANFANG RIBAO in Chinese 16 Apr 82 p 2

[Excerpts] In the past 3 years, the income of urban staff and workers has risen generally. According to information of the provincial statistical bureau, the total 1981 annual income per staff-worker throughout the province from wages, bonuses, subsidies and price allowances averaged 854 yuan. Compared with 1978, the monthly income per staff-worker was $20 yuan higher, an increase of 40 percent. After adjusting for the higher prices, the actual income was 14.8 percent greater than in 1978. According to information of the Guangzhou municipal statistical bureau, in the past 3 years, the average wages of the staff and workers of popular and collective ownership enterprises have increased yearly, from 710 yuan in 1978, 824 yuan in 1979, 937 yuan in 1980, to 1,027 yuan in 1981. The 1981 average monetary income rose 43.24 percent over 1978. After adjusting for the 22.8 percent price rise index, the actual wage increased 16.64 percent. It indicates that, even though prices had risen in the 3 years, the range of increase of the staff and workers' monetary income outpaced the price rise; therefore, their actual income rose. This situation was also reflected in the rapid growth of savings deposits of urban residents. At the end of 1981, urban deposits totaled more than 2.1 billion yuan, an increase of 41.7 percent over 1978. Computed according to urban population, the per capita deposit averaged 200 plus yuan. In the 3 years, savings deposits increased 25.2 percent progressively per year.

One main factor for the increase in staff and workers' income was the higher employment. According to a sample survey of staff-worker households by the Guangzhou municipal statistical bureau, the average number of employed persons per household was 2.59 in 1978, but rose to 2.99 in 1981. In 1978, each employed person supported 1.67 persons (including himself; same for below), but the figure dropped to 1.56 in 1981. The second factor was the wage adjustments. The third factor was the introduction of the bonus system and the additional subsidies. According to a survey of 200 staff-worker households by the Guangzhou municipal statistical bureau, bonuses and subsidies constituted 25.4 percent of the 1981 monthly monetary income of each staff and worker.

With the higher income, the living standard of the staff-worker households has improved noticeably, which is manifested mainly in the following aspects:

1. Better Food: In the past 3 years, there has been an obvious change in the diet of urban residents. Grain consumption has dropped, while the consumption of non-staples such as pork, beef, mutton, domestic fowls, egg products and seafood has increased. According to a sample survey of the Guangzhou municipal statistical bureau, the monthly average pork consumption was 5.52 jin in 1981, an increase of 2.06 jin over 1978. In the past, as less meat was consumed, many people bought more fat meat. But now, with a higher meat consumption, many people buy less fat meat. When it comes to roast goose, a favorite item in our province, 3 years ago it was hard to obtain in the market, and people ate very little of it. But in recent times, the daily sales of state and collective stores and individual businesses handling roasted and cured food in the various cities are sizable. Some staff-worker households not only pay attention to nutrition, but also consume some nourishing tonics. The retail volume of Chinese medicinal herbs such as dangshen [7825 0639], beiqi [0554 5356] and qizi [2630 1311] has greatly risen in recent years.

2. Better Clothing: The changes in this aspect can be summarized as "three more and three less," viz., more dacron and nylon, less cloth fabric; more lightweight and warm wool sweaters, down and flannel wear, silk floss garments and leather jackets, less ordinary cotton fabric; more leather shoes, less cloth shoes. As a whole, people are giving more attention to clothing, and garments are more novel in style and greater in varieties. In terms of the market, the fabrics and ready-made garments of medium and low grades widely sold in former years are no longer in great demand, while the demand for some of the fairly high grade knitwear, nylon suits and woolen Western wear has increased.

3. Greater Consumption of High Grade Merchandise: In the past, what the urban staff and workers yearned for were the "three old items," viz., wristwatches, bicycles and sewing machines, but now such items have become commonplace. The electric fan which only a few households possessed a few years ago has come in to general use. Many households have two or more. Today, what people vie with one another to buy are televisions, tape recorders and washing machines, and some households have electric refrigerators and automobiles. According to a sample survey of the Guangzhou municipal statistical bureau, the durable consumer goods per 100 households in 1981 were: 147 bicycles, an increase of 31.25 percent over 1978; 93 sewing machines, an increase of 22.37 percent over 1978; 289 wristwatches, an increase of 35.05 percent over 1978; 142 electric fans, an increase of 97.22 percent over 1978; 89 radios, an increase of 6.92 percent over 1978; 68 televisions, an increase of 1.43 times over 1978; 51 receiving and recording units, 2 times greater than 1978.

4. Better Living Conditions: Since the Third Plenary Session, the scale and speed of urban housing construction in Guangdong have been unequaled

in history. The housing investments of Guangzhou city in the past 3 years totaled 552.36 million yuan, equivalent to 62 percent of the total investments in urban housing in the 12 years between 1966 and 1977. A total area of 2,827,000 plus square meters of new housing was completed, constituting 1.07 times that of the 12 years. The per capita average living space in Guangzhou city in 1981 was 4.23 square meters, which was a slight improvement of 0.41 square meter over the 3.82 square meters of 1978. According to the statistics of Fushan city, currently, the per capita living space in the city is 6.4 square meters, an increase of 1.7 square meters over the 4.7 square meters of 1978, and the problems of 4,800 plus households which had no housing or difficulties in housing have been solved. Compared with the fifties and sixties, the design of today's housing is more rational, and more and more people are living in single-family units and in greater comfort. In addition, urban housing rental is fairly low, averaging a little more than 0.10 yuan per month per square meter. As the rental is low, a considerable sum of subsidies has to be paid annually throughout the province.

6080
CSO: 4006/433

BRIEFS

HAIKOU WORKERS' LIFE IMPROVES--The recent Haikou municipal survey has clearly shown that, since the 3d Plenary Session of the 11th CP Central Committee, the workers' living standard in the municipality has gradually improved. From 1979 to 1981, jobs were arranged for some 20,200 people. The average number of people supported by each person with a job dropped from 3.75 people in 1965 to 2.07 people. The number of households whose average monthly per capita income was under 35 yuan dropped from 62 percent in 1980 to 54 percent. The total amount of wages in 1981 was 45.4 percent more than in 1979. The per capita cash wages of workers in 1981 were 855 yuan, 23.9 percent more than in 1978. After taking into account the factor of the rise of commodity prices, the actual workers' wages were still 4.9 percent more than in 1978. The amount of retail sales of commodities in the municipality in 1981 was 57 percent more than in 1978. After taking into account the factor of the rise of commodity prices, the amount of retail sales was still 31.6 percent up. Over the past 3 years, the state and enterprises raised 41.83 million yuan to invest in housing, which was 2.85 times greater than in the preceeding 3 years. The municipality has built 260,000 square meters of new residential housing. The savings of residents in urban and rural areas throughout the municipality by the end of 1981 reached 41.38 million yuan, 128 percent more than in 1978. The per capita savings were some 160 yuan. [Text] [Haikou Hainan Island Service in Mandarin 0330 GMT 5 Jun 82 HK]

CSO: 4006/489

TRANSPORTATION

HUNAN HOLDS RAILROAD SECURITY WORK CONFERENCE

HK080933 Changsha Hunan Provincial Service in Mandarin 2310 GMT 7 Jun 82

[Text] The Hunan Provincial People's Government recently held a conference on railroad security work. It demanded that all places take decisive measures to resolutely curb the malpractices of clinging to trains, gang robbery and illegal emigration so that railroad security and order can improve remarkably.

The conference put forth: to curb the malpractices of clinging to trains, gang robbery and illegal emigration, governments at all levels and relevant departments must not turn a blind eye to and slacken their vigilance against gang robbery and encroaching upon state property. In conjunction with striking blows at serious criminal activities in the economic field, they must promptly investigate and deal with the important cases of gang robbery and so on. Governments at all levels must organize forces to investigate the important cases of gang robbery and encroaching upon and sabotaging state property one by one until they are brought to light and then must seriously deal with them. In accordance with the law, they must especially punish a small number of criminals who instigate the masses to made trouble, take the lead in gang robbery and encroach upon and sabotage state property.

Cadres at all levels must strengthen their concepts of the state and the overall situation and, strengthen the sense of organization and discipline. They must be bold to stand out and teach and unite the masses to struggle against all malpractices. In accordance with the law, it is necessary to severely punish cadres who participate in and support gang robbery, encroach upon state property and violate the criminal law. It is essential to implement the principle of comprehensive control and do well in the internal readjustment of railroads, factories, mines and so on. We must strictly observe organizational discipline, put the system of personal responsibility on a sound basis, establish and put on a sound basis grassroots guard organizations and guard organizations of factories which are allied with communes and railroads which are allied with communes and give full play to their role.

CSO: 4006/489

BRIEFS

HEILONGJIANG RAILWAY FREIGHT DELIVERY--According to statistics compiled from January to April at 58 railway stations under the Harbin Railway Bureau, Heilongjiang province, some 1,201 batches of goods, totalling 7,895 pieces and weighing 645 tons, cannot be delivered to their owners. The reason is that some purchasing agents presumptiously and blindly set out goods regardless of their quality and sales. Another reason is some products are below standard. Their owners refuse to receive them. [Text] [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 10 Jun 82 SK]

CSO: 4006/489

GENERAL

'GUANGMING RIBAO' ON SOCIALIST, COMMODITY ECONOMY

HK Beijing GUANGMING RIBAO in Chinese 29 May 82 p 3

[Article by He Rongfei [0149 2837 7378[: "Commodity Economy Does Not Embody the Features of the Socialist Economy"]

[Text] The article entitled "For Adhering to the Socialist Road, It Is Necessary to Implement Planned Economy" by Comrade Xue Xin and Comrade Ma Biao (published in Guangmin Ribao 9 May 82) explicitly points out from the very beginning that "planned economy is a basic feature of the socialist economy. We cannot determine the nature and features of a socio-economic system by viewing whether commodity economy is implemented or not." This is a correct viewpoint, and I completely agree with their opinions on the issues concerning the theory of economic system reform which were discussed in recent years. However, I feel that it is still necessary to expound on and prove why commodity economy does not embody the features of the socialist economy, because a clear realization of this question is a basic necessity for properly handling the relation between regulation by planning mechanism and regulation by market mechanism under the socialist system.

Then, why does a commodity economy not embody the features of the socialist economy?

To answer this question, we should first distinguish between the two categories of economic forms which have different meanings.

Natural economy, commodity economy and product economy comprise one category of economic forms. Their extension and overlap constitute a system of economic forms. The existence and alternation of these economic forms are determined directly by the level of the productive force and the relation to people's material interests. Though they are related to different ownership systems, they do not change along with the change in ownership systems. The change in social systems can only alter some of their features. So, these economic forms do not exist as the intension of a social system and cannot reflect the economic features of different social systems.

The primitive communist economy, the economy under the slave-owning system, the feudal economy, the capitalist economy and the communist economy (the socialist economy is included in this category) comprise another category of

economic forms. Their continuity and alternation constitute another system of economic forms. Their existence and alternation are directly determined by production relations, particularly by ownership forms of the production means and ultimately determined by the level of the productive force. These economic forms constitute the economic foundation of a society. They exist as the intension of a social system. In this special sense, we can call this category "socioeconomic forms."

From the regularity of existence and alternation of the above two categories, we can obviously see their difference. To distinguish these two categories of economic forms with different natures is a major prerequisite for correctly realizing the features of the socialist economy.

Now let us embark on studying the features of the socialist economy.

The so-called "economic features" mean the properties of a given economic form or the qualitative specialities which differentiate this economic from from others. Then which factors differ between social-economic forms and which reflect their different features? Marx pointed out: "No matter in what social form production is conducted, laborers and the means of production are always the factors of production." "Whenever production is conducted, they must be comgined. The specific modes and methods of this combination divide the social structure into different economic periods." ("The Complete Works of Marx and Engels," Vol 24, p 44) The mode of combining laborers with the means of production is the production relations of a society which mainly refers to the ownership forms of the means of production. In a capitalist society, laborers are separated from and set against the means of production. Laborers have labor ability but they do not own the means of production. Capitalists own the means of production but they do not participate in labor. The labor force and the means of production cannot combine directly with each other in an entity; their combination has to be realized through a medium--the buying and selling of the labor force. This this determines that this economic form features the exploitation of workers by capitalists and is a capitalist economy. In the socialist society, laborers are masters of the means of production; laborers and the means of production can be directly combined in an entity without an exploiting class between them. The means of production change from the means of exploiting laborers to the means of satisfying laborers' own needs. This combination of laborers and the means of production determines that this economic form is characterized by the fact that the increasing material and cultural needs of laborers are being satisfied, and that it is a socialist economy. This shows that it is production relations, particularly ownership forms of the production means, that differentiate between various socio-economic forms and determine their respective features. So only by looking into production relations, particularly ownership forms of the means of production, can we find out the features of a certain socioeconomic form.

As mentioned above, on the one hand we define the socialist economy as "an economy based on the socialist public ownership system," because we are now discussing the relations between planned economy and commodity economy, and between regulation by planning mechanism and regulation by market mechanism,

from this angle on the other hand, we can define the socialist economy as a planned economy based on the socialist public ownership system. The planned economy is a feature of the socialist economy.

Planned economy is a result of the development of the modes of social production to a certain stage. Two conditions are necessary to pursue planned economy. First, socialized mass production is a material precondition for realizing a planned economy. If the productive force is low and social division of labor is undeveloped, it is not possible to demand that production in the entire society be regulated by a unified plan. This objective demand can only arise after the social productive force has developed to such a degree that socialized mass production by machinery is realized. Second, public ownership of the means of production is a decisive condition for realizing a planned economy. Without this condition, even if socialized mass production is realized, it is still impossible to implement a planned economy. For example, in the capitalist society, under the system where capitalists own the means of production, social production is conducted separately in numerous private enterprises and it is impossible to have a central control point to work out plans to regulate the entire social production, because no private enterprise is willing to obey unified plans of the society at the expense of its own interests. Thus no planned economy can be pursued in this manner. In the socialist production mode, the establishment of a public ownership system of the means of production makes all those relatively independent enterprises obey a unified purpose of production--satisfying the needs of society as a whole. Common economic interests combine them into an integral entity. Only in this way, can an economic system be realized in which planned management of production is pursued in the whole society.

In sum, only when the productive force is socialized and public ownership of the means of production is established, that is, only when these two conditions are properly prepared, can a planned economy be realized. Public ownership of the means of production exists in the primitive society, but there is no socialized mass production. Neither a socialized productive force nor public ownership of the means of production existed in the slave or the feudal societies. In the capitalist society, there is modern mass production, but no public ownership of the means of production. Only in the socialist production mode are there both a socialized productive force and public ownership of the means of production which makes a planned economy feasible. Lenin pointed out that "Socialism is a planned economic system of broad socialization." ("Complete Works of Lenin," Vol 10, p 407) Therefore, a planned economy can be a distinctly different production mode of socialism when compared with other social production modes, which precisely reflects the properties of the socialist economy and embodies the features of the socialist economy.

The fundamental reason why a commodity economy does not embody the features of the socialist economy is because a commodity economy does not reflect the nature of the socialist production mode or differentiate between the socialist production mode and other social production modes. The nature of the socialist production mode is that it is based on public ownership of the means of production and is aimed at meeting the needs of society. A commodity economy

cannot reflect different ownership forms of the means of production. Although it cannot exist independently without being attached to a certain form of ownership of the social production means, the existence of a commodity economy is not affected by the change of ownership forms. It can exist not only in a society under a private ownership system of the production means, but also in a society under a public ownership system of the production means (such as the socialist society), in the history of the development of human society, commodity economy existed in several different social production modes, including the slave society, the feudal society, the capitalist society and the socialist society. It is a common factor in all these social production modes, and thus it cannot differentiate among them or reflect their qualitative features. Therefore, a commodity economy cannot embody economic features of any social production modes, of course, nor can it embody the features of the socialist economy.

As we mentioned above, in general, the category of economic form which includes commodity economy and the category of socioeconomic form are two categories of economic form with different meanings. Now let us make a more detailed comparison between a commodity economic form and the socioeconomic form. Then it will not be difficult to realize that they have their respective conditions for forms, basic contradictions and basic laws. In terms of economic conditions for forms, commodity economy is derived from the social division of labor and private ownership; while new socioeconomic form are derived from the development of the productive force and corresponding production relations, in particular the change of ownership forms of the production means. In terms of their respective basic contradictions, the one existing in a commodity economy is the contradiction between private labor and social labor and the one existing in socioeconomic form is the contradiction between the productive force and production relations coupled with its specific expressions. In terms of basic laws, the basic economic law that covers a commodity economy is the value law, and the basic economic laws in various socioeconomic form vary in their respective contents. For example, the basic economic law of the capitalist economic form is the law of surplus value; the basic economic law of the socialist economic form is the purpose of socialist production and the laws of realizing this purpose. Since this is so, how can they be lumped together, and how can a commodity economy be used as a feature of the socialist economy?

The comrades who maintain that a commodity economy is a feature of the socialist economy have raised this argument--commodity production and exchange is an inherent and intrinsic factor of the socialist system. If a commodity economy is an inherent and intrinsic factor of the socialist system, then it must arise along with the emergence of the socialist system. But, as is known, the commodity economy was created at the end of primitive society, that is to say, before the socialist system emerged, commodity economy had existed for thousands of years. The reason for commodity production and exchange existing in a socialist society is that the socialist society "just emerges from the capitalist society, and it still retains vestiges of the old society from which it emerges in many aspects, including the economy, morality and spirit." ("Complete works of Marx and Engels," Vol 19, p 21) For example, in the socialist society, there is still a small portion of individual

ownership, as well as the coexistence of two forms of public ownership and a low degree of public ownership which are determined by the low level of the productive force left over by the old society. All this obviously shows the vestiges of the old society and is the reason why a commodity economy still exists in the socialist society. This proves that the commodity economy under the socialist conditions is a legacy of the old society. Of course, due to the change of ownership of the production means, the labor force does not fall in the realm of commodities under the socialist system. That is a qualitative difference between the commodity economy under the socialist system and the commodity economy under the capitalist system, and the former is a variation of the capitalist commodity economy in a new production mode. Similarly, the commodity economy under the capitalist production mode is also a legacy and a variation of the commodity economy under the production mode of the feudal system. An analogy of this is that a commodity economy in any social form is a legacy and a variation of the commodity economy of the previous social form. In short, a commodity economy is by no means derived from the socialist system. To develop a commodity economy in the socialist society is merely a measure for utilizing this legacy.

Some comrades hold that denying a commodity economy as a feature of the socialist economy is equal to lumping the socialist economy with the communist economy, because the difference between the socialist economy and the communist economy is whether there is commodity production and exchange. This is a misleading idea. It should be said that whether commodity production and exchange exists or not is a difference between the economic components of the socialist society and those of the communist society, but not a difference between the economic features of these two social systems. According to Marx, the socialist society and the communist society are two different stages in the same social form. Then the socialist economy and the communist economy should be the same socioeconomic form, while the former is included in the latter. As mentioned above, the criterion for dividing socioeconomic form is the ownership form of the production means. Both the socialist economy and the communist economy are planned economies based on public ownership of the production means, and both are provided with fundamentally common features. Their difference is that they have different degrees of public ownership of the production means and different degrees of perfection in a planned economy due to the different degrees of public ownership. The communist economy, because it is based on ownership by the whole people, is a perfect and typical planned economy in which production in the whole society can be completely controlled by plans, while the socialist economy is an imperfect and nontypical planned economy.

It must be pointed out that when we say that commodity economy is not a feature of the socialist economy, we are answering the question concerning the nature of the socialist economy. This does not mean that a commodity economy does not exist in a socialist society, or still less deny the importance of developing a commodity economy in the socialist society. A socialist state must attach importance to developing a commodity economy, because under the socialist system there are still economic conditions and an environment where a commodity economy can play its roles, and where the development of a commodity economy can effectively help promote the development of the productive

force. But that is not because a commodity economy embodies the features of the socialist economy. Even if the purpose is to attach importance to the development of a commodity economy, it is still not necessary to raise a commodity economy to such a degree that it is defined as a feature of the socialist economy.

CSO: 4006/489

GENERAL

GUANGXI MEETS TO CHECK PUBLIC PROPERTY SEIZURE

HK140127 Nanning Guangxi Regional Service in Mandarin 1100 GMT 11 Jun 82

[Summary] On the evening of 10 June, the Guangxi Regional People's Government held a telephone conference on implementing the state council's resolution on checking acts of seizing public property. Responsible comrades of the regional people's government and all regional departments, committees and offices attended the conference. The conference was presided over by Vice Chairman of the Regional People's Government Huang Yun. Liao Shengdong, vice chairman of the regional people's government, read out the state council's resolution. Shi Qingshen, vice chairman of the regional people's government spoke at the conference. The conference put forth four demands on how Guangxi should implement the state council's resolution.

First, leaders and cadres of the people's government and the departments concerned must seriously study the state council's resolution and specifically analyze the situation of their own districts and units. They must check their own attitudes toward checking acts of seizing public property and eliminate all kinds of erroneous and confused ideas cadres at all levels, in particular, leading cadres must strengthen their sense of responsibility to the state and the overall situation and eliminate their aloof attitude toward acts of seizing public property. They must be bold in stepping forward to fight all kinds of evil practices.

Second, the CCP committees and people's government at all levels must publicize the state council's resolution among the grassroots cadres and the broad masses of the people, and carry out education in cherishing the motherland and socialism in a thoroughgoing manner. At the same time, newspaper offices and broadcast stations must attach importance to carrying out education in this aspect. We must let the cadres and the masses understand that socialist public property cannot be seized and it is the sacred duty of all citizens to protect state and collective property. All districts and units must integrate propaganda and education in this aspect with activities of the building of socialist spiritual civilization.

Third, the people's government at all levels must organize people to check acts of seizing public and collective property. They must assign capable cadres to investigate and handle the serious cases, and take it as an important part in the fight against criminal activities in the economic field.

Fourth, we must strengthen leadership, sum up experiences and stipulate measures to tackle this question. All prefectures, municipalities and counties must integrate the local situation with the state council's resolution to stipulate relevant policies so as to score better results.

CSO: 4006/489

BRIEFS

GUANGDONG POSTAL SERVICES CONFERENCE--On the evening of 11 June, The Guangdong Provincial Posts and Telecommunications Bureau held a phone conference, demanding that all units of the posts and telecommunications departments throughout the province strengthen and improve rural postal services. At present, many problems exist in rural postal services in the province and mail and telegraphs pile up in post offices, are delayed in being dispatched and often get lost and damaged. The masses are very dissatisfied with this situation. The provincial posts and telecommunications bureau has demanded that the workers of all posts and telecommunications departments throughout the province learn from the national outstanding postmen, strengthen management of rural postal services, implement the responsibility system and ensure good quality. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 11 Jun 82 HK]

GUANGZHOU SYMPOSIUM ON ECONOMIC SITUATION--At the symposium on education on the economic situation held on 5 June, responsible comrades of the Guangzhou Municipal CCP Committee pointed out that the municipality had achieved preliminary good results in education on the economic situation conducted some time ago. Cadres, staff members and workers have universally heightened their understanding of the situation. They are devoting their energy to the development of production. Municipal CCP Committee First Secretary Liang Lingguang and Municipal CCP Committee Executive Secretary (Xu Shijie) attended and spoke. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 5 Jun 82 HK]

CSO: 4006/489

CHINA EXPORTS MANPOWER TO SOLVE EMPLOYMENT PROBLEM

HK140441 Hong Kong MING PAO in Chinese 14 Jun 82 p 6

[Special dispatch from Beijing: "The Mainland Exports Manpower to Solve Employment Problem"]

[Text] In order to increase its foreign exchange income, communist China, while adopting an open-door policy to the outside world in the last 2 years, has begun to step up manpower export following the example of Yugoslavia. Workers are mainly exported to countries in the Middle East to engage in construction projects undertaken by Chinese external contractor companies. Such manpower export, though small in scale at present, has already given rise to quite a few problems.

First of all, manpower export involves theoretical questions, such as: What is the theoretical basis of manpower export? What is the relationship between socialism and manpower export? Is manpower export included in the category of socialist foreign trade? and so on. Since none of these questions have yet been affirmatively answered, those external contractor companies are full of worries and dare not export manpower in a big way.

In the second place, it involves the problem of leadership. Should it be unifiedly undertaken by the ministry of foreign trade and economic relations with foreign countries, or individually carried out by different departments concerned? At present, all other countries in the world classify manpower export as part of foreign trade. However, there is no such concept of manpower export in communist China's foreign trade. As this problem remains unsolved, those external contractor companies are obstructed from deploying manpower and material resources according to the circumstances abroad.

Some people have pointed out that the destinations of manpower export are basically countries under the capitalist economic system. One of the obvious characteristics of the capitalist economy is that the occurrence of cyclical economic crisis, during which these countries are exhausted in dealing with their own problems of unemployment, and the employment of foreign workers can only be of secondary concern to them. Therefore, in these people's opinion, China should not place its hopes entirely on manpower export in solving the problem of employment; otherwise China will inevitably fall into a passive position and will have to face new employment difficulties at home when there is less demand for manpower abroad.

These people even fear that manpower export will bring about some negative influences.

They say bourgeois ideology and life style will inevitably corrode some people and influence the situation at home. Since the greater part of foreign exchange is used in direct consumption, it would lead to the shortage of commodities at home, force prices up and thus affect the economic life of the whole society. Following the increase of the number of people travelling abroad, more foreign industrial consumer goods will be imported, and this will also affect the development of the domestic consumer goods industries.

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END

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NATIONAL POLICY AND ISSUES

STRATEGIC TURN IN CHINA'S ECONOMIC DEVELOPMENT

HK211400 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] No 5, 20 May 82 pp 3-6

[Article by Sun Shangqing [1327 1424 3237]: "Strategic Turn in China's Economic Development"]

[Text] The smashing of the "gang of four" in October 1976 removed the biggest political obstacle to the economic development of our country. But because of the large number of social problems that were leftover at that time, we were unable to concentrate our energy on studying anew the problems confronting the economic development of our country. At the same time, because the people did not have a clear understanding of the havoc which the "leftist" erroneous guiding thought had played on economic construction and the people did not have a full assessment of the serious damages which the 10 years' "cultural revolution" had brought on the national economy, an ideological background was lacking for making a renewed evaluation of the past development of the Chinese economy and formulating plans for its future progress.

The third plenary session of the 11th CCP Central Committee which was convened in December 1978 formulated a correct line for the political and economic development of our country and decided to shift the pivotal point of work to economic construction. Under the guidance of this correct line, in April 1979 the central work conference adopted the policy of readjustment, restructuring, reorganization and upgrading. This constituted the basic change in the guiding thought of our country's economic construction. Indeed, it may be said to have been the starting point of a strategic turn. Over the last 3 years, we have made a systematic summary of the experiences gained from some 30 years of construction and have conducted a large-scale readjustment of our industrial structure. We have made a preliminary and experimental restructuring of our economic system and also initially reorganized the management and operation of the enterprises. The economic situation has thus turned for the better.

After several years of deliberations, discussions, studies and experiments and having scientifically summarized the past good and bad experiences in economic construction, Premier Zhao Zhiyang put forth a 10-point program on future construction in our country at the fourth session of the Fifth National People's Congress. This program centrally demonstrated a strategic

turn in China's economic development. Its thorough implementation will enable our national economy to gradually proceed on the road of healthy development.

In my estimation, the main contents of the strategic turn in economic development envisaged in this 10-point program are as follows:

1. In the past our economic development lopsidedly leaned on procuring speed and increasing output value. It was actually centered on effecting a speedy development of the economy. This fully illustrated that the guiding thought in the strategy of economic development was the anxiety for achievement. However, hereafter the center will be shifted toward stressing the economic effect. The core of the 10-point program is to strive for the economic effect. It is also the core for the strategic turn in economic development. Stressing economic effect and taking the raising of economic effect as the core illustrate that our strategic thought has been shifted from striving for quick accomplishment to waging a long-term struggle but steadily advancing forward. We all know that the economic growth rate is an important development target and also constitutes an important condition for upgrading economic effect. As far as our socialist planned economy is concerned, we should strive for a necessary and feasible growth rate and also combine speed with the economic effect. But actual practice has showed that while speed and economic effect may be united, there is also a contradiction between them. Our main problem has not been the overlooking of speed but the overlooking of the economic effect. If we concentrate on striving only for speed, then it is difficult to obtain a good economic effect. Therefore, we must strive for a speed that is accompanied by a good effect. If a contradiction develops between speed and economic effect, then speed should be subordinate to economic effect. Under the socialist system, the extent of economic effect should be taken as the criterion for evaluating the results of economic construction work.

Taking economic effect as the core requires a correct understanding and readjustment of a seires of economic relations. For example, concerning the relations between national construction and the people's livelihood, we must make overall consideration and all-round arrangement and cannot have regard for only one and neglect the other. The country requires construction but the people's standard of living needs improvement. The two must be arranged well. In the final analysis, national construction provides the basis for raising, in a prolonged and large-scale manner, the people's standard of living hereafter. Hence, the view and way of onesidedly stressing the improvement of the people's standard of living and neglecting capital construction is erroneous in theory and harmful in practice. Several years ago, in view of the fact that since 1958 little or no improvement had been made in the standard of living of the peasants and of the staff and workers, we embarked on a fairly large-scale increase in the people's income. This was entirely necessary. But it is obviously impossible to effect such a large increase year after year. If the country lacks the necessary funds for construction, then there is no hope for the country. Our country has a population of 1 billion. Each day we eat 1.2 billion jin of grain, while 27 million meters of cloth are consumed for livelihood uses and passenger transport carries over 9.36 million people. In order to

provide for the vast consumption and to gradually improve the people's standard of living, we must concentrate more on construction and continuously raise the economic effect. Naturally, in the years to come, following the development of production, the people's standard of living must continuosuly be improved. But due to the huge population and the low labor productivity rate, the speed of the improvement cannot be too great. On the other hand, to pay attention only to construction and neglect the people's standard of living not only will damage the enthusiasm of the masses but will disrupt the balanced development of the two departments in social production. In the end, the economy will be caught in a malignant cycle and the economic effect on society will be greatly lowered. Under China's concrete conditions, the level of fund accumulation cannot be too high and therefore the speed of economic development cannot be too fast. We must take a new road which leads to a consistent and steady economic growth and which requires relatively less investment, produces relatively higher economic effect, and bestows relatively more substantial benefit on the people.

Furthermore, in order to upgrade the economic effect, we must also correctly understand and handle the relations between remuneration and treatment that are of a relatively equal level and raising economic efficiency. Remuneration and treatment that are of a relatively equal level for all concerned are the superior characteristics of the socialist system and we must insist on having these characteristics. At the same time, we must upgrade the efficiency rate, including the work efficiency rate and the labor productivity rate. This is indeed a rather complicated problem. In order to solve this problem, on the one hand, we must strengthen the ideological education of the workers so that people will maintain the correct posture of being the masters. This of course is very important. On the other hand, we must thoroughly implement the principle of "more work, more pay." Additionally, we must seek advanced technology which conforms to the conditions of the resources of our country and to our management and technological level. Only in continuously adopting advanced technology suitable to our use and greatly raising the labor productivity rate can we achieve a development of the various material production departments and nonmaterial production departments and offer more employment opportunities to the people.

2. We must assign an important place to the production of consumer goods and further reorientate the service direction of heavy industry. In carrying out this guideline, it will mean casting aside for a prolonged period of time the policy of the priority development of heavy industry. This will all the more demonstrate the purpose of socialist production. It concerns the development of agriculture, since over 70 percent of the raw materials of our light and textile industries are derived from agriculture. At the same time, the development of light industry requires the supply of machinery and equipment from the machine-building industry which is part of heavy industry, while the machine-building industry in turn requires various kinds of steel products from the metallurgical industry and heavy industry must also supply the fuels, transportation and certain kinds of raw materials. In this way, development of light industry not only can protect and ensure market supplies, increase exports and enhance financial receipts, but also provides the avenue for vigorous

development of the economy on all fronts. In the past, our prolonged and onesided development of heavy industry brought about an abnormal development of the production structure and caused an abundance of primary-grade and intermediate-grade products but a scarcity of end products and consumer goods. In order to gradually rationalize the production structure, agriculture must maintain its position and role as the foundation stone for the development of the national economy and must be vigorously developed. At the same time, during a certain period and under certain conditions, heavy industry still rates priority development. The development relations between the various departments may also be said to be dialectic. Which department under what conditions should have priority development and which department under what conditions should go slow in its development is entirely determined by the demand of a reciprocal conformity between the two great industrial departments. For the present, the area of service of heavy industry must be expanded and its direction of service must be readjusted so that heavy industry can serve the development of both agriculture and light industry, serve the technical restructuring of the various departments of the national economy (including heavy industry itself), and also serve national defense. It should not, as in the past, devote itself primarily to serving its own development needs and serving capital construction. For this reason, we must readjust the product structure and the technological structure of heavy industry.

It must be pointed out that in the classification of our industrial departments, the fuels industry is also part of heavy industry. But at present and for a considerable time in the future, our fuels industry and the communications and transportation industry are the two "short legs" in the development of the national economy. We must step up their construction and development. The target of the development of the national economy by the end of this century calls for a gross agricultural and industrial output value roughly four times the 1980 basic figure of 700 billion yuan, that is, around 2,800 billion yuan. To realize this target, hereafter the average annual growth rate of our industrial and agricultural production must be about 7.2 percent. However, for a number of years to come it will not be possible to considerably enhance the supply of energy in our country. Therefore, in order to maintain the necessary growth rate in industrial and agricultural production the utilization efficiency rate of energy must be raised and serious extravagance in energy consumption must be overcome. It is estimated that the heating efficiency rate of our stoves and boilers is low, that there is an excess consumption of 40 million tons of coal each year. It is also estimated that in the current power network of our country, if we can replace the medium-low pressure power generating units with heavy pressure generating units of 200,000 kw capacity we can save some 19 million tons of coal a year. Our lorries which use gasoline as fuel have a high gas-consumption rate and it is estimated that their surplus gasoline consumption exceeds 1 million tons a year. In our country the processing of 1 ton of crude oil consumes about 900,000 kilocalorie of energy. This is 50 percent higher than the world's advanced level. It is found that in our country the energy consumed per $1,000 of product output value is equivalent to 1.7 tons of "standard coal." This is higher than 1.28 tons in the United States, 1.20 tons in the Soviet Union, 0.71 tons in Japan and

0.54 tons in West Germany. Although we must take into account the disparities in production structure and product structure between the countries, it is apparent that we have huge latent potentialities in energy economy and in raising the energy utilization rate. In recent years, our energy industry's elasticity coefficient (energy growth rate compared with industry's annual growth rate) has dropped considerably. This is due to the readjustment of the product structure resulting in a reduction in the output of products which require a large consumption of energy in the production process. Now, in order to raise the energy utilization rate and effect economy in energy consumption, we must adopt the use of energy-saving equipment. Simultaneously with vigorously economizing on energy consumption and raising the energy utilization rate, we must devote utmost efforts to promoting the development of the energy industry and to increasing energy production. Only through employing these dual tactics can we change energy from being a restraining factor on industrial development to becoming a powerful supporting pillar to the growth of the economy.

The backward state of our communications and transportation has seriously blocked the movement of the national economy and has harmed production and consumption alike. Posts and telecommunications are included in the communications and transportation sector. The present state of our post and telecommunications enterprises is akin to that of the railroads, maritime transport, inland navigation and highway transport in that none of them are conforming to the development needs of the national economy. The backwardness of posts and telecommunications seriously impedes the raising of economic work efficiency. For example, at present the China mainland has only 1.31 million sets of automatic telephones, which is a much smaller figure than Taiwan's 3.36 million and Hong Kong's 1.8 million. Following the development of the national economy, both the production, supply and marketing activities of the enterprises and the various links of the expanded reproduction of society must depend largely on the daily expanding network of communications and transportation and posts and telecommunications for purposes of connection and liaison work. If in the course of economic operations the goods cannot flow smoothly and news cannot be communicated on a timely basis, then it will be impossible to develop specialized coordination and to raise the work efficiency rate. Strengthening the construction of communications, transportation, and posts and telecommunications constitutes an important condition for the vigorous development of commodity production and commodity circulation and the thorough eradication of the bondages of the natural economy. Communications, transportation, posts and telecommunications belong to the category of basic social enterprises. In our country, in the future various patterns of economic zones will be formed. These economic zones have as their center cities and towns which have attained different levels of the development but possess their own respective superior points and are economically rational. At the same time, the productive forces will be rationally distributed geographically. All these will have to depend on the appropriate and ultraforward development of the three basic enterprises of communications, transportation, and posts and telecommunications.

3. The principal measures of expanded reproduction will also have to undergo a strategic change. At present, by far the great majority of our industrial and communications enterprises are bothered by such symptoms as antiquated equipment, backward technology, poor facilities for tests and measurements, low quality products, scarcity in production varieties, a high consumption rate of energy and raw materials, and so on. This is principally due to our expanded reproduction activities in the past consisting mainly of measures of building new enterprises but neglecting for a prolonged period the technical restructuring of the enterprises already in operation. It is true that during the period of the formation of an industrialized foundation, the stress on building new enterprises is necessary. However, up to now we have already built some 400,000 industrial and communications enterprises, and relatively complete industrial system has been virtually organized. Their fixed assets have amounted to some 500 billion yuan. A portion of their equipment is also relatively advanced. It may be said that their material and technological foundation is fairly strong. Under such conditions, hereafter the principal measures in expanded reproduction will have to be the technological restructuring of the existing enterprises. In the past, the vast array of new enterprises consumed much of the capital investment but produced slow and inadequate results. The technical restructuring of the existing enterprises will require less investments but can produce relatively faster and better results.

As for the basic road of upgrading the productive force, the method of relying simply on increasing the number of workers as well as the supply of the means of production, or on rationally organizing the various factors contributing to the making of the productive force, has a limited possibility of achieving the desired objective. However, reliance on technical restructuring can effect an unlimited upgrading of the productive force. Only in continuously carrying out the technical rebuilding work can we continuously improve the quality of the products, reduce the consumption of raw materials and energy, increase the production capacity, weed out in time outdated products, ceaselessly create and introduce new products which conform to actual needs, and thereby continuously strengthen the lifeline of the enterprise.

Naturally, technical restructuring will continuously pose new demands on the production departments of the means of production. At present, one of the reasons why heavy industry, particularly the machine-building industry, cannot work to its full capacity is because of its being technically backward and incapable of tackling the available jobs. For this reason, technical restructuring not only will help to free heavy industry from its current state of not having sufficient orders but also provides a road for the vigorous development of heavy industrial departments such as the machine-building and metallurgical industries. After having gone through technical restructuring, the enterprises can provide society with more wealth and thus greatly expand the circulation of the means of production and the consumer goods. In turn this will help to enhance fiscal receipts and overcome current financial difficulties.

The realization of industrial modernization cannot divorce itself from the existing industrial basis and make a new start. On the contrary, we must concentrate on modernizing existing enterprises. And the technical restructuring of existing enterprises is precisely the road leading readily and swiftly to industrial modernization.

Taking an overall view of the situation, it is conceivable that for a short period of time, due to the actual needs of economic development, the principal measure taken may still be the building of more new enterprises. This is because new enterprises are still in the process of development and our industry still has certain gaps which need to be filled by new enterprises. As a matter of fact, our energy and communications and transportation sectors are now progressing with certain new construction items. This strategic turn is now just making a start. The major portion of our fixed asset investments is already tied up on certain imported large-scale projects and for the present we are unable to use this major portion of the funds on the technical restructuring of the enterprises. However, following the progress of the construction work, we shall gradually increase the funds available for these purposes.

4. For a prolonged period in the past, we followed a closed-door policy. This resulted in a dire state of our internal economic development being isolated from the world's economy. Now this state of affairs is being changed into actively promoting international exchange so that by means of international exchange the development of our internal economy can be promoted. Our closed-door policy in the past was due to various complex causes of a historical origin. After liberation, we were encircled by the imperialist powers and suffered from an economic blockade. It was obviously impossible to develop any economic relations with them. What we could do at that time was to open our doors to the Soviet Union and the East European countries. Subsequently, the Soviet Union broke our trust, blockaded us economically and threatened us with the use of force. It was of course impossible to open the doors to them any more. Since the third plenary session of the 11th CCP Central Committee, conditions on the international front have undergone an important change, while within our country we have shaken off the "leftist" erroneous guiding thought and modernization is now in progress. Under such conditions, our open-door policy is a beneficial one and will not be changed.

Our country is short of capital funds. Our technological level is low and our management level is likewise of a low calibre. However, we have relatively plentiful resources. In order to step up modernization, we must promote international exchange on the basis of equality and reciprocity. We should actively utilize foreign capital, introduce and import advanced technology and equipment which are suitable to our use. All this should be capable of reinforcing and not reducing our country's capability of self-reliance and self-regeneration. We must export our traditional products, machinery and electrical products and all other exportable goods. We must continuously improve the designs and structure of our products for export. Because of our lack of experience in the development of international exchange, for a period of time previously we laid particular stress on importing from foreign countries whole sets of equipment but failed to

pay any attention to the purchase and acquisition of the relevant technology and designs, diagrams and charts. This was eminently disadvantageous to the healthy development of our country's industry. After more than 30 years of construction, the industry of our country has already acquired a fairly strong foundation. In developing our external economic relations, we must protect the development of our own industry. We must continuously sum up experiences in this connection.

5. Concerning the development of the two categories of resources, namely, material resources and intellectual resources, in the past we concentrated on the former. Hereafter, we should combine the development of both and place the development of intellectual resources in an important position. The insufficient attention paid to the development of intellectual resources in the past has adversely affected the economic development of our country. Man is the most important element of the productive force. Man's intellectual conditions and the extent of his grasp of science and technology have a decisive significance on the development of the modern productive force and the organization and control of an enormous productive force. The experience gained in the development of the productive force in various countries has amply showed that opening up the intellect has played an increasingly important role in economic development. For this reason, opening up of the intellect is the basic plan for upgrading our country's technological level, production level and management level. Because of the large population of our country, opening up of the intellect is subjected to a host of complex social conditions, and the realization that any such change will necessarily take a rather prolonged period of time. Fortunately, a start has now been made. Thus, while due to fiscal deficits investments on various other lines have been cut, investments in scientific education have increased.

The various patterns of the strategic turn mentioned above have penetrated well into the guiding thought over the upgrading of the economic effect. In order to truly carry out this change, it will still be necessary to institute a control system which conforms to the character of the socialist planned economy. Facts have clearly showed that the direction of reforms in the economic system of our country over the past 2 years has been a correct one and that major results have been achieved. At present, we are making a summary of the experiences of the reforms carried out in the trial points over the previous period and are studying an overall plan and program for the reform of the economic system. In fact, the reform of the economic system constitutes an important guarantee for the success of the strategic turn in economic development.

The smooth progress in effecting the strategic turn in economic development can possibly lead to our country extricating itself from the current economic difficulties, maintaining a stable economic growth rate, gradually rationalizing the economic structure, achieving relatively larger economic benefits, and step-by-step improving the people's standard of living. In this way, the superiority of socialist planned economy can be even further demonstrated.

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'JINGJI YANJIU' ON TWO BENIGN AGRICULTURAL CYCLES

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[Article by Liu Zhongyi [0491 0022 0001] and Liu Yaozhuan [0491 1031 0278] of the Agricultural and Forestry Water Conservancy Bureau under the State Planning Commission: "Realize the Two Benign Cycles in Agriculture"]

[Text] 1. Realizing the Two Benign Cycles in Agriculture Is a Policy for Effecting a Permanent Cure for China's Agriculture

Agriculture is the foundation on which human society relies for existence and development. Ours is a country with a population of 1 billion which has a fairly low level of economic development. The tasks confronting agriculture are very arduous. In the near and intermediate future, China's agriculture must ensure enough clothing and food for its population of 1 billion people, effect a gradual improvement in the living standards of the people and basically suit the requirements of the readjustment and steady development of the national economy; in the 1990's to the turning of the century, it must ensure fairly remarkable improvements in the living standards of the 1.2 billion people throughout the nation and provide the necessary guarantee for the fairly rapid development of the national economy and for the smooth accomplishment of the four modernizations. We hold the opinion that to meet this requirement, it is necessary to try hard to base our agriculture on the two benign cycles in an orderly manner. This requires that in the process of development of social production, agriculture must be a benign economic cycle and in the process of the growth and multiplication of the natural world, agriculture must be a benign material cycle. Doing things in this way is the demand of objective laws, the urgent need of the present development of our agriculture and at the same time, also an important content and major goal of China's agricultural modernization program.

Seen from the requirements of the objective laws of agricultural production, the major characteristic of agricultural production is that it is quite closely related to the natural environment. Biological production is taken as the foundation in agricultural production. Living animals and plants are the main objects of labor, land is the basic means of production and such natural factors as water, air, sunlight and heat constitute basic production conditions. The essence of agricultural production is that

people utilize the functions of animals and plants to change the matter and energy in the natural environment into agricultural products which are useful to the people. Therefore, the transformation process of matter and energy between living things and the environment, that is, the state of ecological conditions, has a decisive bearing on agriculture. A primitive ecological cycle is basically a closed self-cycle. If there are no significant changes taking place in external conditions, this cycle is basically a permanent and constant benign cycle. The aim of agricultural production is, on the basis of a natural ecological cycle coupled with artificial factors, to accelerate or change the process of a ecological cycle so that it can change into more farm produce and animal husbandry products at a certain time and meet the needs of the existence and development of mankind. This reproduction process of natural matter is also a reproduction process of the social economy. The input and output in the rural economy is a constant transformation process between natural matter and energy. A benign cycle in the rural economy means ensuring a sustained and steady supply of increasingly rich agricultural products. Obviously, this can only be achieved on the basis of a benign ecological cycle. Seen from the common process of agricultural production, at present, the so-called artificial factors refer mainly to five aspects: 1. The importing of matter and energy (such as water, fertilizer, chemical insecticides and electricity) from outside a certain environment; 2. Changing the original biocommunity structure and biological varieties within a certain environment (for instance, changing the structure of the planting industries and of animal husbandry and improving varieties and breeds); 3. Within a certain environment, building up farmland projects of all types and changing the environmental conditions within the environment (for instance, building dams and so on); 4. Increasing the population and the load on a certain environment; and 5. Carrying agricultural products out of a certain environment and reducing the matter and energy within the boundaries of the environment. While exerting these sorts of influence on the natural ecological conditions, if people can follow the laws governing the ecological cycles, on the one hand they will be able to wrest a huge quantity of material wealth from nature and on the other, be able to bring about a permanent and constant benign cycle in agricultural natural reproduction. Otherwise, a malign cycle, both ecological and economic, or even a vicious cycle will emerge.

Judged from the actual conditions of China's agriculture, at present, there are quite a few economic and technical problems calling for solution. Henceforth, there will be further tasks and goals and many problems which are related to the realization of the two benign cycles in agriculture. Therefore, in a long period of time in the future, the strategic goal of developing our agriculture must be to effect the two benign cycles.

China's agriculture, in both ecological and economic terms, has for many years, been in a state of a nonbenign cycle. Before the founding of new China, agriculture was in a state of a vicious cycle where the natural forces were continually exhausted and the economy increasingly languished. After the founding of new China, tremendous achievements were made in the rural economy and a lot of work was also done in the field of transforming the ecological conditions. However, it is justified to say that the ecological conditions in agriculture are not yet fundamentally managed or

ordered and furthermore, they were worsening to some extent in certain fields, thus restricting the sustained development of the rural economy. Causes for this state of affairs are multifaceted. As far as agricultural production itself is concerned, the long-standing negligence in ensuring an all-round development of agriculture, forestry, animal husbandry, sideline occupations and fishery is an important cause. To ensure an all-round development of agriculture, forestry, animal husbandry, sideline occupations and fishery, it is necessary to fully utilize the various natural resources in ways suited to local conditions and follow the laws governing the transformation of matter and energy in the ecological conditions so that the various branches of agriculture can promote each other and develop in a coordinated way. This will enable us to wrest various sorts of products on the one hand but what is of more far-reaching significance, it will enable us to build and maintain a sound ecological situation in agriculture and lay a foundation for the smooth development of agricultural production. In the past, we failed to have an adequate understanding of this point in our guiding ideology in developing agriculture. Grain is the most fundamental means of subsistence and it is undoubtedly very important to firmly grasp grain production. However, while following the requirements of the laws governing ecological balance, the steady development of grain production can be ensured. Practice has proved that attending exclusively to immediate interests and losing sight of long-term interests and obtaining grain at the expense of the harmony of ecological conditions will inevitably bring about harmful effects to the whole of agricultural production and also cause harm to grain production. Before the third plenary session of the 11th CCP Central Committee, because of the one-sided implementation of the principle of "taking grain as the key link," while developing grain cultivation, many localities did not hesitate to disrupt the diversified economy production conditions and did not hesitate to disrupt the diversified economy production conditions and did not hesitate to plunder soil fertility. As a result, production conditions in agriculture increasingly worsened, costs of grain production became higher and higher, the growth rate for production output fell and fell, economic effect dropped and food problems remained unsolved. In 1978, the national average per capita amount of grain output was only 22 jin more than in 1956, the annual average increase being only 1 jin. In the last 2 years, some increases were obtained in this respect but they were both quite limited and unstable. The 1980 national average economic results yielded by 1 yuan worth of funds dropped from 4.37 yuan in 1956 to 2.88 yuan. According to a sample survey of 339 production brigades, conducted by the departments concerned in 1979, every mu of cultivated land needed on average an investment of 34.3 yuan while the production funds reserved by the production teams averaged 10.34 yuan per mu, no more than one-third of the required amount. It can thus be seen that the problems existing in the rural economy are quite serious. At present, generally speaking, China's agriculture is still in a stage of relative passivity. The places which are by and large in a state of the two benign cycles constitute a small proportion and most regions are in a state between a benign cycle and a malign one. Failure to attach importance to this state of affairs will lead to a malign cycle.

From now on, realizing the two benign cycles must be the major goal to be attained in modernizing agriculture. The higher the level of development of the productive forces in agriculture in carrying out agricultural production, the greater the impact of the artificial factors on the natural ecology will be. In the process of the agricultural modernization program, all the agricultural engineering measures, agricultural biological measures and agricultural economic measures which are put into the process of agricultural production will produce a great impact on the ecological conditions of agriculture. Therefore, a careful study and forecast should [include] every aspect of ecological and economic effects. In so doing, more artificial factors which tally with scientific laws can be put into the agricultural reproduction process and more and better agricultural products can be produced. In this sense, it can be said that realizing the two benign cycles is a policy for effecting a permanent cure for China's agriculture.

2. Major Reasons for the Long-Standing Failure to Effect a Benign Cycle in China's Agriculture

The reason why we have failed to effect a benign cycle in our agriculture for many years, apart from the basic vicious cycle left over by the old society and judged from the situation since the founding of new China, lies mainly in the following five situations and problems:

1) The level of the productive forces in agriculture is fairly low. Our country covers a vast area of land but its cultivated land constitutes only a little more than one-tenth of the total area of its territory. Every person has, on average, 1.5 mu of land. In addition, wasteland resources which it is feasible to cultivate are fairly limited. Our country has an immense labor force in the countryside but the level of its culture as well as science and technology is low and its level of technology and equipment is also very low. In 1980, on average, of every 10,000 people of the agricultural population, only 3.8 were agro-technical personnel. The average value of fixed assets equipment for each agricultural labor force was only 300-odd yuan, far lower than the level of agriculturally developed countries. This resulted in the fairly low labor productivity in our agriculture. The amount of grain produced by every agricultural labor force was, on average, the same as that in 1957; that is, it remained about 2,000 jin. The per unit area yield was relatively low and the per mu yield of grain was one-third to one-half less than that of such countries as the United States of America, Britain, France and Japan. The commodity rate of agricultural products was also very low. The output value of commodities accounted to only about one-third of the output value of agricultural products. Agriculture in China is still in a backward state where 800 million people are engaged in grain cultivation. In making a living they basically depend on nature.

2) The level of the productive forces in agriculture is very low and moreover, the load on agriculture is very heavy. First, it must feed a huge population. At present, 80 to 85 percent of the daily necessities of China's population totalling 1 billion people is farm produce and sideline

products and goods processed from them. Furthermore, the living standard of our people at present is still very low. The level of average per capita consumption of grain, meat and sugar in our country is only four-fifths, two-fifths and about one-tenth respectively of the world average level. These levels need to be further raised. Second, agriculture ought to provide the industrialization program with funds and foreign exchange. In the last 30 years, our agriculture has provided the country with a huge amount of funds through the scissors difference between industrial and agricultural products and 60 percent to 90 percent of the foreign exchange needed by industrial construction is gained through exporting farm produce and sideline products and goods processed from them. Besides, agriculture still must supply raw materials for the development of light industry. Agriculture supplies 70-80 percent of the raw materials for light industry. Arduous production tasks more often than not make people exclusively take immediate interests into account at the expense of ecological balance and long-term interests.

3) The agricultural production structure is irrational. Of China's 14.4 billion mu of territory, grassland constitutes one-third and land suitable for forestry over one-fifth and in addition, our country includes 400 million mu of freshwater rivers and lakes and over 1 million square nautical miles of sea area. All these constitute vast areas for developing forestry, animal husbandry, sideline occupations and fishery. However, our 800 million peasants carry out production mainly in the 1.5 billion mu of cultivated land and what is more, they are basically engaged in grain cultivation. In the composition of the total value of agricultural output, the output value of forestry, animal husbandry, sideline occupations and fishery added together in the 1950's basically did not exceed 20 percent and that in the 1960's and the mid-1970's did not surpass 30 percent. It was not until the last 2 years that the total sum of the output of forestry, animal husbandry, sideline occupations and fishery slightly exceeded 30 percent. In the last 30 years, in the internal sectors of the planting industries, the area sown with grain crops has constituted over 80 percent of the total acreage under cultivation and it was not until the last 2 years that the area sown with industrial and other crops topped slightly more than 20 percent. This production structure of comparatively one-crop farming is not suited to the situation where our agricultural natural resources are multifarious, not suited to the social and economic conditions in which China has an abundant labor force but little arable land and not suited to the situation where the national economy and the needs of the people's livelihood are many and varied. This agricultural production structure which is mainly a single-product economy cannot create the two benign cycles.

4) The country has a weak economic foundation, the communes and their subdivisions are relatively poor, the income of the peasants is meager and the ability to change the production conditions in agriculture, to raise the productive forces in agriculture and expand agricultural reproduction is comparatively poor. The average per capita income of our country is only about $230, much lower than the level of most of the countries in the world. The 1980 national average income of every peasant from collective distribution was only 86 yuan. This sum coupled with the income from sideline

production totalled merely 100-odd yuan. The accumulation funds of every production team in 1980 averaged less than 1,000 yuan. The financial and material resources of the nation and the communes and their subdivisions used in changing the ecological conditions in agriculture, promoting rural economic development and realizing the two benign cycles are all fairly limited.

5) Some economic policies and rural policies are inappropriate. This is manifested in the following four aspects: a) Efforts have been one-sidedly concentrated on a high speed in industrialization and agriculture was for many years squeezed out by heavy industry and the principle of "taking agriculture as the foundation" has not been earnestly and persistently upheld. In the last 30 years, heavy industry has increased by 9,000 percent, light industry 2,000 percent and agriculture only 280 percent. The proportional relationships between agriculture and light industry on the one hand and heavy industry on the other have been serious. b) The "national program for agricultural development" was one-sidedly implemented and for a long time, "reaching the targets set by the national program for agricultural development" in grain yield was regarded as the only criterion in checking on rural work and even taken as the major manifestation in judging whether or not a correct line was being carried out. Furthermore the developing of a diversified economy was repudiated as a capitalist tendency. c) The principle of "in agriculture learn from Dazhai" was lopsidedly carried out, a production structure model which put sole stress on grain production was set up as a pattern which ought to be followed by the whole nation. d) The reaction of the relations of production on the productive forces was unduly stressed and exaggerated. In the last 30 years, excessively frequent changes have been made in the relations of production. Moreover, since the latter half of 1956, every change in the relations of production has been accompanied with errors of being overanxious and excessively "leftist," thus dampening the enthusiasm of the peasants. All these factors are detrimental to the establishment of an agricultural production system characterized by the two benign cycles.

What we have mentioned above are the major reasons why at present we have failed to effect the two benign cycles. They are also problems demanding proper solution in striving for the future realization of the two benign cycles.

3. Proceed From Actual Conditions and Gradually Solve Key Problems in Realizing the Two Benign Cycles

To put agriculture onto the orbit of the two benign cycles, in terms of macroeconomic decisions, it is necessary to put agriculture in a proper place in the national economy, gradually readjust the agricultural production structure well, vigorously raise the level of the productive forces in agriculture, enthusiastically expand rural production prospects and reinvigorate the rural economy. However, to solve these problems, it is imperative to proceed from the actual conditions of the overall situation of the national economy. Only when a certain growth rate is maintained in agriculture, can normal social and economic life be ensured. That is to say, at present our agriculture is still fairly weak. While shouldering

heavy tasks and receiving limited financial and material aids from the state, it has to embark on the road of the two benign cycles in a slow and steady way rather than try to reach the goal at one step. In the structural reform of agricultural production, at the beginning, no unduly great changes must be attempted. Some plans are rational in terms of the long-term results but exert too great an effect on immediate needs. So they are also infeasible. Our policy must be that while developing production, ensuring supplies and stabilizing the overall situation of the national economy, it is necessary to adopt positive and reliable measures and solve key problems in effecting the two benign cycles. For this purpose, it is necessary to:

1) Enthusiastically carry out the principle of "taking agriculture as the foundation."

As early as the 1950's and the early 1960's, Comrade Chen Yun repeatedly stressed the importance of agriculture. He pointed out that China's agriculture has a great binding force on the scale of economic construction. The rural economy is predominant in our country and agricultural production has a great bearing on the state's financial revenue. The question of agriculture and of the market is of vital importance to the well-being of more than 500 million peasants and over 100 million urban dwellers. Thus it is a problem of the people's livelihood and its solution must become an important national policy. These ideas of Comrade Chen Yun are still of great immediate significance in directing the present economic construction. At present, no fundamental changes have taken place in the situation of our agriculture. The foundation role of agriculture needs to be strengthened. The problem is how to strengthen agriculture, this foundation of the national economy. We hold that what is fundamental in strengthening agriculture, this foundation, is to help agriculture attain the capacity to expand reproduction and to realize an economically benign cycle. Practice in the past long years has proved that if agriculture itself lacks a motive force and strength, it is difficult for agriculture to grow and flourish by relying exclusively on the limited external aids. Undoubtedly, it is still necessary in future for the state to increase its assistance to agriculture as far as possible, but, what is more important at the present stage is to gradually lighten the excessive load on agriculture. Efforts can be exerted in the following fields: It is necessary to do a good job in family planning to avoid the excessive growth of population which will continue to add weight on the load of agriculture; it is necessary to place the growth rate and scope of industrial production, capital construction, social development and improvements of the people's livelihood within the limits of the capabilities of the load on agriculture; it is necessary for all professions and trades to substantially support agriculture and increase the capacity of agriculture to expand reproduction in every possible way; it is necessary to allow the rural areas to develop comprehensive operations combining agriculture, industry and commerce and create necessary conditions for the prosperity of the rural economy. In a long-term point of view, in light of its financial capabilities, the state should readjust the price parities between industrial and agricultural products in an orderly way and further narrow the price scissors between industrial and agricultural products.

2) Adopt positive and reliable measures and readjust the agriculture production structure.

The conditions of natural resources of our agriculture has determined that we must change the previous relatively unitary agricultural production structure into a setup of concurrently grasping agriculture, forestry, animal husbandry, sideline occupations and fishery and developing a diversified economy in an overall manner. We must not only put the limited cultivated land to good use but also fully and rationally utilize the mountainous areas, grasslands as well as rivers and lakes. We must encourage the growing of woody grains and oil-bearing crops in the mountainous areas and animal protein on grasslands and in the rivers and lakes. It is also necessary to bring the strong points of the abundant agricultural labor force into full play and energetically develop various sideline occupations and industrial crops. This is a major decision which should be adopted to ensure the realization of a benign cycle in our agriculture and to enable our agriculture to meet the diverse social needs. However, while readjusting the agricultural production structure, the following three questions call for proper solution:

1. How do we treat the question of ecological balance? In our opinions, the past practice of plundering natural resources in total disregard of the laws governing natural ecological cycles is wrong and must be resolutely checked and corrected. However, we must not think that we have to passively adjust to the existing ecological balance relationships in the natural world rather than change them. We advocate that we must adopt a positive attitude, give full play to the dynamic role of mankind in production and construction and fully and rationally transform and utilize nature. Some existing conditions of ecological balance in the natural world can be broken and replaced with a newly established balanced relationship. It is necessary to combine the exploitation and utilization of the natural resources with the protection and cultivation of the natural resources. In regard to the previous cultivation of land and felling of trees which disrupted the ecological balance and is still now continuing to cause soil erosion and worsen production conditions, it is necessary to take drastic measures and resolutely return reclaimed land to forestry, to animal husbandry and to fishery. As for the reclaimed wasteland or completed farmland projects which have produced certain results but at the same time caused some disadvantageous effect on the natural surroundings, it is necessary to proceed from the fait accompli and take appropriate remedial measures rather than make a hasty decision to indiscriminately return reclaimed land to the original condition.

2. How do we evaluate the economic effect? In readjusting the geographical distribution of agricultural production in light of the principle of suiting measures to local conditions and bringing the strong points into play, the central goal is to suit the agricultural production structure to the natural conditions and proceed to improve the economic effect of agricultural production. However, in practice such questions as what strong points should be brought into play and what kind of economic effect is regarded as good economic effect are not necessarily clear at a glance. For instance, handicapped by a lack of ability to understand nature, people frequently

fail to exploit the natural resources in a rational way. Although they can also achieve some effect, this is done at the expense of the long-term and overall economic interests. For another example, the inappropriate economic policies and the misuse of economic levers may bring economic benefits to some quarters or sides concerned but the whole may suffer losses from this. For instance, the purchasing policies and prices formulated by the state and local governments for flue-cured tobacco and rapeseed enable the peasants to achieve economic benefits. Therefore despite the relative overproduction of flue-cured tobacco and rapeseed at present which has brought economic losses to the state, the peasants are still continuing to expand the area sown with flue-cured tobacco and rapeseed. It can thus be seen that in readjusting the agricultural production structure and improving economic effect, it is imperative to have an overall point of view and take long-term interests into account. It is necessary to carry out the readjustment of the agricultural production structure and the improvement of the economic effect under the guidance of overall state plans. At the same time, it is necessary to adopt economic policies and measures so that the state, the collective and the individual can achieve relevant economic benefits on the basis of developed production and the agricultural production structure can promote the formation of a benign ecological cycle in agriculture.

3. How do we properly handle the relationship between grain and industrial crops? Over the last 2 or 3 years, in order to realize a benign cycle in agriculture, it has been completely necessary to take various measures to develop a diversified economy. But, because the purchasing prices for industrial crops are high and industrial crops have a great role in promoting the development of local industries and increasing financial revenue, the localities, the communes and their subdivisions and the peasants have had soaring enthusiasm for expanding the area planted to industrial crops but lack due enthusiasm for grain cultivation. The area sown with grain crops in 1981 was 110 million mu less than in 1978 and now there is still a trend of continued decrease. We maintain that in order to readjust the agricultural production structure, it is necessary to appropriately reduce some areas sown with grain crops, but grain is still of great significance affecting the whole situation of the national economy. The problem of grain production in our country has not yet been completely solved. Therefore, it is not allowable, even in the slightest degree, to slacken grain production. China's 1980 average per capita production amount of grain was much lower than the world average level. Seen from the purchase and allocation of commodity grain, the number of provinces and regions handing over commodity grain to the state is becoming smaller and smaller and the volume of transferred commodity grain is falling. However, the provinces and regions which asked for state grain allocation are increasing in number and the volume requested is getting bigger and bigger. Compared with 1977, in 1980 the volume of commodity grain handed over to the state by the various provinces and regions showed a decrease of 44 percent and the volume of commodity grain allocated by the state increased by 68 percent. In order to develop industrial crops, some provinces and regions which have for years sent grain out also asked that the volume of grain which was to be turned over to the state be reduced or remitted and even asked for a state grain allocation.

This state of affairs warrants attention and must be studied and solved in real earnest. Seen from the strategic layout in agriculture, regardless of whether it is the whole country of a province, they must expand the area sown with industrial crops, with a precondition of ensuring the steady development of grain production. Apart from a small number of provinces, municipalities and regions which have special conditions, the great majority of the provinces and regions, while managing to be self-sufficient in grain or to be more than self-sufficient in grain, must readjust their own agricultural production structure.

3) Proceed from actual conditions and, in the near future, rely mainly on tapping potential in raising the level of the productive forces in agriculture.

Substantially raising the level of the productive forces in agriculture is a vital question in realizing the two benign cycles. From a long-term point of view, it is necessary to strongly carry out various types of agricultural construction, change the production conditions in agriculture and improve agricultural ecological conditions. From the present actual conditions, in the near future, it is necessary to exert our efforts in the following fields and rely mainly on the internal branches of agriculture in raising the level of the productive forces in agriculture.

First, laborers engaging in agriculture are the foremost and decisive factors in the productive forces in agriculture. It is imperative to correctly implement the party's rural policies and bring into full play the enthusiasm pooled in the hundreds and millions of peasants so that it can be turned into a tremendous productive force. The rural policies carried out since the third plenary session of the 11th CCP Central Committee have greatly aroused the vast numbers of peasants. On the basis of upholding the socialist road and the principle that the system of public ownership of the means of production will not change for a long time, the enthusiasm of the commune members for becoming prosperous through individual labor has been brought into play. This is completely necessary under the present situation where the level of our agro-technology and equipment is fairly low, agricultural production is done mainly by hand and the managerial skills of the collective economy are still not superb. It will play a great role in promoting the development of the productive forces in agriculture. But from a long-term point of view, raising the level of the productive forces in agriculture by relying mainly on the enthusiasm of becoming prosperous through individual labor is, after all, limited in extent. From now on, along with the readjusted rural economy and the improved managerial skills of the collective economy, more attention must be paid to leading the peasants to further develop the collective economy on a new basis so as to quicken the pace of embarking on the road of common prosperity.

Second, give full play to the role of the existing material base. Agricultural engineering facilities, agro-technology and equipment and important goods and materials for farm use constitute the important component parts of the productive forces in agriculture. Although China's agriculture has laid a certain foundation in this respect, the role of the existing material base has not been brought into full play and there is still immense potential in this respect. For instance, some slight improvements in existing

large-sized irrigation districts will possibly expand the area under irrigation by tens of millions of mu; the utilization rate of the existing more than 200 million horsepower of equipment for rural use is only about 20 percent; the absorbtion utilization rate of the significant components of the 50 million tons or more of chemical fertilizer applied annually is only around 30 percent, and so on. Only when these potentials are brought into full play, can the level of the productive forces in agriculture be tremendously raised.

Third, rapidly turn the existing scientific research achievements and scientific and technological forces into a practical productive force in agriculture. It is first necessary to exert Herculean efforts to popularize the application of the existing scientific research findings. According to an estimate by the departments concerned, China has succeeded in 5,700 agricultural scientific research projects but only about one-third of them have been applied and spread in agricultural production. Henceforth, while pooling our efforts to tackle key problems existing in our agricultural production, it is necessary to devote great efforts to popularizing the existing several thousand projects of scientific research findings. At present, first of all, enormous efforts should be made to popularize the scientific research findings which can produce marked results in increasing the per area unit yield. This is an important way which requires less money but promises greater economic effect and is in a position to raise the level of the productive forces in agriculture. Second, it is essential to strengthen the organizational work of the scientific and technical research ranks, to organize the various existing agricultural scientific and technological forces and form a nationwide agricultural scientific and technological center so authoritative in academic and organizational leadership terms that it can shoulder the tasks of taking the whole situation into account and making overall plan, offer leadership to all quarters and sides concerned, organize cooperation, appraise results and supervise the popularization work. The various professional fields and provinces, municipalities and regions are encouraged to correspondingly set up their own scientific and technological centers. In this way, our agricultural scientific research work will be able to achieve results at an earlier time and a practical productive force can take shape at a relatively rapid pace.

4) On the basis of energetically developing agriculture, ensure the gradual development of the comprehensive operations combining agriculture, industry and commerce. This is of strategic significance in leading the rural economy to a benign cycle and to changing the appearance of the countryside.

In the past, China's countryside only provided the cities and industry with grain and raw materials, the operational scope of the rural economy was quite narrow and furthermore, the purchasing prices for agricultural products as raw materials were low but the prices for industrial processed goods were high. As a result, the economic benefits to the peasants were poor, the accumulation of the communes and their subdivisions was meager and the capacity to expand reproduction was very weak. This is an important reason for the failure to realize the two benign cycles in the rural economy. On the basis of significantly developing agricultural production, rural

communes and their subdivisions must, in future, be allowed to run some processing industries using agricultural products as raw materials and to engage in material exchanges between the cities and the countryside. Doing things in this way will help redistribute some of the profits yielded through processing and marketing farm produce and sideline products among the peasants. This is very important to the realization of a benign cycle in the rural economy. In developing the commune and brigade-run processing industries, it is necessary to base oneself on local resources and develop more processing industries using farm produce and sideline products as raw materials. Therefore, the base must be substantially developing the production of agriculture, forestry, animal husbandry, sideline occupations and fishery to develop the commune and brigade-run industry and commerce. Only by so doing can rural industry and commerce as well as transportation have a solid material base.

At present, the processing industries using farm produce and sideline products as raw materials are concentrated mainly in big and medium-sized cities. In developing processing industries, the rural areas may vie with big industry for raw materials. In the present situation where the supply of agricultural raw materials falls short, first priority must be given to the needs of existing big industries. Big industries must build an integral relationship with the sources of raw materials so that the sources of raw materials can get certain economic benefits. However, judged from the rational geographical distribution of the economy all over the nation and the comprehensive economic effect, it is still suitable to arrange in a decentralized way a great number of labor-intensive processing industries which use the products of agriculture, forestry, animal husbandry, sideline occupations and fishery as raw materials in medium and small-sized cities and towns which are close to the sources of raw materials. It is no longer allowed to crowd into big and medium-sized cities and places which are not sources of raw materials and build new factories there. We deem that, judged from a long-term and strategic perspective, it is essential to take the form of comprehensive or joint operations combining agriculture, industry and commerce and gradually expand the operational scope of our vast countryside by relying on the rural collective economy and state-run agricultural, forestry, animal husbandry and fishery enterprises. This development orientation must be upheld.

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'JINGJI YANJIU' ON NATURE OF CHINA'S CONSUMPTION

HK211017 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 5, 20 May 82 pp 13-17

[Article by Wang Haibo [3076 3189 3134]: "Characteristics of China's Socialist Consumption Mode and Factors Which Determine This Mode"]

[Text] In order to provide an explanation of the characteristics of China's socialist consumption mode, it is necessary, first of all, to analyse the factors which determine these characteristics. The level, structure and manner of consumption are first determined by the level of productive forces. At the same time, they are also determined by the relations of production in a society. However, for a long time, in academic circles there has been a viewpoint which excludes the social relations of consumption from the social relations of production, thus the former is also excluded from objects of study in political economics. Now, it seems that this viewpoint is not correct. Of course, the level, structure, and manner of consumption by people reflects the level of development of productive forces, and thus reflects the relationship between mankind and nature. In this regard, although this is an object of the study of economic science, it is not an object of the study of political economics. But as a link in the general process of social production, consumption, besides reflecting the relationship between mankind and nature, also reflects the social relationships between people, as do other links (including direct production, exchange and distribution) in the general process of production. These relationships are a component of the general relations of production. They are therefore objects of the study of political economics as well. It can be seen that the basic factors that determine a consumption mode are productive forces and relations of production. Moreover, factors such as population, nature, history and nationalities also greatly affect a consumption mode. What we want to discuss in this article is how these factors determine and affect China's socialist consumption mode, so as to expose the characteristics of this mode.

I. Though the antithesis between the poor and the rich has been eliminated, some diverse and complex differences still exist and differences in some aspects are fairly large. This is one of the characteristics of China's socialist consumption mode.

The basic character of capitalist consumption mode is the antithesis between the poverty of the proletariat and the wealth of the bourgeoisie. This antithesis has not been and cannot be eliminated in many developed capitalist countries, though in recent years the living standard of the proletariat there has been obviously improved. Since the socialist system was established in China, the bourgeoisie as a class has perished. Thus the foundation of the antithesis between poverty and wealth has been eradicated. But this does not mean that there is no difference in living standard between socialist laborers. The problem is that, for a long time, some people have just regarded this difference as an outcome caused by the implementation of the principle of distribution according to work. They have not attached importance to making a comprehensive analysis of the various factors causing this difference. As a matter of fact, the causes of this difference are very complicated.

First, the main characteristics of socialist ownership forms at the present stage include the following three points: 1) There are socialist state ownership and collective ownership by the laboring masses. The difference in living standard between laborers in different state-owned enterprises or inside the same enterprises owned by either the state or collectives is, without doubt, related directly to the implementation of the principle of "to each according to his work." But the difference in livelihood between laborers in state-owned enterprises and those in collective enterprises and between laborers in different collective enterprises, cannot be directly linked with the implementation of the principle of "to each according to his work." This is because under the conditions of state ownership and collective ownership coexisting, laborers in state-owned enterprises and laborers in collective enterprises cannot jointly participate in production and distribution as well as laborers in different collective enterprises. In this case, the function of the law of distribution according to work is still greatly limited. This prevents the realization of what Lenin said: "The entire society will become a management office and a factory where there is equal pay for equal work." Therefore, the radical cause of the difference in living standard between laborers in state-owned enterprises and laborers in collective enterprises and between laborers in different collective enterprises is the existence of two systems of socialist public ownership. 2) At the present stage, enterprises under the socialist state ownership system are still relatively independent commodity producers. Each state-owned enterprise not only needs to achieve an income corresponding to the fruits of its labor (after the state has deducted its due amount), but also needs to achieve an income corresponding to the results of its business (also after the state has deducted its due amount). Therefore, the difference in living standard between laborers in different state-owned enterprises, though being determined mainly by the principle of distribution according to work, is also related to the position of these enterprises as relatively independent commodity producers. The current economic management system characterized by the fact that power is highly centralized and administrative measures play a main role in management is not suited to this character of the state ownership system. Thus this point is still not clear now. But, along with the accomplishment of system reform, enterprises will be provided with larger decision-making power under the guidance

of state plans, and this point will become clearer and clearer. 3) Agricultural collective ownership system is now associated with household sideline occupations of commune members. For a long time in the future, the income from household sideline occupations will remain an important part of commune members' income. In spite of the fact that these sideline occupations are a necessary supplement to the socialist economy and the income from these occupations is commune members' income from their work, they are still a vestige of individual private ownership and do not fall within the range of socialist public ownership. The distribution of income from them does not fall within the range of distribution according to work. The difference in living standard between members caused by this fact has no relation to the implementation of distribution according to work.

Second, diversified operation forms and diversified socialist payment forms. The socialist operation forms are determined by the socialist ownership system, while the socialist payment forms are determined by the socialist principle of distribution according to work. However, some socialist operation forms can properly embody the socialist ownership system, others cannot perfectly do this; some socialist payment forms can properly embody the socialist principle of distribution according to work, while others cannot perfectly play such a role. The former conditions are advantageous to increasing the income of economic units, but the latter conditions cannot bring this benefit to them. Therefore, the socialist operation forms and the socialist payment forms, though being based on the socialist ownership system and the principle of distribution according to work respectively, can, once they are shaped, constitute some independent factors which can affect the income level of laborers and cause differences in their living standard. The situation of the state-owned economy in the last 2 years shows that many enterprises are still operating in the old manner, but quite a few enterprises have embarked on system reform, and their decision-making power has been enlarged with the practice of profit retention. Practice has proved that different operation forms can result in differences in laborers' income. This can be seen after many enterprises introduced different forms of economic responsibility systems. As regards the difference in laborers' income caused by different payment forms, this can obviously be seen even in a state-owned enterprise. Thus the above argument is also suited to the conditions of the collective economy.

Third, imbalance in the growth of productive force is also an important factor in determining the level of laborers' consumption. After entering the communist society in the future, the growth of productive forces in various areas, though still being unable to maintain the same level, will not effect a difference in laborers' livelihood, because perfect public ownership by the whole society and the principle of "to each according to his needs" will then have been realized. But under the conditions of the socialist public ownership system and when the principle of "to each according to his work" is in force, the difference in the growth level of productive force between different areas can exert a major influence on the living standard of laborers. In China, this is obviously reflected in the differences between urban areas and rural areas, between economically developed areas and underdeveloped areas and between coastal areas and remote areas.

Fourth, under the conditions of the above-mentioned forms of socialist ownership and when the principle of "to each according to his work" is being practiced, the difference between families in the number of people and in the rate of employed people can also directly affect the difference in living standard between laborers. This point can be seen obviously in urban residents. According to a survey of 86,955 worker families in 44 cities throughout the country in the first quarter of 1980, the monthly income per capita was 32.7 yuan. But according to a survey of 7,780 worker families in four cities in Shanxi Province in the same period, the monthly income per capita was only 26.9 yuan, 17.7 percent lower than the former figure. The main reasons can be found from the fact that, in Shanxi Province, there are more people in the average worker families, but only a small scope for employment and high index of family living expenses. In the above-mentioned period, there was an average of 4.87 people in a family in the four cities in Shanxi Province, 0.39 people more than the average of 4.48 people per family in the 44 cities. Each employed person needs to support an average of 2.06 people in the Shanxi cities, 0.25 people more than the average of 1.81 people in the 44 cities. It can be seen that the difference in number of people and the proportion of employed people between families is also an important factor which affects living standard of laborers.

II. Being Free From the Parasitism, Limitations and Corrosiveness Inherent in the Capitalist Consumption, the Socialist Consumption Mode Has the Characteristics of Productiveness, An Overall Nature and Healthiness

There are two sharply opposed sides in capitalist consumption which correspond to the class antithesis between the bourgeois and the proletariat in capitalist production. On one hand, capitalist consumption reproduces capitalists who are the main part of the capitalist relations of production. Along with the development of capitalism, particularly after entering the stage of imperialism, the capitalist relations of production have become more and more an obstacle to the growth of productive forces, and the consumption by the bourgeois in their lives shown more and more obviously a character of parasitism. On the other hand, it reproduces proletarians who form the commodity of labor force. The consumption by the proletarians is limited, its level is always limited in a scope determined by the value of labor force. Along with the development of modern production, some durable consumer goods (such as automobiles, TVs, refrigerators, etc.) have become a necessary means of subsistence of workers; workers receiving education in secondary schools and even in colleges has also become a need in reproducing labor force. But the development of modern capitalism has not changed and will not change the function effected by the law of the value of labor force. If workers' material and cultural lives can be improved to a certain extent along with the development of capitalist production and the development of science and education, then the development of bourgeois culture which is more and more decadent and infused with bourgeois ideology has affected a greater and greater corrosion of the ideas of the proletarians.

Socialist consumption reproduces laborers, the main body of the socialist relations of production. The purpose of socialist production is to improve laborers' material and cultural lives and to comprehensively develop laborers' physical power and intelligence. Thus socialist consumption can "on the one hand be expanded to the limit allowed by existing productive forces in society, and on the other, to the limit needed in fully developing individual characteristics." (Marx: "Das Kapital" Vol 3, published by the People's Publishing House in 1975, p 990) Furthermore, the development of socialist culture guided by Marxism can ensure the healthy growth of laborers' morality. So, the socialist consumption mode is free from the parasitism, limitations and corrosiveness of capitalist consumption and is provided with the characteristics of productiveness, and overall nature and healthiness.

III. The Movement of the Consumption Level of the Socialist Laborers Is Characterized By a Steady Rise

In the history of the development of capitalism, there has been the following cyclical phenomenon: At a stage where production rises highly, the laborers' living standard can be improved to a certain extent; in crises, the laborers living standard drops sharply; thus forming rising and falling movements with large fluctuations. This is determined by the nature of the capitalist economic system. Under the socialist system, the purpose of production is to improve laborers' livelihood and the national economy develops in a planned way. Thus the movement of the consumption level of the laborers can be characterized by a steady rise. Of course, this refers to the nature of the socialist economy. This does not rule out that there are sometimes temporary declines in people's livelihood caused by some serious mistakes occurring in overall policies of the state which also set back socialist construction. The problem is that the occurance of these mistakes is not an objective inevitability of the socialist economic system and does not reflect the nature of the socialist economy. The practice in the socialist construction of China in the last 30 years and more, has proved that whenever the socialist economy develops normally, the people's living standard always rises steadily. If the leftist errors in our guidelines can be prevented, this tendency of steady rise will be maintained.

IV. Consumption Forms and the Complicated Nature of Their Changes

This characteristic is related to the specific conditions in China. First, in terms of consumption level, there are diversified and complex fairly large differences in our country. This point manifests itself in the consumption forms and their changes and development. For example, differences in consumption forms exist between urban areas and rural areas, between cities of different sizes and between workers (or peasants) with different income levels in the same city (or village). The nature of changes in these consumption forms are also different.

Second, the difference in socialist ownership forms also bring about a difference in consumption forms and nature of their changes. This has been mentioned above. Here is a supplement. For example, in the socialist state-owned economy, housing is not a commodity and rents are very low. Thus, although the state has built many new houses in recent years, this is

not obviously reflected in the expenditure of workers. In rural areas, commune members have to build houses for themselves and the expenditure on house-building by commune members has risen sharply. This can be seen obviously in the villages where income level is high and income grows rapidly.

Thirdly, the difference in climatic and geographic conditions between areas can also affect the difference in consumption forms. The example of the influence by climate can be found in the rate of popularization of electric fans. According to the survey in 46 cities in the first season of 1980, monthly living expenses per capita in Foshan, Hefei, Shanghai, Beijing and Shenyang were at the largely similar level. But the rate of popularization of electric fans in Foshan was the highest followed by that in Hefei and Shanghai, then in Beijing; the rate in Shenyang was the lowest. An example of the influence of geographic conditions can be found in the use of bicycles. In the first quarter of 1981, the monthly income per capita in Chengdu was 32.45 yuan, while that in Chongqing was 31.72 yuan. The difference was very small. But there were 111.76 bicycles per hundred families in Chengdu and 3.22 in Congqing. This is simply because Chengdu is situated in a plain but Chongqing is a mountain city. As far as the differences in customs and habits between nationalities, the fact that they give rise to differences in consumption forms is very obvious.

V. Being Opposite to the Capitalist Consumption Mode Characterized by Waste, the Socialist Consumption Mode Is Characterized by Economy

In the burgeoning period of capitalism, squander and waste were not a characteristic of bourgeois life. But after capitalism "developed to a certain stage, squander which had been a habit of the bourgeois even became a necessity in their business. Squander increases along with the increase in accumulation and neither side will ever impair the other." (Marx: "Das Kapital" Vol 1, p 651) Thus, extravagance has become an important feature in bourgeois life. In the modern capitalist countries, along with the great increase in the capitalist profits, waste in bourgeois life has reached an unprecedented degree. Meanwhile, along with the development of high consumption, consumption in the life in the whole capitalist society has been characterized by waste. The appearance of this consumption characterized by waste is determined by the development of the basic contradiction of modern capitalism. It is an important manifestation of the deepened decadence of capitalism.

Since the abolition of the capitalist economic system and the establishment of the socialist public ownership system, the economic roots of waste-type consumption have been eradicated and the conditions for setting up an economic consumption mode have been prepared. If the volume of materials for consumption is fixed, the economic consumption mode can bring more benefits to the broad masses than the waste-type consumption mode. In other words, in order to satisfy a certain volume of consumption needs by the people, the former mode can economize on the labor with which the means of subsistence are produced and increase the social accumulation or increase laborers' "free time, that is, the time when individuals can fully display themselves." (Marx: "Manuscripts of Economics (1857-1858)", "Complete

Works of Marx and Engels" Vol 46, p 225) In this sense, the economic consumption mode is conducive to promoting social development, social enjoyment and the overall nature of social activities. Therefore, emphasizing the economic consumption mode in no way contradicts the basis of production growth. When saying that working time can be economized in production when a society is under the system of public ownership of the means of production, Marx said: "This is by no means asceticism, but a development of productive forces and production capacity. So it is both a development of consumption capacity and a development of the means of consumption." According to this viewpoint, we can assuredly say that the economic consumption mode does not restrain one's desires, and it can help rapidly improve people's livelihood and in an overall way develop laborers' physical power and intelligence.

The above analyses some important characteristics of China's socialist consumption mode. Of these, some have been realized and some are being formed (such as the full satisfaction of laborers' needs in improving their material and cultural lives and in an overall way developing their physical power and intelligence). This is because the realization of the socialist relations of production just lays down a foundation for this mode. Its complete formation needs a series of conditions of which some are important, such as the establishment of an economic management system complying with the nature of the socialist relations of production and highly developed productive forces. All this calls for hard and long-term work by the whole people. Comrade Mao Zedong correctly pointed out: "The establishment of the socialist system has opened a road leading to our ideal, while the realization of this ideal still needs our hard work." (Mao Zedong: "On the Problem of Correct Handling of Contradictions Inside the People," "Selected Works of Mao Zedong" Vol 5, p 386) In the aspect of theory, in order to completely establish a socialist consumption mode, we still need to criticize the consumption modes of capitalism and feudalism and thoroughly explore the socialist consumption mode. This is an important task of the theoretical workers.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON MERGING THEORY WITH PRACTICE

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[Article by Zhu Chuan [2612 1557] of Liaoning Provincial People's Government: "Persist in the Principle of Integrating Theory With Practice--Thoughts After Reading 'Reply to Comrade Song Liang' by Liu Shaoqi"]

[Text] After reading "Reply to Comrade Song Liang" by Comrade Liu Shaoqi we particularly felt that it is extremely important to carry out theoretical study and research. What Comrade Liu Shaoqi mentioned was that during the new democratic revolution, we did not make enough preparation theoretically, that a process was needed in integrating Marxism-Leninism with the Chinese revolution and that because we were busily engaged in struggles, consequently we did not have enough time for study. Therefore it is quite apparent that during the period of socialist construction, our theoretical preparation is lagging even further behind the needs and it is much more difficult for us to integrate Marxism-Leninism with the practice of our socialist construction. As we are busily engaged in actual work, it is often difficult for us to have time for studying theory and carrying out investigations of the social economy. We must pay more attention to the study of economic theory. During the war of resistance against Japan and on the eve of the party rectification campaign, Comrade Liu Shaoqi pointed out the unanimity between studying Marxism-Leninism and studying the law of the development of Chinese social history. This means that he opposed empiricism that denies the necessity of studying books and of specializing in theoretical study and opposed academic dogmatism that despises practice and departs from it. He pointed out that it was necessary to correctly grasp and resolve the relationship between theory and practice. That is to say, it is necessary to persist in the principle of integrating theory with practice. These views are of important realistic significance for us in our study of economic theory. Comrade Mao Zedong said: "What kind of theorists do we need? They should be theorists who are able, on the basis of a Marxist-Leninist stand, viewpoints and method, to correctly explain the actual problems that crop up in history as well as in the process of the revolution and to give scientific and theoretical explanations with regard to the economic, political, military and cultural problems in China." ("Selected Works of Mao Zedong," "Rectifying the Party's Style of Work," 1966 horizontally printed edition, the People's Publishing House, Vol 3, p 772) It naturally

means scientific explanation of the actual economic problems in China by economic theory. Therefore, the basic method for studying such economic theory that is integrated with practice is the method of integrating theory with practice. That means to resort to the basic principle of Marxism-Leninism-Mao Zedong Thought and to conscientiously study the practice of our socialist economic construction, sum up practical experiences, put forth scientific predictions and make theoretical creation.

Our historical task during the present stage is centered around carrying out economic construction. Our economic theory is far from enough, yet among those who are engaged in economic construction the situation of despising and neglecting economic theory is very serious. It is imperative to oppose empiricism and advocate reading books and studying economic theory, whether in teaching, among economic research departments or some economic theorists and professors, it is also necessary to overcome and prevent the method of academic dogmatism. Empiricism and dogmatism belong to subjectivism and they intermingle with one another from two different extremities. Outwardly, dogmatism highly respects theory, resorts to classic works, with words flowing from a mouth as from the pen of a master, and it seems to scare people. But in reality, dogmatism distorts and discards the truth of theory; it is not a "true theory." Empiricism surpasses dogmatism in despising and neglecting economic theory. But often empiricism cannot withstand dogmatism and is often hoodwinked and made use of by the latter. These situations are similar to those mentioned by Comrade Liu Shaoqi. During the new democratic revolution, we suffered much from dogmatism because we did not pay attention to theoretical study and because of our low theoretical standard. During the socialist construction period, we have also committed mistakes of a dogmatist nature. Furthermore, dogmatism has helped and made use of empiricism to cause us to make serious leftist mistakes for a very long period. Here I just cite an example that is well known to all of us.

The so-called "theory of continuing the revolution under the dictatorship of the proletariat" is extremely absurd and it has a strong feature of the combination between empiricism and dogmatism. Following the basic completion of the socialist transformation of the means of production, the exploiting class has been basically eliminated as a class while the principal contradiction in our society has turned from the contradiction between the proletariat and the bourgeoisie to the contradiction between developing socialist production and meeting social needs. It is true that class struggle will continue to exist for a long time to come within a certain sphere, but our major task has turned from carrying out class struggle to being centered around carrying out economic construction. The so-called "theory of continuing the revolution under the dictatorship of the proletariat" not only persisted in taking class struggle as the key but also advocated the method of "speaking out freely, airing views fully, holding great debates and writing big-character posters." With "criticizing the authoritative capitalist roaders within the party" as its main target, this theory confounded right and wrong and put ourselves and the enemy upside down, only to cause the turbulence that lasted for 10 years. The "theory of continuing the revolution under the dictatorship of the proletariat"

regarded the problems that did not belong to class struggle as class struggles and resorted to the old method and old experience of the well known big-scale and hurricane-type class struggle with mass participation that can no longer be carried out mechanically. It is apparent that it has the feature of empiricism. This "theory" resorted to and distorted the imagination and theories about class and class struggle that were expounded by Marx, Engels, Lenin and Stalin under the condition of socialism or in the early period following the seizure of political power by the proletariat and took imagination and theories as its "theoretical basis" of the "important danger of right-opportunism or revisionism" and therefore it is also apparent that it has the feature of digmatism. The "theory of continuing the revolution under the dictatorship of the proletariat" was not timely and widely checked at that time and this situation showed that we did not take a serious attitude with regard to the study of Marxist theory, nor did we follow the method of integrating theory with practice that was repeatedly advocated by Comrade Mao Zedong.

Putting aside the question of stand, theoretically speaking, some of the leftist mistakes that were made for quite a long period in the guiding ideology of our economic work were caused by the fact that we failed to adapt ourselves to the new situation, made the mistakes of wrongly following the old experience that was accumulated during the revolutionary war while some other mistakes were caused by the fact that we just mechanically copied experiences of other countries. But in spite of this, it was mainly because of dogmatism. For example, we mechanically copied Marx's and Engels' imagination about socialist society and we were rash at eliminating commodities, currency and getting rid of the roles of market mechanism and market regulation; we blindly sought what was "large in size and collective in nature," direct possession by the whole society and upgrading the transition of the system of ownership by the whole people. We also improperly followed the sentence spoken by Lenin prior to Soviet agricultural collectivization and consequently we regarded the individual economy under socialist conditions as the soil for the emergence of capitalism while with regard to the speed of construction we committed such mistakes as high goal, high accumulation, harmful directives neglecting balance and impatience and rashness. The main reasons for all such leftist mistakes were that we did not really understand the spiritual nature of Marxism-Leninism, did not constantly study our national conditions, did not persist in Mao Zedong Thought and did not integrate Marxist universal truth with the specific conditions of our country. Theoretically, our basic task in restoring order was to criticize the counterrevolutionary fallacies peddled by Lin Biao, Jiang Qing and their ilk, and to change the situation in which theory was divorced from practice. That is to say, we must, as pointed out by Comrade Liu Shaoqi, correctly grasp and solve the question of integrating theory with practice.

Now we have entered a new period of carrying out the socialist modernization program. We have such rich reference materials in the practice of our economic construction and yet there are so many actual problems that have to be urgently pointed out. "In carrying out our research work it is imperative to have enormous reference materials, analyze the various forms

of development and probe into the inner relations of these forms. It is only after completing such work that the movement of reality can be properly described." (Marx: "Das Kapital," the People's Publishing House, 1975, Vol 1, p 23) We must advocate a good style of work in studying economic theory. Theory is shown by using a series of concepts and categories. It is first of all necessary to have a definite understanding about the concepts and categories and this understanding in no way means "rigidly following phrases together." For example, if in probing into economic theory we do not understand the related concepts and categories such as the law of value in our country at the present time and argue about what are commodities and exchange of commodities and what are value and the law of value, we will only make serious mistakes and achieve nothing despite arguments and other efforts. How can we succinctly define the concepts and categories? And how to give a theoretical explanation on this basis? To do this, it is imperative for us to use the scientific abstract method that was used by Marx in forming political economics. Marx pointed out explicitly that the abstract method means to get rid of diverse and accidental things by penetrating complicated economic phenomena and resorting to theoretical analysis to expose the process of the economic movement of the nature of certain relations of production and expound the law of this economic movement. That is to say, we must base ourselves on actual reference materials, discard the dross and select the essential, eliminate the false and retain the true, and proceed from one to the other and from the outside to the inside so as to form concepts and carry out judgment and reasoning. In this way, we will be able to put forth a scientific foundation that is fully based on practical experiences, create theoretical system and proceed from perceptual knowledge to rational knowledge. Therefore it can be seen that the Marxist abstract method accords with the method of integrating theory with practice that is advocated by us today.

Like any scientific theory, the task of economic theory is not only to explain the world but what is more important is to transform it. In our political economics we must closely combine the study of economic laws and the relations of production with the superstructure. Any theoretical proof we make on an economic question must contain not only qualitative analysis but also quantitative analysis to point out feasible and definite quantum demarcation for a certain time and within a certain region. That is to say, we must spare no effort to integrate theoretical analysis with our present economic construction so that we will be able to carry out deep analysis and point out feasible planning, principles, policy and method. We are living in the historical period in which our socialist construction is developing rapidly, therefore our economic theoretical works must not only answer the whats and the hows (the question of economic law) in our socialist construction but must also try to integrate with and answer the planning, principles, policy and method (the questions of superstructure) in the construction. All these are objectively needed in the practice of our socialist economic construction.

In order to persist in the principle of integrating theory with practice it is hoped that the people belonging to the two different categories will work hard in the direction that is different from their own situation.

The comrades with more practical experience in economic work no doubt have to continue to carry out deep study and investigations. But generally speaking, the main problems of such comrades is that they lack theoretical knowledge and consequently they are not good at making theoretical summaries and explanations of economic phenomena by making use of scientific concepts and categories. These comrades must, as pointed out by Comrade Liu Shaoqi, find time to "bury themselves in books" and study economic theory. There are a number of books about economics, but for the comrades with some practical work it is better to mainly read some books about political economics, planned economics, and other branches of economics such as industry, agriculture, commerce, finance, money and value, management economics, technical economics and statistical economics. They must also read some books about economic history and some reference materials about the economic situations of various countries in the world. In short, they have to read some books about economic theory, economic history and the current economic situation. Of course, they also have to read some books about philosophy. It is hoped that the leading comrades at various levels will be able to take the lead in the study of economics and philosophy while the leading organizations at various levels will be able to provide more and better conditions for the study and step up their leadership over theoretical study. In this way, experiences will become systematic and comprehensive theory, we will be able to make no or little empirical mistakes and to do a good job in our socialist economic construction.

The majority of the comrades with more theoretical knowledge have formed a specialized rank on the theoretical front and this rank is growing stronger. Some of these comrades must also continue reading books; but taken as a whole, because of various objective reasons, quite a number of these comrades have comparatively little contact with actual economic works and the economic conditions of our country. Therefore, according to the works of Comrade Mao Zedong, the economic knowledge of these comrades is also not complete and they have to develop it in practice. The leadership must try their best to provide every convenience so as to help these comrades not to be satisfied with just reading books, just understanding empty works, not to undertake "academic" study and not to make dogmatic mistakes. In this way, the leadership will also be able to help put them in contact with the practice of economic construction such as conscientiously reading documents and reference materials, taking part in discussions and particularly in carrying out deep study and investigations. Such measures must also be considered organizationally so that the comrades with more theoretical knowledge will be appointed to certain posts with actual responsibility or that the method of exchanging cadres may be carried out among the comrades with more experience in actual economic work. All these measures will help them make use of their knowledge from books still better and resort to their capability in thinking, logic and writing. As a result, they will be able to systematically and profoundly sum up the practical experiences of our economic construction, probe into the law of development of our socialist economy and gradually establish and develop a scientific system of socialist economic theory. Now some comrades intended to compile teaching materials and text books while some other comrades intended to study and introduce classical or foreign things. No doubt, all these are

beneficial works. But it was heard that some are willing to do so not for the purpose of solving actual problems in our economic construction but because they worried about doing risky works and therefore they just wanted to avoid contradiction. Such an attitude must be opposed.

Integrating theory with practice does not mean to do away with foreign things; on the contrary, in doing so it is necessary to learn from them. Our country became a semifeudal and semicolonial country for 100 years and more following the opium war. Much progress has been made since the founding of new China. But in the modern world today, our socialist country is still backward economically or it can be said that it is lagging several decades behind. We can in no way carry out a closed-door policy. There is no doubt that we have made tremendous achievements in economic construction and we have accumulated rich experiences both negative and positive. But in order to make our economic strength enter the ranks of the modern countries in the world, it is imperative for us to look into and establish relations with the modern world. We must understand the modern world and learn from the good experiences of various countries, including those of advanced capitalist countries. Of course, we can only learn from good foreign experiences and we cannot follow them mechanically. Political economics is a branch of science with a very strong party character and class nature. Under the socialist system in our country, we have to analyze and critically learn from bourgeois economics, even bourgeois technology and management.

In integrating theory with practice it is also imperative to have correct ideological guidance. The general law of the development of nature and society, the scientific theory about socialism and communism and political economics and particularly some basic principles about socialist economy that are expounded by Marxism-Leninism-Mao Zedong Thought, in short, the basic stand, point of view and method of Marxism-Leninism-Mao Zedong Thought are always our guidance in our socialist economic construction and the basis of our economic theory. We must resolutely persist in this point. It is also the basic demand for communists.

In the course of our socialist modernization program, there are rich and fresh practical experiences for us to sum up and there are countless problems waiting to be answered by us. Therefore our economic theory must be put under the guidance of Marxism-Leninism-Mao Zedong Thought and it must develop in the practice of economic construction. An unprecedented upsurge will happen in our country in the study and research of economic theory. The socialist part of the political economics and the scientific system of the socialist economic construction will no doubt be established.

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ECONOMIC MANAGEMENT

'JINGJI YANJIU' ON MANAGING DEPRECIATION FUNDS

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[Article by Meng Lian [1322 6647] of the Economic Research Institute, State Planning Commission: "Views on Improving the Management of Depreciation Funds of Fixed Assets"]

[Text] Our country is now working out the sixth 5-year plan and the basic principle of this planning is to improve economic efficiency and to open up a new road for the development of our national economy. One of the important questions in this aspect is how to improve the management of the depreciation funds of fixed assets.

(I) Regarding the Depreciation Rate

The depreciation rate of various fixed assets in our country is defined on the basis of considering the material loss of fixed assets. Thanks to the development of science and technology, the costs of the reproduction of fixed assets have gradually dropped and what is more important is that new technologies and new equipment have constantly emerged with such advantages as higher efficiency and lower consumption. Although it appears that the original equipment is not completely worn out, it is uneconomical to continue to use the equipment because it will cause invisible damage. Under a situation in which depreciation rate is too low, the retained depreciation funds will not be sufficient to compensate for the value of the fixed assets and if the existing equipment is renewed prior to the expiration of their depreciation years, the burden of costs will not be balanced and the production stability will be affected. If the equipment is not renewed and we are compelled to use backward equipment, the improvement of economic effects and the realization of the intensive expansion of reproduction will be affected. Industrially advanced countries in the world have encouraged enterprises to use the method of rapid depreciation and the main goal of this method is to promote technical renewal of fixed assets so as to accord with the trend of technical development. It is true that with rapid depreciation, the enterprises will postpone the payment of income tax. However, when the period of depreciation is shortened, which means there is a necessary coefficient of insurance against invisible damage, the whole economy will be able to maintain an advanced technical level and

competitiveness. At the same time, as long as economic effects are satisfactory, the period of actual use of some equipment will be able to surpass the depreciation period. Thus to a country, the results of this method have greater advantages than disadvantages.

The current condition in our country is that the average depreciation period of fixed assets of all industry is 24 years (for some equipment it is about 18 years) and compared with industrially advanced countries, this depreciation rate is low. Much of our equipment is characterized by low efficiency, low precision and high consumption. On the one hand, energy production in our country is yet to be improved while on the other hand, the efficiency in the use of the energy in our country is about 20 percent lower than advanced industrialized countries. In many situations, the renewal of equipment will apparently result in saving energy. For example, statistics showed that if the 25 old axial-flow blowers of the Taiyuan iron and steel plant are replaced by new type blowers that are available in warehouses, the plant will be able to save more than 2.2 million kwh of electricity, the equivalent of 150,000 yuan annually, while to purchase the new blowers, the plant only has to spend 90,000 yuan. The Daqing oilfield now has 200 old pumps and if all are replaced by the new pumps made by the Shenyang pump factory, the oilfield will have to invest 12 million yuan. But with the new pumps, the oilfields will be able to consume 360 million kwh less electricity per year and this would mean an annual saving of 18 million yuan. Under this situation, if we do not concentrate our efforts in changing such waste that generally exists but concentrate our efforts in making big investments in the exploitation of energy, we will only cause double waste. In addition, the longer the period equipment is in use the higher will be the costs of maintenance and the lower will be the performance and efficiency of this equipment. If equipment is continuously used after its depreciation period, its maintenance costs will drastically increase, its performance and efficiency will drastically drop and consequently production costs will also drastically increase and economic effects will decrease. For example, investigations made by the State Economic Commission showed that the expense of a major overhaul of an ordinary 1950's machine tool now comes to 70 percent of its original value and it is impossible to restore the precision of the machine. According to the Shanghai tools plant, the performance and efficiency of a machine tool will drop by 25 percent after three major overhauls. Thus the financial benefits that are brought about by a low depreciation rate is offset by higher maintenance costs and low economic effects. Therefore, we must consider it an important factor in properly raising the depreciation rate to use new technology to replace the old equipment as quickly as possible. We must reduce the consumption of energy and raw materials, improve the quality of products, reduce maintenance fees, decrease production costs, make up for invisible damage and take the road of intensively expanding reproduction. This method has to be applied for a long period to come. At present, it is necessary for the related comprehensive departments, on the basis of their previous work, to organize industrial and transportation departments to carry out study and investigations, consider visible damage together with invisible damage, separately define the depreciation period of the various types of fixed assets with different usage and define the depreciation rates for

different categories of the assets. On this basis, it is necessary to gradually readjust the imbalance between trades and properly increase the overall level of depreciation rates. For example, during the sixth 5-year plan we may consider gradually increasing the average comprehensive depreciation rate of the industrial fixed assets across the country from the present 4.2 percent to 5 percent.

(II) Regarding the Use of Depreciation Funds

There are problems in our present management of depreciation funds of fixed assets. On the one hand, our depreciation rate is low and on the other hand, the limited depreciation funds are not used well. According to a calculation made by the departments concerned prior to 1967, 70 to 80 percent of the depreciation funds that were centralized by the Central Financial Department were used in capital construction; in 1967 to 1977, a considerable amount of the funds that were retained by enterprises and management departments were also used in capital construction. Since 1978, some of the depreciation funds for big and medium enterprises were handed over to higher financial management departments and the rest was retained by the enterprises themselves. Investigations made by the State Economic Commission showed that the number of units that made comparatively good use of the retained depreciation funds in renewing equipment was only 20 percent while most of the rest of the funds was used in building and expanding factories. This situation has aggravated the slow process of the renewal of fixed assets.

As we are now carrying out national economic readjustment, it is imperative for us to get rid of the former course that was characterized by high accumulation, high consumption in production, low efficiency and low consumption in daily life and take a new track that is characterized by practical speed, better economic effects and more benefit for the people. Therefore the guiding ideology of the sixth 5-year plan must take intensive expansion of reproduction as its centre and the planning must include the stepping up of the renewal of equipment and technical reform of a number of old enterprises as important measures and specialized duty so as to change the strategic principle of our economic development.

The renewal of equipment and technical reform cannot be carried out in a rush; they must be carried out in a planned way and step by step. The comprehensive departments concerned must organize the related industrial and communications departments to examine and classify the technical economy of the existing major enterprises and equipment so as to understand the situation. A number of the enterprises and equipment with heavy tasks, great contributions but with old and backward equipment urgently need renewal and reform. Therefore they must be listed, included in investment plans for renewing and transforming fixed assets and be regarded as special tasks for the sixth 5-year plan. This work must be completed in 2 to 3 years. But the condition for doing this is that we must have the technical condition and creative power to renew these enterprises and equipment that must have better economic effects after the renewal and reform.

Because we paid too much attention to capital construction for quite a long period in the past, there exist a number of old enterprises that have to be renewed and reformed. Therefore if the present depreciation funds fail to meet the needs in the specialized task of renewal and reform, the depreciation funds must be increased by adding money allocated from capital construction investments. Therefore it is also necessary to classify and compare the economic effects of renewing and reforming with those of capital construction. If they both can produce the same productive force with the same investments, it is necessary to give priority to arranging renewal and reform so as to curtail capital construction. If the investment that are needed in renewing and reforming a unit to save energy is not higher than that needed in the capital construction of a unit to producing energy, priority must be given to the renewal and reform so as to curtail the capital construction that is being carried out. The method of evaluating the project for saving faw materials must be the same as that used in evaluating the energy saving projects. Attention must be given to comprehensive analytical comparison if the many renewing and reforming projects are to have diversified economic effects.

In order to guarantee that the task of renewing and reforming old enterprises can be carried out smoothly, it is necessary first of all to do a good [job] in the next 1 to 2 years of: Industrial readjustment and transformation; working out technical policies and planning for technical reform and popularization; importing and studying suitable and advanced technology; and improving the level of machine-building technology.

We must prepare technical and material conditions for renewing and reforming old enterprises and old equipment. Statistics compiled by the First Ministry of Machine Building showed that of the more than 20,000 varieties of machines it makes, 5 percent have the technical level of the 1970's, 35 percent have a technical level of the 1960's and the other 60 percent have a level of the 1950's or even earlier. This situation will in no way ensure the renewal and reform needs. On the one hand, our machine building industry does not have enough production tasks and enormous productive forces are idle. On the other hand, as many enterprises have been "eating out of the same big iron rice pot" for a long period, they still do not have enough economic pressure and they are not able to master even simple technology. Similar situations exist in many research and design departments. Therefore the state must avoid resorting to administrative measures in arranging research, design and production tasks. On the contrary, it must invite technical tenders and provide preferrential benefits to the successful tenders. The state may even stipulate that the enterprises and units with certain technical standards must compete in tendering and those that fail will be responsible for some of the expenses by providing financial allocation from their own capital or be given other forms of economic punishment. It is also necessary to step up the work in defining the law of patent while imports and popularization of advanced foreign technology must be encouraged.

(III) Regarding the Management System for Depreciation Funds

Historically, we have managed depreciation funds both in a centralized and a decentralized way but the use of the funds has not been satisfactory. Therefore, in considering the management system for the funds we must not confine ourselves to just discussing in general the advantages and disadvantages of centralized and decentralized management. We must first of all set the policy goal of "most efficiently using depreciation funds" and make a decision according to the present situations.

The deficiencies in renewing and reforming fixed assets is, at present, comparatively serious. By the end of 1980, the net value of the fixed assets of the state-owned industrial enterprises after deduction for depreciation was 68 percent of original value. According to a calculation by the departments concerned, 14 percent of the fixed assets of the state-owned enterprises across the country which have a use life of more than 25 years have surpassed their service period. This problem is still more serious in a number of the old enterprises that have a great responsibility in the national economy. Some enterprises are still using equipment of the 1930's and 1940's or even earlier. Therefore it is particularly necessary to concentrate some funds to help renew and reform such enterprises. On the one hand, the enterprises now in fact do not have an overall economic responsibility toward the state while the organizational structure of existing industry is far from being rational. Therefore they have to be readjusted and reorganized to solve the long-standing problems such as carrying out construction blindly and duplication in production. If the funds are dispersed now to let enterprises make their own arrangement in renewing and reforming, they will only carry out such work blindly. Therefore under the prerequisite that the centre of the guiding ideology for planning during the sixth 5-year plan is changed to intensive expansion of reproduction, the depreciation funds can be managed in a centralized way as the main and in a decentralized way as a supplement. For example, that part of the funds under centralized management by the central government may be increased to 40 percent or even 50 percent while the proportion under local centralized management will remain unchanged. The funds that are under the centralized management by various central departments must be centralized in financial departments and this part must be unifiedly used in the specialized tasks of renewing and reforming old enterprises during the sixth 5-year plan. If the centralized funds are not sufficient for meeting the needs of these specialized tasks, they must be supplemented by allocation from part of the capital construction investment so as to guarantee the renewal and reform tasks. Of course, this management method is only applicable to solving one or two major and urgent problems in the short term, it cannot be used for a long period. The management methods following the seventh 5-year plan depends on the situation at that time. To the enterprises that have not made arrangements for renewal and reform, the method of centralized management as the main means a kind of egalitarianism and indiscriminate transfer of resources and as a result, a number of other enterprises will face the new problems of renewal and reform and this problem must be resolved in future planning.

We must also pay attention to displaying the roles of banking in the management of depreciation funds. The depreciation funds under the centralized management of financial departments and the funds for specialized projects in renewal and reform must be supervised and allocated by construction banks according to planning. The depreciation funds that are retained by enterprises and the surplus of these funds that is accumulated year after year must be deposited in construction banks. The bank gives interest to the clients and uses the funds in financing and such loans can only be used in renewing and reforming fixed assets.

(IV) Regarding New Evaluations of Fixed Assets

The question of an unreal value of enterprise fixed assets is very outstanding now. The post-depreciation value of the fixed assets of some enterprises is already negative and yet these enterprises are still calculating depreciation. This situation only makes economic goals lose their true essence and economic accounting lose its significance. Therefore it is imperative to reevaluate fixed assets and it is suggested that the Ministry of Finance and the Economic Commission organize the departments concerned to take part in this job which should be carried out together with the reorganization of enterprises that began this year.

(V) Regarding Improving Management

Our management level of fixed assets is still very low. For example, we do not have records on the distribution and use of depreciation funds in the past years, on the return rate of assets and on actual maintenance fees. If we introduce planned economic management under this situation, we will certainly cause many mistakes and great damage. It is apparent that our macroscopic economic management level is no higher than our microscopic economic management level. Therefore in reorganizing enterprises, we must also reorganize management work in a planned way so as to strengthen its scientific nature and decrease blindness.

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AGGREGATE ECONOMIC DATA

NATIONAL, PROVINCIAL-LEVEL AGGREGATES

[The following selected national and provincial-level aggregate economic data have been extracted from various sources as indicated. In the table below, the gross value of industrial output is abbreviated as GVIO, heavy industry as HI, light industry as LI, textile industry as TI, gross value of agricultural output as GVAO, and gross value of agricultural and industrial output as GVAIO.]

NATIONAL AGGREGATES

Date; or Period of Comparison	Increase, in Percent	Value, in billion yuan	Percentage of Annual Plan	Source
1982:1981 1st Q	GVIO: 11.6	129.3		2
	LI: 14.6			2
	HI: 8.5			2
1982:1980 Jan	GVIO: 1.7	40.5		3
	Average daily output: 17			3
1981:1980 by end-Nov	TI: 16.6	71		6
1981 by end-Dec		78 (projected)		6
1981:1980	LI + TI: 12			21
1981:1976	TI: 2.2 times			22
1981:1976	Average annual increase: 17			22
1981:1980	LI: 10.4			23

PROVINCIAL-LEVEL AGGREGATES

Date; or Period of Comparison	Increase, in Percent	Value, in billion yuan	Percentage of Annual Plan	Source
Fujian				
1982:1981 Jan-Apr	Export: 6.1			24
Guangdong				
1981:1980	GVAIO: 9.9	37.08	105.3	11
1981:1980	Nat income: 7.6	24.7		11
1981:1980	GVAO: 5.5	12.03	101	11
1981:1980	GVIO: 11.6	25.05	106.9	11
1981:1980	LI: 17.8	16.21		11
1981:1980	HI: 1.5	8.84		11
1982:1981 Jan-Apr	GVIO: 13.7			25
1982:1981 Jan-Apr	LI: 15.3			25
1982:1981 Jan-Apr	HI: 10.5			25
1982:1981 Apr	GVIO: 15.6			25
Hebei				
1982:1981 Apr	GVIO: 7.44			4
1982:1981 Jan-Apr	GVIO: 9.1			4
Liaoning				
1982:1981 1st Q	GVIO: 8.1			9
1982:1981 1st Q	HI: 5.6			9
1982:1981 1st Q	Railway transport: 6			9
1981:1980	GVAIO: 0.6	53.67		10
1981:1980	Nat income: -1.6	24.57		10

Date; or Period of Comparison	Increase, in Percent	Value, in billion yuan	Percentage of Annual Plan	Source
Liaoning (Cont'd)				
1981:1980	GVIO: -3.6	45.14		10
1981:1980	LI: 16.5	16.27	107.1	10
1981:1980	HI: -7.4	28.87	101.6	10
1981:1980	GVAO: 4.3	8.53		10
Shaanxi				
1982:1980 1st Q	GVIO: 9.6			12
1982:1981 Jan-Apr	GVIO	0.286	31.57	13
1982:1981 Jan-Apr	LI: 13.07			13
1982:1981 Apr	TI: 5.7	0.216		13
Shandong				
1982:1981	GVIO: 12.3			1
Shanghai				
1982:1981 Jan-Apr	GVIO: 7.3			7
1982:1981 Apr	LI: 8.2	Net incr: 0.886		7
1982:1981 Apr	HI: 6.1	Net incr: 0.514		7
1982:1981 Apr	GVIO: 7.3	Net incr: 1.4		15
1981:1980	GVAO: 14.8	2.8		8
1981:1980	GVIO: 3.3	64.8		8
1981:1980	GVAIO: 3.7	67.6		8
1981:1980	LI: 9.6	36.2		8
1981:1980	HI: -3.8	28.6		8
1981:1980	Nat income: 4	29.2		8

Date; or Period of Comparison	Increase, in Percent	Value, in billion yuan	Percentage of Annual Plan	Source
Sichuan				
1982:1981 1st Q	GVIO: 12.7			14
1982: Mar/Feb	GVIO: 15.7			14
1981: Mar/Feb	GVIO: 15.1			14
1982: Mar/Feb	Coal output: 3.3			14
1982: Mar/Feb	Average daily power output: 5.2			14
Yunnan				
1982:1981 1st Q	GVIO: 17.78			16
1982:1981 1st Q	HI: 6.81			16
1982:1981 1st Q	LI: 27.19			17
1982	GVIO: 4.5 (projected)			18
1982:1981	Ind output goal: 4.5			20
1982:1981	LI goal: 8			20
1982:1981	HI goal: 1.2			20
1981:1949	GVAIO: 7.6 times			19
Zhejiang				
1982:1981 1st Q	GVIO: 13.3			5

Source

1. Jinan DAZHONG RIBAO 9 Apr 82 p 1
2. Lanzhou GANSU RIBAO 18 Apr 82 p 1
3. Beijing GONGREN RIBAO 7 Feb 82 p 1
4. Shijiazhuang HEBEI RIBAO 8 May 82 p 1
5. Harbin HEILONGJIANG RIBAO 16 Apr 82 p 4
6. Wuhan HUBEI RIBAO 27 Dec 81 p 3
7. Shanghai JIEFANG RIBAO 6 May 82 p 1
8. Ibid., 27 May 82 p 2

9. Shengyang LIAONING RIBAO 7 Apr 82 p 1
10. Ibid., 16 May 82 p 2
11. Guangzhou NANFANG RIBAO 12 May 82 p 2
12. Xi'an SHAANXI RIBAO 22 Apr 82 p 2
13. Ibid., 14 May 82 p 1
14. Chengdu SICHUAN RIBAO 10 Apr 82 p 1
15. Shanghai WEN HUI BAO 6 May 82 p 1
16. Kunming YUNNAN RIBAO 13 Apr 82 p 1
17. Ibid., 17 Apr 82 p 1
18. Ibid., 25 Apr 82 p 1
19. Ibid., 14 May 82 p 2
20. Kunming YUNNAN WUZI SHICHANG 1 May 82 p 1
21. Hangzhou ZHEJIANG RIBAO 1 Dec 81 p 1
22. Beijing ZHONGGUO CAIMAO BAO 6 Feb 82 p 1
23. Beijing ZHONGGUO NONGMIN BAO 21 Feb 82 p 1
24. Hong Kong ZHONGGUO XINWEN 24 May 82 p 7
25. Ibid., 25 May 82 p 1

CSO: 4006/487

YUNNAN MEETING ON MINORITY NATIONALITY ECONOMY

HK140115 Kinming Yunnan Provincial Service in Mandarin 1100 GMT 11 Jun 82

[Text] The Yunnan Society of Minority Nationalities Economy recently held its first symposium in Kinming. The members of the society who participated at the symposium presented their views on developing the minority nationalities economy in Yunnan province at the present stage, and thus reached a unanimous conclusion. Yunnnan is the border province with the most minority nationalities in our country. Therefore, the participants realized, conscientiously studying the minority nationalities economy in the province, both its past and present, internal and external conditions, and so on, will be of great importance to the development of the minority nationalities' economy in the province. Many comrades gave their own opinions on how to develop the minority nationalities' economy in Yunnan province at the present stage. This was truly a good beginning for promoting the studies in the field of the minority nationalities' economy.

CSO: 4006/489

FINANCE AND BANKING

SHANXI FULFILLS FIRST QUARTERLY FINANCIAL PLAN

Taiyuan SHANXI RIBAO in Chinese 12 Apr 82 p 1

[Article by Feng Zhoujie [7458 0719 2638], Wu Xinwei [2976 2450 0251], Zhang Zhiying [1728 1807 5391] and Yang Jun [2799 0193]: "Our Province Fulfills Revenue Plan for First Quarter of Year"]

[Text] As a result of the development of production, the total revenues of our province for the first quarter of this year came to 478.02 million yuan, or 24.63 percent of the target set for the entire year and exceeding the quota set by the plan for the quarter. Revenues for the quarter showed an increase of 107.24 million yuan, or 28.92 percent over the amount for the same period last year.

Among the revenue receipts for the first quarter, revenues from the enterprises and the various industrial and commercial taxes all showed a considerable increase. Revenues from the enterprises increased by 38.75 percent, while industrial and commercial revenues increased by 22.71 percent over the amount for the same period last year. The revenues of the localities and cities also showed an increase. Nine prefectures and municipalities, namely, Yanbei Prefecture, Yangqu Municipality, Xinxian Prefecture, Yancheng Prefecture, Linfen Prefecture, Taiyuan Municipality, Jinzhong Prefecture, Jindongnan Prefecture and Changzhi Municipality, have all fulfilled over 24 percent of the target set for the year.

The success in fulfilling the target set by the plan for the first quarter of this year may be attributed to the development of production and the achievement of higher incomes. The increase in the value of industrial production has added over 70 million yuan to the amount paid to the government for the same period last year. Higher profits were made by not a few of the enterprises as a result of readjustments, better leadership and more efficient administration. For example, after readjustments had been made, the Datong Pharmaceutical Works realized a profit of 1.2 million yuan in the first quarter, or 7 times the amount for the same period last year. The Taiyuan Steel Works, after having adopted 70 administrative measures, realized a profit for the first quarter of this year of 5 million yuan over the amount for the same period last year. In the first quarter, the Yangqu Mining Bureau paid the government 15.74 million yuan in profits, or 4 million over the amount for the same period last year. The Taiyuan Cigarette Factory and

the Taiyuan No 1 and No 2 Pharmaceutical Works all realized higher profits from their production during the first quarter.

The increase in revenues of the province during the first quarter was made possible through the efforts made by the large number of cadres in the revenue services. They have made the contributions expected of them in the fulfillment of the plan for the collection of revenues set for the first quarter by making increased efforts to collect revenues, to look into the finances of the enterprises and to see to it that delinquent taxes were paid to the government in time by the enterprises.

9621
CSO: 4006/434

INDUSTRY

WORK CONFERENCE ASSESSES INDUSTRIAL PRODUCTION

OW130248 Beijing XINHUA Domestic Service in Chinese 1148 GMT 12 Jun 82

[Text] Beijing, 12 Jun (XINHUA)--In the first 5 months of 1982, the production of China's industrial and communications departments increased steadily. The overall situation in coal, electric power and petroleum production was fairly good. The production of the metallurgical and machine-building industries, particularly the farm machinery industry, picked up rather quickly. Light, textile and electronic industries made preliminary achievements in readjusting product variety and produced more marketable products than before. The transport department overfulfilled its transport task every month.

These results were announced by a responsible person of the State Economic Commission at a production work conference today. The responsible person of the State Economic Commission also said: In the first 5 months of this year, the state-operated industrial enterprises included in the national budget earned 10 percent more profits, paid 10 percent more taxes and lowered comparable costs by 0.2 percent as compared with the corresponding period of 1981. These enterprises achieved steady improvement in the quality of more than 50 percent of their major products. Their material consumption either decreased or remained unchanged as compared with the first 5 months of 1981. Both the number of enterprises which incurred losses and the total amount of their losses decreased.

However, the responsible person of the State Economic Commission said that there were some new circumstances and problems worth our attention concerning industrial production and transport in the first 5 months of this year. These problems primarily concerned the overstocking of some products, excessive generation and use of electricity and inattention to production safety, which resulted in a series of major accidents.

Regarding industrial production and transport tasks in the second half of this year, the responsible person of the State Economic Commission said: Our central task in the second half of the year is to continue improving economic results of the society.

He stressed: It is necessary to strictly control the production of excess products. In the third quarter, we should revise the annual plan for some

excess products and for products which are in short supply. Various localities and departments should make necessary adjustments to annual plans for various products under their management. Departments and enterprises should bear the responsibility for overstocking of products caused by their pursuit of output value and profit and their blind expansion of production. Commercial and material departments should refuse to buy their products and banks should refuse to extend loans to them. The state will not subsidize them. The production, construction, supply and marketing departments first should use products in stock as much as possible before they arrange new production.

In addition, he pointed out: We should strengthen the ties between industrial and commercial departments. We should resolve problems in commodity circulation. In particular, we should not obstruct commodity circulation with blockades on the purchase and marketing of industrial products. We should improve the management of energy and continue to do a good job in energy conservation. The transport department should further improve transport arrangements, give high priority to transporting coal, petroleum, medicinal herbs and material for supporting agriculture, and make proper distribution of transport tasks between railways and waterways and between railways and highways.

The responsible person of the State Economic Commission emphasized: We should pay attention to the consolidation and production safety of enterprises. We should make efforts to prevent heatstroke by lowering temperatures in factory buildings and to prevent floods and fire during the summer and rainy season.

CSO: 4020/140

INDUSTRY

XINJIANG INCREASES LIGHT INDUSTRIAL PRODUCTION

OW180806 Beijing XINHUA in English 0717 GMT 18 Jun 82

[Text] Beijing, 18 Jun (XINHUA)--Industrial output value of Xinjiang Uygur Autonomous Region rose by 8.77 percent in 1982's first 4 months from the same 1981 period fueled by an 18 percent increase in light industry, according to today's PEOPLE'S DAILY.

The nation's economic readjustment, emphasising light industrial and consumer-goods production, has resulted in the reorientation of many heavy industries.

In Xinjiang, one tractor part plant and a number of other heavy industrial enterprises will be converted to textile production this year, the paper says, while an iron and steel mill has been converted into a glass works, producing 900,000 cases of plate glass annually, and a cement factory with an annual output of 70,000 tons.

Output of cotton, cotton yarn, knitting wool, liquors, matches, leather boots, shoes and dozens of other goods has increased in the January-April period, the paper says.

Quarterly output of the region's light industries has, for the first time, exceeded that of its heavy industry, the paper says, while plans are being made to expand, build or reorient another 70 factories for production of textile duzbuilding materials and other light industrial goods.

The region produces 100,000 tons of cotton each year and has bountiful resources of petroleum, coal, furs, hides, sugar beets, fruit and other farm products. A new brewery, now being renovated, is expected to produce between 5,000 tons and 7,000 tons of beer in 1983, the paper says.

CSO: 4020/140

DOMESTIC TRADE

PROBLEMS IN PRICING POLICY DISCUSSED

Beijing JIAGE LILUN YU SHIJIAN [THEORY AND PRACTICE OF PRICING] in Chinese No 2, 20 Mar 82 pp 6-11

[Article by Chen Baosen [7115 1405 2773] and Liang Wuxia [2733 2477 3838]: "Several Problems Concerning the Pricing Policy"]

[Text] I. In 1979, the state increased by a wide margin the procurement prices for 18 main agricultural products and initiated the system of negotiated procurement and negotiated marketing for three categories of agricultural sideline products. These measures have played a positive role in reducing the price disparity between industrial and agricultural products, in encouraging the peasants to increase their output and in enlivening the market by promoting the development of commodity economy. If the retail prices are not raised to correspond to the new procurement prices, the enterprises will suffer losses from the reversed order of pricing. Increased retail prices, however, will affect the workers' livelihood. To solve this problem, the state has adopted this measure: readjustment of retail prices for eight items of nonstaple foods along with the grant of a monthly allowance of 5 yuan to each worker, and government subsidies for the sale at losses of the other items. The readjustment of retail prices for these nonstaple foods brought about an increase in market prices. According to statistics released by the State Statistical Bureau, the general retail price index (which also covers the list prices, negotiated prices and market prices) in 1979 was higher than in 1978 by 1.9 percent, and that in 1980 was higher than in 1979 by 6 percent. The increase was 8.1 percent in cities and 4.4 percent in the countryside during this period. The increase in commodity prices in 1980 was the cause of an increase of 11 billion yuan in the expenditures of the urban and rural population. Because of the price hike, the city residents had to increase their expenditures by 64.8 billion yuan, averaging 6.5 yuan, or 1.5 yuan above the monthly allowance, for each worker. The margin of increase would be wider if unauthorized or disguised increases in prices and the enlarged scope of negotiated prices were taken into account. Thus the pressure of the price hike was more and more keenly felt by the broad masses, especially those with low income and many dependents.

The chain reaction touched off by the increases in the procurement prices of agricultural products and in the wholesale prices of coal and pig iron brought about a corresponding increase in the production costs of light industry

and handicrafts. Therefore, the prices of some of these products have already been increased while demands are being made for increases in the price of others. Thus the consumers want to have stable prices while the producers want to have increased prices. This is a very sharp contradiction in people's economic life at present, and is one aspect of the case.

If we look at the other aspect, we will find the parity in prices somewhat irrational. The irrational price parity between industrial and agricultural goods has been improved markedly, after repeated adjustments, particularly the large-scale increase in the procurement prices for agricultural products. However, some irrational price parity still exists among industrial products. In heavy industry, for example, the profit of hot-rolled stainless steel is several times that of cold-rolled stainless steel, although the work process for both is about the same. Again, large and medium-size thick steel plates bring greater profit than that of small thin steel sheets, while steel wires requiring more complicated work process are sold at a lower price than that of plain steel material. The profits for the raw and semifinished material industry are much higher than those for the processing industry which may even incur losses. Another good example can be found in the case of iron ores, because profits for the mining and tunneling trade are generally very low. In the light industry, many products with agricultural products as raw materials are low in prices, while those with new industrial products as raw materials are high in prices. For example, the prices of plastic and chemical fiber products are very high. In the textile industry, terylene-yarn fabrics are sold at high prices with high profits, while cotton yarn fabrics are sold at low prices with small profits. In the instrument and meter trade, the products used as industrial accessories are sold at high prices with high profits, while those for civilian use are of low prices and bring little profit. Furthermore, there are irrationalities in the price parity in industry between the spare parts and the main machines and between old and new products of various specifications and quality levels. After all, the products of high prices and good profits are now being blindly produced while those of low prices and small profits are in short supply. In other words, the goods already in excessive supply cannot be reduced, while those in short supply cannot be increased, thus adversely affecting the readjustment of the proportionate relationship in the national economy. This is another contradiction which cannot be ignored in our present economic life.

The causes of these two contradictions in the question of pricing are not entirely the same. Now they are interwoven in such a way as to give the impression that if we want to have stable prices, we cannot adjust the prices because price adjustment will make it difficult for the prices to be stabilized. However, if we will analyze this matter, it will not be difficult for us to find some clue to the resolution of these contradictions.

II. There are mainly three causes for the price inflation: first, financial deficit and currency inflation resulting in currency depreciation; second, national economic imbalance resulting in a shortage of commodities in relation to demand, not counting unwanted goods; and third, the increase in production costs as a result of blind commandism. All these three causes can be boiled down to one, namely, the "leftist" errors which have for a long time existed in our economic work.

We had financial deficits for 5 years during the 10 years of turmoil. After smashing the "gang of four," we again committed the error of being overanxious for quick success and over-extended our capital construction front. The resolution and measures adopted at the 3d Plenary Session of the 11th Party Central Committee to raise the procurement prices for agricultural products and to increase consumption were all correct, but for various reasons, the scale of capital construction was not reduced and distribution was excessive in relation to national resources. As a result, we had 2 consecutive years, 1979 and 1980, of financial deficits with over-issuance of currency. Provided the volume of commodities and the amount of currency in circulation remain unchanged, the increase or decrease in prices are in direct proportion to the amount of currency: the more the currency, the higher will be the prices. Price hike from currency inflation is an objective law which is independent of people's will.

Because of imbalanced national economy, there would be a shortage in the supplies of materials, means of productions and consumer goods, except for the unwanted goods. In 1980, the sources of consumer goods fell short of the purchasing power for consumer goods by billions of yuan. Therefore, the prices of commodities in short supply tended to rise. This is the inevitable result of the law of value expressed in the relationship between supply and demand.

Production costs and prices are closely related. According to Marxist economic theories, the value of a product is formed of three components, namely, that part of value transferred from the means of production to the finished product, called "c"; the created value by the producer, called "v" (the necessary labor); and the surplus labor value, called "m." The sum of c and v, expressed in monetary terms, generally corresponds to the production cost. Therefore, production cost is the main component of price. If we will review the changes in the production costs of comparable products in our industrial enterprises, we will see that the production costs were lowered every year during the 1st 5-Year Plan; that from 1958 to 1961 following the Great Leap Forward, there was an unprecedented rise in production costs; that after the readjustment, there was a gradual return to normal with a downward trend in production costs beginning in 1963; and that during the 10 years of turmoil, there were again 2 large-scale rises in production costs. All these erratic changes were closely related to the leftist errors in economic work and blind commandism in production. Now let us look at the product cost for every 100 yuan's sale by state-run enterprises. It was some 60 yuan in normal years, but during the 3 difficult years following the Great Leap Forward and for many years during the 10 years of turmoil, it rose to more than 70 yuan. There was some reduction after the downfall of the "gang of four," but in 1979, it was still as high was 92.4 yuan, 5 yuan more than the 67.5 yuan in 1966. Rise in production costs naturally makes the stabilization of prices difficult.

We have already witnessed the price inflation during the 3 difficult years after the Great Leap Forward. The contradiction was alleviated after the readjustment; in the 10 years of turmoil, it was again set off in bold relief, although for some time it was concealed behind frozen commodity prices. In 1978, the adventurous advance and certain mistakes in our work revealed and intensified the contradiction.

Price is the monetary expression of value. The value of products, and the price parity of commodities as well, change along with the rise and fall of labor productivity. However, our price control still cannot measure up to this objective requirement. During the 10 years of turmoil, the price control organs were basically abolished, and the system of planned control of prices, set up during the 1st 5-Year Plan was undermined, with the result that prices could not be rationally adjusted in time. At the same time, with the continued deterioration in the quality of our economic work, prices were set according to the major categories, and taxes were collected according to different trades. The roles of pricing and taxation in regulating production and guiding consumption were weakened, and, as a result, some irrational price parity, which could have been readjusted after certain investigations and study, was frozen. Even in the same trade, some products with high prices and good profits were seriously overstocked, while others with low prices and low profits were often in short supply and even had to be imported. For example, among steel materials, the large and medium-size thick steel plates and large steel pipes which are sold at high prices and with good profits, are being overstocked, while the steel wires and other small steel products have to be imported in large quantities from abroad. Small steel wires can be easily produced; but why are they in short supply? One of the important causes is that their prices were set during the war against U.S. aggression and in aid of Korea when these prices were reduced as much as possible as a means to prevent private businessmen from getting windfall profits. Since then, the prices have not been basically changed. The large steel products on the other hand were new products in the late 1950's and early 1960's when the production costs were high, and the set prices were also high. Another reason for the overstocking of large and medium-size steel products and the short supply of small steel products is that in planning, steel production is counted in tons, and it is easier to fulfill the production plan by producing large and medium-size than by producing small products. Furthermore, in evaluating the output value, large products have the upper hand, and that is why in striving for output value, production plans are disregarded. These problems should have been solved long ago, since they can be easily solved. Yet they still remain, mainly because of our mistakes in pricing and in failing to apply the law of value. There are also many similar conditions in light industry. In the enamel industry, for example, the production costs are low and the profits are high for plain white washing basins and persimmon-shaped spittoons, while the reverse is the case for washing basins with floral designs and long-legged spittoons. The industrial enterprises are willing to produce more plain white washing basins and persimmon-shaped spittoons, with serious overstocking as the result.

Of course, the difficulty to change planned prices is also related to financial deficits and price instability. Huge deficits occurred in 1979 and 1980 because of excessive distribution in a hasty attempt to raise the people's standards of living. The scope of capital construction was not reduced either. When there was an imbalance between financial receipts and expenditures, it would naturally be difficult to stabilize the prices. Under such financial and price conditions, increased prices may probably intensify the price inflation while decreased prices may probably upset the balance between financial receipts and expenditures. The readjustment of irrational price parity may be seriously handicapped.

The problem of price parity was not obvious during the 3 difficult years, not because of the nonexistence of the problem but owing to the fact that under the system of unified handling of all receipts and expenditures by the state, the profits from products were not directly related to the material benefits of the workers and staff members, and therefore provide no incentive to production. Under the present system of profit-sharing by the enterprises, however, the effects of high and low prices and large or small profits on production have become obvious.

What has been mentioned so far is the crux of the pricing problem.

III. We are of the opinion that price inflation is inseparable from the "leftist" mistakes. Since the "leftist" mistakes can be corrected, the problem of price inflation can certainly be solved. However, we cannot expect quick execution, since "leftism" is the "cause" and price inflation is the "result." If the proportionate relationship is not readjusted well; if industrial and agricultural production cannot be boosted; if the financial deficits cannot be wiped out; if enterprise management cannot be satisfactorily reorganized; and if the rise in production costs cannot be controlled, it will be impossible to "bring down the fever" of price inflation.

In solving the problem of price inflation, therefore, we must "remove the burning firewood" instead of "putting the cart before the horse." We must deal with the root cause. In other words, we should on the one hand readjust the economic structure and the product mix, strive to increase production and practice economy, and increase the output of the means of production--which are in demand--and the supply of consumer goods in order to lay the material foundation for market price stability. On the other hand, we should reduce the accumulation, restrain the demand and strive for financial and credit balances so as to create the necessary conditions for stabilizing commodity prices. The important policy decisions made by the party Central Committee and the State Council to promote production (of consumer goods), to reduce the scope of capital construction, to restrain demands and to strive for financial and credit balances, have already shown preliminary success. We should hereafter continue to conscientiously implement these policies. While promoting production, we should at the same time restrain the demands; otherwise it would be difficult for financial receipts and expenditures to be balanced and for commodity prices to be stabilized. To be specific, wages--except those for some personnel which must be readjusted--should not be increased in the near future; bonuses must be controlled at the present level and not be further increased; and the procurement prices for agricultural products should remain as they are for some time. It is particularly necessary to stop such practices as reducing the base figures for the procurement of grain and edible oil, increasing the quantities of procurement at increased prices, or negotiated prices, and then selling at low prices, and other forms of price increase in disguise. The temporary restrain on demands at present is necessary as a means of better satisfying people's needs in the future. If this is clearly explained to the masses, they will certainly respond with understanding.

Another matter we should very strongly emphasize is economic accounting on the basis of enterprise reorganization as a link in the reduction of production costs. Production cost control is now a weak link in enterprise management. Under the influence of the "leftist" ideology in more than 20 years, people were urged to pay attention to political instead of economic accounting. This ideology was at its zenith during the 10 years of turmoil, when production cost was disregarded in production, labor was not accounted for in remunerations, accounting was ignored in economic work and "putting profits in command," "control, restriction and suppression," and so forth, were strongly criticized. Socialist economy was then topsy-turvy, and the very foundation of cost control, already weak, was almost completely destroyed. In the process of production, cost should be the monetary manifestation of the consumption of material and live labor in the course of production. Other expenses which are unrelated to this type of consumption should not be included in the production cost. In many enterprises, however, there are no set quotas, no first-hand records and no systems of measuring quantities or value. Some of them even keep their accounts retroactively. All raw and semifinished materials, minus those being kept in stock, are included in the production cost, which also covers all the losses from all forms of corruption and embezzlement. Furthermore, there is no limit to expenses incurred in the name of production cost which, like a rubber bag can hold anything such as the welfare for workers and staff members, including their dormitories, and the various social commitments apportioned among the enterprises. Because of the falsification of accounts, production costs have ceased to be realistic and controllable. The root cause of these defects is again the "leftist" errors in economic work. Unless this problem is solved, we will be helpless in not only reducing production costs, but also in leading our enterprise management on to the proper channel. Without set quotas and first-hand records as the foundation, it would be extremely difficult to practice the reward system of "to each according to his work." Therefore, we must eliminate the leftist ideology, strengthen the system of financial control among the enterprises and lower the production costs as our urgent tasks of the moment. This is the basis of microeconomic management as well as national economic management.

Furthermore, we have to strengthen macroeconomic management, readjust the economic structure and the product mix, and streamline the enterprise lineup and organizational structure along the lines of specialization and coordination. These are the basic measures to lower social production costs and to improve the economic results, involving strategic problems of key importance, as well as the important factors in stabilizing commodity prices. If macroeconomics is not well handled, microeconomics cannot be improved since the two are mutually suplementary. The most important factor in macroeconomic policy decisions is the proportionate relationship. During the 3 years of Great Leap Forward and the 10 years of turmoil, the national economy was in disproportion, economic accounting was overlooked or even ignored, and production cost control was frowned upon, thus causing a widespread skyrocketing of social production costs for the principal products. Let us take for example the production cost of pig iron among the key enterprises throughout the country, with 100 as the base figure of the average per-ton production cost in 1957. It rose to 158 in 1961, dropped to 103 in 1966 and rose again

to 149 in 1976. The base figure of the average per-cubic-meter production cost of timber was 100 in 1957. It rose to 150 in 1961, dropped to 104 in 1966 and rose again to 169 in 1976. These conditions show the correctness and mistakes in the macroeconomic policy decisions, the rationality and irrationality in the national economic structure, as well as the profound effects of production costs from the microeconomic point of view. Because of the harmful effects of leftism in the past 30 years since the founding of the People's Republic, we have for more than 1/2 of this whole period taken the road of high accumulation and poor economic results which led to the financial deficits and unstable commodity prices in recent years. According to statistics by the relevant departments, the national industrial output value in the first half of 1981 was higher, but the profits were lower by 12.3 percent compared with the same period in the previous year. At the same time, the number of enterprises incurring losses was much increased--by 22.9 percent over the same period in the previous year. This number accounted for 31.5 percent of all industrial enterprises, and the losses totaled 2,179,000,000 yuan, an increase of 775 million yuan, or of 55.2 percent over the same period in the previous year. This shows the seriousness of the problem of failing to handle economic management well. We must improve the management in both the macroeconomic and microeconomic aspects and quickly turn the losses into profits; otherwise, this will produce extremely harmful effects on the stabilization of prices.

IV. There are now three major problems in price parity: first, with the price parity between industrial and agricultural products; second, with the price parity between the mining-tunneling industry and the processing industry; and third, with the price parity between the grain and the cash crops. Here, we will deal with the first problem at some length.

The situation in price parity between industrial and agricultural products has been markedly improved since the increase in the procurement prices for agricultural products in 1979. If the base figure of prices in 1978 was 100, then in 1979, the general index of procurement prices for agricultural and sideline products was 122.1, and the retail price index for industrial products in the countryside was only 100.1. As shown by the data in a large number of typical investigations and study, the percentage of benefits--derived from tax reduction--in the production cost (including materials and labor costs) of the principal agricultural products, that is, the pure benefit rate of the production cost, in 1979 was considerably higher than in 1978. For example, the gain for rice was raised from 10.1 percent to 42 percent; for wheat, the 5.19 percent loss was turned into a 14.1 percent gain; for cotton, the gain was raised from 14.9 percent to 35.2 percent; and for cured tobacco, the gain was raised from 28.5 percent to 33.9 percent. Such profit rates in industry cannot be considered low. Again, let us look at the rate of increase in the income of workers and peasants. The workers' wages in 1979 was higher than in 1978 by 9.4 percent. In the same period, the average income for each person from the distribution of benefits in the basic accounting units of the rural people's communes was increased by 12.7 percent. Again, according to typical investigations conducted on more than 10,000 households in 23 provinces, the average net income of each peasant

from collective distribution and from household sideline occupation was increased by 19.9 percent in the same period. This shows clearly the narrowing of the gap between the income of workers and peasants. Many people feel that the present difference between industrial and agricultural products is still quite large; therefore, they are in favor of further raising the procurement prices for agricultural products in order to improve the peasants conditions of living. It is true that the present standard of living for peasants is low and that there is some difference between the income of workers and peasants. However, we must also note the following facts: (1) The standards of living for both workers and intellectuals are also low, and long and painstaking efforts are required to improve gradually the conditions of living for all the people. (2) Conditions for living have been improved for both workers and peasants. The average wages for workers and staff members under the system of ownership by the whole people in 1979 were 10.7 percent higher than in 1978, and in the same period, the index of living expenses rose by 12.2 percent. If the increase in prices is taken into account, the average actual wages have been slightly decreased. However, we have for a long time adhered to the "more jobs at lower wages" policy, and job opportunities have continued to increase. The average number of working people in each family has increased and the number of persons to be supported by each laborer has been gradually reduced from 3.4 (including the laborer himself) in 1956 to 1.8 in 1980. If the constantly increased state subsidy is considered, the average annual consumption for each worker in 1979 approximately doubled (or rose by 102 percent over) that in 1957. The average income for each peasant from collective distribution in 1979 exceeded that in 1957 by 105.7 percent. If the increase in prices, household sideline occupations and other factors are taken into account, the average annual consumption for each peasant in the same period was nearly doubled (or raised by 96.2 percent). Please note that such achievements were made even though the population of peasants had been increased by more than 50 percent. (3) The differences between workers and peasants and between cities and the countryside still exist, and the income of workers and peasants cannot be compared in an over-simplified way. Chairman Mao has pointed out: "It is not right simply to compare a peasant's average annual income with a worker's and jump to the conclusion that one is too low and the other too high. Since the labor productivity of the workers is much higher than that of the peasants and the latter's cost of living is much lower than that of workers in the cities, the workers cannot be said to have received special favors from the state." ("Selected Works of Mao Zedong" Vol 5 p 381)

Our task is to eliminate the difference between workers and peasants. However, we must carry it out steadily in the process of socialist construction instead of rushing it through. The fundamental way to solve the problem of the peasants' livelihood is to raise agricultural productivity. If we deviate from this way and simply raise the procurement prices for agricultural products, the only effect is to enable the peasants to possess more money. This is beyond our present financial resources, but a more important reason is that there are not enough industrial commodities (both means of production and consumer goods) for the peasants to buy with the money in their possession. Thus neither the peasants' livelihood nor agricultural productivity can be raised. Disregard in the balance between purchasing power and the

availability of commodities will certainly lead to currency inflation and the increase of prices, and adversely affect people's livelihood. Then it will be not only an economic, but also a political issue.

We are of the opinion that the sharp difference between industrial and agricultural products is essentially a difference between workers and peasants. Elimination of the difference between workers and peasants is a long historical task and the basic way to accomplish it is by raising agricultural productivity. The main way to raise agricultural productivity is to reorganize management, to apply science and technology, to develop economic diversification, and to improve the agrotechnical equipment. In other words, we should first rely on correct policies, second, rely on science, and third, rely on industrial support. As for the pricing policy for agricultural products, based on the present national conditions, we can only make these attempts: (1) Help the production units make some gains after recovering their costs; (2) avoid any reduction of industrial products in their exchange for agricultural products, and try to increase them gradually by lowering the production costs of industrial products; and (3) provide more real benefits to the peasants by preventing any further enlargement of the worker-peasant difference. At the same time, we should clarify to the peasants these points: (1) Part of the value created by peasants belongs to the society in the form of social deduction; (2) the surplus product benefits from increased industrial labor productivity cannot be passed over to peasants through pricing, since industry still has to be developed, and it will be impossible to raise agricultural productivity without the technical equipment supplied by a strong industry; (3) the increase of agricultural product prices will lead to a redistribution of national income among the state, the workers and the peasants, and excessive distribution will lead to financial deficits, currency inflation, and then an increase of commodity prices which will hurt both workers and peasants, since national income within a certain period is only limited; and (4) increase of production and practice of economy is also necessary for agriculture, and the main source of increased income for peasants is to lower the production costs while developing production so that there will be increases in both production and income. Because of the universal introduction of the system of production responsibility in 1979 and 1980, the peasants have acquired decisionmaking power in farming and there is already the gratifying spectacle of lower production costs for agricultural products. According to a typical nationwide survey, the average production cost rate in production (that is, the ratio of production cost to the output value) for six different grain crops (rice, wheat, millet, maize, sorghum and beans) was 93.82 percent in 1978 and 74.27 percent in 1979, a 20.84 percent drop. However, reduction of production cost alone is not enough. We must recognize the need for scientific farming and stress economic results. We must not strive for output regardless of cost as we did under blind commandism in the past. After all, the basic question of increasing the peasants' income and reducing the difference between workers and peasants is how to raise agricultural productivity so that the peasants can increase their income from their increased output. In raising agricultural product prices, we must consider the interests of the state and the peasants. In view of the present overall economic situation, the procurement prices for agricultural products should remain stable for several years, and we cannot again stress the need for price increase as a means of making the peasants wealthy.

9411
CSO: 4006/443

'FAVORABLE ASPECTS OF SMUGGLING' ARGUMENT ANALYZED

Guangzhou NANFANG RIBAO in Chinese 9 Apr 82 p 2

[Article by Chen Li [7115 4409]: "An Analysis of the 'Favorable Aspects of Smuggling' Argument"]

[Text] With the intention of confusing the public and covering up their own criminal activities, some elements engaged in smuggling and dealing in contraband goods have come up with numerous "high-sounding rationalizations." Some of the rationalizations most frequently advanced include such arguments as "smuggling has its favorable aspects," "contraband articles are cheap and therefore of benefit to the people," and "smuggling yields high profits and is therefore good for the units and the localities." It was the same Wang Zhong [3769 0112], former secretary of the Haifeng County Party Committee, who said that "the profits realized from smuggling can be used for construction projects" and that "there is no need to make a big fuss" about smuggling. The "high-sounding arguments" extolling "the benefits of smuggling to the people" and "the advantages of smuggling to the nation" do not, needless to say, have a leg to stand on. Nevertheless, by associating smuggling with such euphemistic terms as "benefits to the people" and "advantages to the nation," these utterances have captured the imagination of some people. That is why it is absolutely necessary to lay bare the absurdity of such arguments.

Smuggling is extremely detrimental to the interests of the nation. Not only does it result in heavy financial losses to the government, but, from a certain point of view, also does serious damage to the nation's sovereignty. The customs service and customs duties are important aspects of a nation's sovereignty. At the conclusion of the Opium War, the imperialist powers imposed on us by dint of force a series of unequal treaties, among which was one which deprived us of our control over customs and our sovereignty over the collection of customs duties. Thus, the imperialist powers were able to engage in the large-scale smuggling of goods into our country, to evade the payment of customs duties, to dump large amounts of commercial commodities into our country, to throttle our industrial and commercial enterprises and to plunder the wealth of our nation. According to historical records, because of the rampant smuggling activities, although there was no reduction in the amount of imported "foreign goods" into Guangzhou between 1844 and 1848, there was a large reduction in customs receipts. While customs receipts in 1844 came to

3,360,830 silver dollars, they dropped to 1,824,045 silver dollars in 1848. Within the period of 4 years, the customs suffered a loss of more than 50 percent in customs receipts. Thus, whether in the days of the old China or in the present day and age, smuggling and trading in contraband goods whittle down our sovereignty, bring shame upon the nation and damage the interests of the nation and the people. Smuggling is thus something which cannot be condoned by any sovereign nation.

Today, smuggling activities also deal a direct blow to our industrial production. At one time, such "foreign goods" smuggled into our country as television sets, radios and recorders, electronic calculators, watches, umbrellas, nylon materials and other manufactured goods filled every corner of the market in many cities and villages, seriously affecting the sale of similar products made in our country and forcing some of our factories to cut back on production or even to suspend operations. This has had the effect not only of hampering the development of our industrial and commercial enterprises and the accumulation of funds for our construction projects, but also of damaging the direct interests of large numbers of staff members and workers as well.

Furthermore, smuggling activities have eroded the morals of some of our cadres and polluted our social climate. Some party members and cadres, tempted by the allure of quick profits, have engaged in smuggling and dealing in contraband goods and have turned into criminals. In areas where smuggling and dealing in contraband goods have reached epidemic proportions, many of the peasants have lost interest in farming and many of the fishermen have lost their desire for fishing. Thus, serious damage was done not only to agricultural and fishery production, but smuggling activities have also led to many other unlawful and criminal activities. With money in their pockets, those engaged in smuggling and trading in contraband goods, thoroughly corrupted, squander their money like dirt and seriously pollute the social climate.

There is no basis to the argument that smuggled goods are cheap and that smuggling is of benefit to the people. How can smuggling and dealing in contraband goods, which pose such serious danger to the nation, be of benefit to the people? Since the interests of our nation and the interests of our people are identical, what is damaging to the nation must be equally damaging to the people. Then again, while contraband articles appear to be cheap, many of the items are counterfeits or articles of inferior quality. For instance, most of the contraband watches are counterfeits and many are utterly worthless. Without exception, those who have bought such counterfeit articles are agreed that they have been taken in.

It is obvious that smuggling causes serious damage to the nation and the people and that the only people who stand to benefit from such operations are the law breakers and criminal elements. Many smugglers and dealers in contraband goods, having acquired sudden wealth, have built villa-style houses, furnished them with fine furniture, bought themselves all kinds of appliances and live extravagant and hedonistic lives. To say that smuggling "benefits the nation and the people" is just so much poppycock. What it really benefits are those who engage in smuggling and dealing in contraband goods. Thus, the argument advanced by those who engage in smuggling can be put to rest once and for all.

9621
CSO: 4006/434

FAITHFUL EXECUTION OF ECONOMIC CONTRACT LAW URGED

Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Mar 82 p 3

[Article by Liu Zhongya [0491 1813 0068]: "The Execution of the Economic Contract Law Must Be Regarded as a Serious Matter"]

[Text] Experience in the establishment of the legal system has proved that important as it is to draw up a code of laws, it is even more important to enforce it. To develop to the full the positive role which the economic contract law should play in the four modernization construction projects, it is essential that the various trades and businesses be made to abide by the law, to enforce the law and to deal with violations of the law in a stringent manner.

Since the economic contract law represents the basic yardstick by which contracts are signed and the terms of which are fulfilled by the judicial persons, the parties concerned should take it upon themselves to execute the terms of a contract in a conscientious manner. Due to imperfections in the legal system in the past, many of the economic contracts signed by the enterprises were incomplete, imprecise in the use of language, lacking in a clear-cut definition of responsibilities and incorrect in setting forth the rights and obligations, so that it was a common practice to evade the terms of the contracts. It was not unusual for the enterprises to tear up contracts at will and to delay or refuse to make payment for goods. Some units which were not judicial persons were given to signing contracts in an irresponsible manner and refusing to assume responsibilities when something went wrong. In order to deal with this problem, the economic contract law clearly defines the valid clauses of contracts, how they should be fulfilled, under what circumstances they may be altered or invalidated and the penalties to be exacted for failure to fulfill contract terms. From now on, these matters will be dealt with in strict accordance with the economic contract law. The basic purpose of these provisions is to uphold the legal inviolability of contracts so as to prevail upon the parties concerned to fulfill to the letter their obligations stipulated in the contracts and to provide an impetus to the development of production. So far as the parties involved are concerned, their rights and economic interests are protected by the government, and it is to their own advantage to abide by the terms of the economic contract law.

The leadership authorities of the enterprises and the concerned operations departments must also strictly observe the economic contract law. Since the signing and the fulfillment of economic contracts by the enterprises are actions of a legal nature and part of the normal business operations, they are entirely within the jurisdiction of the enterprises. However, over a long period of time, we had resorted chiefly to administrative measures to control the economy, and the leadership organizations and the operations departments were accustomed to interfering with the signing and fulfillment of contracts. They would sign contracts for and without the consent of their subordinate enterprises and let the enterprises assume responsibility for violations of contract terms. With the reform of the administrative system, economic and legal measures are mainly resorted to in the administration of the enterprises except for certain essential administrative measures. Since the economic contract law was put into operation, the government has mainly taken recourse to the law in supervising the fulfillment of contract terms. The leadership authorities and operations departments should no longer interfere at will with the signing of economic contracts and the fulfillment of contract terms. If the contracts are not fulfilled or not completely fulfilled as a result of the unwarranted interference by the leadership authorities and the operations departments, they should be held responsible for violations of contract terms. If they should sign economic contracts on behalf of the enterprises without authorization or if they should overstep the limits of their authorization, they and not the enterprises are to be held accountable. This will not only strengthen the sense of responsibility on the part of the enterprises, but will also help to improve the work of the responsible operations departments. By not interfering at will with the signing of contracts and the fulfillment of contract terms, it does not mean that the leadership authorities and the concerned operations departments have abandoned their responsibilities. According to stipulations of the economic contract law, they have the responsibility of exercising supervision over the economic contracts signed by the enterprises under their control, establishing the necessary control system and making the manner in which the economic contract is being fulfilled by the enterprises an index of the economic standing of the enterprises. At the same time, they are to be responsible for mediating and arbitrating disputes at the request of the parties concerned. These necessary supervisory measures have the effect of complementing the restraints imposed by the law.

The banks and credit cooperatives also have a special role to play in exercising supervision over the fulfillment of contract terms. The economic contract law stipulates that they should settle accounts, take in and pay out money, refuse to make payments or to make deductions for late payments according to the accounting system. Within the period stipulated by the mediation agreement signed by the parties concerned and which has come into force, they are not to take it upon themselves to enforce the terms of the agreement. In cases where arbitration decisions have been made or when judgment has been rendered by the court, they have the authority to deposit money which needs to be paid into the accounts of the parties concerned according to the terms of the arbitration agreement or upon notification by the arbiters or the law court. The faithful implementation of these provisions will greatly serve

to reduce contract disputes, to speed up the circulation of funds and to uphold the sanctity of the law.

The departments responsible for national planning have a great deal to do with the enforcement of the economic contract law. Since the socialist economy is a planned economy, no unit or individual is permitted to resort to the use of contracts to scuttle the national plan. It is by the use of economic contracts that the government seeks to incorporate, either directly or indirectly, the production of the enterprises, the communes and the brigades into the national plan. Economic contracts must be concluded by the parties concerned with a view to achieving the goal set forth in the mandatory plan handed down by the government, especially when they involve the production of commodities which have a major effect on the livelihood of the people. However, since the positions and economic interests of the parties to a contract are not identical, disputes are likely to arise in the implementation of the mandatory national plan. In such cases, it is up to the higher authorities of both parties responsible for planning to engage in mediation with a view to reaching an agreement. Clear-cut provisions for such eventualities are set forth in the economic contract law.

The industrial and commercial administrative authorities also have an important role to play in the enforcement of the economic contract law. They have the responsibility to supervise and to check on the implementation of certain economic contracts as well as to mediate and arbitrate economic contract disputes. The industrial and commercial administration bureaus and offices are after all responsible for the investigation and handling of cases involving speculation and unscrupulous practices. They are responsible for dealing with cases involving the signing of bogus contracts, the sale of contracts, the use of contracts to engage in speculation, the use of roundabout methods to reap profits, the illegal transfer of contracts, the offering and acceptance of bribes and other illegal acts which work against the interests of the nation and the people. Aside from turning over cases involving criminal liability to the judicial organs, they are also responsible for their settlement. Experience points to the likelihood that while effort is being made to enliven the market, certain speculative and illegal acts will be committed. Unless a struggle is waged against such action, it will not be possible to protect lawful operations, to establish a normal economic order and to put the economic contract system in good working order.

To establish the socialist legal system in a proper manner, it is essential to strengthen economic legislation and economic judicature. While it is important to have sound legislation, it is equally important to have a strict system of law enforcement. As was pointed out by Lenin, "the law counts for nothing in the absence of an organization capable of making people abide by the provisions of the law." The economic contract law stipulates that in the event of a contract dispute, the parties concerned may request the responsible authorities to mediate or to arbitrate the dispute, or they may directly file a formal complaint with the people's court. The compliance with the terms of an economic contract directly affects the interests of the enterprises. However, due to shortcomings in the work of law enforcement in the past, many disputes had not been promptly disposed of or had not been disposed of in a conclusive manner. There were also many who took advantage of contracts to

commit criminal acts without being subjected to proper penalties. To prevent the further occurrence of such activities, it is necessary to strengthen the work of the economic courts under the people's courts and the work of economic investigation of the people's procurators at various levels, and to speed up the establishment of courts specializing in railway transportation, water transportation and forestry. The operations departments and the industrial and commercial administration departments concerned must also establish close cooperation and coordination with the law courts to strengthen the work of mediation and arbitration in contract disputes in order to ensure "the strict enforcement of the law and punishment for law violations."

The proper enforcement of the economic contract law calls for good publicity work on and a good understanding of the economic contract law. Over a long period of time, due to the inadequacies of our economic legal system and the serious damage done by the "gang of four" over a 10-year period, the people had a poor understanding of the legal system. Not a few of them had no idea of what was meant by economic contracts, how to sign economic contracts, what responsibilities economic contracts entailed and how to handle contract disputes. Now that the economic contract law has come into effect, full use should be made of the different means to give it the publicity it deserves. The concerned departments, and especially the cadres of the economic departments and the enterprises, must make themselves conversant with the economic contract law so that it may be successfully enforced as from 1 July of this year.

9621
CSO: 4006/434

TRANSPORTATION

SHANGHAI EXPANDS SHIPBUILDING INDUSTRY

OW091328 Beijing XINHUA in English 1253 GMT 9 Jun 82

[Text] Shanghai, 9 Jun (XINHUA)--Fifty-one ships totalling 550,000 tons, or over 60 percent of China's ships made for export, have been built in Shanghai in the past 2 years, according to the city's shipbuilding department.

At present, various kinds of vessels have been put into mass production, including 10,000 ton plus class of ocean-going freighters, tankers and surveying ships; 5,000 ton marine passenger ships; and ice breakers, hovercrafts, trawlers, dredgers and salvage tugboats.

Along with expansion of China's marine projects, the municipal shipbuilding department said, shipyards in Shanghai have undertaken the manufacture of vessels for use in the offshore petroleum exploration, and drilling rigs.

The department further noted that the city's shipbuilding capacity constitutes more than 40 percent of the national total. In the past 3 decades, it added, Shanghai has designed more than 800 types of ships, of which, a total of 5,600 ships of around 400 models have been built and commissioned, and their combined tonnage has reached 3 million tons.

At present, Shanghai has employed 7,300 people on its marine engineering design and research projects, including over 2,680 engineers and 4,200 assistant engineers and technicians.

The city now boasts nine shipyards and four navigation instrument factories, each equipped with its own research unit, along with the Shanghai Shipbuilding Research Institute, the Marine Design and Research Institute of China, and the Shanghai Shipbuilding Institute under the Ministry of Communications, which were established successively since the 1950's.

In addition, the China Society of Shipbuilding Engineers has published two periodicals, "Shipbuilding in China" and "Shipbuilding Engineering," being distributed in China as well as in foreign countries.

However, before China's national liberation in 1949, the shipbuilding industry employed only a small number of technical personnel and turned mainly to foreign countries for the supply of parts or accessories to maintain the few ships that had been built with Chinese capital, the municipal shipbuilding department said.

CSO: 4020/140

BRIEFS

RAILWAY PASSENGER SERVICE--Beijing, 1 Jun (XINHUA)--A 1-month campaign to improve railway passenger and freight service was started today by China's 2.7 million railway workers. The main aim of the campaign is to enable the more than 2 million passengers that travel by train every day in the country to enjoy their trips better, and ensure safe running. According to the Ministry of Railways, China's railways carried 416.9 million passengers in the first 5 months of this year. The figure is expected to reach 490 million by the end of June. Many office cadres from railway departments have gone to work at stations or on passenger trains. They will take part in mopping floors, serving tea and food to passengers and soliciting their opinions while helping to improve the work in general. [Text] [OW041405 Beijing XINHUA in English 1233 GMT 1 Jun 82]

CSO: 4020/140

GENERAL

PREMIER ZHAO ZIYANG APPROVES RESEARCH PLAN

Shanghai SHIJIE JINGJI DAOBAO in Chinese 15 Mar 82 p 1

[Report: Zhao Ziyang Approves Plan of the Techno-Economic Center To Mobilize Economists To Participate in National Economic Research]

[Text] According to an announcement made at the first annual meeting on China's productive force economics, in order to enable Chinese economists to take better part in research on national economic development, Premier Zhao Ziyang on 8 February approved a plan put forward by the State Council's Techno-Economic Center to establish stable relations with the Chinese Research Society for Economics of Productive Forces, the Chinese Territorial Economics Research Society, the Chinese Capital Construction Economics Research Society, the Chinese Energy Resources Research Society, the Chinese Techno-Economic Research Society, and the Chinese Systems Engineering Institute, and to prepare to commission these research associations and institutes to conduct research on several special topics directly related to national construction. Delegates participating in the meeting said that they would enthusiastically undertake the tasks entrusted to them by the state and serve national construction with new achievements in research on productive force economics.

CSO: 4006/491

BRIEFS

BRITISH TRADE UNION DELEGATION--Beijing, 15 Jun (XINHUA)--Chen Yu, vice-president of the All-China Federation of Trade Unions, here this evening met and feted a delegation from the Union of Communication Workers of Britain led by Tony Clarke. They had a friendly conversation. The delegation arrived in Beijing yesterday for a visit to China at the invitation of the Postal and Telecommunications Workers' Trade Union of China. The guests will shortly leave here to tour Shanghai, Nanjing and Wuxi. [Text] [OW151930 Beijing XINHUA in English 1508 GMT 15 Jun 82]

CSO: 4020/140

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TITLE: "Study of the Structure of Heat-treated PES Fibers by X-ray Diffraction Method"

SOURCE: Shanghai FANGZHI XUEBAO [TEXTILE JOURNAL] in Chinese Vol 3 No 5, 1982 pp 3-9

TEXT OF ENGLISH ABSTRACT: The primary filament of PES exhibits essentially a relaxed noncrystalline structure. It will be greatly changed during drawing and heat processing. A systematical investigation on the structure of the PES fibers at different heat treating temperatures has been carried out by X-ray diffraction method. The relative crystallinity is determined by powder diffraction technique and the three peaks of intensity curves are measured on the equator. The crystalline size perpendicular to the (010) and (100) planes is calculated from Scherrer's formula. Thus the superimposed effect of the diffraction peak is reduced and the measurement precision is improved. The orientation index is derived by measuring the curve of azimuthal intensity distribution on the (100) plane.

[Continuation of FANGZHI XUEBAO Vol 3 No 5, 1982 pp 3-9]

The long spacing is measured by small angle X-ray scattering technique, while the thickness of lamella is obtained by measuring approximately the diffraction line broadening of $(\bar{1}03)$ plane at the point near the meridan, by means of wide angle X-ray diffraction technique. Thus the noncrystalline dimension can be derived by the combination of SAXS and WAXD.

It is obvious from the above measured parameters that the crystallinity, crystalline size, long spacing and lamella thickness of PES fibers increase with the increasing of temperature for heat treatment.

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TITLE: "A Study of Luster and Soft-handle on PES Filament Fabrics after Alkali Treatment"

SOURCE: Shanghai FANGZHI XUEBAO [TEXTILE JOURNAL] in Chinese Vol 3 No 5, 1982 pp 11-18

TEXT OF ENGLISH ABSTRACT: In this paper, the theory of silk-like appearance of the PES filament fabrics resulting from alkali treatment has been studied in two aspects, the luster and the soft-handle.

The luster of silk is about 23 times as much as that of PES fiber. Obviously, decreasing its direct reflection light or increasing its diffuse reflection light from the inside of the fiber has become a main technique for obtaining the silk-like luster. The investigation shows that the chief mechanism for improving the silk-like effect of luster lies in the morphology modification of warp and weft. The result comes from the screening of the surface holes and pits and the decrease of direct reflection area on the surface of the filament yarn, which will lead to a decrease of direct reflection light.

[Continuation of FANGZHI XUEBAO Vol 3 No 5, 1982 pp 11-18]

It has been assumed that the variation in the soft-handle after alkali treatment is due to the change of fineness and modulus of warp and weft and of crushing and the friction coefficient between them. The effect of each mentioned factor on the improving of soft-handle is dependent on the corresponding number representing the range of variation of these factors before and after the alkali treatment. The total contributions of all these factors to the soft-handle can be expressed in terms of their product, called comprehensive number N. Experiments show that the difference is quite small between N and the amplitude of variation of drape coefficient. Thus, if we want to understand and control the laws of the soft-handle variations of fabrics, we ought to have the variation of the four factors under control during treatment, among which the decrease of fineness and crushing is essential for achieving the soft-handle. This method can also be applied to all-silk fabrics with alkali treatment.

AUTHOR: CHENG Qi [4453 0796]

ORG: Tianjin Institute of Textile Technology

TITLE: "False Twist and Its Application"

SOURCE: Shanghai FANGZHI XUEBAO [TEXTILE JOURNAL] in Chinese Vol 3 No 5, 1982 pp 19-24

TEXT OF ENGLISH ABSTRACT: Based on the concept of the time limit of false twist, a mathematical formula to express the amount of twist of the silver is put forward in this paper. By making use of the formula in light of the twist-assisting effect and the further application of false twist in both the traditional spinning and new spinning, the false twist existing on top of the roving frame flyer, in the open-end spinning, electrostatic spinning and self-twist spinning, axial spinning, air-jet spinning and in the production of textured filaments has been analyzed and expounded.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON FOCAL POINT OF REORGANIZATION

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[Article by Jiang Yiwei [5592 0001 5517]: "Overall Reorganization Is a Constructive Reorganization--Part III"]

[Text] III. Establish a Leadership System Which Is Both Democratic and Centralized

1. The Leadership System Is the Fundamental System of Enterprises

The basic content of the overall reorganization of enterprises is the "3-items of construction." The first item of the "3-items of construction" is to gradually establish a leadership system which is both democratic and centralized.

The leadership system is the fundamental system of enterprises. Why is it a fundamental system? This is because it is the concentrated expression of the socialist nature of enterprises. Enterprises of different social nature will inevitably adopt different systems of leadership. A capitalist enterprise has a set of institutions of leadership which are suited to the capitalist private ownership system. In an enterprise which is solely operated by the investment of a capitalist, he dominates everything. The boss may employ a manager who will take care of routine work on behalf of his boss but the boss will make decisions on major issues himself. An enterprise which is operated by raised capital adopts in general the organizational form of a company. The board of directors which is composed of a small number of persons who are chosen by the capitalists (shareholders) exercises the authority to make decisions on behalf of capital shareholders and appoints a general manager who will be responsible for the operations and management of the enterprise. In some enterprises, the board of directors is both a decisionmaking organ and a supervisory organ and in other enterprises, a control commission is set up outside the board of directors as a supervisory organ, a commission which exercises the authority to supervise and has, in some aspects, greater authority than the board of directors. By relying on this set of leadership institutions, capitalist enterprises can effectively safeguard the rights and interests of capital and at the same time, this set of leadership institutions is also suited to the requirements of the everincreasing complexity of the operations and management of capitalist enterprises.

A socialist enterprise is an enterprise under the public ownership system. It is necessary to establish a leadership system in the internal departments of enterprises which is suited to the socialist socioeconomic system.

Since the founding of the PRC, with the establishment and development of the public ownership system, the leadership system of our enterprises has also continuously changed and developed as well as accumulated some positive experiences. However, there have also been problems which are not suited to modernization and socialized mass production. The 3d plenary session of the 11th CCP Central Committee has put forth the historical tasks to reform China's economic management system. Over the last 3 years, marked achievements have been made in expanding the decisionmaking power of enterprises and conducting regulation by market mechanism. Along with the reform of the economic management system, it is inevitable that a reform of the leadership system in the internal departments of enterprises should be carried out correspondingly. At present, there are more than 400 enterprises across the land, which are carrying out the experimental work in this respect.

As for the question of what kind of leadership system should actually be established so that it can either embody socialist principles and give play to the superiority of the socialist system or suit the objective needs of modernization and socialized mass production, there is, as yet, no perfect ready-made pattern. Therefore, on the basis of summing up our existing positive experiences and in the light of the orientation of development of the future structural reform, it is necessary for us to explore a Chinese-style socialist ownership system of modern enterprises.

In practical terms it is certain that this new-style leadership system will ceaselessly blaze new trails and develop in the course of practice. But what kind of basic principles should be followed? Recently, the CCP Central Committee has pointed out: "The fundamental common principle that should be followed is the collective leadership by the party committee, democratic management by the staff and workers and the factory director taking command in administration and production. These principles are a new summarization of the leadership system and management system in the internal departments of enterprises based on years of experience. Whether the great majority of the enterprises which are now still carrying out the system under which the factory director assumes full responsibility for production under the leadership of the party committee and the system of staff and workers' congresses under the leadership of the party committee or the minority of the pilot units which are carrying out the leadership system and management system in other forms on a trial basis must all follow these fundamental principles and furthermore, on this basis and in the light of the reforms of the whole economic system and management system, gradually formulate a new system which suits them."

At present, apart from a small number of enterprises which are carrying out trial-point reform of the leadership system to explore a more perfect leadership system, most of the remaining enterprises all over the country are still practicing the system of staff and workers' congresses and the factory director responsibility system under the leadership of the party committee. The CCP Central Committee and the State Council approved the promulgation of the

"Provisional Regulations Concerning the Staff and Workers' Congresses in State-owned Enterprises" and the "Provisional Regulations Concerning the Work of Factory Directors in State-owned Factories" and will in future promulgate the "Regulations Concerning the Work of the Grassroots Organizations of the CCP in Industrial Enterprises" and others. The enterprises which are not involved in the above-mentioned experiment must earnestly implement these regulations. However, by "implementation," under no circumstances do we mean that it will be right enough to act only according to the provisions of the regulations in a formal and oversimplified way. The true implementation must be to have a good understanding of the spirit and principles of the directives and provisions of the regulations of the CCP Central Committee and the State Council and in light of the specific conditions of enterprises and the development of the economic structural reform and the premise of not violating the three fundamental principles summarized by the CCP Central Committee, to create some effective concrete measures so as to enrich and develop the contents stipulated in the provisional regulations. In this way, we can make due contributions in establishing a leadership system which is both democratic and centralized.

2. Practice Democratic Management by the Staff and Workers and Give Full Play to the Masses of Staff and Workers' Enthusiasm for Socialism and Their Sense of Responsibility of Being the Masters of the Country

In a socialist country, the system of public ownership of the means of production is practiced and exploitation has been abolished. The working people have become the masters of production and they work for their own interests including the overall interests of the working people and the immediate interests of the individual and thus they have a reservoir of enthusiasm for labor. This is the greatest superiority of the socialist system and also the foundation for socialism to eventually replace capitalism.

However, in order to bring this superiority of socialism into full play, it is necessary, in terms of the system, to truly ensure the working people's position of being the masters of the country and the formal and effective ways for them to exercise their right to be their own masters. Apart from further perfecting the socialist democratic system politically, we must also practice a high degree of democracy economically. In a certain sense, economic democracy is the foundation of political democracy.

An enterprise is the basic unit of the social economy. Social productive force comes into effect in enterprises and the social relations of production are also manifested directly in enterprises. Therefore, in practicing economic democracy, the most fundamental link is to carry out the democratic management by the staff and workers in the enterprises.

In order to alleviate the contradiction of the antithesis between labor and capital, a capitalist enterprise also adopts the so-called "system of worker participation," allowing the representatives of workers to participate in the board of directors and so on, but the true decisionmaking power is still in the hands of the capitalists. On matters involving the fundamental interests of the capitalists, they will not allow the workers to really assume responsibility

for making a decisions. Only under the socialist public ownership system can the masses of staff and workers truly become the masters of enterprises.

In carrying out the structural reform and expanding the decisionmaking power of enterprises, who will exercise this power? In principle the entire body of staff and workers should exercise it.

In establishing the economic responsibility system which combines responsibility, authority and benefit, who will undertake this responsibility, authority and benefit? In principle the entire body of staff and workers should undertake this responsibility, authority and benefit. So long as they realize that they are the masters of enterprises and in addition, they do actually exercise their rights as their own masters, and what is more, the quality of the results of the production and operations of enterprises are directly related to their own interests, they will inevitably take an attitude of being the masters of the country to concern themselves with the enterprises and make concerted efforts to discharge the bounden responsibilities for the state and society.

Since the founding of the PRC, concerning matters of democratic management by the staff and workers, we have adopted many forms, but practice has proved that the form with the staff and workers congresses as the democratic decisionmaking management in enterprises.

A socialist enterprise is the basic unit of the national economy. Under the state's unified leadership, it has a relatively independent position and also relatively independent economic interests. Within the limits of state policies and decrees and under the guidance of state unified plans, it carries out independent operations, practices independent business accounting and assumes responsibility for its own profits and losses. Therefore, on the questions of how to develop and how to operate and manage the enterprise so as to achieve optimum economic results, the enterprise itself must have fairly great initiative. The quality of the production and operations of enterprises depends not only on whether or not the operational decisions of enterprises and correct, but what is more important, also depends on whether or not the decisions of enterprises can be grasped by the broad masses of staff and workers and become the conscious actions of the entire body of staff and workers.

The staff and workers' congresses which are composed of the outstanding representatives who are elected by the masses of staff and workers themselves in a democratic way discuss and make decisions on the development program and other major issues of enterprises. This will not only be able to draw on collective wisdom and absorb all useful ideas and raise the correctness in making decisions but also be able to assign the entire body of staff and workers heavy responsibilities for fulfilling production and various other tasks of enterprises.

The decisions adopted by the staff and workers' congresses should be made the goals for the practical struggle of every individual staff member or worker through the implementation of the economic responsibility system, with each level of the internal departments of enterprises contracting for the congress' assignments and ensuring their fulfillment. In this way, the enthusiasm of the entire body of the staff and workers can be organized with everybody "thinking and working with one heart and one mind," thus becoming an invincible powerful force.

However, the staff and workers congress is, after all, an organizational form. If things go well with it, it may genuinely develop democracy and give play to the enthusiasm of the broad masses of staff and workers but if things do not go well, it may become a mere formality and not play any substantive role. What counts is to adopt some effective measures to bring its role into play.

For instance, before the staff and workers congress discusses and draws up the annual plans for production and operations, naturally, the factory director is obliged to prepare plans and then submit them to the congress for discussion. If no deliberations are made beforehand and the plans are read out in the manner of downpour, the representatives to the congress will hardly make any suggestions for the time being and have to raise their hands for approval. In such a case, it is impossible to give scope to the congress' role of pooling collective wisdom and absorbing useful ideas and making decisions in a democratic way. If we make full explanations of the main contents of the plans and distribute them among the representatives, urge the representatives to extensively solicit opinions from all concerned and bring them to the congress, on this basis the congress can make decisions democratically. In this way, things will be different. Some enterprises have even created such a method: in regard to some factorywide major policy issues, they prepare, in advance, several different plans with both advantages and disadvantages clearly stated and submit them to the congresses for discussion rather than putting forward only one plan for the representatives to discuss and approve. With the representatives having things to contrast and choose, the discussions will not become a mere formality.

Take the standing system of representatives for another example, this is a good method for giving play to the role of the representatives. If the representatives to this congress are only fixed in the standing system of representatives and attend the meetings while the congress is in session and have nothing to do after the meetings are over, such a standing system of representatives will be unable to play a great role. To bring the role of the standing system into full play, it is advisable to ask the representatives to maintain extensive contacts with the masses at ordinary times and heed the opinions of the masses on the work of the enterprises or of the leading cadres and to report to the departments concerned so that the latter will handle or reply to their opinions. In this way, the standing representatives will play a greater role. While the congresses are in recess, it is encouraged to organize the representatives, help them separately participate in some specialized committees and carry out democratic management or supervision over some work of enterprises. In this way, the role of the standing system of representatives can be brought into full play.

Practicing democratic management by the staff and workers in enterprises is not confined to one form such as the staff and workers' congress. In regard to the many day-to-day tasks of enterprises, such as carrying out the activities of technical innovation, organizing forces to tackle key problems in technology, unfolding labor emulation campaigns, organizing the activities for making a public appraisal of the quality of different products, supervising economic matters and the management of work related to the welfare of the staff and workers; certain forms of democratic management can be adopted. In order to avoide the activities of democratic management becoming excessively concentrated

in a small number of people, it is necessary to allow more staff and workers to take part in the activities of democratic management in the various fields so that they all have the opportunity to exercise their rights as their own masters. This will play a great propulsive role in inspiring the sense of responsibility of the masses of staff and workers as their own masters.

3. Establish a Highly Centralized Directing System Headed by the Factory Director and Continuously Raise the Work Efficiency of Enterprises

In his brilliant work "On Authority" which Engels wrote over 100 years ago, he made a detailed discussion on the question that in the joint activities of socialized mass production, there should be a centralized and unified command. He said: "Attempting to abolish the authority in big industry means attempting to abolish industry itself, that is, restoring the hand-operated spinning wheels by abolishing steam spinning machines." He went on to say: "Here the first condition for the activities is that there should be a will which plays a dominant role and can handle all problems arising under its jurisdiction,--it is all the same whether what embodies this will is a representative or a committee which is in charge of carrying out the decisions of the great majority concerned. No matter what conditions we are in, we will meet with an authority which bears very clear expressions." ("Selected Works of Marx and Engels," vol 2, p 552-553)

In enterprises, thousands and even tens of thousands of people assemble together and go in for joint activities of production in a manner of both sharing the work and cooperating with one another. Without highly centralized and unified command, there would be nothing but confusion in this socialized mass production and it would be impossible to fulfill any production tasks.

The socialist nature of enterprises requires a high degree of democracy. This mainly refers to fully developing democracy in the policymaking about major issues. As for the routine activities of production and operations, there should be a highly centralized and unified command. Being both democratic and centralized is a major characteristic of the leadership system in the internal departments of socialist enterprises.

All enterprises without exception must establish a powerful administrative directing system headed by the factory director (or manager) so as to ensure the coordinated and highly effective advance of the various tasks of enterprises. The democratic management by the staff and workers is practiced under the leadership of the enterprise party committee with the staff and workers' congress as the main form. Major issues concerning production and operations as well as the welfare of the staff and workers should be decided by the staff and workers' congress after full deliberations and discussions have been made and the factory director should assume responsibility for carrying out the resolutions. Since these decisions are adopted by the staff and workers' congresses on behalf of the entire body of staff and workers, the latter have the duty to jointly observe and carry out the resolutions. Therefore, in the course of putting the resolutions into effect, the entire body of staff and workers also have the obligation to submit themselves to the unified command of the factory director. The masses of staff and workers are allowed to criticize the shortcomings and errors in the direction of the director and supervise him through democratic

procedures but they are obliged, in deeds, to subject themselves to the direction of the factory director and they should definitely not do things in their own way and do whatever they think is right.

To establish an administrative directing system headed by the factory director, the following problems call for solution:

First, clearly define the functions and powers and responsibilities of the factory director and choose and appoint a competent and capable factory director.

A state-owned industrial enterprise is an enterprise under the system of ownership by the whole people. The person in charge of the enterprise--the factory director or manager--has a dual status: he is both entrusted by the state to take charge of the operations and management of an enterprise and entrusted by the staff and workers' congress to carry out the resolutions adopted by the congress and to exercise the centralized and unified authority to command. That is to say, he is responsible both for the responsible departments of the higher levels and also for the staff and workers congress. In enterprises which practice the factory director responsibility system under the leadership of the party committee, the factory director should naturally also be responsible for the party committee. These relationships are fairly complicated. How to better handle these relationships remains to be further explored in the reform of the leadership system. However, the principles, policies, laws and decrees of the party and the state are unitary and all quarters and sides concerned must observe and carry them out. Therefore, these relationships are also unitary. No matter which side the director of a factory is responsible to, he is, in the final analysis, responsible for the principles, policies, laws and decrees of the party and the state. The director of a factory should conscientiously accept and safeguard the enterprise party committee and present work reports regularly to the party committee. However, when the director disagrees with a decision by the party committee, he may put forward his own suggestions for reconsideration. If he still has differing views on the result of the reconsideration, he is allowed to reserve his suggestions. While carrying out the decisions, he may report to the responsible units which will give a ruling.

The director of a factory must respect the functions and powers of the staff and workers' congress and present work reports according to the set regulations of the staff and workers' congress and carry out the resolutions adopted by the congress. But if he disagrees with a resolution submitted by the congress, he may put forward his own suggestions for reconsideration. If he still has differing views on the result of the reconsideration, he may report to the enterprise party committee for adjudication.

The director (or manager) of a factory is the chief leading member of the production and administration of the enterprise and is the legal representative of the enterprise. Therefore, whether or not the factory director is competent and equal to his duties has a great bearing on the work of the enterprise. The director of a factory must possess the "four requirements" (be more revolutionary, younger, more knowledgable and specialized) and he can thus suit the requirements of a modern enterprise.

Because the factory director has a dual status, therefore the appointment and removal of the director must inevitably go through two procedures: one is that the higher organs of the enterprise first designate a candidate, gather the staff and workers congress' opinions on him and then appoint him director of the enterprise after he has been examined and approved by the staff and workers' congress. The other is that the staff and workers congress democratically elects the factory director, the appointment of whom will then be submitted to the relevant higher organs for examination and appointment. If he is not equal to the task and the staff and workers congress demand his recall, the congress should report this to the relevant higher organs for investigation and handling.

There have been concrete regulations concerning the specific conditions for and the limits of the functions and powers and responsibilities of the director of a factory laid down in the "Provisional Regulations Concerning the Work of the Factory Director in State-owned Factories." In the course of the overall reorganization of enterprises, the provisional regulations should be implemented step by step.

Second, establish a leading work group headed by the factory director.

In practicing centralized command of production and administration, the factory director is the chief leading member. The relationship between the factory director on the one hand and the cadres at the factory level, such as the deputy factory directors, the chief engineer, chief economic expert and chief accountant on the other is a relationship of the leader and the led rather than a parallel relationship. In the past, the "system of work division by factory directors" was practiced and this resulted in the multi-headed leadership relations in the enterprises. This was a tremendous drawback dampening working efficiency. In order to exercise centralized leadership, it is not appropriate to have too many positions of deputy chiefs. The rational organizational form must be a form in which under the factory director there is only one deputy director. At ordinary times, should the factory director fail to perform his duties for some reasons, as the assistant of the factory director, the deputy factory director may exercise the functions and powers of the factory director on the latter's behalf. That is to say, the factory director and the deputy director are responsible for the overall production and administration of the enterprise and there should not be any other deputy directors who are in charge of certain professional fields which the various chiefs and departments concerned should undertake. This will be conducive to practicing centralized command and raising working efficiency.

The factory conference which, under the direct leadership of the factory director, is composed of the deputy directors, various chiefs and other personnel who should participate, and is a work group under the leadership of the factory director and also an advisory group to the director. It discusses and studies the problems arising in the production and operational activities and the factory director makes the final decision on the results of collective discussions.

In order to strengthen centralized command over the production and operational work and raise working efficiency, some nonproductive work should be separated

from the production and operational work as far as possible. For instance, as for the work of the welfare of the staff and workers, a welfare service company may be set up which serves the enterprise as its affiliated organ. The study and handling of the problems in this field must not be mixed up with the problems concerning direction and production.

Third, establish a sensitive and powerful unified command from top to bottom.

Timely and unified command is an indispensable condition for modern production. In the routine work of producton and administration of enterprises, stress should be laid on discipline and timeliness. For this reason, a from-top-to-bottom, sensitive and powerful directing system ranging from the factory headquarters, workshops to work teams and work groups should be set up.

The main management power in a factory is centralized in the factory headquarters and the power in which is centralized in the hands of the director. The relationship between the various factory functional offices and workshops is a relationship of professional direction rather than a relationship of leadership. In principle, the former cannot directly command the latter. Apart from directly handling some day-to-day professional duties within the limits of the regulations of the relevant functions and powers, the major decisions of the factory functional offices must go through the director and be transmitted to lower levels in the name of the factory director. The head of a workshop (subfactory) is mainly responsible for carrying out the instructions of the factory director, exercises the authority of centralized command in the internal branches of the workshop and implements the system under which the workshop head assumes full responsibility for production. The system under which the work team leader (section head) assumes full responsibility for production should be instituted among the work teams and work groups (sections) attached to the workshop. Each level of the internal departments of the enterprise is responsible to itself and to the directors at the higher levels.

In order to exercise a timely and unified command, the unified control organ of the whole factory must be strengthened. Some enterprises, such as the Shoudu Iron and Steel Company, have expanded the functions of the production control organ into those of production and operational control. This has not only controlled production activities in a timely way but also controlled the operational and management activities, thus giving fuller play to the role of unified control.

Fourth, Strengthen the Leadership of the Party Committee Over the Work of Enterprises Politically and Ideologically and Give Play to the Supervisory and Guarantor Role of the Party Committee

All undertakings of the socialist country must uphold the leadership of the party. This is an unshakable basic principle. The leadership of the party is mainly manifested in the line, principles and policies stipulated by the party. However, the party organizations at the various levels should spur on the broad masses to ensure and realize the implementation of the line, principles and policies of the party.

The enterprise party committee is the party's basic organization in enterprises. Regardless of whether the system of staff and workers congresses and the system under which the party director assumes full responsibility for production under the party committee are practiced or other forms of the leadership system are practiced, the party committee must be the core leadership force over political and ideological matters in enterprises.

The 3d plenary session of the 11th CCP Central Committee pointed out that it was necessary to overcome the phenomena in which there was no separation between the functions of the party and those of the government and between the functions of the government and those of the enterprises. This is the reform orientation which is aimed at countering the drawbacks existing in the previous leadership system. Separating the functions of the party from those of the government precisely means strengthening the leadership of the party over enterprises rather than weakening the leading role of the party. With no separation between the functions of the party and those of the government and with the party carrying out the functions of the government, the party committee used to concern itself with the large number of production and administrative tasks and all matters, big or small. This was in fact an act of lowering the status of the party committee to that of an administrative organ. Bogged down in everyday routine, the party committee failed to give play to its leading role in the political and ideological matters of enterprises from the higher plane of the party's principles and policies. This state of affairs has not only actually weakened the leadership of the party but also reduced the sense of responsibility of the leading personnel at the various levels of the administrative system and its affiliated sectors. On the one hand, the party committee was bogged down in meetings all day long and on the other, many important tasks in production and administration were in a situation of having nobody being responsible.

With the separation of the functions of the party and those of the government, the party committee exercises leadership mainly over the implementation of the party's principles and policies and ideological and political work and assigns the production and operational activities of enterprise to the factory director to be put under his unified command and his overall jurisdiction.

Whether the system under which the factory director assumes full responsibility for production under the leadership of the party committee or other forms of leadership system are practiced, if the factory director is a party member, he is responsible for presenting work reports to the party committee and should heed and respect the opinions of the party's organizations on some major issues in his work. Even if he is not a party member, as a non-party leading cadre, he should act similarly and place himself under the leadership of the party committee.

The staff and workers congress is the organ of power of enterprises for making decisions democratically. Regardless of whether the system of a staff and workers congress under the leadership of the party committee or another form of leadership system is practiced, the staff and workers congress must also respect the leadership of the party committee over ideological and political matters. The representatives to the congress who are party members must, needless to say, unconditionally carry out the resolutions of the party

committee and unite with the representatives who are non-party members to make concerted efforts to implement the party's principles and policies.

In order to exercise the leadership of the party committee over the enterprises, the party committee must give play to its propaganda and organizational role and to the leading and exemplary role of the party members among the masses. It must carry out ideological and political education among the masses of staff and workers, lead the staff and workers of the whole factory in adhering to the socialist orientation, carrying out the party's principles and policies and state laws and decrees so that the enterprise can develop along the correct course by relying on the mass organizations, such as the trade unions and the Communist Youth League.

In establishing a leadership system which is both democratic and centralized in the internal departments of enterprises, apart from the party committee itself having to uphold the principles of democratic centralism and exercise collective leadership, the party committee must educate the vast numbers of staff and workers to concern themselves with the state and the enterprises in the spirit of being the masters of the country, to correctly exercise their democratic rights as their own masters, to correctly handle the relationship of interests of the state, the enterprises and the individual staff and workers and to give full scope to the role of the staff and workers congresses at the various levels and of the organs of democratic management. At the same time, the party committee must also educate the broad masses of staff and workers to conscientiously observe work discipline in a manner of being the masters of the country, to respect the functions and powers of the factory director in production and administrative work and heed the controls of the administrative direction systems at the various levels.

While exercising leadership over ideological and political matters in enterprises, the party committee must simultaneously bring its supervisory and guaranteeing role into play in production and administrative work.

Supervision and guarantee are the two sides of a single coin. Now that the leadership of the party committee is mainly aimed at exercising leadership over the implementation of the party's principles and policies, if the staff and workers congresses and the factory directors deviate from the party's prinicples and policies, the party committee must give play to its supervisory role and correct their mistakes by persuasion. On the other hand, if the decisions adopted by the staff and workers congresses and the commands of the factory directors tally with the party's principles and policies, the party committee must support them and mobilize all party members to spur on the whole body of the staff and workers to ensure their realization.

Some comrades hold the opinion that the party committee only playing a supervisory and guaranteeing role in the production and administrative work of enterprises means reducing the position and role of the party committee. This is a misunderstanding. Carrying out supervision and guaranteeing and supporting what is correct and correcting what is wrong are precisely the two styles of leadership, neither of which can be dispensed with, with which the party committee implements the party's principles and policies.

To give play to its leading role, the party committee must perfect its own organizations, strengthen its building ideologically and politically, raise the political consciousness and political quality of all party members so as to enable them to become the guides of the broad masses. The secretary of a party committee must have both very high ideological and political levels and certain professional knowledge. Organs of the party committee should be provided with some competent cadres. Apart from the organization, propaganda, party discipline inspection and other departments, it is still foreseen that a policy research office should be set up with someone being put in charge of thoroughly studying the party's principles and policies and conducting investigations and study of the actual conditions of enterprises. In this way, we can offer a correct guide to the work of enterprises with a definite target in view.

CSO: 4006/493

ECONOMIC PLANNING

REPORT ON TIANJIN GOVERNMENT WORK AT PEOPLE'S CONGRESS

Tianjin TIANJIN RIBAO in Chinese 9 Apr 82 pp 1-2, 4

[Article by Hu Qili [5170 0796 4539], mayor of Tianjin Municipality: "Unite To Develop the Excellent Situation and To Strive for New Victories in 1982--Report on Government Work to the Third Session of the Ninth Municipal People's Congress on 29 March 1982"]

[Text] Fellow Deputies:

Last October, I reported to the Second Session of the Ninth Municipal People's Congress on the work of the government since its inception. Only 5 months have passed since the last session, but the situation has developed rapidly during this short period. Meanwhile, the central authorities have made many new important policy decisions on the socialist modernization drive in our country and laid down very important militant tasks for the whole party and all people throughout the country. The Fourth Session of the Fifth National People's Congress also laid down 10 principles for developing the national economy. Later, in the symposium of first secretaries in various provinces, municipalities and autonomous regions, Comrade Hu Yaobang called for the promotion of both material and cultural developments which have since produced new satisfactory results. Comrade Chen Yun also issued a series of important directives on economic work in which he pointed out that planned economy should still prevail and the regulation by the market can only be supplementary; that the construction of the whole country must be carried out in a sequence and in the order of importance and urgency; that people must have sufficient food and construction must be carried out as a matter of fundamental principle; and that the correct policy on economic work involving foreign countries must be upheld. Not long ago, the Standing Committee of the National People's Congress made important decisions on restructuring the State Council and on severely punishing the criminals who had seriously undermined the economy. In the national industrial and transportation conference, Premier Zhao Ziyang reiterated the need to improve economic results as a guiding thought in economic work. All these events are of great significance in our socialist modernization program. Now, on behalf of the municipal government, I will report for your deliberation and examination on the way to implement this series of important policy decisions, to develop the excellent situation in unity and to strive for new victories in 1982.

I. Carefully Size Up the Situation, Strive To Open Up New Prospects

As pointed out by the leading comrades in the central government, our socialist modernization drive has now reached a crucial stage. The question of whether we can truly open up a new prospect and lay a firm foundation for various aspects of our construction in the new several years is of decisive significance in the development in the next 10-20 years.

Since the Third Plenary Session of the 11th Party Central Committee, we have reaffirmed the Marxist ideological, political and organizational lines, formulated a series of principles and policies suitable for our national conditions on socialist modernization, adopted powerful measures to rectify our party style, to enforce party discipline and to revive the party's fine traditions, and completed the task of setting things right with respect to the guiding thoughts. The great achievements in real work have enabled the party and the state to return to the path of vigorous development.

Under the correct leadership of the Party Central Committee and the State Council, the situation in our municipality, like that in the whole country, is improving every year with new progress in every field of work.

In economic work, we have conscientiously implemented the policy of readjustment, restructuring, reorganizing and upgrading, vigorously developed light and textile industries, actively restructured the system of enterprise management, and made great efforts in consolidating the labor discipline and production order in the enterprises so that the national economy in the municipality could maintain its steady and sustained development along the correct path. Last year, the total industrial output value in the municipality reached 20.66 billion, an increase of 6.5 percent over 1980 and 29.1 percent over 1978, or an average progressive increase of 8.8 percent each year for the past 3 years. Thanks to the introduction of the system of responsibility for production in various forms, we still reaped a fairly good agricultural harvest despite serious droughts, typhoons, hail-storms and other natural disasters. The cash crops in particular increased their yields by a wide margin, economic diversification developed very rapidly, and the whole countryside was full of vitality. In capital construction, our efforts were mainly directed at repairing or rebuilding the houses damaged by the earthquake. A total of 1.63 billion yuan was invested in capital construction last year, and an area of 4.5 million square meters in floorspace was completed for various types of houses, including a floorspace of 3.12 million square meters for residential housing. Public utilities and auxiliary engineering projects were at the highest level in history. Our economic and trade relations with foreign countries continued to expand, and we achieved fairly good economic results in using foreign funds on the technical transformation of old enterprises. Our work in commerce, finance and banking was also fairly successful. Since the beginning of this year, industrial production has continued its upward trend, and the total output value in January and February exceeded that of the same period last year by 7.8 percent. In the countryside of the outlying counties, an upsurge in spring farming has been whipped up with fighting the prolonged drought as the central task. Capital construction, mainly for the purpose of resisting earthquakes

and providing relief, had been undertaken in good time and was quickly completed. Thanks to the strong support from the people in Henan, Shandong and Hebei, the work of drawing water from the Huanghe River into Tianjin--the work of great concern to people throughout the municipality--has been completed in triumph. All-out efforts have already begun in drawing water from the Luanhe River into Tianjin, and more than 30,000 people are now at the work-sites. The work is proceeding rapidly.

In political and ideological work, we have markedly raised the ideological consciousness of the broad masses of cadres and people through criticizing the "two whatsoevers" and the cult of personality, holding discussions on the question of the criterion of truth, conducting education in the four basic principles, and particularly studying the "Resolution" adopted by the Sixth Plenary Session of the 11th Party Central Committee. The number of people looking backward is much reduced, while more and more people are looking forward. New achievements have been made in science, culture and education, and social order continues to improve. People throughout the municipality are now united as one on their march toward the goal of socialist modernization. Advanced and exemplary elements on all fronts and good people and good deeds are emerging in an endless stream. Early this year, She Anli [0152 1344 4339] and three other brave men jumped into the icy water to rescue the drowning children, and more than 100 others cooperating in the rescue work scored a victory for the socialist cultural development. The "National Socialist Ethics and Courtesy Month," which began in March, has also brought about a change in the sanitary conditions, the traffic order, the quality of service, and the social atmosphere.

For the improvement of people's livelihood, the party and the state have done more work since the Third Plenary Session of the 11th Party Central Committee than it has ever attempted, despite the financial difficulties. Last year was one of serious natural disasters for the municipality, but the income of our people was increased nevertheless. According to a typical survey on 402 households, the peasant's income from collective distribution and from household sideline occupations was 7.2 percent more than in the previous year. At the end of last year, the commune members' savings deposits totaled 157 million yuan, a 48.6 percent increase over the amount at the end of the previous year. The commune members' newly built houses totaled 3,420,000 square meters in floorspace, and approximately 400,000 people have moved into their new homes. What is more gratifying is that more than one-half of the poor production teams have changed their complexions, and some of them have even become wealthy teams. The real benefits brought about by the principles and policies adopted since the Third Plenary Session of the 11th Party Central Committee were publicly acknowledged in the countryside and clearly shown in the cities. In recent years, we have mainly directed our efforts in overcoming the effects of the earthquake and in taking care of the workers' daily needs. Last year, we completely tore down more than 50,000 improvised shacks erected in the streets and small lanes, as well as public places, and helped some 145,000 residents of more than 33,000 families move into their new homes, thus ending the predicaments which these people had experienced for many years in their daily lives because of the housing problem. All the important policy decisions made in the Second Session of the Ninth Municipal People's Congress were carried out according to schedule. The income of workers and staff members has

been increased because of three wage readjustments by the state since 1977. In accordance with the State Council's decision, we are now readjusting and upgrading the wages of teachers, workers and staff members of primary and secondary schools and some medical and sports personnel. The average wage (including bonuses and various subsidies) of the workers and staff members in the municipality was increased from 596 yuan in 1977 to 805 yuan in 1981, a 35 percent increase. The welfare benefits enjoyed by workers and staff members under the labor protection plan have been increased not only in the number of items but also in the amounts of money. The welfare expenses for workers and staff members in units owned by the whole people was increased from 178,700,000 yuan in 1978 to 386,850,000 yuan in 1981, an increase of more than a double. Every year, the state spends huge sums of money in subsidizing people's livelihood, but such subsidy is not directly shown in people's income. In 1981, for example, the municipal government spent some 160 million yuan as price subsidy for grain, cotton, edible oil and coal; another 93 million yuan as subsidy for losses on the sales of meat, eggs, vegetables and other nonstaple foods; and more than 18 million yuan as subsidy for monthly bus tickets, firewood, chimneys and so forth. Last year, the state spent some 111 million yuan in drawing water from the Huanghe River into Tianjin to ensure the supply of water for industrial production and the daily needs of the city population. Job opportunities have also been increased. In 3 years from 1979 to 1981, more than 610,000 persons were given jobs through various channels, averaging more than 200,000 persons each year. At present, 62 percent of our total city population are employed, and the number of persons to be supported by each worker has dropped to 0.48. There has been a rise in the price index in the past 2 years, but the increase of workers' income has been faster. By the end of last year, the savings deposits of the urban population totaled more than 838 million yuan, an 18.9 percent increase over the previous year. This is an important sign of the improvement of people's livelihood and the people's ease of mind. We can assert that aside from the personnel of the party and state organs who are not eligible for the bonus system, and those engaged in science, culture, education and public health, or working for the administrative units, whose income has not been appreciably raised, or not been raised at all, the vast majority of workers and staff members are now enjoying a higher standard of living.

In short, the economic and political situation in our municipality has undergone marked changes since the Third Plenary Session of the 11th Party Central Committee. Without the correct line, principles and policies adopted since this Third Plenary Session, there cannot possibly be such an excellent situation today.

While looking at our achievements, we must also note the problems and difficulties as well as the new conditions emerging in a new situation. The development of the national economy in the municipality cannot be considered slow, but the economic results are not ideal enough. The increase in our national income is less than the increase in the total industrial and agricultural output value, while the increase in the profits handed over to, and the taxes collected by the government is less than the increase in the national income. There is also the shortage of water and energy resources as well as raw and semifinished materials. This is still a serious obstacle to the development of

our production. We have broken through our self-imposed blockade and adopted an open-door policy in our economic relations with foreign countries. This action is entirely correct, and the success achieved has been remarkable. However, because of the anarchism and extreme individualism incited by Lin Biao and the "gang of four" during the 10 years of turmoil and their harmful effects on the society, and the fact that our ideological and political work and the necessary measures to be taken were not prompt enough in dealing with the corrosion by capitalist ideology, violations of law and criminal activities in the economic sphere have increased a great deal, thus contaminating our social atmosphere and seriously damaging the cause of socialist construction. We have adopted the policy of revitalizing our economy at home and accordingly delegated certain financial power to the lower levels in order to arouse enthusiasm in various quarters and to stimulate economic development. However, some departments and enterprises are only concerned with their own interests, and the result is that departmentalism, decentralism and the liberalistic tendency have combined to weaken and upset the state's unified plan for the whole country. There are also many defects in the management system and the cadre system which are inconsistent with the requirements of socialist modernization.

Recently the central authorities called on us to behave like resolute, sober-minded and worthy Marxists, meaning that we must firmly adhere to the four basic principles, have a strong faith in the correctness of the line, principles and policies adopted since the Third Plenary Session of the 11th Party Central Committee, and must not waver in the face of certain problems. They also called on us to be soberly aware of the seriousness and dangers of the corrosive effects of capitalist ideology and the bourgeois liberalistic tendency instead of ignoring them or allowing them to spread unchecked; and to be far-sighted at this important juncture so that we will have sufficient energy and mettle to correctly implement the strategic policy decisions of the central authorities, to open up new prospects, and to lay a firm foundation for a powerful and modern socialist country.

To open up new prospects and to lay a firm foundation, we must politically and ideologically oppose capitalist ideas, and particularly the corrosive international capitalist ideas, with unflinching determination, and steadfastly combat all forms of degeneration. We must restructure the system of leadership, simplify our administration, overcome bureaucratism, raise our work efficiency, reorganize our ranks, and strive for a greater improvement of our social order, social morality and our party style. In the economic sphere, we should continue to bring into play our industrial resources in order to achieve better economic results. Continued efforts should be made to give play to our agricultural potential and to bring about a vigorous development in economic diversification. We should take full advantage of any favorable international situation so as to develop our economic relations with foreign countries rapidly. We should also make further efforts in increasing revenues and curtailing expenditures, and in preserving the basic stability of commodity prices so that our finance, banking and commercial circulation will undergo a more health development. Under the direct leadership of the municipal party committee and the supervision of the Standing Committee of the Municipal People's Congress, the municipal people's government is determined to join the people of the municipality in working hard with great energy in order to contribute to the opening up of new prospects.

II. Strive To Do Economic Work Well With the Improvement of Economic Results As the Core

Ever since the Third Plenary Session of the 11th Party Central Committee, to improve economic results has been all along the guiding thought adopted by the Party Central Committee and the State Council for developing the national economy. The 10 principles laid down in the Fourth Session of the Fifth National People's Congress for Economic construction and the series of instructions recently issued by the leading comrades of the central authorities on economic work further stressed the need to improve economic results as the core of all economic work in production, capital construction and circulation. This is the lesson we have learned from our experiences in 32 years following the founding of the People's Republic. In studying all economic problems hereafter, we must treat the improvement of economic results as the basic starting point in order that our economy can more effectively continue its development.

Our national economy has undergone very great developments since the founding of the People's Republic. There is, however, an outstanding problem, that is, the fairly poor economic results. Although the economic results of our municipality's industrial production are above the national average, we are still lagging far behind Shanghai and the other advanced regions. The rate of industrial growth in our municipality from 1950 to 1979 was by no means below that of Shanghai, but our economic results continued to decline. Among the five economic indices, namely, the output value produced by every 100 million yuan's worth of fixed assets, the profit produced by every 100 million yuan's worth of fixed assets, the profit and tax from every 10,000 yuan's output value, the output value per worker and staff member, and the profit and tax generated by each worker and staff member, we were above Shanghai in three of them with the fourth one approaching Shanghai's standard during the early post-liberation period. In 1957, however, the rise in these economic indices began to slow down and some of them even blackslid; and by 1965, we were behind Shanghai in all these indices. We have paid attention to economic results since the Third Plenary Session of the 11th Party Central Committee, and apart from the index of profit and tax from the output value, we were closer to Shanghai in the four remaining indices. However, the improvement is still very slow. At present, the total number of workers and staff members doubles ours, but their total industrial output value trebles ours and their profits and taxes to the state quadruple ours. Compared with Shanghai, we are producing less high-grade products, less famous brand products, less highly competitive products and less designs and varieties. Some of our products are even unwanted on the market because of their poor quality. Thus the overstocking of these products is tying up large sums of funds, resulting in waste.

There are both objective and subjective causes for our poor economic results. Subjectively, we have for a long time ignored the need for an overall balance and the importance of economic results. In industrial production, we were only concerned with speed and output value and paid little attention to the rise of various economic indices and the production of goods in demand. In capital construction, we usually stressed the full use of the amounts of investments and ignored the need to shorten the construction periods and to carry out

auxiliary projects, thus delaying the completion of the projects and their full operation. In circulation, there were too many intermediate links but few channels. The feedback of information on the market situation was not prompt enough, and consequently production and consumption were not closely related, thus adversely affecting commodity circulation. Management was chaotic in many enterprises, and there was serious waste. This is an obstacle to the improvement of microeconomic results. After the expansion of decision-making power for the enterprises, some of these enterprises and trade were only concerned with their own interests, and paid no attention to social needs. Their blind production tended to ignore the need for macroeconomic results.

To change these conditions, we must first set right the guiding thought in economic work and strive to produce more goods needed by the society with the minimum expenditure of labor and materials and at a realistic and unexaggerated rate. A high rate of production is certainly desirable; however, if the rate has been grossly exaggerated and the economic results are poor, it will be not only useless but also harmful. Therefore, it is better to be realistic than to gloat over some undeserved reputation and to suffer real damage. The main problem now is not the disregard for speed, but the disregard for results. We must strive to form a unity of speed and results. While maintaining a certain speed, we should pay even greater attention to economic results. We should treat the improvement of economic results as a matter of prime importance, and on the basis of such an improvement, strive for a high speed. The key to such success is for the enterprises to produce such goods as are wanted in the society. This is no easy task, since social needs are not always ready for us to see. They are noticeable only during periods of sluggish sales or panicky purchasing. That is why our plans cannot accurately reflect social needs, causing blind production and overstocking of some products. Another problem is that after the expansion of decision-making power for the enterprises, some enterprises decided on their economic activities in accordance with their own interests; and some of their decisions did not suit social needs, while others even ran counter to them. In this case, we should strengthen our guidance through planning and our administrative intervention, and at the same time teach the cadres to bear in mind the overall situation so that partial interests will be subordinated to overall and state interests with the improvement of the overall social economic benefits as the result. All enterprises should attach primary importance to the production of goods in demand in accordance with state plans. If the products are unwanted on the market and have to be stockpiled instead of being sold, then the more the products, the greater will be the waste, and there will be no economic results to speak of. In future, we must act in accordance with the basic socialist economic laws, follow the state's unified plans, and produce more marketable goods of good quality, novel varieties and low production costs to satisfy social needs in production and daily life.

This year, in industrial and agricultural production, capital construction, domestic trade, foreign trade and all types of economic work, we must regard economic results as our basic starting point, the entire process and the final goal of our work.

In production, continued efforts should be made in industry to produce more marketable consumer goods, to accelerate the readjustment of the service orientation of heavy industry and to make new progress in the improvement of economic results. This year, we will strive to increase our profit from every 100 yuan's output value by 1 yuan; lower the production cost of comparable products by 2 percent; raise the output value per worker and staff member by 2 percent; lower energy consumption on every 10,000 yuan's output value by 3 percent; and shorten the turnover period of circulating funds by 5 days. On this basis, we aim to increase our total industrial output value by 6 percent, or higher, through some extra effort. The people engaged in agriculture in the outlying counties should adhere to the principle of insuring that planned economy plays the key role and that regulation by the market plays the supplementary role, and the policy of serving the city, and strive to increase the production of vegetables, milk, meat, fish, eggs, poultry and other nonstaple foods to keep the city well supplied. They must not relax their efforts in grain production and economic diversification. They should systematically work for the four "300,000's," that is, to reclaim and utilize 300,000 mu of beaches, 300,000 mu of barren mountains, 300,000 mu of saline-alkali soil, and 300,000 mu of freshwater surface. They should gradually set up a rational production pattern for the comprehensive development of economic diversification, and strive to improve the comprehensive economic results in agriculture. At present, we should sum up our experiences, continue to perfect the system of production responsibility, step up scientific research in agriculture, actively popularize the research results, energetically conserve our water resources in order to combat the drought, and strive for a bumper harvest this year.

In capital construction, we should continue our main efforts in repairing and rebuilding what has been damaged or destroyed during the earthquake and attach primary importance to housing projects. We plan to complete 3 million square meters in floorspace, and then proceed with the building of factories for the treatment of contaminated water and the production of gas, and the Daguangming bridge as well as other urgent municipal engineering projects and auxiliary public utility projects. In drawing water from the Luanhe River this year, we have to cut a tunnel through the mountain and complete the main structural buildings so as to ensure that the tunnel will be ready for the passage of water next year. We should carefully attend to the important projects of technical transformation in industry so that they can be quickly turned into productive forces. In all capital construction projects, we must strive to raise the engineering quality, shorten the construction periods, and lower the engineering costs. It is even more important that the auxiliary facilities for public utility in the municipality be improved so that they can be used as soon as they are completed. All construction enterprises in the municipality should raise the area of completed work per worker and staff members above last year's and lower their construction costs by 3-5 percent. We should increase the production of building materials of fine quality, and see to it that they are amply supplied.

In circulation, the commercial departments must increase their activities in procurement and marketing according to plans, and set the urban and rural markets in good order. It is anticipated that the volume of retail sales this year will be increased by 7-8 percent over last year, and it is necessary that

the expenses incurred in commodity circulation be reduced by 5 percent below last year. There should be a new development in our foreign trade, and the value of commodities procured for the foreign trade should be markedly increased. The expenses in the circulation of commodities for foreign trade should be reduced by 10 percent, and efforts should be made to lower the production costs of commodities to be exported for foreign currency. The domestic trade and the foreign trade departments and particularly the service trades and basic-level stores must work hard to improve their attitude toward service. They must have a keen sense of responsibility, be modest and cordial in receiving customers, and raise the quality of service.

Our work in finance and banking should be further improved. This year, according to the tasks assigned by the state, our municipality should hand over 4,202,600,000 yuan; our total expenditures should be 1,734,410,000 yuan; the amount of currency to be withdrawn from circulation should be 140 million yuan; and our subscription to the treasury bonds should amount to 99.1 million yuan. There are many difficulties in our task of handing over to the state this sum, and all departments should tap their resources and try every means to increase their revenues and curtail their expenses in order to make greater contributions to the state.

The improvement of economic results involves a wide range of problems, especially the problems of economic system and economic structure. Before the reforms in our economic system and economic structure, we must proceed from realities and carefully attend to the following jobs.

First, actively readjust the product mix according to social needs.

In the past several years, our efforts were mainly directed to the increase of consumer goods and readjustment of the proportionate relationship between heavy industry and light industry. This task is far from completed and continued efforts are still necessary. This year, we should readjust the product mix according to state plans and the situation of supply and demand on the market and should regard this as the focus of our work. The production of terylene blended fabrics and other products which have been over-produced and are not selling well should be resolutely reduced in accordance with state plans. At the same time, based on social needs, we should improve the quality of products and increase their designs and varieties. Continued efforts should be made to consolidate and further improve the products which have won gold and silver medals. We should also try our best to create famous brands and fine-quality products out of the 42 confirmed key products; and, by pooling our technical resources, we should endeavor to raise the quality of sewing machines, laundry machines and another 29 products to the level of brand-name products. By speeding up the research and manufacture of new products, we plan to produce 1,500 varieties this year on the basis of our achievements last year. The heavy industry should provide more and better raw and semifinished materials and equipment of good performance for technical transformation in agriculture and light industry. In short, we must increase the production of whatever is in short supply, reduce the production of whatever is in excessive supply, produce new products, improve the quality, and upgrade our products.

Second, vigorously carry out the all-round reorganization of enterprises and improve their basic management.

We have done a great deal of work in reorganizing the enterprises, but this is still a weak link in our work. In accordance with the "Decision of the CCP Central Committee and the State Council Concerning the All-Round Reorganization of State-Run Industrial Enterprises," we will devote 2 or 3 years, beginning this year, to the all-round reorganization of these enterprises, by groups and at intervals and in a planned and systematic way, taking into account the experiences gained in selected enterprises and their popularization in other enterprises. As our first step, we will select more than 100 enterprises--which have good production potential, can produce better economic results, and are in urgent need of reorganization--as the first group of experimental units. In reorganizing the other enterprises, we should universally study and popularize the experiences of the top-notch plants in various trades and mobilize the masses in the task of creating "six-good" enterprises.

In carrying out the all-round reorganization of enterprises, we should first attend to the building and consolidation of the leading bodies. The urgent task of the moment is to promote the qualified young and middle-aged cadres to leading posts at various levels. In the national conference on industry and transportation recently held, Premier Zhao Ziyang made even higher demands on the qualification of factory directors. The managers and assistant managers, and the directors and vice directors of plants to be newly elected should be, if at all possible, under 50, but certainly not over 55 years of age; and the party secretaries and responsible persons of workers' congresses can be slightly, but not much, older. The newly promoted directors of large backbone enterprises must have received university education; they must have at least graduated from secondary vocational schools or acquired similar qualification through self-study. We will reorganize the present leading bodies in accordance with the "Provisional Rules and Regulations on the Work of State-Run Plant Directors" and bring into play the role of plant directors in directing production. All enterprises should strengthen their basic management, arrange their production according to fixed numbers of workers and fixed quotas, and carefully attend to the rotational training of cadres and the training of workers so as to raise the standard of their management. We should improve our financial system in coordination with the general financial inspection, exercise careful financial control, close all loopholes and rectify the practice among some units and enterprises of being irresponsible for the property of the state or the collective and causing serious waste. We should combine political-ideological work with economic work, strengthen ideological education among the workers and staff members, and enhance the masses' sense of being masters of their own affairs. To make the reorganization of enterprises a success, we have already worked out a concrete program of action whereby some responsible comrades in the municipal government will lead specially organized groups to the basic level units to help the enterprises ascertain the situation, solve problems, sum up experiences and to strive for a marked improvement in enterprise management this year.

Third, carry out technical transformation and equipment renovation among existing enterprises in a planned and systematic way.

One of the important causes of the poor economic results in our industry is the out-dated equipment and backward technology. Beginning this year, we will carry out technical transformation and equipment renovation according to the State Council's "Decision on Carrying Out Technical Transformation Selectively and Systematically Among Existing Enterprises" as a strategic task for our municipality, which should occupy a prominent place. We will strive for the basic completion of technical transformation and equipment renovation among the key and principal enterprises and enable these enterprises to reach advanced domestic and world levels during the Sixth Five-Year Plan period. Particular attention should be paid to the comprehensive utilization of energy and other resources, the treatment of the "three wastes," and the improvement of environment and economic results. This year, the various funds to be used on technical transformation and equipment renovation as approved by the state for our municipality almost doubles that of last year. This is a very great support for us. We must make great efforts to work on the 300 and more important projects already arranged. Technical transformation should be coordinated with industrial reorganization. We should follow the example of the Sezhi Company in carrying out technical transformation and equipment renovation trade by trade along the lines of specialization and cooperation and in an economically rational way. We should also rationally organize our scientific and technical forces from various quarters, from "three-in-one combination" groups consisting of leading cadres, scientific and technical personnel and veteran workers, and pool the resources in solving the key technical problems affecting the important economic and social benefits in the national economy of the municipality.

Fourth, improve the industrial-commercial and industrial-foreign trade relations and clear the trade channels.

We did some work for several years in improving the industrial-commercial and industrial-foreign trade relations. However, the problem of poor coordination between the supply of materials, production by the enterprises, sales of commodities, and several other important links could not be satisfactorily solved, thus handicapping the improvement of economic results. To really solve this problem, we should first set right our business mentality. The industrial, commercial, material, foreign trade and other departments must attach primary importance to state interests and social needs, overcome departmentalism and decentralism, and strengthen their unity and cooperation. The industrial departments are required not only to increase their production, but also to be good at business operation. They should keep abreast of the situation of supply and demand in the society and organize their production in accordance with their procurement contracts with the domestic and foreign trade departments and the market demands. The commercial and foreign trade departments should step up their work in market surveys and forecast, supply timely information to the production departments on supply and demand on the home and foreign markets, actively promote sales and support industrial production. In February this year, the transactions at our municipal trade fair totaled more than 700 million yuan, a nearly 30 percent increase over last year, and many commodities not much in demand before were quickly sold here. This shows the important role of sales promotion. In such a big market as that of our country, even some overstocked goods can be sold as long as we strengthen our investigations

and study, clear the channels of commodity circulation, and step up our sales promotion work. We should exert our efforts in improving the business methods of the first, second and third level procurement stations, bring about closer relations between wholesale and retail sales, and particularly clear the channels between urban and rural areas. Continued efforts should also be made in holding trade fairs, exhibition and sales meetings, and year-end sales, and in adopting various effective forms of promotion in order to increase the sales.

Prior to a basic restructuring of our economic system, we should act in accordance with the spirit of "making new policy decisions under an old system, carrying out innovation and blazing new trails" and adopt certain alternative methods for improving business operation. First, we can learn from the experiences of Shanghai and Changzhou, and in those trades with favorable conditions, organize the integration of production, supply and marketing. Second, we can reduce the intermediate links between raw materials, semifinished products and finished products in circulation within the municipality, and try the method of direct material supply and one-time tax on final products. Third, we can practice a strict system of contracts between industry and commerce and between industry and foreign trade so that any party violating the contract will be held economically liable. Fourth, proceeding from macroeconomic requirements, we can use the necessary administration intervention to adjust the relationship between supply and demand. If conditions permit, some units can organize the exchange of cadres among the industrial, commercial and foreign trade departments so that they will better understand one another, clear the channels and strengthen their cooperation.

Fifth, actively develop economic relations with foreign countries and economic integration at home.

As the leading comrades of the central authorities have many times pointed out in carrying out our socialist modernization, we must utilize two different resources (domestic and foreign resources), open two markets (domestic and foreign), and learn two sets of skills (the skill to organize domestic construction and the skill to develop economic relations with foreign countries). This is a further confirmation of the strategic position of economic relations with foreign countries. Tianjin is a port-city with good transportation facilities, good processing techniques, and abundant labor power. We must fully utilize these strong points to improve our economic relations with foreign countries and to promote economic integration at home.

The vigorous development of economic relations with foreign countries is a strategic question with a bearing on our four modernizations program. In the contemporary world, the economy of any single country cannot be developed in isolation. We must have the courage to broaden our vision so that instead of being confined to our own country, it will cover the whole world. We must, as the old saying goes, "take the strong points of the world to make up for our own shortcoming." In dealing with foreign countries, it is certainly a disgrace to worship anything that is foreign and to be subservient to foreigners; but closing the country to international intercourse and indulgence in self-exultation must also be opposed.

The general principle behind our economic relations with foreign countries as defined by the central authorities is: unified leadership, overall planning, flexible response and strict discipline. Guided by this principle, we should first boost our export trade. Exports are the basis of foreign trade, but imports can also bring along and promote exports. Therefore, we should utilize imports to serve the expansion of exports and vice versa. Based on our market conditions, and while continuing to expand the export of our traditional nonstaple foods, arts and crafts, and light and textile industrial materials, we should pay particular attention to the export of mechanical and electrical appliances in larger amounts. We should take advantage of our processing technology to develop the industry of processing materials supplied by customers according to their samples or blueprints and to promote joint ventures, so that the finished products from imported materials will account for more than 50 percent of the value of products to be procured for foreign trade. We must improve our business methods to expand our exports. Instead of "sitting down to wait for business," we should go out to look for business. At the same time, we should make great efforts to develop the export of labor and do better in serving foreign vessels, offshore oil exploitation and tourism so as to increase our nontrade foreign exchange earnings.

While expanding our imports and exports, we should be good at attracting foreign funds and correctly importing advanced science and technology and pay great attention to the work of assimilation, copying and innovation, so as to raise our scientific and production techniques to a higher level. We should adhere to the principle of attending to large, small and medium-size projects at the same time, but paying greater attention to the small and medium-size ones, and take bigger steps in the use of foreign funds. We have arranged the importation of 132 technical projects through the use of foreign funds this year. We must stress economic results and be sure that they will all be completed. Furthermore, we should conduct active experiments in the use of foreign funds for the exploitation of our agricultural resources.

In accordance with instructions from the central authorities that the coastal areas should support and serve the inland, we have in the past 2 years actively developed economic and technical cooperations and integrations with the fraternal provinces, unicipalities and regions through various channels and in various forms under the principle of equality and mutual benefits. By now, we have already held discussions with 21 fraternal regions and are proceeding with more than 190 projects, which will play a positive role in developing the economy of our municipality and the inland. We will, hereafter, continue our economic and technical exchanges, integrations and cooperation with the fraternal provinces, municipalities and regions in various forms so that we can use the strong points to make up for the shortcomings for a common advancement and the development of the national economy as a whole.

III. Resolutely Combat Various Forms of Corruption With Illegal and Criminal Activities in the Economic Sphere As the Main Target

Cracking down on illegal and criminal activities in the economic sphere is an important issue in cultural development. Since the beginning of this year, the Party Central Committee has issued important directives, the Standing Committee

of the National People's Congress has made decisions, and the State Council has worked out concrete plans, all calling on us to fully realize the seriousness, harmful effects and dangerous nature of smuggling and selling smuggled goods, profiteering and swindling, graft and accepting bribes. They specifically pointed out that the illegal and criminal activities in the economic sphere in the past 2-3 years were far more serious than during the periods of movements against the "three evils" and "five evils"; and that in the ideological and cultural spheres as well as in regard to the social atmosphere as a whole, corrosion by the corrupt capitalist ideology and the remnants of feudalism, and the practice of worshipping and having blind faith in anything that is foreign are something rarely seen since the founding of the People's Republic. If we allow them to spread unchecked instead of cracking down on them, more and more people in the party and the state will become degenerated, and these people will in time become incurable. Then there may be a "peaceful evolution" which will nullify the fruits of revolution won by oure party and people through hard struggles. Cracking down on smuggling and the selling of smuggled goods is an important component of the overall struggle against the corrosion from capitalist ideology and bourgeois liberalization, as well as an important sign of class struggle at present. This is a very important matter that determines the very existence of the party and the fortune of the state. We must follow the central authorities' instructions, and varry on this struggle with a united will and the united efforts of the army and the people at all levels, unswervingly, and in a long sustained way. This struggle has been vigorously and extensively launched and met with warm response from people throughout the country.

Tianjin is a port-city with frequent foreign contacts and close economic relations with foreign countries, and the illegal and criminal activities in the economic sphere here are very serious. The following points should deserve our attention: First, the cases of economic crimes have continued to increase. According to statistics, the number of cases of smuggling and the selling of smuggled goods increased by 53 percent; that of corruption and accepting bribes increased by 73 percent; and that of speculation and profiteering increased by 82 percent this year, compared with last year. Second, economic crimes have occurred in many departments. In the foreign trade departments and the units connected with foreign trade, cases of smuggling and selling smuggled goods, and the people involved are even more. Some people in the capital construction units have taken the opportunity of processing for and contracting with foreigners to carry out swindling and blackmailing, besides accepting bribes and other forms of corruption. Cases of people taking advantage of their official positions to misappropriate satte and collective property are also very numerous. In the commercial units, cases of speculation and profiteering, illegal purchasing and selling, and misappropriation of public funds by some people are quite frequent. Illegal activities are also common in the collective enterprises and schools run by the communes, production brigades and neighborhoods. Some people in not only the economic departments, but also in the cultural, educational, administrative, public security and judicial departments violate law and commit crimes by reselling gold, silver and cultural relics for profits, taking bribes and distorting the law, while others take unfair advantage of their positions in extorting gifts and bribes. Third, the number of major cases of economic crimes is quite large. Among the cases of

smuggling and selling smuggled goods brought to light in the past 2 years, there were 80 of them in which the culprits made illegal gains of more than 5,000 yuan each. In 1981, 34 percent of the total number of cases of speculation and profiteering involved illegal gains of more than 1,000 yuan each. Most of these major crimes were committed through internal and external collaboration or group activities with support from various quarters. According to the data we have on hand, these cases not only implicated department chiefs, plant directors and managers, but also involved cadres above the bureau level. Some comrades were invincible in the face of the enemy's military might during the revolutionary wars; nor did they submit to the tyranny of the "gang of four" during the 10 years of turmoil. Now they are hit by bourgeois "sugar-coated" bullets. This shows the need for strong action now. The broad masses of cadres and people have said indignantly: "We have sweated a great deal as pioneers. Now, these termites and degenerates are hiding in the dark corners to undermine socialism. Unless these undesirable elements are eliminated, the party's work style will be impaired and socialist construction will be unsuccessful. The consequences are simply unthinkable."

Corrosion from capitalist ideology and bourgeois liberalism are manifested not only in the economic sphere but also in many aspects of social life. In the ideological sphere, there are extreme-individualism and anarchism; in organization, there are factions and cliques; in the cultural field, there are vulgar and obscene publications, pictures and songs; in the society, there are gambling, feudal superstitions, underhand connections and backdoor dealings; and in foreign contacts, there is blind faith in anything that is foreign, along with the loss of personal and national dignity; and so forth. All these are signs of decadence which seriously contaminates the social atmosphere, violates and poisons the youths' mind and soul.

We must understand that far from being the outcome of the socialist system itself, these signs of decadence are utterly incompatible with our socialist system and are positively opposed by our party members and the broad masses. The overwhelming majority of our party members and cadres are good or relatively good; only a small number of them violate the law or commit crimes. The emergence of these signs of decadence has its complex historical and social roots. As we all know, we are now entering a new historical period under conditions of an unhealthy party style, lax discipline and a multitude of ideological, political, organizational and workstyle problems, all created by the "gang of four." The exploiters as a class have ceased to exist, but there is still class struggle, and the influence of the bourgeoisie and the remnant forces of feudalism are continuing to poison us. Furthermore, adoption of the open-door policy has inevitably brought in something unhealthy from capitalism. All these have combined to form a "ring of encirclement" which corrodes and attacks us. Some of our cadres, including a small number of leading cadres, do not have a sober mind and have relaxed their vigilance; others simply let things drift; and still others have been dragged into the mire and are now going along with the bad elements in their misdeeds. Furthermore, our unsound system and failure to take timely precautionary measures have provided good opportunities for the unscrupulous elements and created conditions for various decadent elements to survive and flourish.

To launch our struggle against the illegal and criminal activities in the economic sphere and to continue it until victory is won, our program of action is as follows:

First, we must have a strong determination. We must not let pass any act of smuggling, selling smuggled goods, profiteering, swindling, corruption, bribery, misappropriation of state and collective property and other serious offences. They must be vigorously dealt with. The serious offenders, especially the cadres in important positions committing crimes, must be dealt with according to law. We cannot allow anyone to turn a blind eye to these illegal and criminal acts or to conceal what he already knows. We must not be hesitant and indecisive in dealing with these cases; far less can we tolerate or shield them. We must unswervingly carry this struggle through to the end.

Second, effective immediately, we must regard our crackdown on the illegal and criminal activities in the economic sphere as one of our central tasks, and must strive to produce good results, particularly during the second quarter of the year. All departments and units must strengthen their leadership, form special leading bodies and cooperate with the judicial departments in their inspections and examinations. They should select a number of typical cases and give full publicity to the trials. This will serve as the beginning of more intensive work.

Third, the main targets in this struggle are the criminals who have seriously undermined the economy. Between ordinary and serious cases, we should direct our main effort at the serious cases; between active and historical cases, we should direct our main effort at the active cases; and among the ordinary cadres and the high or medium-level cadres, we should direct our main efforts at the high and medium-level cadres (including their dependents) and the units committing crimes collectively. We must severely and resolutely crack down on the active and serious cases in particular.

Fourth, in carrying out this struggle, as in doing other work, we must rely on the masses and take the mass line. However, we are not going to launch any mass movement or to insist that everyone has to go through a checkup. We should use legal means and adopt the method of building up the cases. In dealing with important cases, the masses familiar with the background of these cases should be mobilized to expose and report the culprits. These cases can also be referred to the masses for discussion, and their opinions should be solicited. We must seek truth from facts and present irrefutable proofs.

Fifth, we must adhere to the policy of leniency to those who confess their crimes and severity to those who refuse to do so. In accordance with the decision of the Standing Committee of the National People's Congress, any one who voluntarily surrenders to the authorities, makes a clean breast of his crimes, and reports and exposes his accomplices before 1 May will be dealt with according to previous law; otherwise, he will be considered as continuing to commit crimes and the punishment will be very heavy. We must strictly observe the limits of party policies and be good at distinguishing crimes from errors, including serious errors. For those who have committed economic mistakes, we

should sternly carry out criticism, education and the other necessary means to help them correct their errors.

While fighting economic crimes, we should also deal powerful blows to various criminal activities, strengthen our security work, and maintain a good social order. We must firmly criticize all forms of corruption in the ideological, organizational and cultural spheres in the society, and further eliminate hooliganism, theft, physical violence, organized gambling, feudal superstition and other "public evils" in the society. We should continue to carry out the spirit of the symposium held by the central authorities last year on the public security of five cities, and exercise the "comprehensive control" in various places.

There should be destruction along with construction in developing socialist culture. We should step up the education in Marxism-Leninism-Mao Zedong Though among all people in the municipality, particularly the young people. We should also conduct education in the history of the party and the contemporary history of China. Some plants can even give lessons on the history of their own plants. At the same time, we should expose the aggressive and predatory nature of world capitalism, and particularly imperialism and social imperialism, and their wanton oppression and exploitation of the people. A comparison of the new with the old society and of the superiority of the socialist system against the decadence of the capitalist system will enhance the feelings of love of the motherland, love of socialism, love of the CCP, and the love of the enterprises, the collectives and people's own work; and cultivate high ideals and noble communist feelings. It will also help us to firmly resist and oppose the corrosion from the capitalist ideology and bourgeois liberalization. Those good comrades who serve the public honestly and have the courage to combat illegal and criminal activities and various unhealthy tendencies should be highly commended and encouraged. We should consolidate the gains of the "National Socialist Ethics and Courtesy Month," and further intensify the "five stresses and four points of beauty" activities. All enterprises, public agencies, government organs, neighborhoods, and the rural communes and production brigades should quickly solve the problems of environmental sanitation, public order and service quality, and set up village regulations and guidelines, people's pledges, and other rules to be observed by all people. All these measures should be regularized and institutionalized so that everywhere in the municipality will be clean and pleasant, orderly, and full of warmth. We must conscientiously carry out the resolution of the Fourth Session of the Fifth National People's Congress on a Nationwide Campaign for Obligatory Tree Planting by tree-planting and afforestation, so as to cover the urban and rural areas with trees and to beautify the environment for the benefit of future generations.

IV. Fully Recognize the Great Significance of Restructuring and Carefully Attend to the Preparatory Work

In the past 5 years, the party accomplished three major tasks: first, smashing the "gang of four"; second, convening the Third Plenary Session of the 11th Party Central Committee, which is a historical milestone marking the beginning of a new era of socialist modernization; and third, adopting the "Resolution on

Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" in the Sixth Plenary Session of the 11th Party Central Committee, which summed up the experiences of the past 32 years, scientifically assessed Comrade Mao Zedong's merits and shortcomings, and affirmed the historical role of Mao Zedong Thought. Now, the central authorities decided that four major tasks--namely, restructuring the system of leadership, simplifying the administration, streamlining the leading bodies, and replacement of the old with the new--should be accomplished. Restructuring the State Council is now proceeding smoothly, and heartening achievements have been made in only 2 or 3 months. This has set a fine example for the whole country. This event is warmly supported by people at all levels throughout the country, and has caused favorable international repercussions.

According to the central authorities' plans, restructuring of local organs will begin next year, and the various preparatory work should be carefully carried out this year.

First, we must fully recognize the necessity and importance of restructuring. Comrade Deng Xiaoping pointed out: In a certain sense, restructuring is a revolution. However, this is a revolution against the structure and not against people. Comrade Xiaoping's theory is entirely correct and very important. In our municipality, there are overstaffed administrations with multi-tiered departments crammed full of superfluous personnel whose duties are not clearly defined and who are engaged in endless haggling and work with very low efficiency. This situation is very serious. Under the municipal government, there are 75 commissions, bureaus and other directly affiliated organs, 50 percent more than in 1966 before the "great cultural revolution," with a total personnel of more than 15,700, more than doubling that in 1966. Furthermore, we have borrowed a large number of people from the lower levels, thus weakening the work force at the frontline. Worse still, we had to set up a provisional organ whenever an important project came up, and these provisional organs, once formed, are rarely abolished. The number of these provisional organs is continuing to increase, with the result that the original functional departments cannot fully exercise their authorities or play their roles. The large numbers of organs, documents and meetings have made it difficult for many comrades to visit the basic levels to find out about their conditions and to solve their problems in time. The overlapping organs with ill-defined duties have also been the cause of wranglings and shift of responsibility. A job which can be done by one organ or one person is now being done by several organs or several persons. In the absence of any responsible person, the job has to bounce back and forth, causing delay and mistakes. If a plant or enterprise wants to take certain measures for tapping potential or carrying out renovation and transformation, more than 20 stamps of approval are required from different departments through more than 30 links. Mishandling at any link would mean a delay of 1 or 2 years. If such structures are not reformed, the problems of bureaucratism and inefficiency cannot be really solved, and the correct principles and policies of the party and the government cannot be fully implemented. Then there will be no hope for our cause. This revolution is an important issue with a close bearing on the long-lasting stability and prosperity of our country. Therefore, we must have a correct understanding of this revolution and take a positive attitude toward it.

Second, we must actively carry out investigations and study, and work out plans for the restructuring. The defects in the existing structure cannot be the result of mistakes made on one day, and its reform will involve many problems. Furthermore, we lack the necessary experience. We must take a cautious attitude, have a firm determination, work meticulously, ascertain the situation and advance steadily. We are now planning to organize a special body to study the history of the changes in the structure, to ascertain its present conditions, to listen to opinions from various quarters, particularly from organs at the lower levels and the basic level units, and to work out a practical plan as soon as possible.

Third, we must actively select a number of young and middle-aged cadres with ability and political integrity for the leading posts. We have already done some work in this respect, and this year, we should continue to emancipate our minds, break the old conventions and work boldly. The successors to be selected should be politically dependable, and we must see if they can resolutely uphold and implement the line, principles and policies adopted since the Third Plenary Session of the 11th Party Central Committee. Provided this qualification is assured, we will choose those who are young, have professional knowledge, and are able to open up new prospects in work. Those who have made their fortune by following Lin Biao, Jiang Qing and their cohorts as "rebels"; those whose way of thinking has been seriously influenced by factionalism; those who were formerly smash-grabbers; and those who have politically and economically committed serious violations of law in recent years must never be--and none of them can ever be--promoted. If these people are already in leading positions, they must be removed from these positions. To select good successors, we must take the mass line, listen to mass opinions by various means, and closely combine the leadership's examination with the masses' recommendations in order to do a good job of the selection. Since the present structure of administration has not yet been streamlined, we can adopt the "in first, out later" method, beginning with the selection of outstanding young and middle-aged cadres. Some of them can leave their posts for full-time training, and others can be placed in leading posts to be tempered, while at the same time shouldering their responsibility, so that they can be brought up as soon as possible.

Fourth, we must give full play to the role of old cadres during the changeover from old to new. Veteran cadres are the treasure of the party and the state. In the long revolutionary struggles of the past, they made immortal contributions to the overthrow of the reactionary regime and the building of New China. They also made tremendous contributions in building a great prosperous socialist motherland after the founding of the People's Republic. Many veteran cadres are still in leading positions at various levels of the government structure. Before the streamlining of the structure, they should feel at ease with their work instead of worrying about being removed or retained. Even after restructuring, some veteran cadres will remain in leading posts. At present, we must pay attention to production and work and complete all tasks. We must not relax our efforts. During the change-over from the old to the new, it is even more necessary that we should give full play to the main and backbone role of the veteran cadres. They must have a keen sense of political responsibility in the selection of good successors, since this is a glorious task

entrusted to them by the party. They should carefully help, guide and pass on their skill to the new cadres so that the fine traditions of our party can be carried forward to future generations. As for those veteran comrades who have already retired or retreated to the second line of action, our government at all levels must take good care of them in accordance with instructions from the Party Central Committee and the State Council, and strive to form the good habit of respect for the aged.

Before the restructuring, we must make great efforts to improve our workstyle and increase our work efficiency. First, beginning with the municipal government, we should clearly specify the responsibilities and authorities for all departments and units at all levels, and set up and perfect the system of job responsibility for all personnel, so that they can work in a realistic instead of formalistic way. We must resolutely correct the evil practice of shifting responsibility to one another, procrastination in work and the lack of sense of responsibility; firmly overcome the bureaucratic workstyle which piles up red tape without solving actual problems; and make a determined effort to simplify the meetings and to eliminate the bureaucratic style of remaining aloof and being separated from realities. Under the existing system, we can adopt some alternative measures, such as working together, to reduce interdepartmental wranglings, and to raise work efficiency. Leading cadres at all levels should revive and carry forward the fine traditions of hard struggle and sharing every weal and woe with the masses as they did during the revolutionary wars and the early post-liberation period. They should mix with the masses, delve into realities, conduct investigations and study, and solve problems through common efforts, so as to gradually improve the work and workstyle of the government organs.

V. Unite and Strive for New Victories With One Mind and One Heart This Year

There are several factors for certain achievements in our municipal work last year, but the most important one is the power of unity of all people in the municipality under party leadership. Comrade Mao Zedong pointed out: "The unification of our country, the unity of our people and the unity of our various nationalities--these are the basic guarantees of the sure triumph of our cause." Under the new conditions this year, we will face more complex tasks and bigger difficulties. It is therefore even more necessary for us to cherish our hard-won victories to further strengthen the close unity among the leading cadres at various levels, between the cadres and the people, between the army and the people, between the army and the government, between workers and peasants, and between the mental workers and manual workers in the municipality in order to consolidate and develop the excellent situation in the municipality.

To strengthen our unity, we must coordinate all the activities of the country like pieces in a chess game, and bear in mind the overall situation whenever we encounter any problem. We must give primary consideration to the cause of the party and the people, overcome departmentalism, and decentralism, and develop the communist style of sacrificing partial interests, if necessary. We should willingly undertake the heavy tasks, provide every convenience to the fraternal departments and units and cooperate in unity to accomplish the common tasks.

To strengthen our unity, we must continue to eliminate the pernicious influence of Lin Biao and the "gang of four," uphold the principle of looking forward in unity, heal the breaches in personal relations and eliminate the estrangement among comrades, all caused in the 10 years of turmoil. In promoting the cause of communism, we should have mutual understanding, mutual support and mutual help. Those who have been deeply influenced by Lin Biao and the "gang of four" and those with serious factionalism should be criticized and educated, and thereby helped to correct their mistakes. We must unite with those who have made mistakes and can completely correct them, and bring their positive role into play.

To strengthen our unity, we must be aware that streamlining the government structure and the gradual reorganization and consolidation of the leading bodies may cause a stir in some comrades' minds. We must help them by convincing them of the great significance of the restructuring so that they will understand the relevant policies and have faith in the Party Central Committee's arrangements. We should also carefully handle the relationship between the old and the new cadres, respect the old and cherish the new so that we can all do our work well.

To strengthen our unity, we should continue to take good care of the people's livelihood, while concentrating our efforts on production. The disruption by the "gang of four" and the earthquake have brought about great difficulty in people's livelihood and numerous other social problems. Despite the great efforts of the party and the government in the past several years, there are still many urgent problems awaiting solution, such as the people's housing problem, for which the policy on private houses and other policies have to be implemented, and the problem of the young people's employment. However, since we have not brought about a fundamental turn for the better in our state finance, it will take time to solve all these problems. Furthermore, the threat of a serious water shortage is not yet over. We have drawn water from the Huanghe River, but this can only supply temporary relief. If we fail to keep up our planned use of water and the rainy season for this year is late, we may have to drink sea water, in view of the serious water shortage. We hope all people in the municipality will understand the state's difficulties, willingly share the state's worry, help one another in unity, and display the dauntless spirit of the proletariat in serving the public selflessly, in order to overcome all difficulties and to win victories.

To strive for a high level of material and cultural development is a common undertaking for New Tianjin and its 7.6 million people. People's undertaking must depend on people and the joint efforts of all workers, peasants, intellectuals and patriotic personages in all circles in the municipality.

The working class in Tianjin is a militant contingent with a glorious revolutionary tradition. During the White Terror and war years, they fought bravely, advancing wave after wave regardless of any sacrifice. In the movement of socialist transformation after liberation, they took a firm stand in resisting corrosion and keeping themselves clean, and firmly adhered to the party's policies. Whenever we encountered economic difficulties in socialist construction, they as a rule transformed their worry for the country into strength for

serving the country, and bravely shouldered the burden in actual deeds, fully demonstrating the noble quality of the working class and the spirit of masters of their own destiny. We hope all the workers and staff members in the municipality will continue to carry forward their fine revolutionary tradition and make even greater contributions to socialist material and cultural developments. The veteran workers in particular have a dual responsibility, because, in addition to serving as backbone elements in production, they have also to pass on to the younger generation the noble qualities of the working class and their valuable experiences in production gained in long practice. Young workers are the fresh blood of the working class as well as the mainstay in production and construction. They must clearly recognize their own historical mission, set up high ideals, work hard, and bravely scale the pinnacle in order to become pacesetters in the New Long March.

Peasants are always the realiable allies of the working class, as shown by their deeds during the war and the period of socialist construction. They have for many years made very great contributions in keeping the cities supplied with grain, vegetables and various nonstaple foods. Particularly in times of serious water shortage, they always offered to let the cities use the river water in supporting industrial production and people's daily life, even at the sacrifice of their own interests. The construction and development of cities are inseparable from supports from the countryside; similarly, the development of agriculture and the improvement of the peasants' living conditions are inseparable from the cities. The interests of workers and peasants are basically identical, and there are flesh-and-blood relations between them. We must correctly handle the relations of interests among the state, the collective and the individuals, strengthen the worker-peasant alliance, and make common efforts in accelerating socialist modernization in both urban and rural areas.

The broad masses of intellectuals warmly love the motherland, the party and socialism. Working hand in hand with the workers and peasants, they have played an important role in revolution and construction and are an indispensable important force in our socialist modernization. There are more than 139,000 scientific and technical personnel in our municipality, and they are struggling vigorously on various fronts and serving the four modernizations faithfully. Among those who deserve to be commended are the overseas compatriots and returned intellectuals who have declined generous offers abroad, abandoned their high salaries, and determined to return to the motherland to serve the four modernizations. This demonstrates their noble patriotic feelings for which they deserve the people's welcome and respect. To accelerate the development of science, technology, culture, education, public health work and sports, it is even more necessary that we should bring into play the role of the broad masses of intellectuals. The Party Central Committee has all along stressed the need for intellectuals, without whom our task cannot be accomplished. We must conscientiously implement the party's policy on intellectuals, further wipe out the prejudice of some people toward intellectuals and the "leftist" ideological influence, and be sure that politically, they enjoy the same right as all others; in work, they should be used to good advantage; and in daily life, they should be given good care. The young and middle-aged intellectuals, particularly the middle-aged ones, have become the backbone of the scientific and technological front. While taking good care of the old

intellectuals, we should also do our best to solve some practical problems among the young and middle-aged intellectuals and the scientific and technical personnel with regard to their work, their study and their livelihood, in order that they can concentrate their efforts on their own profession. Those young middle-aged scientific and technical personnel who are strong and healthy, and have the ability for organization and the quality for leadership, sould be boldly promoted to leading posts. In future, one of the important criteria for assessing the quality of leadership in a locality or a unit will be whether or not it can truly arouse the enthusiasm of intellectuals and use their talents to full advantage. Departments at all levels, all prefectures and counties should conduct a careful review of their work regarding intellectuals, carefully study and work out improved measures, and strive to show some good results in the near future.

Consolidation and development of the patriotic united front is essential to socialist modernization. Our united front is formed of all socialist laborers and patriots who support socialism, and the unification of the motherland. As shown repeatedly by historical and practical experiences, we can remain invincible only by striving to unite with all forces that can be united with on the foundation of a worker-peasant alliance. The patriotic personages in various circles in our municipality have a wide range of knowledge, extensive social connections, and an ardent desire to serve the country. They warmly love the motherland and socialism, and bear in mind the cause of the party. Last year, many old comrades among the deputies of the municipal people's congress and the members of the municipal committee of the Chinese People's Political Consultative Conference, despite their advanced years and delicate health, took part in a thorough social survey in order to observe the people's conditions and to reflect mass opinions in good time. They raised many criticisms and suggestions and helped the government do a lot of work. We must firmly carry out various united front policies, continue to bring the role of the patriotic personages in various circles into play, treat them with great sincerity, and share every honor or disgrace with them. We should strive to do our work well for the Taiwan compatriots, the families of those who have gone to Taiwan, and those former Kuomintang people who have come over to our side out of a sense of righteousness, and warmly welcome their role in the four modernizations and in accomplishing the unification of the motherland.

The broad masses of commanders and fighters of the PLA units stationed in Tianjin and the Tianjin garrison command have made important contributions in supporting our city construction, preserving social order, combating the drought through water conservation, drawing water from the Luanhe River, improving the city's appearance, planting trees in afforestation, and striving for cultural development by learning from Lei Feng [7191 0023] to create a new social atmosphere. We must intensify our activities in supporting the army and giving preferential treatment to army dependents and in supporting the modernization of the army. We should further strengthen our militia building and encourage the militiamen to join in the defense of the four modernizations.

Fellow Deputies:

Our future is bright, our task is very arduous, and our responsibility is heavy. Under the party's leadership, let us all unite as one, rally our spirit to make our country strong, work hard, and strive for new victories this year!

9411

CSO: 4006/447

BRIEFS

ECONOMIC CRIMINALS SURRENDER--After the Standing Committee of the NPC announced the "Resolution on Severely Punishing Criminals Who Cause Serious Damage to the Economy," the struggle to crack down on criminal activities in the economic sphere is unfolding. According to incomplete statistics, up to 5 April, 325 of those who gave themselves up had surrendered relatively large sums of illegally acquired money and had returned a large amount of ill-gotten wealth. After they heard the "Resolution," some of the criminals in custody resolved to repent and made additional confession of their crimes to gain lenient treatment. For instance, after listening to the propaganda on the crackdown on economic criminals, a certain Tang who was in custody in Hongkou Ward honestly surrendered an ill-gotten amount of over 10,000 yuan that had been hidden for a long time. Again, after reading the "Resolution" and with the advice and in the company of relatives, an accountant of a unit of a certain corporation in Jing'an Ward confessed the facts in the crime of corruption involving 19,000 yuan and handed over 8,000 yuan of ill-gotten wealth. If proven to be true after investigation, those who have given themselves up and made honest confession of their crimes will be individuall given lenient treatment in accordance to the related articles of the "Resolution." Some have already been exempted from prosecution by inspection organs. [Excerpt] [Shanghai JIEFANG RIBAO in Chinese 4 Apr 82 p 1] 9585

GUANGZHOU ECONOMIC CRIME--On the morning of 12 June, the political and legal group of the Guangzhou Municipal People's Congress Standing Committee held a meeting to listen to the reports made by the municipal intermediate court, the municipal people's procuratorate and the office of the municipal leadership group to strike blows at smuggling and peddling smuggled goods, on resolutely striking blows at serious criminal activities in the economic field. In their reports, municipal judicial departments pointed out that, since the implementation of the CCP Central Committee's urgent circular, the number of economic cases in the municipality has greatly increased. The number of economic cases filed in the municipality from January to May this year was 70.4 percent more than in the corresponding period last year and the number of economic cases established was 240 percent more than in the same period last year. In the municipality, 806 persons confessed economic crimes. Of them, 20 persons committed economic crimes which involved more than 10,000 yuan, 36 persons committed economic crimes which involved over 5,000 yuan and 200 persons committed economic crimes which involved more than 1,000 yuan. The amount of ill-gotten gains was some 1.19 million yuan, some 819,000 yuan of which has been recovered by the state. A large number of TV sets, radio/cassette players and watches have been confiscated. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 14 Jun 82 HK]

CSO: 4006/497

FINANCE AND BANKING

ATTENTION GIVEN TO STOPPING CRIMES IN BANKS, CREDIT DEPARTMENTS

Guangzhou NANFANG RIBAO in Chinese 1 Apr 82 p 1

[Report by Dong Pingbo [5516 1627 3134] and Su Zhongheng [5685 0112 5899]: "The Loopholes of Banks and Credit Departments Must Be Stopped Up"]

[Text] In the recent cracking of cases involving smuggling and resale of smuggled goods, speculation and profiteering in our province, a problem has aroused the attention of people. The problem is: the huge amounts of funds used by quite a few criminal elements in smuggling and the resale of smuggled goods and in speculation and profiterring are in fact supplied by some banks and credit departments through various channels. Some local banks, business offices and credit departments have virtually become the personal treasuries of smugglers and sellers of smuggled goods.

Why does this situation arise? This is because a minority of bank and credit department staff workers have been corroded and lured by smugglers and sellers of smuggled goods, speculators and profiteers, made accomplices to go along with evil deeds, collaborate inside and outside, and use various means to steal state funds. After they reaped huge profits they divided up the loot and made ill-gotten wealth. According to political and legal departments, such cases have recently been cracked in some counties and municipalities including Shantou, Huiyang, Zhanjiang, Foshan and Guangzhou. For example, in many of the cases involving resale of smuggled goods, speculation and profiteering cracked by the inspection organs of Chaoyang County last October, the business office of the Hongchang Bank of that county has been shown to be a thoroughly rotten business office. Through releasing cash, approving loans and lending accounts to speculators and profiteers, this business office has successively received a large amount of bribes in cash, sugar, oil, fuel, clothing, watches and radio-tape recorders. One accountant and two cashiers of this office who engaged in corruption received a total of over 26,000 yuan in bribes.

The minority of staff workers of banks and credit departments who have been dragged into the mire and who have colluded with criminal elements are full of tricks. Some of them took advantage of their authority to examine and approve loans, transferred money, violated credit regulations and freely gave loans to speculators and profiteers. Some even instigated their relatives to concoct various pretexts, made loans to themselves and then allowed relatives

to resell smuggled goods and reap profits. Some provided bank accounts for smugglers and sellers of smuggled goods, speculators and profiteers, thereby obtaining "handling fees." Some even stole from what was entrusted to their care and took large amounts of cash. For example, Li Jingfang [2621 4552 5364] of the business office of Pianshui Commune of the Wuchuan County Bank has become the seldom seen master corruption criminal in the country, and Luo Zhiyong [5012 1807 0516] of the Duozhu business office of the Huidong County Bank has become the "mouse of the golden treasury" who stole 95,000 yuan in cash. All these have seriously violated the state's financial administrative law and credit policy, damaged the socialist economic order, and created great danger to the readjustment of the national economy and construction of the four modernizations in our province. The wallets of the minority of staff workers who have been dragged into the mire have been stuffed by ill-gotten wealth. For example, the business office of the Lugang Commune in Zhaoyang County colluded with former commune leader Zhou Qinzeng [0719 0530 1073] and others who had already been arrested and brought to justice, provided accounts to units which did not have approval to receive accounts to handle receipt and sending of money, thereby obtaining handling and administrative fees and dividing up the loot. From 1979 to the first half of last year, that office had made the large amount of 750,000 yuan in "handling fees" and "administrative fees." In the short span of half a year, deputy director Gao Hongguang [7559 1347 0342] of the Renshan office of the Huidong County Bank had personally released almost 1,000,000 yuan in loans to speculators and profiteers, of which 500,000 yuan have not been retrieved. From it he received "handling fees" and bribes which they collectively divided among themselves. Gao Hongguang himself obtained a share of more than 2,000 yuan as well as a color television, tape recorder, and other items. Even worse, after the exposure of circumstances in a case, certain bank and credit department staff workers who were dragged into the mire adopted a variety of means to falsify documents, cover up criminal evidence and vainly attempted to escape investigation by the political and legal departments.

To safeguard the smooth construction of the four modernizations in our province, to even better launch the struggle to crack down on criminal activities in the economic sphere and not to give opportunities to criminal elements, people are justified in demanding that banks and credit departments earnestly learn the lessons, adopt effective measures to thoroughly stop up the loopholes and join political and legal departments in resolving to crack down on criminal elements in the economic sphere.

9586
CSO: 4006/424

BRIEFS

HUBEI BANK PRESIDENTS' MEETING--The Hubei provincial meeting of the presidents of all agricultural banks throughout the province concluded today. The meeting demanded that rural financial departments strive to raise the economic returns of credit funds and support the all-round development of agricultural production. Agricultural banks and credit cooperatives at all levels throughout the province must turn idle capital and consumer capital into state production and construction capital, make good use of credit funds, step up grain production, develop diversification, help rural areas promote production, supply and marketing, strike blows at serious criminal activities in the economic field and establish the management system and put it on a sound basis. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 13 Jun 82 HK]

SHAANXI NATIONAL BOND SUBSCRIPTIONS--According to statistics, by the end of May, individuals, enterprises and units in urban and rural areas in Shaanxi Province had subscribed to national bonds worth 77.85 million yuan, and the province had overfulfilled the quota for subscribing to national bonds which was assigned by the state to this province. [HK161409 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 12 Jun 82 HK]

CSO: 4006/497

BRIEFS

JILIN RARE ORE--The quality of wollastonite produced in the Lishu Wollastonite Mining Company has proved good. Wollastonite is a rare ore in our country. According to an initial report, Lishu County has more than 50 million tons of Wollastonite deposits. A dozen foreign buyers from Japan and Australia and many domestic enterprises have requested supplies of wollastonite. Geological prospecting work continues. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 4 Jun 82 SK]

HAINAN IRON PRODUCTION--From January to May this year, the Hainan Iron Mine fulfilled some 50 percent of its quota for the production of iron ore and fulfilled 52.8 percent of the quota for the total industrial output value for 1982. Its total industrial output value in this period was 29.47 percent more than in the corresponding period of last year. It profits in this period were 64.35 percent more than in the same period of last year. The cost for the production of each tone of iron ore was 3.55 yuan less than the planned cost and the amount of electricity consumed for the extraction of every 10,000 tons of ore was 9.26 percent less than in the corresponding period of last year. The mine thus saved some 3 million kilowatt-hours of electricity. [Haikou Hainan Island Service in Mandarin 0330 GMT 23 Jun 82 HK]

HEILONGJIANG MINERAL RESOURCES--In Heilongjiang there are 53 kinds of proven mineral deposits spread over 385 localities. Reserves of petroleum, gold and graphite in the province rank among the largest in the country. Hydrogeological conditions on the Songnen and Sanjiang plains and in Harbin Municipality have also been researched. [SK201050 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 19 Jun 82 SK]

CSO: 4006/497

DEVELOP AUTOMOBILE INDUSTRY THROUGH SELF-RELIANCE

Beijing RENMIN RIBAO in Chinese 12 Feb 82 p 2

[Staff Report: "Starting With Reality, Develop Our Nation's Automobile Industry Through Self-Reliance; the No 2 Automobile Manufacturing Plant Provides a Model for the Technical Reconstruction of Old Plants and the Construction of New Plants"]

> [Text] Editor's Note: The No 2 Automobile Manufacturing Plant is our nation's backbone enterprise; it was constructed by starting with reality, aiming at the world's advanced standards, and relying on our own forces. It is a good example to follow for China's path of modernization, and it establishes a model for the technical reconstruction of old plants and the construction of new plants. The concrete experiences of this plant, as reported here, are well worth reading.

The No 2 Automobile Manufacturing Plant (abbreviated below as the No 2 Plant) is a large backbone enterprise constructed at the end of the 1960's. Because it started with reality and followed the new road of China's automobile industry development, notable results have been achieved within a relatively short period of time. The experiences of this plant have received the attention of leading comrades on the State Council. They believe that these experiences can be used as a model in carrying out the technical reconstruction of old plants or the construction of new plants.

Looking at the roads traveled by the No 2 Plant, they have provided the following basic experiences:

1. Starting with reality, starting with trends in foreign automobile industry development, aim at the world's advanced standards, carry out product design and manufacture, and make use of advanced scientific and technological results.

When the construction of the No 2 Plant began, the No 1 Automobile Manufacturing Plant had already developed to maturity, and the design and manufacturing capabilities of our country's machinery industry already had an impressive foundation. At that time, in order to construct another automobile plant,

should they copy, move, and import complete sets of equipment, or should they stand on their own feet? This was an important question. They made it clear that not only should they design the products themselves, but that the equipment should also be produced domestically, bravely adopting technology and experiences already matured domestically. However, it was decided that those key items of equipment that could not be manufactured domestically at the time should be selectively imported in order to guarantee quality and gain time. Experiences have shown that the products they designed, after hundreds of improvements, have been able to stand the test of different rough conditions. The various economic and technical indicators of the automobile are now making big steps toward advanced international standards.

2. Travel the road of the masses, trust and rely on the forces of the machinery industry throughout the country, and organize great national cooperation.

During the design and plant construction process, they adopted three basic methods:

First a management system of specialized production was established. In plant distribution, automobile assembly and technology were adopted as targets, and the entire plant was divided into four large sectors and over 20 specialized plants. The branch plants within the sectors are closely connected in order to assure large-scale, continuous production.

Second, the entire country was organized for "contract construction" and the "gathering of treasures." They used the slogan of "old plant contracting for new plant, small plant contracting for large plant, and several plants contracting for one plant." The "four contracting" [system] was carried out by the contract construction unit--namely, contracting for design, contracting for production preparation, contracting for personnel training, and contracting for production debugging: i.e., contracting to the end. Altogether, more than 30 plants were organized to separately carry out contracting construction of various specialized plants of the No 2 Plant. At the same time, the method of "gathering treasures" was adopted. Advanced results already in existence or advanced technologies which were under study but which showed promise were gathered and transplanted to the No 2 Plant after testing. More than 600 machine tool plants in the country manufactured over 20,000 pieces of equipment for the No 2 Plant. Among them were 117 automation lines and over 5,000 high-efficiency, special automated machines. These were new products trial-manufactured in our country for the first time. The "contract construction" and "gathering treasures" methods accelerated No 2 Plant construction and also provided impetus to the machinery industry.

The third [method] was to rely on the plant's own forces. All positive factors were mobilized, and many forms of three unifications were practiced.

3. Persist in a policy of self-reliance and, on the basis of self-reliance, learn good foreign experience and import key technology.

The No 2 Plant has installed over 20,000 pieces of equipment, 98 percent of which were designed and manufactured in our own country. The quality of the predominant portion is good and the standards of their composite technology are high. To gain time and guarantee quality, they also imported some heavy, precision, and key equipment, whenever domestic makes were not yet able to meet the test. Whenever it was possible to import an individual piece of equipment, complete sets were not imported. Whenever it was possible to go abroad to study and solve the problem, that was done and the problem was taken care of domestically.

4. Establish a tested, bilevel leadership group, and train a reserve force.

In 1972, Premier Chou called for the improvement of product quality. The leading comrades in the central government, the provincial party committee, and the First Ministry of Machine Building separately called discussion meetings on quality improvement for the No 2 Plant. Later, the system that had originally been established was reorganized. A bilevel party committee was established, various levels of leadership groups were readjusted, a chief engineer system was established, and a policy on cadres and intellectuals was implemented. In the past few years, they have also actively organized youths for cultural and technical learning. Superior middle-aged and young cadres have been discovered and trained to join the various levels of leadership groups. As a result, normal construction has been assured and a foundation has also been established for the training of an army of staff and workers with strong fighting strength.

After the crushing of the Jiang Qing antirevolutionary clique, the No 2 Plant has paid great attention to ideological reorganization and has particularly carried out in a conscientious manner the direction, principles, and policies of the Third Plenary Session [of the 11th Party Central Committee]. It has engaged in enterprise reorganization, adopted new products and new technologies, improved the level of management and administration, and pushed forward the work in various areas. Their concrete methods have been to:

Tighten up on management, build a proper foundation, and improve work, centering improving quality.

The first step has been to strengthen the direction and management system of the enterprise, clearly define the division of labor, and implement recovery reorganization, centering on the objective of enterprise production and construction.

The second step has been to strengthen the "four ji" work. [Translator's note: the word "ji" (in Chinese) means base or foundation and the four areas of work strengthened all include the word "ji" either as basic or foundation. Thus, "four Ji" is meaningful in Chinese but cannot be translated and still be meaningful.] This has meant tightening the control on basic level work, foundation work, the training of basic skills, and basic order of production. The nucleus for this has been the strengthening of development of teams and groups.

The third step has been to strengthen civilized production. The management of tools at job locations has been strengthened. Cleanliness of workshops has been maintained. The workers have been trained to make sure that key products do not have burrs, and are not banged around, soiled, rusted, or dropped on the ground. This work has resulted in an improvement of production appearance and an improvement in product quality. Changes have also occurred in the enthusiasm of the staff and workers.

The fourth step has been to implement overall quality management work. They have carried out quality management of working procedures for products, quality management of engineering, and work quality management. Currently, quality management is being implemented on a total basis, for the entire process, and for total social and economic benefits.

The fifth step has been to tighten up on product improvement work. The currently produced 5-ton truck has been improved in more than 300 places, and its quality has continuously been improved. The 5-ton truck of the No 2 Plant originally was already the lowest gas-consumption car in the country. After improvements in 1981, consumption has been further improved by about 10 percent.

Tighten up on product development, properly establish technical reserves [the planning and development of new products], and strive to reach the world's advanced standards.

Currently, the No 2 Plant has the two basic models of the 2-1/2-ton cross-country vehicle and the 5-ton truck, and it has also produced in large quantities four modified models. During the 1981-85 period, there are plans to further develop four types of engines and four kinds of trucks, and also actively to promote the development of various modified models, refitted models, and special types of specialized vehicles. Product is the key. Only through long-range products planning will technical development be promoted and will there be technical reserves. If we do not have a few decent product reserves, we cannot escape the old road of "30 years of consistency" of domestic mechanical products, and victory cannot be achieved in competition. For these reasons, an important policy has been adopted: that of accelerating the building of technical centers and educational centers and of gradually creating a strong and effective research and development force to serve continuous product development and continuous technological innovation.

Develop foreign trade, strengthen exports, and develop the introduction [of ideas and technology from abroad], so as to create conditions for improving the level of enterprise modernization.

At present, aiming at the needs of the domestic market and the competition of the international market, they not only are devoting their energy to the domestic market but also are determined to enter into the international market. They are vigorously developing product export, using the method of "pushing the domestic with the foreign and using exports to cultivate advances" in order to promote and start the groundwork for the enterprise to reach the level of international technical development.

Develop our own funds, actively struggle for domestic and foreign support, and establish the production capability for 100,000 vehicles as early as possible.

The No 2 Plant produced more than 39,000 automobiles in 1981. Based on the capability of 100,000 vehicles a year after completion of construction, the task is still very complicated and heavy, and still requires considerable time and funds. Effective measures must be adopted. In early 1980, they considered the temporary difficulty of state finances and announced the policy of "self-development of funds, gaging income for outlays, and construction by stages" in order to come up with 330 million yuan in funds by themselves within 6 years and to carry out continued near-term construction. In this manner, not only do they not increase the burden on state finances, but they can maintain a definite rate of development for enterprise and gradually improve the cultural and material livelihood of the staff and workers on the basis of production development.

Properly carry out enterprise reorganization, and improve economic benefits.

[Their goals are to] properly carry out enterprise reorganization, stimulate revolutionary spirit, learn all domestic and foreign advanced experiences, including that of Daqing, and continue to increase the fighting strength of the leadership groups and the army of the staff and workers.

In the administration of the enterprise, they believe that the old way of paying attention only to production and not to management must be changed by taking a firm hold of overall quality management and establishing a responsibility system based on high standards and strict requirements so as to carry out the unification of responsibility, authority, benefit, and result. The three considerations of state, enterprise, and individual benefits are being practices, with the benefit to the state as the primary consideration. Political work is being strengthened, and the three unifications of political work, enterprise management, and material benefits are being practiced.

The nucleus for strengthening overall quality management and thoroughly implementing the responsibility system is the proper establishment of the plant manager responsibility system and the system of conference of representatives of staff and workers. Plans are being made to establish a network of responsibility systems of the various plant systems from top to bottom, to be led by the plant manager, assistant plant manager, and various chief engineers.

The large staff and workers and the cadres of the No 2 Plant express the view that the entire country has supported the construction of the No 2 Plant for over 10 years, and that it is now the time for them to demonstrate their influence. They are determined to be modest and prudent, to be cautious and conscientious, and to engage in bitter struggle, so that the required contributions will be made for our country's automobile industry to remove its hat of backwardness and for the four modernizations to be realized.

5974
CSO: 4013/29

INDUSTRY

NO 2 AUTOMOTIVE PLANT EXPANDS PRODUCTION

OW280856 Beijing XINHUA in English 0722 GMT 28 May 82

[Text] Wuhan, 28 May (XINHUA)--China's No 2 motor vehicle plant, the first big automotive factory designed and built by Chinese engineers and workers, is producing 50,000 trucks this year in addition to thousands of chassis.

The chassis, fitted out with driving cabins and engines, go to smaller motor vehicle plants for the production of buses, water spraying cars, refrigerating vans, dump trucks and trucks for the bulk loading and unloading of cement.

Located in Shiyan City, Hubei Province, the No 2 motor vehicle plant is the key factory of the Dongfeng Associated Motor Vehicle Company formed last year through the cooperation of nine plants in eight provinces in southern China.

"The cooperation aims at increasing variety and avoiding waste," said a spokesman for the company.

Formerly, each of the eight smaller plants now in the Dongfeng company tried to produce motor vehicles independently, thus causing waste and duplication in production.

Unlike the No 1 motor vehicle plant in Changchun, northeast China, which was built in the 1950's with imported technology, the No 2 motor vehicle plant has 98 percent of its 20,000 pieces of equipment made in China. Of the 500 production lines, 100 are automated, including those for the major processes of casting, forging, stamping and machining.

The plant employs 40,000 people, 3,300 of whom are engineers and technicians.

The plant went into operation in 1975 when it began producing 2.5-ton cross-country trucks. It built its first 5-ton truck in July 1978. Two more varieties were added between 1979 and 1981. Compared with trucks produced elsewhere in the country, the plant's "Dongfeng" brand consumers less oil and is lighter and easier to maneuver.

Earlier this year, the plant for the first time exported 130 trucks to the Sudan, entering the world automotive market.

With the expansion of the No 2 motor vehicle plant, Shiyan, where it is located, has grown from a town of mud houses into a full-fledged city with an urban population of 160,000.

China's No 1 motor vehicle plant in Changchun is also engaged in cooperation with factories in Liaoning and Jilin provinces in northeast China as part of the nationwide effort to restructure China's automotive industry.

CSO: 4010/8

INDUSTRY

IMPORTANCE OF DEVELOPING LIAONING'S HEAVY INDUSTRY STRESSED

Shenyang LIAONING DAXUE XUEBAO [JOURNAL OF LIAONING UNIVERSITY--Philosophy and Social Sciences Edition] in Chinese No 2, 1982 pp 29-32

[Article by Li Fengming [2621 7685 7686]: "Development of Liaoning's Heavy Industry During Period of Readjustment"]

[Text] Should Liaoning's heavy industry be developed during the period of national economic readjustment and how--such is a vital problem posed by the growth of national economy in the course of readjustment, as well as a major problem that the Party Central Committee and the people of the whole country earnestly expect Liaoning to solve as quickly as possible. Since readjustment of the national economy, some people have formed a muddled idea that the development of heavy industry has brought on untold sufferings among the people over the past 30 years and more, while development of light industry has brought about endless benefits for the people and, from this, they have drawn the conclusion that development of light industry is of the utmost importance to the national economy and people's livelihood, and that development of heavy industry is of no importance. Some people have even suggested that during the period of national economic readjustment the task of heavy industry should consist in getting down and drawing back. This understanding is obviously negative and onesided.

To be sure, it should be admitted that development of light industry is of great immediate significance to the issue of making urban and rural markets prosper and improving the people's livelihood. In order to satisfy the needs for consumer goods on the urban and rural markets, it is of great importance to develop light industry rapidly during period of readjustment, particularly for a province like Lioaning where the leg of heavy industry was always long and that of light industry always short in the past. From now on we should continue to develop light industry vigorously. But this does not mean that the smaller the proportion of heavy industry the better, and that what should be developed is not to be developed. While vigorously developing light industry we must not lose sight of the important part played by the development of heavy industry in promoting and expediting both the growth of light industry and the growth of national economy as a whole. As the "equipment department" of various branches of the national economy, heavy industry should provide various industries with the necessary machinery and equipment and advanced technical equipment. Without this precondition, industries cannot develop, and

even if they develop for a time, cannot maintain the rate of development. The part played by light industry in promoting development of heavy industry is often apparent to some people, while the dependence of light industry on heavy industry for its growth is not so apparent to them. In fact, the significant growth of Liaoning's light industry today is precisely attributable to the predominance of its heavy industry, which had provided light industry with the necessary material and technical foundations in the past.

It should be realized that development of Liaoning's heavy industry is of great importance to Liaoning and even the whole country. Liaoning is one of China's industrial bases, and its heavy industry makes up a great proportion, with total output value accounting for approximately two-thirds of total industrial value. Despite the great growth of light industry and textile industry (the ratio of light and heavy industries was 37.1 to 62.9 in the third quarter of 1981), heavy industry still occupies an important position in the national economy. The growth rate of Liaoning's heavy industry has an extremely great bearing on the economic development in the province and the whole country. This is because: 1) Liaoning's heavy industry being in a great proportion, to offset 1 percent decline in heavy industrial output value, light industry must grow 2 percent. In the first half of last year, the value of Liaoning's light industrial output increased 13 percent over the same period of the previous year; but as the value of heavy industrial output declined 8.7 percent during the same period, the total value of Liaoning's industrial output dropped 2 percent. According to the forecast of the department concerned, if the range of growth of Liaoning's heavy industry reached 1 or 2 percent, then the growth of Liaoning's industry as a whole could reach 5 percent or higher. 2) Liaoning has more large key enterprises in heavy industry which form our nation's economic lifeline. According to 1980 statistics, of the total financial revenues of the province, industrial profit taxes accounted for 97 percent, while heavy industry accounted for 88 percent of the industrial profits delivered to the state; among them, the four major steel mills and six major oil refineries accounted for 62 percent of the total profits delivered by all state-operated industrial enterprises in the province. When heavy industrial production declines and profits decrease, other enterprises will find it difficult to make up the decline. 3) Many products of Liaoning's heavy industry are geared to national requirements, assuming the important task of aiding nationwide economic construction. For example, net transfers of industrial products to other provinces in 1980 accounted for about one-fourth of pig iron, slightly more than half of rolled steel, aluminum, and lead, two-thirds of zinc and machine tools, and nearly nine-tenths of transformers. But, aids are mutual. If Liaoning's heavy industrial products declined, the province would find it difficult to transfer goods to other provinces, while other provinces would find it difficult to transfer goods to Liaoning. This being so, in order to bring about harmonious growth of the national economy, what should draw back in heavy industry must draw back, while what should go up must go up, so that a given development rate of Liaoning's heavy industry can be ensured.

True, over the past 30 years and more we suffered a lot in economic construction, but our sufferings were by no means attributable to the development of heavy industry but to errors in economic construction and to unrealistic and lopsided development of heavy industry, resulting in crowding out agriculture and light

industry. From now on, whether we will suffer over the development of heavy industry will depend on the guiding thought we follow and the direction we take. If the guiding thought is correct and the orientation is correct, heavy industry will develop in a planned, proportionate and coordinated way and we shall not suffer again. Otherwise, we shall traverse again the old road of onesided and lopsided development of heavy industry, and we shall inevitably suffer again.

In order to gain a steady advance and a healthy growth of the national economy, our party has fully rectified the leftist errors since the Third Plenary Session of the 11th Party Central Committee, really proceeded from the realities of our country and gradually embarked upon a new road leading to practical rate of growth, good economic effects and more material benefits for the people. In accordance with this principle, heavy industry departments of our province in the years following the Third Plenary Session, particularly since the further readjustment of the national economy, have taken the following approach and measures on the basis of summing up historical experience and in light of realities, which will give an impetus to the development of heavy industry.

I. Heavy industry should adjust its direction of service, expand the sphere of its service, and gain development in four types of service (namely, serving the development of agricultural and consumer goods production, serving the technical transformation of the national economy, serving the development of foreign trade and expansion of exports, and serving the modernization of national defense). Such is the fundamental outlet for heavy industry. According to the Marxist theory of interrelation between the two departments, products created in department I should, in addition to compensating for their own consumption, meet the needs of department II. Here, a question of serving self and serving department II is involved as far as department I is concerned; there exists a relationship between serving itself and serving department II. Over the past 30 years and more since the founding of the republic, it is precisely this relationship that we failed to handle properly. In order to ensure preferential growth of heavy industry and in order to ensure "a big leap forward" and "high speed," particularly in the late fifties, the proportion of "serving itself" was made too great, while that of serving the production branches of department II such as agriculture and light industry was made too small, with the result that heavy industry became increasingly heavy and light industry increasingly light, with heavy industry going all out to crowd out light industry and light and heavy industries were thrown severely out of balance. It was not until readjustment of the national economy and a great cutback in heavy industrial production after the Third Plenary Session of the 11th Party Central Committee that this severe imbalance has been markedly redressed. Historical facts make one realize that if social reproduction is to proceed smoothly and if the national economy, including heavy industry, is to gain a healthy growth, it is imperative to draw on the historical experience of our country in economic construction and seriously reverse the state in which the "serving itself" proportion in heavy industry is too great, and to bring the development of heavy industry to the track of serving the production branches of department II, such as agriculture and light industry.

Judging by the development of engineering and metallurgical industries in our province in recent years, particularly last year, development of heavy industry should primarily serve production of consumer goods for agriculture and light and textile industries. This sphere of service is a very broad one. In this sphere of service, many branches of heavy industry can accomplish a great deal. Engineering industry may provide agriculture and light and textile industries with advanced technical equipment; metallurgical, petrochemical, coal, and construction materials industries may provide agriculture and light and textile industries with raw and processed materials, fuel, and power; those heavy industry enterprises that are in a position to do so may produce some consumer goods that are in short supply on the market. For example, last year, in order to meet the needs of light and textile industries our engineering industry provided special equipment such as sewing machines, as well as a lot of machinery and technical equipment or processing foods and making cigarettes, shoes, clocks and watches, totaling 450 million yuan. In addition, to meet the needs arising from the introduction of the agricultural production responsibility system and growth of diversified economy, our engineering industry increased production of medium and small farm machinery and tools such as small pumps, small motors, small water mills, hay cutters, pulverizers, oil presses, shellers, rubber-wheel carts, and mulching film tools. In performing this type of service the engineering industry has adjusted the product strucutre, followed a clear direction of production and gained rapid development. For further example, some large steel enterpirses in our metallurgical industry increased production of strip steel and thin plates that were in short supply last year; local steel-rolling enterprises adjusted the direction of production and product structure in light of the development of light and textile industries, thereby providing nearly 100,000 tons of strip steel and thin plates and producing light industrial consumer goods that were in short supply. Further, our munitions industry developed nearly 400-million-yuan worth of bicycles, washing machines and ceiling fans for civilian use, while fulfilling its tasks of munitions production.

The above-mentioned instances of engineering, metallurgical and munitions enterprises serving the production in agriculture and light and textile industries and the production of consumer goods illustrate that the development of agriculture, light and textile industries and consumer goods production has opened a broad market for heavy industry and solved the major problem arising from readjustment of the national economy, that is, lack of production tasks among many branches of industries whose products are in "excessive supply." Provided heavy industry sets a correct direction of service, adjusts product structure and the direction of production and switches to the track of serving agriculture and light and textile industries, heavy industry will certainly gain a rapid and healthy growth.

Secondly, heavy industry (mainly engineering industry) should serve technical transformation of various branches of the national economy, particularly technical transformation centered on conservation of energy, and should vigorously develop energy-efficient and high-efficiency mechanical equipment. Since readjustment of the national economy, light industry, textile industry and construction materials industry have encountered a problem of equipment renewal and technical transformation. This sets the engineering indsutry an important task of serving the technical transformation of light, textile and construction

materials industries. Over the years, Liaoning's engineering industry has provided, in this direction, light, textile and construction materials industries with a large amount of special equipment and advanced technical equipment. Year before last, Shenyang and Dalian municipalities organized scores of heavy industry enterprises to form "pairs" and launch "heavy industry helps light industry" activities, helped light industry and textile industry enterprises create 559 sets of molds, provided them with nearly 140 units of special equipment, and helped light and textile enterprises train technical force and solve the key problem of production technique and energy conservation. As a result, not only have the old products of light and textile enterprises kept upgrading and regenerating, and production of new products kept enlarging, but also scores of heavy industry enterprises have been enabled to find production knack. Heavy industry enterprises in Benxi designed, made, installed and trial-ran 130 units (sets) of technical facilities or equipment for light and textile enterprises last year.

Judging by the present state of industry and communications enterprises in our province, serious problems of outmoded equipment, backward technology, low technical level, high energy consumption and poor economic effects are widespread not only in light and textile industries but also in other industries. For this reason, enterprises are bound to proceed with equipment renewal and technical transformation. This determines that the low rate of equipment utilization is only a temporary phenomenon in engineering industry. Engineering industry has bright prospects and can accomplish a great deal.

Further, heavy industry should serve the development of foreign trade and the expansion of exports. In this sphere of service many branches of heavy industry in our province have bright prospects. For example, foam titanium has fetched a very high price and made a good profit on the international market in recent years, and export of 1 ton of first-grade sponage titanium can make a net profit of 70,000-80,000 yuan. Our metallurgical enterprises' annual production of first-grade sponge titanium is already impressive, and if all our products are exported we can make a net profit of nearly 100 million yuan, a year. For further example, our province's electromechanical products have a good market in Southeast region. Exports of electromechanical products totaled 120 million yuan last year. On the basis of raising product quality, strengthening international market survey and marketing, total volume of exports is expected to show a great increase this year. Further, Liaoning's chemical products also have a good sale on the international market. Total exports of some 120 kinds of chemical products amounted to 160 million yuan last year; total exports are expected to show a great increase this year.

II. Heavy industry should seek development in the course of exploiting potential of existing enterprises and carrying out innovation and transformation. Further, to seek development and assume the formidable task of serving technical transformation of the national economy, heavy indsutry must also strengthen its own equipment renewal and technical transformation. The present state of Liaoning's heavy industry is such that a considerable part of enterprises were built in the late forties and early fifties, and some of them were old ones built in the period of the bogus Manzhouguo regime, and their equipment is generally obsolete and technology is backward. If they do not pay close atten-

tion to renewal and transformation, it would be very difficult for them to assume the heavy burden of "equipment renewal" and perhaps before long they themselves will cease to function. For this reason, using advanced technical equipment to renew and transform their old equipment and old technology is an important problem calling for urgent solution. Moreover, this kind of renewal and transformation should not consist in tinkering on an existing basis as the past, but should systematically take place with modern advanced level as the target.

To renew and transform old technical equipment will inevitably involve the problem of financial and material resources. How to resolve this problem? By depending on the state or by relying on one's own efforts? As things stand at present, the state really experiences great difficulties in obtaining financial and material resources. State budgets will not provide too great an increase in capital investments for a time following readjustment, let alone during the period of economic readjustment. When renewing and transforming itself heavy industry should mainly traverse the path of intensive enlargement of reproduction. In other words, heavy industry should rely on its own efforts, base itself on existing enterprises and enlarge reproduction by exploiting internal potential. How to exploit potential? Mainly by raising more funds and broadening the financial and material resources; in the use of financial and material resources, heavy industry should adhere to the principle of producing first and undertaking capital construction next, "intensive" first and "extensive" next, cutting back production of "goods in excessive supply" and making up production of goods "in short supply." Anshan Steel's practice in recent years has provided valuable experience in exploiting potential. In year before last, Anshan Steel, exploiting potential, made enterprises' profit growth rate greatly exceededthe growth rate of output value. Last year the state greatly cut down energy supply to Anshan Steel. But thanks to measures for conserving energy, ensuring production, and exploiting potential, Anshan Steel not only overfulfilled its production plan last year but also succeeded, despite production plan last year but also succeeded, despite production cutback, in increasing its revenues and continued to maintain the range of its profit growth. They mainly adopted two measures: 1) Exerting efforts to increase the rate of useful rolled steel. Prior to readjustment of the national economy, the rate of useful rolled steel had always fluctuated around 75 percent. After readjustment they made this itemized account: calculated on the basis of annual output of more than 5 million tons of rolled steel, a 1-percent increase in the rate of useful rolled steel would be equivalent to an increase of more than 50,000 tons of rolled steel. In view of this, since readjustment they have all along done a great deal to exploit the potential growth rate of useful rolled steel. As a result, their production of rolled steel has taken three big steps forward in 3 years: the rate of useful rolled steel was 1.64 percent higher in 1979 than in 1978 and 2.35 percent higher in 1980 than in 1979, and was 0.92 percent higher in the first 8 months of last year compared with the same period of year before last. In less than 3 years, exploitation of potential in the growth rate of useful rolled steel accounted for an increase of 241,000 tons of rolled steel and more than 7.1 million yuan in profits. 2) When supply of energy was short they conserved energy as a strategic task instead of asking aid from the higher level or "contending" with light and textile industries for energy. They did everything possible to exploit potential of energy and to exact energy

from technical transformation, from adjustment of the fuel structure, from improvement of operation and management and from scientific organization of production. By so doing they achieved conservation of energy and increase in production. Overall consumption of energy per ton of steel was down 5.6 percent in 1979 compared with 1978 and down 3.5 percent in 1980 compared with 1979, conserving a total of 50,000 tons of standard coal in 2 years. Anshan Steel's experience indicates that heavy industry enterprises have really great potential in financial and material resources, and that it is not only necessary but also possible to create the financial and material resources necessary for renewal and transformation by exploiting potential in this respect.

A number of heavy industry enterprises in Liaoning have achieved conspicuous results of self-reliant renewal and transformation: "carrying out transformation, benefiting from it and making profit in the same year." For example, Anshan Steel's small steel-rolling plant was rebuilt in 1 year into a small wore rod shop capable of producing 200,000 tons of round steel and screw thread steel and making 20-million-yuan profits 2 years. One year's profits were enough to pay off the total amount of construction investments. With 360,000 yuan in bank loans, Anshan Steel's No 2 thin plate plant was rebuilt into a zinc-plating production line capable of producing 10,000 tons a year. It went into operation in August of year before last, and in 5 months made profits amounting to 1.03 million yuan, three times the construction investment. Over the past 2 years, Anshan Steel has carried out 162 "exploitation, innovation and transformation" projects with very good economic results: compared with 1978, their capacity for producing goods in short supply increased by 120,000 tons, and the proportion of products urgently needed by light industry and market was up from 45.26 percent to 60.3 percent; product quality reached a record level, with 19 kinds of products rated as fine-quality products at the national, provincial or department levels. Penxi's industry and communications enterprises (excluding Penxi Steel) have also carried out "exploitation, innovation and transformation" with good results and their effective "exploitation innovation and transformation" projects aave increased output value by 82 million yuan and profits and tax payments by 14.5 million yuan. Facts show that as long as it sticks to the road of intensive enlargement of reproduction and conscientiously exerts efforts in "exploitation, innovation and transformation," heavy industry will make great improvement in terms of production capacity, technical level and product quality.

III. Heavy indsutry should seek development in the course of improving operation and management and increasing the economic effects. For a long time operation and management of heavy industry, like other industries, had the drawback of separating operational results form economic benefits: all enterprises were regarded as "iron rice bowls" no matter how they were operated and managed, and egalitarianism was practiced when it comes to distribution. This drawback severely dampened the enthusiasm of enterprises and workers. Since the Third Plenary Session of the 11th Party Central Committee, heavy industry enterprises in our province have fully strengthened and improved their operation and management, taking it as an important feature of economic readjustment. Over the past years, our heavy industry enterprises have kept strengthening all-round quality control, reformed the reward system and gradually introduced various forms of economic responsibility systems. Within an enterprise, profits are

assessed, profit targets are separated, a contract system is gradually introduced down to shops, teams and groups, placing "heavy burden and targets on the shoulders of everybody." In this way, the enthusiasm of workers is gradually guided to the target of interesting themselves in operation and management and paying attention to economic effects, and the mass movement for increasing production, practicing economy, increasing revenues and cutting down expenditures is pushed forward like rising waves. Heavy industry units which distinguish themselves in business management have continued to emerge in recent years. These fine units have one characteristic in common, that is, continuously strengthening management and achieving increasingly distinct economic efforts. For example, Fushun Oil Refinery No 2 paid attention to improving operation and management and increasing the economic effects; thanks to this, it made 61-million-yuan profits and increased its profit deliveries by 37 million yuan in 1980 even though the volume of oil processed was down 100,000 tons from the 1979 level. Last year, the volume of oil processed by the refinery showed a further decline of 2.7 percent, but its profits increased 2.6 percent. For further example, Anshan Steel's General Chemical Plant brought into play the enthusiasm of its workers for improving operation and management by carrying out the economic responsibility system of "linking remuneration to work." They came forward with plans and tactics for creating wealth. Despite lack of production tasks, they not only fulfilled the profit plans set by the state but also generated an additional 260,000-yuan profit, a 22.9 percent increase compared with the previous year. Thanks to the strengthening and improvement of operation and management, Anshan Steel delivered profits to the tune of 1.156 billion yuan year before last, overfulfilling their profit plan; last year, despite great decline in output of steel, iron and rolled steel, it still increased revenues while cutting down production. These facts show that to strengthen and improve operation and management, paying attention to economic effects and bringing the enthusiasm of workers into full play will build up internal dynamics for developing heavy industry during the period or readjustment. It is also an important way for heavy industry to gain development during the period of readjustment.

9780
CSO: 4006/426

INDUSTRY

NEED TO EQUIP BICYCLE, SEWING MACHINE INDUSTRIES STRESSED

Shanghai JIXIE ZHIZAO [MACHINERY MANUFACTURE] in Chinese No 3, 1982 p 34

[Article by Shao Weida [6730 0251 6671], Scientific and Technological Information Research Institute, First Bureau of Machinery and Electrical Industries, Shanghai: "Strengthening the Equipping of Our Country's Bicycle and Sewing Machine Industries"]

[Text] During the period from 5 December to 14 December 1981, the Central Bureau of Machine Tools for the First Ministry of Machine Building held an exhibition and sales conference of bicycle, sewing machine, and spare parts technology and equipment at the Suzhou Machine Tool Plant.

Participating in this exhibition and sales conference were 65 manufacturing plants in the machine tool industry. On display were 57 machine tools (including 23 general machine tools, 22 special bicycle and sewing machine tools, and 12 pieces of casting and forging equipment). Representatives of more than 300 specialized production plants of bicycles and sewing machines and spare parts from all over the country participated in the conference.

During the conference, transactions were completed on about 1,400 pieces of equipment with a production value of about 24 million yuan. Six machine tool manufacturing plants had transactions exceeding a total of 1 million yuan. They were the Nanjing Machine Tool Plant, Western Henan Machine Tool Plant, No 2 Machinery Plant of Xuzhou area, Dalian Machine Tool Plant, Wuxi Machine Tool Plant, and Wuhan Machine Tool Accessory Plant.

Based on preliminary statistics, there are now 36 plants in the machine tool industry under the First Ministry of Machine Building that serve the bicycle industry. They have produced about 178 types of equipment. There are 33 plants serving the sewing machine industry. They have produced about 327 types of equipment. These include specialized equipment for the production of bicycle frames, handlebars, and pedals, and sewing machine housing, spare parts, and components. The types of equipment produced are complete, and they are modern. They are deeply welcomed by the consumers.

A few observations are made below as references for the machinery manufacturing plants, as far as the market demand for bicycles and sewing machines is concerned.

1. Actively develop special equipment required for the production of industrial sewing machines.

According to statistics, our country is currently producing 7.5 million sewing machines a year. Industrial sewing machines account for only 2 percent of this total. There are now 50 million household machines in use in the country. Based on the current 10 percent annual rate of increase, it is estimated that the number of household machines in use in the country will reach 100 million by 1985. This means an average of 1 machine for every 10 persons; thereafter, the demand will soon reach its saturation point.

With the improvement of the people's standard of living and export trade demands, the clothing industry is urgently in need of industrial sewing machines. Thus, consideration should be given to adjusting the current ratio of industrial sewing machines to household sewing machines. Our machinery manufacturing departments should design, trial-manufacture, and produce highly efficient, specialized equipment for the industrial sewing machine manufacturing plants in order to meet the obvious tendency for household machine producers to switch to industrial machine producers and to promote the production of additional industrial sewing machines at an early date.

2. Provide highly efficient, specialized equipment for the bicycle industry.

Since the founding of the People's Republic, about 90 million bicycles have been produced in our country, putting us first in the world. Discounting old ones that have been discarded, about 77 million bicycles are actually in use today, for an average of 1 for every 12 persons. This compares with 1 for every 2.2 persons in West Germany, 1 for every 2.4 persons in the United States and Japan, 1 for every 27.3 persons in India, and 1 for every 28 persons in Thailand, based on statistics of these countries.

According to the demand picture of the domestic market, the demand for brand-name products is very strong. Computed on the basis of 1 for every 10 persons, 100 million bicycles will be needed. Based on 15 years as the life of a bicycle, the demand in 1985 will be 10 million bicycles.

Looking at the foreign market, demands in the advanced countries and the Third World have all been greater since the energy crisis. The future potential for the export markets is therefore very good.

According to state plans, the number of bicycles manufactured in 1981 was to reach 18 million. Planned production for 1985 is 33 million. If we assume that 1,250 pieces of equipment are needed for every million bicycles of increased production, the demand for equipment in 1985 will be about 15,000. Thus, how to serve the bicycle industry and how to manufacture highly efficient, specialized equipment are problems which we must also consider and pay important attention to.

3. Pay attention to the three modernizations [sanhua] of products and accessory work clamps and molds.

Because there are many designs and types of bicycles and sewing machines, there are also numerous spare parts and components. The demand for specialized equipment is therefore also high. Universal and exchangable equipment that meets the need for product changes should be developed. This not only will save plant space but also will lower the production plant costs. Furthermore, it will make it possible to switch to the production of new products rapidly in order to enter the markets.

While industries are being provided with equipment, attention should also be given to the supply of accessory work clamps and molds, providing complete service to the consumers and allowing the completion of installation and startup of production as soon as equipment is received.

5974
CSO: 4013/58

BRIEFS

HUNAN SMALL COMMODITIES COMMENTARY--On 17 June, the Hunan Broadcasting Station carried a short commentary entitled "Do Well in Grasping the Production of Small Commodities." The commentary says that the province's situation of small commodity production is, on the whole, good. The province now has some 10,000 enterprises for the production of small commodities and small agricultural tools. The province's output value last year reached 3 billion yuan. This has played an important part in improving people's livelihood and enlivening the urban and rural markets. The commentary points out that we must see that the production of small commodities in the province is far from meeting the needs of the masses. The commentary demands that leaders of some places and departments deepen their understanding of the immediate significance of promoting the production and supply of small commodities and that enterprises step up the production of small commodities. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 17 Jun 82 HK]

CSO: 4006/497

BRIEFS

XIAN COMMODITIES FAIR--The Northwest China Commodities Fair is being held in Xian. It was decided to hold this fair after five provinces and regions in northwest China had consultations. The main aims are to further maintain the close economic relations among five provinces and regions in northwest China with the exchange of local industrial products as the main task, and through the exchange and regulation of commodities, to promote purchase and sales, to make the market thrive, to strengthen cooperation, to promote the development of local industrial production in northwest China and to serve agricultural and industrial production and people's livelihood even better. Principal responsible comrades of commercial and relevant departments of provinces and regions, including Gansu, Qinghai, Xinjiang, Ningxia and Shaanxi, are attending the fair. Representative from provinces and regions, including Sichuan, Hubei, Henan, Shanxi, Nei Monggol and Xizang, are also attending. The number of representatives is some 1,500. The commodities at this fair include textile products, knitwear, general merchandise, [words indistinct], chemicals and five big categories, including meat, poultry, eggs, sugar, cigarettes and wines. Samples of 16,757 kinds are on display. [Text] [HK161403 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 16 Jun 82]

GUANGDONG COMMERCE--Thanks to the effective measures adopted by the commercial, supply and marketing departments, our province has made good progress in supply and marketing. From January to May 1982, in Guangdong, the total volume of commodity purchases increased by 12 percent, the total value of marketing by 13 percent and the total value of purchasing farm products and sideline products by 10.6 percent as compared with the corresponding period of 1981. Meanwhile, varying degrees of increase have also been registered in the output of resin, timber, edible oil, sugar and caustic soda. [HK230811 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 21 Jun 82 HK]

CSO: 4006/497

FOREIGN TRADE

ROLE OF FOREIGN TRADE IN ECONOMIC DEVELOPMENT RECONSIDERED

Beijing GUOJI MAOYI [INTERNATIONAL TRADE] in Chinese No 1, Jan 82 pp 22-28

[Article by Yuan Wenqi [5913 2429 4388] and Wang Jianmin [3769 0256 3046]: "To Reevaluate the Role and Status of Foreign Trade in the Development of China's National Economy"]

[Excerpts] In the long past, among Chinese theoreticians there was a general belief that foreign trade was mainly the means of "regulating surpluses and shortages." They believed that the main purpose of foreign trade under socialism was to promote the improvement of the material composition of national economy, to make up the shortage of certain goods and materials, and to regulate the proportionate relationship of economy.

We believe that it is very necessary to reconsider this traditional view.

Undoubtedly, foreign trade can truly play the role of "regulating surpluses and shortages," so that we should say that there is certain ground for this point of view. However, such a view is very inadequate and incomplete. Because, only in simple commodity economy can the use value of commodity per se be the sole objective of exchange; and, under the condition of socialism, with the vigorous development of productive forces, China has developed into a highly socialized country of large-scale production so that it must go beyond its boundaries, enter the world market, participate in the international division of labor, and form various economic ties, including commodity exchange, with other countries of the world. The objective of commodity exchange should not be only in the form of material exchange, but it should be mainly to save social labor by means of international division of labor, that is, to enhance labor productivity and act as a lever in promoting the development of the national economy.

We know that international division of labor is the foundation of international commodity exchange, and it is also an important source of saving social labor. This truth was expounded earliest by the bourgeois classical political economists Adam Smith and David Ricardo.

Here, it should be pointed out that in accordance with the law of socialist economy, we made an analysis of the principal role of foreign trade in the development of national economy, that is, the action of a lever which foreign

trade performs by saving social labor. However, it does not mean that this is the only objective and role of our foreign trade. Because, besides this, foreign trade may play the role of "regulating surpluses and shortages" and also serve other national interests, such as helping us to import advanced sciences and technology from abroad to accelerate the development of our national economy, and working in coordination with our struggle in foreign policy and fulfilling our internationalist obligations of socialism to contribute to the creation of a peaceful external condition for the development of our national economy, and so forth. However, only by making clear the principal role and objective of our foreign trade in theory and in thinking can we lay down, from a strategic perspective, correct principles and policies for the development of our foreign trade.

In the long past, as we limited our understanding of the role of socialist foreign trade in national economy to only "regulating surpluses and shortages," naturally we would overlook the important role of foreign trade in making profits for our national economy, and arrange plans for the structure of our import and export commodities without a scientific theoretical basis. Therefore, in the practice of our foreign trade appeared the following views and methods: In export, "to export whatever can be produced in the country and is also in demand on the international market"; in import, "to import very few or nothing of whatever can be produced in the country,"

We believe that such views are open to question.

As far as the planning of the structure of export commodities is concerned, the above views do not necessarily conform to the principle of making foreign trade profitable to the national economy. Because, it is not necessary that we should export an article which can be made in our country and also is in demand on the foreign markets. According to the principle of relative benefits, if we cannot attain the objective of saving social labor by exporting this article, then we should not export it. Such things as we can produce and are in demand on the international market constitute only the prerequisite to our determination of plans on the structure of export commodities according to the principle of making foreign trade profitable to the national economy, and they should not be taken as the theoretical basis for the planning of the structure of export commodities. On the contrary, if we can save social labor by producing and exporting certain articles which at present we cannot yet produce for export and are in demand on the international market, then we should also make efforts to produce and export such articles according to the principle of making foreign trade profitable to the national economy. Therefore, in planning the structure of export commodities, we should not base on such views as "to export whatever we can produce" or "to produce and export whatever is in demand on the international market."

As far as the planning of the structure of import commodities is concerned, the view that "to import very few or nothing of whatever can be produced in our country" is also short of concrete analysis, and similarly it has not considered this problem from the high perspective of making foreign trade profitable to our national economy. Because, even for articles which can be produced in our country, we must also calculate the cost of their production. If

the cost of importing these articles is lower than the cost of producing them inside the country, that is, if we can save social labor by importing these products, then we should not import very few or nothing of them just because they can be produced in the country. Of course, they should not include goods for which the cost of production if fairly high because we are just beginning to produce them, and these goods have their potential superiority.

From the above analysis we can see that if we compile plans of the structure of our import and export commodities not in accordance with the principle of making foreign trade profitable to national economy, not only can we not bring into play the leverage of our foreign trade in accelerating the growth of our national economy, but we will even bring about an unfavorable impact on and do harm to the development of our national economy. This cannot be draw our very serious attention and heighten our vigilance. In fact, this is exactly an important reason why the economic results of our foreign trade were not up to our expectations in the long past.

However, it should be pointed out emphatically that the principle of making foreign trade profitable to national economy is only the main basis for us to decide whether or not our plans of the structure of import and export commodities are rational, and it should not be the only basis. In other words, when we make plans of the structure of import and export commodities, besides taking into consideration mainly the principle of making foreign trade profitable to our national economy, we must also take into consideration some other comprehensive factors. For instance, we should consider not only the saving of labor by means fof foreign trade at present but also the possibility of saving labor in the future, so that we should not pit present labor saving against the long-term interests of economic development, but we should integrate the former with the latter. Especially for new products which are of important significance to the development of our national economy, or for products which have their potential superiority, we should adopt the policy of protection. In spite of the fact that at present these articles do save social labor in comparison with their production inside the country, we should also take into consideration the long-term interests of the development of our national economy as well as the fact that similarly we can also attain our goal of saving social labor in the future when our own products will gradually give play to their superiority. Furthermore, when we arrange and determine our plans of the structure of import and export commodities, we should also take into consideration the factors of building our independent national economic system and building our national defense. Because, at present not only can we not save social labor by producing such articles inside our country, but also we have to expend even more labor than the export commodities which we will pay for the importation of these articles. If we judge only from the view of making foreign trade profitable to our national economy, then we must stop the production of these articles and import them instead. However, if we have the basic interests of our country in mind, we must still invest in the development of production of these departments in order to build an independent national economic system and strengthen our national defense.

In addition, when we arrange and determine our plans of the structure of import and export commodities, we should also take into consideration such factors as China's internationalist obligations of socialism and the needs of our struggle in foreign policy.

9039
CSO: 4006/423

BRIEFS

PRC-YUGOSLAV FREIGHTERS TRANSACTION--Belgrade, 15 May (XINHUA)--A 5,000-ton freighter built by Yugoslavia's (Uliyanik) shipyard was handed over to China's Hubei Provincial Jingchuan Shipping Company at a ceremony held in Pula, Yugoslavia on 15 May. The freighter, named Jingchuan No 1, was the first of five freighters ordered by the Chinese Shipping Company. Chinese commercial counsellor Gao Lu and Yugoslav officials attended the ceremony. [OW250157 Beijing XINHUA Domestic Service in Chinese 0701 GMT 16 May 82 OW]

CSO: 4006/497

AUTHOR: GU Naimian [7357 0035 4875]

ORG: Deputy Director, Guizhou Provincial Bureau of Coal Industry

TITLE: "Probing the Metamorphism of Coal in Guizhou Province"

SOURCE: Beijing SHIJIE METAN JISHU [WORLD COAL TECHNOLOGY] in Chinese No 2, 12 Feb 82 pp 9-16

ABSTRACT: Guizhou is one of the provinces with the largest coal reserves in China. Metamorphism exists extensively. Geographically speaking, the province may be divided into 3 regions, the medium low metamorphic region of the east, the central highly metamorphic region, and the medium low metamorphic region of the west, with some highly metamorphic zones in some localized places of the east and the west regions. Magmatic action is the major cause of extensive metamorphism of coal in the province. The extent of metamorphism to produce anthracite zones is related to paleographic thermal anomalies which in turn are related to the varied depth of Mohorovicic discontinuity, the hidden magmatic activities, and perhaps the added thermal flow produced by the upward movement of materials within the crust. The influence of dynamic metamorphism on the coal is found to be of a limited scope. The fact that metamorphism of coal is often the result of combined action of several factors is not excluded, however. The paper includes 7 maps or figures depicting the following: (1) Zonal divisions of Late Permian coal; (2) Ground temperature gradient distribution in Guizhou Province; (3) Isopleth of volatility of Late Permian coal and the maximum reflectance of the vitrain groups; (4) Zonal divisions of Early Carboni-

[continuation of SHIJIE METAN JISHU No 2, 1982 pp 9-16]

ferous coal; (5) Zonal divisions of the Early Carboniferous coal; (6) Isopleth of maximum thickness from the Late Permian Longtan Formation to the Early Jurassic artesian well group rock system; (7) Distribution of Late Triassic and Tertiary coal systems. Legend: A. anthracite; B. poor coal; C. thin coal; D. coking coal; E. Rich gas coal; F. denuded region; G. ground temperature gradient; H. thermal flow value; I. ground isothermal line; J. estimate; K. coking coal - gas; L. gap; a. high value region; b. intermediate value region; c. low value region. 1. Weining; 2. Hezhang; 3. Bijie; 4. Chishui; 5. Xishui; 6. Renhuai; 7. Zunyi; 8. Jinsha; 9. Dafang; 10.Qianxi; 11. Zhijin; 12. Anshun; 13. Changshun; 14. Puan; 15. Qinglong; 16. Guanling; 17. Ziyun; 18. Xingyi; 19. Xingren; 20. Zhenfeng; 21. Luodian; 22. Shuicheng; 23.Panxian; 24. Tongzi; 25. Zhengan; 26. Wuchuan; 27. Dejiang; 28. Meitan; 29. Sinan; 30. Shiqian; 31. Kaiyang; 32. Wengan; 33. Guiyang; 34. Huishui; 35. Dujun; 36. Kaili; 37. Libo; 38. Tongren; 39. Tianzhu; 40. Rongjiang. The 7 figs. are reproduced in the following:

[Continuation of SHIJIE METAN JISHU No 2, 1982 pp 9-16]

Fig. 1

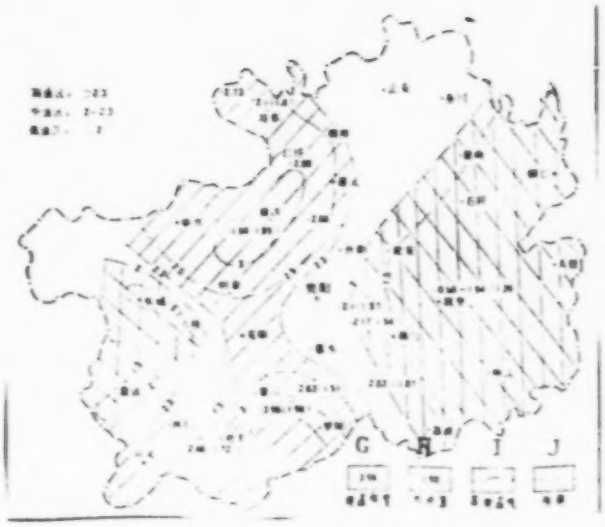

Fig. 2

[Continuation of SHIJIE METAN JISHU No 2, 1982 pp 9-16]

Fig. 3

Fig. 4

[Continuation of SHIJIE METAN JISHU No 2, 1982 pp 9-16]

Fig. 5

Fig. 6

[Continuation of SHIJIE METAN JISHU No 2, 1982 pp 9-16]

Fig. 7

6248
CSO: 4009/326

AUTHOR: ZHOU Shulian [0719 0647 5571]

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TITLE: "The Research Objective and Intent of Economic Structure Science"

SOURCE: Beijing JINGJI KEXUE [ECONOMIC SCIENCE] in Chinese No 2, 20 May 82 pp 1-7, 38

ABSTRACT: It has been repeatedly suggested (ZHONGGUO SHENHUI KEXUE No 1, 81; SHAANXI CAIJING XUEYUAN XUEBAO No 2, 81; WENHUI BAO 27 Sep 78) that economic structure should be established as a science. While economic structure was often regarded as a part of production relationship, many suggested that it should include the structure of production relationship and the structure of productivity but some believed that the latter should be emphasized at the expense of the former. Following an introduction of the background problems [disagreements] concerning the object, scope, method, and task of this science, the author suggests that further discussions on the subject should perhaps be divided into the following: (1) The object and method, including its distinction and relationship with political economics, departmental economics, and economic management science; (2) Historical evolution and classification of economic structure; (3) Factors determining economic structure, including analyses of such factors as natural conditions, levels of productivity, scientific technology, consumer needs, economic policies, etc.; (4) Economic structure and economic growth; (5) Economic structure and economic effects; (6) Branches of economic structure, including property, technology, employment, regional, import and export, national income distribution, capital investment, price, consumption structures; (7) Problems of reasonableness of economic structure.

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TITLE: "Several Problems of China's per Capita GNP"

SOURCE: Beijing JINGJI KEXUE [ECONOMIC SCIENCE] in Chinese No 2, 20 May 82 pp 8-16

ABSTRACT: In capitalist countries, GNP includes wages, interests, rents, etc., i.e. the sum of material and non-material production. In China and the USSR, GNP means the value of newly created products by material-producing workers of the country within a given year. Although this conceptual difference is explained in a footnote, the paper lists in a table the GNP of 1960, 1970, 1975, and 1978 of 12 countries, including the USA, the USSR, W. Germany, etc. demonstrating the fact that at $224, the per capita GNP of China in 1978 was the next to the lowest, the lowest being that of India at $130. Major factors affecting per capita GNP, i.e. the relationship between the growth of GNP and the growth of population, are explained. Finally, the paper explains that in order to increase the per capita GNP in China, efforts must be given to the following: (1) Population control; (2) Increase productivity by reducing population investment and increasing technology investment; (3) Suitably increase the ratio of people of productive ages in the population; (4) Use full employment as the means of taking advantage of China's large labor force to increase the per capita GNP. Each of the above methods is discussed in some detail.

6248
CSO: 4011/122

AUTHOR: None

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TITLE: "Place the Reconstruction of Old Roads in a Strategic Position of Highway Construction"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 5, 25 May 82 pp 1-3

ABSTRACT: Liaoning Province began a large scale reconstruction project of old roads in 1975 and by 1981, 8,169 km of old roads, amounting to 27.5 percent of all highways then existed, had been rebuilt. These reconstructed highways were widened from the original width of 7.5-8.5m to 12-32m. A green zone of 1.5-4 m in width was added, 351 bridges were built, 2,860 km were resurfaced with asphalt blacktop. The reconstruction work has shortened the distance, improved the speed of the traffic, reduced accidents, and connected the highways into a network. These excellent results have been obtained because of the following: (1) Reconstruction of old roads is considered to have strategic importance; (2) Local areas and the masses are mobilized to support the reconstruction work; (3) A suitable technical standard is adopted to evaluate the work; (4) Attention is given to the benefits of the reconstruction work. A great deal of work remains to be done. The province still has 21,557 km, amounting to 72.5 percent of the existing highway mileage, awaiting reconstruction. A more detailed design formula is needed. A local agricultural tax may have to be collected to provide capital for reconstruction and maintenance of rural roads.
This paper was received for publication in Feb 82.

AUTHOR: RAO Dehong [7437 1795 1347]

ORG: Peiling Highway Maintenance, Sichuan Province

TITLE: "Summary of Two Years of Trial Practice of Budgeting and Contracting Road Maintenance Work in Peiling Highway"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 5, 25 May 82 pp 28-32

ABSTRACT: In 1979, the Sichuan Provincial Department of Transportation approved a pilot project of the economic responsibility system of budgeting and contracting highway maintenance work. Since then, the accomplishment of 1979 was summarized and the project was continued in 1980 and the accomplishment of 1980 was summarized again for the project to be continued into 1981. From Jan to Sep 81, the rate of well-maintained roads increased 6.5 percent over the same period of 1980 and the cost of maintenance was reduced 19.14 percent. Various aspects of the economic responsibility system, including signing contracts with road maintenance sections and shifts to guarantee the fulfillment of quota and such maintenance indices as work quality, material consumption, and cost are introduced in some detail. Finally, the paper reports the following advantages of the system: (1) Workers are more positive; (2) A great deal of expenses may be saved; (3) Democratic management; (4) Reasonable arrangement promotes technical reform; (5) Attitude change for the cadres; (6) Such added facilities as lights, bathhouses, electrical fans, television sets, radios, etc. have improved the living standard of the workers.
6248
CSO: 4011/119

AUTHOR: CHEN Yuanmou [7115 6678 6180]

ORG: None

TITLE: "An Assault Brigade for China's Railway Construction -- Introducing the Railway Soldiers of the People's Liberation Army"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 3, 28 May 82 pp 2-3

ABSTRACT: Under the leadership of the Chinese Communist Party, on the foundation of the foot soldiers of the people's liberation army, the railway brigade has been established and developed. In war time, its major task is to protect the railways, to shield them, and to carry out emergency construction and repair. In peace time, it is to participate in railway and other construction projects. In the 30 years since its initial organization, it has made important contributions to the liberation and socialist construction endeavors of the fatherland. Before the liberation, wherever the army advanced the railways were repaired. For example, trains departed from the North Station in less than 12 hours after Shanghai was liberated. In recent time, the railway brigade has been learning sciences and technologies to march toward modernization. It has won the love and respect of all the people of the country. More examples of the brigade's contribution are described.

AUTHOR: LI Wenmao [2621 2429 5399]

ORG: None

TITLE: "Shipping the Coal of Shanxi Out of the Province"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 3, 28 May 82 pp 10-11

ABSTRACT: In Shanxi Province, historical records of coal mining go back many centuries. Since the liberation, an industrial base of coal development encompassing 13 large and medium mines and 3,000 small local operations has been firmly established with a relatively reasonable layout and acceptable technological capabilities. In 1979, production broke the one-hundred-million-ton barrier, amounting to a growth of 90-fold over that of 1949. The coal reserves of the province are extremely rich, with 100 billion tons proven, about 1/3 of all proven reserves of the country. The coal reserves of Shanxi also have the advantages of being close to the surface and good quality. According the current plan, by 1990, the annual coal production of the province will reach above 200 million tons annually. The importance of the coal reserves and production of Shanxi may also be demonstrated by the fact that coal makes up more than 70 percent of China's current energy consumption. With the above introduction, the paper proceeds to explain the fact that although Shanxi coal is now supplying more than 20 provinces and cities in China as well as such far-away countries of England and France, shipping the coal out of Shanxi depends mainly on the inadequate and congested railways. The urgency of railway construction for the purpose of shipping the coal out of the province is the essential theme of the paper.

AUTHOR: WEI Wei [2607 3634]

ORG: None

TITLE: "Notes on the Wan [Anhui] - Gan [Jiangxi] Railway"

SOURCE: Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 3, 28 May 82 pp 22-23

ABSTRACT: The readers may never have heard of Wan-Gan Railway, which is in fact still under construction. The last link of the tracks was completed in early Dec 81; therefore, the line will soon be operable in its entirety. It will be the major trunk line dissecting the 2 provinces of Anhui and Jiangxi to link the north and the south in a distance of 551 km. The idea of this railway has a bitter origin, however. Soon after the revolution of 1911, imperialistic England forced the Yuan Shikai Government to give it the monopoly of constructing a railway from Nanjing, through Anhui, Jiangxi to reach Changsha of Hunan but the plot was disrupted by the outbreak of WWI. In 1933, ZHANG Jingjiang [1728 7234 3068] et al of Kuomingtang organized a Shanghai consortium to build an 80 km line from Wuhu to Sunjiabu, which formed the earliest section of the present Wan-Gan Line. The plan of reconstructing or continuous constructing the line was first conceived in 1958 but was not even partially launched until 1967 before it was soon disrupted by LIN Piao and the gang of four. This tortuous history of the railway and its final serious construction in 1970-1981 are reported. The importance of this railway and the scenic views along the railway constitute the second part of the paper.

6248
CSO: 4011/120

AUTHOR: QIAN Huankui [6929 3562 1145]

ORG: Bureau of Tunnel Engineering, Ministry of Railway

TITLE: "Dayaoshan Tunnel"

SOURCE: Beijing TIEDAO JIANZHU [RAILWAY CONSTRUCTION] in Chinese No 5, May 82 pp 7-11

ABSTRACT: Jing-Guang [Beijing-Guangzhou] Railway is a major line of communication between the north and the south in China. For the 1,758 km between Beijing and Hengyang, multiple tracks have been completed, but the section of 538 km between Hengyang and Guangzhou remains a single-track line, constructed more than 40 years ago. At present, this section is saturated with cargo and passenger traffic and no room for any increase. The semi-circular segment along Wushui River from Pingshi to Lechang is especially congested to affect the agricultural development of Hunan and Guangdong and consequently, the export trade from Huangpu Harbor to Hong Kong and Macao. It has; therefore, been resolved that multiple tracks must be constructed for this section and the Dayaoshan Tunnel Scheme adopted to shorten the line 11.5-14 km from the original 38 km by cutting a direct pass to by-pass the Wushui River bend. The tunnel plan was approved by the Ministry of Railway in Sep 81 and the construction of both ends has started. The double-track tunnel as long as 14.3 km will be the longest in China and many new problems and unexpected difficulties may occur in the course of construction. The general design, the engineering geology, and the construction plan of the tunnel are introduced, including a brief map and diagram.

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CSO: 4011/121 END

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ECONOMIC PLANNING

REPORT ON MARKET'S REGULATORY ROLE

OW180252 Beijing XINHUA Domestic Service in Chinese 0025 GMT 17 Jun 82

[Article by XINHUA commentator: "The Market's Regulatory Role Must Not Be Overlooked"]

[Excerpts] Beijing, 17 Jun (XINHUA)--The economic departments of various localities are firmly implementing the important directive given them by the party Central Committee and the state council on ensuring that the planned economy plays the major role and market regulation the supplementary role. The general situation in this development is sound. While knowing that the stress is laid on planned economy, some comrades, however, have cast doubt on or even negated the market's regulatory role. How should we see the question of market regulation? Should we give play to its role?

With the national economic readjustment in progress in the past few years, the state has assigned a far lighter task to the machine-building industry for the period under review. This industry would have drastically reduced its production and would inevitably have suffered a tremendous financial loss if everyone working with it regarded the state plan as a "big rice pot" and ate in it as he has done in the past.

We are pleased to learn that this industry not only suffered no financial losses last year but turned in 3 billion yuan of profit to the state, thanks to the efforts made by the machine-building industrial enterprises to carry out market regulation, canvass for orders and expand their customer service. The contracts on machinery supply signed by the machine-building industrial departments during the first 5 months of this year cover items exceeding the quantity spelled out in the annual production plan assigned them by the state for this year. Those contracts will make up for the inadequate state plan and will enable the machine-building industry to earn more for the state under difficult conditions. The practice of the machine-building industrial departments vividly shows that on the premise of mainly relying on socialist planned economy, it is imperative to supplement it with regulation through the market.

There are two other reasons why the market's regulatory role should not be overlooked. The first is that the state plan cannot be all-inclusive. Since it includes the production of those key enterprises that have an important impact on the national economy and the people's livelihood and because it

projects the output of many important agricultural and other industrial products, the state plan cannot include so many other enterprises and their countless product items. Therefore, it needs regulation through the market to define other tasks, promote marketing of products and solve the problems of acquiring raw materials and some necessary equipment, accessories and parts. Secondly, we still lack scientific economic data and information that can be used as the basis on which we carry out our planning work. So, our planning cannot be complete and comprehensive and cannot accurately reflect the changing social demand. Production plans formulated under this kind of situation can hardly avoid the situation in which supply exceeds demand or in which supply fails to meet demand. Therefore, it is necessary to make up each other's deficiencies through market regulation so that production can meet demand and supply is linked to marketing.

Due to the lack of experience and the nonexistence of sound measures and relevant systems, some problems have indeed occurred in a number of enterprises in the course of carrying out market regulation. We must attach importance to these problems and make earnest efforts to solve them. We should not fail to carry out market regulation because of these problems or refrain from doing so for fear of a slight risk.

CSO: 4006/496

ECONOMIC MANAGEMENT

HAINAN HOLDS CADRE MEETING ON ECONOMIC CRIME

HK151421 Haikou Hainan Island Service in Mandarin 0330 GMT 15 Jun 82

[Summary] Yesterday, the Hainan Regional CCP Committee held a meeting of leading cadres of organs at the regional level. Regional CCP committee first secretary Luo Tian made a report at the meeting, demanding: "Leaders at all levels must continue to penetratingly implement the spirit of the instructions of the central authorities and the Guangdong Provincial CCP Committee and wage in depth the struggle against serious criminal activities in the economic field."

In his report, Luo Tian said that over the last 4 months, the region had conducted education in opposing corruption and degeneration and leaders at all levels, party members, cadres, staff members, and workers and the masses had deepened their understanding. CCP committees at all levels had strengthened leadership over this struggle, strengthened their ability to deal with cases and struck blows at serious criminal activities in the economic field. A large number of cases had been clearly investigated and dealt with and 284 economic criminals had voluntarily surrendered themselves to political and legal organs and relevant units and confessed their mistakes. A total amount of 420,000 yuan of ill-gotten gains and a large quantity of goods illegally obtained have been recovered by the state.

In his report, Luo Tian said: "However, the struggle has not developed evenly in all places and departments. Some counties and units have not firmly grasped the key point of the struggle. Big and important cases have not been completely exposed. Some counties and units have not seriously strengthened their ability to deal with cases and have not clearly investigated and dealt with cases. The reason is that leadership groups of these places and units have had this or that problem and are not perfect themselves. They are afraid of drawing fire against themselves. Or when they encounter difficulties and obstacles, they are afraid of this or that, are full of worries and are not bold in leading this struggle. This will affect the penetrating development of the struggle."

With a view to waging this struggle in depth, Luo Tian demanded that leaders at all levels seriously grasp well the following several aspects of work:

First, it is necessary to further study the decision of the CCP Central Committee and the State Council and the relevant documents.

Second, it is essential to correctly understand and handle well the relationship between waging this struggle and embarking on economic construction. Economic construction is the central work of the party. Striking blows at the serious criminal activities in the economic field is aimed at eliminating the obstacles to economic construction and at guaranteeing that economic construction will develop relatively quickly and that relatively good economic returns will be achieved.

Third, it is imperative to do well in dealing with cases. We must step up dealing with big and important cases. We must deal with cases in accordance with the legal procedures and on the basis of facts.

Fourth, we must resolutely eliminate all interference and carry this struggle through to the end. "Leaders at all levels must be clear-headed, resolutely eliminate factional interference and prevent some people from making use of factionalism to start rumors to create trouble. We must be good at distinguishing a small number of people with ulterior motives who attempt to fish in troubled waters."

Fifth, CCP committees at all levels must strengthen leadership over this struggle and No 1 and No 2 men of all units must personally grasp this struggle. Big and important cases must be firmly grasped and good results must be achieved in June.

CSO: 4006/496

FINANCE AND BANKING

'JINGJI YANJIU' DISCUSSES ROLE OF BANK LOANS

HK071405 Beijing JINGJI YANJIU in Chinese No 5, 20 May 82 pp 26-32

[Article by Wang Zhuo [3769 3820]: "Enhance the Role of Financial Distribution and Bank Loans"]

[Text] Our country's further readjustment of the national economy in 1981 has achieved great successes. It realized the basic balance of finance and credit and loans as well as the stability of commodity prices. The economic situation is indeed a good one. Naturally, there are also signs that the latent dangers to the national economy have not been entirely eradicated. These lurking dangers are mainly shown in the reciprocal relations between finance, the market and commodity prices. The gross amount of the supply of commodities to the market is still not in conformity with the increase in the purchasing power of the community. Enormous efforts must still be made to maintain the basic stability of commodity prices. It seems that of these three factors, the question of finance offers a contradiction in the conditioning of the current economic situation as a whole. To strive for a basic improvement in the financial and economic situation, we must redouble our efforts in the search for new measures to solve the problems of finance.

I

Our financial difficulties at present are mainly seen in the shortage of funds. Only in solving well the question of the supply of funds can we enable the national economy to pass through the stage of readjustment, become stabilized, eradicate the lurking dangers and proceed on the broad road to healthy economic development. Just how can this be achieved? In my estimation, the two important links in further eradicating the lurking dangers to the national economy are to grasp well financial distribution and bank loans.

Let us start first with a review of the rise of the new situation in national finance. The continued readjustment of the national economy in 1979 and 1980 successively raised the ratio of consumption funds. Unfortunately, the ratio for accumulation funds was not lowered, because the gross amount of capital construction investments could not be suppressed. This contradiction was the main cause of the huge financial deficits for 2 years in succession. To solve this contradiction, the only way appeared to be the

further readjustment of the national economy and the solid reduction of the gross amount of capital construction investments. In 1981, the gross amount of capital construction investments was reduced from 54 billion yuan in 1980 to 38 billion yuan. Despite such a drastic reduction, why was it that the 1981 financial receipts and expenses still could not achieve a basic balance? And why was it that the latent dangers to the national economy could not be entirely eliminated? The reason was due to heavy industry. Heavy industry was then in the course of readjustment and suffered a decline in production. Its gross output value usually occupies 50 percent of the gross output value of industry as a whole. Its decline in production directly affected the speed of growth of the whole industry. In 1981, the growth rate of the light and textile industries was 13.6 percent, but because of the 5 percent decrease in production of heavy industry, the growth rate for industry as a whole was only 4 percent. This industrial growth rate about equalled that of agriculture and was a phenomenon seldom seen over the last 32 years. It represents a new contradiction in economic life well worth people's attention at present. The causes for this decline in production of heavy industry may be attributed to insufficient capital funds and to the failure to completely eradicate the hidden dangers to the national economy. Naturally, causes in the distribution sector may also be contributory, but the main causes are located in the production sector.

Why did heavy industry suffer a decline in production? The causes were various, such as: the irrational industrial structure of heavy industry itself, the incorrect service orientation of many of its enterprises, its products not conforming to the demand of the community, insufficient power supply in the case of certain enterprises, and so on. However, the main cause was due to the sudden shrinkage in the size of heavy industry's markets. As a result, many of its plants were in a state of "not having enough to eat" and actually "starving." In such a predicament, many of the enterprises, unable to turn to other production channels, had to make temporary arrangements, or resort to irregular practices. Making temporary arrangements could be for emergency use only, certainly not for long whereas in resorting to irregular practices the loss may actually outweigh the gain. It thus appears that unless the size and capacity of heavy industry's markets are enlarged, there is no way to revive heavy industry. The empty call to heavy industry to change its service orientation simply does not help. It is like trying "to scratch an itch from outside one's boot" and certainly cannot solve the problems.

What was the cause for the sudden shrinkage in the size of heavy industry's markets? This was related to the concrete measures adopted in readjusting the national economy. In further readjusting the national economy in 1981, the demand was that "capital construction should retreat sufficiently," A drastic reduction was mase in the gross volume of capital construction investments and, as a result, capital construction investments were cut down by 16 million yuan compared with the preceding year. But this economic readjustment was carried out with a "full burden on its back," that is to say, only a small number of heavy industrial plants were closed, suspended, merged or shifted to other modes of production. This, in turn brought about

the contradiction that the scope and size of heavy industry's markets were much smaller than the production capacity of heavy industry itself. The result was a downturn in stockpiling and production.

The downturn in heavy industrial production brought about a drop in the speed of development of industry as a whole. It also caused a fall in the growth rate of the national income, as follows: in 1979, the growth rate over the preceding year was 7 percent; in 1980, it was 6.9 percent; but in 1981, it was only 3 percent. This principally accounted for the drop in financial revenues. Hence, it can be seen that a close relationship exists between the downturn in heavy industrial production, the current shortage in capital funds, and the inability to completely eradicate the latent dangers to the national economy. Nevertheless, the downturn in heavy industrial production did not rise out of the problems of heavy industry itself. It was also not the fault with the change in the orientation of service not being fast enough. Rather, it was the natural result of the sudden drop in market demand, which was backed by the ability to pay, in the sector of heavy industry. In other words, it was not that the demand for the means of production was lacking in our country but that the kind of demand supported by the ability to pay was insufficient. As a result, heavy industry's market capacity gradually dwindled.

This being the case, can the market capacity of heavy industry be expanded? But looking into the market capacity of heavy industry requires an analysis of the prevailing state of heavy industry. At present, the situation in heavy industry has the following characteristics: 1) there are certain heavy industrial plants which currently suffer from production drawbacks such as a heavy consumption rate of energy, high production cost, poor quality of products, products not conforming to the needs of the community, producing genuine goods that are in excessive supply involving much stockpiling, and so on. The problem here is not one of expanding the market capacity but rather one of whether or not the plans should be closed, suspended, merged or shifted to other modes of production. 2) The market for products of that sector of heavy industry producing agricultural machines was dwindled in capacity. This, however, is a normal development. The problem concerned here is to readjust the structure of products and to shift production to other more appropriate lines. 3) The market of that sector of heavy industry producing goods that are in short supply, principally energy and construction materials and handling transportation services, has a fairly large capacity. Actually, no market problem exists here and there is no problem of a production downturn. Rather, the problem is now to accelerate its further development. 4) The machine-building industry, which is a portion of heavy industry and is more or less representative of that industry, was originally intended to serve capital construction, with capital construction being reduced in scope, its market has also dwindled. The problem now is how to widen the scope and capacity of the market, in order to prevent a further production downturn.

The markets of heavy industry are of two types. One type pertains to heavy industry which serves itself or whose services rotate around the industry itself. It has the special feature of serving the development of heavy

industry alone. This market principally fulfills the purchasing demand, which is supported by the ability to pay, of the capital construction units of heavy industry. The support providing the purchase demand with the ability to pay is derived from the capital construction investments. If the proportion of this type of heavy industry is increased, the invariable outcome will be: high accumulation rate, huge capital construction, and low economic benefits, ending up with fiscal deficits, tension in the markets (including markets for the means of production and markets for consumer goods), currency inflation, and a rise in commodity prices. This finally brings about an imbalance in the proportionate relations of the national economy. The other type of heavy industry may be called the "four services," That is to say, it performs the following services: arming heavy industry itself, serving national defense construction, serving agriculture and serving the light and textile industries. Heavy industry of this type has extensive markets of which the principal one constitutes a market for the development of the capital construction of the light and textile industries and for their technical restructuring and renewal of equipment. Hence, in our efforts to revive heavy industry, the decisive measure that can make heavy industry rise again is: we must expand the market capacity of heavy industry, and, in turn, the decisive measure is to accelerate the steps in the technical restructuring and equipment renewal in the light and textile industries.

We all acknowledge that the technical restructuring and renewal of equipment of the existing industrial and communications enterprises, principally enterprises of the light and textile industries, can change the situation of the market capacity heavy industry being insufficient, reverse the trend of a production downtur in heavy industry, and maintain a rational speed of development for industry as a whole. In addition, production capacity can be expanded and industry's production technique can be raised to a new level. This being the case, why is it that slow steps have been taken in technically restructuring the light and textile industries and renewing their equipment? The answer is: insufficient funds. But what was the cause for this insufficiency in state funds? This may be ascribed to factors found in the initial distribution and redistribution of the national income and to other reasons as well. But the most fundamental one is the low economic results of the enterprises. Therefore, in order to further eliminate the hidden dangers to the national economy and strive for a basic improvement in the financial and economic situation, we must rectify the guiding thought over economic work, and shift it onto the track leading to higher and better economic results. Moreover, we must devote more efforts to effecting economy in the consumption of both live labor and materialized labor and must definitely make production conform to the needs of the community. Not to do so will render it impossible to increase the economic effect. At present, the situation is: the economy economic "turn" has stagnated. There is much waste of manpower, of material resources and of time. Some "catalyst" must be on hand to set the economy in motion smoothly. In my estimation, financial distribution and bank loans are precisely the two "catalysts" needed. Making good use of them can regulate and harmonize the relations between redistribution and reproduction, bring heavy industry back to life again, and serve

the technical restructuring of the light and textile industries and the renewal of their equipment.

II

In order for the "catalyst" of financial distribution to fully display this, we must make sure of the following:

A problem which is well worth probing is how to handle well the relations between accumulation and consumption in the distribution of the national income at present. In essence, this problem involves the extent of the application of the principle calling for lowering the accumulation rate and raising the consumption rate in the course of the economic readjustment. The readjustment of the accumulation rate over the past 4 years was as follows: the rate was 36.6 percent in 1978, 34.6 percent in 1979, 32.6 percent in 1980 and continued to fall in 1981. It should be stabilized at this level. The readjustment of the ratio between accumulation and consumption should in general be in step with the readjustment and harmonization of the relations between the "A" and "B" sectors of the production structure. This is meant to prevent the development of a new imbalance in proportionate relations in the course of the readjustment and an imbalance between the market share of the means ofproduction and that of consumer goods.

The distribution of the national income is practiced according to the following layers: social finance, state finance (including local finance) and finance of economic bodies. It is the task of social finance to stabilize the proportionate relations between accumulation and consumption. Over the past 3 years, the national income has increased yearly but fiscal revenue has dropped yearly. In 1979, the national income increased by 7 percent but fiscal revenue dropped by 1.6 percent; in 1980, the national income increased by 6.9 percent but fiscal revenue dropped by 1.65 percent; and in 1981, the national income increased by 3 percent while fiscal revenue dropped by 1.93 percent. At the same time, the proportion of fiscal revenue in the national income also declined yearly: from 1978 to 1981 it was 37.2 percent, 32.9 percent, 29.9 percent, and 28.4 percent respectively. Under such circumstances, we should stabilize the first distribution of the national income.

First, we should stabilize the peasants' sector. Since 1979, the state has adopted the measures of reducing rural taxes and raising the state purchase prices of agricultural and sideline products. The benefits derived therefrom by the peasants exceeded 20 billion yuan a year (averaging 25 yuan per peasant). This was roughly equivalent to 20 percent of the fiscal revenue of the state a year. Actually, this large-scale increase in the income of the peasants has reached the limit of our national power. For this reason, the state purchase prices of agricultural and sideline products must be stabilized at the present level. The base figures for requisition and levies by purchase of agricultural products should be stabilized and so should be stabilized the extent of the purchase of agricultural and sideline products at increased prices or negotiated prices. In other words, the rural economic policy must be stabilized, the rational benefits accorded by the state to the peasants should be firmly protected, and there must be no swaying to and fro or

reversal of policies. However, those irrational benefits which exceed policy limits should not be protected but should be reduced so as to enhance fiscal revenue receipts.

Second, we should stabilize the workers' sector. With the exception of certain departments which require readjustment or an increase in salaries and wages, in general the level of remuneration must be consistent with the condition of our national power and should be stabilized for a period of time. As for the bonuses of the personnel, they should be granted in strict accordance with the principle of compensation for surplus work done: 1) the level of increase in bonus given cannot exceed the level of increase in labor productivity and in the profits of the enterprises; 2) rigid control must be kept of the percentage of profit retention and of the source of funds for granting bonuses; all irrational practices of granting bonuses by sundry ways and means must be curbed; 3) a limit must be set on the granting of bonuses and the phenomenon of granting them at random or against the rules must be stopped.

A summary of the experiences over the past 32 years leads us to the conclusion that we must make unified planning, with due consideration to all concerned, in matters concerning feeding the people and construction. The problem of feeding the people must be better handled. To stress economic construction but to neglect improving the people's standard of living will only damage the people's enthusiasm. In the end, economic construction will fail to achieve its objective. However, if the standard of living is improved a little too much without regard to the limitation of the national power, and the economic construction funds are thus squeezed out, then in the end the changes of the continued improvement of the people's standard of living will be dampened.

In the aspect of national finance, we must allow the "catalyst" to display its full role in expediting the normal operations of the national economy. Here, the most vital point is the continued control of capital construction investment. Funds must be made available for the technical restructuring and renewal of equipment of the enterprises, and the production capacity of the light and textile industries must be enlarged, so as to enhance financial revenue.

The finance of the economic bodies (including finance of the enterprises and corporation finance of an enterprise nature) must also play the role of a "catalyst" to set the national economy in normal motion. As far as possible, the economic bodies should use their own funds, including funds for production development, on technical restructuring and the renewal of equipment. The distribution relations between the state and the enterprises must be correctly handled. Over the last 3 years from 1978 to 1980, the percentage of profit retention realized by the industrial enterprises comprised respectively the following percentages of the realized profits: 5 percent, 13 percent and 18 percent, while conversely the portions kept by the state were 95 percent, 87 percent and 82 percent. Thus, the percentage retained by the enterprises increased each year whereas the state's portion declined year after year. It must be pointed out that in the distribution between the

state and the enterprises, the practices in the right direction are: scrapping the planned distribution system on goods distribution which envisages "unified receipts and unified expenses," adopting the planned distribution system on commodity production which calls for the linking together of power, responsibility and interests, promoting the economic responsibility system in its various forms, and initially forming and shaping the financial structure of the economic bodies. They can produce good results and can promote and activate the enthusiasm for increasing receipts and effecting economy on the part of the enterprises and their staff and workers. However, in the distribution of benefits we must insist on the principle of giving due consideration to the state, the enterprises and the staff and workers, although the interests of the state must take the first place. At the same time, the contents of the economic responsibility system must be made more all-embracing. The enterprises should carry not only the burden of profit or loss but also the economic burden of fulfilling the state plan and the major economic and technological targets.

III

We must let bank loans fully display their role as a "catalyst," A year's national income, after passing through the various distribution channels and being subjected to the various distribution regulations, is eventually distributed to the social groups and the urban and rural residents who are now owners of the distributed funds. Of this enormous amount of funds and receipts, a great portion has usually been spent on the distribution of the national income, but a portion still reamins in temporary holding and awaiting disbursement. This constitutes the social funds. Part of the social funds is next deposited in the banks and forms part of the banks' credit and loan funds. Is it not then possible to utilize a suitable portion of these credit and loan funds as short-term loans for the purposes of the technical restructuring and renewal of equipment of the light and textile industries? If this is at all possible, then we can harmonize the relations between redistribution and reproduction and can make bank loans display in full their role as a "catalyst." This is a macro economic policy regulating the entire economy.

It is estimated that to completely renew, within 10 years' time, the equipment of the existing industrial and communications enterprises in the country, will require a yearly outlay of several tens of billions of capital funds. As we see it, spending, say only about 10 billion yuan of capital funds, on the technicals restructuring and renewal of equipment of the light and textile industries will fill to the limit the market capacity of the heavy industry and the heavy industrial enterprises will be full to the brim with production tasks. The basis for this estimate is as follows: in 1981, the reduction in capital construction investment was only 16 billion yuan compared with the preceding year. If only we could give heavy industry's markets an increased demand of 16 billion yuan supported by the ability to pay, then the speed of development of heavy industry would in the main be restored. The light and textile industries, replenished with some 16 billion yuan of funds for technical restructuring and renewal of their equipment, would be in a position to expand their production capacity, improve the quality of their products,

and effect savings in energy consumption. This would enhance the speed of development of industry as a whole, increase the state's financial receipts, relieve the tense situation in the supply of consumer goods and gradually bring about a fairly strong state of balance between finance and credits and loans. In turn, currency circulation would gradually become normal again, commodity prices would be steadily stabilized, and the latent dangers to the national economy would be eliminated. In this way, a firm material foundation would be laid for the basic improvement of the financial and economic situation. Thus, the raising each year of say around 10 billion yuan of social funds for use on the technical restructuring and renewal of equipment of the light and textile industries has the strategic significance of enabling the entire national economy to take a turn for the better.

The social funds collected by the banks to form their credit and loan funds come mainly from the following sources: one portion is from the relatively stable and unused balances of bank accounts of enterprise units which cumulatively amount to several tens of billion yuan and another portion is from the relatively stable savings deposits (or balances) in banks made by urban and rural residents. The latter can also amount to several tens of billion yuan. Added together, these two categories of funds are roughly equivalent to the gross financial funds of the country. They embrace two special features: one is that they constitute deposit funds awaiting utilization but formed after the distribution of the national income and the other is that they are the collected funds of the people's bank via the credit process. The problem that we must discuss now is: under the condition of the national economy not running smoothly, can bank loans display in full their role as a "catalyst"? In other words, can these two sources of funds, after being collected together in credit form, be subjected to further use in credit form? For what purposes can they be used and for what purposes can they not be used? There is also the question of whether there is any limit on the amount that is available for use.

The principal constituent part of the deposits of social organizations or groups comprises the deposits of enterprises and undertaking units. According to traditional usage, they can be used only on loans to tide over temporary usage, they can be used only on loans to tide over temporary fund shortages but not as loans for investment purposes. However, let us examine the following two points:

First, it is assumed that these deposits have been used as loans to industrial and commercial establishments for use as circulating funds and that no more balances are available for further loans. Still, we can look into the following two possibilities: 1) Is it really true that no more deposit balances are still available for loans? This, however, must depend on a concrete analysis of the actual amount of the circulating funds tied up in the enterprises. At present, due to poor marketability, stockpiling of the products of many heavy industrial enterprises has tied up a large amount of circulation funds. This being the case, if a portion of the funds is loaned to the light and textile industries for the purposes of technical restructuring and renewal of equipment, then, making use of these funds, the light and textile industries can purchase the needed heavy industrial products. In turn, this

will reduce the amount of circulation funds tied up originally by the heavy industrial establishments and reduce their bank loans. In this way, bank loans can fully display their regulating role in the capacity of an economic lever. 2) As a rule, each year there is a sizable increase in bank deposits. Why cannot the increased portion be used, in part, as credit and loan funds for investment purposes?

Second, funds transferred to capital construction units are usually deposited in banks for short or intermediate periods while enterprise units frequently keep in banks special funds of their own for various uses, such as those for overhauling and those for repairing work. Banks also have custody of other funds such as highway maintenance funds, funds made up of surplus charges for urban public facilities, and so forth. These funds are for special purposes. The construction units and enterprises handling them can draw on them at any time. In the interim, the temporarily unused or "dormant" portion kept in banks (not the usual floating funds) can be used to serve as source funds for the granting of credits and loans for investments. People may perhaps accuse such a practice as "marrying one daughter to two persons." Personally, I do not agree with such an accusation. We must admit that a bank is an intriguing machine. It is intriguing in that it can utilize floating funds and can also use temporary or dormant funds; it can make use not only of funds which do not have a designated purpose but also of funds which do have a definitely designated purpose. As for to what extent these funds can be used, this will have to depend on the size of the stable deposit balances available and the general situation of the supply and demand of commodities. In the event that the deposit balances are relatively stable and there is no problem of the supply and demand of commodities, naturally an appropriate amount of the funds can be used and released as credits and loans for investment purposes. We should not examine an amount of funds in isolation, in the belief that it will be ultimately depleted. The actual situation is not that simple. In the course of their utilization, many special funds do have a balance in their deposit accounts. Naturally, taken in isolation, the deposit balance of a single account cannot remain forever stable, since up to a certain period, it may be depleted. However, in the course of their use, a group of accounts generate a relatively stable aggregate balance. This aggregate balance is made up of many alternate balances. That is to say, when one balance is depleted, another account will generate a balance, more or less to fill its place. Precisely because of this, although these balances are not idle or floating funds, they still can be grouped together by the banks to provide a source for the appropriate granting of loans for investment. During their deposit period, the funds of the accounts are mixed together and are available for various uses, but eventually each account will be properly adjusted and restored in good order. Hence, if such handling work is done properly, the designated purposes of the special funds will not be impaired and the accusation of "marrying one daughter to two persons" cannot be maintained.

The contention that banks should not use temporary or dormant funds to grant loans for investment purposes overlooks this inherent attribute to the intriguing nature of banks. The payment and receipt of interest charges by banks constitute a part of the distribution of the national income. But

granting bank loans is not a part of the distribution of the national income nor can it effect any change in the distribution of the national income. What the banks do is to collect together and handle in credit form the funds which come from the distribution of the national income and which, in the utilization process, are deposited in the banks temporarily awaiting final utilization. This special function of the banks of collecting together in credit form funds of the community plays no part in the distribution of the national income, except when in handling interest charges and can in no way affect the distribution of the national income. Naturally, it cannot alter the originally designated purpose of the deposit funds. What actually happens is that before the funds are put to end use they are being temporarily deployed for other (loan) purposes. It must be remembered that in engaging in this banking business of deposits and loans, banks have the obligation of ensuring that the depositors can freely withdraw their funds at any time and that the funds deposited may be used for the originally designated purpose. This constitutes a trust in socialist banking.

Can a portion of the fixed savings deposits of residents be used as funds for credits and loans for investments? One view holds that a portion of them can be so used since at present the savings deposits of residents have grown rather rapidly and their gross amount has become very large. Another view contends that this should not be allowed, that the current savings deposits of residents cannot be so used, nor can their fixed savings deposits. The reason is that viewed from the community's standpoint, the present growth in the savings deposits of the residents is principally due to a gap between the purchasing power of the society and the available volume of supply of commodities. In other words, these fixed savings deposits do not have any backing in the form of material resources. Making use of them as loan funds is liable to bringing about credit inflation and currency inflation.

Is this contention correct? I believe that it is unscientific, for the following two reasons:

First, we must realize that inside our country there are two basic production departments as a result of which these are two types of commodities, two kinds of markets, and two categories of purchasing power (two types of demands backed by the ability to pay). At present, the shortage in the supply of consumer goods has brought about the situation of the social purchasing power exceeding the available volume of supply of consumer goods. Here we are referring to the production department of the means of living, commodities that are means of consumption, the market of the means of consumption, and the demand, supported by the ability to pay, for means of consumption. Hence, to say that savings deposits have no material backing means that they do not have the backing of consumer products and not that they do not have the backing of the means of production.

Some people may bring up the following question: we ran into a fiscal deficit. Hence, there existed a gap in the distribution of the national income, while value distribution and the gross social product were out of joint with each other. There are two ways of analyzing such a statement. On the

one hand, a great portion of the fiscal deficits was met by overdrafts from the banks and a portion was met by the issue of more banknotes. If the additional volume of currency flotation surpasses the actual volume of currency required for circulation, a rise in commodity prices will ensue. In turn, the rise in commodity prices increases the volume of demand for currency in circulation so as to balance the volume of currency issued with the volume of demand for currency in circulation. On the other hand, assuming that we can effectively control a portion of the commodity prices, prevent the rise in commodity prices and as a result allow an imbalance to exist between an excessive volume of currency in circulation and the actual volume of currency needed for circulation. It still cannot be said that only the funds comprising the residents' savings have no material guarantee while other funds do have such a material guarantee. In other words, if the savings deposits of the residents have no material guarantee, why then can they be used as funds for loans of a turnover nature? Could it be that funds for loans of a turnover nature need no material guarantee? If indeed they lack a material guarantee, then is it not true that the loans of a turnover nature and those of an investment nature could both widen the gap of disproportion in the supply and demand of commodity resources? Obviously the contention is self-contradictory and there is no scientific basis for the conclusion derived from it that the use of the savings deposits of residents on credits and loans for investment purposes can bring about credit inflation and currency inflation.

In reality, the savings deposits of residents to have a material guarantee, That is because in the initial distribution of the national income, an allocation has been so made from the gross social product. At present, in view of the situation of the available volume of supply of consumer products in our country being smaller than the social purchasing power, it is believed that this portion of the savings deposits of the residents should not be placed on the consumer products market, so as to avoid intensifying the tense state in the supply and demand of consumer products. This view appears to be correct. Nevertheless, it is still not all-embracing enough. We should also realize that at present in our heavy industrial departments, many enterprise units do not have sufficient production tasks, that the capacity of their markets is far too small, and that the volume of demand backed by the ability to pay is clearly not large enough. Now, in view of the disparity in the market capacities of the two departments, there is nothing wrong if by means of this economic level of bank credits and loans, we make use of a portion of the fixed savings deposits of the residents and release them in the form of short-term loans to the light and textile industries, so that the latter may in turn approach the market handling the means of production and thus provide certain heavy industrial plants with more production tasks. Moreover, by means of the loans released to them, the light and textile industries can acquire the means of production in the form of commodities produced by the heavy industrial plants and can shortly increase the commodity output of their industries. This will enhance their profit remittance to the state and narrow the gap between social purchasing power and the available volume of supply of commodities. At the same time, this will help the revival of certain heavy industrial plants and in turn enhance their profit remittances to the state. In short, this is beneficial to easing the tense

market situation in the supply and demand of goods and is also beneficial to the enhancement of the financial revenue of the state. Why should we leave such profitable work undone? When studying the problem of credit and investment, certain comrades are inclined to look at only one side comlrising the consumption of social products and fail to see the other side that within a short time products can be turned out for society. Some people are inclined to label the situation as "the bank giving a party but finande footing the bill." In reality it should be said that the bank gives a party, production pays the bill and finance is truly the beneficiary. Only in the event of loans for investments failing to achieve the objective can it be said that the "bank gives a party and finance foots the bill." We should not slander the whole just because one part incurs one or two individual losses.

Will credits and loans for investment purposes lead to credit inflation? Experience has shown that if credits and loans for investment purposes are devoid of planned control and lack overall balance, if the feasibility and possible economic effect of the investment projects have not been examined and if the majority of the credit and loan investment projects cannot be put into operation, or, if put into operation, can yield nothing to repay the loans, then it will truly lead to the tragic road of credit inflation and currency inflation. Such a situation did develop during the 3 years of the "great leap forward." At that time, no thought was given at all to such factors as the source of the loan funds, the requisite security offered by the backing of material resources, the economic effect of the projects, and the ability to repay the loans. At that time, certain slogans were rampant, to the effect that loans funds were "open to all" and that they would be available "for any amount" or "at any time." Moreover, the loans were mostly used on expanding reproduction by extension, comprising capital construction investments and not on expanding reproduction by intension, embracing the technical restructuring and renewal of equipment of the light and textile industries. This situation was tied up with the prevailing grave situation at that time of the national finance showing a "book balance" but actually involving a huge deficit. This brought about the serious eventual effect of financial deficits, credit inflation and currency inflation. Indeed, we paid a high price for the learning of these painful experiences. We should keep them in mind and never forget them!

Under the present condition of financial difficulties in our country, it is possible for the emergency of a rash trend to borrow funds from the banks for investment purposes. But once bank credits and loans display an untoward balance and loans have exceeded the limit of practicality, credit inflation may ensure which, in essence, is the same as a fiscal deficit. We should not regard this lightly. It is also another experience for which we have paid an abnormal price. However, we should not stop eating for fear of choking, or be discouraged from releasing any more loans for investments hereafter. Rather, we should actively probe into the measures of preventing credit inflation.

There are two measures in this connection. One measure is to strengthen planned control: 1) Planned control of the microscopic type. This includes the following: controlling the equilibrium in the credit and loan receipts and

payments to the people's bank in the localities, first of all stressing the importance of loans for "turnover" purposes and following up with loans for investments if there is still surplus capacity; rigidly examining the feasibility of investment projects, including the availability of the major materials and the source of the projected equipment; rigidly studying the possible economic effect of the investment projects and their ability to repay the loans on schedule. 2) Planned control of the macroscopic type. This involves the determination of the yearly gross figure of investments from credits and loans for the whole country, based on an overall assessment and balancing of various factors such as finance, credits and loans, foreign exchange and material resources. This gross figure will be subdivided by grades into parts for the basic-level banks. Provincial banks are empowered to readjust the loan investment limits of their suboffices while the bank's head office has the power of readjusting the limits of its provincial branches. However, except with prior approval, the loan investment limits should never be violated.

The other measure is to reform the banking structure. This calls for the separation of the banks into two categories, one handling currency issue and the other handling credits and loans and the relevant business accounting matters. The central bank exercises the function of issuing banknotes, supervising the credit and loan activities of the specialized banks, and keeping them from releasing loans to the point of credit inflation. The power of issuing banknotes belongs to the state and the ministry of finance is in charge. In this way, we can stifle the chances of credit and loan banks fueling credit inflation and currency inflation. Under such circumstances, the banks can release loans for turnover uses and also conditionally grant loans for investment purposes.

Still another view holds that banks should take over part of the function of financial distribution. That is to say, banks should take charge of granting loans for the country's capital construction investments. In my opinion, interest payments and receipts of banks belong to the category of the distribution of the national income. The loan activities of banks belong to the realm of credit and not to the scope of the distribution of the national income. The loan activities of banks comprise the collection and use, through the credit form, of the various kinds of funds and receipts formed following the distribution of the national income. Bank loans and financial distribution are entirely different in nature. Some people say: the loan activities of banks do not constitute the distribution of the national income but, rather, the distribution of products. I believe that this view is subject to further study. At present, in our country there exist the two systems of commodity production and commodity exchange but there is no such system as the direct distribution of designated products. In our country, to whom a product is distributed goes through first the distribution of the national income and is not realized until having passed through the redistribution process of national finance. As for the unit or individual that these funds or receipts are distributed to, they use these funds or receipts to purchase commodities. This represents an exchange process and not a distribution process. It belongs to the scope of commodity exchange and not to the sphere of distribution of the national income. Naturally, if the state decides to

allow the banks to exercise the function of distribution it can also be considered. But in so doing, the inherent intriguing feature of banks is refuted and this refutation is indeed very regretful. In my opinion, this intriguing banking institution plays a special role in enlivening the use of funds, raising their utilization rate and enlivening the national economy. This role cannot be taken over by the distribution departments. I submit that the banks should bring into full play their function of handling loans and I do not agree with the suggested replacement of the loan function of banks by the function of financial distribution.

CSO: 4006/501

BRIEFS

FRENCH BANK DELEGATION--Beijing, 16 Jun (XINHUA)--Zhang Jingfu, Chinese state councillor and minister in charge of the State Economic Commission, met with a delegation from the National Agricultural Credit Bank of France led by its general director Jacques Bonnot at the Great Hall of the People here today. In a friendly conversation, Zhang Jingfu expressed appreciation of the talks between the delegation and leading members of the Agricultural Bank of China on strengthening cooperation and exchanging business knowhow and experience between the two banks. Present were Han Lei, president of the Agricultural Bank of China, and Claude Martin, charge d'affaires ad interim of the French Embassy in Beijing. The French visitors arrived here on June 13 at the invitation of the Agricultural Bank of China. They are leaving tomorrow for Shanghai and Hangzhou before going home. [Text] [OW160958 Beijing XINHUA in English 0939 GMT 16 Jun 82]

CSO: 4020/141

MINERAL RESOURCES

BRIEFS

JILIN GOLD PRODUCTION--The Hunchun Gold Mine directly under the Jilin Provincial Metallurgical Industrial Bureau overfulfilled the semiannual gold production target a month ahead of time. By the end of May, the amount of gold production was 3,971 liang. The total amount of profit showed an increase of 36.1 percent over that of the corresponding 1981 period. Per liang cost registered a 16.7 percent decrease. [SK230618 Changchun Jilin Provincial Service in Mandarin 2200 GMT 22 Jun 82 SK]

CSO: 4006/496

BRIEFS

HEILONGJIANG PETROCHEMICAL INDUSTRY--Heilongjiang Province's petrochemical industrial front overfulfilled the semiannual plan on 13 June. According to statistics, the front increased output value by 11.2 percent over the corresponding 1981 period; profits, 32 percent; and income, 25 percent. In addition, 29 varieties of overstocked products have enjoyed better markets, resulting in a 17 percent reduction of overstocked products. Late this year, petrochemical industrial enterprises will increase by 20 to 60 percent the production of paint, handcart tires, rubber overshoes and phosphate fertilizer to meet the needs in producing light and textile products, agricultural products and daily consumer goods. [Text] [SK240938 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 23 Jun 82 SK]

CSO: 4013/117

CONSTRUCTION

NANSHAN DEVELOPMENT COMPANY SET UP IN SHENZHEN

OW151310 Beijing XINHUA in English 1225 GMT 15 Jun 82

[Text] Shenzhen, June 15 (XINHUA)--The China Nanshan Development Company Ltd. was inaugurated here yesterday to undertake construction of Chiwan harbor and develop six square kilometers of land on the Nanshan Peninsula in the Shenzhen special economic zone, Guangdong Province.

The new company will operate under the supervision and leadership of the Guangdong Provincial People's Government and Shenzhen city government. It was set up jointly by the China Merchants Steam Navigation Co., Ltd. in Hong Kong, the Shenzhen Special Economic Zone Development Company, the South China Sea Oil Field Dongbu Company, the China Development CCE Co (H.K.) Ltd, the China Resources Company in Hong Kong and the Clifford Wong Investment Company Limited.

As provided by its bylaws, the company will aim to complete Chiwan harbor construction as soon as possible and construct infrastructure projects for development of land on the peninsula, transform the wasteland into construction sites, meeting the needs of a rear supply base for exploration and development of the Pearl River estuary oil field and creating conditions for opening shipping routes between the Shenzhen zone and domestic and foreign ports. The company will also set up enterprises and institutes serving the oil field and shipping industry.

Upon completion of the infrastructure projects for land development, it will supply Chinese and foreign oil companies with land for building factories and public utilities. It will collect land use fees to recover its investment.

The first stage of the Chiwan harbor's construction will include two 5,000-ton-class wharves, plus roads, water, electricity and telecommunications facilities. The company plans to complete a 10,000-ton-class berth in the first half of 1983 and a 5,000-ton-class oil wharf in the second half.

CSO: 4020/141

BRIEFS

NATIONAL CONSTRUCTION ENGINEERING CORPORATION--Beijing, 20 Jun (XINHUA)--China has established a national construction engineering corporation to survey, design and construct industrial and other building projects at home and abroad. The China Construction Engineering Corporation will conclude contracts for construction projects abroad or provide labor services for other countries. It will also handle construction projects abroad with Chinese economic aid under arrangements with the Ministry of Foreign Economic Relations and Trade. The corporation is under the new Ministry of Urban and Rural Construction and Environmental Protection. The corporation was formed by combining six engineering bureaus directly under the former general administration of building construction, four surveying and designing institutes and other units. [Text] [Beijing XINHUA in English 1233 GMT 20 Jun 82 OW]

GANSU CAPITAL CONSTRUCTION--Gansu Province's capital construction investments for this year total 699.93 million yuan. Some 308 million yuan is locally raised. A total of 209 capital construction projects are to be continued this year; 59 of them will be completed and go into operation by the end of this year. [SX211117 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 20 Jun 82 SK]

CSO: 4006/496

DOMESTIC TRADE

SURVEY SHOWS PRODUCT SHORTAGES IN LIAONING CITY

HK090156 Beijing CHINA DAILY in English 9 Jun 82 p 1

[Text] In Shenyang, Liaoning Province, 10 per cent of retail goods are out of stock in department stores, according to a survey published in ECONOMIC INFORMATION.

The survey showed that 453 kinds of consumer goods were out of stock in 18 large and medium-sized department stores in the city. Among them were 176 kinds or 39.9 per cent of knitted and textile products.

For instance, woolen blankets had been unavailable for quite a few years, and cotton ones for two years. Other goods out of stock were mostly small articles of daily use.

Reasons for shortages according to the department stores were:

--factories did not want to manufacture goods which bring in low profits.

--stores did not restock some goods sold at reduced prices for fear of losing money.

--wholesale departments put show-selling goods with those in high demand and refused to break up big packs. In both cases, retailers would not buy for fear of overstocking. This led to the unavailability of goods such as sheets, pillow covers and children's blankets.

For example, one pack might contain 500 sewing machine belts or 300 finger nail clippers, while a retail shop could only sell several dozens of these items.

Shops would not sell goods which brought in little profit, so small articles such as plastic buttons were hard to find.

The Ministry of Commerce said the same problem existed throughout China, and it was about time the departments concerned did something about it.

CSO: 4020/141

BRIEFS

GUANGDONG ECONOMIC COOPERATION--Comrade Liu Tianfu made a speech at a forum convened by the provincial government on 11 June on economic and technical cooperation. Speaking on the principles to be observed in launching economic and technical cooperation, he pointed out: it is essential to abide by two principles in promoting cooperation. First, materials, raw materials and products brought in through cooperation can only be used in production and in meeting the province's market needs. They may not be resold at profit or exported. Secondly, the materials allotted from one party to another for cooperation purposes must be surplus to requirements for fulfilling the state plans. They must also be subject to local market controls and may not be rush-transferred to others at increased prices. In future the scope of cooperation must be further expanded. Comrade Liu Tianfu pointed out: It is necessary to exercise unified leadership and controls at each level in cooperation work. We must both strengthen unified leadership and control, to ensure the healthy development of cooperation, and also bring into play the initiative of all levels and departments in the province, prefectures and municipalities and solve by cooperation local production problems that need to be solved. [Excerpts] [HK140343 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 13 Jun 82]

CSO: 4006/496

FOREIGN TRADE

'NANFANG RIBAO' REPORTS LIU TIANFU 17 JUNE SPEECH

HK190806 Guangzhou NANFANG RIBAO in Chinese 18 Jun 82 p 1

[Report: "Continue To Make Efforts To Make a New Breakthrough in External Economic Work"]

[Text] Governor Liu Tianfu stressed yesterday at a forum on Guangdong provincial external economic work, we must unswervingly implement the policy of opening up to the outside world and enlivening the domestic economy, continue to work hard and make a new breakthrough in external economic work.

Comrade Liu Tianfu said: External economic work is an issue with a bearing on the overall situation and related to the country's four modernizations drive. We must promote external economic activities in order to build a modern country with highly-developed material and spiritual civilization. After recalling historical experiences at home and abroad he pointed out, in the world today, no country can develop its economy in isolation behind closed doors. Due to the closed door policy pursued by the "gang of four," China's economy lags very far behind world economic, scientific and technical standards. The CCP Central Committee pointed out not long ago that in our socialist modernization we must make use of two kinds of resources--domestic and foreign--open up two markets--domestic and international--and learn two abilities--how to organize domestic construction and how to develop external economic relations. We must work in concert to take big strides and make a new breakthrough.

Comrade Liu Tianfu said, developing external economic relations is for the purpose of strengthening our ability to rely on our own efforts. By correctly importing advanced foreign technology and management experience and the necessary capital, we can improve more rapidly the standards of science, technology and management of our country's people, bring into better play the people's wisdom and strength, and develop the social productive force. Far from this being in contradiction with self-reliance, it actually gives us redoubled might in socialist construction. Our cadres must be matured and steeled in external economic exchanges, and learn and master true skills. Without exchanges, contacts, testing and steeling, they cannot increase their talent and cannot have immunity.

Comrade Liu Tianfu pointed out the problems in the province's implementation of the policy of opening up the world in the past 2 years. He said, during these 2 years, our stress on the policy of opening up to the world has been correct. However, we have not attached enough importance to controls or put sufficient stress on planning. As a result trends of economic liberalization have appeared. In particular, instead of laying emphasis on importing equipment and technology for improving the old enterprises and developing social productive force, we have imported high-grade consumer goods, thus damaging our home industries. This is a very great error. However, we must certainly not give up eating for fear of choking on account of this and negate the policy of opening up to the world. We must affirm that we have scored great success in external economic work. The policy of opening up to the world is also correct. We must not waver on this point.

Speaking on the province's foreign trade, Comrade Liu Tianfu said, we must work hard to develop production and achieve great improvements in product quality and variety and the production and technological levels of the whole of industry, so as to reach new standards and make a new breakthrough in the international market. In exports, we must change from stressing traditional agricultural and sideline products to focusing on industrial and mineral products, and from stressing the Hong Kong and Macao market to focusing on the international market; we must have a number of quite competitive prominent products on the international market and place ourselves in an invincible position. Moreover, we must ensure that production costs are low and foreign exchange value high for our exported industrial products, and avoid making a loss, or only a small loss. However, all this requires a process, and it is not at all easy. The most fundamental problem is that of industrial production and technological levels. Unless this problem is solved, it will be difficult to make a breakthrough in the export trade. It will be difficult for us to succeed in this in the near future, and so we need to take steps to strive to export more. We should export more industrial, agricultural and sideline products whose foreign exchange value is high, and analyze one by one those commodities on which a loss is made. We should not simply treat all cases the same way regardless of the circumstances, but adopt truth-seeking measures to solve the problems. We must fix our eyes on production, and since production affects economic activities as a whole, we must be prudent in handling it.

Comrade Liu Tianfu said, Guangdong has done well in recent years in processing imported raw materials, turning out products according to imported patterns, and assembling imported parts, all for foreign customers, in compensation trade, and in drawing in foreign investment. So long as the policies are stable and our work is good, it is certain that we can continue to develop these things. Of course, we must do our work well. We must not have everyone deciding on the policies themselves. We must simplify procedures, improve efficiency and strengthen management.

Comrade Liu Tianfu said in conclusion, comrades engaged in external economic work must brace their revolutionary spirit, work hard and overcome difficulties. The party committees and government at all levels must also be concerned for and support external economic work and help to solve problems in the work.

CSO: 4006/496

FOREIGN TRADE

DISCUSSION ON SPECIAL ZONES SPIRITUAL WORK

HK020817 Guangzhou YANGCHENG WANBAO in Chinese 26 May 82 p 2

["Exploring the Special Zones" column by Li Yanshi [2621 6056 1395]: "The Special Economic Zones Must Strive To Build Socialist Spiritual Civilization"]

[Text] Is it possible to do a good job in building socialist spiritual civilization in the special economic zones? This depends on our confidence. Since this is a question which concerns the development of the special economic zones, it must first be made clear.

Man's social being determines his consciousness. As a result of more frequent contacts with the outside world, the special economic zones are more seriously influenced by capitalist ideology and culture. At the same time, the importation of foreign capital and the emergence of some joint ventures or foreign-run enterprises have also brought about changes in the economic structure and systems in the special economic zones as well as in the interrelationship between man and man in production. All this has made the building of socialist spiritual civilization more difficult. The changes in the people's material relationship inevitably result in changes in social ideology. Thus, the influence of capitalist ideology and the bourgeois way of life has been expanded and this has provided more negative factors in the building of spiritual civilization. We must fully appraise this situation and be ready to carry out a long-term struggle, in the ideological and other spheres, against bourgeois corruption.

On the other hand, we must understand that the existence of the special economic zones is necessary. Although various economic systems and ways of management are being practiced in these special zones, they are still socialist special economic zones. They were established for promoting the development of our socialist cause through importing foreign capital and advanced technology. Therefore, the rapid development of the special economic zones will certainly arouse people's enthusiasm in building the socialist motherland, boost their revolutionary spirits and strengthen their confidence in the construction of the four modernizations. The importation of advanced technology and scientific methods of management will also promote the reform of our economic system and

help us get rid of our habitually sluggish mood and bureaucratism which were shaped under the system of "eating out of a big pot" and the "iron rice bowl." Besides, the rapid development of the special economic zones will provide a solid material basis for the development of science, education, public health and culture. Of course, what is more important is that, in the realm of the superstructure, we have a political force of the people's democratic dictatorship under the guidance of Marxism-Leninism-Mao Zedong Thought. So, there is no grounds for us to doubt the possibility of building a high-degree of spiritual civilization in the special economic zones or to take a pessimistic view toward their development and good prospects.

It is almost 3 years since we established the special economic zones, and it is now necessary for us to sum up our experience. As far as the building of socialist spiritual civilization is concerned, it is important to resolutely overcome the weakness and laxity on the ideological front and be fully confident of success. At present, it is especially important to do a good job in the following aspects.

First, carrying out education through comparing two different societies and systems.

A key problem which must be solved in the building of socialist spiritual civilization in the special economic zones is how to foster the socialist and communist ideal and mobilize the whole people to march forward toward a common goal. The production level and the level of material life in the special economic zones are still very low in comparison with their neighbors, Hong Kong and Macao, and the essence of the two social systems is usually covered up by concrete phenomena. It has thus become difficult for us to tell which is better and to carry out socialist education. However, if we do not evade problems and make concrete analyses, we are sure to draw a convincing conclusion.

For example, how should we view the fact that higher wages are being paid by foreign firms to our workers and why should the state and the enterprises deduct a sum from the total amount of these wages? Some staff members and workers still have confused ideas on these questions. We must, therefore, educate them on these problems. We must make the broad masses in the special economic zones understand that the low wage system is practiced in our country with enormous state subsidies for basic daily necessities. It is natural that when making use of the cheap labor in our country, the foreign firms pay comparatively higher wages to our workers. It is also necessary and reasonable for us to use a small part of these wages to improve our public welfare services. While receiving better pay, the workers who have been assigned to work in the foreign firms are able to enjoy the same social welfare facilities, such as education, culture, public health and so forth and buy the same low-priced daily goods as other people do. We should say that this is just an expression of the superiority of our socialist system.

For another example, on the question of whether the rapid development of the special economic zones is a result of capitalist factors or evidence showing the superiority of socialism, it is necessary to guide the masses to judge this in accordance with the most fundamental nature of our special economic zones. Socialism is not the purest social system and is not rigid. The fact that we have achieved successes in the special zones in using foreign capital and importing advanced technology to serve our socialist modernization drive is, by no means, a success of capitalism. Rather, it shows that under the socialist system, all positive factors can be brought into play, and that socialism has great vitality in the course of striving for its goal. This fact will help the masses firmly establish their confidence in the victory of socialism and make them love our great socialist motherland more deeply. It will also help them strengthen their sense of glory, sense of responsibility and sense of national pride and inspire them to conscientiously safeguard national dignity and moral integrity.

Second, carrying out education in how to regard labor as an honor and how to get rich through labor.

An important task in the building of the socialist spiritual civilization in the special economic zones is to resist the influence of the bourgeois way of life and overcome the ideology of money being everything. Due to the corrosive influence of bourgeois ideology, many people in the special economic zones are trying to seek as much money as possible and seeking ease and comfort by various means. However, if we carry out persistent education for them to help them establish a correct attitude toward labor and draw a clear distinction between right and wrong, it is still possible to gradually correct these unhealthy practices.

The essence of the bourgeois way of life is profiting by other people's toil, that is, leading a luxurious and extravagant life by exploiting other people's labor. We oppose the bourgeois way of life. This does not mean that we oppose the improvement of the people's material and cultural life or oppose people using high-grade consumer goods. We only oppose the seeking of excessive material enjoyment which is beyond one's earning ability and is higher than the social production level.

Just as time is needed to gradually develop our production, time is also needed to increase the personal income of the workers in the special economic zones. At present, however, some foreign-made high-grade consumer goods are on sale in the special economic zones. They become attractive to some young people who do not take a correct attitude toward this. They are seeking excessive pleasure and enjoyment despite their low wages. As a result, some of them have tried to get money through improper means and committed crimes. Therefore, it is necessary to strengthen our education in how to regard labor as an honor and how to get rich through labor, so that the people's desire for improving the standard of living can be changed into a motive force in production, so that the interests of the state, the collective and individuals can be unified and so that people will become better-off by adhering to the socialist orientation.

Third, carrying out education in party spirit, party discipline and the party's work style.

The key to the building of socialist spiritual civilization in the special economic zones lies in whether our cadres can keep to the fine qualities of communists in the process of importing foreign capital and cooperating with foreign firms. As the cadres in the special economic zones have come from various parts of the country, it is unavoidable that the motives of a small number of them are not pure. But most of them are good and are willing to devote themselves to the construction of the special economic zones. We must encourage them to do a good job and give them a free hand in their work. Practice shows that if we often discuss and analyze the complicated situation in the special economic zones with the cadres and make them aware of the glorious tasks history has placed on the shoulders of communists, most comrades can keep a clear head and will never be influenced by corrosive bourgeois ideology.

It is necessary for party organizations at various levels to play their role as a powerful fighting force in the special economic zones. It is incorrect to think that since the party organizations do not lead production in the joint-venture or privately-owned enterprises, they are not important in these enterprises. On the contrary, in order to implement the party's policies and principles and carry out ideological and political work, the tasks for the grassroots party organizations in these enterprises are more arduous. The anticorruption struggle and the building of socialist spiritual civilization in the special economic zones can only be successful when these are led by the party organizations at various levels.

The communist social and ideological systems are the most progressive, most revolutionary and most scientific systems in human history. We are convinced that the communists, who take communism as their goal, will certainly achieve successes in the building of socialist spiritual civilization in the special economic zones.

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FOREIGN TRADE

SHANGHAI TOPS STATE CARGO-HANDLING QUOTA

OW120138 Beijing XINHUA in English 0122 GMT 12 Jun 82

[Text] Shanghai, 12 Jun (XINHUA)--The port of Shanghai handled 7.65 million tons of cargo in May, exceeding the state quota by 19.5 percent and hitting an all-time high, according to the Shanghai Port Administration.

The port, China's largest, topped state cargo handling quotas in each of the first five months of this year, the administration reported.

From January to May, Shanghai port handled 36.32 million tons of cargo, 4.3 percent over the same 1981 period.

In the first five months of 1982, the average docking time of vessels at the port was 1.9 days, 26 percent less than in the corresponding period of 1981.

At present, no ships have to wait at the port, according to the administration. About 50 ships carrying foreign trade cargo dock every day at the port. The cargo damage rate in May was 80 percent less than the same month of 1981, the administration said.

The Shanghai Port Administration attributed the improvement to good planning and effective cooperation between the departments of foreign trade, commerce and communications.

Shanghai port has trade relations with 120 countries and regions and handles 20 percent of the country's total foreign trade cargo. Cargo transshipped at Shanghai port to other parts of the country accounts for 50 percent of the port's cargo.

In 1981, Shanghai port handled 83 million tons of cargo, 43 times that of 1949.

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FOREIGN TRADE

EEC SUSPENDS STEEL TRADE WITH UNITED STATES

OW121818 Beijing XINHUA in English 1601 GMT 12 Jun 82

[Text] Brussels, June 11 (XINHUA)--The European Economic Community (EEC) has suspended its talks with the United States on steel trade, EEC Executive Commission vice-president Etienne Davignon announced here today.

He expressed his dissatisfaction over a U.S. decision to impose duties on European Community steel exports to the United States, saying "This is a position we could not accept."

He said, "This is not a trifle. It affects EEC's steel policy."

The dispute between EEC and the United States over steel trade has been around for some time. Last January some U.S. steel companies filed suits accusing EEC steelmakers of dumping subsidized steel on the American market. But then, the U.S. Commerce Department did not give an immediate ruling. Since then, several rounds of talks between EEC and the United States had been held but no agreement had been reached.

In the latest talks, the United States demanded EEC reduce its steel exports to 4.3 percent of U.S. home consumption--about 4.5 million tons each year. EEC rejected the proposal, and the talks failed last night. They followed the U.S. Commerce Department ruling to impose anti-dumping duties on EEC steel exports.

Davignon said, "There is no reason for imposing the anti-dumping duties. The Americans are too harsh." Community subsidies do not give European steelmakers an unfair advantage and conform to the rules set down by the General Agreement on Tariff and Trade (GATT) rules, he added.

CSO: 4020/141

BRIEFS

LIAONING PORT SHIPPING--Shenyang, 21 Jun (XINHUA)--Dalian, the biggest foreign trade port in Northeast China, has this year opened four new international container shipping routes, according to port authorities. The routes link Dalian with West Germany, Norway, Britain and the United States of America. The number of foreign ships calling at the port during this period was 10 percent larger than the same period in 1981, but the length of stay in the port was reduced from 8.5 days to 5.9 days, port authorities said. Export goods arriving at the port have also increased, while a minimal amount of such goods remained in the yards waiting for shipment. The Dalian port handles cargo to and from 130 countries and regions and nearly 2,000 foreign vessels call at the port annually. [OW221329 Beijing XINHUA in English 1202 GMT 21 Jun 82 OW]

INDUSTRIAL DISTRICT FOREIGN PARTICIPATION--Guangcou, 21 May (XINHUA)--Built on what was a large tract of sandy waste less than 3 years ago, Shekou industrial district in the Shenzhen special economic zone in south China has already begun to bring profit, according to municipal authorities. Companies from Hong Kong and from Switzerland, Denmark, the United States and other countries have invested in the development of the industrial district. The 24 projects undertaken there include 18 industrial projects, 3 commercial enterprises, 2 housing estates and 1 transportation project. Of these, 12 are joint ventures using Chinese and foreign investment, and the rest are either undertaken by foreign firms themselves or in cooperation with Chinese enterprises. Of these, an oxygen making factory, a paint factory, a tourist boat manufacturing plant and a stone quarrying yard have gone into production, and a number of hotels, restaurants and other services have been put into operation. The other projects are scheduled for completion before the end of next year. The Shekou industrial district is earning 40 million Hong Kong dollars this year, authorities said. [OW250157 Beijing XINHUA in English 0750 GMT 21 May 82 OW]

GUANGDONG MUNICIPALITY FOREIGN TRADE--Shantou Municipality has taken measures to further enliven foreign trade. The total value of goods procured by the municipality from January to April this year for the purpose of export reached some 41 million yuan, 13 percent more than in the corresponding period last year. Since the beginning of this year, the municipality has done well in exporting traditional products and developing light industrial and textile products and articles of handicraft art. The municipality has also actively developed business, such as processing materials supplied by foreign firms, assembling parts supplied by foreign firms, carrying out production according to samples supplied by foreign firms and compensation trade. By the end of April, the municipality had signed 93 agreements and contracts with foreign firms and the processing charges deposited in banks were $1.042 million, 40 percent more than in the same period of last year. [HK251349 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 20 May 82 HK]

SHAANXI EXPORT BUSINESS MEETING--The first Shaanxi provincial meeting on the export of industrial products which was sponsored by the provincial industrial products import and export company concluded yesterday. Some 20 people from foreign firms were invited to attend. The amount of transactions concluded at the meeting amounted to some $300,000. Five main categories of 148 commodities were displayed at the meeting for selling purposes. These commodities included enamelware, sewing machines, watches and handicraft articles. [HK220238 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 17 Jun 82 HK]

CSO: 4006/496

BRIEFS

FUJIAN SHIPPING INDUSTRY--Fuzhou, 25 Jun (XINHUA)--Coastal Fujian Province now has 62 foreign trade freighters totaling 84,000 tons, 54,000 tons more than 2 years ago, according to the provincial communications department. In addition to shipping routes to the major domestic ports of Shanghai, Qingdao and Dalian, the province has opened in the past few years freight routes from the capital city of Fuzhou to Hong Kong, Singapore, Penang, Manila and Bangkok. The province resumed a passenger and freight route from Fuzhou to Shanghai last March, and opened a passenger ship route from Xiamen to Hong Kong in 1980. A shipbuilding company has been set up in the province with 3,300 kilometers of coast line to boost its shipping industry. Last year, the provincial shipping company carried nearly 300,000 tons of foreign trade cargo, 26 percent more than in 1980. [Text] [OW271215 Beijing XINHUA in English 0809 GMT 25 Jun 82 OW]

FREIGHTER FROM HONG KONG--Shanghai, 22 May (XINHUA)--A 27,000-ton bulk carrier, built by the Shanghai Jiangnan Shipyard, one of China's leading shipyards, was launched here this afternoon. This ship was the second built by the shipyard for the Hong Kong worldwide shipping group. The first 27,000-ton bulk carrier was launched 8 February. Designed and built in line with the Lloyd's register of shipping standards, the newly-built ship is 196.45 meters long, 23 meters wide and 14.3 meters high. It has a maximum navigation distance of 15,000 nautical miles. The ship has large cargo hatches and 4 hydraulic cranes each with a lifting capacity of 25 tons. [Text] [Beijing XINHUA in English 1516 GMT 22 May 82 OW]

XINJIANG NEW HIGHWAY--Urumqi, 28 May (XINHUA)--A new trunk highway leading from Ruoqiang through Qiemo to Minfeng along the southeastern edge of the Tarim basin in Xinjiang is completed and opened to traffic. The new highway is more than 600 km in length. [OW041431 Beijing XINHUA Domestic Service in Chinese 0128 GMT 28 May 82 OW]

CSO: 4006/496

GENERAL

SURVEY OF YOUTH RUNNING INDIVIDUAL BUSINESSES

HK281450 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 5, 20 May 82 pp 55-60

[Survey by Zhang Hao [1728 8504], Chen Jian [7115 0256] and Fang Kuan [2455 1401], students of the Labor Economy Department of Beijing Institute of Economics: "A Survey of Young People Running Individual Businesses in Beijing Municipality"]

[Text] During September and October of 1981, we made a survey of young people running individual businesses in the Eastern, Western, Chungwen and Xuanwu districts of Beijing municipality. The survey shows that in our country at the present stage, a certain range of laborers running individual businesses is a necessary supplement to the state-owned and collective economies. Its existence and development suits the present multiple phase of the productive force level in our country. The restoration and development of individual businesses offers a chance for self-employment to young people in cities and towns. It also plays an important role in promoting stability and unity, developing production, making the economy more lively and sufficiently supplying the needs of the people.

I. Basic Conditions

At the end of 1977, there were only three young people running individual businesses in Beijing municipality. By the end of 1980 the number was up to 50. As of March 1981, it had increased to 148. The implementation of some policies on nonagricultural individual business issued by the State Council brought large numbers of applications for running individual businesses. In just 2 months, July and August, there were 109 applicants. Up to August 1981, there were already 257 units, or 8.3 percent of the total individual business units (3,098 units), or in other words 307 young people, or 9.1 percent of the total number (3,368 persons). The number of young people running businesses in the four districts was 37.1 percent of the total number of young people running individual businesses in the municipality.

Among the young people running individual businesses in the municipality there were 257 male youths, 83.7 percent of the total number; 50 female youths, 16.3 percent of the total. Judging from their ages, most of these people were quite young. There were 142 under the age of 20, 16.3 percent

of the total; 96 between 21 and 25, 31.3 percent of the total; 42 between 26 and 30, 13.7 percent of the total; and 27 between 31 and 35, 8.8 percent of the total, the youngest being 17 and the eldest 35.

As to their education level, 56.8 percent were graduates from senior secondary school, 38.9 percent of junior secondary school, 3.5 percent of primary school and 0.8 percent illiterate. Compared with the older generation, their educational level is much higher.

These young people were mainly engaged in repairing, handicrafts, service trades, commerce, catering, transportation and tailoring, and seven kinds of trade. Their businesses include more than 50 items such as repairing of shoes, vehicles, typewriters, televisions, electronic instruments, furniture, embroidery, gold stamping, picture framing, crafts, pottery making, sweater weaving, washing and mending, hair-cutting, packing and consignment, photo developing, selling of merchandise and food, publishing of newspapers and magazines, running restaurants, tricycle transport of goods and passengers, tailoring, etc. From the distribution of these 7 trades, those running commercial businesses accounted for the largest number, 159 persons, or 51.8 percent of the total; next largest is the repair business with 47 persons, or 15.3 percent; then tailoring with 25, or 8.1 percent; service trade with 20, or 6.5 percent; transportation with 19, or 6.2 percent, and catering with 10, or 3.3 percent. As to the distribution of trades in the municipality, in the Western District, the repair business occupies the largest number, making up 44.4 percent, whereas in Chungwen and Xuanwu districts the proportion in commerce is greater, around 60.5 and 66.6 percent respectively.

II. Running Individual Businesses Is the Path for Solving Employment for a Substantial Number of Young People

The existence and development of young people running individual businesses in Beijing municipality attracted the attention to all walks of life in the society. Individual businesses make up for omissions and deficiencies, provides a convenience to the masses and is somewhat a remedy to the insufficiencies in the state-owned and collective economies. This is obvious to all. But how much potential does it have in solving young people's unemployment? Is there any future in running individual businesses? These problems are a concern to all. Our investigation indicates the restoration and development of individual businesses did in fact open up a means of employment for young people and is an effective measure we must take.

First of all, individual businesses have created employment for a substantial number of young people. During the survey we found that among the young individuals, those who were disabled, school dropouts who returned to the city from the countryside, females and the crippled occupy a certain percentage of the unemployment figure. When the state had difficulty in arranging employment for them, the restoration and development of individual businesses provided ample chance for these young people to work for society. There are many types of work in individual businesses that suit them. For example, 50 female young people, most of whom concentrate on tailoring, commerce, the service trade, handicraft and those trades that suit them.

There are 28 persons, 56 percent of the total serving in commerce, which makes the largest number. Then comes tailoring, 9 persons, 18 percent of the total, and service trade and handicraft, 12 and 10 percent, respectively. In the Western district there is a photo developing shop run by two sisters. Due to their good service and fast delivery, business boomed from the very start. A lot of customers brought negatives for developing. Although work in this trade was rather tedious and they had to work over 10 hours a day, their average monthly income reached around 160 yuan. They did not have to run about and time was arranged at their own discretion. Therefore, they were very much satisfied with their work.

The settlement of disabled young people is also a social problem. Ten years of turbulence caused destruction to respective management departments. Therefore, employment of these people became a hard nut to crack. None of the enterprises were willing to accept them. They could only stay at home and wait. The development of individual businesses opened up a means for their employment. Up until the end of August 1981, there were 39 disabled young people in Beijing municipality who had chosen trades in individual businesses according to their abilities. This made up 12.7 percent of the total of young individuals.

Second, individual businesses offer ample scope for young people who have special talents. Generally speaking, when a young man starts his career, he would wish to select a favorite job in order to use his talents and expertise to serve society. Developing individual businesses attracts young people who have a special profession and a strong spirit of self-determination. In the Western district, there was a youth working in picture framing. He loved art from childhood and learned picture framing later. After graduation from secondary school, he wanted very much to start a career in picture framing, but did not get a chance. He did not like other trades, so he waited for many years. Under such circumstances, he thought individually running a business would be the best choice in exerting his special expertise. By mounting and framing pictures, besides making an earning, he could also improve his talent and have plenty of time and energy in learning painting by himself. Our survey proved that once these young people start engaging in business, they could learn and master the requirements of their own trade in a very short time and have the ability of competing in the markets. Some of them have further plans in expanding their businesses and making a great career. There is a youth in Xuanwu district who learned tailoring from his master. In less than 2 years he mastered the technique of tailoring. Due to his proficient and perfect techniques and high quality, the industrial and commercial department approved him for running his own business and tailoring especially on high grade garments. Now there are daily so many customers that he cannot cope with the large amount of work. His monthly income is in the range of 150 yuan. Yet he was not satisfied with this situation. He kept on studying hard, reading books concerning tailoring and concentrating on learning new techniques. He also planned to train apprentices and expand his business and change the saying "difficult to make garments" in Beijing.

In the Western district there was a young man who made pottery. He was unemployed for 2 years and at last made up his mind to inherit the art of his

ancestor. From the searching of materials of the making of sample products, the baking of the pottery to the final sale, he did it all by himself, a full circle of activity every week. The pottery he made not only retained the traditional style, but also through profound study he made new creations and made a very good sale in the market. He has also planned to present his products to the international market.

All the above proves that the development of individual businesses offers extensive spheres for young people to exert themselves professionally where they have plenty of room for their talents. From the angle of social needs, the trades of all these young people are still of great necessity to a city's economical life. At present, the quantity of state-owned, collective and individual businesses are still a far cry from the needs of the people. The concerned department of Beijing municipality made an estimate on the Eastern district and found that with a ratio of 56 commercial service centers per 10,000 people, we need 1,575 more commercial, catering, service trade and repairing centers. This means 12,500 people are needed to fill this vacancy. Therefore, individual businesses also have a bright and extensive future.

Third, young people engaging in individual businesses could increase their income and improve the standard of living of their family. One of the peculiarities of individual businesses is that they have to bear the results of good or bad business. The more and better he does the more he gains; and the less and worse he does the less he gains; without working he gains nothing, and he cannot share the achievements of others. This arouses the initiative of the individuals to make them work better and strive to earn more and improve their business methods. During the survey, we discovered that their work was usually very hard, and most had to work more than 8 hours a day. Thirty-four percent had to work more than 10 hours. For example, the tricycle-cab businessmen had to wait day and hight in stations and hospitals and their working hours were extremely long. Those working in the commercial field had to get up very early to set up a stall so that the customers who were on their way to work could buy the necessities more easily. They also had to go to night markets. Every day they had to leave early in the morning and return late in the evening. There was no idle season the year round, and even on holidays they had to work. A young man selling fried buns and dumplings calculated the working hours with us. Every day he had to get up at 3 or 4 in the morning to mix flour, fry the buns and then take it out for selling; after selling he had to go shopping and buy meat and vegetables. Returning home he had to start steaming the dumplings and frying meat balls to sell that evening. Late at night he had to make preparations for the next morning, which means he could have only 4 or 5 hours of sleep.

The more you work the more you get. Generally speaking, those running individual businesses earn more. From 97 young people's own declarations, their average monthly earnings were 97 yuan, higher than the average of the workers working in state-owned enterprises. Among them, there were 39 persons earning under 50 yuan, or 40.2 percent of the total; 36 persons earning 51-100 yuan, or 37.1 percent; 17 persons earning 101-200 yuan, or 17.5 percent; and 5 persons earning more than 200 yuan, or 5.2 percent. In sum, 60 percent

earned an average of more than 50 yuan per month. From the survey we found there were some young individuals who declared low incomes. In fact, the majority of them earn more than 100 yuan per month. The increase of income brought great changes to the economic situation and standard of living of their families. In the past, they were unemployed for a long time and without income, and most of the families had economic difficulties. Among these families, there were 11.3 percent who had an average of monthly expenses under 10 yuan per person; 34.6 percent who had expenses of 11 to 20 yuan; 39.3 percent who had expenses of 21 to 30 yuan; 13.6 percent who had expenses of 31 to 40 yuan; and 1.2 percent who had expenses of more than 40 yuan. Now most of the families' monthly expenses are over 40 yuan per person. In the Western district there was a family of 10 members. Although 3 had fixed income, 4 were unemployed and the average monthly income per person was only 12 yuan. In July 1981, two unemployed brothers, under the guidance of their father, participated in madoufu (sesame bean curd) and bean juice business. They sold it in the streets and lanes and made a good business. In the very first month they earned 180 yuan. Now they have built a house, and live a better life.

In a word, since the young people engaged in individual businesses, they not only had a chance to make a contribution to the state and people, they also improved their standard of living. They got rid of idleness in mind and had full confidence in the future. A young man who engaged in tailoring in Chungwen district said with enthusiasm, "In the past, I never thought of my future. It is the policy of the party and government on individual business that gave me hope. Now I can use my learned profession to serve the masses, and I am welcomed by the masses. I feel I am a useful man to society."

III. Some Problems That Need To Be Solved

Recently young people running individual businesses in Beijing municipality showed that the restoration and development of individual businesses is a very important way to solve labor employment in cities and towns. This is attractive to young people. But those young people running individual businesses are still a small number and their state of mind is not stable enough. According to our survey, among the young people running businesses individually in the municipality, only 20.3 percent are willing to go on running business for long terms, and the rest regard it as temporary work. Here we have ideological problems and also practical problems. In order to attract more unemployed young people to take the road of choosing jobs and careers by themselves and give them support and encouragement and lead them to work for long terms, so as to make a greater contribution to the society and people, we have to lay stress in solving the following problems.

First, we must strengthen the management and education toward young people running individual businesses.

Although individual businesses under socialism is different to that of capitalism, due to the existence of certain spontaneous ideas in individual businesses, if we do not strengthen leadership and management education, they may stray from the socialist orientation. With the increase of

individual businesses, the strengthening of management over them has become a pressing problem. At present, political and ideological management over these young people is a weak point. Nobody even cared about their businesses. They had to rely on themselves in opening their way to the society. This is a disadvantage in the normal development of individual businesses. The emergence of young people engaging in speculation and illegal activities and driving up prices should draw our attention.

Is there really nobody looking after these young people? No. We were told, at present, the commercial and industrial department, city environment, public security, transportation, financial and tax departments and leading departments concerned are all keeping control. The problem is they do not control properly. Among those under investigation, 61 percent consider the control too inflexible. Some young people say that from applying for a license to starting a business, one has to be approved by various government departments and sometimes even get into trouble. Now an application for a department store license is much easier. But this trade needs more funds and ample supply of goods and not everyone has the ability to get it. Meanwhile, some young people have special skills and hope to have a chance to use them. But what they have applied for is classified as "special trade" (such as photography, printing etc.), and they are not approved by the departments concerned. We hold that since the government takes overall consideration and limits some kinds of trade to individual business, this is necessary. But there must not be too much limitation and inflexibility and they should also explain the reason for the limitation of certain trades to these young applicants and help them select a new trade that suits them. Those who have special professions must be considered separately. In addition to the limitation in opening a business, there is also limitation in their working time and place, which is not quite reasonable. For example, not allowing individuals to run businesses in busy streets and districts only causes them to go to back streets and deserted lanes. There is no fixed place for individuals to run businesses, so a good place is usually gained by fighting. Many of them have to get up early at 3 or 4 in the morning to occupy a better place for a stall.

Why is it that on one hand five or six departments participate in management and young people consider it inflexible and to have too many limitations, and on the other hand there are many loopholes in market management, and an increase of illegal activities? We hold that there are two main reasons: The first is a decentralized management. Each department cares for itself and there is no unified leadership. The second is an improper managing method. We are told that frequent penalizing has become a mere method of various government departments. These individual units are confronted with many practical difficulties that cannot be solved. Just imagine, if these departments concerned open up a field for individual units in suitable places in the municipality, something like an agricultural trade market, then most of these individuals would not have to run about or contend for a site. At present, some prefectures and counties under Beijing municipality have started centralized control over individual units. This will play a positive role in strengthening market management.

We must also point out that working hours for the young people are long and their businesses are scattered, and therefore they seldom have a chance to study politics. They are in contact with various people in society and are easily affected by erroneous ideas. The managing department concerned must also strengthen political and ideological education toward these young people and show then concern politically. We must put this at the top of the list and give it ample attention.

Second, strengthen the work on technical training.

At present, one important reason for the slow expansion of individual businesses is that these young people are short of techniques on running businesses. We made an investigation of 728 unemployed young people in Xinqiao Street in the Western district. There were 102 persons (14 percent) who were very much willing to run individual businesses but were short on techniques and unable to apply for a business. There are still many who are short of techniques among those who have already started individual businesses. Thus we have two problems: The first is that their minds are still not stable enough. Young people usually like technical work. These trades have sufficient job opportunities, work is stable and income is high. We investigated 153 young people. Of the 91 who are in nontechnical trades, there are only 8.8 percent who are willing to work for long terms. Out of the 62 who are in technical trades, there are 37.2 who are willing to work for long terms. Second, from the long-term point of view, Beijing municipality needs more individuals to run businesses in technical trade such as repairing, department stores, catering, etc. These trades are largely needed by society, can absorb a large amount of young people and has great potentials. But very few young people are skilled in these trades. Therefore, whether or not individual businesses can further develop, and whether or not these young people can persist for a prolonged period, are the crux of the problem of teaching them technical know-how and devoting major efforts to technical training work.

From the investigation we found out that parents or relatives teaching techniques to young people is the main way young people learn (61 percent). The merit of this method of teaching is that it involves an inner family relationship, and is therefore easily realized. At the same time, parents can teach unreservedly, and young people can learn rapidly. The one problem is that some old individuals fear that their children will be charged with "taking the capitalist road," and are not willing to teach. This is an obstruction in fully implementing this method. We must expand propagation. In addition to praising those young people who have done well, we also have to propagate fine examples of parents encouraging young people in running individual businesses and positively teaching techniques to them. In this way we can quiet parents' worries and give full play to their role.

There are many retired workers who possess the technical know-how we need. If we let them train two or three apprentices in running individual businesses, we can use their abilities, and it is a good method for young people to learn techniques as well. But there are only 14.5 percent of the young people learning in this method. The reason for this case is: one, most of the

retired workers are not willing to accept apprentices; and two, some retired workers are willing to accept apprentices, but don't know where to find them. Young people also complain of difficulty in looking for masters. We need the administration department for industry and commerce to act as a liaison in helping both sides, by teaching young people to respect their master, supervising the contract in performing their duties and setting up suitable stipulations on the earnings and distribution between masters and apprentices.

Organizing training classes is also another method in training young people. It has an expanding future in the long-term point of view. There are two points that need attention in running training classes: The first is opening training classes according to the needs of the society. Lay stress on repairing and service trades and those trades urgently needed by the society. The second is training classes must suit the peculiarities of individual businesses and must be responsible in both teaching and learning so as to enable young people to start businesses independently.

Third, policy must be implemented.

Recently the commercial and industrial department of the municipality has done a lot of work in the development of individual businesses. Following the decision of the party Central Committee and the State Council, they formed a variety of concrete measures. This will open up a way to attract more and more young people in running individual businesses. The problem is that many of the policies and measures that are advantageous to the development of individual businesses are not fully and earnestly implemented. We were told by some young people that they have difficulties in running businesses. The difficulties are mainly in the following aspects:

One is insufficient space to run a business. This appears particularly in handicraft and tailoring, because these two trades both need a certain area for business. For instance, a young man running a tailoring business had only an 8-square-meter room both for working and sleeping. His bed and working table each occupies 2 meters, and sewing machine and stove each 1 square meter. Only 2 square meters were left for other activities. He had trouble even in receiving customers. We also paid a visit to two brothers running a tailoring business. Because they had no shops, for more than 6 months they were working in the open outside Tienqiao Commercial Center. Long ago, they started applying to build a wooden cabin outside their courtyard, but did not receive approval from the leading departments concerned. In fact there were many new stalls built one after another around them. Many young people realize that the tension of housing is an extensive social problem. They did not expect the government to rent housing to them, but just wish that the departments concerned would treat them as equals with collective enterprises. Some others suggest to the departments concerned to build blocks of buildings in suitable places and rent them to individual units. It would be convenient for unified planning and managing. By not using large investments, the state can form a network of commerce and repairing. In this way, it is convenient to the masses and it solves the difficulties of individual units as well. This is a good way to kill several birds with one stone.

Second, the difficulty in supplying raw material and supplementary material. The state treats state-owned, collective and individual businesses equally in the supply of goods. But in fact there is still a gap. The tailoring business, for example, needs some supplementary material and some districts do not supply these materials to individuals. They could not buy it elsewhere, so a lot of work was delayed. Some young people running department stores say "Without a back door these days, we would only get those impeded goods from th state-owned and collective shops." In the Eastern district, there is a young man selling bean juice and madoufu. His business was good and the masses liked it very much. The raw material he used was supplied by a flour mill. Later this mill sold their material only to state-owned and collective firms and not to individual units. This young man could not help but change his business and sold sweet calabash.

Third, shortage of funds. Among the 135 young people under investigation, only 6 received loans from the state for starting a business, 4 percent of the total. All others had to rely on themselves or their family. At present, although the government has a loan policy for young people running individual businesses there in fact is still difficulties in applying for loans. A large amount of money is needed for circulation in running department stores. Originally, the wholesale department provided young people with credit sales, but now it is not allowed. Those running businesses in repairing and handicraft were also not allowed wholesale prices in buying raw materials.

Fourth, further eliminating the effects of "leftist" ideas. At present, young people, either those already running individual businesses or those waiting for employment, including their families still lack confidence in individual businesses, particularly for long terms. Of the young people under our survey, 34.2 percent were worried about a change in the policy, fearing that when they were not allowed to run an individual business, it would be difficult for them to look for other jobs. Meanwhile, in society there are still many people who look down upon young people running individual businesses. Therefore, we have to further eliminate the effects of "leftist" ideas. We must propagate in various ways the situation and role of individual businesses in a socialist economy. We must make clear that individual laborers and state-owned workers and workers of collective enterprises are equal. They are all socialist laborers and all have the same political status and social status. We must praise those advanced young people who have made progress in running individual businesses and make self-seeking employment a glorious thing honored by public opinion.

Last, establish social welfare insurance system and end the worries of individual businesses.

During the survey, we found that 23.5 percent of the young people were not feeling tranquil with their present work, fearing the insecurity of getting old or sick. Some young people said: "At present I really earn a lot, but have no insurance. In case of any sickness or disaster, then I'm finished. Although the workers of state and collective enterprises earn less than I, they have a more secure job and reliance on government help." Some others

think individual businesses earn more than those of state enterprises in general. Only if they work hard in their youth and save more money can this problem be solved. As to the majority, sickness, old age and no insurance are still the main factors and reasons of lack of tranquility in running individual businesses. They hope that the state can make up a new social insurance policy for individual businesses and establish a social insurance system to relieve their worries. (November 1981)

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GENERAL

PRC JOURNAL ON PRODUCTIVE-FORCE ECONOMICS FORUM

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[Article by Xue Yongying [5641 3057 2019]: "Review of the First Annual Forum of the China Productive-Force Economics Assembly"]

[Text] The first annual forum of the China Productive-Force Economics Assembly was held in Wuhan forum 25 February-4 March this year. The main task of this year's forum was to have exchanges of the new positive results in research work since the establishment of the assembly at the end of 1980.

Compared with the last gathering, the number of representatives who participated in this year's forum tripled. A series of theses of considerable significance were presented, and the building of this branch of science made tremendous progress.

1. On the General Theories of Productive-Force Economics

For many years, the disputes between "the two-factor theory" and "the three-factor theory" regarding the composition of productive forces has been continuing. Also the new dispute between "the theory of systems" and "the theory of factors" has been in existence for more than a year. These disputes were studied at this annual forum.

Yu Guangyuan held that the workers who are the main constituent of the productive forces should not only be of a certain quantity, but also have a certain quality, including physical health and strength, scientific and cultural knowledge, experience in production and laboring skills. They should not be regarded only as individual workers, but as a general working organ. That is, a collective working organ integrated through division of labor and coordination. The tools of production have greatly developed and changed since the time when Marx was alive, but this phenomenon has scarcely been studied systematically with the methods and spirit used by Marx in studying the tools of production. The tools of production are not only an extension of physical organs as commonly conceived, but also an extension of the cognitive organs, like the microscope, and also an extension of the brain, like the computer. In addition to the extension of the organism, there is also the expansion of the physical strength. To sum up, all those forces and

things that can be utilized to conquer nature should fall into the conception of tools of production. To make abstract analysis of the tools of production theoretically, to classify them, to systematize them, and to study their interrelationship--all these should be included in the category of the theory of tools of production under the general science of productive-force economics. He also held that the natural resources and the natural conditions themselves are not the essential elements of the productive forces, but they are indeed very important conditions for giving full play to and improving the productive forces, and they should be given sufficient attention to the study of the productive-force economics. Studying the combination of workers with the tools of production, and the combination of the productive forces with the subject of labor, that is, the organization and management of the productive force, is an important aspect of productive-force economics.

Productive-force systematics was first put forward in the Guiyang seminar at the end of 1980. This year's forum shows that the systematics has become rational and intensified. Some comrades concretely analyzed the collective nature, the association, quantitative rules and the nature of the totality of the productive-force systems. They further pointed out that the rational organization of the productive forces should include the structural economy, distributive economy, dimensional economy and operational economy, thus constituting a kind of huge eystematic engineering. Also they held that the productive forces at different stages should have different qualitative rules. Cai Qian pointed out that in the various factors of the productive force, there exist not only the problem of space combination, but also the problem of time combination, the problem of metabolism and the supersession of the old by the new. For instance, the aging and the renewal of the techniques of the workers possess their own rules and cyclicity.

If this systematics can be regarded as the "marcosystematics of the productive forces" of the whole society, then the development of the systematics is manifested in the introduction of the "microsystematics of the productive forces" with reference to the individual enterprises. With the productive forces of the individual enterprises as the object of investigation, Wang Shiqin expounded the various aspects of the microsystematics of the productive forces. He held that the microsystem of the productive forces is composed of four subsystems of different functions, namely, material, energy, information and intellect. The material subsystem is engaged in the circulation of materials, dealing with the processing and transportation of the object of labor; the energy subsystem is engaged in the transformation of energy, dealing with the transposition and delivery of energy; the information subsystem is engaged in the collection, communication and arrangement of information, dealing with the intelligence and communication; and the intellect subsystem is engaged in the processing and synthesis of information, dealing with science, technology and management. It should be admitted that the above theory is rather abstract in nature, but it is nevertheless well-founded and conforms to the progression of history. Therefore, as regards man's self-conscious and effective control of the movement of the microsystems of the productive forces, this theory is not without practical significance.

The article presented by four youths of Guizhou Province pointed out that the productive force as a system must have the output of products, but any kind of output is certainly the result of an input and the result of processing and control. The output represents the object of the system, and the processing and control are the means of transforming the input into the output. Input, storage, processing, control and output are the five essential factors for the movement of the system. The productive-force system is a controllable system; and through the active control of the productive-force system, the behavior and results of the system can be influenced. The productive-force system is also a combined controllable system, consisting of a direct chain control on the one hand, and of a feedback control on the other. Based on this characteristic, it is practicable and appropriate to exercise market adjustment under the guidance of planned economy in handling the problems of the productive-force system (plans and decision-making are the direct chain control, while market adjustment is the feedback control). Although the viewpoints of these four youths are not mature and concrete enough, still they may be considered to be an attempt to put the theory of the productive-force systematics into practice, and to introduce the theories of control and information into the process of control in the movement of the productive forces.

The development of the productive forces has its own laws and stages, which have been generally agreed upon and are a problem which has already been settled. Now, these rules and stages are further elucidated. Xiong Yinwu held that the development of the productive forces has its own general laws, and also has its own particular laws. The former embodies the law of proportionate development, the law of economizing labor time, the law of increasing labor productivity, and so on; the latter comprises the law of the arrangement of the productive forces, the law governing the interrelationship between agriculture, forestry and animal husbandry, the law governing the internal relationships within industry, and others. Zhang Zhuoyuan held that as a rule, the development of the social economy is first the development of agriculture, and on the basis of developed agriculture, light industry, which makes use of the agricultural products as raw materials and which relies on agriculture as its main market, can be developed. Then, on the basis of the development of agriculture and light industry, heavy industry, the major taks of which is to equip agriculture and light industry, can be developed on a large scale. This is an objective law of the movement of the productive forces. Also there were some comrades who put forward five laws governing the movement of the productive forces: 1) "The law of the combination of different factors," elucidating the relationship where various factors of the productive forces are combined according to a certain pattern; 2) "The law of the adaptability of technology," elucidating the technological relationship between various factors of the productive forces; 3) "The law of the reimbursement of material objects," elucidating the relationships of material circulation and material transformation between different relatively independent productive mechanisms; 4) "The law of quantitative proportion," elucidating the integration between different factors of the productive forces and the quantitative relationship of rimbursements of material objects conducted between various productive mechanisms; and 5) "the law of the

"transformation of factors," elucidating the relationship of interchanges between various factors of the productive forces.

Some comrades also enunciated the problem of "medio-economy," Liu Yuren said that the extent of the problem involved in the field of medio-economy is not very large, but it is of significance in the national economy. To develop the undertaking of breeding the milch goat and the forage industry, to make comprehensive use of powder coal ash and so on--all these belong to the problem of medio-economy. Pan Zhifu further generalized that the economic problem of an individual department is the problem of medio-economy. A department is the medium between an enterprise and the national economic entity, and is the medium between the micro-economy and the macro-economy. Productive-force economics should not only study the structure of the macro-productive forces and the micro-productive forces, but should also study the structure of the medio-productive forces.

In this year's forum, there were also many articles investigating the theoretical basis and practical steps of utilizing mathematical methods in productive-force economics. Chen Yuguang made a rather good exposition regarding the necessity and importance of using the tool of mathematics. We said that disregard for the quantitative analysis in the study of economics is the theoretical reflection of the process of extensional economic movement. In the extensional economy, the mathematical relationships need only a qualitative analysis to disclose the rules governing the movement and changes; but it is quite different for the intensional economy, because changes of unequal speed often occur in economic movement, thus producing the problems of the highest output, the highest income and the highest productivity. To solve all these problems, it is not enough just to rely on qualitative analysis and the elementary mathematics, and higher mathematics must be restored too.

2. On the Structure of the Productive Forces

The structure of the productive forces is a basic category of productive-force economics. If we do not study this structure, it is impossible to understand the rules of development with regard to the productive forces, nor is it possible to establish a rational productive-force structure. All these were conclusions obtained long before this year's forum. But progress was seen in the fact that more intensive analysis and exposition were conducted regarding various forms of structures. Liu Jinglin pointed out three characteristics of the basic structure: the uniformity of the function and the public nature of the service; the independence of the organization and the interconnection of the structure; the coherence of the operation and the equilibrium of the development. In the development of the basic structure, primary consideration should be given to the effects of investment, the time sequence, the arrangement of space, the integration of technology, the formulation of the quantity, the relation between the new and the old, and the matching of the two structures (namely, the matching of the productive basic structure and the social basic structure)--all these are factors concerning the economy and the society. The objective requirement and the main symbol of success should be unifying the basic satisfaction of the needs of the society and optimum economic effects.

The technological structure has been the weakest link. In this forum, the structure of technology was specifically dealt with in several theses. Tao Deqing explained the contents of the technological structure. He held that it consists of the composition of the production equipment, and the proportion of automation, semiautomation, mechanization, semimechanization and manual operation in the technological process, and it also consists of the technical composition of the labor force. In our country, the establishment of a rational technological structure should satisfy the following four requirements: to be compatible with the structure of the enterprises, to facilitate the saving of the energy resources, to facilitate the expansion of employment, and to help increase the utilization rate of capital. The above analysis, although not without some immature points, has nevertheless formulated the content and orientation of the problem. This cannot but be regarded as a kind of progress.

3. On the Arrangement of the Productive Forces

In the economic circles of our country, the study of the arrangement of the productive forces has had a rather solid foundation. Therefore, in the past year and more, the development of the theory concerning the arrangement of the productive force has demonstrated itself not mainly in the establishment and improvement of the basic spheres and systems, but as the summing up, quite systematically, of the experiences and defects of the arrangement of our country's productive force with reference to both the past and the present conditions, thus enhancing the existing theories and principles.

The article presented jointly by Xue Baoding and Chen Dongsheng summarized three experiences and lessons in our industry regarding the arrangement of regions, locations and factory sites: First, the relationship between the new and the old industrial regions must be correctly handled. New inland industrial regions must be opened up so as to obtain a balanced development in the whole country. But during the initial stage, the extent should not be too large and the steps should be steady. In opening up new bases a prudent policy should be adopted, with a few locations being well founded first before the others start. In this respect, doing things in hot haste won't do, When there is a necessity to shift the regional focal arrangements, it should be carried out in a well-planned manner. Secondly, the relationship between the structure of regional industry and the entire economic structure must be handled properly. Based on the current level of the economy, and in a matter-of-fact way, the idea that each province should set up a complete industrial system within a very short period must be put aside. It must be realized that the only way to raise the economic effects is to practice the rational division of labor coupled with collaboration between different regions. No doubt, the development of regional advantages must subordinate itself to the comprehensive equilibrium of the whole country, so that the macro-economic effects can be ensured. Thirdly, the selection of factory sites should be based on sufficient study of the practicability. The work of city planning should be strengthened, and the work of district planning should be developed.

The article written by Gu Zongcheng looked deeply into the principle of national defense in the arrangement of the productive force. It treated the subject theoretically and with close reference to the practical conditions of our country (especially the great third-line construction). He said that the principle of national defense in the arrangement of the productive forces is a new subject introduced with the development of modern industry and sophisticated weapons: this principle demands that the factor of war should be under consideration when arranging the productive forces, so that the productive forces are not easily exposed to destruction in case of war.

One of the important aspects of the intensified study of the arrangement theory is the introduction and solution of the problems of district planning and centered cities. Xue Baoding pointed out that regarding the economic construction of the whole country, regional planning must be based on the characteristics and differences in natural geography and economic geography, so as to properly distribute the industrial and agricultural productive forces and appropriately arrange the social activities in the economic and cultural fields. Regional economic planning is a strategic deployment of the overall development of the management of land throughout the country. With "the principle of orientation" as the core, and based on "regional economic predominance," Qu Mengfei further theoretically expounded the problem of the peculiarity, the rationalization and the optimization of the economic structure of different regions. He said that the selection and arrangement of economic centers, according to the role they play in the production base and in the commodity economy, may be divided into five classes: the first class is the national topmost economic centers; the second, the large-area economic centers; the third, the basic economic centers; the fourth, the provincial economic centers; and the fifth, small economic centers within a province.

4. On the Dimensional Economy

The problem of the dimensional [Gui Mo 6016 2875] economy is a new subject. In this year's forum, there were eight theses solely devoted to the subject of the dimensional economy, and there was a group which exclusively looked into this subject. There were many opinions that were both systematic and of academic value. The forum intensively discussed many problems such as the intension and extension of the dimensional sphere of the economy, the restrictive factors and the trend of development of the dimensional economy, the standard of evaluation and the economic effects of the dimensional economy, the significance and system of the dimensional structure, the historical development of the economic dimensions, the history of development of the theory of dimensions, and so on.

Firstly, there were different opinions as regards the correct choice of the term "the problem of the dimension of the economy" or the term "the problem of the dimensional economy." Some held that the two terms were essentially the same, while others held that the terms were different in that the former indicated a certain concrete dimension, and the latter meant the rules of change for the dimension of the economy. But both of the groups gave a nearly identical definition to the word "dimension": the former group held that the dimension was the fixed numerical range for an economic entity,

while the latter held that the dimension was the degree of concentration and its quantitative expression of the essential components of an objective system or an objective entity.

Secondly, with regard to the extension of the dimension of the economy, it was unanimously agreed that the dimension of the economy should comprise a series of aspects instead of a single category. Yu Ruihou divided it into four grades: 1) The city-country dimension--this reflects the regional arrangement of the productive forces and the horizontal association of the enterprise groups; 2) the economic associates dimension--this reflects the degree of aggregation of the economy and the vertical association between enterprises; 3) the enterprise dimension--this relfects the close combination and effective operation of the various factors of the productive forces, and it is a basic dimension; and 4) the dimension of the production equipment--this is the unit cell of the dimension of the economy. Further, six grades were designated by Li Yue: 1) The dimension of the national economy; 2) the departmental dimensions of industry, agriculture, transportation, building construction, and others; 3) the main product dimension within a department, such as the steel industry dimension, the machinery industry dimension, the forestry dimension, the fishery dimension, and so on; 4) dimensions of the egion, the city and the countryside; 5) base dimension: and 6) the dimensions of the corporations, the factories and the mines.

As to the trend of development for the dimension of the economy, Li Yue held that the average dimension of the enterprise would gradually expand, that the big, medium and small dimensions would co-exist at the same time, and the "expansion" and "co-existence" of various dimensions would have their own characteristics and focal points--these are the three rules governing the development and change of the dimension of the economy. Yin Jinrui presented another kind of generalization: the growth and expansion of the industries and enterprises are an objective trend in the development of modern industrial production, but not all the economic effects of the growth will increase proportionally regardless of the branch or enterprise, or time or place. The objective trend of this kind of growth and expansion would sustain the restriction of many economic factors, and would have before it an economic line that could not be trespassed.

With respect to the dimensional structure, it was generally agreed that this meant the association of production and the ratio of the economic entities of different dimensions. Li Yue held that the adjustment and establishment of a rational dimensional structure for the industries and enterprises should adhere to the following rules: First, the comprehensive productive capability should be set as the principal criterion for evaluating the scope of the dimension and the change of the dimension. Secondly, every department should have its own focal points. Some departments should mainly set up large enterprises, while some should set up medium-size or small enterprises. Thirdly, the existing medium-size and small enterprises should be reorganized, transformed or discarded, and these measures should be taken simultaneously. Fourthly, the optimum dimension of enterprises should be selected to satisfy the needs of the society.

Later, the representatives reviewed the historical period when the policy of combining the establishment of large, medium-size and small enterprises had been practiced. Chen Shingchang divided the process of changes of the dimensional structures of the industries and enterprises in the past 30 years into four periods: 1) the period when the dimension of enterprises converged from scattered units to concentrated enterprises (1949-1957); 2) the period when aimlessly developing all the large, medium-size and small enterprises simultaneously at the first stage changed into the rational adjustment at a later stage (1958-1966); 3) the period when the dimensional structure exhibited a morbid state (1967-1976); and 4) the period of continuous changes and development (1977-1980. The conclusion drawn by the author was that in the past 30 years, the number of medium-size and small enterprises experienced drastic changes, but "the level of dimensional economy" changed very little. This was the basic characteristic of the development for the dimensional structure of the enterprises in our country. He said that from now on, the level of our country's dimensional economy should be raised in a well-planned way through the reorganization and transformation of the existing enterprises.

5. On the Task Lying Ahead

At the forum, Yu Guangyuan called for the creation of the contemporary productive-force economics. The report entitled "the change in our country's strategy of economic development and productive-force economics" delivered by Sun Shangqing signified that this newly emerged branch of science had taken a significant step forward on the road of its becoming "contemporary economics." Sun Shangqing said that the strategy of economic development should be in conformity with the rules governing the development of the relations of production as depicted by the political economy, and it should also comply with the rules governing the movement of the productive forces as depicted by productive-force economics. On the basis of fully realizing the nature of the relations of production, the three essential elements of the productive forces are the pivots for formulating the strategy of economic development. The population embodies the labor force that is of paramount importance among the factors of the productive forces. Technology is the primary means for developing modern productive forces. As a pivot of the strategy, technology consists of the materialized technology as well as technology as a form of knowledge. The development of the economy has always to rely on the exploitation of resources to enhance the productive forces. Productive-force economics studies the means of unifying these three essential elements, and studies the rules governing the development of the productive forces, thus providing a scientific basis for formulating a strategy for economic development.

With the above common understanding, the representatives discussed in detail the three forthcoming important tasks of productive-force economics and its research workers.

The first task is to serve reality. The representatives unanimously held that it is their obligation and honor to do some down-to-earth work for the

undertaking of the modernization of socialist construction, and this is also the historical mission faced by productive-force economics at the present stage.

The second task is the building up of this branch of science. Productive-force economics is after all a very young branch of science, its sphere and systems have not yet been definitely defined, and there are opinions at variance with each other regarding some problems of basic theories. Therefore, the forum decided to draw up "100 problems in productive-force economics," and to mobilize the scholars to delve into this subject as an attempt to set up a system of theories.

The third task is the setting up of organizations. The forum suggested that all those provinces, cities and autonomous regions that possess good conditions should set up their own assemblies. The institutions of higher learning and other units may form smaller academic bodies, offering courses in productive-force economics. Various measures should be adopted to push forward the research work in this field so that greater positive results can be achieved.

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GENERAL

DISCUSSION ON HOUSING, ENVIRONMENT POLICIES

HK150308 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 14 Jun 82

[Summary] "This afternoon, the Standing Committee of the 5th Yunnan Provincial People's Congress held its 14th plenary session to listen to reports presented by the provincial people's government concerning the draft of measures for implementing the State Council's regulations governing the use of land for building houses in villages and small towns in Yunnan Province, and the revised draft of the Yunnan regulations on disposing of materials which pollute the environment. The plenary session was presided over by Zhang Zizhai, vice chairman of the Standing Committee of the provincial people's congress. Present at the session were Vice Chairman Sun Yuting, Zhang Tianfang, Zhang Haitang, Li Hecai, Yu Lanfu, (Yan Yiquan), (Huang Ting) and (Li Guiying). Yunnan Vice Governor Lin Chao, and the deputy director of the provincial environmental protection department (Zhou Guiyuan) respectively gave the reports concerned at the session."

As a mountainous province, Yunnan has relatively little farmland. In recent years, following the rapid development of villages and small towns, the shortage of farmland is becoming more and more acute. Therefore, when building houses, land must be used in an economical way. Based on the State Council's regulations governing the use of land for building houses in villages and small towns and in light of local conditions, the provincial people's government worked out the present draft of measures for implementing the regulations, which consists of 23 articles. Vice Governor Lin Chao expounded the draft in detail article by article.

(Zhou Guiyuan), deputy director of the provincial environmental protection department, then gave a report on the revised draft of the Yunnan regulations on disposing of materials which pollute the environment. Based on the original regulations on disposing materials which pollute the environment adopted in November 1980, this revised version has been worked out to keep pace with the changing situation in the province. (Zhou Guiyuan) suggested that the provincial people's congress promptly promulgate the regulations after careful examination and approval.

CSO: 4006/496

GENERAL

BRIEFS

PAKISTAN SHEET GLASS PLANT--Islamabad, 18 May (XINHUA)--Pakistan President Mohammad Ziaul Haq today inaugurated a sheet glass factory in Nowshera set up with Chinese technical assistance. The factory, about 110 kilometres west of Islamabad, is the biggest of its kind in the country. It has a designed daily capacity of 40 tons of sheet glass. Speaking at the inauguration, the president described the factory as a symbol of friendship between Pakistan and the People's Republic of China. The friendship between the two countries, he said, had established new standards in international relationship. He expressed the confidence that the ties between Pakistan and China would further expand with the passage of time. The Pakistan President also distributed certificates to Chinese technicians and Pakistani workers commending their meritorious service during the construction of the factory. [OW201021 Beijing XINHUA in English 0231 GMT 19 May 82 OW]

CSO: 4020/141

'WEN WEI PO' ON CHINA INVESTMENT PROMOTION MEETING

HK240927 Hong Kong WEN WEI PO in Chinese 22, 23, 24 Jun 82

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Foreword

During the "China investment promotion meeting," our newspaper sent a 6-member reporting group to cover the event. For nearly 10 days, apart from participating the activities arranged by the meeting, we also held a "symposium of 11 coastal provinces, municipalities and autonomous regions." We contacted about 150 Chinese and foreign visitors in and outside the meeting, of whom one-third were foreign businessmen, inquired into the condition of talks on more than 120 projects and also carried out sample analyses on factors of success or failure regarding some of the projects.

By means of this news coverage, we examined various problems in China's present policy of attracting foreign investment, found out about the intentions of the foreign businessmen as well as their appraisal of China's foreign economic activities and, at the same time, discussed the problems China should pay attention to from now on in implementing the policy of attracting foreign investment.

Owing to the extensiveness of the contact this time, we believe that some of the problems, views and suggestions gathered by the reporting group are certainly typical and will probably be of certain reference value to the parties concerned.

Therefore, we have synthesized the results from the investigation and study into this "news report" for the reference of various quarters.

Chapter I. Review of the Investment Promotion Meeting

Section 1. Analysis of Reasons for the Enthusiastic Participation

More than 1,200 people attended the China investment promotion meeting. On the mainland side were nearly 700 representatives from 26 central ministries and bureaus and 23 provinces, municipalities and autonomous regions. On the foreign visitors' side were more than 400 representatives of 280 companies from 29 countries and regions as well as observers and special representatives and correspondents from many countries making a total of 494 people. At the meeting, 122 projects were put up for negotiations and a total of 70 letters of intent or memorandums have been signed for projects. It can be said that this first investment meeting held in China has broken the record of similar meetings formerly held by the United Nations both in size and in positive results.

This meeting could be described as quite active. The actual reasons are roughly as follows:

Judging from the Chinese side, the most basic reason is that China's open-door policy has become more explicit than in the past, and identity of understanding has been achieved by the central authorities on this guiding ideology of taking advantage of foreign investment to speed up the four modernizations. It is reported that the leading members of the superstructure have recently pointed out: the use of foreign investment in our country at present is still not

active enough and is overly cautious. Chen Muhua, state councillor and minister of foreign economic relations and trade, in a speech at the opening ceremony emphatically expounded on the question of using foreign investment. She stressed: "We think that at the present level of development in the techniques of production, no country in the world can possess all the resources and funds needed for the development of its own economy or master all the advanced technologies of the world. All countries must help supply each other's need. At the same time, there is also the question of the rationality of economic returns. Every country has its own superiority as well as inferiority, and it must obtain its best economic returns by means of exchange. Therefore, most of the countries in the world have attached great importance to the practice of opening their doors in developing their own economy." This can be regarded as the tone set by the central authorities as a result of unified thinking, and it has removed certain apprehensions of the preceding period regarding the implementation of the open-door policy. Vice Minister Wei Yuming, who presided over the meeting, also said in a speech that the relaxation of former restrictions on duplicate projects has removed the yoke from various localities and has enabled them to open up and make use of foreign investment based on actual needs. All these have given great encouragement to the representatives of various localities attending the meeting.

The second reason is, various localities have expressed great enthusiasm in making use of foreign investment. Apart from the 122 projects put up for negotiations at the meeting, they have also brought along more than 300 anticipated projects. One representative said that as a result of this activity, they have profoundly realized China can no longer stand in the ranks of world economy and technology and prattle about relying on our own efforts. We must also know that the long period of closed-door isolation has caused us to lose time and speed, and thereby increased our sense of urgency. We believe that with this as the starting point, we will be able to better carry out the work of making use of foreign investment.

The enthusiasm of the interior provinces attending this meeting was no less than that of the "forerunning" coastal provinces. Before the restructuring of the foreign trade system, the foreign trade and export of various provinces and municipalities had to pass through one of eight major coastal ports. The eight major ports virtually monopolized the channels of export and the interior provinces could not bring their initiative and enthusiasm into play. In the restructuring of the foreign trade system, a part of the power was transferred to the various provinces, and they can now manage their own exports under certain conditions. However, they still lack the channels and customers to expand outward or to bring in investment. This meeting has provided them with the opportunity to develop foreign economic channels, establish relationships and make a breakthrough in expanding to international markets. This posture has also been helpful in making this meeting a success.

From the angle of the foreign businessmen, they all think that the projects put up for negotiations by the Chinese side this time are quite attractive. In the first place, this is because preparatory work has been more solidly

carried out by the Chinese side. The Chinese governments, both at the central and local level, have spent a great deal of time on these projects, including the making of feasibility studies, in order to supply the foreign businessmen with some basic data including analytical figures to facilitate negotiations. In the second place, of the 122 projects put up by China, apart from 15 projects that are new, the rest are of the nature of expansion and technical transformation. Because the old factories have certain technical conditions and productivity, economic returns are better. To the investors, this will no doubt give them more confidence. In particular, once these projects have been approved, they can be brought into line with the state or local economic plans and there will be no problem regarding equipment and supply.

To some of the investors who consider using every means to open up the China market or those overseas investors who want to establish production bases in China, an investment promotion meeting of this size has precisely provided them with a rather good opportunity to forge ahead. For example, the French businessman who signed a letter of intent with the Shanghai printing and dyestuff plant said that he intends to take advantage of the condition of China's supply of cheap labor and resources as the springboard to open up the markets in the Far East and Southeast Asia. They are full of zeal and very active at the meeting. However, some other businessmen are hoping by means of cooperation to obtain raw materials or semi-finished products such as marble from China. Some are hoping to use China's unique resources and craft in cooperation with their advanced technology to break the craft or market monopolies held by certain countries. For example, a German manufacturer said that the market for plastic floor tiles in long rolls is at present monopolized by a certain country, and he hopes to make a breakthrough by means of cooperating with the Chinese side.

The gathering of foreign economic relations and trade representatives from 23 provinces and municipalities under one roof in this meeting is indeed the chance of a lifetime for the foreign businessmen. In the past, foreign businessmen from Europe and America who traveled all the way to China hoping to make investment and cooperation had to suffer numerous setbacks before they could find the way and the right person to negotiate with. However, this meeting has provided the opportunity for a wide-range of selections. In just a few days they can choose between more than 100 projects from 23 provinces and municipalities.

Some of the visitors to the investment promotion meeting have come with the idea of testing the climate for investment in China. Their purpose in attending the meeting is to find out the situation. They are making use of this opportunity to conduct a general survey and test of our open-door policy and the tactical strategy we adopted. Based on the contacts between our reporters and some of the companies of a "service" nature, this general survey of foreign businessmen includes how enthusiastic foreign businessmen are in investing in China? How many changes have there been in China's foreign policy in the last 3 years and how is it at present? Has uniformity of views been

obtained at the higher Chinese official level regarding the absorption of foreign investment? Will there be a new policy in absorbing foreign investment and what is the rate of profit from investment in China? What should be pointed out in particular is that five observers have been sent by four East European countries to observe and study this meeting. One East European observer told our reporters that the "direct investment" with remarketing as the principle content proposed by China is something learned from these nations. By doing so, China will imperceptibly increase the absorption of capitalist funds by socialist countries and therefore reduce the flow of capitalist funds to Eastern Europe. This is why they are paying close attention to what is happening.

Attached chart: Analysis of Companies and Number and Nationality of People Attending the Meeting

Countries/Regions — Number of Companies

	Total	Banks	Insurance	Consultancy	Trade	Industrial Companies
Hong Kong	54	8	1	2	2	41
United States	43	6	7	1	--	29
France	31	5	--	--	--	26
Japan	29	5	1	2	2	19
West Germany	23	4	1	1	--	17
Italy	21	4	--	1	1	15
England	12	1	--	--	1	10
4 East European Countries	--	--	--	--	--	--
Others	73	8	--	3	5	57
Total	286	41	10	10	11	214

Number of People

	Representatives	Observers	Total
Hong Kong	80	--	80
United States	57	1	58
France	52	1	53
Japan	50	2	52
West Germany	31	1	32
Italy	26	5	31
England	17	1	18
4 East European Countries	--	5	--
Others	205	63	170
Total	415	79	494

Section 2. Analysis of Reasons for the Success and Failure of Project Nagotiations

After 5 days of talks, letters of intent or memorandums had been reached for 70 projects out of the 122 projects put up for negotiations at the meeting. This was more than 50 percent. They consisted of 13 in light industry, 6 in the food industry, 10 in the building materials industry, 8 in the textile industry, 5 in the machine-building industry, 6 in metallurgy and 3 each in the food processing, medical equipment and chemical industries.

Every industry has its own unique reasons for its success or failure. Below we will try to make an analysis of the 10 different types of industries.

Of the 29 projects in light industry and the food industry, preliminary agreement has been reached on 19 projects. This is 66 percent of the total. The 19 projects can be more or less divided into three categories. They are food processing, plastic fibers and leather tanning. The reason these industries received more letters of intent is because they are mostly labor intensive and have better guarantee of raw materials. Moreover, some of the raw materials are peculiar to China or are relatively scarce in the world. For example, the silica for producing crystalware is a kind of raw material China has never exported. Also, China is the biggest producer in the world of the raw material for producing black currant wine. As for the reason why preliminary agreement cannot be reached on projects such as metal cans and containers in this type of industry, is because they involve such factors as patent rights and fierce market competition. Consequently, they are unable to attract more foreign businessmen registrating for negotiations.

In the textile industry, of the total of 11 projects put up for negotiations, letters of intent have been signed for 8 projects. This amounts to 73 percent. Because textile products are restricted by quotas on the world market, some sensitive items such as weft-knitted inner and outer garments are unable to obtain letter of intent. As for fine count fiber, because only a few countries in the world have mastered this advanced technology at present, for the sake of avoiding competition some of the foreign businessmen are unwilling to supply this technology.

Letters of intent signed by the building industry amounted to 53 percent of the total projects put up for negotiations, of which the proportion for marble slabs accounted for more than one-half the amount. China has rich resources in marble. The quality of the marble is good and there are many varieties. Unfortunately, the technique of handling after extraction is not very good and standards are uneven. We hope that by means of cooperation we will be able to solve the technical problems. Therefore, preliminary agreement can be reached on all the projects for marble. As for high quality cement, which requires the most investment in this industry, because such problems as the large number of competitors, the greater amount of investment required and how to equitably distribute the market are more complicated, negotiations will need more time and further planning must be carried out. This is why no preliminary agreement could be reached by the close of the meeting.

In the electronic industry, letters of intent have been obtained for 56 percent of the projects put up for negotiations. These projects include components, telecommunications equipment, calculators and integrated circuits. Most of the preliminary agreements are made with European and U.S. businessmen. In the process of negotiating these projects, the Japanese businessmen have maintained the attitude of not transferring any technological patent rights, but the European and American businessmen are happy to supply this kind of technology. Consequently, they have taken up all these projects. According to the analysis of the foreign businessmen, because European and American electronic technology far surpasses that of China, they do not mind supplying some less sophisticated technology to China. Whereas, the technological gap between Japan and China is relatively small and therefore, Japan has adopted a cautious attitude regarding the transfer of technology. However, Europe and the United States have also adopted a cautious attitude regarding some key equipment or components such as integrated circuits and computers and are not yet willing to export the technology to China. So no letter of intent has been reached on such projects.

It appears that the machinebuilding industry which put up 21 projects for negotiations signed letters of intent for only 5 projects, and there is a lack of interest on the part of the businessmen. The parties concerned held that this is because of the glut of machinery and electric products in the world market as well as the depression. Therefore, most foreign businessmen are unwilling to shoulder the responsibility of remarketing.

Of the 11 projects put up for negotiations by the metallurgical industry, 6 have received letters of intent. The production and technical conditions of the factories which put up these projects are quite good, and many foreign businessmen hope to cooperate with China in developing a third market. Take the case of hard alloys. According to an American businessman, West Germany has a monopoly in this field. They hope that by means of cooperating with China they will be able to cut costs, increase competitiveness and thereby make a breakthrough.

Because there are not many wood processing and medical equipment projects put up for negotiations, the letters of intent they received reached 100 percent. The condition of the instruments industry is also very good. Out of the four projects they put up for negotiations three of the projects received letters of intent. Another project which did not receive a letter of intent is that for optical lenses. This is because uniformity of views cannot be reached by both sides regarding the handling of technology after its introduction.

Although the chemical industry has a rather abundant supply of raw materials, because of the greater amount of special technology required and which the foreign businessmen are unwilling to supply, the main points cannot be worked out.

The general analysis is that projects which produced initial results in the negotiations have the following distinguishing features in common:

1. The projects concerned use raw materials and mineral resources that are peculiar to China.

2. The foreign businessmen do not only supply the technology and equipment, they also act as marketers. There is no contradiction between production and marketing and no problem of remarketing.

3. With an eye on international competition, they combine their advanced technology with China's low production and transportation costs to strengthen their own competitiveness in the international market. Although these products may not be considered as goods in great demand in the international market, they at least will not be subjected to trade restrictions.

4. Exceptional industries, such as industries which will produce greater pollution (such as carbon black and glass).

The reasons for the failure of talks may be summed up as follows:

1. The difference in motive. Some of the foreign businessmen are only interested in selling their equipment and they have no intention of making direct investment.

2. The objective is different. The joint ventures set up by foreign businessmen plan to break into the China market whereas the Chinese side plans to break into the international market. As a result, the question of remarketing cannot be resolved.

3. The Chinese side wants the foreign side to be responsible for remarketing, but the foreign side is unwilling to commit itself either because of its marketing ability or the risk involved.

4. The two sides cannot reach agreement on whether repayment should be in primary products or manufactured products. In some of the mining projects like marble, for example, the foreign side invariably wants to be repayed with raw materials, because the price of raw material is cheaper and they can get more resources for the same amount of debt. However, for the sake of not becoming a resources exporting country, the Chinese side has refused to do so.

5. The Chinese side has asked for more advanced technology in some of the projects and this is not the kind of thing ordinary traveling traders can supply.

6. The great disparity in the conditions put forward by both sides cannot be overcome. Or else, the foreign businessmen are only willing to supply certain equipment but refuse to transfer advanced technology.

Attached chart: Condition of Letters of Intent Signed With Various Trades

Trades	Projects Proposed	Letters of Intent Signed	Percentage
Light industry	22	13	59
Food	7	6	86
Textile	11	8	73
Chemical	11	3	27
Building materials	19	10	53
Machinery	21	5	24
Instruments	4	3	75
Medical equipment	3	3	100
Metallurgy	11	6	55
Electronics	18	10	100
Wood processing	3	3	100
Total	130	70	54

[23 Jun 82, p 3]

[Text] Chapter II. An All-Round View of the Problem of Direct Investment

At this meeting the Chinese Government clearly pointed out that in the near future, drawing in direct investment (including investment in joint ventures and cooperative undertakings and including cooperative exploration and compensation trade) will become the most important form in utilizing foreign capital.

At the present stage, direct investment is a form more suited to China's national conditions. Why? To explain the reasons, we should begin with the content of direct investment.

Section I. The Nature and Content of Direct Investment and the Reason Why the Chinese Side Prefers It

The forms of direct investment that China has put forth have long been carried out in some East European countries. This is a form to carry out economic cooperation between countries with two different economic systems. No matter what forms the West European countries adopt in carrying out direct investment in the East European countries, there is one common thing--the marketing of the goods back in the West European countries. Therefore, the most essential nature of the investment is that it is a kind of bartering of goods. This form of utilizing foreign capital is more suited to the present Chinese national conditions due to the following reasons:

First, there is less risk in adopting this form than in receiving ordinary commercial loans because the responsibility for the marketing of the products is primarily held by foreign businessmen. This form is more suited to China's present state of mind of being apprehensive of risks. As for the reasons why China is not willing to undergo risks at the present stage, we will give a detailed explanation later in this article. (refer to Section V, Chapter II)

Second, this form will bring to China more comprehensive experiences than the form of receiving ordinary commercial loans. Taking commercial loans can only solve the problem related to source of funds, but through receiving direct investment, the Chinese side will be able to raise its technical level, learn management experiences, train its workers to observe industrial discipline (which is very important for an agricultural community) and master the skill of marketing besides solving the problem related to the source of funds.

The Chinese side is of the opinion that because direct investment integrates the interests of both the Chinese and the foreign sides, by adopting this form of drawing in foreign capital, more comprehensive results will be achieved.

Third, under the existing system, Chinese currency cannot be freely exchanged for foreign currency or be carried across the Chinese borders. The prices of goods in China differ widely with those in the world and some foreigners are complaining that China's official exchange rates tend to be fixed too high. All this hinders the free circulation of international funds. Therefore, the Chinese side can only adopt a relatively elementary form of economic exchange--the form of bartering goods and using Chinese products to barter for foreign machinery and equipment. The above-mentioned three reasons prove that the present Chinese national conditions determine that China should adopt the form of direct investment to draw in foreign investment. This is a correct policy decision.

Section II. A Few Practical Problems That in the Opinion of Foreign Businessmen Should Be Solved To Facilitate Direct Investment

However, a series of practical problems will crop up in carrying out this form of drawing in foreign investment. Businessmen from capitalist countries do not feel like investing in China in this form for the major reason of the marketing of the products in their own market. If we leave the few goods, such as petroleum, coal and tungsten ore, that are in short supply in the world, in negotiations we often encounter the following practical problems concerning the marketing of the goods back in the market of the investors:

1. Often, the suppliers of the equipment are not the traders of the products of the equipment. They only know the equipment of production and do not know how to market the products of the equipment. Furthermore, they do not have the proper channels to deal with these products. Therefore, they have to consign the marketing to other businessmen and thus lose a part of their profits.

2. The prices of goods in the international market often fluctuate greatly and if the products are taken back just at the time when the prices are falling, the interests of the equipment suppliers will be greatly harmed.

3. Taking back the products is, in fact, a kind of bartering transaction, in which, it is very difficult to find a satisfactory way to fix the prices of the two different kinds of goods in order to calculate how many products the Chinese side should give foreign businessmen in exchange for the equipment.

4. No matter whether the foreign firms are big or small, they often have to get bridging finance from banks before the investment has been turned into productive force. Unless the Chinese side has obtained the guarantee of the Bank of China in drawing in the investment or the prospects of the products are good on the market, the banks will usually refuse to accept a contract involving bartering goods as a security to provide the bridging finance. It is perhaps possible for a big firm to tide over this difficulty, but it is hard for a small firm to do so.

5. The sudden creation or increase in the export or import duties of the goods in the countries concerned will reduce the profits of foreign businessmen.

6. For a foreign manufacturer, a direct investment in China to take back the same goods as it produces means helping Chinese industry to compete with itself. Then the division of market shares will often become a very difficult problem.

All the above-mentioned problems are actual and practical ones. They must be solved in order to facilitate drawing in direct investment.

Section III. How Are We To Overcome the Difficulties Related to Drawing in Direct Investment

How are we to overcome the difficulties caused by the taking back of the products? According to a synthesization of the opinions of the Chinese side, the foreign side and a few UN officials, we can view this problem on a long-term, medium-term or short-term basis.

Viewed on a short-term basis, we can solve the problem by means of "comprehensive compensation." Here comprehensive compensation means solving the problems by forming a joint venture of three parties--one Chinese party and two foreign ones. One foreign party is the supplier of equipment (A), the second is the Chinese joint venture enterprise (B) and the third is a foreign trader of goods (C). A sells machines to B, B sells products to C and then C pays B for the products and enables B to pay A for the machines. In this way, we will manage, with an effort to solve this problem. However, it has been pointed out by a foreign businessman that the key to the success of the cooperation of the three parties lies in whether the Chinese side is able to maintain quality, stabilize price and deliver products on time. Otherwise, the trader of the products will suffer losses. For, in fact, in this kind of tripartite cooperation, the trader of goods pays the Chinese side in advance to enable the Chinese side to pay the equipment supplier.

Viewed on a medium-term basis, China should gradually formulate a series of import substitute policies. China should divide the projects that are to be built up by drawing in foreign investment into three categories: those that produce for the domestic market, those for the foreign market and those for the foreign and domestic markets. Through unified arrangement, the state should use the

foreign exchange it has obtained by selling the goods that are produced solely for export to repay the foreign investment drawn in for producing the goods that are to be sold at home.

The projects that are put forth at the meeting are all of a uniform type, that is, they are all projects that are to produce a part of their products for export in order to earn foreign exchange to repay the foreign investment. For every project, the receipts and payments of foreign exchange should be balanced. This is a "uniform" policy. This policy will not give rise to any difficulties for the projects that are to produce the products that are in great demand on the world market. But it will give rise to serious difficulties of balancing foreign exchange receipts and payments for the projects that produce goods that are not in great demand or are not very competitive on the world market but are in very short supply on the domestic market. For example, plate glass. This is a product that is in seriously short supply at home, but it is unsalable on the world market. However, China has to pay a large amount of foreign exchange to import plate glass. The state must allow the drawing in of foreign investment for building projects to produce this kind of goods to satisfy the demand at home and use the large amount of foreign exchange saved due to the cessation of importing the goods from abroad to repay the foreign investment. This is what is meant by the "import substitute policy." Even the governments of some Southeast Asian countries of a capitalist nature can allocate their foreign exchange to projects that will produce products that these countries are in urgent need of to draw in foreign investment to produce. We must have better conditions to do this in our country, because ours is a country with a planned socialist economy that takes into account the situation and interests of the whole country. If we adopt this policy, we will enable some projects to be free from the responsibility of balancing foreign exchange receipts and payments and thus solve the problem related to the taking back of products.

However, some Chinese delegates have pointed out that in order to implement this policy, we should first solve two problems: first the system and second the understanding.

Regarding the system, the present price structure in our country differs greatly from that in the world. Under such circumstances, the adoption of this policy, although it will not cause imbalance in foreign exchange receipts and payments, will give rise to profits or losses in foreign trade departments when the foreign exchange received from the export of the products is changed into the currency of our country. If we fail to solve this problem, we will also encounter many difficulties.

Regarding our understanding, we should adopt a correct attitude toward "foreign exchange." According to Western economic theory, we should realize that there is another factor that affects the value of foreign exchange, namely, time. Viewed in terms of development, with the progress of time, the foreign exchange in our hands is reducing in value day by day because of inflation and at the same time technology is also progressing with increasing speed. The technology (if it is second-class) that we postpone to introduce because of conservation

of foreign currency today will become third or fourth-class or even obsolete when we buy it tomorrow. The application of any technology in industry undergoes the stages of creation, development and obsolescence. When the technology is at the stage of creation, people will not sell it to us. On the other hand, when it is at the stage of obsolescence we should not buy it, because it will soon be substituted by new technology. Therefore, what we need is the technology that is at the stage of development and that we need and can afford to buy and that people are willing to sell to us. As long as we know for sure that the products and technology are at the stage of development, we must promptly and resolutely use our foreign exchange to buy it.

From a long-term point of view, the delegates from both the Chinese and foreign sides are of the opinion that we should abandon the view of "daring not to borrow money." This will be analyzed later in a separate section. (refer to Section V, this chapter)

Section IV. The Limitation of Direct Investment and the Problems That the Chinese Side Should Pay Attention To

Because there are quite a large number of problems related to direct investment that are not easy to solve for the time being (refer to Section [number indistinct] of this chapter), China should make a clear estimate of the limitation of this form of drawing in investment. The form of cooperation that is mainly aimed at taking back products can only be treated as a special form of international trade, and cannot be treated as a form that is universally applicable. Perhaps, it is because of this reason that Wei Yuming stressed the phrase "in the near future" when he put forth regarding direct investment as the major form. This has also been proved by the experiences of the Soviet Union and East Europe. They have adopted this form of cooperation to expand their economic cooperation with the West for as long as 20 years, but the amount of export in this form constitutes less than 88 percent of the total export value of these countries. From this, we can clearly realize the limitations of this form.

Besides realizing the limitations of this form, China should also be informed of the possible side effects of this form. Here, it is also worthwhile to refer to the experiences of the Soviet Union and the East European countries. In 1980, the UN European Economic and Social Council publishes an investigation report on the cooperation between East and West Europe in carrying out direct investment. This report enumerates in detail the inconveniences that this form has brought about to the countries that draw in direct investment. 1) The countries that import the technology are often in a weaker position than those that export it, therefore, the prices of the products taken back are often forced down. 2) After the agreements were signed, the East European countries often included the manpower, funds and materials that the joint venture enterprises needed, the products of the enterprises and the

foreign exchange these products would bring in their plans. However, when there was a depression in the capitalist market, the foreign parties of the joint ventures often asked for a cessation or a reduction of production. This often gave rise to a waste of the resources and manpower that had already been allocated to these enterprises. This also made these countries unable to get the foreign exchange they planned to get through the joint ventures to import goods in accordance with their plans. Therefore, if there is some trouble in the situation, the fulfillment of the state plans will be affected. 3) The goods taken back often run into resistance in Western markets. In trades such as the chemical industry that suffered relatively seriously from the competition of the goods taken back, a campaign was launched to stop investment in East Europe. This was detrimental to the implementation of the policies to draw in foreign investment in the East European countries. Above are the major points of inconvenience that have been caused. Because of the limited length of this article, we will not go into the details. This report of the UN organization was both detailed and objective. We suggest that the relevant department of the Chinese side translate and distribute this report to all the working personnel concerned.

Section V. Why China "Dares Not To Borrow the Money Offered It" and How To Change This Situation?

We have mentioned (refer to Section III) both the Chinese side and the foreign side agree in the view that China should abandon its fear of borrowing money in order to thoroughly overcome the limitation of direct investment. Among the foreign businessmen who came to attend this meeting, there are more than 50 banks or financial institutes. Their aim in attending the meeting is that they hope that agreements about some projects will be reached so that China will use more of the credit quotas that foreign banks have provided it with. One of the foreign bankers summarized the feeling of the banking circle on China's entry into the international financial market. He said, "At first we felt heartened, but later, we became disappointed." This is because China has by now used less than one-tenth of the credit quotas that the international banking circle has provided it with. From the angle of the bankers, as long as China dares to borrow commercial loans, there will be no problem about taking goods back to be marketed by investors.

In interviewing both the Chinese and the foreign sides, this reporter paid special attention to inquiring into the reasons why China dares not borrow money at present. According to the opinions of both the Chinese and foreign sides, the following factors have given rise to the phenomenon of "daring not to borrow money."

First, the basic reason lies in bad administration and management which delays the returns of the funds and lengthens the circulation of funds and thus aggravates the burden of interest.

Second, at the beginning of its adoption of the open-door policy, China failed to make investigation and study of the international market or to set up effective marketing networks. As a result, it has few foreign trade channels and its products are not very competitive. This makes China feel uncertain whether it will be able to earn enough foreign exchange by exporting its products to repay the debts and this makes China regard borrowing as a "risk."

Third, for many years people have gotten used to using funds without paying interest under the original economic system of our country. Therefore, the idea of cost of money has not yet been established in people's minds there. They do not know about having to pay for employment of funds and do not have the ability to make the most efficient use of a certain amount of money.

Fourth, under the political and social system in our country, people are satisfied with observing the old rules and leading a smooth life without any risks. Though their livelihood cannot be described as good, at least they have enough food and clothes. This security in life that is guaranteed by the society and our stress on obeying commands and following unified arrangements has given rise to a social psychology of people being unwilling to take risks.

Fifth, a bias against borrowing left over by history. According to the moral concepts of both Chinese and Western civilization during the feudal middle ages, borrowing is regarded as a sign of degeneration and interest from lending is treated as ill-gotten gain. However, the development of capitalism in the West has long since thoroughly changed this viewpoint. Nevertheless, because China has not yet been seriously affected by capitalist ideology, it still regards making profits by lending as a phenomenon of class exploitation. Moreover, the memory of our country being up to its ears in debt both at home and abroad in our modern history and of the blockade by the United States and the historical lessons of the Soviet Union forcing us to repay debts have put people on their guard against borrowing. That is why in spite of the CCP Central Committee's major policy decision of utilizing foreign capital for speeding up our economic construction, we remain overprudent in borrowing and thus cannot open up new prospects. Last year, we achieved a surplus in foreign trade by reducing imports. We soon proposed returning some of our loans in advance. This proves that we are still governed by the viewpoint of "no borrowing, no trouble." It is not easy to remove these ideological obstacles that have taken shape under the influence of customs and traditions. Furthermore, there are some practical factors in the situation of China's economic development that make it difficult for China to borrow in the international financial market at the interest rate of 15 to 16 percent. However, in spite of all the above-mentioned reasons, they hold that China should not keep itself out of the international financial market. For up to now, the international financial market has remained to be the greatest source for the majority of developing countries to obtain funds. Every year, the funds that the developing countries obtain from this market is many times more than

what they get from the bilateral aid between governments of different countries and from the aid of international financial organizations. For a country with abundant resources and an acute shortage of funds like China, it should regard it as part of its long-term strategy to vigorously create subjective conditions in order to courageously utilize this financial market and thus win time and speed for the four modernizations.

People are of the opinion that in order to remove these customary, ideological and psychological obstacles that have taken shape under the influence of history and system, a full set of new concepts about borrowing should be established in China. These new concepts are as follows:

1) Borrowing money is, in fact, an action to make the funds at home and abroad serve us. Regarding this concept, Minister Chen Muhua has already made a pithy exposition. This concept is true for all the enterprises as well as for the state. This is because it is impossible to establish modern large-scale production if the enterprises can only use their own funds. Therefore, we must thoroughly break the ideological fetters of self-sufficiency that are usually found among the producers in a small-scale agricultural economy.

2) Interest is the cost of using funds. In employing funds to exchange for technology and equipment in order to develop productive force and make profits we must regard the interest on the funds as a reasonable cost of production and thus eliminate the erroneous viewpoint resulting from the habits of using funds without paying interest.

3) We should establish in our minds the enterprising spirit of having the courage to take risks. The whole history of industrialization can be said to be a history of how entrepreneurs courageously underwent risks and opened up new fields of production and technology.

4) Never entertain the unrealistic hope of getting low-interest loans. Our policy should be based on breaking into the international financial market to develop competition. The speeches of the relevant responsible persons of our country have often betrayed the hope of obtaining low-interest loans. In reality, it is impossible in today's commercial society to get low-interest loans that are lent without some strings attached. According to the estimate of the United Nations organization, the total amount of the various low-interest loans that the international organizations and the governments of various countries have provided the developing countries with, constitute's only 5 percent of the total amount of funds that have flowed into the developing countries. Besides, in a commercial society, the interest rate of the so-called low-interest loans (such as the export credit provided by governments) is, in fact, not low. The reason is that export credit is provided only for purchasing the products of the countries giving the credit and if these countries raise the prices of their goods by a small percentage, they will more than offset what they lose by lending at a low interest rate. Those who hope to obtain low-interest loans must take this into account.

5) We should form the habit of borrowing money, paying interest and making the best use of the borrowed money. In order to achieve this, we should vigorously perfect the financial system in our country and turn our banking system from playing the role of a "housekeeper" and a "teller" to the allocater and mobilizer of social funds. Take loans in foreign exchange, for example, the Chinese enterprises should start studying how to utilize high-interest loans by borrowing foreign exchange loans from the Bank of China and thus gradually master it. At this meeting, this reporter joked with a delegate from the Bank of China, saying, "You suffer most. You are blamed not only by people of the same trade abroad for not daring to borrow but also by enterprises at home for being unwilling to lend the money you have." Under the present system, the Bank of China is really in a difficult position.

Here, we should like to give a convincing example to prove that a high interest rate is nothing to be afraid of if only an enterprise is managed well.

Since 1979, a period of high interest rates has begun for the world economy. The most preferential rate of interest in Hong Kong rose from 14.5 percent at the end of 1979 to 20 percent. This is very unfavorable for China that has just started the implementation of its open-door policy.

In August 1979, the Dongfang Hotel in Guangzhou borrowed HK$20 million for fittings. At that time, the most preferential rate of interest in Hong Kong was 14.5 percent. By October the next year, the Dongfang Hotel repaid the loan with all the interest. In August 1980, it borrowed HK$10 million more and promised to repay the loan with the rents it would collect. The interest rate of the loan was 15.8 percent. By September 1981, it had repaid the second loan.

After it was fitted out by utilizing the foreign loans, the Dongfang Hotel raised its rents by 50 percent and thus greatly raised its profit ratio. Before the fitting out in 1979, its net profit ratio was 9.38 percent, but in 1980, the ratio rose to 33 percent. In 1981, it further rose to 56.23 percent. This profit ratio was a few times more than the interest rate of the loans. (refer to the table attached at the end of this article) Before drawing in foreign capital, 70 percent of its net profit came from rents and 30 percent from its restaurant while the profit from its shopping arcades and recreation facilities constituted a very small percentage. After drawing in foreign capital, new shopping and recreation facilities were installed and the structure of its profits changed greatly. According to the figures at the end of 1981, the profits from rents fell to 40 percent of the total profits, those from the restaurant remained at 30 percent, but those from the shopping arcades and recreation facilities rose to 30 percent. This example vividly proves that under certain conditions, a high interest rate is nothing to be afraid of. So long as an enterprise can improve its administration and management, it will be able to handle a high interest rate.

Attached table: Growth of Profits in Dongfang Hotel in Guangzhou After It Borrowed Commercial Loans

Year	New Profit	Fixed Assets	Profit Ratio (percentage)	Most Preferential Interest Rate Percentage (average rate at year end)	Note
1979	300	3,174	9.53	14.5	1
1980	1,150	3,465	33.19	17	2
1981	2,050	3,646	56.23	16	3
1982	2,500 (expected figure)				

Statistics not yet complete

Profit ratio is equal to net profit divided by fixed assets multiplied by 100.

Unit: 10,000 yuan

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1. In August that year it borrowed HK$20 million
2. In October that year the first loan was completely repaid. In August that year another loan of HK$10 million was borrowed
3. At the end of that year the second loan was repaid

[24 Jun 82, p 3]

[Text] Chapter III. Several Suggestions on Doing a Good Job of Absorbing Foreign Investment in the Future

After holding extensive talks with both Chinese and foreign representatives, this paper's reporting group would like to put forth the following suggestions regarding the absorption of foreign capital into our country in the future:

Section 1. Leaders at All Levels Must Unify Their Understanding, Only Thus Can They Facilitate the Absorption of Foreign Capital

Making use of foreign capital to speed up the four modernization drive in our country is a new problem which our country has encountered and it is inevitable that a series of problems will derive from this. Some of these problems are problems of understanding and some are problems of essence such as "will absorption of foreign capital cause us to lose our sovereignty" and the absorption of foreign capital will inevitably pound at our current economic management system. Some of the problems are problems of experience, such as the rash advance which appeared earlier and insufficient preparation and understanding before the import of technology. It is normal for people to hold different views regarding this series of problems. However, when this difference in view reflected in the handling of problems of policy and specific problems, it will steadily give others a sense of insecurity and inconstancy. Sometimes, people will find themselves at a loss as to what to do.

By means of actual practice and incessantly making summations over the past 3 years, our government has realized the fact that, regardless of size and financial situation, countries should adopt an open-door policy to help supply each other's needs and brings their own superior features into full play. We have realized the fact that we have been overcautious and not enthusiastic enough in making use of foreign capital and the fact that it is hard to avoid a certain amount of duplication in importing technology in a country as big as ours. The CCP Central Committee has unified people's understanding of these problems, greatly encouraging the Chinese representatives to this meeting and eliminating certain obstacles in enthusiastically making use of foreign capital in the future. In our opinion, the understanding of the leaders at all levels of the question of making use of foreign capital should be unified on this basis.

Section 2. Localities Should Be Allowed To Bring Their Initiative Into Play

During this meeting, some items which were originally considered as unqualified to be proposed to absorb foreign capital turned out to be practicable and letters of intent have already been signed with foreign merchants. Among the 75 items for which letters of intent have been signed, 25 items were of this kind, accounting for one-third of the total number of items. Although these items were included in the first 130 of the state's items, as viewed from the state's situation, they were considered unimportant on the grounds that they do not possess mature conditions, or are duplicate items or may affect the comprehensive balance of the overall situation. However, they have now been proved practicable by the hard efforts of the localities. This shows that, as far as the work of making use of foreign capital is concerned, the authorities concerned must also give the lower levels greater power, allowing the localities to enjoy greater decisionmaking power. Thus, they will try every possible means to create conditions for the realization of the items.

Section 3. Mapping Out a Long-Term Plan for Utilizing Foreign Funds

One obvious advantage of absorbing foreign funds in the form of this investment promotion meeting is that the Chinese side can act in a more planned way and more freely exercise its own choice and its own initiative. This is a breakthrough in the field of making use of foreign funds in our country. On this basis, we think, it is necessary to work out a long-term plan for using foreign funds. We should make a scientific estimate of the total amount of foreign funds that will be needed in the coming decade or two. According to this estimate, we should make an appraisal of what amount of funds we can raise through trade and nontrade channels, and find out how we can manage to obtain the balance we need from abroad. Meanwhile, we must be clear about the terms of loans and their rate of interest, the proportion between the amount of loans to amortize and the total of foreign exchange to be earned from exports each year and how to ensure the proportion without change. Only by so doing, can we set an objective to work for and a standard to follow so as to avoid vacillation.

Section 4. It Is Necessary To Enhance Strategic Views in Commerce and To Strengthen China's Position in Negotiations

By virtue of this form of meeting, the Chinese side has gained great initiative in the negotiations. However, due to lack of experience and information, the Chinese side still failed to give full play to the initiative it had gained and to win a strong position in negotiations at the meeting. An old Chinese saying is "know the enemy and know yourself, and you can fight a hundred battles with no danger of defeat." In today's society, professional knowledge and information are an important source of strength. On this question, we would like to know whether the Chinese side knows well its counterpart before coming to the meeting. Through our contacts with delegates, Chinese and foreign, in the meeting, we find that the Chinese side should spare no efforts to make investigation and study of the commercial situation so as to strengthen its position in negotiation. At present, we think, they should make good investigation and study in the following three spheres.

1) Technology

The technology in every kind of industry is always changing and for every specific technology, there are three stages, namely, the stages of creation, development and obsolescence. The commercial value of a technology differs when it is at a different stage. In introducing foreign technology, we should be thoroughly clear which stage the technology is at and the future trend of the development of the technology. Thus we will be able to negotiate a favorable price.

2) Customers

In investigating a customer, we should thoroughly inquire into not only their credit-worthiness, but also their internal structure, any change in their personnel, records of their recent transactions (including quantities and prices), what they plan to do and other details. Unless we are clear about everything, we cannot gain the initiative.

3) Market

The delegates from many provinces and municipalities have told us that in running projects involving processing foreign goods and compensation trade that they have set up during the past 3 years, they often have to entirely or partially stop production due to shortage of materials resulting from problems related to the market. This highlights the importance of market investigation. If we have made a satisfactory investigation of the market, we will be able to know the range of the prices of the goods that are acceptable on the international market, and thus be in a more favorable position in carrying out negotiations.

It is very important to strengthen our position in negotiations. Our experiences in the past 3 years have shown that when the foreign parties break their contracts with us, we often can do nothing about it because we are not used to initiating legal proceedings abroad. However, when the trouble is caused by our side (cessation of the construction of the Baoshan Steelworks was a most typical example), it immediately has serious repercussions and has a serious political impact. Many times we have to make some concessions for the interests of the whole situation. Therefore, it is very important to strengthen investigation and study.

In making investigation and study, we should first train ourselves to acquire the habit of making investigation and study and second we should accumulate data all the time. We propose that a newspaper named GUOJI JINGJI SHIBAO [0948 7139 4842 3444 2514 1032 INTERNATIONAL ECONOMIC TIMES] should be published throughout the country. This newspaper should give detailed reports of developments of the world economy and of the news about the world market and publish special articles that comment on and analyze the world economy and world market so as to enable all those who are interested in foreign economic work (not necessarily leading cadres or experts, but also common people) to know about everyday developments in the world economy. In his interviews with the Chinese delegates who attended the meeting, this reporter was greatly struck by the Chinese people's lack of knowledge about the world economy. After interviewing both the Chinese and foreign parties concerned on the same project, this reporter was greatly struck by the disparity in information collected and assimilated by both parties which put the Chinese side in a very unfavorable position.

Section 5. It Is Necessary To Make an Appropriate Assessment of the Role Played by Foreign Capital and Not To Neglect Our Own Latent Potential While Attaching Importance to the Import of Foreign Capital

Our reporting group noticed that although it is true that there is resistance to importing foreign capital, there is also a trend of overestimating the role of foreign capital in China. This trend is characterized by attributing all the achievements in "increasing production" in the joint ventures to the import of foreign capital, without making concrete analysis. Many times over the past 2 years, China has made a certain heavy industrial joint-venture enterprise an example to show the advantages of importing foreign capital. It is true that after one such factory entered into a joint venture with foreign firms, the production was increased and larger profits were created to the middle of 1981. However, this was not a result of importing foreign technology, because even to the middle of 1981, no foreign technology had ever been imported to this factory (note: the role of foreign technology can be brought into play no earlier than 1983) and no foreign engineers had ever come to the factory to supervise production and management. During that period, the conventional Chinese technology continued to be used and the same products, which were the same brand as the original products and would be sold

in the same domestic market, were produced. The main reason more profits were created was that after this factory gained the privileged position of a "joint-venture" enterprise, it also had more autonomy in the arrangement and management of manpower and financial and material resources as well as in production, supply and marketing. It was able to improve its management more freely. In other words, the increase of production and the creation of more profits chiefly depend on the improvement of management, and do not depend on foreign technology and management or on foreign markets. This example shows that before the role of foreign capital is brought into play, the mere smashing of the trammels of conventional practices can bring great gains to the enterprises. (By giving this example, we only mean to encourage making realistic analysis, and by no means mean to belittle the role of foreign investment. Therefore, we hope the two sides in the companies concerned will not misunderstand our purpose.)

We believe that exaggerating the role of foreign capital will inevitably lead to neglecting our own potentials. The question of how to tap the enormous potentials in China is of great importance at present. After visiting several provinces, we make bold to say that China has been paying greater attention to funds, technology and equipment in importing foreign capital. As a matter of fact, the import of foreign capital plays a more important role, which is of fundamental importance, that is, it will bring about great changes in China's existing economic and management systems. China's existing economic systems cannot suit the needs of the swift development of the economy. The main drawback of the existing economic systems is "interference." Of course, interference is necessary. "Interference" mentioned here refers to being too rigid in interference and interfering too much. The joint-venture enterprises are just in a privileged position to get rid of such "interference." That is why some enterprises are eager to cooperate with foreign firms. Although they have different motives, the main motive is the same. That is, to get rid of the "interference" and gain more decisionmaking power.

While expounding the policy at the investment meeting, Vice Minister Wei Yuming expressed that ample decisionmaking power for joint-venture (and cooperation) enterprises will be guaranteed. There are altogether seven aspects of this power: manpower, finance, material, production, supply, marketing and technology. In these seven aspects, joint-venture enterprises enjoy much greater power than ordinary enterprises in China. If these ordinary enterprises are given the same decisionmaking power, we believe that under similar conditions, their achievements will not be second to those of joint-venture enterprises. This does not mean that we want to play down the role of absorbing foreign investment. On the contrary, we want to stress that we should not overlook the elimination of drawbacks in structure and management when we try to release the tremendous potential in enterprises. Here, enterprises with foreign investment precisely play the role of pounding at these drawbacks.

Besides, we hold that technology will not be transferred for nothing. Although it is said that there are no national boundaries for technology, all technology is under private ownership as far as industrial ownership is concerned. China is ready to pay considerable prices. At this meeting, foreign businessmen felt that their Chinese counterparts in negotiations often unrealistically expected them to supply advanced technology but were not ready to pay substantial prices. A foreign businessman who came to negotiate color film business said that the world market for color film had been monopolized by several companies and technology in this field would not be transferred unless China was ready to pay an enormous price for a patent. As a matter of fact, even if China is willing to pay the price, foreign businessmen may not sell it because they are afraid that it will be popularized everywhere in China.

Similar cases occurred in the electronics field. An American company said that it was simply impossible for China to buy the technology for fourth-generation computers with the terms it had put forward. China started running joint-venture enterprises 3 years ago but none of these enterprises involves advanced science and technology. The reason for this is quite evident. Science and technology will not be transferred for nothing. Through this meeting, people have come to realize that friendship is one thing but accounts must be duly settled.

Concluding Remarks

Undoubtedly, this meeting has scored successful results. A UN official said to the reporting group privately that at the opening session of the meeting, Minister Chen Muhua held talks with senior UN officials and they forecast possible results of the meeting (the number of letters of intent signed). It turned out that the number of letters of intent signed was 100 percent more than estimated. This shows that although some concrete problems remain unsolved in making investment in China, foreign businessmen have much faith in such investment and China also warmly welcomes such investment. We believe that these concrete problems will gradually be solved with the accumulation of experience. China's economic cooperation with foreign countries has bright prospects.

CSO: 4006/495

'WEN WEI PO' CARRIES CHINA TAX CHIEF'S SPEECH

HK180943 Hong Kong WEN WEI PO in Chinese 16 Jun 82 p 3

[Report: "China Tax Bureau Chief Attends Seminar"]

[Text] Liu Zhicheng, director of the tax administration of the Ministry of Finance of the PRC, said at a seminar yesterday that under the guidance of the open-door policy, in order to create a better environment for investment and lure foreign capital to help the development of economic modernization in China, the quarters concerned must establish a perfect tax system to speed up the progress of such work. He also revealed that at present, some tax laws, such as company laws, and so forth, were being formulated.

Liu Zhicheng and four responsible persons of the Ministry of Finance plans call for them to visit Hong Kong, New York and Houston at the invitation of Price Waterhouse International (known in Hong Kong as Lowe Bingham & Mathews), to talk on China's new laws and regulations governing taxation of foreign enterprises and to convey the spirit of the relevant tax laws. Yesterday's seminar was the first held by them on the trip. Yesterday, director Liu Zhicheng gave a brief description of the tax laws. Wei Kefa, another responsible person of the Ministry of Finance, also gave a special report on accounting problems concerning Chinese-foreign joint ventures. The relevant responsible persons further answered questions raised by people in different professions attending the seminar. This helped resolve some of the latter's uncertainties about foreign tax liability in China.

At the same time, [Hong Kong] commissioner of inland revenue Ladd and a representative of Lowe Bingham gave speeches on relevant tax revenue problems in Hong Kong.

Among the 300-odd people in various professions attending yesterday's seminar were bankers, accountants and businessmen trading with China.

Given below is the full text of the speech by Liu Zhicheng, director of the tax administration.

At the invitation of Price Waterhouse International, we and our colleagues have come here to attend this seminar. We feel very happy today seeing all of our friends. To promote the development of economic exchanges between countries

and between regions, it is highly necessary to hold a forum on the relevant taxation problems. It can promote understanding and an exchange of views. With great enthusiasm, we will take part in the activity now being sponsored by this accounting firm. In December last year, our NPC promulgated the foreign-enterprise tax law. In February this year, the Ministry of Finance announced the implementation rules and regulations. Now I will give a brief description of some main problems concerning the tax law. I sincerely hope that those ladies and gentlemen present will give their opinions on certain problems and hold discussions. I will chiefly deal with things in three respects:

1) The increasing perfection of China's tax laws involving foreign ventures.

2) The spirit of the formulation of the "foreign-enterprise tax law" and its features.

3) Several policies to be clarified.

1. The Increasing Perfection of China's Tax Laws Involving Foreign Ventures

Carrying out the open-door economic policy is a major policy decision aimed at meeting the needs of modernization. With the development of economic exchanges with foreign countries, new problems have arisen in taxation. In light of the state's economic policy, we must formulate an appropriate taxation system to stimulate the development of these economic exchanges.

In September 1980, the NPC passed and promulgated the "law governing income taxes for Chinese-foreign joint ventures" and "personal income tax law." In December 1981, the NPC promulgates the "foreign-enterprise tax law." These several laws provide clearcut stipulations on how to tax various sources of income derived from China through various forms of Chinese-foreign economic cooperation, such as joint ventures and cooperative ventures, or independent establishments set up in our country by foreign enterprises and various economic organizations of foreign countries. These sources of income are funds, the authorized use of technology, leases, services, royalties and so forth. A legal basis is also provided for protecting the legitimate interests of investors and maintaining the sovereignty of the state.

2. The Spirit of the Formulation of the "Foreign Enterprise Tax Law" and Its Features

The foreign-enterprise tax law was formulated on the basis of summing up experiences in enforcing the law governing income taxes for Chinese-foreign joint ventures and also on the basis of the tax laws of foreign countries. These two laws have something in common in regard to both the spirit of legislation and guiding ideology. But as independent laws, they naturally have their own features.

The "foreign-enterprise tax law" and the "law governing income taxes for Chinese-foreign joint ventures" share the same spirit of legislation. They both call for the thorough implementation of the principle of equality and mutual benefit. They help stimulate economic exchanges between China and foreign countries. They help attract foreign capital, technology and management knowledge. Therefore, they are both embodiments of the spirit of the policy that calls for levying light taxes, simplifying procedures and giving preferential treatment.

The "foreign-enterprise tax law" and the "law governing income taxes for Chinese-foreign joint ventures" involve the tax obligations of different people. Therefore, there are differences in regard to concrete stipulations. There are chiefly two differences:

1. The "foreign-enterprise tax law" calls for progressive taxes on income over and above a given amount and for levying more taxes on more profits and less on less profits. This is in line with the actual conditions of an economic venture of this kind. As things now stand, there already are several hundred Chinese-foreign cooperative enterprises in China. They are different in their production and operation scale. Their profit levels also vary greatly. For example, some small enterprises show an annual profit of only several tens of thousand yuan while that of some big ones reaches upwards of 10 million yuan. If taxes are set at a fixed proportion, the tax burden imposed is not sufficiently rational. This also does not help the operation and development of medium-sized and small enterprises. The adoption of progressive taxes on profits over and above a given amount suits this situation better. It is appropriate to impose relatively heavy taxes on big enterprises and to give medium-sized and small ones preferential treatment. Even the maximum rate of 40 percent called for by the tax law is also relatively low compared with the income tax rates of many countries. Given a base for taxation prescribed in our "foreign-enterprise tax law" which is higher than in many countries, the actual tax burden is much lower. The system of progressive taxation for profits over and above a fixed amount gives further expression to the spirit of the policy calling for rational tax burdens. This is the first feature of the "foreign-enterprise tax law."

2. Profits after taxes are at the disposal of enterprises and are not subject to other taxes, whether or not they are taken out of the country. Thus, the tax burden is rational and the procedures involved are simplified.

I want to give a brief description below of the main contents of the foreign-enterprise tax law.

The term foreign enterprise in the first article of the tax law refers to any foreign company, enterprise or organization which has set up establishments in China. Establishments generally mean commercial agents, management departments, branches, agencies, factories, sites for the exploitation of national resources, construction sites, installation sites or sites for mining.

Foreign enterprises which have set up establishments in China are subject to progressive taxation. The tax rates are in five stages. On the first 250,000 yuan in profit, the rate of 20 percent is levied. If the profit exceeds 1 million yuan, the maximum rate of 40 percent is imposed. In addition a local surtax of 10 percent is levied on the amount of taxable income. Therefore, counting the local surtax the effective rate of taxation on a profit of 250,000 yuan is 30 percent. The effective rate on a profit of 1 million yuan is 37.5 percent. According to a provision in the law, the amount taxable means "the balance less costs, expenses and losses within the year of taxation."

A provision in the law says that in assessing taxable income, some expenses are not deductible. These include capital expenditure on purchased machinery, equipment, housing and other assets; expenditure on patents, on the right to use supplied technology, and other intangible assets bought; interest paid on capital, income taxes and local surtaxes; fines imposed for poor management or losses arising from confiscated property; extra expenses arising from delayed payments and fines imposed; losses caused by storms, floods and fire that are covered by insurance; donations for purposes other than public welfare; royalties paid to the head office and relevant expenses incurred in commercial operations.

The administrative expenses allotted by a company to its branches established in China and the expenses defrayed on behalf of the latter are deductible. But the branches concerned must provide adequate documentary proof to the tax authorities before a deduction can be granted. The documentary proof includes a certified financial report of the company; a report showing the allocation of funds for a branch; and relevant receipt or voucher; and any other document serving as proof. Interest on loans for commercial purposes is deductible.

Supported by adequate documentary proof, entertainment expenses connected with a trade are deductible. But it is provided in the law that there are limits to entertainment expenses. For example, if the annual net business turnover is 15 million yuan, the maximum allowance for entertainment purposes is 45,000 yuan. If the annual business income is 5 million yuan, the maximum allowance for entertainment is 50,000 yuan.

In assessing taxable income, we must also consider the depreciation question and the depreciation straight line allowed as a basis of calculation by the law. But a foreign exchange enterprise can apply to the tax authorities for the use of the method of accelerated calculation under special circumstances. In calculation of depreciation fixed assets, the party concerned should deduct the "rescue fee" from the cost and subject the balance to depreciation during the life of the property. The "rescue fee" represents 10 percent of the cost.

As to those foreign enterprises with no establishments in China, a withholding tax of 20 percent shall be levied on the following income: dividends, interest, lease of property, royalties and payments received for the authorized use of technology, copyrighted works and trade marks.

The tax year is from 1 January to 31 December. Foreign enterprises should file tax returns on a quarterly basis and pay the taxes due. At the end of the year, the party concerned should file tax returns for the whole year and submit a certified financial report. Quarterly returns should be handed in on 15 April, 15 July, 15 November and 15 January respectively. Annual tax returns should not be submitted later than 30 April the next year.

3. Several Policies To Be Clarified

The implementation rules and regulations of the "foreign-enterprise tax law" were approved by the State Council and promulgated for implementation by the Ministry of Finance on 21 February this year. They are the embodiment of the general spirit of the tax laws. They concretely provide for the reduction and exemption of taxes on a preferential basis, the calculation of expenses, the depreciation policy, interest on money deposits, the imposition of the withholding tax, and so forth. Here, I just take up a few main problems.

1. Are the permanent establishments set up by foreign companies in China subject to taxation?

This question depends on a very important prerequisite. It is whether such an establishment has any income derived from China, or generated in China. Establishments set up in China by foreign enterprises should pay income taxes to the Chinese Government on income obtained from production or operations carried out there. But no tax is imposed on some enterprises which have offices in China, whose only aim is to ascertain conditions and work on building up connections--offices which sign no contracts, receive no commission and have no business income.

Those foreign companies, enterprises and other economic organizations which have no office in China but which have China-derived income from dividends, interest, lease of property, royalties, and so forth, should pay taxes according to the tax law.

]. On the policy of preferential treatment.

The "foreign-enterprise tax law" provides preferential treatment for the following cases:

(I) Encouraging foreign countries with capital and technology to cooperate with our country in developing its agriculture, forestry and animal husbandry.

Because these undertakings involve a substantial amount of capital, a long cycle of capital being reused, and a relatively low profit, preferential treatment is given in regard to taxation. It is stipulated that taxes be exempted in the first profit-making year and reduced by 50 percent in the second and third years. After the period of tax exemption and reduction expires, if an enterprise still encounters difficulties and requires preferential treatment, it can apply for a tax reduction of 15 to 30 percent in the 10 years that follow.

(II) Losses suffered by an enterprise in its fiscal year can be carried forward for 5 years.

(III) No tax is levied on interest, where low-interest loans between governments are concerned.

(IV) Under special circumstances, an enterprise can apply to the local government for the reduction or exemption of local surtaxes within a given period.

3. Problems of taxation concerning Chinese-foreign cooperation in offshore oil drilling.

To encourage foreign enterprises to cooperate with us in exploiting our offshore oil resources, the "implementation rules and regulations of the foreign-enterprise tax law" give the following explanations.

(I) Rational interest payments are allowed and deductible from income, if the loan obtained by a foreign enterprise involved in exploiting offshore oil resources on a cooperative basis from its related company is supported by certified documentation--a loan which must be approved and verified by the tax authorities as a normal one intended to meet production or investment needs.

(II) After a foreign enterprise pays taxes on its taxable income from its exploitation of offshore oil resources on a cooperative basis, as stipulated in the tax law, its profits after taxes can be remitted abroad as dividends for an investment company or its share of profits and are no longer subject to taxation as required in Article 11 in the law.

(III) A foreign enterprise involved in the exploitation of offshore oil resources on a cooperative basis can base the amount of its income on the quantity of extracted crude oil handed over for export, as stipulated in Article 26 in the rules and regulations. If the method of calculating the price of crude oil stipulated in a contract for cooperation in oil exploitation is examined by the tax authorities and found to be in line with the principle of price calculation stipulated in Article 26 in the rules and regulations, the method of price calculation similar to that stipulated in the contract can be adopted as a basis for calculating the amount of income.

(IV) If a foreign enterprise is involved in the exploitation of offshore oil resources on a cooperative basis in two areas, the loss incurred in one area and the profits from another can be calculated on a consolidated basis.

In addition, relative concrete stipulations are provided for the limits of mining expenses, amortization, asset depreciation, and so forth.

4. The imposition of taxes on income of foreign steamships received from transportation.

Since the promulgation and implementation of the foreign-enterprise tax law and its rules and regulations, the original regulations governing taxes on income of foreign steamships from transportation have been duly changed. This means that the taxes on the income of foreign steamships from passenger and cargo transportation in the ports of China shall be treated in the same way as stipulated in the foreign-enterprise tax law. Also, according to Article 25 in the rules and regulations of the foreign-enterprise tax law, 5 percent of their total income from passenger and cargo transportation in the ports of China shall be treated as their taxable income. As to industrial and commercial unified taxes, local surtaxes and other provisions, their income shall still be treated according to the June 1974 regulations.

5. How to calculate taxes on income from contract operations related to offshore oil exploration and drilling?

Concerning the operations of foreign enterprises contracting for the exploration and drilling of offshore oil resources, Article 24 in the implementation rules and regulations of the foreign-enterprise tax law clearly provides for the determination of profits and the calculation of taxable income on the basis of their total income from contract operations. To facilitate unified execution, it is now intended to fix a temporary rate of profit and take the total amount of income from contract operations as a basis for calculating the taxable income.

6. The problem of taxation concerning contracts for the introduction of technology, the borrowing and lending of money, lease of property, and so forth--contracts approved before the promulgation of the "foreign-enterprise tax law."

(I) Before the promulgation and implementation of the "foreign-enterprise tax law," it was explicitly stipulated in the contracts concluded that the taxes arising in China in fulfillment of the contracts be paid by the Chinese side. The signed contracts were also submitted to the department in charge and duly approved. During the validity of these contracts (not including the extended period), the relevant foreign businessmen can be exempted from taxes on income from royalties and so forth, as stipulated in the original contracts. Where no clearcut stipulation for taxation is given in a contract, according to Article II in the foreign-enterprise tax law, the unit responsible for payment should deduct 20 percent as income tax from the amount paid out each time. If the imposition of taxes involves changing the contract, giving rise to actual difficulties, the case can be referred to the local tax authorities. After approval is obtained, appropriate preferential treatment will be given to the party concerned.

(II) The contracts concluded after the promulgation and implementation of the "foreign-enterprise tax law" (including those formulated before the implementation of the tax law but not yet approved) should clearly specify all their provisions according to the state tax law. The method of contracting for tax payment should no longer be used. All provisions in the contract that violate the stipulations in the tax law are null and void.

CSO: 4006/495

REN ZHONGYI ON STUDYING SPECIAL ZONE THEORY

HK140535 Hong Kong WEN WEI PO in Chinese 14 Jun 82 p 3

[Report by long-distance telephone call from Shenzhen by reporter Guang Yu [1639 1342]: "Ren Zhongyi Meets Economic Scholars, Stresses Studying Special Zone Theory"]

[Text] 13 Jun--At about 0700 this morning, accompanied by Guangdong Provincial CCP Committee secretary and special economic zone administrative committee director Wu Nansheng, Guangdong Provincial CCP Committee first secretary Ren Zhongyi, when calling on the delegates attending the "symposium on Guangdong provincial special economic zones," stressed the need to conscientiously study the theory for building the special zones. He said that in building special zones, it is necessary to guide practice with theory and that with the guidance of theory, the building of special zones will develop with irresistible force. Ren Zhongyi extended a welcome to the experts and scholars from Beijing, Shanghai, Fujian and Guangdong and talked with some of them. When talking about the necessity of holding theoretical discussions on many major problems concerning the building of special zones, Ren Zhongyi said: "Quite a few economists in the country have written a lot of documents on the special economic zones. This constitutes a great support to the undertakings of the special economic zones. Running special economic zones as an experiment is a new subject for study. It is very important to use the theories of Marxism-Leninism-Mao Zedong Thought to guide the new practice. With the guidance of theory, the building of special zones will develop with irresistible force. At present there are various concepts about the special economic zones. How shall we unify understanding? Practice is the only criterion for testing truth. We should sum up experiences and convince people with reasoning. This reasoning of ours is theory.

The "sumposium on Guangdong provincial special economic zones? will end tomorrow morning, that is, 14 June.

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END

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China Report

ECONOMIC AFFAIRS

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CHINA REPORT

ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

OPEN DOOR POLICY DEFENDED

Beijing ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE JOURNAL] in Chinese 3 Jun 82 p 1

[Article: "The Open Door Policy Will Not Be Changed"]

[Text] In the struggle to attack serious criminal activities in the economic field, some shocking cases of smuggling, contraband, bribery and embezzlement related to economic activities with the outside world have been exposed. As a result, some people have become doubtful about implementing the open door policy, believing that the criminal activities have come about because of the implementation of that policy. Some people are worried that investigating and dealing with these criminal cases will have a negative effect on the open door policy. There are even a few people who have speculated wildly that our open door policy will be changed or scaled down. These opinions are all mistaken ones.

Opening up to the outside world and stimulating the domestic economy has been a firm and unshakable principle of the party and government since the Third Plenum of the Eleventh Central Committee. If we want to build our country into a modern socialist state within a relatively short period of time, we must enliven our domestic economy. At the same time, in order to enhance the strength of our self-reliance and speed up the course of the four modernizations we must, while basing ourselves on a foundation of self-reliance, also fully utilize foreign investment and technology and intensively develop our economic exchanges with foreign countries. Consequently, we must be steadfast in our resolution to carry out the open door policy, and further economic contacts with firms in countries and areas of all different social systems.

In opening up to the outside world, the intrusion of the capitalist trend of thought cannot be avoided. The ideology of the bourgeoisie and other exploitative classes handed down from the old society is also influencing the thinking of some people. We should make a sober assessment of this situation, and must continually strengthen our education against corruption. As long as those cadres and personnel engaged in economic activities with the outside world uphold the four basic principles, observe discipline and obey the law, are honest in performing their official duties, do not seek personal gain, are not corrupted, and work with one mind to serve the state in its work toward modernization, the tricks of speculation and fraud and the methods of bribery and blackmail will be rendered useless. Patriotic overseas Chinese,

compatriots in Hong Kong and Macao, and many well-known figures in the business circles of foreign countries have responded enthusiastically to our open door policy, have assisted us in our task of modernization, and have expressed support and praise for our current struggle to attack serious criminal activities in the economic field. This makes it clear that the principles and current measures of the party and government are completely correct.

The struggle to attack serious criminal activities in the economic field is in essence a struggle against corruption. Our objectives lie in rectifying our domestic government and in educating our vast numbers of cadres and workers to observe discipline and obey the law, and to be honest in performing their official duties in order to better carry out the principles and policies of the party and the government. We must resolutely attack and punish in accordance with the law, and must neither tolerate nor appease, those engaged in smuggling, contraband, embezzlement and bribery, and those serious criminal elements who are destroying our socialist economy and villating our criminal laws. We should continue to fully implement our policy of opening up to the outside world, and neither alter it nor scale it down. We must persist in the struggle to attack serious criminal activities in the economic field. All improper practices, and activities aimed at disturbing the socialist economic order and harming the interests of the state must be resolutely curbed and corrected. Attacking criminal activities in the economic field will allow the policy of opening up to the outside world to be fully and correctly implemented, and will even better bring its effectiveness into play.

CSO: 4006/498

NATIONAL POLICY AND ISSUES

REPORT ON KUNMING PRICE THEORY FORUM

HK051218 Beijing JINGJI YANJIU in Chinese No 5, 20 May 82 pp 72-75

[Article by forum secretariat: "Summary of the Forum of the Chinese Price Society on Price Theory"]

[Text] The Chinese price society held a forum on price theory in Kunming 2-11 February. Attending the forum were more than 160 representatives from departments concerned of the State Council, provincial, municipal and regional price bureaus, economic research institutions, colleges and news and publication units.

The forum was held following the speech made by Comrade Chen Yun during the Spring Festival on planned economy and the announcement of the State Council of the "resolution on resolutely stabilizing market price." All the delegates held that stabilizing market price is a long-range task, even more important at present. They also agreed with Comrade Liu Zhuofu [0491 0587 3940], president of the society, when he referred in his opening speech to such matters as how to develop macroeconomics and microeconomics, the study of the movement of the law of price in our country, analysis of the trends of market price and discussion and implementation of the principles and policies on price stabilization. They agreed to take all these as important subjects of discussion in the forum. Therefore, all these questions were fully compared and discussed. Other problems, such as the position and role of price in the national economy, the goals, methods and measures of price reform and the relationship between price reform with all other items of economic reform were also discussed. In addition, special discussions were also held for such questions as the foundation for the formation of socialist price and theoretical price.

I. About Price Stabilization

All the comrades attending the forum unanimously held that practice since the founding of the new China has proved that the principle for stabilizing price is correct and that this principle has played an active role in ensuring socialist construction and in stabilizing the people's life. But the delegates differed over such questions as the implication, limitation of quantity and theoretical foundation of stabilizing price.

1. The implication of stabilizing price.

Some comrades held that stabilizing price primarily means that market retail price is mostly stable and that this situation includes the following: 1) stabilize the general level of market price; 2) basically stabilize the price of daily necessity consumer goods; and 3) stabilize the people's living standard.

Other comrades divided stabilizing price into absolutely stable and comparatively stable. Absolutely stable means freezing price; it can only be taken as a temporary measure. With regard to comparatively stable, there are three explanations. First, the price of individual products may be up or down while the general price level only increases by a little each year. This situation can be called comparatively stable. The second explanation compares the changes in price with the changes in wages. As long as the growth rate of wages is higher than the growth rate of price, this situation can be called comparatively stable. The third explanation regards it as comparatively stable as long as the growth of the level of price is lower than the interest rate of savings.

2. The quantitative limitation of stabilizing price.

The first view holds that it is basically stable if retail price index increases within 1-3 percent each year.

The second view holds that the quantitative limitation of stabilizing price is that according to the situation in the changes of labor productivity in our country and according to the historical experiences in the movement of price over the past 3 decades, the annual price increase should not surpass 1-2 percent, while a 3-percent growth is too high.

The third view holds that the limitation of stabilizing price must be based on maintaining the people's living standard.

The fourth view holds that the standard does not solely depend on the percentage of increases; on the contrary, it must be based on the situation in which the growth in the increases of price accords with the changes of other economic goals of the national economy. For example, the quantitative limitation in stabilizing price must include the growth in the increases of price and this growth should be in line with the growth of wages.

3. The theoretical foundation for stabilizing price.

Most comrades held that stabilizing price is a long-range principle and a natural political and economic requirement of the socialist system. The theoretical foundation of this principle includes: first, basic socialist economic law demands that price must basically be stable or there will be no guarantee for improving the people's life. Second, the law of planned and proportionate

development and national economy need a proportionately rational and stable price system because if price is unstable, the imbalance of proportionate relationship will be enhanced. Third, political stability and unity requires the economic guarantee of stable price.

A minority of the comrades held that stabilizing price is a temporary policy measure. This measure has the following implications: first, basic socialist economic law demands that the people's needs must be met on the basis of developing production but it does not demand stable price. Second, normal price readjustment will not spoil the proportionate relationship of the national economy. Third, stabilizing price is a measure that can only be taken under certain conditions, therefore it can only be a temporary policy measure.

There are two different views with regard to whether the principle of stabilizing price accords with the law in the movement of price. One view holds that price is always up and down in relation to value; price is a reflection or self-variation of the volume of commodity value and itself is a system of trend. Since the price of commodities is based on their value and is constantly changing, therefore, the advocation of stabilizing price itself lacks theoretical foundation. Another view holds that commodity price is an inverted image of currency, therefore, the inner factor that affects the level of commodity price must include not only commodity value but also the changes of the value of currency and these changes may be of the same or different directions, and of the same or different extents. Therefore, there may appear many different combinations and in these combinations there naturally exists the combination with the same orientation and the same extent of changes of the two self-variations. Under this condition, the level of price can be maintained basically stable. Therefore, following changes in labor productivity, the level of price can be maintained stable through readjusting value that is represented by unit currency. This is the theoretical foundation for stabilizing price.

4. Major factors that affect stabilizing price.

Some comrades held that price increases are caused by such factors as serious disproportion of the national economy, low economic efficiency of production departments, financial deficits, currency circulation exceeding actual needs and a comparatively large difference between the volume of commodities that can be supplied and social purchasing power.

Others held that price increases are mainly caused by the fact that following the transformation of the economic management system, the direct relationship between the economic interest of enterprises and their staff and profits has appeared and consequently these enterprises increased or covertly increased prices on their own accord in seeking excessive awards.

Some held that price increases are mainly caused by a series of reactions following price readjustment and that price increases come first, followed by increases in currency.

Others held that unstable price is caused by such major factors as market management does not accord with the development of market situation, weak control over price negotiation and purchased price of over-purchased goods and relaxed control over price negotiation among industrial and commercial enterprises and overpricing in free-market trading.

5. Measures for stabilizing price.

A number of measures were suggested during the discussion for the purpose of keeping price basically stable. These proposals include: first, work to develop production, improve economic results, develop industrial and agricultural productivity and decrease the value of unit products, all these are considered most basic. Second, readjust the structure of the national economy and realize a basic balance between social purchasing power and volume in the supply of commodities. Third, properly control the growth of consumption fund, strengthen banking credit management, persist in economic circulation of currency, prevent inflation and keep financial revenues and expenditures basically balanced. Fourth, persist in planned economy as primary and market regulation as supplementary, strengthen price management and price discipline and resolutely implement the principle of stabilizing price.

6. The future trend in the general level of the development of price.

One view held that in the foreseeable future, the general price level in our country will constantly increase by a little margin. The reasoning behind this view is that when viewed from the trend in the changes of commodity price and because of the growth of population, social needs in industrial and agricultural products will constantly increase, poor soils and minerals will face increasing difficulties in production and labor consumption will continue to increase. Even if there are some improvements in production technology to offset some factors of the increases in the volume of labor and under the situation in which no major technical breakthroughs are made, increases in the volume of social labor needed for unit products will constantly occur. Therefore, the general price level tends to increase. In addition, increases in the prices of agricultural products and basic industrial products, and the possibility of a drop in labor consumption for processing industrial unit products will become smaller and smaller. Our country also has to arrange the employment of a large number of people. Consequently, it is difficult to increase social labor productivity in a short time. Therefore, for a certain period to come, the general price level will tend to increase.

On the contrary, another view held that from a long-term point of view, there is no need for constant increases in the general level of price. The reasons for this are:

First, it is true that labor consumption of agricultural and basic industrial products tends to increase, while labor consumption of processed products tends to decrease. When these two aspects are affected, the volume of decreases may be higher than the volume of increases. Otherwise, there would be no social progress.

Second, price increases that are caused by excessive currency circulation because of financial reasons occur under extraordinary conditions. Following economic readjustment and strengthening the work of comprehensive balance, the excessive circulation of currency can consequently be resolved and, therefore, this situation can in no way constitute a permanent factor affecting price increases.

Third, the labor productivity of some trades is presently very low and has even dropped; but this situation is a temporary and abnormal phenomena. For example, drops in labor productivity in exploiting industry are related to changes in exploiting conditions, disproportion between exploiting and tunneling and untimely opening up of new resources. If we are able to constantly change these situations, labor productivity must not and cannot drop.

II. About the Price of Agricultural Products

1. Evaluation of the present purchasing price of agricultural products.

All the comrades attending the forum unanimously held that the important policies of the CCP Central Committee and the State Council on considerably increasing the purchasing price of agricultural products are correct. These policies have been an important measure in readjusting the national economy in an all-round way as well as an important reason for a rapid improvement of the situation in rural areas. Following consecutive readjustments, the situation in which the purchasing price of agricultural products was too low has been greatly improved. Basically speaking, these policies have been helpful in promoting the development of agricultural production and increasing peasants' income and have therefore been accepted by them. In order to maintain basically stable price, implement the important principle put forth by Comrade Chen Yun about ensuring economic activities orderly and of stably improving economy and in order to give consideration to both the country's construction and people's livelihood, it is not necessary for a certain period to come to readjust to a considerable extent the purchasing price of agricultural products; this price must be stabilized. Some comrades held during the discussion that the purchasing price of agricultural products must be stabilized for a certain period; they meant to stabilize the level of price, but they did not mean to eliminate the readjustment of the price of few varieties of agricultural products.

2. Scissors differential in the prices of industrial and agricultural products.

The first view held that since the purchasing price of agricultural products was considerably increased in 1979, the price of these products basically accords with their value; the volume of the agricultural products that are exchanged with industrial products has considerably increased, the difference between industrial and agricultural income has been narrowed while a scissors effect no longer exists. Some comrades held that there has appeared a counter scissors effect.

The second view held that since the original scissors differential was too big, although it had been narrowed since 1979, the cost profit rate of agricultural products is still lower than that of industrial products, therefore, such differential still exists and it is not small. Those who held this view suggested that the increase in the purchasing price of agricultural products be continued so as to narrow the differential as quickly as possible.

The third view held that the existence of the current scissors differential is both related to and different from whether the purchasing price of agricultural products can be stabilized for several years. Those with this view held that it is objectively necessary during the current period to maintain a certain scissors differential. Since peasants are still providing accumulation to the state through the two forms of increasing price for overpurchased agricultural products and paying taxes, therefore, in order to increase the commodity price of agricultural products and enable agriculture to develop along the needs of the national economy, it is imperative in future to continue to narrow the scissors differential and create conditions for gradually eliminating it. According to the present situation, it is true that the scissors differential still exists. However, it is necessary to stabilize for a certain period the purchasing price of agricultural products. To narrow the scissors differential we must mainly depend on promoting production, lowering costs and controlling population growth in rural areas. From a long-term point of view, it is still an important measure to narrow the scissors differential through increasing the purchasing price of agricultural products.

3. Increases in the price of overpurchased agricultural products.

With regard to the necessity and theoretical foundation of increasing the prices of overpurchased agricultural products, one view held that such practice is a temporary measure to encourage peasants to sell more agricultural products and has the nature of an award. As the requisition of agricultural products by purchase was based several years ago on soil productivity, therefore, this kind of purchase has no direct relationship to the quality of the soil and the amount of investments and consequently it departs from social costs. In addition, the excessive price increases for overpurchased agricultural products in some regions at present do not represent differential in income. Therefore, to increase the prices of overpurchased agricultural products has no theoretical foundation. Such practice does not accord with the needs in the development of commodity production and therefore it cannot be taken as a long-range measure for readjusting price. Another view held that such practice is necessary and has theoretical foundation. This is because during a certain period when no major changes take place in technical conditions, continuous investments in a unit of land for the purpose of increasing output will result in increases in costs and decreases in results. These are accounted for by increases of the prices of overpurchased products.

III. About Price Subsidy

1. The necessity of price subsidy and its theoretical foundation.

The first view held that financial price subsidy does not accord with the requirement of the law of value. This practice makes price depart from value and consequently causes irrational redistribution in the income of residents and is not in the interest of solving the current deficit and readjusting the national economy. The comrades with this view stressed that whether it can be abolished is another. They said that we cannot regard such practice as an inherent natural existence of the socialist economy and use it for a long period and that it must be transformed and resolved as soon as possible during readjustment of wages.

The second view held that price subsidy is in fact an important measure that has been taken on the basis of socialist basic economic law to stabilize price and represents the superiority of the socialist system. Those who held this view said that price subsidy will exist alongside planned price and that it accords with the law and can only be controlled, but not abolished.

The third view held that price subsidy is a measure taken by the state to solve particular political and economic tasks. Price subsidy is a manifestation of consciousness in making use of the law of value in the process of exchanging commodities. Price subsidy has a dual nature. On the one hand, it is desirable during a certain period of developing production, making market price basically stable and stabilizing people's livelihood. On the other hand, this measure causes some prices to fail to truly reflect the changes of their value in an overall way. Therefore, it has weakened the lever role of price, deepened the irrationality of price structure, affected the relations of parity and inflicted heavier financial burdens on the state. Therefore, it is necessary to analyze price subsidy in an overall way. We must understand that it has a positive role, but at the same time it has shortcomings. Taken as a whole, price subsidy is applicable during a certain period as a measure for subsidizing, but it cannot be carried out excessively.

2. The scope of price subsidy.

A number of comrades held that the scope of price subsidy must mainly be limited within people's basic daily necessity goods and it must be maintained for a long period in subsidizing grain. In future, the scope of price subsidy cannot be expanded at will, nor can the existing subsidy be abolished at will. When political and economic conditions permit, the scope can be gradually reduced through taxation and sale price readjustment and through increases in wages. The units that have received subsidy but have suffered losses in their business must make improvements during a particular period. If they fail to do so during the period, their subsidy must be abolished.

IV. About Theoretical Price

The forum received a number of articles on theoretical price and organized the delegates to hold specialized discussions on theoretical price. They held that the estimating value of theoretical price now being carried out is a basic construction in the work on price and this work is of great significance in improving the level of the work on price in our country. A complete system of theoretical price provides scientific foundation for readjusting the price of various products in a planned way and for compiling long-range price planning. It also provides objective standards for evaluating the achievements of enterprise, comparing the results of the investments in capital construction and calculating the economic effects of imports and exports.

There were three different views on theoretical price. The first view held that theoretical price must include the three aspects of basic price (the price that is estimated according to the form in the changes of commodity price or price), supply-demand price (the price that is estimated according to the law of readjusting market price based on supply and demand) and objective price (the price that is estimated according to the "supply-demand" price and based on state resources policy, distribution policy and "basic price"). The second view held that theoretical price includes only basic price and supply-demand price. The objective price which reflects state policy must be termed as theoretical price; it is also impossible to estimate political factors. The third view held that theoretical price is basic price and that there is no theoretical significance in considering supply-demand price and the prices of various policies.

In estimating theoretical price it is necessary first of all to solve the objective basis for the formation of price. The price of various products is made up of two parts--social cost and profit. There was no principle difference in view in the forum over the past practice of considering social cost as the main part of the price of various products; therefore, this question was discussed very little. But the forum put forth a number of new questions about fixing price costs both theoretically and practically.

Some comrades said that the subsidy made by the state finances last year for various products and housing was 50 million yuan and most of this amount was directly and indirectly used in subsidizing workers and staff and the figure for this kind of subsidy equalled the wages in the cost of the products. The total wages across the country now are only 60 billion yuan. Therefore, if we do not consider financial subsidy in product cost, it is apparent that wages in the cost are seriously distorted. The depreciation cost of the fixed assets in product cost is also comparatively low. Another question is that theoretically, loan interest belongs to m [as published], but in fact it is included in cost and therefore this situation must be changed.

Most comrades still held that departmental average cost (social cost) must be taken as an important basis in fixing price. Other comrades proposed that in order to promote rational distribution of resources it is necessary to have "opportunity cost" as the cost in fixing price. That is to say, the cost must include not only the expenses of the resources of manpower (wages) and the expenses of the resources of materials (expenses for materialistic consumption) but also the expenses of the resources of financial power (such as the expenses for the possession of fixed assets and working assets) and the expenses of natural resources (lands, mines and underground water).

How to define interest in price was an important subject of discussion during the forum. The delegates held that in estimating theoretical price it is necessary to consider profit and tax revenues (often referred to as interest) and these two aspects may be separated again in defining actual price so that we will be able to readjust profit through the economic lever of tax revenue. If in estimating we only consider profit and put aside tax revenue, the estimated price cannot reflect the value of commodities in an overall way and consequently such estimation has no theoretical significance.

The discussions also made new progress in such matters as what principle should be followed in distributing gross social profit among various departments and how to estimate theoretical price according to this principle. Traditionally there have been three advocations (defining profit and price according to social average wages or fixing price according to value; defining profit and price according to social average cost profit; and defining profit and price according to social average capital profit, in other words, fixing price according to the principle of product price). Discussions of these questions were concentrated on directly fixing price according to value and fixing price according to production cost. No one proposed defining profit and price according to social average cost profit. But the comrades who proposed fixing price according to production price held, that in concretely defining the price of various products, it is necessary to converse social average capital profit so as to reflect the cost profit which is representing the feature of particular products (divide social average capital profit by the number in the circulation of the fund of a certain product equals the cost profit of this product) for the convenience of defining the profit and price of definite products.

In addition, a number of different proposals were made in the forum with regard to defining profit and price. Some comrades proposed distributing social gross profit proportionately according to social average wages profit and social average capital profit and accordingly define price (that is double-channel price). On the assumption that the proportion of the distribution of social gross profit is based on these two aspects and is respectively 30 percent and 70 percent, the product price equals cost plus wages times

social average wages profit times 30 percent plus the volume in the possession of the fund of per-unit product times social average wages profit times 70 percent. There were three different views on this aspect. The first view held that the consumption of life labor [huo lao dong 3172 0525 0520] in our country makes up about 40 percent of the social total cost and the consumption of materialized labor [wu hua lao dong 3670 0553 0525 0520] makes up about 60 percent. The consumption of life labor in industrial production cost is about 30 percent and the consumption of materialized labor is about 70 percent and the total profit may be distributed according to this proportion. This view calls for distribution according to social average capital profit as primary and according to social average wages profit as supplementary. The second view held that social gross profit must be distributed primarily according to social average wages profit and supplementary according to social average capital profit. The third view held that the proportion in the distribution of social gross profit must be made according to social average capital profit and social average wages profit must be defined according to the proportion of the accumulation and consumption of the national revenues.

The delegates also differed over the question of whether it is necessary for the three national economic departments of agriculture, light industry and heavy industry to resort to the method of social average profit. The first view held that because industrial and agricultural funds have different organic structures, they therefore must have different principles for estimating theoretical price. As agricultural products basically belong to manual production, therefore, the method of estimating theoretical price directly according to value is applicable; but with regard to industrial products, the estimating of theoretical price can only be carried out according to production price. The second view held that the theoretical price of light and heavy industrial products must be defined according to average capital profit by which theoretical price among industrial and agricultural products can be carried out directly according to their value while within industrial products it must be carried out according to production price so as to estimate complex theoretical price. The third view held that the profit price of the products of various departments must be unifiedly defined according to social average profit because the various aspects in the process of social reproduction in various national economic departments are unified and because there are exchanges of commodities among agriculture and light and heavy industry.

CSO: 4006/499

BO YIBO ON STATE COUNCIL'S PLAN TO REFORM SHIPBUILDING INDUSTRY

Beijing CHUANBO SHIJIE [SHIP WORLD] in Chinese 15 May 82 pp 1-2

[Article: "State Councillor Bo Yibo's Speech at the First Plenary Session of the Board of Directors of the CSSC (China State Shipbuilding Corporation)"]

[Excerpts] The establishment of the CSSC is a significant breakthrough in the reorganization of the machine-building industry along trade lines. Furthermore, it is an important breakthrough in our effort to reform our economic system.

Our Party Central and State Council have resolved to reorganize and reform the existing industrial enterprises of certain important industrial ministries one by one, based on the policy of "regrouping along trade lines." For example, our machine-building industry's production has already been developed considerably, but there are still many deficiencies in its management system. The main problem is that too many systems have been set up. Of course, some of the systems formed throughout our history have done fairly well and have made significant achievements. But in general, the vast number of systems has given rise to too many leaders, too many departments and an excessive decentralization of management. This has resulted in irrational duplication in production, import of technology, construction and scientific research, which have hindered the effective utilization of our forces of production. These deficiencies also exist in our shipbuilding industry.

In order to overcome these deficiencies, our Party Central and State Council have resolved to reorganize and reform the shipbuilding industry one step ahead of other industries. The CSSC has been established in the aftermath of a difficult period for the industry. But the CSSC has yet to forge a new path through the difficult future that lies ahead. It must change its methods of management from purely administrative to economy-oriented ones, meaning the practice of management as an economic entity of the trade to which it belongs. Of course, this is not to say that its management will be purely economic and that administrative management will no longer be necessary. Entrusted by our government, CSSC must still intervene in the administration of the shipbuilding industry, but it will not be an administrative body. As I mentioned earlier, the establishment of the CSSC is really a breakthrough for the practice of management along trade lines. Following this achievement, we must continue to make more breakthroughs. This is what I expect from the CSSC.

I must point out here that the first principle to follow is to combine military production with civilian production, i.e., both naval and civilian vessels are to be built. The second principle is to combine ship production with ship repair. We must be aware that whereas shipbuilding may not be such a problem, repair work needs to be taken more seriously. CSSC must serve well the ocean-going fleets of the Ministry of Communications and the coastal fleets of the local coastal and shipping bureaus. Ship repair work must be done well and upgraded a step further. The third principle involves the integration of industry with trade. This must be carried out under correct leadership and practiced under the unified trade policy of our nation, not in opposition to it and, furthermore, never through sales competition. The fourth principle lies in increasing the proportion of domestically supplied marine equipment and materials. Although our shipbuilding industry has received orders from foreigners for more than 900,000 metric tons of new ships, 60 percent of the marine materials and equipment to be used has to be imported. It must be recognized that this situation must not be allowed to remain as it is for long. Of course, we cannot expect complete change to take place within one or two years, but we must pave the way for the resolution of this problem. This must be taken on as a routine task and must be considered in conjunction with the technical transformation of our shipbuilding industry, through which our self-reliance capability can be improved. But if all of the four principles that I just mentioned are not implemented, and if no improvement is made in our work, CSSC will not be able to hold its ground. There is no way out unless we see improvements in our reforms. We must not fail.

Following the establishment of the CSSC, we must insist on unified policy planning and unified leadership. For important projects of capital construction and technical transformation, foreign trade, and nationwide coordination for specialized production, policy and distribution must be planned in a unified and centralized way. CSSC must not relinquish its control over these major aspects. At present, the shipbuilding industry has already built up a considerable productive capacity, and it has a high potential. It is necessary to tap this latent potential through proper readjustment, reorganization and a planned technical upgrading of the whole industry.

Under the principle of unified planning and unified handling of foreign affairs, we must advocate competition in production among local set-ups and enterprises, in both shipbuilding and ship repair.

What we mean is that competition based on production quality, construction periods, repairs, prices and service work must be developed. This competition, of course, must be properly distinguished from sales competition. But since bidding is popular in foreign countries, why not try it in China also? We must accumulate our own experiences and create our own miracles in this field. We must also strive to raise our capacity to compete in the international market. The "Law of Economic Contract" has been promulgated by the National People's Congress. From now on, all domestic transactions, whether military or civilian, and whether for shipbuilding or ship repair, shall be concluded by the signing of contracts.

CSSC must serve those who use it, and likewise those who use it must render energetic support to the CSSC. The policy of "basing ourselves on domestic supplies" must be followed. We must arrange for the domestic production of all goods which can be produced in China, including all of the materials and equipment needed for the construction and repair of ocean-going ships, offshore drilling rigs and offshore drilling platforms. This is a complicated problem which needs to be studied carefully. A demarcation line should be drawn between what is and what is not to be imported.

We must, based upon a foundation of self-reliance, strive to import foreign technology, as well as equipment and materials that are not available in China, in order to let the ships and offshore structures we build and repair conform to international standards. This question has been in the air for quite some time now, but for complex reasons it has not yet been properly solved. This is because it involves our country's comprehensive economic policy, and how the essence of that policy can be used to protect the shipbuilding industry. It is now the duty of the CSSC to investigate the utility of building ships for the world maritime market, and to submit feasible proposals concerning this topic.

In order to expand our ship exports, CSSC must turn out more marine equipment and become more self-sufficient in outfitting ships. CSSC must also carry out scientific research and development work, and strive to attain and surpass international levels. It is a difficult task, but only when these problems are solved will our shipbuilding industry become a self-reliant and modernized national industry.

In conclusion, I hope that the CSSC, under the leadership of its Board of Directors, can efficiently run our shipbuilding industry. I am confident that under the guidance of the Party's Central Committee and the State Council, and through the combined efforts and unity of its staff, the CSSC will develop rapidly and will make significant achievements in the future.

CSO: 4013/115

ECONOMIC MANAGEMENT

MEASURES FOR IMPROVING INDUSTRIAL ECONOMIC RESULTS CITED

Fuzhou FUJIAN RIBAO in Chinese 5 Apr 82 p 2

[Investigative report by Huang Ruilin [7806 3843 7207]: "Some measures for Improving Industrial Economic Results in Quanzhou Municipality"]

[Text] Since the 3d Plenary Session of the 11th Party Central Committee, the industrial sector in Quanzhou Municipality has done a great deal of work in improving economic results in accordance with the policy of national economic readjustment. Despite the increase in raw material prices and the decrease in the prices of some products as well as the addition of nearly 2,000 new workers, this sector still succeeded in increasing its output and income by a wide margin in 2 consecutive years, 1980 and 1981. Compared with 1979, the total industrial output in 1981 increased by 35.7 percent along with an increased profit of 40.6 percent. The amount of profits paid to the treasury also increased by a wide margin. (In 1979, the state had to grant a subsidy of 430,000 yuan, but in 1981, profits amounting to 5.6 million yuan were handed over to the state.) In the state-run industrial enterprises, labor productivity increased by 18.7 percent; the profit rate for every 100 yuan's output value increased by 2.4 percent; the profit rate for every 100 yuan's sale increased by 3 percent; and the circulating funds used on every 100 yuan's output value was reduced by 2.48 yuan. There was also improvement in the quality of products. All these achievements were attributed to the following four factors:

1. Efforts in readjusting the industrial and organizational structures. Industry in Quanzhou Municipality mainly consisted of light and textile industries and handicrafts. There were more than 100 small factories irrationally distributed, and many of them were using outdated equipment with high energy consumption and producing goods of inferior quality which were stockpiled in the warehouses. Their economic results have been poor for a long time. Serious readjustment and reorganization were carried out after 1980, and all plants in the municipality were regrouped according to the conditions of supply, production and marketing. Those producing readily marketable goods with good economic results and good prospects of future development, particularly those engaged in light and textile industries were strongly supported by various departments in an effort to accelerate their development, while those producing unmarketable goods, consuming too much

energy, causing serious pollution, and suffering losses over a long period were resolutely closed, suspended, merged or retooled. In the past 2 years, a total of 18 enterprises were merged or retooled. Some of the plants had to be maintained. However, since they did not have sufficient tasks and their personnel was excessive, some of their workshops and personnel were allocated to other enterprises producing goods in short supply. This readjustment helped to improve the proportionate relationships within industry and the production of goods in short supply was further developed. In 1981, the light and textile industrial output value reached some 220 million yuan, and accounted for 89.8 percent of the total industrial output value in the municipality. In accordance with the principle of organizing specialization and cooperation among enterprises producing similar goods or using similar production processes, the municipality also formed various types of economic integration, such as the General Plant of Household Electrical Appliances and the Garment Company, to produce fine-quality, brand-name and readily marketable goods. Specialization in production has quickly expanded the productive capacity. The second light industry sector also combined seven or eight scattered electroplating workshops to form an electroplating plant, and thus helped to reduce pollution and raise efficiency. It also established a specialized plant by combining some workshops producing traditional products for export in accordance with the principle of converting all-inclusive into specialized units, and took active measures to set up joint undertakings in collaboration with the foreign trade departments so as to accelerate the development of exports.

2. Continual improvement of the product mix. Great efforts were made to increase the production of easily marketable, brand-name, fine-quality and export products, based on the market demand. Formerly, pure cotton balls accounted for 80 percent of the products of the Quanzhou Thread Mill which then not only experienced difficulties with the shortage of raw materials, but also incurred losses. Last year, this mill was retooled to produce chemical fiber materials needed by the consumers. The problem of raw materials was solved and the economic results were improved. Compared with the previous year, its output value last year was increased by 1.2 times, and the profit realized was increased by 2.7 times. In developing the production of light industrial consumer goods, the municipal authorities also strived for the increase in new and fine-quality products. In the past 2 years, they produced more than 300 new products, more than 2,000 new designs and varieties and more than 160 fine-quality products, of which 22 were rated as national or provincial fine-quality goods in the industrial-transportation sector. Nearly 60 varieties of export goods were produced and the volume of these goods already delivered last year was 34 percent more than in the previous year. The machinery trade had to change the orientation of its service in order to serve light and textile industries, the technical transformation of old enterprises, urban construction, civil engineering and export. Although the planned tasks for the machinery trade was seriously insufficient, its output value last year still exceeded that of the previous year by 9.1 percent.

3. Technical transformation of existing enterprises. The industry in Quanzhou Municipality developed from handicrafts, and 64 percent of the

enterprises were run collectively. The majority of plants used obsolete equipment and backward technology. Therefore, a lot could be done to improve them. No new plant was commissioned in the past 2 years, and expanded reproduction mainly relied on technical renovation and transformation by bringing into play the role of existing enterprises. In the past 2 years, 63 technical transformation projects, calling for an investment of some 26 million yuan, were carried out. As a result, in 1980, the output value was increased by 29 million yuan; the taxes and profits handed over to the state were increased by 5.7 million yuan; and foreign exchange earnings were increased by more than 2 million dollars. In 1981, the output value was increased by more than 10 million yuan; taxes and profits, by 2 million yuan; and foreign exchange earnings, by 4 million dollars. It is estimated that in 1982, the output value will be increased by more than 30 million yuan; and taxes and profits, by 5 million yuan. In carrying out equipment renovation or technical transformation either through foreign imports or through transplantation from other provinces, great attention was paid to the actual conditions in the enterprises concerned so that only the suitable techniques were chosen. Priority was given to the projects for producing readily marketable goods of fine quality and the projects calling for less investment but producing quick results. Throughout the process, overall planning was carried out in a planned, selective and systematic way so that a steady improvement of the enterprises' production and technology could be maintained. In work, more active leadership was provided for the coordination of efforts from various quarters for the solution of problems in order that most of the projects could be commissioned and could show their results in the same year. The Quanzhou Municipal Hemp Textile Mill, for example, planned its technical transformation for an annual output of 8 million slivers, based on the demands of domestic and foreign markets. The transformation was carried out step by step, and began with the remodeling of 16 sets of old machines made in England, and the manufacturing of a spooling and weft-knitting machine by itself thus raising its productive capacity to 3 million slivers per annum. As the second step, it manufactured its own warp finishing drawing frames and other accessories and auxiliary equipment, thus further raising its annual productive capacity to 4.7 million slivers. The third step in transformation was taken in 1981 when, with the auxiliary equipment provided, its annual productive capacity was raised to 6 million slivers.

4. Introduction of the economic responsibility system to arouse the enthusiasm of enterprises and their workers and staff members. Quanzhou Municipality considered the introduction of the economic responsibility system and the elimination of the defects of "eating from the same pot" and egalitarianism as an important aspect of the "new road" in economic work as well as a basic measure for the enterprises to increase their production and income; and established a special staff office for this purpose. In the industrial-transportation sector, 38 state-run plants separately practiced the systems of profit quotas for the state, keeping losses within certain limits, sharing above-quota profits and so forth under the system of economic responsibility of enterprises to the state. More than 90 percent of the industrial enterprises in the municipality also practiced the system of internal economic responsibility in various forms. In practicing the

system of economic responsibility, they were guided by the principle of "five attentions and one combination." This means attention to the all-round fulfillment of state plans, and to the organization of increased output according to market demand so as to guard against the practice of "more work for more profit and no work for small profits" or striving onesidedly for output value; attention to the systems of quotas and of reward and punishment, and to the correct handling of economic relations among the "three parties"; attention to the perfection of a job responsibility system for all functional departments, workshops, shifts and groups and individuals; attention to the inspection of financial and economic disciplines and to the supervision and control of bonus payment; attention to ideological and political work so as to integrate it with the material benefits of the workers and staff members; and the combination of strengthened basic work--including a sound system of first-hand records, statistics, measurements, inspection, labor quota, quotas of the consumption of raw materials and fuels, a comprehensive system of economic accounting, total quality control and personnel training--with the reorganization of enterprises, so as to raise the standard of enterprise management and increase both production and income. In September of last year, 10 state-run enterprises under the industry bureau adopted the system of above-quota piecework wages. In the 4 months from September to December, the average monthly output value and the average monthly profits increased by 31.3 percent and 31.7 percent respectively over those from January to August.

Industrial economic results in Quanzhou Municipality improved rapidly in the past 2 years. Apart from the subjective as already mentioned, there were also objective ones, such as the low proportion of heavy industry which minimized the effects of readjustment. There were also many municipalities and countries, other than Quanzhou Municipality, in the province making rapid progress in economic results, and some of their economic and technical indices even surpassed those of Quanzhou Municipality. Nevertheless, Quanzhou's experiences in increasing both production and income deserve our close attention.

9411
CSO: 4006/448

ECONOMIC MANAGEMENT

'JINGJI GUANLI' ON BUSINESS FINANCIAL REORGANIZING

HK050456 Beijing JINGLI GUANLI in Chinese No 5, 15 May 82 pp 35-36, 58

[Article by Tao Shengyu [7118 4164 7126], head of industrial and communications department of Ministry of Finance: "Financial and Accounting Work of the Enterprises Must Be Realistically Reorganized"]

[Text] Reorganizing and strengthening the financial and accounting work of the enterprises is an important link of the overall reorganization of the enterprises.

Since the 3d Plenary Session of the 11th CCP Central Committee, the state, when readjusting the economic structures and reforming the enterprise financial systems, has adopted some measures to improve financial and accounting work. It should be said that the business management of enterprises has improved and their financial and accounting work has also strengthened. In terms of the whole country, however, the backward state of enterprises' financial and accounting work has not fundamentally changed. The phenomena that the accounts are not in order, the amounts of assets are not clear, cost accounting is not well-done, are still fairly common. Quite a few enterprises still severely consume and even waste their financial resources and materials while they achieve poor economic results. In order to satisfy their selfish interests, some enterprises practice fraud in their financial accounting, and even illegally intercept and seize state revenue. Some enterprises raise prices without authorization and recklessly issue bonuses, subsidies and materials. Leading cadres and personnel concerned in some enterprises practice bribery or accept bribes, squander public funds, and use these funds to give dinners or send gifts. If these foul practices in enterprises' financial management are not straightened out but allowed to spread unchecked, not only will the state incur economic losses, but evil acts, such as speculation, graft and embezzlement, will be encouraged, thus depraving workers' morality and corrupting social values and the party spirit. So we must take this problem seriously.

Financial and accounting work is an important part of the enterprise management. This is the basis for practicing overall business accounting and continuously improving the economic results of the enterprises. It can record

and reflect the activities of enterprises' production and business, calculate and assess the fruits of enterprises' business, and supervise and expose the problems in enterprises' operation. Doing a good job in reorganizing and strengthening financial work in enterprises can help improve the enterprise management, achieve better economic results, increase financial incomes, speed up modernization construction and provide reliable economic information for unfolding among the enterprises the movement of "emulating, learning from, catching up with, helping and in turn surpassing each other."

In order to reorganize and strengthen the financial and accounting work of the enterprises, emphasis should be placed on the following points:

First, properly control and use the materials and funds of enterprises, and protect the integrity of the state property. All properties of the state-owned enterprises, including fixed assets and circulating funds, are the wealth of our socialist society and the material foundation for enterprise production activities. All enterprises must keep accounts on these properties and take good care of them. These properties should be carefully maintained, regularly checked, reasonably utilized and given cooperation to yield good benefits. A strict responsibility system should be established, and duties of the personnel concerned should be clearly specified, as well as the methods of rewards and penalties. Operating against regulations, embezzlement, scrambling and misappropriation must be prevented. The state property must be fully secured and prevented from suffering any loss in the fields of conservation, production and circulation.

Second, increase profits in the enterprises and stop financial losses in business operations within a set time. While guaranteeing the quality and marketability of their products, enterprises should actively tap the internal potential, make efforts to increase output and varieties, lower production cost and raise the profit margin. They should try to increase both production and income or to prevent a reduction in income despite decreased production. On the basis of keeping accurate accounts on various economic items, they should conduct a regular analysis of economic activities, in which the masses can take an active part, so as to find out contradictions and see where problems persist. Enterprises should also attain their records in a set time and try their best to catch up with and surpass the average levels and advanced levels of their trades. Enterprises which incur financial losses for a long time due to their poor management should be ordered to stop production and carry out reorganization. Those which cannot stop losses within a set time should not acquire subsidies from financial departments and loans from banks.

Third, financial revenue should be totally turned over to the state on time. Unauthorized retention, misappropriation and default must be strictly forbidden. Taxes, profits, utilization fees of fixed assets and circulation funds and depreciation funds which the enterprises should turn over to the state must

all be turned over to the state treasury in full and on time in accordance with the state stipulations. If they make unauthorized retention, misappropriation and default, the financial departments should order them to make up the due sums within a set time and impose economic penalties on those failing to fulfill this duty within the time limit. It is necessary to correctly handle the relationships between the state, the enterprises and the individual workers. Legal interests of these three aspects should be all taken into account.

The withdrawal of various special funds by the enterprises, including enterprise funds, profit retention and retainable share of surplus income, should strictly follow the relevant state stipulation. Financial revenue is not allowed to [word indistinct] function without authorization, or press for continuation of present contracts, raise the portion of retention, duplicate withdrawal funds and excessively issue and divide funds.

Fourth, honestly reflect the financial situation and accurately handle cost accounting. Any income and expenditure by an enterprise, including cost and overhead, consumption of materials, use of funds and profits and losses, should be kept in accounts in real numbers. Financial statements on this basis should be honestly made to correctly reflect the state of financial affairs. The evil practices of fraud, such as padding the cost accounts with the numbers of plans, quotas or estimates, making false reports on profits and losses, concealing funds and materials and fraudulently drawing allocations from the state, should be stopped.

Fifth, tighten the financial system and abide by financial disciplines. In order to mobilize the initiative of the enterprises, the state should give certain decision-making powers to the enterprises concerning production, marketing, supplying and management of personnel, finance and materials. This is beyond any doubt. But all socialist enterprises must obey the overall interests of the state. An enterprise, even a large-scale syndicated enterprise, is only a cell in the national economy. Any production and business activities of the enterprises must be conducted within the scope of policies, decrees and plans laid down by the state. Cost accounting, financial income and expenditures, overhead expenses and issuance of bonuses in the enterprises should all strictly follow the state systems and stipulations concerned. Each doing things in his own way is not allowed. Any practice violating the state stipulations should be straightened out.

Sixth, strengthen the basic work of financial management and perfect the financial and accounting system. In order to carry out overall economic accounting and improve the quality of accounting, enterprises must keep a whole set of original records, accounting vouchers and account books. Quotas for consuming materials, working hours and expending funds should be set with regular increases in quotas built in. Systems should be perfected in the aspects of drawing materials, checking quality before acceptance and taking stock regularly. Financial budgets and statements should be worked out each year, each quarter and each month. There should be vouchers for inflow and

outflow of funds, quotas for consumption, a basis for accounting and plans for actions. Implementation should be followed by inspection and advantages should be assessed. Without a whole plan for an integrated and systematic basic work style and a scientific and strict financial and accounting system, improvement of management and economic results will be merely empty talk.

Seventh, strengthen financial and accounting organs and enhance the professional abilities of financial and accounting personnel. In order to improve the quality of financial and accounting work and to raise the level of operation and management, all enterprises should have their independent financial and accounting departments manned with necessary personnel. These departments should be perfected as soon as possible and replenished with enough personnel. Close attention should be paid to the training of financial and accounting personnel. With various forms, all personnel should receive the in-service training in rotation within 2-3 years so that they can enhance their understanding of policies and professional abilities. In the state educational program, the number of students specializing in finance and accounting enrolled in colleges and special secondary schools should be appropriately increased so as to meet the need of strengthening financial and accounting work. It is necessary to strictly implement the "duty regulations of accountants," properly handle the affairs concerning the examinations and promotion of the accountants and confer technical titles on them, so as to give play to their initiative. Enterprise leaders should respect financial and accounting personnel, support them to implement their duties and competence, and encourage them to maintain the state financial and economic disciplines. Those who retaliate against accountants should be dealt with sternly. Financial and accounting personnel should also adhere to the systems and fulfill their duties.

The economic responsibility system of general accountants should be perfected. Financial plans and accounting reports of an enterprise should be signed by its general accountant. Schemes of technical transformation and various economic contracts should be countersigned by general accountants of the enterprise concerned. General accountants have to take economic responsibility for all these items. At the same time, financial democracy should be realistically practiced. Financial affairs of an enterprise should be regularly reported to the congress of workers and staff. Financial plans, accounting statements and the utilization schemes of special funds should be submitted to the congress, thus conscientously receiving the supervision of the masses.

Eighth, strengthen financial supervision. Financial departments at all levels have the right to inspect the accounts of enterprises and any of their financial activities. Large and medium-sized enterprises should actively support commissioners sent by financial departments who help enterprises strengthen business accounting, organize financial revenue and supervise the implementation of financial and economic policies of the state, as well as observe the financial and economic disciplines.

Reorganizing and strengthening financial and accounting work of the enterprises is a complicated and painstaking work. It calls for the joint efforts of departments in charge of enterprises, financial departments and enterprises themselves. We must follow the spirit of the instructions issued by the central authorities and effectively, stringently and perfectly handle this work.

CSO: 4006/500

FINANCE AND BANKING

BRIEFS

ECONOMIC, TECHNICAL CORPORATION SET UP--Beijing, 26 June (XINHUA)--A China Tianjin international economic and technical cooperation corporation has been established with the approval of the state council. The corporation, set up recently, is a state enterprise which practices independent accounting and is responsible for its own profits and losses. Under the leaderhsip of the people's government of Tianjin municipality, it will contract for "turn-key" residential, industrial, commercial and cultural construction projects, provide technical and labor services, conduct technical cooperation and undertake China-invested economic aid projects. The corporation has the right to sign contracts and enter into joint ventures with foreign firms and businessmen. [Text] [OW261248 Beijing XINHUA in English 1214 GMT 26 Jun 82]

CSO: 4020/144

CONSTRUCTION

SHANGHAI UNVEILS URBAN DEVELOPMENT PLAN

HK220131 Beijing CHINA DAILY in English 22 Jun 82 p 3

[Text] A preliminary master plan for Shanghai has been unveiled by the municipal government, LIBERATION DAILY reports.

Under the plan, population and use of space in the town centre are to be strictly controlled while the focus for development will be on the satellite towns in line with the guiding principle of decentralization.

Shanghai, China's largest city and industrial centre with an estimated population of some 11 million, has had the problem for many years of over population in the comparatively small centre area.

The new plan points out that effective measures must be taken soon if the city is to have economic development.

The main steps put forward to improve the situation are:

To gradually divide Shanghai's centre into several districts with a balance in economic, industrial and living facilities;

To turn Lujiazuei of the Pudong area, the eastern outskirts of Shanghai, into a modern urban district;

To develop the coastal regions on the tip of the peninsula between the mouth of the Changjiang River and Hangzhou Bay where Shanghai lies;

Within the next few years, to lay stress on construction of the three satellites--Wusong, Jinshanwei and Minhang--and to perfect the other four--Jiading, Wujing, Anting and Songjiang.

Ten-Year Delay

The paper said that since liberation, Shanghai has built more than 10 satellite industrial towns and industrial districts on its outskirts, over 140 residential quarters with a total floor space of 20 million square metres and a number of public installations.

But still, the paper said, the city's construction has not been sufficient. It noted that the ten-year "cultural revolution" wrecked all previous plans for development and caused much confusion.

It was not until 1978 that the offices responsible for the planning and administration of Shanghai's development were restored; they have taken more than a year for investigation, discussion and revision in preparing the current proposals.

The paper remarked that the plan, which outlines the new Shanghai's urban layout, the future development on the city's traffic, industry, agriculture, sideline production, science and technique, culture, public health, education, physical culture, protection of relics and historical sites, housing, public buildings and environmental protection, has laid a foundation for a later more detailed plan for the city.

CSO: 4020/145

CONSTRUCTION

MEASURES TO CONTROL CAPITAL CONSTRUCTION COSTS SUGGESTED

Yinchuan NINGXIA RIBAO in Chinese 8 Apr 82 p 3

[Article by Yang Ruiji [2799 6904 0679]: "Control of Capital Construction Costs"]

[Text] Recently, capital construction costs have been rising every year. According to an investigation in 1981 conducted by the Yinchuan branch of the Construction Bank on the costs of different engineering projects, the average per-unit cost for building an ordinary residential house of mixed structures was 45-60 percent higher than in 1965. Therefore, an urgent need of the moment is to control the cost of capital construction projects in order to improve the economic results.

There are many causes for the rise in the cost of capital construction projects. The rise in the people's standard of living, the development of industrial and agricultural production, the improvement in production process, the corresponding rise in the standard of designs, and finally the increase in the price of building materials should have raised the engineering costs a little, and this is only a normal phenomenon. However, there are also irrational factors which should arouse the attention of the departments concerned.

1. Although state investment in capital construction has been reduced during the national economic readjustment, the use of self-raised funds and the funds earmarked for tapping potential and carrying out equipment renovation and technical transformation on fixed assets as a means of expanded or simple reproduction has continued to increase. In Yinchuan, for example, such funds accounted for approximately 50-60 percent of state investments. Some of these funds are not deposited in the banks, and are thus beyond the banks' supervision. Some construction enterprises have made their estimates higher by including unnecessary extra work or raised their scales of charges at will. After the completion of work, there is no one to supervise or audit the final financial and engineering accounts. That is why the costs of capital construction projects have always been very high. The regional culture bureau and the regional finance bureau have used their self-raised funds to build a 2,300 square meter residential house. When the work was completed in 1981, the work unit prepared the final statement of account in which the cost was

specified as 546,000 yuan. While starting its consultation service, the construction unit authorized the Construction Bank in Yinchuan Municipality to check the charges and it was discovered that the work unit had overcharged 12,686 yuan through duplicated charges for some jobs; another 23,458 yuan by jacking up some prices; another 29,504 yuan by inflating the amount of engineering work; and still another 34,352 yuan by raising the scale of charges. After verification, a total of 100,000 yuan was reduced and another 19,000 yuan was added, resulting in a net reduction of 81,000 yuan.

2. In the past 2 years, the rural communes and production brigades have set up many quarries for stones and sands in addition to brick kilns. However, whatever they could supply was not enough, and the quality was poor. It was a plain waste of state construction funds. According to an investigation, the sands produced in Yinchuan for building contained 20-30 percent of earth, and the loss was serious in both volume and weight. If we want to build a house in Yinchuan, we need approximately 850 cubic meters of sands. However, because of their poor quality and loss of weight, we will need another 340 cubic meters. Calculated at the estimated prices of building materials in Yinchuan, we will have to spend an extra amount of 4,889 yuan on sands alone, and the average cost of every square meter of floorspace will be raised by 2.45 yuan. To avoid adverse effects on the quality of their engineering, many construction units have encouraged the work enterprises to obtain their stones and sands from Zhongwei, Qingtongxia and the Huanghe River dikes. Because of the transportation charges, the costs of these materials were higher than those of local materials by 45-50 percent.

3. According to the "Estimated Amounts for Construction and Installation Engineering" in our region, all the prices of locally produced materials are based on the estimated prices in Yinchuan. Some prices are quite high because local conditions have not been taken into account. At present, in Yinchuan, the market price for every 1,000 bricks is 40-42 yuan (including transportation and loading-unloading charges); and that of every cubic meter of sands (delivered to the worksites), 11.5-12.5 yuan. According to the estimated prices, however, the price of every 1,000 bricks in Yinchuan City is 61.45 yuan, being 2.45 yuan over the market price; and that of every cubic meter of sands is higher than the market price by 2.6-3.5 yuan. Thus some work enterprises would buy their bricks and sands at the market prices and then charge the construction units at the estimated prices. If we want to build a 2,000 square meter residential house in Yinchuan and pay these charges, we will have to pay 9,975 yuan more on bricks and 2,400 yuan more on sands. The cost of the house will be raised by 6.19 yuan per square meter.

From this, we can see that the high engineering costs in our region are mainly related to problems in management. Therefore, much can be done to lower these costs. If all departments concerned can do their jobs well in management, the region will be able to save millions or even tens of millions of yuan in our investment in capital construction.

How to Control the Construction Costs?

First, we should strengthen the cost control departments and step up the work of control by building a strong contingent of highly specialized workers. This job is necessary to not only the planning departments, but also to the construction commissions, and the building materials and the contruction industry departments at all levels.

Second, all capital construction funds, regardless of their sources, should be deposited in the local construction banks so that their use can be properly supervised. Construction banks at all levels should set up organs for auditing final accounts, and the personnel and technical force of these organs should be strengthened.

Third, a system of reward and punishment should be set up for the work enterprises submitting their final accounts.

Fourth, the system of budget preparation by the design departments should be restored in order to stabilize the construction costs.

Fifth, the budgeted amounts and the scale of charges should be readjusted regularly in accordance with actual conditions. Great attention should be paid to quota management, while the rules and regulations of construction cost control and the system of reward and punishment should be set up and perfected.

Sixth, the building materials control and supply departments should carefully attend to the problems of quality, quantity and price of building materials and carry out constant inspections, evaluations and comparisons in the localities.

9411
CSO: 4006/448

FOREIGN TRADE

BRIEFS

FRENCH AID FOR COALFIELD--Beijing, 21 May (XINHUA)--China will import from France a complete set of key equipment for a big coal mine under construction in Yanzhou, Shandong Province, according to an agreement signed recently between the China National Technical Import and Export Corporation and Sogexport of France. The mine has a designed annual capacity of 4 million tons of coal. The equipment to be imported include machines for moistening, water drainage, ventilation, transport and tunnelling. The costs will be covered by loans from a French bank to the Chinese Ministry of Coal Industry at an interest rate of 7.5 percent. The designing and construction of the mine is undertaken by the Chinese side, while the key equipment is to be imported, the rest of the equipment will be provided by Chinese machine building plants. [Beijing XINHUA in English 0746 GMT 21 May 82]

CSO: 4020/145

BRIEFS

EXPRESSWAY FEASIBILITY STUDIES--Guangzhou, 30 Jun (XINHUA)--Surveys for a super highway running from Guangzhou to Zhuhai near Macao and Shenzhen near Hong Kong, China's first expressway, have been completed and economic feasibility studies will begin soon, according to the Guangdong provincial government. The preliminary surveys have determined that the expressway would be 267 kilometers in length, with a four-kilometer long bridge across the Pearl River. The joint committee for the construction of the expressway yesterday heard reports by the survey team of 21 engineers and decided to carry on with economic feasibility studies along with technical feasibility studies which are already under way. The committee feels that construction of the expressway would have a great impact on economic development in Guangzhou, Hong Kong and Macao and stimulate the development of freight transport and the tourist industry in the Pearl River delta. The expressway is a joint project of the Guangdong Highway Construction Company and the Hopewell China Development Ltd. of Hong Kong, with construction funds to be provided by the latter. [Text] [Beijing XINHUA in English 1242 GMT 30 Jun 82]

CSO: 4040/144

GENERAL

EAST CHINA CITY SCORES INDUSTRIAL SUCCESS

OW181301 Beijing XINHUA in English 1229 GMT 18 Jun 82

[Text] Nanjing, 18 June (XINHUA)--Wuxi City on the edge of Taihu Lake now attracts national attention not just because of its scenic beauty but also of its rapid industrial growth.

The city, 120 kilometers west of Shanghai, increased its annual industrial output value at an annual average rate of 12.6 percent from 1977 to 1981. A medium-sized city, Wuxi's textile industry ranks sixth among all Chinese cities in terms of total annual output value and produces one-third of the textiles commended as "famous-brand products" by central and Jiangsu provincial authorities.

More than 380,000 people, 63 percent of the city's 610,000 residents, have stable jobs. All people who want to work are employed.

In an interview with XINHUA, deputy Mayor Yu Qian attributed the city's industrial success to the policy of readjusting China's economy, which calls for upgrading factories and restructuring industrial system to produce more and better consumer goods responding to domestic needs and international market demand.

Under the policy of putting greater emphasis on light industry, Yu Qian said, the municipal government of Wuxi has since 1980 used an average of 61 percent of its industrial investment to transform the existing textile, electronics and light industries.

In the course of this technical transformation, according to Yu Qian, Wuxi's textile industry added spindles and had its outmoded machines replaced by better ones acquired from other parts of China and abroad. In 1981, the textile mills stopped production of goods without ready market, while turning out 76 new varieties and designs of textiles. The textile industry now yields half of the city's industrial profit, Yu Qian added.

The process of achieving industrial growth through technical transformation while at the same time building new enterprises is a national policy, Yu Qian explained. This policy, he said, has worked in "quite a number of factories."

One example is the Wuxi Plastic Carpet Factory--the only one in China--which used to produce 100,000 square meters a year at a cost averaging 50 yuan per square meter.

Now that the factory has been revamped with equipment made by itself and bought from foreign countries, it is able to produce 700,000 square meters a year, at half of the original cost.

Factories operating along similar lines of production have joined forces to work in cooperation to improve efficiency and the quality of products.

The cooperation took a variety of forms, Yu Qian said. One bicycle factory and 12 smaller factories producing bicycle parts, for example, organized themselves into the Wuxi general bicycle plant in 1980 to streamline production. Daily output of bicycles shot up from 1,000 to 3,000 through eliminating duplication in production.

Economic cooperation and technical transformation enabled Wuxi to increase its total output of bicycles to 675,000 last year, an increase of 96 percent over 1979. Output of other durable consumer goods in heavy demand also went up. That of sewing machines, for example, rose 5 times and that of television sets, 3.2 times.

CSO: 4020/144

HONG KONG DEVELOPER SETS PLAN FOR SHENZHEN TOWN

HK030220 Hong Kong HONG KONG STANDARD in English 3 Jul 82 BUSINESS NEWS p 1

[Text] Hopewell holdings, a major real estate developer here, has completed the master plan for its $10 billion new town development project in the Shenzhen Special Economic Zone (SEZ).

Hopewell managing director, Gordon Wu, yesterday said his company would start the first phase of the project, the reconstruction of the Luohu Railway Station in Shenzhen, by the end of September.

Mr Wu said the drafting of the master plan had been completed after 9 months of work and would be submitted to the Guangdong authorities by the end of July.

"The Guangdong authorities are expected to approve the plan one month later," Mr Wu said.

He disclosed the plan after the signing of a $600 million loan facility provided for Hopewell by a syndicate of 24 banks. Half of the money would be used to finance part of the new town project.

The project, disclosed last October, calls for Hopewell to improve the infrastructure on a 33-square kilometre site in Futian and to erect some other buildings there for the Guangdong authorities. If things go well, Hopewell will also have the right to lease the site to other developers for property developments. Gordon Wu said a new and efficient Luohu Railway Station would be vital to the success of the Futian new town although the station is about seven kilometres away.

"The new railway station enables a more convenient passenger transit on the Hong Kong-Shenzhen border," said Mr Wu.

The new town would be linked to the railway station by a seven- to eight-kilometre long light railway system and a highway.

"The design of the light rail system will be similar to those in Europe. Most parts of the system will be in the open-air but it will go underground when it crosses the highway," said Mr Wu, adding that in future all residents of the new town can reach a light rail station within 12 minutes on foot.

He pointed out that the most serious problem facing the new town project was the lack of telephones.

"We hope to have 20 to 30 telephones per 100 residents in Futian but under the planning of Shenzhen authorities there will be only 2,000 for the whole Sez," said Mr Wu, adding that the future population of Futian would be 300,000.

According to some sources, Shenzhen will be developed into a city with a population of one million by the year 2000 from the present 60,000.

Mr Wu said Shenzhen authorities had no plan to install more telephone lines but refused to let Hopewell to carry out the installation, adding that his company was negotiating with Beijing's high-ranking officials on the matter.

The $600 million loan facility is divided into the tranches. The first is for various Hopewell projects, mainly in China including the new town project, and a highway system linking Hong Kong, Guangzhou and Macau.

However, Mr Wu said it would take quite a long time before the highway project could be realised because the construction involves more than 300 brigades.

[Words indistinct]

Interest for the loan facility is set at 1.125 per cent over the Hong Kong interbank offered rate. Lead managers are Paribas Asia, Dresdner Bank Hong Kong branch, Bank of Tokyo and Chartered Bank. The commitment fee is 0.25 per cent.

CSO: 4020/146 END

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NATIONAL POLICY AND ISSUES

RELATIONSHIP OF DEVELOPMENT STRUCTURES VIEWED

HK281100 Beijing RENMIN RIBAO in Chinese 11 June 82 p 5

[Article by Zhu Jiaming [2612 0857 2494] and Huang Jiangnan [7806 3068 0589]: "On the Relationship Between the Readjustment of the Scientific and Technological Structure and the Industrial Structure"]

[Text] In 1979 the party Central Committee and the state council laid down the principle for national economy, that is "readjustment restructuring, reorganization and upgrading." Of the four, "readjustment" is the core. Basically, it means readjusting the economic structure, thoroughly changing the serious imbalance in the national economy and letting the national economy develop in a planned and proportioned way. We have carried out economic readjustment in the past few years, and the serious irrational phenomena in the economic structure have improved. Changes in the industrial structure are especially outstanding, in implementing the strategic plan of harmonizing the development of scientific technology with the economy and society, we must attach more importance to the readjustment of the scientific and technological structure.

Since scientific technology is a productive force, readjustment of the national economy should include the readjustment of the scientific and technological structure. Because the industrial structure is the basic factor in various elements in the national economy and has a definitive effect on other structures, the readjustment of the scientific and technological structure should meet the needs of the industrial structure. Without question, the rationalization of the scientific and technological structure is sure to give impetus to the improvement of the industrial structure.

What then is the scientific and technological structure? How can it suit the readjustment of the industrial structure?

Viewed vertically, the scientific and technological structure consists of three things: Basic research, research on application and research on development. Viewed horizontally, it also consists of three things: Research on state security, research on welfare and research on production development. Scientific and technological structure is an organ with a knowledge aspect and a physical aspect. Research on application and development has an internal relationship with the industrial structure that should not be ignored, because technological breakthroughs brought about by applied research are always in the vanguard in

opening up new industrial fields and development research transforms the results of basic research, mainly applied research, into a productive force and thus into new products. This is done through intermediate experiments, popularization experiments and production experiments.

The scientific and technological structure should meet the needs of the industrial structure. This means two things. First, from the viewpoint of the scientific and technological structure, we have to strengthen research in applying and research in developing. In fact it means strengthening research in applying technology. Second, from the standpoint of the scientific and technological structure, it means strengthening the connection between state security, people's livelihood and production development. According to the concrete problems of our country, the scientific and technological structure does not meet the needs of the industrial structure. This is evident in two ways. First, research on application and development does not suit the needs of readjustment and development of the industrial structure. For example, we have acquired foreign advanced technology, but we could not digest it fully and instantly, and could not combine it with our own technology to improve it, condense it and raise it to a more advanced technology to promote our production development. This shows that development research in our country is a weak point. This is because in the past we did not pay attention to development research. We were short of capital and research technicians and administration were imperfect. Second, the research on state security and welfare are divorced from the research on production development. In our country, for instance, on the one hand, the industrial department of national defense concentrated large scientific and technological forces and formed a definite scale of productive force--the successful launching of missiles, satellites and rockets. On the other hand, in the majority of daily necessities, either in the means of subsistence or means of production, we are short of new technology, new materials and new crafts that are most essential. The results of advanced technology in national defense were not transferred to other production fields in due time. Meanwhile there were also irrational phenomena among the three types of research. With regard to production research, i the readjustment of the national economy, there were many economic and technical problems that needed to be solved but were not pinpointed in time. For instance, opening new energy sources and conserving those sources are major problems. The above analysis shows that the readjustment of the scientific and technological structure is most necessary.

In order to readjust the scientific and technological structure, first of all, we must regard this readjustment as one of the component parts of the present economic readjustment and bring it into line with the general plan of readjustment. Then we must correctly and proportionately arrange the basic research and research on application and development. Considering the affairs of our country, we must not ignore basic research, and priority should be given to key points. More attention should also be paid to research on application and development. We must open up new work, but more stress should be specially placed on the development of production techniques available in the world which suits our country. We must strengthen research on this subject, fully exert creative spirit and gradually upgrade the basis of application. We must also tackle key problems concerning those technical items that economically effect the national economy, for example, items which open up new energy sources and

conserve it; modernization of railways; and complicated technical problems to be solved in mass production of color televisions, etc. All these important key items should be component parts of the state five year plan.

The readjustment of the scientific and technological structure must be combined with the reform of the scientific research system and the whole national economic system. Along with the progress of the unification of industrial enterprises, we can gradually and in a planned way develop specialized companies and at the same time establish unions of industry and scientific research, union companies and research units (centers) in our country.

Now it seems that the readjustment of the scientific and technological structure must not only get rid of thos ideas that exclude the scientific and technological structure from the economic structure, but we must also avoid those ideas that regard scientific activity as superior to economic development. We must understand that the orientation and importance of scientific and technological research should be based on different levels and stages of economical development. If we recklessly seek "high class, fine rate and advanced level" and merely regard the catching up and surpassing of the world's advanced economy as our objective, it would be a disadvantage to economic development.

Here we put forward one summarized target to examine whether or not the results of scientific technology are reasonable, that is, the transformation of scientific technology. The transformation of scientific technology is the proportion of scientific and technological results transformed into production, and the end result. According to the condition of our country, the transformation of scientific technology is far from those developed countries. This should be changed by readjusting the structure of scientific technology in our country.

Like the readjustment of other structures in the national economy, the readjustment of the scientific and technological structure requires a great deal of time and great efforts. We are sure, with the development of the readjustment of the scientific and technological structure, scientific technology will be more and more prominent as an impetus to economic construction. The imbalance in scientific technology and economic and social development will then be greatly changed.

CSO: 4006/502

HEILONGJIANG YANG YICHEN AT WORK CONSOLIDATION MEETING

SK290655 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Jun 82

[Excerpts] According to our sources, after an 8-day session, the Heilongjiang Provincial meeting sponsored by the provincial CCP Committee on consolidating work ended recently. At the meeting, participants summed up the work progress achieved in the former period, exchanged experience gained in this regard and worked out plans for further consolidating work.

The meeting stressed: In conducting work consolidation, it is necessary to regard party rectification as a central task, the struggle against serious economic crimes as a major mission and ideological education as key links, as well as to hold as the final purpose the effort of achieving certain progress and better results in the economy and effecting a turn for the better in party workstyle and social morale and order in politics.

Attending the meeting were secretaries from various prefectural and municipal CCP Committees and the discipline inspection commissions; directors of the organizational departments; and responsible comrades of a number of county CCP Committees and provincial level departments, offices and committees. Speaking at the meeting were leading comrades of the provincial CCP Committee including Yang Yichen.

The meeting noted: Over the past 5 months, the province has achieved unity in thinking of the importance of an overall consolidation and has scored remarkable achievements in dealing blows at serious economic crimes. The province has upgraded economic returns and has scored a rapid speed and fine quality in the spring farming. During the January-May period, the province scored a 7.5 percent increase in industrial output value over the figure of the corresponding 1981 period and 14.6 percent increase in financial incomes. All of this has shown that the province has taken a turn for the better in the party's work style and social morale and order and has made an initial breakthrough in consolidating work throughout the province.

The meeting urged the party committees at all levels throughout the province to make all-round arrangements and to strengthen their leadership over the work. Efforts should be made to closely cooperate with each other and achieve mutual encouragement. While doing a good job in conducting work consolidation, in

specific units it is necessary to exert all-out efforts to consolidate work in an area as a whole. Efforts should be made to proceed the work from the actual situation and refrain from seeking uniformity in conducting work consolidation. However, it is imperative to draw up a plan for consolidating specific work so as to define a work schedule for tackling certain problems this year. Efforts should be made to upgrade the standard of leadership at units where cadres have stayed in order to conduct investigations and give full scope to thier advisory role. It is necessary to regard the work consolidation as a key to successfully making overall arrangements for work in various fields so as to carry forward the work consolidation throughout the province in a thorough way and advance various work successfully.

CSO: 4006/503

BRIEFS

RESTRUCTURING ECONOMY--According to a Shijie Jingji Daobao [word economic report] report, Chinese economic workers and theorists in the past few years have held enthusiastic discussions on theoretical questions concerning the structural reform of the economy. Many academic meetings of this nature have been held in Beijing and various provinces and municipalities. Many academic articles and ideas have been published. The general objective is to find a Chinese way to reform the economic structure in a way that is based on Marxist principles, reflects the experiences and lessons in socialist economic construction of our country and other countries and is suited to China's conditions. To further develop discussions on these significant theoretical questions, the state commission for restructuring the economic system and the economic research center of the state council recently held a mobilization meeting. Xue Muqiao, Yu Guangyuan, Zhou Taihe and others spoke at the meeting. Today's Shijie Jingji Daobao carries excerpts of their talks in its second page. [Text] [OW300825 Shanghai City Service in Mandarin 2300 GMT 27 Jun 82]

CSO: 4006/502

ECONOMIC PLANNING

'SHANXI' MEETING DISCUSSES REVENUE WORK

HK260636 Taiyuan SHANXI RIBAO in Chinese 16 Jun 82 p 1

[Report: "Provincial Government Holds Forum on Revenue Work"]

[Excerpts] On the morning of 14 June, the provincial government convened a forum of responsible comrades of the provincial planning, economics, and finance committees and the industry and communications and finance and trade departments and bureaus, to sum up the situation in revenue work in the previous period and discuss measures for accomplishing more than half the year's revenue task in half the year.

The meeting held, the province's revenue situation has been very good this year. By 10 June the province had fulfilled 44.65 percent of its budgeted revenue, showing a rise of 27.99 percent compared with the same period last year. Dividing this into categories, enterprises income fulfilled 44.05 percent of the year's quota, showing an increase of 41 percent compared with the same period last year; and industrial and commercial tax revenue fulfilled 48.88 percent of the year's quota, showing an increase of 21.01 percent.

After discussion, the meeting demanded that the province carry out the following tasks in order to fulfill more than half the year's revenue task in half the year:

1. Seriously implement the spirit of the provincial government's 6 June telephone conference on industry and communications, grasp production with one hand and profit accumulation on the other, and do still better in production in June.

2. The departments and bureaus concerned must attach importance to promoting revenue work.

3. Get a good grasp of clearing revenue arrears. It is particularly important to help the enterprises clear their external loans. Debts between enterprises should also be cleared.

4. Strictly observe financial and economic discipline. All departments and units must accept the lessons of the problems that cropped up in enterprise fiscal work last year, resolutely act according to discipline and regulations, and get a strict grasp of increasing revenue and economizing expenditure.

CSO: 4006/502

BRIEFS

JIANGSU INDUSTRIAL OUTPUT--Jiangsu continued to achieve a sustained growth in its industrial output value in May with an 8.8 percent increase over May 1981. The total output value for the first 5 months of 1982 increased 13.2 percent over the same period last year. The province's financial revenue in May was 5.57 percent more than last May; for the first 5 months of 1982 it was 15.36 percent more than in the same period last year. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 7 Jun 82 OW]

QINGHAI'S INCOME DISTRIBUTION--There were 11 counties and cities in Qinghai Province whose average per capita income distribution from the collective was over 200 yuan in 1981. They were Madoi, Tianjun, Qumarleb, Golmud, Zhidoi, Gangca, Maqen, Henan, Dulan, Ulan and Qilian. Madoi County ranked first in average per capita income in the whole country with 474.8 yuan. According to statistics, this province had 2,484 basic accounting units whose average per capita income exceeded 150 yuan. Basic accounting units whose average per capita income exceeding 300 yuan increased from 237 in 1980 to 413 in 1981 and units whose average per capita income ranging from 200 to 500 yuan increased from 61 in 1980 to 115 in 1981. [SK291058 Xining Gansu Province in Mandarin 1100 GMT 28 Jun 82]

CSO: 4006/502

ECONOMIC MANAGEMENT

REPEL 'OUTFLANKING ATTACKS' BY ECONOMIC CRIMINALS

HK301255 Beijing Ribao in Chinese 23 Jun 82 p 3

["Jottings on Party Work Style" column by Liu Guochang [0491 0948 2490]: "Be Alert Against 'Outflanking Attacks'"]

[Text] In our society, most of the economic criminals who want to succeed must have the "support" and "help" of leading cadres, otherwise, they will not be able to attain their goal. Therefore, before starting anything, their first step is to rope in by hook or by crook a leading cadre to be their patron. Their methods are nothing more than "direct engagement" and "outflanking attacks." "Direct engagement" is to fire sugar-coated bullets directly at the cadre. This trick is well known to people and they are more or less on the alert. However, an "outflanking attack" is to work on the relatives of the cadre first, and then drag the cadre into the mire. Although people have heard of this trick, some of them have often not taken necessary precautions.

For the sake of finding a "protective umbrella," the swindler Ma Xiguang, who practiced bribery in the Tiefa mining region of Liaoning Province, became very friendly with the relatives of Liu Ying, secretary of the party committee of the mine. He sent presents directly to his house for his wife and children. After a while, as their relationship improved, Liu Ying also granted all his requests and gave him the green light. For the sake of making "connections" Zeng Zhen shan, one of the criminals of the motor vehicle reselling case in Henan Province, took exceptionally "good care" of the relatives of Lu Yaokuan, deputy section chief of the general motor vehicle bureau. Even the medical expenses of Lu's mother, father-in-law and nephew were taken care of. Consequently, he successfully weaved his "web of relationships."

Some of our leadership cadres are still able to hold out against the "direct engagement" of the criminals. However, they are always defeated by "outflanking attacks." They cannot withstand the pleas os their wives or the instigations of their children. They have often said "just this once, don't do it again." But in the end they still give the green light to the criminals.

People call this kind of situation "henpecking" or "tracheitis" (bossy wife) [a homonym in Chinese]. This simplistic attribution of the problem to personal character, despite the implication, still has the defedt of being too superficial. The basic reason for the defeat of these cadres is because they have

removed the necessary weapons and proper vigilance from their minds. They have forgotten the position of a leading cadre and the various tests which ensue from it. When setting a strict demand on themselves, they have overlooked the problem of also setting a strict demand on their relatives at the same time as to prevent this "stronghold" of the family from being captured.

Zhao Yi, a historian of the Qing Dynasty, in his work "Eunuchs of the Ming Dynasty," using the situation of the taking of bribes by some Ming officials, said in conclusion: "Bribes follow the group in power." Although this standpoint has its limitations and one-sidedness, it nevertheless resourcefully points out the relationship between bribery and power. When a leading cadre takes on certain responsibility and holds certain power, he will be constantly assailed with bribes and presents. What attitude to take in dealing with them is a question the leading cadre himself and his relatives must seriously solve. The cadre not only must strictly discipline himself, but he must also pay attention to educating his family. When his family members have been duped and try to intercede for some one, he must stick to his principle and resolutely hold out against them. As for the relatives, they must keep a clear head and repel such "outflanking attacks" together. They definitely cannot be conceited about being the relatives of a leading cadre, and much less can they, because of this, take bribes and help the criminals.

CSO: 4006/507

NEI MONGGOL MEETING HEARS REPORT ON ECONOMIC OFFENSES

SK260937 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 25 Jun 82

[Excerpts] The 12th session of the standing committee of the 5th Regional People's Congress held its plenary meeting on the morning of 25 June to hear reports by the regional higher people's court and the regional people's procuratorate on implementing the decision on dealing blows at serious criminal activities in the economic sphere. Ke Ligeng, vice chairman of the regional people's congress standing committee, presided over the meeting.

Li Wenjing, president of the regional higher people's court, delivered a report on the implementation of the decision. He said: Since the beginning of this year, our region's people's courts at all levels have earnestly implemented the state decision on dealing blows at serious economic crimes, done a lot of work and scored definite achievements. By end of April, our region's people's courts at all levels have accepted and heard 827 economic criminal cases and have handled 749 cases. Some people's courts have selected important, exemplary and educational cases for open trials in an effort to frighten the criminals and to educate the masses. After the promulgation of the decision of the national people's congress standing committee on dealing blows at serious activities in the economic sphere, over 230 economic criminals throughout the region surrendered themselves and confessed their crimes frankly to the pertinent departments prior to 1 May.

Han Shijin, chief procurator of the regional people's procuratorate, delivered a report on the implementation of the state decision. He said: To resolutely deal blows at serious economic crimes, the procuratorates at all levels, while making arrangements for professional procuratorial work, persisting in the consolidation of the public security and comprehensively doing all procuratorial work well, have stressed economic procuratorial work and strengthened this work in terms of leading ideology, the energy of leaders, organizational force and work arrangements. They have earnestly investigated and handled a number of serious economic criminal cases. Of the 208 cases on file for investigation and prosecution, 73 have been handled. Through their handling of economic cases, the procuratorates have retrieved 340,000 yuan for the state. In addition, the public security departments were given approval to arrest 187 economic criminals.

Ting Mao, chairman of the regional people's congress standing committee, and Gao Zengpei, Liu Chang, Qi Junshan, Bao-ri-le-dai and E-qi-er-hu-ya-ke-tu,

vice chairman of the regional people's congress standing committee, attended the meeting. Shi Guanghua, vice chairman of the regional people's government, and responsible persons of departments concerned of the regional CCP Committee discipline inspection commission, the regional construction committee, the financial and trade office, the public security and financial departments and the industry-commerce administrative bureau and the environmental protection office as well as responsible persons of various municipal, banner, county and district people's congress standing committees and various league administrative offices and organs of the regional people's congress standing committee, attended the meeting as observers.

Group discussions were held on the afternoon of 25 June.

CSO: 4006/507

LIAONING ON PUNISHMENT OF SERIOUS ECONOMIC CRIMES

SK270352 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 26 Jun 82

[Text] According to our reporter (Wang Junsheng), the Liaoning Provincial experience-exchange meeting on investigating and dealing with serious crimes concluded on the afternoon of 25 June. The meeting urged leaders at all levels to exert all-out efforts to combat the slack mood and work style of giving only vague and general guidance and to concentrate on making a breakthrough in serious crimes.

The meeting has summed up and exchanged the basic experience gained in dealing blows at serious economic crimes throughout the province in the past 5 months and has studied policy problems in the struggle. The meeting contended that the developing progress in dealing blows at serious economic crimes throughout the province was rapid and sound and that the struggle against them had resulted in better efficiency. The province has cracked 1,684 economic crimes and confiscated over 5.5 million yuan of illegal earnings. However, the meeting noted that the struggle's development was not even. Leaders at all levels are urged to pay special attention to combating the slack mood and work style of giving only vague and general guidance and to concentrate on making a breakthrough in serious and major cases. They should follow the responsibility system enacted in investigating these serious cases, assume personal charge of the case and exercise concrete leadership in dealing with the case.

Localities and units which have lagged behind in the struggle should make efforts to disseminate the documents and decisions concerned issued by the central authorities, reinforce their power in dealing with cases and adopt effective measures for strengthening the weak links and uncovering problems to change the backward situation as soon as possible.

The meeting stressed: In launching the struggle, efforts should be made to strictly adhere to the proper focus of the struggle and have a correct grasp of policy. Cases which have violated the criminal laws and the party's discipline should be strictly dealt with according to law to ensure implementation of the decisions.

The meeting urged localities throughout the province to take the struggle against serious economic crimes as an important task for conducting education among the people on combating the corrosive influence of bourgeois ideology

and for advancing party and workstyle rectification and the work in various fields. Efforts should be made to thoroughly block the malpractice of leading cadres who seek private gains by taking advantage of their post and designate a number of advanced units and individuals who have never been tainted with corrosive influences.

CSO: 4006/507

'SHANXI' MEETING DISCUSSES ECONOMIC CRIME

HK190548 Taiyuan SHANXI RIBAO in Chinese 6 Jun 82 pp 1, 3

[Report: "Provincial CCP Committee holds report forum demanding concentrated efforts on investigating and handling major and important cases, carrying out in depth the struggle to hit at serious economic crime]

[Excerpts] The Shanxi Provincial CCP Committee held a report forum on hitting at serious economic crime from 1 to 5 June. The various prefectures and municipalities exchanged information and experiences in investigating and handling major and important cases, analyzed the current existing problems, and studied arrangements for the next step. The meeting demanded that the party committees at all levels strengthen leadership, concentrate forces for swift investigation and handling of major and important cases, and carry out this struggle in greater depth.

Provincial CCP Committee Executive Secretary Li Ligong and Secretary Zhu Weihua listened to reports delivered by leaders concerned of the prefectures and municipalities, and also joined in the discussions with them. The meeting unanimously held: since implementing the "urgent circular" of the central authorities and the "decision" of the CCP Central Committee and state council, Shanxi has scored initial success in the struggle to hit at serious economic crime. According to the statistics reported at the meeting, the province has exposed over 1,440 cases of economic crime, of which over 270 involve sums exceeding 10,000 yuan and over 140 involve sums between 5,000 and 10,000 yuan. The province has transferred over 5,000 case-handling personnel to deal with these cases. The handling of 158 cases has now been completed and over 1.4 million yuan and large quantities of goods have been recovered. According to further verification, over 600 people in the province have given themselves up and returned over 700,000 yuan together with other goods including gold, and silver dollars and automobiles.

The meeting participants seriously analyzed the problems that have cropped up in this struggle. The main one is that the handling of the major cases already exposed, especially those involving certain leaders, has been ineffective and slow. The main reason for this is that certain leading comrades lack sufficient understanding of the importance of this struggle and a strong sense of responsibility. Some of them hold that economic cases are complex, and so they are afraid of and flinch from the difficulties; some are awaiting the

restructuring of the organs and deal with things in a passive way instead of taking positive action; some worry about personal gain or loss, are afraid of this and that, make all kinds of excuses and equivocate; and there are also certain individual cadres who do everything possible to clamp down the lid because they are not clean themselves. The party committees at all levels must attach a high degree of importance to these problems.

In order to get a good grasp of major and important cases and press forward the struggle in greater depth, Comrade Zhu Weihua put forward five demands in his summation speech:

1. The leading cadres at all levels and the comrades of the whole party must further study the "decision" of the CCP Central Committee and state council, to enhance their understanding and unify their thinking.

2. The struggle against serious economic crime is a major task today and also for a long time to come. It is not just the business of the discipline inspection departments or the case-handlers; the whole party must get to work and strengthen leadership. The party committees at all levels must put this affair in an important place on thier agenda, and the numbers one and two men must personally be concerned for it, while the leaders assigned to take charge of this work must personally get to work and provide direct command.

3. Concentrate forces, grasp the key points, and make rapid breakthroughs in major cases. In the near future each prefecture, municipality and county must tackle one or two or two or three major cases, make rapid breakthroughs, and complete the handling of them. It is all the more necessary to get a relentless grasp of cases involving major organs and important cadres, act with stern impartiality, conduct the most thoroughgoing investigations, and deal severely with these cases.

4. Carrying out internal rectification, putting systems on a sound basis and blocking loopholes constitute an important aspect of hitting at economic crime. The majority of the serious cases of economic crime exposed so far are related to the chaotic internal management of our state organs, enterprises and units and the lack of sound systems there. In particular, in the bankigg system and certain units directly handling money and goods, the lack of sound management measures or the failure to abide by regulations leave a loophole for certain law-breakers in society and certain corrupt and degenerate elements in the party. Hence all units directly handling money and goods, and especially the banking system, must formulate thoroughly effective management measures on the basis of investigation and study. They must both uphold the party policy of opening up to the world and enlivening the domestic economy and also block the existing loopholes.

5. Get a good grasp of carrying out anticorruption education for the cadres and masses, especially the party members. We must step up education in communist ideology and the legal system within the party and among the party cadres, especially the middle and high-ranking cadres and their sons and daughters and relatives.

CSO: 4006/505

HEBEI RADIO ON INTERCEDING FOR ECONOMIC CRIMINALS

HK291503 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 22 Jun 82

[Station contributing commentator's article, "In Striking Blows at Economical Criminal Activities, It Is Necessary to Curb the Malpractice of Interceding for Economic Criminals"]

[Excerpts] The article points out: In the course of striking blows at economic criminal activities, a large number of good party members and good cadres who handle matters impartially, are upright and never stoop to flattery, have emerged in all places. However, some cadres have not clearly understood this struggle which has a bearing on the prosperity or decline and rise or fall of our party and country, have not exposed and struggled against offenses of smuggling, peddling smuggled goods, graft, receiving bribes and encroaching upon state property and under various pretexts, have even interceded for these offenders and cleared them of their charges. They have done so using the following four pretexts:

First, it is all right when one knows one's mistake, one corrects it and does not repeat it. It is not necessary to investigate and affix criminal responsibility. Here, it is essential first to clearly distinguish between a crime and a mistake. The so-called mistake is a general error and does not contravene the law. Smuggling, peddling smuggled goods, graft and receiving bribes exceed the scope permitted by the state law and constitute crimes. Offenders must be punished in accordance with the law. Moreover, when one knows one's mistake, one corrects it and does not repeat it. This is merely a pretext to clear offenders of their criminal responsibility. This can only encourage offenders to feel secure and reckless in the knowledge that they have strong backing. This will sabotage our cause even more.

Second, as the problem occurs at the lower level and the responsibility lies with the upper level, it is all right just for the leaders to make a self-criticism. It is unnecessary to investigate and affix responsibility to the party concerned and deal with him. This is a pet phrase of some responsible comrades for interceding for their subordinates. When their subordinates commit a crime, leaders surely have responsibility. Self-criticism and understanding are indispensable. However, the law is not a trifling matter and committing a crime is not generally just committing a mistake. This is not a matter of understanding. Since the party concerned has violated the law, he

should be punished in accordance with the law. If their subordinates commit a crime, leaders just dispose of the matter only by understanding and making a self-criticism. The offenders can still go scot-free. The law becomes a mere scrap of paper.

Third, as veteran cadres rendered meritorious service in the past and were repudiated in the cultural revolution, it cannot be regarded as a major matter if they are now keen on gaining a petty economic advantage. It is unnecessary to seriously investigate and affix responsibility to them. No doubt, veteran cadres really rendered meritorious service to the revolution and construction. The party and the people will never forget this. However, we must clearly distinguish between merit and demerit and between right and wrong. We cannot regard yesterday's merit as a reason for violating the law and discipline. Conversely, because they are veteran cadres, they must be law-abiding and serve as models of virtue for others. Some experienced all kinds of hardships in the past and must know that today's achievements are hard-earned. Not only have they not added a brick or a tile to the four modernizations but, as veteran party members, veteran cadres and veteran revolutionaries, they have concocted various pretexts, appropriated public property by graft and bribery and encroached upon state money and property at will. They have given dinners and gifts with state money and received bribes. They have committed embezzlement, sought personal gains by virtue of powers and done nothing without a profit. None of this is permitted by party discipline and the state law. Everyone is equal before the law. Therefore, whoever they may be, they must strictly abide by it.

Fourth, is it now not necessary to implement flexible policies and to enliven the economy? It does not matter that one seeks a bit of personal gain. We must clearly understand that implementing flexible policies presupposes adhering to the four basic principles and enlivening the economy is also carried out within the scope permitted by the party policies and the state law. Relying on crooked ways to become wealthy and using unhealthy trends to enliven the economy are unlawful activities. Offenders deserve punishment imposed in accordance with the law. Although the ways of interceding are different and the reasons are different, they do nothing but clear offenders of their economic crimes. None of these reasons are tenable. Why are people willing to be interceders? First, some people have not sufficiently understood the significance of striking blows at the criminal activities in the economic field. Second, some people are not upright themselves and are implicated in the cases and fear that when the responsibility is investigated and affixed, they will be involved. Some people are old colleagues and old acquaintances of the offenders or their fellow villagers, neighbors, relatives and friends and have found it difficult to decline their request.

The commentary points out: The malpractice of interceding for economic criminals is an expression of the impurity of the party spirit and a serious unhealthy trend. Discipline inspection departments at all levels of the party and political and legal organs must impartially enforce the law, not save face nor open the back door. No matter where the malpractice of interceding for economic criminals occurs, they must resolutely resist it. They must severely and mercilessly punish those offenders and resolutely do a good job of the struggle against crimes in the economic field.

CSO: 4006/505

NEI MONGGOL MEETING HEARS FINANCIAL REPORT

SK290453 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 28 Jun 82

[Excerpts] The 12th Standing Committee Meeting of the 5th Autonomous Regional People's Congress convened a plenary meeting on 27 June. The meeting heard a report prepared by the regional people's government on the region's 1981 final accounts of revenues and expenditures and the 1982 budget. It also heard explanations on the draft of a provisional regulation on environmental protection and management, which has been formulated by the regional people's government.

Gao Zengpei, vice chairman of the Regional People's Congress Standing Committee, presided over the meeting.

Entrusted by the regional people's government, (Li Lin), director of the regional financial department, reported on the region's 1981 final accounts and 1982 budget and submitted the report to the meeting for examination. (Li Lin) said: On balance, the region's 1981 situation on revenues and expenditures was good. With the help of the planned central subsidies, we achieved a balance of revenues and expenditures with a little surplus. In addition to funds earmarked for specified purposes to be spent next year, we had a balance of 5.09 million yuan. In discussing the 1982 draft budget, (Li Lin) said: The guiding ideology on drafting the 1982 budget is to continue implementing the principle of readjustment, restructuring reorganizing and upgrading the national economy, the policy of developing forestry and livestock breeding as the key link and promoting a diversified economy and the guideline on increasing financial revenues by promoting production and improving economic efficiency. Attention was paid to continued strict control over the scale of capital construction, accelerating the transformation of the backward state of border areas and somewhat improving the livelihood in both urban and rural areas on the basis of developed production.

The 1982 draft budget calls for a total revenue of 440 million yuan and a total expenditure of 1,733,520,000 yuan. The 1982 revenue figures shows a real increase of 5.8 percent over 1981. The expenditure figure, as calculated in terms of comparable items with the 1981 budget as the base, represents a 19.1 percent of increase.

(Li Lin) said: Nearly half of 1982 has elapsed. The overall situation for implementation of this year's budget is that the implementation of the revenue plan has been progressing as scheduled. This is a gratifying phenomenon rarely seen in recent years.

Ting Mao, chairman of the regional people's congress standing committee, and vice chairman Ke Ligen, Liu Chang, Qi Junshan, Bao-ri-le-dai and E-qi-er-hu-ya-ke-tu attended the meeting. Shi Guanghua, vice chairman of the regional people's government; Li Wenjing, president of the regional higher people's court; and Han Shijin, chief procurator of the regional people's procuratorate, attended the meeting as observers.

CSO: 4006/502

BRIEFS

XINJIANG TAX WORK CONFERENCE--The Xinjiang regional conference on tax work which recently concluded demanded that the region strengthen the centralized and unified management of revenue and strive to increase revenue. In accordance with the report made by the Ministry of Finance and approved and transmitted by the state council on strengthening tax work and in accordance with the spirit of the national conference on tax work, the conference laid stress on the discussion of the issues of how to further strengthen tax work and how to ensure overfulfillment of quotas for collecting industrial, commercial and salt taxes. The conference was held in Urumqi from 24 May to 3 June. Regional CCP Committee Secretary Qi Guo and regional people's government Vice Chairman Liu Zimo attended and spoke. [HK101423 Urumqi Xinjiang Regional Service in Mandarin 1650 GMT 8 Jun 82]

HENAN CURRENCY WITHDRAWAL CIRCULAR--The Henan Provincial People's Government recently issued a circular demanding that all places seriously do well in withdrawing currency and strictly controlling money put into circulation. The circular demands that the province vigorously supply industrial products to rural areas to do well in withdrawing currency, strictly control credit loans and so well in procuring agricultural and sideline products and urban and rural savings. [HK301448 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 24 Jun 82]

SHANDONG RURAL SAVINGS--The total savings deposits in rural areas of Shandong Province was 2.6 billion yuan by the end of May this year, 350 percent more than in 1976. [SK020546 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Jun 82]

CSO: 4006/505

BRIEFS

HENAN MINERAL MANAGEMENT DECISION--The Henan Provincial People's Government recently issued its decision on strengthening the management of the sources of mineral products. The decision demands that all places quickly take effective measures to resolutely curb the malpractice of indiscriminate extraction of minerals and to protect the mineral resources. It is necessary to resolutely implement the relevant state law and policy on the protection of the resources of minerals, prohibit all units and individuals form unlawfully extracting minerals, further improve and perfect the management system, formulate strict procedures of examining and approving the issuing of permits for the extraction of minerals, strengthen leadership over the extraction of minerals by communes and brigades and extract and utilize mineral resources in a planned way. When it is essential to cooperate with other provinces in extracting mineral resources in this province or to jointly extract these resources with other provinces, the arrangements must be made by the provincial government in a unified way. Without approval, no units or individuals are allowed to transport or sell these resources to places other than this province. It is imperative to strengthen the management of geological data and do well in administration and tidying up social order in mining areas. [HK010817 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 28 Jun 82]

CSO: 4006/507

INDUSTRY

'SHANXI' HOLDS INDUSTRY TELEPHONE CONFERENCE

HK230428 Taiyuan SHANXI RIBAO in Chinese 8 Jun 82 pp 1, 4

[Report: "Provincial Government Holds Telephone Conference Calling on Workers on the Industry and Communications Front to Make Still Greater Efforts"]

[Text] Production of industry and communications of the province has, on the basis of successive growth in the first 4 months of this year, set a new May record. The total industrial output value amounted to 1.1338 billion yuan for the whole province in May, a 3 percent increase over April figures and a 16.3 percent increase over May figures last year. Up to the end of May, the total accumulated industrial output value of this year amounts to 5.27771 billion yuan, 42.2 percent of the year's plan, and a 16.4 percent increase over the same period last year.

In May of this year, the output value increased in 9 of the 11 prefectures and cities in the province, including increases of over 5 percent in the 6 cities and prefectures of Taiyuan, Yangquan, Changzhi, Yanbei, Luliang and Yuncheng. There was a 17.05 percent growth compared with May of last year in the machinery industry and a 12.5 percent growth in the coal industry, which recorded a new high in monthly output. In the chemical industry, there was a 23.6 percent growth compared with May of last year. Half of the entire year's plan has been fulfilled, 1 month ahead of schedule for the half-year. In the 2d light industry system, there was a 15.17 percent growth in the period from January to May compared with the same period last year. According to the statistics for output of 45 major products in the province, over 42 percent of the entire year's plan have been fulfilled in 40 products, and over 50 percent of the entire year's plan has been fulfilled 1 month ahead of schedule in sulphuric acid, caustic soda, iron pyrites, ferromanganese and beverages and wines.

The great achievements scored in May this year are first of all due to the straightening out earnestly carried out in the enterprises and departments of industry and communications of the whole province in accordance with the instructions of the central authorities. Initial achievements have already been recorded in the 238 enterprises run by the province, prefectures and municipalities listed for key straightening out this year. Second, following the instructions of the state council, a lot of work has been done and some achievements recorded in extensively carrying out the activities of "safety month." Especially in May, the standing committee of the provincial party committee

specifically discussed the problem of how to reverse the situation of losses and deficits and raise the economic returns in industrial enterprises. An urgent notice was issued demanding a fundamental change in the loss and deficit situation in some industrial enterprises during June, July and August. Following the instructions of the provincial party committee, great importance has been attached to it by the leadership of various departments and various prefectures and cities. They have taken up the task themselves and organized forces to conduct a serious investigation and study and analyse the loss and deficit in the enterprises of their own departments and areas. They have used the methods of appointing a person in charge of a factory, assigning responsibility to individuals and setting a deal for solving the problems, thus, grasping the work of reversing the losses and deficits. More than 10 industrial departments and bureaus under the direct leadership of the provincial authorities have made decisions to send 147 comrades to help work in the enterprises which have suffered serious losses and deficits. Those comrades have arrived at the enterprises one after another to start doing a solid job in reversing the loss and deficit situation. Meanwhile, the leading cadres of various levels have changed their style by going deep into the enterprises to handle business on the spot and resolve some tricky problems.

In order to further improve industrial production, the provincial people's government held a telephone conference on the evening of 6 June. Comrade Wang Kewen, secretary of the provincial party committee, presided over the conference and delivered a speech. He said the situation in industrial production from January to May this year was good. He hoped it would be better in June, with a record-breaking monthly output set this year. The quotas for major products should be met and the cost of the products should be low. The quality of the products and safety measures must be improved. The enterprises which have suffered losses and deficits should be improved to make profits. There will be a comparison and assessment in July. Good enterprises will be praised and rewarded. Special attention should be paid to control and management work. Reports on special topics should be written by the units which have achieved initial effects in straightening out the enterprises, the problems of building the leading bodies, tidying up labor discipline, and the establishment and improvement of economic responsibility systems. The socialist labor emulation drive should be thoroughly grasped in a prominent way.

At the telephone conference, while summing up the experience in production in industry and communications in May, Yen Wuhong, provincial vice governor, put forward the following suggestions on arrangements for doing well in industry and communications production in June.

1. We must continue to maintain a good rate of production in June and strive for fulfilling the half-year quotas within the first 6 months of the year. The chemical industry departments must emphatically organize production increases of chemical raw materials in short supply as sulphuric acid, caustic soda and soda. The small fertilizer enterprises must produce more products. The machinery industry must positively take up the task of contract work and ensure better on-schedule service for the coal industry in quality and quantity. In the metallurgical industry, importance must be paid to the production of steel products, iron products, copper ore, crude copper, electrolytic copper and

electrolytic aluminum. In the textile industry, we must thoroughly grasp the production of dyeing cloth and cotton prints for summer. In light industry, we must grasp well the production of sewing machines, bicycles, Fenjiu wine, summer beverages and foodstuffs. In the 2d light industry system we must vigorously increase the production of small merchandise, medium and small agricultural implements and playthings for children. In the coal industry, we must carry out production according to plan and emphatically arrange the relations between the operation, movements and maintenance of the combined coal extraction machines. We must achieve balanced output and do our utmost to upgrade the quality of coal and lower costs by raising the energy recycling rate, and also guarantee safety in production. In the electric power industry, we must strengthen maintenance work in a planned way and operate carefully. We must control the business with flexibility and do our utmost to ensure safe operations and avoid accidents. In railway transportation, we must continue to fully tap the internal potentials and accelerate the progress of technical improvements in the difficult sections and areas. We must increase the capacity of railway movement and transportation and rationally arrange the proportion between the transportation of coal and other goods. We must carry out the drive for "the people's railway to serve the people" so as to truly meet the requirements of excellent service, respecting the passengers and caring for the shipping and handling of freight.

2. It is necessary to solve the problems of enterprises which have suffered losses and deficits, and raise economic returns. It is necessary for the various departments and areas to take immediate measures and make strenuous efforts in June, July and August to basically reverse the loss and deficit situation. This is an important task put forward by the provincial party committee at present. As the central task of the present work, it should be grasped well and thoroughly, and should yield good results. It is also necessary to continuously grasp well the work of profit-making enterprises. We must do our utmost to work for more profits and more revenues for the state. As for those enterprises which have suffered serious losses and deficits, lack a market for their products and a guarantee of raw material supplies, and engage in duplicate production at high production costs, it is necessary for us to be determined in halting their production and closing them down.

3. It is necessary to grasp well the overall straightening out of the enterprises. Leading comrades at various levels must go deep into the masses to conduct investigations and sum up experiences so that they can discover problems and promptly solve them. We must treat the building of good leading bodies in the enterprises as an important issue in straightening out the enterprises. We must be determined in rectifying those lax and weak leading bodies which have not been united for a long time. It is necessary to adhere to the basic principle of collective leadership by the party committee, democratic management by the staff and workers and the administrative orders of the factory manager so as to gradually build up a leading system with both democracy and centralization. It is all the more necessary to earnestly study the experience of the capital iron and steel plant and make the economic responsibility systems sound and perfect.

4. It is necessary for us to further develop economic and technological coordination with the coastal provinces and cities. Facts have shown that this is an important channel for the development of the economy of our province. We must, on the present basis, conduct profound investigations and surveys and make a concrete study so as to draw up relatively overall and long-term plans according to different trades and areas.

5. It is necessary to improve leadership style and strengthen leadership in the production of industry and communications. The leading comrades at various levels must ideologically shift to raising economic returns. It is necessary for us to help practically solve some problems of the enterprises and thoroughly grasp safety in production. It is necessary for the departments of electricity, railway, material supply, commerce, and supply and marketing to improve work style and go deep into the enterprises to conduct study and gain a better understanding of the situation in production in industry and communications. We must provide positive support and close cooperation, and do a good job of forming links and cooperation between manufacturing and marketing in industry, commerce and trade. We must take combined efforts to raise economic returns.

6. It is necessary to continue education in the economic situation and incessantly strengthen ideological and political work for staff and workers. It is necessary to organize the staff and workers to study the "regulations for rewards and penalties of staff and workers" and "rules for staff and workers" to pave the way for overall implementation.

7. It is necessary to carry on deeply and widely the socialist labor emulation drive of comparing, learning from, catching up with, helping and overtaking others.

8. It is necessary to make early arrangements for problems which may arise during the rainy season and summer harvest.

At the end of the telephone conference, Wang Xi, provincial vice governor, delivered a speech. He made arrangements for handling the oversupply of mechanical and electrical products and made concrete demands.

CSO: 4006/502

BRIEFS

JIANGXI TEXTILE INDUSTRY--Jiangxi Province's textile industry has developed rapidly in the past two decades or so. Today, the province has some 270 cotton, hemp, woolen, silk, chemical fiber and synthetic fiber textile mills and enterprises with a total capacity of 400,000 spindles and an annual cotton cloth output of 320 million meters. The total output value of the province's textile industry has increased 30 percent annually in the past 3 years. [Beijing in Mandarin to Taiwan 0830 GMT 9 Jun 82 OW]

HUBEI MACHINERY PRODUCTION INCREASES--The total machine-building output value of Hubei Province from January to May this year was 5.3 percent more than in the corresponding period of 1980 and the profits submitted to the state in this period were 120 percent more than in the same period of last year. Machinery production in the province continues to increase in June. The total value of machines exported by the province from January to May this year was 140 percent more than in the corresponding period of last year. As a result, the province earned some $1 million in foreign currency for the state. The province has now exported 56 kinds of machinery and many large machines have now been exported to industrially developed countries. [HK281447 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 26 Jun 82]

CSO: 4006/502

CONSTRUCTION

LIANG BUTING VISITS CONSTRUCTION SITE

SK300223 Xining Qinghai Provincial Service in Mandarin 2330 GMT 28 Jun 82

[Text] Construction of the Longyangxia hydroelectric station has entered a new phase. Pouring of concrete into (Nanhe) dam began as of the afternoon of 28 June, a day which will become another one commemorated in the annals of the development of the Huanghe River. Construction workers of Longyangxia hydroelectric station, who have gone through all kinds of hardships and difficulties, rejoiced at the important turning point--large-scale pouring of concrete into the (Nanhe) dam was about to begin. They planted colorful banners on the construction site, put up progressive slogans and awaited the arrival of the important moment as it were a jubilant festival.

At 1545 hours, (Liu Hailun), deputy director of the 4th bureau under the Ministry of Water Conservance and Power and concurrently general director of the construction site, announced the commencement of the pouring of concrete into the dam. [Begin recording] I hereby announce the commencement of the pouring of concrete of the construction project of the Longyangxia hydroelectric station. We ask Comrade Liang Buting, first secretary of the provincial CCP Committee, and Zhao Haifeng, secretary of the provincial CCP Committee, to cut the ribbons. [End recording]

Listners, let us now provide you with a brief introduction to the big dam across Longyangxia and the construction of the power station. The (Nanhe) dam across Longyangxia is a concrete gravity arch dam. It includes a main dam, auxiliary dams and a gravity axle. The front edge of the dam is about 938 meters long. The largest dam is 175 meters high and is 80 meters at its widest. Longyangxia hydroelectric station has a designed annual power generating capacity of 5.98 billion kwh, saving 2.4 million tons of coal annually. Its power output will be mainly supplied to Qinghai and Gansu Provinces. A long-range plan to have the station connected with the Shaanxi power grid is under consideration. Longyangxia is the first [word indistinct] in the upper reaches of the Huanghe River. In addition to producing power, it is also responsible for preventing flooding, irrigation and other tasks. The dam will begin to retain water in 1984 and generate power the following year.

CSO: 4006/507

BRIEFS

NEI MONGGOL DIVERSION PROJECT--The Nei Monggol Regional People's Government recently appropriated 3.8 million yuan to build a water diversion project in Dongsheng District, Ih Ju League, to help solve water problems of local residents. The daily water consumption for residents and factories is over 7,000 tons, and this league can only supply 4,000 tons. The league administrative office is now organizing the labor force to do prospecting and designing work. It is estimated that the first phase of the project will be completed before October 1983. [SK210800 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 20 Jun 82]

HENAN RIVER MAINTENANCE--To ensure safety through the flood season, the lower reaches of the Huanghe River have stepped up construction projects. Since the beginning of this year, some 30 municipalities and counties along the lower reaches of the Huanghe River in Henan and Shandong Provinces have mobilized approximately 200,000 laborers working on public projects and used some 1,000 machines to consolidate large embankments, repair dangerous sections of the river and reconstruct dams. By the beginning of June, they had completed 19 million cubic meters of earthwork in consolidating big embankments and 130,000 cubic meters of stone work in repairing dangerous sections of the river. They had also planted 2.1 million trees. The quality of work this year is generally better than last year. At present, the flood season of the Huanghe River has come and all places must step up the completion of their unfinished projects. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 24 Jun 82 HK]

XIAN GROUP VISITS JAPAN--Headed by (Li Tingdi), vice mayor of Xian Municipality, the Xian Municipal Urban Construction Investigation Group which comprises six people left Xian by train on the afternoon of 21 June for Nara in Japan via Beijing to conduct investigation. The group will also visit Kyoto, (Tu Jinzhang), (Liu Ji), (Yan Ming), (Feng Yanru) and Lei Xing, vice mayors of Xian Municipality, and responsible comrades of provincial and municipal foreign affairs offices saw them off at the station. [HK250717 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 22 Jun 82]

CSO: 4006/505

BRIEFS

HENAN SUPPLY, MARKETING WORK--In the course of readjustment, the supply and marketing work of commune and brigade enterprises in Hunan Province has gradually developed. At present, the province has set up 117 supply and marketing companies and 95 specialized companies, such as construction material and mineral product companies, of commune and brigade enterprises. The annual turnover amounts to 240 million yuan. Meanwhile, many communes and brigades have set up collective shops. The province has set up 1,700 commune shops and retail departments and some 6,000 brigade supply and marketing centers and shops with an annual turnover of 110 million yuan. Under the guidance of the state plan, commune and brigade enterprises with market information to organize production and the supply of raw materials, to promote the sale of products and to contribute toward the development of commune and brigade enterprises. [HK010725 Changsha Hunan Provincial Service in Mandarin 1100 GMT 28 Jun 82]

CSO: 4006/507

THEORETICAL ISSUES IN FOREIGN TRADE DISCUSSED

Beijing GUOJI MAOYI [INTERNATIONAL TRADE] in Chinese No 3, Mar 82 pp 22-25

[Article by Wang Liewang [3769 3525 2598]: "How to Research Theoretical Issues in China's Foreign Trade"]

[Excerpts] 3. The Search for China's Foreign Trade Theory

We will proceed from foreign trade practices in summing up experience and searching out rules, a path from practice to theory, and then use the theory to give guidance to practice. Foreign theories might sometimes be able to explain some Chinese issues, because human production activities and social experiences have a common base. However, each nation has its own individual conditions and when foreign theories cannot explain an issue they definitely cannot be used to guide our practices.

It is very difficult to find a theory which explains overall conditions in our import-export trade.

1. Although our foreign economic and trade relations pay close attention to economic accounting, they also must pay close attention to political relationships. Foreign trade must be matched with foreign relations, and the various nations of the Third World must be distinguished as enemies or friends and treated accordingly. The decision regarding those countries with which we can trade and those countries with which we cannot trade or with which we can only have limited trade is not determined by the advantages or disadvantages of trade itself but rather is considered by the national policies regarding individual nations.

2. We need to import large quantities of goods and materials to satisfy our production and livelihood needs. Under the guiding principle of self-reliance, needs should be supplied whenever possible by domestic production and only that portion which is domestically unavailable should be imported. When production conditions are deficient or when production costs are too high and the loss outweighs the gain we should use exports in trade for imports, and where exports are insufficient we should try to use foreign capital as a supplement or reduce the import. After we achieve production for export increases there is the possibility of obtaining a balance of trade or even a favorable balance of trade, with no need of relying on foreign capital. Our national plan and foreign trade policy always place an import-export balance in a position of primary importance. Of course, a balance in imports

and exports cannot be used inflexibly to determine the balance in imports and exports of goods, but ought to be included within the scope of the balance of regular international payments and receipts or the foreign exchange balance. Expanded exports are one strategic device for arriving at a foreign exchange balance. The major portion of export goods and materials must be taken away from our domestic requirements. Whether or not the goods obtained in trade can compensate for the loss of the goods and materials taken away from our domestic needs is an issue which must be decided by weighing the value of the exchange and by considering the value of their use. We have only recently broadened our policies and are not self-sufficient. There is no country on the face of the earth which can be self-sufficient--all are caught up either consciously or unconsciously in the international division of labor or in the international economy. In the 1950's, we imported 156 items from the Soviet Union and Eastern Europe, so when we set about to become self-sufficient we strove to obtain foreign aid as supplements. International conditions later became tense and changes in international relations took place. War was declared to be unavoidable so the national economy was placed on a war preparations basis. On the foreign scene we could not participate in the international division of labor, and domestically we divided the nation up into independent economic areas, each with its own independent system, so that when the enemy attack came each economic district would be able to produce weapons as well as produce food and thus conduct warfare independently. Moreover, we consciously regard the international division of labor as Khrushchev's "revisionism." Originally, there was conflict in the people's thinking concerning the international division of labor and self-reliance. After the "anti-revisionist" movement began, no one dared speak of the international division of labor as it had become a "restricted area." Our ideological development from self-reliance to "self-sufficiency" took place on the foundation of a "war preparation economy" (Be prepared for war, be prepared for disaster, do everything for the people). We are now implementing a policy of fewer restrictions in order to promote international cooperation to accelerate the four modernizations, and this is entirely necessary. But, from the point of view of war preparations, we cannot overemphasize the "rational element." No matter what, in the two vital areas of foodgrains and energy, we must make adequate calculations and preparations to avert peril. The current conditions in Poland have dealt a blow to the process whereby the nations of the Council of Mutual Economic Assistance were achieving economic integration more advanced than that of the international division of labor, not to mention even more serious international incidents. As for the few instances of declines in foreign trade in 1960-62 and 1967-69, as well as the great destruction in production strength caused by the Great Leap Forward of 1958-59 and the 10 years of chaos starting in 1966, such events cannot be described as ideological creations of the policy of "self-sufficiency."

3. In considering our war preparations we must promote our advantages and avoid our shortcomings and must give vent to our superiorities. Our superiority in exports is our labor intensive product; however, this single superiority cannot function as a principle to guide our policy of expanded exports. We need to export more of this type of product in order to increase foreign exchange and to increase the revenues of our working people, and this is correct. However, the

export of such products is limited by the needs of the international marketplace so that if there is excessive production the goods cannot be sold, and great quantities will then amass in storage. Strengthened planning and avoidance of blindness are important principles for the development of socialist superiority. The direct export of labor services, development of the export of natural resources and development of the tourist industry all can attain the goal of giving vent to our superiorities and expanding our exports.

4. The superiority of socialism must also be shown in foreign trade. However, this superiority is not spontaneous. To be controlled, the mechanisms of socialism must be matched with various human talents possessing socialist awareness and knowledge of social science and natural science. They make complete investigations regarding development and transformation of affairs and materials and make certain predictions which enable us to make proper preparations to derive benefits and avoid losses. Foreign trade is a component of the national economy and cannot develop as an independent entity. Our export trade will continue to increase its proportion of the overall value of national production. This tendency is not limited to China but also is occurring in other nations as a natural consequence of the increasingly close ties of the international division of labor and of international economic relationships.

5. China's foreign trade has "three battlefronts," each with its own special features. At present, the largest portion of our foreign trade is with developed capitalist nations. A comparison of the economic strengths on both sides shows great disparity, especially in economics, even though there is political equality. Their portion of the "mutual benefit" is greater, while ours is lesser. The amount accruing to each nation is determined by its rate of labor productivity. In capitalist production relations the basic factor determining distribution is the exploitation of labor by capital.

Our trade with the Third World and with the Soviet Union and Eastern Europe is conducted on the basis of bilateral trade. Bilateral exchange agreements started from scratch in the 1950's. The structure for the bilateral import and export of commodities fixed prices on the principle of high import prices and high export prices, which is to say that the prices for commodities imported and exported were relatively higher than those of the capitalist nation marketplaces. This was because an exchange of goods on the same price level permitted an exchange of equal value. Later, there was an expansion of trade with capitalist nations and multilateral trade assumed a prominent position. Bilateral trade was affected by this, especially the competition in importing commodities from western nations which altered the flow in our imports and exports, resulting in a contradiction of more exports and fewer imports in our bilateral trade. This left us with a constant favorable balance of trade which we could not make up for either by transferring goods or by paying with free foreign exchange and which consequently became long-term interest-free or low interest loans. However, our bilateral trade with the above-mentioned countries could not all be changed into multilateral trade. Within the present world economic system, bilateral and multilateral trade will continue to coexist for a long time and much research is needed to determine how to make up for the various deficiencies.

6. The development of trade and economic relations with capitalist nations will have definite consequences for our domestic markets and our domestic economy. Contacts between the two different social systems and economic systems definitely will result in friction. With the currency inflation, high prices and floating currency exchange rates of capitalist nations it is impossible to avoid clashes with the commodity pricing and currency exchange rates of socialist nations. With the weekly economic crises and declining production and trade of capitalist nations, the production and foreign trade of socialist nations definitely will be influenced. Ways of dealing with these relationships and their various transformations are an important responsibility of research in foreign trade theory.

7. Changes [must occur] to the development of the foreign trade commodity structure. We hope to make quicker and earlier changes from the simple to the complex, from low level to high level, from elementary products to industrial products and from being labor intensive to being technology intensive. However, the speed of these changes is subject to the limitations of the development of industrialization and the development of the national economy. Of course, foreign trade has the task of promoting production and scientific research. As far as China is concerned, we must pay special attention to the economic results of developing industries to replace the imports and of developing export industries. If we are truly unable to satisfy the people, that is because the enterprise management and the technological level are not suitable, so we must correct such deficiencies in order to attain the greatest possible economic benefits.

8. Following the unbroken development of production, the speedy advances of scientific research and the continual expansion into all areas and all world marketplaces, the number of commodities will be counted in the tens of thousands, production will be internationalized and there will be increasingly greater trade and exchange of commodities. There will be an increase in the service sector of labor, there will be increasingly greater restrictions on international trade and monopolies will steadily grow stronger. Under such complex and confused historical conditions it obviously is inadequate for us to continue to use the theory of comparative costs to guide our foreign trade.

International trade can increase the variety of society's consumer goods, increase the people's income and improve labor production efficiency. International trade and the international division of labor are complementary and mutual results. To a certain extent, the international division of labor is specialization on a national level. However, this is not to say that an agricultural nation will forever remain so or that an industrial nation will forever remain so. Agricultural nations must move toward industrialization--this is a law of historical development. However, a nation's specialization can only be relative and partial. Domestically, we advocate specialization in each and every field and industry and are opposed to being either large and complete or small and complete. As far as any independent nation is concerned, within a certain scope and to a certain degree, actual independence, autonomy and self-reliance spring only from specialization, a variety of fields and industries and a diversified economy. According to the theory of Li Xitu [2621 0823 0956], England can produce only wool and Portugal can produce only wines. This is absolute specialization, but things actually are not like this.

9. The theory of international trade, no matter whether it is the comparative cost theory or the production factors theory, pays more attention to the study of the effect of production costs on the supply of export commodities and neglects the need for import commodities. Around the turn of the century the famous English economist Alfred Marshall developed a theory which established a relationship between the supply and demand of import and export commodities in the belief that a nation's exports should match its imports. Only barter trade was treated in this fashion because foreign trade must undergo currency exchange just the same as domestic trade, a process of commodities-currency-commodities, which can be divided into two stages, i.e., exports product foreign exchange with no need for immediate imports. The gap between exports and imports is filled by international means of exchange. An analysis of the influences of commodity prices on supply and demand is made to show how to achieve a balance of imports and exports. Such an analysis is part of the economic theory of the capitalist marketplace, and socialist nations which plan for a foreign trade balance also ought to study this issue. When making national plans for a balance in foreign trade we must research both the cost structure of export commodities and the relationship of the need for the import product with the national or macroeconomy, and then make a ranking of the import items according to their importance in order to achieve the greatest possible economic results. Macroeconomics primarily considers the whole of the national economy, especially in terms of long-term benefits or military strategy. Microeconomics is primarily concerned with the profit and loss accounting of an enterprise and is subject to the interests of macroeconomics.

10. The most basic theoretical issue at present is the relationship between world marketplace prices and currency exchange rates. Research should be conducted from the perspective of profits and losses in foreign trade endeavors and of developments in import and export trade. At the same time we should study conditions in commodity exchange. This is an important part of our theoretical studies.

The above mentions only a few problems for consideration by our foreign trade theoreticians. I hope that some discussion will ensue.

11582
CSO: 4006/442

FOREIGN TRADE

JILIN OPENS EXPORT COMMODITY FAIR 25 JUN

SK260845 Changchun Jilin Provincial Service in Mandarin 1100 GMT 25 Jun 82

[Excerpts] The Jilin Provincial Export Commodity Trade Fair opened ceremoniously today. At 1500, participants to the fair gathered in front of the main hall for an opening ceremony. Comrade Zhang Shiying, deputy governor, cut the ribbon. Invited to the fair were 250 personages in the economic and trade fields from Japan, France, Italy, Switzerland, Singapore, the Philippines, Thailand, Canada, the United States and Hong Kong and Macao.

Since the founding of the PRC, following the development of the socialist construction, our province's foreign trade has been continuously expanding. Especially since the third plenary session of the CCP Central Committee, thanks to our conscientious efforts in implementing the policy of opening to the world, foreign trade has been greatly promoted in our province. Our province has established economic and trading ties with 85 foreign countries and regions of the world. Our 1981 export volume was 7.5 times greater than in 1954, when we began to export. By 1981 the varieties of goods purchased for export had been increased to 575. This export commodity fair will improve our foreign trade to a new level.

With abundant resources and favorable natural conditions, our province still has great potential in foreign trade. The mountainous areas in the central part of our province have long been called the Changbai Sea of Forests. Ginseng, mink and antler--the tree treasures of the northeast China--produced in these areas are famous at home and abroad. With fertile soil and abundant rainfall, the Songliao plain is suitable for diversified production. Jilin's soybeans, grain and oil are famous. The lush pastures in the western part of the province are an ideal place for animal husbandry. We have rich mineral resources with considerable prospects for exploitation. We have a fairly solid industrial foundation and fairly developed vehicle, tractor, cigarette, papermaking, chemical, power, optical, sugar refining, food and timber industries. All these are favorable conditions for our foreign trade and are a good foundation on which we develop it. We should make the best use of our resources and favorable conditions to produce more export goods.

CSO: 4006/507

BRIEFS

SHANGHAI PHARMACEUTICAL EXPORTS--Shanghai's No 4 pharmaceutical plant on 2 June received a license issued by the U.S. Food and Drug Administration to market 3 injectable antibiotics, manufactured by the plant, in the United States. They are Liu Suan Ka Na Mei Su [4288 6808 0595 6719 7199 4790], Zhuang Qing Lian Mei Su [7175 8641 6969 7199 4790] and Liu Suan Qing Da Mei Su [4288 6808 1987 1129 7199 4790]. [Shanghai Wen Hui Bao in Chinese 3 Jun 82 p 1 OW]

CSO: 4006/505

LABOR AND WAGES

BRIEFS

HUNAN YOUTH EMPLOYMENT--Hunan Province has set up sugar refineries operated by educated youth in the suburbs of urban and rural areas and achieved gratifying results in arranging jobs for youths awaiting employment. At present, 62 countries and municipalities throughout the province have set up 193 such sugar refineries and arranged jobs for some 15,500 youths in urban areas who were awaiting employment. According to statistics compiled by relevant departments, the average monthly per capita income of the sugar refineries operated by educated youth in the province is now about 40 yuan. [HK240235 Changsha Hunan Provincial Service in Mandarin 1100 GMT 17 Jun 82]

CSO: 4006/502

TRANSPORTATION

GANXU CHECKS CRIMES ALONG RAILWAY LINES

SK220220 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 21 Jun 82

[Text] Political and judicial departments in Jingtai County, in close cooperation with local railway public security departments, have conducted education in the legal system among members of (Xiquan) commune, set up a railway-commune joint defense organization and adopted a pact on protecting railway lines, thus effectively checking the crimes and unlawful activities of looting and stealing materials carried on the railway.

Since last year, the masses in (Beitan), (Yuliang) and other brigades under (Xiquan) commune have frequented the (Xiquangu) railway station on the Baotou-Lanzhou Railway in groups to loot coal and steal materials carried on the railway. Local and railway public security departments have promptly investigated and dealt with these incidents, but similar occurances happened again after a while. After earnest analysis and research, the Jingtai County Government and local railway public security department concluded that only by conducting education in the legal system among the masses, enhancing their understanding of the legal system and mobilizing the masses to cherish the people's railways can they expect to put an end to these problems once and for all. Therefore, they organized joint work groups and sent them to the brigades around (Xiquangu) railway station to carry out propaganda and educational work. After extensive and in-depth propaganda and meticulous persuasion and education, many people returned the materials they looted. On the basis of extensive education, they either fined or took into custody those who had taken the lead in the looting and did not show a good attitude in admitting their guilt. After wide-ranging discussions, they also set up a railway-commune joint defense organization and adopted a pact on protecting railway lines urging the masses not to loot in groups, [words indistinct], not to steal materials carried on the railway and to cherish trees lined along railways.

Since this March, no incidents of looting and stealing materials carried on the railway around the (Xiquangu) railway station have been reported.

CSO: 4006/502

BRIEFS

GUANGZHOU-SHENZHEN-ZHUHAI EXPRESSWAY--The first meeting of the Guangzhou-Shenzhen-Zhuhai expressway joint committee was held in the Guangzhou Dongfang guesthouse this morning. The committee members discussed the plan for the construction of the Guangzhou-Shenzhen-Zhuhai expressway. The meeting announced the namelist of the expressway joint committee members. In accordance with the agreement entered into by the Guangdong Provincial Road Construction Company and Hopewell China Development Limited of Hong Kong, and with the approval of the provincial people's government, Li Mu, director of the provincial communications department, has been appointed the chairman of the expressway joint committee; Gordon Wu, general manager of Hopewell China Development Limited, has been appointed the vice chairman; and Liang Shangli, Xie Ruizhen, Ho Ping-Chang, Pan Yen-shou and Cai Weizhi have been appointed committee members. [HK010954 Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 29 Jun 82]

TIANJIN HIGHWAY EXPANSION--The expansion of the only highway between downtown Tianjin and Tanggu District is under way. This project is to be completed by 1986. By then the highway will be 28 to 34 meters wide. [Tianjin City Service in Mandarin 0030 GMT 18 Jun 82 SK]

JIANGSU NEW HIGHWAY--The Shazhou-Wuxi Highway in Jiangsu was completed and opened to traffic on 10 June. The highway is 58 kilometers long. [OW141341 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 10 Jun 82]

CSO: 4006/502

GENERAL

'RENMIN RIBAO' LOOKS AT MULTINATIONAL COMPANIES

HK270632 Beijing RENMIN RIBAO in Chinese 26 Jun 82 p 7

[Special commentary by Guo Zhenyuan [6753 7201 6678]: "The Dual Impact of Multinational Corporations on Developing Countries"]

[Text] [Outline] Multinational corporations have a certain positive impact on the economy of developing countries, but they also have a negative impact. Many developing countries have gradually perfected various rules and regulations in accordance with their national situation for both using and restricting multinational corporations and increasing their own economic strength; they have also set up their own multinational enterprises which cooperate with each other, so as to break the monopoly of a few countries. [End of outline]

The ever-growing activity and the major role of multinational corporations in international economic relations since the 1960's has drawn wide attention.

These corporations, which are mainly based in the developed countries of the West, build factories and carry out direct investment abroad, and also exercize centralized policymaking and systematic control. They draw raw material, manpower and markets from the places most favorable for them. The characteristics of their operations are: They step up and develop specialization in production so as to meet intense domestic and external competition; they maintain a growth tendency in manufacturing and also change the traditional property structure; their operations are diversified, with emphasis on one line and simultaneous handling of others, and they break down the boundaries between different trades; over two-thirds of their investment is made between the developed countries, and the investment in developing countries accounts for only about one quarter, with the focus on some 10 oil-exporting countries and relatively rich countries in Latin America and Asia; and they set up various types of joint ventures in the developing countries. Judging by the results of the activities of the multinational corporations, the economy of the host country develops in certain fields and is also controlled in varying degrees. This dual role is all the more evident in the developing countries.

The multinational corporations have a certain positive impact on the economy of the developing countries. First, investment by these corporations can make up for the lack of development capital in the host country and promote the establishment of new industries. During the 1960's and 1970's, a number of new

industrial countries such as Mexico, Brazil and Singapore made bold use of foreign investment. Singapore used direct and indirect investment from multinational corporations to develop its manufacturing sector, and in about 10 years it progressed from the old industries of shoe-making, timber-sawing, paper-making, foodstuff process, and piecemeal assembly to the manufacture and export of domestic electrical appliances, precision machinery, petrochemical products and other modern high-grade goods. There was a tremendous change in its economic situation. Second, the host country is able to import technology and equipment it could not easily acquire otherwise. Much of the equipment brought in by multinational corporations in setting up plants is relatively sophisticated, and these advanced technologies and equipment help the developing countries to master new technological knowledge. Third, the host country can learn some management experiences. The multinational corporations have unique management methods that are able to produce relatively good economic results from the use of manpower, technology and equipment. All things being equal, their output value, profits and other indices are higher than those of local enterprises. The developing countries can increase their knowledge and broaden their vision through direct or indirect dealings with the multinational corporations. Fourth, by making use of the investment and technology of the multinational corporations and engaging in on-the-spot production, processing and manufacture, the developing countries can substitute this for the import of some consumer goods and machinery and equipment, and they can make use of the sales networks and markets of the multinational corporations to promote commodity exports. In addition, employment in the host country is also helped.

However, the negative impact of the multinational corporations on the economy of the developing countries should not be overlooked. By their operating methods of putting up investment for building plants, granting negotiable securities, buying up or taking over local enterprises, transferring technology, drawing up management contracts, running joint ventures and so on, the multinational corporations control a portion of the extraction, manufacturing and service industries of the developing countries. This then turns into all kinds of exploitation and malpractice. At present the developed countries rely on the developing countries to supply more than two-thirds of their fuel and raw materials. The pure profit motive in the process of the multinational corporations' specialized production and sales is prone to cause distortions and imbalances in the economies of the developing countries, with universal corresponding weakness in basic industries and facilities there. The multinational corporations also often transfer to the developing countries factories with high energy and manpower consumption and inefficient equipment, that cause serious pollution problems; such factories ahve been shut down in their own countries as a result of innovations. This obviously does not benefit the developing countries. Relations between the parent company and its affiliates in the multinational corporations are complex, and they often cook the books and evade taxes by internal transfers of value without letting outsiders know (this is also known as value transfer); and they also juggle with patent right fees, technology transfer fees, profit and reinvestment and so on, thus damaging the interests of the developing countries. According to statistics of the U.S. Department of Commerce, profit on American investment in the developed countries in 1977 was 11.4 percent, but in the developing countries it was 24.9 percent. Apart from that, the international trade volume of the multinational corporations grows

every year. However, because the import and export trade terms are unfair and irrational, the conditions of foreign trade of the developing countries have deteriorated and show deficits year after year. Wages and welfare payments in the factories of the multinational corporations are higher than in similar local trades, and large numbers of people compete to get to work in them. The affiliated companies also hire high-grade technicians of the host country at high salaries, and also keep for themselves the fruits of their research. As a result there is a drain of talent from the developing countries, and the consequences for the economy and technology of the developing countries are bad.

The 1970's was the decade of great development of the multinational corporations. During this period, the developing countries gained quite a lot of experience in dealing with these corporations. In accordance with their own national situation, many developing countries promulgated and gradually perfected their own laws on foreign investment, contracts, taxes, patents, and foreign exchange controls, and issued relevant decrees, rules and regulations. The common feature of these laws is that the multinational corporations are both utilized and restricted, and control and supervision over them have been strengthened.

Another form of the developing countries' struggle against being controlled is to develop their own multinational corporations. These enterprises can practice mutual cooperation among the developing countries; and some of them have broken into the developed countries, so as to break the monopoly of a few countries.

At the demand of the developing countries, the United Nations set up a committee on multinational corporations in 1974 to be responsible for supervising these corporations and studying relevant issues. At present efforts are being concentrated on drawing up "regulations for the activities of multinational corporations," and China too has sent delegates to take part in this work. It is expected that after the "regulations" are approved, the international community will take action to restrict the negative role of the multinational corporations.

CSO: 4006/502

YU GUANGYUAN'S SPEECH AT HONG KONG SEMINAR

HK161509 Hong Kong WEN WEI PO in Chinese 15 Jun 82 p 3

[Speech by Yu Guangyuan [0060 0342 6678] at the seminar on Chinese Enterprise Management: "On the Strategy of Economic and Social Development in China"]

[Text] In a socialist country, the strategy of economic and social development is worked out by, and carried out under the organization of, the Marxist political party which leads the country and the central government which manages the state affairs. No government has, up to now, ever produced a special document to promulgate the strategy of economic and social development it has worked out. But this strategy is concretized in the national plan and in various important measures taken for the fulfillment of the national plan and is expounded and developed in some important documents of the party and government. This is also so in China.

It is a hard and complicated job to scientifically study and work out the strategy for the economic and social development of a country. And it is a social duty of scientists (including economists, sociologists and natural scientists) to use their knowledge and talents to collect materials concerning all the important aspects of a strategy and carry out research, hold discussions, air views and provide the party and government with results of their scientific research.

Over the past year or so, the scientists in China have done a good job in this respect. They have pondered over this matter, presented relevant domestic and foreign data, raised some good questions and aired worthy opinions. Although there is no limit to the development of scientific research, through more than 1 year's study, some viewpoints, which have laid a primary foundation for further scientific research, have been made clear to scientists.

Now most of the scholars in our country are in favor of using the term "strategy of economic and social development" in this respect. Some people are still in doubt about the meaning of this. They hold that since economic life is a part of the entire social life, it is not correct to put these two side by side. It is certainly reasonable to raise such a question. However, if we change the "strategy of economic and social development" into "strategy of social development," the development of the economy cannot be stressed. If it is changed into the the "strategy of economic development," not enough attention will be paid

to social problems. The term "economic and social" is actually an abbreviated form of "economy" and "social life and social relations other than the economy." This does not mean separating "economy" from "society." At the same time, this expression is also acceptable both in Chinese or in Western languages.

Of course, the term "strategy of economic development" must also be affirmed. It has a narrower sense and is only a part, albeit the major part, of the "strategy of economic and social development." This part can become an object of specific study, but cannot be a substitute for the "strategy of economic and social development."

What the Chinese scientists are chiefly studying is not the general theory and principles concerning the strategy of development but the strategy for China's contemporary development. Therefore, the first problem they have met with is how to make clear the basic characteristics of China's development strategy.

Obviously, China's "strategy of economic and social development" is different in principle from the strategy of development in the capitalist countries. It must conform with the nature of socialism and suit the needs of its development. Being a development strategy of a socialist nature, it has the following basic characteristics: 1) this strategy must take as its aim the improvement of the laborers' livelihood and bringing happiness to them. This is determined by the nature of socialism. Bourgeois scholars and politicians also often mouth the same thing, either out of their kindness or out of their political needs, but the nature of the capitalist system determines that such strategic aims as "satisfying the needs of the people" can never be realized under the capitalist system. The strategy carried out by the capitalist rulers is always aimed at serving the interests of the ruling class. Only under the socialist system can the development truly be aimed at bringing happiness to the laboring people. So, although we have noted that some views of foreign scholars on economic development and strategic research, such as those of the A.S.H.A. index system, are good reference for us in this respect, we still have to make clear this difference of principle between the socialist and capitalist development strategies. 2) The aim of development of this strategy should be favorable for the consolidation of the socialist political and economic systems and, at the same time, should include the reform of the political, economic and administrative systems. This is because, in the existing systems, there must be things which are no longer suitable for giving play to the present productive forces and for their further development. If reforms are not made, social problems cannot be solved better. Thus, these reforms are of great importance. 3) This strategy can be executed only by giving play to the superiority of the socialist system. Concrete efforts must be made to truly bring the superiority of the socialist system into play. Only thus can the economic and social life of a socialist country be developed healthily and at a higher speed. 4) The main executors of this strategy are the laborers under the socialist system, and it is the Marxist Party and the government under its leadership who represent their interests and will. Therefore, strengthening the leadership of the party, raising the political, cultural and educational levels of the laborers, giving better play to their roles in the management of the state and enterprise affairs and raising the level of democracy in the state and social life are fundamental guarantees for the realizaiton of this strategy. The role played by education, science and culture in economic and social development is also greatly stressed in the capitalist countries. But in the socialist countries,

as the laborers are the masters of the country and society, this is more significant.

China's "strategy of economic and social development" is certainly a development strategy suited to China's conditions. The most important fact, as was just mentioned is that China is a socialist country. But when we speak of China's conditions, we also refer to some other things. In this sense, the strategy of China's economic and social development is not a general strategy of socialist economic and social development but a strategy of the Chinese-style socialist economic and social development. Just as the scientists have to make clear and adhere to the theoretical principles of scientific socialism in studying the socialist nature of China's development strategy, in order to make China's development strategy suited to the specific conditions in China, the scientists have to study the numerous materials on China's conditions, sum up several characteristics of these conditions which will play a decisive role in framing China's development strategy, and draw appropriate conclusions.

It is not an easy job to accurately and comprehensively sum up the characteristics of China's conditions which will play a decisive role in framing the development strategy. They can be analyzed from various different angles. We must distinguish between the most important and those less important. We must also distinguish between the specific characteristics of China's conditions and those of other countries. Nevertheless, it is not very difficult to do so. What is more difficult is deciding what conclusions should be drawn through practice. I myself also need to make further study on these problems. Here, I would like to say something about some special problems we have come across in developing China's strategic research from the economics angle.

First, China is a country with a population of 1 billion, which is the biggest in the world, and a vast territory covering an area of about 9.6 million square kilometers, which is the third largest in the world after the USSR and Canada. It has a broad sea area along its 18,000 kilometers of continental coastline (if the coastlines of the islands are included, the total length of coastline is more than 30,000 kilometers). It is natural that the strategy of economic and social development in such a big country is different from that in a medium or small country. As the country is big, there are many different characteristics in its development strategy. For example, when the levels of productive forces are about the same (this can be judged through the per capita number of machine tools, electric power production, transportation capacity and other means of labor and the average technological and cultural level of the laborers), the national power of a big country is usually much greater than a small country, and so is its capacity to resist disasters and overcome difficulties. When it is necessary to concentrate enormous manpower and material resources to initiate something, a big country will be superior to a small one. However, more time has to be spent in a big country than in a medium-size or small country to extensively carry out a reform or to popularize and implement a policy or a measure among the masses, due to the many levels between the central authorities and the grassroots and the different situations in various localities. It is also the case when a country is very big that, although the development of import and export trades is necessary, its domestic market is more important than that in a medium-size or small country of the development of its production.

Social needs must also be satisfied chiefly by its domestic products. There is no doubt about the necessity of establishing in such a big country, an independent and complete system of national economy, which consists of all necessary departments.

Second, China's territory can be divided into two parts, the western part and the eastern part. The western part includes the dry areas in the northwest and the high and low areas of the Qinghai-Xizang plateau. This part makes up about 52 percent of China's total continental area but has only 6 percent of the national population. The eastern part, which makes up 48 percent of the continental area and has 94 percent of the national population is an area with a monsoon climate. The economy in the eastern part is comparatively better developed and the per capita output value of the national production in this region in the total output value of the whole country is higher than the proportion of its population in the national population. This makes us consider our problems from the following two aspects:

1) Since the economic development in the eastern part, which has a higher population density, plays a decisive role in the economic development of the whole country, it is necessary to develop our national economy primarily on the basis of the development of this region. Therefore, it is necessary to ponder the strategic problems of the economic development in the light of the characteristics of this region, such as large population, insufficient land (especially insufficient cultivated land) and higher cultural and economic levels. Proceeding from this, various conclusions have been clearly drawn one after another. For example, it is necessary to make full use of every inch of land in this region, including the fields on the hills, water areas and odd pieces of land, to produce food and industrial raw materials, while at the same time, greatly developing land products processing industries; it is necessary to develop labor-intensive type industrial and agricultural production and various trades and professions of the knowledge-intensive type; it is necessary to attach importance to the development of various service trades; it is necessary to make further efforts to raise the economic, technological and cultural levels in this region and so forth.

2) Since there is vast undeveloped land and rich natural resources (especially mineral resources), which have not been exploited, in the western part of China, the existence of this region is of great strategic significance to the development of China's economy, especially to the long-term economic development. At present, it is our task to study and to begin the exploitation of the western part of China while giving full play to the role of the eastern part, so that the construction of the east and the west can be well coordinated.

Third, in economic and technological development, there is an obvious imbalance between various parts of China. Not only does this exist between the comparatively developed areas and the undeveloped areas, but also exists between the several super-large coastal cities, such as Shanghai, and the large inland cities, between the large inland cities and the medium-size and small cities and towns in the same areas, and between the cities and the countryside. Thus, the strategic significance of coordinating economic development and transfering technology has become obvious. If this potential is brought into full play, the economic development of these undeveloped areas, as well as that of the whole country will be greatly promoted. It is also very important to further raise the economic and technological levels of the advanced areas so that the

less advanced areas can benefit from the technologies constantly transferred from there. Since the cities are centers of their areas (of course, the roles played by some large cities are not limited to their own areas), in order to raise the economic and cultural levels in the countryside, the construction of the cities is extremely important.

Fourth, of the 1 billion Chinese people 800 million live in the countryside. The changes in the economic life of the rural residents, including the changes in production, distribution, exchange and consumption, will certainly have a decisive impact on China's socialist economic construction. The economic development of the countryside, which is a source of raw material for food and other industries, is an important guarantee for the development of China's industry and its cities. There is great potential in this respect. On the basis of their experiences and knowledge accumulated from their long-term practice, the Chinese workers, peasants and scientific workers have created many effective ways and measures to make full use of land in production. More measures are being sought, but if the measures which it has been decided to adopt are adopted, the social wealth will be greatly increased. Moreover, the countryside is the biggest market for China's industrial products. If the per capita monthly income of the 800 million rural residents is increased by 1 yuan, the annual purchasing power will be increased by 9.6 billion yuan. Thus, in order to develop our national economy, it is necessary to pay special attention to the development of the rural economy. It is necessary to attach great importance to the construction of the countryside in our socialist construction. Every measure in production, which can help increase the income of the rural residents, must be taken seriously.

Fifth, generally speaking, there is a big gap between China's technological level and that of the developed countries. It is certainly easier and takes much less time to apply a ready-made technique than to invent or create one. Just as Marx said; we cannot imagine how much time Newton had to spend in discovering the binomial theorem, yet a junior middle school student can now learn it in an hour at school. What a great difference! The great discrepancy between China's technological level and that of the developed countries enables China to use advanced foreign technologies to develop its economy. Although the backward technology is a weak point of our country, it still can be regarded as an advantageous condition for China's economic development. At the same time, the present international situation is favorable for China to import advanced technology from other countries. The open-door policy is an important component part of China's development strategy. Of course, being a big socialist country, China should adhere to the basic principle of independence and self-reliance. The principle of self-reliance does not run counter to the open-door policy. This has been made clear by Premier Zhao Ziyang in his government work report entitled "the present economic situation and the principles for future economic construction": "We should use our domestic resources in the first place and international resources in the second; we should develop our domestic market in the first place and our role in the world market in the second; and we should master two skills, that of domestic economic management and that of foreign trade and economic exchange." The requirements in this report are set down in the light of our policy combining the open-door and self-reliance principles, which are included in our strategy of economic and social development.

What I have mentioned above are only analyses from the economic point of view. The development of socialist life and social relations, which are beyond the economic field, covers a wider range. In this development, there is also something that is of strategic importance. For example, the building of socialist spiritual civilization is an important aspect of socialist construction and an important aspect to be considered in the strategy of economic and social development as well. As everyone knows, spiritual civilization means the development of education, science, cultural, art, public health and physical culture and the orientation and level of the development of social political ideology and ethics. The building of material civilization is the foundation for the building of spiritual civilization. But the latter has great counteraction on the former. As the strategic significance of the building of spiritual civilization, such as the development of education and science, has been repeatedly stressed over the past few years, the level of the people's understanding of this problem has been greatly raised. However, this viewpoint still needs to be further studied, expounded and stressed. The meaning of "education" I have mentioned here is not only the raising of cultural and intellectual levels but also the raising of socialist ideological consciousness and the level of morality. The "science" I have mentioned does not only mean mathematics, physics, chemistry, biology and industrial, agricultural and medical sciences but also social sciences such as economic, political and management sciences. The kernel of building the socialist spiritual civilization is upholding, developing and popularizing Marxism. To put forth such a question of building spiritual civilization is a great pioneering action in world history. In my opinion, the building of spiritual civilization is an important problem in the development strategy and a new idea in the study of development strategy.

The concept of "the strategy of economic and social development" embraces strategic aims, strategic policy and measures to be adopted for achieving the strategic aims. Therefore, when studying the Chinese-style socialist strategy of economic and social development today, we cannot do without studying the present--the beginning of the 1980's--stage of China's economic development and the tasks for it. China will continue to carry out the eight-character policy, that is, the policy of readjusting, restructuring, reorganization and upgrading. Those who have carefully studied China's important documents are sure to have a better understanding of China's present economic situation and the orientation of its economic development. Premier Zhao Ziyang's government work report at the fourth session of the fifth NPC, some remarks from which were quoted above, made a detailed exposition on the questions in this respect. More concrete measures will be worked out in China's sixth 5-year plan.

The "strategy of economic and social development" is the general strategy of a country. Various departments and districts may and must have their own strategies. For example, [words indistinct], there should be strategies for the development of industry, agriculture, science and technology, and economic relations with other countries. For various districts, there should be strategies for the development of a certain district, province or city. These are problems which concern the overall situation of a certain department or district. In this sense, they can be considered as strategic problems. But when compared with the strategy of economic and social development of the whole country, they are only partial strategies under the guidance of the national stretegy. Of course, the whole is composed of integral parts. Without the integral parts,

the whole cannot exist. The whole strategy of economic and social development must be concretized and supplemented by many of such partial strategies. This is why, in discussing the strategy of economic and social development of a country, the partial strategies are often concerned. Only we shall not discuss them here.

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WEN WEI PO GUIDE TO INVESTMENT IN HENAN

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[Feature by correspondent Cheng Hsiang [4453 5046]: "A Guide to Investment in Henan"]

[Text] Henan Governor Dai Suli, Vice Governor Yue Xiaoxia, Chairman of the Provinical Export and Import Committee Wang Bingzhang, Deputy Secretary General of the Provincial Government Huo Ming, Deputy Director of the Provincial External Affairs Office Ji Shuping and other leaders recently granted an interview to this reporter at Zhongzhou guest house in the provinical capital Zhengzhou and gave this reporter a detailed account of how Henan has been developing external economic activities. Governor Dai and other leaders first gave an account of Henan's rich natural resources, existing industrial foundation, energy supplies, transportation facilities, funds, manpower, technology and other conditions as well as the trend of the province's economic development in the past 3 years and said something about the province's plan for a few years in the future. Their narrative constituted a very concise "guide to investment in Henan" and I have here sorted out what they said from the tape recording of their talks.

A) Resources

The area of Henan Province is 167,000 square kilometers and its population is 72.85 million. Its area ranks 19th in the country but its population ranks 2d, next only to Sichuan. It is so densely populated with that there are on average 436 people per square kilometer. This is a relatively high population density for the country.

(1) Agricultural Resources

Henan is an important production base for wheat, soybeans, cotton, sesame and tobacco. The output of these crops are as follows:

Wheat: 22 billion jin, which ranks first in the country;

Soybean: 2.6 billion jin, which ranks second in the country;

Cotton: over 700 million jin, which ranks second in the country;

Tobacco: over 700 million jin, which ranks first in the country and constitutes two-thirds of the national output; and

Sesame: over 300 million jin, which is also in the front ranks of the country.

Besides, there are also other important agricultural products. For example, the number of goats on hand at the end of 1981 was 11 million, which ranked first among the nonpastoral areas in the country. It is also well-known as a producer of medical herbs such as the root of bidentate achyranthes, chrysanthemum, dried rhizome of rehmannia and other kinds of dried herbs. The tea it produces such as Xinyang Maojian tea is well-known throughout the country and enjoys fame abroad.

(2) Mineral Resources

Henan abounds in mineral resources, especially in coal, petroleum, aluminum, molybdenum, gold, soda and marble.

Coal: The province produced 58 million ton of coal in 1981, which constituted one-tenth of the national output and ranked second in the country. Its coal reserves are more than 30 billion tons, which ranks fourth in the country. Moreover, it has all kind of coal in its coal reserves. There are more than a dozen major large-scale coal fields that are located in Pindingshan, Jiaozuo, Hebi, Yima, Xinmi, Yongcheng and other areas.

Petroleum and gas: The Nanyang basin and the area to the east of Puyang are rich in petroleum and gas reserves. The province is gradually exploring and exploiting the petroleum and gas there. At present, the two oil fields there produce 4 million tons of oil every year and there are fine prospects for further increasing output.

Aluminum: The known bauxite reserves amount to 270 million tons and the present annual output of alumina is over 400,000 ton. Both in terms of reserves or of output it ranks the first in the country. The quality of alumina it produces is as fine as that produced in Guiana.

Molybdenum: The province ranks first in the country in its molybdenum reserves, which are clustered in large quantities and thick layers and are of high grade. Moreover, the molybdenum [words indistinct] other mineral resources such as in tungsten, lead, zinc and magnetite.

Gold and silver: Seven areas are known to have gold deposits and eight areas are known to have silver deposits.

Soda: A large-scale soda deposit has recently been found. Its area is 4 kilometers and the soda lies 650-900 meters underground.

The rich mineral resources provide the province with a favorable material foundation for developing external economic cooperation.

B) Major Factors of Production

(1) Industrial Foundation

Over the past 30 years, Henan has established a substantially sound industrial foundation. In 1981, it produced a total industrial output value of nearly 20 billion yuan, which ranked 13th in the country. This industrial foundation consists of 15,000 enterpirses, which employ more than 4.5 million industrial laborers. It has all kinds of industries. Machine building, food and light and textile industries produced about 50 percent of the 20 billion yuan of the province's total industrial output value. The rest of the output value was contributed by its coal, metallurgical, petrochemical, building material and other industries. Henan's industrial structure is shown in the following table.

Table of Henan's Industrial Structure

Type of Industry	Output Value million yuan
Machine building	over 4,000
Light and textile	over 4,000
Food	over 3,000
Coal	over 1,000
Metallurgical	over 1,000
Building materials	over 1,000
Petrochemical	about 500
Others	about 3,000
Total	about 20,000

Source of data: Governor of Henan

(2) Transportation facilities

Though there is a shortage of transportation facilities nearly everywhere in the country, Henan is relatively free from this shortage. Henan is located in central China. The Beijing-Guangzhou Railway goes across the province from north to south and the Longhai Railway goes across the province from east to west. Both railways are key railways in the country. The section of the Beijing-Guangzhou Railway in the province is 538.1 kilometers long and that of the Longhai Railway is 568.5 kilometers. A second Beijing-Guangzhou Railway, namely, the Jiaozuo-Zhicheng Railway, that is under construction goes across the western part of the province. Besides, there are also many local railways. The total length of highways that have been opened to traffic amounts to more than 36,000 kilometers, of which 18,951 kilometers can be used in all weather. The civil air traffic is also very conveninet because the airlines pass Henan in all directions. The only deficiency is that most of the airliners that pass Henan are small, and this, to a certain extent, restricts the development of the air transportation of the province.

Henan's greatest shortcoming in its transportation is that it has no ports and the transportation capacity of the Beijing-Guangzhou and the Longhai Railways is often mostly taken up by other provinces. In order to solve this problem, the province is vigorously building local railways and at the same time, it is building a seaport in cooperation with Jiangsu Province and plans to supply coal to Jiangsu in exchange for Jiangsu's provision of port facilities. It hopes to further develop its transportation capacity.

(3) Supplies of Energy

At present, energy is a major difficult problem in our country, but owing to the province's resources of coal, hydraulic power and petroleum, there is not a sharp shortage of energy in Henan. The total capacity of the electric energy production installations in the province is 3.374 million kw, of which 3.01 million kw is thermal and 365,000 kw is hydraulic. There are the following major power plants: 1) the Shanmen Gorge hydraulic power station installed with a 250,000 kw generating set; 2) the Pingdingshan power plant, 100,000 kw; 3) the Yaomang power plant, 600,000 kw; 4) the Anyang power plant, 362,000 kw; 5) the Kaifeng power plant, 350,000 kw; 6) the Xinxiang power plant, 150,000 kw; 7) the Jiaozuo power plant, 450,000 kw; 8) the Danhe power plant, 200,000 kw; and 9) the Zhengzhou heat and power plant, 150,000 kw. There will be no shortage of power supplies in the coming few years. At present, an oil refinery of 1 million ton capacity is undergoing construction in the province and the construction is expected to be completed in the latter half of this year. This will further improve the energy supply in Henan.

(4) Labor and Technical Force

The province was a total of 37 million laborers of the right age. Of these 29.74 million are social laborers, most of whom are rural laborers, who total 25.05 million in number. Nine hundred thousand of these laborers are in urban areas The publicly-owned enterprises employ 3.79 million laborers. There will be no problem of labor supplies. As for technical personnel, there are now 180,000 people in the province who are engaged in natural sciences and technical and professional work. Of these, 50,000 are engineers, 60,000 are medical workers, 60,000 are educational workers, 14,000 are agricultural scientific and technical workers and a few thousands are scientific research workers. There are 110,000 more people who are engaged in social scientific research. Henan is weak in its technical force.

C) Supplies of Funds

In 1981, the province invested a total amount of 1.8 billion yuan, of which 1 billion yuan was allocated by the state and 800 million yuan was bank loans. These funds were mainly used in carrying out technical renovation. Because of the readjustment of the national economy, there has been a reduction in the funds allocated by the state during the past few years and the enterprises and mines have had to raise funds by themselves to make up the shortage. The province plans to draw in foreign investment to solve the problem of shortage of funds.

Although there is a shortage of funds for construction, the province has some financial surplus. Its financial income last year was 3.2 billion yuan, but its financial expenditures were only 2.6 billion yuan. As a result, there was a 600 million yuan surplus. The province's sound finance provides the whole province with a situation of relatively stable prices.

D) Trend of Development in the Past 3 Years

(1) Increase in Industrial and Agricultural Production

Since the 3d plenary session of the 11th CCP Central Committee, our province's speed of economic development has been higher than the national average. In 1981, the national average rate of increase was 4.5 percent, but Henan's rate of increase was 6.2 percent. This resulted from the implementation of the policies of the 3d plenary session of the 11th CCP Central Committee. The province achieved especially good results in its agricultural production. Its grain output rose sharply from 38 billion jin to 46.1 billion jin, which meant an increase of 21 percent. That of soybean jumped from over 200 million jin to 2.6 billion jin and that of cotton jumped from over 3 billion jin to over 7 billion jin. That of oil-bearing crops jumped from over 300 million jin to over 1 billion jin. All this is the manifestation of the change that the implementation of the agricultural policies brought about, which is the reason why the province's economic development was quicker than the national average.

(2) Improvement in People's Livelihood

Since the 3d plenary session of the 11th CCP Central Committee people's livelihood has been improved thanks to the vigorous development of industry and agriculture. The purchasing power in the market has been increasing by an annual rate of 20 percent. The provincial authorities, in doing their work of improving the people's livelihood, have paid attention first to housing. Last year, a total of 70 million square meters of new houses was built in its rural areas and 10 percent of peasants have moved into new houses. In urban areas, 3 million square meters of new houses are built last year which has eased the shortage of housing. Owing to the improvement in people's livelihood, stability and unity prevails in the society.

E) External Economic Activities During the Past 3 Years

Since the 3d plenary session of the 11th CCP Central Committee, our country has been carrying out the policy of opening up to the outside world. In regard to our province, during the past 3 years we have carried out external economic activities in the following respects:

First, increasing the purchases of the goods for export and thus promoting the province's foreign trade.

Before the 3d plenary session of the 11th CCP Central Committee, the total purchases of goods for export in our province amounted to amout 300 million yuan, but in 1981, it jumped to 960 million yuan, which meant an increase of two times. However, judging by Henan's potential of resources, this amount of

purchases which was below 1 billion yuan is still too small. Therefore, the potential for future development is very great.

Second, developing tourism. Last year, the province's tourist service catered for 60,000 tourists from abroad and reaped $1.1 million of foreign exchange. The target for 1985 is to cater for 150,000 tourists and double the income of foreign exchange.

Third, export of labor. Henan was one of the provinces that first undertook large-scale construction projects abroad. It is now building bridges, highways and factory premises in southeast Asia and the Middle East and it plans to send 1,000 more people abroad to undertake construction work. The above-mentioned are the relatively remarkable aspects. As for drawing direct foreign investment, the province has already undertaken a few projects of processing foreign goods and compensation trade. However, as the outside world does not sufficiently understand Henan or know what conditions the province has for drawing direct foreign investment, the progress of the work of drawing in direct foreign investment remains slow.

F) Drawing in Foreign Investment is the Focal Point of Future Development Plans

As for the rate of increase during period of the sixty 5-year plan, last year we achieved a 6 percent increase. According to our estimates, we will be able to maintain this rate of increase this year and next year and it is expected that the rate of increase will rise to 8 percent in 1984 and 1985. This is the general situation.

During the period of the sixth 5-year plan, Henan will go all out to draw in foreign capital in order to fund the construction, expansion and renovation of 500 to 600 projects. It plans to complete 20 to 30 projects. They are listed in the following table.

Table of the Projects for Which Henan Plans to Draw in Foreign Investment to Fund Construction, Expansion or Technical Renovation.

Projects That Lease Foreign Equipment

Lessees	Equipment Leased
Xinxiang Knittery	5 towel knitting machines, 1 cutting and 1 drying machines produced by the British ken bo [5146 0130] company
Xinxiang Cotton Weaving Factory	100 four-color multi-arm jacquard looms
Luoyang Press	1 proof press, 2 foil metalizing machines, 1 four-color offset printing equipment and 4 checking machines.
Luoyang Shoe Factory	131 sheepskin and cattlehide shoe manufacturing machines

Xuchang Cigarette Factory	2 cigarette rolling machines, 1 filter connecting machine and 1 packing machine
Xuchang No 1 Knittery	6 large circular knitting machines and 26 special sewing machines
Xinyang Gushi Gunnysack Factory	A cylindrical gunnysack manufacturing machine
Zhumadian Underwear Factory	7 large circular knitting machines
Changhuan County Shoe Factory	Shoe making equipment
Zhengzhou Cigarette Factory	1 automatic cigarette manufacturing line
Luoyang Woolen Mill	11 major machines for its production
Luohe Cannery	An asparagus peeling machine
Zhengzhou, Bianyang and Luoyang Municipalities	Equipment and technology for making soy milk and bean sprouts

Projects for Which Equipment and Technology is to be Introduced by Means of Drawing in Direct Foreign Investment

Xinxiang Municipal Textile Mill Spinning and Weaving

Xinxiang Municipal Zhengxin Spinning Factory	Equipment with 14,940 spindles-compensation trade airflow spinning machinery with 1,400 spindles-compensation trade
Provincial Commune and Brigade Enterprise Bureau	Alumina rotary kiln technology-compensation trade
Kaifeng Tannery	Tanning process technology and equipment-compensation trade
Yifeng Gardening Factory	Low temperature fermeting technology and equipment-jcint venture with West Germany
Xuchang Relay Factory	Precision instruments for checking highly efficient equipment-cooperation with UK
Mianchi Alumina Factory	Alumina calcination equipment compensation trade
Zhechuan Marble Mine	Production of marble plates-joint venture through China Trust Company
Zhengzhou Boiler Factory	Advanced technology and key equipment for highly efficient boiler that uses coal-cooperation

Hebi Screw Factory Hebi Wireless Factory	Internal components of tape recorders-cooperation
Kaifeng Woolen Mill	Technology and special equipment for spinning and shrinking-compensation trade and joint venture
Xinxiang Wollen Mill	New dyeing technology and equipment for rabbit wool knitting-joint venture with joint capital
Xihua Farm	Low temperature fermenting technology and equipment for making grape wine-joint venture
Nanyang Prefecture	Marble quarrying and processing equipment-joint venture with Italy
Xinxiang Municipal Tannery	Tanning equipment and technology for light goatskin-joint venture with Italy
Hebi Municipality	Raftered tubing for conveyance-cooperation

Most of the above-mentioned projects are light and textile industrial ones, such as wool spinning, garment manufacturing, printing, dyeing, tanning, cigarette making, wine brewing and food packaging projects. Others are coal, alumina and molybdenum mining and marble quarrying projects and handicraft projects such as bianyang embroidering and tang-style pottery manufacturing projects.

During the period of the sixth 5-year plan, in drawing in foreign capital to fund its construction, Henan plans to focus on the following undertakings:

1) Coal mining. Henan has rich resources of coal including all the coal varieties. In order to give full play to this favorable conditions, it plans to borrow low-interest foreign loans to fund the construction of coal mines. When the construction is completed, it will repay the loans with the foreign exchange it will get by exporting coal.

2) Natural soda mining. In order to exploit the soda mine in Tongbo in a planned manner, the mine may cooperate with foreign industrialists and businessmen by means of receiving low-interest loans from them or by developing compensation trade.

3) Samll or medium-size projects in light and textile industries, chemical industry, machine building industry, metallurgical industry and electronics industry that require a limited amount of investment, that will bring about economic results in a short period and that can produce goods for export to bring in more foreign exchange. Henan will develop these projects with foreign cooperation in the form of compensation trade, joint ventures with joint capital or cooperative production.

4) Construction of gas supply facilities in indsutrial cities.

5) Introducing into the provincial technical services and key technology and equipment for producing new types of packing materials, and building materials.

6) Technical renovation of the existing enterprises.

7) The projects that Henan originally planned to construct but has been forced to suspend or delay the construction of due to shortage of funds.

Besides developing cooperation with foreign businessmen, Henan has also been vigorously developing cooperation with other areas at home. It has signed agreements with Shanghai, Jiangsu, Tianjin and Zhejiang to cooperate in more than 100 projects and thus introduced the equipment, funds and personnel of these provinces and cities into Henan in order to quicken Henan's pace of development.

Judging from Henan's development during the past 3 years, we see that Henan's economy has been developing relatively quickly and the society in Henan has been becoming increasingly prosperous and stable. This is the manifestation of the correctness of the CCP Central Committee's policies. Having the correct policies and having so many rich resources, the province will develop more quickly and soundly with the help of the foreign investment that it will draw in the future.

CSO: 4006/503

PRC ECONOMISTS REVIEW SYSTEM REFORMS DEFINITIONS

HK060612 Hong Kong WEN WEI PO in Chinese 6 Jul 82 p 3

[Special dispatch from Beijing: "Economists Discuss System Reforms"]

[Text] Our country's economic workers and economic theorists have carried out heated discussions on system reforms over the past few years. To further promote discussions on this theoretical issue, which is of great significance, the state system reforms commission and the economic research center under the state council recently held a mobilization meeting. Xue Muqiao, Yu Guangyuan and others spoke at the meeting. The following report summarizes their speeches at the meeting:

In his speech, Xue Muqiao stressed: At present, we primarily focus our attention on discussing the relations between planned economy and market, and on discussing rules and regulations. It is normal to hear differing views during our discussions. It is imperative to have a good style of study for seeking truth from facts.

With regard to the relations between planned economy and market, it is imperative to further discuss the following issues:

1. On the relations between commodity economy and planned economy. Some comrades hold that commodity economy and planned economy are not two diametrically opposed economies. It is true that our socialist economy is essentially a planned economy and is not a commodity economy. However, we cannot say that commodity production, commodity exchange and commodity economy do not exist within socialism. It is imperative to study ways to understand them.

2. On regulation by planning mechanism and regulation by market mechanism. We have always said that it is imperative to integrate regulation by planning mechanism with regulation by market mechanism, and that under the guidance of the state plan, it is imperative to make full use of the regulation by market mechanism. We have also always said that in integrating regulation by planning mechanism with regulation by market mechanism, regulation by planning mechanism should be the main feature while regulation by market mechanism should be a secondary feature. Are these formulations basically correct? Our country's planned economy has been dealt blows over the past 3 years. Did these blows come from regulation by market mechanism or did they result from the failure to simultaneously use the economic lever to guarantee the fulfillment of state plans? How are we to correctly understand them?

3. On the differences among market, market economy and regulation by market mechanism. Planned economy is not market economy. However, planned economy must have a market and must not be antagonistic to the market. Without a market, we still cannot implement our planned economy. The shortcoming in our economic work is not overusing the role played by market but is improperly using the role played by market. The meaning of market is different from the meaning of market economy. The meaning of regulation by market mechanism is different from the meaning of planning, and the meaning of planned economy is different from the meaning of regulation by planning mechanism. It is imperative to restudy our past expressions so as to see whether they are clear and unambiguous.

CSO: 4006/504

Graphite Deposits

AUTHOR: HUANG Cunji [7806 1317 1015]

ORG: Lutang Graphite Mine

TITLE: "Structural Control of the Lutang Graphite Deposit"

SOURCE: Beijing FEIJINGSHU KUANG [NONMETALLIC ORES] in Chinese No 2, 28 May 82 pp 33-37

ABSTRACT: The Lutang graphite deposit [in Hunan Province ?] is rich and famous and has been developed for a long time. There has not been much attention to its structural control condition in the past, however. On the basis of the data gathered by the author in the course of his work in the region of the mine in recent years, he has gradually become aware of the complex tectonic development of the region. Although the deposit is produced from metamorphosis of coal beds, it is definitely not a simple stratified ore body. There are intense curves, swells, constrictions, branches, and other irregular shapes. The mineralization action and the ore morphology are very closely related to the Neocathaysian tectonic system and the direction of extension, the scale, the morphology, the thickness, and the grade of the ore bed are all controlled by the traces of compression structure of the Neocathaysian body, i.e. receiving the various stages of twists and turns of structural control in the north by northeast axial orientation. The geological characteristics of the mining region are described in some detail.

6248
CSO: 4013/110

AUTHOR: YAN Haojing [0917 3493 2529]
CHU Caiyuan [0328 2088 0337]

ORG: Both of East China Institute of Textile Science and Technology

TITLE: "An Investigation of the Relation Between Dynamic Modulus and Initial Modulus of Textile Fibers"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 1-10

TEXT OF ENGLISH ABSTRACT: In this paper, an investigation of the relation between the dynamic modulus and initial modulus of several textile fibers is presented. The method for measuring the dynamic mechanical properties of the fibers is also studied. Nine samples with different viscoelastic properties are measured on the dynamic meter, consisting of a forced vibration system, erected in our laboratory, together with a BT6 ultra-low frequency characteristics meter and a dynamic resistance strain gauge. Based on the viscoelastic mechanism, an equation that shows the relation between the initial modulus (E_0) and the dynamic properties (E', tgδ) is proposed:

$$E_0 = E'(1-b\,\mathrm{tg}\delta)$$

where b is a constant. From the experimental data, it is revealed that the relation

[Continuation of HUADONG FANGZHI GONGXUEYUAN XUEBAO No 1, Mar 82 pp 1-10]

is $E = E'(0.8992-7.0874\ \mathrm{tg}\delta)$. It was shown that the values given by this relation were approximately the same as those actually obtained in tests under controlled conditions.

AUTHOR: XIE Jumo [6200 7467 6206]
SHI Fujin [4258 1381 6930]

ORG: XIE of East China Institute of Textile Science and Technology; SHI of the Shanghai Glove Factory No 1

TITLE: "SZ712 Glove Machine Computer Control System"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 11-18

TEXT OF ENGLISH ABSTRACT: In this paper, a systematic description is made of the SZ712 computer control system for controlling 60 glove machines.

The structure and principle of the system are analyzed, the designing method of the control program and the working principles of the control logic of the machine decoder, input channel, output channel, display unit, restart circuit, etc., are also discussed. In addition, technological and economical benefits obtained through the adoption of this system are also reviewed and described.

AUTHOR: WU Hanjin [0702 3352 6855]
ZHANG Xianyu [1728 2009 3768]

ORG: Both of the East China Institute of Textile Science and Technology

TITLE: "Application of the Theory of Permutation and Combination to Designing Crepe Weavings"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 19-24

TEXT OF ENGLISH ABSTRACT: Crepe weaving is one of the methods widely used in production of crepe fabrics from natural and man-made fibers.

In constructing crepe designs empirical methods are generally employed, e.g., rotation and/or addition of fundamental designs. Theory of permutation and combination is suggested for making crepe designs, which gives full random possibilities for determining desired crepe designs to meet technical requirements. Repeating greater numbers would produce crepe with better effects while requiring only six or eight headshafts.

AUTHOR: CHEN Zhenduo [7115 2182 6995]

ORG: Xinjiang Cotton Textile Mill 71

TITLE: "A Study on the Frictional Force Between Fibers and Card Wires and Its Effect on Carding Properties"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILF SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 25-32

TEXT OF ENGLISH ABSTRACT: The frictional force between fibers and card wires is measured experimentally. It is found that the frictional forces are quite different under different card loading conditions. The main factors affecting card loading and the effect of doffer loading on fiber transferring are discussed in detail.

AUTHOR: HUA Danian [5478 1129 1628]

ORG: East China Institute of Textile Science and Technology

TITLE: "An Analytical Method Equivalent to that of the Plane Mechanism for the Kinematic Analysis of Some Spatial Linkages in Textile Machinery"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 33-41

TEXT OF ENGLISH ABSTRACT: This paper proposes an analytical method for some spatial linkages which may be converted into equivalent plane linkages with links of variable lengths. By means of such a method, three typical spatial linkages in textile machinery, the RSSR, the RPSSR and the RRSSR mechanisms, are analyzed kinematically and the formulas for calculating the displacements, the velocities and the accelerations are derived respectively. As an example, the kinematic analysis of the RSSR mechanism in weaving machines with multiple arms and its numerical results are presented at the end of the paper.

AUTHOR: QIU Yonglin [6726 3057 7792]
ZHOU Meihua [0719 5019 5478]

ORG: Both of East China Institute of Textile Science and Technology

TITLE: "The Application of Calculus of Finite Difference to the Calculation of Polymerization Reactions"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 42-50

TEXT OF ENGLISH ABSTRACT: The degree of polymerization of high polymers is a discrete variable. Methods based on finite difference calculus are simple to use and very effective in solving such discrete variable problems. A simplified radical addition polymerization system is analyzed and solved by such methods in obtaining the molecular weight distribution and the k-th moments of the high polymer produced in a batch reactor and a continuously-stirred tank reactor. Such methods are also applicable to copolymerization and other complex polymerization systems.

AUTHOR: ZHANG Shouhan [1728 1108 3352]

ORG: East China Institute of Textile Science and Technology

TITLE: "The Efficiency of the Beam Drive Transmission in the Slasher"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 51-62

TEXT OF ENGLISH ABSTRACT: The beam drive transmission is one of the main drive mechanisms in the slasher. There are many kinds of them. This paper analyzes the efficiency of four kinds of beam drive transmissions. It is found that the average efficiency of the transmission type GZX_3(P1V) and the friction drive with a differential motion is 2.8 times greater than that of the differential gear system and the friction drive. The former also is energy saving.

AUTHOR: GUO Manli [6753 2581 7787]
HUANG Suping [7806 4790 5493]
SUN Tong [1327 2717]
HUANG Jinxing [7806 6930 2502]

ORG: GUO, HUANG Suping and SUN all of the East China Institute of Textile Science and Technology; HUANG Jinxing of the Shanghai Textile Sciences Research Institute

TITLE: "Studies on the State of Orientation of Polyamide 6-Polyethylene Terephthalate Sheath-core Bicomponent Fiber"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 63-71

TEXT OF ENGLISH ABSTRACT: This paper deals with the characterization of the oriented state both in the sheath and in the core of the polyamide 6-polyethylene terephthalate bicomponent fiber under the condition that the individual components need not be separated in advance. This can be done by measuring simultaneously the apparent acoustic orientation factor of the bicomponent fiber, the birefringences and X-ray orientation indices of polyamide sheath and polyethylene terephthalate core. From the experimental results obtained it may be seen that the dependence of orientation on draw ratio and temperature in the polyamide sheath and

[Continuation of HUADONG FANGZHI GONGXUEYUAN XUEBAO No 1, Mar 82 pp 63-71]

polyester core components of conjugated fiber is the same as that of the single polyamide fiber and the single polyester fiber respectively. This orientation characterization method may also be applied to other kinds of bicomponent fibers for the same purpose.

AUTHOR: CAO Shouzhen [2580 1108 3791]

ORG: East China Institute of Textile Science and Technology

TITLE: "The Computer Drawing of Dress Sheet Profile"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 72-80

TEXT OF ENGLISH ABSTRACT: In this paper, the following problems of computer drawing of dress sheet profiles are discussed:
(1) The choosing of original data sample plate profile;
(2) The establishing of mathematic model for dress sheet profile;
(3) The programming of dress sheet profile.
A number of sketches are attached.

AUTHOR: SHAO Yuexiang [6730 2574 4382]

ORG: East China Institute of Textile Science and Technology

TITLE: "Designing and Formulas of Digital Controller for Deadtime Dominated Processes"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 81-92

TEXT OF ENGLISH ABSTRACT: The discreted control theory is used to discuss the two methods to design the digital controllers for the deadtime dominated processes, accompanied by some calculating formulas and tables. The transient response and the stability of such systems are analyzed.

AUTHOR: LU Chengliang [7120 2052 2733]
ZHAO Jian [6392 1017]

ORG: Both of the East China Institute of Textile Science and Technology

TITLE: "Determination of Moisture Regain of Textiles by Microwave"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 93-98

TEXT OF ENGLISH ABSTRACT: The principles and method of determination of moisture regain of textiles by means of microwave attenuation have been described. Experimental data reveal that:
1. In the practical range of moisture regain of textiles, a linear relation exists between the regain and the attenuation of the microwave penetrating the textile samples. After the instrument has been calibrated, the textile regain can readily be determined in accordance with the amount of attenuation recorded.
2. In the course of continuous measurement, the instrument does not contact the samples, so there is no possibility of destroying them. The response time will not exceed some order of ms, therefore it is suitable for employment in the regain control in production lines, such as for warp sizing, cloth drying, paper making, etc.

AUTHOR: XIN Dingxin [1823 7844 2450]
YAO Shijia [1202 0013 6609]

ORG: XIN of East China Institute of Textile Science and Technology; YAO of the Songjiang Pulp Mill

TITLE: "The Nonwoven Fabrics from Silk Made in Ancient China"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 99-103

TEXT OF ENGLISH ABSTRACT: Nonwoven textile fabrics are defined as textile structures "produced by bonding or interlocking of fiber in the form of a web, followed by mechanical and/or chemical means, without undergoing the processes of spinning, weaving or knitting." Since the modern nonwoven fabrics made their appearance in the 1930's, they have become fanous for their unique and varied style. It is documented that China--the ancient silk country--began to make "natural" nonwoven fabrics from silk more than 1000 years ago.

9717
CSO: 4011/134

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China Report

ECONOMIC AFFAIRS

No. 250

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CHINA REPORT

ECONOMIC AFFAIRS

No. 250

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'JINGJI GUANLI' ARTICLE ON ENERGY CONSERVATION

HK121139 Beijing JINGJI GUANLI in Chinese No 5, 15 May 82 pp 13-16

[Article by Ming Zhong [2494 1813]: "Energy Conservation Must Be Grasped Well"--slantlines denote boldface]

[Text] The situation of China's energy is, in general, fine. China's primary energy output ranked fourth in the world in 1980. Our country has become one of the big energy producing countries in the world. The big increase in the demands for energy by industrial and agricultural production and the people's livelihood, coupled with the low utilization rate and heavy waste in energy resulted in fairly big contradictions between supply and demand. Some localities are still short of energy. In order to solve this problem, we must firmly grasp the exploitation of energy resources on the one hand and do a good job of practicing economy in energy consumption on the other hand. While it is not possible that there will be a significant breakthrough in the exploitation of the energy industry in the near future, paying close attention to energy conservation, seeking economic benefits from energy conservation and boosting production while saving energy have become pressing tasks.

The CCP Central Committee and the State Council have attached great importance to energy conservation and formulated the strategic principle of laying equal stress on exploiting energy resources and on practicing economy in energy consumption, while giving priority to saving energy now and in the near future. Since the activities of the "energy conservation month" conducted in 1979, with the concerted efforts of all quarters and sides concerned, faily great achievements have been scored. According to statistics, the energy saved throughout the nation in 1979 was the equivalent of 23.6 million tons of standard coal. Energy consumption increased by 3.3 percent while total industrial and agricultural output value increased by 8.5 percent. The energy saved in 1980 was the equivalent of 35 million tons of standard coal; energy consumption increased by 0.93 percent and total industrial and agricultural output value registered an increase of 7.2 percent. The energy saved last year was the equivalent of 26 million tons of standard coal and an increase of 4.5 percent in total industrial and agricultural output value was ensured. The main methods of saving energy over the last few years or more can be summarized as the following:

Integrating energy conservation with the readjustment of the structure of the national economy and establishing an economic structure with rational energy conservation. During the initial post-liberation period, in view of China's weak basic industries, it was necessary to lay stress on giving priority to the development of heavy industry. However, after 1958, heavy industry industry increased at an excessively rapid pace while there were serious disproportions between light and heavy industries. By 1979, heavy industrial output value constituted 57.3 percent of the total industrial and agricultural output value. This was one of the factors causing the strain in energy supply. Therefore, the industrial structure in the national economic plans was readjusted. The ratio of light industry increased from 42.7 percent in 1980 to 46.9 percent. For every 100 million yuan's worth of output value, the energy consumed by heavy industry was 123,000 tons and by light industry 31,000 tons. Every 1 percent increase in the light industry ratio will mean the saving of 5 million tons of standard coal. In the very same year, light industry consumed 21.5 million tons standard coal less. Last year the readjustment of industrial structure was continued and fairly great results in energy conservation were again achieved.

Combing energy conservation with the readjustment of the organizational structure of enterprises. Major efforts should be exerted to close, suspend, merge and shift [to other types of production] those factories which consume too much energy and whose products fail to meet social needs. For instance, since last year, Jilin Province has closed, suspended, merged and shifted 380 enterprises, thus saving 200,000 tons of standard coal.

Strengthening the management of energy, reducing the energy consumed per unit in producing industrial products and establishing relevant energy conservation organs. According to the 1980 statistics, of the 50 high energy consumption products of more than 1,800 enterprise of the 11 trades--metallurgy, power, coal, chemical industry, petroleum, building materials, railways, communications, textile, light industry and machine building--the products for which the energy consumed per units decreased compared with the previous year, accounted for 61 percent. As a result, 13 million tons of standard coal was saved. Last year, the energy consumed per unit for 29 products, such as calcium carbide's power consumption, pig iron's comprehensive coke ratio, lorries' oil consumption, power plants' coal consumption, plate glass' coal consumption, synthetic ammonia's power consumption and steam engines' coal consumption, decreased compared with the same period of the previous year. Some localities, departments and enterprises have established energy conservation organs which are provided with full-time personnel, worked out energy consumption quotas, and perfected metrological instruments and meters, thus ensuring the thoroughgoing development of energy conservation. For instance, Liaoning Province made a monthly analysis of the energy consumed per unit for the 48 products of 277 enterprises under the 10 industrial bureaus. The provincial power bureau checked on the power consumption for the 76 products of the 75 key enterprises month by month. The provincial fuels company practiced the method of supplying fuels by a certificate with fixed quotas and cancelling the quotas after first verifying consumption rates on a seasonal basis among 6,104 enterprises. The enterprises where energy matters are run well have managed to fix quotas for energy conservation, to keep records of the use of energy, to check on the fixed consumption quotas down to every team and group,

to keep the account cards of energy leaving storehouses and to decide on awards through public discussions at the end of the month. Jiamushi Municipality has set up an energy leading group and under it there is an office which is solely in charge of energy. Under its jurisdiction, there are already 15 key enterprises which have set up energy conservation sections (offices) which are provided with 72 full-time technical and managerial personnel.

Strengthening the technical service work in energy conservation. In order to economize on energy and bring the role of energy into full and effective play, it is necessary to raise the utilization rate of energy in an overall manner through practical and feasible technical ways. In order to strengthen the technical guidance over energy conservation, provinces and municipalities, such as Beijing, Shanghai, Shandong, Jilin and Liaoning, have established energy scientific and technical research organs and some of them have established energy societies, thus forcefully propelling the thoroughgoing development of energy conservation. For instance, such cities as Shenyan have established boiler combustion monitoring centers and boiler water quality treatment service centers. Over the last year, they scoured out 355 boilers and carried out chemical examination of slags and coal quality and surveying tests of heat efficiency for furnaces for more than 400 enterprises. All these were highly welcome by the users. At the same time, they found out and solved problems such as excessive wind capacity of the air-blowers and induced-draft fans and overheating in smoke-discharge devices of some boilers, thus saving on coal by 6-10 percent. Dalian Municipality attached great importance to energy conservation technical training and the work of popularizing technology and ran two enterprise energy-balancing training classes last year. The municipal fuels company ran two training classes for stokers and compiled the "energy conservation know-how for industrial boilers." According to incomplete statistics, last year, the various bureaus of Dalian Municipality ran 25 energy conservation technical training classes. One thousand and five hundred people participated in the studies. While running technical training courses, the second commercial bureau held an exhibition on energy conservation which turned out to be a great success with at least 3,000 people visiting it. In Dalian Municipality there are 133 cupola furnaces which were refitted with efficient centrifugal blowers which consume, on the average, 30-50 percent less power than the original Luo Zhi [5012 5347] blowers. The municipality has 936 plastic injectors and extrusion presses which are all equipped with aluminum silicate fiber for heat retention and thus 2.4 million kwh of electricity is saved a year. Last year, a total of 88 inefficient boilers were refitted into double-layer boiler lines. Their average heat efficiency increased from 40 percent to 50 percent or 55 percent.

In the last 2 years, the situation in China energy conservation has been fine. Through the study of the documents and directive of the CCP Central Committee and the State Council concerning energy conservation, more and more people have raised their understanding of the importance and urgency of energy conservation and thus new advances have been made in energy conservation. However, viewed from the country as a whole, the level of energy management is still low and we have not yet stepped out of the circle of everybody eating "from the same big pot;" the phenomena where energy is wasted and irrationally

used can still be found everywhere. There is immense potential for economizing on energy in our country. Just seen from the strengthening of energy management and the rational use of energy, the ways for saving energy are numerous.

China produces 600 million tons of coal a year. Most of this coal is directly burned before it is dressed by washing. Reducing the ash content of choice coal used in metallurgy by 1 percent will mean a reduction of 2 percent in the coke ratio in iron-smelting and a 3 percent increase in pig iron ouput. Replacing the supply of raw coal to steam locomotives by the supply of screened lump coal can save on coal by 15 percent. Providing power plants with the coal dust left over by the screening can reduce the power consumed in the crushing process. Replacing the current supply of anthracite to most chemical fertilizer plants by the supply of lump anthracite gas can save 20-30 percent of coal. Coal consumed by the intustrial boilers across the land constitutes one-third of the total national coal consumption and the average heat efficiency is about 55 percent. The heat efficiency of some of the old types of boilers is only 40 percent. The management of industrial boilers is very weak. A series of phenomena where a big horse draws a small cart, such as the capacity of boilers being bigger than production capacity, exist universally. There are no restrictions on nor examination procedures and approval necessary before blindly expanding the capacity of boilers. No examination system has been instituted for the technical personnel who engage in operating industrial boilers. Particularly the elastic management of boiler operation has resulted in heavier waste.

At present, China produces 100 million tons of petroleum a year. We still have much work to do in the matter of how to rationally utilize our 100 million tons of petroleum. Every year a total of 40 million tons of heavy oil and petroleum is burned by power plants and furnaces. If half of this oil consumption is replaced by coal consumption, the economic value will be impressive. Ninety percent of the gasoline produced by China every year is consumed by motor vehicles and only 60 percent of what the 87.5 percent of social vehicles undertake is transportation tasks. The utilization rate of motor vehicles is fairly low and the empty running rate is high. Some units use motor vehicles to carry liquified petroleum gas for civilian use from far places. This practice is almost the same as burning gasoline. The demand for diesel oil by agricultural use is fairly big and its management is very poor. In most agricultural machinery centers and supply and marketing cooperatives, there are no oil tanks or accurate measuring. People use pails to ladle out diesel oil from a big oil drum. This method with its spillage and leakage wastes at least 5-10 percent of diesel oil.

China produces a total of more than 300 million kwh of electricity a year. However, it is irrationally used and waste is very common in its use. The efficiency of some general-purpose machines is very low. For instance, the power consumption by water pumps and fans throughout the country by and large constitutes 28 percent of the total national power consumption and, of this, the power consumption of obsolete and backward machines accounts for more than half. For instance, the orgiinal efficiency of a kind of water pump used in the oil fields was 62 percent but that of the new products is now

76 percent. A new water pump costs only 70,000 yuan and furthermore a pump can save 1.4 million kwh of electricity a year, which means the saving of 80,000 yuan in electricity charges. If the various enterprises of oil fields, mines and power plants grasp the work of replacing the existing pumps and fans with efficient, energy-saving pumps and fans, the electricity they save will be the equivalent to building several new power plants.

In short, the problems existing in the utilization of energy are numerous. Increasing the utilization rate of energy by 1 percent will mean the saving of 10 million tons of standard coal a year. Therefore, in order to do a good job in energy conservation and raise the utilization rate of energy, a lot of efforts must still be exerted.

//First, strengthen leadership and establish and perfect the energy conservation organs at the various levels.// The various localities, departments and enterprises at the county level throughout the nation must, in accordance with their actual needs, speed up the establishment and perfecting of energy conservation managerial organs which should be provided with full-time personnel and must ensure the fulfillment of the energy conservation tasks organizationally. The provinces and municipalities which have conditions should further establish technical service centers for energy conservation. A host of facts show that there will be a great improvement in energy conservation by units whose leadership attaches importance to energy conservation, whose managerial personnel organize the work in a specific way and whose technical personnel participate in offering guidance. In the units where the organizational work is not fixed, the energy conservation organs are but empty shells, the leadership is nominal, nobody is especially assigned to be in charge of energy conservation and energy conservation remains in a state of shouting empty slogans. If the various localities strengthen leadership, practice a method of division of labor with individual responsibility, adopt measures and effectively solve the problems of there being no heat preservation in steam pipelines and there being leaky valves, then 4 million tons of standard coal will be saved throughout the country a year. In the northeastern regions of the country there are now 60,000 industrial boilers. If a good job is done in water treatment, 3 million tons of raw coal will be saved every year.

//Second, strictly practicing the system of supplying energy with fixed quotas is an important policy of distribution for energy conservation.// In the government work report, Comrade Zhao Ziyang pointed out that it is imperative to take rigorous measures, set stringent energy consumption quotas for different products, close down factories which waste too much energy and whose products which fail to meet social needs in order to ensure success in our task of economizing on oil, coal and power. At present, the important reason for the failure to reduce the energy consumed per unit for the products of some enterprises and the failure to reach the best records in history is that people have failed to formulate and carry out average advanced energy consumption quotas, there is a lack of perfect metrological means and there is still the practice of everybody eating "from the same big pot." In order to manage energy well as we have done with grain ration, it is necessary to have consumption quotas and continuously improve technologies and equipment. If the energy consumed per unit for the main industrial products of the whole country reach the best historical levels, every year a total of 15 million

tons of standard coal can be saved. In order to push energy conservation forward, in its instructions concerning energy conservation, the State Council clearly regulated that in power supply, the method where power is supplied according to fixed quotas should be implemented; the amount of power saved is turned over to the users: a deduction should be made from the users which consume power in excess of the fixed quotas; no extra supply should be given to the users which consume more power than the fixed quotas or else they should be charged extra. In the regions where power supply is strained, the system of supplying power according to the principle of priority, supplying finished products under unified distribution by certificates with fixed quotas under a contract and supplying no extra quotas for the units which consume more power than the fixed quotas should be carried out. Most of the localities have also practiced the system of supplying coal by certificates with fixed quotas. With regard to the units which fail to carry out the fixed quotas well and waste too much energy, the supplying departments are allowed to reduce or stop coal supply within a specific time and resume supply when they have amended their ways. These reforms and regulations of the energy distribution system have played a great propelling role in economizing on energy and, with the thoroughgoing implementation of the distribution system, they will in future promote the development of energy conservation.

//Third, in the light of the properties of energy and the conditions of energy-guzzling equipment, put energy to rational use and better enhance the economic results of various types of energy.//

First of all, the mechanization level of coal mining has improved at a fairly fast pace. By the end of last year, the ratio of mechanized coal extraction under unified distribution had approached 40 percent. With the increase in the ratio of mechanical mining, coal ash content increases too. The raw coal ash content in blasting mining is 20 percent and ash content in comprehensive mining is about 10 percent more than that in blasting mining. For instance, the 1980 raw ash content of Jixi and Kailuan mining bureaus, whose level of mechanization improved at a fairly rapid pace, was 33.1 percent and 33.7 percent respectively. This requires that coal dressing by washing must keep pace correspondingly with the demands to provide the users with high-quality fuels and create conditions for raising heat efficiency. One of the important reasons for apart from the backward structure of our nation's industrial boilers being inefficient, apart from the backward nature of the boilers themselves, is the poor quality of fuels. Most of our blast furnace nozzles use Yangquan coal whose ash content increased from 13.09 percent in 1966 to 24.06 percent in 1980. It is estimated that during the "Sixth Five-Year Plan," every year the blast furnace nozzles and sintering consume about 6 million tons of anthracite. If the ash content of this was decreased to the level of 1966, every year 1.42 million tons of coke, 1.25 tons of limestone and 4.84 million tons of carrying capacity could be saved. All this requires an investment of 100 million yjan which is only equal to the cost of fuel saved in a year in iron smelting. Increasing the raw coal dressed by washing by 100 percent will mean the saving of 8 million tons of coal a year and the saving of shipping by rail of tens of millions of gangue.

Next, coal for civilian use in cities must be put to rational use. The heat efficiency of honeycomb briquettes is 25 percent, that of egg-shaped briquettes and cake-shaped briquettes is 50 percent and that of bulk coal is 10 percent. At present, the residents of the cities and towns throughout the nation consume 58.37 million tons of coal of which honeycomb briquettes constitute only 24 percent. Popularizing the use of honeycomb briquettes will mean the saving of 8 million tons of coal every year and the savings of more than 500 million yuan of state subsidies and at the same time will save huge quantities of fire-kindling wood.

Again, combustible gases, such as natural gas, manufactured gas, LPG, coke-over gas and blast furnace gas, must be put to rational use. According to estimates and calculations, a total of 300-400 million cubic meters of mine gas is discharged by coal mines a year, some of which has been utilized but a considerable part of which is let out of mines unused. In such industries as iron and steel, coking and chemical industry, every year large quantities of combustible gases are let go unused. The coke-oven gas which is let out unused alone totals 800 million cubic meters a year. In addition, there is also considerable waste of natural gas and oil field gas which are not properly used. Covering and utilizing the combustible gases which are let go unused will result in immense wealth. The extractable reserves of gas of the Wushun coal mine is 4 billion cubic meters. At present, every year a total of 100 million cubic meters of gas is extracted and apart from the portion which is used for coking and boiling water by the 60,000 mining staff and workers, most of it is let out unused. If some storage tanks and pipelines are built, the 230,000 households in the city will have gas to use and the supply of gas to the city will be realized.

Finally, strive to replace oil consumption with coal consumption and cut oil consumption. Coal is dominant in China's energy structure. The state urges that the boilers which can use coal as fuel should not use oil any longer, and that the saving petroleum should be exported so as to earn more foreign exhcnage for developing our energy industry and transport so that the national econo-y can be revitalized. This is an energy policy which promises faily satisfactory economic results. The problem at present is to accelerate the curtailment of oil consumption. The various localities and units must support this matter so that the task of cutting oil consumption can be fulfilled as early as possible.

//Fourth,. adopt a policy of both encouragement and financial aid in energy conservation and arouse enthusiasm for saving energy.// In order to do a good job in the energy conservation undertaking and in developing the "fifth energy," the state spends billions of yuan of funds to subsidize the replacement of oil consumption by coal consumption, to renovate and transform boilers, to supply heat under centralized administration, to transform the market supply of coal for civilian use, to dress raw coal by washing, to establish hot treatment centers, to recover combustible gases and some other major energy conservation projects. This has played the role of a material guarantee in fulfilling the task of economizing on energy. Energy conservation is a task of a social nature. Besides state subsidies, local governments must also render necessary financial aid to energy conservation. Industrial and

communications enterprises must all the more concentrate their financial resources (including alteration funds, overhaul funds and production funds) on doing a good job in the technical transformation with energy conservation as the center. At present, over 60 percent of the machinery and electrical equipment of some enterprises are products of the 1940-50's. If replacement and renovation of equipment is not speed up, these enterprises will lose their vitality. We must not hesitate in the least to use the depreciation funds and overhaul funds together in technical transformation so that industry and enterprises can grow and flourish.

Here it is still necessary to mention the question of how to put energy conservaton funds to good use. The methods and projects of energy conservation are many. The energy conservation departments must sum up the positive experiences and lessons in practice over the last 2 years. Those which require less money and promise quicker and better results must be kept going and reconsideration must be given to those which require much money but produce slow results with low efficiency. Energy conservation measures, funds and tasks must be coordinated. In serving the fulfillment of the task of economizing on energy, we must not just pay "lip service."

//Fifth, establish and implement the energy conservation responsibility system which combines responsibility, authority and benefit and fulfill the tasks of energy conservation in the right places.// To carry out energy conservation, first, we must have energy conservation goals and plans for action and after being examined and approved by the responsible departments, the plans for energy conservation must be carried out in a conscientious and responsible manner. The reasons for failures to fulfill plans must be determined and responsibilities for the failure must be sorted out. We must not leave things undone. With regard to the CCP Central Committee's directives and the State Council's instructions concerning energy conservation, the staff and workers have the right to supervise their being carried out and the departments at the higher levels have the right to speed up and supervise them and help carry them out. Those which carry out the energy conservation plans fruitfully should be encouraged and rewarded. In order to enable the encouragement and reward to play its role of propelling energy conservation forward, it is necessary to work out reward quotas, distribute energy according to the fixed quotas and make a public appraisal of energy conservation in accordance with precise measurement and statistics. Some enterprises have integrated rewards for practicing economy with comprehensive rewards, linked up energy conservation with the implementation of the ecnomic responsibility system and put an end to the phenomena where everybody eats "from the same big pot," thus achieving fairly satisfactory results.

//Sixth, care must be taken to guard against energy waste caused by the improper overall balance of plans and the disunity of the management system.// In light of the past experiences and lessons, the problem which calls for attention at present is that energy production must correspond to the energy transportation capacity; the growth of oil using machines and implements must correspond to the capacity of oil production. A drastic increase in oil using machines and implements will lead to a situation where one is unable to do anything without the raw materials. The supply of finished oil products with fixed quotas under a contract must be suited to the volume of production quotas of petroleum processed. At the end of the year, if the finished oil products are temporarily produced in great excess of the fixed quotas and

furthermore there is no huge storage capacity to store them and not enough time to export them, then, as a result, they have to be poured into the market, thus resulting in more sales because of more supplies and damage to energy conservation. Besides, efforts should be made to solve the problems caused by the disunity in the system. For instance, in quite a few localities, two factories which are separated only by a wall have separately built a heat supply system for reducing oil consumption and transforming boilers. If they could jointly build such facilities, they will save fuel, power, equipment and personnel. These factories under two different jurisdictions have their own investment resources and cannot get along well. Therefore, it is justifiable to say that rationality in plans and systems mean the greatest economy while irrationality in plans and systems will cause the greatest waste.

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ECONOMIC PLANNING

YU MINGTAO REPORTS ON SHAANXI'S INDUSTRIAL SITUATION

Xi'an SHAANXI RIBAO in Chinese 22 Apr 82 pp 1-2

[Excerpts of report by Yu Mingtao, secretary of the Shaanxi Provincial CCP Committee, delivered on 13 April 1982 at the Shaanxi provincial industrial-communications work conference: "Put the Improvement of Economic Results in the Central Position, Open Up a New Situation in Our Province's Industrial Production and Construction"]

[Text] Comrades:

The subject for discussion at this conference is the trasmittal and implementation of the spirit of the national conference on industrial and communications work, and a further discussion of the carrying out of industrial and communications work in our province in 1982. The tasks of the industrial-communications front are: further correct the guiding ideology, put the improvement of economic results in the central position, get a good grip on enterprise reorganization, strengthen ideological political work, try hard to realize in a down-to-earth fashion and without exaggeration the "four guarantees and five strivings," and open up a new situation in construction of industrial production in our province.

At the national industrial-communications work conference, Premier Zhao Ziyang pointed out: Currently, it is necessary to stress the correcting of the guiding ideology in industrial production, i.e., we must be particular about economic results and proceed at a down-to-earth, unexaggerated pace. Not only is this the case with regard to industrial production, but in capital construction and the field of circulation, as in all economic work, there is the problem of correcting the guiding ideology. He also said that, in improving economic results, we should be clear about one important point, viz, we must, with as little expenditure of labor and materials as possible, produce more products that meet social needs. He stressed that putting economic work on the track of improving economic results is the key to effecting a fundamental turn for the better in finance and economics. Premier Zhao Ziyang's speech hit the mark when he pointed out the currently existing problems, and his speech is of extremely profound significance for guiding all our economic work in the future.

Putting the improving of economic results in the central position requires that we, in our guiding ideology, practice the policy of making planned economy primary and regulation by market mechanism supplementary, and shift from the past practice of stressing output value and belittling results, so that speed and results mesh with each other; change the past practice of making "extensive" primary to the practice of making "intensive" primary; and change the past situation of neglecting social needs to a situation in which, proceeding from society's needs, products are suited to the market and satisfy needs. This is related to the important matter of whether in all economic work we can create a new approach.

In the past, our province obtained very great successes in industrial production--this cannot be doubted. But there really are very big disparities, principally the relatively poor economic results. In 1981, in several major technical indices, we were lower than the national average level and also lower than the province's best level in history. One prominent reflection of the inadequacy of results is that product quality is low and there is no variety in product, colors and designs, so that the marketability of the products is weak. If this situation is not quickly changed, some products will die out and some enterprises will encounter very great difficulties. We must take a sober look at this problem and truly put economic results in the central position. This is the key to opening up a new situation.

By stressing economic results, we are not saying that we do not want to attain a certain rate of speed. In itself the improvement of economic results has a certain quantitative content. A national growth rate is a necessary requirement for the improvement of economic results. We propose that in this year's industrial production we realize, in a down-to-earth fashion and without exaggeration, the "four guarantees and five strivings," i.e., consider these two things in a unified fashion, neither setting high targets nor holding down output value. We should arouse our spirits and work with all our energy to unite fairly good economic results with a rational growth rate, to unite quality with quantity, and to further realize a steady advance and a healthy development of the national economy.

Over 80 percent of our province's financial income comes from industrial and communications enterprises. Whether the economic results of industrial production and communications-transportation are high or low has a great bearing on realizing a fundamental turn for the better in the financial and economic situation. With reard to this question, there exist very great disparities, but at the same time it is clear that there exists a very great potential. According to calculations on the level of industrial production in our province in recent years, if the labor productivity rate is raised by 1 percent the national income can increase by 31 million yuan; if an output value per 100 yuan were to attain the national average level, our annual output value would be 16 billion yuan. In order to promote the switching of industrial production onto the track of being particular about economic results, we must set this kind of overall struggle goal, and through working as hard as possible, strive this year to reduce the unit cost of raw materials by 1 percent, so that the total cost of products will fall by 1.5 percent, the amount of money in circulation compared to the amount in use will fall

by 4 percent, the labor productivity rate will rise by 3 percent, and the output value profit rate per 100 yuan will grow by 5 percent, thereby insuring the completion of the financial task.

In order to promote the switching of industrial production onto the track of being particular about economic results, we must further clarify certain questions of a policy nature concerning the development of the construction of industrial production in our province, which principally are: 1) vigorously develop the light and textile industries, the raw materials and fuel industries, as well as tourist products, actively reorganize and reform the machinery industry, and work hard to strengthen and improve the communications and transportation capacity; 2) develop simultaneously state-operated industry and collective industry, develop simultaneously large, medium-sized, and small enterprises, and develop simultaneously military products and civilian products; and 3) cities and counties in all places must grasp agriculture with one hand and industry with the other.

I. Work Hard To Realize in a Down-to-Earth Fashion and Without Exaggeration the "Four Guarantees and Five Strivings"

In order to make economic results the core and insure the completion of this year's tasks, we must do a lot of meticulous work.

1. Organize production according to social needs.

The nature of socialist production demands that our enterprises be able to supply the products needed by society. Social needs are multisided, and people's requirements continually develop and change. This requires that we uphold making planned economy primary while developing the role of regulation by market mechanism, properly combining them. This year's industrial-communications production plan reflects the main condition of social needs and must continue to be carried out. In the course of carrying out the plan, we can, based on changes in market requirements, make a necessary readjustment of certain products, persisting in increasing the production of those products that meet social needs and reducing or stopping production of certain products that do not meet social needs.

Whether products meet social needs is a matter that includes the demand for quality, variety, color and design. We must conscientiously line up products in terms of quality, get to the heart of problems, find out reasons, take measures, and try hard to catch up. First, we must one by one get a grip on products that in the past were famous brand names and that had a good reputation in markets inside and outside the province, concentrate our forces, solve existing problems, restore them within a definite time to their historically best levels, and strive for new improvements in them. Second, we must maintain the quality of industrial products that are popular now and, while doing this, make advances in them. Third, we must select a batch of products that have a good foundation and great prospects, create excellent quality, heighten capacity, and develop them into new "hot-selling" products. We must clearly stipulate that whatever products are of a quality that is not up to standard are not to be calculated as output value and are not to be per-

mitted to leave the factory and be put on the market. Every enterprise must set up a quality-guarantee system, and start work on overall quality control and mass quality checks. The textile industry must develop high-count yarn, printing and dyeing, and knitting, strengthen the arrangements made after production, and work hard to increase colors, designs, and varieties. This year the First Light Industry got a grip on 10 key products and guaranteed 10 famous brands; this year the Second Light Industry achieved 1 state-level top-grade product, achieved 10 province- or ministry-level top-grade products, trial-manufactured 100 new products, and added plans for 1,000 new colors and designs, which will surely be put into production. The clock and watch industry must use new technology introduced from abroad to bring about an upswing in colors, designs, and varieties. Each enterprise must make a study of the "life cycle" of its products and, when its main products enter the mature period, make an effort to develop second-generation and third-generation products, so that the opportune moment for renewal or replacement is not lost.

2. Improve management and administration, make up deficits and increase surpluses.

Whether economic results are good or bad is mainly decided by management and administration. This year we should make big strides in improving management and administration. In the main we must get a good grip on three things.

The first thing is to link up economic information. In addition to enterprises, each economic department must, with organized market investigations and surveys, set up an effective information feedback system in order to create conditions for the enterprises to improve management and administration.

The second thing is to gradually set up a new norm evaluation system. All enterprises must strengthen their economic accounting. In addition to setting norms for product quality, variety, and cost, they should distinguish different trades and pay attention to making the central link in improving management and administration the raising of the top-grade product rate, the labor productivity rate, the raw materials utilization rate, the circulating funds turnover rate, the output value profit rate, the funds utilization rate, and the export remittance exchange rate of enterprises that export products, thereby increasing output and income. All industrial and communications enterprises must, proceeding from reality, study and formulate the principal measures for improving management and administration and for increasing output and income, and put forward clear objectives to struggle for with regard to economic technical norms. The situation with regard to the carrying out of the struggle objectives must be periodically announced to the masses, and mass-type analyses of economic activity must be launched. The province must strengthen statistical control and seasonally evaluate and announce statistics.

The third thing is to make up deficits and increase surpluses. In the past the chemical fertilizer industry always had serious deficits, but over the past 2 years it has got a good grip on management and administration and on technical reform, and has already begun to put an end to this passive state of

affairs. Last year the coal industry had a deficit of 44 million yuan, but in the first 2 months of this year, it has, compared with the deficit in the corresponding period last year, reduced the deficit by 4 million yuan. What the chemical fertilizer and coal industries were able to do, some other enterprises ought to be able to do. The departments responsible for the work and the financial departments at all levels must get a tight grip on, and not let go of, the work of making up deficits and increasing surpluses. With regard to enterprises with deficits, we must investigate them one by one, find the reasons for the deficits, and help them to formulate truly feasible measures for making up deficits and increasing surpluses. For all deficits of a managerial nature, we must have a time limit for changing the deficit into a surplus. If the time limit is not kept without a legitimate reason, the responsibility of the principal leading cadres in the enterprise should be examined. This year the total deficit of enterprises in the province must be reduced by over 30 percent. The problem emerging in many places of haphazardly sharing expenses among enterprises must be firmly corrected.

3. Oppose waste and get a good grip on saving energy and raw materials.

Saving energy and raw materials by lowering the consumption of materials transformed by labor is an important link in improving economic results. Proceeding from opposition to waste, the conscientious saving of energy and raw materials is one of the key points of our work this year.

For this year's energy supply, we must extensively practice quota management, rationing, and measurement checks. We must take effective measures to plug up runoffs, emissions, drips, and leaks, and also practice strictly the system of rewarding saving and punishing waste. We must rebuild in turn the over 1,000 low-efficiency industrial boilers and heating furnaces. We must get a grip on the key point, viz, lowering the consumption of energy of those enterprises whose consumption is huge, hold down the energy consumption of enterprises in which products have no market and are seriously overstocked, and transfer the energy to enterprises in which products are suitable for marketing and satisfy needs and in which energy is insufficient. Through energy-saving work, the entire province must save 300,000 tons of coal, 140 million kilowatt-hours of electricity, 19,000 tons of oil, and 9,000 tons of coke, and reduce by over 10 percent the amount of water used by industry for every 10,000 yuan of output value. Total energy consumption must be 3 percent lower than it was last year.

Our province's raw materials industry is extremely weak. In order to solve the raw materials problem, it is necessary to pursue a policy of laying stress on both exploitation and saving with the latter being primary. The metallurgical, petrochemical, and building materials industries must make increased output of "shortline" products the center of their own work. The forest industry must make a point of concentrating on forest tending improvement and comprehensive utilization. Each trade and profession must make a point of saving and utilizing raw materials.

4. Pay attention to product development in first-grade economic batches.

The vigorous development of new products is an important matter relating to whether the enterprises can be run well, and is also one of the major conditions for the constant improvement of economic results. The machinery industry must make the center of its work the raising to a suitable degree of the capacity of machinery in order to create conditions for all departments of the national economy to improve economic results, and must make an effort to do a good job in the development and manufacture of new products. In order to meet the requirements for development of the production of consumer goods, it must develop light industry machinery; to meet the requirements for comprehensive utilization of agricultural resources, it must develop suitable machinery for agriculture and machinery for processing agricultural, sideline, local, and special products; to meet the requirements of various departments for technical reform, it must develop energy-saving and environment-protecting machinery; and to meet export requirements, it must selectively develop machinery for export. It must make a point of developing serial products and of organizing the supply and servicing of complete sets of machinery. The petrochemical industry must accelerate the development of dyed and painted products by small petrochemical plants. The metallurgical industry must give play to the superiority of our nonferrous metal resources. Every trade and profession must pay full attention to developing new products, and they cannot remain bound to the old conventions of 10 or several 10's of years.

We develop new products in order to better meet social needs and guide social requirements. However, only with batches of top-grade economic goods can we obtain fairly good economic results. This year we must select a batch of new products that are advanced in technology and industrial art, that are suitable for marketing and satisfy needs, and that have a competitive capacity, and must concentrate the necessary financial and material resources to organize and coordinate the production of batches of top-grade economic goods. We must work to upgrade the economic batches of the national defense industry's key civilian products.

In organizing production of batches of goods, we must make a point of using economic methods to promote unity. For some products for which we want a big development, we cannot again take the old path of "big and complete" or "small and complete," but should mainly rely on united strength. Similarily, some enterprises that are technologically backward and that have poor product quality must learn from and draw close to key enterprises that have created famous-brand products.

5. Pay a high degree of attention to displaying the role of science and technology.

The improvement of economic results depends on science and technology. For example, the Xi'an No 8 Radio Factory has no more than 100 staff and workers and only 7 technicians. With the cooperation of units of Xi'an Jiaotong University, Northwest University, and metallurgical and geological research institutes, they have applied the achievements of science and technology to produce several precision instruments such as the elliptical laser thickness-measuring instrument, which have drawn the attention of the whole country.

Over a period of 5 years, their production rose steadily, and their profits showed a big increase, increasing at an average annual rate of 43 percent. The Shaanxi Medical Equipment Plant has spread the application of the new technology of vertical-pull tubes, which had been researched by the Northwestern Light Industry Institute, so that its production of thermometers has been mechanized and automated, its work efficiency has been raised by 5.6 times, and it has thrown off the stigma of running deficits for 8 years in succession. Attaching great importance to giving play to the role of science and technology, and closely integrating science and technology with production practices, is a task that brooks no delay.

We must strengthen the work of popularizing scientific and technological achievements. We must select a batch of technicians who have a strong sense of professionalism, whose practical experience is fairly rich, and whose specialized approach is fairly broad, and use them to replenish the working contingents at all levels who are popularizing scientific and technological achievements. They must vigorously spread 19 new techniques and industrial arts, including the utilization of surplus heat, the washing of boilers in acid to slow corrosion, the saving and substitution of precious metals, the application of organic silicon and organic fluorine, long-burning coal gasification, the use of compound fertilizers, the use of new agricultural chemicals that are high in effectiveness and low in toxicity, heat treatment, and industrial water purification. Attention must be paid to giving play to the role of scientific-technical information by launching consultative services for scientific-technical materials. We must break free from technological blocks and swiftly make technology our own possession. This year's pilot conference on technological coordination certainly must be well organized.

We must organize technical forces in all aspects and tackle key problems in a coordinated fashion. The coordinated tackling of key problems must be centered on improving product quality and performance and on increasing colors, designs, and varieties; centered on saving energy and lowering consumption of raw materials; and centered on developing products and reforming technology. The provincial economic commission and the provincial scientific and technological commission must carry out conscientious research and selection; bring up the major key problems currently affecting production; and organize the scientific and technological strength of universities and colleges, scientific research units, and the defense industry into groups, according to projects, that will coordinate and tackle key technological problems. Materials and funds needed for tackling key technological problems are to be given precedence in arrangement through available channels.

We must conscientiously launch economic and technological cooperation among coastal provinces and cities. After the provinces and cities of Shanghai, Tianjin, Jiangsu, and Guangdong have consulted together and decided on the projects for economic coordination and technological cooperation, we will ask them to give us technological assistance. At the same time it must be pointed out that many of our province's enterprises were moved here from the coastal cities and provinces, so that there is a concentration here of a leading technical backbone contingent. We certainly must attach a great deal of importance

to bringing into play the role of these comrades, letting their advanced managerial experience and special technical skills take root and blossom in our province.

6. Give prominence to key points, accelerate technological reform.

Getting a tight grip on carrying out technological reform in existing enterprises is the chief support for bringing out the potential of enterprises. At present, technological reform must make energy saving its center and the improvement of economic results its objective. It must be integrated with the development of consumer goods production, with the increase in output of "shortline" raw materials, with the changing of the service orientation of the machinery industry, and with the rational utilization of natural resources and the raising of the level of their comprehensive utilization. Centering on this key point, we must conscientiously draw up technological reform plans and in turn organize and carry them out. The province's funds for replacement and reform and the enterprises' funds for equipment depreciation and production development should mainly be used for equipment replacement and for adopting new techniques and new industrial arts, and should not be used for adding welfare facilities and for blindly expanding the scale of production. We must fully utilize the advantageous condition in our province of the technical force of its machinery industry being fairly strong, adopt the method of each trade being responsible for task completion, and in a planned manner carry out technological reform. We must make a point of developing compensatory trade, utilizing foreign capital, introducing from abroad suitable advanced technology, and replacing some equipment.

7. We must try hard to expand the export of industrial and mining products.

For the past several years, the exportation of our province's industrial and mining products has developed fairly rapidly. This year we must obtain new successes in this regard.

In developing export and organizing good sources of export goods, we must, in line with international market requirements, make a point of giving play to our province's superiority. We must display our province's superiority in cultural relics, historic sites, and traditional skills by developing the export of arts and crafts products, products of the light and textile industries, products woven of straw and wicker, and imitation antique products; display our province's superiority in having an abundant source of labor by developing the processing of imported materials and materials sent to the province from other parts of the country and the opening up of foreign cooperation; bring out the potential in the machinery and defense industries by developing the export of various kinds of electromechanical products and industrial, medical, and pharmaceutical products; and display our province's superiority in natural resources by increasing the export of agricultural, sideline, local, and special products and of mineral products. We must gradually change the existing situation in which there is a considerable amount of raw materials and primary-processed goods exported, and as much as possible deepen the degree of product processing. Each industrial bureau and each enterprise in which favorable conditions exist must pay attention to changes on the international markets and, based on its own special technical skills in production, begin work on opening up foreign markets.

8. We must go all out to develop the collective-owned industry.

Our province's collective-owned industry is in urgent need of big development. This will be an extremely significant step toward satisfying social needs, arranging employment for labor, improving the industrial structure, and accumulating funds for construction.

The resolution of the Sixth Plenary Session of the 11th CCP Central Committee points out: The state-operated economy and the collective economy are the main parts of our country's socialist economy. It is necessary to reaffirm that the party's policy with regard to the collective-owned industry is one of supporting and developing it. To discriminate against, restrict, or practice equalitarianism and indiscriminate transfer of collective property is a mistake. The supply of first- and second-category materials needed for production by the collective industry must be brought into plans at every level. The policy stipulated by the provincial government with regard to development of collective industry must be firmly carried out.

Collective-owned industrial enterprises must maintain their orientation of serving the people's livelihood and of serving the formation of complete sets in industry. At present, our province's foodstuffs industry is backward, the quality of its tourist products is low, there is a shortage of medium-sized and small farm implements, and there is a serious insufficiency in small commodities. The collective industrial enterprises must meet this demand and organize production flexibly. We must, based on the special features of natural resources in a given locality, suit measures to local conditions; unify plans; rationally divide up the work; organize the forces of the prefectures, counties, and communes; employ the method of collectively pooling resources of the collective and of being supported by the state; integrate the construction of small cities and towns; and vigorously develop collective-owned industrial enterprises in the city and countryside.

9. Conscientiously strive for effective utilization of funds.

The fundamental principle in using funds well is to try to get the maximum yield possible from the minimum investment possible. We must painstakingly use well the funds for unearthing potential, innovating, and improving. We certainly must consider things in an overall manner and concentrate on key points. With regard to major projects, it is necessary to carry out in advance feasibility studies and to unify the investment plans for channeling fixed assets. With regard to projects now being carried out, we must conscientiously put them in order and give prominence to a batch of products that have a short cycle, that produce results quickly, and that have good benefits, and concentrate our strength on them so that they will go into operation early and be of benefit early.

We must conscientiously strive for returns on investment in capital construction. In continuing to control the scale of capital construction, we must pay particular attention to controlling blind increases in projects we have planned ourselves. The orientation of utilizing investment must pay attention to insuring that productivity funds are mainly used for the development of

the light, textile, energy, and raw materials industries. For every construction project, we must try to create and complete an excellent project and to work hard to shorten the construction cycle.

The level of circulating funds must be lowered. At present, the principal reason for so much funds in circulation is the increased stocks of finished products. The key to a good solution of this problem is still for certain products to find suitable markets and satisfy needs. At the same time, commercial departments must make conscientious analyses of their own stocks of products. They must make a point of correcting the overstocking of products caused by blind purchases and barter. It has been decided to establish a provincial special leading group, which will conscientiously put in order the existing stocks of industrial and commercial commodities, adopt the method of changing the system of utilizing them and actively promoting sales, reduce overstocking, accelerate the turnover of circulating funds, and clear out part of the funds and use them to supplement the orders for goods and develop production.

10. Closely coordinate to do a good job of linking up supply, production, and marketing.

Production, exchange, distribution, and circulation constitute a whole. If there is no production, there is no circulation; if there is no circulation, production cannot be successfully carried out. No matter whether it is a production department or a circulation department, their common focus of attention is the uninterrupted satisfying of social needs, and there is no reason whatsoever for them not to cooperate hand in hand. The two sides--industry and commerce--must exchange information, support each other, closely coordinate, jointly organize and launch market investigations, vigorously do a good job of linking up and supplying raw materials, and cooperate in doing a good job of promoting the sales of products abroad. With regard to industrial and commercial products whose profit distribution is irrational, appropriate readjustments can be effected. With regard to new products that suit the market and satisfy needs, and some products that have prospects for development, we must, starting from overall economic results, plan for them on a grand and general scale and provide them with additional support and protection. With regard to products within the plans, industry and commerce must practice the 4 forms of buying and selling decided upon by 10 ministries and commissions of the state and the provincial government. We must investigate the leadership's responsibility for the overstocking caused by blind purchases and unhealthy tendencies. Under the circumstances in which there are many channels for circulation, we must make a point of giving play to the role of the leadership in state-owned commerce and strengthen planning and leadership. Industry and commerce are jointly responsible for the unimpeded cycle of reproduction, and no impediments are allowed.

No matter whether it is industry of commerce, each must attach full importance to the vast market that is the rural areas and firmly establish the idea of serving agriculture. They must vigorously produce and supply the means of production and livelihood required by the rural areas, and must correct such unhealthy tendencies as covertly raising prices. At the same time, agriculture must also do a good job of supporting industry.

II. Do Things by Stages and in Batches

The overall reorganization of enterprises means the comprehensive bringing of the enterprises under control so that all their work is made practicable and they truly take a new path in developing the national economy. This is a major deployment for further thoroughly carrying out the policy of readjusting the national economy, and is also a fundamental condition for giving full play to the potential of existing enterprises and realizing this year's "four guarantees and five strivings."

1. Rectifying and setting up a good leading group--this is the key to insuring that the enterprises advance in the direction of socialism.

We must emphasize getting a good grip on the ideological rectification and construction of leading groups. Principally through summing up the situation with regard to the thorough implementation of the party's line, principles, and policies since the Third Plenary Session, we must check on whether the guiding ideology for economic construction has been straightened out, whether the work focus has really been shifted, and whether a new path is being taken; check on and strengthen the sense of responsibility in work; and check on and strengthen the sense of responsibility in work; and check on and correct various unhealthy tendencies. The selection of young and middle-aged cadres who have both ability and political integrity must be taken as an important matter to be done, so that the revolutionization, rejuvenation, intellectualization, and specialization of the leading groups will be realized as swiftly as possible. The people who grew and thrived by being "rebels" by following Lin Biao and Jiang Qing, the people seriously afflicted by factionalist thinking, the elements who beat, smashed, and looted, as well as the people who resist the line of the Third Plenary Session and the people about whom serious economic questions are asked absolutely cannot be allowed to rise up, and they must be eliminated from leading posts so that not a single one remains. The leading groups should be keen-witted, capable, and youthful, and should know the ropes. In this regard, at the national industrial-communications work conference, Premier Zhao Ziyang put forward a clear demand that must be gradually carried out.

Our party is a party that serves the people wholeheartedly. Our cadres, no matter whether they are at leading work posts or have left leading work posts, must be responsible to the end to the party's and people's cause, and cannot slacken their will so that their work is adversely affected. For several decades the veteran comrades have made contributions to the party and the people. Now, some people, owing to advanced age and physical debility, find it difficult to continue to take on strenuous work, and their first and solemn duty is to select young and middle-aged cadres and pass on experience, give help, and set an example for them. Satisfactory arrangements for and consideration certainly must be given to veteran comrades who withdraw from leading groups.

We must conscientiously and thoroughly carry out the "Provisional Regulations of the Congress of Staff and Workers of State-Operated Industrial Enterprises," "Regulations on the Work of Directors of State-Operated Factories," and the

about-to-be promulgated "Regulations for Basic-Level Organization Work of CCP Industrial Enterprises." Under the leadership of party committees, a responsibility system for factory directors and a system of congresses of staff and workers is to be set up and perfected. Particular attention must be paid to strengthening the power of factory directors.

2. During the reorganization of enterprises, we must look upon the struggle to crack down on serious criminal activities in the economic domain as an important matter to be done. This struggle is now beginning throughout the province. From a look at problems that have been initially exposed, in some departments, enterprises, and economic units, the criminal activities of smuggling and trafficking in smuggled goods, of graft and bribe taking, of speculating and swindling, and of stealing state and collective property are much more serious than in the "three anti's'" and "five anti's" year of 1952. This is a significant manifestation at present in our country's socialist society of class struggle under new historical conditions. Carrying out this struggle well will have a bearing on the success or failure of the construction of modernization, have a bearing on the prosperity or decline, rise or fall of our party and state. During the reorganization of enterprises, with regard to major law cases or active law cases relating to state organizations and enterprises, especially criminal cases involving leading cadres, we must strictly investigate and deal with these cases, and we absolutely cannot be accomodating and appeasing, and even less can we allow ourselves to wink at and cover them up.

At present, within enterprises there is a tiny minority of people who collude with illegal elements in society--frequently under the pretense of acting for the state or the collective--in carrying out criminal activities. Some of them openly engage in smuggling and trafficking in smuggled goods and seek exorbitant profits; some steal or misappropriate public funds and resell at a profit gold, silver, and other previous metals; some embezzle a great amount of state funds and take bribes; some speculate in seeking exorbitant profits on goods from Hong Kong, Macao, and abroad that were purchased illegally and entered our coasts; and some lead an idle life and engage in the illegal economy. We must through rectification of financial and economic discipline and examination of financial affairs, discover clues, strengthen investigation, check up on problems and deal with them strictly. We must strictly distinguish and correctly deal with the two different types of contradictions, and conscientiously act in accordance with the limits of the policy stipulated by the central authorities. At the same time, we must set up and perfect rules and regulations for enterprises so that the criminal elements will have no opening to squeeze into. By the crackdown on criminal elements, the great number of party members, cadres, staff and workers will gain a deeper understanding, so that they will both uphold the party's policy of opening up abroad and enlivening the economy domestically, and will maintain the struggle against the corrosion of capitalist ideas, forever preserving our state's socialist nature and our party's nature of being the vanguard of the working class.

3. Reorganize and establish a good foundation for managerial work. It must be clear that the industrial production economic responsibility system is under the guidance of state plans and is a responsibility system that has as its

objectives the improving of economic results and the integration of responsibilities, rights, and profit. In practicing the economic responsibility system, "responsibility" takes first place; we cannot confuse the responsibility system with the award system or the distribution system, cannot follow the agricultural production responsibility system's way of doing things, and cannot depart from the scientific foundation of managerial work. The responsibility of enterprises is, in accordance with the demands of the state plan and the requirements of the market, to produce products that are marketable and satisfy needs and that are good and inexpensive. As for the profits created by enterprises, they must first be contributed to the state so as to increase the state's revenues; next, the profits left over are to be retained by the enterprises and distributed to staff and workers. The practice of arbitrarily depressing quota standards, reducing the base contract figures, and cutting the number of planned tasks in order to get more bonuses is incorrect and must be firmly corrected.

To vigorously launch the training of staff and workers is an intelligent method of development that does not require more investment and is an important matter of strategic significance. Large enterprises must set up training centers for staff and workers; medium-sized and small enterprises can jointly set up these centers, or act in unison with departments responsible for their work to set them up, A strict evaluation system must be practiced, integrating the training of staff and workers with the dissemination and evaluation of technical job titles and the choosing of advanced units and people through public appraisal. Capable cadres must be transferred to be responsible for leadership work in training staff and workers, to persist in this work for a long period, and to continuously raise the political consciousness and the scientific, technical, and cultural levels of staff and workers.

Ordinary enterprises should stress doing the "five jobs" well.

Enterprise reorganization must combine individual sites with entire areas. In reorganizing entire areas, three main things should be grasped well: First, an atmosphere of learning from the advanced must become prevalent, learning from advanced areas, units, and people, and learning advanced scientific, technical, administrative and managerial knowledge. Second, fundamental managerial work must be grasped and those leading groups that are really not working well must be readjusted. Third, a good grip must be gotten on the training of staff and workers. Collective-owned industry in cities and towns and enterprises in commune must also be reorganized. The principles and methods of reorganization can be carried out in light of the decision of the central authorities relating to the overall reorganization of state-operated industrial enterprises.

III. Conscientiously Strengthen the Party's Ideological-Political Work in Enterprises

To strengthen and improve ideological-political work in enterprises, we must, while getting a good grip on building material civilization, get a good grip on building spiritual civilization, and this will effect a fundamental turn for the better in our party spirit and factory spirit and in the spiritual fea-

tures of workers and staff. This is a fundamental guarantee for unearthing the potential of the available material base, for improving economic results, and for realizing the "four guarantees and five strivings."

The core of strengthening ideological-political work lies in strengthening the party's ideological and organizational construction. The party's leadership over enterprises is mainly ideological-political leadership, insuring the thorough implementation of the party's various general and specific policies, and insuring the fulfillment of the tasks of the state plan. The party must control the party. The party must set up the "three meetings and one class" system to strengthen the education of party members. In accordance with the demands of the party's constitution and standards, the party should educate its members so as to bring into play their model, leading role. In inner-party life, criticism and self-criticism should be launched to correct harmful trends and straighten out the party spirit.

The party must attach importance to the building of an ideological-political work contingent that will continually improve the methods of this work, so that the party's ideological-political work will be even more closely integrated with economic work and become a powerful spiritual mainstay for expediting the construction of the four modernizations.

First, carry out a widespread propaganda and education drive on the economic situation. The method of setting forth facts and meticulously balancing books should be adopted. Speaking of our province, since readjustment of the economy began, there has been a new growth of industrial and agricultural production, and the improvement in the people's life has been even more striking. In the 3 years from 1979 to 1981, throughout the province arrangements were made for 555,000 youths awaiting employment, and over the years, places have basically been made for intellectual youths from cities and towns who went down to the rural areas to do manual labor. The state effected a big rise in the purchasing prices of agricultural and sideline products, and because of this price rise the peasants' income increased, totaling for the 3 years 786 million yuan. The income in wages of staff and workers also increased rapidly, amounting to a 3-year increase of 1.3 billion yuan, and the average wage increased by 126 yuan, or 19.3 percent. The purchasing power of the people in town and country throughout the province showed a 3-year increase of 1.246 billion yuan, or 43.7 percent; after deducting the rise in price indices, the purchasing power still grew by about 30 percent. In the 3 years, the funds used by the province for housing staff and workers and residents, excluding collective units, reached 887 million yuan, and last year this item of investment was equal to 56 percent of the total investment in capital construction. Each area and each factory and mine had this kind of account book, and was able to show fully and vividly that the line, principles, and policies since the Third Plenary Session are correct, that the party and government are making a gigantic effort to improve the people's life, that our current economic situation is good, and that there are great hopes for the four modernizations cause. Of course, we must also clearly state that at present we still have difficulties in the economic readjustment, and the staff and workers must also make allowances for the state's difficulties. The improvement of the people's life can only be gradually realized following development of production.

Second, become closely involved in educating staff and workers on their sense of responsibility as masters of their own affairs. This is a regular principled task in the ideological-political work of enterprises. The positive and negative experiences of many years prove that it is incorrect to ignore the role of material incentives, but that the sole reliance on bonuses cannot arouse people's enthusiasm. In economic work, we must, from beginning to end, uphold the principle of ideology taking the lead. We must make education on the sense of responsibility as masters permeate each aspect of work. Through this education, the staff workers will be led to uphold the four basic principles, to love the party, socialism, the state, the enterprise, the collective and their own work; to correctly handle the relationship between the interests of the state, the collective, and the individual, consciously making the interests of the individual subordinate to the interests of the collective, the interests of the party subordinate to the interests of the whole, and the immediate interests subordinate to the long-term interests; and to enhance the concept of legality, consciously abiding by the state's laws and decrees and waging a determined struggle against all illegal behavior that sabotages the construction of the four modernizations.

Third, get a good grip on the education of young workers. In recent years, following the retirement of older workers, a great number of new workers have entered the factories, and the proportion of young staff and workers has grown swiftly. Ideological-political work in enterprises must adapt itself to this situation and, in guiding ideology and organizational leadership, put more attention and emphasis on young staff and workers. We must make an overall analysis of and correctly handle young staff and workers, and be concerned with their growth to maturity. We must pay sufficient attention to problems existing among them. We must organize the young staff and workers to study some of the basic theories of Marxism-Leninism-Mao Zedong Thought, so that they will profoundly understand the truths that if there were no Communist Party there would be no new China, and that only socialism could have saved China; will clarify all sorts of muddled ideas; and will further strengthen their faith in Marxism-Leninism, their trust in the party's leadership, and their confidence in the prospects for the socialist four modernizations. We must organize young staff and workers to study the history of modern China and the history of the CCP, so that they will profoundly understand the difference between the new and the old society and the difference between socialism and capitalism, will understand the glory and greatness of the working class, will establish the revolutionary outlook on life and the lofty ideals of communism, and will increase their national self-esteem and self-confidence. We must also combine the education with the activities of the "five stresses and four points of beauty," and in a planned manner conduct education on basic ethical standards, fostering good morals and habits among the young workers and socialist spiritual civilization.

IV. Truly Strengthen Leadership, Further Change Ideological Style and Work Style

Comrade Chen Yun recently pointed out emphatically: Our country must persist in making planned economy primary and regulation by market mechanism supplementary; the state's construction must be like a game of chess; we must carry out the fundamental policy of "first comes food, second comes construction."

Comrade Chen Yun's instructions show great foresight and are concise and profound. From the totality of the construction of the socialist four modernizations, they further demonstrate the great policy that our party must follow in its economic work in the new historical period. Party committees and government at all levels, leading comrades at all levels, and all comrades engaged in economic work must integrate with reality, conscientiously study and comprehend Comrade Chen Yun's instructions, really strengthen their leadership, and further change their ideological style and work style in order that, in the new year, our economic work will be done better and with richer results.

First, we must have a high degree of revolutionary sense of responsibility and work initiative. During the economic readjustment, there are many new situations and problems, and the work tasks are extremely ornery. This requires that leading comrades at all levels possess a high degree of revolutionary sense of responsibility, emancipate their minds, seek truth from facts, courageously accept responsibility, expend a great deal of energy, and blaze new paths. Leading comrades at all levels must summon up their spirits, shoulder heavy burdens, press forward in the face of difficulties, and try hard to do economic work well. The leading comrades must promote creative work among office personnel, and be interested in, encourage, and boldly promote talented personnel who will discover new directions, products, markets, and efficiencies for the enterprises.

Second, with regard to macro-economics, centralism and unity must be strengthened and the economy invigorated. The leading comrades must launch discipline and education among office personnel on resisting the corrosion of the bourgeois liberalization ideology so as to insure the thorough implementation of the party's general and specific policies and to insure the successful completion of every job.

Third, the concept of planning and the concept of the overall situation must be established to a high degree. A socialist economy is a planned economy. The finer industrial work is divided, the higher becomes the degree of specialization, the closer becomes the relations between various aspects of the work, and the stronger becomes the demand for cooperation. This requires overall planning and coordination, and the strengthening of the state's planned guidance. A socialist economy is a whole, and the interests of the part must be subordinate to the interests of the whole. Comrade Mao Zedong said: "If a certain idea seems feasible when viewed from part of the situation but when viewed from the whole situation is seen to be unfeasible, then we should make the part subordinate to the whole. The converse is true, i.e., when viewed from part of the situation it seems to be unfeasible but when viewed from the whole situation it is seen to be feasible, then we should make the part subordinate to the whole. This is the viewpoint of considering the situation as a whole." We have always looked upon the people's interests as above anything else. We stress economic results because of the high degree of unity between micro-economic effects and macro-economic effects. The selfish departmentalism and decentralism, which only attach importance to departmental interests and regional interests and do not take the whole into account, are signs of an impurity in party spirit. The plans of all departments must be brought into line with the overall plan, be subordinate

to the balance and coordination of the overall plan, and they are not permitted to stand independently outside the overall plan.

Fourth, do a good job of checking up and implementing. As early as the Uan-an days, Comrade Mao Zedong said that there are two important matters for leading organs: one is to understand the situation and the other is to know the policy well. Only by thoroughly understanding the situation can we correctly determine and implement a policy. We must make investigation, study, checkup, supervision and urging the first duty of leaders and office personnel at all levels. The leading organs must cater to the basic level, serve the basic level, and help the basic level to solve actual problems. In a certain sense, the work of leaders is to check up and implement; if there is no checking up or implementing, one cannot talk about leadership. To view problems accurately and to decide on matters, we certainly must have the leading comrades be responsible for checkups and be responsible for implementation, carrying things through to the finish and stressing results.

Party committees and government at all levels must strengthen leadership over industry. Party committees and governments of industrial cities must make industrial construction and production the center of city work. All departments responsible for industrial work must have a united view of the overall situation, gear themselves to the needs of the entire province, and guide work, and they cannot confine themselves to getting a grip on several subordinate enterprises. Counties in which agriculture is primary must also pay full attention to industrial construction and really get a grip on industrial production. Industry in cities and industry in rural areas must gradually set up a unified leadership and management system.

Not long ago, together with several comrades I went to Jiangsu Province, in particular to Changzhou city, to study their experience. Compared with Jiangsu, we are really backward. However, we also have many favorable conditions. Our scientific and technological forces are comparatively abundant, the foundation of our machinery industry is fairly good, the forces of our national defense industry are fairly strong, and we are fairly rich in economic natural resources. It all depends on human effort. If only we firmly implement the Party Central Committee's line, principles and policies, truly strengthen the party's leadership over industry, and do good work in a down-to-earth fashion, there will certainly be a big change in Chaanxi's industrial features, and there will be high hopes for Shaanxi's industrial construction.

The present situation is very good. Since September of last year, our province's industrial production has steadily picked up, and there has also been an improvement in economic results. In the first quarter of this year, in the budget the profit realized by the province's state-operated enterprises at the county level and above grew by 6 percent as compared with that in the corresponding period of last year, and the province's total output value rose by 9.6 percent compared with that of last year's first quarter. The situation on the entire industrial-communications front is encouraging. Party committees, government, and industrial leading departments certainly must strengthen their confidence, organize the great number of codes and work on the industrial-communications front; and unswervingly put the improvement of economic results in the central position, so as to struggle hard to realize this year's tasks in the "four guarantees and five strivings" movement and so as to open up a new situation in our province's industrial production and construction!

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ECONOMIC MANAGEMENT

ECONOMIC CRIMINALS FURTHER EXHORTED TO SURRENDER

Fuzhou FUJIAN RIBAO in Chinese 16 Apr 82 p 1

[Editorial: "'Waiting, Resisting and Running Away' Are all Futile--More on the Immutable Policy of Leniency to Those Who Confess Their Crimes"]

[Text] In our editorial entitled "The Immutable Policy of Leniency to Those Who Confess Their Crimes" published yesterday, we clearly pointed out that the only way out for those who have committed the crimes of seriously undermining the economy is to surrender to the authorities and to make a clean breast, and that "waiting, resisting and running away" are all futile. This point has been fully illustrated by the news reports carried by our paper today on the economic criminals in various localities surrendering to the judicial departments and returning their ill-gotten gains. All these criminals have tried the "waiting, resisting and running away" tactics. First, they "waited." Some people have taken a wait-and-see attitude and spent several months in trepidation. However, the crackdown on serious economic crimes continues to gather momentum, while the "Resolution" of the NPC Standing Committee making new stipulations on more severe punishment for economic crimes signalled the closing in of the dragnet. Can anyone still "wait"? Some people have tried to "resist," but how can any "resistance" be effective in the face of evidence of crime? Some people have also tried to "run away" and hoped to find a secret hiding place. Under public gaze, however, escape from the dragnet is impossible. They may be lucky in making good their escape once, but they cannot bank on their luck forever. Therefore, their only hope is "leniency to those who confess their crime." We welcome such action on their part.

The decision of the Party Central Committee and the State Council on combating serious economic crimes pointed out: "All offenders should size up the situation, seize the opportunity, and take the road of 'leniency to those who confess their crimes.'" If they rely on luck and miss the opportunity, they will be severely dealt with in accordance with the NPC Standing Committee's "Resolution." This was a reiteration of the policy of "leniency to those who confess their crimes, and severity for those who refuse to do so," and pointed out the way for the offenders to turn over a new leaf. What should be pointed out now is that some economic criminals are still continuing their "waiting, resisting and running away" tactics. This is very dangerous. Although their tactics may be different, the reasons for their action can only be as follows:

First, some of these people have misgivings about the party's policy of leniency to those who confess their crimes, thinking that once they confess, there will be no "leniency." In fact, such worry is entirely unnecessary. According to the NPC Standing Committee's "Resolution," heavy punishment will be meted out for economic crimes, and in exceptionally serious cases, there may even be life imprisonment or death sentences. Any state functionary violating the law should be persecuted. This is about the severity of punishment. However, it was also stipulated that those who turn themselves in before 1 May will be dealt with according to provisions of previous laws. This is about the leniency granted. According to previous "criminal laws," the sentences for economic crimes were mostly below 7 years, and except for extremely serious cases, the death sentence was never stipulated. Our party and government mean what they say. Regardless of the seriousness of the crimes, those who voluntarily surrender and confess their crimes according to the requirement of the "Resolution" will be entitled to leniency, no matter whether they are the principals or the accessories in the crimes. This has been forcefully proved by the news reports carried in our paper in the past several days. The extent of "leniency" will depend on the attitude of the offender himself. If he genuinely repents, voluntarily surrenders himself, candidly confesses his crimes, returns all his ill-gotten gains, and truthfully exposes other criminals and their crimes, he will certainly be entitled to leniency and may even be spared from persecution. Of couse, those who really repent and surrender after the deadline on 1 May will still be leniently dealt with according to the relevant policy and law, the only difference being that leniency in such cases cannot be as much as that granted before the deadline.

Second, some of these people think that the "crackdown" is only a "blast" and that if they can avoid this "blast," the crisis will be over. These people are entirely mistaken. The crackdown on serious economic crimes is an important sign of class struggle in the economic sphere of our socialist society under new historical conditions. The decisions made by the NPC Standing Committee, the Party Central Committee and the State Council clearly show the determination of the party, the government and the people to carry this struggle through to the end. If the word "blast" must be used, then all the previous criminal acts of smuggling, selling smuggled goods, profiteering, swindling, graft and bribery were an evil blast, while the crackdown carried out by the broad masses under party leadership on serious economic crimes is a "wholesome blast" which will last for a long time with ever increasing velocity instead of being "just for a while." All criminals had better watch out, cast away all illusions, voluntarity surrender, and make a clean breast. No criminal trying to cover up their crimes or continuing their criminal activities can escape from the arm of the law or the severe punishment from the people.

Third, some economic criminals are now in a dilemma. They have thought of surrendering, but are unwilling to take this step. They have been influenced by anarchism and ultra-individualism spread by the counterrevoluiontary group of Lin Biao and Jiang Qing, and have an implicit faith in "everyone for himself and the devil takes the hindmost," which is a decadent philosophy of life. They are greedy and will spare no effort for personal gains. As a result, they are embarking on the road of crimes. Now, on the question of surrendering themselves to the authorities, they are still studying the pros

and cons, because they are unwilling to abandon what they have already gained. Like gamblers, they want to take a "chance" in the hope of keeping their ill-gotten gains. They do not expose their confederates out of consideration for "personal gains," because, as they think, if they do not expose others, the others will not expose them, so that everyone will be "happy," and keep their "money." In fact, all these are unreliable. It is now time for them to wake up. In our socialist country, no one is allowed to get rich by disrupting state economy and undermining socialism. In such matters, refusal to come to one's senses and to confess crimes can never be allowed under our policies and laws. The only way out for them is to stop thinking of money, surrender to the authorities, and candidly confess; otherwise, they will end up with everything lost.

There are now only slightly more than 10 days before the deadline prescribed by the NPA Standing Committee's "Resolution." "Waiting, resisting and running away" are all futile, while time and tide wait for no man. We hope all the criminals will not miss the opportunity offered by the party and the government, and quickly take the road of "leniency for those who confess their crimes." They must voluntarily surrender themselves, make a clean breast, turn over a new leaf, and live a new life. This is the only correct way.

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FINANCE AND BANKING

BRIEFS

NINGXIA TAXATION PLAN FULFILLED--The plans for the collection of industrial and commercial taxes in our region for the first quarter of this year have been over-fulfilled by 2,488,000 yuan, or 15.69 percent over the same period last year. In the region, 15 municipalities and counties over-fulfilled their tax plans. Industrial production in the region began to improve in the first quarter of the year. Compared with the same period last year, the industrial output value increased by 9.6 percent, including a 14.2 percent increase in light industry and a 7.7 percent increase in heavy industry. Taxes from coal, metallurgical products, machinery, chemical products, and rubber were increased by 2,145,000 yuan; and among light industrial products, textile products, printing and dyeing, and liquor yielded 519,000 yuan more than they did in the same period last year in the form of taxes. The tax departments at all levels are giving good performance in collection under the system of job responsibility which arouses mass enthusiasm. They are strengthening their supervision and control and have conducted general inspections on tax collection among the collective enterprises. [Text] [Yinchuan NINGXIA RIBAO in Chinese 17 Apr 82 p 1] 9411

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INDUSTRY

'JINGJI GUANLI' ON MANAGING COAL MINING INDUSTRY

HK091244 Beijing JINGJI GUANLI in Chinese No 5, 15 May 82 pp 9-11

[Article by Ma Hong [7456 3163]: "On the Characteristics of Production Techniques of the Coal Mining Industry and Methods of Enterprise Management"]

[Text] Editor's note: This abridged article by Comrade Ma Hong is a preface written for "Enterprise Management in the Coal Mining Industry" edited by Comrade Wang Wouling, provincial vice governor of Shanxi Province. [End editor's note]

The coal mining industry is one of the important departments in the national economy. Coal is a major energy source in developing the national economy in our country at present and for a considerably long time in the future. It is also an important raw material for various industrial products. Along with the development of the national economy, more and more good-quality coal is needed in industry, agriculture, transportation and communications, all trades and people's life. The development of the coal mining industry in our country has become an important condition for accomplishing the four modernizations and for building a strong socialist country.

How can we satisfy the development of various sectors of the national economy in their daily increasing need for coal? In addition to investing in the development of new coal mines in a planned way, more should be done to rapidly raise the management level of the coal mining industry and give full play to the role of existing enterprises and upgrade their economic effect.

At present, the progress of enterprise management of the coal mining industry in our country is uneven. Only a few enterprises have improved management. A substantial number of them are lagging behind. Most of them are somewhere between the two. In a word, the management level in the coal mining industry is still not high enough. Low labor productivity, wasted material, high production costs and unsafe working conditions are not uncommon. There is a serious loss in the number of enterprises, and at one time there was a deficit in the whole coal mining industry. Besides the low price of coal, one more important reason is that enterprise management is backward. Under such circumstances, the publication of "Enterprise Management in the Coal Mining Industry" is most timely and necessary.

How can we strengthen the enterprise management in the coal mining industry? Enterprise management work in the coal mining industry is similar to other enterprises in many aspects and contains features common to other enterprises. Concerning these common features, there are many books published on this topic. Management personnel of coal mining enterprises should learn and study these books. In order to manage well the enterprise in the coal mining industry, the mere understanding of these common features is not enough. The coal mining industry is an exploitation industry. It is somewhat different from the processing industry. Within exploitation industries, there is also a difference in the exploitation of oil and ore mines. Therefore to manage well the enterprises of the coal mining industry, we must not only understand the general principle and methods of enterprise management, but we must also understand the characteristics of the coal mining industry itself. In this way we can correctly solve all the complicated problems in enterprise management work of the coal mining industry.

What then are the characteristics of the production and management of the coal mining industry? Compared with other trades, particularly with the processing industry, it has the following characteristics:

1. Labor in the Coal Mining Industry Is a Nonregenerative Natural Resource; Enterprise Management Should Pay Special Attention to the Rational Use of Resources and Actively Raise the Reclamation and Utilization of Resources

Coal is formed gradually by a geological process over many years. It is a natural resource that cannot be regenerated. This is different from the processing industry. Take for example the textile industry; cotton used this year can be replaced next year. It is also different from the tree-felling industry. Forests can be regrown. In a few decades to a century or so, a new forest can grow. As for coal mines, we cannot regenerate an excavated mine. That is why coal resources are a valuable treasure of our country. China is rich in coal resources. Along with the development of the coal mining industry, our coal reserves will not increase, but decrease. At present, the performance of a substantial number of large, state-owned, centrally-distributed coal mines is below the expectation of the state in reclaiming natural resources. As for the small- and noncentrally-distributed coal mines, their ratio of reclaiming resources is much lower. On account of the low reclamining ration of centrally-distributed coal mines in the whole country, there is a roughly-estimated loss of approximately 100 million tons of recoverable coal a year. If the enterprises of the coal mining industry do not strengthen management work in reclaiming resources, do not rationally utilize resources in the course of production but instead practice improper exploitation and violate exploitation procedures by mining the rich deposits and neglecting the poor ones, excavating the thick and discarding the thin, selecting the fine and abandoning the inferior, taking the easy and rejecting the difficult and indiscriminately expoiting, they will cause great waste and damage the resources. Meanwhile, large amounts of coal deserted in the mines may cause a fire, affect safety work and also accelerate the decay and abandoning of active mines. This forces the state to build new mines in advance to substitute for the old ones, thus aggravating the pressure on capital construction of coal mines and increasing the burden on the national economy.

In order to exploit and utilize coal resources in a rational way, enterprise management of the coal mining industry should combine exploitation with protection of resources and strengthen the management in reclaiming resources. Under the prerequisite of rational techniques and economy, we must use advanced methods in mining, reasonably arrange new production, strictly comply with the exploitation procedures, maintain a rational excavation ratio and raise the reclamation ratio of resources to make proper use of exploitation from the limited coal resources.

2. The Subject of Labor in the Coal Mining Industry Is Fixed, Installation and Workers Should Move With the Movements of the Coal Mining Sites; Enterprise Management Should Pursue Regular Circulatory Operation

The process of production in the coal mining industry is in fact a process of exploiting coal resources buried deep underground and in mountains. In the production of coal, these resources are fixed and immovable. Only by exploiting and conveying facilities can we change its position. Therefore workers should move with the movements of mines and gradually shift from one coal seam to another.

In order to satisfy this characteristic, enterprise management of the coal mining industry should exploit according to need, organize the workers of the whole mine to carry out regular circulatory operation and vigorously raise the level of regular circulatory operation.

3. The Period of Production Preparation in the Coal Mining Industry Is Long; Enterprise Management Should Stress Keeping the Proper Ratio of Preparation and Production

In order to maintain a normal procedure in coal production, enterprise of coal mines should plan for the next stage before completing the current one; prepare for a new site before the exploitation of the existing one is complete; and plan for a new coal seam before finishing the present one. Every new coal seam, site and production level of new coal beds requires preparation time of from a few months to several years. This long period of preparation work is seldom found in other industrial enterprises. Therefore we have to ensure the proper proportion between all production steps in coal mining and ensure that all production steps are used in mining recoverable coal so that coal mining production can continue in an orderly way.

4. Most of the Operation in Coal Mining Is Underground Work; Enterprise Management Should Pay Special Attention To Safety and Protection

Only a small amount of coal mining work is done on the surface; most of the work is done underground. Underground production procedures involve complicated techniques such as geological surveys, proper ventilation, drainage, illumination, transportation and communication, power supply, etc. The space for underground operations is generally narrow and there are the dangers of underground water, gas, coal dust, rock dust and stratigraphic pressure; and there is also a shortage of above-ground conditions such as sunlight and fresh air. These conditions threaten labor and production safety. It is imperative

that the enterprise management be strict, careful and thoughtful. In the light of underground mining operations and the characteristics of the underground conditions, we must attach great importance to safety work, strictly implement the rules in safety work and conscientiously enhance the work in labor protection.

5. Coal Mining Industry Has a Large Amount of Transportation; Enterprise Management Should Ensure Uninterrupted Lifting and Transportation

Coal is a sort of loose and cumbersome industrial product. In order to maintain the production line, coal should be transported immediately after excavation. In large and medium-size mines, one coal seam can produce several hundred to a thousand tons of coal a day. The coal has to pass through a conveyer and be transported to the bunker from the coal vein. Then it is loaded on a train and transported to consumers. From a certain point of view, the procedure in coal mine production is permeated by continuous transportation. If the enterprise of the coal mining industry does not have a powerful and coordinated lifting and transportation system, it cannot proceed in normal production. Therefore, possessing sufficient lifting and transportation capability is a basic condition in successful production from enterprises of the coal mining industry. Due to this characteristic of the coal mining industry, special efforts should be made concerning lifting and transportation. We must have a comprehensive plan in the lifting and transportation system in coal mines, properly arrange the proportion between production and transportation, supply sufficient facilities for lifting and transportation, and do a good job in organizing work and strengthening dispatch work to ensure unimpeded lifting and transportation.

6. The Waste Material in the Coal Mining Industry Cannot Be Reutilized; Enterprise Management Should Strengthen the Work in Reclamation and Utilization of Materials

In the processing industry, some of the waste material can partially or wholly be reutilized through reprocessing. The coal mining industry uses coal, a natural resource, and it is unnecessary and impossible to transform coal waste material into a producible substance. But there is still the possibility that some materials can be reclaimed and reused. Therefore, enterprise management should have good control over the supply of these materials and also the work in reclamation and utilization of them. This is an extremely important task for the enterprise management of the coal mining industry.

7. Coal Has a Wide Range of Uses But Contains Waste Rocks; Enterprise Management Must Stress Quality, Improve Quality Through a Washing Process, Classify the Coal To Suit a Variety of Consumers

The exploitation of coal is a single production procedure. Because coal is an underground resource formed by nature millions of years ago, coal is mingled with waste rocks, thus reducing the quality of coal. In the process of exploitation, the natural shape of coal is changed. Coal not washed and selected is not suitable for the concrete needs of consumers in their various uses. In order to adapt to these needs, coal washing should immediately follow the exploitation of coal to bring waste to a minimum and reduce dust, and to classify in different standards and supply suitable products to consumers according to their needs. In this way we raise the use value and general value of coal, reach the target of rational utilization of resources and make full use of the coal.

In the past, we have built and expanded 176 coal washeries. Although the capacity of washing reached 100 million tons, we still could not satisfy the needs of economic development. We should not only raise the washing capacity and strengthen the washing management work to raise the standard and quality of coal products, we must also implement the method of supplying coal according to consumers' particular needs and upgrading the economic effects of the national economy.

I have mentioned seven points on the characteristics of enterprise production and management of the coal-mining industry. I hope to study this problem with management personnel of coal-mining enterprises to achieve a more comprehensive understanding so that we can do a much better job in enterprise management of the coal mining industry.

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DOMESTIC TRADE

STRICT SUPERVISION OVER VENDOR STALLS URGED

Guangzhou GUANGZHOU RIBAO in Chinese 6 May 82 p 1

[Article by correspondents Zhao E [2156 6948] and Wang Liwen [3769 4539 2429] and reporter Sun Jianyu [1327 1017 1938]: "Reorganization Urgently Needed for Markets With Vendor Stalls for Industrial Products; Illegal Transactions Assuming Serious Dimensions"]

[Text] Since our first experiment in running vendor stalls for industrial products in November 1980 in Qunzhong Street, we have opened similar markets in Guanlu Road, Guangda Road, Xiaoguang Road and Guyi Street. According to preliminary statistics, there are now more than 800 such stalls (of which more than 85 percent are run by individuals) in these five markets with a total personnel of more than 2,500. These stalls have undoubtedly played a positive role in enlivening the market economy as a supplement to state commerce, in meeting consumer needs, in providing more job opportunities and in promoting stability and unity. However, since these markets have developed fairly rapidly and we lacked the experience to exercise a strict control, many problems have emerged. These problems can be classified under the following six categories:

First, the problem of business orientation. The distribution of trade in these markets is irrational, since more than 80 percent of these stalls are dealing in ready-made dresses, and some of these markets have beome "ready-made dress markets." Moreover, 65-70 percent of these dresses are imported goods, of which 65-70 percent are "black-market goods" from questionable sources. According to reports received, dealing in foreign goods means brisk and profitable business, and that is why these people are so enthusiastic in their business. Then where did their dresses, nylon fabrics, nylon umbrellas, and so forth come from? Investigations have revealed that some of them came from state-run wholesale stores; some from the processing of imported fabrics; some from the foreign trade departments which orginally procured them for export and later turned them over to the domestic market; some from overseas stores and foreign trade markets which illegally sold them for high profits; some from smugglers in the coastal areas; and some from itinerant traders from Hong Kong. A small portion of these goods were brought in legally and tax free by people's friends and relatives in Hong Kong and Macao, but some dress materials were smuggled in and, after processing, sold as imported goods. We also understand that many state-run stores, permitted to act as wholesalers

by the state for imported goods, have supplied these goods to individual dealers. For example, the industrial products trade center under the municipal commercial and trust company has from October last year to March this year sold to individual dealers at wholesale prices more than 60,000 imported umbrellas, and more than 17,000 pieces of nylon trousers, T-shirts and windproof jackets. The "black-market" channels are even more complex. In Dongguan, Zhongshan, Shenzhen, Zhuhai and other coastal areas, the smugglers have set up a series of "relay stations" for smuggled goods to be brought in to be sold in Guangzhou. Some individually-run stalls are closing early every afternoon so that these individuals can go to the railway stations or visit the hotels to look for prospective sellers from Hong Kong. An individual dealer by the name of Chen, who ran a stall in Huifu Road, was arrested on the spot on 6 February by the industrial-commerical administrative department for illegally buying and selling smuggled goods. According to his diary, in which he recorded his daily transactions, he bought from smugglers 282 dresses and 32 meters of nylon fabrics at a total price of 2,250 yuan on 5 February alone.

Second, illegal transactions including the reselling of imported goods in the markets. According to the statistics released by the No 4 Bureau of Industry and Commerce in Yuexiu District, from July last year to March this year, more than 190 cases of illegal reselling of foreign goods were brought to light in the industrial products market in Guangda Road. On 1 April, a man by the name of Deng of No 21 Stall, openly bought 153 meters of nylon fabrics in 17 bales at the price of 61 yuan per bale from smugglers. At the end of last year, the industry-commerce administration department raided 27 individually-run stalls in Qunzhong Street, and 23 of these stalls were found illegally selling 890 imported dresses. A certain Wen who ran a stall in Guyi Street was found using his home as a base of his illegal activities in buying and then selling imported dresses at high profits.

Third, increasing wholesales by individually- and collectively-run stalls in violation of industry-commerce administration regulations. According to a report from the No 1 Bureau of Industry and Commerce in Yuexiu District, some individual traders from Guangxi Zhuang Autonomous Region and from Zhaoqing Prefecture in Guangdon came to the market in Guanlu Road at the end of last year. They displayed their business licenses and bought at wholesale prices more than 90 pairs of nylon trousers. In Guangda Market, there is a Changshen Department Store operated by a collective plant in Yuexiu District. This store carried out illegal wholesales on a large scale, and in last January alone, bought a large number of bicycles, bicycle spare parts and sewing machines from 12 enterprises in and outside the province, to be resold to the outlaying counties. The wholesale of bicycles was more than 160 yuan each.

Fourth, the serious situation of tax evasion. In the five industrial products markets with vendor stalls in the municipality, some individually-run stalls have still not been issued any license and have not paid their taxes. Some stalls have deliberately reported a smaller business volume and therefore enjoyed a lower tax rate. A certain stall operator in Guanlu Road Market by the name of Fang make a monthly profit of 700-800 yuan out of a turnover of approximately 5,000 yuan. However, he only reported a 1,200 yuan turnover. A certain Guo in Qunzhong Street Market had a turnover of approximately 10,000 yuan a month, but he reported it only as 1,500 yuan.

Fifith, inadequate control or even basically lack of control. Recently some of these markets have adopted the system of attaching price tags to the commodities, but this system has not been carried out in practice. In fact, the difference between the offered and the counteroffered prices is always like the difference between sea and sky. Those who purchased their goods from state-run wholesale agents do not sell them at the listed prices if these prices are low. Only the high-price goods are put on display to be sold to different people at different prices. Many customers from other places have been cheated, and bickerings can be heard frequently.

Sixth, people of diversified background in the markets. In Guangda Market, there are individual stalls and 27 stall sites. For collective stores run by neighborhoods, only market passes are issued before they receive their business licenses. Thus many people can do business here with but one pass. Some of these people are simply loafers in the society; some are full-time workers now taking some side jobs; and some pay rentals for the use of stalls. A stall operator named Lin rented his stall to Ceng for 80 yuan per month, and Ceng was later arrested for selling black-market goods openly at the stall. In some districts, some stores run by neighborhood industry are leased to others so that the real store-owners can reap the benefits without working. Furthermore, some members of roving gangs and some law-breakers have set foot in these stalls.

In addition to disturbing the market order, these problems have directly jeopardized the interests of the state and the people and provided good opportunities for unscrupulous elements. It is now high time for these markets to be reorganized. We hope the municipal authorities concerned will carry out a drastic and thorough reorganization so that the vendor stalls selling industrial products will develop in a healthy way.

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LABOR AND WAGES

'JINGJI GUANLI' ON IMPROVEMENT OF PEOPLE'S LIFE

HK091251 Beijing JINGJI GUANLI in Chinese No 5, 15 May 82 pp 5-8

[Economic commentary by Zhou Chuan [0719 1557]: "Conditions of the People's Livelihood in Urban and Rural Areas of our Country During the Past 3 Years"--note passages within slantlines in boldface as published]

[Text] Recently, among certain people, there has been some discussion about the question of livelihood. First, they say, that the rise of income cannot catch up with the rise of prices. Second, they say, that since the smashing of the "gang of four", little improvement can be seen in the people's livelihood, and so on. Some people simply parrot the words of others when making such remarks, and most of the people make such remarks because they do not have a comprehensive understanding of the actual situation. Since the 3d plenary session of the 11th CCP Central Committee, have the living conditions of the majority of people in urban and rural areas of our country been improved or not? To what extent has it been improved? Is the pace of improvement fast or slow? It is highly necessary to clarify this question by seeking truth from facts as to get rid of the misgivings people have in mind and promote social stability and solidarity.

Strong Measures Under Specified Conditions

For a long period of time in the past, economic work was influenced by "leftist" thinking. In addition to that was the 10 years' chaos and the interference and disruption of Lin Biao and the "gang of four". As a result, production concentrated on one thing only and the "transition through poverty" was carried out. Much attention was paid to light industry. In distribution, they sent in for high accumulation and large-scale construction. They squeezed consumption, thus, an unbalanced economic structure was formed. There was serious disproportion in the national economy. The loss and waste was shocking. The people's livelihood did not improve as it should have done. After the smashing of the "gang of four", especially since the third plenary session, the party Central Committee and the State Council have brought order out of chaos and corrected the "leftist" influence. In order to rehabilitate the people and improve their living conditions, the party Central Committee and the State Council have taken a series of significant economic measures under specified historical conditions. They comprise mainly the following ten items.

//(1) Implementing the production responsibility system.// For years, an important factor affecting the development of agricultural production was eating out of a "big pot," and more work without more pay. For the past few years, many places throughout the country have set up different types of production responsibility system on a wide scale linking remuneration with output. As a result, everyone showed concern for the output and attached great importance to the quality of farm work. This is just as the masses say: "The link with output is like a link with the heart, whoever is linked with it will care." Because this system of responsibility closely associates collective production with the personal material interest of the commune members, it is able to mobilize the masses of commune members' enthusiasm in production to the full. Wherever the system of responsibility has been carried out, collective production has developed rapidly, rural sideline occupations prosper and flourish and the improvement of the livelihood of the people is obvious.

//(2) Increasing the purchasing price of agricultural sideline products.// In order to encourage the masses of commune members to widely engage in diversified operations and vigorously develop agricultural production, the country has greatly increased the purchasing price of agricultural sideline products since 1979. Besides that, the state has increased the price for produce purchased in excess of the quota, and expanded the purchase at negotiated prices, therefore, in the past 3 years, the peasants have increased their income by 48.1 billion yuan, an average gain of about 60 yuan per peasant. This is the first time in 30 years that the range of price adjustment has been so great.

//(3) Reduction or exemption from agricultural taxation.// The method of practicing an agricultural taxation threshold has been employed since 1979. This is another important measure taken by the country to ease the burden of the peasants, assist the development of agricultural production and to change the situation of poverty. For 3 years, the country has reduced or exempted people from agricultural tax amounting to 7.8 billion yuan. One-quarter of the agricultural population and production teams in the whole country had their tax reduced or were exempted from it. Revolutionary bases, minority nationality regions, frontier regions and mountain areas where economic conditions were comparatively poor received more consideration with regard to reduction or exemption. These production teams used the money they got from agricultural tax reduction or exemption to increase the income of the commune members and the production capital. This played an active role in promoting the development of agricultural production.

//(4) Increasing the salary of staff and workers// In the past few years, the country has readjusted the salary of staff and workers. About 3/4 of the staff and workers were promoted on the wage scale. Apart from that, the grades on the wage scale have been readjusted in some regions, and the system of awards and piece rate wages have been practiced. In the 3 years from 1979 to 1981 the country has increased the expenditure on salaries by 25.1 billion yuan, which means an increase of 44.2 percent compared to 1978.

//(5) Subsidizing prices for staff and workers.// In order to assure that the livelihood of staff andworkers would be basically stable, the state

subsidized the prices of staff and workers' nonstaple food while raising the selling price of eight main nonstaple foods. The cumulative subsidy reached a total of 5.7 billion yuan.

//(6) Improving labor insurance and welfare.// This is another important measure taken by the country to better the livelihood of staff and workers. For example, the wage standard for retired workers and cadres on sick leave and in retirement is higher than before, and the standard for travelling expenses, hair-cut and shower fees has also been raised. The number of people entitled to these things has also been increased. Apart from that, there are health care fees for family planning and only children, which is something new, and there are travelling expense subsidies for staff and workers to go and visiting their parents. The expenditure of the state in this respect adds up to 50 billion yuan over the past 3 years, thus the income for families of staff and workers has increased relatively.

//(7) Cutting down the scale of construction.// According to the principle of proceeding in an orderly and gradual way and acting within one's capacity, the total investment needed in all the projects of large or medium scale that were under construction but not yet completed has been cut down by 40 billion yuan after readjustment, especially after a whole year's great readjustment last year. Together with the amount cut down in 1979 and 1980, a total of 56 billion yuan has been cut in the past 3 years. Due to the rational reduction in construction scale, the years-long situation whereby the capital construction front was too long has initially improved, thus providing important material prerequisites in material and financial resources to improve the people's livelihood.

//(8) Readjusting the direction of the employment of investment.// The country reduced the scale of capital construction, meanwhile, no effort was spared to improve the relations between "bones" and "flesh", so the investment in construction concerning the people's livelihood such as culture, education and hygiene, urban public utilities and housing for staff and workers has been increaed year by year. In 1979 the sum of investment added up to 13.5 billion yuan, in 1980 it was 18.2 billion yuan, and in 1981 it was 17.6 billin yuan. The cumulative sum over the 3 years came to 49.3 billion yuan, which was 6 times as much as that of 1978, with an average rate of increase of 100 percent per year. In 1978 the proportion of nonproduction investment was 17.4 percent of the total sum of investment. In 1981 it rose to 41.1 percent. An increase in investment so big and of such large proportion is unprecedented since the birth of the country.

//(9) Trying to increase the funds for consumption.// The country tried to reduce the funds for accumulation and increase the funds for consumption with the purpose of improving the livelihood of the people living in urban and rural areas. Three years' accumulation was directly used to improve the funds of consumption for individual inhabitants in urban and rural areas. The increase was over 80 billion yuan in all, which was equal to 16 years' total increase from 1961 to 1976. The proportion of the total funds of consumption in the utilization amount of national income rose from 63.5 percent in 1978 to over 70 percent in 1981.

//(10) Vigorously developing the production of consumer goods.// In order to make changes step by step in the unreasonable economic structure which stressed heavy industry at the expense of light industry which has been formed in our country over the years, for a period of time to come, the stress will be shifted to developing light industry and manufacturing more consumer goods that will meet the demands of social reality, so as to make the two major categories develop in concert. This is one important policy in economic readjustment and its purpose is to improve the people's livelihood and lay a material foundation. After 3 years' readjustment, light industry is able to develop at a high and steady speed. The proposition of light industry in the gross value of industrial output has risen from 43.1 percent in 1978 to 51.4 percent in 1981. The increase in production of consumer goods of the light textile industry has achieved good effects in enlivening the market and satisfying the demands of the people's livelihood.

The Main Signs of the Improvement of Livelihood

A great number of facts tell us that since the third plenary session, the party and the government have taken the above-said significant policies and measures. The livelihood of the majority of people has evidently improved. Well, what can be shown to prove that the people's livelihood has been improved. We can detect this from many respects. There are mainly the following five signs.

//First, income has increased.// Let us first talk about the peasants. With the increase of produce in agricultural production and the increase of income as well as forceful support by the country economically, the net income of the average peasant was around 220 yuan in 1981, according to the investigation into the income and expenditure of households of commune members, which meant an increase of 85 yuan compared with 1978. On average, there was yearly increase of over 17 percent in these 3 years. During the 10 years of the "Great Cultural Revolution", there was an average increase of 2 yuan per person every year. Sichuan Province is known to make up 1/10 of the total agricultural population of the whole country. In the last 3 years, the average net income of peasants has risen linearly. In 1978 it was 127 yuan, in 1979 it reached 156 yuan, in 1980 it was 188 yuan and in 1981 it went up to 221 yuan. Each person on the average has got an increase of 94 yuan in these 3 years. The rate of increase was 74 percent which was 2 and 1/2 times the total increase of income during the 20 years from 1957 to 1976. Now we come to the staff and workers. According to the investigation into the income and expenditure of families of staff and workers, for families of staff and workers, the income spent in living was 463 yuan for an average person in 1981, 46.8 percent more than in 1978.

//Second, more people have been employed.// For 3 years, cities and towns have made arrangements for 26,400 jobless personnel and other personnel in all. A great number of jobless personnel have remained idle for years. By now most of them have been given jobs. The number of people each staff and worker has to feed has decreased from 2.06 people in 1978 to 1.77 people in 1980. Owing to the fact that more people have been employed, the income of families of staff and workers has increased. Families of high income have constantly increased while families of low income have gradually decreased.

Take Tianjin Municipality for example, the proportion of families of staff and workers with a monthly salary over 50 yuan per person has risen from 4.5 percent in 1978 to 22.2 percent in 1981. This has not only eased the economic burden of families of staff and workers but also promoted social stability and solidarity.

//Third, the level of consumption has been raised.// The rise in the living standard of families of staff and workers is not only shown in the increase of monetary income but also in the increase in the amount of primary consumer goods and the change in consumption structure. In the purchasing power of commodities of food, clothing and daily necessities, the proportion of clothing and daily necessities has increased gradually, especially the part of the expensive goods and durable consumer goods are constantly on the increase. Let us compare 1978 with 1981: in cities and towns throughout the country, out of every 100 people, the amount who own sewing machines has increased on the average from 3.5 to 5.5, those who own bikes from 7.7 to 11.1, those who own watches from 8.5 to 15.7, and those who own radio sets from 7.8 to 14.9. The increase in the amount of consumer goods is quite common in families of staff and workers in cities and towns. Take Shanghai for example, by the end of 1981, every 100 households of families of staff and workers boast an average of 85 sewing machines, 69 bikes, 273 watches, 76 TV sets, 73 electric fans, 17 cassette recorders, and 10 cameras. In Nanjing Municipality, every 100 households of families of staff and workers boast an average of 133 bikes, 73 sewing machines, 257 watches, 65 TV sets, 74 electric fans, 67 electric meters, 74 sofas and 91 wardrobes. In the countryside, as the income of the commune members has increased, living standards have been raised. It has become common for a residence to be spacious, food to be nourishing, clothing to be of superior quality, and when one goes out, there are bells ringing (bicycles).

//Fourth, housing conditions have improved.// For 3 years, investment of the state on staff and workers' residences has been 29.1 billion yuan. The area of completed newly-built residences is 220 million square meters, which is 20 percent more than the total area of residences completed in the 10 years of the "Great Cultural Revolution". Now, for families of staff and workers, the average floor-space shared by each person has risen from 4.4 square meters in 1979 to 5.3 square meters. During the same period of time, houses built by commune members themselves were about 1.5 billion square meters. Now each peasant has an average of about 10 square meters of living space. The newly completedarea of residences in Hubei Province in these 3 years is about 40 percent ofthe total area completed in the 32 years since the birth of the country. Now, for families of staff and workers, the average living space each person occupies has increased from 4.5 square meters in 1977 to 5.9 square meters. In the countryside, everywhere large-scale construction is under way and new houses are being built. In Guangdong Province, of every three peasant households, one is building a new house on the average. One of the bases producing commodity grain in the whole country is the Zhujiang River delta. In the past few years, the residential conditions of the peasants have been greatly improved. In the Dashitian area of Zhongshan and Fanyu counties, hundreds and thousands of commune members from peasant households have left

their old thatched huts andmoved into newly-built brick houses. Fishermen from communes engaging in fishery in Shanshui Country have been living on boats for generations, but now over 40 percent of the fishermen's households have settled on land.

//Fifth, savings deposits have increased.// By the end of 1981, savings deposits of inhabitants in urban and rural areas all over the country reached 52.4 billion yuan, 31.3 billion yuan more than in 1978, an increase of 1 and 1/2 times. Each city and town inhabitant has an average of 217 yuan of savings deposits, and 2 yuan for an average rural inhabitant. This reflects an important sign of improvement in the livelihood of the masses of people, as well as the stability of our country's economy.

To sum up, it should be said that since the third plenary session, the pace of improvement of the people's livelihood has not been slow. The party and the government have tried their best. But, because of the large population we have and the poor foundation, so far the living standard of the people living in urban and rural areas is still rather low. Moreover, we should also understand that there is still a part of the peasants who are short of clothing and food. In cities and towns there are some staff and workers whose income is low and the life of their families is rather hard. From now on, conditions should be vigorously created and satisfactory solutions be worked out to solve these problems step by step.

Adopt a Correct Attitude Toward Several Problems

//(1) The problem concerning real income and price inflation.// Which has been greater in these years? The range of price inflation or the range of increase of income of staff and workers? This is a question people are concerned about. It is also the question most talked about. It should be admitted that in these years, market prices have risen quite a lot, especially prices of nonstaple food such as vegetables and aquatic produce, yet not all commodities have risen in price. Some have risen while some have fallen, and prices of basic daily necessities have constantly remained stable. On the whole, the rise of prices has not surpassed the increase in income of staff and workers. We can see that from the following figures. Comparing 1981 with 1978, the cost of living index for staff and workers rose 12.2 percent, whereas in families of staff and workers, the average income for living costs for each person increased by 46.8 percent, so, excluding the factors of the rise in the cost of living, the actual income still increased by 30.8 percent. The rise of the real income of staff and workers has also been proved by investigation material from various places. For example, the average income of staff and workers in the whole of Shandong Province has been raised from 568 yuan in 1978 to 755 yuan in 1981, which means an increase of 32.9 percent. Taking out the factor of the rise in living costs, the real income in salary has increased by 23.5 percent. Guangdong Province is known to have a fairly high living standard. With the addition of bonuses, subsidies and price subsidies, the average salary of the staff and workers of the whole province was 854 yuan in 1981, which was an increase of 40 percent over 1978. Deducting the factor of the rise of prices, the real income of staff and workers has increased 14.8 percent. Actual life has also indicated that the amount of

consumer goods possessed by families of staff and workers has increased, and savings deposits have doubled and redoubled. People can see and feel all this. Just as some workers have said, it is true that prices have risen in these years, but the number of people with jobs in a family has increased and there are more bonuses, so counting on one's fingers, there is still an increase in real income.

//(2) The questions of the relations between production and distribution.// The relations between production, distribution and livelihood are the unity of opposites. The development of production is the means, and raising the people's material and cultural living standard is the aim. And from production to livelihood, there is the intermediate link of distribution to be gone through. To conduct distribution reasonably can play an active and noticeable role in the continual development of production and the gradual improvement of the people's livelihood. Marx's theory of redistribution tells us: Production determines distribution, that is to say, the amount of distribution depends on the speed of development of production. It is sure that if the amount of distribution is small, that will influence the people's livelihood, and conversely, if distribution surpasses production, the issue of currency is too big and there are too many bank notes in the people's hands, then a part of the bank notes will fail to be cashed owing to the [word indistinct] of material prerequisites and that will not facilitate the real betterment of the people's livelihood. In recent years, while taking great pains to develop agricultural production the country at the same time has been trying its best to increase the income of the masses of people. It is certain that this has played an active role in promoting social stability and quickening the development of production. The saying that since the smashing of the "gang of four," production has developed, but the pace at which livelihood has been improved is not fast enough has no factural basis. The actual situation is that whether for peasants, or staff and workers, the increase of individual distribution and income has surpassed the increase of production. According to initial estimation, comparing 1981 with 1978, agricultural net output value all over the country has increased by 52 percent, but the average net income of each rural person has increased by 53 percent. The industrial net output value throughout the country has increased by 22 percent, but for families of staff and workers, the actual income of each person has on the average increased by 30.8 percent. We can see that the pace of improvement of the people's livelihood cannot be said to be slow, instead, it is quite fast. The increase of distribution surpassing the increase of production is necessary under specific circumstances but that cannot last long or it will be difficult to control the rise of prices. Production determines distribution, distribution cannot break with production. This is an objective economic law that cannot be ignored.

//(3) The question of the realtions between livelihood and construction.//

The purpose of socialist economic construction is, in the final analysis, to meet people's demands for material and cultural life. In order to better the people's livelihood gradually, we need to make plans in the long run and carry out planned economic construction, and keep on expanding reproduction, that is

to say, to handle correctly the relations between accumulation and consumption. In the past, there was a long period of time when high accumulation was stressed and consumption ignored. We should always remember this lesson. In fact, corrections have been made since the third plenary session. At present, another phenomenon should be taken heed of and that is to talk merely about improving livelihood regardless of national construction. Some places and enterprises employ various means to expand the scope of negotiated prices at will, reduce the proportion of purchase, quotas, wantonly expand the products they market themselves, embezzle state materials that are in short supply, pinch profits that should be remitted to the state, recklessly award bonuses, and so on. This practice of turning public property into private property and making private gains at public expense will inevitably harm the people's interests in the long run and must be put right. Comrade Chen Yun recently pointed out: "People's livelihood should be bettered. First, they should have food to eat, and enough food to eat their fill, they should not eat too badly or too well. Second, is construction. A country that eats everything and uses everything is a country without hope. Only when people's stomachs are full, and the state has a surplus for construction, can there be any hope." What Comrade Chen Yun said in this paragraph has made a comprehensive clarification of the dialectical relationship between improving the people's livelhood and the state carrying out construction. It has also forwarded the principles of correctly handling the relations between accumulation and consumption. We should act according to these principles, show overall consideration and make all-round and appropriate arrangements in the two great matters of people's livelihood and economic construction and persist in improving the people's livelihood on the basis of developing production and raising labor productivity.

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LABOR AND WAGES

'JINGJI YANJIU' ON REWARD SYSTEM, BONUSES

HK121110 Beijing JINGJI YANJIU in Chinese No 5, 20 May 82 pp 43-47

[Article by Wu Dingcheng [0702 7844 2052]: "Correctly Implement the Reward System and Fully Enhance the Role of Bonuses"]

[Text] Since the reestablishment of the reward system, bonuses have been playing an active role in mobilizing the initiative of the staff and workers, improving enterprise administration and management, increasing production and practicing strict economy, raising product quality and reducing production costs. This must be confirmed. However, the active role of bonuses has not yet been fully enhanced. Particularly, the overissue of bonuses is quite popular and equalitarianism is a serious problem. This not only discourages the mobilization of the laborers' initiative for production but also discourages the advanced elements and encourages the backward ones. It does not facilitate national economic development but gives rise to the rapid increase of bonuses and decrease of labor productivity. As regards how to correctly implement the reward system and to fully enhance the role of bonuses, I would like to put forward my rough and shallow viewpoints for public discussion.

I. What Is the Nature of Bonuses?

There exist many different opinions in this respect but there are mainly four viewpoints as follows:

One opinion holds that: "Bonuses constitute the reward and encouragement for the labor achievements and labor contributions of the staff and workers." According to this definition, a certain amount of bonus should be issued for the workers who make labor achievements and labor contributions. Thus, after receiving the basic salary, the workers can earn a certain amount of bonus. Consequently, there is double payment for one labor and everyone gets a bonus. Bonuses and wages are duplicated, but there are no quantitative limits for bonuses and thus inevitably provides theoretical grounds for more indiscriminate bonuses to be issued.

Another opinion considers: "Bonuses only constitute a material incentive for labor in excess of the quota as well as for those who have made an important contribution." According to this definition, only the staff and workers who have provided labor in exess of the quota and those who have made

an important contribution can get a certain amount of bonus. Thus it draws a clear line of demarcation between issue and nonissue of bonuses, preventing everyone from getting bonuses. However, this idea only recognizes that bonuses constitute a material incentive for surpassing the labor quotas and for making big contributions, but it denies that bonuses comprise an indispensable part of labor remuneration and the total amount of wages. Hence they consider that there should not be a contrast between material incentives and the total amount of labor in excess of the quota. Actually, it is impossible to have a reasonable quantitative limit if there is no contrast between material incentive and the labor which has surpassed the quota. This not only gives rise to egalitarianism in the enterprises but also will lead to overissue of bonuses in some enterprises.

Another opinion considers that the complexity of labor, the intensity of labor and the capacity for labor of the laborer, which remain unchanged for quite a long time, belong to the unchangeable factor of labor quality; and that the laborer's attitude toward labor, drive, responsibility, initiative and creativity which are subject to rapid change, belong to the changeable factor of labor quality. "Wages calculated according to time worked comprise a relatively fixed part of labor remuneration, which is linked to and decided by the unchangeable labor factor." "Bonuses are a changeable part of labor remuneration. They are compensation for the labor consumption caused by the changeable factor of labor and are a reward for raising the changeable factor." There are two questions here: the first one is actually, that there only exists a difference between the speed or slowness of change between complexity of labor intensity of labor, and capacity for labor of the laborer and the laborer's attitude toward labor, drive, responsibility, initiative and creativity; there is no distinction between "changeable" and "unchangeable" in this case. The second is that the "changeable factor" in labor activity can only be finally transformed into the increase of labor quantity and labor quality through the transformation of the "unchangeable factor" of labor (that is, the changeable factors of labor attitude, drive, responsibility, initiative and creativity are raised and strengthened by upgrading the technological level--that is, labor complexity, to intensify labor, to improve labor capacity and to prolong working hours and to develop and transform the "unchangeable factor, thus providing society with more and better labor. In short, wages and bonuses are directly decided by the labor quantity and quality provided by the laborers. Therefore, it is not possible to come to such a conclusion: Wages calculated according to time looked constitutes the remuneration for the "unchangeable factor" of labor and bonuses are the remuneration for the "changeable factor" of labor.

Another opinion holds that: "Wages calculated according to time worked constitutes the remuneration for a quota of labor and bonuses constitute the remuneration for labor exceeding the quota. These two are qualitatively distinct and have quantitative limits. This absolutely corresponds to the scientific summary of the objective nature of economic movement." In the process of economic activity, due to the difference existing in the laborers' technical level, capacity, intensity, attitude and drive, the wages calculated according to time worked paid for the same work can only be considered as the remuneration for laborers at the same level who have provided society with the average quantity of labor. This average quantity of labor is decided by the average technical complexity, capacity for labor, intensity, attitute

and drive of laborers in general at the same level. The average quantity of labor which the laborers of each level provide to society, constitutes the standard quota of labor for the wages calculated according to time worked. But owing to the different labor capacity of every laborer, some of them at the same level can only fulfill the average quota after making an effort. Some can fulfill the average quota easily and some can frequently surpass the average quota easily and some can frequently surpass the average quota; particularly after a certain period, and due to changes in the technical level, the capacity for labor, labor intensity, attitude and drive of the laborers, the number of laborers surpassing the average labor quota will tend to increase daily. The wages calculated according to time worked remain unchanged until a certain period of time. Therefore, they reflect only labor remuneration for completing an average quota and never reflect labor remuneration for surpssing the average quota. Only by issuing a certain amount of bonuses according to the quantity of labor in excess of the quota can the principle of distribution according to labor fully reflect and mobilize the laborers' socialist initiative.

Concerning the above, we can come to the following conclusion: Wages calculated according to time worked by all levels constitute the labor remuneration for the average quota completed by laborers at the same level, and the bonuses constitute the labor remuneration for the average quota surpassed by laborers at the same level. If the economic target was formed according to the advanced average quota, then a certain amount of bonuses may be issued for the staff and workers who have completed their economic target and a certain amount of bonuses may be issued for those who have exceeded their economic target.

II. A Reasonable Quantitative Limit for Bonuses

Since bonuses have become the remuneration for labor in excess of quota for laborers at the same level who have exceeded the average quota, the proportion of labor in excess of a quota constitutes the only ground for assessing the amount of bonuses. Those who have provided more labor in excess of the quota will receive higher bonuses and those who have provided less labor in excess of the quota will get lower bonuses. No bonuses are to be issued to those who failed to surpass labor quotas. To establish a reasonable quantitative limit for bonuses, the following four points may be considered:

First, the amount of bonuses must correspond to the increase of labor productivity calculated according to the net output value. Under the circumstances that the technical equipment of the enterprise remains unchanges, the increase in labor productivity calculated according to the net output value indicates an increase of labor quantity and labor quality, thus providing society with labor work in excess of the quota. To deal with remuneration in this regard, occasionally it has been necessary to upgrade the positions and readjust the wages. But usually measures for issuing bonuses have been adopted. Therefore, the increased rate of wages which is caused by the readjustment of wages due to an upgrade of position and the distribution of bonuses should not exceed any increase in the estimated labor productivity according to the net output value. Under specified conditions, the maximum increase should be equal to the labor productivity level. It should generally be lower than the increase in

labor productivity. In this way, it is possible, first of all to guarantee more earning for the state. Then more profits can be retained by the enterprises and at the same time more earnings can be guaranteed for the individual. In addition, if the increase in labor productivity is caused principally by the reform and renewal of technical equipment, then the increase in salaries, as a result of the readjustment of wages and the distribution of bonuses, should be lower than that of labor productivity to prevent profits made through state investment being put into private control.

Second, care must be taken for the tripartite interests of the state, the enterprise and the individual when determining a reasonable amount for bonuses. It must be confirmed that at present, the bonuses which link extra profits to retained profits have played a notably active role in improving administration and management and in raising the economic results. However, there are four points to be taken into account. First, the profit margin of the enterprise is decided by various factors: One, it is due to the change in the current number of laborers and labor quality. Two, it is due to the reasonable organization of labor. Three, it is due to the change in technical structure and the renewal of equipment. Four, it is due to the full supply or shortage of natural resources and the differences existing before and after the exploitation of the natural resources. Five, it is due to the differences existing in the geographical environment and the conditions for communication and transportation. Six, it is due to changes in the previous two factors which are affected by labor achievements made by the current producers, engineers, technicians and administrative cadres. Naturally, it is necessary to issue bonuses and to readjust the wages of the staff and workers in compliance with the principle of distribution according to labor. And as the profits increased by changes in the last four factors belong to the "earnings made by the different levels" category due to the objective conditions, they should logically be transferred to the state. But how can the transfer of the "earnings made by the different levels" be made to the state? First, by charging for the fixed capital used in order to duly raise the depreciation rate and to basically nationalize profits brought about by the high-priced and high-level technological structure and relatively new equipment. Second, by imposing a tax on natural resources and nationalizing all profits from natural resources. Third, by duly readjusting commodity prices and setting up a reasonable price system so that the cost price basically corresponds to the value in order to avoid allowing some enterprises to gain profits in excess of the margin while others cannot make reasonable profits owing to the oscillation of the cost price. Fourth, by readjusting the net profits between the enterprises by utilizing the tax rate, the interest rate and the profit margin of the capital and other economic balances so that the enterprises' net profits are basically equal to the labor achievements made by the entire staff and workers. And then link the bonus funds and welfare fund to the enterprises' net income. Thus, it can prevent the enterprises from underdoing a fluctuating economic state and improve the administration and management and also avoid the transferring of public property into private control. Hence, it is possible to fully reflect the principle of distribution according to labor.

To sum up, it is necessary to make a specific analysis of the matter and to deal with it while taking delivery of bonuses according to profits. Efforts should be made to eliminate the "earnings made by the different levels" due to the objective reasons, and the different levels should not be equally treated. In addition, the increases in bonuses must be lower than that of profits. It is because of the eliminating of the "earning made by the different levels", although the profits in excess of the quota comprise the labor achievement made by the staff and workers in surpassing the average quota, that labor remuneration constitute only a portion of the labor achievements which cannot be interpreted alone as labor achievements. In other words, bonuses are never equal to profits in excess of the quota and bonuses should be smaller than the profits in excess of the quota. While implementing the system of profit distribution, at least 60 percent of the increased portion of the profits should be transferred to the state. First of all, there must be a guarantee to increase the earnings for the state and at the same time, a portion of profits should be retained for the enterprise. Then the funds which are indispensable for production development and for the worker's welfare are deducted from the enterprise funds and the balance is distributed in bonuses for the staff and workers. That is to say, care must be taken for the material interests of the tripartite sectors of the state, enterprise and individuals while distributing profits in excess of the quota after eliminating the "earnings made by the different levels." It must primarily guarantee more earnings for the state, than for the enterprise, and finally for the individual so that the staff and workers can obtain extra pay after providing labor in excess of the average quota. Hence, it is possible to mechanically link partial interest to over-all interest, and current interest to long-range interest, facilitating the stable development of production and construction.

Third, consideration must also be given to the relationship between issuing a reasonable amount in bonuses and financial revenue and expenditure. Some comrades hold that bonuses may not affect financial revenue and expenditure if we can correctly record and take note of the balance. Bonuses which constitute labor remuneration for overfulfilling the average quota only comprise a part of the value created by labor in excess of the average quota and the balance transferred to the state or retained by the enterprises. Obviously, they facilitate maintaining a balance between financial revenue and expenditure. Naturally, one can only come to this conclusion by reviewing the definition of bonuses and through logical argumentation. And what are the actual conditions? It is necessary to make a concrete analysis. First, the present bonus system is imperfect, with many faults and a broad interpretation. Usually one can simultaneously get various shares of bonuses, sources of which are unknown. It is difficult to say that the issuance of bonuses can absolutely ensure an increase in financial revenue and facilitate a balance between financial revenue and expenditure. Second, bonuses which are distributed between the party and government organs, scientific research units, cultural, educational, hygienic and other nonmaterial production departments, are to be convered bythe financial departments. They will relatively increase the financial expenditures and affect the balance of financial revenue and expenditure. Third, bonuses comprise a part of the wage fund which constitutes an important component of the consumption funds. Therefore, salaries are directly proportionate to consumption and accumulation and indirectly affect the balance between financial revenue and expenditure. Large financial deficits

existed in 1979 and 1980, and the currency was overissued. In 1981, national revenue increased but financial revenue decreased. One of the reasons was due to the overissue of bonuses. Hence, distribution of bonuses should be properly controlled in order to maintain the balance between financial revenue and expenditure.

Fourth, while determining a reasonable amount for bonuses one should also consider the relation between the amount of bonuses and the market demand and supply. Some comrades hold that bonuses will not affect the balance of market supply and demand because bonuses constitute the remunerations for labor in excess of the average quota and naturally, labor in excesses of the quota has created more material products, providing the market with more commodity resources. Consequently, the additional products maintain the balance of market supply and demand. Actually, one should make a specific analysis of these matters and it should not be treated the same because the agricultural industry and the light and heavy industries affect the market supply and demand in different ways. In China, the state's farm workers receive bonuses but they supply the market with a limited variety of commodities. Farmers who provide the market with a considerable variety of commodities usually do not have production bonuses. More than 70 percent of the consumer goods are directly or indirectly supplied by the agricultural industry. So it is groundless to hold in general terms that the distribution of bonuses in the agricultural industry facilitates the balance between market supply and demand. Certainly we can say that the issue of bonuses will determine the balance of market supply and demand only when all the products of the light industry are poured into the market. But some products have nothing to do with the balance of market supply and demand because their varities and specifications are out of date, with low quality and high prices, which will not meet the market demands. Regarding the products of heavy industry, some are for consumer goods and others are for the equipment, material, raw material, fuel and power of the agricultural and light industries. Consequently, the distribution of bonuses in these industrial sectors can determine the balance between market supply and demand. But most industrial products are for self-serving purposes because they are useless either for the agricultural industry and light industry or for consumer goods. Overall, the distribution of bonuses in the heavy industry has raised production and has by no means been entirely able to determine the balance between market supply and demand; on the contrary, even more consumer goods will be purchased from the market. With regard to the party and government organs, the scientific research units, the cultural, educational, hygienic and the other nonmaterial departments, the distribution of bonuses in these sectors will never increase the material fortunes; on the contrary, the corresponding consumer goods will be purchased from the market. Evidently, it cannot maintain the balance between market supply and demand. Today workers receive bonuses and tomorrow they will buy consumer goods from the market. Then in a given period, the market supply and demand will be out of balance whenever the market stock is not duly replenished with agricultural and industrial products. In short, bonuses comprise an important part of the purchasing power for consumer goods. If purchasing power is suddenly increased by a considerable proportion, and if the market stock is not replenished by goods in time, consequently, the market supply cannot meet the demand and some part of purchasing power will not be utilized.

This will lead to inflation and price rises. In recent years, the overissue of bonuses resulted in market supply and demand being out of balance and an increase in market prices. Therefore, consumer goods production must be stepped up and at the same time the issue of bonuses must be only controlled in order to prevent the market supply and demand from becoming unbalanced and to prevent the price rises from affecting the people's real income and the increase in the living standards.

III. A Reasonable Distribution of Bonuses

Meanwhile, the tendency of egalitarianism constitutes the main problem in bonus distribution. This has brought about grave consequences. First of all, workers who have done their job well and those who have overfulfilled their labor quota are not duly encouraged and those who have not carried out their work well have got extra pay. As a result, the advanced elements enthusiasm is dampened and the backward elements are protected. It obstructs both the improvement of administrative management and the increase of labor productivity. In addition, it has given rise to the incorrect style of working perfunctorily and muddling along, rejecting progress and not seeking to make contributions and even working only for bonuses and remaining indifferent if there is no bonus and reducing production if the bonus is cut. They don't have even a bit of drive in their technical study, in raising their skill level or in improving their administrative management. Consequently, they become lazy, the ranks disintegrate, and it is impossible to form a powerful labor contingent.

But why is the egalitarianism so widely spread? There are many reasons. At present, the most important one is that the administrative work does not keep abreast and the distribution of bonuses has no foundation. Many enterprises have not established a system for controlling the production plan, for checking the quality of finished products, for registering whether the varieties of products meet the market demand, or for compiling statistical data regarding the production cost and the enterprise profits. Finally, when it was time, as statistical data was unavailable for calculating bonuses, it had to appraise the bonuses. As there was nothing to base the appraisals on, the distribution of bonuses was carried out according to impressions and even on the basis of personal relationships. Sometimes, the discussion meetings on bonuses became deadlocked. Under this situation, the only way out was to distribute equal bonuses and everyone got an equal share. Apparently, all were delighted but actually in their hearts they were not. Seen from the major causes of the disease of egalitarianism, it will be impossible to overcome the egalitarianism and carry out distribution according to labor with more pay for more labor and less pay for less labor unless the enterprises are readjusted and the administrative system is improved.

From the present and long-term viewpoint, the key problem is to link together the rights, the responsibilities, the restuls and the benefits in the economic field. That is to say, enterprises have their own rights, everyone has his own responsibility, rewards and penalties must be implemented and they must be clearly distinguished. This also means that the socialist enterprises are relatively independent economic units. They must have corresponding rights

in arranging supply, production, marketing, manpower, materials and finances in order to fulfill their own tasks. All the employees and workers are masters of the enterprise and they bear the undeniable responsibility for the production, technology, administration and management. It is necessary to establish a comprehensive system of economic responsibility. It is necessary to implement a comprehensive budget and to gradually improve the administrative management. The economic benefits which can be earned by the enterprises and the workers can only be decided by the economic results ofproduction operation. It must closely link the income of the enterprises and the wages, bonuses and welfare benefits for the staff and workers with the profits, cost price, output, quality, varieties, consumption of raw material, perfection rate of equipment, number of labor participants and collaboration, so as to join the economic benefits of the enterprise and staff and workers with the economic responsibities they bear and the economic achievement they make. Therefore, it is necessary to establish a strict and rational regulation system such as fixing the number of laborers for work, arranging the production quota, compiling statistical data on output, checking the quality, adopting the standard for consumption of raw material, fuel and power, registering safety practices, equipment maintenance, collaboration and coordination and participation of laborers, and assessing capital, cost price and profits. Marks are to be given to workshops, groups and individuals by separate columns in accordance with the daily survey and the original records. Bonuses are calculated according to work points based on records. Labor in excess of the quota is accurately linked to the remuneration for surpassing the quota. Thus, it is possible to avoid deadlocking the appraisal of bonuses as well as avoiding equal distribution of the bonuses. It is possible to encourage the advanced elements and to push forward the backward ones for mutual promotion and progress and to make possible contributions to the four modernizations. Some enterprises have made notable achievements by implementing the system of bonuses calculated according to work points. For example, the Kui Yang cotton mill set up the quota according to the six prime targets: Production output, quality, number of hours worked, participation of laborers, consumption of raw mateiral, and performance rate of equipment. Marks were given by separate item to the groups and individuals, and bonuses were calculated according to work points based on the daily survey and records. Labor in excess of the quota is accurately linked to the remuneration for overfulfilling the quota. Finally, the mill distributed bonuses to the workshops, groups and individuals. The distribution of bonuses in this factory not only reflected the principle of more pay for more labor and less pay for less labor but also avoided egalitarianism among the workshops and groups. Therefore, the broad masses of staff and workers pointed out: Bonuses calculated according to work points are good because they have made a clear distinction between reward and penalty. It shows who is good and who is bad. If someone does not agree, he may study the work points, and then will not complain. Consequently, the enterprise increased production and earnings. The staff and workers received more pay for more labor.

In practical work, all work categories which are in a condition to establish the quota and target can implement the system of bonuses calculated according to the work points. The egalitarianism existing in the distribution of bonuses will fianlly be overcome only when we constantly sum up the experiences and

make constant improvement. Because it is difficult to temporarily form a rational quota for a work category, it should establish a standard so as to give marks according to a small target in compliance with the economic and technical demands and try to give marks by separate items. Then that quota may be used as a reference in the promotion of rank, in the readjustment of wages and in the distribution of bonuses. Improvement is to be made and a comprehensive system of bonuses calculated according to the work points is to be gradually established. Regarding personnel who are not in a condition to meet labor quotas and other production targets, they should be investigated according to their positions, responsibilities and working conditions so as to give marks and to issue bonuses. There should never be an equal distribution of bonuses, which is groundless. Hence, all the defects of "eating out of a big pot" may gradually be eliminated and it may be possible to fully mobilize the production initiative of the staff and workers.

It is necessary to strengthen and improve the management and set up a comprehensive system of bonuses calculated according to the work points. It is also necessary to improve the democratic management in the enterprises so that the system of bonuses calcualted according to the work points is based on the democratic management and rooted in the broad masses, eliminating the abnormal tendency of "to fight for bonuses" or "to incur blame for distribution according to labor."

Finally, one should link the material incentive to the spiritual encouragement, and the economic means to the ideological education; should combine "from each according to his ability" with "distribution according to labor;" should combine the "communist labor attitude" with "distribution according to labor;" should develop the spirit of "looking forward" and combat the incorrect bourgeois tendency of "seeing merely money". Then it will be possible to fully enhance the role of bonuses.

CSO: 4006/518

TRANSPORTATION

BRIEFS

GANSU HIGHWAY MEETING—The national highway maintenance work conference was held in Pingliang, Gansu Province on 21-28 June. Leading comrades of the communications departments of various provinces, municipalities and autonomous regions attended the conference. (Wang Danyi), vice minister of the communicatons, chaired the conference and spoke. The representatives from Shandong, Human, Hubei, and Gansu provinces introduced their good experiences in highway maintenance. In recent years, some bad phenomena, such as digging ditches to drain off water, opening up threshing yards to dry grain and setting up stalls on highways, had appeared continuously. The communications departments at all levels, under the leadership of the people's governments, should educate cadres and the masses to establish a new habit of protecting highways and highway installations. Emphasis of future highway maintenance work is to keep existing highways in good maintenance, raise their transport capacity and the capacity to resist damage and improve their economic results. [GK020548 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 29 Jun 82]

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GENERAL

FOUR MAJOR CHANGES IN PRC'S ECONOMIC STRATEGY DESCRIBED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 4, 20 Apr 82 pp 11-16

[Article by Dong Fureng [5516 6534 4356]: "Strategic Changes in Our Economic Development"]

[Excerpts] In his report on the work of the government at the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang described the "new trail" in the national economic development consistent with our national conditions, and enumerated 10 principles for future economic construction. As shown by the basic substance of these 10 principles, there are, in my opinion, the following four major changes in the strategy for our economic development.

I. The Change From a Strategy Stressing Speed to a Strategy Stressing Satisfaction of People's Basic Needs in Development

Like other socialist countries, China has regarded high speed in economic growth as the main objective of its strategy for development. Such a strategy has for some time produced remarkable results, because it helped our country lay down its foundation for industrialization within a brief period. Taking advantage of our hindsight, however, we can see that it has also brought about some problems.

First, consciously or unconsciously, we elevated the question of speed to a predominant position so that everything had to be subordinated to it. This led to the mistake of "everything for speed" and "speed for the sake of speed" which relegated any attempt to improve people's living conditions to a position of secondary importance. Some people may even have become oblivious to the need for such attempts. The goal of socialist production is to satisfy people's needs, as generally agreed. The purpose of the strategy aiming mainly at a high speed of economic growth is to improve people's living conditions rapidly on the basis of a rapid economic growth. Contrary to our expectation, however, there came the abnormality of "production for the sake of production." It is quite clear that if we want to maintain a high speed of economic growth in the absence of foreign funds, we must have a huge amount of internal accumulation, and the rate of accumulation should be raised to an abnormal height. The rate of accumulation in our country was 43.8 percent

in 1959, 46.5 percent in 1978, and above 30 percent for a long time. This was the result of such a strategy. If we regard a high speed of growth as the main objective of development, we must pay the price of abandoning any attempt to improve the people's living conditions.

Secondly, in striving for a high growth rate, we have always consciously or unconsciously upset the proportionate harmony in the national economy. In the past, we often heard of these slogans: "Subordination of proportion to speed," "Strive for balance through speed," "Realize a positive balance" and so forth, all embodying the requirements of such an objective of development. These slogans did not seem to negate the need to preserve a proportionate harmony and balance, but they relegated this need to a position subordinate to speed. In effect, the slogans held that proportionate harmony and balance can be sacrificed in the quest for a high growth rate. From the result in practice, we can see that the one-sided quest for a high growth rate cannot help but bring about a proportionate imbalance.

Thirdly, when a high growth rate is regarded as the main objective in the strategy of development, particularly when the growth rate is very high, people may often consciously or unconsciously be willing to pay any price, regardless of the economic results, for this objective, thus causing serious waste and losses. At the same time, as we have observed, the growth thus accomplished cannot be realistic, since it often contains some fictitious elements. For example, some unwanted products are included in the high output, and so forth.

Comrade Zhao Ziyang pointed out in his report: "Proceed from the concept of everything for the people and make overall arrangements for production, construction and the people's livelihood." "To give top priority to the people's interests and, first and foremost, to satisfy their basic everyday needs in handling the relationship between production and construction and the living conditions of the people--henceforth this is the principle to which we must firmly adhere." The formulation of this principle shows the change from a strategy stressing speed as its main objective to a strategy stressing satisfaction of people's basic needs in development. This is a very important change, which, if carried out, will eliminate all the defects mentioned.

II. The Change From a Strategy of Giving Prominence to Key Projects to a Strategy of Maintaining a Balanced Development

The strategy of giving prominence to key projects in development can also be called a "strategy of tilted development." China has for a long time given prominence to the development of heavy industry and regarded the steel industry as the key link in the national economic development, hoping that a crash program for the heavy industry, particularly the steel industry, would give an impetus to the development of other sectors. The slogans "Take steel as the key link; once the keylink is grasped, everything will fall into place," and "If one horse takes the lead, all horses will be in full gallop" aptly symbolized the strategy of giving prominence to key projects in development. We should admit that under special conditions, such a strategy of development is applicable, because it calls for a concentration of the

limited manpower and material and financial resources on the specially designated sectors, and can produce remarkable results, as proved by the achievements in our First Five-Year Plan.

However, application of this strategy for a prolonged period and particularly giving prominence to the development of one or some key sectors indefinitely and inflexibly will result in the underdevelopment of other sectors. This will lead to a serious disproportion in the national economy and a lop-sided economic structure. Furthermore, since the underdeveloped sectors cannot catch up with these key sectors, they key sectors will eventually be compelled to retreat. Thus, with the collapse of the leading horse, the other horses behind it will not be able to gallop.

The 10 principles for construction mentioned in the report show the change from a strategy of giving prominence to key projects to a strategy of maintaining a balanced development. The 10 principles pointed out the need to "accelerate the development of agriculture," to bring about an "all-round development of the rural economy" and "give prominence to the development of consumer goods industries and further adjust the service orientation of heavy industry," and at the same time clearly stated: "We should now radically change the long-standing tendency of one-sided emphasis on the development of heavy industry and on making some of its sectors serve new construction projects." These remarks embodied the use of a strategy of balanced development.

The strategy of balanced development naturally does not imply the development of all sectors and all fields at the same speed, or an even distribution of resources regardless of key projects. Changes in technology and in the demands of the domestic and foreign markets can bring about a constant change in the proportions of various sectors and various fields, and the change inproportions calls for the development of various sectors and fields at different speeds. Some weak links or newly emerging departments...may become the focal points in development. However, all these changes are carried out for the sake of maintaining a balanced development, and cannot be equated to the strategy of giving prominence to key projects.

At present, the development of light industry and agriculture in our country is being accelerated, while the growth of heavy industry is slow, and sometimes comes to a halt. This arrangement is intended to eliminate the evils brought about by the strategy of giving prominence to key projects in development over a long period, and to bring our national economy on to the channel of a balanced development soon. We cannot once again give prominence to the development of heavy industry as a key issue simply because of the slow-down in its growth. There is no doubt that the growth of light industry cannot be permanently faster than that of heavy industry, and that the slow-down in heavy industry should not continue indefinitely. In the long run, when technology in our country has not advanced to such a stage that machinery can replace manual labor, the high rate of growth in light industry cannot be sustained without priority being given to the development of heavy industry. At present, however, unless the development of light industry is accelerated and that of heavy industry is slowed down, the serious imbalance in our national

economy cannot be set right, in which case, even a rational readjustment of the structure of heavy industry itself will be difficult. It is obvious that heavy industry can maintain a sustained high speed of development only when the national economic proportions have been set right; when its own structure has been readjusted; and when its service orientation has been changed. We can say that without an economic readjustment, we will not be able to change the strategy of giving prominence to key projects to one of a balanced development.

III. The Change From the Strategy of Closing the Country to International Intercourse to an Open-Door Strategy in Development

After the founding of the People's Republic, we suffered a long blockade imposed by imperialism. The rupture of Sino-Soviet relations further increased our predicaments. These are the objective causes for our closing the country to international intercourse while carrying out our construction. The one-sided interpretation of self-reliance because of "leftist" errors is one of the subjective causes.

As a socialist country, we must, and can only, carry out construction by mainly relying on our own strength in accordance with the policy of self-reliance and maintaining independence and keeping the initiative in our own hands. However, this cannot be equated to closing the country to international intercourse and relying on self-sufficiency. Self-reliance means that we should carry out national construction by mainly relying on our own resources, but not that we should exclude or reject all external conditions such as funds, technology, resources, markets and so forth, which are favorable to our national construction, for the reason that utilization of these external conditions will help strengthen our self-reliance. On the other hand, closing the country to international intercourse means the exlusion or rejection of external conditions which can be utilized, such as the rejection of foreign loans simply for the sake of self-sufficiency in construction funds.

This strategy of closing the country to international intercourse has something in common with the strategy of substitutes for imports, but is in a more extreme form. The strategy of substitutes for imports means the use of domestic products (durable and nondurable consumer goods and means of production) as substitutes for imported goods. This strategy has been used by many developing countries in the course of their development, especially in the early stage of development. They first imported some machinery equipment and raw material to be used in building some industry and then gradually replaced these imported goods with domestic products. In the past, we usually used the rate of self-sufficiency in certain products (such as machinery and steel) to indicate our progress in industrialization, and hoped to achieve an all-round self-sufficiency (the so-called "whatever foreign countries have we too have"). This is strategy of substitutes for imports in an extreme form.

This type of strategy of closing the country to international intercourse also has something in common with the strategy of inward development used by some countries. The strategy of inward development calls for a highly protectionist

policy whereby the importation of whatever can be produced at home is prohibited or restricted. The domestic products are generally intended for domestic consumption instead of any foreign market, and only surplus products are exported. Generally, no policy is adopted to encourage exports, and exports are carried out only for the sake of imports in the practice of selling for the sake of buying, or buying now for the sake of buying less or none in future. The strategy of closing our country to international intercourse can be said to be an extreme form of the strategy of inward development.

In the course of our industrialization, this strategy of closing the country to international intercourse has for some time played useful role. Under a highly protectionist policy, we have been able to build an industrial foundation, and to set up a fairly complete and independent industrial system and national economic system which enabled our country to maintain its independence and to hold the initiative in its own hands. However, this strategy has many defects, and its prolonged enforcement has produced many undesirable effects. For example, it deprived us of the opportunity of using favorable external conditions to develop our economy and restricted the speed of our economic growth; our long separation from the rest of the world has further enlarged the gap between us and foreign countries economically and technically; in the absence of any pressure from competition in the international market, our products have not been upgraded for a long time and therefore lack competitive power in the international market; many industrial products (such as motor vehicles) could not be developed because of the limited domestic market capacity, resulting in high production costs; our exports of primary products over a long period has landed our country in an unfavorable position in the world market so that our national strong points (such as the abundance of labor and natural resources, low wage scale, our superior traditional technical skills, and so forth) are far from being fully utilized, thus affecting the job opportunities and the improvement of people's livelihood at home; the small volume of our exports has restricted the expansion of our imports; and so forth.

In recent years, we have abandoned the strategy of closing the country to international intercourse and adopted the open door strategy in development. As clearly pointed out in the 10 principles, we must "persist in an open-door policy and enhance our capacity for self-reliant action," "we must abandon once for all the idea of self-sufficiency which is characteristic of the natural economy," and "we should use our domestic resources in the first place and international resources in the second; we should develop our domestic market in the first place and our role in the world market in the second; and we should master two skills, that of domestic economic management and that of foreign trade and economic exchange." The implementation of the open-door policy has just begun, but it has already played, and is still playing, a positive role in our modernization. For example, utilization of foreign funds means an increase of our construction funds, and enables us to appropriately lower the accumulation rate. This will alleviate the sharp contradiction between accumulation and consumption which has existed for many years. The importation of advanced technology has helped accelerated our technical progress, and the expansion of foreign trade has enabled us to bring our own strong points into play, steer away from our shortcomings, and obtain more benefits from the international division of labor. The increased entry

of our products into the world market and their competition with foreign products have helped to promote the improvement of management and the increase of varieties with better quality, lower production costs, and greater economic results. During the present major economic readjustment, the exports of heavy industrial products (such as ships and machine tools) have been increased, and this increase can play a definite role in reforming our national economic structure and reviving our heavy industry.

There are still many factors restricting the implementation of our open-door policy because of the domestic economic system and economic structure, among others. Our inexperience and the lack of timely changes in our systems and work have also been the causes of certain rash action, mistakes and losses. For example, in importing projects, we have not been careful enough in making our choice, and have failed to carry out feasibility study, with the result that the necessary accessories could not be produced in the country. There have also been delays in construction, and lack of forethought about our ability to pay for them or to assimilate the technology. All these problems can be solved and improvement can be made through the summing up of experiences. We cannot re-use the old strategy of closing the country to international intercourse simply because of some problems. Of course, there are many questions to be studied regarding the implementation of the open-door policy as a strategic measure.

For example, what should be our attitude toward the protection of our industry? There is no doubt that under certain specific circumstances, our industry, especially the newly emerging industries (such as electronic industry and the durable consumer goods industry) should be protected in order that our own industry can be set up and developed. However, protection cannot be unconditional and unlimited. If excessive, it will mean protection for the backward and, on the contrary, handicap the development of our industry. The same theory applies to even the newly emerging industries. If we continue to provide excessive and unnecessary protection even after the foundations of these industries have been established, instead of allowing them to compete with foreign industries, to open foreign markets and to introduce new technology, then, after some time, their products will become backward, even though they have at the very beginning adopted the most advanced foreign technology, equipment, work process and designs. Their products will be powerless in competing with foreign products and even stronger protection will be necessary. Thus protection for newly emerging industries will be protection for the backward. Obviously, there is the question of a reasonable limit for protection, and this question must be carefully studied.

IV. The Change From a Strategy of Mainly Extensive Development to a Strategy of Mainly Intensive Development

The strategy of extensive development is characterized by its stress on the increase in output and in the amount of means of production and labor power, and the expansion of accumulation; while the strategy of intensive development stresses better quality and greater varieties of products, progressive technology, higher labor productivity, improved accumulation results, and a lower rate of fund-output (derived by dividing the funds used with the output value). Of course, extensive development and intensive development cannot

be clearly demarcated in real life. However, because the strategies of development are different, these two forms of development are also different. For example, in the early stage of industrialization in our country, heavy investments, the large number of new enterprises, and the huge amount of manpower engaged in industrial production led to a rapid increase in production. This was a form of extensive development. Viewed from the standpoint of the whole national economy, however, it was also intensive development, because, from the social point of view, the technical level and the labor productivity were raised by a wide margin. Nevertheless, since a fairly large portion of the newly increased national income was derived from the increase in workers, we should say that such an economic development had more characteristics of extensiveness. When the foundation of industrialization had already been set up in our country, we should have gradually shifted to the strategy of intensive development. However, under the influence of the "leftist" guiding thought, we adopted the strategy of extreme extensive development. Except for only a few years, in all the years since 1958, our output has been increased and the rate of increase has not been slow; but the product quality has not been duly raised and has in some cases deteriorated. Along with the huge increase in accumulations, fixed assets and circulating funds have also increased to no small extent; but the result of accumulation has not been improved, or may have become worse. The rate of fund-out has been raised. For example, the increase in national income brought about by every 100 yuan's accumulation was reduced from 35 yuan during the First Five-Year Plan to only 1 yuan during the Second Five-Year Plan. Even now, this increase has not returned to the First Five-Year Plan Level. The number of workers engaged in production has been greatly increased, but social labor production has declined, and even now, it has not returned to its highest level ever attained. Many other important indices of economic results have not been up to their highest level even now. This strategy of extreme extensive development is inseparable from the strategy stressing speed, the strategy of giving prominence to key projects, and the strategy of closing the country to international intercourse. It has produced many unfavorable effects which brought about a serious decline in economic results. Under such circumstances, more accumulation would be needed to raise the rate of economic growth, and that was why a high accumulation rate had to be maintained, with adverse effects on the people's livelihood. At the same time, since a great deal more labor power was needed to achieve a high rate of economic growth in view of the low, or slow rise of labor productivity, the average wage could not be increased, or could only be slowly increased. This was also an obstacle to the improvement of people's livelihood. In other words, this strategy of extreme extensive development could not bring any real benefit to the people from the economic growth. The use of this strategy of development would, after some time, lead to a reduced rate of economic growth because of the rise of the fund-output rate. That is why the change of such a strategy is now imperative.

Comrade Zhao Ziyang pointed out in his report: "From now on, we must tackel all economic problems with better economic results as the fundamental objective, ensuring a more satisfactory sustained development of our economy." These remarks are quite correct. We may say that the main purpose of the 10 principles of economic construction is to improve the economic results.

Only through better economic results can we bring real benefits to the people through a realistic economic growth. To implement the 10 principles, we must abandon the strategy of extremely extensive development and gradually change to the strategy of mainly intensive development. Of course, this does not mean that from now on, our national economic development can proceed only intensively, because extensive development is necessary after all. However, the change to a strategy of mainly intensive development will be a fairly long process, and we should gradually raise the ratio of intensive development so that the proportion of national income derived from the rise in labor productivity will increase fairly much, and then very much.

Now that the readjustment of our national economy is going on, the change in the strategy of development is of particularly great significance. As we all know, the large-scale curtailment of investment in capital construction has resulted in a shortage of orders for goods from the heavy industry departments, particularly the machinery industry, and a great deal of productive capacity has been left idle, besides the stockpiling of raw materials. Furthermore, because of energy shortage, it is necessary that certain big energy consumers among the heavy industry departments have to reduce their production in order that the energy can be reserved for developing the light industry. At the same time, reduced production in the heavy industry has led to a slow-down in the entire national economic development. Under such circumstances, can we once again adopt the strategy of extensive development? Should we invest more in building new enterprises in order to stimulate the production of the existing heavy industry enterprises and to increase the speed of economic growth? This method is not only impractical, but may also add to the difficulties. The main way out is to improve the economic results. The issue is quite clear. In recent years, we have experienced financial deficits, price inflation, serious national economic disproportion, and energy shortage, while the existing enterprises have difficulty in their technical transformation. All these problems are closely related to our prolonged use of the strategy of extremely extensive development which led to an overextended capital construction front and the tying up of funds by excessive new projects. We may say that the curtailment of investments in capital construction has become the objective of our change in the strategy of economic development as well as an important link in improving the people's livelihood, changing the lop-sided economic structure, accomplishing a balanced development, wiping out financial deficits and stabilizing commodity prices. Only thus can we concentrate more funds and equipment on the technical transformation of existing enterprises. As we all know, transforming the existing enterprises. As we all know, transforming the existing enterprises is far better than building new enterprises as far as economic results are concerned. Therefore, selective and systematic technical transformation and bringing the role of existing enterprises into play are important links in changing to a stragegy of mainly intensive development.

9411
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TITLE: "Correct Understanding of the Substance of the Industrial Economic Responsibility System"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 3, 20 May 82 pp 25-28

ABSTRACT: Under the guidance of the State's plan and with the improvement of economic benefits as the goal, the industrial economic responsibility system is a type of production operation management system of combining authority with responsibility and benefit. The author believes that of the three, responsibility is the substance and nucleus of the system as well as its major content. Authority and responsibility correspond with one another to guarantee the fulfillment of the responsibility of the enterprise, while benefit [profit] depends upon the degree in which the responsibility of the enterprise is fulfilled, being an internal economic motive power to propel the enterprise to complete and surpass its responsibility. It is correct to emphasize bonuses and penalties in the course of implementing the industrial economic responsibility system but bonuses and penalties are not a solution for all problems. In some cases, the level of effort is frozen at the level of bonuses and when bonuses are placed under control efforts instantly drop to form a vicious circle. The paper discusses, in meticulous length, ways of maintaining a balance between distribution according to labor and the communist selfless attitude of work regardless of reward. The author claims that this is the only way the system may be healthily and permanently established.

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TITLE: "Stable Price and Stable Currency"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 3, 20 May 82 pp 35-40

ABSTRACT: The paper starts by quoting Karl Marx saying "Value is the index of the ratio of exchange between commodity and currency." Without considering the redistribution of value, 2 factors influence the fluctuation of the price level, i.e. the value of commodity and the value of currency. In other words, price change is a binary function. The value represented by currency is chiefly determined by the quantity of commodity and the quantity of currency in circulation. If price of commodity is to be stable, paper currency must be economically issued. This paper attempts to explain the relationship between the amount of paper money in circulation and the price of commodities in the market place, using mainly Marxist theory as the basis. In order to maintain a stable currency, the correct handling of the following relationships is deemed necessary: (1) Between basic construction and financial capability; (2) Between speed and ratio; (3) Between money and credit; (4) Between the cash income of city and rural inhabitants and the increase of labor productivity.

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TITLE: "Several Problems Concerning Agricultural Regionalization"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 3, 20 May 82 pp 44-47

ABSTRACT: Agricultural regionalization is for establishing an agricultural system that is suitable for the land. The project was listed as an emphasized item of scientific research in 1963 but its progress was interrupted by the decade of cultural revolution although the large quantity of collected data and the many suggested schemes remain valuable today. As the project is to be revived, the authors propose that the following problems should be emphasized: (1) An analysis of the existing agricultural production habits should be emphasized. Although the existing regionalization is by no means scientific, it remains a tradition based upon past small farm economy and manual and animal labor. The changes should be gradual, continuous, and reasonable. (2) Regionalization should be combined with planning. On the basis of clarifying the natural resources and social economic conditions, the State must formulate plans that meet the political and economic tasks of a given time and are possible to implement. (3) The construction of the mountainous regions must be emphasized. Mountains (including plateaus) take up 2/3 of China's territory; therefore, the problem of developing the resources of the mountainous regions cannot be avoided.

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TITLE: "Strengthening the Application of Probability and Statistics in Economic Work"

SOURCE: Kunming JINGJI WENTI TANSUO [INQUIRY INTO ECONOMIC PROBLEMS] in Chinese No 3, 20 May 82 pp 52-57

ABSTRACT: Statistics is a science of collecting, analyzing, and extracting data and is also for obtaining generalized information through sample observation. The probability theory is necessary for studying the complex factors of the social economic phenomena with the statistical method. This paper argues for increasing the application of the probability and statistical method for the following reasons: (1)These methods improve the effectiveness of decisions in business management; (2) They help produce effective information for business management; (3) They help produce estimates and predictions scientifically; (4) They are helpful for comparative analysis of economic benefits. Many examples and equations are introduced to demonstrate these advantages of the probability and statistical methods.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON PLANNING, MARKET UNDER SOCIALISM

HK130911 Beijing JINGJI YANJIU in Chinese No. 6, 20 Jun 82 pp 28-31

[Article by Zhang Wenmin [1728 0795 2404]: "Discussion on Socialist Planned Economy and the Relations Between Commodities and Money"]

[Text] The discussion on the socialist planned economy and the relations between commodities and money not only involves the question of how to understand the socialist economic system but also provides the theoretical basis for the reform of the economic system. Over the last few years, extensive discussions have been carried out on this issue and the following advances have been made: First, the idea which has held a dominant position for many years is that the planned economy and commodity economy, the law governing planning and the law of value and regulation by planning mechanism and regulation by market mechanism are all mutually antagonistic and exclusive. Through discussions, it is generally believed that in the socialist economy, these pairs of relationships are mutually contradictory on the one hand and can be integrated with one another on the other hand. Second, the idea which has occupied a dominant position for many years is that commodity relations in the socialist economy only exist among the different forms of ownership system and do not exist in the internal departments of the economy under the system of ownership by the whole people and that the latter only preserves the outer shell of commodity relations; the law of value only plays an influential role rather than a regulatory role in socialist production. Through discussions, it is generally believed that in the internal departments of the system of ownership by the whole people, including the production and circulation of the means of production, there exist commodity relations; together with the law governing planning, the law of value plays a regulatory role in the socialist economy. Third, we have held the opinion for many years that the sort of highly centralized planned management system which we learned from the Soviet Union in the early 1950's was the only permissible pattern for a socialist planned economy. Through discussion, more and more people have come to understand that the socialist planned economy is not confined to the pattern which we were familiar with in the past. So long as the socialist public ownership system and the principle of distribution according to work are upheld and no exploitation of man by man is permitted, it is permissible to adopt various different forms of the integration of planning with the market. Fourth, with regard to the form of integration of planning with the market, there was only one form of integration in the

past, that is, the "block-style" integration where the major part of the national economy is put under planned management while the supplementary part is put under regulation by market mechanism. Through discussions, we have gradually understood that apart from the "block-style" integration, in the planning and market under the socialist economy, there should still be an "osmosis-style" integration and a "colloid-style" integration.[1] In the last year or so, continued discussions on planned economy and the relations between commodities and money have been carried out. The discussions consist of the following questions:

I. The Planned Economy and the Relations Between Commodity and Money Judged by the Fundamental Characteristic of the Socialist Economy

It is generally believed that the socialist economy is a planned economy. The main focus of the controversy lies in how to approach the relations between socialist commodities and money.

The first idea holds that the planned economy and the commodity economy are antagonistic and that, the former is the fundamental characteristic of the socialist economy while the latter is not.

1. The fundamental characteristic of the socialist economy must be the planned economy rather than commodity economy. The planned economy can become one of the major indications which differentiate the socialist mode of production from other modes of production while the commodity economy cannot play this role.[2]

2. The planned economy takes the means of production belonging to one and the same owner as the prerequisite while the commodity economy takes the means of production belonging to different owners as the prerequisite. Therefore, the planned economy and commodity economy are essentially mutually contradictory. In the socialist economy, owing to the existence of the two types of ownership system and diversified economic sectors, there are the conditions and necessity for the existence of a commodity economy and furthermore, the socialist planned economy itself adopts some forms of commodity economy but by no means must we mix the former with the latter.[3]

The second idea maintains that the fundamental characteristic of the socialist economy must include the commodity economy. However, the respective expressions are different.

1. Socialism is a transitional stage from a commodity economy to a planned economy and concurrently has both the properties of a planned economy and of a commodity economy. Therefore, during the whole socialist historical period, the distribution of social labor is regulated jointly by the two forms--planning and the market. In terms of the scope and degree of regulation, regulation by planning mechanism develops from less to more and from weak to strong but regulation by market mechanism develops from more to

less and from strong to weak. With the withering away of commodities and money, planning will replace the market and become the only way of regulating the economy.[4]

2. Socialism is a planned economy rather than a self-sufficient natural economy and is a planned economy where there extensively exist commodity production and commodity exchange, and is not a product economy which excludes the relations between commodities and money.[5]

3. The socialist economy is a planned economy. The law governing planned development is the regulator of the socialist economy. However, this term is not very complete, because the socialist economy is, after all, a commodity economy which is based on the public ownership system (that is, an economy in which planning and commodities are united. While the law governing planning plays a regulatory role in the socialist economy, the law of value will inevitably play a regulatory role as well.[6]

4. The public ownership of the means of production by society plus distribution according to work and socialist commodity production constitute the fundamental content of the socialist economic system.[7]

5. Socialist society is still a society with a socialized commodity economy. The commodity economy is an economic form which suits China's economic construction. Only when the principles of the commodity economy are upheld, can the drawbacks existing in the current management system be overcome and can a management system which corresponds with the needs of the development of the productive forces be established.[8]

The third idea deems that it is not advisable to regard planning as the only characteristic of essential characteristic of the socialist economy. This is because the essential characteristic of the socialist economy lies in the fact that the producers and working people are the masters of the house on the basis of the public ownership of the means of production and that direct management is practiced in the whole social economy. It is wrong to regard planning as the only characteristic of the socialist economy by deviating from this point. However, I still stress that one of the major advantages of the socialist economy lies in its planning.[9]

II. How Are We To Understand Socialist Commodity Production and Commodity Exchange?

The first idea regards that a commodity economy means anarchy and blind competition. Although in the socialist stage, it is still necessary to vigorously develop commodity production and commodity exchange, this does not mean recognizing that the socialist economy is a commodity exchange.[10]

The second idea considers that commodity production and commodity exchange are commonly summarized into commodity economy. Developing commodity production and commodity exchange also means developing a commodity economy.

However, in the socialist stage, it is a commodity economy under the state plan.[11] Without substantially developing socialist commodity production and commodity exchange, the planned development of the national economy will come to nothing. The argument that developing commodity production and commodity exchange means weakening and even breaking away from the planned economy is to set the planned economy against the commodity economy.[12]

The third idea deems that the phrase "the socialist economy is a planned economy" is permissible, if it is aimed at laying stress on overcoming the influence of the natural economy and developing socialist commodity production and commodity exchange. But it will be wrong, if it is aimed at stressing commodity production, exaggerating the regulatory role of the market and negating the inevitability of the planned economy.[13] There are still comrades who think that socialism is a planned economy and then a commodity economy, saying that "the planned commodity economy" puts the focal point of the socialist economy on the commodity economy rather than on the planned economy and thus "being in a planned way" has become one of the properties of the commodity economy.[14]

The fourth idea holds that the formulation whether the essential characteristic of socialism is a planned economy or a commodity economy is itself unscientific. Marxism tells us that the essential feature of socialism is from each according to his ability, to each according to his work. The essential feature of capitalism is the system of wage labor with the capitalists exploiting the surplus value created by the workers. In addition, the planned economy is the opposite of the anarchy of the capitalist economy while the commodity economy is the opposite of the natural economy. Strictly speaking, this is not a problem within a category or series.[15]

III. How Are We To Understand Giving the Planned Economy Priority?

During this year's spring festival, in a talk with the leading comrades of the State Planning Commission, Comrade Chen Yun stressed that in industrial and agricultural production, the principle of taking the planning economy as the dominant factor and regulation by market mechanism as the supplementary one should be upheld. During the discussion, there were the following points of understanding on giving priority to the planned economy.

The first idea argues that plans of a mandatory nature are the basic manifestation of the socialist planned economy; the important enterprises vital to the state's economic lifelines are run by the state; and the products which concern the national economy and the people's livelihood are put in the hands of the state. Practicing plans of a mandatory nature in the portion of production which constitutes the greater part of the total industrial and agricultural output value shows that ours is basically a planned economy.[16]

The second idea regards that giving priority to the planned economy refers to giving priority to planned management. Planned management includes the plans of a mandatory nature and plans which perform the function of guidance.

Besides plans of a mandatory nature which should be carried out for a small number of products which have a bearing on the national economy and the people's livelihood, in the production and marketing of most products, plans which perform the function of guidance should be adopted, that is, regulation by market mechanism under the guidance of state planning.[17]

The third idea considers that giving priority to the planned economy means giving priority to regulation by planning mechanism. Our national economy mainly depends on regulation by planning mechanism and the regulation by market mechanism which bears the feature of the spontaneous forces only plays a supplementary role.[18]

IV. How Do We Understand Regulation by Market Mechanism?

The first idea deems that we have neglected and even negated the market regulating role of the law of value for some years in the past. So, in the current economic system reform, the role of the market must be gradually expanded under the guidance of the state plan. That is to say, we must integrate the law governing the proportionate and planned development of the national economy with the regulatory role of the law of value, with the former playing the leading role.[19]

The second idea holds that regulation by market mechanism mainly depends on the spontaneous regulation by the objective laws, but this does not mean we no longer need any administration or management. For instance, it is impossible to bring all small commodities whose output value constitutes a small fraction in the total industrial and agricultural output value and whose varieties number tens of thousands in line with the state plan. They have to be produced freely according to the varied market conditions and within the limits allowed by the state plan.[20]

The third idea maintains that besides the products which are not incorporated within the state plan and are not produced according to targets of a mandatory nature that are in the category of regulation by market mechanism, the state's use of the market mechanism and the various economic levers (for instance, pricing, credits and rates, taxation, and so on) which are related to the market mechanism for regulating the general market supply and demand as a means to accomplish the goals of regulation by planning mechanism also belong to the category of market mechanism.[21]

V. The Relations Between Planned Economy and Regulation by Planning Mechanism

The first idea holds that the planned economy is an economy which is conducted under regulation by planning mechanism. The planned economy refers to an economic system. Regulation by planning mechanism refers to a form of regulating social production. The social economy practices a planned economy. This is the basis for calling it a planned economy. Therefore, the scope of a planned economy and of regulation by planning mechanism must be identical.[22]

The second idea considers that the two are essentially different. The planned economy is an economic system and it can only be realized on the basis of the public ownership of the means of production. Regulation by planning mechanism is a method of managing the national economy. It is also determined by the demand for the socialization of production. Partial regulation by planning mechanism can also be practiced under capitalism but that does not constitute a planned economy.[23]

VI. Is There Any Need to Practice Plans of a Mandatory Nature?

The first idea which prefers the abolition of plans of a mandatory nature deems that when the development of the productive forces is at a fairly low stage and we force ourselves to indiscriminately bring the economic activities of the production units which differ vastly in economic and natural conditions in line with all-embracing plans and enforce their implementation by using means beyond economic means, then this kind of regulation by planning mechanism will possible turn out to be neither good nor rational. What is of vital significance is that state plans must not be delegated from level to level as administrative orders and must not force, by restoring to any means outside economic means, the enterprises to carry them out. This is because an enterprise is a relatively independent commodity producer rather than an appendage of the state organs of power at the various levels.[24]

The second idea considers that learning to use the economic levers, gradually reducing plans of a mandatory nature and replacing plans of a mandatory nature by plans which have a guiding function will become an important content of our future reform of the planning system. Of course, even after we have learned to use the economic levers, plans of a mandatory nature should not be abolished. With regard to the investment in the major capital construction projects and the production and distribution of a small number of materials vital to the national economy and the people's livelihood and particularly the materials which are in short supply (such as grain and energy), plans of a mandatory nature should be, in future, carried out for a long period of time.[25] There are still comrades who argue that in theory, the general orientation of the reforms must be to carry out plans of a non-mandatory nature rather than plans of a mandatory nature. But, in practice, it is unrealistic to try to immediately abolish plans of a mandatory nature. Perhaps so long as the system of ownership by the whole people still adopts the form of the state ownership system, it is impossible to completely abolish plans of a mandatory nature and furthermore, to suit at any time the needs of the political and economic situations. They will be used in varying degree to control the national economy so as to ensure the socialist orientation of its development.[26]

The third idea maintains that under a unitary ownership system, management is highly centralized; the form of administration and management is adopted and in addition, unified business accounting is practiced. Under the socialist system of ownership by the whole people, the state which represents

the people is the only owner, therefore, it inevitably adopts highly centralized management and must adopt administrative and managerial methods. This kind of planned management is mandatory and compulsory in nature.[27]

VII. Is the Phrase "Integration of Regulation by Planning Mechanism With Regulation by Market Mechanism" Right?

The first idea holds that socialism is a planned economy rather than a commodity economy. Therefore, there are no such problems as regulation by market mechanism and the interrelationship between the two types [words indistinct] the dominant factor and regulation by market mechanism as the supplementary one, bringing the regulatory role of the market under the guidance of the state plan into play and combining regulation by planning mechanism with regulation by market mechanism and not setting the former against the latter, none of them are correct.[28] Some articles still reckon that planned economy and regulation by market mechanism cannot be mentioned in the same breath.[29]

The second idea maintains that the phrase, the two regulations, is not precise.

1. The management system of the national economy which is suited to the specific conditions of our country must be to practice the planned economy and to bring the supplementary role of the regulation by market mechanism into play under the basis of the public ownership system. It is different from the highly centralized economic system which gives priority to administrative methods or the system which attaches sole importance to regulation by market mechanism at the expense of planned management. The previous formulations, such as integrating regulation by planning mechanism with regulation by market mechanism or taking the planned economy as the dominant factor and regulation by market mechanism as the supplementary one, reflect our failure to find better terms to describe certain economic phenomena.[30]

2. See from the meaning of regulation by planning mechanism and regulation by market mechanism, the phrase, the integration of the two regulations, is not very accurate. This is because the two regulations refer to regulating the ratio, supply and demand, and pricing of social production, of which the regulation of pricing is an intermediary means for regulating the ratio, as well as supply and demand, of production. In phrasing terms, they all can be called "regulation by planning mechanism," because they are all conducted in an organized and planned way rather than in a spontaneous way. They can also be called "regulation by market mechanism" (being merely planned "regulation by market mechanism"). This is because the former regulates the ratio as well as supply and demand of social production in the light of social needs and the conditions of the productive forces we have learned from the market; and the latter regulates the ratio as well as supply and demand of social production in accordance with the socialist law of value. Therefore, we must separate them, regarding

a certain item as "regulation by planning mechanism" and the other as "regulation by market mechanism," but we have to refer to them collectively as "regulation by market mechanism under the guidance of planning" or "planned regulation by market mechanism."[31]

The third idea considers that it is advisable to use the phrase of the two regulations, because practicing planned management in the national economy on the basis of the public ownership of the means of production, as we commonly term it, basically means regulation by planning mechanism. In addition, the whole socialist economy is still a commodity economy; the law of value will inevitably play a part and therefore regulation by market mechanism must be practiced. So, the problem lies in how to correctly combine regulation by planning mechanism with regulation by market mechanism.[32]

VIII. Are the Problems Arising in Current Economic Life Related to Still Regarding, in Theory, the Socialist Economy as a Commodity Economy?

The first idea argues that the reason why there have been in the last 2 or 3 years, the phenomena of blind production, duplicate construction, the small squeezing out the big, the local squeezing out the foreign, and the phenomena of indiscriminate distribution of bonuses, the driving up of prices and economism, is directly related to still regarding, in theory, the socialist economy as a commodity economy.[33] Another argument is that the reasons for this state of affairs are multifarious. But the most important one is that up to now there has been a lack of unanimous understanding of the major theoretical problems in directing the system reform, such as, the essential properties of the socialist economy and the relations between the planned economy and regulation by market mechanism. Some treatises overemphasize the commodity economy, the law of value and regulation by market mechanism to the neglect of planned economy. Moreover, by weakening the state plan, relaxing planned management and putting regulation by planning mechanism on a level with regulation by market mechanism, our national economy is then bound to encounter trouble.[34]

The second idea considers that with regard to the mistakes in our economic work, it is better to say that they are the result of the failure to suit the measures in the economic reform to the needs of the readjustment and reorganization and the failure to give adequate consideration to the wholeness of the economic management system and the syncronism of the reform measures than saying that regulation by market mechanism has been carried out excessively. As a result, both regulation by planning mechanism and regulation by market mechanism are very imperfect and therefore they have failed to give play to their role. At the same time both of them are difficult to closely coordinate so as to form a unified system for regulating the national economy. For instance, the financial and economic discipline needed by planning and to ensure the implementation of plans of a mandatory nature need serious reorganization. The task of the economic readjustment in regulation by market mechanism has not yet been fulfilled, the phenomena

where supply falls short of demand are still a common occurrence and thus make it difficult for the market to play its supervisory and encouraging role in production. The reform of the management system of enterprises is mainly confined to the expansion of the decisionmaking power of enterprises. Owing to the lack of coordination of the measures of the pricing systems and of the system regulating taxation and credit, it is difficult to make an objective appraisal of the operations of the enterprises and urge the enterprises on to improve their operations and management, and it is also difficult to ensure that the enterprises boost revenue only through their own efforts to raise production and practice economy, rather than by relying on "undermining the state treasury" and on infringing upon the interests of the consumers. Furthermore, the method of everybody "eating in separate kitchens" practiced in financial affairs has deepened the contradictions between regulation by planning mechanism and regulation by market mechanism. Failure to solve these contradictions in good time will give rise to some gaps and leaks in the management system of the national economy and will lead to chaos.[35]

FOOTNOTES

1. See: Liu Guoguang: "Some Tentative Ideas on the Study and Discussion on Planning and the Market," CAIMAO JINGJI [FINANCE AND ECONOMY], No. 2, 1982.

2. Li Zhengzhong: "A Discussion on Planning and the Market," GUANGMING RIBAO, 26 Dec 1981.

3. Jiang Ming: "A Query About 'The Socialist Economy is a Commodity Economy'," XUESHU YUEKAN [ACADEMIC MONTHLY], No. 3, 1981.

4. Wang Shanmai: "Several Problems Concerning the Regulation of the Socialist Economy," "Journal of the Beijing Teachers' University," No. 1, 1981.

5. He Jianzhang: "Planned Economy and Regulation by Market Mechanism," JINGJI YANJIU, No. 6, 1982.

6. Sun Shangqing, Chen Jiyuan and Zhang Zhuoyuan: "The Relationship Between Planning and the Market of China's Socialist Economy," 1980 Edition of the Jilin People's Publishing Houses, pp 9-11.

7. "The Fundamental Feature of Socioeconomic Life Under the Socialist System" chiefly edited by Yu Guangyuan and actually written by Fang Sheng and Wang Ruisun, JINGJIXJE ZHOUBAO [ECONOMICS WEEKLY], 22 Mar 1982.

8. Xiao Zhuoji: "Some Tentative Ideas on Reforming the Economic Management System," BEIJING DAXUE XUEBAO [JOURNAL OF BEIJING UNIVERSITY], No. 5, 1981.

9. Sun Yefang: "A Talk on Several Preconditions for Doing a Good Job of Overall Balance," JINGJI YANJIU, No. 2, 1981.

10. See: Wen Tong and Rui Pu: "The National Forum of Party Schools on the Teaching of Political Economics," RENMIN RIBAO, 16 Oct 1981.

11. Wang Xiangsheng: "Planned Economy Should be Practiced on the Basis of the Public Ownership System," BEIJING RIBAO, 15 Feb 1982.

12. A speech delivered by Wang Yu at the forum on "Uphold Taking the Planned Economy as the Dominant Factor and Regulation by Market Mechanism as the Supplementary One," CAIMAO JINGJI [COMMERCIAL ECONOMICS], No. 4, 1982.

13. Ma Hong: "Planned Economy and Work of Planning," JINGJI CANKAO [ECONOMIC REFERENCE], 26 Apr 1981.

14. See: Speech delivered by Liu Guoguang at the forum on "Uphold Taking the Planning Economy as the Dominant Factor and Regulation by Market Mechanism as the Supplementary One," CAIMAO JINGJI, No. 4, 1982.

15. See: Speech delivered by He Jianzhang at the forum on "Uphold Taking the Planned Economy as the Dominant Factor and Regulation by Market Mechanism as the Supplementary One," CAIMAO JINGJI, No. 4, 1982.

16. Deng Liqun: "Correctly Handle the Relations Between Planned Economy and Regulation by Market Mechanism," JINGJIXUE ZHOUBAO, 22 Feb 1982.

17. Xue Muqiao: "Take the Planned Economy as the Dominant Factor and Regulation by Market Mechanism as the Supplementary One," HONGQI, No. 8, 1982.

18. See: Speech delivered by Sun Yefang at the forum on "Uphold the Planned Economy as the Dominant Factor and Regulation by Market Mechanism as the Supplementary One," CAIMAO JINGJI, No. 4, 1982.

19. Xu Dixin: "The Overall Balance of the National Economy and Regulation by Market Mechanism," CAIMAO JINGJI, No. 4 1982.

20. Xue Muqiao: "Take the Planned Economy as the Dominant Factor and Regulation by Market Mechanism as the Supplementary One," HONGQI, No. 8, 1982.

21. Fang Bingzhu: "Regulation by Planning Mechanism and Regulation by Market Mechanism," SHEHUI KEXUE JIKAN [COLLECTION OF SOCIAL SCIENCES], No. 2, 1981.

22. Liu Zhongshi: "Several Problems in Planned Economy and Regulation by Planning Mechanism," "Journal of the Central Financial College," No. 1, 1982.

23. Zhang Zhuoyuan and Xing Junfang: "Uphold Regulation by Market Mechanism Under the Planned Economy," CAIMAO JINGJI, No. 5, 1981.

24. See: CAIMAO JINGJI CONGKAN [COLLECTION OF FINANCE AND ECONOMY], No. 1, 1981, pp 5, 7.

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28. See: Wen Tong and Rui Pu: "The National Forum of Party Schools on the Teaching of Political Economics," RENMIN RIBAO, 16 Oct 81.

29. Tian Fang: "The Market Economy Must be Upheld," JINGJIXUE ZHOUBAO, 8 Feb 1982.

30. Xue Muqiao: "Addendum to 'A Study of China's Socialist Economy'," HONGQI, No. 21, 1981.

31. Luo Gengmu: "On the Connotations of 'Regulation by Planning Mechanism' and 'Regulation by Market Mechanism'," GANJIANG JINGJI [GANJIANG'S ECONOMY], No. 11, 1981.

32. Xu Dixin: "Bring Into Play the Supplementary Role of Regulation by Market Mechanism Under the Guidance of the State Plan," SHIJIE JINGJI ZENGKAN [SUPPLEMENTARY ISSUE OF THE WORLD ECONOMY], No. 4, 1981

33. See: Wen Tong and Rui Pu: "The National Forum of Party Schools on the Teaching of Political Economics," RENMIN RIBAO, 16 Oct 1981.

34. Tian Fang: "The Market Economy Must Be Upheld," JINGJI XUE ZHOUBAO, 8 Feb 1982.

35. See: Speech delivered by Wu Jianglian at the forum on "Uphold Taking the Planned Economy as the Dominant Factor and Regulation by Market Mechanism as the Supplementary One," CAIMAO JINGJI, No. 4, 1982.

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ECONOMIC PLANNING

'JINGJI YANJIU' DISCUSSES PLANNED ECONOMY

HK140320 Beijing JINGJI YANJIU in Chinese No. 6, 20 Jun 82 pp 3-8

[Article by Gong Shiqi [7895 1102 0366] and Xu Yi [6079 3015]: "Firmly Take Planned Economy as the Key Link With Market Regulation Playing a Supplementary Role"]

[Text] To firmly take planned economy as the key link with market regulation playing a supplementary role is a constant theory of Comrade Chen Yun. In early days following the founding of New China, he suggested a comprehensive plan with little flexibility. Following the basic completion of the socialist transformation of the means of production in our country, Comrade Chen Yun said that planned production was the key in industrial and agricultural production while free production under the sphere permitted by state planning and according to market changes was a supplement to planned production. The state market was the key link to the socialist unified market while the free market of certain sphere and under state leadership was the supplemental link to the state market. This was the summary of the relationship between planned economy and market regulation made by Comrade Chen Yun on the basis of the situation at that time; it is also a far-reaching assumption that still is of guiding significance for us today. Over the past year and more, Comrade Chen Yun stressed the importance of planned economy on many occasions with a definite purpose. During the spring festival this year when he met comrades from the State Planning Commission, he said that our country is undertaking planned economy, that industry must use planned economy as the key link and that agriculture must also still have planned economy even after the implementation of the production responsibility system. In running enterprises it is even more necessary for us to stress the importance of planning. In short, to correctly understand and handle the relationship between planned economy and market regulation is a basic question of socialist economic theory as well as a key question in transforming the economic system.

Planned Economy is a Feature of Socialist Economy

Planned economy is a basic feature of socialist economy. Socialist society carries out planned economy on the basis of the public ownership of the means of production so as to guarantee a proportionate development of the national economy through a planned and conscious balance. This society is basically contradictory to the capitalist society which is characterized by anarchic

production. Originally, it was an objective need in production in all societies and particularly in social mass production to distribute social labor according to certain proportions. But under the capitalist system, social economy can in no way be developed proportionately or in a planned way because of the contradiction between social production and private possession of the means of production. Following the formation of the public ownership of the socialist means of production, it has become not only necessary but also possible to proportionately distribute social labor. Engels said that following the replacement of capitalism by socialism, "anarchic production has given way to social planned regulation in production that is carried out according to the need of society and each member of this society."[1] Through planned distribution of social labor, a socialist society will be able to keep a balance between social production, social needs and people's life and economic construction, to guarantee a smooth situation in expanding social reproduction and to constantly improve people's standard of living on the basis of constantly improving production. When there is a balance in the development of the national economy, the country will be in a position to resort to various measures to deal with various situations, establish a new balance more rapidly and avoid an appearance of a cyclical economic crisis caused by a blind development of capitalist market economy. Therefore a socialist society is in a position to make productivity constantly promote the growth of socialist production, and the production relationship can be timely readjusted and improved to accord with the needs in the development of the productive force and consequently display the tremendous superiority of the socialist system. Lenin held that to carry out planned economy under a socialist system is an important condition for eliminating exploitation. He said: "It is only by implementing tremendous and socialized planned economic system and giving the rights of ownership over land, factories and tools to the working class will it be possible to eliminate all kinds of exploitation."[2] As we have basically realized planned economy, an independent and comparatively complete industrial system and national economic system therefore have been formed in our country over the past 32 years and the backward economy of the semifeudal and semicolonial Old China has been changed. Therefore it can be seen that for socialism it is a historical necessity to carry out planned economy while socialist economy has a tremendous superiority that is incomparable for capitalist market economy.

Of course, when we say that socialist economy is a planned economy, we refer to the whole economy and its nature. The production and exchange of commodities still exist during the socialist stage, therefore, in carrying out planned economy it is necessary to make regulation fully display its supplementary role; otherwise the planned economy will not be complete. There are hundreds of thousands of varieties of social products and therefore it is impossible to include all of them in planning. If we reluctantly do so we will eventually spoil planned economy. An important reason why we could not fully display the superiority of planned economy was that we did not display well the supplementary role of market regulation. Eventually, the plan's contents were too excessive and the limitations were too rigid.

As a result, production departed from sales and it failed to meet the varieties of needs of people's material and cultural life. Therefore under socialist conditions, carrying out planned economy as the key link with market regulation playing a supplementary role is an objective necessity that is independent of people's will.

Persist in Planned Economy and It Is Incorrect to Replace Planned Economy With Market Economy

In discussing planned economy and market regulation over the past few years, some people held that the failures in our economic construction were caused by the planned economic system. They held that since planned economy is carried out by various levels on the basis of an order from above, this type of economy is not as flexible as market economy because it cannot automatically readjust market demands and consequently they suggested replacing planned economy with market economy. This view is wrong.

We held that the key questions of whether the superiority of planned economy can be displayed is that whether the guiding ideology in economic construction is correct and whether the planning accords with objective law. Practice proved that as long as we are able to follow the objective need of the socialist economic law and particularly are able to work out the planning for the development of the national economy according to the objective need of the socialist basic economic law, we will be able to display the superiority of planned economy. Our economy experienced a rapid development during the first 5-year plan, economic effects were good and people's life was considerably improved mainly because we had a correct guiding ideology and the planning basically accorded with objective law. The outstanding achievements of the economic readjustment in the 1960's once again proved the tremendous strength of the planned economic system. All these showed that as long as we are able to respect objective law, we will be able not only to rapidly develop the economy by relying on the planned economic system but also consciously correct our mistakes in economic work. These situations are unmachable by the capitalist society, which relies on spontaneous market readjustment.

From the view point of negative experiences, the serious setbacks in our economy since 1958 such as the Great Leap Forward, the 10 turbulent years and rashness in our work in 1978 were not the products of planned economy; they were caused by leftist mistakes. A feature of leftist ideology is violating objective law, exaggerating the role of subjective ideology, rushing to make achievements in economic construction, paying no attention to proportionate planning and comprehensive balance, denying the supplementary role of market regulation and working out planning at will. All these run counter to the basic demand in planned economy. Therefore the tortuous path in the development of our economy was not caused by planned economy but because we violated planned economy.

Some people said that planned economy is an economy under administrative leadership and without access to information. On the other hand, market economy is in a position to rapidly reflect market changes. Therefore planned economy can easily cause a stagnant production economy. Is this a fact? The answer is no. Of course, there is no doubt that there existed various shortcomings in previous economic management system and planning work such as not enough investigations into people's needs and market situations, no access to information, no statistics for working out planning and inaccurate economic predictions. Therefore our economic management system and planning work have to be transformed. But these shortcomings are not inherent or insurmountable contradictions of the planned economic system. Taken as a whole, planned economy is in a position to gather economic information even more effectively and accurately than market economy. This is because the whole socialist economy is a planned economy and not anarchic and there is no conflict of interest among the socialist country, the collective and individuals, departments, regions and enterprises. But in a capitalist society, there exists a life-and-death contradiction in which everyone is trying to cheat or outwit others. Socialist economy is an organic entity. The various aspects and links of various departments, regions and social reproduction are closely related to and complement each other under unified planning. According to the needs of planned economy, various economic activities can be rapidly reflected through daily financial revenues and expenditures, settling an account of banking deposits and loans, commercial purchasing and selling activities and withdrawal from or putting currency into circulation. This situation has enabled people to gather and analyze various economic information over time and expose contradictions using marcoeconomics as the basis for making decisions. Even if there are some obstacles in the information system, people will be able to consciously carry out improvement measures. But a capitalist society is characterized by blind competition, covering up reality and offsetting each other's strength, and therefore it will never be able to establish a system that is characterized by a socially unified and conscious transfer of economic information. In a socialist society it is possible to get accurate information. Comrade Chen Yun said that access to information reflects access to financial, monetary and commercial departments and he suggested to restoring the prestige of these departments. In the past, we found that we did not have access to information and mainly it was because of "leftist" interferences. Under the pressure of high goals, exaggeration and blind command in the past, people dared not reflect things as they really were, and when they did so, they were regarded as conservative and criticized. Consequently, even if people were acquainted with correct economic information, they would not care. Therefore it is apparent that this situation was not caused by the planned economic system itself.

Some comrades who are doing actual work felt that planning limits their work and consequently they cannot carry out work freely. So they felt more free to carry out market economy. What is the freedom of market economy? This freedom in fact denies planned economy. If enterprises are completely independent and the items and volume of their production completely depend on market supply and demand and the amount of profits, our economy will

inevitably lean in a capitalist direction. According to Engels, freedom is the necessity that has already been understood and it is a historical necessity for socialism to carry out planned economy. If we do not follow this historical necessity but engage in economic liberalization, we will be punished by history and we cannot achieve true freedom. With regard to limitation by planning, if it means unnecessary shackles in economic activities because of an irrational system and shortcomings in planning work, such limitations must be abolished. If it refers to the limitation that is necessary in some aspects to guarantee the unification of the whole country, such limitation is rational and necessary and we cannot oppose it. According to an old saying: "People do not do something for the purpose of doing it later." "Do not do" is exactly the price for "doing it." Without unified planning and limitation and each minding his own business, we will accomplish nothing and the entire economy will be damaged.

In short, we must correctly analyze the historical experiences gained in carrying out planned economy over the past 32 years, analyze the victories we have made and the setbacks we have endured, separate the mistakes in economic work that are caused by leftist ideology and run counter to objective law from the planned economic system itself, and separate the necessary limitations in economic life by planning from unnecessary shackles. We must persist in what is correct in economic work and oppose what is wrong and fully display the superiority of planned economy; we cannot throw away a child with the dirty water from a bathing basin.

It Is An Objective Need in Planned Economy to Carry Out Necessary Centralized Unification

In carrying out planned economy it is imperative to persist in the principle of taking the whole country into account and strengthening centralized and unified leadership. There must be a certain division of rights under unified leadership and it is necessary to hand over certain rights of management to various levels and particularly to the grassroot enterprises so as to mobilize the initiative of various aspects and promote production and construction. Our experiences showed that it is wrong in any period to pay attention to unified planning but neglect management by various levels. But with excessive decentralization, the state will lose its ability to control the whole situation and this means an anarchic situation will result. It was a serious historical lesson for us in 1958 to let a hundred flowers blossom without control. We cannot lopsidedly stress the importance of enterprises themselves and neglect the necessary centralized unification, nor can we forget the importance of the planned and proportionate development of the national economy. Engels said: "The materialistic conditions for production and circulation cannot but become complicated following the development of big industry and agriculture and the sphere of this authority tends to expand. Therefore it is ridiculous to regard the principle of this authority as absolutely bad and to regard the principle of autonomy as absolutely good."[3] To oppose centralized leadership and unified planning is in fact to oppose authority, oppose leadership over economic work and

oppose socialist planned economy. With regard to centralizing and decentralizing rights, we must follow the principle of seeking truth from facts, correctly analyze concrete problems and overcome the shortcomings that really exist; we cannot treat this question in a simple way. Over the past few years we have expanded the autonomy of enterprises and activated economic activities; the orientation of all these measures is correct and achievements have been made in this work so therefore we must persist in this method. But at the same time, it is necessary to strengthen planned management over the whole situation. Comrade Chen Yun said in 1957: "Following decentralization of rights, balanced work must not be weakened but strengthened." The tendency of departmentalism, separatism and solely seeking profit still exist at present in some places, enterprises and units and it must be opposed. This tendency includes disregarding state planning and over-producing unsalable products or goods so as to increase retention and awards; willfully retaining tax funds and profits that should be handed over to the state treasury; arbitrarily suppressing the purchasing tasks of agricultural and sideline products and expanding the scope of increasing and negotiating prices; in addition, the scale of capital construction is not in accord with outside planning and surpasses the planned construction, construction is blindly carried out, there is duplication in construction and there is no differentiation between small and large construction or between the backward and the advanced. The existence of all these showed that at the present stage it is necessary to strengthen centralized unification. What merits our attention is that to see from some major economic cases that has so far been exposed, we can say that if we weaken planned economy, the tendency of departmentalism, separatism and solely seeking profit will develop and we will be giving those who engage in corruption, cheating, speculation and profiteering as well as bribing a chance to carry out capitalist activities. Experiences proved that persistance in centralized and unified leadership cannot be separated from the persistance on the socialist road.

Some people said that a unified and centralized management system will guarantee a smooth implementation of correct economic policies but it will also make incorrect policies uncheckable, and according to this view it seems that major shortcomings in our economic work stemmed from centralization. This aspect calls for a concrete analysis. Why during the highly centralized period of the first 5-year plan and the readjustment period in the 1960's were we able to make tremendous achievements, while during the 3 years of the Great Leap Forward and the period of 10 turbulent years in which the rights of economic management were comparatively decentralized our economy met with serious setbacks? It can be seen that the problems are not simply because of centralization. The reasons are: first, whether the centralized things are necessary and whether they accord with the need in planned economy. Experiences of our country proved that if we centralized what should not be centralized, we would affect the initiative of various aspects and this situation would not be in the interest of an active economy; if we do not centralize what should be centralized, we will give rise to the danger of the emergence of economic liberalization and of our inability to control the whole situation. We do not agree to highly centralize everything

but the necessary centralization by the state cannot be relazed. Second, the question of how to guarantee the correctness of centralization depends on whether this centralization is based on democracy, science and on the practice of the broad masses of the people and particularly of the experts in various trades; in the final analysis, whether it accords with objective law. It is because economic life, economic law and natural law envolve many aspects and have very rich contents that they cannot be completely understood by just a single or a few persons and they can only be grasped by the broad masses of the people and particularly experts in various aspects. In carrying out economic leadership, all major decisions must be treated cautiously. Before each decision is made through policy, it is imperative to solicit the opinions from various backgrounds and to let experts fully and repeatedly discuss and study the various possibilities of the decision. Furthermore, decisions have to be tested in practice and then amended, and the experiences in carrying out these decisions have to be summed up so as to improve our understanding. In this way we will be able to avoid as much as is possible making serious mistakes in our decisions and we can find mistakes in time and rapidly correct them so as to avoid affecting the whole situation. We cannot give up eating for fear of choking, nor can we deny planned economy and abolish the necessary centralization for fear of making serious mistakes in policies. It will not do to control the mistakes in macroscopic economic policies by making use of market regulation and activating the economy. On the contrary, our experiences show that it is only under the premise of planned and proportionate readjustment of the national economy that the business of each enterprises can be really activated. Otherwise, even if the business can be activated, it will not last long.

Socialism Must Promote the Production of Commodities in a Big Way But Production Is Not a Feature of Socialist Economy

During the present stage in our country and for a comparatively long time to come, to develop the production of commodities in a big way and the exchange of commodities represent a major question of developing socialist production, meeting the needs of people's material and cultural life and strengthening the industrial and agricultural economic relationship and worker-peasant alliance. The mistakes made over time in neglecting commodity production and commodity exchanges have caused serious damages. Since the convening of the 3d plenary session of the 11th CCP Central Committee, the majority of the theoretical workers in our country have acknowledged that the means of production are also commodities. Socialist commodity production and exchanges exist not only between the two ownerships but also within the ownership by the whole people, and they have played an active role. But commodity production under socialist conditions is not a basic feature of the socialist economy. This is mainly because: first, it is true that a commodity relationship is a necessary form of contact among socialist economic sectors but it no longer represents the general form and main feature of the socialist economy. Under a capitalist system, the labor force belongs to commodities while the commodity relationship is the general form and major feature of the capitalist economic relationship. Under the

socialist system, the labor force is not a commodity, while land, mines and enterprises are no longer targets of selling and buying. What is more important, socialist labor has a direct social feature while the relationship of the socialist economy is mainly and directly defined by planning; this relationship accords with social needs and has certain proportions. Planning is a good form and main feature of socialist economy. Under the present conditions in our country, the degree of our policy is not high enough, but it has played a decisive role in the production and exchange of major industrial and agricultural products. Second, the socialist relationship of production is the relationship of comradely mutual cooperation; it is because the laborers who have possessed the means of production have become the masters of these means. Of course, any commodity production always shows the relationship of production among the producers of certain commodities and there is no exception with socialist commodity production. What is the production relationship of the socialist commodity production? Our opinion is that it is mainly the relationship of exchanges of equal value or equality and mutual benefit among socialist enterprises. This relationship of equality and mutual benefit stems from the fact that socialist enterprises are comparatively independent with comparatively independent economic interest. The interest of the enterprises can only be guaranteed through exchanges of equal value. Therefore, the relationship shown in commodity production is closely related to the existence of differences in the interest of the state, the collective and individuals. It is important to correctly understand and handle such a relationship of equality and mutual benefit but this relationship represents an important side of the relationship of socialist production while equality is not an important aspect. This is because socialist relationships of comradely mutual cooperation represents the relationship of the common interest of the laborers. The nature of the relationship of the laborers' material interest which plays a decisive role is in accord with the basic interest of these laborers. Without the common interest of laborers or state interest, there would be no interest of enterprises or interest of individual laborers. Therefore the difference of interests among the state, the collective and individuals is based on the agreement of interest among laborers and it is of secondary interest. Consideration must be given to the interest of these three aspects by giving first consideration to the interest of the whole nation. When there are contradictions among state, collective and individual interests, partial interest must be subordinated to the whole interest, provisional interest to long-range interest and individual interest to collective interest. As such contradictions can be effectively regulated only by relying on planned economy. It is difficult to give consideration to the interest of the three aspects by solely relying on commodity relationship. For example, when enterprises decide their production according to market supply and demand, they will carry out production in a big way when there is big profit and in a small way when there is little profit. But when taking the whole situation into account, this practice is sometimes very harmful. For example, many places now have set up small cigarette factories and overall these factories may have economic effects. But because of their existence, modern cigarette factories have consequently been operating under

capacity because they do not have enough raw materials and when society's needs are taken into account, this situation means a big waste. Therefore, it can be seen that commodity production is not a feature of socialist economy.

Under the conditions of commodity production and commodity exchanges, the law of value plays a regulating role in production. But the basic orientation of the development of socialist society is decided by basic socialist economic law and is mainly realized through the law of planned and proportionate development. Planned regulation is a guiding position in regulating social production while the regulation of socialist production and circulation by the law of value cannot be in a guiding position. We must consciously use planned regulation to serve planned economy.

A Key to Transforming the Economic System is to Handle Well the Relationship Between Planned Economy and Market Regulation

To persist in planned economy as the key to a basic principle is following socialist orientation. Therefore it is imperative to have a unified and ordering that can be carried out in a planned way. If it is just a guiding plan for reference and not the one that must be implemented, then it is not a planned economy. Lenin said: "It is only when construction is carried out according to general big and efforts are made to rationally use economic resources that this construction is called socialist construction."[4] Of course, we cannot put planned economy in the same category as perceived goals. As the level of our present productive force is not at the same level of the degree of the public ownership of the means of production, the plan therefore cannot include everything. Not only the planned management of the economy with various ownerships must be different, but the management of the state-owned economy must also not be too rigid. Within the scope of state planning, enterprises must be relatively independent and they must be given certain autonomy in production management. The backbone enterprises that are related to the state economic lifeline and major products that are related to the national economy and people's life must be included in state unified planning. Major proportions in the national economy must be put under the strict control of the state so that planned economy will be able to display its guiding role. At the same time, we must make full use of the supplementary role of market regulations, so that the production and circulation of many varieties of small commodities that are difficult to include in the plan can [words indistinct] but within the scope of the plan. Between these two big categories, there may exist two categories of products and enterprises. The first category leans toward carrying out production according to planning while the second category leans toward market regulation; with regard to market regulation, it is necessary to step up planned guidance and market management while the state must fully consider and make full use of the law of value in working out planning.

With regard to regulation the role of the law of value, some comrades often stress the importance of exchanges of equal value and neglect another important aspect of properly making use of the deviation between price and value to guide production, distribution, exchanges and consumption. It is true that value is the objective basis in defining prices, but in order to demonstrate policies for different aspects and regulate production, often we must deviate between price and value. This measure does not violate the law of value; on the contrary, it is a manifestation of consciously following the law. We must understand that value is not only a tool for equal value exchange, but also a lever for distribution and a tool for regulating supply and demand. Under correct planning, either exchange of equal value or deviation between price and value are a necessary form used by people in consciously abiding by the law of value to regulate social production. We must also pay attention to coordinating price with financial distribution, particularly to the lever of tax revenue, and use these two aspects interchangeable. For example, the price of commodities drops because of the encouragement of consumption. Consequently, enterprises must decrease profits to affect the initiative of producers. On the contrary, prices increase because of the limitation of consumption and enterprises will have excessive profits for improvement of management. Under these conditions, measures may be taken to decrease or increase taxes so as to readjust the profits of enterprises and achieve the goal of guiding consumption and regulating production. In addition, under certain conditions, financial subsidy may be given to some enterprises that are losing business and whose products cannot be increased in price so as to promote initiative in production and guarantee the interest of consumers. This measure is an intentional use of the law of value so as to accord with the need of the law of planning.

To handle well the relationship between planned economy and market regulation is a key link in transforming our economic management system and determines whether or not we are carrying out the transformation according to the principle of market economy. The answer is without a doubt the former and not the latter. The "Resolution on certain questions in the history of the party since the founding of the People's Republic of China" of the CCP Central Committee points out: "It is necessary to carry out planned economy on the basis of public ownership and at the same time display the supplementary role of market regulation." We must unifiedly understand the spirit of this resolution. At present, it is necessary to stress the importance of centralized leadership and carrying out economic construction in a planned way and under this premise that we must pay full attention to improving the economic responsibility system and enlivening the whole economy.

FOOTNOTES

1. "Selected Works of Marx and Engels," "Anti-Duhring," Vol 3, p 319.

2. "Selected Works of Lenin," "The Questions of Land and Struggles for Freedom," Vol 10, p 407.

3. "Selected Works of Marx and Engels," "On Authority," Vol 2, p 553.

4. "Collected Works of Lenin," "Speech on the Congress of Soviet Chairmen," Vol 28, p 18.

CSO: 4006/520

FINANCE AND BANKING

RESEARCH OF FINANCIAL METHODS URGED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 8, 19 Apr 82 pp 27-28

[Article by Yang Xitian [2799 1585 1131]: "Researching the Ways of Social Consumption and the 'Three Resources'"]

[Text] Premier Zhao Ziyang [6392 4793 7122] pointed out that, in our nation's economic construction, we must research the methods of acquisition, accumulation and spending, and increase and be frugal in the use of construction funds; and he demanded that banks fully develop their functions of raising funds, stimulating the economy and supporting construction. For banks to foster these functions, it is very necessary that they do penetrating research into social consumption.

First, penetrating study of social consumption will help us to better utilize financial credit to support the development of production and circulation. Social consumption is diverse. When places, economic levels, national conditions, and customs and habits are different, then the structure, level and forms of consumption will be different. Even in a single place, the structure and content of consumption change as the economic level and all aspects of the economy change. If a bank fully understands the structure and content and the trends of social consumption, it can be clear about the direction and focal points of credits and can accurately use loans to support increased industrial production of needed social goods and the buying and selling of needed social merchandise by commercial organizations. As production develops and the circulation of goods and services increases, the needs of the masses will be satisfied and state income will rise, providing a foundation for the accumulation of construction funds.

Secondly, penetrating study of social consumption will help us to use financial credit to the fullest extent and effectively improve the economic results of the credit. In order to support the quickened development of economic construction to the fullest extent, at the same time that banks work hard, as they must, to accumulate funds, they must use every means possible to use the accumulated funds in the most needed areas, using the least amount of money to do the greatest amount of work and achieving the greatest economic effectiveness. And in order to achieve this end, we must do penetrating research on social consumption. For a long time, there was a tendency in our economic construction toward production for production's sake, and banks in

various areas blindly supported industrial production and the purchase and sale of goods that did not suit social needs, and this resulted in a building pressure on the means of production and subsistence and ineffective use of credit and funds, and this in turn increased the imbalance of the national economy. Although the situation has improved in recent years, the problems have not been thoroughly solved. There is still a lot of overstocking of industrial products and commercial goods, which seriously weakens the financial ability of banks to support state construction. In order to bring about a thorough transformation of the situation, we must further strengthen our study of social consumption and get an accurate handle on credit in terms of the actual needs of society. We should support the production and commercial activities of enterprises, but absolutely cannot offer blind support--some must be limited. We must work hard to guard against the overaccumulation and waste of funds and speed up the turnover of funds in order to free funds for needed economic construction. I feel, because of historical experience and the situation concerning the sources and use of present funds by banks, that banks must work more aggressively on methods of using resources. Otherwise, the funds they worked so hard to accumulate little by little will be pressed into "ineffective" or even "harmful" expenditures, and how can that quicken economic development?

Thirdly, penetrating study of social consumption will be of help to us in better acquiring funds for the four modernizations construction. Along with the increase in the incomes of people in both urban and rural areas, the reforms in the economic system and the expansion of the finances of enterprises, there has been an increasing amount of idle funds and funds outside of the budget in society, and the burden on the banks to acquire funds has increased. Study of social consumption is indispensable if we are to do well in this area of work. The work of attracting urban and rural savings especially requires study of social consumption. Because the consumption levels and structures of people of different types and of different social strata are different, their ability to save is also different and the types of saving that they prefer is not the same. Because of changes in the level and structure of consumption, the ability to save from day to day for similar types of people changes. Therefore, studying and analyzing the situation and trends in social consumption better enables us to pinpoint the focus of savings work, establish different savings plans to meet the needs of the masses, carry out targeted savings promotions, make plans for the savings increases and promote the development of savings work. Studying social consumption will not only help us in developing savings with established goals, but will help in carrying out mass political and ideological education work. For several years now the tendencies in society toward concern with cuisine, ostentatiousness, and extravagance and waste have been spreading. By carrying out specially targeted promotions and guiding the masses to be diligent and thrifty and moderate in consumption, not only can we turn a part of the consumption funds into long-term construction funds and speed up material production, but it will be of benefit in changing social tendencies and constructing a spiritual civilization.

Fourthly, penetrating study of social consumption will help us to attain a comprehensive balance between finances, credit, goods and materials and foreign exchange, and to stabilize the currency and the economy. This is one of the necessary conditions for doing well in accumulating, acquiring and using funds. Doing well in achieving a balance between finances, credit, goods and materials and foreign exchange requires work in a number of areas, an extremely important one of which is achieving a balance in the supply and demand of the means of subsistence. This requires a penetrating study of social consumption. The banks are a comprehensive department of the economy. We can use their special characteristics of wide contact and sensitivity and through analysis of the currency they put into and take out of circulation jointly study the changing status and trends in the balance of purchase and sales of goods, make suggestions for handling markets and adjusting currency flows and speed up and harmonize joint work in each area, which will be useful in maintaining "stability."

To summarize the above, study of social consumption is very important. The study of social consumption must be carried out on both macro and micro-levels. We must strengthen our analysis of the formation of social purchasing power and the accounting of the supply of social goods. We must not take accounts only once a year, but should carry out accounting research at seasonal intervals or regular stages during the year, to keep tabs on the overall scope, trends, conditions and problems concerning social consumption. This will help us raise ideas and suggestions to hasten balance. We must strengthen analysis of the developments in industrial and commercial production and marketing and do well in the work of obtaining economic information such as product and market forecasts. We must seriously analyze survey materials concerning the income and expenditures of employees, residents and rural commune members, research the structure, levels, and the changes in their consumption and the trends in their purchasing power, both in overall terms and in terms of individual social strata, understand the opinions of the masses in regard to all aspects of the supply of social goods and credit activities, and provide a basis for the study of the support of industrial production and commercial activities by banks.

9705
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BRIEFS

GANSU TREASURY BONDS--As of mid-June, Gansu Province subscribed to 52.82 million yuan of the 1982 treasury bonds, 92.7 percent of the annual target. By the end of May, Lanzhou Municipality subscribed to 1.56 million yuan of treasury bonds, overfulfilling the target by 24 percent. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 4 Jul 82]

NEI MONGGOL LEAGUE SAVINGS--Following the implementation of various economic policies, people in Ju Ud League in Nei Monggol have increased their income and improved their livelihood. The accumulative total of the savings of urban residents in the league in the first 5 months of 1982 was 53.28 million yuan, a record. With this increased income, people can buy more high-grade goods. From January to April, sales of televisions and leather shoes increased 280 percent and 42.1 percent over those of the corresponding 1981 period. The league planned to supply to the market 39,000 bicycles and 33,000 sewing machines this year, 32.1 percent and 19 percent more than in 1981. The supply of cotton cloth, knitting wool and wristwatches will also increase. [SK040732 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 3 Jul 82]

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INDUSTRY

EXPANDED REPRODUCTION BY INTENSION IN SHANGHAI

HK140433 Beijing JINGJI YANJIU in Chinese No 6, 20 Jun 82 pp 22-27

[Article by Chen Minzhi [7115 2404 0037] and Huang Zhenyu [7806 6297 3842] of the Shanghai Academy of Social Sciences: "Take the Intensive Approach Mode to Enlarge Reproduction as Seen From the Development of Industry in Shanghai"]

[Text] I. Relatively Rapid Development of Industry in Shanghai Over the Past 30 Years and Good Economic Results Achieved

In his "Report on Government Work," Comrade Zhao Zhiyang said: "In our discussions on economic problems hereafter, we should take as the basic starting point how to upgrade the economic effect, so as to develop our national economy in a prolonged and sustained manner." He further pointed out: "Compared with 1952, the year of the completion of the national economic recovery, the gross output value of industry and agriculture in 1980 had increased by 810 percent, the national income, by 420 percent, and the value of the fixed assets of industry, by 2,600 percent." This revealed that the latent production capacity of the industrial fixed assets accumulated over nearly 30 years in the past had not fully displayed its role and that objective conditions do exist now, and for a certain period hereafter, for industry in our country to depend for its development on expanded reproduction by intension to achieve the objectives of raising the gross output value of industry and increasing the national income. It may be pointed out that in this connection, the experiences in the development of industry in Shanghai since the founding of the PRC may be of certain reference value to our national economy now in the process of readjustment. The aim of this article is to attempt a further elucidation on this point.

The industry bequeathed by the old society to Shanghai had an extremely feeble foundation. It had insufficient departments, depended for its sustenance on imperialism and in general suffered from lopsided development. Among its few industrial departments, the light and textile industries were the mainstay and accounted for 76 percent on the gross industrial output value of the entire municipality. The development of heavy industry was at a rather low level, so much so that it could be ignored altogether. The yearly steel output of its metallurgical industry was less than 5,000 tons. The capacity of its machine-building industry was confined to

repairing and the making of parts. Basically speaking, it could not turn out any complete equipment. It had no chemical industry and had to depend on importing from foreign countries the important raw materials it needed such as rolled steel, chemical products, and even cotton and paper pulp. In the early period of liberation, the total output value of the metallurgical, electrical-machinery and chemical industries of the municipality was less than 100 million yuan.

Following 30 years of construction, the appearance of Shanghai's industry has been basically changed. The production capacity of the metallurgical industry has developed from originally producing less than 5,000 tons of steel and an output value of less than 30 million yuan a year to the gigantic scale now of producing annually 5 million tons of steel, 4 million tons of steel products, 60,000 tons of electrolytic copper, and 80,000 tons of processed nonferrous materials. Its products are mainly of the medium-size and small types and a rather comprehensive assortment of varieties is available. At present, it can turn out some 1,200 varieties of steel products with over 22,000 specifications, and some 1,300 varieties of nonferrous metallic products with some 37,000 specifications. The metallurgical industry made full utilization of the extremely backward production equipment of the over 800 small plants and small workshops which had existed separately during the initial period of liberation. Its total investments consisted of 1.02 billion yuan (1.52 billion yuan including the Meishan Plant) in capital construction investment and 1.21 billion yuan (1.27 billion yuan including Meishan) in investment on technological measures (totalling 2.23 billion yuan, or 2.79 billion yuan including Meishan). At present, the original value of the fixed assets of Shanghai's metallurgical system is a little over 1.85 billion yuan but over the past 31 years, the system's remittances of profits and taxes to the state was about 10 times this figure.

Originally, the machine-building industry could only attend to repairing and making parts. Now it has developed to the stage of having over 60,000 sets of machine tools in operation and being able to produce complete equipment such as heavy industrial equipment and machinery for power generating stations, metallurgical plants, mines and chemical factories. Now, it is also capable of producing motor vehicles, tractors and various kinds of machine tools. In addition, it can produce various kinds of machinery and equipment for the printing, rubber and food industries as well as for industry in general. Since 1956, it has set up its own electronics and precision-instrument industries. In 1979, the gross output value of the machine-building industry was 6.3 billion yuan. Its profit remittance to the state was 1.73 billion yuan while the original value of its fixed assets was below 50 percent of its gross output value. Over the 25-year period from 1956 to 1980, the capital construction investments on the electronics and the precision-instrument industries amounted to only 2.8 percent of their remittances of profits and taxes to the state during the same period. In other words, their remittances and taxes to the state were nearly 40 times their aggregate investments.

Before liberation, the daily production capacity of the chemical industry was only 10 tons of sulfuric acid and 2 tons of caustic soda a day. It has since developed to one of our country's important bases of chemical raw materials embracing 18 new and developing industries including the petrochemical industry, with some 2,400 varieties of products and over 20,000 specifications. Its annual output of chemical materials is over 1 million tons. The capital construction investments made by the state amounted to only 1.42 billion yuan while the investments on the relevant technological facilities were less than 1 billion yuan. Altogether, the total investments were about 2.4 billion yuan, but the profits and taxes it has remitted to the state amounted to over 30 billion yuan.

At present, Shanghai's light industry embraces some 13 branches or trades producing bicycles, sewing machines, timepieces, food products, daily-use chemical products, enamelware, thermos bottles, glasswares, home-use electrical appliances, and so on. A large number of these products, such as bicycles, watches, sewing machines and home-use electrical appliances could not formerly be produced by our country. Over the past 32 years, Shanghai's light industry has contributed over 30 billion yuan to the state accumulations funds, but during the same period, the construction investment funds appropriated by the state amounted to only 1.6 percent of the total accumulations contributed. In 1981, the gross value of its output was 7.5 billion yuan, equivalent to 500 percent the original value of the fixed assets and exactly 1,000 percent of the new value of the fixed assets.

Shanghai's textile industry has a history of over 100 years and is an industry with a relatively firm foundation. Over the past 32 years, while the principal production equipment has somewhat reduced, the profits and taxes it remitted to the state have been on the uptrend, in fact showing a rather large increase. By 1980, compared with 1949, the number of spindles had decreased by 16 percent, and the number of cloth-weaving machines decreased by 10 percent, 88 of its mills had been transferred to 26 neighbouring provinces and municipalities in the country while some 25,000 square meters of plant premises in 8 of its mills had been vacated for use by the new and developing industrial departments including the electronics plants. Its gross output value that year amounted to over 13 billion yuan. Over the past 31 years, Shanghai's textile industry has remitted to the state profits and taxes amounting to over 50 billion yuan but the investments in it by the state (including funds for technical equipment and loans) amounted to only 1.6 percent of the total amount of remittances of profits and taxes. This situation was somewhat similar to that of light industry.

Summing up the situation of the several major industrial departments in Shanghai, it is not difficult to reach the following observation: Shanghai's industries, not only the light and textile industries but also the heavy industry, were given relatively little investments from the state but still managed to achieve a relatively high economic effect. The output value realized from each 100 yuan of fixed assets of the enterprises under the system of ownership by the whole people is 180 percent higher in Shanghai

than in the rest of the country, while the amount of profits and taxes generated from each 100 yuan of fixed assets is higher in Shanghai by 250 percent. These figures speak eloquently of the good situation. Naturally, compared with certain advanced countries in the world, Shanghai is still very much behind. Even in our country, there are still many provinces and municipalities whose products, industries and trade surpass Shanghai in production technique, quality of the products and general performance.

If we examine the situation from another angle, that is to say, if we look at the percentage composition, in the gross national figures, of Shanghai's capital construction in industry, the fixed assets of its industry, its gross value of industrial output and the amount of remittances of profits and taxes to the state, we shall find that they are respectively as follows: 2.4 percent, 3.95 percent, 12.5 percent and 16.67 percent. Thus, we come to the same conclusion that relatively speaking Shanghai's industry received less investments but produced better economic effects.

II. The Course of Shanghai's Industrial Development and the Experiences Gained in Upgrading the Economic Effect

Over the past 32 years, Shanghai has developed from being a city whose industry had an extremely weak material and technological foundation, was lacking in many departments and was greatly dependent on the support of imperialism, to being a comprehensive industrial base area which possesses a definite material and technological foundation and a fairly complete assortment of industrial departments and which can turn out fairly well complete equipment. How has this been brought about?

First, in combination with instituting changes in the system of ownership of the means of production and in production relations, Shanghai's industry adopted the principle of specialized coordination and carried out a series of reorganization and reform each with its special features, in order gradually to rationalize the industrial structure, the structure of the trades, and the structure of the organizational units. As a result, its industrial production has been greatly raised.

Shanghai's industry went through several large-scale reorganizations. The first one took place after the institution of the system of joint state-private ownership and management of the industries and trades, in combination with the reform of the system of ownership of the means of production. The second one took place after the "Great Leap Forward" in 1958. The third one was during the 3-year readjustment period. These three stages of reorganization all faced different and concrete historical conditions and background and therefore were each imbued with their own special features and points of emphasis. For example, in the first reorganization, emphasis was laid on initially improving the situation left behind by the old society such as the confusion in geographical distribution, redundancy in the kinds of products and backward technology. This was done by means of "combing" the disarrayed factors and making the industries and trades "recover their

old selves." In the second reorganization, the principal feature was the establishment of a number of large-scale backbone industries. In addition, certain new and developing industrial departments urgently needed at the time were established. In this way, a preliminary material and technological foundation was laid for the purpose of modernization construction and a foundation was also laid for a more rapid development of the economy in the future. As a result of the reorganization, the number of enterprises was further reduced by 21 percent compared with 1957. In the third reorganization which was carried out during the 3-year readjustment period, the principal features consisted of strengthening the light industry, the raw materials industries and the industries rendering aid to agriculture so as to improve the proportionate relationships within industry itself. Additionally, a number of enterprises were closed, suspended, merged or shifted to other production lines (comprising roughly 20 percent of the enterprises under the system of ownership by the whole people). The enterprises affected were those which had suffered from the drawbacks of overproduction, outdated and backward equipment, poor quality of products, and high consumption rate of raw materials and energy. They were shifted to the production of those products which were urgently needed by the state and were made to help the development of the new and developing industries such as electronics, precision instruments, wristwatches, cameras, plastic products and others.

These three reorganizations had their dissimilar features but had a particularly similar feature and this was the organization of production according to the principle of specialized coordination. These measures taken were found to have produced noteworthy results such as raising the level of specialized technology and the quality of the products, strengthening the capacity to form complete equipment and improving the geographical distribution of the production units. For example, in the past, industries producing bicycles, timepieces and sewing machines in Shanghai used to consist of several hundred small plants. Now, several initially well-organized production "blocs" have been formed of which there were 7 for bicycles, 6 for sewing machines, 7 for wristwatches, and 4 for ordinary timepieces. Among their 71 plants at present, 18 are general assembly plants and 51 are coordinating plants producing the necessary accessories. Altogether they make up over 90 percent of the total number of plants. The 3 industries have thus separately formed their own production systems ranging from processing of the raw materials, making of tools and models, production and processing of parts and the final assembling of the products. Inside their respective "blocs," the general assembling plants carries out division of work among themselves. They promote the adoption of new technology and thereby increase the production capacity to a great extent. A similar situation prevails in other industries and trades.

Many of the enterprises devoted their efforts to improving the management and control level along with the reorganization work in progress. Among such factors as manpower, finance, materials, supplies, production, marketing, economics, technology and the quality of the products, the improvement of management and control was concentrated in grasping well manpower and the

material resources. In the 1950's and the 1960's, a number of large state-operated enterprises strengthened their "quota control" system and this helped in generally improving the management and control level. During the 10-years of disturbances, many good management and control systems were destroyed. However, commencing in 1978, efforts were made to restore management and control to good order. The 3-grade accounting and auditing system and the control of funds were augmented. All round quality control was enforced. Technological and trial production points were strengthened, thus improving the technological service work. In addition, the advanced level in the country was compared with that in foreign countries so as to learn from the differences, while plans were laid for improving the quality of the products and a sound "quota control" system was installed. In 1980, Shanghai turned its attention to strengthening control and practising economy in energy consumption. It promoted the use of new techniques in energy saving. As a result, the energy consumption rate was reduced by 14.7 percent per every 100 million yuans' worth of the gross industrial output value. In regard to the quality of the products, of the 645 "pivotal" products of the municipality, only 40 percent used to be able to maintain the highest level in history, but since the smashing of the "gang of four," and grasping the work of readjusting the technological foundation of the enterprises, the quality of the great majortiy of products recovered to the highest level in history.

Second, continuous technical renovating and restructuring has been carried out in varying forms and channels in conformity with the local conditions. Fairly good economic effect has been achieved. The measures undertaken were as follows:

(1) Rebuilding of the originally antiquated equipment and raising the technological capacity of the equipment. For example, the spinning frames of Shanghai's textile industry used to be antiquated but because of technically rebuilding and improving the pivotal spindles, the average per hour production volume of every 1,000 spindles was gradually raised from only 18 kgs after liberation to 45 kgs and above at present. At the same time, the equipment for the pre-weaving processing of cotton was rebuilt. This gave birth to a brand new weaving technique of fine yarn with our country' special characteristics of "high wheel speed, medium shaping and large drafting." The per-unit output of the spindles was one-third higher than that in foreign countries while the electric power consumption per yarn was lower by two-thirds compared with that abroad. This precisely fitted in with the national conditions in our country of the shortage in capital funds, the tense fuel situation, and the abundance of labor power. At present, the number of spindles and of weaving machines in the municipality has been reduced respectively by one-third and one-fifth compared with the pre-liberation period. Yet, despite these reductions, the output of cotton yarn has been increased by 160 percent, that of cotton cloth by 100 percent and the output value of the textile industry as a whole, by 500 percent.

(2) Reforming the production technique and raising the economic effect. Many of the important reforms in production technique in Shanghai grew from small beginnings and were undertaken initially by the masses. This procedure cost little money but reaped quick results. For example, mention may be made of such measures as simplifying the work procedure, effecting motion improvement, shortening the production period, improving the quality of the products, reducing the per unit consumption of raw materials and fuels, and producing more and better products with the same amount of raw materials and fuels. All these measures basically incurred no increased outlay of accumulation funds or increase in the circulating funds but they still managed to expand the scale of production.

The output volume of the Shanghai sewing machine plant remained at around 300,000 units a year from 1973 to 1976. The principal "bottleneck" at the time was in the two "links" of lacquer-baking and parts assembling. In 1977, these two procedures were technically improved. Forthwith the output that year rose to over 410,000 machines, while in 1980 it went up to 540,000 machines. In the production of colored films at the sensitized materials plant, ingredients had to be applied in over 10 coatings and using the old production technique could hardly increase the output. However, the successful introduction of a new technology whereby one coating could produce the desired effect of a number of coatings (3 to 6), the production efficiency rate was enhanced by 300 to 400 percent, in addition to reducing the consumption of silver by 50 percent. Also, in the machine-building sector, notable results have been achieved from the use of a new punching and cutting technology in lieu of the old method of using clumsy tools such as the iron hammer, or sledge hammer, or the foot-pedalled lathe and also from the use of such new technology as cooling, squeezing and pressing which eliminates the punching and cutting processes.

(3) Increasing the depth and precision of processing and changing the structure of the products. Science and production join hands with each other but science proceeds ahead of production. In this way, the products are continuously upgraded, the varieties form complete sets and high-grade products are turned out by using ordinary raw materials, and in this way it provides the market with rich and splendid products. Take the textile industry for example. In the 1950's, when cotton textiles were the main products, work had already started on developing polyester products. By the time of the 1960's when there was a large output of polyester fibre products, attention was turned to the development of long fibre textiles and medium-long fibre textiles. Next, imitation-woollen textiles and knitted polyester fibre coats were produced following which studies were made on the development of such new products as low-elasticity long-fibre polyester imitation-wool or imitation-silk fabrics as well as other high-grade woollen textiles. As another example, take the development trend of making light-metal multiple-use sewing machines which are automated and electronic, and of making television sets which are colored, have all frequency channels and have integrated circuits.

(4) Combining together the comprehensive utilization of resources and the comprehensive handling of the "3-wastes." Strengthening the comprehensive utilization of resources and changing wastes into treasures represent an important road to enriching society and basically improving the ecosystem and environment of the cities and towns. Shanghai's timber supply has always been in a tense state but the development of medium-density fibre-board and the flat boards from shavings has greatly raised the timber utilization rate in furniture making. The Shanghai pharmaceuticals experimentation plant installed two "waste gas" steam boilers making use of the heat generated in the chemical reaction in the manufacturing of formaldehyde. This is estimated to save roughly 3,990 tons of fuels a year. A large quantity of metallic materials was reported to have been retrieved by the Shanghai electroplating plant from the use of a new technology of treating waste water. Plants producing sewing machines successfully tried out the method of using the remnant materials of bicycle plants to make the shuttles of sewing machines. This obviously benefited both parties concerned. The subordinate units of the Shanghai Metallurgical Bureau had 29 oil-burning heating furnaces for steel rolling. Through transforming and rebuilding the furnace bodies, reducing heat-dissemination from the furnace walls and increasing the temperature of the heated air, the oil consumption rate was sharply reduced. It is estimated that over the past 3 years, savings of some 225,000 tons of oil have been effected.

(5) Paying close attention to the absorption of the advanced technology of foreign countries, "digesting" them and making new creations therefrom, thus promoting the modernization of the existing plants. Since the founding of the PRC, the light industry bureau has imported from abroad some 1,058 sets of various kinds of electrical machinery equipment. Relatively good results have been attained by studying, using, remaking and improving them and promoting their use. Some of them were pivotal equipment intended to overcome the weak links in the plants concerned; some were for the purpose of speeding up the progress of the new and developing industries and trades; and some served the purposes of improving the variety and quality of the products so as to increase their power in competition. The Shanghai tooth-paste plant imported from abroad a 3-color printing press. Over the past 10 years, as a result of the imitation, improvement and creation work done, it has succeeded in setting up 10 automatic production lines for toothpaste soft tubes and several automated toothpaste packing lines. The degree of automation in the entire plant reached over 80 percent. Its annual output volume increased from 82 million tubes to 166 million tubes and profits rose from over 9 million yuan to over 33 million yuan a year. Also, take the case of the importation of the "6-serial" welding machines by the Shanghai electric welding machinery plant. Compared with the former products of the same type, the DN3-100 type, the imported machines commanded such advantages as welding over a much wider area, being convenient for use, savings of over 50 percent in electric power consumption, no pre-heating, a quick start, and devoid of operation noises. At the same time, their body weight and size were only one-quarter of those of the old products while the production cost was 50.7 percent of that of the old products. In this

way, the marketing price is one-fifth lower than that of the old products while profits are 33.8 percent higher.

Third, making full use of the original technology and experiences and laying stress on technical training in order to improve the quality of the staff and workers.

In the estimation of the Marxists, among the various factors of the productive forces, man is the most active and the most important factor. Before liberation, Shanghai's industry had an extremely weak foundation but historically it already had over 100 years of development. Both in technology and in management and operation it had accumulated a relatively vast collection of experiences and knowledge and the working class was the first to take over the handling and use of these technologies and experiences. Hence, once the working class became the masters of our country and society, naturally they played an important role in economic development.

The development of modern science and technology and the increase of their role in production have naturally raised the level of the demand on the quality of the workers. Expanded reproduction by intension likewise demands that workers must possess suitable quality and talents. The basic road to raising the standard of the workers is to stress their technical training. One of the important reasons why certain plants in Shanghai have developed relatively swiftly is that for a long time they have paid close attention to technical training and to manpower development. They have set up and perfected various kinds of scientific and technological research bodies. They have formed specialized training courses and organized various kinds of technical discussion and emulation activities. In this way, they have formed a contingent of scientific research and technological workers closely allied to the development of production. In 1981, in Shanghai the number of engineering and technical personnel in the enterprises under the system of ownership by the whole people was 4.2 percent of the entire number of staff and workers of the city. Compared with the 2.8 percent for the country as a whole, this was higher by 1.4 percent. The Shanghai bicycle plant organized various forms of technical training classes and trained up some 300 engineering and technical personnel. This number represented 75 percent of the total number of technical personnel employed by the company. They played a very important role in the development of the bicycle industry over the past 20 years. Notable results have been achieved.

III. In Expanded Reproduction By Intension, Stress Should Be Laid On Renewal of Equipment and Fixed Assets

Marx said that despite the lack of accumulation, a given amount of funds can still expand its scale of production within a certain limit. In our observation, since the founding of the PRC, Shanghai's industrial development has basically taken the intensive approach and has taken the road of expanded reproduction by intension. Over the past 32 years, although Shanghai's industry has undertaken a certain amount of capital construction and has set

up certain new and developing industries, yet of the entire amount of increased output value of industry, roughly 75 percent has been derived from tapping latent potential renovating and restructuring.

However, taking the road of expanded reproduction by intension presupposes that there is a definite material and technological foundation. Tapping latent potential must in the end reach a certain limit and become futile but in the reproduction process, the supply of materials and labor must be on time and must be duly replenished or compensated, otherwise expanding reproduction will simply be empty talk.

The road taken by Shanghai has produced notable results, but there are still certain deficiencies. The main fault is that the strategy for development has not been exactly clear and comprehensive planning has been lacking. At the same time the planning element is not strong enough, and there is a state of no awareness or only semi-awareness. Frequently, the initial concern is with individual production units and individual industries, trades and enterprises. Local limitations are rather overriding and the superiority of the socialized production system of socialism has not been brought into full play. Moreover, for many years, due to the "leftist" influence on the guiding thought over production and construction, production received priority consideration while consumption was lightly regarded. At the same time, emphasis was laid on new building and expanding construction while the renewal of equipment and restructuring were neglected. Certain departments have overdone the tapping of latent potential, so much so that further tapping would be futile. Consequently, it is extremely difficult to maintain a steady growth rate in industrial production, adopt new technology, improve product quality, or to renew or replace the existing and old equipment. This has also somewhat impeded urban restructuring.

First of all, in expanding reproduction, the "priority" and "pivotal" industries and trades (such as industries producing the means of production) have laid stress on extensively increasing their capital investments, equipment and personnel, and on setting up new establishments and new plants, while the role of the intensive factors has been neglected. As for industries and trades which do not enjoy and priority of are not "pivotal" (such as certain industries and trades producing consumer goods), despite their close connection to the people's life, each year the targets for increased production are duly fixed but the capital construction investment is reduced. The more the industries and trades devote their efforts to tapping latent potential, renovating and restructuring and to achieving a good economic effect, the less investment they receive. Utterly exhausted, many of the old enterprises have found it hard to maintain even simple reproduction. In reality, they have steadily consumed their equipment and assets and made no replenishment. Generally speaking, the work of tapping potential, renovating and restructuring in the light industry in Shanghai has gone through the following stages: the fist stage (in about 1954-1955) may be called the stage of organizing and mobilizing the latent potential. In this stage, principally through reorganizing, rebuilding and "putting the disarrayed

units in order," a production system emerged which, following internal readjustments made in the industrial units, helped to achieve an increase in production. This was the time when the foundation was laid for the 10 new and developing trades (these 10 developing trades and industries produce the following commodities: synthetic spices, industrial sewing machines, industrial enamelware, wristwatches, sensitive films, cameras, newly developed silicate materials, synthetic detergents, computers and paper for industrial use). The stage that followed was that of "filling the gaps and fully tapping the latent potentials" (about prior to 1969). During this stage, all that was needed was just to spend a little money, or apply a little fertilizer, or strengthen a few weak links, and production would rise rapidly. In particular, during the period of the first economic readjustment and after the implementation of the 8-character policy but before the "10 years' turmoil," production went up every year. However, by the time of the third stage, what happened was just the hard tapping of potentials (from 1970 to the beginning of 1971). During this period, the method of "filling the gaps and replenishing" could produce no more results. Many of the plants had the feeling of being "fed up," "overloaded," or "utterly exhausted." For example, most of the equipment of the cigarette plants were British-made, dated around the 1920's and 1930's; the great proportion of the equipment of the match factories were products of the 1930's; of the stamping-machine equipment, roughly 31 percent were products of the 1930's; and of the equipment for papermaking, 72 percent were products of the 1950's. The 25 food-product plants of the municipality have contributed accumulations to the state amounting to over 10 billion yuan over the past 30 years, but the bottling equipment for beer and for aerated water are still products of the 1920's. Some of the biscuit-making machines were of the 1930's. Even in the case of the Shanghai wristwatch plant which was built in the 1950's and up to now has contributed to the state taxes and profits amounting to 5 billion yuan, much of its equipment is kept working for 3 shifts in succession. Actually, they have exceeded their useful service life by 200 percent. In consequence, the degree of precision has declined while the number of waste products has increased.

Second, even inside the "priority" or "pivotal" trades, contradictions are still found. They have spent very little capital funds on the renewal of equipment and restructuring of the old enterprises. In 1979, of the total funds spent, those earmarked for the renewal of equipment amounted to only 11 percent, whereas the capital construction investment was mostly concentrated in a certain number of backbone enterprises. Hence, even among certain "pivotal" and "priority" industries and trades, there are still such serious problems as the antiquated and backward state of their production equipment and technology and their weakness, technologically speaking. Take for example the Shanghai Electrical Machinery No 1 Bureau. Within the entire bureau, serious disproportion exists between such factors as hot and cold processing, the main machinery and its accessories, science and technology and production, and production and life. Between the "three wastes" of its enterprises and the residents, a contradiction has likewise developed. Currently, the bureau has some 600,000 square meters of old

and dilapidated premises and premises of a simple structure and some 100,000 square meters of "dangerous" buildings which cannot be rebuilt or repaired in time. In addition, it has a large number of antiquated and backward equipment which needs to be renewed, while the low standard of living of its staff and workers is still an outstanding factor.

Third, replenishing and increasing the fixed assets have been inconsistent with the expanded reproduction of products. For more than 30 years, the fixed assets and equipment of the municipality have increased by only 104 percent, much lower than the increase of 2,434 percent in the gross value of of its industrial output and the increase of 580 percent in the labor productivity of the entire workforce. This illustrates, on the one hand, that to a certain extent the increase in output value has been derived from "extension within the municipality" and "extension within the enterprises." On the other hand, it shows that the investments, limited as they were, that were really used on the renewal of the equipment of the enterprises and on technical restructuring have been exceptionally few. All this is principally demonstrated in the slow renewal of the fixed assets. Over the years, the ratio of the original value occupied by the new value of the fixed assets of the industrial units under the system of ownership by the whole people in Shanghai was as follows: 1949, 67.9 percent; 1952, 66.1 percent; and 1957, 58.4 percent. In the 3 years after 1958, due to the addition of newly increased fixed assets of over 2 billion yuan, the ratio rose to 75.1 percent in 1960, but subsequently was on the downward trend again. In 1962, it was 67.5 percent; in 1965, 65.2 percent; and it dropped to 57.8 percent in 1976. In 1978, as a result of the completion and putting into operation of the Jinshan petrochemical plant, the ratio rose once more to 61.5 percent. It was 61.3 percent in 1979. Compared with 1965 before the 10 years' disturbance, this was a drop of 3.9 percent and was a drop of 6.6 percent compared with 1949. If we take into account the increases in the fixed assets on account of the new capital construction completed, then a much heavier fall would have been recorded. This about illustrates that the renewal of the fixed assets has been an extremely slow process and in fact has stagnated. Naturally, this prevents the adoption of new technology and in turn hinders the increase and development of the productive force of industry. It is an error in economic strategy.

Finally, due to the lack of a unified plan for the entire municipality, each industry and trade has been doing its own work of tapping potential, renovating and restructuring. No consideration has been given to the demands for a rational geographical distribution of industry or for municipal construction. The proportion between the "bones" and the "meat" is thus seriously unbalanced, while little has been done to improve the standard of living of the people. A scarcity of plant premises persists. This has worsened the laboring conditions. The poor environment of the city has badly affected the life of the populace. Traffic congestion is much in evidence in the streets while traffic accidents are frequent occurrences. Many of the plants are devoid of any welfare provisions for their employees. Some people used to have some welfare provisions, though of a very rudimentary

sort, but most of them were subsequently laid aside on account of the need to develop production. Such a situation has badly affected the reproduction of labor power and the improvement of the social environment.

Science has ordained that the dependence on expanded reproduction by intension must objectively be subjected to quantitative limitations and to certain specific conditions. This cannot be changed by the subjective wishes of any one person. Simple reproduction is the basis for and the starting point of, the formation of expanded reproduction, while expanded reproduction is a further development on the basis of maintaining simple reproduction. We should correctly handle the dialectical relations of the interdependence between the two and only in so doing can expanded reproduction by intension fully achieve its economic effect.

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INDUSTRY

'JINGJI GUANLI' ON THE FACTORY DIRECTOR APPOINTMENTS

HK050540 Beijing JINGJI GUANLI in Chinese No 5, 15 May 82, pp 34-35

[Article by Li Li [2621 0500]: "Two Suggestions on the Appointment of Factory-Level Cadres in Large and Medium-Size Enterprises"]

[Text] Editor's Note: The author of this article is the vice general engineer of Yanshan Petrochemical General Corporation and the former factory director and secretary of the party committee of the Xiangyang Chemical Plant. He believes that directors of large and medium-size factories must be people with a university-level education and some actual experience, while the deputy director position should be held by only one person. This opinion comes from his experience of working as a factory director for many years and hits home at the current drawbacks existing in enterprises. In order to change the backwardness of our enterprises and suit them to the modernization construction, this problem must be properly solved. We publish this article for enterprises as a reference in the course of the current overall reorganization. [end editor's note]

In the last 30 years, I have been working as a deputy director or a director in factories. In accordance with my personal experience, here I want to discuss two points on the appointment of factory-level cadres in industrial enterprises:

1. Factory directors without the necessary educational background cannot competently lead modern factories.

After guidelines have been decided upon, cadres are a decisive factor. This is known by every leader and cadre. But there is no easy way to choose a suitable person for a leading position. The key problem is that we have only a few principled standards for choosing cadres, such as the five requirements for cadres or requiring them to have both ability and political integrity, but lack clear requirements on their educational background and lack methods to assess their professional knowledge. As a result, impressions made on senior leaders in charge are the current standards. They can appoint anyone they regard as capable. This is a great drawback in appointing cadres in our enterprises. We should consider this task seriously.

In my opinion, a factory director who manages a modern industrial enterprise, particularly a large or medium-size backbone enterprise, must be a college

graduate or possess equivalent qualifications. At the same time, he must also have several years of hard-working experience and be able to keep abreast of the updates in his field. Only thus can he be competent

From examination abroad, I knew that in factories as large as ours in other countries, even operators have to be high school graduates; qualifications for a factory director are of course much higher. In Romania, a factory director must graduate from a 5-year university. In Japan, only through 17-18 years of work can a college graduate be qualified as a factory director, or a high school graduate with over 20 years of working experience, after passing a series of examinations which prove that he has attained the knowledge level of college graduates, can achieve the qualification to work as a factory director.

According to my experience in factories, a common high school graduate, without having studied professional subjects, even after taking a 5-year course in a sparetime college, has just attained the level of college students. Obviously, he still cannot undertake the responsibility of leading a modern factory. If a college graduate can completely handle the work in a major workshop after 1 year of on-the-job training and 3 years of actual work, he should be the one above the average. He needs at least another 3-5 years to achieve competence in handling the production of a factory. If he is required to handle the overall management of an enterprise, quite a few years more of working experience are needed. So I believe that a director of a large or medium-size modern factory should at least be a college graduate (or the equivalent) with over 10 years of working experience.

Is it too strict a requirement to demand that a factory director have a college education? I don't think so. This is indispensible to the management of a modern factory. A factory director has to coordinate and control all phases of work. Only when he has a wide scope of knowledge and experience can he take a broad and long-term view to lead the enterprise in continually developing. Moreover, it is not impossible to discover suitable persons in those large and medium-size enterprises.

In the last 30 years, we have cultivated a large number of intellectuals. The majority of them love the motherland and socialism. Many of them have been admitted into the communist party. There is absolutely no need to appoint people who have not received a high school education to be factory directors. This is not a problem of a small number of people, but an important problem concerning the development of socialist economic construction.

If we clearly specify that directors of large and medium-size backbone enterprises must be college graduates with over 10 years of working experience, the main body can thus be consolidated. As for small enterprises where no suitable persons can be found at present, people with a middle educational level can be temporarily appointed to be directors. They should be replaced by people with a higher educational background within a specified time.

2. There are too many deputy directors in enterprises, thus resulting in many maladies.

An overstaffed leading group in an enterprise will bring at least three maladies:

1. Surrounded by many deputy directors and having to maintain a balance between them, the director cannot concentrate on handling business and managing the whole situation.

2. It is easy to shirk responsibility and bring about collisions.

3. It is difficult to exert unified leadership, because too many deputy directors halt proceedings with their differences.

In my opinion, each factory (including large factories) should have only one director and one deputy director. Under them, a few departments are set up and each type of work is supervised by special personnel, so that the director can concentrate on the general policies of managing the enterprise and work in an orderly way.

I am afraid that only in China are there too many deputy directors in the factories. Does this not call for our deep thought? In addition, there were not so many factory directors in the early days of new China as at present. We should not become complacent concerning the actual problems. We should actively solve them. How should those superfluous deputy directors be arranged? In my opinion, those who are old and weak can retire, others should be properly appointed to posts suited to their abilities.

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INDUSTRY

IMPORTANCE OF PRODUCT REFORMS IN AUTOMOBILE INDUSTRY STRESSED

Beijing GUANGMING RIBAO in Chinese 14 May 82 p 3

[Article by Meng Shaonong [1322 1421 6593], member of the Technical Science Department of the Chinese Academy of Sciences and chief engineer of the Second Automobile Manufacturing Plant: "In Technical Reform of the Automobile Industry, Product Improvement Is First"]

[Text] During the period of readjustment, our nation's industry faces the task of technical improvement. In the automobile industry, there is product improvement, there is the improvement of technology and facilities, and there is also the improvement of organization of production and industrial structure, etc. The most important is product improvement.

During the 30 years since founding of the nation, we have created a relatively large-scale automobile industry. But, compared to industrially advanced nations, our nation's automobile industry is still very backward. A low productive efficiency in the factories is one reason, and a low efficiency of utilization of the products is another reason.

Take the First Automobile Manufacturing Plant as an example; the productivity of its entire staff is only 1.2 automobiles per person per year. The automobile produced consumes 5 liters more gasoline per 100 kilometers than the similar but advanced type of vehicle produced in foreign nations.

The loss due to backwardness of the product is not only manifested in the consumption of gasoline, it is also manifested in the time for repairs, accessories, efficiency of transportation, and loss due to stoppage in transportation. In addition, there are accidents, pollution and noise.

In general, the final economic result of our nation's automobile industry urgently needs to be improved.

Whether an industry is successful or not, the bottom line is to look at its final economic result and to look at the result of use of the products after they are sold. The factories and manufacturing equipment are means to realize such results. We cannot discard the means to seek results. But, if we forget the purpose and blindly pursue the means, then, obviously, it is also a mistake. In the past, we frequently committed this type of mistake in developing industry. For example, we were enthusiastic about developing the

automobile industry and were willing to spend a lot of money, but we could not produce good automobiles. As a result, the more factories we built, the greater the loss by the state.

The automobile industry continues to develop forward. The general pattern of development of automobile products of the nations of the world is a small improvement every 3 years, a major improvement every 5 years, and a change of models every 8 to 10 years. In some large automobile manufacturing facilities, frequently, the previous generation products are being produced and improved while the next generation products are being developed and are maturing in the design laboratories, testing laboratories and testing grounds, and their production is being prepared. The third generation products are being gradually shaped in the modeling laboratory, research department, and in people's minds. The automobile factory obtains its progressive vitality from the drawing board, the testing platform and the testing runway.

But, our method of solving the problems of products is repetitive production, imitation, half copying and half designing, and designing products on our own but improving the product after it has begun production. We did not grasp the advanced method of designing. We relied on backward means of testing. Throughout the nation, there is no acceptable vehicle testing ground. Under this situation, how can new automobile products be developed?

We were very enthusiastic towards building plants but we did not pay a lot of attention to the products. We emphasized planning in production. The factories grasped the planned goals, and the state purchased all the products. There was no competition. Therefore, we did not find it necessary to "look for more work" in products. For a long time, our designing personnel's foremost duty was to serve current production--mainly solving the problem of rejected products. Therefore, the more advanced the productive process, the larger the investment in equipment and industrial facilities, the smaller the ability to adapt to change, and the technology thus acquired a greater and greater innate conservatism. We did this for more than 20 years, and suddenly we discovered that the products were seriously backward. When the protection of the "sure livelihood" of the state is abolished, many enterprises will not be able to sell the products, and they will lose their ability to exist. This lesson is very vivid.

It is not easy to solve the problem of backward products. Developing products is a long and complex social process. Developing new products not only requires people and materials, it also needs a definite time. A new car model generally requires 5 to 7 years from its inception on a blank piece of paper to batch production. If the work is not detailed, another 3 years will be needed for improvement after it begins production. In foreign nations, this developmental period is called the advanced period. Because of the advanced period, the leaders in automobile production must be farsighted. They must estimate technological and economic development correctly.

The method of production of automobile factories is mass production. Most of the facilities use automated or semi-automated specialized equipment.

They are also fitted with a lot of equipment of specialized technology. The advantage of this type of equipment is that the productive efficiency is high. Its shortcoming is that the investment is large and a lot of time is needed. And when it is installed, it is very difficult to make changes to adapt to changes in the products. If the selection of the product is not careful, the billions of dollars invested will not produce satisfactory products. But by that time, the log has already become a boat and the situation is very difficult to save. Similarly, if we do not work on the fundamentals of backward products to change them into advanced products, then the investment to improve the facilities and to improve the factories will be wasted.

Viewing the present situation in our nation's automobile industry, we see that the products are backward, the productive efficiency is low, most of the equipment is out-dated and old, and the technical caliber of personnel and the productive discipline are poor. All these need to be improved. But, as described above, improving products is foremost. Only after the products have been fundamentally grasped can industrial improvement be carried out, including specialization and renovation of equipment and factories.

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INDUSTRY

'JINGJI GUANLI' ON DEVELOPING FOOD INDUSTRY

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[Article by Li Zhuoying [2621 0587 5391]: "Energetically Develop the Food Industry in the Course of Economic Readjustment"--passages within slantlines denote boldface as published]

[Text] I

For a fairly long time in the past, the food industry did not occupy its rightful place in the national economy and developed slowly. From 1953 to 1979, the average yearly growth of the total value of China's industrial output was 11.1 percent; the growth of light industry was 9.1 percent; but the growth of the food industry was only 6.4 percent. Moreover, equipment in this industry was obsolete. The food industry has been one of the weakest links in the national economy.

Since the 3rd Plenary Session of the 11th CCP Central Committee, the food industry has been strengthened and has gained the momentum of continued development with more raw materials and funds. To view the output value of the food industry, it was 64.2 billion yuan in 1981 or 12.7 times higher than in 1980, or 35.7 percent more than in 1978 when the economic readjustment had not yet been started. The growth of the food industry has exceeded the growth of industry as a whole. The production of major products in the food industry has achieved a remarkable growth. Taking sugar as an example, as a result of giving play to the advantages of the major producing areas, adopting a series of economic policies, such as associating grain with sugar--guaranteeing that communes and teams are provided with the grain they need when they develop the production of sugar-bearing crops--and reasonably raising purchasing prices for sugar-bearing crops to encourage production, and introducing agricultural production responsibility systems, the production of sugar-bearing crops has increased rapidly. The output of sugar has also increased year after year. Output in 1979-1980 was 2.5 million tons, in 1980-1981 3 million tons, in 1981-1982 3.3 million tons. Taking beer as another example, owing to the loans offered by the state in recent years, the production of beer has developed very fast. By the end of 1981, the capacity for production had attained 1 million tons, while the yearly output was more than 900,000 tons which represents an increase of 100 percent over 1978. In addition, 1981 saw the output of various products in the food industry increase by a fairly

large margin. Compared with 1980, sugar increased by 23.3 percent, beer increased by 32.3 percent, canned food increased by 19.6 percent, wine increased by 41.6 percent, dairy products increased by 25.2 percent and processed grain and oil increased by 11.3 percent. Increases can all be seen markedly in the production of snack food, baby food, beverage, cold drinks and snacks, spices, confectionery and cakes. In the last 3 years, there have been 17 products in the food industry winning gold prizes from the state, 44 products winning silver prizes and a large number of products winning certificates for being high quality products. The makeup of product varieties has been effectively readjusted. Food product hygiene has been improved. The situation that foodstuffs were in short supply for a long time has obviously been straightened out.

II

Although food industry has developed to a certain extent in recent years, there is still a long way to go to attain the due level and to satisfy the needs of the people's livelihood. Under the conditions that the food industry has been in a backward state for a long time, the economic structure has been irrational and the people's livelihood has been seriously affected, developing the food industry with great efforts can help not only supply the people with better food and drink and improve their health, but can also exert great influence on many fields in the national economy.

/1. Developing the food industry can continuously satisfy people's needs for foodstuffs and improve the people's livelihood./ According to statistics, in China, of the total volume of retail sales of consumer goods mainly classified into four categories--foodstuffs, clothing, articles for use and fuels--foodstuffs account for over 50 percent. After deducting the part of grains, the proportion is still about 40 percent. According to typical surveys, the expenditure on foodstuffs generally accounts for about 60 percent of the household expenditure of the workers in urban areas. If the food industry can change its products from nonstaple food to staple food, and supply households, factories, offices, schools and hospitals as well as the tourist trade and catering trade with processed foodstuffs, then, not only material and energy resources and time can be saved, but the broad masses of workers, especially working couples, can be liberated from their burdensome household labor.

/2. Developing the food industry can greatly raise the economic value of agricultural products, so as to yield more foreign exchange./ For example, 5 tons of sugarcane reaped on 1 mu valued at 250 yuan can be used to process 1,000 jin of sugar worth 800 yuan. Four hundred jin of barley reaped on 1 mu valued at 40 yuan can be used to process 1,600 jin of beer worth more than 400 yuan. For another example, our country processes and exports over 80,000 tons of canned mushrooms each year. From that, the peasants can gain 160 million yuan and the state can get more than $110 million of foreign exchange. Huangyan County of Zhejiang Province plants 8,000 mu of oranges on beaches with an average output of 2,500 jin per mu valued at 700-1,000 yuan. If these oranges are canned, a value of 2,500 yuan per ton can be made. The Yantai area of Shandong Province grows grapes on sandy land with an output of 3,000

jin per mu. When this is used to brew 1 ton of beer, $800 of foreign exchange can be gained.

/3. Developing the food industry can increase financial income for the state./ The food industry needs small investment but yields quick returns. In general, production can start in 1 or 2 years' time, and some enterprises can yield returns in the same year. Over more than 30 years. the state has invested 4 billion yuan in the major food trades of sugar, salt, cigarettes and wine. In the same period, these trades have turned over 110 billion yuan of taxes and profits to the state. That is 28 times as much as the investment. In terms of taxes and profits turned over to the state per 100 yuan of output value, the average of the industry as a whole was about 21 yuan a few years ago. The average of light industry was 25 yuan, while the average for cigarettes, sugar and wine was 66 yuan, 39 yuan and 35 yuan respectively. At present, taxes and profits turned over to the state by the food industry amount to one-tenth of the total by industry as a whole and account for 9 percent of the state revenue. In addition, each 10,000 tons of sugar and sugar products can withdraw about 40 million yuan of currency from circulation; each 10,000 tons of high-quality wine can withdraw 60 million yuan; and each 10,000 cartons of filter cigarettes can withdraw 20 million yuan. This can do some good to the stability of the market.

/4. Developing the food industry can increase the income of communes, teams and peasants, so as to make the peasants rich./ The dairy industry is developing in Heilongjiang Province with more cows being raised. If each cow can give 4 tons of fresh milk a year, the yearly net income can amount to 1,000 yuan after deducting expenses. Wujia commune, Shuangcheng County in this province raised 1,022 cows which gave 890 tons of milk in 1980. The income from this item was 448,000 yuan, accounting for 11 percent of the total income of this commune. In recent years, many communes, teams and peasants have become rich by developing the production of raw materials for the food industry in a planned and practical way. They say that this is indeed an undertaking that enriches the state, the people and the collectives.

/5. Developing the food industry can increase social employment./ At present, more than 2 million people are employed in the food industry throughout the country. Calculated on the basis of the existing technical level, the production of every 10,000 tons of sugar can directly provide jobs for 1,000 people, the production of 10,000 tons of canned food can provide jobs for 2,500 people and the production of 10,000 tons of alcoholic beverages can provide jobs for 700 people. At the same time, the production of necessary accessories and the utilization of by-products can also create more job opportunities.

/6. Developing the food industry can develop the comprehensive utilization of materials and increase social health./ Take sugar refinement for example, if the output of sugar in 1985 is 4 million tons, then there will be 2 million tons of dry bagasse, 1 million tons of dry sugarcane bran, 500,000 tons of beet dregs and 1.3 million tons of waste molasses with over 50 percent of sugar content. The bagasse and sugarcane bran can be used to make 1 million tons of paper or 2 million tons of fiberboard or over 1 million tons of paper or 2 million tons of fiberboard or over 1 million tons of protein feed.

Preground with other fodder, the 500,000 tons of beet dregs can be used to feed 300,000 cows or 180,000 pigs. The waste molasses can be used to make alcohol, gourmet powder or citric acid. If it is used to make alcohol, the output can amount to 300,000 tons. That is equal to saving 1 million tons of grain.

Although the food industry has developed at a fairly high speed, there are still some problems that need to be instantly solved. They are mainly as follows.

/1. The level of production is low and lags far behind the needs of national economic development and the people's demands./ The output and per capita possession of most products in the food industry are still on the low side compared with other countries. The food industry in developed countries generally takes second place after the machine-building industry among the various industrial branches. The proportion of the food industry in the total industrial output value is 16.4 percent in the United States; 16.6 percent in France; 14.4 percent in England; while it is only 11.4 percent in China now. The food industry only occupies fourth place among the various industrial branches in China. The level of per capita possession is even lower. For example, the possession per capita of sugar in China is 3 kilograms; but that in India is 8 kilograms and in Japan is 30 kilograms. The possession per capita of beer in China is less than 1 kilogram; but that in the Soviet Union is 17 kilograms. The possession per capita of dairy products in China is only a little more than 1 liang. At the same time, the food industry in China can now only supply nonstaple food and cannot really provide staple foodstuffs. This also reflects the backwardness of our food industry.

/2. The management is scattered and the economic results are poor./ Our food industry, due to a multitude of trade in it, is divided and has been subject to the management of more than a dozen departments for a long time. Some trades are under the control of more than one department; while others are not run by any department. The management of production, supply and marketing is also separated. Enterprises are respectively run by provinces, districts, counties, communes and production brigades. Enterprises at different levels cannot be systematically organized. In this case, no effective leadership and management can be exercised. It is a common phenomenon for everyone to do things their own way; development is blindly carried out; there is duplicate construction of factories; raw materials are scrambled for; the small, new and backward factories push aside the big, old and advanced factories; and financial and material resources and existing production capacity cannot be rationally and fully utilized. Thus, this has resulted in great losses and waste. Quite a few enterprises degenerate into chaos in the field of management. Many small enterprises do not even know how to handle management or pay no attention to management. All this has caused poor economic results.

/3. With low technical level and productivity, the economic technical index in most trades is much lower than the international level./ Quite a few trades and enterprises are backward in technology and equipment which remain at the level of the 1940's or 1950's in other countries, with a part only at the level of the 1930's. Mechanization in some enterprises is very low.

Production mainly relies on manual labor there. Factory buildings of most enterprises are in poor condition. Sanitary facilities are not up to the required standard. Many small factories even lack measures and means to test and control quality and food hygiene. Technical forces in many trades are weak. There are even no engineers and technicians who have professional education in some enterprises. In addition, scientific research and education are also far from being suited to the development of production.

III

China is a country with a vast territory and a large population. Different areas have their respective features of natural conditions which are suited to growing some crops or to developing forestry, animal husbandry, sideline occupations and fishery. Our natural conditions are superior and suited to growing all sorts of crops. In China, raw materials for the food industry are abundant and labor resources are also sufficient, added to a vast consumer market for foodstuffs, all this cannot easily be found in other countries. We should make full use of these favorable conditions and further promote our food industry with great efforts, so as to make more contribution to the state.

To sum up the experience, the development of the food industry depends on three factors: policies, management and technology.

/1. Since the food industry is an industry involving processing agricultural products, the development of the food industry cannot be realized without the development of agriculture./ For a long time, the first problem facing the food industry has been the problem of raw materials, which is followed by the problems of shortages of construction funds, materials and equipment. Many trades have not even been included in the state economic plans. To develop the food industry, there should be, first of all, policies for protecting and encouraging the production of raw materials for the food industry, so as to promote the stability and planned development of raw material bases. At the same time, the food industry should be placed in a due position in the industrial construction plans. Policies of actively supporting this industry should be adopted. The practice of making too little investment and even excluding this industry from state plans should be changed. Only when the construction of the food industry is included in plans at all levels, in line with market demands and the feasibility of developing raw material production, can the food industry be ensured of developing.

/2. Doing a good job in the management in the food industry as a whole and individual enterprises is an important link of developing food production more rapidly, economically and satisfactorily./ Economic results will be greatly different depending on how management is handled. An example can be seen in the cigarette industry. In the period 1963-1966, the practice of reforming industrial management and trial-running tobacco companies, though just for a short time, brought very good results. The output and quality steadily improved. Various economic index attained the best levels in history. The distribution of production was rationalized. Innovation and transformation were speeded up. Production potential was tapped and given better play. The

Hangzhou Cigarette Plant is one example of this industry. For a long time, this plant has attached importance to enterprise management. As a result, the economic indexes have continuously been shattered with better ones. The factory has been standing in the leading position all the time. Their productivity is 70 percent higher than the national average. The profit margin on each carton of cigarettes if 43.4 percent higher than the national average. In the period of economic readjustment, by combining intensified centralization and the practice of a flexible economy, the management system of the food industry should be reformed step by step in accordance with the state's general plan. Specialized coordination should be practiced by organizing nationwide or local specialized companies, so as to practice specialized management which closely combines the production of raw materials, industrial processing and product marketing. At the same time, a good job should be done in overall reorganization. Efforts should be made to improve operation and management. The state of scattering, confusion and low productivity should be fundamentally straightened out.

3. It is necessary to improve technology and adopt advanced technology, so as to raise productivity and achieve better economic results. Factories refining sugar from sugarcane can increase capacity by 30-50 percent by speeding up the pressing machines and properly adjusting the balance. This calls for very few funds. By adopting new bacterial strains, alcoholic trade and wine-making industry can increase the alcohol-making rate by 5 percent. Given the present yearly output of white spirit of 2 million tons, by popularizing the new method, an increase of 50,000 tons of spirit can be achieved. That is equivalent to saving 100,000 tons of grain. Therefore, not only should we strengthen scientific work and popularize the fruits of scientific research, but we should also persist in carrying out mass technical innovation and revolution, combining this movement with learning and importing the advanced technology of other countries, so as to speed up the technical transformation of the food industry.

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'JINGJI GUANLI' REVIEWS HEILONGJIANG FOOD INDUSTRY

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[Article by Jia Jingquan [6328 2529 3123], director of the Heilongjiang Light Industry Bureau: "Heilongjiang Province Makes Use of the Resources of the Province to Step Up Development of the Food Industry"--passages within slant-lines denote boldface]

[Text] Heilongjiang Province is located in the northeast border area. There is a vast area of land and grassland. Agriculture and animal husbandry are fairly developed there. This province abounds in grain, beans, potatoes, sugar-bearing crops, wheat, milk and other agricultural and sideline products as well as products native to the mountain areas. There are favorable conditions for developing the food industry. In the past, owing to the "leftist" influence, the food industry in our province could not develop but instead stagnated for a long time. Since the 3d Plenary Session of the 11th CCP Central Committee, by proceeding from reality, giving play to our advantages and overcoming our shortcomings, we have especially stepped up production of sugar, dairy products and wines, hence bringing along the development of the food industry as a whole. In the last 3 years, we have taken three major steps forward and achieved satisfactory results.

/First, production has created historical records./ In 1981, the total output value of the food industry in this province amounted to 1.12 billion yuan, or 470 million yuan more than in 1978, which was 650 million yuan. An increase of 72.6 percent was achieved on this basis. In these 3 years, the average yearly growth was 24.2 percent, exceeding the growth of other light industries. The output of 10 major products all increased by a large margin. Compared with output in 1978, the 1981 output of sugar, dairy products and high-quality liquor increased by more than 100 percent; the output of bear, gourmet powder, alcohol, malt and milk extract and candy increased by nearly 100 percent; cigarettes increased by 20 percent. The three key products--sugar, milk, and wine--all increased by a large margin. Sugar output in 1979 was 170,000 tons; in 1980 was 320,000 tons; and in 1981 was 360,000 tons. Milk product output in 1978 was 8,600 tons; in 1979 was more than 10,000 tons; and in 1981 was 18,200 tons. Output of high quality liquor in 1978 was 3,900 tons and in 1981 amounted to 8,000 tons.

/Second, the quality of products is better than ever before./ The quality of all sorts of foodstuffs has been markedly better, exceeding the index recorded in past assessments. In the last 3 years, 58 brands of products have been graded as high-quality products by the state, the ministry of light industry and the provincial authorities. Among, the Wandashan brand whole milk sweet powder, the Hongmei brand sweed condensed milk and the Shuanggong brand baby milk powder were graded as high-quality products by the state and honored with silver medals. The Honghuang brand sugar, the Hongxing brand whole milk powder, the Shenghong brand liquor, the Hongmei brand wine, the Lingzhi brand filter cigarettes and 10 other products were graded as high-quality products by the ministry of light industry. The Youyi brand white sugar, the China Yuquan wine, the Sunland brand beer, the Hongmei brand canned meat and 45 other products were graded as high-quality products by the province authorities. The makeup of products also changed with the proportion of high and middle-class products. In these 3 years, 580 different new products and new varieties have been trial-produced, and 90 percent have been produced in mass quantities and sold on the market. Some products are systematically developed. For example, some dairy products plants are producing different milk powders for babies, young children, children, pregnant women and elderly people. Some food plants use black carons--a native product--to make wine, juice, jam, candy and drinks. These products have a complete set of varieties which can meet the needs of people of different ages with different preferences.

/Third, the accumulation is greater than ever before./ Under the condition that prices of agricultural and sideline raw materials have been raised but factory prices of foodstuffs have not changed. The profits and taxes turned over to the state by the food industry of this province in 1981 amounted to 310 million yuan with an increase of 28.5 percent over 1978. This amount accounted for 22.1 percent of the province's income. In the 3 years from 1979-1981, the funds accumulated by the food industry of this province were 785 million yuan, 120 percent as much as the value of fixed assets in this industry, which is now 650 million yuan. If the factors that the sugar tax is reduced and some middle and small sugar refineries incurred losses are included in computations, the other part of the food industry accumulated 722 million yuan in the 3 years, 2.8 times as much as the existing value of fixed assets and 4.6 times as much as the investment in the same period.

The rapid development of our province's food industry has brought some remarkable benefits to every field. First, products can meet demands inside the province, and surplus products can be used to aid other provinces and increase exports. Sugar, milk powder, bottled wine and high quality cigarettes were once rationed for many years. In 1980, the rationing of these goods was lifted in this province. At the same time, the goods are also used to aid other provinces throughout the country. In these 3 years, dairy products transferred to other provinces amounted to 18,000 tons. The amount of sugar turned over to the state increased from 20,000 tons to 140,000 tons. In 1981, the total volume of export products in the food industry amounted to 31.5 million yuan, an increase of 22 percent over 1978. The proportion of export products has thus been enlarged. Second, this is beneficial to the reform of the agricultural structure, thus increasing peasants' income. The development of the food industry has promoted the reform of the agricultural production structure,

thus helping diversify the economy and achieve a comprehensive development. In particular, after sugar and dairy production developed, some counties where soil is infertile or saline-alkali and not suited for growing grain, have planted beets and then used the beets to develop animal husbandry. By this method, they realized the abundance of sugar, livestock, fertilizer and grain. In the last 3 years, along with the increase of raw materials supplied by agriculture to industry, such as beet, tobacco, fresh milk, native products and fruit and vegetables, the peasants throughout the province have increased their yearly income by more than 500 million yuan. Just from beets alone, the increase of income in a year amounts to over 300 million yuan. Many communes and production teams have shaken off poverty by developing the production of beets, tobacco and cow milk. Third, this has promoted the development of other areas of the food industry which mainly take sugar and milk as raw materials. For example, the output of candy made with sugar and milk, alcohol and gourmet powder made with waste molasses, wine made with alcohol and cold drinks made with by-products of the dairy industry have all greatly increased in the 3 years. Fourth, this has given new life to the heavy industry enterprises. In this period, we also made use of the factory buildings, equipment and technology of 10 heavy industry enterprises, which originally produced chemical fertilizer, pesticides and machines, to produce dairy products, liquor, beer and candy. This has not only effectively developed the food industry economically, it has also helped these enterprises solve the problem of facing the dearth of production assignments and even being shut down. Fifth, this has helped arrange jobs for the young people waiting for work in urban areas. Food production involves labor-intensive production. It requires a large number in its labor force. Owing to the development of the food industry in recent years, nearly 40,000 young people in urban areas have been employed.

In our opinion, the reasons why the food industry has achieved great development in these 3 years can be found from the following points: 1. /Proceeding from reality, giving play to the advantages and overcoming shortcomings, and making use of material resources in this province to develop the food industry./ Our province is richly endowed by nature with the favorable material conditions for developing the food industry. For a fairly long time in the past, it was mainly because we merely emphasized the self-sufficiency of daily use consumer goods within the province, did not proceed from the realities, gave play to the advantages and overcame the shortcomings that our food industry could not develop rapidly, especially the products made with wine, milk and sugar which are rich in our province, which have not been properly developed. Since the 3d Plenary Session of the 11th CCP Central Committee, on the basis of reviewing the past experience, we have mobilized many people to go in for a thorough investigation of the agricultural and sideline material resources, their features in growing, the tendency of development and the economic policies concerned. After repeated study, we found that developing the food industry can give play to the most important advantage of our economy. So we decided to emphasize the production of sugar and dairy products, hence bringing along the development of the diversified agricultural economy and the food industry as a whole. In order to change the advantage of material resources into the advantage of products as soon as possible, the party provincial committee and the provincial government specified the major producing

districts of industrial crops and the base counties of animal husbandry in line with the features of resources in various areas. They adjusted a series of economic policies to promote the development of agriculture and animal husbandry. They also raised funds by every means to expand processing capacity.

2. /Adjusting economic policies, developing agriculture and animal husbandry and establishing bases of raw materials for the food industry./ Agriculture is the basis for developing the food industry, because nearly all the raw materials for the food industry are supplied by agriculture. Since the 3d Plenary Session of the 11th CCP Central Committee, the party provincial committee and the provincial government effectively implemented the two documents of the central authorities on the agricultural problems. They have successively adjusted the economic policies concerning the development of beet planting, cow raising and the production of tobacco, barley and native products. They have made a division of agricultural districts, by which industrial crops can be grown in some concentrated areas suited to their growing and production bases can be set up. First, since 1980, quotas for grain purchasing in the communes and teams which expanded their beet-growing areas have been adjusted. Beet output can be converted into grain output so as to calculate the gross output of grain. Grain rationing is guaranteed in the beet-producing areas. At the same time, the purchasing price for beets has been raised from 60 yuan per ton to 75 yuan. The province also gave 10 yuan per ton of subsidies outside the price to sellers. Money awards are given to the counties which overfulfill the quotas of producing and selling sugar-bearing crops. Second, policies have been relaxed to allow individuals to raise dairy cows. They are only prevented from speculation, exploitation by hiring workers and damaging resources. No limits are set on the number of cows raised by individuals. The purchasing price for fresh milk has been adjusted from 0132 yuan per jin to 0.4 yuan per jin. The tax on selling milk has been lifted. The method of changing fodder with milk has been laid down. Third, the purchasing price for tobacco has also been raised, Tobacco sold to the province can be converted into grain. Cake fertilizer and the materials and fuels used for baking tobacco are first supplied to those who can provide tobacco. Industrial and commercial departments have raised funds to train technical personnel in tobacco-baking in rural areas. The purchasing price for barley has also been adjusted correspondingly. Fourth, the western part of the province has been specified as the producing area of sugar and milk, and the eastern part has been specified as the producing areas of tobacco and materials for making wine. Twenty-four base counties, more than 100 base communes and more than 600 base brigades have been set up throughout the province to produce beets. Other bases are set up in the same way. In the specialized cow-raising areas, specialized communes, farms, brigades as well as households are specified. Owing to these policies and measures, the initiative in all levels and the broad masses of peasants has been aroused to develop the production of raw materials for the food industry. Now, remarkable increases in beet, milk and good tobacco have been achieved. The base of raw materials for the food industry have basically been formed, thus ensuring the supply of raw materials for the development of the food industry.

3. /Placing emphasis on tapping potential, expanding processing capacity and guaranteeing the sustained growth of the food industry./ Since the increase in raw materials, the dearth of processing capacity has become the main problem in developing the food industry. Since 1979, apart from a few new sugar refineries, we have mainly made our efforts to tap potential, and conduct innovation and transformation for expanding the capacity. First of all, we emphasized those backbone enterprises. Second, we make use of the places and equipment of the factories which were shut down to handle food production. Third, we tried out best to adopt advanced technology to improve product quality, economize on energy resources, develop comprehensive utilization and achieve better economic results. Over the 3 years, the funds allocated by the state and the province, including all districts and counties, to develop the food industry totalled 340 million yuan, of which 70 percent was used for innovation and transformation in various sugar refineries. As a result, their capacity for refining sugar has increased by 60 thousand tons, compared with building new factories. This has saved one-third the funds needed to achieve the same results. It would take 3 years to build new factories in this capacity. Innovation and transformation were carried out in the overhaul time which was 2 and 1/2 years shorter than building new factories. For another example, 26 million yuan has been used in the innovation and transformation of dairy production. As a result, the capacity for processing 300 tons of fresh milk a day has been raised to 600 tons a day. In the course of tapping potential and carrying out innovation and transformation, some enterprises have also adopted advanced technology. For example, some sugar refineries adopted the method of recovering water for utilization in a cycle. As a result, water consumption did not increase even when the processing capacity was expanded; conversely, water consumption was one-quarter less than before. The comprehensive utilization has been strengthened and the distribution rationalized along with the expansion of the production capacity in the food industry. All projects which need to be newly-built, expanded and rebuilt must be subject to examination and a-proval by the departments concerned which take charge of them. Otherwise, they would not be included in the plans. Hence no funds or raw materials would be allocated to them and their products could not be accepted. The adoption of these measures has ensured the speedy and health development of the food industry in our province.

4. /Strengthening the leadership, ensuring the smooth development of the food industry./ The provincial party committee and the provincial government have treated the speedy development of the food industry as a strategic measure in the current readjustment of the national economic structure. They first made the "decision on developing beet sugar with great efforts," then held a series of meetings to specially discuss the development of the food industry and to hear work reports. The main producing areas and base counties of the industrial crops and animal husbandry were successively specified. Leading comrades of the provincial committee have personally made investigation and study, took part in and presided over a series of special meetings on the production of sugar, dairy products, drinks, wine, candy and cigarettes. They joined the discussion in these meetings, made arrangements and disposal for one trade after another, and one product after another. In order to strengthen the specific guidance of the food industry, two leading groups have been formed among the provincial authorities for the sugar-refining industry and the food industry.

These groups are headed by the leaders of the provincial government. Main leading comrades in the provincial planning council, economic council, financial office, agricultural office, the other departments concerned and the bank are all members of these groups. They are responsible for examining and deciding programs, coordinating the work of all departments concerned, organizing the cooperation between trades and departments, supervising and inspecting the implementation of various plans and measures and promptly resolving problems. The food industry is provided with the authority to receive necessary funds. The investment in the 3 years in this industry totalled 340 million yuan, among which 185 million yuan was invested in 1981, the year when the most investment ever was made. Fuels, electric power, the "three materials," grain and oil needed by the food industry are all guaranteed by all means. Policies concerning production in the food industry have been adjusted. In order to solve the problem that technical personnel were not sufficient, the provincial authorities have transferred a number of technicians from the departments concerned to replenish the technical forces in the food industry. They also allocated funds to run some technical schools and secondary special schools for the trades of sugar-refining and food processing. They mobilized all the strength in various departments to support the development of the food industry.

Although the food industry in our province has greatly developed, it still does not meet all the demands of the people's livelihood. There are still the problems of few varieties and poor economic results which particularly call for our resolution to carry out enterprise reorganization, technical transformation and strengthening management.

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INDUSTRY

'JINGJI GUANLI'ON DAILY-USE CHEMICAL PRODUCTION

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[Article reprinted from HUAGONG QINGKUANG [situation of the chemical industry] Issue No 2, 1982: "Energetically Develop the Production of Chemicals for Daily-Use"]

[Text] Chemicals for daily-use have a close relationship with the lives of the mass of common people. They can be treated independently as commodities. They can also be coordinated with other products to make them coordinated-type goods before they are put into the market. Moreover, they are basically ultimate consumer goods. For instance, fragrant essence can be sold independently as fragrant essence, but it can also be mised with soap to produce perfumed soap. Daily-use fragrant essence and perfumed soap are both ultimate consumer goods. They are no longer materials for manufacturing other products.

Chemicals for daily-use and laboratory chemicals are related to each other, but they have differences too. Laboratory chemicals have a wider range of uses than chemicals for daily-use. Moreover, a very large amount of chemicals for daily-use are laboratory chemicals. With the development of the daily use of chemicals and the increase in the standard of living of people, an increasing quantity and more varieties of chemicals are entering the market. They have become indispensable consumer goods for life.

The main theme of this essay is to give a picture of how the following chemicals are used in our country.

1. Soap and Synthetic Detergents

In the past 20 years, the relative importance of soap has been declining because there has been a rapid development in synthetic detergents. Its relative importance in the total amount of detergent supply in the world declined from 63 percent in 1960 to 29.5 percent in 1975. As a result, a large amount of animal fats and vegetable oil had been saved. In 1979, the total world production of synthetic detergents exceeded 20,000,000 tons which was an average figure of 4.9 kilograms per person per years. The figure for West Germany was 22.1 kilograms per person per year while that of the United States was 21.9 kilograms with Japan producing 8 and China 0.4 kilograms per person. With the increase in the quantity of production, varieties of synthetic

detergents have increased too. There are different brands and types of synthetic detergents produced specially for cleaning glass, furniture, floors, table utensils and clothes in some overseas countries.

In 1979, the U.S. produced 5,000,000 tons of synthetic detergents; 48 percent of it was consumed by industry, 25 percent of it was consumed by common people, the amount of soap produced and sold was limited; 600,000 tons of perfumed soap was produced while production of soap for washing clothes had ceased.

In 1980, our country produced 400,000 tons of synthetic detergents. The quantity was not great and the varieties were limited. The quantity of high class detergents produced was especially small. Judging from the situation demand, export was out of the question. We need 1,000,000 tons of detergent if we allow for an average rate of consumption of 1 kilogram per person per year. That means we have to increase our production by 1.5 tiems. If we are to match the average rate of consumption of the world, we have to increase our production by 12 times. Compared with the rate of consumption in developed countries, our rate of consumption is very low. This shows that our potential market for synthetic detergents is very great.

2. Artificial Flavouring and Fragrant Essences

Artificial flavours and fragrant essences are used as ingredients of food, deodorants, detergents, cosmetics, hygienic goods and fodder. The development in the application of artificial flavours and fragrant essences has a close relationship with the promotion of consumer goods production, market vitalization and the enriching of the lives of people. For example, the formula of "Coca Cola" includes a very special artificial flavour which is welcomed by consumers. As a result, it has a world wide market. The "Marxim" perfumed soap produced in Shanghai has basic ingredients similar to that of "Green Spot" perfumed soap. But "Maxim" is welcomed by consumers because it has high class fragrant essences added. Its price is twice that of "Green Spot." The formula of "Big Rabbit" milky candy produced by Yimin No 5 factory of Shanghai includes highclass solid milk fragrance. Thus, the product has very good local and overseas markets.

At present, the value of annual worldtrade in artificial flavours and fragrant essences amounts to over $2 billion. The United States accounts for 30 percent of this, Switzerland 15 percent, West Germany 10 percent and China 7 percent. The average rate of consumption per person per year is 400 to 500 grams in the United States, 200 grams in Japan. In 1980, our country produced 6,500 tons of fragrant essences and had an average annual rate of consumption of 7 grams per person. Most of the products were exported. The average rate of consumption in our country is very low. With the increase in standard of living and the development in the tourist industry, demands for artificial flavour and fragrant essences will increase rapidly. The constituents of natural fragrances are limited by the cycle of crop growth. Therefore, it is quite impossible to increase production rapidly. This provides a good future for the development of synthetic fragrances.

3. Leather Preservatives and Hide Processing Chemicals

The production of leather requires softening agents, greasing agents, polishes and other supporting agents. Low quality hide after being processed with chemicals can increase by one grade. Shoe leather after processing with dyes mixed with metallic elements becomes high class leather. Judging from the present condition of the hide processing industry in our country, the two above mentioned items, the income of the country can be increased by several million yuan every year. Daily-use leather goods when used need preservatives to keep their appearances and to extend their lives.

The leather goods we produce have good markets both within our country and overseas. Developing the production of hide processing chemicals and leather preservatives has great significance in upgrading the economic benefits of leather goods and in graining foreign exchange.

4. Domestic Hygienic Goods

Domestic hygienic goods include pesticides, insecticides, ordinary domestic medicines and various hygienic goods.

It is reported that there are over 4 b illion rats in the world. The amount of food spoiled by them could feed 130,000,000 people. The department of agriculture estimates that the amount of food damaged by rats in our country reaches a figure of 16,000,000 tons a year. This figure is greater than the amount of food imported every year. The Red Star Chicken Farm loses over 10,000 jim of eggs a year because of the damage caused by rats. There are many cases in which rat's parasites spread infectious diseases, and rats damage property and cause industrial accidents.

In the past, we achieved certain results in using zinc phosphate, 666, and DDT to kill rats and pests. But prolonged use of such chemicals has resulted in the pests' immunity to them. Besides, such chemicals are very poisonous. They are dangerous to human beings and animals. Thus, they are not suitable for domestic use. In recent years, some highly effective and less poisonous pyrethorid compound pesticides and insecticides have appeared in some overseas countries.

Developing highly effectively low poison content pesticide could not only protect our food and properties, it also has great economic value. Besides, they are very important in preventing diseases and safeguarding national health.

Apart from the chemicals mentioned above, there are also other chemicals for daily use. For instance, photographic material amongst other light sensitive products. Domestic paints, dyes, colouring agents, adhesives, moulding materials, rubber products, fertilizers for potted plants, food additives and so on. There is great development of such products both within our country and overseas.

There are five technical and economic characteristics in developing chemicals for daily use: 1. There are many origins of raw materials. Raw materials mainly come from the petrochemical industry. They may also come from the coal

chemical industry, acetylene chemical industry and other basic chemical products. Most overseas enterprises which produce chemicals are amalgamated enterprises that produce many varieties of chemicals for daily use.

2. There are many varieties of daily use chemicals, but the quantity of each variety produced is usually small. The technical knowhow required is not too complicated. Instruments are relatively simple. It requires small investment. Thus, it is easy to start business.

3. The affixed value of products are high, therefore the profit is great. Our country has invested less than 20,000,000 yuan in the fragrant essence industry from 1970 to 1980, but the trade turned over 367,000,000 yuan which was 11.4 times the value of the fixed assets.

4. The products have a close relationship with the market. The competition is keen. Old products are outdated very quickly by new products. The industry requires concentration of knowledge and technical skills. The products are easy to imitate, and therefore, the techniques are normally kept secret and not easily sold to others. Therefore, the industry must have its own reserves of techniques. This may help us train and educate technical personnel.

5. The degree of mechanization and continuation in the process of production are low. Therefore it requires quite a large labour force. This employment opportunities can increase.

In summary, energetically developing the production of chemicals for daily-use could vitalize the market and make it prosper, satisfy people's needs with the increased standard of living, increase job opportunities and help us train technical personnel. Besides, it can also provide a big income for a country with only a very small amount of investment. This is certainly a way of making the country prosper and a way of benefiting the people.

At present, the production of chemicals for daily use is mainly the responsibility of the department of light industry. The department of chemical industry chiefly bears the responsibility of providing raw materials and production media. The department also produces part of the chemicals for daily use. For further developing the production of chemicals for daily use, we suggest that all related departments cooperate with each other in thoroughly studying the condition of technical production so as to improve integrated utilisation and overall planning.

CSO: 4006/533

INDUSTRY

READJUSTING STEEL INDUSTRY VIEWED

HK200930 Beijing JINGJI GUANLI in Chinese No 6, 15 Jun 82, pp 16-19

[Article by Dong Yizheng [5516 6318 2973] and Zhang Yinzhong [1728 0603 0022]: "The Important Task for the Iron and Steel Industry at Present Is to Further Readjust the Service Orientation"]

[Text] In his report at the fourth session of the Fifth National People's Congress, Comrade Zhao Zhiyang said: "Readjusting the service orientation, enlarging the area of service, improving the quality of service, raising the adaptability to the environment, serving agriculture and the consumer products industry in an even better manner, serving the technical restructuring of the national economy, serving the export trade and serving modernization--these are where the road of heavy industry should lead to." This passage presents an outline for the further readjustment of the service orientation of the iron and steel industry.

A Good Start

The iron and steel industry is one of the basic industrial departments for the production of raw materials in the national economy. In accordance with the need for the coordinated development of the various departments of the national economy, it should organize its production and services well in this connection. Unfortunately, for a prolonged period of time, the structure of our national economy has been too lopsidedly devoted to the development of heavy industry, and the iron and steel industry has over emphasized its service orientation to heavy industry and to the capital construction projects and has not been self-conscious enough or sufficiently clearly marked in serving agriculture, the light industry and the people's standard of living. As a result, at the start of the readjustment of the national economy, the iron and steel industry was caught in a passive position. For example, concerning the variety of steel products, on the one hand, there was a shortage of such products as small-size rolled steel, wire rod, thin plate, strip steel and welded pipes, all of which were required to serve the people's standard of living and also to serve light industry and construction. Whereas, on the other hand, there was an oversupply of such products as large-size rolled steel, heavy rail and medium plates. In order to meet the needs for economic readjustment, in recent years the iron and steel industry has done much in readjusting the structure of its products, improving their quality and gradually

shifting its services to the development of agriculture and consumer durables. A change for the better has thus been made in its service orientation. In 1978, the output of products needed by the markets of light industry such as small-size steel, wire rod, strip steel and welded tubes was 8.42 million tons. By 1980, it had increased to 12.93 million tons, an increase of 4.51 million tons. This has basically rectified the situation of supply lagging behind demand.

Thin steel plates and strip steel are the two products in relatively great demand by the light industry. They have developed rapidly. In 1978, the output of these products was 1.79 million tons; in 1979, it was 2.16 million tons; and in 1980, 2.93 million tons, but in 1981 it went up to 3.64 million tons. Thus, in 3 years' time, an increased output of 1.85 million tons, or an increase of 100 percent, was recorded. In particular, in the Wuhan Steel Plant, the 1.7 meter steel rolling mill has begun to assert its role and increased production for the state of tin-plated steel, zinc-plated steel and steel products for the manufacture of bicycles and motor vehicles. This has eased to a certain extent the contradiction between the supply and demand of these varieties of steel products.

In contrast, the production of the "long-range" goods at that time, such as large-size steel products, heavy rail and medium plates, was organized in strict observance of actual needs and, at the same time, the quality of certain products was noticeably improved. Production of some 30 varieties of products including screw reinforced bars, ship-plates, steel for high-speed tools, cord clothing steel wires and so on was made in designated quantities and in strict accordance with the international quality standard. For example, the industry produced reinforced steel bars of varying strength for uses ranging from the building of ordinary residences to the construction of tall buildings. Aside from meeting domestic needs, these products have been exported abroad and constitute a highly competent force in the international market.

Several Outstanding Features

In readjusting the service orientation of the iron and steel industry in order to enable it to render better services to its patrons, very fruitful work has been accomplished. The principal features are the following:

1. Serving the development of consumer durables by strengthening market investigation and knowing and grasping market changes. Following the guideline of developing consumer durables, last year the metallurgical department carried out an investigation on the actual condition of the demand for steel products in the making of some 20 varieties of home-use electric machinery products. The investigation duly entered into its files all such information as the current output volume of the products, the recent trend of development, the varieties available, the specifications and quality of steel products required for the making of each variety of product, and the consumption quota of steel materials. A number of iron and steel enterprises signed a 2-year supply contract with over 440 plants manufacturing bicycles, sewing machines, television sets, recorders, washing machines, home-use electric meters, and so

on. Comparatively systematic investigations were also made by the Shanghai Municipal Metallurgical Bureau on several dozens of varieties of metals required by the light industry market ranging from those used in manufacturing bicycles, sewing machines and wristwatches to those used for women's hair pins and children's toys. On the basis of the information obtained, rules and concrete measures were formulated on readjusting the structure of the products and, as a result, the production of various kinds of products for special use was greatly increased. For example, the production of the no 19 manganese strip steel badly needed for the manufacturing of high and medium grade bicycles used to be only some 2,000 tons a year, but in 1980 it was increased to 6,400 tons. The supply of the strip spring steel for use in making the "5-5-5" brand table timepieces well-known both domestically and abroad used to be limited to only around 1,000 tons a year, but the Shanghai No 5 Steel Plant, noting the market's urgent demand for the commodity, tapped the latent resources of its equipment and in 1980 raised the output to 2,500 tons. This met the market demand in full. Certain plants producing special steel products for military use and for heavy industry conducted a study on how to shift special-quality steel to civilian use. They actively increased the output of those products which serve the light industry market, irrespective of whether they were for military use or civilian use. At the Dalian Steel Plant, out of the plant's total output, the ratio occupied by those products serving the light and textile industries was improved from 8.5 percent before the readjustment to 33 percent at present. The Qiqihaer Steel Plant organized 10 new production lines specially for increasing the output of products for civilian use. In 1981, of the steel products marketed by the plant itself, two-thirds were for civilian use.

2. Endeavoring by every possible means to provide new materials for the technical restructuring of the national economy, many of the enterprises have stepped up the trial production of new products, strengthened their research thereon and turned out a batch of new materials and new varieties which were of high strength, corrosion-resistant, heat-resistant, economically adaptable for use, and able to replace imported products, thus filling the gaps in the market, meeting the users' needs and facilitating their own development. In 1981 alone, nearly 1,500 tons of new materials were successfully trial-produced. The roller of the 1.7 metre cold rolling machine at the Wuhan Steel Plant used to be imported from abroad. However, in 1980, the Qiqihaer Steel Plant undertook its trial production and has now succeeded in producing it in the desired quantities. In this way, this special item, which can withstand high speed, sustain a heavy load and perform highly precise work has obtained a foothold in the country. In the past, the pipes on the carbonization tower of the Dalian Chemical Plant had a life expectancy of only one-half year but now the low-carbon corrosion-resistant steel pipes supplied by the Dalian Steel Plant have remained in use for more than a year. This has increased the output of soda ash by over 20 percent, in addition to improving its quality. In this way, the tower alone can increase its profit by 1 million yuan a year.

3. Organizing and promoting the outflow of steel materials to the countryside, thus meeting the peasants' needs. In the past, steel products came under the state's unified distribution. Basically speaking, no channel of

supply was available for the daily-use steel materials required by the 800 million peasants. In more recent years, many metallurgical bureaus and metallurgical enterprises have gone deep into the countryside to investigate the general situation of the use of steel, particularly in connection with the building of farm houses. The replacement of timber by steel was advocated and various kinds of steel materials suitable for farm use were offered and supplied to the countryside. The Capital Steel Plant designed and built three model residential houses using steel beams and uprights but still retaining the main characteristics of farmhouses in the outskirts of the capital city. They were displayed and were well received by the peasants. The Anshan Steel Plant made use of leftover materials to build for the peasants house frames, wheelbarrow and cart frames, beams for cart storage, hot-house door beams, and altogether some 20 different kinds of steel structures. Within 3 months, 8,000 pieces of steel house frames and over 2,000 steel doors were sold. The Jinan No 2 Steel Plant conducted an investigation in 13 counties located in 3 separate districts and designed 34 varieties of steel structurals for house frames. It was found that the structurals for a 3-room house cost about 650 yuan each. This was 30 percent cheaper than their timber counterparts. In addition, many enterprises have stepped up their retail sales of steel products, selling the steel products direct to the production teams and individual peasants. Enterprises under the Hebei Provincial Metallurgical Bureau set up nine retail sales departments for steel products. Last year, the volume of sales was nearly 10,000 tons.

4. Intense efforts were made to develop the international market and to serve and expand the export of steel products. Following the readjustment of the national economy, the export of steel products has increased considerably. In 1978, the country exported 330,000 tons of steel products and 30,000 tons of pig iron. The foreign exchange earnings from this source amounted to $169 million. In 1981, the China Metallurgical Import and Export Corporation alone exported over 300,000 tons of steel products and over 600,000 tons of pig iron. Adding to this the export of the metals and mining import and export corporation of the department of foreign trade, the foreign exchange earnings from the export of iron and steel products for the whole year amounted to about $600 million. In addition to the direct exports of iron and steel products, the industry supplied some 200,000 tons of steel materials to the ship-building and machine-building departments for the manufacture of their respective lines of commodities for export. In developing the international market, the enterprises tightly grasped the quality factor of the products. As for the pivotal products, the international advanced level was strictly adhered to and intense efforts were made to overcome any difficulties in production or in improvement. Good results were achieved. The ship-building plates turned out by the Shanghai No 1 Steel Plant used to be very poor in quality and were nicknamed "swaying boards." Since 1979, the plant enforced all-round quality control and organized measures to overcome the technical difficulties encountered. As a result, the quality of the products was notably improved and received the commendation of shipping firms in Britain and West Germany. Several ocean-going steamers built with these ship plates have been exported and delivered. Our output of steel for the making of high-speed instruments was once at a fairly high level, but because of the questionable quality, a large quantity of this type of steel had to be imported. At present, certain iron and steel

enterprises and scientific and research units are cooperating with the relevant departments of the first ministry of machine building to produce a new variety of the M2 products. Last year, not only was there no import of any steel for high-speed tools but also about one-half of the output of this type of steel in the country was made into drill bits for export. They were relatively well received in the international market.

Five Major Tasks

Although the readjustment of the service orientation of the iron and steel industry has made a good start, a large amount of difficult work still lies ahead. Intense efforts have yet to be made to open up new areas, to serve the production and livelihood needs of the 800 millipn peasants, to serve the light, textile and food industries, and also to serve municipal construction, the export trade and the technical restructuring of the energy, communications and defense industry departments.

1. We should continue to take the readjustment of the structure of the products as the pivotal point in doing a good job of serving. Product marketability is in reality the material foundation for a good service performance. Viewed from the development needs of the national economy recently, the task of readjusting the product structure will be a heavy and difficult one. It is initially estimated that during the Sixth 5-Year Plan period the supply of steel products will still tend to be rather tense. In particular, due to the rapid development of light industry, the construction industry, the energy industry and communications, the demand for steel plates, steel tubes and strip steel will greatly increase. For example, during the Sixth 5-Year Plan period, the output of home-use electrical machinery products will probably increase by 100 percent and the steel products required will consist principally of thin plates and strip steel. The high-precision and high-tensile steel pipes for use by the petroleum industry and the power-generating units have all along been in short supply. The likelihood is that the demand for this product will further increase from now on. Hence, hereafter the pivotal points in readjusting the structure of the iron and steel products will lie in the production of steel plates, steel pipes and strip steel. In particular, there must be an increased output of thin plates and strip steel which are badly needed by light industry and the market. As for the concrete varieties, we should turn our attention to those which are in wide use. command a broad influence, strictly adhere to the quality code and are being exported in relatively large quantities. Among them, the principal ones may be mentioned as thin zinc-plated steel plates, thin tin-plated steel plates, cold-rolled plates for motor vehicles, plates for pressure containers, boiler plates, medium-thickness plates, silicon steel plates, oil pipes, boiler and furnace tubes, small-diameter seamless steel pipes, and so on.

2. We should earnestly develop alloy steel and provide new materials for renewing and replacing the products of the various departments of the national economy. In chemical analysis, steel may be divided into two categories, namely, carbon steel and alloy steel. Generally speaking, the tensile strength, durability, elasticity and corrosion-resisting quality of alloy steel are superior to those of carbon steel. Thus, alloy steel actually

constitutes the main component of high-quality steel. Following the rapid development of industrial technology and the expansion and development of the new and developing industries and as a result of the production equipment generally tending to be of a high-speed and light-weight type and capable of standing a heavy load, the demand for alloy steel has been steadily increasing. Some of the equipment parts originally made of carbon steel are now being replaced by those made of alloy steel. For example, in the 1950's, carbon steel was used in the construction of the Wuhan Bridge across the Changjiang River. The bridge openings then had a span of only 128 meters. By the time of the building of the Nanjing Changjiang Bridge in the 1960's, alloy steel of low maganese content was used instead and the span of each bridge opening was increased to 160 meters. In the 1970's, an even better kind of low-alloy bridge steel was in use and the span of each bridge opening was designed to exceed 200 meters. Formerly, carbon steel was used in the making of railroad wagons, but this suffered severely from atmospheric corrosion and every 5 years the wagons had to be completely overhauled. On the other hand, alloy steel is resistant to atmospheric corrosion and if it is used, the time for overhauling may be extended to 12 years. In the case of the China-made liberation-brand motor vehicles, formerly carbon steel was used in their building but this has now been replaced by low-alloy steel. As a result, the weight of the vehicle body is reduced and the life expectancy of the vehicle is prolonged. In this way, in readjusting the service orientation of the iron and steel industry and in readjusting the structure of the products, we should pay great attention to the structure of the type of steel in use. Indeed, we must develop our alloy steel and low-alloy steel with our country's rich resources of metals and elements such as vanadium, titanium, tungsten, molybdenum, niobium and rare earth metals. We must also raise the alloy contents. First, we should turn our attention to light industry and to the people's life so that a large quantity of superior-quality steel may be shifted to civilian use for the production of consumer durables which are of good quality and cheap in price. Second, we must earnestly expand the varieties of special alloy steel required by the various departments of the national economy for renovating and replacing their products and for their technical restructuring. Third, we must provide new-type materials for the development of new energy resources and for the opening up of ocean and space navigation.

3. We should firmly and irrevocably put quality improvement in an important position. It must be clearly understood that despite a correct service orientation of the products, we are still rendering disservice to the end-users of the products if their quality is poor and varieties are limited. Only when the quality of the products fully meets the demand of the users and the use value of the products is raised can it be said that good service has been rendered. It is true that in certain cases improving the quality of the steel products suffers from limitations due to the equipment conditions. Therefore the long-term plan should be to start from reality, to shape one's efforts according to ability, and to carry out technical restructuring in a planned manner and with due regard to the pivotal points. Nevertheless, it must still be pointed out that even under the present conditions of the equipment, it will be entirely possible to effect a big improvement in the quality of the products if we can only enforce all-round quality control, strictly carry out operational rules, solve the difficult problems with technological measures, adopt inexpensive

but appropriate and advanced technology and introduce the necessary inspection and checking measures. All this has been fully vindicated by the swift improvement in the quality of the steel for use in the making of high-speed tools and in the quality of the steel plates for shipbuilding.

In improving the quality of the products, first of all we should take stock of the maladies which are frequently seen and which are of frequent occurrence that affect the quality of the products at the present moment. Such maladies may be mentioned as poor quality, poor exterior appearance, impure quality of steel, too many impurities, improper packing, and so on. We must overcome these drawbacks so that the quality of the daily-use products may be improved. Take for example such sumptoms as the plates being uneven in thickness, having too steep a curvature, having "freckles" or spots on the surface, or showing too many cracks. They all affect the use by the end-users and must therefore be speedily rectified. Second, we should enlarge the ratio of the superior-quality products. In recent years, the volume of the superior-quality steel products has continuously increased and many of the enterprises have rather rapidly increased their production. Nevertheless, although under the Shanghai Metallurgical Bureau the proportion of superior-quality steel products is 34.6 percent of the total output and that of the Zhongqing Steel Plant is 28 percent, the ratio for the country as a whole is still very small. Hence, we should devote the utmost efforts to increasing the production of these products and to reaping a bountiful harvest therefrom, so that more superior-quality products may be provided to the users. Third, as for those products that have already been assessed as superior-quality products by the state or the province, they should continue to seek further improvement. For example, in 1979 the Zhongqing Steel Plant was awarded a good medal by the state for the superior quality of its boiler plates but in the following 2 years, the plant continued to make further improvements of the product and succeeded in surpassing many of its technological targets. It thus won the confidence and approval of its customers. At present, we should principally improve the quality of the hot-rolled plates, wire rods, strip steel, welded tubes, and the small-diameter seamless steel tubes all of which are traded in extensively in the light industry market. Additionally, we should improve the quality of the key materials for the defense industry. We should endeavor to raise the quality of certain steel products to the international level.

4. We should extend the processing stage to the semifinished or partly-finished products. The iron and steel industry should create the conditions to make it easy for the patrons to reduce their processing work, to improve their work efficiency and to practice economy in the use of materials. Actual practice has shown that increasing the processing intensity of iron and steel products and carrying out "production extension" not only are welcome by the patrons but also can truly increase the economic benefits to the state. For example, formerly in making the propeller blades for steamers, circular steel was used. After forging, the circular steel had to go through mechanical processing before being turned into the finished product. The material utilization rate was very low, the processing time spent was long, and the production cost was high. Noting this problem and endeavoring to facilitate the work of its customers, the Benxi Steel Plant prepared a special variety of "propeller-plate" steel and as a result the material utilization rate was

raised 20 to 40 percent. In the making of piano strings, piano plants used to employ round steel rods of a diameter of 13mm each and had to subject them to six processing stages before the end product was finished. Last year, the Capital Steel Plant specially rolled a string-shaped steel product for the purpose. This enabled the piano plants to save some 50 percent of steel maheridnz in piano manufacturing. In making the "shuttle" for sewing machines, the manufacturing plants formerly used flat steel and had to subject it to 10 processing stages including planing, clipping, cutting and milling. In this regard, the "Fighter Steel Plant" of Shanghai, acceding to the customers' request, produced a special "shuttle" type steel for use as a result of which the processing stages were reduced from 10 to 3 and the savings amounted to a 40 percent reduction in the consumption of materials. The dredgers in gold-dredging boats used to be made of ordinary carbon steel. This had some defects such as that the dredger lacked precision in size and the parts frequently could not fit one another or be fully assembled. Last year, the Qiqihar Steel Plant employed high-grade manganese steel to make the dredgers and supplied the clients with both parts and full sets of equipment. The working efficiency of the clients was raised by 400 percent, while the life expectancy of the equipment and tools was extended. By using this new dredger, two dredging boats working within a prescribed period of time, can excavate 2,000 more ounces of gold than before. Hence, based on actual needs and adhering to the principle of conforming to local conditions, the iron and steel industry should further intensify the processing work of their products for the general benefit of patron customers.

5. We must further strengthen market investigation and research and render good services to marketing and to technology. So far, the countryside is still a vast undeveloped market for steel products. We are still oblivious to the exact volume of steel products that can be consumed in the countryside, the varieties needed or the trend of future development. The technical restructuring of the national economy has brought to the iron and steel industry new problems, and new demands have been generated for metallic materials on account of the need to renovate the products of light industry. We must conduct a systematic investigation into these problems. We must be well informed on all these matters.

As for strengthening and intensifying marketing and the technological services at present, we should grasp well the following four factors: First, wherever it is economically rational, the time required for delivery must be shortened. In contracting sales, we should give both the big and small customers equal consideration. In the case of those customers who have the requisite conditions, "delivery to their doors" may well be conceded. The Fighting Steel Plant, the peculiar shape steel plant and the silicon steel plant of Shanghai catered to both big and small customers and treated them alike, irrespective of the size of their orders. In addition, the plants generally acceded to fixing the delivery time of the goods according to the customers' wishes. As a result, they were welcomed by the customers. Second, production must be organized to suit the varying demands of the patrons and the practice of applying one "model" to all must be discarded. For example, the cold-rolled plates turned out by the Fushun Steel Plant used to be produced according to only one standard and the practice was that polishing was done in part and

burnishing was not necessary. This type of plate was found entirely satisfactory by the war industry but the textile departments found that polishing was not needed while the gourmet powder plant thought that the plates should be wholly polished and burnished. As a result, the Fushun Plant had to adopt three separate standards in the production of the cold-rolled plates. This satisfied three different sets of demands. Third, we must perform well publicity work on the quality and capability of the different varieties of steel products and help the patrons to select the proper kind of materials and to rationally use the materials. The Wuhan Steel Plant learned from the bicycle plants that the substandard rate of parts made from its 1.7 meter steel had been rather high. At once, it organized a team of technical personnel and dispatched it to the bicycle plants to conduct an exhaustive survey on the quality, processing intensity, technological environment and condition of utilization of some 200 bicycle parts. Following the survey, it offered to the bicycle manufacturing plants a special kind of steel which guaranteed the up-to-standard rate of the bicycle parts. This made the production of the "Everlasting" and "Phoenix" brands of bicycles use more of Wuhan's 1.8 meter steel. Fourth, we must study the needs of the patrons for upgrading and replacing their products. In this connection, the Dalian Steel Plant specially organized a research section on light industry products. Last year, the plant devoted 50 percent of its scientific and research force, and earmarked 40 percent of its research funds, for the purpose of studying and making new varieties of steel required by the light and textile industries.

We believe that the iron and steel industry can accomplish much if only it could firmly implement the guideline of readjusting the national economy, deeply implant in its mind the thought of serving its clients, and use initiative to earnestly readjust its service orientation.

CSO: 4006/533

BRIEFS

GLASS, CEMENT PLANTS--Beijing, 6 Jul (XINHUA)--Ten plate glass factories and four cement plants will be built or expanded with joint investment by the National Administration of Building Materials Industry and the local governments of Shanghai and 10 provinces. The provinces are Henan, Hebei, Gansu, Sichuan, Zhejiang, Anhui, Shanxi, Heilongjiang, Jilin and Jiangsu, the latest issue of the ECONOMIC INFORMATION said. Of the total investment of 670 million yuan, local governments will contribute 420 million yuan, it said. Upon completion in 1986, the paper said, the glass factories will produce 18 million standard cases of plate glass anually, and the cement plants, 1.57 million tons of cement each year. [OW060956 Beijing XINHUA in English 0718 GMT 6 Jul 82]

CSO: 4010/11

CONSTRUCTION

BRIEFS

NEW QINGHAI BRIDGE--The (Tuanjia) Bridge, Qinghai Province's first prestressed reinforced concrete bridge spanning the Huangshuihe River, opened to traffic on 1 July at the (Xia-Luo-Jiao-Wan) in the eastern suburbs of Xining Municipality. The bridge has a load capacity of 100 tons. The Xining Municipal People's Government held an opening ceremony for the bridge. (Qiang Jianhua), first secretary of the municipality, cut the ribbon at the opening ceremony. [Xining Qinghai Provincial Service in Mandarin 1100 GMT 4 Jul 82]

CSO: 4006/621

DOMESTIC TRADE

BRIEFS

GANSU URBAN, RURAL FAIRS--Urban and rural fairs in Gansu Province enjoyed brisk sales in the first 6 months of this year. Business volume reached 160 million yuan, 17.8 percent more than in the corresponding 1981 period. Compared with 1981, prices of wheat, edible oil, donkeys and piglings dropped. Those of rice, corn and vegetables rose. [SK040744 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 3 Jul 82]

CSO: 4006/621

FOREIGN TRADE

FOREIGN ECONOMIC, TRADE RELATIONS, MARITIME ARBITRATION VIEWED

Beijing GUOJI MAOYI [INTERNATIONAL TRADE] in Chinese No 2, Feb 82 pp 54-56

[Article by Ren Jianxin [0117 1696 2450]: "Our Nation's Foreign Economic and Trade Relations and Maritime Arbitration Work"]

(1)

Arbitration is one of the major ways in which our nation resolves disputes involving our foreign economic and trade relations and maritime affairs.

When we encounter a dispute in the course of our external business dealings in foreign trade and ocean shipping, we first, on the basis of our nation's policies and trading customs, attempt to arrive at a solution through direct, amicable consultation between both parties. However, when resolution through consultation fails, settlement is then sought through arbitration on a voluntary basis by both parties. Today, most of the foreign contracts signed by our government, companies and enterprises include an arbitration clause and there are provisions for arbitration in the bilateral trade agreements and common delivery conditions that are concluded by our government with foreign nations.

On the basis of a decision by the State Council, the China Council for the Promotion of International Trade in 1956 and 1959 successively established the Foreign Trade Arbitration Commission and the Maritime Arbitration Commission. Provisional rules of arbitration procedures were formulated separately for both commissions.

In order to meet the need for the continuous development of our nation's foreign economic and trade relations, in February 1980, the State Council changed the Foreign Trade Arbitration Commission of the China Council for the Promotion of International Trade to the Foreign Economic and Trade Arbitration Commission. The jurisdiction of the Commission includes all disputes arising from Sino-foreign joint ventures, cooperative undertakings, cooperative exploitation, introduction of technology, [foreign] loans, foreign [direct] investment in China and leasing operations, disputes arising in association with foreign trade contracts (including compensation trade and processing of customers' materials) or with commissioned business contracts, disputes arising in relation to shipping, insurance and storage of goods

and disputes arising in association with other foreign economic and trade activities.

The Maritime Arbitration Commission deals with the following three types of maritime disputes: (1) Disputes over remuneration involving mutual assistance by ships; (2) disputes arising in relation to collisions between ships at sea; and (3) disputes arising in connection with chartering operations and chartering agent operations, disputes based on shipping contracts, disputes over ocean shipping operations handled through bills of lading and other shipping documents and disputes involving marine insurance and other maritime affairs.

(2)

The arbitration commissions carry out their arbitration work in conformity with their own independent policies and a policy of equality and mutual benefit and in reference to international customs and practices.

The arbitration commissions first analyze and study problems and deal with matters under dispute on the basis of the relevant state policies and laws. Both parties to a dispute are treated equally without discrimination "with importance being given to the contract and to keeping one's word" regardless of the sizes of their countries or the amounts of their capital. Imperious and despotic practices in which the large oppress the small and the strong humiliate the weak in international trade and ocean shipping undertakings are opposed.

When determining the rights and obligations of the interested parties to both sides of a contract, the arbitration commissions will refer to a number of rational [internationally accepted] customs and practices that have been developed over a long period in international trade and that are beneficial in expanding international trade and international shipping.

In the process of dealing with a case, the commissions solicit opinions from all sides, consider needs and possibilities, conduct direct studies of the concerned markets or the on-the-spot situations, acquaint themselves with conditions comprehensively in detail, clearly determine responsibility, distinguish clearly between right and wrong and make decisions on a just and reasonable basis.

These procedures of the arbitration commissions have met with the admiration of the concerned parties in China and abroad and international trade and ocean shipping circles. For this reason, there has been a comparatively rapid expansion in recent years of our nation's foreign economic and trade relations and maritime arbitration work. This has been conspicuously manifested in the ever increasing number of arbitration contracts stipulating that arbitration is to be held in China. Not only have there been general commodity transaction contracts but there have also been contracts concerning Chinese-foreign joint ventures, leasing operations, cooperation in services and joint exploitation of resources. We welcome this trust and confidence. At the same time, we are willing to assist Chinese and foreign concerned parties, on the basis

of the concrete conditions of contracts, in flexibly selecting a permanent arbitration organ or temporarily constituted arbitration tribunal to conduct arbitration in the nation of the other party, in the nation of the defendant or in a third nation.

(3)

One of the characteristics of arbitration work in China is to emphasize resolving disputes through mediation.

In handling cases under dispute, the arbitration commissions not only seek to achieve on equitable settlement for the two contending parties, but must also achieve further development of economic and trade relations for both sides through solution of the dispute. For this reason, when the arbitration commissions accept and hear a case under dispute, they always strive as far as possible to settle a dispute through mediation. This practice in our nation has been welcomed by concerned parties both at home and abroad.

Stressing mediation does not mean not stressing arbitration. Still less, it does not mean that we should only engage in mediation without engaging in arbitration. Rather, it means combining mediation and arbitration.

First, mediation is carried out on a voluntary basis by both parties. Mediation can be performed before the process of arbitration begins or it can be carried out while the case is being heard. When, in the course of mediation, both parties fail to come to an agreement, or one of the parties is not willing to continue mediation, mediation is stopped and the case is heard quickly and an award is made through the process of arbitration.

Mediation work can be carried out by an arbitration commission before an arbitration tribunal is established. After an arbitration tribunal is established, arbitration is carried out by the tribunal. Mediation can be carried out face to face or by letter or telephone. If both parties can reach and agree to an agreement through mediation, a "mediation agreement" can be worked out on this basis and the case concluded.

In recent years, the concerned arbitration organs of China and foreign nations have created the method of "joint mediation." Practice has demonstrated that it is effective and it has come to be thought of highly by economic and trade circles in various countries. In 1977-1979, Chinese and American arbitration organs used "joint mediation" to achieve successful resolution of two cases under dispute involving comparatively large sums of money that arose in the course of Sino-American trade. In 1980, the China Council for the Promotion of International Trade concluded the "Protocol on Settlement of Disputes Over Sino-Franco Industrial Property Rights and Trade" with the Industrial Property Rights Bureau of France as a further development of the practice of "joint mediation." In May 1981, "joint mediation" was set out as the first provision in the "Arbitration and Cooperation Agreement" signed by the arbitration organs of China and Italy. These indicate that this positive form [of mediation] is meeting with increasing regard and approval in international arbitration circles.

A type of arbitration involving "joint mediation" was also initiated in the "Protocol on Using Arbitration to Resolve Disputes in Ocean Shipping Between China and Japan," which was concluded between the Maritime Arbitration Commission of the China Council for the Promotion of International Trade and the Maritime Affairs Committee of the Office of the Japan Ocean Shipping Association in December 1978. This protocol stipulates: (1) Disputes relating to assistance at sea, collisions between ships and harbor facilities damaged by ships are to be handled by the arbitration organs of the country in which the port is located or by the country whose territorial waters are involved. When they occur on the open seas, they are to be handled by the country of the provider of assistance or by an organ agreed upon by both concerned parties; or the arbitration organs of the two countries involved will consult to set up an arbitration organ [tribunal]. (2) Arbitration involving leasing of vessels alone, chartering, consignment of goods for shipment, ocean shipping, bills of lading, ocean shipping agents, towing transport, general average, marine insurance and other related disputes will be accepted and heard by the arbitration organ that is stipulated in a contract or by the arbitration organ of the country of the respondent. (3) When it cannot be determined to which arbitration organ the matter should be submitted, it is to be dealt with jointly by the arbitration organs of both nations. We believe that this form of "joint handling" should be attempted on a trial basis in resolving disputes arising from foreign economic and trade relations.

(4)

The arbitration commissions of our nation work in accordance with the following procedures.

First, an arbitration commission can only handle a case under the prerequisite that both concerned parties sign an arbitration agreement stipulating that they will submit their disputes to an arbitration commission for settlement. Our nation's courts cannot accept and hear a case in which an arbitration agreement has already been reached.

An arbitration commission can accept and hear a disputed case on the basis of an arbitration agreement of both parties or on written application from one party. When submitting for arbitration, both concerned parties should each select one person from the arbitration commission to be the arbitrator (a member of the arbitration commission is expected to be a specialist in a relevant field). Further, members of the arbitration commission selected by both parties jointly choose one member of the commission to serve as umpire, to organize the arbitration tribunal and to hear the case jointly. Both concerned parties can also jointly select a member of the arbitration commission to be arbitrator to hear the case independently. If one of the concerned parties does not select an arbitrator within the stipulated period, then the arbitrator will be appointed by the chairman of the arbitration commission in accordance with the application of the other party. If the arbitrators of both parties cannot agree on the selection of an umpire within the stipulated period of time, the chairman will also select one on their behalf.

Any one of the concerned parties can entrust the chairman of the arbitration commission to designate an arbitrator. If both parties entrust the matter to the chairman of the arbitration commission, he can designate one person from the arbitration commission to be an impartial arbitrator after having obtained the approval of both parties.

Arbitration is generally held at Beijing, which is the location of the arbitration commissions. The concerned parties can personally put the matter related to the arbitration procedure before the arbitration commission or they can delegate a Chinese or foreign citizen to be their agent to handle it for them. The agent must have the power of attorney for the concerned party. The agent can appear in court on behalf of the concerned party.

A hearing can be conducted orally in a formal tribunal, or handled by using written materials provided by both concerned parties. Hearings are generally conducted in public. A hearing can also be conducted under closed conditions at the request of one or both parties. If one of the parties is absent when the tribunal is called into session, the hearing can be carried on and an award given in accordance with the application of the party present.

The arbitration tribunal gives its awards by a majority vote. An award is considered to be final and neither party can appeal to a law court or other authorities for revision of the award.

Both parties must carry out the verdict voluntarily on schedule. When one party does not implement it on schedule, the other party can apply to the People's Court of the People's Republic of China to have it enforced in accordance with the law.

There are clauses for reciprocal execution of arbitral awards in the various bilateral economic and trade agreements that have been concluded with foreign countries by our nation. On the basis of the provisions in the relevant agreements, our arbitration awards can be enforced abroad and foreign arbitral awards can be enforced at home.

As our nation's foreign economic and trade relations continuously expand, there will be more and more agreements and contracts concluded between Chinese and foreign companies and enterprises. In order to avoid or minimize the occurrence of disputes during their implementation or to facilitate resolution after a dispute has arisen, it is very important to include arbitration clauses in an agreement or contract. We are willing to cooperate with our friends in Chinese and foreign companies and enterprises and in international arbitration circles in order to make our due contribution to promoting the development of friendship and economic and trade relations between China and the citizens of the various countries of the world.

10019
CSO: 4006/432

FOREIGN TRADE

BRIEFS

FUJIAN TEXTILE EXPORTS--Fuzhou, 4 Jun (XINHUA)--Though cotton is not produced in Fujian Province, textile products have now become a major export item from Fujian. Since 1979, the Foreign Trade Department of the province has purchased such materials as cloth, cotton yarn and chemical fibers from other localities and organized various plants to engage in processing these materials into knitwear or garments for export to 14 countries and areas. As a result, the total value of textile products exported in 1981 reached U.S.$5.34 million and this year contracts have been signed with foreign businessmen for exporting textile products worth more than U.S.$10 billion. During the first 5 months of this year, the province fulfilled 52.27 percent of the annual export plans. [OW061323 Beijing XINHUA Domestic Service in Chinese 0044 GMT 4 Jun 82]

CSO: 4006/621

LABOR AND WAGES

HEILONGJIANG URGES MORE WORKING TIME FOR TECHNICIANS

SK220614 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 21 Jun 82

[Text] According to recent proposals personally offered by scientists and technicians, some units throughout Heilongjiang Province have failed to ensure five-sixths of working time for technicians and scientists. For instance, an engineer of the Provincial Electronic Institute stated that, according to an ordinary weekly work schedule, scientific and technological personnel should participate in three half-day activities of political study, party and CYL campaigns and obligatory labor and in relaying and discussing the documents issued by the central and other higher authorities. In effect, they do little scientific and technological work in a week. If they unfortunately came across unified labor assignments by the municipal and district authorities on road and river bank revamping or a unified study campaign which must last for 3 or 4 days, their five-sixths time for research work would by no means be insured. Some noted senior intellectuals have not even been able to implement their work schedule of spending five-sixths time in research since they have so many concurrent posts and have to attend so many meetings. Therefore, they often complain that many social activities are totally unrelated to their professional work and drain a great deal of their energy. Some senior professors are obliged to be busy in office administrative affairs and on research work after office hours.

After analyzing the state of affairs, it is clear that there are many reasons which may cause scientific and technological personnel to be unable to implement their work schedule of spending five-sixths time on their own profession. One of the reasons is that departments concerned have failed to set a clear demarcation line between scientific research units and administrative organs and have not exercised discrimination in making arrangements for study campaigns and labor activities. Another is that a large number of units have not totally rid themselves of formalism in conducting political work and have not sought practical work efficiency. All of this has caused an abnormal state of affairs in which the progress in increasing the originally small number of intellectuals throughout our country is slow, and they are still unable to concentrate their time and efforts on scientific research work.

Doubtless, intellectuals have to participate in some political studies and labor activities. However, these should be scheduled for one-sixth of the week. Responsible comrades of the Provincial Scientific and Technological Commission urged various units to adopt practical measures to ensure that scientific and technological personnel are able to implement the schedule each week of spending five-sixths of their time on professional work.

CSO: 4006/520

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[Organized, edited and written under the aegis of the Labor and Wage Department and the Cadre wchool of the Ministry of Coal Industry, Coal Industry Press, Beijing]

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CSO: 4006/490

Machine Tools

AUTHOR: None

ORG: None

TITLE: "How Did Beijing Instrumental Machine Tool Plant Open the International Market for Itself"

SOURCE: Beijing JICHUANG [MACHINE TOOL] in Chinese No 6, 82 pp 47-48

ABSTRACT: In view of the situation of shortfall of demands in the machine industry, the Beijing Instrumental Machine Tool Plant turned from the domestic market to the foreign market. The number of export machine tools increased from the 61 sets in 1980 to the 183 sets in 1981, amounting to more than half of the total machine tools exported from Beijing City. Its machine tools are now being sold in 31 countries in Southeast Asia, Western Europe, and North America, with its chief markets in the USA, W. Germany, Italy, and France. This success has been obtained through: (1) Inviting foreign merchants to the plant for technological discussion as well as trade negotiations; (2) Emphasizing market survey to find a target country for a specific tool; (3) Using merchandise exhibits as the most effective sales approach. Foreign buyers are described in the paper as being extremely competitive, i.e. when the buyer of one country buys, buyers of other countries at an exhibition would all want to buy. The practice of that machine tool plant has also proved that when a product has earned a reputation for itself, sales contracts will be signed in large numbers.

6248
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END

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NATIONAL POLICY AND ISSUES

'XINHUA' COMMENTARY ON CHINA'S ECONOMIC SITUATION

OW042230 Beijing XINHUA Domestic Service in Chinese 1257 GMT 2 Jul 82

[Commentary by XINHUA reporter]

[Text] Three new salient features have appeared in China's economic situation since the beginning of this year. First, the tempo of the development of the national economy is quicker than originally expected. Second, heavy industry production, which dropped last year, has obviously gone up again and begun to surpass that of light industry. Third, the supply of commodities has become abundant. A lively atmosphere rarely seen in the past 32 years has prevailed.

The rate of growth for this year's plan in the development of the national economy is determined by factors aimed at "ensuring a 4-percent while fighting for a 5-percent," that is, to ensure a 4-percent increase in the rate of growth as compared with that in the last year, while fighting for a 5-percent increase. This year's economic plan has been overfulfilled during the past 5 months with the profit and taxes delivered to the state from industrial enterprises increased by 10 percent. The output of the majority of manufactured goods has increased on a fairly large scale. Plans have been fulfilled well or fairly well in railway freight transport and freight shipping by departments under the direct control of the Ministry of Communications, in the amount of investments in capital construction projects which have been completed, in state purchases of products, in retail sales, in state expenditures and revenues and in the summer harvest in agriculture.

Following the readjustments in our national economy, changes have taken place in China's internal industrial structure since the beginning of this year. At a time when light industry continues to grow, the rate of growth and the percentage of heavy industry in total industrial output value have surpassed those of light industry. At present, many machine building enterprises have changed the situation of not having enough orders. They have signed many contracts with users for the supply of merchandise. The supply of thick steel plates and those of medium thickness as well as high-grade rolled steel, the demand for which dropped for a time, has now begun to fall short of demand. This kind of new change in heavy industry is caused by the following:

1. The development of light industry and the technical transformation of the existing enterprises have brought about the development of the raw material and machine building industries.

2. China's countryside is demanding more productive means from heavy industry following the improvement of the rural economy.

3. More complete sets of equipment have been made available to meet the needs of capital construction projects.

4. More heavy industrial products have been exported.

A responsible person of the commercial departments said: At present, the rural and urban markets throughout the country are fairly active with an abundant supply of commodities. This is a situation rarely seen during the past 30 years or more since the founding of the nation. Although the supply of some commodities still falls short of demand at present, the gap between consumer demand and the supply of commodities has been greatly reduced as compared with 2 or 3 years ago. With more consumer goods on the market, consumers no longer rush to buy goods as soon as they are put on the market, but put their money in the bank or in credit cooperatives and wait for a chance to choose among those with better designs. The masses in a number of places made remarks on this kind of change. They said: In the past, the people "brought cash and rushed to buy goods." After the 3rd Plenary Session of the 11th CCP Central Committee, the people "brought cash and waited to buy goods." Now, the people "put their cash into savings and choose to buy goods with better designs."

The fundamental reason for the fine economic situation in China since the beginning of this year lies in the party's excellent policy. The policy of the "readjustment, restructuring, consolidation and improvement of the economy" and the policy of opening up the country to the world and of activating the domestic economy formulated by the party Central Committee and the State Council are demonstrating their power. Centering around the demand for the improvement of economic results, the departments of industry and communications now pay more attention to production quality, variety, raw material consumption and production costs instead of production value and output. They pay more attention to increasing production and income and to increasing income by reducing expenditures instead of merely increasing production and income. They pay more attention to tapping the production potential of enterprises in order to expand reproduction instead of developing new projects in order to expand reproduction. They pay more attention to their work in science and technology instead of ignoring such work. They pay more attention to production as well as management instead of production management alone.

In short, China's national economy has already passed the most difficult period and has begun to embark on the path of healthy development. The situation is growing better and better. Yet, we must also realize that sustained hard work is necessary to bring about a fundamental improvement in the national economy. At present, we must continue to focus our economic work on improving economic results and make the rate of growth keep pace with the economic results. For this, the leading departments concerned put forward the following requirements:

1. It is necessary to raise production quality; increase variety; reduce the consumption of raw material: turn out more readily marketable products; attain a stable, healthy and sustained rate of economic growth; and fulfill the targets in "ensuring a 4-percent while fighting for a 5-percent."

2. It is essential to adopt effective measures to solve contradictions in the supply of coal and electricity and the transportation facilities failing to meet the needs in the development of production. We must simultaneously develop transportation and increase the supply of coal and electricity while economizing on the use of energy.

3. It is necessary to improve the flow of goods, send more manufactured goods to the countryside, and launch a drive to supply more goods to the 800 million peasants. The commercial departments must also improve their management methods and forms, further enliven the rural and urban markets and satisfy the needs of the people.

CSO: 4006/532

NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON DEVELOPING PRODUCTIVE FORCES

HK191101 Beijing JINGJI YANJIU in Chinese No 6 20 Jun 82 pp 38-44

[Article by Cai Jianhua [5591 1696 5478] of the party school of the Wuhan Iron and Steel Company: "An Analysis of the Main Contradictions in the Current Development of Productive Forces"]

[Text] Of all the complicated contradictions in industrial enterprises, the existence and changes of the contradiction of productive force itself causes the existence and changes of all other contradictions. There are many contradictions within the productive forces themselves and like the law of general contradiction, these contradictions are not balanced and during the different stages of development there exist a contradiction that is in a position to control, affect and define the existence and changes of other contradictions. What are the contradictions that exist within the productive forces of enterprises at present and that are in a controlling position so that once we are able to grasp these contradictions, all other contradictions in the productive forces of enterprises can be properly resolved? This article is intended to make initial analysis of this question.

1. The Contradiction in Management Defines and Affects All Contradictions

It can be said that the contradictions in the productive forces of the current enterprises are numerous and complicated. But the most outstanding contradictions are: first, old equipment and backward technology and this situation does not accord with the need of market production. Second, equipment capability is far from balanced, giving prominence to single items in construction projects, paying attention to main things and neglecting subsidiary ones, paying attention to manufacturing and neglecting transportation, paying attention to products and neglecting raw materials and paying attention to production and neglecting management. Third, very irrational situation in the contents of the processing of productive forces (product structure). Fourth, enterprise management is lagging behind other factors of productive forces and it is not in line with the need to rationally organize productive forces.

It can be seen from these contradictions that the contradiction that enterprise management is lagging behind other factors in productive forces of enterprises is decisive in affecting the whole situation.

First, of the various factors in the current enterprise productive forces, management is the weakest link and it is the basic factor that decides the whole capability of the productive forces.

A number of enterprises or positions still neglect or do not care about management and so far they have not yet set up scientific labor and work quotas. If we say that there exists imbalance among productive forces, this imbalance is the most serious. We know that productive forces have a very strong integral feature. The capability to produce varieties of products of the right quality and quantity among various factors and sub-factors of productive forces is formed according to the principal of balance. Hence the situation in which the various factors are completely balanced, the whole capability is decided by the various factors with the same opportunity and the basic standard of a common level. Under the situation in which the various factors are out of balance, the whole capability is decided by the basic standard and the level of the lowest common denominator. Enterprise management is the organizational technology of the whole productive forces of enterprises and it has a direct influence over the level of productive forces. At present, of the various factors in the productive forces of enterprises, the factor of management is the weakest link. Therefore, the whole capability of the productive forces of many enterprises is formed on the basic standard of the level of the factor of management. It is true that some enterprises have some advanced equipment and other advantages, but they have not been able to display these advantages precisely and mainly because of this reason. In addition, of the various factors of productive forces, the factor of management plays the role of organizing technology with regard to the whole situation. Therefore it can be said that to a fairly great extent, some contradictions in production are caused by backward equipment. Of course, this is primarily because of macroscopic management. But some enterprises have failed for quite a long period to accurately solve the contradictions in productive forces and this situation shows that these enterprises have not been able to fully display their subjective motivation to solve this problem and it can be said that this situation is related to the fact that the management of these enterprises is backward. Some scholars say that under present conditions, some enterprises will be able to increase productive forces by 50 percent without any investment as long as they are able to strengthen management. This view cannot be said to be groundless.

Second, the contradiction of the old and backward equipment that can neither be renewed nor transformed for the time being can be relaxed through stepping up management. The equipment that needs to be renewed and transformed and that can be, must be, through improving management and using the best method.

Our industrial enterprises have long been characterized by backward equipment. The investment for renewing and transforming this equipment is excessive and therefore mass work cannot be carried out in this respect in a short period. The present strength of both the state and enterprises shows that during the 6th 5-Year Plan we in general can only renew "dangerous houses" and "dangerous machines" and transform the equipment that is inefficient or old and backward key equipment; it is beyond our reach to transform and renew all the equipment. Therefore there exist two problems: how to solve the contradiction of the

equipment that cannot be renewed or transformed for the time being? How to resort to the best method to renew and transform the equipment that has to be, and can be, renewed and transformed? In this respect, it is necessary to incorporate within planning the function and role of strengthening management.

(1) Management must be stepped up with regard to the old and backward equipment that cannot be renewed or transformed for the time being so as to prolong its life span and service period and constantly improve its efficiency. This work can be accomplished, that is because the life span and service period as well as economic and technical goal of equipment is relative. Some enterprises have effectively and creatively used feasible management methods and consequently even today they have been able to constantly improve labor productivity even though they are using old equipment dating back to the 1940's and 1950's. On the contrary, some equipment that was purchased not long ago, only has a 50 percent operation rate and very low efficiency because of relaxed management and improper maintenance. Therefore it can be seen that the actual use value and efficiency of equipment are not totally decided by the period in which they are used and by the extent of newness and oldness. They are also decided by operational capability that is affected by management and maintenance and therefore we cannot just pay attention to the original technical life span, face value and efficiency of the equipment.

(2) With regard to the equipment that must be, and can be, renewed and transformed we must lose no time to make scientific decisions, select the best methods and take the necessary methods. Economic and technical analyses must be made on the question of whether the renewal and transformation must be taken as a whole project or a partial project. Some equipment can be renewed and transformed as a partial project, that is to say, we can reach the same goal only by carrying out a partial project concerning key parts. Our textile industry has a number of good experiences in this aspect. The Beijing Qinghe Woollen Mill and the Shanghai state-owned no 17 cotton mill, which are outstanding units with good management, have on many occasions renewed and transformed many parts of some of their equipment, but the covers and supporting parts of this equipment have remained unchanged since they were made in the 1920's and 1930's, and yet the efficiency of the whole machines can be compared with that of new ones. Even if the renewal and transformation are carried out as a whole project, it is still necessary to make economic and technical analyses and work out planning and decide what is key work and what is not, what needs intermediate technology and what needs advanced technology, what links mainly require extensive knowhow and technology and what mainly requires intensive labor. The projects must be carried out along scientific management lines and proper planning must also be made with regard to time.

(3) We must concentrate our efforts on tapping the potential capability of enterprises in carrying out renewal and transformation so as to step up technical reform. Some items, particularly the items that have fairly big influence on the national economy, must have the support of state investment. But for most enterprises and projects, the state cannot make fairly big investments or cannot invest at all. Therefore it is necessary for its enterprises themselves to find more financial channels and particularly to tap their own financial resources. Some enterprises have been able to smoothly

solve their problems by starting from stepping up management. The Fushun No 2 Oil Refinery has set an example in this respect. This refinery previously had high energy consumption. In order to change this situation, the whole refinery was organized to start from stepping up management. The staff of this refinery investigated the energy consumption of each set of equipment and compiled more than 600,000 statistics which they compared with the data for energy consumption of 32 refineries at home and abroad to see how they differed. Through repeated discussions, they defined the orientation for renewing and transforming equipment for several years to come for the purpose of saving energy. More than 50 percent of the funds for developing production, renewing and transforming equipment and overhauling were used for technical transformation so as to save energy. As the refinery lacked technical force, the 500 technicians of the refinery were mobilized to undertake technical transformation. As a result, this refinery also succeeded in completing its tasks without a single cent of state investment while energy consumption has been drastically reduced. (See RENMIN RIBAO, 17 Sep. 1981)

Third, management must be strengthened with regard to equipment that is not in complete sets temporarily so as to ease down contradictions. The equipment that has to and can be turned into complete sets can so be solved through improvement of management and using good planning.

(1) Management must be strengthened with regard to the equipment that cannot be turned into complete sets for the time being so as to ease down contradictions. The ability to make complete sets of equipment is of the nature of expanding reproduction. In the past, with regard to expanding reproduction, we stressed the importance of extensive measures and neglected intensive measures while in intensively expanding reproduction, we stressed the importance of improvement and reform and paid less attention to improving efficiency. Marx said on many occasions: "Production is expanded with each passing year because of two reasons. First, because the capital that is invested is constantly increasing. Second, the efficiency in the use of capital is increasing. Minor innovations are accumulated in the process of reproduction and accumulation and eventually there appears a complete change of the whole scope." ("Collected Works of Marx and Engels," "The Theory of Surplus Value," Vol 26, p 598) So it is very clear that the second of these two reasons, that is intensive expansion of reproduction, incorporates both constantly improving efficiency and carrying out small innovations. To constantly improve efficiency means to constantly step up the movement of the various factors of productive forces and display the potential of the existing productive forces under the condition of adding no quantity and changing no technical capability so as to reach the goal of rationally expanding the scope of production. At present, when we are stressing the importance of concentrating on expanding reproduction by intension it is necessary to give priority to promoting the potential and improving the efficiency of the existing productive forces. It is also necessary to improve the efficiency of the lower equipment capability so as to relax and lessen the contradiction that is caused by imbalanced equipment capability. The efficiency of intensive expansion of reproduction is realized through constantly strengthening the function of management. For example, a common phenomenon in metallurgical industry enterprises is that the capability in the links of ore mines is limited. Therefore it is necessary to

strengthen the management over the production of ore mines, constantly improve production efficiency and ease the contradiction of imbalance. Much work can be done in this respect.

(2) Scientific decisions and the best planning must be made with regard to the equipment that requires, and can be changed into, complete sets of equipment. But the works of improving the capability of complete sets of equipment cannot be carried out on a large scale, nor can each enterprise have a long list for money. Therefore in this respect there exists a question of correctly handling the relationship between whole projects and partial projects, between technology-intensive and labor intensive, between advanced technology and intermediate technology and there also exists the question of fully tapping the potential of the latent financial strength of enterprises and of the management in the process of making complete sets of equipment.

Fourth, we will be able to avoid blindness in developing products and maintain rational standards as long as we are able to improve the level of management.

(1) The guidance of macroscopic planning must be combined with microscopic management so as to avoid making blind development. In order to realize a balance between product structure and the structure of social demand it is imperative to make the national economy develop in a planned way and strengthen macroscopic prediction and its microscopic guidance. But even if we have stepped up the production of macroscopic planning and guidance, we can in no way replace microscopic management. If enterprises only vaguely reflect the economic situation or only care about their own business, it will not be possible to realize the prediction of macroscopic planning and guidance even if they are quite good. This is because in the final analysis, the goal of rational products can only be realized by enterprises themselves. Macroscopic prediction and guidance mainly display heir roles in the first layer of the structure of products, that is in the structure of departmental products. The second layer of the structure of products, that is the structure of the products of enterprises, is mainly arranged through state planning, the market situation and their own conditions. Socialist society is still characterized by commodity production and as the varieties and specifications of products are becoming more and more complicated, the market situation fluctuates drastically and therefore it is impossible to give macroscopic guidance that includes everything. Particularly at present, the system of macroscopic production is yet to be set up and perfected, therefore it is even more necessary for enterprises to strengthen their own management. It is also imperative for enterprises to acquaint themselves in due time with the tendencies of change in social demand, market capacity and raw materials as well as with the tendency of the development of science and technology and major competitors.

(2) Strengthen enterprise management, correctly handle the contradiction between big batches and many varieties so as to guarantee a rational product structure. The important content in changing product structure is to constantly increase the varieties of products and in so doing there will consequently emerge a contradiction of mass production. Here the nature is the relation among varieties, big batches and costs and profits. If we fail to handle these relations well, the profits and costs of enterprises will be

affected and consequently they will be reluctant to increase varieties, only to affect the rational structure of varieties. But this contradiction can be resolved through stepping up management.

One way is to strengthen management and find out and maintain the economic characteristics of varieties and big batches. There is both contradiction and unity between varieties and big batches. The more the varieties become, the higher will be the per unit cost of the product and the lower will be the profits; the bigger the batches become, the lower will be the per unit cost of the product and the higher will be the profits. But mass production and lower cost bring bigger profits while more varieties and border sales channels put one in a better position to get bigger profits. Since there is an aspect of unity, it is therefore necessary to find the points of unity so as to guarantee both the necessary mass production and varieties.

Another point is to strengthen management and improve the adaptability of operation lines to produce more varieties so as to be able to mass produce many varieties. The main method for improving adaptability is to shorten the time of the changing order of the operation line. Some car-manufacturing companies in other countries have changed the time sequence from 1 hour to 15 minutes and later to 3 minutes. Such rapid changes in varieties do not affect mass production and costs and therefore they are effective in solving the contradiction between mass production and varieties in the interest of keeping a rational product structure.

(3) Strengthen enterprise management, improve the intensity of product processing and create more product specifications. The intensity of processing has two aspects. The first aspect is a further process that is made on the existing basis for the purpose of improving the specifications, variety, appearance and packaging of products. This work generally does not require new inventions and additional new technology; it mainly depends on the organization of the processes of production. A number of our exported machines have high precision and specifications. But their forms are old and monotonous and their appearance is "not pleasing" and consequently their sales are not satisfactory. Foreign businessmen who buy such machines carried out a little processing or just improve the packaging of these machines to turn them into machines with new specifications and sell them at much higher prices. This situation in fact represents intensity in processing. Because the organization and management in the process of our production are not good enough, many products are processed only 90 percent; thus with 10 percent left, we lost 100 percent. Another aspect of the intensity of processing is a further process that is made for producing more varieties on the basis of the existing products. It often happens that such processing requires new technology but it cannot be divorced from management and organization either. Comprehensive use of ores and raw materials for coking and petrification belong to intensive processing. The petrification enterprises in our country have wasted enormous valuable resources because their processing is not intensive enough and their products are monotonous. This situation is related to the macroscopic system but it is also generally related with enterprise management.

(4) Strengthen management over research and design so as to constantly renew the product structure. The product structure is a dynamic structure and it has to be constantly renewed. In addition, the period of renewal is getting shorter and shorter and this situation is called the "four generations of one family." That is to say, when we are producing the first generation of products we must at the same time experiment on the second generation, begin to study the third generation and think about the fourth generation. But this can only be guaranteed by powerful enterprise management over scientific research and design work. It therefore can be said that in solving the contradiction of product structure that departs from the structure of social demand, the factor of management has a guiding role.

The difficulties of our enterprises in getting raw materials can also be solved to a great extent through improving management. First of all, the capability in getting raw materials has been weakened by serious waste and high consumption. It has been mentioned above that the waste of our energy is serious and 40 percent of this waste is caused by backward technology. That is to say, 60 percent is caused by management and other reasons. Pipes, values and circuits of many enterprises waste an enormous amount of energy every year because of leakage; empty loads of trucks across the country consume about 3.6 million tons of oil every year. All this is caused by management. With regard to the management of raw materials, some enterprises are just "waiting for rice to cook" and they rely on allocation; they do not take active and flexible measures to get raw materials. Facts prove that some enterprises can solve some problems with regard to raw materials as long as they are active in finding ways such as purchasing dispersed waste, carrying out processing and combining production with supply. But enterprises are often slow and inflexible in this aspect because of low management level.

All this shows that the present contradiction in enterprise management influences the whole situation and it is in a guiding position in the contradictions of the productive forces themselves stepping up management and solving the contradiction of backward management do not mean neglecting other contradictions. On the contrary, it is only by proceeding from this reality that we are able to solve the contradiction of the whole situation by resorting to the most ideal method.

2. The Relation Between Main Contradictions of Enterprise Productive Forces and the "Eight-Character" Policy

The principle of readjusting, restructuring, reorganizing and upgrading is being implemented across the country. How to solve the relations between this principle and the main contradictions in the productive forces of enterprises? The objective foundation and the target of the role of this principle is the whole national economy. Some of the various aspects of this principle are mainly displaying their macroscopic roles while some others, microscopic roles. But the other aspects of the principle of readjusting, restructuring, reorganizing and upgrading will sooner or later have a relationship with the existence and changes of the main contradictions of the productive forces of enterprises.

First, readjusting, this creates the macroscopic conditions for solving the main contradictions of the productive forces of enterprises and consolidates its own achievements in the process of solving the contradictions.

Readjusting includes many aspects such as readjusting the structure of enterprises, products, technology, industry and organization. In short, it is aimed at balancing the proportion of the national economy. Its role is mainly macroscopic while its main measures are to close down, suspend, merge, or shift to other modes of production, reorganize and integrate enterprises. Consequently there are two results of readjustment. The first result is that the structure of the national economy tends to be rationalized and to create the macroscopic conditions for improving the management of enterprises. That is because in the final analysis, enterprises are cells of the national economy and under an abnormal macroscopic organism, it is impossible for the cells to develop healthily. Enterprises will be able to avoid obstacles and realize rational management only when their macroscopic structure is rational. On the other hand, reorganizing and integrating give rise to the emergence of united organs with various forms and such emergence represents a rational solution for macroscopic contradictions in production. But, viewed from within these united organs, the contradictions between the recombination in greater scope of other factors in the productive forces and backward management factors have become more acute. Because unlike "polymerized" expansion of enterprises, the united organs in general are formed in a short period by the method of "centralizing" several enterprises and through macroscopic planning and administrative interference. Consequently there will appear such problems as "enterprises have been combined but not people's thinking," "through combination, cadres worry that their rights will be weakened, rich factories worry that their profits will decrease while small factories worry that they will disappear in combining," and "sharing the same bed but dreaming different dreams." But in addition to all this, there is an outstanding contradiction that cadres' management level does not accord with the requirements. Materials of the investigations of some departments in Wuhan show that the existing cadres do not have rich experience; they are more familiar with the management of small production that has been followed by them for many years and up to now they still feel that it is more convenient for them ot use the old method and more difficult to grasp the new method. Therefore at present, "enormous basic work such as quota management, technical management, production management, cost accounting and rational prices within enterprises has not been done, let alone the net methods of overall quality management and market prediction. If no urgent measures are taken to solve this contradiction, the united organs will consequently have various difficulties and the enterprises will lose their organizational key and a chaotic situation will arise in business principle and goal. Therefore strengthening management has become an important premise for the consolidation and development of the present united organs." It can be seen that readjustment has created conditions for stepping up enterprise management and has also given rise to new tasks for management and eventually it will be necessary to consolidate the achievements of the readjustment through stepping up enterprises' management.

Second, restructuring. Restructuring has added new motive force for solving the main contradictions in the productive forces of enterprises and made achievements in solving the contradictions.

Restructuring mainly refers to changing various economic systems and it has both microscopic and macroscopic aspects. Then restructuring of industrial enterprises will gradually involve the basis system of the enterprises. The main point for making a breakthrough in this respect is the economic responsibility system, including the enterprise responsibility system toward the state and the responsibility system within the enterprises. The main contents of the economic responsibility system within enterprises include directly combining the position responsibility system with the interests of workers and staff, overcoming egalitarianism, mobilizing initiative and developing productive forces. Of all these, the position responsibility system is the basis. That is because the relationship of distribution whereby the state gets more revenue, the enterprises retain more and staff and workers get more can be correctly handled only under the condition of normal position responsibility. Normal position responsibility means the average technical level, economic norms and goals that should be attained by a person or a unit during a certain period. The working out of average advanced norms and goals defines the average function of the movement of productive forces. Average advanced norms and goals are checked according to a standard, with overall and accurate quantitative analysis, testing and means of control and with overall and accurate original records, accounts, archives and a complete scientific and simple method. But all this means pressure to step up enterprise management and solve the main contradictions of the productive forces of the present enterprises. As this pressure is related with the economic interests of the enterprises and their staff, therefore it is called a certain inherent motive force.

The implementation of the economic responsibility system must be based on normal management; it is therefore necessary to give priority to strengthening management or at least the system must be carried out along with the strengthening of management. Why have some enterprises made big achievements in implementing the economic responsibility system while others have made little achievement? Such a difference is a reflection of the difference in the order of management. All the units that have been able to implement the economic responsibility system with better results have worked hard in improving management. The whole process of implementing the economic responsibility system must be combined with the contradictions of solving backward management. Further development and consolidation of economic responsibility systems will eventually further strengthen and improve the factors of management while further strengthening and improvement of the factors of management represent a condition for the development of the economic responsibility system and a result in the development of this system.

Third, reorganizing. The direct task of reorganizing is to solve the main contradiction of the backward management of enterprises.

Reorganizing also covers many aspects. At present, enterprises must primarily reorganize and perfect the economic responsibility system, reorganize and

strengthen labor organization, labor discipline and financial discipline and reorganize and set up leading groups. If we say that readjusting and restructuring are related to solving the main contradictions of the productive forces of enterprises, then the direct purpose and task of reorganizing enterprises is to solve these contradictions. The objective necessity of reorganizing is based on a main contradiction that the management of enterprises is lagging behind other factors of productive forces.

Fourth, readjusting, structuring and reorganizing represent a method while their purpose is to improve productivity and economic effects. Social productivity and effects are the sum of the productivity and effects of enterprises. Therefore, both macroscopic and microscopic capability and effects are manifested in each enterprise and in the final analysis, they are completed through solving the contradictions of backward management.

3. Some Questions About Solving the Main Contradictions of the Productive Forces of Enterprises

First, we must change the difference in understanding.

Men are the main part of management. The sources of the initiative of men's deeds cover many aspects and one of these aspects is that a man has to understand the practical significance of his deeds. Marx said that men "are living creatures with ideology while labor itself is a materialistic manifestation of this force." ("Das Kapital," Vol 1, pp 228-229, People's Publishing House, 1975) When men do not yet understand the practical significance of labor management, there is no such force of the materialistic manifestation of labor management. And this situation cannot but become an important reason for the backward management of enterprises. Up to now, some enterprises have paid only little attention to the important position of management in productive forces. Some comrades only acknowledge other technology and neglect technical management, acknowledge the practical role of each factor of productive forces and neglect the practical role of the factor of management that is capable of combining the whole body and acknowledge the changes that are caused by increases of the quantity of the various factors of productive forces and neglect the changes that are caused by the capability for combination of management.

Management is a kind of technology. Lenin referred to such a concept as "technology of management," "science and technology of management" and "management technology" on many occasions following the October Revolution. ("Collected Works of Lenin," "The Current Tasks of Soviet Political Power," Vol 27, pp 26, 237; "Ninth Congress of the Soviet Communist Party (Bolshevik)," Vol 30, p 419) Today, management has its own particular means, particular methods, complex technical system and complete theoretical system. Theoretically it is groundless and harmful to deny the technical nature of the management of enterprises.

The increases of quantity and changes of the property of the various factors of productive forces may give rise to changes of productive forces. That is because changes in the structure that are caused by the role of management may

to a certain extent also give rise to the emergence of new productive forces. The reason for this theory is that the development of things does not wholly depend on quantitative increases; to a certain degree, it also depends on changing the inner structure. Such is the case with the development of the productive forces to a certain extent. Even under the situation in which the quantity and quality of other factors are completely the same but the level of management and the rationality of the forms of organizational combination are different, products will differ very much in variety, quality and quantity. This kind of force in labor management can be consciously strengthened only when people have fully understood these factors of management and when the important position of the factors of management in the system of productive forces is fully affirmed.

Second, do a good job in deploying leading cadres and leading groups.

It has been mentioned that men are the main part of management. The key question for solving major contradictions through reorganizing and stepping up the management of enterprises is to do a good job of deploying factory directors (managers) and secretaries in enterprises according to their capability. Can we say that in this way we are belittling the role of collective management? Absolutely not. All major questions in enterprises are decided by collective management through democratic procedures. But the principle that decisions and day-to-day business can only be realized through qualified factory directors (managers) and the negation of democratic decisions is meaningless. Over the past few years there have occurred a number of facts in our country. For example, some enterprises were characterized by chaotic situations, losses and low labor productivity for quite a long period but later these enterprises have been able to rapidly realize rational organization of their productive forces and to make changes because they have deployed capable factory directors or some qualified comrades have taken such a position of their own accord. Another experience also proves that the units have been in a backward situation for a long period in general primarily because the quality of their leading cadres is not up to requirements and consequently they are not in a position to accurately expose the various contradictions inside and outside the enterprises in due time and solve them through management. Therefore, organizationally speaking, in reorganizing enterprises and solving major contradictions it is necessary first of all to do a good job of deploying leading cadres. Those whose qualifications are not suitable for such a position must be properly transferred to other positions. Of course, it is not enough just to have outstanding leading cadres. We must also have leading groups that are responsible for implementing decisions and directing production such as factory standing committees and party committees. Under the premise of democratic management and collective leadership, all major decisions of enterprises must be made collectively. The advantages of the collective is that it pulls together the wisdom of many people. But collective management does not mean scientific management. A collective that is composed of unprofessional people means nothing but collective unprofessional people. In addition, in a collective where the majority are unprofessional people it is often the case that the talent of the minority of professional people is limited by the democratic form. Therefore in reorganizing and

strengthening leading cadres we must be resolute in doing a good job in forming leading groups.

Third, step up knowledge improvement.

The level of management knowledge of the cadres in some enterprises is staggeringly low. For example, a test on general management knowledge attended by more than 300 first-grade workshop cadres from two factories showed that 60 to 70 percent were below standard; some cadres did not even know how to calculate the labor attendance rate. With such knowledge, no wonder the management of enterprises is backward. Lenin said: "How can you carry out management without professional and full knowledge and without scientific management knowledge? It is ridiculous!" ("Collected Works of Lenin," "Speech at the All-Russia Organizational Conference of the Central Council of Trade Unions of the Communist Party', Vol 26, pp 544-545) That is because the process of management represents the process of the output of management knowledge by managers. Without scientific management knowledge for output there will be no scientific management.

The only way to change this situation is to inject knowledge and to organize management cadres in a big and planned way to study. The scientific knowledge that includes management knowledge is that of the productive forces while education and study are the main method for injecting scientific knowledge. The enterprises that do not have enough production tasks and that have been closed down or suspended must spend their idle time mainly in study; the enterprises with urgent production tasks will also have time for study once they are resolute in making arrangements. The contents and starting point of the study must have many forms, but in principle, the contents must be closely combined with the practice of production in enterprises; long-range basic theoretical study must be closely combined with grasping the knowledge that is applicable at present. In order to improve the conditions for management, we must set these tasks for ourselves: first, study; second, study and third, still study. Then check the study so that the knowledge really penetrates into our blood and it really and completely becomes part of life...." ("Collected Works of Lenin," "Better Less But Better," Vol 33, pp 442-443)

Once we are able to basically solve the above three questions, it will be easier to change other contradictions for changing management while the main contradictions in the productive forces of enterprises can be handled smoothly.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON INCREASING CAPITAL CONSTRUCTION

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[Article by Liang Wensen [2733 2429 2773] and Shen Liren [3089 4539 0086]: "The Relationship of Increase in Capital Construction Investment to Economic Growth and Financial Balance"]

[Text] With the readjustment of the national economy, the year 1981 witnessed reduced growth of industrial production and particularly a fall in the production of heavy industry, the mainstay of which is the machine-building industry, and a relative reduction in financial revenue. Lack of dunds has become a pronounced difficulty in economic construction. Some comrades hold that the restrictions of ensuring a balance between revenue and expenditure in finance and credit have suffocated the economy and put forward a suggestion that while reorganizing enterprises, strengthening management and tapping potential, it is necessary to increase the investment in capital construction, and bring the machine-building industry back to life so as to accelerate the growth rate of industrial production and promote the continued growth of financial revenue.

With regard to this argument, we must make a concrete analysis and grasp a certain demarcation line. Only when we correctly handle the interrelationship of the increase in capital construction investment to economic growth and financial and credit balance, can we adapt ourselves to new conditions and find solutions to new problems with a definite object in mind, so as to consolidate the achievements of the economic readjustment and further improve the already very good economic situation.

The Interrelationship of Increase in Capital Construction Investment to Economic Growth and Financial Revenue and Expenditure

Funds for most capital construction projects were allocated by the state in the past. This part of financial allocations constituted a considerable weight whether in financial expenditure or in the distribution of the national income or in the use of accumulation funds and has a great impace on the balance between revenue and expenditure and on the overall balance of the national economy. China's financial revenue accounts for about one-third of the national income and it cannot be regarded as high compared with that of other countries. However, it plays a great role in economic development and

economic balance. This is because: first, it has not only centralized the greater part of the value of the surplus products in the total social products (m) but also determined the scope and the orientation of the use of accumulation and determined the whole economy and particularly the growth rate and proportional relations of the key departments which have a bearing on the national economy and the people's livelihood to a great extent through arranging capital construction; then, basically with the increase in fixed assets and production capacity, as another component part of accumulation, circulating funds increased correspondingly; and furthermore, in financial expenditure, the expenditures of most of the projects which take the existing number of staff and workers and the scope of undertakings as the base are relatively fixed, with a narrow range of fluctuation while the investment in capital construction is relatively elastic. In the investment in capital construction, it is permissible to undertake more or fewer batches of projects and to quicken or reduce the pace of such projects. Therefore, whether or not a balance between revenue and expenditure is achieved is very often dependent on whether or not the scope of capital construction is appropriate to a great extent. The practice in economic construction over the past 30-odd years has proved that the overstretched scope of capital construction constitutes the regular reasons for expenditure surpassing revenue, income falling short of expenditure and the emergence of deficits. For this reason, curtailment of the scope of capital construction always becomes a routine measure for eliminating deficits and regaining a balance in finance.

The investment in capital construction has a direct impact on the balance between revenue and expenditure on the one hand and on the whole of production, distribution, exchange and consumption on the other, and indirectly further effects revenue and expenditure through these economic activities. Financial matters are, in the final analysis, an economic issue, that is to say, a matter of production and distribution. The interrelationships of capital construction investment to the economy and finance are mainly manifested in:

1) The investment in capital construction determines the economic growth and increase in financial revenue to some extent.

Carrying out capital construction through purchasing equipment and building materials and handing out the wages for builders and installation personnel has increased the demand for means of production and means of subsistence and promoted these departments to expand production and at the same time, will cause a series of chain reactions among the other departments concerned. After the completion of capital construction, apart from becoming consumable fixed assets, capital construction still forms new production capacity. As a result, it increases the need for means of production on the one hand, and directly extends the supply of means of production and means of subsistence on the other hand, thus producing an impact on many departments. On the basis of increased supply and demand and expanded production, it is possible to correspondingly expand financial resources and boost revenue. In the cycle of the national economy, the investment in capital construction is a motive force. Capital construction is directly or indirectly related to the balance between social resources (supply) and social needs (demand) and is a standard

weight which holds the balance in regulating supply and demand, including financial revenue and expenditure.

2) The distribution and use of the investment in capital construction has a great bearing on the economy and finance.

While the scope of capital construction is already fixed, different orientation of distribution and different methods of utilization will produce widely different results. There can be many criteria in measuring the results of investments, depending on different viewpoints. The macroeconomic criterion is mainly the output rate of investment while the microeconomic criterion is mainly the recovery rate of investment. Moreover, there must be a criterion of time, that is to say, ordinarily, how much time will be spent to achieve the above-mentioned results so that we can calculate the recovery period of investment both in macroeconomic and microeconomic terms.

3) The excessively large or unduly small scope of capital construction will play a negative role.

Although the investment in capital construction has a propulsive role in economic growth and increasing financial revenue, the scope of capital construction must be appropriate. Greater scope of capital construction will not necessarily be better and more investment will not necessarily act as a greater motive force. This is because the total social product in a certain period is a fixed amount. Only when compensation funds (c) are first ensured and an increase in the average per capita consumption funds (v plus (m divided by x)) is effected, can reliable accumulation funds be attained, in which relevant circulation funds and social reserve should be ensured, so as to acquire an appropriate portion which can be used in capital construction to form added fixed assets. If the scope of investment overreaches itself, it will seize compensation funds or accumulation funds or circulating funds for other purposes and cause an imbalance between construction and production on the one hand and livelihood on the other, and cause disproportions in social reproduction. Besides that it may interfere with the simple reproduction of part of the fixed assets which are included in it, unduly small scope of investment will still restrict the expansion of fixed assets and production capacity of the various departments, reduce the growth rate in future, and social needs in the immediate future, and influence current production and may bring about such consequences as a part of the means of production becoming unmarketable, the heavy industrial departments running below capacity, the builders and installation personnel being left idle, a reduction emerging in the employment of the naturally growing labor force and a decrease also emerging in financial revenue. Similarly, this will be detrimental to the balance between production and construction on the one hand and living consumption on the other hand, and will give rise to another shrinkage-type disproportion.

4) The scope of capital construction is determined by the capabilities of financial and material resources.

The scope of capital construction is determined by the capabilities to provide manpower, material and financial resources rather than subjective needs; furthermore, it is determined all the more by the actual amount of materials rather than the amount of money which we have. Owing to all sorts of reasons, money and materials are very often not identical. For example, of the huge quantities of materials kept in stock, the materials which are unmarketable and of low quality do not possess or do not completely possess any use value. In the process of reproduction, money and materials have different forms of movement and channels of circulation, and each has its own relatively independent character. Under certain circumstances, for instance, with the emergence of a deficit in finance and of inflation or credit inflation, this part of money does not in fact symbolize numerically-equal material objectives. With currency devaluation, the material objects which we buy with the same amount of money will be less than what we could buy in the past. Using this part of money to arrange capital construction, it is difficult to accomplish the goal due to the lack of a material basis unless the materials for wear and tear, production and livelihood are seized for this purpose. All these are complicated factors which need careful consideration in studying the investment in capital construction and its interrelationship with revenue and expenditure. If we only notice that the investment can promote economic growth and an increase in financial revenue and then unrestrictedly raise the rate of accumulation or investment rate and with this we forecast a growth rate in a summary fashion, or if in order to maintain a balance between revenue and expenditure, we unrestrictedly reduce the scope of capital construction without noticing that this will produce a negative influence on the various departments of the national economy, we will commit mistakes of a one-sided nature.

Over the past few years, the sources of investment in capital construction have stretched from basic reliance on state financial allocations to bank loans and other locally raised funds, and furthermore, the mutual support of the balance between financial revenue and expenditure and that between credit revenue and expenditure has become increasingly close, so it is still necessary to include the balance in credit revenue and expenditure in the balance of financial revenue and expenditure and to explore and research them together.

The "Reasons" for the Problems Resulting from the Curtailment of Investment and the "Limits" Which Should Be Grasped in Increasing Investments

Over the last 2 years, in reducing the investment in capital construction, achievements have been primary but some problems have also cropped up, and they are not confined to one.

First, the reduced investment in capital construction has interfered with the production of heavy industry and particularly the machine-building industry. The machine-building industry became an industry whose products were in excessive supply long ago. This shows that the raw and semi-finished industries and processing industry are not well coordinated and also shows that the structure of heavy industry, the product mix, the technological makeup, the line-up of enterprises and the organizational structure of enterprises are

irrational. The manifestations of this structural overproduction are that the service orientation is not definite and the quantity is a little too much but the level is a bit low. In total industrial output value, the output value of heavy industry in the 1970's gradually surpassed that of light industry and that of the machine-building industry constituted one-fourth of the total industrial output value. However, the heavy industry departments which served light industry, agriculture and the people's livelihood constituted an unduly small portion. During the economic readjustment, with the curtailment of the scope of capital construction, the change in investment orientation and the huge reduction in the investment in heavy industry, it was only right and proper that the production of the machine-building industry dropped and was "run under capacity." It is obviously impossible to try to indiscriminately put the entire and even the majority of the equipment to full use and operation. China's current irrational prices and high prices for the products of the processing industry have promoted the blind development of machine building. So, the current reduction in its production will have to produce a greater impact on financial revenue.

Next, initial reforms of the economic system have resulted in the changes in the method of gathering and distributing funds, with revenue and expenditure changing from being highly centralized to being appropriately decentralized. It must be acknowledged that the previous financial system had serious shortcomings and defects. For example, some money which should not have been centralized (such as basic depreciation funds) was brought in line with the state budget, thus giving people a false impression that financial revenue and expenditure was the only channel for distributing the investment of fixed assets and various localities and departments as well as enterprises have to ask for investment from the state to carry out capital construction. Along with this, this practice brought some false impressions to financial revenue and resulted in too much investment being arranged in the state budget. Furthermore, losing control on consumption funds has caused the added amount of distribution of accumulation funds and consumption funds to exceed the total amount of the actual national income. This is the main reason for the emergence of inflation. With more money in the hands of the localities, enterprises and urban and rural residents, money was deposited in banks and was not used for the time being and as a result, banks have more money as well. This is a good thing and conducive to arousing the initiative and sense of responsibility of the various levels and units for boosting revenue and cutting expenditures and for managing and using funds well. However, the ratio of financial revenue in the primary distribution of the national economy decreased from 31.7 percent in 1979 to 26.5 percent in 1980. An increase of 26.3 percent is estimated in 1981. Calculated according to the remaining sum of bank savings, the credit funds which were already in the banks totalled 175.2 billion yuan by the end of 1980, which was equal to 48.9 percent of the national income of the very same year and surpassed the whole year's state budget funds. This is vastly different from the traditional concept and habitual practice in which funds for capital construction were mainly allocated by the state. As a result, in curtailing investments, there emerged the phenomena in which a reduction is made by the central authorities while an increase is made by the localities; a reduction is made in the projects within the state budget while an increase is made in those projects outside the state budget;

a reduction is made in finance while an increase is made in credit; and a reduction is made in capital construction while an increase is made in technical measures. Therefore, a new task has been raised to make an overall arrangement and unified balance of the capital construction and capital construction in distinguished from which uses funds from various sources.

Furthermore, at present, there has not yet been a fundamental change for the better in the situation where the returns on investment in capital construction are very poor. Over the last few years, there have been many weak links in capital construction ranging from the arrangements to the utilization of investment. After the funds were decentralized, the various localities and departments arranged a batch of projects. A portion of the funds were used in developing the production of consumer goods. This is a practice of requiring less money but producing quicket results. However, in some of the projects there existed blindness and the production of goods in excessive supply was carried out. This practice not only exceeded the market capacity and caused the overstocking of products but also vied with old factories for raw materials, fuel and power, or the production of goods in excessive supply consumed and wasted large amounts of energy due to the backward technology. At the same time, the phenomena of long construction cycles, high construction costs and heavy waste are still serious, and proper results are far from being achieved. So, on the matter of investment at the present stage, we must first of all aim for raising the returns on investment rather than stubbornly concentrating on increasing the volume of investment.

In light of the above-mentioned situation, at present in considering increasing the investment in capital construction, we must take into account the advantages resulting from increasing investment in capital construction on the one hand and the difficulties which may arise on the other hand, and moreover we must make a calculation about quantity and grasp an appropriate "limit."

At present, how much material resources which can be used in expanding capital construction do we actually have?

For many years, the investment has been excessive, the materials insufficient and the gap too wide. There have been too many problems to tackle in this respect. After the curtailment of the scope of capital construction, things took a turn for the better. At the same time, there emerged the overstocking of machinery and electrical products, which were worth more than 60 billion yuan, and the imported equipment was also kept in stock for the time being. Some people hold that this state of affairs is the result of the excessive curtailing of investment. It is better to put the equipment to use, turn a dead thing into a living thing and let it serve socialist construction than to keep it in stock. There are still some people who calculate that the net output value of the means of production in the 1980 total of social products after deducting the portion for consumption was 90 billion yuan, which was at least 30 billion more than the total amount of the arranged investment. This shows that there are both needs and possibilities for expanding capital construction. In our opinion, with regard to materials, we must not only pay attention to the total amount of their value but also take notice of their specific structure, that is, whether or not their use value is suited

to actual needs; we must not only pay attention to the means of production which are needed by capital construction but also take notice of the means of subsistence needed by the production of the completed capital construction; and we must not only pay attention to the means of production but also take notice of the means of subsistence whose needs were correspondingly increased due to investment.

The overstocking of machinery and electrical products is of long-standing. Besides the approximately 20 percent which should be scrapped, a percentage was kept in stock for turnover purposes, and the reason why the remaining portion was not sold out was that they failed to meet the consumers' needs. Of the "three materials" which are needed by capital construction, at present only the supply of rolled steel has relaxed to some extent, but the supply of timber and cement has remained strained. Particularly there is also a considerable strain in the supply of energy and raw and semi-finished materials for the projects which have been completed and commissioned. This is one of the important reasons why some trades were operated under capacity and the production capacity was left idle. The "Sixth 5-Year Plan," it is improbable that there will be a marked increase in energy and the structure remains unchanged, increasing the heavy industrial output value by 1 percent will mean a relative 3 percent decrease in the light industrial output value; increasing the investment in capital construction and excellerating the growth rate of heavy industry will mean reducing the growth rate of light industry. Expanding investment will also mean correspondingly increasing the purchasing power for social commodities, and this will constitute a pressure on the consumer market where supply has already fallen short of demand. The net output value of the means of production and the marketable means of production of and the marketable means of production of an investment nature are not the same concept, of which the net output value includes the above-mentioned equipment kept in stock and so in fact it is a false or ineffective value. Therefore, increasing the investment in capital construction will not certainly mean, in material guarantee terms, that "everything is ready, except the final important condition."

Another aspect of the problem is that at present, how much funds which can be used in expanding capital construction do we actually have?

By exerting enormous effort, at present a basic balance between revenue and expenditure has been achieved throughout the nation. However, this does not mean that only the departments at the central level are strained and the localities at the various levels are very ample in financial affairs. Of course, conditions of the various provinces, municipalities of power, the funds of enterprises increased. According to reports, the enterprises which were involved in the experiment (by and large occupying more than one-half of the total value of the entire industrial output) got an additional 12 billion yuan in the last 3 years. It must be noted that the funds of enterprises include the deduction for basic depreciation funds and moreover, quite a few enterprises owe huge debts in the replacement and renovation of equipment; and they also include the welfare funds and funds for rewards of the staff and workers. The funds of enterprises which can be used in technical transformation and in capital construction only constitute a small portion. The

original value of China's state-owned industrial and communications enterprises has surpassed 400 billion yuan, and for those enterprises, more than 20 billion yuan is required for renovation and transformation annually. Comparing this sum with the additional 12 billion yuan which the enterprises received in the last 3 years, it is obviously difficult to raise such a sum of money.

Everybody places hope on social funds. Some people raise the slogan "save the country through the bank." It is really necessary to broaden our field of vision, overcome the erroneous point of view of not attaching importance to banks and give full play to the role of banks in socialist construction, including the balancing and supervisory role. But it is still necessary to make a careful calculation in this respect. Bank savings have rapidly increased over the last few years. The deposits of enterprises and the savings deposits of the residents both in the cities and the countryside have surpassed 50 billion yuan and 40 billion yuan respectively. However, this sum falls into the category of the liabilities of banks, which the enterprise and the individual may use and banks themselves may also use. At the same time, it is impossible for "a girl to get married to two men." According to the regularities of time and the turnover of money, what banks can arrange is, in fact, only the part which precipitated in the process of the turnover of the savings deposits and a part of the annually accumulated amounts of savings deposits. Only part of these funds which are deposited for a long period of time can be arranged as bank loans for capital construction, and besides, a considerable portion is to be arranged to add to circulating funds.

Some people maintain that with the expansion of production and the changes in the conditions of currency circulation, issuing more money falls into the category of economic issuance rather than financial issuance. We hold that it is a fact, however, there must be a "security line" rather than no demarcation line at all in the issuance of currency. The currency issued in excess of the volume needed in market circulation will give rise to inflation and lead to an imbalance between money and materials and reduce the commodities and materials which are symbolized by currency value and result in price hikes.

Therefore, to correctly handle the relationship between investment and currency, it is necessary to have correct theories and policies as the guidance and the credit from surpassing the "limits" and the issuance from outstripping the "limits."

There is another problem: when will the current increase in investment produce results?

At present, some people say: "To gain big money, one must lose small money." It seems that an increase in production and revenue can be effected the moment an investment is made. That is a romantic notion. Take the "First 5-Year Plan" for example, the national income yielded by 100 yuan of accumulation was 35 yuan and the recovery period of investment was nearly 5 years. Now the former decreased by over 10 yuan and the latter was 100 percent longer than the previous one. Therefore, increasing investment first means expanding the needs and then the supply. There is a "time difference" here. During this

increasing the needs to the neglect of increasing the supply will mean broadening the contradiction between supply and demand.

Although we have material guarantees for granting loans for purchasing farm produce and sideline products, there also exists this problem. The large amount of money put on the market to purchase farm produce and sideline products will immediately become the demands for industrial products; the means of production and the means of subsistence. If the former are produced by newly-built or extended factories, with the increase in the number of workers, the demand for consumer goods will increase. If the latter (including the demand of the increased number of workers) are processed from farm produce and sideline products as raw and semi-finished materials, the money purchasing power which is put on the market to purchase farm produce and sideline products cannot immediately be drawn from circulation by relying on selling the purchased farm produce and sideline products, because here there similarly exist the "time difference" in allocating and processing the purchased farm produce and sideline products.

Several Problems Which Require Attention in the Current Increasing of Investment

1. Speed must be subject to the aim of socialist production.

The growth of production without a certain rate (the growth rate is zero or minus) does not tally with the socialist basic economic laws and the aim of socialist production. First, financial revenue is determined by the growth of production. The growth of production without a certain rate will be unable to boost revenue and invest, but on the contrary, will interfere with the further growth of production. Second, the ever-increasing growth of the people's consumption is also determined by the growth of production. If there is no increase in production, we will be unable to meet the ever-growing material and cultural needs of the people. However, increasing investments with the aim of one-sidedly seeking a high speed in production will also not accord with the aim of socialist production: first, while output value is taken as the target for calculating the growth rate, speed for speed's sake will very often encourage the departments and enterprises to increase production not for social needs and encourage them to include the low-quality, high-consumption and unmarketable products in output value. In appearance, the growth rate is high, but in fact this practice is a reduction in social wealth. As a result, there is an increase in production but no improvement in the people's livelihood. Second, while production is carried out for production's sake, speed and even a high speed can be achieved, but this will lead to high accumulation and low consumption. Its failure to meet the ever-increasing consumption needs of the people will inevitably dampen the enthusiasm of the laborers for labor, and as a result, a sustained and steady increase in production cannot be ensured. Therefore, increasing investments so as to ensure a certain growth rate in production should be based on the socialist economic goals and tally with the aim of socialist production, a rate which can be attained on a condition of a proper economic ratio and a rational industrial structure.

2. In finance, speeding must be kept within the limits of income and a basic balance must be ensured.

At the present stage of economic readjustment, the basic balance between revenue and expenditure is achieved mainly by relying on reducing expenditure rather than boosting revenue. In order to solve this problem, on the one hand, it is necessary to control the financial allocations for capital construction and on the other, in investment channels, it is foreseeable to make some readjustments which are suited to the changes in the situation in the relationships between the central authorities and the localities, between the state and the enterprises and between finance and banking and to set our eyes on the lower levels and discover more investment resources. For instance, it is advisable for the localities which have relatively large amounts of business income to undertake more responsibility for some of the investment in the medium- and small-sized enterprises and nonproductive investment; it is advisable for the enterprises which have relatively large amounts of officially listed capital to undertake more responsibility for some of the investment for the replacement and renovation of equipment and technical transformation; and it is advisable for banks through granting loans to undertake more responsibility for some of the investment for some projects which require less money but produce quicker results. In this way, while not increasing the total amount of investment by too big a margin, the financial departments at the central level can save some financial resources to be used in key units in the exploitation of energy and the building of communications facilities (the utilization of foreign capital is mainly aimed at this aspect) so as to make some preparations for long-term development.

3. Banks should fully utilize social funds.

The utilization of social funds through banks should be carried out on a prerequisite of a balance between revenue and expenditure in both finance and credit. It is not allowable to break through the frame of maintaining a balance between revenue and expenditure but it is allowable and what is more, imperative to break through the restrictions of the state financial allocations being regarded as the only source of investment for capital construction. Apart from the local financial resources, the attention must be focused on putting the funds of enterprises and bank credits to possibly good use. Absorbing social funds through banks and appropriately increasing investment in capital construction means turning a part of excessive consumption funds into accumulation funds and readjusting the ratio of the two so as to adapt it to the production of the two big categories which was suited to the original economic structure.

While money and material objects suit each other, the advantages for doing things in this way are: first, in regard to the savings deposits of the residents in the urban and rural areas, this practice means postponing this period's consumption to the future and turning this part of consumption funds into investment which is used in production and construction, thus easing up the current strain in the supply of consumer goods on the one hand and creating conditions for long-term consumption growth on the other; second, absorbing through banks the officially listed capital of enterprises and using it in

granting loans in a planned way also means serving as a control of the excessively rapid growth of consumption, because on the one hand, it can prevent the excessive distribution of bonuses and on the other, can use the funds in renovation and transformation, in rational extension and reconstruction and in running the various kinds of economic integration or in making investments in other enterprises and can thus further avoid blind production and construction.

In absorbing and utilizing social funds, banks should adopt positive measures. In absorbing savings deposits, banks should set additional networks, use the lever of interest to absorb social funds as far as possible and serve production and construction. In granting loans, it is necessary for banks to judge, according to certain data, how many social funds can be used as long-term loans or medium-term loans so as to largely suit them to the long-term, fixed and current deposits which are necessary to gradually realize the transition from making an investment with loans free from paying interest to making an investment with loans which have to be repaid with interest. The forms for organizing social funds are many: for example, establishing investment companies, running trust operations and so on. These practices seem to be the exchange between idle funds and savings deposits but are, in fact, a way to acquire and accumulate funds and to improve the use of funds in order to make full use of the funds.

4. In making an investment, economic effect should be studied.

At present, in considering increasing investments, special stress should be put on the proper use of money and the improvement of the returns on investment. It seems that in the orientation of investment, it is necessary to give priority to the production of consumer goods and energy conservation, and in the contents of investment, it is necessary to take the replacement and renovation of equipment and technical transformation as the dominant factor. This is a strategic choice for economic development at the present stage. Its advantages and disadvantages are as follows: first, submitting to the guidance of macroeconomic plans, increasing the production of the products whose demand exceeds supply and further controlling the production of the products which are in excessive supply, so as to ensure a balance between supply and demand. Second, shifting from giving priority to expanded reproduction by extension to giving priority to expanded reproduction by intension, economizing on the use of funds and materials and effectively utilizing the means of production so as not to broaden the contradiction between money and materials. Third, pushing the transformation of the structure of of heavy industry forward and enabling the machine-building industry to gradually serve the replacement and renovation of equipment and technical transformation of light industry, agriculture, communications and national defence, serve its own renovation and transformation and serve the overall modernization of the technology and equipment of the national economy. Fourth, producing quicker and better results and being conducive to increasing financial revenue and the income of enterprises. In order to raise the economic effect, it is still necessary, in such fields as designing and construction, to adopt positive measures, vigorously reorganize enterprises, improve the operations and management, carry out the economic responsibility system and

conscientiously solve the problem of long construction cycles and high construction costs.

5. In drawing up plans, a good job should be done in overall balance.

The changes in the economic situation and in the management system require the work of planning to constantly keep pace with the changed situation and to conscientiously achieve an overall balance. In the past, the plans for capital construction only took into consideration those funded with state financial allocations and the remaining part was regarded as being outside the plans. Now that the number of investments made outside the plan is becoming larger and larger, it is imperative, after drawing a clear demarcation line between capital construction and noncapital construction, to bring the nonbudgetary capital construction, including different fund resources and units under different ownership systems, into line with the state plans and work out a comprehensive plan for capital construction. If possible, it is best to draw up on a trial basis comprehensive plans for fixed assets and for production capacity and gradually bring the overhauling, replacement and renovation, transformation, reconstruction, extension and new construction (that is, compensation and expansion) of the various departments and the fluctuations and balance of the production capacity of the major products into line with planned management. At the same time, we must not only formulate a static balance plan for the fixed assets of the national economy but also work out a dynamic balance plan for the fixed assets of the national economy.

In line with this, owing to the diversification of funds resources, we must work out a comprehensive plan for financing and must balance in a unified way the finances of the central authorities and the localities, financial and credit revenue and expenditure, state funds and the funds of enterprises, collective funds and the cash income and expenses of the residents. In order to ensure the fulfillment of the above-mentioned plans, it is necessary to concurrently work out a comprehensive plan for materials so as to ensure the coordinated movement between money and materials. It is already understood that doing a good job in these balances is not the business of a certain department or level. The various departments must exert concerted efforts and give full play to their role in doing a good job of these balances. At the same time, to do a good job in these balances, we must not only rely on planned management but also further adopt the related economic policies, economic measures and economic legislation.

In short, at present and in the future, in appropriately expanding the scope of capital construction, so long as we have correct guiding ideology, do a good job in the overall balance, and increase investments, we will possibly achieve good results in steadily promoting economic growth and increasing financial revenue.

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NATIONAL POLICY AND ISSUES

WAYS TO REFORM ECONOMIC RESPONSIBILITY SYSTEM SUGGESTED

Beijing GONGREN RIBAO in Chinese 26 Apr 82 p 1

[Report: "Great Success in China's Reform of Economic Responsibility System in Industry and Communications"]

[Text] Over 80 percent of the enterprises in the industrial and communications system in our country have implemented the system of economic responsibility in production. What are the results achieved by industry and communications in this great reform? How can this reform be carried out to the end? For these reasons we visited the State Economic Commission.

The person in charge in the concerned department of the State Economic Commission said that the implementation of the economic responsibility system has enabled industry and communications to break through the restrictions of the present management system, altered the appearance of enterprises, influenced reforms in the various realms of production, distribution and circulation, aroused the enthusiasm of enterprises and staff workers, promoted the growth of production, and played an important role. Practice has proved that its direction is correct and its results are tangible. In the course of reform some problems have appeared that need to be promptly resolved. For this reason, the State Economic Commission made a six-point proposal to further perfect the economic responsibility system on the basis of the 3 years of experience of searching and experimentation.

First, correctly implement the guiding ideology of the economic responsibility system and comprehensively understand the meaning and substance of the system. The economic responsibility system cannot be understood as purely a profit-contract system or as merely a solution to the problem of distribution; it is the unity of economic responsibility, economic rights and interests we can fully arouse the enthusiasm of enterprises and staff workers, propel enterprises to improve economic management, do well in technical transformation, tap internal potential, and increase economic benefits. This is the starting and finishing point of carrying out the system of economic responsibility.

Second, combine the implementation of the economic responsibility system and the strengthening of planned management. For various complicated reasons such as irrational prices and revenue, the amount of profits generated by enterprises cannot totally reflect the level of their business management. Thus the economic responsibility system must be combined with planned management. All

tasks assigned by the state must be resolutely completed. Besides handing over profits to the state, based on their own characteristics enterprises must also be responsible for targets such as output, quality, variety, allocations in a written plan, cost and consumption and carry out overall checking.

Third, correctly handle the relationship between the interests of state enterprises and staff workers, adhere to the principle of first safeguarding a greater share for the state. The increase in reinvestment profits of enterprises cannot exceed the increase in production and profits, and we must also guarantee that the state gets a greater share. Under this prerequisite, enterprises are given the economic benefits they should have to staisfy their certain needs to maintain reproduction and their necessary renewal, transformation and development of new products. Of course, we must check and decide this on the basis of concrete conditions of different regions, trades, and types of enterprises.

Fourth, it is necessary to strengthen planned guidance and supervision of enterprises as well as to create the necessary external conditions for them. Concerned departments must change their habits and take the initiative to reform the basic departments which are still unsuited to newly arisen conditions and certain regulations in carrying out the economic responsibility system. The departments in charge at all levels of industry and communications must confer on enterprises varying degrees of rights of management decision-making; help enterprises to do well in unifying production, supply and sales; cooperate with financial departments to rationally determine the base figures and ratios of reinvestment profits and the profit-contract system of enterprises, and regulate the "disparity in hardship and happiness" among them; carry out overall planning of technical transformation of enterprises, and make rational arrangements for use of capital funds for production growth of enterprises; formulate means and standards for the overall examination of enterprises; and strengthen the inspection and supervision of financial and economic discipline.

Fifth, combine the perfecting of the economic responsibility system with the strengthening of reorganizing enterprises, the improvement of management and administration, and the effort to do a good job of technical transformation. Only by building and perfecting the various types of basic work in management and administration of enterprises can we enable the economic responsibility system to truly build on the basis of scientific management and to attain sustained and tangible economic results.

Sixth, adhere to the principle of putting ideology in the lead and vigorously strengthen ideological and political work. In the relationships in the system of economic responsibility to achieve the vital interests of enterprises and staff workers, many new contradictions and problems encountered in practice need to be better understood, correctly dealt with and properly handled through ideological and political work.

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CSO: 4006/455

ECONOMIC PLANNING

MAIN FIGURES IN 1982 DRAFT STATE BUDGET REPORTED

Beijing ZHONGGUO NONGMIN BAO in Chinese 9 May 82 p 3

[Article: "Our State Finance and Economy Continue To Improve"]

[Text] The 1981 final state accounts are being worked out level by level. According to preliminary figures collected, the total revenue is 106.43 billion yuan and the total expenditure is 108.97 billion yuan. The accounts show a balance, with expenditure greater than revenue by 2.54 billion yuan. Both revenue and expenditure are slightly higher and the deficit is slightly lower than the original estimates. The overall situation is good.

In the present draft of the 1982 state budget estimates already drawn up, the total revenue is 110.45 billion yuan and the total expenditure is 113.45 billion yuan. The accounts show a balance with expenditure greater than revenue by 3 billion yuan.

The total revenue in the 1982 state budget is 4.02 billion yuan higher than last year.

The total expenditure in the 1982 state budget is 4.48 billion yuan higher than last year. The various types of major expenditure are as follows:

Allocation for capital construction: 29.73 billion yuan;

Funds for tapping the potential of enterprises and transforming enterprises as well as expenses for trail production of new products: 5.42 billion yuan (basically similar to last year);

Additional circulating funds allocated for enterprises: 2.4 billion yuan;

Expendi ure subsidizing rural people's communes and various types of agricultural operating expenses: 7.61 billion yuan (somewhat higher than last year);

Operating expenses for culture, education, health and science: 18 billion yuan;

Expenditure for national defense and war preparedness: 17.87 billion yuan (an increase of 1,070,000,000 yuan over last year);

Administrative and management expenses: 7.8 billion yuan (an increase of 560 million yuan over last year);

Total reserves: 2.7 billion yuan;

Payment of principal and interest on foreign loans: 3.55 billion yuan.

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ECONOMIC PLANNING

SHANDONG 1981 NATIONAL ECONOMIC PLAN RESULTS

HK060945 Jinan DAZHONG RIBAO in Chinese 16 Jun 82 p 2

[Shandong Provincial Statistical Bureau report on results of province's 1981 national economic plan]

[Text] In 1981, under the leadership of the Party Central Committee, the State Council, and the Provincial CCP Committee and the Provincial People's Government, various areas and departments in our province seriously carried out the guidelines of making further economic readjustments and seeking further political stability. The situation was very favorable, as far as the national economy of the whole province was concerned. New achievements were scored in various fields of endeavor. The province began embarking on the road to steady development, based on fixed prices in 1980, total industrial and agricultural output value for 1981 reached 54.55 billion yuan, an increase of 4.2 percent compared with the preceding year. National income based on initial estimates registered an increase of 3 percent compared with the preceding year. Despite unusually serious drought, a relatively good harvest was achieved in agricultural production for the whole province. Industrial production in the process of being readjusted maintained a fixed pace of growth. The scale of capital construction was reduced by a relatively large extent. Urban and rural markets thrived. A balance between revenue and expenditure was basically achieved. There was further improvement in the people's livelihood. But economic returns from industrial production were relatively poor. Heavy industrial production showed a relatively big drop. Commodity supplies and demand were not sufficiently balanced. The prices of certain commodities went up.

The results of the execution of the national economic plan for the province in various sectors were as follows:

1. Agr culture

In 1981, our province experienced a drought of a seriousness not witnessed for several decades, causing great difficulties in agricultural production. But due to the serious implementation of the various economic policies of the party and the government, and due to the further establishment and improvement of various versions of the production responsibility system and the energetic development of a diversified economy, the masses of peasants' enthusiasm for

production was aroused. A relatively good harvest was still achieved in agricultural production. Based on fixed prices in 1980, total agricultural output value reached 20.19 million yuan--an increase of 4.1 percent compared with the preceding year--the annual plan was fulfilled by 105.4 percent. In 1981, due to a long period of drought and the reduced area planned to grain, grain output showed a slight drop. On the basis of continuous increases in output, major economic crops and cotton in particular again showed big increases. Relatively quick development also marked the diversified economy of rural communes and brigades and family sideline occupations of commune members.

		1981		Percentage Increase Over Preceding Year
Grain		46.25	billion jin	- 3.0
Including:	wheat	17.4	billion jin	13.6
	corn	15.88	billion jin	- 3.8
	sweet potatoes	8.57	billion jin	-22.9
	cotton	13.5	million dan	25.6
Oil-bearing crops		28.428	million dan	- 0.6
Including:	peanuts	27.79	million dan	- 1.1
	rapeseed	0.342	million dan	144.6
	hemp	1.294	million dan	-60.5
Silkworm cocoons		0.255	million dan	-24.5

The total afforested area for the whole province was 0.843 million mu a drop of 29 percent compared with the preceding year. The actual area planted with seedlings at the end of the year was 0.37 million mu a drop of 35.5 percent compared with the preceding year. In some areas, there existed the situation of freely felling trees.

Output of major animal products for 1981 showed an increase. The number of large animals on hand toward the end of the year registered a relatively big increase, reversing the situation marked by a decrease over a long period of time. There was a drop in the number of pigs and sheep toward the end of the year, compared with the preceding year.

Output of major animal products and the number of livestock was as follows:

		1981	Percentage Increase Over Preceding Year
Total Output of pork, beef and mutton		1.925 billion jin	6.8
Comprising:	pork	1.828 billion jin	6.1
	beef	0.024 billion jin	37.8
	mutton	0.073 billion jin	19.5
	milk	27.66 million jin	3.4
	sheep wool	19.51 million jin	10.6
	hogs slaughtered	12.968 million head	4.4
	hogs on hand at end of year	19.011 million head	-10.0
Number of large animals on hand at end of year		10.256 million head	-1.5

Total output of aquatic products was 589,900 tons, a drop of 4.8 percent compared with the preceding year, with the annual plan being fulfilled by 113.4 percent. Of this, freshwater products accounted for 49,500 tons, an increase of 1.6 percent over the preceding year. Marine products accounted for 540,400 tons. Due to the protection of offshore resources, the control of fishing and other factors, output dropped 5.3 percent.

In 1981, the level of agricultural mechanization was raised. The total capacity of agricultural machinery in the province was 20.775 million hp, an increase of 11.4 percent compared with the preceding year. There were 125,000 units of large and medium-sized tractors for agricultural purposes, an increase of 9.2 percent compared with the preceding year. The number of small-sized and hand-operated tractors reached 126,000 units, an increase of 12.4 percent compared with the preceding year. There was a maintained capacity of 9.845 million hp in irrigation and drainage machinery for agricultural use, an increase of 6.7 percent over the preceding year. There were 11,000 trucks for agricultural purposes, an increase of 51.6 percent compared with the preceding year. The number of other small-sized farm machines and tools showed relatively big increases. The annual area plowed by tractors reached 63.904 million mu or 59 percent of the cultivated area. The annual (net) amount of chemical fertilizer applied in agriculture was 1.464 million tons, averaging 27 jin for each mu of cultivated land, an increase of 8 percent compared with the preceding year. Rural consumption of electricity showed an increase of 30.7 percent compared with the preceding year.

In 1981, to counter the scarcity of rain and serious drought in the province, the meteorological department energetically offered its services. It contributed toward fighting and preventing natural disasters and wresting a bumper harvest in agriculture.

2. Industry

In 1981, industrial production maintained a fixed rate of growth in the course of readjustment. Based on fixed prices in 1980, total industrial output value for the province reached 34.359 billion yuan, an increase of 4.2 percent compared with the preceding year, with the annual plan being fulfilled by 102.4 percent.

In 1981, there was further readjustment in the composition of industry. Due to the energetic development of the production of consumer goods for daily use, light industrial output showed a relatively big increase. The annual light industrial output value reached 19.419 billion yuan, an increase of 15 percent compared with the preceding year. The percentage of light industrial output value in total industrial output value rose from 51 percent in the preceding year to 56.52 percent. Annual output plans for 32 of the 38 major light industrial products included in plans were fulfilled and overfulfilled. Of these, 25 showed relatively big increases.

Output of major light industrial products was as follows:

	1981	Percentage Increase Over Preceding Year
Yarn	249,500 tons	7.2
Cloth	1.174 billion meters	8.0
Chemical fibers	8,127 tons	19.2
Including: synthetic fiber	6,195 tons	28.9
Woolen goods	4.3091 million meters	31.8
Silk knit goods	40.91 million meters	2.1
Gunnysacks	46.52 million	12.9
Machine-made paper and cardboard	351,700 tons	- 4.3
Sugar	20,700 tons	34.1
Beer	96,600 tons	20.7
Crude salt	3.2035 million tons	33.9
Synthetic detergent	32,200 tons	32.2
Bicycles	1.6045 million	38.0
Sewing machines	749,800	63.3
Wrist watches	2.2161 million	62.5

	1981	Percentage Increase Over Preceding Year
Television sets	130,300	42.3
Radio sets	2.1044 million	10.7
Washing machines for home use	143,100	313.3
Electric fams	312,300	-21.1
Electric bulbs	49.5523 million	- 8.0

In 1981, further readjustments were made in the orientation of heavy industry service and the product mix. Output of products in excessive supply was reduced and that of products in short supply was increased. A number of enterprises with poor quality, high consumption of raw materials and big losses were closed down. In a planned manner, the state readjusted the production of some heavy industrial products. Heavy industrial output value for the whole year was 14.941 billion yuan. A drop of 7 percent compared with the preceding year. Of 62 major heavy industrial products included in the plans, plans for output of 55 were fulfilled or overfulfilled. Compared with the preceding year, output of 23 kinds of showed increases. In the past year, there was planned reduction of the output of steel, iron, iron ore, calcium carbide, metal cutting machine tools, tractors with a capacity of 20 hp and above and other products. There was a rapid increase in the output of strip steel, thin boards, rubing for pedicabs and bicycles and other products serving the light industrial market.

Output of major heavy industrial products was as follows:

	1981	Percentage Increase Over Preceding Year
Raw coal	41.3052 million tons	- 3.7
Crude petroleum	16.1119 million tons	- 8.4
Natural gas	1.043 billion cubic meters	-22.2
Electrical energy production	19.449 billion kilowatt-hours	4.6
Rolled steel	738,900 tons	- 5.6
Pig iron	1.1844 million tons	-16.3
Steel	865,700 tons	- 3.9
Coke	2.4857 million tons	-17.1

	1981	Percentage Increase Over Preceding Year
Cement	6.0032 million tons	5.1
Plate glass	2.2452 million standard boxes	22.3
Sulphuric acid	482,500 tons	5.4
Soda ash	203,200 tons	8.1
Caustic soda	114,400 tons	- 5.8
Chemical fertilizers	1.0544 million tons	- 8.0
Including: nitrogen fertilizer	874,300 tons	-11.8
phosphate fertilizer	180,200	16.2
Chemical insecticides	28,900 tons	- 8.3
Polyvinyl chloride	10,800 tons	15.4
Calcium carbide	58,800 tons	-12.5
Tires	891,100	-40.5
Transformers	1.3989 million kilo-voltamperes	11.6
Pumps for industrial use	17,900	13.7
Machine tools	5.710	-27.3
Motor vehicles	10,100	- 9.6
Tractors (20 H.P. and above)	6,927	-49.7
Small tractors	23,200	4.9
Internal combustion engines	2.3946 million hp	-27.6

In 1981, the quality of major industrial products showed an improvement. The province was honored with prizes for 24 kinds of products--prizes being gold and silver plates. Seventy-nine of its products were assessed to be of good quality by the central department in charge. Two hundred and twenty-five were assessed at the provincial level as of good quality. The whole province trial-produced and produced over 1,300 kinds of new products. There were over 20,000 new varieties.

In the past year, there was a relatively large drop in heavy industrial production. Production conditions of the energy industry were not sufficiently satisfactory. Industrial economic returns were relatively poor. The labor productivity of each full-time worker in the provincial industrial enterprises with independent accounting and owned by the whole people was 13,161 yuan, a crop of 1.5 percent compared with the preceding year. The cost of comparable products was 1.7 percent higher than the preceding year. The profit (including the two fees [Liang Fei 0357 6316] from each 100 yuan worth of output was 15.23 yuan, a drop of 2.7 percent compared with the preceding year. The amount of liquid capital committed to each 100 yuan worth of output was 28.62 yuan, an increase of 2.4 percent compared with the preceding year. In addition, certain enterprises blindly pursued output value and output without paying attention to the quality of products and to variety, causing the stocks of certain products to pile up.

3. Capital Construction

In 1981, the scale of provincial capital construction was reduced by a relatively large degree. Returns from investments showed a marked improvement. The amount of investment in completed capital construction projects by the units owned by the whole people for the whole year was 1,808 billion yuan, a reduction of 32.9 percent compared with the preceding year. In this amount, there was an investment of 830 million yuan from the state budget, a reduction of 22.5 percent compared with the preceding year. Newly added fixed assets were worth 1.59 billion yuan. The percentage of fixed assets being put to use was 88.2 percent, an increase of 21 percent compared with the preceding year. This year had the highest use rate since 1966.

In 1981, the main sources of newly added capacity in the province were: an installed electricity generation capacity of 261,000 kilowatts; 774 kilometers of transmission lines (110,000 volt and above); 3.6 million tons of coal and charcoal extracted; 710,000 tons of petroleum tapped; 199,000 tons of cement; 6,500 tons of machine-made paper and cardboard; 6,500 tons of synthetic detergents; 50,000 television sets; 52.5 kilometers of railroad; 100,000 tons of loading and unloading capacity at newly-built and expanded ports; and a reservoir capacity of 2 million cubic meters.

In 1981, conditions of the completion and operation of projects fixed for our province by the state were relatively satisfactory. There were eight large and medium-sized projects fully or partially completed and put into operation in the whole year. They were: projects each of 125,000 kilowatts at the no 2 unit of the Huangdao Electric Power Plant and the no 3 unit of the Shiliquan Electric Power Plant; 8 million tons of coal extracted by the Xinglongzhuang Pit of t e Yanzhou Mining District; 100,000 tons of a special kind of cement produced by the Shandong Aluminum Factory; the blooming of 300,000 tons of steel and the finish rolling of 150,000 tons of steel at one time by the Jinan Iron and Steel Works; the tapping of 710,000 tons of crude oil by the Shengli oilfield; 30,000 tons of crude salt by the Yangkou saltworks; and 210,000 kilovolt-amperes of transforming equipment of a Shandong transmission and transformer project.

In 1981, the direction for the use of invested capital was further readjusted. The proportion of investment in nonproductive construction projects kept rising. Of the total amount invested in capital construction, 1.17 billion yuan was devoted to construction of a productive nature. The percentage accounted for by productive construction dropped from 72.7 percent in the preceding year to 64.7 percent. An amount of 640 million yuan was invested in workers' housing, cultural, educational and public health undertakings, urban construction and other nonproductive projects to meet the material and cultural needs of the people in their everyday lives. The percentage accounted for by this rose from 27.3 percent in the preceding year to 35.3 percent. Of the total amount of investment in capital construction, that accounted for by light and textile industries rose from 9.5 percent in the preceding year to 16.8 percent.

In 1981, an investment of 1.16 billion yuan was made in projects owned by the whole people and other projects, an increase of 270 million yuan, or 30.4 percent, compared with the preceding year. Newly added fixed assets reached 830 million yuan. The percentage of those fixed assets being put to use was 71.5 percent.

In 1981, geological prospecting work showed further development. The geological department made a general geological survey of the whole province's mineral products and achieved certain results. The known deposits of such minerals as petroleum, coal, iron, cobalt, molybdenum, refractory clay, sulphur, iron, and so forth showed increases compared with the preceding year. Of these, there were newly found deposits of 85.84 million tons of iron and 1.3 billion tons of coal. The actual annual distance of drilling and prospecting work was over 300,000 meters.

4. Communications and Transportation

In 1981, the length of provincial railroad open to traffic reached 1,582 kilometers, an increase of 171 kilometers compared with the preceding year. The length of highway open to traffic reached 35,400 kilometers, an increase of 81.2 kilometers compared with the preceding year. The length for inland navigation reached 1,849 kilometers.

In 1981, total freight volume handled by various means of transport reached 31,941 billion ton-kilometers, an increase of 2 percent compared with the preceding year. Of this, the volume of railroad freight transport was 26.331 billion ton-kilometers, an increase of 1 percent compared with the preceding year. The volume of road freight transport was 4.093 billion ton-kilometers, an increase of 2.2 percent compared with the preceding year. The volume of waterway cargo transport was 1.516 billion ton-kilometers, an increase of 22.6 percent compared with the preceding year.

In 1981, the volume of passenger transportation completed by various means of transport was 11.366 billion person-kilometers, an increase of 7 percent compared with the preceding year. The volume of railroad passenger transportation was 7.27 billion person-kilometers, an increase of 7.4 percent compared with the preceding year. The highway passenger volume was 4.077 billion

person-kilometers, an increase of 6.2 percent compared with the preceding year. The volume of waterway passenger transportation was 16.22 million person-kilometers, a drop of 1.34 percent compared with the preceding year.

In 1981, the provincial postal routes reached a length of 228,200 kilometers, an increase of 3,185 kilometers compared with the preceding year. The total volume of postal and telecommunications transactions reached 73.921 million yuan, an increase of 3.4 percent compared with the preceding year. In regard to various services, the number of letters handled showed an increase of 0.9 percent. The number of newspapers distributed dropped 3.9 percent compared with the preceding year. The number of cable messages handled rose 11.2 percent over the preceding year. The number of long distance telephone calls showed an increase of 0.5 percent over the preceding year.

At present, communications and transportation remain a weak sector in the national economy. There is a relatively great strain put on railroad transportation. The utilization rate for car transportation is low. The loading and unloading capacity of ports is inadequate.

5. Domestic Commerce

In 1981, with the further readjustment of the national economy, the urban and rural markets thrived. Commodity prices basically remained stable.

In 1981, the total value of net purchases by commercial departments owned by the whole people reached 18.58 billion yuan, an increase of 10 percent compared with the preceding year. Of these purchases, industrial products accounted for 10.69 billion yuan, an increase of 8.7 percent compared with the preceding year. The total value of agricultural and subsidiary products purchased reached 7.8 billion yuan, an increase of 11.8 percent compared with the preceding year (or an actual increase of 7 percent with the increased purchase prices for agricultural and subsidiary products taken into account). Purchases of staple commodities were all higher than the preceding year. For grain, the increase was 2.1 percent; for edible vegetable oil, 3.5 percent; for live pigs, 17.7 percent; for mutton, 96.2 percent; for cotton, 25.1 percent; for flue-cured tobacco, 31.1 percent; for cotton cloth, 3 percent; for cotton jerseys and trousers, 14.9 percent; for woolen goods, 81.9 percent; for sewing machines 62.6 percent; for wrist watches 83.8 percent; and for bicycles, 35.3 percent.

In 1981, the total volume of retail sales for social commodities reached 16.48 billion yuan, an increase of 14.8 percent compared with the preceding year, or an actual increase of 12.8 percent, with the increased retail prices taken into account. The retail sales for major consumger goods all rose over the preceding year. For grain, the increase was 29.3 percent; for edible vegetable oil, 31.4 percent; for mutton, 33.4 percent; for chemical fibers and blend fabrics, 38.7 percent; for woolen goods, 38.1 percent; for sewing machines, 51.5 percent; for wrist watches, 43.1 percent; for bicycles, 19.6 percent; and for television sets, 65.7 percent.

At the end of 1981, the total volume of commodities held in stock by commercial undertakings owned by the whole people showed an increase of 8.3 percent as compared with the end of the preceding year.

Collectively and individually operated commercial undertakings showed rapid growth. In the total retail sales of social commodities in 1981, the sales accounted for by the collective economy showed an increase of 40.3 percent; those joint ventures increased by 60 percent; and those by the individual economy increased by 84.2 percent. Country fair trade also showed relatively great growth. At the end of the year, country fair trade of the whole province was taking place at over 3,900 places. The total turnover of country fair trade showed an increase of 21.2 percent compared with the preceding year.

In 1981, the general provincial level of retail prices of commodities rose 1.8 percent compared with the preceding year. The increase in the retail prices of state-owned commercial undertakings was 1.7 percent; that of commodities sold at negotiated prices, 1.1 percent; and that of prices of consumer goods at country trade fairs, 616 percent. Retail prices of commodities rose more in cities than in the country-side. The increase for cities was 1.9 percent and that for the countryside 1.4 percent. In the index of retail prices for consumer goods, the level for foodstuffs went up 3.2 percent; that for daily necessities 0.8 percent; and that for articles uded for recreational purposes 0.1 percent. The level for medicines went down 0.8 percent and that for clothing down 0.6 percent.

In 1981, because of the upward adjustment of the purchase prices for beans, tobacco leaves, eggs, pelts, vegetables and other agricultural and subsidiary products, coupled with the large increase in the volume of agricultural products purchased at negotiated prices, or at higher prices for a quantity exceeding a given quota, the general provincial index for the purchase prices of agricultural and subsidiary products increased 4.5 percent compared with the preceding year. The index for fixed list prices rose by 2.3 percent.

In 1981, despite a substantial increase in the sources of commodities for the market, there was still a gap between supplies and the ever-increasing purchasing power. The supply of famous products in particular fell short of demand.

6. Foreign Trade and Tourism

In 1981, foreign trade showed further development. Total exports for the whole province reached $1.9 billion, an increase of 7.3 percent compared with the preceding year. The total volume of imported commodities reached $85.36 million, a drop of 21.9 percent compared with the preceding year. Of the folume of exported commodities, the percentage accounted for by agricultural products, foodstuffs, minerals, and so forth rose from 46 percent in the preceding year to 50.4 percent. The percentage represented by finished products in the machine-building, light, textile, chemical, metal and other industries showed appropriate drops. Of the imported commodities, the percentage

accounted for by finished industrial products showed an increase compared with the preceding year.

In 1981, our province received 26,900 foreigners, overseas Chinese and Hong Kong and Macau compatriots who came on sightseeing and inspection tours or on trips to visit relatives and friends or who came on trips connected with trade, scientific or cultural exchange activities. The total annual foreign exchange income from tourism was the equivalent of 6.447 million yuan, an increase of 21 percent compared with the preceding year. The number of beds provided by the province for foreign guests showed an increase over the preceding year.

7. Science, Technology, Education and Culture

In 1981, units owned by the whole people in the province had a total of 377,400 scientific and technical personnel in various fields, an increase of 18,000 compared with the preceding year. Of these, 256,300 technical personnel were in natural sciences and 121,100 were in social sciences. The whole province achieved results in 891 scientific and technical research projects. Of these, 401 were major research projects. The scientific research results in some cases reached the advanced national and international levels.

In 1981, the structure of the education was readjusted. The quality of teaching showed an improvement. There were 59,600 students in institutes of higher learning, an increase of 8,218 compared with the preceding year. There were 63,800 students in technical secondary schools, a drop of 4,747 compared with the preceding year. There were 3.6145 million students in ordinary secondary schools, a drop of 464,500 compared with the preceding year. There were 7,025 students in vocational middle schools, an increase of 5,261 compared with the preceding year. There were 29,600 students in schools for technical workers, a drop of 2,603 compared with the preceding year. There were 10:1762 million primary school students, a drop of 240,800 compared with the preceding year. There were 929,400 children educated in kindergartens, a drop of 158,800 compared with the preceding year.

In 1981, the whole province became more flourishing in literature and art, films, dramas, broadcasting, television, newspapers, magazines, and publishing. The province made new contributions toward enriching the spiritual life of the people. It had 5,919 film projection units of various kinds, 157 art ensembles, 143 cultural offices, 2,099 cultural stations, 13 mass art centers, 89 public libraries and 9 museums. The province had a total of 3 radio stations and 21 transmission and relay stations. It had 2 television stations and 11 television transmission and relay stations. There were published in the year, 347 million copies of newspapers, 18.65 million copies of magazines of various kinds and 266 million copies of books.

8. Public Health and Sports

In 1981, the sanitation undertakings showed improvement in the quality of medical treatment and the results achieved. The province had 128,800 sick-

beds, an increase of 1.1 percent compared with the preceding year. There were 178,500 specialized public health technical workers, an increase of 5.8 percent compared with the preceding year. Of these, doctors of western medicine numbered 32,000, an increase of 24.7 percent compared with the preceding year; doctors of traditional Chinese medicine numbered 6,704; head nurses 3,541; and nurses 25,000. The cure rate for various diseases was higher than before. But there was a relatively short supply of sick-beds in urban and rural hospitals. The supply fell short of the needs of the broad masses of people requiring medical treatment.

In 1981, sports activities showed new growth. There were 981 sports contests at and above the country level organized by the whole province, with 238,700 people participating. In the whole year, 520,800 people measured up to the state standard for physical training. There were 550 people cited as fine sportsmen.

9. The Living Standard of the People

With the development of industrial and agricultural production, the living standard of people in urban and rural areas has shown continuous improvement. According to an investigation of the family income and expenses of 827 peasant households in 29 counties of the province, the average per capita income for peasants in 1981 (including income from agriculture and sideline occupations and income obtained after redistribution) was 231.5 yuan, an increase of 19.1 percent compared with the preceding year. In 1981, the average per capita income from collective distribution of the commune members in the countryside of the province was 125.5 yuan, an increase of 19.3 percent compared with the preceding year.

In 1981, the urban and rural areas of the province placed a total of 283,000 unemployed youths and graduates from colleges and secondary technical schools for the year and who were subject to assignment by the state in a unified manner. Of these, 195,000 were assigned to units owned by the whole people and 34,000 to large collective enterprises at and above the county level. At the end of the year, the number of workers in enterprises owned by the whole people and urban collectively owned enterprises reached 5.4 million, an increase of 257,000 comapred with the preceding year. Of these, the workers in enterprises owned by the whole people numbered 4.11 million, an increase of 207,000 over the preceding year. The number of workers in urban collectively owned enterprises was 129,000, an increase of 50,000 compared with the preceding year.

In 1981, the total amount of wages for the workers of the whole province was 3.96 billion yuan, an increase of 6.75 percent compared with the preceding year. Of this amount, the total wages for workers of enterprises owned by the whole people reached 3.12 billion yuan, an increase of 6.74 percent compared with the preceding year. The total wages for workers of urban collectively owned enterprises reached 840 million yuan, an increase of 6.8 percent compared with the preceding year.

In 1981, the average cash wage of the workers of the whole province was 755 yuan each, an increase of 1.3 percent compared with the preceding year. The average pay for workers of enterprises owned by the whole people was 782 yuan and that for workers of urban collectively owned enterprises was 667 yuan. In 1981, the bonuses given to the workers of enterprises owned by the whole people reached 316 million yuan, an increase of 27.5 percent compared with the preceding year. The amount of piece rate wages for work exceeding a quota reached 44.263 million yuan, an increase of 250 percent over the preceding year.

At the end of 1981, the savings of urban and rural residents reached 3.915 billion yuan, an increase of 33.7 percent compared with the end of the preceding year. Of the deposits, the amount accounted for by residents of cities and towns was 1.475 billion yuan, an increase of 27.2 percent compared with the end of the preceding year. That accounted for by rural residents was 2.44 billion yuan, an increase of 37.9 percent compared with the end of the preceding year.

In 1981, the area of new residential housing completed by units owned by the whole people and urban collectively owned units was 47.1 million square meters. Rural housing conditions showed a big improvement. According to an investigation of 827 peasant households in 29 counties of the province, 12.6 percent of those households built new housing, with each household averaging 3.2 rooms.

There still existed some problems in regard to the livelihood of the people. Certain enterprises were not rational enough in the award of bonuses. Some enterprises handed out bonuses and allowances in a subtle form even though they had no marked economic Some urban residents lived in relatively crowded quarters. In addition, some areas did a relatively poor job controlling the prices of commodity prices. The prices at country trade fairs rose by a relatively large extent, adding to the burden on the consumers.

10. Population

At the end of 1981, the province had a population of 73.948 million, an increase of 984,000 over the figure of 72.964 million at the end of the preceding year, or an increase of 1.3 percent.

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ECONOMIC MANAGEMENT

CONCEPT OF ECONOMIC ACCOUNTING UNDER SOCIALISM DISCUSSED

Liaoning CAIJING WENTI YANJIU [THE STUDY OF FINANCE AND ECONOMIC PROBLEMS] in Chinese No 2, Apr 82 pp 61-65, 57

[Article by Xia Luoshu [1115 2867 2579]: "On the Essence and Scope of Economic Accounting"]

[Excerpts] In the past, some comrades ignored the role of economic accounting in developing economic relations and viewed it as merely an economic management method. Viewing economic accounting in this way prevented them from gaining a correct and comprehensive understanding of its essence.

We must understand that under different socioeconomic systems, an economic accounting system takes different forms representing different economic relations. Although private ownership enterprises under the capitalist economic system are allowed to go their own way, are given a free hand to run their business, and their production is not nationally organized and planned, the production in each of these enterprises or monopoly groups is well-organized, planned and accounted. The main feature of the capitalist system of economic accounting is that it emphasizes only independent accounting practice by each enterprise instead of overall state planning; its purpose is to serve capitalist interests in exploiting workers, so as to reap maximum profit with minimum capital investment, reflecting a relationship of exploitation of labor by capital. But under the socialist economic system, the establishment of the system of public ownership of the means of production has made it necessary and possible for the state to exercise centralized or unified control over the national economy as a whole. This form of centralized leadership and overall planning provides a fundamental guarantee for the state to overcome anarchism and insure success in developing the national economy with greater, faster, better and more economical results. Because socialist society remains a commodity- and currency-oriented economy, each enterprise in it can still consider itself an independent commodity manufacturer (operator). But socialist economic management underscores the need for the state to exercise unified leadership over enterprises and to permit them to run their business independently. At the same time, socialist economic management must also consider it necessary for the state to carry out overall planning and for each enterprise to have an independent accounting system. If an enterprise is allowed to run its business and accounting

system independently without the unified leadership of the state and overall planning, it will be reduced to a free capitalist venture. In the end, anarchism may appear on the economic development front along with fundamental conflicts of interest between one enterprise and another and between enterprises and society as a whole. But if unified state management and overall planning are not accompanied by an independent enterprise management and accounting system, and if the people throughout the country are allowed to "eat out of one communal pot of rice," it may result in a situation in which the line between good and bad will become blurred, the division of responsibility will become impossible, every enterprise will lose its interest in improving its management and economic performance, bureaucracy will be encouraged to grow, orders will be issued without definite purpose in mind, and economic losses and waste can be expected. For this reason, only by combining unified state management and overall planning with an independent enterprise management and accounting system into a single operation can we bring into play the superiority, and insure the well-planned and proportionate development, of the socialist economy.

The fact that each socialist state enterprise is allowed to operate its accounting system independently reflects its economic relationship with the state, other enterprises and workers as a result of its manufacturing and marketing activities. To be more specific, the economic accounting relationship of the state to enterprises is one of centralized state leadership to the independent management of enterprises. Under the guidance of the state plan, an enterprise must arrange its production and marketing activities on the basis of social needs while the state provides the necessary amount of capital to meet its needs for such activities and delegates to it power to run its business independently. In fulfilling its specific economic commitments to the state, an enterprise must promise to fulfill the state plans, pledge to keep its financial status solvent, and promptly and adequately deliver funds in the form of taxes and profits to the higher authorities, while the state may present cash awards in recognition of fulfillment of production plans and excellent economic performance. The economic accounting relationship of an enterprise with other enterprises may take the form of socialist cooperation and exchange at equal value. One enterprise may sign an economic contract with another for services and settle accounts in terms of currency. Parties to such economic contracts should be prepared to assume economic liability for breach of the terms. The economic accounting relationship between an enterprise and its workers may take the form of payment in wages and bonuses from the former to the latter in accordance with the principle: to each according to his work. The socialist economic accounting system is an economic management system founded on socialist economic accounting relationships. Its key point calls for combining overall state planning with indepen ent accounting practice by enterprises.

As stated above, economic accounting is established to meet the needs of economic management and will grow as the social economy develops. Under different socioeconomic systems, economic relations take different forms. Economic accounting consists of economic accounting connections, systems and methods. Socialist economic accounts mainly use currency as a tool to

reflect, inspect and analyze the economic process. The objective of correctly handling socialist economic relations is to reap maximum economic profit with minimum consumption of manpower and minimum capital investment, to raise the level of economic returns continuously, to accumulate more funds for the state, and to serve the purpose of accelerating the pace of the four modernizations.

Commenting on the scope of economic accounting, some comrades maintain that socialist economic accounting means enterprise economic accounting, or a particular relationship between the state and enterprises on which some enterprise management systems and methods are based. In their view, there is neither economic accounting within the framework of enterprises nor national economic accounting. In my opinion, this view is out of tune with the practice of socialist economic management. Economic accounting is not only applicable to every enterprise as a unit but also to its subordinate sections, workshops and groups. It is also applicable to various sectors of the national economy, various localities and national organizations. In other words, economic accounting exists not only in every enterprise and its subordinate units but also at the national level.

Socialist enterprises are basic level units in our national economy. Under the unified leadership of the state, they carry on their independent manufacturing and marketing activities as the basic links in the exercise of economic accounting. Enterprise economic accounting means that all enterprises should hold themselves accountable to the state under the guidance of its plans. It will have an effective role to play in overcoming the unhealthy tendency of enterprises throughout the country to "eat out of one communal pot of rice,: in creating a favorable atmosphere of competition among different enterprises, and in stimulating their enthusiasm for improving their economic performance.

Every enterprise must make further efforts to introduce the concept of economic accounting to its subordinate units so that it can fulfill its economic commitments to the state, comprehensively carry out its plans, and produce maximum economic results. Within the framework of each enterprise, it is called factory-affiliated economic accounting. Under the unified leadership of its head office, every subordinate section, workshop, group, and even every individual must practice economic accounting. To this end, efforts must be made to analyze thoroughly the economic plans and targets of the factory and make them known to every section, workshop, and individual so that every unit and individual will clearly understand their economic commitment to the factory. Measures must also be taken to compute the planned economic quotas completed by every unit, and to examine its economic results. This must be carried out in close coordination with the implementation of the reward and penalty system so that the three factors--authority, responsibility and benefits--will be linked together. Only in this way can the broad masses of workers be encouraged to show concern for the economic returns reaped by their sections, workshops, and groups in their factory, to overcome the unhealthy tendency to "eat out of one communal pot of rice," to promote the labor emulation drive throughout the enterprise, and to work harder than ever to increase production and practice economy.

Economic accounting within the framework of an enterprise is the outgrowth of enterprise economic accounting. There is a clear distinction between the two accounting practices. An enterprise is an independent commodity manufacturer which maintains economic relations with the state and other enterprises. But all its subordinate units cannot present themselves as individual commodity manufacturers, nor can its subordinate workshops and groups maintain economic relations with the outside world. In other words, they are in no position to sign economic contracts with other enterprises, and are not authorized to open bank accounts and establish direct communications with finance and credit organizations. Within the framework of an enterprise, there is no buying or selling between its subordinate sections or workshops, nor is there any marketing activities between them. Since they have no income of their own, they do not have to keep independent accounts receivable and accounts payable. But at present, some industrial enterprises, in the course of practicing internal economic accounting, have come to regard their subordinate sections and workshops as independent economic units and have led them to establish economic relations and to put into effect an economic contractual system. In doing so, they have used factory-proposed prices and currency or factory-affiliated bank checks as vehicles for calculating costs and settling their accounts. They have secured the services of their "factory-affiliated banks" to provide settlements of their internal accounts, figure out "profits and losses" for their workshops, and audit allocations of capital to each workshop and section. This approach has played a positive role in strengthening the economic responsibility system in every enterprise and in helping every factory do a good job of economic accounting.

How well an enterprise fares economically depends in large measure on the performance of the management sector of the national economy. For this reason, we must roundly improve our economic performance. In doing so, we must emphasize the development of both local and national economies. From the long-range economic point of view, we must do a good job in many ways in order to improve our economic performance. For example, we must properly control the speed at which our national economy is developed, allocate resources proportionately among the major sectors of the economy, revise our production plans wisely, develop specialized cooperation, reform the unreasonable economic management structure, and promote economic accounting in various departments, localities and national economic organizations.

Using Marxist economics as a basis, in accordance with the requirements of the socialist economic law, our socialist national economic accountants have applied a complete set of statistical, accounting and mathematical methods to conduct a systematic, calculated and comparative analysis of the economic activities of a specific period of history in the country, a certain sector of the economy, or a specific locality, and have used the findings from this analysis as a reliable contribution to the scientific research and management program concerned with the national economy. By means of national economic accounting, they have assessed social economic achievements, studied the ratio between accumulation and consumption in the national income and the proportionate development of various sectors of the national economy, examined

and conducted a comparative analysis of the implementation of tha national economic plans, and summed up experiences and lessons. In this way, they have laid the groundwork for formulating policies, making policy decisions, adopting measures and drawing up national economic plans. Their aim is to achieve an overall balance, to rectify the disproportions in the national economy, and to consider as a whole the interests of central and local authorities, enterprises and individuals, to achieve a well-planned and proportionate development of the national economy, and to produce the best economic results.

Enterprise economic accounting and national economic accounting constitute two essential parts of the system of socialist economic accounting. Doing a good job of national economic accounting is a prerequisite for doing a good job of enterprise economic accounting, while doing a good job of enterprise economic accounting is a basis for achieving success in national economic accounting. Although the two accounting practices are designed to serve the same purpose, sometimes they conflict under specific circumstances. For example, although the fulfillment of certain undertakings and technical innovations to expand the production of some merchandise is profitable from the standpoint of enterprise economic accountants, it is unprofitable or even a squandering of money from the standpoint of national economic accountants. On the other hand, although the proposed construction of a certain new commodity is deemed absolutely necessary from the standpoint of national economic accountants, it can be considered an unprofitable or even money-losing business over a certain period of time from the standpoint of the economic accountants of the enterprise concerned. In the event of such conflicts, the enterprise economic accountants should obey the national economic accountants. In other words, short-term local interests should give way to long-range national interests. At present, we must strengthen the local economic accounting system as a basis for strengthening the national economic accounting system, and make the two systems go hand in hand. Doing so will prove instrumental in implementing the eight-character policy aimed at readjusting the national economy, formulating and perfecting the economic responsibility system and promoting the development of the socialist economy with greater, faster, better and more economical results.

9574
CSO: 4006/452

FINANCE AND BANKING

SHANGHAI FINDS VIOLATIONS OF FINANCIAL, ECONOMIC MANAGEMENT

Shanghai JIEFANG RIBAO in Chinese 7 May 82 p 3

[Article by Wu Cai [0702 6846]: "Why 220 Million Yuan Has Not Been Paid into the National Treasury"]

[Text] Two hundred and twenty million yuan is a considerable amount of money. That is the amount which should have been, but was not, paid into the national treasury. How did that come about? Some time ago, under the direction and assistance of the Shanghai working group under the State Council Investigation Team into the Finances of Enterprises, Shanghai discovered, upon investigation that 220 million yuan had not been paid into the national treasury in violation of financial and economic discipline. This represents only the amount which has been brought to light. It stands to reason that the amount which has yet to be ascertained is not likely to be a trifling figure. The lesson derived from this situation truly merits our serious attention.

It is known that many problems have been brought to the surface as a result of the investigation into the finances of enterprises. One of the problems is the seriousness of law violations and criminal activities in the economic area. Long hidden from public view, these criminal activities are truly of stunning proportions when finally brought to light. Up to the present, Shanghai has discovered 2,391 cases of law violations in the economic area involving 2,811 people and 1,970,000 yuan. Among them are 30 cases which exceed 10,000 yuan. The number of party, technical, and operations cadres involved is relatively small. The assets of the nation and the collectives are pilfred by a small number of criminal elements, while the treasures of the nation are allowed to slip into the purses of private individuals.

The second problem is the confused state of financial management and the inadequacy of the regulatory system. Even now, there are many units which fail to check the quality and quantity of materials coming into the factories, which set no limit on expenditures, which keep no records of the amount of sales, and which have no inventories of the stock in hand. Confusion truly reigns supreme! When the figures in the account books do not tally with the stock in hand, some enterprises resort to the practice of falsifying figures on losses. Some enterprises turn out products which fail to meet the standard. Some enterprises file false figures regarding profits which should go to the state and hide the truth from the public. Some enterprises have a topsy-turvy pro-

cedure for taking in and sending out materials so that many materials are not properly recorded. Such practices may be compared to pipes with hundreds of holes through which the funds of the state are dissipated.

The third problem is that the enterprises are plagued by chaotic management in farming out products for processing. The lack of supervision encourages law violations and criminal activities. Many law violations and criminal cases in the city may be traced to the communes and production brigades engaged in the processing of products. Among the 305 people who have been found to have violated the law in the economic area by a certain industrial bureau are 244, or 80 percent of the total, who are involved with the commune and production brigade enterprises. In farming out processing operations, some people seek to obtain special favors by making use of connections, explore every means fair or foul, engage in the making of deals, offer and accept bribes, and benefit themselves at the expense of the public. Some units engaged in farming out processing work do not have the most rudimentary system of management and accounting, pay scant regard to the cost and the quality of the products, contribute to enormous waste, and offer opportunities to criminal elements to pursue their nefarious activities.

The fourth problem is the improper use of funds, resulting in low profits and considerable waste. Since our funds for economic construction are limited in the first place, they should be used with the greatest of care to yield the best results. However, some units have no programs for the use of funds, allow large stocks of materials to pile up, are slow in the turnover of funds, incur expenditures in a prodigal manner, are short of funds to meet legitimate purposes, or incur expenditures without achieving the intended objectives.

The fifth problem is that the rank-and-file financial and auditing personnel fail to measure up to financial administration standards. Members of the financial and auditing personnel have no qualms about breaking the law and giving the green light to unlawful acts and criminal activities. Some financial cadres falsify profit figures in order to pay extra bonuses to the factory workers. Others are in the habit of erasing and altering the accounts so that they may reduce the payment of profits and convert public property into personal profit. There are also a considerable number of young financial and auditing personnel who do not even have a rudimentary knowledge of finance and auditing, who are ignorant of financial and economic principles and policies, who are not familiar with financial and economic laws, regulations and discipline, whose accounts are in a chaotic state, and who are lax in enforcing the law and exercising their role of supervision.

In view of the above, it is my opinion that while our enterprises should concern themselves with ways to make profits, to accumulate money and to spend money to the best effect, they should also take a serious interest in the management of money. Unless money is well managed, it is idle to talk about making money, accumulating money and spending money to the best effect. Sound financial management calls for the management of our limited funds and financial assets in such a way that they are not wasted or lost due to human error and that they may be used to bring higher profits. Sound financial management

hinges on, first, the human factor and, second, the financial system. As far as the human factor is concerned, it is up to those in leadership positions to strictly abide by the principles and policies of the party, to observe financial and economic discipline in a stringent manner, and to put an end to improper practices. At the same time, it is necessary to establish a corps of rank-and-file financial and auditing workers who are dedicated to their duties, who are well versed in their operations, who adhere firmly to their principles, and who are not afraid to perform their duties as they see fit. They must be dauntless defenders on the economic front. There is ample evidence that the financial situation is inevitably better when the financial and auditing personnel are strict in adhering to their principles, have the courage to put an end to improper practices, are not afraid to expose unlawful acts and criminal activities and are capable in housekeeping and financial management. On the other hand, when the financial and auditing personnel are in a state of disarray, put too much store in the matter of face, worry too much about the pros and cons, fail to perform their duties, or their conduct is not above suspicion, the financial situation in that particular unit is inevitably plagued by a plethora of loopholes and saddled with a spate of unlawful acts and criminal activities. For this reason, it is necessary that we strengthen the education and training of financial personnel and rectify and improve the existing corps of financial and auditing workers. Those who are ill-equipped to continue in their financial and auditing duties should be removed. As regards the problem of the financial system, it has been bandied around for a number of years, although their are some units which seem to be oblivious to the fact. How can this state of affairs be allowed to continue? Our nation is presently engaged in waging a struggle against major criminal activities in the economic area. While this struggle is in progress, we must, in the performance of our tasks, enforce economic discipline in a fair but rigorous manner and refrain from showing leniency toward those who undermine socialism and take further steps in putting financial management in good order.

9621
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FINANCE AND BANKING

FUJIAN STEPS UP INSPECTION OF FINANCES OF ENTERPRISES

Fuzhou FUJIAN RIBAO in Chinese 13 May 82 p 2

[Article: "Fujian Takes Steps To Strengthen Its Inspection of the Finances of Enterprises"]

[Text] The large-scale inspection of the finances of enterprises in the province has yielded certain preliminary results. The amount of 40 million out of some 120 million yuan found to be in delinquency has already been paid into the treasury.

Since the urgent notification issued at the end of last year by the State Council regarding the launching of a large-scale inspection of the finances of enterprises, the concerned departments at various levels in the province have mobilized the necessary personnel and made preparations to engage in the work of inspection. The various units of the enterprises have launched a self-inspection movement. The concerned departments and bureaus of the province as well as the various localities have assigned a group of over 1,500 leadership cadres, accountants and people in key positions in business operations to engage in a thorough inspection of the enterprises at the basic levels. This inspection is characterized by the large number of units inspected, the impressive prestige of the movement and the revelation of deep-seated problems. The initial results include: first, the strict enforcement of fianncial and economic discipline and increased revenues. According to incomplete statistics, it has been determined that some 70 million out of 120 million yuan which was withheld in violation of various forms of financial and economic discipline in the province should be paid to the state. Up to the end of March, 70 million yuan out of this amount has been turend in to the national treasury. This has served to contribute to the balance of the budget. Second, the further revelation of the state of confusion in the financial management of the enterprises and a large number of problems leading to heavy losses and waste. These findings will help to lay the groundwork for the further readjustment of the enterprises. Third, the discovery of a large number of cases which are in violation of economic discipline, including clues pointing to certain major cases in violation of the law, will serve to bolster the struggle presently being waged against criminal activities in the economic area and to strengthen the enforcement of party discipline and the laws of the nation. Fourth, the discovery of a number of enterprises whose operations are well managed, which have a sound financial system and which are law abiding, makes it possible to make their experiences known to other enterprises and to set the direction and an example for them to follow.

The main problems uncovered by this investigation include insensitivity to the good of the general situation, siphoning off of the nation's income, confusion in the financial management of the enterprises, corruption and theft, collusion with outside parties, speculation and unscrupulous practices, the offer and acceptance of bribes, and the indiscriminate awarding of bonuses, subsidies and payments in kind. These problems call for further investigation and proper solution so that the enterprises may be rectified once and for all. In keeping with the spirit of the latest directive ussued by the State Council, the Fujian People's Provincial Government has made new moves to investigate the finances of the enterprises. It is of the opinion that the investigation presently underway is part of the crucial class struggle to rectify the party style and party discipline and to deal an effective blow to criminal activities in the economic area in this new situation. For this reason, it has called upon all leadership comrades at various levels to further heighten their awareness, to make their positions clear, and to seize the initiative in taking upon themselves the task of putting things in good order. Those units which are less than thorough in their investigation must conduct a reinvestigation and not be allowed to call it off after having made a show of it in a perfunctory manner. Those units and individuals must be made to pay the full amount which has been illegally withheld from the treasury. Major cases and serious cases must be dealt with severely according to the law, especially cases in which leadership cadres are implicated.

9621
CSO: 4006/466

BRIEFS

QUARTERLY SAVINGS DEPOSITS--According to the statistics tabulated by the People's Bank of China, during the first quarter of this year the savings deposits in urban China went up remarkably, and recorded an increase of 2.982 billion yuan or 40.1 percent over the corresponding period of 1981, hitting the highest mark for the corresponding period in history. By the end of last March, the savings deposited by city dwellers totaled 38.396 billion yuan. This remarkable improvement in the savings deposits for the first quarter of this year was attributed mainly to an increase in the cash income of urban workers and dwellers. As a result of the broad development of the "five stresses and four points of beauty" campaign, the people have cut down their extravagant and wasteful spending, developed an interest in practicing economy and increased their ability to save money. [Text] [Beijing ZHONGGUO CAIMAO BAO in Chinese 22 Apr 82 p 1] 9574

CSO: 4006/449

INDUSTRY

NEEDS OF DOMESTIC MACHINE TOOL MARKET DISCUSSED

Beijing JICHUANG [MACHINE TOOL] in Chinese No 4, 1982 p 46

[Article by Yang Qincheng [2799 2953 3397]: "The Needs of the Domestic Machine Tool Market as Seen From Visits With Users"]

[Text] This time, the writer had an opportunity to visit nine user factories in the aviation industry, diesel engine manufacturing industry, bearing manufacturing industry and tractor manufacturing industry, and gathered the opinions and demands of the various sectors. I feel that the burden of our machine tool profession is heavy, and its tasks are many. The users urgently hope that we can provide appropriate technical equipment that is highly efficient, that is of high quality and that suits the processing characteristics of the workpieces. The users said figuratively: They do not wish to use the money of the 1980's to purchase equipment of the 1950's and to carry out technical improvements in form only. They hope that new technical equipment can be provided to realize true technical improvement. Examples of the needs of the users are presented below.

1. There is a need to arrange variable products according to the technology. At present, many factories use general purpose machine tools to process disks, caps, casings, rings, short axles and such types of spare parts. Such short platform lathes and grinders occupy less space, and they can also reduce localized wear of the guide rails. Simplified machinery structure can reduce the price of the whole machine, and it is also easier for the user to repair and maintain.

Second, there is a need for higher and shorter round spare parts with the same axial degree in outer roundness and in the inner hole. If the inner hole (even including the end surface) can be ground after rounding the exterior without using the method of the underboard grinder to round the inside, then such equipment would be greatly needed by users producing medium and small batches.

Some users require only axial type spare parts with a higher demand for a higher degree of smooth finish in external roundness. The lathe factories should develop a highly efficient super-precise buffing head for users to use selectively.

2. There must be a high processing quality and a high productive rate. In processing holes, whether in grinding small holes, drilling medium sized holes, or boring large holes, present machine tools cannot simultaneously improve both the processing quality and the productive rate. For example, high precision external grinders do not have automatic feed and automatic rotation systems and lack the ability to suit the grinding specifications of various types of users, therefore they cannot effectively improve the productive rate. This is a problem that the users are very concerned about. It is hoped that this problem can be improved soon.

3. Rare types of machinery should be studied to adapt to the development in production. We should actively develop technological equipment for the special needs of users. For example, in the process of making the envelope, there are thousands and tens of thousands of small holes that have to be drilled and riveted. The present method is time consuming and requires a lot of effort. It also requires a group of skilled workers. We should develop a technique and equipment which can continuously drill and rivet to improve the useful life of the turning diameter of the crankshaft of the diesel engine, we should provide equipment for super-precise processing of the turning diameter. In addition, the joining ends of the top and bottom rods connected to the crankshaft described above have already been changed to a toothed structure. If the joints can be formed at once using a strong grinder, the precision of the workpiece can be guaranteed, and the productive rate can be improved also. Users hope we can provide such technology and equipment.

4. We should increase preparations for precision and strengthen the competitive ability. During the visit to the users, I frequently heard them praise the quality of famous brand name machine tools. The processing precision was still very high even after 10 to 20 years of use. This is due partially to careful use and maintenance by the operating workers, but it is mainly because more preparation has been made to guarantee the precision of these machine tools at the time of manufacturing. Easily worn spare parts have been subjected to corresponding measures, and thus the processing precision of the machine tools could be maintained for a long period. If our machine tool products are to win the trust of domestic and foreign users, we should also exert efforts to make more preparations for precision.

5. We should actively develop a service to fine tune and rebuild machine tools for the users. Among the enterprises that we visited, most of the machine tools have served 20 to 25 years. They urgently need to be renovated. The precision of some of these machine tools can be improved by fine tuning at the machine tool factory. The productive rate of some can be improved by adding modern equipment, for example, adding a numerical display on large boring lathes, replacing the ГЭД system with a silicon-controlled governing system. Users hope the machine tool factories can provide plans on how to improve past products and launch such service to adapt to the needs of overall technical improvement by the various enterprises.

6. Necessary technical preparations must be done well. It is very important to grasp the current technology of the users and the trend of its development in the development of new types of machine tools. Therefore, testing and

studying the technology of the users early to overcome technological difficulties will be a forceful guarantee for the development of new types of machinery. Designing personnel will only be able to utilize various types of moulds in a versatile manner and design new machine tools that are suited to the technological characteristics more quickly after they have skillfully grasped the characteristics of the technology of the users. At the same time, they will be able to provide the user with the best technical parameters obtained in technological tests while popularizing new types of machinery, and change the method of the machine tool factories which only purchase technical equipment but not soft technology, so that the performance of the machine tools can be fully developed in the user plants.

9296
CSO: 4013/78

BRIEFS

HUNAN INDUSTRIAL OUTPUT INCREASES--Industrial production in Hunan Province in the first half of this year increased. It is estimated that the province will fulfill 52 percent of the quota for the total industrial output value for 1982 and the total industrial output value in the first half of this year will be 10.4 percent more than in the first half of last year. The province's heavy industrial output value in the first half of this year will be 8.5 percent more than in the first half of last year and will increase by 550 million yuan. [Text] [Changsha Hunan Provincial Service in Mandarin 2310 GMT 1 Jul 82 HK]

NEI MONGGOL INDUSTRIAL PRODUCTION--Since the beginning of this year, departments responsible for industrial production throughout Nei Monggol region have dispatched more than 400 investigation groups to help various enterprises in consolidation work and instituting and perfecting the economic responsibility system. In the first 2 months, industrial output value totalled 2.5 billion yuan, an increase of 15.9 percent over the corresponding 1981 period. According to statistics, the 951 state industrial enterprises across the region netted 22.7 million yuan of profits. [Text] [SK060612 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 4 Jul 82 SK]

CSO: 4006/532

DOMESTIC TRADE

MEASURES TO STABILIZE MARKET PRICES DISCUSSED

Guangzhou NANFANG RIBAO in Chinese 26 Apr 82 p 4

[Article by Hu Youqing [5178 1635 7230]: "The Guangdong Provincial Price Society Discusses the Problem of How To Stabilize Market Prices"]

[Text] The Guangdong Provincial Price Society recently held a forum on "How to stabilize market prices in Guangdong" in Guangzhou Municipality, analyzing and discussing at great length problems caused by prices in Guangdong and measures to stabilize prices.

After discussing some prominent problems caused by market prices in Guangdong at present, comrades at the forum contended that these problems were caused by both objective and subjective factors. Among the major subjective factors they cited were: 1) a lack of a correct understanding of relationships between the planned economy and the regulation of market prices, between control and decontrol, and between liveliness and disorder plus a tendency to give undue emphasis to the regulation of market prices in ignorance of the necessity of price control, a tendency that prevailed in Guangdong earlier; 2) a lack of an effective and unified measure in this direction as a result of the enforcement by Guangdong of a special policy and measure of flexibility, a policy which has given rise to an atmosphere dominated by flexibility and expediency; 3) a lack of an effective measure to combat the tendenty to violate the laws and discipline governing the control of prices.

Comrades at the forum maintained that the pricing problem should be dealt with under an overall plan; to be more specific, stabilizing prices in Guangdong calls for concentrating on doing the following jobs well:

1. Authorities in both urban and rural areas must make efforts to regulate and speed up the flow of goods, and coordinate supply of goods with demand. For the time being, the authorities in the countryside must try to stabilize the prices of agricultural products and control price hikes in all forms, while the authorities in cities must impose a ceiling on the distribution of bonuses.

2. In bringing its superiority into play, Guangdong must increase the supply of agricultural products and byproducts through the adoption of measures to welcome foreign capital, expand its base for developing

agricultural products and byproducts and strengthen relations of cooperation with other provinces.

3. The potential of conserving manpower must be tapped in order to mark down the value of products.

4. State-operated commerce must play a leading role in stabilizing market prices and must take the lead in exercising self-discipline in order to bring down market prices.

5. Efforts must be made to improve the pricing system and tighten the pricing discipline.

6. The guiding ideology in this connection must particularly stress the need to uphold and strengthen the concept of the planned economy, and properly handle the relationship between the planned economy and the interest in regulating market trade.

7. Controlling prices calls for a simultaneous implementation of political, economic and administrative measures. In other words, the strengthening of the propaganda and educational media and the enforcement of economic measures must be backed up by strong administrative measures.

On the basis of the inventory of commodities and the availability of goods from their producers, comrades in the sector of commerce also took advantage of this forum to analyze and assess the general price trend in Guangdong, predicting a drop in the prices of industrial products and a slight rise in the prices of agricultural products and byproducts, both fixed and negotiable prices. For this reason, they stressed the need to do a good job of stabilizing the agricultural products and byproducts.

9574
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FOREIGN TRADE

EXCLUSIVE FOREIGN INVESTMENT IN SHENZHEN ZONE DESCRIBED

Guangzhou YANGCHENG WAN BAO in Chinese 27 Apr 82 p 2

[Article by Lu Zhuosen [7120 0587 2773]: "A Discussion of Enterprises Established Exclusively by Foreign Investment in the Shenzhen Special Economic Zone"]

[Text] A certain percentage of the enterprises established by bringing in foreign capital is in the category of exclusive investment of foreign capital. This category covers real estate, industries, livestock breeding and trade. The investment capital comes from Hong Kong, the United States, Thailand, etc.

These enterprises differ from jointly invested and cooperative enterprises in certain respects. First, all the contracts and agreements signed between the exclusive investment enterprises and the special zone clearly stipulate the proprietary rights of the exclusive investment operations. The special zone receives no share of the profits and is not responsible for losses incurred by these enterprises. Arrangement is made under all overall plan to offer sites for the building of the enterprises and to make land or factory buildings available to the investors. The term for the use of such facilities is usually limited to 20 or 30 years. Within that period, the investors are required to pay fees for the use of the land and taxes stipulated by the special zone at specified times. When the term expires, the investors may apply for an extension if they wish to continue operations. The charge for the use of the land must, however, be readjusted. Within the duration of the term for the use of the land, all the factory buildings, equipment and living facilities of the enterprises are to be the property of the investors, whose right of proprietorship is protected by law in the special zone. Because these enterprises are established by the exclusive investment of the investors, the investors are to be solely responsible for the planning, construction, establishment, production, sources of raw materials, specifications, patterns, varieties, quality, quantity, cost and sale of the products, as well as the circulation of funds of the enterprises, the renewal of equipment, depreciation and profits made and losses suffered by the enterprises. The management personnel and workers needed by the enterprises are to be hired by the investors. The management personnel and most of the technicians are generally from Hong Kong and Kowloon, while the ordinary workers, who are required to pass an examination, are recruited by the labor department in Shenzhen. Wages for the workers are to be set and agreed upon by the investors and the Shenzhen labor department. The investors may adjust the wages for the workers on the basis of their technical skills and their aptitude and offer rewards or mete out punishment to the workers.

Second, because of the size of the investments and the advanced technical equipment of the enterprises established by exclusive foreign investment, most of the products are for export. For instance, the new Xinnan Printing and Dyeing Factory, which is already in the production stage, is equivalent to the four largest printing and dyeing factories in Hong Kong. Equipped according to the standard of the 1970's, this factory is more scientific in its production procedure, more technically advanced, has a large production capacity, and is capable of producing 5 million meters of various types of printed and dyed textiles a month. The entire output is marketed to Hong Kong, Kowloon and foreign countries. However, part of the products of certain enterprises may also be sold locally upon approval. For example, part of the products of the feed factory and the chemical bricks factory, which are in the process of construction, may be sold in the Shenzhen market. According to the terms of the contract, 95 percent of the marine products of the Marine Products Breeding Enterprise established exclusively by foreign investment is to be shipped and sold to Hong Kong and Kowloon, while 5 percent is to be purchased by the Shenzhen Marine Products Company and sold locally. There are certain enterprises, such as the Yongming Food Products Company, which sell their products to compatriots from Hong Kong and Kowloon in transit as well as to local residents.

Enterprises established exclusively with foreign investment have a positive role to play in the rapid development of the economy of the special zone. First, the investors are solely responsible for the enterprises from their inception to operation, the marketing of their products and their profits and losses. By collecting land-use fees, income taxes and payment for labor, the special zone is able to obtain the necessary foreign exchange for its development. Second, the establishment of enterprises financed excludively by foreign investment offers employment opportunities to job seekers in the special zone and its environs and helps to bring prosperity to the special zone. Third, since these enterprises are operated exclusively by foreign investment, there is no conflict between the enterprises and the various parties in the special zone as regards the rights of creditors, liquidation, depreciation and profit sharing. Fourth, bringing in enterprises which have more technically advanced equipment but which are not prepared at the moment to cooperate with us on a joing investment basis enables us to learn and to absorb their more advanced techniques and management skills.

In short, under circumstances characterized by less than favorable conditions as regards personnel, technical capability and management experience in this initial period in the operation of the special zone, the establishment of enterprises exclusively financed by foreign investment is of mutual advantage to the enterprises as well as to the special zone in its effort to make good use of its resources to operate and manage jointly invested enterprises in a creditable manner. For this reason, it is to our benefit to bring in enterprises exclusively financed by foreign investment. It is the opinion of economic experts in Hong Kong that many more medium and small-sized enterprises will be established in the special economic zone within the next few years. We would do well to study this new situation and to benefit from our new experiences.

9621
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LABOR AND WAGES

'JINGJI YANJIU' ON FORUM ON LABOR PROBLEMS

HK141440 Beijing JINGJI YANJIU in Chinese No 5, 20 May 82 pp 68-71

[Article by Cehng Li [6774 3810]: "A Brief Introduction to the First Annual Forum of the Chinese Society for the Study of Labor Problems"]

[Text] The inaugural meeting and the first annual forum of the Chinese Society for the Study of Labor Problems were held in Beijing from 14-19 January 1982. The problems discussed at the forum were as follows:

I. On the Ownership of the Labor Force Under a Socialist System

(1) Does ownership of the labor force exist?

(I) It was maintained that the labor force is a condition for social production. Like other means of production, it has its own form of ownership. A capitalist society has its ownership of the labor force, and a socialist society is no exception.

(II) It was maintained that a separation of the labor force from the laborers is a prerequisite for the development of a relationship between the labor force and ownership, and this kind of separation is founded upon the separation of the means of production from the laborers. In a socialist society, the means of production are jointly owned by the laborers. The transfer and sale of the labor force are nonexistent. Therefore, neither does the problem of the ownership of the labor force exist.

(2) On the form of socialist ownership of the labor force.

(I) It was maintained that the labor force should be under public ownership. The ownership of the labor force should be transferred in accordance with the ownership of the means of production. Since the means of production are under public ownership, the labor force should also be owned by the society. In this way the society is responsible for the costs of the production and reproduction of the labor force which is allocated and utilized by the society (state) and enterprises.

(II) It was maintained that the labor force should be owned by individuals. Since the costs of production and reproduction of labor force are borne by the

laborers themselves and their families, the state and the collectives should pay the laborers for their labor.

(III) It was maintained that the ownership of the labor force be of a dual nature, partly owned by the society and partly by the laborers themselves. The reason is that the costs of production and reproduction of the labor force are borne both by individual families and the society.

The idea of using the production costs of the labor force to explain the theory that distribution determines ownership of the labor force was also put forward at the forum.

(IV) It was maintained that the ownership of the labor force in a socialist state should be separated from the right to use it. Its ownership should be by individuals, while the right to use it should belong to the economic units under the public ownership system.

(3) On the problem of ownership of the labor force in a communist society.

(I) It was maintained that the individual ownership of the labor force under a capitalist system is formal, and that the individual ownership of the labor force in a socialist society is imperfect. Only through smashing "free people's community" in commodity production can perfect individual ownership of the labor force be achieved.

(II) It was maintained that the problem of ownership of the labor force will not exist in future communism. The reason is that the labor force will no longer be the basis for acquiring material interests. This is the basic economic demarcation line between socialism and communism.

II. On Labor and Employment

(1) On the meaning of employment, awaiting employment and unemployment.

(I) The meaning of employment. Some maintained that the meaning of employment is too narrow if it only refers to participation in paid social labor. The social forms of employment are determined by the economic sector. Our society has national, collective and individual economies. Concerning participation in social labor, the meaning of employment not only refers to the joining of the laborers and the means of production under the ownership of the whole people, but also refers to the joining of laborers and the means of production which are owned by collectives and individuals. The forms of income include remuneration for labor as well as management income. The meaning of employment is, therefore, participation in social labor so as to receive remuneration for labor or management income.

(II) The meaning of awaiting employment and unemployment. Some maintained that both terms refer to the same thing, that is, those whose working ability has failed to join with the means of production and those whose labor force has failed to be a means of earning a living. Their difference only lies in their social causes, solutions and developments. Unemployment in a capitalist

system is a problem that cannot be resolved. The unemployment rate is subject to the cycle of economic crisis. At the present stage, the situation of awaiting employment is linked with the rapid increase in the labor force and the slackening of our economic development. The number of people awaiting employment changes in accordance with the control over the reproduction of the labor force and the development and readjustment of our national economy. Its cycle is relatively longer. The problem of awaiting employment can be resolved within a socialist society.

(2) Is the problem of awaiting employment inevitable under a socialist system?

(I) It was maintained that under a socialist system, since the capital accumulation law and the capitalist population law have failed to function, the state may strike a quantitative and structural balance between laborers and vacancies through a planned readjustment of manpower and material resources so as to achieve full employment. Our problem of awaiting employment is due to errors in policy and strategy, not to the socialist system itself. The errors were, for instance, an unclear understanding of the law of population, an excessive growth of the labor force, low productivity, slow economic development, irrational economic, employment, and ownership structures, an incompatibility between the educational system and the employment structure, the enthusiasm of the economic units and the individuals to solve the employment problems being restrained by the labor system under which the quotas are uniformly distributed and in which employment is secured. The problem of awaiting employment would not have existed if these problems were probably handled.

(II) It was maintained that socialist ownership and economic structures are constantly changing. It is impossible to strike an absolute, overall and structural balance between the labor force and vacancies and full employment is impractical as many aspects of the laws of socialist population and economic development are not yet recognized.

(3) The relationship between full employment and the rate of labor productivity.

(I) It was maintained that an increase in the labor productivity rate is not contradictory with full employment. An increase in the labor production rate will be subsequently followed an an increase in supply and an increase in the people's living standard. An increase in the people's living standard will require the introduction of new trades to meet the multiple needs of the people. Meanwhile, the rise in the labor productivity rate will add more to our accumulation and provide the development of new trades with material conditions. An increase in production and introduction of new trades will provide more openings. The so-called "contradiction between full employment and the labor productivity rate" is actually a contradiction between our solutions to the unemployment problem and the labor productivity rate. We take employment merely as "settling down," "providing jobs," and the adoption of policies such as "replacement by children." These policies do nothing but fill vacancies with incompetent workers. They should be abolished if we want to raise the labor productivity rate.

(II) It was maintained that a full employment and labor productivity rate contradictory. On the one hand, an increase in the labor productivity rate will mean a reduction in labor demand which will trigger a drop in the number of employees. On the other hand, as our fixed assets are unchanged, the laborers' fixed asset index will drop if more workers are employed. The increase in the labor productivity rate will thus be affected. Based upon the above-mentioned theories, we should pay attention to the following two things when we formulate our employment policy. First, when the labor force supply is greater than the demand, an increase in employment at the expense of the state's capital and resources will only change the problem of awaiting employment into an excessive labor force. As a result, our state will be overstaffed and our labor productivity rate will drop. Second, we should develop labor-intensive trades which require little capital but intensive labor, so that more people can be employed. The combination of the above-mentioned ideas is aimed to cope with our situation and to find out the best way to raise the labor productivity rate and, at the same time, to achieve full employment.

(4) Ways of solving unemployment

The cadres at the meeting maintained that the objectives of the socialist employment policy is to let each of the laborers have an appropriate means of gaining employment, to prevent labor waste, and to let laborers deal with appropriate production materials so as to prevent a waste of materialized labor. In this way the labor productivity rate and the people's cultural and material living standards will be augmented.

Our present situation is that our labor force exceeds the openings provided by all employment means. The quality and the quantity of the labor force have failed to meet fully the requirements for laborers. The way to solve our unemployment is to control the growth of population, to cut down the labor force supply, to reorganize our irrational economic structure, to develop agriculture, light industry, on which we develop heavy industry, commerce, food catering, service trades, to readjust technological structures, develop labor-intensive trades, and to create more openings. At the same time, we should reform our educational structure, expand the scope of education, develop in-service training, vocational training, and improve the quantity and quality of the labor force. It is hoped that, through the above-mentioned reforms, the qualitative and quantitative unity of the labor force and labor employment will be achieved.

At the same time, the forms of ownership should be beneficial to the establishment of rational economic structures. The development of commerce, food catering, service trades, the production of certain consumer goods, and the adoption of the collective and individual econo-y will better suit our present production level. We should establish rational ownership structures and allow the coexistence of various forms of economy. Ownership by the whole people and collective economy are our basic forms of economy. A certain amount of laborers' individual economy is a necessary supplement to the economy of public ownership. Collective economy and individual economy have great potential for resolving the unemployment problem. The coexistence of various forms of socialist economy is the objective basis for "the policy of the integration of

"a placement service by the labor department, provision of jobs by voluntary agencies and self-sought employment all under the state's overall planning and guidance."

(5) On the outlet for the excessive labor force of our rural area

Some comrades propose that the following should be handled properly in arranging a rural labor force: agriculture is the basis for our national economy. First of all, the demand of labor force for the development of agriculture should be ensured. With the increase in the labor production rate in agriculture, the proportion of the agricultural labor force in the social labor force will drop gradually, and agricultural labor force will be shifted to other sectors. However, the shift should not be too drastic.

Our actual situation was that with the high birth rate in the rural area, and with the rise in the standard of mechanization of agriculture and in labor efficiency of peasants, excessive agricultural labor force would surely be shifted to other sectors. Instead of sending the peasants to big cities to join large industries, the form of "digesting them on the spot" was adopted. For instance, we would greatly develop farming, forestry, animal husbandry, sideline production and fishery, develop rural industry which emphasizes the processing of agricultural, sideline and local products, develop rural commerce, service trade, repair industry and cultural, educational, and hygenic work, and build up and develop new towns in the rural areas to serve as economic and cultural centers.

III. On the System of Hired Laborers

Some comrades pointed out that a socialist state should set up a planned and flexible system of hired laborers. In the past, under the old system of hired laborers, enterprises were not autonomous on making use of personnel. They could not get those whom they wanted and discharge those whom they did not want. Laborers were not free to choose their own occupation. It was very difficult for those who had been in the wrong line to be transferred. The system did harm to mobilizing the enthusiasm of the laborers. It did not encourage youngsters who were awaiting employment, nor did it prompt workers to raise the level of scientific culture and production technology. It also did harm to the improvement of business management. If affected the rise in labor production rate and was unfavorable to labor employment.

Some comrades proposed the setting up of a new system of contracted laborers. Unlike old contract workers and temporary workers, new contract laborers were a component part of our labor class who enjoyed social security and renumeration pro ided by the state to official workers. They had to sign contracts with their work units. The units could select candidates for employment and can discharge workers. Individuals had the right to choose jobs. Unlike the old fixed-wage system, workers could join and quit under the new system. Their wages were fixed. The new contract labor system suited the practical situation of socialist diversification, and the changes of socialist economic structures. It was also favorable to mobilizing the enthusiasm of the laborers and to socialist modernization.

Some comrades, however, maintained that the united allocation of labor force could not be denied. The present placement companies also bore the nature of united allocation of labor force. Twenty million workers were streamlined during the Second 5-Year Plan under the system of united allocation. Could we then say that the labor force could only be recruited but not discharged? "The order of the parents" is the order of the party, while "the words of the matchmakers" are the work of the labor department. If we let the labor force take its course, it would be improbable that a large portion of the labor force would "freely" flow to coal mines and forests. We could not say that the replacement by children was a feudal hierarchy system. It was still a way to solve the problem of youngsters' unemployment. This system should not be abolished. Its practice, however, can be changed. In the past, a resigned worker could be replaced by a new one. Replacement was, however, to be arranged in accordance with the system and trade. The health, skills, ideology and conduct of the youngsters awaiting employment who were going to replace incumbent workers were to be examined. Only those who met the requirement could be admitted. Analyses made in the system of payment party in kind and party in cash and in the policy of letting people run collectives. This kind of employment system can fully utilize vacated flats, excessive facilities and capital of enterprises to more quickly solve the employment problem of many youngsters and promote social stability and unity. These advantages could not be denied. Existing problems such as mixed undertakings in some units and one account book for national enterprises and collectives were to be resolved step by step.

IV. On the Quality and Quantity of the Labor Force

The comrades at the meeting unanimously agreed that the labor force had not only quantity but also quality. Speaking from its natural essence, the quality of labor force referred to the physical conditions of the laborers. Speaking from its social essence, it referred to the laborers' mentality, awareness, scientific skill and cultural level. With the improvement of science and technology, laborers' scientific skill and technological level became the vital part of the quality of laborers.

Labor force had a problem in expanded reproduction. The external aspect of expanded reproduction referred to the increases of laborers' quantity, whereas its internal aspect referred to the improvement of quality. The expanded reproduction of material resources, particularly the expanded reproduction of ever-improving technology, required the improvement of the quality of labor force. Labor force had also to undergo its internal expanded reproduction. The nourishment of senior technological personnel required more "intellectual investment." In light of the improvement of science and technology, intellectual investment was to be expanded while material resources were to be reduced.

V. On the Objective Necessity of Distribution According to Labor

(1) It was maintained that distribution according to labor should be directly determined by the personal ownership of the labor force. Proving the objective necessity of distribution according to labor only by bringing forward the public ownership of production materials, productivity level, labor

disparity, and the fact that labor was a means of earning a living was insufficient. Although the public ownership of production materials was implemented through socialism, the labor force should still belong to the laborers themselves. It was a fact that the society should pay for such a labor force. Some comrades even maintained that the objective necessity of distribution according to labor was determined by the socialist method of production, in which the labor force personally possessed by laborers was integrated with the laborer-owned production materials. In this case, socialist labor not only had direct social labor but also had a personal nature. One worked for the society as well as for himself. Distribution according to labor was, in fact, in the economic interest of laborers who worked for themselves.

(2) It was maintained that if the personal ownership of the labor force was used to explain distribution according to labor, laborers could gain income by their personal ownership of the labor force. The society would pay for the use of the labor force. This idea was, however, incompatible with the nature of socialist production relation, and with socialist practice. Individual laborers would form a deal with the society. The word "labor" in distribution according to labor referred to the labor force of individuals, not the volume of labor force provided by the laborers to the society. They maintained that the economic conditions for distribution according to labor was still the production materials owned by laborers, and labor had not yet become the top necessity of the people.

VI. On Wages

Some comrades proposed a concrete bill to reform wages. The bill could be roughly divided into basic wages and auxiliary wages.

(1) Basic wages (i.e. "secured wages" or "statutory wages")

A. The principle of fixing basic wages is to ensure that the basic living necessity for labor force production and reproduction was kept at a minimum. Three to five grades were introduced in accordance with the compactness of work, with the maximum point four to five times greater than the minimum.

B. The standard of basic wages was fixed by the state. Assessment of workers' performance would be considered for promotion. No units could alter this rule. Some comrades maintained that even basic wages could be flexible. Only those who had fulfilled their production task (quota) could receive basic wages. Those who had overfulfilled their quota could receive extra pay. Those who had failed to fulfill their quota would have their basic wages reduced.

C. Some comrades proposed "efficiency wages." Workers would receive their pay as marked on their wage statements which showed their performance and efficiency in their positions. Any work or post had its own responsibilities or quotas which were divided into credits. Wage statements would be given according to the credits that a worker scores. He would receive his pay in accordance with the number of wage statements he received.

2. Supplementary wages (they were sometimes called "special wages" which included duty wages, reform wages and allowances)

They would be revised in accordance with the change in working conditions, promotion and demotion, and the introduction of new reforms.

VII. On Bonuses

The comrades at the meeting generally believed that the major problems of the current bonus system was in its high level, which made the situation uncontrollable; an unequal share of joy and pain among enterprises; and an egalitarianism implemented by enterprises on the issue of bonuses. The keys to these problems were:

1. The state should exert a macroscopic control over bonuses. There were four reasons for this: 1) issuing excessive bonuses without control would affect the state's revenue. Phenomena such as "workers getting more, enterprises retaining more and the state not getting additional income" would occur. 2) Excessive bonuses would place social purchasing power above the supply of commodities. This would lead to a tight market and rising prices. 3) Issuing bonuses called more problems in relation to enterprise profits, which were affected by many objective factors besides the amount of labor rendered by workers. A control over bonuses would alleviate the unequal sharing of joy and pain among enterprises. 4) Bonuses were forms of supplementary wages. Excessive bonuses were incapable of solving existing contradictions, but would only create new contradictions and aggravate the unreasonable wage relations among various ranks of workers.

2. A control over bonuses implemented a few years ago had restricted the initiatives of workers, affected production and created the phenomenon of "control at the beginning of the year, relaxation at mid-year and abandonment at year's end." There was nothing wrong with controlling bonuses but rather the fault was in the means through which control was exercised. The major means in the past was "sealing off," that is, administering control through the issuance of bonuses. From then on, economic means, such as collection of bonuses, would be adopted.

3. Ascertain a clear line of demarcation for bonuses for individual laborers. As bonuses were rewards for excessive labor, individual laborers would be entitled to receive bonuses when they produced excessive labor. The amount of excessive labor was the objective demarcation for bonuses. Excessive labor would be subject to social reductions in accordance with the principle of labor distribution.

4. Ascertain a demarcation for enterprising bonuses. As bonuses were rewards for excessive labor, the amount of excessive labor enterprises provided to the society was to be ascertained, so that bonuses could be calculated in relation to profits. However, the amount of profits also depended on many objective factors such as technology, and production and transportation conditions, in

addition to labor rendered by workers (including excessive labor). Therefore, profit tax should be increased and the rate of profit retention would be lowered in enterprises which enjoy superior conditions for production. In this way, the amount labor enterprises rendered could basically be reflected in the enterprise profits, and the amount of excessive labor could basically be reflected in the amount of excessive profits.

Excessive labor rendered by enterprises should also be subject to social reductions in accordance with the principle of labor distribution. The reason was that bonuses only made up a certain portion of the excessive labor. How to ascertain such a percentage? Under the condition of no provision of excessive labor, the portion was the ratio between the total amount of enterprise wages and the amount of labor rendered by all the laborers (the amount of labor could be indicated by adding up the total amount of standard wages and total profits). It was also applicable to excessive labor. Therefore, bonuses received by enterprises should be the products of the above ratio and the excessive labor rendered by enterprises.

Some comrades also pointed out that the index of wage cost per unit product could also be used as a reference in making a demarcation for enterprises bonuses. If the initial wage level of a certain enterprise was appropriate, but the wage cost per unit product they increased, the amount of bonuses issued was excessive and vice versa. However, when there were changes in the objective conditions for production there would also be changes in the wage cost per unit product. When we talked about the wage content per unit product, we did not refer to the relative amount between wages and costs but the absolute amount in wages. If the relative amount of wage cost and unit product was increased as a result of efforts to save established labor, it was not an indication of excessive bonuses.

VIII. On Labor Law

The comrades unanimously maintained that labor law was the law that readjusted the social labor relations which included the employment, transfer, and discharge of laborers by their units; work and rest hours; labor safety and hygiene, workers' involvement in management, award and punishment, technological training, labor disputes, etc. The legislation of labor law was significant to the rational organization of socialist labor, the protection of laborers' socialist rights, the mobilization of laborers' socialist enthusiasm and the development of the four modernizations.

The current dispute was whether labor law was subsidiary to economic law or whether they were of equal standing. It touched upon the area of economic trials and cases, and whether or not labor cases could be entertained. Some comrades maintained that labor law was subsidiary to economic law for the former was a part of the latter. Some maintained that they were equal and parallel, for they both came from the constitution. In a capitalist society, the labor force is a commodity and labor relations is an employer-employee relationship. It could be said that its labor law was, in fact, economic law. In a socialist state, laborers are the masters of the state and enterprises. Their relationship with socialist labor is not purely an economic relationship. It has a wider socialist significance.

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LABOR AND WAGES

MEASURES TO IMPROVE URBAN LIVING CONDITIONS DESCRIBED

Nanjing XINHUA RIBAO in Chinese 16 Apr 82 p 1

[Article by the communication group of the Jiangsu Provincial Statistics Bureau: "Investment for Construction in Urban Areas"]

[Text] According to the information recently provided by the provincial statistics bureau, from 1979 to 1981, the publicly and collectively owned enterprises and institutions in the cities of this province markedly raised the proportion of investment in nonproductive projects to a new level of 2.8 billion yuan, equivalent to 30 percent of total investment in fixed assets, up 12 percent from the level of 1978, or 7.5 times greater than the total investment in nonproductive projects from 1972 to 1976. This increase in the proportion of nonproductive investment has led to an improvement in municipal services and living conditions of urban residents, and has brought additional benefits to workers.

Since the Third Plenary Session of the 11th Party Central Committee, the capital construction front in our province has carried out the policy of economic readjustment. Under this policy, it has reordered priorities in investment by curtailing the scale of investment in fixed assets, by gradually adjusting the ratio between investment in productive projects and investment in nonproductive projects, and by rectifying the disproportions in the ratio of "bone" to "flesh." During these 3 years, the province invested 1.72 billion yuan in the construction of living quarters for workers, equivalent to 61 percent of total investment in nonproductive projects. In these 3 years, living quarters for urban workers occupying 15.5 million square meters of floor space were completed--averaging 5.17 million square meters a year, a record surpassing the total number of similar homes built in 7 years from 1971 to 1977. After adjustment for dismantled collective dormitories and civilian homes, an average net gain of nearly 4.5 million square meters of floor space a year for living quarters has been registered. Calculating on the basis that each household occupies 50 square meters, those 3 years of effort have relieved 280,000 households of urban residents of their housing shortages. During the 3 years, the province invested over 500 million yuan in the construction of additional cultural, educational and health centers, equivalent to 19 percent of the total investment in nonproductive projects for the same period. The result

is an addition of 523,000 new student seats to the schools of all kinds in newly completed buildings occupying 2,245,000 square meters of land, in which rooms for teachers occupy 1.39 million square meters of floor space. Meanwhile, an additional 9,000 beds have been added to hospitals, along with clinics occupying 354,000 square meters of floor space. This investment has not only brought additional benefits to the people who need medical care and to school children, but also improved living and working conditions for cadres and workers on the educational and health fronts.

During the 3 years, the province invested nearly 200 million yuan in the development of urban public utilities, mainly in the effort to improve water supply for urban dwellers and their communications and transportation facilities, to control and dispose of the "three industrial wastes," and to beautify parks with trees. According to statistics tabulated by 11 cities in the province, in the 3 years the storage capacity of natural gas and liquefied petroleum has increased as a result of the laying of an additional 40 kilometers of pipeline capable of carrying natural gas to more than 300,000 additional consumers. Since 1981, the daily and annual supply capacity of running water has increased by 40 percent over the level of 1978, while its users have increased to 4.718 million. At present, running water can be made available to over 90 percent of the urban population in the province. The urban mass transit departments have added an additional 364 city buses to their existing routes, and have repaired 67 kilometers of highways around cities and 232 kilometers of the underground water drainage systems. Efforts have also been made to open 14 new parks to the public, which increases the public park area by more than 150 hectares of land, and to increase seedling nursery plots by 250 percent over 1978. To meet the daily needs of the masses, the province has increased its investment in the development of commercial and food and drink service networks. From 1980 to 1981, more than 240 shopping centers occupying 223,000 square meters of floor space sprang up inthe cities of the province.

Responsible comrades on the staff of the provincial statistics bureau said: Although the efforts in the direction of adjusting investment in capital construction in our province have got off to a good start during the past 3 years, the task that lies ahead remains difficult. Further efforts still need to be made to accelerate the urban development so that the growing demands of city dwellers for improving their material and cultural well-being can be gradually met.

9574
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LABOR AND WAGES

MEASURES TO IMPROVE ECONOMIC WELL-BEING OF WORKERS DESCRIBED

Fuzhou FUJIAN RIBAO in Chinese 11 Apr 82 p 1

[Article: "Educate Workers in the Economic Situation"]

[Text] In the near future, all industrial enterprises throughout Fujian Province should devote time to mobilizing their propaganda media to educate workers in the current economic situation, and lead them to size up the situation and to know the basic principle that consumption should be followed by production so that they will work harder than ever for socialism. So declared the provincewide industrial and communications work conference now still underway.

Although the present ideology guiding the thinking process of workers in our province is generally sound, some of them still appear more concerned with their individual living conditions and less concerned with the state and collectives. Some individuals seem to have pent-up feelings bottled up in their chests, thus creating an unhealthy atmosphere. Comrades attending the conference proposed to give workers beset with this ideological problem an education that emphasizes persuasion and comparison in mathematical terms. The conference also heard a relevant department give this account: in the 3 years following the Third Plenary Session of the 11th Party Central Committee, the state spent some 140 billion yuan on projects to improve the people's living conditions, despite the economic difficulties it faced; as a result of the upward adjustment of prices of agricultural products and byproducts, and reduction and remission of taxes on agricultural and industrial goods in the countryside, peasants in our province increased their total income by 2.26 billion yuan, up 76 percent from the level of 1978; urban workers increased their total income by 580 million yuan due to wage hikes and the enforcement of the bonus system. In the 3 years, the successful placement of 458,000 persons in jobs, including 398,000 employed by civilian enterprises, has enabled the families of workers to increase their total income by 280 million yuan; the completion of living quarters for workers covering 4.48 million square meters of floor space, part of a project totaling 10.2 million square meters of floor space now under construction, has enabled more than 90,000 families of workers to move cheerfully into their new homes and tens of thousands of others to improve their living conditions; the province spent an additional

132 million yuan on the maintenance and construction of public utility projects in cities; the lowering of prices of coal and electricity used by civilian homes has cost the provincial treasury some 85 million yuan in subsidies. The above five projects have cost the state more than 3.5 billion yuan, including more than 2 billion yuan appropriated by the provincial treasury, which was equivalent to 9 percent of the national income of this province or 33 percent of the revenue of the provincial treasury for the said 3 years. An investigation of 324 selected families of workers conducted by a relevant provincial department shows that in 1981, the average income of each family member was 34.76 yuan, up 22.9 percent from the level of 28.21 yuan in 1978. After adjustment for inflation, his income in real terms was 13 percent more than before. Over 85 percent of families of workers have increased their income to 25 yuan per person.

In the course of discussion, the delegates to the conference maintained that the education of workers in the economic situation should take the form of sample investigation, comparison in mathematical terms, and lectures by leading comrades, lectures which must be backed up by concrete and vivid facts, indicating to workers that during the past several years, wages in terms of currency have risen faster than prices, which has made possible some improvement in their standards of living. At the same time, we must realistically acknowledge that there has been little or no improvement in living standards for some segments of the population. The important task is to take advantage of this form of education in the economic situation to convey the following basic ideas to workers: 1) as a matter of principle, consumption must be followed by construction or the development of production in order to raise their standards of living in real terms; 2) in a vast country like ours with 1 billion population, including 800 million peasants, the standards of living cannot be raised on short notice, and workers must share the burden of the state and work harder than others; 3) workers must take a correct attitude toward the state and collectives in relation to individuals, and must behave as masters of their own country with a sense of dedication to the party, the state, socialism, enterprises and collectives and a sense of love for their own careers.

Those attending the conference also discussed ideological and political work to be carried out by industrial and mining enterprises, calling on them to work out a regular schedule for this work with specific objectives in mind, to carry it out in coordination with the economic work and in a way that takes into account what workers really have in mind, to devote special attention to strengthening the ideological education of young workers and the training of the new generation of the working class. Other subjects of discussion included proposals to broaden the development of the socialist labor emulation drive, strengthen the building of party organizations at basic levels, rectify the party's workstyle, establish and strengthen political work institutions of the industrial and communication sectors of the economy at all levels, and strengthen the building of the political work contingents.

9574
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TRANSPORTATION

LENGTH OF COMMUNICATIONS, TRANSPORTATION SERVICES DESCRIBED

Beijing GONGREN RIBAO in Chinese 26 Apr 82 p 2

[Article: "The Developing Communications and Transportation Services"]

[Text] Communications and transportation are key construction areas for the state. Since liberation, and particularly in recent years, there has been considerable growth in railway, highway, water transportation, aviation and pipeline transportation, but they still cannot satisfy the needs of the growth in economic construction or raising the living standard of the people. At present, concerned departments are formulating plans to speed up construction and to strive for basic suitability between the two kinds of growth within 3 to 5 years.

Length of Railway Ranks Fifth in the World

By the end of 1981 the mileage of state-run railways in China already reached 51,000 kilometers, with an average annual increase of 800 kilometers of new track. The length of railway track ranks fifth among countries in the world.

At the time of liberation, there were only somewhat more than 10,000 kilometers of usable track in the country as a whole. With the exception of Lhasa, the capitals of all provinces and autonomous regions are now accessible by rail and are part of the initial framework of a nationwide railway network. Trunk railways running north and south include the Jinghu line, the Jingguang line, the Taijian-Jiaozhi-Zhiliu line and the Baocheng-Chengkun line. Trunk railways running east and south include the Jingbao-Baolan line, the Longhai-Lanxin line and the Huhang-Zhegan-Xiangqian-Guikun line. In the northeast, the Binsui line between Binzhou and Binsui runs east-west and the Hada line runs north-south, forming a framework in the shape of the character "ding." The Jingshen line, the Jingcheng-Jincheng line and the Jingtong line connect the railroads in and out of Shanhaiguan.

New lines under intensified construction and old lines being transformed at present include the Yanshi line, the Beijing-Qinhuangdao line, the multiple track of the section between Hangyang and Guangzhou on the Jingguang line, and the electrical engineering of the Fengshada and Shitai lines.

Highway Network Radiates in All Directions

At present, the nation's mileage of highways open to traffic has already reached 900,000 kilometers, 12 times that at the beginning when the state was founded. In the country as a whole, with the exception of Medong County in Xizang and Derong County in Sichuan, over 2,000 counties and over 90 percent of the more than 50,000 rural communes are accessible by motor vehicle. Motor vehicle transportation has basically replaced the backward mode of relying on human and animal strength for transport.

Our country built its first highway in 1906. In the more than 40 years between then and 1949, only 130,000 kilometers of highway were built. On the eve of liberation, only somewhat more than 70,000 kilometers remained usable. The vast countryside and most areas were inaccessible and isolated from the rest of the world. After 32 years of effort, a transportation network of highways centering around Beijing and connecting all provinces, municipalities and autonomous regions has taken initial shape, making motor vehicle transport the most extensive form of transportation in the country.

Oceangoing Ships Extend to the Three Oceans and Five Continents

China's ocean transport fleet is the mainstay of sea transportation that has developed the fastest. After liberation, an ocean fleet came into existence and grew in size and it now accounts for over 400 ships with a tonnage of 8 million metric tons, increases of over 20 and 40 times respectively.

Our country's ocean fleet travels the main shipping lanes of the three oceans and five continents throughout the year and has established links with more than 420 ports in over 100 countries and regions.

There are 15 major ports along our sea coast, including Dalian, Qinhuangdao, Tianjin, Qingdao, Lianyungang, Shanghai, Huangpu and Zhanjiang. In the last 10 years, largescale construction and expansion of these ports was successively carried out, with the number of deepwater berths accommodating 10,000 tons increased to 147. Many medium size and small ports continue to increase in capacity and play their role.

The mileage of inland water shipping in our country is now 18,000 kilometers, an increase of 46.5 percent from 1949. The navigable mileage of the greatest artery, the Changjiang River, has reached over 3,500 kilometers.

Every Province Is Connected by Air Service with Over 100 Routes

In 1948 there were only 10 or so domestic and 4 or 5 international air routes in our country. Since liberation, and particularly in the last few years, civil aviation has grown considerably. At present there are already 171 domestic air routes with mileage of 208,000 kilometers, linking over 80 cities. With the exception of Taiwan Province, the capital cities of the 29 provinces and autonomous regions are linked by direct or connecting flights with Beijing and can be reached virtually on the same day. China's Civil Aviation Administration has established business relations with airline companies of over 180

countries and regions and opened 19 international air routes to Europe, Asia, Africa and North America, with a mileage of over 119,000 kilometers. Moreover, regular regional air routes to Hong Kong have been opened up from many cities, with 42 weekly flights there.

Civil aviation has also vigorously and directly developed aviation to serve industry and agriculture, science and technology. Over 10 services are provided, including afforestation and sowing of grass, prevention and control of plant diseases and insect pests for farming and forestry, artificial rain, aerial photography, geological survey, petroleum survey and service at sea.

Pipelines--The Youngest Transport Service

Pipeline transportation is the youngest of China's transportation services. It has a history of over 20 years and has palyed a considerable role in the transport of petroleum and natural gas. As of the end of 1981, our country has already built over 21,300 kilometers of oil and gas pipelines, Last year over 100 million metric tons of crude oil, 780,000 metric tons of refined oil and over 930 billion cubic meters of natural gas were transported. The main petroleum pipelines include Daqing-Tieling-Dalian, Tieling-Qinhuangdao-Beijing, Shandong Linyi-Nanjing Yizheng, Linyi-Cangzhou, Henan Puhan-Linyi, and Henan Jianghe-Hubei Jingmen; as a result, the transport pipelines of major oilfields and refineries in northeast, north and east China have formed a basic system. Natural gas development has formed the gas pipeline system from Dianjinag in eastern Sichuan to Chongqing, Huzhou, Weiyuan, Chengdu, Deyang and Zhongtan.

9586
CSO: 4006/455

TRANSPORTATION

CONSTRUCTION OF DAYAOSHAN TUNNEL REPORTED UNDERWAY

Guangzhou NANFANG RIBAO in Chinese 10 May 82 p 1

[Report: "Key project in Opening Multiple Track of the Hengyang-Guangzhou railway; China's Longest Tunnel Project--Dayaoshan Tunnel Overall Construction Begins"]

[Text] The construction of the key project in opening the multiple track of the Hengyang-Guangzhou railway has already begun. By the end of April, 1,400 meters (double track) of the Dayaoshan tunnel had been excavated, of which 800 meters of tunnel had been completed.

To insure smooth progress in the construction project of the Hengyang-Guangzhou multiple track, on the eve of "1 May" the person in charge of the Guangdong People's Government went to the Shaoguan Prefecture, and together with the cadres of counties, communes (towns) and production brigades as well as the comrades of railway construction units, they made a concrete study of the local materials, and taking over of land for use and the tearing down and moving of houses necessary for railway construction projects, further harmonizing the relationship between construction units and the local area. Leading local cadres at all levels indicated: We must do our best to provide convenience for the railway construction.

The Dayaoshan tunnel, a key project on the Hengyang-Guangzhou multiple track, is located between Pingshi and Lechang in the Hengyang-Guangzhou section. The tunnel goes through the Yaoshan mountainous district and the Wushui Gorge where the topography and geology are complex. The tunnel has a double track and is 14.3 kilometers long. It is at present the longest railway tunnel in our country and is the key project in opening the multiple track of the Hengyang-Guangzhou railway. The entire construction process, including drilling, blasting, loading and transportation, pouring and stone lining, involves the use of mechanized equipment as well as the sectional excavation method. At present, construction is underway at 10 work faces of various inclined and vertical shafts of entrances and exits in the tunnel project. The progress of the construction work is normal. At the Leigongjian tunnel entrance--an experimental section to gather experience for complete sectional excavation of the Dayaoshan tunnel--for the first time in April 100 square meters of sectional area of the tunnel were successfully completed, representing the excavation of 107.6 meters in a month. One-time blasting for complete sectional excavation of the double

track tunnel was successfully carried out for the first time in our country. To realize reform of tunnel construction methods and to speed up the construction of the long Dayaoshan tunnel, staff workers who participated in the experimental construction grasped the technical essentials, skillfully operated the four-arm hydraulic drilling wagon introduced from abroad, transformed the operation of blasting techniques, stressed the linking of the operational sequence of drilling, blasting and slagging, and reduced the cycle of each task from the original 48 to 20.5 hours.

At present, the No 1 and No 3 project sections of the tunnel project bureau of the Railway Ministry are concentrating on the construction of the entrance and exit sector projects of Dayaoshan in order that the four-arm hydraulic drilling wagon can enter the tunnel for use before 1 July and create favorable conditions to realize complete mechanized sectional construction. Construction has also been resumed for the earth and stone roadbed project involving the Lechang-Shaoguan section from Huanggang to Hebianchang and the Huanggang station.

9586
CSO: 4006/455

TRANSPORTATION

BRIEFS

SHANDONG NEW AIRLINE--A trial flight along the airline among Shanghai, Qingdao and Beijing cities was carried out 27 June. This airline will open for traffic in the near future, which will greatly benefit the tour business in Shandong Province. [Text] [SK280420 Jinan Shandong Provincial Service in Mandarin 2300 GMT 27 Jun 82 SK]

CSO: 4600/532

GENERAL

SICHUAN PEOPLE'S PURCHASING POWER INCREASES

HK050858 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 5 Jul 82

[Summary] "According to a Sichuan RIBAO report, since the 3rd Plenary Session, the provincial party and government have increased the procurement prices of agricultural and sideline products in order to improve the people's livelihood, revised the workers' wages, given financial and commodity price subsidies, resumed the bonus system, provided more employment opportunities and increased production of consumer goods. All this has brought about good results." Income of people in the urban and rural areas has increased to a very large extent over the past 3 years. According to statistics, the income in cash of people in the urban and rural areas in 1981 was 17.53 billion yuan, an increase of 6.27 billion yuan over 1978, or 55.6 percent. There are several reasons for the increase in income. First, more employment arrangements have been made in the urban areas. The province's total workers' wages showed an increase of 44.6 percent over that of 1978. Second, procurement prices for agricultural and sideline products have been largely increased. The income of commune members obtained by selling agricultural and sideline products in 1981 showed an increase of 70 percent over that of 1978; and the volume of commodities provided by the peasants increased by 3.2 billion yuan over the past 3 years, an increase of 200 percent over the total increases of the past 12 years. Third, commune members have increased income by working part-time jobs in enterprises owned by the people and processing agricultural products, and so on. Fourth, other income such as retirement funds, welfare funds and so on have also increased.

"As a result of the increased income, the purchasing power of the people in the urban and rural areas has also increased. The purchasing power has increased by 4.55 billion yuan over the past 3 years, an increase of about 33 percent over the total increases in the 19 years before the smashing of the gang of four. The per-capita purchasing power has increased from 80.9 yuan in 1978 to 129.5 yuan in 1981, an increase of 60.1 percent." However, we must point out that the income increase of the people in the urban and rural areas has exceeded the growth of industrial and agricultural production and the national income. Comparing 1978 and 1981, our province's total industrial output increased by 20.7 percent, and the income in currency of the people in the rural and urban areas increased by 55.6 percent. Thus, aggravating the state's financial problem. Therefore, improving the people's livelihood must be carried out on the basis of developing production." In addition,

about 15 percent of the peasant families live in poverty in the rural areas, and it is necessary to vigorously develop agricultural and sideline production, diversification and peasants' domestic sideline occupation. In the urban areas, about 5 percent of the worker families live under hardships. All these problems will be gradually solved during the development of the economy.

CSO: 4006/532

GENERAL

SUPPLEMENTING PLANNED ECONOMY WITH MARKET REGULATION URGED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 5, 20 May 82 pp 3-5

[Article by Xue Muqiao [5641 2550 2890]: "Taking Planned Economy as the Core and Supplementing It with Market Regulation"]

[Text] The principle of taking planned economy as the core and supplementing it with market regulation is a crucial one in developing the national economy and must be firmly impressed on the broad cadres.

The socialist economy is a planned economy. Among the economic activities, major issues linked with the overall situation of the national economy, such as the scale of capital construction and the people's living standard, viz., the proportionate relation between the total reserve and total consumption and the major proportionate relations among the various branches of the national economy, must be strictly controlled by state planning. To maintain the proportionate relations among the various branches, the planning of all major construction projects, the production and distribution of crucial products (especially scarce products), and the production and operation of key industries must be subject to state control. Not just for industry, but planning is also necessary for agriculture. As industry and agriculture are interdependent, if there are plans for industry, but none for agriculture, the national economy will not be able to develop according to the proportions. Meanwhile, with the low development level of China's productive forces, the levels among the various regions are entirely different. In terms of the forms of the economy, there exist the popular ownership occupying the dominant position in the national economy, collective ownership which is even more widespread than the popular ownership and a small amount of individual ownership (if the peasant family sidelines are included, the number is not small). Most industrial and agricultural products must be exchanged through the market. As the varieties of large commodities linked with the national economy and the people's livelihood are not many, but the output value great, they must be produced according to state plans. On the other hand, as the value of small commodities is not great, but the varieties

number by the tens of thousands, thev cannot all be included in state planning, but can only be produced freely according to market fluctuations and within the permissible range of state planning. Therefore, market regulation under the guidance of state planning is needed.

Planned management must be carried out by economic, as well as administrative, means. The market is mainly regulated spontaneously according to the objective economic laws, but the necessary administrative management is also required. In the past, we mainly relied on administrative means for planned management and promulgated plans of a coercive nature, with the industrial departments producing and the commercial departments purchasing and marketing according to plans. As a result, production was sometimes out of alignment with market needs, and the wasteful phenomenon of either shortage or overstocking emerged. Therefore, even in regard to coercive plans, we must resort to economic means simultaneously, viz., full consideration and application of the law of value, and stipulating and regulating the planned prices of the products according to their value and their demand and supply. To fully develop the effect of economic means, when the regulatory tasks are mostly completed and the market demand and supply mostly balanced, except the major products which are small in variety and which concern the national economy and the people's livelihood, we may replace coercive planning on the production and marketing of many daily need articles with planning of a guiding nature. Guidance planning means that the production and marketing norms of the state will only serve as references to the production and marketing departments. Commercial departments may, according to the planned norms and market need, make purchases from the industrial departments, and the latter may, according to the orders of the commercial departments and the need of the market, organize production. This method of planned management will better reflect the need of the market. So long as the main part of the products is handled by state commerce by unified purchasing and marketing according to the planned prices of the state, such products still belong under planned management, not in the realm of market regulation.

Guidance planning relies mainly not only on administrative means, but also on economic means, to assure the completion of plans. We must formulate correct price policies, and the balance of supply and demand of general products should, as far as possible, be effected by pricing. The regulation of those products which cannot be completely accomplished by pricing may be effected by means of tax rates, and by bank credit in some cases, in order to promote the normal circulation of the various commodities and reduce overstocking and waste. Mastering the economic leverage and reducing coercive planning, replacing it with guidance planning, are a crucial part of the reform of our planning system hereafter. Currently, due to the irrationality of the system, structure and pricing, the introduction of guidance planning is still difficult, and we still need to reinforce planned guidance and administrative intervention. Naturally, even after mastering the economic leverage, we cannot completely abolish coercive planning. Investments in major capital construction

projects and the production and distribution of a small number of crucial goods and materials, especially scarce commodities (such as grain, energy, etc.), must remain under coercive planning for a long time to come.

In planned management, besides coercive and guidance planning, we must also adopt manifold forms, e.g., combining coercive and guidance planning, and cooperative planning among regions, among industries and among enterprises. The totals of the production and marketing of steel products and cotton fabric must follow coercive planning, but it is impossible to include all their varieties, specifications and designs and colors, which number in the tens of thousands, in state planning, and they can only be left to the supplying and demanding sides to settle by contract. Some scarce products must be placed under the unified distribution of the state, but a small part must be left for cooperation between the producing and demanding regions, so that the producing region can obtain by exchange the products which are most needed by it but which the state is unable to supply. The unified planning of the central government from the top to the bottom must be supplemented with regional cooperation from the bottom to the top. When formulating cooperative plans from the bottom to the top, the completion of the allocation and transfer tasks of the state must be first guaranteed and the cooperative planning of the various regions coordinated in a nationwide sphere, making it into a component part of state planning and achieving an overall balance according to the spirit of regarding the whole country as one chess game.

Due to the extensive collective ownership in rural areas, the forms of planned management become even more complex. Our planned management of crucial farm products in the past was mainly by means of the price policy, which was planning of a guidance nature. With the shortage of many crucial farm products, to assure the completion of the purchasing tasks, we, besides the price policy, also resorted to the methods of requisitioned purchasing (such as grain), unified purchasing (such as cotton) and assigned purchasing (such as hogs and eggs), which were planned management of a coercive nature, i.e., administrative means in addition to economic means. These methods can only be gradually changed when the supply and demand are balanced or when the supply exceeds the demand. When balancing supply and demand by means of the price policy, the prices, as long as they are determined by the state, are planned prices. Furthermore, as most of the products are subject to unified purchasing by organs designated by the state, they still belong to the realm of planned management. Only Class 3 farm by-products whose prices are not determined by the state and the products permitted by the state to be sold in rural and urban agricultural by-products markets come under market regulation. Negotiated purchasing of agricultural by-products by state commerce from the peasants remains the necessary supplement to planned purchasing at present, but the range of negotiated purchasing must be strictly controlled in order to avoid conflict with the purchasing plans of the state.

According to the above divisions, the production and exchange of most products in our country are under planned management, and market regulation

only creates a supplementary effect. We should point out that, when carrying out planned management, we must apply the law of value. Consumer goods must be exchanged through the market, permitting the consumers to choose freely, and a fairly large part of production means must also go through the market. The economic work personnel (including the planning personnel) must constantly survey the market conditions and familiarize themselves with certain laws producing a continual effect in the market economy. That we stress the effect of the market in the reform of economic management in recent years is because our economic work personnel fail to pay much attention to market conditions and are ignorant of certain laws of market economy. Juxtaposing market regulation and planned management and failing to take planned management as the core are incorrect, but finding it unnecessary to study the effect of the market under planned management, or even considering utilizing the effect of the market as capitalist liberalism, is just as wrong. To change the disjointed phenomenon between production and demand which has not been completely rectified even now, we must continue to study thoroughly the changes in market conditions, make market forecasts and, upon discovery of incompatibility between production and need, promptly revise the production and purchasing plans and readjust the planned prices.

In the reform our economic management system in the past few years, we gradually introduced the following methods in the aspect of circulation.

1. We have changed the unified purchasing and exclusive sale on many daily need articles. Except such major consumer goods as grain and cotton fabric and such crucial production means as petroleum, coal and lumber, the commercial departments practice selective purchasing on many daily need articles, and may refuse to purchase unmarketable products, and the plants may sell on their own the products not purchased by the commercial departments. By so doing, the protracted overstocking and protracted shortage of many products have been preliminarily solved and waste reduced.

2. We have increased the channels of circulation and reduced the links. In the past, urban commerce was handled exclusively by the state, rural commerce by the supply and marketing cooperative, and import and export trade by the Ministry of Foreign Trade. Thus, the market was made rigid, detrimental to the sound development of the national economy. Today, under the premise of maintaining the dominance of these commercial branches in the market, the plants are permitted to sell a part of their products on their own, and the industrial departments may set up separate specialization companies to sell their products (especially machine and electrical products). The agricultural by-products permitted by the state to be sold by the producers themselves may be shipped by the communes and brigades or peasants themselves for sale at urban agricultural by-products markets. The state also permits some regions and plants, under the unified leadership of the Ministry of Foreign Trade, to handle import and export business or to operate jointly with foreign trade specialization companies. The reform has produced an important impact on the urban-rural and internal-external interchanges of agricultural

by-products. Naturally, the development of market regulation has inevitably led to such illegal acts as speculation and profiteering, smuggling and tax evasion; therefore, the state must simultaneously reinforce market management.

Correctly handling the relations between planned economy and market regulation is a crucial link in our reform of the system. For a time in the past, we appropriately enlarged the range of market regulation and gave attention to the role of economic leverage in planned management. As shown by the practice of the past 3 years, the results of the reform are extremely obvious. To make the reform develop a positive effect and prevent a negative one, we must reinforce planned management, utilize economic means and the economic leverage to manage the economy, strengthen economic legislation, and tighten the supervision and inspection by the industrial and commercial management bureaus and customs. Precisely as democracy requires the creation of the legal system, we must also appropriately reinforce market management when introducing market regulation. Failing to utilize market regulation and relaxing market management are both detrimental to the sound development of the socialist economy.

6080
CSO: 4006/482

GENERAL

BRIEFS

NEI MONGGUL ECONOMIC CONSTRUCTION--The Nei Monggol autonomous regional people's government recently allocated 10 million yuan of special funds to develop the economic and cultural construction in border pastoral areas. Because of slow economic and cultural development, many herdsmen in these areas still have difficulty receiving TV and radio programs and drinking water supplies. Many areas have no telephones. The Nei Monggol autonomous region people's government decided to attend to economic and cultural construction in the border pastoral areas by allocating special funds in the coming 4 years. [Text] [SK030714 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 Jul 82 SK]

CSO: 4006/532

AUTHOR: CHEN Meijun [7115 2734 0689]

ORG: Beijing College of Economics

TITLE: "On the Major Approaches to Mechanization of Warehouses in China"

SOURCE: Beijing WUZI GUANLI [MATERIALS MANAGEMENT] in Chinese No 6, 25 Jun 82 pp 16-17

ABSTRACT: Since the 60's, mechanized and automated highrise warehouses have appeared in some developed capitalist countries. These are called vertical warehouses, which occupy very little land and are equipped for mechanized loading and unloading as well as for automated management. The author does not believe they should be the goal in China, however. Compared with some developed countries, such as Japan, the existing warehouse spaces in China are still much larger and the problem is their low utilization rate and low work efficiency due to the low level mechanization. In some cases, the available machines are not coordinated into complete sets to cause them not to operate in full capacity. The paper suggests that instead of building up-to-date warehouses, what China needs is to install modern and complete sets of machines, such as indoor small gantry cranes, forklift trucks, and outdoor gantry cranes in the existing warehouses to improve the space utilization rate and the work efficiency.

AUTHOR: None

ORG: China Fuel Company

TITLE: "The Problem of Coal Supply for Boiler Use Discussed by Some Energy Specialists in Beijing"

SOURCE: Beijing WUZI GUANLI [MATERIALS MANAGEMENT] in Chinese No 6, 25 Jun 82 p 32

ABSTRACT: Fuel companies in more than 10 provinces and cities have started in the last 2 years to process coal mechanically to supply the boilers of small and large enterprises. Unlike coal for the use of metallurgical plants, the processed coal for motive power use has different indices for calorific capacity, volatile element, and grain size. One of the specialists reported that when the processed coal is used in the majority of the boilers, the carbon content of the cinder is generally 5-7 percent less and about 2-3 or even 5 percent less coal is consumed; therefore, the benefit from each ton of processed coal is 1.92 yuan. The current cost of processing is 1 - 1.70 yuan; therefore, the net benefit is only 0.22-0.92 yuan. Some suggest that the capital investment for each of the processing machines in the future should not be too high and the utilization rate of each machine must be raised. One way of reducing the cost of processing per ton is to assign two shifts of workers to each machine. The delegates also suggest that the quality indices of the processed coal should be given to the users instead of simply providing the grade of coal supplied.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON REFORM OF PURCHASING PRICES

HK221504 Beijing 'JINGJI YANJIU' in Chinese No 6, 20 Jun 82, pp 45-50

[Article by Zhang Liuzheng [1728 3966 1767] of the Agricultural Economy Research Institute of the Chinese Academy of Social Sciences: "On the Reform of Higher Prices for Agricultural Products in Excess of Purchase Quotas"]

[Text] The implementation of higher pricing for the principal agricultural products when purchasing quotas are exceeded is one of the contents of the existing purchasing system for agricultural products. This practice dates back to 1965 when the system of state purchase quotas for grain was in force. At that time, based on the "three fixed quotas," a base figure was fixed out of the total grain purchase, and it was assigned proportionally to every basic accounting unit in the rural people's communes, and "once fixed, it was not to change for 3 consecutive years." The state purchased the grain within the base figure at list price, and offered rewards for the grain above the base figure. The measures were: half of the above-base grain was purchased at the list price coupled with material awards; the other half would fetch a higher price which was 30-50 percent higher than the list price (to be handled flexibly by different provinces, municipalities and autonomous regions). The complete term for this measure was called "stability for the base figure, higher price for the above-base grain." This system underwent some change in the 1970's, and the base figure was adjusted; all the above-base grain got a higher price, with a unified increase of 30 percent. In 1979, the State Council stipulated that for the three species, grain, cotton and oil, while raising the purchasing price, all the species could enjoy the measure of "stability for the base figure, higher price for the above-base products." More specifically, the base figure, with some modification and adjustment, was fixed according to the average output figure and actual purchase of the three species in the previous consecutive years, and "once fixed, no change for the next 5 years." The above-quota grain and oil crops were purchased with an increase of 50 percent, and the negotiated purchase could be carried out only after the fulfilment of the state quota (including the base figure and the above-base purchase). The above-base cotton was purchased with an increase of 30 percent. In addition to the measures stipulated by the State Council, some regions applied similar higher price purchase towards flue-cured tobacco and sugar crops.

Although higher pricing for the purchase of the above-base products is a practical measure, it is nevertheless a constituent element of the planned

pricing policy of the party and is directly associated with agricultural production and the peasants' daily life. It not only exerts influence on the development of agricultural commodity production, but also affects the state's finance, market prices and the work of readjusting the economy. With over 10 years' experience, especially with the practice in the past 3 years, the work of analyzing the merits and defects of this measure and formulating a practicable plan of improvement should be placed on the agenda.

1. Higher Prices for Purchases in Excess of the Quota is a Potential Factor for Inducing the Rising of the General Level of Purchasing Prices for Agricultural Products

Grain, cotton and oil are the first-category agricultural products that have been purchased by the state under control. After the adoption of higher prices for purchases in excess of the quota, the total purchase amount is divided into two portions, the base figure (the term "guaranteed purchase" is added in some regions), and the above-base or above-quota purchase. The purchasing price is correspondingly divided into two kinds: the base figure price and the above-base purchasing price. In order to be more specific, we adopt the terms, the first state purchasing price (base figure price, or the list price offered by the state in all the years after liberation), and the second state purchasing price (above-base price, that is: list price times (1 plus the percentage of higher pricing)). This method is a measure adopted because the general purchasing price for the agricultural products is relatively low, the internal price ratio between the agricultural products is irrational, and the principal agricultural products cannot meet the market needs, thus causing contradictions. It has the following characteristics:

First, higher pricing is limited to the above-base portion, and the base figure is still connected with the relatively low prices. The magnitude of the base figure has a direct bearing on the income of the commodity producer. The higher the extent of price rise and the greater the amount of the unit price, the more prominent the influence on the base figure.

Second, the base figure is an absolute value. It is fixed with reference to the land productivity and the quantity of commodities during the previous years before the fixation, and it has no corresponding proportional relationship with the change of production conditions and the purchased quantity within the period of fixation. The longer the period of fixation, and the greater the development and change of the agricultural situation and commodity production, the higher the degree of divergence of the base figure with the year's output and actual purchase.

Third, it is under the influence of the imbalance of the production development and other specific economic and political factors. In 1979, the level of obligation imposed by the fixed base figure varied to a very great extent between different regions, communes and brigades (both for the farming area or for the absolute quantity averaged with respect to the agricultural population, and for the proportion of the base figure in the total purchased quantity). For instance, a peasant may undertake to provide a base figure as high as 400 jin of grain, another may only provide scores of jin, while still another may

get rid of the base figure altogether. In different regions, the proportion of the base figure in the total purchased quantity may be as high as 80 percent, or it may be as low as under 10 percent. If a certain region provides several commodities at the same time, the main product will usually get a higher base figure, and the minor products may get a lower or zero base figure. Therefore, even the difference in the level of obligation is rather great between different species. This situation, aggravated by the irrational price ratio among agricultural products, makes the fixed base figure easy to decrease but difficult to increase, and makes the extent of price raising easy to rise but difficult to fall. The more the species with higher pricing, and the more brisk the exchange of commodities, the harder it is to control the existing problems regarding the base figure.

In a word, this measure of higher pricing runs contrary to the development and requirements of the production of commodities. When the commodity economy was not brisk, especially when this measure was adopted for grain which was consumed for the most part by the peasants themselves and which was provided to the state mainly as one of the political tasks, this measure did have some active impact on encouraging the peasants to make a greater contribution and on consolidating the system of state monopoly for purchase and marketing. During the 10 years of internal disorder, the development of agricultural production was slow, there was little improvement in the conditions of the low-yield regions, the plan for cultivation was rigid, and all was strictly controlled by the state; as for the basic production units, there often existed the situation in which production was carried on without evaluating the cost and labor was conducted regardless of the effect, so the stagnancy of the economy covered up the contradiction of pricing. That was the reason why the base figure fixed in 1965 could exist for a long period without any alteration. Generally speaking, after 1979, higher pricing for the above-base products did have some effects on prompting the peasants to develop commodity production, to increase production generally and to provide more material to the state. However, in the past 3 years, because great changes have taken place on the entire agricultural front, there have been new developments in the production and exchange of commodities, new imbalance has emerged between regions, trades and species, the economic life in the countryside has become very brisk, and especially because the work of the country's economic readjustment and system reform has intensively developed, the contradictions inherent in the existing measure of higher pricing have gradually become manifest. For example:

The contradiction between the unchanged base figure and the changing situation of commodity production. The development of agricultural production is often not balanced. Under certain natural and economic conditions, the potential for increasing production is great for those regions, communes and brigades with lower fixed base figures and the situation is just the opposite for those units with higher fixed base figures. When the former units have got rid of certain factors of interference imposed by human influence, and commodity production has made great progress within the period while the base figure lasts, the proportion of the above-base products purchased will be high, and the amount of money through the higher pricing will be relatively great. In comparison with the latter regions, there would even appear the situation that the sales volume of the commodity is inversely proportional to the amount of income. In

the last 2 years, the difference in income and benefits has been the reflection of this kind of contradiction. Even within the same region, a similar situation emerges between different species.

The contradiction between the unchanged base figure and the reorganization of the structure of production. Because the fixed base figure is coupled with some irrational arrangement of production formed during the course of history, a minority of areas with concentrated commodity production undertake a higher base figure, while the majority of areas with scattered commodity production share a lower base figure. The high base figure makes it difficult for the former areas to plant specific species with reference to particular soil conditions, and also makes it difficult for them to develop diversified economy and rational rotational cultivation, but a low base figure can make it possible for some areas to develop specific species with a higher income. The more intensive the work of readjustment, the more conspicuous the contradiction. The result is that on the one hand, the unchanged base figure will undergo pressure to change, and, on the other hand, it will be difficult to realize the state plan for cultivation. In particular, for some products with lower income (such as grain), the farming area shows a tendency to decrease.

The contradiction between the unchanged base figure and variations in the annual harvest. Agricultural production depends to a great extent on natural conditions. The same area in different years and the same year between different locations will show a certain kind of difference in the year's harvest. For the accounting unit (or a county) which has undertaken the task of providing a certain base figure, unchanged results of harvest for 5 years on end would only be accidental, but the base figure will remain unchanged regardless of the reuslts of the harvest. From the standpoint of the entire country, harvest results may vary from year to year, yet the general task of purchasing the base figure products can hardly be accomplished.

The contradiction between the unchanged base figure and variations in the quantity purchased. Changes in the quantity of commodities provided by the basic accounting units are influenced not only by production, but also by the circulation channels, market demand and supply, and the method of settling the account. Thus the situation occurs quite frequently that some accounting units provide greatly increased amounts of above-base products, but some cannot fulfill their base figure tasks. As for the general results in the whole country, the base figure tends to decrease all the time, and the above-base quantity is not in proportion, or is even in inverse proportion to the general purchased quantity. In the scattered production regions, it is particularly easy for this situation to emerge regarding the second-category agricultural products, and it is even more difficult to control after the implementation of fixed output, fixed work load and independent accounting for each household.

The artificial effect of such contradictions is that within a certain extent of total purchase, the accomplished base-figure portion tends to decrease, while the above-base portion tends to increase continuously. This is reflected in the ever increasing prices year after year. The unchanged base figure is in effect a variable, a potential factor that affects the stability of the general purchase price for agricultural products, and it hampers the implementa-

tion and fulfilment of the state plan. The trend that has taken place in recent years regarding the grain base figure is good proof. At first, part of the old commodity grain bases earnestly demanded that the base figure be reduced. The first reason they gave was the desire to stabilize grain production. For instance, in Yantai Prefecture, the average peasant had to be responsible for a base figure of 91 jin, which was 21.3 percent higher than the average figure for the province; when the base figure was assigned further downwards, in Huang County it was 138 jin, and in Ye County it was 166 jin; in Ye County, four high-yield communes which had 39.4 percent of the country's population undertook to provide 55.6 percent of the country's base figure. The same method was adopted by the commune to assign the base figure to the basic accounting units; Guangming Brigade of Xiyou commune, a main supplier of commodity grain, undertook a base figure which was 1.07 times higher than the country's average figure and 2.78 times higher than the region's average figure. The high-yield communes and brigades made great contributions, but they were given lower prices when settling accounts. This situation has become a very disadvantageous factor in stabilizing the sown area for grain production.

The second reason for their demand to lower the base figure was to meet the needs of readjusting the structure of agricultural production. Because the income from growing grain tended to be low, the peasants were quite willing to expand the sown area for oil-bearing crops, cotton and tobacco. In comparison with grain, these crops already had a higher initial state purchase price. Since they were not the main production area, the base figure was low. In addition, the newly increased areas had no base figure imposed. If this situation was not brought under control, the result of readjustment often led to a decrease in grain area. In order to tackle this problem, Huangpi County of Hubei Province adopted the following measures: on the basis of strengthening planned management, the adjustment of price had to be enforced, and the task had to be changed with the expansion of the sown area. As regards the newly expanded area, no matter whether oil crops or cotton were grown on it, fresh quotas and base figures had to be imposed, while fresh quotas for grain had to be accompanied by a reduced base figure. For instance, the area for growing grain crops in Shuangchen Brigade of Huancheng commune amounts to 90 percent of the total farming area. In 1980, while the purchase quota for grain increased by 4.3 percent, the base figure decreased by 8.1 percent. This gave the average laborer in the whole brigade an extra 68.75 yuan through the higher pricing measure. The commune members were quite satisfied with the result. The measure facilitated that smooth implementation of the country's readjustment work. Furthermore, throughout the whole country, the base figure cannot be maintained, and the rate of fulfilment is on the decrease year after year. The base figure fixed in 1979 was twice reduced until 1981, with a total decrease of 13.4 percent, and the major part of it took place in the main production areas providing commodity grain. Even with all this reduction, the base figure was not well fulfilled. Before 1978, the rate of fulfilment generally reached 96 percent. After 1980, the rate gradually decreased to under 90 percent, with an even lower record in certain years. At the same time, the quantity and proportion of the above-base figure increased steadily, and the payment for the increased quantity by the state was correspondingly increased rapidly. Decrease of the base figure meant the increase of payment

for the above-base products, and the inverse association of purchase and sales was expanded. The financial subsidy provided by the state was therefore increased. At present, the series of chain reactions has increased the financial obligations of the state. Of all the prices for agricultural products, the price for grain is the base. This kind of situation begins with grain, but it can extend to cotton, tobacco and other agricultural products and animal by-products, thus forming an increasing pressure on the state's finance, and on the overall work of readjusting the economy.

2. Higher Prices for Purchases in Excess of the Quota is Not a Conscious Utilization of the Law of Value

The existing measure of higher prices for purchases in excess of the quota has induced various kinds of contradictions, affecting the development of the production of agricultural commodity products in our country. The theoretical explanation for this situation is the lack of understanding regarding the role played by the law of value in our agricultural production, and regarding how planned prices should reflect the requirements of the law of value.

The basic requirement of the law of value is: Commodities should be exchanged according to the value created and determined by the necessary labor time of society. On the same market, the same kind of commodity should fetch the same price, and a single commodity should appear as an average specimen of that kind of commodity. Under the capitalist system, this process manifests itself through competition and the fluctuation of prices. In socialist countries, a planned economy is practiced. In our country, the agricultural products of the first category are controlled by the state through unified purchase, and the agricultural products of the second category are monitored by the state through quota purchase. All these purchase prices are fixed and adjusted in a planned way, so as to avoid the harmful effects on production caused by price fluctuations. At the same time, this purchase system reflects essentially the relationship of commodity exchange between the state and the collective peasants. In order to expedite the development of commodity production, it is necessary and also possible for us to ensure that the above requirements of the law of value be respected, and be utilized in a conscientious way. Since the founding of new China, we have established a socialist unified market in our country, and have persisted in ensuring the concentration and unification of the management of prices. The purchase prices for all the important agricultural products throughout the country have been fixed in accordance with the principle of a unified market. Apart from setting up some necessary price differentials between regions and seasons, the purchase prices for all the standard products have gradually come to be identical throughout the country. After the advent of the 1960's, the price differential between regions for the few main agricultural products tended to disappear altogether. At present, within the range of planned pricing, different purchase prices for the same commodity are caused by the measure of higher prices for purchases in excess of the quota. For the basic accounting units, at the end of the year's purchase, the liquidation price equals the weighted average of the base figure plus the above-base purchased quantity, or: the liquidation price equals (the first state purchase price times the base figure plus the second state purchase price times the above-base quantity) divided by the total quantity pur-

chased. Take the purchase of grain for example, within the scope of the whole country, certain regions may have a base figure ratio as high as over 80 percent (when there is a lean year, and the supplied grain cannot meet even the basic figure, then the base figure will be 100 percent), while some regions may get a zero-base figure. The great difference in the ratio between the base figure and the above-base figure directly constitutes multiple prices for the same commodity and a great price difference between the unit prices for the same commodity. For the former, a species of grain may fetch a price ranging from 0.13 yuan to 0.195 yuan, more than 10 grades if based on the unit of 0.001 yuan; for the latter, in the northern province, 1 jin of the standard product lint cotton may have a price difference of as much as 0.5 yuan. Also there are variations in prices for every year of purchase. This situation happens in the interrelations not only between provinces, counties and adjacent production brigades within a commune, but also between households in the areas where purchase and settling of accounts are conducted on a household basis. The results of this situation are:

First, this makes the purchase price of the agricultural products disassociated from the social cost. The cost is the basic component element of the commodity value, and is also the lowest limit for the commodity price. The formulation of planned prices should consider the function of the law of value, primary based on the cost. The production cost of the agricultural products is divided into the individual cost and the social cost. The formulation of the price should be based on the social cost of that particular kind of commodity. The present price for settling the accounts of the above-base products has nothing to do with the social cost, and does not change in accordance with the individual cost, and therefore confuses the relationship between the price and cost.

Second, the higher pricing awarded to the above-based products is not a kind of compensation or reimbursement for the overfulfilment of the task for the supply of commodities which require additional material and living labor. In some of our production regions where a large population is endowed with a scarcity of land and where the multiple crop index is high, with a concentration of grain and cotton quotas, because of various economic and technological factors, there exists the phenomenon that the gains of investment tend to decrease progressively. But the reimbursement offered by the existing higher prices for the above-base products runs in the reverse direction regarding the greater expenditure of the magnitude of labor. For instance, a small number of high-yield regions which provided relatively large amounts of commodity grain before 1978 were assigned heavy tasks when the base figure was fixed in 1979. These regions generally have a fairly large population but a small area of land, with comparatively high intensive operation. Their means of increasing production have been to raise the multiple crop index, to use more chemical fertilizers, to strengthen plant protection and to adopt improved varieties. Though the extent of increase is quite satisfactory, the cost is rising more drastically. The result of the investigations conducted by the national agricultural committee on the agricultural economy of 11 counties shows: compared with the year 1965, Wuxi and Wu Counties increased their grain production per mu by 50 percent in 1979, but the material cost increased by over 150 percent, the magnitude of labor increased by 117 percent, and the per mu cost and per

jin cost both increased drastically. If calculated according to the first state purchase price, the net income per yuan for the agricultural investment dropped by 50 percent, and the farming resulted in a loss; if calculated according to the second state purchase price, the net income showed a slight profit. The same trend of change applied equally well to Jiaxing, Boluo, Taoyuan and Tong Counties. But the grain liquidation price in the above-mentioned regions titled toward the first state purchase price. Take Jiaxing District for example, the grain base figure for every peasant was 331 jin. In 1979, a year of bumper harvest, the commodity grain rate reached as high as 37.1 percent, but the above-base quantity only amounted to 43.5 percent of the total state purchase quantity. In 1980, because of natural calamity, the commodity grain provided by every peasant was 316 jin, which did not satisfy the base-figure requirement, and consequently no above-base money was obtained. In these regions, the potential for further increasing production is limited by various measures. Within a certain period from now, if there is no significant technical breakthrough, the gains from the progressive increase in investment will still show a tendency to decrease. On the contrary, those regions which had a very low base figure before 1978 generally have comparatively more land, and some of them even enjoy quite favorable natural conditions. When the initiative and enthusiasm of the laborers are brought into full display, output will rise rapidly while expenses are reduced, with the result that money derived from the higher pricing will increase, and the income from production will rise markedly. In the cotton production regions, because of the high base price for commodity cotton, plus 30 percent higher pricing for the above-base figure, grain quota awards and regional price differential, the difference in income is more evident. The irrational difference of income and benefits lies in this kind of price difference, and it does not entirely result from, or even has little to do with, the performance of production and operation. This measure, which makes income regulated by the base figure, also gives rise to a tendency of violating the principle of the exchange of equal values between agricultural producers, thus affecting the implementation of the purchase plan of the state.

Third, the overflow of the above-base money in some regions is not the result of the differential income of rent. A special manifestation of the function of the law of value on agricultural commodity production is the differential rent. Socialism has only eliminated the form of this kind of rent, but different grades of land retain the difference in income, and this differential income is gained by the land owner--the collective production units. This is in agreement with the needs of the development of commodity production. The existence of the differential income of rent is based on the proposition of "the general price of production," the benefits being awarded to the owners of top-quality and medium-quality land. The existing measure of higher pricing for the above-base products negates the existence of the criterion of social cost, and therefore makes the proposition null and void. We presume that when the base figure was established in 1979, the average liquidation price in the whole country was "the ordinary price of production" (this might have a quantitative difference if it had been fixed with reference to poor-quality land, but the essential characteristics would remain the same), then the actual liquidation prices of various commodities sold by different grades of land may be equal to, higher than, or lower than this ordinary price. Furthermore, the

opportunity of being "equal to this ordinary price" is very rare indeed, because the establishment of the base figure was not based on the grades of land, and without fixed proportion. The greater amount of money obtained from the best-quality land with a low base figure has in effect exceeded the income which is to be derived from the differential land, while the comparatively greater amount of money gained from the poor-quality land with a low base figure is in the nature of "subsidies," and this is in reality a transference of the net income of the best-quality land. Either case will be detrimental to the rational utilization of land and the planned development of the commodity production.

3. Reorganize and Reform the Existing Measure of Higher Pricing for the Above-Base Products

"Fixing the base figure and higher pricing for the above-base products" cannot reflect the inherent relations in the course of commodity production. Its extensive application offers little help to agricultural production which mainly practices planned economy. Therefore, it should be used as a temporary measure to encourage the peasants to provide more agricultural products to the state under specific conditions, and to regulate the proportion between self-utilization and commodity supply, and it should not be set as an established form in the course of planned pricing. This measure should be reformed through the following means: First, the extent and power of the higher pricing should be controlled and; second, the method of fixing the base figure should be changed.

The measure of "higher pricing for the above-base products" can be adopted under the following conditions: 1. To encourage peasants to produce and supply more agricultural products to the state, these products are those that bear a close relationship to the livelihood of the people and the economy of the country. In our country, a large population is endowed with a limited area of farming land, coupled with rather low productivity, which has caused a lot of problems for many varieties of agricultural products. If all solutions resort to the utilization of the limited land, biased results will occur. Therefore, it is necessary to take the needs of the state under consideration in accordance with the overall and long-term interests of the country. With reference to the concrete conditions of our country, grain should be the first product worthy of attention. Grain is a kind of strategic material. To satisfy the needs of the people, to develop the industrial and agricultural production, to further consolidate the unity of the workers and peasants, and to strengthen the national defense--all of these depend upon sufficient grain reserves. At present, the quantity of grain consumed by the peasants themselves still constitutes a very great proportion, but flexibility in consumption and the saving potential are not to be slighted. State purchase supplemented with higher rewards for above-quota products will enable the state to acquire more commodity grain under the same conditions. Rewards should be offered only to "selective and superior," and related measures such as preferential material sales, price subsidies nad so forth should be under all-round review, otherwise the measures will lose their original purpose. 2. To subsidize labor consumption for certain agricultural products which have a lower selling price but which are badly needed by the state. At present, the internal ratio of

selling prices for the agricultural products is irrational, which results in widely different incomes for the producers who sell different varieties of products. It is understandable that the peasants of a collective unit should associate their option of items with the possible income. But with reference to the basic characteristics of the process of agricultural reproduction and the existing predominant collective ownership, when drawing up production plans, we should try our best to set target, and by means of indirect planning, develop various kinds of economic levers, pricing in particular, to play a greater role in guiding the peasants to follow the plans of the state. Under the present prerequisite that the general price level of the agricultural products needs stability, the supplementary function of higher pricing can be utilized to give subsidies to those agricultural products with relatively lower pricing that cannot be adjusted immediately. 3. It should become a measure which assists the pricing scheme. The planned purchase price is uniformly formulated by the state and should be maintained relatively stable, while the higher pricing measure is flexible to a certain extent so that it can act as a supplementary measure to the planned pricing. Therefore, the starting point of calculation for higher pricing can do without the absolute figure by employing the method of proportional calculation. Prices should not be raised too high, and the price may float within a certain range (say 20-30 percent). Different levels of higher prices may be applied to different varieties within the same category (such as rice and maize under the grain category), depending on the degree of the state's requirement. The period for carrying out the higher pricing measure should be fixed; generally speaking, a period of 3 years will be quite appropriate. In order to bring the auxiliary function into full play, stricter control should be imposed. The problem of whether the higher pricing measure should be applicable to state-controlled first and second category products should be arranged or approved by relevant unit authorities.

At present, quite a large number of products enjoy the measure of higher pricing, a situation that should be reorganized. From a long-term point of view, only those varieties such as grain should be allowed to retain this preferential treatment, and for all the others, this practice should be gradually relinquished. Even the measure of higher pricing for grain should be changed. Some regions have tentatively carried out proportional price raising: the total purchase quantity is fixed according to the conditions of production and the state purchase quantity over the past 3-5 years, and then the proportion between the base figure and the above-base figure is fixed (such as, 40:60 percent). Then, the actual amount of the year's grain yield is calculated based on the above proportion, that is, 40 percent will be paid at base figure price, and 60 percent at above-base price. The advantages of this method are: 1. Many defects arising from the existing measure can be avoided. For the commodity producers, equal liquidation pricing means equal opportunity and benefits, the difference in income being the result of the difference in production. Thus, the base figure is no longer dislocated in terms of the year's production and the actual purchase performance. The change of the absolute value of the base figure does not affect the normal income of the peasants. A small group of communes and brigades with heavier state quotas may be adequately regulated with improved proportion. As for the state, the base figure can thus be stabilized, while the purchase price can be controlled. This enables the increase in financial expenditure to base on better harvests

and increased purchase volume, thus facilitating the stability of prices on the entire market. 2. The procedure for account settlement is simple and convenient, easy to supervise, and particularly suitable for the new liquidation conditions after the implementation of household responsibility for fixed quotas.

Cotton is an important industrial raw material, and is a crop variety which requires a rather large investment and which depends on technology for its harvest. On in recent years has it achieved a good record with corresponding higher income for the peasants. At present, the higher pricing measure may be retained, but the base figure needs to be adjusted with the "5-year fixed period" changed to "3-year fixed period." Newly expanded areas should also be assessed with a base figure. The verified base figure should be adjusted each year by employing a "rolling" method. For the above-base cotton, higher pricing should be considered in association with subsidies and material quota awards, and it should be decreased adequately, so that the difference between regions, and between grain and cotton, can be reduced.

The adjustment of the base figure and the reform of the higher pricing measure involve the interests of the state, the collective and the individual. There are contradictions between immediate interests and long-term interests, and between overall interests and local interests. The principle of "taking care of the interests of the state, the collective and the individual simultaneously" must be implemented. The work of pricing is only a meanse of redistributing the national income, and its function is to organize production rationally, and to develop commodity economy vigorously. Therefore, reform of the pricing method should serve the purpose of facilitating the planned and proportionate development of agricultural production. Peasants should be encouraged to carry out the state's plan of cultivation and purchase, and to increase the production and selling of commodities which are urgently needed by the city and the industry. The state should offer the necessary encouragement politically, and give "preferential treatment" to the supply of industrial products to the countryside, and to the supply of the materials needed in agricultural production. All of this will facilitate the advancement of the reform.

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NATIONAL POLICY AND ISSUES

FOCAL POINT OF REORGANIZATION

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[Article by Jiang Yiwei [5592 0001 5517]: "Overall Reorganization Is a Constructive Reorganization--Part IV"--slantlines denote boldface as published]

[Text] IV. Establish a Contingent of Staff and Workers Who Are Both Red and Expert

Establishing a contingent of staff and workers who are both red and expert is of not only great economic but also great political significance to China's socialist construction.

Ours is a country in which the working class exercises leadership. The working class is the ruling class of the country and also the principal force in carrying out economic construction. The quality of the contingent of staff and workers plays a decisive role in consolidating the people's democratic dictatorship and accomplishing the socialist modernization.

The Chinese working class is an advanced force which possesses fine revolutionary traditions. As early as the stage of the new-democratic revolution, Comrade Mao Zedong pointed out: "In addition to the basic qualities it shares with the proletariat everywhere--its association with the advanced form of economy, its strong sense of organization and discipline and its lack of of private means of production--Chinese proletariat has many other outstanding qualities." Comrade Mao Zedong pointed out that because the Chinese proletariat was ruthlessly subjected to threefold oppression in the old society, except for a tiny number of scabs, the whole class is most revolutionary. The moment the Chinese proletariat began to step into the revolutionary stage, it has been under the leadership of the revolutionary party of its own class--the CCP. Therefore, it has become the most conscious class. The Chinese proletariat has natural ties with the peasant masses and therefore, it can form a close alliance with them. With these strong points, the Chinese proletariat becomes the most basic motive force of the Chinese revolution. Comrade Mao Zedong came to the conclusion: "Unless it is led by the Chinese proletariat, the Chinese revolution cannot possibly succeed." ("Selected Works of Mao Zedong," vol 2, p 608)

Historical experience has proved that under the strong leadership of the proletariat and its vanguard--the CCP, the Chinese people eventually defeated the enemy at home and abroad and achieved victory in the new-democratic revolution and socialist construction. History will also prove that under the leadership of the proletariat and its vanguard--the CCP, the Chinese people will ultimately overcome all sorts of difficulties and achieve victory in the socialist construction which is aimed at realizing the four modernizations.

Industrial enterprises are where the working class assembles. Establishing a contingent of staff and workers who are both red and expert and constantly improving the quality of the working class is one of the fundamental tasks of industrial enterprises.

At present, what is the condition of the contingent of staff and workers of China's industrial enterprises. It must be acknowledged that owing to the sabotage and obstruction by Lin Biao and the gang of four, the quality of the contingent of staff and workers, including the various aspects of ideology, politics, culture and technology, is relatively lower than that before the Great Cultural Revolution. From some surveys which were conducted by some provinces and municipalities, although they were only partial sample surveys, we can see a rough sketch of the situation.

Seen from the investigation conducted in Wushun Municipality by Liaoning Province, the following things are worthy of serious attention:

//First, the proportion of old staff and workers is getting smaller and smaller while that of young staff and workers is becoming bigger and bigger.//

The staff and workers who were admitted into factories during 1966-76, that is, during the decade-long Great Cultural Revolution account for 31.7 percent of the total number of present staff and workers and those who were recruited from 1977 until now constitute 38.6 percent. With the two added together, about 70 percent of staff and workers are new staff and workers who have been recruited during or after the Great Cultural Revolution. The old workers who entered factories before 1949, that is, before the founding of the PRC and still continue to work constitute 2.32 percent. This composition of the contingent of enterprise staff and workers will inevitably have an effect on the style of ideology and political quality of the contingent of staff and workers.

Most of the old staff and workers who entered factories before the founding of the PRC and were subjected to the oppression of the "three big mountains," have intimately experienced the bitterness of the old society and the sweetness of the new society. Therefore, they have strong feelings for the CCP and the socialist cause. The staff and workers who took up their work after the founding of the PRC have also such experience directly or indirectly. Even though they have not personally undergone such experiences, under the prolonged education of the CCP, they also have a better understanding of the position and historical mission of the working class and have inherited the fine traditions of the working class. The 10-year turmoil of the Great

Cultural Revolution sabotaged these traditions and also destroyed education organs. All this cannot but exert a serious influence on the style of ideology and political quality of the younger generation. However, we must not, just because of this, definitely consider that the young staff and workers, who comprise 70 percent of the total number of staff and workers, cannot possibly take over and carry forward [word illegible] revolutionary traditions of the working class. The key to the problem lies in education. It is man's objective being that determines his ideology. The fact that young staff and workers constitute members of the working class is an objective reality and also constitutes an objective foundation for their being able to accept the ideology of the working class. They have certain cultural knowledge and sensitivity and the wish to make progress, which are inherent in youth. It is entirely possible, through education, to help them become members of the class-"for-itself," that is, members of the "aware" class from being members of the "unconcerned" class. It is actually eloquent proof that at present, some enterprises have succeeded in helping the young staff and workers raise their thoughts and feelings for loving the motherland, loving socialism and loving the party through conducting education on modern revolutionary history among the staff and workers.

//Second, the staff and worker's actual level of culture and the professional and technical skills are lower than those before the Great Cultural Revolution."//

The level of education seems to be, in form, higher than it was in the past. According to the survey by Wushun Municipality, holders of the junior middle school graduation certificates constitute 59.8 percent of the total number of staff and workers, with the schooling period averaging 7.5 years. However, "with diplomas in hand, they are actually unqualified." This is because going to school during the Great Cultural Revolution was merely nominal and after the Great Cultural Revolution, the quality of education was not restored and therefore, no proper level was, in fact, ever attained. According to an examination, those who have really reached the level of a junior middle school graduate account for 18 percent and those who failed to do so make up 82 percent and a small number of them are simply illiterate or semiliterate. The staff and workers who have received an education in technical secondary schools comprise 2.98 percent and those who have received an education in universities and colleges constitute only 1.85 percent. Obviously, such a cultural level is certainly not suited to the requirements of the four modernizations.

In terms of the technical level, of the total number of workers, grade 2 workers constitute 34.54 percent and grade 3 workers 17.62 percent. These two grades or workers added together make up 53.16 percent, with the average grade being 2.9. Of the total number of staff and workers, engineers and technicians account for only 2.68 percent. Such a technical level is also certainly not suited to the requirements of the four modernizations.

In order to build a modern, powerful socialist country with a high spiritual civilization and high material civilization, we must have a contingent of staff and workers who are highly conscious, technically proficient, strict in discipline and honest and upright. This can be summarized into one

phrase: they should be both red and expert. Of course, establishing such a contingent of staff and workers who are both red and expert is definitely not a matter which can be accomplished within 2 or 3 days or within 1 or 2 years, but instead requires a lot of arduous work. However, the Chinese nation is an outstanding nation which is diligent and brave with a high degree of intelligence and wisdom. The Chinese proletariat has fine revolutionary traditions. Through our own efforts, we can certainly establish such an outstanding contingent of staff and workers. We must have confidence in this point.

Establishing a contingent of staff and workers who are both red and expert is a long-term task of the industrial enterprises and also a constructional content in the on-going overall reorganization of enterprises, a content which is of vital importance. In order to train a contingent of staff and workers who are highly conscious, technically proficient, strict in discipline and honest and upright, we must not only vigorously grasp the work of propaganda and education well and conduct the training of all staff and workers but also perfect the management of personnel and labor and strictly enforce the rules and regulations of enterprises so that the entire body of staff and workers can receive a strict tempering in the activities of everyday life and professional work. Every enterprise must further consciously establish a set of fine "factory styles," characteristic of the enterprise, and which the enterprise will be proud of and which will help nurture every staff member of worker in the furnace of the collective.

1) Start With Reorganizing Work Discipline and Gradually Establish a Fine "Factory Style" in Enterprises

Reorganizing work discipline is one of the five tasks to which first priority should be given at present and also the basic content of establishing a contingent of staff and workers who are both red and expert. A high level of organization and discipline is the objective requirements of modern, socialized mass production. Therefore, it has become an important characteristic of the working class, one which is directly related to the modern form of economy. The contingent of staff and workers who are both red and expert must first of all be a contingent which is strict in discipline and well organized. Any socialized mass production requires the laborers to observe work discipline. But, under different social systems, the means and ways for realizing work discipline are not the same. Lenin said that the organization of social labor under the serf system rested on bludgeon discipline; the capitalist organization of social labor rests on hunger discipline; and "the communist organization of social labor, (the first step toward which is socialism), rests, and will do so more and more as time goes by, on the free and conscious discipline of the working people themselves who have thrown off the yoke both of the landlords and capitalists." ("Selected Works of Lenin," vol 4, p 9)

In socialist enterprises, the staff and workers are the masters of the enterprises. It is unquestionable that work discipline must be based on the consiousness of the masses of staff and workers. However, conscious discipline cannot take shape spontaneously by relying on the masses. In helping the broad masses of staff and workers realize why the sense of organization and discipline is a characteristic of the working class and why a high level of

discipline is an indispensable condition for industrial mass production, we must first rely on the party's ideological and political education and the examplary deeds of party members. Next, on the basis of a raised understanding, it is necessary to rely on collective strength in forming a regular practice of observing discipline and bring the role of helping and supervising each other into play. Finally, it is natural that we must have a relevant method of rewards and penalties, and act according to the "regulations concerning rewards and penalties for the staff and workers of enterprises" which has been promulgated recently by the State Council. The examplary people who have made remarkable achievements in every aspect and carried out discipline in a good way must be commended and as for the small number of violators of discipline, they should be educated and punished. As for a tiny number of people who have seriously violated discipline and refused to mend their ways despite repeated admonitions, they can be simply discharged from factories through the discussion and approval of the staff and workers congress, because these people have lost the rudimentary conditions to be a staff member or worker. Socialist work discipline does not mainly rest on penalties but it is impossible to maintain the discipline which is observed by the great majority without meting out necessary sanctions against the small number of persons who have serious nonproletarian ideas. Therefore these sanctions are indispensable.

On the basis of reorganizing work discipline, it is still necessary to further establish a fine "factory style" of enterprises. It has a wider range of contents which besides, work discipline, include the socialist practices of ardently loving the motherland, ardently loving socialism and ardently loving the party and of paying special attention to the "five stresses and four beautifuls," the spirit of collectivism of helping each other in unity among the staff and workers, the work style of always endeavoring to do still better and paying close attention to efficiency, and so on. Many enterprises have aroused the masses of staff and workers to work out the "regulations for staff and workers" in a democratic way and turned the contents of the regulations into the "joint pledge" which is observed by the masses of staff and workers of their own free will. This is a good method for forming a fine factory style. Now the national forum of the representatives of model workers and advanced elements has uninamously adopted the "regulations for staff members and workers throughout the country." As the moral norms and code of actions of the staff and workers throughout the nation, the contents of the "regulations" can only be, of course, some relatively principled provisions. In light of their own actual conditions, the various enterprises must draw up comparatively concrete "regulations" or "detailed rules and regulations for implementation" and through the implementation of the regulations, gradually form a fine "factory style" characteristic of the specific enterprises.

2) Start With the Job Responsibility System and Reorganize Labor Organization According to a Fixed Number of Workers and Fixed Quotas

Rational labor organization is an important condition for training a contingent of staff and workers and improving the quality of staff and workers. Irrational organizational setups, indefinite job responsibility, overstaffing and working in a lax, undisciplined way not only seriously interfere with production and the economic results of enterprises but also are quite detrimental to the training and tempering of the contingent of staff and workers.

we must implement the economic responsibility system down to each level of the internal departments of enterprises and eventually down to every post and down to every individual. The job economic responsibility system clearly defines the responsibilities and powers of every post in production or work and combines them with economic interests. This is a foundation for reorganizing labor organization. After the job responsibility system has been initially formulated and implemented, we must further arouse the masses to study the rationality of organization. Production teams and groups are composed of many posts and the production organization of a workshop consists of many teams and groups (sections). The management organ of an enterprise is composed of functional offices and every functional office consists of many work groups and posts. Proceeding from the rationality of the situation as a whole, we must study the following problems: Is there a need to set up each partial unit? If there is a need to set it up, what is its responsibilities and powers? What are the interrelationships between the various partial units? We must define the rational organizational setups and the most economical and rational production labor organizations through these studies.

With economical and rational organizational setups, we can further study how to determine the rational division of work in the internal sections of every partial unit, reestablish the posts and readjust and revise the economic responsibility system. Every work group or post in production must have definite limits of responsibility, gradually fix work or production quotas and provide personnel in accordance with the amount of work. This is the so-called "fixed number of workers." Providing personnel in accordance with a fixed number of workers and fixed quotas can overcome the phenomena of overstaffing and is also conducive to the training and tempering of the staff and workers.

Every post in production or work must formulate technical standards for the operating personnel in accordance with the requirements of production or work. For example, a certain post in production must be provided with workers of a certain technical grade; a certain post in production must be provided with technical personnel of a certain technical grade and managerial personnel of a certain title of professional post, and so on. It is advisable to carry out a "job I.D. card" system on a trial basis. Those who pass an examination and pass an assessment of their work and practice in a certain period of time will be given "job I.D. cards." "Temporary I.D. cards" could possibly be given to those who fail in the examination but who are needed to stay in their posts for the time being. The newly recruited staff and workers or the staff and workers who wish to change their type of work in production must pass an examination in the vocational training given to them and receive "job I.D. cards" or "temporary I.D. cards" before they are allowed to work at their posts. If the job wage system or job subsidy system is practiced, only the qualified people who have formally received "job I.D. cards" can enjoy the above-mentioned treatment.

Practicing the above-mentioned system can bring the role of every man into full play, substantially improve production efficiency and quality of work, implement the principle of distribution according to work in a more scientific way, encourage the staff and workers to study hard and constantly raise their own abilities to work.

Providing personnel in accordance with the job technical standards, with a fixed number of workers and with fixed quotas can considerably reduce the number of staff and workers and allow the organization of surplus personnel to receive vocational training. Those who fail to meet the job technical requirements will be allowed to work at their own posts after they have passed an examination in the vocational training given to them. Those at their posts will then be replaced and sent to receive vocational training of a higher level.

3) Systematically Train all Staff and Workers and Continuously Improve the Quality of the Contingent of Staff and Workers

In improving the quality of the contingent of staff and workers, we must first rely on the actual tempering of setting high and strict demands in work and then on systematically organizing the vocational training of the in-service staff and workers. The in-service staff and workers, whether they are technical personnel, managerial personnel or workers, regardless of what profession or type of production work they are engaged in, must take on vocational training, whether they are released from production or their regular work or not, so as to raise their political, cultural, technical and professional levels. Because of this, it is called the training of all staff and workers.

In China there is an old saying: "Keep on learning as long as you live." This shows that there is a need for a man to continue learning all his life. While the economy, culture and science and technology of modern society develop at an increasingly rapid pace, the saying "Keep on learning as long as you live" must be taken as a new educational system, that is, a "lifelong educational" system rather than being taken as a motto for personal self-cultivation. In this way, we can adapt ourselves to the needs of social development. That is to say, it is necessary to put an end to the old educational concept of people receiving an education only in the stage of their youth and after they have taken up their work, they no longer have the task of receiving either education or reeducation. With the rapid development of the economy, culture, science and technology, even those who are well educated in schools, when they leave schools, their knowledge will soon be outdated. If they do not absorb new knowledge, they will be unable to adjust themselves to the needs of work. Therefore, in modern life, a man's life cannot, in a summary fashion, be divided into two major stages of education and work. Education and work have to be carried out in turn. That is to say, reeducation must be carried out regularly in work and the saying "Keep on learning as long as you live" must be made a regular practice.

In order to triumph over their opponents in the acute market competition, capitalist enterprises have to attach great importance to the vocational training of the in-service staff and workers and to make an "intellectual investment" in the staff and workers. The aim of making such an investment is, of course, invariably to grab more profits. Ours are socialist enterprises and they are also in a stage of it being urgently necessary to put an end to their backwardness so as to realize the four modernizations. Naturally, it is all the more necessary to systematically organize and train all staff and workers. However,

our aim is not only to develop production, but also lies in improving the quality of the entire contingent of our staff and workers.

In order to establish a contingent of staff and workers who are both red and expert, the contents of training all staff and workers must not be confined to culture and technology. They must also include political and ideological content. The forms of training can be divided into many forms, such as vocational training with the students not being withdrawn, being partially withdrawn or being totally withdrawn from production. However, the vocational training must be carried out in a planned and organized way.

The vocational training with the students not being withdrawn from production is aimed, in political and ideological aspects, mainly at conducting education in the situation and current affairs through daily political study or running short-term sparetime training classes. The content of training must be combined with the actual conditions of the enterprises and the training should be carried out in a lively, short and concise way without taking excessive sparetime of the staff and workers. In technology and profession, it is advisable to organize troop training at posts, establish a relationship between master and apprentice in which the old staff and workers pass on experience, give help and set an example in training the young staff and workers. It is also advisable to organize short-term sparetime vocational training on some specialized subjects.

The vocational training with the students being partially withdrawn from production is a training which is mainly carried out by using sparetime and concurrently taking a small amount of working time. For example, in organizing the staff and workers to attend sparetime schools, correspondent schools and other studies, they are given a small amount of working time to attend lectures or make prepartions for examinations. The contents of the vocational training with the students being partially withdrawn from production can be more systematic than those of vocational training with the students not being withdrawn from production.

The vocational training with the students totally withdrawn from production mainly takes the form of short-term training in rotation. It organizes the staff and workers outside the fixed number of workers and carries a relatively systematic study courses. It is advisable to run various types of training classes. Those who have a low cultural level should be helped to make up lessons in general knowledge which they lacked so as to enable them to reach a certain level of formal schooling record. With regard to technology and profession, it is advisable to separately conduct vocational training in accordance with the technical requirements needed by the various posts so as to reach the job technical standards. In regard to political and ideological matters, it is also advisable to run various kinds of study classes in which the students study the basic knowledge of Marxism-Leninism and revolutionary history as well as modern Chinese history. Besides the enterprises organizing vocational training, if there is a chance, it is also advisable to send a few outstanding staff and workers, who have bright prospects for further cultivation, to engage in advanced studies in the institutes of higher education both at home and abroad.

In the vocational training with both those students partially and those totally withdrawn from production, it is necessary to have a strict examination and assessing system. The students are obliged to observe study discipline and to fulfill assignments and those who pass an examination will be given a certificate for course completion and a relevant educational background qualification. The staff and workers who are released from production for studies will not be given their production and work bonuses. As for those students who have a good attitude to studies and have done well in their studies, they should be given scholarships as an encouragement.

In order to train all staff and workers in a planned and organized way, the enterprises which have conditions should establish training centers which should be provided, at the factory level, with experienced cadres who are responsible for the leadership work of the training centers, should set up the relevant party and Communist Youth League organizations and do a good job in ideological and political work among the students. Larger-scale training centers should be provided with certain full-time teachers and at the same time, invite some experienced specialized personnel both inside and outside the enterprises to act as part-time teachers. The training centers must conduct investigations and studies of the actual political, cultural, technical and professional levels of the staff and workers of all enterprises and in light of the needs of development, draw up plans for training and gradually put them into effect. Smaller-sized enterprises which do not have conditions set up training centers by themselves may jointly set up training centers with other enterprises or training centers may be organized by the higher responsible departments.

4) Strengthen Ideological and Political Education and Carry Out Various Forms of Emulation Activities To Emulate, Learn From, Catch up With and Help Each Other.

After the separation of the functions of the party from those of the government in the enterprises and in order to give full play to the role of the party organizations in exercising leadership over ideological and political matters of enterprises, the party organizations must exert their main efforts in grasping ideological and political education in enterprises. The trade unions and the Communist Youth League organizations of enterprises must become capable assistants of the party organizations in conducting ideological and political education.

The staff and workers of socialist enterprises must not overemphaize being red at the expense of being expert or vice versa. They should have both high political consciousness and abilities to make contributions in realizing the four modernizations. However, political consciousness constitutes that which is of basic importance. As members of the state leading class, masters of both the society and enterprises, the staff and workers of enterprises must be the social nucleus which has ideals and morals and is disciplined. This requires every staff member of worker to recognize his own position and responsibilities and to try to become a conscious element of the advanced class.

Ideological and political education in enterprises is multifarious. In light of the various tasks of enterprises, we must, on the one hand, conduct everyday ideological and political education with a definite object in mind, and on the one hand, must raise the staff and workers' levels of basic knowledge of Marxism-Leninism and the knowledge of history and international affairs. In order to really bring into full play the role of the workers to democratically manage enterprises, it is still necessary to propagandize Marxist political economics and the basic knowledge of enterprise management and propagandize the principles and policies of the party and the state. Therefore, the tasks of conducting political and ideological education are very heavy, so they must be put under overall planning and carried out in a planned way.

History has proved that the phenomena of the exploitation of man by man has been eliminated under socialism but among the equal laborers there exists differences between the advanced and the less advanced due to different consciousness. Apart from strengthening ideological and political education in order to raise the consciousness of the masses of staff and workers, conducting emulationactivities to emulate, learn from, catch up with and help each other is an effective form for the masses to carry out self-education, a form which encourages the less advanced to catch up with the advanced and the advanced to become more advanced. If we say that propaganda and education rationally arouse the consciousness of the masses, then emulation activities will impel, in deeds, the masses to make progress. Therefor, it is justified to say that conducting emulation activities to emulate, learn from, catch up with and help each other is also ideological and political education and moreover, is quire important practical education.

The contents of the emulation activities to emulate, learn from, catch up with and help each other must also be multifarious. We must not only conduct emulation drives in productive labor and professional work but also carry out various kinds of meaningful competitions in the aspect of spiritual civilization and set up advanced models in every aspect. We must not only set up advanced individual models but moreover, set up advanced collective models, so as to develop the spirit of collectivism of the working class. China's enterprises have rich positive experiences in these aspects. They must be earnestly summed up, utilized and further developed.

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NATIONAL POLICY AND ISSUES

ADHERING TO PLANNED ECONOMY

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[Article by Sun Xiaoliang [1327 2400 5328] of the Ministry of the Machine Building Industry: "Adhere to the Principle of Planned Economy and Bring Into Play the Supplementary Role of Regulation by Market Mechanism"]

[Text] The Chinese Communist Party's "Resolution on Certain Questions on the History of Our Party Since the Founding of the People's Republic of China" points out: "We must carry out planned economy on the basis of public ownership, and at the same time bring into play the supplementary role of regulation by market mechanism." Comrade Chen Yun has repeatedly emphasized that we must take planned economy as the dominant factor while making regulation by market mechanism subsidiary. How should we implement this principle in our actual work? It is necessary to make a profound study from ideological understanding to specific methods.

How To Understand the Planned Economy Proposed by Marx and Engels

Although it was Lenin who first used the concept of planned economy, Marx and Engels had, long before this, given many explanations with regard to the idea of planned economy. Engels summed up as follows in his book "Anti-Duhring": "When people handle today's productive forces according to the known character of such productive forces, the anarchy of social production will give way to the society's planned readjustment, which is carried out for the development of production according to the needs of the whole society and its members. (Engels: "Anti-Duhring," "Selected Works of Marx and Engels," vol 3, pp 319, 348) This has two implications:

First, planned economy is put forward as the opposite of the anarchy of social production. The fact that the anarchy of social production "gives way to" planned readjustment as quoted above clearly indicates this meaning to us. Stalin put it more clearly: "The law of the planned development of the national economy has emerged as the opposite of the law of the competition and the anarchy of production under the capitalist system." ("The Problems of the Socialist Economy of the Soviet Union," People's Publishing House, 1961 edition, pp 5-6) From here we can understand further that the fundamental characteristic of planned economy is to automatically develop the national economy

in proportion to prearranged plans. This is the basic difference between planned economy and the capitalist economy.

Second, this planned economy does not indirectly allocate social labor through commodities or money, but directly allocates social labor to different production departments. This is planning and readjusting production according to the needs of the whole society and its members as mentioned in the quotation above. Engels said very clearly in "Anti-Duhring": "Once the society possesses the means of production and applies it to production in the form of direct socialization, everyone's labor, no matter how different its special use may be, will become direct social labor from the very beginning." (Ibid., vol 3, pp 319, 348) From this we can understand further that such a direct allocation of social labor to different production departments means readjusting production through compulsory plans during the socialist period. For a very time [as published], China and some other socialist countries have been building their planned management system in such a direction.

But according to the exposition of Marx and Engels, we can clearly see that certain conditions are necessary to carry out such a planned economy. These conditions are mainly as follows:

First, the productive forces must be highly developed. In "Preface to 'Critique on Political Economy,'" Marx pointed out: "Any social form will absolutely not become extinct until all the productive forces it contains are brought into play." ("Selected Works of Marx and Engels," vol 2, p 83) In other words, only when the productive forces develop to such a high level that capitalist production relations can no longer contain their movements, will capitalism become extinct and socialism victorious. That socialism could break through the weak links of the imperialist system and achieve victory in countries where their productive forces were less developed was later put forward by Lenin in the light of the law of uneven development of the capitalist countries.

Second, a unitary ownership by the whole people is exercised over the whole production means on the basis of highly developed productive forces. Stalin made a special explanation with regard to this question in "The Problem of the Socialist Economy of the Soviet Union." He said: "What Engels means in his formula is not to nationalize some but all productive means. That is to say, not only the production means of industry but also the production means of agriculture are to be owned by the people." (Ibid., p 8)

Third, when the productive forces are highly developed and a unitary ownership by all the people is carried out, we can have the objective conditions for direct allocation of social labor to different production departments. Then, of course, commodities, money and values do not have to act as "go-betweens" any more.

When we study problems of planned economy, we must pay close attention to the following two main points: The direct aim of carrying out planned economy is to eliminate the anarchy of social production so as to enable the national economy to develop in proportion; and certain conditions are necessary to achieve this aim by means of direct allocation of social labor, and when these

conditions are not yet ripe, various methods can be adopted to realize this aim. We think that firmly grasping these two main points is the key to correctly understanding the necessity of upholding planned economy and to bringing into play the supplementary role of regulation by market mechanism.

The Planned Economy in our Practice

The actual development course of revolution has proved that socialist revolution was first won in countries where their [words indistinct] were less developed and that these countries have carried out planned economy.

As far as China's actual situation is concerned, planned economy is beginning to be carried out under the following objective conditions: 1) The proportion of the output value of modern industry in the industrial total output value is small, and nearly all agricultural production is carried out manually; 2) such a development level of productive forces determines that we cannot as yet carry out a unitary ownership by the whole people. But we must carry out a multistrata structure of ownership, with some ownership by all the people, some by the collective ownership and a few by individual ownership; 3) therefore we cannot abolish commodities and money yet. In other words, the planned economy in our practice is a planned economy under the conditions of multiownership and commodity production.

Here it is necessary to point out the following two points:

First, because the ownership by the whole people and the collective ownership occupies a dominant position and determines the lifelines of the national economy, it is possible to carry out planned economy. It is wrong to overlook this point and not to carry out planned economy.

Second, there is a great difference between our actual objective economic conditions and the objective economic conditions for carrying out the planned economy proposed by Marx and Engels, therefore, the planned economy in our practice should be different from the planned economy proposed by Marx and Engels. But this difference is not a fundamental difference. If we depart from prearranged plans and do not energetically make the national economy develop in proportion, then we will be abandoning the essence of planned economy, and there will be no planned economy. But how and to what extent we should make our plans will be determined by differing objective conditions. We must not confine ourselves to a fixed form.

Therefore the problem is not whether we should carry out planned economy. It is certain that we must carry out planned economy in upholding the socialist orientation. The problem is how to carry out planned economy. This must be seriously studied and discussed according to the different objective conditions in each period.

How should we carry out planned economy under our present objective conditions? On the one hand, we cannot as yet readjust all production activities through compulsory plans, or directly allocate social labor to different production departments. We have to readjust production activities by "circuitous means" such as commodities and money. This determines that it is still necessary to

bring into play the role of regulation by market mechanism. This is the difference between the planned economy in our practice and the planned economy proposed by Marx and Engels. On the other hand, regulation by market mechanism must display its role under planned economy. It must not be allowed to display its role without control. In this sense, it role is a supplementary one. This is the fundamental difference between our regulation by market mechanism and the regulation by market mechanism under the capitalist economic system.

Some people are of the opinion that planned economy and regulation by market mechanism reject each other and are antagonistic to each other. In fact, the opposite of planned economy is the anarchy of social production but not regulation by market mechanism. If we analyse this further, we will see that the root cause of the anarchy of social production is not the existence of market, but the contradictions between the socialization of production and the private ownership of the means of production. We should say that the carrying out of planned economy does not negate the role of regulation by market mechanism. It only restricts the role of regulation by market mechanism within the larger picture of planned economy.

Our Present Specific Ways

The purpose of studying theory is to provide previous practice as a guide. After we understand well that we must bring into play the supplementary role of regulation by market mechanism in the planned economy in our practice, we must go on to study specific methods. Regulation by market mechanism began to be carried out in mechanical and electrical products shortly after the third plenary session. Comparatively speaking, problems in this respect have been thoroughly exposed. So we might as well follow the example of the machine building industry in our study.

Concerning the last 2-3 years, we can sum up our experiences in the following three sentences: We must adhere to the principle of planned economy; we must not return to the old road of relying on the state for the assignment of tasks, for the supply of materials and for the marketing of products; and we must bring the economic activities of our enterprises into the orbit of the state's unified plans through various forms.

In adhering to the principle of planned economy, two things are indispensable: One is that we must have scientific unified plans to set various targets and indices for the proportionate development of the national economy; the other is that we must have a complete regulating system to guarantee the realization of the various targets and indices set in our unified plans.

By unified plans, we mainly mean that we must have long-term planning to guide the national economy as a whole. In this planning and through various specific indices, we must fix the proportion between accumulation and consumption, the total production volume of the means of production and the means of consumption and the proportion among various industrial departments. With such planning, we can on the whole guarantee the proportionate development of the national economy. In this way, a basis can be provided for the production and operational activities of our enterprises, and various regulating methods can correctly

display their roles. We can say that working out such a plan is an important measure for adhering to the principle of planned economy. Otherwise, it will be useless no matter how loudly we shout the slogan of adhering to the principle of planned economy.

It should be particularly explained that the purpose of working out a long-term plan is to conscientiously make the national economy develop in proportion. But not any plan can achieve this end. Only a scientific and long-term plan, which is not only in conformity with objective conditions and the economic law, but also has a quantitative analysis, can play such a role. Doing things according to plans does not mean doing things in proportion. Doing things according to plans but not in a scientific way means having no plans. A plan which is based on subjective thinking without accurate data is very harmful to the relations of proportion. The disproportion that emerged twice in the history of our socialist construction was directly related to our unscientific plans. When emphasizing that we must adhere to the principle of planned economy, we must never forget this historical lesson.

A complete regulating system should include various regulating forms, which can be divided into the following two major types: One is direct planned regulation, the other is indirect planned regulation.

Direct planned regulation mainly includes direct arrangement of production and planned allocation of products to user units according to the state's compulsory plans. In fact, this is directly allocating social labor to different production departments, and commodities and values are nothing but an "outer covering" and "tools." A direct plan should be carried out with regard to the major products required by the following seven key tasks: 1) major construction projects proposed by the state; 2) major technical innovation projects proposed by the state; 3) exports and projects aiding foreign countries; 4) some of the products required by imported set equipment manufactured in China; 5) national defense needs; 6) the needs for the state's reserves; 7) the needs for stabilizing the people's livelihood. Of the above-listed tasks, the products required by set equipment should be produced according to compulsory plans after being contracted for by manufacturing departments with unified responsibilities for the users. There are many advantages in carrying out this principle: first, we can guarantee the needs of the state's key tasks. Second, the arrangement of production after the contracting for tasks can prevent compulsory plans from being divorced from social needs. Third, our compulsory plans do not embrace everything, therefore we can do a better job in maintaining a balance in various aspects.

Besides the products produced through direct planned regulation, there are a great many mechanical and electrical products of various designs and sizes to meet the different needs of society. With regard to these products, the state cannot work out compoulsory plans to fix the designs and quantity. The production of these products must be arranged by our enterprises according to market changes. Nor can the state carry out unified allocation in realizing the circulation of these products. This has to be realized by our enterprises through the market. In fact, market mechanism plays its role in this respect. So it is called regulation by market mechanism. But we must not carry out the production and operational activities of these products without any control.

We must carry out various indirect plans and methods to bring them into the state's unified plans. Our experience in the past few years has proved that the following indirect plans and methods are not only necessary but also effective; 1) planned instructions which are carried out through economic policies; 2) planned instructions which are carried out by utilizing the economic levers such prices, taxation and loans; 3) planned instructions which are carried out through economic legislation; 4) planned instructions which are carried out through the coordination of organizations; 5) guidance which is carried out through instructive planned indices; 6) guidance which is carried out through the announcement of the status of production demands. Through market investigation and analysis, the Shanghai No 1 Mechanical and Electrical Bureau gives instructions to enterprises on what products to develop and on how much they should invest. Through the coordination of organizations, it forms the enterprises that "have too much to eat" and the enterprises that "have not enough to eat" into pairs to help produce products which are in short supply and which are urgently needed by the state. In cooperation with the bank, it gives loans to support the state in developing new products. All this has played a certain role in planning and giving instructions. With approval of the state, Shanghai has reduced the tax rate on cameras. This has enabled the sales of products to increase by 100 percent, and the amount of tax turned over to the state has increased by 60 percent. The Ningbo water meter plant has decreased their prices. This has lessened the prospects for gain of the scattered and backward production units, and more than 40 such production units have successively shifted or stopped production. As a result, the further growth of duplicate production has been checked. These facts have proved that indirect plans and methods can play their regulating role. Of course, our application of these indirect plans and methods is still unconscientious and unsystematic. If we can apply them conscientiously and systematically in the future, it is certain that they will play a more effective role.

Study of Several Problems

Some comrades think that since we can avoid trouble if we use direct plans, why we should also introduce indirect plans and methods. Here the question to be answered is in fact why we cannot go back to the old road of "three reliances." For a long time, our enterprises relied on the state for the assignment of production tasks, for the allocation of funds, materials and set equipment and for the allocation of products. As a result, as the hub or economic activities, our enterprises have lost the necessary initiative and lack the internal motive force. This has serious affected their enthusiasm, initiative and creativeness. It has also affected the improvement of management and the progress of technology. In addition, the state's interference is too excessive and too meticulous, and the overall balance in major aspects is affected. In the preliminary course of reforming the system since the third plenary session, many new experiences have emerged and proved that bringing the enterprises' activities into the state's unified plans through various forms is much better than the "three reliances."

For instance, of the daily use mechanical and electrical products which are to be developed by the state, famous brand sewing machines are products which are in short supply. There was a sewing machine factory which could barely

increase its products due to its obsolete equipment. It required immediate technical innovations. After becoming aware of this situation, the Wuxi machine tool plant, in accordance with the principle of expanding service, sent four technicians to work together with the comrades of the sewing machine factory in analyzing the processing technology of 72 sewing machine accessories. They decided to adopt a new technology of "centerless cut-in type," and according to the needs of this new technology, they designed and made seven special grinding machines. According to estimates, with 9 special grinding machines, we can fulfill the work that once required 81 ordinary cylindrical grinding machines, save 700,000 yuan in investment and use 69 fewer workers. Their experience is commendable, not only because they know the general needs of the users, but also helps them analyze and improve processing technology. They regard themselves as the "technological designers" for the users instead of simply manufacturing what is required. If all machine-building plants can do this, advanced and suitable products will develop and the problem of production being separated from demand can fundamentally be solved. The machine-building industry should have been run this way, but under the original system, production was separated from demand, so it was impossible for the departments concenred to analyze the technology used by each user before they could work out their plans. As a result, machine tool plants could only produce machine tools of the originally planned standards and models, and the users could only make their choice of equipment according to the catalog. If this state of affairs were allowed to continue, the 7 special grinding machines of the Wuxi machine tool plant would not have been designed, the sewing machine factory would not have saved on an investment of 700,000 yuan and the economic effect of the whole social production would have been seriously affected.

This is an example. In fact, there are not less than several hundred thousand kinds of mechanical and electrical products required by various aspects of the society, and the requirements keep changing all the time. Completely relying on the compulsory plans of the state about what and how many products to produce cannot flexibly reflect the changes of the demand structure. It will be all the more impossible to flexibly readjust the structure of products to catch up with these changes. It is because of this that we emphasize the supplementary role of regulation by market mechanism and that we must adopt various forms to bring the activities of our enterprises into the orbit of a unified plan.

Some comrades have pointed out that since indirect plans and methods are effective, why the phenomena of imbalance have emerged. It is true that some phenomena of imbalance have emerged in our economic activities. But the reason is not that indirect plans and methods have not played their role. It is because we have not conscientously and systematically applied various indirect plans and methods to our economic activities.

The first manifestation of the phenomena of imbalance is that the consumption fund has increased too fast. In particular, rewards have been excessively issued under so many names that they have exceeded the increase of consumer goods. Under such circumstances, what we have done is only issue announcements stipulating that rewards must be kept within the range of 2 months' salary. We not only have not been able to effectively supervise the executive institutions, but have also failed to guarantee the implementation ofour measures.

We do not even know under what names an enterprise issues its rewards. In this case, an imbalance is inevitable. In order to guarantee the proportion between accumulation and consumption, Hungary not only has strict rules on increasing the range of the consumption fund, but has also adopted many specific measures. For instance, in order to prevent profits from being excessively allocated for individual consumption, when the bonus fund of an enterprise exceeds the total amount of its wages by 2 percent, a progressive tax of 800 percent is to be levied; when the average wage increase exceeds 6 percent, a 600 percent progressive tax is to be levied. In this way, the increase in the consumption fund can be effectively controlled.

The second manifestation of the phenomena of imbalance is that our enterprises are not willing to produce some low-price and small-profit products that are required by the society. But some high-price and big-profit products are stockpiled, and our enterprises are still competing for the increase of these products. As a result, production is separated from demand. Under such circumstances, we only criticize the ideology of "going all out only when there are big profits and refusing to take up a job when profits are small." We do not adopt measures with regard to its economic cause. In fact, prices and taxation means are in the hands of the state. Why are there large profits gained from the products that are not required by the society and small profits from the products that are required by the society? If we readjust prices and the tax rate to make larger the profits gained from the products that are required by the society and to make smaller the profits from the products that are not required by the society, is not it possible to solve the problem?

The third manifestation of the phenomena of imbalance is that irrational duplicate construction and production have developed. The situation here is complicated. Some duplicate construction in the investment under the state's plans is caused by faulty planning. It is not an "imbalance." Some enterprises know only the immediate needs of certain regions. They do not know the overall situation of supply and demand. Hence the duplicate production. If we can exchange information and give instructions in a timely manner, the situation will change for the better. Some comrades clearly know that duplicate production is going on, but they still make investments in building new production sites. An example of this is the building of a large number of electroplating factories in the suburbs. This is taking advantage of tax-free commune and brigade-run enterprises, and the result of the state being unable to properly use taxation means. Some rough duplicate production may be restricted through legislation. Issuing certificates for low-voltage electrical appliances and furnaces is a trial solution in this respect.

Many comrades have pointed out that most of the production tasks of some enterprises are arranged according to the market requirements. Is this taking planned economy as the dominant factor? This question cannot be summed up indiscriminately. There are two possibilities: 1) If we let the production and operational activities of enterprises be carried out without any control until they are divorced from the requirements of the state's unified plans, they will depart from the orbit of planned economy. 2) If we adopt various indirect plans to make the production and operational activities of enterprises comply with the requirements of the state's unified plans, such as planned economy, even though production is not carried out according to the state's compulsory plans.

Take the Hangzhou oxygen-making machine factory, for example. In the past, it only produced large oxygen-making machines. Because the state has reduced the scale of capital construction, the tasks for producing large oxygen machines have been few in the past few years. They have readjusted their orientation of service in a timely manner and expanded the sphere of service. They produce high-purity nitrogen-making equipment according to the needs of glass factories, liquid nitrogen cans according to the needs of animal husbandry and carbon dioxide compressors according to the needs of food factories. For the necessity of economizing on energy, they are making a study of the manufacturing of turbine dilatometers used in surplus heat-generating equipment. In short, the factory has brought into full play its technological characteristics and produced more than 90 kinds of products needed in various fields. These products have not been produced according to the state's compulsory plans, but we should explicitly ascertain that they have adhered to the principle of planned economy. The reasons are as follows: first, readjusting the orientation of service and expanding the sphere of service are the principles laid down by the state for the machine-building industry, and they carry out their production according to the principle laid down by the state. Second, developing building materials, the food industry and animal husbandry and economizing on energy are the policies laid down by the state, and production is organized according to these policies. Third, although the quantity and allocation of products are not fixed by the state's compulsory plans, but instead are realized through market circulation to link up production with demand, what they do is in compliance with the needs of the society, and there is no stockpiling of products. Fourth, although the state does not work out specific plans for equipment-manufacturing factories for the production of products required by the departments concerned, the funds for purchasing the equipment required by various departments are allocated and controlled by the state. In fact, this is indirectly controlling the quantity of equipment supplied for various departments. In this way, the production and operational activities of our enterprises are put into the orbit of the state's plans, and the principle of planned economy is upheld. In addition, what and how many products to produce are determined by our enterprises according to market changes and requirements. In this way, the role of regulation by market mechanism is brought into play, and the role of regulation by market mechanism is brought into play within the larger picture of the state's plans. Therefore, it only plays a supplementary role. Adhering to the principle of planned economy and bringing into play the supplementary role of regulation by market mechanism are what the "resolution" requires.

CSO: 4007/549

ECONOMIC PLANNING

REPORT MADE ON ZHEJIANG 1981, 1982 BUDGET

OW101045 Hangzhou ZHEJIANG RIBAO in Chinese 26 Jun 82 p 2

["Excerpts" of "Report on 1981 Final Account and 1982 Budget (Draft)" by Cong Guizhu, director of Zhejiang Provincial Department of Finance, at the Fourth Session of the Fifth Zhejiang Provincial People's Congress on 29 June 1982]

[Excerpts] Deputies:

Entrusted by the provincial people's government, I will present to this session a report on the 1981 final account and the 1982 budget (draft) of our province for your deliberation and approval.

The 1981 budget approved by the third session of the Fifth Zhejiang Provincial People's Congress provided for a total revenue of 3.22477 billion yuan. In the course of implementing it, we got the approval of the Ministry of Finance for a subsidy of 27.16 million yuan by raising the state purchase price for our province's soybean and cotton; meanwhile, the budgeted revenue was reduced to 3.19761 billion yuan. The actual revenue realized by the end of the year was 3.40424 billion yuan, which represented a 106.5 percent fulfillment of the budget and a 10.4 percent increase over the previous year.

The 1981 budgeted expenditure amounted to 1.39036 billion yuan. In the course of implementation, we obtained a special appropriation of 138.69 million yuan from the central government, got approval from the Ministry of Finance to use 296.35 million yuan in special funds left over from the previous year and diverted another 155.65 million yuan from the previous year's surplus. This brought the adjusted figure of the budgeted expenditure to 1.98105 billion yuan. The actual expenditure by the end of the year stood at 1.71158 billion yuan, or 86.4 percent of the total amount budgeted. It represented a decrease of 1.3 percent as compared with the previous year.

In accordance with the financial system of "separating revenue from expenditure, each level fulfilling its own responsibility" [hua fen shou zhi, fen ji bao gan 0439 0433 2392 2388, 9433 4787 0545 1626] as determined by the state, our province in 1981 turned over 1.41594 billion yuan to the central government treasury. In order to share in the country's financial difficulties, we also loaned to the state treasury 360.07 million yuan. Local governments at

various levels also purchased 27.83 million yuan of treasury bonds. In addition, another 92.63 million yuan of treasury bonds were purchased by offices, mass organizations, enterprises and institutions at various levels. This is what the people throughout the province should do in helping to balance state revenue and expenditure.

The implementation of the 1981 budget brought the aggregate sum of financial surplus of the province and its prefectures, cities and counties, including tht of 1980, to 219.88 million yuan.

With regard to industrial and agricultural production, all state enterprises in the province adopted an economic responsibility system of one kind or another, thus realizing 393.96 million yuan of profits they were able to retain for themselves, an increase of 6.77 percent as compared with the previous year. The total sum invested in equipment renovations and technological innovations of enterprises reached 190.17 million yuan, or 20.1 percent more than the year before. The total sum of rural tax reductions and exemptions, price subsidies for farm and sideline products purchased, subsidies for diesel oil, machinery and electricity used for agricultural purposes and funds used in support of building production bases for farm and sideline products reached more than 250 million yuan. In the fields of culture, education, science and public health, operational expenses amounted to 46.47 million yuan more than in the previous year. In proportion to the total expenditure budgeted, operational expenses spent in the fields of culture, education, science and public health rose from 27 percent in the previous year to 30 percent in 1981. At the same time, continued efforts to curb the scale of capital construction resulted in a decrease in capital construction investments in terms of percentage of the total budgeted expenditures--from 22 percent in the previous year to 16.4 percent in 1981. With regard to the people's daily life, jobs were found for 156,000 unemployed urban youths; subsidies for urban residents' grain, oil, cotton, coal and nonstaple food consumption reached 210 million yuan; and investments made in public facilities and housing in urban areas totaled 62.78 million yuan.

According to our province's plan for economic and social development, the 1982 budgeted revenue will be 3.53 billion yuan, a 3.7 percent increase over the actual revenue of the previous year. A rough breakdown and a comparison with the corresponding figures of last year follow: Enterprise income 1.03994 billion yuan, an increase of 0.8 percent; industrial and commercial taxes 2.29384 billion yuan, a 6 percent increase; agricultural tax, salt tax and other revenues 196.22 million yuan, a decrease of 5.8 percent. In accordance with the financial system of "percentage share of the sum total" adopted this year by the state with regard to our province, 1.58727 billion yuan will be turned over to the state treasury. In addition, 274 million yuan will be loaned to the state treasury, and a total of 131.8 million yuan worth of treasury bonds will be purchased by the province as a whole. Of these treasury bonds, 17.73 million will be purchased by local governments at various levels; 58.4 million yuan by offices, mass organizations, enterprises and institutions; 48 million by workers and staff; and 25.4 million by peasants.

The 1982 budgeted expenditure will be 1.65 billion yuan, a 3.8 percent increase as compared with the previous year. Breakdown and comparison with the corresponding expenditures of the previous year are as follows: capital construction investments 165 million yuan, same as the year before; investments in equipment renovations, technological innovations and trial production of new products by enterprises 87.12 million yuan, a 2.7 percent increase; additional appropriations in the form of circulating funds for enterprises 60 million yuan, a 20 percent increase; funds in support of investments made by people's communes and operational expenses in the field of agriculture 196.1 million yuan, a 1 percent increase; operational expenses in the fields of culture, education, science, and public health 503.01 million yuan, a 5.9 percent increase. But the increase will be 10.9 percent if expenditures in the form of increased wages for some of the workers and staff are included; maintenance and construction of urban facilities 55 million yuan, a 10 percent increase; administrative expenses 205.8 million yuan, a 2.9 percent increase; pensions for the disabled and the like and other relief funds 38.46 million yuan, an increase of 6.6 percent.

The budgeted expenditures listed above are targeted only in accordance with what can be obtained from local revenues and the rates of increase are based on corresponding figures of the previous year. This is because the special funds to be appropriated from the state treasury this year are still in the process of being transferred down and the amount of the funds left over from the previous year which can be used this year is still to be decided upon by the Ministry of Finance. Also, the use of extra funds belonging to the province and its prefectures, cities and counties will not be decided upon until the end of the year. If these factors are taken into account, the expenditure budgeted for this year will reach around 2.1 billion yuan.

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ECONOMIC PLANNING

'SHAANXI RIBAO' REPORT ON 1981 ECONOMIC RESULTS

HK220351 Xian SHAANXI RIBAO in Chinese 9 Jul 82 pp 2, 4

["Shaanxi Provincial Statistics Bureau's Communique on the State of the Execution of the 1981 National Economic Plan"]

[Text] In 1981, under the cordial concern of the party Central Committee and the State Council and under the leadership of the Shaanxi Provincial CCP Committee and the provincial People's Government, people throughout Shaanxi Province conscientiously implemented the guiding principle for readjusting the national economy, triumphed over exceptionally serious floods and waterloggings in the province, further promoted the development of production and construction, and made steady improvements in the key proportional relations within the national economy. In 1981, the state of the supply of commodities was good, prices in the province's markets remained basically stable, and steady improvements were made in the people's standards of living. According to a calculation based on comparable fixed prices in 1980, the total industrial and agricultural output value in 1981 was 15,616 million yuan. According to a calculation based on comparable fixed prices in 1970, the total industrial and agricultural output value in 1981 was 14,305 million yuan, an increase of 0.2 percent as compared with 1980. According to a preliminary calculation based on prices in 1981, national income in 1981 was 8.45 billion yuan. According to a calculation based on comparable fixed prices in 1970, national income in 1981 registered an increase of 0.8 percent as compared with the 1980's. The state of the execution of the plan for various branches of the national economy was as follows:

I. Agriculture

In 1981, our province conscientiously implemented the party's various rural policies, further implemented and perfected different forms of agricultural production responsibility systems, actively promoted a diversified economy, mobilized the enthusiasm of the broad masses of peasants for production, and reaped a bumper harvest of summer crops. The summer grain output in 1981 reached 7,757 million yuan, an increase of 2.475 million jin or a 46.9 percent increase as compared with the same period last year. The output of summer grain 1981 was second only to that in 1979 and is thus the second highest annual yield of summer crops since the founding of the PRC. There was a reduction of output during the autumn of 1981 due to natural disasters. The whole year's agricultural output was still relatively good.

According to a calculation based on comparable fixed prices in 1980, the total agricultural output value in 1981 was 5,087 million yuan. According to a calculation based on the comparable fixed prices in 1970, the total value of agricultural output in 1981 was 3,675 million yuan, thus fulfilling 89.6 percent of the plan and registering an increase of 3.3 percent as compared with 1980. Of this: agricultural output value (cultivation of crops) increased by 3.4 percent, forestry output value increased by 7.7 percent, the output value of animal husbandry increased by 0.7 percent, sideline production output value increased by 8.1 percent (due mainly to an increase of the output of commune members' household sideline production), and fishery output value maintained the 1980 level.

Of the seven major agricultural products, the total grain output basically maintained the output level of 1980 and fulfilled 85.7 percent of the plan; the output of oil-bearing crops and silkworm cocoons broke past records on the basis of increasing output for many years running; the output of flue-cured tobacco and tea increased by a big margin, thus overfulfilling the production plan; although there was a big increase in the output of beet [as compared with 1980], the beet production plan was not fulfilled; and there was a reduction of cotton output due to natural disasters and only 54.4 percent of the cotton production plans was fulfilled.

The following are details of the output of major agricultural products:

		1981	% increase over 1980
Grain		15 billion jin	- 0.9
of this:	wheat	7.08 billion jin	53.9
	unhulled rice	1.06 billion jin	- 29.8
	corn	4,047 million jin	- 26.3
	unhulled millet	497 million jin	- 13.1
	broom corn millet	264 million jin	- 7.9
	soybean	210 million jin	- 41.2
Cotton		1.25 million dan	- 22.7
Oil-bearing crops		3,361,000 dan	53.2
of this:	rapeseed	2,725,000 dan	76.6
	peanuts	230,000 dan	- 0.4
	sesame	53,000 dan	- 17.2
Beet		536,000 dan	86.6
Flue-cured tobacco		289,000 dan	150.
Silkworm cocoons		64,000 dan	10.3
Tea		31,000 dan	6.9

In 1981, we created a total afforested area of 4,773,000 mu, an increase of 0.2 percent as compared with 1980. Of this area, timber forests account for 2,491,000 mu, an increase of 9.3 percent as compared with 1980; shelter forests account for 1,372,000 mu, an increase of 9.2 percent as compared with 1980; and economic forests account for 770,000 mu, a decrease of 24.6 percent as

compared with 1980. Of the 1981 total afforested area, 969,000 mu were created through aerial sowing, an increase of 72.5 percent as compared with 1980. As to the output of major forest products, in 1981 the output of raw lacquer increased by 12 percent as compared with 1980, the output of Chinese gall nuts increased by 140 percent as compared with 1980, the output of pine nuts increased by 14.3 percent as compared with 1980, the output of coir fibers increased by 19.1 percent as compared with 1980; and there were reductions in the 1981 output of walnuts, Chinese chestnuts, tung-oil tree seeds, tea-oil tree seeds and Chinese tallow-tree seeds as compared with 1980.

A new development of 1981's output of most major livestock products was achieved on the basis of the 1980 increases in output. In 1981, both the total number of pigs and the total number of sheep on hand and the output of pork and mutton registered increases as compared with 1980. The output of pork in 1981 not only met the needs of our province's markets but also met the needs of some markets in other parts of the country. However, by the end of 1981, the total number of draft animals, the total number of pigs and the total number of sheep on hand registered decreases as compared with the same period in 1980.

The following are details of the output of livestock products and the amounts of livestock on hand:

	1981		% increase over 1980
Total output of pork, beef and mutton	513	million jin	10.6
of this:			
pork output	494	million jin	10.7
beef output	4.7	million jin	- 5.0
mutton output	14.9	million jin	16.6
Total output of milk	142	million jin	15.2
of this:			
goat's milk	108	million jin	20.7
Sheep's wool	6.2	million jin	14.4
Total number of stout pigs on hand	4,032,000	head	0.6
Total number of pigs on hand at the end of 1981:	6,665,000	head	- 12.4
Total number of draft animals on hand at the end of 1981:	2,441,000	head	- 1.3
Total number of sheep on hand at the end of 1981:	6,124,000	head	- 8.0

The total output of aquatic products in 1981 reached 2,529 tons, an increase of 0.4 percent as compared with 1980.

The total agricultural output value of state farms under the agricultural reclamation system in 1981 increased by 1.8 percent as compared with 1980. The farms' grain output in 1981 increased by 36.3 percent as compared with 1980, and the farms' grain sold to the state in 1981 increased by 54.3 percent as compared with 1980. Due to serious natural disasters in the autumn of 1981,

both the output of cotton, oil-bearing crops and cow's milk in 1981 and the total numbers of draft animals, pigs and sheep on hand at the end of 1981 registered decreases as compared with 1980.

In 1981, our province's commune and brigade enterprises made steady progress while undergoing economic readjustment. The total income of our province's commune and brigade enterprises in 1981 reached 963 million yuan, an increase of 3.5 percent as compared with 1980.

By the end of 1981, our province had 21,000 large and medium-sized tractors for agricultural use, an increase of 630 tractors as compared with 1980; our province had 74,600 small and hand-support tractors, 5,644 more than the year before. Our [world indistinct] had power-driven drainage and irrigation machines for agricultural use with a total of 2.63 million horsepower, an increase of 66,000 horsepower as compared with 1980; and 4,648 trucks for agricultural use, an increase of 1,164 trucks as compared with 1980. There was a relatively big increase in the number of small farm machines and tools in 1981. In 1981, although there was an increase in the number of tractors as compared with 1980, there was a reduction in the use of tractors in all major processes of farm work. The proportion of machine-plowed farmland dropped from 33 percent in 1980 to 28 percent in 1981. A total of 268,000 tons of agricultural chemical fertilizer was applied to farmland in 1981. An average of 9.4 jin of chemical fertilizer (counted on the basis of 100 percent effectiveness) was applied to each mu of farmland, a decrease of 0.9 jin as compared with 1980. Total electricity consumed by the rural areas of our province in 1981 was 1.3 billion kwh, a 7.8 percent increase as compared with 1980.

By the end of 1981, our province had a total of 1,497 large, medium-sized and small reservoirs with a total storage capacity of 3,918 million cubic meters of water; and 143,000 power-operated wells including 6,977 power-operated wells built in 1981. Due to silt, landslides and the fall of underground water level, 8,538 of the province's power-operated wells were discarded as useless in 1981. In 1981, our province created 178,000 mu of effectively irrigated farmland, brought under control soil erosion over an area of 3,000 square kilometers of land, and created 270,000 mu of "four fields" [si tian 0934 3944]. By the end of 1981, our province had 18.74 million mu of effectively irrigated farmland.

In 1981, the meteorological observatories in our province energetically carried out the work of mapping out county-level agricultural climatic divisions and the planting system's climatic divisions. The accuracy of their ground and high-altitude forecasting reached the average national level.

II. Industry

In 1981, our province's industry made some progress during the further readjustment of industry. Although some enterprises were hit by floods, the whole province's industrial production still scored some achievements. According to a calculation based on comparable fixed prices in 1980, the total industrial

output value in 1981 was 10.53 billion yuan; according to a calculation based on comparable fixed prices in 1970, the total industrial output value in 1981 was 10.63 billion yuan, thus fulfilling 97.9 percent of the plan and registering a decrease of 0.8 percent as compared with 1980. Plans were fulfilled or surpassed for the output of 73 of 100 major industrial products including cotton yarn, cotton cloth, bicycles, sewing machines, wrist watches, television sets, raw coal, crude oil, sulphuric acid, caustic soda, chemical fertilizer, chemical pharmaceuticals, chemical insecticides, cement, plate glass, machine-made paper and paperboard. Production plans for timber, soda ash, sugar and another 24 products were not fulfilled.

In 1981, the internal structure of industry was further readjusted, great efforts were made to tap potentials and carry out technological innovation and transformation in existing enterprises, the capability to produce consumer goods for daily use was strengthened, and a relatively high growth rate of light industrial production was maintained. According to a calculation based on comparable fixed prices in 1980, the total light industrial output value in 1981 was 5,746 million yuan; according to a calculation based on comparable fixed prices in 1970, the total light industrial output value in 1981 was 5,657 million yuan, an increase of 9 percent as compared with 1980. Of the whole industrial output value, the proportion of light industrial output value rose from 48.4 percent in 1980 to 53.2 percent in 1981. Of the output plans of 43 major light industrial products, 31 were fulfilled or overfulfilled and 15 registered relatively big increases as compared with 1980. There was an increase in the output of high-grade and medium-grade light industrial products and an increase inthe variety of colors and designs.

The following are details of the output of major light industrial products:

	1981 output	% increase over 1980
Cotton yarn	156,000 tons	4.5
Cotton cloth	684 million meters	3.9
Chemical fiber	1,776 tons	13.9
Woollen goods	3.02 million meters	6.3
Silk	396 tons	12.5
Silk textiles	5.59 million meters	9.2
Printed cloth	402 million meters	6.5
Gunny bags	138,700	9.5
Knitting wool	1,294 tons	90.2
Knit goods (yarn volume)	15,900 tons	4.6
Woollen blankets	327,400	9.4
Carpet	26,200 square meters	9.6
Machine-made paper and paperboard	97,100 tons	7.5
Sugar	3,490 tons	460
Crude salt	48,200 tons	-12.4
Chemical pharmaceuticals	2,044 tons	- 2.2
Synthetic washing powder	10,000 tons	- 4.7
Bicycles	375,800	120
Sewing machines	531,100	17.3

	1981 output	% increase over 1980
Wrist watches	1,303,500	27.4
Television sets	93,500	130
Radio sets	267,400	120
Washing machines for family use	15,000	3,670
Electric fans	60,000	19
Bulbs	36.22 million	- 1.7
Drinks	46,900 tons	13.6
Dairy products	6,411 tons	26.4
Canned food	788 tons	110
Leather (cattlehides)	879,600	21.6
Cigarettes	309,800 boxes	2.6
Matches	443,000 cases	14.2
Vacuum flasks and commercial glass liners	3.61 million	27.1
Enamelware for daily use	5,133 tons	-23.7

In 1981, while reducing in a planned way the production of goods which are in full or excessive supply and actively changing the service orientation, our province's heavy industry achieved new successes in increasing the production of goods for daily use and of exports which are in great demand. According to a calculation based on comparable fixed prices in 1980, the total output value of heavy industry in 1981 was 4,783 million yuan; according to a calculation based on comparable fixed prices in 1970, the total heavy industrial output value in 1981 was 4,973 million yuan, a decrease of 10 percent as compared with 1980. Plans were fulfilled or surpassed for the output of 42 of 57 major heavy industrial products, and plans for the output of 15 major heavy industrial products were not fulfilled. Output of 19 major industrial products registered increases and output of 38 major industrial products declined as compared with 1980. Some of the reductions of output were made in accordance with plans concerned and some output reductions were made at the last moment due to reductions of orders for heavy industrial products. In 1981, our local engineering industry departments carried out mergers and shifts in production for 22 enterprises. Most of the 22 enterprises shifted to producing textiles, sewing machines, clocks, wrist watches, clothes, shoes, hats, steel and wooden furniture or television sets. The total output value of products for civil use as produced by enterprises under the national defense industry system accounted for 16.6 percent of the systems' total industrial output value.

The following are details of the output of major products of our heavy industry:

	1981 output	% increase over 1980
Raw coal	18.45 million tons	3.0
Crude oil	93,300 tons	10.5
Electric energy production	7,513 million kwh	-5.1
of this:		
hydroelectric energy	768 million kwh	-16.1
Steel	213,900 tons	-12.6
Rolled steel	140,400 tons	-24.5
Pig iron		

	1981 output		% increase over 1980
Machine-made coke	305,200	tons	- 6.8
Timber	332,200	cubic meters	-39.8
Cement	2,194,000	tons	- 4.4
Plate glass	89,800	standard cases	400.0
Sulphuric acid	96,800	tons	-14.2
Soda ash	1,150	tons	12.5
Caustic soda	32,700	tons	- 1.4
Chemical fertilizer	203,100	tons	3.3
of this:			
Nitrogenous fertilizer	170,400	tons	0.9
Phosphate fertilizer	32,700	tons	18.0
Chemical insecticides	6,407	tons	-21.2
Plastics	3,581	tons	-13.2
Calcium carbide	21,000	tons	-22.3
Outer rubber tires	53,000		-47.6
Machine tools	1,422		-60.3
Motor vehicles	387		-56.5
Tractors	100		-42.2
Hand-support tractors	3,952		-39.0
Internal combustion engines	68,900	hp	-51.3
Railway freight wagons	902		-21.6

In 1981, 39 industrial products of our province were commended by various ministries of the State Council as high-quality products, famous brand products or "reliable" products; 100 industrial products were commended by the provincial authorities as high-quality products; 6 industrial products of our province won gold and silver medals awarded by the state.

Due to the readjustment of the structures of industrial products, the consumption of energy in producing every 10,000 yuan of industrial output value in 1981 was cut by 2.9 percent compared with 1980. However, judging from other major targets set in the plan, we can see that economic returns achieved by industrial enterprises are relatively poor. In 1981, the productivity of the whole staff of all industrial enterprises owned by the whole people was 8,264 yuan, a decrease of 6.7 percent as compared with 1980; of the quality targets of 58 major products of our key industrial enterprises, 25 products or 43.1 percent of the 58 products did not reach their 1980 levels; of the targets for material consumption set for 73 products, 40 products or 54.8 percent of them surpassed their 1980 consumption levels; as to those industrial enterprises owned by the whole people which are independent accounting units, the total production cost of their comparable products increased by 0.8 percent and their total revenues and taxes decreased by 9.6 percent as compared with 1980.

3. Capital Construction

The province continued to reduce the scale of the capital construction front in 1981. A certain number of construction projects which lacked the required

conditions were suspended or delayed, and the rate of utilization of fixed assets was improved. The fixed assets of capital construction units owned by the whole people totalled 1,088 billion yuan, a decrease of 12.8 percent over the preceding year; and the rate of utilization of the fixed assets was 81.6 percent, an increase of 20.8 percent over the preceding year. The residential housing completed in 1981 totalled 3.7546 million square meters, showing a decrease of 9 percent over the preceding year, and the rate of residential housing completion slightly increased over the preceding year. In 1981, the major newly increased production capacity (or returns) of capital construction were: 700,000 tons of coal; 16,000 tons of crude oil; 50,000 tons of synthetic ammonia; 20,000 tons [word indistinct]; electricity generating machines with a capacity of 1,400 kilowatts [as published], 273 kilometers of transmission line with a voltage of above 110,000, 80,000 kilovolt-amperes of power transformer equipment with a voltage of above 110,000, 1,000 tons of synthetic fabric, 34,000 spindles for cotton spinning, 1,120 spindles for wool spinning, sugar refining machinery with a capacity of 2,800 tons, 16,500 boxes of cigarettes, 4,000 tons of beer, 800 tons of powdered milk, 3,100 tons of machine-made paper and paperboard, 290,000 bicycles, 97,000 sewing machines, 150,000 watches, 30,000 television sets, 52,000 seats for students in various kinds of school (of which there were 4,612 post-secondary seats), and 1,229 beds for patients in hospitals.

In 1981, 714 construction projects were wholly completed and put into operation. Of these, two were large or medium-scale projects; 278 construction projects were partially completed and put into operation, and 11 independent large and medium-scale projects were completed and put into operation. The rate of projects completed and put into operation in 1981 was the same as that of the preceding year. Of this, the completion rate of local projects was raised from 36.1 percent in the preceding year to 38.2 percent.

Units owned by the whole people made a total capital construction investment of 1.334 billion yuan, showing a decrease of 719 million yuan over the preceding year, or a reduction of 35 percent. Of this, investment included in the state's budget was 656 million yuan, a decrease of 421 million yuan over the preceding year, or a reduction of 39.1 percent. Throughout last year, 43 construction projects, 13 of which were large or medium-scale projects, were suspended and delayed. At the end of the year, 34 large or medium-scale projects were still under construction, showing a decrease of 22 over the corresponding period in the preceding year.

In 1981, the province continued to readjust the investment orientation of capital construction. Of the total fulfilled capital construction investment, 779 million yuan was used in investment of productive construction, and the proportion of this in total investment was lowered from the preceding year's 69.8 percent to 58.4 percent; 555 million yuan was used in investment in nonproductive construction to satisfy the masses' material, cultural and daily demands, the proportion of this in total investment was raised from the preceding year's 30.2 percent to 41.6 percent. Of this, the proportion of investment in residential housing rose from the preceding year's 16.4 percent to 24.1 percent.

In 1981, the capital construction investment included in the state's budget was basically controlled. However, those excluded from the budget exceeded plans by a relatively great degree. The period of construction of these projects was long and they brought about bad investment effects. Of the quotas for 17 major newly increased productive capacity projects included in the capital construction planning, 11 were unable to fulfill the plan.

In 1981, geological work in energy, non-ferrous metal, precious metal and non-metallic mining areas and regional geological mining surveys were strengthened. The scope of service for professional hydrology, engineering geology, geothermics and environmental geology was gradually expanding. Quotas for newly increased reserves of major mineral products such as gold and phosphorus were overfulfilled. A total of 169,000 meters of geological prospecting was fulfilled last year. New discoveries were made and new progress was recorded in 24 mining areas. Crystal graphite deposits, which have a high industrial value, were discovered in the eastern part of the province. Among the newly developed mining areas, preliminary reports have shown that there are mercury deposits; alluvial gold and vein gold reserves have increased to a certain extent; and there was remarkable progress in molybdenum deposits survey and geological work in coalfields. There were new achievements in geological scientific research which provided important fundamental materials for geological work and for the departments in charge of economic construction. However, the fundamental work of geological prospecting is still weak and the economic results are not yet notable.

4. Transportation, Posts and Telecommunications

In 1981, the communications and transportation departments fulfilled a freight circulation volume of 17.42 billion ton/kilometers, showing a decrease of 8.5 percent over the preceding year. Of this, the freight circulation volume fulfilled by rail was 16.31 billion ton/kilometers, a decrease of 9.2 percent over the preceding year, by highway 1.09 billion ton/kilometers, an increase of 3.1 percent, by water transportation 14.35 million ton/kilometers, an increase of 18.5 percent over the preceding year, by air transportation 3.16 million ton/kilometers, an increase of 1.3 percent over the preceding year.

The communications and transportation departments fulfilled a passenger circulation volume of 7.791 billion passenger/kilometers, showing a decrease of 3 percent over the preceding year, of which, railroads, fulfilled 5.905 billion passenger/kilometers, a decrease of 6.1 percent over the preceding year; highways, 1.763 billion passenger/kilometers, an increase of 8.6 percent; water transportation, 640,000 passenger/kilometers, a decrease of 5.9 percent; and air transportation, 122 million passenger/kilometers, an increase of 5 percent over the preceding year.

The steam locomotives consumed 125.5 kilos of coal per 10,000 ton/kilometers, showing an increase of 6.4 percent over the preceding year; the circulation time of trucks was lengthened by 5.5 hours; the electrically powered vehicles consumed 143.1 kilowatt hours of electricity per 10,000 ton/kilometers, a decrease of 2.7 percent over the preceding year; petrol consumption of highway trucks and passenger coaches per 10,000 ton/kilometers was respectively lowered by 4.7 and 0.3 percent over the preceding year.

There were torrential rains and floods in our province last July and August. As a result, services on the Baccheng, Baotian and Yangan railroads had to be suspended, bringing great difficulties and serious losses to transportation. At present, railroad transportation is still unable to meet production and construction demands and the situation is still tense.

In 1981, the total amount of postal and telecommunications business, calculated according to the unchanged prices of 1980, was 57 million yuan. When calculated according to the unchanged prices of 1970, it showed an increase of 2.8 percent over the preceding year. Among various business, letters decreased by 1.6 percent, press and publications increased by 11.4 percent over the preceding year, telegrams increased by 17.9 percent and long-distance telephone calls increased by 0.9 percent over the preceding year.

5. Commerce

In 1981, there was an ample supply of goods on the market. The total value of the commodities procured by the commercial units under the ownership of the whole people amounted to 4.574 billion yuan, an increase of 4.6 percent over the previous year; of which, the total procurement value of agricultural sideline products amounted to 1.347 billion yuan, an increase of 10.7 percent, over the previous year, or a net increase of 8.7 percent with the factor of the increase of procurement prices taken into account; the total procurement value of industrial products amountedto 3.198 billion yuan, an increase of 2.5 percent over the previous year. The total value of commodities supplied by other provinces amounted to 2.214 billion yuan, an increase of 8.8 percent over the previous year. Total commodities sales amounted to 5.877 billion yuan, an increase of 0.9 percent over the previous year. The total amount of commodities supplied to other provinces amounted to 1.109 billion yuan, an increase of 2.2 percent over the previous year.

In 1981, the total retail sales of social commodities amounted to 5.48 billion yuan, an increase of 6.9 percent over the previous year, or a net increase of 3.7 percent with the factor of the increase in commodity prices taken into account; of which the daily consumer goods sold to the people in urban and rural areas amounted to 4.1 billion yuan (including 220 million yuan of commodities sold at retail prices by the peasants to nonagricultural residents), an increase of 10.8 percent over the previous year.

The following is a list of the retail amounts of major social consumer goods.

	1981	% Increase of 1981 over 1980
Grains	2.746 billion jin	7.7
Edible vegetable oil	66.90 million jin	65.6
Pork	222 million jin	- 5.3
Beef	2.874 million jin	2.6
Mutton	12.892 million jin	45.1
Eggs	510,000 dan	19.9

	1981	% increase of 1981 over 1980
Sugar	76,100 tons	11.6
Alcohol	38,900 tons	15.8
Cigarettes	423,700 boxes	7.9
Tea	127,500 dan	8.9
Cotton fabric	204 million meters	equal
Chemical fibre fabric	12.42 million meters	-55.0
Cotton-chemical fibre blend fabric	57.71 million meters	78.3
Wool fabric	4.128 million meters	12.2
Silk and satins	12.42 million meters	-13.7
Vests	11.93 million	8.9
Cotton jerseys and trousers	5.93 million	20.7
Sweaters and sweat pants	2.38 million	1.3
Machine-made thins paper	15,700 tons	-54.2
Soap	1.017 million boxes	23.8
Matches	541,000 packages	15.5
Sewing machines	243,800	- 9.4
Watches	621,300	-20.9
Bicycles	398,900	34.0
Radios	660,200 sets	0.2
Televisions	81,700 sets	16.8

At the end of 1981, the total value of the commodity stocks of commercial units under the ownership of the whole people had increased by 8.9 percent over the end of the previous year.

The supply of commodities to the market has constantly increased. However, there is still a gap between the social commodities supply capacity and the social commodities purchasing power. Some high and medium-grade durable consumer goods of famous brands are still in short supply. Some commodities are overstocked because they do not adapt to the changing demands of the market, or because their variety of designs, sizes and colors is not popular, or just because their quality is inferior while their prices are too high.

In 1981, under the unified guidance of the state plan, our province raised the procurement prices of some agricultural and sideline products such as flue-cured tobacco, tea, miscellaneous beans, black fungus, vegetables and so on. In addition, the quantity of agricultural and sideline products procured at negotiated prices and at increased prices for above-quota procurement was relatively large in various places in our province. Therefore, the overall price index of agricultural and sideline products for state-run commercial units was also raised by 2.1 percent.

In 1981, the overall commodity retail price level was up by 3 percent over the previous year, of which the list price level for state-run enterprises was up by 1.8 percent, the negotiated price level was up by 4.1 percent, and fair trade price level was up by 8.8 percent. At the same time, the commodity retail price level was up by 4.1 percent in urban areas and 1.7 percent in rural areas. The consumer goods retail price level was also up by 3.6 percent; apart from those commodities such as vegetables, cigarettes, alcohol

and so on whose prices rose relatively steeply, the prices of most daily necessities remained stable.

As far as the listed retail prices for state-run enterprises are concerned, the price of food was up by 2.7 percent (the price of foodstuffs was up by 4.2 percent, of which the price of vegetables was up by 10.9 percent, the price of cigarettes, alcohol and tea was up by 4 percent), the price of daily necessities and medicine were up by 1 percent, the price of cultural and recreational products was up by 0.5 percent, the price of fuel was up by 0.6 percent, and the price of garments remained unchanged. The price of means of agricultural production was up by 2.2 percent.

6. Foreign Trade and Tourism.

In 1981, the total procurement volume of export commodities, calculated according to the actual price, was 499 million yuan, a decrease of 3.3 percent over the previous year. Of this, industrial and mineral products amounted to 406 million yuan, a decrease of 1.1 percent, and agricultural and sideline products amounted to 93 million yuan, a decrease of 11.8 percent.

In the total procurement volume of export commodities, the proportion of textile and light industrial products and handicraft articles decreased from 65 percent in the previous year to 63.1 percent in 1981; the proportion of metallic mineral products, chemical industrial products, and machinery products and equipment increased from 14.5 percent in the previous year to 18.2 percent in 1981; and the proportion of cereal, oil, foodstuffs, and local and livestock products decreased from 20.5 percent in the previous year to 18.7 percent in 1981.

In 1981, the tourist departments and other units concerned entertained 67,000 foreigners, overseas Chinese, Hong Kong and Macao compatriots who came from 95 countries and areas all over the world to Shaanxi Province for travelling, visiting relatives and friends, and business purposes. This figure was more than that of the previous year by 27,000 people, an increase of 67.5 percent. Of these visitors, 59,000 tourists who came from 48 countries and areas were entertained by the tourist department; the number of tourists increased by 25,000, a growth of 75 percent over the previous year. The whole year's foreign exchange revenue derived therefrom amounted to an equivalent of 24.81 million yuan, an increase of 41.2 percent over the previous year.

7. Science and Technological Development, Education, and Cultural Development

In 1981, 220,000 people specialized in natural science and technology were employed in various units under the ownership of the whole people and 325 important results in scientific research were achieved. Of these, 215 were industrial, 69 agricultural, 28 medical and 13 were of a basic theoretical research nature.

In 1981, 63,200 students were enrolled in ordinary institutes of higher learning, an increase of 18.8 percent over the previous year. Students enrolled in secondary technical schools totaled 37,500, a decrease of 17.6 percent

compared with the previous year; 14,100 of these students were enrolled in secondary colleges of teacher training, a decrease of 4.8 percent over the previous year. Students enrolled in ordinary secondary schools totaled 1.611 million, a decrease of 10.9 percent compared with the previous year. Secondary agricultural school and secondary vocational school enrolment totaled 5,400, an increase of 440 percent over the previous year. Students enrolled in training schools totaled 15,000, a decrease of 24.6 percent over the previous year. Pupils enrolled in primary schools totaled 4.3731 million, a decrease of 3.3 compared with the previous year. A total of 408,800 children were enrolled in kindergartens, a decrease of 2.3 percent from the previous year. As the television university did not recruit students in 1981, only 11,000 students were enrolled, a decrease of 19.7 percent from the previous year. Having undergone a rectification, universities for staff and worker training, spare-time universities, correspondent evening universities and so on managed to recruit more students. In 1981, 4,200 students were enrolled in these universities, an increase of more than 100 percent over the previous year. Also, 313,900 students were enrolled in those secondary schools for workers and peasants (including secondary technical schools for staff and workers and peasants, and sparetime secondary schools), an increase of 160 percent over the previous year.

In 1981, the cultural and artistic cause continued to develop in the province, and our writers created a number of good works which were well received by the masses of the people. Seven feature films were produced and 164 new films (long films) were distributed. Throughout the province, there were 4,017 film projection units, 134 artistic performance groups, 527 arts centers and cultural centers (halls), 72 public libraries, 33 museums and memorial halls. In the whole province, there were 4 radio broadcast stations, 10 transmission stations and relay stations, 1 central television broadcast station, 7 television transmission stations and relay stations each with a capacity of over 1,000 watts. In 1981, the province published more than 220 million copies of newspapers, of which 130 million copies were newspapers at the provincial level and 90 million copies were newspapers at the local level. The province also published 8.59 million copies of magazines of various types, and 103 million copies of various books.

Health Work, Physical Culture

In 1981, new development was made in health work. The number of sick beds in various medical institutions reached 63,700, an increase of 4.8 percent over the preceding year. Of these, the number of sick beds in hospitals was 57,200, an increase of 3.6 percent over the preceding year. The number of professional health technical personnel was 88,400, an increase of 9.8 percent over the preceding year. Of these, the number of doctors was 40,700 (including 9,800 doctors of traditional Chinese medicine, 173 senior doctors who combined the use of traditional Chinese medicine and Western medicine, 17,900 doctors of Western medicine and 12,900 practioners of Western medicine with secondary medical school education, an increase of 9.6 percent over the preceding year;

the number of matrons and nurses was 14,000, an increase of 17.6 percent over the preceding year. The number of bare-footed doctors in rural areas was 69,900, a decrease of 3.1 percent as compared with the preceding year.

In 1981, the patriotic health campaign was further carried out, which greatly strengthened the work of prevention and cure of local diseases. Diseases which did much harm to the people's health such as goiter, hypothyroidism and Keshan disease no longer spread in places where they often occurred and the incidence of these diseases was checked. New progress was also made in the prevention and cure of other local diseases.

In 1981, two marksmen in our province equaled two world shooting records. An Asian track and field record was broken, as were 5 national trace and field, shooting and parachuting records and 34 provincial track and field, swimming and shooting records (including teenagers' records). Mass physical culture and sports were further developed: 764 sports meets at or above country level were held in the province with 164,000 athletes participating in them; 187,000 people in the province came up to national physical training requirements.

9. The People's Livelihood

In 1981, the people's livelihood in cities and rural areas continued to improve. On the basis of a relatively big increase in the preceding 2 years, the peasants' income continued to increase. According to a sample survey of the income and expenditure of 984 peasant households in 30 counties, the average annual net income per capita (including income from agricultural and sideline products and income from redistribution) was 177.2 yuan, an increase of 35 yuan or 24.6 percent over the preceding year. The rural economy became more and more lively. Bumper harvests havebeen reaped in old liberated areas in north Shaanxi for 3 years running and the situation of poverty which had lasted for many years was beginning to change.

In 1981, 230,000 people, including youths and other people awaiting jobs and new graduates from colleges and secondary technical schools who were assigned jobs by the state were offered jobs. At the end of the year, the number of staff members and workers under the system of ownership by the whole people and ownership by the collective in towns and cities reached 2,970,700, an increase of 149,400 over the preceding year. Of these: the number of staff members and workers under the ownership of the whole people was 2,497,300, an increase of 108,000 over the preceding year; the number of staff members and workers under collective ownership in towns and cities was 473,400, an increase of 41,400 over the preceding year. In addition, the number of self-employed people in towns and cities reached 21,400, an increase of 7,700 over the preceding year.

In 1981, the total amount of wages of staff members and workers was 2.246 million yuan, an increase of 4.2 percent over the preceding year. Of this: the total amount of wages of staff members and workers under the ownership of the whole people was 1.97 billion yuan, an increase of 4.1 percent over the preceding year; the total amount of wages of staff members and workers under collective ownership in towns and cities was 276 million yuan, an increase of 5.3 percent over the preceding year.

In 1981, the average wages of staff members and workers was 780 yuan, a decrease of 0.6 percent as compared with the preceding year. Of this: the average wages of staff members and workers under the ownership of the whole people was 812 yuan, an increase of 1 yuan over the preceding year; the average wages of staff members and workers under collective ownership in towns and cities was 609 yuan, a decrease of 27 yuan as compared with the preceding year. In this year, although teachers in secondary and primary schools and some medical personnel and physical culture workers were upgraded after October, their average wages slightly decreased as a result of an increase of new recruits. According to a sampling survey of the income and expenditure of 700 households of staff members and workers in 5 cities, the average number of people employed in one household of staff members or workers in 1981 was 2.32, accounting for 53.2 percent. The average per capita income which could be used on daily life was 426 yuan, an increase of 18 yuan or 4.4 percent over the preceding year. After deducting a 3.6 percent price indice rise of expenditure for daily-life, the average per capita income of staff members and workers was 0.78 percent above the preceding year.

At the end of 1981, the people's savings in cities and rural areas was 1,665 million yuan, an increase of 315 million yuan or 23.3 percent over the preceding year. These savings in towns and cities increased by 19.4 percent and savings in rural areas increased by 37 percent.

In 1981, the housing area built by units owned by the whole people and by the collective in towns and cities was 2,555,100 square meters, which was slightly less than the preceding year. Of this: living quarters built by units owned by the whole people totaled 2,504,800 square meters, which equaled that in 1980--the peak year since the founding of the country. In addition, there was a big increase of new houses and cave-houses built by the peasants, amounting to over 13 million square meters, in this year.

Problems remaining unsolved in the people's livelihood were: the peasants' livelihood in areas affected by natural disasters was quite difficult; some urban residents still lived crowded together; as a result of heavier burdens caused by price increase, the livelihood of some staff members and workers who received little or no bonuses was affected.

10. Population

At the end of 1981, the population of the whole province was 28,645,000 people, an increase of 331,000 people or 1.17 percent over the end of the preceding year.

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ECONOMIC PLANNING

ZHEJIANG DRAFT PLAN FOR ECONOMIC, SOCIAL DEVELOPMENT

OW081315 Hangzhou ZHEJIANG RIBAO in Chinese 26 Jun 82 p 2

["Report on the 1982 Draft Plan for Economic and Social Development (Excerpts)" by Zhang Qi, chairman of the Zhejiang Provincial Planning Commission, at the Fourth Session of the Fifth Zhejiang Provincial People's Congress on 20 June 1982]

[Text] Deputies:

The main points of this province's 1982 draft plan for economic and social development, to which the 12th meeting of the StandingCommittee of the provincial people's congress agreed in principle, have been issued in advance to various areas and departments for implementation. Entrusted by the provincial people's government, I will now make a report to this session on the implementation of the 1981 plan and the 1982 draft plan for deliberation and approval.

I. Implementation of the 1981 Plan

Our province resolutely implemented the policy of further economic readjustment and political stability in 1981. As a result, the province's economic plan was generally implemented well.

1. Despite frequent natural disasters, we still reaped a relatively good harvest. Total agricultural output value was 12.1 billion yuan, a 6 percent increase over the previous year. Grain and cotton output dropped because of natural disasters. However, diversified undertakings and industrial and sideline production in the countryside developed rather fast. Compared with the previous year, total grain output decreased 1.1 percent and total cotton output dropped 17.8 percent while total rapeseed output went up 40.7 percent, total tea output 18.5 percent, total silkworm cocoon output 0.5 percent and total citrus output 31.9 percent. The number of pigs in stock at the end of 1981 decreased 4.2 percent compared with the previous year while the output of aquatic products increased 3.1 percent. Industrial and sideline output value in the countryside was 3 billion yuan, a 27 percent increase over the previous year. With the continuing improvement of the responsibility system in agricultural production and the increased rationality of the agricultural structure, the enthusiasm for production among the broad masses of peasants is running high, and the situation in the countryside is good.

2. In the course of economic readjustment, industrial production continued to increase and the industrial structure was improved. Total industrial output value was 21.36 billion yuan, a 13.7 percent increase over the previous year. The proportion of light industrial output value compared with the total industrial output value increased to 65.2 percent in 1981 from 62 percent in the previous year. The output of most major light industrial products registered a fairly big increase compared with the previous year. Cotton yarn output went up 10.2 percent, cotton cloth 4.9 percent, wool fabrics 50 percent, knitting wool 34.3 percent, silk fabrics 13.5 percent, bicycles 1.3 times, sewing machines 45.5 percent, wristwatches 96 percent and television sets 67.9 percent. The output of sacks and sugar decreased compared with the previous year. Heavy industry readjusted its orientation of service, and the output of most heavy industrial products in short supply registered an increase compared with the previous year. Cement output increased 40.9 percent, caustic soda 11.7 percent, soda ash 7 percent and plastic resin 10.6 percent. At the same time, the output of machine tools, motor vehicles and some other machines was reduced in a planned way. Progress was made in economizing on energy by readjusting the product mix and taking technical measures. Comprehensive energy consumption in terms of industrial output dropped to 4 dun in 1981 from 4.33 dun in 1980.

The volume of freight handled by local transportation units was 6.93 billion dun-kilometers, an increase of 7.4 percent over the previous year. Highway transport, inland waterways and harbor and wharf facilities were improved. Coal barges of the 10,000-dun class can now berth at Ningbo harbor's Zhenhai coal wharf. Piers for berthing 100,000-dun class vessels have been completed in Beicang Harbor.

3. Capital construction was scaled down, and investment results were improved. Investments in capital construction by units under the system of ownership by the whole people were 27.8 percent less than during the previous year. The rate of utilization of fixed assets increased to 82.4 percent from the previous year's 65.1 percent. Newly added production capacities included mainly 192,000 mu of irrigated farmland, facilities capable of producing 250,000 cases of plate glass, 20,000 cotton textile spindles, steam turbines capable of producing 350,000 kilowatts of electricity, 200,000 dun of freight-handling capability at harbors, 161 kilometers of highway, 284,000 square meters of school buildings and 1,263 hospital beds.

4. Business was brisk in both urban and rural areas, and revenue increased. The volume of commodity retail sales rose 10.4 percent over the previous year. Retail prices rose 2.6 percent over the previous year. Prices of daily necessities were basically stable.

The annual procurement plan for export goods was overfulfilled; but total procurement was 7.8 percent less than during the previous year. This was mainly because of controls imposed on the export of commodities that used to incur heavy losses.

Revenue was 3.404 billion yuan, an increase of 10.4 percent over the previous year. Expenditure was 1.711 billion yuan, a decline of 1.3 percent compared

with the previous year. This basically met the need in economic and cultural projects and in improving the people's livelihood.

5. Progress was made in education, science, culture and public health. Total enrollment in institutions of higher learning was 41,000, an increase of 3,400 over the previous year. To meet our province's need in economic and social development, universities and colleges offered additional courses in economics, law, tourism and other specialties. The establishment of technical secondary schools in textiles, light industry, construction, electronics, law and nursing is under way. The teaching quality of middle and primary schools has been improved due to readjustment and reform. In the scientific and technological field, achievements were made in 342 scientific research items, including 33 major ones, and new results were achieved in 1981 in applying scientific and technological research results to industrial and agricultural production. The number of hospital beds in medical units at all levels totaled 71,300, an increase of 2.7 percent over the previous year. The number of professional public health personnel was 98,400, an increase of 7.7 percent over the previous year. Progress was also made in culture, sports, journalism, radio broadcasting, television, publishing and other undertakings.

6. The people's livelihood in both urban and rural areas is continuously improving. The average per capita cash income of rural commune members distributed by collectives was 111.5 yuan, an increase of 9.2 percent over the previous year. Total wage payments for staff and workers rose 7.3 percent over the previous year, and the average yearly pay for staff and workers was 709 yuan, an increase of 1.1 percent over the previous year despite increases in the number of new workers. Wages of middle and primary school teachers, sports workers and some medical personnel also increased. Jobs were arranged for 156,000 people in both urban and rural areas. Some 3.23 million square meters of housing was completed in cities and townships, an increase of 20.4 percent over the previous year.

Progress was also made in planned parenthood work under new conditions. The province's natural population growth rate was 1.05 percent.

In executing the 1981 plan, the deficiencies were: not enough guidance was provided in implementing the agricultural production plan, grain acreage fell short of the planned target, the energy problem was acute, some raw materials were in short supply or unavailable, the transportation system was overburdened thus limiting our industrial growth, economic results in various sectors fell short of expectations, many departments failed to match their best performance of the past in economic results and technology, some products lacked appeal on the market and were unsalable, the number of enterprises that incurred losses and the amount of losses increased when compared with the previous year, procurement plans for a number of farm and sideline products were not fulfilled, and not enough manufactured goods were made available to the rural areas. These problems showed that more effort is needed in our planning.

II. Tasks and Major Targets of 1982 Plan

In line with the 10 principles for economic construction put forth by Premier Zhao Ziyand and with the state plan, the guiding principle for arranging the province's 1982 plan is to vigorously and earnestly continue to implement the policy of readjusting, restructuring, reorganizing and upgrading the national economy and to raise economic returns so as to achieve a solid, not inflated, growth rate of the national economy and, on the basis of increasing production, ensure for the people a stable and continuously improving livelihood. The general requirements of the 1982 plan are: a 4 percent increase in the agricultural output value over last year; a 6 percent, or 8 percent if possible, increase in the industrial output value; an 8 percent increase in the total volume of commodity retail sales, and a 3.7 percent increase in financial revenues. It is necessary to keep investment in capital construction at the same level as last year and to strive for progress in scientific, educational, cultural and public health undertakings.

The specific tasks and major targets are as follows:

1. It is necessary to develop agricultural production in an all-round way and go all out to strive for a bumper grain harvest.

In accordance with the policy of actively promoting diversified economy and never relaxing efforts in grain production, the major targets for agricultural production in 1982 are: an increase of 2.5 to 6 percent in the total grain output over last year, an 18 percent increase in the total cotton output and a 3 percent increase in the total output of silkworm cocoons. It is also necessary to make advances in forestry, animal husbandry, fishery and sideline production and other diversified economy and to increase the production of commune and brigade-run enterprises in the course of reorganizing and improving management.

In striving for a bumper agricultural harvest, it is necessary first to rely on policy and second on science. Therefore, it is imperative to continuously perfect the various forms of production responsibility systems in order to further arouse the enthusiasm of the broad masses of peasants in production. In agricultural economy, it is also necessary to adhere to the principle of giving priority to planned economy and regarding regulation by the market as supplementary. In particular, it is necessary to correctly handle the proportion between the acreages under grain and under cash crops. In view of Zhejiang's dense population, scarce farmland and unstable grain production, we should be no means reduce the grain acreage but restore it to the same level as in 1980. In growing cash crops and promoting diversified economy, we should concentrate our efforts on increasing per-unit output and develop mountainous and hilly areas, water surfaces, areas along rivers and sea beaches and should no longer use farmland to grow cash crops. It is necessary to rely on the masses in popularizing fine seeds, accumulating organic fertilizer, transforming low-yield farmland and carrying out necessary farmland capital construction. All trades and professions must foster the idea of taking agriculture as the foundation of the national economy and step up support for agriculture by actively producing and selling goods serving the needs of agriculture.

2. It is necessary to continue to develop light industry at a faster pace and further readjust the orientation of heavy industry.

The total output value of light industry in 1982 should reach 15 billion yuan, or an 8 percent increase over 1981. The targets in the output of major products should be: cotton yarn, 103,960 dun; cotton cloth, 470 million meters; silk, 9,280 dun; machine-made paper and cardboard, 220,000 dun; bicycles, 350,000; sewing machines, 380,000; wristwatches, 430,000; and television sets, 140,000. In organizing the production of light industry, it is necessary to consider the consumer's needs, improve product quality and increase variety. In developing light industry, it is necessary to take a flexible stand: We should not only pay keen attention to the production of textiles, paper, foods and durable products but also vigorously promote production light industrial and chemical products and tourist goods in light of the new market situation.

Heavy industrial output value should reach 7.7 billion yuan in 1982, a 4 percent increase over last year. We should continue to readjust the service orientation of heavy industry according to society's needs. Chemical industry and building materials departments should make efforts to increase the production of chemical fertilizer, cement, glass and component parts for civilian housing. Metallurgical industry departments should increase the production of strip steel and other steel products in short supply. Machine building industry departments should take from the long to add to the short, expand their scope of service, provide equipment for the technical transformation of enterprises, supply the market with marketable products and make vigorous efforts to increase the export of machines and electrical appliances.

Coal is in short supply and communication and transport facilities are strained --these are two outstanding problems in the 1982 plan. In addition to getting more coal from other provinces, the way to solve the coal shortage is mainly to practice economy, lower coal consumption and increase production by practicing economy. At the same time, vigorous efforts should be made to grasp coal production in the province and to fulfill or overfulfill the state plan. It is necessary to strengthen the planning and management of freight transport, to rationally organize freight transport, to do a good job in solving the problem of traffic congestion at important railway stations and ports, to raise transport efficiency and to reduce traffic accidents. As for ports, roads and bridges that are planned to be built or to be technically transformed, vigorous efforts should be made to carry out such plans.

3. It is necessary to continue to control the scale of capital construction, to rationally readjust the orientation of investment and to strengthen the technical transformation of enterprises.

The total amount of investment in capital construction throughout the province in 1982 remains at the level of the 1981 plan. Investments in agriculture, electric power, chemical industry, building materials, communications, education and public health are increased compared with last year. In capital construction, we must act in strict accordance with the state plan, and no one is allowed to expand the scale of construction without authorization or to build projects not included in the state plan.

Efforts should be made to accelerate the technical transformation of enterprises and the renewal of their equipment. This is an important way to develop industrial production and raise our technical level. In addition to funds allocated by the state and bank loans, enterprises should use their depreciation and production development funds mainly for their technical transformation and equipment renewal. Enterprises in all trades should vigorously carry out the arrangements they have already made in this regard and strive to achieve results as soon as possible.

4. It is necessary to increase commodity supply, stabilize market prices and develop foreign economic relations and trade.

In 1982 commodity retail sales have increased 8 percent over the preceding year. So far this year, there has been a gap between the people's purchasing power and the commodities supplied, so we must do well in the procurement of commodities to increase supply and maintain the basic stability of market prices. It is necessary to strengthen procurement of agricultural and sideline products and educate the broad masses of commune members to uphold the concept of overall interests so that they will actively sell their agricultural and sideline products to support national construction. At the same time, efforts must be made to strengthen market management and price control and to strictly abide by the price policy. It is prohibited to raise prices or enlarge the scope of negotiated prices without authorization, to maintain basic stability of commodity prices on the market.

In 1982 the total cost of commodities for export is at the same level as in the preceding year. We must intensify the work of purchasing commodities for export and further increase the capability and improve the operations and management of our own export trade with a view to boosting our foreign exchange earning power. At the same time, continued efforts must be made to do well in processing work, using raw materials supplied by foreign firms or imported raw materials and to actively develop compensatory trade to expand our foreign economic relations and trade.

5. It is necessary to strive to boost revenue and reduce expenditure to maintain the balance of payments.

The 1982 revenue budget is set at 3.53 billion yuan, up 2.7 percent from the preceding year. The expenditure budget is 1.65 billion yuan, 3.8 percent more than the preceding year, if calculated in terms of comparable items. To implement the financial budget and maintain the balance between revenue and expenditure, all localities, departments, enterprises and establishments should do their best to boost production, improve their operations and management, speed up the turnover of funds and increase profits. It is imperative to correctly handle the relationship among the interests of the state, enterprises and individuals, and strictly observe discipline in dealing with financial and economic affairs. Receipts, which should be turned over to the state, must be turned over promptly and in full. As for expenditures, we must make careful planning and calculations to reduce our spending as much as possible.

6. Further efforts should be made to conduct scientific and technological research and to popularize research results; steady progress should be made in developing education, cultural and public health undertakings.

Regarding the trial-manufacture and pilot-plant production of new products and the scientific research projects contained in the 1982 plan, all available experts and technicians should be organized to work cooperatively to solve key problems and achieve fruitful results as quickly as possible. Scientific research results already achieved should be popularized and applied on a wide scale by holding technology-exchange meetings, by forming cooperative ties between factories and schools and between factories and research institutes and by signing contracts for the use of research results. The purpose is to translate research results into new productive forces as early as possible.

Education should be developed steadily in a planned way under the premise of improving education quality. In 1982 institutions of higher learning have an enrollment of 10,600, and secondary vocational schools 12,800, up 14.2 and 3.4 percent respectively from the preceding year. It is imperative to tap the potential in existing schools and to give great attention to the construction of certain buildings at institutions of higher learning and to the construction of some secondary vocational schools as listed in the plan. Television, night and spare-time universities should enroll as many students as their conditions permit. Attention should be paid to children's education, and efforts should be made to consolidate and improve primary and middle school education, to gradually adjust the structure of middle school education and to vigorously develop vocational and technical education. It is also necessary to do well in training staff members and workers, in giving peasants education in culture, science and technology and to continue the work of eliminating illiteracy in rural areas. In addition, we should encourage and support people in establishing schools and should rely on all available forces to develop education.

It is necessary to enliven the people's cultural activities in both urban and rural areas. Rural cultural centers should be systematically set up, movie projection networks established and more cultural facilities added by using self-provided funds plus subsidies from the state. Continued efforts should be made to develop the patriotic public health campaign, to strengthen medical and health-care work and to control diseases. Moreover, rural people should gradually improve their drinking water supply, mainly by relying on their efforts.

7. It is necessary to strictly control population growth and make continued efforts to arrange jobs for people in cities and towns.

Now our province is at the peak period of marriages and births. Based on the new situation, it is necessary to take effective measures to grasp family planning work to quickly change the trend of an increasing natural population growth rate. Particularly, the dozen countries in southern Zhejiang, where a very high natural population growth rate is noted, should do their best to reduce the rate.

According to the 1982 plan, jobs should be provided for 100,000 people, mainly through the development of collective industries, businesses, catering and

other services and by the proper development of the individual economy in cities and towns. Departments concerned should seriously carry out state policy and render active support in this respect.

III. Increase Economic Results as the Central Task To Fulfill and Overfulfill the 1982 Plan

Implementation of the 1982 economic and social development plan is a rather arduous task, and numerous difficulties are expected in the course of implementation. On the other hand, however, there are many favorable conditions and great potentialities to exploit. Our economy developed well during the first 5 months of this year. Total spring grain output was 450 million jin more than last year, and the procurement quota was overfulfilled. Total industrial output value amounted to 9.08 billion yuan, an 11.2 percent rise over last year's corresponding period. Many products were of uniform and better quality, and less materials were consumed in their production--this means better economic results. Supply of commodities showed a marked improvement, and market prices were basically stable. As long as we firmly carry out the principles and policies formulated since the 3d plenary session of the 11th CCP Central Committee and rely on the broad masses to do down-to-earth work, we will be able to fulfill, or even overfulfill, the plan for this year. Our planning departments are requested to put emphasis on the following tasks:

1. Pay attention to raising economic results. In the last 3 years or so, the economic development of our province has been fairly rapid, but the economic results have not been ideal. From now on, we must go all out to raise economic results and, on this basis, maintain a certain growth rate for our economy. To raise the economic results in production, construction commodity flow and other fields, we must carry out overall consolidation of enterprises consecutively, build their leading bodies, further improve the various economic responsibility systems, strengthen the fundamental task of enterprise management and raise the level of production and operations. Continued attention should be paid to the readjustment and reorganization of enterprises and to the development of cooperation among specialized departments and the establishment of economic complexes. Regarding capital construction, it is necessary to reduce the time required for construction, reduce construction costs and raise benefits from investment. As for the flow of commodities, we must reduce the links in the commercial chain, improve operations and management, cut the rate of commodity wastage, accelerate the turnover of funds, raise the quality of service and increase profit.

2. Implement the principle of relying mainly on the planned economy and supplementing it with regulation through the market. The planned economy is a manifestation of the superiority of the socialist system. All localities, departments and units must enhance the concept of planning, seriously carry out the state plan and oppose departmentalism and decentralism. Planning departments at all levels must conduct in-depth investigation and study. In drawing up plans, they must reflect objective reality, respect objective economic laws, achieve an overall balance and raise the degree of accuracy of the plans.

Under the unified leadership of the state and the guidance of its plan, we must give full scope to the supplementary role of regulation through the market. We must continue to use the methods which have previously proved effective, such as coordination in supply of materials, technical exchange, sale-exhibitions of products and cooperation in selling commodities, in an effort to enliven our economy.

3. Strengthen ideological and political work in economic planning. It is necessary to educate the vast numbers of cadres and masses to understand correctly the conditions in our country and province, deeply comprehend the guiding principle that "first, the people must have sufficient food; second, socialist construction must be carried out" and do well in handling the relationship between state, collective and individual interests. They must uphold the idea of building up our country through diligence and thrift and of carrying out arduous struggle, enhancing spirits, surmounting every difficulty and working hard, in concert, for the development of the national economy, science and technology and various social undertakings.

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ECONOMIC PLANNING

SHAANXI ON EXECUTION OF 1982 DEVELOPMENT PLAN

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[Excerpts from Shaanxi Provincial Planning Committee Vice Chairman Li Kang's "Report on the State of the Execution of Shaanxi Province's Economic and Social Development Plan in the First Half of 1982" delivered on 28 June 1982 at the 15th meeting of the Shannxi Provincial People's Congress Standing Committee]

[Text] Committee members,

Our province's economic and social development plan for 1982 was ratified by the fourth session of the fifth provincial people's congress. According to the plan, in 1982, our province must further implement the policy of readjusting, restructuring, reorganizing and upgrading the national economy, strengthen and stabilize economic gains, uphold the principle of ensuring planned economy plays the major role and regulation by market mechanism the supplementary role, strive to increase economic returns and achieve a rate of national economic development that is relatively higher than last year's. I have been entrusted by the provincial government with the task of reporting on the estimated state of the execution of our province's plan during the first half of this year. Now I am going to make this report to you for examination and approval.

I. On the Estimated State of the Execution of the Plan During the First Half of This Year

This year, under the leadership of party committees at all levels, vast numbers of cadres and the broad masses of the people throughout the province have conscientiously implemented a series of important directives on national economic development as issued by the CCP Central Committee and the State Council and the 10 principles for economic construction as put forward by Premier Zhao Ziyang, continued readjusting the province's economy and achieved relatively remarkable successes in organizing the implementation of the plan. The general situation is good.

1. A further development of agricultural production and a bumper harvest of summer grain crops.

We have conscientiously implemented the spirit of last December's national conference on agricultural work, further implemented the party's various rural economic policies and established and perfected different forms of production responsibility systems. As a result, vast numbers of peasants have shown great enthusiasm for production and the rural economy has been enlivened on an unprecedented scale.

It is estimated that our province's total summer grain output this year will be over 7.75 billion jin, thus surpassing last year's output level. This year will be our province's second highest annual yield of summer grain crops in history. All area, flatlands and highlands, paddy fields and dry lands, have increased production output on a wide scale. Just as people have said, with good policies and good weather conditions and with a down-to-earth work style, a good harvest is in sight. The overall arrangements for crops and the structure of varieties were properly readjusted during last year's sowing period. Moreover, Guanzhong, Hanzhong and other major summer grain-producing areas paid attention to fixing wheat-growing areas. After autumn sowing, in view of various unfavorable conditions such as wet weather, low temperature and poor sowing quality, most areas promptly carried out spring irrigation and topdressing and strengthened field management. From January to May, the supply of chemical fertilizers increased by 42 percent as compared with the same period last year, the supply of agricultural chemicals increased by 21 percent as compared with last year, and highly efficacious chemicals for stimulating growth were sprayed by planes upon more than 2 million mu of summer crops in Guanzhong and Hanzhong, thus promoting the growth of crops.

Our province has continued developing a diversified economy. We have made a proper reduction in the areas sown to rape. It is estimated that this year's total output of rapeseed will be 1.74 million dan. This means that this year will be our province's second highest annual yield of rapeseed in history. With 3.76 million mu of fields sown to cotton, our province has further implemented the responsibility system and done solid and painstaking management work. At present, the growth of cotton is better than last year's. Both tea and silkworm cocoon output achieved realtively great increases as compared with the same period last year. The output value of our commune and brigade enterprises has reached 325 million yuan, an increase of 40.7 percent as compared with the same period last year. There has also been a new development in our commune members' household sideline production.

Due to the promotion of the national movement for voluntary afforestation, both the quantity and quality of this spring's afforestation work have surpassed last year's. By the end of May our province had built 3.8 million mu of vast stretches of afforested areas, thus overfulfilling the annual plan for building vast stretches of afforested areas; our province has planted 200 million trees around the four sides [house side, village side, roadside and waterside], an increase of more than 60 million trees as compared with last year; and our province has raised 280,000 mu of seedlings, an increase of 80,000 mu of seedlings as compared with the same period last year.

Thanks to the cordial concern and support shown and offered by the party Central Committee and the State Council, our province promptly handed out relief funds and resold grain to the people living in straitened circumstances in disaster-stricken areas. The minds of the masses in such areas have been set at rest; they have enthusiastically thrown themselves into production.

2. A steady increase in industrial production and a gradual improvement in economic returns.

This year, vast numbers of cadres, staff and workers on the industrial and communications front have resolutely implemented the spirit of the national conference on industrial and communications work, inspired enthusiasm and worked hard, thus bringing about a radical change in the situation in which industrial output fell for a time last year and promoting a steady increase in industrial production. It is estimated that our province's industrial output value during the first half of this year should be 5,475 million yuan which account for 50 percent of the annual plan for industrial output value. This estimated output value during the first half of this year also means a 7 percent increase as compared with the same period last year. We may overfulfill the half yearly plan for industrial output value ahead of schedule. Of the 80 major industrial products listed in the half yearly production plan, 56 products or 71 percent of all the listed products have registered high output than in the same period last year. Our province has gradually increased economic returns, improved the quality of most products, reduced consumption and and promoted the output of marketable products. As to highway transportation, it is estimated that our province's volume of goods transported during the first half of this year will be 7.01 million tons, which will account for 63 percent of the annual plan for highway transportation. This estimated volume of goods transported by highway transportation during the first half of this year will also mean a 29 percent increase as compared with the same period last year. It is estimated that our province's volume of goods transported by rail during the first half of this year will be 11.99 million tons which will account for 53.3 percent of the annual plan for railway transportation or an increase of 4.8 percent as compared with the same period last year.

Judging from the state of the execution of the industrial production plan during the first half of this year, we can discover the following characteristics:

We have grasped things early and grasped them well. Our industrial production has shown a good upward tendency since the beginning of this year. In January, our province's average daily industrial output value increased by 8.2 percent as compared with the same period last year. In February, our province succeeded in bringing about a radical change in the situation since last year in which industrial output had begun falling. Since March, our province has achieved a steady monthly increase in industrial output.

Heavy industrial output has gone up again by a big margin and light and textile industries have kept up steady increases in their output--it is estimated that our province's heavy industrial output value during the first half of this year will be 2,544 million yuan which will account for 52.3 percent of

the annual plan for heavy industrial output value. This estimated half yearly output value will also mean a 8.13 percent increase as compared with the same period last year (our province's heavy industrial output value during the first half of last year dropped 15.2 percent). It is estimated that our province's raw coal output during the first half of this year will be 9.55 million tons which will account for 50.5 percent of the annual raw coal production plan. The estimated half yearly output of raw coal will mean an increase of 12.8 percent as compared with the same period last year. Of the estimated output of 9.55 million tons of raw coal, 6.34 million tons will be raw coal for unified distribution. The estimated output of 6.34 million tons of raw coal for unified distribution will mean an increase of 13.8 percent as compared with the same period last year. It is estimated that our province's cement output during the first half of this year will be 1.28 million tons, an increase of 13 percent as compared with the same period last year; the estimated half yearly output of plastics will be 2,716 tons, an increase of 45 percent as compared with the same period last year; the estimated half yearly output of sulphuric acid will be 61,000 tons, an increase of 19.8 percent as compared with the same period last year; and the estimated half yearly output of walking tractors will be 6,700, an increase of 660 percent as compared with the same period last year. It is also estimated that the total output value of our province's light and textile industries during the first half of this year will be 2,931 million yuan which will account for 48.2 percent of the annual plan for the total output value of light and textile industries. The stimated half yearly output value of light and textile industries will mean an increase of 6 percent as compared with the same period last year. The output of some major products during the first half of this registered relatively sharp rises as compared with the same period last year: the output of cigarettes increased by 45 percent; beer output increased by 72 percent; the output of washing powder increased by 32 percent; the output of bicycles increased by 53.9 percent; the output of sewing machines increased by 20 percent; the output of television sets increased by 85 percent; the output of chemical fibers increased by 100 percent; the output of cotton yarns increased by 6.9 percent; cloth output increased by 5.8 percent; and the knitting wool output increased by 78.6 percent.

We have improved our economic returns--from January to May this year, the budgeted profits and taxation from our province's local state-run industrial enterprises increased by 4.5 percent as compared with the same period last year, and their fixed costs dropped 0.1 percent on an average as compared with the same period last year. During the January-May period, our province's floating fund turnover sped up by 8.2 percent as compared with the same period last year, and the losses incurred in enterprises in the red dropped 4.3 percent on an average. Of the 12 major quotas for economic returns for the first quarter of this year which were examined by the state, our province did well in fulfilling 9 of them as compared with the same period last year.

There has been a rapid growth of industry under collective ownership--from January to May this year, the growth rates of industry under the ownership of the whole people and industry under collective ownership in our province increased by 8.6 percent and 9.8 percent respectively as compared with the same period last year. During the same period, the growth rates of the central

industry and the local industry in our province increased by 6.4 percent and 9.2 percent respectively as compared with the same period last year.

3. We have continued exercising control over the scale of capital construction and readjusted the orientation of the employment of investments.

During the first half of this year, there were a total of 1,300 capital construction projects, a decrease of 121 projects as compared with the same period last year. Most of the 1,300 projects were continuations of previous projects. It is estimated that 470 million yuan of capital construction projects will be completed during the first half of this year and these will account for 50 percent of the annual plan for capital construction. Of the 470 million yuan of capital construction projects, 210 million worth of projects are local projects, which account for 53 percent of the annual plan.

Through readjustments, the orientation of the employment of the investments tends to be rational. Investments made during the first half of this year in nonproductive construction projects to meet the people's livelihood needs account for 44 percent of all the investments made in the first 6 months of this year, an increase of 29.6 percent as compared with the same period last year. Of the investments made in nonproductive construction projects during the first half of this year, investments in urban and commercial construction projects increased by 24 percent and 45 percent respectively, and investments made in construction projects for culture, education and public health increased by 33 percent as compared with the same period last year. Of the total amount of investments made in industrial departments during the first half of this year, investments made in coal, electric power and petroleum departments account for 44 percent of the total amount, an increase of 19 percent as compared with the same period last year; and investments made in light and textile industries account for 23 percent of the total amount, an increase of 54 percent as compared with the same period last year.

4. Commercial buying and selling have been in a good state and the market has been becoming increasingly brisk.

It is estimated that the total value of our province's commercial purchases made during the first half of this year will be 2.24 billion yuan, an increase of 8.9 percent as compared with the same period last year. It is also estimated that the total value of our province's sales volume during the first half of this year will be 3.19 billion yuan, an increase of 8.2 percent as compared with the same period last year. The gross retail price index for the first quarter of this year in our province registered an increase of 2.7 percent as compared with the same period last year. It is estimated that the total value of commodities purchased for foreign trade during the first half of this year will be 190 million yuan, an increase of 5 percent as compared with the same period last year. There has also been a new development of our province's economic relations with foreign countries.

5. There has been a continued development of scientific, cultural, educational and public health undertakings.

This year's planned 116 major scientific and technical research projects and this year's first batch of 20 projects for popularizing scientific and technical achievements are being carried out. Our province has scored initial achievements in the technical comprehensive test for increasing the output of Weibei's upland wheat and in mastering new techniques for the dressing of molybdenum ores. Our educational, cultural, public health, sports, broadcasting, television, publishing, and tourism units and units for preservation of cultural relics have all achieved new developments during the first half of this year. With regard to planned parenthood work, our province has conscientiously implemented the spirit of the central authorities' directive concerned, preliminarily checked the laissez-faire phenomena in some localities, adopted measures and achieved successes.

6. We have made improvements in the people's living standards.

It is estimated that the sales volume of social commodities through retail trade during the first half of this year will be 2.79 billion yuan, an increase of 5.3 percent as compared with the same period last year. Of the estimated 2.79 billion yuan worth of social commodities, there will be 1.5 billion yuan worth of social products sold through rural retail trade during the first half of this year, an increase of 6 percent as compared with the same period last year. The sales volumes of key commodities during the first half of this year registered big increases as compared with the same period last year: the sales volume of sewing machines increased by 38.6 percent, the sales volume of wrist watches increased by 18.1 percent, the sales volume of bicycles increased by 5.3 percent, the sales volume of pork increased by 16 percent, and the sales volume [words indistinct] increased by 8.5 percent.

Our province constructed more than 2.6 million square meters of urban housing during the first half of this year, an increase of 17.5 percent as compared with the same period last year. During the same period, our province completed 150,000 square meters of floor space in urban areas. Our province has also found jobs for more than 40,000 people in urban areas. There have been improvements in our province's water supply and drainage works. Some new medical facilities will also be gradually put into operation. During the first half of this year, the distribution volumes of books and films in our province registered increases as compared with the same period last year.

The current major agricultural problems are: There are signs of drought in quite a few areas and this will have adverse effects on the growth of early autumn crops, summer rice transplanting and summer sowing; the numbers of pigs, sheep and big domestic animals raised by some areas are continuously declining; and some areas have slackened their efforts to improve basic conditions for promoting agricultural production. The current major industrial problems are: economic returns have been unsatisfactory; there has been a decline in the quality of some consumer goods and the consumption has been rising. The current problems in communications and transportation are: railway transportation is in great demand and some goods and materials are kept long in stock while awaiting railway transport service.

II. Trying in Every Possible Way To Exert Ourselves in Fulfilling or Overfulfilling the Annual Economic and Social Development Plan

Our province has achieved remarkable successes in promoting economic and social development during the first half of this year. However, to fulfill or overfulfill the annual plan, we still have to solve quite a few existing problems in agriculture and industry. It is imperative to do well in the following tasks during the second half of this year:

1. We must try in every possible way to strive for an all-round bumper agricultural harvest.

Our province has suffered reductions in agricultural output over the past 2 years due to natural disasters. To strive for an all-round bumper agricultural harvest this year is therefore of great significance. The development of agriculture primarily depends on policy and science. At present, all areas throughout the province are currently engaged in making investigations and studies, in summing up experiences, in further implementing and perfecting the production responsibility system and in popularizing effective experience in increasing agricultural output and advanced techniques. In view of the fact that during the previous period, some areas blindly expanded the production of industrial crops such as flue-cured tobacco, we must strengthen guidance of agricultural planning and stabilize areas sown to grain crops. On the premise of guaranteeing an increase in grain output, we must energetically develop a diversified economy and develop commune and brigade enterprises in line with local conditions. In order to promote the undertakings of raising pigs, sheep, cattle and chickens, all areas are currently conscientiously implementing the party's policy on animal husbandry and are making great efforts to promote the popularization of fine breeds and the development of epidemic prevention work and the feed industry.

We must continue to do well in promoting afforestation and protecting forest resources. We must integrate biological measures with engineering measures and exercise control over soil erosion.

We must do well in tapping potential and supplying supplementary equipment for our existing farmland irrigation works, increase the pace of building our key water conservancy projects under construction and expand irrigated areas.

We must strengthen construction work for mountain areas in south Shaanxi while promoting construction work in north Shaanxi.

2. We must make great efforts to increase the economic returns from our industrial production.

In order to successfully carry out the work of increasing economic returns, the provincial government has decided to hold a provincial telephone conference in the near future. The purposes of the forthcoming conference are: to further mobilize the broad masses of cadres, staff and workers to continue conscientiously implementing the 10 principles for economic construction as put forward by Premier Zhao Ziyang; to straighten out ideas and reach a common

understanding; to adopt effective measures; to make great efforts to improve product quality, to increase the variety of colors and designs, to reduce production costs and produce marketable, low-priced and good products; to resolutely prevent and overcome the erroneous practices which pay no attention to social needs and put undue emphasis on output value; and to increase economic returns in a down-to-earth way.

In accordance with the demands made by the state and the provincial CCP committee, the provincial government has deployed forces to carry out comprehensive consolidation of enterprises by stages and in groups. The first group of enterprises to be consolidated comprises 350 enterprises (including 43 large and medium-sized enterprises). A total of 330 work teams have been sent to stay in these enterprises in order to gain firsthand experience. While carrying out consolidation of enterprises, we must also do well in grasping the readjustment of enterprises, in organizing extensive coordination between specialized departments and in carrying out economic integration. With regard to those enterprises which produce products of poor quality, have low economic returns and are seriously in the red, we must continue implementing the "closing, suspending, merging, and shifting" measures.

We must stress the carrying out of industrial technological transformations and the strengthening of scientific and technical work in a planned way. The adoption of new techniques, new technology and new equipment must be aimed at increasing economic returns and strengthening the competitive capability of products on the market. In accordance with the demands made by the state, departments at prefectural, municipal and provincial levels are currently formulating plans for carrying out technological transformation in a planned way. We must strengthen the integration of scientific research and production practice, do well in popularizing scientific and technical achievements, actively carry out economic and technical cooperations between different trades inside and outside our province, and study advanced experiences in production, techniques and management as gained by coastal enterprises so as to promote the economic development of our province.

In order to offer support for fulfilling or overfulfilling the annual plan, we recently made an inspection of the state of the execution of the plan during the first half of this year. We have conscientiously studied existing problems in the plan and put forward measures to solve them.

We must conscientiously implement the principle of "ensuring planned economy plays the major role and regulation by market mechanism the supplementary role," foster the idea of coordinating all the activities of the nation like pieces in a chess game, and strive to fulfill all state production plans and all plans for turning over production output to the higher authorities. All departments, prefectures, municipalities and enterprises are currently proceeding from the premise of benefiting the development of production and fulfilling state plans. They are currently holding consultations and acting in close coordination on their own initiative in order to do well in linking industrial production units with supply and marketing units. With regard to unsalable products kept too long in stock due to supply exceeding demand, we must readjust plans for producing such products and reduce the output of such products. We must also promptly increase the output of those products which are in great demand.

We must take a firm hold on the handling of goods and materials kept too long in stock and reduce the volume of floating funds. The provincial government has established special teams and administrative bodies to carry out this work, to find out the truth and sum up experiences and to put forward measures for preventing and handling goods and materials kept too long in stock.

We must actively develop enterprises under collective ownership. The provincial government has organized forces to make investigations and is also prepared to hold a special meeting for studying ways to quicken the pace of developing enterprises under collective ownership.

3. We must strive to shorten our capital construction cycle and reduce the costs of building projects.

We must check up on projects under construction in accordance with the "Five Fixes." We must provide all the necessary funds, materials and construction forces for completing at an earlier date all the planned construction projects and particularly those large and medium-sized projects and our province's key projects so that they can go into operation at an earlier date. Construction projects at their last construction stages must be completed and made available to users as quickly as possible. One must not allow capital construction projects to drag on for a long period of time. With regard to projects which are not urgently needed, lack workable conditions or cannot go into normal operation after completion, we must resolutely wind up the construction work on hand and withdraw funds, goods and materials. Prior to carrying out a new project, we must do well in making construction preparations. We must not carry out any new projects without approval.

We must strive to improve design quality, strengthen construction management and raise construction efficiency.

4. We must do well in ideological and political work concerning economic work and hit hard at criminal activities that sabotage our economy.

In order to guarantee the promotion of the above-mentioned work and to overfulfill this year's plans in an all-round way, we must further strengthen ideological and political work concerning economic work. We must educate the broad masses of cadres and people to uphold the four basic principles, to correctly handle relations between the state, the collective and the individual, and to be people with ideals, moral character, culture and a sense of discipline, and who make due contributions to the country. At the same time, we must resolutely implement the "resolution on severely punishing criminals who seriously disrupt the economy" as adopted by the 22d meeting of the NPC Standing Committee and the "resolution on hitting hard at serious economic crimes" as adopted by the party Central Committee and the State Council, carry the struggle against economic crimes through to the end, resolutly implement the party's open-door policy toward foreign countries and the party's policy on enlivening our national economy, and enable our economy to develop healthily along the socialist path.

Committee members, we believe that we can surely fulfill or overfulfill at tasks listed in the 1982 plan as long as we resolutely implement the party's line, guiding principles and policies, inspire enthusiasm and promote our work in a down-to-earth way.

CSO: 4006/547

ECONOMIC PLANNING

'SHANXI RIBAO' REPORTS 1981 ECONOMIC PLAN RESULTS

HK170732 Taiyuan SHANXI RIBAO in Chinese 9 Jul 82 pp 1, 2

[Report: "Shanxi Provincial Statistics Bureau Communique on Results of 1981 National Economic Plan--Issued on 9 July 1982"]

[Text] In 1981, under the leadership of the party and the government, the people of our province seriously implemented the policy of further readjusting the national economy and outstanding achievements were made on all fronts. Calculated on the basis of the fixed prices in 1980, the total industrial and agricultural output value of the whole province was 17.22 billion yuan, an increase of 3.1 percent over the preceding year; and the national income totaled 9.45 billion yuan, an increase of 3.1 percent over the preceding year. The revenue and expenditure of the whole province was balanced. The market was brisk in cities and rural areas. Major proportions of the national economy further developed in the direction of coordination. The results of the execution of plans of various sectors of the national economy follow:

1. Agriculture

In 1981, various forms of production responsibility system were universally implemented in the rural areas of our province. This greatly aroused the enthusiasm of the broad masses of peasants in production. Despite serious natural disasters, such as droughts, relatively good harvests were reaped in agricultural production. Calculated on the basis of the fixed prices in 1980, total agricultural output value of the whole province was 5.37 billion yuan, an increase of 4.0 percent over the preceding year. (Total agricultural output value for 1981 was 4.96 billion yuan when calculated on the basis of the fixed prices of 1970.) The total output value of sideline production was 1.46 billion yuan, an increase of 6.6 percent over the preceding year. Output of main agricultural products such as grain, sugarbeet and tobacco was more than the preceding year but the output of cotton, oil-bearing crops and hemp was less than the preceding year. Much development was made in diversified economy and family sideline production of commune members.

Output of main agricultural products:

	1981	% increase over preceding year
Grain	14.50 billion jin	5.7
including: wheat	3.23 billion jin	36.5
cotton	135 million jin	-12.9
Oil-bearing crops	241.91 million jin	- 9.5
including: hemp	5.91 million jin	-49.0
Sugarbeet	327.18 million jin	39.8
Tobacco	6.48 million jin	220

In 1981, 3.35 million mu of land in the province were afforested, an increase of 0.8 percent over the preceding year. There were 194.84 million seedlings planted in a scattered way, a drop of 15.8 percent over the preceding year.

In 1981, the output of main animal products in our province was much more than the preceding year but the number of livestock on hand at the end of the year decreased. The situation is as follows:

	1981	% increase over preceding year
Total output of pork, beef, mutton	410.73 million jin	18.5
Comprising pork	381.08 million jin	17.7
mutton	35.67 million jin	29.7
milk	53.46 million jin	15.4
wool	9.07 million jin	13.6
hogs sold	3.03 million head	9.2
Hogs on hand at end of year	4.53 million head	-14.7
Large livestock on hand at end of year	2.19 million head	- 2.3
Number of sheep on hand at end of year	8.24 million head	- 9.4

At the end of 1981, the total power capacity of agricultural machinery was 7.81 million hp, an increase of 430,000 hp over the preceding years. The number of large and medium-sized tractors reached 34,402, an increase of 1,735 over the preceding year. The number of small and walking tractors reached 33,861, an increase of 2,588 over the preceding year. The number of trucks for agricultural use reached 9,467, an increase of 2,812. The volume of chemical fertilizer used in the whole year was 1.244 million tons, 12.9 percent less than the preceding year. Electricity used in rural areas was 1.41 billion kilowatt hours; which was 3.4 percent more than the preceding year.

In 1981, the area of the province's paddy fields and irrigated fields was 16.6 million mu, or for 28.4 percent of the total cultivated area.

2. Industry

In 1981, our province's industrial production developed steadily in the process of readjustment. Calculated on the basis of fixed prices in 1980, the total annual industrial output value was 11.85 billion yuan, an increase of 9.5 percent over the preceding year. (Total industrial output for 1981 was 10.9 billion yuan when calculated on the basis of fixed prices of 1970, of which the total output value of light industry was 3.79 billion yuan and that of heavy industry was 7.11 billion yuan.) This accounted for 98 percent of the annual plan. Of the 100 kinds of main products which were covered by the state plans, the output volume of 66 equaled or exceeded the output plan: steel, raw coal, electricity, sulphuric acid, hydrochloric acid, soda ash, phosphorous fertilizer, synthetic rubber, mining equipment, foundry equipment, AC motors, cotton yarn, cotton, printed cloth, knitwear, woolen goods, woolen yarn, woolen blankets, silk, sugar, cigarettes, bicycles, sewing machines, leather, leather shoes, household washing machines, furniture, and so on. The output of 34 products fell short of plan: iron, iron ores, synthetic ammonia, nitrogenous fertilizer, rubber shoes, radios, television sets, chemical fibers, electric light bulbs, thermos bottles, daily-use pottery and porcelain products, aluminum products, and so on.

In 1981, as a result of firmly grasping the production of daily-use consumer goods, the production of light industry increased quite rapidly. Calcuated on the basis of fixed prices in 1980, the output value of light industry of the whole province was 3.8 billion yuan, an increase of 11.5 percent over the preceding year. The output value of light industry in the total industrial output value increased from 28.9 percent to 32 percent. The output of various main products of light industry registered quite a large increase.

Output of main products of light industry:

	1981	% increase over previous year
Cotton	396.63 million meters	2.6
Cotton yarn	87,197 tons	3.6
Chemical fibers	3,974 tons	9.1
Woolen goods	1.96 million meters	5.4
Silk products	4.836 million meters	2.7
Paper and cardboard	65,000 tons	-17.5
Sugar	17,117 tons	54.1
Cigarettes	194,000 cases	4.3
Raw salt	39,825 tons	- 5.5
Synthetic detergents	24,900 tons	34.6
Bicycles	196,000	86.1
Sewing-machines	242,000	85.9
Television sets	35,000	49.2
Radios	221,000	- 7.8
Household washing-machines	29,368	510.0 [%]
Electric bulbs	23.94 million	- 1.1

In 1981, in the process of readjusting the industrial production structure, the output of some heavy industry products was reduced in a planned way. Calculated on the basis of the fixed prices in 1980, the output value of heavy industry of the whole province was 8.05 billion yuan, a decrease of 3 percent over the preceding year. Of the 24 kinds of main products of heavy industry listed below, the output value of 8 of them was higher than the preceding year, and 16 less than the preceding year. In 1 year, achievements in heavy industry were made in changing the service orientation, increasing easily marketable products, and in reducing products in excessive supply. Products of energy industries such as raw coal and electricity registered quite a large increase.

Output of main products of heavy industry:

	1981	% increase over previous year
Raw coal	132.55 million tons	9.5
Electricity	12.46 billion kwh	3.6-
Steel	1.385 million tons	- 7.3
Steel products	845,000 tons	-13.4
Iron	1.575 million tons	- 8.1
Coke (manufactured)	1.572 million tons	- 2.3
Cement	2.708 million tons	- 5.9
Sulphuric acid	260,000 tons	9.5
Hydrochloric acid	21,582 tons	24.9
Soda ash	12,040 tons	- 5.9
Caustic soda	42,818 tons	- 0.6
Chemical fertilizer	371,000 tons	- 7.7
inlcuding: nitrogenous fertilizer	317,000 ton	- 9.3
phosphorous	54,000 tons	2.7
Chemical pest insectide	6,051 tons	-21.6
Plastics	5,576 tons	0.6
Chemicals	909 tons	-14.6
Calcium carbide	75,431 tons	- 6.2
Mining equipment	4,394 tons	-53.0
Foundry equipment	3,656 tons	23.0
Tractors	182	-83.0
Cars	362	-76.6
Metal cutting machine tools	832 sets	-51.2
Locomotives	237	-27.1

At present, the main problem confronting our province's industrial production is that the economic returns are relatively too low. In 1981, productivity of a full-time worker in an industrial enterprise under the ownership of the whole people was 7,734 yuan, which was 5.1 percent less than the preceding year. The main quality indices of 47 out of 89 kinds of products dropped. The consumption indices of unit product of 52 of 96 kinds of products rose. The total cost of production of comparable products of independent accounting industrial enterprises under the ownership of the whole people increased by 2.8 percent. Profits handed over to the state decreased by 14.1 percent. The

percentage of losses incurred by enterprises increased from 24.9 percent in the preceding year to 32.5 percent.

3. Capital Construction

In 1981, the total amount of investment in capital construction of enterprises owned by the whole people of the whole province was 1.21 billion yuan, a decrease of 32.7 percent over the preceding year. Investment which was covered by the state budget totaled 610 million yuan, a drop of 33.2 percent. Eighty-nine projects were stopped or suspended in that year. The number of construction projects was reduced from 1,965 in 1980 to 1,027 items.

In 1981, new changes took place in the structure of investment for capital construction. Investment in production construction was 730 million yuan. The percentage of this part of investment decreased from 69.5 percent in the preceding year to 60.6 percent. Investment in nonproduction construction for meeting the needs of the people's material and cultural life was 470 million yuan, an increase from 30.5 percent to 39.4 percent. The percentage of investment in housing increased from 15.3 percent to 23.1 percent.

In 1981, the newly added fixed assets resulting from capital construction of units under the ownership of the whole people was 990 million yuan, a decrease of 31 percent. The rate of handing over for use of fixed assets was 80.3 percent, which was 2.1 percent higher than the preceding year. The total area of housing completed this year was 3.14 million square meters, a decrease of 13 percent over the preceding year.

In 1981, major production capacity and project returns newly added through capital construction were: coal mining, 2.38 million tons; capacity of electricity generators, 209,000 kilowatts; transmission lines at 110,000 volts or above, 333 kilometers; chemical fertilizer, 15,000 tons; cotton spindles, 10,000; and newly laid railroads, 21.4 kilometers. In 1981, construction area for universities and colleges increased by 107,000 square meters; for middle schools by 67,000 square meters; and for primary schools by 16,000 square meters.

In 1981, capital construction investment covered by the state budget was basically controlled, but self-raised investment still showed quite a big increase. There was a certain degree of blindness in using funds of the fixed assets investment for tapping potential, reforms and transformation. The problem of having too many channels and confusion in this portion of investment remained unsolved.

Communications and Telecommunications

By the end of 1981, 2,186.1 kilometers of railroad were put into operation in our province (including 118 kilometers of local railroad), and 27,261 kilometers of highway were put into operation.

In 1981, the cargo freight of the whole province reached 190.36 million tons, an increase of 3.6 percent over the preceding year. Railroad cargo freight totaled 121.5 million tons, 6.9 percent more than the preceding year. Highway

cargo freight totaled 68.71 million tons, a decrease of 1.9 percent over the preceding year. The amount of goods circulated was 23.7 billion ton per kilometer which was 5 percent more than the previous year. The amount of goods circulated by railway was 21.95 billion tons per kilometer. The amount of goods circulated by highway was 1.75 billion tons per kilometer. The former increased by 4.5 percent and the latter by 11.2 percent as compared with the preceding year.

In 1981, the passenger transport volume was 65.21 million people, or 10.6 percent more than the preceding year. The passenger transport volume of railroads was 26.09 million people, an increase of 2.6 percent over the previous year, and that of highways was 38.96 people, an increase of 16.6 percent. The volume of passengers transported was 5.37 billion persons per kilometer, an increase of 7.8 percent. The amount of passengers transported by railroad was 3.79 billion persons per kilometer and that by highway was 1.58 billion persons per kilometer. The former was 6.1 percent more and the latter 11.8 percent more than the preceding year.

In 1981, calculated on the basis of the fixed prices of 1980, the business volume of telecommunications of the whole province was 50.82 million yuan, an increase of 1.6 percent over the preceding year. Compared with various branches of business in 1980, the amount of mail increased by 2.2 percent, telegrams by 10.4 percent and long-distance calls by 0.6 percent.

5. Commerce, Tourism

In 1981, the total procurement of commercial departments throughout the province was 3.89 billion yuan, an increase of 1.7 percent over the preceding year. Of this, the total procurement value of agricultural and sideline products was 1.28 billion yuan, an increase of 3.5 percent over the preceding year (the actual growth was 0.9 percent after deducting the factor of increased procurement prices of agricultural and sideline products); the total procurement value of industrial products was 2.57 billion yuan, an increase of 0.7 percent. Comparing the procurement amount of major commodities in 1980, grain procurement increased by 26.5 percent, cotton decreased by 19.1 percent, and increases were seen in hogs by 8 percent, sugar by 40.9 percent, bicycles by 280 percent, radio by 35.8 percent, sewing machines by 30.6 percent and watches by 1.6 percent.

In 1981, the province's total retail sale of social commodities was 5.65 billion yuan, an increase of 9.2 percent (actual growth was 6.8 percent after deducting the factor of increased prices). The total retail sale of consumer products was 4.84 billion yuan, an increase of 14.3 percent (actual growth was 11.5 percent after deducting the factor of increased prices). The retail sale volume of major consumer products was as follows:

	1981	% increase over preceding year
Grain (commodity grain)	3.469 billion jin	15.7
Edible vegetable oil	72.25 million jin	44.6
Pork	102,472 tons	- 8.6
Sugar	62,836 tons	19.9
Cotton cloth	184.55 million meters	- 2.4
Wool fabric	4.7 million meters	39.1
Silks and satins	11.74 million meters	-13.
Sewing machines	329,700	24.9
Bicycles	510,200	9.
Watches	722,900	25.2
Radios	751,700	31.8
Television sets	101,200	12.3

In 1981, the province's total volume of foreign trade and export value was 587 million yuan, a decrease of 4.2 percent. But trade within the country and exports to foreign countries of coal, plaster stone, aluminum, bearings, vulcanized alkali, frozen mutton, dates, pigskin, and so on, showed slight increases over the preceding year to varying degrees.

At the end of 1981, the total storage volume of the commercial departments of the enterprises owned by the whole people throughout the province was increased by 4.9 percent over that of the corresponding period in the preceding year, of which the growth of the total storage volume of the foreign trade departments was 41.6 percent.

In 1981, the province had 75,618 commercial, catering and service units, an increase of 14,457, or 23.6 percent over the preceding year. The number of people engaged in these trades totaled 381,800, an increase of 51,500, or 15.6 percent over the preceding year. The number of rural trade fair centers was increased to 668, an increase of 81. The volume of trade fair business was 375 million yuan, an increase of 46 percent over the preceding year.

In 1981, the province's total procurement price index of agricultural and sideline products (including listed prices, negotiated prices and increased prices for procurement beyond quota) was increased by 2.6 percent over the preceding year. Since prices of cigarettes and wines increased, the total level of retail commodity prices in the province (including state listed prices, negotiated prices and trade fair prices) increased by 2.3 percent, of which the retail commodity prices in the urban areas increased by 3.2 percent, retail commodity prices in the rural areas increased by 1.6 percent, and the retail price index of consumer products increased by 1.9 percent. Among the changes of the retail sale index of consumer products, food rose by 3.6 percent, daily-use products by 2 percent, cultural products by 0.3 percent and fuel by 0.5 percent, while clothing dropped by 0.2 percent.

In 1981, our province's tourism units received 19,592 foreign tourists, overseas Chinese, Hong Kong and Macao compatriots, Taiwan compatriots and Chinese people of foreign nationality who had come from 32 countries and areas, an

increase of 16.2 percent. Among them, 15,201 foreign tourists were received, an increase of 37.2 percent.

6. Science and Technology, Education, Culture

In 1981, there was a total 170 natural scientific research organs in the province, of which were 123 independent scientific research organs. In the past year, the province recorded 322 major achievements in scientific and technological research, of which 203 projects won provincial scientific and technological awards.

In 1981, there were 16 institutes of higher learning with 36,975 students, an increase of 3,871 students; 98 middle and vocational schools with 42,356 students, a decrease of 3,702 students; 172 agricultural and vocational schools with 17,950 students, a decrease of 3,702 students; and 62 technical schools with 16,330 students, a decrease of 124 students.

In 1981, there were 8,040 ordinary middle schools with 1.596 million students, an increase of 199,000 students and 39,579 primary schools with 3.891 million students, an increase of 49,000 students over the preceding year. There were 5,703 nurseries in the province with 504,000 students, an increase of 23.3 percent over the preceding year.

In 1981, the province had 4,706 film projection units, 168 various art performing troupes, 8 masses' art galleries, 118 cultural centers, 81 public libraries, and 16 museums. The province had 1 radio station and 10 transmitting and relay stations. There was 1 television broadcasting station and 12 television transmitting and relay stations. About 170 million provincial, prefectual and municipal newspapers, 19.706 billion magazines of various kinds, and 9.686 billion story books were published.

7. Public Health, Sports

In 1981, there were altogether 5,565 different kinds of medical and public health organs in the province, an increase of 375 over the preceding year. Among them, there were 2,361 hospitals, an increase of 15. There were 74,291 beds for patients in the province, an increase of 3.6 percent over the preceding year. The number of professional public health technicians in the province was 95,566, an increase of 8.8 percent over the preceding year. Among them, there were 3,734 doctors of traditional Chinese medicine, 18,009 doctors of Western medicine, 5,673 practitioners with secondary traditional Chinese medical school education, 15,354 practitioners with secondary Western medical school education, and 12,806 nurses and student nurses.

In 1981, 934 sports meets at all levels above the county level were conducted with some 249,000 athletes participating and 77 new provincial records were set. In national competitions, our province's athletes broke 14 national records and won 50 national championships. There were 222,000 youths who met the "national physcial training standard," an increase of 0.9 percent.

8. Labor and Employment

In 1981, the province made employment arrangements for 174,500 youths awaiting employment in the urban areas, other workers and university and middle school graduates under the state unified distribution plan. Among this number, employment was provided for 121,000 youths awaiting employment and 42,000 university and middle school graduates. As of the end of the year, the total number of workers and staff in the province was 3,185,400, an increase of 195,600 people. Among them, there were 2,589,700 workers in units of the all-people ownership system, an increase of 127,300 people over the preceding year. The number of workers and staff of collective ownership system in the urban areas was 595,700, showing an [word missing] of 68,300 people.

As of the end of 1981, there were 18,055 individual laborers in the urban areas throughout the province, an increase of 7,276 over the preceding year.

9. People's Livelihood

In 1981, people's livelihood both in the urban and rural areas throughout the province was incessantly improved. According to an investigation into the income and expenditure of 600 peasant families in 20 counties, the net annual income of each peasant was 180 yuan, an increase of 24 yuan over last year's 156 yuan. Income from collective distribution was 96 yuan and from domestic sideline occupation, 56 yuan, an increase of respectively 1 and 41.5 percent over the preceding year. Among the households investigated, the percentage of households in which the per-capita net income was above 300 yuan rose from 6 to 12 percent. As of the end of 1981, there was an average of 67.2 bicycles, 45.2 sewing machines, 3.8 radios and 54.3 watches among every 100 commune members. These figures were respectively increased by 7.5, 24.5, 33.6 and 39.2 percent over the preceding year.

In 1981, the total wages of the workers and staff in the province was 2.33 billion yuan, an increase of 6.1 percent over the preceding year. Of this, the total wages of the workers of enterprises owned by the whole people was 2.003 billion yuan, an increase of 6 percent; and the total wages of the workers and staff of the urban collectively owned enterprises was 325 million yuan, an increase of 10.2 percent.

In 1981, the average cash wage of the workers and staff throughout the province was 765 yuan, an increase of 1.1 percent. The wage of the workers and staff of enterprises owned by the whole people was 802 yuan, an increase of 0.9 percent; and the wage of the workers and staff of the urban collectively owned enterprises was 593 yuan, an increase of 2.1 percent. Because of an increased number of working people, the per-capita income of worker families rose by a relatively large extent. According to investigations into the income and expenditure of 380 worker families in 4 municipalities, the average per-capita living expenses in 1981 was 371 yuan, an increase of 3.7 percent over the preceding year.

In 1981, the total amount of savings in the urban and rural areas throughout the province was 1.67 billion yuan, an increase of 29.6 percent over the preceding year. Urban savings rose by 22.7 percent and rural savings rose by 39.9 percent.

In 1981, the housing conditions of people in the province's urban and rural areas were greatly improved. The residential housing completed by enterprises owned by the whole people and those urban collectively owned totaled 2.24 million square meters; 108 new houses and cave dwellings were constructed in the rural areas, an increase of 31 percent.

10. Population

In 1981, the total population in the province was 25.088 million, an increase of 323,000 people over the preceding year and a growth rate of 1.3 percent.

CSO: 4006/548

INDUSTRY

'SHANXI RIBAO' ON PROVINCIAL INDUSTRIAL SUCCESSES

HK200541 Taiyuan SHANXI RIBAO in Chinese 10 Jul 82 pp 1, 2

[Roundup: "New Situation Appears in Shanxi Industrial Production in First Half of Year"]

[Text] In the first half of this year an excellent situation emerged in Shanxi industrial production. The units and departments whose production had been relatively stable all along, managed to attain sustained developments in the tempo of production; the units and departments whose production dropped by a considerable margin last year were relatively quick in picking up production and their rate of increase improved markedly; a number of enterprises which suffered losses were undergoing some changes, such as the curtailment or suspension of losses and the attainment of profits; and most industrial enterprises laid stress on economic results, strove to increase the variety of products, improved their quality and reduced their costs, thus achieving fairly good successes in increasing production and income.

By the end of June, total industrial output value throughout the province had accounted for 51.72 percent of the plan for that year, a 16.6 percent increase over the same period of last year. Of this, the output value in June increased 4.85 percent over that of May, topping the highest level of monthly production this year and the highest ever June figure. According to output statistics of 100 major products, in the first half of the year 55 products fulfilled more than 50 percent of the annual plan and 83 products increased by a considerable margin over the same period of last year. In the first half of the year the freight volume fulfilled by the railway departments throughout the province accounted for 53.6 percent of the annual plan, a 14 percent increase over the same period of last year. Of this, the volume of coal transportation accounted for 52.9 percent of the annual plan, a 14.3 percent increase over the same period of last year and the volume of road freight transport was 13.4 percent more than the same period of last year.

The rate of profit increase of industrial enterprises in the first half of this year was better than the increase of total industrial output value. The profit of industrial enterprises delivered to the state in the 6-month period accounted for 51.35 percent of the annual plan, 32.72 percent over the same period of last year.

While correctly handling the relationship between speed and economic results and maintaining a certain rate of growth, it is necessary to conscientiously pay attention to the economic results and bring along other work with the improvement of economic results as a central link. This is the guiding ideology in organizing industrial production. Viewed from the first half of the year, the various prefectures, municipalities, departments and bureaus attached great importance to the implementation of this guiding ideology and in practical work and production reflected the unity of speed and economic results. The 11 prefectures and municipalities and the major industrial departments and affiliated organizations such as coal, metallurgy, chemical industry, machinery, light industry, textile medicine, second light industry, electricity and national defence fulfilled more than 50 percent of the annual plan. Compared with the same period of last year, the 11 prefectures and municipalities of Changzhi, Yanbei, Datong, Taiyuan, Jinzhong, Jindongnan, Yuncheng, Xinxian, Luliang, Yangguan, Ligfen registered increases to different degrees in the above order. Take for example the coal mines, the products of which come under state unified distribution. In the first half of the year, raw coal production fulfilled 52.6 percent of the annual plan, 12.5 percent over the same period of last year, or an increase of 4 million tons of raw coal. Average daily production from January to June reached 203,000 tons, breaking the best record. Practice has proved that a balanced, sustained and steady increase in production is an important factor for achieving the unity of speed and economic results. Only by having a relatively reasonable speed and very good economic results will it be possible to achieve the aim of providing more products and accumulating more funds for the state and speeding up the course of the four modernizations. In this respect, the Datong Mining Bureau has summed up its experience as follows: Stability of the leading bodies and the ranks of staff and workers ensures the steady increase of coal production. This year, in an effort to stabilize production and to meet the requirements of the state for coal production, the bureau CCP committee did a lot of meticulous and solid work to strengthen the leading bodies at various levels ideologically. In addition to making some necessary organizational readjustments to the leading bodies of individual mines which adversely affected production, it supported, trusted and commended the leading bodies of most mines provided that they worked hard, actively grasped production and conscientiously served production. Even if they had some shortcomings or mistakes in their work, the bureau CCP committee still adopted the methods of education and rectification to help them solve the existing problems and thus ensured a relative stability of the cadre ranks. In April, production of Xinzhou coal mine cropped by a big margin owing to changes in the natural conditions. The leaders of the bureau went right to the front line of production and, by helping the leaders of the mine to pluck up their courage in the face of difficulties and by proposing concrete measures for solving practical problems in production, succeeded in marking up for the loss in production in May and in embarking on the path of stable production in June. By making concerted efforts, vigorously conducting education in the economic situation among the staff and workers, discussing and promoting professional morality in coal mining, vigorously publicizing the interests of the whole characterized by the urgent need of the state for coal and energetically commending the advanced figures who showed a deep love for the mines, the leading bodies at the bureau and mine levels managed to achieve a high attendance during the spring festival and spring ploughing and constantly maintained full attendance in the front line of

excavation. Daily output in the first half of this year was evenly stabilized at more than 70,000 tons. From January to June output of raw coal increased by 649,000 tons, an increase of 12.64 percent over the same period of last year, and the profit delivered to the state for the 6 months amounted to 155.94 million yuan, an increase of 16.2 million yuan over the same period of last year. While paying attention to strengthening the leading bodies and the ranks of staff and workers, the Guandi mine under the Xishan Mining Bureau also instituted the three-in-one responsibility system involving "safety, production and economy" and thus succeeded not only in maintaining a stable rate of development in coal production but also in obtaining good economic results. In the first half of this year, the output of raw coal increased by 85,900 tons over the same period of last year, profit increased by 910,000 yuan and the cost of coal was 12.88 yuan per ton, which held a leading position throughout the country.

Improving the quality of products, increasing the variety and producting readily marketable products is an important way to achieve the unity of the rate of development and economic results. The provincial work conference on industry and communications stressed this point in particular and, by using typical example as a guide, called on all industrial enterprises to overcome the past tendency of emphasizing speed at the expense of results. The conference also called on the enterprises to prevent the approach of vainly emphasizing results at the expense of the development of production without working in a down-to-earth manner in light of the practical situation in their own units. The conference also called on all industrial enterprises to integrate the rate of development with economic results. Under this guiding ideology, a great many industrial enterprises catered to the needs of the society, changed the product mix and drew on the strength of each to offset the weakness of the other. They also tapped the potentials and actively launched activities of learning from and catching up with the advanced in order to improve the quality of products and develop new varieties. In the first half of this year, the Shanxi knitting factory was confronted with a new situation characterized by price reduction in a number of products and poor sales. It correctly analyzed the new situation, conscientiously studied the new problems and, by taking improvement of economic results as a key link fulfilled the plan for increasing production and practicing economy at every level. It also adopted measures for learning from and catching up with Shanghai and Tianjin, paid attention to quality, variety and sales in light of market changes, devoted a lot of effort to product quality, execution of contracts and sales through multi-channels and finally succeeded in opening up a new prospect and obtaining relatively good results. In the first half of this year, total industrial output value fulfilled 54.18 percent of the annual plan, a 16 percent increase over the same period of last year. It achieved more than 50 percent of its profit target which, if the factor of price reduction is excluded, was a 31 percent increase over the same period of last year. The quality of its seven major products which came under the examination of the state was sustained at the first-grade level among the same trade and profession throughout the country. Of the 197 kinds of new products and new varieties under trial production, 57 kinds were put into production. This was a rate of 58.76 percent. They summed up their experiences as follows: in order to achieve no reduction in profit as a result of price reduction in the products, it is necessary to have stronger determination this year than last year, to organize production according to market

changes, to embark on the new path of producing goods in smaller quantities in greater varieties and more specifications and to achieve successes by means of new products. By bringing into full play the role of engineers and technicians in scientific research around production, and putting into production in the first half of this year the four new products successfully trial produced after many years of research, the Taiyuan No 2 pharmaceutical factory succeeded in creating more than 1 million yuan of profit which account for more than 65 percent of the profit of the whole factory. To rectify the weak link in production, the Taiyuan chemical fertilizer factory recruited skilled persons and organized numerous engineers, technicians and veteran workers to tackle key problems. In the first half of this year they proposed 321 rationalization proposals. Of these, 15 major scientific and technological achievements were put into operation creating, a value of 1 million yuan.

It is necessary to regard the work for reversing losses and increasing profits as a formidable task and adopt resolute measures to put an end to the losses of enterprises within a definite time. Since the provincial CCP committee and people's government issued an emergency circular, great importance has been attached to this from the higher levels to the grass roots. The CCP committees and government at various levels as well as the departments concerned sent leading cadres to the enterprises which suffered losses to conduct investigation and study and to adopt measures for reversing the losses. Initial achievements were scored after more than a month of efforts. Take the small fertilizer plants for example. From January to June, the carbonic ammonia they produced increased by 24.3 percent over the same period of last year and the phosphate fertilizer increased by 13.4 percent overthe same period of last year. Output was stable, consumption dropped and the number of enterprises suffering losses and the scope of losses were constantly reduced. In the machinery industry where the number of enterprises suffering losses are comparatively greater, 17 enterprises such as the Shanxi explosion-proof electric and machinery factory no longer suffered losses or had curtailed the amount of losses in June. The losses curtailed amounted to 300,000 yuan. There was still another feature: some enterprises which suffered great losses, such as the Lingfen Steel Corporation and other units, no longer suffered losses in June.

As effective measure of construction significance of achieving increased production and income in the first half of this year was to resolutely implement the decision of the CCP Central Committee and the State Council on reorganizing state-run industrial enterprises and to conduct overall reorganization, comprehensive administration and conscientious improved management among some large and medium-sized key enterprises which exerted some influence in the national economy and had considerable potential for increasing production and income. Throughout the province, there were 258 industrial enterprises where key reorganization had to be conducted in succession. Of these, 100 were large and medium-sized enterprises, accounting for 67.1 percent of the total number of large and medium-sized enterprises. Some of these enterprises were advanced units and some others were backward units. Although these enterprises accounted for only 7 percent of the total number of state-run local enterprises throughout the province, their total output value and profit accounted for 67 and 75 percent respectively of the total value and profit of the whole province.

Paying special attention to these enterprises was tantamount to paying special attention to the focal point of in dustrial enterprises in our province; and a good grasp of the reorganization of these enterprises would bring about a marked change in the industrial situation throughout the province. Practice has proved that doing a good job of the overall reorganization of the enterprises is an important way of improving the management of enterprises, doing a good job of industrial production and improving the economic results. Viewed from the 20 enterprises in Taiyuan which underwent reorganization, with the exception of 5 advanced enterprises, most of the others were enterprises where a lot of problems existed and the reorganization of which were very difficult. In the course of reorganization, they put the stress on improving the economic results. Some started with strengthening labor discipline and some with the responsibility system, while most of the others started with the reorganization of the leading bodies. They grasped the principal contradiction in light of the practical conditions in production and conducted reorganization and administration accordingly, thus bringing about marked changes in the features of the enterprises. In the first 5 months of this year, the amount of losses incurred by 11 enterprises dropped by 89 percent; their total industrial output value increased by 36.41 percent compared with the same period of last year and their profit increased by 99 percent.

The key to good reorganization of enterprises lies in good readjustment of the leading bodies of the enterprises. Whether or not the leading bodies of the enterprises are strong and powerful has a direct bearing on the production of the enterprises. Without a leading body which is powerful, which has a high sense of dedication and responsibility and which ensures a powerful command system of production, it is impossible to do a good job of production and construction. In the course of reorganization of enterprises, the CCP committees of various levels started with the building of leading bodies and the ideological and organizational reorganization of the enterprises and, on the basis of conducting criticism and self-criticism, rectifying the ideological method and conducting investigation to understand the real situation, strengthened and readjusted some leading bodies which were weak and lax, which had an unhealthy style of work and which did not have strong combat effectiveness. This made it possible for the leading bodies of enterprises to strengthen unity, improve work style and increase combat effectiveness. The Taiyuan electrolytic aluminum factory was an enterprise which suffered losses. From January to April this year its losses amounted to 600,000 yuan. After the readjustment of the leading body, all members of the CCP Committee united in struggle and, together with the masses, succeeded in breaking down production barriers. It took them only 1 week to solve the knotty problem of long standing characterized by the broken circuit of 309 small bus bars in the electrolytic grooves, thus plugging the great loophole of wasting 250,000 kwh of electricity every month. The consumption of electricity dropped from 20,800 to 17,500 kwh per ton of aluminum. The losses in May dropped from 380,000 yuan in April to 80,000 yuan. It managed to get a profit of 100,000 yuan in June, thus, with one action, putting an end to the long-standing situation of losses.

At the recent provincial forum on the reorganization of enterprises, it was explicitly stipulated that, in the future, the system of checking on cadres in enterprises, corporations and the departments reponsible for the work, including

the functionary offices, should take practical achievements in production as a major standard. For example, in various aspects, such as improving the economic results, reversing losses, increasing profits, improving quality, reducing consumption of material and energy, increasing variety, improving labor productivity and arousing the initiative of staff and workers in managing enterprises by democratic means, the cadres who can go on advancing and developing should be considered competent cadres or cadres who conform to the requirements of the current modernization drive. Conversely, those cadres who have attempted nothing, accomplished nothing and failed to make any improvements after a series of tests in work should be regulated. The forum also called on the leading cadres at various levels to have strong will and devote a lot of time and energy to having a down-to-earth work style in order to do a good job in production.

In the course of reorganization, the various enterprises instituted and improved the principal rules and reulations with the economic responsibility systems as the core so that the management and order of the enterprises started to embark on the normal track. In studying the advanced experience of the capital steel works, the Taiyuan steel works laid stress on improving the economic results and, by centering on the central task of the enterprise, fulfilled economic responsibility at every level. They adopted two "account books," namely, a plan for checking and a plan for increased production, in accordance with the general objective of production for the whole year and fulfilled the fixed targets of production, the guaranteed targets and the terms of cooperations from one level to another. In fixing the targets of production and guarantee targets, it persisted in proceeding from the actual situation so as to achieve the objective of being advance and rational. It also divided the economic responsibility systems at every level and fulfilled it down to every individual in order to link the task one accomplished with material reward. This further aroused the initiatives of the numerous staff and workers and promoted the development of production. In the first half of this year, the steel works succeeded in producing more than 50 percent of its five major products. On the basis of a sustained profit increase in the past few years, its profits increased by over 10 percent compared with the same period of last year and the increase was more than 5 million yuan. What was more gratifying was that, with the improvement in operation and management, the steel work delivered to the state in the first half of this year 41.9 million yuan of profit, an increase of 33.4 million yuan over the same period of last year.

Practical experience shows that production is the central link, leadership is the focal point and the management is the basis. With an excellent situation in industrial production in the first half of this year, so long as we remain sober-minded, succeed in grasping the central link, making clear the focal point and strengthening the basis, make persistent efforts, keep forging ahead, consolidate and add to our achievements, overcome the weak links, and continue to make tremendous efforts in improving the economic results, a prospect of stable, healthy and sustained development will certainly emerge in the industrial production in our province in the second half of this year.

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BRIEFS

HEILONGJIANG PRODUCTION INCREASE--Industrial and communications enterprises in Heilongjiang Province have achieved initial results by vigorously consolidating enterprises and upgrading economic returns. In the first half of 1982, they scored a 7.4 percent increase in total output value over that of the corresponding 1981 figure; an 18.9 percent increase in profits; a 30.1 percent increase in profits handed over the state; and an 8.5 percent increase in product sales. [SK120534 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 11 Jul 82]

HENAN URBAN COLLECTIVE INDUSTRY--The Henan Provincial Government recently held on-the-spot meetings in Zhoukou Prefecture and Anyang Municipality on urban collective industry. The meetings pointed out that in urban collective industry, the province must unswervingly continue to implement the principle on vigorous development which has been formulated by the provincial CCP committee and the provincial government. Over the last 3 months, relevant departments in the province have attached importance to and strengthened leadership over collective industry and solved many problems concerning production, supply and marketing. By the end of May, the province had set up new 338 enterprises which have offered jobs to 13,040 workers and developed some 1,100 new products. From January to May this year, the province's collective industrial output value was 11.35 percent more than in the corresponding period of last year. The meetings pointed out that judging from the whole province, urban collective industry has not developed evenly and some places and departments have not sufficiently understood the significance of vigorously developing urban collective industry. To varying degrees they have attached more importance to enterprises with the ownership by the whole people and less to those with the ownership by the collective, and more to large factories and less to small ones. All this has affected the development of the urban collective industry. The meetings demanded that leading comrades at all levels mobilize all walks of life and trades to support substantial development of urban collective industry. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 11 Jun 82 HK]

XINJIANG PRODUCT QUALITY DECLINES--In view of the declining quality of some industrial products in the region, the Xinjiang Regional Economic Committee issued an urgent notice on 28 June, demanding that all subordinate departments, bureaus, companies, factories and mines immediately make arrangements for a large-scale inspection of the quality of products in order to quickly improve this situation. The notice pointed out that on the whole, the situation of

industrial production is very good. However, problems still existed in industrial production from January to May this year. The quality of many products in this period was poorer than in the corresponding period of last year. The notice reiterated that in the future, it is necessary to conduct an all-round examination of the enterprises. Although the enterprises which still disregard the quality of products and attach importance to an increase in output, have increased production, they cannot be regarded as having fulfilled their production quotas. Moreover, in accordance with the State Council's relevant regulations, it is necessary to reduce the amount of their bonuses accordingly. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 4 Jul 82 HK]

LIAONING INDUSTRIAL PRODUCTION INCREASE--Liaoning Province scored a great achievement in its semianual industrial and communications production. The semiannual industrial output value increased 8.3 percent over that of the corresponding 1981 period, setting a record and fulfilling 51.2 percent of annual plan. Heavy industry began to be restored in the province. Semiannual output value increased 6.7 percent over that of the corresponding 1981 period. Production of mining and petroleum equipment and agricultural machinery increased over 30 percent; the metallurgical, petroleum, chemical, building materials, coal and electric power industries showed great increases. [SK070754 Shenyang Liaoning Provinical Service in Mandarin 2200 GMT 6 Jul 82]

HEILONGJIANG LIGHT INDUSTRY--The output value of the first light industrial departments in Heilongjiang Province increased 12.8 percent in the first 6 months of 1982 over 1981. Profits made during this period increased 15.6 percent over 1981. [SK092220 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 8 Jul 82]

XINJIANG INDUSTRY--Total value of industrial output in Xinjiang in the first half of the year showed an 8.6 percent increase over the same period last year, and amounted to 48.16 percent of the year's plan. Output of 51 out of 80 major products rose. Output value of the light and textile industries rose by 15.71 percent compared with the same period of last year. Production of coal increased by 150,000 tons, oil by 80,000 tons, processed oil by 110,000 tons, and electric power by 920 million kwh compared with the same period last year. Heavy industry started to rise from its decline. Total value of output in the first half of the year showed a rise of 2.99 percent compared with the same period last year. Output of 21 main products including electricity, steel, rolled steel, sulphuric acid, synthetic ammonia, chemical fertilizer, tires, hand-guided tractors and auto parts increased by over 10 percent compared with the same period last year. [HK120208 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 7 Jul 82]

NEI MONGGOL INDUSTRY--Ulanqab League in Nei Monggol Autonomous Region made good progress in industrial production. The league's industrial output for the first half of 1982 was valued at 40.2 million yuan, 58.69 percent of the annual plan. This is an increase of 14.3 percent over the corresponding 1981 period. [SK092216 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 8 Jul 82]

SHANDONG INDUSTRIAL OUTPUT--In the first half of 1982, Shandong Province increased output value by 8.47 percent over the corresponding 1981 period, 50.89 percent of the annual plan. Of the province's 30 key products, 18 increased in output and 15 fulfilled over 50 percent of the annual plan. The output of bicycles, sewing machines, cotton yarn, cotton cloth and plastic and daily products also increased in varying degrees. [SK132240 Jinan Shandong Provincial Service in Mandarin 2300 GMT 11 Jul 82]

GUANGDONG BOOSTS INDUSTRIAL PRODUCTION--The total industrial output value of Guangdong Province from January to May this year was 12.9 percent more than in the corresponding period of last year. The amount of profits of state industrial enterprises in this period was 11.7 percent more than in the same period last year. Although some places were hit by extraordinarily big floods and railroad transport was suspended for 12 days in May, and although the total industrial output value of the whole province in May was 1.4 percent less than in April, it was still 10.4 percent greater than in May last year. The amount of profits of state industrial enterprises in May was 3.9 percent more than in April and was 10.6 percent more than in May last year. The amount of profits submitted to the state in May was 30 percent more than in April and was 20.9 percent more than in May last year. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 17 Jun 82 HK]

HEILONGJIANG MACHINERY INDUSTRY--The machinery industry in Heilongjiang Province, which slumped in the past few years because of inadequate production assignments, prefulfilled production plans for the first half of 1982. Output value for this period increased 6.2 percent over that in the corresponding 1981 period. Profits handed over to the state increased 66.9 percent over the corresponding 1981 figure. The machinery industry has vigorously developed new products and improved product quality. Over 200 machinery enterprises in Harbin, Qiqihar, Mudanjiang, Jianmusi and other places trial-produced 71 products worth 260 million yuan, accounting for over 22 percent of the annual tasks. [SK112209 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 10 Jul 82]

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FOREIGN TRADE

MANY BENEFITS SEEN FROM USE OF FOREIGN CAPITAL

Tianjin TIANJIN RIBAO in Chinese 6 Apr 82 p 5

[Article by Gu Chuan [6253 0025]: "Making Use of Foreign Capital Is an Important Way of Transforming Existing Enterprises"]

[Text] The technological transformation of existing enterprises is an important measure in enhancing economic results and a strategic task in achieving the four modernizations. The technological transformation of existing enterprises should be achieved mainly through self-reliance. The sources of capital should come mainly from internal accumulation, but it is also necessary, in accordance with the principle of equality and mutual benefit, to actively make use of foreign capital and import suitable advanced technology.

The existing 400,000 industrial and communications enterprises are the advance bases of China's economic development. For a long time in the past, however, owing to neglect of equipment renewal and very little scientific and technical exchange with other countries, only a number of them had advanced technical equipment. The majority had only outdated equipment. According to analyses by departments concerned, equipment in China's machine building industry is mostly at the technical level of the 1950's; most equipment in the light and textile industries was made in the 1940's and 1950's, and over 20 percent of them is obsolete. The situation in the other branches is more or less the same. It is estimated that about one-fourth of the equipment in the fixed assets of existing enterprises urgently needs to be renewed and transformed. A tremendous amount of capital is needed to transform such a great deal of technical equipment (including testing and measuring instruments) in phases and according to priorities. China is in the midst of readjustment and is short of capital. It is, therefore, necessary to actively make use of foreign capital and import suitable advanced technology and key equipment. This is an important way to achieve the technological transformation of existing enterprises and should receive great attention.

Since the 3d Plenary Session of the 11th CCP Central Committee, Tianjin has conscientiously carried out the party Central Committee's policy of opening up to foreign countries. Through the Tianjin branch of the Bank of China, the Tianjin International Trust and Investment Corporation, and foreign trade departments, Tianjin has used $110 million foreign investment for over 120 projects. Most of the capital was used to transform old enterprises. Except

for a very few projects, investment for each project was around $1 million and the project cycle was generally 3 years. A look at the projects now in full and partial operation shows that the results were good, making this a good beginning.

1. The use of foreign capital promotes the technological transformation of existing enterprises. In the past 3 years, Tianjin, using foreign capital, has carried out transformation in the cotton textile, woolen textile, knitwear, printing and dyeing, and garment industries, bringing about marked changes and a fairly great improvement in technology in these old enterprises. The garment industry of Tianjin used to be made up of small factories with simple and crude equipment, low-quality products and low labor productivity. Since 1978, the textile industry has several times utilized foreign capital totaling $4.45 million, supplemented by renminbi, and imported several thousand pieces of special equipment, which were used to comprehensively transform seven shirt factories and the No 16 Garment Factory, which makes western suits, and to effect key equipment renewal in 28 other enterprises, including a pajama factory. The transformed enterprises account for 70-80 percent of the industry and have formed 7 specialized production lines. The rpm of sewing machines rose from 3,000 to 5,000-6,000. The rate of sleeve stitching and form fitting rose from 250 and 400 pieces per machine per day; buttonhole lockstitching and sewing have been completely mechanized. Product quality has improved and variety has increased, enhancing competitiveness on the international market so that export volume has rapidly increased. Compared with pretransformation figures, the total garment output for 1981 rose 82 percent, export volume rose 1.6 times, profit rose 1.8 times, foreign exchange income from exports amounted to $50-60 million. From 1978 to 1981, the entire garment industry realized a total of 170 million yuan in profit, equivalent to 3.3 times the net value of the industry's 1981 fixed assets, and 10.78 times the capital used for importing the equipment.

2. It accelerates product renewal and increases export. Some of the old enterprises, by importing technology and key equipment with foreign capital, have been able to improve product quality, increase new products and varieties, and enhance the competitiveness of export items. The variable capacitors manufactured by the No 2 Radio Components Factory used to be of only two grades, and the quality did not measure up to foreign market needs. Since 1978, the factory has been processing imported materials for a U.S. company and developing new products using the samples, technology, and testing instruments provided by the company. It can now produce variable capacitors needed by foreign countries, and their quality is of international standard.

3. Some postponed construction projects are saved by combining the use of foreign capital with readjustment. The methane chloride project of the Dagu Chemical Works was listed as a postponed project in 1979. Methane chloride is in great demand comestically and abroad. Since postponement, the factory had to spend 500,000 yuan a year in maintenance. To put the project into production as quickly as possible, the Tianjin International Trust and Investment Corporation, after receiving approval, raised $6 million, converted it to 10 million yuan in renminbi, and turned it over to the chemical works for investment in the project. Construction of the project resumed in 1980 and will be completed this year, when it will go into production and yield results.

4. It improves enterprise management, raising the caliber of management. The No 5 Garment Factory, after importing equipment to meet the requirements of modern production, selectively adopted some scientific methods of management in foreign enterprises and drew up over 70 rules and regulations. Orderly management has contributed to a higher caliber of scientific management of the enterprises.

Practice proves that using foreign capital to carry out technological transformation of existing enterprises requires less investment, produces quick results, and the capital is more easily paid back. The practice is of benefit to us. Yet some comrades are apprehensive and dare not use it. For example, some people think the use of foreign capital conflicts with self-reliance. This is wrong. There is no doubt that in building socialism we must persist in the principle of self-reliance. But we must not understand self-reliance as self-sufficiency, thinking that the less foreign economic relations we have the more self-reliant we are. Opening up to foreign countries, developing international economic cooperation and technical exchange, helping supply each other's needs, learning from other's strong points to offset one's weaknesses, in order to promote China's economic growth--all this is self-reliance. Other people are afraid to take risks. There is no need to feel this way. In the past, in our construction we relied on the government to allocate funds without having to pay them back, and we all "ate from the same big pot." Now, in using foreign capital, the principle is that we must pay back what we borrow (or practice unified borrowing and unified payback), and we must assume economic responsibility. We are breaking away from customary practices and are not going to "eat from the same big pot" anymore but do things according to economic laws. As long as we make feasible studies, carry out all required work in our own country, understand the conditions of using foreign capital, have the ability to pay back, and are strict about examination and approval procedures, there should be no risk in using foreign capital.

At present, the capitalist economy is in a stage of "stagflation" with surplus capital seeking outlets, so the international market conditions are favorable for our use of foreign capital and our import of technology. Recently the party Central Committee relaxed the policies concerning foreign capital for coastal cities. The situation is excellent. As long as we further liberate our thinking, free ourselves from the restraints and influence of the economic idea of self-sufficiency, be bold, steady, and down to earth in our work, we can utilize more foreign capital and use it well, accelerate the technological transformation of existing enterprises, and contribute to modernizing our country.

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FOREIGN TRADE

PROCESSING IMPORTED RAW MATERIALS FOR EXPORT STRESSED

Guangzhou GHANGZHOU RIBAO in Chinese 22 Apr 82 p 4

[Article by Xu Jiaopeng [6079 2403 7720]: "Developing the Processing of Imported Raw Materials and Expanding Export Trade"]

[Text] Processing imported raw materials into finished products for export is an important and effective way to conduct international trade.

There are several reasons why we must energetically promote the processing of imported raw materials. First, every country needs to import certain resources to make up its own deficiences. While we should rely mainly on our own resources in our economic development, it is also essential to use foreign resources. Processing imported raw materials is an important way to make use of foreign resources to expand our export trade and promote the domestic economy. Second, processing imported raw materials brings such economic benefits to the country as increased foreign exchange income, tax revenues, and production profits. In the past 2 years, the country earned an annual net total of over $3 billion in foreign exchange from this practice. Tax revenues and production profits have greatly increased. Processing imported raw materials also increases employment opportunities; there are about 3 million people in Guangdon Province engaged in this line of work. It also supplies urgently needed materials for industrial and agricultural production in order to develop commodities needed by markets at home and abroad. This is the way Guangdong Province develops some of its commodities purchased for export in large volumes--drawnwork, rattanware, fishing nets, clothing, cotton knitwear, steel furniture, and nylon umbrellas. Also, the imported raw materials bring in supplies that replenish the domestic market. Third, processing imported raw materials will help to gradually change the structure of export products. In the past 2 years, export products made from imported raw materials accounted for about 40 percent of the commodities purchased for export. This percentage is still not high enough. Large and medium-sized coastal cities should raise the percentage to 50 to 60 percent, or even higher. The percentage for Guangzhou last year, about 35 percent, was rather low. In short, processing imported raw materials has great prospects. Guangzhou, especially, should go all out to develop it because the city has a good industrial base, a fairly high level of production technology, abundant labor, is situated on the coast and is close to Hong Kong and Macao, and therefore is conveniently located for import-export activities and oceanic shipping.

How can processing imported raw materials be further developed? It is important to select the right items for processing so that the products will have good markets and bring in more foreign exhcnage. Products made from imported materials must meet the needs of the international market and should be fairly assured of a buyer's market and consumers. It is therefore more important to implement the principle of "production according to sales," that is, to make sure, as much as possible, that there are importers or contracts before importing materials and then processing them according to specifications. To this end, foreign trade departments should do a solid job of surveying the demand on the international market, find out what products we are able to process for export, find out whether there is a stable source of supply of imported materials, and promptly provide this information to production departments. It is also important to thoroughly investigate domestic conditions for processing products for export, including equipment, technical capability, fuel, electric power, etc., making sure we have the required ability to do so. It is also important to pay attention to economic profits and to go ahead with the projects only when the overall balance is favorable to the country. Priority should be given to products with low cost and high profit in terms of earning foreign exchange. Products which show an apparent but false loss and which are profitable to the state in the final balance, should be developed moderately. Products which entail a true loss should not be developed.

Import procedures should be simplified to ensure prompt supplies and undelayed production. In the past, import procedures were complicated and time consuming, especially for large amounts of materials which had to be imported through a superior or another department. This often delays production and prompt fulfillment of contracts. While a strengthened leadership, unified dealing with foreign countries, and a certain degree of centralization are needed, it is also important to streamline procedures so as to coordinate imports and exports as much as possible, and guarantee prompt supply, smooth production, and undelayed export.

Tax and profit rates should be readjusted rationally so that export products will not be subject to false losses and will become more competitive. In the past, some processed products for export favored the country in the total balance, but repeated taxation and a fairly high rate of in-hand profit from production turned them into "loss" products. They became less competitive and some were even forced to withdraw from the international market. To change this situation completely, we must reform the system, and this includes the formulation of a rational system of accounting. Prior to this, we must, under unified leadership and taking into consideration the interests of the country as a whole while giving consideration to all sides, coordinate the relationships between the financial, industrial, and foreign trade departments, and rationally readjust taxation and profit as much as possible. The government has decided to exempt customs duties and import industrial and commercial taxes on all raw materials, semifinished materials, auxiliary materials, parts and spares, accessories, and packaging materials imported for use in processing products for export. Products still subject to "loss" with duty and tax exemptions may also be exempt from industrial and commercial taxes levied in the last phase of production and also some unreasonble intermediate-link

industrial and commercial taxes. All departments concerned should work together to implement these measures which are beneficial for the processing with imported materials and avoid unnecessary wrangling.

Foreign exchange should be used correctly and profits allocated rationally so as to mobilize initiative on all sides. At present, Guangzhou has ample foreign exchange for use in processing imported materials. We must improve the management of the retained portion of foreign exchange, using more of it for processing imported raw materials so that the foreign exchange used will continue to revolve and increase in value. It is also important to correctly distribute the economic profits resulting from processing imported raw materials and exporting finished products, making sure that the government and local enterprises will recover the foreign exchange they spend, and the increased value of the foreign exchange will be distributed on a rational basis.

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LABOR AND WAGES

ROLE OF LABOR SERVICE

HK260608 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 5, 20 May 82 pp 36-42

[Article by Fang Minsheng [2455 3046 3932]: "On the Role of Service in the Process of Social Reproduction"]

[Text] With the development of science and technology, a great change has taken place in the role of labor service in social economic life, labor service not only comprises an important component of the living needs of the people, but it is also an indispensable supplement to the process of production. Hence, it has developed rapidly. This tendency has also appeared in our country. The circles of economists at home or abroad are probing into this new economic phenomenon from different angles. In accordance with the movement of the process of social reproduction, this article will take "labor service" as an economic category and make an investigation of it, to expound on its nature, character and role as well as its development trends.

I. The Significance and Classification of Labor Service

Labor service is an economic activity which is carried out by some people by means of active labor in order to satisfy the special needs of others. In his works, Marx usually called physical labor service. Marx said: "Generally speaking, the word service only means the special use value created by this kind of labor. It is the same as the special use value provided by other commodities. However, the special use value of this labor herewith has the special name of 'service', because labor is not used as a material but as a service activity." ("Theory of Surplus Value" "Collected Works of Marx and Engels" vol 26; I, p 435) However, according to my opinion, only the concept of "labor service" can fully reflect the character of economic activity. There are two reasons for this: First, the concept of "service" can be understood in a broad sense, including the activities in the field of construction of the superstructure. Marx said: "The entire so-called serving class, from the shoeshine boys to the king, all of them belong to this sector." ("Theory of Surplus Value" "Collected Works of Marx and Engels" vol 26, I, p 463) Obviously, there are many "services" which have exceeded the limit of economic activities, such as the state organ, police, army and lawyers whose activities are not included in the labor service departments. Second, seen from the traditional concepts, interpreting the so-called labor serrvices as the traditional

concepts, interpreting the so-called labor services as the traditional service trades, such as hotels, food and drink businesses, public bathhouses, barber shops, laundries and repairing trades is a narrow view. In modern society, the labor service departments far exceed the limit of the traditional service trades, and includes much labor which offers service for production purposes. Therefore, I advocate using the term "labor service" to reflect the economic activity performed by some people through the form of active labor to satisfy the needs of others.

Labor service, as an economic activity, can, according to its characteristics of satisfying demand, be divided into five categories as follows:

First, the labor services which directly serve production (by using technical research, computing centres, information centres and communications services) are represented by L1.

Second, the labor services which indirectly serve production (scientific research, education and public health protection) are represented by L2.

Third, the labor services which only serve the needs of commodity circulation (commercial enterprises, finance and advertising) are represented by L3.

Fourth, the labor services which satisfy the goods and material needs of consumers (food and drinks, hotel, laundry, barber shops, photo studios, bathhouses and other repairing trades) are represented by L4.

Fifth, the labor services which supply nonmaterial consumption (cultural recreation and so on) are represented by L5.

These five categories of labor services vary in characteristics and roles as well as their position in the process of value formation. A concrete analysis of these should be made.

II. Labor Service Constitutes an Important Component Party of People's Daily Necessities

The production of goods and material constitutes the basis of life and existence of human beings. But the needs of people have various aspects. Apart from the food, clothing, housing and transportation there are medicine, knowledge, recreation and so on. Referring to the content of consumer goods, Marx pointed out: "At any time, in consumer goods, except for commodity consumer goods, a certain amount of service is included." ("Theory of Surplus Value" "Collected Works of Marx and Engels, Vol 26; 1, p 160) Hence, the consumer goods which are required by the people should include products of labor service.

Actually, under the circumstances of a commodity economy, the consumer goods, existing in the material form, cannot, from their production to their consumption, develop without labor service. This is because there is a middle link between the social products and final consumption. That is the course in which people process and sort out the goods and material by means of active labor. Although this labor service cannot increase material wealth, it is a

necessary process before the goods and material are delivered for consumption. The cotton cloth which we make from cotton yarn cannot be turned into clothing for people's consumption without the labor service offered by the dressmakers. Only by the labor of cooks can the nonstaple foodstuffs in great variety be served to the people and so on. This can be seen in our life. However, this middle link is usually overlooked in the study of reproduction. Seen in terms of capital circulation, W' minus G' indicates that the products are realized and that the movement of currency capital has completed a process of circulation. But in actual life, the W' does not even enter the process of consumption. The finished products must undergo a labor service process before they can be delivered for final consumption. Let us take the L as labor service and CM as final consumption. The consumption process is also included in the process of social reproduction and the movement of product W should be: W' minus C'... W' plus L....G' minus CM. Hence, it is necessary to see the whole and the continuous development of the social products (W) as we [as published] as the final consumption (CM) through the links of that chain, that is all types of labor services in the process G'....plus L....G'....CM.

In the course of social economic development, the required quantity of labor service products is increasing considerable. The main reasons are: first, the consumption structure has changed due to the increased earnings of the residents. In recent years, the wages of staff and workers were increased, the prices of farm sideline products were readjusted to some extent, the distribution of bonuses was increased by a certain proportion and the masses income was raised. Consequently, some change has taken place in the corresponding consumer structure. According to the typical report from the commercial departments, the consumer structure in 1979 compared with that in 1977 is as follows:

	1977	1979
Total consumption	100	100
Food	59.9	56
Clothing	11.5	16
Daily necessities	14.1	18
Nonmaterial consumption	14.5	10

The above data indicate that even though the present eating level is still very low, after the income increased, the expenses begin to move toward the daily necessities. When the daily necessities are initially satisfied, it will move toward nonmaterial consumer expenses. The development of the tourist trade since 1980 is a symbol of the trend toward nonmaterial consumption.

Second, scientific and technical development has caused a change of the consumer structure. This is because this development requires high levels of cultural and technical skill and it needs more people to be engaged in the labor service for educational work and to increase the L2. Owing to the scientific and technical development, the residents have purchased a large number of advanced and durable consumer goods and thus a number of repairmen are required for their home equipment. Thus the labor service, L3 has increased. At the same time, due to scientific and technical development, the labor productivity rate is raised by a great extent and the working hours of the staff and workers

are generally shortened. This enables them to have more time to spare for making trips or for participating in recreation activities. Thus, the demand for L5 is raised. Owing to these reasons, the work which was originally done by the laborers themselves, is socialized, and becomes independent labor service enterprises.

Under the socialist system, the labor services which are indispensable in the people's lives has a particularly great significance. This is because, in the socialist society, laborers commonly share the means of production. The common goal of social production and the direct goal of producers are joined together. Its only aim is to satisfy the daily increasing consumer needs of the people.

The movement of each part of the socialist organic whole is subordinated to this goal. Therefore, satisfying the needs of the people in regard to labor service products becomes, an important part of the socialist economic target and it reflects the fundamental character of the socialist economy. As socialism is a new society with a high level of civilization, where the laborers want to achieve the liberty of overall development, it is not only necessary to raise the material living standards of the people, but also to raise their cultural level. Raising their cultural, scientific and technical levels, particularly depends on the labor service of the intellectual circles. If we only pay attention to material production and underestimate the labor service, it will be impossible to comprehensively achieve the target of socialist production. Then, it will only be indulging in idle talk about socialist construction with a high level of civilization. Therefore, the "labor service" should be investigated through the socialist economic targets.

III. Labor Service Constitutes an Indispensable Supplement to the Process of Social Production

People's lives need labor services. The process of production which supplies people with goods and materials also should be supplemented by labor services. The more production is socialized, the more labor service play an even more important role in supplementing the process of production.

In modern production, the information constitutes an important factor which enables the process of reproduction to run smoothly. This is because all the enterprises have linked their production through the entire society. When the level of socialization increases, these links become more closely related and more complicated. Any change in social economic life will affect the process of enterprise reproduction. Therefore, all the enterprises are seeking prices on the market while arranging their production. Judgments are made based on big quantitites of information. Information becomes the first point in the process of production. Under these circumstances, new labor service departments have appeared, such as the "information industry" department, used by the public, which collects, delivers and analyses information and provides the production and sale departments with same. At present, this information industry is taking shape in our country. It can be expected that the "information industry" will become an important link in the process of social reproduction. Neither the production nor the circulation will ever deviate from the information provided by the information industry. Such information services,

like the labor in the process of direct production, constitute the "blood circulation system" in material production. The information will play an even more important role in a socialist economy which has the planned economy playing a leading role. A scientific economic plan is always based on a great amount of information. It is impossible to have a workable plan without reliable information. The information labor service is essential to the process of socialist reproduction.

The finished social products have to undergo the process of labor service before they enter into final consumption. This is also true of the daily necessities and the means of production. Before entering into productive consumption, the means of production needs a series of processing by labor services such as to cut and grade rolled metal, to pack products in small quantities, to grade and to select commodities, to match materials and so on. This is the labor service which directly serves the goods and materials and it is a continuation of the process of production. With the development of material supply technology tends to become more specialized day after day and the range of service becomes more extensive. The labor service not only serves the middle link located between the production and consumption but also provides upkeep and maintenance service for the supports in the process of entering into consumption. The specialized labor service which offers goods and materials with technology, speeds up the W' minus G' movement and makes the products more marketable and at the same time, accelerates the movement of W'-PM and W'a....P ....W'. Thus the means of production is immediately put into the production process and thus, it shortens the production period and the time for the production and circulation of social goods, speeding up the process of social reproduction.

Under the modern conditions, there are numerous labor services in the direct process of production. Apart from "information industry" and service which offers technology for goods and material supply, there are various services which provide the production enterprises and the united organizations with production organization and technology, and consultancy and management. We call them "business services". In the developed capitalist countries, these sort of "business service" organizations are quite popular and are tending to rapidly increase. In China, various types of consultancy service companies have already appeared and will develop gradually by forming a comprehensive system of business services.

IV. Labor Service Constitutes an Important Factor Which Affects the Quality and Quantity of the Labor Force

Labor service also displays its role in the process of social reproduction by affecting the labor force.

The overall quantity of social production is decided by the number of the labor force engaged in the production and the labor productivity of each laborer. The labor productivity is the result of the common role played by the objective and subjective factors. The status of technical equipment of the enterprise and the natural conditions constitute the objective factors which affect labor productivity. These can be ignored. The subjective factors which affect labor productivity are: the skill level, the labor intensity, the

laborer's physical strength and the level of intellectual development. These three factors are greatly affected by the labor service. The development of labor service has made things more convenient for the laborers' life by shortening the household labor hours and increasing leisure time. The development of tourist and cultural recreation trades have established the conditions for giving relief to their tiredness and to the load on their mind. This enables them to rapidly recover from fatigue after intense labor. There is no doubt that this will facilitate the labor productivity. The most important thing is that owing to the labor service, the quality structure of the labor force has tended to becoming more perfect and the other two factors will play a more important role in the production.

In modern society, only with the active participation of labor service can the skill of the labor force be fostered. First of all, it is the educational labor services which directly foster the skilled laborers required by the national economic departments. According to Soviet Union statistics, from 1961 to 1975, 80.1 percent of the total amount of national income was earned by raising the labor productivity, 43 percent of which was earned by improving the technical equipment and 37.1 percent by enhancing the personnel education and skill level. In 1975, by spending one ruble on educational development, a profit of 4.13 rubles was made in national income. (Soviet Union's VOPROSY EKONOMI No 9, 1977) This indicates that the educational labor service had directly improved the labor force quality by creating more material products for the society.

As to building up the laborers' strength, apart from guaranteeing the daily necessities, it mainly depends on the labor services which offer medical treatment and health protection by improving their living and working conditions, reducing the sick rate and raising the level of health of the staff and workers. According to China's statistics, in 1979, there were 31,090,000 staff and workers in the state-owned enterprises and the overall labor productivity of the personnel was 11,790 yuans. The year-round working days were estimated at 305 days and daily productivity was 38.67 yuans. If the sick rate and the absence rate were cut down by one day for each person on average, this would mean an increase of 12 billion yuan.

V. Role of Labor Service in the Formation of Commodity Value

While probing into the role of labor service, it is natural to put forward the question of whether the labor engaged in the service can create value. Opinions on this are widely divided among the academic circles. Some comrades hold that only the laborers engaged in the production of goods and material can create value. On the other hand, some others consider that all labor services are creating value. They say: "The previous theory of labor value only included the theory of commodity value, which meant that it had a certain limit." They suggested that it should be supplemented and perfected by adding the "theory of Labor value." (He Xiaofeng: "An Initial Exploration of Labor Service Value" JINGJI YANJIU No 4, 1981) I consider both these theories to be lopsided. This is because the first one only sees the wealth of material created by the labor engaged in industrial and agricultural production and denies the fact that a portion of labor from the service department is condensed in the material products. The last one sets the value of labor service against

the theory of labor value and believes that apart from the theory of labor value, there exists the "theory of labor service value." Actually, this is a misunderstanding of Marx's; he never denied that labor service constituted a source of value. By expounding why labor service could create value, quite the contrary to the "limitations" so-called by some comrades, Marx expounded everything on the basis of the theory of labor value. Marx discovered the fact that a portion of labor from the service department was reflected in the material products. On the other hand, the labor service which is not directly reflected in the material products will never create value. Marx noted: "A portion of the so-called nonproductive laborers is reflected in the use value of materials. This use value can also be converted into a commodity ('a marketable commodity')." Here it mainly refers to the tailor, cook and mechanical repairer. "The said personnel have the capability of producing commodities by adding value to their labor object. However, they constitute a small number of nonproductive laborers." "Another viewpoint holds that there is a portion of pure service (which does not adopt the form of material objects, is not material independently existing but a part of those providing service and does not form part of the value. This is different to commodities)." Such is the labor of singers.

"Some services which are engaged in the training and maintenance of labor ability, reforming of labor ability and so on, ...such as the service of school teachers, ...the service of doctors,...these services should be added to the production cost of labor ability or to the cost of reproduction." However, "the labor of doctors and teachers does not directly create funds to pay them for their remuneration, despite the fact that their labor is generally included in the production cost of the funds that create the total value, or in other words, it is added to the production cost of labor ability." That is to say, the service charges for the teachers and doctors should be included in the value of labor force, but their labor service itself by no means creates value. "All artistic and scientific products, books, drawings, carvings and so on, are included in these material products, only if they are manifested as material." (See Marx: "Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26, I, pp 156-165)

These few quoted passages have clearly indicated that starting from the point of labor value, Marx adopted an attitude of scientific concrete analysis in approaching the process of value formation.

Naturally, the theory of labor value of Marx is due to be developed and completed in the course of practice. The service departments were underdeveloped at the time when Marx lived. They made up a very small proportion of the entire national economy. Therefore, it was impossible to make a full analysis of the labor service departments. Just as Marx said: "All the manifestations of this in the field of capitalist production are insignificant in comparison with the whole of production. Hence, they can be completely ignored." (Marx: "Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26, I, p 443) Now, the situation has radically changed. At that time, labor service only constituted domestic servant labor, their labor service products were only "capable of being converted into commodities", but actually they were not "commodities". Now, these services have been separated from household labor

and become a special trade. Labor service products have also become real commodities. Hence, the labor services fixed on material products have turned into sources of value. In addition, the number of services which appear in the form of intellectual labor are increasing daily. Importance should be attached to the role of labor service in the process of value formation. Furthermore, the amount of consumer goods which exist in the form of labor service account of consumer goods which exist in the form of labor service account for more than the total amount of consumer goods. It is also necessary to make an accurate analysis of the pure labor service. According to the above service classifications, we will make separate investigations on the role which labor services play in the formation of value.

L1 stands for the labor services which directly serve production. After their labor process is completed, labor service does not form material products, but constitutes a portion of the total labor consumed in the process of material production. Marx wrote: "As the characteristic of coordination develops in the process of labor, the concept of labor production and those who undertake it such as the production workers must also be expanded." (Marx: "Das Kapital," People's Publishing House 1975 edition (same hereafter), vol 1, p 556) Some people mostly do manual work, some do mental labor and others are administrative personnel, engineers, technicians, and so on. Some are supervisors or do very simple and rough work. But they "constitute various labor abilities for the general production machine and directly participate in the formation of commodities in different ways." (Marx: "The Result of the Direct Production Process," People's Publishing House, p 106) Therefore, the intellectual and physical laborers of L1, the same as the production workers which are directly engaged in the production of material products, add their labor to commodity value. Their labor achievements are integrated with the means of production and labor force, making a new material product.

L2 is the labor service which indirectly serves production. This labor service is indispensable to the production and reproduction of labor force. Referring to doctor's service changes, Marx remarked: "They may be included in the cost for repair of labor capacity." (Marx: "Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26, I, p 159) Some labor service plays a direct role in labor force and an indirect one in production. Because labor force itself is still only a sort of latent potential, it can only be reflected and turned into actual productive force in the process of labor. Science, technology and education can only at this moment be transformed into productive force. Hygiene and health protection also can only at this moment give play to their role of promoting productive force. This indicates that education and science, and hygiene and physical dulture and not be directly transformed into material products. Both of them must go through an intermediate link. This is the process of labor force. In this process, the cost of L2's labor service should be figured in the value of labor force (if the labor force constitutes a commodity). The value which is figured in the end products, can only constitute the new value created by the laborers (V plus M). The source of these service expenses belong to the redistribution of national income. Thelabor service of L2 does not create value itself.

L3 consists purely of the labor service needed in commodity circulation. From the viewpoint of the reproduction process, this type of labor service "performs certain necessary functions", "he works like anyone else, but the content of his labor can neither create value nor products." (Marx: "Das Kapital," vol 2, p 149). The costs of these departments constitute the only expenses of circulation deducted from the total social product. It belongs to the nonproduction cost. Commercial staff and workers are also engaged in transportation over short distances or of small quantities, including the bundling up and packing of commodities. This labor is the continuance of the material productive labor in the circulation of production. Furthermore, this labor is less important and constitutes a subsidiary portion for the commercial personnel, particularly, the operational personnel of retail sales enterprises who make up the majority of the entire labor. They are principally in charge of receiving the customers by displaying, explaining and helping them to select commodities or to calculate, to receive payment and then complete the change of the commodity form. This is purely commercial labor and "society does not get any extra products or value from their labor." (Marx: "Das Kapital," vol 2, p 149) The viewpoint which holds that: "All the labor of the commercial department personnel constitutes the labor for material production" (Yang Baikui: "The Labor of Commercial Department Personnel Is Material Production Labor," JINGJI YANJIU No 4, 1980) does not tally with the facts.

L4 is the labor service which satisfies material consumption. The contents of this type of labor service are very complicated. Each of them have their own different character. It is necessary to make a careful analysis: (1) Some labor service belongs to the processing and service of products from the beginning of the finished products to their final consumption. Actually, this labor service supplements the process of production. The labor [words indistinct] as the same character [words indistinct] not attract travelers if the arrangements and services of the hotel personnel were unavailable. So it could not be a hotel but a building only. (2) Some labor service is engaged in repairing material consumer goods for the consumers, ranging from small things like shoes and umbrellas to big ones such as domestic electrical appliances, including even house repairing. Though this labor service is completed after the products have been in the consumption field and remained for a certain period of time in the process of consumption, the use value of these products is restored by their labor service, so it is equal to the addition of a new product. Hence, this labor service possesses the character of industrial production. (3) Although some labor service is realized in the service trade, their labor is no different from the labor in a factory and it is figured in the commodity value. Laundries, photo studios and the catering trade fall into this category. (4) Consumption of some goods and materials is characterized by the protection of labor force such as barbers and baths. The cost of these labor services can be added in the "expenses in the repair of labor force", which possess the same character as hygiene and health protection. But it cannot directly create value. In the process of value formation, this service plays the same role as L2. The labor service of L4 should be included in the material production department except for that in Section (4).

L5 is the labor service which supplies nonmaterial consumption. This mainly consists of cultural recreation. This labor service possess the characteristic that is products cannot be separated fromits labor activities. It leaves no

tangible result after the service that exists separately from the performers of the service. The link of this labor service with material production is not like that of science, education and hygiene, since it neither creates material products nor creates value. The incomes of the laborers in these departments, regardless of the payments made by the spectators, are allocated by state finance and are generated from the products and value created by the laborers from the departments of material production and some labor service departments.

This analysis which we have made is by no means groundless. It is drawn from a great deal of actual economic facts. It also tallies with Marx's theory of labor value. Therefore, I hold that the traditional method for calculating national revenue should be reformed. Most of the labor value which is indicated in L1 and L4 should be included in the national revenue. Thus the annual national revenue corresponds to the total value recently created by industry, agriculture, transport and communication, posts and telecommunications and a portion of the labor service departments (L1 plus L4(1-3)). This is the conclusion we have drawn from the study of the role of labor service in the process of the formation of commodity value.

VI. Stipulation of the Quantity of Labor Service

The stipulation of the quantity of service includes two aspects, that is the proportion that the labor service comprises of the total labor of society; and the amount of demand for every type of labor service.

The main factors which decide what proportion labor service comprises of the total labor of society are: (1) The labor productivity in the field of material production is the basic prerequisite which decides the proportion of the labor service departments. This is because the activity of any service department needs a certain number of implements and materials as well as a certain quantity of daily necessities required by the laborers. These materials and products are provided by the material production departments. The increased number of labor service departments cannot exceed the capacbility of supplying these material products. (2) The proportion of consumption funds in the distribution of national revenue constitutes an important factor which decides the amount of investment in the labor service departments and the amount of increase in employment. If the accumulation is increased by a considerable proportion in the distribution of national revenue, then, a big quantity of material products are bound to be used in capital construction and the development of labor service is then limited. After the proportion of consumption is increased, the labor service departments will be accordingly developed. (3) The need for labor service is directly decided by the level of income of the laborers. If earnings are increased, then, the capability for labor service expenditure is raised, labor services are urgently needed and the content of services will become more substantial. On the contrary, if earnings decrease, there is no need to seek for services on the market if one can serve oneself. (4) Labor service development depends on the cultural level of a country, and there is generally a direct correction between the two. If the cultural levels of a country is high, the investment in scientific research and education will be increased and the ability for cultural and artistic appreciation will also be raised. There will be an urgent need for labor service to provide cultural and scientific knowledge. The proportion of labor service in the total social labor is the result of the combined role played by these factors.

The main factors determining the amount of demand for every type of labor service are: (1) consumption structure—all types of labor service should correspond to the needs for all types of consumption; (2) Labor efficiency of all types of labor service—the amount of labor service needed under conditions of manual operation and mechanization and automation, is evidently not the same. (3) It depends on the form of operation; in commerce, there are more enterprises with combined operations, so there can be less service personnel. The more specialized shops and retail networks there are the more need there is for shop assistants; the more flexible the operations are the more consumers there will be and the faster the service trade will develop. (4) The requirement for labor services is also determined by the extent of population density. Speaking of service efficiency, the extent of population density and the required number of service personnel are in an inverse ratio. Speaking of the items that need service, these items and the extent of population density are in direct proportion. (5) The labor services are greatly affected by the people's habits and customs. Any change in the amount of labor services should take the habits and customs of the people as well as their interests and hobbies into account.

The labor service department is an economic department which needs to be vigorously developed. There are various new and flourishing trades that need to be opened up. This requires scientific calculation and the adoption of correct general and specific policies in order to meet the daily increasing needs of the masses of people and to speed up the development of the socialist economy.

CSO: 4006/549

BRIEFS

SHANDONG HIGHWAY BRIDGE--A highway bridge spanning the Huanghe River section in Shandong Province was formally opened to traffic on 14 July. The highway bridge is located in northern Jinan, is 2,023.44 meters long, 19.5 meters wide, and has five bridge openings. The longest span is 220 meters. The deadweight tonnage of the bridge is 218 tons. It is the longest prestressed concrete highway bridge in our country. On the morning of 14 July, the Shandong Provincial People's Government held a ceremony to mark its opening to traffic. Su Yiran, secretary of the provincial CCP committee and governor, cut the ribbon at the ceremony. Song Yimin, deputy goveror; Wang Zhongyi, vice director of the communications department and responsible comrades of the Jinan Municipal and Dezhou Prefectural CCP committees attended and addressed the ceremony. [Jinan Shandong Provincial Service in Mandarin 1100 GMT 14 Jul 82 SK]

SHANDONG PORT INSPECTING OFFICIALS--Shandong Province's Qingdao frontier inspection station, which is charged with the task of inspecting and protecting the foreign steamers berthed at Qingdao port, has strengthened education in party's policies and anticorruption among cadres and policemen to enhance their consciousness of resisting and opposing the corrosive influence of bourgeois ideology. In the first 6 months of this year, these cadres and policemen refused to read and take obscene magazines, novels, pictures and other articles given them by foreign sailors, thus being greatly respected by foreign sailors. [Jinan Shandong Provincial Service in Mandarin 1100 GMT 14 Jul 82 SK]

JILIN TRANSPORTATION--The foreign trade departments at all levels throughout Jilin Province have done a good job in transporting commodities for export in 1982 with the assistance of railway and port offices. The freight volume of exported commodities reached 264,000 tons, an increase of 73.9 percent over the corresponding 1981 period. [SK212238 Changchun Jilin Provincial Service in Mandarin 1100 GMT 20 Jul 82]

NEI MONGGOL TRANSPORT VOLUME--In the first half of this year, highway transport departments throughout Nei Monggol region achieved a relatively good economic result. The volume of road freight transport was 15.2 million tons and that of passenger transport was 12.5 million people. It is estimated that transport companies subordinate to the league and municipal authorities may net a profit of 1.47 million yuan, an increase of 2.6 million yuan over the corresponding 1981 period and diverting deficits to profits. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 12 Jul 82 SK]
CSO: 4006/546

GENERAL

BRIEFS

GUIZHOU ECONOMIC COOPERATION MEETING--A Guizhou provincial meeting on economic cooperation which was held by the provincial people's government and which lasted 8 days concluded on 6 July. The meeting stressed that in future cooperative work with foreign countries, it is necessary to adhere to the principle of unified planning, unified external work, unified management, making overall plans and taking all factors into consideration. It is also essential to bring the advantages of this province into play and to promote the development of industrial and agricultural production. [HK090243 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 6 Jul 82]

HEILONGJIANG COMMUNE-RUN ENTERPRISES--Commune- and brigade-run enterprises in Heilongjiang Province created 406.1 million yuan of output value from January to May, surpassing by 12 percent the previous record. [SK030808 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 2 Jul 82]

GUANGDONG COMMUNICATIONS WORK CONFERENCE--From 28 June to 4 July, the Guangdong provincial communications department held a conference in Guangzhou on communications work. Attending were some 220 responsible comrades of prefectural, municipal and county communications bureaus, prefectural and municipal economic committees, road bureaus, motor transport companies, safety supervision and administration centers and all subordinate units, organs, departments and offices of the provincial communications department. Vice Governor Li Jianan and Provincial Economic Committee Vice Chairmen (Wei Zhendong) and (Ye Xiangrong) attended and spoke. In the light of the actual situation of the province, this conference laid stress on discussing the documents on improving and strengthening road transport management, strengthening road control and maintenance, strengthening urban and rural traffic safety and developing the municipal and county subordinate collectively owned transport enterprises. These documents will be further supplemented and revised and reported to the provincial people's government for approval and enforcement. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 5 Jul 82 HK]

JILIN COMMUNE-RUN ENTERPRISES--Commune- and brigade-run enterprises throughout Jilin Province made continued progress in the first half of 1982 thanks to implementation of enterprise consolidation. By the end of June, the output value had reached 500 million yuan, 43.1 percent over the corresponding 1981 period. Meanwhile, these enterprises netted 43.34 million yuan of profit, 16.7 percent over the corresponding 1981 period. [SK220419 Changchun Jilin Provincial Service in Mandarin 1100 GMT 21 Jul 82]

HEILONGJIANG ENTERPRISE DEVELOPMENT--As of now, Heilongjiang Province has had more than 65,500 households which engage in industrial production and various business, a 10-fold increase over the number in 1979. There are 81,500 employees. Those individually owned industrial enterprises and commercial firms include food, repair service centers, handicraft and small-scale delivery jobs. They play an active role in enlivening rural and urban markets to counter the short supply of state and collective enterprises and satisfy the needs of the people. Over 60,300 business and service networks have been established throughout the province after individually owned enterprises have sprung up like mushrooms. [SK132243 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 12 Jul 82]

CSO: 4006/546 END

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4 August 1982

China Report

ECONOMIC AFFAIRS

No. 254

ENERGY: STATUS AND DEVELOPMENT -- VII

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4 August 1982

CHINA REPORT

ECONOMIC AFFAIRS

No. 254

ENERGY: STATUS AND DEVELOPMENT -- VII

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NATIONAL POLICY

IMPORTANT POLICY FOR FUEL MANAGEMENT

Beijing WUZI GUANLI [MATERIALS MANAGEMENT] in Chinese No 2, 1982 p 10

[Article by Commentator: "An Important Policy for Fuel Management"]

[Text] Document No. 51 issued by the State Council in 1981 regarding the offer of incentives for conserving energy and the raising of prices for fuel consumption above the quota represents an important policy for strengthening the control of energy consumption. The Ministry of Finance, the State Labor Bureau and the State Supplies Bureau had in 1979 issued provisions offering incentives for fuel conservation on a trial basis. Document No. 51 issued by the State Council calls upon the various regions and departments to formulate detailed measures for energy conservation on the basis of their actual experiences. Recently, the State Planning Commission, the State Economic Commission, the State Energy Commission, the Ministry of Finance, the State Price Control Bureau and the State Supplies Bureau jointly issued the "Enforcement of provisions for increased charges for fuel consumption exceeding the quota" to put into effect the important policy of the State Council regarding the control of fuel consumption. This is a policy which the various regions, departments and enterprises should seek to implement in a positive manner.

Fuel constitutes a weak link in the development of the economy at the present time. Whether our national economy can be developed at a more rapid pace and whether there can be a new breakthrough in its development depends to a large extent on whether the problem of fuel supply and distribution can be properly solved. "The placing of equal emphasis on the development of energy resources and the conservation of energy, the giving of a higher priority to energy conservation for the time being, the making of technical improvements and structural reorganizations in order to conserve energy" constitutes an important policy of the Party Central Committee and the State Council on the question of energy resources and a strategic measure for the implementation of the four modernizations.

In the implementation and enforcement of the energy policy of placing equal emphasis on developing new resources and on energy conservation and of giving a higher priority to conservation in the meantime, many regions, departments and enterprises have, in the management of fuel consumption in recent years in line with the "Measures for the unified control of fuel and the fuel rationing system" handed down by the State Council, undertaken the work of setting quotas

for fuel consumption and of the rationing of fuel by issuing coupons, put in order the distribution of fuel, strengthened the control of fuel consumption and started an energy conservation movement. According to an analysis made by the State Statistical Bureau, 13 million out of the 35 million tons of standard coal conserved throughout the nation in 1980 was due to strengthened control over fuel consumption. Since 1980, 111 large and medium-sized cities throughout the nation have launched energy conservation contests. The localities and the enterprises in these cities have without exception set a quota for fuel consumption, adopted the rationing system and reduced the rate of consumption by checking the actual consumption against the set quotas. In 1980, the value of the local industrial output in 51 cities such as Shanghai, Tianjin and Guangzhou showed an increase of 8.5 percent while fuel consumption was reduced by 3.2 percent. The amount of 5.74 million tons of coal was saved during the year. According to statistics supplied by 30 cities, the value of the local industrial output for the first half of 1981 showed an increase of 4.89 percent compared to the same period of the previous year while fuel consumption was reduced by 5.59 percent. Facts have proved that control over fuel consumption is an important way to conserve energy. The problem is that measures for fuel conservation have yet to be effectively implemented by all the parties concerned. The need to "ensure the supply of fuel by exercising control over its consumption" has yet to be generally appreciated and the waste of energy remains a serious problem.

In exercising control over the consumption of fuel, it is of paramount importance to further reduce energy consumption and to utilize energy to better effect. It is necessary to adopt effective measures to set a stringent quota for fuel consumption for the various types of production engaged in by the workshops, the work teams and the furnaces. A system should be established to watch over the production teams and to make every worker individually responsible for contributing his share toward fuel conservation as a matter of routine. The actual amount of consumption must be checked against the set quota. Citations should be given for reduced fuel consumption while an extra charge should be made for fuel consumption above the quota. In order to induce the enterprises to take advantage of their experiences, to adopt improved methods and to do their part to conserve energy without delay, it is absolutely necessary to give rewards and to mete out punishment where they are due. In 1980, The Shanghai Fuel Company was the first to put into effect on a trial basis the system of charging higher rates for fuel consumption above the quota with encouraging results. In the second quarter of that year, 63 factories in the city exceeded the quota in the consumption of fuel. After the adoption of the system in the third quarter, 41 out of that number stayed within the limit of the quota. In the first quarter of 1981, 114 units in the city paid higher rates for exceeding the quota. In the second quarter, 83 out of that number managed to stay within the limit. In the process of charging higher rates, the Fushun Fuel Company, after having checked and rechecked the amounts of fuel consumption over and above the quota, was able to pinpoint the contributary factors. The enterprises, thoroughly convinced, proceeded to reduce the rate of fuel consumption. In the third quarter of 1981, the fuel consumption by 205, or 83.7 percent, of the 240 major productive enterprises in the city reached or fell below the lowest level in fuel consumption in their history. Actual experience has proved that increased

charges for fuel consumption over and above the quota is an effective way to strengthen the control of the fuel consumption quota system, to encourage the enterprises to conserve and to make the best use of energy and that it is the correct policy for the control of energy consumption to resort to both administrative sanctions and economic measures. The implementation of this policy will serve to further promote the positive attitude on the part of the enterprises to strengthen their control over energy consumption, to explore all the potentials, to conserve the use of energy and to achieve greater economic benefits. It is incumbent upon the fuel supply departments at various levels to pursue this line of work in a positive manner, to strengthen their control over fuel consumption and to verify the amount of fuel consumption on an annual basis. In addition to increasing charges for fuel consumption over and above the quota according to stipulations, they must, in consultation with the concerned enterprises, seek to pinpoint the reasons for the high rate of consumption on the basis of actual facts and to help them to find a solution to the problem.

9621
CSO: 4013/52

NATIONAL POLICY

MEASURES FOR IMPLEMENTATION OF PRICE INCREASES FOR ABOVE-QUOTA FUEL CONSUMPTION

Beijing WUZI GUANLI [MATERIALS MANAGEMENT] in Chinese No 2, 1982 pp 11-12

[Text] State Planning Commission, State Economic Commission, State Energy Commission, Ministry of Finance, State Price Control Bureau, State Supplies Bureau

Notification regarding the publication of "Measures for the Implementation of Price Increases for Fuel Consumption Above the Quota"

The Provinces, Municipalities, Economic Commissions, Bureaus of Finance (Departments), Energy Conservation Offices, Ministries, Commissions and Bureaus under the State Council, Ministry of Logistics, Scientific Commissions for National Defense, Railway Corps, Engineers Corps:

Document (1981) No. 51 issued by the State Council concerning price increases for the consumption of energy by the enterprises above the quota is an important policy of the state for energy control. For the enforcement of this policy, the "Measures for the implementation of price increases for fuel consumption above the quota" is hereby issued to you with the request that it be implemented forthwith.

(20 November 1981)

Measures for the implementation of price increases for fuel consumption above the quota

(November 1981)

1. These measures were specifically formulated in accordance with Document (1981) No. 51 issued by the State Council "regarding stipulations for levying increased charges for energy consumption above the quota by the enterprises, and the increased charges are to be used mainly for energy conservation projects" and in the light of the actual experiences of certain localities in the implementation of the decision by the State Economic Commission and the State Planning Commission to raise prices by 50 percent for fuel consumption above the quota.

2. These measures are to apply to enterprises with an annual consumption of over 300-600 tons of coal (150-300 tons of fuel oil or 200,000-350,000 cubic meters of natural gas) and whose energy consumption quotas are subject to review.

3. The enterprises must, on the basis of their best record for fuel consumption in history and the existing technical productive circumstances, set a quota for fuel consumption according to the nature of their products (or according to the amount of the major raw materials or according to the production value, the number of furnaces and plants). Those enterprises which have already reached the advanced level of enterprises in the same line of business must consolidate and improve upon their gains. Those enterprises which have adopted major fuel conservation measures must set up proper quotas on the basis of the results after the fuel conservation measures have been put into effect. Those enterprises which set the quota on the basis of the value of their products must take into account changes in the makeup of their products in drawing up the quota.

The fuel consumption quota for the enterprises is to be reviewed annually. The procedure is as follows: The concerned authorities of the various state enterprises responsible for the supply of fuel and the State Supplies Bureau are to submit the quotas agreed upon to the State Economic Commission for its approval. The concerned authorities of the enterprises in the localities and the fuel companies responsible for the direct supply of fuel to the enterprises are to submit the quotas agreed upon to the economic commission of the same level for its approval.

The amount of fuel supplied to the enterprises is to be determined on the priority system by the concerned authorities of the enterprises and the fuel supply departments on the basis of the approved production target and in accordance with the plan for the allocation of fuel and the fuel consumption quota.

4. To strengthen control over fuel consumption, the various enterprises are to equip themselves with fuel gauges and meters so that they may have a record of the amount of fuel consumption and that they may review the implementation of the quota system on a monthly or quarterly basis.

5. The amount of fuel allocated to the various enterprises is to be based on their original record of consumption, including supplies from various sources, adjusted supplies and supplies provided by other enterprises through mutual agreement. An additional 50 percent is to be charged for any amount in excess of the quota on top of the average amount presently charged for the same type of fuel by the fuel supply departments. The increased charges for fuel consumption above the quota are to be assessed on a monthly or quarterly basis. The increased charges are to be paid first. Accounts are to be settled annually. The amount overcharged is to be returned and the amount outstanding is to be repaid. The amount of surcharge may be reduced according to circumstances if the fuel consumption above the quota is due to differences in the quality of the products put out by the enterprises and differences in the quality of the coal supplied to the enterprises.

6. As a matter of principle, the surcharge for fuel consumption above the quota should be used to subsidize the cost of energy conservation projects. Forty percent of the surcharge is to be paid to and allocated by the financial departments while 60 percent is to be retained and administered as a special item by the units to which the surcharges are paid. The funds may be used only for energy conservation and for no other projects.

The fuel companies which deliver fuel supplies directly to the local enterprises are to be responsible for verifying and receiving surcharges for fuel consumption above the quota. Forty percent of the surcharge is to be listed as income beyond the operations of the companies and paid to the local financial departments on the conservation department or the economic commission on the same level to be used at its discretion. The fuel companies are to be responsible for using the special funds for energy conservation and for no other purpose.

As for the enterprises of the various departments on the state level responsible for the supply of fuel, the responsible departments are, as a matter of principle, to be responsible for the verification and receipt of the surcharges for fuel consumption above the quota. Forty percent of the amount is to be listed as extraordinary income of the department concerned and paid to the financial authorities of the state while 60 percent is to be retained and to be used for energy conservation purposes by the departments concerned. The various departments are to formulate a set of rules for the settlement and management of accounts according to actual circumstances.

7. The surcharges levied against the various enterprises for fuel consumption above the quota are to be paid out of the production development fund of the foundation fund or the profit retention fund of the enterprises. The outstanding amount, if any, is to be paid out of the renewal and rebuilding fund and is not to be listed as production costs.

8. These measures are to become effective on the date of their approval and promulgation and will be operative as from January, 1982. The provinces, municipalities, autonomous regions, ministries of the State Council, commissions and bureaus are to formulate bylaws for their implementation according to existing circumstances and to submit reports to the State Economic Commission, the Ministry of Finance and the State Supplies Bureau for the record.

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MHD POWER GENERATION AND SUPERCONDUCTOR TECHNOLOGY

Shanghai DONGLI GONGCHENG [POWER ENGINEERING] in Chinese, No 1, 15 Feb 82, pp 36-42

[Article by the New Electricity Generation Technology Research Laboratory of the Shanghai Power Generation Equipment Design Research Institute: "Magneto-hydrodynamic Power Generation and Superconductor Technology"]

[Text] [Abstract]

This article describes the development in electrical engineering and the new problems that have emerged. The article talks about the principles, advantages and present development in magneto-hydrodynamic power generation and superconductor technology and analyzes the development of key technologies of magneto-hydrodynamic power generation and superconductors and their prospects.

I. Foreword

As modern industry has rapidly developed, the consumption of electricity has increased rapidly over the past decades. Even though the installed capacity of power stations and the capacity of the largest single generator have increased continually each year at a growth rate of 10 percent, they still cannot satisfy the needs of development of human society. In power generation facilities, the total installed capacity of the world's generators at present has reached 1.5 billion kilowatts. The largest single generator capacity has reached 1.3 million kilowatts. The highest cyclic thermal efficiency of power stations has reached 39.8 percent. According to estimates, by the year 2000, the total installed capacity of power generators will reach 8 billion kilowatts, and requirements for single generators with a capacity of 3 million to 5 million kilowatts may be proposed. From the point of view of nonrenewable energy resources, obviously we hope to increase the thermo-electric conversion efficiency of current equipment greatly to conserve the nonrenewable resources that are becoming more and more precious. In the ordinary development of electrical engineering technology, the cooling techniques, the levels of insulation, and the capacity of the single generator of ordinary generators have developed greatly since the successful test run of the first generator with a candle power of 600 in the world in 1882, and the technology has been

highly perfected. The capacity of large single power generators has approached "saturation", and has begun to reach the "capacity limit." This is because the capacity P of a generator is limited and determined by the following factors:

$$P \approx nDLAB$$

where n is limited by the operating frequency of 50 cycles/second (or 60 cycles/second). The diameter D of the rotor and the length L of the forgings are limited by the mechanical strength, the critical speed of rotation and vibration. The load A of the power lines is limited by the armature winding current density. The magnetic flux density B is limited by the density of the magnetic field and the iron core magnetic saturation. Judging from the currently available technical levels, the capacity of the ordinary large single generator will reach its "limiting capacity" when it reaches 2 million kilowatts. Continued increase in capacity will encounter difficulties that will be difficult to overcome.

The thermo-electric conversion efficiency of current ordinary thermal power generation equipment is usually only about 30 percent to 40 percent. To improve thermal efficiency, the present thermal power generation equipment has used large capacity, high parameter and intermediate reheating techniques, but its highest thermal efficiency can only approach 40 percent. This is because the thermal efficiency of the ideal Carnot cycle:

$$\eta = \frac{T_1 - T_2}{T_1}$$

The thermo-electric conversion efficiency is mainly determined by the initial temperature T_1 and the final temperature T_2 of the work mass of the cycle in which T_2 is limited by the temperature of the environment, and the initial temperature T_1 is limited by the heat tolerance of the high speed rotary steam turbine and the strength of materials. At present, they can only reach about 565°C. To further improve the thermal efficiency of current thermal power generation, the initial temperature of the cycle must be greatly increased, and this will bring about extreme difficulties for the high speed rotating steam turbine. Therefore, analysis based on present technology indicates that an efficiency of 40 percent will be the "limiting thermal efficiency" of ordinary thermal power generators. This means, for every 100 kilograms of fuel, only 40 kilograms are converted into electrical energy, and the remaining 60 kilograms are all converted to various types of waste heat and are wasted. This will be a heavy task for the production, supply and transport of exhaustible energy resources.

Therefore, even though electrical engineering technology has realized very great achievements during the past 100 years and more, as the need for electric power by mankind increases, a series of new demands and new topics by mankind increases, a series of new demands and new topics which must be studied will emerge to challenge electrical engineering technology. Magneto-hydrodynamic power generation and superconductor technology are new electrical engineering technologies that have rapidly developed against this background.

II. The Principles, Characteristics and Present Development of Magneto-hydrodynamic Power Generation and Superconductor Technology

1. Magneto-hydrodynamic Power Generation

(1) The principle of magneto-hydrodynamic power generation originated from the English "magneto-hydrodynamic power generation", abbreviated MHD, or the generation of electricity by magneto-hydrodynamics. The principle of magneto-hydrodynamic generation of electricity is very simple. It involves the use of a high temperature electrically conducting fluid which passes through and cuts across magnetic lines of force of a magnetic field to produce inductive electrodynamic potential. When a load is connected to a closed circle, we have a new method of generating an output of electrical energy.

Present thermal power generation consists of boilers, steam turbines and generators. Fuel burns in the boiler to heat water and produce steam. The steam drives the steam turbine. The steam turbine then drives the generator to produce electricity. The method involves two energy conversions. Thermal energy is first converted to mechanical energy. Then the mechanical energy is converted to electrical energy. Therefore the system is complex, the structure is huge, the initial temperature of the thermal cycle is low and the efficiency of energy conversion is low.

Different from the present method of thermal power generation, the magneto-hydrodynamic generation of electricity is a new method of generating electricity by directly converting thermal energy into electrical energy. It eliminates intermediate conversion into mechanical energy, therefore it has many outstanding advantages.

(2) Advantages of magneto-hydrodynamic generation of electricity

When the magneto-hydrodynamic electricity generator is used alone, its structure is compact, its system is simple, its size is small, processing is easy, its construction cost is low (about 1/4 the cost of ordinary thermal power generation equipment), its starting time (full power of several 10,000 kilowatts can be reached within several dozen seconds) is rapid, and it is especially suitable for use as a special purpose test power source and peak load power station.

Figure 1 shows a stand-alone magneto-hydrodynamic power generation developed successfully by us in 1972.

Figure 1. The 580-kilowatt short interval magneto-hydrodynamic power generator [with maximum power of 580 kilowatts (3,360 amperes at 175 volts) which operates for 3-minute intervals]

When the magneto-hydrodynamic power generating equipment joins regular steam driven devices in a joint cycle, the 2000°K high temperature fuel gas released by the magneto-hydrodynamic power generator can be fed into the surplus heat boiler to produce steam for generating electricity again. In such a joint cycle of magneto-hydrodynamic and steam power, the thermal energy of the fuel is utilized twice to generate electricity. The total thermal efficiency of the joint cycle is expressed by the following formula:

$$\eta = \eta_{MHD} + \eta_{ST} (1 - \eta_{MHD})$$

η_{MHD} is the cyclic efficiency of magneto-hydrodynamic power generation, generally reaching 20 percent to 30 percent.

η_{ST} is the cyclic efficiency of ordinary thermal power generation, generally reaching 30 percent to 40 percent.

When η_{MHD} = 20 percent, η_{ST} = 40 percent, η = 52 percent.

η_{MHD} = 30 percent, η_{ST} = 40 percent, η = 58 percent.

It can be seen that using the new technique of magneto-hydrodynamic power generation can increase the thermal efficiency of ordinary thermal power generation from 30 and 40 percent to 50 percent and 60 percent, equivalent to a conservation of 1/4 to 1/3 of fuel. When a joint 1 million kilowatt magneto-hydrodynamic and steam powered cycle with a 60 percent efficiency is compared to a regular thermal power station with 40 percent efficiency, 1 million tons of fuel can be conserved a year. Also the efficiency has been improved, and the amount of waste heat at the release exit is only about one half that of ordinary power stations. This greatly reduces heat pollution of the environment. At the same time, because a small amount of alkaline electrically conducting medium is added to the magneto-hydrodynamic power generating process, easily retrievable and usable sulphates formed by sulphides in the fuel are easily formed. This can greatly reduce "sulfur pollution" by present thermal power generation equipment.

Therefore, joint magneto-hydrodynamic and steam power stations that have a high efficiency and that produces little pollution have become a fundamental change in the method of power generation and have become an important direction in the development of present thermal electricity generation techniques.

Figure 2 shows a simulated generator of a small joint magneto-hydrodynamic and steam power station we developed successfully in 1976.

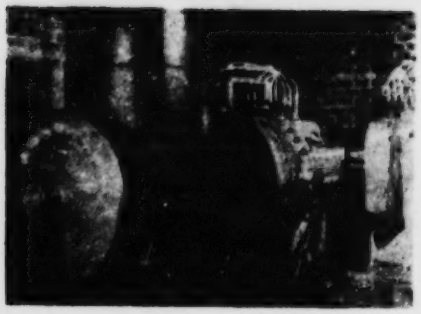

Figure 2. An 18-kilowatt long interval magneto-hydrodynamic power generator (with maximum power of 18 kilowatts, continuous operation of 200 hours).

(3) The Present Development of Magneto-hydrodynamic Power Generation

The United States was the first in the world to use the magneto-hydrodynamic power generation method to light 228 50-watt bulbs in 1959. Since then, over a dozen nations including the Soviet Union, the United States, Japan, India and Romania have invested a lot of manpower and materials in research and they have greatly emphasized it and developed it as a policy of national technological development. Since the 1970s, technical progress has been realized and magneto-hydrodynamic power units have achieved the level for industrial tests. The Y-25 joint magneto-hydrodynamic and steam cycle power station jointly researched by the Soviet Union and the United States (magneto-hydrodynamic power generation of 25,000 kilowatts, steam power generation of 50,000 kilowatts) has been most noteworthy. The Soviet Union has announced plans to build the world's first practical power station with 500,000 kilowatts of power and an efficiency of 50 percent by 1985. The United States and Japan are also planning to rapidly build industrial test equipment of the 10,000-kilowatt class. Although our nation began scientific research as early as the 1960s and built a few experimental generators with several kilowatts of power, several dozen kilowatts of power, and several hundred kilowatts of power with operating intervals of several minutes, several hours, seven dozen hours to 200 hours, as well as a small simulated joint cycle magneto-hydrodynamic and steam power station with a magneto-hydrodynamic power of 9 to 13 kilowatts and a steam power of 500 kilowatts and an operating period of 150 hours of which 100 hours were on-line operation in the power network, basically these were all on a small-scale laboratory and research level. Foreign nations believe that a joint cycle magneto-hydrodynamic power station with a power of 1 million kilowatts and an efficiency of 50 percent will be successful in the 1980s, and by the 1990s, large-scale industrial applications will be realized.

2. Superconductor Technology

(1) Principle of Superconductor Technology

In 1911, a Dutchman named Kamerlingh-Onnes discovered that the electrical resistance of mercury suddenly dissipated to zero under a low temperature of 4.2°K (-269°C). He called this phenomenon superconduction. Those metals,

alloys and compounds that possessed superconducting characteristics under low temperatures were called superconducting materials. The current density of superconducting materials in low temperatures can reach 60,000 to 100,000 ampheres/square centimeter, and they can produce magnetic fields of 60,000 to 170,000 gauss. People have used them to develop various kinds of electromechanical machinery and equipment. This is the superconductor technology that has developed prosperously during the past dozen years.

Superconducting materials generally have three characteristic quantities: the critical temperature T_c when superconductivity appears; the maximum current density under the critical temperature -- critical current density J_c; and the maximum magnetic field intensity under this condition -- the critical magnetic field intensity H_c. When any one of the characteristic quantities above is surpassed, the superconducting material immediately loses its superconducting characteristics, described as a "loss of superconduction phenomenon", and electrical resistance rapidly emerges. The critical characteristics of typical superconducting materials presently available are listed in the following table:

The most widely used is the Nb-Ti alloy and Nb_3Sn compound. The goal that is continually being sought by physicists and metallurgists is to maximize the critical temperature, critical current density and critial magnetic field intensity of superconducting materials.

Materials	T_c(°K)	H_c(kilogauss)	T_c (ampere/square centimeter)
Nb-Ti	9.3	120	-- 1.5×10^5
Nb-Zr	10.8	75	
V_3Ga	16.8	210	
Nb_3Sn	18.1	245	3×10^5
Nb_3Ge	23.2	350	

(2) Advantages of Superconductor Technology

Under low temperatures, the electrical resistance of superconducting materials is "zero". At the same time, the materials can bear a very high current density. If the current density of a water cooled copper lead wire is 1,000 amperes/square centimeter, then the current density of superconducting materials is almost 7 to 10×10^5 ampheres/square centimeter. Also, when a superconducting material conducts electricity, almost no heat loss occurs. At the same time, it can produce a strong magnetic field of 100,000 gauss without any iron magnet (therefore it is not limited by iron core magnetic saturation). Thus, electric

motors, electrical devices and magnets made of superconducting materials have a string of outstanding technical advantages such as light weight, small size and high efficiency. When comparing a superconducting generator and an ordinary generator, the following advantages are obvious:

(1) The air gap magnetic density B of a superconductor generator can be increased from 8,000 gauss of ordinary generators to 40,000 to 50,000 gauss. The load A on the line of the armature winding can use a troughless structure which will increase it by onefold. In this way, and after estimating some other factors, the theoretical capacity limit of a superconductor generator can be increased from 2 million kilowatts of ordinary generators to 10 million kilowatts or more.

(2) The outer diameter D and length L of the rotor of a superconductor generator are 0.8 to 1.0 and 0.4 to 0.6 that of ordinary generators. The superconductor generator will be visibly smaller.

(3) The weight of the rotor of a superconductor generator is only 1/4 to 1/3 that of an ordinary generator. The weight of the whole machine is 1/3 to 1/2 that of an ordinary generator, and the superconductor generator will be visibly lighter.

(4) The wear on copper of the rotor of a superconductor generator is almost zero. Loss due to mechanical wear will be reduced to 1/3, and total loss will be reduced to 1/2. In a bipolar generator, the efficiency can be increased by 0.5 percent to 0.8 percent, and the efficiency of a quadrupolar generator can be increased by 0.3 percent to 0.5 percent.

(5) Since the superconductor generator uses a non-magnetic rotor and an air gap armature winding, synchronous electrical impedance is reduced to 1/4, its operating stability will visibly improve.

(6) Because future superconductor generators can almost completely eliminate the iron core, the electrical insulation of the armature can be greatly improved. This makes it possible to manufacture high voltage generators that can be connected directly to the power network in operation. Thus, step up transformers necessary to ordinary generators can be eliminated.

(3) The present development of superconductor technology

The above advantages enable superconductor technology to be broadly used in almost all realms of electrical engineering. Superconductors are necessary in magnetically confined magnets of controlled thermonuclear reactors in the future, they are necessary for generating strong magnetic fields of high energy accelerators, and they are necessary in building strong magnets for magneto-hydrodynamic generators. Superconductor generators also have very broad uses and a broad future for development. At present, foreign nations have already successfully developed synchronous superconductor generators of 6,250 kilovolt-amperes, 5,000 kilovolt-amperes and 2,000 kilovolt-amperes. Westinghouse of the United States is developing the world's first practical superconductor generator of 300,000 kilovolt-ampheres. It is expected to

begin operation in 1983. Strong superconductor magnets for large high energy accelerators and strong superconductor magnets for magneto-hydrodynamic power generation have already begun operation. Small superconductor magnets used massively in scientific experiment and precision instruments have already been commercialized. Many 10,000-kilowatt class superconductor generators and large superconductor magnets for controlled thermonuclear reaction are being developed. A lot of effort is being exerted to develop, explore and study magnetically suspended high speed trains using superconductors, mineral selection and separation devices using superconductor magnetic fields, superconducting cables and superconductor energy storage. Since the 1960s, our nation has also developed scientific research in superconductor technology. Now, our nation can produce Nb-Ti, Nb Sn and many other types of superconducting materials. Many small superconductor magnets have already been successfully developed. We have successfully developed a 428-kilovolt-ampere synchronous superconductor generator with a lot of help from sister units. At present, we are conducting scientific research in building a 10,000-kilovolt-amphere class superconductor generator. Foreign nations have generally analyzed the situation and they believe superconductor technology will make major technical breakthroughs in the 1980s, and beginning from the 1990s, superconductor technology will have large scale industrial applications in the realm of electrical engineering. Therefore, some people predict that electrical engineering has begun to enter an era of "superconductor electrical engineering".

Figure 3 shows the exterior of the 428-kilovolt-ampere synchronous superconductor generator we successfully developed and tested in 1977.

Figure 3. The 428-kilovolt-ampere synchronous superconductor generator

III. Key Technologies That Must Be Solved in Magneto-hydrodynamic Power Generation and Superconductor Technology

Magneto-hydrodynamic power generation and superconductor technology are two new electrical engineering technologies that have developed rapidly during the recently 20 years. They not only follow the laws of ordinary electrical engineering technology, their development is closely related to the so-called "technologies of limits", ultrahigh temperature technology and superlow temperature technology. Therefore, there is a series of new demands and new subjects which require the use of new materials and a series of new structures.

1. The key technologies of magneto-hydrodynamic power generation

Magneto-hydrodynamic power generation is a new type of power generating facility which utilizes high temperature ionic gases passing through a strong magnetic field to produce electrical energy. Its output power is determined by the following formula:

$$P \approx \sigma K(1 - K)B^2u^2$$

where σ is the electrical conductivity of the high temperature gas, B is the magnetic flux density, u is the speed of flow of the high temperature electrically conducting gas, K is the load coefficient determined by the internal electrical resistance and the external load of the magneto-hydrodynamic power generating facility.

It can be seen from the above that when the speed of flow and the load coefficient are fixed, the greater the electrical conductivity σ and the magnetic flux density B, the greater the power of the magneto-hydrodynamic power generator and the greater the thermoelectric conversion efficiency. The electrical conductivity σ of the high temperature gas and temperature are closely related:

$$\sigma = 0.81 \left(\frac{T}{2000}\right)^{12}P^{-0.57}$$

To assure that the thermoelectric conversion efficiency of η of magneto-hydrodynamic power generation reaches above 20 percent, the electrical conductivity σ must reach 5 to 10 ohms/meter. This requires the temperature of combustion to reach above 3,000° K while the intensity of the magnetic field B must reach 50,000 to 60,000 gauss. Therefore, magneto-hydrodynamic power generation must solve the following key technologies:

(1) Ionization technology of high temperature gases

We must make sure that the operating mass for magneto-hydrodynamic power generation must have maximum electrical conductivity, therefore, we must solve a series of basic theoretical problems in plasma physics and thermoelectric physics related to the ionization characteristics of gases to guarantee that under an operationally feasible high temperature of 3,000°K, the gas can undergo maximum ionization.

(2) Study of new materials tolerant to high temperatures

To make sure that the magneto-hydrodynamic generator can operate for a long period under a high temperature of 3,000°K and a high speed of gas flow of 1,000 meters/second, we must have electrically conducting materials and insulating materials that can perform under such conditions. Now, high temperature resistant zirconium dioxide procelain is generally used as electrodes and magnesium oxide procelain is used as an insulating material. But their useful life lasts only several hundred hours. This is far from the requirements for long-term operation of 2,000 to 5,000 hours.

(3) Strong Superconductive Magnetic Field Technology

To guarantee a high efficiency in magneto-hydrodynamic power generation, we must use large and strong superconductive magnets of 50,000 to 60,000 gauss. This itself presents a series of new technological problems.

(4) Magneto-hycrodynamic power generation can only generate direct current electricity at present. To enable it to operate within a power network environment, the technology of large power direct current-alternating current inversion must be solved and there must be effective zero-work compensation.

(5) The auxiliary system for magneto-hydrodynamic power generation: high temperature air preheater and technology of retrieval and utilization of additives.

2. Key superconductor technology

Because presently available magnetically conducting materials possess "superconductive characteristics" only in superlow temperatures, a series of new technological problems will be encountered when developing superconductor power generators and other strong superconducting magnets. Also, presently available superconducting materials can only carry direct current loads and they cannot carry alternating current loads. Therefore, they can only be used in windings of magnetic fields carrying direct current. At present, applied research in superconducting technology must solve the following key technologies:

(1) The design and winding of the superconductive magnetic field coils.

The design of all superconducting coils requires a magnetic field with an intensity of over 50,000 gauss. The corresponding current density must be 60,000 to 100,000 amperes/square centimeter. Winding of the coil must be easy, and more importantly, the superconducting coil must retain its superconducting state in a stable manner under external interference by various types of electrical magnets, machinery and thermal forces. This means that the electromagnetic fields, the stress field and the thermal field of the superconducting coil must be accurately calculated and designed.

(2) Cooling and supports for superconducting coils

Because the intensity of the magnetic field of the superconducting coil is very strong and the density of the electrical current is large, therefore the electromagnetic force produced is also very large. An effective supporting structure must be provided. Also, because the superconducting coil operates under low temperatures, therefore effective cooling of such coils has very important significance. Especially in a superconducting power generator with a rotary magnetic field coil, a wholly forged rotor cannot be used. A rotor consisting of multiple layers of thin walled tubes must be used. There must be effective support and compensation for the centrifugal force, the electromagnetic force, and the cold contraction force of the magnetic field coil. Also, cooling techniques of liquid that is continuously injected under high speed rotation for deep freezing must be solved.

(3) To guarantee stable operation of superconductive coils under low temperatures, external influence must be reduced to the minimum, and in particular, infiltration of external heat must be prevented. This is an important condition for the stable operation of the superconducting coil. For this, we must guarantee that there is a high vacuum heat insulating layer of 10 to 10 torr between the superconducting winding and the external environment. For the superconducting power generator, we must also make sure that it can maintain the above degree of vacuum under high speed rotation.

(4) To guarantee safe operation of the superconducting coil, we must solve the problems in detecting the "loss of superconductivity" of the superconducting coil and develop corresponding protective measures.

(5) The superconducting coil must operate under low temperatures. Therefore, we must have corresponding cooling equipment. The reliable operation of the refrigerator is also a necessary condition for the safe operation of the superconducting coil.

IV. Outlook

Magneto-hydrodynamic power generation and superconductor technology are two new technologies of electrical engineering that are being developed. Because their technical advantages are outstanding and attractive, they have a strong chance for survival. But, because of their close relationship with the development of modern science and technology, they are also technically very difficult. As electrical engineering technology develops, it will eventually surpass the original field of electromagnetism. The comprehensive development of electrophysics, thermal physics, plasma physics, low temperature superconductor physics is a strong force that promotes the development of electrical engineering technology. Electrical engineering is a branch of science that has developed early. Since, man recognized and began utilizing electromagnetism, a lot of work has been done in the development of electrical engineering technology. Electrical engineering has already made great contributions to human social progress. But, as modern science and technology and social productivity continue to develop, electrical engineering is also undergoing change. The progressively larger power systems and generating equipment, the emergence of new power generating techniques and new power transmission techniques have continued to enlarge the scope of application of electric power. As magneto-hydrodynamic power generation and superconductor technology progress and are broadly applied, a new situation in electrical engineering technology will emerge to make even greater contributions to the development of human society.

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EXPERIMENTAL STUDY OF COM IN OIL-FIRED BOILER

Shanghai DONGLI GONGCHENG [POWER ENGINEERING] in Chinese, No 1, 1982, pp 21-26

[Article by Lin Hao [2651 3493] and Zhou Wenhua [0719 2429 5478] of Qinghua University: "Experimental Study of an Oil-fired Boiler Using Coal and Oil Mixture (COM)"]

[Text] I. Preparation and Storage of Fuel of Coal and Oil Mixture

Preparation of the fuel of coal and oil mixture should be based on the characteristics of our nation's consumption of coal for power production and the use of residual oil as boiler fuel and combined with the actual conditions in production in selecting a plan. At the same time, consideration must be given to the requirements for short term storage and short distance transportation.

1. Our nation uses many types of coal for power production. The quality of the types of coal is poor. Among the 30 major types of coal for power production, there is anthracite with only a 4.30 percent content of combustible base volatile fraction, there is also lignite with a 56.89 percent content of combustible base volatile fraction, and there are 16 types with an analytic base ash content above 30 percent. In fuels of coal and oil mixtures, powdered coal is in the solid dispersion phase in liquid dissociated substances. The size of the granules of powdered coal is not the same. The shape is irregular, and there are many types of structures on the surface. It is generally believed that the coal with a relatively mild degree of coalification possesses more polarized functional groups and has an earlier affinity to water. Actually, this is not necessarily so. The influence of the ash content on the surface of powdered coal is very great. Figure 1 shows the relationship between the affinity of Datong coal to water and the ash content. On the other hand, the weight of Datong coal increases and the content of ash increases. The results are shown in Table 1. In fuel of coal and oil mixtures, heavier coal granules of the same size settle faster. When the surface of the granule has an adsorptive layer, the granules attract each other. The adsorptive layer binds the granules and causes the granules to loss their freedom. At this time, the forces produced to restore the freedom of the granules prevent the granules from coalescing. This is called the entropy effect of the adsorptive layer. Therefore, the affinity to oil of powdered coal is an important property to prevent granules from settling. When the properties of coal and oil do not match, a feasible method is to use a surface activation agent to improve the affinity between coal and oil.

2. Our nation's boiler fuel is crude oil and residual oil. Their wax content and their solidification points are both higher than similar oil products of foreign nations. The solidification points of petroleum and its products in a certain sense indicate their paraffin content. The presence of colloids affects solidification of petroleum and also hinders precipitation of paraffins. In fuel oil, because of condensation, the contents of asphalt and colloids increase and cause the solidifcation point to rise. Petroleum fractions change from light to heavy and viscosity increases. When using our nation's crude oil or residual oil to prepare mixed fuel, we should fully utilize their characteristic of a high solidification point and a high viscosity to solve the problem of sedimentation of powdered coal. Table 2 lists information on some foreign and domestic crude oils and fuel oils for comparison.

3. According to the sedimentation experiment of presently available mixture of powdered bituminous coal and the mixed fuel of Wuqiu residual oil, we can see that the influence of temperature is outstanding. At the beginning, sedimentation is quick. After a definite period, sedimentation gradually slows down and then it remains unchanged. This is the combined result of coalescence of powdered coal and sedimentation. After two weeks of storage, stirring the mixture again showed that redispersion after this fuel of coal and oil mixture had deposited was good.

4. According to the fineness of powdered coal commonly used in our nation and the performance of solid and liquid mixers of the chemical industry, the combined operating power and wear of the equipment shown after test-operation indicated that the system in Figure 2 [not reproducible] is feasible. This system uses a variable speed drive and regulator to reduce power loss and wear of the equipment. The heater is installed at the outlet of the transport pump to reduce drag. The system is laid out in a plane to facilitate operation and maintenance.

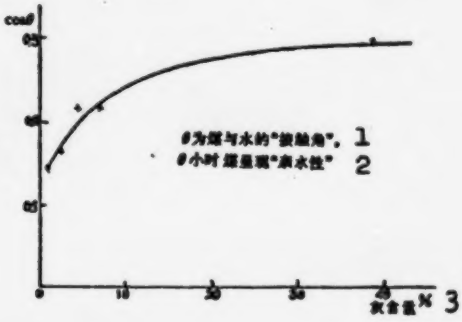

Figure 1. Ash content and contact angle of Datong coal

Key:
1. θ is the "contact angle" of coal and water
2. When θ is small, coal shows "affinity to water"
3. Ash content

Table 1. Relationship Between Weight and Ash of Datong Coal

Item	Weight	<1.25	1.25~1.30	1.30~1.35	1.35~1.40	>1.40
Air dried moisture content		3.46	2.04	1.71	1.84	1.22
Industrial Analysis	moisture content %	5.0	4.2	3.7	4.0	2.7
	ash content %	1.6	2.7	4.6	7.4	39.8
	volatile content %	34.7	31.6	26.6	22.4	19.0
	fixed carbon %	58.7	61.5	65.1	66.2	38.5

Table 2. Partial information on crude oils and fuel oils

7) 序号	8) 名称	9) 重度 吨/米³	闪点 10) ℃	凝点 11) ℃	水分 12) %	灰分 13) %	低位发热量 Q_H^P 大卡/公斤 14)	粘度 15)	备注 16)
1	大庆原油	0.8615	38	23~29	0.03	0.02	~10300	E_{50}1.6~2.0	含蜡量28.7% 18)
2	科威特原油	0.8648		−45	0.23			50℃7.9厘沱	沥青质0.98% 19)
3	伊朗原油	0.8518		−20				30℃6.8厘沱	含蜡量 2.8% 18)
4	大庆燃料油	0.9326	339	33	0.03	0.017	10080	E_{100}5~20	
5	胜利燃料油	0.93~0.96	180~210	25~40		0.01~0.1	9700~9800		
6	东炼燃料油	0.9259					10036	E_{50}30.2	

Key:

1. Daqing crude oil
2. Kuwait crude oil
3. Iran crude oil
4. Daqing fuel oil
5. Shengli fuel oil
6. Donglian fuel oil
7. Number
8. Name
9. Weight ton/cubic meter
10. Flash point
11. Solidification point
12. Moisture content
13. Ash content
14. Low heat emission Q_H^P kilocalorie/-kilogram
15. Viscosity
16. Remarks
17. Centistoke
18. Wax content
19. Asphalt

II. Transporting and Heating the Fuel of Coal and Oil Mixtures

The quality of coal used for power generation in our nation is poor. The ash content is high and the thermal value is low. When using it to prepare fuel of coal and oil mixtures, if the weight ratio of powdered coal is too low, the result of conserving oil would not be great. If the proportion of coal is too large in the mixture, loss due to drag and wear of equipment are sizable. In theory, when the concentration of powdered coal in mixed fuel reaches a definite proportion, the coal granules will become close to each other and fluid characteristics will not be manifested anymore.

1. The data on viscosity of fuels of coal and oil mixtures with different concentrations of powdered coal show that the higher the concentration of powdered coal, the larger the viscosity. When the weight ratio of powdered coal reaches 50 percent, the viscosity drastically rises (See Figure 3). Therefore, the mixed fuel generally used has a limit of 50 percent concentration of powdered coal.

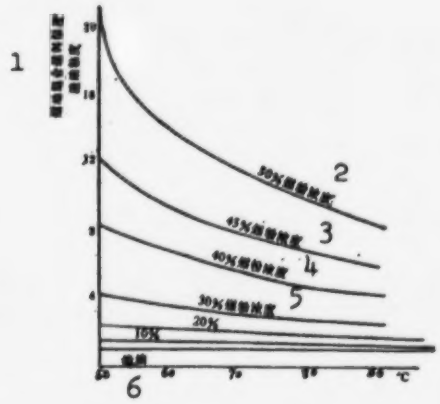

Figure 3. Viscosity ratio of coal and oil mixture and residual oil

Key:
1. Viscosity of coal and oil mixture
   Viscosity of residual oil
2. 50% concentration of powdered coal
3. 45% concentration of powdered coal
4. 40% concentration of powdered coal
5. 30% concentration of powdered coal
6. Residual oil

Referring to the measurements and analysis of viscosity of the dense suspension liquid of the solid and liquid phases, the viscosity of coal and oil mixture can be calculated according to the following formula:

$$\frac{\mu_m}{\mu o} = 1 + K_1\phi + K_2\phi^2 + K_3\phi^3 \qquad (1)$$

where μ_m is the viscosity of the oil and coal mixture;

μ_o is the viscosity of fuel oil;

ϕ is the volume content of powdered coal which can be calculated from the true specific gravity of coal and the weight ratio.

At a temperature of 60°C, the viscosity of the fuel of coal and oil mixture now is use is

$$\frac{\mu_m}{\mu_o} = 1 + 0.07683\phi - 0.0038\phi^2 + 0.00023\phi^3 \qquad (2)$$

From this we can derive the viscosity of mixed fuel with different concentrations of powdered coal. But we should note the effects of different types of coal, different types of oil, temperature and the viscosity of powdered coal.

2. When the weight ratio of powdered coal reaches 30 percent, the fuel of coal and oil mixture visibly manifest itself as a Bingham plastic fluid. But the concentration of powdered coal actually used is still higher. The diameter of the transporting pipe is not large, and the flow is laminar flow. Therefore, the drag coefficient can be calculated using the following formula:

$$F = \frac{16}{N_{Re}} \qquad (3)$$

where $N_{Re} = \frac{D^n V^{2-n} \rho}{\gamma}$, is called the combined Reynolds number, and where

D -- diameter of the pipe;

V -- average speed of flow;

ρ -- density of fluid:

$\gamma = K \left(\frac{3n + 1}{4n}\right)^n 8^{n-1}$; where

K -- the power rule coefficient of a non-Newtonian fluid;

n -- the power rule index of a non-Newtonian fluid.

In this way, we can use a general formula for calculating the drag in laminar flow to find the drag in the flow of a coal and oil mixture. Only the Reynolds number is different. The transport drag of the mixed fuel currently used is about 1.5 to 2 times the drag in residual oil under the same conditions. Because of a lack of accumulated experimental data, the above formula is presented only as a reference for design.

3. Because convection heat exchange in the coal and oil mixture is poor, therefore, if we use an ordinary heater, then under the same conditions, the total heat exchange coefficient would only be 1/3 to 1/2 that of residual oil. Therefore, the heater will have to be large and metallic consumption is large. Foreign nations use a measured intake heater. The coal and oil mixture is stirred and heated during the course of flow. This can increase the heat exchange coefficient 2 to 3 times. Therefore, according to the experience of designing and using the spiral tube box type heater, we designed a spiral tube box type heater that allows the coal and oil mixture to flow inside the tube and to be heated by steam outside the tube. In this way, when the coal and oil mixture flows inside the spiral tube, the direction of flow constantly

changes, and secondary flow inside the tube is created, thus greatly improving the convection heat exchange of the mixed fuel. The total heat exchange coefficient can reach over 60 kilocalories/square meter/hour°C, approaching the heat exchange coefficient of ordinary encased heaters for residual oil. The dimensions have also been reduced greatly and it can be conveniently installed at the outlet of the transporting pump and the drag in transport is reduced.

4. The electrical capacitance on the transport pipe can be used to measure the concentration of powdered coal in the mixed fuel, adjust ventilation during operation, and monitor the speed of flow of silting to prevent the pipes from being blocked or to prevent disruption in the supply of other fuels.

The dynamic characteristics of switching between mixed fuel of different concentrations of powdered coal and residual oil are different (See Figure 4 [not reproducible]). This switching characteristic is very important to starting shutting down boilers or switching fuels in case of emergency.

III. Results of Combustion and Tests of Coal and Oil Mixture

The ignition and burning characteristics of the coal and oil mixture burned in an oil-fired boiler and the effect upon the output and efficiency of the boiler are very important questions. How to guarantee safe and reliable operation of the boiler is also not to be overlooked.

1. The heat differential scale was used to measure the weight loss and heat release under slow heating of powdered coal, residual oil, and the coal and oil mixture. The results are shown in Diagrams 5 and 6. It can be seen from the heat differential curve that residual oil and the coal and oil mixture both absorb heat between 100 and 200°C. There is a heat release and heat absorption fluctuation between 400 and 500°C. The speed reaches the high peak of heat release. Although the high peak of heat release shifts towards the high temperature section as the concentration of powdered coal in the coal and oil mixture increases, the general trend approaches that of residual oil. Therefore, it can be believed that the ignition characteristics of the coal and oil mixture are not too different from those of residual oil.

The similarity between coal and oil mixture and residual oil and the difference between the mixture and powdered coal can be seen more clearly in the weight loss curve. Although the time for complete burning of the mixed fuel increases as the content of powdered coal increases, it is still much shorter than the time needed for complete burning of powdered coal. This shows the combustion space for combustion of the coal and oil mixture is much smaller than ordinary powdered coal boilers. Therefore, when an oil-fired boiler is changed to using coal and oil mixture, the output may not drop by a large scale.

2. In the selection and design of the ventilator and spout for atomization of mixed fuel, we must first consider a design for a burner that can switch between residiual oil and coal and oil mixture to guarantee safe and reliable operation. At the same time, we must pay attention to the effect of combustion and filling the combustion space. The current circular flow flame

stabilizer and the planar flow ventilator being used can guarantee stable ignition and can also avoid caking inside the ventilator. Also, the operation is simple and a lot of experience in design and use has already been accumulated domestically.

Using an internal mixing spout with steam assisted atomization allows the steam to heat the mixed fuel further to improve its atomization characteristics and the position of the spout can be adjusted to regulate the shape of the flame. Also, high speed circular flow is not present and there is less wear on the spout.

Cold and hot tests of the atomization spout from 200 kilograms/hour to 900 kilograms/hour enabled us to design a series of small capacity spouts suitable for use on ordinary oil-fired boilers. The section of the duct in front of the mixing chamber for the coal and oil mixture can be calculated according to the following formula:

$$F = \frac{100G}{36\mu\sqrt{2g\gamma\Delta P}} \qquad \text{(millimeter}^2\text{)} \qquad (4)$$

where G - amount of coal and oil mixture, kilogram/hour;

μ - flow coefficient, we can use 0.65;

γ - Weight of the coal and oil mixture, kilogram/meter^3;

ΔP - Difference in pressure between the entry pressure P_m of the coal and oil mixture into the spout and the pressure at the mixing point, (i.e., $\Delta P = P_m - \beta P_j$, where P_j is the pressure of the steam, β is the coefficient found in Figure 7), kilograms/-centimeter^2

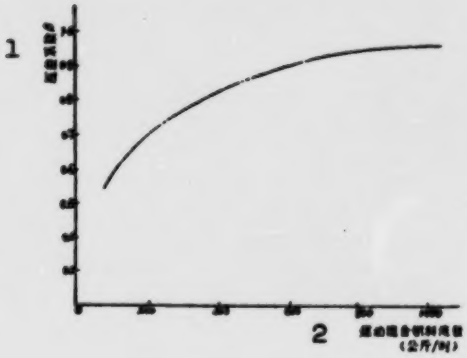

Figure 7. Correction coefficient of pressure difference of mixing and atomizing dissociated substances

Key:
1. Pressure difference coefficient β
2. Amount of flow of the coal and oil mixture (kilogram/hour)

Then, we can select the dimension of the steam ducts using the sectional ratio 0.7 to 1.0 between the steam duct and the duct for the coal and oil mixture. From this, we can determine the loss of steam. The formula for calculating this is as follows:

$$G_j = \frac{36\mu_1 F_1 \psi}{100}\sqrt{\frac{P_j}{V_j}} \quad \text{kilogram/hour} \qquad (5)$$

where F_1 - section of the steam duct, millimeter^2;

V_j - specific volume of steam, meter^3/kilogram;

ψ - Coefficient, 2.09 for over heated steam, 1.99 for saturated steam;

μ_1 - Flow coefficient found in Diagram 8 [not reproducible].

We can believe that after the steam enters the mixing chamber, it expands to a critical pressure. We then use the following formula to calculate the section of the spout of the mixing chamber, and make many small holes according to the requirements of the shape of the flame.

3. A mixed fuel of powdered bituminous coal and Wuqiu residual oil was test burned in a 15 ton/hour oil-fired boiler with a designed heat load capacity of 230×10^3 kilocalories/meter^3. This showed that when the concentration of powdered coal in the coal and oil mixture reaches 40 percent, the output of the boiler basically does not change but the efficiency of the boiler drops slightly. The fuel used and the test results of burning are shown in Tables 3, 4 and 5.

When burning a coal and oil mixture with a concentration of powdered coal reaching 50 percent, the filter is frequently blocked. Steam had to be used frequently to clear the filter. This interrupted the fuel supply and thus the output of the boiler dropped by a large scale.

IV. Conclusion

In summary, we believe:

1. The use of coal and oil mixture to replace fuel oil in domestically produced small fuel boilers does not greatly affect output and efficiency.

2. Combining the characteristics of the coal used for power production in our nation and the characteristics of fuel oil, we studied low temperature storage, medium temperature transport and high temperature atomization. If the quality of coal used for generating power can be improved, if the ash content can be reduced, then the results of oil conservation will be improved, and the stability of coal and oil mixture can be improved.

3. The theoretical analysis of the system for preparing coal and oil mixture described, the heater, drag in transport, the schemes and design of the atomization spout, all have general significance. But the concrete numerical values and the type of coal, the type of oil, the granularity of powdered coal are related to concrete conditions.

Table 3 Analysis of the elements in fuel and thermal values

1) 项目 / 2) 数值 / 3) 燃料	6) 元素分析 %							14) 低位发热量
	碳 C 7)	氢 H_2 8)	氧 O_2 9)	氮 N_2 10)	硫 S 11)	水 W 12)	灰 A 13)	Q_d 大卡/公斤
4) 伍邱渣油	86.34	11.93	0.74	0.51	0.48	—	0.74	9837
5) 混合烟煤	66.11	3.96	7.57	0.97	1.27	1.26	18.86	6311

Key:
1. Item
2. Numerical value
3. Fuel
4. Wuqiu residual oil
5. Mixed bituminous coal
6. Analysis of elements
7. Carbon
8. Hydrogen
9. Oxygen
10. Nitrogen
11. Sulfur
12. Water
13. Ash
14. Low level heat emission Q_d kilocalorie/kilogram

Table 4 Composition of Granules of Powdered Coal

1) 筛号	80	100	120	140	160	180	200	3) 过200筛	4) 损耗
2) 筛上剩余.%	2	5	2	2	12	13	2	70	2

Key:
1. Sieve number
2. Residues on sieve
3. Passing through sieve 200
4. Loss

Table 5 Contrast between the burning of oil and burning of coal and oil mixture in the 15 ton/hour fuel oil boiler to drive a 2000-kilowatt steam turbine generator

3)燃料 \ 2)数值 \ 1)项目		10) 低位发热量 Q_d 大卡/公斤	11) 发电机出力 千瓦	12) 燃烧室出口过量空气系数 α_1	13) 排烟过量空气系数 α_2	14) 飞灰中可燃质含量 %	15) 锅炉效率 η %
4) 伍邱渣油		9837	2040	1.17	1.74	14.23	79.6
5) 煤油混合燃料	6 含煤粉重量比20%	9137	2040	1.26	1.97	22.64	79.6
	7 含煤粉重量比30%	8787	1900	1.32	1.79	34.59	77.0
	8 含煤粉重量比40%	8437	2029	1.22	1.75	—	75.3
	9 含煤粉重量比50%	8087	1341	1.85	2.15	44.70	70.7

Key:
1. Item
2. Numerical value
3. Fuel
4. Wuqiu residual oil
5. Coal and oil mixture
6. Containing weight ratio of 20% of powdered coal
7. Containing weight ratio of 30% of powdered coal
8. Containing weight ratio of 40% of powdered coal
9. Containing weight ratio of 50% of powdered coal
10. Low level heat emission Q_d kilocalorie/kilogram
11. Output of generator Kilowatt
12. Surplus air coefficient at exit of combustion chamber α_1
13. Surplus air coefficient in smoke exhaust α_2
14. Content of combustible substances in unsettled dust
15. Efficiency of boiler η

At present, although some experience concerning the preparation, transport and burning of coal and oil mixture has been accumulated, it needs to be tested in operation over a long period in industrial production. Tests on certain imported boilers with relatively high heat load capacity and typical types of coal and types of oil, and studies of fuels, studies of the distribution of ash and the treatment of ash still have to wait until our powdered coal preparation system is established and until porosity testing has been perfected before they can be gradually conducted.

In addition, according to the current world market prices for heavy oil, coal and coal and oil mixture, and combining the characteristics of our nation's coal and oil resources and labor force, producing a mixed fuel of coal and heavy oil for export is also a path of development that can be considered.

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9296
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UTILIZATION OF HEAT OF SLAG FROM FLUIDIZED BED BOILER

Shanghai DONGLI GONGCHENG [POWER ENGINEERING] in Chinese, No 1, 15 Feb 82 pp 33-36

[Article by Sun Nanchun [1327 0589 2504]: "Utilization of the Heat of Overflowing Slag in a Fluidized Bed Boiler"]

[Text] I. Foreword

The fluidized bed boiler manifests a broad adaptability for fuel because of its superior method of burning. At present, this burning method is mostly used to burn poor quality fuel with a heat output of less than 3,500 kilocalories/kilogram. For example, this method is used by power stations built at pit entrances near coal mines to burn waste coal rocks. It is used to burn bone in bone coal producing regions. It is used to develop comprehensive utilization. It is used to burn other poor quality fuel and waste slag of industrial furnaces and kilns by suiting measures to local circumstances. This method of burning has important practical significance in conserving energy, rationally utilizing natural resources, and promoting the buildup of the four modernizations. Poor quality fuel generally has a very high ash content. The amount of slag released by boilers is large. The loss of heat of slag is also very sizable. This must be utilized and it is a problem that cannot be neglected in energy conservation. For example, the low level heat output of the usable base Q^{Y}_{DW} = 2000 - 1000 kilocalories/kilogram. The ash content A^{Y} = 60 - 78 percent, and q_6 is as high as 6 to 11 percent. Under this situation, the problem of utilizing the heat of ash and slag becomes an especially outstanding problem.

II. The Method of Utilizing the Heat of Overflowing Slag

Slag released by a boiler is mainly overflow slag. The amount of overflowing slag is generally 45 to 65 percent of the total ash content. There are two general methods of retrieving heat:

1. One method uses air as the medium to transport ash and slag to an ash and slag storage area. The ash and slag are cooled and the air is heated. After the air is purified, it is sent to the boiler for burning. Its function is equivalent to an air preheater utilizing ash and slag as the heating source.

2. The second method uses water to absorb the heat of overflowing slag. At present, the boiler is commonly used to supply water. Its function is equivalent to a coal conserving device using ash and slag as the heat source. There are two common types:

i. A water sleeve is installed on the windlass that carries the released slag. The water not only absorbs the heat of the slag and reduces the loss of heat, at the same time, water protects the windlass so that it will not overheat, deform and malfunction. This method is suitable for use in small boilers.

ii. A retriever of the heat of slag is installed below the overflow spout. Steel pipes of small diameter are bent into snake-shaped pipes, similar in structure to the steel piped coal conserving device. The slag drops from the upper part. Water in the pipes flows upward in a countercurrent to form a larger temperature pressure (See Diagram 1 for structure). This article will mainly discuss this second type of heat retriever.

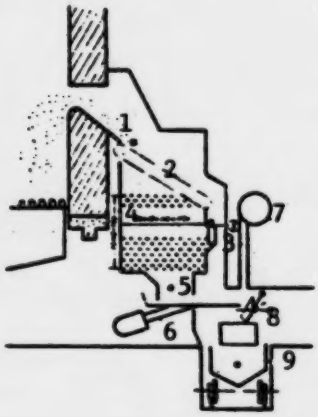

Diagram 1. Illustration of the retriever of the heat of slag

1 -- thermo-electric coupler test point; 2 -- slag filter tube; 3 -- slag level relay; 4 -- slag heat retriever; 5 -- thermo-electric coupler test point; 6 -- slag vibrator; 7 -- duster; 8 -- rotary slag catcher; 9 -- automatic loading dipper

III. Test Results of the Slag Heat Retriever

The slag heat retriever is generally installed below the overflow spout. After the slag overflows from the spout, it drops by gravity. The upper part of the retriever has a slanting slag filter tube to prevent caking of slag into small pellets (with outer diameter of about 20 mm) which may stick between the grid formed by criss-cross tubes and block the passageway. For boilers with a steam output of 10 tons/hour that burn bone coal of Q^{Y}_{DW} = 1100 kilocalories/kilogram, the heated surface of the slag heat retriever is 50 square meters. The supply of water is heated by the coal conserving device and flows into the slag heat retriever. Its function is equivalent to that of the high temperature coal conserving device. Many observations and measurements of long periods have been made during operation. The data were computed and average values were taken. The results are as follows.

The intake slag temperature was 800°C, the exit slag temperature was 511°C, the average temperature drop of the slag was 288°C.

When the average temperature of water flowing into the slag heat retriever was 100.7°C, the exit water temperature was 146.3°C, the average temperature rise of the water was 46°C. This was the average value of the data of 75 effective tests.

The calculated coefficient of heat conduction of the retriever's heated surface was $K_{Average}$ = 18.8 kilocalories/meter^2·hour.°C. This was equivalent to the coefficient of heat conduction of steel piped coal conserving devices of ordinary boilers.

Because the slag heat retriever was installed, the heat loss q_6 of the ash and slag was reduced and the efficiency of the boiler was improved by 3.66 percent. The slag carried away by the slag heat retriever was used to heat water for living, and this part of the heat was not included in the measurements. After exerting efforts, it is hoped that the goal of improving the efficiency by 5 percent can be realized. This would be an outstanding result.

The slag heat retriever releases slag intermittently. The heated surface is submerged in high temperature slag, not just brushing past it. Heat conductivity is good. The submerging time is 5 to 10 minutes depending on the amount of slag.

The sieving characteristics of overflowing slag are as follows:

Compared to fuel, sieving of slag is less at the two ends and more in the middle. In other words, the percentages of large granules and fine powder are both small while the granules of 0.58 to 3.52 mm at the center constitute 60 percent. The average dimension of the granules is 2.55 mm, close to the dimension of the average granules of fuel.

IV. Discussion of Several Different Configurations of Installation

1. Problem of Configuring the Slag Heat Utilizer

The temperature of the slag released by the slag heat utilizer is still about 500°C, and it still has a potential for utilization. But, most of the boilers in use at present have a "Π" configuration. The overflow spouts are all positioned on the back wall. Its height is limited. Therefore, the space for positioning the slag heat retriever is limited, and the heated surface cannot be large. If the slag temperature is lowered to about 300°C, the space would not be enough. In the future, when using the slag heat utilizer, we should include it as part of a whole design of the boiler body. We cannot rely on the final space available for the heated surface.

2. The Effect of the Intake Water Temperature

The temperature of water supplied to low pressure boilers is low, and the temperature of water that is released by the coal conserving device and that is flowing into the slag heat retriever is also not high. The slag temperature at the intake (i.e., the releasing temperature of overflowing slag) varies with the temperature of the upper part of the boiling section, and the range of fluctuation of the temperature is not large. Therefore, the average temperature pressure in the retriever is larger. For example, when the intake water temperature is 100°C, the average temperature pressure Δt can reach 500°C. The temperature of water supplied to medium pressure and high pressure boilers is correspondingly higher. If other conditions remain unchanged, a rise in the intake water temperature means a drop in Δt. The variable values of Δt based on the intake water temperature of 100°C are as follows:

Intake water temperature, °C	100	150	172	215	240
$\Delta t/\Delta t_{100}$	1	0.9	0.86	0.77	0.72

Although the temperature pressure drops and the coefficient of heat conduction drops, they are still higher than those of the steel piped coal conserving device of boilers with the same parameters. Technical and economic comparison shows that they are still feasible.

3. Position in a Steam and Water System

Used as a coal conserving device in the high temperature section of medium and low parameter boilers, its positioning is simple and convenient. When used as a coal conserving device in the low temperature section, its effect is equivalent to raising the temperature of the water supply but it is unfavorable to reducing the temperature of the smoke exhaust. The number of heated surfaces of the air preheater must be adjusted. This system of configuration should not be used for low pressure boilers which do not have a tail air preheater to avoid increasing the loss in smoke exhaust. This can be proven in thermodynamic calculations and in operation.

In industrial boilers not connected to steam turbine generators, softened supplementary water entering the deoxidizer can also be heated. The temperature of such water is lower and a greater temperature pressure and better heat conduction can be maintained. This can reduce the amount of steam consumed by the deoxidizer. Ordinarily, the steam used by such oxidizers come from the saturated steam of the boiler and the waste disposal expander. This system of configuration is one of the more practical and effective plans.

In high pressure boilers, it can still be used as a coal conserving device in the high temperature section. If the slag heat retriever is used as a substitute for the low temperature heater, it is beneficial in heat conduction, but it will increase the number of pipes from the steam turbine room to the boiler. This will reduce the steam drawn by the steam turbine and will also affect the efficiency of the entire power plant. This must be carefully calculated and considered on an overall basis.

Using the slag heat retriever to directly heat water for living and to provide hot water for production use in certain industrial sectors is simple and effective.

V. The Characteristics of Heat Conduction of the Slag Heat Retriever

The slag heat retriever that releases slag intermittently absorbs the small amount of radiated heat from the upper part of the boiling section at the overflow spout. The amount of radiated heat is related to the temperature at the upper part of the boiling section, the area of the spout, the concentration of ash granules in the smoke, and the composition of the smoke. After the slag inside the retriever has been completely released, a small amount of convection heat exchange occurs when hot new slag enters. The main method of heat conduction is contact heat conduction between the solid layer with a definite porosity and the surface of the pipes. Heat conduction is basically composed of two major portions, heat conduction between the solid slag granules and the surface of the pipes and heat conduction between the high temperature gases in the pores and the surface of the pipes. Under the same temperature, the coefficient of heat conduction between solids is generally larger than the coefficient of heat conduction between gases and solids. The porosity is generally smaller, therefore heat conduction between solids is still the main form.

Besides the ordinary factors that affect heat conduction, the additional special factor is obviously porosity. When porosity increases, heat conduction of the gaseous part increases, heat conduction of the solid part drops, and the total coefficient of heat conduction drops. Porosity is determined by the average diameter of the granules, the sieving characteristics, and the characteristics of surface shapes. When the average diameter of the granules is small, the granules are piled up densely and solidly, therefore, the porosity is small and heat conduction is good. But, some experimentally measured data show that when the average diameter is smaller than 2 millimeters, porosity gradually increases. If we use ε to represent porosity, then:

$$\varepsilon = 1 - \frac{\gamma_{pile}}{\gamma}$$

where: γ_{pile} -- the specific gravity of the slag pile

γ -- true specific gravity of slag

The specific gravity of the pile of bone coal slag is about 0.946, higher than that of bituminous coal and anthracite, and the porosity ε is about 0.4. If the shapes of the slag granules are regular, and if the coarseness of the surfaces is small, then porosity would also be small and heat conduction would be good.

In the entire retriever, the long period of submergence of the slag at the lower part cools the slag longer, therefore the temperature is lower. Upwards, the temperature of the slag gradually rises. Thus, the temperature pressure at the top and the bottom of the layer of granules is different and the coefficient of heat conduction is also different. The numerical value calculated from measured data is actually the average value of the coefficient of heat conduction in the entire layer of granules.

For the single slag granule, the surface temperature of the granule is low while the inner temperature is high. We can imagine the granule as a sphere with the center of the sphere as the "heat source". Heat disperses and propagates throughout the multi-dimensional space of the surroundings and a temperature gradient exists in the direction of propagation. The temperature measured by the thermo-electric coupler and measuring devices at the site of experiment basically reflect only the temperature of the surface layer of the slag granule. The amount of heat released calculated from that temperature is generally 5 to 9 percent higher because only the heat of small granules is fully utilized while the heat at the center of large granules has not been completely released. When the slag granules are cooled, an ash and slag layer of a lower temperature is formed on the surface of the slag granules. This is equivalent to adding a heat resistor on the heated surface towards which the internal heat of the slag granules continues to propagate. Because thermal conductivity of the ash slag is not good, the heat conduction here is different from heat conduction between two types of metals. In addition, the specific heat capacity of ash slag of poor quality fuel is generally larger than the figures given in ordinary boiler technology texts. In general, the situation is complex, and related research is still scarce. Therefore, at present, it is still very difficult to establish precise equations of thermal balance in thermodynamic calculations.

VI. Conclusion

1. When the amount of heat output of a boiler burning poor quality fuel is Q^{Y}_{DW} = 2,000 to 1,000 kilocalories/kilogram, we must consider the problem of retrieving the heat from overflowing slag. In actual cases of measurement, boiler efficiency can be improved by 3.66 percent. The result of conservation of energy is visible and there is still potential.

2. In the various applications plans, the writer believes that the slag heat retriever is best used as a substitute for the coal conserving device in the high temperature section. It is also rational and feasible to use it to heat chemically softened water. It can also be used to heat water for living and for appropriate industrial production.

3. The method of heat conduction of the slag heat retriever is mainly contact heat conduction between solids. Heat conduction is very complex, and precise calculations of heat conduction still require study. The coefficient of heat conduction is much greater than that of ordinary steel piped coal conserving devices.

9296
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NEW TECHNOLOGY

STONE COAL FLUIDIZED BED BOILER FOR POWER GENERATION PASSES TRIALS

Beijing GUANGMING RIBAO in Chinese 12 Apr 82 p 1

[Article by Zhang Zuhuang [1728 4371 3874]: "Stone Coal Fluidized Bed Boiler for Power Generation Passes Technical Appraisal; Opening New Way of Utilizing Low Calorie Poor Quality Fuel"]

[Text] A new model boiler using stone coal as fuel - 35 ton-per-hour fluidized bed boiler - showed good results after several years of trial use at the Yiyang Bone Coal Power Generation Comprehensive Utilization Experimental Plant [Shimei Fadian Zunhe Liyong Shiyenchang] in Hunan Province. Recently, as entrusted by the First Machinery Ministry, the Hunan Province Science Commission organized all concerned specialists in the country to conduct a technical appraisal on this boiler.

This fluidized bed boiler trial used by the Yiyang plant was jointly designed by the Shanghai Complete Set Power Generation Equipment Design Research Institute of the First Ministry of Machine Building and the Shanghai Boiler Plant and was manufactured by the Shanghai Boiler Plant. The installation of this boiler was completed in March 1978 and it went into regular service in 1980. By now it has accumulated over 6,000 hours of operating time. At one time, it operated continuously for 1,126 hours. Using stone coal of 900 to 1,000 kilocalories per kilogram, the firing was stable and the various parameters were able to satisfy the requirements of the 6,000-kilowatt turbogenerator. Computed on the basis of 5,000 operating hours a year, 29,000 tons of bituminous coal can be saved each year. Involved specialists believe that this type of boiler has opened a new road for solving the burning problem of low calorie poor quality fuel and for the comprehensive utilization of our nation's energy resources.

The use of stone coal in a 6,000-kilowatt power generation boiler is not known to have had a precedent either here or abroad. During the experimental process, the Hunan Province Electrical Design Institute undertook the design of power staion accessary equipment. The Shanghai Complete Set Power Generation Design Research Institute, Hunan Province Electrical Design Institute, Huazhong [Central China] Institute of Engineering, and Zhejiang University separately conducted considerable experimental work in their related areas, developed some definite scientific data, and wrote a number of research papers. These will provide the scientific basis for the future design of large fluidized bed boilers.

The specialists who attended the appraisal meeting pointed out that in order to fully develop our country's energy resources it is necessary to develop new innovations on the foundation of this achievement. Further improvements should be made of the boiler wall piping and the boiler structure in order to extend their operating life, improve heating efficiency, and properly solve the desulphurization problem.

5974
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POWER NETWORK

CHINESE SELECT FOREIGN-MADE 500KV CIRCUIT BREAKERS FOR PING-WU LINE

Beijing DIANLI JISHU [ELECTRIC POWER] No 3, 5 Mar 82 pp 29-30

[Article compiled by Yang Qiuqi [2799 4428 3217] of the Foreign Affairs Office of the Ministry of Electric Power: "Selection of 500KV Circuit Breakers for Ping-Wu Transmission Line"]

[Text] China's first Pingdingshan-to-Wuhan 500KV ultra-high voltage transmission line currently under construction uses some imported electric equipment including 500KV equipment at the three substations at Pingdingshan, Shuanghe and Wuchang. When this foreign equipment was imported, the associated manufacture technologies were imported simultaneously. We now introduce the selection of the 500KV circuit breakers and their technical characteristics.

I. The Selection Process

We investigated the SF_6 (sulphur hexafluoride) open circuit breaker manufactured by the French company Merlin-Gerin, the SF_6 canister circuit breaker made by HIT in Japan, the pneumatic circuit breaker made by the French Alsthon company and the Swiss BBC, and the low oil circuit breaker with close switch resistor of the Swiss company ASEA. According to the usage situation in Western Europe, North America and Asia, oil-free circuit breakers are seldom used in 500KV transmission lines and there is a lack of operating data. In 500KV networks built before the 1960's, pneumatic circuit breakers were used. However, since SF_6 circuit breakers with a single voltage arc elimination chamber using SF_6 gas as the arc eliminating medium were put into use in ultra-high voltage networks, they have displayed superior characteristics. The SF_6 circuit breakers have the following advantages over the pneumatic circuit breakers:

1. Pure SF_6 gas is stable and nontoxic and has a high insulation ability. SF_6 gas at a pressure of 3 kg/cm^2 has the same insulation ability as transformer oil. It has a good thermal conductivity, forms relatively narrow arc column and the time constant of the arc is far smaller than that of arc. It also has the property of absorbing electrons and recombining with positive ions which reduces the number of free electrons in the spark gap and thereby decreases the electrical conductivity of the spark gap. After the arc dies out, the medium can sustain a high rate of voltage recovery and the circuit breaker can reliably turn off different malfunctions without the need to install parallel resistors.

2. The SF_6 circuit breakers are simple in structure and easy to maintain and operate. Because they have the characteristics described above, they can easily be made into large on-off capacity circuit breakers. For example, to turn on or turn off a 500KV, 50KA short-circuit current with SF_6 gas at a pressure of 5 to 6 bars (1 bar = 1.02 kg/cm^2), only 4 breaker points are needed whereas 6 breaker points are needed to turn on or turn off a 500KV, 40KA current with gas at 20-25 bars. The amount of machine work needed for SF_6 circuit breakers is only 40 to 50 percent of that required by pneumatic circuit breakers. SF_6 gas recovers after dissociation by the electric spark and the insulation power of the gas does not drop after turn on or turn off. The contact head suffers only minor burning damage in SF_6 gas and can be used for many repeated on-off operations.

But the following problems should be considered in using SF_6 circuit breakers:

(1) SF_6 is a gas that can easily be liquefied and the condensation point is pressure dependent. For the SF_6 circuit breakers selected for the Ping-Wu project, the condensation point is -31°C for a pressure of a 5 bars and a current of 50KA, and the condensation point is -40°C for a pressure of 3 bars and a current of 40KA. According to temperature conditions in China, this type of circuit breaker can be used over a large region.

(2) If the transmission network requires staged close-switch resistance and one-cycle total on-off time, it is so far difficult to achieve with SF_6 circuit breakers. The networks in China will not have this technical requirement in the near future.

According to price quotes by foreign manufacturers and our survey, the price of 50KA SF_6 circuit breaker (open style) is only about 10 percent higher than those of 40KA pneumatic circuit breaker (pneumatic pressure system extra) and the low oil circuit breaker but the performance of the SF_6 breaker is superior. Considering the principle of importing advanced products that suit the domestic need and are reasonably priced, we have decided to import the SF_6 circuit breakers.

II. Model selection

The foreign-made 500KV SF_6 circuit breakers in operation today have three structural models: open style porcelain column model (the European model), ground level canister shock-resistance model (the Japanese model) and the totally enclosed model. Because the Ping-Wu engineering project does not have special requirements regarding earthquake and field layout, it is most economical to employ the open style porcelain column model. The open model circuit breaker has two different types of arc elimination chambers, the circuit breakers made by the Merlin-Gerin company in France are of the single-voltage, dual-nozzle, variable-separation type and circuit breakers made by the Siemens company in West Germany are of the single-voltage, fixed separation type. In comparison, the former has the following advantages: the structure of the arc elimination chamber is simple, the inertia of the SF_6 gas compressing device is small and the arc elimination time is short, the space between the contact head and the porcelain steeve can be

fully used to increase the arc length and help arc elimination, the dimension of the top portion of the porcelain jacket can be made small to reduce manufacture cost, the distance between the break points is large and can withstand high voltage and it can easily handle large on-off capacity and two-cycle total on-off time. Besides, it is difficult to achieve 3 bars, -40°C and 40KA with the fixed-separation model and its patent fee is very high. Hence, the decision has been made to import the device and patent of the French Merlin-Gerin variable-separation type arc elimination chamber structure.

The major specifications of the SF_6 single-voltage open style porcelain column circuit breakers to be used on the Ping-Wu transmission line are: voltage is rated at 550KV, current is rated at 3150 A, 4 contact points, SF_6 pressure is rated at 6 bars, on-off short-circuit current is rated at 50KA, total on-off time is 45 msec, closed-switch resistance is 400 ohm, maximum operating over-voltage factor is 2 and ground shock test voltage is 1800 KV (peak value).

III. Technical characteristics

The principal technical characteristics of the SF_6 circuit breakers selected for the Ping-Wu transmission and transforming engineering project are as follows.

1. Continuous on-off current characteristics

The Merlin-Gerin company has tested the same model SF_6 circuit breakers rated at 40 KA with continuous on-off tests for short-circuit, near-field malfunction and reverse-phase breaking. A total of 4066 KA has been tested in 737 times of turn-off and 105 times of turn-on-off-on-off. The entire testing procedure required no service, no gas replenishment, no gas fittering and the circuit breakers passed the insulation tests conducted according to the International Electrical Engineering Commission standards afterwards. The number of guaranteed continuous breaking current and number of operations are listed below:

Breaking Current(KA)	63	50	40	25	3.15
Number of Operations	10	14	20	90	5000

2. Mechanical operation tests

Five circuit breakers were tested for 10,000 on-off operations under the following conditions: First 1000 operations were made at normal temperature and then the temperature was rapidly dropped to -25°C and another 1000 operations were made, the temperature was then raised to +40°C and an additional 1000 tests were made, 2000 operations were then made under normal temperature in a humid environment, followed by 100 percent breaking tests and finally they were tested 5000 times under normal temperature.

3. Selection of close-switch resistance

The Merlin-Gerin company has conducted breaking tests of 500 KV, 800 A capacitive current and 500 KV, 245~1000 A inductive current with an over-voltage factor less than 1.4. No-load turning-on tests were made for 500KV, 400 km

transmission line on an Italian transient network testing equipment. When 360 ohm close-switch resistance was used, the over-voltage reached 2.2 times without parallel compensation and 1.5 times with 40 percent compensation provided by parallel reactance. Based on transient network analysis made specifically for the Ping-Wu transmission line, it was decied to use a single-stage 400 ohm close-switch resistance, the engagement time is 8 ± 1.5 msec and the over-voltage factor is no more than 2.

4. Gas leakage rate

In 95 percent of the cases, the SF_6 gas leakage rate is no greater than 0.05 bar/year, the worst case is less than 0.3 bar/year and the gas should be replenished every 3 years or so.

5. Installation and adjustment

The complete set SF_6 circuit breakers are adjusted and tested by the manufacturer and each column is separated into three parts: the top arc elimination chamber and the parallel resistor, capacitor and container, mid-section supporting porcelain bottle, push rod, and hydraulic cylinder, and the bottom support legs. They are assembled on site. In Wuchang substation, it took approximately 1 week to assemble one set of circuit breakers including charging with gas and the mechanical operation tests. The action time of the assembled unit is in agreement with the manufacturer's test data. For example, the characteristic open-switch time is 20 msec (26 msec specified in the contract) and the maximum asynchronous time interval between the in-phase and out-of-phase break points upon open switch is 1.5~2 msec (2 msec specified in the contract). The 13 sets of 500 KV SF_6 circuit breakers used in the Ping-Wu transmission line were all installed and adjusted by early August 1981. They will provide valuable experience of using this new technology in ultra-high voltage power grids in China.

9698
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POWER NETWORK

POWER OUTPUT ESTABLISHES ALL-TIME RECORD IN GUANGDONG

Guangzhou NANFANG RIBAO in Chinese 6 Apr 82 p 2

[Article: "Power Output in Province Establishes All-Time Record in First Quarter; Total Output of Over 3.1 Billion Kilowatt-hours Exceeds Plan by More Than 400 Million Kilowatt-hours"]

[Text] An unprecedented situation has developed in our province's electrical power production in the first quarter of this year. The best seasonal records were established for the economic technical indicators of generating capacity, coal and water consumption, and the rate of plant consumption. Statistics show that the province's power output was over 3.11 billion kilowatt-hours, exceeding the plan by over 410 million kilowatt-hours and representing an increase of 22.6 over the same period a year ago. Of the total, output of provincial power plants was more than 2.36 billion kilowatt-hours, an increase of 21 percent over the same period a year ago. Water consumption of hydroelectric plants, coal consumption of thermoelectric plants, and the rate of electricity use by the power plants themselves all showed large-scale reductions.

Although water supply for our province's hydroelectric plants has increased slightly this year, inadequate fuel supply difficulties have widely plagued the thermoelectric plants. Except for the Huangpu Power Plant, fuel supplies for the other power plants have decreased by nearly a quarter as compared to the same period last year. In order to alleviate the tight electric power supply situation under these conditions, the various power plants conscientiously strengthened their enterprise management in an effort to produce even more power through smaller consumption. In the first quarter of this year, the total water supply for the seven major hydroelectric plants of the Guangdong electric network increased by only 15 percent over the same period a year ago. However, because of the strengthening of the rational economic management of the reservoirs to keep the generators operating at specific high water levels, the generating capacity actually increased by 62 percent. Compared to the first quarter of a year ago, the average daily output of the hydroelectric plants increased by 1,790,000 kilowatt-hours, the average water consumption for each kilowatt-hour of electricity was reduced by 0.5 cubic meters, and over 50 million kilowatt-hours of electricity were generated from the water conserved.

Aimed at the difficulties of inadequate fuel supply for the thermoelectric plants, electric power departments in the province rationally arranged the

operations of the generators within the system. High temperature, high pressure generating units of low energy consumption and high efficiency were run more often and the operating time of medium temperature and medium pressure and low temperature and low pressure units was reduced. As a result, good economic benefits were achieved. Statistics show that the percentage of electricity generated by high temperature, high pressure generating units in the Guangdong electric network increased from 85.7 percent in the first quarter of last year to 90.3 percent in the first quarter of this year and their output increased by more than 230 million kilowatt-hours. The consumption of standard coal for each kilowatt-hour of electricity generated was reduced by 6 grams. Total savings of standard coal amounted to over 10,000 tons.

5974
CSO: 4013/66

POWER NETWORK

LIANCHENG POWER PLANT JOINS LANZHOU POWER GRID

Lanzhou GANSU RIBAO in Chinese 2 Feb 82 p 2

[Text] The Liancheng Power Plant is another large thermoelectric generating plant newly constructed in our province. It is the important center in the northwest section of the Lanzhou power grid. Recently brought into the grid, its No. 1 generating unit in the first stage construction has a capacity of 100,000 kilowatts. This will have a postive effect towards gradually establishing a balance between hydroelectric power and thermoelectric power in our province and it will provide a new energy source for industrial and agricultural production.

The time between ground breaking and the time that No. 1 generating unit joined the power grid for power generation was 3 years and 5 months. Builders from different places worked diligently to put up the large plant building and installed more than 1,000 pieces of equipment of various kinds. All the installations have machinery produced domestically, including a large 100,000-kilowatt turbogenerator with inner water-cooled stator and rotor, a new completely suspended semi-open-air steam drum boiler, and a lower power consumption and high safety factor booster station.

5974
CSO: 4013/17

BRIEFS

GUANGXI POWER TRANSMISSION LINES--Since last year, the Nanning municipal power grid has added 34 new 10 kilovolt to 110 kilovolt high-tension power transmission lines. Of these lines, 22 lines are used in agricultural production and the majority of them have been erected in the western suburbs of Nanning Municipality where in the past, there were few transmission lines and capacity for transmitting power was low. [Nanning Guangxi Regional Service in Mandarin 1100 GMT 20 May 82 HK]

GUANGDONG IMPROVES POWER GRID--To meet the needs in industrial and agricultural production and to make full use of resources of small hydroelectric power stations, electric industrial departments in Guangdong Province have vigorously improved the power grid. Over the past few years, they have erected a large number of 110,000-volt key transmission lines and subsidiary projects. To supply electric power evenly, over the past few years, electric power departments in the province have formulated plans, raised funds, erected 110,000-volt key lines, increased voltage and increased the capacity of transformers. The electric lines from Guangning to Huaiji and from (Longxidai) to (Qixinggang) in Qingyuan. A total length of some 180 kilometers have been completed and put into operation. The lines from (Zhaigang) to (Huangniutan) and Xinfeng and from Longmen to Zengcheng are under construction. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 10 Apr 82 HK]

HUNAN, JIANGXI POWER GRIDS--The power grids of Hunan and Jiangxi provinces will soon be amalgamated with the Central China power grid to ensure unified management and a united power grid throughout Henan, Hubei, Hunan and Jiangxi provinces. The total installed capacity of the Central China power grid will be the greatest of the six large power grids throughout the country. The Central China power grid can make full use of a large number of large and medium-size hydroelectric power stations, such as Gezhouba powerplant, to supply a large amount of cheap electricity to people in Central China and can also regulate the supply of hydroelectric power and thermoelectricity. At present, the power grids of Hubei and Henan provinces have been amalgamated and the amalgamation of the power grids of Hubei and Jiangxi provinces is being stepped up. The amalgamation of the power grids of Hubei and Hunan provinces is now included in the state plan and preparations for the amalgamation work are being made. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 30 May 82 HK]

CSO: 4013/86

SHANXI POWER GRID--To correct the problems of power outages and power restrictions, so that consumers cannot use electricity in a normal manner, which had resulted from inadequate transmission and conversion capacities for many years, the work force on our province's capital power construction front has made new accomplishments. In concentrating on the construction of the large power stations for the two Datong power plants, the Shentou Power Plant, and the Niangziguan Power Plant, a large 200,000-kilowatt unit joined the power grid last year. At the same time, eight substations were either newly constructed or expanded. Total capacity of the transformers placed in operation was 451,500 kilovolt-amperes, including four large transformers with a total capacity of 360,000 kilovolt-amperes. Transmission lines placed in operation totalled 330 kilometers, including 210 kilometers of 220,000 volts. [Taiyuan SHANXI RIBAO in Chinese 2 Feb 82 p 1] 5974

PROVINCIAL ELECTRICITY BUREAU GAINS VICTORY--The large staff and workers of the Provincial Department of Electricity overcame difficulties, used every possible means to strive for greater power generation and supply, and completed the planned quantity of electricity to be generated seven days ahead of time. A total of 1,223 million kilowatt-hours of electricity were generated in the first quarter, an increase of 8.2 percent over the same period of last year. Both output and profits increased over the same period a year ago. The consumption of thermal power plant coal also decreased as compared to the same period last year. [Kunming YUNNAN RIBAO in Chinese 3 Apr 82 p 1] 5974

CSO: 4013/17, 56

RURAL POWER CONSUMPTION INCREASES--Along with the increase of power generation in the countryside following the implementation of the policy of national economic readjustment, power consumption in rural areas throughout the country reached 42 billion KWH in 1981, an increase of 14 percent over 1980. Since the 3rd Plenary Session of the 11th Party Central Committee and the introduction of the system of responsibility for production in the countryside, commune- and production brigade-run enterprises have developed rapidly and the consumption in 1979 was 23 percent more than in 1978; in 1980 it was 30 percent more than in 1979; and in 1981 again it was 38 percent more than in 1980. The consumption of electricity by the commune- and production brigade-run enterprises amounted to one-fifth of the total consumption in the countryside. The increase in peasants' income has brought a constant flow of TV sets, electric fans and other household appliances to the rural areas and a fairly large increase in power consumption for illumination and other daily needs in these areas. [Text] [Beijing GUANGMING RIBAO in Chinese 2 Jan 82 p 1] 9411

CSO: 4006/262

HYDROPOWER

SHANGHAI PAPER URGES START ON CHANGJIANG PROJECT

HK080242 Beijing CHINA DAILY in English 8 May 82 p 4

[Text] The time is ripe for China to start work on a huge new hydroelectricity project which would tame the Changjiang River and provide power for cities as far north as Beijing and as far south as Hong Kong, according to Shanghai-based WORLD ECONOMIC HERALD [SHIJIE JINGJI DAOBAO].

The paper says the project, known as the Sanxia key water control project will relieve the threat of flooding in the middle and lower reaches of the Changjiang River Valley. It will also supply electricity to the cities of Beijing, Tianjin, Tangshan, Shanghai, Ningbo, Hangzhou and Guangdong, Sichuan provinces, as well as Hong Kong and Macao.

The first phase of the Gezhouba water control project was completed last year and helps control flooding as well as generating electricity.

The second phase of the Gezhouba project is expected to send out electricity in 1986 from 21 generating units.

Yet the Gezhouba project, one of the biggest key water control projects in the world, is only the conveyance system of the Sanxia project. The WORLD ECONOMIC HERALD says the establishment of the Sanxia project will end China's electricity shortage.

The builders of the Gezhouba project believe that 1983 is the ideal time for starting the preparations of the project, which will ensure the beginning of the Sanxia project right after the completion of the Gezhouba project.

The WORLD ECONOMIC HERALD says it has taken 30 years to solve the technological problems of planning, designing and surveying for the Sanxia project.

A programme has been proposed to gain the major part of the investment from the income of electricity generated by the completed parts of the project (such as the Gezhouba project).

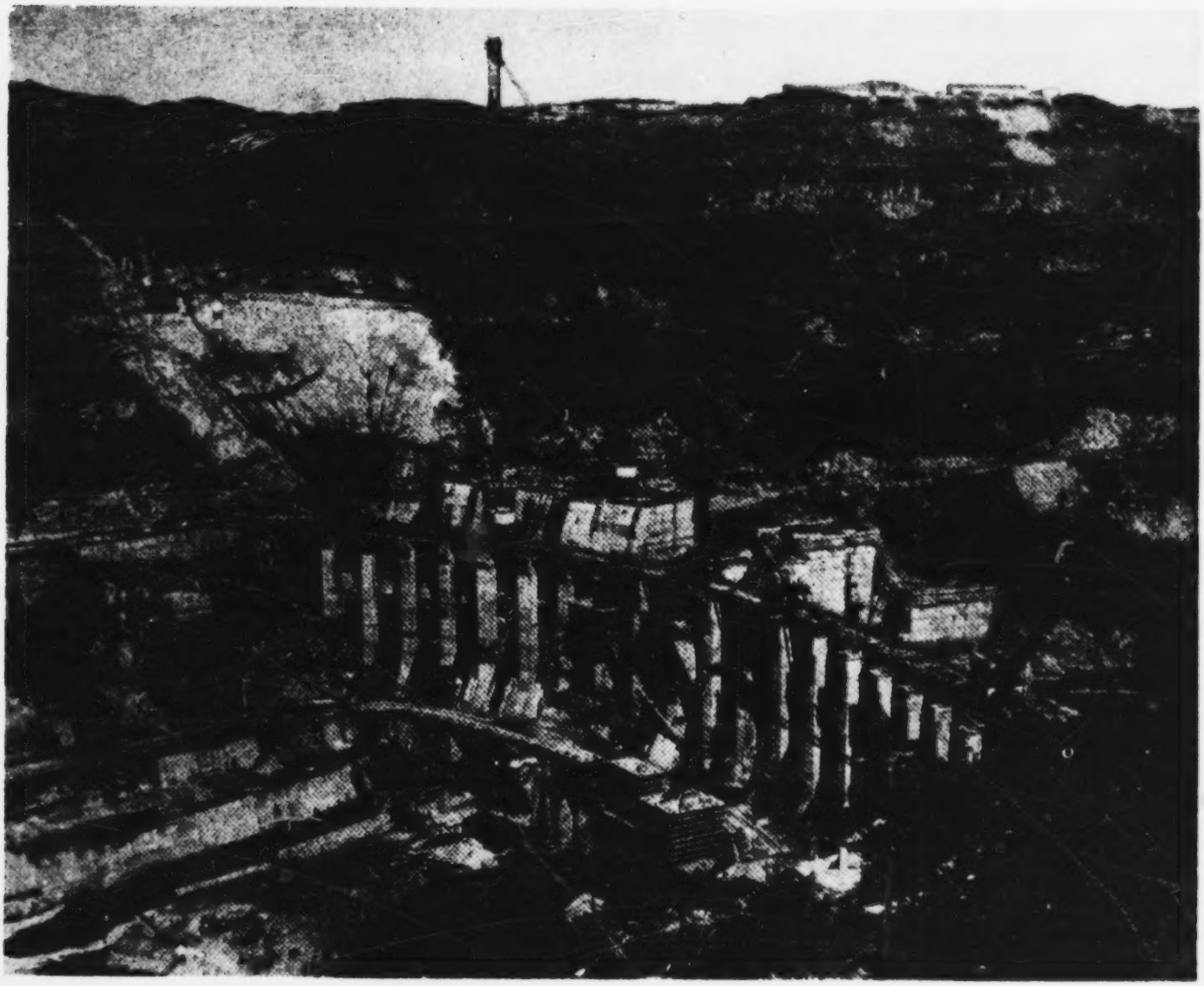
CSO: 4010/6

HYDROPOWER

CONSTRUCTION PROGRESSES ON BAISHAN HYDROELECTRIC POWER STATION

Harbin HEILONGJIANG HUABAO [HEILONGJIANG PICTORIAL] in Chinese No 1, 1982, p 6

[Photograph and caption]



A view of the Baishan hydroelectric power station in Heilongjiang

BRIEFS

GUANGDONG TO HARNESS PEARL RIVER--The plan for exploiting and harnessing the Pearl River basin which was put forth by the Ministry of Water Conservation was recently formally approved by the State Capital Construction Commission. From 6-10 April, the Pearl River Water Conservation Committee of the Ministry of Hydroelectric Power held a meeting of relevant departments of six provinces and regions near the basin and established a Pearl River basin planning coordinating group. According to the plan, by the year 2000, when the first phase of the project will be complete, flood control, shipping and irrigation throughout the basin will be remarkably improved and the capacity for generation of electricity will be greatly increased. Exploiting the hydroelectric power resources of the Hongshuihe River in Guangxi will be a key facility in solving the problem of electricity in Guangxi and Guangdong. Harnessing the Xijing River and the Beijing River can guarantee safety in flood control in Guangzhou Municipality and can greatly alleviate the disaster of floods over approximately 10 million mu of fields in the Pearl River delta. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 19 Apr 82 HK]

HAINAN HYDROELECTRIC POWER STATION--The installation of No. 4 generator unit of (Liululing) hydroelectric power station in Hainan region has been completed. The generator unit was tested on 24 April and the tests proved successful. The four generator units of this station have now all been in operation. This station is one of the key hydroelectric power projects throughout the country and the biggest hydroelectric power station in this region. The total installed capacity of this station is 80,000 kilowatts, or 55 percent of the installed capacity of the region's existing large power grid. With the completion of this station, the situation of the short supply of power in this region will be greatly alleviated and the exploitation and construction in the region will be speeded up. [Haikou Hainan Island Service in Mandarin 0330 GMT 28 Apr 82 HK]

GUANGXI HYDROELECTRIC POWER INDUSTRY--Guangxi region abounds in hydroelectric power resources and ranks sixth in the country in this regard. The region has some 900 rivers, each of which has a basin area of more than 50 square kilometers. Some 16 million kilowatts of hydroelectric power resources can be exploited and utilized. In the region, the cost of each 1,000 kilowatt-hours of electricity produced by a hydroelectric power plant is 9 yuan but the cost of each 1,000 kilowatt-hours produced by a thermal plant is 37 yuan. The profit submitted to the state from each 1,000 kilowatt-hours of electricity generated by a thermal plant is 10 yuan. The great majority of hydroelectric

power stations have played an important role in flood control, irrigation, shipping and the breeding of aquatic products and have achieved great economic results. The installed capacity of hydroelectric power stations throughout the region by the end of last year reached 1.218 million kilowatts, 64.9 percent of the total installed capacity of total power stations in the whole region. At present, the region has 226 hydroelectric power stations which each of have installed capacities of more than 500 kilowatts. In addition, the region has some 12,000 small hydroelectric power stations, with an installed capacity of some 600,000 kilowatts, which accounts for 32 percent of the region's total installed capacity. By 1985, the region will require further hydroelectric power stations with an additional installed capacity of 520,000 kilowatts and an additional electricity output of 2.1 billion kilowatt-hours. By 1990, the region will require an additional installed capacity of some 1 million kilowatts of hydroelectric power and an additional electricity output of several billion kilowatt-hours. [Nanning Guangxi Regional Service in Mandarin 1100 GMT 27 Apr 82 HK]

CSO: 4013/87

SMALL-SCALE HYDROPOWER PROJECTS--Last year, Yunnan Province constructed 142 new small-scale hydroelectric stations which will generate 1.213 billion KWH per year, a 31.85 percent increase over 1980. Eighty counties throughout the province depend on these small-scale hydropower stations for a large part of their power supply. Yuanyang, Honghe, and 20-odd other minority counties in the border region already have a number of electric stoves, thus conserving firewood and perserving the forests. [Text] [Kunming YUNNAN RIBAO in Chinese 15 Apr 82 p 1]

CSO: 4013/91

COAL

MAIN PROPERTIES AND UTILIZATION OF CHINESE COALS

Beijing MEITAN KEXUE JISHU [COAL SCIENCE AND TECHNOLOGY] in Chinese, No 3, Mar 82 pp 2-9

[Article by Yang Jinhe [2799 6855 0735] and Chen Wenmin [7115 2429 2404]: "Basic Characteristics and Main Uses of China's Coal"]

[Text] China's coal resources are rich. According to the most recent statistics in terms of standard fuel capable of producing 7,000 kilocalories/-kilogram, the known sources of coal are equivalent to 40 times the known sources of petroleum. Whether at present or in the long-range future, coal will be our nation's main source of energy. Of the total consumption of energy in our nation from 1976 to 1980, coal constituted slightly more than 70 percent, petroleum constituted 22 percent, and natural gas and hydroelectricity constituted 3 percent and 4 percent respectively. In the use of coal, industrial coal constituted about 82 percent (slightly less than 20 percent for power generation, 10 percent as coal concentrate for coking, slightly less than 5 percent for locomotives, and 47 percent for other industrial uses), and civilian coal constituted 18 percent. To rationally utilize coal resources and to improve the rate of utilization of coal and the rate of utilization of thermal energy, the basic characteristics of the various types of coal have been systematically studied and understood. This understanding has important practical meaning for each department that uses coal to learn how to suit measures to local circumstances and conserve energy.

I. Basic Characteristics of the Various Types of Coal in Our Nation

According to the current classification, ther are ten main types of coal: lignite, bituminous flame coal, non-caking coal, weakly caking coal, gas coal, fat coal, coking coal, blakjack, lean coal, and anthracite. Each major type of coal has its specific characteristics and suitable uses as described in the following:

1. Lignite

Our nation's lignite reserves are rich. This type of coal if characterized by a large moisture content. W^f is generally 10 to 25 percent. W_Q is 15 to 40 percent. The ash content (A^g) of lignite of some of the mines in Nei Monggol, Jilin and Yunnan is low, mostly below 15 percent. The ash content

of the coal seams of most lignite mines is about 20 to 30 percent. The volatile fraction (V^r) is generally > 37 to 60 percent. The sulfur content (S_Q^g) varies from below 0.5 percent to over 5 and 6 percent. The sulfur content of lignite of the Northeast is lower, generally below 1 percent. The sulfur content of the lignite of Guangdong, Guangxi and Hainan Island is generally above 1.5 to 2.5 percent.

The thermal value of lignite is low. The usable base low level heat output (Q_{DW}^y) of lignite in the few mines in Jilin, Henan and Shandong is relatively high, all above 4,000 to 5,000 kilocalories/kilogram. That of the rest is mostly only 3,000 to 4,000 kilocalories/kilogram. The melting point of coal ash of the early Tertiary lignite in Liaoning, Jilin and Guangdong is relatively high, T_2 often reaches above 1,450°C, T_2 of the rest of the lignite is mostly between 1,250 and 1,400°C. But the melting point (T_2) of lignite of the main mines at Zhalainuo'er, Yima, and Pingzhuang is mostly lower than 1,250°C (Table 1). The melting point of lignite ash drops as the content of CaO in the ash increases. But when the content of CaO in the ash surpasses 30 percent, the melting point of the ash rises as the content of CaO increases.

The content of humic acid (H_{mz}^g) in lignite varies from < 5 percent to > 30 percent. The yield of low temperature tar (T^r) varies between 5 and 20 percent. Light permeability (P_M) generally does not surpass 60 percent. The wax content of lignite (E_B^g) is mostly below 1 percent, but the wax content in some late Tertiary lignite at some mines in Yunnan is as high as 5 to 6 percent. The content of total acidic chemical groups is generally 4 to 6 milligrams equivalent/gram, mainly the phenolic hydroxyl group.

Table 1. Coal quality indices of major lignite mines

Mine	W_Q(%)	A^g(%)	V^r(%)	S_Q^g(%)	Q_{DW}^Y (cal./gram)	T_2(°C)	H_{mz}^g(%)	Light Permeability(%)	Ignition point(°C)
Zhalainuo'er	30~36	5~17	41~46	0.3~0.8	2500~3600	1130 ~ 1400	8~23	33~42	295~298
Pingzhuang	19~29	10~22	40~45	0.5~2.4	3000~3900	1240	5~10	30~42	268~275
Shulan	20~25	23~42	50~56	0.2~0.5	2700~3400	1410~>1500	12~28	30~40	302~314
Yima	5~15	10~25	40~43	0.8~3.1	3500~5200	1190 ~ 1240	2~6	50~57	294~316

2. Bituminous coal not used for coking

Flame coal, non-caking coal, weakly caking coal (most) and lean coal are bituminous coals not used for coking. Their common characteristic is that they do not have a caking characteristic or they are only very weakly caking. But their degree of coalification and their microscopic constituency of the coal stones are visibly different.

Flame coal. Flame coal is a bituminous coal that has the lowest degree of coalification. At present, the Northeast produces the most, including the Fuxin, Fushun Xilutian and Tiefa mines.

The volatile fraction of this type of coal is slightly lower than that of lignite, generally between 37 and 47 percent. The low level heat output is mostly 3,500 to 6,000 kilocalories/kilogram (Table 2). The ash melting point of this type of coal is generally high, T_2 is mostly > 1300°C, and the average of T_3 reaches above 1,380°C. Its yield of tar is mostly higher than 8 to 15 percent. Its resistance to slacking is higher than that of lignite. The y value is 0 to 5 centimeters.

Table 2. Major coal quality indices of flame coal mines

Mine	W_Q(%)	A^g(%)	V^r(%)	S_Q^g(%)	Q_{DW}^y (cal./gram)	Ash melting point(°C) T_2	T_3	Average H^r(%)
Fuxin	8~16	7~20	37~41	0.5~1.3	3500~4800	1200	1285	5.3
Fushun Xilutian	5~12	8~20	44~48	0.5~1.0	4800~5900	>1400	>1445	5.7

Non-caking coal. Non-caking coal is a type of bituminous coal with a low degree of coalification and a very special coal stone constituency. The moisture content is high. The ash content is low. The volatile fraction is generally 25 to 35 percent, and the average sulfur content is lower than 0.8 percent (Table 3). The ash content in raw coal (A^g) averages slightly less than 11 percent, and the moisture content (W^f) is generally 3 to 10 percent. The variation in the heat output of pure coal is larger, from 6,850 calories/gram to 8,100 calories/gram. The chemical reactivity of this type of coal is relatively good. The ignition point is low and the coal burns easily. But the coal ash melting point is relatively low, the average T_2 is only 1,200°C, and T_3 is mostly < 1,250°C. The content of Al_2O_3 in the coal ash is low, averaging 13.1 percent while the average contents of CaO and Fe_2O_3 respectively reach 16.45 percent and 23 percent. The Fe_2O_3 comes mainly from siderite ($FeCO_3$). The miscoscopic constituency of the coal stone of non-saking coal is mainly mother of coal and semi-mother of coal, averaging as high as 49.5 percent, while the average content of vitrain is only 25.65 percent. Although the output of this type of coal is not abundant, the reserves are large, mainly distributed in Nei Monggol and the Northwest.

Table 3. Major coal quality indices of non-caking coal

Mine	W_Q(%)	W^f(%)	A^g(%)	V^r(%)	S^g_Q(%)	Q^y_{DW} (cal./gram)	Ash melting pt. (°C) T_2	Ash melting pt. (°C) T_3	Vitrain (%)	Mother of coal (%)
Jinyuan	4~8	2~5	6~16	25~35	0.4~1.0	5700~6400	<1200	<1250	11~48	28~63
Jiaoping	9~12	3~7	8~13	34~37	0.6~1.0	5500~6100	<1250	1300	50.7	32.5

Table 4. Major coal quality indices of weakly caking coal mines

Coal mines	W_Q(%)	W^f(%)	A^g(%)	V^r(%)	S^g_Q(%)	Q^y_{DW} (cal./gram)	Ash melting pt. (°C) T_2	Ash melting pt. (°C) T_3	Vitrain (%)	Mother of coal (%)
Datong*	5~10	2~5	5~10	28~34	0.5~1.5	6200~6800	1290	1325	38.4	45.0
Baotou	2~5	1~2	14~22	24~26	0.3~1.0	5300~5900	1300	1350	61.0	23.0

*The grindability coefficient of Datong coal ($K_{H.G}$) is 52 to 64, the ignition point is 320 to 350°C, the percentage of CO_2 decomposition by coal (1100°C) is 60 to 70 percent, H^r is 4.5 to 5.3 percent (averaging 4.8 percent).

Weakly caking coal. The Datong Coal Mines, which produces the most amount of coal in our nation, are typical weakly caking coal mines. The main characteristic of this type of coal is that it has a definite caking characteristic. The value y is 0 (lump) to 9 centimeters, the volatile fraction is relatively high and the ash content is relatively low. The average volatile fraction is 31.2 percent, the average ash content is 10.1 percent, and the sulfur content is mostly between 0.5 to 1.5 percent, averaging slightly less than 0.9 percent. The heat output of this type of coal is generally higher than that of non-caking coal, with a high level heat output (Q^r_{GW}) averageing 8,060 calories/gram. The coal stone constituency is also rather special. The average content of vitrain is 42.5 percent. The average values of mother of coal and semi-mother of coal reaches as high as 39.5 percent (See Table 4). The ash of this type of coal contains more Fe_2O_3 and CaO but the content of Al_2O_3 is less. The melting point T_2 in the productive pits is only 1,228°C, and T_3 is 1,251°C. Besides Datong, which is a weakly caking coal producing mine, there are also the Siahuayuan, Fangzi, Zhengyang, and Zhangxin mines and some coal mines at Baotou. Of these, only the coal produced by the Jinhuagong Mine has a lower mother of coal content and a relatively high vitrain content suitable for coking. The coal produced by the rest of the mines cannot be used by itself for caking.

Lean coal. Lean coal is a bituminous coal with the highest degree of coalification. Its volatile fraction V^r > 10 to 20 percent and its value y is 0 (not in lumps). In addition, the characteristic of lean coal is that it is mostly a type of coal with a high ash content or a high sulfur content. For example, the ash content of the lean coal of Zibo is mostly about 20 to 30 percent, and the sulfur content is as high as 1.5 to 4.0 percent. The ash content and sulfur content of lean coal can be greatly reduced and its thermal value visibly increases after washing. The characteristics and quality of our nation's typical lean coal mines are shown in Table 5.

Table 5. Major coal quality indices of typical lean coal mines

Coal mines	W_Q(%)	A^g(%)	V^r(%)	S^g_Q(%)	Q^y_{DW} (cal.gram)	Ash melting pt.(°C) T_2	Ash melting pt.(°C) T_3	Miscroscopic hardness HV (kilo/sq.cm)
Zibo	3~4	11~30	12~18	1.5~4.0	5500~6100	1300	1380	34~36
Xishan	4~6	8~23	11~18	0.6~2.2	6200~6800	1335~>1500	1350~>1500	28~31

3. Bituminous coal for coking

Gas coal, fat coal, coking coal and blackjack are our nation's four main types of bituminous coal for coking. The common characteristic of these types of coal is a relatively strong or medium caking characteristic. The strength of coke produced by the different grades of bituminous coal for coking is visibly different. The characteristics and quality of the main types of bituminous coal for coking are separately described below.

Gas coal. The reserves of gas coal is the most abundant and its output is the highest among all types of coal. The proportion of gas coal in East China is very large. Gas coal can be further divided into grade 1 and grade 2 fat gas coal with a slightly lower volatile fraction and a relatively strong caking characteristic, and grade 1, grade 2 and grade 3 gas coal with a slightly higher volatile fraction and a slightly poorer caking characteristic. The characteristic of grade 1 and grade 2 fat gas coal is that their volatile fraction (V^r) is between 30 and 37 percent, their y values are > 9 to 25 centimeters. These types of coal are the main coking coal used by our nation's coking plants. They serve a backbone function in coking. Relatively strong coke can be produced using these by themselves. The strength M_{40} of coke produced by grade 2 fat gas coal listed in Table 6 averages as high as 69.1 percent, and M_{10} averages 10.1 percent. In addition, the sulfur content of fat gas coal is generally below 1 percent and even < 0.5 percent. This is a better type of coal for coking. The characteristics of grade 1, grade 2 and grade 3 gas coal are that their volatile fraction can be as high as 37 to 45 percent, their y values vary from 5 to 25 centimeters, and their caking characteristics also vary relatively greatly. For example, coke produced by grade 1 gas coal mostly cannot be used in the rotary drum test. The strength M_{40} of coke produced by grade 2 and grade 3 gas coal can reach an average of 50 percent, and M_{10} is 13 to 14 percent (Table 6). The coke produced by gas coal is thin and long. It has many longitudinal cracks. It is not strong. Its wearability is poor, but its porosity is high and its reactivity is good. At present, it is mostly used in combination with other types of coal for coking. Because the percentage of tar (T^r) of grade 1, grade 2 and grade 3 gas coal reaches 10 to 18 percent, when more gas coal is mixed for coking, more chemical products and coal gas can be obtained. Variations of the coking indices of this type of coal are listed below (Table 7).

Table 6. Experimental results of using major types of coking coal in the 2,000-kilogram coking furnace

Type of coal	M_{40} (%)	M_{10} (%)	Percentage of pulverized coke(%)
Grade 2 gas coal	22.2~70.9 / 51.2(9)	9.8~27.0 / 14.4(9)	8.4~10.8 / 10.0(4)
Grade 3 gas coal	25.2~72.2 / 48.5(6)	7.1~17.1 / 12.9(6)	
Grade 1 fat gas coal	36.8~69.6 / 57.4(17)	9.8~27.2 / 15.4(17)	
Grade 2 fat gas goal	62.6~76.2 / 69.1(19)	5.8~12.7 / 10.1(19)	
Fat coal	55.8~82.6 / 71.4(15)	4.2~12.6 / 8.4(15)	
Coking coal	64.2~82.0 / 75.5(46)	6.3~15.7 / 10.1(46)	Main coking coal: M_{40} 76.2, M_{10} 9.5
Grade 2 blackjack	60.0~80.5 / 73.2(11)	7.4~20.9 / 12.2(11)	

Note: Data in the table are $\frac{\text{smallest - largest}}{\text{average (number of samples)}}$

Table 7. Range of variation of coking indices of major coking coal

1) 煤种	y (毫米) 8)	R.I	$G_{R.I}$	b (%)	CSN	G~K	Lgα (度) 10)
2) 肥煤	>25~60	75~90	>85~110	180~680	6~9	G_8~G_{13}	4.41~5.81
3) 焦煤	>12~25	60~85	>60~95	0~200	5~9	G_1~G_8	1.80~4.57
4) 瘦煤	0~12	>5~60	>5~60	9)仅收缩~30	1~7½	C~G	0.30~1.48
5) 1、2号肥气煤	>8~25	60~89	>40~95	−20~200	4~9	G~G_8	2.00~5.00
6) 1、2、3、号气煤	>5~25	15~85	>10~90	9)仅收缩~185	1½~7½	E~G_8	0.85~5.00
7) 弱粘煤	0~9	5~50	9~48	9) 仅收缩~3	1~4½	B~D	0.30~1.60

Key:
1. Type of coal
2. Fat coal
3. Coking coal
4. Blackjack
5. Grade 1 and grade 2 fast gas coal
6. Grade 1, grade 2, grade 3 gas coal
7. Weakly caking coal
8. (centimeter)
9. Contracts only --
10. (degree)

Table 8. Relationship between the volatile fractions of fat coal with the same y value and M_{40} and M_{10}

V^r(%)	y (centimeter)	M_{40}(%)	M_{10}(%)	Grade
25.3	26	82.6	7.0	Grade 1 coking fat coal
25.7	26(+0.5)	78.1	8.0	Grade 1 coking fat coal
27.2	26(-0.5)	75.2	7.2	Grade 1 fat coal
29.4	26	74.8	8.1	Grade 1 fat coal
30.3	26(-0.5)	72.6	10.4	Grade 1 fat coal
34.4	26	55.8	12.6	Grade 1 fat coal
42.1	26	15.4	22.0	Gas fat coal

Fat coal. Its caking characteristic is the strongest. Its value 7 of maximum thickness of the colloidal layer > 25 to 60 centimeters, its caking index ($G_{R \cdot I}$) > 85 to 110 (See Table 7). Its volatile fraction is generally 24 to 45 percent. Fat coal with a volatile fraction larger than 35 percent has a visibly lower coking characteristic than typical fat coal with a volatile fraction of 30 percent. For example, gas fat coal that generally has a volatile fraction V^r greater than 37 percent has an average coking strength M_{40} of only 42.0 percent, M_{10} averages 18.4 percent, while the coking strength M_{40} of other types of fat coal averages 71.4 percent and M_{10} averages 8.4 percent. The lower the content of the volatile fraction in fat coal the better the coking characteristic. Table 8 shows that for the types of fat coal with a y value of 26±0.5 centimeters, the strength of coke M_{40} and the content of the volatile fraction of the coal are inversely proportional, but the results of M_{10} are not as obvious. The density of the colloid of fat coal with a low volatile fraction is high, and during the heating process, the coal does not easily decompose into gases but cakes with more inert components (mother of coal and minerals), and very strong coke is produced. But, the sulfur content of all types of fat coal is generally high. A lot of the fat coal produced in our nation has a sulfur content greater than 2 percent, and there are some with a sulfur content over 4 to 5 percent. It should be pointed out that the caking characteristic of fat coal is the strongest among coking coal. The strength of coke produced when fat coal is used by itself for coking is not as good as that produced by coking coal. This is because thermal stability of the colloid of fat coal is not as good as that of coking coal. When the colloid is heated, it easily decomposes and produces gases. This causes the coke produced to have many longitudinal cracks, and the bottom part of the coke is honeycomb coke. Fat coal can serve a backbone function in coking with mixed

coal. When more gas coal, blackjack and weakly caking coal are added to the coal mixture, very strong coke can still be produced. Our nation has less fat coal resources and special attention should be paid to using it rationally.

Coking coal. Coking coal is a type of coal with the best coking characteristic. When used by itself for coking, it can produce very strong metallurgical coke. The quality characteristics of coking coal are a medium volatile fraction, generally 20 to 30 percent, and a y value of mostly 13 to 25 centimeters. The coke produced by coking coal alone is strong and its wearability is good (See Table 6) The moisture content of coking coal is low. Its thermal value is high. The heat output of pure coal can reach 8,900 calories/gram. Its caking index $G_{R.I}$ is generally > 60 to 95. Its Orsat expansion value b is 0 to 200 percent (Table 7). The sulfur content of coking coal is relatively low. For example, the sulfur content of coking coal produced by the Fengfeng, Huaibei, Qitaihe, Jixi, and Hunan mines is generally below 1 percent. Coking coal is our nation's precious coal resource for coking.

Blackjack. Blackjack is a coking coal with the lowest volatile fraction. The volatile fraction is generally > 14 to 20 percent, the y value can be as low as 0 (lumps) or as much as between 5 and 12 centimeters. Its caking characteristic is relatively poor but the density of the colloid is high, thermal stability is good, and when used alone in coking, it can produce stronger and larger coke. The melting characteristics of the coke produced is not good and wearability is poor. The strength M of coke from grade 1 blackjack is large and some blackjack cannot even coke well. The strength M of coke from grade 2 blackjack averages as high as 73.2 percent, even higher than fat coal. Some of the blackjack produced by uniformly equipped coal mines now have a high sulfur content, therefore, the proportion of blackjack truly used for coking is small. The coal quality characteristics of our nation's main coking coal mines are shown in Table 9.

Table 9 Major coal quality indices of several coking coal mines

1) 矿区	2) 原煤工业分析				3) 灰熔点(℃)		4) 精煤分析		
	A^d(%)	V^d(%)	S_O^d(%)	Q_{Gw}^d(卡/克) 5)	T_2	T_3	V^d(%)	y(毫米) 6)	S_O^d(%)
7) 开滦	15~17	28~39	0.40~2.50	5800~7000	≥1350	>1500	27~40	14~40	0.4~1.8
8) 抚顺	5~20	41~47	0.40~1.00	5900~7400	>1500	>1500	40~46	8~12	0.4~0.8
9) 淮南	11~26	33~40	0.40~2.00	5600~7100	≥1500	>1500	34~40	6~16	0.3~0.8
10) 平顶山	10~29	28~34	0.80~1.80	5700~7600	>1500	>1500	28~35	12~24	0.3~0.6
11) 徐州	5~20	35~47	0.40~7.70	6400~7700	1150~>1500	1200~>1500	36~44	7~31	0.4~2.7

12) 矿区	13) 精煤结焦性					200公斤焦炉试验(%) 14)		15) 煤质牌号
	R.I	$G_{R.I}$	CSN	b(%)	G~K	M_{40}	M_{10}	
16) 开滦	70~89	69~99	$3\frac{1}{2}$~9	11~550	G_3~G_{13}	63~75	7~14	肥煤~气煤 23)
17) 抚顺	20~74	60~77	$1\frac{1}{2}$~4	<6	D~E	块焦少 21)	粉焦多 22)	气煤 24)
18) 淮南	25~80	20~82	$1\frac{1}{2}$~5	<90	D~G_8	42~66	9.5~3.6	气煤~肥气煤 25)
19) 平顶山	50~88	60~95	$3\frac{1}{2}$~6	−10~232	G_2~G_8	64~71	9~19	气煤、焦煤 26)
20) 徐州	39~86	30~97	$1\frac{1}{2}$~$5\frac{1}{2}$	<208	D~G_{11}	47~57	17~32	气煤、肥煤 27)

Key:

1. Coal mines
2. Industrial analysis of raw coal
3. Ash melting point
4. Analysis of coal concentrate
5. (calorie/gram)
6. (centimeter)
7. Kailuan
8.. Fushun
9. Huainan
10. Pingdingshan
11. Xuzhou
12. Coal mine
13. Coking characteristics of coal concentrate
14. 200-kilogram coking furnace test
15. Grades of quality of coal
16. Kailuan
17. Fushun
18. Huainan
19. Pingdingshan
20. Xuzhou
21. Less lump coke
22. More pulverized coke
23. Fat coal - gas coal
24. Gas coal
25. Gas coal - fat gas coal
26. Gas coal, coking coal
27. Gas coal, fat coal

4. Anthracite

Our nation's reserve of anthracite is also large. The main characteristics of anthracite are a large specific gravity (1.35 to 1.90), a high ignition point (370 to 418°C) which increases as the true specific gravity of pure anthracite increases. For example, the true gravity of the anthracite of Yangquan is lower than that of the anthracite of Jincheng and Beijing, and the ignition point also drops (See Table 10). The thermal value of anthracite is lower than that of coking coal but higher than that of lignite. The higher the degree of metamorphism of anthracite, generally the lower the thermal value. For example, the anthracite of Beijing has the highest degree of metamorphism, and its thermal

value (Q^r_{GW}) is 7,500 to 7,900 calories/gram while the Yangquan anthracite has a relatively low degree of metamorphism, and its thermal value reaches 8,400 to 8,600 calories/gram. The variation in moisture content in anthracite is large, from 1 to 9 percent and this increases as the degree of metamorphism increases. The melting point of anthracite ash presently produced is generally high, T_2 is generally > 1,250 to > 1,500°C. Thermal stability of the coal of a few mines of Beijing and Guangdong is relatively poor (During gasification or burning, lump coal easily explodes into fragments and even pulverizes) but thermal stability of the rest of the anthracite in our nation is medium or better. The thermal stability index is < 45 percent. The thermal stability of even anthracite that has a serious explosive character can be visibly increased after preheating under a low temperature of 300°C. The mechanical strength of anthracite is mostly medium or better. The percentage of residual lumps > 25 centimeters is mostly over 60 percent, sufficient to satisfy the needs of the stationary bed gasification furnace. But the anthracite of some mines is soft and the coal stone constituencies are not easily differentiated. The mechanical strength of lump coal is very low, and the percentage of residual lumps > 25 centimeters is generally only 20 to 40 percent, and even as low as 20 percent. Activeness of anthracite frequently increases as the oxygen content increases. For example, the degree of metamorphism of Beijing anthracite is visibly higher than that of Yangquan anthracite because Beijing anthracite has a high oxygen content, therefore its activity is also higher than Yangquan coal.

For example, the CO_2 decomposition rate of the anthracite of the Beijing Chengzi Mine at 1050°C is as high as 52 to 74 percent while under the same temperature, the CO_2 decomposition rate of the Yangquan anthracite is only 12 to 29 percent. This shows that the activeness of anthracite does not drop as the degree of metamorphism increases. The quality characteristics of coal of the main anthracite mines are shown in Table 10.

Table 10. Coal quality indices of major anthracite mines

1) 矿区	W_Q (%)	A^g (%)	V^f (%)	Q^f_{GW} (卡/克)7)	S^g_Q (%)	7) Q_{DW} (卡/克)	8) 灰熔点℃ T_1	T_2	T_3	9) 机械强度 >25毫米 (%)	10) CO_2分解率 (1050℃) (%)	$K^{BTH}_{ДО}$	11) 着火点 (℃)	12) 热稳定性 K^P_s (%)	13) 真比重 (d_{ch})	14) V^f_T (毫升/克)	15) H_V (公斤/毫米²)
2) 阳泉	3~8	7~18	7~10	8400~8600	0.4~1.9	5200~6300	1100~1370	>1400	>1450	60~80	12~29	0.80~1.30	367~393	12~29	1.34~1.39	270~290	31~34
3) 焦作	3~8	12~18	5~8	8300~8500	0.3~0.5	5500~7000	1200~1420	>1350	>1390	65~85	40~60	0.35~0.55	374~395	40~60	1.45~1.55	210~260	33~49
4) 北京	2~5	10~30	3~7	7500~7900	0.2~0.5	4800~6000	1040~1350	<1300	<1350	60~90	15~85	0.20~0.30	388~418	15~85	1.70~1.85	35~47	120~145
5) 晋城	4~8	10~18	5~7	8300~8500	0.3~0.6	6300~7200	1125~1410	>1500	>1500	85~90	18~45	0.40	388~404	18~45	1.50	170~210	45~55
6) 汝箕沟	1~4	4~9	6~9	8450~8600	0.2~0.3	7000~7500	1060~1215	1240	1270	70~80	43~72	0.68	382~420	43~72	1.35	258~290	41~43

Key:

1. Coal mines
2. Yangquan
3. Jiaozuo
4. Beijing
5. Jincheng
6. Rujigou
7. (calorie/gram)
8. Ash melting point
9. Mechanical strength > 25 centimeter
10. CO_2 decomposition rate
11. Ignition point
12. Thermal stability
13. True specific gravity
14. (milliliter/gram)
15. (kilogram/square centimeter)

II. Main Uses of Various Types of Coal

Coal is a major energy source and an important raw material of the chemical industry. As the national economy develops, the uses of coal will become broader. Because of the different types of coal, the uses also vary greatly. The various types of industrial facilities that utilize coal can only use suitable types of coal in order to fully develop the efficiency of utilization of the facilities. At the same time, improving the quality of the product can also bring about rational utilization of coal.

A review of the varieties of coal and the supply and demand in our nation shows that over 70 percent of the coal are directly or indirectly used as fuel. To improve the efficiency of utilization of coal, to improve the rate of utilization of thermal energy, and to rationally use coal and conserve energy, we must suit measures to local circumstances, suit coal to the circumstances and consider the most economical and rational uses for the various types of coal. Here, we will separately discuss the main uses of the various types of coal in our nation in the following.

Lignite. Because lignite has a high moisture content, a high ash content and a low thermal value, it is not suitable for long distance transport. It is best suited for use by power plants near mining regions. As the output of lignite continues to increase and as the urban coal gas industry develops, lump

lignite can be used to produce synthetic raw material gas for urban coal gas by pressurized gasification to improve the rate of utilization of thermal energy. In particular, some of the lignite of the early and middle Jurassic in Nei Monggol have a very high mother of coal content and they are even more suitable for use in pressurized gasification. Lignite with an ash melting point of $T_2 < 1,250°C$, $T_3 < 1,300°C$, is more suitable for producing gas in the liquefied slag removal type gasification furnace. Lignite of the early Tertiary with a high ash melting point, such as the coal of Shulan and Meihe Mines is more suitable for use in pressurized solid slag removal type gasification furnace. Powdered coal < 6 centimeters can be used to produce synthetic ammonia raw material gas or fuel gas in the K-T furnace, and it can also be used to produce synthetic ammonia in the Winkler boiling layer gasification furnace. In regions that lack coking coal, lignite with a low ash content and low sulfur content can be used for coking after forming.

Lumps of lignite with a high content of tar can be used as raw material for internal heating type low temperature dry distillation furnaces. The tar can be processed to produce liquified fuel or chemical raw materials. The half coke can be used for power generation, gas production or for civilian use. Lignite has a quick reaction and a high conversion rate when hydrogenated or liquefied fuel. But the oxygen content of lignite is visibly higher than gas coal or flame coal, and when using lignite as raw material to produce liquefied products, the consumption of hydrogen is visibly more than that using flame coal or gas coal. Lignite can also be used in many types of chemical raw materials. For example, the lignite of Nei Monggol which has a low ash content and a low sulfur content can be used to manufacture activated carbon. The lignite of certain mines in Yunnan can be used to extract lignite wax, and residual coal can be made into "humic ammonium" fertilizer after debenzolization and ammonification. The humic acid sodium extracted from lignite can be used as the caking agent for pressing anthracite coal bricquets used by small synthetic ammonia plants to produce gas.

Flame coal. Its thermal value and ash melting point are high. The flame is long, the mechanical strength and thermal stability are all good. Pulverized coal not only serves as fuel for power plants it can also be used in rotary kilns for firing cement. Lump coal is used as fuel for locomotives and also as raw material coal for manufacturing synthetic gas or fuel gas by the stationary bed pressurized gasification furnace and as raw material for producing coal gas for the generator furnace. Flame coal with a low ash content can be considered as a raw material coal for hydrogenation and liquefaction. Powdered coal can be used as raw material for the K-T furnace to manufacture synthetic gas. Lumps of flame coal with a high tar content can be used to produce tar and half coke by low temperature distillation using the internal heating type low temperature dry distillation furnace. Half coke can be used as civilian fuel.

Non-caking coal. Its volatile fraction is relatively high, it is active, its mother of coal content is high, its lump coal is good for gasification and a good fuel for locomotives, its pulverized coal is a very good fuel for power generation, its can be used to fire and manufacture cement in the rotary kiln, it can be used by the K-T furnace to manufacture synthetic coal gas, and

it can be used to manufacture activated carbon. Because the ash melting point of non-caking coal is low, it is most suitable for use in the liquefied slag removal gasification furnace or boiler.

Weakly caking coal. It is a better type of power generating coal. Its heat output and volatile fraction are both high, its ignition point is low, its flame is long, and its burning time is long. For example, medium lumps of weakly caking coal of Datong etc. are most suitable as fuel for locomotives and as raw material for manufacturing mixed coal gas by the stationary bed gasification furnace. Powdered coal is suitable for use as fuel for power plants and as fuel for K-T furnaces to manufacture synthetic coal gas or for use in rotary kilns to fire and manufacture cement. The weakly caking coal that has a low ash content, a low sulfur content and a good caking characteristic of the Datong Jinhuagong Mines can be used as raw material in coal mixtures for coking after it is washed. When the coal mixture contains more strongly caking coal, a mixture with over 30 percent of weakly caking coal can still produce strong metallurgical coke of superior quality.

Lean coal. Because its thermal value is high, it is a good fuel for generating electricity and civilian fuel. Lump coal with a high ash content or a high sulfur content can be used as raw material for the stationary bed gasification furnace to manufacture fuel gas or as raw material of half water and half coal gas to manufacture synthetic ammonia after the lump coal is washed and screened. Powdered coal can be used alone to generate electricity. It can also be burned in mixture with coal with a medium and high volatile fraction so that the temperature of the flame can be increased and the burning time can be prolonged. Powdered coal with a low ash content and a low sulfur content has a good grindability because its thermal value is higher than that of anthracite and it can also be used for blast furnace blowing or sintering of iron.

Anthracite. Except the anthracite of certain mines in Beijing and Guangdong which is unsuitable for large and medium sized nitrogen fertilizer plants to manufacture synthetic coal gas because the thermal stability is poor, the anthracite of the majority of the remaining mines is suitable for the stationary bed gasification furnace in the half water and half coal gas mixture used for manufacturing synthetic ammonia. Anthracite of Jiaozuo and Jincheng which has a relatively high mechanical strength can be used as the reducing agent in iron smelting in small blast furnaces and as fuel. Anthracite powder is used in large quantities to manufacture civilian honeycomb coal and coal briquets. Anthracite with a low ash content and a low sulfur content can be used to manufacture carbon electrodes, anode paste, activated carbon, silicon carbide and calcium carbide and such high grade carbon materials. Powdered coal with a good grindability is used for blast furnace blowing.

Harder anthracite powder can be used as fuel for sinter. Lump anthracite with a relatively high ash content can be used in vertical kilns to fire cement or to fire lime. Another use of anthracite is to use it with humic acid sodium or cement, clay and such as caking agents to manufacture coal briquets for producing gas. It can also be used to manufacture coal briquets of carbonized lime.

Coal for coking. This mainly includes gas coal, fat coal, coking coal and blackjack. Some coking plants also add a fixed amount of superior quality weak caking coal. The coking of coal is one of the main processing methods for chemical utilization of coal. It is also the main way of comprehensive utilization of coal in our nation at present. Coal is used in the coking process to produce coke for metallurgy or coke for chemical engineering, at the same time, it is used to produce chemical products from coke that is important to the national economy. In industrial situations, the general production rate of major products obtained from coking one ton of dry coal is shown in Table 11:

Table 11. Production rates of chemical products from coking

1) 焦化产品	2) 产量（公斤）	3) 产率（%）
4) 焦炭	720～780	72～78
5) 焦炉煤气	150～190 6)（或300～340米³）	15～19
7) 焦油	35～42	3.5～4.2
8) 粗苯	8～14	0.8～1.4
9) 氨	2.2～2.5	0.22～0.25
10) 硫	3～6	0.3～0.6
11) 其他	3～5	0.3～0.5

Key:
1. Coke products
2. Yield (kilogram)
3. Production rate (%)
4. Coke
5. Coking furnace coal gas
6. (or 300 to 340 cubic meters)
7. Tar
8. Crude benzene
9. Ammonia
10. Sulfur
11. Others

Crude coal gas for coking and coal tar contain several thousand chemical components. At present, at least over 400 components have been identified. Foreign nations have already produced over 200 components industrially. In our nation, over 70 products have been produced or separated. These products are all important raw materials for the organic chemical industry. Especially benzenes, phenols and naphthalene products are major raw materials for medicine, farm chemicals, dyes, synthetic rubber, plastics and synthetic fibers. Recently, because of the ever increasing demand for coal gasification in cities, the coal gas produced by many coking plants is a very good urban coal gas source. The coke chemicals industry has already established a preliminary scale in our nation. The technology is mature, and it is economical and rational. As the national economy rapidly develops, the coke chemicals industry will develop a greater function in our nation's socialist construction. Among the coal resources used for coking in our nation, coal which has a high ash content, a high sulfur content and a poor selectability is used for

generating electricity, for powering locomotives and as fuel for other industries. Most of the remaining coal can be used in mixtures for coking after washing. Of the four major types of gas coal, fat coal, coking coal and blackjack, fat gas coal of fat coal, coking coal and gas coal are the major types of coal for coking. These types of coal should be used for coking in the chemical industry as much as possible so that they can fully develop their function. Because our nation has more gas coal resources, if we can mix in a fixed proportion of grade 2 gas coal or grade 3 gas coal in the coal mixture for coking, the production of chemical products and coal gas will visibly increase. These two types of gas coal are also the main raw materials for vertical box furnaces and Wood's furnaces to manufacture urban coal gas. In regions with more gas coal resources, the tamping type coking furnace can be used for coking to expand the amount of gas coal used and improve the quality of coke. The grade 1 gas coal has a poor coking characteristic, therefore it is mainly used as fuel to produce power. Lump coal can be used as raw material for the stationary bed coal gas generator furnace to make mixed coal gas or as fuel for curing tobacco. In addition, there is a bright future for developing gas coal with a high volatile content and a high sulfur content as raw material for hydrogenation and liquefaction because of its high hydrogen content, its low oxygen content, its high vitrain content, and its low degree of coalification.

III. Rationally Uutilize Different Varieties of Coal and Conserve Energy in a Big Way

Coal is our nation's main energy source. How to rationally utilize the different varieties of coal to satisfy the needs of the various sectors of the national economy is an important consideration in conserving energy in our nation.

In 1980, our nation's thermal power plants which used a relatively large amount of coal consumed slightly less than 18 percent of raw coal produced in the whole nation. Because most of the power plants use pulverized coal boilers, if we use raw coal as fuel, the higher content of lump coal and waste rock would not produce good results. It is best to use mixed residual coal of < 25 centimeters of residual coal of < 13 centimeters in granularity or washed residual coal for generating electricity. Pulverized coal of < 6 centimeters in granularity are difficult to sieve and select and it produces a lot of coal dust during transportation and processing. A lot of coal is blown away and this pollutes the environment. If we supply lump coal, then crushing facilities must be added and electricity must be used to grind coal. This increases the cost of generating electricity and also wastes precious lump coal resources.

Each year, the amount of coal used by locomotives constitutes slightly more than 4 percent of the amount of raw coal produced throughout the nation. Locomotives use tube boilers. The stack is short, and the rate of smoke exhaust is rapid. Therefore, they require lump coal. According to experiment, a locomotive that burns formed coal or lump coal can conserve over 10 percent of raw coal. Locomotives that climb slops greater than 1 percent can use medium and small lump coal with a granularity of 50 to 13 centimeters.

When the slope is less than 1 percent, small lump coal with a granularity of 25 to 13 centimeters can be used. When traveling on flat tracks, it is better to use coal with a granularity of 50 to 6 centimeters. Because of insufficient processing of coal, over a half of the coal supplied to locomotives for use is raw coal or mixed coal. The amount of coal blown away and lost along the way reaches 20 to 30 percent. For example, the Zhengzhou Railway Bureau used hydraulically extracted raw coal from Hebi. The amount of coal blown away was 24 percent. The Lanzhou Bureau used pulverized coal from Hami and the loss reached 50 percent. The amount of pulverized Datong coal blown away reached 15 percent. Throughout the nation each year, because the varieties of coal used by locomotives are inappropriate, over 1 million tons of coal are wasted.

The amount of coal used for synthetic ammonia constitutes 7 percent of the total amount of coal produced in the whole nation. It is best to use medium lumps of superior quality anthracite. At present, the supply of lump coal constitutes 1/3. Because the supply of coal varieties does not suite the needs, each year, more than 1 million tons of standard coal are consumed. Results of experiments conducted by the Quzhou Chemical Fertilizer Plant showed that the unit yield of a furnace burning medium lumps of anthracite of 25 to 50 centimeters was 55 tons/day but the unit yield of a furnace burning small lumps of anthracite of 15 to 25 centimeters was only 45 tons/day, and the unit yield of a furnace burning granular coal of 8 to 15 centimeters dropped to 20 tons/day. According to estimates, if the quality of ocal used for synthesizing ammonia was all above standard, then the consumption of coal can be lowered by about 30 percent.

In general, to truly conserve energy, we must improve the quality of coal and increase the varieties of coal to satisfy the ever increasing needs of each sector of the national economy.

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COAL

DATONG COAL PRODUCTION INCREASES STEADILY

Taiyuan SHANXI RIBAO in Chinese 22 Mar 82 p 2

[Article by Wang Geping [3769 7245 1627] and Yang Xiaoning [2799 1420 1380]: "Deeply Enter Into the Basic Levels; Work at the Grassroots; Solve Problems; Work on the Site"]

[Text] The various levels of leading cadres of the Datong Mining Bureau changed their work styles by entering deeply into the first line of production work at the grassroots, work on the site, and solve problems on a concrete basis. As a result, there has been a continued increase of raw coal production. By 18 March raw coal production in the entire bureau had exceeded the target by 274,000 tons.

Beginning this year, the Datong Mining Bureau has assigned 394 bureau and department level leading cadres and office personnel to enter deeply into the grassroots of 13 coal mines to conduct investigations, work with the shifts, work on the site, solve key problems of production, and assure the proper preparation and coordination of the integrated mining faces. Because of blockages in the roadways, the moving of equipment to another mining site in early February by the No. 3 integrated mining team at the Yungang Mine was delayed. The Bureau Party Committee Secretary Wang Qiufa [3769 4428 3127] and Deputy Secretary Hao Wanqi [6787 5502 4388] immediately went to the mine and went underground to examine the work site. They called a strategy meeting and mobilized the people to offer their plans. They also organized the engineering and technical personnel to make a study and a plan to solve the problem was developed. Afterwards, they rushed to the Xinzhouyao Mine to solve a problem involving two pieces of integrated mining equipment that were jammed against the mine roof. They also found that there were no personnel transport along the large 4,000-meter long underground roadway. Workers had to walk to and from the work faces. The main shaft was not heated and ice was forming on the shaft walls. As a result, the cage was unstable when traveling up and down. They immediately called a meeting to work out measures to solve these problems. In mid-February, it was found that the railroad project of the surface screening system at the Wangcun Mine was not meeting production needs, restricting the coal loading operation. Acting Bureau Chief Liu Shugui [0491 2579 6311], along with involved personnel from the capital to the site to establish a plan. As a result, the daily loading rate was increased from 50 to 80 cars and 1,500 more tons of coal could be shipped each day.

The personal efforts of the leading cadres of the bureau affected and greatly changed the working styles of the cadres of the entire bureau. During January and February, the bureau level leading cadres participated in labor an average of 5.4 days, mine and department level leading cadres participated an average of 11 days, and region and brigade cadres participated an average of 29.2 days. They all exceeded the requirements of the Coal Ministry for labor participation by various levels of cadres. The actions of the various levels of cadres to enter deeply into the basic working levels inspired the production positiveness of the 100,000 coal mine staff and workers. During January and February this year, the attendance rate of the staff and workers greatly exceeded that of the same period last year. A season of slack production was changed to one of busy production and daily raw coal output was maintained at above 70,000 tons. Currently, the third group of grassroot cadres of 74 people have gone to the first line of production.

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CSO: 4013/68

COAL

RAW COAL PRODUCTION IN GUANGDONG EXCEEDS PLAN IN FIRST QUARTER

Guangzhou NANFANG RIBAO in Chinese 6 Apr 82 p 2

[Article: "Raw Coal Production in Our Province Achieves Success in First Quarter; Production Plan Exceeded by 4.5 Percent"]

[Text] The coal output in our province during the first quarter exceeded the production plan by 4.5 percent. Of the total, output of provincial coal mines exceeded their overall production plan by 0.4 percent and output of local and county coal mines exceeded their overall plan by 13 percent.

Since the beginning of this year, the coal mines in our province have exercised a tight grip on production and positively adopted measures to maintain attendance and increase production. At the end of last year, the Siwangzhang Mining Bureau began to pay attention to and properly carry out its political ideological work of the staff and workers and determinedly maintained production during the Spring Festival. It encouraged hard work regularly. As a result, its coal output since the beginning of year has exceeded the production plans each month, completing the overall production plan for the first quarter 9 days ahead of time. Since the beginning of this year, the various mines have also conscientiously carried out enterprise reorganizations, established and perfected their economic responsibility systems, and raised their labor productivity. With the assistance of the working group of the Provincial Coal Department, the Hunggong Mining Bureau organized 20 some people to go to its No. 1 Mine to conduct experimental enterprise reorganization work. As a result, the mine has fulfilled its production tasks month by month.

Through the improvement of management and administration, production has also developed at the bureau's other mines. Thus, the bureau completed its coal production task for the first quarter and output showed an increase over the same period a year ago. The small coal mines in the Zhanjiang, Zhaoching, Foshan, and Haixian regions strengthened their management and administration, properly carried out technical readjustment, further perfected their economic responsibility systems, and mobilized the coal mining positiveness of the commune members. They all exceeded their first quarter production plans by more than 10 percent.

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CSO: 4013/66

COAL

CENTRALLY COORDINATED COAL MINES COMPLETE FIRST QUARTER

Shenyang LIAONING RIBAO in Chinese 31 Mar 82 p 1

[Article by Li Shangzhong [2621 1424 1813]: "Centrally Coordinated Coal Mines in Our Province Complete First Quarter Plan Ahead of Time; Daily Output of Raw Coal Establishes Highest Level in Five Years"]

[Excerpts] The first quarter plans have been completed 2 days early by all the centrally coordinated coal mines in the province. Production of raw coal was 7,210,000 tons, an increase of 14 percent over the same period of last year. Daily output was 1.3 percent higher than the fourth quarter of last year, establishing the highest level in 5 years. The first quarter targets for washed coal, drifting, development, and stripping were all completed 4 to 6 days in advance.

The coal mines in the province started work early in the first quarter of this year. Responsibilities were properly defined. During the last 10 days of each month, preparations for the following month's production were already completed, so that production proceeded at an increased tempo. More than a thousand cadres visited the mines in the province to take care of weak links and solve problems in production. Staff and workers in the mines pushed each other and promoted the steady increase of production levels. In March, all nine centrally coordinated coal mines exceeded their tasks. Average daily output was 9.7 percent above the plan.

Based on preliminary statistics, the labor productivity for the mines in the province on a total personnel basis was 8.2 percent higher as compared to the same period of last year. Enterprise losses were reduced by more than 11 million yuan.

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CSO: 4013/56

BRIEFS

SHANXI COAL OUTPUT--Taiyuan, 22 May (XINHUA)--Shanxi Province has 2,500 coal mines run by communes, production brigades or teams, producing some 35 million dun of coal a year, or one third of Shanxi's total coal output. Most of the coal produced by the locally-owned mines are shipped to other localities by truck. Provincial departments concerned urged local authorities to organize all available trucks to facilitate coal shipment and avoid excessive stockpiling. [Beijing XINHUA Domestic Service in Chinese 0150 GMT 22 May 82 OW]

LIAONING COMMUNE COLLIERIES--Commune- and brigade-run collieries have developed well in Liaoning Province in the past few years. At the end of 1981, the number of commune- and brigade-run collieries in the province increased from 84 in 1971 to 270, and the annual raw coal output increased from 720,000 tons in 1971 to 2.3 million tons, netting 7 million yuan of profits. In March 1982, some 500,000 yuan of funds and 200,000 yuan of interest-free loans were allocated to 246 commune- and brigade-run collieries to help them get additional equipment and improve mechanization. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 4 Apr 82 SK]

HEILONGJIANG COLLIERY READJUSTMENT--Heilongjiang Province has made considerable headway in readjusting the collieries whose products are distributed under the unified state plan. As of the first quarter of 1982, over 70 percent of all mining projects were readjusted. According to statistics compiled at the end of April, total raw coal output was 600,000 tons above the plan and the tunneling footage was 4,585 li over the planned figure. By the end of 1981, after a 3-year readjustment period, 20 readjusting and renovating projects were completed and put into operation. The 42 pairs of mine pits existing before the readjustment were merged into 27 pairs, but the annual production capacity increased 40 percent. Total provincial raw coal output increased by 12.09 million tons over the record in 1975, increasing at an average amount of 2.01 million tons a year. At the same time, these collieries built 740,000 square meters of housing for workers and staff were 147 yuan more than in 1978. The readjustment of these collieries will be completely finished in 1983. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 16 May 82 SK]

HEILONGJIANG COAL RESOURCES--According to information released by the recent Heilongjiang provincial work conference on investigating and appraising coal resources, the province is rich in coal resources. This year the state will organize a scientific and technological force to conduct an overall investigation. China ranks fourth in the world in coal resources. The province's coal reserves account for two-thirds of all coal reserves in China and most have not yet been exploited and utilized. Last year a coal deposit with a reserve of some 3 million tons was discovered in Dede County. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 17 May 82 SK]

COAL PRODUCTION--Beijing, 12 May (XINHUA)--China's coal industry has surpassed state production goals every month this year, and the nation's total coal output in the January-April period was 12 percent over the same period of last year, according to Yu Hongen, vice minister of coal industry, who addressed a national telephone hookup on coal production here this evening. The January-April output of the coal mines managed by the ministry of coal industry was 9 percent over the same period of last year, and the average daily output reached 965,800 tons -- 76,500 tons more than that for the same period of last year. The tunelling footage and output of dressed coal all surpassed state targets, he said. The vice minister said that leading cadres at all levels had improved their style of work and more people had joined production at the coal faces. [Text] [Beijing XINHUA in English 1527 GMT 12 May 82 OW]

PLANNED COAL PRODUCTION EXCEEDED--Plans for raw coal production for the first quarter were exceeded ahead of time by the eight coal mines under the Provincial Coal Department, including Yipinglang, Yangchang, Tianba, Housuo, and Laibin. Success by every mine was achieved. The entire system completed its plan 9 days in advance. Total raw coal production in the first quarter exceeded the quota by 13.7 percent while development work exceeded the quota by 17.5 percent. Compared to the same period last year, they represented increases of 30.8 percent and 39.1 percent respectively. [Text] [Kunming YUNNAN RIBAO in Chinese 3 Apr 82 p 1] 5974

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HUGE LIGNITE FIELD SURVEYED--A detailed geological survey of what is now China's largest Tertiary lignite field--The Zhaotong lignite basin--was completed at the end of last year [1981]. The survey determined that there are some 7.92 billion tons of lignite that could be used by industry. The Zhaotong lignite basin covers an area of approximately 230 square kilometers, including the coal-bearing area of some 140 square kilometers. The field, which lends itself to open-pit mining, has a depth of more than 180 meters with an average yield of 1 ton of coal per 2 cubic meters of material extracted. [Text] [Kunming YUNNAN RIBAO in Chinese 19 May 82 p 1]

CSO: 4013/91

STATUS, PROSPECTS OF PETROLEUM GEOCHEMISTRY IN CHINA REVIEWED

Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 2 No 4, 1981 pp 388-389

[Article by Huang Difan [7806 4574 5672], Beijing Scientific Research Institute of Oil Exploration and Development: "The Current Status and Prospects of Petroleum Geochemistry in This Country as Indicated by the Second Annual Meeting of the China Petroleum Society"]

[Text] Thirteen papers on petroleum geochemistry were read and discussed at the oil generation session of the second annual meeting (1981) of the China Petroleum Society. They dealt with: the structure of oil-producing matrices and with methods and diagnostic features for distinguishing types of organic material; mechanisms, modes and thermal reaction kinetics in the evolution of organic matter; the study of biological marker compounds (porphyrins, perylene, sterane, terpane and the like), and their use in comparison of oil sources; indicators for evaluation of oil-generating rock and methods of estimating and computing oil generation; time-temperature indices (TTI); and new methods such as laser thermolysis spectroscopy and the like and their applications in the study of petroleum constituents. Although the number of papers presented was not large, they were selected from more than a hundred that were submitted and are fairly representative of our country's research in the petroleum generation field.

Because of the "ten catastrophic years," it was not until 1977 that our country's petroleum generation research began to revive in response to the developing needs of the petroleum industry. During that 10-year period, foreign analytical techniques and theory made great advances, producing the kerogen thermal decomposition theory of oil generation and many new oil-generation evaluation indices and molecular coefficients, and establishing further correlations between petroleum and source rocks, while our country essentially remained stagnant at the 1960's level. As a result, at the first annual meeting of the petroleum society (1979), many of the papers dealt with "importation" of new concepts, new theories, new methods and new testing techniques for use under our country's geological conditions, particularly in connection with continental facies deposits. In recent years, petroleum geochemistry research in this country has received widespread attention and has developed rather rapidly. As a result, many of the papers presented at this annual meeting showed clear progress in terms of both technical standards and profoundity

of research, and there was much pioneering work; our Chinese specialists are beginning to make contributions again in the field of organic geochemistry. Some examples are presented below.

1. The characteristics of the oil-forming evolution of organic matter in our major oil and gas basins and the oil-formation modes involved have been established and further characterized, and various practical indicators have been used to determine limiting depths and temperatures for oil formation with some accuracy. Such work has been carried on in the Daqing, Shengli, Dagang, Renqiu, Liaohe, Miyang, Jianghan and Tsaidam areas, among others.

2. A deeper understanding of the conditions under which the various new organic geothermal indicators can be applied in continental-facies strata has been achieved, and some new concepts and indicators have been proposed, including the distribution and environmental significance of odd-even predominance (OEP), even-odd predominance (EOP) and the carbon predominance index (CPI); the distribution and evolution of the phytane series; the use of various aromatic structure indicators to discriminate petroleum-generating rocks and degrees of maturation; differentiation of kerogen types; and carbon isotope measurements and studies.

3. In recent years the relevant units in this country have been continuing research on biochemical marker compounds such as cholestane, singly and doubly aromatic cholestane, tricyclic and pentacyclic terpanes, porphyrins and perylenes, and a relatively high standard of research has been attained. In these investigations a series of already-known and new molecular coefficients have been used to identify matrix rock types, degrees of maturation, and evolution characteristics and stages, the pregnane evolution mechanism, has been proposed and the complete tricyclic terpane (C_{16}-C_{28}) series (which appears in late stages of maturation) has been discovered, solving the problems of differentiating certain oil regions and oil sources.

4. In order to meet the need for express analysis, in the past 2 years there has been new progress in pyrolytic analysis and data processing, new diagrams for distinguishing kerogen types have been presented, and it has been discovered that the lower extent of the oil-formation liquid state window is the gas-liquid critical point, thus laying an excellent foundation for rapid evaluation of oil-generating rocks. In addition, investigations on the use of laser thermolysis to study oil generation have begun.

5. Investigation of the mechanisms of oil-gas drive (including the evolution of clay mineral associations and effective drive thicknesses) and research on parameters and computation methods in quantitative evaluation of oil generation have also made gratifying progress, furnishing computation principles and formulas for thermochemical kinetics, thermolysis data and mathematical modeling, which will effectively promote resource evaluation work.

6. Other progress includes the application of the TTI at Daqing oilfield. The study of light hydrocarbons in oil-generating rocks, the analysis of oil matrix structure in continental facies, and measurement of carbon isotopes and free radicals, among other activities, have reached or soon will reach advanced levels.

The studies described above not only have accumulated rich data for organic geochemistry, discovered some new laws and promoted the development of the field, but also have provided much direct evidence on the generation of oil in continental facies. Currently, petroleum organic geochemistry is having a steadily increasing effect on our country's exploration and development of its oil resources, has attracted increasing attention and interest and has become a powerful means of estimating the basic oil-gas prospects of a given region. In addition, various types of instruments and equipment have now been put into use in analytic experiments in organic geochemistry, essentially satisfying current research needs.

We have made excellent progress and the gap between our work and the state of the art abroad has been decreased. It may perhaps be said that we have reached a stage equivalent to the state of the art in the 1970's and are now moving forward with out petroleum geochemical research. This is very gratifying, but there still exist some weak links and areas awaiting development, and there are still considerable gaps in experimental techniques, to which our country's petroleum geochemistry workers must apply joint effort.

1. The study of oil generation in carbonate rock is an extremely weak link. Among the papers submitted to this yearly meeting, only very few dealt with the organic geochemistry of carbonate rock and its evaluation, and many fundamental questions still remain unclear. Carbonate rock occurs extensively in our country, but its organic content is generally very low and it is gener generally rather highly metamorphosed, its structure is rather complex, and the questions of how to estimate its oil-gas potential and how to go about effective exploration urgently await solution for current oil-gas resource evaluation purposes.

2. As petroleum organic geochemistry develops, the quantitative evaluation of source rocks not only is needed for production but is a potentially solvable problem. In other countries this topic is generally in the realm of "corporate secrets"; little has been published on it, and what has been published is not necessarily useful. Research in this country has made an excellent beginning, and even better achievements may be publicized at the next session, providing effective guidance for resource evaluation work.

3. Many problems involving source rock evaluation indicators, thermal evolution indicators, type indicators, and kerogen formation and structural models merit more thorough research so that we can gain a further understanding of the mechanism of oil formation and refine continental-facies source rock evaluation.

4. Further improvement of techniques for thermolytic express evaluation and analysis of the formation of thermolytic products not only would stimulate research in kerogen geochemistry, but would also be extremely beneficial for resource evaluation. Geochemists are engaged in efforts in this area; they have already achieved respectable results, and further progress may be expected in the future.

Petroleum geochemical simulation experiments still are a weak link in our country's research work, and even though some work has been done in the mechanisms of oil and gas drive and in the kerogen thermal model of oil formation, we are still rather far behind foreign countries and must intensify our efforts. It must be realized that this is an essential aspect of organic geochemical research which will help discover the essence and the mechanisms of many geochemical phenomena and explain some problems in thermal reaction kinetics.

6. The investigation of biochemical markers and the use of a series of relevant molecular coefficients will be an important area of petroleum organic geochemical work in the 1980's; some current geochemical indicators will be replaced by such molecular coefficients. Clearly, the geochemical effects of organic matter will be reflected even more sensitively in the distributional and structural changes of these special series of molecules, and accordingly the relevant geochemical indicators will become even more precise. This is a developmental trend which should have the attention of all geochemists in our country.

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MESOZOIC-CENOZOIC CONTINENTAL OIL-GAS BASIN CHARACTERISTICS ANALYZED

Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 2 No 4, 1981 pp 314-309]

[Article by Guan Shicong [7070 1102 5115], Wang Sheng [3769 0524], Zhang Shaowei [1728 4801 4850], Yuan Jie [5913 2212], Yuan Fengtian [5913 7364 6879], Jiang Shengbang [3068 5110 6721], Xu Mingguang "6079 7686 0342] and Cheng Xiaodong [7115 2556 2639], Office of Oil Exploration and Prospecting, Ministry of Geology; "Some Questions in the Study of Mesozoic and Cenozoic Continental Oil-Gas Basins in China"*]

[Text] As our country's petroleum geology surveying and exploration work expands, the study of Mesozoic and Cenozoic continental oil-gas basins is becoming more profound. Research work is based on a cerain theory of structural geology, and the introduction of new structural theories will provide a stimulus to our thinking and make research more profound. But it should also be realized that the structural theories of the various schools often stress particular structural phenomena or characteristics and neglect the large quantity of geological data that has been accumulated in the process of surveying and exploring numerous continental basins and the common features which these data indicate in many basins. Experience makes it clear that the geological structure, stratigraphy and oil-gas content of some of our country's large, medium and small oil-gas basins have characteristic features. Further investigation of the mechanisms of formation and laws of development of basins and their classification and comparative study, the study of sedimentation modes and basin-formation and oil-formation periods, and the conduct of long-term forecasting and evaluation are essential to continental expansion of the number of known oil fields (or pools) and discovery of new ones in continental basins.

1. The formation and development of our country's Mesozoic and Cenozoic continental oil-gas basins clearly involved a number of stages. Different theories divide up the stages of basin development in different ways.

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*This article presents some opinions of the group on "Research on the Periods of Formation of Mesozoic and Cenozoic Gasins and Oil in China"; the views presented have not been systematized or finalized and are published to attract a response as guidance for our specialized work.

For example, some stress differences in the scope of deposition in different periods, dividing the basin development process into an initial relatively small-scale formation stage, followed by a development stage involving expansion to a relatively large scale, then a contraction stage in which the scope of deposition clearly decreased. Other theories focus on differences in the types of material deposited at different stages, dividing the development process into an ocean-bay basin stage, a lake basin stage and an alluvial-plain basin stage in terms of concepts of sedimentary facies or formations. Still other theories divide the basin development process into a fault depression stage, a downwarp stage and an infilling stage in terms of the controlling effect of different types of structures on the basins. Further theories distinguish different stages of development in terms of other factors and a variety of circumstances. Our viewpoint is that the distinguishing of stages in basin development should be based on certain important "tectonic episodes" which can generally be compared over a relatively large geographical area (although such comparisons are rather controversial at present). These important "tectonic episodes" controlled and differentiated the characteristics of different stages in the development of our country's Mesozoic and Cenozoic continental oil-gas basins. Accordingly, research focused on various characteristics of the different stages of basin development will produce a correct comparison of the effects on basin formation, development and disappearance produced by tectonic episodes and certain tectonic movements which separated them. We believe that in the long stream of geological history, the multistage nature, cyclicity, intermittency and multiplicity of tectonic movements imply a temporal analysis of the interaction of worldwide periodic and simultaneous crustal changes, and the succession of more or less stable and more or less mobile stages. These circumstances show up particularly clearly in our country from the Late Triassic on, when a new stage of continental basin development begins. The tectonic episodes cannot be uncritically treated as catastrophic turning points. Similarly, the long periods between tectonic movements cannot be treated as absolutely static. We emphasize strongly that stability and mobility are relative terms, but that different stages of basin development differ both qualitatively and quantitatively. We distinguish vertical formational and structural relationships between different stages in the study of development of Mesozoic and Cenozoic continental oil-gas basins in this country.

2. Once we have compared the development of the various basins, we can arrive at a clear conception to the effect that a given geological period or a specific tectonic episode, or a structural period consisting of a number of episodes or a number of structural stages, is in a horizontally, i.e. spatially, mutually constraining relationship with individual tectonic stress fields and particular boundary conditions, and thus governs the distribution, formation, development, state, type, evolution and disappearance of basins and the characteristics of sedimentation and mineral formation (particularly coal and oil formation), and that similar stress effects can produce similar basins and different stress effects must produce different types of basins. Extending this view, even in different stages or different periods, similar stress fields and boundary conditions can produce similar basins, while different stress fields and boundary conditions in the same stage or period must produce different basin types. Stated in general terms, structural movements in different episodes or interepisode stages which differ in nature and degree will, if they produce different

stress effects over time, lead to the formation of different stress fields; but spatial similarities (or differences) in tectonic stress fields or boundary conditions inevitably produce similar (or different) kinds of basin development and distribution. This is the basic concept which we use for classifying Mesozoic and Cenozoic continental basins in our country and for investigating basin-formation and oil-formation periods.

3. In recent years we have addressed the question of continental Mesozoic and Cenozoic petroleum stratigraphy in China. This is one of the fundamental topics in the study of continental Mesozoic and Cenozoic oil-gas basins in this country. Although we did not give a precise definition of the term "petroleum stratigraphy," as the first two sections of this article indicate, the temporal and spatial relationships between developing basins determine and control basin stratigraphy. All factors contained in the strata, i.e. lithology, lithofacies, cyclicity, structure, paleontological characteristics and stratigraphic contacts, constitute the physical manifestation of a specific sedimentary body resulting from basin formation and development in a specific stage of earth history (also called tectonic stage or tectonic period). The fundamental content of petroleum stratigraphy should include the different formation characteristics of different basin types, the laws of their vertical and horizontal transformations and comparative features, and their relationships to oil and gas formation, migration, accumulation and redistribution. Clearly, whether we are talking in terms of deposition sequences and deposition cycles or in terms of sedimentary associations, sedimentary markers and sedimentary strata, but especially if we are seeking a connection between stratigraphy and oil-gas content, we must also keep aware of paleontological stratigraphy, structural stratigraphy, period stratigraphy, lithological stratigraphy and earthquake stratigraphy and of the laws of igneous activity in the various stages in our study of the formation characteristics and oil-gas content of different basins, in addition, we must go on to distinguish and compare the transformations and interrelationships of basin types and basin deposits in spatial and temporal terms in order to evaluate their oil-gas prospects.

The study of petroleum stratigraphy also must deal to a greater extent with the modes of basin formation and development and with deposition modes for different basin types, as well as with their relationships to oil and gas formation. On the basis of existing data we can reach the clear conclusion that as a result of differences in the structural movements that formed basins belonging to different temporal stages, and to differences in basin types over time resulting from differing stress effects and boundary conditions, the deposition modes for different basin types will have specific characteristics and will be closely related to oil-gas content and to specific oil-formation periods. The oil content of basin deposits is primarily dependent on the oil-formation characteristics of different strata (i.e. specific oil geochemical indices) and the nature of their associated reservoir strata and cap strata; in addition it depends on the characteristic association of strata in a given deposition mode. Accordingly, the study of oil-source, reservoir and cap strata combinations in terms of stratal associations and oil-gas prospects is the main component of petroleum stratigraphy.

4. The tectonic position and basement rock character of basins constitute important boundary conditions affecting their development, but they are not the only or the critical factors. These boundary conditions change from stage to stage in response to temporal development and spatial distribution, and the characteristics of the geological bodies which function as the foundations of basins or which have an effect on them are not fixed and unchanging: thus the geotectonic distinction between stable and mobile belts is relative. Accordingly, so-called craton basins merely develop on stable blocks during a certain stage, but this does not mean that they are permanently solid and stable; and the structural forms present during or after their period of formation are not always and eternally faults, grabens and rift valleys.

Naturally, the so-called "craton basin stratigraphic model" has considerable diversity. Similarly, so-called "active belt basins" which have undergone one or more tectonic episodes and become stable basins are also called craton basins, but to confine development during and after basin formation to the fixed category of "stable" development is obviously unrealistic. Numerous Mesozoic and Cenozoic basins in the eastern part of our country have been called craton basins, and advocates of plate tectonics in particular press this view, but the development of these basins included several relatively mobile and relatively stable stages and different types of structural movements, so that the sedimentation modes of the different basin development stages follow an overall pattern but also have unique characteristics. Chinese continental Mesozoic and Cenozoic basins are of either "superimposed" or "uniform" types. The term "superimposed" refers primarily to cyclic superimposition of various sedimentation formations and tectonic cycles in different stages; while the term "uniform" refers to sedimentation formations and structural cycles from a single stage. The former category includes the latter, so that the development of basins of "uniform" character is a form of development of "superimposed" basins. Accordingly, "superimposed basins" really embody the development of different basin types or the multistage nature of basin development; the temporal and spatial interrelationships of the different stages have specific characteristics. This "uniform" or "superimposed" sedimentary combination of sedimentary modes in different geotectonic positions or different historical periods is an important datum for evaluating the oil-gas content of basins.

5. We assert that the multistage nature of basin development distinguishes relatively stable and relatively mobile types of tectonic movements and corresponding effects on basin types and sedimentation (this refers purely to temporal changes). In relative terms, tectonic movements are either active or stable. We believe that in stages where tectonic movements are relatively intense, active horizontal stress effects predominate, and that the associated cyclic magmatic and basin development stages and developments all clearly have specific strain patterns, for example linearly arranged trough basins, or volcanic flows in a certain direction; while in stages where tectonic movement is relatively stable and static, the corresponding basin subsidence effects are clearly apparent and positive structural areas surrounding the basin lack corresponding large-scale violent uplift, but are continuously eroded and leveled, and some parts of them are gradually captured by the basin, forming a depression or non-trough basin. The "mirror reflection" between the basement planes of the large and medium-size continental Mesozoic and Cenozoic basins in our country

and the Mohorovicic surface can be considered a manifestation of the deformation of matter in the deep crust below the basins, but they are the result of equilibrium adjustments (or equilibrium compensation) when stages of violent activity resulting from tectonic movements pass into static, stable stages. Accordingly, in static, stable stages of basin development, this "equilibrium compensation" has an important controlling effect manifested as spontaneous vertical subsidence of the basins, generally producing open basins with extensive development of stratigraphic bodies favorable to the formation of oil and gas.

Thus, in stages of relative activity and relative stability, the mechanisms by which regional tectonic movements produce basins are not completely identical. But whether they are produced by horizontal or vertical stress, the strain patterns formed under specific boundary conditions are subject to specific laws. In addition, because of differences in boundary conditions, within a given tectonic stage there may be differences in strain patterns produced by the same stress effect. For example, the late Triassic was expressed in Sichuan and the Ordos by the occurrence of an "open basin," i.e. a large-area depression or downwarp, while east of this was an area of relative uplifting, and although there is some occurrence of the upper Triassic series there, there are no extensive open-basin sediments. In the late Jurassic to early Cretaceous, tectonic movements were relatively vigorous and horizontal movements predominated, with the result that in the eastern part of our country there appeared some north-south trough depressions and other structures of various orders: for example, the north China, Yangtze-Han and the Sichuan and Ordos depressions contracted. In the late Cretaceous, open-basin sedimentation occurred in the Songliao, Ordos, eastern North China, Jiangsu, Yangtze-Han, South China and south Yellow Sea regions; the Songhuajiang group in the Songliao Region is currently our country's main oil-containing stratigraphic group, and we may infer that our country's extensive northwestern deposits also have open-basin sedimentary characteristics. In the early Tertiary, extensive trough basins occurred in areas of the eastern part of the country, including Hubei, North China (including the Liao River) and the Bohai, the southern Yellow Sea, while the Songliao basin and the Sichuan basin tended to contract and disappear.

The evidence cited above shows that in different structural stages, under different stress influences and with different boundary conditions, consistent strain patterns were produced but with their own specific characteristics. In terms of the multistage nature of basin development and the laws of basin distribution, there are a great many modes of development of our country's continental Mesozoic and Cenozoic basins; they cannot all be classified as "superimposition" basins or simply explained by the "fault depression filling--depression cover--uplift depression" process. We assert that at a given temporal stage, the nature of tectonic movements is different in different areas, and when there are spatially equivalent stress fields but different boundary conditions, the stress situations differ, so that in a given period the circumstances of depression development may be diverse and not in balance. Conversely, in the "superimposition" process, because boundary conditions differ, every stage has different basin formation circumstances. Trough basins may have a long-continuous period of development, but sometimes after a brief period of development they disappear rapidly; open basins may continue to

above trough basins, but sometimes they occur independently over different types of basements. We believe that the "superposition" process and "superimposed" differ with location. Accordingly, studying the history of our country's continental Mesozoic and Cenozoic basins involves in particular the question of periods of basin formation and oil formation, and we assert the dialectic viewpoint that they are both uniform and contradictory, both temporally and spatially, in order to remake the multitype development model.

6. Chinese and foreign investigators classify basins in many different ways. Relying primarily on the dialectical space-time relationships of basin development, we start by distinguishing the two basic types, namely trough basins and open basins. These two large basin types have different origins and paths of development, and their sedimentary formation and late transformations also differ. The study of their sedimentary characteristics and deposition modes is extremely important for evaluating basin oil and gas content.

The first category is that of trough basins. For example, the Late Triassic, Late Jurassic--Early Cretaceous, and Early Tertiary trough basins have the following geographical characteristics.

a. They develop deposits and formations which indicate rapid subsidence, such as sandstones containing large quantities of clastics, flysch-like structures, sediments with turbidity current characteristics and the like. Trough basins generally have rapid deposition rates.

b. In a group of relatively small trough basins like the Fouxin basin, basin subsidence was compensated relatively fast, sometimes producing a "supersaturated" state; these gasins generally lacked broad deep-water facies zones, marginal facies were either absent or relatively narrow, and reducing conditions were relatively limited. But large amounts of near-shore terrigenous organic matter was rapidly subjected to deep burial in these basins, or when the reducing effect was insignificant, coal-bearing formations were generally deposited. In another type of relatively large-sized trough depression, including grabens, dustpan-shaped depressions and the like, such as those of North China and Subei, there sometimes was rapid subsidence and insufficient compensation, producing a "starved" state with excellent reduction and trap environments which were favorable to conversion of organic matter to hydrocarbons, and oil-gas and gypsum-salt formations were deposited.

c. Isotope dating of Mesozoic and Cenozoic magmatic rocks indicates that the period of maximum magma activity corresponded with the period of accelerated basin subsidence.

d. Depositional interfaces are relatively frequent along the marginal areas of basins. The tectonic episodes distinguished by these interfaces manifest the multifrequency character of structural movements during periods of trough basin development.

e. Trough basins are frequently narrow and elongated with pronounced directionality. They frequently show clear correspondence with neighboring coeval

orogenic belts, uplift belts or other structural belts, and their edges are frequently controlled by fixed structural elements such as faults, so that they are occasionally called "structural basins" or "fault depression basins" and the like; but sometimes they are geosynclinal. The locations of facies belts within the basins and of certain structural belts of early date within them also agree with the directions of regional structures of arc in a clear mutually conditioning relationship with them.

The other type of basin has been called the "open basin" type; examples include many non-trough basins of the Late Triassic, Middle and Late Cretaceous, and Oligocene, which have the following geological characteristics.

a. They generally begin with sedimentary molasse-type red clastic members, gradually passing over into sandstone and siltstone deposits produced under stable conditions and rather thick melanocratic mudstone and slate deposits. The sandstone is of simple composition, consisting primarily of quartz sandstone and arkosic quartz sandstone. Accumulation rates are rather slow.

b. In the process of development toward a stable condition in open basins, material source areas are gradually eroded and leveled, equilibrium and compensation effects gradually weaken, the speed of subsidence gradually exceeds the rate of accumulation, and the basin develops to a "starved" state; deep-water facies zones appear, providing a reducing deposition environment which is favorable to oil and gas production and redistribution. The basins' marginal facies zones are broad; and some transitional facies zones such as delta facies and beach facies are well developed.

c. Isotope dating of Mesozoic and Cenozoic magmatic rocks indicates that the periods of stable development of open basins are also periods of weakening or cessation of magma activity.

d. The stage of stable development of open basins involves primarily subsidence movements, earth pulsations are frequent, sedimentation cycles are clearly apparent, sedimentary series are generally continuous, and overlap of the strata is evident, but pronounced, large-scale sedimentary interruptions or discordancies are rather infrequent.

e. Open basins generally take in large areas. Because of crustal subsidence and overlap of sedimentation, different structural units are frequently included in open basins. This speaks powerfully in support of the idea that the development of open basins can be "superimposed" on trough basins and also can proceed outside of trough basins. Open basins should not be limited to a trough basin foundations and should be fundamentally distinguished from trough basin development. Many large and medium-sized oil and gas basins in our country developed on a nonuniform basement of varying character. The formation of open basins involves characteristic boundary conditions which are not entirely the same as those of the trough basins they may succeed; the boundaries of open basins are seldom or never controlled or affected by certain regional structural belts, so that their formation is not entirely regular, but late structural movements separate or dissect them, resulting in oval, rectangular or prismatic external outlines and different directional orientations.

In general terms, open basins still preserve their initial shapes to varying degrees, differing from trough basins in being relatively broad. Open basins are sometimes called "depression-fold basins", "subsidence basins" and the like.

7. Summarizing and analyzing the geological characteristics of these two types of sedimentary basins makes it possible to establish sedimentation modes for our country's Mesozoic and Cenozoic continental basins and make a further analysis of their controlling effect on oil-forming series. On the basis of preliminary discussion, we focus on the following.

a. Different types of oil-producing rock have characteristic places of occurrence, both horizontally and vertically, in different types of basins and in different stages of basin development. For example, sapropelic oil-producing rocks are deposited in the middle and upper sections of open basins and in deep-water conditions in subsidence centers; humic coal-containing structures predominate in the near-marginal facies of small trough basins and in their cyclic middle and lower sections; and oil-producing series predominate in subsidence centers of larger trough basins and in their cychic middle and lower sections.

b. Different types of sedimentary basins have stratigraphic series and facies zone distributions corresponding to different sedimentation modes, and their own characteristic distributions and combinations of oil-producing, reservoir and cap strata. Examples include: stable deposition of deep-water lacustrine-facies melanocratic mudstone and shale, development of perfect delta systems, and the existence of alluvial plains, in open basins; the various oil-producing and coal-producing combinations rich in organic matter and formed by rapid burial in trough basins; and the intercalation of marine facies. All of these phenomena are closely associated with the nature and development of basins.

c. Different basin types and different deposition modes have different geothermal gradients; there is a distinction between "hot" crust and "cold" crust. Deposition modes also generally embody the effect of nonuniform sediment thickness on geothermal gradients. Geothermal gradients directly control oil-formation boundaries and coal-producing effects. Coal metamorphosis effects following coalification are even more closely associated with geothermal phenomena. Accordingly, we believe that studying the genetic relationships of different deposition modes to primary and secondary oil formation is of important practical significance.

Only combining the content and conceptions of the research topics described above and further analyzing the relationship of first-rank and sub-first-rank tectonic traces in basins to oil formation processes will enable us to gain a clear understanding of basin-formation and oil-formation periods in the Mesozoic and Cenozoic in China and to use this understanding for comprehensive evaluation of Mesozoic and Cenozoic oil and gas prospects in China.

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SUPPLEMENTAL ENERGY SOURCES

PROVINCIAL GOVERNMENT SUBSIDIZES METHANE PIT CONSTRUCTION

Guangzhou GUANGZHOU RIBAO in Chinese 19 Mar 82 p 1

[Article by Staff Correspondent: "Provincial Government Accelerates Methane Construction; Suburb Region Subsidizes Each Household With 100 Yuan To Encourage the Masses To Work on Methane"]

[Text] Recently, the Provincial People's Government made its decision requiring concerned departments, counties, and regions to strengthen their leadership for methane construction in the rural areas. It asks for proper planning and active promotion of the family-type methane-generating pit in accordance with local conditions and calls for the realization of notable results within 2 to 3 years.

At present, there are over 500 methane-generating pits in our municipality. The Kengkou No. 1 Brigade of the Hedong Commune in the suburbs already has over 30 low pressure methane-generating pits in its village. In addition to the use of methane as the source of fuel for cooking the three meals of the day, each family also uses the gas in cooking food for the pigs and in raising decorative fish. The use of the gas is simple and is welcomed by the masses.

The rural areas in our municipality are extremely short of fuel. Large quantities of crop stalks are burned as fuel and a great deal of the branches and leaves of trees in the mountain and hilly regions are also destroyed. Consequently, various levels of leadership must improve the understanding of methane construction and enthusiastically support the peasants in methane construction. The suburb region plans to use the Hedong Commune as the key area and assigns a person specially responsible in seeing that one or two villages will be completely changed to the use of methane this year. Altogether 400 new methane-generating pits will be constructed in the region. At the same time, some appropriate collective pits will also be constructed. The plan calls for the construction of a total of 800 pits in the region within three years. As an encouragement to commune members to develop methane themselves, the suburb region government has decided that for those who wish to construct pits themselves each household will be subsidized with 100 yuan, 1,000 jin of cement, and 70 jin of reinforcing steel for pit construction. The counties of Fanyu, Zengcheng, and Conghua all plan to vigorously carry out the construction of methane demonstration projects. The Municipal People's Government requires the people's government of each county and each region to include methane

construction in its daily agenda for discussion, to establish a regular organization to handle the methane construction matter, and to include in its plan and conscientiously solve the requirements for funding and material subsidies for pit construction. Special funds earmarked for the development of methane-generating pits cannot be used for other purposes. At the same time, propaganda and research departments should also include methane work in their plans to properly publicize and expand the work. Methane construction in the rural areas of our municipality must be afforded greater development.

5974
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SUPPLEMENTAL ENERGY SOURCES

GUANGZHOU PROMOTES COMPREHENSIVE USE OF METHANE

Guangzhou GUANGZHOU RIBAO in Chinese 23 Apr 82 p 1

[Article: "Promoting Comprehensive Use of Methane With Feet Solidly on the Ground"]

[Text] Methane is one of the important energy resources in the rural areas. The provincial and municipal party committees have advocated the promotion of methane use for many years. What is the current status in the use of the methane energy resource in the rural areas of our municipality? Based on the materials we have gathered, our conclusion is: "Benefits are notable but popularization is slow." Methane in the rural areas is far from being fully utilized.

Saying that "benefits are notable" refers to the fact that some of the rural areas in our suburb and Fanyu counties have advanced from collectively developed methane-generating pits to both collectively and individually developed methane-generating pits. The use of methane has advanced from the single utilization of the past to comprehensive utilization. Currently, there are 579 methane-generating in the entire municipality, including 197 collective pits and 382 peasant household pits. In addition to providing fuel for cooking the three meals of the day, the commune members also use methane for heating, the raising of fish, lighting, curing of food, development of mushroom production, etc. The masses have concluded that there are seven important benefits in the utilization of methane: conservation of energy resources for the state, improvement of fertilizer quality, saving of fuel expenditures, purification of rural environment, beneficial to multiple enterprises, reduction of household labor, and maintenance of ecological balance.

Saying that "popularization is slow" refers to the fact that the use of methane in our municipality is only limited to some individual communes and brigades and is far from being promoted to the large rural areas. The number of methane-generating pits constructed in our municipality is only about 0.1 percent of the more than 442,000 households in all the rural areas of our municipality which are short of firewood. Furthermore, most of them are old pits constructed before 1978. Many of them still have problems, with intermittent stoppage and even long periods of shutting down.

Why is the use of methane not popularized in the rural areas of our municipality? There are three reasons. First, since the "big leap forward" we have

engaged in two "mighty mass movements to develop methane." For their propaganda work, there was a tendency for exaggeration. Thus, "when falsehood is told as truth, truth is taken as falsehood." In the actual practice, the masses discovered that it was not as wonderful. This created a bad reaction. What started in great enthusiasm dissipated in a hurry. Secondly, in the development of experimental centers for popularizing methane utilization, the comrades did not consider objective conditions. This resulted in failures and directly affected the popularization work. For instance, the area occupied by the Dongwan Brigade, Xinhua Commune, in Hua County is a grain production region. There is little hog breeding and the population does not have the habit of using wet fertilizer. (The masses are used to using dry hog manure powder fertilizer and hog manure is directly applied to the fields.) The concerned departments did not consider these objective factors. In providing public funds, public materials, and technology, they "officially developed" 263 methane-generating pits. As a result, these pits depended only on the use of some straws as fermentation material and the amount of raw materials used was inadequate. Only three or four pits are now being used. Thirdly, a feeling of urgency of utilizing the methane energy resource has not been established in the minds of the rural commune and brigade cadre members. Most of the communes and brigades in the mountain regions feel that "there is plenty of fuel in the hills." They have not considered that wanton cutting of firewood would destroy the mountain forest resources. Communes and brigades in the plains feel that "the rice stalk is a good fuel." They do not see that the energy resource utilization rate of burning rice stalks is less than half of that of using methane. In addition, the phenomenon of diverting special funds for methane construction to other uses has appeared in many counties and communes.

We believe that to effectively promote methane utilization in the rural areas of Guangzhou we must first make sure of "seeking truth from facts and having our feet solidly planted on the ground." Three conditions must exist in the development of methane in the rural areas. There must be a need by the masses. There must be enough resources (each household with more than four hogs on hand). There must be a definite economic foundation (each peasant household capable of spending about 100 yuan of funds for pit construction). In the selection of locations for methane development, we must consider these practical conditions and use measures suitable to local conditions, so that the masses will "receive goods that they can use." When propagandizing and launching the masses for methane development, we should not repeat the method of rushing headlong into mass action. We must engage in promotional work on a locational basis with our feet firmly planted on the ground and develop one location at a time, so that the masses will see the benefits of utilizing methane through actual practice. This is much better than blindly playing with numbers. The energy resources in the rural areas of our municipality are relatively short. The various leadership departments in the rural areas must first understand this reality and establish the feeling of urgency of developing the methane energy resource. They must treat methane development as part of the basic farm construction. Special funds diverted from methane construction must be returned to their original purpose, the supply of raw materials and accessories for pit construction must be solved, and the peasant households and communes and brigades must be supported in their methane development work. Only in this manner can the utilization of the methane energy resource in the rural areas be developed on a firm basis.

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SUPPLEMENTAL ENERGY SOURCES

OUTLOOK FOR SOLAR DRIERS ASSESSED

Chongqing XIN NENG YUAN [NEW ENERGY SOURCES] in Chinese, Vol 4, No 2, 5 Feb 82 pp 1-8

[Article by Li Zongnan [2621 1350 2809] and Liu Senyuan [0491 2773 0337] of the Guangzhou Energy Institute of the Chinese Academy of Sciences: "Situation and Outlook for Solar Driers in Our Nation"]

[Text] I. Foreword

Since the 1970s, the world's nations have emphasized the energy problem. Developed nations as well as developing nations are all studying and utilizing solar energy to dry agricultural sideline products. At present, many solar drying facilities have been built and the heat gathering surface area has reached over 2,000 square meters.

In our nation, since 1975, several dozen units have developed research in the utilization of solar drying and have built several dozen experimental facilities used for drying in agriculture and industry (See Table 1). Welcomed results have been preliminarily obtained and experience has been accumulated. This has laid a foundation in our nation for future development of research in the utilization of solar energy for drying.

Experiments show that there are many advantages to the utilization of solar energy for drying: (1) It conserves fuel. Ordinarily, drying one ton of materials consumes more than 1 ton of coal. If drying 1 ton of red dates consumes 1 ton of coal, then, drying tobacco consumes 2.5 tons. If solar energy is used for drying, then a large amount of fuel can be conserved for the state, and the cost of drying can be lowered. (2) Compared to natural exposure for drying, solar driers can increase the drying temperature and hasten evaporation of moisture and greatly shorten the drying time. The comparative figures for certain products are listed in Table 2. (3) Solar drying is clean and sanitary. Loss of materials due to rotting, mildew and pollution are reduced, and it also has an insecticidal and bactericidal effect. This improves the quality of products and also prolongs the storage period.

Table 1 Some Solar Driers of Various Localities in Our Nation

Locality	Year built	Type of dryer	Area of heat collector (m^2)	Area of greenhouse (m^2)	Dried substances	Output (jin/period or jin/day)
8th Team, Jishanyaocun, Shanxi	1977	Greenhouse type		54	Red dates, etc.	6,000 jin/2 days
Yanjingliangdian, Wanrong County, Shanxi	1978	Greenhouse type		80	Granary drying	
Yitong County, Jilin	1979	Heat collector	100		Corn	30,000 jin/4 days
Qingyundian, Daxing Cty, Beijing	1979	Heat collector	74	100	Wheat	16,000 jin/day
Xingtai, Hebei	1979	Light focusing type	90		Food grains	200,000 to 250,000 jin/day
Yantai, Shandong	1979	Heat collector	60		Food grains	
First Cotton Textile Mill, Shanghai	1979	Heat collector	12		Warehouse drying	
Xinjian Cty, Jiangxi	1979	Heat collector	23		Agricultural sideline products	
Wenchang, Hainan, Guangdong	1979	Heat collector	8		Granular rubber	80 jin/3-4 days
Lingjiao, Hainan, Guangdong	1979	Heat collector	16		Sheet rubber	
10th Team, Yaocun, Jishan Cty, Shanxi	1980	Greenhouse type		120	Red dates, etc.	
Datong Cty, Shanxi	1980	Greenhouse type		30	Day lily	
Quwo County, Shanxi	1980	Light focusing type	66		Food grains	
Dayangonglulianglian, Linyi, Shanxi	1980	Light focusing type	10		Food grains	
Feixi Wood Works, Anhui	1980	Heat collector	64		Timber	4 cubic/meters/day
Changge Cty, Henan	1980	Heat collector	50		Tobacco, etc.	1,000 jin/4 days
Changan Deer Farm, Xian	1981	Heat collector			Pilose antler	
Dongwan, Guangdong	1981	Heat collector-greenhouse type	31	27	Fruits	2,800 jin/6 days
Shunde, Guangdong	1981	" " "	13.5	4.5	Silkworm cocoon	Gross weight 500 jin/day
Food Grains Admin Sta, Baoshangucun, Shanghai	1981	Heat collector	36		Noodles	
Food Grains Bur, Shangshui Cty, Henan	1981	Light focus. type	32		Food grains	12,000 - 16,000 jin/day

Table 2 Comparison of the speed of solar heat drying and natural drying

Material	Drying time (day) Solar drying	Natural drying	Comparative values of the time required for natural drying and solar drying
Longan	6	15-20	$\geq$ 2.5
Red dates	17	45-60	$\geq$ 2.6
Timber	5	30-40	$\geq$ 6
Concrete	3	6-7	$\geq$ 2

II. Research and Application of Solar Drying

The types of solar driers tested at various localities in our nation can generally be divided into four types: The first is the greenhouse type. The second is the heat collecting type. The third is the drier that combines a heat collector and a greenhouse. The fourth is the tubular drier that consists of a cylindrical parabola for focusing light. Some representative driers are discussed in the following to separately describe their structure, characteristics, uses and drying effect.

(1) Greenhouse drier: Shangxi, Beijing, Kunming, Guangdong have tested this type of solar driers. Up to the present, Shanxi province has already built 7 greenhouse solar drying facilities with a light gathering surface of more than 600 square meters. Beijing and Kunming have already built concrete storage kilns which are production models of greenhouse driers of a preliminary scale.

The structure of this type of drier is similar to that of greenhouses used to cultivate plants. Its characteristic is that the heat gathering part and the drying chamber are joined together. Figure 1 illustrates a solar drier for red dates in Jishan County, Shanxi province. On the north is a temperature preservation wall. The interior wall is painted black. The south and the east and west sides are temperature preservation walls or transparent glass. The glass roof of the greenhouse slants towards the south. Its slope is equivalent to the geographical latitude. The glass is supported by angle steel or wooden blocks and sealed with grease. An exhaust chimney is on top of the greenhouse near the north wall. Below the south wall is an air intake duct. During operation, a ventilation door is adjusted to regulate temperature and humidity inside the greenhouse. The materials to be dried are placed in plates. When the sun shines through the glass of the greenhouse, it is directly absorbed by the materials and the inner wall of the greenhouse. The temperature in the greenhouse rises. In summer, this can reach 50 to 60°C. This is 20 to 30°C higher than the temperature of the surroundings. In winter, the temperature rises 10 to 20°C, but varies according to meteorological conditions. This type of drying chamber that directly absorbs sunlight is suitable for drying red dates, day lily, pepper, peanuts and cotton and many types of agricultural products that can be directly exposed under sunlight for drying.

In addition, a drying chamber that dries materials half by direct sunshine and half by natural circulation has been built in Jishan County in Shanxi province. An auxiliary drying chamber is built in the back (north side) of the drying chamber that directly absorbs sunshine, as shown in Figure 2. The sun shines on the materials placed at the south end of the greenhouse. The damp and hot air thus heated is partially released via the exhaust at the top while some of hot air flows into the auxiliary chamber on the north side. Then, the air flows from the bottom part of the auxiliary drying chamber back to the transparent greenhouse to be heated again. The auxiliary drying chamber can be used to dry those materials which cannot be directly exposed under the sun for drying.

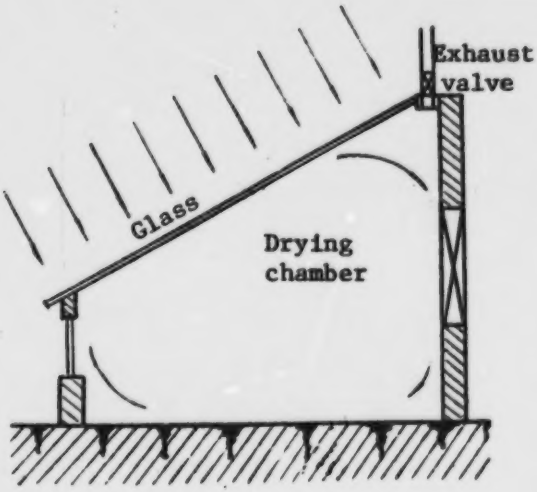

Figure 1

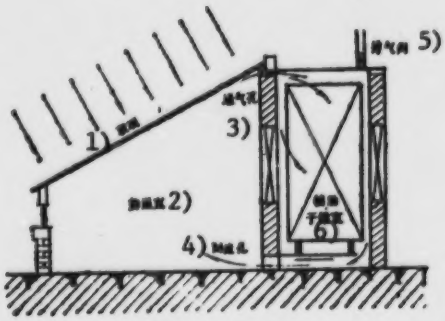

Figure 2 Illustration of the greenhouse type drying chamber with an auxiliary drying chamber attached

1. Glass
2. Front heating chamber
3. Air vent
4. Return air vent
5. Exhaust valve
6. Auxiliary drying chamber

Jishan and Datong in Shanxi province began conducting tests to dry red dates, day lily, pepper and cotton and such agricultural products in 1977. They successfully dried these agricultural products to a safe storage humidity. The products dried quickly. The quality of the products was good. Loss due to spoilage was less, and income increased. For example, the 8th Production Team of Yaocun in Jishan County has a 54 square meter greenhouse type drying chamber used for drying red dates. Materials totaling 1,600 jin are placed in the chamber. During the morning, the green house is closed for drying the materials. At noon and during the afternoon, the green house doors and vents are opened for intermittent ventilation. At night, some of the exhaust valves are shut. On clear days, the materials can be dried after two days. Then, the materials are let to cool for 15 days. This will reduce the water content of red dates to the safe storage moisture content (about 40 percent). Using traditional natural cooling and drying requires 45 to 60 days. Many years of experiment showed that solar drying of red dates reduced the percentage of

spoilage from the 10 to 20 percent of the natural cooling and drying method down to 2 to 3 percent. The red dates were full and their color was bright red. They tasted well and the grade of the naturally ripened dates was improved (See Table 3).

Table 3 Comparison of the quality of red dates dried by the sun in drying chambers, dried over fire and naturally cooled and dried

Drying method	Percentage of spoilage	Shape	Color	Taste
Sun dried	2-3	full	Bright red	Sweet
Dried over fire	2-3	Wrinkled	Dark red	Slightly burnt
Naturally cooled and dried	10-20	Shrunk	Red	

Datong County utilized the solar energy greenhouse to dry day lily, overcame damage caused by wind and sand and dust (The content of dust in day lily dried naturally in this region is high). The products were clean and fresh, and they were welcomed by foreign trade departments.

(II) Heat collecting type drying facility: This type of drying system has a separate heat collector and a drying chamber. The Xian pilose antler drier and the Hainan rubber drier are such driers. For continuous drying of the materials, a stove can also be added to this drying system. For example, the solar energy tobacco drying facility in Changge County, Henan province has a coal burning stove. The drier for bean curd strips at the Huangxi Cultivation Farm in Xinjian County in Jiangxi province has a marsh gas burning chamber. The timber drying kiln at the Feixi Wood Works not only has a timber burner, it also has a heat storage facility. On clear days, the solar atmospheric heat collector is used to provide heat. At night or on overcast days, the heat storage facility or ordinary fuel fired burners are used to provide heat.

The solar timber drying kiln of the Feixi Wood Works is described in the following as an example. This facility consists of a solar atmospheric heat collector, a drying chamber, a pebble heat storage chamber, a wood scrap stove, a smoke-air heat exchanger and an air circulating ventilar. After the drying kiln was built, 8 drying experiments were conducted. The period for drying pine was 5 days. The moisture content dropped from 30 to 14 percent. Hard wood which was difficult to dry required about one week. During the day, drying required the use of the ventilator. The atmospheric heat collector was used to provide heat to the drying chamber and the rock heat storage chamber. At night, the heat storage device or the wood scrap burner was used to provide heat. It was shut down at midnight to let the drying chamber retain a definite humidity. The timber was enclosed in the kiln to allow the moisture inside to disperse and to reduce the temperature gradient inside the timber. The temperature inside the kiln was 20°C higher than the sourrounding atmospheric

temperature. The relative humidity was 45 percent. When the humidity surpasses 60 percent, the air was ventilated to reduce humidity. Experimental results showed that when the solar drier was used to dry timber, the quality of the timber was better. Except for individual logs which cracked slightly, other shortcomings were not discovered.

The heat collecting type drier has been used at various places in our nation in experiments to dry grains, tobacco, noodles, rubber, Chinese herbs and for warehouse drying.

Yitong County in Jilin province, Daxing County in Beijing City, Yantai in Shandong province used the atmospheric heat collector to heat air and the hot air was channeled into silos to dry corn and wheat and such grains. The drier at Yitong County has a heat gathering surface of 100 square meters. The inner diameter of the silo was 6 meters. The average water content in corn dropped 10 percent and daily output of corn was 5 tons. The heat collector of the wheat drier in Daxing County in Beijing City uses a flat box to produce hot water and hot air.

Ordinarily, it is used to provide hot water. In summer, during wheat harvesting time, it is also used to dry wheat. At this time, the box is filled with non-circulating water to store heat. Air is heated only when it flows across the heat absorption plate. Together with the air heated by the greenhouse next to the facility, the hot air is drawn by the ventilator into the cylindrical silo to dry wheat. The area of the heat collector of the facility is 74 square meters. The areas of the greenhouse is 100 square meters. Air flows at about 6,000 cubic meters/hour. During cloudy days, the temperature of the hot wind is 37° to 47°C, higher than the temperature of the surroundings by 8 to 13°C. After drying for 5 hours, the moisture content of 16,000 jin of wheat dropped from 30 percent to 24.5 percent. On clear days, the temperature of hot air rises 7 to 22.5°C. Each day, the moisture content of 16,000 jin of wheat can be reduced from 20 percent to 4 percent.

Changge County in Henan province conducted experiments in using solar energy to cure tobacco and to dry noodles. The period of curing tobacco by solar energy is 4 days. During the course of curing, the temperature and humidity at each stage are strictly controlled: During the yellowing period, the temperature is controlled between 38 and 45°C and during the color fixing period, the temperature is controlled between 45 and 55°C. During these two periods, the relative humidity is between 75 and 80 percent. During the drying period, the temperature is between 55 and 75°C and relative humidity is between 30 and 40 percent. The heat collecting surface of the device is 50 square meters. There is an auxiliary coal stove for heating. The facility can take 1,000 jin of fresh leaves, and it can conserve 120 jin of coal. This is 25 to 30 percent less than the amount of coal previously required in drying tobacco in pits. The quality of the flue-cured tobacco improves and the selling price is 0.1 yuan/jin more than the cost of curing tobacco in fired pits or piling in pits. To improve the rate of utilization of the solar curing room for tobacco, the room is used for drying noodles and cultivating mushrooms during ordinary times. The room can dry 1,200 to 1,500 jin of noodles each time. The drying temperature is 30 to 40°C. From March of this year to the beginning

of May, the facility has already produced 30,000 jin of noodles. It is estimated that the annual output would be 100,000 to 150,000 jin. Noodles dried in the solar energy facility are white. After evaluation, the quality of the noodles was shown to be visibly higher than the quality of noodles in ordinary production in the county.

The Changan Deer Farm in Xian City uses the atmospheric heat collector in place of the coal fired furnace to dry pilose antler (the maximum drying temperature for red deer antler is 80°C, that for sika deer antler is 60°C). Drying continues for 17 hours. After drying, 1.3 jin of fresh antler shrink to 0.8 jin. The color is good, there is no foul smell, drying is even, and satisfactory results have been obtained.

Hainan Island of Guangdong province has built two small experimental solar rubber drying facilities. The heat gathering surfaces are 16 square meters and 8 square meters respectively. They were used in experiments to dry rubber pieces and granular rubber. The drying period was 3 to 4 days. The quality of rubber dried in the solar drier was better than the quality of flue-cured rubber dried by the traditional method in the flue-curing chamber. The content of volatile substances, plasticity retention, initial value of plasticity, and physical indices related to the drying technique all reached or surpassed the criteria of first grade standard rubber.

(III) Heat collector-greenhouse type drying facility: This is a drying facility combining a heat collector and a greenhouse. As illustrated in Figure 3, its drying chamber is a greenhouse with a transparent roof. The materials to be dried are placed in pans inside the greenhouse. During the day, the materials to be dried directly absorb solar radiation through the glass roof and are permeated by the hot wind from the atmospheric heat collector, thus they absorb the heat in the greenhouse and the heat of the heat collector. The drying temperature in the greenhouse rises correspondingly. According to preliminary experiments conducted by the Guangzhou Energy Institute, when the area of the greenhouse and the surface of the heat collector are related 1:1, the drying temperature can be increased 5 to 10°C (depending on meteorological conditions).

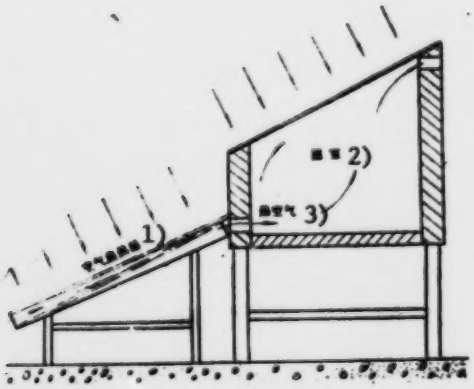

Figure 3 Illustration of the heat collector-greenhouse type drier

Key:
1. Atmospheric heat collector
2. Greenhouse
3. Hot air

Dongwan County and Shunde County in Guangdong province separately built this type of drying facilities. The former used the facility to dry longan and litchi while the latter used the facility to dry silkworm cocoons. The fruit drying system in Dongwan is a tunnel shaped solar drier. The heat collector and the light gathering surface of the green house are 31 square meters and 27 square meters respectively, and the facility also has a coal stove as an auxiliary heat source. Fruits to be dried are transported by small carts into the tunnel kiln of the green house. The capacity of the kiln is about 2,800 jin. The ventilator is used to force hot wind to permeate the layers of the materials. When the air flow reaches 800 cubic meters/hour, the temperature in the greenhouse on clear days can reach 50 to 70 C. The fruits are removed from the kiln after 6 days of drying. The solar energy silkworm cocoon drying facility at the Xinfu Brigade of Leliu Commune in Shunde County has a heat collector with a heat gathering area of 13.5 square meters. The area of the greenhouse is 4.5 square meters. On clear days, the indoor temperature can reach 60 to 80°C. Twenty-nine plates of cocoons (gross weight of about 250 jin) can be dried together. After drying for 2 to 3 hours, the temperature will be high enough to kill the silkworm larvae and dehydrate the cocoons.

(IV) Light focusing type drying facilities: Xingtai in Hebei province, Quwo County in Shanxi province and Shangshui County in Henan province have test manufactured the light focusing type food grains drier. The drier consists mainly of a cylindrical parabolic mirror, a tubular absorber, a slow cooler, a lift to transport materials, and a tracking system. Of these driers, the one at Xingtai in Hebei is the largest. It has three sets of light focusing mirrors totaling 90 square meters. The thermal efficiency is about 40 percent. The temperature of the absorber is 80 to 120°C. The materials to be dried are lifted by the lift into the tubular absorber. The mechanism operates continuously. Grains are fed from one end and exit from the other end. The moisture content drops 1.5 to 2.0 percent and the insecticidal efficiency is over 95 percent. Between 20 and 25 tons can be processed daily. The structure of this type of driers is complicated, and manufacturing cost is high, but such driers consume only one half the amount of electricity required by a fired roller type food grain drier and uses 97 percent less electricity than a high frequency medium food grains drier.

Yet, whether the light focusing type drier is suitable for drying grains is worth considering. This is because in general, the temperature required for drying grains is relatively low, and drying grains does not require a high temperature and quick drying system that has a high manufacturing cost. According to reports, in India and Burma, the light focusing type drier is used to concentrate coconut juice. In the Soviet Union, it is used to radiate rice grains and cotton seeds to increase the yield of rice grains by 20 to 25 percent. The driers used for drying grains are almost all cheap heat collecting type drying systems.

III. Analysis of the Utilization of Solar Heat for Drying

Progress in the study and popularization of using solar energy to dry industrial and agricultural products in our nation has been slow compared to the use of solar water heaters. But its development has been fast in recent years and good economic results have been realized. Compared to other ways of

utilizing solar energy, such as the solar water heater, the solar stove, solar air conditioning for refrigeration, and solar houses, solar drying serves industrial and agricultural production much more and more directly if the above are used more for living. Many agricultural sideline products and industrial products have to be dried. Most are dried by convection drying. This involves the use of hot air (or smoke) to dry and process products that satisfy certain specifications. This process is very favorable to utilizing solar energy.

In using solar energy to dry damp materials, a low temperature drying system is more suitable than a high temperature drying system. For example, if the environmental temperature is at 27°C, the radiation loss when the heat absorbing plate of the atmospheric heat collector is heated to 90°C is 2.2 times that when the heat absorbing plate is heated to 60°C. It is 3.5 times when the heat absorbing plate is heated to 50°C. As the temperature of the heated air rises, the loss of heat radiation increases exponentially.

At present, most of the domestic solar drying facilities are low temperature driers. The greenhouse type drying facility is simple in structure, it is easily built, management is convenient, investment is much less, and the gain is visible. For example, the greenhouse type solar drying chamber of the 8th Production Team of Yaocun in Jishan County, Shanxi province, can dry 6,000 jin of red dates every two days and it can also be used to dry wheat, corn, pepper and noodles. During the three years from 1977 to 1979, it dried a total of 62,000 jin. Because spoilage of the red dates was reduced, the grade of naturally ripened dates was improved, and the increase in revenue reached 3,000 yuan while the investment in the facility was only 2,400 yuan.

The Shanghai First National Cotton Mill has a heating room in almost every shop to reduce the relative humidity in the warehouse for spare parts of textile machinery and to prevent the spare parts of the machinery from rust during storage. The whole plant has a total of 12 heating rooms. Originally, these heating rooms all used infrared light bulbs for heating. They used 90,000 kilowatt-hours of electricity a year. The temperature required in these heating rooms was about 40°C. To conserve electricity, they built 12.2-square meter atmospheric heat collectors by themselves using waste materials of the plant. The heat collectors were installed in front of four heating rooms and the original heating rooms that used only electricity were changed to using solar energy on sunny days and electricity on overcast days. Each year, about 20,000 kilowatt-hours of electricity were conserved and the investment was small. For example, the cost of materials for the 2.8-square meter atmospheric heat collector for the steel mesh heating room of the north textile shop of the plant was only 85 yuan.

The intake air temperature of the solar timber drying kiln is to to 30°C higher than the environmental temperature. It is also a low temperature drying system. According to the experience of the Feixi Wood Works, the cost of drying each cubic meter of timber is 15.5 yuan (including depreciation and management cost), lower than that of the old fashioned steam drying room (21 to 23 yuan/cubic meter).

The study and utilization of solar energy in our nation is still at the beginning stage. Local practical experience is still not rich enough. Therefore, a series of problems do exist:

(I) Basic research in insufficient: To heat collector type drying system, the atmospheric heat collector is a key part. At present, the study of atmospheric heat collectors is not sufficient and a nationally standardized product still does not exist.

The testing of atmospheric heat collectors to a certain degree is more difficult than testing a fluid heat collector (such as accurately measuring the temperature at the fluid intake and the measurement of air flow). There is still no unified and standard method for organizing experimental data to evaluate the performance of atmospheric heat collectors.

The goal of studying atmospheric heat collectors is to reduce the cost per unit area and thus reduce the manufacturing cost of the entire solar air heating system. Improving the efficiency of atmospheric heat collectors is a method to reduce unit energy cost. But improving efficiency will often increase construction cost of the heat collector. Whether it is worthwhile can be judged from the effective cost factor C, i.e.:

$$C = \frac{\text{Percentage of increase in performance of heat collector}}{\text{Percentage of increase in cost of heat collector}}$$

Using the heat collector in which air flows underneath the heat absorbing plate as a basis for comparison, the larger the value of C the better the total result.

The heat absorbing plate is the core of the atmospheric heat collector. Many units in our nation have been interested in the multiple hole bed. The purpose is to improve heat transfer between the heat absorbing plate and the flowing air and to reduce the loss of heat through the roof of the atmospheric heat collector. Tianjin University, the China Science and Technology University, the the Shanghai Machinery Academy utilized 6 to 12 layers of aluminum mesh as the heat absorbing plate. This type of heat absorbing plate has a very small fluid drag, and the product of the coefficient of heat release and the area of heat exchange is very large. These are all favorable conditions for improving heat conduction. But the price of such a heat absorption board is rather expensive and the manufacturing cost is 50 to 60 yuan/square meter. The Guangzhou Energy Institute of the Chinese Academy of Sciences transplanted the wing blades of the winged heat exchanger used in air separation equipment onto the solar atmospheric heat collector. The results of preliminary exploration to improve heat conduction of the heat absorption board were not bad. The cost of such aluminum blades is relatively low, only 14 yuan/square meter. The results of analysis of comparing the various heat absorbing surfaces showed that the cost efficiency factor C of mesh materials is not high. Therefore, some scholars favor the use of heat absorbing boards of other expanded surfaces.

It should be pointed out that foreign nations already have a history of 20 years of research in heat absorbing boards using pulled materials. But, today, such materials still cannot replace all other forms of heat absorbing boards. Therefore, we should combine our efforts with the situation in our nation to develop low cost and highly efficient atmospheric heat collectors from many angles.

Basic research in the greenhouse type and the heat collector-greenhouse type solar drying systems is also insufficient. Especially in the latter, the area of the light gathering surface of the heat collector as a proportion of the greenhouse has a definite relationship with the temperature inside the greenhouse. When the proportion is not appropriate, the light gathering surface in the greenhouse cannot serve to gather energy but will increase heat loss. Such research and analysis are still scarce.

(II) Drying facilities have not been fully utilized: Solar drying facilities used for processing agricultural sideline products must include consideration of the problem of comprehensive utilization. They should not be used only for drying one type of crop, otherwise their rate of utilization will be low, and the cost of solar drying of such products will increase. Agricultural production is strongly seasonal. Maturation and processing of one type of agricultural crop take up only a very short period in a year. For example, the wheat drying facilities are only used for one month out of a year. Solar drying facilities for fruits are the same. The seasonal nature is also very strong and they are used only for a short period. Thus, if one facility cannot be used for drying many types of crops, then it will not serve its function fully.

The solar wheat drying facility at Wingyundian in Daxing County in Beijing City is a heat collector that combines heating of air and heating of water and its advantage is that it serves two purposes. But the structure of this type of heat collector, whether used singly as an air heater or singly as a water heater is not as rational as that of the simple atmospheric heat collector or the water heater.

(III) Manufacturing technology is poor: At present, many solar drying facilities in our nation have a common fault. The manufacturing technology of the heat collector, pipes and valves is not good. Leakage is serious. Experimental data are inaccurate and operating efficiency is affected. There are two reasons: 1. There are no special factories producing them. Most efforts are first tries and there is no experience. 2. Efforts have been hasty and there are no detailed consideration and strict inspection in the design and in construction.

(IV) When popularizing the application of solar drying facilities, a mistaken idea of not emphasizing energy conservation exists: The Shanghai First National Cotton Mill rebuilt its heating rooms and utilized solar energy to save electricity with visible results. The Shanghai City Textile Bureau held an on-site meeting in 1980 but for a year, the experience was not popularized and applied. It was mainly because some people believed that a cotton textile mill uses several million kilowatt-hours of electricity a year and conserving several dozen thousand kilowatt-hours of electricity is but a "small number" and this did not attract sufficient attention. This is also related to the insufficient amount of propaganda to popularize the use of solar energy.

IV. The Outlook for Solar Drying

Whether solar drying can be popularized is determined by the fuel supply situation of the locality, the cost of obtaining solar energy and the degree of maturity of solar drying technology.

Our nation is expansive. Solar energy resources are rich while fuel in the farm villages is deficient and there is also a great shortage of energy sources in cities. If a solar drying system that is economical and effective can be developed, it is not hard for people to accept it. Many problems that need to be solved further in the study and utilization of solar drying technology at present are presented below:

(I) We should further analyze and study at which places and under what conditions and what types of materials can be dried by using solar energy to realize satisfactory results: Facts show that not all materials dried by solar energy have the same result. For each material, there is a traditional technique of drying. Some specialty agricultural products have more stringent requirements. Because solar energy is unstable, we must consider whether it suits the requirement of the product. Therefore, during this initial stage of popularizing and utilizing solar drying, we should first use it for products that do not have a strict demand on the technique of drying. And we should gradually explore the best solar drying technique for various materials.

(II) To reduce cost of drying, solar drying systems should be operated throughout the year and comprehensively utilized: What we call comprehensive utilization has two meanings: 1. The drying system is not only used for drying one type of material, there are seasonal changes, and it should adapt to the demands for drying many types of materials so that there will be materials for drying throughout the year. 2. The amount of heat gathered by the solar heat collector is not only used for drying, it should be used for other applications, such as heating houses, heating water, etc.

(III) We should develop highly efficient and low cost atmospheric heat collectors and establish the criteria and methods for testing atmospheric heat collectors: There are many models of heat absorption boards for the atmospheric heat collector. They should be combined with our nation's actual situation. Local materials should be used and tested to select the best design to develop highly efficient and low cost atmospheric heat collectors.

One of the key methods to reduce the cost of solar driers is to reduce the cost of the atmospheric heat collector. Low priced materials should be widely utilized. We should start out by reducing the cost of solar driers and it is not necessary to exert all efforts to pursue high efficiency in heat collectors. We should judge on the basis of the cost of obtaining a unit of energy (for example, 1 million kilocalories).

To promote research in atmospheric heat collectors and to facilitate comparison and evaluation of the performance of the various types of atmospheric heat collectors, we must unify the diversified testing methods in our nation at present, and we should quickly establish a standard method of testing atmospheric heat collectors on the basis of summarizing research and experience.

(IV) We should develop small and varied solar driers:

Many localities in our nation's farm villages have implemented the management system of contracting production to families. Products that originally were treated centrally by the production teams are now dispersed to the families. Therefore, the solar drying facilities built for the production teams as the users cannot fully develop their function. To adapt to this situation, we should develop small and varied types of simple solar driers which can be easily built by the masses. Whole-body driers can be manufactured, i.e., the heat collecting portion and the container for the substances to be dried can be built as one unit to reduce cost and to more effectively utilize heat energy.

(V) We should pay attention to storing energy: Application of energy storage has special meaning in solar drying systems. If we regard the water heater itself as a heat retainer, then the atmospheric heat collector cannot serve to store heat. The specific heat of air is small while the volume per unit weight is large. Air flowing in a drying system continues to absorb heat and continues to disperse heat.

According to the characteristics of drying materials, there are generally three stages, a preheating stage, an equal speed drying stage and a reducing speed drying stage. In different stages, the amount of moisture that evaporates is different and the amount of heat required is different. In the preheating and reduced speed heating stages which require less heat, a large amount of hot air is released and the heat collector cannot fully develop its function but the equal speed drying stage requires a large heat supply. A heat storage can improve the heat utilization rate of the whole system. This means, when not much heat is being used, heat is stored for use when a large amount of heat is required or the heat supply period can be prolonged so that the drier can continue to operate at night.

(VI) Solar energy should be used in combination with ordinary energy resources or other new energy sources: Solar energy is greatly affected by climate and day and night. The energy radiated upon earth is not constant. Therefore, it is difficult to use solar energy for continuous drying of materials and for materials that require high temperature quick drying. On the one hand, an intermittent supply of heat to dry foods that easily spoil and rot (fruits, bean curd strips, noodles) will frequently cause great loss. On the other hand, in drying rubber, the last drying stage requires that the temperature be raised to 120 C. It is very difficult to reach this temperature when using a flat board solar atmospheric heat collector. The investment in other types of solar energy facility is large. To solve this conflict, a method that combines the use of solar energy-marsh gas or solar energy-ordinary energy source is better. The solar drying system of Xinjian County in Jiangxi Province, the Feixi Wood Works in Anhui province and Dongwan County in Guangdong Province all have a burning chamber to supplement the insufficiency of solar energy. In this type of a system, attention must be paid to matching the various parts properly to make the flow process rational and to make adjustments easy.

9296
CSO: 4013/36

SUPPLEMENTAL ENERGY SOURCES

'RENMIN RIBAO' ON DEVELOPING FUEL FORESTS

HK240919 Beijing RENMIN RIBAO in Chinese 17 Apr 82 p 2

[Commentator's article: "Firewood-Deficient Areas Should Make Greater Efforts to Develop Fuel Forests"]

[Text] There are seven daily necessities: firewood, rice, edible oil, salt, sauce, vinegar and tea. Firewood has always been an important means of people's livelihood since ancient times. At present, there are serious fuel shortages in our rural areas: About half of China's peasant households are short of firewood for over 3 months of the year. These peasants are busy finding firewood all year round; nevertheless, they still find the firewood problem difficult to solve now and then. Due to firewood shortages, forests, shrubs and even turf in many areas have been felled and sabotaged, thus aggravating soil erosion; stalks of crops cannot be put back into the fields, thus bringing about a decline in soil fertility. Fuel shortages in our rural areas have become serious obstacles to quickening the pace of developing agriculture.

The "Decision on certain questions regarding forest protection and forestry development" issued by the CCP Central Committee and the State Council in March last year noted: "Firewood-deficient areas must regard the development of fuel forests as their most important afforestation task." There are many fast-growing and fast-sprouting fuel tree seeds in both the northern and southern parts of China. For example, Northeast China has poplar, willow, birch and oak; Northwest China has sandy willow (sha liu 3097 2692], buckthron, narrow-leaved oleaster, (ning tiao) [2899 2742], (suan ci) [6808 0459], and sacsaoul [suosuo 2747 2747]; North China and the central plains have locust, false indigo, Chinese tamarisk and poplar; and South China has pine, oak, eucalyptus, acacia, (li suo shu) [7812 4792 2885], beefwood and silk trees. Three to 5 years after being planted, these trees will be of benefit to the people. An individual's yearly needs for firewood can be met by 1 to 2 mu of fuel forests. At present, some areas have solved their fuel shortage problems by planting fuel forests. Wendeng County in Shandong Province was beset with firewood difficulties in the past. After promoting afforestation and closing hillsides to facilitate afforestation, the county can now solve more than 3 months' firewood shortage problems. Saline-alkali soil can be found everywhere in Xianfeng commune, Hotan County, Xinjiang. During a rainy season a few years ago, members of the commune planted (ning tiao) [2899 2742] and

(suan ci) [6808 0459]. As a result, the commune became self-sufficient in firewood 3 years after the planting. Ejin Horo Banner, Ih Ju League, Nei Monggol, which is located on the northern fringe of the Maowusu Desert used animal excrement as fuel in the past. The banner has planted a large number of sandy willow [sha liu 3097 2692] over the past few years. Sandy willow can be gathered 3 years after planting and can also bring about a large yield of firewood. Fuel forests can be easily built at a low cost and can also produce the desired result quickly. Generally speaking, all fuel tree seeds have the capability of natural regeneration and all fuel trees will sprout new buds after being felled. If fuel trees are properly managed and used, they can yield firewood for many years.

Just like other forests, fuel forests as green vegetation have various beneficial qualities such as keeping off the wind, sand fixation, water and soil conservation, protecting farmland and grassland, and improving ecological balance. The leaves of locust, false indigo, narrow-leaved oleaster and (ning tiao) [2899 2742] are very nutritious feed and are also green manure with a very high nitrogen content. With the existence of more firewood, we can have more waterlogged stalks to be used for producing marsh gas. Such waterlogged stalks can also be directly put back into the fields to increase the sources of organic matter for cultivated areas. These conditions show that the building of fuel forests is also an important measure in promoting the development of agriculture and animal husbandry.

In developing fuel forests, we must implement the policy of "allowing people to own forests they plant" and give full play to the enthusiasm of communes, brigades and commune members. Fuel forests can be collectively built, can be managed under unified leadership and can be distributed to every household. Collectively built fuel forests can also be distributed to every household for separate management and use. According to policy regulations, areas where the conditions exist should allow every household for separate management and use. According to policy regulations, areas where the conditions exist should allow every household of commune members to have up to about a dozen mu of private hilly area, sandy beach or desert for planting trees and building grassland, so as to solve firewood shortage problems and to meet the needs for commerical forests. This policy must be gradually implemented. At the same time, we must also strengthen technical guidance for developing forest development. We must take such measures as are suitable to local conditions and select fast-growing and high-yield tree seeds that have a high degree of calorific capacity, combine arbor with shrub and grass, combine fuel forests with commercial forests and shelter-forests, do well in closing hillsides to facilitate afforestation, pay attention to having a rational gathering of firewood and improve our fuel forests' capability of natural regeneration. "As long as the green mountains are there, one need not worry about firewood." During the all-people voluntary afforestation movement, firewood-deficient areas must plant more fuel forests in a planned way so that their green mountains can always be there and so that they can always make use of firewood.

CSO: 4013/88

SUPPLEMENTAL ENERGY SOURCES

REN ZHONGYI INSPECTS METHANE PRODUCTION PITS

HK200655 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 19 May 82

[Summary] "Yesterday afternoon provincial and municipal responsible leaders Ren Zhongyi, Liang Lingguang, Xu Shijie and Ou Chu went to Koukou No. 1 production team of the Hedong people's commune in the suburbs of Guangzhou to inspect methane production."

They went to the homes of commune members to inspect the utilization of low pressure household methane collection pits. They also listened to a report by the secretary of the Hedong Commune CCP Committee on the popularization of low pressure household methane collection pits in the commune.

"Comrade Ren Zhongyi held that because Guangdong lacks energy resources, the development of low pressure household methane collection pits is an orientation and an important undertaking. He pointed out that it is necessary to conscientiously popularize the successful experience of the Koukou No. 1 production team in developing methane so that family-produced methane becomes a common practice. Comrade Ren Zhongyi also suggested the establishment of a methane technical service center in the suburbs of Guangzhou to speed up the pace of methane production in the suburbs."

CSO: 4013/88

BRIEFS

ANHUI METHANE PROMOTION--The Anhui Provincial People's Government held a representative meeting of advanced collectives and individuals in promoting the use of marsh gas on 28-31 March in Hefei, to sum up experience, commend the advanced, draw up plans and set tasks for development of marsh gas use in the province. Responsible persons of the Provincial CCP Committee and People's Government, Zhou Zijian, Li Shinong, Wang Guangyu, Meng Jiaqin and Meng Fulin, attended the meeting. According to incomplete statistics, more than 7,000 marsh-gas-generating pits were built in the province in 1981, bringing the total number of pits in the province to nearly 40,000. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 6 Apr 82 OW]

CSO: 4013/88

CONSERVATION

OFFICIAL URGES USE OF OFF-PEAK ELECTRICITY FOR RESIDENTIAL PURPOSES

Beijing ZONGGUO CAIMAO BAO in Chinese 6 Feb 82 p 3

[Article by Mao Tieqiao [3029 6993 2890], member of the National PPCC and former deputy director of the Guizhou Office of Communications: "A Proposal To Save Energy Resources, Enrich the Country and Benefit the People"]

[Text] Guizhou's coal and waterpower resources are abundant: the province ranks third nationally in proven coal deposits and sixth nationally in waterpower resources which can be used to generate electricity. The supply of hydroelectric power is also plentiful now. We should consider developing this energy source to maintain the people's standard of living. First of all, as quickly as possible we should supply Guiyang's excess electric heat to people for cooking and other domestic purposes. I refer here to periods of low electric load for electricity supplied to factories, i.e., electricity from 5 am to 8 am, from 12 noon to 2 pm and from 6 pm to 8 pm. (During these periods the electric circuits are turned off. When residents need electricity they plug into the lighting circuit.) The electricity which residents use during these times will not have any impact on the electricity the plants use for production now will it require an increase in generators and new construction. Existing equipment can be used for generation, transmission, transforming and distribution and will require only the addition of a special circuit and relevant equipment for off-speak period transmission. Technical forces within Shaanxi are capable of taking care of design, construction, movement and maintenance. The necessary materials can be found domestically and will not require spending foreign exchange to buy them abroad.

The Guiyuang municipal area now has 150,000 households with over 660,000 people. Annual domestic coal usage requires over 270,000 tons, producing over 50,000 tons of cinders. The two combined require over 80,000 trips by trucks capable of carrying 4 tons, at a cost of over 5,000 tons of fuel. If electricity is used in place of coal, the state can save over 4 million yuan a year in shipping and fuel expenses.

If the 4 or 5 yuan which each household now spends every month on coal were spent on electricity instead, the electric power department would increase its income by over 6 million yuan. Because off-peak electricity is used there would be no big increase in generating costs. If residents were to use electric heat it would promote expansion of consumer electric equipment, materials and household appliances industries. It will also be advantageous for

purifying the air, avoiding municipal pollution and saving energy: taking care of many problems with one act.

Building a special circuit for citizen use of electric heating will require an investment of 24 million yuan. Electrical networks can be combined and used for different purposes by staggering time periods. For example, the first period project investment of 9 million yuan could provide electric heat for 200,000 people. Taking into account Guizhou's current straitened financial situation, perhaps the State Council would approve appropriating part of the profit from Guizhou's electrical generating income for use as investment.

Last year, the Guizhou Planning Committee, Economic Committee and Construction Committee conducted a feasibility study of reforming the structure of Guiyang's civil use thermal energy and formulated a proposal and asked relevant departments to make Guiyang a test city for use of electricity for heating. This important proposal for enriching the nation and benefiting the people should be rapidly implemented, positively and seriously.

8226
CSO: 4013/11

CONSERVATION

YUNNAN CONSERVES OVER 120 MILLION KWH OF POWER IN 1981

Kunming YUNNAN RIBAO in Chinese 27 Feb 82 p 2

[Article by Zhang Hungde [1728 3163 1795]: "Strengthen Management of Electricity Use; Promote New Techniques of Electricity Conservation; Yunnan Conserved Over 120 Million Kilowatt-hour of Power in 1981"]

[Text] The industrial and communications enterprises in our province conscientiously strengthened the management of electricity use, promoted new techniques of electricity conservation, increased the utilization rate of energy resources, and achieved notable results in electricity conservation last year. Based on statistics of the 24 systems and regions supplied by the two power networks of Central Yunnan and Southern Yunnan, a total of over 120 million kilowatt-hours of electricity was conserved last year, exceeding the conservation task of 100 million kilowatt-hours assigned by the state by 21 percent.

In strengthening the management of electricity use last year, the various industrial and communications enterprises in the entire province first made sure that various levels of energy resource management organizations were established and improved. They made sure that people were assigned for energy conservation work and that people were there to close any loopholes of waste. The provincial metallurgical, chemical, and coal industries are the three major systems using electricity in our province. These three systems further improved their various levels of management organizations for electricity use, assigning personnel at each level for electricity management either on an exclusive basis or concurrently with other assigned responsibilities, concretely defining energy conservation measures and energy conservation tasks, and thus achieving new developments in energy conservation work. These three systems conserved a total of 51 million kilowatt-hours of electricity last year. In the strengthening of electricity management, many systems and enterprises treated the reduction of unit power consumption as the important link of power conservation and refused to let go of this work. In the assigning of production plans, most of the plants and mines also assigned power consumption targets at the same time. These targets were further divided on a level by level basis and clearly defined by shops, groups, or major machinery units. Conservation was rewarded and waste was penalized. As a result, unit consumption gradually decreased and electrical energy utilization rate was continuously improved. Last year, on the average, each ton of electric furnace steel consumed 250 kilowatt-hours less electricity, each ton of synthetic ammonia consumed 406 kilowatt-hours less electricity, each ton of fertilizer from small chemical

fertilizer plants consumed 156 kilowatt-hours less electricity, and each ton of electrolytic copper consumed 178 kilowatt-hours less electricity. The various units of the provincial power system also reduced their plant consumption and line losses by every means possible. Last year, the entire system conserved a total of more than 33 million kilowatt-hours of electricity.

Many systems and regions also widely promoted and adopted the new experiences and new techniques of high efficiency fans, wu di fa [literally, without bottom valve] water pump operation, reconstruction of electrical resistance furnaces with aluminum silicate material, and electronic power conservation, and as a result conserved energy resources. Last year, 317 water pumps in the province were reconstructed with a total generator capacity of over 17,000 kilowatts and 154 electrical resistance furnaces were reconstructed with a total power of 8,400 kilowatts.

5974
CSO: 4013/68

CONSERVATION

PLANNED USE AND CONSERVATION OF ELECTRICITY

Fuzhou FUJIAN RIBAO in Chinese 25 Mar 82 p 1

[Article: "Provincial Government Sends Out Notification Requiring Planned Use of Electricity and Conservation of Electricity"]

[Text] Based on the current condition that the contradiction between electricity supply and demand is relatively severe, the Provincial Government recently sent out a notification requiring planned use of electricity and conservation of electricity to guarantee the normal progress of production.

The announcement requires various places to stress the following items of work:

1. Strengthen leadership in "three electricity" ["san dian"] work. Strictly enforce electricity consumption quota as transmitted by the province. These quotas cannot be exceeded. Regions which have already exceeded their planned electricity usage should adopt effective measures to rapidly reduce consumption. At the same time, the work of avoiding the peak load and yielding electricity [ran dien] should be properly carried out in order to improve the load efficiency. For those units that do not practice adjusting to peak load and yielding electricity, local electricity control departments should impose electricity consumption restrictions or cut off electricity use.

2. Distribution of electricity consumption quota should be on a selective basis in favor of the good. Agriculture, light and textiles industries, energy resources industries, processing for export, communications, communication and transportation, and people's daily livelihood consumption should be given priority. The supply of electricity should be assured as much as possible to enterprises whose products are of good quality, meet the needs of the market, and have high economic benefits. Less or no electricity should be provided to enterprises whose products are poor in quality, have high consumption, and are already overstocked. For those enterprises with large electricity consumption, some of them should be restricted in their production; for others, arrangements should be made to stop production for examination and repair.

3. Effective electricity conservation measures must be implemented with determination. Conservation tasks should be assigned clearly on a level by level basis. They should be strictly checked and awards or punishment should

be given. The use of electrical heating should be controlled, and electricity for daily living requirements should be further conserved.

4. All power plants (stations) should operate safely and economically and strive to lower fuel consumption and improve quality of power supply. Railway transportation departments must assure the movement of coal use by power plants in order to guarantee the full generation of thermal power.

Provincial Economic Committee

5974
CSO: 4013/56

CONSERVATION

100,000 TONS OF COAL SAVED BY COMMERCIAL FUEL ORGANIZATIONS

Lanzhou GANSU RIBAO in Chinese 18 Feb 82 p 2

[Article by Xie Shouguo and He Qijun: "100,000 Tons of Coal Saved in 1981 by Commercial Fuel Organizations in Our Province; Notable Results Achieved in Energy Conservation Work by Fuel Organizations in Linxia Zhou"]

[Text] Simultaneously with properly carrying out their coal supply work, the workers in the various levels of coal management departments in our province's commercial fuel organizations also engaged in coal conservation activities last year. They actively implemented a movement to modify furnaces and stoves, organized the rational transportation of "san jiu" ["three-nears"] of near-mine, near-station, and near-plant direct transfer, and carried out "san sao" ["three sweeps"] of sweep cargo locations, sweep cars, and sweep yards coal conservation activities. The total savings were 102,000 tons of coal valued at over 3,110,000 yuan.

Notable results were achieved last year by the fuel organizations of the Linxia Hui Nationality Autonomous Zhou in their energy conservation work. Statistics to the end of the year show that the entire zhou saved 1,315 tons of coal and nearly 700 tons of petroleum, exceeding conservation plans by 87.8 and 33.6 percent respectively.

Based on the principle of agricultural priorities, this autonomous zhou in its supply of petroleum last year guaranteed those that should have been guaranteed and tightened the supply of those that should have been tightened and reduced with determination the irrational use of oil. Through investigative analysis and classification of the more than 800 organizational units which the zhou's oil stations supply oil, rational oil supply and conservation of consumption of guaranteeing the important and taking care of the general were achieved. Liaison personnel were used to regularly visit transportation departments to understand situations in vehicle changes and oil consumption and to insist on supplying oil according to actual needs. Zhou and county fuel companies also positively implemented the work of waste oil return and utilization. In Yongjing County alone, 65 tons of lubricant oil were extracted from returned waste oil. In the supply of coal, the activities of "san sao" and "si fang" ["four preventions"] (prevention of spontaneous combustion, deterioration, wind waste, and water flooding) were implemented on a priority basis. Over 300 tons of coal were saved by using "san sao" in the zhou. In the processing of coal

briquets on a bed of coal dust with placing them on a bed of cinders and saved over 500 tons of coal dust. Last year, the zhou fuel company also transferred more than 15,000 yuan as assistance funds for the modification of furnaces and stoves. In the two counties of Hezheng and Yongjing alone, assistance was extended to over 4,130 commune member households to carry out furnace and stove modification.

5974
CSO: 4013/17

END

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China Report

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CHINA REPORT

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NATIONAL POLICY AND ISSUES

REPRODUCTION OF RURAL POPULATION DISCUSSED

HK211419 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 6, 20 Jun 82 pp 51-57

[Article by Chen Du [4453 1653]: "On Reproduction of Rural Population"--an analysis of an investigation report (Note: The investigation on rural birth rate of Hubei Province was made by Comrades Chen Du, Xu Yunpeng, Gu Shengzu, Xie Shaocai, Liu Chenbi, Jing Lin and Zhu Yali. The figures used in this article are quoted from the investigation report.)]

[Text] Engels once pointed out: "Production itself is classified into two kinds. One is the means of subsistence, that is, food, clothing, housing and the production of tools that is necessary for these substances. The second is the production of human beings itself, that is the generating of seed." (Engels: "Preface to the First Edition of 'The Origin of Family, Private Property and the State'" "Selected Works of Marx and Engels," Vol 4, p 2) Among these two kinds of production, the economic circles of our country have made a profound study of the production and reproduction of material goods. As to the production and reproduction of population, we still lack research in this aspect. Now let us start with the investigation data of rural areas and make a superficial analysis of the reproduction of rural population.

In order to study the reproduction of the rural population, we must first study the birth rate of rural areas. Because whether the reproduction type is expanding or simple or reducing (declining), the number of children born by child-bearing women is a decisive factor. Therefore, during July to August of 1981, we investigated five counties, Chongyang, Xianning, Qianjiang, Jiangling and Yichang in the three prefectures of Xianning, Jingchou and Yichang. According to the unified investigation outline, we went among the peasants of 15 brigades and investigated by way of interview and poll. We selected the investigated areas after considering the varied level and conditions of their economy and birth rate, so as to give a general idea of reproduction and the birth rate of the rural areas of Hubei Province.

I. The History and Present Condition of Rural Population

The history of population reproduction of our country goes back to ancient times. Through investigating reminiscences we could only collect data of the last 70 to 80 years. Now let us observe the history and present condition

of reproduction of the rural population through the figures of accumulated birth rate or lifetime birth rate and the reproduction of population from the investigation data.

Table 1. Accumulative birth rate (this is an investigation made on child-bearing women in mine production brigades of the four counties of Xianning, Qiangjiang, Jiangling and Yidu)

Year of Mother's Birth	Age Group	No. of Mothers	Year when mother starts bearing	Accumulative Children Born	Accumulative Children Survived	Average of every mother's Born	Average of every mother's Survived
1952-1961	20-29	425	1972-1981	829	751	2.0	1.8
1942-1951	30-39	304	1962-1971	1442	1042	4.7	3.4
1932-1941	40-49	121	1952-1961	590	475	4.9	3.9
1922-1931	50-59	164	1942-1951	946	717	5.7	4.4
1912-1921	60-69	166	1932-1941	914	588	5.5	3.5
1902-1911	70-79	110	1922-1931	507	297	4.6	2.7
Before 1901	80-	54	Before 1921	346	264	6.4	4.9

(Note: 1. The accumulative number of children born from the age group of under 49 is in fact the number of children still in the stage of pregnancy, because those artificial abortions affected by the policy of family planning were also counted in the statistics. This is a little different to the survival number in population statistics; 2. The accumulative number of children that survived of the age group of over 35 is those who were reared up to the age of 15; 3. There is a big gap between the birth and survival number of some age groups, the reason is to be studied afterwards.)

Generally speaking, the accumulative birth rate figure used here is the accumulative figure of children born by every woman up to a certain point in time. The lifetime birth rate is in fact the accumulated figure of chilfen born by a woman in her entire life. There is no distinction between the two indexes of those who for some reason cannot bear children during the child-bearing period or those who have passed the child-bearing age. The above investigation figures show the condition of reproduction of the rural population: 40 or 50 years before liberation, the population was in a natural birth period, lifetime birth was between 4.6-6.4 and the survival rate between 2.7-4.9 that is to say, a woman bore 5.5 children in her lifetime and reared 3.7 children, so the number of children was 3.5 (born) or 1.7 (survived) more than the parents. The scale of reproduction of population increased by 180 percent (born figure) or 85 percent (survival figure). In the 20 years after liberation (1952-1971) we were still in an unplanned birth period. The accumulative or lifetime birth rate was between 4.7-4.9 and the survival rate was 3.4-3.0. Each woman gave birth to an average of 4.8 children and reared 3.6 children in her lifetime. Although the birth figure is lower than that of preliberation days, the survival figure is more or less the same. The scale of reproduction of population increased by 140 percent (birth figure) or 80 percent (survival figure). The above two figures, 85 or 80 percent have important significance. It is in fact an epitome of population growth in the whole country. In the 31 years after

liberation, the scale of population increased by 81 percent (note: In 1949 the total population was 541.67 million (not including Taiwan Province and the compatriots of Hong Kong and Macau). The net population increase from 1949 to 1980 was 440.88 million). These are basically those born between the 1920's and 1930's and who gave birth and reared the next generation between the 1950's and 1970's, that caused the population explosion in our country.

In table 1, there appears another circumstance in the birth and survival of children born by women in the age group of 20-29. The birth figure of this group is 2 and survival 1.8 thanks to the period of their birth not being too long, the accumulative number of children has been less. What is more, the policy of family planning practiced by the government has greatly influenced them. Blind increase of population has been controlled. Their childbearing chances will be less in the days to come. The reproduction of population is restrained to only one generation replacing the other and may even be reduced. This fully shows that the policy of family planning has played an immense role in controlling population growth, reducing the rural birth rate and transforming the pattern of population reproduction.

In the above we have analyzed the reproduction condition of population by comparing the number of children with their parents. This kind of analysis is not precise enough, because it is affected by the sex structure. In order to eliminate these effects, we must further analyze from the two indexes of rough reproduction and net reproduction of population. The gross reproduction rate mentioned here is in fact the proportion between the daughter generation and the mother generation, while the net reproduction rate is the proportion between the mother generation and the daughter generation after deducting those daughters who died before they reached the age of their mothers when their mothers gave birth to them. From the investigation data, we get the reproduction rate of rural women as follows:

Table 2. Reproduction Rate of Female Population

Age Group	No. of Mothers	Year when Mother starts bearing	Accumulation of girls Born	Accumulation of girls Survived	Gross Reproduction rate	Net Reproduction rate
20-29	425	1972-1981	364	353	0.86	0.83
30-39	304	1962-1971	581	524	1.91	1.72
40-49	121	1952-1961	285	244	2.35	2.02
50-59	164	1942-1951	429	307	2.62	1.87
60-69	166	1932-1941	430	267	2.59	1.60
70-79	110	1922-1931	236	133	2.59	1.21
80-	54	Before 1921	146	111	2.70	2.06

(Note: 1. In some of the age groups, there is a big difference between the birth and survival number of female children, reason to be studied afterwards; 2. The age group of 20 to 49 have not finished their childbearing, some are in the fertile period. Theoretically, it is not right to calculate the reproduction rate of this age group. But viewed from the policy of family planning, childbearing is strictly controlled, and their is less opportunity

for childbearing; 3. The reproduction of the 20-49 age group is still affected by female children that die in the course of maturing to be mothers. As a matter of fact, the net reproduction rate is possibly less than the table.)

The above table indicates: The gross reproduction rate of the rural population in preliberation days reached as high as 2.6-2.7, the net reproduction rate reached 1.2-2, the average value is 2.5 and 1.7 respectively. The reproduction scale of the daughter generation increased by 150 percent over the mother generation (birth figure) or 70 percent (survival figure). This signifies that in the mother generation, if there are 1,000 mothers who give birth and rear the daughters to become a new mother generation, then there are 2,500 mothers bearing children. Judging from the gross reproduction rate, that is 1,500 mothers more than the previous mother generation, and the production scale has increased by 150 percent. But the daughers cannot all live up to the childbearing age, some of them die young. Therefore, the new mother generation is not 2,500 but 1,700, the production scale has increased by 70 percent.

The gross and net reproduction rates after liberation, during the 1950's (1952-1961 as in table 2) were 2.35 and 2 respectively. Compared with preliberation days, the gross reproduction rate has dropped slightly, but the net reproduction rate is higher, that is, the actual scale and speed of population reproduction is higher than preliberation days. During the 1960's, the gross and net reproduction rates were lower than the 1950's, but the net production rate was similar to preliberation days. Therefore, in the past 20 years, the population reproduction in rural areas has been expanding. During the 1970's a new situation occurred in the gross and net reproduction rates, the figures being only 0.85 and 0.83. The scale of population reproduction suddenly dropped, and both the gross and net reproduction rates were reduced by more than 100 percent compared to earlier years, and the population reproduction transformed from expansion to reduction. Due to the effects of age, sex and habits, the total number of population in the years to come will continue to increase, but in essence, viewed from the inherent developing trend, the pattern of population reproduction is already one of reduction. However, at present this type of reproduction is only a possibility, and it can only be realized in the 1990's, because it will take 23 to 24 years for the daughter generation to be reared to a new mother generation, that is about the year 1993, for the reduced reproduction to be realized.

If we realign the interval of the 20-year group in table 2, and suppose a mother generation of 20 years (according to the investigation we found out: the average marriage age of women in preliberation days was 18.16, in 1949-1979 was 19.38), we can see the development trend of gross and net reproduction rate of four mother generations.

Table 3. The Reproduction Rate of Four Female Generations

Age Group	No. of Mothers	Generation of	Year when mother starts bearing	Accumulation of girls born	Accumulation of girls survived	Gross Reproduction rate	Net Reproduction rate
20-29	425	fourth	1972-1981	364	353	0.86	0.83
30-49	425	third	1952-1971	866	768	2.04	1.81
50-69	330	second	1932-1951	859	574	2.60	1.74
70-	164	first	1912-1931	382	244	2.32	1.49

After regrouping in this way, we can clearly see the trend of transformation and development of population reproduction of the past 80 years. The gross and net reproduction rates of the first generation of mothers are respectively 2.32 and 1.49; the two reproduction rates of the second generation of mothers are much higher than the first, about 2.60 and 1.74; the gross reproduction rate of the third mother generation (the first generation after liberation) is 2.04, much lower than the first and second generations, but the net reproduction rate is 1.81, much higher than the previous generations, the scale and speed of population reproduction reached the peak point. Due to the influence of the implementation of the family planning policy, the two reproduction rates of the fourth mother generation (the second generation after liberation) are 0.86 and 0.83 respectively, much lower than any of the previous generations and so low that they cannot maintain the replacement level.

The analysis of accumulative birth rate, lifetime birth rate and population reproduction rate reveals: The reproduction of rural population of the preliberation period and of the 1950's and 1960's was expanding reproduction. Its scale and speed reached a peak in the 20 years after liberation. Starting from the 1970's, there appeared a completely contrary situation, the expanding reproduction rapidly transformed into simple and declining reproduction. The scale and speed of population growth dropped to a slow progress. The key to realize this transformation is the policy of family planning. This fully shows that whether or not we carry out the policy of family planning greatly affects the control of population growth in our country. It also proves that those who reckon that the theory of economic development will automatically lead to a drop in population growth and that it is unnecessary to strictly control population growth does not hold water.

2. Factors That Affect the Reproduction of Rural Population

The analysis of the investigation data leads to a conclusion: The reproduction of rural population is changing from a pattern of expansion to one of reduction. The realization of this transformation is a result of various synthetic functions, and it is the policy of strictly controlling the population growth practiced by the Chinese Government that plays the main role. We must be aware that its foundation is not firm and there are still factors that intend a reversion to the old pattern of expansion.

Now let us introduce and make an analysis of these factors:

(1) At present, there still exist factors that stimulate population growth in the development level of the rural economy. Marx once pointed out: "The number of births and deaths, and the absolute number of family members and wage levels, that is, the means of subsistence alloted by various workers form into a reverse proportion. This law of capitalist society would sound ridiculous among barbarians and civilized emigrants. It reminds one of the large amount of reproduction of animals that are weak and always being chased." (Marx: "Das Kapital," Vol 1, pp 705-706, footnote p 706) We found out during the investigation, although the economic development of the rural areas was not "poor to the extent of accelerating breeding," (Marx, ibid.) it is still a far cry from the stage of the reverse proportion of the increase of family members and the increase of income of brigade members. Our investigation figures proved that, at the present stage, the increase of income of rural families is still the stimulus for peasants bearing more children.

1) Viewed from the income level, the average is not high. We investigated the income level of brigade members, in the year 1980, the average per capita income (from the collective) was between 60 to 120 yuan. For years the peasants' income in Qianjiang and Yidu counties were not high. In Qianjiang County, from 1970 to 1979 the average per capital income (from the collective) increased from 79 to 130 yuan. As in Yidu County, the average income increased from 58 to 96 yuan. During the year 1981, with the implementation of production responsibility, the income of brigade members was a bit higher, but it was still a long way from being rich.

2) Examining the living standard of the brigade member's families, they were basically secure with regard to food and clothing. Among the 692 family units under investigation, 18.6 percent had enough food, clothing, housing and money to spend; 38.15 percent had enough food, clothing and housing but less money to spend; 31.36 percent had food, clothing and housing but no money to spend; 8.96 percent had food and clothing but difficulties in housing; 0.14 percent had food but difficulties in clothing and housing. With regard to food and clothing, we mean a general standard and not a high standard of food and clothing.

3) As to housing, the majority of brigade members have spacious brick-and-tile houses to live in. Of the 680 families under investigation, each had an average of 4.56 rooms (not including pigsties and cow-sheds). Those houses that cannot afford shelter from wind and rain no longer exist after liberation.

4) From the standpoint of consumption, the peasants' living standard is not high. We investigated 731 families, the ratio of possession of these durable consumer goods was as follows: Each family has 0.07 sewing machines, 0.5 wrist-watches, 0.3 bicycles and 0.3 radios. More than half of those who possess these durable goods are rural cadres and workers, very few of the peasant families have these goods. The broad masses of peasants are still in a state of reliance on necessary means of subsistence.

From the analysis of the above four points, we come to a conclusion, at the present level of development of the rural economy, the peasants are capable of rearing a few children, but not enough for them to transfer from the pursuit of rearing children to the inclination of material civilization and cultural development.

5) The actual condition of the structure of agricultural productive force also stimulates peasants to bear more children. In the present agricultural economy which relies mainly on labor force, the number of family members is intimately related to their income. Among 396 families, we found out, in 1980, 92 percent of 1-2 members' family income was under 100 yuan per person; 26 percent of 3-4 members' family income was over 100 yuan per person (between 100-250 yuan); 31 percent of 6-8 members' family income was over 100 yuan per person (between 100-250 yuan). All these figures show that a small family is not in the advantageous to well-to-do bracket. The more labor force you have, the more income you can gain. This also spurs people to bear more children.

(2) The marriage system and family relations handed down from the old society foster large-scale reproductions of population.

1) For thousands of years there was a popular saying in the countryside "give birth to a noble son in early years" and "more sons, more happiness." People are still affected by the traditional marriage system. Although the government advocates late marriage and late childbearing, young people hastily marry when they reach (or even under) the legal marriage age. Early childbearing is still an unchanged fact. During the investigation we found out, of 354 women who were married before 1949, their average marriage age was 18.16; of 421 women who were married between 1949-1970, their average marriage age was 19.38, only 1 year older than the preliberation days. The law concerning childbirth is: 63 percent give birth to the first child within 2 years after marriage; 90 percent give birth to the first child within 4 years, and the second, third, fourth and fifth children at intervals on average of 3 years, and the sixth and seventh at intervals of 4-5 years. This means if a rural woman gets married at the age of 19 and gives birth to the first child at 21, like those women in 1949-1970, without any birth control, she could bear 5 children by the age of 35, and 7 by the time she was 44. There have been some changes since the 1970's. Due to the influence of the policy of family planning, of 460 married women in our investigation, the earliest marriage age went up to 22.54 and childbearing age up to 25. Every couple is limited to only 1 or 2 children.

There is one thing that merits our attention. In 1980, the new marriage law laid down 20 as the legal marriage age. The late marriage age of 23 advocated in the past is in danger of being eliminated. At present, rural girls request marriage certificates at the age of 20. There is also a trend among the youths to make the optimum marriage age earlier. In Yidu County, we interviewed 118 women about the optimum marriage age. The results were: 25 percent said at the age of 20; 12 percent said 21; 29 percent said 22. That is to say, two-thirds of them want to marry below the age of 22. As to the ideal childbearing age, 46 percent intend to give birth in the first year after marriage and 29 percent in 2 years.

2) Large families are quite popular, small families have not revealed their superiority. As is known to all, the size of a family is closely related to the production of population. Large families inevitably spur people on to bear more children, the happy life of small families shifts people's interest away from bearing children. We investigated 748 families, the situation of the family size was: 2.41 percent had 1-2 members; 52.94 percent had 3-5 members; 39.94 percent had 6-8 members and 5.34 percent had 9-11 members. In actual life, a family of 3-5 members occupies more than half of the rural population. The ideal family structure the peasants expect is not a small family of 3-4 members but a trend of large families of three generations living together. Our investigation among 725 people has proved these facts. In all, 49.52 percent want a family of three generations living together and 41.38 percent want a two-generation family. This is because the two-generation families have a lot of economic difficulties and cannot keep up with their work. As to the three-generation families, the grandparents can take care of the children and feed the pigs and poultry. The number of children born from the three-generation families is more than from the two-generation families. Our investigation on the family structure and number of children in six brigades of Chongyang County shows a mother's cumulative childbearing in a two-generation family is 2.41, while in a three-generation family it is 3.21, an average of 0.8 extra.

(3) Women peasants taking part in agricultural labor and their educational level stimulates population growth. A low educational level is sure to result in a high rate of childbirth. A high educational level can play a role in restraining the birth rate, because an educated woman is willing to accept new ideas and subdue traditional ideas. Of the 707 women of childbearing age in our survey, 42 percent were illiterate, 45 percent had a smattering of education equivalent to primary school level, 9.5 percent were of junior secondary school level and 3.5 percent were of senior secondary school level. Illiterates and semiliterates occupied the majority. Those who actually entered primary schools are in the minority, but there is a great difference in the number of childbirths among them. Among 185 childbearing women, the average illiterate woman's cumulative birth rate was 4.8, the average rate for a woman with primary education was 3.05, and for a woman with secondary education, 1.76.

Very few of the rural labor force transfer to towns and cities or to trades other than agriculture. Even if there is a chance of employment or work in towns, females seldom get an opportunity. In rural areas, there is popularly a saying "half side family," that means men go to work or become cadres, while women stay at home to do agricultural work and rear children. Women are restricted to agricultural labor and seldom have a chance to come into contact with new things, therefore bearing children has become an inevitable trend.

(4) Traditional concepts of childbearing still spur peasants to bear more children.

1) In childbearing at present, there is a strong desire of requiring at least two children among the peasants. Of 728 childbearing women in our

survey, there are 4.81 percent who want only one child, 51.24 percent who want two, 28.43 percent who want three and 15.52 percent who want four.

2) As to the sex, there is still a preference for males and people are less keen for females, and there is a demand for both a boy and a girl. We made an imaginative investigation to comprehend the ideological trend of peasants after having two children. The results were: one-third of 710 peasants after having two sons, still want a daughter; 62 percent of 747 peasants after having two daughters, still want a son. The government has advocated the policy of each couple having only one child, under such circumstances, only a very few, namely 2.21 percent out of 543, want a daughter. The traditional concepts of male superiority over females and a desire for both a boy and a girl are the main reasons for the high birth rate.

(5) The policy of family planning is the key factor for transforming the pattern of population reproduction to one of reduction.

At present, the social economic, cultural, ideological and habitual factors are all possible factors that may stimulate population growth and lead the reproduction of population towards the pattern of expansion. The only way to reduce the high birth rate and restrain the population growth is to implement the policy of family planning. The above data on rural childbirth has proved this point. The historical figures of development changes of Jiangling and Yitu counties have also proved this point. The birth rate of Jiangling County dropped from 40.52 per thousand in 1962 to 14.13 per thousand in 1980. In the last 10 years there were 80,000 less people born than in the previous 10 years. The less number of people born is equal to 10 percent of the population of the whole county. The birth rate of Yidu County also dropped from 40.15 per thousand in 1962 to 14.8 per thousand in 1980. There were 48,000 less people born in the last 10 years than in the previous 10 years. The number of people less born is equal to 12 percent of the county's population.

3. Get a Clear Understanding of the Main Reason That Induces Population Growth and Changes Population Reproduction Towards a Reduced Pattern

We have analyzed the various factors that influence population reproduction. Besides family planning, all the others are factors that stimulate population growth. Where are these factors that stimulate population growth manifested? Why do peasants insist on bearing more children? A popular saying in the circles of population study is: The peasants are mainly seeking for labor force, particularly since the popularization of the agricultural production responsibility system. The fact that more labor force leads to wealth stimulates peasants to bear more children. In the light of the peasants' desire for more children, we investigated 808 people. The results indicate 50.99 percent rear children as insurance for their old age; 24.88 percent for regeneration; 20.67 percent for gaining more labor force and 3.46 for enjoying the happiness of having children. This shows the reason people seek more children, their objective first and foremost is to get insurance for when they get old, second is to reproduce another generation and then getting more labor force. As for those who rear children for the purpose of enjoying family happiness, that is only of little importance.

Care for the elderly. This is the main problem the peasants care about most and also the main problem why the peasants want more children. The socialist system provides young couples with food, clothing and housing and ensures that they live and work in peace and contentment. Because these young people are in their prime and vigorous period, they do not have to worry about the necessities of life in the coming 20 or 30 years. The only problem is the security of their old age, they are elusive and have no idea about the future. Due to various reasons, "homes for the aged" and "households enjoying five guarantees" are not established. Before these problems of old age are solved by society, they can only rely on their posterity. Therefore, although the government advocates every couple having only one child, the peasants still take the way of relying on their posterity to take care of the elderly.

In short, the main thing peasants consider about childbearing is still "more children, more happiness" and "rear children for the purpose of taking care of one in one's old age." If we want to change the peasants' minds in this respect, fundamentally, we need a developed socialist economy and plenty of employment opportunities other than agricultural labor, a high education level, reliable social welfare and abundant subsistence and cultural life. The slogan "development is the best contraceptive method" (a slogan summoned in the 1974 world population conference) is simply the result of all the above conditions. These conditions are still difficult to fulfill in every aspect at present and for a considerable time to come. The only measures applicable to continuously lead the population to simple reproduction or decline are as follows.

1) While rapidly developing industrial production, develop agricultural production on a large scale and raise the income and standard of life of peasants as soon as possible. The present development of the agricultural economy has the aspect of raising peasants' income and at the same time stimulating peasants to bear more children. In order to reach Marx's theory of absolute number of origin, family members and the alloted means of subsistence being in reverse proportion, we have to accelerate the development of the agricultural economy. In the light of the population and income increasing in the same direction, we must take measures to stimulate the increase of income and restrain population growth. These measures being generally popularized in the rural areas are called the two responsibility systems, that is, the production responsibility system and the birth responsibility system.

2) Persevere in implementing family planning and strictly control population growth. The population problem is a major event that concerns the modern construction of socialism and the improvement of people's life. The party and the people of our country should be sober-minded and understand the importance and urgency of controlling population growth, put it at the top of the list, have a real grasp of the two types of production together and persist in carrying out the principle and policy of family planning. The policy of family planning suitable for rural areas, formulated by the party and government is: Popularize and advocate in rural areas each couple having a single child; as to some masses who have practical distress and need to have a second child, their cases should be approved by the government departments concerned and arranged in a planned way. It is not possible

to have a third child. This policy fully takes into account the basic conditions of our country and the peasants' desire on the childbearing problem, it is absolutely correct, and we must correctly comprehend and conscientiously implement it.

3) Economically, we must create conditions for the well-being of single-child families, set an example and at the same time stop those who take the way of the well-to-do under the pretext of family planning and take the lead in bearing more children. The document of "instructions on further carrying out family planning work" clearly points out: When implementing the production responsibility system, priority should be given to singlechild families in output targets and cultivated land. As for those who do not practice family planning, they should be restricted in these two points.

4) Actively and reliably solve the problem of the security of the old, and establish a system so that those without children can also enjoy mental and material security when they get old. At present, production brigades should do a good job of running "homes for the aged," support the old and educate the young. In the long term, the government can take the county as a unit, levying a very light tax attached to public grain for supporting the old-aged and raise rural old-age welfare funds, accumulate them for a decade or two and then gradually start using them. At the same time, we can carry out insurance and savings for the security of old people in rural areas and start using them when the peasants get old.

4 April 1982

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ECONOMIC MANAGEMENT

TRANSPLANTING ADVANCED DOMESTIC EXPERIENCES ENCOURAGED

Shanghai WEN HUI BAO in Chinese 21 Apr 82 p 3

[Article by Shen Junpo [3476 1498 0980] and Zhong Zhe [6988 0772]: "A Good Way To Improve Economic Results--a Discussion on Transplanting Advanced Domestic Experiences"]

[Text] In his report on government work given at the fourth session of the Fifth NPC, Comrade Zhao Ziyang stressed that the key problem in future economic construction is to improve economic benefits. Indeed, this is truly a profound summation of our experiences. Since we began implementing the spirit of the 3D Plenary Session, there have been marked improvements in China's economic results. This is a major advance on the economic front. However, it should also be noted that the potential in this area is still very great. It is primarily seen in the existence of three noticeable disparities. The first is the gap between our domestic level and advanced world levels. The second is the gap between backward areas or enterprises and advanced domestic levels. The third is the gap between current levels and the relatively high levels attained in the past. In recent years there has been much discussion of the first disparity, the other two not yet evoking much interest. In comparing the level of advanced domestic areas and the average national level, it can be seen that the taxes and interest gained from every 100 yuan of fixed assets is three times the national amount and the productivity of the industrial labor force is two times the national level. If we compare advanced areas to backward areas, the disparities are even greater. Based on analyses, disparities exist between the current level of China's economic results and the fairly high levels attained in the past. This is related to the fact that for a long time economic and technical targets in backward enterprises and areas could not advance. Of course there are certain factors that make comparisons impossible between enterprises and areas and between the present and the past. However, disparities in economic results still exist. As far as the burgeoning television set industry is concerned, in 1980, of 40-odd plants throughout China, one-third netted profits and two-thirds incurred losses. If China's backward enterprises could reach or approach the levels of advanced domestic enterprises, it is certain that we would greatly improve our economic results and increase our national economic strength. Thus, the immediate and urgent task confronting us is how to reduce domestic disparities and improve economic results. It is also a major task in implementing the policy of further readjusting our national economy.

There are many ways to improve social and economic results. The quantity of economic results in an enterprise or area is always closely linked to the extent to which new technology is used and the level of management. The good economic results in coastal cities such as Shanghai are owing to the fact that these cities are able to accumulate, absorb and create much advanced technology and advanced methods of management and administration, as well as to other rational factors. The industrial base is frequently linked with the scientific and technological base. Therefore, we must seek to obtain results from the economic responsibility system and from the economic structure. We should also seek to obtain results from scientific technology, management and administration. We must adopt the method of exploiting potential through more channels. Under present conditions in China, transplanting advanced domestic experiences is an excellent way to get great economic results at a low cost. In essence, it is a social reproductive progress in which scientific technology is put into production as a spiritual product and becomes transformed into a material productive force.

Since the 3D Plenary Session, advanced domestic technology has been transplanted into many enterprises and areas. They have integrated and applied this technology to their own actual conditions, and they have achieved great results. For example, the textile system in Henan integrated their experiences of learning from Shanghai and in 1980, with the hard work of staff and workers, they were able to achieve their best level ever in product quality. While learning from the advanced experiences of neighboring areas, Shanghai was also able to achieve excellent results. People have called this transplanting of advanced domestic experiences "a method for increasing production without increasing investments," "a method for increasing revenue without increasing equipment" and "a practical and feasible method of tapping existing potential."

The transplanting of advanced domestic technology and of advanced methods of management and administration involves not only China's inland areas and backward enterprises but also its coastal areas and advanced enterprises. In inland areas there are raw materials, energy resources, factories and installations. However, owing to historical reasons the levels of technology and management are still low. Because of this, they cannot fully develop the superiority of their own area. In Shanghai and other coastal cities, the level of technology and management is fairly high but their plants and equipment are quite obsolete. Furthermore, they have an insufficient supply of natural resources and energy resources. They must therefore further develop their potential to increase production. Their difficulties are increasing. If we combine the superiorities of both sides and learn from one area's strong points to offset the other's weaknesses, then we can effectively improve the economic results of the whole society and enjoy a common economic prosperity. We believe that, from now on, Shanghai's contribution to the nation should not only be embodied in material products; it should also be embodied in products in the form of knowledge. Shanghai must work steadily and pay equal attention to the export of products and the export of technology. Even for material products it must steadily increase the proportion of medium- and high-grade goods. It must export high-grade, choice and advanced new products, reduce consumption of materials by units and concentrate more intellectual labor. This will be of advantage in resolving the problems in Shanghai itself, and it will make an even greater contribution to the nation as a whole.

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BRIEFS

TECHNICAL ECONOMIC RESPONSIBILITY SYSTEM--It was recently learned from the municipal economic commission that a group of municipal plant units and scientific research units have tried out the technical economic system of responsibility and obtained excellent results. On the whole there are three forms of the technical economic responsibility system. The first is the responsibility system of planned assessment, which was tried out by the Institute of Textile Research. They set quarterly tasks, schedules and plans. They also carried out quarterly assessments, and rewards were given for fulfilling plans. The second form is the responsibility system of project contracts that was tried out by the No 1 Radio Plant and the Forging Machine Tool Plant. They contracted for a complete project and assessed results. Rewards were given for meeting demands. The third form is the responsibility system of assigned tasks carried out by the Bohai Sea Radio Plant. Project tasks were separately assigned to individuals, and rewards were given for completed assignments. After these plant units and scientific research units tried out the technical economic system of responsibility, it accelerated the completion of new products in scientific research both quantitatively and qualitatively. It also inspired enthusiasm and creativity among workers, cadres and technicians. It was of benefit in improving economic results. [Text] [Tianjin TIANJIN RIBAO in Chinese 21 Apr 82 p 1] 9864

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CURRENCY CIRCULATION STATUS, PLANS OUTLINED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 9, 4 May 82 pp 1-3

[Article by Planning Bureau, People's Bank of China: "Current State of Currency Circulation and Tasks for 1982"]

[Text] In 1981 the CCP Central Committee and the State Council took a series of major actions to stabilize the economy and stabilize the currency, which have been very effective. However, it is also necessary to realize that hidden dangers to the national economy have by no means been completely eliminated, and the situation of an overly large amount of banknotes in the marketplace has not yet fundamentally changed. In accordance with the need for further reorganization of the national economy in 1982, implementation of the 1982 currency issuance plan decided on by the Central Committee will be a fairly arduous task that should arouse the serious attention of all quarters for continued adherence to the program for currency stabilization, and adherence to economic issuance in order to consolidate and stabilize economic results.

Current State of Currency Circulation

(1) In 1981 the currency circulation situation improved. In 1981 a program for stabilizing the currency was followed, the net amount of currency put into circulation for the entire year being 5.014 billion yuan, 2.835 billion yuan less than was put into circulation in 1980. This reflected the remarkable effectiveness of the further readjustment of the national economy.

The major features of currency circulation in 1981 were as follows: One was withdrawal of currency from circulation through sales of goods. Cash earnings from sales of goods for the year increased by 16.3 percent over the previous year. This was the result of fairly great growth in agriculture and light industry, which provided more industrial goods and non-staple foods for use in daily life to markets, providing a material foundation for increasing withdrawal of currency from circulation. Second was withdrawal of currency from circulation through city and countryside credit. City and town savings accounts increased by 7.16 billion yuan for the year; rural commune member individual savings increased by 5.25 billion yuan; and savings by urban and rural people increased by a total of 12.41 billion yuan. In addition, effectiveness of farm credit was rather good, 33.2 billion yuan of farm credit

being issued for the year as a whole, and 29.6 billion yuan being recovered, the amount recovered amounting to 89 percent of the amount issued, the farm credit recovery rate strikingly increasing as compared with the past several years. This played a major role in the withdrawal of currency from circulation, collecting credit funds, and slowing down pressure on supplies of goods. Third was the comparatively good situation during the first half of last year in withdrawal of currency from circulation. Net currency withdrawal from circulation for the country as a whole amounted to 3.98 billion yuan, 1.54 billion yuan more than during the same period during 1980, and the maximum withdrawal of currency during the first half of any year since the founding of the People's Republic. The fairly good withdrawal of currency from circulation during the first half of the year helped create conditions for release of currency during the last half of the year to meet needs for state procurement of agricultural products without putting much currency into circulation for the year as a whole.

Improvement in the currency circulation situation in 1981 resulted, in an overall sense, from the effectiveness of the Central Committee's actions, the serious attention of leaders at all levels, and efforts by the broad masses of staff and workers throughout the bank. Early last year the Central Committee took a series of actions to reduce the scale of investments in capital construction, controlled the previous year's surplus savings of all units, issued treasury certificates, strictly controlled prices, required those engaged in both domestic and foreign trade to cut back on goods in stock, increased market supplies, and devoted major attention to consumer goods production. All levels of CCP committee and government treated withdrawal of banknotes from circulation as a major matter. The broad masses of staff and workers of banks did a large amount of work in putting into effect the State Council's "Decisions on Genuine Strengthening of Credit Management and Strict Control of Issuance of Currency" winning remarkable achievements.

(2) An oversupply of banknotes in the marketplace continues. Issuance of banknotes was less in 1981 than in 1980, but they were issued when there was already an oversupply of banknotes at the end of 1980. Analyzed in terms of the national economic situation, there is still an oversupply of currency in the marketplace. This is manifested in the following ways: First, the speed of increase in the quantity of currency is greater than the speed of increase in development of production and circulation of commodities. Second, prices of goods have risen somewhat and the difference between list and market prices has increased. Third, the amount of currency in proportion to total retail sales of social commodities still tends to be low. At the end of 1981, the quantity of currency in circulation in the marketplace in proportion to total retail sales of social commodities was 1:6.43. Despite changes in economic development during the past several years, rural practice of various forms of responsibility systems, development of urban and rural collective and individual economies, and the appearance of numerous new factors to increase currency capacity, this proportion continues low. Fourth, the increase in purchasing power of city and country residents has exceeded increase in the amounts of goods that can be provided. In recent years the size of the gap between the society's purchasing power and the quantities of goods that can be provided has annually increased considerably, with the

result that some of the purchasing power cannot be used, causing banks to issue more banknotes.

In summary, looked at in terms of the foregoing, dangers existing in the national economy have by no means been completely eliminated, and the situation of an oversupply of banknotes in the marketplace has not fundamentally changed. As Premier Zhao Ziyag said, "The fairly large issuance of banknotes today still constitutes a hidden danger."

Continued Adherence to Carrying Out a Program for Currency Stabilization

During 1982 the national economy should make steady progress from a foundation of results in continuing to consolidate and stabilize the economy. In no case can we let down our guard as soon as the economy begins to stabilize, setting off a recurrence of the hidden dangers. For this reason, we must continue to adhere to the carrying out of programs for currency stabilization, bending efforts so that the increase in issuance of currency for the year as a whole does not exceed nationally approved plans.

In 1982 national public finances still face difficulties, and in order to assure further readjustment and development of the national economy, banks will have to allot funds to support development of production and to enliven the economy so that industrial units will be able to produce, with all possible speed, more goods to meet demands, increase market supply, and increase the removal from circulation of currency so that the quantities of currency in circulation will gradually correspond to economic development. Consequently, even though banknotes in the marketplace continue in oversupply now, this year the state plans to arrange for increased issuance of a certain amount of currency. This is not only for the purpose of assuring a certain increase in the speed of economic development during the period of readjustment, but is also for the purpose of creating the material conditions necessary for gradual restoration of normality in currency circulation.

The task of making sure that this year's increase in currency will not exceed state approved plans is a formidable one.

First, public finances for this year are still in the red and there is still a disparity between purchasing power and the quantity of goods that can be supplied. This will adversely affect both the disparity in expansion of credit and increased issuance of banknotes.

Second, difficulties in credit balancing are substantial. In this year's credit plan, all categories of savings have been figured very amply and all categories of loans have been figured very closely. Now public finances are very tightly controlled and the clamor for money from banks has become great. Therefore, we must likewise be exceedingly attentive in doing a good job of credit balancing.

Third, the situation pertaining to issuance and removal from circulation of currency during the first quarter of this year was, in an overall sense, rather good, yet insufficiently ideal. Most important were great increases in issuance of cash to rural villages and great increases in bonuses and other payments to individuals.

Particularly deserving of attention at the present time is that some comrades lack sufficient understanding about the banknotes oversupply situation. When they see a reduced issuance last year, they suppose that the marketplace currency circulation situation has been brought in line, and that the number of banknotes is not great. Such thinking is very bad for strict control of currency issuance and vigorous organization of withdrawal of currency from circulation.

However, we should also realize that there are still very many favorable conditions this year for controlling issuance of currency and for organizing withdrawal of currency from circulation.

First, the guiding ideology for economic construction has been further clarified. In his government work report, Premier Zhao Ziyan put forward a 10 part program for economic construction, and pointed out that in future consideration of all economic problems the basic point of departure must be increased economic effectiveness. The National Conference on Industry and Transportation recently convened in Tianjin by the State Council, emphasized that in correcting the guiding ideology in industrial production, economic effectiveness at a solid and unexaggerated pace should be sought. If only all sectors of the national economy strive for economic effectiveness, more and better goods that meet society's needs can be produced, commodity flow can be speeded up, stocks on hand can be reduced, and great savings of funds can be effected to the benefit of a fundamental balance between receipts and expenditures of public funds and receipts and expenditures of credit.

Second, "State Council Notice On Resolutely Stabilizing Market Prices" of 8 January this year set forth 10 regulations, and every province, municipality, and autonomous region people's government actively took action in an effort to stabilize market prices, which made the people of the entire country extremely happy and set their minds at ease. The State Council notice also particularly emphasized that a policy of basic price stability had to be followed in state procurement of farm products, and that increased prices and negotiated prices for procurement in excess of quotas had to be revamped and controlled.

Third, last year light industrial production was good, agricultural product procurement was good, and increase in overstocking of goods was fairly great. During January and February this year, output of light industry continued tremendous growth, and this provided the material foundation for this year's increase in withdrawal of currency from circulation through sales of goods.

Fourth, this year the entire country has launched a struggle to attack illegal and criminal activities in the economic field, and to revamp financial and economic discipline. This will play a major role in increasing public revenues, conserving expenditures, controlling inequitable currency issuances, and stabilizing market prices.

We must fully understand and apply beneficial conditions, eliminate unbeneficial conditions, and take positive action in an effort to assure that increased issuance of currency for the year as a whole does not exceed state approved plans.

Several Jobs To Be Done During 1982

In order to assure the carrying out of State Council promulgated plans for currency issuance in 1982, banks at all levels are to rely closely on local CCP and government leaders, in concert with departments concerned, to take vigorous action in handling as a major task for the bank as a whole the organization of withdrawal of currency from circulation and strict control over senseless issuance of currency.

(1) Positive support to development of production and increase in economic effectiveness to increase the material foundation for withdrawal of currency from circulation. It is necessary to vigorously support agricultural production and to support industrial production of more consumer goods for daily use to meet the needs of society, and to support technological improvements for energy conservation. In the case of both loans of circulating capital and intermediate and short term loans for equipment, attention must be given increased economic effectiveness. Supervision of credit must be strengthened for a genuine change in the former situation of "continued overstocking, continued production, continued state procurement, and continued loans."

(2) Need for positive assistance to the commercial sector in organizing movement of industrial goods to the countryside. During the past several years, both urban and rural purchasing power has grown very rapidly, and rural purchasing power has grown particularly fast, while the supply of goods has been inadequate. Some goods that sell slowly in cities could be sold in rural villages and might even enjoy brisk sales. The commercial sector should be spurred to open channels of flow and following the principle that industrial goods wanted by both cities and the countryside should be supplied to rural villages first so as to increase rural market supplies and increase withdrawal of currency from circulation through sales of goods.

(3) Vigorous development of savings by city and country people and organization of service trade earnings to increase withdrawal of currency from circulation through sales of other than goods. This year purchasing power of society has grown substantially, but the gap between quantities of goods available and purchasing power is still rather large. As a result, the urban and rural savings potential is still very great. Use should be made of favorable conditions for encouraging improvement in the social atmosphere and increasing the interest rate on savings, doing widespread propaganda work, and sensibly readjusting and increasing the numbers of savings network outlets, and increasing quality of service. If a good job is done, great growth can occur in savings accounts, and prospects for fulfillment or overfulfillment of quotas would be good. There is quite a potential for development of service enterprises, and there should be active organization of service trade earnings to increase withdrawal of currency from circulation through sales of things other than goods.

(4) Strengthening of cash management and supervision of wage funds. Cash management is a major effective fiscal and economic system in China. It is an effective measure not only for management of currency issuance, but also a

major technique for carrying out fiscal and economic policies and in maintaining fiscal and economic discipline. Attacks or illegal and criminal activities in the economic field should be closely linked to a major financial inspection for genuine strengthening of cash management and supervision of accounts settlements. Analysis of loopholes in cash management, in conversion accounts, and in final settlements should be done on the basis of major economic cases exposed; the lessons of experience should be exposed; and measures for improvement put forward to strengthen management. There should be strict examination of large cash payments and of remittances of funds between cities and the countryside to put a stop to diversions of funds. Coordination with all specialized banks should be enhanced and inspections of cash management carried out in all units by stages and in groups in a focused way taking account of local situations, the good being commended and the poor being taught to encourage all units consciously carry out cash management regulations.

The 1981 State Council "Several Regulations On Correct Implementation of Awards Systems For Resolute Halt to Reckless Issuance of Award Funds" should be carried out, and supervision of payments of bonuses should be enhanced in active coordination with units concerned. Payments of wages and bonuses to staff and workers must be approved by units concerned, and banks are to supervise payments. When problems are discovered, investigation must be done and reports made.

(5) The work of withdrawing currency from circulation during the first half of the year must be firmly taken in hand. Head office has provided branches in every province, municipality, and autonomous region with the figures for currency to be withdrawn from circulation (or put into circulation) during the first half of this year, and each branch should diligently carry out instructions in light of local circumstances, put forward specific measures for withdrawals of currency from circulation, and strive to fulfill or overfill quotas. Only by striving to withdraw more banknotes from circulation during the first half of the year will it be possible to meet requirements for concentrated issuance of money during the last half of the year, and to take the initiative in assuring fulfillment of this year's plan.

(6) Investigation and study plus all-around reporting must be strengthened. In order to carry out the spirit of last winter's National Planning Conference and the spirit of the recent National Industrial and Transportation Conference convened by the State Council, banks at all levels are to intensify inspection and analysis of the situation pertaining to execution of credit and cash plans. They should grasp new situations and new problems affecting credit balance as well as problems in whether the use of various loans genuinely produce economic effectiveness, organize forces, conduct investigation and study, do reporting on special topics or do overall reporting to the main office or to local leadership organizations, and make suggestions the better to help realize the 1982 national economic plan and the currency issuance plan.

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FINANCING AND BANKING

NEED TO LEARN FOREIGN EXPERIENCES IN BUILDING AUDITING SYSTEM EMPHASIZED

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] in Chinese No 4, 20 Apr 82 pp 15-18

[Article by He Renyuan [0149 0117 6678] and Yan Deyu [7051 1795 3768]: "Certain Principles for Setting Up a Socialist Auditing System in China"]

[Excerpt] The endeavor to establish a socialist audit consists of efforts to enact an audit law, formulate an auditing system, establish an independent audit agency, build up a contingent of professional auditors, and develop a socialist theory and branch of science in auditing. In short, we can call this an endeavor to build a socialist auditing structure. In order to build a sound socialist auditing structure, we must first make efforts to get a clear understanding of the principle we must follow in setting up such a system in our country.

The "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" adopted by the 6th Plenary Session of the 11th Party Central Committee contains profound experiences and lessons drawn from our efforts in socialist revolution and construction. A key point in the "Resolution" is that we must build socialism in a way that "takes into account the Chinese conditions," and in doing so, we must "find a path of advance that conforms to the Chinese reality"; neither can we "copy foreign experiences mechanically" nor can we ignore "the need to learn advanced foreign ideas that are useful to us." The erroneous tendency "to wall our country off to foreigners and reject everything foreign" must be opposed. Efforts must be made to instill this important spirit in all aspects of the crusade for socialist construction. In this connection, the auditing function is no exception.

First, building an auditing system in light of the Chinese conditions means proceeding to build it on the basis of our social system. As a tool to oversee the economic operations, auditing is always affiliated with a specific class. The socialist audit must embody the special spirit of the socialist system, and must be devoted to serving the purpose of strengthening and developing the socialist economy. The socialist auditors must be committed to the thorough implementation of the party's and government's principles, policies, decrees, and regulations and use them as criteria for judging right from wrong; they must struggle resolutely against all forms of corruption and

embezzlement and violations of law and discipline that are harmful to the socialist cause. The fact that under the socialist system, the interests of the state are basically the same as that of enterprises and individuals provides a likelihood for socialist auditors to follow up their inspection and examination of all units with an objective and fair assessment of their economic performances on behalf of the state. If their assessment is unfair, it means that they have failed to live up to the requirements of the socialist system. As for embezzlement and other malfeasances, the socialist auditors must consider it their duty to denounce them.

Second, building an auditing system in light of the Chinese conditions means proceeding to build it on the basis of our economic inspection and investigative work. Although we oppose overly conservative approaches in this regard, we can in no way accept those approaches that disregard the actual groundwork and conditions we have laid. As seen since the founding of the PRC, our accouting, and auditing functions have attentively relied on the leadership of the party to carry out their work in pursuit of the mass line and the party's policies. We must endorse and publicize the positive role they have played in enhancing the socialist cause in coordination with our central task. But we must also take note of serious defects in the economic system of external audits, a system which is far from being able to meet the demands of the current situation. Among the major problems are: (1) A lack of necessary legislation. Although some of our existing regulations stress the need to strengthen the accounting and auditing functions, no conscientious efforts have been made to enforce them for a variety of reasons, and particularly because of the 10 years of turmoil. (2) A lack of a unified agency. At present, the functions concerned with financial inspection and investigation in the departments of treasury and internal revenue, in banks and in enterprises are operating under a "multiheaded structure." Since their staff members are not working under a single command and following different approaches to this matter, they are bound to encounter difficulties in bringing their role into full play in the course of inspecting and examining financial records of enterprises and other establishments. (3) A lack of a professional contingent. The number of comrades responsible for financial inspection and examination in various departments and functions are not far from adequate to carry out this work. Also noteworthy is their high turnaround rate and an acute shortage of well-trained professionals. (4) A lack of centralized administrative leadership. Although much has been done by the Ministry of Finance in this respect, its role in auditing financial records is restricted and limited. The existence of these problems has prevented it from working out an overall plan for the entire work of economic inspection and investigation and for forging a close coordination between different departments and units. Meanwhile, the unavailability of courses in auditing at colleges of finance and economics, and of related teaching materials which must be printed and circulated by publishers, and the failure of our academicians to exchange their views on this matter on public occasions constitute an important factor that has caused our country to lag behind others in developing a branch of science in auditing. This is a matter of nationwide concern which must be resolved in the course of building an auditing system in our country.

Third, the building of an auditing system in conformity with the Chinese reality must be accompanied by a successful and active effort to learn foreign experiences in auditing. The Chinese and foreign experiences are two sides of one coin that are complementary to each other. In view of the fact that our country was once totally cut off in its communication with the rest of the world on this matter, we must consider it particularly necessary to study and learn foreign experiences when our country is considering establishing its own auditing system.

At present, foreign auditing can be generally divided into the following two categories: (1) the Yugoslave bookkeeping system; (2) the capitalist auditing system.

Under the leadership of the Federal Assembly, Yugoslavia has established a social bookkeeping bureau with a wide-ranging power to exercise a close control over the financial operations of all units throughout the country. This bureau has also been placed in charge of external audits of all enterprises in Yugoslavia. The Social Bookkeeping Bureau is also known as an authoritative, independent, centralized and democratic unit agency, whose experiences are worthy of our emulation.

The auditing in capitalist countries excels in the following ways: (1) it is served by specialized auditing agencies and professional auditing contingents; (2) it is based on a publicly recognized theory, standards, and backed up by a comprehensive set of techniques and methods; (3) an increasing importance has been attached to the establishment of internal audit; (4) every enterprise has established a comprehensive and well-disciplined auditing system which has a binding effect on all its subordinate units; (5) it has begun to shift its attention from emphasizing the "protective aspect of the auditing function" alone to emphasizing "both protective and constructive aspects of this profession" or even attaching greater importance to the latter than the former; (6) all auditing personnel must undergo special professional training and severe tests. Generally speaking, they have very high professional knowledge. We must recognize that these qualities are indispensable to any country interested in establishing a sound auditing system no matter what social system it prefers. Of course, as far as the capitalist audit is concerned, we must examine it in a critical way and must consider absorbing those knowledge and experiences that are useful to us.

As stated above, the principle we must follow in setting up the auditing system is that we must apply Marxism-Leninism and Mao Zedong Thought as a guide in building an auditing system on the basis of the Chinese conditions and in coordination with foreign experiences. An auditing system to be built in accordance with this principle must contain such special qualities that symbolize:

(1) Class character which is devoted to glorifying the characteristics of the socialist system, upholding the leadership of the party, enhancing the implementation of the party's principles and policies, and serving the interests of the working class and the working people as a whole.

(2) Scientific character which is devoted to creating an auditing theory, system, and method on the basis of combining the application of the Chinese experiences in financial inspection and investigation with that of foreign experiences in auditing.

(3) Popular character which is committed to develop the auditing work in keeping with the mass line and to follow up professional auditing with massive inspection and investigation in a well-organized way.

(4) Authoritative character which is devoted to strengthening the stature of auditors and creating a perfect audit law so that a powerful auditing agency staffed with an adequate number of well-trained professional auditors can be established to keep a close watch over the economic performances by all enterprising units.

9574
CSO: 4006/450

BRIEFS

NEI MONGGOL GOLD OUTPUT--By the end of June, Ulanqab League in Nei Monggol Autonomous Region overfulfilled its semiannual gold production target 10 days ahead of schedule. Qahar Youyi Zhong Banner in Ulanqab League is one of the five places throughout the country where the annual gold production is over 10,000 liang and the purity of gold is among the highest. By the end of June, the banner had turned out over 6,000 liang of gold, a 100-percent increase over the corresponding 1981 period. The production cost of 1 liang of gold has decreased from over 870 yuan in the past to 367 yuan in 1982. [SK202220 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 19 Jul 82 SK]

CSO: 4013/126

INDUSTRY

CIVILIAN USE OF MILITARY TECHNOLOGIES URGED

Tianjin KEXUE XUE YU KEXUE JISHU GUANLI [SCIENOLOGY AND MANAGEMENT OF SCIENCE AND TECHNOLOGY] in Chinese No 6, 1981 pp 12 - 13

[Article by Tang Ding [2768 0002], Third Ministry of Machine Building Research Office: "Discussion of Transfer of Military Technologies"]

[Text] How to transfer military technologies to civilian use the better to serve the national economy is a major question deserving exploration during current readjustment.

In order to develop their national economies, many of the countries of the world have given attention to the transfer of advanced military technologies to civilian use to promote rapid development of the national economy. During the early 1970's, America's great armament race caused inflation within the country and severe unemployment, which delayed development of civilian production technologies. In order to extricate itself from a difficult position, the United States government thereupon adopted a policy of transfer of military technologies, mobilizing several hundred scientists to study the problem of how to make the transfer. The American National Air and Space Administration also produced a "technologies Transfer Plan." As a result, numerous sophisticated technological results were shifted into civilian enterprises where they produced tremendous technological and economic results. Practice has demonstrated that the transfer of military technologies to the civilian sector is an inevitable trend in the development of science and technology, and is an important means of strengthening the relationship between national defense construction and national economic construction.

China's military industries long ago set up their own independent systems, which have made major contributions to national defense construction. However, in the former unitary ordnance production structure, war industries and civilian use were mutually separate and isolated from each other with the result that many new technologies, new techniques, and new materials that could have been transferred were not promptly spread to the civilian sector. One can only say that this was a loss.

As a result of long building of China's military industries, they possess a definite superiority in skilled personnel and technologies. They have a large amount of equipment that is fairly complete in its variety, and performance is

of the finest; techniques are relatively advanced; technical forces are plentiful; and in the development and production of atomic technology, artificial earth satellites, the launching of intercontinental ballistic missiles, and in aircraft, ships, electronics, and conventional weapons, they have made tremendous achievements. These circumstances demonstrate that the military industry sector possesses ample technological conditions, and it should become a major base for development of new technologies; it also has a bounden duty to transfer and promote new technology in the civilian sector to serve the national economy.

Since the Third Plenary Session [of the 11th Party Central Committee], the military industry sector has carried out a policy of military - civilian linkage. It has readjusted its service orientation, and while giving priority to fulfillment of military research and production duties, it has used every available means to develop civilian goods. This effort has been accompanied by technological diffusion and exchanges in many fields, with numerous military industry and research and designing technicians going into civilian enterprises to gain an understanding of technical difficulties and help solve problems. Some military industrial units have opened their doors to the assignment in their plants of representative from civilian enterprises, taking the initiative in explaining and giving briefings on new techniques and new technologies to achieve some preliminary transfer and promotion of technologies, benefits from which have begun to be felt. In terms of experience, such transfers of technologies not only help the civilian sector, but are also extraordinarily beneficial to the military industry sector in learning from the civilian sector to improve their own knowledge and technology. Furthermore, it does not cost much money and brings great benefits. It is a fine means of advancing development of science and technology and increasing growth of the national economy.

The three general ways in which the country's transfer of technologies has been done are as follows:

1. Transfer of a Portion of Military Production Capacity to the Production of Civilian Goods

During peacetime, military production capacity cannot be fully used. Thus, idle plants and equipment can be used to build production lines for civilian goods, the manufacture of civil aircraft, merchant ships and other electromechanical products that people need in their daily lives such as bicycles, sewing machines, desk clocks, radios, television sets, recorders, electrical appliances, steel windows, etc. Some superior quality products selling for low prices have now entered the international market. In addition, the military sector uses some of the large specialized equipment it possesses to process metal doors and windows, house frames, pilots compartments, and large castings and forging work for transportation equipment, as well as other products needed in modern construction in the civilian sector. Some enterprises have also provided for the use of the civilian sector large pieces of experimental equipment such as electronic computers and wind tunnels.

2. Transfer of Some Research and Design Personnel to Provide the Civilian Sector With Technological Service and Technological Support

Technicians have been provided the civilian sector for products and equipment that were relatively difficult to design, to set up research on civilian goods to establish design organizations, and to develop new civilian products of superior performance, that are structurally advanced, and are new and original in style. Military industry design forces have already begun to accomplish technological reforms for industries such as light industry, textile, and chemical industries. Last year defense industries in Sichuan Province signed 1,000 agreements with light industries and textile industries for the manufacture of more than 4,400 pieces of special purpose equipment, and to undertake the manufacture of more than 40 million yuan worth of replacement parts. The Sanjiang Machinery Plant several times sent technicians to the Wuliangye Alcohol Plant to gain an understanding, finally designing and manufacturing mechanized, continuously operating, yeast manufacturing equipment, which solved difficulties in yeast making techniques encountered in expansion of production of one of the country's famous alcoholic beverages, "Wuliangye," and increased both the alcohol production rate and the quality of yeast made. Many famous distilleries in the country such as the Maotai Distillery placed orders for this equipment, and now 111 of them have been produced to make a contribution in changing the several thousand year old antiquated yeast making techniques of the distilling industry. Since last year the Wangjiang Machinery Plant has developed 247 light industrial machines of 56 different kinds for the tobacco, tea, plastics, leather, rubber, paper making, and home appliance industries, including production lines for reproduction of tobacco sheets, and infra-red dryers for the tea industry, the first such developed in the country.

Military industry research units also made achievements in support for food and light industries. The Aviation Machine Power Institute sent more than 30 noted engineers and assistant engineers to use advanced military industry technologies and equipment to successfully develop China's first completely automatic bread production line with everything mechanized from the addition of flour, mixing, raising of the dough, cutting the dough into chunks, kneading, forming loaves, putting it into the ovens, rising again, and baking to coming out of the oven, cooking, and wrapping. Operated by 13 people, it daily produces bread from 7.5 tons of flour, producing an average of one (weighing 2 liang) loaf every second. Comrades in food industry enterprises praised them saying, "Greenhorns in the bread industry solved a key problem that insiders had not been able to solve."

3. Transfer of the Fruits of Military Science and Technology

Examples have been many of the transfer to civilian use of the fruits of military industry science and technology. For example, conversion of aviation engines to gas turbines for use on land, which can be used as ground power equipment. They use many different kinds of fuel, and are highly efficient, portable, and easy to operate. Now one kind of turbine engine and two kinds of turbo-propeller engines have been converted for use as land gas turbines for use in the petroleum industry's electric stations or water flooding, where they have demonstrated the power of new technology. After having used them, oil field comrades believe

turbine engines possess three advantages in water flooding. One is that during power outages, early water flooding may be done, with not only no decline in output, but consistently high output being maintained. A second is that power sites can selected as water flooding requirements dictate. Third is the fairly high degree of automation making for ease in control. Currently departments concerned in the country are in process of organizing research on the expanded uses of gas turbines in industry, ships, railroad transportation, and other applications. Another example is the aviation power machine plant designed marine model engine which, because of the use of new materials that make it an excellent product, seven times broke the world record and twice won the national championship in a air model competition during the last two years. The 10 cc nautical model engine won the national silver award.

Electronic technology, which has been used in military radar and radio communications, now serves many products in the light industrial market, as for example, the large and medium integrated circuits used in color television sets, the micro electrical eomponents in recorders, and the button-size batteries used in electronic watches.

The various electrical machines, instruments, and fuel pumps with which aircraft are equipped are now being gradually transferred to cranes and automatic equipment used in the mining, light and textile, and chemical industries.

Titanium alloy metals formerly resulted from research on materials done by the national defense sector, and have now begun to be used as structural materials in civilian aircraft fuselages. Recently the Aviation Materials Research Institute used such materials to develop a titanium alloy knee joint for the treatment of almost 100 infirm people. After being fitted with titanium alloy knee joints, not only could they walk with steady steps but were also able to dance gracefully.

Nuclear energy power generation, application of isotopes, use of artificial satellites, and aviation telemetry and remote sensing have been used in geodetic surveys, geological surveys and prospecting, and in oceanic surveys, making very great progress.

Additionally, in the process of developing new products, some military industry units have used a series of new management techniques such as "planned inspection and evaluation techniques," "key process line methods," "network analysis," "systems engineering," "value engineering," and "comprehensive quality controls" gaining some experiences. These management techniques are now in use in individual industrial sectors, and it is anticipated that they can greatly increase management levels in enterprises.

Though the transfer of military technologies has just begun, tremendous advantages have already become apparent, and excellent results have been obtained. One is the increase in output and the increase in output value of light and textile industries. For example, after the automated bread production line went into operation, within a year an output value of more than 400,000 yuan was created. After one filter zhuangjieji [5944 2234 2894] went into operation, annual output value increased by more than 600,000 yuan. After a tobacco sheet

production line for reproduction went into production, annually 150 tons of tobacco ends that could be used to fertilize the fields were recovered, and 300,000 medium grade cigarettes could be produced for a net annual profit of more than 600,000 yuan. Two is increase in quality of goods and improved competitiveness of goods in international markets. An example was "Laoguang" brand files, which could not break into international markets because there were no testing techniques to measure their performance standards. After the Wangjiang Machinery Plant provided file testing machines, which demonstrated their fine performance, 400,000 of them were exported last year for the first time. Three, as a result of the tempering they received through experience with civilian goods technologies, military industry technicians increased their own knowledge and skills. For example, designers in an aircraft design institute themselves drew up a "three dimensional limited component analysis program," which was used in geological prospecting. They deeply realized that the technical difficulties for numerous civilian goods are considerable, that the civilian sector likewise has numerous advanced techniques that deserve conscientious study, and that in the process of transplanting and diffusing only through mutual study and reciprocal impetus can the techniques and technologies of military industry itself be consolidated and developed. Four is increase in economic effectiveness.

In summary, transfer of military technologies to civilian use holds extremely great potential and huge technical and economic value. It should be made one of the extremely important policies for the country. It is recommended that national units concerned strengthen leadership in this regard, break through the old rigamarole, wipe out the boundary line between military and civilian, carry out mutual military and civilian cooperation for mutual benefit, and apply advanced military technologies to the national economy. All military industry departments should work from a foundation of investigation and research to formulate plans for the transfer of military technologies, for active participation by the civilian sector, and for vigorous cooperation. They should formulate economic policies that encourage transfers of military technologies, and employ methods of signing technical service cooperation agreements, the transfer of possession of technologies, contracting, and joint operations so that effective mutual assistance and cooperation will take place between the military and the civilian. If this work is done well, inevitably it will give impetus to improvements in national economic development and scientific and technical levels to make a contribution to the building of the four modernizations.

9432
CSO: 4013/116

BRIEFS

LIAONING INDUSTRIAL OUTPUT--Shenyang, 24 Jun (XINHUA)--Liaoning Province, one of China's major heavy industrial centers, recorded an 8.3 percent increase in industrial output value in May over the same month in 1981, according to the Provincial Statistical Bureau. The province also turned over 9.3 percent more profits to the state for the same period. From January to May, annual output quotas were met for 61 of 80 major industrial products, and output of 59 products rose over the same 1981 period. Planned targets were met for coal, crude oil, natural gas and electricity. Increases were registered in such products in short supply as soda, cement, plate glass and plywood. [OW241255 Beijing XINHUA in English 0720 GMT 24 Jun 82 OW]

PRODUCTION OF BETTER GOODS--Beijing, July 5 (XINHUA)--China's textile industry must manufacture more varied, cheaper and better made goods to meet the needs of urban and rural consumers, delegates to a recent national conference said in Dalian, Liaoning Province. The country's textile industry has been growing fast since 1976, according to conference participants. It registered a 125 percent increase in 1981 in terms of output value over 1976. Output of cotton-polyester fabrics increased by more than 80 percent in the 3-year period from 1979 to 1981. As a result, each Chinese bought an average of nearly 10.3 meters of cotton cloth and cotton-polyester fabrics in 1981, compared with 7.6 meters in 1976. However, some textiles, particularly cotton-polyester fabrics, are overstocked, delegates reported. This has resulted from the pursuit of profits and output figures by some enterprises to the neglect of designs and varieties, they said. To solve the problem, they urged textile enterprises to produce cheaper and better cotton-polyester fabrics for the rural market and add varieties, colors and designs for the urban market. They should also improve quality and packaging, and increase varieties and designs to raise the competitiveness of Chinese cotton-polyester fabrics on the international market. [Text] [OW060811 Beijing XINHUA in English 1232 GMT 5 Jul 82]

MACHINE-BUILDING QUALITY CONTROL--Beijing, 9 Jul (XINHUA)--A mass organization specializing in quality control in China's machine-building industry was set up at a four-day meeting ending today. The China Association of Quality Control in Machine-Building Industry, whose president is Yang Keng, vice-minister of machine building industry, will conduct academic research,

summarize and publicize achievements, train personnel and disseminate knowledge. The purposes of the organization are to improve the quality of products of the machine-building industry, increase variety and upgrade quality control for better economic results of machine-building enterprises, Yang Keng said at the closing session of the meeting this afternoon. Under the Ministry of Machine-Building Industry, there are about 10,000 enterprises employing five million people, which produce more than 28,000 varieties of products, according to Vice-Minister Yang Keng. Now the ministry's major concern is to get everybody involved in the quality control drive, he said. From now on to 1984, the association will undertake researches on 13 major scientific items, including quality control in the development and designing of new products. The association also plans to run three quality control sessions, in the second half of this year, including one for enterprise managers and other leaders. Swedish experts will give lectures at one of the sessions. [Text] [OW091405 Beijing XINHUA in English 1232 GMT 9 Jul 82 OW]

CSO: 4020/149

CONSTRUCTION

GUIDANCE FOR NEW RURAL CONSTRUCTION GIVEN

Beijing JIANZHU XUEBAO [ARCHITECTURAL JOURNAL] in Chinese No 4, 20 Apr 82 pp 1-7

[Article by Feng Hua [7458 5478]: "Build Modern, Highly Cultured New Socialist Villages and Towns"]

[Text] In December 1981, the National Construction Commission and the National Agricultural Commission jointly held the Second National Rural Housing Construction Work Conference in Beijing. This conference was held with the permission of the State Council at an important time when the rural economy was taking the lead and going into the ascendant, and a new situation of peasant house construction was taking place. The conference conscientiously studied the new problems posed by the building of houses in rural villages, concentratedly discussed matters in terms of programs and policies, organizational leadership, planned construction, and management rules and regulations, adopted measures, and directed peasant house construction toward a new and higher stage of development. The conference noted that since the Third Plenary Session of the 11th Party Central Committee as a result of the implementation in villages of the party's various policies and the development of agricultural and industrial sideline occupations, peasant income has everywhere increased and now that the broad masses of peasants have enough to eat and enough to wear, their needs have become increasingly diverse. Not only have they demanded improvement in living conditions, but they have also demanded an increase in business, cultural, sanitation, and public welfare facilities and this has ramified into overall rural building issues. It was in these new circumstances that the State Council clearly pointed out the need to proceed from the overall situation in rural development, making peasant house construction work a part of planned overall village and town construction, gradually building China's still rather backward villages and towns into modern, highly cultured new socialist villages and towns. This was a decision of major significance. It both reflected the direction of history's advance and reflected the aspirations of the countless millions of peasants. At the same time it also pointed toward the vast vistas in development of new socialist villages. The greatly significant decision has produced extremely far reaching effects historically on China's rural construction.

Flourishing Development of Rural Housing Construction Is a Prelude to Tremendous Changes in the Appearance of China's Rural Villages

China's rural villages were formed on a foundation of a small scale agricultural economy. Their layout is disorderly, their structure loose, their equipment simple and crude, and their houses dilapidated. As production has developed since founding of the People's Republic, old houses everywhere have been improved and new houses built. Nevertheless, in an overall sense, the change in appearance of rural villages has not been great. The rural villages in many places are the same old villages they always were. Since the Third Plenary Session [of the 11th Party Central Committee], spurred on by the rapid development of the rural economy, house construction in rural villages has surged like a spring tide, suddenly breaking through many years of oppressiveness. A house building mania such as has never occurred before is taking place in China's rural villages. "In home after home materials are being prepared, and in village after village excavation is underway." Such a description is not exaggeration at all. This activity has been characterized in the following several ways:

First is a huge scale of great strength and impetus. In the four year period 1978 to 1981, a total of 1.5 billion square meters of new housing was built in China's rural villages. During the two years of 1978 and 1979, between 200 million and 300 million square meters of hew housing was built annually. During 1980 and 1981, annually between 500 million and 600 million square meters was built. In this way, our country of 800 million peasants had an annual average increase of almost 2 square meters of construction area within the short space of 4 years, each household averaging an increase of one small room. This was a tremendous achievement. Peasant investment in the building of new houses was also rather substantial. In 1978 it was on the order of somewhat more than 3 billion yuan; in 1979 it was somewhat more than 6 billion yuan, and during 1980 and 1981 it reached about 10 billion yuan. Now peasants annually spend more than 10 billion yuan annually on construction of new houses in vigorous demonstration of the increased economic strength of rural villages. This is the result of correct implementation of the line, the programs, and the policies of the Third Plenary Session.

Second, in rich and populous areas, new houses stretch everywhere, and the look of every village is one of newness. Even in places where economic conditions are fundamentally relatively poor, no small amount of new house construction has taken place. Formerly in the beautiful and richly endowed area south of the Yangtze River, thatched houses were everywhere. "When the wind blew, the roof might blow away; when it rained, they might leak; and during drought, they might catch fire." Now, everywhere there are new farmhouses of "red brick with green tile and whitewashed brick, with cement beams and glass windows." Northern Jiangsu, northern Anhui, eastern Henan, Western Shandong, and northern Shaanxi, which have historically been relatively poor, have fought a battle to free themselves during the past 2 years. "When the peasants have money and grain, they hurry to ready materials to build new houses." In 1980, Yan'an Prefecture lined 22,000 caves of various kinds with bricks and stones. In Gansu Province where

economic conditions had also formerly been relatively poor, in recent years many new houses have been built from the vast expanse of the Hexi Corridor 1,000 li across to the enchanting Longnan mountain region. In 1980 alone, 9 million square meters was built, a rarity down the ages.

Third, housing quality has gone from low to high; styles have become more and more numerous and increasingly tasteful. An overwhelming majority of rural houses in the past had adobe walls, thatched roofs, and paper windows. Today most newly built farmhouses have walls of brick or stone, tile roofs, and glass windows, and some have small structural members made of concrete and steel doors and windows. Styles have also become increasingly diverse. There are single story houses, cave dwellings, and multi-storied houses. In the past, peasants felt storied houses were inconvenient and unsafe. During the past several years, however, after trial building and trying out of such houses, they have gradually become accustomed to them and they have summarized several advantages they possess as follows: They require little land, are well ventilated, withstand use, and save on lumber. In rural villages today, and particularly in places where land is scant relative to population, storied houses are being built increasingly. In 1980, 45 percent of the 37 million square meters of farmhouses built in Zhejiang Province were storied houses.

Fourth is building of homes through mutual help for mutual benefit. Formerly public ownership was emphasized in the building of homes with the result that collective resources were depleted with no concurrent real benefits for commune members. During the past several years diverse formulas have been used in building houses in a seeking for truth in facts, reliance being placed on the masses' own strength, with mutual help for mutual benefit in the building of homes. Results have been very good. Now largely the following several methods are used. One is for a commune member to build his own house by supplying the funds himself and getting the materials himself, with everyone helping with the construction. Another way is to club together to accumulate funds in voluntary association to form a house construction fund group with everyone building in turn. Still another way is to build for oneself with public assistance. In this method the commune member gets the funds and the materials himself and then, depending on collective economic conditions, communes and brigades provide varying degrees of support in funds, materials, manpower, and transportation, property rights to the newly built house belonging to the commune member. In the case of households enjoying the five guarantees [childless and infirm old persons who are guaranteed food, clothing, medical care, housing, and burial expenses by the people's commune], communes and brigades guarantee construction. This method of building by oneself with public assistance is the one most commonly used today and the way of building a house that the masses most like. It both fits in with the level of economic development of an overwhelming majority of rural villages at the present stage in China, and it also embodies the superiority of the socialist system. Yet another method is used as well. In places where the collective economy is solid, leadership teams strong, and commune members agreeable, houses are built collectively, and after construction they are either rented to commune members or sold to them at a discount. As a result of the many ways of building houses, the enthusiasm

of both the collective and individual commune members has been greatly aroused and the pace of farmhouse construction hastened. In the 6 year period 1975 to 1981, Jingshan County in Hubei Province built a total of 11,545 houses, and during the short space of several months between winter transplanting in 1980 until spring farming in 1981, it built 6,410 houses. The amply shows the power of policies. Particularly heartening has been the fairly rapid improvement in living conditions of peasants in some poverty stricken areas. For the past several years the Yimeng mountain region of Shandong Province had more than 50,000 hardship households, but what with the "collective lending a hand and individuals turning a hand," every household now lives in a new house.

Rural Construction Is in Process of Moving in the Direction of All-around Development

During the past several years, a new trend has developed in rural construction, namely that the construction of new rural dwellings is being done hand in hand with the building of cultural, educational and medical facilities, business services, and other public utilities, impelling villages and towns as a whole to move in the direction of all-around development.

(1) Economic development has given impetus to the flowering of rural cultural enterprises. During the past 2 years, as the rural economy has developed more than 3,000 rural market town cultural centers have come into being in China's rural villages. These cultural centers, collective recreational, educational, science popularization, and sports bodies meet the diverse needs of the broad masses of peasants for a cultural life. Mass cultural activity arenas are now being built. In Changshu County, Jiangsu Province, 506 villages have established clubs, libraries, newspapers, television, exhibitions, and lectures, and they have organized irregular ball competitions and performances. The peasants warmly call the clubs "peasant homes." Development of rural cultural activities has brought stability to the social order. When peasants finish work and students get out of school, they have a place they like to go, each person doing what he wants. Gambling, arguing, causing disturbances, and such bad conduct have greatly decreased. Development of rural cultural construction plays a major role in satisfying the peasants' healthy spiritual life, in improving the social atmosphere, in nurturing moral sentiments among the young generation, and in popularizing scientific and cultural knowledge.

(2) The building of rural medical and health endeavors has developed very rapidly. A rural medical and health network to serve rural villages containing 800 million peasants has been built throughout the country. More than 50,000 communes in the country have built 55,000 hospitals, and more than 90 percent of the 700,000 production brigades in the country have established clinics and health stations with varying facilities, which are not only able to diagnose and treat common illnesses, but some are also able to do abdominal surgery. Establishment of a rural medical network is playing a tremendous role today in the development of rural medical and health endeavors to protect the health of the broad masses of peasants.

(3) Convenient and rapid transportation is a requirement for advancement of rural economic development and for linking cities and countryside. In recent years, the rural road network has also developed fairly rapidly. Today more than 90 percent of commune locations are served by all-weather automobile roads. Accompanying increase in peasant contacts with each other has been the appearance of automatic telephones in some rural villages. Jiaxing County in Zhejiang Province already has 640 units. When peasants have something to say, they need only dial a number to be connected, a great convenience in communications.

(4) Rural public utilities are gradually being built. Drinking water is a big problem in rural villages. At the present time in many villages individual households draw their water from wells, ponds, rivers, or lakes. Such antiquated ways of getting water waste a lot of human labor, are unsanitary, and frequently spread diseases. Recently some places began to build centralized facilities to provide water, which have been much welcomed by the peasants. In Hebei Province, more than half of the 190 production brigades in Lecheng County have built standpipes and are using running water.

(5) The build-up of rural energy resources has taken new strides. In China's rural villages, stalks and stems of crops and firewood account for 90 percent of the fuel used in daily life. Direct burning of stalks, stems, and firewood on a large scale is a backward way in which to use energy that not only wastes energy but also destroys the normal material cycle between the soil and farm crops bringing about a decline in soil fertility. In order to upgrade rural energy resources, great development has taken place in many places during the past several years in use of methane gas. Today 6.5 million methane gas pits exist throughout the country, and 30 million people living on farms use methane. Use of solar energy has also progressed with some places installing solar energy bathhouses and some manufacturing solar energy stoves, which both save on firewood and are convenient.

(6) Development of business and service enterprises has been a major factor in strengthening town and village vitality. In recent years a new dynamism has appeared in this area. In many villages and towns, accompanying the burgeoning of country fair trade has been an increase in the construction of small shops, small inns, small restaurants, and such diverse service facilities. Some traditional regional snacks, well-known tidbits, or famous dishes have seen continuous revival in some places, and services that the masses enjoy hearing and seeing have reappeared. Accompanying rise in peasant living standards has been a constant increase in the demand for photographers in rural villages, and rural villages today are beginning to build photographic studios. With the arrival in the countryside of television sets, radios, sewing machines, and bicycles, rural repair industries have also come alive.

(7) Improvement in the living environment have begun to arouse people to be concerned. Formerly China's rural villages did not much care about poor cultural, sanitation, or environmental conditions. In recent years, accompanying the building of houses has been attention in some places to

improving the living environment. The general way this has worked has been to shelter people and livestock separately, followed by the accumulation of nightsoil at fixed sites and disinfection of toilets. This produced conditions for construction of drainage ditches and organizing beautification through the planting of greenery. In Chongqing County in Sichuan Province, some rural villages planted large numbers of fruit trees and bamboo groves in front of and behind their houses, and some of them built pools and flower beds in their courtyards. They harmoniously interwove trees, flowers, fruit, and water with their dwellings to create rural garden homes each with their individual ambience.

Rural villages are the dwelling places for the broad masses of peasants, and they are also the bases for agricultural and industrial sideline production. Rural village contruction's progress in the direction of overall development reflects the objective laws of development of rural construction. Formerly our work was limited solely to the building of rural houses per se, and there was no thought given rural village development as a whole. This was a limiting factor of historical conditions of the time, which no longer is able to meet the needs of developing circumstances. Developing circumstances require that we broaden our horizons and do overall planning of village and town construction, taking all factors into account. This is an inevitable trend in economic development and is also an urgent need as a result of the daily improvement in the material and cultural life of the broad masses of peasants.

Building of Modern, Highly Cultured New Socialist Villages and Towns Is a Formidable and Glorious Historical Task.

China has more than 5 million villages and 53,000 market towns. The building of such a large number of villages and towns into modern, highly cultured new socialist villages and towns is an extremely formidable historical task. In order to know how to plan and build requires a clear blueprint, and we have to have a stage by stage, step by step overall conception for implementation. It is also necessary to have some workable measures to provide a realistic and effective impetus.

(1) China's rural villages have now broken through the single-crop agricultural situation. The appearance of integrated agricultural, industrial, and commercial operations, and the diversification of peasant needs in their material and cultural lives has inevitably required acceleration of all-around building of villages and towns. Not only is improvement in living conditions and the living environment required, but also required is the building of good roads, convenient and speedy communication links, adequate supplies of water and electricity, and complete social services. Also needed is greater enjoyment of urbanized civilization, and enrichment of rural culture, and educational enterprises. In rural villages today, some peasants have already begun to be dissatisfied with the simple requirements of having clothes to wear, food to eat, and a place to live; they demand to study culture, science, and technology, and they want to be a part of cultural and sports activities or even to travel away from their villages. The developing situation requires that we grasp village

and town construction as a whole, gradually change the backward rural scene, and steadily increase the degree of modernization and civilization. This is the glorious task that history has bestowed upon us.

Rural and town construction will have to be done under the guidance of the overall program for building of a material and spiritual civilization, begin with rural development as a whole, consider as a whole the comprehensive development of towns and villages, and build as a whole. We are building new villages and towns under new historical conditions. The small scale rural economy of the past with its "to work at sun up, to market when the sun is overhead, and to bed at sunset" has become history. From the very beginning of our work guidance process, this point should be extremely clear, and it is on the basis of this overall train of thought that we must consciously give direction. Of course the pace of construction must proceed from realities, action being taken gradually as conditions permit. There is an old saying that "Unless one takes a lot of steps, it will never be possible to walk 1,000 li." By maintaining a steadfast direction and moving ahead step by step modern highly civilized new socialist villages and towns will steadily begin to appear across the 9.6 million square kilometers of China's soil.

(2) The Farflung Rural Villages and Market Towns Must Be the Focal Points For Village and Town Construction

Rural market towns are centers for several villages. Foreigners call them "rural centers," which is the right general idea. Rural market towns play an effective role for surrounding villages as models, in promoting advancement, in providing service, and in transmitting. In terms of linking city and countryside, they play a role as bridges and bonds. Rural and town construction must focus on market towns making them into collection and distribution centers for farm products, hubs for the exchange of products between cities and the countryside, centers for farm product processing industries, and positions for transmitting advanced science and culture to rural villages. The flowering of construction in the farflung rural market towns possesses extremely important significance for overall urban and rural development. China is a land with large population relative to cultivated land in which a large amount of surplus agricultural labor must inevitably result in the wake of agricultural modernization. If a program for digesting them locally is adopted through large scale development in the farflung rural market towns of labor-intensive trades and industries, the opening of all kinds of service enterprises, vesting rural market towns with a permanent magnetism and attraction for people to engage in production locally and settle down locally, not only will it be possible to take advantage of China's huge manpower resources to speed development of the national economy, but it will also be possible effectively to control the size of cities, and help to reduce gradually the three great differences between cities and countryside. Looked at in long range terms, the focus on development of rural market towns is a strategic task that not only can give impetus to a gradual change in the situation in the farflung rural villages, but can also help speed the process of blending cities and countryside.

(3) Hold Firmly to Correct Policy Guidance and Avoid Repeating the Lessons of History

In the process of development, China's village and town construction has gone through various ins and outs and ups and downs. The basic reason for this has been insufficient study of our own national circumstances, not proceeding from reality, raising some overly high slogans, and taking some precipitous steps, with the result that events ran counter to expectations and goals were not attained. In a country as vast as China, the rural villages are a boundless sea. Village and town construction is something that the state cannot undertake and cannot afford either. It is necessary, under guidance of the party, to proceed from a foundation of the development of production and to rely on growth of the collective economy of communes and brigades plus the enthusiasm of the broad masses of peasants to take the road of self-initiated action in building villages and towns. It is not possible to seek state investment, but rather to rely on accumulations from one's own labors. All that is needed is adoption by the peasants, who are gradually becoming prosperous, of appropriate policy guidance and encouragement, themselves pooling funds or providing needed labor to build their own villages. China's peasants have such a traditional virtue. Village and town construction bears on all trades and industries. One should not fire all arrows at once or rush headlong forward, but rather gradually move forward in an orderly way, doing only what one is capable of doing, gradually building bit by bit over a period of time in accordance with the level of development of production and the extent of prosperity. The scope and pace of construction at any particular time has to be commensurate with financial and material resources that can be provided at the time; there can be no acting with undue haste. The objective of struggle should be a firm one, and the steps in attaining it should be taken on a realistic and reliable basis. In the process of construction, serious attention should be given the sensible use and reform of the original village or town; there can be no undertaking full-scale construction or large scale razing and rebuilding. These are phases that people are accustomed to using, and they are not a mysterious philosophy. However, it is precisely on this issue that we have not been vey clear in the past, have taken detours, and have paid a price. "Past experience, if not forgotten, is a guide for the future," and now that village and town construction has been put on the agenda, circumstances are very good. Under these new conditions, we must be even more certain to act prudently and try to avoid repeating the lessons of history.

(4) Give Strict Attention to Good Planning and Persevere in Use of Plan Guidance in Construction

In some places nowadays there are villages and towns in which planning and construction is fairly good, but these are an extreme minority. For the country as a whole, an overwhelming majority of villages and towns do no conscientious planning, and some are in a state of building blindly. During the past several years numerous villages and towns have built quite a few houses, but for lack of planning, layouts are disorderly and they have been built helter-skelter here and there. Seizing the opportunity to do a good job of planning is a priority matter for village and town

construction. This conference asked that all jurisdictions devote 2 or 3 hours to working out plans, and this is an important decision. Village and town planning is on a large scale and covers a wide area requiring increasing refinement. First, planning on land use has to be done with the designation of functional areas guarded from random building and arbitrary occupation. Next come the drawing up of detailed village and town plans in accordance with the principles of advantages for production and convenience in living. The general requirements are production zones and living zones with a certain distance maintained in between them to form a relatively independent yet mutually related whole with no intrusions of one into the other. Road directions, slope, curve radius, and width should be laid out in accordance with topography and terrain features with no insistence on uniformly intersecting streets. Insofar as possible, commuter transportation should avoid passing through residential zones, and public construction should be relatively concentrated, both as a convenience to the masses and to form political and cultural activities centers for neighborhoods. Full attention should be given the planting of greenery, and planting of trees to produce woodlands should be encouraged beside rivers, beside roads, in front of and behind houses, and on odd bits and pieces of land. For villages and towns that engage in county fair trade, places where peasants can trade should be planned. China's rural villages have 37,890 markets, and most peasant trade is conducted from stands set up on both sides of main roads, which congest and interfere with traffic. When planning, places for county fair trade should be provided, and some small shop fronts built. Planning and layout should strive to reflect local characteristics. There should be no "row after row of houses," or "row upon row of storied buildings," everyone of them looking alike, dull and boring. Ours is a country with a long history and many nationalities in which construction in different areas and among different peoples has its own individual styles and characteristics. In the north, the "compound with houses around a courtyard," with its serenity and comfort, is favored even today by the peasants. In the south, construction is slim, graceful, and dispersed to form a style of its own. In the northwest loessland area, cave dwelling construction into the sides of hills with a view outward is also very imposing. China is a vast land in which the mountain and river landforms everywhere are ever changing, rich and varied. Happily, many existing villages and towns made use of terrain and topography for a flexible layout to create a scenic environment. We must absorb the fine traditional layout techniques to enrich our own thinking about planning and layout, adapting general methods to local situations for a sensible layout. For example, in areas laced with waterways or traversed by streams, the waterland character should be reflected. In mountain area, the mountains should be used as a natural feature to create a landscape in which the highs and the lows alternate to reflect the characteristics of mountain villages. In plains areas too, the benefits of planning should be borrowed and layout methods used to break up dullness and monotony. Rural village construction differs from urban construction, and one should not simplistically apply urban plans mechanically. In rural villages, as far as the eye can see there are mountains, rivers, and the land. All construction and facilities should blend with the surrounding field environment and the natural scenery so that the building of China's rural villages will be interesting and varied. By way of guiding village and

town planning, this conference discussed and passed "Principles of Village and Town Planning" to provide some basic data for the use of all jurisdictions in undertaking village and town planning.

(5) Painstaking Design For the Gradual Creation of a Construction Style for China's New Socialist Rural Villages

Technically speaking, rural village construction design is a little simpler than urban construction design. Nevertheless, in the number of elements that must be taken into consideration, it may possibly be somewhat more complicated than the design of urban construction. Rural construction design requires taking into consideration farming, forestry, livestock raising, sideline occupation and fishery production requirements, so simple mechanical application of urban construction design forms will not completely solve rural problems. Rural construction also requires fresh local characteristics. Not only will different areas differ in their flat surface layout but in the handling of empty spaces as well. This means that in the selection of construction materials and construction methods there will be many different requirements. Continuing and carrying forward the advantages of traditional dwellings and creating construction designs that are practical, economical, and are liked by the peasants is no very easy matter. Thorough investigation and study should be done for innovation and creativity on a foundation of carrying on traditions. These aspects all require our efforts. Experiences have shown that plans designed as a matter of course are not necessarily extremely welcomed by the peasants. As guidance for rural village construction designs, during the past 2 or 3 years, CCP Central Committee and State Council leadership comrades have many times pointed out that all levels of construction design departments are to provide a group of outstanding plans for rural construction. Last year a national rural village dwelling design competition was held with excellent results. Preparations are being made for a future campaign to create outstanding designs for various kinds of public construction that will concentrate intelligence from every quarter and, from a foundation of the summarization of experiences, provide some outstanding designs for rural villages and town construction that will gradually create a new style for rural village construction in China.

(6) Promotion of Experiences in the Organization of Construction to Assure Project Quality and Reduce the Peasants' Burdens

Nowadays when many houses are being built in rural villages, the peasants themselves have people do the construction, entertaining them with food and drink. This is a very great burden, yet there is no assurance of quality, and accidents frequently happen. When commune member Hu Jushang [5170 1565 1424] of Shuangyu Production Brigade in Lingguan Commune, Qidong County, Hunan Province built a house, he spent only slightly more than 1,100 yuan for cement and structural materials, but used 3,000 jin of grain for food and more than 1,000 jin of grain for alcoholic beverages, plus 140 cigarettes, spending more than 1,300 yuan, far exceeding the cost of materials for building the house. Some commune members built houses in Daqiao Commune, Qiyang County, Hunan Province, but on 30 October 1980 their houses collapsed crushing to death nine people because building techniques had been faulty.

When a commune member in Lingguan Commune, Qidong County built a house, he installed a large beam weighing more than 800 jin in a hollow wall, which caused the house to topple over injuring 22 people. In recent years, the Caoping Production Team in Yichun City, Jiangxi Province, and the Mengmiao Commune in Yancheng County, Henan Province assembled the five trades to build houses for peasants and to build service facilities in country fair towns. During the busy season in farming, they were excused from farming, and during the slack season in farming they built houses too without being given any banquets by the peasants and without being paid any gratuities when the main house beams were erected. Less work and fewer materials were required than had the peasants built the houses themselves, and quality could be guaranteed too, something the peasants welcomed. Rural villages in Yiyang Prefecture, Shandong Province used specialized contracting in building houses, the contract price per room being 50 to 60 yuan, a saving of 30 to 40 percent as compared with the peasants themselves having someone build a house. This specialized contracting method has several advantages, one of which is that it lightens peasants' burdens. A second is no disorderly rounding up of workforces; and a third is assurance of quality and progress. Guiding rural building construction holds bright prospects for our construction departments and is also a glorious and unshirkable duty for us.

(7) Adaptation of General Methods to Local Situations, Getting Materials Locally, and Solving the Problem of Construction Materials Needed for Village and Town Construction

Quantities of building materials needed for village and town construction are large, and a program of reliance on the masses, self-reliance, and adaptation of general methods to local situations to get materials locally must be adhered to, making full use of local resources and materials to gradually solve village and town construction needs. Mountain regions should encourage much use of stone, and the loess highlands should encourage cave dwellings, adobe brick and such raw soil construction. Suburban areas should encourage greater use of industrial wastes. In short, whatever is available locally should be used without any rigid emphasis on the use of brick and tile. Even bricks and tiles should be improved through development of cinder blocks and cement tiles. In addition, substitute materials should be vigorously developed. Use of steel instead of wood is an effective way of conserving lumber. During the past several years Jiangsu and Zhejiang provinces have produced a large number of steel rod reinforced concrete peasant house components for a big saving on lumber. The combination steel house frame developed by the Beijing Capital Steel Works was light in weight, easy to assemble, and welcomed by the peasants who vied with each other to buy them. Promotion of rural villages of steel reinforced concrete components and steel components not only saves materials and guards against fire, rotting, and insect pests as well. Additionally, it helps expand rural markets and causes large scale withdrawals of currency from circulation. In one prefecture in Jiangsu Province, production of peasant house components resulted in the withdrawal from circulation of almost 100 million yuan. It has been estimated that were construction materials such as structural components, glass, metal fittings [nails, wire, hingest, bolts, locks, etc.] and paint assembled in large quantities and shipped to the countryside,

within a year at least several billion yuan of currency would be withdrawn from circulation. This holds very great significance for enlivening rural markets and stabilizing the economy.

(8) Conservation in Land Use For Village and Town Construction Out of Consideration For Posterity

China has a large population relative to cultivated land, and as construction continues and population increases, this conflict becomes increasingly conspicuous. Over the past more than 20 years China's cultivated land area has decreased by 500 million mu, which is the same as an annual loss of the cultivated land area of Fujian Province. Such a large quantity is extremely alarming. Of course reasons are many for the decrease in cultivated land area; however, in recent years loss of control over land taken for the building of houses in rural villages has been a major reason. We should not blame the peasants too much for this situation, but should rather first blame ourselves for having seen the situation late, for not having formulated necessary land management regulations, and for not having promptly provided leadership, causing some hiatus. This conference zeroed in on existing problems, drafting "Management Regulations on Land Use For the Building of Village and Town Houses." It is anticipated that once issued, arbitrary occupation and indiscriminate use of cultivated land will be brought under control. In a report to the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang noted that "To intensely cherish every inch of land and equitably use every inch of land should be our national policy." In village and town construction, out of consideration for posterity we must perseveringly carry out this important policy.

(9) Actively Foster and Strengthen Technological Strength to Serve Village and Town Construction

In the past people did not attach great importance to rural construction supposing that technologically there was not a great deal to be done. Therefore, for a long time there have been no specialized technological forces engaged in this work much less a launching of scientific research into it. In reality, rural construction is a field awaiting development with many problems in planning, design, construction, research, education, and construction materials requiring research. Take planning for instance. Rural dwellings serve the two functions of production and living, and rural market towns have features of both cities and rural villages. Rural construction and the modernization of agriculture are closely related. Doing a good job of planning requires coordination of numerous disciplines. Unless serious attention is given the training of skilled people for this purpose, our villages and towns cannot be well built.

Nurturing and training of village and town planning and construction talent will require that many paths be followed to solution. One practical way is to transfer from among existing project technicians some mainstay cadres to act as seeds. Another way is to operate training classes in institutions of higher learning concerned. Yet another way is to run pilot projects organizing rotational training and the nurture and strengthening of technical

forces in the course of actual work. However, looked at in long range terms, special classes in village and town planning and design will have to be established in institutions of higher learning concerned for the training of specialized personnel skilled in the building of villages and towns. To a very large degree, the standards for village and town construction will be determined by the quality of training given. In development terms, the issue of personnel training must be placed in an important position.

(10) The Building of Organizations Compatible With Duties and Strengthening of Organizational Leadership

Village and town building duties are very heavy; policies are very strong; and the area involved very broad. Specialized organizations are required with responsibility for the organization of leadership, coordination and construction in order to give impetus to the work. For a long time in the past, village and town construction was not being attended to by anyone, and this has hurt, to a certain extent, development of village and town construction. This conference summarized the experiences of the past, proposing the following: Someone in charge of village and town construction at every level, counties being the focal point. Unless counties act, no matter what is said, nothing will be done. All counties having construction commissions or construction bureaus should devote attention to village and town construction as a principal task. Those who have neither should establish village and town construction management organizations and gradually begin work. This is an extremely important matter. Following a summary of experiences on rural construction in some countries, the United Nations wrote a report titled, "Success in Rural Construction Is Determined By a Proper Organizational Structure," which seems very reasonable.

(11) Use of Demonstrations As a Means of Directing Village and Town Planning and Construction

Village and town construction has three comparatively obvious features as follows: one is the large area involved; two is the peasants spending money themselves and building themselves; three is construction standards, components, and form have their own requirements so there should be no forced uniformity. Given these conditions, how to give effective and accurate direction in accordance with the requirements of material and spiritual civilization is a problem awaiting exploration.

A look at experiences in some places shows that the organization of pilot projects, the use of representative examples to provide guidance, and demonstrations and guidance are workable methods. "It is better to see once than hear a hundred times." The peasants are very practical. In rural villages, a representative example frequently causes a sensation, objectively serving to attract and educate people. The power of representative examples is a soundless call to action, and frequently once something has been done at a single point it arouses a whole area. Results are vastly different than from simple lecturing or a hard sell. Demonstration of representative examples is both a good way in which to attract peasants and publicize experiences, and is an effective means of directing work.

During the past few years many places have given serious attention to pilot projects, which have played an active promotional and guiding role in village and town planning and construction. In future, village and town construction will have to be developed in an overall way. Not only will there have to be painstaking organization of pilot projects, but pilot project work will have to assume a leading position, experiences gained being used in giving overall direction. Additionally, in the pilot project process, work quality will have to be steadily improved and every effort made to avoid formalism. Generally speaking, the following three points deserve serious consideration: (1) The kinds of pilot projects will have to be diverse, each of them having their own characteristics. There can be no limitation to a single form. For example, for villages there should be village pilot projects, and for towns there should be town pilot projects. Mountain regions, plains, and areas laced with waterways will have to have pilot projects that reflect their characteristics. Minority nationality areas will also have to have pilot projects that reflect the characteristics and lifestyles of individual minority nationalities. (2) Experiences in pilot projects should not be made categorical. Representative example experiences are precious and, generally speaking, reflect the laws of development of things, standing for the direction of advance. Nevertheless, the experiences at any given pilot project are produced under certain specific conditions and frequently contain certain limitations. Consequently, one positively cannot cast in concrete the methods used at a pilot project and apply them mechanically everywhere. (3) The form of representative examples will depend on internal elements and on the perfection of experiences. It will depend on the accumulation of practical experience and there can be no shortcuts.

(12) Study and Borrowing of Beneficial Foreign Experiences in the Building of Villages and Towns to Give Impetus to Development of Our Village and Town Construction

Village and town construction problems are increasingly attracting people's attentions throughout the world, but this is not something that has happened suddenly. It has a deep political, economic, and social background. Real life has made people increasingly understand that cities and rural villages are mutually linked, inseparable parts of a whole. Past neglect of rural development has led to a pernicious bloating of cities that has brought about a series of serious social problems. Today many countries have already realized that "rural development was and still is the real key to progress." As a result they have adopted a series of integrated plans such as "comprehensive rural development plans," "social area development plans," and "integrated urban and country planning" etc., as matters of policy, and they intend to push forward with coordinated urban and rural development. This is an important trend. During last August and October, two international academic discussion conferences were held in Beijing. One of these was the "Discussion Meeting on Rural Dwelling Construction in the Midst of Change" sponsored by the Akahan [phonetic] Fund. These two academic meetings also focused on village and town planning and construction. Delegates to the conference from various countries pointed out that rural development bears not only on technical issues, but as a result of administrative, economic, and social methods "promotes non-agricultural activities, increases rural

income and employment, guides the planning of rural public works, provides social services and places of entertainment, and promotes development of rural cities and towns." The conference asked personnel engaged in rural construction to "place an overall concept on a broader theoretical and practical foundation." It particularly asked architects to broaden their horizons and to understand sociology, psychology, planning science, futurology, and environmental science, to understand local traditional history and culture, and to change the former sole emphasis on construction of large and medium size cities to the neglect of rural construction. These concepts are a definite inspiration for us. We should begin with a summarization of our own experiences and go on to borrow and refer to some good foreign methods in the course of practice, steadily increasing and improving them thereby gradually forming our own program for the building of rural villages.

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CONSTRUCTION

NEED FOR, MEANS OF ECONOMIZING ON CEMENT USE OUTLINED

Beijing WUZI GUANLI [HANDLING OF GOODS AND MATERIAL] in Chinese No 4, 25 Apr 82 pp 12 - 13

[Article by Zhong Huanyu [6988 3562 6276] and Liang Shanben [2733 0810 2609]: "Take a Serious View of Economizing on Cement"]

[Text] Cement is one of the major materials used in capital construction. In recent years because of the considerable gap between supply and demand, the contradiction has sharpened to become a conspicuous problem in national economic construction. Take capital construction this year, for example. Cement centrally distributed by the state has been able to satisfy only about 82 percent of actual requirements, and this does not include the cement required for the building of small projects with funds provided by individual areas or units. When the amounts used for production, maintenance and repair, and other purposes are added to this, the cement gap becomes even greater. As a result, how to actively study and solve the cement gap has become a major situation bearing on increasing economic effectiveness and accelerating construction.

"Broadening sources and reducing the flow" is the basic program for solving the cement supply shortage. By so-called "broadening sources" is meant efforts to increase output through expansion of new cement output capacity. Since the Third Plenary Session of the 11th Party Central Committee, the CCP Central Committee has intensified development of construction materials industries like cement, a fairly tremendous increase in the ratio of investment taking place year after year so that this industry, which has been in a weak position for a long period of time, will be able gradually to meet economic construction needs. However, building cement plants with an annual 500,000 ton output generally requires as much as 100 million yuan in investment and 4 to 5 years time. If we rely solely on this means to solve the cement shortage problem, the distant water will do nothing to slake present thirst; obviously it will be of no help in solving existing problems. Some people have suggested imports, but importation of 1 ton of cement costs 240 yuan. Never mind whether or not the country has that much foreign exchange; even if it has, this does not make economic sense, nor is it a workable course. Consequently, basing ourselves on doing a good job of domestic production simultaneous with taking firm hold of "reduction of flow" in vigorous conservation of cement is the only realistically effective way of gradually solving the conflict between supply and demand in cement.

There are very many ways in which to economize cement. The potential is great and if done correctly an annual saving for the country of a million or even several million tons of cement is entirely possible. Experiences in some areas show that economization of cement can begin in the following several ways: First is strengthening of management to reduce waste. A general situation of waste exists in our use of cement. In all of the links of hauling, loading and unloading, storage, and on-site mixing for use there are losses. A genuine strengthening of management in these regards could effect an extremely great saving in cement for the country. In the case of the hauling, loading and unloading of bagged cement, for example, as a result of poor management, no strong sense of responsibility, and a broken bag rate, losses run to more than 10 percent. Even if figured at only five percent, the annual amount of cement wasted could approach 1 million tons. Secondly, a great amount of loss results from disregard of scientific storage and failure to figure the prescribed amounts required at the time of use. Were effective measures to be taken, as for example promotion of the use of bulk cement and a strict economic responsibility system in the process of hauling, loading, and unloading; strengthening of warehouse management to achieve proper piling and use; and strict institution of a system of issuance and withdrawal for use of fixed amounts, etc., the waste of cement in hauling and use could be reduced to the minimum. From this action alone, an annual saving of between 1 and 2 millions tons of cement could be realized.

Second is promotion of the use of a dessicant. When pouring concrete, mixing in a proper amount of dessicant is an effective way in which to improve construction quality, economize cement, and lower costs. This is widely done in economically advanced foreign countries. It has also produced fairly striking economic results in China since the 1970's when used in some industrial and civilian construction. Between December 1978 and the end of 1981, the Baotou Steel Works used lignin calcium sulfate dessicant to mix 1.03 million cubic meters of cement for a saving of 21,400 tons of cement and a saving of 905,000 yuan of capital. As of October 1981, China's largest hydro-electric construction project, the Gezhou Dam had used a total of 1,925 tons of lignin calcium sulfate for an 83,740 ton saving in cement, and a 4.51 million yuan saving in funds. At Shanghai, Beijing, Jiangsu, and Heilongjiang, wherever concrete has been poured a dessicant was used for fine technical and economic results. It has been calculated that for each ton of lignin calcium sulfate dessicant used, the cement saving is between 20 and 40 tons. Currently China has an annual lignin calcium sulfate dessicant production capacity of 40,000 tons. Were it to be promoted for use, annually almost 1 million tons of cement could be saved. However, because our publicity and promotion, organization of production, and supply work for dessicant has not kept apace, the amount of dessicant promoted for use nationally is still less than 10 percent of the total quantity of cement distributed, so it is easy to see that the potential for cement economies is very great.

Third is development of powdered coal ashes for all around use. Use of powdered coal ashes as mixing material in cement and mortar is also remarkably effective in saving cement. Pertinent data shows that between 10 and 20 percent finely pulverized coal ashes may be used when mixing cement, and that for every ton of finely powdered coal ashes used, 0.7 tons of cement can be saved; when used in mortar, 0.75 tons of cement can be saved. In addition cement costs decline by

about two percent. When pouring cement in large form work, Tianjin Municipality experimented with the use of powdered coal ashes, which a project quality inspect certified workable. The Beijing No 3 Building Project Company had been a cement deficit user, losing as much as 20 percent of its cement in a year. Since 1978 they have mixed powdered coal ashes into the mortar for about a 10 percent saving in cement annual for the past 4 years. This shows that active use of powdered coal ashes plays a great role in economizing cement. China has an abundant supply of powdered coal ashes, annually discharging more than 30 million tons, less than 10 percent of which are being currently used. Less than one percent are used as a mixing material in cement, so a total of 90 percent are not used. Were this portion fully used, prospects would be bright.

In the foregoing we have presented only several major ways in which to save cement from which it may be seen that the potential for economies is great! If we take firm hold of this economization link and do a truly good job of using the aforementioned ways, that would be equivalent to the country producing another several million tons of cement! This would not only greatly ameliorate the current conflict between supply and demand in cement, but would also save large amounts of construction capital for the country and save time in economic construction. This is a matter of such great significance!

It is worth pointing out strongly that, in national terms, the task of saving cement has not yet attracted sufficient serious attention of all levels of units concerned, and has not yet been placed on the leaders' daily agenda. As a result the work has not been thoroughly done. Some comrades frequently pay a lot of attention to having many sources of supply, but give little attention to management. They little realize that doing a good job of management and effecting savings themselves constitute a very great source of supply! Not long ago leadership comrades in the Central Committee noted that every available means should be used to increase sources of supply of cement, and a major strategem in this all available means was economizing! Consequently, increased understanding about saving cement and strengthening of leadership has become the crux of smooth performance of this task. Lumber has also been in very short supply during the past several years, but very great achievements were scored in the use of steel to replace wood. One major experience in doing this was leader taking personal charge at all levels. The same has to be done in order to save cement. Full play of the role of research units and scientific and technical personnel concerned is a major aspect of economizing use of cement that cannot be ignored. In recent years the use of additives to cement and mortar has developed fairly rapidly, and applications of research on dessicants, in particular, has been outstandingly effective in improving the properties of concrete and saving cement. As work steadily develops in depth and breadth, study of pertinent applied technology has to take the lead. Further summary of the country's experiences in using dessicants, study of advanced foreign techniques, and formulation of our own dessicant quality standards and limits on use have become urgent tasks in the general promotion and use of dessicants. Simultaneously, finding effective technologies to economize cement requires widespread organization of technical intelligence exchange. Personnel concerned in construction units can also run various kinds of training classes to make them understand clearly the properties and characteristics of various additives (including dessicants), when they are used and how they are used both to spread

the information and to guard against accidents occuring when they are mixed in. In addition, research on comprehensive use of powdered coal ashes, on volcanic ash, pumice, and cangue as sources that can be used to produce clinker-free or virtually clinker-free cement should also be actively pursued. In short, the fruits of scientific research should be translated into productivity with all possible speed using applied technology in saving cement for getting cement.

In addition, while intensifying political and ideological work, we must also diligently put into effect economic policies to reward savings, institute strict economic responsibility systems, closely link the interests of the country, enterprises, and individuals, and promote lasting and pervasive carrying out of the work of economizing cement.

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HEILONGJIANG'S WAY OF USING FOREIGN CAPITAL DESCRIBED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 7, 4 Apr 82 pp 41-42

[Article by Cui Guangcai [1508 1684 2088] and Wang Peng [3769 3403]: "Certain Questions Concerning the Use of Foreign Capital"]

[Text] The utilization of foreign capital plays a positive and important role in developing our nation's economy for the acceleration of the four modernizations drive. A problem, however, presently exists within our nation: carrying out the four modernizations drive, on the one hand, requires massive funding, while on the other hand foreign capital has not been put to use very well. Below we discuss some specific problems concerning the use of foreign capital based on concrete practices in our Heilongjiang Province.

How To View the Problem of High Interest Rates in Using Foreign Capital

The problem of interest rates on loans is an important issue concerning the use of foreign capital. Loans in the world's money markets are characterized by high and floating interest rates brought about by an imbalance in the economic development of Western nations, varying degrees of inflation, wide gaps between favorable balances and deficits in international payments and foreign trade, frequent changes in the specific value of each nation's currency, and other factors. Our nation practices a socialist planned economy. The national economy develops in proportion and according to plan, currency is relatively stable, and for many years our nation has practiced the policy of low interest rates on payments. Many people are not inured to the high and floating interest rates of foreign capital, so it is important that we have an appropriate view of the problem of interest rates of foreign capital, otherwise it will hinder us from better utilizing foreign capital.

In borrowing foreign capital rather high interest must be paid. This has indeed increased the economic burden of the loan agencies, but this is not to say that foreign capital cannot be put to use. Although interest on it is high, it is also a small part of the earnings produced by using foreign capital. Putting it to use is appropriate so long as comparatively good economic results can be achieved. Now, to illustrate this problem the importing of medium-density fiberboard equipment by the Nancha Wood Hydrolysis Plant will be used as an example. The total amount of investment for this project was 68.41 million yuan, of which funds borrowed from abroad accounted for 70.28

percent. The interest on payment for the foreign capital in the loan period was 4.38 million yuan, which converts to 12.26 million yuan in renminbi. After the imported equipment was put into operation, this plant reaped a profit of 16.5 million yuan per annum, paid off the interest on the foreign capital in over 3 years, and within 5 years recouped its total capital outlay. If the equipment is calculated to have a 20-year depreciation, this plant can reap a total profit of 3.3 billion yuan, and interest payments on the loan will only amount to 4.39 percent of its economic earnings, of which 3.71 percent accounts for foreign interest. Over 95 percent of the economic earnings will be income for our nation.

Feasibility Studies Must Be Conducted Before Borrowing Foreign Capital and Attention Must Be Paid to Economic Results

"Hold onto capital and go after profits" is a businessman's saying, and this is also the rationale for utilizing foreign capital. If we use foreign capital we must strive for economic results that will enable us to have attainable profits in the economy. The foreign capital used by the Nancha Wood Hydrolysis Plant in importing medium-density fiberboard equipment accounted for 70.28 percent of its total investment. The decision was not made until after this plant had conducted a feasibility study and concluded that there was a market for its products, there were profits in the market, it could pay off the interest on this loan in a little over 3 years, and there were obtainable profits in the economy. It can be said that whether foreign capital can be used depends upon whether economic results can be achieved by using it.

It Is Important to Have the Concept That Time Is Money

The purpose of our using foreign capital is to develop production and accumulate funds for construction. Thus, so long as construction projects show notable economic results, we cannot be unwilling to utilize foreign capital out of fear of shouldering the burden of interest payments. We must realize that by slowing the rate of construction and letting time drag on our losses will be even larger. For example, the Harbin Electric Wire Plant originally planned to import from the United States key equipment and the patented technique of "dip coating mold-formation methods" for oxygen-free copper rods, and had estimated using approximately $5 million in foreign exchange. If this project were to go into operation, it would increase its industrial output value by 200 million yuan and earnings by 9 million yuan, and gain $2.5 million in foreign exchange per annum. Moreover, it would conserve 90 million kwh of electricity and 429 tons of copper per annum. However, it was 4 years, 1977 to 1981, before it was decided to introduce the mode of foreign capital for this project. Although we did not pay a single cent of interest in that 4-year period, we nevertheless lessened the intake of revenue by 36 million yuan, $10 million, in foreign exchange. Therefore, we certainly must foster the notion that time is money and that wasting time is wasting money, and we must do our best in using foreign capital.

It Is Important to Select an Advantageous Declared Value of Currency

Since the international market practices floating exchange rates, and the range of fluctuation of each nation's currency exchange price is very large,

the risk of fluctuating currency exchange prices in international payments is correspondingly large. How to avoid and lessen the risk of fluctuating exchange prices has become an important topic in international payments. Many factors help to bring about changes in exchange prices. Imbalance in the economic development of each capitalist country, different levels of inflation, deficits and favorable balances in international payments, as well as various political factors, etc, all effect changes in the specific values of currency. Thus, while selecting a declared value of currency for our importing advanced technology and equipment from abroad, we certainly must select a currency that is to our advantage. In general the requirements are: for exports, select a strong currency and for imports select a weak currency or a half and half mixture. The minimal requirement is that the same currency be used for imports and exports so as to avoid losses in our economy owing to floating values of various currencies. Selecting for use a foreign currency that is to our advantage is very important. For example, in 1975 the Heilongjiang Gold Company borrowed $2.04 million in foreign capital and selected the U.S. dollar as the declared value unit. In the loan period $1 was equivalent to 1.936 yuan in renminbi and in the payment period in 1979 $1 was equivalent to 1.503 in renminbi. The devaluation of the U.S. dollar enabled us to gain 1.08 million yuan, which converted to $720,000. Because of this, annual interest on the loan was only 2.47 percent, 2.57 percent lower than interest rates on domestic loans. Therefore, while using foreign capital we must cautiously make correct forecasts and judgments on developing trends of various currencies. Selecting a currency that is to our advantage is at times much more important than the level of interest rates on loans.

9926
CSO: 4006/422

IMPROVEMENTS IN URBAN LIVING STANDARD DISCUSSED

Nanjing XINHUA RIBAO in Chinese 13 Apr 82 p 2

[Article by staff correspondent: "Living Standard of Urban Staff and Workers Shows Marked Improvement in Recent Years"]

[Text] The findings of the provincial bureau of statistics' survey on the income and expenditures of 550 staff and worker households in the five cities of Nanjing, Wuxi, Qingjiang, Xuzhou and Nantong as well as in Yancheng County clearly indicate that since the 3D Plenary Session there has been an increase in the income of urban staff and workers; their standard of living has also improved substantially. The party and government have adopted certain policies and measures that have provided material economic benefits to vast numbers of staff and workers.

Last Year's Per Capita Income Showed a Marked Increase Over That of 1977

In 1981, the average monthly wage for staff and workers in the system of ownership by all the people was 65.86 yuan. Of this, 6.24 yuan was bonus money. The average monthly wage for staff and workers in the system of collective ownership was 50.10 yuan, with 4.46 yuan in bonus money. (The monthly wage includes standard pay, bonuses, nonstaple food subsidies, post allowances, additional wages and above-quota piecework wages.) In staff and worker households, the average monthly per capita real income is 39.60 yuan, an increase of 58.3 percent over the 1977 monthly per capita real income of 25.01 yuan. If we eliminate factors such as price increases, their real income has increased by 45.4 percent.

The primary reasons for the increase in the monthly per capita real income in staff and worker households are the measures adopted by the party and government for raising their standard of living. First, they raised the wage scale for some staff and workers and implemented the system of awards so that each worker's monthly income increased by 35.7 percent over that of 1977. Second, they opened up new avenues of employment and made employment arrangements for unemployed youths. In 1981 there was an average of 2.4 persons employed in each household. The scope of employment has reached 57.2 percent, a growth of 2.5 percent over that of 1977. On average, each employed person was responsible for 1.75 persons (including himself), a reduction of 4.4 percent. Third, owing to the practice of family planning, there has been a

reduction in the family size of staff and workers. In 1981 there was an average of 4.19 persons per household, a decrease of 0.17 persons compared to that of 1977.

Encouraging Changes Have Occurred in Consumption Patterns

In 1981, the household survey showed that average monthly per capita living expenses were 36.73 yuan, an increase of 56.4 percent over that of 1978. Of this, 33.5 yuan was spent on commodity purchases and 3.23 yuan was spent on rent, utilities, miscellaneous schooling expenses, entertainment, medical expenses, haircuts and other noncommercial expenses. Among expenditures on commodity purchases, the proportion of expenditures on food and fuel was low while the proportion of expenditures on clothing and appliances rose. In 1981, the average monthly per capita expenditure on food was 20.55 yuan. The proportion spent on food dropped from 73 percent in 1978 to 61 percent in 1981. The clothing expenditure of 12.09 yuan showed an increase in proportion from 22 percent to 36 percent. The fuel expenditure was 0.76 yuan, a decrease in proportion from 5 percent to 3 percent.

There have been improvements in the quality of foods consumed by families of workers and staff. In 1981, the per capita monthly consumption of grain was 24.5 jin and the per capita monthly consumption of produce was 22.7 jin, both showing a decrease from those of 1978. However, the per capita consumption of vegetable oil of 0.91 jin increased by 0.31 jin, the per capita consumption of fresh eggs of 0.97 jin increased by 0.44 jin, and the per capita consumption of sugar of 0.47 jin increased by 0.17 jin. The per capita consumption of meat of 3.09 jin and the consumption of poultry, fish, seafood, sweets and pastries all showed a sizeable increase.

The Majority of Staff and Workers Own Television Sets

Once staff and workers have satisfied basic consumer needs such as food and clothing, much of their spare money has been used to purchase medium- and high-grade durable consumer goods. In 1981, 550 households purchased a total of 585 durable consumer goods, paying out a total sum of 89,400 yuan or 162 yuan per household. This included 118 bicycles, 25 sewing machines, 103 watches, 94 television sets, 84 electric fans and 38 radios. The quantity of these "6 major items" owned by every 100 households of staff and workers in 1981 as compared to the quantity owned in 1979 is as follows: 135 bicycles, an increase of 28.6 percent; 71 sewing machines, an increase of 24.6 percent; 248 watches, an increase of 18.7 percent; 101 radios, an increase of 68.3 percent; 54 television sets, 2.4 times more than that in 1979; and 58 electric fans, 4.3 times more than that in 1979. In addition, there were varying increases in the number of durable consumer goods such as washing machines, tape recorders, phonographs, sofas and clothes cabinets.

There Have Been Substantial Improvements in Living Conditions

The 1981 household survey showed the per capita living space to be 6.62 square meters, an increase of 0.34 square meters over that of 1977. The per capita

living space in the city of Qingjiang increased by 0.79 square meters over that of the preceding year. In Nantong it increased by 0.96 square meters, in Xuzhou it increased by 0.56 square meters, and in Wuxi it increased by 0.17 square meters. Within that year, 47 staff and worker families moved into new homes and increased their living space. They constituted 8.6 percent of the total number of households surveyed.

Currently Existing Problems in the Living Standards of Staff and Workers

Since the 3D Plenary Session, the party and government have adopted a series of measures to upgrade the standard of living of staff and workers. Although they have achieved excellent results, nevertheless the following problems continue to exist:

1. There has been a decrease in the standard of living in some low income families of staff and workers who work in units without bonuses and in some large staff and worker families with few breadwinners and who have not had their wages readjusted for many years. This is owing to such factors as increased prices. The household survey found that 2.9 percent of staff and worker households spend less than 20 yuan on monthly per capita living expenses. These people are quite badly off.

2. The prices of produce have gone up and there have been numerous complaints by the masses. In the 1981 household survey, the monthly per capita consumption of produce was 22.7 jin, the average price being 0.11 yuan per jin. However, in 1980 the fourth quarter average price was 0.07 yuan per jin so that each person had to spend 0.91 more per month.

3. There is still a sizeable proportion of staff and workers who are without homes or who are living in overcrowded conditions. According to the household survey, 23.7 percent of the families suffered from a housing shortage. Of these, 11.6 percent were living in overcrowded conditions with a per capita living space of only 3.3 square meters; 1.5 percent were families without homes, and 1.6 percent were families in which men and women, old and young all lived together in one room. It is necessary that we continue to put stress on the construction of housing in order to solve the housing shortage for these people as soon as possible.

9864
CSO: 4006/441

TRANSPORTATION

HANGZHOU CANAL PLAN SUBMITTED TO STATE COUNCIL

OW151420 Beijing XINHUA in English 1216 GMT 15 Jul 82

[Text] Hangzhou, 15 Jul (XINHUA)--Hangzhou, the lakeside tourist resort known in China as a "paradise on earth" for its picturesque scenery, will soon launch a 180 million yuan-project to clean two ancient canals fouled by industrial and other pollution.

During an inspection tour of Zhejiang Province last January, Premier Zhao Ziyang promised on behalf of central authorities to allocate 15 million yuan annually for five years for the project to clean the Zhonghe and Donghe canals, both dug during the Tang Dynasty (618-907 a.d.) to link the Qiantang River in Zhejiang with the Grand Canal. The Grand Canal, China's major south-north artery, snakes all the way from Lin'an (Hangzhou) to where the present city of Beijing is. The two canals to be rejuvenated--the Zhonghe, 9.6 kilometers long, and the Donghe, four kilometers--now run through the densely-populated old-town area of Hangzhou city.

Hangzhou will be more attractive when the project is completed, said Chen Anyu, a senior official of the Hangzhou Municipal Government. And several hundred thousand residents in the old-town area will be rid of a great nuisance.

Municipal and provincial authorities have submitted the plan for construction of the project to the State Council for official recognition, according to Chen Anyu. The plan calls for starting a plant three kilometers away from the city to treat industrial waste water that pollutes the Zhonghe and Donghe canals. Meanwhile, work will be done to dredge the canals and build a network of ditches to divert fresh water into them from the Qiantang River, the West Lake or other places.

A boulevard six kilometers long, 60 meters wide with a three-story overpass will be opened along the Zhonghe Canal, Chen Anyu said. Trees will be planted and parks built along both canals. This means that 70,000 square meters will be covered with green.

Special attention will be paid to preserving objects of historical interest, Chen Anyu continued. The most important of these, a bridge and a gate of the city wall built during the last years of the Yuan Dynasty (1279-1368 a.d.) for example, will remain intact. Ancient buildings will be moved elsewhere if they do not stand in the way of the project.

CSO: 4020/149

BRIEFS

YELLOW RIVER HIGHWAY BRIDGE--Jinan, 14 Jul (XINHUA)--A 2,023.4-meter-long prestressed-concrete highway bridge across the Yellow River at Jinan, capital of Shandong Province, opened to traffic today. The new bridge has a central cable suspension span of 220 meters. This is the longest suspension span in Asia. The bridge has four-lane traffic. Heretofore the Yellow River had to be crossed by ferry at this busy transport point and service was often interrupted in the high water and dry seasons. Construction of the bridge started in mid-December 1978. The new structure is the 40th highway bridge crossing the Yellow River, China's second longest river. [Text] [Beijing XINHUA in English 0730 GMT 14 Jul 82 OW]

CHANGJIANG RIVER COAL TRANSPORT--Beijing, 7 Jul (XINHUA)--China plans to build between now and 1985 its first towing fleet specially to transport coal along the Yangtze River from the inland to coastal areas. A coal wharf will be built for the towing fleet at Zhicheng, a riverside town in Hubei Province, Central China, under an agreement signed recently between the Ministry of Coal Industry and the Ministry of Communications. The fleet is expected to transport 1.2 million tons of coal a year and the wharf, to handle 1.5 million tons. The project will tap the Yangtze River's boat-carrying potential by transporting overstocked coal from major mines in western Henan, southern Shanxi, Shaanxi and Guizhou to east China provinces that are badly in need of coal. [Text] [Beijing XINHUA in English 1224 GMT 7 Jul 82 OW]

CSO: 4020/149

AUTHOR: None

ORG: Department of Transportation, Gansu Province

TITLE: "Summarize the Experience of History to Develop Highway Construction"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 6, 25 Jun 82 pp 1-4

ABSTRACT: Before the liberation, there were only 3,700 km of barely serviceable highways in all of Gansu. By the end of 1981, there were 9,331 km of major highways, 20,300 km of county and commune highways, and 2,372 km special purpose highways, amounting to 10 fold increase in mileage. The highway construction experience is summarized as follows: (1) Correct handling of relationships between highway construction and agricultural production, between trunk roads and county and rural roads, between road construction and road maintenance, between civilian efforts and public projects, between construction cost and transportation benefits. (2) Unified arrangement throughout the province and divided responsibility among various ranks of the leadership to strengthen management and emphasize engineering quality. (3) Relying mainly upon financial and material capabilities of the province; (4) Strengthen highway management through gradually perfecting a system of regulations, improving the living condition of the workers, taking care of minor repairs, and establishing an idea of being constructive among the officers and workers. Future highway construction plans in the province and some problems are also discussed.

AUTHOR: None

ORG: Bureau of Transportation, Chicheng County, Hebei Province

TITLE: "Implement a System of Economic Responsibility to Improve the Quality of Road Maintenance Work"

SOURCE: Beijing GONGLU [HIGHWAYS] in Chinese No 6, 25 Jun 82 pp 20-22

ABSTRACT: On the basis of the practice of a system of floating wages in 1980, a system of economic responsibility contract for highway maintenance has been introduced for trial implementation. Since then, 87.7 percent of the county's 279,303 km trunk lines have been kept in good repair. The Bureau of Transportation has 88 full-time workers, 81 part-time farmer workers, and 189 representative workers [?], including 20 management officers among them. The bureau has 3 motor vehicles, 17 small tractors, 2 special vehicles, and 33 donkey carts. The system of responsibility with awards and penalties introduced for trial implementation in 1979 and the system of economic responsibility contract introduced for trial implementation in road maintenance work in 1981 are described. Furthermore, the bureau has also launched educational and work competition projects and established technical training courses to last a period of 10 days, immediately following the Spring Festival.

6248
CSO: 4006/169

AUTHOR: None

ORG: None

TITLE: "Symposium of Provincial, Municipal, and Regional Heads of Statistical Bureaus Called by the National Bureau of Statistics to Plan the Statistical Work of 1982"

SOURCE: Beijing TONG JI [STATISTICS] in Chinese No 3, 17 Jun 82 pp 16-17

ABSTRACT: The Symposium of heads of bureaus of statistics of provinces, cities, and autonomous regions called by the National Bureau of Statistics was held in Beijing, 23 Mar to 3 Apr, for the purpose of discussing and arranging the statistical work of 1982 in accordance with the series of directives concerning the readjustment of the national economy issued by the central party and the State Council. The paper essentially reports the summarization speech of the Director of the National Bureau of Statistics, LI Chengrui [2621 2052 3843], in which the following 3 problems were emphasized: (1) As the number of statistical workers above the county level has been increased by 3,200 persons, the quality and method of service should also improve and a portion of the manpower should be assigned to the work of preparing for the third national census; (2) The accuracy of data, the technique of sampling, and the method of multiple-aspect check of numerical data must be learned; (3) Training special planing statisticians for people's communes. Finally, LI Chengrui said that statistical work in China has now passed the stage of restoration to reach a stage of development and called upon everyone to summarize domestic experiences and absorb foreign experiences to open a new path of statistical work in China.

AUTHOR: ZHANG Yigeng [1728 0001 5105]

ORG: None

TITLE: "Some Viewpoints of the National Retail Price Index of the Recent Years"

SOURCE: Beijing TONG JI [STATISTICS] in Chinese No 3, 17 Jun 82 pp 20-22

ABSTRACT: Since the Third Party Congress, the State has readjusted prices in a major way several times. The purchase prices of farm and auxiliary products have been raised continuously for several years since 1979, when new grains arrive at the marketplace. In Nov 81, retail prices of cigarettes and liquor were raised while those of synthetic fabrics, television receivers, watches, and radio receivers were marked downward. In the opinion of the author, the general retail price index of a given period of time is an indication of the general tendency of price changes and does not reflect the condition of change of prices of certain goods or types of goods. He explores this viewpoint further with the following: (1) When 1981 is compared with 1980, the price index rises by 2.4 percent but if Dec 81 is compared with Dec 80, the increase is 4.2 percent and if 1981 is compared with 1978, the increase is 10.7 percent. (2) As the general index rises 2.4 percent, the price of consumer goods is up 2.6 percent, that of agricultural production materials is up 1.7 percent, and that

[continuation of TONG JI No 3, 1982 pp 20-22]

foods 3.7 percent, while the price of fresh vegetables is up 10.6 percent. (3) The national general price index is a composite average of price indices of various places of the nation. The range of price increase varies from place to place. For example, it is 9.3 percent in Guangdong, 4.6 percent in Jiangxi, 3.9 percent in Fujian, and 3 percent in Shaanxi. (4) When 1981 is compared with 1980, the total retail sales grow 9.8 percent, i.e. an increase of 21 billion yuan. The real increase of expenditure of rural inhabitants is 51.1 hundred million and that of city dwellers 28.4 hundred million yuan. These facts should all be taken into consideration when the accuracy of the increase of the national retail price index is to be verified. (5) In the past 2 years, some units arbitrarily raised the price of their products, in contradiction to the related regulation of the State. This is also a factor contributing to the opinion of some people who believe that the price index does not reflect the true reality. At present, related departments are adopting counter measures to strengthen market management to resolve this problem.

AUTHOR: None

ORG: The Secretariat, China Statistical Society Liaoning Provincial Statistical Society

TITLE: "The National Symposium of Regional Comprehensive Balancing Statistics Held in Shenyang"

SOURCE: Beijing TONG JI [STATISTICS] in Chinese No 3, 17 Jun 82 pp 42-43

ABSTRACT: The National Symposium of Regional Comprehensive Balance Statistics was held on 17-21 Apr 82 in Shenyang. A total of 106 delegates of statistical workers of 23 provinces, cities, and autonomous regions attended. The symposium received 101 papers and 47 of them were printed and distributed. The goal of the symposium is to promote summarization of experiences of the actual statistical workers and the theoretical statisticians, to discuss the characteristics of regional comprehensive balance statistics, and to improve the accuracy in the calculation of the national income. The following are included among the major subjects discussed: (1) It is neither necessary nor possible for a region to establish a complete and independent people's economic system. (2) The national comprehensive balance should emphasize such strategic problems as the direction, goal, arrangement, ratio, speed, and benefit of national economic and social development. (3) The method of calculating the net product value of the various material-producing departments is in need of revising.
6248
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END

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China Report

ECONOMIC AFFAIRS

No. 256

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ECONOMIC MANAGEMENT

INVESTMENT TO UPGRADE EXISTING ENTERPRISES HAS POOR RESULTS

Yinchuan NINGXIA RIBAO in Chinese 1 May 82 p 2

[Article by Ma Zhilin [7456 2535 2651]: "Great Importance Should Be Attached to the Result of Investment in the Projects of Tapping Potential and Carrying Out Equipment Renovation and Technical Transformation"]

[Text] Since 1978, this region has set aside some funds to be selectively used on tapping potential and carrying out equipment renovation and technical transformation among some enterprises. As shown by the present conditions, the use of these funds has not produced the desired effect in tapping the potential of the many far-flung enterprises in view of the poor investment returns. This situation is largely attributed to the following problems:

Poor investment returns. In 1981, a sum of 12.17 million yuan was earmarked for tapping potential according to centralized state allocation. Out of this sum, 10.87 million yuan was invested in 27 projects, each costing more than 100,000 yuan, and all these projects were to be completed in the same year. By the end of that year, however, only the projects for the Yinchuan Sugar Refinery, the Yinchuan Chemical Industry Plant and the Qingtongxia Aluminum Plant were basically completed, and only 2.2 million yuan, or 18 percent of the total investment was used. [Figures as published]

The ever increasing number of under-construction projects. A total of 62 unfinished 1980 potential tapping projects were carried over to 1981 along with an amount of 12.93 million yuan, being 106 percent of the total investment for the same purpose in 1981, and the scope of construction continued to expand. In 1978, for instance, the state granted a subsidy of 250,000 yuan to the Yinchuan Crane Plant for potential tapping, but 240,000 yuan out of this amount was diverted to production. The potential tapping projects for 1979 and 1980 have still not been completed.

No increase in either production or revenue. This is a very common problem in potential tapping projects. The Yinchuan Rubber Plant, for example, now has a productive capacity for 300,000 sets of tires, and requires only a few months to complete the production task assigned by the state for the whole year. In 1980 and 1981, however, the relevant department again arranged for this plant to further tap its potential in order to expand its productive capacity. Again, in 1980, the Yinchuan Chemical Industry Plant began to tap its potential with a view to increasing its productive capacity for detergent

powder from 2,500 tons to 5,000 tons. However, because of poor sales, the actual output of detergent powder was reduced from 3,458 tons in 1979 to 1,263 tons in 1981. In 1980, that plant made a profit of 7,600 yuan; but in 1981, it incurred a loss of 438,600 yuan.

Lack of planning for key projects. As shown by the allocation of funds for potential tapping in 1981, the principle of priority for energy, transportation, building materials and the light and textile industries was not followed. These funds were simply equally divided among all trades and undertakings. For example, a newly completed plant, which had not been formally commissioned, had to use the funds for building a new workshop. Such practice caused a serious shortage of "three materials" and construction force.

To really accomplish the projects of tapping potential and carrying out equipment renovation and technical transformation, and to improve the economic results, we should carefully attend to the following aspects of our work:

(1) We should have an overall planning and use the investment selectively. A comprehensive investigation should be carried out on the industrial and transportation enterprises so that their short-range plans during the Sixth 5-Year Plan and their long-range plans for the Seventh 5-Year Plan can be worked out. We must strive for a coordination between the plans for the current year and the long-range plans, and between the transformation of the entire trade and the transformation of the key enterprises. The planning, material supply, and banking and finance departments and the departments in charge of the enterprises should be invited to participate in the formulation of these plans. The funds in the hands of the state and the bureaus in charge for equipment renovation and technical transformation, the funds retained by various enterprises for the same purposes, and the bank loans to be used for potential tapping, equipment renovation and technical transformation by the existing enterprises should all be included in a unified plan and an overall arrangement, to be used on the selected key projects.

(2) We should carry out feasibility study. It is suggested that beginning in 1982, the departments concerned should first work out a preliminary plan for potential tapping, equipment renovation and technical transformation in the following year and then hand it over to the construction bank in charge of the allocation of funds so that a feasibility study can be carried out by the bank in collaboration with the enterprise's department in charge. Based on the bank's feasibility study, the planning department will select those projects promising good economic results to be assigned to formally the lower levels.

(3) Priority for the supply of the "three materials" and the construction force should be given to projects of potential tapping, equipment renovation and technical transformation, and there must not be any dislocation in the supply. We should maintain a balance in the supply of materials and manpower between these and the other capital construction projects. As to the order of priorities, we should first meet the requirements of the key capital construction projects and the large and medium-size capital construction projects and then the requirements of potential tapping, equipment renovation and technical transformation among the existing enterprises, with the remaining resources to be used for ordinary capital construction projects.

(4) The funds for potential tapping, equipment renovation and technical transformation should be used under a system of economic responsibility. To ensure the completion of these projects according to plan, it is suggested that the system of economic responsibility for the use of these funds be set up in the form of a network in which there should be both vertical and horizontal relations. The horizontal relation is between the enterprise carrying out potential tapping, equipment renovation and technical transformation and the enterprise undertaking these construction jobs, the units responsible for the design, and the departments responsible for the supply of materials; and takes the form of signed contracts, guaranteeing the quality of work and the delivery dates. If the units providing the services complete their jobs according to the contract terms, the enterprise receiving these services should offer some rewards. The vertical relation takes the form of a signed contract between the enterprise carrying out potential tapping, equipment renovation and technical transformation and its department in charge. The enterprise undertakes to produce the results as planned in the approved feasibility study report; otherwise deductions can be made from the enterprise's development funds, depreciation funds and major repair funds to make up for the funds spent on the enterprise's potential tapping, equipment renovation and technical transformation. Inside the enterprise, the section specifically responsible for potential tapping, equipment renovation and technical transformation can also sign contracts with the plant management committee. If the jobs are completed on schedule, there will be rewards; otherwise, there will be penalties.

9411
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ECONOMIC MANAGEMENT

PROBLEMS IN IMPROVING SOCIAL ECONOMIC RESULTS LISTED

Beijing ZHONGGUO CAIMAO BAO in Chinese 25 May 82 p 3

[Article by Liu Mingfu [0491 2494 1133]: "Conduct a Meticulous Analysis, Prescribe Treatment According to the Diagnosis--A Preliminary Study on the Improvement of Social Economic Results"]

[Excerpts] Some units have all along been "producing in an over-simplified way." Their equipment is incomplete or of poor quality, and their technology is unsatisfactory. They should be upgraded through equipment renovation and technical transformation.

Some units are in no condition to survive, since they were short sightedly started. They should be closed, suspended, merged or retooled for other lines of production, even at a sacrifice.

Some units are duplicated and can never operate at full capacity. They too should be closed, suspended, merged or retooled.

Some units have always designed their products without keeping in touch with market conditions and can hardly sell their goods. Instead of designing behind closed doors, they should broaden their visions, update their designs and find ways to promote sales.

Some units have chosen the use of very backward equipment and technology. Their equipment and technology should be promptly eliminated or upgraded.

Some units are using outdated and obsolete equipment and technology. In this case, equipment renovation and technical transformation are necessary.

In designing and business operation, some units do not attach any importance to the need of tools, instruments and meters for accurate measurement. They should make up this deficiency in a planned way.

Some units always tend to be lax and careless. They pay no attention to the financial system, to cost accounting, to the turnover of funds, to the proper procedures of receiving and issuing materials, and to the first-hand records in the workshops. These irregularities must be quickly corrected.

Some units do not have any system of economic responsibility and are unfair in their rewards or punishments. There must be improvement in these respects.

Some units do not have any system of economic contracts, or do not follow it properly. The system of reward and punishment is also unsatisfactory. All these systems should be set up and strengthened.

The finance and accounting personnel of some units are already old and need successors. The need for training of journeymen is urgent and the practice of respecting tutors and cherishing students should be fostered.

Some units have indiscriminately included various expenses in the production cost. In this case, the system of cost accounting and other financial system should be perfected. Furthermore, the rights of the finance and accounting personnel should be protected by law.

Some units have paid bonuses indiscriminately. Their workers and staff members should be taught to bear the overall situation in mind, and at the same time the system of bonuses should be readjusted.

Some leading cadres have been careless in their work. To remedy this situation, the "three honests and four stricts" should be fostered.

Some leading cadres are arrogant and conservative. For them, the practice of "comparing, learning, catching-up, helping and surpassing" should be encouraged.

Some leading cadres are incompetent. In this case, the leading organs should carry out timely readjustment of the leadership force and also step up the study program for cadres remaining in their posts.

Some workers are not technically proficient. For them, technical training should be carefully attended to.

Some units have excessive personnel. Besides designating fixed numbers of personnel for certain jobs, more avenues should be opened for production so that the excessive personnel can be accommodated.

Some workers lack enthusiasm in their work. In addition to receiving ideological education, they should be helped to solve their problems to the maximum extent.

Some units lack a system of thorough inspection. For them, a system of mutual visits, mutual inspections, mutual teaching and mutual learning should be instituted.

Some units are poor in comprehensive utilization; others are poor in specialization and coordination; still others have high energy consumption; and finally, there are those with high consumption of raw and semifinished materials. These problems should be carefully solved through potential tapping, equipment renovation and technical transformation.

Some units have overstocked goods. After due disposition of these goods, we should have the determination to gradually solve this problem under leadership.

Some problems have been brought about by the excessive allotment of quotas. They should be handled by the leading organs and then carefully solved.

Some problems have been caused by graft, embezzlement, or swindling. Such cases must be settled. Besides demanding restitutions, we should draw our lessons from these experiences.

Some problems have been caused by the lack of transportation facilities. They should be solved by the improvement of transportation service.

Some problems have been caused by irrational taxation. In these cases, tax levies should be readjusted by the leadership and irrational prices should be properly controlled and readjusted.

The product mix of some units is irrational. It should be readjusted within the limits of possibility.

Some units do not receive sufficient support from the coordinating units. In this case, there should be closer coordination.

The problems of some units have been caused by the procrastination and irresponsibility on the part of the higher levels. It is necessary for the higher leading organs to cultivate the socialist spiritual civilization of serving the people and being responsible to the people.

Some units are short of certain equipment and materials while other units have stockpiles of them. Adjustments should be made by the relevant departments in a rational way.

Some units' problems are caused by wrong plannings and wrong policy decisions at the higher levels. In some units, these problems have been aggravated by the stress on speed regardless of economic results on the part of the higher authorities.

Some units are hamstrung by irrational systems of management.

Some units are restructured by the irrational system of pricing. Some are hampered by the irrational systems of taxation and fund control. Some are handicapped by the over-staffed organizations at various levels. The Party Central Committee and the State Council are now continuing their efforts to solve, or formulate plans for the gradual solution of, these six different types of problems.

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BRIEFS

NEI MONGGOL INDUSTRIAL CONSOLIDATION--Hohhot Municipality in Nei Monggol Autonomous Region scored great achievements in consolidating industrial enterprises. The first group of 27 state enterprises have been consolidated with successful results. In the first half of 1982, the output value, profits and tax revenues of the state enterprises increased by 11.27 percent, 38.3 percent and 23.3 percent respectively. The Hohhot No 2 paper mill showed a 10 percent increase in output value and output and the quality-product rate reached 100 percent. The consumption of coal in making each ton of paper was reduced 35 percent. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 19 Jul 82]

CSO: 4006/555

FINANCE AND BANKING

VIOLATIONS OF FINANCIAL LAW REVEALED AFTER AUDIT

Tianjin TIANJIN RIBAO in Chinese 10 May 82 p 1

[Article" "Conclusion of Self-Audit and Beginning of Repeat Audit of Enterprise Finance--More Than 12,000 Cases of Violations of Financial Law Brought to Light in the Municipality"]

[Text] A self-audit of enterprise finance in the municipality has concluded and a repeat audit has begun.

Self-auditing in the past 4 months and more has shown marked results. All enterprises in the municipality have strictly enforced the financial law and national revenues have increased. According to statistics released by the municipal auditing office responsible for auditing the accounts of enterprises, more than 12,600 cases of violations of financial law involving some 96,590,000 yuan were discovered by the end of March. Of this amount, some 26,150,000 yuan has been collected and returned to the state. At the same time, many enterprises have stepped up their control and improved their economic results. While conducting their own audit, the enterprises discovered many problems as shown by the disorderly management of finance and the weaknesses of basic economic accounting. These problems have aroused the enterprises' vigilance. Many of them have adopted active measures to improve their management. In the course of a self-audit, the municipal transportation bureau and the municipal vegetable company noted the problems discovered and accordingly adopted measures to improve their management. Their economic results have been markedly improved. In the first quarter of this year, their profits handed over to the state increased by 113 percent and 43 percent respectively over the same period last year. The vegetable company even reduced its commodity circulation expenses by 2.92 percent. Law violations have decreased. In the past, there has been quite a spending spree at every year-end among the enterprises. The general audit of enterprise's finances happened to take place at the end of last year. Many enterprises scrupulously abided by the findncial law, and there was a marked reduction of their lavish year-end spending and the indiscriminate payments of bonuses. Even some isolated cases of indiscriminate payment of bonuses or bonuses in kind by some units were checked in time. The auditing has also revealed 182 cases of graft, bribery, theft of state property, and other law violations, and provided important clues for crackdowns on economic crimes.

The municipality has begun a repeat audit, beginning today and lasting up to the end of June. This time, attention will be paid to those enterprises

whose profits turned over to the state did not match with their production or volume of business and whose management is chaotic and leaves loopholes. Continued efforts will be made to ascertain if there has been any practice of withholding the profits which should have been turned over to the state, inflating production costs, or other illegal acts in processing imported materials and undertaking contract projects abroad.

During the repeat audit, the municipal people's government will still allow the enterprises to conduct their self-audits and to report violations of financial law. All profits to be handed over to the state must be duly handed over so that they can be included in the total profits for 1982. The municipal people's government has also decided that those enterprises which report problems of their own volition will be allowed to share the profits or to appropriate enterprise funds according to regulations. If the problems of the enterprises are discovered by their departments in charge, these departments in charge can share the profits according to regulations, but the enterprises concerned will not be allowed to share any profits or to appropriate any enterprise funds. If the problems of the enterprises are discovered by the finance and tax departments, then neither the enterprises nor their departments in charge can share the profits or appropriate any enterprise funds.

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FINANCE AND BANKING

NEED FOR STRENGTHENING CASH CONTROL STRESSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 10, 19 May 82 pp 6-7

[Article by Liang Zuozhou [2733 0155 5297]: "The Necessity and Urgency of Strengthening Cash Control at Present"]

[Text] Experiences of more than 30 years have proved that cash control is an indispensable part of the system of socialist economic management. However, such control has been rather lax in certain regions in recent years. Some comrades are of the opinion that since economic methods are used in economic management and stress is laid on the observance of economic laws, cash control is no longer a necessity. Others even feel that cash control should be abolished since it restricts economic development. The banks in some localities have stressed one-sidedly the adoption of flexible policies and relaxed their efforts in controlling and checking up on cash. They simply pay out any amount of cash with no question asked. If these erroneous ideas and methods are not corrected in time, there will be adverse effects on the stability of currency and prices, as well as the entire program of socialist production and construction.

The Necessity of Strengthening Cash Control

There is an objective necessity for enforcing the system of cash control in our country for the following reasons:

First, ours is a socialist country upholding the principle of ensuring that a planned economy plays the primary role and regulation by the market plays a supplementary role. The right to issue currency must therefore be exclusively in the hand of the central government. The amount of currency to be issued by the state must be guided by state planning, and cash control is precisely the effective measure to ensure that the right of issuing currency is exclusively undertaken by the central government.

Second, cash control is also an effective method of regularizing and restricting cash payments in the attack on illegal activities in the economic sphere. In the past 3 years, as a result of a tight cash control in Mudanjiang Municipality, we have stopped more than 700 cash payments totaling some 3 million yuan and including indiscriminate payments of bonuses totaling more than 800,000 yuan.

Third, cash control is the main way to control wage and bonus payments as well as the conversion of credit into cash payments. If cash control is relaxed, the control of wages and bonuses will be futile, because the payment of wages and bonuses requires the use of cash, and credit payment can always be changed into cash payment.

Fourth, cash control is also an effective means for the banks to collect the idle funds in society. By strengthening cash control, the banks can pool the funds scattered among various enterprises and use them on national construction. This is an important means for the accumulation of wealth.

The Urgency of Strengthening Cash Control

From what has been mentioned, we can see the importance of cash control. Even now, the urgent need to strengthen cash control can be shown as follows: First, there is an excessive amount of paper money on the market and an urgent need to bring it under control, and cash control is an effective way to control currency issuance. As far as the banks are concerned, control of currency issuance is only the control of credit and various unjustifiable payments (including payments of wages and bonuses). In Mudanjiang Municipality, for example, during the past 3 years, the rate of progressive increase each year was 28.4 percent for administrative expenses, 19.8 percent for wages and bonuses, and 31.7 percent for government payments to individuals and other expenses, while the progressive increase in industrial output value was only 5.6 percent and government revenues even dropped. Lax cash control was one of the important causes of this situation.

Second, we must strengthen cash control in order to consolidate finance and economic disciplines. The large number of economic crimes at present are mostly the result of lax cash control. According to information supplied by the Industry and Commerce Administration Bureau, nearly all the major crimes were committed through repeated transfers from one account to another in different banks until a weak link could be found for the withdrawal of each. If the banks can be strict in handling these transactions, they can play an important role in cracking down on economic crimes.

Third, there is an urgent need to strengthen cash control in order to control unjustifiable expenses. In Mudanjiang Municipality, for example, bonus payments have increased by a wide margin each year, and the increase in cash withdrawals by individuals has been even more appalling. In 1981, the payments of cash exceeded 25 million yuan and more than doubled that of 1980. Some units have paid their workers and staff members in kind. Although they distributed laundry machines, various kinds of nonstaple foodstuffs and cloth instead of paying cash to their employees, they have nevertheless added to the government's expenses. Therefore, cash control must be strengthened.

Fourth, there is an urgent need to strengthen cash control in order to accumulate more funds. At present, there are excessive cash holdings at various departments and units in various links. According to an estimate after investigation, a total of 1.5 million yuan is being kept in the safes of various

groups in the municipality, in addition to the various types of cash funds not included in the regular accounts. All this cash can be pooled through cash control.

The Need for Cash Control for Specific Purposes

Cash control should be carried for different purposes and with different methods in different historical periods and under different economic conditions. Under existing conditions, I think we should carefully handle the following relationships before cash control can be strengthened.

(1) The relationship between observance of economic laws and upholding the cash control system. Since ours is a socialist country upholding the principle of ensuring that the planned economy plays the primary role and regulation by market plays a supplementary role, the right of currency issuance must be exclusively in the hand of the central government. This principle must be firmly upheld before our national economy can rest on a solid foundation and our currency can circulate normally. Only thus can we act according to economic laws. Cash control is precisely the effective means to meet such a requirement and to follow the economic laws. There should be no contradiction between cash control and the observance of economic laws.

(2) The relationship between revitalizing the economy and strengthening cash control. It is only correct that the economy should be revitalized, but this does not mean that rules and regulations are no longer necessary. On the contrary, upholding a suitable system for our economic development, including a system of cash control, will help us bring about an enlivened, and orderly, economy. Just imagine, why should cash be withdrawn when accounts can be settled through transfers? Why can't we enforce a strict control to prevent cash movements that are in violation of economic policies? Can it be argued that such enforcement will affect or handicap economic growth? Obviously not. We must be strict if strictness is called for, and be flexible if flexibility is required. This is the principle of cash control.

(3) The relationship between upholding principles and adopting flexible measures. No system, no matter how good it may be, can be universally applicable. While the readjustment of national economy and the restructuring of the economic system are going on, many new conditions and new problems have emerged in the spheres of production and circulation. Under such conditions, we must firmly uphold the basic principle of cash control, and, under these basic principles, we can adopt certain flexible methods in dealing with certain specific problems. For example, if a rural production team selling grain in the city needs money for purchasing certain means of production or for certain sundry expenses, it would be proper to let them have appropriate amounts of cash, and the local banks can act according to the circumstances.

(4) The relationship between regular cash control and certain special jobs on certain occasions. Cash control on special occasions must be coordinated with the central task, or the party's central task, so that the control can meet the special requirements. For example, the main purpose of cash control now is to combat the serious economic crimes. Of course, regular inspections in connection with cash control among various units are also necessary. If we will carry out at least one general inspection on all units every 6 months, we will be able to achieve good results.

BRIEFS

SHANDONG SAVINGS DEPOSITS--In the first half of 1982, Shandong Province's urban savings deposits increased by 200 million yuan which accounts for 30 percent of the total source of income of the People's Banks in the province. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 11 Jul 82]

HEILONGJIANG SAVINGS DEPOSITS--From January to June this year, the savings deposits of urban and rural population throughout Heilongjiang Province increased 283 million yuan, an increase of 25.4 percent over the corresponding 1981 period. As of the end of June, savings deposits totalled 2.04 billion yuan. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 9 Jul 82]

HEILONGJIANG TAX REVENUE--Heilongjiang Provincial Government recently issued a circular giving awards to 71 municipalities and counties, including Harbin, Daqing, Jiamusi, Mudanjiang, Qiqihar and Acheng, which fulfilled the semiannual tax revenue plan. In the first 6 months of 1982, the province overfulfilled tax revenue by 61 million yuan, an increase of 102 million yuan over the figure of the corresponding 1981 period. [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 13 Jul 82]

JILIN SAVINGS DEPOSITS--Jilin Province's urban savings deposits increased 150 million yuan in the first half of 1982. The total balance of the province's urban savings deposits have come to 1.197 million yuan, averaging 147.3 yuan per urban resident. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 11 Jul 82]

HUNAN REVENUE--Revenue from industrial and commercial tax in the first half of the year in Hunan was 1.1212 billion yuan, representing 54.9 percent of the year's plan, and an increase of 160 million yuan over the same period last year. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 8 Jul 82]

XINJIANG REVENUE--Xinjiang fulfilled 53.7 percent of the year's revenue plan in the first half of the year, showing an increase of 11.6 percent over the same period last year. The Regional CCP Committee Standing Committee has held numerous discussions on finance work and put forward specific demands and measures for doing it well. These have been implemented well. The economic departments have paid attention to improving

economic returns and have launched financial inspections in enterprises. Profits in the region's industrial enterprises in the first 6 months of the year showed an increase of 94 percent over the same period last year. Tax and profit per 10,000 yuan of output value rose by 10.8 percent. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 16 Jul 82]

CURRENCY WITHDRAWALS--Beijing, 10 Jul (XINHUA)--In the first half of 1982, 4,385 million yuan of currency was withdrawn from circulation in China, according to the People's Bank of China. The withdrawal was 405 million yuan more than in the corresponding period of 1981. The increase in currency withdrawals was the result of an increase in commodity sales in China's urban and rural markets. At the end of June 1982, urban and rural savings deposits in China totaled 60,182 million yuan. [Beijing XINHUA Domestic Service in Chinese 1248 GMT 10 Jul 82]

NEI MONGGOL CURRENCY WITHDRAWAL--As of the end of June, Nei Monggol region's Ulanqab League had withdrawn 13.34 million yuan of currency from circulation, overfulfilling the semiannual target by 6.9 percent. In addition, the savings deposits of the league totalled 14.4 million yuan, one-fifth of the summation of those in the past 30 years. [SK132236 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 12 Jul 82]

QINGHAI CURRENCY WITHDRAWAL--In the first 6 months of this year, Qinghai Province had withdrawn 2.2 million yuan of currency from circulation, overfulfilling the plan. Meanwhile, the savings deposits of the urban and rural population increased 960,000 yuan over the corresponding 1981 period. [Xining Qinghai Provincial Service in Mandarin 2330 GMT 12 Jul 82]

GUANGDONG TAXATION MEETING--The Guangdong provincial meeting of tax bureau directors which concluded today put forth the central tasks of tax work in the future. The central tasks are that the province should attach importance to tax work and governments at all levels should strengthen leadership over it and support tax departments in doing their work well. The meeting pointed out that over the past few years, although the country was encountered with very great financial difficulties, our province has overfulfilled its quotas for tax collection for several consecutive years. This has played an important role in balancing revenue and expenditure. The meeting held that some units and departments have had a weak concept of the legal system, reduced and remitted taxes without authorization and even evaded taxes. This has affected prompt tax collection. The meeting decided that the province should further strengthen education in the legal system, attach importance to tax work, put tax organs on a sound basis and do well in tax collection. This meeting was held in Foshan Municipality from 25 June to 2 July. [HK090247 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 2 Jul 82]

GUANGXI STATE BONDS CONFERENCE--On the evening of 22 June, the Guangxi Regional State Bonds Sales Promotion Committee held a regional phone conference, demanding that all places strengthen leadership, organize forces to conduct universal publicity and quickly fulfill the regional

quota for the promotion of the sales and distribution of state bonds. Liao Shengdong, Regional People's Government vice chairman and chairman of the Regional State Bonds Sales Promotion Committee, attended and spoke. He pointed out that by the end of May, Nanning, Liuzhou, Wuzhou and Beihai municipalities, Tiandeng and He counties, the Hechi Prefectural CCP Committee, the organs of the prefectural Administrative Commissioner's Office and the majority of departments and bureaus of the region had fulfilled or overfulfilled their quotas for subscribing for state bonds. He called on people's governments at all levels to fulfill their quotas for subscriptions before the end of July. [HK301334 Nanning Guangxi Regional Service in Mandarin 1130 GMT 24 Jun 82]

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INDUSTRY

RADAR CONTROL TECHNOLOGY EXCHANGE CONFERENCE HELD IN BEIJING

Beijing DIANZI XU BAO [ACTA ELECTRONICA SINICA] in Chinese No 3, 1982 p 78

[Article by Staff: "Radar Control Technology Exchange Conference Held in Beijing"]

[Text] The radar control technology exchange conference of the Special Radar Institute, Chinese Electronics Institute, was held in Beijing during 25-30 March 1982.

The academic [xuebu - refers to the academic area] committee member of the Academy of Sciences, Comrade Cai Jintao [5591 6855 3447], who is also the deputy director of the Chinese Electronics Institute and concurrently the committee chairman of its editorial committee, came to congratulate the conference and give a talk. Comrade Luo Peilin [5012 3099 7207], also an academic committee member of the Academy of Sciences and deputy secretary general of the Chinese Electronics Institute and concurrently the chairman of the institute's academic committee, also gave a talk at the conference. He pointed out that based on the actual conditions in our country and primarily through self-reliance, the full utilization of conditions abroad to develop our country's science and technology is the correct road to follow.

The conference was handled by Comrade Zhang Zhiyang [1728 1807 5391], deputy committee chairman of the Special Radar Institute. He pointed out that through more than a year's preparation 68 papers were selected for conference exchange. They are largely a unification of theories and practices and are summarized from scientific research and production practices. They reflect the spirit of paying attention to applied research, solving actual problems, and pushing forward economic development, while strengthening basic research at the same time.

Conference representatives fully utilized the opprotunity with professional colleagues gathered in one hall and actively exchanged, with initiative, individual understandings and practical experiences. They were able not only to listen and accept the opinions of others with humility but also to sincerely point out certain weaknesses and gaps in the other's papers. Whether it was during the conference or at small meetings and regardless of levels and positions and regardless of age, they were able to speak freely and treat each other equally. They all felt that this type of learning style of seeking the truth from the facts is worth continued development.

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INDUSTRY

COOPERATION HELPS RESEARCH SERVE PRODUCTION, CONSTRUCTION

Beijing KEYAN GUANLI [SCIENCE RESEARCH MANAGEMENT] in Chinese No 1, Jan 82 pp 36-37

[Article by Chin Chunhua [6855 2504 5478] and Gao Hongshu [7559 7703 2579], correspondents of New China News Agency stationed in Dalian: "Make Scientific Research Serve Production and Construction Better by Taking the Road of Cooperation"--A Survey of the Dalian Research and Production Coalition in Textile Printing and Dyeing]

[Text] While keeping ownership and jurisdiction relationships unchanged, Dalian Municipality organized the local research institutes, institutes of higher learning, and plants and enterprises related to the production technology of textile printing and dyeing and formed a coalition in textile printing and dyeing. After a 3-month effort, they are beginning to see results. In 1981 the coalition initiated 14 research projects on the color, variety and quality of textile products and today they have achieved results on 9 projects, some of them have been put into mass production.

The formation of the Dalian textile printing and dyeing coalition has gone through a developing process. Since 1979 the science committee of the Dalian Municipality has been asking the following questions: How to combine research and production more closely while the current economic management system is still unchanged? And how to make a greater development in economy? As they became more experienced in practice, they have increasingly realized the inseparable internal relationship among research institutes, institutes of higher learning and plants, and that the effective way in economic development is to organize these units and let each develop its advantages. In 1980, together with the municipal economic committee, they conducted a large-scale investigative study of all the industrial bureaus, research institutes and institutes of higher learning in Dalian and comprehensively surveyed the production and technology needs of plants and the research ability of research institutes and institutes of higher learning. After repeated selection and screening, they finally settled on some 90 urgent and solvable problems and assigned them respectively to various research institutes and colleges. By the end of 1980, almost 100 research contracts were signed and work got rapidly underway and some projects have already produced results. Based on this experience, they felt the need for a larger and broader united organization in the promotion of economic development. In their investigation they noticed that professions serving the printing and dyeing of textiles were well established, technologically sound and had the condition for a coalition. After some careful planning, the Dalian textile printing and dyeing coalition came into existence in May, 1981.

Participants of this coalition include the municipal textile bureau, chemical industry bureau, Dalian printing and dyeing mill, Dalian printing and dyeing mill No 2, knitted goods mill, cotton textile mill, textile mill, Wafangdian textile mill, dyestuffs plant, chemical industry experimental plant, Tongde chemical plant, Dalian institute of synthetic fiber, institute of light chemical industry, institute of textile and Liaoning institute of chemical industry, a total of 15 units. The main task is centered on the study of production technology to improve the color, variety and quality. The plants should provide a priority experimental facility for new products, new technique, new technology and new equipment of the research units and the research units should give key technical problems of the plants high priority for development research.

Judging from the experience of the last 3 months, although the form of this coalition has just been established, the following advantages have already manifested themselves:

1) It has broken down the boundary of departments, promoted communication in research, and made use of various channels in promoting production development. In the past because various departments are under the jurisdiction of different systems of leadership the collaboration between departments has been somewhat restricted. Now that a coalition is formed, all the economic interests are tied together and the potential for research and production is greatly developed. A key production problem of the textile printing and dyeing industry is the "one bath method" in producing the modified dacron twin color cross knit product, and it is also a major project of the research institutes. The progress of previous studies of this project has been slow because of the diffuseness of the resources. After the formation of the coalition, and based on the work of various units in the last few years, the Dalian institute of synthetic fiber switched to work on modified dacron, while the institute of textile, Dalian textile mill, and Wafangdian textile mill worked on pattern weaving, Dalian printing and dyeing mill worked on dyeing and Dalian dyestuffs plant provided dyestuff. Each unit has its specific goal and responsibility and collaborates with other units. The progress is greatly accelerated by studying and solving problems together. Now they already have bright, colorful and aesthetic samples from small-scale production. The products were further improved in application and tests and before long they will be mass produced and put on the market to satisfy the needs of the public.

2) It promotes the development of research and production by joining the two tightly together. A few years ago the institute of synthetic fibers developed an organic silicon treatment agent which softens dacron and increases its lustur. But difficulties were encountered in test production and the experiment was conducted again and again without producing any data. After the formation of the coalition, Dalian Wafangdian textile mill assumed the responsibility for conducting production tests. The Wafangdian textile mill actively supported the project and worked as hard as on their production assignment. By conducting production, test, and improvement at the same time, they have overcome the difficulties and made great progress on this project. It is now in mass production and has further improved the quality of dacron products. The KB resin developed by Dalian institute of light chemical industry is also a post-processing

agent which gives medium and long fiber stiffness, and a good touch, and it is also an effective detergent. After the coalition, everybody has been in touch with others to understand the progress and actively carry out test production. This product is now used in large quantities and the proliferation of the research result of the light chemical industry institute has also solved the production needs of various mills in Dalian and thereby combined research and production even more closely.

3) It is helpful to develop the advantages and move deeper and farther into research and production. The Dalian institute of synthetic fiber is an established research institute where technical personnel, equipment, and technological force are relatively concentrated. One year ago they developed a new variety of colored fiber, a good material for producing polyester fabrics. This research result was not properly deployed in the past. Since the beginning of summer, the sales of polyester fabrics in Dalian have gone up greatly and the supply can not meet the demand on the market. At this point the Dalian textile mill and the Dalian institute of synthetic fiber in the coalition shared the duty and actively sought solutions. The synthetic fiber instititute provided the Dalian textile mill with the color fiber they have developed and the latter enthusiastically organized production tests. After they worked together and obtained satisfactory results, the synthetic fiber institute then freed up a production line in their own test shop and produced 3.9 tons of colored fiber and met the polyester production needs of the Dalian textile mill just in time. They have since signed a supply and demand contract and broadened the scope of their cooperation.

4) It explores new avenues for the economic system change. The coalition is a loosely formed organization under the present system and jurisdiction relationship. It is joined together by the needs in research and production and by a common economic interest. As the economy continues to develop, there will be a need for an even more closely related research and production and a mode of production that goes with this close collaboration. The coalition is exactly the form of organization needed in this transitional period. Via the internal relations between the departments, the coalition combines research institutes, colleges and plants into an organic whole and strives for the same goal. It also allows practical experience to be constantly consolidated and improved and has found a new direction for future changes in the economic system.

At the present time the Dalian municipal science committee is on the one hand carefully consolidating and strengthening their experience and improving the textile printing and dyeing coalition to make it more perfect, on the other hand it is continuing its investigation and study and has begun to organize a coalition on foam rubber so that research may better serve the construction of the national economy.

There are also some problems in the Dalian textile printing and dyeing coalition. A number of issues must be solved through trial and error in the actual practice, such as the source of research project funding in the coalition, the sharing of economic benefits derived from research results, and the economic and administrative sanctions to be imposed on violators of contracts and the coalition charter. These problems have received the attention of the Dalian municipal science committee and the leadership of various plants and research institutes.

9698
CSO: 4008/106

Briefs

ROCK-BORING MACHINERY--The China Rock-Boring Machinery Pneumatic Tools Corporation, organized by the Shenyang Pneumatic Tools Plant, Tianshui Pneumatic Tools Plant, Xuanhua Pneumatic Machinery Plant, Nanjing Fighting [zhandou] Machinery Plant, Yichun Pneumatic Tools Plant, and Tianshui Pneumatic Tools Research Institute, was established in Nanjing, the capital of Jiangsu Province, in the latter part of March this year. This is currently our country's only specialized corporation whose primary task is the production of rock-boring machinery pneumatic tools. This corporation produces primarily pneumatic, internal combustion, electric powered, and hydraulic pressure rock-boring machinery and various types of hand-held machinery tools. It can also accept orders for complete sets of machinery items related to mining, railway, national defense, agricultural water conservation, and earth and stone projects based on the needs of domestic and foreign consumers. It is also engaged in the research and manufacture of various non-standard rock-boring and pneumatic machines. During the founding conference, the corporation also staged a product exhibit and sales conference on major products produced by the plants under its jurisdiction. It was the first large scale exhibit and sales conference staged by our country's rock-boring machinery and pneumatic tools trades. During this conference, production and sales exchange, technical meetings, business inquires, and business discussions were carried out between the corporation and the customers, which were greatly welcomed by the customers. [Text] [Luoyang KUANG SHAN JIXIE [MINING MACHINERY] in Chinese No 4, Apr 82 backcover] 5974

MINING MACHINERY STANDARDS COMMITTEE--The Mining Machinery Standards Examination Committee of the First Ministry of Machine-Building Industry was founded in Beijing in the early part of March 1982, during which the first national conference was also held. Participating in the conference were the State Bureau of Standards, the Bureau of Heavy Mining Machinery of the First Ministry of Machine-Building Industry, the Department of Science and Technology [Ke Ji Si], and the Standardization Research Institute of the First Ministry. Major discussions during the conference were on the "Regulations Governing the Mining Machinery Standards Examination Committee (Experimental Implementation)," "Regulations Governing the Mining Machinery Standards Examination Committee (Supplement)," and "Detailed Rules and Regulations of the Specialized Standards Examination Groups." These documents were also approved. Based on the 28 tasks that should be examined under the 1982 standardization plan and the special characteristics of mining machinery specializations, 14 special standards examination groups were formed and their respective committee members, chiefs, and

deputy chiefs were determined. The chiefs and deputy chiefs will develop member lists for the respective examination groups and the committee will send out letters of invitation. The conference asked that the various standards drafting units quickly report the standards progress [schedules] and examination plans to the resepctive research institutes so that the various examination groups could arrange their work accordingly. [Text] [Luoyang KUANG SHAN JIXIE [MINING MACHINERY] In Chinese No 4, Apr 82 backcover] 5974

CSO: 4013/104

CONSTRUCTION

IMPROVED HOUSING SITUATION IN JIANGSU PROVINCE REPORTED

Nanjing XINHUA RIBAO in Chinese 14 May 82 p 1

[Article by Wang Qiang [3769 1730]: "Emulation Campaign for Perfect Engineering in Full Swing on Both Sides of Zhangjiang River"]

[Text] The emulation campaign for perfect engineering in the building trade of the province is now in full swing on both sides of the Zhangjiang River. Since it was launched 3 years ago, a total of 2,320 engineering projects of fine quality and low production costs, requiring short construction periods, satisfactory to the users, and involving an area of more than 4 million square meters, have been completed. At the same time, a large number of well designed and fine quality prefabricated structures have emerged.

This campaign has already spread from state-run enterprises to collectively owned enterprises and from large collective enterprises to the building enterprises run by the townships and communes. When it started in 1979, only 32 enterprises in the province participated; now the number of participating enterprises has increased to 175 from all 11 municipalities and 7 prefectures, or approximately 70 percent of all enterprises and public agencies on the capital construction front of the province. The number of participants from Nanjing area now accounts for 98 percent of the total number.

The second indication of the intensification of the emulation is the development from single-item projects to multi-item ones including residential and industrial workshop compounds over wide areas. Last year, four building compounds were rated as perfect engineering jobs. Of the 73 houses and the 140,000 square meters of floor space for the Qingtan New Village, all undertaken by the Changzhou Building Industry Bureau, more than 73 percent were rated as perfect jobs. The 200,000 square meter job for the Qing Yang New Village, jointly undertaken by tne Wushi Civil Engineering Company and the Wushi Civil Engineering Company for Civilian Projects, was rated as 75 percent perfect. The workers dormitory for the Nanhua Company with a total floorspace of 20,000 square meters, undertaken by the Hanjiang County Joint Construction and Installation Company, was rated 78 percent perfect.

Furthermore, the entire process from surveying, designing, building, installation, and manufacturing of prefabricated structures to the production of building materials has been organized into a "complete chain" which greatly added to the features of the emulation campaign. To conduct the campaign

with the "complete chain" as one of its features, Nanjing Municipality has organized various special trades to set up criteria for evaluation and for the acceptance check in the light of local conditions and on the basis of the six state criteria for perfect engineering. At present, seven criteria of evaluation and the methods of the acceptance check--namely, survey and design, construction, installation of water and electricity facilities, installation of industrial equipment, machinery operation, production of concrete frames, and urban construction--are being gradually introduced in various departments. This has promoted the development of the "complete chain" emulation and helped improve the quality of survey and design. In 1981, 114 surveying and designing jobs were of excellent quality. This emulation campaign has not only promoted the increase of brick, tile and cement production by a wide margin, but also provided favorable conditions for the construction units to achieve perfect engineering.

9411
CSO: 4006/467

CONSTRUCTION

RURAL HOUSING IN COUNTY IN SICHUAN VIEWED

Beijing JIANZHU [ARCHITECTURE] in Chinese No 3, 3 Mar 82 p 24

[Article by Liu Shouxi [0491 1108 0823]: "Survey of Rural Housing Construction in Dayi County, Sichuan"]

[Text] The implementation of rural economic policies has been accompanied by remarkable transformations in the appearance of the countryside. The number of family dwellings built by peasants is on the increase.

Last year we conducted a major survey of rural housing construction in Dayi County. The survey showed that among the broad masses of peasants there was a widespread and urgent need to "build housing now that there is sufficient food and clothing." According to on-the-spot surveys and statistics, this county has 30 communes, 3,470 production teams and 89,590 peasant households. In 1979 and 1980, 5,544 peasant households constructed dwellings of all types. The total area under construction amounted to 443,000 square meters. An average of 3 percent of all peasant households build new housing every year, most of which are brick and tile houses. This situation shows that the party's rural economic policies from the third plenary session are completely correct.

Dayi County consists of mountain areas, hills and plains. In 1980, the per capita distributed income was 114 yuan. As for the conditions of development, the yearly increase in the number of households has been accompanied by an upsurge in housing construction. Based on the current rate, it will probably take about 20 to 25 years to basically change the poverty and backwardness of the "thatched houses of adobe walls in which the pigsty functions as the kitchen and the commode is located at the bedside" which are the legacy of several thousand years of history. It will take this long to replace them with a new socialist countryside that is civilized and sanitary and that has a rational distribution of housing. This new countryside must integrate villages and small towns, be interspersed with trees, alternate between single level and multilevel dwellings, have thick foliage, have separate areas for people and livestock, and be equipped with water, electricity, methane gas as well as roads. Many problems were discovered in this survey of rural, housing construction in Dayi County. There are three major problem areas.

The first is that the dwellings take up too much cultivated land. At present, of the newly constructed rural dwellings, most take up a far greater area than earlier dwellings. According to the survey, throughout the county the per capita living space in the old dwellings was 10 to 12 square meters and the per capita base area of the residence was 60 to 70 square meters. However, in the new dwellings that are being built, per capita living space is 15 to 20 square meters and the per capita base area of the residence is as much as 80 to 90 square meters. In 1980, because the construction of housing reduced the amount of land available for cultivation to 6,000 mu, with a per mu grain yield of 800 jin, there will be an annual decrease of 4.8 million jin in the production of grain rations.

The second problem area is that buildings are dispersed. Traditionally, the peasants of Dayi County build homes where they farm so that their homes are scattered all around. In general, 10 to 20 households form a natural village. There are also those who live scattered in 3 or 5 households. There are rarely over 50 households living together. Because there is no unified planning, newly built dwellings are still constructed according to the traditional custom of solitary households and yards. Some have extended the building of houses to old forest sites, and others have arbitrarily chosen a spot in collectively cultivated land or in private plots to build houses, thereby seriously damaging agricultural production. This decentralization is detrimental to the future development of agricultural mechanization, and because of this there is no way to coordinate the improvement of rural living conditions. For example, it is difficult to plan and arrange for power and water supply, roads, drainage systems and public service facilities.

The third problem area is the poor quality and the poor technical and economic results. Because it is up to each household to raise funds for construction, to find building materials and land, as well as to find people to design and construct the dwelling, there is much waste and much money spent. Furthermore, the quality of work is poor. Each ton of cement costs 110 to 120 yuan and each cubic meter of lumber costs 300 to 400 yuan. In addition, it is difficult to purchase supplies, and one has to search all over. Most people rely on the assistance of private individuals in designing and construction. As a matter of form they do not accept cash payment, but actual expenditures still far exceed the fees charged by city workers. Not counting giving gifts to express appreciation, expenses for food and drink alone come to 2.5 to 3 yuan per person per day. For example, last year a cadre at Dunyi Commune built a four-room single-level brick and wood house which was 100 square meters in size. Besides utilizing some old materials, he had to spend an additional 2,000 or so yuan on new building materials. Because he requested help from others in designing, he had to provide over 1,000 jin of rice for them to eat. He spent over 1,000 yuan on tobacco, alcohol, tea, meat and vegetables. In all, he spent over 4,000 yuan. This method of self-initiated housing construction is a great burden to the peasants.

In order to change the self-initiated method of rural housing construction so that it fits in with the development of other rural undertakings, each department in charge at all levels must strengthen its leadership in rural housing construction.

First, it is necessary to comply with the objective laws of modern social and economic development and to strengthen the organizational administration of rural housing construction. It is also necessary to follow the principles of suiting measures to local conditions, overall planning, rational distribution, professional contracts, financing by commune members and private ownership. Problems in the construction of rural housing should be resolved in an organized and planned way. Moreover, it is necessary to comply with the directive concerning strict controls on the land used for construction.

Second, it is essential to resolve some of the practical difficulties encountered by peasants in housing construction. At present, the peasants face two major difficulties in housing construction. One is that it is difficult to find a solution for structural components that are subject to stress, particularly in building multilevel dwellings. The other is that the supply channels for steel materials and cement are blocked and there are too many management links. There are several important technical and economic measures that will simplify the process of rural housing construction costs, conserve lumber and protect forests. These measures are to strive to develop reinforcing bars and small and medium-sized prefabricated concrete structures that suit the needs of rural dwellings. It is also necessary to industrialize production, to commercialize supplies, and to coordinate production and marketing.

Once work in these two areas has been successfully completed, the construction of rural housing will develop in a more healthy way.

9864
CSO: 4006/421

BRIEFS

SHANDONG HOUSING CONSTRUCTION--In the first half of 1982, Shandong Province completed 814,000 square meters of housing projects for the staff and workers in the urban areas, an increase of 290,000 square meters over that of the corresponding 1981 period. Ten municipalities, including Jinan, Qingdao, Zibo, Zaozhuang, Yantai, Weihai, Weifang, and Jining completed 530,000 square meters of housing construction, an increase of 130,000 square meters over the corresponding 1981 figure. The statistics show that the construction quality was absolutely up to standard. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 14 Jul 82]

PREFABRICATED HOUSING MATERIALS ENCOURAGED--Beijing, 8 Jul (XINHUA)--China is encouraging the use of prefabricated concrete roof beams, pillars and purlins in rural housing construction in an effort to save timber, the Central Building Materials Department said today. The prefabricated materials are produced in 24 Chinese provinces, municipalities and autonomous regions. In the first half of this year, 1.2 million cubic meters of concrete materials for building 900,000 rural houses were produced, saving two million cubic meters of timber. The country topped last year's semi-annual production of cement, plate glass and toilet ceramics by more than 12 percent, the department said. In the past few years, China has experienced a housing construction boom in the countryside under the policy of encouraging peasants to achieve prosperity through collective and individual labor. [Text] [Beijing XINHUA in English 1247 GMT 8 Jul 82]

CSO: 4020/151

DOMESTIC TRADE

BRIEFS

NEI MONGGOL BUSINESS BRISK--The urban and rural markets throughout Nei Monggol Autonomous Region enjoyed brisk business in the first half of 1982. The regional commodity purchasing value amounted to 1,260.83 million yuan, a 15 percent increase over the figure of the corresponding 1981 period. The industrial commodity procurement registered an 18.2 percent increase and the farm and sideline products procurement, a 7.3 percent increase. The regional total retail sales of commodities reached 2,278.58 million yuan, an 8.5 percent increase over the corresponding 1981 figure. By the end of June, the value of commodities kept in stock showed a 4.4 percent increase over the figure of the same 1981 period. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 18 Jul 82]

XINJIANG NATIONALITIES TRADE FLOURISHES--The state has implemented the policy of making allowances for nationalities trade in 50 counties in Xinjiang region. The state has also made allowances for the allocation of commodities and investment in small-scale construction projects so as to constantly develop nationalities trade in the region. In nationalities trade, the state has made allowances in three aspects, namely: Funds, retention of profits and the prices of commodities. In funds, the state has appropriated relatively more freely disposable funds to nationalities trade enterprises in these 50 counties and these funds account for 50 percent of the circulating funds of wholesale enterprises. In 1979, the state appropriated freely disposable funds of 8 million yuan to nationalities trade enterprises. In retention of profits, half of the total amount of profits of the nationalities trade enterprises in these 50 counties has been retained by the enterprises. The retention by nationalities trade enterprises throughout the region increased from 4.45 million yuan in 1978 to 13.7 million in 1981. All counties have used their own retention funds to set up a large network of commercial points and many warehouses and welfare facilities for workers. In prices, the state has implemented the protective policy of prices and fixed the lowest purchasing prices of agricultural and sideline products and the highest selling prices of industrial products. The state has given subsidies for the losses caused by the differences between the purchasing and selling prices. The state's subsidies in 1981 were 2.07 million yuan. Each year, the state supplies 30 taels of gold and 4,000 taels of silver to this region for the purpose of processing nationalities jewelry to supply the market. [HK090241 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 3 Jul 82]

NEI MONGGOL COMMODITY SUPPLY--In the first half of 1982, Nei Monggol region supplied means of subsistence valued at 318.75 million yuan to the rural and pastoral areas, an increase of 4.6 percent over the corresponding 1981 period. The supply of sewing machines increased 53.9 percent; wristwatches, 43.7 percent; bicycles, 8.6 percent; woolen fabric, 63.3 percent; and thermoses, 44.7 percent. Such a large supply of commodities to the rural and pastoral areas has been rare in 3 years. The supply of other commodities such as sugar, blend cotton cloth, wool fabric, washing powder, electric bulbs and televisions also increased as compared to that of 1981. [SK182359 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 15 Jul 82]

GUANGDONG MARKETS THRIVE--In the first half of this year, the supplies of commodities in urban and rural areas in Guangdong Province were relatively ample and buying and selling were brisk. The amount of retail commodities and currency withdrawn from circulation increased. From January to May this year, the amount of retail commodities was 17 percent more than in the corresponding period of last year. The supplies of daily-use industrial products, sugar, cigarettes, wine and refreshments have been relatively ample. Nonstaple foodstuffs, such as vegetables and pork, have come on the market relatively evenly. The amount of money withdrawn from circulation from January to May this year was some 1 billion yuan more than in the corresponding period of last year. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 6 Jul 82]

SHANDONG FINANCIAL SUBSIDIES--Since the third plenary session of the 11th CCP Central Committee, peasants across Shandong Province have received 6.4 billion yuan of profits--32 yuan for each peasant per year--from the increase of the state's purchasing prices for agricultural and sideline products and the state subsidies for agricultural-use oil and daily-use coal. Compared with the period 3 years ago, peasants now can exchange agricultural and sideline products for 21 percent more industrial products. Now the total index of purchasing prices for industrial and sideline products has increased 47 percent over 1979, providing the peasants 5.24 billion yuan. Meanwhile, the peasants have received 600 million yuan of subsidies for cooking coal. Prices for chemical fertilizer, pesticides and farm machinery have been stabilized basically. Charges for per-kwp electricity for agricultural use have been 2.5 fen cheaper than for industrial use. While supplying diesel oil to rural areas, the state has subsidized 125 yuan for each ton, providing the peasants 620 million yuan. [SK102256 Jinan Shandong Provincial Service in Mandarin 2300 GMT 9 Jul 82]

CSO: 4006/554

FOREIGN TRADE

USE OF FOREIGN FUNDS TO IMPORT TECHNOLOGY DISCUSSED

Tianjin TIANJIN RIBAO in Chinese 18 May 82 p 3

[Article by Yang Haitian [2254 3189 3944]: "Symposium on Use of Foreign Funds To Import Technology Briefly Introduced"]

[Text] Recently, the municipal economics association and the international trade association jointly held a symposium on the use of foreign funds for importing technology. More than 50 persons from the relevant departments in charge, the economics teaching and research department and the functional departments attended the meeting, in which the following questions were discussed:

1. The Strategic Significance of Using Foreign Funds to Import Technology

It was unanimously agreed that the use of foreign funds to import technology is an important strategic measure to accelerate the four modernizations rather than a temporary expedient. The participants expressed the following views: (1) It is a consistent Marxist thought to actively absorb foreign funds and technology in the course of socialist construction. After the victory of the October Revolution, Lenin personally worked out the concession policy and kept himself informed of the concession negotiations. Comrade Mao Zedong also clearly pointed out in the Second Plenary Session of the Seventh Party Central Committee that after its seizure of political power, the proletariat should be ready and should learn to do business with capitalist countries. (2) After World War II, the economy in every country became internationalized, and the direct transfer of the factors of productions in the world, such as funds, technology, labor and equipment is replacing the exchange of commodities in the ordinary way. Strengthening economic cooperation on an international scale has become the inevitable trend of economic and social developments in all countries. (3) One important problem in our four modernizations program at present is the lack of funds, and the use of foreign funds to import technology is an important way to accelerate our four modernizations. (4) Our municipality has quite a complete range of industrial departments, a strong technical force, and good transportation facilities. The use of foreign funds to import technology will enable Tianjin to play a greater role as a coastal city. This is of great significance to the development of the national economy.

2. The Orientation of Foreign Funds Utilization

Different opinions were voiced at the meeting on the orientation of foreign funds utilization in Tianjin. Some comrades felt that for more than 3 years, the municipality has all along used foreign funds mainly on light and textile industries, and that practice has proved this to be correct. These undertakings generally require short construction periods, and their products have great foreign exchange earning power. Therefore, in addition to ensuring a balance of receipts and payments in foreign exchange and enabling us to redeem our loans in time, they can provide more accumulated funds for the development of other trades. Thus the same orientation should be maintained hereafter. Other comrades held that because of the limitations by conditions, it has been necessary from the very beginning, and will continue to be so for some time to come that foreign funds should mainly be used on light and textile industries. From a strategic point of view hoever, foreign funds should also be mainly used on some basic industries including metallurgy and machine building. This will bring into full play the basic industries of large coastal cities, strengthen our self-reliance, and help these cities to contribute to the development of the hinterland as well as the entire national economy. Still other comrades suggested that foreign funds should be used more flexibly and that there should be a system of redeeming foreign loans on a comprehensive basis. Through these flexible methods, an enterprise should make maximum use of the goods with high foreign exchange earning power to redeem its loans. For a company or bureau, or among companies and bureaus, some adjustments should be made for mutual support between those enterprises which have products for export and have no need for foreign funds for the time being and those which have no products for export but want to use foreign funds. If this system can work out, the pace of technical transformation for our existing enterprises will be much faster, and there will be mutual promotion and harmonious development among light and textile industries and the other basic industries.

3. The Forms and Results of Foreign Fund Utilization

Since the Third Plenary Session of the 11th Party Central Committee, our municipality has made use of foreign funds in many different forms, such as foreign exchange loans, trust and investment, joint venture, cooperation in production, compensatory trade, and international lease. The majority of the projects which have been completed and commissioned have yielded the expected results. As to which form will be more advantageous to our municipality in future, however, three different views were expressed at the meeting. (1) In joint venture and cooperation in production, we can for a fairly long time and extensively use foreign funds without breaking into our foreign exchange holdings. Furthermore, since the business operation is jointly undertaken by foreigners and ourselves, and both parties are responsible for the profits and losses, the economic interests of both parties are combined. This is advantageous to us in quickly assimilating the imported technology and in learning from the advanced experiences of foreign management. In the future, we should direct our main attention to the development of this form. (2) Despite its strong points, there are also problems with the form of joint venture,

since there is usually a process of complex struggle before we can open our international market and learn from the advanced technology and advanced experience of management. Compensatory trade however will bring about greater economic stability, enable us to enjoy a better credit rating, reduce the burden of our debts and bring into play our strong points. Therefore, this form of business should be developed at present. (3) Every method has its merits as well as shortcomings, and each unit making use of foreign funds should choose the most advantageous method based on its own conditions. For the municipality as a whole, there should be an organic combination of various forms so that they can supplement one another. Of course, we should foster the strong points and steer away from the weaknesses. Therefore, in addition to summing up our experiences in absorbing foreign funds and importing technology in various forms, we should also explore some new and effective forms for future use.

The participants also tentatively studied the methods learned from their experiences in using foreign funds at home and abroad, and later made some suggestions regarding the use of foreign funds and the imports of technology in the municipality. Some of these suggestions were: that the departments concerned in the municipality should further emancipate their minds, enhance their understanding and then cooperate with one another in bringing about a major change in their ideology and work style; that the management structure, rules and regulations should be duly reformed; that a long-range plan be worked out for our municipality to make use of foreign funds in future; that the number of levels approving the projects be reduced and more enterprises be allowed to conduct business negotiations with foreign businessmen; that departments of scientific research, information, and technical consultation be organized and coordinated and the enterprises be helped to carry out feasibility study and to assimilate the imported technology and to transform their equipment; that in addition to taking full advantage of our relevant organs stationed abroad, some new service organs, such as contract consultation company, be set up at home; that a system of work responsibility be set up at various links so as to raise the work efficiency; that the existing forms of management for joint venture enterprises be changed based on the methods of joint venture using Chinese and foreign investment and on the relevant agreement by both parties; and that foreign exchange control be strengthened while active measures be taken at home to raise the supplementary funds.

9411
CSO: 4006/477

FOREIGN TRADE

INCREASE IN EXPORTS REPORTED IN FUJIAN

Fuzhou FUJIAN RIBAO in Chinese 21 May 82 p 1

[Article by Information Group of Provincial Foreign Trade Bureau: "Exports in the Province Have Increased Compared With Same Period Last Year"]

[Text] While the crackdown on serious economic crimes is going on, exports in the province have increased during the first 4 months of this year, compared with the same period last year.

Since the beginning of this year, our province has continued to carry out its foreign trade on the basis of a summation of the experiences in implementing special policies and adopting flexible measures. Correction of certain methods which did not conform to state regulations or procedures in exports has helped strengthen the control, close the loopholes, and facilitate the implementation of the unified policy in foreign relations, thus promoting the healthy development of our foreign trade. By the end of April, the volume of goods procured by the foreign trade departments increased by 6.5 percent, and the volume of exports increased by 6.1 percent over the same period last year.

An important factor in the increase of our exports during these 4 months was the increase in the commodities processed from imported materials. By the end of April, the total volume of the 17 main commodities processed from imported materials and exported by the foreign trade departments exceeded that of the same period last year by 54 percent; among them, the volume of textile goods and plastic slippers increased by nearly 2- and 1.55-fold respectively.

Compared with the same period last year, the volumes of various major products exported in the first 4 months of this year have been increased in varying degrees. Those of light industrial products, machinery and mechanical equipment increased from 20 to 50 percent. The makeup of exported goods has changed because of the increase in the export of industrial products. The proportion of light and textile industrial and handicraft products increased from 66.8 percent in the same period last year to 76 percent; that of mechanical and electrical appliances, chemical industrial and mineral products increased from 10.9 percent to 12.8 percent; and that of agricultural sideline products, native products and special products decreased from 22.3 percent to 16.5 percent.

9411
CSO: 4006/467

FOREIGN TRADE

FOREIGN FUNDS TO DEVELOP SHENZHEN TOURISM NOTED

Guangzhou NANFANG RIBAO in Chinese 12 May 82 p 1

[Article: "Foreign Funds Totaling HK$300 Million Absorbed in 10 Days"]

[Text] In 10 days from 20 to 30 April, the Shenzhen Special Economic Zone Development Company signed two contracts with Hong Kong businessmen for the development of tourism and absorbed foreign funds totaling HK$300 million.

Shenzhen has a beautiful natural environment and a mild climate, with a bright future for tourism. A total of 11 tourist projects were started by foreign businessmen either jointly with the Shenzhen Municipality or independently 3 years ago, with foreign funds totaling HK$900 million. In late April of this year, the municipality again signed two agreements with foreign businessmen on setting up tourist areas. On 20 April, the Shenzhen Special Economic Zone Development Company and the municipal tourist company signed an agreement with the Huabiao Realty Investment Company of Hong Kong on cooperation in building the Honghu Entertainment and Recreation Service Center in Shenzhen. This tourist spot is located on the bank of the Qingshuihe River in Sungang near the municipality, occupying an area of 540,000 square meters including more than 380,000 square meters of water surface. The project includes the building of guest houses, target shooting ground, race course, floating palaces, pavilions in the lake, Japanese aerial cable cars, sailboats and so forth, with an investment of HK$200 million. The project is planned to be completed in 3 years. The Huabiao Realty Investment Company of Hong Kong has already dispatched its engineers and technicians to do the surveying and designing jobs. Another agreement was signed on 30 April for the construction of a recreation park in Dapeng Bay. This tourist spot will be built by the Overseas Chinese Tourist Amusement Company of Hong Kong exclusively with its own capital, totaling HK$100 million. This park will be located at Shuitousha at the seashore of Dapeng Bay, and will include villas, amusement halls, bars, steam-bath houses, yacht clubs, and so forth. It has been decided that construction will formally begin in October of this year.

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CSO: 4006/477

FOREIGN TRADE

BRIEFS

GUANGDONG SPECIAL ECONOMIC ZONE--Guangzhou, 19 Jun (XINHUA)--Zhuhai Municipality, Guangdong, has changed a great deal since it started to establish a special economic zone on a tentative basis. This new city on the coast of south China is going in for large-scale construction everywhere. Many new high-rise buildings are being built. Over the past 2 years and more, the city has absorbed 278 foreign investment projects with total amount of investment exceeding $240 million. Of the new plants built in the city, the woolen textile plant, the knitwear plant, the machinery plant, the garment factory and the electronic plant have started production. The city's foreign exchange incomes last year reached $34 million. [OW211227 Beijing XINHUA Domestic Service in Chinese 0149 GMT 19 Jun 82]

SHANDONG EXPORT GOODS INCREASE--By the end of June, Shandong Province had overfulfilled the annual export goods procurement plan, an increase of 12.8 percent over that of the corresponding 1981 period and the export commodities fulfilled 42.4 percent of the annual target. Since the beginning of June, the sales of export commodities have continued to increase, showing an increase of 32 percent over that in May. [SK160412 Jinan Shandong Provincial Service in Mandarin 2300 GMT 14 Jul 82]

TIANJIN FARM IMPLEMENTS EXPORT--In the first half of 1982, Tianjin's total export volume of farm implements reached more than $7 million, setting a record. [SK182352 Tianjin City Service in Mandarin 0030 GMT 17 Jul 82]

GUANGDONG SPECIAL ECONOMIC ZONE--After running a special economic zone on a trial basis, Zhuhai Municipality has greatly changed its outlook, The municipality was a small township in the past with only several old streets and several shops and has now changed into a new city on the coast in the southern part of the country. The municipality is now stepping up construction everywhere to build a new city. On both sides of the new road leading from Xiangzhou, where the municipal government is situated, to Gongbei township, there are bazaars, bank buildings, high-class hotels and houses. As the municipality has formulated some special economic policies and encouraged businessmen from abroad to invest in the establishment of factories in the special economic zone, the vigorous development of industrial and agricultural production, foreign trade and tourism in the municipality has been promoted. [HK240223 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 19 Jun 82]

SHANDONG SILK TEXTILE--Shandong silk textile industrial enterprises earned handsome foreign exchange in 1981 and the total amount of foreign exchange increased 22 percent over 1980. The first half of 1982 also saw a big increase in the amount of foreign exchange in exporting silk fabrics to other countries. The quality of export silk fabrics has improved, and the varieties of products have increased. [SK112204 Jinan Shandong Provincial Service in Mandarin 2300 GMT 10 Jul 82]

ETHIOPIAN HIGHWAY PROJECT--Beijing, 3 Jul (XINHUA)--Construction work on a 221-kilometer-long highway has been completed in Ethiopia, according to a report from Addis Ababa. The highway links three agricultural regions in that country. The project was launched in accordance with a bilateral technical cooperation agreement between Ethiopia and China. Ethiopian Minister of Construction Kassa Gebre recently visited the project and had talks with Chinese engineers. He expressed satisfaction over the quality of the construction work. [Text] [Beijing XINHUA in English 1220 GMT 3 Jul 82]

GANSU TOURIST SITE--Dunhuang, 8 Jul (XINHUA)—Construction of a hotel addition is under way and most of the major work on a new airport has been completed in Dunhuang, Gansu Province, a popular destination for visitors from around the world, according to the Dunhuang County Tourist Department. Known as a caravan stop on the old "silk road," Dunhuang, in the northwestern part of the province, played an important role in trade and the flow of culture between ancient China, Western Asia and Europe. Upon completion of the new 5-story addition, the Dunhuang Hotel will have 260 beds, up from the present 60 beds. Trial flight at the new airport will begin on 1 August. After the airport officially goes into operation, flights from Lanzhou, capital of Gansu Province, to Dunhuang will take only 3 hours and 45 minutes, instead of a 27-hour trip by train and bus. [OW081045 Beijing XINHUA in English 0253 GMT 8 Jul 82]

CSO: 4020/151

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CSO: 4011/191

HONG KONG DEVELOPER SETS PLAN FOR SHENZHEN TOWN

HK030220 Hong Kong STANDARD in English 3 Jul 82 Business News p 1

[Text] Hopewell Holdings, a major real estate developer here, has completed the master plan for its $10 billion new town development project in the Shenzhen Special Economic Zone (SEZ).

Hopewell managing director, Gordon Wu, yesterday said his company would start the first phase of the project, the reconstruction of the Luohu railway station in Shenzhen, by the end of September. Mr Wu said the drafting of the master plan had been completed after 9 months of work and would be submitted to the Guangdong authorities by the end of July. "The Guangdong authorities are expected to approve the plan 1 month later," Mr Wu said.

He disclosed the plan after the signing of a $600 million loan facility provided for Hopewell by a syndicate of 24 banks. Half of the money would be used to finance part of the new town project.

The project, disclosed last October, calls for Hopewell to improve the infrastructure on a 33-square kilometre site in Futian and to erect some other buildings there for the Guangdong authorities. If things go well, Hopewell will also have the right to lease the site to other developers for property developments. Gordon Wu said a new and efficient Luohu railway station would be vital to the success of the Futian new town, although the station is about 7 kilometres away. "The new railway station enables a more convenient passenger transit on the Hong Kong-Shenzhen border," said Mr Wu.

The new town would be linked to the railway station by a 7- to 8-kilometre-long light railway system and a highway.

"The design of the light rail system will be similar to those in Europe. Most parts of the system will be in the open air, but it will go underground when it crosses the highway," said Mr Wu, adding that in future all residents of the new town can reach a light rail station within 12 minutes on foot.

He pointed out that the most serious problem facing the new town project was the lack of telephones. "We hope to have 20 to 30 telephones per 100 residents in Futian, but under the planning of Shenzhen authorities there will be only 2,000 for the whole SEZ," said Mr Wu, adding that the future population of Futian would be 300,000.

According to some sources, Shenzhen will be developed into a city with a population of one million by the year 2000 from the present 80,000.

Mr Wu said Shenzhen authorities had no plan to install more telephone lines, but refused to let Hopewell carry out the installation, adding that his company was negotiating with Beijing's high-ranking officials on the matter.

The $600 million loan facility is divided into two branches. The first is for various Hopewell projects, mainly in China including the new town project, and a highway system linking Hong Kong, Guangzhou and Macau.

However, Mr Wu said it would take quite a long time before the highway project could be realised because the construction involves more than 300 brigades.

Interest for the loan facility is set at 1.125 percent over the Hong Kong Interbank offered rate. Lead managers are Paribas Asia, Dresdner Bank Hong Kong branch, Bank of Tokyo and Chartered Bank. The commitment fee is 0.25 percent.

CSO: 4020/152

TAIWAN POWERLESS OVER RE-EXPORTS TO MAINLAND

OW140557 Taipei CHINA POST in English 10 Jul 82 p 10

[Text] Taipei (CENS)--The Nationalist Chinese Government Wednesday said it has no control over whether Taiwan goods are shipped to mainland China via a third country, but reemphasized its policy of no direct trade links with the rival communists.

Answering a question by legislator Lin Yu-sian, the government also said it would constantly remind Taiwan manufacturers of the re-export problem "so that they don't fall into the communists' reunification trap." Lin called for the government to find ways to stop re-export of semi-processed products and electrical appliances to mainland China through Hong Kong and Japan.

The government said it is closely watching the development of (Red) China's light industries, and has taken measures to ask Taiwan manufacturers to tighten quality control of their products to "increase their ability to compete in export markets."

Economic officials had said semi-processed Taiwan products are being processed in (Red) China and sold to other countries to hurt Taiwan's export market.

The Board of Foreign Trade last year issued repeated warnings to manufacturers against selling their products to mainland China via a third country. But indirect trade between the two rivals reportedly appears to be booming.

Total (Red) China-Taiwan trade through middlemen in Hong Kong, Japan and Southeast Asian nations, were earlier estimated at about U.S.$300 million, in 1980.

Hong Kong's Trade Development Council had reported that re-exported items included textiles, television tubes, television sets, synthetic fibers, electrical fans and radios.

CSO: 4020/153

TAIPEI PAPER ON JAPANESE MISSION TO TAIWAN

OW110955 Taipei CHING CHI JIH PAO in Chinese 2 Jul 82 p 3

[Article by CHING CHI JIH PAO special correspondent Huang Yao-cheng in Japan: "The Meaning and Effect of the Esaki Mission's Visit to China"]

[Excerpts] Japan's Liberal-Democratic Party [LDP] will dispatch a so-called Esaki mission headed by Masumi Esaki, head of the LDP Special Committee on External Economic Relations, to visit the Republic of China, as well as Thailand, Singapore, the Philippines, Indonesia, Malaysia and Hong Kong, beginning 20 July to discuss the imbalance of trade between China and Japan and trade friction between Japan and individual Southeast Asian countries.

The Upcoming Visit to China Is of Great Significance

The Japanese mission's visit to the Republic of China, the first since the severance of official relations, is not only of great significance, but also indicates that the upper echelon of the LDP has a deeper understanding of the huge deficit in the Republic of China's trade with Japan.

Last spring Masumi Esaki headed a mission on two separate visits to the United States and to major EEC countries and discussed with them measures to open Japan's market and promote imports of foreign goods to Japan in a bid to hinder the growth of protectionism in these countries.

As an emerging industrial country, the Republic of China's economic and trade relations with Japan are characterized by imports of industrial equipment from Japan and exports of manufactured goods to other countries. Therefore, to reduce the trade deficit with Japan, we should emphasize, not a decrease in imports, but an increase in exports to Japan.

The EEC's Method Can Be Used for Our Reference

Therefore, when the Esaki mission visits China, we should discuss with them not only the trade problem in a narrow sense, but also expand the discussion to imports of technical know-how in order to improve our ountry's industrial structure and achieve a higher degree of industrialization, thus gradually getting rid of the present trade deficit. The suggestion made by the European countries to Japan gives us some useful reference in negotiating with Japan.

CSO: 4006/556

TAIWAN ECONOMICS MINISTER ON TRADE WITH JAPAN

OW100402 Taipei CNA in English 0242 GMT 10 Jul 82

[Text] Taipei, 10 Jul (CNA)--Minister of Economic Affairs Chao Yao-tung hinted Friday that the government may lift the import ban on some 1,500 items of Japanese consumer goods by the end of this month, if the Japanese express their sincerity in the coming negotiations with the Republic of China [ROC] by helping close the growing trade deficit between the two countries.

Chao, who is noted for his calling a spade a spade, said in a press conference Friday, "As long as a friendly attitude is seen (on the Japanese side), there will be a corresponding reaction (on the ROC side)." He was referring to a talk scheduled for later this month between the ROC Government and a Japanese mission to be led by Masumi Esaki, former international trade and industry minister and currently chairman of the International Economic Relations Committee under the ruling Liberal Democratic Party.

Chao said he welcomes Esaki's visit "with my heart and soul." Nevertheless, the minister, who in February ordered an abrupt ban on 1,533 items of Japanese goods, emphasized he knows very well that it's impossible for the two countries to figure out an immediate solution to redress the enormous trade gap.

Chao pointed out that the Republic of Vhina's trade deficit with Japan in the first half of this year decreased from the same period in 1981, but he commented that this is not an agreeable situation.

The decrease, mainly due to a drop in imports from Japan, accounted for the decreasing willingness of the domestic manufacturers to invest in Japanese capital goods, he said.

"Not that I like to see a drop in imports from Japan; on the contrary, I'm hoping for them to be everincreasing," Chao said. "But the point is I long for many more dollars worth of ROC exports going there."

CSO: 4020/153

BRIEFS

TRADE FIGURES SHOW DECLINE--Taipei, 10 Jul (CNA)--The nation's two-way trade in the first 6 months this year chalked up U.S.$20,565 million, showing a decline of 6.9 percent compared with the corresponding period of the previous year. the Directorate General of Budget, Accounting and Statistics reported Friday. Referring to customs statistics, the report indicated that despite the decline in trade volume, there remained a surplus of U.S.$1,140 million accumulated in the first half of this year in favor of this country. Exports in the half year amounted to U.S.$10,852 million, up 0.4 percent against imports of U.S.$9,712 million, down 13.9 percent, the report said. In June alone, exports totaled U.S.$1,873 million against imports of U.S.$1,467 million, resulting in a trade surplus of U.S.$406 million in favor of this country. Export items in the period included agricultural and fishery products, transportation equipment, rubber products, and canned asparagus. All these items recorded a decline in the period, but items, such as toys, sporting goods, steel, household electrical appliances and cement reported a sizable growth. [Text] [OW100404 Taipei CNA in English 0300 GMT 10 Jul 82]

CSO: 4020/153

Construction

AUTHOR: None

ORG: None

TITLE: "Correct Estimate of Theoretical Price of Construction Products--Excerpt of a Speech of CHENG Xitong [4453 1585 0681] at the National Symposium of Theoretical Price of Construction Products"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 3, 15 Jun 82 pp 2-5

ABSTRACT: The speech was delivered at the symposim on its 7th day [the date location of the symposium are not given]. Discussions centered upon the work of estimating the theoretical price of buildings or construction products which, the delegates maintained, the State Council Price Research Center should include as one of the 6 categories of products for which theoretical price estimates are necessary. Following an introduction of the need for learning theoretical price estimate on the basis of Marxism, the speaker discussed the following: (1) The bases of disagreement regarding the price of construction products and the principles on which the price of a product should be determined; (2) Reasonable bases on which to calculate the price of a construction product; (3) Problems regarding the method of calculation; (4) Management system and policy factors with respect to the price of construction products and elements of unreasonableness in the current system and policy. The speaker's opinions concerning the work of formulating and adjusting the theoretic pricing system of construction products are briefly outlined.

AUTHOR: WANG Changyou [3769 7022 6788]

ORG: None

TITLE: "Preliminary Inquiry Into the Price of Construction Products"

SOURCE: Beijing JIANZHU JINGJI YANJIU [RESEARCH IN THE ECONOMICS OF BUILDING] in Chinese No 3, 15 Jun 82 pp 6-11

ABSTRACT: Just as the price of any other product, the price of construction products express their value, W, which is composed of the 3 parts of the labor and materials consumed and the value of the target of the labor transfer, C, the necessary labor of workers, V, and the surplus labor contributed to the State by the workers, m. At present, the price of a construction product is basically formulated by the cost and a profit ratio. It appears that the ratio of the materials in the value of a construction product is rather high. These materials represent, in fact, a value transferred from the department of construction materials and it is obviously unreasonable to allow these materials to participate, once again, in the distribution of the surplus labor. This paper analyzes the 3 constituent parts, C, V. and m, of W for the purpose of explaining the unreasonableness of the current pricing system of construction products.

6248
CSO: 4006/166

Economic Problems

AUTHOR: LIN Jinzhi [2651 6855 2655]
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ORG: LIN of Xiamen University; LIN of Fujian Provincial Research Institute of Social Sciences

TITLE: "The Problem of Utilization of Overseas Chinese Capital From the Viewpoint of the Historical Characteristics of Overseas Chinese Investment in Fujian Province"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [ECONOMIC PROBLEMS OF CHINA] in Chinese No 3, 20 May 82 pp 26-28, 51

ABSTRACT: The Central Government has approved the special policy and the flexible measure practiced in Fujian and Guangdong in dealing with overseas Chinese investments. A new future has thus been opened for the utilization of overseas Chinese capital for the acceleration of economic construction in Fujian. A very small ratio of overseas Chinese are capitalists, however. According to a statistical survey of 1955, 65 percent are workers, 20 percent independent workers, 10 percent small merchants, 2 percent professionals, and only 2.23 percent industrialists and merchants. In Fujian, overseas Chinese investment began in the 1870's to reach a peak in 1927-37. The total reached 7 billion yuan, amounting to half of the total capital investment in the province before the liberation. The targets of the investment covered all sectors of the economy but most of the sum was in realestate, including both land and buildings. The goal and motive were chiefly profit, with an undeniable desire of establishing roots in their native land. The historical, economical, and psychological

[continuation of ZHONGGUO JINGJI WENTI No 3, 1982 pp 26-28, 51]

factors of overseas Chinese investment in Fujian are examined for the purpose of formulating correct policies and measures to attract and utilize overseas Chinese capital to be utilized for the development of advanced technology and equipment for reaping fast economic benefits of the province.

AUTHOR: WU Xulun [0702 0650 0243]
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TITLE: "Realm of Activity in the Work of Encouraging Savings"

SOURCE: Xiamen ZHONGGUO JINGJI WENTI [ECONOMIC PROBLEMS OF CHINA] in Chinese No 3, 20 May 82 pp 29-33

ABSTRACT: Karl Marx said: "From the beginning to the end, the most important thing about banks is the deposit." The work of enlarging the deposit and encouraging savings are; therefore, a specially important realm of activity of banks. According to statistical data, 23.47 percent of the sources of loans of banks in 1980 are savings deposits in the entire country; in Fujian, they amount to 25.2 percent. In the past 2 years, the average annual growth of savings has been 63 hundred million yuan nationwide and 1.74 hundred million in Fujian. Based upon the total currency receipts and expenditures of the people and the growth of remittance from overseas Chinese who number as many as 5 million Fujian natives, a sustained annual increase of savings deposits is entirely possible. The paper sugests the following bank activities to encourage the flow of savings deposits: (1) Continuously inspire the political passion of the masses for supporting the 4 modernizations; (2) Using the interest rate as the leve to provide reasonable economic benefits to the masses; (3) Keeping the deposits a secret to provide the masses a feeling of security

[continuation of ZHONGGUO JINGJI WENTI No 3, 1982 pp 29-33]

and to protect their lawful rights and interests; (4) Resolving any problems of location, time, and attitude of banks being an agency to serve the masses; (5) Establishing different forms of savings accounts to meet the special needs and conditions of the masses. Ways of combining consumer lending and savings deposit for the purpose of promoting production, adjusting supply and demand, and developing sources of wealth are also discussed in some detail.

6248
CSO: 4011/163

AUTHOR: HAN Zuyue [7281 4371 5069]

ORG: Suzhou Special Industrial School

TITLE: "The Theory and Its Application to the Structure of Ply Yarn"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 4, Apr 82 pp 3-10

TEXT OF ENGLISH ABSTRACT: A comprehensive approach is made in this paper to the ply yarn structure and properties from the point of view of twist-width theory. Based on the study of the inclination of fibers by means of twist-width, the method of investigating fiber deformation has thus been established. The calculated twist multipliers for various properties of ply yarns are approximately the same as those in production practice.

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ORG: All of the Shanghai Special Textile Industry School

TITLE: "The Analysis of Rapier Drive in Type H213 Flexible Loom"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 4, Apr 82 pp 11-18

TEXT OF ENGLISH ABSTRACT: This paper deals with the kinematical analysis of rapier drive in the type H213 flexible-rapier loom. The author translates it into 4-bar and 5-bar linkages, derives the mathematical models relating to these linkages, and calculates the s.v.a. of the rapier by means of a computer. In addition, discussion is made of the influence of the main size parameters of the existing rapier drive. A description of the advantages and disadvantages of this mechanism is given at the end of the paper.

AUTHOR: WU Hanchen [0702 3352 5256]

ORG: Zhenjiang Mining Machinery Plant

TITLE: "The Calculation of Conjugation Cam Profile"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 4, Apr 82 pp 19-26

TEXT OF ENGLISH ABSTRACT: This paper deals with the calculation of the profile for different types of conjugate cams, their association and accurate calculation formulas of the main cam and complementary cam.

AUTHOR: ZHANG Pingguo [1728 1627 0948]
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TITLE: "Research on Package Shape in Weft Winding"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 6, Jun 82 pp 3-8

TEXT OF ENGLISH ABSTRACT: In this paper the package shape of weft winding is analyzed and parametric equations, suitable for three types of common empty pirns for forming an ideal package, are put forward, i.e.,

$H = \frac{R-R_1}{tg\alpha}$ for tapered bobbin, with the weft wound around in a constant transverse;

$H = A$ or $H = \frac{R-R_1}{tg\alpha}$ for pirns with a fully-built base with the weft wound around in a constant range, too; and for pirns with a half-built base the weft is wound around in a variable range, first $H_x = A(1 + \frac{R_x-R_2}{R_2-R_1})$ and then $H = A(1 + \frac{R+R_2}{R_2-R_1})$ is used. The theoretical analysis described in the paper was verified by experiments. The conclusion and some suggestions are given as follows:

[Continuation of FANGZHI XUEBAO No 6, Jun 82 pp 3-8]

1. In the pirn winder of constant traverse, with a fully-built pirn base and provided that H=A, an ideal package will be completed with $R=R_2$. If the pirn with a half-built base of $R_2<R$ is used, the ideal package will not be formed even with H=A. For this reason, the authors are of the opinion that the pirn with a half-built base should be replaced by a pirn with a fully-built base step by step. The bottom end diameter of the former is smaller than that of the weft package, while for the latter the diameter is equal to that of the weft package and the cone height is equal to the traverse length.

2. Experimental comparison as well as theoretical analysis shows that the package of the pirn wound with a fully-built base as such advantages as ideal build, more weft yarn wound, less unwinding tension, and less difference of tension between top end and bottom end, etc. Therefore, better economic results can be expected.

3. It is promising that the pirn with a fully-built base can be applied in pirn-changing looms.

AUTHOR: JIANG Huai [1203 2037]
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TITLE: "Analysis of Good Section Build on Sectional Warper"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 6, Jun 82 pp 9-14

TEXT OF ENGLISH ABSTRACT: In this paper the requirements for good section build are discussed in detail. This paper gives the adjustable magnitudes of the traverse rate and the incline angle of type 121 sectional warper, shows an intersection chart used for the warping of terry fabric and illustrates the application of this chart by a practical example.

AUTHOR: HE Fengshan [0149 7685 1472]

ORG: Northwest Institute of Textile Technology

TITLE: "Design and Analysis of Steadily-flowing Suction Duct"

SOURCE: Shanghai FANGZHI XUEBAO [JOURNAL OF CHINA TEXTILE ENGINEERING ASSOCIATION] in Chinese No 6, Jun 82 pp 15-18

TEXT OF ENGLISH ABSTRACT: This paper deals with the design and analysis of the steadily-flowing suction duct used in practice. The application of Bernoulli's equation has been made to it. The conversion of velocity pressure into static pressure has been taken into consideration. Thus, formulas have been derived for calculating the static pressure at each joint of a straight suction duct consisting of a series of short divergent sections for steady flow. The conclusions arrived at are as follows:

1. For a straight gradually-diverging suction duct with individual sections sucking up air at the same speed, the design can be made on the basis of the conservation principle of static pressure instead of the total pressure equilibrium principle due to the fact that the static pressure equilibrium, the total pressure equilibrium and the resistance equilibrium at the junction are identical.

2. For the three kinds of velocities (higher, lower and equal resulting from the

[Continuation of FANGZHI XUEBAO No 6, Jun 82 pp 15-18]

comparison of the draught speed at the end of the duct with that at the three-way connection of the leading section), the main factors affecting the even suction of the run are the ratio $i\delta/F_i$, angle α, and the number of suction points.

3. As far as the three kinds of velocities are concerned, the speed-increasing duct will be advantageous to the uniform air suction, and furthermore, the duct size can be smaller.

4. The uniformity of air suction depends upon whether the design made conforms to the standard specifications.

9717
CSO: 4011/162

World Economy

AUTHOR: ZHU Xingqiao [2612 5887 1564]

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TITLE: "Theory and Practice of Planning and Market in Yugoslavia"

SOURCE: Beijing SHIJIE JINGJI [WORLD ECONOMY] in Chinese No 4, 10 Apr 82 pp 63-69

ABSTRACT: The problem of the relationship between planning and market is an extremely complex one. Theoretically, economists in Yugoslavia had some disagreements before the 70's. Since then, the viewpoints tend to be uniform and some experiences have also been accumulated in practice. For a long time, just as theorists in all socialist countries, some economists in that country had regarded the market as contrary to socialism and planning and market as mutually exclusive. Due to the fact that many socialist countries cannot shake themselves from the state of underdevelopment, the attitute of equating planning versus market with socialism versus capitalism has changed gradually. The 3 stages of evolution in the history of the planing system in Yugoslavia are introduced. The author maintains that the present system in that country remains imperfect, especially in so far as certain laws, policies, and regulations are not entirely implemented in practice, and the disharmonious economic

[continuation of SHIJIE JINGJI No 4, 1982 pp 63-69]

structure, the excessively long captal reimbursement period, inflation, and foreign trade deficits are part of the results. The bedrock of that country's theoretical system is the theory of national survival, i.e. the first job of a country is her ability of managing her economy; if she is unable she will begin to extinguish. Under such a theory, the nation dares not to interfere, lest she will encounter the criticism of destroying the workers' right of autonomy. Consequently, the level of individual consumption has risen very rapidly while the rate of savings of the workers' organization drops. The major source of investment capital is not the income of the wealth created by the society; it depends mainly on foreign loans. There are too many items of basic construction and permanent deficiency of capital. The author maintains that the direction of reform of Yugoslavia's economic system and planning system is nevertheless correct, but the pace has been too fast. The status of the workers as the owners does not guarantee them to possess the thoughts of owners. Before the material wealth has been abundantly accumulated some residual thoughts of being the hiring is unavoidable. The state must preserve some authority [in managing the economy] especially in the work of adjusting the macroeconomic aspects of the country.

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ORG: Problems of the USSR Research Office, Northeast Teachers University

TITLE: "Why the 11th 5-Year Plan of the Soviet Union May Fail?"

SOURCE: Beijing SHIJIE JINGJI [WORLD ECONOMY] in Chinese No 4, 10 Apr 82 pp 70-74

ABSTRACT: The 11th 5-year plan of the USSR was formulated under the background condition of serious economic difficulties. Historically, the economy of the USSR reached its peak during the 5th 5-year plan, gaining an average annual increase of above 10 percent in the national income and the total value of industrial products. Since then, there has been an obvious tendency of decline in the rate of growth of the major indices of the national economy. Starting with the 9th, all indices have been slashed but even the relaxed indices have not been fulfilled. The phenomenon of proportional disharmony in the USSR economy is very serious. Many necessary consumer products are constantly deficient and the needs of the people are not met even with large quantities of foreign imports. The backward agriculture cannot support a development of food industry and the supply of many foods is always insufficient. The goals of the 11th 5-year plan will fail again because: (1) All the problems piled up during the 10th 5-year plan and before cannot be resolved by the 11th, no matter how

[continuation of SHIJIE JINGJI No 4, 1982 pp 70-74]

strong is the desire, primarily due to the conservative attitude of the officialdom of that country. (2) The policy of thrift is difficult to implement. Her agriculture cannot for a long time provide a surplus of labor force; old mines are being exhausted; and the cost of mining energy is rapidly rising. The extreme difficulty of increasing the quantity of manpower, raw materials, and fuel in the USSR is demonstrated by the very proposal of thrift in the 11th 5-year plan. (3) It is difficult to maintain the policy of emphasizing the production of consumer goods. The insistence upon the theory of the necessity of light industry to have a heavy industry as its foundation contradicts the pronounced preference of improving the supply of foods and inductrial consumer goods. The paper predicts that in the process of implementing the 11th 5-year plan, the USSR will stumble into the old rut of the 9th 5-year plan of a renewed preference for the heavy industry.

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NATIONAL POLICY AND ISSUES

RELATIONSHIP BETWEEN PLANNED ECONOMY, REGULATION BY MARKET MECHANISM

Beijing ZHONGGUO CAIMAO BAO in Chinese 8 Jun 82 p 3

[Article by Liao Jili [1394 1323 4539]: "A Discussion of the Relationship Between Planned Economy and Regulation by Market Mechanism"]

[Text] China's national economy is a socialist economy based on a foundation of public ownership. Because [public ownership] plays a dominant role, it is both possible and essential that the whole economy be proportionately developed under the guidance of a unified plan, as a planned economy. However, China's productive capacity is at a relatively low level, and development is very unbalanced. Systems of ownership by the whole people, collective ownership and individual ownership exist simultaneously. Exchanges between them can only be exchanges at equal value. Furthermore, in an economy based on public ownership, there must be mutual respect for the economic interests of each economic unit. We must strengthen our economic accounting and implement the principle of distribution according to work, thereby maintaining the relationship between commodities and currency. Aside from an extremely small portion, all of China's industrial and agricultural goods are commodities, and the great majority of these must be exchanged through the market. In short, our socialist economy is above all else a planned economy, yet at the same time we also have commodity production, commodity exchange and a commodity market.

How can we correctly manage the relationship between the planned economy and regulation by market mechanism? To put it briefly, the socialist planned economy is closely linked with commodity production. We should fully consider and utilize the law of value. At the same time, under the premise of improving socialist planned management, we should restore the supplementary role ofregulation by market mechanism. We have formed this outlook gradually, based on the summation of our individual experiences and lessons. Whether this view is appropriate, I submit for general discussion.

In the 1950's, when we began to set up our planned economy, we studied the Soviet system of planned management. Distinguishing features of this system were: undue emphasis on command-style planning, a lack of application of the law of value, and a rejection of the role of the market. There were many drawbacks. However, in the first few years of the First Five-Year Plan the faults of the system were not fully exposed, because at the time China's

socialist transformation of the ownership of the means of production had not yet been basically completed. There were five different kinds of economic sectors, and so it was impossible to fully adopt the Soviet Union's system of planned management. We could only implement direct planning in some of the national enterprises and large joint state-private ownership enterprises. At the same time, we stressed the use of prices, taxation, credit and other economic levers. We consciously utilized the law of value and the role of regulation by market mechanism. Moreover, where the plan could not be effected, we allowed individual production and free trade, letting the market regulate itself. Under these conditions, China's economic life was not as rigid as it later became, and the market was relatively prosperous. In addition, economic policy decisions were comparatively correct, and conditions for economic development were very favorable.

Problems arose in the relationship between planned economy and regulation by market mechanism, especially after the socialist transformation was basically completed in 1956. By that time, the Soviet system of planned management had been almost completely transplanted to China. But as productive capacity developed and economic relationships became more complex, the faults of the system became more and more apparent. A few of our cadres saw these faults and started to research planned management systems that would be more appropriate to China's situation. In September 1956, at the eighth party congress, Comrade Chen Yun delivered a speech entitled "New Problems Following the Basic Completion of the Socialist Transformation." He was realistic about China's economic situation, and believed that China's socialist economy should be structured as follows:

1) With regard to industrial and commercial management most industrial and commercial enterprises would be under state or collective management, but there would also be a fixed number of individual enterprises. These individual enterprises would serve as a supplement to state and collective management.

2) With regard to production and planning the majority of China's industrial and agricultural products would be produced in accordance with an economic plan. However, there would also be some production based on fluctuations in the market, while remaining within the limits permitted by the state plan. Planned production would be the main means of industrial and agricultural production, and free production which fluctuated according to the market yet remained within the limits permitted by the state plan would serve as a supplement to planned production.

3) The socialist unified market would be composed mainly of the state-operated markets, but there would also be a market that would be free within specified limits. This free market would fall under state leadership, and would serve as a supplement to the state-operated markets.

The above-mentioned proposal was put forward as a tentative plan for resolving the relationship between planned economy and regulation by market mechanism in China. It was a very commendable idea, and it is regrettable that it was never used. The main reason that it was not used is that at the

end of the 1950's, an erroneous "leftist" guiding ideology came to the fore, and rational suggestions were rejected.

After the 3d Plenum of the 11th Central Committee in 1978, we corrected the "leftist" mistakes that were part of our guiding ideology for many years, and embarked on a new road to study the reform of our economic management system. As a result, the problem of the relationship between the planned economy and regulation by market mechanism became well known. Thus for the past 3 years our economists have written many essays on the subject, in which they have adopted many differing points of view. This phenomenom indicates that they were all approaching their research from different angles. Because they all focused on different aspects of the problem, it is normal and not at all surprising that they produced differing views. But recently many cadres have misunderstood a theoretical question, and this obstructed any correct explanation of the correct relationship between the planned economy and regulation by market mechanism. Quite a few cadres assumed the use of economic levers to carry out regulation by planning to be the equivalent of regulation by market mechanism, thereby widening the scope of regulation by market mechanism to the point of believing that the regulation of production and circulation under socialist conditions could be carried out without primary reliance on regulation by planning. This was inappropriate.

Because commodity production and commodity exchange still exist in our socialist planned economy, the law of value must be fully utilized whether we are practicing regulation by planning or regulation by market mechanism. Under regulation by planning, there should be planned utilization of the law of value. Under regulation by market mechanism, we should allow the law of value to play a spontaneous role. This is in keeping with what is necessary for the development of our socialist forces of production. However, it should be made even more clear that in the management of a planned economy, regulation by planning mechanism should play the leading role, and regulation by market mechanism a supplementary role. In their planning management, some socialist states use command-style planning, while others use guiding-style planning. There are some differences between the two in their management methods and their points of emphasis. Command-style planning uses mainly administrative means, but some economic means must also be considered and utilized in order to guarantee the realization of the plan. Guiding-style planning uses primarily economic means, but it also uses prices, taxation, credit, and other economic levers, to guarantee realization of the plan. But as long as the circulation of primary goods is controlled mainly by the state-run and commercial entities, and the price is planned and set uniformly mainly in accordance with the law of value, this circulation should be attributed to the realm of regulation by planned mechanism and not to that of regulation by market mechanism. Only those small commodities whose production and distribution are not included in the state plan, and whose prices fluctuate in accordance with market supply and demand, can be said to be regulated by market mechanism. Although the output value that can be attributed to these commodities is relatively small, they number tens of thousands in kind and are all goods that are needed by the people. For this reason regulation by market mechanism is an essential supplement to regulation by planned mechanism.

For many years we have relied primarily on planned management by administrative means, and have not been good at using economic means. A number of our economics personnel have paid attention only to controlling the plan, and not to studying the market conditions. We must therefore emphasize a commodity-type economy and the role of regulation by market mechanism. At present our understanding of the role of economic levers is still insufficient, and we are using too few, rather than too many, of them. However, if reforms in other aspects of our system, especially prices, taxation, credit and other policies, economic laws and market management do not keep pace with the enlivening of the market and if economic legislation and market management also fail to keep pace and if, in addition, we continue to lack the conditions essential to transform our economy within fairly broad limits from one based on command-style planning to one based on guidance-style planning, we must define clearly the proper role of command-style planning and administrative intervention. Under these conditions it is essential that we adopt methods of clear theoretical expression with regard to the proper relationship between planned economy and regulation by market mechanism. This does not mean changing the main direction of the reform of our system; it does mean more clearly expressing our ideas for the reform of our system. We should uphold the conscientious utilization of the law of value in the socialist planned economy. As we continue to improve and perfect planned management, we must give free rein to the supplementary role of regulation by market mechanism. I believe that this is the correct principle under which China should handle the relationship between the planned economy and regulation by market mechanism.

How can the above-mentioned principle be embodied in our economic management system from now on?

Firstly, the primary activities included in social and economic development (i.e., strategic targets for economic development, major proportional relationships, the distribution of productive forces, the general scope and direction of investment in capital construction, the extent to which the people's standard of living should be raised, the balancing of finance, credit, foreign currency and important goods and materials, important policies concerning science and technology) must all be collectively and uniformly managed by the state. They must be managed as parts of a whole and not independently of one another.

Secondly, within the realm of industrial production alone we can distinguish different ways of implementing management methods. These differences are based on the differences in the position occupied by industrial enterprises in the national economy and people's livelihood and in their system of ownership. They are also based on a number of differences between the level of importance and the various specifications of the products of each enterprise.

Generally speaking, there are four types of industrial production:

1) Production carried out under the state's plan, including that which is related to the backbone enterprises that comprise the lifeline of the

national economy, and that which is related to products essential to the national economy and people's livelihood (i.e., large-scale petroleum enterprises petroleum products).

2) The production of primary goods, the majority of which are produced in accordance with the state plan and the minority of whose production is organized by the enterprises themselves. These products include those which need to be distributed evenly by the state or are in short supply (i.e., some iron and steel products). The portion of the state plan that deals with this type of production should issue command-style targets to lower levels.

3) Other production, the minority of which is done in accordance with the state's command plan, and the majority of which is organized by the enterprises themselves according to fluctuations in the market or according to the state's guiding plan. This type of production primarily includes relatively important standardized and complex products (i.e., certain industrial machinery products).

4) Production according to market fluctuations yet remaining within the limits permitted by the state plan. It would be both inconvenient and relatively impossible to carry out unified planned management of this great variety of small commodities, the production of which is dispersed among many small enterprises and many individual laborers.

The state should not issue a command-style plan for the production of agricultural goods, but should mainly guide them through pricing and taxation policies, making them conform to the arrangement of the state plan. However, in order to fulfill the needs of municipal residents and of industrial production, the state must undertake policies of state procurement, centralized procurement, procurement by quota system, and other administrative means for certain primary agricultural products, such as grain, cotton, oil-bearing crops, pigs and silkworms in addition to guiding them through pricing policies. These procurement tasks are all command-style ones, and the planning for product allocation and transfer is command-style planning. A portion of Category 1, 2, and 3 agricultural sideline products will be allowed to enter the rural markets and municipal agricultural markets after the state has completed its procurement tasks.

As far as commodity circulation is concerned, we must continue to carry out planned allocation and transfer, and state procurement and marketing, for the small portion of principal commodities that is either in short supply or is vital to the national economy and the people's livelihood. This refers to both the means of production and the means of subsistence. The rest of our commodities may undergo planned procurement, procurement based on a set of priorities, free purchase and sale, or other forms of procurement, depending on the individual circumstances that surround the product. Wholesale and retail firms (i.e., Wangfujing Department Store in Beijing) will comprise the main body of state-run enterprises that have been transformed into socialist unified markets. At the same time, a large number of new collective firms and some individually managed enterprises may enter

into favorable competition in all areas of commerce. Only in this manner will we be able to make the market prosper, closely relate production to need, increase production and make things more convenient for the people.

In order to adapt to production and circulation management, the management of prices must be relatively flexible. The assignment of prices to major products and labor, vital to the national economy and the people's livelihood (i.e., important raw and processed materials, fuels, electric power) must continue to be done in a uniform manner by the state. The state must also continue to set the prices of important consumer goods, and the prices and standards for charges for railway transportation, civil aviation, and post and telecommunications. The prices of other products will either float within fixed limits, be set by agreement, or will fluctuate freely, depending on their level of importance to the national economy and the people's livelihood. Uniform prices and floating prices belong to the category of planned prices, while negotiated prices and freely fluctuating prices belong to the category of free prices. The value of the products that are involved in planned pricing amounts to most of the total output value and most of the total sales [for any in industry]. They therefore comprise the main body of products [for the industry concerned], while products that are priced freely comprise a supplementary body of products.

In conclusion, we must strengthen and improve the planned management of the whole economy of our socialist state. If the economic plan is managed poorly, the whole national economy will perform poorly. It would be a mistake not to understand this point. But to believe that planned management can work without considering the role of the socialist market, so much so that the utilization of the role of the market is considered to be a departure from the classics and a rebellion against orthodoxy would also be a mistake. Only if we have a complete understanding of this special characteristic of the current stage of our economic growth, conscientiously use the law of value in our planned economy, constantly improve and perfect planned management and give free rein to the supplementary role of regulation by market mechanism, can economic results flourish for society as a whole.

CSO: 4006/582

NATIONAL POLICY AND ISSUES

BEIJING REVIEW NOTES ECONOMIC READJUSTMENT PLANS

HK041356 Beijing BEIJING REVIEW in English No 30, 26 Jul 82 p 3

["Notes from the Editors" column by Economic Editor Wang Dacheng]

[Text] China has lengthened the period for readjusting its national economy. Will this task be fulfilled by 1985?

Rather than a solitary task, China's readjustment work involves a comprehensive, complex process for the national economy to achieve a turn for the better and develop in a sound and steady way.

The principle for readjusting the national economy was laid down in 1979. Two years later this work was stepped up on a large scale. The aim is to remedy the seriously disproportionate development of the economy caused by long years of neglect of the country's actual conditions and violation of objective economic laws. The major tasks in the readjustment are to co-ordinate the relationship between accumulation and consumption, coorect the ratio between agriculture and light and heavy industries and cut down the scale of capital construction in order to bring every field of endeavour in line with the nation's available resources. Efforts made since 1979 have paid off, and these tasks have now been basically fulfilled.

Last year, the accumulation rate in the national revenue was reduced to less than 30 per cent; consumer goods production and improvement in the people's livelihood have been given priority and have achieved pronounced progress. A basic balance was struck between revenue and expenditure, with deficits dropping from 17,000 million yuan in 1979 to 2,500 million yuan. Moreover, the rate of price increases was reduced from 6 per cent in 1980 to 2 per cent.

Things continued to pick up during the first six months of 1982. Total industrial output value increased 10.1 per cent compared with the corresponding period of last year. All 29 provinces, municipalities and autonomous regions achieved an all-round increase in industrial output. More important, heavy industrial production, which had dropped for a period, began to grow alongside light industry once its service was reorientated. The replenished supply of commodities brought about a thriving market. These achievements are attributable to the efforts made to further carry out the national economic readjustment policy, increase the quality and variety of products, practise economy

and give full scope to science and technology. They also result from the major attention paid to tapping the potential and improving the management of enterprises.

Now it can be said that the hardest time is over and the initial goal of readjusting the economy has been attained. Economic construction has taken the first solid step forward on a road of development commensurate with China's actual conditions.

In the broad sense, however, the work of readjustment has not been completed. "Readjustment, restructuring, consolidation and improvement" will remain the basic policy for the entire sixth five-year plan period (1981-85). But "readjustment" will not be the same as before in the next few years. There will not be any more construction scale outs and no more projects will be cancelled. Instead, the emphasis will be placed on revamping the outdated product mix, the technological makeup and the organization of enterprises so as to rationalize the economic structure, production organization and management system--all for the purpose of increasing economic efficiency.

The sixth five-year plan, now being mapped out, will feature detailed arrangements for readjustment work prior to 1985. Technical transformation and equipment replacement will be carried out in existing enterprises and efforts will be concentrated on developing energy and other natural resources and improving transport and communications. The construction of a number of projects which have either been cancelled or deterred will be resumed in a planned way. The national economy is expected to develop at a moderate rate during these five years. (The 1982 plan of ensuring a 4 percent and striving for a 5 percent economic growth will be fulfilled.) The tempo will be quicker by the time of the seventh five-year plan period (1986-90).

The whole 1980s will be a decade of continued readjustment. After a sound foundation has been established and resources accumulated, China will experience an economic boom. This should occur during the last decade of the 20th century.

CSO: 4020/155

'JINGJI GUANLI' DISCUSSES ENTERPRISE REORGANIZATION

HK020939 Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 6, 15 Jun 82 pp 38-41

[Article by the enterprise reorganization office of Liaoning Province: "Strengthening the Leadership Is the Guarantee for the Overall Reorganization of Enterprises"]

[Text] After the issuing of "the decision on overall reorganization in the state-owned industrial enterprises" adopted by the party Central Committee and the State Council, the provincial party committee, provincial government and all the cities of Liaoning Province called meetings on enterprise reorganization work one after another to put into practice and implement the spirit of the decision. In the past 2 months, all the prefectures and the provincial departments concerned established leadership organs and despatched liaison personnel and grassroot investigation groups to the first batch of key enterprises for reorganization. Through conscientious study of "the decision" of the party Central Committee and the State Council and carrying out ideological mobilization, the enterprises of all cities, prefectures and the industrial and transportation departments laid down the principle of taking the raising economic results as their core, grasping well the internal reorganization plan that regards the current five items of work as the main content and measures for increasing the production and income. Compared with the first 2 months of this year and the same period last year, the economic results of March and April markedly increased. Facts have proved that the party's Central Committee's decision in carrying out overall reorganization in enterprises, and comprehensively administering and upgrading economic results are important measures in developing the national economy, and it is imperative to put them into practice.

How can we carry out the reorganization work in the industrial enterprises? Liaoning Province has mainly grasped the following items of work:

1. Strengthening Keenness by Starting With Deepening Our Understanding

Since the shattering of the "gang of four," the reorganization work of Liaoning Province has gone through three stages. Through combining the criticism of the Lin Biao and Jiang Qing counterrevolutionary cliques, they

have brought order out of chaos organizationally, and solved the problem of factions trying to usurp the leadership power of the enterprises. In the mass movement of learning from Daqing, they restored and established the various regulations and systems and normal production order of the enterprises. After the 3d Plenum of the 11th CCP Central Committee, the stress of the party's work transferred to taking economic construction as the core. By carrying out discussion on the topic of the criterion of truth, they eliminated leftist deviationist ideas, and following the principle of "reorganization, readjustment, restructuring and upgrading," expanded the decisionmaking authority of the enterprises. Under the guidance of planned economy, through regulation by market mechanism and practicing economic responsibility, an internal motive force of enterprises was formed and this fostered the production management level to continually increase.

All the above work constituted restorative reorganization. Under the current new situation, the party Central Committee has put forward the task of conducting an "overall reorganization and a comprehensive ordering" of the existing enterprises within 2 to 3 years. At first, a substantial number of cadres and masses were lacking understanding of this problem. Some enterprises that have a good management base deem that adjustment is carried every year and this is followed by an increase in production and think it is unnecessary to carry out a reorganization; while those enterprises with a lot of troubles consider there are too many problems and it is a bit too difficult to carry out reorganization. As to those who are short of production tasks, they have no confidence for carrying out reorganization. If these ideological problems are not solved, it would be difficult to carry out the reorganization work, or would even lead the reorganization work to be formalist or to be just going through the motions. Under such circumstances, the provincial party committee organized first of all the prefectures and departments concerned to concentrate on the study of documents, on training backbones and on stressing solving the negative ideas, among the cadres and masses of workers, of being afraid of difficulties, having weary morale the reorganization work having nothing to do with oneself and taking the attitude of just looking on. Secondly, summarize the results of reorganization work achieved in experimental enterprises last year, and foster confidence in carrying out overall reorganization in the enterprises. In the latter half of last year, the provincial party committee and government despatched 32 grassroot work teams to help with the experimental work in the enterprise reorganization. Those enterprises that have conscientiously practiced reorganization have achieved obvious changes in economic results with no addition of personnel, capital or equipment. A number of enterprises that had a deficit in the past are now striving to transform losses to profits. As to those enterprises which made gains, the profit achieved increased by a large scale. This shows that whether the reorganization of enterprises are carried out or not, makes a big difference in economic results. The provincial party committee assisted in a timely way, the party committees at various levels in fostering their confidence in pursuing overall reorganization using the experience gained by these enterprises. Thirdly, persevere in imitating the advanced and finding out deficiencies compared with the advanced, laying bare problems, exposing contradictions and enhancing the urgency on the party

committees at various levels in doing a good job in the overall reorganization of enterprises. On the basis of deepening understanding, many units have compared their results with the best level in the history of the enterprise and with the advanced level of the same trade, locally and nationally and examined the deficiencies where they fell short. By mobilizing the masses in exposing the concrete manifestations of loss and extravagance, and exposing the problems in enterprise management, they have raised their understanding of overall reorganization and the necessity of comprehensive administration, and taken the road of conscientiously transferring the guiding ideology towards upgrading economic results.

2. Establishing a Strong Organizational Leadership Is an Important Guarantee for the Overall Reorganization of Enterprises

The overall reorganization of enterprises covers a lot of ground and it includes a variety of work. It involves the various work of and departments within the enterprise and also the management system, the reform of the cadre system and complicated social problems of labor employment as well. Therefore, to carry out enterprise reorganization well is no easy job. Without the common efforts of the whole party and the close cooperation of the broad masses of the workers, it is impossible to accomplish the task of overall reorganization of the enterprises. In order to conscientiously achieve effective results, the provincial party committee expected that the party at various levels put the work of enterprise reorganization on the top of the agenda. First of all, we had to organize a strong leadership organ. A provincial reorganization leadership group had to be formed including the provincial governor, secretary in charge of industry, provincial vice-governors and major leaders of the provincial government, standing committees of the provincial people's congress and organizations concerned, industry and communications departments, the capital construction department and the trade unions. We had to establish offices subordinate to the leadership group, and the members of the various departments concerned had to take part in daily work and investigate from all sides the problems that concern policies in the reorganization of the enterprises. The cities, prefectures, departments and enterprises at all levels of the province also had to form capable and forceful leadership organs and enhance leadership in this work. Second, we had to organize capable and forceful grassroot investigation groups. The provincial party committee expected that the party secretary, the governor and main leaders of the cities and prefectures should personally grasp the work in particular enterprises, go among the masses, have a grasp of first hand information, and conscientiously study the major and important policies. The 559 members (44 despatched by the party Central Committee) grassroot enterprise investigation group, among them 35 leading cadres (not from the party Central Committee) of cities and prefectures, listed the key enterprises the reorganization. There are four provincial party secretaries and vice-governors who have personally grasped or established contact with the particular enterprises. All the members of the grassroot investigation groups form a complete set. In addition to the cadres who are taking the lead, also taking part in the work are professional cadres in

production, technical work, management, labor wages, financial accounts and political work. In this way, we can favorably assist the enterprises in solving practical problems. The third is to grasp the implementation of the plan at every level. The provincial party committee has planned to complete the reorganization work of the 397 large and medium-size enterprises of the province in 2 years. First, they will grasp well the batch of 91 enterprises that significantly affect the national economy and then they will carry out the reorganization of the rest in three batches. The prefectures, departments, and enterprises at various levels have also made plans and expect that the enterprises that have conducted reorganization will have a prominent increase in economic results. The phenomena of enterprises and products incurring a loss should be eliminated. Under the situation where product structure, varieties and price remain stable, the main targets of quality, consumption, effects, production cost, capital and profit should reach the best level in history and must strive to catch up with and surpass the national advanced level of the same trade. As to the varieties, structure and production tasks that change a lot, we must strive to achieve the results of a transfer of production but income not being reduced, and output decreasing but not income. The provincial party committee seeks the reduction by 2 percent of the total production cost of comparable products of the industrial and the communications departments and that the turnover of floating capital be speeded up and shortened by 2 to 3 days. Further, the amount of losses of enterprises should be reduced by over 50 percent. The fourth is to have a defined responsibility. The provincial party committee and government demands that the departments and prefectures at all levels be responsible for their part in the reorganizational work. The investigation group should work together with the party committees of enterprises and be responsible for the production techniques, business management and the ideological and political work of the particular enterprises. The progress of reorganization work should be subordinated to quality. Those which are not up to standard should continue to be reorganized together with the next batch of enterprises, until it is up to standard. In order to combine the results of the reorganized enterprises with the economic interest of the workers, the departments concerned are studying and trying to find a relevant method to promote the reorganization work in a deeper way.

3. Proceed From the Actual Conditions and Achieve a Breakthrough in Enterprise Reorganization

The current overall reorganization of enterprises involves a variety of aspects, and the situation between enterprises also differs. Where can we start in the reorganization work? According to the experiences gained from the experimental enterprises last year, the provincial party committee and government have stressed seeking truths from facts and proceeding from the reality of enterprises. We must grasp the most prominent problems of enterprises and then achieve the breakthrough according to local conditions and not practice "cutting with one knife."

The practice of the past shows there are three types of enterprises: the first kind is enterprises with firm and comparatively better management. These enterprises start with further systematizing and improving the economic

responsibility system. For instance, in the course of emulating the experiences of the Shoudu Iron and Steel Company, the Anshan Iron and Steel Company followed the spirit of the "decision" adopted by the party Central Committee, conscientiously checked where they were lagging behind in the five aspects of guiding ideology, enterprise management, economic results, and so on. They fixed raising the economic results as the core of enterprise reorganization, and systematizing and improving the economic responsibility system as the breakthrough, put forward 31 measures in 10 aspects in raising the economic results, such as, increasing output and varieties, raising quality, raising the quality of rolled steel, increasing the proportion of waste steel in smelting, reducing consumption and conserving energy, raising the self-supply rate of spare parts, reutilizing used and waste material, compressing management expenses, and processing materials for foreign businessmen, and so on. The realization of these measures was capable of bringing about extra annual profits equal to 9 percent of Anshan Iron and Steel Company's profit target set by the state. From the beginning of this year, the Anshan Iron and Steel Company divided the state targets and the above measures among the factories, mines and departments. Through implementing task responsibility and economic responsibility systems at various levels in factories, mines, groups and for individuals, an increase in economic results has been promoted. In the first 3 months, the quality and quantity of the whole company all fulfilled the state's plan. The total output value of industry increased by 6 percent compared with the same period of last year, and profits increased by 16 percent. In 58 comparable economic and technical targets, the northeast pharmaceutical factory has 39 targets that are the national leading figures for the whole trade. A few years ago, under the circumstances of a price increase for raw materials and a price decrease for products, the enterprise could still maintain the increase in production and income for years running. Along with the start of reorganizational work, the factory was confronted with another product price fall, causing an unfavorable situation of profits being reduced by 4 million yuan. They pressed forward despite difficulties and put forward the slogan "Seek latent potential, results and speed from the continually improving economic responsibility system," and planned to reduce the comparable production cost by 2 percent, and increase profits by 2 percent and they reached the objective of 31 million yuan. The method was to examine the disparity of economic and technical targets and implement the plan for increasing production and economizing on energy; check the loopholes in management and further improve the various links of the economic responsibility system and fix the working standard of the staff of various posts.

The second type of enterprise is those that have a base in management and great potential, and that conduct overall reorganization by finding their shortfalls compared with the advanced enterprises. For example, last year the oil industry department set six red banners based on different economic and technical targets. Apart from the Fushun second oil manufactory and Danian seventh oil manufactory each getting four red banners, the other four refineries got nothing. This year the oil industry department adopted the method of supplying fine crude oil for processing and it greatly touched the four oil refinieries. They positively tried to find where they were lagging compared with the advanced, and set up

measures to seize and keep the banners. The product structure of the third Fushun oil manufactory was not comparable with the other refineries, thus they tried to find problems in noncomparable technical targets, and in comparable equipment, they tried to find where they fall short. They broadly mobilized the masses of workers to carry out investigation on eight special topics. Within a month, there were 1,100 suggestions put forward by 8,000 persons. After sorting out, they were summed up into 130 problems. The factory adopted new measures which were centered on these problems and determined to seize higher output under the condition that the year's processing quantity of crude oil was reduced by 11 percent. They determined to strive to increase output over last year by 2 percent, profits by 4 percent and seize the four red banners and achieve the "six goods" within this year. In the first 3 months, under the circumstances of the processing of crude oil falling by 39 percent compared with last year's level, they realized an output increase of 15.5 percent over last year's level. The profits turned over to the state increased by 13.2 percent and they overfulfilled the production quota by accomplishing the first 3 months plan for increasing production and economizing on energy.

The third type is a small number of enterprises that have accumulated problems and which have a relatively poor management base. The reorganization work of these enterprises starts with bringing disorder under control. These kinds of enterprises usually grasp the problem where the masses have heaped criticism and opinions and regard the most prominent problems as achieving a breakthrough in reorganization work, including the reorganization of labor organization, labor discipline, finance discipline, combating extravagance and correcting unhealthy tendencies of leadership groups. The first light industry department of Shengyang Municipality started with combatting extravagance to promote the overall reorganization of the enterprises of the whole department. During the turbulance of the "gang of four" period, the Shengyang Sewing Machine Plant incurred losses for years. Since the shattering of the "gang of four," although they experienced several reorganizations, and although the work teams entered the plant three times and the cadres of leading posts were transferred five times, the apperance of the plant was not fundamentally changed. In particular, the economic results could, for a long time, not catch up with the expectations of the state and therefore it became one of the trade's most backward enterprises in the whole country. What was the crux of the problem? Where should we start with the reorganization work? Through mobilizing the masses in connection with practice, they unanimously agreed that the major problem which the plant had been unable to solve for a long time was serious loss and waste and disorder in the enterprise management. Only when the prominent problem of combatting extravagance is grasped well in the reorganization of enterprises can we spur on the overall reorganization and reach the objective of comprehensive administration. Therefore, the sewing machine plant carried out a mass activity of combatting extravagance in the form of "three comparisons and one calculation" that is, according to the eight economic and technical targets of the enterprises in the first half of the year, comparing the average level of the trade in the whole country with their own potential; comparing the plant's targets attained and surpassed and finding where they fall short; recalling and comparing the highest historic level of the factory, baring the practical problems and

calculating the financial accounts of loss and extravagance. For the last 2 months they have mobilized the masses in baring the problems, organized specialized personnel in centralizing problems centered on typical cases, pinpointed problems and at the same time checked up on warehouses. In production planning and material management and four other aspects, the plant exposed and laid on the table 1,450 examples of loss and extravagance resulting in a loss of 1.61 million yuan. The cadres and workers of the whole plant were shocked by these figures. This then laid down the foundation for comprehensively administering the next stage.

The provincial party committee and government hopes that no matter where the reorganization of enterprises is attempted, they should firmly stick to the key link of improving the economic results. It is imperative for all the enterprises that have conducted reorganization to achieve an increase in production quality and not to lower it. Production cost must be lowered and not increased. The speed of turnover of floating capital must be accelerated and not slowed down. Whether the economic results are high or low should be the main standard in examining the success or failure of enterprise reorganization.

4. Combine Particular Points With the Entire Area and Promote Work in All Areas by Drawing Upon Experiences Gained at Particular Points

In addition to the 3,500 state-owned industrial enterprises, there are large numbers of urban collectively-owned enterprises and those run by communes and brigades. All the enterprises should conduct overall and conscientious reorganization. In order to systematically do the reorganization work in a down-to-earth manner, first of all, we must grasp well particular points, plan comprehensively and make overall considerations and all-round arrangements. For those large and medium size and backbone enterprises that affect the overall situation, particularly those that have accumulated problems and have great potential, we must concentrate forces in grasping them well as the first batch of enterprises. As to the 397 large and medium-size enterprises in the whole province that affect the national economy as a whole, the provincial party committee and government have consulted with the central, provincial and municipal departments concerned and decided to fix these enterprises as the key enterprises in reorganization subject to the various departments of the State Council and Liaoning Province. According to the subordinate relationship, these enterprises will closely assist, cooperate with and grasp well the reorganization work together with the department, province and the municipality. The reorganization of smaller size enterprise should be arranged by rotation and in groups by the cities at various levels. In reorganizing the smaller enterprises, we should follow a similar method to how we reorganize the large size enterprises, select the key enterprises, combine particular points with the entire area, and promote work in all areas by drawing upon experiences gained at particular points. Then we must grasp well reorganization work of enterprises over the entire area. Enterprises over the entire

area should positively follow the deamnds of the "decision" of the party Central Committee and carry on reorganization work by themselves. The departments and bureaus of various cities, prefectures and those subordinate to the province should form inspection groups to assist and supervise the enterprises and check and accept the results according to the standard by rotation and in groups. Then, we have to sum up the experience of the entire area and popularize them in a timely way. Liaoning Province has established a system of regular contact and reporting with the 12 cities and prefectures under its jurisdiction. The procedure, experiences and problems of reorganization work of the 91 enterprises listed as the first batch of the province must be handled directly by the enterprise reorganization office of the province. The system of contacting and reporting direct and at fixed periods should be established as well. For the sake of exchanging experiences and information, the province and the 12 cities and prefectures under its jurisdiction all operate periodicals on enterprise reorganization. Meanwhile, in order to popularize throughout the province in a timely manner the advanced experiences of enterprises of various localities, every stage of the reorganization work should be reported and ideas exchanged in due time, the achievements should be affirmed and problems should be checked. The advanced experiences should be popularized to lead the whole situation. For example, the Shengyang Municipal Committee discovered the first light industry bureau subordinate to the municipality started by combatting extravagance, and promoted the overall reorganization of enterprises, and thus gained advanced experiences. After taking the lead in the whole municipality in economic results, they immediately carried out, throughout the municipality, the activity of "imitating the advanced, checking the gap, combating extravagance and seeking results," and developed the reorganization work in depth. In order to solve the problem of being "overstaffed, old and amateurish," that commonly existed in the leadership of enterprises, the provincial party committee also summarized and extended the experiences of the Shengyang Pump Plant and the first emery wheel plant in dividing the leadership into front and rear lines.

The overall reorganization of Liaoning industrial enterprises have just taken the first step. We are still confronted with numerous new conditions and new problems. The reorganization of labor organization and the realization of a younger, more knowledgeable, more revolutionary and more professional leadership and the problem of how to carry out enterprise reorganization combined with technical reform and readjustment work, all need to be conscientiously studied and properly solved. Under the leadership of the party Central Committee, the party organization at various levels and the broad masses of cadres and workers have deep confidence that by learning from the advanced experiences of the neighborhood provinces, we are sure to reorganize and construct well this industrial base of Liaoning and make contributions to the four modernizations.

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ECONOMIC MANAGEMENT

RESOLUTELY STRUGGLE AGAINST ECONOMIC CRIMES

Tianjin TIANJIN RIBAO in Chinese 17 May 82 p 1

[Review Article: "No Softheartedness in Cracking Down on Economic Crimes"]

[Text] The fight against serious economic crimes conducted in the departments of finance and trade has a very special and important significance. Why do we say this? Because it is in the departments of finance and trade that there is direct contact with money and material goods, that it is there that the struggle in the economic sphere against decadence is very intensive, which of course is also a major manifestation of the present class struggle within the economic sphere. As we see from the large number of cases that have been exposed, there were indeed people who smuggled and trafficked in smuggled goods, speculated in gold and silver and sought exhorbitant profits. There were people who took advantage of having custody of money and materials, forged bills and vouchers, embezzled, engaged in corrupt practices and stole payments received for goods. There were people who took the opportunity of trade negotiations with foreign merchants to wilfully "sacrifice profits," demanded and accepted bribes, sold intelligence and acted as "underground agents" for foreign business interests. There were even some who stole whatever was entrusted to their care and misappropriated large quantities of commodities and materials belonging to the state. There were some who bought and sold on margin, busied themselves establishing connections between parties and seeking commissions as middlemen. Some took advantage of the system of allotting collective work points for processing, or of allocating processing work, to pocket the pay for unfilled positions, deduct commissions, blackmail people and extort money, and to line their pockets with public funds.

A review of the large number of cases that have been exposed, as above mentioned, shows up not only the serious nature of economic criminality, but reveals also thoroughly the peculiar nature of these serious criminal activities in the departments of finance and trade. The financial and trade front is an important component of the national economy. It is a front that executes in concrete terms the economic policies of the central authorities as to opening up the country to foreign contacts and invigorating domestic economic activities. Since the departments of finance and trade have a network of trading points spread all over the country and also have relations with trade departments in various foreign countries and areas, they occupy an important position in the struggle against decadence and degeneration. The departments of finance and trade directly administer trade commodities and material resources and handle large sums of

money. They also administer all the various branches of finance and banking and have widespread and close relations in all directions. This peculiar condition of our departments of finance and trade gave opportunity to some criminal elements within the organization to manipulate certain weak links and thus stir up trouble. It allowed lawless elements in our society to devise ways and means to ilfiltrate into the internal organizations and entice others into evildoing and collaborating in criminal activities. We must therefore become fully aware of the complexity and seriousness of the present struggle and gain a full understanding of its peculiar character and of the importance of the final success of the departments of finance and trade in this struggle.

Many facts indicate that the present criminal activities against our economy are a much more serious and complex problem, than was the similar problem at the time of the "Three-Anti" movement in 1952, as it is now a manifestation of the class struggle throughout our country's economy taking place under new historical conditions. If we do not crack down energetically on these economic crimes that have already been committed and do not resolutely put a stop to this unhealthy trend, allowing it to spread unchecked, it will ruin the prestige of the party and the reputation of the state. It will poison the mind of the people and pollute the social atmosphere, sabotage our economic construction and adversely affect our social stability, and furthermore impede the correct implementation of our policy of opening up the country to foreign contacts and of invigorating domestic economic activities. In this struggle to uphold the purity of communism and of combating decadence and degeneration, a struggle that will ultimately decide the success or failure of our country's socialist modernization drive and will decide the rise and fall of our party and state, the broad masses of party members in the finance and trade organizations, especially the leading cadres at all levels, must under no circumstances idly look on and treat this matter lightly.

In order to fight this battle against the serious economic crimes vigorously and effectively, it is absolutely necessary for the party organizations at all levels in the present finance and trade departments to make a conscientious study, in accordance with the arrangements of the municipal party committee, of the "Resolution on the Struggle Against Serious Economic Crimes," passed by the CCP Central Committee and the State Council, and thus gain a deeper understanding, achieve a unity of thinking and clear away all obstacles. At present we must strive to overcome an attitude of paralysis and the fear of the difficulties in this struggle. We must dispel the misgivings in our minds, we must make further efforts to solve the problems of ideological understanding and firm resolve. We must persist unremittingly in fighting economic crimes.

Let us concentrate all our efforts and vigorously pursue one set of key cases. Every unit shall carry out an analysis of the leads in the cases already investigated. Starting out with every bureau, bank, commune and reaching down to every company and station, every unit must seize on the key cases within its own unit. The principal comrades in leadership positions must take command in organizing a force that is to inquire and investigate within and outside of the unit concerned. As soon as the bottom will have been reached in all cases and the key questions will have been solved, new prospects will open up for the struggle.

Policy must be correctly grasped and the two different types of contradictions must be strictly distinguished. The leading comrades at all levels must conscientiously carry out all relevant policies determined by the central authorities. During the struggle the attitude must be firm, the fight must be carried out forcefully, the key points must be clarified, the final measures must be firm and appropriate, work must be done painstakingly, proceedings must be strictly according to law, the principle of basing decisions on actual facts must be observed and the laws must be taken as guidelines. We must strike surely, accurately and relentlessly at all criminal elements in the economic field.

The key to winning victory in this struggle is the further strengthening of the leadership. Striking at all economic crimes is a major task for our whole party, this year and for a long time to come. The party and state organizations at all levels of the finance and trade departments, while effectively performing their various professional duties, must as the same time concentrate even greater energy on leading the present struggle. The responsible comrades in the party committees at all levels shall personally organize forces for conscientious investigations and deliberations, they must master well all general and specific policies, effectively carry out ideological and political work and also use typical cases as examples for vivid and concrete ideological and political work among the party members, cadres and the masses, in order to raise their consciousness and strengthen their powers of resistance against the corroding forces of the capitalist ideology. Party members, youth league members, cadres and the masses must be urged to wage a conscientious and resolute struggle against unhealthy trends and evil practices, and also against criminal behavior, urged to support and protect vigorously the activists in this struggle, to fight resolutely all scoundrels and evil attempts against the activists, such as threatening them, bribing them, setting up frame-ups or even violence and reprisals against them. They, the party members, youth league members, cadres and the masses, must be urged to guarantee that the fight against economic crimes will be pursued in a sound, smooth and penetrating way and that new victories will be won.

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FINANCE AND BANKING

'GUANGMING RIBAO' ON PRELIBERATION AUDITING SYSTEM

HK040550 Beijing GUANGMING RIBAO in Chinese 21 Jul 82 p 3

[Article by Zhang Xipo [1728 1585 0980]: "A Survey of Enactments on the Auditing System During the New Democratic Revolution"]

[Text] According to the "draft of the revised constitution of the PRC," the State Council and people's governments at and above county level must have auditing bodies to audit and supervise the financial work, revenues and expenditures of governments at various levels and the financial and monetary departments and enterprises and institutions under them. The auditing bodies exercise their auditing and supervisory powers independently, according to provisions of the law.

The establishment of an auditing system is a new task; a task with golorious revolutionary tradition. Some enactments on the auditing system were formulated during the new democratic revolution. Surveying these enactments is of great importance to perfecting our auditing system.

The earliest auditing body was the "auditing bureau," set up by the Guangdong-Hong Kong striking committee. "The auditing bureau was responsible for auditing for auditing expenditure accounts of various organizations." "The auditing bureau was directly subordinate to the Guangdong-Hong Kong striking committee." "The auditing bureau exercised auditing powers to audit the running expenses of all organizations under the Guangdong-Hong Kong striking committee."

Following the establishment of the Soviet area during the second revolutionary civil war, with the establishment and development of the republic's financial system, an auditing body was gradually established called the auditing committee.

The "central Soviet organic law of the Chinese Soviet Republic," which was promulgated on 17 February 1934 stipulated the form, functions and powers of the central auditing committee: "An auditing committee should be set up under the central executive committee. The auditing committee's functions and powers are: 1) To examine and verify the republic's annual income and annual expenditure; and 2) to supervise the execution of the republic's budget." The auditing committee comprised five to nine members who were appointed by the presidium of the central executive committee.

The "provisional local Soviet organic law," which was enacted on 12 December 1933 contained concrete stipulations concerning local auditing committees. "An auditing committee should be set up under a provincial executive committee or under a municipal executive committee which is directly under the central government. Such provincial and municiapl auditing committees are subordinate to the central auditing committee and are also subject to the guidance and control of provincial executive committees and municipal executive committees directly under the central government and their presidiumia."

According to the implementation of the auditing system in various base areas during the war of resistance against Japan, we can see that roughly two situations exited:

First, were those areas which did not have a special auditing body, such as the Shaanxi-Gansu-Ningxia border region. The "organic rules of the Shaanxi-Gansu-Ningxia border regional government" adopted in February 1939 stipulated: An auditing department should be set up under the border regional government council to take charge of the following general affairs:

1. Examine and verify the budgets and final accounts of administrative organs throughout the whole border region;

2. Check up on the public property of administrative organs throughout the whole border region;

3. Examine and verify taxation and grain levies in the border region and examine and verify the records of revenues and expenditures in organs concerned;

4. Examine and verify the revenues and expenditures of the national treasury;

5. Examine and verify the appraised prices of public property and the selling of public property;

6. Examine and verify the revenues and expenditures of public enterprises;

7. Examine and verify the revenues and expenditures of those enterprises run by the people which are subsidized by the state;

8. Report cases of corruption, irregularities and waste to the authorities.

"The provisional organic regulations of county governments under the Shaanxi-Gansu-Ningxia border region" which were promulgated in January 1944 stipulated: A county government under the leadership of the county magistrate should establish the post of auditor. "A county auditor is responsible for examining and verifying the county's grain levies, the records of the revenues and expenditures of the county treasury, the income from the county's public property, and the county's budgets and final accounts."

Second, were those areas which did not have a special auditing body and whose auditing affairs were handled by their financial organizations. At that time, the majority of governments in border regions belonged to this category. For

example, the "organic regulations of the administrative committee of the Shanxi-Hebei-Chahar border region" which were promulgated in January 1943 stipulated: the financial department is in charge of "financial auditing." The "organic regulations of the wartime administrative committee of Shandong Province" which were promulgated in August 1943 stipulated: the financial department is in charge of "auditing matters regarding revenues and grains."

During the third revolutionary civil war, governments in various liberated areas basically adopted the second method as mentioned above. For example, in October 1948, the "organic regulations for all departments and organizations under the people's government of north China" stipulated the functions and powers of financial departments as follows: "To be in charge of examining and verifying revenues and expenditures within the budgetary range." In June 1949, the "provisional organic regulations of the Henan people's government" stipulated the functions and powers of the financial department as follows: "To draw up budget and final accounts and handle auditing matters within the budgetary range."

Judging from the above survey of the enactments on the auditing system during the new democratic revolution, we can see that all stages of the new democratic revolution attached importance to auditing work. The auditing system was gradually developed by following the establishment of the financial system. Every area which established its financial administrative organs also had to establish a corresponding auditing system. This was an important link in perfecting the financial system and a sign of the strengthening of the revolutionary legal system.

The establishment of the auditing bureau by the Guangdong-Hong Kong striking committee in 1925 was the initial attempt to establish an auditing system and was also the budding state of the people's auditing work. During the second revolutionary civil war, a central auditing work system was established under state power, thus linking the central with local units in the Chinese Soviet area. The greatest characteristic of this system is that the auditing organ was under the direct leadership of the organ of supreme power and that it stood side by side with the highest administrative organ and the highest judicial organ. This characteristic was decided by the special nature and tasks of the state auditing organ. Entrusted by the state organ of supreme power, the auditing organ, according to provisions of the law, exercised its powers to audit and supervise the financial work and the revenues and expenditures of the government. Therefore, there must be a clear legal stipulation regarding the duties and competence of the auditing organ so as to guarantee that it can independently exercise its functions and powers and that other administrative organs, groups or individuals will not interfere in the affairs of the auditing organ. These are very precious experiences gained in implementing the auditing system of the Chinese Soviet area.

During the war of resistance against Japan and during the third revolutionary civil war, governments in various border regions established auditing organs in various forms in line with local conditions, thus giving play to the auditing and supervisory roles to a certain extent.

Historical practice has proved: First, the auditing system is an inseparable and important link and component part of the whole financial system. At various

historical stages, the auditing system has played in varying degrees a role in investigating mistakes, preventing malpractices, enforcing financial and economic discipline, plugging loopholes and safeguarding normal financial and economic order, thus effectively safeguarding the revolutionary interests of the people. Second, with regard to the issue of the organizational system, to adopt the form of an auditing committee of the Chinese Soviet Republic or the form of the auditing department of the Shaanxi-Gansu-Ningxia border regional government, it is necessary to allow the committee and the department to truly and independently exercise their auditing and supervisory powers, to make sure that other administrative organs, groups or individuals will not interfere in their affairs, and to offer them practical constitutional and legal guarantees.

We should point out that although certain experiences were gained in carrying out the auditing work in the revolutionary base areas, such experiences were, after all, of an elementary nature. This means that we have very few laws and regulations regarding auditing work, that such laws and regulations lay particular stress on the organizational system and on defining the duties incumbent on each person or post, that the stipulations of many laws and regulations are relatively principled, and that we are particularly short of experience in formulating a detailed "auditing law." Therefore, on the basis of assimilating historical experiences, we must formulate as quickly as possible an organic law and an auditing law for our auditing organs and try to constantly improve and perfect such laws in carrying out the tasks ahead.

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FINANCE AND BANKING

STATE OF CURRENCY CIRCULATION IN JIANGXI DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 6 (19 March 82) pp 1-3

[Article by Jiangxi Branch of the People's Bank of China: "A Survey On the Current State of Currency Circulation in Jiangxi"]

[Excerpt] In order to thoroughly study the state of currency circulation in Jiangxi, we concentrated on the third survey of last year on the state of currency circulation through the province. The third survey of November of last year was conducted by 171 leading cadres at all levels and the professional core throughout the province in 20 counties and municipalities. After over one month of investigation and research they came up with a basic understanding of the state of currency circulation in Jiangxi.

Why Has There Recently Been a Large Increase in Notes?

According to statistics, from 1949 to 1978, banks throughout the province issued a total of 1.53 billion yuan in notes at a yearly rate of 51 million yuan. However, in 1979 and 1980 they issued 259 million yuan and 256 million yuan respectively. The amount issued in 1 year was equal to the amount issued over 5 years in the past. Thus, the circulation of notes on the market has increased sharply. Based on surveys and estimates and after being balanced by the head office, it was determined that at the end of 1980 there was 850 million yuan in currency circulating on the market in Jiangxi. In comparison with the relatively normal year of 1965 there was an increase of 570 million yuan in notes on the market. It is estimated that there will continue to be an increase in currency issued in 1981, an increase of approximately 200 million yuan. If we subtract the amount that circulates out of Jiangxi, notes on the market in Jiangxi will increase by about 100 million yuan. At the end of the year the amount of currency on the market will reach approximately 950 million yuan.

In the last 2 or 3 years, why has there been such a great increase in the number of notes on the market? According to surveys and analyses made in various areas, the primary causes are as follows.

First, the flow of commodities has expanded and therefore, the amount of currency required for commodity exchange has increased correspondingly. In 1980, the retail turnover of social commodities throughout the province was 5.23 billion yuan and the volume of business in country fair trade was 700 million yuan, an increase of 30 percent and 104.4 percent respectively over the 1978 figures.

According to surveys and estimates, under normal conditions with every increase of 7.5 yuan in retail turnover of commodities, there will be an increase in currency on the market of 1 yuan in turnover. With every increase of 21 yuan in the volume of business done in country fair trade, there will also be an increase of currency on the market of 1 yuan in turnover. If we revise our calculations according to this, owing to the growth in commodity turnover, an increase of about 180 million yuan in notes can be seen.

Second, the income of urban and rural people has increased, the consumer structure has changed and the amount of ready cash reserves has increased. Comparing 1980 to 1978, the per capita income of the rural population in Jiangxi grew from 92 yuan to 151 yuan, an increase of 64.1 percent. The per capita income of the urban population increased from 309 yuan to 386 yuan, an increase of 24.9 percent. Along with the increase in income, changes occurred in the consumer structure and in the direction of purchasing power. Consumers not only need adequate food and clothing; they also need a gradual improvement in living conditions. In addition, they need to be able to purchase top- and medium-grade goods. Many workers need to purchase production materials. Consequently, there must be a corresponding increase in fluid capital in daily life as well as a sizeable increase in reserve funds for purchasing large quantities of commodities. At the end of 1980, the amount of cash on hand in the urban population of Jiangxi was 21.4 yuan per capita and 20.5 yuan per capita in the rural population, an increase of 27.6 percent and 36.2 percent respectively over the 1978 figures. According to calculations, the amount of ready cash on hand in the urban and rural populations throughout Jiangxi increased by 181 million yuan.

Third, the use of cash has expanded, economic units have increased, as have economic links within units. Cash reserves have also grown. After the production responsibility system was implemented in the countryside, the selling of subsidiary agricultural products and the purchasing of agricultural production materials changed from emphasis on the collective to emphasis on the individual. The method of settling accounts also changed from transferring accounts to using cash. According to statistics, in Jiangxi from January to November 1981, the proportion of cash being used in purchases of subsidiary agricultural products shot up from 39 percent to 45 percent as compared to that of the same period in the preceeding year. The proportion of cash income from commodity sales to retail turnover rose from 71.5 percent to 74 percent. Consequently, commercial units had a corresponding increase in operationally fluid capital. At the same time, the number of organizations in each department in each perfecture has grown. The commercial network has grown, and economic transactions as well as the number of bank accounts opened have increased. Thus the amount of cash reserves has inevitably increased. Based on statistical charts of the people and the peasants, in 1980, 572,000 accounts of various types were opened, an increase of 39.8 percent over the number in 1978. According to surveys and calculations, at the end of 1980, groups and units throughout Jiangxi had 170 million yuan in cash reserves, which was 50 million yuan more than in 1978, an increase of 41.7 percent.

Fourth, the transient population has grown and there has been an increase in the amount of ready cash in transit. In 1980, the transient population in Jiangxi numbered 100 million, 34.26 million more than in 1978, an increase of 52 percent. According to surveys and calculations, in 1980 this transient population had 12 million yuan in available cash, which was 4 million yuan more than in 1978, an increase of 50 percent.

What is the Appropriate Amount of Notes To Have on the Market?

In the past we usually used the proportional relationship of the amount of currency in circulation to retail turnover of social commodities for measuring and calculating the normal amount of currency needed on the market. In the past few years, readjustment and reform of the national economy have been accompanied by new conditions. Thus, based on these changes in actual conditions, it is necessary for us to study new methods to supplement and confirm calculations. This time we selected three survey methods. The first is to put in our calculations new factors, that is, we take the proportional relationship between the amount of currency in circulation and commodity retail turnover as the base and add factors such as labor services and country fair trade. The second calculation method is to separately determine the cash turnover rate of each stratum. The third calculation method is to analyze the structure of the available currency. Use of these three calculation methods is only experimental and, therefore, it is not necessary to go into specifics.

As a result of using the three calculation methods mentioned above, at the end of 1980 the normal amount of currency required on the market was 770 million yuan to 783 million yuan, and the three methods basically tallied with each other. In our study of these three calculation methods, the survey data based on the last two methods contained ommissions. Thus we believe that 770 million yuan was the more appropriate amount of currency needed on the market at the end of 1980. However, the real amount on the market was 850 million yuan, about 80 million yuan or 9 percent too much. If we compare the calculated 770 million yuan required on the market with the commodity retail turnover of 5.23 billion yuan, then at the end of 1980 the ratio of currency to commodity retail turnover was 1:6.7. That means that the rate of currency circulation dropped from a high of 7.5 prior to 1965 to 6.7.

At present there are a large number of notes on the market. This is shown by the fact that the supply of commodities cannot keep pace with the growth in purchasing power. The supply of bicycles, sewing machines, medium- and low-grade watches, high-grade chemical fertilizers, medium-sized and small farming implements, and housing materials cannot keep up with demand. Commodities that were once in unlimited supply, such as pork and sugar, are once again restricted by vouchers. Based on the statistics from the 14 country fair trade surveys, from January to September 1981, the price index rose by 14.8 percent compared with that of the corresponding period in the previous year. It should be noted that the discrepancy between the list price and the market price reached 41.6 percent.

Why Does Much of Our Currency Flow Out of Jingxi?

In the 32 years from 1949 to 1980, banks in Jiangxi have issued 2.04 billion yuan in notes. At the end of 1980, besides the 850 million yuan in notes circulating on the market within Jiangxi, the remaining 1.19 billion yuan, which constituted 53.8 percent of the amount issued by the banks, flowed to markets in other provinces. During these 32 years, an average of 37 million yuan per annum flowed out of Jiangxi. However, in 1979 and 1980, 154 million yuan and 126 million yuan respectively circulated out of Jiangxi. The amount of currency that flowed out of Jiangxi in 1 year was equivalent to the amount that used to circulate out in 3 to 4 years.

Why is currency flowing out of Jiangxi at such a rate? According to studies, the primary factors are as follows.

First, the proportion of agriculture is large and there is much purchasing of subsidiary agricultural products and transfer of materials. In 1980, the proportion of the output value of agriculture to the gross output value of industry and agriculture in the nation was 24.9 percent and 38.3 percent respectively in Jiangxi. Jiangxi was 13.4 percent higher than the nation. In 1980, total value of purchases of subsidiary agricultural products throughout the province was 1.83 billion yuan. In addition to supplying Jiangxi, some products were reallocated to markets in other provinces. According to statistics, in 1980, 1.02 billion jin of sugar, 920,000 cubic meters of lumber and 4 million stalks of mao bamboo were reallocated. The value of these items alone reached 250 million yuan. If these items were purchased and the currency put on the Jiangxi market, we could withdraw the material backing of the currency to markets in other provinces.

Second, the light industry base is weak and the level of self-sufficiency is low. In 1980, the proportion of the output value of light industry to the total output value of industry and agriculture was 35.4 percent nationally and only 29.6 percent in Jiangxi. The rate of self-sufficiency for industrial products was only 60 percent in Jiangxi. At present, the rate of self-sufficiency for products such as bicycles, sewing machines, watches, etc, which are in short supply is not even 10 percent. Furthermore, there is not much variety in light industrial products and quality is inferior. They do not satisfy the needs of the people. Many people frequently take their cash to Shanghai and Zhejiang as well as to the special zones in Guangdong and Fujian to purchase industrial products.

Third, the supply of commodities in industrial and mining areas cannot keep pace and currency cannot be withdrawn on the spot. In Jiangxi there are several industrial and mining areas and there are many investments in capital construction. Many products are transferred out of the province, and the amount that is reallocated does not lead to a withdrawal of currency in the area. There are a great number of staff and workers in these areas and there is a large amount of wages in circulation. However, the supply of commodities and services for the needs of daily life cannot keep up. Consequently, enterprise units, staff and workers often take large sums of ready cash to other areas to purchase subsidiary agricultural products and industrial products for daily use. According to statistics, in the city of Jingde and in 10 other municipalities and counties, in 1980, 127 million yuan were put into circulation, constituting half of the amount put into circulation in the entire province. Of this, a considerable amount flowed out of the province.

Fourth, many workers are from outside the province, so they take away with them a fair amount of ready cash. In Jiangxi many projects have contracted outside labor, such as road and bridge construction, mountain blasting, capital construction, and cutting timber and transporting lumber. According to some subbranch surveys and estimates, in Jiangxi there are approximately 50,000 workers from outside the province. Except for spending money on living expenses, most of them will take away their ready cash.

In summary, there are many reasons for the draining of currency out of the province. It is very complex. However, in looking at overall conditions, there are objective historical factors for this drain. There also exist problems in planned distribution and in work, all of which are reflected in the excessive weakness of our light industry and in the insufficient supply of commodities. In 1980, the rate of commodity retail turnover per capita on a national basis was 214 yuan. In Jiangxi it was only 160 yuan, which is 25.2 percent lower than the national average. This shows that some of the purchasing power has gone to markets in other provinces. This is most unfortunate. First of all, people are unable to buy things and they have many complaints. Second, currency that has flowed out of the province can buy back industrial products so that we cannot attain a good level of industrial or commercial accumulation. According to preliminary revised calculations, of every 100 yuan in sales turnover, industrial taxes take 25 yuan and commercial taxes take 4.5 yuan. In 1979 and 1980, owing to the draining of purchasing power, the entire province lost approximately 80 million yuan in industrial and commercial taxes. Consequently, considering the conditions in Jingxi, it is worth earnestly studying and solving problems involved in striving to develop the light and textile industries and other consumer product industries, increasing market supplies, successfully balancing area commodity supplies and purchasing power as well as reducing the currency drain.

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CSO: 4006/420

BRIEFS

NEI MONGGOL TREASURY BONDS--Nei Monggol autonomous region has overfulfilled its annual treasure bond subscription target. According to statistics released in early July, the region had subscribed to 57.65 million yuan of treasury bonds, of which 33.96 million yuan had been paid. [Sk302245 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 28 Jul 82]

STOCK ISSUED TO RAISE CAPITAL--According to Jilin Ribao, on 2 July advertisement posters put up by the No 1 Knitwear Mill of Yanji Municipality could be seen on the streets and in public places. Designed to attract people to purchase stocks issued by the mill in order to raise capital, the posters advertised that the mill is to issue 700 shares of stock with each share worth 2,000 yuan. A worker's quota is attached to each share. Unemployed youths between 18 and 22 who have urban residence registration and are graduates of junior middle schools are entitled to become shareholders. After health checkups shareholders are employed at the mill and are paid as workers in collectively owned enterprises. The mill will repay the principal and interest by installments at a monthly interest rate of 1.8 percent 3 years after the shares are purchased. These posters found enthusiastic response among the people. Within 9 days over 750 persons applied to become shareholders. The No 1 Knitwear Mill has enjoyed brisk business in recent years and its product supply falls short of demand. To expand production and reinforce its weak links of production, the mill was planning to build a [word indistinct] with a floor space of 4,500 square meters. However, it did not have 1.4 million yuan to finance it. Under this situation, it analyzed the possibility of raising this capital from society. Noticing the steady increase in the masses' savings and the great number of youths awaiting work, they decided to combine the problem of raising capital with employment. By doing so they could kill birds with one stone--relieving the burden of the state, solving the mill's shortage of capital and providing employment for youths awaiting work. Their plan was approved by the Yanji Municipal CCP Committee and other relevant departments and gained their support. Now the mill is screening the applicants and conducting health checkups. [Text] [SK240427 Changchun Jilin Provincial Service in Mandarin 2200 GMT 23 Jul 82]

NEI MONGGOL INDUSTRIAL TAX REVENUE--By the end of June, Nei Monggol had received 347.21 million yuan in tax revenue turned in by industrial and commerical departments, which is 51 percent of the annual plan, showing an increase of 57.5 million yuan over the corresponding 1981 period. The amount of tax revenue in areas decreased by some 5 million yuan compared to that of the same

period in 1981. [SK190001 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 15 Jul 82]

NEI MONGGOL TAX REVENUE--The industrial and commercial tax revenue in Hulun Buir League, Nei Monggol autonomous region, in the first half of 1982 reached 62.85 million yuan, an increase of some 14 percent over the corresponding 1981 period, fulfilling 49 percent of the annual plan. In the first 6 months of 1982, the league netted 1.2 million yuan in profits, turning deficits into profits. [Hohhot Nei Monggol Autonomous Regional Service in Mandarin 1100 GMT 20 Jul 82 SK]

CSO: 4006/579

BRIEFS

YUNNAN PREFECTURE'S GOLD--Lijiang Prefecture produced 5,330 grams of gold from January to June, overfulfilling its quota for the first half of the year by 3.39 percent. Peasant households have boosted their income through this sideline production. [Kunming Yunnan Provincial Service in Mandarin 26 Jul 82 HK]

CSO: 4006/579

INDUSTRY

FORMULATION OF COUNTY, TOWN INDUSTRIAL DEVELOPMENT

Tianjin KEXUEXUE YU KEXUE JISHU GUANLI [SCIENOLOGY AND MANAGEMENT OF SCIENCE AND TECHNOLOGY] in Chinese No 5, 20 Oct 81 pp 12-14

[Article by Yu Yintang [0080 5393 2768] of the Administrative Bureau Science Committee, Songhuajiang Prefecture, Heilongjiang Province: "Policy on County and Town Industrial Technology"]

[Text] China is a developing nation. In the process of progressing from a backward production technology to a modern technology, the task of improving the county and town industrial technology is a difficult, formidable task. An important mission in local scientific and technological management is an in-depth study and formulation of technology policy based on the features of town and county industrial production and under the guidance of our national S & T development policy.

I.

The technology policy of county and town industry should be one component of our national S & T policy. China is a large nation with one billion people, of whom 800 million are peasants. Because of the large population, the development and modernization of the county and town industry play an important role in the modernization of our entire nation. Emphasizing the development of county and town industrial technology is itself a significant strategy.

A general rule in the development of the societal economy is an absolute decrease in the agricultural population and an absolute increase in industrial population. China cannot devote 80 percent of its population to agriculture. So where should these hundreds of millions of people go? Population density in the cities is already high, and it is obviously impossible to concentrate all the people in the cities. Hence, in view of the inevitable trend of social development, county and town industry really has a broad prospect for development.

The development of county and town industry is also an important insurance for achieving a per capita production goal of 1,000 yuan. According to statistics for Songhuajiang Prefecture [adjoining Harbin in Heilongjiang Province], the 1980 value of county and town industrial production was 1.2 billion yuan, which is approximately half the gross value of agricultural and industrial production in that region. When averaged by county and town population, the per capita

production value was more than 1,000 yuan. Experience has shown that county and town industry plays a significant role in satisfying the daily needs of the local population, in supporting agriculture and large industry, and in creating export foreign exchange and improving the wealth in rural areas.

The rise of county and town industry is also a big boost for the development and progress of science and technology. The production technology of county and town industry is in general backward; many traditional methods and techniques urgently need the improvement of modern technology, and some new areas of production are yet to be explored. This not only provides a huge number of topics for specialized research, but also a wide open field for the application of S & T results. Efforts in this area will build the entire S & T system of China on a broader basis of social needs.

Therefore, research on county and town industry policy based on the current status of China's town and county production technology will have an important effect in thoroughly carrying out our national S & T policy, vigorously developing appropriate technology, and basically turning around the underdeveloped situation in production technology and in the development of the national economy.

II.

The fundamental basis and origin in the study of technological policy of county and town should be the production nature and technological condition of county and town industry. The nature of county and town industry determines the specific content and feature of the technological policy for county and town industry.

First of all, there is a great variety of county and town industry. Relatively, the production scale of county and town industry is generally small, but there are numerous types with greatly varied characteristics. Therefore, simply "starting with the key production technology" will not work for policy research in county and town industry.

Second, county and town industry does not have a complete scientific and technological system. Although there are numerous kinds of production in county and town industry, there is not a complete set of scientific disciplines, nor is there a complete technological system. Thus, one cannot explore the policy question of county and town industry from a scientific and technological system point of view.

So, what are the characteristics of county and town production technology? First, appropriateness: as far as the general production technology is concerned, the techniques are appropriate, effective and easily promotable. Second, closeness to production: the research and application of each scientific and technological project originate from production, progress with production and apply directly to production. Third, the prominent local nature: the technological development is determined by the local natural resources and the special features of the societal economy. It has its own traditional profession and traditional knowhow and has a production advantage and a corresponding technology advantage in a certain region.

In short, we should start from these features of county and town industrial production, study the direction and path of its development, and determine the corresponding technical policy. Only then can we carry out our national S & T policy and accelerate the progress of county and town industry.

III.

What principles should we follow in formulating a technical policy for county and town industry? Judging from the experience in Songhuajian Prefecture, we have the following principles:

1. The S & T development direction for county and town industry should be specifically based on the local characteristics, and it should be the development of special production resources and the modernization of traditional industry. In general, each locality has its own resource advantages. In Songhuajiang Prefecture we have a wealth of mountain resources. Proper development of these resources will turn latent mountain resources into precious treasures. For example, purple plum wine and mountain grape wine made of mountain fruit and grape have become famous high-grade fruit wines here and abroad, and the well-known Chinese medicine Ci-wu-jia is selling very well in China and overseas. Here one does not need frontier technology, but because of the special resources backed by traditional knowhow, the products are unique. If we make an effort to develop the corresponding production technique and arm the traiditional methods in county and town industry with the scientific techniques at our disposal, then we will not only have a unique local industry but a unique production technology as well.

2. The importation of technology centered on the copying of products should be encouraged. Because of the backwardness of county and town production technology, the importation of technology should be mainly for the simulation of products. As far as the current technical condition of most county and town industries are concerned, there is no capability, or need, for the introduction of patent technology and complete sets of equipment. However, in copying products, one can gather the expertise of several plants producing similar products and incorporate modifications and creativity into the copy and raise the product quality to the current level in a short time.

This is possible for most county and town industries. In Tonghe County of Songhuajiang Prefecture, a collective enterprise had a small farm machinery plant which was poorly equipped and weak in technology. The plant members borrowed an imported mower from a foreign trade department and copied the machine. They designed two new mowers that are one-third more efficient than the imported model. They could not meet the demand for their new products and the foreign trade department recommended that they export their new products. This effective method of introducing a generic product without buying the patent should become a policy in our development of county and town industry.

3. The county and town industry should be guided to emphasize the application and promotion of research results in their development effort. County and town industries are weak in technology and do not have the ability to conduct specialized research. If they force themselves to conduct research, the result is often much effort but little or no achievement. The S & T effort of county

and town industries should not be placed on achieving independent research results; instead, they should adopt the results provided by research units and quickly turn them into products. A policy based on this principle will speed up the development of county and town industries by making them rely more on science and technology.

4. Production technology studies aimed at developing potential, improving and restructuring should be promoted. Since the foundation of county and town industry is relatively weak, it should pay more attention to potential development, improvement, restructuring and production development. In these activities each enterprise will have to solve some technical problems. Formulating a technical policy that encourages the development of potential, improvement, and restructuring will keep the science and technology efforts of county and town industry tightly focused on these activities, and they will achieve more while spending less. In 1981 alone, the 23 counties and towns in Songhuajiang Prefecture increased their production value by 40.65 million yuan and their accumulation by 10.09 million yuan in an effort to develop production centered on developing potential, improving and restructuring. In Hulan County alone, 185 production projects were embarked on in 1 year, and 97 of them were completed in the first 6 months, the production value was increased by 360,000 yuan and expenditure was reduced by 270,000 yuan.

5. S & T personnel exchange should be promoted and S & T personnel should be allowed to fully play their role. On the whole, county and town industry does not have a large contingent of S & T personnel, but the question of rational distribution also exists. In general, large state-operated plants have more science and technology personnel and small collective plants have a smaller number or even none. Experience has shown that enterprise or business assistance through personnel exchange is the most economical and effective approach. Therefore, a technical policy that promotes personnel exchange in county and town industry will to a certain extent change the situation of insufficient S & T personnel and irrational distribution.

IV.

An important mission of prefecture and county S & T management departments is the formulation of technical policies for county and town industry. Because this is a very complex task, we need to improve and sterngthen our prefecture and county S & T management work.

1. The local science and technology management department should be strengthened by building up the prefecture and county science committee. Without a powerful S & T management department, it would not be possible to formulate a technical policy for the county and town industry. The key to strengthening the prefecture and county science committee is the assignment of S & T personnel knowledgeable in their specialty and in management. They understand the particulars and rules of S & T work and they also understand what kind of technical policy promotes the development of production technology. This is the basic condition in establishing a county and town industrial policy.

2. A consulting organization should be established for the formulation of S & T policy. In this format, the county may be used as a unit in establishing

an S & T team. This team can then solve major production-related technical problems and serve as a scientific advisory group for party committees and governments at various levels. In the meantime, it is a consulting organization for policy decisions in county and town industry.

3. A signal feedback system should be established for policymaking. Today many enterprises in county and town industry have organized technical groups consisting of S & T personnel, skilled workers and management cadres. The main tasks of these technical groups are the analysis of technical and economic information on the market, development of new products, development of potential, improvement, restructuring, and application of new technology. If such technical ranks can be established more widely so that they not only constitute reinforcements in changing the backward production technology of the enterprise but also become a signal feedback system for formulating county and town industry technical policy, then through this system the correctness and universality of some preliminary policy can be assessed in time to find out what aspects should be modified and perfected so that the policy is more scientific.

(Edited by Xiao Cheng [2556 3397])

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CSO: 4008/87

BRIEFS

ZHEJIANG INDUSTRIAL DEVELOPMENT--Zhejiang's industry developed steadily in the first half of this year. The total output value was 10.2 percent more than the same period of last year. Output of 75 percent of the major products showed increased output compared with the corresponding period of 1981. [Hangzhou ZHEJIANG RIBAO in Chinese 8 Jul 82 p 1 OW]

LIAONING ENTERPRISE OUTPUT-VALUE INCREASE--In the first 6 months of 1982, the commune- and brigade-run enterprises in Chaoyang Prefecture in Liaoning Province fulfilled 83.16 million yuan of output value, an increase of 31.2 percent over that of the corresponding 1981 period, topping the previous peak. The output values of gold and raw coal respectively increased 66 percent and 20 percent over the corresponding 1981 figures. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 22 Jul 82 SK]

HENAN INDUSTRIAL PRODUCTION INCREASES--Henan Province fulfilled 49.32 percent of the 1982 quota for total industrial output value in the first half of this year. The total industrial output value in this period was 12.83 percent more than in the corresponding period of last year. However, some new problems have now emerged. Some light industrial products which originally sold well have become unsalable and some heavy industrial products, such as diesel engines and hand-held tractors, which were originally in ample supply are now in short supply. The quality of some products is poor and the quality of light industrial and textile products has tended to decline. The province must properly readjust its plans for production to meet the needs of society. The province must also vigorously supply industrial products to rural areas and improve the quality of products. [Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 6 Jul 82 HK]

NEI MONGGOL LIGHT-TEXTILE OUTPUT--Light and textile industrial enterprises in Baotou Municipality, Nei Monggol autonomous region, have rapid progress in improving product quality and upgrading economic returns since the 3d plenary session of the 11th CCP Central Committee. According to statistics, in 1981 these enterprises scored a 29 percent increase in total output value over the 1979 figure and a 39.2 percent increase in profits. The annual per worker labor productivity was worth 6,559 yuan, a 6.3 percent increase over the 1979 figure. Over the past 3 years, the municipality has added about 160 new products and over 540 new varieties of products in this regard. [SK301247 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Jul 82]

HUNAN MACHINE-BUILDING INDUSTRY--A provincial conference on the machine-building industry was held at the Hengyang tractor plant in late July. The meeting held: the province's machine-building industry recovered relatively rapidly from its decline and developed steadily in the first half of the year. Total output value was 17.7 percent more than in the same period last year. According to statistics from 274 enterprises under all-people ownership, profits showed a rise of 14.4 percent over the same period last year, while tax revenue increased by 27.2 percent. For the second half of the year, the meeting called on the industry to center its efforts on improving economic returns, straighten out the enterprises, work hard to improve quality, expand the field of service, and ensure the fulfillment of the year's tasks. [HK290425 Changsha Hunan Provincial Service in Mandarin 2310 GMT 28 Jul 82]

INDUSTRIAL PRODUCTION DEVELOPED--In the past 3 years, under the leadership of the Siping Municipal CCP Committee and government, the financial and tax department throughout the municipality were devoted to readjusting enterprises and improving their economic results, and thereby brought a great advance in development of industrial production. As a result, the deficit in enterprises declined, profits increased and revenue and expenditure with a little surplus for the successive 4 years from 1978 to 1981. To support the development of industrial production, we have emphasized the following tasks. First, we have paid attention to making the most out of the limited financial resources. In the past 3 years, we coordinated with the People's Bank, the Construction Bank and the Tax Bureau to raise more than 54 million yuan for 148 production items of 92 enterprises. The output value of those enterprises increased by 49 million yuan, tax revenue by 8.56 million yuan and profits by 4.78 million yuan. Second, we have helped enterprises improve management to improve economic results. [Recorded talk by (Qian Yige), deputy director of Siping Municipal Financial Bureau: "Support Industrial Development to Increase Production and Income"--date and occassion not given] [Excerpts] [SK280350 Changchun Jilin Provincial Service in Mandarin 1100 GMT 27 Jul 82]

CSO: 4006/578

CONSTRUCTION

URBAN CONSTRUCTION CONFERENCE STRESSES GUIDING PRINCIPLES

Nanjing XINHUA RIBAO in Chinese 16 May 82 p 1

[Article by staff correspondent: "We Must Strive To Successfully Plan, Build and Manage Urban Areas"]

[Text] The all-province second urban construction conference lasted 9 days. The scheduled agenda was completed and the conference came to a close on the 14th. Han Peixin [7281 1014 0207], the secretary of the provincial CCP committee, gave a speech at the conclusion of the conference. Zhu Bingshi [3137 0393 4258] and Liu Hegeng [0491 0735 6342], members of the standing committee of the provincial CCP committee, and vice governors attended the conference.

This conference, which was convened by the provincial CCP committee, clarified the guiding ideology of urban construction. They discussed implementing principles and policies on urban construction and studied plans for the establishment of an urban spiritual civilization. At the conference they also exchanged experiences. The format of the conference was fairly concentrated and it was well run. It was a good beginning for further improving urban construction and administrative work.

At the onset of the conference, after Comrade Xu Jiatun [6079 0159 1470], who represented the provincial CCP committee, gave a report, comrades attending the meeting stressed discussing and studying the guiding ideology behind urban work and the principles and policies of urban construction. Next, 20 comrades gave speeches to the general assembly. This included comrades from Changzhou, Nantong, Nanjing, Suzhou, Xuzhou, Lianyungang, Yangzhou, Qingjiang and other cities, as well as the Wuxi No 2 condensor plant. They presented their experiences in urban production, construction and managment. Comrades from the counties of Gao, Shazhou and Wuxi as well as comrades from the towns of Yixing and Dingshu presented their experiences in construction and management in small cities. Comrades from Wuxi Municipality, the Yangzhou Cotton Mill and Taizhou Municipality's Federation of Trade Unions presented their experiences in strengthening ideological and political work and successfully establishing a spiritual civilization. The conference also issued 28 written speeches. Participants in the conference also visited Changzhou's corduroy plant and several other plants as well as newly built gardens, new villages and other residential areas. These comrades believe that these typical experiences which focus on urban construction and management reflect

reality in different aspects and are enlightening for everyone. On the basis of unified understanding and exchange of experiences, everyone listened to and discussed the speeches of leading cadres in the provincial CCP committee's Ministry of Propaganda, Provincial Construction Committee, Science Committee, Public Security Department, Environmental Protection Bureau and Family Planning Commission. They discussed several special cases. Leading groups at the conference respectively invited specialists who were participating in the conference, the chairman of the Economic Council and leading comrades in municipal district CCP committees to hold three symposia. Many excellent opinions were heard.

In his speech at the conclusion of the conference, Comrade Han Peixin first of all discussed the matter of how urban work should uphold "forcusing on the establishment of both kinds of civilization." He said that the establishment of an urban spiritual civilization occupies a very important and guiding position in certain areas. Once a spiritual civilization is established in urban areas, it will play an exemplary and encouraging role in the whole of society.

Comrade Han Peixin said that in our province there are many cities and market towns, and that the establishment of "two civilizations" must take this characteristic into account. In establishing a socialist spiritual civlization we should first successfully carry out the establishment of a spiritual civilization in cities and market towns. The state of the spiritual character, moral customs, living habits, clothing and recreation in urban areas can directly affect the various surrounding areas. Those of us who are involved in urban work, particularly leading cadres in the party committee and in various departments, must all fully recognize the weight of their own responsibilities. While we are concentrating on production, developing the economy and raising the people's material living standards, we must also put even more energy into adopting truly effective measures, establishing a spiritual civilization and ensuring that the undertaking of socialist construction proceeds along the correct course and path charted by the party.

In his speech, Comrade Han Peixin explained and clarified the problem involved in coordinating the development of urban economic undertakings and other social construction jobs as well as problems in the planning, construction and management of urban work which were brought up by conference participants during discussions. He called on each area to successfully plan, construct and manage large, medium and small cities and towns.

In his speech, Comrade Han Peixin went on to stress improving economic benefits and the problem of getting a good grasp on this year's industrial production. He said that at present the situation in industrial production is excellent. From this year on each area must regard improving economic results as their central task, and begin with seeing that products meet the needs of the market and organize and plan production so as to obtain better results. By April the industrial output value realized in the entire province amounted to 15.7 billion yuan, an increase of 14.5 percent over the same period last year. They fulfilled 31.8 percent of the directive to "maintain six" throughout the year. However, the economic benefits in the industrial production of the prior 4 months were far from ideal. The quality of some products declined and the consumption of raw materials ane energy resources escalated. Objectively speaking,

our energy resources are in short supply and it presents problems for present and future production. The tasks facing us in the coming 8 months are heavy, we must not be blindly optimistic. It is necessary to inspire enthusiasm, do sound work, carefully plan production and strive to fulfill and overfulfill plans for this year.

He proposed that each area further straighten out their guiding ideology in industrial production and truly give priority to improving economic benefits. This year there must be a major change in improving economic benefits, we must make a new breakthrough. He demanded that this year's industrial production be carried out at a practical and uninflated rate. It is essential to concentrate on producing and conserving energy and to make skillful arrangements. We must earnestly focus on work in straightening out enterprises. We must also stress relying on and mobilizing the masses. We must launch a socialist labor emulation drive of mass character to emulate, learn from, catch up with, help and in turn surpass each other. It is necessary to truly allow workers to participate in management and to develop among the working class a sense of being their own master.

Comrade Han Weixin also called on each area to conscientiously, readjust and rectify production-brigade enterprises and organize and plan their production. In order to successfully run production-brigade enterprises, it is necessary to resolutely attack economic crimes and check unsound practices. At the same time it is necessary to help resolve practical problems that urgently require solution. We must use constructive methods and support the healthy development of production-brigade enterprises.

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CSO: 4006/465

BRIEFS

JILIN CAPITAL CONSTRUCTION--In the first half of 1982, Jilin Province invested 336 million yuan in capital construction, an increase of 45.9 percent over the corresponding 1981 period. Of this, 206 million yuan was invested in 67 key construction projects, 36 percent of the annual target. Planning to drill 300 oil wells this year, the Jilin oil field now has drilled 247 oil wells, and 160 of them have already been put into production. Its annual added crude oil production capacity is projected at 100,000 tons. Since the beginning of this year, the province has built 2.03 million square meters of residences, an increase of 50.5 percent over the corresponding 1981 period. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 18 Jul 82 SK]

NEI MONGGOL HIGHWAY BRIDGE CONSTRUCTION--A highway bridge across the Huanghe River's section in Baotou Municipality, Nei Monggol autonomous region, is under speedy construction. As of now, 80 percent of the project, which was started in October 1979, has been completed. Workers at the construction site are ready to set six large steel beams in place, each of which is 260 meters long and weighs 4,000 tons. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Jul 82 SK]

TIANJIN HOUSING CONSTRUCTION--The earthquake occurred on 28 July, 1976 did great damage to Tianjin City. More than 34 million square meters of houses of various kinds were damaged. Among them over 16 million square meters of residences which accounted for 70 percent of residential areas were seriously damaged. Since then the city CCP Committee and government have opened 10 new residential districts in addition to repairing damaged houses. By the end of June 1982, the city repaired and reinforced 480,000 houses, totaling 7.85 million square meters, and built 8.79 million square meters of houses, schools, hospitals, nurseries, theaters and commercial shops, rehousing 220,000 families. The municipality has also installed 113.2 km of tap water pipes and 146.146.9 km of sewers and repaired 175,000 square meters of roads. [SK280552 Tianjin City Service in Mandarin 0030 GMT 28 Jul 82]

JIANGSU PORT CONSTRUCTION--Nanjing, 24 Jul (XINHUA)--Construction is now progressing at five major ports in Jiangsu Province for 16 deep-water berths capable of accommodating 10,000-ton class or even greater ships. The berths, expected to be completed before the end of 1985, will be capable of handling 15 million tons of cargo a year, double the figure for all available ports in the province at present. Six berths are being built at Lianyun Harbor, one of China's 10 leading ports, in an effort to facilitate export of coal produced in the coal mining centers in Anhui, southern Shandong and southeastern Shanxi Provinces. The Nanjing Port is being expanded as workers are building one 20,000-ton container ship berth and two other berths for 10,000-ton bulk carriers at Xinshenyu. Four berths for 10,000-ton ships are being built in Zhejiang, an important inland river transport center like Nanjing. Construction is in progress for one berth in the Langshan Harbor in Nantong and two berths in Shazhou County, all for 10,000-ton class ships. [OW250935 Beijing XINHUA in English 1217 GMT 24 Jul 82]

CSO: 4020/156

DOMESTIC TRADE

PHENOMENON OF 'EVERY CITIZEN A MERCHANT' EXAMINED

Guangzhou NANFANG RIBAO in Chinese 15 May 82 p 2

[Article by Kang Yefeng [1660 2814 6265] and Shen Guangyin [3088 1639 9515]. "Rectifying the Confusion of 'Every Citizen a Merchant'"

[Text] In the last few years, in the wake of the loosening up of our economic policies and the opening up of markets, a situation arose in the city of Shantou where "everybody became a merchant." The prefectural and municipal organs, mass organizations, schools, neighborhood organizations and other departments, all engaged in trade. According to statistics, the number of businesses in the city increased by 586 during the last 2 years, with 8,063 persons working in them. In addition there also appeared 1,355 individual enterprises with 1,598 persons working in them. These businesses amounted to 64 percent of all the state-run enterprises and cooperative shops and employed 58 percent of all personnel employed. This development was greatly effective in opening up more channels for the circulation of commodities, in enlivening the interflow of commodities between town and country, in supplementing the insufficient number of state-run trade stations, as a facility for the masses, and also in allocating work to a section of our young people. However, quite a number of problems have arisen too, due to the fact that the economic legislative and administrative work has not kept pace and that there was no clear line of demarcation in our policy concerning noncommercial departments engaging in trade. The following are the main problems:

Exceeding the scope of actual business concerns; rush to do any business that will yield a profit. We understand that over 80 percent of the noncommercial departments that engage in trade do so not in accordance with the scope determined in their business licenses. For instance, the scope of trade approved by the industry and trade administration for the general industrial supply and marketing office of the Yongtai neighborhood enterprise in Anping Ward of Shantou City, was to organize the supply of raw materials and to market the products for and on behalf of the industrial enterprises in that neighborhood district. The method of operations was to buy and sell as agent. However, the tax bureau found out last December that the said general business office sold sewing machines to places outside the district to the value of over 12,300 yuan, and also sold to a certain unit of the city 7,500 yuan worth of polyethylene and 2,000 yuan of toilet paper, all items beyond the sphere of its actual business. The

supply and marketing units in some state-run businesses also exceeded the scope of their proper operations. They would engage in anything that brought a profit, disregarding their original proper operations which were to serve the masses. The business of innkeeping in particular bloomed forth all over the place. Quite a number of units went in for large-scale construction of inns. Some even went so far as to squeeze kindergartens and schools out of their premises to turn them into hostels. Apart from the municipal hostel, guest house and the Overseas Chinese Travel Agency, there are now 40 inns and hostels started up by various businesses and enterprises, with over 2,000 beds, by far in excess of actual requirements.

July and December last year, the general supply and marketing office of the Labor Service Company of Anping Ward fraudulently bought 400 tons of diesel oil from a certain department of the air force. The oil was bought at the list price but sold again at a high price, yielding an illegal profit of over 40,000 yuan. Some people force up commodity prices, some rush to buy up commodities that are greatly in short supply in the market, some concoct various pretexts and openly sell certificates and invoices, thus providing helpful bridges for illegal operators and profiteers, while exacting commissions for their services. According to incomplete statistics, there were 71 businesses in the city that used purchased invoices and there were 978 invoices made out on behalf of illegal profiteers. Illegal income in the form of so-called commissions, administrative charges, etc. amounted to 58,200 yuan.

Violations of state regulations, smuggling and tax evasion. Quite a number of businesses do not make out the required invoices, but arbitrarily enter accounts merely on slips of white paper or employ other tricks to evade taxation. Last year only 180,000 yuan was collected as business tax from individual businesses, a daily average of only 0.35 yuan per business. Quite a number of state-run units charged with wholesale operations violated the regulations by opening retail shops. In the fourth quarter of last year alone, over 500,000 yuan of fines and overdue tax was collected from prefectural and municipal wholesale departments.

Evading bank supervision; violating cash control regulations. Only 43 of all the businesses operated by noncommercial departments in the city had opened bank accounts, all the others do business on a cash basis.

In order to maintain our system of planned economy, and at the same time launch an adjustment of markets, bring into full play the effectiveness of having a great many trade channels and to invigorate our economic life, it is necessary to institute a true rectification of this type of "every man a tradesman" situation. Most recently, the People's Government of Shantou has already taken this work in hand, set up a rectification team and furthermore asked all units concerned and all individuals to strictly carry out the "Regulations Governing Certain Problems in the Suppression of Illegal Trade Operations and for the strengthening of Market Control," issued by the People's Government (see 29 April issue of this paper, p 1). However, this is only the beginning and it will still take much effort to have all the provisions of the regulations put into effect.

9808
CSO: 4006/479

BRIEFS

SHANDONG COMMERCIAL PROGRESS--In the first half of 1982, Shandong Province enjoyed brisk business transactions in both urban and rural markets. By the end of June, commercial departments in the province scored a purchase volume worth over 3.52 billion yuan, a 5 percent increase over the figure of the corresponding 1981 period. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Jul 82 SK]

JILIN TRADE FAIR--The 1982 summer Changchun materials and goods trade fair closed 18 July at the Changchun Municipal Workers' Culture Palace, Jilin Province. During the fair, 256 purchasing-marketing contracts were signed. The volume of business totalled 20.5 million yuan. Joining the fair were delegations from 17 provinces and 68 municipalities and counties, such as Beijing and Tianjin Municipalities and Liaoning, Shaanxi, Hubei, Guangdong, Jiangsu and Shandong Provinces. On display were metal materials, building materials, light and chemical industrial products, machinery and electronic products and timbers. According to statistics, some 4.1 million yuan worth of steel glass, automobiles and fiberboard urgently needed by the province were transferred to the province through this trade fair. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 18 Jul 82 SK]

SHANDONG TRADE-FAIR BUSINESS INCREASE--In the first half of 1982, transactions among urban and rural trade fairs in Shandong Province increased on a large scale. By the end of June, over 4,000 trade fairs in the province scored a business volume worth over 1.39 billion yuan, an 11.8 percent increase over the figure of the corresponding 1981 period. According to market quotations, the volume accounted for 11.8 percent of the total retail sales of social commodities throughout the province. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Jul 82 SK]

NEI MONGGOL MARKET BUSINESS--During the January-June period, Xingan League, Nei Monggol autonomous region, fulfilled 52.4 percent of the annual commodity procurement plan, an increase of 12 percent over the corresponding 1981 period. Each peasant purchased 57 yuan worth of commodities on the average. This league's members bought 140 television sets in the first half of 1982, an increase of 400 percent over the annual sales volume in 1981. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 25 Jul 82 SK]

CSO: 4006/579

FOREIGN TRADE

BREAKTHROUGH IN PRODUCTION OF EXPORT COMMODITIES URGED

Fuzhou FUJIAN RIBAO in Chinese 22 May 82 p 3

[Text] Development of the export trade from our province hinges on two problems: production and circulation, and it is extremely important to get these two problems well under control. Production and circulation complement each other; if there is no circulation, or if the channels of circulation are clogged up, production can hardly continue, as goods will then not be able to reach the market and will accumulate. On the other hand, if there is no production, or a slackening of production, the circulation is left like "trying to cook a meal without, or with very little, rice." It is bound to end in "limping walk" and in the end possibly in "inability to move one step." However, in the handling of this relationship of production and circulation, it is necessary, first of all, to get production firmly in hand. Developing production of export commodities is the indispensible material foundation for any effective circulation.

For the development of our production of export commodities we must first of all gain a clear picture of the existing state of production of export commodities in our province. In 1981 the total procurements for foreign trade throughout the province amounted to 1,002 billion yuan, which was more than double the figure for 1978, with an average annual increase of 29 percent. In 1981 the total value of export commodities was 380 million yuan, which was double the figure for 1978, with an average annual increase of 26 percent. During the 3-year period from 1979 to 1981, the cumulative total of foreign exchange generated was 987 million yuan, which is 80 percent of the total value of foreign exchange earned during the 28-year period from 1950 to 1978. These facts demonstrate clearly that the circulation in our foreign trade during the last few years has been excellent. It also reflects a gratifying state of development of our production of export commodities. However, compared with the situation in the country as a whole, the foreign trade of our province is comparatively small. According to data of the State Bureau of Statistics, the total exports of the whole country amounted to 36.76 billion yuan in 1981, so that the share of Fujian Province would be only 1.8 percent. This shows that production of export commodities in our province is still lagging behind. Especially when it comes to certain agricultural sideline products and special local products, it is only by some "squeezing" that some could be "squeezed out" for export.

Due to the sluggish development of production of export commodities, there is an insufficient supply of marketable export goods, especially of hot-selling items that can compete in the international market, and this has become a very

conspicuous problem in the present export trade of our province. It is therefore a most important task in all export work to expand by every possible means the production of more export commodities and open up more sources of marketable goods. We must therefore exert ourselves, following the directives of the leading comrades in the central authorities, to develop the production of export commodities in such lines as mineral products, machinery and electrical products, products of the light and textile industries, and special handicraft and art objects, as well as local specialties. There exists indeed a great potential for expanding our exports. Machinery and electrical items produced in our province are already being shipped to Hong Kong, Macao, Southeast Asia, altogether to 24 different countries and areas. Numerous handicraft and art objects enjoy a high reputation in the international market. There has also been a certain fundamental development in the light industry and textile industry. Abundant mineral resources could also be exported. As long as our guiding ideology is on the right track, and as long as we are able to fully utilize the present beneficial state of affairs and will energetically develop our potential, an extremely bright future is certain for our production of export commodities and for our export trade.

For the further development of the production of export commodities, the industrial and agricultural production departments will not be able to evade their responsibility, but the foreign trade departments, who can play a very important role in promoting production, have also, very obviously, an unshirkable responsibility. The foreign trade departments must establish close cooperation with the industrial and agricultural production departments, and must continuously adapt the products to the demands of the international market, raise the quality of the products, improve packaging and outer appearance establish a reputation for certain brands and bring out "hot-selling" articles. In this way we shall be able to greatly improve the competitive strength of our export commodities and achieve a real new and impressive breakthrough in the foreign trade of our province!

9808
CSO: 4006/479

ATTACKING ECONOMIC CRIMES, UNHOLDING ECONOMIC POLICIES STRESSED

Fuzhou FUJIAN RIBAO in Chinese 14 May 82 p 1

[Article: "'Upholding Policies' and 'Resolutely Attacking Crimes' Are Not Mutually Exclusive"]

[Text] The serious problem facing us is to understand correctly the relationship between attacking major economic crimes and implementing the policies of opening up foreign trade while reviving the domestic economy. It involves both concentrating on our "attack" and successfully engaging in foreign economic work.

There is a saying: "The door to foreign economic activities has just opened when along comes an 'attack', so now there is nothing worth doing." This kind of thinking impedes the launching of the struggle to combat major economic crimes at the present time. It also hinders the further implementation of special policies and flexible measures. We ought to pay special attention to resolving this.

Opening up foreign trade and actively launching foreign economic activities are strategic measures adopted by our party based on the needs of modern socialist construction. They have caused China's economic work to move from its long-term position of being a closed-door nation into the vast real world. Practice has already proven and will continue to prove that this is a policy that will make us a strong country and bring prosperity to the people. It corresponds to the inevitable trend of social development. It is the correct approach. The party Central Committee and the State Council have already approved of Fujian's implementation of special policies and flexible measures in foreign economic activities. Even though in the past few years we have only taken small steps, we have already made an excellent beginning. This is very encouraging.

There is no positive link between economic crimes and the implementation of policies to open up foreign trade, nor can we attribute the former to the latter. Of course, we should also realize that along with the increase in foreign contacts there have been a number of weak-willed people in our ranks who have been unable to withstand the decadence of capitalist ideology and the bourgeois lifestyle. They have been hit by "sugar-coated bullets." Some lawless elements have also taken advantage of this opening up to seriously

undermine the national economy. Criminal activity that involves domestic and foreign collusion such as smuggling, bribery, speculation, fraud and the buying and selling of foreign exchange for speculative profit is already rampant in certain areas of the province. Only if we resolutely combat economic crimes can we ensure that our economic construction will not depart from the path of socialism and that the workers for the party and state will not become corrupted and degenerate. Only in this way can we correctly carry out special policies and flexible measures to ensure the healthy development of foreign economic activities. This is endorsed by vast numbers of cadres and people throughout the province. Furthermore, patriotic overseas Chinese and our compatriots in Hong Kong understand and approve of the proper methods of foreign businessmen used in doing business with us or in economic cooperation.

It is essential for us to correctly understand and deal with the relationship between combating economic crimes and opening up foreign trade. Our attack on economic crimes will cause foreign contacts to get on a correct, equal and mutually beneficial course. There will be respect for national sovereignty and independence as well as national dignity and interests. It will benefit rather than harm the opening of foreign economic activities. It certainly will not close the door to foreign economic trade. On the contrary, foreign economic trade will become even more brisk and prosperous. Even 19th century Lin Zexu strongly advocated a "ban on opium"--he opposed importing opium. He also advocated "bringing it here"--that is, learning what is useful from the West. Is it possible that people in our CCP still do not understand how to do this? There is no basis for this suspicion. There may be a few individuals like this whose cry to "attack" means to "change policies." Their goal is to oppose the struggle in order to cover up their own crimes. We must be on guard against this sort of trick.

Some comrades say that "it is difficult to avoid making mistakes when doing business abroad. In the future it would be better to make fewer mistakes and even better not to make any at all." This is a negative sentiment, it reflects a wait-and-see attitude in foreign economic activities and a passive way of dealing with things. We have not been carrying out special policies and flexible measures for long, so our experiences are insufficient. Our management system and methods are not perfect. In our foreign deals we occasionally suffer losses and occasionally do things that violate regulations. This is not surprising. Regarding the decision to combat major economic crimes, the Party Central Committee and the State Council have pointed out: "It is necessary to make a clear distinction between faults in work and breaking the law. It is also necessary to make a clear distinction between crimes such as smuggling, corruption, bribery, speculation and fraud as well as problems due to certain imperfect systems and methods that have occurred while implementing policies for the opening up of foreign trade and reviving the domestic economy." There are no ready-made models in implementing special policies and flexible measures for us to study, so it is not possible to avoid making a few mistakes. It is necessary for each person to be honest in performing his duties, to consciously resist corruption and degeneration, to oppose graft, bribery, domestic and foreign collusion, speculation, fraud and mistakes in work. It is essential to sum up experiences, draw lessons from them, strengthen regulations, plug up loopholes and improve work. After summing

up our experiences, our ability will be somewhat improved, so naturally we should work even more boldly. If after examining and summing up experiences we cower passively, that would be wrong.

"Upholding party policies to open up foreign trade while reviving the domestic economy and resolutely attacking serious economic crimes are not mutually exclusive." "We must not overlook, relax or not dare to carry out this struggle because of policies to open up foreign trade and revive the domestic economy. Neither should we vacillate about policies that experience has already proven to be correct because of being engaged in this struggle." The Party Central Committee has been very clear about this matter. We only have two hand: with one hand we are implementing the policy to open up foreign trade and with the other hand we are opposing corruption and degeneration. We must act in strict accordance with the spirit of the directive of the Central Committee and the arrangements of the provincial CCP committee. We must resolutely combat major economic crimes and unswervingly implement the special policies and flexible measures, and strive for success in both.

9864
CSO: 4006/465

FOREIGN TRADE

INCREASE IN MACHINE TOOL EXPORTS NOTED

Shenyang LIAONING RIBAO in Chinese 26 Apr 82 p 1

[Article by Ding Xueyou [002 1331 0147]]

[Text] During readjustment, gratifying changes occurred in our province's machine tool industry. During the first quarter of this year, the output volume of the various machine tools was 3.28 percent higher than during the same period of last year. The quantity of exported machine tools for which contracts with foreign merchants have been signed is over 76 percent greater than the total volume of actual exports during all of 1981.

During the readjustment of the machine tool industry in our province, large-scale machine tools were gradually decreased and product quality was notably improved in accordance with surveys and calculations of the needs of society. In 1981 there were 26 products in the entire industry that won national gold and silver plaques and had the honor of being called the highest quality in the ministry and in the province. They also won awards for being dependable products. These products are competitive in both domestic and foreign markets. At the end of last year some products had already met this year's contract for the entire year.

Changes in product structure and improvements in product standards made our province's machine tool products increasingly welcome on the world market. Not only were they welcomed in the markets of Asia, Africa and Latin America, they also began to enter the European market. At the beginning of this year, contracts were signed with foreign merchants to supply 1,721 machine tools, 681,900 drill presses, drills and other tools as well as 3,000 tons of abrasives and grinders.

9864
CSO: 4006/465

BRIEFS

RAIL TRANSPORT--Beijing, 26 Jun (XINHUA)--China has fulfilled its rail transport plans for the first 6 months of this year, with new records for the volume of freight and passengers, according to the Ministry of Railways. By 25 June, the ministry said, 479.4 million passengers and 534.7 million tons of freight had been carried, both above the semiannual plans. The plan for coal haulage has also been overfulfilled, the ministry said. [Text] [Beijing XINHUA in English 0731 GMT 26 Jun 82 OW]

SHANGHAI SHIPBUILDING INDUSTRY--The Shanghai Shipping Industry Corporation overfulfilled shipbuilding tasks for the first half of this year ahead of schedule. The total value of output increased by 6.9 percent as compared with the same period last year. The company's production tasks for this year are to build 136 ships with a total tonnage of 641,000 tons, an increase of about 20 percent as compared with that of 1981. Among them, 35 ships with a total tonnage of 443,000 tons are for export purposes, increasing by nearly 100 percent as compared with that of last year. The Jiangnan shipyard, the Hudong shipyard and the Shanghai shipyard are assuming the tasks of building nine 10,000-ton class freighters for foreign firms. Workers of those shipyards have paid particular attention to raising the quality of ships. [OW140919 Shanghai City Service in Mandarin 1130 GMT 27 Jun 82 OW]

CSO: 4006/572

GENERAL

YANGZHOU COTTON MILL RUNS SCHOOLS FOR WORKERS

HK160935 Beijing GONGREN RIBAO in Chinese 24 Jun 82 p 1

[Editorial: "What Does the Yangzhou Cotton Mill Experience Tell Us?"]

[Text] The Yangzhou Cotton Mill has established a workers' political schools to give young workers communist ideological education through normal procedures of schooling. This experience deserves attention.

At present, through organizing short-term full-time classes, the young workers are organized to study politics and theory in order to upgrade their class consciousness. More and more units are doing this and have achieved satisfactory results. As far as we know, the experience of the Yangzhou Cotton Mill is one of the more mature and typical cases. Their three basic experiences in running a political school properly are the product of 1 year's practice. It provides a model for other enterprises. But what is the essence of the experience of the Yangzhou Cotton Mill? What does it tell us?

In recent years, the structure of the working class of our country has undergone a very important change: The number of old workers has increased enormously. According to a statistical account, young workers who started working in 1966 and whose age is below 35 have become the majority of the working population. Moreover, almost all of these young workers are active on the first line of production. They have become a basic force of production and construction. To a certain extent, this generation of young workers has become the main body of the working class of our country. Thus, the task of reinforcing the education of our workers on political thinking at this moment should have this generation of young workers as its principal or important object. The party members of the Yangzhou Cotton Mill can have the determination to establish a workers' political school, and in the process of education they can insist on positive education and correct direction because they have made an analysis and estimation of the young workers which is both Marxian and practical. This is the essence of their experience, and this is the aspect of their experience which has universal significance. The experience of Yangzhou Cotton Mill strongly reveals that only when leaders trust young people and look at young people correctly can they correctly and effectively educate and direct the young people. At present, some comrades do not look at problems historically, and they have not made any concrete analysis. As a result, they pay more attention to the negative factors than to the positive factors of the young workers; they blame and complain more often than help enthusiastically or direct

patiently. Our leading cadres and political workers must discard such views. Only when this is achieved can they make friends with the young workers, can they care about their work, their study and their lives, and can they be familiar with their feelings, thus leading them to build up the great ideal of the working class and to contribute their marvelous youth for the materialization of the great communist cause.

The working class can receive Marxian indoctrination, they have changed from a "free class" to a "self-achieving class." This is something proven over and over by labor movements and the history of our party. The political school of Yangzhou Cotton Mill has provided for 10 classes already and after half a month's full-time study, they have been given an education which insists on our party's four basic principles. As a result, 90 percent of the students showed improvement and progress in political consciousness, work discipline, production morale and morality to varying degrees. This fact strongly reveals that the mass of young workers are willing and able to receive indoctrination in communism. In the past, we lacked formal political and ideological education for youth. Now, we only have to tackle it seriously, and with the help of a correct educational method we can achieve results. At present, some of our older comrades merely grumble and complain, they merely say that young workers do not care about politics and they are not willing to study theory, but they never seriously examine the question of whether they have seriously mastered their job of "indoctrination" and the question of whether their method of "indoctrination" is correct or not. The method and form of teaching in the political school of Yangzhou Cotton Mill, for instance, in a short-term full-time cadres' training course, the students were required to study theory first, and then they were required to link up theory with ideological reality, to upgrade conception, and so on. This is something with which people are familiar. This political school is absolutely different from the awful and unpleasant "study classes" prevailing in the 10 years' internal disorder. Thus we can see that the question is not a matter of form but a matter of content. Our party leads the working class and the people, and in the process of long-term revolutionary struggle and socialist construction has accumulated a wealth of experience on performing ideological and political tasks. It has also created many effective forms and methods. But in the 10 years' internal disorder, this aspect was also seriously undermined and disturbed by Lin Biao and the "gang of four," mixing it with methods which were bad and remote from the masses. Therefore, we must adopt a pragmatic attitude of analysis towards the forms and methods of political and ideological work. We should neither accept completely nor reject indiscriminately. For those forms and methods which are outdated, we must restructure them with determination; for those which are still applicable, which are proven by practice to be effective, we must give them new content. We must inherit them and develop them. Of course, we must create more better new forms with respect to the development of circumstances and the change of conditions. We must create methods and forms which are up to date, convincing, vivid and welcomed by our labor force.

Some comrades say, "one can establish a workers' political school, but it is by no means an easy matter. "What they mean is that besides deciding the correct direction of establishing a school, and the content and method of teaching, we must also have a team of hardworking teachers. This observation is not unreasonable. The question is, where does such a hardworking team of teachers come from.

The Yangzhou Cotton Mill political school's teachers are local folk. Some of them are not professional political work cadres, they have not even received any special training in political theory, but they have basic political qualities which a political worker of the party must have. These qualities are that they have no contradiction with the party Central Committee, that they love political and ideological work, that they are close to the people, that they care little for wealth and fame, that they are diligent and that they study hard. As a result, their work is recognized by the workers and the society, if some of our leading cadres and political workers were not so firm in upholding the four basic principles of our party, if they had objections to the direction, line and policy decided in the 3d plenary session of the 11th CCP Central Committee, if they were the first in grumbling and making strange comments, if they promoted specialization, if they competed with people in making money, how could they educate people? Therefore, the educator must be educated first. They must upgrade themselves to the degree that they have a firm and correct political standing and ideological viewpoint, they must be first in promoting the party's fine tradition and its ways of doing things. Then, they will be able to accomplish properly the task of educating and convincing people.

At the present moment, giving the young workers, the whole working class and even all our people a communist ideological education is an important and imminent job that we envisage. We believe that in the process of accomplishing this historical task, more progressive units will appear and they will create more fresh experience. We also hope that the workers of Yangzhou Cotton Mill will continuously summarize their experience so as to make their political school function better.

CSO: 4006/578

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TITLE: "Mathematical Model of Two-axle Bogie Locomotive and Results of Numerical Calculation"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 1-13

TEXT OF ENGLISH ABSTRACT: A model of 34 degrees of freedom for a two-axle bogie locomotive has been studied in three respects: lateral stability, dynamic response to random track irregularities and nonlinear curving performance. The effects of various parameters, in particular, the influence of the primary yaw stiffness K_ψ, are investigated. This paper intends to present the most reasonable parameters of prototype electric locomotive design. After comparing the criteria of dynamics in all respects, it has been recommended that two sets of the K_ψ value may be taken in designing a passenger or freight service prototype respectively.

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TITLE: "A Mathematical Analysis for Weight Transfer in Type SS-3 Electric Locomotive"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 14-24

TEXT OF ENGLISH ABSTRACT: In this work the method usually used to analyze the weight transfer in a six-axle locomotive has been improved and simplified, and applied to calculate the weight transfer in the SS-3 six-axle electric locomotive. The mathematic expressions have been obtained that directly express the change relations of weight transfer with parameters of the locomotive, from which the effect of locomotive parameters on the weight transfer may be predicated. Theoretical conditions that minimize weight transfer in the locomotive have been derived theoretically in this work, and its physical significance has been explained; consequently, it has been proved that the same adhesion weight utilization ratio may be obtained in the locomotive without balance levers as well as with balance levers. The effect of every parameter upon the adhesion weight utilization ratio is analyzed at the end of the work.

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TITLE: "Applications and Development of Low Alloy Steels in Railway Car Construction"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 25-29

TEXT OF ENGLISH ABSTRACT: This paper describes the advantages provided by the use of low alloy steels in railway car construction and the basic requirements on the alloy steels. Based on the serious corrosion damage of our steel-car structure, a recommendation is made for the wide adoption of air-corrosion-proof low alloy steel in car construction.

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TITLE: "Design of Profile for the Rolling Section of Mechanized Hump"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 30-38

TEXT OF ENGLISH ABSTRACT: The design quality of the profile for the rolling section of the mechanized hump has a significant influence on the sorting capacity, operational safety, construction and operating costs of the hump. Based on the relevant principle for designing the rolling section profile of the mechanized hump, analytical calculation is made and, according to different design conditions, corresponding measures of design are taken in this paper. The design procedure and requirements are definite and specific, so that not only is it easy to be mastered, but also the optimum design precept may be obtained through it.

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ORG: Guangzhou Railway Bureau

TITLE: "The Report of Reliability Tests on Switch and Track Circuits"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 39-51

TEXT OF ENGLISH ABSTRACT: In China, reliability tests for the two subsystems of switch and track circuits in railway signaling have been carried out for over a year. This paper briefly analyzes the test situations and part of the test data obtained in the past year.

From the analysis of the above-mentioned data, it is seen that these two subsystems have attained a reliability of the fourth step. Through constant improvements, the reliability may perhaps be raised further.

The statistical and calculation methods presented in this paper are to be considered as but a kind of trial only. Calculations are tentatively made by the author according to the regular pattern of exponential distribution and these two subsystems are both classified as succession operations. Due to the fact that the test work is still in progress, some viewpoints of the paper are still pending awaiting close scrutiny. Therefore, conclusions must wait until the tests are finished.

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TITLE: "The Mathematical Model Based on Graphic Theory and Its Computer Algorithm for Goods Transportation"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 52-66

TEXT OF ENGLISH ABSTRACT: In this paper the graphic theory was studied and, based on this, an algorithm for seeking an optimum way of goods transportation was designed. According to the algorithm a program was developed and positive results were obtained. The practice proved that using this method can solve transportation problems with such advantages as saving memory and operating time. Data of a flow chart of goods transportation may be obtained and compared with those of the usual linear programming method.

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TITLE: "Determination of Calcium in Steel and Iron with PVC Membrane Calcium Ion-selective Electrodes"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 67-71

TEXT OF ENGLISH ABSTRACT: A method of determination of calcium in steel and iron with PVC membrane calcium ion-selective electrodes is discussed in this paper. This method is carried out in a solution of ammonical medium at a pH value of 8 to 10, with the interferences of Fe^{+3}, Al^{+3}, Ti^{+4}, Mn^{+2}, Co^{+2}, RE, etc., being removed by triethanolamine and 8-oxyquinoline as sequestering agents. Analytical results are obtained by means of once-through standard addition direct potentiometry and the related calculating formulas. The method described above features simple operation, rapid analysis together with accuracy and high sensitivity.

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TITLE: "Test and Analysis of Residual Stress in Rails"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 72-86

TEXT OF ENGLISH ABSTRACT: The residual stress is the inherent stress in rails, affecting the life of the rails. The present article offers a summary of the results of tests on the inner and surface residual stress of homemade heavy rails of various types, new and used, and it deals with the primary theoretical analysis of the stresses. In addition, it investigates the relationship between the residual stress in rails and their fatigue and fracture. Also a few proposals for improvement in welding and hardening of rails and the use of rails are given in the article.

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ORG: Both of the Special Design Academy, Ministry of Railways

TITLE: "The Investigation of the Railroad Live Load Standard Upon the Safety of Bridge Design"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 87-94

TEXT OF ENGLISH ABSTRACT: This article clarifies the principle for working out the standard of railroad live load for designing bridges, and the course of development based on the development of railroad motive power and rolling stocks after liberation of our country. It checks the computation of the carrying capacity of the bridges for supporting the widely used locomotives and rolling stocks and their probable development in the future. It proves that the bridges designed according to the live load prescribed in the specifications for bridge design are safe for carrying the stated live load. In addition, it also explains the relation between the axle weight and the loading so as to clarify any misunderstanding on this problem.

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No. 258

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CHINA REPORT

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'NINGXIA RIBAO' PUBLISHES GOVERNMENT WORK REPORT

HK231301 Yinchuan NINGXIA RIBAO in Chinese 10 Jul 82 pp 1-3

[Government Work Report delivered by Ningxia Regional Government Chairman Ma Xin at Fourth Session of Fourth Regional People's Congress on 25 June 1982]

[Text] Dear representatives and comrades,

On behalf of the regional people's government, I am going to submit for approval a report on the government's work last year and the main tasks of 1982 to the fourth session of the Fourth Regional People's Congress.

1. Our Region's Current Situation

It has been 1 whole year now since the convention of the third session of the fourth Regional People's Congress. In the past year, under the leadership of the CCP Central Committee, the State Council and the Regional CCP Committee, people's governments at all levels throughout the region have been strictly abiding by the line formulated since the third plenary session of the 11th CCP Central Committee, have seriously implemented the principle of carrying out further economic readjustments and further stabilizing the political situation and the spirit of the "resolution on certain questions in the history of the party since the founding of the PRC," upheld the four basic principles, united with and relied on people of various nationalities throughout the region, continued to readjust the national economy and grasped the building of socialist civilization. In addition, they have strengthened ideological and political work, launched the campaign of the "five stresses and four beautifuls," and grasped the building of socialist spiritual civilization. Various work fronts throughout the region have obtained relatively good results.

There was a bumper agricultural harvest. In 1981, natural calamities were relatively severe throughout the region, drought persisted in the hilly areas in the southern part of the region, and areas along the Huanghe River were hit by great floods. Due to the implementation of the party's various policies in the rural areas and the further establishment and perfection of the various forms of the production responsibility system, the production enthusiasm of the broad masses of cadres and people was unprecedentedly high. They have persisted in scientific farming and firmly grasped key

measures to increase production, and waged an antidisaster struggle with the revolutionary spirit of being fearless. Particularly during the great floods of the Huanghe River, leaders at all levels personally arrived at the front-line, organizing 180,000 masses along the river and PLA soldiers stationed there to launch the tense struggle against floods and carry out emergency work. They have eventually overcome the natural calamities and reaped a bumper agricultural harvest.

Last year, the region's total agricultural output was some 759 million yuan, showing an increase of 6.2 percent over the preceding year. Total grain output was 2.52 billion jin, setting the highest record in history. Total output of oil-bearing crops was 75 million jin, an increase of 4.9 percent over 1980. Total beetroot output was 125 million jin, showing a decrease of 6.3 percent over 1980. The total afforested area was 270,000 mu and seedlings were grown in an area of 46,000 mu. The region has obtained results in fighting against natural disasters and protecting livestock. In the face of drought which lasted for 20 months, the number of big domestic animals rose by 5.2 percent. The number of sheep at the end of the year was only reduced by 6.6 percent. Although the number of pigs at the end of the year showed a slight decrease over that of the preceding year, the percentage of pigs sold increased by 9 percent. The region's total amount of beef, mutton and pork increased by 6.5 percent. We have obtained new developments in pasture building. There was also development in the commune members' domestic sideline occupation. The internal structure of agriculture is now being readjusted, and diversification is gradually accounting for a higher proportion in the total agricultural output. The idea of developing production by scientific methods has gradually gained ground among the masses, and good results have been scored in importing and popularizing new varieties and new technology. The commune and brigade enterprises are healthily developing in the course of readjustment. The water conservancy, electricity, farming machinery, meteorology and other departments have made new contributions in the course of serving agriculture.

Since this spring, the region, prefectures, municipalities and countries have sent a large number of cadres to the grassroots to investigate and study the new conditions and new problems which cropped up in the new situation. Focusing on establishing and perfecting the production responsibility system, they have carried out propaganda and education in "one uphold," "two unchanged policies" and "taking the interest of the three into account." They have carried out preliminary rectification of the leadership groups, implemented the production plans, signed procurement contracts and supplemented measures for increasing production. After fulfilling the spring sowing task in good time, the broad masses have promptly strengthened field tending. In order to grasp well paddy rice production, the region has convened two forums on drawing water from the Huanghe River and nursing and planting of seedlings. The forums summed up experiences of paddy rice production and exchanged specific measures for promoting paddy rice production under the new circumstances whereby the production responsibility system has been generally implemented. The task of transplanting rice seedlings was completed by the end of May and the situation of growth is satisfactory.

In order to seriously implement the "resolution on launching the all-people voluntary afforestation campaign" adopted at the fourth session of the Fifth NPC, the all-people voluntary afforestation campaign and spring afforestation work were extensively launched in the urban and rural areas throughout the region. Leaders at all levels have taken the lead, and the broad masses of armymen and people have worked together, whipping up an upsurge of afforestation which is both great in strength and impetus, and practical. The region's spring afforestation totalled an area of 368,000 mu, showing an increase of 91 percent over the corresponding period in the preceding year. Seedlings were grown in an area of 42,000 mu, overfulfilling the whole year's plan and showing an increase of 91 percent over the corresponding period in the preceding year. Seedlings were grown in an area of 42,000 mu, overfulfilling the whole year's plan and showing an increase of 11.1 percent over the corresponding period in the preceding year. Trees planted on four sides totalled 5,700, an increase of 27 percent over the corresponding period of the preceding year. The number of people participating in the voluntary afforestation campaign totalled 2.3 million, and all counties and municipalities throughout the region have fulfilled the whole year's task.

At present, a vivid and prosperous atmosphere prevails in the vast rural areas. However, drought still persists in the hilly areas of the southern part of the region, and natural calamities such as fierce wind, low temperature, freezing weather and hailstones appeared in certain areas. A grade-5.7 earthquake was also recorded in Haiyuan County in April. The region, prefectures and counties have already taken disaster-relief measures. With the help of the state, the masses in the disaster-stricken areas have carried forward the spirit of self-reliance, actively launched salvation through production, made good arrangements for livelihood and tried every possible means to restore production. The broad masses of cadres and people in the region must firmly establish the idea of fighting against the natural calamities in order to reap a bumper harvest, and strive for a good agricultural production this year.

Industrial production progressed in the course of overcoming difficulties. Industrial production in 1981 progressed toward a good orientation in the course of incessantly overcoming difficulties. Orders for many products acutely dropped as a result of the large proportion of heavy industrial production in the region's industrial structure and the state's decision on reducing the scale of the capital construction front. At the beginning of last year, more than 300 enterprises were operating with insufficient tasks and the order for products decreased to a very large extent, of which orders for machinery decreased by two-thirds and orders for tires decreased by 56 percent. In the face of such a difficult situation, we have strengthened specific leadership over industrial production and strengthened production management. We have attached importance to developing light industry and continued to readjust the orientation of service of the heavy industrial products; we have actively implemented the economic responsibility system and pushed forward reorganization and amalgamation; we have speeded up coordination among production, supply and marketing and cleared the circulation channels; we have straightened out enterprises in an all-round way

and carried out large-scale financial inspections among the enterprises; we have helped the enterprises solve existing problems and opened up more employment opportunities and have adopted technological measures in the production of products which were in short supply, and so forth. By means of a series of work and with the concerted efforts of the workers and staff members of the region's industrial and communications front, the production situation improved from May on and production rose again after September. Last year, the region fulfilled a total industrial output of 1.23663 billion yuan, or 100.1 percent of the readjustment plan. Of this, light and textile industrial production increased by 1 percent and heavy industrial production turned out to be better than anticipated in the beginning of the year. Among the 52 kinds of products included in the state plan, 59.6 percent of them overfulfilled the year's production plan. The communications and transportation departments have also basically guaranteed the need for freight and passenger transportation.

In 1981, the region emphatically grasped the final stage of construction of the Yinchuan No 2 woolen mill and the Yinchuan wool fiber mill, and made use of the special loans for light and textile development and funds for tapping potential, renovating and restructuring to carry out technological transformation in a number of light industrial and textile enterprises. Last year, the region completed 43 reform projects and used 12.81 million yuan. These projects are expected to bring about an increase in output of 25 million yuan and a taxation increase of 4.7 million yuan. Last year, the production of 18 major light and textile products was increased to a very large extent: Sugar production increased by 56.4 percent, wool fabric by 21 percent, woolen blankets by 12.2 percent, leather shoes by 52.7 percent, cotton shoes by 33.3 percent and leather goods by 22.7 percent. More than 100 new varieties came into being in heavy industrial production and production began to rise again.

Since the beginning of this year, due to the fact that early arrangements had been made and that production was grasped at an earlier stage, many enterprises have paid attention to production equipment, worked in close connection with the consumers and opened up more opportunities for sales. As a result, work was practical and was in an active situation. Thus, a good situation prevailed in industrial production and industrial output began to rise gradually each month. From January to May, the region fulfilled a total industrial output of 546.4 million yuan, accounting for 42 percent of the year's plan. The most encouraging thing is that heavy and light industrial output grew at the same time, light industrial output increased by 14.3 percent and heavy industrial output increased by 12.1 percent. The situation in which heavy industrial production had been dropping for 2 consecutive years has come to a halt. In early April, the region conducted a regional industry and communications meeting to seriously implement the spirit of the national industry and communications meeting conducted by the State Council in Tianjin, further correct the guiding ideology for industrial production and shift the work focus of economic work onto improving economic returns. The broad masses of workers and staff members were greatly enlightened and are now striving to improve economic returns and fulfill the whole year's tasks.

The returns on capital construction investment were satisfactory. In 1981, the region fulfilled 201.43 million yuan of capital construction investment, a decrease of 33.8 percent over the preceding year. The weak links of the national economy were reinforced, and special arrangements were made for light and textile industry and financial and trade projects, cultural and educational projects, public health projects, workers' residential construction projects, urban construction projects and other projects. Investment in heavy industry decreased by 4.6 percent, light industry increased by 2.1 percent, communications and posts and telecommunications increased by 1.9 percent, finance and trace by 2.2 percent, science, education, culture and public health by 2.5 percent, and residential and urban construction by 3.5 percent. Because the capital construction front, in accordance with the demand for reduction of its scale, had reduced its construction scale, readjusted the investment orientation and paid attention to ensuring key points and putting projects into operation, the capital construction investment has brought about good returns. The region's newly added fixed assets totalled 186.83 million yuan, accounting for 92.7 percent of the year's investment. The newly increased production capacity or returns mainly were: 3,500 wool spindles, 30,000 tons of cement, grain storage capacity of 40 million jin, 520 beds for patients in hospitals; and 370,000 square meters of workers' residential housing. The region has strengthened management over projects which have been suspended and delayed and made better preparations prior to the construction of major projects. Certain construction work on the Ningxia petrochemical plant, a large-scale project imported from Japan, was carried out at high speed, and the qualtity of construction was good. In accepting, transporting, inspecting and operating the imported equipment, the Ningxia petrochemical plant adopted a cautious attitude, carried out meticulous work, devised a good system and worked in good order. It gained the commendation [of the] State Capital Construction Commission. The Petrochemical Ministry has conducted an on-the-spot meeting in our region, popularizing the management experience of the Ningxia petrochemical plant.

Commercial buying and selling was brisk and the foreign trade plans were overfulfilled. Regarding financial and trade work, we have upheld the principle of "developing the economy and ensuring supply and demand" which served to strengthen planned management and give play to the supplementary role of regulation by market mechanism. In 1981, formulated specific measures for developing nationality trade, made specific arrangements for major agricultural and animal husbandry procurement, made explicit stipulations on the scope of agricultural and sideline products sold at negotiated prices and price management, and readjusted and stabilized the procurement policy of agricultural and sideline products. The grain and oil procurement tasks were satisfactorily and speedily completed, and as of the end of this March, the total grain storage was 332 million jin, exceeding the year's plan by 18.6 percent. Grain procured at negotiated prices totalled 195 million jin, showing an increase of almost 200 percent over the corresponding period in the preceding year; procurement of fat totalled 13 million jin, exceeding the year's plan by 62.5 percent. Agricultural and sideline products procurement totalled 195 million yuan, showing an increase of 24 percent over 1980. Procurement of major agricultural and sideline products

such as pigs, lambs, fresh eggs, wool, sheepskin, honey, and so forth have overfulfilled quotas. Foreign trade procurement totalled 62.5 million yuan, showing an increase of 33 percent over 1980.

All grassroots enterprises of the commercial and supply and marketing systems throughout the province have trial-implemented the management responsibility system, improved business management and service, improved business methods, expanded the service network and strengthened nationality trade work. The region has allocated special funds for building a number of Hui nationality restaurants, Muslim bakeries, sales counters for nonstaple foodstuff, beef and mutton, abbatoirs and freezers. Hui nationality workers and staff members were employed in the Muslim service centers and obvious Muslim symbols were added. In 1981, the region's social commodities retail sales volume totalled 835.85 million yuan, showing an increase of 6.5 percent over 1980. The supply of certain daily necessity products, women's and children's products and special nationality products was obviously improved. The sale of top and medium grade products grew at a tremendous speed.

The trade fair business was even more vigorous, the whole year's business volume totalled 76.73 million yuan, showing an increase of 50 percent over 1980. The turnover of grain, edible vegetable oil, meat, poultry, eggs, big livestock, sheep, pigs, leather sheets, means of production, daily use products and so forth showed great increases over the preceding year.

Financial revenue and expenditures balanced with a slight surplus. In 1981, due to a reduced number of enterprises, the region's financial revenue totalled 137.14 million yuan, accounting for 93.4 percent of the readjusted estimate, and showing a decrease of 29.7 percent over the preceding year. By means of strengthening financial management and strictly economizing on expenditures, the region's total expenditures were kept at 461.04 million yuan, accounting for 77.5 percent of the readjusted estimate and showing a decrease of 19.9 percent over the preceding year. Except for expenditures on cultural, educational and public health activities which were increased by 9.6 percent, all other expenditures showed a decrease over the preceding year. Under the circumstances that financial revenue had dropped by a very large extent, we maintained a balanced budget with a slight surplus mainly by controlling expenditures. The national bonds buying quota was also overfulfilled.

Various kinds of work such as science and technology, culture and education, public health, and so on, have been strengthened amid readjustments. Science and technology was further integrated with economic construction, and 33 important scientific research achievements were recorded, some of which already reached the highest domestic standard and 21 of which have already been utilized and popularized in actual production. At the same time, we have paid attention to bringing the technical personnel's initiative into play, showed concern for them and helped them solve certain practical problems, improved certain science and technology personnel's working and living conditions, and continued to push forward the system of promotion. Cultural work has paid attention to upholding the correct political orientation, improving the quality of literary and art work and creating a number of works which have a relatively high ideological and artistic standard.

More than 20 works of the regional writers and artists won prizes in the national literature and art assessment activities. Above 50 percent of the rural people's communes have set up cultural centers, enlivening cultural life in the rural areas. Educational work has attached importance to the popularization and improvement of primary education. Regarding schools in the hilly areas, we have shown our support by allocating funds, training teachers, and so on. The region has allocated a total sum of 9 million yuan to repair an area of 136,000 square meters of old and ruined secondary and primary school premises. We have begun to reform the structure of secondary education and have carried out preliminary readjustments in the structure of ordinary secondary schools. Universities and secondary technical schools have been developed. Nationality education has been strengthened and 72 Yui nationality primary schools have been established throughout the region. There was an obvious increase in the number of people joining the various kinds of sparetime schools. We have also obtained certain achievements in kindergarten education. The public health departments have done a great deal of work in improving the quality of treatment, taking precautions against and curing certain diseases, and in improving the people's physical conditions. The incidence of certain infectious diseases and local diseases has dropped to varying degrees. We have changed the appearance of many places by means of vigorously promoting publish health campaigns and have cleaned many dirty corners. The principle of integrating popularization and improvement was upheld in physical education work. Some mass sports activities were launched and good results were achieved in some sports items. Many departments including the news, broadcasting and publications departments have done a good job of seriously popularizing the party's line, principles and policies and speeding up the four modernizations drive.

We have also obtained development in dealing with foreign nationals and organizations. Over the last few years, we have received some 300 foreign guests from about 30 countries. These guests included experts from the United Nations, the United States, Japan, India, Brazil, Tanzania and Yugoslavia who carried out agricultural, forestry, animal husbandry, sand-control, geological and seismological research in our region. There were also experts from the United States, Japan, the Netherlands, and West Germany who came to our region to install and experiment with the imported equipment, train personnel in the operation of such equipment and carry out technological exchanges. Some West German experts in farm machinery have also come to the region's Huangyangtan farm to demonstrate and instruct in the operation of farm machines. More than 600 people in the region have been sent to other countries to visit and carry out research, assist foreign countries, further their studies and sign construction contracts with other countries. Of these people, more than 60 medical personnel, divided into three groups, were sent to the People's Republic of Benin; and 450 or more people were sent to the Yemen Arab Republic to execute construction and installation contracts. These activities helped to strengthen our friendly ties with people of various nations and accelerated the region's economic development.

The livelihood of the urban and rural people has been gradually improved. Thanks to a bumper harvest in agriculture, the per capita net income of the commune members in 1981 amounted to 208 yuan, a 16.9 percent increase

over 1980, topping all previous records. In terms of collective distribution, the number of production teams whose per capita income exceeded 300 yuan increased by more than 100 percent over that of 1980. New housing units with a floor area of nearly 2 million square meters were finished in the rural areas. Great efforts were made in cities and towns to explore new possibilities in employment and some 21,000 jobs were provided to youths waiting for employment. The total wages and salaries of the regional staff and workers employed by units owned by the whole people increased by 4.29 percent over the previous year. The staff members and teachers of middle and primary schools and the staff and workers of medical, public health and physical culture departments and affiliated organizations were given a pay increase. Social purchasing power registered another increase and housing conditions continuously improved to some extent. By the end of last year, the savings deposits in both town and country throughout the region had reached 228 million yuan, an increase of 33 percent over the previous year. Of this, rural savings deposits amounted to 64.23 million yuan, an increase of 36 percent over the previous year.

The political situation has been further stabilized and social order has taken a turn for the better. Since last year, the people's governments at various levels have conscientiously studied and implemented the guidelines of the sixth plenary session of the 11th CCP Central Committee and penetratingly studied the "resolution on certain questions in the history of our party since the founding of the PRC." They have stepped up ideological and political work, extensively launched activities of learning from Lei Feng and establishing new mores and of "five stresses and four beautifuls" and vigorously advocated socialist spiritual civilization. The spiritual outlook of the people has changed to some extent. Socialist morality and practice have been promoted and the relations between the party and masses, between the cadres and masses, between the army and people and between nationalities have been further strengthened. In March this year, an "all-people civility and courtesy month" activity was launched extensively in town and country throughout the region. Centering on the four major problems of "dirty environment, chaotic order and poor and insufficient service," we have done a lot of work and achieved marked results. The masses commented: "We have seen with our own eyes that our efforts to improve the dirty environment have been effective, our efforts to check chaotic order have been successful and our efforts to improve poor and insufficient service have been successful" and we firmly believe that we have great prospects to administer our party and country well. They unanimously held that although the "all-people civility and courtesy month" activity has ended, it is imperative to persevere in the civility and courtesy activity in order to further transform the social mood and improve social morality. The political and legal departments stepped up publicity on, and education in, democracy and the legal system and, by taking improvement of public security as the key link, concentrated on reorganizing those localities and units where security and order were relatively poor. With respect to those criminals who seriously endangered public security and social order, the political and legal departments strictly and promptly dealt with them according to law, thus dealing a powerful blow at the various criminal activities. In society healthy tendencies are in the ascendant and unhealthy

tendencies have become less flagrant and the sense of security of the masses has been strengthened to some extent. A stable political situation and improvement of social order accord with the aspirations of the broad masses of people and contributed to the stability and development of economic construction.

In various activities, such as safeguarding the four modernizations drive, supporting industrial and agricultural production, engaging in afforestation and safeguarding social order, the numerous commanders and fighters of the Ningxia military region, the PLA units stationed in Ningxia and the people's police as well as the militia have scored marked successes. Heroic and model figures warmly praised by the broad masses have emerged in large numbers. Particularly during the catastrophic flood of the Huanghe River, they went into action without delay and persevered in fighting the flood day and night, bringing into play their role as a mainstay. The people's government at various levels have also done a lot of work in supporting the army and giving preferential treatment to the family members of revolutionary armymen and martyrs, making proper arrangements for demobilized soldiers and providing disaster relief.

Dear representatives and comrades.

While reviewing our achievements over the past year, it should also be pointed out that there are a lot of outstanding problems in our practical work. They find concentrated expression in poor economic results. Serious losses and waste exist in the fields of production, capital construction and circulation. Take industry for example. Compared with 1980, output value for 1981 dropped by 14.7 percent, the profit created and profit delivered to the state dropped by more than 70 percent, the circulating capital employed increased by 3.6 percent, labor productivity of full-time laborers dropped by 13.3 percent and losses increased by 120 percent. Since the regional work conference on industry and communications this year, things have taken a slight turn for the better. The various departments and enterprises have tried every possible means to improve the economic results, but they have not been sufficiently quick in their actions and have not been able to effect sufficiently great changes. In our economic cooperation with Shanghai and Tianjin, we have not worked with all our energy and in a down-to-earth manner, with the result that we have failed to make great progress and attain substantial results. In agricultural production, we suffered from a severe drought in some parts of the mountain areas this year so that spring-sown crops were not sown in time. The masses in some localities are still leading a very poor life. After implementing the production responsibility system, we have not been able to promptly keep abreast of the new situation in our ideological and political work and organizational and management measures. Some cadres have slackened leadership over the work, erroneously considering that "after the implementation of the systems of fixed production quotas and rward, it is unnecessary to pay attention to ideological work" and that "after the implementation of the system of fixing output quotas for individual households, cadres are no longer needed." Some have not given sufficient protection to collective property. There was a short supply of vegetables last winter and this

spring. The price of vegetables on the market went up, adversely affecting the people's livelihood. Financial revenue dropped for 2 years running and we had to rely chiefly on state allowances for expenditure. Efforts should be made to bring about further changes in the passive financial and economic situation. The tasks of exploring new possibilities in providing jobs for youths awaiting employment are still very arduous. Government organs and various departments are overstaffed and there is redundancy in the administrative structure. We have not done very well in going down to the grassroots units to conduct investigation and study. We have done our work in a general manner. We have not been resolute and practical in handling some problems. Our work efficiency is low. With respect to these problems, it is necessary for us to conscientiously sum up our experience and lessons and adopt strong measures to solve them.

2. Principal Tasks in Economic Work in 1982

The primary task of the government at various levels is to do a good job of economic work. The general guiding ideology for regional economic work in 1982 should be centered around the improvement of economic performance. We should organize production, construction and circulation according to the state plan and social needs and integrate the economic results with the rate of growth; we should resolutely implement the principle of "providing food and engaging in construction" and integrate good arrangement of production and construction with gradual improvement of the people's livelihood; we should integrate the task of building socialist material civilization with the task of building socialist spiritual civilization; and we should, in accordance with the guiding ideology of "taking the whole country into account," carry out the principle of giving due consideration to the interests of the state, the collective and the individual and correctly integrate the interests of the state and the collective on the one hand with the interests of the individual on the other. The principal tasks in economic work this year are as follows:

First, we should strive for the continuous development of agriculture by relying on correct policies and on science.

According to the state plan, the total agricultural output value of our region in 1982 is scheduled at 766 million yuan and the total grain output at 2.44 billion jin. Compared with the actual output in 1981, there is still some leeway. However, owing to frequent natural disasters in the first half of this year, we should never treat it lightly.

The key to achieving sustained increase in agricultural production this year still lies in policies and science. It is necessary to continuously implement the various policies laid down since the third plenary session of the 11th CCP Central Committee, adhere unswervingly to the path of socialist collectivization and public ownership of the means of production and adhere unswervingly to the system of production responsibility in agriculture. It is necessary to conscientiously sum up, improve and stabilize the responsibility system. The various forms of responsibility system that have been instituted should not be changed so long as they

help to develop production, consolidate the collective economy and enjoy the support of most people. It is necessary to strengthen the leading bodies of communes and production brigades and institute the system of personal responsibility among cadres at the commune and brigade levels in order to make clear the duties encumbent on each person or post and definitely put an end to the state of paralysis or semiparalysis in some leading bodies. It is necessary to proceed from reality and to conscientiously study and solve the new conditions and problems that emerge following the implementation of the responsibility system. It is necessary to formulate concrete management methods for collective property such as houses, warehouses, farm machinery, tools, water conservation and electric facilities and to strictly check acts of willfully seizing and indiscriminately using collective cultivated land and all other public property. We should conscientiously carry out the "regulations on requisition of land for state construction" and definitely strengthen management over the work of requisitioning land. Acts such as building houses, burying the dead and digging up the soil on land that is contracted are strictly prohibited. Arrangements of production must be subordinated to the unified planning of the state no matter what form of responsibility system is being implemented. It is imperative to fulfill the tasks of growing and selling major crops such as grain, oil-bearing crops, beet and vegetables according to the state plan. We should coordinate the tasks specified in the state plan with the arrangements of production by the peasants by means of signing economic contracts from one level to another. It is necessary to frequently educate the peasants to love the state and the collective, give due consideration to the interests of the state, the collective and the individual, accept planned guidance and exert themselves to support socialist construction.

It is necessary to further readjust the production mix and publicize the idea of agriculture of a wider scope in line with the requirements of the overall development of agriculture, forestry, animal husbandry, [sideline] occupation and fishery. In line with the principle that "we should never relax grain production but should actively develop diversified undertakings" and in light of the actual conditions and different features in our region, we should gradually build the area irrigated by the Huanghe River into an economic zone with commodity grain playing a primary role and characterized by the comprehensive development of agriculture, industry and commerce; and gradually build the mountain area in the south into an economic zone with fresh animal products and commodity oil-bearing crops playing a primary role and characterized by self-sufficiency in grain and the integration of agriculture, forestry and animal husbandry. In developing grain production, primary attention should be paid to scientific farming, intensive cultivation and increase of per unit area yield. In areas irrigated with water from the Huanghe River, stress should be laid on the transformation of low-yield and mid-yield land. Production in the mountain areas should be improved steadily. While ensuring increased grain production throughout the region, it is necessary to lay equal stress on developing diversified undertakings by the collectives as well as individuals in light of the actual local conditions and to explore new possibilities in production in order to develop the range and quality of agricultural production. Efforts should be made to fully utilize natural resources and labor force and

engage in large-scale crop-planting, breeding and the processing of agricultural and sideline products. It is necessary to strengthen leadership over, and actively support, enterprises run by communes and production brigades in order to manage them well.

Planting trees everywhere and making the country green is a glorious undertaking of building socialism which benefits future generations. It is also a major strategic measure for administering the mountains and rivers and protecting and improving the ecological environment. The government and the afforestation committees at various levels should conduct the activities of afforesting and making the mountains and rivers green on a regular and long-term basis and pay close attention to its implementation. The focal point of afforestation in the whole region is to do a good job of afforesting the farmland and roads in the irrigated areas and of "planting trees, grass or shrubs" in the mountain areas and to conscientiously pay attention to building shelter-forests in Xiji County. A leading comrade of the central authorities has written important instructions on the shelter-forest project in Xiji County. We should make conscientious efforts to develop the project in a down-to-earth manner in order to win honor for our country. The various prefectures, municipalities and counties should make clear the main orientation of our work, pay attention to the typical examples, and use the experience of selected units to promote work in the entire area in order to provide overall guidance. It is necessary to plant trees scientifically, improve the quality of afforestation and strengthen management and protection of forests. We should penetratingly conduct education in forest law, institute village regulations and people's pledges, practice the system of reward and punishment and resolutely implement the policy toward afforestation and the regulations on protecting forests and trees and prohibiting indiscriminate felling of trees.

In animal husbandry it is necessary to readjust the livestock structure, pay attention to improvement of breeds and reproduction and improve the rate of commodities. Efforts should be made to strengthen management over livestock breeding, develop and coordinate feed production, do a good job of disease prevention and prohibit indiscriminate slaughter of farm animals. While vigorously developing pig-raising and sheep-breeding by the collective and the individual, it is necessary to develop the production of milch cows, goats, bees and rabbits. We should adhere to the principle of "overall planning, extended protection, rational utilization and key construction," build the grasslands still better and continuously raise grazing capacity. There is great potential for aquatic breeding in our region and we should pay attention to the production of aquatic products. We should step up agricultural scientific research and the work of popularizing technology by proceeding from the reality of developing agriculture, forestry, animal husbandry, sideline occupations and fishery in our region. With respect to the achievements in scientific research, it is necessary to promptly popularize the main production. Attention should be paid to summing up the advanced technology of the masses, extensively launching a mass activity of popularizing science and, through running technical training classes and holding discussion meetings on technology by the peasant households, passing on and exchanging science and technology, training key technical personnel and improving the standard of scientific farming.

Continued attention should be paid to the work of surveying agricultural resources and drawing up plans for agricultural zoning and the use of land. It is necessary to adhere to natural law and economic law, bring into play our superiority in production in light of the local actual conditions and to do a good job of ecological balance. We should conscientiously sum up and improve the experience in building the four base counties of Guyuan, Yanchi, Xiji and Pingluo and bring into full play the exemplary role of the base counties in the agricultural modernization drive.

Second, it is necessary to straighten out the guiding ideology of agricultural production, make efforts to improve the economic results and strive for a genuine rate of growth.

With respect to the industrial production plan this year, viewed from the progress of the past 5 months, it is possible to achieve a rate of growth through our efforts. The key lies in the fact that the task of improving the economic results is extremely arduous. According to statistics, by the end of May, total industrial output value had fulfilled 42 percent of the annual plan. However, the task of creating profit was not well accomplished and the economic results were quite unsatisfactory. The various localities and departments and all staff and workers on the industrial and communications fronts should attach great importance to this matter and exert all our strength to put an end to this state of affairs. We should never treat it lightly.

Is it possible to greatly improve the economic results and blaze new trails? This is a crucial question in implementing the guidelines of the national work conference on industry and communications held this year. Premier Zhao Ziyang explicitly pointed out: "At present, it is necessary to stress straightening out the guiding ideology of industrial production. That is to say, it is necessary to pay attention to the economic results and to have a solid rate of growth." What are economic results? He said: "When stressing the economic results, it is first of all necessary, I think, to make clear this point of view, that is, it is necessary to produce more products that accord with the demands of society with the least possible consumption of living labor and materials." This makes it necessary for the entire economic field to regard the improvement of economic results as the central link.

Genuine efforts should be made to shift the guiding ideology onto the improvement of economic results. In the past we onesidedly stressed increasing output value without paying attention to the economic results. For a long time in the past, we have formed a force of habit, that is, we did not bother to study the needs of society and neither did we bother whether our products are of any use value. As a result, we suffered losses because some products were unsalable and kept in stock for a long time. The fulfillment of production tasks was only a false reputation while the state and people suffered losses. Naturally, that does not in the least mean that we do not need speed, neither does it mean that the lower the speed the better. What we need is speed with good results and the integration of results with speed.

It should be explicitly pointed out here that the shift from one-sidedly stressing speed to improvement of economic results constitutes a fundamental change in the guiding ideology in our economic work. This change profoundly reflects the requirements of the basic socialist economic law. Our purpose in building socialism is to constantly meet the growing needs of the people for material and cultural life. That is to say, our products should be in accord with the demands of society. Only by meeting the needs of society will it be possible for enterprises to have prospects of development, to readily market thier products, to increase their income, to accumulate funds for the four modernizations program and to strive for a fundamental turn for the better in the financial and economic situation. Therefore, the leading cadres at various levels throughout the region, particularly the leading cadres at various levels who are in charge of the economic work, should get onto the right path ideologically and firmly grasp the improvement of economic results.

First of all, we must vigorously turn out more salable goods to meet the social needs. To this end, it is necessary to make thorough investigation, sort out the products which are now being made and make a correct judgment to see what should be kept in production and what should not be. We must energetically develop, improve and tap the latent productive capability of all readily marketable goods and any goods which might be competitive after improvements have been made. Meanwhile, we must make arrangements to tackle with concerted efforts the key problems of some goods which are badly needed in society, but are not salable because of their poor craftsmanship. We must make these goods better in quality and rich in variety to try to find a good market within a limited time. Some low-quality products with high energy consumption which have long been kept in stock or have long been operating at a loss, production must be stopped or switched to another mode of production. We should no longer take a wait-and-see attitude towards such unmarketable goods. We should not always lean on the government's backing. The Regional Economic Commission must study how to work out a new plan for making readjustments in industry and draw up plans for upgrading industrial products. We must strive to make the regional major industrial products catch up with the national advanced level within 2 to 3 years and put them into production on a long-term basis to gain better economic returns.

Second, we must make proper arrangements in the technical transformation of existing enterprises to meeting the social needs. This transformation must aim at yielding fast results and big economic returns by making small investments. In promoting effective technical transformation, we should make use of the limited materials and funds for the enterprises which can turn out the most profitable run-of-the-mill goods. Two things are to be avoided--the problem of egalitarianism and imposing uniformity on all enterprises. In 1982 we have a total fund of more than 40 million yjan for technical transformation and the updating of equipment. These funds will be distributed and used for transforming 30 or more enterprises to improve efficiency, increase variety, reduce energy consumption and promote labor protection. Anyhow, we must step up our production by concentrating the main effort on major enterprises. It is anticipated that when these key

enterprises are completed with the renovation of production techniques, there will be an increase of more than 70 million yuan in output value, while the profit and amount of tax to be paid will be up to more than 10 million yuan. In making arrangements for technical transformation, we must include the expenses for scientific research. We must give full play to the role of scientific research, trial-manufacture, popularizing experience, renovation and increase of production and take them as some thing to be combined. We must put in order some projects which were put into operation in the past by taking over or making new arrangements for some projects which have been arbitrarily switched for other purposes, or have caused losses and waste, or else have been delayed from being put into operation for a long period of time.

Technical transformation must be made helpful to stepping up readjustment in industry. We must give full support to the products which it is planned to develop for quick and big economic returns in order to meet the needs of the people, such as products of the light and textile industry, foodstuffs, daily necessities, products in short supply, products for agriculture, export goods, special local products and processing items.

Third, we must seriously handle properly the problem of linking up production, supply and marketing and improve production conditions. At present, the contradictions in the problem of linking up production, supply and marketing remain acute. We presume such contradictions will become more acute after introduction of the policy decision to break through the economic blockades between one area and another. We should in the first place demand that the quality of industrial products of our region be up to standard. This is vital to all. But we must realize that differences do exist in quality between our products and those of the advanced areas. All parties concerned must proceed from actual conditions and take the interests of the whole into account. We call on industrial enterprises to turn out products that are up to standard. This is a prerequisite. But we must also give aid to them to promote their products and find a good market. It is not right to passively protect these enterprises by means of administrative measures because all restrictions of economic blockade between one area and another have been lifted. We must give aid to up-to-standard products, otherwise, we are wrong. In making comparison with products in other parts of our country, if our products are up to the required quality, and up to the state standard, and if the prices are reasonable, then the commercial and material departments as well as industrial enterprises must give priority to such products in supply and marketing. We should not seek far and wide for what lies close at hand. This will put more pressure on transportation and affect economic results in an all-round way. We must strive to develop transport and communications. Particularly we must examine the monthly plan of shipping out coal on time and carry it out seriously. In order to support the areas of minority people in the fields of techniques and equipment according to the demands put forth by the state, we must make full use of our advantages to promote better economic returns in industrial production.

We must bring the role of the leading groups in coordinating industry and commerce at all levels into full play. All relevant sectors must seriously implement the items studied and decided by the leadership groups. We must keep our promise and foster the ideas of observing economic laws and regulations and strictly adhere to the terms of economic contracts. We must compensate for economic losses incurred by breaches of contracts and must investigate the major cases and find out who is responsible.

Fourth, we must correctly handle the distribution relations between the state, the enterprise and the individual. In the past, we practiced sharing profits, taking up sole responsibility for profits and losses in most enterprises and trial-practiced paying taxes in lieu of handing over profits to the state in a small number of enterprises. Such practices are developing in the right direction. We must continue to adhere to it so as to ensure the continuity and steadiness of the policy. We must continue to sum up experiences and solve the existing problems. We must seriously implement the relevant stipulations of the State Council and further improve the financial contract system. To achieve this, the key lies in giving consideration to the interests of the state, the enterprise and the individual, and in fixing a rational base figure. We must mobilize the enthusiasm of the enterprises and the workers and staff, and ensure that the financial income of the state will increase by a relatively large margin. The enterprises themselves must strictly control and manage the granting of bonuses. The total amount of bonus in the whole region must be controlled within the set quota. Furthermore, the principle of distribution according to work must be implemented so as to redress the practice of egalitarianism. We must pay attention to awarding the enterprises and the staff and workers who have made contributions to improve economic returns. However, we must not reward those who manufacture in a rough and slipshod way without paying attention to quality, and those who incur losses and overstock.

Fifth, we must do a good job of promoting an overall rectification of enterprises. The rectification of enterprises in our region has been planned and is at present in progress. We must seriously do a good job of it and must not do it perfunctorily and superficially. At present, we must pay attention to doing a good job of three things:

We must do a good job of rectifying and constructing leadership groups. All enterprises that have started rectification and all key enterprises of the region must act in accordance with the spirit of the relevant documents of the central authorities and the national conference on the industrial and communications front. In the second half of the year, we must solve the existing problems among the leadership groups and establish a strong leadership core. We must seriously implement the regulations for factory directors, establish a sound congress system for all staff and workers and strengthen democratic management. We must grasp the training of the existing cadres, and enhance their political consciousness, professional skill and management level.

We must do a good job of the basic work. We must establish a sound position responsibility system, a technical responsibility system headed by the chief

engineer and a financial responsibility system headed by the chief accountant. We must set technical, technological and quality standards. We must do a good job of original records so that all rules and regulations will be perfect, and rewards and punishments will be clear. We must seriously implement the "regulations on awards and punishments of enterprise staff and workers" and be resolute in putting an end to the confused situation.

We must do a good job of the region's rectification work. All prefectures and departments must integrate work on key points with work in other areas. While sending investigation groups to work at a selected spot to help rectify the key enterprises, we must grasp the rectification of enterprises in the entire area. All enterprises must act in accordance with the CCP Central Committee and the State Council's "resolution on carrying out overall rectification of state industries and enterprises" and organize the strengthening of the masses to carry out rectification. We must rectify the leadership groups and overcome laxness in work on the one hand, while rectifying the labor organizations, implementing control over fixed numbers of staff and quotas, strengthening labor discipline, launching activities to study and catch up with the advanced in a thoroughgoing manner, promoting safety in production, fulfilling production tasks in an all-round way and striving to enhance economic returns on the other. All prefectures, municipalities, counties and departments must promote work in all areas by drawing upon experience gained in the work on key points, promote rectification of enterprises and lay a firm foundation for rectification of enterprises in an all-round way by stages and in groups.

Sixth, we must strengthen organizational and management work of production. We must hold management meetings regularly and put an end to the past practice of paying attention to output value only regardless of economic results. We must carry out an overall investigation and examination in accordance with the 16 economic technological targets stipulated by the State Council and organize appraisals and competitions. The report on economic indices and statistics stipulated by the state is a new task which is very demanding. All prefectures, departments and enterprises must report to their superiors promptly and accurately.

3. Shorten construction time and increase investment results.

Plans for capital construction in 1982 have already been made and transmitted to lower levels. All units must carry out construction strictly according to these plans and the progress stipulated in them. We must guarantee key projects and increase economic returns. We must not construct projects which are not brought into the orbit of these plans or that increase the amount of work. The construction bank and other departments concerned should strengthen inspection and supervision.

We should grasp firmly the progress of construction, shorten construction time, increase quality and lower the cost of construction. This is the key to increasing economic returns on investment in capital construction. We should set reasonable time limits for completion and acceptance of construction projects. We should make proper arrangements for investment,

materials, equipment and construction forces and should not leave anything behind. Various departments should coordinate to ensure that projects will be completed, accepted and put into operation on time. We should also guarantee the quality of projects. We should consolidate in a planned way construction enterprises and construction material enterprises. We should implement the economic responsibility system and establish the contract system. We should properly handle the economic relations between executive enterprises and production units, and the construction period, quality and general accounts should be stated in contracts. We must strictly follow ratings and standards for charges of the state budget, strive to economize on raw materials, continue to carry out emulation activities to complete projects with excellent quality, raise the management level and increase labor productivity.

We should improve original design to achieve better design quality. Design personnel should persist in implementing the principle of making economical and applicable designs. They should make contributions in lowering the cost of construction and increasing economic returns.

4. Actively develop foreign and domestic trade and do a good job in financial work.

We should also implement the principle of taking planned economy as the dominant factor and regulation by market mechanism as a supplementary one in the field of circulation, and resolutely implement the state's policy of state monopoly in purchasing and marketing grain and oil. In regard to agricultural and sideline products of the secondary category such as pigs and sheep for food, we should carry out guaranteed purchase and planned purchase according to verified basic figures for purchase and delivery to the state. In regard to important agricultural and sideline products of the third category, we should make known to lower levels purchase plans and sign agricultural and commercial contracts with production teams, groups and households according to the basic purchase figures. We must guarantee the fulfillment of guaranteed purchases and purchase plans and the tasks of state allocation. We should adopt effective measures to grasp firmly and properly the purchase and supply of vegetables. Suburban vegetable production teams should guarantee the area of land for growing vegetables, link production with supply according to plans, and sign relevant contracts. If they have not been able to fulfill tasks of sales as stipulated in the contracts, they should not be allowed to sell the vegetables themselves. In regard to financial subsidies for vegetable enterprises, we should promptly formulate management methods in the light of market supply in order to ensure the supply of vegetables for towns, cities and industrial and mining districts.

We should seriously implement the State Council's decision on widening channels of commodity circulation between cities and rural areas and increasing the supply of manufactured goods to rural areas, reform the circulation system, reduce the intermediate links, speed up turnover of funds and lower expenditure for circulation. We should gradually consolidate grassroots enterprises in a planned way, strengthen management, and improve the attitude of service and the quality of service. Commercial

departments should further straighten out their management ideas, and strengthen market surveys and forecasts in order to provide information for production departments, become good advisors to them, energetically support production and increase purchases. We should widen circulation channels, properly arrange the market in urban and rural areas and increase sales with efforts. We should change the system of circulating manufactured goods according to division of work between urban and rural areas into a new system of circulation according to division of work in commodity production and breaking through the limits between cities and rural areas, actively open up new channels for increasing the supply of manufactured goods to rural areas and do a good job in purchasing agricultural and sideline products. We should give priority to rural areas in supplying manufactured goods which are needed both by cities and rural areas and give priority to towns, cities and industrial and mining districts in supplying nonstaple food which is needed both by cities and rural areas in order to meet the needs of the people's livelihood in cities and rural areas.

We should increase exports with efforts. While striving to fulfill state plans, foreign trade departments should, under the guidance of the principle of "coordinating all the activities of the nation like pieces in a chess game," actively develop economic exchanges with foreign countries, gradually restructure export products, increase the export of coal, gypsum, mechanical and electrical appliances and products of the light and textile industries and increase foreign exchange. We should make use of all favorable conditions and develop in a planned way the use of foreign funds, technical importation and exports.

We should continue to do a good job in foreign affairs and gradually develop tourism. We should increase the export of manpower and various exchanges with foreign countries in a planned way in order to promote friendly intercourse with people of various countries and to enhance the economic development of our region.

We should strengthen management of the market and prices. We should seriously implement the State Council's circular concerning resolutely stabilizing prices and strengthen regular inspection and supervision of market prices. The prices of retail commodities which are fixed by the state must not be raised. We must immediately solve problems such as giving short measures, substituting goods of fine quality with those of poor quality, raising prices at random or raising prices under disguise, whenever they are discovered. We must severely punish those who are involved in serious cases. We should reestablish the ranges and prices of negotiated-price agricultural and sideline products, make clear various ranges and stipulate the upper price limits.

We should strive to increase sources of income and reduce expenditure in order to ensure balance between income and reduce expenditure in order to ensure balance between income and expenditure. We should continue to do this year's financial work according to the requirements of ensuring "two balances and one steadiness." We must ensure financial income and the fulfillment of tasks of delivery to the state. We must fulfill the annual plan for the financial budget. We must grasp firmly the work of increasing

production and practicing economy. We should proceed from developing production in every way to enliven the economy, increase economic returns, open up new financial sources and increase income. At the same time, we should pay attention to reducing expenditure, do things according to our capability and stress the results of spending money. In order to ensure this year's balance between financial income and expenditure, we must concentrate our efforts on grasping firmly four things: 1) try in every way to increase economic returns and to increase profits. 2) Strictly control losses. All enterprises that incur losses, particularly those that incur big losses, should be controlled according to verified amounts of losses and should strive to reduce losses. 3) Strengthen financial inspection and supervision. We should continue to carry out general financial inspection of enterprises, eliminate "bad debts, fraud, drips and leaks," clear up unpaid profit tax and reduce expenditure of administrative work. 4) Strengthen taxation work. We should resolutely collect taxes that should be collected. Governments and financial departments at all levels should carefully check on investment increases, income decreases and expenditure increases and loan increases.

We should strengthen financial management, reduce the amount of bank notes in curculation and do a good job in credit balance. Banks at all levels should increase urban and rural savings, actively develop insurance and credit business, do a good job in managing and using funds, increase economic returns and strictly control the expenditure on purchase of social groups. We should comprehensively arrange funds which are not included in the state budget, bring them into the orbit of plans and use them in a reasonable way. We must strengthen leadership and do a good job to ensure the overall fulfillment of the tasks of purchasing treasury bonds assigned to our region.

5. Strengthen scientific, technological, cultural, educational and health work in order to promote the development of economic construction.

We should seriously implement the policy of harmoniously developing science and technology side by side with economy and the society in order to enhance the development of the productive forces. At present, we should concentrate our efforts on increasing economic returns and centering round weak links in the economic field, strive to develop new products, new processes, new techniques, new materials, improve the properties of products, speed up improvements, lower the cost of production and increase the competitiveness of products. We should pay special attention to solving important essential technical problems in developing agriculture and light industry and in readjusting the service orientation of the machine-building industry. We must have good cooperation and properly organize the scientific and technological forces in different sectors. We should determine what items we are going to tackle, divide up the work with responsibility and gradually carry out what we have planned. Scientific and technological departments and institutions of higher learning should strengthen their technological cooperation with production departments. They should analyze together the existing technological situation, production levels and development trends and in connection with problems that need a prompt solution, grasp firmly the popularization of the existing results of scientific and technological

research and immediately turn them into productive forces. Besides, we should study new problems in the light of the long-term plans of economic development and train technical forces. We should actively run on a trial basis and develop various kinds of institutions that combine scientific research with production. By means of the contract system of jointly carrying out scientific research, technical transfer with compensation, technical service and advice, and the responsibility system of linking agricultural technology with output, we should make scientific research more popular and give better play to the role of science and technology.

Educational work is an investment in developing intellectual resources. This involves the future of the modernization program. Governments at all levels should earnestly strengthen leadership over educational work, continue to increase funds for education according to possibility and gradually suit the investments on developing intellectual resources to the development of the economy and construction. The main tasks of our region's educational work are to implement the policy of overall moral, intellectual and physical development, make primary education universal, consolidate and improve junior and senior middle school education, readjust and restructure senior middle school education, develop with great efforts vocational and technical education, seriously do a good job in secondary technical education and higher education, earnestly strengthen national education and preschool education, energetically develop spare-time industrial and agricultural education and encourage self-education. We should grasp firmly the work of training teachers, raise the teaching level and improve the quality of education.

The cultural and art department must seriously implement the policy of literature and art serving the people and serving socialism, strive to make literary and art creation flourishing, pay special attention to literary and art works that reflect actual life and possess national characteristics and do a good job in building rural culture suiting measures to local conditions. Professional literary and art organizations should be geared to the needs of rural areas, to industrial and mining districts, and particularly to remote mountainous districts and districts where the Hui minority nationality people live together in great numbers, and enliven the cultural life of the masses. We should encourage writers to go deep into the realities of life, to dare to explore, to actively assist mass literary and art activities and to praise heroic and model characters. Newspapers, radio, television and films should strengthen propaganda and education concerning the economic situation, upholding the four basic principles and socialist morals and encourage the people to have greater faith and higher revolutionary spirit, to promote unity and to work hard. We should extensively develop activities of mass physical culture, and strengthen training in order to acquire skills and improve the health of the people. Departments of physical culture at all levels should actively make preparations for participating in the national sports meet and strive to produce excellent results.

We should continue to uphold the principle of "taking prevention as the dominant factor" in health work, consolidate the results of health work carried out during the "civility and courtesy month," unfold the patriotic

health movement in an extensive, thorough going and protracted manner, and actively prevent and cure local diseases, common diseases and frequently-occurring diseases. We should seriously consolidate urban and rural medical institutions, raise the medical and service levels and improve rural health networks. We should actively develop the medical technique of combining the use of traditional Chinese medicine with western medicine and pay attention to training new medical workers. All departments and units should implement the system of "weekend cleaning and health day." Cadres at all levels should take the lead in doing voluntary sanitary work and making the environment beautiful so that our region's urban and rural sanitation will change substantially.

6. Gradually improve the people's livelihood on the basis of developing production.

To continuously meet the evergrowing needs of the people's material and cultural life is the purpose of our socialist construction. But we must point out that our national economy is being readjusted and the people's livelihood can only be gradually improved on the basis of good management and according to our financial resources, increase public facilities and continue to improve the people's housing conditions in cities and rural areas. Factories and enterprises should use welfare funds to increase the collective welfare of their staff and workers. We should attach importance to building rural areas and towns and gradually build key towns into economic and cultural centers and places for scientific and technological exchanges. We should strengthen leadership over commune members building houses and concentrate our efforts on solving problems such as planning and layouts, economizing on land and the supply of building materials. We should make proper arrangements for the production and livelihood of communes and production brigades affected by natural disasters, households with difficulties, and five-guarantee households.

We should actively open up more channels for employment. At present, there are still over 31,000 people in towns and cities of the region waiting for a job. It is estimated that from now on, about 16,000 youths will be added to this number each year. Therefore, the task of providing jobs for them is rather arduous. Governments at all levels must seriously implement the decisions of the CCP Central Committee and the State Council on opening up more channels, enlivening the economy and solving the problem of employment in towns and cities. We should suit measures to actual conditions, develop with great efforts commercial service trades that are closely related to the people's livelihood, light industry and handicraft production that need a lot of people, repair trades and production that utilizes waste materials in order to open up more channels for employment. We should continue to assist collective enterprises which have been voluntarily organized by the masses and the development of the individual economy. In regard to collectives and self-employed individuals who are engaged in production or service activities, we should help them sum up their experiences, and to consolidate and improve their work. They are engaged in work which is a necessary supplement to the socialist economy. They are in glorious posts and the party and the government will show concern for them and help them for a long time to come. They are welcomed by the people. They should keep their minds

on their work and do it well. Similar to the recruiting of workers by the state, getting organized to run businesses and engaging in individual labor are important outlets for youths waiting for employment. From now on, we should strengthen leadership in forming and consolidating labor service companies. We should formulate plans for them, publicize them and help them develop with great efforts.

Environmental protection is an important matter that concerns the ecological balance and the interests of the future generations. We should continue to strengthen propaganda and education about environmental protection, strictly enforce relevant rules and regulations, adopt forceful economic and administrative measures to solve existing problems within time limits and be strictly on guard against new pollution. We must stop production activities of enterprises and scientific research institutions which cause serious pollution and do not make [efforts to] remedy it promptly, and carry out investigations to find out who is responsible.

7. Persist protractedly in properly grasping the work of family planning.

The natural population growth rate in our region is very high and is the highest of the whole country. The population growth rate greatly exceeds the development of production. We must pay serious attention to it and attach great importance to it. Governments at all levels, various mass organizations and various trades and professions must seriously implement the instructions of the CCP Central Committee and the State Council on doing a better job in family planning. We should earnestly strengthen leadership and carry out long-term, extensive and thorough propaganda and education. We should help the broad masses of people throughout the region understand the important strategic significance of family planning and controlling population growth, that population growth control and the development of material production must go side by side, and that only by so doing are we acting in the long-term and fundamental interests of all the Chinese people. We should help them to understand the urgency and difficulties in doing a good job of family planning. We must resolutely implement the "notice about publishing the provisional regulations concerning several questions on family planning" issued by the Regional CCP Committee and the regional people's government and turn family planning into conscious activities of the masses. Besides, we should strengthen technical guidance, properly do concrete organizational work and give a good supply of contraceptive medicine and tools. We must adopt effective measures to lower the natural population growth rate in our region.

The census is the foundation for formulating policies and for drawing up economic plans and plans for social development. We must carry out the census work well and accurately and must not disregard it. The third national census will soon start. Governments at all levels must seriously follow the state's unified plan, earnestly strengthen leadership, properly carry out publicity work and education, organize more competent forces, grasp firmly each key link and fulfull the task of the census on time setting high and strict demands on ourselves.

3. Strive to Build Up Socialist Spiritual Civilization

While concentrating our main strength on doing the economic work satisfactorily, we should strengthen the construction of socialist spiritual civilization in order to substantially raise the ideological consciousness of the broad masses of people and the broad ranks of cadres, heighten the unity between the Hui, Han and other nationalities, remarkably change the morality and general mood of our society, bring about a change for the better in the social order and public security and make remarkable progress in doing all our work, thus creating favorable conditions for the development of the national economy in our region.

First, we should conscientiously strengthen ideological and political work. At present the major tasks in our ideological and political work are adhering to the four basic principles; teaching the people of all nationalities to understand Marxism-Leninism-Mao Zedong Thought, to love the motherland, the party and socialism, to safeguard the interests of the state and the collectives and public order and to consciously observe the state law and the labor discipline and further consolidating the ideological front of socialism. We should closely combine ideological and political work with the study and implementation of the party's line, principles and policies that have been formulated since the third plenary session of the 11th CCP Central Committee, with education in the current economic situation and with the real state of the minds of the masses of the people. Thus we will be able to act in the manner of seeking truth from facts and in a relevant manner and really solve problems. We should give an account of what has happened in the past both in the political and in the economic fields and justly, forcefully and clearly explain to the masses of the people that it is under a very difficult situation that, since the third plenary session of the 11th CCP Central Committee, the party and the state has done many great and good things for the people throughout the country. On the one hand, we have brought order out of chaos, established the correct ideological, political and organizational lines that have been supported by the masses of people, remedied the wrong, false and misjudged cases and vigorously solved the problems that have been left over by history. On the other hand, we have readjusted our national economy and cured as quickly as possible the tremendous wounds resulting from the decade of turmoil. At the same time, we have adopted every possible means and made every effort to improve the livelihood of our urban and rural people. Over the last 3 years, under the unified arrangement of the state, we have raised the total income of the rural people in our region by 145 million yuan, an increase of 47 yuan per capita, by means of raising the purchase prices of some agricultural and livestock products, reducing or remitting agricultural taxes in mountainous areas, providing free medical treatment, giving boarding allowances to the middle and primary school pupils who live in schools, providing school textbooks free of charge, giving free film shows and providing relief to the poor and those people in the areas afflicted by natural disasters. By means of raising the wages of some of the staff and workers, paying bonuses and giving food grain and oil price disparity allowances and foodstuff allowances, we have raised the total income of the staff and workers in our region by 159 million yuan, an average increase of 235 yuan for each staff member of worker. During the past 3 years, we have built 1.49 million

square meters of housing for our staff and workers and provided 95,000 job-awaiting youths with jobs. These are facts that are obvious to all and both the rural and the urban masses of people have actually benefited from them. All the areas, departments, enterprises and institutions should give a concrete account in the light of their actual condition of the economic benefits that the state has given to the people in improving their livelihood and by so doing educate the masses of people in the superiority of the socialist system. While propagating our achievements in a big way, we should also clearly and in the manner of seeking truth from facts, tell the masses of people of the existing problems and difficulties. We should make them understand the current financial and economic situation of the state and the region, make them consciously carry out the policy of "first we should feed ourselves and second we should carry out construction," and fix in their minds the idea of doing everything thriftily and carrying out hard struggle. We should make them deeply understand that raising living standard depends on our own efforts. We should also make them correctly handle the relationships between the interests of the state, the collective and the individual, consciously give up individual and local interests for the sake of the whole and consciously subordinate their immediate interests to their long-term interests. Thus they will make united efforts with us to overcome the difficulties and make greater contributions to the four modernizations.

In strengthening ideological and political work, we should pay special attention to fostering and educating our youngsters. All the sectors of our society should be concerned about the healthy growth of our youngsters. They should continue to develop communist moral education with the basic content of learning from Lei Feng, establishing new social moods and upholding the "five stresses" and the "four beauties." They should carry out education in the revolutionary ideals and the revolutionary prospects and teach the youngsters to fix in their minds the communist outlook on life and heighten their abilities to resist corruption by the degenerated bourgeois ideology, they should strive to train our youngsters into reliable successors to our cause who have ideals, are moral and educated and observe discipline.

Second, we should firmly crack down on serious criminal activities in the economic field. Cracking down on serious criminal activities in the economic field is a major task that is vital to the prosperity or failure of the party's and state's socialist cause and also a major task that we should conscientiously grasp. In the economic field of our whole region at present, the illegal criminal activities of smuggling, trafficking in contraband, speculation, fraud, embezzlement, bribery, and stealing the property of the state and the collectives are much more serious than those during the "movement against the three evils" in 1952. Up until now, 495 economic criminal cases of various kinds have been discovered in the whole region and 71 of them have involved more than 10,000 yuan each. Eighty of these cases have already in the main, been clearly investigated and 330,000 yuan of stolen money and property have been recovered. In many cases, a small number of cadres, staff, workers and even leading cadres were hit by the "sugar-coated bullets." They exploited our correct policies of opening to the outside world and enlivening the economy, found loopholes and colluded with the lawless people in the society in carrying out economic criminal

activities. As a result, they seriously hindered the implementation of the party's and the state's principles and policies, impaired the state's economic construction, poisoned the general mood of the society, corrupted our cadres and people and brought harm to our social order. We should be fully aware of the serious harm of the illegal and criminal activities in the economic field and be clearly aware of the urgent necessity of carrying out this struggle. We should stress solving the problems related to the understanding in our minds and overcome the weakness and laxity in the minds of our leading persons and overcome the practices of acting sluggishly and carrying out the struggle without making exertion. We should deeply propagate the CCP Central Committee's and State Council's "decision on cracking down on serious criminal activities in the economic field" and the NPC Standing Committee's "resolution on severely punishing the criminals who have seriously undermined our economy." We should continue to persist in implementing the policies of opening to the outside world and enlivening our economy and at the same time we should also conscientiously strengthen our leadership cracking down on illegal and criminal activities in the economic field, remove all obstacles and be resolute in carrying out this struggle to its final overall victory. At present, we should do a good job of investigation and study, concentrate on major cases, conscientiously handle them and pay attention to speeding up the investigation of major important cases. At the same time, we should act in strict conformity with the policies, correctly distinguish between the two kinds of contradictions that are different in nature and correctly determine the nature of the cases on the basis of the facts, according to the criteria of the law and in the manner of seeking truth from facts. The people's governments at all levels and all our cadres should adopt a firm stand and a clear-cut attitude. They are never allowed to turn a blind eye to illegal or criminal activities, or fail to report any such activities they are aware of. They are never allowed to be irresolute and hesitant in handling such activities or indulge or even shield such activities. All the economic criminals should be thoroughly investigated, no matter who they are, which units they belong to, or how high their official ranks are. In so doing, we should never be irresolute. Any one who resists, interferes in or hinders this struggle should be held responsible for what he or she has done and be duly punished.

Third, we should continue to safeguard our public security and maintain our social order. We should carry out widespread and deep propaganda on the legal system and teach the people of all nationalities to heighten their understanding of the idea of the legal system and resolutely fight various kinds of criminals who impair our public security and social order. We should strengthen our public security management and establish and perfect the basic-level public security organizations in order to give play to the role of the mass organizations in safeguarding public security. We should widely mobilize the masses of people to formulate regulations for the staff and workers, neighborhood regulations and regulations for village residents and teach them to consciously observe these regulations. We should consolidate the internal order in our organizations and enterprises and further implement the responsibility system geared to security work. We should foster the social mood where everybody praises good people and good deeds and everybody fights bad people and bad deeds. We should unite the people

to put an end to all hooliganism and criminal activities and conscientiously safeguard the normal order of production, the normal work order and the normal social order. We should resolutely ban all supersititious, fraudulent and gambling activities and strictly forbid all reactionary and pornographic books and journals and all obscene literary works. We should satisfactorily grasp the work of educating the youngsters who have engaged in illegal or criminal activities and help them to change and redeem themselves. In doing this work, the society, the schools and the families should jointly shoulder their responsibility and cooperate and coordinate with one another in helping them redeem themselves. We should continue to crack down on active criminals and mete out prompt and severe punishment in accordance with the law, on the heinous cases of murder, arson, robbery, rape and bombing. We should resolutely support and encourage the broad masses of people to fight criminals and promptly praise and award the advanced people who have bravely come out to fight criminals. We should consolidate our ranks of public security workers and judicial workers and do a good job of training professional policemen in order to continuously improve their professional abilities. We should strive to bring about a greater turn for the better in the public security and social order throughout our region.

Fourth, we should further strengthen the unity between the people of all nationalities. Strengthening national unity is of special significance in consolidating and developing the political situation of stability and unity and ensuring the smooth progress of the four modernizations. In considering all problems and carrying out all their work, the people's governments at all levels should satisfactorily handle the nationality relationships and augment national unity. They should deeply carry out reeducation in the party's nationality policies and continue to implement the party's nationality policies and religious policies. We should fix in people's minds the idea that the Han nationality cannot be separated from the minority nationalities and neither can the minority nationalities be separated from the Han nationality, consciously adhere to the principle of equality and unity between all nationalities and firmly fight and oppose all the words and acts that harm this unity. We should earnestly respect the equal rights and the rights of autonomy of the minority nationalities, respect their customs and let them really exercise their rights in being masters in managing their internal affairs. We should vigorously select and train minority nationality cadres, earnestly help the areas inhabited by the people of the Hui nationality to develop their economic, cultural, educational, medical, sports and scientific causes and continuously improve their livelihood and raise their scientific and cultural levels. While strengthening national unity, we should do our religious work well. At present, a number of problems have cropped up in carrying out religious activities. In some areas, an excessive number of temples have been built and too many religious activities have been carried out, thus increasing the burden of the masses of people. In some areas, a large number of children have been made to read scriptures. In other areas, the religion interferes with politics, education and marriage. In still other areas, sectional religious disputes have taken place and feudal superstitious activities have been carried out in the name of religious activities. Many of these problems are problems of understanding and should be solved by means of education and enlightenment. However,

some of these malpractices have gone beyond the scope allowed by the religious policy and must be resolutely corrected. We communists are atheists and should persist in prapgating atheism, but it is not only ineffective but also harmful to adopt simple compulsory methods to handle people's ideological problems that are related to their spiritual world. In handling religious problems we must be "especially prudent," "very strict and careful," and "full of circumspection." It is wrong to exaggerate the serious and complicated nature of the problem, but it is also wrong to overlook the existence of the problems and the complicated nature of the problems or to adopt a laissez-faire attitude. The people's governments at all levels should strengthen their leadership over religious work, strive to attach importance to this work in their minds, vigorously do this work, be particular about the methods in doing this work and firmly overcome the weak and lax leadership and the malpractice of abandoning leadership. On the one hand, we should teach our cadres and masses of people to respect the freedom of religious belief of the minority nationalities and tell them that they should not interfere in legitimate religious activities. The masses of the people enjoy the freedom to believe in whatever religion sect they please and the freedom to refuse to believe in religion and to propagate atheism, but no matter what they believe in, they should respect one another and they are not allowed to discriminate against or attack one another. On the other hand, we should vigorously strengthen our management of the religious activities and teach the religion personnel and the masses of believers to love the country and observe the law. They should act in accordance with the "patriotic pledge of the people of the Islamic religious circles throughout the region." Religion is not allowed to interfere in the administration of the government of the state, the judicature, education, marriage or social activities. No one is allowed to force youngsters below the age of 18 to believe in religion or to learn the scriptures. The abandoned feudal religious privileges and the religious system of oppression and exploitation should never be allowed to be restored. No one is allowed to use religion to oppose the party's leadership and the socialist system or to impair the unity between the people of various nationalities. We should justly and forcefully criticize all those who violate the above-mentioned regulations, punish according to the law those who violate the law of the state and resolutely crack down on the counterrevolutionaries who have acted under the cover of religion. In short, we should lead religious activities onto the path of the party's policy and the state's law, unite all the masses of both believers and nonbelievers and concentrate our will and strength on achieving our common goal, the four modernizations. This is the basic starting-point from which we implement our policy of freedom of religious belief and handle all religious problems.

We should do a good job of supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs and further strengthen the unity between the army and the governments and between the army and the people. The PLA is the cornerstone of the proletarian dictatorship. The governments at all levels should be enthusiastically concerned for them and take loving care of the PLA soldiers who are the children of the people. They should vigorously support the PLA in doing a good job of military training, conscientiously ensure the vegetable and foodstuff supply

of the PLA units and promote the modernization and regularization of the troops. We should conscientiously grasp the reorganization of the militia and strengthen its construction. We should soundly fulfill the task of giving preferential treatment of the families of PLA men and of comforting and compensating the bereaved families of PLA men.

4. Conscientiously Improve Government Work

During the past year, the people's governments at all levels in our region have done a large amount of work in ideological and organizational construction and in improving their work style. However, their work has still greatly fallen short both of the demands resulting from the development of the situation and the demands of the people. We should develop our achievements, overcome our shortcomings and further improve and strengthen the work of our governments.

We should conscientiously grasp the reorganization of our organs, change our work style and raise our work efficiency. The central authorities have pointed out that in this year, no local governments at any levels will undergo simplification of their structures. Thus they can focus their energy on satisfactorily doing and improving all other work. We should do a good job of restructuring our organizations while grasping the construction of the two civilizations. At present, a universal problem in the work of the government organizations in our region is inflated structures, overlapping of duties, overstaffing and low work efficiency. Moreover, the staff of these organizations have failed to go deep enough into the reality and failed to make adequate investigation and study and therefore, sometimes they do not fully understand the situation and the existing problems. As a result, in handling some problems, they fail to be prompt and resolute enough and cause delays in our work. We must be determined to rectify the thinking and working style and the discipline in our organizations and pay attention to overcoming bureaucracy and solving the problems of lacking vigor in doing work and of low work efficiency. We should overcome the weakness and laxity of our leading groups, thoroughly correct the unhealthy trends and make our leading cadres serve the people wholeheartedly. The leading cadres at all levels should set examples by their own actions, vigorously develop the work style of conducting investigation and study and focus their energy mainly on going deep into the reality and among the masses of people, studying the new situation, solving new problems and opening up new prospects. Our organizations should perform the functions and duties of their office, further perfect the position responsibility system, strictly enforce work discipline and strengthen the work of researching into our policies in order to really fulfill all the tasks and establish efficient work order. We should establish a mass evaluation system to evaluate the performance of the personnel of our organizations in order to praise those who have fulfilled their tasks well, criticize those who have failed to work hard and punish those who have seriously neglected their duties. We should punish according to the law the cadres who have violated the law and committed crimes. All the staff and workers in our organizations should serve the people, be responsible to the people, develop an active and enterprising spirit and do their work well. The staff and

workers in the organizations at the regional level should play an exemplary role. We should act in accordance with the plan of the central authorities, carry out deep investigation and study and do a good job of making all the necessary preparation for the simplification of the structures of our organizations.

We should pay attention to strengthening ideological and organization construction, raise the political consciousness, professional competence and working abilities of the broad ranks of our cadres. We should train our existing cadres by stages and in groups in a planned and orderly manner. We should encourage our broad rank of cadres to study hard politics, economics, science and culture and arduously perfect their professional skills in order to be completely competent in their tasks. We should speed up training and selecting fine medium-age and young cadres and appoint to the leading posts at various levels and pragamatists who are both virtuous and talented, who are young and full of vigor and who have not only good political behavior but also professional competence. We should never admit into the leading bodies at any level the "three kinds of people" or those who have committed serious illegal or criminal activities. If any of these people has already been admitted into some leading group, we should resolutely purge them from it. Our old cadres should regard the task of selecting and training medium-aged and young cadres as their important duty and conscientiously pass experiences on to, help and train these cadres. Thus we will gradually make the leading groups at all levels educated, professionally competent, young and revolutionary. We should strengthen the unity of the leading groups at all levels and enable all the old, medium-aged and young cadres to give full play to their strong points and make them concerned with and support one another and thus make greater contributions to the four modernizations. In accordance with the relevant regulations of the CCP Central Committee and the State Council, we should make arrangement in a planned and orderly manner for those old comrades whose old age and poor health has made it impossible for them to do heavy work.

We should strengthen our work of handling the letters from and the visits of the people. The work related to the letters from and the visits of the people is an important channel through which our party and government maintain their close relations with the people. During the past 2 years, the governments and relevant departments at various levels have handled a large number of letters from and visits of the people. This has played a very satisfactory role in implementing the policies, understanding the situation, promoting our work and heightening stability and unity. At present, we have not yet fulfilled the task of implementing the policies and handling the problems left over by history. The people's governments at all levels should continue and speed up the implementation of the party's principles and policies to satisfactorily solve from the beginning and the end the problems that they should and can solve. However, we should also point out that there are a few people now who are exploiting the desire of the masses of people to solve actual difficulties, to incite people to create trouble and this has given rise to a very bad impact. We are of the opinion that it is rational that the masses of the people tell us how things

stand directly or through the relevant department. We should pay close attention to their letters and visits, sincerely receive them and patiently listen to their opinions and demands. If their demands are rational and can be satisfied by implementing the existing policies, we should conscientiously help them and solve the problems. If the solution of the problems they have raised goes against the existing policies or is impossible for the time being, we should explain how things stand to them, persuade them to return to their jobs in a timely manner and explain to them that the problems should be solved step by step later when there are conditions for solving them. We should sternly deal with those who have intentionally made trouble or have even ganged up to make trouble and thus we will maintain normal order. The organizations at all levels should shoulder their responsibility, implement the principle of each professional line handling the cases that involve its people and each level being responsible for handling the cases of the personnel at that level. Thus they will do the work of handling the letters and visits related to their own organization satisfactorily and solve the problems at the basic level. Regarding the letters from and visits of the masses of the people, we should do patient and careful ideological and political work, adhere to the policies of the party and state and answer the questions in the letters and visits in the manner of seeking truth from facts. If the questions involve a matter that cannot be achieved and especially if the questions have some repercussions or are matters that some people are sensitive about, we should by no means give casual promises. The leading groups at all levels should pay attention and support the work of handling the letters and visits and personally inquire into and deal with major problems.

Representatives and comrades, the tasks we are faced with are arduous but the prospects are bright. Satisfactorily fulfilling all the tasks for 1982 is of great significance in achieving further improvement in our economic situation and in achieving greater political stability. We firmly believe that under the correct leadership of the CCP Central Committee, the State Council and the CCP Regional Committee, the people of all the nationalities throughout the region will surely strive hard and continue to make great efforts with one heart and one mind in order to score greater achievements in building up socialist material and spiritual civilizations.

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AGGREGATE ECONOMIC DATA

NATIONAL, PROVINCIAL-LEVEL AGGREGATES

[The following selected national and provincial-level aggregate economic data have been extracted from various sources as indicated. In the table below, dates in the first column indicate periods compared, the gross value of industrial output is abbreviated as GVIO, heavy industry as HI, light industry as LI, textile industry as TI, gross value of agricultural output as GVAO, and gross value of agricultural and industrial output as GVAIO.]

NATIONAL AGGREGATES

Date of period of comparison	Increase in percent	Value, in yuan	Percentage of annual plan	Source
1982:1981 Jan-Jun	GVIO: 10.1	272.93 b	51	6
1982:1981 Jan-Jun	LI: 10.7			6
1982:1981 Jan-Jun	HI: 9.5			6
1982:1981 Jan-Jun	GVIO: 10.1			14
1982:1981 Jan-Jun	Railway freight: 8			14
1982:1981 Jan-Jun	Ship transport: 10			14
1982:1978	GVIO: 31			19
1982:1981 Jan-Jun	Petroleum	(50.21 m tons)	50.21	24
1982:1981 Jan-Jun	Natural gas	(5.46 b cu m)	52.3	24
1982:1981 Jan-Jun	Steel: 2.7	(18.3 m tons)	53.8	25
1982:1981 Jan-Jun	Pig iron: 0.7		53.3	25
1982:1981 Jan-May	Machine/metallurgical ind: 10		89	28

PROVINCIAL-LEVEL AGGREGATES

Date of period of comparison	Increase in percent	Value, in yuan	Percentage of annual plan	Source
Beijing				
1982:1981 May	GVIO: 7.6			1
Fujian				
1981:1980	GVAO: 6.75	4.412 b		4
1981:1980	GVIO: 7.55	8.12 b	104	4
1981:1980	LI: 11.5	5.182 b	105.76	4
1981:1980	HI: 1.2	938 m	101.31	4
1982:1981 Jan-May	Machine Ind: 11	160 m		23
1982:1981 Jan-Jun	GVIO: 10.4	4.347 b		30
1982:1981 Jan-Jun	HI: 11.9			30
1982:1981 Jan-Jun	LI: 8			30
1981:1978	GVIO: 44.6	Net incr: 680 m		27
1981:1978	Avg annual incr: 13.1			27
1982:1981 Jan-Apr	GVIO: 11.2			27
Gansu				
1981:1980	GVAO: -8	2.85 b	89.4	5
1981:1980	GVIO: -6.6	6.974 b	100.3	5
1981:1980	LI: 5.7	1.727 b		5
1981:1980	HI: -10	5.246 b		5
1981:1980	Avg annual net income peasants: 4.9	158.63		5
1981:1980	Population: 1.2			5
Guangdong				
1982:1981 Jan-May	GVIO: 12.9			13
1982:1981 Jan-May	LI: 15			13
1982:1981 Jan-May	HI: 8.9			13
Guangxi				
1982:1981 Jan-Jun	GVIO: 16.94			29
1982:1981 Jan-Jun	HI: 14.8			29

Hebei				
1982:1981 Jan-May	GVIO: 25.6		48.5	7
Heilongjiang				
1982:1981 Jan-May	GVIO: (construction/ machine ind): 8			8
1982:1981 Jan-May	GVIO: 7.5			9
Jiangsu	GVIO:			
1982:1981 Jan-Jun	GVIO: 11.8			21
1982:1981 Jan-Jun	Revenue: 11			21
Liaoning				
1982:1981 Jan-May	GVIO: 8.3	19.5 b		11
1982:1981 Jan-Jun	GVIO: 8.3		51.2	12
1982:1981 Jan-Jun	HI: 6.7			12
1982:1981 Jan-Jun	LI: 11.4			12
1982:1981 Jan-Jun	Machine ind: 7.7			12
Shandong				
1982:1981 May	GVIO: 5.5			2
1982:1981 Jan-May	GVIO: 9.9			2
1981:1980	GVAIO: 4.2	54.556 b		3
1981:1980	GVAO: 4.1	20.19 b	105.4	3
1981:1980	GVIO: 4.2	34.359 b	102.4	3
1981:1980	LI: 15	19.419 b		3
1981:1980	HI: -7	14.941 b		3
Shaanxi				
1982:1981 Jan	Daily ind output: 8.2			15
1982:1981 Jan-Jun	HI: 8.13	2.544 b		15
1981:1980	GVAIO	15.616 m		16
1981:1980	GVAO	5.087 m		16
1981:1980	GVIO: -0.8	10.53 m	97.9	16
1981:1980	LI	5.746 m		16
1981:1980	HI	4.783 m		16

Shanghai

1982: May/Apr	GVIO:	2.2			10
1982:1981 Jan-May	GVIO:	7.6		41.2	10
1982:1981 Jan-May	HI:	7.8			10
1982:1981 Jan-May	LI:	7.5			10
1982:1981 May	HI:	11.8			10
1982:1981 May	LI:	4.8			10
1982:1981 Jan-Apr	GVIO:	7.3	Net incr: 1.4 b		20
1982:1981 Jan-Apr	LI:	8.2			20
1982:1981	HI:	6.1			20
1982:1981 Jan-Jun	GVIO:	7.4	Net incr: 2.18 b		22
1982:1981 Jan-Jun	GVIO:	7.4		50.1	26

Shanxi

1981:1980	GVAIO:	3.1	17.22 b		17
1981:1980	Nat income:	3.1	9.45 b		17
1981:1980	GVAO:	4	5.37 b		17
1981:1980	GVIO:	0.5	11.85 b	98	17
1981:1980	HI:	-3	8.05 b		17
1982:1981 Jan-Jun	GVIO:	16.6		51.72	18
1982:1981 Jan/May	GVIO:	4.85			18

Source

1. Beijing BEIJING RIBAO,18 Jun 82 p 1
2. Jinan DAZHONG RIBAO,14 Jun 82 p 1
3. Ibid., 16 Jun 82 p 2
4. Fuzhou FUJIAN RIBAO, 8 Jul 82 p 2
5. Lanzhou GANSU RIBAO, 5 Jul 82 p 2
6. Beijing GONGREN RIBAO, 8 Jul 82 p 3
7. Shijiazhuang HEBEI RIBAO, 6 Jul 82 p 2
8. Harbin HEILONGJIANG RIBAO, 15 Jun 82 p 1
9. Ibid., 29 Jun 82 p 1

10. Shanghai JIEFANG RIBAO, 4 Jun 82 p 1

11. Shenyang LIAONING RIBAO, 11 Jun 82 p 1

12. Ibid., 7 Jul 82 p 1

13. Guangzhou NANFANG RIBAO, 18 Jun 82 p 1

14. Beijing RENMIN RIBAO, 11 Jul 82 p 1

15. Xian SHAANXI RIBAO, 4 Jul 82 p 2

16. Ibid., 9 Jul 82 pp 2, 4

17. Taiyuan SHANXI RIBAO, 9 Jul 82 p 1

18. Ibid., 10 Jul 82 p 1

19. Hong Kong TA KUNG PAO, 15-21 Jul 82 p 3

20. Shanghai WENHUI BAO, 6 May 82 p 1

21. Nanjing XINHUA RIBAO, 10 Jul 82 p 1

22. Beijing ZHONGGUO CAIMAO BAO, 15 Jul 82 p 1

23. Hong Kong ZHONGGUO XINWEN, 28 Jun 82 p 5

24. Ibid., 29 Jun 82 p 1

25. Ibid., 2 Jul 82 p 1

26. Ibid., 5 Jul 82 p 3

27. Loc. cit.

28. Ibid., 6 Jul 82 p 1

29. Ibid., 10 Jul 82 p 1

30. Ibid., p 5

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TITLE: "The Measures Adopted to Reduce the Influence of the Reversible Exchangers on the Performance of the Upper Rectification Column"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 1-11

TEXT OF ENGLISH ABSTRACT: We utilize a small capacity air separation plant working on the Kellogg process to produce argon and oxygen of high purity successfully. With these measures we obtain especially stable operation of the upper rectification column.

In this paper the vibration characteristics of the acoustic field are shown to be those of damped forced vibration. In view of these characteristics of the vibration, measures are adopted to ensure stability of operation of the column. These measures can be important in the design and analysis of the practical plants.

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TITLE: "The Application of Beam Transport Theory of Cyclic System in Quadrupole Mass Filter"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 13-24

TEXT OF ENGLISH ABSTRACT: Starting from the general beam transport theory of the periodic system, this paper suggests an approximate analytical solution for the Mathieu equation and discusses the transport of a beam of charged particles in a quadrupole mass filter. The authors prove theoretically the existence of a relation between the power of resolution of the filter and its length in the form of $R = N^2/A$, found experimentally over 10 years ago. The authors give a generally applicable expression for 100 percent ion transmission, thus improving Dawson's graphic method which can only be used when particular parameters are given.

AUTHOR: LIN Zonghu [2651 1350 5706]

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TITLE: "Measurements of Steam Quality and Flow Rate in Steam-water Mixture Flow with Herschel Venturis"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 25-34

TEXT OF ENGLISH ABSTRACT: As the Herschel venturie is a convenient and reliable device and has sufficient accuracy for measurements, it has been used to measure the vapor quality and flow rate for various vapor-liquid two-phase mixtures in scientific research and industries. However, the effective ranges of correlations proposed in previous studies had narrow limits, and they also lacked generality.

Based on a modified reparated flow model and published experimental data, this paper presents a simple and rational correlation for predicting steam-water mixture flow rate or quality whose mean square error is about ±20 percent when the effective range is as follows: the ratio of steam and water density 0.01157-0.18632; pipe inner diameter 10-70 mm; quality 5-90 percent; ratio of throat diameter and pipe diameter 0.4-0.6.

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TITLE: "Experimental Study of the Thermally Loaded Diesel Engine Parts"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 35-46

TEXT OF ENGLISH ABSTRACT: This paper investigates the behavior of the thermally loaded parts of several diesel engines of various types. By carrying out temperature measurements on the principal heated components using different methods, the main constructional and operating factors affecting the heated components are analyzed. On the basis of experimental results, the main heat flux and the local heat flux are calculated. An expression in the form $q \propto G_T^{0.89}$ is obtained for the relation between heat flux and fuel consumption of the high output supercharged diesel engine with a prechamber. The two exponents a=0.58 and b=0.3 in the formula for the local heat flux in the cylinder head are also obtained. The achievements are believed to be valuable in the heat condition in the heat flux distribution in the thermally loaded parts.

AUTHOR: WANG Donghua [3769 2639 5478]

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TITLE: "A Research Study on the Crankshaft Bending Strength of an Internal Combustion Engine"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 47-53

TEXT OF ENGLISH ABSTRACT: This paper presents the results of analysis and calculation carried out for a 6130 diesel engine as an example. The method is based on the computer program for calculating crankshaft bending strength of a continuous curved beam. Although it is a static method, it embodies all the parameters and factors to make the calculation approximate the dynamic operating conditions. The underlying principles have been fully verified by experimental results.

This paper also presents a method of calculating the reasonable range of support flexibility and also a method of determining the support misalignment. These factors are very important for obtaining high precision of calculation results.

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TITLE: "Determination of the Index of Refraction and Thickness of Films on Silicon by Principal Angle-of incidence Ellipsometry"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 55-61

TEXT OF ENGLISH ABSTRACT: This paper contains four parts:
1. Theory of experimentation using the principal angle-of-incidence ellipsometer is described;
2. A return-path type ellipsometer of principal angle-of-incidence ellipsometry is described. It requires no compensator ($\lambda/4$ plate) and can be a powerful tool in spectroscopic ellipsometry;
3. Theoretical curves of (φ_p, ψ) versus (n, d) for various films on silicon are calculated;
4. An experimental comparison between film measurements by the φ_p~tgψ method and by the Δ~tgψ method is made.

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TITLE: "Evaluation of the Reliability of Power System in Northwest China"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 63-73

TEXT OF ENGLISH ABSTRACT: Simulation is an effective method for analyzing the reliability of power systems and its principle is very simple. It can easily take into account the relevant factors and obtain results that are difficult to get by using the analytical method.

This paper applies the simulation method in the analysis of the reliability of the power system in northwest China. It considers the factors of scheduled maintenance, provisional maintenance, start-up and stop of generators, overload, etc., and has proved to be most effective.

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TITLE: "The Dynamic and Static Characteristics Analysis of Machine Tool Spindle Parts by the Finite Element Method"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 75-82

TEXT OF ENGLISH ABSTRACT: In this paper, a new method of combining the Finite Element Displacement Method with the Classical Structure Analysis Force Method is proposed. This method uses an iterative convergence procedure for calculating the dynamic and static characteristics of spindle parts with the influence of nonlinear contact deformation of rolling bearings. We have drawn up a set of programs with satisfactory functions. They have good accuracy of calculation and a wide range of applicability. Therefore, it provides an effective method for the determination of the optimal design of spindle parts.

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ORG: Department of Electrical Engineering

TITLE: "E-M Force Caused by the Crosswise Motion of the Conductor in an Isolated Phase Enclosed Bus"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 83-87

TEXT OF ENGLISH ABSTRACT: The crosswise motion of the conductor of an isolated phase enclosed bus during short circuits causes eddy currents in the aluminum enclosure, which react with the conductor current and produce an electromagnetic force on the conductor. This paper gives a strict analysis and derives the expression for this force. It shows that this "motional E-M force," as it might be called, includes not only the well-known reentering force, but also a component which is a damping force. The former is caused by the induced emf on the enclosure due to the conductor's field, and is proportional to the negative displacement of the conductor; while the latter is caused by the corresponding motional emf and is proportional to the negative velocity of the conductor.

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ORG: Department of Management Engineering

TITLE: "Some Problems in the Application of the PERT"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 89-99

TEXT OF ENGLISH ABSTRACT: This paper is concerned with some main problems of PERT that are applied in the Yongji Electrical Machinery Factory, such as key links in drawing network graphs: the decomposition of engineering tasks, the construction of network graphs of these tasks based on their logical relations, and the determination of the purpose and method of network numerical calculation.

The optimization of network graphs and the approaches to reduce total duration time, equilibrate allocate and utilize resources are studied and such problems as "how to reduce duration time by way of critical path" and "how to save resources by way of noncritical operations" are clarified.

From the viewpoint of the unity of sketch plan and executive plan, the paper also expounds the PERT's function and its economical effects, including some examples.

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ORG: CHEN of Xi'an Jiaotong University; XIA of the Wu-Xian Oxygen-producing Machinery Plant

TITLE: "Research Study on Tangential Hole Gas Supply Bearings for the Cryogenic Expansion Turbine"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 101-109

TEXT OF ENGLISH ABSTRACT: This paper describes the preliminary analysis and experimental results of the tangential hole gas supply bearings (TSB) for the medium-pressure cryogenic expansion turbine installed in a 150 Nm^3/h oxygen plant.

According to the pattern of gas flow into the radial clearance of the TSB, the circumferential flow velocity of gas in the bearing radial clearance was calculated from the bearing gas consumption. The effects of some factors, such as the bearing radial clearance, the direction of the gas supply, the bearing supply pressure, etc., on the instability onset speed (the onset speed of self-excited whirl) have been studied.

Through the experimental study, the optimum radial clearance of the TSB has been obtained, and it is higher than that of the radial-hole gas supply bearings (RSB)

[Continuation of XI'AN JIAOTONG DAXUE XUEBAO No 3, Jun 82 pp 101-109]

of the model turbine developed. While using the TSB, it is necessary to take notice of the fact that the direction of the gas supply must be opposite that of the rotating direction of the rotor. Otherwise, the operating stability of the bearing will be badly decreased. Changing an RSB to a TSB is a simple and easy measure of increasing the instability onset speed in the cryogenic expansion turbine of small size and high speed, and its extended application is convenient.

AUTHOR: ZHU Yuexin [2612 1878 2450]

ORG: Institute of Systems Engineering

TITLE: "An Analytic Expression of the Age-specific Survivals of Population and Its Applications"

SOURCE: Xi'an XI'AN JIAOTONG DAXUE XUEBAO [JOURNAL OF XI'AN JIAOTONG UNIVERSITY] in Chinese No 3, Jun 82 pp 111-118

TEXT OF ENGLISH ABSTRACT: This paper proposes a smooth analytic expression with seven independent parameters for the age-specific survivals in the discrete mathematic model of population, and shows its validity and the method for applying it to real examples. This provides a useful fitting function or empirical formula for population model identification and demography.

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'JINGJI YANJIU' ON MACRO, MICROECONOMIC INTERACTION

HK180841 Beijing JINGJI YANJIU in Chinese No 7, 20 Jul 82 pp 21-26

[Article by Zeng Guoxiang [2582 0948 4382]: "Macroscopic Control and Regulation Over Microeconomic Reform"]

[Text] Basically the reform of our economic system started first with the microeconomy. This microeconomic reform which had as its principal landmark the expansion of the autonomous power of the basic economic units has served to enliven the economy, develop production and activate the enthusiasm of the localities and enterprises. During the period of the readjustment of the national economy, the material conditions for the overall reform of the economic system have not yet ripened and various kinds of preparatory measures are still in the process of planning and fermentation. Hence, generally speaking, the reform of the economic system during this period is only of a partial and exploratory nature. Doing a good job of the macroscopic control and regulation over microeconomic reform not only ensures that the reform of the economic system will take the correct direction toward healthy development but also promotes the further readjustment of the national economy. This will serve to lay the foundation for the stable and harmonious development of the national economy and the upgrading of the economic effect in an overall manner.

I

No unanimous opinion has been reached on whether or not we should strengthen the macroscopic control and regulation under microeconomic reform. Here, first of all, we face the question of how to correctly assess our past economic management was too centralized and too tight. To overcome the defects of "overcentralization" and "excessive rigidity," the reform at present should concentrate on expanding the decisionmaking power of the enterprises and fully displaying the role of regulation by market mechanism. They believe that in this way social production and social demand will achieve a balanced development. This viewpoint is well worth studying.

In our opinion, in certain of its aspects and particularly in the relations between the state and the enterprises, our past economic system did suffer from the defects of overcentralization and from an overwhelmingly tight control. But it must also be noted that for a certain period our economic management system did display signs of dispersion and confusion and that under special

historical conditions a highly centralized economic management system could perform the function of promoting economic recovery and economic readjustment. It is thus seen that regarding economic management, centralization or dispersion, control or decontrol, rigidity or laxity are all matters of relatively and are governed by different conditions, and that these various tactics and forms are not entirely antagonistic to each other. Besides, the nature of the economic system cannot be revealed by the tactics or forms of the economic management. Hence, we cannot employ the tactics of economic management to determine the form of different economic systems, still less can we judge the rationality of an economic management system on the basis of the tactic or form of management. After all, the economic management system and economic management tactics belong to two different economic spheres, although there is liaison between them. As a matter of fact, an economic management system built on a definite level of development of productive force and on the foundation of a definite socio-economic structure is an organic whole embodying an economic policymaking system, an economic operational system and an economic supervisory system all of which work in unison with each other and have functional relations with each other. The defects in our past economic system were mainly due to the weakness and imperfectness of our economic policymaking system and our operational and supervisory systems. This will have to be gradually rectified in the course of the reform of the economic system. The expansion of the decisionmaking power of the basic-level economic units and allowing the market mechanism to fully display its function of regulating social production and social demand are undoubtedly both necessary measures. However, if the entire economic system is an unhealthy one, then mere reliance on expanding the decisionmaking power of the economic units and utilizing the method of regulation by market mechanism can neither ensure the scientific character and the dignity of macroscopic policymaking nor ensure the automatic regulation of the major proportionate relations of the national economy. A socialist economy may be likened to an enormous machine in which the entire economic operational process is complex and intricate and the parts of the process are mutually related and mutually regulated. We cannot afford to circle around the philosophical concepts of centralization and dispersion, control and decontrol, rigidity and laxity. We cannot, on the one hand, emphasize that the economy must be enlivened and, on the other hand, refute the need of instituting macroscopic control.

We emphasize macroscopic control and regulation over microeconomic reform because we must start from the very fundamentals in the reform of the economic system of our country, as seen principally from the following: the need to readjust the irrational and long-standing economic structure; the need to rectify the extremely weak basic-level work of the hundreds of thousands of industrial and communications enterprises; continued fiscal deficits and the national economy still not yet in a benignant cycle; the need to replenish, improve and strengthen the economic auditing and supervisory organs; the state of near blankness in economic legislation and the judiciary; and the extreme shortage of a large contingent of economic management cadres who are well versed in theory and in practice. In the event of microeconomic reform being devoid of a system of unified and rational control, regulation and supervision, and if the various localities and even the enterprises themselves each institute a system of their own, then this will not only generate an enormous waste and extravagance of materialized labor and living labor but will also intensify and

widen the imbalance in the major proportionate relations of the national economy and aggravate its difficulties.

II

After 3 years of actual practice, in comparison with the past economic system, our microeconomic reform which has as its principal landmark the expansion of the decision making power of the economic units at the basic level has noticeably influenced practical economic life in the following aspects: the downward thrust and expansion of the economic policymaking power; diversified management forms and the market mechanism engaging in the economic operational process; a great increase in the influence of the factor of material interests on economic activities; and so on. Such evolution of the economic system of our country objectively requires that macroscopic control and regulation be reinforced.

The Marxist theory of reproduction tells us that between the two major categories of production of material goods, between the various departments of the national economy, and between the various links of social reproduction, a close relationship joins them together and keeps them reciprocally regulated. The entire procedure of social reproduction has its inherent characteristics of unity and integration. The entire economic operational procedure represents a cyclical and reciprocating flow of operations and is not a mere conglomeration of the production and operational activities of individual economic units. Generally speaking, on account of the limitation and influence of diversified factors, which include the technological level, the management level and the guiding thought over production and operation, the production and operational activities of individual enterprises frequently suffer from limitations and one-sidedness. Very frequently, there were conditions like the following: A certain economic policy appeared to be very rational when viewed from the standpoint of a locality or an enterprise but irrational when looked at from the viewpoint of the national economy as a whole. Or, an economic policy would appear rational at a particular time but irrational in the long term, and so on. So-called rationality or irrationality is determined by the criterion which is based on the high or low macroeconomic effect in production and operation. Following the expansion of the decisionmaking power of the economic units, the enterprises have the power to make a definite production plan, to use their own funds and to market their own products. All this is very necessary. Nevertheless, the enterprises must exercise such power and rights in accordance with the state plan or under the guidance of the state plan. If the localities and enterpirses care for their own interests, do what they want, and care little for, or even ignore, the state plan, then a state of spontaneity and blindness is generated in their production and operational activities. Departmentalism and decentralism may even result and a new state of demarcation of the localities and departmental blockade may arise. This will make it difficult to regulate the relationship between the state and the economic units or between the economic units themselves. Likewise, it will be difficult to regulate the proportionate relations of the national economy. Over the last few years, in readjusting the proportionate relations between accumulation and consumption, the state has devoted much effort to reducing the scale of capital construction investment under the plan and has achieved considerable success in this respect. However, a certain number of localities and units have still improperly used

the authority that has been granted to them to turn to the production of certain expensive and profitable commodities. Some localities and enterprises, in spite of their already surplus production capacity, have still indulged in more new construction projects with the result that capital construction investment not originally contemplated under the plan became increasingly large in scope. If a situation of this kind is allowed to develop, then there is the danger of losing control of the entire scope of capital construction. In order to keep the scale of capital construction investment under control, all funds for capital construction, be they inside or outside the budget, should be incorporated into the capital construction plan. In the case of enterprises using their own funds for capital construction, the projects should first be screened and approved by a "triumvirate," namely, the planning sector, the banking sector and the department in charge. To prevent locality demarcation or blockade, all up-to-standard commodities that have been produced strictly according to the specifications of the state and all products turned out under the fixed quota of the state plan, except for those with special transfer assignments, should be marketable within the whole country. The enterprises have the right to purchase them at their own discretion and should not be interfered with by the party or political organs of the localities. We should follow economically rational principles to promote the reorganization, merging and specialized cooperation of the economic units. In foreign trade, we must be united and join our forces. We must resolutely oppose diversified policies or counteracting each other's efforts.

Mere dependence on market mechanism, in the hope that by means of some invisible magical power, socialist production, distribution, exchange and consumption can be automatically regulated, is not only impossible but also extremely dangerous. As Marx pointed out: "Only when production is under the real and predetermined control of the community can the community establish a liaison between the volume of social labor time devoted to the production of a certain commodity and the quantity of that commodity required to meet the community's needs." (Marx: "Das Kapital," People's Publishing House, 1975 edition, vol 3, p 209) A socialist economy is a planned economy which is built on the foundation of the system of public ownership of the means of production and embodies the aspects of the production and exchange of commodities. Under socialist conditions, the state should conscientiously make use of the law of value and resort to such forms as pricing and profits as tools for the formulation of plans, and, at the same time, should bring into full play the supplementary role of regulation by market mechanism. But the principal avenue to regulate the proportionate distribution of social labor between the departments, industries and products is not found in the market prices but, rather, in the state plan. In the regulation of the proportionate distribution of social labor, market prices play only subsidiary role to supplement the state plan. It is incorrect to negate the function of market mechanism in regulating commodity production and commodity exchange as this would be harmful to economic development. But it would be even more harmful if we were to one-sidedly stress the role of market mechanism and place it on top of the state plan or even to negate the role of the state plan in controlling and regulating economic operations. This is because to rely solely on the market mechanism cannot ensure the rational distribution of social labor between the departments, industries and products. On the part of

the individual enterprises, they are unable to correctly assess what kind of commodities are needed by the community or the gross demand for commodities. It is also difficult for them to correctly assess the capacity of other enterprises to produce the kind of commodities required and the possible volume of their production. In a given period, the increased demand for a certain product may stimulate many enterprises to devote great efforts to the production of this product, with the result that the gross supply of this production of this product, with the result that the gross supply of this product may exceed the gross demand. This implies that a certain portion of the social labor power has been wasted. This waste inevitably reduces the volume of labor power available for distribution to the production of other products needed by society. As a result, the supply of these other products will be reduced. Conversely, in a given period, the decreased demand for a certain product may deter the production of this product by many enterprises and as a result the gross supply volume of this product will become smaller than the gross demand. Both of the above-mentioned circumstances may intensify the contradiction between supply and demand in the market. This, in turn, will produce adverse effects on production and certain enterprises will be unable to operate at full capacity or even to maintain simple reproduction. If it frequently happens that many enterprises blindly expand production or suddenly decrease production, confusion will reign in the entire economic life. In view of the large size of our country, our enormous population, and our limited material resources and financial power at the present level of productive force, in order to distribute on a fixed ratio the limited funds and material resources and to ensure the balanced and steady development of social reproduction, we must bring regulation by market mechanism into full play to perform its subsidiary role under the guidance of the state plan. At the same time, macroscopic control and regulation must be reinforced.

In the reform of the economic system, it is absolutely necessary to properly demarcate the economic interests of the central government and the localities and of the state and enterprises, and also to suitably readjust the economic benefits and economic power given to the localities and the enterprises. It should also be pointed out that under socialist conditions, the distribution and realization of the interests of the state, the locality, the enterprise and the individual are governed by the plan. At the same time, it must be stressed that partial interests must be subordinated to the interests of the whole and that immediate interests must be governed by long-term interests. Basically speaking, the interests of the state, the locality, the enterprise and the individual are identical and unanimous, since devoid of the interests of the whole, the basic interests of the collective or of the individual cannot be realized. Partial interests should in no way be placed above the interests of the whole. Our country is a unified socialist republic. The localities must be obedient to the central government and should not govern themselves independently. On the part of the basic-level economic units existing on the foundation of the system of the public ownership of the means of production, be they state-operated or run by the collectives, they possess a relatively independent character in that they can independently and concretely organize the production and exchange of commodities. However, in comparing socialist enterprises with capitalist enterprises, it may be found that in addition to the form of ownership has caused fundamental changes in the entire form of production and

socialist enterprises do not possess the special feature enjoyed by entirely independent commodity producers under the system of private ownership of the means of production. In particular, in the case of state-operated enterprises, their means of production are owned by the whole people. Since the state and the people have assigned the means of production to a certain enterprise to manage, the enterprise first of all holds a certain economic responsibility to the state and the people and at the same time must accept the guidance, control and supervision of the state, between the state and the enterprises on the economic benefits must be rationally distributed by means of the handling of profits. Between the enterprise and the individual, the distribution to the individual of consumer goods may be effected through the use of money as a medium. Nevertheless, the relationship between the state and the enterprise is not one of commodity or money; nor is the relationship between the enterprise and the individual one of commodity or money. Concerning the form of distribution, the relations between the state, the collective and the individual are but the reflection of the interests of the whole and partial interests, despite the fact that between the three parties certain contradictions, though not necessarily of a conflicitng character, do exist. In correctly handling the relations between the state, the collective and the individual, the interests of the state must be put in the first place. The funds assigned to the enterprises must be appropriate in amount and must be used rationally. In the last few years, the profits realized by the industrial enterprises have increased yearly but the amount of profits remitted to the state have decreased yearly. As for the percentage distribution of the profits, it may be said that the portion retained by the enterprises has increased year by year whereas the state's portion has decreased year by year. This shows that plentiful funds have been scattered among the localities and the enterprises. In order to ensure a balanced budget and the making of appropriate arrangements for the people's life and the key construction projects. In principle the enterprises should retain the power to spend funds on simple reproduction whereas the power to spend money on expanded reproduction, particularly expanded reproduction by extension, should be subjected to overall arrangements under the guidance of the state paln and in accordance with the production conditions and the needs of society. We should gradually reform the financial system, the credit and loans system and the taxation system. Since for the time being it is impossible to undertake an overall reform of the system of prices, enterprises under the system of collective ownership and individual industrial and commercial units in the urban areas should be subjected to the system of "independent accounting, collection of taxes by the state and responsibility for their own profits and losses." As for state-operated enterprises which make only small profits and those that habitually suffer losses due to policy conditions, the system of the percentage division of profits and responsibility for their own profits and losses may continue to be adopted. Concerning the other state-operated economic units, we should adopt the system of "independent accounting, collection of taxes by the state and a rational percentage division of the profits after tax." In such cases, the state should first collect an income tax of around 50 percent following which the remaining portion of the profits should be rationally distributed between the state, the enterprise and the staff and workers subject to such considerations as the actual operational results of the enterprise during the current year, its requirements for production development and the state of the national finance. The state should employ rational categories of

taxation and tax rates to regulate and adjust the differential in the income receipts of the enterprises. It should, by means of fiscal measures and through the banks, appropriately control and supervise the use of the funds retained by enterprises. In so doing, we can enhance the stability of the financial revenue of the state and provide the enterprises with the power to rationally distribute the profits after tax. This will help the enterprises improve their management and control and enhance the economic effect.

III

In reinforcing macrocontrol and regulation over microeconomic reform, much work has yet to be done. In our opinion, at present we should grasp two decisive links, namely, the correct demarcation of the duties and power of central financial administration and local financial administration and a rational distribution of the net income of state-operated enterpirses.

The former financial system of unified receipts and payments was disadvantageous to the promotion of the enthusiasm of the localities and the enterpirses. In recent years, in order to ensure the proper completion of the financial tasks, the method of financial responsibility system has been enforced. This has performed the useful function of reducing the financial red figures and encouraging the localities to increase their income but to reduce their expenditures. However, while financial control must be carried out by cadres, the financial responsibility system at present has generated certain defects. It appears that while the revenue of the central and local authorities has been differentiated, the central government has been disbursing nearly the entire portion of major expenditure. In this way, central financial receipts are reduced but the payments are increased. Thus, relatively speaking, the national financial power has been dispersed. This is highly disadvantageous to economic development. Hence, we must further demarcate the spheres of financial receipts and payments of the central government and the localities. There should be a clear demarcation as to which are the receipts of the central government and which are the receipts of the local governments and which are the expenses of the central government and which are the expenses of the local governments. Whoever makes the requisition should likewise provide the funds. Furthermore, the control of funds, including foreign exchange holdings, should be reinforced so that the economic effect generated by funds may be enhanced.

The so-called net income of an enterprise refers to the net income of the enterprise including taxes and profits after deduction of the consumption or depreciation of the means of production and the basic remuneration of the staff and workers. At present, the remittance of profits and taxes to the state by state-operated enterprises constitute over 85 percent of the financial receipts. A rational distribution of the net income of state-operated enterprises is an important factor in achieving financial and economic stability.

Our microeconomic reform has been carried out under the conditions of the price system not having been basically reformed and the taxation system being in a very unhealthy state. The high or low level of profits of an enterprise is dtermined not only by the inner factors of the enterprise but also by exterior factors, among which may be mentioned the condition of the resources, the state

of transportation, the level of prices, and so on. Hence, the size of the profits earned by an enterprise does not necessarily reflect the management and operation level of the enterprise or the extent of the labor power it has contributed to the community. These are onesided views which, through failing to make a concrete analysis of the situation have reached the conclusion that the more profits an enterprise makes the greater should be its retention and the more should be given to the staff and workers. According to Marxism, the net income of an enterprise, after the deductions for the production development fund (supplementary portion for expanded production) and for the necessary reserve funds, should still be subjected to the following deductions: general management fees not related to production; insurance funds for the benefit of those who have lost their labor power; expenses for meeting common needs such as schooling, health protection, and so on. All these constitute the social responsibility which must be borne by each and every enterprise, including state-operated enterprises collective enterprises, various kinds of jointly-operated enterprises and a small number of private enterprises. Only after having made the above-mentioned deductions, "will it be possible to talk about the distribution of the means of consumption to the individual producers of a collective group" (Marx: "Critique of Gotha's Outline," "Selected Works of Marx and Engels," vol 3, p 10). The net income of an enterprise must first of all ensure the remittance of profits and taxes to the state. At present, some enterprises are evading tax payments, or detaining profits remittance to the state, or falsely accounting for their production costs, or generally hiding the profits earned. In so doing, they are violating financial and economic discipline and adversely affecting the financial revenue of the state. These kinds of situation should be determinedly rectified.

The retained funds of an enterprise generally include the following: Production development funds, reserve funds, staff welfare funds and funds for bonuses and awards. The retained funds should first of all be devoted to the development of production. At the same time, sufficient funds must be kept for contingency purposes. The funds must not all be distributed or "eaten up." Production development be expended on group welfare or on granting bonuses and awards to the staff and workers. The growth rate of bonuses should not exceed the labor productivity rate of the enterprises or the growth rate of realized profits. In 1980, the labor productivity rate of state-operated enterprises increased by 2 percent and the realized profits increased by 4 percent but bonus payments increased by 50 percent. Obviously, the growth rate of bonuses was too fast. Some enterprises have been poorly managed and for a long time have been operating at a loss, but they still grant bonuses at random. Therefore, bonus granting must be properly controlled. We must determinedly stop the phenomena of granting bonuses at random. If only we can properly keep under control the gross amount of salaries, wages and bonuses of the staff and workers and further reorganize and stabilize the state purchase prices of agricultural and sideline products, in the main we can keep under control the growth rate of consumption funds and, generally speaking, staiblity can be achieved in the means of consumption markets.

As for the portion of self-retained funds for production development of the enterprises, the state must reinforce its planned control and regulation over it. In the great majority of the industrial enterprises in our country, their equipment in antiquated and backward, their plant premises are simple and crude, no

renewal or restructuring work has been done for many years, and the products have shown no change or improvement for a prolonged period of time. Obviously, technical restructuring is what is needed by our industrial enterprises at the moment. The self-retained funds for production development of the enterprises should first of all be used on the renewal of equipment and the technical restructuring of the current fixed assets, principally on expanded reproduction by intension and not on new building projects.

IV

The principal tools employed in strengthening macrocontrol and regulation over microeconomic reform are the following: the state plan, economic levers, administrative intervention and legal statutes.

The state plan constitutes the principal tool in macrocontrol and regulation and plays the leading role in the economic regulating mechanism. Microeconomic reform and strengthening of planned control should be closely joined together. The planning system must be continuously improved. Economic forecasting should be augmented and the scientific character of the plan should be enhanced. As for the pivotal enterprises with a bearing on the national economy and the people's livelihood, the central department in charge should unify and balance the relationships between supply, production and marketing, and ensure the normal production activities of the enterprises. Big and important construction projects should be incorporated into the state plan. The state should fix the prices of the major means of production and means of consumption and unify and balance their supply and demand. If a balance can be achieved in the budget, in credits and loans, in the supply and demand of major material resources and foreign exchange earnings and spendings, then the chances are that microeconomic reform will not take too wayward a path and the problems arising in the course of the reform can be more easily solved. This requires that the plans of the enterprises must follow the state plan and, under the guidance of the state plan, organize production and operations according to the demands of the community. The enterprises not only should fulfill the profits plan but also should fulfill in an overall manner the plans for variety, production volume, and qulaity of the products, the cost of production and the labor productivity rate. They should comprehensively raise the economic effect.

The economic levers principally comprise the following: prices, profits, taxes, loans and so on. The state plan, the plans of the enterprises and the economic levens should be closely combined into an organic whole and form an internal mechanism for the economic operations. Whether or not the national economy can enter into a benignant cycle and whether or not microeconomic reform can progress smoothly are directly determined by the quality of the plans at various levels and how the plans combine together with the various economic levers. In order to bring into full play the control and regulatory function of economic levers in microeconomic reform, the folloiwng points should be noted: First, operation of a single economic lever must be established on a scientific basis. The price of a commodity not only should basically tally with its value but also should be subject to the influence of the market's supply and demand. The percentage retention of profits should follow the principle of ensuring, as a logical premise, a greater share to the state and at the same time a steady

increase for the enterpirse and the individual employee or worker. In raising loans, we should, on the one hand, make full use first of the funds already on hand and, on the other hand, pay due regard to readjusting the economic structure so that production and construction can correspond with the objective needs of the social economy. Second, the various categories of economic levers should be mutually coordinated to form a whole, work together harmoniously, and replenish each other.

Administrative intervention and resorting to legal measures form the exterior mechanism in the macrocontrol and regulation over microeconomic reform. Generally, they come into use under conditions that the state plan and economic levers are losing effective control or are meeting with impediments or are being boycotted. Since the seizure of political power by the Proletariat, the major internal task of the government machinery has been to organize economic construction. Following production becoming dialy more socialized, it has become increasingly obvious that the state must exert correct administrative intervention and guidance over economic life. This is all the more so during the period of the reform of the economic system. As a result of the enterprises and localities possessing expanded autonomous power in production and operation and on account of their direct material interests, certain enterprises and localities have have frequently turned their attention to protecting the economic benefits of their own unit or locality. There have been instances in which certain products, though already affected by heavy stockpiling and clearly no longer needed by the community, were nevertheless produced in quantity by certain enterprises. The enterprises would even go so far as to negotiate huge loans from the banks in order to undertake new construction projects. If it happens that the state has lost its control and the economic levers have failed to keep the situation in check, then it is absolutely necessary to determinedly take administrative intervening measures and strengthen supervision and inspection.

Is it possible for the strengthening of the macrocontrol and regulation over microeconomic reform to "strangle" the economy? Certainly not. In talking about macrocontrol and regulation, we have no thoughts about the central government taking over all the national benefits of the localities and enterprises, or reducing the enterprises to the status of being subsidiary organs of the administrative organizations at various levels, or reviving the system of "eating from the same pot." On the contrary, we are strengthening macrocontrol and regulation concurrently with undertaking microeconomic reform precisely for the purposes of enlivening the economy in an even better way, further closely consolidating the relationship between social production and social demand, enhancing in an overall manner the economic effect, ensuring the smooth progress of social reproduction and ensuring the sustained and steady growth of the national economy. Only in this way can the reform of the economic system be controlled and not become "killing"; enlivened rather than thrown into confusion.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON INDIVIDUAL ECONOMY DEVELOPMENT

HK190608 Beijing JINGJI YANJIU in Chinese No 7, 20 Jul 82, pp 75-76

[Article by Mao Tianqi: "Objective Necessity and Function of Individual Economy in China at the Present Time"]

[Text] Marx said: "Any social formation will not die before the total productive forces which it can contain have been fully displayed; and the new relations of production in a more progressive nature will by no means emerge before the material conditions for its existence have ripened in the womb of the old society." ("Preface to 'The Critique of Political Economy,'" "Selected Works of Marx and Engels," Vol 2, p 83) Though this argument refers to the replacement of social formations, it can also be used for analyzing objective grounds for the existence of different economic components in the same social formation. That is, based on this argument and refers to the replacement of social formations, it can also be used for analyzing objective grounds for the existence of different economic components in the same soical formation. That is, based on this argument and the development of productive forces, we can understand the objective necessity of the individual economy in China at the present stage.

The development level of China's present productive forces is still very low and greatly imbalanced. The technical level in some trades and departments has been fairly high. In these instances, mechanization of a high degree, automation and specialized cooperation have been realized in production. But the situation in other trades and departments are different--the low technical level there is reflected in manual operation prevalent in a wide sphere of work. Moreover, coordinated operation does not appear to be a necessity, for many products are made individually by laborers. Any economic component will exist when it is suitable to a certain condition in the productive forces. Due to the adoption of advanced production tools, advanced productive forces need a huge sum of funds and extensive cooperation. So they correspond to the existence of the state-owned economy and the collective economy, because production tools are simple and crude, underdeveloped productive forces do not need huge funds and extensive cooperation and thus are especially suitable to the individual economy.

Productive forces in the individual economy consist of three elements, that is, the means of production, labor subjects and laborers.

First, viewed from the means of production, production tools used in the individual economy are generally simple and crude. Working with these tools calls for no division of labor and no cooperation. At most, with the help of their families, laborers can turn out products or provide services to the society by their individual work. The extensive existence of trades using manual tools in China is a fact that will not be easy to change for a long time to come. Therefore, the individual economy will exist and develop for a long time as well.

Second, viewed from labor subjects, in social labor, a lot of labor has specific subjects and provides the society with some useful products; but some other labor just provides the consumers with services. For example, there are hawkers and peddlers as well as craftsmen. Service trades, such as the catering trade, run by individuals will appear more economical than those trades run by the state or by collectives. It should also be known that, a long with the development of the national economy and the improvement of the people's standard of living, the effect of consumption on circulation and on production reflected by these special labor subjects will become more and more important. This is because only the individual economy can directly satisfy the various and changeable demands of the consumers with its unique flexibility in business and its adaptability to markets.

Third, concerning the laborers, one of the superior characteristics of the socialist system is full employment--every person can get a job. But for a long time in the past, due to leftist economic policies, the natural law of "proportionate distribution of social labor" was violated. When the state does not have enough funds to equip every laborer and the population grows beyond the appropriate ratio, the way out for employment will become more narrow or even blocked. In particular, when state-owned enterprises adopt more advanced equipment, the workers they can employ will relatively decrease. Then it is natural that laborers must look for jobs outside the public ownership system and engage themselves in work needed by the society. At present, the active development of the individual economy corresponds to the opening of employment channels.

Viewed from the above three components of productive forces, the individual economy actually occupies the fields which the state-owned economy and the collective economy do not contain or cannot include, but these fields are precisely what is needed by the society. Since the 3d plenary session of the 11th CPC Central Committee, the recovery and development of the individual eocnomy has played an increasingly bigger role in the national economy. This is reflected mainly in the following aspects:

1. Making up the deficiency of the publicly-owned economy and satisfying social needs. The deficiency of the publicly-owned economy in the national economy construction and in the people's livelihood is fundamentally caused by leftist economic policies. According to these erroneous policies, unitary ownership system was enforced in the circulation field, and thus all businesses were monopolized by the state-owned shops while other shops were swallowed up and service networks shrunk. According to statistics, the number of retail and catering centers under the Ministry of Commerce was 1 million in 1957, or on the

average, every 1,000 people in urban areas have 10 centers. After the "great leap forward" from 1958-1962, the number of these centers was reduced to 390,000, or there were 3.4 centers for every 1,000 urban people, after the "cultural revolution," there were only 190,000 centers in 1978, or 1.6 centers for every 1,000 people. This caused a great inconvenience to the people. Since the individual economy has recovered and has developed the commerce, catering trade and other service trades, the situation has gradually improved. The individual economy, characterized by randomness, flexibility and a small scale in business, has been well received by the consumers.

2. Creating more job opportunities and promoting social production. At present, in order to develop social production and stabilize the social order, it is imperative to create more job opportunities and provide employment places to the people with the ability to work. The fact that a large number of people must wait to begin their jobs resulted from leftist economic policies. According to statistics, the number of people being assigned to some type of work was 9 million in 1979, 9 million in 1980 and 8 million in 1981. For a few more years, there will be several million people every year needing jobs. They can by no means all be arranged in state-owned enterprises to work as cadres or workers, as some narrow ideas for tackling the employment problem suggest. The individual economy has great potential for solving the employment problem and for creating more job opportunities. According to statistics, laborers engaged in the individual economy in China in 1956 numbered 1.7 million, which amounted to 3.3 percent of the total number of working people. In 1978, individual laborers only numbered 150,000, accounting for 0.16 percent of all working people. If the proportion of individual laborers now returns to the 1956 level, that means the total number of individual laborers could number as many as 3 million. Yet, by the end of 1981, there were only more than 1 million individual laborers throughout the country. On the other hand, each laborer in state-owned enterprises are equipped with fixed assets worth 10,000 yuan; and each laborer in collective enterprises are equipped with fixed assets worth 2,000 yuan; while each household engaged in the individual economy (taking the situation in Beijing as an example) only uses an average of 88 yuan as fixed funds. It can be seen that when the modernization drive urgently needs huge funds, but a large number of people are waiting for jobs, recovering and developing the individual economy will be a good method to solve this pressing employment problem.

3. Each displays his own strong points. This will stimulate the state-owned commercial units to improve their business style. Consumers will always choose to buy those goods with low prices and high quality and those services provided with a pleasant attitude. Under the old management system of unitary economy, the state-run commercial departments monopolized all business and thus gradually became tainted with the bad practice of a "bureaucratic business." Comrade Chen Yun criticized this state of affairs over 20 years ago, saying that the state-run commercial departments had shown their divorce from the masses in many ways and that they had become somewhat like monopolists. After the "cultural revolution," the monopolization by state-owned commercial departments has intensified rather than diminished. Now that individual economy has been reinstated and has displayed its flexibility and initiative in doing business. This will stimulate the state-owned commerce to shake off the practice of bureaucratic

business." (Of course, this needs the coordination with the reform of internal management system in the state-owned commerce.)

4. A large number of craftsmen can fully display their special skill, Their skill can also be passed on to their apprentices. This not only satisfies that customers' needs, but also guarantees that there is no shortage of successors to carry on these special crafts. This will benefit the development of our national culture and crafts.

The recovery and development of the individual economy is only at the initial stage. It can be assured that, as it develops further, it will play a larger and larger role in national economic construction and in the people's livelihood.

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NATIONAL POLICY AND ISSUES

RELATIONSHIP BETWEEN PLANNING, PRICING DISCUSSED

Chengdu SICHUAN RIBAO in Chinese 22 July 82 p 3

[Article by Nan Wuwen [0589 3670 2429]: "A Discussion of the Relationship Between Planning and Pricing"]

[Text] What is the relationship between planning and pricing? Comrade Mao Zedong clearly pointed out: "Planning is of primary importance; pricing is of secondary importance." This statement scientifically delineated the relationship between planning and pricing, and become an important guiding principle in China's economic work. Currently, linking together the objective realities in economic adjustment and reform, gaining a better understanding of the relationship between planning and pricing, and firmly and thoroughly implementing this important guiding principle, are all completely essential to the further establishment of our view of the state view of planning and our view of the overall situation. They are also essential to the maintanance of a proper balance between the interests of the state, the collective and the individual, and to the promotion of the planned, proportionate development of our national economy.

The statement "Planning is of primary importance; pricing is of secondary importance" first of all means upholding the socialist planned economy. At the same time, under the premise of upholding the guidance of the state plan, it also means using the law of value correctly, and giving free rein to the positive role of the law of value in serving the development of the national economy. This is a theoretical explanation of the relationship between the law of planned, proportionate development of the national economy and the law of value, and of the relationship between planning work and pricing work.

The intrinsic natures of the law of planned, proportionate development and the law of value reflect different production relations. The production relations reflected in the law of planned, proportionate development are socialist ones. In the development of the socialist economy, the primary tasks are establishing and maintaining proper ratios between state construction and people's livelihood, and seeking a balance between production and consumption. Lenin said: "A regularly, consciously maintained balance is, in fact, a planned one." ("The Collected Works of Lenin," vol 3, p 566.) This is really a concrete expression of the superiority of the socialist economic system.

All societies must continually engage in social reproduction. Objectively speaking, the smooth operation of social reproduction demands that the means of produciton and the labour force in agriculture, industry, the national

economy and other sectors be (divided according to specific proportions.) But the methods by which these divisions are realized vary among the different types of societies, and the results, too, are varied.

In capitalist society, private ownership of the means of produciton has brought forth contradictions between the organized nature of individual enterprises and the anarchic nature of (society's production as a whole). The proportionate relationships required by social reporduction can only be either spontaneously or forcefully realized through the blind adjustment of the law of value or via the destruction caused by periodic economic crises. In socialist society, because public ownership of the means of produciton has replaced private ownership of the means of produciton, and because the law of planned, proportionate development has replaced the laws of competition and anarchic production, the proportionate relationships required during the course of social reproduction need to be, and can be, established in a planned, conscious manner.

by now, the law of value has not become the spontaneous adjustor of the proportionate relatiosnhips in society's production as a whole that it is in capitalist society. The law of value can now be used spontaneously by society to serve the establishment and the realization of the national economic plan and proportions. Consequently, we cannot regard the law of value as the primary basis for establishing the economic plan and proportions and adjust the proportionate relationships between the various balances of the national economy exclusively according to the demands of the law of value. But neither can we set the law of value and the law of planned, proportionate development of the national economy in direct opposition to one another, and believe that in utilizing the law of planned, proportionate development we do not need to consider the role of the law of value.

Naturally, in a socialist state, the main foundations upon which the state plan is formulated are the basic socialist economic laws and the law of planned, proportionate development of the national economy. We should devote major efforts to developing production in order to fulfill the continuously rising material and cultural needs of the people. Our basic socialist economic laws require us to do so. But the balance between production and consumption must be achieved in accordance with the demands of the law of planned, proportionate development. However, under the conditions of commodity production and commodity exchange that still exist in our socialist state, the role of the law of value absolutely cannot be ignored. If we cannot correctly utilize pricing as an economic lever, it will be impossible to realize the planned, proportionate development of the national economy.

In accordance with the demands of the statement "Planning is of primary importance; pricing is of secondary importance," we must give an appropriate amount of free play to the role of pricing levers, primarily through formulating the proper planned prices and establishing the proper relative price relationships (between?) all products. Under general conditions, for the majority of products, planned prices must be based on value, and the principle of exchange at equal value, must be implemented, placing the produciton of goods from all sectors in positions of roughly equal advantage, and thereby facilitating the successful realization of the national economic plan and the above-mentioned proportions. If planned prices diverge too much from the true value of the good, or if the

degree of deviation between [the prices] goods is too great, the realization of the national economic plan and the proportions will be hindered.

For example, in 1979 and 1980 after the Third Plenum, we raised grain prices and successively raised the prices of cotton, leaf tobacco, oil-bearing crops, sugar crops, pigs and other agricultural sideline products. We did this in order to attain an appropriate ratio between grain production and diversified economic production, in accordance with the principle of "under no circumstances slacken grain production and vigorously develop a diversified economy." This played an active role in promoting the proper solution of the problems handed down to us from the past of prices of agricultural goods being set too low, and of the relative prices among agricultural sideline products being inappropriate. It also played an active role in promoting the achievement of a more well-coordinated development of the production of grain and other agricultural sideline products.

In sum, under the conditions that prevail in the socialist period in which commodity production and commodity exchange are still in existence, the relationship between planning and pricing is one of a unity of opposites. The main contradictory aspect of this unity lies in the planning. Planning must play a leading role, and prices must come under the restrictions of the plan. As far as the laws are concerned, the law of planned, proportionate development and the law of value are both economic laws, and each is objective in its own way. However, in actual planning work and economic work, they remain distinctively primary and secondary. Under general conditions, planning should come first, while pricing should "come rolling along" after the plan. The vertical adjustment of prices, as well as all economic activities, should above all take into consideration the whole national economic plan. Only in this manner can we give due consideration to the interests of the state, the collective and the individual, and promote the successful development of the whole national economy. Therefore, we must firmly and thoroughly implement the principle of "Planning is of primary importance; pricing is of secondary importance" in production, circulation and distribution and, under the guidance of the state plan, we must do our economic work well.

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ECONOMIC PLANNING

'JINGJI YANJIU' ON PLANNING, MARKET MECHANISM

HK170741 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 7, 20 Jul 82, pp 8-13

[Article by Fang Sheng [2455 3932] of the Economics Department of the Chinese People's University: "Clarify the Three Mutual Relationships--an Understanding of the Principle of 'Taking Planned Economy as Primary and Regulation by Market Mechanism as Supplementary'"--slantlines denote boldface as published]

[Text] The correct understanding and handling of the relationships between the planned economy and regulation by market mechanism is a fundamental issue in the reform of our economic system. The "resolution on certain questions in the history of our party since the founding of the PRC" points out: "It is necessary to practice a planned economy on the basis of public ownership and at the same time give play to the supplementary, regulatory role of market mechanism. Efforts should also be devoted to develop socialist commodity production and exchange." When talking about the basic orientation of the reform of China's ecnomic system in his "government work report" delivered at the fourth plenary session of the Fifth NPC,Comrade Zhao Ziyang said: "While upholding the socialist planned economy, the state should give scope to the supplementary role of regulation by market mechanism and fully take into account and utilize the law of value when working out state plans." Last spring festival, Comrade Chen Yun pointed out in his speech: "It is necessary to persist in taking the planned economy as primary and regulation by market mechanism as supplementary." Recently, he further emphasized that the national construction should all be subject to a unified plan. All these arguments, especially the principle of "taking the planned economy as primary and regulation by market mechanism as supplementary" summarized by Comrade Chen Yu, are our guidelines in carrying out the economic system reform. Thought the present expressions are somewhat different from the previous ones, rather than radically negating the previous expressions, they are more accurate and more perfect. More important, both the present and previous expressions are consistently based on the basic Marxist principles. The problem is how we should, by relying on the guidance of Marxism, correctly understand the principles put forth by the central authorities. Since we have not yet reached a unanimous understanding on this question, it is necessary to have further discussion. As I see it, there are three mutually related perspectives that we should clearly recognize.

I

The first perspective is that the socialist economy is a planned economy based on the public ownership of the means of production. Important issues concerning the overall interests in the national economy, such as the major ratios in the national economy, the distribution of national income, the scale of capital construction, the growth rate of the economy and the degree of improvement of the people's living standard, should all be brought under the strict control of state plans. Other economic activities should also be brought into the scope of the state plans. Most of our comrades sincerely believe in the principle of the planned economy. Only a small number hold a negative attitude. They argue that, "at present, our country has not yet been provided with any material bases and conditions for practicing a centralized and unified planned economy." Here, the so-called "material bases" mainly refer to socialist mass production. The socialization of production has brought close economic ties between various branches in the national economy and within each of these branches. It objectively requires that the national economy as a whole should develop in a planned and proportionate way. Under the private ownership system of capitalism, however, it is impossible to meet this requirement in a planned way. In a socialist society, the establishment of public ownership of the means of production realizes the direct combination of laborers and the means of production, and thus all branches and enterprises coincide in their fundamental interests. This determines that it is not only necessary but also possible for the socialist national economy to develop in a planned and proportionate way. The question is whether socialized production, at the present stage, exists in China. It is better to find the answer from facts. As a matter of fact, as early as China had completed the rehabilization of its economy and started to conduct its economic construction in a planned way, socialized production in China had reached a certain level. The first 5-year plan was worked out precisely for suiting this socialized production and achieved remarkable results. Now, the level of China's socialized production has been further raised. To correspond with this condition, our national economy must, under the guidance of correct principles of economic construction, be further developed in accordance with more perfect economic plans and social development plans.

The practice of the planned economy is a prominent manifestation of the superiority of the socialist system. However, giving full play to the superiority of the planned economy depends on many factors. For a long time in the past, because of the errors in our actual work caused by the "leftist" guidelines and the sabotage and disturbance by the Lin Biao and Jiang Qing counterrevolutionary cliques, the superiority of our planned economy could not be brought fully into play. The serious mistakes in the planning work even caused enormous losses to the national economy. Facing this situation, some comrades lost confidence in the planned economy. When searching for a way out for our economy, they neglected the fact that one of the features of China's socialist economy is the planned economy. One of the important reasons for this loss of confidence is a failure to distinguish the planned economy from planning work. The planned economy enables us to consciously keep a balance between social production and social demands, to rationally utilize all sorts of resources, to promote the coordinated development of productive forces and to

adopt and promote advanced technology methodically. That is why Lenin argued that socialism will not exist without a planned economy. Practice in China's economic construction has also proved this point. The successes we have achieved cannot be separated from the planned economy we have persisted in. Of course, the successes were not achieved without problems. Rather, we have undergone a torturous course and have made errors in our planning work. But this does not reflect the essence of the socialist planned economy but just a problem in the planning work. This can be straightened out through improving this work. At the same time, we should also see that the planned economy itself is undergoing a process of development from immaturity to maturity and from being imperfect to being relatively perfect. At the present stage, productive forces in China are still relatively backward, and the levels of public ownership and socialization of production are not high. Although we have had conditions for practicing a direct and across-the-board planned economy, the planned economy is still in an initial stage and there is still limitations in practicing the direct and all-round planned economy. Not seeing this point and replacing reality with their wishful thinking, some comrades are apt to be suspicious of the planned economy that we are now practicing.

To practice the planned economy, the whole country must have a unified plan and all localities, departments and enterprises should abide by this unified plan which represents the interests of the whole people. All of our economic activities must proceed from the overall interests or our 1 billion people. With overall consideration and all-round arrangement, the relationships between far-reaching interests and immediate interests and between the state, the collective and the individual should be correctly handled on the basis of the unified national economic state plan.

A planned economy is a feature of the socialist economy. At the same time, we should soberly realize that a planned economy is not the only feature nor the fundamental feature of the socialist economy. Today, as we are stressing the planned economy, some people, intentionally or unwittingly, hold that a planned economy is the fundamental feature of the socialist economy. That is not an appropriate view. A socialist planned economy is determined by the socialist public ownership system. Only the public ownership system can be considered as the fundamental feature of the socialist economy. That is why Marx and Engels, the instructors of the proletarian revolution, named their ideal as communism. The planned economy is an important expression of the public ownership system. The economic features of a society or different stages of a society can be viewed from different angles. Lenin distinguished, from the aspect of production, different economic features of the two development stages of capitalism. These are the stage of free competition and the following stage of monopoly. During the monopoly stage, monopoly rule is formed on the basis of highly concentrated production. It is from the aspect of distribution that Marx and Engels distinguished different features of the two development stages of communism. The initial stage is characterized by distribution according to work and the advanced stage is characterized by distribution according to needs. The economic features of socialism can also be viewed from

different angles. Viewed from the aspect of material interests, the coincidence of the interests of the state, the collective and the individual is also one of the important features of the socialist economy.

II

Socialism can exist only when the planned economy is put into effect. This is an axion of Marxism repeatedly proved by the practice of socialist construction. But, how should the planned economy be handled in a way that is conducive to socialist construction? Though various socialist countries have accumulated a lot of experience from their respective practice, this question has not yet been properly settled. It is still necessary to continue summing up experience and going forward by making exploration. Here, what has drawn the people's attention is the fact that, unlike the communist society, the planned economy in a socialist society works under the condition that commodity production and commodity exchange still exist. Therefore, in the process of carrying out socialist economic construction in a planned way, it is imperative to take a correct approach to commodity production and commodity exchange as well as to the law of value which is a basic law governing commodity production and the markets where commodity exchange is conducted. This is the second perspective we would like to discuss.

Commodity production is a kind of production directly aiming at exchange. As an economic form, commodity production has never developed into an independent social-economic form. It always attaches itself to a certain mode of production. Commodity production itself cannot indicate the essence of the social production, which exists in several different societies, cannot be regarded as a feature of the socialist economy. But I do not agree with the opinion which recognizes that commodity production only exists under the socialist system while it denies that socialist production is a kind of commodity production. It seems to the people who hold this opinion that regarding socialist production as commodity production is equal to taking commodity production as the essence of socialist production. In fact, "existing" and "being" here mean the same thing, because commodity production under the socialist system mainly exists in the socialist economy. In the past, we denied that the exchange between state-run enterprises is commodity exchange and denied that the means of production fall into the category of commodity, thus excluding the economy under the ownership by the whole people, which accounts for a large proportion and is of decisive significance, from the scope of commodity production. This leads to denying the fact that socialist production is a kind of commodity production. Now, since this viewpoint has been corrected and this theoretical forbidden zone has been breached, then we should, as a matter of course, realistically treat socialist production as commodity production. The economic form of commodity production has been adopted by capitalism and now, soicalism also needs to adopt it. The success of the proletarian revolution has eliminated the capitalist private ownership of the means of production and has changed the nature of the social economy, but it did not abolish the commodity form of production. Therefore, denying the commodity form of socialist production, denying that socialist production is commodity production, is equal to casting off socialism.

Since the planned economy, rather than commodity production, can reflect the features of the socialist economy, it is not a proper approach to explain the features of the socialist economy by relating the planned economy with commodity production, which is a form of socialist production. In order to show the relationship between the planned economy and commodity production as well as reflect the features of the socialist economy, it is comparatively precise to call the socialist economy a planned economy based on public ownership, with commodity production and commodity exchange existing in it. Some comrades agree that socialist production is commodity production, but they deny that socialist production is planned commodity production, because they think that commodity production and planning are incompatible. As a matter of fact, in an individual enterprise, planned and organized commodity production can be carried out not only under socialism but even under capitalism. In the entire society, whether commodity production is developed blindly or in a planned way will depend on the predominant social-economic conditions. This cannot be determined by commodity production itself. Compared with capitalism, one of the important characteristics of the commodity production under the socialist system is its planned nature. When we mention "socialist commodity production" or "commodity production with a socialist nature," this "socialist nature" includes planning. Planning is an important aspect of the socialist nature. Commodity exchange is conducted between different owners or between commodity producers with different material interests. When handling production and marketing, enterprises cannot but take their immediate interests into consideration. This tends to contradict the state plans. So, we should have a clear understanding on this point when practicing the planned economy, and give guidance by adopting prompt measures. If necessary, administrative means can be used.

Since socialist production is commodity production, the law of value must be playing a role in it. How should we correctly undertand the role of the law of value in the socialist economy? Through studying in practice for a long time and continuous exploration in theory, we finally came to understand that the law of value also plays a regulatory role under the socialist system. Here, regulation refers to regulating the distribution of social labor among various production branches.

The difference betwen socialism and capitalism in regulating commodity production by the law of value can be found from forms and results of regulation rather than the regulatory role itself. The regulatory role of the law of value is not isolated. It always functions simultaneously with other economic laws. It is just this point that reflects different natures of the regulatory role of the law of value in commodity production under different ownership systems. Under the condition of socialist commodity production, regulation of production by the law of value is determined by basic socialist economic law and is effected by being linked with the law of planned and proportionate development and through planned pricing (mainly) and other forms of pricing. It is obviously wrong to set the regulatory role of the law of value against the objective demands of socialist economic laws and to ignore the positive role of the law of value in socialist economic development. This misunderstanding in theory has badly harmed our economic work. But overlooking the contradiction between the two aspects and failing to adopt due measures to settle it

will also be wrong. This contradiction mainly exists in the relationships between the state, the enterprise and the individual. Some people think that the application of the law of value is only related to partial interests. For an enterprise, that would be right by and large. But for a nation as a whole, the conscious application of the law of value not only means taking the interests of enterprises and individual laborers into consideration, it also calls for taking the overall interests into consideration. But this point is apt to be neglected. In general, the law of value can play a certain role in the socialist economy. Here, "a certain" is, first, intended for making a comparison with capitalism--it implies that this role does not play an unlimited role; and second, it refers to the fact that this role is restricted by socialist economic laws. But this cannot be understood to mean that the law of value can only play a role in production outside the plans while it absolutely does not work in the production conducted according to mandatory plans. As I see it, the law of value may play a bigger or smaller role, but at no time will it fail to play a role.

The market is a place where commodity exchange is conducted. So, the market manifests a relationships between buying and selling. It falls into the category of commodity economy and is an inevitable expression of commodity economy. For a long time, because we did not realize that socialist production is commodity production and did not set store by the law of value, we also neglected the role of markets, or only recognized planned markets while denying free markets under the guidance of plans. The problem of the market is a complicated one. In practice, many new questions have come out and called for our further study. One of the important questions is how to understand regulation by market mechanism and the relationship between the planned economy and regulation by market mechanism.

III

The third perspective is the principle of taking the planned economy as primary and regulation by market mechanism as supplementary. I think that this perspective is based on the first two. The first perspective--the socialist economy is a planned economy--shows that, under the socialist system, the national economy as a whole is developed in a planned and proportionate way and the state must consciously follow the demands of objective economic laws in working out unified plans and in exercising planned management of the national economy. Thus, that part of production in accordance with plans (including mandatory plans and instructional plans) is, of course, within the scope of the planned economy and forms the principal part of the planned economy. As for the portion regulated by market mechanism as a supplement, though being not included in the state plans and having a spontaneous nature, it still falls into the scope of the planned economy. This is because this portion of production must also be conducted within the limits allowed by state plans, rather than being utterly free from any control by plans. Even the economic activities of those enterprises exclusively run by foreign businessmen in the special economic zones, have to follow the relevant decrees, laws and other regulations of our nation; they cannot do whatever they like and operate like independent kingdoms. Understood in this way, the implication of the first perspective, which refers to the planned economy based on

public ownership, is somewhat different from that of the third perspective, which takes the planned economy as "primary." The former is directed at the national economy as a whole, that is, the entire socialist economy must develop in a planned and proportionate way. This is a general notion. The latter refers to planned production being the main body in industrial and agricultural production, or just as the saying goes, "the bulk of industrial and agricultural production throughout the country is handled in accordance with the plans." This is to be compared with that portion of free production (which is regulated by the market mechanism that plays a supplementary role). But, whether something functions as a "primary factor" or as a "supplementary factor," it will always fall into the general scope of the planned economy.

The second perspective refers to the fact that commodity production still exists under the socialist system, the law of value still plays a role and there are still markets. Thus, when the planned economy is being put into practice, it is necessary to energetically develop commodity production and consciously make use of the regulatory role of the law of value. The regulatory role of the law of value can be effected only through markets. So, regulation by the law of value, is in general, reflected in regulation by market mechanism. Consciously utilizing the regulatory role of the law of value means consciously utilizing the regulatory role of market mechanism. Understood in this way, not only is the portion of production outside the plans subject o regulation by the law of value, but the planned production is also subject to it. The difference is that the former is regulated spontaneously by the law of value or market mechansim while the latter can be regulated through planned pricing and other economic levers—that is, the conscious utilization of the regulatory role of the law of value or market mechansim we often talk about. Regulation by market mechanism of this kind differs from regulation by market mechanism which plays a supplementary role. The former has a planned nature while the latter has a spontaneous nature.

Some comrades do not agree with this way of dividing regulation by market mechanism in the socialist economy into one with a planned nature and one with a spontaneous nature. As they see it, regulation by market mechanism can only be manifested in spontaneous regulation by the law of value. They consider that the planned nature of regulation by market mechanism or planned regulation by market mechanism is a planned economy matter, not any sort of regulation by market mechanism. This is a question which needs further discussion.

What is regulation by market mechanism? Under the condition of commodity production, products, as commodities, can show their value and use value only through purchase and sale on markets. Therefore, the production and marketing of commodities will inevitably be influenced by the relationships between supply and demand and by market prices which reflect this relationship. As the law of value, market mechanism does not function independently. It is subordinate to basic economic laws which play a predominant role. As the basic law governing commodity production, the law of value is a principal law among those laws relating to commodity production. It cannot be considered as the basic law governing the entire social economy. Thus, under different socioeconomic conditions, the nature of regulation by market mechanism is different. Even under the same social system, due to different objective conditions, it will play different roles. In general, regulation by market mechanism

needs the following conditions: 1) Enterprises having decisionmaking power; 2) business results of enterprises must be linked with their material interests; 3) prices can be changed and 4) competition existing. Capitalist commodity production is completely subject to spontaneous regulation by market mechanism, thus resulting in anarchy in social production as a whole. Even if capitalist states come out to "interfere" and draw up some "plans", the spontaneity of regulation by market mechanism is still unchangeable.

Under the condition of socialist commodity production, regulation by market mechanism objectively exists. For a long time, however, we did not recognize that socialist production is commodity production and did not give any decisionmaking power to enterprises. Profits and losses of the enterprises were all retained or met by the state. Prices were unifiedly fixed by the state and were frozen for a long time. Competition between enterprises was prohibited. Under these circumstances, of course, regulation by market mechanism was out of the question. Practice has shown that this is unfavorable to the development of the socialist economy. Now, the state of affairs has been changed. Enterprises have been provided with certain decisionmaking power in their business and management. Measures have been adopted to link enterprises; business results with the material interests of the enterprises and the workers. Prices are allowed to float within a specified scope. Necessary adjustment has been made to those irrational prices that greatly varied from values. Enterprises are allowed to engage in competition with each other within a specified scope. Thus, regulation by market mechanism can now exist legally and play its due role in the national economy.

Some comrades think that, without "free production," "free trading" and "free fluctuation" of prices, regulation by market mechanism is impossible. This argument is not without reason. In our political life, we always divide "freedom" into "bourgeois freedom" and "proletarian freedom." In the economic life, things are similar. As we said above, if our economic work is absolutely unified and centralized by the state while enterprises do not enjoy any "freedom," as was the case previously, then no regulation by market mechanism can be effected. But, if enterprises are allowed to act "freely" without any limitation, production will not be socialist in nature but will be capitalist production. In fact, when capitalism develops to the stage of monopoly, production and marketing are no longer so free as before. May be we can say, "freedom" in our socialist commodity production is a freedom under the control of unified plans and is linked with plans. When we talk about enterprises' decisionmaking power, prices, competition and so on under the socialist system above, by preceding them with words such as "certain" or "specified," we mean that "freedom" in the socialist economy is limited but does exist. This "freedom" exists not only outside the plans but also inside the plans. Compared with regulation by market mechanism under the capitalist system, one of the important characteristics of regulation by market mechanism under the socialist system is its planned nature, or we can say it is planned regulation by market mechanism. Here, regulation by market mechanism is closely combined with regulation by market mechanism. At the present stage, regulation of this kind is imperative, but it can only function as a supplement to the plans. If "taking regulation by market mechanism as a supplement" is understood in this sense, this will not be set against "combining regulation

by planning with regulation by market mechanism," and will not bring up the question of expanding the scope of regulation by market mechanism (referring to that function as a supplement).

Looking at the nature of regulation by market mechanism under the socialist system, we can divide it into one with a planned nature and one with a spontaneous nature. Based on the degree to which it is restricted by plans, differences can still be found even in regulation by market mechanism of the same nature. For those products produced and marketed in accordance with instructional plans, the state specifies floating prices within a limited scope and strives to keep the balance between supply and demand by these prices. Obviously, this is a kind of regulation by market mechanism which is combined with plans. The problem is whether the portion of production and marketing in accordance with mandatory plans is subject to regulation by market mechanism. Under mandatory plans, prices are unifiedly fixed by the state and enterprises must guarantee the fulfillment of these plans. But, so long as we recognize that production and marketing under mandatory plans is still commodity production and commodity exchange and allow enterprises to enjoy "freedom" within a certain scope as mentioned above, then, prices, sale and profits will be factors relative to the interests of the enterprises and the workers. Thus, the state must also fully take into account and apply the law of value and make necessary adjustment to those planned prices greatly varying from values by following the market conditions and the change of value, so as to guarantee the realization of the plans. It is right here that market mechanism display its roles. One of the examples can be found from the adjustment of prices for coal a few years ago, which finally led to a growth of coal production. Regulation of this kind is not the same as regulation in free production and free exchange outside the plans, nor the same as regulation in production and marketing in accordance with instructional plans. However, we cannot say that it is absolutely not an expression of regulation by market mechanism. Of course, regulation by market mechanism of this kind falls into the sphere of "the planned economy playing a major role." We need not indicate this point specifically in our policies, but this objectively exists in relation to commodity production. Without the planned economy, there would not be in //planned// regulation by market mechanism; on the other hand, without commodity production, neither would there be planned regulation by //market mechanism.// Whether or not to recognize the existence of planned regulation by market mechanism--this is not merely a dispute in theory, it is of significance in practice. If this is recognized, then we will be required to make earnest investigation and study, thoroughly find out the market trends, do a good job in market forecasting and really know the needs and supplies when handling planned production. We also have to lay down a correct pricing policy to promote the smooth fulfillment of the plans. One of our fatal weaknesses in the previous planning work was giving no consideration to social demands when arranging production and marketing. One of the causes was that we did not recognize regulation by market mechanism in theory and failed to learn how to correctly apply it in practice.

We should correctly understand the blind and spontaneous regulation by market mechanism under the capitalism system and the planned regulation by market mechanism under the socialist system. We should see their essential differences as well as their common forms. After the October Revolution, the circles of economists maintained that commodity production is only related to private ownership, especially capitalist private ownership; that the means of production exchanged between state-owned enterprises are not commodities and that the law of value does not play a regulatory role in socialist production. That is why they argued for casting off commodity production. Because these arguments, which once held a dominant position in theory, do not tally with reality, they have been discarded by most of our comrades. Now, some new questions have arisen and call for our earnest discussion. In recent years, in the discussion about commodity production and the law of value, some confusion, which could lead to weakening or even negating the planned economy, has arisen. We should pay serious attention to this. It is wrong to consider it as immaterial and to just consider it lightly. At the same time, it is more important to see that the orientation of this discussion and its main trend is correct and our achievements are the main aspect. This fruit was not easy to get. We should protect it and cherish it. We must not lightly give it up when finding the emphasis changed. The reform of the economic structure is a profound movement and the theoretical exploration for this reform is a profound movement of emancipating the mind. In this process, all of us are studying and thinking, and it is quite natural that some confusion arises. Differing from the previous confusion over the guidelines, the present confusion is not difficult to overcome because the guidelines are correct. What we need is earnest help, well-meaning criticism and a calm discussion. That will contribute more to further discussion of the theoretical questions concerning economic structural reform.

CSO: 4006/602

ECONOMIC MANAGEMENT

IMPLEMENTATION OF ECONOMIC CONTRACT SYSTEM URGED

Beijing ZHONGGUO CAIMAO BAO in Chinese 6 Apr 82 p 3

[Article by Liu Xiaomou [0491 2556 3664] and Wang Qi [3769 1142]: "We Must Actively Create Conditions To Steadily Promote the Economic Contract System"]

[Text] The economic contract system passed by the Fourth Session of the Fifth NPC created favorable conditions for our learning to use economic laws and regulations to direct and manage economic work. In our country, implementing the economic contract system, making use of economic laws and regulations, safeguarding and improving socialist production relations and ensuring the implementation of a socialist planned economy are all brand new tasks. We must do our best to carry them out successfully.

In order to better develop the role of economic contracts and uphold the authority and gravity of the law on economic contracts, we must pay special attention to the following items of work when promoting the contract system.

First, there is the new job of actively propagandizing the law on economic contracts, increasing the understanding of the significance of pursuing the contract system and requiring that the contract system be carried out in accordance with the principles of the law on economic contracts. In particular there are some comrades who are not very accustomed to using economic laws and regulations to guide economic relations. They even believe that implementing the contract system will just be another aggravation. Because of this, it is necessary for us to earnestly study how to propagandize the law on economic contracts so that the people will understand the importance and urgency of implementing the law on economic contracts under the new economic conditions. We must improve their conception of the legal system. Only in this way can we strengthen our economic sense of responsibility, lay stress on contracts, keep our promises and make use of economic laws and regulations to uphold social and economic order. Then we can put the microeconomic activities within enterprises on the path of state macrocosmic planning and guarantee the planned and proportionate development of our socialist economy.

Second, there is the new work of contracts signed between enterprises and economic units according to the law and the work of fulfilling these

contracts. From now on, industry, agriculture, production and trade should all create conditions for actively organizing the signing of agreements, launching pilot projects and finding out how to make use of economic laws and regulations to manage economic experiences. We must use the experience of selected units to promote work in the entire area and carry on the work step by step in a planned way. While launching pilot projects, we must pay special attention to honorable principles of contracts and improve our efforts to honor agreements. We must lay a solid foundation for the future implementation of the economic contract system. Third, we must combine the current task of economic readjustment with demands for market supplies. We must concentrate on industrial and commercial production and distribution contracts and on contracts for agricultural and commercial purchases and sales. There are numerous kinds of economic contracts that cover a wide range. We should start from practical reality and focus on the key points in carrying out the contract system. We must follow the demands of Premier Zhao Ziyang presented in his government work report, and promote the contract system in urban areas and stress production and distribution contracts in light and textile industries. We must strive to promote the production of consumer products for daily use. This is in service of giving top priority to the development of consumer product industries and the further readjustment of heavy industries. This is the key point for current national economic work as well as for the job of carrying out the contract system. If industry and commerce sign and honor agreements according to the main provisions stipulated in the law on economic contracts, the role of contracts will be expanded in strengthening production and distribution plans, improving economic effectiveness and heading on a new path of economic construction.

In cities, the key point in carrying out the contract system is to focus on contracts for the purchasing and selling of supplementary foods such as vegetables, pork, eggs, etc. Comrade Chen Yun once said: "Pork and vegetables are the two primary nonstaple foods of the people of China." If these goods were to be sold out this "would be a major problem that would affect the relationship between the party and the masses." We must take it seriously and promote contracts for the purchasing and selling of nonstaple foods in the suburbs so that problems in the supply of nonstaple foods in cities such as vegetables, meat and egg products may be resolved in the near future.

In the countryside, based on current new conditions, commercial sectors and agricultural producers must sign agricultural and commercial contracts in accordance with grain purchase quotas and controlled procurement and distribution quotas for industrial crops. Furthermore, they must coordinate with construction contracts in agriculture and clarify the rights and duties of both sides so that state, collective and individual interests are all given consideration. At present, while concluding agricultural and commercial contracts, we should particularly encourage raising the proportion of signed agreements for famous brand special local products in various areas. This would have positive significance for developing the production of commodities and spurring on the further development of famous products in various areas. We should sum up our experiences involving previously effective combined contracts for procurement and selling and advance purchase contracts. We should also continue to carry them out.

Fourth, we must coordinate implementing the economic contract system with carrying out the system of economic responsibility in enterprises and improving management and administration. The system of economic responsibility is at the core of the economic contract system. At the heart of promoting the system of economic responsibility in enterprises is our ability to implement contracts according to the general rules and requirements of the contract. After the law on economic contracts was formally enacted, contracts were concluded according to the law which possessed legal binding force. All those who do not fulfill their duties in the contracts are held responsible for breaking the contract and have to compensate for the financial losses of the other party. In order to emphasize the gravity of economic responsibility, leaders in enterprises and legal entities involved in signing contracts should frequently conduct propaganda instruction so that enterprise staff and workers as well as commune members in the countryside will be clear about the rights and duties of concerned parties in economic contracts. In this way the law on economic contracts will win popular confidence and support and gradually become a conscientiously observed rule.

9864
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ECONOMIC MANAGEMENT

BENEFITS OF ECONOMIC CONTRACT SYSTEM OUTLINED

Beijing JIANJU [ARCHITECTURE] in Chinese No 5, 30 May 82 pp 11-12

[Article by Bao Zong, [5508 1350]: "The Benefits Achieved by the Adoption of the Economic Contract System in Liaoning and Certain Problems That Await Solution"]

[Text] The construction and engineering industry in Liaoning Province adopted the economic contract responsibility system on a trial basis in Shenyang in 1979 and began to extend it to the entire province in 1980. Rapid progress has been made and remarkable results have been achieved in the past 2 years.

The amount in terms of construction work completed came to 665 million yuan in 1980, or 18.8 percent over the figure for 1979. The area of completed construction work came to 2.79 million square meters, or 3.7 percent over the figure for 1979. The production value for each member of the labor force came to 5,514 yuan, or 14.3 percent over the figure for 1979. The cost was reduced by 55.13 million yuan, which represents an improvement of 72.3 percent over the figure for 1979.

The target for 1981 was expected to be drastically reduced by as much as one-third. However, thanks to the efforts made by the various enterprises to increase production, reduce expenditure and reap higher profits from their operations, the amount of work completed came to 637 million yuan, the area of completed construction work came to 2.58 million square meters, the production value of each member of the labor force came to 5,034 yuan, and the cost was reduced by 59,185,000 yuan. These results could not have been achieved if the economic contract responsibility system had not been enforced in a vigorous manner. From what has been achieved by the adoption of the economic contract system, the following conclusions may be drawn:

First, the quality of engineering work has been greatly improved, especially in the latter half of 1981. During that year, 71 of the 112 common defects in quality listed by the Provincial Bureau of Construction and Engineering were basically eliminated. The rate of high quality work came to 69.9 percent. The number of flawless pieces of engineering work covering 970,000 square meters camt to 398, to 37.6 percent of the total. Every one of the 10 dwellings constructed by the province in Liaohua was rated as flawless, and the prestige of the Provincial Bureau of Construction and Engineering was greatly enhanced in the eyes of society.

Second, the rate of progress of construction work was speeded up, the construction period was further reduced and "reckless" engineering work was basically eliminated. According to statistics covering the 346 pieces of flawless engineering work undertaken in the province, the period of construction of a piece of engineering work in comparison with work of similar dimensions in the past was reduced by 10.8 days. In 1981, 25 key projects of large and medium size were completed, and 49 buildings used by colleges and vocational schools to accommodate new students were rushed into completion and put to use according to or ahead of schedule.

Third, the cost of construction has been reduced. The cost of construction under the contract system is lower than that not under the system. The cost of construction work completed in 1981 was lower than that in 1980. The engineering work completed under the contract system during 1981 came to 2.51 million square meters. The average per unit reduction in cost came to 4.58 yuan, reducing the cost to the government of 11.5 yuan.

Fourth, the accounting system has been strengthened by all the enterprises. Except for a slight overrun in labor cost due to the idling of some workers, all the expenses which made up the cost of construction showed a decrease. During 1980, the Construction and Engineering Bureau of the province chalked up a surplus of 61.31 million yuan (through reduction of the cost of engineering work and profits made by the processing enterprises, but not including the profit of 13.59 million yuan prescribed by law), and paid into the national treasury the amount of 5.8 million yuan, or 9.4 percent of the total amount of profits. In 1981, the bureau chalked up a surplus of 58,194,000 yuan (not including the profit of 14.35 million yuan prescribed by law) and paid into the national treasury the amount of 10.25 million yuan, or 17.6 percent of the total amount of profits.

Fifth, the production method of the enterprises was improved and the living conditions and welfare of the staff members and workers were upgraded. During the 2-year period between 1980 and 1981, the amount of 80.67 million yuan was spent for the above purposes.

From the above, the conclusion may be drawn that the adoption of the economic contract responsibility system by the construction and engineering industry in Liaoning is responsible for fully motivating the positive attitude of its staff members and workers, increasing the overall economic benefits, and adding to the nation's income in a stable manner. When the enterprises have their own means to develop production and to improve the collective welfare of their staff members and workers, each and every staff worker stands to benefit individually. Since the system is capable of creating a balance between small-scale and large-scale economic benefits, it should continue to be adopted without hesitation.

That the construction and engineering industry in Liaoning is able to put the economic contract responsibility system into actual practice and to achieve the above-mentioned results must be attributed to the staunch support given by the concerned departments of the provincial government in the prompt solution of various problems. Certain problems affecting the

forward progress and development of effective methods of operational management which meet the special needs of the construction industry remain to be studied and resolved.

1. Ratio for Allocation of Profits Must Be Based on Actual Conditions of Construction Enterprises

The amount of profit paid to the government under contract by the state-operated construction enterprises in Liaoning is based on the level achieved in the past and the highest level achievable, and is agreed upon following a series of consultations among the parties concerned. For over 20 years prior to 1979, the aggregate amount of profits paid by the construction and installation enterprises to the national treasury had been smaller than that paid by the state to the enterprises in the form of investments and subsidies to cover losses. For this reason, it was decided that as from 1980, the annual contract would be made for 3 years. Later, however, because the provincial and municipal financial authorities had decided to apply the principle of "meals prepared on different stoves," it was decided that the amount of 5.80 million yuan, or 32.2 percent of the projected profit of 25 million yuan for 1980, should be paid to the national treasury. Actually, the amount to be paid into the national treasury is obviously too small. In order to bring about a reasonable balance in the benefits that go to the state, the enterprises and the staff members and workers, the amount of profit to be paid into the national treasury was raised to 10.25 million yuan. As to whether the amount should be adjusted upward in 1981, there were those who felt that there should be no departure from the decision that no changes should be made for 3 years, while others were of the opinion that any means would justify the end if it served to add to the income of the state. On this question, some comrades believe that: 1) since the decision not to change the amount of profit paid by the construction enterprises on a contract basis for 3 years was agreed upon by the provincial government and the departments concerned, and that it was in line with the stipulations stated in Document (80) Jian Fa Shi No. 185 jointly issued by the State Capital Construction Commission, the State Planning Commission, the Ministry of Finance, the State Labor Bureau and the State Supplies Bureau, there should be a stability and continuity in matters of policy and that frequent changes should not be made; 2) in view of the unreasonably high cost of construction materials and the fact that charges made by the construction enterprises for construction work were close to the actual cost, the construction enterprises were unable to make profits in commensuration with the average rate prevailing in society, and the value created by the staff members and workers in the construction enterprises in terms of productive labor had not been reflected in the income for the enterprises and the national treasury. That being the case, they felt that it would be unreasonable to expect the construction enterprises to make profit payments to the national treasury in the same ratio as that of the industrial and communication enterprises and that it would not be proper to use that ratio as a basis for assessing the degree of proficiency on the part of the construction enterprises in dealing with the economic relationship of the state, the enterprises and the staff members and workers; 3) the amount of profit to be paid into the national treasyry on a contract basis during the past 2 years was predicated upon the assumption that the number of construction

projects would fall below the estimate and that the enterprises would have difficulty in increasing their income. However, it so happened that profits far exceeded the original estimate. From the objective point of view, the number of construction projects exceeded that originally anticipated. From the subjective point of view, the contract system unquestionably served to motivate the positive attitude of the enterprises and their staff members and workers. Everybody pitched in to explore all the potentials to the full, thus substantiating the effectiveness of the economic contract system; 4) an objective study should be made of the way the accumulated funds of the enterprises should be used. In the 2-year period between 1980 and 1981, out of the 103.34 million yuan accumulated by the enterprises, 37,161,000 yuan was used for purchasing production equipment and the improvement and construction of production bases, while 43.51 million yuan was used for the construction of housing for staff members and workers. The two items came to 80 percent of the total amount of accumulated funds. In the past, the amount represented by the two items used to be allocatec by the state in the form of basic construction investments. Now that the accumulated funds of the enterprises can be used for basic constructions, they have in actual practice contributed to the additional income of the state. Furthermore, the enterprises purchased national treasury bonds to the amount of 16,907,000 yuan, thus adding to the income of the state. The enterprises would not have been able to do that if they did not have their own financial resources. The amount represented by the investments which used to be made by the state and the purchases of national treasury bonds came to 97 percent of the accumulated funds of the enterprises. It is the hope of the comrades in the construction and engineering industry in Liaoning that the general public would come to have an understanding of the circumstances and to respect their views. If the profits made by the construction enterprises remain stable, the amount paid to the state on a contract basis may be suitably raised to add to the income of the state.

From the practical point of view, the construction enterprises, in order to improve the livelihood of their staff members and workers or to make technical renovations, are in need of a certain amount of funds to repay their "debts." So that they may gradually come to acquire a reasonable degree of viability, it is necessary that they should be allowed to keep a larger amount of retained funds.

2. Reform of Material Supplies System Brooks No Delay

Under the existing material supplies system, the supply of materials has taken on the trappings of investments. There is a large gap between the amount of materials supplied by the construction units and that required by the building units. It frequently happens that the types and specifications of the materials fail to meet erquirements, with the result that construction work is carried on in fits and starts over an extended period. Since the building enterprises do not have reserve materials to fall back on, the construction units have no recourse but to assign people to make purchases on their own. The resulting plethora of circuitous processes not only hampers th- supply of materials according to plan, but results also in economic losses. It is estimated that while cement supplied directly to

the building enterprises costs between 55 and 66 yuan a ton, the price goes up to 103 if it is supplied by the supplies department to the building units through the construction units. Even if the building enterprises were to take delivery to cement directly from the production bureau, they would still have to pay a 3 percent service charge. The building enterprises also have to pay a 75 percent service charge for taking delivery fo rolled steel from the warehouse of the supplies bureau. The practice of the supplies departments to supply materials in entire sets not only increases the price of materials, but also has a negative effect on the building process. The practice of supplying glass in uniform sizes by such cities as Jinzhou, Yingkou, Benxi and Dandong has increased the rate of damage from 7 percent to 21 percent and even up to 30 percent in certain cities. After taking delivery, the building enterprises have still to cut the glasses to size and to pay an additional 15 percent for extra labor. The wooden windows in such cities as Chaoyang and Jinzhou are also uniformly processed and supplied by the supplies units. The products are, as often as not, bent, warped or cracked. The quality is inferior and prices are high. Furthermore, the supply often fails to meet the demand, causing serious delays in construction work. This system of supplying materials and administration is at cross purposes with the economic contract responsibility system. Since it has the effect of reducing the construction enterprises to a state of impotency and is in violation of economic laws, it is a matter of urgency that it be overhauled.

3. Enterprises Must Be Accorded Greater Autonomous Powers

Although there has been some expansion of the autonomous powers of the enterprises in the past 2 years, it is our opinion, from what we know of the situation, that they should be accorded a higher degree of autonomy so that they may gradually be able to operate on their own and to assume responsibility for profits and losses. The enterprises should have autonomous powers in their production, operation and the use of their own funds and not be subjected to rigid control by the financial departments. So far as the labor system is concerned, he enterprises should have freedom of action to meet their special needs and functions and to select and hire permanent, contract and temporary laborers without undue interference from the labor departments. In the matter of wages and awards, the enterprises should also have the power to hand out rewards as they see fit. Following a discussion at a meeting by representatives of the staff members and workers, it was decided that part of the retained profits derived from the joint production and operations of the enterprises should be given in the form of bonuses in various amounts to the advanced staff members and workers and the entire body of the labor force.

The achievements made by the construction and engineering system in Liaoning have won favorable comment and support from the concerned comrades in the State Council and the concerned departments. The State Bureau of Construction and Engineering has also held a special seminar in Liaoning. Many batches of cadres have been organized by the construction and engineering bureaus from various provinces, municipalities and areas to attend the classes. The question of how to support and extend the economic contract system is something which has an important bearing on the entire industry. This system should be further established so that it may continue to be perfected and developed and that it may bring greater economic benefits to the construction industry and to society.

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ECONOMIC MANAGEMENT

ECONOMIC FELONS IN FUJIAN SURRENDER TO AUTHORITIES

Fuzhou FUJIAN RIBAO in Chinese 5 Jun 82 p 1

[Text] The implementation and enforcement by our province of the "Decision to extend for a month the leniency period for economic criminals who surrender to the authorities" issued by the Standing Committee of the Fujian Provincial People's Congress have brough gratifying results. According to imcomplete statistics supplied by the various political and judicial departments of the province, another 741 economic criminals surrendered themselves from 1 to 31 May (not including those who were questioned and who confessed after their arrest) in addition to almost 1,000 who had surrendered before the end of April in response to the "decision" of the Standing Committee of the National People's Congress. Stolen money amounting to 381,859 yuan and a quantity of stolen goods have been recovered.

Following the announcement of the "decision" of the Standing Commottee of the Fujian Provincial People's Congress, those in positions of leadership in the party and the government at various levels as well as the political and judicial departments launched an extensive propaganda campaign among the vast number of cadres and the masses and engaged in ideological work for the criminal elements, their families, relatives and friends. Many counties and cities have called general meetings with a view to implementing the policy of "dealing leniently with those who confess and severely with those who adopt a defiant attitude." In response to the appeal of the party, the economic criminal elements in various areas have taken advantage of the promise of leniency by giving themselves up. The number of those who have given themsleves up in Sanming District climbed from 49 at the end of April to 170. In Jinjiang District, the number of economic criminals who have given themselves up climbed from 39 to 163. Since 2 May, 10 accomplices of the smuggling clique under a gang leader by the name of Lin in Changle County have surrendered.

The public security and procuratory organs and the concerned departments, as well as expressing gratification over the voluntary surrender of the criminal elements, also pointed out that those who are truly repentant, those who desire to make a new start, and those who surrender themselves after 1 June will still be entitled to be dealt with leniently according to the stipulations of the relevant policies and laws provided that they cooperate in the solution of the crimes and return what has been stolen voluntarily, and that those who have yet to surrender will be severly dealt with unless they should decide to turn over a new leaf while there is still time.

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FINANCE AND BANKING

OVERSTOCKING OF MATERIALS PRESENTS PROBLEMS IN CAPITAL TURNOVER

Guangzhou GUANGZHOU RIBAO in Chinese 3 Jun 82 p 4

[Article by Zhou Rongfang [0719 2837 5364]: "Looking at the Circulating Capital Potential in View of Material Stockpiling"]

[Text] In his government work report to the Fourth Session of the Fifth NPC, Premier Zhao Ziyang pointed out: "The amount of circulating capital in the country far exceeds the amount that there should be. If we can speed up turnover and reduce encroachment by 2 to 3 percent then it would be possible to save 7 to 10 billion yuan in capital." Speeding up the turnover of circulating capital and reducing the encroachment of circulating capital are major avenues for solving the present lack of construction capital.

According to statistics of departments involved, at the end of June 1981, the gross value of the stock of electric and mechanical products throughout the nation was 60.3 billion yuan and the stock turnover period was 19 months. A fair portion of these stocked products had to be lowered in price or discarded because of their inferior quality. For example, the stock of steel materials throughout the country amounts to over 20 million tons (with a turnover period of 8 months). It is over 3 million tons more than the sum total of Great Britain, France, West Germany and Italy and double that of Japan. These overstocked materials encroach upon a large amount of circulating capital and we cannot develop their use value. Furthermore they encroach upon warehouses over a long period of time and much manpower and material and financial resources are spent on safeguarding and maintaining these stored materials. In 1981 Guangzhou had 167,000 tons of stored steel materials in state run enterprises under municipal control, an increase of 47,000 tons over 1979 (with a stock turnover rate of 7 months). Furthermore, over 80 percent are distributed in the warehouses of various enterprises and their management offices. Only about 20 percent of materials departments act as "circulating reservoirs." This is not at all normal. If we can reduce the stockpile of steel materials in enterprises to the 1979 level, the whole municipality would save 36 million yuan in circulating capital. If we do our work well and reduce the stock turnover period from the current 7 months down to 4 months, then we could save 55 million yuan in circulating capital. If we then put this capital into production construction we could get great economic benefits.

Why has the stockpile of steel materials in Guangzhou been increasing with every passing year rather than decreasing? The primary reason is the irrational distribution system of materials and goods. At present the distribution of materials and goods is controlled by the administrative system. For example, state enterprises under municipal control are supplied directly by the Central Ministry. Commerce and foreign trade provide materials for processing. Special project products are supplied directly by the province and the province controls distribution. The municipality handles the transfer of supplies. Enterprises have maintained the processing of imported materials and continue to cooperate and to seek help as well as maintaining eight other channels. Because supplies are decentralized, limited goods have been seriously dispersed. This has created overstocking, excessive encroachment upon circulating capital and a slowdown in capital turnover among enterprises. Moreover, materials from these channels are not totally suitable, complete or balanced so that enterprises have to frequently exchange and readjust them. Certain kinds of stockpiles are up to standard and can be used for several years while others have deteriorated because they've been kept too long in storage. In 1980 the municipal materials department purchased over 3,900 tons of stockpiled steel materials in various enterprises at a cost of over 3 million yuan, but the major portion is still stored in warehouses.

How can we accelerate the turnover of circulating capital in production and trading spheres and reduce the irrational stockpiling of materials and goods as well as the encroachment upon circulating capital?

First, we must reform the circulation system and reduce circulation links. We must abolish the supply structure which follows the administrative system. As for materials and goods allotted by state planning for the production needs of various enterprises, quantity, point of concentration and direct supply are determined by the materials department. These materials are all centrally supplied by the materials department. The advantages of being supplied by the materials department are: it facilitates implementing preferred selective purchases and selective supply as prescribed by the state. It also facilitates carrying out the policy of controlling supply, use and conservation. In this way the reserves of commodities for turnover in enterprises may decrease to a minimum, encroachment upon capital will lessen and the turnover of capital will accelerate, thereby enabling saved capital to be put into production to expedite the development of production.

Second, we must practice production according to need, restrict products that are in abundant supply and prevent new instances of overstocking from occurring. If enterprises do not produce according to state plans and create overstocking, when a lack of circulating capital occurs, the bank must not extend credit.

Third, we must earnestly make inventories of warehouse stocks. We must increase their utilization and renovate some of the overstocked items and discard those items that are worthless.

Fourth, we must improve economic accountability and emphasize checks on capital turnover in enterprises. We must integrate rectification of enterprises and once again check and approve the amount of encroachment upon circulating capital in enterprises and increase or decrease it wherever necessary. There must be an increase of bank interest for those who have exceeded the approved amount, and no credit must be extended to those who are seriously out of line.

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INDUSTRY

BRIEFS

XIZANG INDUSTRIAL OUTPUT--In the first quarter of this year, Xizang region fulfilled 24 percent of the quota for industrial production for 1982 and in the first half of this year, it fulfilled 48 percent of the quota for industrial production and 53 percent of the quota for communications for the year. The region's output of some of 35 main industrial products in the first half of this year was relatively more than in the first half of last year. The value of the region's output of nationality handicrafts in this period was some 7.7 million yuan, which was 55 percent of the quota for this year and 69 percent more than in the first half of last year. In the first half of the year the region fulfilled 36 percent of the quota for light industrial output value for the year and the light industrial output value in the period was 10 percent more than in the first half of last year. The region fulfilled 43 percent of the quota for electricity output in the first half of this year and this output was 4 percent more than in the corresponding period of last year. The region fulfilled 80 percent of its quota for raw coal for the year and its output of raw coal was 33 percent more than in the first half of last year. The region overfulfilled its quota for transporting materials into the region by some 200 tons, its quota for transporting materials out of the region by some 10,000 tons and its quota for transporting materials through the region by some 7,000 tons. [HK091421 Lhasa Xizang Regional Service in Mandarin 0000 GMT 3 Aug 82]

GUIYANG ECONOMIC CONSTRUCTION--Since the 3d plenary session of the 11th CCP Central Committee, Guiyang Municipality in Guizhou Province has speeded up economic construction. According to statistics, the total amount of investment in nonproductive projects in the municipality in 1981 was 47.81 percent more than in 1978. The amount of investment in housing in the previous 3 years was 180 million yuan, which exceeded the total amount of investment in housing from 1950 to 1978. The floor area of houses completed in the 3 years was 1.352 million square meters. The floor area of houses completed in the first half of this year was 90,500 square meters, which was 73 percent more than in the corresponding period of last year. The length of water pipes in the municipality increased from 102 kilometers in 1978 to 235 kilometers in 1981. The volume of daily water supply increased from 110,000 tons to 170,000 tons. The municipality has repaired four cinema theaters and built a new cinema theater. The number of public vehicles has increased by 100. The municipality has reconstructed or newly built 87 public lavatories and increased vehicles for cleaning the municipality by 51 cars. The municipality has planted 1.53 million

trees. The municipality has completed repairing the road surface of 33 of the 64 small streets and lanes which it has planned to repair this year. The expenditure on urban construction and the improvement of people's livelihood in the previous 3 years totaled some 263.8 million yuan, which amounted to one-third of the municipal revenue in these 3 years. [HK091420 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 3 Aug 82]

SHANGHAI INDUSTRIAL OUTPUT--Shanghai's industrial output in the first half of this year amounted to 31.7 billion yuan, or 7.4 percent more than in the same period of 1981; it accounted for 50.1 percent of the yearly plan. Output of 37 kinds of products, including sulfuric acid, internal combustion engines, oil products, meters and instruments, bicycles and television sets, increased by more than 10 percent. Their quality has also been improved. [Beijing Domestic Service in Mandarin 1200 GMT 3 Mul 82 OW]

XIZANG INDUSTRY--Total value of January-June output in factories and mines subordinate to the Regional Industrial Department was 11.29 million yuan, representing 51 percent of the year's quota. This was 15 percent higher than in the same period last year. The department's coal mines produced 16,300 tons, compared with a planned 16,000 tons. Power generation was 11 percent higher than in the same period last year. The industrial system reduced losses by 1.8 million yuan from January to May compared with the same period last year. [HK220807 Lhasa Xizang Regional Service in Mandarin 0000 GMT 21 Jul 82]

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CONSTRUCTION

MORE DIRECTION IN RURAL HOUSING CONSTRUCTION NEEDED

Fuzhou FUJIAN RIBAO in Chinese 11 Jun 82 p 1

[Article by Lin Rumei [2651 3067 2734] and Wu Shengya [0702 5116 7161]: "We Must Conscientiously Lead Rural Housing Construction"]

[Text] What is the best way to guide rural housing construction? Fuzhou Municipality suggested as guiding principles "active support, correct guidance, overall planning, scientific arrangements, rational distribution, land conservation, favorable production and a high standard of living."

Fuzhou Municipality recently convened the first symposium on rural housing construction. The symposium affirmed that in the last 2 or 3 years the improvement in the living conditions in peasant housing has been a reflection of the excellent economic situation of the countryside. It is a good turn of events. However, it is also necessary to note that due to the influence of bourgeois liberalization, to the miscalculations of leading departments at all levels regarding the swift and sudden development of rural housing construction and due to the inability of work to keep up, the lack of leadership and guidance and particularly to certain party cadres who set an example by taking advantage of their position to seize land to build housing, there has occurred the serious situation of wantonly seizing cultivated land. It has also lead to misuse of cultivated land, to the renting, transferral, buying and selling of land and to the wanton building of housing. This has destroyed irrigation, communications and running water pipes as well as state construction plans. Everyone believes that not only can we not oppose the peasants' rational demands for housing construction, but we should enthusiastically encourage and support them. We should carry out strict punishment in the spirit of related documents of the State Council and the province against those who illegally seize land to construct houses to rent, buy and sell and against those who indiscriminately build housing. If we do not do this we will then be unable to check the unhealthy tendency of seizing land to build housing.

In order to conserve the use of land and to plan land use, the symposium proposed rebuilding and adding to existing old houses and using the existing residential base as much as possible.

In suburban areas, housing is regulated to over three stories, in the outer suburbs and plains it is set at over two stories and in the remote mountain areas it is recommended that two story houses be built. For all housing constructed on cultivated land, the per capita land area must not exceed 12 square meters and the land area per household must not exceed 60 square meters. In overpopulated areas with little land with per capita cultivated land of less than 3 fen, we must implement the building of joint households, and the area per household must not exceed 50 square meters. In the outer suburbs where the hillside is used for housing construction, the per capita land restriction may be extended to 20 square meters and per household land area may be extended to 120 square meters.

The symposium concluded that at present to successfully carry out rural housing construction, it is necessary to first of all unify understanding, strengthen ideological instruction and do good work in propaganda. In this way everyone will understand the relevant policies, regulations and ordinances concerning rural housing construction so that they will cherish and protect cultivated land. Secondly, we must carry out thorough investigations and studies to formulate regulations on rural housing construction. We must pay attention to coordinating the rebuilding of old houses with the construction of new houses and to integrating relative centralization with proper decentralization. We must suit measures to local conditions and rebuild old towns. We must combine examining and approving housing construction with pursuing family planning. We must also coordinate housing construction with production construction. Problems concerning mountains, rivers, farmland, forests and roads should be tackled in a comprehensive way. It is necessary to consider present demands for housing construction as well as long-term development of production. We must pay special attention to the planned use and conservation of land as well as to coordinating rural housing construction with urban construction. We must construct housing in a planned way and in stages based on the actual conditions of financial and material resources, manpower, land and time. Third, we must set up organizations, assign personnel and strengthen organizational leadership. The municipal CCP committee and the municipal government decided to strengthen the leadership of urban and rural construction departments and increase the allocation of professional workers and specialists. The municipal office of construction set up a rural housing section. Three districts and counties assigned three, five and seven full-time cadres respectively to set up an office of construction designed to strengthen technical guidance. Every commune assigned two to three full-time cadres and every brigade had part-time cadres. The municipal CCP committee also decided that the city, district and county should all have a comrade in charge to arrange the agenda for regular studies and for faithfully carrying them out.

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DOMESTIC TRADE

VILLAGE FAIR TRADE ADMINISTRATION NEEDS STRENGTHENING

Guangzhou YANGCHENG WANBAO in Chinese 9 Jun 82 p 2

[Article by Li Junkun [2621 0193 0981]: "Strengthen Village Fair Trade Administration and Stabilize Market Prices"]

[Text] Since last year, price increases in Guangdong have been characterized by four special features: first, prices in village fair trade have been increasing at a faster rate than negotiated prices; second, prices in the rural market places and market towns (including those in the counties and communes) have been increasing at a faster rate than prices in the cities; third, prices of subsidiary agricultural products, expecially subsidiary foodstuffs, have been increasing faster than industrial products; fourth, the purchasing and selling prices of subsidiary agricultural products have been mostly negotiated. It can be seen, therefore, that better control over commodity prices in village fair trade in the cities and villages is essential to the stabilization of market prices in our province. It is evident that in order to put a stop to runaway price increases in subsidiary agricultural products in our province, efforts should be made to develop production. At the present time, we must deal with the following problems in order to strengthen the administration of village fair trade and stabilize village fair trade prices:

1. Implementation and Enforcement of Planned Purchasing and Assigned Purchasing Policy of Nation

Experience tells us that whether or not the government policy of planned purchasing and assigned purchasing is properly implemented and enforced determines to a large extent whether prices go up or remain stable. In recent years, many communes and production brigades as well as commune members, showing a lack of concern over the entire situation and failing to observe the government policy of planned purchasing and assigned purchasing, have been selling large quantities of subsidiary agricultural products in the market at negotiated and exorbitant prices, thus boosting commodity prices in village fair trade and adversely affecting the livelihood of the people and workers in the cities and town. This problem can only be solved by correcting the people's way of thinking. Since the Third Plenary Session of the 11th Party Central Committee, the government has adopted a series of positive measures to reduce the burden of the peasants and to

increase their income. These measures include raising the purchasing price of subsidiary agricultural products, resuming the practice of purchasing at negotiated prices and increasing negotiated prices, paying a subisdy for imported supplis needed by the peasants, and insuring that the peasants receive adequate compensation from the sale of the main agricultural products. The government has also opened up trading in agricultural products, expanded subsidiary household industries and frozen the prices of materials and industrial products needed by and supplied to the peasants according to plan. The adoption of these policies and measures has brought, and will continue to bring, substantial benefits to the peasants and enable them to improve their standard of living significantly. For this reason, the fulfillment and overfulfillment of the task of planned purchasing and assigned purchasing set by the government is the bounden duty of the large number of peasants and a basic requisite for consolidating and developing the alliance of workers and peasants. In the next few years, it is neither proper nor possible to continue to rely on the government to pay higher purchasing prices for subsidiary agricultural products as a means to increase the income of commune members. The large number of commune members in the villages must on no account scuttle the plan for planting decided on by the government and seek to increase their income by reducing the amount of subsidiary agricultural products to be sold according to the policy of planned purchasing and assigned purchasing. Instead, the proper and more effective way to increase their income is for the peasants to adopt advanced scientific agricultural techniques, to develop production, to increase and improve the quantity and quality of their products, and to overfulfill the quota for the sale of subsidiary agricultural products.

2. Strengthening Economic Leadership of State-Operated Commercial and Cooperative Enterprises in Village Fair Trade

Our socialist economy is predicated on a planned economy as a primary measure and market adjustments as a secondary measure. Village fair trade is a necessary adjunct to socialist planned marketing. However, commodity prices in village fair trade are largely determined by the supply and demand situation in the market and are subjected to the laws governing the value of commodities. Economic leadership is best exercised by state-operated commercial and cooperative enterprises in village fair trade through their own activities in the purchasing and selling of village fair trade commodities. For example, they may sell, but not buy, or not buy in large quantities, commodities in short supply in village fair trade; buy, but not sell, or not sell in large quantities, commodities whose supply exceeds demand; and refrain from buying and selling, or only buy and sell in small quantities, those commodities the supply of which is basically equal to the demand. There are four advantages to the adjustment of the supply and demand situation. First, it helps to stabilize commercial commodity prices in village fair trade and bring them closer to those in the planned market. Second, it promotes the normal production of commercial commodities in village fair trade and prevents wild fluctuations in commodity prices. Third, it insures the normal supply of commodities and reduces chances of producing commodities over or under the demand. Fourth, by using economic means, it deals a blow to the monopolization of the purchase and sale of commodities and to

speculation and unscrupulous practices. It goes without saying that the state-operated commercial and cooperative enterprises must establish their own processing and storage facilities before they can process and put in storage the commodities they have bought but are not allowed to sell until the proper time, when they are allowed to sell but not buy. This can be done without having to bring in equipment and methods from abroad, as the villages and market towns have the labor resources and the masses have the means to meet the needs of the situation. All that is necessary is to motivate the masses and to offer them some incentives. At the same time, it is also necessary to adjust business operations in the various areas where there is a shortage or a glut of certain commodities by purchasing commodities whose supply exceeds the demand and selling commodities whose demand exceeds the supply. The crux of the problem is the enforcement of the socialist policy of stabilizing commodity prices and insuring the livelihood of the people, of making it possible to earn ligitimate profits from the buying and selling of commodities, of putting an end to the practice of exerting a great deal of effort when large profits can be made, of exerting little effort when little profit can be made, and exerting no effort when no profit can be made, and of dealing a blow to opportunism and profiteering and the practice of working for the purpose of earning bonuses without regard for the livelihood of the people.

3. Strengthening Administrative Control Over Village Fair Trade

Village fair trade plays a dual role. First, it is capable of promoting the production of subsidiary agricultural products, enlivening the rural economy and increasing the income of commune members. Second, when commodity prices are in flux, village fair trade tends to encourage people to engage in speculative and other corrupt practices through the buying and selling of commodities. For this reason, it is necessary for government organizations to exercise administrative control over village fair trade in order to give full play to its positive aspects and to put a damper on its negative aspects. First, a commune members in the rural areas should be permitted to sell only what they themselves produce and to buy what commodities they themselves need. They should not be permitted to abandon their farm chores to engage in business, to raise prices to enrich themselves, and to engage in speculation and unscrupulous practices. Second, small traders and peddlers should be registered and issued permits stipulating the scope and locale of their operations, the amount of taxes they must pay, and the profits they are allowed to make. Third, unlicensed traders and peddlers and business organizations must be banned. Those who are guilty of such illegal acts as cornering the market, hoarding and raising prices, selling counterfeit or adulterated products and shortchanging must be fined, have their goods confiscated or disciplined. Fourth, a stop must be put to the practice of conniving with state-operated and cooperative commercial enterprises to buy large stocks of commodities at sanctioned prices and to sell them at negotiated prices for the purpose of making high profits. Fifth, no organizations, groups or individuals should be permitted to go into the production areas in the countryside to buy up subsidiary agricultural products which fall under the government's unified purchasing and assigned purchasing plan.

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FOREIGN TRADE

SPEEDING UP ESTABLISHMENT OF SPECIAL ECONOMIC ZONES URGED

Buzhou FUJIAN LUNTAN [FUJIAN FORUM] in Chinese No 2, 20 Apr 82 pp 20-25

[Article by Ruan Ming [7086 6900]: "Establishment of Special Zones and Economic Strategy"]

[Excerpts] In their "Communist Manifesto," Marx and Engels pointed out that capitalism led to the formation of a world market, where production and consumption of all countries assume an international character. The internationalization of production and consumption, of capital and technologies, has become even more of an irresistible trend during the last quarter of our century. Not only economically backward countries, but even economically developed countries, became of necessity equally dependent on the world market for capital, natural resources, technologies and equipment. For instance, direct foreign investments taken in by the United States up to the end of 1980 reached $61.3 billion, which is 4 times as much as 10 years ago. In the Boeing 747 aircraft, manufactured by the Boeing Company in the United States, such important parts as the cabin interior, collapsible wings, elevators, plane doors, are manufactured in Italy, Switzerland, Sweden and Australia. This kind of economic cooperation on an international scale is the only way that modern countries must follow in the development of their national economies. Our country's modernization drive can equally not isolate itself from the economic life of the modern world. Developing international economic cooperation must not merely mean replenishing our present needs of capital and transforming our present state of technological and managerial backwardness, but must also become the long-term strategy that is to guide our economic construction. It is with this long-term strategy in mind that we must formulate our policy of establishing the special zones and deciding their scope and the tempo of their development.

There are now three possible attitudes in dealing with the question of the special zones:

One is to oppose them, to regard them as concessions, as treasonable, or even as the breeding ground for all social evils.

One os to propose setting up special zones that are sealed off, somewhat small in scope, somewhat slow in pace, merely bringing in selectively certain labor-intensive enterprises from Hong Kong or other places, which would then export

a rather small quantity of processed goods, while remaining completely sealed off from the rest of the country, in other words to establish what one might call "pure export commodity processing zones."

Yet another approach is to turn the special zones into hubs or centers for economic contacts on a large scale between our country and the world, and to use the special zones to implement our global economic strategy.

We need not discuss the first alternative because our central authorities have already decided that special zones shall be set up in four cities of the two provinces of Guangzhou and Fujian. The second alternative, which proposes sealed-off export processing zones, could, within a limited scope, earn some foreign exchange and solve, in a small measure, our employment problem, but would not be able to exercise a major impact on our country's modernization drive as a whole.

Taking our country's overall modernization drive as our starting point, the strategic policy in establishing the special zones must be backed by all of China and must orient itself toward the whole world. The special zones must become truly wide gates that open China to the world and that open the world to China. They must become the pivotal points for economic and technological cooperation between China and all countries and areas of the world. They must effectively implement our country's strategic shift of vision toward the whole world. Our present economic contacts with foreign countries, such as import-export trade, absorption of foreign capital, importation of technology, etc., are absolutely inadequate to meet the needs of our country's modernization drive. In 1980 the total value of our imports and exports (not including Taiwan Province) was $30.5 billion, which was 0.75 percent of the world's total import-export trade. Our figure for last year is estimated to be $40 billion, still less than 1 percent and lower than the share of South Korea, Hong Kong and Taiwan Province. Over half of our export commodities consist of unprocessed low-value primary agricultural and mineral products. To give an example: Our country is the world's largest producer of tungsten, but can only export tungsten ore. If the tungsten could be made into filament and exported in this form, it would generate about 70 times more foreign exchange, and as things are now, we are still obliged to import tungsten filament. The manufactured goods that we export are not competitive because of inferior technology, packaging, etc. Furthermore, the marketing of many commodities relies exclusively on merchants in Hong Kong and other places to act as middlemen, and there is no direct penetration into the markets of the various countries of the world. Since we are determined to establish special zones, we must gain a firm grip on the key link and put an end to the backward and passive state of our ways in foreign trade and as regards foreign capital, foreign technology and foreign exchange. The special zones of the PRC must not merely be the backdoor of Hong Kong, but must be the great gates by which the world enters China and China enters the markets of the world. The special zones must not mainly be used to bring in materials for processing and exporting. The processing of goods for export is only one facet of international economic cooperation, such processing may be engaged in, selectively and to some extent, wherever there is surplus labor force in China, but there is no need to concentrate on this activity exclusively in the special zones. The

special zones must principally be the centers of international trade, centers of international finance, centers of international economic and technological cooperation. Through the special zones as pivots and centers a great amount of foreign capital, foreign technology, foreign exchange and foreign trade activities must be funneled to the entire country, and the products of the whole country must be made to flow through them into the world market.

Starting out from our strategic policy of turning the special zones into pivots and centers for large-scale economic contacts between our country and the world, the scope of our special zones must of course not be limited to being merely export commodity processing zones for a mere 10 or so processing factories. The zones must rather be equipped with modern transportation facilities (including modern seaports and airports for worldwide traffic, connections to the whole country by a system of highways, railways, airlines and waterways). The zones must have modern communications facilities, all facilities needed as international trade centers, as centers of international finance and centers of the insurance industry, as centers for international cooperative undertakings in the field of technology, education and culture, as centers of international economic and technological information, as service facilities for a flourishing tourist trade, etc. The central districts of the special zones must be built up into modern cities of our country with finance, commerce, service industries, education, science and technologies, and culture, all comprehensively developed. Around the central districts there are to be modern scholarship-intensive and technology-intensive industries and an outer circle shall be formed by bases supplying nonstaple food. As to the labor-intensive processing industries, which can solve some of our employment problems, the sources of energy, chemical industry and other such heavy industrial enterprises, they should be dispersed and built up in the rural townships in the hinterland of the special zones, so that there shall be no overcrowding of the special zones and no obstacles to keeping them green and free from pollution. If one or two special zones of this nature and scope were to be built up in our country (not to speak of possibly four), they would have a tremendous effect on changing the entire pattern of our foreign economic relations and also on the implementation of our global economic strategy.

In modern economic operations, speeding up capital turnover by one time amounts to doubling the total amount of capital, or saving half of the available capital. The high efficiency of our Hong Kong compatriots is a major factor in their achieving the speedy development of the Hong Kong economy. The American FINANCE AND ECONOMIC MONTHLY quoted a statement by Bai Lishi [4101 4469 1102] of the First National City Bank: "If you decide today to establish a company in Hong Kong tomorrow, it is absolutely possible that you can do it." When establishing our special zones, we should emulate the high efficiency of our Hong Kong compatriots. The "slow-motion" low efficiency is a decadent tradition and real disaster left to us as a legacy from the old society, a tradition that must be thoroughly eliminated in our socialist modernization drive! Now that the central authorities have decided on the policy of developing special zones, it is my opinion that we must speed up the establishment of these zones. Because the economy of the special zones is to be an organic component of world economy, we must progress in this matter with great speed,

as otherwise we may lose our competitive strength and lose all attraction for international capital. For a greater efficiency and speed in setting up the special zones, we must reform the overstaffed and ossified economic organization and its superstructure, so that we may achieve even greater efficiency, briskness and competitive strength in the economic work of the socialist state's special zones. Under a uniform strategic policy and guided by our national plan, we must effect a real delegation of power to the front line in the construction of the special zones. Within the limits set by our country's laws and institutions, authority for financial administration, taxes, banking, credits, trade and customs administration, commodity pricing, wages, etc., shall be delegated down, and the special zones are to be left to their own devices to attract foreign capital for the necessary construction. Guided by its global economic strategy, a country like China, which is the largest potential market and the largest potential export country, will certainly have far-sighted foreign capital come forward to cooperate with it, as it shows all preconditions to accomplish the establishment of the special zones at great speed.

The establishment of special zones in our country is a new undertaking. In new undertakings we must extend and advance Marxist theory to apply to the conditions of the contemporary situation, and we must produce answers to the new questions posed by the realities of life. Some say that it is retrogressive if we now emulate Lenin's economic strategy of the 1902's, the utilization of foreign capital and engaging in state capitalism, after having already completed long ago the socialist transformation of our capitalist industry and trade. This viewpoint confuses two kinds of capitalism; one is the Chinese national capitalism, which we have already transformed; the other is international capitalism, that is, in Lenin's words, an advanced international financial capitalism "of the advanced countries with which the Soviet regime carried out cooperation." In my opinion, Lenin's idea of a global economic strategy, using international financial capital to build up socialism is today not only not outmoded, but is to be further developed, so as to become the guiding policy for the long-term strategy in our country's socialist modernization drive. How are we then after all to handle international financial capital? In my opinion there are only two viewpoints. One way is to be afraid of it and avoid it, but that is not the Marxist viewpoint. One way, the Marxist way, is to act as Lenin did, namely to cooperate with it and utilize it to strengthen our socialist body and build up our own socialist material and spiritual civilization. This is the one and only way to build socialism and communism, which lenin has repeatedly pointed out. May we have Lenin's revolutionary courage and resourcefulness to proceed along the road pointed out by Lenin and to bravely explore and advance!

9808
CSO: 4006/481

FOREIGN TRADE

JOINT VENTURES PLAY VITAL ROLE IN SPECIAL ECONOMIC ZONES

Guangzhou NANFANG RIBAO in Chinese 14 Jun 82 p 4

[Aritcle by Ceng Muye [2582 3668 6851] and Li Kehua [2621 0344 5478]: "The Role and Functions of Jointly Operated Enterprises in Special Economic Zones"]

[Text] At present, the Shenzhen and Zhuhai Special Economic Zones are engaged in five types of operations involving bringing in foreign captial, namely, the processing and assembling of imported materials, the cultivation and breeding of imported crops and animals, compensatory trade, businesses operated solely on foreign capital, and jointly operated enterprises (joint investment and operation). Which of the five main types of operation is of the greatest advantage to us? We believe it is the type characterized by joint operation.

The predominance of joint operations is due to the objective demands for the economic development of the special economic zones. At a time when the operations of the special economic zones are increasingly complex and economic activities are getting increasingly complicated, what type of operations should we adopt that would allow us to exercise more leadership, achieve a larger degree of autonomy, and meet the needs of the socialist economic system? That is our point of departure in selecting the predominant type of operations and the basic principle by which we assess the advantages and disadvantages of the various types of operations. The type entailing the processing and assembling of imported materials is small in scale, involves a variety of operations, requires limited investment, and yields rapid returns. Bringing in this type of enterprise to the rural areas has the desirable effect of developing the commune and production brigade enterprises, promoting diversified operations, readjusting the economic structure of the rural areas, and increasing the income of the peasants. However, most of the equipment brought in is of a small scale and the technical knowhow is not the most advanced, if not outdated. Furthermore, the supply of materials and the sale of the products are controlled by foreign businessmen, who also exercise control over what and how much to produce. Consequently, production operations go up and down at different times and the overall rate of operation is not high. Some foreign businessmen are often late in making payment for labor. Some processing items also "compete" with our normal export trade. For this reason, it does not contribute to the construction and development of the special economic zones to adopt this type of operation to an excessive

degree. As for compensatory trade, Shenzhen and Zhuhai have not brought in this type of operation to any large extent. Experience shows that the results have not been ideal and that it would not be realistic to expect it to serve as a major channel for bringing in foreign capital and to make significant contributions to the development of the special economic zones. As regards enterprises solely operated by foreign capital, they smack of nationalistic capitalism which in essence is a form of capitalism, and administrative power is vested in the hands of foreign businessmen. Since we have virtually no experience in exercising control over enterprises operated solely by foreign capital in this initial period in the development of the special economic zones, it is obvious that it does not serve our interest to promote this type of operation even after the special economic zones have gone beyond the developmental stage. More favorable are the jointly operated enterprises, because the leadership and operational structure are largely under our control. This not only makes it easier for us to implement and enforce our laws, policies and administrative regulations, but also contributes to the gradual realization of the overall plan for the economic development of the special economic zones. For this reason, it is imperative that we should make jointly operated enterprises the predominant type of operation for the economic development of the special economic zones.

To use jointly operated enterprises as the principal means to bring about the development of the special economic zones is both realistic and achievable. According to a survey, the amount to be invested in jointly operated enterprises comprises over 80 percent of the total investment contemplated by foreign businessmen in the five types of operations in the Shenzhen and Zhuhai Special Economic Zones. In 1981 alone, the total projected investment in five jointly operated enterprises in the Shenzhen Special Economic Zone amounted to 6 billion Hong Kong dollars or five or six times the planned investment in enterprises operated solely by foreign capital for the same period. There are indications in the development of the special economic zones that there is a tendency on the part of other types of enterprises to shift to the jointly operated type. Judging by the value of the output of the jointly operated enterprises which have begun production, the role that they play in the special economic zones should not be underestimated. In 1981, the seven jointly operated enterprises in Shenzhen which were already in the production stage produced goods valued at over 73 million yuan, or 30.2 percent of the total production value of all the industries in the Shenzhen Special Economic Zone. It is easy to see from the objective point of view that jointly operated enterprises have begun to assume a dominant position among the five types of operations in the special economic zones and that they have to a certain degree exerted an influence on the economic structure and the direction of development in the special economic zones.

The jointly operated enterprises in the two special economic zones have already begun to exert a positive influence on the ongoing economic development of the special economic zones.

First, we have made a start in learning the methods of advanced scientific administration and made a move to upgrade the administrative level in the operations of the enterprises. The administration of the Shihjingshan Tourist Center, for instance, is of a high standard. The administrative personnel are of a high caliber. The manager assumes full responsibility. The workers are not permitted to resort to subterfuges and alibis. Stress is put on efficiency. Staff members are carefully selected. "Rules" are strictly enforced. Those who violate regulations are punished. Those who fail to respond to disciplinary action are dismissed. Wages and bonuses are flexible and tied in with the amount of profits taken in. How well a worker performs in any particular month is reflected in the amount of his income for the month. An analysis of the operations is made without fail. Emphasis is put on scientific findings. The opinions of the tourists are respected. Administrative improvements are made as the need arises. Because of the high standard of administration, both the number of tourists and the amount of profits have been on the rise. The administration of the tourist center should serve as a model for similar enterprises inside and outside the special economic zones and a lesson from which we can all benefit.

Second, in joint ventures, and especially in cooperative production (operations), it is possible to set up factories (farms, shops) without using the nation's foreign exchange reserves. Once the joint ventures have reached the production stage, their export products begin to add to the nation's foreign exchange earnings. In the past 2 years, over one-third of the basic construction investments have been made up of foreign investments. Once they have reached the production stage, foreign investments will take in a certain amount of earnings, which in turn will add to the income of the special economic zones. This income, added to their other income will provide the means for the special economic zones to make further investments and to engage in other construction projects. Taking the foreign exchange earnings of the tourist industry as an example, the Shenzhen Special Economic Zone took in foreign exchange amounting to U.S.$13,790,000, which basically represents the product of jointly operated enterprises during the 4-year period between 1978 and 1981. This indicates the vast potential of jointly operated enterprises to earn foreign exchange for the nation.

Third, participation in jointly operated enterprises enables us to understand and keep ourselves up-to-date on the price structure in the world market, to achieve a firm grasp of the problems pertaining to supplies and sales, and to add to the competitiveness of our products. Taking the Happy Home Sleepware Factory in Shenzhen as an example, an enterprise jointly operated with businessmen from Hong Kong, we have, through them and our clients from Hong Kong who have come to discuss processing matters or to place orders, come to know the prices of imported materials for making furniture, the situation regarding the sale of export products, and the furniture styles popular in the Hong Kong and Macao markets. As regards the world market, we have learned to produce the type of furniture in demand, to produce an amount according to the volume of sales, and to exercise strict quality control. At the present time, the quality of such products as mattresses produced by this factory has reached the highest international standard. The sales volume has leaped from seventh to first in the Hong Kong market.

Fourth, participation in jointly operated enterprises serves to bring in more advanced equipment, to enable the enterprises to make profits at a more rapid pace, and to bring mutual benefits to both parties. It is not likely that the foreign businessmen, who have an eye to profits, would bring in the worst type of equipment. Moreover, since the equipment is subject to inspection at the time it is brought in, it is likely to be of a high standard. With advanced equipment and scientific management, it is possible to increase profits within a short period of time. Taking as an example the Xinxing Restaurant, an enterprise jointly operated with businessmen from Hong Kong, a net profit of 2 million yuan was made within a period of 2 years, thanks to the advanced equipment that was brought in and to proper management. Having recouped their investment, what these businessmen earn will be in clear profit. We, too, stand to benefit from the operation.

Fifth, participation in jointly operated enterprises helps to provide employment to our labor force.

9621
CSO: 4006/512

FOREIGN TRADE

ECONOMIC DEVELOPMENT, FOREIGN TRADE PROGRESS IN TWO ZONES

Guangzhou YANGCHENG WANBAO in Chinese 2 Jun 82 p 2

[Article by Lan Ke [5663 4430]: "Some Development Figures in the Special Economic Zones of Shenzhen and Zhuhai in the Past 3 Years"]

[Text] In the past 3 years the special economic zones of Shenzhen and Zhuhai have begun to carry out large-scale basic construction. In the initial phases they carried out the "five openings and one leveling." They opened up new urban districts, rebuilt old urban districts and expanded educational undertakings in industry, agriculture, commerce, culture and science. They achieved great successes and rapid economic development. Below are statistics in certain fields.

Last year in the special economic zone of Shenzhen, the gross production value of industry and agriculture was over 340 million yuan (renminbi), an increase of 82.74 percent over 1980 and over twice as much as that of 1979. Last year regional financial revenue amounted to 130 million yuan, a two-fold increase over 1980 and over four times greater than that of 1979. In the 3 years from 1979 to 1981 foreign exchange revenue amounted to $330 million. The people's standard of living also improved substantially.

In Zhuhai, in addition to projects involving cooperative management and compensatory trade, the total amount of revenue from exported commodities was $5.3 million. Of that, last year's shrimp exports amounted to $2.3 million, which constituted 43 percent of the total amount of exported goods during the past 3 years. Last year in the processing and assembly of imported materials, the income from construction fees amounted to $2.57 million, which was equivalent to the sum total from 1979 and 1980 combined. Last year the gross production value of industry and agriculture was 128,750,000 yuan, an increase of 48 percent over 1978. Of that, the production value of industry increased almost two-fold. Last year the regional financial revenue was 38,380,000 yuan, 1.52 times greater than the preceding year. Last year's foreign exchange revenue was $34,840,000 which was almost two times that of 1978. Of that, the income from compensatory trade was $14.64 million and income from non-compensatory trade was $21.09 million. Last year the income of staff and workers increased by 25 percent over the preceding year and the per capita collective distributed income of commune members increased 38.8 percent. The people's standard of living also showed improvements.

9864
CSO: 4006/515

FOREIGN TRADE

BRIEFS

ANHUI REVENUE INCOME--According to a report submitted by (Zhou Daojiu), director of the Anhui Provincial Financial Department, Anhui's total revenue income for the first 6 months of 1982 was 1.02 billion yuan, representing 49.5 percent of the semiannual budget and an increase of 13.3 percent as compared with that in the same period in 1981. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 20 Jul 82 OW]

CSO: 4006/602

LABOR AND WAGES

BRIEFS

ZHEJIANG TRADE UNION CONGRESS—With the approval of the Zhejiang Provincial CPC Committee, the eighth congress of the provincial trade union council will be held in November in Hangzhou. The congress will study the party's line, principles and policies for the new historical period, review the work of the provincial trade union council since its seventh congress and decide on the tasks for the future. The congress will also elect the eighth committee of the council. [Hangzhou Zhejiang Provincial Service in Mandarin 1030 GMT 7 Aug 82 OW]

CSO: 4006/602

BRIEFS

SHANGHAI-BUILT BULK CARRIER--Shanghai, 6 Aug (XINHUA)--The "Peonia", a 27,700-ton bulk carrier built for a European shipowner, was christened and launched at the Jiangnan shipyard, Shanghai, this afternoon. The ship, 197.4 meters long and 23 meters wide, has a cruising radius of 13,000 nautical miles, according to a spokesman for the Jiangnan shipyard. Standards of the British Lloyd's Shipping Register have been followed in building the ship. [Text] [Beijing XINHUA in English 1525 GMT 6 Aug 82 OW]

ANHUI RAIL-HIGHWAY BRIDGE--Hefei, 6 Aug (XINHUA)--A doubled-decked highway-railway bridge over Huaihe River at Huainan was completed recently and opened to traffic on 27 July. The double-decked structure in East China has an upper level for vehicular traffic and a lower deck for trains. The road bridge is 3,196 meters long and 14 meters wide, including a three-lane road section and 1.5 meters of sidewalk on both sides. The railway bridge runs 3,416 meters. A double-tracked railway allows the passage of express trains travelling at speeds as high as 160 kilometers per hour. Construction began in July 1977, and was completed in more than 4 years. The bridge links both the road networks and railways across the whole province. This has created favorable conditions for expediting the shipping of coal from the largest coal producing center south of the Yellow River--the Huainan and Huaibei coalfields. [Text] [Beijing XINHUA In English 0723 GMT 6 Aug 82 OW]

CSO: 4020/158

GENERAL

USES OF DATA TO BE GAINED FROM 1982 CENSUS OUTLINED

Tianjin TIANJIN RIBAO in Chinese 15 Jun 82 p 3

[Article by Li Jingneng []6]1 4544 5174] and Wu Guocun [0702 0948 1317]: "Census and Economic Construction"]

[Text] At "zero hour" on 1 July 1982, the third national census that attracts worldwide attention will take place in our country. This census is mainly for the purpose of finding out the national conditions and strength, politically promoting social stability and unity and consolidating the people's democratic dictatorship, and economically finding out about the base number of the population and comprehensively understanding the economic conditions of the population so as to carry out the socialist modernization more satisfactorily, control the population development according to plan and arrange people's livelihood better. Thus, the census is not only of momentous and far-reaching political significance but also of momentous economic significance.

Population development is closely related to economic development, while population production and material production must be adapted to each other. Under the conditions of the socialist planned economy, the objective requirement that the two kinds of production must be adapted to each other finds its main expression in the adaptation of the planned development of population to the planned development of the national economy. Only by taking population at the point od departure in the process of formalating long-range or annual economic plans, can these plans be drawn up more rationally and accurately, since man is both a producer and a consumer. A census is precisely for the purpose of providing the population basis for formulating economic plans. It will enable us to understand comprehensively the economic conditions of the population, to develop population production and material production in a unified way throughout the country, to make the two maintain a rational proportion, and to promote coordinated development of economic construction and population production. Under socialist conditions, it is in accordance with the basic economic laws of socialism, the law of planned and proportionate development of the national economy and the requirement of the socialist law of population that a census is periodically conducted as a nationwide population general survey and as a major event for the entire nation.

All links in economic construction, and all spheres of production, distribution, exchange and consumption are closely bound up with population. Population,

funds, equipment, technology and resources are conditions indispensable to economic growth. The accurate indexes for measuring the economic growth of a country are not its total output and total income but its per capita output and per capita income. Without taking the size of population and the rate of population and the rate of population growth into consideration, it is not possible to estimate the economic situation correctly. Our country's total output and total income have kept increasing in recent years, ranking among the top ten in the world, but in terms of per capita output value, our country's position is coming down relatively in the world, from the 98th place among 153 countries in 1974, to the 102nd in 1975, and to the 129th in 1978. Obviously this has something to do with the large base number of the growth rate of our population. Further, take Tianjin for example. The gross value of industrial and agricultural output in 1980 was 26 times greater than in 1949 whereas the value of per capita industrial and gricultural output in 1980 was 26 times greater than in 1949 whereas the value of per capita industrial and agricultural output was merely 13.5 times greater than 1949, merely half of the gross value of industrial and agricultural output. Related to this is the fact that while economic construction has scored great achievements since the founding of the People's Republic, the rate of economic growth averages more than 11 percent a year. However, the portion of social products for personal consumption has corresponsibily increased with the growth of population, resulting in a corresponding decrease in the portion of productive accumulation. Thus, an adverse effect on the further growth of economic construction will inevitably be produced and it will be difficult to raise people's living standards to a greater extent, thereby adversely affecting people's enthusiasm for socialism. Generally speaking, the ratio of population growth rate to the growth rate of the means of subsistence including grain must reach 1:4 before the living standards can show a marked rise, and the ratio of population growth rate to the growth rate of national income must be higher than this before the rate of economic growth can show a marked rise. Other things such as the level of the productive forces and total output being equal, the larger the number of population and the greater the rate of population growth, inevitably the smaller the portions of output and income that go to each person. It is thus evident that the status of the population has a great bearing on the rate of economic construction. By conducting a population census to find out comprehensively the population base number, we can accurately calculate per capita output value and income, more clearly understand the true conditions of economic development, correctly know the economic situation, scientifically formulate our economic policy, and quicken our steps in economic construction.

The census will enable us not only to show the status of the population in general but also to understand the state of the working-age population in particular, making it easy to ensure rational distribution and use of the labor resources. Through the census we can understand such natural componeurs as ratio between two sexes and age composition and such social componeurs as professional and occupational composition and cultural composition. Application of these data will lead to a comparative analysis of the relationships among the population composition, economic structure and employment structure, an understanding of the present state, tendency and problems of economic development, and a discovery of irrationalities in economic composition and employment composition, and will enable us to carry out economic readjustment and economic

restructuring effectively and to develop socialist production centered on improving economic effectiveness. For example, from 1977 to the end of 1980, our country has made annual arrangements for nearly 30 million people waiting for jobs, finding it necessary to create jobs for nearly more than 5 million unemployed in cities and towns each year, while the newly added working-age population has reached more than 15 million a year. To arrange their employment rationally according to plan, it is imperative to collect overall and accurate information about the labor resources, make deep-going analysis of their sexual distinctions, ages, urban and rural compositions, and their cultural levels so as to take diverse measures for addressing the problem of employment as quickly as possible. Through the census we can make a comparative analysis of the technical composition, technical state and population quality, an analysis that will help us train the working people purposefully and raise the scientific, technical and cultural levels of the working-age population in general to meet the requirements of the four modernizations.

Application of the census data will lead to a comparative analysis of the deployment of the productive forces and the pattern of population distribution. Take Tianjin for example. The original geographical distribution of its industries was rather confusing and the population was not rationally distributed. Along the densely populated banks of the Haihe River, 79 percent of Tianjin's factories were concentrated. While the Heping Ward accounts for only 0.09 percent of the total municipal area, its population makes up 6.7 percent of the total municipal area, its population makes up 6.7 percent of the total municipal population; the average population density was as high as 51,000 persons per square kilometer in 1981, a level seldom seen in the world. By conducting the census successfully, we can accurately find out the root of the problem, suit the remedy to the case, and address the problem through readjustment of the geographical distribution of industries, control of the size of the urban population and development of satellite cities and small cities and towns. At the same time, we can make a comparative analysis of the population and natural resources. The rapid growth of our population has already brought on serious problems for the exploitation and utilization of natural resources. This finds striking expressions in: continuous decrease of cultivated land per capita, from 3 mu on the morrow of liberation to 1.55 mu today; continuous shrinkage of the forest area, the percentage of the vegetable cover amounting to only 12.7 percent of the national land area while massive felling of trees has already caused severe erosion of soil and formation of sandy land in many localities. In addition, energy and fresh water resources fall behind the needs caused by population growth. Again, take our municipality for example. Along with the development of production, the size of our municipal population has kept increasing over the past 30 years and demand for water supply is growing increasingly; daily supply of piped water has increased 13 times but the water source provided for Tianjin itself is very small, and this already has become a serious obstacle to further economic development. Through the population census we can accurately calculate the ratio between the population and economy on the one hand and the natural resources on the other so that when formulating population plans and economic plans we can consciously consider the steady supportive capacity of China's natural ecological system, and work out programs for exploiting and utilizing natural resources. Therefore, to find out the base of our population and make the above analysis

and comparison are undoubtedly very useful to the development of the national economy as a whole.

From the point of view of economic life, it appears that the population census will lead to an understanding of the family economic conditions of our population as well as the corresponding situation of social demand and social consumption, making it easy for us to arrange people's material and cultural lives in such a way as to ensure satisfaction of people's living needs as far as possible. Man's survival and development are inseparable from the means of subsistence such as clothing, food, shelter and transportation. While people's living standards vary with different levels of productive forces and different social systems, within a given period of time people's basic requirements for the quantity and quality of the means of subsistence are roughly identical, and roughly speaking there are objective standards for the minimum quantity of foods (mainly the quantity of calories), cloth and per capita living space. Assuming that each person needs foods containing 2,000 large calories a day, the quantities of grain, oil, meat and vegetable containing this amount of calories can be worked out. Provided we know the population base number, by multiplying the two we can find out the approximate quantities of grain, oil, meat, and vegetable needed in the whole country or in a region, and by contrasting demand with existing output we can form a general picture of supply and demand and find it easy to work out programs and arrange production to ensure satisfaction of people's need for foods. By the same token, provided we know the exact number of population, density of population, population composition and the existing living space, we can know per capita living space, understand the housing conditions and trend of development, work out better programs and arrangements for housing construction, and gradually resolve the contradiction between population and housing.

In order to satisfy the needs of people's cultural life, it is necessary to understand the population base number. For example, in order to find out whether the number and distribution of primary and middle schools in an area and their teachers and equipment are suited to needs and how many more primary and middle schools need to be set up and how many teachers and equipment need to be added, it is necessary to understand the age structure of population, the number of school-age children and the geographical distribution of population before we can get a clear understanding of the problems involved and make rational arrangements. Concerning other aspects of people's material and cultural lives and social welfare, establishment of such facilities as hospitals, mess halls, nurseries, kindergartens, old peoples' homes, parks, public places of culture and entertainment, playgrounds, and network outlets for commercial and service trade, calls for a knowledge of the number, composition and distribution of population. Many new residential areas have been built in Tianjin in recent years, making it necessary to set up hospitals, schools, cultural places and network outlets for commerce and trade in light of the demographic changes learned from the census. Such is the way to make rational arrangements and suit the convenience of the masses.

In short, the [1982] census is a major event bearing on the fundamental interests of the state and the vital interests of each citizen. We should fully know its momentous significance and take an active part in supporting this work, declare each census item truthfully and accurately, and see that nothing is omitted, over-delcared or declared in error so that smooth completion of the census can be ensured.

9780
CSO: 4006/526

BRIEFS

ANHUI ECONOMIC ACHIEVEMENTS--Recently the Anhui Provincial People's Government held a meeting to hear reports by the provincial economic commission, capital construction commission and agricultural commission and the provincial finance and trade office on the achievements made during the first half of this year in raising economic results. According to the reports, output of summer grain and rapeseed reached 9.5 billion and more than 1.74 billion jin respectively. Total industrial output value for January-May was 15.5 percent higher than in the same period of last year. The meeting urged the units concerned to continue their efforts to achieve greater economic results during the second half of this year. [OW281201 Hefei Anhui Provincial Service in Mandarin 1100 GMT 2 Jul 82]

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' DISCUSSES PLANNED ECONOMY

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[Article by Xiang Qiyuan [7309 0796 3293], Zhang Zhuoyuan [1728 0587 0337] and Tian Jianghai [3944 3068 3189] of the Economic Research Institute of the Chinese Academy of Sciences: "Adherence to Planned Economy Is the Basic Guarantee for Raising Economic Effects"]

[Text] I

Seeking economic effect is a very important question that has been put forth in the practice of the readjustment of the national economy and reform of the economic management system. In his government work report to the Fourth Plenary Session of the Fifth National People's Congress, Comrade Zhao Zhiyang said: "It is a vital question to spare no efforts to improve the economic effects of production, construction, circulation and other aspects." He said: "In future, in considering all economic questions we must proceed from the basic point of improving economic effects so that our national economy will be able to constantly develop still better." ("The Present Economic Situation and the Principles for Economic Construction in Future," People's Publishing House, pp 14, 16.) In the national work conference on industry and communications, Premier Zhao made a further explanation when he said: "In seeking economic effects, we must first of all clearly understand the important viewpoint of producing more products that are in line with social demand with the minimum possible living labor consumption and material consumption." ("Some Questions on the Present Economic Work," RENMIN RIBAO, 30 March, 1982.) These concepts are of important guiding significance to the present readjustment, reform and the construction of socialist modernization.

Improving economic effects involves many aspects and it is fairly difficult work. According to our view, adherence to the socialist planned economy is the basic guarantee for improving economic effects. Marxism tells us that the planned and proportionate development of the national economy is an objective law of the socialist economy and the construction of the socialist economy can develop smoothly only when it follows this law. Since the founding of new China, we have made brilliant achievements that are known to the world in our economic construction and these achievements are

inseparable from the persistence in the planned economy. But we must also understand that the results of our economic construction are not ideal and compared with the labor that has been exerted by the people, the consumption of natural resources and the superiority of the socialist system that should be displayed, these results are lagging behind. Some comrades put the blame on the system of the planned economy for this contradiction that has occurred in the development of our country's economy. They hold that although there are advantages in carrying out a planned economy, this type of economy inevitably results in low work efficiency and bad economic effects. We disagree with the viewpoint that puts the planned economy in a contradictory position with economic effects. The key point for differentiating between right and wrong in this respect is to differentiate a planned economic system from planned work. A planned economy represents a system with the nature of socialist public ownership of the means of production and it is a result of the roles of the law of the planned development of the national economy and a series of other economic laws. Therefore to carry out planned economy is an objective demand of the movements of the socialist economy. A complete planned management work that includes the working out, implementation and checking and amendment of planning belongs to the superstructure and all these aspects represent the objective manifestation of subjective matters. Stalin said: "We can in no way mix our annual planning and the 5-year plan with the objective economic law of the planned and proportionate development of the national economy." "The law of the planned development of the national economy makes it possible for our planning departments to plan social production correctly. They are two different things. In order to turn possibility into reality, it is imperative to study this economic law, grasp it and learn to use it skillfully and to work out the planning that is in a position to completely reflect this law." (Stalin: "Problems of the Soviet Socialist Economy," People's Publishing House, 1961, pp 5, 6) Because of the restriction of objective conditions and various subjective reasons, the planning of our national economy did not accord with the demand of the economic law on many occasions over the past 3 decades and more since the founding of new China. Consequently, with many mistakes, we have caused serious waste and decreases in economic effects. As a result, we have failed to display well the advantages of the socialist planned economy. Therefore, bad economic effects are not necessarily the natural results of the planned economic system, on the contrary, they have been caused by our failures in meeting well the need of the planned economy. We must differentiate between the basic socialist economic system and objective economic work. On the one hand, we can in no way doubt the necessity and advantages of the socialist planned economy just because of the shortcomings and mistakes in our work, and on the other hand, we cannot ignore the various problems that have existed in our planning work; nor can we ignore the supervisory role of the masses or be reluctant to take possible measures to make improvements.

II

Why do we say that persistence in the planned economy and improving economic effects are not only in harmony with each other but also that the former is a basic guarantee for the latter? Let us first of all analyze this situation from the macroeconomic angle.

We must understand that it is the nature of the socialist planned economy to guarantee and achieve macroeconomic effects. Marx predicted that in future, under the socialist system, the "socialized people and the united producers will rationally readjust their material change with that of nature, put such a change under their common control and not let it become a blind force for controlling themselves; such material change must be realized with the lowest consumption of power and under the conditions of the nature of mankind so there is no remorse and it is suitable to them." (Marx: "Das Kapital," People's Publishing House, 1975, vol 3, pp 926-927) Socialist united producers are in a position to rationally readjust the material change between themselves and nature and this readjustment includes: 1) consciously controlling this material change and proportionately distributing social labor among production departments in a planned way so as to guarantee a proportionate development of social production. 2) fully and rationally make use of the resources of manpower, land resources and other economic resources so that we will be able to achieve maximum material wealth to meet people's needs with the minimum possible consumption. It is because of this reason that compared with anarchic production in capitalist society, the socialist planned economy is much more advantageous. The socialist planned economy is in a position to overcome the blindness of capitalist production and its cyclical economic crises, avoid serious waste in social labor that is caused by such blindness and crises, and to guarantee that the socialist economy will be able to develop constantly and that macroeconomic effects will be constantly improved.

In order to correctly display the advantages of the planned economy, develop the national economy proportionately and in a planned way and guarantee macroeconomic effects, we must be able to do the following:

First, the state's macroeconomic policy must be correct.

The socialist economy develops under the leadership and management of the social center (at the present stage, that is the socialist state). Whether the guiding ideology in economic construction is correct, and whether policies accord with reality and objective law, have a very big influence on the question of whether the socialist economy can develop healthily. Therefore a premise for correct macroscopic policies is to select well the strategy for the development of the national economy. If we do not have a long-range strategic view, do not carry out enough strict study and research and if we one-sidedly define the goal of the measures for developing the national economy, there will be no guarantee that our national economy will grow constantly and stably. In selecting the strategy for economic development, we must proceed from the basic national conditions, correctly define the orientation, goal and mode of development of the national economy, define the goal of economic development and the relationships of the major proportions and properly work out investment policy, energy policy, technical policy, labor policy and the policy for economic relations with foreign countries. It is imperative for us in future, on the basis of summing up historical experience, to avoid making serious mistakes in developing the strategy for economic development and this situation is vital in ensuring macroeconomic effects.

Second, the state must control powerful material means that are in a position to affect the overall situation of the national economy.

We cannot do a good job of implementing the state's correct policies if we merely rely on the power of state authority or administration; in addition, we must have a guarantee of powerful material power. Marx said: "The national centralization of the means of production will become the national foundation for a society that is composed of united, free and equal producers. These producers will follow a common and rational plan and consciously carry out social labor. This is a human goal of the great economic movement of the 19th century." (Marx: "On Land Nationalization," "Collected Works of Marx and Engels," Vol 18, p 67) It can be seen that the "national centralization of the means of production" is the economic foundation of socialist society as well as a premise for the producers to "follow a common and rational plan and consciously carry out social labor." Therefore the socialist system of ownership by the whole people cannot be allowed to weaken or waver. If we change the system of ownership by the whole people into the system of departmental ownership, local ownership or enterprise ownership, the socialist economic foundation will be weakened and consequently we will hinder socialist producers in "consciously carrying out social labor by following common and rational planning."

We must also understand that the question of who will possess and control the funds accumulated by society, particularly the surplus products of the enterprises under the system of ownership by the whole people, basically will determine whether the means of production can be "nationally centralized." According to our view, most of the funds accumulated by society and the majority of the surplus products of the enterprises under the system of ownership by the whole people must belong to, and be under the control of, the state. If the state neither possesses nor controls most of the accumulated funds and surplus products while enterprises are permitted to control their own funds and products, it will not be possible to "nationally centralize" the means of production. Therefore, it is necessary to expand the autonomy of enterprises, including the expansion of enterprises' financial rights, in the process of reforming the economic management system. But there must be proper proportion with regard to the amount of surplus products that should be handed over to the state and the amount that should be owned by the enterprises themselves. There must also be a principle for the enterprises to make use of the surplus products that they retain. All this must be included in the planned economy. It is only when the majority of the surplus products produced by the enterprises are centralized in the hands of the state, that the state will be basically able to have new investments for expanding reproduction. Consequently, the state will be in a position to rationally select the scale, structure and orientation for investment, rationally readjust the production structure in due time and concentrate its strength in solving the urgent tasks in the national economic development and eventually guarantee better macroeconomic effects.

Third, the state must be good at resorting to various economic levers, leading the economic activities of various departments, regions and enterprises and include all this into the planned development of the national economy.

In the present socialist stage, there still exist commodity and monetary relationships among the various aspects of social reproduction and various other links, and the socialist planned economy is carried out under these economic conditions. Therefore in addition to using powerful material power and administrative methods (such as giving instructions) to directly interfere with the process of economic development, the state must also widely resort to economic levers and guide the economic activities of various enterprises, departments and regions through readjusting the relationships of material interest so that these activities will accord with the state's macroscopic policy and achieve its macroeconomic effects.

As important reason for our mistakes in the past planning work was that we did not correctly understand that the socialist planned economy is operating under the condition of the wide existence of commodity and monetary relationships. As a result, we solely relied on planned readjustment, stressed the importance of the planned goals on the basis of orders from above and tightly tied up the hands of the production units at grassroots level. In addition, our guiding ideology was characterized by impatience for achievements that resulted in leftist adventurism and disproportion. We had to pay a high price to correct this disproportion and consequently we seriously affected economic effects. Therefore it can be said that in the past, our economic effects were not ideal and this situation was directly related to the excessive centralization of the economic management system and policy management system; it was not an inevitable result of the planned economic management system.

In future, we still have to pay particular attention to the feature of the planned economy during the socialist stage. At the present stage, we can in no way use a planned economy that requires the conditions of a communist commodity economy. In particular, as our country is still backward economically and culturally, the commodity economy is not advanced and the degree of socialization of production is still comparatively low, our policy cannot include everything. It is true that such important aspects as production, distribution, exchange and consumption are carried out under planned guidance and the major economic activities that are related with the national economy and the people's livelihood must be arranged and regulated according to planning, but state planning and the many aspects of the activities of the national economy are carried out through the market and therefore it is necessary to display the auxiliary role of the market. Therefore, direct and indirect planning, mandatory planning and guiding planning, and administrative and economic methods must exist simultaneously. By making use of various economic levers, particularly price, tax, interest, wages and rewards, we will be able to closely combine social interest with the interest of enterprises (and departments and regions) and make the economic activities of the enterprise (and departments and regions) accord with the requirements of state planning and seeking macroeconomic effects.

Fourth, do a good job in realizing comprehensive balance.

The socialist planned economy demands that the major activities of the national economy must be directly or indirectly included in state planning; such activities must be rationally unified by the state through unified arrangements according to the needs of social production and society so as to realize a comprehensive balance. This measure represents an important link for guaranteeing macroeconomic effects. Therefore it is necessary to strengthen unified planning and properly arrange the important proportions of the national economy. The relations of the proportion of the national economy mainly refer to the proportion of the relations between the two major categories. The concrete form of these relations is the relations among agriculture, light industry and heavy industry, and the proportion of the relations between the corresponding accumulation and consumption. The proportionate relations between accumulation and consumption are in fact the relations between national construction and the people's livelihood and therefore these proportionate relations must be arranged according to the possibility for the growth of national revenue. It is also necessary to do a good job in realizing the balance and comprehensive balance among price, credit, foreign exchange, goods and materials, the market and labor force because these balances represent the balance of the national economy.

III

To analyze things from the macroeconomic angle, the planned economy is a basic guarantee for each socialist enterprise in seeking economic effects. For quite a long period in the past, we resorted to the planned management system that was mainly characterized by soil emphasis on regulation by planning mechanism and mandatory planning and this system affected the initiative and creativity of the enterprises and their staff and hindered the enterprises from achieving better economic effects. Therefore some comrades held that although the planned economy will help guarantee macroeconomic effects, it cannot guarantee microeconomic effects. In our view, this understanding is wrong.

First, we cannot set up macroeconomic effects and microeconomic effects in opposition to one another.

Seeking microeconomic effects is the foundation for improving macroeconomic effects while improving macroeconomic effects is the premise for improving microeconomic effects. We all know that a smooth operation in the production and business activities (such as the supply of raw materials, fuel and equipment that are needed in production, timely sales of products and rapid and flexible fund circulation) of enterprises, such as a production enterprise, will have a direct effect on the economic results of this enterprise. Marx said: "It is only in the places where production is under the anticipated control of society that the society can establish a relation between the amount of social labor time for producing certain products and the scale of the social needs that are met by these products." ("Das Kapital," Vol 3, p 209) That is to say, we will be able to provide preconditions for enterprises to carry out economic activities in a big way and seek economic effects only when we are able to carry out a planned economy and guarantee macroeconomic effects.

Second, a planned economy provides enterprises with correct information to enable them to have a correct orientation in improving their economic effects.

For quite a long period there has existed a viewpoint which holds that under the condition of a capitalist market economy, capitalist enterprises are in a position to get economic information in good time and make economic forecasts and that under the condition of a socialist planned economy, it is very difficult for the socialist enterprises to get precise economic information in good time and to make economic forecasts. This view fails to grasp the nature of the question. We must understand that under the socialist system, there exists contradictions in the economic interests of men, enterprises, departments and regions while the social center is in a position to rationally regulate the contradictions in the economic interests between laborers and between the collectives of the laborers. Therefore, socialist society is not like capitalist society where obstacles to obtaining precise information such as commercial secrets, technical blockades and deceiving each other generally exist. In addition, under the condition of planned economy, the social center is in a position not only to gather and combine, in a timely way, the information about market changes from various enterprises, departments and localities but also to make full use of the information that is of greater scope and more accurate. This means that the social center is in a position to make full use of the economic situations and economic prediction that are provided by planning, statistics, financial, monetary and commercial departments. Comrade Chen Yun pointed out a long time ago that financial, monetary and commercial departments are well-informed and they are responsive to information. We can see the whole situation from these departments. It is completely possible for a socialist country to display the advantages of the planned economy and provide enterprises with economic information in due time so that the enterprises will be less blind in carrying out economic activities and to point out the direction for the enterprises in improving their economic effects.

IV

In the above mentioned passages we have explained the role played by the socialist planned economy in guaranteeing macroscopic and microscopic economic effects. But in order to constantly improve economic effects we must be determined to overcome shortcomings in planning work, and to transform the planning management system and the methods of planning work.

First, step up the scientific nature of planning.

The scientific nature of planning means that this planning is in line with the needs of economic law and natural law. It is only by implementing such planning that we will be able to make the national economy develop harmoniously and rapidly and make rational use of manpower, material power, financial power and natural resources so as to guarantee that economic effects will be improved.

In the early days following the establishment of Soviet political power, Lenin stressed the importance of planning when he said that a planning "must be easy to understand so as to attract the masses with clear and definite (with full scientific foundation) prospects." ("Collected Works of Lenin," "To G. M. Krzhizhanovsky (23 January 1920)," Vol 35, p 434) and that it was necessary to "enrich, develop and amend this planning according to the actual experiences that have been studied meticulously and carry it out." ("Collected Works of Lenin," "On Unified Economic Planning," Vol 32, p 134). Historical experiences of our country have also proved that when our planning is more scientific we are able to achieve better economic effects, such as in the period of the First Five-Year Plan and the readjustment period of 1963-1965; and when our planning is not scientific, we achieve lower economic effects such as that during the "Big Leap Forward" and the "10 Turbulent Years."

How can we strengthen the scientific nature of our planning? Here we stress the following two points:

First, educating and training the planning work cadres is the primary work for strengthening the scientific nature of planning. The scientific level of planning is inseparable from the professional level and scientific attitude of those who are taking part in working out the plan. Therefore, it is a strategic measure to train a great number of the planning work staff who are able to consciously carry out their work according to objective law and who are professional. We may presume that when we have trained all the cadres who are responsible for planning work within 3 to 5 years, some of them will no doubt consequently reach the level of university graduates. Therefore, it is very important to set up planning colleges, expand the enrollment of the students with a speciality of planning, set up long-term and short-term training courses and make use of various other forms to improve the professional standard of planning staff.

Second, strengthen the basic work at the grassroots units level such as in original records, statistical materials and planning quota work. This work represents basic construction in strengthening the scientific nature of planning. In working out scientific planning it is necessary to have systematic, complete and accurate statistics. Stalin said: "It is unimaginable for any construction work, any state work or any planning work to not have correct calculation, nor is it imaginable not to have statistics and calculation." ("Collected Works of Stalin," "The 13th Congress of the Soviet Communist Party (Bolshevik)," Vol 6, p 189) It is true that statistical materials for working out planning comes from grassroots units, but the basis for calculation and statistics of our grassroots units is rather weak and the accuracy of their statistical materials is low. Consequently, this situation has considerably affected the scientific foundation that is needed in defining the goal of planning. Therefore, it is an urgent task at present to set up and perfect the system in this aspect, particularly in defining planning quotas for various trades with full foundations.

Second, in transforming the management system of planning it is necessary to merge well the centralization and unification of planning with bringing the initiative of localities and enterprises into play.

If we only have scientific planning, do not clearly demarcate the autonomy of organizations and do not bring into play the roles of administrative means and economic levers, we can in no way realize the planning well and consequently there will be no guarantee of economic effects. At the same time, we must also understand that no matter how scientific our planning is, it is still very hard for it to correctly estimate and fully tap all the initiatives of various regions and enterprises and particularly the initiative of the broad masses of laborers. In the past, our planning was excessively centralized and with rigid control, such planning hindered the initiative of localities, enterprises and the laboring people. It was only natural that such planning could not achieve good economic effects. The management system of such planning must be transformed. But over the past few years, when measures were being taken to overcome excessive centralization and experiments on expanding the autonomy of localities and enterprises were carried out, there have occurred both a tendency of departing from the leadership of centralized and unified planning and a tendency of separatism. On the agricultural front, many places are not willing to fulfill the tasks of state purchase, purchase by assignment and transfer of agricultural products to higher departments; but on the other hand, these places have been active in expanding the amount of increased price over-quota goods and purchases at negotiated prices; these places are reluctant to fulfill the planned acreage for grain production and they have blindly expanded the acreage for certain industrial crops, only to increase the financial burden on the state and fail to meet well the needs of the people. In industry, some units are not willing to accept the production, allocation and transfer plans that have been defined by the state. On the other hand, these units have blindly increased the production of the goods that are in excessive supply but with higher profit. They squeeze the small with the big, the backward with the advanced and as a result, with high consumption and high costs they cannot but stockpile their products. This seriously affects economic results. In the capital construction field, many places and enterprises have raised funds and bank loans on their own accord as they have blindly carried out projects in an effort to build their own self-styled system. As a result, they undertook repeated construction with enormous investments but they have achieved very little results. Such separatism that has caused decreases in economic effects must be resolutely corrected.

How to strengthen the centralization and unification of planning and at the same time not limit the initiative of localities and enterprises and how to properly hand over autonomy to localities and enterprises while avoiding separatism are important subjects that must be resolved in improving economic effects. According to our view, a key question in this aspect is that the central localities and enterprises must have clearly demarcated autonomy over the management of planning and they must closely link with each other.

The planning of the party Central Committee, provinces, municipalities and autonomous regions and the 3-stage planning of prefectures, municipalities and counties are part of state planning. The contents of planning that relate to the whole situation, the national economy and people's livelihood and that represent the strategy of state economic and social development must also be included in central planning. But unified planning can only be realized through planning and balances of various levels. The various departments under the State Council are responsible for the planning of the management of various trades and the comprehensive balances of these trades while provinces, municipalities and autonomous regions are responsible for regional comprehensive balance. Prefectures, municipalities and prefectures must work out their own planning and be responsible for the comprehensive balances within the sphere of their management. The plannings at these three levels must be closely linked. When there is a contradiction in the arrangement between partial planning and overall planning, the former must be subordinate to the latter. At the same time, it is necessary for enterprises to have a certain autonomy in planning. For example, enterprises have to fulfill the mandatory plans from the state, but in working out planning, the enterprises have the right to make suggestions and to implement the planning according to their own conditions within the limit permitted by legal regulations and policies, even if the plans have already been passed down; with regard to state guiding planning, the enterprises have the right to concretely arrange their own planning according to their specific conditions and they have the right to arrange their own planning that has nothing to do with state planning. In this way, the central, localities and enterprises have their own rights and responsibilities and this situation will not only guarantee the centralizatin and unification of planning but will also mobilize the initiative of localities and enterprises. This is not only in the interests of developing the national economy harmoniously but also in the interests of displaying still better the initiative of localities and enterprises so as to guarantee that economic effects will be improved.

Third, establish a system of planning goals with economic effects as their core.

In considering all economic problems we must proceed from the point of improving economic effects. The setting up and perfecting of the system of planning goals must also be carried out by giving consideration to improving economic effects. For a long period in the past, our country gave prominence to the goal of gross output value. As gross output value only reflects the quantity of production and includes repeated calculations, it is affected by changes in the prices of the means of production and therefore it cannot correctly reflect the results of production. It often occurred that when we lopsidedly sought speed in the growth of production based on the calculation of gross output value, there appear many shortcomings in production. Now some countries have abolished the system of "quantity-type" planning goals with gross output value as their core and used "efficiency-type" planning goal system that has fixed-quota net output value as its core. The fixed-quota net output value includes the three aspects of wages, retention for social insurance and fixed quota profits. The system of "efficiency-type" planning

goals has many advantages including it being in the interests of saving live labor and improving labor productivity. It will also prevent enterprises from lopsidedly turning out products with big profits. A further study is needed before we will have decided whether we will use the system of planning goals that have fixed-quota net output value as their core.

In the construction of our socialist modernization program in future, there is no doubt that we will take economic effects as the core of a series of planning goals. Consequently, it is imperative to strengthen the planning and assessment of the goals of economic effects (such as the comprehensive goal of economic effects, the goal of the effects in the use of funds, the goal of the effects in the use of labor and the goal of the effects in the use of goods and materials); the goals of some major economic effects must be passed down from higher departments to lower departments in the forms of mandatory planning goals or guiding planning goal. For example, in the production field, our energy supply is still tight and this situation has limited the development of the national economy; yet, on the other hand, the consumption of energy in our production of the same quantity of products is not only much higher than that in some industrially advanced countries but also much higher than the previous record levels in the history of our country. Therefore, it is necessary to assign to lower departments the goal of energy consumption as a planning goal. In the capital construction field, for quite a long period in the past we only paid attention to the completion of capital construction investment targets and neglected the goal of the economic effects of the investments. As a result, we were not able to powerfully control the extension in the cycle of construction, projects costs increased, the formation rate of fixed assets decreased and the proportion of the projects under construction also increased. Therefore, it is imperative to include the period of construction in the planning that is to be assigned to lower departments. In the field of circulation over the past few years, the stockpiling of commodities in warehouses was very serious and the circulation of working capital consequently dropped. On the average, commercial working capital across the country circulates twice every year, twice as long as the former ordinary pace. Therefore, it is also necessary to include the necessary volume of stockpiled goods and the circulation rate of working capital into the planning for lower departments.

Establishing a system of planning goals with economic effects as the core means that in defining the concrete quantity for the goal of the plan, it is necessary to base it on the best social economic effects. For example, in defining industrial and agricultural gross output values, it is imperative to consider the level that must and can be reached under the condition that labor productivity and the utility rate of capital are improved. In defining gross national revenues under a certain gross output value, it is also imperative to consider the level that must and can be reached under the condition that the consumption rate of goods and materials is decreased. The pace of the growth of the national economy that is based on a goal of economic effects is a real and beneficial pace. That proportion of the national economy, calculated on the basis of, economic effects, with minimum consumption and maximum results, is the most rational proportion. It is only when we implement this kind of planning that we are able to guarantee economic effects.

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'JINGJI GUANLI' ON TRANSFORMING LIGHT INDUSTRY

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[Article by Xiao Weixiang [5135 4850 3276]: "On the Question of Technological Transformation in Light Industry"]

[Text] A key-point and gradual technological transformation is a strategic policy promoting the construction of modernization which aims to vitalize our economy. It has immediate and scrategic significance in developing the production of consumer goods, improving the backwardness of the technological facilities in our light industry and in bettering our economic interests.

The Production Equipment in Light Industry Enterprises Desperately Needs Renovation and Transformation

Our light industry has formed a base after 32 years of development since the founding of the PRC. There are nearly 70,000 enterprises, with 11 million-odd workers, an original fixed capital of 34.4 billion yuan and a net value of 23.6 billion yuan. The production in light industry has grown out of nothing to an output of 1.5 million tons of special equipment of various types in the past 20-odd years. Some advanced technology and key equipment has also been imported. Moreover, technological renovation and technological transformation have been widely carried out. Some of the results of the scientific research have been promoted and utilized. They are significant to the strengthening of the productivity of light industry, the improvement in production technology of the enterprises, the improvement of the products' quality and the increase in variety. However, under the "leftist" influence the national economy was dislocated and the technological equipment of light industry was the most backward among various fields of industry. The backwardness was most acute in small trades and collectives. At present, the main problems are:

1. The facilities are outmoded, unsophisticated, energy-consuming and inefficient:

(I) The equipment is obsolete and outmoded. Most of the equipment in light industry is only up to the overseas level of the 1940's and 1950's. Some is only up to the level of the 1930's. Only a small portion of it is up to the level of the 1960's and 1970's. About 50 percent of the mechanical

equipment of the Shanghai Light Industry Bureau system, which is regarded as one of the most technologically advanced organizations on the country, is at the level of the 1940's. Fifty-eight percent of the equipment of the Shanghai Handicraft Bureau system is at the level of the 1930's and 1940's. It is not difficult to imagine the situation in other provinces and cities. Of the paper-making machines, 99.8 percent are at the level of the 1930's, making up 94 percent of the total output. In the paper-making trade, small mills which are below 10,000 tons make up half of the total output. Most of them have developed from the state of making do with whatever was available. Their technology and equipment are obsolete and outmoded, their products monotonous, the quality of their products poor. Worse still, they cause serious pollution, create poor economic effects and impede the development of paper-making. The technology in the match trade is only up to the overseas level of the 1930's and 1940's. Outmoded equipment such as light stick driers and sickle-type box packers are still in use in many mills.

(II) The facilities are in bad repair. Defective machines are still in use, thus affecting their sophistication and hampering the quantity and quality of the products. The problem that many facilities are in bad repair and that defective machines are still in use is very serious as emphasis has been placed on "extension" rather than "intension" and as machines are overused. Renovation of equipment and transformation of skills are neglected. Among 10,000 machines of the Shanghai Handicraft Bureau system, 14,000 (13 percent) are defective but still in use. The sophistication of the 33,000 machines in the Shanghai Light Industry Bureau is on the decline. Seven percent of the machines are defective but still in use and 12.2 percent of the 17,000 metal-cutting machines need renovating. About 10 percent of the automatic processing lathes in the watch industry have lost their sophistication and need renovating. Apart from mechanical wear and tear, the equipment of some trades in light industry suffer from acid and salt-water corrosion. Major reactors, storage troughs and storage pipes of the detergent trade are installed outdoors. They are weather-beaten and some of them have become an adverse factor for production.

(III) Energy-consuming and inefficient. The production equipment of the electricity and light trade is outmoded and energy-consuming. Its products also consume quite a lot of energy. A major survey on the trade in 1980 showed that the total energy consumed during the year was: 115,000 tons of petroleum, 520,000 tons of coal and 150 million kilowatts of electricity--equivalent to 750,000 tons of standard coal. If expressed in terms of electricity, the annual energy consumption of various products is about 32 billion kilowatts, making up 10 percent of the state's total electric energy production. The energy consumed by the electric glass-melting pits made up 70-75 percent of the total consumption. At present, the glass-melting trade has 100 pits and furnaces, and 120 obsolete crucible pits. The pits and furnaces are shortlived and their thermal efficiency is only 15 percent. The average energy consumption of every 10,000 bulbs was

1.15 tons of petroleum, and the lowest was 0.58 tons, whereas that of Toshiba of Japan was 0.28 tons, and that of the SAS Company of Britain was 0.23 tons. Since the glass bulbs are outmoded, only 50-55 percent of the 12-head bulb-making machines can pass the inspection: while the overseas pass rate is over 90 percent. The utilization rate of glass cases for light bulbs is only about 15 percent whereas the rate overseas is 35-40 percent.

2. The machinery base of light industry is weak, the equipment structure is backward and most trades do not have their own purpose-built equipment. Among the 2,000-odd different types of equipment produced by our light industry, most of it is only at the level of the 1950's. A small part of it is obsolete, and quite a large portion requires improvement and renovation. The equipment in our sugar refining industry is inefficient and its materials and quality are poor. Mandatorily reusable crystal tins are popular overseas. Their efficiency is 20-30 percent higher than that of ours. Speedy precipitating machines are used in many overseas sugar refineries. The time for syrup to settle is 15-30 minutes, whereas ours need an hour or even more. The pressing machines of our sugarcane refineries are of poor quality and their service life is only half as long as that of those overseas. The service life of the round files of our sugarbeet refineries is one-fourth as long as that of the round files overseas. The efficiency of our newly designed and operated cigarette-rolling machines is about 2000 a minute, whereas the efficiency of overseas rolling-folding-packing machines is about 4000 a minute. Quite a few trades in the light machine-building industry still cannot provide whole sets of equipment. Specially-designed equipment in some trades such as the chemical industry for daily use, sensitizational materials, and gelatin, is nonexistent.

3. The factory buildings of many trades are wornout. There are many dangerous workshops. The pollution problem of the "three wastes" is so serious that it jeopardizes production. For years emphasis has been placed on tapping the potentials of the old trades and old bases while providing them with very little production conditions. As a result, they are in debt. The statistics given by 32 light industry departments and bureaus in 23 provinces and cities show that the total area of dangerous workshops is 5 million square meters. The pollution problem of the "three wastes" in some trades such as papermaking, leather, synthetic detergents, and fatty acids is very serious. The annual discharge of waste water in the papermaking industry is about 2 billion tons, exemplifying the seriousness of industrial pollution in our country.

Apart from this, the technological strength of the enterprises in light industry is weak. Their management and technology are substandard. Engineers and technicians only make up 0.78 percent of the total labor force of the enterprises in our light industry. On average, each enterprise only has 1.2 technicians, but their technological knowledge is out of date. In recent years, the old workers in many localities have retired. The

technological training given to newly recruited workers has failed to cope with the situation, thus lowering the workers' technological standard. The staff's technological standard and the cadres' management standard in quite a few trades are lower than those of other departments. They cannot meet the requirement of production development.

A Few Points on Technological Transformation in Light Industry

The following points on technological transformation and renovation of equipment are made in light of the practical experience and actual conditions of various localities.

1. The ultimate target of technological transformation should be the betterment of economic effects. Economic effects should be the main criterion for the achievement of technological transformation. Experience gained in many localities has shown that the existing enterprises in which technological transformation is carried out are better than new enterprises in that the former require less investment. They are more effective and achieve better economic effects. For instance, the establishment of 10,000 tons of productivity in a new enterprise in the papermaking trade requires an investment of 30 million yuan, whereas the establishment of such productivity in an old enterprise in which technological transformation is carried out only requires half that amount. The production of a bicycle in an old enterprise in which technological transformation is carried out only costs 20-30 yuan, while such a product in a new enterprise costs 70-100 yuan. We should not only take into account the short-term microeconomic effects but also the long-term nationwide economic effects while carrying out technological transformation in light industry. Priority should be given to the items which are less costly to transform, more effective and have greater effects. For instance, we should increase the production of goods of famous brands and of high quality, increase the production of complete sets of equipment which are in urgent need, develop items which can achieve economic returns within 1 year, strengthen the examination of products, improve the quality of products, save energy and raw materials, and so forth. Related economic policies should be further carried out in order to mobilize the enterprises' enthusiasm for conducting technological transformation. For instance, loans on favorable terms should be given to technological transformation items. Tax on new products should be lowered or exempted. Goods of high quality should be sold at a fair price. The prices of certain products should be readjusted appropriately.

2. It is necessary to lay down production plans in accordance with trades. Goods of higher quality should be produced first. The standard of technology and equipment varies as there are too many trades in light industry. We should sum up the experience in the technological transformation in recent years through investigation and study, and lay down program for technological transformation in accordance with trades, make them an important part of the organization of the Sixth Five-Year Plan and treat them as a key part of

the annual plan. The enterprises in light industry are located in various areas. Many large and medium cities are bases of light industry. The cities should cooperate with the localities by taking the lead to gain experience. The Ministry of Light Industry this year has made technological transformation one of its three key projects. Specific arrangements have been made to lay down technological transformation plans in accordance with trades. Guidance on planning has been given to various trades with reference to their technological and economic policy, and equipment policy. It has also summed up the experience of promoting technological transformation and renovation of equipment in various trades and localities to help the localities implement their planned technological transformation. Trades such as watchmaking, papermaking, sugar refining, leather work and beer brewing have been incorporated in the plans proposed by the departments concerned to lay down transformation programs for the entire trade. Transformation plans for other trades will come out soon to serve as a reference for the localities.

3. We should choose a technological structure which suits the development of light industry. New technology should be transplanted and introduced. The technological transformation in light industry should proceed from our actual situation. Appropriate technology should be adopted. The combination of advanced and appropriate technology and manual labor should be carried out. According to the experience gained by the localities, the sources of new technology are: 1) to promote the good effects of technological transformation in production. This is a thrifty but effective way. A multitude of small reforms can be carried out thriftily and in line with local conditions. They can be expanded from domestic trades to foreign ones. The effects will accumulate over a long period of time, so that a production line can be changed for the better, a workshop or even the outlook of production [words indistinct] enterprise. The bicycle trade in Shanghai has carried out over 41,000 technological innovations since 1956. In all, 95 percent of the equipment in the trade is self-made. As far as production methods are concerned, 80 percent of the work was manual. But now, 80 percent of the work is mechanized. Over 40 percent of the production work is automated or semi-automated. 2) to promote enthusiastically the scientific and technological effects in the light industry which are appraised and mature. After making use of 23 items of proven scientific and technological effect such as the discharge of waste water after electroplating and new production devices in the bicycle trade, the Shanghai Light Industry Bureau has saved $470,000 of foreign exchange, 10.53 million yuan, 520,000 manhours and 2.92 million kilowatts of electricity. This year, the bureau has recommended 54 items of proven scientific and technological effect to various localities for implementation. 3) to better the transplanting of technology. To transplant new technology which is mature and widely used in various trades such as electronics, microwaves, hydraulics, cold extrusion, powder metallurgy, radiochemistry, and so forth, to light industry. To pass new technology which is effective in one trade on to another within light industry. For instance, fermentation, surface treatment, the strengthening of drying, electroplating or plastic materials, and so on. To set up various forms of technological cooperation and economic partnership. To transplant advanced and appropriate technology in places such as Shanghai to the hinterland. Furthermore, to

strengthen technological information services, to start inquiry activities and to set up observation groups among localities to investigate foreign technology, so as to work out proper methods of technological transformation. Software technology such as information on technology and blueprints should be introduced in line with technological transformation. Digesting and development work should be done well while foreign advanced technology is transplanted to our country.

4. It is necessary to resolve the problem of capital in technological transformation and renovation of equipment. The majority of light industry is small enterprises with limited fixed assets and a small depreciation rate. Trades such as match, soap, light bulbs, ceramics, pans, scissors, choppers, stationery, sportswear, and so on, are unprofitable and are in urgent need of technological transformation. However, they are unable to seek national or foreign loans. They need the state to provide them with special interest-free or low-interest loans. Or they can make up a unit in the form of a bureau or company to seek loans from banks. Major technological transformation items in some key enterprises require large amounts of money which the enterprises cannot afford. In such cases, such items should be incorporated into the national projects and national funds should be allocated to them.

Apart from the above-mentioned sources, the capital required for technological transformation in light industry should be collected through various channels in line with local conditions and by all means. Three percent of fixed capital ownership fee is collected from collective enterprises by the light industry departments both in Wuhan and Guangzhou for technological transformation funds. It is good to have a fund collected and operated by a company or municipal bureau and to use it to supplement the shortage of capital required for technological transformation or renovation of equipment in collective enterprises. Moreover, we should vigorously make use of foreign capital. Advanced technology which is suitable for and needed by our light industry should be introduced. Key facilities and instruments which we cannot manufacture ourselves should also be introduced. The light industry departments of Guangdong, Fujian, Shanghai, Jiangsu and Liaoning have adopted ways such as joint ventures between China and foreign countries, coproduction, compensation trade, processing and fitting for export. Good results have been scored in introducing certain foreign advanced technology and equipment to transform our medium and small enterprises.

5. Technological transformation should be combined with the readjustment and restructuring of enterprises, so as to greatly improve the standard of technology and management. Rational readjustment and restructuring can create conditions for the wide use of advanced technological equipment and the development of batch processing, and extend the development of technological reform. It can also avoid repetitive reform and is advantageous to the saving of capital for technological reform. The sewing machine trade in Shanghai, during its readjustment and restructuring, has widely adopted new technology. For instance, the manual floor models, and fuse production in the casting technology have developed into slight pneumatic vibration four-stud

models and boxless extrusion models which are more automatic. Manual paint-spraying and indigenous stove drying in the paint-spraying trade have developed into electrostatic spraying and consecutive infra-red or long-distance infra-red drying. The metal-cutting in the spare parts trade has developed into new forms of technology such as cold-extrusion, cold-rinsing, and cold-mounding which have speeded up production. Domestic and industrial sewing machines offer five series of machines and 50-odd designs. The production of such machines has jumped from 16,000-odd to 2.4 million. At present, the technology possessed by light industry enterprises is poor. The staff's technological and managerial knowledge is substandard. Positive and effective measures in the training of skilled workers and managing cadres, which are in line with local conditions, should be adopted while technological reform is under way, so as to improve their production skills and their managerial knowledge. Thus, the features of technology and business management can go hand in hand with technological reform and better effects can be achieved.

6. To strengthen joint ventures and cooperation and mobilize all strengths to serve technological reform of light industry. The work of technological reform is very important. Research institutes, design units and various production departments should be mobilized to serve technological reform. First of all, the forces of scientific study, design and production should be mobilized. For instance, the sugar refinery trade in Guangdong is quite developed. It has set up a sugarcane research institute. Guangdong Light Industry Design Institute, Guangdong Light Mechanical Mill and Jiangmen Mechanical Mill have cooperated to start a joint venture, using economic means in the sugar and alcohol trades to help the enterprises in these two trades carry out their technological reform. Shanghai Bicycle Research Institute organized equipment, production and design forces and within 3 months, provided Shanghai No 4 Bicycle Factory with 20-odd special designs for production of small-wheeled bicycles. The factory was thus enabled to have an annual output of 200,000 bicycles. At the same time, social technological forces should also be brought into active play to promote technological reform in light industry. Mechanical departments and defense industry departments should be urged to manufacture equipment, the demand for which is greater than supply and which the light industry system cannot produce. They should also provide equipment for light industry, in particular sophisticated equipment and key spare parts. The state may assign certain enterprises to manufacture mechanical goods for light industry, or assign a batch of cooperatives to manufacture industrial fittings. Localities having excessive mechanical forces may transform some of their departments into light industrial ones to provide goods for light industry and to serve technological reform.

CSO: 4006/597

BRIEFS

HUBEI PREFECTURE ECONOMIC CRIMES--The Jingzhou prefectural CCP committee held a forum on 13 July on dealing blows at serious economic crimes. The forum called on all party organizations of the prefecture to take active measures to overcome obstacles and carry the struggle against economic crimes through to the end. Since initial successes have been won, some units of Jingzhou Prefecture have slacked off in their efforts. Some leading comrades even covered up economic crimes and interceded for criminals. The Jingzhou Prefectural CCP Committee held that it would be difficult to wage struggle against economic crimes in a thorough manner if these obstacles were not removed. The prefectural CCP committee called for attaching importance to dealing severe blows at economic crimes. Recently, three leading comrades who thwarted the struggle against economic crimes were temporarily relieved of their posts for self-examination by the prefectural CCP committee. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 15 Jul 82 HK]

CSO: 4006/601

BRIEFS

GUIZHOU ENTERPRISE CONFERENCE--The Guizhou provincial conference on straightening out enterprises which had opened in Guiyang on 27 July concluded on 2 August. The conference put forth that in straightening out enterprises, it is necessary to eliminate the state of leaders' laxness and weakness, straighten out and build well the leadership groups of enterprises, build and put on a sound basis the leadership systems of enterprises and perfect the economic responsibility system. The conference emphatically pointed out that the straightening out and building of the leadership groups of enterprises is the key to the all-round straightening out of enterprises. The conference made arrangements for the straightening out of enterprises in the second half of this year. The conference demanded that the province lay stress on straightening out well the first group of 225 enterprises. [HK090801 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 2 Aug 82 HK]

CSO: 4006/601

BRIEFS

GUANGDONG TAX REVENUE--Guangdong Province has fulfilled its annual tax revenue plan by 54.6 percent in the first half of 1982 with an amount of more than 1.8 billion yuan, an increase of 250 million yuan over the same period in 1981. Guangzhou, Zhuhai, Foshan, Shantou, Huiyang, Shaoguan, Zhanjiang and Hainan achieved more than 10 percent increase in their tax revenues. The province increased its tax revenue from light industry by 60 million yuan and from heavy industry by more than 24 million yuan, while provincial customs office also welcomed an increase of more than 51 million yuan in the first half of this year as compared with that of last year. [HK161050 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 14 Jul 82 HK]

JILIN FINANCIAL CONFERENCE--The Jilin provincial financial conference sponsored by the provincial financial department concluded today. The conference worked out measures to balance this year's revenues and expenditures. Zhang Shiying, secretary of the provincial CCP committee, delivered a speech. Thanks to a fairly good situation in industrial production, income in the first half of 1982 rose by 7.2 percent over the corresponding 1981 period, fulfilling 47.6 percent of the annual plan. Excluding agricultural taxes, the annual income plan was 51.5 percent complete. To ensure the fulfillment of the annual plan, the conference calls for 1) promoting production and the circulation of commodities by focusing on improving economic efficiency; 2) practicing strict economy, opposing waste, curtailing expenditures and cutting back on public expenditures by 10 percent; and 3) carrying out a deep-going financial investigation and tax audit among enterprises. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 29 Jul 82 SK]

CSO: 4006/600

CONSTRUCTION

'TIANJIN RIBAO' ON CONSTRUCTION PLANS FOR TIANJIN

HK120835 Tianjin TIANJIN RIBAO in Chinese 26 Jul 82 p 3

[Article by Wang Zuokun [3769 0155 6924], deputy chief engineer of Tianjin Municipal Planning Bureau: "What Kind of City Should Tianjin Be Built Into?"--slantlines denote boldface as published]

[Text] What kind of city should Tianjin be built into? Regional planning, city planning and the plan for the national economy and social development must answer this question.

Tianjin is one of China's three big municipalities directly under the central authorities, an old coastal industrial city, a collecting and distributing center in foreign trade and a hub of communication linking up northeast China, east China and the hinterland. In the past 100 years, Tianjin has gradually become an economic center of north China. According to the overall plan for our municipality, we plan to divide Tianjin into three economic zones. The first will be based on the existing industry in the city proper and in the suburbs. Efforts should be made to tap the potential, renovate and effect transformation in order to raise production capability; efforts should also be made to correspondingly develop various undertakings such as trade, finance, scientific research, culture and education, invigorate the market, train talented persons and, within an area of about 30 kilometers in diameter, build a group of key towns in our city with the city's central district as the core. The various administrative, economic, scientific research, cultural and education leading organs will be set up here and they will serve as the main body in guiding the economic construction of our city. The second will take the three coastal districts of Tanggu, Hangu and Dagang as the base. We should make full use of the natural resources such as salt, petroleum and natural gas and the import and export trade of Tianjin port, build a number of big key enterprises and develop various modern industries such as petrochemical industry, marine chemical industry, shipbuilding and processing for foreign trade. The coastal zone which consists of about 90 kilometers of coast line in front of our city and about 20 kilometers in depth will be built into a heavy industrial base and a foreign trade base for our city. A group of coastal towns with Tanggu as the core will be built and between the various towns there will be close economic and communications links. Fishery, fish-breeding, the salt industry, agriculture and animal husbandry will also be appropriately developed. Tanggu will be built into the second key town of our city. Third, the five counties in the outer suburbs,

particularly the three counties in the north, will be the rear base of our city. There are hills and rivers in these counties where agriculture is flourishing. Here we shall develop local industry, agriculture, animal husbandry as well as warehouses. We shall put the stress on developing textiles and other light industries and the food industry in order to solve the problems of food, clothing and consumption and to provide jobs to the surplus agricultural labor force. Situated between Beijing and Tianjin, Ji County has many scenic spots and historical sites. In the immediate future, tourism will be opened up and textiles and other light industries and the electronics industry will be developed to replace quarrying in order to gradually stop the destruction of the natural environment. In the distant future, a cultural and scientific town will be built with basic scientific research institutions and universities and colleges, thus forming a third key town which has a relatively strong appeal and a group of rear towns with the Ji County seat as the core.

A collection and distribution center for domestic and external trade in north China, northwest China and Nei Monggol, Tianjin has a good communications and transport service. The task of improving the loading and unloading capacity of Tianjin port should be fulfilled through various channels such as the improvement of water and land transport. The railway center of Tianjin, which consists of a T-shaped hub in the heart of the municipality formed by the Beijing-Shenyang Railway and the Tianjin-Pukuo Railway, will be transformed into an annular hub which circles around the suburbs in order to facilitate collection and distribution of goods. The Haihe River will also be made navigable again and a water transport network, with the Haihe River as the main trunk, will be formed. The highways will be turned into a highway network that extends in all directions. The Beijing-Tanggu express highway, the transit highways between Beijing and Nanjing, between Beijing and Shenyang and between Shanhaiguan and Guangzhou as well as regional and local highway networks will be opened. Zhangguizhuang airport will be expanded into a reserve international airport utilized in conjunction with the capital's airport. Aviation undertakings will also be gradually developed. At the same time, efforts will be made to develop tube transport and local tram and train services so as to link up the various town groups with the key city proper.

In order to adapt itself to the economic development, it is undoubtedly necessary for the key city proper to conduct a series of construction and transformation projects. However, the dimensions of the key towns are very big as they are and the farm land around the towns is in short supply. It is, therefore, impossible for the towns to expand and swell without limit. The population of the city should be gradually reduced and rationally distributed among the newly-built small towns where good service is offered and employment and settlement are easy to provide. Thus, the population can be rationally distributed and the dimensions of the key towns can be restricted. By the end of this century, the population of the city proper should have been maintained at the present level of about 3 million. In the 21st century, the population of the city proper should be further reduced to ensure improvement in the average material and cultural level of the

residents in the city proper and improvement in the environment. In order to solve housing problems and develop scientific research as well as cultural and education undertakings, it is also necessary to expand land for city use. The existing area of 160 square kilometers will be expanded into 250 square kilometers so as to strike a low-standard balance [di biao zhun de ping heng 0144 2871 0402 4104 1627 5899] with land for industrial production. After construction is completed, it will be inadvisable to continue expanding over the periphery of the city, and thus we can protect agricultural and ecological environment in the suburbs. The following are my explanations on the construction and transformation of the city proper:

/1. We shall not build new factories in the key city proper and neither shall we engage in large-scale expansion of the existing factories. In developing production, it is necessary to tap potential, renovate, effect technological transformation and develop high-grade, precision and advanced industrial products./ It is necessary to preserve and gradually transform the existing 10 industrial areas and 5 industrial sections in the city proper. There are more than 3,000 factories in the residential areas. These should be gradually transformed in order to prevent them from contaminating the environment and troubling the people. Some of the factories which seriously contaminate the environment and have no room for further development in the city should be moved out gradually and in a planned way. Following the transformation of the old districts, the industrial areas in the city center where the factories do not contaminate the environment or trouble the people and have to be preserved should be separated from the residential areas and divided into scores of industrial neighborhoods. They should be developed at selected spots to facilitate the residents obtaining employment. The industries run by the neighborhood committees should be oriented to service trades related to the livelihood of the people. School-run factories should also be turned into small workshops in the service of teaching and studying, such as electronic instruments and meters, industrial arts and biological specimen workshops, which are conducive to the pupil's intellectual development. We should by no means take profits as our objective or engage in those trades and professions which contaminate the environment, trouble the people and harm pupil's health.

/2. Warehouses and railways freight yards in the city should be gradually moved out of the city in order to reduce traffic jams and the land vacated should be used for residential housing, public buildings and greened public squares./ Railway marshalling yards within the city center should also be moved out in the distant future. With the exception of small turntables and special lines for warehouses in the industrial areas, transit railway cargo should no longer be allowed to pass through the city. The existing stations should be preserved as passenger stations. Capital construction materials yards and processing factories that are scattered throughout the city take up too much land. It is also necessary to gradually put them under unified management, divide them according to their different specialties and rationally distribute them. It is necessary to draw up a unified plan for these plots of land, build residential houses and plant trees on them in order to create a good living environment.

/3. After the 10 new residential areas near the 10 industrial areas have been completed, the staff and members will not have to travel far when they go to work or leave work, thus alleviating the pressure on traffic./ It is necessary to build several more new residential areas, such as Wangdingti, Chenglinzhuang, Xinli Xincun, Shuanglin and Liuyuan Xincun and to build major communication lines between the outlying new areas and the city center. In Zhongshanmen and Dingzigu, we should also build two auxiliary city service centers similar in scope to Quanyechang. They will form a service network along with the 15 service centers in various areas and with centers at the district and subdistrict levels in the new residential areas. In order to change the appearance of the city, old service facilities in Quanyechang, Heping Road and Xiabailou will also be gradually transformed into modern and busy areas for pedestrians with more trees being planted and more car parks built.

/4. The older part of the city will be transformed in three ways./ Basically no change will be made in places near the five main avenues and the palace where, as everybody knows, the buildings are relatively good and were built after liberation in these places, we will chiefly improve the environment, increase and improve service facilities, repair and improve existing buildings and pull down makeshift houses which were illegally built and move out factories which have illegally occupied residential houses. Places in older parts of the city where the buildings are relatively good and the environment is relatively clear and tidy will be transformed more slowly. They are places which, after making repairs and improving the environment, can still meet the requirements for people to live in for this century. These places account for a large area of the city. Some very poor buildings in these places will also be transformed but their number will be limited because the state is short of financial resources. They will be gradually transformed on the basis of production development. The emphasis of transformation will be put on places such as Xitou, Nanshi, places beyond the tunnel, Qiandezhuang and Wandeli, where bumps and hollows are numerous, houses are dilapidated or built closely together, the residential environment is very poor and puddles in which mosquitos and flies breed are formed in rainy seasons. These places will be gradually transformed in groups and step by step within this century. If the economic development of our country is fast, we may possibly transform all these places in the first few years of the 1990's. We must suit measures to local conditions in building new buildings. We will mainly build multistoreyed buildings. For the sake of keeping harmony with existing neighboring buildings, we will also build low buildings with two or three storeys in small areas of the transformed zones. In places with open spaces and in places involving the appearance of the city, a few multi-storeyed high buildings will also be built in order to economize on urban land.

/5. Public buildings are signs representing the city's cultural and welfare levels and are also outstanding features of a socialist city./ At present, the level of public buildings in our city is very low. There are very few hospitals, schools, cinemas, theaters, libraries, cultural centers, sports grounds, stadiums and playgrounds. There are still not enough commercial

buildings, administrative buildings, economic institutions and hotels. There are still many missing items. All this is not in keeping with a city acting as an economic center. In the future, there must be a big development of public buildings. We must reserve enough land for the gradual construction of the city. It is planned to extend the cultural and educational districts. In addition to the Tianjin University and Nankai University districts, a new district for higher education will be developed in the northwestern part of the city. The southern part of the city is reserved for secondary technical schools. The construction of cultural and educational districts will be integrated with the construction of scientific research centers and bases of design departments. We will gradually raise the cultural, scientific and technological levels of the people in Tianjin. We should also expand the commercial, financial and trading areas and readjust and rebuild Jiefang road and Heping road in order to revive financial and commercial streets and roads. Shengli road will be used for large buildings needed by domestic and foreign trade and public buildings for post and telecommunications, information, finance and other services. This will be the key part of the city that can reflect the face of the city. Places along the main traffic line between Tianjin and Tanggu will be kept for buildings for exhibitions and fairs. Places around Friendship road will be kept for an international conference center and for sightseeing. Places south of Water Park will be reserved for a large athletics center. Each district will have a gymnasium and a swimming pool and military physical culture, aeronautic and navigation clubs will be built in the suburbs. General hospitals, hospitals for specific diseases, cinemas, theaters, libraries and cultural centers will be evenly distributed throughout the city. We must preserve cultural and historical sites and buildings. We must fully utilize the natural features of the Haihe River, which passes through the city, strive to plant trees and grass along its banks and build parks there. The number of buildings in the neighborhood must be reduced. Museums, science palaces and children's palaces will be built along the river and the valuable historical buildings there will be restored and the railway square will be rebuilt. New hotels, service buildings and posts and communications buildings will also be built. The central square will be expanded. More recreation grounds will be developed. In this way, the banks of the Haihe River will become beautiful scenic spots symbolizing Tianjin. There will be many public buildings and parks in which the people of the whole city may study and rest.

/6. We will fully utilize the rivers in Tianjin's urban district and build a wide forest belt along the rivers in order to extend the natural environment from the suburbs to the city./ Twenty large and medium-sized parks will be built in the urban district. Small parks and lawns will be distributed all over the city. Greening work in residential areas and industrial districts will be linked together, integrating work in key points with that of the entire area. The percentage of plant-covered area will be expanded from 8 percent at present to 20 percent. The average public greened area per capita will be increased from 1.2 square meters at present to 3.4 square meters. This standard is still a far cry from the state's requirement of 10 square meters of public greened land per capita and over 30 percent of plant-covered

land. This will still not be able to maintain the ecological balance in the city. However, in view of the shortage of land in our city and the enormous number of buildings, it will not be easy to reach the above standard and it will be difficult to further extend the greened area. Therefore, we must control the scale of land use in the urban district, give protection to suburban agriculture, and cultivate around the planned central urban district a greened belt, 2-3 kilometers wide. We must plant more trees in forest networks and ensure that land for vegetables and fruit trees will not be used for other purposes. Within the greened belt, we will make use of pools, low-lying land and river beaches to build four big suburban parks in Nanwa, Houjiatai, Qujiadian and Nandian for workers and staff members and children to recuperate and rest. This is to compensate for the shortage of greened land in the urban district.

/7. City traffic and the structure of basic projects are signs marking the level of the city's modernization./ We must develop a complete system of main roads. It is planned to build 2 ring roads and 15 other roads radiating out of the city. The main roads will be 30-50 meters wide and the secondary ones will be 20-30 meters wide. This standard is rather low. If the number of motor-driven vehicles exceeds 150,000, traffic jams will still occur. Therefore, we still have to develop an underground railway and high-speed traffic systems. In the future, the main communication vehicles in our city will be public ones, supplemented by bicycles and taxis. The number of bicycles will be gradually reduced. The city's water supply and drainage systems will also be gradually improved. The three existing water plants will be expanded and two large ones will be added. Water treatment plants will be built at the outlets of the six drainage systems of the urban district to purify dirty water to be used for irrigating suburban farmland. Electricity will be supplied from the electricity network to the city with 220 kilovolt high tension wires. The transmission and transforming systems will be improved and underground cables will be used instead of wires on pylons. Posts and communications will also have to be developed and popularized with great efforts in order to raise the efficiency of posts and communications. A coal gas plant will be built and liquid petroleum gas and natural gas will also be used. Gasification will be popularized and the rate will be increased. Centralized heating will gradually be realized. Each district will build its own thermopower station to be supplemented with local boilers. Geothermal heat will be exploited and the structure of energy sources will be changed. The use of coal for heating will be replaced by the use of electricity and gas in order to reduce pollution in the city and to save energy.

Water supply is an important question that involves the continuous existence and development of our city. We will mainly strive to divert water from sources in other places, store up water in the city, develop new water sources and reduce the consumption of water. We will build our city into a water-saving one.

A plan for constructing and transforming Tianjin is being drawn up by the government under the leadership of the municipal CCP Committee. According to the target put forth by the Central Committee, by the end of this century,

the level of development of our national economy will only reach that of a "comparatively well-off family." We cannot expect that our city will soon catch up with highly-developed modern cities in the world. As long as the people of the whole city will arduously strive to construct our city, the target put forth by us is not difficult to reach. We will only proceed from our country's national conditions and strive to build it better in accordance with its own features. We will build our city into a medium-grade city which is conducive to production, convenient to live in, which pays attention to efficiency and which is clean and civilized.

CSO: 4006/600

BRIEFS

HUNAN HOUSING PROBLEMS--The Hunan Provincial CCP Committee and the people's government recently issued a circular on banning state cadres from building private houses illegally. The circular pointed out: a small number of leading cadres used their authority to seize the interests of the state, the collectives and the masses. They built private houses in the vicinity of towns and cities. This has a very bad influence. Since the transmission of the Central Planning Commission's circular and the provincial CCP Committee and the people's government's opinion on building houses for cadres and staff members, corresponding measures have been implemented to curb state cadres from indiscriminately building private houses. In order to curb the unhealthy trend, the circular clearly stipulated that all illegally built houses will be confiscated. The circular also pointed out that cadres who seize public land for private use will be punished according to party and government discipline. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 1 Aug 82 HK]

JILIN STAFF HOUSING--During the period between June 1981 to July 1982, 545 enterprises and establishments in Changchun Municipality, Jilin Province, have helped staff and workers build houses with a floor space of 101,000 square meters, solving the housing problems of 3,367 staff households. Each household occupied 30 square meters of housing on average. [SK031129 Changchun Jilin Provincial Service in Mandarin 2200 GMT 1 Aug 82 SK]

LIAONING URBAN HOUSING ACHIEVEMENTS--Over the past 3 years, Liaoning Province has made steady progress in urban housing projects. New urban houses in the province occupying over 18.35 million square meters of floor space are available. This is a 1.6-fold increase over that of the 10-year period from 1966-1976. More than 300,000 staff personnel, workers and resident households have moved into new houses. The province has appropriated over 3.12 billion yuan for urban housing construction. This is equal to the total for the 28-year period from 1950 to 1978. [SK111027 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 10 Aug 82 SK]

ZHEJIANG BUILDING TECHNIQUE--Departments concerned in Zhejiang Province recently decided to follow a proposal put forward by (Guang Hanchao), advisor of the provincial capital construction commission, on popularizing a new technique for building houses with hollow concrete bricks. The proposal aims to speed up residential housing construction in Zhejiang Province.

Comrade (Guang Hanchao) and other responsible comrades of the provincial capital construction commission jointly proposed to organize construction teams to assist research and production units to build a production line for the manufacture of hollow bricks. The production line is capable of producing hollow bricks equivalent to 28 million solid clay bricks annually, enough to build 150,000 square meters of housing. Comrades Tie Ying and Li Fengping recently approved and transmitted the proposal. The provincial planning commission and the provincial construction commission have decided to vigorously popularize this new technique. [Excerpts] [OW100229 Hangzhou Zhejiang Provincial Service in Mandarin 1030 GMT 8 Aug 82]

SHANDONG HIGHWAY BRIDGE--Jinan, 28 Jul (XINHUA)--One of Asia's largest prestressed concrete suspension bridges was recently opened to traffic in suburban Jinan, Shandong Province. Stretching over the Huanghe River, the bridge's 15,000-dun main roadway was suspended by 272 cables securely anchored at two 70-meter high towers on each end of the roadway. With a suspended span of 220 meters, the bridge boasts a new record in China's bridge building. The bridge was designed by Wang Shoushan and Wan Shanshan, engineers of the Shandong Communications Planning and Designing Institute. [OW100607 Beijing XINHUA Domestic Service in Chinese 0015 GMT 28 Jul 82 OW]

HEILONGJIANG CAPITAL CONSTRUCTION--In the past 3 years, a total of 234 local projects under construction have been cancelled or suspended in Heilongjiang Province, saving 782 million yuan of investments. Of these projects, eight were big and medium-sized ones, saving 308.84 million yuan of investments. As a result, the scale of capital construction has been controlled and many new changes have emerged in the economic structure. At the same time, the province made arrangements for 191 major projects, of which 88 single-item projects have been completed and put into operation. Since 1980, 9.5 million square meters of residences have been built in urban and rural areas, providing houses for 200,000 households. In the first half of 1982, investments covered by the provincial budget in capital construction accounted for 38.1 percent of the annual plan, an increase of 19.1 percent over the corresponding 1981 period. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 21 Jul 82 SK]

FUJIAN CAPITAL CONSTRUCTION--Fujian has invested 320 million yuan in capital construction during the first half of 1982, marking an increase of 26 percent over that in the corresponding period in 1981. A total of 93 capital construction projects have been completed including a runway for the Fuzhou airfield and the Changting cotton mill. During the first half of 1982, houses and buildings with a total floor space of 500,000 square meters have been completed. [Fuzhou FUJIAN RIBAO in Chinese 16 Jul 82 p 1 OW]

HEILONGJIANG BUILDING MATERIALS OUTPUT--In the first half of 1982, the output value of building materials produced by state-run building material industrial enterprises increased 4.5 percent over the corresponding 1981 period. The output of cement reached 1,437,000 tons, an increase of 17.3 percent. The output of plate glass was 535,000 crates and that of red bricks 1 billion, an increase of 28.9 percent and 12.5 percent respectively over the corresponding 1981 period. [SK180445 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 16 Jul 82 SK]

CSO: 4006/601

BRIEFS

HUNAN SMALL TOWNS GROWTH--Since the third plenary session, the more than 180 counties, prefectures and towns, as well as the more than 3,000 rural fairs in the district and commune seats of the province have become the political, economic and cultural centers of the rural areas. The economy of the rural areas has been enlivened. Since Nanjiang town of Pingjiang County has abundant scented timber, therefore, a plant has been established to manufacture scented-wood cases. The annual output value amounts to 400,000 yuan. Other collective and individual trades, service trades and traditional handicrafts have been developing rapidly in small towns. Furthermore, with the development of small towns, the employment problem has been solved to a certain extent. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 2 Aug 82 HK]

CSO: 4006/601

BRIEFS

HEILONGJIANG EXPORT TRADE FAIR--A 15-day export trade fair, held in Harbin, Heilongjiang, successfully concluded on 15 July. The volume of business reached $61 billion, showing an increase of 1.4 times over the planned target. Over 700 traveling traders from 20 countries and districts, including Japan, Singapore, Thailand, Pakistan, Australia, Switzerland, Italy, England, France and the United States, participated in this fair. Most commodities sold at the export trade fair were made of native products such as genseng, linen cloth, melon seeds and eucalyptus flour. The business volume of eucalyptus flour was over $10 million. [SK180445 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 15 Jul 82 SK]

LIAONING PORT EXPORTS--Dalian, 24 Jul (XINHUA)--Exports via Dalian in Liaoning Province, the biggest port in northern China, exceeded 2 billion U.S. dollars in the first half of 1982, 13.89 percent more than during the same 1981 period, according to port authorities. Of this 2.18 billion figure, exports to Japan came just under 1.28 billion U.S. dollars, up 4.76 percent over the same 1981 period. Exports to the United States were valued at 235.8 million U.S. dollars, more than double the figure for the same 1981 period. Exports to Hong Kong and Macao were 208.6 million U.S. dollars, up 5.1 percent. [OW250937 Beijing XINHUA in English 0727 GMT 24 Jul 82 OW]

SHAANXI TRADING COMPANY--Since its establishment in Xian last October, the Huaqin International Economic Cooperation Company has had contacts with 150 companies in Japan, the United States, Belgium and Iraq, and also with Hong Kong and Macao. Talks have been held on more than 100 items involving the textile, light, pharmaceuticals, electronics, machinery and metallurgical industries and their indigenous products. The company has signed 48 contracts for using foreign investment and 6 for providing labor services. In addition, 43 contracts have been signed for assembling and processing imported parts and raw materials for foreign customers. [HK220813 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 21 Jul 82 HK]

CSO: 4006/600

GENERAL

SHANXI VIEWS COOPERATION WITH COASTAL AREAS

HK091149 Taiyuan SHANXI RIBAO in Chinese 28 Jul 82 pp 1, 3

[Reporter's roundup: "New Developments in Technical Cooperation Between Shanxi and Coastal Areas"--passages within slantlines denote boldface]

[Text] There have been new developments in technical cooperation between Shanxi and coastal areas. From the beginning of last year to 20 July this year, the province has signed 156 contracts for technical and energy cooperation with Shanghai, Zhejiang, Jiangsu and Shandong. This is a gratifying step forward in integrating technology with the economy. It will play a positive and significant role in speeding up the province's development of industrial production.

Early in the 1960's, the province launched economic cooperation with some 10 provinces and municipalities, including Jiangsu and Zhejiang Provinces. However, they were mainly cooperation in the means of production. There was also a small amount of cooperation in the supply of the means of subsistence, and this cooperation was restricted to exchanges of commodities on a barter basis. During exchanges, both parties usually "disputed over trifles," "forced up commodity prices" and "imposed barriers." Thus there are fewer and fewer channels to promote mutual benefits. Since the state council issued a circular in 1981, calling for the interior areas to learn from the advanced experiences of coastal areas, the first secretary of the Shanxi Provincial CCP Committee Huo Shilian and the provincial CCP committee secretary Wang Kewen have led a delegation to Beijing and Tianjin to carry out economic and technological investigations. At the same time vice provincial governors Wang Maolin and Yan Wuhong led a delegation to the provinces and municipalities in the east China region to investigate and study their technology and economy. At the same time, Jiangsu, Zhejiang, Hubei, Shandong provinces and Tianjin Municipality also sent delegations led by vice provincial governors to discuss technological and energy cooperation with our province. As a result, there have been new developments in the province's cooperation work, and purely cooperation of material has changed to cooperation of productive technology and then to cooperation in finding channels to raise funds. The following are some specific forms of cooperation.

/Raising funds to promote compensation trade./ The coastal areas, which are industrially prosperous, will supply technology, equipment and capital to our province in order to help carry out industrial remolding and to establish enterprises, while our province will, in return, give them coal for a fixed period of time. At present, various localities of the province have proposed 53 projects to raise funds and to carry out compensation trade with Zhejiang and Jiangsu provinces. A total of 500.3 million yuan of capital is involved in these proposals, which will be compensated by 47.686 million tons of coal. This year, Yanbei Prefecture has arrived at an agreement for technological and energy cooperations with Suzhou Prefecture of Jiangsu Province. Suzhou Prefecture will help Yanbei Prefecture build some cardigan, knitting, silk fabric, carpet, food and white cement plants, provide plant equipment and help train the technological forces. Moreover, Suzhou Prefecture has invested more than 10 million yuan of interest-free capital in Yanbei. Yanbei Prefecture will pay Suzhou Prefecture back with coal within 3 years.

/Promoting joint ventures and dividing the profits according to a fixed percentage./ The Qixian prefectural glass plant and Jinghua glass plant of Qingdao in Shandong Province have promoted economic and technological joint ventures. Of the post-tax profits, the Qixian glass plant will get 70 percent, while Qingdao will get 30 percent.

/Inviting other provinces to provide help in all fields./ This method has been used in many enterprises. According to incomplete statistics, from the beginning of 1981 up to June this year, Shanxi Province had invited some 600 engineers and technicians from Shanghai, Jiangsu, Zhejiang, Beijing, Tianjin, Shandong and other provinces to pass on their valuable experiences, help the enterprises promote production technology, improve skills and share their experiences in strengthening management of enterprises. In turn, our province has supplied a certain amount of coal to these provinces and municipalities. In February this year, the No 2 light industrial bureau of Linfen Prefecture invited the technical and administrative personnel of six trades including the garment, hat and leather shoe trades from the No 2 light industrial bureau of Nantong Municipality in Jiangsu Province to pass on their valuable experiences to 11 counterpart enterprises of the prefecture. This has strengthened the weak links in production, and significant results have been scored after a few months. The No 2 light industrial bureau of Linfen Prefecture has supplied some coal to Nantong Municipality.

/Sending people to learn production technology and enterprise administrative work from the advanced enterprises./ From the beginning of 1981 to June this year, our province has sent some 700 plant directors, engineers, technicians and workers to learn from counterpart enterprises in fraternal provinces and municipalities in a systematic manner and with emphasis on key points in accordance with the actual situation of the enterprises so as to solve the major problems in production. Some enterprises have sent their staff members and workers out several times until they have mastered the advanced technology.

/Moving plants and signing contracts to supply goods./ Wuxi and other municipalities have proposed giving our province the equipment, for producing carbon, ammonium and calcium carbide that has stopped operation due to a shortage of energy, for producing carbon, ammonium and calcium carbide, while our province should supply them with chemical fertilizers and raw materials. This is a good method for solving the problem of nergy shortage and for reducing the rail freight volume of coal in the province.

/Establishing contact with institutions of higher education and launching technological cooperation./ Qixian tungsten filament plant has signed a long-term technological agreement with Beijing nonferrous metal research institute. According to the agreement, the tungsten filament plant will supply workshops, equipment, capital and other essentials while the research institute will help the Tungsten filament plant to improve the performance of products and to manufacture new products. The patent rights will be shared by both parties.

/Implementing commodity and economic cooperation./ The province will trade coal for light and textile industry raw materials such as timber, small steel products and chemical industry materials. In 1981, more than 60 commodities of different varieties, valued at 110 million yuan, have been traded through economic cooperation. This year, it has been planned to use 65 commodities of different varieties, valued at more than 130 million yuan, for economic cooperation. At the same time, coal will also be traded for industrial products which people need for daily use, such as sewing-machines, bicycles, grain, aquatic products and seeds.

By developing various forms of technical cooperation and cooperation in energy exploration, our province and coastal areas learned from each other's strong points and offset their own weaknesses, helped supply each other's needs based on the principle of mutual benefit, and have thus enlivened the economy and speeded up the economic development of both sides. Such cooperation has played an important role in accelerating the technical reform which is under way in the enterprises of our province, in improving the product quality, increasing designs and varieties, lowering production costs, increasing profit, enhancing the economic returns and so on. Sixteen small chemical fertilizer plants distributed in Jinzhong, Yangquan, Linfeng, Yixian, Luliang and other prefectures and municipalities have already entered into technical cooperation with their counterparts, who possess relatively advanced technical levels, in Jiangsu, Zhejiang and other provinces and thus changed their backward appearance, made up deficits and increased surpluses. The Yangquan city chemical fertilizer plant entered into technical cooperation with the Suqian County chemical fertilizer plant in Jiangsu Province. After a few months' joint efforts, the former managed to increase the monthly output of ammonium carbonate by nearly three times, and reduce the consumption of coal used to produce every ton of ammonium by 47 percent. Thus it made up the former deficit of 66,000 yuan per month, increased the profit to 240,000 yuan per month, and cast off the label of a long-standing loss-maker. When 20 enterprises of the textile trade throughout the province established a

cooperative relationship with their counterparts in various coastal provinces and municipalities, they managed to greatly improve the product quality and increase their designs and varieties. The five plants in Changzhi Municipality which cover color weaving, silk weaving, spinning and ribbon manufacturing, bleaching and dyeing, children's wear and so on entered into cooperation with their counterparts in Suzhou. Now, they have production capacity of more than 1.5 million meters of jacquard and thick silk quilt. Having learned embroidery techniques from Suzhou Municipality, they can now produce 50,000 to 80,000 pairs of embroidered pillowcases a year. The Changzhi sewing machine factory, the Taiyuan bicycle factory, the Taiyuan light bulb factory and other light industrial enterprises also raised their administrative and technical levels with the help of the technicians of the same trades in Shanghai and Tianjin. Now, the quality of bicycles, sewing machines, light bulbs and other light industrial products have further improved. In this way, they have scored instant results.

Recently, the responsible people of the provincial government reported to the responsible people of the State Council on the progress of the economic cooperation and technology between Shanxi Province and Jiangsu and Zhejiang provinces. The responsible people of the State Council remarked that Shanxi Province had created a good form of cooperating with other provinces in the actual work. Shanxi Province provided coal to other provinces in terms of "compensation trade." This can help to enliven the economy of several provinces. Shanxi Province should make use of this opportunity to help the work forward. We must pay attention to improving our work and summing up experiences. At present, what we need is to make the best use of the situation, give full play to the strong points and eliminate the shortcomings, and bring technical cooperation into line with the overall plan. Considered from the present circumstances, in order to promote technical and economic cooperation well, our province has to strengthen leadership and carry out centralized and unified administration, and take the improvement of the economic returns as the key link. We must make sure that every cooperative project will have a bright prospect; that the production will be increased, quality will be improved, and production costs will be lowered. We must maintain well the comprehensive balance in planning, bring the cooperation projects into line with the state plan; and in particular, we must guarantee the fulfillment of the coal transport plan. We must attach more importance to technical reform than capital construction; and the stress must be placed on the reform of the existing enterprises. As for cooperation in exploring energy resources, we must stick to the principle of equality and mutual benefit. However, because there are more problems with relatively important bearing on policies as far as the pooling of funds, the establishment of enterprises, the joint operation of enterprises, and the ability of enterprises to expand are concerned, we still have to carry out careful studies, and work out feasible plans and measures, so as to push ahead with the healthy development of cooperation in exploring energy resources.

CSO: 4006/601

BRIEFS

HAINAN PREFECTURE ECONOMIC ACHIEVEMENTS--To date, Hainan Li-miao Autonomous Prefecture has 3,062 facilities for drawing and storing water with a storage capacity of 708 million cubic meters. These guarantee that 950,000 mu of fields can be irrigated. The autonomous prefecture has built 335 large and small hydroelectric stations, the installed capacity of which is 40,000 kilowatts. Since the second half of 1980, the autonomous prefecture has vigorously developed grain production, the production of tropical crops with rubber as the main crop, forestry, animal husbandry and fishery. The autonomous prefecture's total output of grain in 1981 was 800.67 million jin, which was 12.5 percent more than in 1980. The total industrial output value in the fourth quarter of 1981 was 8.48 percent more than in the same period of 1980. The total value of local industrial output of the autonomous prefecture in the first half of this year was 55.84 million yuan, which was 26.2 percent more than in the corresponding period of last year. Regarding communications and transport, over the last 2 years, the autonomous prefecture has extended Sanya port and added two 5,000-ton wharves. The autonomous prefecture is building 11 roads in mountainous areas, the total length of which is 182 kilometers. The autonomous prefecture has rebuilt 19 bridges and built 109 kilometers of asphalt roads. The length of the region's roads open to traffic is some 6,000 kilometers, some 700 kilometers more than in 1978. Over the last 2 years, 7,056 people in urban areas in the autonomous prefecture who were awaiting employment have been employed. In 1981, commune members' per capita income was 147 yuan, the total amount of rural commune members' savings was 28.97 million yuan and their average per capita savings were 23.55 yuan. [HK110827 Haikou Hainan Island Service in Mandarin 0330 GMT 8 Aug 82 HK]

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END

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China Report

ECONOMIC AFFAIRS

No. 261

ENERGY: STATUS AND DEVELOPMENT -- VIII

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27 August 1982

CHINA REPORT

ECONOMIC AFFAIRS

No. 261

ENERGY: STATUS AND DEVELOPMENT -- VIII

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NATIONAL POLICY

PROPOSAL TO COORDINATE DEVELOPMENT OF COAL, NUCLEAR POWER DISCUSSED

Shanghai SHIJIE JINGJI DAOBAO in Chinese No 83, 10 May 82 p 1

[Report: "Major Topics Cropping Up in China's Energy Construction"]

[Text] In view of the shortage of coal in East China and the lack of funds on the part of the state, China should coordinate its investments in the generation of electricity by coal and nuclear power and coordinate repayment terms so as to achieve the dual purpose of building commercial nuclear power stations in East China and at the same time exploiting the coal mines north and south of the Huai River. This is the major topic presented in the outline of the energy policy for East China recently worked out by the East China Regional Committee of the China energy society. Pei Lisheng and Hua Logeng, vice chairmen of the China Scientific and Technical Association, invited experts and responsible members of the Ministry of Coal Industry, the Ministry of Water Conservancy and Power and departments concerned to hold a discussion. They unanimously held: This beginning made by China in carrying out overall planning and taking such factors as technology, economics and management into consideration has embodied the concept of the 10 major economic policies of the Central Committee.

According to investigations, there will be an enormous gap in coal and electricity in the East China region by the 1990's. Therefore, while giving priority to the development of the limited hydroelectric resources in the region, it is necessary at the same time to build commercial nuclear power stations. Introducing relevant technology and key installations, manufacturing complete sets of equipment inside the country by stages and replacing coal with nuclear power will not only contribute to solving the problem of the gap in coal supply in the 1990's, but also will be of important strategic significance in basically reducing East China's consumption of coal and petroleum in the coming century and popularizing nuclear power throughout the country from the nuclear power manufacturing base in East China.

A contradiction has cropped up between the high cost and long period required for the construction of nuclear power stations and the lack of funds on the part of the state. However, if the method of coordinating management with overall planning for coal and nuclear power is adopted, this contradiction can be properly resolved. With the money raised through joint ventures, we will require about 8 to 10 years to build coal mines with a total production

capacity of 6 million tons a year in the mining region north and south of the Huai River. We can make use of the export of coal to compensate for the foreign investment in nuclear power. The construction of two 900,000-kilowatt nuclear power stations will also require 8 to 10 years. When completed they can produce 12 billion units of electricity, replace 6 million tons of coal and produce a net profit of several hundred million yuan. This, in turn, can be used to pay back domestic investments in coal mines and nuclear power stations. In this way, after a certain time, we can also alternately pay back all domestic and foreign investments in coal and nuclear power. By coordinating investments and repayment terms, supporting nuclear power with coal and replacing coal with nuclear power, we can simultaneously develop the two sources of energy at the same time without increasing the burden of the state. This will create the situation of a favorable cycle of using less and less coal for the generation of electricity and producing more and more coal to appear in East China.

This important topic is being jointly studied with the experts concerned in Beijing and East China under the leadership of the three experts Hua Logeng, Tao Hengxian and Yang Jike. They are now working on a feasibility report. The first round of discussions is scheduled to be held in the near future, and a formal report will soon be made to the State Council.

CSO: 4013/105

NATIONAL POLICY

ENERGY SHORTAGE LAID TO POOR MANAGEMENT, UNREALISTIC PLANNING

Beijing ZIRAN BIANZHENGFA TONGXUN [JOURNAL OF DIALECTICS OF NATURE] in Chinese Vol 4, No 1, 1982, pp 2-4

[Article by Huang Zhijie [7806 1807 2638] of the Energy Research Institute of the State Energy Commission and the Chinese Academy of Sciences: "Analysis of Our Nation's Energy Shortage"]

[Text] Since the founding of New China, we have relied on our nation's energy resources to build a relatively large-scale energy industry. Now, we can provide regular energy equivalent to over 600 million tons of standard coal each year. This has provided an important material foundation for developing industry and agriculture and for living. Of the energy produced in our nation, more than 95 percent is used to satisfy the needs of domestic production and living needs, and we are basically self-sufficient. Therefore, when the worldwide energy crisis occurred, our nation's supply of energy was not affected.

But for a long time in our nation's supply of energy, we only considered satisfying the needs to develop industry and agriculture. We seldom considered satisfying the energy needs of urban and village residents in quantity, variety and quality. Therefore, throughout the nation, nearly half of the farm families lack firewood 2 to 6 months out a year. The lack of firewood for energy needed for daily living in the farm villages averages about 3 months out of the year throughout the nation, and the energy needed by farmers for living cannot be basically guaranteed. In electric power, one-half of the production brigades throughout the nation do not have electricity. There are many cities that are supplied a fixed quantity of coal for living use, and the shortage has to be made up by their own means. The use of convenient and clean coal gas or liquefied petroleum gas and such high quality energy does not exist. Power supply is often interrupted, and this has affected students' studies and the development of cultural life. In winter, heating for houses has always been supplied at a low level. During the season when heating is needed, a fixed amount of coal is supplied per square meter of area and use is contracted. Therefore, it is very difficult to reach the level of heating required for healthy conditions.

Especially in recent years, a serious shortage has emerged in the energy supply. Even the normal development of industry and agriculture cannot be guaranteed. Because the supply of petroleum and natural gas cannot satisfy

the needs, a relatively large portion of the petrochemical industry cannot develop its productive capabilities. In 1979, the state supplied an average of only 67.24 kilograms of diesel fuel per horsepower annually to the farm villages. Calculating at consumption rate of 200 grams of fuel per horsepower-hour by a diesel eng. this is only enough for farm machinery to operate 33.8 shifts of a ten-hour shift. Machinery for field operations cannot fully develop its function. The development of the electric power industry does not have a corresponding guaranteed supply of coal. The insufficient supply of electricity has hindered industries and enterprises at many places in fully developing their productive capabilities.

The shortage in the supply of energy has brought about a series of serious consequences in national economic development. For example:

1. The Natural Ecological Environment Has Been Damaged

In the farm villages, because of a long period of fuel shortage, forest vegetation has been destroyed, causing soil erosion and causing the soil to become sandy, and such natural disasters as winds, sandstorms, drought and aridity have occurred frequently. According to surveys, the area of soil erosion throughout the nation has increased from 1.16 million square kilometers at the beginning period of liberation to the present 1.5 million square kilometers. Each year, 5 billion tons of surface soil are eroded. The region of most serious soil erosion in the middle reaches of the Huanghe extends from Longmen to Hequ. Each year, over 1.6 billion tons of sand and mud flow into the Huanghe. The desert area has increased from 1.6 billion mu to 1.9 billion mu. The area covered by forests has been gradually reduced year after year, and the natural ecological environment has been severely damaged.

2. The Development of Agriculture, Forestry and Animal Husbandry Has Been Affected

The supply of commercial fuel used for living in the farm villages is limited. Including coal, kerosene and electricity, it constitutes about 14 percent of the total amount of energy used for living in these villages. At present, most of the farmers burn stalks and firewood for cooking food and cooking feed. But from the viewpoint of comprehensively utilizing bioenergy, this is a serious waste of resources. Direct burning of stalks utilizes only a very small part of the energy contained in living organisms. Some potassium fertilizers are left in burnt ash while a large amount of organic matter and nitrogen and phosphorus which are nutritional elements of plants are burned away and destroyed. Inappropriate use of bioenergy has caused a shortage of fuel, feed, fertilizers and light industrial raw materials in the farm villages. Stalks cannot be returned to the fields. The nutrients and organic substances in the soil cannot be replenished, and soil fertility has dropped year after year. When reclaiming the Northeastern region, the content of organic matter in the soil was as high as 5 percent or more. At present, it has dropped to 1 percent to 2 percent. The content of organic matter in inland soil is less than 1 percent. The yield of agricultural crops and the amount of stalks could not increase. The development of livestock production also was limited because of insufficient feed grasses. Every year many regions plant disappearing forests. The distance from logging sites is becoming greater and

greater. Raw materials provided for light industries cannot be guaranteed. The development of agriculture, forestry and livestock production has all been affected.

3. The Development of Productive Capabilities of Industries Has Been Affected

In modern society, a production process cannot be realized without energy. In recent years, because of the insufficient supply of petroleum, coal and electricity, the productive capabilities of a fairly large number of industries and enterprises cannot be fully developed. Especially because estimates of the output of petroleum was too high and the supply of crude oil to newly built oil refineries was insufficient, the oil refining capability could not be fully developed. The productive capabilities of newly built petrochemical plants have accumulated because the supply of petroleum and natural gas as raw materials was insufficient. Some regions shut down industries to resist drought and ordered industry to give way to agriculture. Some regions had to alternate the use of electric power because the amount of electric power for industry itself was not enough. In regions most lacking in electric power, the methods of "operating 3 days and shutting down for 4 days" and "operating for 4 days and shutting down for 3 days" were used to solve the problem of insufficient electric power. As a result, a large number of industries and enterprises did not operate sufficiently, and this caused a great waste of manpower, materials and capital.

4. Revenue of the State Has Been Affected

Costs for fuel to generate power constitutes a relatively small proportion of the total cost of production in most industries except the electric power industry. According to foreign statistics, the average for all industries is 5 to 6 percent. It is the lowest for light industry, only 0.9 percent. It is 3 to 4 percent in the machinery manufacturing industry, 7 to 10 percent in the chemical industry (not including raw materials), and 13 to 14 percent in the iron and steel industry. This shows that the loss to the national economy due to an insufficient supply of energy is about 8 to 100 times the value of energy itself. The prices of our nation's industrial products are relatively high. The price of energy is relatively low, and this multiple relation will enlarge. Thus, because of a reduction in energy supply, industrial production has dropped, and this has seriously affected state revenue and it has further affected the capital for expanding reproduction. The rate of national economic development will surely slow down.

Our nation has rich energy resources and it is a socialist nation. Implementation of a planned economy should not cause an energy shortage, and a serious energy shortage should not emerge. The reasons for today's situation, we believe, are the following:

We have not grasped well the laws of proportional economic development according to plan. In the overall balance of national economic development, we did not arrange well the projects to develop energy. The period of construction for energy production has been relatively long. Take the development of coal as an example. Building a large mine requires about 10 years, and building a

coal base requires an even longer time. Building large hydroelectric power stations and large oil fields all require about 10 years. If these energy development projects are not arranged early, then when the time comes, we will not be able to catch up with the needs of increased consumption of energy brought about by industrial and agricultural development.

Second, the departments that consume energy have developed too quickly, causing the proportion of energy consumption in the national economy to become imbalanced. Several years ago, every locality built a group of factories and enterprises that could be built quickly, that required less investment and that could produce large economic gains, such as machinery processing plants, textile mills and chemical plants. Even though at the time there already was a shortage in the supply of energy and the fuel needed by these factories to generate power could not be guaranteed, they were still built blindly. The localities were not willing to invest capital in energy construction projects which required a long construction period, more investment and which produced poor economic results. As a result, the energy shortage became more and more outstanding.

The third point was that estimates of the output of petroleum were too high. Under the influence of lofty goals, too many oil refineries, too many chemical plants that used petroleum and natural gas as raw materials and too many energy consuming equipment that used petroleum were built, thus deepening the conflict between petroleum supply and demand.

The fourth was that several years ago, under the influence of the extreme leftist line, some coal mines caused an imbalance in stoping and tunneling in order to seize high output, create high goals and multiply increases in output. There were also many deficiencies in production safety. They must be readjusted during these few years, and the output during these few years will surely be affected.

The fifth was poor management and wasteful use of energy. Our nation's energy production ranks fourth in the world, but the amount of consumption ranks third in the world. The amount of energy used is not small. According to the present level of economic development and the living standard of the people in our nation, if this amount of energy is rationally and effectively utilized, such a serious shortage should not have occurred. But because of the low standard of management in the process of energy production, conversion, transportation and utilization, attention was not paid to conservation and results, and the use of energy was wasteful. Especially in some factories and enterprises which have a high profit margin or whose energy cost constitutes a lesser percentage of the total production cost, the use of energy is much less emphasized, and this has worsened the degree of shortage in the energy supply.

Because the energy industry did not arrange appropriate new construction projects during the previous period, and because of insufficient capital to carry out more energy development at present, therefore, over a relatively long period in the future, energy output will not be able to increase by a large scale. But the national economy hopes to maintain a definite rate of development. Under such an energy situation, how can we solve present and future energy problems? We can consider taking the following measures:

1. The basic road of solving the energy problem is to enlarge the scale of energy resources and increase the output of energy. If this problem is not solved, it will affect the energy supply around the year 1990 and the rate of national economic development at that time. Therefore, we must pay attention to this point. We must strengthen prospecting of energy resources, obtain reliable energy reserves, do preparatory work for developing hydroelectricity, and suitably increase investment in the development of energy.

2. The method to solve the energy problem in the near term is to reduce energy consumption and push the economy forward. Energy conservation should be regarded as a priority. Because of poor management, because technical equipment is backward, and because the use of energy is irrational in our nation, there is a lot of waste in the utilization of energy. Many results have been obtained during these few years in energy conservation. The potential of energy conservation is not small. In addition, conservation of energy frequently follows the progress in strengthening management, technological progress, renovation of equipment, reduction of environmental pollution, and actually, this is progress towards modernization.

3. The economic structure should be gradually readjusted, and the amount of energy consumption per unit production value should be reduced. For a long period, our nation has followed a policy of national buildup emphasizing industry and neglecting construction of living facilities. Therefore, since the founding of the nation, the proportion of heavy industry rose year after year. In 1978, heavy industry constituted 57 percent of all industries while energy consumption per 100 million yuan of production value in heavy industry was four times that of light industry. Appropriately adjusting the ratio of heavy and light industries can reduce energy consumption per unit product. This can be done without increasing energy consumption. The production value of the national economy can be increased, the market can become prosperous, people's life can be improved, state revenue can be increased, and further development of the national economy can be stimulated.

4. Economic policies and energy policies favorable to energy conservation should be established. Foreign nations generally believe the price of energy serves a very important function in energy conservation. The practices after the energy crisis abroad proved this point. Many of the prices of coal, oil, electricity and gas in our nation are irrational, and they have had a detrimental effect on the development and conservation of energy. To develop and conserve energy well, we must rationally readjust the prices of energy products. Besides prices, we must also establish economic policies favorable to energy conservation such as making favorable loans and reducing taxes. Also, we must establish energy policies and laws for the rational utilization of energy, stop wastefulness, and improve the rate of effective utilization of energy.

5. Various types of natural energy should be developed to solve the energy problem in farm villages. At present, the energy resources in farm villages that can be massively developed and utilized are mainly the stalks of agricultural crops, firewood, small hydroelectric power, small coal ovens and solar energy. Because of the effects of climate, topography and other natural conditions, there are regional differences in the variety and in the quantity

of energy resources in farm villages, and regional distribution of resources is very uneven. Therefore, to solve the energy problem in our nation's broad number of farm villages, the main effort is not to rely on the state to provide a massive amount of commercial energy, but to suit measures to local circumstances, and to develop many forms of natural energy according to the characteristics of the local energy resources.

9296
CSO: 4013/48

HIGH-SPEED COMPUTERS HELP DEVELOP ENERGY RESOURCES

Beijing GUANGMING RIBAO in Chinese 2 May 82 p 2

[Article: "Our Nation Successfully Develops a High-Speed Computer Suitable for the Development of Energy Resources"]

[Text] According to a report in SCIENCE NEWS, the Computer Technology Institute of the Chinese Academy of Sciences and the Research Institute of the Geophysical Prospecting Bureau of the Ministry of Petroleum cooperated and jointly developed successfully a high speed computer--150 series machine that can process vectors (meaning a physical unit that has both magnitude and direction, such as force, velocity etc.). It has been installed at the Research Institute of the Geophysics Prospecting Bureau of the Ministry of Petroleum and has been used.

This 150 series machine is compatible with the 150 machines produced domestically. It utilizes the main memory of the 150 computer and its peripheral equipment. It can perform 57 types of operations. The highest computational speed is 14 million times per second. It is especially suited for energy prospecting and development work which require massive vector computations. Compared to other high-speed vector computers being developed domestically, this kind of computer has a higher processing efficiency, and it is more suitable for processing seismic data in prospecting for petroleum. Compared to certain number sequence machines imported from abroad, it can solve some problems that the imported machines cannot solve. It can also be used in other scientific and technical fields that require massive vector computations, such as: signal processing of atomic reactors, processing sound signals, satellite image processing, simulation of machinery systems, power network simulation and vibration and structural analysis, etc.

The 150 series machine has a short development cycle and its economic gain is good. The Research Institute of the Geophysics Prospecting Bureau of the Ministry of Petroleum began to use the 150 series machine to prospect for petroleum in the ocean and to perform contract work beginning this year. Preliminary estimates show that in one year, it can save the nation more than US$500,000 in foreign exchange. The efficiency and precision of the machine are high, stable and reliable. When processing horizontal superposition, the highest processing efficiency is 7 times that of the 150 computer. The quality

and precision of processing are both higher than those of the 150 computer. When processing excursions of two-dimensional wave equations, the processing efficiency is three times that of the imported CYBER172 computer. Their quality and precision of processing are equivalent.

9296
CSO: 4013/79

WORK ON SHANXI SEGMENT OF DATONG-BEIJING ULTRA-HIGH-TENSION LINE BEGUN

Taiyuan SHANXI RIBAO in Chinese 6 May 82 p 1

[Article by Hui Quan [1920 3123]: "Construction Has Started on the Shanxi Segment of Our Nation's First Highest Voltage Transmission Line"]

[Text] Construction of the Shanxi segment of our nation's first highest voltage transmission line from Datong to Beijing's Fangshan with an ultrahigh transmission voltage of 500,000 volts officially began on 27 April.

The ultrahigh voltage transmission line of 500,000 volts from Datong to Fangshan traverses a total length of 296 kilometers. The line starts from the Datong Second Power Plant in our province to the Fangshan substation in Beijing. The line passes through our province's Datong City, Datong County, Yanggao County, Guangling County, Hebei Province's Wei County, Yi County, Zhuo County, and enters Fangshan County in Beijing Municipality. The whole line is divided into the eastern segment and the western segment. The line inside Hebei Province and Beijing is the eastern segment. Construction is done by the Beijing Power Transmission and Transformer Engineering Company. The 103 kilometers of the line inside Shanxi constitute the western segment and it is constructed by our province's power transmission and transformer engineering company.

The whole power transmission line is hung overhead by steel towers. Power transmission capacity is 1 million kilowatts. After completion of the line, the strong current generated in the Shanxi coal base will be transmitted along the line continuously to the Beijing, Tianjin and Tangshan power network. This will guarantee the supply of electricity for agricultural production and people's lives in the North China region, especially the supply of electricity for the capital. It will also serve greatly to improve the quality of power supply to the power network.

This 500,000-volt ultrahigh voltage transmission line is the transmission line with the highest voltage in our nation at present. To build this line with high quality and quickly, the party committee of the province's Power Transmission and Transformation Engineering Company has carried out a lot of preparatory work since last year. Right now, the workers are in a fighting mood and are exerting all efforts in the construction work. They are determined to complete the task satisfactorily by the end of next year.

9296
CSO: 4013/79

BRIEFS

BAOGANG THERMOELECTRIC POWER PLANT--The thermoelectric generator with the largest capacity installed by ourselves in our nation--the Baogang Power Plant's first 350,000-kilowatt generator--will soon join the network and generate electricity. It will become the first project of the Baogang General Plant to realize economic benefits. Although it was the first time that the construction units subordinate to the East China Power Construction Bureau had participated in the construction of such a large generator, they daringly overcame the difficulties and daringly used many new techniques, new technologies and new materials. Construction of the entire generator progressed smoothly and they created a new path for building large power stations in our nation. The Baogang Power Plant uses a new automated system of computers to monirot and control operations. The degree of automation is the highest among all power stations in the nation. [Text] [Shanghai WEN HUI BAO in Chinese 30 Apr 82 p 1] 9296

CSO: 4013/85

LIAONING POWER PROJECT--In Liaoning, the project to increase the voltage of the Anshan power grid from 44 to 66 kilovolts was completed at the end of May. The transmission capacity of the power grid has increased 30 percent, and 27 million kwh of electricity will be conserved each year. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 19 Jun 82 SK]

HEILONGJIANG POWERPLANT--To alleviate the power shortage in the central and western parts of Heilongjiang Province, the state has recently approved construction of a new powerplant--the Harbin No. 3 power plant--in Shulan County. This project has been listed in this year's capital construction plan. Electricity has been in seriously short supply for the last few years. In the first stage of this project, two 200,000-kilowatt generating units will be built with the joint funds of the state and the locality. This year some 9 million yuan of investments are projected to make preparations for the construction, which will start next year. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 22 Jun 82 SK]

JILIN'S ELECTRICITY IMPROVES--Thermal power throughout Jilin Province fulfilled the semiannual target 13 days ahead of schedule. By 17 June, thermal power plants across the province generated 4.4 billion kwh of electricity, fulfilling over 50 percent of the annual target. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 23 Jun 82 SK]

SHANDONG POWER PRODUCTION--Despite serious shortages of water and fuel, power departments in Shandong Province have made utmost efforts to produce as much power as possible to support rural antidrought efforts. In the first 5 months of this year they supplied 1.32 billion kwh of electricity to rural areas, an increase of over 30 percent over the 1981 level. Because of shortages of water and fuel, power generators with a combined capacity of 400,000 kilowatts have been unable to operate. [Jinan Shandong Provincial Service in Mandarin 1100 GMT 11 Jun 82 SK]

QINGHAI SUBSTATION--The largest substation is under construction in Huangyuan County, Qinghai Province. This substation with a capacity of 330 kilovolts is a subsidiary project of the Longyangxia power station. Responsible construction units are arranging personnel and technicians to work at the construction site. [Xining Qinghai Provincial Service in Mandarin 1100 GMT 28 Jun 82 SK]

CSO: 4013/121

POWER TRANSMISSION LINE--Hangzhou, 30 Jun (XINHUA)--A 220,000 volt power transmission line, part of the East China power grid, was put into operation today. The line, 204 kilometers long, extends from Changzhou City in Jiangsu Province to Xiaoshan City in neighboring Zhejiang Province, running somewhat parallel to the 220,000-volt Changzhou-Hangzhou line. Both lines stretch across densely populated areas in East China with expanding industry and agriculture. A 300,000-kilowatt power generating unit now being installed in the Jianbi power plant in Jiangsu Province will add to the power supply of the East China power grid. Another 220,000-volt transmission line is being put up in southern Zhejiang Province to incorporate the Taizhou power plant, now under construction, into the grid. [Text] [Beijing XINHUA in English 1839 GMT 30 Jun 82 OW]

FUJIAN POWERLINE--Fuzhou, 1 Jul (XINHUA)--A 2-kilometer high-voltage power transmission line across a portion of Xiamen Harbor has been carrying electricity normally from Fujian on the mainland to Xiamen Island since it began operation in late March, according to the Fujian Provincial Power Department. Construction of the line was aimed at increasing power supply for the Xiamen special economic zone and Xiamen City, the department said. Through the line is supplied more than 20 times as much electricity as [provided by] the single small thermal power plant on the island. Its midpoint is an islet, called Huoshao. The line was erected in less than 6 months and was cited by the Ministry of Water Conservancy and Power for its high quality. It was designed and built by Fujian power technicians and workers. [Text] [Beijing XINHUA in English 0710 GMT 1 Jul 82 OW]

CSO: 4010/10

JILIN POWER TRANSMISSION LINE--The Provincial Power Transform and Supply Construction Company built another 500,000-volt superhigh tension power transmission line between Yuanbaoshan and Jinzhou. After a year of construction, the line was put into operation on 2 June. It is expected that the line will enable the Yuanbaoshan power plant to give fuller play to its equipment, improve the structure of the Dongbei power grid and promote industrial and agricultural production. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 4 Jun 82 SK]

HUNAN POWER TRANSMISSION LINE--Another 220,000-volt high-tension power transmission line has been erected in Hunan Province. On 13 May, this line began transmitting electricity. This line begins at the (Fengtan) hydrolectric power station in west Hunan, passes through Yuanling, Taoyuan, Changde, Taojiang and Yiyang counties, and joins the big power grid at the Yiyang transformer station. Its total length is 238 km. This transmission line is one of key projects in this province. This line can supply a 100,000-kilowatt load to central Hunan from the (Fengtan) hydroelectric power station and the amount of power able to be transmitted is 2.2 million kilowatt-hours. It will be beneficial to alleviating the situation of the short supply of power and to promoting the development of industrial and agricultural production in central Hunan. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 17 May 82 HK]

HUBEI ELECTRICITY OUTPUT--Hubei Province overfulfilled its quota for electricity output for the first quarter of this year by 9.6 percent. The installed capacity of hydroelectric power stations in the province is greater than that of thermal power stations. To raise economic results, electric power departments in the province have taken measures to stop some thermal power generation units operated by oil and coal and to replace them with hydroelectric power stations. The consumption of coal for generating each kilowatt-hour in the first quarter of this year was 10 grams less than the planned consumption. As a result, the province saved 14,000 tons of raw coal. The three generation units of the Gezhouba power plant have been put into full operation. In the first quarter, the Gezhouba power plant generated 800 million kilowatt-hours and the province thus saved some 170,000 tons of coal. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 8 Apr 82 HK]

JILIN ELECTRIC POWER OUTPUT--Jilin Province generated over 2.38 billion kwh of electric power output in the first quarter, a 6.8 percent increase over the corresponding 1981 period. The province also prefulfilled the quarterly production plan by 1 day. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 1 Apr 82 SK]

HUNAN ELECTRICITY OUTPUT--Electric power departments in Hunan Province overfulfilled their quotas for electricity output for the first quarter of this year. Provincial subordinate power plants generated some 2.23 billion kilowatt-hours, 150 million kilowatt-hours more than the quota for electricity output and 10 percent more than in the corresponding period of last year. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 7 Apr 82 HK]

CSO: 4013/102

FIRST PHASE OF PEARL RIVER PLAN SLATED FOR COMPLETION BY YEAR 2000

Guangzhou NANFANG RIBAO in Chinese 20 Apr 82 p 1

[Article: "State Capital Construction Commission Officially Approves Comprehensive Development of Pearl River Basin, Scope of Development Includes Flood Prevention, Navigation, Irrigation and Power Generation. Among the Projects, the Development of Hydroelectric Resources of the Hongshui River Is the Key Measure To Solve the Problem of Electricity for Guangdong and Guangxi"]

[Text] The plan for the comprehensive development of the Pearl River Basin proposed by the original Water Conservancy Ministry was officially approved by the State Capital Construction Commission recently and the plan was determined to be an important part of developing the national territory. From the sixth to the tenth of this month, the Pearl River Water Conservancy Committee of the Ministry of Water Conservancy and Electric Power held a meeting of concerned departments of the six provinces (regions) of the river basin and established a coordination group to coordinate the plans for the Pearl River Basin. Work was clearly divided, the schedules were coordinated, and the plan was being drawn up with intensified efforts. It is planned that after the first phase of construction is completed by the year 2000, flood prevention, navigation and irrigation in the whole river basin will visibly improve and the capability to generate electricity will be greatly improved.

The Pearl River is a large river in our nation's southern part. It crosses the six provinces (regions) of Yunnan, Guizhou, Guangxi, Hunan, Jiangxi and Guangdong and the basin covers 450,000 square kilometers. The hydroelectric resources of the Pearl River are very rich. The installed capacity of the power resources that can be developed reaches 24 million kilowatts. Now, only 7 percent has been developed and utilized. Bazi Prefecture of Nanpanjiang and the lake regions at the upper reaches, the Yujiang, Yinjiang and Xunjiang Plains in the middle reaches and the Pearl River Delta at the lower reaches are all important commercial food grain bases and regions of economic crops of Yunnan, Guangxi and Guangdong. The scope of development includes flood prevention, navigation, irrigation, electricity generation and other comprehensive utilizations. Rational development and utilization of hydroelectric resources of the Pearl River, elimination of the harmful and development of the beneficial all have important significance in the economic development of each of the provinces (regions) of the river basin. If the hydroelectric

resources of the Hongshui River in Guangxi are developed, the installed capacity can reach 10 million kilowatts, and the annual output of electricity can be 50 to 60 billion kwh. This is a key measure to solve the problem of electricity in Guangxi and Guangdong. The navigational channel for 1,000-ton vessels from Guangzou to Nanning in Guangxi enables the coal in Guizhou to be supplied continuously to Guangzhou. Dredging the Xijiang and the Beijiang will guarantee the safety of Guangzhou City in flood prevention and at the same time it will greatly reduce damage by floods and waterlogging of nearly 10 million mu of farmland in the Pearl River Delta.

At present, those participating in surveying, designing and planning for the Pearl River basin include the Pearl River Committee and its subsidiary Xijiang Bureau, engineers and technical personnel of the water conservancy, electric power and navigational departments of the six provinces (regions), and engineering and technical personnel from the South Central Surveying and Designing Institute, the Northeast Surveying and Designing Institute, the Kunming Surveying and Designing Institute of the Water Conservancy and Electric Power Ministry, the Surveying and Designing Institute of the Ninth Engineering Bureau, and the Institute for Planning and Designing Navigation and Shipping of the Ministry of Communications. They will finish drawing up the entire plan for the development of the whole river basin by the end of 1984 and they will select the first phase projects for construction. It is planned that construction of the first phase will be completed by the year 2000.

9296
CSO: 4013/90

EXPERIENCE IN THE PLANNING OF COMPREHENSIVE USE OF THE HONGSHUI RIVER

Beijing NENGYUAN [JOURNAL OF ENERGY] in Chinese, No 1, 25 Feb 82 pp 8-11

[Article by Weng Changpu [5040 7022 3302] of the Kunming Prospecting and Design Academy of the Ministry of Electric Power]

[Text] The Hongshui River is the main trunk of Xijiang of the Zhujiang River system. It flows from the Yunnan-Guizhou Plateau into the Guangxi Basin. Rainfall is abundant. The falls are concentrated, and the reserve of hydraulic energy is very rich. After the founding of the nation, all of the hydroelectricity designing academies conducted massive surveys and carried out designing and planning work. At present, what is known as the hydroelectric base of the Hongshui River involves ten hydroelectric power stations including Tianshengqiao in the upper reaches and Datengxia in the lower reaches (See planning diagram).

The main trunk of the river from Tianshengqiao to Datengxia extends 937 kilometers. The total fall is 756.5 meters. The average flow at Datengxia over many years is 4,210 cubic meters/second. The total installed capacity of the ten step power stations can reach 11 million kilowatts with an annual power output of 50 to 60 billion kwh, equivalent to a large coal base with an annual output of 30 to 40 million tons. This area is an important energy base that the South China region, which has a greater shortage of mineral and fuel resources, can rely upon. Recently, the National Energy Commission and the State Planning Commission jointly held a meeting to review the plans for the Hongshui River. The meeting came to the correct conclusion in its review and this will surely push forward the work of developing the Hongshui River.

Several experiences in the work of planning for the Hongshui River are discussed in the following.

I. River Planning Must Handle the Relationship Between Hydroenergy Resources and Land Resources

Our nation has a monsoon climate. The arid and wet seasons are clearly separated. The runoff of the 12 rivers has great seasonal differences. The runoff of the Hongshui River from May to October constitutes 82 percent of the total runoff of the year. The runoff during the dry season constitutes only 18 percent. To effectively utilize hydroenergy resources and at the same time

satisfy the demands of other aspects of comprehensive utilization, we must build reservoirs to regulate runoff.

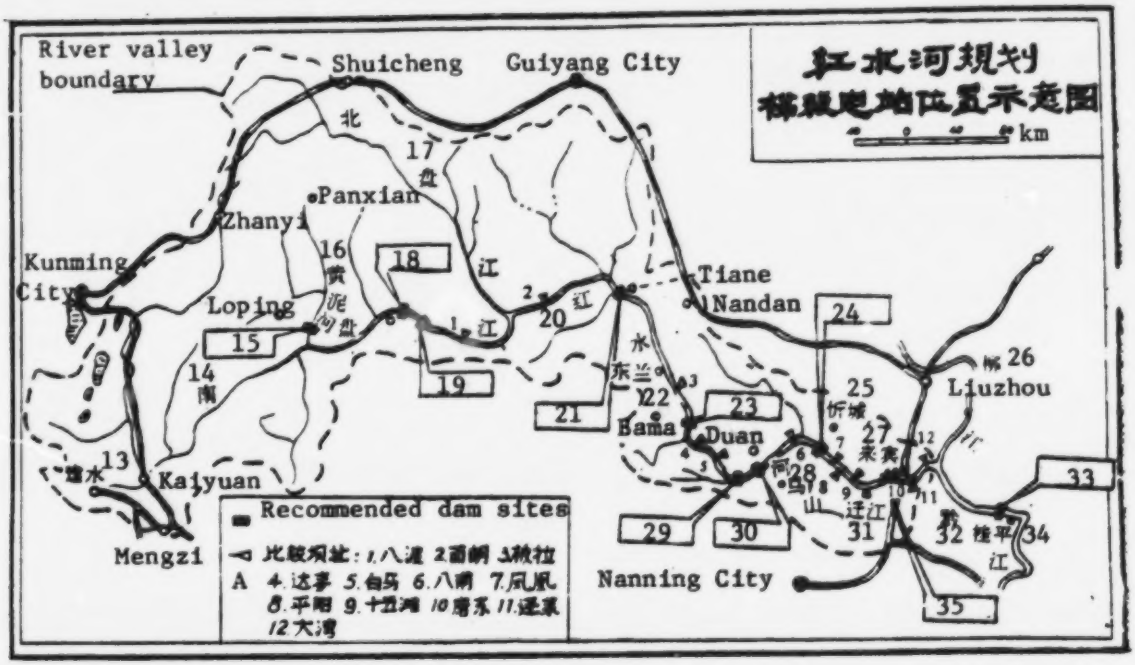
At the end of the 1950s and the beginning of the 1960s, we drew up plans for the Hongshui River, but at that time, too much emphasis was placed on the gain from developing the benefits and eliminating the shortcomings. The method of development using few step stations and a high dam reservoir was followed. This plan basically flooded all the county towns and plains along the river. Such a plan is not possible to realize.

Plans drawn up at the beginning of the 1970s used the method of building many step stations. All of the hydroelectric power stations were of the low waterhead runoff type. Compared to the previous plan, this plan has an installed capacity and a power output of 40 percent and a guaranteed output of 20 percent. Because the river bed is narrow and the variation in water level is large, the least waterhead necessary during the flooding season is lost. None of the power stations could generate electricity, and they become redundant capacities in the power system while the investment per kilowatt is higher than that of the previous plan by more than threefold. Therefore, this plan is also not feasible.

To handle the relationship between hydroenergy resources and land resources, we must carry out comprehensive technical and economic proofs. Building a reservoir on flat topography and on steep slopes and in mountain valleys will bring about big changes because of the flooding of land and the relocation of the population. Reservoirs must occupy land, but plans must start out from the comprehensive economic gain so that the least amount of land is occupied while the maximum amount of electricity is generated and the maximum amount of gain is realized in comprehensive utilization. The topographical conditions along almost the entire segment of the Hongshui River are suitable for building high dam reservoirs. But the mountains are high and the valleys are deep at the upper reaches, the geological conditions are good, there are few people, and building a tall dam and large reservoir to regulate flow can increase the guaranteed output and electricity of each step power station along the entire river. The geological conditions of the middle and lower reaches are poor and the regions are densely populated. If a high dam and large reservoir are built, the loss from flooding will be great and the gain from regulation by the reservoir will be about the same. Therefore, the current plan calls for building combined step power stations at the upper reaches, building two high dams and multiple-year regulatory reservoirs at Tianshengqiao and Longtan, and building additional steps and low dams and reservoirs with less regulatory functions along the river segments of the middle and lower reaches. In such a plan, the installed capacity and the amount of electric power output are all greater than the plan drew up during the 1950s, and the requirements for comprehensive utilization can be appropriately satisfied. Loss due to flooding can be reduced by three-fourths to one-third.

In our nation's regions where large and medium sized hydroelectric power stations are being built, generation of an average of 100 million kwh of electricity requires flooding 740 mu and evacuating a population of 560 persons.

The several major power stations and reservoirs of the hydroelectricity base of the current plan for the Hongshui River have been appropriately selected, therefore, the size of the population to be evacuated and the area of land occupied are smaller, as shown in the table.



Sketch Map of the Sites of the Step Power Stations in the Hongshui River Plan

A. Comparative dam sites

1. Badu
2. Bailang
3. Banla
4. Damai
5. Baima
6. Bafu
7. Fenghuang
8. Pingyang
9. Shiwutan
10. Modong
11. Penglai
12. Dawan
13. Jianshui
14. Nanpan River
15. Lubage
16. Huangni River
17. Beipan River
18. Tianshengqiao
19. Pingban
20. Hongshui River
21. Longtan
22. Donglan
23. Yantan
24. Etan
25. Xincheng
26. Liu River
27. Laibin
28. Mashan
29. Dahua
30. Bailongtan
31. Qianjiang
32. Qian River
33. Datengxia
34. Guiping
35. Qiaogong

Comparison of the loss due to flooding and the annual output of electricity of the major steps on the Hongshui River

Name of power station	Normal water level	Annual output (100 million kwh)	Farmland flooded (mu)	Farmland flooded per 100 million kwh (mu)	Resettled population	Population resettled per 100 million kwh
Tianshengqiao	780	135	27060	200	25100	186
Longtan	400	186	55000	296	64000	344
Yantan	223	80	29156	364	37565	469
Datengxia	57.6	70.6	25877	367	47755	676
Total		471.6	137093	291	174420	370

Note: The Tianshengqiao hydroelectric power station includes the indices of the two hydroelectric power stations of the Basuo low dam and Bapan high dam.

II. River Plans Must Handle the Master and Slave Relationship Among the Goals of Development and Stress the Economic Results of Investment

Past river plans customarily were drawn up for comprehensive utilization -- i.e., adhering to the guiding principle of multiple goal development. Single goal and multiple goal development should all be determined by the natural characteristics of the river or the river segment and the socio-economic situation of a definite period in related areas. Clarifying the main goal and considering other appropriate gains so that state investment can realize the best economic results are an important subject in planning.

The section of the Hongshui River above Qianjiang has a valley topography and there is no need for flood prevention. The cultivated land is scattered and there are no relatively concentrated irrigated regions. River traffic has never been heavy. The legnth of this section constitutes over 80 percent of the river segment included in the plans. The reserves of hydraulic resources are very rich. This review meeting has determined that the plan for the Hongshui River mainly for power generation while concurrently serving flood prevention, irrigation and navigation is indeed practical.

There was once a plan to develop the Hongshui River for the single purpose of navigation. The Etan flood gate and dam, the river's first dam, was a dam for navigation. During the past 10 years, several tens of millions of yuan have been invested but the gain has been very small. The section beyond Etan has always served regional navigation. Because the river channel is steep and because most of the river bed is of limestone, there are many dangerous sections. Gaokantan above Beipanjiang is a natural obstacle that is difficult to pass. These major bars, as their names imply, are seen everywhere and navigators fear them. The Hongshui River contains a lot of sand. After building the Etan dam, annual silting in the navigational channel of the upper and lower reaches of the dam amounts to over 1 meter. Except for about 10,000 tons of annual agricultural, sideline and mountain products, there are no sources of staple commodities being transported on the river segments of the middle and upper reaches. The difference in water level between the flooding and dry periods is very large. At some places, the difference is more than 50 meters, and the conditions for building wharves are difficult. Even after completing each step of the plan, there could only be inner lakes between mountains and waterways. If the Longtan reservoir is used as a shipping center, the water level may drop by 70 to 80 meters and the difference in altitude of the topography around the reservoir can be over 1,000 meters. It would be very difficult to build facilities for shipping. Therefore, consideration of the navigational benefit of the Hongshui River should emphasize the lower reaches. The design of the Datengxia hydroelectric power station should include and demonstrate an appropriate scale of navigational and shipping facilities.

The segment of the Hongshui River below Qianjiang is a karst region. An irrigated region was once built here. Because the cultivated land does not retain water and the cost of water is high, it seems that the area of farmland that can retain water should not be enlarged.

The segment below Qianjiang in Guangxi requires flood prevention. But since the year 996 AD when record-keeping began, there has not been any trace of

The procedure of developing the step hydroelectric power stations on the Hongshui River has been changed several times. In the plans drawn up at the end of the 1950s, the first phase of construction recommended was the last step hydroelectric power station at Datengxia. At the time, Datengxia used a high dam and large reservoir. Its regulatory function was good and it was also near Guangzhou City which had a shortage of electricity. At the time, this seemed rational. In the plans drawn up at the beginning of the 1970s, Datengxia's water level dropped from 75 meters to 45 meters. The regulatory function was very poor. It could not generate electricity during the period of flooding. As a result, the medium scale Dahua hydroelectric power station at the middle reaches was selected. Several years ago, consideration was given to developing the Tianshengqiao and Longtan hydroelectric power stations as the first phase construction after Dahua. At the time, the major consideration was to supply electricity to nearby Pingguo. Longtan is the key project serving a control function along the whole river segment. When it is developed, the whole system will become active. Because its reservoir capacity is large, its completion can improve the conditions of construction and operation of the step power stations in the lower reaches, and it can improve the guaranteed output, the annual amount of electricity and the quality of electric power of the step power stations. Consideration was also given to matching the development of Datengxia by following Longtan. The advantages are that transportation is convenient, the construction site is wide and it is near Guangzhou. In recent years, because of national economic readjustment, and because the scale of the Longtan hydroelectric power station is large, the investment is large, the construction period is long, the technology is complex, it was decided to delay the construction of Longtan. As Longtan was being delayed, the Datengxia hydroelectric power station also lost its precondition as the project to be developed during the first phase. Recently, it was decided to develop the high dam at Tianshengqiao and the low dam hydroelectric power station at Tianshengqiao first. The scale of these hydroelectric power stations correspond to the needs of increased loads in Guangdong, Guangxi and Guizhou.

The Tianshengqiao hydroelectric power station is to be built in phases. The first period of construction will utilize the concentrated fall at Leigongtan. A low dam will be built at Basuo and a tunnel will be built for an installed capacity of 800,000 kilowatts. The second phase of construction will be the building of the high dam at Bapan to realize a regulatory reservoir capacity of 6.8 billion cubic meters, expanding the low dam hydroelectric power station at Basuo to increase the installed capacity by 440,000 kilowatts. The installed capacity of the high dam of the second phase will be 1.08 million kilowatts. The total installed capacity will be 2.42 million kilowatts, the guaranteed output will be 1.15 million kilowatts, and the annual electric power output will be 13.5 billion kwh. This also enables the power stations that have already been built at Etan and Dahua and other power stations to be built to gain from compensatory regulation next only to that which would be provided by Longtan and to increase the guaranteed output and annual electric power output. At present, relatively full preparations have already been made for the first phase construction of Tianshengqiao (it is a delayed construction project). Although it is far away from the load center, the straight line distance from Guangzhou is only 1,000 kilometers. This is rational in view of the present power transmission technology and economic buildup. Generally speaking, in the procedure to develop the step hydroelectric power stations on

the Hongshui River, the major step stations at Tianshengqiao, Longtan, Yantan, Datengxia should be built before other step stations. After Tianshengqiao has been developed first, the later order will not remain unchanged. When full operation begins, we still have to conduct technical and economic proof according to the situation.

IV. Plans of the Hydroelectricity Base Must Dynamically Affect the Development of the Electric Power System

The procedure of developing the hydroelectricity base is limited by regional economic development and also stimulates regional economic development. Some nations of the world that have rich hydroenergy resources, such as Canada and Brazil, import ore in sand form for smelting (products that consume a large amount of electric power). Actually, this is exporting energy. Guizhou and Guangxi have rich resources of nonferrous metals. Providing them with inexpensive electric power will promote the development of this type of enterprises.

The planning of the electric power system involves mainly the selection of the localities of the power source and planning the backbone power network to be installed. In the South China region where there is a shortage of minerals and fuel, the focus should be on hastening the development of Hongshui River. The characteristic of hydroelectric and electric power is seasonal unevenness, and necessary thermal power plants must be provided as an auxiliary. But, we must not simply utilize the difference between the installed capacity and the guaranteed output and build thermal power plants to balance it. To increase the proportion of hydroelectricity in the electric power system, we should pay attention to the following factors:

First. When building hydroelectric power stations, we must reduce the redundant capacity that cannot be utilized for long periods. We can study construction in phases and installing generators in phases. For example, the final scale at Dahua is 600,000 kilowatts but we first install 400,000 kilowatts.

Second. We must conscientiously study future load characteristics. At present, the proportion of electric power used for living in our nation is very small, for example in Guangxi it constitutes about 4 percent. But, as production develops and as the people's standard of living rises, the proportion of electricity consumption for living will increase day by day. Industrial production in the South China region has undergone a definite degree of self-readjustment because of the long period of shortage of electricity due to the dry seasons. For example, inspection and repair of equipment and vacations for workers have been partially arranged during the dry season. If the policy of seasonal pricing of electricity is implemented for several products that consume a lot of electricity so that seasonal electric power can be utilized to realize seasonal production, and so that the redundant capacity in the electric power system can be reduced. This should be an important economic policy in the development of hydroelectricity that we should study.

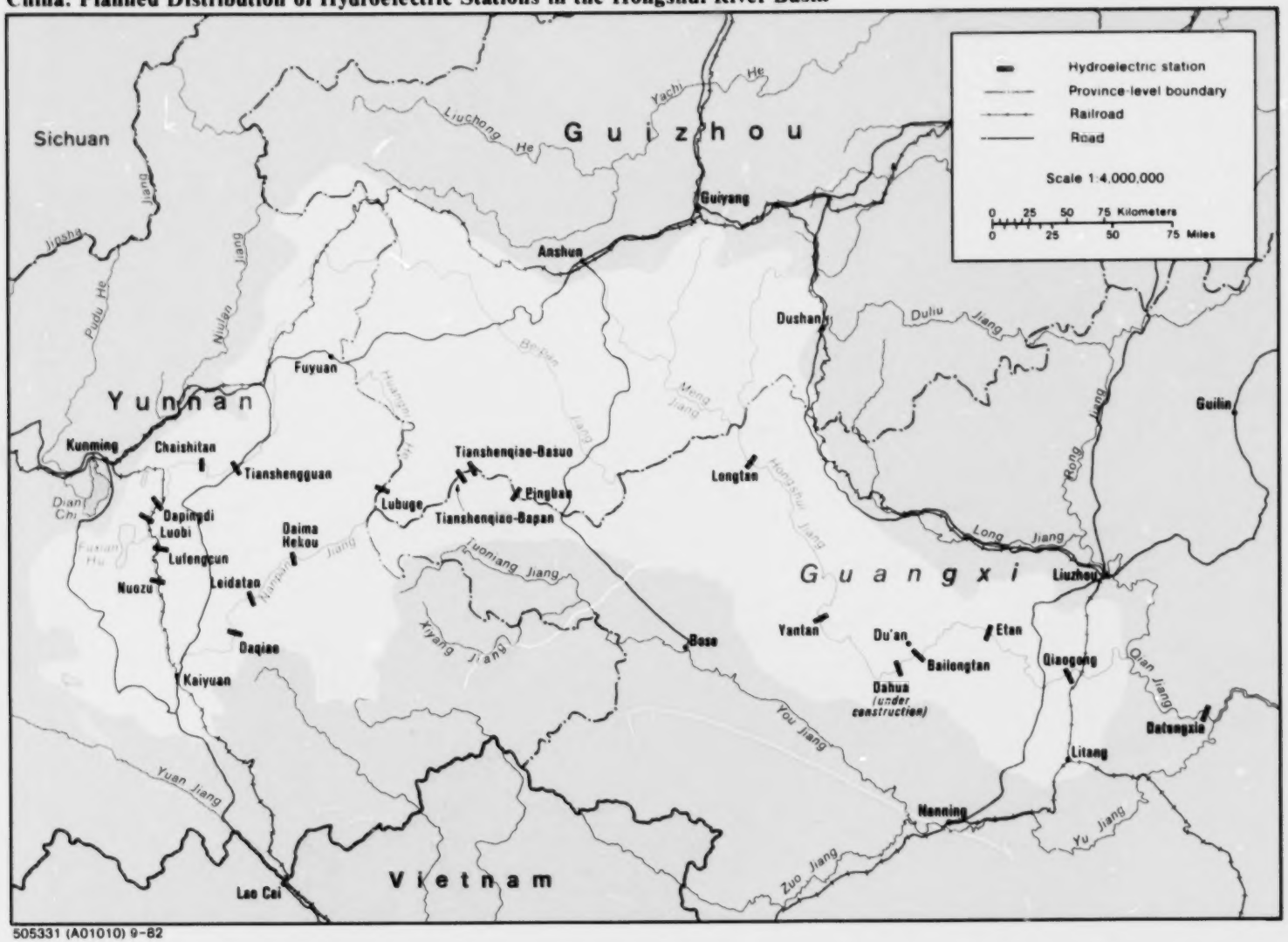
Third. The Tianshengqiao hydroelectric power station is only 80 kilometers from the Lubuge hydroelectric power station now being built and it is 120 kilometers from Pan County. After the ultrahigh voltage power transmission line from Tianshengqiao to Guangzhou and Guangxi is completed, it should be connected to

the network with Lubuge and the Pan County thermal power plant. In this way, during the abundant water period, hydroelectricity can be transmitted to the east. During the dry season, coal from Liupanshui Prefecture can become electricity to be sent to the east. Fully utilizing existing power transmission lines is more economical than shipping coal to Guangdong and Guangxi to generate electricity. Tianshengqiao should be considered as a hub of hydroelectricity and coal fired electric power to be sent to the east.

Building the South China power network according to the above ideas with future prospect of connecting it with the Yunnan and Guizhou power network is a problem worth studying.

9296
CSO: 4013/75

China: Planned Distribution of Hydroelectric Stations in the Hongshui River Basin



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WORK RESUMES ON TIANSHENGQIAO--KEY HONGSHUI RIVER PROJECT

Guiyang GUIZHOU HUABAO in Chinese No 3, 1982 pp 15-22

[Article: "Work Starts on Tianshengqiao Hydropower Project"]

[Text] This year, work has been resumed on the Basuo power station of the two-step Tianshengqiao hydroelectric complex. The Tianshengqiao hydroelectric project is an important part of the Hongshui River cascade development plan and one of China's large-scale hydropower projects now under construction.

The upper reaches of the Hongshui River are known as the Nanpan River, which belongs to the Xijiang River system of the Pearl River drainage basin. Its source is at Maxiongshan in Yuanna's Zhanyi County and after meeting the Huangni River at the juncture of the three provinces of Yunnan, Guizhou, and Guangxi, it flows into Guizhou, forming the border between that province and Guangxi. From there it meanders eastward to Wangmo County. Here it meets the Beipan River after which it is called the Hongshui River. The Hongshui River, because of its large volume of water, is referred to as one of China's "mother lodes" of hydro-energy resources. From Tianshengqiao on the Nanpan River to Datengxia on the Qianjing River there is a drop of some 750 meters over a distance of 1,050 kilometers. Approximately 11 million kilowatts can be harnessed for an average yearly output of more than 50 billion KWH. With this kind of potential, the Hongshui River can play a vital role in the development of the economy of Guizhou Province as well as the economies of Guangxi and Guangdong provinces and have a major impact on easing the criticial energy resources situation in South China.

In order to better develop and utilize the abundant hydro-energy resources of the Hongshui River, the State Planning Commission and the State Energy Commission last year jointly convened a meeting to investigate the Hongshui River plan.

Here, the policies, programs and sequence of developing the Hongshui were subjected to thorough technical and economic analyses until there was a consensus to concentrate first on the development of hydropower to be followed by flood control, navigation, irrigation and aquatic products in a comprehensive utilization policy. Also agreed upon was a development program for Tianshengqiao, Pingban, Longtan, Yantan, Dahua, Bailongtan, Etan, Qiaogong and Datengxia. Of these, Tianshengqiao Bapan, Tianshengqiao Basuo and Pingban

are within the boundaries of Guizhou Province. The conference also proposed that work would resume this year on the Tianshengqiao Basuo (lower dam) hydroelectric station while preliminary work would be done on the Tianshengqiao Bapan (upper dam) so that construction can begin in the "Sixth Five-Year Plan."

The left end of the Basuo power station dam is located in Anlong County, Guizhou Province while the right end is situated in Longlin County, Guangxi Province. The power station is 230 kilometers from Guiyang, 380 kilometers from Nanning, and 820 kilometers from Guangzhou (as the crow flies). Two kilometers upstream from the dam is the original "Tianshengqiao" ["Natrual Bridge"], carved out by the river, from which the dam gets its name. Three kilometers below, at the famous Leigongtan, the riverbed drops precipitiously and the water roars like thunder; there are many shoals and rapids over a 10-kilometer stretch and there is a natural drop of 180 meters. With this rich natural resource, hydropower developers have for some time had their eyes on the river. Since 1954 the plans for the river basin have placed a priority on the Basuo hydropower station of the Tianshengqiao.

The Basuo power station makes use of a concrete gravity dam 58 meters high [and 464 meters long], with power being generated by means of water diversion. Tunnels 9 meters in diameter and 11.34 kilometers in length bored into the right bank bring water to the generator building through [three] high-pressure pipes. The generator building is lcoated on the right-hand, downstream side of the dam. Initially, four turbine generators in the generator building will have a capacity of 880,000 KW, or an average power output of 4.83 billion KWH a year; it will eventually house six generators with a total capacity or 1.32 million KW for an average annual output of 8.2 billion KWH.

Since the reservoir capacity of the Basuo lower dam power station is fairly small (only 26 million cubic meters), the average power output during the low water season is only 190,000 KW. This requires an additional power station--the Bapan high dam--to make full use of the tremendous natural drop of the Leigongtan and increase the power output during the low water season. The Tianshengqiao Bapan (upper dam) power station is located on the upstream side of the lower dam at a distance of 4 kilometers from it; it has a height of 185 meters and a reservoir capacity of 8.85 billion cubic meters. Six turbine generators will be installed for a total capacity of 1.08 million KW; guaranteed output is 420,000 KW, or an average annual output of 5.3 billion KWH. The Bapan power station's reservoir has the further advantage of being able to regulate the downstream volume of water and guarantee power output for the cascade hydroelectric stations on the lower reaches of the river. Of these, it can augment the Basuo power station's independent output of 190,000 KW in a combined operation of 730,000 KW. In order to reduce the State's economic burden and on the basis of the characteristics of the hydropower resources of this stretch of river, the State has opted for an interlocking, overlapping system. Construction time will be 6 to 10 years.

The total installed capacity for the two-step Tianshengqiao hydropower complex will be 2.4 million KW with a guaranteed output of 1.15 million KW, or an average yearly output of 13.5 million KWH. At the end of the second year after the high dam goes on stream, the income from the two stations' power generation

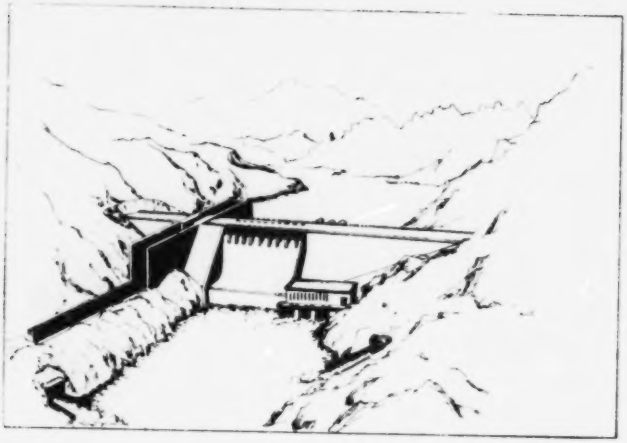
can earn enough for the final investment. After the Tianshengqiao two-step hydropower complex is built, not only will Guizhou's industrial and agricultural production be ample, a powerful current will be fed into the South China power grid and power will be supplied to Guangxi and energy-starved Guangdong, assisting sister provinces and regions in the building of the four modernizations.

Engineering and technical personnel of the 9th Hydroelectric Engineering Department, Survey and Planning Institute, Ministry of Water Conservancy and Power make on-the-spot inspection on the Nanpan River during early phase of the project (August 1973).

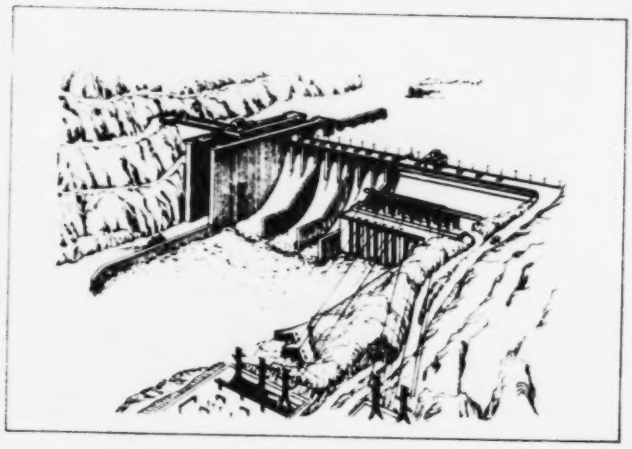
Drilling in the middle of the river.

Leigongtan--the first big rapids on the upper reaches of the Nanpan River. This 10-kilometer stretch of the river has many shoals and rapids with a natural drop of 181 meters, a rich waterpower resource made use of by the Tianshengqiao Hydroelectric power complex.

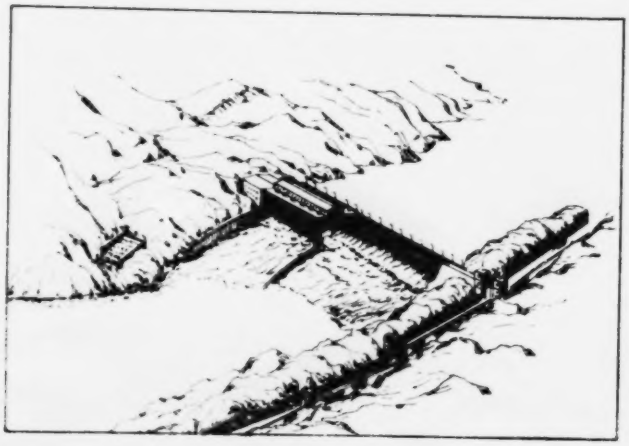
Drilling machinery bores holes on axis of the dam.



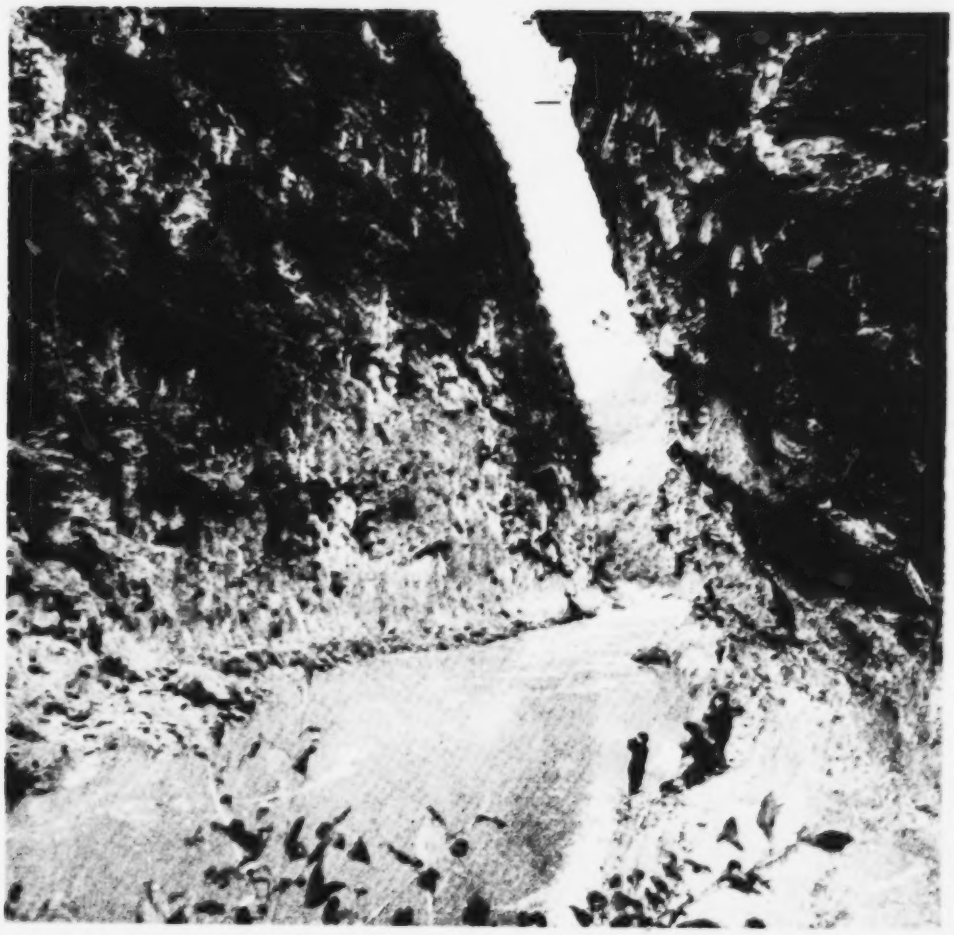
Longtan hydroelectric power station



Yantan hydroelectric power station



Datengxia hydroelectric power station



The famous Tianshengqiao ["Natural Bridge"] Gorge on the Nanpan River, for which the Tianshengqiao hydropower complex is named.

Geologists work day and night conducting surveys in the tunnels.

Site of the Tianshengqian upper dam.

CSO: 4013/138

ETAN HYDROPOWER PROJECT SPURS INDUSTRIAL, AGRICULTURAL GROWTH OF REGION

Beijing MINZU HUABAO in Chinese No 1, 1982 pp 26-27

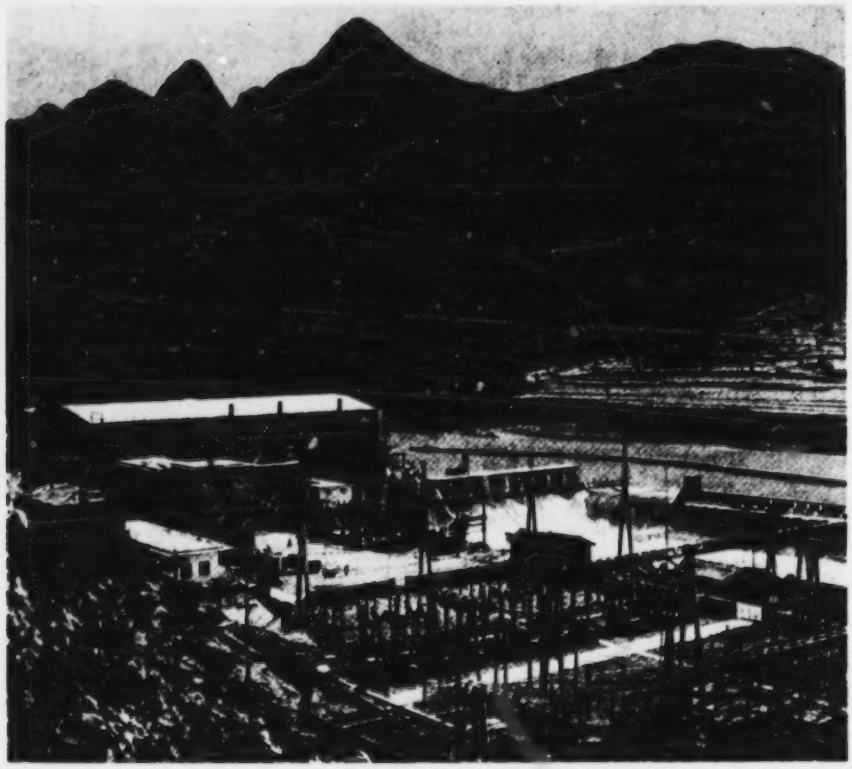
[Article: "The 'Jewel' on the Hongshui River"]

[Excerpts] Located in Hongdu commune, Xincheng County, Guangxi Zhuang Autonomous Region, on the middle reaches of the Hongshui River, the Etan hydroelectric power station was begun in 1977 and completed and began to generate power in April 1981. The Etan hydroelectric power station is a run-off type, low waterhead medium-sized power station. It has an installed capacity of 60,000 KW for an average yearly power output of 328 million KWH.

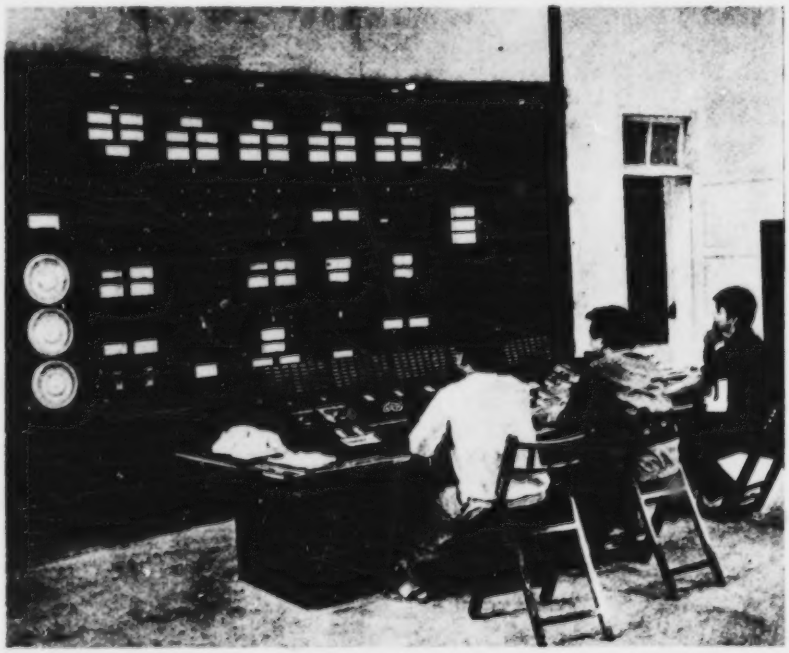
The main structure of the Etan hydroelectric power station includes a water diversion canal, a water intake gate, a main machinery building and a switching station. The main machinery building is located on the downstream side of the dam on an overhanging cliff. With a construction area of only 5,000 square meters, work was very difficult due to the restricted work area and transportation problems.

By strengthening construction management and promoting technical innovation, some 670,000 yuan were saved for the state and construction time was accelerated. This assured the completion of the construction and installation of the main parts of the project according to timetables and design requirements.

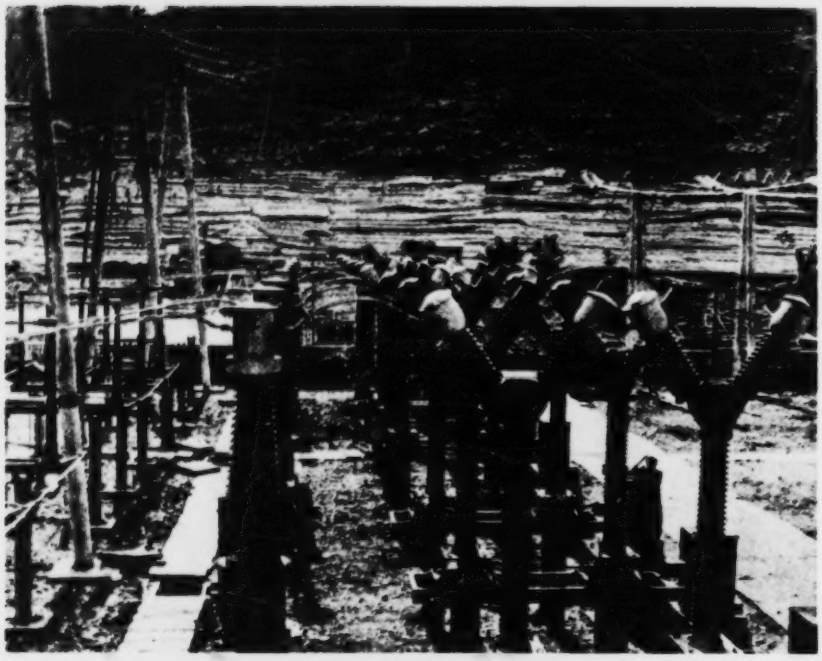
The successful construction of the Etan hydroelectric power station marks another step in amassing experience in the harnessing of the Hongshui River. The project will have a major impact on the growth of industry and agriculture in Guangxi and on the buildup of the minority regions.



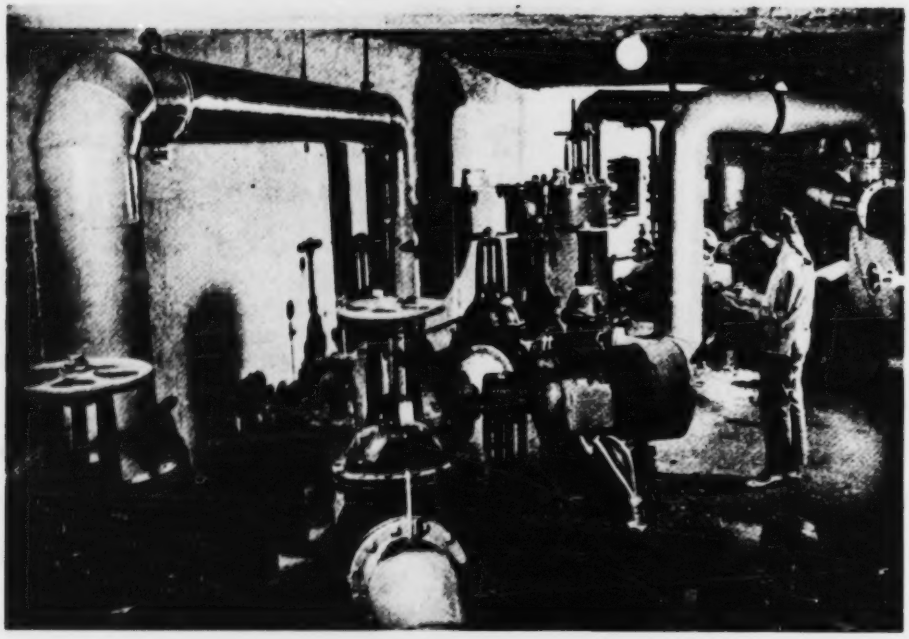
The Etan hydroelectric power station on the middle reaches of the Hongshui River.



The central control room of the power station.



A section of the switching station.



Generator cooling pump room.

CSO: 4013/141

LACK OF RAIL TRANSPORT MAKES SLURRY PIPELINES MORE ATTRACTIVE

Taiyuan JISHU JINGJI YU GUANLI YANJIU [RESEARCH ON THE ECONOMICS AND MANAGEMENT OF TECHNOLOGY] in Chinese No 1, 31 Mar 82 pp 27-29

[Article by Zhang Deang [1728 1795 2491]: "Development of Pipeline Transportation--A Look at the Problem of Transporting Shanxi's Coal Energy"]

[Text] Coal is China's main energy resource, accounting for about 70 percent of the country's energy consumption. Consequently, China's energy policies are concerned chiefly with coal. Vigorous all-round development of Shanxi coal and the building of Shanxi into a powerful coal energy base would be a major measure for solving China's lack of energy over the near and medium term. Right now Shanxi's coal output accounts for one-sixth of the national output amounting to somewhat more than 120 million tons. However, for a long time the problem of coal transportation has been lacking a solution. This has limited the growth of Shanxi's coal output and has adversely affected the building of Shanxi's coal energy bases.

China is extremely short of railroad capacity for the transportation of coal. Transportation of coal accounts for somewhat more than 38 percent of the total volume of goods transported by rail nationally. Shanxi's coal supports 26 provinces and municipalities nationally, and during the past 30 years Shanxi Province has shipped a cumulative total of 760 million tons of coal outside the province, amounting to about half the national volume shipped. In 1979, 68 million tons of coal were shipped, accounting for about 80 percent of the total volume of goods shipped over Shanxi's railroads. As a result of the shipment of coal in one direction, the deadheading rate for railroad cars reached 6:1, economically an extremely irrational rate. Furthermore, Shanxi regularly had more than 10 million tons of coal in inventory that could not be shipped outside the province. For medium-size and small coal mines it was particularly true that "transportation set production," or even forced a halt to production. Serious stockpiling of coal has become a natural condition, and the annual natural loss has been estimated at more than 1 million tons. Not only is a large amount of resources and manpower wasted, but environmental pollution is created. The Party Central Committee requirements called for a coal output in Shanxi of 175 million tons (800 million tons for the nation as a whole) by 1985, and 600 million tons (2 billion tons for the nation as a whole) by the year 2000, but the problems are extremely pronounced for transportation capacity. The trunk lines presently used to transport coal

outside the province are the Beijing-Baotou line, the Shijiazhuang-Taiyuan line, the Nan-Tong-Pu line, and Beijing-Taiyuan line, and the Taiyuan-Jiaozuo line, with a coal transportation capacity totaling 60 million tons per year. By 1985, as a result of technical improvements to these five lines such as multiple tracking and electrification, and with the addition of newly built Han-Chang and Hou-Xi lines, coal-carrying capacity will increase by only 1.3 tons [presumably 1.3 million tons was intended]. Realization of the afforestation plans will cost the country an investment of more than 1.5 billion yuan. Even if newly built lines are added between Yangquan and Jinan and between Datong and Baotou, by 1999, their coal-carrying capacity will not be more than 150 million tons. Figuring a 600 million coal-carrying capacity by the year 2000, the coal transportation problem will remain an extremely serious one. For some time to come Shanxi coal transportation growth needs will be unable to be satisfied. Therefore, when building the west Shanxi coal energy base, coal transportation is one of the major problems to be faced. Coal transportation is a major integral part of energy policy, and it is also a priority requirement for development of coal energy bases. How to select an economically rational coal energy transportation method for Shanxi is an urgent problem currently facing us.

In the field of coal energy transportation, apart from the building of pithead power stations, high-voltage power transmission lines and railroad transportation, foreign countries are in the process of building a new transportation method--namely, pipeline transportation. As coal production increases and coal assumes a steadily increasing proportion of the world's energy consumption structure, this new method of transporting coal has attracted serious attention in an ever increasing number of countries.

As a method of transporting large quantities of coal alone, the economic benefits of pipeline transportation are particularly outstanding. In this method of transporting coal, the coal is pulverized into extremely fine particles (particles 1.2 millimeters in size being no greater than 2 percent; those ranging from 1.2 millimeters to 44 microns in size accounting for 78 to 79 percent, and those smaller than 44 microns in size accounting for 19-20 percent). The coal is mixed with water at a 1:1 ratio to form a coal slurry. After being pumped through the pipeline, the water is drained off and the coal is dried to supply the needs of power plants or the marketplace. Since construction of the first pipeline in the United States during the 1950's, pipelines have had a history of more than 20 years. Examination shows their major advantages to be as follows: 1) The transportation route can be shortened. The pipeline grade may be as much as 16 percent (railroad maximum is 3 percent), so the pipeline can follow the topography, shortening distances by about 25 percent as compared with railroads. 2) The required investment is comparatively economical. For the Black Mesa pipeline, for example, figured in terms of a current construction cost of $39 million, the investment could be recovered in 8 to 10 years. If existing rail lines were to be used, new construction of feeder lines would require an investment of $140 million. Soviet data reports an investment of 500,000 rubles for every kilometer of railroad track laid, while the cost of laying a pipeline is only 80,000 rubles per kilometer. 3) The transportation costs are low. The cost of transporting coal via the Black Mesa pipeline is one-third the cost of shipment by ordinary

railroad cars. 4) Steel is saved. The newly designed American pipeline running from Wyoming to Arkansas used 450,000 tons of steel, while renovation of the rail line and locomotives and cars would have required 850,000 tons of steel, an almost 50 percent difference. 5) Little power equipment is required. The Wyoming to Arkansas pipeline's total power requirement is 273,000 horsepower. Railroads would require 210 internal combustion engines with a total power requirement of 630,000 horsepower.

In summary, the economic benefits derived from pipeline transportation of coal are influenced by a series of technical and economic factors such as transportation distance, transportation volume, coal quality, etc. Relevant research and the actual practice of certain countries in using pipelines have shown that use of pipelines to transport coal is technically feasible and economically advantageous. For a 457-millimeter pipe resistance damage is only 0.8 percent, and for a pipe 720 centimeters in diameter the resistance damage is only 0.6 percent. Abrasion and corrosion of pipelines is less than 1 millimeter in 10 years, for a utilization efficiency of 99 percent; moreover, investment is economical, costs are low, construction time is short, and the amount of land taken is little. As a result, with the appearance in the United States of the first pipeline in the 1950's, and success during the 1970's with the second Black Mesa coal-carrying pipeline, widespread interest was aroused in all countries of the world. The United States is now in the process of planning the new construction of seven coal-carrying pipelines with a length totaling more than 11,000 kilometers and an annual carrying capacity of more than 120 million tons. The USSR is also getting ready to build a coal-carrying pipeline from Kuznetsk to Novosibirsk to transport 4.3 million tons of coal annually. It will also build a 4,000-kilometer-long coal-carrying pipeline from its Far Eastern coal region to the Urals and the European part of the Soviet Union to transport between 30 and 50 million tons of coal annually. In addition, Italy, Canada, and some countries of northwestern Europe are also planning to build coal-carrying pipelines.

On the basis of concrete circumstances in Shanxi, making use of advantages and avoiding disadvantages, positively developing pipeline transportation to solve the longstanding problem of bottlenecks in shipment of coal energy out of Shanxi should be placed on the agenda. Objectively speaking, favorable conditions also exist in Shanxi for the development of pipeline transportation.

1. Shanxi's coalfields are geographically located in the heart of China's industrial base. They are 500 to 700 kilometers from North China's major industrial cities, Beijing, Tianjin, and Tangshan. They are 1,752, 832, 922, and 1,049 kilometers, respectively, from the ports at Dalian, Qinhuangdao, Qingdao, and Lianyungang, a suitable distance for pipeline transportation. For direct-line distances between several coal-producing areas of Shanxi Province and major cities in North China, the northeast, East China, and central China, please see the attached table. Viewed in terms of investment index per unit of coal volume transported, transportation in any given year of 5 million tons over a distance of 500 kilometers or more, or transportation of 10 million tons over a distance of 300 kilometers or more would make investment in pipeline transportation more economical than in rail transportation.

A comparison of coal transportation by pipeline with means of carrying electricity shows that the higher the heat value of coal, the greater the benefits from pipeline transportation of coal. Shanxi's coal has such an advantage (this matter will be discussed separately below). Analyzed in terms of transportation costs, in addition to the effect on pipeline coal transportation costs of the coal's heat value, the greater the distance shipped, the more rapidly costs fall.

2. Shanxi is located in the loess highlands at about 1,000 meters above sealevel, while neighboring Hebei, Henan, Beijing, and Tianjin are at an elevation above sealevel of several tens of meters. Because of the great drop in elevation, the cost of building railroads is great, amounting to 2-2.5 million yuan per kilometer. By contrast, pipeline transportation can shape itself to the terrain, thereby reducing the number of booster stations required along the way, for a saving of investment funds. If Shanxi's Pingshuo coalfields were to be developed for the hypothetical transportation out of the province of 10 million tons to power plants located in the Tianjin-Tangshan-Qinhuangdao area, and a 720-millimeter pipeline extending 570 to 600 kilometers in length were built, investment for the newly built pipeline could effect a saving of about one-half as compared with the building of a railroad, and expenditures for transportation along the course of the pipeline would be 30 percent lower than for a railroad.

3. Shanxi Province's machinery industry has been operating for more than 50 years and has a fairly strong production capacity. In pipeline transportation of coal, it is steel pipe that is used in the largest quantities, and steel pipe rolling machines are one of the strengths of Shanxi's machinery industry. The Taiyuan Heavy Machinery Plant produces 140 to 400 millimeter seamless pipe rolling machines. The Taiyuan Mining Machinery Plant produces 219 millimeter diameter directly welded seamed pipe rolling machines and 1,020 millimeter diameter rotary pipe welding machines. This plant's 1020 (1420) maximum millimeter rotary pipe welding rolling machine has gone into production in the Sha City Steel Tube Plant. Although the performance of rotary welded pipe is not as good as that of straight seam welded pipe, it can be used for transporting coal. Relevant analysis shows that the cage mills and rod mills used to make coal slurry for pipelines can also be made in China, although the capability is small. However, as compared with those used abroad, apart from the large volume and high efficiency of the foreign mills, no special fabricating technology or techniques are required; therefore all that is needed for the domestically produced mills is some improvements, and they will be entirely serviceable. The Shanxi machinery industry with its powerful production capacity will also surely be able to provide powerful assurance for the equipment needed in pipeline transportation.

4. Shanxi, located in the loess highlands, has an annual rainfall of between 400 and 500 millimeters in most places. The annual normal flow for the province as a whole is 10 billion cubic meters. During 1978, agriculture and industry used 5.5 billion cubic meters of water (4.4 million cubic meters of which was used by agriculture), and a strong belief exists that insufficient water is available for agricultural use and that water for industrial use is also in fairly short supply. The area of cultivated land in the province accounts for 25.04 percent of the province's total land area and averages

2.4 mu per capita. In high-density population areas, the amount averages only several fen per capita. Pipeline transportation mixes coal that has been pulverized into fine particles with water at a ratio of 1:1 to produce a coal slurry for movement through pipes. As compared with other transportation methods, it represents a saving in use of water. In coal liquefaction, for example, the ratio of coal to water is 1:2. When coal is used to generate electric power, the ratio of coal to water is 1:8. In addition, pipeline transportation is continuous and is not affected by climatic conditions. When the pipeline is buried beneath the plow line or the frozen soil layer, in particular, virtually no farmland is used. Consequently, for Shanxi Province, where water resources are fairly scarce and the cultivated land area is limited, to avoid these shortcomings, development of pipeline transportation is relatively favorable.

5. Shanxi's coal quality is excellent. It is low in three ways (low ash, low sulfur, and low phosphorous), high in one way (high basic volume of heat when burned), and wide in one way (wide in its uses). The "one high" is particularly important. Except for a small amount of lignite and peat, the 202 billion tons of proven coal reserves in Shanxi Province produce heat at 5,300 - 8,000 kilocalories per kilogram. The carbon content is high and the ash content low for Datong coal; it contains few impurities and produces as much as 7,500 kilocalories per kilogram, 50 percent more than the national average of 5,000 kilocalories per kilogram. Research has shown that costs of shipping by rail and by pipeline are very much affected by heat output. The cost of shipping 6,000 kilocalorie coal is 58 percent lower than cost of shipping 2,500 kilocalorie coal (converted to standard coal for calculation). If an electric power plant with an installed capacity of 2 million kilowatts uses 7,000 kilocalorie coal, a 478 millimeter pipe can supply its needs. If 3,000 kilocalorie coal is used, 720 millimeter pipe will have to be used. From this it can be seen that the thermal value of coal is directly related to the economic effectiveness of the means of transportation. The high thermal value of Shanxi's coal is particularly beneficial economically for development of pipeline transportation.

In the wake of the building of Shanxi coal energy bases, a steady increase will inevitably occur in the volume of coal shipped everywhere in the country. One example was the shipment of 9.81 million tons more coal outside the province in 1980 than in 1979. Development of pipeline transportation would not only ease the transportation shortage regarding Shanxi's rail lines, but would also relieve pressure on the Longhai, the Beijing-Hankou, and the Tianjin-Pukou trunk lines as well as on the ports of Qinhuangdao and Qingdao. If pipeline transportation were used as a new means of transporting coal, because of its numerous advantages as well as the favorable conditions Shanxi possesses, its proper development in Shanxi in coordination with railroads and other forms of transportation, each one reinforcing the other, would doubtlessly be a major way in which to solve Shanxi's coal transportation. Of course, pipeline transportation also has shortcomings, the most glaring of which are that transportation goes in only one direction and that, once built, the transportation capacity cannot be readily expanded. In these aspects, it is not as advantageous as rail transport. Moreover, economic effectiveness indicators in general can only provide an overall conception and an overall trend regarding the economics of pipeline coal transportation; one cannot use them to assess and decide specific engineering projects. Therefore, it is

also necessary to take a conscientiously cautious attitude about Shanxi development of coal pipeline transportation to help accelerate the construction of Shanxi's coal energy bases, and to take full advantage of the role of Shanxi's coal energy bases to make a greater contribution to China's four modernizations construction.

Direct-line distances between several major coal-producing areas in Shanxi Province and major cities in North China, Northeast China, East China, and Central China

Places	Distance (km)	Places	Distance (km)
Datong-Shenyang	870	Datong-Beijing	270
Shuoxian-Tianjin	320	Yangquan-Wuhan	830
Yangquan-Jinan	330	Yangquan-Shanghai	1050
Lucheng-Nanjing	720	Changzhi-Hangzhou	930

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COAL

CONFERENCE REITERATES NEED FOR MORE COMPREHENSIVE USE OF COAL

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese No 2, 25 Apr 82 p 4

[Article by Sima Chen [0674 7456 5256]: "Ministry of Coal Industry Convenes Conference on Comprehensive Use of Coal"]

[Text] In order to put into effect the spirit of the CCP Committee directive on coal processing and comprehensive use, and to implement a program of "change in the product composition of the coal industry, bring to an end the old era of sole production by the coal industry of raw coal, and to open a new era of comprehensive operations and comprehensive use," the Ministry of Coal Industry convened in Beijing a conference on comprehensive use of coal. The conference was attended by 320 people including those in charge in the coal bureaus and bureaus of mines in each province, engineering technicians, CCP Committees from pertinent ministries, experts from institutions of higher education and research units, teachers, and researchers. Comrades in charge at the State Planning Commission, and the minister and deputy minister of the Ministry of Coal gave speeches at the conference. Conference attendees studied pertinent directives from CCP Committee leadership comrades, gave briefings on experiences, read scientific and technical papers, reported back on scientific and technical accomplishments, formulated a long-range plan for coal processing and use and a 1982 annual plan, and arranged for future work.

The conference acknowledged that in recent years the country has done a great deal of work in coal processing and comprehensive use of coal, and has won fairly good accomplishments. Examples include comprehensive use of coal rock waste and bone coal, the shaping of pulverized coal, the high speed coking and gasification of lignite and oil shale, multiple uses of humic acid, and the extraction from coal, coal rock waste and bone coal of chemical products, etc.

The conference clearly pointed out that the coal industry's future program for processing and use will be as follows: to take coal as the key link in comprehensive operations. Low quality will be turned into high quality, and single products will become varied products. There will be a change from concern only about production and no concern about use to concern about production and use as a total process, with development from primary processing to high quality processing, thereby gaining maximum economic benefits and savings in energy for the coal industry. The conference demanded a change in the way of doing things from the guiding mentality to work assignments, placement of coal processing

and comprehensive use on the daily work agenda, and reflecting the following in planning and arrangements: (1) Formulation of long-range plans that take coal as the key link in development of economic diversification for a gradual building of various kinds of thermal electric power and coal chemical industry bases, and taking the course of integrated enterprises in coal processing, use, sales, and the manufacture of coal burning devices. (2) Full use of coal rock waste, bone coal, low grade coal, and such fuels of low thermal value to conserve energy resources. Examples are continued promotion of fluidized-bed boilers and improvements in associated projects to make the most of benefits in the shortest possible time. A halt by 1985 to the use of low efficiency boilers in centrally provided for and local coal mines. (3) A good job of coal processing to create conditions for society to conserve energy. (4) Development of urban and mine area coal gas and improvement of the thermal energy utilization rate. Carrying out plans for the use of gas and coal gas as fuel in 12 cities and nine mining areas one after another. (5) Building a specialized corps with professional understanding and skills that can be used in multiple ways. (6) Adopt economic policies that encourage and support development of comprehensive uses of coal.

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COAL

NEED FOR OVERALL PLANNING FOR SHANXI COAL UNDERSCORED

Taiyuan JISHU JINGJI YU GUANLI YANJIU [RESEARCH ON THE ECONOMICS AND MANAGEMENT OF TECHNOLOGY] in Chinese No 1, 31 Mar 82 pp 15-17

[Article by Guo Yansheng [6753 7159 5116]: "Major Contradictions Requiring Attention in Studying and Formulating Construction Plans for Shanxi Coal Energy Bases"]

[Text] In connection with the building of Shanxi coal energy bases, in March 1981 the Shanxi Provincial Science Society, the Society for Research on the Modernization of the Economics and Management of Technology, societies for railroads, electrical machinery, and environmental protection, and the Shanxi Social Sciences Institute convened an academic discussion meeting on the Shanxi coal energy base. Many of the viewpoints expressed at the discussion meeting received acknowledgment from the State Economic Research Center. This acknowledgment was given expression in the "Summary of the First Testimonial Meeting on Shanxi Coal Development Problems." Specifically, this included: 1) being able both to satisfy construction and necessary export needs and to assure coordinated development of the Shanxi national economy and commensurate improvements in the people's material and cultural standards; 2) it affirmed that transportation, electric power and water resources are limiting factors in Shanxi's coal development that must be developed along with coal; 3) it affirmed a scale and speed of development of 200 million tons by 1990 and 300 million tons by 2000, and a cancelling of the concept of 300 million tons by 1990 and 400-600 million tons by 2000; 4) it made clear implementation of the principle of material benefits in the realm of finances and goods to compensate the labor expended by the people of Shanxi.

In February this year, Shanxi Province again convened a "Comprehensive Economic Planning and Study Meeting on Shanxi Province's Energy Bases." Although the circumstances studied were identical with those of last year, a more thoroughgoing study was made, and the plans put forward were as follows:

Mining and transportation, pithead generation of electricity, secondary energy source methanol, pipeline transportation, gasification, coking, etc, were each looked into and testimony given. But how to correlate these things to Shanxi's realities became a major contradiction in making the most of advantages while avoiding disadvantages. Consequently, performing an economic evaluation and studying different plans did not mean negating any plan, but rather finding which plan was best geared to actual circumstances in Shanxi. These realities

involved both a need to fit in with national strategic objectives and a need for comprehensive study of Shanxi's economic plans. Since the economy is a total entity, a slight move in one part of it might affect the situation as a whole; the digging of coal is not an isolated individual indicator. For example, statements by experts acknowledged that on the basis of an economic evaluation, the transportation of coal by pipeline would be economically beneficial for the people of Shanxi, but some water would have to be sacrificed. However, Shanxi has a drought 9 years out of 10, and this would mean further impoverishment of resources, so water could not be sold. Another example concerned transportation of coal by rail. The various lines necessary to connect several major coal mines with main rail arteries would range from 10 kilometers to several tens of kilometers. Shanxi Province cannot sustain such an investment at the moment, and railroad units were of the opinion that this was a regional coal transportation matter, so they would not invest funds in it. The secondary energy resource, methanol, bears on both coal and the chemical industry. Coal units believed it to be chemical industry production, and the chemical industry considered it coal development. To go the coking route also entails recovery by the chemical industry and coking coal export. Furthermore coking coal requires bringing the ash content down to specifications and, additionally, no transportation is available for export. All these matters bear on investment of funds. The provincial Planning Commission put forward several views, one of which was for the state to make the investment. Another was to provide a policy that would maintain a reasonable price for Shanxi coal so that the people of Shanxi would be able to benefit.

On the basis of the foregoing circumstances, research on a comprehensive economic plan for energy is extremely necessary. Now the issue is formulation of a plan. In making a comparative selection of these plans, it is necessary to direct attention to the main contradictions. These major contradictions arise from the realities in Shanxi; they are not problems caused by the plans. A plan that treats Shanxi's realities in the aggregate is best. If a plan is considered best in terms of the country as a whole or is workable throughout the world but it does not suit the realities in Shanxi, it cannot be considered the best plan. The plan may not be divorced from reality; it should both incorporate advanced foreign production technology and be linked to current realities. How any given country puts it into effect is not pertinent. We have adopted a dogmatic attitude in this regard. At one time we regarded the Soviet economic model as the standard model and ignored the basic situation in our own country of a backward economy and extremely unbalanced levels of development. Thus, it is necessary to give attention to the main contradictions. If the main contradictions are properly grasped, a theoretical basis will exist for formulation of a line and strategic objectives. If the main contradictions are grasped incorrectly, inevitably mistaken choices of lines and strategic objectives will be made that will leave a legacy of trouble for 10,000 years.

If such is the case in selection of plans, the same is true in the case of a political party and a country. The "Decisions" of the Sixth Plenary Session pointed out that "Once the socialist transformation is substantially complete, the main contradictions requiring our solution will be contradictions between the constantly increasing material and cultural needs of the people and backward social productivity. The focus of party and national work must be shifted to socialist modern construction, which is at the heart of economic construction;

we must greatly develop social productivity, and gradually proceed from this foundation to improve the people's material and cultural life."

This is to say that once China's socialist transformation is complete, an incorrect grap of the main contradictions would create serious mistakes. In terms of Shanxi's coal development, it is likewise necessary to grasp the main contradiction between development of coal production while simultaneously raising the people's standard of living. When this contradiction is grasped, the enthusiasm of the people of Shanxi will be high and development of coal production will be rapid. This can bring about more beneficial effects on national economic development. Right now, in the building of Shanxi coal energy bases, we must bear in mind that once China's socialist transformation is complete, an incorrect grasp of the main contradictions would create serious mistakes and mean serious losses for the national economy. In formulating plans, and in selecting strategic objectives and ways to achieve them, it is necessary to grasp firmly the main contradictions in improving the material and cultural levels of the people of Shanxi in order to avoid the past mistakes created by failure to take account of realities that entailed losses for the country and the people.

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COAL

NATION'S ENERGY DEVELOPMENT PLAN PLACES HEAVY EMPHASIS ON COAL INDUSTRY

Beijing RENMIN RIBAO in Chinese 19 Mar 82 p 5

[Article by Chen Fujin [7115 4395 0093]: "Several Questions on Developing Production of the Coal Industry"]

[Text] Coal is a common source of energy in our nation. Coal constitutes 70 percent of exhaustible energy sources in our nation's energy resource structure. In the next few years, because petroleum and natural gas production can only maintain its present level, hydroelectricity will not be able to increase by a large scale, therefore, growth in the output of energy will mainly rely on coal. Coal is the key in the near-term growth of energy resources.

Hastening the development of the coal industry requires a correct technical and economic policy. The following problems have to be conscientiously studied and solved.

Grasping Tightly Technical Improvement of Old Mines

Technical improvement of old mines can increase the production of coal and improve the technical standard of coal mines, it can also change the present situation of an insufficient amount of heavy industrial tasks so that our nation's economic development can be maintained at a fixed rate and conditions can be created for future national economic development.

Technical improvement of old mines has a great potential to increase output. According to statistics, from 1976 to 1979, uniformly equipped coal mines produced a total increase of 77,800,000 tons of raw coal. Among them, those mines that were included for technical improvement produced an increase of more than 40 million tons. Compared to building new coal pits of the same scale, in general, the investment was 30 percent less, and the time required to begin production was shorter by one-third. Now, although the productivity of the nation's coal mines is large, but generally speaking, the technology and the equipment are old and out-dated. The existing enterprises have a low efficiency. The quality of products is poor. Energy consumption is high, and there are many accidents. Technical improvement of old mines is a long-term technical and economic policy. As long as existing coal enterprises have a rich reserve and as long as their technical and economic conditions allow, they should all carry out technical improvements, increase the output of coal, and improve the situation at the mines.

Technical improvement of mines mainly involves improving the distribution of exploitation, improving mining technology, renovating mining equipment, improving lifting and transport systems at the mines, perfecting safety measures, increasing washing and selection capacities, and paying attention to comprehensive utilization. Through such technical improvements, productivity can be increased, the relationship between mining and digging can be further coordinated, safety conditions can be improved, and comprehensive technical and economic results can be obtained.

Distribute the Construction of Coal Mines Well

The distribution of construction of coal mines must consider resources, geological conditions and traffic conditions, and it must be aimed at producing economic results. It must also consider the balance of energy resources in the region, and it must be closely coordinated with thermal power stations and long distance transportation should be reduced as much as possible.

Viewing our nation's situation during the "Sixth Five-Year Plan" and the "Seventh Five-Year Plan", plans to develop energy resources must emphasize the hastening of the development of the coal resources in Shanxi so that an energy resource base oriented towards the whole nation can be established. Shanxi has rich coal resources (known deposits constitute one-third of the total for the whole nation). The varieties--coking cola, coal for power generation, and anthracite--constitute one-half of the totals for the whole nation. They are deposited at shallow depths (generally from 200 meters to 500 meters). The coal seams are stable. Developing coal mines in Shanxi conserves investment, the results are quick, and the same amount of manpower, material power and funds can produce a rate of development and economic results two to three times those in the several provinces south of Changjiang. Estimates indicate that because the cost of coal production in Shanxi is low and the amount of heat generated is high, the total cost of shipping the coal to the major consuming regions throughout the nation is lower than that of shipping coal of other mines throughout the nation.

At the same time, we must hasten the construction of coal mines in the regions north and south of the Huai river and in southwest Shandong, develop the coal fields in the Northwest in a big way, continue to develop the coal fields in central and western Henan, and develop the coal fields in Guizhou. While building key coal bases, we must correspondingly build a group of thermal electricity bases and we must plan them uniformly along with traffic and transportation plans to better solve the problems of digestion of coal and future utilization of coal.

Establish Rational Construction Policies

In building the coal industry, we must combine the large, the medium and the small according to resources, funds and equipment. In view of the whole situation and in view of the future of the national economy, building a group of modernized large scale coal bases is absolutely necessary. Under the present situation, the nation urgently needs energy resources but investment is limited, therefore more medium and small mines should be built in the near term. This is

because building medium and small mines has many advantages when compared to the building of large mines. One is that the investment is less. The second is that the construction period is short. The third is that they can develop productivity relatively quickly.

At present, the scale of coal mines in our nation is already unsuited to the needs of national economic development. Also, 70 percent of the mines in construction are large mines, most of them will begin production 5 years later, and during the next few years, they cannot produce more. Under this situation, besides hastening the construction of large mines, grasping the construction of a group of medium and small mines is very necessary.

Support and Develop Regional Coal Mines in a Big Way

While developing uniformly equipped mines, we must greatly support and develop local coal mines. Local coal mines are an important force on the battlefront of the coal industry. The output of local mines at present already constitutes about 45 percent of the total output of coal of the whole nation, and local mines perform an important function in the national economy.

Developing local mines can fully utilize the resources of each locality. Among the more than 2,000 counties and cities in our nation, already more than 1,200 counties and cities have built their own coal mines. This has served greatly to improve the distribution of the coal industry, promote the development of regional industries and commune and brigade enterprises, and this has satisfied the needs of large industries and provinces and regions lacking coal.

Facts prove that local coal mines are the same as uniformly equipped coal mines. They are an important force in hastening the development of the coal industry. Especially in the present situation where uniformly equipped mines cannot develop greatly at the moment, we need more local coal mines to make more contributions. We must further develop the enthusiasm of each level to establish coal mines, use diversified joint operation, concentrate more capital, build more regular mines, and prevent uncontrolled digging and uncontrolled exploitation. In the course of construction, we must use our own cumulated capital, use mines to support mines, and develop continuously. We must tightly grasp technical improvements, build a group of backbone mines, improve productive and technical conditions, and we must continue to develop while firming up the presently available positions.

Develop Washing, Screening and Processing of Coal

Under the present situation, our nation has a shortage of energy resources and transportation is insufficient to handle its task. Therefore, developing washing, screening, processing of coal, increasing the proportion of raw coal for washing, and developing research and experimental work in coal gasification and liquefaction and comprehensively utilizing coal well are the urgent tasks at present to conserve energy resources, conserve transportation forces, and improve economic gain. They are also long range technical policies.

At present, our nation's industry has a high energy consumption and a low energy utilization rate. The rate of utilization of thermal energy from coal

is only about 25 percent. One important reason is that the degree of processing of coal is low, there are many waste rocks, the ash content is high, the varieties of coal supplied do not suit the needs, and over 80 percent of raw coal are directly utilized without processing.

The coal in our nation contains a lot of waste rock and there is a lot of wasteful transportation. According to incomplete statistics, over 60 percent of the commercial coal sold by the nation's uniformly equipped coal mines is raw coal that has not been washed, screened, or processed. This has created an ineffective load of more than 30 million tons in transportation for the railroads.

Now, our nation's work in washing, screening and processing coal already has a definite foundation and we have the ability to design and manufacture such processes. We must establish plans to develop washing, screening and processing by conducting surveys and studies on this foundation and gradually implement the plans. We must join with the machinery manufacturing departments to actively develop new types and highly efficient washing and screening equipment and washing and screening techniques. In the future, newly built mines must correspondingly build coal washing plants. Old mines that do not have any means of washing and screening must build additional washing and screening plants according to plan and according to the actual situation. Existing washing and screening plants must be technically improved to increase the capacity of washing and to increase products that suit the market.

Besides developing washing, screening and processing, we must also carry out comprehensive utilizaton well. Coal is not only an important energy source, it is also an important industrial raw material. We must conduct research and experimental work in gasification and liquefaction of coal well so that the thermal energy of coal can be fully utilized and the beneficial elements in coal can be retrieved as much as possible.

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COAL

HIGH PRODUCTION EXPERIENCE OF TOTALLY MECHANIZED COAL FACES IN CHINA

Beijing SHIJIE MEITAN JISHU [WORLD COAL TECHNOLOGY] No 4, Apr 82 pp 47-52, 30

[Article by Zhou Junsong [6650 0193 1529], Senior Engineer, Bureau of Mechanization, Ministry of Coal: "High Production Experience of Mechanized Coal Faces in China"]

[Text] In 1971, our country started its experimentation for totally mechanized coal mining. It has been eight years since totally mechanized coal mining formally began in 1974. Starting from the non-existence of any mechanized coal mining equipment, 135 totally mechanized coal mining faces have now been developed. Output from totally mechanized coal mining has increased from 760,000 tons in 1974 to 49.3 million tons in 1981. Many high production experiences have been established. Totally mechanized coal mining teams with daily output of 10,000 tons, monthly output 100,000 tons, 120,000 tons, and 190,000 tons, and yearly output of 1 million tons have appeared several times. Increasing numbers of totally mechanized coal mining teams have achieved the standards for ranking and their levels of performance have improved continuously. In 1979, 95 totally mechanized coal mining teams had an average unit output of 27,687 tons per month and a productivity of 10.12 tons per man-shift. The average monthly output of the three A teams was 49,512 tons and their productivity was 17.15 tons per man-shift. The No 3 mechanized team of Qishan had the highest annual output of 631,000 tons and a productivity of 20.39 tons per man-shift. In 1980, there were 145 totally mechanized coal mining teams in the country with an average unit output of 33,679 tons per month and a productivity of 13.27 tons per man-shift. A total of 33 teams achieved the standard for ranked teams. The average monthly output of the seven A teams was 58,604 tons and their productivity was 26.09 tons per man-shift. The Tongjialiang Mine No 1 team of Datong had the highest annual output of 928,600 tons and a productivity of 36.21 tons per man-shift. In 1981, there were 153 totally mechanized coal mining teams in the country and 49 teams achieved the standard for ranked teams. The average unit output of the mechanized mining teams in the country was 33,827 tons per month and the productivity was 13.7 tons per man-shift. The monthly output of the seven A teams was 68,701 tons and their productivity was 29.98 tons per man-shift. The highest coal output of 1,180,000 tons was achieved by the Yongdingzhuang Mine No 4 mechanized coal mining team of Datong, or a monthly output of 96,444 tons. The highest output level of A teams was achieved by the Tongjialiang Mine No 1 team of Datong with an annual output of 1,040,000 tons and a productivity of 43.49 tons per man-shift. The annual production of a totally mechanized coal mining team is equivalent to the output

of a medium coal mine, which is a first in the coal mining history of our country. The conscientious summarization and promotion of the experiences of our country's high production teams will undoubtedly raise our country's mechanized mining to a new level. What are the experiences of our country's high production mechanized mining teams? These are summarized below.

I. Organization and Establishment of Totally Mechanized Mining Teams Which Dare to Struggle and Which are Good at Struggling

A good mechanized mining team should be: First, it must have a leadership shift which has drive, knows how to organize, has good technical know-how, is good at directing, and can unite to engage in the struggle. The shift should have specialized cadres for coal extraction, machinery and electric power. Second, it must have a working army which is well versed to the handling and maintenance of various types of equipment, especially operators and inspection and repair workers for coal mining machines and workers who are familiar with electronics and hydraulic pressure. Third, there should be a definite number of old coal mining workers who are familiar with the maintenance of the roof and the top and bottom exits. No matter how good the roof conditions at the working faces are, there are always broken areas. Pulling down loose rocks on the roof, installing plates [beiban] and putting up wooden pillars are procedures which still cannot be avoided at mechanized mining faces.

How to organize and establish a totally mechanized mining team? Based on past experience, there are three ways: (1) System of Transfer and Establishment: This was the way adopted by many units during the initial period of team organization and establishment in 1974. At that time, the age and cultural level of team members were over-emphasized. The team members were transferred from various teams and various offices. Because the control of the selection process was not strict enough, persons were often transferred to become part of the mechanized mining team who had not had any underground experience or who were not suitable for mechanized mining work. Also, the persons came from various areas, with some of the teams put together from the more than 20 units at the mines, and they were difficult to direct. Under smooth working conditions, they were able to produce some coal. However, once difficult conditions were encountered, such as broken roofs, they often did not know what to do. With mechanized mining teams established in this manner, successes were extremely few. (2) System of Establishment From Existing Teams [this is paraphrased from the original term, chengjian zhi]: The best general mining teams at the mines were used as the foundation and mechanized mining teams were organized by transfer and "reconstruction." "Reconstruction" meant the reinforcement with a group of experienced mechanical and electrical workers, especially electronics and mechanical and electrical inspection and repair workers, and the elimination of a portion of the workers who were not suited for mechanized mining work. This type of mechanized mining team has a better team spirit, has the experience in general mining practices, and has a better understanding between the cadres and the workers.

The mechanized mining teams organized and established in this manner had more successes. For example, the No 1 mechanized mining team of Quantai was reconstructed from the largest general mining team at the mine. It achieved the name of A ranking team for three years in a row. The No 2 team of Guandi was

organized and established from the experience-rich No 4 coal mining team. It produced 770,000 tons of coal in 1980 and 826,000 tons in 1981. The No 5 mechanized mining team of Guandi was organized and established from the No 6 coal mining team which had established the highest level of unit production in the province three times using ordinary equipment. It used domestically produced supports and achieved success immediately with monthly output reaching 49,000 tons in the second month of production. The No 4 mechanized mining team of Yongdingzhuang was also reconstructed from the mine's better general mining team. It established a new highest annual output record in mechanized mining in our country of 1,180,000 tons in the second year of production.

(3) System of Establishment Through Competitive Selection [xuanjian zhi - literally would be system of selection and establishment or system of selective establishment, but such a translation would not differentiate the system from the first two. The translation given is based on the method of establishment described in the text.]: Based on requirements of a totally mechanized mining team, superior candidates are selected through examinations announced by the mine. The mechanized mining teams of the Wangzhuang Mine of Luan were organized and established in this manner. Based on initial experience, the results are also better. For example, the No 1 mechanized mining team of Wangzhuang was a newly established team. Using link type [jieshi] supports, it produced 500,000 tons of coal in 1981. Since not many teams have been established on this basis, insufficient experiences have been accumulated to judge their results. After the organization and establishment of a team, two types of education of the staff and workers should be regularly carried out. One is the ideological education. The second is the learning of the technical operation. Ideological education means the continuous improvement of the ideological awakening of the staff and workers and the establishment in them of a strict and careful style of working. Advanced equipment cannot be handled and made to demonstrate its superior capabilities without a team of staff and workers with advanced ideology and a strict and careful working style. The Party Committee of Kailuan's Tangshan Mine teaches the staff and workers to struggle for the working class of China, to fight for the glory of the Party and the fatherland, and to continuously think of the "new" and reach for the "high." The mechanized mining team of the mine has continuously exceeded 100,000 tons in monthly output several times, establishing at one time a record monthly output of 190,000 tons. The cadres of the No 4 mechanized mining team of Yongdingzhuang uses equipment purchasing contracts to educate the workers. They are taught the prices of each type of equipment and each spare part. If the equipment is not used properly, they will be letting the people down. This teaching is used to arouse the patriotic enthusiasm of the workers. The No 1 mechanized mining team of the No 10 mine of Pingdingshan has implemented the "three talk" movement. First is to talk of the fact that the use of mechanized mining equipment is the way the Party and the state show concern for the coal mine staff and workers. Second is to talk about the comparison between the new and the old mining methods. Third is to talk about the advanced levels of mining in the country and abroad to encourage the staff and workers to start a competition to gain the advanced level. The staff and workers should be educated to establish a strict and careful working style and conquor the "three hu" working style (careless, good enough, and not worry at all) existing among the troops. [translator's note: the hu in "three hu" is used here both for the word and its sound in Chinese. The three teams in parenthesis all have the same Chinese word or same sound.] At the same time, education on technical work should be

implemented to provide strict training. In this area, the No 1 mechanized mining team of Tongjialiang has done better work. They have adopted five ways of training: 1. Release-from-production training: Since the establishment of the team, release-from-production training has been carried out three times for a total time of nine months. 2. Persist with regular after-hour training: This training is carried out twice a week and 1.5 hours each time. Lectures are given by technical personnel on important areas and technical know-how. The voluntary spirit of the masses is launched. The work is done with planning and it has had a very large effect in improving the technical levels of the staff and workers. 3. Form working pairs with a teacher bringing along a student. 4. One goes out and another is invited in. 5. Technical competition is diligently conducted. The troops are regularly trained. And on-site demonstrations are given by the technical personnel. As a result of this technical training, the team has produced 45 technical crackajacks and 10 technical bests of its kind and 85 percent of the staff and workers have reached the requirement of being able to work independently.

II. Suitability of Support To Meet Condition of Working Face

Beside the quality of the troops, the suitability of the type of support used is also the most important factor. If the type of support is not suitable, no matter how good the quality of the troops may be, it would not be possible to achieve a high production or even to produce any coal at all. In the past when the output of several mechanized mining teams was not high, we simply placed the problems on the shifts and on the troops. This was not looking at the whole picture. Previously, the No 1 mechanized mining team of the No 10 mine of Pingdingshan used the $K_{3\cdot4}$ link type supports when mining the J_{5-6} coal seam. Because of its broken roof, the supports were not suitable and the average unit out stayed between 10,200 tons and 16,600 tons per month. Later in 1978, it changed to the use of the short beam-supporting protective supports in mining the similar Wu_{8-0} coal seam. In three years, it produced 2.1 million tons of coal and the highest annual output was 770,000 tons. The No 3 mechanized mining team of Pangzhuang used the ladder [daoti] supports when mining the No 2 coal seam of the Xiaoqiao Series. Because the supports were not suitable, its average unit output stayed at 22,000 tons per month over a long period of time. In 1979, it changed to the use of the long beam-supporting protective supports and its average unit output has reached 51,800 tons per month. The No 1 mechanized mining team of Ximing used the Jialike supports [Chinese pronunciation of a foreign name] in mining a 9-foot coal. Because the supports were not suitable, its average unit output stayed at 20,000 tons a month over a long period of time. In 1981, it changed to the use of the domestically produced ZY-35 supports and unit output has reached 60,000 to 74,000 tons a month. Other bureaus and mines also have had similar situations. What are the factors to be considered in support selection?

1. Structural Form of Support

Based on the conditions of coal in our country, the protective type or the support and protective type is a suitable support. They are suitable to both broken roofs and hard roofs. Under conditions of broken roofs, they are suitable because they have higher supporting strengths at the ends. In hard roof

conditions, the support and protective type also has more superior properties than a support type because it can stand greater horizontal thrusts. Regarding the computed data in this area, the author has already made a more detailed introduction in his article, "The Protective Type and Support and Protective Type Supports Should Be The Principal Forms of Support For The Development of Mechanized Mining in Our Country." Only the conclusions will be introduced here. The proofs will not be discussed. Based on the practices in 1981, the seven A ranking teams and the 13 mechanized mining teams with a production of over 500,000 tons during the year all used the protective type or the support and protective type supports.

2. Loading Capacity of Support

In selecting the proper resistance of a support, it should have a higher initial supporting strength. During the periodic pressure increases, the safety valve has a lower release rate. The Jiahe Mine of Xuzhou uses long beam-supporting protective supports. In 1981, the output was 622,000 tons. The initial supporting strength with good supporting results was 250 tons per support. The working resistance was 320 tons per support. Thus, the initial supporting strength was 78 percent of the working resistance. In actual use, the working resistance during the initial pressure increase was 163 tons per support. During a non-periodic pressure increase, it was 91.4 tons, or 53.6 percent of the value working under the initial supporting condition. It was 45.7 percent of the value working under a sudden increase of resistance. The safety valves did not release. The working resistance of the supports selected was too high. It was like pulling a small cart with a large horse and economically not rational enough. However, it can also be seen that the supporting results are better when the resistance is increased. The No 4 mechanized mining team of the No 1 mine of Yangquan produced 520,000 tons of coal during a 11-month period, mining a working face of 1.3-1.4 meter thick coal seam. It was using X-shaped support and protective type supports. The specified working resistance was 282.7 tons per support. The initial supporting strength was 215.4 tons per support, or 76 percent of the specified working resistance, and it was a high initial strength model. During a non-periodic pressure increase, the actual resistance was 195.5 tons per support. The working resistance during the periodic pressure increase was 223.8 tons per support. (Above values are time weighted averages.) During periodic pressure increases, the release rates for the back and front posts were 0.07 percent and 1.08 percent respectively. This type of supports is considered a low release rate model and the supporting results are better. Therefore, in the selection of resistance of supports, it should have a high initial supporting strength and the safety valve remains basically closed at the time of a non-periodic pressure increase and has a somewhat low release rate at the time of a periodic pressure increase. Such a selection for the resistance of supports is more rational.

3. Height of Support

The minimum height of a support should be 200 to 300 millimeter less than the minimum height of the coal seam. Its maximum height should be 200 to 300 millimeters greater than the maximum height of the coal seam. In the selection of the maximum and minimum heights of a support, consideration should be given not only to the current production conditions but also to the continuing working faces in the next few years.

4. Unit Pressure Against the Floor

This question is particularly important for soft floors and where a coal seam is mined by sublevels. The resistance of the floor rock or coal should be greater than the unit pressure [bi ya] the support exerts against the floor. The highest unit pressure of the support base should be determined as it is often many times greater than the average unit pressure. The mechanized mining team of the Yangzhuang Mine north of the Huai River [Huaibei] produced over 40,000 tons a month when mining the No 6 coal seam. Later, when it moved to mining the upper level of the No 5 coal seam, the supports dropped several tens of millimeters with each cut because of the softness of the coal. As a result, monthly output dropped to 20,000 tons and it was forced to dismantle the supports and select a different working face.

In addition to the types of support, the hardness of the coal is also a factor that should be paid attention to. It does not have a large effect on the support but it has a very large effect on the coal mining machine. Supports must meet the conditions of the working faces, but the suitable selection of a working face should also be made to meet the conditions of totally mechanized mining. Factors such as no large faults and no coal columns, small changes in the coal seam and small undulations, etc. also should not be neglected.

III. Good Engineering Quality

Good engineering quality covers eight principal factors. These are the commonly mentioned "three straight, two even, one clean, and two unblocked." The three straight refers to straight coal wall, straight liuzi [a haulage equipment moving coal from face to main haulage], and straight supports, which mutually affects each other. The two even refers to even floor and even roof. The one clean refers to relatively clean within the supports, with absence of debris and piles of waste rock and coal. The two unblocked refers to unblocked upper and lower exits [probably refer to the main and tail gates] and the two roadways. Among the eight factors, the first six requirements can be accomplished by the coal mining team itself. In addition to efforts by the coal mining team, the last two are also related to the mining sequence, quality of development work, and the shape of support in the roadways. Therefore, quality of engineering must be insisted upon.

First, when a new working face is handed over, it must be inspected according to standards. If it does not meet the standards, it should be dismantled and rebuilt. The No 4 mechanized mining team of the Yongdingzhuang Mine insists on a good working procedure, operating records, and proper work turn over and acceptance. As a result, 99 points were achieved for the engineering quality of the working face. The Pangzhuang totally mechanized mining team established a quality card system. The quality of engineering of a shift is inspected by the next shift. If it meets the standards, the incoming shift issues an up-to-standard card to the outgoing shift, which is recorded on the surface. Some teams have organized quality inspection groups consisting primarily of the team captains, deputy captains for machinery and power, and technical personnel. They insist on a system of weekly inspection, assessment every 10 days, and monthly evaluation and comparison. Some teams have established the positions of quality inspection personnel for three shifts who are directly under the

leader of the mechanized mining team. Their primary responsibility is the inspection of the engineering quality of the working faces. These are all effective methods to guarantee engineering quality, and they should be promoted. If the mining sequence is rational, work quality is good, and the selection of support materials for the roadway is proper, roadway deformation will be small and movements at the upper and lower exits and along the two roadways will be free of blockage. When the Qishan Mine of Xuzhou was mining the Xiaqiao Series coal seam in 1975, roadway deformation was very serious because of high pressure in the roadway and improper selection of the method of support which consisted of the building of ladder shaped canopies using 43 kilogram/meter steel rails. Two development teams had to maintain the roadway constantly during the year and the upper entry opening was difficult for workers to travel through. In 1980, a change was made to the use of arch shaped canopies built with 29 kilogram/meter U-shaped steel. The roadway had very little deformation and passage through the upper and lower exits and along the two roadways was free of blockage. The roadway of the mechanized working face of the Yangquan No 1 Mine used wooden canopies for support. The breakage rate was high. The mine has since experimented with the use of 29 kilogram/meter U-shaped steel and there is basically no deformation. Roadway deformation not only affects linkage with the working face but also affects production. Analysis of the 1.8-zhang [zhang equals 3-1/3 meters] coal working face of the Yangquan No 4 Mine has shown that roadway deformation was affecting the movement of the switching locomotives and 250 to 300 tons in coal output each small shift.

IV. Good Equipment Quality

Soldiers must be well trained and arms must be good before battles can be won. Mechanized mining equipment must also be in good condition before high output can be achieved. To increase the operating rates of coal mining machines, the proper operation of all equipment must be guaranteed. Only in this manner can the breakdown time at the working face be reduced. Unspected events of machines and power are the leading causes for work stoppage at the working face. Based on the statistics of 13 bureaus, including Yangquan, Xishan, Pingdingshan, Jixi, and Yima, the time affected by unexpected events at the working face is 25.96 hours per 10,000 tons of production. Of this total, time affected by unexpected accidents of machines and power is 19.1 hours per 10,000 tons of production. However, for the high production No 4 mechanized mining team of Yongdingzhuang, No 2 team of Yangquan No 2 Mine, No 1 team of Jiahe Mine in Xuzhou, and No 4 team of Pingdingshan No 1 Mine, the time affected by unexpected events of machines and power is only 3.82 hours per 10,000 tons of production as a result of good equipment conditions.

Good equipment quality mainly means that parts are complete and sound, screws are tight, supports do not leak liquid, coal mining machines do not leak oil, and equipment lubrication is properly maintained. The implementation of the "machinery contract system" and "four inspection system" is basic to the proper management of the mechanized mining machinery and equipment. The "machinery contract system" is to have individuals responsible for every piece of equipment, every pipeline, and every power cable at the working face. The No 1 mechanized mining team of Tongjialiang Mine practices machinery contracting by the yuanban [yuan is round and ban is shift; yuan ban probably main shift or

full shift] and responsibility on a sectional basis by the small shifts, using an individual responsibility system with signatures and cards. This is the concrete practice of the "machinery contract system." When an unexpected event occurs, the three not-let-go is practiced, not letting go without knowing the reason clearly, not letting go without knowing the responsibility clearly, and not letting go before the responsible person has learned his lesson. The "four inspection system" is the practice of compulsory maintenance on equipment. Four inspections refer to shift inspection, daily inspection, weekly inspection, and monthly inspection. The machine operators are responsible for the shift inspection during shift changes. The No 4 mechanized mining team of Yongdingzhuang insists on the use of the half hour before work starts in each shift for equipment inspection. The daily inspection is carried out by inspection and maintenance workers during the inspection and maintenance shift. The No 2 team of the Yangquan No 2 Mine assigns technically competent personnel to the inspection and maintenance shift to make sure that daily inspections are properly carried out. The weekly and monthly inspections are cooperatively conducted by inspection and maintenance workers of the mining team and from the Department of Machinery and Power. These inspections are aimed at the more major maintenance work and may be done during a small shift, two small shifts, or even longer time. In 1981, the first three of the A ranking teams all implemented the four inspection system, using one shift for inspection and maintenance and carried out with determination whatever work they encountered. Out of the 13 totally mechanized mining teams of the Kailuan Coal Mines, only the No 1 team of the Jinggezhuang Mine was able to persist with four-inspection and four-shift operations in 1981. Its average monthly output was 57,384 tons. All the other teams of the entire bureau could not carry out the four inspection system entirely because they were operating on a three-shift basis. Their average monthly output was only 33,000 tons. It can be seen from this experience that, despite any subject goal to produce coal, greater coal output may not be achieved if operating against objective rules. On the contrary, although scheduled inspection and maintenance appears on the surface to be a loss of time, greater coal production can actually be achieved.

The prevention of oil contamination, the maintenance of the hydraulic pressure systems of supports and prevention of liquid leakage, and the maintenance of proper equipment lubrication and prevention of oil leakage are important areas to guarantee the proper function of mechanized mining equipment. The Tangshan Mine of Kailuan uses special barrels to store oil, special tools for lubrication, and special personnel to add oil. It has effectively prevented oil contamination. The No 4 team of the Yangquan No 1 Mine has assigned special hydraulic pressure workers to specially handle oil leak and oil escape for the hydraulic pressure systems of supports. The No 2 team of the Yangquan No 2 Mine assigns special workers responsible for lubrication. They know very clearly the lubricating points and what and how much oil to use. As a result, unexpected equipment events due to oil lubrication have not occurred.

V. Persistent Maintenance of Regular Cycling

An operating method should be determined first. There are three operating methods among existing mechanized mining teams. One is the four-shift operation, three shifts for production and one shift for inspection and maintenance.

Under this system, time is fully utilized for production (production time is 18 hours a day) and time for inspection and maintenance is guaranteed. Using one shift for inspection and maintenance to guarantee three shifts of production, the time for inspection and maintenance is not squeezed out for production reasons and production is continuously and steadily developed. Another method is the three-shift operation system, two shifts for production and one shift for inspection and maintenance. Under this method, the time for production shifts is two hours less than the last method. And because the production shifts are eight hours, it is often difficult for workers to always make shift change at the working face. This is very unfavorable to the thorough implementation of the post responsibility system and the quality inspection and acceptance system. The third method is using two and one half shifts for production. The remaining one half shift for inspection and maintenance under this system is on the tight side. Moreover, it is often squeezed out for production reasons and actually affects production. Also, since one shift is mixed for production and for inspection and maintenance, the labor of some of the operators is not fully utilized when inspection and maintenance work is going on. Among the three operating methods, the one of three shift for production and one shift for inspection and maintenance is more suitable to the conditions in our country and should be vigorously promoted. Actually, this method is followed by our country's high production mechanized mining teams. Second, the number of cuts by the production shift must be determined. Based on the chain capacity, the travel speed of the coal mining machine should be determined. Then, based on the length of the working face, the time needed for one cut is established. After that, the number of cuts that should be made by each small shift is determined. [translator's note: in a couple of places, the term xiaoban (small shift) is used. It does not seem to have a different meaning.] Once the number of cuts is determined, it should be steadily maintained. If three shifts are used for production and the number of cuts produced by each shift is n, the total cuts for three shifts is 3n.

Let us now discuss what is the regular cycling of mechanized mining. Regular cycling was a concept adopted in the 1950's when explosives were used for mining. It stands parallel with the "old ox climbing the mountain" method. People now often have the habit of using this concept. Applied to mechanized mining, a regular cycling means the completion of the specified 3n cuts and specified daily inspection work. If only the number of cuts is completed and the inspection and maintenance work is not completed, it cannot be considered as regular cycling. In 1980, the No 1 mechanized team of the Pingdingshan No 10 Mine produced 760,000 tons with one set of equipment. The average monthly regular cycling rate was over 85 percent. In September, it reached 95.7 percent.

VI. Implementation of Rational Distribution System

The establishment of a post responsibility system is only the first step. To properly carry out the post responsibility system, there must be an appropriate distribution system. Such a distribution system must reflect not only the quantity of labor but also the quality of labor. First, the sphere of responsibility of various types of work must be clearly determined and quality standards must be established, determining the advanced performance quota and

a system of awards and penalty. Judging by the distribution systems used by the high production mechanized teams, the system considered better is to use an advanced quota as the basis and the method of computing piece work for yuan-ban [literally, round shift], quantities for small shifts, points for individuals, and distribution according to points. In actual practice, the various systems of distribution and fulfillment, improvement of engineering quality and equipment quality, and guarantee of hardwork and guarantee of safety should be united. For example, the No 1 team of the Pingdingshan No 10 Mine started this system in May 1979. In the three years, it has revised the quota three times, from 10 tons/man-shift to 12 tons/man-shift and later to 16 tons/man-shift. Basic wages are assured only when monthly production is maintained at above 48,000 tons. For higher production, the mine pays wages for above quota piece work and financial awards are distributed to the small shifts according to coal output. The method of computing points for individuals is based on individual labor volume and technical quality. Base points are determined for each cut, such as 10 points for the operators of the mining machines and the support installation and maintenance workers at the upper and lower exits, 9 points for general support installation workers, and 8 points for haulage machine operators. The larger number of cuts are made, the higher the points are received. If quality is poor or if unexpected events occur, points are taken away from the persons responsible. The practice of this system overcomes the condition of "eating from the big pot" and negligence on quality and launches the positive action of the staff and workers. This method is basically adopted by our country's first three A ranked teams and other high production teams.

VII. Guarantee of Free Haulage Links

These are the outside conditions governing whether or not a working face can achieve high production. Some of the mechanized teams do not have high production. For many of these, it is created by the lack of appropriate facilities or capacities in the outside links. For example, some of mechanized teams have capacities of 600 to 700 tons/hour. However, they use Model 40 liuzi [see line 5, p 12 in the entry, as many as 8 to 9 units in some cases of draft], and their total capacity is only 150 tons per hour. Some use an 800 millimeter suspended conveyor belt with an hourly capacity of only 350 tons. In some cases, one 800 millimeter belt is jointly used by two mechanized mining faces. Some have very small coal storage capacity in the mining area, only 20 to 30 tons. Some mining areas have very small car loading station capacities. In some cases, one-ton mine cars are used in the main haulage way and the single rail haulage capacity is very small. In other cases, the hoisting capacity is very small, only 100 tons an hour. Under these conditions, it is very difficult or even impossible to achieve high production. On the other hand, some high production teams have very large capacities for these outside links. For instance, in the case of the No 4 team of the Yongdingzhuang Mine, the distance from the working face to the surface is 5,500 meters. It is entirely belt haulage, the mining area has a 530-ton coal bunker, and the cushioning storage capacity at the working face is as high as 1,500 tons. The No 1 team of the Tongjialiang Mine uses 3-ton bottom drop mine cars, while the high production teams of Yangquan and Xishan have practically no large coal storage facilities and do not use 3-ton bottom drop mine cars for haulage.

VIII. Proper Development of Geological Report, Guarantee of Working Face Continuity, and Reduction of Production Stoppage Time as Much as Possible

In order to prepare good battle grounds for the mechanized mining teams, the Tongjialiang Mine follows the principle of "looking at three years" to make sure of the continuity of working faces. The design of working faces should meet the characteristics of the mechanized mining teams as much as possible. The working faces should be longer if feasible. Lengths of 150 to 180 meters are suitable. If conditions permit, zigzag [wangfu] mining should be adopted. For instance, the No 2 team of the Yangquan No 2 Mine mines along the dip in sections where the angle of dip is small. The design phase of mechanized mining should be properly carried out. In preparing for the next working face, manpower, materials, advance, and measures should be properly resolved. The work quality during development should be strictly followed to avoid future production difficulties. At the same time, the geological structure of the next working face should be explored and information on roof rocks and their conditions and faults should be provided to the mechanized mining team before it moves. The Guandi Mine prepares the next working face for a high production team two months in advance.

It also uses a fault investigation instrument for exploration and if problems are found, preparations to deal with them are made in advance. At times of moving, production stoppage time should be reduced as much as possible. In this area, two types of situations have been found. Some mechanized mining teams do not have any reserve equipment, such as the No 1 team of the Pingdingshan No 10 Mine and the No 2 team of the Yangquan No 2 Mine. Others do have reserve equipment, such as the No 4 team of Yongdingzhuang and the No 3 team of Guandi.

The No 1 team of the Pingdingshan No 10 Mine uses light weight supports, which are only 3.6 tons each support. In 1980, the team moved twice and the year's output was 750,000 tons. The first move had two extra shifts added and took six days. The second move took seven days. During the months that the team made the moves, it still was able to produce 48,060 and 48,700 tons of coal respectively. During the moves, a temporary command post was established, headed by the responsible person for the mine, and a coordination office was established under it. Because of the tight organization, clear definition of responsibilities, and proper work coordination, a smooth process of equipment dismantling, loading, haulage, and installation was assured. The No 2 team of the Yangquan No 2 Mine uses heavy weight protective supports, but it also has adopted methods for rapid moving. The yearly output from one set of equipment was 630,000 tons.

For those mechanized teams with reserve equipment, they can install and test the equipment at a new site before mining is completed at a working face. In this manner, they can move to the new working face for immediate coal production as soon as mining is completed at the old working face.

IX. Reliable Logistics Base for Inspection and Repairs

For the sake of being able to make moves rapidly, mines that have many sets of equipment should establish specialized moving teams. To assure that the

equipment is in good condition, they should have appropriate specialized inspection and repair forces to engage in minor repairs of equipment and to assist the mechanized mining teams in their weekly and monthly inspections. In order that defective parts may be replaced immediately, the bureaus and mines should have centralized and well supplied stock rooms of spare parts for mechanized mining equipment. In order that equipment is well lubricated, they should have special containers and oil storages for industrial hydraulic gear oils, turbine oil, friction resistant hydraulic liquids, lubricants, and emulsified oils. After a piece of equipment has been used for a definite period, it should be moved to the surface for inspection and repair. The mining bureau should have a strong inspection and repair base that will carry out repairs and overhauls according to schedule and quality requirements.

Our country has not used mechanized mining equipment long. Compared to the world's advanced coal mining countries, our totally mechanized coal mining teams are still a young army. We should learn with humility the advanced experiences abroad. At the same time, we should also pay important attention to our own experiences. This will allow the mechanized mining equipment to demonstrate even greater results and capabilities and to provide even greater energy resources for the "four modernizations" construction.

5974
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COAL GASIFICATION, LIQUEFACTION CONFERENCE HELD IN KUNMING

Kunming YUNNAN RIBAO in Chinese 11 Apr 82 p 2

[Article by Xiong Zhongshu [3574 0112 3219]: "Hasten the Pace of Developing Coal Gas in Large and Medium Cities and Mining Regions; the Third National Conference of Professional Coal Gasification and Liquefaction Groups Is Held in Kunming"]

[Text] The Third National Conference of Professional Coal Gasification and Liquefaction Groups held recently in Kunming studied preliminary plans for developing coal gas in large and medium cities and cities in mining regions and revised the "sixth five-year" scientific research plan.

After participating comrades heard the plans for developing urban coal gasification in large and medium cities and cities in mining regions as well as the general reports on preparations to build coal gasification plants in five cities including Beijing and Shanghai, they felt more profoundly that developing urban coal gasification is a major task that should not be delayed. The level of coal gasification in our nation's cities is very low. Among the more than 200 cities, only more than 70 have coal gas facilities. By population, among the urban population of over 88 million, only more than 16 million people use coal gas (including artificial coal gas, liquefied petroleum gas and natural gas), constituting only 18.1 percent (artificial coal gas constitutes 7 percent). Yet, the popularity of coal gas in Western European nations, the United States and Japan is over 85 percent. At present, the main industrial and civilian fuel in our nation's cities is coal. The thermal efficiency is low and the environment is polluted. Urban development is gradually developing towards skyscrapers. Burning coal has brought about many inconveniences to the masses. The request by urban residents and concerned departments to use coal gas is becoming more vociferous. The conference believed that we must conscientiously implement the spirit of the directives of the Central Committee of the Party, suit measures to local circumstances, start out from the actual situation, use many ways to hasten the development of mainly using coal to produce gas as urban coal gas, change the structure of urban fuel, and promote modernization of urban construction.

The conference believed that using coal as the raw material to produce coal gas is an important way to develop urban coal gas. Each locality should suit measures to local circumstances, suit coal to local circumstances according to the coal resources of the locality and the supply and marketing of coal and

combine the far and the near and seriously select appropriate technology for producing gas. Viewing future development, we see that besides fully utilizing presently available coking furnace coal gas, we can also selectively build a few coking furnaces at localities where the conditions and the resources are suitable. At present, the progress of scientific research in coal gasification in our nation is still very slow. It is suggested that coal gasification and liquefaction be included as projects to be studied by the state. At the same time, we should develop the production of methane as liquid fuel to suit the needs of developing sources of energy.

The conference held a panel discussion on the problem of coal gasification in Kunming city and proposed beneficial suggestions. The conference also organized visits to related chemical fertilizer plants and conducted panel discussions on technical problems.

Among those attending the conference were members of the professional group of the State Science and Technology Commission; delegates and specialists from related agencies, business enterprises and units and higher educational institutions totalling more than 100 people.

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COAL

MORE EFFICIENT USE OF COAL FIELD ASSOCIATED GAS URGED

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese No 2, 25 Apr 82 pp 21-22

[Article by Wang Kehuan [3769 0668 1403], Li Zhi [2621 1807], and Sun Qigui [1327 0796 6311]: "Exploitation and Use of Coal Field Gas"]

[Text] Gas is adsorbed or accumulated in the rocks that surround coal seams when the coal seam is tightly compressed by a rock overburden to form a combustible gas body in association with coal. It is characteristically colorless, tasteless, odorless, and of light specific gravity (0.716 kilograms/meters^3 under standard conditions). When mixed with air, it has a concentration of from 5 to 15 percent, is highly explosive, and has a heat value of 8,500 - 9,000 kilocalories/meters^3.

Someone in a foreign country has prognisticated that under usual conditions, were the rock surrounding a coal seam to be impervious, for every ton of coal formed between 600 to 700 cubic meters of gas would be formed. Of course, because of the porosity of the overburden, a very large part of the gas formed in association with coal is released into the surrounding rock strata. Even so, reserves are sizeable. In the Donbass coal fields of the USSR, below a depth of 1,800 meters gas reserves amount to 100 billion cubic meters, the equivalent of 2 billion tons of top quality coal. In the United States, the pure gas content of a mineable coal seam is 2.124 billion cubic meters.

Not only are gas reserves abundant, but gas is easy to use and its thermal efficiency is high. The coal briquets that people commonly use have a thermal efficiency of approximately 15 to 25 percent, while that of gas is more than 75 percent. When nearby cities or industries use it, transportation, storage, and management are all very convenient.

Pumping of gas is a technique for increasing energy and saving on mine shaft electricity consumption, and is also a safe method for developing coal fields. This does not require increases in large amounts of expenditures for projects and equipment in order to solve the energy needs of nearby urban residents, boilers, and small power generating plants. Today the major coal producing nations of the world are giving serious attention, one after another, to this problem, gradually turning toward active pumping, to doing overall planning, and to rational exploitation.

1. Current Situation Regarding Gas Exploitation and Use by World's Major Coal Producing Nations

1. Gas Exploitation

At the present time there are slightly more than 440 mine shafts in the world from which gas is pumped at the same time coal is being mined, the volume pumped being 3.125 billion cubic meters. The gas pumping rate for the mining areas is 80 to 85 percent, and the mine shaft pumping rate amounts to 40 to 70 percent. In Poland, West Germany, and the United Kingdom, the mine shaft pumping rate is 70 percent.

In 1976, Japan's output of coal was 18,444,000 tons and gas pumping was done from 11 mine shafts. Volume increased from less than 100 million cubic meters per year in 1955 to 320 million cubic meters per year in 1976. This shows that energy short Japan attached serious importance to mine shaft gas in its exploitation policies, and that there was new developments in its pumping techniques as well. In the 25 year period between 1950 and 1975, quantity of mine shaft gas pumped in the United Kingdom rose 125 times. During the same period, volume of coal output declined 41.5 percent. The United States does fairly little pumping of mine shaft gas, but it uses new techniques capable of increasing the pumping efficiency rate such as magnetically controlled directional drilling. West Germany pumped gas for the first time in 1942, but has now formulated a set of mine shaft gas pumping standards and volume of gas exploitation increases year by year, and coal output has also remarkably increased as a result of forepumping of the gas working area. Volume of gas pumped amounts to 50 percent of the quantity emitted by the mine shaft. Between 1955 and 1975 the USSR's gas output increased by 32 percent, the volume of gas pumped increasing 19.38 fold. They accumulated definite experience between 1948 when they started to pump gas until 1957, and the USSR pumps more gas per year than any other country in the world.

2. Several Ways of Using Gas

All the countries of the world today widely use gas as a fuel and as a raw material for the chemical industry. Several representative applications with prospects are briefly described below.

(1) Gas generation of electricity. The ratio of mine shaft gas used to generate electricity is steadily rising in Japan where it accounted for 43.8 percent of the total volume pumped in 1974, 52.3 percent in 1975, and 58.2 percent in 1976. There are two ways of using it. One way is to burn gas directly to generate electricity. Another way is to use a mixture of gas and powdered coal to generate electricity. In February 1978, a mine shaft in Northern Wales in the United Kingdom began to use a gas turbine to power a 1,600 kilovolt-ampere generator to generate electricity. The machine required gas at a rate of 28 cubic meters per second, and its generating capacity could supply 30 percent of total electricity consumption in the mine shaft. Waste gas from the gas generator could heat boilers needed for 650 people to take a bath, to heat offices in the winter season, and to keep the mineshaft warm in winter. When the gas concentration pumped from the shaft was lower than needs, the turbine used diesel oil as a fuel. They believed that gas in concentrations above

40 percent produced good results in generating electricity. The United States is getting ready to use pure gas and gas in low concentrations as a fuel for turbines, and to use pipe lines to carry gas to atomic energy electric power generating stations involved in experiments. The USSR is also studying use of mixed gas to generate electricity. Success will permit a 25 to 30 percent saving of solid fuel for an annual saving of 1.5 million rubles.

(2) Boiler fuel and urban coal gas. The burning of mine shaft gas with other fuels in order to guarantee a consistent supply and even burning is yet another new trend in foreign use of gas. Japan, for example, mixed mine shaft gas and gasoline to make a gas with a heat generating capacity of 5,000 kilocalories, which was used in 1976 in a proportion of 1:1. The United Kingdom mixed gas and coal, particularly low grade coal for use in firing smelting plant furnaces. After being compressed, it can also be used as a fuel for internal combustion engines and automobiles. In the United States, liquified gas was provided for boilers and turbines generating electricity. In the USSR, gas of low concentration (2.5 percent) was blown into furnaces to help coal burn for a 25 to 30 percent saving in solid fuel. Czechoslovakia also burned gas and solid fuel in a 1:1 ratio, low grade coal or waste rock being used as the solid fuel.

A technology in general use today that is simple and workable is pipeline transportation of fuels used by the people or industry. Czechoslovakia is foremost in this field. They link together gas sources in a mining area for both handiness in adjusting and controlling them and for assuring consistent quality in the area to which they are supplied.

2. Present Situation and Outlook for Exploitation and Use of China's Coal Field Gas

1. Coal Field Gas Reserves and Prospects. No general survey has been done and no statistical data are available presently on gas reserves. On the basis of mine shafts developed, reserves are fairly abundant. According to computations made from gas mine shaft appraisal data and actual coal output in 1979, annual gas volume at major and uniformly equipped coal mines as determined by the release of gas from air circulated for ventilation was as much as somewhat more than 3.6 billion cubic meters, or the equivalent of the total amount of annual coal gas output of 10 urban coal gas plants with a daily output of 1 million cubic meters. Taking only statistics from the 124 mine shafts in China where varying degrees of gas pumping is being done, within the scope of the present design depth (generally less than 750 meters), gas reserves available for exploitation amount to 104 billion cubic meters, from which the quantity of heat following burning is equal to 500 million tons of coal. At a depth of 1,000 meters, estimated reserves may be greater than 150 billion cubic meters.

Gas resources in the Yangquan Mining Bureau in Shanxi Province are 8,658,400,000 cubic meters. Even if the pumping rate is only 23 to 25 percent, more than 2 billion cubic meters of gas can be exploited. If 50 million cubic meters is pumped annually over a 40 year extraction period, the energy will amount to double the amount of electricity that the bureau uses annually. Though the Shengli Mine in the Fushun Mining Bureau has stopped production and has been abandoned, its pumpable surplus gas amounts to more than 2.7 billion cubic meters. In addition, gas in fissures in coal seams of the Tangshan mine currently issues forth in sizeable amounts.

In short, accompanying development of the coal industry has been a gradual increase in exploitable and useable mine shaft gas, and this is an energy source requiring little expense for exploitation, that can be readily used, and that has rather good prospects.

2. Current Status of Exploitation of China's Coal Field Gas. Among uniformly equipped and key coal mines, more than 40 percent of the total number of mine shafts are high gas mine shafts. Pumping is still being done at 101 of the existing 124 pump mine shafts, and 23 mine shafts are now being equipped or waiting to be equipped with gas pumping systems. The 101 mine shafts have an annual pumping output of 1.553 billion cubic meters, a mine shaft pump rate averaging 78 percent. It may be seen that the mine shaft pumping rate can be further increased.

Because the gas pumping currently being done in China is primarily for safety in mine shaft production, consequently all arrangements and management are primarily for coal production. The gas is also mostly produced by the mine, managed by the mine and used by the mine. Pumping techniques and equipment are about what they are in foreign countries. However, active arrangements for pumping have yet to be made from the standpoint of gas being an energy source; consequently pumping efficiency is very low.

3. China's Mine Shaft Gas Utilization. A look at utilization rate figures shows 70 percent for 1979 and 78.9 percent for 1980. However, in actual fact, because of poor management and limitations in equipment and instruments, waste and loss has been fairly great. Since 1957, the Yangquan Mining Bureau has pumped a total of 795 million cubic meters of gas, and in 1979 it pumped 68.85 million meters or 131 cubic meters per minute. Of the total, 45.8 percent was used as raw material for the chemical industry, 300 tons to make carbon inks, and 500 tons to make formaldehyde. The remainder was use as fuel by the citizenry, supplies going to 7,761 households, 22 messhalls, 31 tea urns, and four small boilers. However, each household daily consumed between 40 - 50 cubic meters, which was 20 times the amount of coal gas used by the residents of Beijing. Another example is the Fushun mining district, where coal gas is used rather well but where waste is extremely shocking nevertheless. At the present time, it pumps about 100 million cubic meters annually, the equivalent of 285 million cubic meters of urban coal gas. With proper management, this could supply entirely the needs of Fushun's 225,000 residents. However, in addition to the 6.32 million cubic meters currently used by industry, only 70,000 residences are supplied.

In China, gas is used largely as fuel by the people, to fire boilers, to make formaldehyde, and to make carbon ink. It has not yet developed toward being burned in combination with solid fuels and for the generation of electricity. The scope of its utilization is rather narrow; the system is not very well developed; and in management and coordination some areas awaiting improvement exist.

4. Outlook. Since exploitation of coal as a foremost energy source is being carried out, prospects are very good for the exploitation of mine shaft gas that is produced in association with coal. All that is needed is sensible

arrangements for pumping and strengthening of management, even with no increase in new pumping from mine shafts, within 5 years the volume of gas exploited can increase to about 500 cubic meters per year.

Mine shaft gas is a top quality energy source with an extraction life that is longer than coal's. It is characterized by a simple technology for exploitation, little investment of funds, quick results, suitability for use nearby, and it can generate electricity at the pit head or be mixed with low grades of solid fuels for burning. If only we will actively exploit it for use, the important position of gas as an energy resource will become apparent very quickly.

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BRIEFS

QINGHAI SEMIANNUAL COAL PRODUCTION--By 6 June the Qinghai provincial coal bureau had fulfilled its semi-annual raw coal production plan by producing 648,000 tons. Compared with 1981, the ash content and cost of coal declined. [Xining Qinghai Provincial Service in Mandarin 2330 GMT 17 Jun 82 SK]

HEILONGJIANG COAL PRODUCTION--Harbin, 15 Jun (XINHUA)--After 3 years of consolidation work and technical reform, Heilongjiang's coal mines, whose products are under the state's unified distribution, increased their output by 4.3 million tons from 29 million tons in 1978 to 33.3 million tons in 1981. The output during the first 4 months of this year increased by 1 million tons over the corresponding period in 1981. The total amount of workable reserves of coal in the province increased from some 110 million tons in the past to some 150 million tons, sufficient for coal extraction work for 5 years. The amount of coal put in reserves increased from some 51 million tons to 63 million tons while the amount of recovered coal increased from some 22 million tons to some 26 million tons. [Beijing XINHUA Domestic Service in Chinese 0232 GMT 15 Jun 82 OW]

URUMQI COAL PRODUCTION--By 24 June, the Urumqi mining bureau had extracted 888,000 tons of coal and fulfilled its quota for coal extraction for the first half of this year ahead of schedule. Its output was some 100,000 tons more than in the corresponding period of last year. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 25 Jun 82 HK]

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LIAONING FULFILLING COAL PRODUCTION PLAN--As of 26 June, collieries whose products are distributed under the unified state plan had turned out 14.6 million tons of raw coal, an increase of 11 percent over that of the corresponding 1981 period and fulfilling the semiannual target 4 days ahead of time. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 26 Jun 82 SK]

JILIN RAW COAL OUTPUT--Collieries throughout Jilin Province whose products are distributed under the state's unified plan prefulfilled and overfulfilled their semiannual production plan by 6 days and by 21,000 tons, prefulfilling their semiannual coal dressing and exploratory footage plans by 23 days. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 26 Jun 82 SK]

GANSU RAW COAL OUTPUT--Gansu provincial coal mining enterprises prefulfilled the semi-annual raw coal production and tunnelling footage plans by 16 days and 1 month respectively, overproducing 155,000 tons of raw coal as of 22 June, an increase of 23.4 percent over the corresponding 1982 period. The tunneling footage also showed an increase of 51.4 percent over the corresponding 1982 period. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 24 Jun 82 SK]

GUANGDONG COAL PRODUCTION--The coal mines in Guangdong Province fulfilled their quotas for raw coal production for the first half of this year 11 days ahead of schedule. By 27 June, the province had produced some 3,536 million tons of raw coal, which was 320,000 tons, 10 percent, more than in the corresponding period of last year. The economic returns and the situation of production safety of the coal mines are better than previous years. These coal mines have initially turned losses to profits. According to statistics, some 300 coal extraction teams and tunnelling teams of the provincial subordinate coal mines have universally implemented the economic responsibility system while universally implemented the economic responsibility system while prefectural and county coal mines have also implemented this system on a trial basis. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 29 Jun 82 HK]

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OIL AND GAS

TRANSFER TO EAST CHINA OF SOME PETROLEUM PROCESSING URGED

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese No 2, 25 Apr 82 pp 5-7

[Article by Cheng Guangquan [4453 0342 6112] and Wang Zhuming [3769 4376 2494]; Anqing Petrochemical Works: "Equitable Regional Distribution in the Readjustment of Petroleum Processing"]

[Text] Petroleum is an important resource about which people are extremely concerned and for which the conflict between supply and demand is currently pronounced. In order to equitably use petroleum resources, in addition to taking action to effectively reduce burning and conserve use of oil, the readjustment of petroleum processing areas is also a major method that should not be overlooked.

As of now, China has built and put into production more than 50 large and medium size petroleum refineries and petrochemical enterprises. The mix is rather complete, and includes petroleum refining and production units that use petroleum as the raw material for making other raw materials for chemical fibers, plastics, rubber, chemical fertilizer, organic chemicals, and detergents. They are located, for the most party, in the northeast, in North China, and along the banks of the Chang Jiang (called the region along the river for short)*. These petrochemical enterprises were built and went into production at various times and gradually developed. The kinds of production, component plants, and technological equipment vary too. Differences are fairly great in the economic structure of the areas in which they are located, and as a result the technical and economic results derived from the processing of petroleum in different places and enterprises also vary greatly. Right now the major existing problem is inequitability in regional distribution of quantities of petroleum processed, an overly large amount being processed in the northeast, which accounts for about 40 percent of the national total, and an overly small amount being processed in the region along the river, which accounts for about 30 percent. This is less than the quantity of petroleum processed in Liaoning Province alone. The regional overconcentration of petroleum processing has impaired equitable use of petroleum resources and added to the railroads' transportation burdens. In order to change this inequitable situation, the northeast's increased processing of petroleum from the region along the river should

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*By the "region along the river" is meant Zhejiang, Jiangsu, Anhui, Jiangxi, Hunan, and Hubei provinces, and Shanghai.

Now be reduced so that the nine oil refineries, the six large chemical fertilizer plants, and a group of petrochemical fiber plants in the region along the river can play a greater role and win greater economic results.

1. Equitable Use of Double Processing Equipment To Increase Extent of Processing

1. Increase in output of light oil products means increase in national income. Catalytic cracking equipment is currently China's principal processing equipment for the production of light oil products, and full use of this equipment is a major way to increase output of light oil products. The eight catalytic cracking facilities in the area along the river have a gross production capacity of about 8 million tons, almost double that of the northeast region. Because of a current lack of raw materials, the equipment's potential has not been put to full use. Moreover, because of the overly large quantities of petroleum processed in the northeastern region, and the overproduction of cracked raw oil, which catalytic cracking facilities are "unable to digest," the technologically backward thermal cracking facilities must carry on high load production. This impairs product quality and the acquisition rate for light oil products so that the cracked raw materials cannot be equitably used. If the quantity of petroleum processed by the northeastern region were to be reduced, and five thermal cracking facilities shut down, extrapolation from the 2.7 million tons of raw materials processed in 1980 shows that after a change to processing by the catalytic cracking facilities in the region along the river, the annual increase in output of gas and diesel oil would be 400,000 tons, and national income would increase by more than 100 million yuan.

2. Increased output of aromatic hydrocarbons for a saving in foreign exchange. At the present time, the northeastern region has only three catalytic reforming facilities of identical types for the production of aromatic hydrocarbons, and the region along the river has five. Production capacity of the region along the river is greater than that of the northeast. Were the volume of petroleum processed by the region along the river increased, and the supply of reformed raw materials sufficient, this region could annually produce almost 30,000 tons more of petrobenzene and 30,000 tons of polyester raw materials than the northeastern region produces for a saving of $30 million in foreign exchange. Following improvements, production capacity of the six facilities could increase by from 30 to 50 percent, and output of aromatic hydrocarbons could also increase.

In 1980 China imported 40,000 tons of 66 monomers of caprolactam and nylon, and 32,000 tons of polystyrene. Were the region along the river able to greatly increase its benzene output, it would be able to develop conditions to supply plastic and fibers needed in markets and would also be able to save foreign exchange.

2. Improvement in Overall Extent of Use of Petroleum and Increased Output of Chemical Products

Though directly distilled light oil output from the northeastern region is currently great, it is not fully used. Meanwhile, with the burgeoning of chemical industries in the region along the river, all sorts of conditions exist for the

equitable use of directly distilled light oil. Following readjustment of petroleum processing areas, the increased output of light oil would be able to increase output of various chemical industry products.

1. Increased output of urea to reduce imports. The two imported large chemical fertilizer facilities use oilfield gas as their raw material and as their fuel, so increase or decrease in the quantity of petroleum processed would not impair urea production. The six facilities (including one in Zhejiang currently under construction) in the region along the river use petroleum as raw material and as fuel, so increase or decrease in quantity of petroleum processed would directly impair the quantity of urea produced. In 1980, the quantity of petroleum processed was insufficient, so imported facilities at Nanjing, Anqing, Dongting, and Jijiang cut back production of urea by about 650,000 tons. Today the situation is one in which, on the one hand, the equipment capacity of the large chemical fertilizer facilities in the region along the river is not being used to the full, while at the same time large quantities of urea are being imported. In 1980, 1.85 million tons of urea were imported from Japan alone at a cost in foreign exchange of $370 million. The six provinces in the region along the river are China's major agricultural area where production of urea approaches consumption. Reduction of imports and quantities moved in from outside the region would save on transportation and transportation expenses.

In addition, the region along the river has oil refining and chemical industry facilities, which are capable of using directly distilled light oils rationally. If some of the directly distilled light oils could first undergo processing in catalytic reforming equipment to produce aromatic hydrocarbons, the leftover topped oil and chouyu [2132 7411] oil being supplied to chemical fertilizer plants for further use, the double use of a single raw material could produce both aromatic hydrocarbons and urea.

2. Increased cracking of raw materials to develop the petrochemical industry. Because the quantity of oil currently processed in the region along the river is small and supply of raw materials for cracking insufficient, petrochemical industry production has been impaired. An example is the important organic raw material for epoxy ethane. Because the Gaoqiao Chemical Industry Plant in Shanghai lacked several tens of thousand tons of cracked raw materials, it had no choice but to shut down its epoxy ethane manufacturing equipment. Meanwhile the nearby Shanghai No 2 Detergent Factory was still renovating its epoxy ethane facilities, investing funds in construction for diversification. It switched to the use of grain alcohol as a raw material and consumed large quantities of chlorine gas, incurring high costs and seriously polluting the environment as well.

Once the quantity of petroleum processing in the region along the river has been increased and more cracked raw materials become available, the large Jinshan, Gaoqiao, and Yueyang chemical industry enterprises will be able to increase their output of chemical fibers, rubber, and organic raw materials, materials which are in short supply. Of more importance is that some large imported petrochemical and chemical fiber plants under construction or planned for construction in the region along the river will have a supply of raw materials, and large scale increases in production of light and textile industry products will become possible. This will also open broad vistas for the region along the river's use of heavy oil in its chemical industry.

3. Chemical industry use of refinery gases. Development of the petrochemical industry and the introduction of large size cracking equipment to produce chemical industry raw materials is certainly necessary; however, refinery gases used by the chemical industry are also a major resource that should not be overlooked. Four of the eight catalytic crackers in the region along the river are large 1.2 million ton ones, which annually produce more than 1 million tons of gas. This is more than the total gas output of a single 300,000 ton ethylene installation. Were 15 percent of this to be used by the chemical industry, the amount would be fairly impressive. But these facilities, which are capable of producing C_3 olefin and C_4 olefin, are not now fully used for lack of raw materials, and products made from C_3 olefin and C_4 olefin continue to be imported. In 1980, the Ministry of Light Industry imported more than 36,000 tons of polypropelene, and the Ministry of Textiles planned to import 90,000 tons of acrylonitrile at a cost in foreign exchange of more than $100 million. There is also a shortage of butadiene, the raw material for dinger [002 0059] rubber and butadiene rubber. Were the region along the river's petroleum processing capacity to be increased so that supply of cracked raw materials was ample, the large quantities of C_3 and C_4 olefins produced as a byproduct in the catalytic crackers could be supplied for the use of the petrochemical industry, and acrylonitrile would not have to be imported, the shortage of butadiene would be solved, and foreign exchange would be saved. Furthermore, C_3 and C_4 olefins can produce high octane gasoline ingredients.

3. Rational Product Flow and Improvement in Railroad Transportation

The finished oil products currently produced in the northeastern region account for 40 percent of the country's total, but that region can consume only one-third of them; the remaining two-thirds have to be moved into China Proper and transported to all places. Of most importance is that the finished oil products produced by plants in Liaoning Province are shipped over the Shenyang-Beijing line, but since oil refining capacity is large in North China and East China, substantially no transportation of finished oil products into these areas is necessary. As a result, finished oil products produced in the northeast have to be hauled by train over long distances, traversing North China and East China on their way to the southwestern region.

Were cutbacks to be made in the northeastern region's petroleum processing capacity, the region's production of finished oil products being substantially consumed within the region (special oil products excepted), the transportation situation would take a great turn for the better.

First, finished oil products of different kinds and crude oil both have to be transported into China Proper causing transportation congestion. Following readjustment of petroleum processing regions, the situation would be changed. Only a single variety of crude oil would be transported into China Proper, and it would go to the sea via the Tieqin and Tieda oil pipelines, and then via water transportation to the individual plants in the region along the river, taking full advantage of the oil pipelines and water transportation.

Second, as a result in recent years of an increasing shortage of coal in the northeastern region, plus the need to reduce the burning of oil year by year, the quantity of coal shipped from within China Proper has steadily increased, amounting to more than 10 million tons in 1979. Moreover, the newly completed Beijing-Tonghua line has a capacity of only somewhat more than 10 million tons and capacity of its branch lines is small, so the major traffic artery between China Proper and the northeast remains the old Beijing-Shenyang line the capacity of which is already saturated. Following readjustment of petroleum processing regions, transportation into China proper of finished oil products can be reduced by about 9 million tons, greatly relieving the burden on the Beijing-Shenyang line and providing conditions for increase in the quantity of coal hauled out of China Proper. This would have major significance for the northeast region's conservation of electricity and steel, and for reduction in the burning of oil. It would also permit savings in investment for construction of railroad lines concerned.

Third, most of the chemical fibers, chemical fertilizers, chemical raw materials and finished petroleum products produced in the region along the river are sold near the area of their production, making for a sensible direction of flow of goods. Finished oil products from outside the region are distributed by a combination of water and land transportation, which is very convenient. Operation of the Gezhou Dam and the opening to vehicular traffic of the Jiliu line have created excellent transportation conditions for the movement of finished oil products into Sichuan and the southwest. As compared with the former transportation from the northeastern region, large quantities of energy would be saved, and a saving of almost 100 million yuan in transportation expenses would also be realized. Transportation to nearby points would also mean a reduction in turnover time and quantities maintained in inventory for commercial units, a reduction in transportation links, and a saving of administration and management expenses. Movement back and forth of railroad unit tank cars could also be greatly decreased. This would mean a saving in investment for the construction of tank cars and related auxilliary facilities, and would lower railroad transportation and administrative expenses.

Readjustment of the quantity of petroleum processed is a major overall issue that has ramifications for the location of oil refining and petrochemical industries. It most certainly is not something that can be done as soon as one says it is to be done. The present set-up has come into being over a period of many years, and future readjustments and changes will also have to be done step by step and over a period of time. While assuring the northeast region's special uses for oil for chemical fibers, the chemical industry, for aromatic hydrocarbons, and for lubricating oils, the main conception is for use of current processing amounts as a base figure that is reduced gradually, first by 20 percent and finally by 40 percent to attain a situation in which the amount of petroleum processed is set at the quantity of consumption of finished oil products within the region. Once output has been set on the basis of sales, the quantity of petroleum processed may be annually reduced by an average of somewhat more than 10 million tons, which can be allocated to plants in the region along the river. Such a reduction should be carried out in coordination with annual reductions in the burning of oil. So as not to impair production by those who burn heavy oil as a result of cutbacks in production of some heavy

oil in the course of current small reductions in the quantity of petroleum processed, four coking facilities can be shut down, the heavy oil saved thereby used to offset the cutbacks.

Selection of an economic petroleum processing area is a major ingredient in energy policies requiring regular thoroughgoing study and examination. Right now, most important is readjustment of the quantity of petroleum processed in the northeast and in the region along the river. This will play a role in future amelioration of energy and transportation shortages, and is of major significance for development of the national economy and the economy of the region along the river.

Regional readjustment of the quantity of petroleum processed is, in fact, the regional distribution and overall use of petroleum energy and petroleum's chemical raw materials. It creates conditions for improvement in transportation vehicles and transportation methods, thereby achieving a saving in energy, improvement in management, and promotion of economic development. Naturally, regional readjustment of the quantity of petroleum processed must be carried out simultaneous with the readjustment of each enterprise in a region and with readjustment of production categories if it is to yield expected results. The problem of current shortage of petroleum is becoming increasingly urgent and bears on the provinces, municipalities, and enterprises concerned as well as on commerce, communications, railroads, petroleum, the chemical industry, textiles, agriculture, coal, and the light industry sector. Consequently widespread discussion is necessary to hear all points of view and to formulate genuinely workable measures. This is the only way in which China's present 100 million tons of petroleum can play a greater role and give impetus to more rapid development of the national economy.

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OIL AND GAS

OIL PROSPECTING IN EASTERN TARIM BASIN OUTLINED

Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 3, No 1, Mar 82 p 40

[Article by Kang Yugui [1660 3768 2710]: "New Find at Yuecan-1 Well in Tarim Basin"]

[Text] In September 1981 drilling was completed to a depth of 4747.18 meters at Yuecan-1 Well in the northern part of Yuejin No 1 Zhongligao in Shaya County located in the East Tarim depression zone of the Tarim Basin. This is presently the sole deep well in the vast East Tarim depression area. It is of major significance for understanding the region's geological structure and development of deposits since the Cenozoic and Mesozoic eras, and for its petroleum and gas prospects.

In the course of drilling the Tertiary system (N) to a depth of 3564.5 meter (drilled thickness, and likewise in subsequent text), yellowish-gray, brownish-yellow, light brown, and grayish white fine siltstone rock, siltic mudstone, metamorphic rock containing marine facies kongchong [1313 5849] and jiexingchong [0094 1748 5849] were found that were substantially comparable to those of the Kuche Depression tertiary system.

Below the Tertiary system at a depth of 477 meters was brownish red and brown mudstone, argillaceous siltstone, silty mudstone, and grayish white siltstone underlayed with fine conglomerate sandwiched into pelitic siltstone, with weathered minerals such as kaolinite, glimmerton, and endellite being visible.

In the Jurassic-Tertiary fold system (J - T) at a depth of 660.68 meters (the full depth not yet plombed), on the top is brown, and brownish gray mudstone, siltic mudstone and calcareous shale sandwiched with powdered sandstone, coal and conglometere. In the middle is purplish brown mudstone and grayish white fine siltstone of varying thickness interbedded with dark gray pelite. Below lies dark gray mudstone and silty mudstone sandwiched with brown pelite, and a thin stratum of limestone beneath which is a conglomerate of mixed colors. These layers may be compared with the Jurassic-Tertiary fold system of the Kuche Depression. It abounds in palynologized rock.

Inasmuch as the strata below 4086.5 meters in this well are comparable to the Jurassic system in the A'an-1 Well and the Tienan-2 Well of the Kongque River slope, it may be seen that the distribution of the Jurassic-Tertiary fold system of the East Tarim Depression is fairly extensive. It is linked to the tertiary fold system of the Kuche Depression, and to the possible tertiary fold system of the Southwest depression area. It is conjectured that distribution of the tertiary fold system of the Tarim Basin is very possibly regional in nature.

The dark pelite in the well's Jurassic-Tertiary fold system has an accumulated thickness of more than 300 meters (it has not been completely drilled through), a terreau of moderate density, and a fairly good transformation coefficient. It is estimated that it becomes thicker and better toward the center of the depression, and that it will be one of the major strata for prospecting in the East Tarim Depression, on consequence of which estimated prospects for petroleum and gas in that region have been raised.

A large seismic cross-section across the Tarim River to the north of Yuecan-1 Well shows several seismic wave groups as being continuous and fairly good, with no discovery of evidence of a fault. It had been supposed that Shayalongqi lacked a Mesozoic group, but this is no longer the view. Thus there is a new view of the deposit characteristics and petroleum and gas prospects for Shayalongqi.

The tertiary angle of tilt below the well is very small, generally 2 to 3 degrees, while the angle of tilt of the Jurassic-Tertiary fold system is 13 to 15 degrees. In addition, beneath the Tertiary system can be seen a large amount of conglomerate and weathering that shows that between the two a long period of deposit interruption has been going on (a Cretaceous system is still lacking) and the angle formed is not conforming and contacting.

One may conclude that completion of work at Yuecan-1 Well will provide important data for evaluating petroleum and gas prospects in the Eastern Tarim Depression. Geological findings already obtained demonstrate that prospects for finding petroleum in Eastern Tarim are very great.

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OIL AND GAS

CONFERENCE HELD ON MEASUREMENT OF PETROLEUM RESERVES

Jiangling SHIYOU YU TIANRANQI DIZHI [OIL AND GAS GEOLOGY] in Chinese Vol 3, No 1, Mar 82 p 15

[Article by Fei Fuan [6316 1381 1344]: "Conference on Long-range Forecasting of Oil and Gas Reserves"]

[Text] Energy is the life blood of national industrial modernization, and oil and gas resources are particularly important. The size of oil and gas reserves bears on national energy policies and on the speed of development of industrial modernization. At this important historical time when China is in the midst of a new round of petroleum surveys, the Ministry of Geology assembled more than 60 specialists from subordinate petroleum survey and prospecting commands, petroleum survey and prospecting brigades, integrated petrogeology brigades, main petrogeology research laboratories, and academic institutions. Between 17 and 25 November 1981, they convened a study and work conference on forecasting long-range gas and oil reserves at Wuxi in Jiangsu Province at which they specifically explored the issue of China's oil and gas reserves, which was very timely and very much necessary.

At the conference, the first and second petroleum survey and prospecting commands, the Jiangsu Petroleum Survey and Prospecting Command, the Integrated Petrogeology Brigade, and the Main Petrogeology Laboratory gave briefings on the Dongming Depression, the Dongtai Depression, and on the Southern Song and Liao rivers, and northwestern Sichuan. They used mathematical simulation methods, and the Monte Carlo Method to calculate quantities of raw oil and raw gas, and they also engaged in enthusiastic discussion of calculation methods, the selection of parameters in calculations, and such technical and academic questions.

At the conference a briefing was also given on determination of dynamics parameters of pyrolitic reactions of ganlaogin [0049 6803 2704] on the heat evaporation method of determining light hydrocarbons in rock, on the relationship between mudstone pressure and initial petroleum movement, on maximum ancient earth temperatures borne by restored raw oil rock, and such research results. These heartening advances lay a solid foundation for China's building of a set of appropriate research methods and for setting forth pertinent parameters. The conference also emphasized briefings on foreign methods for calculating and

evaluating oil and gas reserves. In light of actualities in China, they fully discussed the movement coefficients, hydrocarbon discharge coefficients, cumulative coefficients, and risk coefficients. They put forward goals to be tackled and methods to be employed in tackling them to provide greater and more reliable scientific data for figuring oil and gas reserves.

In summary, this conference unified perceptions, unified work methods and calculation methods, and increased confidence. This played a role in advancing China's oil and gas reserve forecasting work.

9432
CSO: 4013/83

OIL AND GAS

GUANGZHOU FORUM ON SEA OIL LOGISTICS BASES OPENS

HK290358 Hong Kong TA KUNG PAO in Chinese 28 May 82 p 2

[Dispatch from correspondent Li Wei-ching: "Guangzhou Seminar Opens; Chen Lizhong Speaks"]

[Text] Guangzhou, 27 May--On the first day of the seminar held in Guangzhou on building logistics bases for South China Sea oil it was revealed by Chen Lizhong, general manager of the South China Sea Oil Joint Services General Corporation of China, one of the sponsoring organizations of this seminar, that the Chinese authorities concerned are now drawing up a plan for overall development of the logistics bases for South China Sea oil. The bases include Shekou-Chiwan in Shenzhen, Hainan Island, Sanya and Zhanjiang. Guangzhou has been designated as the command headquarters. The possibility of turning Shantou into one of the logistic bases will be considered at a later stage. The objective of the above-mentioned plan is to form a "supply network of logistics bases for South China Sea oil" in order to cope with the pressing demands of offshore oil exploration.

Chen Lizhong revealed that in order to accelerate this work, the Chinese Offshore Oil Company, the Ministry of Petroleum Industry and the South China Sea Oil Joint Services General Corporation of China will form an "investigation team" to carry out inspection and exploration in groups in Chiwan, Zhanjiang and other areas. They are expected to complete the official development plan before the end of July.

In accordance with the tentative plan to build a "supply network of logistics bases for South China Sea oil," Guangzhou City will be the command headquarters and joint services center of the whole South China oil exploration project. The Chiwan base is some 70 nautical miles south of Guangzhou; Zhanjiang is some 290 nautical miles from Guangzhou; Sanya is some 480 nautical miles from Guangzhou; and Shantou City is some 290 nautical miles east of Guangzhou. Thus, in view of the geographical situation, such a supply network for the exploration of the South China offshore oil fields is rational and accords with practical needs.

According to the information obtained by this correspondent, Guangzhou City had previously drawn up a town plan. There was a plan to turn Huangpu, one of the satellite towns, into a medium-size city with a population of 300,000 -- 400,000.

The district has wharfs, shipyards, and petrochemical works. It has all the conditions for being developed into a South China Sea oil base.

During the seminar, Chen Lizhong introduced, one by one, the five South China Sea oil logistics bases in the supply network.

1. The Shekou-Chiwan base in Shenzhen. This is one of the important bases for prospecting and exploring offshore oil fields in the central part of the South China Sea. At present, Nan Shan Exploration Company has started building piers and a port, and is working on the planning, design and construction preparations of the "five buildings and one leveling" project [building roads, water supply facilities, electric power installations, sewage system and telecommunications and leveling land for construction] at the onshore base. The company is working toward completing construction of a 5,000 ton-class berth, relevant service sites and public utilities by 1983. The existing pier of the Shekou industrial zone and some other provisional facilities will be put into use before the Chiwan base is ready for operation.

2. The Sanya base in Hainan Island. This is the forward service base for inspecting and exploring the offshore oil field in Yinggewan Gulf. At present, some provisional facilities have been added to the original port facilities to meet the needs of the initial stage.

3. The Zhanjiang base. This is the main base as well as the headquarters for exploration in the western part of the South China Sea. This base has a relatively solid foundation. This year, additional equipment will be installed so as to form a complete system and keep up with new developments which were put into practice after the first call for tenders.

4. Guangzhou. This city is the main headquarters for the entire project of inspecting and exploring offshore oil fields in the South China Sea. China will fully utilize all the existing favorable conditions of the city to render logistics services needed for oil exploration.

5. Shantou. This municipality has the potential to develop into a logistics base for offshore oil exploration. In the future, Shantou will develop in this direction depending on how the public bid for offshore oil exploration is making progress.

Chen Lizhong also encouraged foreign, Hong Kong- and Macao-based companies specializing in rendering service for offshore oil exploraton, manufacturers of relevant equipment, and other relevant companies to enter into joint-venture or cooperation agreements with his corporation, its subsidiary base companies and companies rendering special services. All locally-produced materials and equipment, and various contract services for production and livelihood provided by companies established within the territory of the country will enjoy priority status according to relevant regulations of the country. The investment and lawful activities of those foreign companies which have joined the service for offshore oil exploration in the country will be safeguarded by the country's law and enjoy certain legal rights.

The seminar on building logistics bases for the South China Sea oil field, which is to last for 2 days, opened this morning. At the opening ceremony, Lai Zhuyan, vice mayor of Guangzhou gave an opening speech first; Chen Lizhong, general manager of the South China Sea Oil Joint Services General Corporation of China, then gave a talk on exploring the South China Sea oil field and building a logistics base for offshore oil exploration. MacGaffe [7456 0668 7378], honorary chairman of the Energy Commission of the American Chamber of Commerce in Hong Kong, introduced speakers from Hong Kong and abroad to the participants.

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OIL AND GAS

SOUTH CHINA SEA OIL LOGISTICS MEETING CLOSES

HK290443 Hong Kong TA KUNG PAO in Chinese 29 May 82 p 1

[Report from correspondent Li Wei-ching: "Guangzhou Seminar Concludes Yesterday"]

[Excerpt] Guangzhou, 28 May--The Guangzhou "seminar on the building of logistics bases for South China Sea oil" concluded today after 2 days in session. Chen Lizhong, general manager of the South China Sea Oil Joint Services General Corporation of China, one of the seminar's sponsoring bodies, again stressed at the meeting today that Hong Kong would certainly play an important role in the course of building logistics bases for South China Sea oil.

Chen Lizhong spoke on four aspects of the close relationship between China's offshore oil exploitation and Hong Kong. First, at present many foreign oil companies have established offices in Hong Kong, and these offices are able to provide advanced technology and experience for the Chinese departments concerned.

Secondly, the South China Sea Oil Joint Services General Corporation of China has adopted the business principle of organizing joint undertakings and cooperating with foreign countries. The corporation welcomes investors from foreign countries and from Hong Kong and Macao to invest in China.

Thirdly, to coordinate with the work of exploiting the South China Sea oilfield, the Chinese departments concerned recently set up their first specialized oil company in Hong Kong, the China Offshore Oil Services (Hong Kong) Company Limited, to make extensive contacts with Hong Kong and foreign investors. This company will be responsible for purchasing oil equipment from foreign companies, for gathering offshore oil engineering data for foreign oil companies, and also for investment, loan and other services.

Fourthly, Hong Kong's economy and production will be affected as survey and exploitation of the South China Sea oilfield speeds up. Hong Kong's location is within the scope of the South China Sea oilfield, and it is bound to benefit greatly. For instance, the big increase in the numbers of personnel of foreign companies coming and going between Hong Kong and the interior of China will bring Hong Kong tangible income in the fields of tourism, real estate, food and drink and so on. Apart from that, China will import some items of advanced technology and equipment and survey materials from abroad, and much of this equipment will be shipped through Hong Kong.

Most of Chen Lizhong's speech consisted of replies to questions raised by oil experts from Hong Kong. This correspondent learned from his contacts with the foreign businessmen that they very much hope that Hong Kong will do more for building the South China Sea oilfield and in support and maintenance work and so on.

A number of foreign oil experts told this correspondent, just as China is exploiting its oil resources on a large scale, prospects are bright for cooperation between the mainland and Hong Kong in this respect.

They also declared that at present there is a great need for oil-rigs throughout the world (including China). For instance, the number of orders being fulfilled in Asia by Japan, South Korea and Singapore is growing all the time. Hong Kong too has great potential and advantages in building oil-rigs and offshore oil engineering. One reason for this is Hong Kong's good grasp of efficiency and quality control; it can deliver the goods more quickly than other countries and regions.

According to this correspondent's information, apart from Hong Kong oil circles' interest in South China Sea oil, the Hong Kong authorities too are paying close attention to South China Sea oil tendering and exploitation. A number of senior Hong Kong Government officials say that although Hong Kong has not been chosen as a logistics base for South China Sea oil, it is certain that the exploitation of the South China Sea oilfield will be advantageous for Hong Kong, and Hong Kong is willing to cooperate in this respect.

At the seminar today representatives of six foreign companies delivered technical reports.

CSO: 4013/103

BRIEFS

CRUDE OIL CAPACITY--Thirty-one oil wells have entered production at Huabei oilfield (SEMIMONTHLY NEWS has mistakenly reported 310 oil wells). The addition to the annual capacity is 900,000 tons. Huabei oilfield is one of our main centers of crude oil production. In 1976, the main reservoir (Zen-Chu reservoir) of this field went into production. Since that time, the geologists and oil explorers have continuously enlarged their field of exploration. So far, there are 16 reservoirs in production. Last year, they did much work and modified their programs. They have worked under 310 oil wells in the older reservoirs. There has been a general increase in the underground pressures of the reservoirs and the rich reservoirs may be spontaneously pumped in abundant quantities. At the end of last year, the Huabei Oilfield reached the goals for crude oil production, number of feet of oil well drilled, total industrial production and profit for our national government. The geological structure of Huabei Oilfield is complicated and the oil level is deep. In the past several years, the scientists, engineers and workers have carried out considerable amount of scientific research and technological improvement in oilfield geology, oil production, automatic controls, etc., in order to improve the yield from the oilfields. They have obtained many new results. [Text] [Shijiazhuang HEBEI RIBAO in Chinese 14 Feb 82 p 1] 9899

CSO: 4013/40

LOWER CRUDE OIL PRODUCTION--Our province's oil refining enterprises conserved energy and increased revenue through technical improvements and doing depth processing work well even though the supply of crude oil reduced. In 1981, the amount of crude oil rationed by the state was 1.4 million tons less than the previous year. With the additional lag in the sale of lubricating oil products, the reduction in profits from the two was originally estimated at 190 million yuan. But after exerting efforts, the profits did not lessen but an additional revenue of 10 million yuan was earned. In last year alone, 7 oil refineries completed 23 relatively important technical improvement projects of the four major projects. Energy consumption visibly dropped and the combined commodities percentage rose 1.73 percent over the planned percentage. The enterprise produced over 310,000 tons more of various products and created a wealth of 104 million yuan for the state. Each oil refinery insisted on organizing production according to state plans, each was felxible in production in a versatile manner and each exerted efforts to do the work of depth processing well and to increase the production of high quality export products and products meeting market needs. Limited raw materials were able to produce better economic gains. [Text] [Shenyang LIAONING RIBAO in Chinese 8 Feb 82 p 2] 9296

CSO: 4013/45

SUPPLEMENTAL SOURCES

PRESENT SITUATION AND PROSPECTS FOR DEVELOPING FIREWOOD ENERGY

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese No 2, 25 Apr 82 pp 40-43

[Article by Huang Heyu [7806 7729 5038] of the China Forestry Science Research Institute: "The Present Situation and Prospects of Developing Our Nation's Firewood Energy"]

[Text] The reserves of charcoal, petroleum, natural gas, nuclear energy and such mineral resources are limited, their producing areas are concentrated, their use is limited by technological equipment, and they cause pollution. At the same time, as the world's nations of today increase their consumption of energy, these resources cannot satisfy the demands of social development. Firewood resources are low cost. They do not have a very high requirement for technology and equipment. Their producing areas are scattered and they can be regenerated. Their potential for development is very great. At a time when the shortage of energy is becoming more and more severe, firewood resources have again become the focus of attention by nations of the world. Our nation's territory is expansive and its population is large. The supply of fuel is not abundant. Developing firewood, especially developing fuel forests, undoubtedly is an important part of the many ways to solve the problem of energy in our nation's farm villages.

I. Present Situation of Firewood Resources in Our Nation

Generally speaking, firewood energy includes the following types: 1. Trees felled from fuel forests. 2. Firewood obtained from timber forests, protective forests, economic forests, sparse woods, shrub forests, trees on the "four sides", wood obtained by trimming, nurturing, thinning by felling and small area felling in rotation. 3. Remnants from felling trees after they have matured and remnants from forestation and processing. We know from the above that managing firewood is the main purpose. Fuel forests are an important part of firewood energy. Timber forests, protective forests and economic forests not only fulfills one major purpose, they also provide firewood. This shows that forests have many functions. Therefore, the amount of firewood energy is determined by the quantity and quality of the entire forest resource. The more forests there are, the more firewood energy there will be.

According to statistics compiled in the survey of the nation's forest resources from 1973-1976, the present forest area covers 1.83 billion mu. The reserve of forest wood is 9.5 billion cubic meters, and the annual yield of firewood is

198.2 billion jin. Over the years, the cumulative area preserved by forestation amounts to 420 million mu. The percentage of forest coverage has increased from 8 percent before liberation to 12.7 percent. The thermal value of the energy of our nation's forest resources is equivalent to the amount of heat generated by 3.9 billion tons of raw coal. This shows that our nation's forests have a great potential as a type of auxiliary energy. Our nation's forest resources include 54 million mu of fuel forests with a reserve of 44.71 million cubic meters and an annual yield of 43.2 billion jin of firewood, equivalent to 120 million tons of standard coal. This serves an important function in solving the energy problems in farm villages.

In recent years, because of the emphasis placed on fuel forests by the governmental departments at each level, many fuel forests have been planted. Many models have emerged, illustrating the important function of fuel forests in solving the energy problems in our nation's farm villages.

Yanling County in Henan province began forestation in 1963. In 1969, it realized greening of the "four sides". In 1975, the county basically realized a forest network in farmland. In recent years, only trees of the "four sides" and the protective forest network were trimmed and thinned. Each year, more than 300 million jin of firewood can be provided, equivalent to solving the problem of firewood for a farm village population of 250,000 people. Many localities have become self sufficient with surplus. This has reduced the amount of coal supplied by the state by more than 40,000 tons and it has also basically solved the problem of timber. According to measurements of four rows of Chinese white poplar of different ages by the Forestry Institute of the China Forestry Science Academy and the Yanling County Forestry Science Institute, 5,540 jin of branches and leaves that have been dried naturally can be trimmed per kilometer from the strip of the Chinese white poplar trees of six years old. This can provide enough firewood for 5 people to cook meals for a year. The ten-year old forest strip can provide 11,060 jin of firewood enough for 9 people to cook for one year. The sixteen-year old forest strip can provide 344,293 jin of firewood enough for 287 people to cook for one year. The 24-year old forest strip can provide 397,110 jin of firewood enough for 330 people to cook for one year (the above has been calculated at an average of 1,200 jin per person per year). This shows that the planting of protective forests serves an important function in solving the problem of firewood. Sule County in Xinjiang began to utilize sandy beaches, alkaline beaches and river beaches to plant fuel forests covering more than 85,000 mu beginning from 1973. Each family averages 1.6 mu throughout the county. This has preliminarily solved the difficulty of firewood and increased steel materials. Alkaline beaches were also improved. The Libu Commune in Changwu County in Guangxi now has 150,000 mu of fuel forests, constituting 25.9 percent of the area of forest land. They felled and utilized the fuel forests in rotation according to plans. They not only satisfied the need for firewood by the masses of the commune, over 50 million jin of firewood were sold to the state each year. At the same time, a lot of raw material was provided for the light industry.

It can be seen from the above that planting trees and forestation in a big way and protecting the currently available forest resources have a great potential to solve the energy problem in our nation's farm villages.

II. Superiority of Firewood Resources

Forests, especially fuel forests, have many unique qualities:

(1) Regeneration. Fuel forests are green plants that convert solar energy into bioenergy by photosynthesis and store it. Some people call this type of energy green energy. According to calculations by American scientists, plants store about 2 x 10 tons of coal with an energy of 3 x 10 joules each year throughout the world, about ten times the total annual consumption of energy in the world. Fuel forests generally have the ability to grow naturally. After they are planted, they will provide many years of benefits.

(2) Broad uses. Fuel forests can serve as a source of energy and they also have many functions. For example, they can preserve water sources, retain soil, regulate climate, improve the ecological environment, and create more favorable conditions for agricultural and livestock production. They can reduce silting of mud and sand and prolong the life of reservoirs. Fuel forests can solve a part of the problem in finding wood. fertilizers and hard wood materials. In addition, the problem of firewood in farm villages can be solved and people will not fell forests and destroy vegetation at will. Young forests can be preserved. Fuel forests serve the function that cannot be estimated in protecting forests and developing forestry.

(3) Strong adaptability. Charcoal, petroleum and natural gas and such energy sources are not distributed evenly and their supplies to farm villages will necessarily be limited by resources, transportation and available funds. Fuel forests can be planted at many places. They can be scattered and they can be planted in large numbers. They can grow on barren mountains, barren land, barren deserts, barren beaches and "the four sides". As long as they are planned well, as long as we actively plant trees and grasses, as long as we manage cultivation well, then, at least in 3 to 4 years or at most in a decade or so, we can fell firewood in rotation and the yield will increase year after year. The loess plateau and the Northwest windy and sandy regions have less people and more land. There is a broad region for developing fuel forests. Even in the plains or regions of river networks where there are many people and less land, as long as we fully utilize the "four sides" and spare land, stick the needle in every seam, the potential is very great.

(4) Non-polluting. Firewood also serves to improve the environment. Photosynthesis of plants serves importantly to regulate the atmosphere.

(5) Economic characteristic. Developing fuel forests is economically worthwhile. According to calculations, the cost of one mu of fuel forest is 30 yuan, 70 percent for labor and 30 percent for planting saplings. Eucalyptus is planted in the southern part of our nation. Gains can be realized within the year of planting. Generally, the trees are 3 to 4 meters tall. If the trees are felled in the second year, the trees would have already reached 6 to 7 meters. The per mu yield of firewood is 5,000 to 6,000 jin, and small diameter logs and wood for farm tools can also be harvested, and the cost could be recovered. The fuel forests of locust trees in the north can be felled as a crop four years after planting. The per mu yield of dry firewood is over

5,000 jin. Costs can be recovered in the fifth year. The cost of fuel forests that grow slowly can generally be recovered in 10 years or a dozen or so years, and the period of benefit can last several decades.

III. Prospect for Development

Although our nation's firewood energy, especially fuel forests, are limited at present, the potential is unlimited and the future is bright.

1. The development of firewood is based on soil resources. The availability of land to plant forests and fuel forests in a big way is the key to development. Our nation's territory is expansive and the area of mountain regions is large. China has always been known to have "seven percent of mountains, two percent of water and one percent of fields". There are many barren mountains and barren land suitable for forestation (See table).

Area of Barren Mountains and Barren Land Suitable for Forestation in Our Nation

Unit: 10,000 mu

Item	Area of barren mountains and barren land suitable for forestation	Percentage of the whole nation %
Region		
National	116250	
Southwest	31200	26.8
Northwest	13290	11.4
South Central	22560	19.4
Eastern	13080	11.3
Northern	15645	13.5
Northeast	20475	17.6

It can be seen from the accompanying table that the area of our nation's barren mountains and barren land suitable for forestation amounts to 1.16 billion mu and the land is distributed relatively evenly. There is rich and sufficient land for developing forests and planting fuel forests. Also, from the point of view of establishing ecological balance, we should plant various types of forests as quickly as possible. It is entirely necessary to use at least 25 percent or nearly 300 million mu of the land suitable for forestation to develop fuel forests. If the area can be planted within ten years, then calculating at 800 jin per mu, we can obtain 240 billion jin of firewood. This amount can solve the problem of firewood for 200 million farmers. If we add the firewood

from other types of forests such as timber forests and protective forests, there will be at least 400 billion jin. With the addition of currently available firewood resources, the amount will be nearly 600 billion jin. This can solve the problem of firewood for 500 million farmers. If by 1990 there are 900 million farmers, then 55 percent of the energy in farm villages can be solved (not including the massive amounts of newly planted tree products of the "four sides"). In general, the potential is great. Firewood and other energy sources can be matched, and the advantages can be utilized to supplement the shortcomings to ease the shortage of energy in farm villages.

2. At present, energy in our nation's farm villages is deficient and irrationally utilized. Irrational use is mainly because of direct burning. This backward method of utilization has a thermal conversion efficiency of only 15 percent or even lower. If we promote firewood conserving stoves in a big way, we can conserve 2 times the amount of firewood consumed now. In addition, we can utilize animal manure and tree leaves to manufacture marsh gas. This can conserve three quarters to four fifths of firewood, and we can also obtain superior quality fertilizers and fuel. In the broad forest regions, the results will be tremendous if we conserve the use of timber, do not burn good timber, and improve the rate of utilization of the three types of remnants from felling, cutting and processing. In the future, we can use timber to produce gasified or liquified fuel.

3. Forests are a resource that can be cultivated and renewed. As long as we fully develop the superiority of our nation's abundance of labor, then through various types of human endeavors, such as planting superior varieties and healthy saplings, implementing scientific forestation, careful cultivation, strengthening management and protection, promoting rapid growth and bumper yields, then the yield of unit area can be greatly increased. At present, our nation's unit area yield of forest is only 70 cubic meters per hectare, lower than the world average of 110 cubic meters. Some advanced forestry nations in Europe have taken forests that produce below 300 cubic meters per hectare as subjects for improvement. The yield of our nation's fuel forests (calculated at 800 jin) is also not high. The total yield per mu of plane trees of 3 to 4 years test planted in the United States can reach 40,000 jin. We need to study the techniques to increase the yield of fuel forests.

IV. Several Problems That Need To Be Solved at Present

1. Strengthen the building of forests and their management and protection. A sharp conflict between the demand for firewood in our nation's farm villages and forest resources and ecological balance exists. To solve this conflict, we must rapidly enlarge the area of fuel forests. We suggest that fuel forests be included in plans to develop forestry. Based on the actual situation in our nation, fuel forests should constitute about 10 percent of the area of forest land. For example, if there are 3 billion mu of forests, fuel forests should occupy no less than 300 million mu. After forestation, the forests must be conscientiously managed and protected to guarantee that the saplings become forests and produce timber.

2. The problem of private firewood mountains should be solved well. The best way and the main form to solve the problem of firewood is to help farmers set

up private firewood mountains. We should conscientiously implement the policy of establishing private mountains and concretely implement every plan. The area should be determined by actual situations. The trees and sideline forestry products planted on private mountains should all belong to commune members. This is a major policy to develop fuel forests. The results of planting trees in one year and receiving gains for many years can be realized only when this policy remains stable for a long period.

3. The policy of economic assistance should be implemented. The state should appropriate a fixed amount of funds to help the collective and commune individuals to build fuel forests. Forest wood could not be seen in the suburbs of Kunming City after forestation efforts in past years. Last year, that city appropriated 100,000 yuan and contracted barren mountains to the production teams. A subsidy of 25 yuan was given per mu. Contracts were signed to contract the work of planting trees, keeping the trees alive, managing and protecting the trees. A total of 4,000 mu was forested. The percentage of live trees was very high and management was also carried out in time. The saplings grew well. Considering the situation throughout the nation, all regions lacking firewood generally have a weak commune and brigade economy. It is necessary that the state give appropriate subsidies. Installment loans can also be given. Localities with better economic conditions should encourage the spirit of self reliance to plant fuel forests well.

4. Uncontrolled felling should be prohibited. Because of the shortage of energy in farm villages, uncontrolled felling of forests is rather serious. Some even cut down large trees and young forests and burn the wood as firewood. This way of looking at the immediate future without regard to the long term future will only create a vicious cycle. For this, the problem should be solved according to related policies and regulations of the state. At present, the waste of timber is very shocking. Take the three major forest regions in the Northeast as an example, the forestry workers of enterprises directly under the jurisdiction of the forest regions burn a total of 5,720,000 cubic meters of wood. Of this amount, only 50 percent are remnants from felling, cutting and processing. Nearly 3 million cubic meters of good timber are burned. Therefore, concerned departments must conscientiously study and advocate burning of remnants in forest regions and propose a solution.

5. The problem of technical guidance. In planting fuel forests, special attention must be paid to the selection of the varieties of trees so that measures can be suited to local circumstances and appropriate trees can be planted in appropriate localities. Arbor, shrub and grass should be combined, and timber forest, protective forest, economic forest, fuel forest should be combined. We must plant brushwood and fell it in rotation and prevent overfelling. Trimming of timber forests and protective forests must be appropriate. We must not trim too much and affect the growth of the trees.

9296
CSO: 4013/98

SUPPLEMENTAL SOURCES

METHODS FOR EARLY REACTIVATION OF METHANE PITS DESCRIBED

Shenyang LIAONING RIBAO in Chinese 15 Feb 82 p 2

[Article by Li Changshan [2621 7022 1472] and Gao Shijiang [7559 0013 3068]: "Methods for Early Reactivation of Methane Pits"]

[Text] With winter behind us and spring on the way, the weather is gradually warming up. Consolidating the experience of various places, we have found the following methods to raise the methane pit temperature, stimulate the activity of the methane bacteria and make the methane pits produce gas at an earlier date.

1. Remove the winter covering of the methane pit at the proper time. The time for removal is determined by the local temperature and the date of soil defrost. In terms of atmospheric temperature, places in Liaoning province reach a stabilized average temperature of 10°C at the following dates: 23 April in Dalian and Yingkou prefectures, 20 April in Chaoyang and Fuxin prefectures, and 20 April to 2 May in Tieling and Fushun prefectures. The soil thaw-out date in Dalian and Yingkou is usually 21 April, in Chaoyang and Fuxin it is usually 11 April and in Tieling and Fushun it is usually 1 May. Since the dates for soil thaw-out and 10°C temperature are relatively close together, the southern, eastern and western regions of Liaoning should begin removing pit coverings in late March to early April and the northern section of Liaoning should do so in April. In addition to atmospheric temperature and soil thaw-out, fermentation time of material in the pit should also be considered.

2. Remove the coverings by layers. In removing the pit coverings, they should not be removed all at once so as to avoid temperature drop and temperature difference affecting the methane action. After all the coverings are removed, the intake and output ports may still be covered with thin plastic sheets in order to make full use of the solar energy and increase the pit temperature. A thin covering of straw should be applied at night to reduce heat loss.

3. Partially adding new material or totally change old material. When all the coverings are removed, let out some of the old material and toss the gathered new material into the pit. This will increase the concentration of the liquid and also increase the pit temperature. For pits that have not been through a total material change for a long time, 70 to 90 percent of the material should be replaced. New material should be put together at an earlier date and when its temperature reaches 50°C it is then dumped into the methane pit using a high

concentration full load method. This method makes good use of the biological heat to raise the pit temperature and has the advantage of gathering abundant bacteria.

4. Problem pits should be repaired as early as possible. To improve the utilization rate of existing pits, problem pits should first be diagnosed with a pressure test to detect leaky and collapsed pits, and plugged-up and damaged gas pipes. Once damages are found they should be repaired or modified in time. For pits with a gas leak at the arch, take off the removable plug and paint with concrete grouting two or three times for a good seal before load it with materials.

9698
CSO: 4013/32

SUPPLEMENTAL SOURCES

DEVELOPING METHANE IN RURAL VILLAGES

Guangzhou GUANGZHOU RIBAO in Chinese 20 May 82 p 1

[Article by Pan Qingneng [3382 1987 5174]: "Responsible Comrades of the Provincial and Municipal Committees Go to First Kengkou Brigade to Inspect the Work, They Asked Suburban Farm Village Commune Brigades To Develop Marsh Gas"]

[Text] Yesterday afternoon, the responsible comrades of the Chinese Communist Committee of Guangdong province and the city committee of Guangzhou City, Ren Zhongyi [0117 0112 1138], Liang Lingguang [2733 7227 0342], Xu Shijie [6079 1102 2638], Ou Chu [2962 0443] went to the First Kengkou Brigade of the Hedong Commune in the suburb to inspect the production of marsh gas. They fully affirmed the benefits of developing marsh gas in farm villages and its important significance. They asked the suburban farm village communes and brigades to concretely develop marsh gas of a mass character.

The responsible comrades of the province and city visited the family of commune member Liang Zhang [2733 4545] et al of the First Kengkou Brigade and saw the marsh gas pit built by these commune members and the facility to store methane gas. They asked them about their experience and benefits in developing marsh gas and heard the general report by comrades assigned by the related departments of the suburb and the commune to the brigade to help commune members develop marsh gas. The First Brigade of Kengkou constructed the three-in-one gas container type marsh gas pit, therefore the structure of the pit was relatively simple, the technique of constructing the pit was relatively easy to grasp, and construction was relatively convenient. The surface of the pit was flat and sealed, and the space on top of the pit could be fenced for raising hogs. A lavatory was built next to the pig pen, thus combining the pig pen, the lavatory and the marsh gas pit. Local commune members felt that there are many benefits in developing marsh gas. Marsh gas conserves fuel and favors the development of hog raising and other family sidelines, improves fertility, and improves sanitary conditions. Liang Zhang has a five-member family. He uses marsh gas as fuel and each year, he can conserve more than 2,000 jin of fuel coal. The savings, converted to fuel costs, could recover the investment in building the pit in just over a year. At present, this brigade already has 36 commune member families that have built 40 marsh gas pits.

The responsible comrades of the province and the city committees fully affirmed the achievements of the First Kengkou Brigade in developing marsh gas. They believed that the development of marsh gas in suburban farm village commune brigades has promoted production, improved sanitation, and it is beneficial to the building of socialist material civilization and spiritual civilization. Leadership must be strengthened to create favorable conditions and to carry out technical guidance to do the work of producing and supplying accessories needed in developing marsh gas well and to encourage commune brigades to develop marsh gas. The propaganda departments must propagandize the benefits and the significance of developing marsh gas in farm villages. The responsible comrades of the provincial and city committees asked the suburban farm village commune brigades to work concretely in developing marsh gas. Commune members who have done well in developing marsh gas should be praised and awarded.

9296
CSO: 4013/85

CONSERVATION

PLANS, INCENTIVES TO REDUCE BURNING OF OIL DISCUSSED

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese No 2, 25 Apr 82 pp 1-4

[Article by Yang Bo [2799 3134]: "Strive To Reduce the Burning of Oil and Strive Diligently To Conserve Use of Oil"]

[Text] The energy problem is a major one about which all countries of the world are currently concerned, and it is also a crucial problem in China's economic construction. In his "Government Work Report" given before the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang pointed out, "Whether or not China's national economy will henceforth be able to maintain a fairly rapid speed of increased growth, and whether or not a new situation in development can come about will be determined to a large extent by whether or not energy and transportation problems can be satisfactorily solved."

The CCP Central Committee and the State Council have set forth clear programs to solve China's energy problems namely: a program of equal emphasis on development and conservation, with priority position being given conservation over the short term. Implementation of this program now requires cutbacks in the burning of oil, substitution of coal for oil, and increasing economic benefits from the use of petroleum as extremely important components of conservation work. Proper handling of this work possesses extremely important significance for the development of China's national economy, for increasing public financial revenues, for accumulating construction capital, and for advancing four modernization construction.

1

Both the CCP Central Committee and the State Council attach extremely great importance to reduction in the burning of oil and conservation in the use of oil. The State Council's "Directive on Reductions in the Burning of Oil for All Kinds of Boilers and Industrial Furnaces" issued in 1980 clearly set forth the scope and pace of reductions in the burning of oil. In 1981, the CCP Central Committee issued another directive on conservation of petroleum, which pointed out that the emphasis of energy conservation at the present time must be placed on the conservation of oil and, "every effort made to substitute coal for oil, resolutely reducing domestic petroleum consumption." "This is a major matter in helping steady development of the national economy." We must certainly deeply understand the importance and urgency of reducing the burning of oil and conserving use of oil, and diligently come to grips with this major matter.

Everyone knows that petroleum is a top quality energy resource possessing very high economic value, and is a precious one with a large variety of uses. The amount of heat produced by 1 kilogram of petroleum is 10,000 kilocalories, while the amount of heat produced by 1 kilogram of mixed coal is only 5,000 kilocalories. The quantity of heat derived from petroleum is double that of coal. Because the heat value and the heat energy utilization rate of petroleum is fairly high, and because it has many functions for which coal cannot substitute, the product value provided by petroleum of the same heat value will be much higher than that of coal. Looked at in terms of international price, the current selling price for China's oil is between $220 and $250 or more per ton of crude, while the selling price for a ton of coal averages $50. This means that as export goods, the foreign exchange created by petroleum trade is more than double that of coal of equal heat value. Analysis of the economic value of petroleum's diverse uses on the bases of pertinent data shows that when calculated in terms of current domestic prices, petroleum used on produce gasoline, kerosene, diesel oil, lubricating oil and other products provided the country with profits and taxes amounting to more than 100 yuan per ton. When petroleum is used as a raw material for the chemical industry, 1 ton of heavy oil can substitute for 3.4 tons of coal to produce synthetic ammonia or methanol, and can provide the state between 150 and 250 yuan more in profits and taxes. However, if petroleum is used as fuel for power generating boilers, a single ton of heavy oil can take the place of only 2 tons of coal, and can increase profits and revenues by only 2 to 3 yuan. Additionally, according to data from the United States, by processing crude oil into primary raw materials such as naphtha and light hydrocarbons, and by processing second grade products and basic raw materials for the chemical industry, which are then turned into various final products, they can change an output value of one into 10 and of 10 into 100. Even though we cannot do the same thing for the time being, changing one into three or three into nine would increase earnings by a sizeable amount. Consequently, how to equitably and effectively divide up the utilization of petroleum is an extremely important matter in promoting a benevolent cycle in the national economy, and in improving the country's financial situation.

Today China annually produces 100 million tons of petroleum, which is a very great wealth. However, it is not equitably used and great waste exists. It is very uneconomical to use petroleum as a fuel to be burned for boilers and furnaces, and economic benefits derived from such use are poor. In 1966, China burned more than 2.3 million tons of petroleum, and in 1981 petroleum burned as fuel for boilers and industrial furnaces amounted to almost 40 million tons (of which more than 6.8 million tons was crude oil). This was a 16 fold increase in 15 years and greatly exceeded increase in petroleum output for the same period. Between 1971 and 1980, China burned a total of 100 million tons of crude oil, an amount which when figured on the basis of current international prices amounts to 14 billion yuan more spent for fuel than would have been spent for the burning of coal. This is a very large figure indeed!

The reasons that have brought about this situation are various. In addition to mistakes we have made in our work, the main reason has been that during the period of the "10 years of chaos," as a result of the disturbance and destruction caused by the Lin Biao and Jiang Qing counterrevolutionary clique, many coal mines stopped or reduced their production. Coal could not be supplied, so

there was no choice but to substitute the burning of oil for some coal in order to meet pressing needs of the moment. After the smashing of the "gang of four," the State Council took numerous actions and devised means to reduce the quantity of oil that was burned. However, because development of coal production and increase in the amount hauled requires a process, and since conversion of oil burning equipment requires a certain amount of time and funds, and since oil burning electric power stations and furnaces that had formerly been planned and on which work had already begun started up one after another, overall reduction in the quantity of oil burned was not very great.

Internationally the era of cheap petroleum has passed. During the 1950's and 1960's, the western capitalist countries used cheap petroleum to actively change their fuel structure, and imported large quantities of petroleum as fuel for boilers, greatly increasing the proportion of petroleum used as a singular source of energy. Following the "petroleum crisis" of 1973, this became a heavy burden for them. Most recently, reduction in the burning of oil and conservation of oil has become a major integral part of the energy strategy of numerous countries. Since 1979, some of the major industrial countries have steadily held heads of state conferences to study and formulate programs and policies for reducing petroleum consumption. One such important measures has been decision to build no more electric power generating plans that use petroleum for fuel, and to gradually convert or shut down such power generating plants. Likewise, we positively cannot take this old road.

China's current 100 million ton annual output of crude oil can be maintained at that level and can likely be actually increased. Further prospecting for petroleum is underway on land and sea, and prospects for petroleum development are very good. It should be realized, however, that even should a fairly great increase take place in petroleum output in future, extreme care must be exercised in its use and economic benefits diligently sought. It should be used primarily as a fuel for internal combustion engines and jet engines, as a raw material for the petrochemical industry, as lubricating oil, and as oil for various special purposes. Some may also be exported, but it cannot be used as a fuel for burning. In future when national economic development will require fuel, the country's abundant coal resources can be relied on to solve the problem. This should be a major policy in China's energy distribution and use.

2

During the past several years, under the leadership of the CCP Central Committee and the State Council, all regions, all departments, and all enterprises have done a great deal of work to reduce the burning of oil and to conserve oil, and they have made definite accomplishments. During 1979 and 1980, many projects substituting coal for oil were brought to completion throughout the country for an accumulated 7.5 million ton reduction in the burning of oil. Approximately two-thirds of the capacity of industrial boilers that had originally been designed to burn coal, but which had been converted to burn oil, were reconverted to burn coal. Of the electric power generating units that had been converted to burn oil after having been originally designed to burn coal, almost 60 percent were reconverted for the burning of coal. Some equipment that burns natural gas has also started to be converted to burn coal. In the electric power

and metallurgy sectors, and in places such as Shanghai, Tianjin, and Liaoning where substantial quantities of oil are burned, fairly strict attention has been given this task. They have begun to investigate, study, and carry out technical and economic analyses of various kinds of oil burning equipment, and have proposed a scope, plans, and preliminary regulations for conversion. They have also had some initial success, insofar as financial and material resources have permitted, in the priority conversion of projects requiring relatively little spending of money, that produce results fairly rapidly, and that produce rather remarkable results in reducing oil consumption.

Some places and units have also actively experimented with and promoted experiences in the conservation of fuel oil. In heat processing furnaces for steel rolling, for example, by reducing the number of water pipes under the furnaces, or using plastic material to wrap water cooled pipes (or using waterless slide conveyers to take the place of water cooled pipes), and by insulating furnaces well and preheating the air, a more than 20 percent saving in oil has been effected. In glass smelting, use of furnace insulation, injecting hot air into furnaces, and sparging at the bottom of furnaces conserved about 30 percent of oil. By mixing water with fuel oil when it is used at a rate of about 10 to 15 percent water, a five to eight percent conservation of oil can be effected. After these experiences were extended to use in some enterprises in Shanghai, Beijing, and Tianjin, results were fairly good.

However, in an overall sense, the task of reducing the burning of oil and of conserving oil, throughout the country has just begun, and numerous problems exist.

In the realm of reduced burning of oil, plans have not been sufficiently well fulfilled and actual reduction in amounts of oil burned has not been great. Between 1979 and 1981, plans called for an annual 8.4 million ton reduction in oil burning capacity through equipment conversions, but results have not met the pre-set target. During the 3 year period, reduction in oil burning through equipment conversions amounted to a cumulative 7.53 million tons. Because of a reduction of production quotas and readjustment of product structure in some enterprises, the natural reduction in quantity of oil burned amounted to a cumulative somewhat more than 2.7 million tons. Meanwhile, as a result of newly built oil burning equipment going into production, the burning of oil increased by somewhat more than 9 million tons, the increase and decrease largely cancelling each other out and oil burning being reduced by only slightly more than 1.1 million tons over a 3 year period.

In the realm of conservation in oil use, a very great gap exists between one area and one enterprise and another, and waste is rather serious. During the first half of 1981, oil consumption averaged 65 kilograms per ton of rolled steel nationally. In Shanghai and Tianjin, it had fallen to 50 kilograms, and in Beijing and Liaoning Province it was about 70 kilograms. In some steel rolling mills, however, it was as high as 300 kilograms, more than three times the national average. Within the same area, some glass plants consumed 17.68 kilograms of oil per case of plate glass while others consumed as much as 59.4 kilograms or 2.3 times as much. Last year heating furnaces nationally averaged a heat effectiveness rate of about 30 percent while it was more than 50 percent in foreign countries that had done a good job of energy conservation. Were

China able to increase it by 40 percent, oil conservation by rolling mills alone could be from 300,000 to 400,000 tons per year.

These problems show that the task we face in reducing the burning of oil is still very formidable and that potential for conservation of oil is still very great. At the same time they also reflect the low level of management in many enterprises and the existence of quite a few loopholes in work, which should arouse a high degree of serious attention on our part.

On the basis of national requirements, future targets for reduced burning of oil and conservation in the use of oil called for taking resolute and vigorous action between 1981 and 1990 to gradual substitute the burning of coal for the burning of oil, the burning of oil being annually reduced by 2 million tons from the previous year and being used for domestic processing or for export. Earnings thus realized are to be used in the construction of energy sources. This interchange is an extremely important strategic decision, and it is an important measure in striving for and increasing economic benefits, but it is also a very formidable task.

For individual units and individual enterprises, at current prices it is more economical to burn oil instead of coal. Investment is less; price is low; labor intensiveness is slight, operation is convenient, and advantages are considerable. However, in terms of the macro-economy, and in terms of overall benefits, the burning of oil in large quantities means that the country has to sustain huge economic losses. Therefore, we must establish a concept of the situation as a whole, figure overall costs, and consciously strive to complete this formicable task.

The key to reduced burning of oil in the country as a whole lies in the burning of oil for all kinds of boilers, and particularly the burning of oil for electric power station boilers, which take more than 40 percent of the oil burned. Before 1985, all industrial boilers, civilian boilers, and electric power station boilers that were originally designed to burn coal but were subsequently converted to burn oil are to be substantially converted to burn coal. If individual units temporarily cannot, for some special reasons, convert to the burning of coal, they are to report to the State Council for permission.

Those electric power station boilers originally designed to burn oil (including power stations within enterprises) are to be converted to burn coal wherever conditions permit. Some medium and low voltage generating units may consider conversion to units that supply heat through the burning of coal or they may use the method of "construction first followed by stopping," in the planned, step-by-step use of newly built highly efficient coal burning generating units to take their place.

Industrial furnaces that burn oil should adopt different methods on the basis of their individual situations for piecemeal conversion over a period of time. Some furnaces, such as blast furnace injection, cement kilns (except for white cement), and some low temperature furnaces should try to convert to coal as quickly as possible.

Small oil refineries everywhere should conscientiously reorganize to improve product effectiveness rate and quality. Development of the single processing equipment in these plants should not be continued, and construction should be stopped at once where it is underway. Oil processing by small refineries will henceforth be strictly controlled and appropriately reduced. Some will have to halt production. In accordance with instructions from the State Council, small oil refinery boilers distributed in oil fields and other places are to be resolutely banned and closed for a period of time.

The burning of oil by petroleum enterprises, as with other units, has to be made part of state plan. Any that do not meet requirements for burning oil will have to convert to the burning of coal little by little over a period of time.

It should be pointed out that reduction of the burning of oil and conservation in the use of oil are tasks that have widespread ramifications requiring detailed organization to produce an overall balance for all parties concerned. Only when all departments and units attach a high degree of importance to them and work together can these tasks be completed solidly and completely.

In order to assure supplies of coal to take the place of oil, mine shaft construction will have to be hastened, halted construction of some mine shafts resumed, and some new mine shafts built to increase coal output. In addition the transportation of coal will have to be well organized, railroad line hauling potential tapped some stations and yards on some lines renovated and expanded, and construction of some ports and piers accelerated.

By summarizing the foreoing it is not difficult to realize that the job of reducing the burning of oil and conserving use of oil will not only be able to cut waste in the use of petroleum and increase the country's financial income, but can promote development of the coal, the communications and transportation, and machinery manufacturing industries, promote the technological improvement of the electric power, metallurgy, chemical, and other industries, and help the healthy development of the entire national economy.

4

The key to doing a good job of reducing the burning of oil and conservation in the use of oil lies in the strengthening of leadership and in taking conscientious and effective action to do this work meticulously and solidly.

In the course of this year's reorganization of enterprises, reduction of the burning of oil and conservation in the use of oil are to be an important part of improvements in administration and management. All enterprises with projects for conversion from oil to coal should fulfill their conversion tasks in accordance with plan requirements. All oil burning units should intensify management over oil supplies, set strict consumption quotas, and formulate actions to reduce oil consumption. At the same time, all units are to put into effect fuel oil supply quotas in accordance with State Council regulations, assign sole responsibility for use with no augmentation of supplies if quotas are exceeded, and use the savings effected to increase output, formulating specific commensurate regulations.

Oil to gas conversion plans must be diligently prepared so that plans for cutbacks in the burning of oil will dovetail with conversion, the pace of conversion, and with production, transportation, and distribution of coal, and so that provisions are made for funds, materials, equipment, and construction forces. Conversion projects to reduce the burning of oil generally have to be planned a year ahead of time so that all criteria for cutbacks in oil burning can be met. Enterprises using more than 10,000 tons of coal annually, and electric power plants in particular, should make efforts to get supplies from specific places.

Conversion funds provided by the state to reduce oil consumption are to be treated as special purpose funds that cannot be diverted to other purposes, and if they have been diverted, they must be recovered. The direction and emphasis of use of these funds must be arrived at on technical and economic grounds after which the projects for which they are to be used should be determined and made a part of the state plan. After these projects have gone into production, it will be necessary to organize forces to examine their economic results.

In order to arouse the enthusiasm of enterprises for reducing the burning of oil, commensurate encouragement policies should be formulated. All enterprises not included in state plans for oil reduction who carry out a substitution of coal for oil, and all electric power plants originally designed to burn oil that convert to coal thereby saving state investment of funds, as well as those that fulfill ahead of time planned projects for conversion to reduce oil consumption should be given a certain bonus for use in the enterprise's technical improvement, for energy saving measures, and for staff and worker welfare. Bonuses for conservation in the use of oil should be made in accordance with State Labor Administration, Materials Administration, and Ministry of Finance regulations.

In order to do a better job of reducing the burning of oil and conserving use of oil and to get greater and faster results, it is hoped that all industrial departments and all areas will institute, in accordance with pertinent documents and directives issued by the CCP Central Committee and the State Council as regards reduction in the burning of oil and conservation in the use of oil, a general survey, summarization, and exchange of experiences to promptly discover and solve problems and to intensify scientific research and experiments on oil conservation, to actively promote effective oil conservation techniques, and to give steady impetus to this work.

9432
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CONSERVATION

PLANNED USE, CONSERVATION OF ELECTRICITY IN BEIJING

Municipality's Power Situation 'Getting Tighter'

Beijing BEIJING RIBAO in Chinese 22 Feb 82 p 1

[Article by Guo Jiali (6753 3023 2698)]

[Text] The director of the Beijing Electric Power Bureau has pointed out that the power generating capacity of our city is getting tighter. We must establish an overall plan for the use of electricity and we must reduce our consumption of electricity.

What is the future of the supply of electric power for the Beijing area in 1982? The director of Beijing Electric Power Bureau has discussed this question with the reporter of this newspaper.

Under present conditions, the electric power supply for this year in the Beijing area is tighter than last year.

Since Liberation (establishment of Chinese Peoples Republic in 1949-50), the power-consuming industries of this city have grown tremendously. From 1949 to 1980, the generating capacity has increased by a factor of 69. However, during the same period, the growth in consumption has been even larger, a factor of 76. Thus an equilibrium cannot be reached between the supply and demand. Since the demise of the "gang of four", the central work of our party has shifted. In our city, industrial and agricultural productions have recovered and have developed further. The tourist industry is prospering. Municipal services have increased. The living conditions of the people have improved. Numbers of household appliances have increased. The electric power consumption has increased tremendously. The mismatch between supply and demand is getting worse. In the past, the Beijing area supplied electric power to the cities of Tianjin and Tonshan. In the last 2 years, Tonshan has been supplying electric power to Beijing. Even so, last year was the worst year since the liberation as far as the city's short supply of electric power. The shortage for November was particularly serious. The shortage in power supply, number of times that electricity has to be turned off, and other figures are worse than the Novembers of other years. From the expected developments in industrial and agricultural productions, transportation requirements and household consumptions, it is estimated that the power consumption of this year will be higher than last year by about 0.6 billion kilowatt-hours.

At present, the oil-fired power stations have reduced their outputs in order to conserve fuel oils, the hydroelectric power stations have stopped operations because of the lack of rain. Only coal-burning power stations are still supplying electric power. The supply of electric power for this year can be maintained at the level of last year only by operating the coal-burning stations at full capacity and by borrowing from neighboring provinces and cities. Usually, May is a month of peak consumption due to irrigations of farmlands, November is also a peak month due to increased industrial production and winter heating. The shortage this year is expected to be worse than last year. Daily peaks occur around 6-9 am and 6-9 pm. There are daily shortages of power supply during these periods.

The basic solution to this problem is the construction of extra generating capacity. At present, some stations are expanding and some stations are under improvement for the Beijing-Tianjin-Tonshan electrical network. The electric networks of neighboring provinces are also modified in order to supply power to Beijing. However, constructions in electric power industry take long periods of time. The improvements will be gradually effective after 1984.

An alternative solution is better planning of electric power usage and conservation of power. We must guarantee the availability of power to certain users who must depend on the electricity. The less crucial users should have a limit on their consumption and there should also be power cutoffs during peak consumption periods. Otherwise, there may be shortage for the whole city and then electric power cutoffs must be spread over even larger areas. It could even cause overload and shutoff of electricity completely. This may also threaten the safety of the entire electrical network. The scheduling of power usage at non-peak periods can improve considerably the present shortage of generating capacity. Everyday in Beijing, there is a low peak in power consumption after midnight because most factories are closed and most people are asleep at that time. There is an excess capacity of several hundred thousand kilowatts; this extra power cannot be stored. Many electric generators are turned off at night or are operated at reduced capacity. This is not as economical as continuous operations. If many factories and non-assembly line operations with high power consumptions such as metal fabrications, heat treatment and electrical furnaces, can operate during this low-peak period, then the shortage of 0.6 billion kilowatt-hours may be reduced by one half for this year. There is also much potential for conservation of power. There are serious waste of electric power. The equipments of many factories are outdated. The organizations of many production units are not ideal. Many units have also wasted electricity because of fixed costs. We sincerely hope that the citizens of our city, various organizations and industries can all work together toward better planning and better conservation in order to accelerate further development of our society.

Better Planning Would Ease Crisis

Beijing BEIJING RIBAO in Chinese 22 Feb 82 p 1

[Editorial]

[Text] Better planning for the use of electricity and conservation of usage can moderate the crisis of electric power shortage at the present time and can guarantee the success of the production and development of our city and the requirements of the living of the people.

At present, many units have already done so or are planning to do so in the near future and have achieved definte improvements. However, some units have also emphasized that "limitations of power consumptions would reduce our output and our profit" and that "working at the low peak of consumption after midnight is highly inconvenient". These excuses have been used to avoid the guidelines of electric power consumptions set by the authorities. Others feel that their unit is so important that electric power must be guaranteed and thus they have the right to waste electric power. This is especially true for the "fixed-cost" units, the individual uses electricity while the government pays. Some individual would use electric heater supplied by the government to save his own coal.

These occurrences indicate the inadequacies of the departments in charge of electrical power usage and the need for them to strengthen their management of power usage. At the same time, it also underscores the lack of understanding of electric power generation and the present crisis in electric power supply among many organizations and many comrades. The main characteristics of the electric power generation industry is the unified nature of generation, transmission and consumption. There is no power storage of the excesses. It is also necessary to maintain the balance between supply and demand in order to guarantee the steady supply of electricity. However, the rates of consumption vary continuously. For example, the power consumptions of streetcars and subways reach their peaks during the morning and even rush hours, electric lightings and televisions basically operate in the evenings. Therefore, the electric power consumptions are usually the highest during the daytime working hours and during the early evening hours right after it gets dark and before people go to sleep. There are periods of low power consumption (the valleys) at noon and after midnight. There are only a few hydroelectric generating stations in the Beijing-Tianjin-Tangshan electric power network. Furthermore, the hydroelectric power generation has stopped altogether because of the lack of rainfall. There is not much leeway for the electrical network to meet the varying demands of electric power usage, it is therefore necessary to regulate the hours of electric power supplies by scheduling the non-assembly line industrial usages into the valleys of power usages in order to maintain the balances between supply and demand, and to maintain the maximum efficiencies of the generating stations. If there is a power shortage during the peak periods of usages, then there will be drops in the quality of electric power supply, and this will effect the performances of the equipments of the users, the qualities of their products, and the quantities of their products. Also, this may cause damages to the generating equipment and electric equipments. If these damages did occur,

it will be detrimental to production, work and our living conditions; the limitations of power usages would be imposed on many more organizations. Therefore, the enterprises and the people of our city must understand the whole picture and must spontaneously maintain our planning of usage of electricity, conservation of electricity, and to reduce the peak load of electricity. We must correct those wrong-doers who ignored the regulations of the government and the authorities and have consumed more power than assigned at unregulated hours and at the peak-loading hours. We hope that various organizations can emphasize and can work toward the policies of planning and conservation so that there will be rapid improvement in the situation of electric power supply to our city.

9899
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CONSERVATION

LIAONING CONSERVATION EFFORTS INTENSIFIED

OW120235 Beijing XINHUA in English 0213 GMT 12 Jun 82

[Text] Shenyang, 12 Jun (XINHUA)--Liaoning Province, China's biggest heavy industrial center, has redoubled efforts for energy conservation in the past two years, provincial officials said.

In the past two years, the province has put up 102 energy conservation projects, which help to save annually an average of 500,000 tons of coal and 80,000 tons of oil. Exhaust heat recycled in the past few years is equivalent to the amount generated by 1.5 million tons of standard coal, they said.

Energy consumption in Liaoning Province accounts for 10 percent of the national total, more than any other province, municipality and autonomous region, they said. Energy saving is being stressed as part of the overall task to readjust its industrial development for still better economic results.

The province has 14,000 large and medium-sized industrial enterprises, most of which are equipped with boilers made in the 1930's or 1940's with a high rate of coal consumption. Efforts are concentrated on renovating the existing equipment to improve energy efficiency.

The province has 32,000 industrial and other boilers, consuming 15 million tons of coal a year. Of these, 5,000 have been transformed in the past two years resulting in a saving of 130,000 tons of coal annually.

While transforming outmoded equipment, the province started construction on 33 power stations that will use exhaust heat from factories to generate electricity. The ten power generating units already put into operation at these stations generate 100 million kilowatt hours of electricity a year.

Heat supplying centers have been put into operation in major cities to replace 1,534 boilers. These supply heat to apartment, factory, office and other buildings with floor space totaling 9.77 million square meters and saved 340,000 tons of coal last winter and this spring.

CSO: 4010/9

CONSERVATION

NEW HEAT SUPPLY STEAM TURBINE GENERATOR SAVES ENERGY

Beijing GUANGMING RIBAO in Chinese 10 Feb 82 p 2

[Article by Wu Pingping [0702 1627 1627] and Jin Wenhao [6855 2429 3185]: "China's New Heat Supply Steam Turbine Generator Put Into Production"]

[Text] China's first heat supply steam turbine, which supplies both heat and electricity for overall utilization of thermal energy, designed especially for use at small chemical fertilizer plants was put into operation recently at Jiangning Chemical Fertilizer Plant in Jiangsu Province. It is now generating electricity in parallel with the network. The assembly is operating smoothly and generating approximately 2,300 kwh of electricity an hour. According to estimates, after this unit was put into operation, this plant could not only save more than 5,000 tons of raw coal and fuel coal, but also net 20 million kwh of electricity.

Practicing joint heat and electricity production is a measure of energy conservation technology based on a theory of thermal energy systems engineering. Through a combination between boiler and heat supply steam turbine generator assembly, steam is utilized not only to generate electricity but also to supply heat for processing. So the thermal energy is utilized twice and the average thermal energy utilization rate is raised from 55 percent in the past to 85 percent. Nanjing Chemical Engineering Power College and Jiangning Chemical Fertilizer Plant have worked in cooperation with the concerned scientific research department and formulated a rennovative energy conservation technology plan centered around joint heat and electricity production. The Nanjing Steam Turbine and Electric Machinery Plant and the Nanjing No 2 Chemical Engineering Machinery Plant have undertaken the tasks of design and construction of the heat supply steam turbine generator assembly and the secondary high pressure boiler. Jiangning Chemical Fertilizer Plant, where this assembly was installed, produces 20,000 tons of synthetic ammonia yearly, consuming in the past 2.1 tons of standard coal and 1,384 kwh of electricity for every ton of synthetic ammonia produced. This assembly is currently generating nearly 50,000 kwh of electricity each day, amounting to approximately 40 percent of the daily electricity need of the entire plant. When the construction work of the entire rennovation plan is completed, the coal consumption per ton of synthetic ammonia produced is expected to be reduced by 756 kg, the cost by 78 yuan or so, and the annual economic profit may reach as high as 1.64 million yuan. The total investment on the rennovation work of the entire facility can be recovered within 1 and 1/2 years.

Today, there are more than 1,500 small chemical fertilizer plants with less than 30,000 tons annual yield. If only one-half of these plants could be rennovated and utilize the joint heat and electricity production format, approximately 4 million tons of industrial coal could be saved while 30 billion kW-hr of extra electricity could be generated each year.

9113
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JPRS 81711

7 September 1982

China Report

ECONOMIC AFFAIRS

No. 263

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ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

'SICHUAN RIBAO' ARTICLE ON ECONOMIC REFORMS

HK200511 Chengdu SICHUAN RIBAO in Chinese 5 Aug 82 p 3

[Reprint of article in inaugural issue of XUEXI magazine, by Lin Ling [2651 0407]: "Review and Forecast of Reforms in the Economic System"]

[Text] A great transformation is currently being carried out in the economic field of our country. This transformation started after the 3d Plenary Session of the 11th CPC Central Committee and after the implementation of the eight-character policy of readjusting, restructuring, reorganizing and upgrading. It has now been carried out for more than 3 years and will be continued for many years in the future. Since it involves the guiding ideology of economic construction, the guiding principle, the orientation for economic construction, the economic structure, the economic organization, socialist economic theories and many other aspects, it plays an important role in promoting the four modernizations. I would like to give my personal views on the reform of the economic system during the transformation.

Regarding China's economic system, although reforms of the relationship between the centralization of state power and the decentralization of local power were carried out, we have not tackled problems such as how to mobilize the enthusiasm of the enterprises and the working people, and how to bring into full play the role of regulations through market mechanism under the planned economic system. Therefore, strictly speaking, we have not carried out any real reform of the economic system. During the 1960's, China's famous economist Sun Yefang advocated a series of outstanding ideas for reforming the economic system, such as viewing planning and statistics on the basis of the law of value, enlarging the administrative rights of enterprises and implementing profit quotas for the socialist planned economy. However, under the political conditions at that time, all his proposals were criticized as revisionist.

In December 1978, the 3d Plenary Session of the 11th CPC Central Committee clearly stipulated the tasks for economic reform. The communique of the plenary session pointed out: "One of the major defects of the economic administrative system of our country is overconcentration of power. Therefore, we must systematically transfer power to lower levels so that all localities and the industrial and agricultural enterprises will have more decision-making power in management under the guidance of the unified state plan.

We must devote major efforts to streamlining the economic administrative organs at all levels, and transferring a large portion of their authority of office to specialized companies or joint companies of an enterprises' nature. We must continue to act in accordance with economic law and attach importance to the role of the law of value. We must pay attention to integrating ideological and political work with economic measures and fully mobilize the cadres and the working people's enthusiasm to promote production. Under the centralized leadership of the party, we must seriously find a solution for the phenomena that the party, the government and the enterprises are not separated, that the party acts for the government and that the government acts for the enterprises. We must implement the division of labor, strengthen the authority and responsibility of the administrative organs and personnel, reduce meeting documents, improve work efficiency and seriously implement the examination system, the system of rewards and penalties and the system of promotion and demotion. Only if these measures are implemented can we bring into full play the initiative, the enthusiasm and the creativity of the central departments, the localities, the enterprises and the individuals and only then will all departments and all links of the socialist economy develop prosperously." The resolution of the 3d Plenary Session pointed out the principle and the orientation of the reform. Later, a series of trial reforms, started in Sichuan, have been carried out. This is the first step for carrying out the reform of the economic system of our country. The trial reform carried out in the past 3 years or so mainly involve the following aspects:

--Transforming the status and the role played by state enterprises by means of enlarging the decision-making power of enterprises so that state enterprises will gradually become relatively independent economic entities.

--Transforming the unitary regulation through planning mechanism by bringing the supplementary role of regulation through market mechanism into play while adhering to a planned economy based on public ownership. In this way, production, supplies and marketing will be closely related and the production of enterprises will be able to meet the needs of the society.

--Transforming the economic management methods which rely mainly on administrative means and paying attention to using economic methods such as the principle of material interests and other economic means such as price, taxation and loans, to regulate the economy. Thus the enterprises will be able to have relatively independent economic interests and an intrinsic economic power, the interests of the staff members, the workers and the individuals will be closely related to the management of enterprises and the interests of the state, the enterprises and the individual will all be overall considered.

--Transforming the "big and complete" and "small but complete" structure of enterprise organization and carrying out enterprise reorganization and integration in accordance with the principle of professional cooperation. By establishing various kinds of specialized companies and joint companies, a new productive force will be created.

--Transforming the circulation system of monopoly management and the state purchase and marketing monopoly. Implementing multi-channel circulation by giving priority to state material and commerical departments and practicing diversified economy so that the means of production will become commodities in the field of circulation. Since production and marketing become more lively, production will be promoted and the needs of the society will be satisfied.

--Transforming the economic relations of unified income and unified expenditure in the central authorities and in all localities. Implementing the financial system of "differentiating income from expenditure, and practicing the contract system at different stages," so as to mobilize the enthusiasm of all localities to increase income and economize expenditure.

--Transforming the monopolized system for foreign trade, allowing the localities and some enterprises to carry out foreign trade under unified planning so as to promote export of special local products and industrial products.

--Transforming the practice of granting free financial loans to carry out capital construction. Instead, loans will be granted by banks and the enterprises pay back the capital plus interest on a trial basis so as to reduce the construction period and improve economic results.

--Transforming the status and function of banks in the national economy by means of a credit system to "integrate deposits with loans and to control the balance," and by implementing other reform measures such as floating exchange rates and medium and short-term equipment loans, so that the banks will gradually become an important lever for regulating and promoting the whole national economy.

--Transforming the structure of the ownership system and suitably promoting the individual economy, joint ventures with foreign merchants and other joint projects of various economic factors so that the production relations will meet the demands of the development of productive force.

--Transforming the administrative structure and the cadre system and improving the quality of cadres so that the economic administrative organization will become simple and more efficient and the cadre rank will become more revolutionary, younger, better educated and more professional.

--Transforming the rural economic system by implementing various kinds of production responsibility systems. Transforming the agricultural production structure and the rural economic structure by implementing combined agricultural, forestry, animal husbandry, sideline occupation and fishery operations and combined agricultural, industrial and commercial operations, and by establishing and promoting agricultural, industrial and commercial joint enterprises. Transforming agricultural and technological services by establishing and promoting specialized, institutionalized and socialized agricultural and technological service companies so as to promote agricultural production and open up a new avenue for agricultural modernization.

The results of the above-mentioned reforms are obvious.

First of all, the reforms have played an important role in overcoming economic difficulties during the readjustment period. The reforms were carried out amid a large-scale economic readjustment. Because of the economic readjustment, enterprises had to confront many difficulties and their burden was very heavy. For example, many enterprises had to stop operation since tasks were insufficient and energy was in short supply. Because the price of some raw materials and the salaries of the staff members and workers were increased, the production costs was thus increased. Furthermore, the enterprises had to be responsible for the employment problems and for newly-constructed staff quarters which covered several million square meters. Apart from this, the enterprises had to pay for insurance fees, environmental protection fees, allowance for fluctuation of prices and subsidies for single children. Since the reforms have been carried out, the enthusiasm of the enterprises and the working people have been mobilized and the potential of enterprises tapped. In the past 3 years, although the enterprises spent several billions more, state financial income, calculated according to comparable specifications, was roughly the same. In only a year, the financial deficit has dropped from some 10 billion yuan to 2.7 billion yuan. If we had not carried out any reforms and mobilized the enthusiasm of the enterprises and the working people and implemented a series of policies to enliven the economy, the enterprises would have to rely on the state and definitely, we would not have been able to have such a good economic situation.

Second, through reforms and readjustments, the economic structure has started to become more rational. What we mean by readjustment is the readjustment of economic structure. However, the readjustment of economic structure will not be successful if it is not coordinated with reforms. This is clearly demonstrated by the readjustment of the agricultural production structure and the rural economic structure. The readjustment would not been so successful if various kinds of agricultural production responsibility systems were not implemented the agricultural planned system and the price structure not reformed, the contract system for specialized production not promoted and joint agricultural, industrial and commercial enterprises not developed. Now that agriculture has developed, there are more supplies of raw materials for light industry. Light industry and the durable consumer goods, industry which depends on agriculture for raw materials have developed. The proportional relationship between light industry and heavy industry in the national economy have greatly improved. Amid difficulties, heavy industry has strived to readjust and reform its product structure and enlarge its scope of service which is an important step forward to satisfying the needs of the society. After about 2 years of decline, it is picking up again this year. Both light industry and heavy industry are enjoying unprecedented development in manufacturing new products and new varieties. This is the fruitful results of enterprises having transformed the administrative orientation and engaged in competition in order to meet the needs of the society. Therefore, the market is more prosperous than previous years.

Third, through reforms, the people's livelihood has improved. This was an important target of our reforms. If the people could not get benefits from reforms, they would not have supported them. It is obvious to all that the

peasants have increased their income by a large margin since the reforms have been carried out. It is also clear that the livelihood of the workers has improved. Although commodity prices have been raised, the actual living standard has nevertheless improved since there are subsidies for the increased commodity prices and bonuses, and because more people are employed, it is exactly because of this reason that the peasants and the workers all praise the agricultural production responsibility system and support enlarging the decision-making power for plants. As a matter of fact, there must be a limit for improving the living standard of the people. We must gradually improve it in the wake of the development of production and the improvement of labor productivity. If there is no such limit, the results of the reform will be ruined. This is what we should pay attention to.

Fourth, through reforms, has China begun to embark on the road of intensive expanded reproduction in its economy. In the past, China mainly relied on building more new plants to enlarge reproduction and this was certainly essential when we were laying the foundation for industrialization. At present, there are hundreds and thousands of industrial and communications enterprises and if we want to expand reproduction in the future, we must mainly rely on technological remolding, and bring the role of the existing enterprises into full play. This is what we mean by giving priority to intensive expanded reproduction. If we want to follow this path, we must not rely on the old system. Under the old system, we have to submit to the superior level every single technological remolding projects for the enterprises every year, and request the superior levels to invest in the enterprises. If the superior levels refused to invest, the projects would not be able to be carried out. The enterprises were not enthusiastic since the results of technological remolding had nothing to do with their interests. Through reforms, the enterprisesprises have some reserved funds and the depreciation fund rate has greatly increased. Furthermore, since the capital for various purposes can be mobilized and the increased income can be divided, the enterprises are enthusiastic and have relatively powerful financial resources for carrying out technological remolding. Since we now have a clear reform policy and have gathered some experiences, we have scored good results in remolding the technology of old enterprises over the past few years. If we can implement the plans of the superior leading organs and bring about an overall balance on this basis, the results will be even better.

Fifth, through reforms, the management and administrative ideology which takes socialist production objectives as its guidance in economic work has begun to be established, satisfying the increasing material and cultural needs of the whole society is both the orientation and the end-product of reforms.

However, the more than 3-years of reforms are experimental in nature and are not mature. They are partial and not overall reforms. Basically, they are scattered bits and pieces rather than a complete set. The reforms are carried out without a systematic plan. Therefore, while significant results have been scored, some new problems have emerged. For example, some localities and units do not implement the unified policy for foreign trade; in order to strive for more exports, they always jostle with one another for markets. As a result, the profits are gained by others and the whole country

has to suffer losses, With regard to products under the allocation of the state plan, including agricultural and sideline products, some localities and units do not submit themselves to the unified plan of the state; they seek private gain at public expense. When the state wants to control these products, particularly the major agricultural and sideline products and some important industrial products, it cannot control them properly. The purchase monopoly and guaranteed purchases are also affected. Some localities impose economic sanctions against one another while other localities and units shift their troubles to others and seek benefits for themselves at the expense of others. With regard to commodity prices and taxation, and in particular, prices of agricultural and sideline products, there is more confusion. Some localities and units indiscriminately change the tax rate, and reduce or increase the taxes.

How should we deal with these problems? Should we retreat or should we find a solution by carrying out further reforms? We hold that the orientation of reforms must be upheld to the end and we must not retreat. As for the problems emerging in the course of reforms, only if we attach sufficient importance to them, can they be gradually solved on the basis of summing up past experiences incessantly.

We have gathered much experience in the 3-year experimental system reform. These experiences are valuable becuase they have provided a fine foundation for us to stipulate an overall plan for reforming the whole economic system. The 3-year experiment has indicated to us that five aspects must be given consideration if we are to establish a new system:

First, adhering to the socialist planned economy while considering and using the role of the law of value. Strengthening the strategic and scientific nature of plans and suitably reducing mandatory targets.

Second, enterprises must become relatively independent economic units in the national economy, and enjoy a relative degree of administrative decision-making power and some competitive freedom.

Third, paying attention to the means of regulating the economy and using prices, taxation, credits and other economic levers as well as economic supervision, economic information and other essential administrative means to regulate the economy.

Fourth, establishing a unified circulation market which integrates the means of production with the means of subsistence and which gives priority to state commercial and material departments. In this way, a buyer's market where supplies are greater than demand and where the consumers pay a leading role will be gradually established.

Fifth, thoroughly breaking away from the organizational system that separates the administration of departments from that of districts, and gradually establishing an economic center under unified central leadership to be supported by large and medium cities in order to organize the administration of the economy.

The purpose of establishing these five mainstays is to fully bring the superiority of socialism into play and to implement a planned economy, and to devote major efforts to promoting commodity production so as to satisfy the ever-increasing material and cultural needs of the broad masses of the people.

Economic reforms are the general trend of the times and the desire of the people. In the course of development, although we cannot avoid the various contradictions, struggles and complications, we have the basic principle of Marxism-Leninism-Mao Zedong thought as guidance, the leadership of the CPC and the state council, and the millions of cadres and people who will strive for the success of the reform. Therefore, we are full of confidence and are resolved to carry out the economic reforms successfully

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NATIONAL POLICY AND ISSUES

'TIANJIN RIBAO' ON ESTABLISHING ECONOMIC NETWORKS

HK131105 TIANJIN RIBAO in Chinese 27 July 82 p 3

[Article by Ma Ye [7456 6851], Yuan Ganwu [6768 3227 0063] and Wei Bingkun [7614 3521 0981]--"On Economic Networks"—slantlines denote boldface as published]

[Text] In his government work report to the Fourth Session of the Fifth NPC, Premier Zhao Ziyang noted: "Establish different kinds of economic centers and rationally manage economic networks by relying on bit and medium-sized cities." This thesis brought to light our socialist economic activities' inner links and their objective demand, and charted the orientation and course for establishing a rational economic management system and for quickening the pace of our socialist economic development. We must deepen our understanding of this thesis on the theoretical plane and actively put this thesis into practice while carrying out our work.

The Meaning of Economic Networks

Economic networks are the outcome of the development of the commodity economy. Man's social production developed from a natural economy into a commodity economy. Under the situation in which there are only a natural economy and a small commodity economy, due to the facts that the division of labor in society is underdeveloped, social economic activity are relatively simple and the range of social economic activities is relatively narrow, the operation of social reproduction does not demand the establishment of economic networks and does not have the prerequisites for establishing economic networks. With the development of social productive forces, with the heightening of the socialization of production and with the steady development of the commodity economy, a complicated system of division of labor in society is established. Under these conditions, social economic activities differ from the activities of a natural economy and a small commodity economy. Social economic activities have their own characteristics: First, the complex nature—due to the fact that there is an elaborate division of labor, there are many departments, the types of products are many and varied, and the total social production output is huge, social economic activities are very complex; Second, the dependent nature—all departments are interrelated and interdependent, production is changed from a series of personal activities into a series of social activities, and the original decentralized production processes are

changed into inseparable unified social production processes; Third, the extensive nature--due to the fact that productive forces are widely dispersed and the range of coordination is very wide, markets have broken through regional boundary lines, thus forming domestic and international markets; Fourth, the commodity nature of products has been increasingly heightened--as a result, all labor products become commodities, the producers of commodities pay more and more attention to the value of commodities, and there is an expansion of the contradiction between the value of a commodity and its use value. The operation of commodity production and the operation of commodity exchange under this kind of complex division of labor in society will certainly [word omitted] from economic networks to maintain organic links with social economic activities.

The formation of economic networks cannot be separated from the rise of modern cities. With the development of the division of labor and with the development of a commodity economy, there is a tendency toward centralizing industry and commerce geographically and in terms of space, centers of social economic activities are formed, and modern cities and the urban system are established. Judging from the scale of this system, we can see that there are big, medium-sized and small cities; judging from the system's production and its division of labor, we can see that there are multipurpose cities and specialized cities; and judging from the range of the system's activities, we can see that there are key national cities, key regional cities and rural townships. However, as the land, natural resources and population are all dispersed, it is impossible to concentrate all social economic activities. Objectively speaking, agricultural which is closely connected with natural reproduction is always scattered through rural areas which regard agriculture as their leading department. On the basis of separating urgan areas from rural areas and establishing a system of urban development, real social economic activities must be connected with the economic relations between various urban departments and all kinds of urban enterprises, with the economic relations between cities and with the economic relations between urban and rural areas. Only through these relations can we combine work at key points with work in other areas, combine concentration with dispersion and combine saving time with the rational use of space while carrying out our social economic activities. Only through these relations can we realize the unity of social production and social needs, the unity of production and circulation and the unity of commodity value and use value. Just as Marx noted: "A developed division of labor that is based on the exchange of commodities means the separation between urban and rural areas." (Marx: "Das Kapital," Vol 1, p 390)

After summarizing things mentioned above, we can see that economic networks are the overall expression of the interrelated social economic activities within a relatively developed commodity economy and that the establishment of economic networks is based on the separation between urban and rural areas, on relying upon key cities and on integrating the economic activities in large, medium-sized and small cities of various types with the economic activities in rural townships. The establishment of economic networks meets the objective needs of the development of the commodity economy and creates

conditions for the formation of economic networks. The formation and development of economic networks enables social reproduction to proceed smoothly and successfully.

Judging from the history of the development of the economy, we can see that economic networks in capitalist countries were gradually formed with the rise of many specialized cities characterized by the division of labor and with the rise of key cities. For example, Britain was the first country to complete the industrial revolution and the first country to form an urban system and was therefore the first country to form economic networks. In 1850, Britain had a population of 27.5 million and half of its population was urban. At that time, London, Manchester and Liverpoor were Britain's national industrial and commercial centers. "The Manchester Stock Exchange is the thermometer which indicates all fluctuations in Britain's industrial life" and London became "the commercial capital of the whole world." (See Engles' "The Class Conditions of British Workers") As a result, Britain's trade circulation networks, which regarded key cities as pivots and linked up domestic trade and foreign trade, were established. In 1910, the overall length of Britain's railway lines, which connected cities, connected urban areas with rural areas and connected districts reached 38,000 kilometers. Every 100 square kilometers of land in Britain had 15.6-kilometers of railway line. At the same time, British foreign trade's total imports and exports reached 1,108 million pounds sterling which accounted for about 60-odd percent of the country's total industrial output value. [sentence as published] The formation and development of the British economic networks linked the whole country's economic activities and promoted the development of the social economy.

As an economic category, an economic network is also restricted by the system of ownership of the means of production. Under capitalist private ownership, economic networks are spontaneously formed. The contradictions inherent in the capitalist system are: the confrontation between capital and labor, the confrontation between urban economic interests and rural economic interests, and the extreme imbalance in economic development. Because of these confrontations and this imbalance, it is impossible to rationalize and perfect capitalist economic networks.

The Implementation of a Planned Economy Requires Economic Networks

Capitalist reproduction is operated within economic networks and the formation of economic networks promotes the development of capitalist commodity economy. There is no doubt about these two points. Then, since the state consciously readjusts social production through planned leadership and planned management, is it still necessary to carry out social economic activities within economic networks? The answer is in the affirmative. This is because our socialist production is still great socialized production, commodities, currency and markets still exist, the division of labor between urban and rural areas still exists as does the urban system, the implementation of a planned economy still requires economic networks, and conditions exist for rationalizing economic networks under the guidance of plans and for further promoting the planned, proportionate, stable and steady development of our national economy.

/1. To implement planned economy, it is imperative to rationalize economic networks./ To develop our national economy, we must do well in arranging the proportionate relations between social production and social needs, the proportionate relations between different branches of the national economy, and the proportionate relations between different links in social production (such as production, exchange, distribution and consumption). Only by successfully arranging these proportionate relations can we realize the value of a commodity and its use value, can we make up the materialized [wu hua 3670 0553] labor and the energetic [huo 3172] labor which have been consumed during the production process, can we get the additional supply of means of production and means of subsistence needed for expanding production, and can we successfully promote the expansion of social reproduction. However, economic plans use all kinds of charts and a series of indexes to reflect proportionate relations within the national economy. Such charts and indexes for economic plans can only be realized through the people's interrelated and very complicated economic activities. Therefore, the implementation of the planned economy not only requires economic networks but also requires the rationalization of economic networks. Only by having rationalized economic networks can we link up in terms of time and coordinate in terms of space the intricate proportionate relations between different branches of the national economy and between different links in social production. Only by having rationalized economic networks can we achieve the unity of the social production process and the circulation process; can we economically and rationally organize social economic activities in accordance with plans, targets and internal economic relations; and can we turn abstract plans and targets into real economic activities and realize economic plans in a relatively successful way.

/2. The rationalization of economic networks is advantageous to organizing socialist production./ The implementation of a planned economy requires the rational organization of productive forces during the process of production. In rationally organizing productive forces, we must repeatedly calculate in a balanced manner ways to distribute manpower, material resources and financial resources, ways to link up production, supply and marketing, ways to fix production scales and set production quotas for every department, and ways to decide on concrete targets. However, the national economy is an organic whole and all material production departments and enterprises are interdependent. Therefore, production plans must be realized by relying on social division of labor and coordination of various forms. Socialist division of labor and coordination exist in a very complicated way in enterprises, departments and districts. Only rationalized economic networks can do a relatively good job of organizing division of labor and coordination so as to do a still better job of rationally utilizing manpower and materials, financial and natural resources, developing new techniques, raising production efficiency and promoting the development of social productive forces.

/3. The rationalization of economic networks is advantageous to successfully organizing the circulation of socialist commodities./ To implement a planned economy, we must do well in organizing the ciruclation of commodities. Socialist public ownership of the means of production has eliminated anarchy in production, realized a planned organization of production and circulation,

and provided the possibility of having coordination and unison in the relationship between supply and demand and in the relationship between buying and selling. To realize this possibility, it is imperative to organize the circulation of commodities within rationalized economic networks. The following are the reasons: i) The circulation of commodities is carried out within a very wide range and through complex buying and selling, the rationalization of economic networks is advantageous to enabling commodities to be transferred from the production field to the consumption field along the shortest route with the fewest links and at the lowest cost. ii) In the course of achieving balance between production, supply and marketing, no plans can make all the concrete arrangements to guarantee that the quality, the variety of designs and standards of all kinds of commodities will be marketable and will meet social needs. The contradiction between the use value of a commodity and the commodity value will continue to exist. However, the rationalization of economic networks will be advantageous to promoting coordination between production units and marketing units so that production can be promoted according to needs. iii) to develop foreign trade in a planned way and to expand international economic exchange, it is also imperative to integrate the domestic market with the international market through our economic networks. Only by having rational economic networks can we integrate domestic trade with foreign trade; can we quickly assembly export commodities and quickly transport them to foreign markets; and can we distribute according to plans all our imports including commodities, equipment and technology and quickly put them to rational use. iv) Economic plans cannot be all-embracing and all-inclusive and there is always a considerable number of commodities outside the plan, to be used as supplementary commodities. If such commodities are not circulated within rational economic networks, they will definitely contradict the planned economy.

/4. With rationalized economic networks, we can do well in distributing productive forces./ The implementation of a planned economy also requires rationally distributed productive forces. China has a very large population and is vast in territory. It is a great socialist nation which has an underdeveloped commodity economy and a low level of socialized production with an uneven development of regional economies. According to these national conditions, to distribute productive forces in a planned way, it is particularly necessary to do well in handling and utilizing the relationship between the existing industrial bases and setting up new industrial bases, the relationship between raw material producing areas and processing areas, and the relationship between production areas and consumption areas. To successfully handle these relationships, it is imperative to apply the structure of economic networks to distribute productive forces in accordance with the internal economic relations. Distributing productive forces in accordance with our economic networks not only can make the full use of the existing material and technical bases and enable areas with good economic foundations and high economic returns to achieve a faster economic development but can also enable the state to have more power to help areas with underdeveloped economy and to assist various areas in giving full play to their superiority. At the same time, this kind of distribution of productive forces is also advantageous to having close economic relations between urban and rural areas, promoting the integration of industry and agriculture and preparing the

ground for having a balanced and rational distribution of industrial and agricultural productive forces.

Then, what kind of rationalized economic networks are required by planned economy? We hold that rationalized economic networks are supported by key cities and are composed of the interrelated coordination networks for the division of production labor, the networks for the circulation of commodities, the integrated economic networks, the technological development networks and the economic readjustment networks. As economic centers, key cities have centralized productive forces, advanced technology, well-developed banking systems, good business services, quick access to information, wide connections and a high level of socialized production. Because of these advantages, it is possible and it is also necessary for such key cities to be in key positions. Only by regarding key cities as our strongholds can we organize, on the basis of the established division of labor and coordination and it accordance with internal economic relations, the coordination networks for the division of labor which proceed from the close to the distant, spread over a whole area from one point and proceed from the domestic to the international. Only by regarding key cities as the centers can we organize, in accordance with the rational flow of commodities, the networks for the circulation of commodities which integrate domestic trade with foreign trade, are advantageous to coordination between specialized departments, link urban economy with rural economy, and link up regional economies. Only by regarding key cities as our fronts can we, in accordance with the requirement of great socialized production, organize our enterprises into integrated economic units of all forms and organize the integrated economic networks by assembling all economic forces. Only by regarding key cities as our bases can we form the technological development networks which integrate coastal areas with the hinterland, link the internal with the external, and promote the coordinated development of the whole country's culture, education, science and technology. Only by regarding key cities as our pivots can we utilize all types of economic organizations and apply the economic levers to form the economic readjustment networks which bring market mechanism into play under planned guidance. With such rationalized economic networks, we can link up the economic activities of our key, medium-sized and small cities and of our rural townships, and successfully promote our socialist reproduction.

Judging from the above-mentioned points, we can see that economic networks exist objectively under the planned economy. There is no question as to whether they exist or not and there is no question as to whether we should have them or not. The point is that we should recognize and use them and perfect them under planned guidance.

How Are We to Form Rationalized Economic Networks?

With the development of our country's social productive forces, the level of the socialization of reproduction has been greatly raised, and the division of labor between urban and rural areas, the urban economy and the urban system have all been greatly developed, thus preparing the ground for forming rationalized economic networks within the range of the whole society.

The current problem is that our economic management system is unsuited for our use. In order to reform the economic management system and to decide the orientation of the reform, we must attach major importance to studying ways to give full play to the roles of key cities and ways to organize rationalized economic networks.

/1. We must affirm the economic positions of key cities and be clear about the division of labor between "central" [tiao tiao 2742 2742] and "local." [kuai kuai 1040 1040]/ To reform our economic management system, we must draw distinctions between central competence and local competence and be clear about the division of labor between "central" and "local." This is completely necessary. There should be a clear and definite starting point regarding ways to carry out the division of labor between "central" and "local." Our past research on the division of labor between "central" and "local" primarily revolved around the question of whether to restrain and gain greater control or to relax restrictions, thus having an unclear and indefinite starting point and creating a changeable situation in which we relaxed restrictions on this day and restrained and gained greater control on the next day. We hold that a clear and definite division of labor between "central" and "local" cannot be carried out at will. Such a division of labor should be carried out on the premise of upholding the planned economy. It should proceed in a direction favorable to organizing socialized large-scale production and to energetically developing commodity production and the exchange of commodities. We should also take the analysis of the economic characteristics of key cities as the point of departure. Key cities in our country have centralized productive forces, an elaborate division of labor, many departments and a satisfactory variety of trades and professions, thus forming a relatively independent and complicated system of the division of labor and playing pivotal roles in carrying out economic activities in society. Therefore, in studying the division of labor between "central" and "local," we should affirm the economic position of key cities and regard key cities as economic organisms; we must not artifically dismember them and must not hamper the organization of socialized large-scale production. With regard to the existing division of labor between "central" and "local" which carves up the organisms of key cities, we should work out a solution during the current reform of our economic system and try to find a rational organizational form of management.

/2. We must give full play to the functions of key cities and establish urban economic zones./ Modern key cities were developed from small cities. In the course of the development, such key cities displayed the broadening of their scope and the strengthening of their economic forces and gave impetus to the economic development of the areas around them, thus engendering many medium-sized and small cities and forming urbanized areas with flourishing economies which are closely related in the economic field. This is the inevitable outcome of the effects produced by the functioning of key cities. Our country is currently in the course of this kind of change. We must not lose sight of this trend in reforming our economic management system. To meet this need of social economic development, we should give full play to the functions of key cities, regard key cities as the main bodies, link up the economies of a number of large, medium-sized and small cities, and

organize them into urban economic zones which share out the work and keep in contact with one another. With regard to organizational structure, we should correspondingly establish the management coordination organs for economic centers which will be in charge of coordinating economic activities in urban economic zones and drawing up plans for economic development in such zones.

/3. We must make use of the material and technological foundations of key cities, develop integration, expand foreign trade and enliven the economy./ Most key cities in our country are distributed in the coastal areas. As key cities have been built over a period of a long time, they have laid relatively solid material and technological foundations. They are at the points where domestic and international markets join and are our best strongholds for utilizing "the two forces, the two markets and the two resources." This objective situation has entrusted to coastal key cities the strategic task of developing integration and expanding technical exchange with foreign countries. To realize this strategic task, it is very important for us to do well in carrying out the economic integration of large, medium-sized and small cities; in turning different systems of ownership, different departments and different areas that require integration into integrated units; and in organizing integrated economic units of various forms. In the past, we always regarded key cities as purely administrative areas, lost sight of the fact that key cities are key regional or even national economic centers, overlooked their important roles in organizing and administering social economic activities, and created abnormal situations such as having many poorly organized enterprises under decentralized management which contradict the demands on socialized large-scale production. During the current reform of our economic management system, we should overcome this kind of one-sidedness in our ideology and understanding, and all central departments, provinces and regions must make concerted efforts to study ways to establish rationalized structures of economic organizations in key cities and then to rationalize the whole society's economic organizations and economic management.

/4. To form rationalized economic networks, it is imperative to strengthen planned guidance. Giving full play to the roles played by key cities as economic centers, the establishment of urban economic zones and the organization of rationalized economic networks are interrelated and inseparable. Without giving full play to the roles played by key cities as economic centers, we will not be able to organize urban economic zones and economic networks. Conversely, if we do not establish urban economic zones and do not organize rational economic networks, we will not be able to give full play to the roles played by key cities as economic centers. This is an obvious truth in actual social economic activities. However, under socialist public ownership, economic centers, urban economic zones and economic networks are all restricted by economic plans; they can be formed and can play their roles only under the guidance of state plans. This means that in formulating economic plans, particularly medium-term and long-term plans, we must regard the utilization of economic centers, the building of urban economic zones and the organization of rationalized economic networks as three basic strategic guiding principles and the distribution of productive forces so as to do a still better job of utilizing the existing material and

technological foundations, to make economical and rational use of national resources and to quickly develop social productive forces. We must create conditions for achieving a balanced distribution of productive forces, for reducing the disparities between urban and rural areas and for reducing the disparities between districts.

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ECONOMIC MANAGEMENT

WAYS TO IMPROVE ECONOMIC BENEFITS IN COMMERCE DISCUSSED

Beijing SHANGYE KUAIJI [BUSINESS ACCOUNTING] No 6, 10 Jun 81 pp 14-16

[Article by Tang Xilin [0718 6932 2651], Zhou Bin [0719 2430], and Chou Guiru [0092 2710 1172], Department of Finance and Accounting, Bureau of Commerce, Jiangsu Province: "Problem Related to Improving Economic Benefits in Commerce"]

[Text] Improving economic benefits is the basic starting point for the consideration of all economic problems. It is also a problem that must be given close attention regularly by commerce departments. Commerce is an important area of the national economy. The flow of commercial goods is an important link from production to consumption. The proper organization of commercial goods flow and the proper arrangement of markets according to the principles, policies, and plans established by the state will promote production development, satisfy the consumption needs of society, and improve the economic benefits of industry and agriculture. They will also directly improve the economic benefits of commerce and make contributions to the construction of a prosperous, strong, and modernized socialist fatherland. Since the founding of the People's Republic, the commerce departments have continuously expanded the flow of commercial goods based on the requirements of "one policy," "two services," and "three large viewpoints," with support of industrial and agricultural production and financial and monetary departments. They have also made contributions to accelerating the turnaround of funds, lowering expenses, increasing surplus profits, and improving economic benefits.

Looking at Jiangsu, between 1953 and 1965, the net sales of commercial goods in the province increased by nearly three times and commercial profits increased by 1.6 times. Thereafter, in the next 10 chaotic years, because of the interference and destruction of Lin Piao and the "gang of four," the ideology of the people was thrown into confusion, enterprise management was weakened, and economic benefits also greatly decreased. After the crushing of the "gang of four," and especially since the Third Plenary Session, the management of business undertakings has been strengthened and the economic benefits of commerce have again made notable improvements as a result of various areas of reorganization of commercial enterprises. Between 1965 and 1979, net sales of commercial goods increased again by nearly three times and profits by 4.7 times. In 1980, the net sales of commercial goods increased by another 22.92

percent and profits increased by 18.81 percent over 1979. The turnaround of funds was 93 days, an improvement of 11 days, and the profit for every 100 yuan of funds was 19.14 yuan, an increase of 1.34 yuan. Because of a greater effect from objective factors, economic benefits in 1981 decreased somewhat from those of 1980. However, they were still better than all other years historically. In the 28 years from 1953 to 1981, the total profits realized and taxes paid to the state by state-operated businesses in the province were equivalent to 36 times the business circulating funds allocated to the province by the state. In summary, the economic benefits achieved by the province's commerce should be considered as relatively good. However, there is considerable imbalance among regions and among enterprises. The economic benefits of many enterprises have not returned to their highest historical levels. Very large differences in economic benefits exist between enterprises with good management and those with poorer management. For instance, in 1981, the time required for each turnaround of funds in the provincial municipalities was in some cases 47 days and in other cases 77 days in the various regions; in some cases it was 75 days and in other cases 105 days; for retail stores of similar size, in some cases it was 34 days and in other cases 70 days. This shows that, in terms of increasing economic benefits, there is still considerable potential for many regions and many enterprises. If we make conscientious efforts in various areas, broaden sources of income and reduce expenditures ot that regions and enterprises with relatively low economic benefits can gradually catch up with or come close to the levels of regions and enterprises with relatively high economic benefits, there is possibility that the business economic benefits of our province will be further greatly improved.

For this purpose, taking into account the conditions in our province, we believe that the business departments and enterprise units should emphasize the proper implementation of work in the following areas.

1. Expansion of Sales by a Thousand Ways and a Hundred Plans

Based on the state plan and market requirements, the active expansion of procurement and sales by commercial enterprises of goods in high demand is the basis for thorough implementation of related policies and guiding principles in an even better manner, for serving production and consumption, and for fulfilling various tasks. It is also the key to further improving business economic benefits. For this reason, market investigation, study, and analysis should be strengthened. There should be a timely grasp of market information, and this should be provided to the production departments. In other words, cooperation between industry and commerce should be strengthened and the industrial departments should be supported in adjusting production to meet the needs of the market. Business departments can further expand procurement and sales only if industrial departments expand the production of goods which meet demand based primarily on an adjustment of plans and secondarily on an adjustment of the market. We should thoroughly carry ut the policy of "three many and one less" and the "four forms of procurement and sales" and develop clear avenues, especially the expansion of procurement of industrial products for the rural areas and of agricultural and subsidiary products to improve the

supply to urban and rural markets. We should vigorously develop commercially operated food industries, tighten sanitation requirements for food products, increase varieties, improve the quality, reduce the cost, and enhance convenience for the people. The state-operated food and drink industry and superior services should be further developed. The special traditional characteristics of business operations should be recaptured and developed. The attitude of service should be improved and services should be increased. Efforts should be made in the direction of superior quality and low profit. Domestic tourist industry should also be actively developed on the basis of concrete situations and conditions. On the foundation of last year, in 1982 efforts should be made to increase sales by 3 percent and profits by approximately 20 million yuan.

2. Proper Management and Use of Funds and Improvement of Profit Rate of Funds

The proper management and use of funds is an important link in the management of operations. It has great significance in expanding the circulation of commercial goods and improving economic benefits. The indicators of good management and use of funds are acceleration of the turnaround of funds and improvement of the profit rate based on the prerequisite of the normal execution of policies. If the overall rate of turnaround of funds in our province in 1982 can achieve the 1980 level, that is, every 93 days, 400 million yuan can be saved which can be used to expand the circulation of commercial goods. It will also cut down on loans from banks and thus save interest expenses.

Currently, over 80 percent of the business funds are invested in commercial goods in warehouses. The main problem is that the structure of the warehoused commercial goods is not sufficiently rational. Goods in urgent demand on the market are in short supply, while goods which do not sell well and goods which lie idle occupy relatively large amounts of funds. As a result, the rate of turnaround of funds and the profit rate do not reach their proper levels. Consequently, improving the structure of warehoused goods is currently an important problem in fund management which must be vigorously solved.

First, we must persist in analyzing the structure of warehoused goods on both a periodic and a nonperiodic basis, and conduct market forecasts and establish rational quotas for warehousing of commercial goods based on market supply and demand and taking into consideration such related major factors as the level of people's purchasing power and changes in consumption habits. For instance, after adopting concrete measures in this area, last year the procurement volume of the Dongtai County department store was reduced by 24.22 percent compared with the previous year, the funds occupied by it warehoused goods were reduced by 12.14 percent, the varieties of products handled increased to 11,522 items, the marketable rate reached 98 percent, the fund turnaround improved by 12 days, and the funds tied up for every 100 yuan of sales were reduced by 6.76 yuan.

Second, we must vigorously reduce irrational warehousing of commercial goods and actively deal with goods which are in excess or have problems. In addition to adopting methods effectively carried out in the past to open up sales avenues, such as product exhibits, visiting customers with sample products, processing to change product manufacturing, and looking for substitute avenues, attention should also be given to the possibility that a product which has lost its popularity in the cities may have just become fashionable in the rural areas. Goods in surplus in one area may be in tight supply in another area, and it is only necessary to establish wide contacts to find sales outlets. This kind of adjustment is mutually beneficial to both sides in expanding sales. This is particularly true for the large rural market which, following increased income and improved living standards of the peasants, provides very favorable conditions for the sale of industrial products and the disposition of commercial goods which are in excess on a regional basis. If unnecessarily warehoused goods in the province can be reduced by 10 to 15 percent this year, several hundred million yuan of "dead" funds can be changed to "live" funds.

Third, we should strengthen the management of goods selection, especially the procurement and management of local products in order to prevent the occurrence of an increase in new overstocks. In this area, the necessary concrete management systems should be established and carried out conscientiously. For instance, after the strengthening of incoming local products, the Nanjing Wholesale Department Station has vigorously supported the production of good, low-cost land products and increased their procurement. For Wangkuo Toothpaste alone, which has been welcomed by the masses, the annual procurement has increased from the original 20 million tubes to 40 million tubes. For those items which do not have a suitable market or in which an excess stock exists, it has either reduced the procurement, ceased procurement entirely, or is merely handling sales on behalf of the plants. Although its procurement of local products accounts for 75 percent of the average warehouse stocks, the warehouse stocks have remained at a stable value of approximately 38 million yuan for the last few years and basically have not increased. In meeting various economic standards, it ranks first among second-class stations in the province.

Fourth, we should strengthen the cooperation between industry and commerce, support the production of marketable goods, and reduce the basic sources of problem goods. For instance, there was a large overstock of combination cloth and rubber shoes produced by Nantong Municipality. The local business departments recommended that the plant change to the production of defense army shoes, which were placed on the market very quickly.

At the same time, management of the procurement of goods from the outside should not re relaxed. In procurement from the outside, supply and market conditions must first be checked out. The goods may be brought in according to established concrete procurement plans (name of goods, brand, variety, specification, color, unit price, quantity, etc.) and after approval by related departments. It should not be done simply on the decision of the procurement personnel in order to avoid losses resulting from the fact that the goods do not have a market.

Also, we should strengthen the work of acceptance, shipment, and accounting when goods are delivered to and shipped from the warehouse, and make up for shortages, make transfers, and carry out related documentation work and procedures correctly and on a timely basis. The transportation route and shipping method should be logically selected. Close liaison and cooperation should be established with storage and shipping units so as to shorten waiting and en route time, achieve safe shipment and save expenses in order to accelerate the turnaround of funds.

At the same time, we should also strengthen the management of funds not tied up in goods. In 1981, our province had over 10 million yuan in credits and over 45 million yuan in payments to be received, and these must be cleared up and settled.

Many problems currently exist also in the procurement, care, and use of packaging materials. Loss, damage, and waste are relatively large, and funds irrationally occupied by these materials are large. For instance, the amount of funds tied up in packaging materials of a petroleum company reached 560,000 yuan, exceeding the norm by 260,000 yuan. Because of poor management, 344 oil drums were short out of a total 30,000, and no one bothered to find out the cause. Conditions such as these must be conscientiously improved.

3. Strengthened Management of Expenses and Stringently Reduced Expenses

Our province has to allocate over 500 million yuan for circulating expenses for commercial goods. Leaks in this area are large for many enterprises. Loss and waste are relatively serious. The potential for saving is also very great. To save expenses, work should be done to develop potential and stop leaks, economic accounting should be advocated and economic benefits sought. According to statistics, damage to commercial goods in our province amounts to over 17 million yuan annually, and damage and loss of property amount to over 19 million yuan. A significant part of this is due to poor management. For instance, loss of goods due to mildew amounts to about 12 million yuan. This type of loss can be greatly reduced through the conscientious management of warehouse storage.

About 50 million yuan are allocated each year to cover the management expenses of commercial enterprises, and the waste is also very large. For instance, some enterprises dispatch people all over the place to participate in supply meetings, and procurement personnel travel widely without anyone questioning the necessity or benefit. Some use the name of official business to travel and make tours, stay in expensive rooms, or leave the rooms vacant and still report their expenses as usual upon return. For instance, a procurement officer from the Wujin [or Metals] Company of Haimen County stayed at the Jiangnan Hotel in Shanghai. He received in advance the funds for room costs for 2 months, but he stayed only 17 days. If management is strengthened and such conditions are strictly controlled, examined and accounted for according to specified standards, over 10 million yuan could be saved during the year.

Waste from the hiring of temporary workers at will is also very great. In addition to arranging for 16,359 persons to await assignment and borrowing 31,313 personnel from collective business organizations, the commercial enterprises in the province also showed an increase of 1.27 million yuan in wages for temporary personnel. If some unnecessary temporary workers are eliminated on the basis of actual conditions, the saving in expenditures would also be sizable.

4. Elimination and Combining of Overlapping Wholesale Organizations

Our province has 38 overlapping wholesale organizations. For some trades, three overlapping wholesale organizations exist in the same location. This increases business contradictions and prevents the circulation of commercial goods. Moreover, every additional organization uses over 10 million yuan more in funds. To simplify, eliminate, and combine overlapping organizations would reduce unnecessary links in the circulation of commercial goods, improve efficiency, and save large amounts of manpower, materials, and funding. Recently, the Jiangsu People's Government decided to organize the circulation of commercial goods according to economic divisions and to eliminate and combine wholesale organizations. All related business departments should conscientiously carry ut this decision and make sure that it is thoroughly accomplished.

5. Continued Enterprise Reorganization, Tightened Systems, and Strengthened Management

Because the systems are not strict, responsibilities are not clear and management is confusing. The phenomena of losses due to running away, oozing, dripping, and leaking at a small number of enterprise units at present are fairly serious. Some activities such as violation of financial and economic discipline, graft, and stealing have even occurred. For instance, a food station in Nanjing has a total of 17 staff, workers, and cadres. Although it maintains a division of labor and has a system, these have not been conscientiously practiced. The management is confusing and there are many problems. When buying raw pork, one worker, counting less as more, overpaid 25 jin in costs. In exchanging fertilizer for his labor, a peasant was once given 50 extra jin. Once when 35 hogs were shipped to the meat plant, 6 actually died on the way and 7 had to be slaughtered immediately. When delivering eggs to an egg factory, some staff members and workers actually asked for 8 yuan of shipping cost before they would deliver them. The result was that no one would make the delivery when the money was not paid, and fresh eggs turned into rotten eggs. Commercial goods and tools are regularly lost, resulting in several thousand yuan in losses each year. Confusing management in business operations is also a primary reason for shortages and damage. Shortages and damage in the entire province in January this year reached 15 million yuan, an increase of 4.5 times over the same period a year ago. Units with shortages and damage often cover up their operational shortages and damage under policy reasons, thus averting efforts which otherwise might be made to improve operations and strengthen management. Enterprises such as those described above must be treated as prime candidates for reorganization and given a time limit for improvement.

If we can begin to undertake such work conscientiously this year, we believe it will still be possible to increase surplus profits by about 14 percent in 1982 over last year, despite the objective factors of increased interest rates on credit from banks and increases in the warehousing of certain goods which will occupy a larger amount of funds. This will have an effect on improving business economic benefits and on accumulating funds for the development of the national economy.

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ECONOMIC MANAGEMENT

COMMENTARY ON STRAIGHTENING OUT ENTERPRISES

HK181514 Guangzhou GUANGDONG Provincial Service in Mandarin 1000 GMT 18 Aug 82

[Station commentary: "Enterprises Must Be Managed by People Who Have Knowledge of Management"]

[Text] At present, the work of straightening out the first group of enterprises in Guangdong Province is being carried out in depth. Many facts have already shown that when people who have knowledge of management are assigned to the leadership groups of enterprises, economic returns will be remarkably raised. Straightening out enterprises in an all-round way is a profound reform in guiding ideology, organizations, the system and management. However, straightening out and building the leadership groups is the key to straightening out enterprises in an all-round way. Transforming and straightening out of enterprises, raising economic returns and changing unhealthy trends are all connected with the solution of the cadre problem.

At present, the leadership groups of enterprises generally have the problems of their cadres being slightly too old, their personnel being slightly too redundant, the cultural level of their cadres being slightly too low and the number of specialized and technical personnel being slightly too small. The leadership groups of some enterprises are low in spirit, lax and weak. They have sought good relations with everyone at the expense of principle. Enterprises' management has thus been chaotic, labor discipline has been relaxed and economic returns have been poor. Now is the time when we must be resolved to solve the problems.

In the course of straightening out enterprises, we must straighten out and build the leadership groups of enterprises well. We must allow people who have knowledge of management to manage enterprises. That is to say, in accordance with the requirements of revolutionizing cadre corps and making them younger, more educated and professional and with the principle of reducing the number of cadres and selecting energetic cadres, we must select for the leadership groups of enterprises middle-aged and young cadres who support the line of the party, are well versed in their work and management and can unite comrades and open up a new situation. Only by doing so can we raise economic returns and meet the needs of socialist modernization.

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ECONOMIC MANAGEMENT

HUNAN ENTERPRISES REVEAL RESTRUCTURING SUCCESSES

HK110428 Changsha HUNAN Provincial Service in Mandarin 1100 GMT 10 Aug 82

[Summary] "After 3 months' efforts, most of the 30 key enterprises of the first group which have undergone the restructuring experiment in Hunan Province have witnessed encouraging changes. Now management in these enterprises has strengthened, production has speeded up and economic returns have markedly improved. According to the comrades of the concerned provincial departments, one of the important experiences drawn from these successful experiments is that the work can only be carried out in a down-to-earth manner as long as leading people really go to stay in enterprises and are personally engaged in the experimental restructuring."

"Since March, 191 cadres working in organs at the provincial level have been transferred to form 28 pilot project groups to carry out experiments in the key enterprises which are to be restructured. In general, these comrades no longer divert their attention to their former jobs in their original organs. According to the survey conducted from April to June, the 19 superior leading cadres from the departmental level have stayed in experimental enterprises for more than 70 days. As the leading cadres have remained in the enterprises and have conscientiously led the experiments, many difficulties have been readily solved." In the past, the leadership in some enterprises was weak and lax, and management was poor. Since the superior departments lacked firsthand information, restructuring could hardly be carried out in these enterprises. Now, as superior leading cadres have come to be personally engaged in the restructuring, decisions can be made on the spot and effective measures can be promptly adopted. "During the current experimental restructuring, the leading bodies of 16 enterprises have been reorganized. Fifteen engineers in 10 of these enterprises have been promoted to leading posts at the enterprise level, whereas some cadres who are rather old or relatively incompetent have been transferred to other suitable posts."

The investigation group of the provincial communications department, in cooperation with other provincial and municipal departments concerned, has reorganized the leading body of the Changsha Port Office. After the reorganization, the situation in the office has thoroughly changed--the attendance rate of the staff and workers has risen from 79 percent early this year to 85 percent, the freight volume has increased and the profit earned has increased from 400 yuan in the same period of last year to more than 100,000

yuan this year. Similar changes have occurred in the provincial Vinyon Textile Mill, which had suffered losses for 3 successive years since its founding. The deputy director of the provincial textile bureau has led an investigation group to carry out experimental restructuring in this plant. And now economic returns in this plant are improving month after month. From March to June, this plant has made a profit which totals 2,860,000 yuan or more.

"After the preliminary restructuring, the 30 experimental key enterprises in our province have achieved remarkable results. In the first half of this year, the total industrial output of these enterprises has increased by 7.4 percent over the same period of last year, and the profit they handed over to the state has increased by 6.1 percent. Among the nine enterprises which formerly suffered losses, three enterprises have managed to make up deficits and increase profits. And the losses of these enterprises has dropped by 35 percent over the same period of last year."

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ECONOMIC MANAGEMENT

'XIZANG' RADIO COMMENTARY ON HITTING AT ECONOMIC CRIMES

HK090715 Lhasa XIZANG Regional Service in Mandarin 0000 GMT 6 Aug 82

[Commentary: "Speed Up the Investigation and Handling of Major Important Cases and Carry Out to the End the Struggle of Hitting at Serious Criminal Activities in the Economic Field"]

[Text] During the past 6 months, our region has scored great achievements in the struggle of hitting at serious criminal activities in the economic field. We have exposed and handled one by one a number of serious criminal cases involving smuggling, trafficking in contraband, embezzlement and bribery. Some of the cases that have been pending for a long time are being solved. The criminals who have done serious damages to the social economy have been frightened and cracked down upon. The carrying out of this struggle has educated the broad ranks of cadres and the broad masses of people and augmented their abilities to resist corruption. Quite a few units have formulated and perfected their regulations and set up and improved their system in order to overcome the weak points in their administration, management, financial system and other weak aspects of work that have been disclosed in the struggle against economic crimes. At the same time, the party work style and the general mood of the society is also improving.

However, as far as our region is concerned, the development of this struggle is uneven. The leading comrades in some areas and departments still have a poor understanding of the nature of this struggle. They have adopted a passive and perfunctory attitude toward this work and have been slack in the work and complacent about what they have achieved. That is why they have exerted weak leadership over the work, failed to concentrate their efforts on major cases and thus caused slow progress in the process of investigating and handling important cases. We must pay attention to this situation and make efforts to correct all these malpractices.

We must soberly see that though we have scored some achievements in hitting at serious criminal activities in the economic field, the struggle has just begun and we have only scored initial achievements. Judging from the cases that have been exposed in our region, the struggle is far from drawing to an end. It is entirely without grounds and harmful to think that the struggle has nearly been fulfilled and that we should soon finish the struggle. If we think in this way, we will seriously hinder the in depth development of

this struggle. The central leading comrades have clearly pointed out that the struggle of hitting at serious criminal activities in the economic field is one of the major tasks that is and will be confronting our whole party this year and for a long period of time to come. Therefore, the leading comrades at all levels must heighten their understanding of the significance of this struggle and overcome the slack and passive attitude and thus conscientiously carry out in depth for a long time this struggle which is vital to the prosperity of our party and state.

Whether or not the struggle can be carried out in depth for a long time depends on whether the major leading comrades of the various areas and departments attach importance to the struggle. The first and second secretaries of the CCP committees at all levels should not only exert their leadership over the work but should also personally take part in the work and focus their strength on doing a crash job in investigating and handling major important cases. After making a careful study of the materials, they should organize groups of competent people to be specially responsible for some actual major important cases. They should establish a responsibility system whereby they fix the responsibility for leadership over the work and the responsibility for carrying out the work to clearly defined people, formulate measures for carrying out the work, fix the deadline for completing the work and assign full responsibility to the party organizations. They should strive to make breakthroughs in investigating and handling a few major important cases by August or September, and thus score remarkable achievements.

At present, all the areas and departments should conscientiously sum up their struggle in the last 6 months and through this confirm their achievements, disclose their shortcomings and study the measures for developing this struggle in depth in order to achieve final victory in it.

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ECONOMIC MANAGEMENT

XINJIANG MEETING ON HITTING AT ECONOMIC CRIME

HK060322 Urumqi XINJIANG Regional Service in Mandarin 1300 GMT 5 Aug 82

[Summary] The regional CCP committee held a cadre gathering on 5 August to further implement the decision of the central committee and state council on hitting serious economic crime and the spirit of recent instructions. The meeting demanded that party and government leaders take effective steps to carry out this struggle in still greater depth.

Regional CCP committee secretary Tomur Dawamat spoke at the gathering. He pointed out: "Although we have achieved great success in this struggle, we are still very far from meeting the demands of the central authorities. Generally speaking, the regional organs lag behind the prefectures and municipalities." He stressed the following points:

1. Party committees must further enhance understanding and strengthen leadership. They must put this struggle in an important place on their agenda and get a really good grasp of it.

2. Strengthen division of work under the leadership of the party committees. The departments concerned must also work closely together and fight a coordinated battle.

3. Concentrate forces on investigating and handling major and important cases.

4. Fully rely on and mobilize the masses in waging the struggle.

CSO: 4006/610

ECONOMIC MANAGEMENT

IMPROVING ECONOMIC BENEFITS CALLED BASIC STARTING POINT

Guangzhou GUANGZHOU RIBAO in Chinese 24 May 82 p 1

[Staff report: "Improving Economic Benefits Must Be the Basic Starting Point; Experience Exchange Conference of County and District Industries Called by Municipal Economic Committee; Raised Five Requirements"]

[Text] The experience exchange conference for the improvement of economic benefits by county and district industries, called by the Municipal Economic Committee, was held at Shiqiaozhen in Fanyu County on 21-22 May.

Participants heard an introduction on the experience of improving economic benefits gained by industries of Shiqiaozhen, Fanyu County. They also visited Shiqiaozhen's Haiou Flashlight Industry Company, bicycle spare parts plant, and rolling mill.

Based on the problem of improving economic benefits by county and district industries, the Municipal Economic Committee raised five requirements:

1. It is necessary to correct leadership ideology, to treat the improvement of economic benefits as the basic starting point for the county and district industries, and to transfer work on to the track of improving economic benefits. This basic change should be realized in leadership ideology. It is necessary to change from primary focus on production value and rate to focus on varieties, quality, and marketability of products; from primary reliance on increased production for increased income to special emphasis on reducing consumption, lowering costs, and increasing surplus profits; from primary emphasis on production to special emphasis on management, administration, and science and technology; from working on extension inside the plant and primarily on expanding production capacities to primarily intension and emphasis on technical reconstruction and equipment modernization. It is necessary to produce more products which meet the needs of society with minimum labor consumption and material consumption.

2. Conscientiously reorganize county and district industries and improve economic benefits through reorganization. The phenomena of confusing management and serious wastes commonly exist among county and district industries. Labor productivity is very low. These problems must be solved through reorganization. For reorganization, the individual points should be united with the overall. The reorganization of the mian shang enterprise should be directed by the successful experiment for overall reorganization conducted in a specific area.

For mian shang enterprises, reorganization should be carried out on a single item first. In other words, reorganization should be carried out wherever the problem is outstanding in order to vigorously improve economic benefits.

3. In order to improve economic benefits, it is necessary to fully develop the special characteristics of county and district industries of "small scale, many forms, flexibility, and strong adaptability," propagate the good and avoid the bad, develop the superiority, and vigorously develop products which meet the market demand. It is necessary to persist in the direction of the "three at-the-locations" (obtaining materials at the location, processing at the location, and sales at the location) and "four services" (service for agriculture, state operated enterprises, people's livelihood, and export) and to make sure that products meet the demands of the market.

4. To improve economic benefits through technical innovation and technical reconstruction. Most of the equipment of the county and district industries is old and technology is backward. Technical reconstruction should be carried out on a step-by-step basis so that old equipment is "reborn" and production level and technical level are improved.

5. Leadership of county and district industries by county and district party committees and government should be strengthened, and their development should be vigorously supported.

Conference participants included magistrates of counties, heads of districts, and chairmen of economic committees as well as directors of industries and companies for civil administration, education, and farms and totalled over 40 persons.

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CSO: 4006/517

BRIEFS

JILIN EXPOSES ECONOMIC CRIME--The grain departments throughout Jilin Province vigorously exposed and investigated cases of graft and embezzling state grain and edible oil. By now, 358 economic criminal cases have been cracked. Among them, 16 are cases of graft and embezzlement of over 10,-00 jin of grain and oil and 4 are embezzlement of over 10,000 yuan. A gang stealing 130,000 jin of grain, oil and sideline products was cracked in Siping Municipality. [Text] [Changchun JILIN Provincial Service in Mandarin 1100 GMT 3 Aug 82 SK]

CSO: 4006/610

FINANCE AND BANKING

RESULTS OF ENTERPRISE FINANCIAL INSPECTION DISCUSSED

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] No 5, 20 May 82 pp 1, 2

[Article by staff evaluator: "Further Enterprise Finance Reorganization on the Basis of Financial Inspection"]

[Text] Based on notification from the State Co ncil, the various regions and departments have carried out large-scale enterprise financial inspection since last December. As a result of months of effort, rapid progress has been made in this inspection work and definite results have been achieved. Currently, this inspection work has entered a more intensive stage. We must continue our efforts so that this inspection will be thoroughly carried out well from beginning to end. We must also conscientiously summarize our experience on the foundation already established and further properly carry out the work of reorganizing and strengthening enterprise finance and accounting in our enterprise reorganization based on the requirements and disposition called for by the State Council for the overall reorganization of enterprises.

The current enterprise financial inspection is being given close attention by both the central government and local authorities. Large numbers of cadres have been transferred to participate in the inspection work. Large numbers of units have been inspected, the momentum has been great, the scope of inspection is wide, and the problems uncovered have also been deep. First, various problems of violating the financial and economic system and discipline have been found. A major part of the funds due to the treasury according to state regulations have been sent to the treasury. For the remaining funds, the situation is being studied and will be handled accordingly. Thus, financial and economic discipline is being maintained and protected and the financial income is being increased. Second, problems of disorderly enterprise financial management, serious loss and waste, and poor economic benefits have been uncovered. These have led to more complete preparation of the enterprises. Third, many cases of economic violation of the law have been uncovered, including leads to some important cases, and this will be helpful in dealing a further blow to law violation and criminal activities in the economic area and in tightening adherence to party discipline and state law. Fourth, during the inspection, a number of advanced enterprises have been uncovered which have good financial management, strictly obey financial and economic discipline, and show notable economic benefits. Their experiences have been disseminated and promoted. Based on the problems uncovered during inspection, some regions

have established measures to strengthen enterprise finance and accounting work. All this will have a beneficial influence on strengthening enterprise financial management.

Financial inspection is a test of enterprise finance and accounting work. On the basis of the conditions revealed by the inspection, the outstanding problem in current enterprise management and administration is poor economic benefits and lax financial and economic discipline. This problem exists not only in the production area but also in the construction and circulation areas. In some enterprises, production consumption is large, costs are high, loss and waste are serious, and production is increased without achieving increased income. For some products, the quality is poor, production does not meet demand, there is overstocking in the warehouses, and increased production actually results in reduced income. In financial administration and management, loss due to "running away, oozing, dripping, and leaking" is widespread, and the phenomena of retaining profits against regulations, nonpayment of taxes, unwarranted addition of costs, unwarranted distribution of rewards, and changing complete openness to partial openness are relatively common. When these are reflected in financial administration, they result in the decrease of taxes and profits. Using the state-operated industrial enterprises as an example, the profits provided to the state are down by 6.4 yuan for every 100 yuan of funds compared to 1965. The problem of poor economic benefits has already hindered national construction and must be given close attention. If this problem is not solved, the continued development of our national economy will be difficult to maintain and it will also be difficult for our economic construction to take a new road.

In his government work report to the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang pointed out: "In considering all economic problems, we must place raising economic benefits as the basic starting point so that our national economy will be better able to maintain its continued development." The work of enterprise financial reorganization must also be focused on this core problem of raising economic benefits, and the six standards must be thoroughly maintained on an overall basis. In this connection, we must stress the improvement of understanding and correction of ideology as the starting point.

First, we must correct our understanding of [economic] effectiveness and benefits. What is economic benefit? Economic benefit encompasses two aspects: First, maximum conservation is necessary in order to reduce as much as possible the consumption of living labor and materialized labor. Second, is the creation of greater wealth that meets social requirements. It does not good to talk about production and not consumption. It is even worse if we do not talk about quality and do not ask if it is needed by the society. There cannot be any talk of economic benefit if the value of consumption exceeds the value of newly created wealth. And, if newly created wealth does not meet social needs and lies idle, it does not reflect any economic benefit in either value or value of utilization. Only by uniting speed and benefit and by seeking speed through developing the potential of increasing economic benefits can there be actual speed. Thus, the finance and accounting work must strengthen forecasting, control, inspection, and analysis, and achieve low consumption,

high quality, and good sales through accounting of consumption, quality, and sales, and on this foundation, fight to achieve high speed and high benefits. This concept must be clearly understood in the work of enterprise financial reorganization.

Second, we must correctly understand the relationship between enhancing the (domestic) economy and obeying discipline. Obeying financial and economic discipline and working on live economics is not contradictory. On the contrary, obeying financial and economic discipline is a necessity for working on live economics. In the past few years, to change the condition of overcentralization of finances, the autonomous authority of enterprise management has been expanded. The enterprise economic responsibility system has been put into trial practice and important measures of working on live economics have been adopted, thus creating a positive attitude in enterprises and the staff and workers and promoting the development of production. The policy of working on live economics is a correct direction and its results are of primary importance. However, this does not mean that it is all right to let things drift, to weaken supervision, not to carry out the state plan, and not to obey the state's financial and economic system and discipline. To treat working on live economics and obeying disciplines as contradictory is incorrect. We are a socialist economy and we must persist in the policy of treating planned economy as primary and market regulation as support. The more we want to work with live economics, the more we must strengthen the direction of the macroeconomy and administrative involvement and the more we must stress strict adherence to the state financial and economic system and discipline. For instance, the production, supply, and sales of an enterprise must be carried out according to the plans handed down by the state. The financial receipts and outlays of an enterprise, including the use of various special funds, items that can be considered as cost and regulations for cost accounting, standards for giving out rewards and for outlay as enterprise administrative expenses, etc., must be handled according to the concerned state regulations and systems. There must be a regulation on how to do things. There must be a basket and some rules for playing basketball. How can this not be true for the construction of our four modernizations! In addition to the strict handling of problems already uncovered in our enterprise financial reorganization, we must also conscientiously summarize the experiences, establish sound and necessary rules and systems, establish measures to stop leaks, strengthen supervision of finance and accounting, and also continue to struggle against various activities which violate the financial and economic system and discipline.

Third, we must place in proper perspective the relationship between the state, the collective, and the individual staff member and worker, and correctly reflect the principle of the unification of authority, responsibility, and benefit. There must be the relationship of primary and secondary and of first and last between the state, the collective, and the individual staff member and worker. Individual benefits must follow total benefits--first the state, then the collective, and then the individual. This is the glorious tradition of our revolutionary army. It is an important guarantee for achieving revolutionary victory and overcoming various economic difficulties. To engage in the construction of the four modernizations, it is even more necessary to

place in proper perspective the relationships of primary and secondary and of first and last between the three. However, in recent years, since the state has transferred to a significant portion of the enterprises their individual incomes which the government had previously directly allocated, some enterprises have adopted the methods of "depressing the base", "taking duplicate percentages", and "taking double portions", and have taken away the financial income of the state. This is obviously against the principle of taking care of the state, the enterprise, and the individual staff member and worker simultaneously. In order to strictly enforce financial and economic discipline, these problems must be handled first by inspection and second by correction. For those with serious situations, the actual responsibility and even the legal responsibility should be determined. The problems cannot be handled by simply ignoring them.

The enterprises are the entities of the national economy. To proceed with production construction, the state gives the enterprises definite limits of economic authority and requires that they carry out their obligations to the state and shoulder certain economic responsibilities. Authority, responsibility, and benefit are mutual conditions, they have mutual restrictions, the three must be united, and there cannot be one without the others. If we simply advocate authority and not responsibility, the state plan will fall through and nothing can be accomplished. If we only talk about benefit and not contribution, without differentiation of the good and the bad, it will become the biggest "big pot of rice" and there will be the danger that socialism will be "eaten" away. We must advocate the highly respected habit of more contribution and less remuneration. We must fulfill our responsibilities as much as possible and not exercise authority we do not have and take benefits that are not ours.

Taxes and profits must be paid on time and in full according to regulations; they must not be leaked, retained, used for other purposes, or left owing. The concept of the whole situation should be established. The practice of using various devious avenues which are harmful to the interests of the state must be resisted with determination.

Enterprise financial reorganization is an important part of overall enterprise reorganization. Following the development of enterprise reorganization work, enterprise financial reorganization will also be gradually intensified. In order to achieve real results as rapidly as possible, initial efforts should be directed to those large and medium backbone enterprises with more problems, greater potential, and urgently needing reorganization. This will also help in gaining experience. We believe that, through financial inspection and financial reorganization, enterprise financial and accounting work will be transformed and will exert a greater influence on improving enterprise economic benefits.

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FINANCE AND BANKING

EXTENSION OF MEDIUM-, SHORT-TERM EQUIPMENT LOANS DISCUSSED

Yinchuang NINGXIA RIBAO in Chinese 20 May 82 p 3

[Article by Wang Xikun [3769 1585 0981], Finance Research Institute, Autonomous Region People's Bank: "Discussion of Problems of Economic Benefits in Extension of Medium- and Short-Term Equipment Loans by Banks"]

[Text] The extension of medium- and short-term equipment loans by banks is an important reform in credit work. It has broken a ban which had lasted for over 30 years, since the founding of the People's Republic, when banks were only allowed to make loans for circulating funds. As a result, credit funds have begun to be a part of the fixed assets of enterprises. However, some comrades believe that this will extend the battle field of basic construction and increase credit inflation. Reviewed below are the advantages and disadvantages and gains and losses of this practice, based on the experiences of extending medium- and short-term equipment loans by the banks in our region.

Since 1980, we have conscientiously carried out the medium- and short-term equipment loan plan sent to us by the central bank. In the process of extending loans, we vigorously carry out the policy of national economic reorganization, keep our eyes on the macro-economy while working on the micro-economy, and place emphasis on the improvement of economic benefits. At the same time, we correctly differentiate the boundaries between developing potentials, innovation, reconstruction, and basic construction of old enterprises, pay attention in preventing the extension of the basic construction battle field, accurately differentiate between projects which represent the development of potentials, innovation, and reconstruction and those arranged by the enterprises themselves, and pay attention to preventing the enterprises from submitting just any projects and from engaging in "large and complete" and "small and complete." In the review and approval of loan applications, priorities are given to products of good quality and those that meet market demand, to projects for which raw materials are available and which do not compete for raw materials with large plants, and to projects with small investments, rapid results, and large economic benefits. In the last 2 years, over 140 projects of either new construction or continued construction have been supported. By the end of 1981, 95 had been completed and entered into production or partially completed and entered into production. They have provided our region with 21.96 million yuan in new production values and 3.49 million yuan in increased taxes and profits to our finance. They have also achieved notable results in economic readjustment. These are reflected primarily in the following areas:

1. Pushed forward the development of the light and textiles industries and the daily consumer goods industries in our region. Of the total medium- and short-term equipment loans in our region, 69.7 percent are in 128 projects of light and textiles industries--in clothing, cloth shoes, fur products, rugs, beer, and sugar. They are speeding up the readjustment of our industrial structure. The ratio of our region's light industry production value to gross industrial production value increased from 23.7 percent prior to 1980 to 31.7 percent in 1981.

2. Supported enterprises in developing our region's economic superiority and increased production of traditional name brand products and export products. Our region's special products of tan sheepskin, sheepwool and fur products, fur rugs and rugs represent an important superiority of our region's economy. However, the plant buildings of many of the enterprises producing these products are old. Their equipment is meager and poor, technology is backward, and production capacity and economic results are very low. Since 1980, we have extended nearly 3 million yuan in medium- and short-term equipment loans to six rug factories and four skin and fur factories to support them in changing to new equipment, in technological innovation, and raising production capacities. In 1981, the production of export rugs increased by 2,340 square meters over the previous year and the production of export kidskin mattresses increased by 27,800 pieces. The newly increased production value of these two items alone amounted to 3,038,000 yuan, and they also produced $1.79 million in additional foreign exchange for our region.

3. Supported the winding up of basic construction and continuing construction of auxiliary projects with good futures for development so that they could enter into production as quickly as possible. Some of the basic construction projects in our region have not been able to start production for a long time. For instance, the Yinchuan Sugar Plant started the planning of its beer plant construction in 1978, but later ran into funding difficulties because of the readjustment of the national economic plans. Since 1980, we have extended 620,000 yuan in medium- and short-term equipment loans to the plant. By the end of 1981, the plant had produced 2,500 tons of beer and realized 1.03 million yuan in production value and 422,000 yuan in taxes and profits. It has also guaranteed the supply of beer for the Yinchuan Municipality and provided for the withdrawal of currency from circulation for the state.

4. Promoted heavy industries to change their direction of service, turning to the production of light industry products. For instance, the Yinchuan Electric Watch Plant was extended a medium- and short-term equipment loan of 150,000 yuan to help the plant with the technical reconstruction of its production line to change to the production of civilian electric watches which are short on the market. In 1981, it produced 120,000 pieces of civilian electric watches, and its industrial production value was increased by 30 percent over the previous year.

5. Supported the development of food industries to guarantee market supply. For a long time, the problem of "hard to find bean curd to eat" has existed among the people of Yinchuan. In 1980, the bank granted a small medium- and short-term equipment loan to the municipal bean products plant to purchase from the outside such equipment as bean curd making machine and press, and the daily bean curd production capacity has doubled its original capacity.

Is there the possibility that the extension of medium- and short-term equipment loans by the bank will stretch out the basic construction battle field? Such a possibility does exist, but it can be avoided. The way to avoid it is to start with macro-economic benefits and to include medium- and short-term equipment loans in the state's credit plan. These loans should absolutely not be used blindly to support long and high investment civil engineering construction projects. Also, attention should be paid to the turnaround of loans and to investment results.

Will the extension of medium- and short-term equipment loans by banks increase credit inflation? The reason that credit inflation is produced and increased is when a bank simply grants credits in the same manner that it issues currency without the guarantee of materials which meet the market demand. However, under the present circumstances, the banks have the funding resources to extend the loans and, moreover, they have the guarantee of materials which meet the market demand, and the loans are included in the state's credit plans. Therefore, generally speaking, they will not increase the credit inflation. Of course, under the present market condition when currency circulation is on the high side, a small part of the loans will find their way to the market when production funds are transformed into consumer funds in the form of labor wages and in other forms. This is nothing unusual. The basic theory of Marxist political economy tells us that in the process of expanding reproduction the consumption of live labor and physical and chemical labor should always have its compensation. From the long-range viewpoint, once a project supported by medium- and short-term equipment loans from the bank is completed and enters into production, it will very rapidly become an important factor in easing the market supply, the withdrawal of currency from circulation, and in increasing financial income.

The central [Central Government?] finance and economic leadership group recently pointed out: To limit the issuance of currency, the principle of first controlling expenditures and second controlling investment and loans must be strongly adhered to. [Translator's note: Investment and loans are translated from toufang (tou for touzi and fang for fangkuan); however, according to the dictionary, toufang could be translated as put (money) into circulation.] The scale of basic construction must be strictly controlled. Based on the spirit outlined above, we must conscientiously summarize our experience of extending medium- and short-term equipment loans in the last 2 years, conscientiously investigate existing problems, strengthen the forecast, dissemination, and study of economic information, and together with the enterprises, properly manage and properly use the medium- and short-term equipment loans in order to make the deserved contribution to the further reorganization of the national economy and the improvement of economic benefits.

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INDUSTRY

IRON, STEEL INDUSTRY ADVANCES; PROBLEMS CONTINUE

Beijing GANGTIE [IRON AND STEEL] in Chinese No 4, 1982 p 1-5

[Article by Editorial Staff of IRON AND STEEL, Chinese Society of Metals: "Advance of Iron and Steel Industry in National Economic Adjustment"]

[Text] The year 1982 is one of continuing advance of the iron and steel industry during adjustment. Looking back at last year and surveying the new year, we are fully confident of advancing with victory and meeting the new adjustment tasks.

(I)

In 1981 the iron and steel industry conscientiously carried out further adjustments economically and further stable and important policies politically. Under the conditions of the country's downward adjustment of its iron and steel production plans and reduced energy resources, plans for major products were completed with over production. The magnitude of over production of steel materials was greater than that of steel, and that of steel also exceeded that of iron. New developments were achieved in all areas.

1. Adjustment of Direction of Service, Strengthening of Suitability of Products

The output of sheets and strip steel in 1981, urgently needed for the production of daily consumer goods, increased by 22 percent over 1980. The practice of supplying steel materials by specific locations was implemented for the [10 large items" of mechanical and electrical products for civilian use--bicycles, sewing machines, watches and clocks, washing machines, etc. The enterprises of the Shoudu Iron and Steel Company and Anshan Iron and Steel Company and the metallurgical bureaus of Shandong, Hebei, and Jiangsu organized the movement of orienting steel materials to the rural areas and produced structural parts for steel housing frames for agricultural use, which received welcome by the rural areas. Large quantities of superior quality steel were transferred for civilian use, representing 94 percent of the total output of special steels. Small-sized materials, wire rod, welded pipes, zinc plated pipes, steel window materials, iron wire, and iron

nails, which have been in short supply in recent years, are now meeting demands. Intensive processing was actively developed by the iron and steel interprises and a group of new steel materials has been trial manufactured and produced. Springs for desk clocks, card clothing steel wire for the textiles industry, daobulun [literally, wheels or rollers for leading the cloth], leaf springs for civilian-use electric timers, stainless steel formwork for the manufacture of artificial fiberboards, pure iron for civilian-use electrical products, etc., which had to be imported in the past, can all be supplied domestically.

2. Launching of Attack on Key Quality Areas, New Improvements in Product Quality

More than 30 products, including ship plates, spiral reinforcing steel, and high speed tool steel, can be produced according to international standards. Nearly 1,500 new materials have been successfully trial produced. A total of 86 iron and steel products have been judged as being of superior quality by the state and the Ministry of Metallurgy, including rim steel for automobile wheels, small size hot rolled materials, and hot rolled zinc plated sheets. Among them, the rim steel of Anshan Iron and Steel Company and the high speed tool steel of Dalian Steel Plant received the gold awards. Another eight products were given silver awards. Ship plates produced by the Wuhan Iron and Steel Company and the No 1 Plant of the Shanghai Iron and Steel Company have already been recognized and approved by international classification societies. Ocean vessels built with these ship plates have been turned over for export. Because of the poor quality of the high speed tool steel produced in the past, cutting tools produced had a short life and could not meet domestic needs. As a result, large quantities had to be imported. Through technical improvements, the quality of our high speed tool steel has now reached advanced international standards. Last year, 16,000 tons were produced, half of which were used to produce cutting tools and drill tools for export. Good evaluations have been received for exported bearing steel of Qi Iron and Steel and Daye, medium plates of the No 1 Plant of Shanghai Iron and Steel, thick plates of Wuyang Iron and Steel, wheel bands of Maanshan Iron and Steel, and small round steel and spiral steel of the No 3 Plant of Shanghai Iron and Steel, Xinhu [New Shanghai] Iron and Steel, Shoudu Iron and Steel, Tangshan Iron and Steel, Shaoguan Iron and Steel Plant, and Echeng Iron and Steel Plant.

3. Development Through Energy Conservation, Continued Reduction of Energy Consumption

A total of 346 small blast furnaces with high energy consumption have been shut down and the operations of 152 other blast furnaces have also been discontinued. They have a total capacity of 18,000 cubic meters. The iron to steel ratio dropped from 1.024 to 0.985. On the foundation of a reduced consumption of 1.1 million tons of heavy oil in the previous 2 years, consumption was further reduced by 400,000 tons in 1981 as compared to 1980. The use of oil spray has been discontinued for blast furnaces. Good results in energy conservation work have been achieved by Shoudu Iron and Steel, Anshan Iron and Steel, Hangzhou Iron and Steel, and the metallurgical bureaus

of Shanghai, Tianjin, Liaoning, Zhejiang, Jiangxi, and Hunan. Last year, 1.8 million tons of standard coal were saved.

4. Promotion of Appropriate Advanced Technolgoy in Technical Reconstruction, Achievement of New Results in Scientific Research

In the past 2 years, 37 applicable advanced production techniques with notable results have been summarized and promoted at little or no cost. As an example, in ore dressing, the "fine screen regrinding" technology has been promoted. The quality of concentrates from magnetic separation has been improved from 65.1 to 66.8 percent. In 3 years, 600,000 tons of coke have been saved. In sintering, the operating technique of "low coal thick material layer" has been promoted. The fuel consumption for each ton of sintered ore has been reduced from 89 kilograms to 72 kilograms, with the conservation of 740,000 tons of standard coal in 3 years. Hydrogen blown steel, powder metallurgy, heat-insulating plates, and anti-shrinkage ingot casting have been widely promoted. Good economic results have been achieved in the technical reconstruction of the No 2 blast furnace of the Shoudu Iron and Steel, continuous heat mill for narrow strips of the No 10 plant of Shanghai Iron and Steel, steel-making measurement instrumentation of the No 2 plant of Wuhan Iron and Steel, and the continuous casting machine of the Jiangxi Steel Plant. More than 150 important scientific and technological results were put into practice last year. Eleven new technologies received the state's invention awards, including the new iron-chromium-cobalt series variation permanent-magnet alloy, the use of protective residues in continuous casting machine for large plate semis, and induction fire-extinguishing nonmagnetic metal waterproof rings [ganying cuihuo wuci jinshuxing fangshui huan 1949 2019 4041 3499 4318 6855 1466 0992 7089 3055 3883].

5. Promotion of Economic Responsibility System, Promotion of Increased Income with Reduced Outlay, Appearance of Models Like Shoudu of Reduced Output With Increased Income

Up to the present, metallurgical bureaus of 17 provinces, municipalities, and autonomous regions have put into practice the systems of profit contract for entire operations. More than 80 percent of the metallurgical enterprises have engaged in profit contract methods of many different forms, and a great majority of them have gained better economic benefits. In the first half of last year, the iron and steel industry gained profits totaling 2.29 billion yuan. After the widespread promotion of the economic responsibility system, profits gained in the second half of the year totaled 2.85 billion yuan, an increase of 560 million yuan, or 24.5 percent, over the first half. Either increased income with reduced production or increased income with increased production was achieved by Shoudu Iron and Steel, Bureau of Metallurgy of Shanghai, Wuhan Iron and Steel, Maanshan Iron and Steel, Xiangtan Iron and Steel, Xuan Iron and Steel, the medium sized plants of Hangzhou Iron and Steel, Lian Iron and Steel, Jiang Iron and Steel, Handan Iron and Steel, and Xing Iron and Steel, and the iron alloy plants of Jilin, Hunan, Emei, and Xibei.

In the past year, the iron and steel industry has moved forward during the adjustment, and the total situation is good. However, the further adjustment of the national economy has raised new and greater demands for the iron and steel industry. There are still many problems in our work and the pressure faced by the iron and steel industry is still very large. These are principally in the following areas:

(1) The products and quality cannot meet the needs of the consumers. Particularly, they cannot meet the demands for the daily increase in the production of consumer goods and the requirement for higher grade and new generation products by the machinery industry, electronics industry, and national defense industries.

Currently, about 25 key steel materials are urgently in need of quality improvements. For instance, in rolls for hot-rolled plates, only the quality of the 1.7 meter product is superior. Problems exist in varying degrees in all the others in poor surface quality, tolerances being too large, and unstable mechanical properties. Either because of poor quality or because of inadequate supplies, large imports have been needed each year for sheets and strips urgently needed by the light industry market and for oil pipes, high pressure boiler plates, plates for pressurized containers, high pressure boiler pipes, cold rolled silicon steel sheets, stainless steel, etc needed for technical reconstruction by the various departments of the national economy.

(2) Consumption of raw materials and fuel, especially energy resources, is relatively high. Currently, our country's key iron and steel enterprises consume an average of 1.186 tons of standard coal per ton of steel. However, some of them consume as much as 1.5 tons. Energy consumption of the medium and small enterprises is even higher. Water consumption per ton of steel is also relatively high. The key iron and steel enterprises consume 3 billion tons of fresh supply of water each year. The consumption of fresh supply of water per ton of steel averages 89 tons, much greater than the advanced standards abroad.

(3) The mine production does not meet smelting requirements. According to the current arrangements during the "six five" period, the total capacity of mines under construction and new mines to be constructed essentially will only make up for losses in capacity of existing mines.

(4) The environmental pollution is serious. Safety accidents are numerous. And occupational diseases are also relatively serious.

(5) Labor productivity is low. Economic benefits are low. In 1981, the average labor productivity in actual materials was 14.7 tons per man for the entire iron and steel industry. This was 4.3 tons lower than the record level of 18 tons achieved in 1966. The average profit rate on funds (fixed assets are computed according to their original values) for the iron and steel industry was not even 10 percent in 1981. The profit rate of more than 700 outfits did not reach 6 percent.

These problems show that the production standards, technical level, and economic management level of our country's iron and steel industry are still low. During the new year, we must further raise our spirit, go all out, transform pressure into motive force, do our work well and solidly, and welcome the new adjustment tasks.

(II)

Following the economic construction policies recently announced by the Party Central Committee and State Council at the National People's Congress, a metallurgical work meeting was recently called to announce that emphasis for the iron and steel industry in 1982 will be to continue to make sure the direction of adjustment, the reorganization of existing enterprises, and the training of staff and workers. The goals are improved quality, increase of products, conservation of energy resources, reduction of consumption, and improvement of economic benefits. Efforts should be made to service the rural areas, the light and food industries, urban construction, export, and the technical reconstruction of energy resources, communications, the various departments of the national economy, and the national defense industries.

The concrete tasks for 1982 are:

1. Continued Adjustment of Direction of Service and Product Mix, Vigorous Increase of Production of Sheets, Strips, Medium and Thick Plates, Oil Pipes, and Silicon Steel Sheets Urgently Needed by the Markets

The effect of the 10 wide strip steel rolling mills should be demonstrated. The output of the 1.7-meter rolling mill of the Wuhan Iron and Steel should have a relatively large increase. New accomplishments should be achieved in the trial of the 1.7-meter rolling mill of the Ben Iron and Steel.

High strength, corrosion resistant, and temperature and pressure resistant alloy steels, using our country's rich resources of vanadium, tungsten, niobium, and rare earths, and low alloy steels should be developed. The 38 new steel materials urgently needed for technical reconstruction and for raising product quality and changing product generation by the various national economic departments should be tackled, including high strength ship plates, oil production platform plates, steel used for 70 kilogram steel rail and oil and gas pipelines, and compound heat aluminum plated steel wire for communication.

Vigorous efforts should be made to provide steel used in the rural areas. The various iron and steel enterprises should investigate the steel consumption conditions in their rural areas. Complete sets of steel structural parts should be designed and manufactured wherever they can be used to replace wood. The enterprises should go to the rural areas for demonstration and market development, and also should establish marketing departments for the delivery of goods.

The expansion of steel exports should be continued. Plants should be selected to establish an export base for spiral reinforcing steel and small

sized materials. The production of heavy rails, wheel bands, and high speed tool steel should be gradually expanded on the basis of the current trial marketing. The export of magnesite, high aluminum grog, (?cokite) [jiaobaoshi 3542 1405 42583], and silicon brick should be further expanded.

2. Continued Organization To Tackle Quality

The important ones are hot rolled plates, wire products, hot rolled strips, welded steel pipes, and small diameter seamless pipes which are needed for the light industry which have a large market, and where the areas affected are wide, and are the key materials for the work of the national defense army. At the same time, the quality and grade of other steel products should be raised to the international standards, including some of the ship plates, zinc plated sheets, cold rolled silicon steel sheets, oil pipes, tin plated sheets, boiler plates, and boiler pipes.

The quality of seamless steel pipes of the Chentu Seamless Pipe, Baotou Iron and Steel, Anshan Iron and Steel, and the No 1 Plant of the Shanghai Iron and Steel should be properly tackled. Oil pipes should begin to be produced according to the international standards of the API [American Petroleum Institute].

The locational distribution of production of ship plates, pipes, and forms according to Lloyd's standards should be expanded. In addition to the existing production of the No 1 Plant of Shanghai Iron and Steel and the Wuhan Iron and Steel, the six locations of Chongqing Iron and Steel, Taiyuan Iron and Steel, Anshan Iron and Steel, No 3 Plant of Shanghai Iron and Steel, Shanghai Steel Pipe Plant, and Chendu Seamless Pipe should be added in 1982 for the supply of complete sets of products to satisfy the needs of 400,000-ton ocean going vessels.

3. Further Reduction of Energy Consumption

The comprehensive energy consumption per ton of steel was reduced by 2.5 percent in 1982, which represented a saving of 1.6 million tons of energy, including 200,000 tons of heavy oil. The iron to steel ratio was lowered to 0.96 from the ratio of 0.985 in 1981. This was equivalent to 850,000 tons of reduced pig iron production. Continuous casting was increased from 7 to 9 percent. The rate of finished products refers to the percentage of materials that do not have to be reprocessed] was increased by 0.5 percent over that of 1981. The industrial water recirculation rate of the key iron and steel enterprises was raised from 63 percent in 1980 to 65 percent in 1981.

Heat balance should be determined for the 10 industrial furnaces and kilns (coke oven, hot blast furnace, open hearth, rotary furnace, soaking pit, heating furnace, heat treatment furnace, refractory kiln, and boiler). Through heat analysis, their heat utilization rate should be improved. A movement should be implemented to lower the energy consumption for eight processes (sintering, coking, iron smelting, open hearth, rotary furnace,

electric furnace, primary rolling, and rolling). The promotion of the 10 energy conservation measures should be continued. These are primarily: the use of more scrap steel and reduction of iron to steel ratio; development of small continuous casting; innovation of ingot casting techniques; increase of heat insulation plate ingot casting by 1 million tons to reach a total of 5 million tons; reconstruction of heating furnaces; reduction of gas diffusion by 1 to 2 percent; etc.

4. A tight reign and proper work in the construction of the Bao [Iron and] Steel should be strictly required. At the same time, proper work should be carried out on the specially thick plates of Wyuang and on gaps in the 1.7-meter [rolling mill] projects, the Wuhan Iron and Steel, Taiyuan Iron and Steel, and Ben Iron and Steel.

5. Lost production capacities in ferrous minerals should be made up and their concentration capacities should be increased through tapping potentials, filling gaps, construction, and technical reconstruction. On one hand, a tight reign should be placed on the 20 million tons of mine capacity and the 6 million tons of concentration capacity now under construction. On the other hand, the inner potentials of existing mines should be tapped. The dilution and losses of mineral rocks should be vigorously reduced. Mineral recovery in ore concentration and operating rate of ball mills should be improved. The three weak links at the mines of truck haulage, waste dumps, and tailing dams should be taken care of. Roads should be repaired to improve the efficiency of trucks.

6. Proper Implementation of Technical Reconstruction by Schedule and by Groups of Existing Enterprises on a Priority Basis

The priorities of technical reconstruction for the iron and steel enterprises are quality improvement, product expansion, energy resource conservation, and improvement of comprehensive economic benefits. These include the conservation of water, reduction of various consumptions, and gradual solution and management of pollution.

All technical reconstruction should start from the realities of individual enterprises, deal with the truth, consider the capabilities, and begin on the basis of urgency and actual possibility. Projects should first be carried out that require less investment and can achieve quick results and large benefits. Under the present condition of limited funds for technical reconstruction, priority consideration should be given to the reconstruction of steel smelting and rolling. Surrounding the question of solving the problems of quality, product types, and quantity for the items urgently needed for consumer goods production of sheets, strips, ship plates, oil pipes, cold rolled silicon steel sheets, and alloy steel materials, reconstruction should first be carried out this year on the 14 mills for cold and hot wide strip rolling, seamless steel pipe rolling, and medium and thick plate rolling, and their corresponding steel smelting operations in the key enterprises. Construction should be carried out on the seven continuous casting machines of Handan Iron and Steel, Tianjin, Maanshan Iron and Steel, Kunming Iron and Steel, Anyang, Sanming, and Liuzhou. Reconstruction and construction

should also be carried out selectively on the continuous narrow strip hot rolling mills. The technical reconstruction in steel rolling is primarily in the weak links of perfecting the cleaning and treatment of semi-finished steel, dephosphorization of steel plates, on line inspection and testing for damages and defects, heat treatment, and packing. In steel smelting, it is primarily in desulphurization of molten iron, improvement of lime quality, purification of molten steel, and measurement techniques. In the northeast and in eastern China where there is a shortage of energy resources, the iron and steel enterprises should treat energy conservation as an important area of technical reconstruction.

7. Organization of Scientific Research To Tackle Problems, Proper Promotion for Application of Suitable Advanced Technology and Scientific Research Results

Efforts should be organized to tackle the technology of rotary furnace steel smelting aimed at overcoming the problems of limited products being produced and high consumption. In the area of digesting imported technology at the Fushun Steel Plant Qi Iron and Steel [Qi Gang], and Changcheng Steel Plant, problems should be overcome in electric furnace smelting and the forging of alloy steel materials. Aimed at diversification of products, quality, and energy conservation, research should also be carried out on new techniques, new products, new technology, and new equipment, such as the comprehensive utilization of the three large mine resources; Jiu Iron and Steel ore concentration techniques; soft coal jetting in large blast furnaces; horizontal jetting of oxygen in open hearths; special instrumentation to fill gaps of oxygen in open hearths; special instrumentation to fill gaps in high gradient strong magnetic separators, rotary furnaces, and continuous casting; and the application of micro electronic computers in some of the production processes.

The promotion of advanced applicable technology and scientific research results should be continued in powder metallurgy, intensive smelting and refining technqieus with electric furnaces, U-shaped bottom plate ingot casting, controlled rolling, and fire resistant fibres.

Technology already imported should be conscientiously digested and applied. At the same time, foreign exchange should be actively and cautiously utilized for the import of advanced production technology or individual pieces of key equipment for a selected group of medium and small projects which are not costly and which can produce quick results.

8. Handling of "Three Wastes" Through Comprehensive Utilization, Treatment and Management of Pollution, Good Work in Safety Production and Cultural Production

This is principally in the handling of open hearth dust from the blowing of oxygen, sintering smoke and dust, blast furnace gas scrubbing water, and smoke from industrial furnaces and ovens. Good work should also be done in environmental health around plant areas and planting acreage should be

increased. Injury and fatal accidents should be greatly lowered. Occupational diseases should be gradually reduced. Potential major safety disasters and dust and toxic dangers should be solved.

9. Further Strengthening of Training of All Personnel

Currently, there are about 500,000 workers on the iron and steel battle front who are either young or in their prime. They should all be given junior high cultural education and primary technical education. The problem also exists of how to continuously improve the specialized knowledge of existing technical personnel and management personnel. Measures to overcome this problem should be actively adopted and training conditions should be improved. Large and medium enterprises should gradually establish and perfect their own training centers. At the same time, leadership for the education of staff and workers in the medium and small metallurgical enterprises should be strengthened.

The training of workers should move from a situation of bits and pieces and without specific plans to standardized cultural and technical training. Our management cadres who are not possessed with only a general management knowledge should be given specific specialized training dealing with their responsibilities. Our technical cadres who are not receiving only special lectures should receive release-from-production studies.

10. Improvement of Administration and Management, Improvement of Economic Benefits

Through increased production of suitable steel materials, conservation of energy resources, reduction of consumption and reduction of expenditures, [the goals are] to reduce cost by 1 percent on a constant price basis, to increase the turn around of circulating funds by 3 to 5 percent, and to cause profits to exceed 5 billion yuan while making every effort to reach 5.5 billion yuan and establishing a new record.

(III)

In order to realize the above discussed tasks, we have to conscientiously study and promote the experience of the Shoudu Iron and Steel and properly carry out enterprise adjustment during the new year.

Based on the requirements of the State Council and the Fourth Session of the Fifth National People's Congress, we have to use 2 or 3 years time, beginning this year, to carry out planned and step by step overall reorganization of all enterprises. Based on the conditions of the iron and steel enterprises and focusing on the improvement of economic benefits, the enterprises should be reorganized in the following areas: First, through the reorganization and perfecting of the economic responsibility system, the administration and management of the enterprises should be improved, especially in the strengthening of plan management and strict adherence to the state plan. The second is to strengthen the labor disciplines and strictly carry out systems

of rewards and penalty. The third is to strengthen finance and economic disciplines, improve finance and accounting systems, fight graft, embezzlement, and bribery with determination, and strictly prevent against-the-rule retention of profits, disorderly spreading of costs, practice of deception, transfer of public into private, indiscriminate issuance of rewards, and unhealthy tendencies in sales work. The fourth is to strengthen labor organization and to organize production according to fixed personnel and fixed quota. The fifth is to reorganize and establish leadership groups and strengthen the ideological and political education of the staff and workers.

During the enterprise adjustment, a group of advanced enterprises and advanced experiences have emerged from the iron and steel industry. Recently, leading comrades from the State Council visited the Shoudu Iron and Steel to inspect its work and made some investigative studies. They have a very high evaluation for Shoudu's work and also ask that we conscientiously study and promote its experience. Shoudu has had not only the experience of readjustment and restructuring but also the experience of reorganization and improvement. Particularly through solidly establishing the economic responsibility system, it has launched the positiveness of the workers in being their own masters and has achieved notable economic benefits. From 1978 to 1980, they repeatedly achieved increased production and increased income, and profits increased by over 20 percent each year. In 1981, with the production of steel and steel materials decreasing by 9.8 percent and 4.7 percent respectively over the previous year, profits still increased by 8 percent. Of the 52 technical and economic standards that could be compared, Shoudu was the leader in 30 of them among enterprises in the same business in the entire country, and it achieved international advanced levels in 6 of them. Their first experience is that their various levels of leadership groups have learned well and have had a deep understanding of the direction and policies established since the Party's Third Plenary Session, and they have had a strong determination to thoroughly carry out the adjustment policy. From the top to the bottom, all of them have the drive to share the state's concern and to fight for making contributions. All of them have the spirit to make Shoudu the leaders and to vigorously fight for the upper reaches. The second experience is the solid establishment of the economic responsibility system. Under the direction of the state plan, Shoudu has correctly handled the relationships between the state, the enterprise, and the individual staff and workers and has reflected the principle of unification between authority, responsibility, and profit. It is not a situation of large effort for large profit, small effort for small profit, and no effort for no profit, but one of working strictly according to the state plan. It is not a case of seeking for the enterprise to scoop up the "grease" and for the individuals to gain more monetary rewards, but one of first guaranteeing that the state will receive more. It is not "eating from the big pot" and working on egalitarianism. It is maintaining distribution according to labor with persistence and a definite difference between the enterprise and the individuals and rewarding the above quota labor. The third experience is the establishment of some solid basic work. Its worker's [work] post responsibility system and the fine principles the cadres follow in handling matters are, comparatively speaking, able to pass the stiffest test. Its

ways of specifying personnel and specifying quota are relatively advanced. Its original records, statistics, and measurement are relatively sound and its system of assessment is relatively strict. Under a post economic responsibility system established on this basis, the responsibility falls solidly on the post and the individual, resulting in the demonstration of power. The fourth experience is to push into motion the total adjustment of the enterprise aimed at the improvement of economic benefits. New developments have been achieved in plan management, quality management, finance management, and labor management. The enterprise has begun to develop from a simple production type of management to an overall production management type of management. The fifth is to persist with the principle that management of the plant must be strict, demonstrating the good working style of Daqing of "strict, careful, accurate, and ruthless." The sixth experience is strengthening the party's ideological and political work. While properly handling the construction of a material civilization, the construction of a civilization of the spirit is also well taken care of. These experiences of the Shoudu Iron and Steel have provided a good example for the overall adjustment of the iron and steel enterprise.

While learning and promoting the experiences of Shoudu, efforts should also be made to continue to promote the experiences of the Shanghai Bureau of Metallurgy, Anshan Iron and Steel, Pan Iron and Steel, Tianjin Bureau of Metallurgy, Hebei Bureau of Metallurgy, Dalian Steel Plant, Fushun Steel Plant, Lianyuan Steel Plant, and Hangzhou Steel Plant. Enterprises should be reorganized and a movement of comparing, learning, catching up, helping, and overtaking should be implemented. The unification of socialism and labor competition should be implemented to travel a new road of improving economic benefits and to make new contributions to the adjustment and development of the national economy.

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CSO: 4013/81

BRIEFS

JIANGSU INDUSTRIAL PRODUCTION--Jiangxu Province's industrial output value in the first 7 months of this year rose 11.3 percent over the same period last year, of which light industry increased by 9.9 percent and heavy industry 13.3 percent. The province's revenue for the January-July period was 9.14 percent more than the same 1981 period. [Text] [Nanjing JIANGSU Provincial Service in Mandarin 1100 GMT 8 Aug 82 OW]

CSO: 4006/611

CONSTRUCTION

SUCCESS IN CONSTRUCTION IN HENAN REPORTED

HK161122 Zhengzhou HENAN Provincial Service in Mandarin 1100 GMT 14 Aug 82

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, the capital construction front in Henan Province has seriously implemented the principle of readjusting the national economy, concentrated its forces to ensure the fulfillment of key state projects and achieved outstanding results. Over these 3 years or so, the whole province has built 59 large- and medium-sized key projects so that electricity, coal, light and textile industries and the weak links in the national economy like the facilities for the people's livelihood, can be strengthened and a large, new productive capacity can be formed to support the four modernizations.

The quality of these key state projects, which have already been completed and put into operation, is good and the speed of construction was relatively quick. For instance, the power projects with installed capacity of 850,000 kilowatts throughout the province were completed in some 3 years. This installed capacity is 25 percent of the current total installed capacity. More 110,000-volt high tension electricity transmission lines, 5,696 kilometers in length, have been installed. Transformer capacity amounts to 2.42 million volt-amperes. They are, respectively, 20 and 51 percent of those at the founding of the People's Republic. It took only 25 months to install the extra-high tension 500,000-volt electricity transmission line from Pingdingshan to Wuhan, the first in our country. The Ministry of Power Industry assessed this project as a project of superior quality.

Very great results in the coal industry have been achieved. Since 1979, new coal production capacity has amounted to one-third of the province's total coal production capacity at the founding of the People's Republic. This has greatly increased fuel for industrial and agricultural use.

In commerce, the results in expanding cold storage capacity are even more outstanding. Over the past 3 years, 16 of the 17 commercial cold storage facilities which were under construction throughout the province have been completed and put into operation. The quality of these projects is all up to standard. Quality levels are up some 50 percent. On average, the period of construction was about 1 year shorter than in the past. Total cold storage capacity in our province over the past 3 years has amounted to

51,600 tons, which is equal to the total cold storage capacity of the 30 years before the 3d Plenary Session of the 11th CPC Central Committee.

Gratifying results in building institutes of higher education have been achieved. Over the past 3 years of so, some 20 institutes of higher education throughout the province have built housing on some 336,000 square meters. They have guaranteed sufficient housing for new students who are admitted.

CSO: 4006/610

CONSTRUCTION

BRIEFS

GANSU CAPITAL CONSTRUCTION--In the first half of 1982, Gansu Province scored fairly good achievements in capital construction projects. The province invested over 250 million yuan in capital construction projects, a 32 percent increase over the figure of the corresponding 1981 period. Urban residences with over 1.5 million square meters of floor space are under construction. This is a 26.6 percent increase over the 1981 figures. Construction of residences with over 300,000 square meters of floor space was completed in the first half, a 100 percent increase over the figure of the corresponding 1981 period. [Text] [SK111102 Lanzhou GANSU Provincial Service in Mandarin 1125 GMT 10 Aug 82]

CSO: 4006/610

BRIEFS

GUANGDONG MARKETS THRIVE--According to statistics compiled by relevant departments, the volume of business transacted by the markets throughout Guangdong Province in the first half of this year was some 1.763 billion yuan, 20 percent more than in the first half of last year. Over the last 2 years, the industrial and commercial administrative departments of all places in the province have regarded doing well in building and controlling agricultural product trading markets as an important task in enlivening the urban and rural markets. They have repaired many old markets and built a large number of new markets. According to incomplete statistics, the amount of provincial investment in the construction of urban and rural markets and fairs in 1981 was some 17 million yuan and the area of construction was some 460,000 square meters. These figures are respectively 147 and 132 percent higher than those of 1980. Since last year, all places throughout the province have provided 50 percent of the market management funds--totaling some 9.7 million yuan--for the construction of markets and the area of construction has been some 236,000 square meters, which is equal to 51 percent of the total area of construction last year. [Text] [HK121047 Guangzhou GUANGDONG Provincial Service in Mandarin 2350 GMT 11 Aug 82]

CSO: 4006/610

FOREIGN TRADE

GUANGDONG'S REN ZHONGYI DISCUSSES HONG KONG PROSPERITY

HK190137 Guangzhou GUANGDONG Provincial Service in Mandarin 2350 GMT 18 Aug 82

[Text] Provincial CPC Committee First Secretary Ren Zhongyi met Hong Kong real estate men Gordon Wu and others in Guangzhou on 18 August. He stressed: We are engaging in brand-new business in running special zones and promoting the modernization drive. There are many things we have never done before, and there will be difficulties on the way ahead. However, the basic policies laid down by the CPC central committee and state council on opening up to the world and enlivening the domestic economy and running special economic zones will not be changed. They will remain firm.

Other responsible comrades of Guangdong, Guangzhou and Shenzhen including Liu Tianfu and Liang Lingguang attended the reception.

Comrade Ren Zhongyi said: Patriotic talented people should actively take part in the motherland's construction and draw some brush-strokes on the blank paper of the motherland. This road is open, and there should thus be no wavering. The people will not forget those who make contributions to building the motherland. A prosperous Hong Kong is beneficial for the motherland's four modernizations drive. Our success in the four modernizations drive is also very important for Hong Kong's prosperity. All patriotic figures and friends in Hong Kong should be full of confidence in the motherland. We should be a bit more far-sighted. The difficulties and contradictions on the way ahead are just problems on road to our advance, and are almost inevitable. They can be overcome.

CSO: 4006/610

FOREIGN TRADE

EXPORT OF MACHINERY, ELECTRICAL PRODUCTS EXPANDED

Beijing BEIJING RIBAO in Chinese 14 Jun 82 p 1

[Article by Zhang Zongfu [1728 3057 4395] and Lun Mouxun [6158 5399 0534]]

[Text] The Bureau of Machinery of the Beijing Municipality has actively expanded the export of its machinery and electrical products. In 1981, $12 million in foreign exchange was created, twice the amount earned in 1979. Exports during January-April this year reached $4,165,000, an increase of 104.5 percent over the same period last year. Both the cost of foreign exchange earnings and the contract performance rate showed notable improvements.

In order to develop the capability of the machinery industry, this bureau conscientiously fulfills the state's production plan and actively expands its service territories. It provides services to the light and textiles industries and other businesses and trades. It pays attention to the needs and movements of the international markets, actively arranges for the export of machinery and electrical products, and continuously expands the export volume. A few years ago, exports of oxygen bottles, electric wires, and insulation materials totaled only several hundred thousand U.S. dollars. They increased to $2.6 million last year. Very little machine castings and forgings were exported in the past, but last year with exports being made to Southeast Asia, over $2 million in foreign exchange was created. The offset press produced by the Beijing Municipality Printing Press Plant, recipient of the state's quality award, is a product well received by businessmen abroad. Since last year and after two investigations, the Bureau has combined the original People's Machinery Plant and the Beijing No 7 Machine Tool Plant and Machine Casting and Forging Plant to form the [new] Beijing Municipality Printing Press Plant. As a result, the types and output of printing presses have increased. During January-April this year, exports from this plant exceeded half a million U.S. dollars, which represented 72 percent of the planned exports for the year.

The Bureau also pays attention to improving the quality of export products and reducing the cost of foreign exchange earnings. In the last 2 years, the carbon rods produced by the Beijing Electric Carbon Plant have broken into the international market and gained a reputation. The plant has vigorously increased its output and improved quality. Sales on the international market remain good after three increases in prices, and the cost of foreign exchange earnings was reduced by 35 percent.

Paying attention to the unification of industry and trade and doing a good job in sales and publicity is also a special characteristic of this Bureau in expanding the export of machinery and electrical products. A Bureau-wide service center for the exhibit and sales of its machinery and electrical products was established this year. And the Bureau has also staged an exhibit and sales conference for its machinery and electrical products from the Beijing Municipality. In some 20 days, it received businessmen from more than 30 countries and regions. One foreign company signed a single contract of $250,000.

5974
CSO: 4006/517

FOREIGN TRADE

BRIEFS

ECONOMIC AGREEMENT WITH MAURITIUS--Beijing, 29 Jul (XINHUA)--A signing ceremony was held yesterday in Port Louis, Mauritius, for the exchange of documents on a five-year extension of the Sino-Mauritian agreement on economic and technical cooperation, according to a report from Port Louis. The documents were signed by Mauritian Prime Minister Aneerood Jugnauth and Chinese Ambassador to Mauritius Wang Ruojie on behalf of their respective governments. [Text] [OW291332 Beijing XINHUA in English 1246 GMT 29 Jul 82]

HARBIN EXPORTS BIG INCREASE--The City of Harbin in Heilongjiang Province has tripled its production and more than doubled its exports since 1978. Harbin now makes more than 200 products for export, compared to about 90 during the 1950's. Its goods are sold in more than 70 countries and regions worldwide. The city's foreign trade bureau has invested some 20 million yuan to upgrade its more than 100 enterprises. It has bought more than 1,000 pieces of advanced equipment, and has built new plants with a total floor space of some 32,000 square metres. The bureau is now turning its attention to the manufacture of such export products as garments, vitamin C, and electric stoves from imported materials. [Text] [HK110235 Beijing CHINA DAILY in English 11 Aug 82 p 2]

SHANDONG FOREIGN TRADE--Shandong Province witnessed an unparalleled development in foreign trade in the past 3 years. Comparing 1981 with 1978, export commodity purchasing volume and foreign exchanges earned from export increased 80 and 127 percent, respectively. In 1981 alone, farm and sideline products and handicrafts purchased from rural areas for export were worth 1.5 billion yuan, enabling each peasant to increase his income by about 20 yuan. Developing foreign trade also accelerated industrial-technical innovations in the province. From 1979 to June 1982, the province utilized foreign capital and loans to import advanced technology and equipment to revamp some 80 medium-sized and small enterprises. These enterprises have increased their production and improved their product quality as a result. [Text] [SK161159 Jinan SHANDONG Provincial Service in Mandarin 2300 GMT 15 Aug 82]

CSO: 4006/610

LABOR AND WAGES

BRIEFS

JILIN URBAN JOB ARRANGEMENT--In the first half of 1982, Jilin Province arranged jobs for 115,000 urban people awaiting work. There were 46,000 people who owned a full-time job and 69,000 people who became temporary or seasonal workers. Prior to taking up a work, all of them were well trained in technical classes. [Text] [SK060550 Changchun JILIN Provincial Service in Mandarin 2200 GMT 5 Aug 82]

CSO: 4006/611

LANZHOU TOPS FIRST-QUARTER RAIL TRANSPORT PLAN

Lanzhou GANSU RIBAO in Chinese 7 Apr 82 p 1

[Article by Li Niancheng [2621 1819 1004], Wang Shulin [3769 2885 2651] and Yu Yanling [0060 1693 7881]: "Lanzhou Railway Bureau Exceeds First-Quarter Transport Plan"]

[Text] The Lanzhou Railway Bureau, developed its potential and raising its transport efficiency, has exceeded this year's first-quarter transport plan. The volume of goods dispatched is already 25 percent of the annual plan, which is a 5.5 percent increase over that of the same period of last year.

The Lanzhou Railway Bureau, giving priority to the state transport plan, in the first quarter shipped 4.057 million tons of coal. To resolve the contradiction of a shortage of empty flatcars, they speeded up the turnaround of cars, ensuring the unloading of more cars: in March, 50 more cars per day above plan were unloaded. They also organized car substitutes, using excess empty flatcars and boxcars for flatcars; from January to February they organized a total of 853 empty flatcars and boxcars for shipping gypsum and salt. The first-quarter freight car turnaround time was reduced by 0.02 days from that of the same period of last year.

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CSO: 4006/436

TRANSPORTATION

CHENGDU TOPS RAIL TRANSPORT PLAN FOR FIRST QUARTER

Chengdu SICHUAN RIBAO in Chinese 6 Apr 82 p 1

[Article by Liu Renming [0491 0088 2494]: "Chengdu Railway Bureau Exceeds Transport Plan for First Quarter"]

[Text] On the foundation of exceeding last year's transport plan, the Chengdu Railway Bureau's transport production this year has been outstanding. The overfulfillment of the plan for volume of goods shipped in the first quarter increased more than 10 percent over that of the same period last year; the transport plans for key goods and materials, such as coal and light industrial and textile goods, were all overfulfilled.

This year, railway transport has still been tight. The Chengdu Railway Bureau has adopted measures to strengthen transport organization, tap transport potential and stress three kinds of work. One was to strengthen organizational work in order to improve unloading efficiency: the average number of cars unloaded daily by the bureau was 227 more than the plan. Second was to launch a broad-based movement to stimulate the masses to participate in a major 100-day competition of cooperation between coal, electric power and railway transport and brought the initiative of the employees into play so that an unprecedentedly good situation appeared in coal transport. The average daily loading of coal within the province improved monthly, exceeding the monthly provincial demands, guaranteeing coal supply and increased production of key coal mines, and providing safeguards for reliable energy resources in the first-quarter industrial production in Sichuan. Third was that they strengthened day-to-day transport dispatching and rational regulation of traffic, paid attention to regulation of over three-fourths of the rolling stock transferred but still under their control, strictly controlled the direction of loading cars, and not only effectively used the capacity of railway (?demarcation junctions) [fenjiekou 0433 3954 0656] but also kept the range of fluctuation in the volume of cars in use within 5 percent and ensured that the bureau's line remained unblocked.

8226
CSO: 4006/436

NEED SEEN FOR MORE HIGHWAYS, BETTER MAINTENANCE IN HEILONGJIANG

Harbin HEILONGJIANG RIBAO in Chinese 16 Mar 82 p 2

[Article by Liu Xiangchen [0491 0686 2525] and Yu Zongren [0060 1350 0088]: "Highway Construction Is a Task of Top Priority"]

[Text] Highway communication is an important means of promoting the exchange of culture and of goods and materials between city and countryside. At present, the top priority of Heilongjiang's highway construction is the conscientious maintenance of existing highways and the improvement of the passability and grade of highways to ensure open highway transportation in order to better serve the four modernizations drive.

Heilongjiang has over 46,000 km of highways, only 15,000 km of which are maintained, or one-third of the total highway mileage. In the past 10 years, the average annual new highway construction in the province has been 860 km, but in the same period the proportion of good roads has not been uniform. In 1981, the average proportion of good roads was 43.6 percent, which was in about 20th place among the 29 provinces, cities and autonomous regions. Owing to heavy rains in the fall of 1980 and heavy snows in the winter, last spring frost heaving in highways increased severely. According to statistics, 83 of the highways in the province suffered frost heaving and traffic was interrupted for a time on 18 roads in 13 cities and counties, causing losses to industrial and agricultural production and inconveniences to people.

In readjusting the national economy, highway management sections should conscientiously overcome the tendency to stress repair and deemphasize maintenance, and shift the emphasis in highway construction work to maintenance so as to make reform and improvement the key path, upholding the practice of building, maintaining, and using a road to fully develop the economic benefits of existing highways. To achieve this goal it is necessary to resolve the following problems:

1. Guarantee adequate funds for minor repairs and maintenance. At present expenses for minor repairs and maintenance are inadequate, and with the addition of the rather serious practices of misappropriation, monopolizing and sharing, the funds for minor repairs and maintenance stipulated by the upper echelons cannot be guaranteed. To resolve this problem, it is necessary to reduce the frontline of basic highway construction and appropriate less money

for projects which cost a great deal but will be slow to show results; strictly prohibit misappropriation, monopolizing and sharing of expenses for minor repairs and maintenance, and fully utilize limited funds to improve the maintenance of existing highways.

2. Actively train and improve the quality of highway maintenance personnel. At present, there is a serious shortage of highway maintenance technical personnel in the prefectures, cities, and counties of our province. Many remote border counties have no technical personnel at all. According to statistics, there are only 254 engineers and technicians in the highway maintenance sections provincewide, a number which is far from meeting needs. Sixty percent of the highway maintenance personnel are civilian workers and representative workers who have not undergone specialized training and lack basic knowledge of highway maintenance. Leadership organs and communications sections should actively take measures to reform this situation as quickly as possible. According to past experience, the methods of short-term training classes, on-the-job training and roving technical instructors can be adopted to help highway maintenance sections train highway technical mainstays, improve the technical quality and specialized knowledge of highway maintenance personnel, and gradually build a specialized highway maintenance corps which is particularly capable.

3. Gradually increase the mechanical equipment of highway maintenance and raise the level of mechanized operations. The level of highway maintenance mechanization in our province is very low: there are only 2.5 pieces of mechanical equipment for every 100 km, which makes us backward nationally, so highway maintenance largely consists of heavy manual operations. In view of the length of our highways and the low proportion of good roads, we should increase highway maintenance equipment to 5 pieces for every 100 km, and then we will be able to constantly improve highway maintenance and labor efficiency, increase the length of highway maintenance, and greatly reduce maintenance expenses.

4. The responsibility system for constructing, improving and maintaining highways should bring the initiative of the highway maintenance workers into full play. At present, the areas of our province, taking into account their local situations, have created a variety of highway maintenance responsibility systems, such as contracting work by section of road and the "five determinants and one reward" (determine personnel, determine road section, determine investment, determine the amount of expenses for materials, determine the proportion of good roads, and if the proportion of good roads exceed the norm a reward is given). Highway management sections should conduct in-depth investigation and research and conscientiously summarize their findings so that they will constantly improve and formulate economic responsibility systems which are suited to local conditions and which are feasible, and really combine the economic interests of the personnel with the amount of highway maintenance.

8226
CSO: 4006/436

TRANSPORTATION

LANZHOU MOVES TO IMPROVE RAILWAY SECURITY, ORDER

Lanzhou GANSU RIBAO in Chinese 9 Apr 82 p 1

[Article by Sima [0674 7456]: "Immediately Reorganize Railway Public Security and Order"]

[Text] On 7 April the provincial people's government convened an emergency meeting on reorganization of railway public security and relayed to the responsible comrades of the 3 prefectures, 1 city and 12 counties along Gansu's railway lines and the responsible persons from the Lanzhou Railway Bureau and the provincial public security office the recent important memorandum from the Central Committee's leading comrades with regard to the problem of security on the Tianshui-Lanzhou section. Everyone recognized that the memorandum from the Central Committee's leading comrades was very pertinent and incisive and not only pointed out the reasons for the long period of poor public order along the Tianshui-Lanzhou section, but also pointed out ways of solving the problems which we should firmly and conscientiously implement. Responsible comrades from prefectures, cities and counties and railway and public security sections said that they would immediately go to the frontline and quickly and firmly take in hand the task of getting results in reorganizing railway public security and order, especially along the Tianshui-Lanzhou section.

After receiving the important memorandum from the Central Committee's leading comrades on the problem of public security on the Tianshui-Lanzhou section of the railway, the Gansu Provincial CCP Committee specially convened a conference which studied, discussed and researched the reorganization of railway public security, demanding that prefectures, cities and counties along the railway line, the Lanzhou Railway Bureau and the public security sections inspire enthusiasm, take charge for 1 month, and basically check the unhealthy trend of indiscriminately wrecking railway public security, and further strive to make railway public security and order take a fundamental turn for the better.

On 7 April, the provincial government convened an emergency meeting to reorganize railway public security. Vice governor Zhang Jiangang relayed the text of the memorandum from the Central Committee's leading comrades and the spirit of the meeting of the provincial standing committee. The comrades from prefecture, cities and counties and from relevant sections who attended the meeting conducted an extensive discussion, recognizing that since last

August the entire province had done a great deal of reorganization work along the railway line and that although public security and order on the section from Tianshui to Lanzhou and from Lanzhou to Wuwei had improved to a degree, the situation was not perfect. The problems are: thefts of coal being shipped still occur, thefts of goods occur often, incidents which endanger the safe operation of trains occasionally occur, casualties off the railway have increased, railway equipment and money are constantly being lost, and there are still many people hopping freight trains and riding in passenger cars without tickets. On the basis of the actual situation, everyone analyzed the causes of poor public security and order along the railway line as mainly being: not recognizing the importance of, stressing adequately, or taking vigorous measures with regard to reorganizing railway public security and order; not vigorously attacking criminal elements who seriously endanger the safety of railway transport; not educating enough of the people who engage in behavior that violates regulations; not carrying out education among the broad masses on the legal system and on cherishing the railway, its cars and freight; and not strictly enforcing safety measures, the railway management not being strict and the education of employees not being sufficient. The emergency meeting unanimously held that at present it is necessary to conscientiously recognize the importance of reorganizing railway public security, conscientiously strengthen leadership over reorganizing railway order, conduct education at the grassroots level among the masses along the railway line with regard to reorganizing railway order, vigorously reorganize public security and order on the railway, and sternly crack down criminals who seriously damage railway public security and order. In reorganizing railway public security and order, a system of responsibility for work which divides the work and assigns responsibility to the unit, and which thoroughly solves the problems of the standard of living of the masses of commune members, must be implemented. The emergency meeting also approved the creation of a provincial leadership team for reorganizing railway public security, and after the meeting the leadership team comrades split up and went to the Tianshui-Lanzhou section and the Lanzhou-Wuwei section to begin work.

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CSO: 4006/436

TRANSPORTATION

SHANGHAI SHIPYARD LAUNCHES 36,000-TON BULK CARRIER

OW181710 Beijing XINHUA in English 1622 GMT 18 Aug 82

[Text] Shanghai, 18 Aug (XINHUA)—The successful launching today of a 36,000-ton bulk carrier at the Hudong Shipyard of Shanghai was acclaimed by the shipping magnet Yue-Kong Pao as "another milestone in the rapid development of China's ship-building industry."

The ship, "Star Orient," testifies to the fact that China's shipbuilding is gaining international recognition, said Yue-kong Pao, chairman of the Hong Kong Worldwide Shipping Group, at a reception marking the launching of the ship.

The reception was preceded by a ceremony to christen and launch the ship, which was presided over by Mme Dulce Maria de Castro Figueiredo, wife of the president of the Republic of Brazil. Wielding a small silver axe, the Brazilian First Lady cut a rope attached to the ship, breaking a [bottle of] champagne and unveiling a red curtain over the name of the ship painted in both Chinese and English.

The ship was ordered by the International United Shipping and Investment Ltd., a joint enterprise of the China State Shipbuilding Corporation and a number of Hong Kong and Japanese firms.

Construction of the "Star Orient" began in December, 1981. It is scheduled to be put to use at the end of this year, according to a spokesman for the Hudong Shipyard.

Upon completion, the ship will be leased to a Norwegian shipping company.

CSO: 4020/161

TRANSPORTATION

BRIEFS

HUBEI HIGHWAY DEVELOPMENT--According to figures provided by communications departments of Enshi Prefecture, a highway network with Enshi Municipality as its center has been formed. The total length of highways in the prefecture is 5,200 kilometers, 1,300 percent more than that in the first few years after liberation. In particular, since 1977, the speed in building highways in Enshi Prefecture has been further increased. Within about 4 years, over 1,000 kilometers of highways have been built, accounting for one-fourth of the total length of highways built in the prefecture since liberation. [Text] [Wuhan HUBEI Provincial Service in Mandarin 1100 GMT 11 Aug 82 HK]

CSO: 4006/611

GENERAL

'ANHUI' PROMOTES STUDY OF MARXIST ECONOMIC THEORY

OW140031 Hefei ANHUI Provincial Service in Mandarin 1100 GMT 13 Aug 82

[Excerpts] According to an ANHUI RIBAO report, in order to promote theoretical study among cadres in the whole province so that they will grasp the basic principles of Marxist political economy and thereby give effective guidance to the current economic construction work, the core group (Zhong Xin Zu 0022 1800 4809] of the standing committee of the Anhui Provincial CPC Committee has properly handled the contradiction between study and work and conscientiously studied the book "Study Marxist Theory on Reproduction" compiled by the research office of the secretariat of the CPC central committee, excerpts from CAPITAL, Vol II, and three articles expounding the main points in CAPITAL, Vol II. [passage omitted]

The standing committee members held: In the past, because we failed to conscientiously study, our economic work suffered a great deal. Disproportions and many other problems have long existed in our socialist economy, and the root cause is that we have run counter to the basic principles of the Marxist theory on reproduction. [passage omitted]

In addition to studying on their own, the comrades of the core group on 9 and 26 July twice invited Comrade (Chu Yichun), associate professor at the Anhui Normal University, to give guidance in the study of the main points of CAPITAL, Vol II. [passage omitted]

In addition to standing committee members of the provincial party committee, the guidance sessions were also attended by vice chairmen of the standing committee of the provincial people's congress, vice governors of Anhui Province, vice chairmen of the provincial CPC committee and principal responsible comrades of provincial departments, commissions and offices. [passage omitted]

CSO: 4006/611

AUTHOR: CHANG Wenxuan [1603 2429 1357]

ORG: None

TITLE: "Road Test Data of the Basic Performance of 7-8-Ton Trucks"

SOURCE: Changchun QICHE JISHU [AUTOMOBILE TECHNOLOGY] in Chinese No 7, 25 Jul 82 pp 62-64

ABSTRACT: Under the current motor vehicle production conditions in China, trucks that are larger than the 4-5 ton class are the 8-ton class. The Jinan Automobile Manufacturing Plant was the first to select the type, design, and gradually put into production, starting in 1958. The HuangheJN-150 (equipped with the 6135 diesel engine) and the JN-151 (equipped with the 6120 diesel engine) trucks produced by that plant now number close to 20,000. Beside these two, there are also the JianghuaiHF-150, the LiaoningDD-150, the LongjiangLJ-150, the NanyangNY-150, and the HunanHN-150, 8-ton trucks. Of these, the JianghuaiHF-150 has been produced in the largest number, about 4,000 of them were produced in 1981. When the Jinan Automobile Manufacturing Plant was selecting the type of trucks before designing, systematic experimental analyses were carried out with trucks of similar tonnage made in Czechoslovakia, England and Switzerland. Since the plant began to produce its own trucks, many road tests of its own trucks and the foreign makes have been carried out. During different production periods, the JianghuaiHF-150, the JN-150, and the HF-150 were also subjected to extensive road tests. Various performance data of these foreign and domestic 7-8 ton trucks collected from these road tests are reported in the paper.

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END

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'JINGJI YANJIU' ON TECHNICAL TRANSFORMATION

HK261217 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 7, 20 Jul 82 pp 37-41

[Article by Ding Changqing [0002 7022 7230] of the Ministry of Machine Building: "The Machine-Building Industry and Technical Transformation of the National Economy"--written in May 1982]

[Text] In the "Government Work Report" delivered at the fourth session of the Fifth NPC, Premier Zhao Ziyang pointed out: Carry out technical transformation step by step in key units and make the maximum use of existing enterprises. This is the key to smoother economic development. He again pointed out: The machine-building industry must be transformed and reorganized early; it should endeavor to design and manufacture sophisticated machines and equipment to meet the needs of technical transformation in all trades. The author of this article is going to discuss some questions concerning the machine-building industry and the technical transformation of the national economy.

Technical Transformation Is an Objective Requirement of the Development of the National Economy

Low economic results have for long years become a pronounced problem in China's economic work. According to statistics, the equipment coefficient of the country's industrial fixed assets in 1980 (that is, the original value of the fixed assets for production use owned on the average by every staff member or worker) was 11,900 yuan, 160 percent more than in 1957; mechanical power owned on the average by every staff member or worker was 3.51 kw, or an increase of nearly 200 percent over 1957; but over the same period, the industrial output value per worker only increased by 90 percent. According to calculation, compared with 1965, of the additional amount of the total national industrial output value in 1980, the output value increased as a result of the increase in the number of staff and workers was about 64 percent and the increase as a result of the improved labor productivity accounted for only 36 percent. Again, take the machine-building industry for example, between 1957 and 1978 the number of staff and workers increased by 250 percent; the amount of equipment went up by 790 percent; the fixed assets registered an increase of 850 percent, the total industrial output value rose by 500 percent and the output value per worker only showed an

increase of 70 percent. During the mid-1950's and the mid-1970's, in several industrially developed countries in the world, the number of personnel only increased by 30-140 percent, equipment increased by 40-120 percent (on the other hand, there was a decrease in the total amount of equipment in West Germany and Britain) but over the same period, their total industrial output value generally increased by 300-500 percent and labor productivity increased by 300-400 percent. These facts all go to show that in the past 10-20 years, the development of China's social productive forces was achieved chiefly by building new factories, and increasing equipment and the number of staff and workers rather than increasing the quality of production factors and labor productivity through technical transformation. This was a course which called for fairly big investments and yielded fairly poor results. The CPC Central Committee has decided that we will have to rely chiefly on carrying out technical transformation step by step in key units and bringing the role of existing enterprises into full play for expanded reproduction in the future. This is a major strategic change in the principle of construction of the national economy and also tallies with the laws of industrial development. Not only will the realization of this change solve the difficulties of dearth of assignments for heavy industry, revitalize production and raise economic returns so as to ensure a definite growth rate for our economy; what is more important, it will also help raise the level of industrial techniques, create conditions, build up reserves and lay a solid basis for the modernization program in the years to come.

Judging from the trend of development of industry in other countries, this situation is also universal: When industrial departments develop to a certain scope, expanded reproduction will always turn from the increase in the "quantity" of production factors to the improvement of their "quality," that is, carrying out the technical transformation of existing production capacity. For example, from 1947 to 1978, of the investments in the fixed assets of the United States of America, the portion used in the transformation of existing enterprises constituted 69 percent. Of this, the portion between 1944 and 1950 was 55 percent and that between 1971 and 1978 was 77 percent. Take another example, the output of metal-cutting machine tools of the United States between 1952 and 1972 totalled 3.59 million of which 2.39 million were used in equipment renewal, comprising 67 percent of the additional new machine tools. Japan's total output of machine tools from 1962 to 1972 was 1.62 million of which 1.36 million were used in equipment renewal, accounting for 84 percent of the additional new machine tools. It is reported that in the machine-building industry of the Soviet Union, the ratio of investment used in equipment renewal and transformation was 63 percent in 1965 and 72 percent in 1974. From 1966 to 1970, every year 135,000 machines were, on the average, transformed and renovated; between 1971 and 1975 the figure reached 146,000 and in 1976 it topped 154,000. It seems that it is justifiable to say that the tendency of the industrially developed countries to increase the use of investments and equipment in the technical transformation of old enterprises reflects the general laws of industrial development.

Ours is a socialist country. Fundamentally speaking, carrying out technical transformation of existing enterprises to ensure the continuous development of the level of China's industrial techniques is also determined by the basic socialist economic laws. It is known to all that the basic socialist

economic laws are to guarantee that the constantly growing material and cultural needs of the whole society are satisfied to the greatest extent by using the method of helping steadily raise and perfect social production on the basis of a high level of technology. Here not only the aim of socialist production is clear and definite but the means to this end is also clear and definite. The two are closely related. Failure to solve the question of means will make the goal difficult to attain. Only on the basis of a high level of technology, can we ensure a continuous increase in socialist production and help meet the constantly growing material and cultural needs of the whole society.

The Position and Role of the Machine-Building Industry in Technical Transformation

The important position and role of the machine-building industry in the technical transformation of the national economy is, in essence, determined by the importance of the implements of production in the activities of production. Marx pointed out: "Nature has not created any machines, locomotives, railways, telegrams, automatic cotton spinning machines, and so on. They are all the products of mankind's industry; the materials in the natural world transformed into organs with which mankind tames nature with his will and carries out his activities in the natural world. They are the organs in the brain of mankind which are created by the hands of mankind. They are all materialized intelligence." ("Program For Critique of Political Economics (Draft)," People's Publishing House, Vol 3, p 358) The materialized intelligence indicated here by Marx referred, actually, to the fact that science and technology are objectivized into implements of production and then become a direct productive force. It is the product of mankind's intelligence and also the gauge of the development of science and technology. The practical use of machines and equipment as means of production began in the mid-18th century when steam engines came into being and later with the development of science and technology and the repeated changes in the means of production, machines and equipment continuously developed. Particularly after World War II, new science and technology and new means of production were mutually integrated and permeated. The role they played in modern social production greatly surpassed that in any previous stage. At the beginning of the 20th century, only 20 percent of the increase in the labor productivity of large-scale industry was obtained by relying on the adoption of new science and technology and means of labor and by the 1970's, the figure had increased to 60-80 percent. At present, scientific research in bringing about changes day after day and technology is developing at an increasingly accelerated pace. The task of transforming a huge amount of new science and technology into direct productive forces and replacing outdated inefficient machines and equipment with new efficient machines and equipment on a larger scale will surely fall to the machine-building industry. As a specialized department which manufactures implements of production, the machine-building industry is duty-bound to shoulder this task.

However, theoretically recognizing the important position of the machine-building industry does not mean that the machine-building industry can play an important role in practice. For the machine-building industry to really

shoulder the task of carrying out the technical transformation of the national economy, it should have certain conditions. On this question, Stalin clearly pointed out: "In our country, which is still young as regards technical development, industry has a special task to fulfill. It must reconstruct on a new technical basis, not only itself, not only all branches of industry, including light industry, the food industry, and the timber industry; it must also reconstruct all forms of transport and all branches of agriculture. It can fulfill this task, however, only if the machine-building industry--which is the main lever for the reconstruction of the national economy--occupies a predominant place in it." ("Collected Works of Stalin," "Report to the 17th Party Congress on the Work of the Central Committee of the CPSU (Bolshevik)" Vol 13, p 276)

For the machine-building industry to "occupy a predominant place," first it should have a certain scope. Only thus can it lay the most rudimentary material basis for shouldering the task of technical transformation. Take the situation of our country for example. In the early days of the founding of the PRC, China had just over 90,000 machines in terms of machines and equipment throughout the nation, chiefly for making repairs and supplying replacements. The machine-building industry was basically blank. Under these circumstances, we failed even to provide the various departments with commonly used equipment and carrying out technical transformation was, needless to say, out of the question. Through our efforts in the construction of the first few 5-year plans, we established batches of backbone enterprises and filled in the gaps in many trades. As a result, the manufacturing capacity of the machine-building industry developed at a rapid pace. By the end of 1970, China had more than 1.1 million machine tools, an increase of more than 1,000 percent over the figure in the early days of the founding of the PRC and the ranks of technical personnel grew rapidly. It was precisely under these circumstances that the machine-building industry was able to manufacture and supply the metallurgical industry with the "nine items of major equipment," an oil refinery comprising 26 installations with an annual production capacity of 1 million tons, complete sets of equipment for a synthetic ammonia plant with a yearly capacity of 50,000 tons, a 12,000-ton free-forging hydraulic press, scores of precision machine tools, and so on. During the 1970's further advances were made in the machine-building industry. In the past 30-odd years, despite problems, such as the twists and turns, and ups and downs in the course of its development, its irrational internal structure and the decentralization of the organization of enterprises, our machine-building industry has become a machine-building industry which is by no means small in scale and of relatively complete specifications. It was not only able to supply the various departments with a large amount of technology and equipment in the past but can also create a reliable basis for the technical transformation of the national economy in the future.

For the machine-building industry to "occupy a predominant place," what is most important is that it should have an advanced technical level. Technical transformation means replacing obsolete backward equipment with technically advanced and more efficient equipment and proceeding to change the whole national economy from a relatively backward technical basis to a relatively

advanced technical basis rather than exclusively replacing old equipment with new equipment of the same level. Without a certain advanced level, it is impossible for the machine-building industry to fulfill this task. The conspicuous problems confronting China's machine-building industry at present are that their products have little variety and are poor in quality and low in standard. In terms of product variety, the variety of products which are grouped into the units under the jurisdiction of the former First Ministry of Machine Building number 27,000; that of farm machines total about 2,000 and that of basic electronic products is 4,200. These figures coupled with the varieties of products of the light and textile industries and some other machines number no more than 40,000 to 50,000. The product variety of the machine-building industry of the industrially developed countries generally reaches several hundred thousand. Their product variety is higher than ours in terms of magnitude. The failure to meet the needs of many kinds of technology and equipment of the various departments owing to lack of product variety will surely interfere with the improvement of labor productivity and the full utilization of resources. For example, the papermaking industry is short of raw materials but in the forest zones of northeast China alone there are 3 million cubic meters of remains of branches and crotches left unused every year. One of the reasons for this state of affairs is the lack of a series of technology and equipment, such as machines for stripping the bark off trees. As a further example, Yantai of Shandong Province is a fruit-producing base. Every year nearly one-fifth of the total output of prematurely wind-dropped fruits and damaged fruits and the leftovers which constitute 15-25 percent of the raw materials for canned fruit fail to be fully used. In other countries, this kind of fruit and leftovers are used as raw materials for making condensed fruit juice for which there is a big market. At present China does not yet have such equipment. In terms of the level of products, the products that are level with the world's 1970-level constitute no more than 5 percent and those that are level with the 1940's and 1950's technical level make up around 60 percent. For example, one-third of the thermal-power equipment is composed of small-scale medium and low-tension units with a capacity of less than 50,000 kw each, which consume 15 million tons of coal more than the large-scale high-tension units a year. At present, there are seven countries in the world, that is, the United States, Britain, France, Japan, West Germany, Switzerland and the Soviet Union, which have been able to manufacture large-scale high-tension power equipment with a capacity in excess of 1 million kw while our country has still been unable to design and manufacture any 600,000-kw units. Various facts have proved that if the machine-building industry only circles at a backward level, it will be unable to undertake the historic task of serving the technical transformation of the national economy. Only when the machine-building industry moves to the forefront and raises itself technically, can it supply the technical transformation of the various departments with sufficient advanced and practical technology and equipment.

For the machine-building industry to "occupy a predominant place," it should have a lead period in terms of growth rate. The so-called lead period means allowing the growth rate of the machine-building industry to outstrip that of the whole industry and the national economy. For dozens of years after World War II, there has been such pronounced lead period in the development

of the machine-building industry of the major industrially developed countries. According to statistics for the materials concerned, the annual average growth rate of the machine-building industry and the whole industry and national economy of the United States of America, the Soviet Union, Japan, Britain, France and West Germany during 1951 and 1975 is as follows (calculated according to percentage):

Countries	Period	Machine Building Industry	The Whole Industry	GNP
United States	1951-75	3.5-6.7	3.6	3.2
USSR	1951-75	13.1	9.5	7.8
Japan	1951-74	19.1	13.7	9.0
Britain	1951-75	2.9	2.3	2.4
France	1951-65	6.6	5.5	4.9
West Germany	1951-75	7.4	6.3	4.1

This lead period of the machine-building industry of the industrially developed countries was closely related to the level of investment. In order to raise the level of the machine-building industry and accelerate its development, the investments of these countries in the machine-building industry increased at a rapid pace. For example, the amount of investments of the United States in the machine-building industry between 1947 and 1977 increased from $1.5 billion to $18.2 billion, or an increase of 1,100 percent; that of Japan between 1961 and 1970 increased from 569.9 billion yen to 1,748 trillion yen, or an increase of more than 200 percent; and that of West Germany in the period from 1958 to 1970 increased from 4 billion marks to 10.1 billion marks, or 150 percent increase.

The general level of the average growth rate of China's machine-building industry is also higher than that of the whole industry. The annual average increase in the industry under the former First Ministry of Machine Building from 1952 to 1977 was 14.3 percent and the average increase in industry in the same period was 11.2 percent and the lead rate was 28 percent; the amount of investment increased from 590 million yuan which was the annual average figure during the "first 5-year plan" to 1.02 billion yuan in 1978. However, what deserves attention is that after the year of 1972, the growth of the machine-building industry was lower than that of the industrial growth rate for many successive years. This was a reflection of the disproportions in the internal sectors of industry. Over the past few years, to readjust the relations of the disproportions in the machine-building industry, the amount of investment in it was reduced by a big margin. But whether seen from the needs of the present technical tranformation or from the long-range development of the national economy, we must adhere to giving priority to the development of the means of production, maintaining a definite level of investment and a definite lead period in the machine-building industry, raise the technical level as quickly as possible and intensify the manufacturing capacity. In this way the machine-building industry can genuinely become a department for equipping the national economy.

How Should the Machine-Building Industry Serve Technical Transformation?

Serving the technical transformation of the national economy is a long-term important task of the machine-building industry at present and in the future. For the machine-building industry to serve technical transformation well, it must strive to do the following things well: 1) It must familiarize itself with and grasp the technology of the departments which use its products and strive to be the "technologists" of the users. Mechanical and electrical products are used extensively and the requirements of the users are many and varied. Different departments and different regions have more often than not different requirements for one and the same product. Moreover, machine-building industrial enterprises have for long years taken care of only manufacturing rather than the use of their products; produced only the standard products which were already in the catalogue of products and did not enthusiastically produce products that were not on the catalogue. Thus there emerged a situation in which "we will supply you with whatever we produce." As a result, some special requirements of the users failed to be met and the user had to make do with the products supplied to them. The phenomenon of "a big horse pulling a small cart" or "a pony pulling a big cart" can be found everywhere. In the last 2 years, in the course of readjustment, the machine-building industry has readjusted its service orientation, put an end to the practice of "bureaucrats engaging in commerce," strengthened the sense of serving the customers and turned the previous practice of "we will supply you with whatever we produce" into the practice of "we will produce whatever the customer needs." This is a great success. However, it is far from sufficient to remain at this stage of the matter. Over the past few years, some enterprises have further improved their service style, spontaneously analyzed and studied the technology of the departments which use their products and designed and supplied the customers with advanced and practical technology and equipment in accordance with the technological requirements of the customers. But, technical transformation presupposes the satisfaction of the demand for technological products and strives to make the technology required not only advanced and practical but also economical and reliable rather than calling for advanced and sophisticated technology with a high level of automation. Therefore, only when the machine-building industry conscientiously investigates and familiarizes itself with the technology in the production of the departments which use its products and closely integrates itself with the units which use its products, can it supply such products to the users. For instance, there is a big saltworks. In the past, the cast-iron salt water pumps which it used were inefficient, poorly hermetically-sealed and seriously corroded. The rotating vanes of the pumps needed to be replaced every few days, thus either causing waste or interfering with production. After contracting the tasks, the company for technical design of complete sets of general-purpose machinery on the one hand used the advanced product mix of other countries for reference and on the other made a serious study of the demands of the production technology of the customer and, in conjunction with the customer, developed its products in light of the results of practical application. Formerly some comrades asked for the use of an automatically-controlled hermetic-sealing technique. However, through experiments and comparison, they adopted the structure combining the vanes with flexible graphite

hermetic sealing. Although their products are not fully automated, they are easy to operate, require relatively little investment and their hermetic sealing property is better than that of the products of other countries. Through 5 months of practical operation, no leakage defects were ever found and the service life of the vanes could reach 8 years. The user thus had confidence in them. The saltworks handed over the salt water pumps transformation funds to the company on their own initiative for the latter to carry out transformation of the technology and equipment of the saltworks. These experiences have enabled the machine-building industry to break a new path of becoming a good equipment department for the national economy.

2) It must supply advanced and practical products with diverse product designs and sizes to the users. The needs of the technical transformation of the various departments for machines and equipment can be realized only on the basis of continuously improved and developed machinery products. The key for the machine building industry to supply advanced and practical products with diverse product designs and sizes lies in paying close attention to the work of scientific research and raising the level of study and design of new products. The present designing of machinery products chiefly adopts a method of analogy by experience under which machinery products are enlarged or reduced in accordance with certain prototypes. It lacks its own research data and perfect experimental conditions. This will inevitably interfere with the growth rate of new products and the improvement of the technical level of products. At present, key parts of some major products have gone wrong and the reasons have still not been found out. Their quality has for many years failed to be up to standard. This is chiefly where the reason for this state of affairs lies. Therefore, to increase product variety and raise the level of products, we must start with science and technology and strive for a breakthrough in the research and design of new products. We must vigorously organize the study and popularization of design theories and methods, such as value engineering, the theory of realability, the optimization method, interactive engineering, the supplementary computer devices, automatic drafting and the integration of design and manufacturing, all theories and methods which have arisen abroad over the past 20 years, strengthen the training of scientific and technical personnel and the building of experimental bases, gradually form our own data system and standardization of systematic designing to provide the upgrading and replacement of products with basic data and conditions. While strengthening the study of basic theories, we must concentrate our efforts to pay close attention to tackling the key problems of basic components and devices and increase their realability, durability and precision preservation. The machine-building industry is an industry with a nature of combination and assembly. If it masters advanced product designing theories and methods and has also the basic components and devices which are reliable in properties and complete in varieties, this will lay a solid foundation for supplying the users with advanced and practical products with diverse product designs and sizes.

3) It must supply technology and equipment in terms of complete sets of equipment. Machinery products invariably need forming into complete sets of equipment. Whether it is a single machine or a unit, it will be unable

to run well if it lacks a value or an accessory. Supplying products in complete sets of equipment means making things easy for the users in using the products supplied on the greatest scale and as far as possible. In the past, machinery products were poor in terms of forming complete sets of equipment. Machine tools were supplied without any accessories, water pumps were supplied without the three additional valves, valves were supplied without accessory flanges and so on. If the users want to have a project transformed, they have to rush about everywhere. This practice not only caused troubles but also stretches the construction cycles and results in great waste. A method of handing over the key to the user has been universally adopted by other countries in terms of complete sets of equipment. That is, the services which range from the prospective designing of a project, the choice and use of equipment, the designing of equipment, the placing of orders, the checking and acceptance to the delivery, and then from the reorganizing of the installment, and the debugging until the project operates normally, are all completed, and finally the keys are handed over to the user. Compared with such a level of forming a complete set of equipment, we still have a long way to go. Over the past few years, many machine building industrial departments and enterprises have attached importance to this work and carried out various types of work in forming complete sets of equipment. For example, the Shanghai heavy-duty machine plant helped three small cement plants with an annual capacity of less than 200,000 tons each carry out technical transformation and provided them with complete sets of cement plants. In the past, the plant could only produce crushers and ball mills, but now has developed to produce vertical and rotary furnaces and is responsible for the installing and debugging of equipment, thus doubling or redoubling its annual output and greatly making things easy for the users. The Sichuan instrument general plant designed and manufactured a complete automatic installation for recovering ammonium nitrate for the Yunnan natural gas chemical plant and thus solved the problem of waste water polluting farmland and this recovers 110,000 tons of ammonium nitrate a year. Now the general plant has contracted for 110 orders for complete sets of instruments from the light and textile industries, the petroleum industry, the chemical industry, the defence industry, the pharmaceutical industry, the metallurgical industry, building industry and scientific research and teaching departments. In a country with vast territory such as ours, the work of forming complete sets of equipment must be extensive and multifarious. Of course, some large-scale projects which are used to form complete sets of equipment and listed in the state plan should be undertaken by specialized departments in charge of forming complete sets of equipment. However, the companies and factories which have conditions are encouraged to undertake many small-scale simple complete sets of projects or projects in the nature of necessary accessories under the guidance of the state plan so as to make things easier for the technical transformation of various units.

4) It must do a good job in technical service. Machinery products are durable products. When machines and equipment are installed and put into operation, this is just a beginning for the departments which use them and means that the service of the machine-building industry--this service department--is only half done. Particularly after a new kind of technology and equipment is supplied, the equipment still needs long year of testing in

practice and in addition, the users of the equipment may come across various problems in the course of using the equipment. Machine building industrial enterprises are required to help solve these matters through technical service. The so-called technical service is aimed at giving play to the technical strong points of the machine building industrial departments and helping the users familiarize themselves with the properties of equipment and grasp the correct ways of operation; removing all sorts of technical problems which crop up in the course of using the equipment; supplying the required spare parts; and with the development of technology, continuously supplying new skills so that the equipment can produce grater results. Many enterprises have gained quite a few experiences in this respect. These experiences should be summed up and spread. It must be realized that carrying out technical service will not only make things easy for the users but also create favorable conditions for the development of the machine-building industry itself. Technical service will enable the machine-building industry to have close ties with the users, to find out the problems of machines and equipment which are exposed to the long years of operation and to keep abreast of the various demands of the users. Recollecting, analyzing and sorting out this technical information will provide reliable data for the improvement of products and will promote the better development of products.

CSO: 4006/617

'XINHUA': USE LOCAL FUNDS TO DEVELOP ENERGY, TRANSPORT

OW211415 Beijing XINHUA Domestic Service in Chinese 0056 GMT 20 Aug 82

[Article by XINHUA commentator: "Raise Funds From Various Sources to Develop Energy and Transport"]

[Excerpts] Beijing, 20 Aug (XINHUA)--Energy and transport are two conspicuously weak links in our national economy. In order to solve the problem of energy and transport shortage, it is necessary to strive to develop energy and transport while bringing the development of those industries that consume large amounts of energy under resolute control and making great efforts to conserve energy. This is an urgent task of our national economy as well as an important strategic measure for long-range development of our national economy.

The government has decided that in the sixth 5-year plan period, a considerably large amount of funds shall be used for the development of energy and transport. This is very necessary. However, preliminary arrangements show that the budgeted national revenue alone is far from being able to meet out requirements. We must mobilize the financial resources of the various sectors and arouse their enthusiasm for developing energy and transport. With the restructuring of the management system in the past several years, local authorities and enterprises have been handling increasing amounts of funds. Combined, these funds have come to equal one half of the budgeted national revenue. This shows that it is not only necessary, but also possible, to raise a portion of the funds for developing energy and transport from local sources and enterprises.

At present many localities have begun to do so. According to statistics, Shandong, Shanxi, Hunan, Sichuan, Guangdong, Jiangxi, Anhui, Guangxi, Hubei, Jiangsu and Liaoning have raised some 720 million yuan for the development of local coal mines. Guangdong, Jiangsu, Zhejiang, Shanghai, Hebei and Shandong have collected some 1.7 billion yuan and signed agreements with the Ministry of Coal Industry and the Ministry of Water Conservancy and Power on jointly running coal mines and power stations. The Ministry of Coal Industry and various departments and localities in Henan Province have pooled funds to improve inland river docks, build a collier fleet and rebuild and expand railroads.

All localities and departments should follow the guidance provided by the state plan and actively raise funds for developing energy and transport. At the same time they should inspect their planned construction projects to avoid hastily starting any project lacking the necessary energy and transport conditions. In the course of enterprise consolidation, efforts should be made to lower the energy consumption of existing enterprises. We should make a decision in dealing with those enterprises that consume too much energy, turn out product of poor quality and operate at a loss for a long time by shutting them down, suspending their operation, merging them with other enterprises or switching them to the manufacture of other products.

In short, everyone should be concerned about the development of energy and transport and take action to contribute to it.

CSO: 4006/617

ECONOMIC PLANNING

MANAGEMENT OF COMMODITY STORAGE

Shijiazhuang HEBEI RIBAO in Chinese 13 May 82 p 2

[Article: "Raising the Economic Benefits of Storage"]

[Text] Storage of goods is an important link in the circulation of goods. The level of management of storage work has a direct influence on the overall economic benefits of purchasing and selling businesses.

As the result of the reorganization of enterprises, there has been a definite strengthening of storage work in recent years as well as an improvement in the level of management, with decreases in both losses and costs. However, from an overall standpoint, of the various links in the process of circulation of goods, storage work is still comparatively weak. There are many problems associated with it and losses and waste are severe. In 1981, the supply and marketing cooperatives' system in Hebei suffered a loss in commodities of more than 30 million yuan. The majority of storehouses in Hebei have not instituted quota controls, expend a great deal of labor without being able to obtain much gain, and are not strict and impartial about rewards and penalties. This has affected bringing the initiative of staff and workers into full play. Storehouse utilization rates are generally quite low. Some goods are piled up on docks and some are even piled or strewn around in disorder.

Some storage assignments are inadequate so that storehouses are left unused throughout the year with the result that losses occur from year to year. The Qinhuangdao Chemical Fertilizer Storehouse of the Hebei Provincial Production Materials Company has 3,400 square meters of storage space. Since it was built in 1977, there have basically not been very many goods that could be stored in it. In the two years 1980 and 1981, it suffered a loss of 16,000 yuan. The Hengshui Chemical Fertilizer Storehouse, which belongs to the same company, has 10,000 square meters of storage space and its own railroad line of 5 kilometers in length. Because its utilization rate has only been 40 percent and because of poor management, it suffered a loss of 100,000 yuan in the two years 1980 and 1981. Storehouse losses affect the economic results of purchase and sales work.

Storehouses, in the broad economic sense, are enterprises for storing goods. That is, they are enterprises and they should be managed according to the methods of managing enterprises in order to seek economic benefits. In order to raise the level of management in storage work and to turn losses into profits, we

conducted a pilot project on developing enterprise management at eight large and medium-sized storehouses. In one year, considerable results were obtained. Because the cotton storehouse in the Langfang district had been affected by changes in production, it basically did not have any cotton storing assignments. Consequently, the storehouse used the advantageous condition of being fairly close to Tianjin to bring about an active expansion of "daichu"[0108 0328] [literally substitute storing]. In 1981, it handed over a profit of 196,000 yuan to the state. Practice demonstrated that developing enterprise management methods for storehouses is an important means of improving storage conditions and upgrading economic benefits. It is only by implementing enterprise management methods that such rules and regulations as independent accounting, responsibility for profit or loss, various types of quota targets and responsibility for safety can truly be put into effect.

In implementing enterprise management techniques, we must also intensify political and ideological work, energetically promote making many contributions to bringing about the four modernizations, commending good persons and good deeds and criticizing various bad tendencies in order to promote the establishment a material culture though establishing a spiritual culture.

10019
CSO: 4006/472

ENTERPRISE MANAGEMENT IMPROVED BY LABOR DIVISION BY PARTY, ADMINISTRATION

Beijing JINGJI GUANLI in Chinese No 6, 15 Jun 82 pp 30-34

[Article: "Do Well in the Division of Labor Between Party and Administration, Improve and Strengthen Party Leadership of Enterprises"]

[Text] The Benxi Iron and Steel Corporation is an integrated iron and steel works, under which there are 42 production factories and mines and auxiliary units. At present there are over 107,000 staff workers. Subordinate to the corporation are 42 party committees, 829 general branches and branches, and over 15,000 party members. In recent years we have earnestly implemented the "Temporary regulations of the Staff Workers' Congress of state-operated industries and enterprises," "Temporary work regulations for directors of state-operated factories," and "Work regulations for grassroots organizations of industries and enterprises of the Chinese Communist Party" (trial draft) issued by the Party Central Committee and the State Council. We have adhered to the basic principles of collective leadership of party committees, democratic management of staff workers and administrative command of factory directors. In resolving this problem of the division of labor between party and administration, we constantly search for and sum up our experiences, and have achieved initial and definite results.

Our experience and practice in carrying out the division of labor between party and administration are as follows:

I. Constant Deepening of Understanding Is the Prerequisite To Doing a Good Job in the Division of Work Between Party and Administration

In the case of our iron and steel corporation, when we begin to divide work between the party and administration, the understanding ranging from cadres to workers is not consistent, and different ways of thinking exist. Generally there are 3 kinds:

1. Unwillingness to divide work due to the restriction by force of habit. For over 10 years, party and administrative work in enterprises has been done in a muddled way. If the upper levels handle something in a certain way, the masses will understand it in that way. It is a matter of getting used to something. Concretely, there are "four customs": the party committee is accustomed to taking on all administrative work, administrative leaders are accustomed to relying on the party committee, the masses are accustomed to looking up the secretary on every matter, and the organs of upper levels are accustomed to arranging all work.

2. Fear to divide work because of the worry that leadership of the party might be weakened. According to the demands of the division of labor between the party and administration, the structure of new party committee member greatly differs from before. The proportion of factory directors entering the party committee group has declined while that of persons in charge of party committee departments has increased. This has aroused quite a lot of discussion among cadres. "Four fears" are concretely expressed: (1) Some comrades believe that the party committee is the leading nucleus of the enterprise, the central task of the enterprise is production, the deputy factory director is the commander of the first line of production, they fear that if they do not enter the party committee group production might be affected; (2) some believe that according to the demands of implementing division of work between party and administration, if the secretary has "less authority" it is feared that the leadership of the party committee might be weakened; (3) it is feared that after division of work between party and administration is implemented, one might repeat the error of "the system of one director" and divorcing from party leadership; (4) some feel that if persons in charge of party committee departments enter the party committee group, it is feared that the leading nucleus of the party committee might be lowered to the level of a work department of the party committee.

3. Unwillingness to divide work because there is little authority. An absolute minority of cadres feel that whether they enter the standing committee of the party committee (or an all-committee that does not have a standing committee) concerns cadres in the 3 aspects of authority relating to different ranks, order of names and treatment. They are affected by fame and gain and are therefore unwilling to divide work.

Faced with the various confused understanding and ideological hindrances described above, we begin with resolving understanding and have stressed the 3 following areas of work:

1. We organize study to deepen the understanding of the significance of division of work between party and administration. We first organized the corporation, factories and mines into 2 levels of classes for members to conduct special study. On this basis, we also organized party members into subject

levels for cadres to have concentrated study, and used the form of party lessons to organize party members for general study. They have studied the related documents and important speeches of leading comrades of the central authorities since the Third Plenary Session of the 11th Party Central Committee and they have studied the "Temporary regulations of the Staff Workers' Congress of state-operated industries and enterprises," "Temporary work regulations for directors of state-operated factories," and "Work regulations for grassroots organizations of industries and enterprises of the Chinese Communist Party" (trial draft) issued by the Party Central Committee and the State Council. To enable grassroots party committees to resolve the problem of non-division of work between party and administration through reelection, we studied and analyzed the membership composition of each unit's party committee group. The chief comrades in charge of the corporation's party committee even personally did ideological work and helped to deepen understanding among individual leading cadres of factories and mines who did not adequately understand the division of labor between party and administration. On this basis, the party committee of the corporation also convened a forum of party committee secretaries of factories and mines to further deepen their understanding and study the problems that might be encountered in dividing work between party and administration. Through studying, everyone understood that doing a good job in the division of labor between party and administration is necessary in order to improve and strengthen the party's leadership of enterprises, to strengthen the ideological and political work of enterprises, and to strengthen the system of production command.

2. We look back at history, sum up experiences and lessons, and deepen the understanding of work division between party and administration. The Benxi Iron and Steel Corporation is a long-time enterprise. Like its fraternal units it centers around division of work between party and administration and has experienced several different stages in the leading system carried out in enterprise, and it has both experience and learned lessons. In the decade of turmoil it has implemented a unified leadership, which was in reality a "one-man system" without work division between party and administration with all matters large or small required to be approved by the secretary. At that time, the management of enterprises was in confusion and production met with serious destruction. Since 1979, we have fulfilled the demands made by the Third and Fifth Plenary Sessions of the Party Central Committee to "earnestly resolve the phenomenon of non-division of work among party, administration and enterprise, substituting administration by the party and substituting the enterprise by the administration," and to "strengthen and improve the party's leadership" in spirit. We have step-by-step carried out the division of work between party and administration, strengthened the production command system, built and perfected various systems of rules and regulations so that the management of enterprises has gradually proceeded on track, various tasks have made great progress and various economic and technical targets have reached a new level. By recalling the past, everyone can soberly recognize that only by

earnest implementing the several regulations issued by the Party Central Committee and carrying out division of labor between party and administration can we give full play to the role of the party committee's leading nucleus and the role of the administrative command system, strengthen and improve party leadership and truly operate enterprises well.

3. We use model experiences and resolve the understanding of work division between party and administration in terms of practice. To resolve the problems encountered in carrying out division of work between party and administration, we first conducted experimental points in the transportation department. Through reelection, the party committee of the transportation department altered the composition of membership of the party committee, made definite the work responsibilities of party and administration, formulated the "Regulations of political work" and "administrative system," and established a system of responsibility for chief engineers, mechanics and accountants. After work is divided between party and administration each carries out its duties and responsibilities; the administrative leadership has increased its sense of responsibility and its work efficiency. The party committee has strengthened its leadership of economic work and placed its main energy on building the party and on ideological and political work, changing the appearance of the enterprise. Since 1979 every year it has completed transportation and loading tasks ahead of schedule, and each economic and technical target has reached or surpassed the highest levels in the past. In the metallurgical department's competition and appraisal of the transportation system among 9 iron and steel enterprises, it has captured first and second places every year instead of ending up with last and second last places. It has been appraised as the advanced collective in the province and the municipality. We have given publicity to the experience of the transportation department throughout the corporation. At the same time when we directly stress exemplary models, we have combined it with the reorganization of the enterprise by sending work teams and investigation teams to help reorganize individual party committees that we seriously are unwilling to divide work between party and administration and cause disunity.

II. Do Well in Division of Labor Between Party and Administration in Organizational Structure and System

On the basis of deepening understanding, in order to truly achieve division of labor between party and administration in organization, system and actual work, we began by resolving the "four characters," stressing four links, and properly handling three relationships.

1. Provide two main duties for party and administration organizationally by resolving "concurrence." Practice has enabled us to understand that one of the main reasons why party and administration did not have division of labor in the past is that it was nominally a unified system but in reality it was a "one-man system." It not only destroyed the party's collective leadership and

democratic centralism but also brought great danger to our undertaking. Therefore, to do well in the division of labor between party and administration, we must separate the duties of the two main jobs of party and administration, resolve the problem of mutual concurrent jobs, and pay attention that the secretary and factory director not be the same individual. At present, the problem of concurrent jobs has been completely resolved. When resolving this problem, we particularly stressed that the posts of factory directors must be filled by experienced, young and healthy comrades so that after the separation of party and administration they can independently perform production administrative work. Since 1978, we have recommended 18 secretaries and 33 directors of factories and mines after earnest and strict selection. Party committee secretaries and directors of 23 main production factories and mines have now been put in place. Most of the newly selected comrades have at least 10 years of work experience in the enterprise, some are graduates of colleges of professional training or technical secondary schools in the 1960's, who have rather rich practical experience and strong organizational ability.

We perfected party and administrative work organs by resolving "confusion." In the past party and administrative work organs were full of confusion, their subordinate relationships and duties were unclear. In order to build a party and administrative work system, after 1978 we abolished the political departments of the corporations, factories and mines, changed the former organization and propaganda sections to party committee organization and propaganda departments respectively, divided the "two committee offices" into the party committee office and factory department office, established the discipline committee of the party committee, and correspondingly filled them with capable cadres. We also reorganized the union and communist youth league organizations. In the area of production administrations throughout the corporation, factories and mines, we established command systems for production administration and work organs headed by managers and factory directors in accordance with the demands of the four modernizations. At the same time, we paid attention to selecting "professionals" and "expert" who have real substance to strengthen and staff these work departments. Since 1978, the corporation has selected a total of 137 special personnel and deputy factory directors, 66 chief engineers and accountants, and have given good play to the role of administrative command system.

3. We reorganized membership of party committees to resolve the problem of "division" in terms of the group's composition. Formerly, members of party committee groups of factories and mines were mostly factory and mine directors. This situation often caused the party committee to be a committee of both party and administration. It was not advantageous for factory directors to exercise unified command and overall responsibility for production and management, and it also lowered the level of leadership of the party committee. In accordance with the spirit of concerned documents of the higher authorities last year, we explicitly stipulated that the newly elected party committee, the number of

administrative factory directors entering the standing committee of the party committee should generally be 2 and at most 3. Comrades in charge of party discipline committees, organization departments, propaganda departments, unions and other departments who are in accord with conditions were to become alternates to enter party committees or standing committees. In accordance with this provision, up to the present among group members of 32 party committees of factories and mines which have undergone reorganization, the proportion of factory and mine directors has decreased from 61 to 33 percent. After the reorganization, most of these discipline committee secretaries, organization department heads, propaganda department heads and union chairmen of these units entered the party standing committee groups. This way, we resolved the phenomenon of no-division of work between party and administration in terms of the membership structure of party committee groups.

4. We built work systems for both party and administration by resolving "responsibility." Formerly, an important reason for the lack of division between party and administration is that their duties, responsibilities and authority were not explicit and the system was not perfect. As a result, all matters great and small were discussed by the party committee, and party committee became the "trump card" for certain cadres to decide on problems and the "shield" for them to disclaim responsibilities. In accordance with the spirit of the "Guiding principles" and the "Work regulations for grassroots organizations of industries and enterprises of the Chinese Communist Party," since 1978 we have combined the study of the experiences of the leading iron and steel works to help all units to build the work systems of both party and administration. Chiefly there are the "Scope of duties of the party committee," "Duties of the party committee secretary," "Regulations on ideological and political work" "Work regulations of factory directors," which defines the scope of the work of party and administration as well as their mutual relationship. Now, basically everyone has his own special responsibility, every matter is managed by someone, matters are handled in an orderly way, there are standards for checks and detailed rules and regulations for work. We have changed the confused situation in the past when there were no rules and regulations to follow. At the same time, we have established various systems of regular meetings for party and administration, and have made explicit stimulations for the substance of each meeting, its attending personnel and time, assuring normal work order so that the party committee's decisions and the factory director's orders can be promptly implemented.

In the last several years, from the practice of constantly resolving the problem of division of labor between party and administration, we have felt that in order to truly carry out this division of labor well, we must also pay attention to properly handling 3 relationships other than stressing the four links mentioned above:

1. Handling the relationship between the party committee and the administration well. The party committee of an enterprise is the leading nucleus of that enterprise. The administrative group headed by the factory director is under the leadership of the party committee. The way relationship between is arranged and the way they achieve unity in real work and keep in step with each other is a key link to strengthen and improve the party committee's leadership. Judged on the basis of the relatively good practice in handling the relationship between party and administration in several of our grassroot units, we believe that this problem depends on the party committee. On administrative work the party committee must dare to leave it alone but not just watch it idly; it must lead, lend support and assistance but not to taking on everything or taking its place. We initially summed it up into "four when": when the party committee discusses important production, technical and other administrative work, the views of the factory director must be respected; when the views of the factory director are not unanimous with the views of the majority of committee members, decision must not be hastily made; when after the factory director arranges work and encounter hindrances or even clashes at the lower levels, the party committee should give prompt support to the factory director; when mistakes are made because the work decided by the factory director is carried out, the party committee cannot cut his ground but should positively and enthusiastically help to think of ways to make amends or corrections.

2. Handling the relationship between the party committee secretary and the factory director well. The party committee secretary and factory director are both chief persons in charge of the enterprise. Only if the secretary and factory director cooperate and unite to fight can the division of labor between party and administration be assured. Therefore, in the course of carrying out division of labor between party and administration we paid strong attention to handling the relationship between the party committee secretary and the factory director well. Judged from the arrangement of the 42 grassroots party committee secretaries and factory director in our enterprise, there are 4 situations: (1) The secretary is somewhat stronger. In these units, the party committee secretaries are slightly older than the factory directors, they have worked in the enterprise slightly longer, and their qualifications are slightly stronger so that they can talk slightly better. Normally the factory director respects the secretary. If we do not pay attention to handling the relationship between the secretary and the factory director well after work is divided between party and administration, the "four slightlys" will be a hindrance to the factory director, respect will become reliance, and it might even lead to the old way of whatever the secretary says is final. Therefore, we particularly stress that in these units the secretary must use every means to give play to the role of the factory director and build the director's authority in commanding the production administrative system of the whole factory. (2) The secretary is weaker than the factory director. In such units the work ability of the factory director is stronger, which is more suitable for carrying out division of labor between party and administration. For this, we strongly stress that the secretary must pay attention to giving play to the role of the collective

leadership of the party committee. The factory director must boldly take responsibility but must self-consciously safeguard the leadership of the party committee. (3) Both the secretary and the factory director are strong; they are familiar with their jobs, they understand management and are equal. After the division of labor between party and administration, we particularly emphasize that secretaries and factory directors of these units must have mutual respect, learn from each other, coordinate closely, avoid grudges against each other and the "two hardened ways." (4) Both the party committee secretary and factory director are weak. These units often can think and work together, and the collective role is well played. As we pay attention to individual relationships between party committee secretaries and factory directors which are well handled under different conditions, now the secretary and factory director of any group can pay attention to mutual respect. The secretary supports administrative work but does not take on everything; the factory director boldly takes responsibility for administrative but does not become arbitrary.

3. Handling the relationship between ideological, political work and production well. Strengthening the ideological and political work assures the completion of production tasks and resolves the "two hardened ways" of ideological and political work and production administrative work, which is significant to doing well in the division of labor between party and administration. The No 1 iron factory, construction corporation and other units adhere to the principle of putting ideology in the lead, use the dredge method and adopt diverse forms to combine with production reality to do well in political and ideological work. For example, combining material reward and ideological, political work, combining administrative command and ideological, political work, and combining factory rules and regulations and ideological, political work compell staff workers to complete various tasks with fulfilled sentiments and a lofty will.

III. Conscientiously Strengthening and Improving the Party's Leadership of the Enterprise Is the Key To Doing Well in the Division of Labor Between Party and Administration

After division of labor between party and administration is carried out, in accordance with the principle of the party minding the party and the administration devoting itself to administration, the factory director exercises the authority of unified command over production, technical and management activities within the enterprise. The party committee is freed from the large amount of trivial administrative tasks in the past. This brings changes to its work in guiding ideology, substance and methods. It also makes higher and more severe demands on the work of the party committee. Through practice, we have learned that after the division of labor between party and administration we not only did not weaken the party's leadership of the enterprise but on the contrary, we have strengthened and improved it. In a concrete sense, we feel that there are "three benefits":

First, it benefits major matters emphasized by the party committee in the work of the enterprise that have a bearing on the general course and overall situation. For example, the financial task handed down to our corporation by the state last year was 170,000,000 yuan. Through internal balances, we only completed 150,000,000 yuan. Under these circumstances, the party committee stressed the overall completion of the 1981 financial task as a major matter, decided on a general mobilization of staff workers and the policy of making a firm grasp, stressing early completion and seizing reality, and widely aroused the masses to use every means to make more contributions to the state. As for key positions, weak links and major production factories and mines which affected the completion of the production and financial tasks of the corporation, the chief comrades in charge of the party committees of the corporation personally stayed at grassroots units to investigate and study, imspect and supervise. Due to the common effort of both party and administration, we not only completed the financial quota to be handed over to the state but surpassed it by 7,550,000 yuan.

Second, it benefits the party committee in attending to building the party and changing the phenomenon of the party not minding the party. In concrete terms, we have realized the "four strengthening":

(1) By organizing life closely, we have strengthened the building of group style. The corporation and party committees of factories and mines have popularly built and perfected a system of meetings on democratic life. At present, more than 80 percent of the party committees of factories and mines are able to persist in convening a party committee meeting or democratic life every season, and more than 85 percent of the party members and leading cadres can self-consciously participate in their own party groups and branches for organized life. Over 85 percent of the corporation's general party branches and branches can keep up with the system of "three meetings and one class." viewed from the party committee of the corporation, several years ago sometimes a meeting on democratic life could not even be convened for one organized group. Last year, we succeeded in convening one meeting on democratic life every season, through which we promptly exchanged ideas and strengthened unity.

(2) We have strengthened the building of the party's grassroots organizations. Since 1978 we have one after another established and formulated the party's "system of three meetings and one class," "system of regular analysis of the conditions of contingents of party members," "system of developing programs for party members," and "system of work for party branches." By implementing these systems, great changes have been brought to the appearance of the party's grassroots construction. The role of the party branch as a fighting bastion is stronger than before and the exemplary role of the party member as a vanguard is more prominent.

(3) We have strengthened the organizational construction of leading groups at all levels. We stressed the organizational construction of leading groups as essential, thereby enabling them to take a step toward suiting the demands of the four modernizations. As for groups that have relatively more problems and do not work as one, we adopt the method of understanding circumstances and resolve problems individually. We have reorganized a total of 239 cadres of the factory department level; selected and substantiated 34 young cadres who have professional knowledge and organizational ability, 205 reserve cadres of the factory department level; and have made proper arrangement for a group of veteran cadres. To suit the demands of the four modernizations, we have selected and transferred in a planned way 1,600 cadres to study at party schools above the corporation. At the same time rotational training has been generally given to over 900 of the corporation's party branch secretaries.

(4) We have strengthened management education for party members. In dealing with the problems of high members of new party members and poor basic knowledge in the party, since 1979 we have operated a total of 1,131 terms of training classes for party members and carried out repeated and rotational training among more than 15,000 party members of the corporation. The political quality of party members have generally increased and a large number of fine party members who are not for fame and wealth but who dare to suffer hardship and fight tough battles have suddenly appeared.

Third, we have strengthened the leadership for ideological and political work. After the division of labor between party and administration has been carried out, we concentrated most of our energy and exerted great efforts on conscientiously strengthening the party's ideological and political leadership of the enterprise so that many units have basically altered their former tendency to ignore ideological and political work. Leading comrades of party committees have personally involved themselves at the grassroots level to investigate and study, analyze typical cases, and convene forums to understand and master the ideological trends of staff workers. They have also dealt with the ideological realities of staff workers, extensively developed diverse forms of propaganda education, paid attention to combining ideological and political work and concern for the lives of the masses with resolving actual problems, thereby achieving relatively good results and mobilizing the enthusiasm of staff workers.

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FINANCE AND BANKING

CHANGES IN RURAL SAVINGS DEPOSITS REPORTED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 9, 4 May 82 pp 32-33

[Article by Zhuo Ran [0587 3544], of the China Agricultural Bank Hanzhong Prefecture central branch: "New Trends in Rural Savings Deposits"]

[Text] Finding out how rural savings have changed is important for the management of rural savings deposits. At present, we should give attention to the following changes in rural savings.

Changes in the Composition of the Sources of Savings Deposits

Rural savings deposits come mainly from three types of commune members' currency holdings: petty cash, deposited funds, and distributed income. Petty cash comes from household sidelines income and family support remittances; deposited funds come from accumulations over the years and from inheritance; distributed income comes from the production team's income distributed at the end of the summer and fall seasons. Commune members use their currency holdings mainly in three ways: to pay for production expenses, to pay for living expenses, and to save. The money required for production and living expenses can be divided into two parts: standby funds that enter into circulation gradually, and petty cash that can be used any time. Savings can also be divided into two parts: deposited funds and savings deposits. In terms of deposit sources, standby funds for use in paying living and production expenses are mainly the source for demand deposits; savings are mainly the source for time deposits.

At present, changes in the composition of the sources of rural savings deposits are characterized by "two increases and one decrease".

1. Decrease of year-end distributed income. This is due primarily to the introduction of the responsibility systems in the countryside, which has brought changes in the way the income of production teams is distributed. Among the 21,500 production teams in Hanzhong Prefecture, Shaanxi Province, 97 percent have adopted responsibility systems ranging from the assignment of

work to work groups, to the linking of remuneration with production, to the "shuang bao" system (assignment of plots to each household and fixing of output quotas for each household). This has led to changes in the form rural income is distributed--both the number of unified accounting units and the amount of year-end cash distribution have decreased. Take the 2 years 1981 and 1980 for comparison. In 1980, 200,220,000 yuan of income was collectively distributed among commune members of the prefecture, of which 33,580,000 yuan was in cash, averaging 69 yuan per person; in 1981, only 138,370,000 yuan was collectively distributed, of which 17,390,000 yuan was in cash, averaging 48 yuan per person, representing a decrease of 32 percent, 48 percent and 31 percent respectively. In the past, both money circulation and rural deposits sharply increased at year-end, showing a strong seasonal character; the decrease of year-end distributed income for the commune members, however, has changed this. The savings deposits of the commune members of this prefecture increased by 4,200,000 yuan in December 1979, by 2,890,000 yuan in 1980, and by 2,520,000 yuan in 1981, representing an average annual decrease of 19 percent over a 2-year period.

2. Increase of deposited funds. This is mainly due to: political stability and the popularity of the party's policies; banks and credit cooperatives giving more attention to the confidentiality of deposits, so that people no longer have to worry about their savings being disclosed; and higher interest rates for savings. In June last year, the Agricultural Bank of Liuba County launched a month-long campaign to attract savings deposits, receiving in 1 month's time some 44,000 yuan in savings deposits, most of which were from deposited funds.

3. Increase in petty cash. At present, the rural money supply is characterized by scattered cash holdings and large amounts of idle money. In Hanzhong Prefecture the rural people held 30,560,000 yuan in cash in 1978 and 45,600,000 yuan in 1981, an increase of an average of 15 percent per year. The commune members now have more cash in hand mainly because their household sidelines income has increased. Income from other occupations has also steadily risen. A survey of 128 peasant households in Zhengxian County showed that sidelines income last year was 10,685 yuan, an average of 83 yuan for every household. In short, since the introduction of the responsibility systems, the commune members have been receiving and disposing of their incomes at times quite different from before. Collectively distributed cash income at year-end has decreased, but cash income from production on assigned plots and from household sideline occupations has steadily increased.

Changes in the Composition of Savings Depositors

The following changes have taken place in regard to rural depositors: 1) The number of depositors has greatly increased. In 1981 the prefecture had 485,800 depositors, compared to 334,534 depositors a year earlier. 2) The

kinds of people who deposit have changed. In the past the people who deposited most were the cadres, well-to-do households, and the families of urban workers and cadres. Now, in addition to the above, the biggest depositors include households which have made top earnings, households which have turned around from poverty, and households engaged in contract work on assigned plots. The underlying reason is that there has been a basic improvement in the rural economy.

The depositors' psychology has also changed. In the past, peasants put their money in savings for three reasons: 1) they lived frugally and hated to spend money; 2) they were afraid to lose the money or spend it carelessly; 3) they wanted to save against accidents. Now, there are two additional reasons:

1. Now that life has become better, they want to plan and save to be able to build houses, buy more consumer goods and pay for wedding and funeral expenses. Among the 68 households surveyed by the Hanzhong and Nanzheng branch banks last year, 24 households planned to remodel their houses, 18 households planned to buy bicycles, sewing machines, etc and 12 households planned to have weddings.
2. Large numbers of "shuang bao" households want to invest in the land and sideline occupations they are managing, such as buying fertilizer and farm machinery, introducing advanced technology, and increasing the working funds. Last year the prefecture's peasants invested a total of 690,000 yuan of their own money in production. These peasants are beginning to plan and save against emergency needs.

Changes in the Amount and Time of Deposits

The changes are reflected in more time deposits, more long-term deposits and more large-sum deposits. From 1980 to 1981, the prefecture's rural demand deposit balance rose from 13,460,000 yuan to 18,860,000 yuan; the time deposit balance rose from 31,840,000 yuan to 38,720,000 yuan. The share of time deposits in total deposits rose from 61.2 percent in 1980 to 67.1 percent in 1981, and the share of demand deposits dropped from 38.8 percent to 32.9 percent in the same period. Part of the demand deposits were switched to 6-month or 1-year time deposits; part of the short-term time deposits (6 months, 1 year) was switched to long-term deposits (3 years, 5 years).

The number of both demand and time deposit accounts has increased, with the latter increasing faster than the former. According to a survey of the credit cooperative on Youfang Street, Nanzheng County, by the end of March 1982 the cooperative had a total of 194,560 yuan in deposits and a total of 2,147 depositors, or 88.9 percent of the total number of households in the commune. The average deposit account held 92 yuan, 11 yuan more than the 81 yuan a year earlier. The average demand deposit account held 73 yuan, 5 yuan more than the 68 yuan a year earlier; the average time deposit account held 168 yuan, 14 yuan more than the 154 yuan a year earlier. The number of large-sum deposit

accounts has also steadily increased. In 1980 this credit cooperative had 116 depositors with a deposit of 300 yuan or more; in 1981 it had 135 such depositors. In the same year, the number of the depositors with a deposit of 500 yuan or more increased from 18 to 24, and the number of its depositors with a deposit of 1,000 yuan or more increased from one to 10. A survey of the Baohe Credit Cooperative in Hanzhong city shows that of the total of 515,000 yuan in deposits in the cooperative, 75 percent of the demand deposit accounts held more than 100 yuan, and 68 percent of the time deposit accounts held over 300 yuan.

New Demands on Rural Savings Work

The changes in the sources of deposits, the types of depositors, and the amounts of deposits have brought new demands on rural savings work.

1. We must change our thinking. The change in the rural economy has brought about changes in rural savings deposits. We must pay full attention to these changes, and adapt our work to them. For example, instead of concentrating our effort on attracting the commune members' distributed income as we did in the past, we should give priority to their petty cash and deposited funds; instead of emphasizing seasonal deposits as we did in the past, we should try attracting deposits the year round.

2. Our institutional setup and the types of savings accounts we provide to the depositors should be adapted to new requirements. The peasants need to be able to deposit their money any time they wish and draw on their deposits any time they need to, without delay. Our savings institutional setup today cannot yet meet this requirement. Since the number of rural depositors has increased and the types of depositors have multiplied, we must provide diversified types of savings accounts to suit the different needs of different people. For example, the fixed-amount savings account is simple and easy to understand and is suited for commune members who are illiterate; the time/demand switchable savings account fits in well with deposits from the year-end distributed income; and the special savings account for retired rural personnel best meets the needs of the increasing number of retired cadres, staff members, workers, and military personnel. We should run pilot projects on each of these types of savings accounts and evaluate their advantages and disadvantages and promote them gradually.

3. We must strengthen our services and public information. Through courteous, solicitous and civilized service we should relieve more peasants of their worries and make them willing to deposit their savings. We should regularly and effectively inform the public about the advantages of saving money, the virtue of being industrious and thrifty and keeping money in reserve, and about the importance of accumulating funds for the four modernizations program, doing our best to arouse the enthusiasm of the peasant masses to join in savings.

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BRIEFS

GUANGZHOU WAGES, SAVINGS--In the past few years, the income of staff members and workers in the urban areas has risen, while public savings in both city and countryside have reached more than 1.3 billion yuan. More recently, due to wage increases of the majority of staff members and workers as well as the practice of a bonus system and commodity price subsidies, their average wage throughout the municipality has increased steadily year after year. The figure was 710 yuan in 1978, 824 yuan in 1979, 937 yuan in 1980, and 1,017 yuan in 1981. Compared with 1978, their average wage in 1981 increased by 307 yuan, or 43.2 percent. According to a typical investigation, the number of urban working households, whose individual members each had an average monthly income of more than 50 yuan, has risen from 9.2 percent in 1977 to 54.5 percent in 1981. On the other hand, those individual members with an average monthly income of less than 35 yuan has dropped from 59.7 percent to 8 percent during the same period. According to an investigation of its staff members and workers, involving 433 households with 2,054 members, made by the Xingqun Pharmacological Factory comparing 1978 and the present year, family employment increased by 127 persons, from 1,271 to 1,398 persons; their aggregate income rose by 47,900 yuan, from 67,000 to 114,900 yuan; and their bank deposits swelled by 14,000 yuan, from 17,000 yuan to 31,000 yuan. As the earnings of most workers' families have increased at various levels, the number of individuals in many units who need hardship subsidies has greatly decreased. For example, Plant 3518 issued an average of nearly 10,000 yuan of hardship allowance to its staff and workers in 1977 and 1978, because the factory had nearly 100 households who were in difficult straits and who needed subsidies regularly. However, by 1981 the amount of hardship subsidies issued to troubled working households had dropped to 3,000 yuan, the lion's share of which was for medical purposes and emergencies. At the same time, the entire savings of urban and rural inhabitants have increased by a large margin. At the end of 1981, the total deposits reached 1.04 billion yuan, an increase of 1.1 times compared with the 1978 figure. On the average, each individual's savings amounted to 387 yuan. Deposits made by members of agricultural cooperative societies reached more than 280 million yuan, representing an increase of 2.4 times during the corresponding period. On the average, each individual saved 97.5 yuan. [Text] [Guangzhou GUANGZHOU RIBAO in Chinese 24 May 82 p 1] 9300

LIAONING URBAN SAVINGS DEPOSITS--Shenyang Municipality, in Liaoning Province, prefulfilled the annual savings deposits plan as of 10 August. The city's savings deposits increased by 114 million yuan from January to 10 August. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 14 Aug 82]

GANSU SAVINGS DEPOSITS--Since the beginning of 1982, rural savings deposits in Gansu Province have steadily increased. By the end of July, rural savings deposits had reached 410 million yuan, an increase of 53 million yuan--34 percent over the corresponding 1981 period. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 14 Aug 82]

LIAONING SAVINGS DEPOSITS--By the end of June 1982, the balance of rural savings deposits of Liaoning Province reached 1.12 billion yuan, more than the total sum of the past 30 years. According to the statistics, in 1981, peasant's per-capita income from the collective was 125 yuan, showing an increase of 36.9 percent over 1978, thanks to the implementation of the rural production responsibility system and diversified economy. Each peasant netted 109 yuan of income from household sideline production on average in 1981, amounting to 35.7 percent of the total household income, thanks to the reform of the economic structure that ensures the peasants' earnings all year. In 1981 the total commodity value of the rural and urban markets throughout the province was 6.33 billion yuan, an increase of 21.7 percent over that of 1978, resulting from brisk market business and price stability. At present, about 4 million households in the province have savings, with a per capita average of 49 yuan. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 17 Aug 82]

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CHARACTERISTICS OF URANIUM DEPOSITS DISCUSSED

Beijing HEKEXUE YU GONGCHENG [CHINESE JOURNAL OF NUCLEAR SCIENCE AND ENGINEERING] in Chinese No 1, 1982 pp 81-85

[Article by Liu Xingzhong [0491 5281 1813] of the Second Ministry of Machine Building: "The Types of Uranium Deposits in Our Nation and Characteristics of Their Geological Mineralization"]

[Text] I. Reviewing the Course of Understanding Our Nation's Uranium Deposits

Since the founding of the nation, our country has carried out large-scale general surveys and exploration of uranium deposits and many types of mineral deposits of uranium. The granite type and the sandstone type were the two that were found the earliest. Great development was realized in exploring the volcanic type during the 1970's. The carbonaceous-siliceous mudstone is a type that possesses special meaning. Generally speaking, the understanding of the types of mineral deposits of uranium in our nation went through three stages:

The first stage (the latter half of the 1950's) was the beginning stage of geological work in seeking uranium deposits. Because geological work to prospect for uranium was a blank before liberation, in the beginning, the direction of seeking such deposits was not very clear, and we could only rely on the types of mineral deposits of uranium already discovered in the world and their patterns of distribution, combined with scattered information about our nation's deposits, to plan and deploy forces to conduct general surveys. At the time, Southern China and the Northwest were considered regions with the brightest future. In Southern China, deposits were mainly sought in granite and emphasis was placed on the outskirts of the rock body. During general surveys, excavation was usually carried out from the edges of the rock body inward 500 to 1,000 meters. Some abnormalities were discovered, but after

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analysis, most were found to be of the Skarns type. Mineralization was scattered and did not have any industrial significance. Later, while exploring the inner part of the rock body, a group of abnormalities were found by chance. These abnormalities were mainly produced in sandstone along diabase veins, silicified fragmented zones and contact zones. Among them, the spots in the silicified fragmented zones were the best. In 1958, there was already a definite scale of mineralization. So they were called "hopeful" deposits. This was the first uranium deposit found in our nation's granite. During this stage, the sandstone type of the mid-Cenozoic and the fragmented zone type in the siliceous strata of the Permian period and spot deposits of the five elements were also found in Southern China. Kolm, volcanic rock and quartzite type deposits were found in other regions of our nation. The most important breakthrough during this stage was finding the granite and sandstone types (including the kolm type), which established the foundation for future work in seeking such deposits.

The second stage (1960's) was the stage of overall development in prospecting work in our nation. During this period, good results were realized in prospecting deposits in granite. Uranium mineralization formed by many factors controlling mineralization was found inside the rock body. Deposits of uranium possessing industrial significance were also found in carbon-containing sandstone and carbonaceous callys on the outskirts of the rock body. At the same time, deposits of uranium with alkaline hydrothermal characteristics were found in the Caledonian rock body. Deposits of uranium of the carbonaceous-siliceous mudstone type that were changed under the pressure of the strata and later overlaid were also found in the Sinian-Cambrian periods and the geostrata of the Devonian period. Deposits of uranium possessing industrial significance were verified in the volcanic rock of the Jurassic-Cretaceous periods. Positive geological achievements were also made in kolm and sandy psephyte of the neo-Tertiary period.

The third stage (1970's - present) was the stage of great development and improvement. Exploration in granite was undertaken in greater breadth and depth. Uranium mineralization possessing industrial significance was found in all of the granitic rock bodies of different geological periods. The oldest geological period of granite was the peak neve period, and the rock body producing the most uranium was that of the early Yanshan period. New breakthroughs were made in prospecting for uranium in volcanic rock. Many types of mineralization were discovered in medium acidic lava, volcanic clastic rock, secondary volcanic rock, volcanic breccia and psephyte produced by hidden explosions. Carbonaceous-siliceous mudstone type deposits of uranium were found not only in the geostrata of the Sinian-Cambrian and Devonian periods, but uranium deposits of industrial significance were also found in the geostrata of the Silurian, the Carboniferous and the Permian periods. During this stage, progress was realized in exploring the sandstone type deposits of uranium and better deposits of uranium were found mainly in the basins with

granite as the base and volcanic rock as the overlying stratum. While expanding the known types, deposits of uranium related to mixed lithification were found in the metamorphic rock of the lower Proterozoic era.

II. The Types of Deposits of Uranium and the Characteristics of Geological Mineralization

At present, the known types of deposits of uranium in our nation are mainly granite, volcanic rock, sandstone (including kolm), carbonaceous-siliceous mudstone, uranium containing phosphorous rock, iron containing quartzite, quartzite, Skarns, chorismite and weathered sedentary type. The first four types are the main ones. Their characteristics of geological mineralization are as follows:

1. Granite type. The deposits of uranium in granite are our nation's most important type of uranium ore. The bodies of granite-containing uranium are widely distributed in our nation and there are many types of mineralization, mainly microgranular quartz (or chalcedony type), alkaline substitutes, fluorspar type, and clay type. The main characteristics of the bodies of granite that produce uranium are the following: The rock body contains a lot of uranium, generally reaching 10 to 40 ppm. It contains crystalline uranium ore. The rate of precipitation of uranium is high, and the thorium/uranium ratio is less than 1. The geological periods of the rock bodies producing uranium are both old and new, but the main period is the rock body of the Yanshan period. The geological periods of the uranium-producing rock bodies possess only regional significance. The area of stripped rock is generally larger than 100 to 200 square kilometers and some may reach over 1,000 square kilometers. Autometamorphism of the rock body is more developed. Mineralization of uranium is controlled by rift tectonics, and the deposits (regions) are frequently produced in the region sandwiched between two large regional rift zones of quartz. Mineralization of uranium is deposited in low order and low grade rift tectonics.

Hydrothermal alteration is visible. Alteration in front of the deposits is mainly albitization and the formation of hydromica. Hydrothermal alteration during the period of mineralization is mainly characterized by the formation of anhydroferrite, fluorspar, pyrite, silicification and clay grouting. The composition of the ore and minerals is simple. Pitchblende is the main uranium ore. There are less veinstone minerals, mainly microgranular quartz, and there are few associated elements, generally not possessing any value for comprehensive utilization. There is a relatively large time difference between the age of formation of uranium ore and the age of the primary ore rock. The formation of uranium ore in the rock bodies of different geological periods has a strong simultaneity. The age of mineralization of uranium ore in granite of Southern China is generally less than 100 million years, equivalent to the period of formation of the Cretaceous-Tertiary red basin. The

deposits of uranium possessing the characteristics of ore rocks on the outskirts of the rock body are mostly slight metamorphic ore and argillaceous rock of the pre-Devonian period. Their horizontal distance from the rock body is generally less than a few hundred meters.

2. Volcanic rock type. Volcanic rock deposits of uranium are mainly distributed in our nation's eastern regions. Their characteristics are as follows: The geological periods of the volcanic rocks containing uranium are the Permian, the Jurassic, and the Cretaceous. The Jurassic is the main period. Uranium mineralization has also been discovered in metamorphic volcanic rocks of the pre-Sinian period. The main regional geological background for mineralization is the Caledonian fold in Southern China, the Hercynian fold of the Northeast and the Northwest and the activated region on the edges of the North China platform. The lithological character produced is mainly medium acidic lava and volcanic clasolite, and deposits of uranium have also been discovered in secondary volcanic rocks, psephyte of hidden explosions in the main conduit of the volcano, breccia and alkaline lava. Mineralization is controlled jointly by the strata and tectonics. The Neocathaysian tectonic in Southern China is an important tectonic that controls mineralization. It trails and forms composite tectonics with the rift tectonics at the base of the basin and volcanic tectonics. It is a favorable position for minerogenesis. Mineralization is controlled by many types of boundary faces. The occurrences of mineralization in the ore body are complex, and they are manifested in many forms and in many places. The hydrothermal alteration is similar to that in granite. During the early period, hydrothermal alteration was mainly albitization and the formation of hydromica and dickite. They are important indicators for prospecting. The associated elements are complex, and they are frequently associated with such elements as molybdenum, silver, lead, zinc, phosphorus and thorium. Some elements are of a grade suitable for comprehensive utilization. The age of mineralization is generally between 140 million and 100 million years, and some individual mineralized deposits are less than 100 million years old. The time difference is less than that of granite type deposits.

3. Sandstone type (including kolm type). Our nation's sandstone type deposits of uranium and those of the kolm type are mainly produced in the basin of the meso-Cenozoic era. The sandstone type is produced in the red clasolite formation and the kolm type is produced in the dark colored clasolite formation. Their characteristics are as follows: Mineralization of the red clasolite formation is deposited primarily in the strata of the Cretaceous and the early Tertiary and secondarily in the Jurassic period. Dark fragmental uranium formation is found primarily in the middle epochs of the Jurassic period and the late Tertiary period, and secondarily in the early Tertiary period and the later epochs of the Jurassic period. Such formation contains ore rock characteristics while the deposits of uranium in the red clasolite formation are mostly produced in feldspar-quartz sandstone, granitic sandstone, sandy

psephyte, psephyte, aleuvite and mudstone. Uranium deposits in the dark clasolite formation are mainly produced in the poor quality coal seam and rich coal seam containing clasolite. At the same time, they are also produced in sandstone and sandy psephyte. The ore body is bedded, quasi-bedded and irregular and it is produced in a multilayered structure. The red clasolite formation generally has singular deposits of uranium and material composition is simple. The dark clasolite formation contains selenium and germanium and can form uranium-selenium deposits and uranium-germanium deposits. These are caused by a concentration of sedimentary rock formations and by reformation and concentration of uranium of the hypergene stage. The latter frequently serves an important function in the formation and concentration of deposits.

4. Carbonaceous-siliceous mudstone type. Its characteristics are as follows: It contains many mineral horizons deposited in the geostrata of the Sinian-Cambrian, the Silurian, the Devonian, and Carboniferous and the Permian period. The regional geological background producing it is mainly the surroundings of ancient upwarping of the Caledonian fold in Southern China and its depressions and the depressions in the Caledonian fold in southern Qinling. The ore rocks are characterized mostly by transitional rocks of carbonatite, siliceous rocks and mudstone. Mineralization is produced in favorable strata. It is controlled by the fragmented zones between the strata or shear tectonics and crevasses. The shape of the ore body is generally simple, mainly of the conformity type and manifests a quasi-bedded shape, lens shape and irregular shape. The material composition of the ore varies in the degree of complexity and it is frequently associated with mercury, phosphorus, lead, zinc, copper, nickel, molybdenum and yttrium. It can form uranium-mercury deposits, uranium-phosphorus deposits and multiple metal-uranium deposits. The hydrothermal alteration is very weak. Formation is mostly complex. Superposition and reformation have served importantly in concentrating mineralization. The age of mineralization is between 120 to 20 million years. The older the period of the rock strata, the greater the time difference.

The time of formation of the four major types of uranium deposits in Southern China shows an obvious simultaneity, mainly the upper Jurassic-early Tertiary, and it is especially concentrated in the upper Cretaceous-early Tertiary. Whether mineralization of uranium in the uranium-containing strata occurred in the Sinian-Cambrian period, the Devonian-Carboniferous-Permian period or the granite body of different geological periods, or in the volcanic rock and red sandstone of the Jurassic-Cretaceous period, the period of ore formation was always in the upper Jurassic and the early Tertiary. This shows that mineralization of uranium and the primary ore-containing rock have a relatively large time difference. The older the period the greater the time difference. For example, the geological period of the formation of the granite body during the peak neve period is 760 million years, while the age of mineralization of uranium is 46 million years. The rock bodies of the Caledonian Period, the Hercynian period, the Indochina period and the early Yanshan period all have an

age of mineralization less than 100 million years. The period of ore formation of granite in Southern China is generally divided into three periods: 87 million years, 67 million years and 47 million years. The period of ore formation of the carbonaceous-siliceous mudstone type and the period of ore formation of the granite type show a similar situation. The geological period of the ore-containing stratum of the geostrata of the Sinian-Cambrian period is 720 million years to 570 million years, while the age of mineralization of uranium is 23 million years to 120 million years. The ages of mineralization in the Permian-Carboniferous-Devonian period are generally all less than 100 million years. The age of mineralization of volcanic rock of the Jurassic period is from 140 million years to 100 million years, and the time difference of the ore rocks is less. The age of mineralization of uranium in sandstone of the Mesozoic era and the Cenozoic era and in kolm is also only several dozen million years. The above information fully shows that the time of mineralization of uranium in Southern China and the time of formation of the geostrata of the Cretaceous-Tertiary are generally the same. The spatial distribution of uranium deposits and that of the red basin are also in harmony, almost produced in association. The formation of mineralization of uranium is slightly later than the red strata. In summary, the mineralization of uranium may be due to the activation and concentration of uranium in rocks rich in uranium above the crust. The Cretaceous-Tertiary climate was hot and dry. Disintegration due to weathering on the continent was very developed. The atmosphere contained a relatively abundant amount of free oxygen. In addition, violent activity of downthrown fault tectonics was favorable to oxidation, transportation and reconcentration of uranium. The uranium deposits of the volcanic rock type may also be related to hydrothermal activity of the deep parts of the crust because of the relatively small time difference in the ore rocks. Besides the above periods of ore formation, there are data and information on two other periods. Whether they represent two other periods of ore formation or not cannot be determined yet because of insufficient information. The ages of the isotopes in quartzite, biotite quartz-schist and chorismite of the Liaohe period of the lower Proterozoic era in our nation's Northeast are 1.919 billion years and 2.177 billion years. The age of mineralization of uranium is 1.898 billion years. The mineralization of uranium is related to the formation of chorismite and this is our nation's oldest mineralization of uranium. The age of mineralization of uranium in a certain granite body in Southern China is 375 million years. The age of mineralization of uranium of the alkaline transformation era in the Northwest is 350 million years to 410 million years. The ages of mineralization of uranium in the two regions described above may possibly reflect another period of uranium ore formation in our nation.

The distribution and formation of mineralization of uranium in Southern China are closely related to the red stratum. This characteristic is similar to the conditions of uranium ore formation of some areas of such ore in foreign nations. For example, the granite body producing uranium in France is of the

Carboniferous period (300 million years-315 million years), while the age of mineralization of uranium is 240 million years to 270 million years, equivalent to the time of formation of the red strata of the Saxonian continential facies and the period of downthrown faulting of the Hercynian Range. Also for example, in the nonconformity vein type of northern Australia, mineralization was produced in carbonatite sandwiched between the carbonaceous and pelitic formations of the Cassiar period of the early Proterozoic era. The age of the geostrata is 1.7 to 2.4 billion years. The overlying cap of the ore-containing layer contains red sandstone of the continental facies of the Carpentaria period of the mid-Proterozoic era. The age of mineralization of uranium is 1.6 billion years to 500 million years. The mineralization of uranium occurred much later than the primary rock. The condition of ore formation of the nonconformity vein type of the Athabasca Basin in Canada is basically similar to that in Australia.

III. Comparison of the Types of Uranium Deposits in Our Nation and the World's Major Types of Uranium Deposits

A comparison of the types of uranium deposits discovered in our nation and the world's major types of uranium deposits shows that there are many similarities, but there are also great differences. Because of different regional geological conditions and the different geological conditions of formation of uranium ores, we should differentiate between the different types discovered in different regions of various nations. In the following, the types of uranium deposits in our nation are compared to the world's major types in three aspects.

1. Comparison of the Types of Deposits

The greatest characteristic of the types of uranium deposits in our nation is that the deposits are hydrothermal vein types of mainly granite and volcanic rock, while the world's major types of uranium deposits are sandstone, quartz-gravel-psephyte, nonconformity veins, porphyritic uranium ore (i.e., anatexis), calcrete, ferruginous quartzite (ferro-uranium), copper-uranium and uranium-containing limestone. The primary ore-containing rock of the types described above is mainly metamorphic rock of the pre-Cambrian period. Its reserves constitute over 60 percent of the total reserves of uranium ore in the world. There are many types of mineralization. They frequently form large uranium deposits. Quartz-gravel-psephyte, nonconformity veins, porphyritic uranium ore and copper-uranium ore, which constitute a large percentage of the reserves have not been found in our nation. At the beginning of the 1970's, Australia discovered the calcrete type, but we have not yet studied this type. Although the sandstone type (including the kolm type) has been discovered, progress is not rapid. It can be seen from the comparison of the types of deposits that the types discovered in our nation so far are not sufficient. The scope of prospecting is not broad enough. In particular, few deposits in

the geostrata of the pre-Cambrian period, which contains massive uranium deposits, have been found in our nation, and this is worth our conscientious study and attention.

2. Comparison of Uranium-Containing Strata

The general characteristic of the geological periods of our nation's uranium-containing strata is an abundance of new geostrata and a scarcity of old geostrata. Our nation's oldest uranium-containing stratum is the ferruginous quartzite of the Anshan epoch of the Archaean period. Above it are the strata of quartzite of the Langzishan formation of the Liaohe period of the lower Proterozoic, quartzite of the early part of the Sinian epoch, carbonaceous-siliceous mudstone of the Sinian-Cambrian period, siliceous limestone of the Bailongjiang epoch of the Silurian period, Sipai formation of the Devonian period, limestone-mudstone-sandy shell rocks of the Yujiang formation, the Yingtang formation and the Liujiang formation, limestone of the Zimenqiao formation and the Shichengzi formation of the Carboniferous period, siliceous rock of the Dangchong formation of the Permian period, sandstone of the Triassic period, kolm and sandstone of the middle and early epochs of the Jurassic period, volcanic rock and volcanic sedimentary rock of the upper epochs of the Jurassic period, sandstone and kolm of the upper and lower Cretaceous period and the new and old Tertiary period. Among them, the strata of the Sinian-Cambrian periods and the mid-Cenozoic era are the most important.

Compared to the uranium-containing strata of the world, there is a definite difference. There are many uranium-containing strata in the world, but they are mostly concentrated within three geological periods: the first is the geostrata of the pre-Cambrian period, the second is the geostrata of the middle and upper Palaeozoic era, and the third is the geostrata of the mid-Cenozoic era. The uranium-containing strata deposited in the pre-Cambrian period are the quartz-gravel-psephyte strata of the Witwatersrand period (South Africa) and the (Aphibia) period (Canada) of the lower Proterozoic era in South Africa and Canada. The ore-containing strata of the nonconformity type in Australia and Canada are the Cassiar epoch and the (Aphibia) period of the lower Proterozoic era. The uranium-containing stratum of the sandstone type in Gabon is also in the geostrata of the Proterozoic era. Ferruginous quartz of the Soviet Union is also in the lower Proterozoic basin above the ancient shield. The middle and upper Proterozoic era also contains many uranium-containing strata. The main uranium-containing strata of the middle and upper Palaeozoic era are the sandstone of the Permian period in Europe and the sandstone of the Carboniferous period in Africa. The mid-Cenozoic uranium-containing stratum is the uranium-containing sandstone of the Triassic-Tertiary periods. The most recent geological period is that of calcrete produced in old river channels.

3. Comparison of the Periods of Formation of Uranium Ore

The periods of formation of uranium ore in our nation are mainly the upper Cretaceous-early Tertiary, while the period of formation of uranium ore of uranium deposits in the world, according to incomplete statistics, can generally be divided into five major periods of ore formation: lower Proterozoic, middle and upper Proterozoic, early Palaeozoic, late Palaeozoic and mid-Cenozoic. The ages of mineralization of uranium in the quartz-gravel-psephyte of the lower Proterozoic era are 2.25 billion years and 2.61 billion years. The maximum is 3.04 billion years, the oldest age of mineralization. The age of mineralization of uranium in Erian calcrete in Australia is only 27 million years, the youngest age of mineralization. Some uranium deposits are characterized by multiple-stage ore formation. For example, uranium deposits of the nonconformity vein type in Australia and Canada underwent a multiple-stage ore formation because of a long period of geological evolution and because of the effects of many kinds of geological factors, superposition and reformation. The period of formation of uranium ore is related to the evolution of the crust. The study of the period of formation of uranium ore in our nation must start out from the history of the evolution of the crust, and its genesis, development and laws of evolution must be studied. Special attention must be paid to the major geological events in the formation of uranium ore because they have great significance in guiding prospecting.

It can be clearly seen from the above comparison that the basic characteristics of the types of uranium deposits in our nation, the geological characteristics, the characterization of mineralization and the patterns of distribution have similarities with foreign uranium deposits and also great differences. Starting out from our nation's actual situation, future prospecting work should pay attention to problems in these two aspects: One is that in prospecting work to further enlarge the known metallogenetic types, we must mainly strengthen the study of the regional geological background and the characteristics and patterns of distribution of ore formation. We must utilize metallogeny and metallogenetic models to guide prospecting in order to discover more uranium deposits. The second is that we must actively seek new types. We must emphasize the search for those uranium deposits that have a large reserve and rich grades. We must grasp the "old" and "new" geological periods. The "old" means the metamorphic rock of the pre-Cambrian periods. We must break away from prospecting old geostrata. These are important topics with strategic significance. Grasping the "new" means prospecting the geostrata of the mid-Cenozoic. In exploring new types we must enhance the comparison with foreign uranium deposits and study their regional geological background and geological conditions of formation. We must select favorable regions with similar geological conditions for prospecting. When making comparisons, we must emphasize the study of key geological factors. We must make sure not to impose fixed limitations. We must start out from the actual situation in

our nation. We must study the common characteristics and we must pay attention to the unique characteristics. Our nation is extensive and the geological conditions are very complex. It has the geological conditions to form many types of uranium deposits. In addition, the intensity of general surveys and studies in some regions is far from sufficient, so the question of exploring new types should be given our utmost attention. We should discover more resources of uranium ore by expanding the known metallogenetic types and by exploring new types to make greater contributions toward building the "four modernizations."

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MINERAL RESOURCES

YUNNAN CONVENES TIN INDUSTRY CONFERENCE

Kunming YUNNAN RIBAO in Chinese 25 Apr 82 p 1

[Article: "National Tin Industry Scientific and Technological Working Conference Held in Yunnan Stresses Organizing Forces in a Concerted Attack on Key Problems With Science and Technology Leading the Way in Vigorous Development of the Tin Industry"]

[Text] The first national tin industry scientific and technological working conference, which was held at Geyang in Xidu on 20 April, proposed that the scientific and technological forces of factories and mines and of scientific research units be organized to develop large-scale socialist cooperation and to carry out a concerted attack on key problems extending across sectors and regions so that the nation's tin industry can be vigorously developed.

Vice-premier Fang Yi [2455 3015] of the State Council attended the conference and also presented an important address.

This conference, which was held under the joint auspicies of the State Scientific and Technological Commission, the Ministry of Metallurgical Industry and the State Nonferrous Metals Bureau, pointed out that tin is one of the nation's major metal resources with volume of production and reserves in top place in the world. Tin is of very high economic value and occupies an important position in industrial production, the people's livelihood and in national defence and war industries. It is also one of our nation's traditional export goods. Since the establishment of the People's Republic of China, production in our nation's tin industry has changed from the primitive, backward mode of production handed down by the old society in which human labor and horses were used and in which indigenous methods and selective smelting were used. The scientific and technical personnel and workers on the front lines of the tin industry have in the course of long practice worked out a number of production techniques suited to the characteristics of our nation's resources so that tin smelting yields have been stabilized at a comparatively high level under conditions of complex concentrate constituents and lowering of quality. This has resulted in the quality of refined tin having achieved a reputation that has made it exempt from commercial inspection. However, insufficient knowledge about the laws and characteristics of development of the tin industry together with the 10 years of disruption and errors in work has resulted in a shortage of reserve ores in production mines and in a massive loss of production capacity. Because newly

established mines have not solved a number of important technological questions, they have not been able to make up for the loss in productive capacity. Selection and smelting yields have been low. There has been severe waste of resources. There has been excessive domestic consumption of tin and there have been mistakes in the utilization of yields. All these have resulted in large decreases in the volume of tin production and sharp decreases in volume of exports. Thus, we have been far from being able to meet the demands of expansion of production.

Science and technology must take the lead in the vigorous expansion of the tin industry. For this purpose, representatives and a number of well-known specialists from 107 units throughout the nation involved in the tin industry including production units, capital construction units, scientific research units, design units and universities and colleges, assembled at the Yunxi Company, which is the largest tin-producing base in the nation, to study how to apply science and technology in changing the passive state of the tin industry and to discuss how to transform the natural dominant position of tin into an industrial and economic dominant position. At the conference, the participants also exchanged views with members of the scientific research departments in the same fields from the Yunxi Company and other enterprises on conditions of cooperation in expanding scientific research activity. They also discussed and drew up a plan for the scientific and technological development of the tin industry during the "liuwu" [possibly, Sixth Five-Year Plan] period.

At the conference, emphatic stress was laid on the point that during the coming period the focal point of scientific and technological work must lie in intensifying geological work and mining technology for underground mines, in raising the selective smelting yield of tin, in changing the product structure and consumption structure of tin, in doing research on tin substitutes and on recovery and regeneration work and in developing scientific research work on comprehensive utilization of tin resources and environmental protection. Of these we must intensify geological prospecting in the Geyang and Dianxicheng ore zones of this province as well as scientific research work on developing engineering and mining methods and on comprehensive utilization of tin resources at the old Yunxi plant. Centering on the aforementioned key points, we must work out appropriate arrangements for research on these matters, for the key points that must be attacked and for matters of application and popularization. We must establish responsible units and personnel and organize the forces of factories, mines and other enterprises, of research units and of concerned units in institutions of higher learning and in the Chinese Academy of Sciences to put socialist division or labor and large-scale cooperation into practice to make a concerted attack on key problems. In respect to key points, we must strengthen management and make periodic inspections in order to get a firm grasp on conditions and to realize the requirement proposed for the nonferrous metal industry by the State Council of "making accomplishments within ten years."

Zhao Zengyi [6392 1073 4135], the deputy secretary of the Provincial CCP Committee, attended the conference and asked that Party and government departments at all levels work closely in coordication with each other in supporting and assisting the concerted scientific and technological attack on key problems and in working together to contribute to vigorous development of the tin industry.

10019
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BRIEFS

NEI MONGGOL MINE RESOURCES--In the past 3 years, Nei Monggol region's geological front has scored achievements in prospecting for resources of energy, nonferrous metals and nonmetal minerals. Being rich in mineral resources, Nei Monggol region has exceptional advantages to exploit mineral resources. Of the 140 varieties of proven minerals in the world, 100 varieties can be found in the region. Reserves of over 70 varieties have already been proven and their reserves account for over 50 percent of their kinds present in China. Reserves of aluminium, rare-earth metals and agate rank first in our country. Furthermore, the reserves of rare-earth metals surpass the total in the world. Proven reserves of coal in the region have reached 190 billion tons and its prospective reserves are 1,000 billion tons, ranking second in China. To date, over 50 large and medium-sized mines have been exploited and utilized. [SK181053 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 17 Aug 82]

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INDUSTRY

BENEFIT OF S&T DEVELOPMENT FOR INDUSTRIAL PRODUCTION NOTED

Tianjin KEXUE XUE YU KEXUE JISHU GUANLI [SCIENOLOGY AND MANAGEMENT OF S&T] No 1, 1982 p 21-23

[Article by Chou Jinquan [0092 6855 3123], Chen Zhonghao [7115 0022 3185], Gu Wenxing [7357 2429 5281], and Shi Yangjun [2457 1135 6874] of the Science Commission, Shanghai: "Trial Analysis of Relationship Between Economic Benefits of Shanghai Industrial Production and the Development of Science and Technology"]

[Text] Science and technology are the crystallization of human intelligence resulting from a long period of social activity. They are also a kind of material force for people's understanding of nature, command of its laws, and their reconstruction of the world. An inseparable internal relationship exists between science and technology and economic and social development. They are mutually dependent and mutually promoting. The relationship between science and technology and economics has become even closer today. The dependency of economic development on science and technology has become even stronger. Science and technology have become a basic factor in increasing production, developing products, improving quality, lowering costs, reducing consumption, and developing new industries.

I. Since the founding of the People's Republic, Shanghai has paid attention to demonstrating the effects of science and technology in production construction. Gratifying results have been achieved, especially since the crushing of the "gang of four." A number of accomplishments have been achieved and relatively large economic benefits have been realized. Events have shown that scientific and technological developments have effectively promoted the development of our national economy. Greater economic benefit can only be achieved if science and technology are closely united with production construction.

The better results of Shanghai's industrial production are reflected mainly in the following areas:

1. Greater wealth has been created by a relatively small amount of manpower, funds, and materials. Based on 1980 statistics, the number of Shanghai's industrial workers, the original value of fixed assets, the net worth, and

the fixed circulating fund were respectively 4.28 percent, 5.09 percent, 4.6 percent, and 8.1 percent of the national totals. However, the gross industrial value of production, profits and taxes created, and exports were respectively 12.5 percent, 18.4 percent and 23.3 percent of the national totals. Industrial products shipped to other regions of the country accounted for about 45 percent of the total volume of such shipments between all regions. Thus, a relatively small labor force (consumption) realized relatively large useful results.

2. Major economic indicators are relatively advanced. In 1980, the production value per 100 yuan of original value of fixed assets, profits per 100 yuan of original value of fixed assets, taxes and profits per 100 yuan of funding, and profits per 100 yuan of production value were, respectively, 180 percent, 280 percent, 220 percent, and 45.7 percent higher than the national figures. The cash flow for every 100 yuan of industrial production value was roughly 44 percent lower than the national average. On the other hand, the turnaround of cash flow was 43 days faster than the national figure. In nudging the superior quality industrial products of the country in 1980, Shanghai received a total of 37 gold and silver awards, representing one-eighth of the total number of products receiving awards in the country. The labor productivity of industrial enterprises with ownership by the entire people was about 1.9 times higher than the national figure.

3. Large volumes of advanced technology and crucial equipment have been provided to the state. Large numbers of technical personnel and management personnel have been trained and transferred to other areas. And rich experiences in production and construction have been accumulated. The results of industrial production in Shanghai have been relatively good, and this is reflected not only in quantity and quality but also in the many new technologies created and invented, filling the voids in the country's industrial construction.

The relatively good economic results of Shanghai's industrial production are not separable from the support provided by the various provinces and municipalities in the country and the hard work of the staff members and workers of the entire municipality. In addition to the various other factors, we believe that there are two important reasons.

First, greater attention has been given to demonstrating the effects of science and technology in economic development. Shanghai has a stronger scientific research force. It has a large group of scientific and technical personnel and also an army of technically trained industrial workers. The scientific research units and the production departments join together to emphasize the use of research and to develop research. Of the capital construction investments in the municipality in the last 32 years, over 60 percent have been used in projects involving the adoption of new technology and the technical reconstruction of existing enterprises. With the improvement of the standards of technical equipment, a series of new changes have taken place in the wide application of new technology and new techniques and in the types and quality of products. In the metallurgical industry, the

types of steel have increased from 2 to over 1,300 since the beginning of liberation, and the number of specifications for steel materials has increased from 40 to over 22,000. The types of nonferrous metals have increased from 6 to 1,200. Products of the chemical industry have increased from 86 to over 22,000. The machinery industry has developed from repairing to manufacturing and from single items of equipment to complete sets of equipment. In terms of products, there are now 100 large categories and over 18,000 types. The level of large complete sets of equipment reaches 80 percent. An electronics industry, which did not exist at all previously, has now been developed and the items of equipment and parts now total more than 4,000. The light and textiles industries have developed continuously in the high and medium grade levels. More than 30,000 new products and new designs are now produced each year.

Second, greater attention has been given to the strengthening of scientific management. Scientific management in Shanghai has developed through exploration. Currently, the principal forms of this development are: (1) Production organizations have been adjusted to speed up the development of productive forces. For example, the Shanghai Clock and Watch Company originally had four wristwatch plants. All four plants produced mechanical wristwatches with duplication of products. Based on the standardized movement, the company organized its five groups of watches, including ladies watches, digital quartz electronic watches, indicator type electronic watches, and Diamond make mechanical wristwatches, for production in seven specialized wristwatch plants. At the same time, it equipped some small plants to specially produce watch cases and watch faces. Because of this specialization and division of labor and cooperative production, the development has been very rapid. In the past 4 years, the average yearly production has gone up by 1 million watches. (2) The management of individual indicators (consumption, cost, etc) of key enterprises has been strengthened. For example, management by quota was implemented for Shanghai's large industrial consumers of the principal energy resources--electricity, fuel oil, coal, petroleum products, and coal gas--and water. However, either a definite understanding is still lacking or experimentation has just begun in quality management, management of comprehensive periphery departments, and behavioral science management. Currently, the industry and communication production departments are pushing the implementation of the economic responsibility system. This is an important element for the strengthening of enterprise reorganization and for the improvement of management standards. In this area, summarization of experience and gradual improvement are still needed.

II. The maintenance of a definite rate of increase in Shanghai's industrial production during the period of readjustment is a problem that must be vigorously resolved. We believe that one extremely important way is to fully demonstrate the effects of the science and technological factors, expedite the promotion of results of applied research, and strengthen the technical reconstruction of existing plant enterprises. For this purpose, the following policy measures must be conscientiously studied:

1. Simultaneous With the Readjustment of the Economic Structures, Continue to Properly Carry Out the Readjustment And Reform of Shanghai's Scientific Research Organizations

Looking at Shanghai vertically, a rational system of linking still does not exist between basic research, applied research, and developmental research. The phenomenon of ratio imbalance has not been notably changed. Looking at it horizontally, cooperation and coordination are still rather weak between the national defense system, the Academy of Science, various industry ministries, the higher education system and the local area. To correct this unbalanced and irrational situation which has existed over a long period of time, the readjustment of scientific research organizations should be accelerated based on the requirements for Shanghai's economic readjustment and development and city and municipality reconstruction and construction. Planned, step-by-step cooperative study, adopting organizational and economic measures, should be carried out by stationing research personnel from the Academy of Science, national defense, and higher education systems and their holding concurrent positions in the local industrial production and research departments. Or, this cooperative study may be carried out by transferring these personnel to work in the local industrial departments. Investment of funds should be used to vigorously support scientific and technological research and basic scientific and technical work. Personnel engaged in applied science and technology research should be encouraged to seek out subjects in production for study in order to make greater contributions to the solution of key problems in economic construction and thus better serve our social and economic development.

2. Surrounding the Word "Use" of Scientific and Technological Results, Establish and Thoroughly Carry Out Related Economic Policies

Since 1978, over 2,000 important scientific research results have been achieved on the various battle fronts of Shanghai. Except for a small number already used in actual production which have entered the commercial stage, a significant portion of these results are still in the "gift, sample, and display product" stage. In 1980 the Shanghai People's Government allocated special funds as a subsidy to promote application of over 60 scientific and technological results. Some of these results were established in production in that year, and relatively notable economic benefits have been achieved. It is estimated that actual benefits several times the investment will be realized this year. This experience shows that the word "use" is valuable in scientific and technological results. Only by adopting suitable measures to encourage the application of these results can economic and social effects be produced.

The various science and technology economic cooperation exchange conferences tried in Zhejiang, Tianjin, Wuhan, and Shanghai and their technical market reports are good means for the mutual exchange of information between production departments and scientific research units and for the speeding up of the promotion of application of scientific and technological results. At present, economic policy problems are the more acute problems. Many difficult problems are regularly encountered in actual work. A significant portion of the plants do not have sufficient motivation for technical innovation and the application of scientific research results. This type of problem must be solved in order to widen even more the channel for the application and promotion of scientific and technological results. Appropriate readjustments

must be made in the policies of finance, investment, pricing, taxation, credit, foreign trade, and reward.

According to estimates made by some comrades, if efforts are made and the scientific and technological results existing in Shanghai but not yet used are applied to industrial production and economic construction, they will create each year material wealth for the state amounting to 1 billion yuan. How to accomplish this is something we must study conscientiously.

3. Achieve Technology Transfer In and Out and Vigorously Promote Interprovincial and Intramunicipality Scientific Research and Production Alliance

Since last year, a group of alliances of this type have appeared. A preliminary summary shows that they are primarily in nine forms: (1) research institutes operated by plants; (2) plants operated by research institutes; (3) plants and institutes united to develop products and markets during readjustment; (4) operation of research institutes as technical development centers for specialized companies; (5) economic alliance for comprehensive resources utilization in which a research institute is a member; (6) long-range cooperation between research organizations, universities and specialized institutions, and plants directed to selected subjects and the goal of application of results; (7) extensive practice of unification of technology and knowledge within and outside the municipality aimed at transfer of results; and (9) cooperative digestion and absorption of imported technology and joint creation of new and suitable technology. [(8) is missing in original text.] Actual practice has proven that the scientific research and production alliance is an effective form of organization to realize technology transfer from the laboratory to the plant and push forward production development. It must be vigorously promoted.

The development of scientific research and production alliances should also be promoted across provinces and municipalities. The transfer of knowledge and technology to sister regions by Shanghai and the practice of alliance between scientific research and production represent the propagation of strengths and avoidance of weaknesses and the road to develop superiority. In this manner, new production capabilities can be created by using less investment or not using any investment at all, and new wealth is created for the state. All parties to the alliance will be greatly benefited.

The extensive practice of scientific research and production alliance within and outside the municipality will necessarily increase the rate of creating foreign exchange by existing export products. At the same time, it will also necessarily create new technology and products for export, which will break into the international technology and product markets. To reach this goal, in addition to forming alliances between regions and between scientific research and plant enterprises and foreign trade departments, important reforms must also be carried out in foreign trade systems and policies, and the motivation of the scientific research units must be further encouraged so that many mature technology-concentrated products will enter the international markets.

(Edited by Shen Zongqi [3476 1350 3825])
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INDUSTRY

ECONOMIC METHODS IN MANAGING INDUSTRIAL RESEARCH ANALYZED

Tianjin KEXUE XUE YU KEXUE JISHU GUANLI [SCIENOLOGY AND MANAGEMENT OF S&T] in Chinese No 1, 1982 pp 23-25

[Article by Wang Cailiang [3769 2088 5328] of the Department of Science and Technology, Ministry of Petroleum: "A Number of Problems in Managing Industrial Research With Economic Methods"]

[Text] Various economic laws must be followed in order to operate socialist enterprises properly. Similarly, socialist economic laws must also be followed in order to operate socialist research units properly.

According to Stalin's definition, the basic economic law of socialism is to use methods to continuously expand and perfect socialist production on the foundation of a high level of technology in order to guarantee the material and cultural requirements of satisfying to a maximum degree the constant growth of the entire society. It points out the objectives and basic means for socialist production. At the same time, it also points out the basic task of science and technology research. This is to provide the most advanced and most suitable technology for the national economy in order to guarantee the continuous growth and improvement of socialist production and directly or indirectly to satisfy the material and cultural requirements for the constant growth of society. This requires that research units maintain a close relationship with production, provide production with scientific and technologicl results which are technically advanced and economically rational, and assure that these results are applied to production as rapidly as possible and are transformed into productive forces. It also means that particular attention to technical and economic results, improvement of the quantity and quality of scientific research results, and the shortening of scientific research cycles is required.

The laws of planned proportionate development require that the socialist economy develop on a coordinated and planned basis with a certain suitable proportion. The development of science and technology, the development of scientific research personnel, the establishment of scientific research institutions, and the scientific research budget outlays must be appropriate to the development of production construction. A definite proportion must be maintained between basic research, applied research, and developmental

research. An appropriate ratio should also exist between scientific research, technical, management, and supporting personnel. In the determination of scientific research projects, consideration should also be given to deciding between long range and short term, between strategic and tactical, assigning priorities and paying attention to cooperation and supplementation, so that scientific research results are easily adopted in production.

Socialist economics is also commercial product economics. It should be constrained in the same manner by the laws of value. Scientific research must also be commercialized and socialized. A contract between scientific research and economics should be developed. Results should be transferred with compensation. Technical services should be rewarded. The principles of mutual support and mutual benefit should be followed to speed up the development of science and technology and to speed up the blossoming of scientific and technological accomplishments in production.

Socialist economics must follow the principle of material benefit. The authority of scientific research units for self-determination should also gradually be expanded. The economic benefits of the state, the unit, and the staff members and workers should all be given consideration, so that the large number of staff members and workers will be more concerned with the development of the collective research capabilities and will produce more accomplishments.

Production relations must be appropriate to the levels of development of the productive forces. This is the common law of all societies. The scientific research work in modern industrial departments represents the most advanced productive force. The practice of small productive economies of "not asking for help in ten thousand things," "large and totally self-reliant," and "small and totally self-reliant" must be broken. The development should be in the direction of specialization and socialization.

In summary, socialist scientific research work must follow the requirements of socialist economics in order to develop smoothly and to achieve a greater effect in socialist economic construction. To do the opposite would be to incur penalties and setbacks.

Under the initiative of the State Scientific and Technological Commission, since 1978 the areas of Sichuan, Shanghai, and Beijing and organizations of the Academy of Science have operated experimental centers at their research institutes for the management of scientific research with economic methods and expanded authority for self-determination. While guaranteeing the completion of the various scientific research tasks assigned by the state, these experimental center units have the authority to accept various contractual scientific research tasks entrusted by related units based on the needs of production construction and the market. They have the authority to practice transfer of results with compensation and a payment system for various types of service work. Since last year, based on regulations prescribed by the Ministry of Finance, the scientific research units of various ministry commissions under the State Council have been

testing the methods of "budgetary" contract and retention of savings in expenditures. Funds retained from increased income and savings are used to establish scientific research development funds and welfare and award funds. This has begun to change the past practice of simply relying on administrative methods to manage scientific research, and notable results have been achieved.

A number of problems are worth noting in the practice of the experimental centers where authority has been expanded.

1. Relationship Between Scientific Research Units and the State

In using economic methods to manage scientific research, the income of the scientific research unit and the material benefits of its staff members and workers are linked, and this can easily lead to two erroneous tendencies. First, there is the tendency to concentrate the primary energy and interest on tasks which are directly linked to plant enterprises and produce greater income and to show no interest in tasks assigned from the top level, and these latter tasks are therefore not actively completed. Second, concern is directed to subjects of concrete production technolgoy which can produce results within a short period of time and which provide immediate profits. No interest is shown for long-term, strategic, and basic research.

In this connection, we must first clearly understand that we are a socialist planned economy and our values must be constrained by the state plan. The scientific research tasks must be regulated primarily by the plan, and the completion of scientific research tasks under the plan must be guaranteed. If tasks under the plan are not properly completed, the higher controlling department may stop the unit involved from taking welfare and reward funds. Second, the higher controlling departments must improve their management of the scientific research plans, overcome bureaucracy, and make sure that the planned tasks are in line with practical conditions. If a directed task exceeds the capability of the scientific research unit or if it does not appear feasible as a result of evaluation, the research unit may request changes. Third, the use of the law of values should be united with the principles of material benefits, so that a relationship is created between projects under the plan and the material benefits of the research personnel. For instance, the trial use of contracting tasks may be considered, using the practices of rewards for completion and percentage retention of savings. Fourth, the use of the law of values must follow the requirements of the laws of science. Whether it is a project under the state plan or a project established by the academy (institute) itself, all projects should be coordinated and arranged as a whole, with consideration for both the long range and the immediate. Projects of long range, strategic, and basic natures should be planned appropriately. Adequate technical reserves should be guaranteed, and scientific and technical levels should be continuously improved.

2. Relationship Between Scientific Research Units and Related Enterprises and Sister Research Units

The practice of payment for technical services and transfer of results with compensation must first emphasize the principle of mutual benefit. The enterprise must receive greater actual benefit. Second, the operating style of the scientific research unit must be improved and both the quality of technical service and of research results should be raised, so that the research unit will have a greater attractive force. Third, the principle of "small profit and large sales" must be insisted upon. In the near term, compensation should be low and not high. The percentage division of profits should be small and not high. The type of "transaction with one beat of the gong" should definitely not be practised.

The transfer and application of results concern the vital interests of the research unit and its staff and workers. No one wants to have his own initial results and technical accomplishments taken away and completely altered. Thus, the phenomenon of mutual technical isolation is difficult to avoid, and this is harmful to technical exchange. Ideological education must be strengthened, and the bad habit of plagiarizing the results of others must be opposed and penalized. The communist spirit of helping others with joy and assisting others in adopting advanced technology must be publicized. After the signing of a technology transfer contract, the technology invention unit should introduce the new technology to the other contracting party without reservation, so that its application may be promoted as rapidly as possible and it will receive further improvement and development. Technology monopoly should not be permitted. Before the implementation of a patent system, there should also be a specific system and method to safeguard the rights and benefits of the inventor and the inventing unit. The honest working style of being practical and realistic should be promoted. Whenever a success is achieved where the views and reasons of others have been used in conducting the research, this must be clearly stated in the publication to show respect for the results of the labor of others. If technical accomplishments and preliminary results of others adopted during manufacturing research have led to success, definite material benefits should be provided voluntarily to the involved party. In order to speed up the development of technology, joint development and specialized cooperation should be promoted. All those with the same interest in a new technology should join together and cooperate on the basis of a division of labor. Higher level departments should encourage and organize this type of participation.

3. Proper Handling of Relationships Between Politics and Business, Between Strengthening Political Ideology Work and Adopting Economic Lever

Currently, there is an erroneous tendency to look upon large monetary reward as the only or most important way of motivating staff members and workers, or even to believe that this is ideology work. It is true that a suitable award system can motivate the staff members and workers. However, if carried to excess, the opposite may result. If we are lax regarding ideology and political work and only increase awards, not only may we not

motivate the staff members and workers but we will corrupt their thinking and encourage the growth of unhealthy trends and evil practices.

The ideological awakening of the scientific research army should be correctly evaluated. The income level of the large middle-aged scientific and technical personnel is low and they have a relatively difficult life. However, they are conscientious, they do not work for fame and benefit; their greatest desire is to fully demonstrate their intelligence and ability and make greater contributions to the four modernizations project of their fatherland. They are the backbone of the entire scientific and technical army. A small number of staff members and workers, especially a very small number of young staff members and workers, only "look at money" and one-sidedly pursue the capitalist way of life. This is a reflection of the corruption of our troops by the exploiting class. While adopting the economic lever, the party organizations of the scientific research units should strengthen party building; strengthen ideological and political work; promote the spirit of bitter struggle and doing scientific research with thrift and hard work; promote the spirit of giving oneself to intensive study, excellence beyond excellence, and scientific research with one heart; and lead the masses of staff members and workers to rouse their revolutionary spirit and, with one heart and one mind, to make greater contributions for the prosperity of the fatherland's scientific and technical work and the modernization of socialism.

(Edited by Song Hezhou [1345 3109 3166])

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BRIEFS

SHANDONG INDUSTRIAL DEVELOPMENT--Since the third plenary session Shandong Province's industry has got onto the track of sound and steady development. The industrial structure has become more rational, product mix has improved markedly and economic efficiency has noticeably increased. Light industrial output, which accounted for 45.3 percent of the province's total industrial output in 1978, increased to 56.5 percent in 1981. Heavy industry readjusted its product mix and orientation of service and its production began to pick up in the latter half of 1981. Total output of the machinery industry for the first 7 months of 1982 increased 21.2 percent over the corresponding 1981 figure. Total output of the chemical and petroleum industries increased 5.5 percent. The province's industrial output for the first 7 months of this year increased 7.76 percent over the corresponding 1981 figure. [SK140817 Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Aug 82]

GANSU LIGHT, TEXTILE INDUSTRIES--Since the third plenary session, Gansu Province has vigorously developed light and textile industries. Comparing 1981 with 1978, the total output value of light and textile industries increased 6.3 percent and profits, 19.8 percent. Light and textile industrial enterprises increased from 1,100 in 1978 to 1,248 in 1981. Through cooperation, this province now mass produces 200 new products. Many of these products meet domestic and world standards. [SK150448 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 14 Aug 82]

HEILONGJIANG TEXTILE INDUSTRY--Heilongjiang Province has vigorously developed its textile industry since the third plenary session. The total output value reached 1.47 billion yuan and tax and profits totalled 225 million yuan in 1981, each showing an increase of 100 percent over 1978. Over the past 3 years, the state and Heilongjiang Province have granted 210 million yuan in loans to expand the production capacity of textile plants. It is expected that by the end of 1982 the production capacity of hemp textile plants will increase from 14,800 to 21,000 spindles, that of wool textile plants from 14,400 to 20,000 spindles and that of chemical fiber plants from 7,000 tons to 27,000 tons, showing increases ranging from 40 to 200 percent over 1978. Two wool textile plants and three hemp textile plants are under construction. On completion in 1985, the production capacity of wool and hemp textile will increase 300 percent and chemical fiber textile 500 percent over 1978. [SK161156 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 15 Aug 82]

LIAONING STEEL PRODUCTION--Thanks to the effective role played by the party's economic policy, the Ahshan Iron and Steel Company, Liaoning Province, has greatly upgraded its economic returns. Over the past 3 years, the company has scored a 6.2 percent increase in profits each year and has increased 54 new steel products and 163 new varieties of products. Its 29 products have been appraised as fine quality by the national or provincial authorities. In 1981 the company turned out 2.5 million tons of steel products that are in short supply, which accounted for 60 percent of its annual steel output and a 650,000 ton increase over the 1978 figure. Its steel products directly supplied to agricultural and light industrial enterprises and to civilian markets reached 1.04 million tons in 1981, which accounted for 25 percent of its total sales. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 14 Aug 82]

JILIN INDUSTRY--Since the third plenary session, industry has steadily developed in Jilin Province. The proportion of light industry increased from 36 percent before readjustment to 42 percent. Heavy industry has reoriented to the service of agriculture and consumer goods, light and textile, electronic and construction industries. The total output value of heavy industry during the January-July period increased 6.9 percent and that of light and textile industries 7.9 percent over the corresponding 1981 period. During 1979-1981 this province had 15 industrial products named quality products at the national appraisal. On the basis of an average annual increase of 4.8 percent, the province's total industrial output value increased 7.4 percent and profits turned over to the state 22.6 percent over the same period in 1981. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 17 Aug 82]

LIAONING HEAVY INDUSTRY--Liaoning Province has achieved remarkable results in heavy industry after three years' readjustment. In 1981 the Ansan Steel and Iron Company supplied light industrial markets with 3 million tons of steel products, accounting for over 60 percent of its annual production. The chemical industry supplied 200 varieties of raw materials for the light textile industry, amounting to 40 percent of the total chemical industrial products. The 52 small nitrogenous fertilizer plants across the province registered losses of 19 million yuan in all. After readjustment, 40 of them continued operation and the losses dropped to 5.3 million yuan. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 17 Aug 82]

LIAONING LIGHT INDUSTRY--Since the third Olenary session of the party, light and textile industrial departments in Liaoning Province have actively implemented the readjustment policy and a good situation never seen before is emerging. In 1978, light industrial output value accounted for only 26.7 percent of the provincial total industrial output value; it rose to 37.6 percent in 1981 and enabled the province to rank fourth in the country in terms of light industrial output. In 1978-1981, our province's annual light industrial growth averaged 11.5 percent. Production of major consumer goods such as bicycles, wristwatches, sewing machines, beer and steel furniture more than doubled in the 3 years. Production of televisions and radios increased by 5.3 fold and 12 fold, respectively. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 13 Aug 82]

HENAN INDUSTRIAL, COMMUNICATIONS ENTERPRISES--In 1980 and 1981, industrial and communications enterprises in Henan Province carried out 1,876 technical transformation projects. Total investments came to some 1.01 billion yuan. By the end of last year, the technical transformation projects, which accounted for 70.6 percent of total investments, had been completed. With the completion of technical transformation projects, industrial production has increased and light and textile industrial development has been speeded up. The value of the province's light and textile industrial output in 1979 accounted for 46.9 percent of the value of the province's total industrial output. The value of light and textile industrial output in 1981 was 54.9 percent of the value of the province's total industrial output. [HK181220 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 16 Aug 82]

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BRIEFS

JILIN URBAN-AND-RURAL HOUSING CONSTRUCTION--Since the third plenary session of the 11th CPC Central Committee, Jilin Province has made great progress in urban and rural housing projects. Over the past 3 years, the province has completed urban housing building totaling 4.82 million square meters of floor space, which is equal to the total built acreage in the period from 1967 to 1978. About 500,000 people of over 81,600 urban households have moved into new homes. The real estate departments in urban areas have completed housing repairs totaling 5.3 million square meters, resulting in housing improvement of over 500,000 urban residents. Per capita housing acreage in urban areas increased from 3.02 square meters in 1978 to 3.62 square meters in 1981. Over the past 3 years, rural areas in the province have built new houses totaling 17 million square meters of floor space. At present, per peasant housing acreage is 9.2 square meters. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 14 Aug 82]

HUBEI CAPITAL CONSTRUCTION--Since the third plenary session of the 11th CPC Central Committee, the number of capital construction projects in Hubei Province has been gradually reduced year by year. The number of capital construction projects was reduced by 25.7 percent in 1980 and by 25.3 percent in 1981. The amount of investments was the smallest since 1977. Over the past 3 years or so, the amount of investments in light and textile industries has increased and the amount of investments in heavy industry has dropped. Althouth the amount of investments in heavy industry has dropped, the amount of investments in energy resources like electricity and petroleum, has greatly increased, guaranteeing that the needs of industrial production are satisfied. Over the past 3 years or so, the amount of investments in technical transformation has increased by 300 percent. Housing and building the network of commercial centers and welfare facilities for people has increased by 100 percent. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 14 Aug 82]

HEILONGJIANG HOUSING--Since the third plenary session, Heilongjiang Province has invested 1,827,920,000 yuan in housing construction, an increase of 705.13 million yuan over the liberation period. By the end of 1981, some 9,536,000 square meters of housing were completed. With the previously constructed 3.42 million square meters of housing for staff, the total residential housing now reaches 12,956,000 square meters. Some 260,000 staff households have moved into these new houses over the past 3 years. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 15 Aug 82]

HENAN ROAD CONSTRUCTION--The construction of roads in mountainous areas in Henan Province has developed quickly. At present, the whole province has 8,681 kilometers of roads in its mountainous areas. The length of these roads is 25 percent of the total length of roads in the whole province. Now, there are roads leading to all counties and communes in the mountainous areas throughout the province and there are bus services for 70 percent of the brigades. The communications and transport in the mountainous areas have undergone a very big change. [HK180921 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 17 Aug 82]

QIANGHAI LEAD-ZINC MINE--Some 2,000 workers of the Qinghai Provincial Construction and Development Co., undertaking the project of building a lead-zinc mine in Xitie Mountain, pledged to accelerate the construction and do quality work to greet the party's 12th congress. Located in the hinterland of the Qaidam Basin, the lead-zinc mine is one of the state's key construction projects. Construction on the project began this May. [SK252331 Xining Qianghai Provincial Service in Mandarin 1100 GMT 25 Aug 82]

LIAONING HOUSING CONSTRUCTION--Shenyang, 22 Aug (XINHUA)--More than 30,000 families have moved into new apartment buildings in Liaoning Province this year, bringing the number of urban families moving into new houses in this heavy industrial province in the past 3 years to 360,000, according to the provincial housing authority. Housing under construction in the province totalled 8.78 million square meters of floor space in the first 7 months of this year, of which 1.59 million square meters floor space of housing have been completed. The authority said the new buildings would provide more spacious rooms and better living facilities for each household. A total of 18.35 million square meters of floor space for housing, mostly 4-6-storied buildings, have been built since 1979 in towns and cities in the province. This is 60 percent more than the houses built during the 10-year period (1966-76) of the "cultural revolution" in the province. [OW251201 Beijing XINHUA in English 0728 GMT 22 Aug 82]

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DOMESTIC TRADE

SMOOTH FLOW OF GOODS TO COUNTRYSIDE DISCUSSED

Beijing ZHONGGUO CAIMAO BAO in Chinese 22 Jun 82 p 1

[Editorial: "A Great Reform in Commodity Circulation System]

[Text] The State Council's proclamation entitled, "Decision on Bridging the Commodity Circulation Channel Between Town and Country and Marketing Industrial Products to the Countryside," means a great reform in the commodity circulation system. Serious and thorough implementation of this decision will have great meaning in expanding industrial and agricultural products, developing the commercial economy, aiding the prosperity of urban and rural markets, strengthening the industrial-agricultural alliance and promoting the growth of an exceedingly favorable situation.

Ever since the Third Plenary Session of the party, agricultural production has been steadily increasing, supplying more and more agricultural by products to the nation; industrial development has been relatively rapid, too, registering a great increase in the volume and kinds of industrial products procured by commercial departments; in the wake of the growth of industrial and agricultural production, the market supply situation has also improved gradually. On the whole, the state of commercial affairs has been good indeed. However, in such an exceedingly favorable situation, commercial work is also facing new conditions and new problems. At present, one of the outstanding problems is that the industrial products supplied to villages do not meet the farmers' demand. In our country, where the rural population numbers 800 million people, the countryside represents the main body for the marketing of industrial and agricultural products. In recent years, based on the development of production, farmers' earnings have increased greatly and their requirements for capital goods and means of livelihood have broadened correspondingly. In many areas, however, although commercial wholesale units have large stocks of goods and farmers have money in their hands, still it is difficult to buy things. Because the farmers cannot buy the needed industrial products in good time, part of the money the government has earmarked to procure agricultural by products to be released in the villages cannot be duly recovered. Poor circulation has caused an accumulation of certain commodities, and yet it is mainly

on sales of commercial commodities that the acquisition of government taxes and revenues from profits depend. Consequently, active expansion of industrial products to the rural areas not only would fulfill the needs of the farmers' production and livelihood, but also would affect the equilibrium of the national budget. This is a major matter that has an important relation to the nation's commercial battlefront.

What are the main reasons industrial products cannot reach the villages? First, the town-country division of labor in the circulation system has caused a clogging of the channel; second, only a few routes are in existence to transport the goods to the countryside; and third, no priority has been given to the supply of commodities in the rural areas. In the light of the existing problems concerning the shortage of industrial goods in the countryside, the State Council in its decision has put forward views and demands for a concrete reform: under the uniform guidance of the local authorities and in accordance with the decision of the State Council, all commercial units and supply and marketing cooperatives must do a good job of reforming the circulation system for industrial products; they must seriously and thoroughly put into practice a new transportation system between town and country based on a commercial division of labor, under the full responsibility and control of the state-run wholesale companies; and they must carry out overall planning and make proper arrangements for town and country markets. Such a reform would be conducive to breaking down regional blockades, avoiding the division of city and countryside markets, and improving the organization of commodity circulation on the principle of economic reasonableness.

In the process of reforming the industrial commodity circulation system, we must open up new ways for the goods to reach the villages, sum up new experiences and adjust ourselves to new conditions. At present in some places, the jointly operated stores of state-owned commercial companies and specialized retail sales departments of basic-level supply and marketing cooperatives serve very well as a new route for opening up commodity circulation channels between town and country to enliven the village market and also as a major means to activate wholesale business and adapt to the various economic needs of rural commerce. These jointly operated stores can fully put into play the superior position of state-owned wholesale companies in the realms of capital, commodity sources and business administration, as well as the existing equipment and personnel of the basic-level supply and marketing cooperatives.

From the administrative viewpoint, they can solve the problem of capital shortage in the cooperatives and also release large amounts of commodities suitable to village needs, thereby expanding sales in the countryside. As to profit distribution among the jointly operated stores, we must pay attention to bring into play the initiative which is advantageous to the cooperatives, so they can augment their revenue through these jointly operated stores. Both state-run

commercial companies and basic-level supply and marketing cooperatives must engage in purchasing and marketing activities, improve their business administration and enhance their economic efficiency. State-run commercial companies must properly manage the organizations which have already been extended down to the countryside, and continue to set up more such organizations in other places according to need and proper conditions. This is another way to improve the circulation channel between town and country, which must be continuously perfected through the summing up of experiences.

In the basic-level supply and marketing cooperatives, one of the major forces to activate a rural market and facilitate rural life, which has been useful for years, is production teams and brigades, with more than 500,000 supply and marketing agency points. However, with the emergence of various forms of production responsibility systems in the rural areas, new changes have taken place in many regions, at the same time, the developing collective and individual businesses all enjoy wholesale prices when buying commodities, while purchasing and marketing agents merely get a fixed commission fee, thereby forming a new contradiction. Based on this new situation, a commission agent may, with the approval of the commune and production brigade, request that his agency be changed into a self-operated store on contract to the production team, and thus buy goods at wholesale prices directly from jointly run wholesale stores and the nearby wholesale department of a state-operated company, in order to encourage his initiative in extensively marketing industrial products. Self-operated stores must pay taxes in accordance with regulations and implement the price policy of the government. Commercial units must strengthen their control over self-operated stores in the rural areas and formulate the list of commodities for business, or else the latter would only deal in goods that yield big profits.

Regarding the distribution of industrial products in urban and rural areas, we must continue to thoroughly execute the principle of "two priorities": 1) if both town and country need a certain industrial commodity, priority must be given to supply the countryside and 2) if both town and country need a certain nonstaple food, priority must be given to supply the urban areas. In the case of some important planned commodities which have a close relationship with the people's livelihood, sales and marketing of them in urban and rural areas must follow policy regulations. Planned commodities meant to be allocated to the villages must not be detained again and again, but really handed to the farmers. We must continue to bring the role of basic-level supply and marketing cooperatives into full play. State-run companies must firmly establish an attitude of serving these cooperatives, treating them as their own retail sales network, supporting their business, guiding their development, and rely on them to do a good job in supplying the capital goods and daily necessities in the rural areas. At the same time, we must bring into play the role of all kinds of collective and individual businesses and other business channels, helping them carry out their business activities within the framework of government regulations.

State-operated commercial wholesale companies and basic-level supply and marketing cooperatives should make great efforts to expand, go to market and activate sales so that more industrial products can be seen by the farmers. All retail stores, basic-level cooperatives and approved collective and individual businesses that wish to buy the commodities procured by state-operated wholesale companies should be given priority to do so. Commodities that are neglected,unwanted or seldom purchased by basic-level cooperatives may be marketed directly to the villages by organizing mobile sales teams; this is in addition to wholesale companies taking proper measures by way of encouraging basic-level cooperatives to deal in these commodities. However, wholesale companies must not go to the countryside to retail goods in great demand, the distribution of which must be implemented according to plan. Those sales people who go to the villages to sell commodities should be given an appropriate living allowance.

Reforming the commodity circulation system and actively marketing industrial products to the countryside constitute a major task of commercial units in urban and rural areas at present. The broad masses of commercial workers must promptly take action and plunge into this work under the uniform guidance of the local government. We believe that if we abide by the spirit of the State Council's decision and begin our work on all sides firmly and conscientiously, we are sure to be able to open up a new situation for industrial commodities to reach the countryside and to make the village market more prosperous than ever.

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BRIEFS

LIAONING TRADE FAIRS--The number of urban and rural trade fairs throughout Liaoning Province has reached 1,156 over the past 3 years. In 1981 the province scored a volume of trade fair business worth over 850 million yuan, a 350 percent increase over the 1978 figure, which accounted for 6.5 percent of the retail sales of social commodities. The development of urban and rural trade fairs has also encouraged the people to engage in sideline production. As of now, there are over 350,000 households across the province which have signed a contract of domestic sideline production. Per household extra income from domestic sideline products in 1981 ranged from 20 yuan to over 100 yuan. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 14 Aug 82]

JILIN TRADE FAIRS--Since the third plenary session of the 11th CPC Central Committee, Jilin Province has enjoyed a brisk business in urban and rural trade fairs. The province has scored a 38.2 percent increase in the business volume of urban and rural trade fairs since the beginning of 1982 over the figure of the corresponding 1981 period. The volume is equal to 5.2 percent of retail sales of social commodities. Since 1979, the province has scored over a 20 percent increase in trade fair business volume each year. Since the third plenary session, the number of urban and rural trade fairs in the province has reached 612, a 100 percent increase over the 1978 figure. [SK170942 Changchun Jilin Provincial Service in Mandarin 1100 GMT 16 Aug 82]

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LABOR AND WAGES

YUNNAN UNEMPLOYMENT SITUATION

Kunming YUNNAN RIBAO in Chinese 16 Apr 82 p 1

[Article: "Four Hundred and Twenty Thousand Unemployed Persons in Yunnan Have Been Placed Over the Past Three Years; Population Being Supported in Cities and Towns Has Decreased and Living Conditions Have Improved"]

[Text] From 1979 to the end of 1981, more than 420,000 unemployed persons in Yunnan have been placed. Employment in cities and towns has increased from 64 percent in 1978 to 68.7 percent at present. As the number of employed persons has increased, the population being supported in the cities and towns of Yunnan (including this writer) has decreased from 2.2 persons in 1978 to 1.95 persons in 1981.

In various areas of Yunnan, there has been a conscientious implementation of the policy of "the labor sectors introducing employment, the people voluntarily organizing to obtain employment, and individuals seeking work under overall national planning and guidance." Collective enterprises were set up on a large scale and there has been a suitable expansion of the individual economy with the result that most of the unemployed persons have been placed. With the expansion of production and the increase in employment, the economic income of the people of the cities and towns increased. The collective enterprise managed by the Kunming Bus Station of the Provincial Communications Department has in two years placed 267 unemployed men and women. This has resulted in an average annual increase in income per person of 53 yuan for the 4,800 workers of the station. In 1978 there were more than 10,000 residents in Chengguanzhen in Zhenxiong County in the Zhaotong Prefecture. One-fourth of these persons was unemployed and there were 4,231 persons having very great difficulty with their livelihood. Over the past three years, close to 20 new collective enterprises have been started and more than 1,600 persons have been placed. This has brought about a great improvement in the living conditions of this segment of citizens.

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LABOR AND WAGES

LIVING STANDARD IN FUJIAN'S RURAL AREAS IMPROVING

Fuzhou FUJIAN RIBAO in Chinese 9 Jun 82 p 1

[Text] The Provincial Bureau of Statistics recently summed up its research and analysis concerning people's standard of living based on the fixed regular income and expenses of 420 representative farming households. Its study showed that since the Third Plenary Session of the CCP Central Committee, the net income of farmers in our province has gone up steadily and the number of affluent households has increased every year. Futhremore, after utilizing their earnings to improve their standard of living by fulfilling essential needs and enjoying cultural amenities, their savings have piled up every year. In brief, farmers' lives are getting better and better.

Judging by the figures, the net income of farmers has steadily increased by a large margin since the Third Plenary Session of the party. In 1981, the annual net income of a farmer exceeded 231 yuan. In 3 years' time, each farmer had increased his earnings by more than 94 yuan, or an average of more than 31 yuan per year, representing a progressive increase of 18 percent. While farmers' earnings rose continuously, the number of affluent households has also been increasing. Among the 420 households, there were 86 whose members each had an annual net income of more than 300 yuan, representing 20.48 percent of the total households; and there were 370 households whose members each had an annual net income of more than 150 yuan, or 88.09 percent of the total. Compared with 1980, this meant an increase of 219 percent and 62.28 percent, respectively. On the other hand, the households whose members each earned an annual net income of less than 150 yuan dropped by 73.96 percent, while the number of households whose members each earned an annual net income of less than 100 yuan dropped from 41 to 1.

It is obvious that based on their increased income, the cost of living of farmers has increased. In 1981, each farmer spent 16.60 yuan per month for his consumption needs on the average, an increase of 5.91 yuan from the 1978 figure, or 55.29 percent. The farmers are gradually eating better food, wearing better clothes, living in better houses and using better goods. In 1981, each person spent an average of 10.29 yuan for food per month, an increase of

43.72 percent compared with 1978. The quality of staple food has greatly improved. Consumption of subsidiary foodstuff has increased by 96.09 percent. Compared with 13.97 percent increase in staple food, this meant a more rapid increase, by 82.12 percent. For clothing, each person spent an average of 19.98 yuan per year, an increase of 6.06 yuan compared with 1978. The quality of clothing has improved. The use of synthetic fibers, combed cotton, woolen cloth, silk, worsted goods and flannels have increased, while that of rough materials dropped. As to appliances, each person spent an average of 18.71 yuan per year, an increase of 9.33 yuan compared with 1978, For instance, there are 28.57 sewing machines in every 100 households,an increase of 1.3 times from 1978. There are 30 radio receivers in every 100 households, an increase of 2.23 times. For housing, each person spent 14.42 yuan per year, an increase of 9.07 yuan from 1978. At present, the area of living quarters of each farmer exceeds an urban worker's space of 5.89 square meters by 86.25 percent. In cultural matters, each person spends 5.73 yuan per year, an increase of 2.34 yuan from 1978. The standard of living of farmers is improving continuously, so joyful changes are taking place in consumption structure. The statistics show that the proportion for housing and appliances has risen, that for clothing has remained constant, while that for food has dropped, an indication that after getting good food and warm clothing, the farmers are concentrating their attention on living in better housing and purchasing high-quality products.

With their earnings greatly increased and their standard of living raised, many farmers can afford to save money. At the end of 1981, each farmer managed to have cash in hand of 22.69 yuan on the average, an increase of 7.27 yuan compared with the 1980 figure. Among the 420 households, each household on the average bought fixed assets valued at 38.35 yuan per year. The financial condition of the farmers is getting better and better. The gap between the earnings of farmers and urban workers is being narrowed. In 1981, the average monthly income of a farmer reached 19.3 yuan, which narrowed the gap between the livelihood of a farmer and an urban worker by 15 percent.

9300
CSO: 4006/516

BRIEFS

HEILONGJIANG WORKERS' PAY RAISE--Since the third plenary session of the 11th CPC Central Committee, staff and workers throughout Heilongjiang Province have had large wage increases. According to statistics compiled by the department concerned, in 1981 the province scored a 36.3 percent increase in funds used for salaries of staff and workers over the 1978 figure and a 10.9 percent increase each year in the 1978-1981 period. Per capita cash income amassed from salaries reached 831 yuan, a 20.6 percent increase over the 1978 figure. By accounting for inflation the province scored a 7 percent increase in annual per capita wages over the 1978 figure and scored a 2.3 percent increase each year over the past 3 years. [SK220442 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 21 Aug 82]

LIAONING PLACES UNEMPLOYED--During the 3 years from 1978 to 1981, Liaoning Province provided employment for 2.28 million persons, roughly one-tenth of the total jobs created across the country during that period. Of those employed in that period 1.95 million, or 85.3 percent, were educated youths who had been rusticated and urban people awaiting work. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 13 Aug 82]

JILIN PER CAPITA INCOME--Policies adopted since the party's third plenary session have greatly mobilized the masses and cadres in Lishu County, Jilin Province, and the county has enjoyed successive good harvests in the past few years. The country's 1981 per capita income was 220 yuan, leading the province. Grain sold to the state was 1,436 jin per capita, leading the country. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 17 Aug 82]

JILIN URBAN JOB ARRANGEMENTS--Since the third plenary session of the 11th CPC Central Committee, Jilin Province has scored remarkable achievements in arranging jobs for urban people awaiting work. According to statistics, the province has placed jobs for 1,044,700 urban people, 91.4 percent of the total number of jobless people. There are 28 municipalities and counties in the province which have completed job arrangements for middle school graduates who left school before 1980. [SK210555 Changchun Jilin Provincial Service in Mandarin 1100 GMT 20 Aug 82]

HEILONGJIANG JOB PLACEMENT--Since the third plenary session Heilongjiang Province has made a breakthrough in placing the jobless. As of the end of June, the province had provided jobs for 1.73 million urban people awaiting work in 3 and 1/2 a years. [SK151020 Changchun Jilin Provincial Service in Mandarin 2200 GMT 14 Aug 82]

CSO: 4006/617

TRANSPORTATION

HUMAN ERROR LEAVES THREE DEAD, 158 INJURED IN DERAILMENT OF PASSENGER TRAIN

Shenyang LIAONING RIBAO in Chinese 5 Jun 82 p 1

[Article by Yang Jizhu [2799 4949 2691] and Jiao Li [3542 0448]: "The Lesson of the Overturning of Train No 193"]

[Text] On 28 May, just as the Safety Month was about to end, a serious accident of the overturning of a passenger train occurred on the Shenshan line.

At 4:05 in the afternoon, the nonstop, high-speed passenger train carrying over 700 passengers from Jinan to Jiamusi and traveling at a speed of 90 kilometers per hour passed the Xinglongdian Station administered by the Jinzhou Railway Bureau in Xinmin County, Shenyang Municipality. About 500 meters from the station the engine derailed and No 1 to 8 carriages overturned one after another. Among the passengers, 3 died on the scene and 158 suffered serious and minor injuries. Due to the attention and care given by the leadership in concern as well as the cooperation between the army and people, the rescue was prompt, the injured personnel was brought to safety, the railroad was speedily repaired, the entire line was quickly reopened to traffic, and losses were minimized.

What caused this major accident? On careful examination, it was neither a problem of engine equipment and railway tracks nor a malfunction of station facilities, automatic junction switch and other control systems. It was purely a man-made accident, one created by the maintenance workers of the Dahushan labor section under the Jinzhou Railway Bureau who violated labor discipline and broke the rules of operation.

In the afternoon of the 28th, 6 maintenance workers of the Dahushan labor section led by team leader Sun Youyi [1327 0645 5030] were working on the tracks about 500 meters from Xinglongdian Station. At almost 4:00, Sun took out one yuan so that Jing Guien [2529 6311 1869], the maintenance worker operating the track jack, could leave the tracks to buy popsicles. Jing left the tracks to buy popsicles without removing the hand-operated track jack which was fixed to

the tracks. When the popsicles were brought back the other five people went up in a rush and entered the switch room at the junction eating their popsicles. It was only after No 193 train came and struck the track jack that they came to their senses and each was stunned. The main troublemakers, Sun Youyi and Jing Guien, are being detained pending court hearing. The other 4 young workers have been suspended from duties to undergo investigation.

The overturning of an entire passenger train on the Shenshan line was the first since the founding of the state. The losses were serious and the lesson is profound. This accident should not have happened at all. The team leader Sun Youyi, one of the main troublemakers, is a veteran staff worker with over 20 years of experience who has frequently worked in the area around Xinglongdian Station. Once every 24 hours passenger and freight trains pass through this station 156 times, an average of one train every 10 minutes. This was clear to him and he understood the rules and regulations concerning work safety. But his mind was off guard and he became careless, so that a small and insignificant thing created an irreversible major disaster. This lesson is too profound; it elucidates the problem of safety. One must not lax for a moment and cannot be careless in any way but must adhere to rules and discipline to ensure production safety.

In the circular on the launching of the activities of the "safety month" in May, concerned departments of the State Council emphasized that leadership at all levels must use various forms to educate staff workers on the safety in adhering to rules and discipline, oppose violation of the rules of operation, firmly establish the mentality of "safety first," and have every rule assured and every matter accounted for. The problem of this accident arose from the failure to implement the mentality of "safety first" and safety measures. Even though concerned departments of the Jinzhou Railway Bureau gave wide publicity to the slogans of the activities of the "safety month," they did not bring safety measures to the real actions of staff workers and the masses. Some staff workers say: the higher authorities can shout whatever they wish while the subordinates do what they want to do. Prior to this accident of the overturned train, a major accident had occurred on the Jinzhou Railway, but concerned personnel still had not learned the lesson. This clearly shows that on the question of safety, a general call does not work and we must stress implementation. We must implement our mentality so that every staff worker will truly pay attention to the problem of safety and can self-consciously do one's work in accordance to rules and regulations. We must stress the implementation of measures, give consideration to every aspect and strive for perfect safety.

Although the accident of the overturning of the passenger train occurred on the Jinzhou Railway, all levels of leading organs and units of enterprises and

professions should learn a lesson. In the recent period, major accidents frequently occurred in many places and safety work has numerous loopholes. We must treat the incident of the Jinzhou Railway as a lesson, strive to remove hidden danger, and exert our effort to realize safe production and civilized production.

9586
CSO: 4006/519

TRANSPORTATION

WORK ON NATION'S LONGEST BRIDGE ENTERS FINAL STAGES

Beijing GONGREN RIBAO in Chinese 2 Jun 82 p 1

[Report by Tang Daiqing [0781 0108 3237] and Fan Yuzhang 5400 3768 4545 : "China's Longest Chang Jiang Highway Bridge Connected"]

[Text] The longest highway bridge in our country--the Chang Jiang Bridge in Luzhou, Sichuan--was victoriously connected yesterday, 1 month ahead of schedule. The bridge project has now entirely entered the final work phase on the bridge surface and is slated to be completed and open to traffic by "October 1" this year.

The main bridge of the Chang Jiang Bridge in Luzhou is 1255.6 meters in length. It has 12 piers and 2 abutments and has a prestressed reinforced "T" shape structure. Each of the 3 main bridge sections has a span of 170 meters. The approach on the north and south banks is almost 7 kilometers long. This bridge is designed to withstand the once-a-century catastrophic flood. The main bridge is 45 meters above the lowest water level and in the highest flood period 7,000-ton ships can pass under. Specialists in concern have recently tested and verified that the engineering quality of the bridge is excellent and is entirely in accord with the design requirements.

The funds for the bridge are raised, the design is made and the construction is carried out solely by the concerned departments of Sichuan Province. Construction began in October 1976. When completed, the bridge will provide great convenience for the broad masses and the large numbers of motor vehicles that travel north and south of the major industrial town of Luzhou in southern Sichuan. It will vigorously promote the flourishing growth of industrial and agricultural production of the area.

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CSO: 4006/519

BRIEFS

NEW CAAC FLIGHTS—From 5 August the Shanghai Administrative Bureau of the CAAC will operate the following newly scheduled flights: Shanghai-Qingdao-Beijing on every Thursday and Sunday and Shanghai-Qingdao-Dalian on every Monday. Beginning the same day the CAAC's Shenyang Administrative Bureau will add two more flights to its schedule: The Shenyang-Dalian-Qiangdao-Shanghai flight on every Saturday, and the Shenyang-Dalian-Qingdao-Beijing flight on every Wednesday. [Shanghai WEN HUI BAO in Chinese 3 Aug 82 p 1]

LITANG-ZHANJIANG RAILROAD IMPROVED--Except for some sections that are being rebuilt, all the track on 286 kilometers of the 371-kilometer Litang-Zhanjiang railroad has been reinstalled. The original track was formed by track segments of the length of only 25 meters. But these track segments have now been replaced by segments one kilometer long. This project has been funded by the state to promote tourism. [Nanning Gunagxi Regional Service in Mandarin 1130 GMT 9 Aug 82]

CSO: 4006/617

BRIEFS

HEILONGJIANG PEOPLE'S PURCHASING POWER--As of the end of June, Heilongjiang Province had marketed 800,000 television sets, some 20 times that of 1979. At present, every 10 households has a television set. About 45 percent of the residents in Harbin have televisions and most families in Daqing Municipality have bought color televisions. Heilongjiang provincial commercial departments estimate that the sales of televisions will be increasing. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 17 Aug 82]

GUANGDONG ADVANCED ENTERPRISES MEETING--The first provincial meeting of advanced construction units and collectives was held in Guangzhou on the afternoon of 9 August. Attending the meeting were 180 representatives of advanced enterprises and collectives and advanced individuals from the more than 250,000 staff and workers of the more than 350 construction enterprises in the province. Vice Governor Liu Junjie attended the meeting and gave a speech. He said that since the third plenary session of the 11th CPC Central Committee, Guangdong Province has reorganized its construction enterprises and has thus vitalized them. As a result, their profits have nearly doubled, their equipment is mainly of first-class quality and their labor productivity has set a new record, rising from ranking 22d to ranking 6th in the country. The meeting will select six representatives to attend the national meeting of advanced construction units and collectives. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 9 Aug 82]

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ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' VIEWS DIRECTION FOR ECONOMIC REFORM

HK091140 Beijing RENMIN RIBAO in Chinese 6 Sep 82 p 5

[Article by Liu Guoguang [0491 0948 0342]: "Adhere to the Basic Direction for Reforming the Economic System"]

[Text] In order to realize the strategic goal of developing our country's economy by the end of this century put forth at the 12th party congress, the work of laying a good foundation in the 1980's is of great importance. The work of laying a good foundation is very complicated and we must not neglect the work of reforming the system of economic management. During the first 5 years of the 1980's, that is to say, during the Sixth 5-Year Plan period, in the course of continuously implementing the principle of readjusting, restructuring, reorganization and upgrading, we must adhere to the work of reforming the economic system. Currently, we must primarily consolidate and perfect the initial reform which has already been carried out and firmly grasp the formulation of the general plan and the procedure of implementation in the hope of gradually and comprehensively reforming the economic system in the last 5 years of the 1980's, that is, in the Seventh 5-Year Plan period. Doing a good job of this work will be conducive to further readjusting the relations of all aspects, mobilizing the enthusiasm of all areas, gradually shifting all kinds of work onto the focus of improving economic returns, and making preparations for the accelerated development over the next 10 years.

The form of our economic system commenced at the end of 1978 after the 3d Plenary Session of the 11th CPC Central Committee. Under the leadership of the CPC Central Committee and the State Council, we have carried out experimental reforms in various departments of the national economy and in various cardinal links of social reproduction. These reforms have achieved a breakthrough in the structure of the ownership system, the structure of economic policymaking, the form of business management, the approach to economic regulation, the form of distribution, and so on, and the conventional system of overcentralization of power, discriminating against the market mechanism and relying primarily on administrative measures to run the economy is now gradually making the transition to a new economic system. Although the reforms over the last 3 years or more were initial and exploratory in nature, they have profoundly influenced our country's economic life. Remarkable achievements have been made in mobilizing people's enthusiasm to promote the economy and more distinctive results have been obtained in agricultural reforms. Our country's economy has

not relapsed amid big readjustments but has continued to steadily advance. This is inseparable from the role of reforming the economic system. At the same time, since systematic reform is a new and complicated task which involves a wide scope and since we are inexperienced, various flaws and problems are bound to occur in the course of reform. Naturally, these problems will arouse the attention and concern of the people, and the discussion and solution to these problems should be conducive to adhering to the basic direction for reform and should continuously push forward the reform.

Then, what is the basic direction for reforming our economy? Premier Zhao Ziyang has completely elaborated on this problem in his government work report submitted to the fourth session of the Fifth NPC. He said: "The basic orientation of the system reform of our economy should be as follows: While upholding the planned socialist economy, give scope to the supplementary role of regulation through the market and fully take into account and utilize the law of value when working out state plans; strengthen unified leadership by the state over economic activities of overall importance to the economy and the people's living standards, give different enterprises different degrees of decisionmaking power in their economic activities and at the same time extend the democratic rights of the workers and staff in enterprise management; and change over from economic management relying solely on administrative measures to management combining economic with administrative measures and utilizing laws and regulations as well as economic levers in running the economy." The above-mentioned basic orientation of reform involves three basic interrelations in the economic system--the relations between centralization and division of power, between plan and market, and between administrative and economic measures. How should we deal with these three basic relations during the system reform which will last for a certain period in the future? This question must be considered by proceeding from the actual economic situation of our country on the basis of summing up past experience.

Centralization and Division of Power

One of the characteristics of our country's original economic system was that the right of economic policymaking was overcentralized in the hands of the CPC Central Committee and that the localities, enterprises and individual laborers all lacked the decisionmaking power essential to their economic activities. The advantage of this system was that utilization of financial and material power could be centralized, thus enabling the key departments of the national economy to enjoy rapid development. However, it was detrimental to giving play to the enthusiasm of all aspects, and thus obstructed the rational and balanced development of the whole economy. Over the last few years, we have adopted certain measures to divide power during the reform. This includes implementing the method of "dividing up income and expenditure and eating in separate kitchens" as far as relations between the central and local authorities are concerned, implementing the method of allowing enterprises to retain a certain portion of profits, implementing various economic responsibility systems as far as the relations between the state and enterprises are concerned, and so on. This has corrected the past tendency of overcentralization and is essential to mobilizing the enthusiasm of the localities, enterprises and individuals. However, owing to certain flaws in the specific

measures, actual work has failed to keep in line with the specific demands and the phenomenon of idle capital has cropped up in various areas. On the one hand, there was a certain decrease in the state's financial revenues and there was insufficient capital for key construction projects which had to be promptly promoted; on the other hand, capital retained by the localities and the enterprises has considerably increased, and these funds were usually used by the localities and enterprises in promotion of certain local urgent projects. Thus, it was hard to guarantee the construction of national projects. In order to concentrate essential funds on promoting key construction, the 12th party congress stressed that it is necessary to firmly establish the idea of "coordinating all activities of the nation as in a chess game"; and that while continuing to implement the current financial system and give the enterprises greater decisionmaking power, it is necessary, according to the actual situation, to appropriately readjust the distribution ratio of financial revenue between the central and local authorities and the proportion of profits retained by the enterprises, and encourage the localities, departments and enterprises to utilize the funds on promoting projects which are urgently needed by the state.

We should point out that the orientation of the measures adopted by us over the last few years to divide power concerning the relations between the center and the localities and between the state and the enterprises has been correct. We have only had problems with the steps taken, that is to say, the quantitative limits of the measures to divide power, have exceeded the limits that our current economy can bear. As far as this is concerned, there are two views open to question. One view only stresses the orientation of division of power and denies the fact that greater financial power has actually been given to the lower levels. People who hold this view think that there is still overcentralization of financial power and that the localities and enterprises should retain more funds in order to do more things. This desire is understandable. However, if the funds required by key national construction projects cannot be guaranteed and in particular, when the current weak cardinal links of the national economy such as energy, communications and other basic facilities cannot be promoted, we will not be able to enliven the overall situation. Thus, partial development will definitely be restricted and partial development in certain areas will also be inconsistent. At present, a trend of only taking partial interest into account and not taking the overall interest into account is gaining ground among certain enterprises. These enterprises only seek more rights and interests and refuse to undertake greater responsibilities. They do not adopt the method of increasing production and practicing economy or increasing revenue and economizing expenses, but adopt the method of increasing the portion they retain by taking more from state revenue. We should attach great importance to this question and seriously work out a solution to it. Another view holds that the state's current financial difficulties stem from the reform measures of division of power which have been implemented over the past few years, and that in order to solve the financial difficulties. It is necessary to stop giving the localities and the enterprises their own decisionmaking rights and to centralize the enterprises and everythin

This view indeed negates the orientation of reform formulated a few years ago and is thus incorrect. We should see that it is exactly because of the reform that the power of the localities and enterprises has been expanded, the enthusiasm for increasing revenue and economizing expenses has been mobilized, and the inherent motivation to increase profits and reduce deficits has been strengthened. In this way, the enterprises have contributed their efforts to relieving the state's financial difficulties in the course of economic readjustment. According to investigations, in the course of carrying out readjustment over the last few years, due to three external factors: the increase of workers as a result of better employment arrangements, the increase of production costs as a result of increased prices of raw materials, and the decrease in profits as a result of insufficient production tasks, the money involved in enterprises in decreased revenues and increased expenses amounted to more than 20 billion yuan over the last 3 years. However, the profits remitted by the enterprises to the state have not been accordingly decreased but have been maintained at a certain level. In addition, the larger share of money retained by the enterprises has been used on things which should have been sponsored by the state. Thus, sharing the burdens of the state budget. It is not hard to imagine that if the reform measures of division of power had not strengthened the enterprises' inherent motivation to increase profits and decrease deficits or to share the state's financial responsibilities, our country would have encountered greater financial difficulties than the present ones. Therefore, in the course of readjusting the distribution ratios and centralizing funds, it is necessary to give consideration to the needs of the localities and enterprises, and enable them to have certain financial power in reserve. Thus, this will be conducive to continuously giving play to their enthusiasm for increasing profits and reducing deficits and encouraging them to do more things which should be done by the localities and the enterprises. In light of the long-term target of enlivening the economy, the expansion of the rights of enterprises is still at the initial stage. The decisionmaking rights which have already been given to the enterprises including the right of planning, raw material rights and human rights, are still inadequate. One of our country's economists, Comrade Sun Zhifang, put forth a few years ago that rights within the scope of simple reproduction in the enterprises such as renewal of equipment, small-scale technical transformation and so on, should be returned to the enterprises themselves. This proposal should be practically and gradually implemented. Regarding the extent of the reproduction rights in the enterprises, it is necessary to make different regulations for different types of enterprises. Decisionmaking rights of individual laborers concerning participation in democratic management, choice of occupation, purchase of consumer goods, and so on, should also be specified in accordance with research on our country's current economic situation and its future development. Strategic questions related to the overall situation of the national economy such as orientation of economic development, major proportions, distribution and utilization of national income, general scale of capital construction investment and the major projects, improvement of the people's living standards, and so on, should be decided by the central authorities, and under such a premise, various localities and enterprises can freely exercise their own power

within certain limits. By means of all this, we must gradually establish a multilayer economic policymaking body integrating the central authorities, localities, business units and individual laborers on the basis of "coordinating all the activities of the nation as in a chess game."

Plan and Market

On the basis of unholding the system of socialist public ownership of the means of production, a socialist country must be able to implement the system of a planned economy. This is not a bone of contention among Marxists because actual practice in socialist construction over the past decades has already proved this theory. The problem is that owing to various historical factors, the traditional system of a planned economy has been built on the basis of the concepts of a natural economy or a product economy and consequently, the practices which neglected the demands of a commodity economy such as materialized management, discriminating against the market mechanism and eating out of a big pot have become inseparable from the traditional system of a planned economy. Since the third plenary session, many comrades in our country's economic circles have gradually eradicated the concept of natural economy and product economy from their socialist economic theory and have established the concept of a planned economy under the conditions of a socialist commodity economy. Under the guidance of this ideology, the mechanism of regulation through the market has been gradually introduced into the internal system of our country's planned economy so as to give play to its supplementary role of regulating the economy. Together with the measures of division of power such as expanding the decisionmaking rights of enterprises, it has yielded distinctive results in speeding up and enlivening the economy. However, since we have not made enough efforts in stressing a planned economy and since we lacked a mature scientific approach both in planned management and market regulation, certain trends which weakened and shook off the state's unified planning existed in our economic activities. This is detrimental to the normal development of the national economy. In order to correct such trends, we must, under the guidance of the principle of "taking the planned economy as primary and regulation by market mechanism as subsidiary," strive to improve the overall standard of economic management and ensure the proportionate development of the national economy by means of the comprehensive balance of economic plans and the subsidiary role of market regulation.

How should we deal with the relations between planning and the market in a socialist economy? Long-term discussions on this question are anticipated in the wake of the development of the socialist economy and the economic system. Regarding certain more specific questions, it is not necessary for us to hastily make binding conclusions but we should carry out incessant exploration by means of practice and work out an answer which suits the current situation. At present, the product mix in our country is irrational, industrial organization is irrational and the price structure is irrational. The whole national economy is still in the course of readjustment. Under such circumstances, a fairly unanimous opinion on handling the relations between planning and the market at present and for a certain time to come is, in accordance with different situations, to adopt three different forms of management in relation to the

national economy, namely: to draw up mandatory plans for production and distribution of products which are of overall importance to the national economy; to draw up plans of a guiding nature for production and marketing of ordinary products; to adopt free production and marketing, under the control of market regulation, of the numerous varieties of daily-use products, small commodities and other agricultural and sideline products. We must study a lot of questions regarding the three different forms of management mentioned above. Here, in this article, three questions will be briefly discussed.

The first question is, whether or not free production and free market, as the supplement of planned production and planned circulation, are included in planned economy. A socialist planned economy carries out the planned management of the socialist economy on the basis of public ownership of the means of production in accordance with the demands of socialized mass production. On the one hand, it embodies the part managed by plans, both mandatory and instructive in nature, and on the other hand, it also embodies management of free production and free market which are not part of the state plan. Free production is a form of business within the scope permitted by unified state planning, and free market is a component part of the whole unified socialist market. Although regulation of this free market plays a subordinate and secondary role, it is under the indirect control and influence of unified state planning, and is under the management and supervision of the state's industrial, commercial and administrative organs. Thus, it seems inappropriate to completely exclude it from a planned economy and place it in an area which is antagonistic to a planned economy.

The second question is, whether or not the factor of market regulation exists in the form of management by plans instructive in nature. Undoubtedly, both plans which are mandatory and instructive in nature belong within the scope of planned regulation. The difference between plans which are mandatory and instructive in nature is that plans of an instructive nature do not have compulsory or binding plan targets but spontaneously make use of economic levers which are related to the law of value to guide the enterprises in realizing the demands of state plans. Here, the regulating role of market mechanism has actually been used. It differs from regulation of the free market in that the latter carries out regulation by means of spontaneous changes between price and supply and demand relations. But in areas managed by plans which are instructive in nature, the state spontaneously makes use of the changes in price and other market parameters to exercise regulation. In the sense of the state's spontaneous application of the law of value in achieving planned targets, this is planned regulation; however, viewed from the angle of the enterprises, it does not comply with the state's directives but determines its own activity according to changes in price and other market parameters. Thus, the factor of market regulation is undoubtedly included. Some people explain plans of an instructive nature as planned regulation carried out by means of market regulation. In my opinion, this is true to a certain extent.

The third question is, whether in the plans which are mandatory in nature, management will be gradually expanded or reduced in the future reform. At present, in order to redress some practices of diversification in the economy,

appropriately stressing centralization and unification and enlarging the range of products and enterprises included in the plans which are mandatory in nature to a certain extent is undoubtedly necessary. At the same time, as long as there exists material shortages or prominent imbalances in the national economy which can hardly be solved within a short period of time, and as long as there remain some problems concerning public interests (such as the prevention of pollution and the protection of environment, and so on) which can never be solved through the market mechanism, the plans which are mandatory in nature will always need to be preserved, and it will be wrong to completely get rid of them. However, there is a certain viewpoint that holds that the targets set in the plans which are mandatory in nature are the principal symbol of the planned economy; the greater number of such targets there are, the more thoughtful and complete the plans will be; and following the improvement of the plan management level, the scope covered by the plans which are mandatory in nature will become larger and larger. Such a viewpoint is questionable. In my opinion, we must not only be aware of the necessity of the plans which are mandatory in nature and their superiority, which are more effective and prompt than other management methods under specific conditions, but we must also keep in mind their limitations and shortcomings under general circumstances. The experiences obtained in all countries which have adopted the mandatory plan system shows that such a plan management form is relatively weak in solving those traditional and instinctive shortcomings of the centralized plan system, such as the divorce between production and demand, the waste of resources, poor quality and few varieties of products, and poor microeconomic returns. The experiences obtained in some countries which have implemented this system for a long time shows that the consequence of microeconomic returns being lowered had gradually dominated this system's superiority in terms of macroeconomic returns. It has led to such situations whereby the declining tendency of the development speed of the whole economy can hardly be reversed, the imbalance of the economic structure can hardly be redressed, and so on. Therefore, proceeding from a relatively long period of time, we cannot set the expansion of the scope of the plans which are mandatory in nature as the direction of the structural reform. Following the progress of the economic readjustment, the gradual shaping of the "purchasers' market" and the rationalization of pricing system, we must gradually reduce the scope of the plans which are mandatory in nature and expand the scope of plans which are instructive in nature. On the other hand, following the improvement of the plan management level, in particular the improvement of the state's command of the market information and the regulation mechanism, we must also gradually strengthen our control over free production and free market through plans which are instructive in nature. Therefore, among these three economic management forms, stress in future should be put on the second form, that is, plans which are instructive in nature. For this reason, while preserving and perfecting these three management forms of the national economy, we must try our best to deliberate on the problem concerning the mechanism of the plans which are instructive in nature. This is the most difficult problem in handling the relationship between plan and market in the socialist economy, as well as a problem which we must solve in upholding the direction of reform.

In relation to the practice of overcentralization and overlooking the function of the market, one of the past characteristics of the traditional system was

that in too many cases, the economy was controlled through administrative organizations and by administrative measures and not through economic organizations and by economic measures. Since Comrade Hu Qiaomu put forth in his article, "Carry out everything according to the economic law and step up the realization of the four modernizations," that economic organizations and economic measures must be expanded, we have attached more importance to handling economic affairs by economic methods in various aspects of reform in the last few years. This is really a great step forward. However, we have also sensed some tendencies of playing down the role of administrative measures. For example, regarding administrative measures as the synonym to subjectivism, commandism and arbitrary and impracticable directions, some comrades unconditionally demanded replacing administrative measures with economic measures, and thus actually negated the objective necessity of administrative measures. In fact, administration is always necessary in social production. Others, directions, rules and regulations, and so on, are indispensable for economic administration in a society. Of course, under socialist economic administration, administrative measures must be based on the objective economic law, and must correctly reflect and help handle the interests of different aspects so as to attain the expected goals. Therefore, some economists hold that the relationship between administrative measures and economic measures is one between the "outside" and the "inside," or something like the inseparable relationship between form and content. However, apart from this relationship, there is also another side in which administrative measures are not directly linked to economic measures, that is, in the forms of state political power or macroeconomic power, administrative measures can be used to carry out the will of the administrative authorities at the expense of the interests of other specified aspects. This is a common occurrence in those places where compulsory plans have to be implemented. In certain situations, the administrative measures in such a sense are also necessary in consideration of the interests of the overall situation. Of course, under normal circumstances, we should still get rid of the practice of manipulating the economy solely by administrative measures and, instead, integrate the economic measures with the administrative measures, try our best to operate the economy through economic levers and according to the economic statute. Only in this way can we adhere to the direction of reform.

In the last few years, we have witnessed some negative phenomena in implementing various policies and measures to enliven the economy. Some comrades attribute these phenomena to the mistake of overemphasizing the economic measures and overlooking the administrative measures. They, therefore, conclude that the administrative measures must especially be strengthened in the future. Does such a view conform with reality? The actual situation is that we are still rather unskilled in using either economic measures or administrative measures. Without a doubt, we are weak in carrying out scientific administration. In addition, we have also failed to correctly and skillfully make use of those economic measures such as salary, bonuses, taxation, pricing, credit, and so on, and to give full play to their roles as economic levers. Therefore, in the future, what we have to face is not solely the problem of strengthening administrative measures. We not only have to raise our scientific level in administration, but also have to learn how to correctly and skillfully utilize various economic measures so as to improve overall economic administrative work.

One of the highly complicated problems we are facing in the current reform is how to accomplish the transition from the administration of the economy by administrative organization to the administration of the economy by economic organizations. In the past, our economic affairs were undertaken by various administrative systems according to administrative divisions. Enterprises are respectively subordinated to different ministries of the State Council and different departments and bureaus at the provincial, municipal, prefectural and county levels. They belonged to different systems, and were sharply separated from one another. Such a situation has prevented rational economic ties between enterprises and has given rise to tremendous waste. In order to thoroughly solve this problem, the barriers between departments and between areas must be removed; enterprises must be organized, restructured and integrated according to the principle of cooperation among specialized trades and economic rationality; and the division of work between the government and enterprises must be implemented. However, the division between the government and enterprises cannot be accomplished in one move. With regard to the problems of reorganization and integration, there are different opinions, with some people wondering whether the move should be started from the ministries or from local units. It appears that we could borrow experiences from some cities such as Shanghai, Changzhou and Shashi. "Having our eyes on the whole country and starting our work from central cities," we may take the central cities as our bases, focus on key name-brand products, and establish and coordinate various transregional economically-integrated complexes between different trades and other integrated complexes according to the principle of rationality and the internal links between different economic sectors. In order to prevent blindness in the course of reorganization and integration, we badly need at present to work out an overall plan to set forth the development direction, production scale and layout of plants for different products of different trades in different areas, and to clearly determine in what trades, for what products and in what scope the cooperation and integration should be organized. Before the overall plan is worked out, we must work cautiously, strengthening leadership, speeding up pilot projects in certain key trades in some large central cities, and striving for new breakthroughs in reorganization and integration. Most of the companies which were established in various places in the last few years are administrative organizations. These companies should take active measures to complete the transition from administrative companies to enterprises so as to give full play to their role as an economic entity.

In the above paragraphs, we have concisely talked about some of our immature ideas on the problems of how to understand and handle the relationship between concentration and diversification of power, between planning and marketing, and between administrative management and economic management. Of course, apart from the above problems, there are still some other important problems in the system reform of our economy, for example, how to set up the ownership system under which the public ownership swerves as its main body, other economic components serve as the supplements, and various economic forms coexist; how to set up the management structure under which various forms coexist; and so on

All these problems need further deliberation. And the solution of these problems will enable us to effectively carry out the system reform of our economy at present and throughout the 1980's, and to prepare preconditions in terms of economic system for the economic upswing which is to be accomplished in the 1990's, in accordance with the directions laid down at the 12th CPC Congress. Of course, the economic system reform is by no means a task which can be accomplished in one move. We must keep on devoting our efforts to this task for the next nearly 20 years, until the turn of the century, unremittingly seeking new production and distribution forms to suit the higher stages of the development of productive forces and constantly perfecting our country's economic system. Only in this way can we smoothly attain our strategic goal set for 2000 and strive for a higher modernization level.

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'RENMIN RIBAO' ON UNDERSTANDING ECONOMIC CONTRACT LAW

HK031423 Beijing RENMIN RIBAO in Chinese 27 Aug 82 p 5

[Article by Wang Jiafu [3769 1367 4395], Shi Tanjing [0670 2232 1777] and Wang Baoshu [3769 0202 2885]: "On Several Problems of Understanding in the Course of Executing the Economic Contract Law"]

[Text] The "Economic Contract Law" concluded during the fourth session of the Fifth NPC officially came into effect on 1 July 1982. This law has been formulated in response to the summation of the experiences both positive and negative of the past previous economic development. It is therefore of the utmost importance that we clarify our understanding of the relevant problems which have arisen in the recent practice of this law, so that it may be implemented in its entirety.

On the Importance of Economic Contracts

Owing to our longstanding custom of dependency on simple administrative procedure in economic management, some comrades today still lack proper understanding of the usefulness of economic contract law. It has actually happened that some comrades usually agree to the importance of economic contract law, but belie this in their actions; some openly admit that economic contract law is harmful and others, while acknowledging the importance of contract law, regard it as positively dangerous to their own work units, neglecting to see the importance of economic contract law in a larger context as it relates to the national economy. These mistakes and prejudices frequently result in willfully ignoring contracts, haphazardly negotiating contracts or tearing up of contracts and as much constitute the greatest obstruction to the implementation of the economic contract laws. Therefore, it is absolutely necessary to take steps towards raising the people's understanding of the importance of economic contract laws. Everyone must recognize 1) all of China's socialist economic organizations are constantly interacting and are engaged in any number of economic activities. If we do not use economic contract laws as a legal bond to bring together these activities, so that each element of supply, production, marketing and transportation comes together methodically to form an organic whole, just as a well integrated machine is able to run smoothly, the national economy will sink into a state of chaos. 2) The socialist economy is a planned

economy, it is also a commodity economy and therefore in our economic direction and management we must adopt two relevant legal measures. 1) In dealing with vertical economic relationships we need legal administrative measures which will have as their characteristics the ability to ensure compliance with directives. 2) In dealing with horizontal cooperative economic relations adopt civil measures which will be characterized by the ability to ensure mutual benefit, unanimity in consultation and fair trade compensation. Economic contract laws are a basic element of civil law measures in state guidance and economic planning.

On the Relationship of Economic Contracts and Planning

"Why do we need economic contracts when it should be enough just to implement state plans?" This is the second kind of incorrect view that is hindering the implementation of the economic contract laws. We cannot draw the conclusion that so long as there is state planning there is no need for economic contract law. Inside and outside China, the experience of socialist construction has repeatedly proven that state planning alone, without economic contracts is insufficient. From the formulation of state planning to the point of its realization it is impossible to separate state planning from economic contracts. 1) Economic contracts can reflect the latest market information and social needs and thus provide the formulation of state planning with a solid and practical basis on which to work. In the past we have not done well in this area and have suffered because of it. If we can organize production along the lines of marketing determining production, and demand determining supply, giving full reign to the usefulness of economic contracts in this area, then we can increase the scientific basis of state planning and avoid and decrease blind action in state planning. 2) Economic contracts are important measures in fulfilling the state plans. The state requires enterprises to execute the plans, but even if state planning could be more scientific and more comprehensive, it still could not take account of every phenomenon. Enterprise must have a body of rightful legal representation. Only when the concerned enterprises on both sides agree to sign contracts taking into consideration market needs and their own conditions, and when they increase their objectivization of state planning with respect to product variety, design, color and other specifications, will the state plans be fulfilled. 3) With those things not included in the state plan, commodities and things subject to regulation by market mechanism, economic contracts work toward including them in the state plan where their role is supplementary to the state plan. In the purchasing of farm produce and sideline products, many places have implemented a system of production and marketing whereby the important farm produce and sideline products are fixed by contractual agreement for production and sale to the state, including supply and sales of production materials, allowing for more dependable guarantees for state purchasing plans. By formulating and implementing economic contracts and supplementing state plans, we can guarantee both centralized, unified leadership of the state with regard to macroeconomics, and give full reign to the initiative and enthusiasm of enterprises with regard to microeconomics.

On Economic Contracts and Economic Readjustment

Some comrades feel that while the national economy is in the throes of readjustment, and while the economic system itself is being reformed, since power and

the supply of raw materials are irregular and the transportation system is insufficient, it is not good to fix economic contracts because these contracts are even more difficult to guarantee. We feel that although the difficulties these comrades speak of are very real, still this is no reason not to fix economic contracts. On the contrary, under the present circumstances, we need the advantages of economic contract legal measures even more. Clearly, the rights and responsibilities inherent in supply and demand, and striving to attain parity of distribution and greater use of power, raw materials and transportation will work to promote the development of production. If this is not done, the relations of supply and demand will always be in a state of uncertainty and chaos and in future, the economic interests of the state will suffer greater losses. Speaking in the long term, once the economic management system is reformed and the decisionmaking powers of management and administration in enterprises are enlarged, then we can strengthen economic business accounting and in our future economic dealings with foreign work units, we will certainly require greater use of legal economic methods to guarantee and reflect our own interests and needs. Therefore, the better the work of readjustment and reform are, the more dependable the economic laws will be when put into effect. Economic contract law has clearly established that, "economic contractual agreement must respect the laws of the state, and be in accord with the needs of state planning and policy," and that transgression of state policy and law in signing contracts is completely without value. The economic activities of enterprises are permissible only within the limitations of state policy and state law. The implementation of economic contracts can serve to promote the work of readjustment and reform.

On the Fear of Being Bound by Law

There is a group of comrades who are afraid of being bound by restraints and would prefer to reach "gentlemen's agreements," relying on old connections to do business, and who are not willing to formally conclude economic contracts. We believe that economic contract law is exactly the same as any other type of law, and naturally possesses the same legal binding force. This force is directed, however, at both contracting parties and not merely at one party; it will place restraint on acts that are illegal or violate the contract and yet provide a kind of protection for acts that comply with the contract and for legal and just profits from the contracts. What the economic contract laws bring into play is the principle of responsibility for acts resulting from unintentional errors and slip ups. That is, anyone who breaks the contract either deliberately or unintentionally must accept the responsibility of the broken contract; anyone who has done everything in their power to carry out the contract but still breaks the contract owing to unforeseeable mishaps or force [word indistinct], can in accordance with the law be exempt from part or all of the responsibility for breaking the contract. This type of regulation is fair and reasonable. There are some work units whose much lauded "gentlemen's agreements" are in actual practice more often than not little more than a reliance on acquaintances to use their influence to carry out improper trade practices. They set themselves above the law and policy regulations, and

mobilize personal feelings, playing on their connections and concluding deals under the table. Even if an economic contract has been drawn up, they find excuses not to implement it, and even evade the responsibility of paying up fines and compensation for broken contracts. The party suffering losses is held back out of consideration for the other party's feelings and the fear of adversely affecting future dealings, and so are not willing to pursue the question of compensation and amicably settle the matter, with the end result that the real loser is the state. This kind of thing happens most often in deals between state enterprises. Safeguarding the rights and interests of contracts is not only the right of the enterprise, but is also the duty and obligation of the enterprise toward the state; to forego the matter of compensation and rely on the generosity of the state is most wrong. There are a few enterprises for whom it is not enough that they have had to pay up the expenses of compensation, they must then go and include this extra expense in the cost of the product and thus transfer the burden onto other enterprises and consumers. All the above-mentioned practices are acting that violate economic contract law.

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'RENMIN RIBAO' DISCUSSES STUDY OF ECONOMIC RETURNS

HK070808 Beijing RENMIN RIBAO in Chinese 31 Aug 82 p 5

[Article by Gui Shiyong [2710 0013 6978]: "Make a Thorough Study of the Question of Economic Returns"--excerpted from JINGJIXUE WENZHAI No 8, 1982--passages within slantlines published in boldface]

[Text] The problem of raising economic returns has been taken as a key problem and a fundamental starting point in all economic activities. This is an important change in the guiding ideology in China's economic work. It urgently requires us to make a more extensive and thorough study of the question of economic returns and seek more channels for their increase.

The question of economic returns is very complicated. It involves many matters in various aspects. Here, I would like to offer my initial ideas on some major comprehensive problems.

/First, on the relationship between speed and economic returns/

A correct understanding and solution of this problem is the crux of whether our economic work can be really shifted onto the track of development with raising economic returns as its central task. By stressing that priority should be given to raising economic returns, we mean that the long-standing deviation in the past, which regarded speed as the key link and merely pursued the speed of increase of output and output value instead of seeking high economic returns, should be corrected and efforts should be concentrated on raising economic returns so that a more realistic speed can be achieved, on the basis of which the people can have more material benefits.

This change embodies two requirements for us: 1) Strictly follow the actual needs of society in making plans and organizing production and increase the quantity of products on the basis of improving their quality and variety. 2) Save as much labor and material consumption as possible and strive to create more wealth for society with the existing labor and material resources. To sum up, giving priority to the raise in economic returns will result in a more effective and constant increase of speed. Without economic returns, nothing can be used to check the effectiveness of the increase of speed, and without the increase of economic returns, there will be no solid ground for the increase of speed. Economic returns and a true and effective speed are related to each other. We must not set them against each other.

In order to strive for a high speed on the basis of the increase of economic returns, many problems in our production, construction, circulation and other economic work have yet to be studied and solved, such as the problems of how to accurately calculate and foresee the social demands and their development so that the structure of our industry and products can always keep up with the development of social demands; how to carry out reforms on the economic systems so that our planned and unified economy can also be flexible and varied, and can better suit the needs of society, and that better economic results can be achieved; how to take both production and circulation into consideration at the same time while raising economic returns so that trade and goods supply can be fully developed and can play the role of guiding and promoting production and balancing production and needs; how to decide on a correct price and price system so as to give more effective play to the role of price, an economic lever, in regulating and balancing production, supply and needs, and so forth.

/Second, on the relationship between labor consumption and possession of funds/

In the socialist economy, we must not only strive for more economic returns by reducing labor consumption, but also strive for more economic returns by reducing the possession of funds. This has generally been accepted now. The problem is that the relations between labor consumption and possession of funds are very complicated. They have both unified and contradictory aspects. Generally speaking, in the condition that productive technology is progressive, in order to reduce labor consumption, it is usually necessary to improve technological equipment. Thus the possession of funds will be increased. On the contrary, in the productive activities which require a lower level of technological equipment and less funds, labor consumption is usually increased. Our country is an economically backward country with a large population. We are rich in manpower resources but poor in funds. Under such circumstances, it is necessary to establish and develop more trades and enterprises which need less funds but can absorb more laborers. In this way, more social wealth can be created with the same amount of funds. However, since the natural resources which have been discovered and exploited in our country are not sufficient and we need more energy and raw materials, and yet the production in this respect is unlikely to be greatly developed within a short period of time, due to the lack of funds and technology, we must also develop more low-consumption but efficient trades and enterprises so that more products can be made with limited energy and raw materials. But these trades and enterprises usually demand a higher technological level and more funds but less laborers. This is a great problem we have encountered in our modernization drive. Many other problems in the present economic life have, more or less, something to do with this problem. In order to correctly solve this problem in light of the conditions in our country, we must make further study and research in various aspects.

Referring to the industrial structure, it is important to rationally handle the relations between the capital intensive type, the technology intensive type and the labor intensive type industries so that the advantage of our natural resources can be brought into full play and better economic results can be

achieved. We must greatly develop the labor intensive type industry and simultaneously strive to combine it with the technology intensive type industry so that better economic results which are characterized by good quality, low consumption and high labor productivity can be achieved. In this connection, the development of education and science and the increase in workers' scientific, cultural and technological levels are extremely important.

Referring to enterprise structure, the question of how to correctly implement the policy of combining large, medium- and small-sized enterprises also needs to be further studied on the basis of summing up historical experiences. Without doubt, in the light of the actual conditions of our country and in accordance with the law of the development of productive technology, the policy of combining large, medium- and small-sized enterprises must be continuously carried out. However, our historical experiences tell us that although small enterprises need less capital and can absorb more laborers, we must not neglect the other side of the coin, that is, they consume more materials and the quality of their products is usually lower. Failure to see this and unconditionally developing these enterprises in large numbers, which seems to be in conformity with our country's conditions characterized by excessive laborers and insufficient funds, will actually aggravate the difficulties caused by a capital shortage, because it will not only increase the costs of the industrial production and weaken its capability of accumulation, but will also make more demands on energy and raw materials, which will require more investment in this respect. As a result, although investment is increased, products are decreased. Economic development will thus become more difficult. Of course, this does not mean that medium and small enterprises cannot be developed. It only means that some principles must be followed in the development of these enterprises. For example, in the light of the different conditions in different trades and areas, different measures should be adopted. To produce some high-quality single products, which requires comparatively large-scale equipment and has high productivity, more large and medium-sized and low-consumption enterprises must be established in the light of actual conditions. But in the processing industry which produces complicated and various products, more medium and small-sized enterprises must be established in accordance with the principle of coordination among specialized departments. These small enterprises must be both specialized and good, and must give priority to improving the quality of their products. They can employ more laborers. However, since the workers' wages and the depreciation charges are generally lower in these enterprises, the employment of these laborers must not result in the increase or big increase of production costs. Otherwise, their profits will be affected. On the other hand, efforts should be made to [phrase indistinct] and make them catch up with the large enterprises in this respect. If their consumption cannot be reduced in a short time, they must not contend for fuel and raw materials with advanced enterprises when the latter are in need of them, even if the latter are using it for extra production.

Referring to productive technology, there is a question of adopting and creating advanced technologies which suit our country's conditions. There are no national boundaries for advanced scientific technologies. However, they must be applied

in light of the concrete conditions of various countries. Only thus can better economic results be achieved. As a matter of fact, a very important condition for whether a country can quickly be modernized is whether the people in this country can create advanced technologies which are suitable for their conditions. In light of the actual conditions in our country, we urgently need the technologies which can help improve quality, reduce consumption and save money. Of course, conditions vary in various departments and trades. But they must all strive to achieve this end.

/Third, on the relationship between macroeconomic returns and microeconomic returns/ The socialist economy is a planned economy established on the basis of the public ownership system. When striving for more economic returns, it is necessary, and also possible, to first strive for macroeconomic returns. This is where the advantage of socialism lies. At the same time, since the socialist economy is composed of various enterprises, departments and localities, without striving for more economic returns in these enterprises, departments and localities, it will be difficult to raise the economic returns of the national economy. In the socialist economy, the macroeconomic and microeconomic returns are fundamentally consistent. But on many occasions, they also contradict each other. The reason is that the socialist economy is a socialized economy with an extensive division of work and cooperation. The macroeconomic return of the national economy is not a simple combination of the economic returns of various enterprises and partial areas but an organic unity of these economic returns in the complicated social contacts. For this reason, some matters which are good for the economic returns in some areas probably may not be good for the economic returns of the whole society, and vice versa. This contradiction becomes more complicated due to the differences between the whole and the parts in the understanding and recognition of the economic situation, especially due to the existence of the partial interests under the premise of the consistency of the interests of the whole and the parts. How to correctly solve this contradiction, that is, how to fully mobilize the enthusiasm and initiative of the enterprises, localities and departments in raising their economic returns and, at the same time, take into consideration and protect the interests of the whole so that the economic returns of the whole society can be raised, is a very important problem before us. It is also a key problem in our reform of the economic system.

Our past experiences over many years show that when the enterprises, localities and departments were not granted necessary power and benefits due to the excessive and rigid control of the central authorities, when such phenomena as "eating out of the same big pot" existed and equalitarism was practices, the enthusiasm of various aspects could not be fully mobilized to raise economic returns. However, when they were granted the power and benefits, but not effective and centralized leadership and unified plans, they still could not conscientiously act in the interests of the whole society and the objective demands of the socialized production. The key lies in how to correctly unify these two aspects. This is very difficult problem, and one which must also be solved well. We have already put forward a basic principle of ensuring planned

economy to play the major role and market regulation the supplementary role and the principle of adopting instructive and guiding plans to suit different conditions. We have also advocated spontaneous regulation by the market within the range of state planning and suggested various forms of economic management. These are correct principles for solving the problems in the reform of the economic system. The problem now is the step-by-step implementation of these principles. Thus, it is necessary for us to further study many problems. For example, what principles should be further put forward, what regulations and methods should be worked out and what systems should be further established to ensure that the decisions of the macroeconomy be both realistic and foresighted; how to draw a correct demarcation line between instructive and guiding plans and market regulation, and what is the objective foundation and corresponding criterion for drawing such a demarcation line; what will be the new situation and new problems which need to be studied and solved after practicing various forms of economic management; how to give enterprises the power and benefits according to their actual needs and what measures should be taken to closely relate the responsibility, power and profits of the economic organizations at various levels; how to establish a system for the rational division of work and cooperation between the management by departments and the management by areas; how to improve planning work and make it more scientific; how to effectively use such economic levers as price, taxation and credit loans to manage economic affairs, strengthen economic legislation and supervision and do a good job in collecting, studying and exchanging economic information; and so on and so forth. Obviously, if we do not make an earnest and thorough study of these problems and find a way to feasibly solve them, it will be very hard for us to healthily develop the reform of the economic system and raise economic returns in various economic activities.

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NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON FINANCIAL DISTRIBUTION MEETING

HK091408 Beijing RENMIN RIBAO in Chinese 6 Sep 82 p 5

["Academic Trends" report by Wang Chengyao [3769 6134 1031]: "Discussion on the Distribution of Financial Resources"]

[Text] The Chinese finance institute asked the departments concerned to hold a symposium on the distribution of national financial resources in Jilin City to discuss some theoretical and practical questions about the distribution of China's financial resources at the present stage.

People attending this meeting unanimously held that: How to distribute the limited financial resources in a planned, rational and effective way with the interests of all parties concerned being taken into consideration, and how to give full scope to the promotive, regulatory and supervisory role of the distribution of financial resources in the national economy, so as to guarantee the implementation of the planned economy, to improve economic results and to gradually improve the people's standard of living, is a problem of immediate importance in the distribution policy and the distribution system and a basic question for the academic study of finance in seeking laws governing financial distribution. Based on this viewpoint, the participants encapsulated the historical experience in the field of financial distribution since the founding of the NPC into 16 Chinese characters, which mean: seeking truth from facts; acting according to one's capacity; taking all factors into consideration when working out [word indistinct]; and keeping overall balance.

The participants analyzed the new situation and new problems of recent years in the change of financial distribution. They found that, in the course of readjusting the ratio between accumulation and consumption, besides the problem of financial distribution exceeding national capacity, thus causing financial deficits and excessively distributing the national income, there were mainly the following problems: 1) In spite of the increase in production and the national income, the absolute amount of the financial income and its proportion in the national income decreased. 2) The amount of individual incomes of enterprises and laborors and the percentage of this item in the initial distribution of the national income kept increasing; while relatively speaking, the percentage of the income of the state declined. 3) The amount of funds controlled by localities and the share of these funds in the financial funds kept increasing

and correspondingly, the amount and the share of funds controlled by the central authorities fell. They believed that these changes were derived from the large number of effective measures adopted by the state in the readjustment and reorganization and indicated that the previous situation had been changed in which the state had accumulated excessive funds and in a too rigid manner centralized the financial power and concentrated excessive financial resources in its hand. This had greatly helped the readjustment of ratios in the national economy and mobilized initiative in all fields. It should be affirmed that these changes in the main were rational and necessary and were suited to the economic development. However, a few of them were not rational; some even illegally occupied state financial income, thus resulting in dispersing financial resources and wasting funds and in turn, weakening the state's capability to arrange economic construction and the people's livelihood in a unified way. On the one hand, the state lacked funds when handling key construction projects urgently needed in the fields of energy and transport; on the other hand, some localities and departments, based on their own interests, built duplicate factories and blindly handled production, thus adversely interfering with state plans. This did not conform to the principles of keeping an overall balance in the national economy and in proportionately developing the national economy. The key construction projects of the state had thus been affected. This could never meet the demands in the further readjustment of the national economy.

The participants generally believed that, when solving the problem of the dispersal of financial resources, we could never backtrack to the previous practice of overcentralization; instead, based on affirming the correct orientation of the readjustment in recent years and consolidating its achievements, we should find out the root causes of the problems by taking a guiding principle of "stabilizing policies and conducting appropriate readjustment," strengthening education on the overall viewpoint, perfecting the financial and accounting system and actively adopting effective and feasible measures for increasing production, practicing economy, building up incomes and retrenching expenditures, so as to satisfy the needs of the state's key construction projects and give full play to the superiority of the socialist planned economy. In the discussion, however, people had different opinions on how to stabilize policies and appropriately handle readjustment. Some of the people tended to emphasize "stability." They maintained that the scope of stability included not only the state's policies and decrees but also the existing ratios of financial distribution between the state and the enterprises and between the central authorities and the localities. The readjustment should only be handled under the condition of maintaining the above-mentioned general ratios, and should be limited to some troublesome problems between localities, departments and enterprises, and to correcting some irrational measures laid down by localities and departments for themselves. Others thought that the range subject to readjustment could be larger. In their opinion, keeping policies stable should mean maintaining the existing basic policy of expanding the decisionmaking power of localities and enterprises in financial affairs; while the range of readjustment should include not only some irrational systems and measures but also some specific policies and decrees concerning financial distribution, as well as the ratios of income distribution between the state and the enterprises and between the central authorities and localities.

In order to solve the problem of dispersal of financial resources, comrades attending the discussion made many concrete suggestions, which can be summed up as follows: 1) earnestly implement the 10 principles for economic construction, so as to enrich financial resources; 2) under the condition of keeping the overall balance, specify a rational standard for the amount and proportion of the financial income in the national income; 3) gradually cut back on the subsidies for financial losses and restrain the blind expansion of consumption funds; 4) perfect the system of income distribution in the state-run enterprises; 5) perfect the multi-level setup of financial management from the central level down to various local levels; 6) further control the orientation and scale of investment in capital construction; 7) strengthen management over funds not covered by the budgets; 8) strictly control the banks' medium and short-term loans for technical measures and equipment; and 9) carry out enterprises reorganization in a thorough [words indistinct] and enforce strict financial discipline.

CSO: 4006/634

'ZHONGGUO QINGNIAN BAO' REPORTS ON ECONOMIC DEVELOPMENT

HK040526 Beijing ZHONGGUO QINGNIAN BAO in Chinese 20 Aug 82 p 3

[Article by Zheng Youyun [6774 1635 0061] and Li Zhuqi [2621 0031 0366]: "National Economy Steadily Developing, People's Living Standard Remarkably Improving--Reviewing the Great Changes Since the 3d Plenary Session of the 11th CPC Central Committee--Part 3"]

[Text] The 3d Plenary Session of the 11th CPC Central Committee marked a turning point of profound significance in the history of the party and state. Since then, our socialist modernization drive has marched along the track of steady development. Under the leadership of the party Central Committee, we have further fulfilled the historic task of bringing order out of chaos in guiding ideology, and in work arrangement, we have carried out the strategic shift to placing the emphasis on economic construction. At the same time, we have set forth and carried out a series of internal and foreign policies and have gradually opened up a new path which is more practical, with good economic results and of benefit to the people. Prosperity has been emerging day after day in our socialist economic construction due to the efforts made by the people throughout the country.

Agricultural Development Is Just Unfolding

For a very long period of time in the past, agricultural production recorded very slow development due to erroneous "leftist" influence. There were four main reasons: 1) management was over-centralized. Decisionmaking powers of the production teams were not respected. Peasant's private plots, household sideline production and country fair trade were restricted and banned, by cutting off the so-called "capitalist tail"; 2) management methods were oversimplified, with one-sided emphasis on "taking grain as the key link"; 3) "big" and "public" was pursued in ownership system and labor organization, and blind administrative commands were issued; 4) "eating out [of] a big pot" were practiced in distribution. As a result, the commune members' labor enthusiasm was inhibited and the superiority of collective ownership economy was not given full play. Up to 1978, the average per capita income of one-third of production teams throughout the country was under 60 yuan.

After the third plenary session, in order to accelerate agricultural development, the CPC Central Committee readjusted the agricultural policy and adopted a series of important measures such as to resuming and expanding private plots, resuming country fair trade, respecting production team decisionmaking powers, implementing various forms of production responsibility system, raising the procurement prices of agricultural and sideline products and reducing or waiving in some areas. These measures have vigorously aroused the peasants' labor enthusiasm and revived and developed the production of agriculture, forestry, animal husbandry, sideline production and fishery in an all-round way. According to statistics, from 1979 to 1981, the average growth of overall agricultural output value of China was 5.6 per cent per year, greatly exceeding the average growth of 3.3 per cent between 1967 and 1976. In the past few years, great change has taken place in the poor areas. For instance, Fengyang County in Anhui Province was nationally well-known as a "three-dependent county" (consuming grain distributed by the state, getting loans for production, and living on relief funds). In this county, a great number of production teams were too poor to buy stationery and kerosene for lamps. In 1979, the whole county scored remarkable achievements by instituting the "contract" production responsibility system in an all-round way. In the same year, the total output of grain throughout the county increased by 20 percent compared with the previous highest level in 1977. In 1981, grain and oil crop output increased by 100 per cent and 500 per cent respectively, and the commune members' income rose by 300 per cent compared with 1978. This was an encouraging change.

Particularly noteworthy is the fact that with the vigorous development of agricultural production, the peasants have aroused to an unprecedented degree their enthusiasm in studying and practicing science, the number of agricultural machines is increasing, and the process of agricultural modernization is being accelerated. At the same time, the tendency of forming joint undertakings has been seen in the organizational form of agricultural production, based on voluntary association. These things indicate that the excellent situation of the agricultural economy of the country is now in the ascendant and a new high tide is approaching.

Industrial Production Marches Steadily Forward

During the 2 years after smashing the "gang of four," the problems caused by the sabotage of the Lin Biao-Jiang Qing revolutionary cliques and the "leftist" guiding ideology which affected industrial construction were gradually discovered. These can be mainly described as follows: The proportions of accumulation and consumption, of agriculture, light industry and heavy industry, and within industry, were seriously unbalanced, state finances incurred deficits, and the coordinated growth of the national economy was hampered. In order to deal with this situation, the party Central Committee put forward the eight character principle of "readjustment, restructuring, reorganization, upgrading." By implementing the policy of national economic readjustment, we placed the emphasis on readjusting the proportions of light and heavy industry, and took the necessary restructuring as subsidiary. The results have been satisfactory.

In the past, owing to "leftist" ideological influence, undue emphasis was placed on pursuing high target and high speed, and the erroneous guiding ideology of "production for its own sake" remained unresolved for quite a long time. The

growth speed and the investment proportion of heavy industry in the industrial production greatly surpassed that of the light and textile industries. Consumer goods production was reduced, market supplies fell short of demand, and industrial production was not satisfactory. After the readjustment, the growth speed of the light and textile industries has been accelerated. In 1981, the output value of light industry recorded an increase of 48.12 percent compared with 1978. The proportion of light industrial output value in total industrial output value was 51.4 percent, surpassing heavy industry's output value. This was the first time this had happened in the 23 years from 1958 to 1980. At present, the number of China-made watches, bicycles, sewing machines, television sets, washing machines, radio cassette recorders, chemical fibers and other consumer goods, has greatly increased not only in variety but also in design. There is an ample supply of goods. This directly reflects the rapid growth of the light and textile industries.

After the readjustment, change has taken place in the organization and structure of heavy industry, in its product mix and also in its service orientation. On the one hand, a number of enterprises which consumed much energy, produced less beneficial results and incurred more loss, have been closed down or transferred to other production, and a number of products which were of poor quality, overstocked and slow in turnover have ceased production. On the other hand, the product mix has been changed and the service orientation of heavy industry has been rectified. Formerly, this service orientation was seen as "self" service, but now it has expanded to serve agriculture, the light and textile industries, the urban and rural markets and the export trade. Since the fourth quarter of last year, heavy industrial production has started to pick up and it has gotten onto a track of steady growth. It will effectively provide agriculture and light industry with building materials and mechanical equipment.

Apart from this, with the growth of industrial and agricultural production, our country has basically balanced its finances and credits, stabilized goods prices and recorded a great increase in domestic and foreign trade. All this has laid a solid foundation for the steady growth of the national economy.

People's Living Standard Has Improved Remarkably

During the 10 years of internal chaos, the national economy suffered serious damage and it was impossible to put the question of improving people's living standard on the agenda. From 1966 to 1976, the peasants' average expenditure level only increased by about 1.6 per cent a year. The average wages of staff and workers in state-owned units were reduced by 31 yuan instead of being increased. Since smashing the "gang of four," the party and government have paid close attention to improving the living standard of the people in urban and rural areas; in particular, since the third plenary session, the Central Committee has adopted various measures by readjusting the proportion of accumulation and expenditure, and as a result, in 1981, the proportion of expenditure funds was raised to about 70 percent. In the past few years, the funds used for improving the living standard of the people in urban and rural areas, amounted to 140 billion yuan despite the financial difficulty the state was facing. The people's living standard has improved remarkably due to the growth of production.

First of all, the living standard of commune members in rural areas has been greatly improved. The state has raised the purchasing prices of agricultural and sideline products and reduced or waived taxes in some rural areas. This has enabled the peasants to correspondingly increase their earnings by 55.9 billion yuan in the past 3 years, 70 yuan for every person. Western Shandong, eastern Henan, northern Jiangsu and northern Anhui, which were previously poor in production conditions and economically backward, have developed production and greatly improved their living standard. Many peasants' households have "granaries piled high with grain whose fragrance spreads everywhere, pork and vegetables in plenty, and the whole family enjoying a happy life." Thanks to the increase of economic income, the level of the peasants' expenditure has increased remarkably. Change has also taken place in the expenditure structure. The proportion of expenditure on food has dropped, that on consumer goods and clothing has been raised, and the number of people purchasing medium- and high-grade consumer goods has increased. "Selling surplus grain to the state and building new houses" is also one of the happy events in the rural areas. In the past 3 years, the commune members in the rural areas throughout the country have built new houses with a total area of 1.4 billion square meters, 10 square meters per person.

The living standard of staff and workers in urban areas has been improved remarkably. Some people are taking a one-sided approach to the problem by saying that "peasants have become rich and workers poor" in the past few years. As all of us know, since the smashing of the "gang of four," and especially since the third plenary session, the Central Committee has adopted numerous measures for improving the living standard of the staff and workers in the urban areas. For instance, jobs have been arranged for 26 million people in cities and towns in the past 3 years; most of the staff and workers have been promoted, and their wages were increased. In 1981, the average wage of the staff and workers throughout the country increased by 25.7 percent over 1978.

The improvement of living standards of the people in urban and rural areas can also be seen in the brisk markets and the sales of consumer goods, which have greatly increased. In the past few years, with the growth of industrial and agricultural production, the markets of our country have been brisk. There is an ample supply of fish, pork, eggs, vegetables, fruit and other agricultural and sideline products, and more and more people like to buy the products of the light and textile industries. The masses say vividly that the phenomenon of "rushing to buy with money in hand" is not seen much now, and a stable situation of "saving money and buying selectively" has emerged. High-quality consumer goods such as television sets, radio cassette recorders and washing machines, for which only a few people made enquiries a few years ago, have become "goods in great demand."

Our economic situation is becoming more favorable, urban construction is developing, more and more residential buildings have been built, and the new schools, hospitals and libraries show that science, culture and education are forging rapidly ahead. The excellent new situation in the economic field has provided good conditions for creating socialist spiritual civilization and democracy.

How can one help rejoicing over such remarkable changes, which have taken place in a big nation with a huge population and a poor foundation to start with?

These economic results which we have achieved since the third plenary session illustrate the superiority of the socialist economic system. They show that we have tided over a difficult period. This has strengthened our confidence in realizing the four modernizations. We will unite under the party Central Committee and arduously strive to bring about a new situation in socialist modernization and accomplish the great target of increasing total industrial and agricultural output value by 300 percent by the end of this century.

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ECONOMIC MANAGEMENT

'JINGJI YANJIU' ON INDUSTRIAL ECONOMIC EFFICIENCY

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[Article by Xu Lu [1776 5684] of the policy research office of the State Economic Commission: "Several Questions on Raising the Industrial Economic Efficiency"]

[Text] In further readjusting the national economy over the past few years, various industrial departments have made initial achievements and changes in their work, with raising economic efficiency as the key. These achievements are mainly showed by the facts that production has continued to develop, industrial structure and product structure have become more and more in line with the situations in our country, product quality has become relatively more stable, new varieties of products have been constantly turned out, the consumption of fuel and raw materials has been decreased, comparable production costs have been lowered, the amount of working capital that is possessed by departments supplying goods and materials has been decreased while the pace of circulation has been quickened. At the same time, new changes have been experienced in market situations, the amount of bank deposits in urban and rural areas has increased, and a good situation has occurred in which consumers "deposit their money in the bank and use the money in selective buying" and the "seller's market" has become a "buyer's market."

To our industrial departments, these changes have strategic significance under new situations and represent a basic change in guiding ideology. Concretely speaking, the changes are shown in the following aspects: 1. It is a change from giving prominence to industrial output value and the quantity of industrial products to paying attention to quality, varieties, consumption and cost. 2. It is a change from increasing output and income as the key to paying attention to economizing and increasing income. 3. It is a change from mainly paying attention to expanded reproduction by extension to paying attention to expanded reproduction by intension. 4. It is a change from paying no attention to the role of scientific technology to paying attention to the work in this respect. 5. It is a change from solely grasping production management to paying attention to business management and to raising the level of this management.

Of course, at the present stage these changes only represent a good beginning. As the influences that were formed over the past long period are so deep and because of the influence of incorrect leftist ideology, there still exist many problems that have hindered us in fully displaying economic efficiency, and

these problems cannot be totally solved in a short period. Therefore, it is imperative for the national economy that implementation of the principle of carrying out readjustment as the key is continued. Active measures must be taken to reform the management system step by step and to basically change the irrational situations that have been formed over the past long period so as to lay foundations for opening up a new road that is characterized by solid pace of development, better economic efficiency and better concern for the people.

For a certain period to come, it is imperative that industrial departments and enterprises sum up their experiences and under the premise of following state unified planning and raising social economic efficiency, to persistently spare no efforts to improve their economic efficiency. In order to reach this goal, it is necessary that particular attention be given to the following:

I. Readjust Product Structure in a Flexible Way According to State Planning and Market Demand and Do a Good Job of Linking Production With Demand so as to Turn Out Salable Products

It is a glorious task for various industrial departments and enterprises to carry out production for the sake of social needs, to spare no efforts to fulfill state planning and to make still greater contributions to a basic improvement in the financial and economic situations in our country and to the early realization of our modernization program. The primary task of industrial production is to carry out planned production according to defined levels of quality, quantity, varieties and specifications of products and pace of production. We must also pay attention to the value of commodities, and particularly to the usefulness of a commodity, so that we will be able to turn out marketable products. Otherwise, with regard to the value of products, the loss will outweigh the gain or, with regard to usefulness, we will just suffer losses while the products become wastes or are stockpiled in warehouses as unsalable goods. It means that the labor consumed is not acknowledged by society. It cannot be regarded as effective labor, nor can it form social wealth.

Therefore, in the process of readjustment, it is imperative that various industrial departments and enterprises spare no efforts to bring about the growth of their production and achieve better economic efficiency. Therefore, they must carry out planned economy as the key and market regulation as the auxiliary principle; persist in the policy of activating the economy; change the previous method of just waiting for planning and carry out production irrespective of the market situation; and change from solely grasping production management to simultaneous persistence in doing a good job of business management. That is to say, it is imperative that no efforts be spared in studying market information and predicting the market situation, changing product structure, raising flexibility and adaptability in production, striving for survival and development in studying and developing new products and new varieties, and being good at making use of the active role of market regulation as the auxiliary form so that production can be organically linked with the needs of the harmonious and proportionate development of social production.

This year, many departments and cities have turned out new products and new varieties in big quantities. As a result, the newly added industrial output value has come to as much as 5 percent of the total basic figure of the previous year. The figure for some cities in Hubei Province is as high as about 20 percent. A button factory in Suzhou has spared no efforts in producing new products with high quality and more than 400 specifications. Its products have been sold not only in the domestic market, but also in more than 80 countries and regions of the five continents. Per capita average labor productivity of this factory is as high as more than 40,000 yuan annually (the average figure for industrial workers across the country is merely more than 10,000 yuan). Each workers of this factory creates 11,389 yuan in profit for the state annually. Although this factory is only producing small commodities, it has made big contributions to the country. A great number of departments and regions have also begun to change the "10-year set system" with regard to their production. Basing themselves on the needs of consumers and market prediction, they have resorted to the method of "producing one generation, reforming one generation, studying one generation and predicting one generation" so that they are able to constantly upgrade their products and provide new products and new varieties. Consequently, their products have been welcomed by users. Some factories in Shanghai and Changzhou have set a goal of "producing the products that have not been produced by others, producing more such products when others have begun to produce them, producing quality products when others have also produced such products and shifting to other production when others have produced such quality products" so as to encourage themselves to constantly make progress. Our industrial departments will have bright prospects if they are able to follow this road. And as a result, there is no doubt that our markets will be enriched by more varieties of products and that they will also become brisk and prosperous.

In order to constantly readjust product structure and to constantly add new products, it is imperative, first of all, that state planning be followed and, on the basis of doing a good job of market prediction and of defining orientation for the development of products, it is necessary for the departments concerned to take the development of new products and technical preparation as the key of their scientific research work. These departments must organize their scientific workers to carry out research activities, with their current tasks occupying primary position, and combine these tasks with long-term interest. At the same time, efforts must be made to popularize the achievements of scientific and research work so as to turn out new products as soon as possible. When the new products have been marketed, it is necessary that guidance be given to users in order to do a good job of after-sale technical service.

Second, it is imperative that a good job be done in shifting the technical service orientation and popularizing the use of technical achievements. This shifting work includes shifting from laboratories and scientific research to factories, advanced regions and units shifting advances to backward regions and units, and military technology shifting to civil-use technology. It must also include shifting from importing foreign technology to relying on our own. In this respect, we must oppose the wrong method of blockading and monopolizing

technology, foster the idea of taking into account the whole country and do a good job of social coordination. At the same time, it is necessary that rational and mutually beneficial policies be implemented and that various methods for payable transfers be adopted.

II. Economize on Energy and Raw Materials, Raise Labor Productivity and Lower Production Cost So As To Create More Income for the State

Many industrial departments have been able to cut down labor consumption and the comparable production cost this year. Consequently, they have been able to produce more products that are demanded by society with less labor and materials consumption. Taken as a whole, in the first 5 months of this year various industrial departments have accumulated tax income that is equal to last year's total tax growth. But the growth of the profit handed over to higher authorities was still lower than the growth of production. Various industrial departments still have a very large potential for decreasing consumption and cost expenditures and increasing tax revenue and the profit that is to be handed over to higher authorities. Production cost represents the total expenses of enterprises in producing their products and various other expenses in selling these products. In other words, production cost is the main target of economic efficiency as well as a comprehensive reflection of the results of enterprise production and management activities. To decrease cost means to economize on expenditures and to increase profit.

Experiences of many departments, regions and enterprises proved that in order to effectively decrease consumption and production cost, it is imperative that a change be made from the current method of calculating cost after production to the method of goal control cost after production. It is because with goal control cost, we will be able to further concretize and realize the economic accounting of enterprises. The method used in goal control cost is to assign each worker a series of small goals that are composed of various quotas and standards of labor, equipment, goods and materials, and funds in the whole process of production from supply and production to sales. That is to say, all workers and the entire staff of enterprises make concerted efforts to guarantee the realization of the general goal of decreasing production cost, increasing output and income and increasing income through saving expenditures, and these measures are linked with the staff award and punishment system. In this way, the past enterprise accounting method of "carrying out accounting according to orders from above" and "accounting after production" has consequently been changed to carrying out "accounting on their own accord" and "accounting prior to production." As a result, the ups and downs of per unit production cost can be seen and controlled in time, the situation of "eating out of big iron rice bowl" with disregard of expenditures can be changed and the masses of workers will be able to consciously carry out their activities according to economic accounting. Consequently, the entire staff and all workers will be concerned with the financial situation of their own enterprise and each will be concerned with the financial situations of enterprises. With the introduction of goal control cost prior to production, enterprises have been able to make new progress in their accounting, and this accounting is based on the support and concern of the masses. Thus, by relying on the masses, the

potential of enterprises has been further tapped and the enterprise position responsibility system has been enriched while the economic responsibility system has become more complete with such contents as "persons are assigned certain positions, certain positions assigned certain responsibilities, certain responsibilities assigned certain points and certain points assigned certain awards." Under this situation, each worker will be able to start from the calculated goal control cost standard, acquaint himself with the quality standard and statistics that must be met in his operation and other works, and calculate the amount of products and income he has created for the country and the awards due to the related workshop, quotas of work, groups and himself. Thus, with responsibility, rights and interests of enterprises and workers and staff concretely assigned, it is easy to see what collectives and individual workers have or have not done their work well. With this practice, it is possible for enterprises and their staff and workers to display their initiative still better. The workers of various teams on duty will also become active and be concerned with the economic efficiency of their operation and production. All enterprises will strive for this common goal of economic efficiency and pay attention to savings, quality of products, sale production and labor discipline, and they will be willing to launch socialist labor emulation campaigns.

The Capital Iron and Steel Company has become a national pace setter in realizing goal control cost and in perfecting the economic responsibility system. Since the beginning of this year, the company has made further achievements thanks to the rationalization activities regarding production organization and business management. In rationalizing production organization, this company improved technical processes and organized production rationally; used new technology, new processes and new materials in a big way and studied new products so as to meet market demand; summed up and popularized the best positional operation method and concentrated its efforts on carrying out technical reform with the items that bring quick and big results. In rationalizing management, the company amended the position responsibility system in an overall way, doing so properly and meticulously and in accordance with the specification and standardization requirements. It strengthened cost and profit prediction, and beginning on 1 August this year, it has been able to predict daily profits based on the quantity of commodities and the prediction of the situation of goal control cost. Other measures include improving the business method and business process, strengthening statistics management and organizing workers and staff to make rational proposals so as to raise economic efficiency. Thanks to these two aspects of the rationalization activities, this company was able, in the first 5 months of this year, to increase profits by a big margin, although the production of major products grew very little. It was able to increase income with limited production and increased expenses. Compared with the same period last year, the income during this period was 26.28 percent higher.

III. Shift Expanded Reproduction by Extension to Expanded Reproduction by Intensions, Carry Out Technical Reform in the Existing Enterprises in a Planned Way and Improve Industrial Economic Efficiency

For quite a long period in the past, the development of our industry was characterized by paying attention to capital construction and neglecting

production, paying attention to building new facilities and neglecting technical reform, paying attention to expanded reproduction by extension and neglecting expanded reproduction by intension, and neglecting work in favor of displaying the roles of the existing enterprises. All this resulted in low economic efficiency. The industrial and communications enterprises across the country now have more than 400 billion yuan in fixed assets, of which about 30 percent have already surpassed their period of service. Most of the equipment in our machine-building industry was made in the 1950's and 1960's. Many of the machines used by our light industry and textile industry were made before the founding of new China. The equipment of our chemical, metallurgical and building material enterprises are also outdated. Backward technology and equipment have become a major factor in our industrial production, which is characterized by low productivity, low quality, high consumption, serious wastes and high costs.

It is because of the above-mentioned situations that people have begun to pay attention to technical reform over the past few years. Since 1981, the fund used for renewing equipment, technical reform and expanded reproduction by extension throughout the country in fact surpassed the fund allocated for new capital construction items. Old industrial bases and old industrial enterprises carried out their technical reform earlier this year, and they have done this work quite well. Planning has also been worked out for the technical reform of the machine-building industry across the country, planning carried out around the requirement for the realization of the modernization program and for improving economic efficiency. At the same time, measures have also been taken to step up the technical reform of the equipment with high consumption rates, and particularly equipment primarily associated with high energy consumption such as furnaces, blowers, pumps, electric generators, transformers and motors. In this undertaking, technical forces have been organized to solve technical problems and to study and build new products with high productivity and low consumption to replace the old equipment. The technical reform of industry and the "five small enterprises" in localities has also been quickened. Small nitrogen fertilizer enterprises across the country have cut down on the consumption of energy and raw materials through technical reform and strengthening management. As a result, they have improved quality and all the enterprises have turned losses into profits. A number of big enterprises have now defined their goals and worked out planning for technical reform. By the end of May this year, the Anshan Iron and Steel Company had completed about 400 items of technical reform while about 120 items are being undertaken. Through initial technical reform, production of products in short supply has been drastically increased; the proportion of light industrial and other products needed by the market has been increased from 45 percent to 60 percent, and these products have higher quality while new products have been constantly added. Comprehensive energy consumption for producing a ton of steel has been decreased from 1.324 tons of standard coal in 1978 to 1.194 tons of standard coal. Many technical reform items have been completed in the year they were started and have been able to make a profit in the same year.

In order to enable the technical reform of the existing enterprises to raise economic efficiency still better, the reform must be carried out along the lines of readjusting the enterprise service orientation, reorganizing coordination

among specialized departments and reforming the management system. Technical reform must be tailored to increase the varieties and quantities of salable products so as to meet the needs of developing production and improving people's cultural and material life. Efforts must also be made so that technical reform will help speed up the upgrading and replacement of products; improve the proportion, quality and efficiency of products; decrease the production consumption of products; decrease production costs, and raise labor productivity. In addition, technical reform must also be in the interest of realizing safe production, strengthening environmental protection and lightening heavy physical labor.

In carrying out technical reform, it is necessary to use the existing scientific and technical achievements in production as much as possible so that the achievements can be directly turned into productive force. In order to reach this goal, it is necessary to comprehensively turn advanced scientific and technical achievements made at home and abroad into useable form and to use them in technically reforming old bases and old enterprises. Advanced and suitable scientific and technical achievements must be turned into tools of labor for the existing enterprises so as to improve labor conditions and labor productivity. It is also necessary to provide effective means and measures so as to strengthen the comprehensive utilization of the resources of old enterprises and overcome pollution. Technical reform must be mainly aimed at developing varieties and upgrading the quality of products and opening up various ways for saving energy and producing the main components for imported equipment and the equipment made by ourselves on the basis of the imported equipment and at enabling our country to produce key products and the related materials as soon as possible.

Technical reform must be carried out with raising enterprise comprehensive economic efficiency as the center. In the process of carrying out technical reform, it is also necessary to follow the principle of self-reliance as the key and to economize on all funds so as to be able to do more work with quick results and less money; to correctly handle the relationship between technical reform and production and do a good job in making various preparations before the various items of technical reform are carried out so that technical reform will not affect but increase production; and to combine the reform with overhauling equipment. For example, the first initial steel rolling plant of the Anshan Iron and Steel Company carried out overhaul work while it was carrying out technical reform. Thanks to this reform, this plant has been able to expand the capacity of producing steel billets with better quality, less damage to steel ingots and less energy consumption. Furthermore, this plant has also been able to prolong the lifespan of heat furnaces. In the 4 months since it began production, this plant has added 20 million yuan in profit to the state.

In short, the only way for the existing old bases and enterprises to raise their economic efficiency and accumulate strength for future development is through technical reform, which is an important strategy for our country in developing our industry and economy. Therefore, we must make still greater contributions in this respect.

CSO: 4006/634

ECONOMIC MANAGEMENT

SECOND NATIONAL FORUM ON SERVING CONSUMERS OPENS

SK310529 Tianjin City Service in Mandarin 1430 GMT 30 Aug 82

[Text] According to our sources, the State Economic Commission and the China Quality Control Association jointly sponsored the second national forum on serving consumers in Tianjin on 30 August. Attending and speaking at the forum were Ma Yi, vice minister of the State Economic Commission; Jiang Chongjing, vice president of the China Quality Control Association; and Hao Tianyi, Standing Committee member of the Tianjin CPC Committee and deputy mayor of Tianjin. Also attending were Qiu Chunfu, advisor of the State Economic Commission, and Song Ligang, vice president of the China Quality Control Association. Participating in the forum were representatives of units distinguished in serving the consumers under industrial, communications, capital construction and commercial service departments in 29 provinces, municipalities and autonomous regions, as well as responsible comrades of ministries and bureaus concerned under the State Council, 105 persons in all.

Following the opening of the first national forum on serving the consumers in September 1981, various localities and departments have achieved desirable results in launching activities of serving the consumers. The quality of industrial products has reached the best levels in history. Alongside the further readjustment of the national economy, some trades and professions have made progress in improving the variety and quality of their products. However, viewing the situation more generally the current quality of industrial products is far short of meeting the requirements of the people and the demands of the economic construction. The remaining conspicuous problems in developing the economic work are: The variety of goods is increasing slowly; the quality of goods is not stable enough; and many products are not readily marketable. What merits our special attention is that since the past spring-winter period, due to the prompt increases of production, the idea of attaching importance to the quantity instead of quality has reappeared. Quality of many products has fluctuated and then dropped.

In light of the current service situation for consumers in industrial enterprises, capital construction, communications, transportation and commercial service, Ma Yi, vice minister of the State Economic Commission, put forward some tasks for the future. He urged various enterprises and departments to foster the firm idea

of serving the consumers. Production units should strive to serve the consumers wholeheartedly and hold themselves responsible to the consumers. They should conduct the market survey well and make arrangements for production in line with the consumers' needs. Products urgently needed by the consumers should be turned out promptly by every possible means. Those not needed should not be produced. Products that have poor function and quality and that are unmarketable for a long period of time should be obsoleted resolutely. Various enterprises should vigorously conduct many forms of technological service work and combine the improvement of quality and service to the consumers with the economic responsibility systems so as to raise the economic results for the state and society. It is not allowed to lower the standards of services to the consumers and the quality of products merely for more profits. All departments and localities should make a conscientious and comprehensive analysis of the current situation, clearly understand the social needs, find out where they fall short compared to others, discuss and set forth long-term goals and strive to improve the variety and quality of products in 3 to 5 years or more.

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ECONOMIC MANAGEMENT

NATIONAL MEETING 'ON SERVING CUSTOMERS' HELD

OW050559 Beijing XINHUA Domestic Service in Mandarin 1153 GMT 4 Sep 82

[Excerpts] Tianjin, 4 Sep (XINHUA)—It is necessary to bring into play the role of customers in guiding, promoting and supervising China's industrial, transportation, construction and commercial development, the second national meeting "on serving customers" stressed.

The national meeting was convened by the State Economic Commission and the China Quality Control Association in Tianjin from 30 August to 1 September. The meeting summed up previous experience in serving customers. Since the convocation of the 3d Plenary Session of the 11th CPC Central Committee, the industrial, transportation, construction and commercial departments, in implementing the readjustment policy, have gradually stressed the importance of quality rather than quantity in guiding production and have scored gratifying results. Since 1979, there are over 7,000 products which have been evaluated as high-grade products Among them some 700 products have received state quality awards.

The meeting held that there are still problems with regard to serving customers. These problems can be summed up as sluggishness in the development of new varieties of industrial goods, lack of uniformity in quality, many unmarketable products and the very poor service of many units. Some units even practice fraud in their business operations. The meeting called on all enterprises to firmly foster the thought of serving the customers by vigorously developing new products and improving product quality.

CSO: 4006/634

ECONOMIC MANAGEMENT

CONFERENCE HELD ON FINANCE, TRADE WORK

Guangzhou GUANGZHOU RIBAO in Chinese 14 Jul 82 p 1

[Article by Guangdong Broadcasting Company Reporter Chen Liafeng [7115 5571 1496] and GUANGZHOU RIBAO Reporter Wu Mingxian [0702 2494 0341]: "Strengthen Management To Make Finance and Trade Work More Lively and Healthy; Provincial Finance and Trade Work Conference Summarizes Lessons of Experience in Finance and Trade Work over Past 3 Years"]

[Text] What have been the lessons of experience in Guangdong's finance and trade work since the Third Plenary Session of the 11th Party Central Committee, especially since Guangdong implemented the special economic zone policy and flexible measures? From 3 to 13 July the Guangdong Finance and Trade Work Conference convened in Foshan by the Provincial People's Convention has conscientiously summarized [this experience].

The conference felt that since the Third Plenary Session of the 11th Party Central Committee, Guangdong's finance and trade work has begun to eliminate leftist thinking, broken the deadlock of "excessive uniformity and rigid control" so that historically important changes have taken place in trade and finance work. In commodity circulation, many new channels and managerial forms opened up and smashed the regional isolation and the monopoly of state-run commercial management. Looking at the market situation, Guangdong's urban and rural markets are brisk and sales are doing well; sales outlets have increased and supply has improved; revenue has steadily increased and the standard of living has improved; the finance and trade system has made preliminary reforms and promoted the completion of finance and trade missions. Generally speaking, Guangdong's economy is developing rapidly, and finance and trade work has made some pleasing accomplishments.

At the same time, the conference felt that because ideological and political work and managerial work in the past few years could not catch up, some new problems have cropped up in Guangdong's finance and trade work. For example, the rapid contraction of the sales territory of agricultural sideline production, list price goods controlled by state-run commerce are declining, the proportion of negotiated-price goods is increasing, which has caused a rise in prices of some nonstaple foods; "nationwide training" has upset the unified socialist market, some who are eager to engage in merchandising, traffick in smuggled goods, "thinking money is everything"; some force up prices

to cause a rush on agricultural sideline goods, and force prices down for export competition, at the same time importing great quantities of consumer goods which hit interior markets hard and influence the development of industry in the interior. In addition, some units do not respect finance regulations and have recklessly issued bonuses; some personnel have engaged in corruption; some leadership teams are lax, etc. The conference pointed out that these shortcomings and problems are gradually being resolved because the provincial party committee and provincial government have formulated measures promptly to get Guangdong's finance and trade work on the track of healthier development.

The conference felt that the aim of the current emphasis on summarizing experience and strengthening management is to make finance and trade work more active, to make development more healthy and it definitely is neither "policy change" nor "backtracking." This invigorating must be continuous and the managing must be done well. For example, the long-term policy on permitting a variety of managerial forms and a variety of circulating channels, as long as socialist public ownership is absolutely dominant; the policy on smashing regional isolation and circulation of goods by economic zone organization; the policy of actively opening cooperation inside and outside the province on negotiated sales and purchases; the policy of opening up large and medium-sized city agricultural sideline production goods markets and supporting and developing small vendors and hawkers, etc., all should continue to be maintained. In sum, everything advantageous for industrial and agricultural production, for commodity circulation, for stable market prices, should be more vigorously done. Smuggling, speculating, driving up prices, disturbing the market, loaning money recklessly, using expense money recklessly, issuing bonuses recklessly and behavior which goes against policy and violates finance regulations must be controlled closely and with severity.

Through summarizing the lessons of experience,both positive and negative, in Guangdong's finance and trade work in the past 30 or more years, the conference felt that finance and trade departments must steadfastly implement the general principle of finance work, "develop the economy, guarantee supply," uphold the guiding ideology that a planned economy is primary and market adjustment is secondary. While permitting a variety of channels and a variety of managerial forms, we must uphold the role of the mainstays and the main body in state-run commerce; and while we should consider the three interests of nation, collective and individual, we cannot consider just one of them. In market management work we must uphold the principle of "lively but not disordered, controlled but not rigid" and not let the phenomenon of "once relaxed there is disorder, once controlled there is rigidity" of the past happen again. At the same time, we must also stress research and respect for objective economic rules, pay attention to survey research and do a good job of market forecasting to raise Guangdong's finance and trade work to a new level.

The conference also researched implementing State Council and Provincial Government [policy] on the questions of strengthening agricultural sideline goods purchases, organizing industrial goods for the countryside, strengthening market management, stabilizing market prices and the entire finance and trade enterprise.

Wang Quanguo [3769 0356 0948], the provincial party secretary and vice governor, gave a speech at the meeting. Yang Deyuan [2799 1795 0337], vice governor, gave a summary report.

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INDUSTRY

JINCHENG EYED AS MAJOR RAW MATERIAL BASE FOR NITROGENOUS FERTILIZER INDUSTRY

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese, No 3, 25 Jun 82, pp 7-8

[Article by Zhang Yulin [1728 3768 2651] of the Materials Supply Bureau of the Ministry of Chemical Industries: "Establish the Jincheng Mining Area as the Major Raw Material Base for the Nitrogenous Fertilizer Industry"]

[Text] For more than 30 years, our nation's nitrogenous fertilizer industry has developed greatly. In 1980, the productive capability of nitrogenous fertilizers reached 52,880,000 tons and the output was 47,580,000 tons, but this still could not satisfy the ever increasing demand. Each year, we still have to import 6 to 7 million tons from abroad. Synthetic ammonia is the main raw material to produce nitrogenous fertilizers, and it is also the raw material for the national defense and military industries, for dynamite for mines and the refrigeration industry. The key problem that affects the production and development of synthetic ammonia at present is the problem of raw materials. The quality of lump anthracite in our nation is good and resources are abundant. We should establish the policy of using mainly lump anthracite as the raw material for synthetic ammonia and establish the Jincheng Mining area as the major raw material base for the nitrogenous fertilizer industry. We should start out from the overall situation to realize rational utilization of local energy resources and to obtain the best overall results.

I. Analyze the Raw Material Structures, Establish a Raw Material Policy

The structure of raw materials for synthetic ammonia in our nation at present is as follows: Natural gas constitutes about 11.3 percent, gas from oil fields constitutes 7.4 percent, light oil constitutes 8.1 percent, heavy oil constitutes 6.4 percent and coal tar constitutes 64.5 percent. Operation of the 8 major plants using natural gas and gas from oil fields as raw materials uses only about 80 percent. There is a shortage of raw materials for the five plants using light oil as raw material and the cost is high. Most of the synthetic ammonia plants that use coke as raw material have coking furnaces or fixed supplying units and the supply is relatively normal. But in the long range view, massive use of coke conflicts with the development of steel. Although our nation's coal reserves are very rich, there is less coking coal. Also building coal washing plants and coking furnaces require massive investment. There are also some plants that use indigenous coke as raw material. Consumption of coal is high, the cost is high and pollution is serious.

Although the synthetic ammonia plants that use lump anthracite as raw material have some problems with supplies at present, but in the long range view, they still have a future for development. The key problem is to supply concentrates that are suitable to the demands of synthetic ammonia technology and to have a relatively stable source. In this way, consumption can be lowered and the burden of transportation can be reduced.

II. Establish a Raw Material Base, Fix the Source of Raw Material

Jincheng in Shanxi has a large reserve of anthracite. The quality is good. The indices of the properties of the components all meet the requirements as raw material for synthetic ammonia.

At present, the whole nation produces about 6 million tons of lump anthracite a year. About 4,200,000 tons are used to produce chemical fertilizers, constituting 70 percent. The shafts that have already been built at the Jincheng Mines have a designed capability of producing 3.9 million tons. Annual output has already reached 4.1 million tons, and the percentage of lump coal is about 60 percent. Only 1.5 million tons are supplied to the chemical fertilizer plants for use. There are also a large number of chemical fertilizer plants that have asked Jincheng for lump coal but could not get it. The development of the capabilities of the production equipment of the second set of chemical fertilizer facilities at the Sanming Chemical Plant in Fujian, the Heci Chemical Plant in Guangxi, the Qianan Chemical Fertilizer Plant in Hebei, the Zijiang Nitrogenous Fertilizer Plant in Hunan has all been affected because there were no fixed raw material sources or because raw material supplies were insufficient.

During the ten years from 1971 to 1980, medium-sized nitrogenous fertilizer plants throughout the nation produced a cumulative total of 25,670,000 tons of synthetic ammonia, utilizing 74.74 percent of their productive capabilities. Plants capable of using solid raw materials (coal, coke) utilized 75.38 percent of their productive capabilities at an average profit of 41.57 yuan per ton of ammonia. The 14 plants receiving lump coal rationed by the state utilized only 71 percent of their productive capabilities, averaging a profit of 55.4 yuan per ton of ammonia. The plants using mainly lump coal from Jincheng utilized 85.8 percent of their productive capabilities and realized a profit of 83.73 yuan per ton of ammonia, the highest profit of all. The nitrogenous fertilizer plants that did not have a fixed source of raw materials could only utilize 68.23 percent of their productive capabilities and they suffered a loss of 15.33 yuan per ton of ammonia. The supplies to these plants were often insufficient and the quality was poor. These have brought about great difficulties in production technology and in technical operation. Of course, whether a plant can utilize its productive capabilities well depends on many reasons of economic gain or loss. But the raw material of synthetic ammonia plants constitutes the largest proportion in the cost of the product. When the source of the raw material is fixed, when the varieties are suitable, the economic results will be good. If the source of raw material is not fixed and if the varieties are unsuitable, then the economic results will be poor.

Analysis of consumption quotas shows that the difference in the varieties of raw materials directly affects the consumption quotas. Plants that use coke to produce synthetic ammonia consume 1,373 kilograms per ton of ammonia calculated at the standard amount (C84 percent). Plants that use lump anthracite to produce ammonia consume a standard amount of 1,455 kilograms per ton of ammonia. Plants that use Jincheng lump coal to produce ammonia consume 1,333 kilograms per ton of ammonia, 40 kilograms less than those using coke and 122 kilograms less than those using other types of lump anthracite. The price of coke is over 80 yuan per ton, more than onefold higher than Jincheng coal. Thus it can be seen that establishing Jincheng as a base of raw materials for nitrogenous fertilizers to fix the source of raw material is beneficial to developing the capabilities of the facilities, conserving energy and creating economic values.

III. Improve the Quality of the Raw Material, Rationally Utilize Energy

The required quality indices for coal used to produce synthetic ammonia are all relatively strict. The output will drop when any one of the requirements is not met, and this would even cause a loss. Synthetic ammonia plants that use lump anthracite as raw material have fixed layer coal gas generating furnaces as their production facilities. After lump anthracite enters the furnace, it is dried, distilled, oxidized and reduced. It must maintain a definite porosity and appropriate resistance to aeration under various states. If porosity is too small, resistance to aeration will increase, the results of combustion will drop, the duration for blowing will be long, the termperature in the furnace will rise slowly, less gas will be produced, the quality of the gaseous components will be poor, and the output will consequently drop and consumption will increase. Therefore, the granularity of lump coal is very important. It must be between 25 and 75 millimeters. If the lumps are too large or too small, they will be unusable. According to tests performed by the Nanjing Chemical Company, in the same facility, the daily output of synthetic ammonia is 65 to 68 tons when lumps larger than 25 millimeters are used. The amount of coal dust blown away is 2 percent. When burning small lumps of 15 to 25 millimeters, the daily output will drop to 45 tons and the substances blown away will amount to 4 percent to 5 percent. In the current supply of lump coal, there are too many small lumps and dust. This affects output and increases consumption. To guarantee the quality and granularity of the coal used as raw material and to rationally utilize the resources, we should reduce the amount of dust and produce more lump coal by taking measures in designing the mine shafts and in the method of mining. At the same time, when washing and screening coal at the coal mines, the varieties should be separately supplied according to the different needs of the users. We should guarantee quality and quantity, supply concentrates so that the coal can be immediately placed in the furnaces and used when it arrives at the plants. This can conserve transportation efforts, reduce energy consumption, and improve economic results.

The Fenghuangshan Mine of the Jincheng Mining Bureau had conducted washing and screening experiments. The quality of coal visibly improved, over 14 percent of the waste rocks were washed out, and the amount of dust was also reduced greatly. Lumps smaller than 13 millimeters constituted only 5.5 percent. The

Xiangjiang Nitrogenous Fertilizer Plant used 3,000 tons on a trial basis and the results were good. Calculations based on this quality data showed that the actual amount of raw material coal used for each ton of synthetic ammonia can be lessened from the present 2.26 tons to below 1.7 tons. Estimates showed that the output of 1.5 million tons of lump coal supplied by Jincheng at present can increase the output of synthetic ammonia from the original 660,000 tons to 880,000 tons, equivalent to conserving 500,000 tons of coal and corresponding transportation efforts.

IV. Expand Transportation Capabilities, Increase the Supply of Raw Material Coal

The Jindongnan Prefecture has anthracite resources. The productive potential is very great. The key problem now is transportation. At present, there are 4 million tons that cannot be shipped out. It is suggested that concerned departments actively carry out measures to enlarge transportation capabilities, increase the supply of raw material coal to satisfy the needs of the nitrogenous fertilizer industry. At the same time, it is hoped that screening work at the coal mines can be strengthened to reduce the percentage of dust as much as possible and to supply concentrates. This will correspondingly reduce the burden on railroad transportation.

The benefits of doing so are as follows:

1) One ton of lump anthracite (concentrate) can replace one ton of coke in the production of nitrogenous fertilizers. Refining one ton of coke requires one and a half tons of washed coal concentrates. One ton of washed coal concentrates requires one and a half tons of raw coal. The use of 10 million tons of Jincheng coal can conserve about 10 million tons of raw coal when compared to using coke. Price calculations show that one ton of coke costs 80 yuan, one ton of Jincheng coal costs 40 yuan, a difference of onefold. Calculating at 10 million tons, using Jincheng coal can save 400 million yuan compared to the use of coke.

2) Medium-sized chemical plants can have enough raw materials and can fully develop the capabilities of their productive facilities and increase profits.

3) A group of small chemical fertilizer plants can turn losses around and will will not have to be shut down.

4) When the raw materials for the domestic nitrogenous fertilizer industry are suitable and the supply is sufficient, output can be increased, and the amount of imported chemical fertilizers can be reduced, thus conserving foreign exchange.

9296
CSO: 4013/123

CONSTRUCTION

STRESS CONSTRUCTION INSPECTION, RAISE BUILDING QUALITY

Yinchuan NINGXIA RIBAO in Chinese 10 Jun 82 p 3

[Article by Yang Ruiji [2799 6904 0679]: "Stress Construction Inspection and Raise Building Quality"]

[Excerpt] In recent years, local and unit fixed assets investment projects using funds they raised themselves and other funds have become more and more numerous. Those engaged in construction and building work have also been developing and growing stronger. In the Yinchuan region alone, for example, there has been a 15-fold increase compared to before 1966. Commune, and brigade enterprises and collectively controlled enterprises have grown rapidly but a considerable number have not had any strict construction management training, technical strength is weak, some do not even understand approval of work in the construction process, some inspectors lack testing skills, instruments are not workable and inspection cannot keep up. According to a survey made by the Yinchuan bank, of the over 200 medium and small-scale projects started in the Yinchuan district in 1981, in over 50 percent of them approval of work materials were incomplete, and 30-40 percent of the projects basically lacked approved materials. This is an incorrect method which seriously violates the accepted norms for building construction and must have an impact on the service life and quality of construction.

In certifying work, it has been discovered that some construction firms have not built according to the plans and have changed the plans at will. For example, in building an over-1,000 square meter toweling shop at the Yinchuan Cotton Textiles Mill, the construction company, on its own, changed the thickness of the purlins in the roof, the silicon joint reinforcement was not done according to the plan specifications and as for the density reduction, through acceptance inspection it was determined that the load-bearing ability was insufficient and would have an impact on the service life of the building so it was necessary to take measures to reinforce it. In addition to construction units establishing a strict system of construction inspection, construction units must also provide necessary construction documentation and design materials, but there are many construction units which do not put much emphasis on care of construction technology materials, so that when a project is completed, the technical materials are lost.

To stress construction inspection and improve building quality, first of all requires stressing construction companies' overall quality control, reorganizing construction workers, actively training technical personnel for inspection and establishing a sound system of quality inspection and a system of quality rewards and punishments. Team and group individuals should implement a quality guarantee system which combines the construction task and construction quality, and educate construction workers to make creating "excellent" "famous brand" projects something for construction companies to stress. Quality assessment and registration should be carried out on construction companies which have grown in the past few years. Those in which quality control is not strict and in which the system is not strong should be made to stop work and reorganize. The past practice of effective pre and post construction reports should be revived and construction procedures followed strictly.

Second, we should establish enlightened construction which observes the prevailing customs of science. Between working processes there should be a procedure where the first process considers and is responsible to the next. The next process also should reflect the quality of work of the previous process and they should supervise each other. Strictly, scientific test data cannot use approximations such as "probably" and "about" to estimate construction quality. Establishing a handing-over procedure for quality between teams, groups and procedures, covered-up work will not be accepted and the next procedure cannot go forward. When instability in construction quality is discovered and there is a danger of an accident, due to quality, measures should be taken immediately to eliminate the hidden danger.

Third, establish a system of construction site visits after completion and use. Quality of construction in the final analysis should depend on the results of use. Thus, within a year of completion on a building, it is necessary for the construction unit to pay a quality visit, solicit the views of the consumer and conduct a system of free guarantees for any construction quality problem to raise the quality of construction.

Fourth, the construction units should assign personnel who understand capital construction and building to manage basic construction. They should stress field supervision of construction, discover and deal with promptly questions of quality and when necessary ask the design department technicians to guide and supervise.

8226
CSO: 4006/561

DOMESTIC TRADE

INCREASED CONSUMPTION OF CONSUMER GOODS NOTED

Guangzhou NANFANG RIBAO in Chinese 7 Jul 82 p 1

[Article: "Guangdong Urban and Rural Markets Sales Volume Continues To Climb in First 6 Months; Withdrawal of Currency from Circulation Increases by over 1 Billion Yuan Compared to Same Period Last Year"]

[Text] Reporters have learned from the Guangdong Province Finance and Trade Work Conference now going on in Foshan that in the first 6 months of this year the supply of goods in Guangdong's urban and rural markets was plentiful, trade was brisk, the volume of sales of social goods rose and the amount of currency withdrawn from circulation increased.

This year 4 good trends have appeared in Guangdong's urban and rural markets: Gross value of sales has increased greatly, with the provincewide volume of sales of social goods from January to May reaching over 7.5 billion yuan, a 17 percent increase over the same period last year. Net sale volume has increased 12 and 13 percent compared to the same period last year. Second, the sources of manufactured goods for daily use are plentiful; sugar, tobacco, and wine and nonessential foods are abundant; vegetables and pork, the non-staple foods, are in balance and markets are beginning to see a "three more, three less" situation, i.e., attractive things are selling more, outdated things are selling less; new top quality goods are selling more, general items for daily use are selling less; well-price, high quality name brands are selling more, unknown, poor quality, high-priced goods are selling less. This year there has been a big increase in the variety and quantity of knitted and woven goods and some commonly used goods which used to be in short supply. Sales volume of some high-quality durable consumer goods, such as televisions, pedestal (and ceiling) fans, washing machines, electric refrigerators, has clearly increased and sales of bicycles and sewing machines, which have been in short supply, have increased by 58 and 42 percent respectively, and supply and demand is gradually coming into balance. Three, supply of vegetables and pork in large and medium-sized cities is normal, sales are increasing and prices are basically stable. Supply of goods in minority nationality areas has also improved. Four, currency withdrawn from circulation is increasing monthly and has increased over 1 billion yuan compared to the same period last year and is the best period for withdrawal of currency from circulation in recent years.

The Guangdong Finance and Trade Work Conference looks forward to a developing trend in Guangdong markets in the next 6 months and believes that sources of industrial goods for daily use will be abundant, rural food supply after the summer harvest will further ease up, that supply of pork in large and medium-sized cities will continue to be stable, and that the supply situation in the entire market will become better and better. However, the supply of poultry, eggs and aquatic products is still somewhat tight, there has been a steady increase in market prices, the scope of negotiated price goods is broad, and the increase in prices in agricultural trade fairs has been big. The representatives who attended this meeting said that improving market supply is still the central mission of finance and trade departments and that all finance and trade employees should conscientiously summarize the lessons of experience, adapt to new conditions, catch up with the new trends, rouse revolutionary spirit and continue to work hard to do market supply work better.

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CSO: 4006/561

BRIEFS

QINGHAI RAILWAY CONSTRUCTION--The construction of the first stage--the (Hake) section--of the Qinghai-Xizang Railway has been basically completed and will be opened to traffic around the 1983 new year period. The 269-km-long (Hake) section begins from the (Haer) station in the east and ends at the (Keke) station in the west--a station near (Kekeyanchi) Lake in Qinghai Province's Wulan County. The railway section between Xining and (Haer) station has already been opened to traffic for a long time. The construction of the (Hake) section began in 1975. In addition, many middle and primary schools, cultural and recreation sites, medical establishments and commercial centers have been built along the section. [SK020149 Harbin Heilongjiang Provincial Service in Mandarin 2330 GMT 30 Aug 82 SK]

SHAANXI RAILROAD REPAIRS--The 29,000 railroad and civilian laborers repairing the Baoji-Chengdu, Baoji-Tianshui and Yangpingguan-Ankang railroads, which were seriously damaged in the floods last August, have worked hard to ensure the safety of the lines during this year's flood season. Of the 165 projects arranged for this year, work has now started on 142, and 49 have been completed. Places on these lines where trains can only proceed slowly have now been reduced from 140 to 101. Speed restrictions have been lifted somewhat in 49 other places. Freight traffic on the Baoji-Chengdu and Baoji-Tianshui railroads from January to July approached the level for the same period last year. [Xian Shaanxi Provincial Service in Mandarin 0500 GMT 26 Aug 82 HK]

CSO: 4006/634

GENERAL

QUALITY MONTH ACTIVITIES TO BEGIN IN SEPTEMBER

OW011101 Beijing XINHUA Domestic Service in Chinese 1535 GMT 27 Aug 82

[Excerpts] Beijing, 27 Aug--The fifth round of "Quality Month" activities will begin throughout the country in September. The State Economic Commission on 27 August called a telephone conference, calling on all departments and localities to proceed from realities and pay keen attention to the major requirement of "seeking practical results and satisfying consumers" in order to more successfully carry out this year's "Quality Month" activities.

State Councillor and State Economic Commission Minister Zhang Jingfu spoke at the telephone conference on behalf of the State Council. He said: The current economic situation in the country is generally good. The target of ensuring a 4-percent and striving for a 5-percent increase in the economic growth rate can be fulfilled. However, due to the erroneous "leftist" interference in the guiding principles regarding economic construction over a long period of time, we still have to overcome the previous overemphasis on output, output value and speed and the neglect of variety, quality and economic results. This is a serious problem in our efforts to strive for progress, as well as an important key in consolidating and developing the excellent situation.

He pointed out that three problems regarding the variety and quality of industrial products merit our keen attention. First, the technical standards of some products do not meet the needs of development of the national economy; second, some products are unmarketable and are piling up at warehouses; and third, the quality of some products, including means of production and means of subsistence, is unstable. The quality of a few products has deteriorated. Similar problems exist in transport, communications and commerce. These problems have not only caused grave economic losses to the state but also affected our international reputation.

Responsible persons from Shanghai Municipality and the Ministry of Machine-Building introduced their experience in increasing product variety and raising product quality at the conference. Responsible persons from all ministries, commissions and general bureaus under the central government and from all provinces, municipalities and autonomous regions took part in the conference.

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29 September 1982

China Report

ECONOMIC AFFAIRS

No. 268

ENERGY: STATUS AND DEVELOPMENT -- IX

AUTOMATION OF ELECTRIC POWER SYSTEMS

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29 September 1982

CHINA REPORT

ECONOMIC AFFAIRS

No. 268

ENERGY: STATUS AND DEVELOPMENT -- IX

AUTOMATION OF ELECTRIC POWER SYSTEMS

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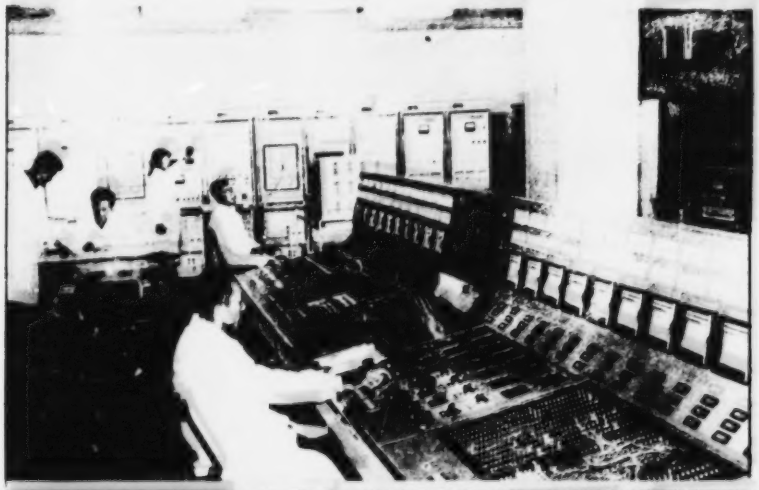
EXPERIMENTAL FACILITY SIMULATES CONTROL ROOM OF LARGE AUTOMATED THERMAL POWER STATION

Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 4, Apr 82, inside front cover

[Text] The Acheng Relay Plant in Heilongjiang has built China's first large capacity thermal power comprehensive automated simulation facility which has recently gone into operation. This laboratory was constructed to simulate the performance of a large-scale thermal power plant and can also test and verify as well as inspect automated power station facilities and thermal generating equipment under simulated operating conditions. It will provide a great boost to the development of China's generating equipment manufacturing industry.



Mathematical simulation section of the facility.

Physical simulation section of the facility

COMPUTER SUPERVISORY SYSTEM FOR ZHENGZHOU NETWORK

Beijing DIANLI JISHU [ELECTRIC POWER] in Chinese, No 6, 5 Jun 82 p 7

[Article: "Computer Monitoring and Control System for Dispatching for the Zhengzhou Power Supply Network"]

[Text] The Zhengzhou Power Supply Bureau has implemented computer on-line monitoring and control of four 35-kilovolt substations, three 110-kilovolt substations, one 220-kilovolt substation and some of the equipment of one power plant within the prefecture. The system uses the domestically produced DJS-131 model single computer system with a total of 22 functions, including 45 frames of color displays. They include:

I. Normal Display

1. The main connecting lines of each substation. 2. The loads of each plant and each substation. 3. The tidal current of the main power network. 4. Total addition of power in the Zhengzhou Prefecture.

II. Warning and display for accidents and abnormal situations

5. Overload warning. 6. Forecast signals and warning. 7. Accident warning and recording. 8. Display of the main line for final operating method after an important power line has jumped the switch.

III. Control

9. Three cut-off devices of open loop control. 10. Initiation and cut-off of the capacitors of two substations by closed loop control.

IV. File management

11. Plans for relay protection at each substation. 12. Sampling schedule for the main transformers.

V. Tabulation and printing

13. Two tabulating devices can print 176 quantities for producing tables and for accident records.

VI. Other functions

14. Printout of the displays on screen. 15. Revising non-dynamic quantities in the picture on screen. 16. Sustaining 15-second displays of dynamic parameters or displaying fixed dynamic states. 17. Standard time display. 18. Adjusting for standard time. 19. Remote measured data processing. 20. Automatically starting the preparatory tabulating device. 21. Automatically starting the internal programs. 22. Dynamic inspection of the telekinetic interface.

The entire system began operation at the end of last year (remote measurements, remote communications of quantitites of data all began operation last August). Up to the end of February of this year, the system's rate of utilization was 98.3 percent. The average down time was 373 hours.

The system performed the 22 functions described above (including the display of 45 frames). They have served a definite function to improve the level of management of the high voltage power network and to improve the conditions for safe operation of the power network and the quality of electricity. They have also accumulated experience for further realizing automatic control in the future. At present, the reliability of the system must be further improved on the present foundation and practical economic results must be further achieved by continuing to expand the function of the monitoring and control system including economical dispatching and operation.

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SOME PROBLEMS IN THE ANALOG-DIGITAL INTEGRATED TELECONTROL MONITORING AND AUTOMATIC GENERATION CONTROL SYSTEM

Nanjing DIANLI XITONG ZIDONGHUA [AUTOMATION OF ELECTRIC POWER SYSTEMS] in Chinese, No 1, Jan 82, pp 37-47

[Article by Jin Zhendong [6855 2182 2639] of the Nanjing Automation Research Institute: "Some Problems in Combined Digital-Analog Remote Monitoring and Control and Automatic Generation Control System (CAS)"]

[Abstract] This article discusses the two main systems in the automation of power network dispatching, i.e., the feasibility of integrating the safety monitoring and control system and the system for controlled automatic generation and analyzes the conditions and ways to realize integration. It also gives a brief introduction to the integrated digital-analog controlled automatic generation system and safety monitoring and control system (CAS) developed for the Beijing-Tianjin-Tangshan Power Network.

The definitions of abbreviations frequently used in this article are:

SCADA monitoring, control and data gathering, or remote monitoring and control

AGC Automatic generation control

EDC Economical dispatching control

LFC Load frequency control

[Text] I. General Description

Safety monitoring and control and controlled automatic generation of electricity in the power system, including automatic frequency modulation and economical operation of the power network, are the two main tasks in the automation of power network dispatching. The research subjects of these two tasks are

*This article was received in June 1981

different. The first involves research in data gathering, data transmission, data processing, output and display for power networks, with special emphasis on the study of gathering data on operating conditions during accidents. Such efforts enable the power system to operate safely. The latter studies load disturbance during normal operation of the power network, controlling the generated output of electricity according to the principles of automatic regulation and the standards for economical operation so that the generated output of electricity of the power network follows changes in the actual loads, so that the frequency of the power network and the clock error will be within a specified range and so that the operating cost of the power network can be kept low. This effort enables the power network to operate economically.

Because the research subjects are different, therefore these two tasks have traditionally been two separate categories. As a result, two completely unrelated systems of equipment to realize these two tasks have emerged. The first is called the safety monitoring and control system for a power network (Before the mid-1960s, it mainly involved telemechanics). The latter is called frequency modulation devices or frequency modulation systems for a power network. Because these two tasks are both heavy, therefore each has a very huge system.

Before the mid-1960s, every nation emphasized the study of automatic generation control for power networks in studying the automation of power network dispatching, and a lot of work was done. A relatively complete theory was formed and many types of devices and systems for automatic generation control were built. In 1965, after the major power failure of the northeast power network in the United States occurred, each country shifted attention from studying automation of power network dispatching to safety monitoring and control of power networks. How to utilize digital computers and telemechanic technology to realize safety monitoring and control of power networks became the key research subjects. Therefore, safety monitoring and control systems, including telemechanic systems developed rapidly. But the equipment of these two types of systems duplicated each other, the channels were crowded, and many conflicts were formed. People thus asked whether these two systems of traditionally different categories could be combined.

As technology developed, people renewed their study of these two tasks and they discovered that on the basis of new technology, it was possible to combine these two tasks that seemingly were completely different. Therefore, the United States began exploring this question after 1965 and developed new automated dispatching systems, such as the direct digital-analog dispatching system, the direct digital monitoring and control system, and the combined remote monitoring and control and automatic generation control system (II). Whether these two systems of different categories can be combined and how can they be combined are questions that are discussed in this article.

II. The Question Regarding the Method of Establishing an Automatic Generation Control System for Power Networks

Automatic generation control for a power network (AGC) used to be called automatic frequency modulation and economical operation. It can be realized by

two systems, i.e., the so-called scattered type and centralized type. Each has its own advantages and shortcomings. The one that has the possibility to combine with the SCADA system is the latter. Because of the need to analyze the problem, here we will give a brief retrospect of the scattered AGC system.

The main characteristic of the scattered automatic generation control system is the emphasis on reflecting the frequency deviation value Δf(basis for frequency regulation) of the power network required by the load of the power network and the incremental rate $\int \Delta f dt$ of the power network (basis for the economical distribution of active power), both automatically measured by AGC equipment in the power plants of the network. The output of each of the generators of a plant is regulated accordingly. Because the incremental rate (coal consumption, water consumption) of the generators is known, therefore, as long as the Δf and $\int \Delta f dt$ measured by each plant are consistent, this AGC system can control the operation of every generator in the power network when the incremental rates are equal, and the quality of the frequency of the power network can be guaranteed. The main starting point proposed by this system is that it does not utilize channels for information transmission. All automatic regulators on the generators can operate according to established patterns and they are mutually unrelated to avoid affecting the operational reliability of the equipment due to malfunctions in the information channels. This AGC system was once widely utilized in the Soviet Union [2]. Our nation also did a lot of work in this regard. The simple block diagram of this system is shown in Figure 1.

When using a scattered AGC system, the problem of combining the SCADA system and the AGC system does not exist because the two are unrelated.

Yet, the AGC system has some problems in principle and in practice that are difficult to solve. One is the problem of errors in the measurement of Δf and $\int \Delta f dt$. Because consistency in the measurement of the frequency difference Δf at each power plant is impossible, the values of $\int \Delta f dt$ are different, and they affect the economical distribution among the power plants. The second problem is that correction of line loss of the power network cannot be considered because calculations of line corrections are a system-wide problem and they cannot be done locally at one power plant. The third is that power exchange on communications lines cannot be controlled, thus the power between the systems of the joint system cannot be regulated according to the frequency difference in the power network and according to the telecommunications bias code (TBC). These are the main shortcomings of this AGC system.

Power network frequency

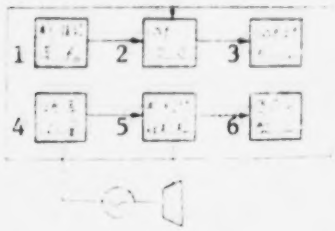


Figure 1. Scattered AGC system

1. Standard frequency
2. Δf measurement
3. $\int \Delta f dt$ formation
4. Power measurement
5. Execution mechanism of a generator
6. Load distributor

Opposite the scattered AGC system is the centralized AGC system. The main principle of this system is that the frequency difference of the power network and the incremental rate are both measured and produced by the dispatching center. The load requirement signals of the power network are sent via special channels to the electricity generation controller at each power plant. The power plant then carries out instantaneous adjustment and economical distribution among the generators according to this signal to guarantee constancy of the frequency of the power network and an equal incremental rate among the generators.

Because the centralized AGC system sends out a uniform control signal from the dispatching center, therefore the problem of the precision of measuring Δf and $\int \Delta f dt$ encountered in the scattered AGC system does not exist. It can utilize the data measured by telemechanic devices to compute the incremental rates and line corrections for each power plant on a computer or special computational devices. The regulatory code TBC is more easily realized in the centralized AGC system. Because it does not have the inherent shortcomings of the scattered AGC system, therefore many nations have utilized this method and have developed corresponding devices. Its typical structure is shown in the Figure [3].

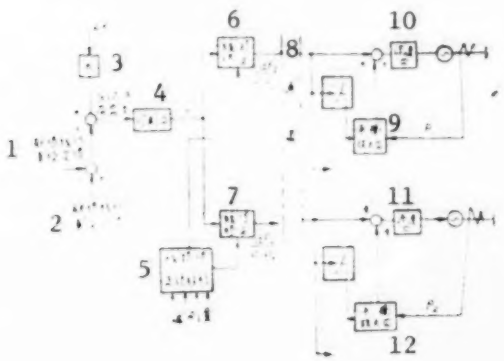


Figure 2. Centralized AGC System

1. Given value of power of the communications line
2. Actually measured value of power of the communications line
3. Load requirements in zone A
4. Controller
5. Line loss correction computer
   Remotely measured quantity
6. Line loss correction
7. Line loss correction
8. Channel
9. Balance amplifier
10. Governor
11. Governor
12. Balance amplifier

China's northeast power network also studied an AGC system similar to this type of structure.

Compared to the scattered AGC system, this centralized AGC system requires special channels for the transmission of commands. When the channels are crowded, there are many practical problems that are difficult to solve. In addition, because we want to avoid mistaken adjustment when the channel is interrupted, the transmitted signal is the deviation signal (Δf, Δp) needed by the power network. The integrated signal serving as the incremental rate still needs to be formed at the power plant. Therefore, the equipment at each of the power plants must carry out integration at the same speed. This requires

precise adjustment. The starting positions of the integrators are not fixed and the problem of adjusting the starting point similar to that in the scattered AGC system exists. These two aspects are both sources of errors.

III. The Trend in Combining the SCADA System and the AGC System

The function of the SCADA system that is similar to the function of the AGC system is remote adjustment, mainly giving manual commands.

Since the 1970s, commands sent out for remote adjustment by the SCADA system have all been transmitted in codes. It is a time sharing principle. Therefore, regardless of whether it is cyclic data transmission or polling, the codes cannot transmit continuous quantities ($\int(k\Delta f+\Delta p)dt$) of load requirements needed in the centralized AGC system described above. And because of this, past SCADA systems and AGC systems were separated and even today, they are still separated in many nations.

As computer technology and telemechanic technology develop, we find that these two different systems can be combined in many aspects. For example, the real time data needed by the computer used for economical dispatching and by the computer for safety monitoring and control are the same. As long as the speed and the storage capacity of the computers are sufficient, it is possible to combine the two. Also, for example, the output circuits of remote adjustment of the SCADA system and the output circuits of the AGC system all control the same object (the power regulator of the generator). Because of this, since the 1970s, some papers published in the United States have proposed the idea of combining the SCADA and the AGC systems, and a lot of work has been done. The typical structure is shown in Figure 3.

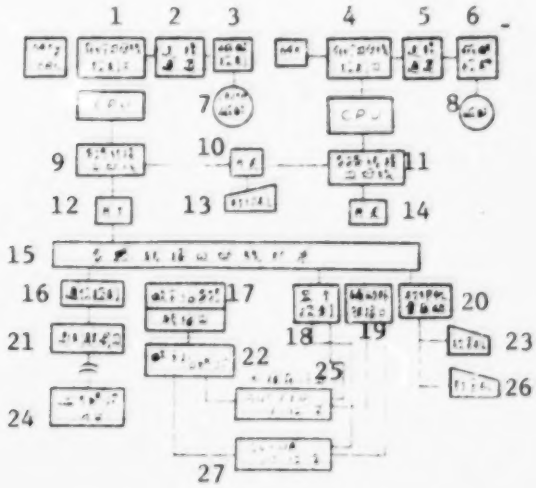


Figure 3. Combined SCADA/AGC

[Key to Fig. 3 on following page]

[Key to Fig. 3]

1. Controller of the memory bus
2. Channel selection
3. Magnetic drum control
4. Controller of the memory bus
5. Channel selection
6. Magnetic drum control
7. Magnetic drum
8. Magnetic drum
9. Bus of the multiplex connector
10. Switch
11. Bus of multiplex connector
12. Switch
13. Printer
14. Switch
15. Bus expansion of the multiplex connector
16. Communications control
17. Drum word I/O multiplex connector
18. Display control
19. Auxiliary peripheral interface
20. Printer drive
21. Modulator-demodulator
22. Drum word I/O terminal
23. Printer
24. Remote terminal (n units)
25. External memory
26. Printer
27. "17"bit/word

IV. The Way To Solve the Problem of Combining the SCADA Remote Adjustment Channel and the AGC Adjustment Channel

It can be seen from the above analysis that the main problem in combining the SCADA system and the AGC system is the compatibility of down line transmission of information. The main conflict is the method of information transmission in the AGC system. If we insist on using the load requirement signal of the power network region in the transmission system of the AGC system, then because this is a continuous signal, the two will not be compatible. Therefore, we must change the load requirement signal that is continuously transmitted to an adjusted value signal transmitted on a time-shared basis (the total power of the power plant or the value of the incremental rate of the power network) in codes like the remote adjustment commands for local storage. The load distribution among the generators within the power plant can be realized by the P-P curve converted from the incremental rate curve or by the incremental rate curve. As long as this is done, the SCADA and the AGC channels can be compatible. In other words, to combine the two, the AGC system cannot use the traditional method of adjustment by the error signals or the incremental signals.

The economical superiority of integrating the SCADA system and the AGC system is obvious. This integration can combine the computers of the SCADA system and the computers of the AGC system at the dispatching center. It can abolish a large number of special channels, reduce the number of interfaces between computers and telemechanic devices. It can simplify the systems for receiving instructions to adjust the generators at the power plants and at the power stations. Also, the reliability of transmitting regulatory signals is improved. Because the fixed value commands for remote adjustment transmitted by the SCADA system use carefully designed anti-jamming codes, its transmission reliability is much higher than continuous commands transmitted in the past.

Compared to the transmission of continuous commands, time shared transmission of adjusted values also has its shortcomings. The quality of adjustment is slightly poorer than the former. The reason is obvious. The former is a

closed loop system of continuous responses while the latter is a closed loop system of time share responses. Because of time sharing, there is a time delay from the beginning of disturbance in the system to the sending of fixed value commands when compared to the continuous transmission of regional load requirements. This is equivalent to adding a nonlinear time delay in the closed loop regulatory system causing the quality of adjustment to drop. To guarantee better quality of adjustment, the cycle of issuing commands in the comprehensive CAS system should be limited. This involves corresponding regulations concerning the requirements of the speed of issuing commands for remote adjustment.

V. A Concrete Method To Realize the CAS System

In summary, it is possible to combine the SCADA system and the AGC system if the method of issuing adjustment commands in the AGC system uses the adjusted values of the generated output of electricity of the station whose power is being drawn or time shared transmission of the adjusted values of the incremental rate. We began in 1979 to develop a CAS system for the Beijing-Tianjin-Tangshan power network. But when constructing the system, the following problems need to be considered and determined.

(1) The method to realize economical distribution and output among the generators. The distribution of output among the generators within the power plant originally could be based on the adjusted values transmitted to the power plant by the dispatching center and received by the special load distributor. For example, when the dispatching station sends a command for the total generated output of electricity for the whole plant, we can set the so-called p-p function generator. If it sends incremental rate values, then we can set the so-called b-p function generator and obtain the numerical values of economical output of each generator at the time from the output of the curve generator and then transmit them to the corresponding p execution devices.

The use of p-p or b-p function generators at the locality is necessary for the power plants that have main steam pipes. This is because there are more combinations of generators and boilers and it is not easy for the dispatching station to grasp them at any moment, therefore they can only be adjusted locally.

But, the function generator is still very cumbersome. The main pipes are present only in power plants with medium and small generators. This is because in the large power networks, medium and small generators do not modulate the frequency anymore. Therefore, the objects of control in the AGC system of the large power networks in foreign nations are mainly the generators of large hydroelectric power stations and new types of large thermal power stations. Among these types of controlled objects, the generators can be directly controlled. The generators of over 100 MW of our nation's newly built large thermal power plants are all generator-boiler units. The dispatching center directly controls the generators and sends out the adjusted output values for the single generator. This eliminates the function generators and simplifies the equipment at the station under control. Bassed on this consideration, we discussed with concerned units and decided to let the central dispatching station of the Beijing-Tianjin-Tangshan Power Network directly issue commands

to control 19 large generators when we developed the CAS system for the Beijing-Tianjin-Tangshan Power Network. The benefit of doing so is that it simplifies the AGC equipment of the power plant and fully develops the function of the computer of the CAS system at the dispatching center. The shortcoming is that the time for this time-shared system to complete one cycle is longer than the time for completing one cycle in controlling only the power plants, and this may affect the quality of adjustment.

(2) The method of constructing the circuit

The principle of designing the circuits in developing the CAS system is whether to use the digital computer to perform all AGC tasks (including EDC and LFC) or to use the digital-analog method to share the AGC tasks.

In view of the load characteristics of the power system, the load can be divided into three types: One is the high frequency component that has a high frequency but a small amplitude. The second is the pulsed load with a frequency of from 10 seconds to 2 to 3 minutes. The third is the continually varying load, as shown in Figure 4 [Note].

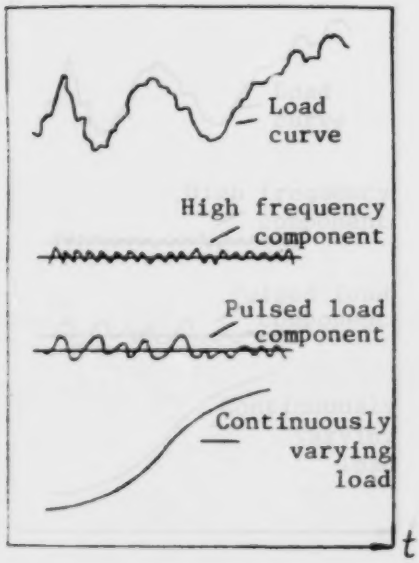


Figure 4. Analysis of the load of a power system

Note: This figure was taken from "Automation of Power Systems", compiled by Zhejiang University, 1978 edition.

The task of the AGC system is aimed at adjusting the second and third types of loads. The commands for the load of the third type should be issued after the computer has calculated its economical operation. Here, we will mainly discuss which method to use in adjusting the second type of load. One method is to let the computer perform the entire task like the MEPPCC of the United States. It uses two small computers. One is responsible for calculating economical operation and the other is responsible for sending the computed results to the various power plants under its control. But the task of the

computer is heavy because to solve the load fluctuations with a cycle of 10 seconds, the cycle for issuing AGC commands must be smaller than 10 seconds. For example, in issuing commands to 19 generators of the Beijing-Tianjin-Tangshan Power Network, one cycle takes about 5.7 seconds and commands are issued continuously. In each interval of 5.7 seconds, the next load distribution must be calculated again, and every 300 milliseconds, the cycle must be interrupted once to send the command to the telemechanic devices. Because the computer is not dedicated to a specific function, it must also perform safety monitoring and controlling tasks. Therefore, in an automated dispatching system that does not have two on-line computers in operation, it is reasonable to use analog computational devices to regulate load changes (LFC) that fluctuate every 10 seconds to 2 to 3 minutes. This means using the digital computer to perform the tasks of calculating the economical distribution once every few minutes and to send its adjusted value (EDC) while using the analog computing device to send proportional adjustment signals and incremental rate signals once every few seconds to realize LFC regulation. The quality of regulation of the digital-analog CAS system arranged this way will be better than that of the pure digital CAS system.

(3) Configuration of the Signals for Proportional Adjustment

To reduce the amplitude of frequency fluctuation of the power network and hasten the speed of adjustment, the combined CAS system provides signals for proportional adjustment, i.e., $k\Delta f+\Delta p$. The problem that needs to be studied is the relationship between this signal and the proportional signals in the power regulator of the generator, i.e., the locally measured Δf.

As analyzed in section two, locally formed Δf causes an inconsistency due to the precision of measuring Δf. This creates a problem of so-called competing for loads among the generators. Also, this proportional signal does not include the exchange power of the communications lines. Therefore we cannot differentiate between the load disturbance of this system and the external system. Therefore, using locally formed Δf signals as regulatory signals when Δf is very small is not suitable. Using proportional signals ($k\Delta f+\Delta p$) produced centrally at the dispatching center avoids the above shortcoming. But when using the locally measured Δf signal as the proportional signal input to the power regulator, the speed of regulation can be faster because it is a signal that continuously reflects the change in Δf. Therefore, the proportional signals of the dispatching center and those locally formed should be rationally coordinated. When Δf is smaller, the local Δf signal should not function (i.e., designing a dead zone) and only the ($k\Delta f+\Delta p$) signal sent by the dispatching center can function. When Δf is larger, the function of both signals can be added. The result of such an arrangement guarantees the precision of Δf and prevents the competition for the load among the generators and it can also hasten the speed of adjustment. The frequency modulation plan for the Beijing-Tianjin-Tangshan Power Network stipulates that the locally measured Δf has a dead zone of ±0.05HZ.

VI. The Design Principles of the Analog Computational Device in the Combined CAS System

The main task of the analog computational device is to track the variable pulsed loads of the power network and perform LFC regulation.

According to domestic operating experience and foreign documents [4], the main tasks of AGC are as follows:

1. To maintain the frequency f of the power network at a constant value, (In our nation, it is set at $|\Delta f| \leqslant \pm 0.2HZ$);

2. To maintain the exchange power p of the communications line at the planned and stipulated value;

3. To distribute the power among the generators of each subregion of the power network according to the principles of economy.

In the CAS system consisting entirely of digital computers, these three requirements are included in the output commands issued for the single generator by the system. When using an analog device to perform the LFC function, this device mainly solves the first two tasks, but in the course of adjustment, the principle of economically distributing the load must also be manifested. When performing LFC adjustments, the combined CAS system functions according to the regulatory criteria

$$\Delta P_e + (k\Delta f + \Delta p) + s\int_0^t (k\Delta f + \Delta p)dt = 0$$

where s is the constant for the speed of integration and Δp, is the load deficiency of the system.

To satisfy the above regulatory criteria, and taking into consideration the operating requirements of the power network, the design principles of the analog computational device are:

(a) to measure $\Delta f = f_0 - f$ with accuracy to ±0.01HZ;

(b) to measure $\Delta p = \pm$ (p given $--p_1$ $--p_2$);
p_1, p_2 are the power of two monitored communications lines respectively.

(c) to calculate $k\Delta f + \Delta p$;
k is the frequency-power conversion coefficient

(d) to calculate $s\int_0^t (k\Delta f + \Delta p)dt$; ;

s is the integration time constant

(e) to calculate the time pulse of the power network and the standard marking difference ΔT;

(f) to judge the interval of load distrubance. When a disturbance in the load of the local system occurs, the signs of $k\Delta f$ and Δp must be controlled, otherwise they should be opposite in sign;

(g) When the load disturbance occurs in the external system, but $|\Delta f|<0.2HZ$, the Δp component in $(k\Delta f-\Delta p)$ should be controlled and made equal to zero to support the external system.

(h) When $|\Delta T|\geqslant 0.4$ second $|\Delta T|\leqslant -0.4$ second, correct the value of f_o:

$\Delta T\geqslant +0.4$ second, $f_o=5002$

$\Delta T\leqslant -0.4$ second, $f_o=4998$

$(|\Delta T|<0.4$ second, $f_o=5000)$

to automatically correct the clock error.

(i) adjust the sign of Δp according to the direction of flow of power on the communications line;

(h) $k\Delta f+\Delta p$ and $S\int(k\Delta f+\Delta p)\,dt$ are sent to the remote adjustment transmitter via the interface, ΔT is sent to the display.

In the CAS system we developed for the Beijing-Tianjin-Tangshan Power Network, we followed the above principle to design the analog computing device. We need to explain that the analog computing device computes and sends digital quantities (3-digit BCD codes). It is called analog because its control principles are similar to the controlling method of an analog computer.

VII. The Question of Economical Distribution of Power Among Generators of the Combined CAS System

The purpose of issuing commands directly to the generator is to simplify the AGC execution devices at the power plant and to eliminate the function generator so that the AGC devices at the power plant can operate in a fixed state. Yet, the incremental rate curve of the generator must be stored in the memory of the computer of the CAS system at the dispatching station. When using the analog computing device to send unified adjustment signals, how can we solve the problem of economical distribution of power among the generators? To solve this problem, we first study the approximate expression of the incremental rate curve of the generator. Related reference [5] points out, the b-p curve of a generator can be simplified to and approximated by the broken lines of 2 to 3 segments shown in Figure 5. The principle of using approximate broken lines is to make the area under the broken line and the curve equal.

The relationship p=f(b) on the broken line described above can be expressed as

$$p_{i+1}=p_{oi}+a_i(b_{i+1}-b_i)$$

where p_{oi} is a certain starting point on the broken line segment. In the CAS system, this is given by the computer or the dispatcher at a fixed time. a_i is the slope of that broken line, $a_i=\Delta p_i/\Delta b_i$. Therefore, this relationship can be realized by the receiver of AGC commands on the generator. The method to realize this is to control the input resistance of the $\int(k\Delta f+\Delta p)dt$ branch

of the amplifier according to the output voltage (representing the adjusted value of output of a certain generator) of the end level amplifier after D/A conversion, i.e., changing the amplification coefficient to simulate the slope of the broken line of the b-p curve. The circuit diagram is shown in Figure 6.

When the output voltage of the end level amplifier is smaller than the value equivalent to the value of P_{01}, the analog switch connected to R_o connects. The amplification coefficient of the P_b branch is R_f/R_o. When it is larger than P_{01}, the analog switch connected to R_1 connects, and the amplification coefficient becomes R_f/R_1. When it is larger than P_{02}, the analog switch connected to R_z connects, and the amplification coefficient becomes R_f/R_2, respectively corresponding to the slopes of the three broken line segments. After using this circuit, we can realize an economical distribution of output among the generators during LFC regulation.

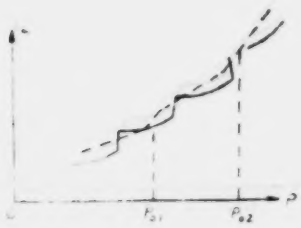
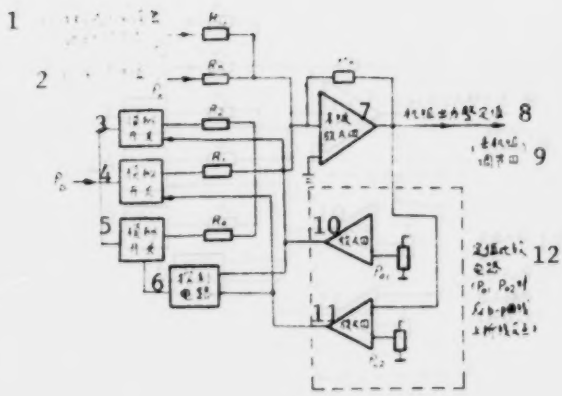


Figure 5. b-p curve of the steam turbine generator



1. Computer or manually set adjusted output value
2. Proportional adjustment value
3. Analog switch
4. Analog switch
5. Analog switch
6. Control circuit
7. End level amplifier
8. Adjusted output value of generator
9. To generator regulator
10. Amplifier
11. Amplifier
12. Fixed value comparison circuit (P_{01}, P_{02} correspond to the intersecting points of the broken lines on the b-p curve)

Figure 6. AGC signal receiving circuit

VIII. Brief Description of the Principles of the Circuits of the Combined CAS System

Since 1979, we have developed a digital-analog CAS system for the Central Dispatching Station of the Beijing Administrative Bureau of Electric Power according to the theory described above. It includes a system of two SD-176 computers and an interface with telemechanic devices, an analog computing device, a fixed value setting console, a control modulator-demodulator, and a multiplex switch for connecting with the frequency channels, SZY-301:n type remote adjustment signal transmitter, and terminals to control 19 generators at 7 power plants. The configuration is shown in Figure 7.

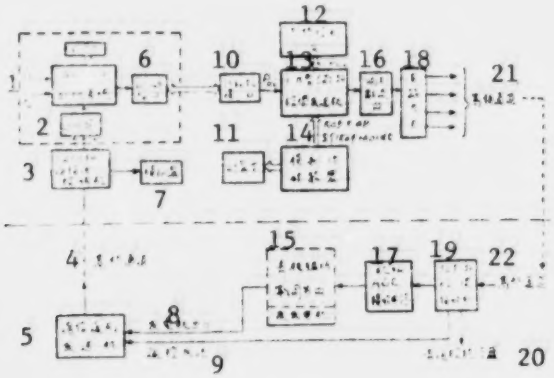


Figure 7. Combined CAS System

1. Double computer system
2. Telemechanic interface
3. SZY-30 remote communications and remote testing receiver
4. High frequency channel
5. Remote communications and remote testing transmitter
6. Telemechanic interface
7. Analog panel
8. Generator output
9. Reverse transmission of remote control
10. Computer interface
11. ΔT display
12. Frequency modulation control console
13. 1:n SZY-30 control and adjustment transmitter
14. Analog computing device
15. To power regulator of generator
16. Modulator-demodulator
17. AGC receiving circuit of generator
18. Multiplex switch
19. SEY-30 control and adjustment receiver
20. To remote control execution panel
21. High frequency channel
22. High frequency channel

Because this is a huge closed loop system, its main principles are briefly described in the following.

The 1:n type SZY-30 remote control and remote adjustment transmitter is designed to receive remote control and remote adjustment commands of the SD-176 computers, manually set remote control and remote adjustment commands, and the LFC signals of the analog device.

(a) Computer issued AGC commands.

The SZY-30 remote control communications and adjustment transmitter is connected to the SD-176 by 21 information lines. Among them, the computer has 12 address and data lines to telemechanic devices, 2 object command strobe pulse lines, 1 remote control command execution line, and 1 computer breakdown signal line. The telemechanic device has 1 notification line to the computer to notify the completion of transmission of the object command, a notification line to allow execution of remote controlled operation, an overflow signal of the incremental rate integrator of the analog computing device, a notification line to notify format error of the object command issued by the computer, a notification line to notify a breakdown in the remote adjustment transmitter.

The method of issuing commands by the computer is to send the plant number, the generator number (during remote control operations, it is the nature of remote control) to be regulated, and the adjusted value (switch number) via 12 address and data lines in two batches to the remote control and remote adjustment receiver. The first batch includes the plant number and the number of the generator to be regulated remotely, (or the nature of remote control operation). The second batch includes the adjusted value of remote adjustment (or the switch number of be remotely controlled) totalling a 3-digit BCD code. The time for sending the data twice is about 10 μs. After the plant number has been received, the SZY-30 remote control and remote adjustment transmitter and receiver will control the multiplex switch according to the plant number and connect the output of the modulator-demodulator to the corresponding high frequency channel. After 20 ms, the channel stabilizes and transmission of an adjusted value command to the object begins (or remote control operation commands). When transmission of this command is completed, the computer is notified via the corresponding interrupt request line. The computer then repeats the above procedure and sends out the adjustment command for the next object. When the computer performs only the EDC task, it only sends the output value of economical distribution to all the controlled objects at fixed intervals (for example, once every five minutes). When it also performs the LFC task, it will issue a command every 300 ms to all controlled objects back and forth in a cycle.

(b) Manually issuing AGC commands

This is performed on the remote control and remote adjustment operating console. It includes the plant number for remote control and remote adjustment, characteristics of control and adjustment, the nature of the remote control operation (jump switch controller), the number of the generator to be remotely regulated, and the 3-digit BCD code (remote control switch number or adjusted value for remote adjustment). In remote control operations, execution commands are issued only after double checking (The computer issues a remote control command only after the telemechanic device has checked and sent back the signal. The computer is notified via the execution allowed line to issue the execution command). Because the central dispatching station of the Beijing-Tianjin-Tangshan Power Network does not require remote control operations, therefore only a remote adjustment value setting console is used, i.e., a frequency modulation control console. The console provides a switch to switchover between manually issuing commands and automatically issuing commands (computer).

(c) LFC commands issued by the analog computing device

The analog computing device performs one sampling and computing operation a second. The proportional adjustment signal $k\Delta f+\Delta p$ and the incremental rate signal $s\int_0^t (k\Delta f + \Delta p)dt$ are sent to the remote control and remote adjustment transmitter. The frequency modulation control console has an analog computing device connected to the control switch of the remote control and remote adjustment transmitter. When in the input position, the analog computing device performs the LFC command sending task.

When the analog computing device issues commands, actually, the control and adjustment transmitter opens the multiplex switch in cycles, and sends the three digit BCD codes and their sign digit of $k\Delta f+\Delta p$ and $s\int_0^t (k\Delta f+\Delta p)dt$ from the analog computing device to all the AGC command receiving circuits at the power station. Then, after digital-analog conversion, the codes are sent to the AGC command receiving circuits of each generator. After multiplying by appropriate amplification coefficients (for proportional adjustment signals, they are determined by the regulatory characteristics of the generators; for incremental rate signals, they are determined by the slope of the broken lines), they are combined with the fixed output value given by the computer or manually established to form a combined numerical value for EDC and LFC and the output is sent to the power regulator of the generator.

The method of issuing commands by the analog computing device is to issue two commands to each power plant. The first time, the proportional adjustment signal $k\Delta f+\Delta p$ is issued. The second time, the incremental rate signal $s\int_0^t (k\Delta f+\Delta p)dt$ is issued. When the rate of transmission of information at the time of issuing the commands is 200 baut, the two operations require a total of 0.8 seconds. The Beijing-Tianjin-Tangshan Power Network has a total of 7 frequency modulation plants. Therefore, one cycle requires a total of 5.6 seconds. When the rate of transmission is 300 baut, the cycle time is 3.8 seconds. The output of the time difference (ΔT) of the analog computing device is displayed on the screen of the frequency modulation control console. The fixed value P_o of the communications line is also set on the frequency modulation control console.

(d) The format for issuing remote control and remote adjustment commands

The remote control and remote adjustment device is a star-shaped structure with a channel switchover type 1:n structure. In the CAS system we studied for the Beijing-Tianjin-Tangshan Power Network, n=15, but during the design, we were prepared to expand it to 31. One command consists of two words. The first is a synchronous word, the second is an object word. In remote control operations, information for the action of the object relay must be sent back via the SZY-30 remote telecommunications and remote testing transmitter. After checking that it is correct, execution commands are issued automatically or manually.

When performing remote adjustment operations, commands are executed together. Each word has 28 bits. The information format of the synchronous word and the object word is shown in Figure 8

OB	1B	2B				27B
1	1	1	----------	1	1	1	0

synchronous word format

0 ~ 1B	2 ~ 5 B	6 ~ 17B	18 ~ 27B	
Control and adjustment characteristics	Nature of remote control or number of generator to be remotely adjusted	Number of object to be remotely controlled or adjusted value for remote control	10-digit BCH checking code	4 bit "0"

object word format

We will briefly explain the format of the object word in remote adjustment: In the characteristic digit of remote regulation (OB1B), 01 represents a positive fixed value of remote adjustment, 11 represents a negative value. This is necessary for the LFC signal. The AGC signal receiving circuit of the generator controls the polarity of the proportional adjustment signal or the output of the analog quantity of the increment of the incremental rate. The number of the generator to be remotely regulated has 4 digits, 0000 is not used, thus a total of 15 generator numbers can be decoded, i.e., for each power plant, the active power of a maximum of 15 generators can be regulated. There are 10 supervising digits (18B-27B) of the BCH excess code format. The polynomial generated is $G(x) = x^{10}+x^{9}+x^{6}+x^{5}+x^{3}+x^{0}$ the smallest hamming distance $d_{mim} = 5$.

The rate of information transmission is 200 baut or 300 baut, the channel is an upper sound frequency used repeated.

Here, we need to explain the priorities of the various types of methods of issuing commands. In the CAS system, manually issuing commands and issuing commands by the computer are switched over by a switch and the priorities are both higher than issuing LFC commands by an analog computing device. When the computer performs the EDC command issuing task and the analog computing device is performing the LFC task, then whenever the computer issues a command, the command issuing circuit of the analog computing device is locked and the incremental rate integration circuit is cleared. When the computer has completed issuing commands, the cycle of issuing LFC commands is restored.

IX. Several Problems That Need To Be Explored

The CAS system developed for the Beijing-Tianjin-Tangshan Power Network includes 5 terminals which have passed computer control tests in the laboratory. This system has already been sent to the sites. But there are still some problems that need to be explored further in practice.

(a) The problem of the quality of adjustment in the time shared regulatory system

Because AGC signals are issued and transmitted on a time shared basis in the CAS system, when the computer performs LFC tasks, issuing one cyclic command requires 0.3 second x n (n is the number of generators under control). For the 19 generators of the Beijing-Tianjin-Tangshan Power Network, this amounts to a total of 5.7 seconds. This means, the adjustment signal received by the regulatory circuit of the controlled generators is in response to the disturbance signal of several seconds ago. Also, only the sum of the adjustment signals after one cycle equals the disturbance value ΔL, this is equivalent to adding a transfer function in the regulatory system:

$$S(P)=\frac{c}{p}(a_1+a_2e^{-2\tau p}+\cdots\cdots+a_ne^{-(n-1)\tau p}) \qquad \text{(see appendix)},$$

What limitations does this have on the period of the cycle of issuing commands requires further analysis.

When the analog computing device performs LFC, problems also exist in selecting suitable amplification coefficients for the proportional adjustment signals and the amplification coefficients for the incremental rate signals.

Because of the problems with parameters, we can only give the block diagrams for calculating the quality of regulation and their preliminary derivation in the appendix.

(b) The problem of integration time in the incremental rate circuit in the analog computing device

We should consider how long would integration by the integrator take to reach the full grid value under what frequency difference? This has to be determined in operation and practice by experiment. At present, it has been designed to make ten time adjustments beginning from 32 seconds to 320 seconds under $|\Delta f|$ =0.2 HZ. Final determination can be made according to the change in Δf and its duration only after the system has begun operation.

X. Conclusion

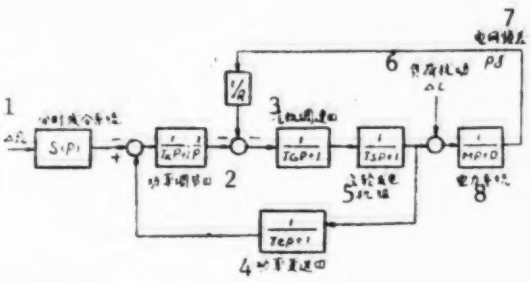
The combination of the automatic generation control and remote monitoring and controlling systems for the power network is the trend of development in the automation of power network dispatching. The method of combination explored in this article is relatively simple. The combined digital-analog CAS system built by us and concerned units according to this line of thought is

convenient to realize and is easy to popularize. But this is a new attempt and it needs to be improved further in practice by the Beijing-Tianjin-Tangshan Power Network.

Appendix

Derivation of the transfer function of the time shared command issuing system when the computer performs LFC functions.

When we consider reducing the frequency modulating power plant of the power system to a generator, then the block diagram of the regulatory system can be drawn as follows:



1. Time shared command issuing system
2. Power regulator
3. Steam turbine governor
4. Power transformer and transmitter
5. Steam turbine generator
6. Load disturbance
7. Frequency difference of power network
8. Power system

Block diagram of the regulatory system of the power network (thermal power plant)

S(P) is the transfer function of the time shared command issuing system. Because the computer is aimed at the load disturbance ΔL, after computing $\Delta pc = \Delta L$, the total gain in output sent on a time shared basis to each of the controlled generator after being latched by the remote adjustment device equals ΔL. Therefore, the output command sent to the equivalent value power adjustment device increases stepwise. According to the stepped Laplace transform and considering the delay time a_0 of the computing process of the computer, S(P) can be written as:

$$S(P)=\frac{e^{-a_0 p}}{p}(a_1+a_2e^{-mp}+a_3e^{-2mp}+\cdots\cdots a_ne^{-(n-1)mp})$$

where a_1 .....a_n are the ratios between the output gain at the time of load disturbance of each generator and the total output gain,

$$\sum_{i=1}^{n} a_i = 1. \qquad = 1.$$

n is the number of generators participating in frequency modulation.

m is the interval of issuing commands by the computer. When transmitting at a rate of 200 baut, m=0.3 second in the CAS system developed for the Beijing-Tianjin-Tangshan Power Network.

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SOME PROBLEMS OF COMPUTER CONTROL SYSTEMS FOR POWER GRIDS

Nanjing DIANLI XITONG ZIDONGHUA [AUTOMATION OF ELECTRIC POWER SYSTEMS] in Chinese, No 2, Mar 82, pp 17-21

[Article by Liu Jue [0491 6030] of the Nanjing Automation Institute of the Electric Power Ministry: "Views on Some Problems Concerning Computer Control Systems for Power Networks"]

[Text] I. Achievements Realized in Computer On-line Monitoring and Control of Our Nation's Power Networks

Our nation's power systems have been using computers for many years. Most of the power networks above the provincial level are equipped with off-line computers and there are also many on-line computers for monitoring and control. The on-line computers for monitoring and control have been operating for over three years in the Beijing-Tianjin-Tangshan Power Network. The first phase on-line safety monitoring function of the East China Power Network has been evaluated and approved. The on-line monitoring and control system for the Northeast Power Network has recently begun operation. Some provincial power networks have begun to use on-line computer systems, some others have improved off-line computers used in the past for on-line information input to display on screen the real time status of the power network and have preliminarily realized complete monitoring functions. Some power networks have connected on-line computers and off-line computers, utilized the stronger computational function of off-line computers and the available capacity of off-line computers which do not have sufficient tasks to preliminarily realize the function of on-line load forecasting for the power network.

Our nation also introduced two sets of relatively complete computer monitoring and control systems for power networks, i.e., the Japanese H-80E system of the Communications Bureau of the Electric Power Ministry and the Swedish C-7830 computer system of the Central China and Hubei Bureau of Power Administration. These two sets of computer systems have relatively complete hardware and software accessories. Some experiences are also worth learning by colleages in our nation.

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*This article was received in September 1981

In general, at present, many power networks above the provincial level have computer monitoring and control systems. Color screen display has been popularized, adding new means for power network dispatching. Viewing the actual achievements in the operation of the Beijing-Tianjin-Tangshan Power Network, domestically manufactured computers can satisfy the requirements for on-line operation if they are well maintained. The average rate of utilization is above 98 percent. It is expected that the rate of utilization of dual computer systems after their completion can reach over 99 percent. In actual results of operation, as long as there are channels, as long as telemechanic information is relatively complete, as long as telemechanic interfaces can satisfy the requirements, the completion of on-line monitoring-screen display functions will visibly increase the level of safe operation. The dispatchers of the Beijing-Tianjin-Tangshan Power Network already feel that they cannot do without on-screen information. When the computer room makes a request to shut down the computer for inspection and repairs or when transferring programs, dispatchers often hope that the computers could be shut down at another time. The screen can reflect on-site information changes at any moment. This has served greatly in allowing the dispatcher to grasp the immediate situation in time and to handle abnormal situations in the power network. This attracts the attention of the dispatcher more than information sent by the telemechanic devices alone to the console, and this helps him make faster judgements. This cannot be replaced by other means.

Generally speaking, we have realized a lot of achievements. To further popularize the application of the computer in power network dispatching, we believe the following problems still need to be conscientiously discussed to gain a unified understanding and to take effective measures so that it will be easier to realize greater achievements.

II. Understanding Automation

At present, we cannot say that people in various sectors in our nation have a consistent understanding of automation. In the automation of power networks, it is necessary to conscientiously explore what is the "suitable technology" for our nation's present situation. Blindly pursuing advanced technology and importing foreign models are a mistake, but the view that emphasizes our nation's large population, the many problems of unemployment, the fact that our nation is poor at present and it is not the time to popularize the application of computers is also harmful.

A computer system is not only a high-speed computational tool, it is foremost an information processing system. Some people have pointed out that modern production tools can be basically divided into three major categories: machines (machine tools, textile machines), power machines (generators, steam boilers) and information machines. Information machines are centered around computers, including the acquisition, transmission, storage and processing of information. They are called information processing systems. Now, as technology progresses, information processing technology has penetrated and combined with other production tools day by day, and at the same time, it has penetrated management. Modern management cannot be said to be true management if it is separated from information processing technology. Some people abroad say that centralization of information and distributed control are the current direction. There are definite reasons for this.

The dispatching center of a power system itself is an information processing center. It is an agency that makes judgement, decisions and commands according to the current state of operation and the forecasted change in the power network. As the degree of complexity of the power network increases, relying on the telephone alone to carry out dispatching obviously cannot satisfy the demands. The main means of dispatching in our nation at present is based on telemechanic equipment assisted by the telephone. As the degree of complexity of operation increases, as the amount of information increases, it is very difficult for dispatchers to make timely and correct judgements. Some people abroad even say that when the amount of information reaches a definite degree, the information will hinder him in making decisions rather than helping him in the course of processing, or the information will confuse him. But artificially reducing the amount of information will cause him to make wrong decisions. Therefore, when the power network technology develops to a definite degree, introduction of the computer is a necessary trend. Only the introduction of the computer can make possible the other important function of controlling the power network--safety control. T.E. Dyliaco once said: The difference between modern power network dispatching and traditional power network dispatching is whether there are the various functions of safety control. It is because of the requirements of this factor for real time data and the amount of information to be processed that fundamental changes have been brought about in the design of computer systems and man-machine systems.

Our nation's present computer systems to control power networks have realized in general only the preliminary functions--i.e., the functions of monitoring the status of the power network and display. There is still a long distance from the requirements of safety control and economical control. Even so, we have already seen the strong life force of computer control of power networks. The efforts spent over these several years are entirely worthwhile. We can say: The computer of the power network is no longer a thing that may or may not be necessary. It should be an indispensable condition like the communications system and the telemechanic system of the power network. We suggest the leading departments establish necessary technical policies and it would be best to write them into laws or regulations, this means, stipulating the minimum automated functions that a power network dispatching station of a certain level and certain scale should have. Investment in the automation of dispatching stations should occupy a definite proportion in the construction of power lines and substations. Of course, at present, the nation is in a period of readjustment, there is difficulty with capital, and it is not possible to do too much at once. But we should draw up unified plans under conditions of limited capital, and solve the problems of equipping each network in phases and in batches. To do this, the leadership at each level and the management departments must unify their understanding of automation and exert efforts to grasp it before it is possible to realize.

III. Planning and Design Problems

To grasp automation of power networks well, we must first grasp the planning of the automated system and engineering design. In these regards, foreign experience is worth our attention. The course of realizing automation of the power network by the Quebec Hydroelectricity Bureau in Canada spent a total of 10 years from formulating ideas to making them a reality. We can see their

time distribution: It spent more than a year studying the future method of operation of this power network and its automation, and making suggestions on the fundamental requirements of the dispatchers and on how to satisfy these requirements. Then, it carried out preliminary designs. It took three years for the designs to be drawn and win approval.

Then, more than two years were spent preparing bidding and technical documents and bidding and signing the contracts. The time between signing the contracts by the manufacturers and delivering the equipment lasted three years. The time between test runs and final operation took one year. Of course, this system was large, including whole sets of automation equipment of one central dispatching station and 7 regional dispatching stations, all newly built. The dispatching center being used at present will be replaced by a new dispatching center. Although the above example is relatively far from our efforts, and we cannot carry out automation projects of such a large investment at present, but we can see one point here, that is, their work of the early stage took up 60 percent to 70 percent of the total time while manufacturing equipment and test runs took only 30 to 40 percent of the time. Our situation is the opposite. The work of the early stage was done roughly and the time was short. Some problems lacked overall design considerations, we were more anxious in purchasing actual equipment, and because there are many types of automation systems and equipment, and because they come from different manufacturing sectors, frequently the user has to make the interfaces himself, write his own programs, and even write his own software such as the operating system or make improvements. Thus, although the equipment has been delivered, it is incomplete, and the equipment cannot work in coordination, or the software is incomplete, and the functions cannot be performed. As time passes, the equipment can only be displayed and it cannot develop practical results. The beginning hopes have been deflated, and the equipment now becomes the material of criticism by those who oppose automation or people who do not understand automation. This is not a unique case. Even units that have done well have encountered difficulty in further development after one piece of equipment had begun operating and had realized practical results because of the lack of strict engineering design at the beginning. Although a lot of work has been done in theory for new functions, it is difficult for them to be quickly utilized.

There are historical reasons for the above situation. At the beginning, we did not have practical experience in systems automation. We were in a stage of scientific research and in the test point stage. We could only carry out the projects one by one, and equipment was difficult to purchase, and there were no units that could contract the work of the whole project. The users had to put everything together piece by piece. Computer manufacturing departments did not develop user programs, and even systems software was very incomplete, or it could not meet the user's requirements, therefore it had to be changed.

The capital for automation had to be solicited from various channels, and it would be canceled if the project was overdue. Therefore, it was not possible to have a lot of time to carry out work of the early stage. Also, because of the many changes in the elements of the plans, too many details were considered at the beginning and frequently they could not be realized, therefore, plans and designs were not given sufficient attention, the designs did not have any

legally stipulated results, and one could only take one step at a time and long range considerations were lacking.

At present, power network control technology has gradually advanced from scientific research towards practical use. When considering building an automated system for the dispatching center of power networks, we should first do the design work of the early stage well. The user should invest a lot of effort. Now, manufacturers or engineering companies of other sectors have indicated they can contract the entire automation project for the power system. This enthusiasm is good, but frequently it underestimates the complexity of the entire project, because automation of power systems afterall involves a broad scope, professionalism is very strong, and there is yet no concrete practical experience in building one project for the external system. Abroad, some manufacturers or engineering companies can contract all the engineering work, but they have a long history of experience in producing power equipment, they are more familiar with the power systems themselves, and there are many experts in power systems, even so, the power companies themselves, as users, must also do a lot of work in the entire process. They must completely understand the situation of their own systems, propose the functional requirements for their own systems by combining with reality, they must select various related subsystems, such as data gathering systems, preprocessing computer systems, mainframe computer systems, man-machine interface systems, software functions, etc., they must establish well detailed technical conditions, and conduct detailed inspection in the future design process, and test and approve all system interfaces and the scope of all detailed designs. Besides inspecting the accuracy of the design in the stipulated functions, the methods of testing and inspection, maintenance of performance and considerations of future needs for development should also be included. There is a lot of work.

Considering the actual situation in our nation at present, there is a definite difficulty for every power administration bureau to invest such huge efforts, therefore, scientific research and design units of the departments of electric power should gradually form forces that can carry out the task of automating the power system by themselves. In fact, they are equivalent to an automation engineering company or a technical service company. They should have a definite strength to develop equipment to solve some special needs, and more importantly, they should have a definite degree of understanding of the power system itself and the various types of automation equipment, and they should be able to provide technical consultation or services to the users, select appropriate equipment for a certain automation project, build the system, match the interfaces, and carry out the task of developing major applications software. In this way, we can more quickly accumulate experience and provide high quality technical services to the users. Such work is part of scientific research but it is not entirely scientific research. More importantly, it is engineering practice. Their achievements are not manifested mainly in developing some new method (of course work in this aspect is not shunned), but in how to apply their own mature equipment and methods in the actual power system so that practical results can be realized. We believe this method of work can promote progress in the automation of power networks.

IV. Near-Term Goals

In view of the present situation, the monitoring function of the computer system of power networks has already entered the practical stage and the results are good. But after all, these are still preliminary functions. To truly develop the effects of the computer system, a lot of work still has to be done.

First, the foundations for communications and telemechanics must be grasped well with a lot of effort. Some power networks cannot develop the function of the computer system because telemechanic information is incomplete. In large inter-provincial power networks, how to form a stratified and graded management system for the information network has become an urgent task. Plans should be conscientiously drawn up well. New varieties of telemechanic devices should also be produced to adapt to this requirement. The pure CDT method can no longer satisfy the requirements. Artificially intelligent telemechanic devices based on the microcomputer will be utilized more. Network structure will also develop from the pure dot to dot method to more complex methods to fully utilize the communications channels (such as coaxial lines, exchange networks, star networks). The standardization of the format of telemechanic data transmission has already been included in the daily agenda. The standards proposed by the Huangshan Conference in the past have served greatly. But it is feared that they will not satisfy future requirements. If we do not grasp this in time, an unavoidable consequence will be that the devices will not have a common language, the interfaces will be complex, and they will not facilitate development. Our institute has proposed a draft of the preliminary standards based on preliminary suggestions made by IEC and we have requested concerned units to discuss it. Data communications between computers of corresponding levels will also be used in certain power systems. The communications protocol should also be included in standardization as early as possible. At the same time, we should stipulate the function and the limits on the division of work for computer communications networks and telemechanic information networks.

To further develop the function of the computer system in power networks, each unit is doing a lot of work. More theoretical and experimental work has been done in status derivation and important achievements have been made. It is hoped that they can be put to practical use as quickly as possible. First, we should establish a real time data bank that has been status derived. Then the functions related to on-line tidal flow, safety analysis, accident prediction and improvement of system safety can be matched on this basis. As we emphasize energy conservation, the economical operation of power networks will surely be pushed forward with a lot of effort. There are also many new theoretical achievements in this regard which can be utilized. Automatic frequency regulation should be one of the basic functions of the computer system. But considering that the operating cycle is relatively short (several seconds) and the high requirement for reliability, under present conditions, it seems better to establish another independent subsystem. The subsystem can be varied so that microprocessor systems can be broadly utilized. (Especially after the 16-bit high performance microprocessor appeared on the market).

Another important function is the recording and statistical function. They are very incomplete at present, and they have not functioned as they should have. Although there are no theoretical difficulties in these functions and they can greatly serve to improve the level of operations management, but at present, they are incomplete perhaps mainly because the capacity of the computers is insufficient, or the information is incomplete or maybe they are not emphasized enough. In general, such functions should be placed at an important position in the next phase of work to develop their potential.

To do all these well, hardware support of presently available systems may be insufficient. In particular, internal memory and the capacity of external memory are weak links. Planning and design must be conscientiously done well to propose solutions.

V. Some Problems Concerning Computer Systems

At present, the several large power networks use different types of computers, but they can satisfactorily perform the current functions of monitoring and display. It is difficult to propose any requirements to unify them because of the difference in the scale of the systems and the difference in functions. The requirements for computers for ordinary dispatching centers (of a capacity of over 5 million kilowatts) proposed abroad at present can be generally summarized as follows:

--the dispatching station itself usually utilizes a bi-level (i.e., with presetting) double work system connected to the computer center.

--the speed should be guaranteed at 2 to 2.5 seconds so that all on-line data of the system can be scanned and inspected once.

--the expandability of the memory at least should reach 64 to 128K (16 bits).

--floating point hardware.

--quick response to interrupt functions.

--restart according to internal or external signals after the computer has been shut down as a result of malfunction.

--internal memory protection function.

--repeat execution function after detecting malfunction (can be accomplished by software).

--external memory capacity should at least be over 2000K (actually far surpassing this number), and there should be two types of external storage. One type is the magnetic drum of fixed head magnetic disk to store information that requires a faster storage and access speed. The other type is the moveable head magnetic disk to store information that has a lower frequency of use and that can respond at a slower speed.

In view of the above requirements, the main conflict of domestically produced computers already in use is that the internal and external memory capacity is small. Each unit is developing new high performance domestically produced computers. They can continuously enter the market. It is believed that the hardware can gradually adapt to the needs of the power network in the future. When gradually expanding the functions of currently available computer systems, currently available computers can be used as front-end terminals. Some systems are considering this. But we must conscientiously consider the plans for related interfaces when realizing this. Most of the provincial power networks in our nation are equipped with off-line computers. To fully develop the function of off-line computers, some power networks have already used them as backup for on-line computers and good results have been achieved. It is suggested that concerned manufacturers also summarize this experience and directly produce such hardware and software interfaces for the user to facilitate popularization so that more can be done with less money.

The double computer system as a means to improve the utilization rate of computers will be used by many power networks. It is suggested that manufacturers and users strengthen research in some of the problems such as plans for operation, function sharing, switchover methods, software support so that the dual computer system can fully develop its gain. Computer manufacturers can only provide some standard hardware accessories. Solving the mutual relationship between the software of dual computers and the mutual relationship between the operating systems is frequently more complicated than hardware, and according to different user requirements, frequently the interface between the software and the operating system will be affected. This is a very important content in systems design. It can be done well only by full cooperation between the user and the manufacturer. There are such reports abroad: "The typical configuration of the computer manufacturer cannot completely satisfy user requirements, and this frequently occurs. For example, the power system requires safety control functions and data gathering that include status estimation. AGC and man-machine links have the same usefulness, but in practice, they have been reduced to non-key functions and they do not meet the initial requirements, therefore the responsible power engineer is very worried." This should not be neglected in considering plans for the dual computer system.

Some of the real time operating systems of domestically manufactured computers at present are directly transplanted from abroad, some have been the result of rebuilding the computer on the foundation provided by the manufacturers, or some have been developed by oneself, but in general, they can all satisfy the basic needs in operation. When evaluating an operating system, we should not unilaterally pursue the perfection of the functions or the advanced nature of one item. We should first consider real time requirements. We cannot spend too much and thus reduce the response characteristics of the entire system. Therefore, some characteristics that are effective in general purpose computers such as internal dynamic distribution and the use of virtual memory need not be overly pursued in control mechanisms. We should decide whether they are needed or not based entirely on the concrete requirements of the system itself. Management of the data bank should also suit the requirements of real time data processing. It should not be overly complicated and versatile. In addition, in the course of linked computer operations, developing

programs is not a simple question. On the surface, developing programs can be via the management of backup operations to reduce on-line interference, but there will always be some on-line functions that cannot be completely simulated or debugged in backup. Therefore after the backup has been debugged and goes into front-end operation, a slight carelessness may produce destructive results. For this, we must take special measures to prevent such happenings. These are not necessarily included in the functions of standard operating systems. We need to cooperate with the manufacturers to find a plan for solution.

Screen display has already been widely utilized in our nation. We can say that the reason that computer monitoring and control are welcomed by dispatchers is because the use of color CRT has served a major function. There are many units that are currently producing and developing CRT. We believe the light grid scanning dot matrix CRT can satisfy the needs of the power system for a time in the future because it is low cost and software support is relatively easy. Other more complex graphic displays can suit some special needs. The next step should be to utilize higher density image tubes on the present foundation, expand the types of Chinese characters and graphs, and perfect the tracer, the photopen or keyboard accessories. Some other editing functions should be considered without overly increasing the cost. The function of moving graphs is welcomed by users, but in use, this function occupies more of the computer's load and internal and external memory and such resources, and when it is not absolutely necessary, it should not be overly pursued. The total number of graphs of currently operating systems is not large, and the response time does not seem to have any problems, but as the number of graphs increase (such as 100 to 200 or more graphs), editing, revising and accessing graphs must utilize external memory. The response time will be visibly increased, and if it reaches more than 4 to 5 seconds, then it would be intolerable. Now, domestic computer manufacturers still have not equipped their products with a CRT management program suitable for use by power systems. It mainly relies on the user to develop it himself. If users can be organized to combine several computer models to develop some standard CRT management software, then a major convenience can be realized for future users.

VI. The Problem Concerning Software

Software has always been a weak link. The traditional inability of domestic manufacturers to provide applications programs has increased the burden of the user. In general, after a computer is purchased, the user must organize a lot of manpower and invest it into programming. If the strength is insufficient, the user can only compile a little at a time and the gain of the system cannot be developed very well. Some service software of some domestic computers (also called practical software) have insufficient functions and this has brought about many difficulties in developing programs.

In the course of writing software, analysis and design stages should be the most important stages. From the beginning, the state should stipulate the models for various programs, input, output, tables, revision of tables and method of computation. The design plan is determined by the structure of the data and the method of storage and access, the structure of the tables and

documents, the requirements of data revision, and reserve requirements. All hardware and software interfaces should be labeled in detail. Regulations should also be stipulated for others such as initialization procedures, CRT and printout record formats, maintenance requirements, testing methods and inspection standards. This work is often not emphasized enough domestically and the work is very generalized. The computers lack explanatory documents, and thus later the systems become confused, and finally readability of the programs and maintainability are affected. A program written by one person is frequently difficult to revise by others later or it is difficult to add some other functions to the program. In the future, scientific management of the method of software engineering should be popularized.

To hasten the progress in program design, it is suggested that specialized program design teams be organized to develop some applications software packages suitable for use on various types of computers. For example, the BBC company has applications software packages aimed at power systems of various scales. They have such basic functions as data gathering, data bank organization and output display. Hardware and software are configured for such systems as the BECOS 03-30 which is suitable for small scale centralized control systems and for large scale centralized regulation systems. The user can select the system that suits him.

To solve the problems of exchange and transplanting of programs for different computer models, it is suggested that some programs with more complex methods of computation should be written in high level languages as much as possible.

Some years ago, most of the on-line control programs abroad were written in compiler languages. But in recent years, the proportion of using high level languages has greatly increased. Viewing the trend, FORTRAN or variations of FORTRAN that have real time functions is still the most widely used language. In consideration of the fact that domestic computer language systems are also being prepared, we should consider whether we can unify them on the foundation of FORTRAN as much as possible so that some programs can be easily exchanged and transplanted. It is suggested that some units organize and establish joint working groups to coordinate and exchange programs well. Of course, transplanting programs should be rewarded to encourage the enthusiasm of program writing units.

The above are some views concerning the problems of computer systems for power network control. They may very well be unilateral or even mistaken. It is hoped that they will attract the interest of concerned sectors to discuss, to draw conclusions and to propose some practical and feasible measures. Then the power network control technology will suit the development of the power networks much better.

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DISPATCHING AUTOMATION FOR EAST CHINA GRID

Nanjing DIANLI XITONG ZIDONGHUA [AUTOMATION OF ELECTRIC POWER SYSTEMS] in Chinese, No 2, Mar 82, pp 22-30 and 21

[Article by Xu Desen (1776 1795 2773)]

[Excerpts] I. History and General Situation

The "automated dispatching plan for the East China Grid" drawn up in 1976 called for the establishment of an independent and reliable system of channels that can satisfy the demands of automation of dispatching for the power network and that can perform telekinetic functions to control power plants and power stations. The plan also called for the establishment of an information gathering system for the power network and a computerized real-time data processing system. The goal was to gradually establish a computerized digital transmission network and to establish such automatic control functions as safety monitoring, safety analysis, economical dispatching, frequency modulation and voltage modulation for the power grid in stages.

The East China power grid is divided into three dispatching levels, a central dispatching station, a provincial (or city dispatching station where the central dispatching station is located) and a prefecture dispatching station. Their relationship in the future is illustrated as follows:

Because the area is expansive, the fundamental work to establish the channels and information gathering is more difficult. Besides the original carrier wave circuits, sound frequency cables and channels leased by the post and telecommunications sector, we have installed 106 kilometers of sound frequency cables in the Shanghai area, 46 kilometers of sound frequency cables in the Shanghai area, 46 kilometers of a high frequency cable from Xijiao to Huangdu, 66 kilometers of a microwave circuit in suburban Shanghai, and 547 kilometers of microwave circuits from Shanghai to Hefei over the past few years. Those being built and in preparation are the microwave circuit in the Shanghai suburbs, and the microwave circuits from Hefei to the north of the Huai River, from Shanghai to Xuzhou, and from Shanghai to Wuxijiang. At present, all of the provincial (municipal) dispatching stations and power plants and stations directly dispatched by the central dispatching station have to varying degrees been equipped with channels needed for communications and transmission of telekinetic information. In the Shanghai area, the sound frequency cable and the suburban microwave circuit will gradually form a ring grid.

II. Characteristics and Evaluation of the System

1. The programmed command type telekinetic equipment is connected to the computer in a versatile manner. Its adaptability is strong. For example, remote testing of cycles was changed from the original 3 bits to 4 bits, 18 commands were changed, the upper and lower voltage limits were changed, 19 commands were revised,.....These have provided convenience for the computer interface and software processing, simplified the programs for the computer processing system of computers with limited speeds and conserved memory units.

2. The performance of the computer system is checked via many parallel channels and an automatic restoring system has been added. This has improved the reliability of the real time system.

3. Completion of the DJS131/TQ-16 on-line system provided the possibility for running one-line scientific analysis programs, and on the basis of improving the reliability of the TQ-16 computer, different tasks with a relatively high requirement for precision have been run using different programs. This has created conditions for further developing the functions of the system.

4. The operating system provided by the 100 series computers is more mature, it is more convenient to use and it is more versatile. The application software is closely combined with the actual needs in dispatching, and the operators are happy to use it.

In November 1979, the 220KV gate of the waterside power line malfunctioned and caused interruptions in the power grid twice.

The telekinetic equipment acted accurately and won time for the dispatchers to rapidly judge the situation and to handle the situation in time. The voltage and cycles of the small system were kept normal and the occurrence of a power blackout over a large area was avoided. In January, 1980, the 220KV output line voltage of a certain power plant changed, causing 13 220KV switches to jump the gate. Telekinesis completely recorded the time when the switches jumped the gate and the tidal current of the incident, (the resolution of the time of the switch action was 20 ms), the color CRT displayed the central parameters of the plant in time and completely reflected the operating condition during the incident at the power plant and during the course of processing. This facilitated handling of the incident and served monitoring and guiding functions.

"Secondary on-line" load estimates are provided four times a day. When weather and climatic conditions suddenly change, generally, all of the errors are within the allowable range. This also helps to guide the personnel on duty to grasp the load patterns of the system.

The channels and telekinesis of the East China power network have a weak foundation. The computer system also needs to be further perfected. There are still many difficult tasks to be done.

III. Prospect

The purpose of automation of dispatching for a power system is to effectively increase the managerial and operating level of the dispatchers on duty so that the power network can operate safely and economically at any time and provide superior quality electric power. Within the next few years, new localities of power source and power transmission lines with an even higher voltage class will emerge in the East China network. The technical problems of operating the network will be more complex. Even higher demands will be placed on automated operation. Our purpose is to develop the capability to perform on-line safety analysis of a static system from the present stage of "monitoring safety" and to develop to varying degrees the ability to realize economical dispatching, anticipation of accidents, display of countermeasures and automatic frequency modulation. Voltage modulation will also be developed so that we can conduct local automatic control tests at places such as hydroelectric power plants where the strength of automation is stronger. To achieve this goal we must adhere to the following:

1. We must establish a relatively perfect microwave system as the main system and a carrier wave system as the auxiliary system in the main network. The regions where a dispatching station has been established must lay a system of channels consisting of ground cables, carrier wave channels and microwave channels. The error code rate of the channels should reach a magnitude of 10^{-7}.

2. We must establish an information gathering system that is suitable for uniform dispatching and split level management. The principles of installation of telekinetic equipment and the type of control must adhere to the setup illustrated in Diagram 12.

3. We must set up a computerized digital transmission and communication network using the same model of computers, and we must set up a multiple unit processing system that meets the demands of dispatching duties so that the system can have a better adaptability and usability, so that the system can react well after a definite period when the equipment is down-graded or so that the system can react well to compatiblity when the software and the hardware change in generation. Undoubtedly, the idea of using computers of a single model is reasonable in developing the functions of software and hardware resources and concentrating efforts to develop software and hardware applications systems that suit the unique characteristics of this power system so that it can quickly form a productive force. This is also suitable for the East China power network.

The 100 series computers used by the East China power network at present have their international counterparts that are being rapidly developed, such as the ECLIPSE, the MV-8000 which are high grade computers of this type. The command system and the systems software are completely compatible. The domestically manufactured DJS-140 computer (64K to 128K) has already began production. The software system of that computer system is relatively complete and it is equipped with real time high level languages. This is also a favorable condition for the development of the system. From the viewpoint of technical and economic comparison and the rationality of the system, I believe that it

is possible that a system similar to Britain's CEGB system will emerge in the future which will move the massive on-line applications, scientific management software development tasks and computational tasks of the control center to the computational center of the electric power research departments.

The development of on-line applications programs for the power system is relatively difficult and it requires the support of advanced hardware systems. Foreign nations have invested a lot of "man-years" in such endeavors. The East China power network has organized concerned higher educational institutions, schools and scientific research units in 1978 to do some work in this regard with help from the Ministry of Electric Power and the Shanghai Municipal Science Committee. In general, the subjects have been the following:

* Estimation of the on-line status of the power system;
  Recognition of the on-line network structure of the power system;

* On-line load estimation of the power system;

* Safety analysis of the on-line stationary state of the power system;

* On-line economical dispatching (local) of the power system;

* Study of the on-line data bank of the power system.

According to plans set for the next 2 to 3 years, we will collect about 1,000 parameters related to the main network. The number of DJS-131 computers has already been increased to 3 units equipped with magnetic disks. They use the digital transmission type telekinetic interface JK_2. On this basis, the "on-line safety monitoring" function will be expanded and strengthened. A man-machine conversation system equipped with a photopen and a tracking ball will be used. On-line economical dispatching tasks will be performed on the second DJS-131 computer, (in the near-term, it is only an open loop type, commands are manually produced). The DJS-131/TQ-16 on-line computer system will be used for daily scheduling of dispatches and will perform safety analysis tests. The 100 series digital transmission and communication controller will be used at test points to test the performance of the digital transmission network. The rough idea described above still has to be proven and to materialize in future planning and designs.

IV. Conclusion

The work to automate dispatching in the East China power network is only a beginning. Construction of this system involves a broad scope, its policy nature is strong and its investment is large. Each step presents a problem of connecting the preceding with the following. Planning first is very important. On the other hand, because the foundation is poor and the technical forces are weak, the forces of the various sectors must be organized well and joined together to carry out the work. The central dispatching station of East China received indispensable help from the Electric Power Sciences Academy, the Nanjing Automation Institute, the East China Electric Power Experimental Research Institute, the East China Electric Power Design Academy, sister power networks and concerned higher educational institutions and manufacturing plants from planning to the present. We appreciate their help.

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EXPERIENCE WITH ON-LINE OPERATION OF A POWER NETWORK COMPUTER REVIEWED

Nanjing DIANLI XITONG ZIDONGHUA [AUTOMATION OF ELECTRIC POWER SYSTEMS] in Chinese, No 2, Mar 82, pp 31-33

[Article by Chai Yuhe [2693 3768 0735] of the Automation Department of the Central Dispatching Station of the North China Bureau of Power Administration: "Some Experience With the On-line Computer of the Beijing Power Network"]

[Text] The SD-176 computer has been operating on-line for three years now. The Beijing Dispatching Center and the Nanjing Automation Research Institute have cooperated closely, conducted mutual exchange, and the on-line operation of the computer has progressed steadily. Three years ago, our goal was reliability and practical results. Reliability meant that the hardware of the SD-176 computer would operate steadily and the software designs would be correct. Practical results meant that the SD-176 computer could truly serve safety monitoring functions. Now it seems that these two goals have basically been realized.

The guiding thought in our work was that after using a computer for on-line monitoring functions, it must withstand objective tests and truly develop this function. On the originally available monitoring function, we added 327 new switching functions in the monitoring function of the SD-176 computer in 1980. After these functions began operation, the Department of Automation established corresponding systems to guarantee that these functions were realized. At the end of that year, when the results of these functions were evaluated, the Dispatching Department and the dispatchers gave them an affirmative evaluation.

Computer on-line operation is a very difficult task. We must be extremely serious and conscientious in treating this work.

I. The Foundation of On-line Operation of the Telemechanic--Power Network Computer

I believe that we must first do the work of telemechanics of the power network well before we can realize on-line computer operation in a power network.

The SD-176 computer of the Beijing Central Dispatching Station has been connected to more than 20 telemechanic devices. (Recently, after the telemechanic interface is expanded, another 5 devices can be connected) and it can perform

*This article was received in September, 1981.

on-line processing of over 700 remote communications and remote measurements. In 1979 alone, 7 telemechanic devices were installed and over 100 remote measurements could be taken. In 1980, another 87 measuring points were added. This year, the higher authorities have asked for nearly 100 additional measuring points. Starting out from the point of view of computer on-line operation, the demands upon the telemechanic devices are even higher. To monitor the operation of the power network, we should input a large amount of real time information into the computer but the information put into the computer should be accurate and reliable.

After a large amount of real time information has been put into the on-line computer, the first problem that software personnel encounter in designing the safety monitoring program is the problem of processing real time information of checking and measurement. Viewing our several years of experience, the key is to build the telemechanic devices themselves well. Song Deyun [1345 1795 0061], former assistant chief engineer of the Beijing Dispatching Center talked about this after returning from the large power network conference last year: When some people abroad talk about on-line operation of computers in a power network, they place a lot of emphasis on the reliability and accuracy of telemechanic devices themselves. In remote measurements before installation of the SD-176, the dispatchers of the Beijing Dispatching Center sat in front of a remote measuring console. This remote measurement console displayed the total power of each power plant and the boundary points between the 220,000 and 110,000 power plants. For many years, dispatchers and comrades engaged in telemechanics have been debating over whether the remote measurements displayed on the remote measurement console were accurate or whether the meters at the site were accurate.

After the computer began on-line operation, the direct view of the display on screen has helped us to discover this problem quickly: Some of the information of remote measurements sent to the Dispatching Center by the telemechanic devices in the field contained overly large errors when measured by Kirchhoff's law. For example, in our network, a certain 220,000 substation has installed a WYZ-II telemechanic device. This substation has two 220,000 output lines and one 220,000 transformer. Under certain operating methods, the two lines can both send power to the transformer. Then according to Kirchhoff's law, the active values flowing into the two lines should be equal to the active values flowing to the transformer. But in the actual situation, the inward flow was far greater than the outward flow. This showed that remote measurements of this telemechanic device were very inaccurate. We once spent five months to calibrate more than 300 remote measurements at fixed intervals and explored the reliability of each measurement. At the special conference on telemechanics, we repeatedly emphasized that the accuracy of remote measurements of the telemechanic devices already installed at measuring points can be measured by Kirchhoff's law, and we must frequently use this principle to evaluate the power transformer and transmitter and the operation of the telemechanic equipment.

In some power plants, such as the Beijing Second Thermal Power Plant and the Tuhe Power Plant, Kirchhoff's law can still be used to inspect the accuracy of remote measurements of remote measuring devices already installed at these

plants. Tuhe Power Plant does not have a directly distributed load line. The active power of the four generators and six 220,000 output lines can all be remotely measured. The power consumption by the plant constitutes 7 percent of the total output of power by the whole plant. In this way, the generated power minus the power consumed by the plant should approach the active power of the six output lines (neglecting loss in the transformer).

If many of the remote measurements in the power network themselves contain large errors, then we cannot even talk about using status derivation.

We introduced the comparative results of the remote measurements and the typical records of the dispatcher to the Dispatching Department. Finally, on the basis of Kirchhoff's law, we unified understanding and there were no more disagreements.

The monthly operating test system (remote communications) of the telemechanic devices has served well in preventing mistaken operations triggered by remote communications during accidents in the power network.

The SD-176 computer has one function that monitors the current of twelve 220,000 transformers in the network. When the current surpasses the specified value, the screen will display a automatic warning. We have a higher demand for precision of these remote measurements. For example, the main transformer of Gaojing No 4 is an auto-transformer. The common coil current of the auto-transformer will overload under certain operating methods. The specified current of the common coil of the main transformer of Gaojing No 4 is 573 amperes. Because comrades involved in telemechan s at the Gaojing Power Plant conscientiously tested the transformer and transmitter, the difference between the values of remote measurements and the values indicated by the meters at the site was very small, the largest did not surpass 5A, and the measurements have been deeply trusted by the dispatchers. Doing this work well requires spending a lot of efforts. But to establish on-line computer operation firmly, we must tighten the work of telemechanic devices.

II. Operating Rules and System

According to the experience of on-line work of these few years, I believe that domestically manufactured computers can be used to carry out on-line operation. After on-line operation has been established, we must establish various regulations and systems to standardize it.

The Automation Department of the Beijing Central Dispatching Station has established:

1. the operating procedures for the SD-176 computer;

2. the system for computer room shifts and exchange of shifts;

3. the software maintenance system;

4. the system for monthly operating tests of telemechanic devices matched with the computer;

5. the system for examining the accuracy of remote measurements;

6. the system for reading dispatcher records at fixed intervals;

7. the system of submitting notices for remote measurements and remote communications.

I would like to emphasize the last several systems in this discussion. The software maintenance problem whould attract our attention. According to foreign reports, among software designers in the world, 70 percent are involved in revising software, and only 30 percent are designing new software. As the on-line monitoring function expands and real time information increases, software must frequently be expanded and revised. The revised text should be handed over to the computer room shift in time so that computer room shift personnel can refer to it. Revised programs must be tested for a period. If omissions are discovered in the programs, the programs must be revised again until they are correct.

Software maintenance in the stage of safety monitoring at the Beijing Central Dispatching Station also includes the compilation of statistics on the percentages of correct action displayed on screen during accidents in the power network. For example: At 11:58 on 12 December 1980, the No 1 generator at the Dagang Power Plant malfunctioned and the switch disconnected. The screen did not display any action. (After the switching monitoring program became operational, switch disconnections occurred many times at the Dagang Power Plant, the screen displays reflected the situations correctly and the program was praised by the dispatchers). Why did it not act this time? Software personnel asked the dispatcher on duty and found out that several hours before, reverse switching operations were performed at Dongbeijiac and Hangu and the computer screen display system reflected the situation correctly. Software personnel grasped this and immediately found the cause and finally discovered that the reason the screen did not reflect the switch disconnection of the No 1 generator at the Dagang Power Plant was not a problem of the computer itself but was caused by the breakdown of the WYZ-II remote measurement code transmitting device at the sending end of the Dagang Power Plant. (When designing the switching program, in order to prevent interference, changes in switching power were added as supplementary judging conditions when the switch was on or off). We understood that the telemechanic personnel at the Dagang Power Plant did not handle the remote measurement code transmitting device well that day, and we immediately revised the program and temporarily deleted the added condition for judgement of power.

Another aspect of the software maintenance system at the Beijing Dispatching Center is that every morning at 10 am, the position of the switches at the power station being monitored by the computer is inspected to see if it corresponds to the position of the switches on the analog console. At present, the SD-176 displays on a color screen the positions of more than 300 switches of 8 major power plants and thirteen 220,000 substations it monitors. Every switch being monitored must be consistent with the analog positions of the switches on the analog console. The results of implementing this system were very good and a lot of experience has been accumulated.

On 13 June 1980, the power line poles of the double circuit 220 KV power line from Tuhe to Tongzhou seriously fell. The screen display system of the SD-176 computer correctly disconnected 4 switches and sent warning messages to the dispatcher. Afterwards, dispatcher Comrade Liu Wende [0491 2429 1795] talked to us. He said: "If the relay protection signal can be displayed during the accident, that would be even better. It will greatly help us in handling the accident in the power network." When we were preparing to test the input of relay protection signals to the telemechanic devices on the WYZ-II device at the Second Beijing Thermal Power Plant, comrades engaged in relay protection proposed different opinions. The on-line "experience" of the computer is still very shallow, and we must respect other people's opinions. But I believe comrades engaged in relay protection will finally agree because it has already been realized abroad.

At the Beijing Dispatching Center, a monthly remote communications and operation test must be conducted to test the telemechanic devices of the telemechanic operations system. This is a good opportunity to test the operation of the computer in monitoring the switches. Therefore, we established an operating system that joins telemechanics and the computer.

Beginning from early last year, we made telemechanic remote measurements every five days and we compared the measurements with the typical records of the Dispatching Department. When we discovered that the remote measurements did not coincide with the stipulated requirements, we immediately notified the telemechanics group to find out the cause. Special personnel from the software group was assigned to take charge of this work.

III. Necessary Conditions in the Computer Room Required by On-line Operation of the Computer

The computer room must possess the following conditions:

1. There must be a source of uninterrupted electricity;

2. Temperature and humidity changes must not surpass a fixed range.

3. There must be measures to prevent dust;

4. There must be fire-proof measures.

The four points above are minimum requirements. But our Beijing Dispatching Center cannot even meet these basic requirements at present. When delegates from the United States, France, Canada visited the computer room of the Beijing Dispatching Center, they unanimously believed that our power source is unreliable. This is a fact. A 220-volt power source supplies power to the computer via a voltage stabilizer. This is too unreliable. I believe that foreign computers in on-line operation will never use this kind of power supply method. Because the low voltage network of the power network cannot operate in parallel, the Beijing Dispatching Center has only one line of power source. When the power source breaks down, the power source is switched over to another reserve line for power supply, but during the time of the breakdown and

switchover, the computer receives a very large shock. To reduce shock, it "registers" with the Beijing Power Supply Bureau. When the Beijing Power Supply Bureau inspects and repairs the power lines, it first notifies us and waits until we shut down the computer, then they perform the switch reversing operation. After the power supply bureau completes its operation, we then turn on our computer again. Before "registering", we suffered a lot of hardships. One day in the summer of 1979, power outage occurred 12 times (the bus of the Youanmen Substation malfunctioned, the Beijing Dispatching Center supplied power via the Qianmen power cable. When the load at Qianmen rose and surpassed the load capability of the cable, Beijing Power Supply Bureau then pulled the switch). That day, the voltage stabilizer of the computer burned out. Luckily, the power source switch of the SD-176 computer itself was reliable, otherwise the computer would breakdown.

Beijing has strong winds and a lot of blowing sand. The computer room for the SD-176 computer does not have special dust preventing measures. The inserted boards are filled with dust and operating conditions are extremely poor. We installed a thermostat and air conditioning equipment manufactured in Qiangdao. But in summer, the air conditioner works poorly. In winter, two large electric heaters are placed in the computer room. The SD-176 computer operates under such conditions. It is indeed not easy for the computer to operate at 98 percent capacity. The purpose of mentioning this is to emphasize that the user must create better conditions for on-line computer operation. One must be willing to invest in building a good computer room and one must not make do.

At present, the computer room at the Beijing Dispatching Center will not undergo major changes unless a new building is built for dispatching operations. Therefore, next year, when two computers go into operation, although the situation will be better than the present single computer operation, it will not be possible to greatly improve the operating rate. When the external power source is cut off, three computers will be threatened simultaneously. This is a serious problem that we will face.

IV. Assuring Long Term and Reliable Operation of the External Memory (Magnetic Drum)

The American, T.E. DY. Liacco mentioned in his article "General Description of a Control Center of a Power System": "In actual operating experience, most breakdowns of the computer system can be overcome by simply restarting the computer." According to our experience, his point is correct. Occasional interference (endless looping of the program, odd and even checking errors in the internal memory) can be overcome by restarting or the computer can continue to operate by accessing a copy of the program from the magnetic drum. Without a reliable magnetic drum, the computer will not be able to operate on-line. During operation, the operation of the magnetic drum component must be fully kept in mind. As long as the magnetic drum component does not breakdown, it should always remain in an operating state. During the period of inspection and repair of the mainframe, the magnetic drum should not stop operating. Turning the magnetic drum on and off frequently is very detrimental to the magnetic drum. The magnetic drum must be protected against phase interruption. We have installed an automatic phase interruption warning device on the magnetic drum.

V. Correctly and Rationally Utilize the SDX-II Display

The practice over the past three years at the Beijing Dispatching Center proves that the design of the SDZ-II screen display device is successful. Operational experts of the large Canadian power network pointed at the analog console during their visit and said: "The method of electrical connections and the voltage level in the substation of your power plant are about the same as those in Canada 15 to 20 years ago. But your color screen display is pretty good. Color separation is good and the image is very clear."

There should be special people to maintain the display screen. We must especially emphasize that it should not be moved or adjusted at will. The keyboard should be fixed on the table top.

During the three years of operation, the two display screens of the dispatching station were used alternately every 12 hours. According to experts, using them in this way will not encounter any problems for several years. A fan should be used to dissipate the heat of the screen if the noise of the fan does not affect the work of the dispatchers. The base of the fan should have an anti-earthquake cushion. The computer room must have a reserve keyboard.

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DJS-6 MINICOMPUTER USED IN ON-LINE OPERATION

Nanjing DIANLI XITONG ZIDONGHUA [AUTOMATION OF ELECTRIC POWER SYSTEMS] in Chinese, No 2, Mar 82, pp 34-38

[Article by Yue Zizhong [1471 1311 1813] of the Central Dispatching Station of the Guangxi Power Bureau: "DJS-6 Computer Begins On-line Operation; the Principles of Improving the Mainframe and the Interface Logic of Newly Added Peripherals"]

[Text] The DJS-6 computer is a small digital computer designed during the 1960s. The internal memory is 32K, the word length is 48 bits, the peripherals include 4 G3 drums and it can use magnetic tape and disc drives. It has 62 basic commands. It can send over 100 commands. Commands are divided into two categories, long and short commands. Address location includes direct address, indirect address, relative address, duplex relative address functions. The computational speed is 90,000 commands/second.

The transmission of information by the DJS-6 computer uses the bus. The bus has 25 code lines DX_0 -- DX_{24}. The bus for the address codes has 16 lines dx_1 -- dx_{16}. It can realize parallel transmission of half word length.

The computer at our station began off-line operation in 1974. To improve its rate of utilizaton, we improved it and added some equipment and it began on-line power network operation at the end of 1979. After two years of test operation, we proved that the improvements were successful. They are briefly described below in the hope that colleagues will point out the mistakes.

I. Improvement of the Mainframe

Improvement of the mainframe mainly involved the interrupt system and the command system.

The interrupt system of this computer originally had two types of four level priority interrupts. The two types refer to the simple interrupt and the program interrupt. The four levels are print and information interrupt in simple interrupt and the internal error and external peripherals interrupt in the program interrupt. The external peripherals interrupt includes teletype, wide line, curve, fast punching. These four interrupts all belong to the same level. Whichever makes the interrupt request first is responded to first and at the same time the other interrupt requiests are masked.

The characteristics of simple interrupt: When an interrupt occurs, the computer needs only to execute one implicit interrupt instruction to complete processing the interrupt request, i.e., it is realized entirely by the hardware circuit logic alone. Program interrupt mainly relies on shifting into an interrupt processing program to process it, i.e., the interrupt request is realized basically by the software.

Obviously, the original interrupt system needs to be expanded before it can adapt to the needs for on-line operation. We added four levels of program interrupts of power loss, clock, special communications and screen display (recently, we also added a tabulation and print interrupt), thus forming an interrupt system with 8 levels of priority interrupts. Also, we improved the original implicit interrupt instructions for simple information to adapt to the needs of transmitting telemechanic information in on-line operation. Although the DJS-6 computer is a general purpose digital computer, the original design took into consideration the possibility of using it to process external information in real time. Therefore, a first level simple information interrupt was built into the interrupt system, and an "implicit interrupt instruction for simple information" was designed and included. An implicit instruction refers to an instruction that has an execution process similar to the execution process of a standard machine instruction but it does not have the form of an ordinary instruction. Its operating codes correspond to the controlled electrical potential of different interrupts and its function is completely hidden in the logic of the system of instructions. The execution time of this implicit instruction is a central cycle (about 11 microseconds). Its method of execution is typically cycle stealing. Therefore, we utilized this simple information interrupt to form the data channel for telemechanic information to enter the computer. But the function of the originally designed implicit instruction should not satisfy our actual needs, therefore we improved it. The major change was to bypass the random address memory as the pointer for writing into the address of the internal memory and to directly form the internal address by the telemechanic interface and to send it directly to the internal memory before common operations initialize the internal memory, thus the writing of telemechanic information into the internal memory realizes "seat assignment", completely avoiding chaos.

Because of the newly added peripheral equipment, such as the color CRT, real time clock, tabulating printer, therefore some new commands were added. Among the newly added commands, some were expansions of the original peripheral equipment commands, some were newly defined peripheral commands. The actual functions of the commands will not be discussed here. We will only simply explain the newly added "time check" command and the self-restoring circuit.

The basic starting point of the self-restoring circuit is as follows: When the computer ceases operation because of accidental causes, the computer will not execute the most fundamental fixed-time operated user programs, such as data conversion and clearing the CRT screen. At this time, regardless of whether the computer has ceased operating or is executing another program, the situation is regarded as abnormal and it will have to be restored to normal.

For this, in the self-restoring circuit, we designed a three-digit counter that will overflow when it counts to 7. The counting pulse is the second pulse produced by the clock circuit. The clearing pulse is produced by the "time check" instruction. We arranged that instruction in the user program with an execution cycle of 5 seconds for data processing or for CRT display. In this way, if the system is operating normally, the three-digit counter of the self-restoring circuit will at most be able to count to 5 and it will be cleared. If the system is operating abnormally, then there will not be a clearing pulse, and the counter will produce an overflow. The overflow signal will set the self-restoring circuit, forcing the computer to execute a drum adjustment program pre-queued in the switch memory and the RTOS program copy will be accessed from the external memory and re-run. If the computer breakdown is purely an accidental jump (according to foreign data: accidental breakdowns constitute over 70 percent of all machine breakdowns), then after such procedures, generally the computer will be able to operate normally again. If the breakdown is permanent, then after three consecutive automatic restoring efforts, the alarm circuit is triggered, and the person on duty can interfere. It can be seen that the self-restoring circuit is effective for accidental breakdowns of the computer. Our operation and practice also prove that it can effectively improve the time of continuous operation of the system and reduce the down time.

II. Peripheral Interface Logic

Diagram 1 shows the general block diagram of the peripheral interfaces. The H_1, H_2, Y_3, Y_4 belong to the mainframe, all of the rest are interfaces. It can generally be divided into four parts, the peripheral code bus, clock circuit, telemechanic interface, and CRT interface. They are explained separately below:

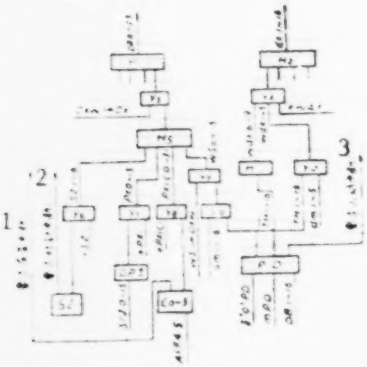

Diagram 1 General Block Diagram of Peripheral Interfaces

1 Request screen display interrupt
2 Request clock interrupt
3 Request telemechanic interrupt

Remark:

H	NOR gate
PD	queuing circuit
DP	electrical potential converter circuit
H_1	code bus
H_5	peripheral code bus
Sm:	CDT digital code
TH:	Electrical potential of station number
Y	NAND gate
SZ	Real time clock circuit
C_{0-3}	Interrupt memory
H_2	Address code bus
SYJ:	CRT input memory; PX: Screen
dm:	CDT address code
DB:	Dot label

1. Peripheral Code Bus

This bus has a total of 16 lines, i.e., DXW_8 -- DXW_{23}, this is based on the ordinary small computer and the standard word length of its terminals. For example, in this interface, CRT and CDT code lines are both 16 bits.

The peripheral code bus includes H_5, Y_6 --Y_9. When the newly added peripheral equipment transmits information to the mainframe, the information is first sent to this bus and then it is sent to the code bus of the mainframe.

2. Real Time Clock Logic

In on-line operation, the real time clock is indispensable as a peripheral equipment. Our real time clock consists mainly of a frequently divider and some logic circuits that maintain blocking.

The counting pulse of the frequency divider is a field scanning pulse produced by the CRT controller. The cycle is 20 ms. After 50 frequency divisions, it produces 1 second pulses. The second pulse goes to the mainframe and requests an interrupt to establish the time unit for the whole system. The hardware retains only time units less than a minute. Time units over a minute are counted by the software and are stored in the internal memory.

3. This interface is a general purpose digital interface. It contains 16 digital code lines, 5 address code lines, 1 request line, 1 query line, and 1 clearing line. Therefore, no digital code surpasses 16 bits. All CDT devices with group codes not surpassing 5 digits (32 groups) can be connected to this interface directly or with slight modification. At present, the various types and models of telemechanic devices manufactured domestically can all be connected. Therefore, this interface has a relatively strong compatibility and adaptability.

According to our present situation, this interface has been designed to connect 16 telemechanic devices. But we thought of future development and paid full attention to the expandability of the interface so that it can conveniently be expanded in a building block style.

This interface mainly includes the queuing device, the digital code merging circuit, and the address forming circuit. They will be further explained in the following.

(1) The queuing device

The queuing device includes a channel memory corresponding to the 16 CDT units, a dot label memory, a queuing memory and a queuing logic.

The main function of the channel memory is to control the CDT device and to connect them to the computer. When it is in the "0" state, the information from the corresponding CDT, even when it is continuously sending information to the computer, cannot enter the computer.

The dot label memory is used to store transmission requests by the CDT. In the course of transmitting CDT information, the dispatching terminal receives a group of messages and after checking and finding it has no mistakes, will give the protective conditions or send out an execution allowed pulse. When it is sent to the interface it is reshaped, i.e., to form a so-called "dot label." It can be seen, the dot label is actually the label of the request message sent by the CDT to the computer and entering the computer. After reshaping, it becomes narrow, and it must be stored in the memory. Therefore, when the dot label corresponding to the kth CDT is "1" in the memory, it means that at this time, there is a group of messages from the kth CDT requesting to enter the computer. But at this time, the computer cannot immediately respond to the reqauest by that CDT. This is because it is possible that many CDT have sent requests simultaneously. Under this situation, the computer cannot simultaneously receive the messages from that many CDTs, it can only receive the message from one CDT at a time. Therefore, after the dot label memory has stored the request label of the CDT, the request will wait for queuing.

Since the CDT data is waiting in the interface to be transferred to the computer and at the same time it also sends a label to the computer to request for processing, then how can the computer know that there is such a request and carry out corresponding processing?

The simplest way is that the computer conducts a "row call" of the possible requesting sources. This is querying their status at fixed intervals to determine whether they have any requests. If a certain CDT has a request, then when the mainframe carries out a row call, the queuing memory that responds is immediately set to "1". This indicates that that CDT has joined the queue. If only this CDT joins the queue, undoubtedly it will receive the right to be processed. If many CDTs join the queue simultaneously, then they are processed according to a preset priority order. We used the hardware queuing logic instead of software methods to realize priority ordering, therefore we simplified the software and conserved processing time.

(2) Digital Code Merging Circuit

This interface is designed according to the 16 CDTs. Each CDT allows a maximum of 16 code lines. If the 16 code lines of each CDT are all directly connected to the peripheral code bus, then the lines will be more complex, and the structure will be cluttered. The method we used is to combine all the CDT code lines into a group first before they are sent to the DWX of the peripheral code bus, forming a so-called "CDT code bus" of 16 code lines, then connecting them to the DXW.

In the actual circuit, the merging circuit consists of a series of NAND gates. They correspond and are connected to each of the CET code lines respectively. The open gate condition is the "TH" electrical potential of the station number produced by that CDT in queue. This condition is unique at any given moment. Because the queuing logic has determined that at any moment, only one CDT is in queue, therefore simultaneous occurrence does not happen. In general, this means: the data of the CDT in queue can enter the CDT code bus while the remaining data are waiting at the gate. After the computer finishes processing the request of this CDT, the electrical potential of the corresponding station

number is cleared, and thus the input gates corresponding to this CDT on the CDT code bus is closed.

(3) Address Forming Circuit

To clearly recognize at any given moment to which group of which CDT the data transferred to the computer belong, the electrical potential of the station number and the group number of the CDT must directly form an internal memory address needed by DMA (direct memory access) directly at the interface. Obviously, the basic requirement of this address forming circuit is accuracy. Before entering the interface, the station number and the group number and its content (digital codes) are consistent. After they enter the computer, they must also guarantee that the data written into a certain unit of the internal memory and the address of that unit are consistent.

As long as we carefully study the counting method of internal address and the CDT group number, it is not difficult to find out their internal consistency: They are both binary counting. Therefore, as long as the group codes of the CDTs are merged, and as long as we use the electrical potential TH of the station number as the gate opening condition, we can form a group of common CDT address buses Wdx. This interface is designed for accepting group code lines of a maximum of 5 digits per CDT unit. Therefore, the CDT group code bus formed is also 5 digits. The counting range in the decimal system is from 0 to 31.

Yet the 5-digit group codes can only form the lowest digit in the internal address. It can only differentiate the group number but it cannot differentiate the station number. For this, we still must utilize the electrical potential TH of the station number to form addresses for higher digits (the 6th to the 9th digit).

We should also point out that the internal address code of the DJS-6 computer has a total of 16 bits, and here we have only formed 9 bits, what about the high 7 digits? It is very simple. If we have determined the true address in the internal memory where the CDT data have been stored, the high 7 digits can be permanently connected by hardware. Later, if we "move" the CDT data bank, we only need to change the connections.

4. Interface of the Screen

The color CRT is a very important terminal equipment for on-line application of the computer. The dispatcher can directly view and grasp the real time operation of the power system through it. Also, it is a powerful tool in linking the dispatcher and the computer. The CRT units we added were the SDX-2 model color CRTs developed by the Nanjing Automation Institute of the Ministry of Electric Power.

The main channel linking the computer and the CRT is the CRT input and output bus. The content of the graphic memory of the CRT and the keyboard codes are all sent to the peripheral code bus DXW via the CRT input memory SrJ_0 -- SrJ_{15}, while the codes sent by the computer to the CRT all pass through the code bus DX_8 --DX_{23}, and then they are sent to the output memory ScJ_0 --ScJ_{15} of the

CRT. Therefore, when designing the CRT interface, the problem is very simple. When the CRT transmits data to the mainframe, only one execution command "screen send to B" is needed and the codes in SrJ can be sent to DXW. When the mainframe sends data to the CRT, executing one "B send to screen" command will send the codes via DX to the ScJ input end of the CRT. At the same time, an ScJ receiving pulse is produced at the interface and the codes are entered into ScJ, and that receiving pulse triggers the decoding time sequence of the CRT. At this time, the CRT can work off-line.

III. Conclusion

Practice in improving this DJS-6 computer of our station has proven that the improvements are successful. The interfaces for the newly added peripheral equipment have also been reliable and stable during two years of test operation. Because we used the standard insert boards of the original DJS-6 computer in designing the interfaces (already welded parts which have also passed inspection tests), therefore we greatly reduced the amount of work and the interfaces could be used on the cards of the mainframe, thus reducing the amount of maintenance work.

The practice over the past two years has also proven that it is not only feasible to change the originally available off-line computer to an on-line operating computer, it is also very meaningful. More work can be done by spending less money. We only spent a small amount of investment to enable the computer that originally had a very low utilization rate to begin power network monitoring and control. At the same time, this also shows that the DJS-6 computer does have a very strong life force for on-line operation at the dispatching center of a power network. This is mainly because it has a relatively large internal and external memory resource, a relatively strong instruction system and interrupt system, and a very strong floating point computational function. At the same time, it also has a realtively strong real time processing ability. It can, over a fairly long time in the future, satisfy the requirements of a dispatching center that requires a good real time response and the ability to perform a large amount of complex on-line computations. In particular, the DJS-6 II model that had recently been developed successfully, has a much improved performance and price ratio and it can satisfy the requirements of mid-term plans for comprehensive automation of dispatching. Therefore, we are prepared to exert further efforts to use the present DJS-6 computer well and to continue to perfect the hardware and software, and we will especially exert efforts to do the work of developing software well so that it can make new contributions in production.

Before concluding this article, we like to take this opportunity to thank the Dispatching Center of the Guangdong Provincial Power Bureau which has helped us during the course of our work.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON ECONOMIC 'REGULATORY MECHANISM'

HK230713 Beijing JINGJI YANJIU in Chinese No 8, 20 Aug 82 pp 20-21

[Article by Wang Qihua [3769 1142 5478] of the Beijing Institute of Commerce: "Establish an Overall Regulatory Mechanism for Socialist Economy on the Basis of Planned Economy"]

[Text] Planned economy is the basic system of a socialist economy, but under the condition that planned economy also conprises a markehomechanism, objective reality demands the establishment of an economic mechanism which integrates planned and market conditions. The aim of our suggestion that the market mechanism should play a role in our economy is to alter the past irrational economic system.

The reform of the economic system should solve two problems: one is the problem of motive force and equilibrium; the other is the problem of the integration of macroeconomic decision with microeconomic activities. Once these two problems have been properly solved, the national economy can then develop proportionally in a planned way in accordance with the inherent laws of economic motion. Here we put forward a proposal for establishing a socialist economic mechanism that incorporates the planned mechanism and the market mechanism, and it is our task to find some way to solve these problems.

What elements constitute the planned mechanism? Lenin said: "Capitalism will inevitably replaced by a new socialist system which will implement planned economy." (Lenin: "To Charles P. Steinmetz," the Collected Works of Lenin, Vol 35, p 555) The essential requirement of this kind of planned economy is that society relates [words indistinct]. This is planned regulation in its original sense.

But at the present stage in our country, simply implementing this planned regulation in its original sense will push aside market regulation and, in effect, negate the production and exchange of commodities, which has been proved feasible. However, the smooth development of social reproduction needs these two categories to be kept in balance. From the viewpoint of society as a whole, planned regulation will certainly play a leading role. This leading role first shows itself in the planned economy. Under the condition that there coexist many kinds of ownership and diversified economic benefits, the economic plan formulated by the state has to include direct plans and indirect plans.

Within the internal structure of the state-owned economy, a plan system that incorporates direct plans and indirect plans should be implemented, while for the collective-owned economy, in general, only indirect plans should be implemented. With regard to power, there are state plans, regional plans and enterprise plans. With regard to contents, there are economic plans (including production plans, distribution plans, circulation plans and consumption plans), social development plans and science and technology plans, with the economic plan representing the integration of the three. As regards planning restraints, there are directive targets and guiding targets. The directive targets are generally associated with the direct plan of the state. The realization of both the direct and indirect state plans should make use of the economic lever which is associated with the economic category, and should resort to implementation of the economic policy.

It can be seen from the above that the planned mechanism should include the following three points:

1. Implement the plan system which incorporates the directive and guiding targets and also control the organizations for planned economy through the leading organs, or coordinate the economic development of the country through the leading bodies.

2. The state conscientiously makes use of the laws of value and also comprehensively makes use of various kinds of economic levers so as to coordinate the economic benefits of society as a whole, of the regions and even of the enterprises.

3. Formulate and implement policies for economic development in accordance with the requirements of the national economy's overall balance.

What elements comprise the market mechanism?

Practice has proved that great efforts should be made to develop socialist production and exchange of commodities. At the present stage in our country, there exists a very complicated relationship in the exchange of commodities. This exchange relationship is mainly composed of: different kinds of exchange relationships existing between state economy and collective economy, between different state-run enterprises, between different collective economic units, between the masses in the city and in the countryside and the commercial units, between the peasants themselves, and between the peasants and the people in the city. They constitute the sum of the relationships in the exchange of commodities and form the socialist unified market. By unified market is meant that the state implements unified leadership, unified planning and unified principles and policies. Without this kind of "unification" there would not be any planned economy. However, our economic units are scattered and enjoy relatively independent operational rights. Therefore, within the scope of planned economy there should be a "small amount of freedom," and the market is the basic condition for the existence of this kind of freedom. The extent to which the "small amount of freedom" is allowed should be in conformity with the plan system we implement. That is to say that our market is not an anarchic free market. From the degree of restraint on the

plans, the markets are composed of three parts: direct plan market, indirect plan market and the "free market" within the extent approved by the state plan.

As illustrated above, if we make an analysis in an abstract sense without taking into consideration the conditions for planned economy, the markets which reflect the relationships in the exchange of commodities, consist of many factors. Primarily they are: the form of market realization (this means the economic relationship between the buyer and the seller on the market in realizing the value of the commodity and the value of its utilization), market price, demand and supply, market competition, and the profits of the enterprises. These factors being very closely related, interact with each other. Or we might say these factors combine together to perform a basic function, which we call "market mechanism." It has a specific characteristic: under the condition of unplanned economy, the proportionate distribution of social labor depends for its realization entirely on the function of the market mechanism. Under the conditions of our country, if we give up or weaken the planned economy, then the situation will be just as Comrade Sun Yefang pointed out: "If we plan our production targets entirely according to the demand and supply of the market and to the fluctuation of commodity prices, then there will be no difference between our economy and a capitalist economy." (See "China Finance and Trade," 13 April 1952) However, under the condition that there exists a commodity and currency relationship, it will not do if the factors of market mechanism are not allowed to play their role. The essence of the problem lies in the question of how we should make use of market mechanism. What we mean here is to make use of the price lever in the market to regulate production and circulation. Under the condition of our planned economy, the market regulation, which originally meant the regulation of production and circulation by the market mechanism itself, is under the restraint of the planning mechanism and is thus endowed with the nature of planning. It has become a form of socialist market mechanism, and the unplanned spontaneity present in ordinary market mechanism is brought under control. For those factors in market mechanism such as the form of market realization, the state-owned economy and the collective economy can realize the relationship of purchase and sales through various concrete forms such as meetings for ordering goods, the signing of contracts based on the state plan and so on. As for the market prices, a certain limit of floating may be stipulated. Stipulated prices in the enterprises under the guidance of the state plan, the "free prices" under the supervision of the state's overall plan and others may be implemented. All these are a "small amount of freedom within a big plan."

It can be seen that the relationship between the planning mechanism and the market mechanism within the structure of our planned economy is that the market mechanism is restrained by the planning mechanism, and the market mechanism also reacts with the planning mechanism or the market mechanism exercises a feedback role on the planning mechanism.

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ECONOMIC PLANNING

JIANGSU INDUSTRY, COMMUNICATIONS SECTOR FULFILLS PLAN

Nanjing XINHUA RIBAO in Chinese 10 Jul 82 p 1

[Article: "Marked Improvement in Economic Results in the Industry and Communications Sector in the Province in First Half of Year"]

[Text] Production by the industry and communications sector in the province during the first half of this year was remarkable. The total industrial output value increased by 11.8 percent and revenues increased by 11 percent over the same period last year, with marked improvement in economic results.

This year, the industry and communications front in the province has undergone a series of changes in both guiding thought and practical work, all centering around economic results. Instead of paying attention mainly to output and output value, it is now directing its efforts to the production of new varieties and to quality and marketability. Instead of attending to production in the main, it is now paying attention to both production and management. Instead of expanding production capacity as its main task, it is now carrying out technical transformation and equipment renovation, tapping potential, practising economy, lowering production costs, and increasing its income. Instead of working aimlessly, it is now paying attention to the important points and carrying out reorganization. This work has the following four features:

First, a steady all-round increase in industrial production. All 14 prefectures and municipalities in the province have reported increases, and these increases remained steady every month and every quarter of the year. Both light and heavy industries among the enterprises owned by the whole people as well as by the collectives (including the industry run by communes and production brigades in the countryside) grew simultaneously for the first time in many years. Heavy industry increased its output by 12.8 percent in the first half of the year. This rate of increase surpassed that of light industry. The machinery industry had a quick upswing, and the rate of upswing of the agricultural machinery industry in particular was 25 percent. Increases in the production of chemical products and building materials were at the rate of approximately 12 percent. The textile industry increased at the rate of only 2.15 percent because of reduced price of chemical fibers, restricted production, and other factors. Only electronic industrial production had a decline. While striving to increase production, this sector also continued

its energy conservation efforts. For every 100 million yuan in output value, the overall energy consumption was reduced by approximately 700 tons of standard coal--a reduction of 2 percent.

Second, an increase in easily marketable goods and designs and varieties and a steady improvement in quality. Of the 100 types of goods to be produced according to state plan, 77 of them reached more than one half of their annual production plan, and 79 of them showed increases over the same period last year. Chemical fertilizers, insecticides, fodder-processing machines, sprays for liquid and powder, hand tractors, and motor-driven threshers--all in short supply--have increased by a wide margin. There has been an increase of more than 15 percent in cement, plate glass, and plywood, all being main items of building materials. The main products for the market of light industry, such as detergent powder, furniture, bicycles, salt, beverages, and sugar, have increased within a range of 16 to 87 percent. Laundry machines increased fourfold. The output of pure cotton cloth needed by the masses reached 641 million meters, an increase of 10.7 percent over the same period last year. The production of iron allow and calcium carbide, which requires heavy energy consumption, was controlled according to plan. The production of such overstocked goods as radio sets, soap, and cigarettes have been resolutely restricted. In the first half of this year, the output of terylene blended fabrics was reduced by 7 percent below the same period last year. Now the majority of prefectures and municipalities are able to organize their production according to the control indices. In increasing the production of easily marketable goods, this sector has also speeded up the trial production and regular production of new products. In the first half of this year, 187 types of new products were in regular production in the province. Most of the products in the province are of good quality. According to inspections of 55 types of main products, based on set quality standards, the rate of steady improvement reached 85.6 percent.

Third, a sustained growth and overall completion of plans for communications and transportation. In the first half of the year, all local communications departments in the province completed approximately 53 percent of the annual plan for passenger and cargo transport. Of the 53 stations under the Nanjing Railway Branch Bureau, 52 completed their plans for the first half of the year, and the unloading service continued to improve every month. The Nanjing Harbor Administration Bureau completed 53 percent of its annual traffic handling plan. Plans for the postal and telecommmunication services in the province for the first half of the year were also fulfilled. Despite the difficulties caused by the low water level in the canal following the drought, the water transport departments ensured the completion of transportation tasks for coal, building materials, and chemical fertilizer. Traffic safety also improved, and many communications enterprises turned losses into profits.

Fourth, increased revenues along with increased production. Revenues in the first half of the year exceeded the same period last year by 11 percent, which was close to 11.8 percent of the total industrial output value. This is the first such change witnessed in many years.

However, there were also some new conditions and new problems deserving of our attention in the first half of the year in industrial and communications production. First, the stock of some goods continued to accumulate, mainly because production did not correspond with social needs and the channels of commodity circulation were not sufficiently cleared. Second, consumption of fuel, power, and raw materials for some products was increased. Third, production safety was inadequate. These problems should be carefully solved in the second half of this year.

The speed of production in the first half of this year seemed to be high because the base figure set for the first half of last year was low. Therefore, the production tasks for the second half of this year will be arduous. The provincial economic commission called on all areas engaging in industrial and communications production to continue their efforts to provide active guidance in planning, to take care of energy resources and transportation facilities, to reduce consumption, and to raise labor productivity and profit rates, all centering around economic results. It is necessary for them to improve their business management, to be well informed of the market situation, to increase the varieties of products according to market needs, and to improve the quality of their products. Both industry and commerce should make joint efforts to promote the sale and circulation of goods. They must conscientiously sum up experiences in enterprise reorganization, solve the important problems, and strive to do even better in industrial and communications production in the second half of the year.

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THREE PROBLEMS IN TECHNICAL, ECONOMIC COOPERATION CITED

Shanghai JIEFANG RIBAO in Chinese 15 Jul 82 p 4

[Article by Shen Junbo [3088 4546 3134], Zhong Zhe [6945 0772], Wang Yaping [3769 7161 1627], and Zhu Zhengyi [2612 2973 7328]: "Three Problems in Technical and Economic Cooperation"]

[Text] There have been new developments in transprovincial and transmunicipal technical and economic cooperation in recent years. Many forms of cooperation, such as interprovincial joint exploitation, domestic compensatory trade, transprovincial joint enterprise, and transregional technical cooperation cutting across different systems of ownership have emerged to bring prosperity and fresh vitality to the socialist economy. While these innovations, which have strong vitality, are gaining popularity, there are many important theories and practical problems to be deeply explored. Here, let us present our views on some problems with which everyone is concerned.

Is Technology a Commodity?

Should the transfer of advanced technology inside our country be free or paid for? We are of the opinion that under our socialist system, technology has the attributes of a commodity for the following reasons: 1) Our economy is a planned economy with the system of public ownership as its foundation. It is also a socialist commodity economy. Technology will be inseparable from commodity, once its fruits are used in the sphere of production, and that is why it has the attributes of a commodity. Usually, the level of technology decides the commodity's performance, its competitive power in the market, and its economic results. Along with the progress of modernization, the reliance of production on technology continues to increase, and the position occupied by technology becomes more and more important. 2) Technology also has certain characteristics of common commodities. It is true that technology is neither a real object nor a final product; however, it has the attributes of value and use value. The value of technology comes from the socially necessary labor which it embodies. It also has use value because it enables the enterprise to enlarge its productive capacity, improve the quality of its products, increase their varieties, and bring about better economic results. It is precisely for this reason that the transfer of some new technology which can help increase value must be paid for. This is only the correct way to increase productive capacity by economic means. It should never be called a crooked way. In fact, the unit which offers the transfer to others has done a great deal of hard work on research, and the fruits of its labor have been

socially accepted. It is therefore entirely reasonable that it should be rewarded for its labor. Although the unit accepting the transfer has a certain amount of technical expense, it stands to gain more than it loses. Some people feel that since the research funds are allocated by the state and the research personnel are also organized by the state, the fruits of research should belong to the state. Thus, they feel, accepting payment for the transfer of technology means "benefiting the unit at the expense of the state." This line of argument cannot be the basis for opposing the transfer of technology at a price. State-run enterprises all come from state investments, and their personnel are also organized by the state. Then why should the transfer of the enterprises' products be paid for, while technology is singled out for free transfer?

When we say that technology has the attributes of a commodity, we do not mean that we should follow the example of capitalist countries where technology can be completely commercialized, in which case we would all be in the business of selling technology. Nor can we charge exorbitant prices for transfers. Under the conditions of socialism in our country, not all the fruits of technical research can be transferred and paid for. Some scientific and technological achievements, such as the technology of energy conservation, the technology of family planning, and the fine strains for agriculture, can help to create a great deal of social wealth and to accelerate national construction, but their transfers among enterprises and scientific research units are not necessarily paid for, since these transfers are compensated by the state under a unified arrangement. Some advanced experiences in production and management, such as "Hao Jianxiu's [6787 1696 4423] work method," Hua Luogeng's [5478 5012 1649] "method of finding the best solution" and "method of overall planning," and the Shoudu Iron and Steel Company's enterprise management experiences should be vigorously popularized, but there is no need to pay for their transfer.

How To Reconcile Cooperation With Competition?

Some people hold the view that if we talk about cooperation, there can be no competition, and that if we talk about competition, cooperation will be difficult. It is very difficult to reconcile them.

"Cooperation begets new productive forces." Socialist cooperation is one of the most effective ways to increase social productive forces. Socialism is associated with the production and exchange of commodities, and wherever there are the production and exchange of commodities, there is competition. Socialist competition is a necessity, but there is an essential difference between socialist and capitalist competitions. Capitalist competition takes the form of a sanguinary struggle carried on under the jungle law of "dog eat dog" and with verious deceptive tactics resulting in the "survival of the fittest." Socialist competition, on the other hand, is carried out through mutual comparisons on the basis of economic laws. The competitors spur one another on until finally they all achieve the common goal of progress.

Socialist cooperation and competition are a unity of opposites, since there is no basic conflict of interest among socialist enterprises and their goals are identifical. Cooperation through coordination of efforts brings them to their common goal of progress; competition, on the other hand, spurs them forward

through comparisons. The combination of competition and cooperation is a healthy combination of stressing ideology and style and stressing economic accounting, and is a concrete expression of the relationship of mutual assistance and mutual benefits among socialist enterprises. However, among socialist enterprise and different areas, it is not easy to carry on both competition and cooperation. Advanced enterprises should selflessly and sincerely help the fraternal enterprises improve, but they also worry that an increase in the number of competitors would affect their own sales, their economic results, and their fulfillment of state plants. Their "unique skill" and "secret formula," acquired with a great deal of painstaking efforts, are usually "worth 1,000 pieces of gold" and can be "given away in one sentence." Once gone, they cannot easily return. They are also afraid that "as soon as the journeyman becomes proficient, the tutor will come to grief." In developing transprovincial and transmunicipal technical cooepration, therefore, it is on the one hand necessary to treat our companions with a communist spirit so that the advanced technology in our hands will soon become social wealth and all the tutors and journeymen throughout the country will benefit. Here, it is extremely necessary that the spirit of "I will let go whatever others need" and "I will let others learn whatever I have discovered" be fostered. On the other hand, a positive policy should be adopted in handling the relationship between cooperation and competition. Enterprises and scientific research units should be encouraged by all concerned to offer and pass on their advanced technology. They should also be duly compensated and rewarded, and adequate measures should be taken to protect their patent rights. The invention and popularization of advanced technology should be promoted with economic means so that it can play an even greater role in the four modernizations.

Competitors in business as well as partners in cooperation should all be united in the form of integration. In any case, their ultimate goal is common progress. To maintain the healthy development of competition and technical cooperation, different forms of economic integration in varying degrees should be adopted at different levels so as to achieve the goal of common benefit, mutual assistance, and mutual progress. A host of facts have proved that it was only the road of integration that enabled Shanghai to achieve great success in transferring technology to the inland. It also brought about the gradual intensification of technical and economic cooperation.

How To Distribute Benefits Rationally?

The principle for the distribution of benefits from technical and economic cooperation should be the same at that for the distribution of national income--that is, consideration of the interests of the state, the enterprise, and the workers. First, increased revenues for the state must be ensured as a prerequisite. Then the enterprise must retain some profit and the workers and staff members must have their income so that the enthusiasm of all concerned can be aroused. Improving economic results and ensuring increased revenues for the state are the main goals in developing transregional technical and economic cooperation. Such goals also reprsent the basic and long-rang interests of the enterprises as well as their workers and staff members. However, there are now different views on "first ensuring increased revenues for the state." Some people feel that so-called "increased revenues for the state" means that the income of the party which has transferred technology to

others through cooperation should be handed over to the state as much as possible. Others hold that the "increased revenues for the state" should come from the increased taxes and profits to be paid and handed over to the state according to regulations by that party which has accepted the transfer and has improved its economic results by using the advanced technology. These people further contend that the income of the party which has transferred the technology to others is but a very small portion of the benefits derived from technical cooperation, and that this very small portion should be used as compensation for technological exploitation and a reward for above-quota labor, instead of being taxed excessively. We believe the latter view to be more conducive to the development of technical cooperation. Improved economic results have enable the receiving party to contribute more to state revenues. This contribution from the receiving party is also a contribution from the giving party. Anyone overlooking the major portion of income and trying to account for the very small portion is taking only a partial view of the situation. If the giving party finds that it cannot have much to gain and that technical cooperation would even mean an increased economic burden, this type of cooperation may stall, in which case the state may fail to get what it should from the larger portion.

As for the question of profit retention by the enterprises, it must be pointed out that in most cases, technical and economic cooperation is associated with expanded reproduction of the intensive type with the characteristics of even greater reliance on technical progress and higher investment returns. While new types of technology are appearing in an endless stream and a "technological explosion" is impending, technology, like fixed assets, will become obsolete a much faster rate (through invisible wear and tear). When an enterprise transfers technology to others, it must also build up its own new technological reserve and speed up the exploitation of new technology. Under the present economic conditions in our country, neither enterprises nor scientific research units can count very much on exploitation funds. If they can get some income from technical cooperation and use this income to exploit new technology by setting up "technological nurseries," they will be doing a great service to the state as well as to the enterprises.

As for the question of income for the workers and staff members, some people hold the view that since the principle "to each according to his work" has already been embodied in their wages and bonuses, the increased income from technical cooperation should be totally, or mostly, handed over to the state, with little or none left for the workers and staff members, lest it have unfavorable effects on other enterprises. In our opinion, it must be affirmed that technical cooperation is a form of above-quota labor of the workers and staff members after ensuring the fulfillment of state plans. The task of the personnel working outside is much more arduous than that of those working inside their own enterprises, and their responsibility is also heavier. At the same time, their personal expenses have to be increased. Those remaining in the plants have to share the work left behind by those working outside, and also have to put in extra labor. Since they have created much wealth for the state, they should be rewarded, and their remuneration should be higher than that given by other enterprises which do not have to go out for technical cooperation. This not only is consistent with the principle of more pay for more work, but also embodies a combination of economic benefits from transferring technology to others and economic responsibility.

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ECONOMIC MANAGEMENT

SHANGHAI'S TECHNICAL, ECONOMIC PROBLEMS WITH INTERIOR NOTED

Shanghai JIEFANG RIBAO in Chinese 29 Jun 82 p 2

[Commentary by staff reporter: "How Are We Correctly To Regard Technical Coordination and Economic Integration?"]

[Text] Technical coordination and economic integration are gradually developing between Shanghai and the interior. Not long ago, Shanghai's theoretical workers and practical workers formed seven investigation teams, which separately conducted investigations in the departments and enterprises concerned in this city as well as in places in Hubei, Anhui, Shandong, Heilongjiang, Zhejiang, and Henan. Looking at the information gathered from the investigations, we see that the development of technical coordination and economic integration has brought great benefits to Shanghai and the interior and that there are many successful experiences that need to be summed up. At the same time, the investigations revealed many new problems that, theoretically and practically, require additional research and solutions. The problems of common concern are, in broad outline, as follows:

1. The problem of how appropriately to estimate the position and role of these new economic forms in the development of the socialist economy. The technical coordination and economic integration between Shanghai and the interior have developed during the readjustment of the national economy. For the most part, Shanghai needs to resolve the difficulties in developing production of insufficient factory building and sites as well as the supply of raw materials; the interior hopes to obtain from Shanghai help with regard to capital, technology, equipment, as well as managerial experience. Some comrades think this is only an interim plan necessitated by the adaptation to the readjustment, and other comrades think that it is an inexorable trend in the development of socialized mass production and should be regarded as a strategic measure for developing production. If it really is an inexorable trend in the development of the economy, then there is the question of how, by integrating theory with reality, to provide scientific proof that it is an inexorable trend.

2. The problem of what is the nature of the relationships of economic associations in the technical coordination and economic integration under socialism. Is it a relationship of comradely mutual help and cooperation, or is it a relationship of equal mutual benefit? If it is a relationship of equal mutual benefit, then should any single item of technical coordination be compensated for by transferring its possession, or should there be, based on different

situations, both compensation by transfer of possession and even universal popularization? On what principle should compensation by transfer of possession be determined, and how is its value to be calculated? How are we to evaluate it with regard to the methods presently adopted of calculating costs on the basis of output value, distributing shares on the basis of profits, and collecting fees based on product quality? How are we to perfect the method of transferring technology?

3. The problem of how to handle properly the relationship between technical coordination and competition. For the most part in technical coordination, what the interior wants are commodities that are in relatively short supply on the market or brand name goods of fairly high quality. When the demand for these products is fairly high the contradictions are not very prominent, but once the demand reaches a saturation point the contradictions intensify. The side that provides experience in managing advanced technology often worries that "helping the apprentice spells the downfall of the master worker." How should this problem be solved? Some comrades maintain that the technological benefits turned over to others should be regarded as developmental funds used to foster talent, encourage the creation of investments, and increase technological reserves in order to carry continuously out technological renewal. Can this be regarded as a financial policy for developing technology that both protects competition and promotes integration and coordination?

4. The problem of how to carry out unified planning and arrangements and how to strengthen planning. Most of the technical coordination and economic integration that now cuts across provinces and cities is spontaneously carried out between departments or between enterprises; the advantage of this is that it arouses fully the enthusiasm of the department or enterprise, but it drawback is that it lacks consideration for the overall situation and can easily lead to blindness in action. Heiqu meisu gaochan ningmengsuan junzhong [7815 2575 7199 4790 7559 3934 2899 2916 6808 5494 4429] researched and developed by Shanghai, after being used by the Fengbin Citric Acid Plant, produced a marked effect, turning a loss into a profit that year. When various places knew about this, one after another they demanded that they be supplied with this technological item. People were aroused to take precipitate action, and output of the bacterium strain soared, with the result that supply exceeded demand and the market for it was adversely affected. A situation developed in which an originally "shortline" product rapidly changed into a "longline" product. In some places, there appeared the phenomenon of contention for raw materials, energy, and markets to such an extent that the readjustment of the national economy then being carried out was obstructed. Therefore, it is necessary to study and formulate a set of methods which gives both full play to the initiative of areas, departments, and enterprises and takes into account the overall situation, thereby avoiding blindness in developing production.

5. The problem of how to develop an economic management system suited to technical coordination and economic integration. Some coordination and integration projects often involve many departments and require overall planning and preparation; otherwise it will not be easy to solve many problems. For example, there are the beef cattle-raising bases jointly set up by Shanghai and the interior. Originally, they obtained appropriately large economic

results, but because the management of the processing of beef, cowhide, and cattle products involved many departments and enterprises in commerce, light industry, handicrafts industry, and farms, and there was no department for overall management, things could not get done. With regard to the financial system, after the institution of the system of "eating in separate messhalls," the initiative of the localities was raised, and they all hoped for a little more income and a little less expenditure. As to the technical coordination and economic integration project between the provinces (cities), there was the problem of how to take account of the interests of the two sides while not hurting the state plan with regard to output value, profit, and tax revenue. This problem requires deep study.

The above-mentioned problems require additional guarantees with respect to economic legislation, and the correct solutions to these problems must be vigorously pushed forward.

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ECONOMIC MANAGEMENT

METHODS OF ENTERPRISE REORGANIZATION SUGGESTED

Yinchuan NINGXIA RIBAO in Chinese 4 Jul 82 p 1

[Commentary: "Make Great Efforts and Set High Standards for the Work of Enterprise Reorganization"]

[Excerpt] The work of reorganization among the industrial, communications, and capital construction enterprises has been going on for 4 months. How is this work getting on? This is a matter of concern for everybody.

The 381 state-run and collectively owned enterprises which formed the first group to be reorganized in this region, particularly the 87 enterprises in which inspection groups are stationed, have shown initial success after the first phase of reorganization. The production and management of some enterprises and the spiritual outlook of the broad masses of workers and staff members have begun to improve. Other enterprises have shown marked improvement in their economic results. From January to May this year, the total industrial output in Yinchuan Municipality was up to 43 percent of the planned output--an increase of 17.9 percent over the same period last year. The profits of the 152 enterprises in the municipality, after taking into account some losses, increased by 1.82 times over the same period of last year. In Zhongning County, the total industrial output value amounted to 44.9 percent of the annual plan, an increase of more than 60 percent over the same period last year. Six of the eight state-run enterprises in the county made profits, and the total amount of their profits was more than 15 times that of the same period last year. The Zhongning County Knitted Goods Plant has already overfulfilled its profit plan of 100,000 yuan for this year.

The work of enterprise reorganization has now entered its second phase, during which the "five items of work" for the overall reorganization of enterprises has to be carried out. We must continue to act in accordance with the spirit of the central government's documents, make great efforts, set high standards, and make strict demands in order to accomplish the second phase of the work and to raise 10 percent of the first group of enterprises under reorganization up to level of "six-good" enterprises, while all remaining enterprises should carefully attend to the "five items of work" in order to become better enterprises.

At present, we must provide more active leadership over the work of enterprise reorganization. Judging from the experiences of those units which did well during the first phase, we can realize the importance of studying the documents of the Party Central Committee and the State Council and the need to firmly grasp this link. The regional people's government has urged all prefectures, municipalities, counties, and bureaus in charge under government to listen carefully to periodic reports, to study the work and to render prompt assistance in the solution of problems in the reorganization. The leading comrades concurrently in charge of the reorganization should visit the enterprises at least once or twice each week to study and guide the work. The inspection groups stationed in the enterprises should further revolutionize themselves and fulfill the duties of assistance, supervision, and guidance. All areas and departments have also been urged to carefully handle the work of reorganizing the enterprises in general. They should sum up the experiences of several successful enterprises and popularize them among the other enterprises.

In carrying out the work of reorganization, we must strive to accomplish the purpose of improving the enterprises' economic results. From January to May this year, the total industrial output value in the region as a whole grew higher every month. We have fulfilled 42 percent of the annual plan, an increase of 12.7 percent over the same period last year. However, the economic results were not so good, and the decline was particularly serious among the large and medium-size enterprises directly under the region. If we can achieve the same economic results for them as we did for the first group of enterprises to be reorganized, the economy of all industrial and communications enterprises in the region will be greatly improved. Since these enterprises play an important role in either output value or profits, we must therefore give them the following five admonitions: Do not keep your eyes on output value alone and neglect economic results; do not be concerned only for the amount of profits and disregard social needs; do not strive for the benefits of your own units at the expense of the overall interest of the whole country; do not think of extensive expansion of reproduction alone and forget about intensive expansion; and do not always ask for money from the state and fail to consider the magnitude of your contributions to the state. In action, we must be sure to produce easily marketable goods according to social needs and changes in the market, further improve our business management, streamline labor organization, lower production costs, and energetically promote our sales. We must take forceful measures to enable some enterprises to turn their losses into profits within certain time limits, and urge the enterprises making profits to make greater contributions to the state.

The focus of the work of reorganization in the second phase is to learn from the experiences of the Shoudu Iron and Steel Company and to further streamline and perfect the system of economic responsibility. The purpose of adopting the system of economic responsibility is to arouse the enthusiasm of the broad masses of workers and staff members, to improve economic results, and to increase social wealth. Therefore, the enterprises must not always think of the distribution of benefits or of the amount of profits to be retained. They must follow the example of the Shoudu Iron and Steel Company, take the improvement of economic results as their goal, and consider the overall fulfillment

of state plans and the meeting of social needs as the primary duty of the enterprises to the state. They must uphold the unity of responsibility, rights, and interests; inside the enterprises, the system of economic responsibility must be firmly carried out at every level. They must correctly handle the relations of interests among the state, the enterprise, and the workers and staff members by giving first priority to the state's share. They must resolutely overcome egaliterianism in the distribution of bonuses and the mistaken idea of having as low quotas as possible, and they must correct the abnormal practice of increasing bonuses but allowing output value, profits, and labor productivity to decline by a wide margin.

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ECONOMIC MANAGEMENT

TYPES OF MANAGEMENT RESPONSIBILITY SYSTEMS DESCRIBED

Shanghai CAIJING YANJIU [THE STUDY OF FINANCE AND ECONOMICS] in Chinese No 2, 25 Apr 82 pp 28-32

[Article by Liu Zhiyuan [0491 1807 6678], Yang Yingen [2799 1714 2704] and Chao Gangling [2513 6921 0109]: "A Tremendous Reform in Commercial Enterprise Management--A Survey of Management Responsibility Systems Being Tried Out by Commercial Enterprises in the City of Changzhou"]

[Excerpts] The Major Forms of Management Responsibility Systems for Commercial Enterprises

The commercial sector is the sector of the economy that handles the circulation of commercial goods, involving many professions and complicated production tasks. This characteristic determines that commercial enterprises need to adopt a number of varied forms of management responsibility systems. At present, the following seven types are the systems of management responsibility being tried out in the commercial network of the city of Changzhou:

(1) Above target piecework system. For the most part, this form is suited to enterprises in which all labor is done by hand. For example, the coal cinder workshops which serve the key tea and boiled water shops in Changzhou stipulate that each worker will receive the base monthly wage for pulling the complete quota of 204 carts of coal and cinders. For every cart pulled above the quota he will receive 3 jiao. If the quota is not met, then 2 jiao will be deducted for every cart short of quota.

(2) Determination of management standards, above quota recording of workpoints, flexible value of each workpoint, payment in accordance with workpoints, and salary deductions for failure to meet targets. This form is suited to the hair grooming service industry. For example, the 38 high class beauty salons in the hair grooming industry in Changzhou all use this type of management responsibility system. The system works this way: Based on the differences in facilities, techniques and locations, hair grooming establishments are separated into three grades, A, B and C. Each employee is given a monthly quota determined by the grade of the establishment in which he or she works. Those who meet the quota receive a base wage; those who surpass the quota are awarded workpoints in accordance with certain standards; those who fail to meet the quota have money deducted from the base wages, with deductions not to exceed 20 percent of the base wage.

(3) Worker collective contracts, targets turned over to the state, independent management and enterprise responsibility for profit and loss. This form is primarily suited to enterprises in outlying areas where state management is inconvenient and to those that manage only a small profit or are on the verge of losing money. There are seven collectively owned enterprises trying out this system. For example, the Catering Trade Corporation carries out a "five sets" policy in regards to the Bianyi and Qingshan noodle shops: that is, it sets the enterprise funds, sets the primary fare, sets the primary ingredients, sets standards and prices and sets the amount to be turned over to them. The two noodle shops offer the corporation "two guarantees" and "one responsibility": that is, they guarantee to pay the agreed upon taxes and to turn over the funds decided on; and they will be responsible for all expenses, with surplus profit to be divided within the shop and with losses to be handled themselves.

(4) Individual worker contracts, targets turned over to the state and individual responsibility for profit and loss. This form is further distinguished by individual workers operating under contracts at the original shop and those managing themselves away from the shop. This sort of system is suited to those small stands offering food and beverages, minor services, groceries and hardware items that are difficult to administer and are located in out-of-the-way areas. There are 12 units trying out this system. For example, the Service Trade Corporation carries out a "three assurances," "three no changes," "one set" and "five regulations" policy in regard to the Yingchun and Yimin tea and boiling water shops that are operating on the worker self-management system. The "three assurances" are: assured payment of taxes, assured meeting of quota and assured handling of expenses. The "three no changes" are: no change in the original nature of the system of ownership, no change in the chain of command and no change in retirement remuneration. The "one set" is: setting the primary and concurrent operations. The "five regulations" are: (1) permission is needed to enter into or withdraw from a contract, contracts are for 1 year; (2) the period of self-management remains as public employment, workers continue to build seniority and transfer rotations are not affected; (3) housing and major tools used in doing business that were borrowed (or arranged for) and small amounts borrowed to get things going must be returned on time; (4) if, during the period of self-management, you employ temporary workers, you should apply to the corporation beforehand and adjust the amount of funds to be turned over; and (5) stringently adhere to state policies, laws and contracts. Those who violate them shall be seriously dealt with in keeping with the seriousness of the violation.

(5) Profit targets, distribution of any over-target profits, salary deductions for failure to meet targets and floating wages. Most enterprises trying this form of responsibility system are those with relatively steady management and little fluctuation in profit. For example, the Dexing Restaurant and seven other establishments carry out a 4:6 distribution of over-target profits--that is to say that the enterprise receives 40 percent and the workers receive 60 percent. Units that adopt this system always wind up with the extent of increase in worker incomes being greater than that of the state or of the enterprise. In order to remedy this flaw, when trying out this system, the Nanyang Grocery, the Tonghe Bathhouse and four other state or collective

enterprises supplemented it with a progressive reduction system, namely when the profits exceed the target by from 1 to 30 percent, the workers over-target distribution ratio is 40 percent; when the target is exceeded by from 31 to 50 percent, the distribution ratio is 30 percent; and when the target is exceeded by more than 50 percent, the distribution ratio falls to 20 percent. If profits fall, then salaries are cut, but not by more than 30 percent of a base wage.

(6) Profit targets, percentage of total profits retained when target is exceeded, salary deductions for failure to meet target and floating wages. This form is suited to commercial enterprises where the source of merchandise is a large factor in determining profits, such as department stores, textile enterprises, hardware and electrical supply units and chemical industries. There are 15 units trying out this system. For example, the Wujiaohua Corporation established a base profit target for the Xiangyang Wujiaohua Store of 320,000 yuan last year. In meeting this target, workers received a base wage; if the target was exceeded, then, in addition to the base wage, the workers received an additional wage calculated as 0.97 percent of the amount in excess of the target; if the target was not met, proportional deductions were made from the base wage, deductions not exceeding 20 percent of the base wage.

(7) Mostly fixed, partly floating, percentage retention wage system. This form is generally suited to food and beverage and service units and to grocery stores. For example, the Luyang Restaurant and nine other food and beverage shops split their base wages into seven parts fixed and three parts floating wages. The total floating income of workers consists of two components, one being the 30 percent of the base wage and the other being a percentage of the profits--the two being added together and distributed to the workers. If the enterprise meets its profit target, then fixed wages are paid along with the floating wages; when losses due to management problems are incurred, then the floating wages are used to make up the losses.

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ECONOMIC MANAGEMENT

PROBLEMS FOR WHOLESALE ENTERPRISES DISCUSSED

Beijing ZHONGGUO CAIMAO BAO in Chinese 13 Jul 82 p 3

[Article by Zhao Jie [6392 3638]: "Several Problems in Improving the Economic Results of Wholesale Enterprises"]

[Text] In commerce, wholesale enterprises are at the starting point of commodity circulation, being connected with production at one end and with retailing at the other. Improving the economic results of wholesale enterprises, therefore, is very important for promoting production and improving commodity circulation. Recently, I discussed with the responsible comrades of some wholesale companies in Beijing methods of improving the economic results of wholesale enterprises. They all believed that good economic results for wholesale enterprises mean the use of minimum funds, expenses, and labor in organizing their purchases and sales, promoting production, meeting people's daily needs, and earning reasonable profits. Economic results are shown through various specific economic indices, the turnover rate of funds, the profit rate on funds, the expense rate, the volume of purchases and sales, and labor productivity. Based on what we saw at the wholesale companies in Beijing, their economic results at present are fairly poor. The factors affecting economic results are fairly complex, since there are both external and internal factors in commercial departments. Generally, they are as follows:

1. Irrational stocking because of the high ratio of problem commodities. Since the commercial departments do not thoroughly study the changes in supply and demand on the market and their forecasts are inaccurate, they cannot promptly supply information on the market to the production departments or provide guidance on the production of easily marketable commodities. This also is the reason why they accept goods blindly. Furthermore, some production units are still stressing output value and profits and are accordingly producing goods of inferior quality and high prices, or goods that do not meet social needs. Again, some local leaders are using administrative means to direct the procurement of goods by the commercial departments. That is how the stocking becomes irrational, with a high ratio of problem commodities. In 1981, approximately 10 percent of the goods in stock in the department stores in Beijing were problem commodities. In the stocks of the municipal cultural supplies company, 9.8 percent of the goods are problem commodities. These problem commodities not only tie up funds indefinitely, increase the

interests on bank loans, and affect the turnover of funds, but also have to be finally sold at reduced prices, thus adding to the enterprises' losses.

2. Difficulty in dispatching goods and long waiting time for stockpiles because of the shortage of means of transportation and low transportation efficiency. The municipal cultural supplies company dispatches approximately 120 million yuan's worth of goods each year, but the majority cannot be dispatched according to plans. They have to wait for 3 or 4 months, or even longer.

3. Irrational labor organization and low labor productivity. At present, labor in many enterprises is irrationally organized. There is no fixed number of workers and no fixed quotas, and labor power is excessive to the requirements of commodity circulation.

4. Irrational direction in commodity circulation and large amounts of goods in transit. At present, many enterprises are still organizing commodity circulation according to administrative zones, and the wrong choice of transportation routes leads to irrational directions in circulation. Long transportation routes and large amount of in-transit goods not only affect the turnover of funds but also increase transportation expenses.

5. Duplicate handling of incoming and outgoing goods but separate accounting among enterprises. The goods obtained for Beijing from factories or foreign ports are generally handled first by the incoming-goods section of the municipal company, and later transferred to the wholesale departments in various areas. The accounting for these transactions in the company and the wholesale departments is handled separately. This arrangement can very easily cause dislocation between the procurement and the sales of goods. Furthermore, duplication in the handling of incoming and outgoing goods increases the number of steps in the process and ties up more funds. The need for two warehouses [one each for the company and the wholesale department] also means a waste of money.

6. The system of funds control by banks not suitable for the enterprises' business activities and funds control. The municipal bank branches do not handle specific business activities, which are left for the regional offices. Commercial organizations must open their accounts, arrange loans, settle their accounts and so forth with the banks in the same regions in which they are located. This results in some manmade restrictions which interfere with the efforts to make adjustments between different regions. The enterprises' lack of control over funds not only affects their economic activities but also hampers their fruitful use of funds.

7. Some commodities bring losses to commerce, and there are also commodities that serve as a medium for commerce to subsidize industry.

How can we improve the economic results of wholesale enterprises? The following suggestions were made:

1. More than 85 percent of the wholesale enterprises' circulating funds are commodity funds. To improve the economic results of wholesale enterprises,

therefore, one of the most important ways is to procure more easily marketable commodities so as to stop the present irrational stocking. This calls for the common effort and closely coordinated action of both industry and commerce. Commercial departments should be able to make reliable market forecasts and help production departments produce more easily marketable goods. At the same time, their procurements and sales should be more carefully planned so that goods will not be purchased blindly. Production departments should correct their practice of striving purely for output value and profits and should organize their production according to social needs. If the market for some commodities is sluggish, production departments should promptly readjust their output. Commercial departments should still try to sell them as best they can, and production departments should be allowed also to sell them themselves. The higher authorities, however, must not compel commercial departments to procure them. By this means, we will be able to raise the marketability rate of commodities, reduce the ratio of problem commodities and the tieup of funds, and thus speed up the turnover of funds with better economic results. According to the year-end inventory taken by the municipal department store in 1981, the amount of funds being irrationally tied up could be reduced by 9.85 million yuan if the ratio of problem commodities could be reduced from 10 to 5 percent.

2. There should be determined stocks for the enterprises. At present, there are no rational stocks for wholesale or retailing enterprises, since they can be either too large or too small. Thus there is no rational criterion for judging whether or not the commodity funds are being properly used, and a waste of money can easily result. Therefore we must follow the principle of ensuring adequate supplies to the market and yet preventing overstocking; study and determine reasonable stocks; and thereby strengthen our control of commodity funds. Since the role of wholesale enterprises is similar to that of reservoirs, there should be some flexibility in the size of their stocks.

3. Transportation facilities should be increased and the methods of dispatching goods improved in order to reduce the waiting time. There are many complex causes for the large accumulation of goods awaiting transportation: first, inadequate facilities for commodity transportation; second, irrational dispatching; third, lack of close coordination between the various links in the transportation departments and their low efficiency; and fourth, the small proportion of goods received by wholesale enterprises directly from the factories to the total amount of goods to be transferred. Correction of these discrepancies calls for the common efforts of both the transportation and the commercial departments. The transportation departments should appropriately increase or readjust their transportation facilities and improve their dispatching methods in order to ensure the timely delivery of goods, while the commercial departments should make efforts to obtain their goods direct from the factories. In this way, the waiting time will be greatly reduced and much money can be saved.

4. Commodity circulation should be organized according to economic zones, and rational transportation routes should be chosen so as to ensure proper circulation of commodities, reduction of goods in transit, and shorter time of commodity circulation. This will reduce expenses and speed up the turnover of funds.

5. Labor should be better organized, and management should be further improved. The use of labor power has a direct bearing on an enterprise's economic results. Wholesale enterprises should also gradually adopt the system of fixed number of workers and fixed quotas, reduce the number of surplus personnel, curtail expenses, and raise their efficiency. At the same time, they should step up training for the workers and staff members so as to increase their vocational and managerial skills.

6. The structure of wholesale enterprises should be readjusted so that both incoming and outgoing goods will be handled specially by one party. Duplicate handling of incoming and outgoing goods, thus requiring two warehouses, should be eliminated, so that only one warehouse will do. All necessary intermediate links should be removed. This will not only facilitate the coordination of production and sales, but will also reduce the unnecessary tieup of funds and will speed up their turnover.

7. The selling prices of some commodities--which have been unreasonably priced and which are bringing losses to commerce--should be readjusted, provided such readjustment does not disturb the stability of commodity prices on the market. If such losses are caused by excessive profits for industry, then industry should give up part of its share for commerce. If neither industry nor commerce can make enough profit out of these commodities, then production departments should strive to tap potential, lower production costs, and increase profits. This will help not only the commercial enterprises in conducting cost accounting, but also the industrial enterprises in lowering their production costs.

Finally, everyone agreed that as long as economic results are highly regarded and effective measures are taken, it will be possible to improve the economic results of wholesale enterprises. The suggested measures cannot be carried out by the commercial departments along, however, because they call for simultaneous action in close coordination with other departments.

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ECONOMIC MANAGEMENT

CONSUMERS SEEN AS NECESSARY LINK IN PRODUCTION CHAIN

Shanghai WEN HUI BAO in Chinese 25 Jun 82 p 3

[Article by Jin Wen [6855 3090], vice president and associate professor of the Anhui Provincial CCP Committee Party School, in "Forum of Social Sciences Workers" column: "The Immediate Goal of the Economic Responsibility System Should Include Taking Into Account the Interests of Consumers"]

[Text] The enthusiasm of the workers, staff, and managerial personnel of industrial and commercial enterprises in which the economic responsibility system has been put into effect has truly been greatly heightened. However, viewing the present situation, there is much behind the question of where this enthusiasm which has been aroused is to be put. In real life there are those who "haggle" with the state or enterprise in every possible way, those who "fill up in proper order" and "pocket part of the weight" and those who are trying by different ways to "distribute more income to staff and workers." The enthusiasm aroused by practicing the economic responsibility system under this kind of guiding ideology is a partial, individual "economy" enthusiasm, and it lacks the sense of "responsibility" of socialism. This merits our attention.

What is the immediate goal of the socialist economic responsibility system? The common view is that, based on the idea of correctly handling the relationship between the state, the collective, and the individual, the goal is to have an enterprise effect the "three increases" in the interests of the state, the enterprise, and the individual staff member or workers. This view is correct but not perfect. Its imperfections are that it cannot comprehensively reflect the relationship between the characteristics of an enterprise's activities and the principal economic interests which the enterprise is involved in, and that in theory it ignores the interests of the consumers.

If we look at the laws of economic movement, we cannot but consider the interests of consumers. In the cyclical movement of four links that products go through--production, distribution, exchange, and consumption--there are inevitably four participants--the state, the enterprise, the staff and workers, and the consumer--and inevitably, of the interests involved in these four aspects, those of the consumer occupy a position that cannot be ignored. Just as Marx stated: "If there is no production there will be no consumption. But if there is no consumption neither will there be production." This is because

products are not the same as purely natural objects. "Only by being consumed do products become real products," and "Consumption creates production's motive force." We can see that without the participation of consumers, product circulation and economic movement will be broken off, and if the consumers' interests are harmed, this will have an inverse effect on the enterprise's production and development.

The purpose of socialist production demands even more that when an enterprise puts into practice the economic responsibility system, it must consider the interests of consumers. "Use the method of generating, on the basis of high degree of technology, the growth of continuous socialist production and its continuous perfection so that it will insure to the greatest degree possible the satisfaction of the material and cultural requirements for the regular growth of the entire society." What is the point of this statement of Stalin's? It is that, along with the continuous development of socialist production, the consumers (the broad masses of people) obtain more and more advantages, viz, they obtain more and more use value (commodity usefulness). There are two channels through which this is realized: First, in a situation in which commodity quality and prices remain unchanged, if a consumer's wage income increases, then, according to the amount of the increase, there will be a corresponding increase in use value. The second channel is when, in a situation in which wage income remains unchanged, the commodity price remains ununchanged but quality is improved, or the quality remains unchanged but the price falls, or the quality is improved and additionally, the price falls. In this way, the use value that the same amount of income can buy will increase, which means a rise in real wages. In a socialist society, under normal circumstances, these two channels exist at the same time, and the overall price level either remains stable or drops a little. This is a tendency, and it is also an important foundation for the masses of consumers to obtain material benefits and for society to maintain its stability. But now, certain actions harm the interests of the broad masses of consumers so that while they increase their wages in the distribution link they lose out or partially lose out in the exchange link. This runs counter to the objective of socialist production.

Generally speaking, there are three ways by which an enterprise effects the "three increases" in benefits for the state, enterprise, and staff and workers: (1) raising the rate of labor productivity, lowering costs, and increasing production, thereby raising its total profit, and then distributing it rationally; (2) changing product structure by producing more products with high prices and big profits and producing fewer, or even not producing at all, products with low prices and tiny profits, so that pricing irrationality is exploited to the enterprise's advantage, and the result leads to "longline" products being overstocked and "shortline" products being out of stock; and (3) reducing the amount of a product or lowering its quality, thereby directly or covertly raising its price and thus raising the profit total. It is quite obvious that, with the exception of the first way, the source of the newly added profit is obtained by harming the interests of consumers.

It is not hard to see that the imperfections of the "three increases" will lead to the emergence of a situation in which "three sides are encircled but the net is left open on the fourth side." An enterprise can find a way out through the consumer side by not putting its energy into creating wealth for society but

accrue to the state, enterprise, and staff and workers will absolutely be impossible. Only by realizing the "four increases" can an enterprise work for improving economic results and increasing society's wealth.

In short, in putting the economic responsibility system into practice in industry and commerce, we should put the interests of the consumers on our agenda, and clearly put forward, on the basis of developing production, the realization of the "four increases," which benefit the state, the enterprise, the staff and workers, and the consumers.

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BRIEFS

NINGXIA SAVINGS DEPOSITS DOUBLE--According to satistics compiled by the regional branch of the People's Bank of China, the increase in savings deposits in our region from 1979 to 1981 was 1.4 times the increase in the 28 years between 1950 and 1978. By the end of May this year, the total savings deposits in cities and towns exceeded those at the end of last year by 20.9 million yuan and increased by 1.48 times over the same period last year. Developments in production since the Third Plenary Session of the 11th Party Central Committee have raised the people's standard of living, and savings deposits in cities and towns have increased by a wide margin. To facilitate savings by the people, all municipal and county branches in the region have increased the savings network outlets, with all of them adequately staffed. At present, there are 95 savings deposit centers or special counters for this purpose, in addition to 25 savings deposit agencies. [Text] [Yinchuan NINGXIA RIBAO in Chinese 28 Jun 82 p 1] 9411

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INDUSTRY

SHANGHAI INDUSTRIAL ENTERPRISES REORGANIZATION DESCRIBED

Beijing ZHONGGUO CAIMAO BAO in Chinese 15 Jul 82 p 1

[Article: "Shanghai Industrial Enterprises Oppose Arrogance and Eliminate Self-Complacency in the Course of Reorganization"]

[Text] In the course of an all-round reorganization of the enterprises, Shanghai Municipality has carried out a program of education in opposing arrogance and eliminating self-complacency, so as to help these enterprises overcome their blindness in action and to enhance their consciousness. This education has provided a strong impetus to the work of reorganization and has produced certain effects in improving economic results. In the first half of this year, the value of industrial output in the municipality exceeded that of the same period last year by 7.4 percent, with a net increase of 2.18 billion yuan, and the profits and taxes for the state increased by 7 percent, according to a comparison of comparable items with the same period last year. From January to May, 80 different key products were subjected to a quality appraisal, and 86.3 percent of them show steady improvement. The consumption of raw materials, power, and fuel in 70 of them was reduced by 78.6 percent.

Shanghai is one of the advanced areas of industrial production in our country. In the past several years, many products of other areas have surpassed those of Shanghai in quality, designs, and varieties. In view of this new situation, the Shanghai Municipal Party Committee has repeatedly stressed the need to oppose arrogance and eliminate self-complacency and to modestly learn from the experiences of other areas and from advanced foreign technology and management, so that through an all-round reorganization, the technology and management of industrial production in Shanghai can be raised to a higher level with improved economic results. However, there is still a certain blind complacency among the cadres of some enterprises. They feel that since the smashing of the "gang of four," the enterprises have been reorganized many times, and that with the increase in production and profits every year, they have already achieved the five "sufficiencies" (namely, sufficient equipment, sufficient work shifts, sufficient working space, sufficient tasks, and sufficient potential to be tapped). In their opinion, therefore, it would be "very difficult" to improve economic results any further. Some comrades even hold that since Shanghai has already produced many brandname products, with their economic and technical indices at the top rank not only in Shanghai but also all over the country, their economic results should be "good enough."

To overcome self-complacency, the leading departments at various levels in Shanghai Municipality carried out education in the following three fields:

First, study in order to understand the importance of enterprise reorganization. The cadres were organized to study the decision of the CCP Central Committee and the State Council concerning the all-round reorganization of state-run industry, in light of the present situation and the requirements of the four modernizations, so that everyone could see that, compared with previous reorganizations, the present one has four distinctive features: 1) The all-round reorganization is a treatment for the cause instead of the symptoms of a malady. 2) Comprehensive treatment does not mean making up whatever is lacking. 3) The reorganization has the characteristics of construction instead of recovery. 4) In view of the urgent need to improve economic results, it is necessary for them to learn scientific management, to do a great deal of basic work, and to take a new road. A better understanding of the situation among the enterprise cadres means an ideological foundation for the work of reorganization.

Second, uncover contradictions in order to understand the need for enterprise reorganization. The cadres were mobilized to conduct investigations in the basic conditions and the existing problems in the enterprises, and their discoveries were used as teaching materials in opposing arrogance and eliminating self-complacency and as the basis for working out reorganization plans. In the Shanghai No 18 Radio Plant, which manufactures "Feijue" radios, some cadres at first thought there could be nothing wrong with their economic results, since they had already done a great deal of work in reorganization in recent years and, as a result, their products were enjoying high prestige, their output last year was 5 times that of 1978, and instead of a loss, they realized a profit of more than 24 million yuan. After an in-depth investigation, however, they became soberly aware of five "concealments"--namely, concealment of the weak links in management by brisk sales, concealment of the problem of material waste by high profits, concealment of unsatisfactory product quality and inadequate maintenance service by the plant's high prestige, concealment of the backward technical equipment by high output, and concealment of low work efficiency and the lax workstyle among the cadres by the heavy production tasks. They decided to eliminate these five "concealments" in order to further improve their economic results.

Third, launch a "three comparisons" campaign in order to enhance consciousness. Many enterprises have compared their present performance with their own best performance in the past, with the best performance in their trades, and with international performance. The Bicycle Industry Company, for example, held a "three comparisons" exhibition in which the bicycles--whole bicycles as well as spare parts--of England, Japan, the United States, France, Hong Kong, Tianjin, Guangzhou, and Wushi were displayed. From these exhibits, everyone could, after comparison and analysis, see that although the famous brands of "Yongjiu" and "Fenghuang" bicycles held a high rank at home according to the economic and technical standards, they are, compared with the advanced foreign products, heavier by 1-2 kilograms, there are fewer varieties and specifications in meeting the demands of the international market, and they are of inferior quality, with poor workmanship, poor coating, and poor packaging. Even in comparison with home products in certain regions, [everyone] could still see certain backwardnesses in these brands according to many standards of quality. These comparisons showed the directions in which they should exert their efforts.

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INDUSTRY

MINISTRIES, BUREAUS SET UP JOINT CONSULTATION SYSTEM

Beijing RENMIN RIBAO in Chinese 11 Jul 82 p 1

[Article: "Ministry of Machine Building Industry and Six Other Ministries Set Up Two-Level Joint Consultation System To Better Serve Customers and Improve Economic Results"]

[Text] From late May to late June, leaders of the Ministry of Machine Building Industry continually paid door-to-door visits to the departments that use their products in order to solicit their opinions with a view to improving the ministry's services. They also held talks with the leaders of the Ministry of Water Conservancy and Power, the Ministry of Textile Industry, the Ministry of Light Industry, the Ministry of Metallurgical Industry, the Ministry of Chemical Industry, and the Ministry of Coal Industry about setting up a two-level system for the solution of problems in cooperation and coordination with different departments. This system was hailed by State Councilor Bo Yibo [5631 0001 3134] as "an innovation following the restructuring of the state apparatus" and "an inevitable outcome of the relationship among various economic departments as well as a manifestation of the superiority of the socialist system." He hoped that "such close cooperation and mutual support will be kept up and will become a system to be popularized among other departments."

After the restructuring of the state apparatus, the party organization of the newly formed Ministry of Machine Building Industry laid great stress on the need to better serve customers and to improve social economic results as the guiding thought in running the machine building industry. Since late May, Minister Zhou Jiannan [0919 1696 0589], accompanied by Vice Ministers Yang Keng [2799 2651] and Zhao Mingshan [6392 2494 1472], Adviser Wang Ziyi [3769 1311 0309], Chief Engineer Tao Hengxian [7118 0077 0752], and the responsible comrades of the relevant departments and bureaus, visited the Ministry of Water Conservancy and Power, the Ministry of Textile Industry, the Ministry of Light Industry, the Ministry of Metallurgical Industry, the Ministry of Chemical Industry, and the Ministry of Coal Industry. They were warmly greeted by Ministers Qian Zhengying [6929 2973 5391], Hao Jianxiu [6787 1696 4433], Yang Bo [2799 3134], Li Dongye [2621 2639 6851] Qin Zhongda [4440 0022 6671], Gao Yangwen [7559 2254 2429], and other leading comrades.

During the discussions, the leaders of the Ministry of Machine Building Industry and the other six ministries exchanged information and opinions on problems of common interest and agreed in principle on some important issues. To expand the sphere of service for the machine building industry in order for it to better serve the textile industry and yet avoid overlapping production and blind development, the Ministry of Textile Industry and the Ministry of Machine Building Industry agreed that the production of textile machinery should be under the charge of the Ministry of Textile Industry. If the Ministry of Machine Building Industry were required to be responsible for textile machinery, the Ministry of Textile Industry would make a list of its requirements and the Ministry of Machine Building Industry would organize production accordingly. Such production should be included in the plans of both ministries. Agreement has also been reached between the Ministry of Metallurgical Industry and the Ministry of Machine Building Industry whereby the importation of key equipment from abroad for the metallurgical industry should in the future be accompanied by the importation of the technology for manufacturing such equipment. As an alternative, there should be cooperation with foreign merchants for its production so that the manufacturing capacity at home can be increased. In importing technology, both ministries should readily conduct discussions and, if necessary, take united action.

During these joint discussions, the participants also dealt with the problems of improving the quality and increasing the varieties of certain key products, the problems of some construction projects and technical transformation projects, the manufacture of heavy equipment in the country, the importation of technology, and other problems. Unanimous agreements were reached and plans were worked out individually.

The Ministry of Machine Building Industry and the other six ministries agreed to further strengthen their cooperation by holding discussions and setting up a system of periodic contacts. In dealing with specific problems, the departments and bureaus concerned should form regular direct contacts. If the problem cannot be resolved at the bureau level, the matter should be referred to the ministries concerned, whose leaders will find the solution through discussion.

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INDUSTRY

QUESTIONS OF PRICING LIGHT INDUSTRIAL GOODS DISCUSSED

Shanghai SHEHUI KEXUE [SOCIAL SCIENCES] in Chinese No 7, 15 Jul 82 pp 33-34

[Article by Zhang Heshi [4545 0735 6524] and Zhang Wenying [1728 2429 5391]: "Several Questions Concerning Prices of Light Industrial Products"]

[Text] The basic stability of prices for industrial products is a matter of concern to all people, since 70 percent of light industrial output value is derived from the products supplied to the market and these products concern the clothing, food, living accommodation, travel and other necessities in the daily life of the broad masses. Therefore, the stabilization of light industrial product prices is of great significance in stabilizing the market and the people's living conditions and in implementing the poliyc of economic readjustment.

The Need for General Improvement and Utilization in Stabilizing Light Industrial Product Prices

Light industrial products are mainly processed from agricultural sideline products. Of all the raw materials used, 60 percent are agricultural and 40 percent are industrial. One special characteristic of light industrial products is that the raw materials used are more than the work involved. Raw materials account for 80 percent, or even 90 percent in some cases, of the makeup of production costs, and the prices of such products are mainly determined by the prices of the raw materials. The price increase for agricultural sideline products and industrial-mineral materials in the past 2 years has had a great impact on light industrial products. According to statistics, the production costs of light industrial products by the first and second light industry bureaus throughout the country were increased by as much as 1 billion yuan in 1981 as a result of increased prices for raw materials. Therefore, one of the important problems in stabilizing light industrial producg prices is to offset the increased outlay caused by the increased prices of raw materials.

As shown by practical experiences in the past 2 years, we cannot rely on the light industry production departments alone, if we want to stabilize light industrial product prices. For example, in 1980 and 1981, the increased prices of agricultural sideline products and industrial-mineral raw materials caused an increase in production costs by more than 60 million yuan. The commercial, finance and tax departments then cooperated with one another in taking measures to tap potential on various components of prices.

First, to lower the production costs through efforts to reduce industrial consumption, to raise the utilization rate of raw materials and to increase the percentage of up-to-standard products. Last year, a timber company had to increase its production costs by 5.81 million yuan because of the increased price of timbers. After some efforts, they succeeded in raising the proportion of their first- and second-grade plierwood from 89 percent to 92 percent. At the same time, they carried out the comprehensive use of raw materials and reduced the per-unit consumption of linden plierwood from 3.15 cubic meters to 2.127 cubic meters. By this means, the company's profits in 1981 increased by 1.65 million yuan after offsetting the increased prices of raw materials.

Second, the offer to cut profit by commerce so that both industry and commerce will stand to gain. In 1981, the Shanghai Paper Mill had to incur a loss of 20.99 yuan on each ton of No 2 white 80-gram poster paper because of the increase in the prices of pulpwood, timber, resin and other raw materials. The paper wholeslae department of the Shanghai Cultural Supplies Procurement Station generously offered to transfer 33 yuan's profit to the industrial production department, and in so doing, help stabilize the selling price on the market and help industry avoid losses. Furthermore, the continued supply of goods enabled commerce to make a gross profit of more than 40,000 yuan.

Third, financial subsidy. Because of the increase in the price of pig iron, the production of sewing machine heads resulted in losses in 1980. Then in 1980 and 1981, the government granted a subsidy of nearly 10 million yuan to support the development of the sewing machine industry.

Fourth, lowering the tax rate and reducing the intermediate links. The price of timbers has been increased several times since 1979, and each time by a wide margin. This cuased a continued increase in the production cost of matches and brought difficulties in production. The tax departments then rendered active assistance by reducing the commercial and industrial tax rate from 12 percent to 3 percent. At the same time, thanks to the cooperation of the relevant departments, the handling of transactions in matches was transferred from the sundry goods center to the municipal department store, thus reducing the number of links in commodity circulation and cutting circulation expenses. The retail price of matches was then stabilized.

The adoption of measures for general improvement and utilization has shown remarkable results. Besides stabilizing the market prices of light industrial products in Shanghai, these measures have also helped fulfill the task of fund accu-ulation.

The Need To Correctly Understand the Dialectical Relationship between Stabilizing and Adjusting Prices

Stabilizing prices is in line with the basic policy in our work of pricing, and must be resolutely accomplished.

First, commodity prices are mainly determined by the value. Price is the monetary expression of value. Commodity value is a form of motion, and constantly changes along with the change in labor productivity. Price, as a form of expressing value, should be appropriately adjusted. On the contrary, if prices are frozen for a long time at a level seriously inconsistent with the value, then they cannot become the form to express value. Such prices will be disadvantageous to both production and consumption. At present, some small commodities for daily use are out of stock on the market. One of the important reasons for their disappearance is that their prices are being frozen at a level below their value, and consequently, the consumption of labor by the production enterprises cannot be duly compensated. These enterprises have lost interest in their production and thus inconvenience is created for the masses in their daily life.

Secondly, money is the yardstick of value. If the value represented by money undergoes any change, commodity prices will also correspondingly change. Price reflects the ratio of exchange between commodity value and its monetary value. Commodity prices are on the one hand determined by commodity value and, on the other hand, by the value represented by the currency. If the issuance of currency is excessive to the scope permitted by commodity circulation, there will be currency depreciation with effects on the stability of prices.

Thirdly, changes in the supply of commodities can also affect the stability of prices. The balance between supply and demand is only temporary and relative, while the imbalance between them is absolute. To regulate supply and demand and to stabilize the market, the state should rationally use the law of value and bring about a balanced supply and demand by raising or lowering the prices. Increasing the prices of tobacco and liquor and lowering the prices of chemical fiber products, wrist watches, TV sets and so forth by the state were precisely intended as a measure to suit the changes in supply and demand. Of course, the use of planned prices and the system of rationing for certain important commodities or the people's daily necessities under the planned economy of a socialist state is to avoid price fluctuations even in the case of an imbalance between supply and demand. However, we must also be aware that the state spends huge amounts of price subsidies each year, and such subsidies are also a form of the expression of price changes.

Furthermore, as we can see now, the prices of many raw materials are too low, while the prices of some processed products are too high. Certain operating expenses of the enterprises, such as the depreciation rate of fixed assets, the interest rates of bank loans and so forth, have increased after the restructuring of economic management. All these will affect the production costs and the prices. At the present stage when the financial and economic situation in our country has not yet taken a fundamental turn to the better, stabilizing the market prices is of course the foremost requirement of our price policy. In the long run, however, we cannot rely on the freezing of prices as a long-term means of maintaining the stability of prices. We must adjust the prices in such a way that it will be consistent with the value before we can maintain a basic stability of prices in a certain period.

The Need for a Correct Demarcation Between Pricing According to Quality and Increasing Prices in Disguise

Two important aspects in the effort to stabilize light industrial product prices is to set prices according to the quality of goods and to prevent the increase of prices in disguise.

Fine-quality products, generally speaking, require more socially necessary labor in the process of production. The prices of these products should be high in view of their fine quality. However, some products of inferior quality are sold also at high prices. This is a way to increase prices in disguise, and must be resolutely stopped. Only thus can we implement the principle that prices should correspond to the grades of goods, and maintain the basic stability of market prices.

In recent years, the prices of some products on the market have been actually increased in disguise. This has brought about many complaints and strong resentments from the consumers. However, some products are reasonably priced because of the quality differential, since they are of fine quality and require high production costs. For example, the peanut candies produced by the Shanghai Huashan Candy Factory is sold at 1.30 yuan per jin, if they are wrapped in wax paper; and at 1.90 yuan, or 0.60 yuan higher, if they are wrapped in transparent paper. The transparent paper is imported from abroad, and for packaging each jin with this paper, the production cost is increased by 0.50 yuan. Again, the new type of No 5 heavy duty battery cell costs 0.16 yuan each, or 0.02 yuan higher than the price of the ordinary No 5 battery, because its service life (180-190 minutes) is longer than that of the ordinary one (150 minutes), and its use value is higher. The consumers often indiscriminately regard this as an increase of price in disguise, because they have confused pricing according to quality with increasing price in disguise. This also led to the dissatisfaction of the production enterprises and dampened their enthusiasm in innovation. Therefore, one of the important problems to be solved in the guiding thought and in practice is to strictly and scientifically distinguish between pricing according to quality and increasing price in disguise. We believe that pricing according to quality can be actually practiced in the following ways:

1. A suitable quality differential can be included in the price when the innate quality and outward appearance of the product are better and can provide higheruse value.

2. When new designs and varieties are markedly superior to the old ones, and the technology of production has been improved at higher production costs, suitable quality differentials can be worked out so as to maintain a rational price disparity between the new and the old varieties.

3. The products that have been recognized by the relevant departments as fine-wuality brand-name products according to the economic and technological standards, can carry with them certain fine-quality and brand-name differentials which will raise their prices above thos of ordinary products to a certain extent.

Increasing price in disguise has the following main feasures: 1) Unduly high prices for new varieties. The industry and commercial departments may have raised the prices to increase their profit rates excessively, when prices were set for new varieties. 2) Deteriorating quality. Even though the quality of products is below the standards set by the state or the relevent departments, and there is a marked reduction in their use value, the prices are still maintained at their original levels. 3) Price changes being inconsistent with the changes in production costs. If production costs are increased, it is reasonable that prices should be raised. However, the improvement of quality is less than the margin of price increase; or in the case of reduced production costs,the price is raised even though the quality is not improved.

From these instances, we can see that pricing according to quality and increasing prices in disguise have entirely different implications. A clear understanding of the difference between them will help us to correctly implement the policy of pricing according to quality, and to encourage the enterprises to improve the quality of their products, to increase the designs and varieties, and to continue the production of good products for the society. At the same time, it will help the industry and commercial departments in charge of commodity prices to understand the concrete expressions of increasing prices in disguise so that they will be able to adopt appropriate policies according to the circumstances to effectively prevent this practise and to ensure the basic stability of prices. This is advantageous to both the producers and the consumers.

The Need To Strengthen the Structure and the Management

Cooperation from the relevant departments is necessary in stabilizing the prices of light industrial products. To the light industry departments in charge of commodity prices, this is an unshirkable responsibility. There are now numerous jobs to be done by the light industry departments, but the arduous nature and the importance of pricing have not attracted the attention of the departments in charge and the leadership of enterprises extensively. As matters now stand, the light industry departments are faced with the urgent need to strengthen their price-control apparatus at various levels and to form a strong contingent of price-auditing cadres. They must train their price-control cadres in various forms as a preparation for adjusting the irrational prices. They must also strengthen their price control by conducting frequent price inspections and exercising frequent supervision. All these are the important measure for stabilizing the prices of light industrial products.

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DOMESTIC TRADE

MARKET PRICES, EFFECT ON EMPLOYEE WELL-BEING DISCUSSED

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[Article by Cheng Zhiping [2052 5268 1627]: "Market Prices and Employee Well-Being"]

[Text] The Market Price Situation

In the last 3 years, as a result of the implementation of a series of general and specific policies following the Third Session of the 11th Party Central Committee, production has expanded and supplies have improved. Between 1978 and 1981, nationwide gross agricultural and industrial output value increased by 21 percent from 570 billion yuan to 690 billion yuan, while the output of light industry increased by 45 percent from 180 billion to 260 billion yuan (constant 1970 prices). Per-capital funds available for the purchase of consumer items by urban and rural dwellers increased by 54 percent from 117 yuan to 180 yuan. Overall, our country has basically achieved its goal of stabilizing the economy, and the national economy has entered the broad path of steady development. This is a great achievement, which cannot be overpraised. The broad masses generally understand and are relatively satisfied with the gradual improvement of the economy, the increased stability of the political situation, the expansion of output and the increased supply of commodities. But many urban employees are considerably dissatisfied with the rising market prices and the insufficiency of their purchasing power. Accordingly there is a need to further propagandize and explain the situation in a comprehensive, thorough fashion.

In the last 3 years the prices of many consumer goods have indeed risen. This has not greatly affected the peasants, since increased procurement prices have resulted in an annual increase of more than 20 yuan per capita, and representative surveys indicate that their expenditures are up only 1 or 2 yuan a year. As a result, the peasants benefit from the increased prices and are rather pleased by them, but the size of the effect on urban employees depends primarily on changes in their cost of living index. According to the State Statistical Office, if the 1978 cost of living index is taken as 100, the 1979 figure is 101.9, the 1980 figure is 109.5 and the 1981 figure is 112.2, so that the increase between 1978 and 1981 was 12.2 percent: in general terms, a 10-yuan bill has come to have only slightly more than 8 yuan

of purchasing power. It should be noted that this index includes only about 450 major commodities and covers about 180 cities: it is very diffucult to include all commodities and all locations.

The increase in prices over the past 3 years has included three components.

The first component is planned adjustment of commodity prices by the state in order to encourage expanded production and to increase commodity supplies. This price rise, which was necessary for economic readjustment, included eight categories of nonstaple food products and some products manufactured from them. In recent years the supply of nonstaple foodstuffs has increased considerably compared with the 10 chaotic years. Previously, some county seats and market centers lacked a sufficient supply even of youtiao [fried dough sticks], while now the supply of edible oils exceeds demand and there is not enough room to store it as a result of an increase in the agricultural products procurement prices. The state's planned adjustment of the prices of these commodities has encouraged their production and supply. Once this is explained the matter should be clear to everyone.

The second component is increases in negotiated prices and county fair prices. Some of these price rises have been unavoidable. For example, the hawthorn fruit is not a state-procured commodity and is in great demand, so that scarcity has led to an increase in price. In other cases the prices resulted from speculation and profiteering by middlemen: in some urban markets the middlemen account for half the trade, so that they must be regulated and controlled.

The third factor has been unauthorized raising of prices and the giving of short quantities or substitution of poorer-quality products by enterprises. This category includes: a. raising the grade classification of goods in order to increase their price, such as offering grade 3 apples as grade 2 or selling small fish at the rates for large fish; b. decreasing the supply of popular goods, for example, decreased numbers of medium- and low-quality leather shoes, with the most of the available shoes belonging in the top-quality category; c. short-changing the public, such as giving only about 9 liang instead of a jin of meat, or 49.5 jin of flour to a sack; d. lowering of quality, as in the case of steamed buns and jiaozi [filled dumplings], with the same exterior but poorer-quality filling. In addition, there are cases of unauthorized charging of fees, such as miscellaneous fees in high schools, water and electricity charges and the like. These practices are illegal and irrational, are at variance with the production aims of socialism, and are not in accordance with the socialist nature of enterprises. All forces must be mobilized to rectify production management practices and strengthen price oversight so as to rectify the situation.

The contributions of the various factors to the overall rise in prices in many localities in the last 3 years as been as follows: the first component, namely state price adjustments, accounts for about two-thirds; the second component, increases in negotiated prices and country fair prices, has account accounted for about one-third; and the third component, has varied from locality and to locality is difficult to quantify.

Price management consists primarily of correctly implementing state-specified prices, of suitably holding down negotiated and country fair prices, and espceially of energetically checking unauthorized prices increases and unauthorized charging of fees. The party and government organizations of various localities, together with the masses, have made major efforts in this area. For example, this New Year's Day and Spring Festival, Lianoning Province inspected 490,000 units' prices and the prices of 5.44 million commodities and found that 110,000 prices were not in order; they dealt with 2,300 units and 1,300 individuals, confiscated 1.17 million yuan and charged 270,000 yuan in fines. Where it was possible, funds were refunded directly to the consumers. This was done, for example, by the Qingnian Street Store in Anshan. But some localities and units are still not adequately carrying out this type of price inspection; leadership should be intensified and reliance placed on the masses in order to do the work better.

Some people say that all prices are going up. A little analysis makes it clear that this is not entirely true. For example, the prices of many necessitites are stable or nearly stable, and the prices of some commodities, e.g. certain durables, have decreased. Of course, the prices of certain commodities have gone up considerably, including the following three categories.

First, nonstaple foodstuff prices have risen considerably: there was a rise of 19 percent from 1979 to 1980 and an additional rise of 4.1 percent in 1981, i.e. a total increase of more than 20 percent; second, negotiated prices have risen considerably, by 40 percent between 1978 and 1981, making this the category with the largest prices increases; third, country fair prices have gone up considerably, first going down by 5 percent from 1978 to 1979, then rising by 2 percent in 1980, and rising by 11.6 percent from the 1980 level by the end of 1981.

The reasons for the increases in prices of nonstaple foodstuffs, negotiated price commodities and country fair commodities must be understood in relation to the entire national economy. In the past few years the national economy has been undergoing a readjustment, but economic conditions have not fundamentally improved, more money has been in circulation in markets, and the law of supply and demand had led to increased prices; in addition, there were many long-standing irrational prices, and in order to expand production the procurement prices of many agricultural products have had to be raised, in addition to which some prices have risen spontaneously during reform of the economic system because regulation could not keep up with then.

Agricultural Production and Increased Procurement Prices for Agricultural Products

To make clear the primary reason for the increase in the prices of certain products, we must approach them in terms of the entire national economy and especially in terms of agricultural output and procurement prices for agricultural products.

Because of long-standing influence of "leftist" errors, before the Third Session of the Tenth Central Committee this country's agricultural output was expanding rather slowly. Between 1951 and 1976 our country's foodstuffs output had showed only a small increase, while total nationwide cotton output had for a long time been fluctuating in the vicinity of 30 to 40 million dan, and per-capita output of edible oils had fallen from 5.9 jin in 1955 to 3.9 jin in 1979. The increase in peasant income had been very small, there had been very little improvement in the peasants' condition of life, and since the 1970's distribution income in the agricultural collective economy had been stagnant at about 60-plus yuan a year. Agriculture is the foundation of the national economy, and the rural population accounts for 80 percent of the entire national population, while agricultural products and commodities processed from then account for about 70 percent of the total supply of consumer goods. Agriclutural output had expanded slowly and the peasants had been hard-pressed for a long time, which was very harmful to this country's political stability and economic development, creating an extremely grave problem. By 1976, at the end of the 10 catastrophic years, our national economy was on the verge of collapse.

Since the Third Session of the 11th Central Committee, as a result of a series of correct general and specific policies and measures adopted by the party and state our entire national economy has made a turnaround, and in particular the countryside has begun to flourish.

Here are the figures for the main agricultural products.

	1978	1981	Increase
Grain	609.5 billion jin	650.0 billion jin	6.6%
Cotton	43.34 million dan	59.36 million dan	37%
Oils	10.4 billion jin	20.41 billion jin	96%
Meat	17.1 billion jin	25.2 billion jin	47%

The situation as regards procurement of the main agricultural products is as follows. From 1978 to 1981 grain porcurement increased 23 percent, cotton procurement 34 percent, edible oil procurement 118 percent, and pork procurement 15 percent. Output and procurement of other agricultural and sideline products also increased considerably.

As regards mass consumption levels, between 1978 and 1981 grain consumption increased by 12 percent to a per-capita average of over 400 jin (including grain rations, food grain and nonstaple grain foodstuffs). In the past there were only a few years when the average reached this level; it generally amounted to 300-plus jin. Consumption of flour and rice also increased. In 1981 the per-capita monthly corn meal consumption in Shenyang was only about 3 jin; between 1978 and 1981 the national average consumption of edible oils increased by 87 percent, meat consumption increased by 47 percent, and cloth consumption (including synthetics) increased by 29 percent. In 1981

total retail sales of social commodities in Beijing amounted to 6.6 billion yuan, up 2.4 billion yuan or 54.6 percent from 1978, an average increase of 15.7 percent annually. Last year consumption of meat, eggs, cigarettes and alcoholic beverages in Liaoning was up 1.7 times from 1965 and consumption of synthetic fibers, woolens and leather shoes had increased 2 times from the 1965 level.

Production is the foundation of economic life; and when output increases the markets flourish and supplies improve, which is apparent to everyone. The data presented above make it clear that since the Third Central Committee Session the growth in output and in the supplies of the main commodities have been unprecedented at any time in our history.

There are three main reasons for the good agricultural output in the past 3 years and the increased supply of market commodities:

1. The most important reason is implementation of policy, institution of the economic responsibility system and mobilization of the masses' production enthusiasm.

2. The burden of the peasants has decreased. Grain requisitions have been decreased from 25 percent to about 20 percent of total output; not counting grain resold to the localities, the net levy is less than 20 percent of output.

3. Procurement prices for agricultural products have been increased. Since the Third Central Committee Session there has been an increase of 38 percent in 3 years, equivalent to the increase in the 16 years from 1957 to 1973. As a result of increased output and higher prices, the peasants' income has increased rather rapidly. The total income of the individual peasant increased by more than 80 yuan between 1978 and 1981. Increasing procurement prices is the easiest policy measure to implement and the one which shows the fastest results. The rather large increases in procurement prices for agricultural products took account of the peasants' rightful interests, helped to mobilize their enthusiasm, stimulated increased grain production and development of a diversified economy, and produced excellent results in overcoming long-standing agricultural stagnation. The Third Central Committee Session's major policy decision to increase procurement prices was necessary, timely and correct, both politically and economically, and for both the countryside and the cities.

Let us compare the party's policy since the Third Central Committee Session, including its price policy, with rural policy under the leadership of the "left" errors. Which was correct? Obviously the line followed since the Third Central Committee Session has helped expand output, has increased supplies, and has improved living conditions; it is an approach which has enabled the people in the countryside to enjoy increased material benefits and which allows the national economy to develop and prosper.

The Effect of Increased Agricultural Product Prices in Various Areas

The increased procurement prices for agricultural products are beneficial to agricultural production and to the peasants' condition of life, but where does the money for them come from? There are three sources.

1. More than 60 percent of the increase in procurement prices for agricultural products is accounted for by grain, cotton and oil prices; this money is provided by direct subsidies from the state financial organs.

State grain and oil subsidies have gradually increased, rising by 34 percent from 1979 to 1980 and by 23 percent from 1980 to 1981; the total amount of money paid out for grain subsidies between 1979 and 1981 was more than 30 billion yuan. The state pays nearly 0.10 yuan in subsidies per jin of grain supplied and about 0.8 yuan in subsidies per jin of edible oils supplied.

2. The increase in procurement prices for such nonstaple food products as meat, poultry and eggs accounts for more than 20 percent of the money paid out for increased agricultural products procurement prices; this money comes from increased retail prices for eight categories of nonstaple foodstuffs and manufactured products made from them, for which relief is provided by nonstaple foodstuff subsidies paid to employees.

3. About 10 percent of the expenditure on increased agricultural products procurement prices is borne by industry or relieved by tax cuts, in addition to which part of its relieved by increasing retail prices, as in the case of cigarettes, bamboo, wood and leather products and the like.

From the facts presented it is apparent that the state increased procurement prices in order to promote agricultural production, and that in order to protect the welfare of employees, a large proportion of the increased expenditure on these products comes from state subsidies and not from increased retail prices. The state subsidies paid out for the purpose are greater than in any previous period. Less than 30 percent of the funds paid for increased procurement prices was passed along as increased retail prices; in addition, every employee has been paid a nonstaple foodstuff subsidy. Overall, the state acted to increase output, but acted on the principle of taking account of the interests of both urban and rural dwellers, of both workers and peasants.

The price subsidies which the state pays for such basic necessities as grain and oils will continue, because while it is irrational and a heavy burden on the state if prices are locally lower than value, in overall terms subsidies for these commodities are the price paid for essential stability of market prices, for overall stability and unity, and for the time needed to carry out economic readjustment and reform of the system, which are all extremely necessary. The Central Committee's leadership has said, "In terms of ultimate economic results, the current methods are irrational in minor aspects but are in accordance with economic laws in their major aspects." In September 1980, Premier Zhao Ziyang said, "Subsidies will continue to be paid for all major commodities which are important to the people's welfare; we will not cause ecnoomic hardship to the masses or let real living standards fall, and the nonstaple foodstuffs coupon system will not be canceled. This will assure

that the necessities of life will be available to the low-income masses." The Communist Party and the People's Government act in the people's interest in all matters and plan for production, construction and the people's welfare; it in some future year the price system is reformed, they will certainly be able to take the necessary steps to assure the people's welfare. The People's Government is for the people, and we must have faith in it.

Of course, even if sale prices are increased by only 30 percent of the increase in agricultural products procurement prices, there will still be some effect on employees, and this, added to the increase in negotiated prices and country fair prices, does indeed increase the economic burden on the masses and does have a certain effect on the welfare of employees and on real expenditures; to ignore this or to refuse to admit it is to fail to take a realistic attitude. But when we consider the effect on employee welfare produced by price increases, we must also be aware of the fact that in recent years the income of employees and urban dwellers has increased rather rapidly. State Statistical Office figures for 46 large and medium-sized cities indicate that in the last 3 years such measures as increased wages, job placement and the bonus system have increased the per-capita monthly income of urban dwellers from 26.33 yuan in 1978 to 38.64 yuan in 1981, a rise of 46.8 percent; if we deduct the amount accounted for by the increase in the cost of living, the actual increase in income is 31.3 percent. Of course, this applies to the majority of employees, but because of discrepancies in promotions, bonuses and welfare benefits from organization to organization, some workers may have a smaller wage income and a heavier burden, employment among their family members may not have increased, they may not have been promoted, or they may be in jobs which pay small bonuses or no bonuses, so that they are considerably affected by increases in prices, their standard of living has not been raised, or in some cases the real standard of living may actually have decreased. This is mainly true of some office workers, culture, education and public health workers, and cadres in the scientific and technical system, especially those aged about 40, whose conditions may be somewhat worse than average. Office workers, culture, education and public health workers and similar cadres and employees account for about 15 percent of employees; about 30 percent of these, or about 4.5 percent of all employees, have had a wage increase in the last 3 years. According to representative surveys, retired employees account for about 3 percent of employee families, and those on sick leave account for about 2 percent, so that overall, only a minority of urban employees have had no improvement or a decline in their condition of life in the past few years, while the majority have experienced an improvement. Of course, the situation varies from locality to locality and from organization to organization. At the Fourth Session of the Fifth National People's Congress, Minister of Finance Comrade Wang Bingqian said that the state is preparing to gradually solve the problems of wage adjustment for employees in such areas as state offices, science, education and public health who do not come under the bonus system.

In the past 3 years there have been several fluctuations in commodity price which have had considerable effects on employee welfare.

The first of these occurred in November 1979, when the prices of eight categories of nonstaple foodstuffs and some products manufactured from them were raised. Some comrades are still displeased at this increase in prices. In reality, it was impossible to increase the procurement price for nonstaple foodstuffs without increasing retail prices. Procurement prices had long been too low, which was harmful to production and consumption and to both peasants and workers. In April 1979 the State increased the procurement prices for such commodities as live hogs and eggs, but it did not alter retail prices for half a year. Experience showed that proceeding in this way harmed production: difficulties in selling pigs occurred everywhere, the commercial departments were unwilling to manage the procurement, market supplies did not increase, the burden on the state financial organs grew heavier, and speculation and profiteering were rampant. In Beijing, for example, if a jin of eggs were procured for 1 yuan and in addition a jin of grain were supplied at a price 0.08 yuan below the value, this would be equivalent to buying it for 1.08 yuan; if the eggs were sold for 0.90 yuan, profiteering on a jin of eggs would yield a profit of 0.18 yuan, and if 20 jin of eggs were sold in this manner during the year the profit would be 3.6 yuan. This problem was difficult to control by administrative methods.

The method of increasing retail prices and paying employees a nonstaple foodstuff subsidy was studied for 2 years and discussed for half a year, and the State Council held a good many meetings before deciding to use it. The advantages and disadvantages of this approach were considered in terms of the overall situation. With regard to the effect on employee welfare, calculations made with current data indicated that if the retail price of nonstaple foodstuffs was increased, the monthly expenditure per employee would be increased by more than 4 yuan, and the state could pay a subsidy of 5 yuan. Statistics compiled by the State Statistical Office for the two months following the price adjustment indicated that the additional employee expenditure was 720 million and the state subsidy was 870 million yuan. Thus in the initial period of the price adjustment most employees had no complaints. The increases in the prices of vegetables and negotiated-price items in 1980 and 1981 affected employee living conditions and resulted in some discussion. The approach taken to resolving the problem was to make an effort to stabilize vegetable prices and control negotiated prices. For example, the list price for hawthorn fruit in Beijing was 0.17 yuan per jin in 1978, but the negotiated price rose to 0.70-0.80 yuan per jin, which was obviously too high. When management was instituted the price fell to 0.47 yuan, which appears to have still been slightly too high, but it would have been very difficult to bring it back to 0.17 yuan, so that a price somewhat lower than 0.47 yuan would probably have been reasonable.

The second price change was a drop in the price of polyester-cotton cloth coupled with an increase in the price of cigarettes and alcoholic beverages in November 1981. This measure involved a price drop that was greater than the price increase in both the countryside and county towns. In medium-sized and large cities the increase in price exceeded the drop. The increase in the price of alcoholic beverages and cigarettes increased the expenditures of some employees and affected certain low-income employee families who smoked cigarettes and drank alcoholic beverages. Overall, the Central Committee's

policy was correct, for if only the price of polyester-cotton cloth had been decreased without increasing the price of cigarettes and alcoholic beverages, less currency would have been taken out of circulation in the market. If the price of cigarettes and alcoholic beverages had not been raised, the prices of negotiated-price goods and county-fair markets not directly under state control and the prices of small commodities might have increased still further. In order to remove money from circulation and stabilize the economy and commodity prices, an adjustment in which some prices rise and others fall is necessary. This approach affects the conditions of life of some workers who smoke and drink, but in terms of the overall strategic disposition of the economy and the long-term interests of the people as a whole it is still a necessity.

The cost of vegetables is another matter which has had a major effect on the conditions of life of employees. In Beijing as procurement prices for agricultural products rose, vegetable prices rose accordingly; the mixed average price of vegetables increased from 4.05 fen [0.0405 yuan] in 1978 to 5.33 fen [0.0533 yuan] in 1981, i.e., by 39 percent. The income of vegetable farms had increased and their condition of life had improved, but not as much as those in industry and sideline trades: the daily income in these sectors had increased by 2 yuan and that in vegetable farms by something more than 1 yuan. Thus it was necessary to raise vegetable prices somewhat. In 1979 the state paid 12.95 million yuan in subsidies to vegetable-growing organizations, while in 1981 the subsidies had increased to more than 43 million yuan. Since 5 million persons were eating the vegetables, this was equivalent to a subsidy of 8 yuan per person per year. For the consumers, expenditures on vegetables increased. But in these 3 years the state-controlled standard prices for major vegetables did not increase. For example, the 31 March list price for greens was 0.18 yuan per jin in 1978, and 0.18 yuan per jin in 1981; the 1 April list price was 0.17 yuan per jin in 1978 and 0.17 yuan per jin in 1981; the list price for the end of April was 0.03 yuan per jin in 1978 and 0.03 yuan per jin in 1981. Why, then, did consumer expenditure increase? One reason was that during this period large-scale greenhouse vegetable growing had developed rapidly, expanding from 84 mu in 1978 to 20,000 mu in 1981. The vegetables came to market earlier and their prices were higher. Second, quantities of fruiting vegetables and minor vegetables increased, quantities of garlic sprouts and fresh kidney beans increased, and quantities of bok choy and rape decreased, with the result that consumer expenditures increased. Third, vegetable-growing organizations sold smaller quantities of bulk vegetables, so that there were not many cheap vegetables, as a result of which the masses spend more money. These problems require further study and overall planning to solve them properly.

Handling vegetable production and supply effectively so that quantities are large and prices are stable is extremely complex, involving nature, land and man, embracing agriculture, industry and commerce, and requiring efforts in regard to production allocation, income distribution, commercial acceptance standards, price control. It also depends on weather. The relevant departments of the State Council meet every year and publish many documents, but they still need to make further efforts to make a success of vegetable production, which requires constant attention from everyone.

In addition, many people are concerned about furniture prices. In the past wood was cheap, but in the last 3 years roundwood prices have increased by 44 percent and sawed lumber prices by more than 50 percent, in addition to which tree farming costs have risen; this is a major matter which affects future generations and the ecological balance; is beneficial to afforestation and is much needed. But when the price of wood goes up the price of furniture must also rise. The price of furniture affects every household. In Beijing, 95 furniture items went up an average of 20 percent in price; the profit is set at 8 percent, so that once pensions are paid the actual profit is very small. In an entire year, only 80,000 cubic meters of wood was used for furniture in Beijing, sufficient for 1.75 million pieces, which was an inadequate supply. As a result, the Trade Warehouse, the Zhiqing Store and the Riza Store carried on price negotiations which enabled them to make up the market shortage, so that now double beds and small wardrobes are not so scarce.

To summarize, in considering the price problems of the past few years we must not look only at the partial situation, but must take account of the overall situation; we must not consider only the present, but must think of the long term; we must consider, analyze and understand in terms of both production and sales, in terms of both industrial and agricultural interests, and in terms of state, collective and individual interests. Of course, there are still many shortcomings in pricing work, and the price management departments are not making a sufficient subjective effort: they must rapidly rectify the situation.

General Policy on Market Prices

Maintaining market prices basically stable is a policy to which the state adheres consistently and strongly; but since the degree of modernization of our national economy is still slight, the standard of living of urban and rural dwellers is still rather low, the time required to adjust wage discrepancies will be rather long and the people's ability to bear changes in market prices is limited, it is extremely necessary to maintain market prices essentially stable. When our country plans its economy, it strictly maintains an essential balance between finance, loans, social commodities and purchasing power; state-controlled prices account for more than 80 percent of total retail sales, and the advantage of the socialist system enable us to maintain market prices essentially stable.

Stabilizing prices does not mean fixing all prices. Prices are economic levers, and if they are made fixed and immovable they cannot function as levers, which is harmful to economic development. In December 1980 and January 1981 the State Council issued two directives which specified only that retail prices could not be raised, but internal prices, including FOB prices and allotment prices for certain commodities which did not affect retail prices could still be suitably changed, with approval and in keeping with duly constituted powers. The prices of small agricultural implements, semimechanized agricultural implements, and minor crude and finished drugs could be adjusted upwards or downwards. For a rather long period in the future we must adhere to the policy of essential stability of market prices,

the main implication of which is that the overall index must move only slightly and the prices for basic living necessities must be maintained stable. Because prices fluctuate and inevitably affect construction, Marx said, "Abrupt price fluctuations may lead to interruptions, major collapses and even catastrophe in the reproduction process" ("Capital," Vol 3, p 135). Increased commodity prices may also affect wages, because wages must be in agreement with the value of labor. In this country, although labor is not a commodity, it still has value. The value of labor, according to Marx, "is determined by the value of the means of production or the amount of labor needed to produce these means of production" (Collected Works of Marx and Engels," Vol 2, p 192). Accordingly, maintaining commodity prices essentially stable is a necessity for both the state and the people, and planning which takes account of production, circulation, distribution and consumption is beneficial and is an essential condition for stabilizing the political situation and for carrying out the four modernizations.

Maintaining market prices essentially stable requires that the prices of both industrial and agricultural products remain stable; the key is stabilizing the prices of agricultural products. This year, CCP Central Committee Document No 1 clearly proclaimed the general policy that hereafter, for a certain period, procurement prices for agricultural products must be kept essentially stable. Essential stability of agricultural prices is a necessity not only for the stabilization of market prices but also for expanding industrial and agricultural production, stabilizing the economy and consolidating the worker-peasant alliance, and accordingly it must be persistently implemented.

Stabilization of prices must rely primarily on economic measures and must help to expand output, increase economic efficiency, and maintain an essential balance between finance, loans, commodities and purchasing power. But the national economy is still undergoing readjustment, finances are still in difficulty, some of the budget is still in the red, and the money supply still exceeds actual needs, so that while energetically pursuing economic measures we must also make some use of ancillary administrative measures. In the past 3 years there have been two proclamations that retail prices should not be raised; these were necessary administrative measures. In the future, in addition to energetically pursuing economic measures, we must engage in some administrative intervention. The experience of many localities indicates that we must make an effort in four main areas. First, we must intensify leadership and strengthen political and ideological education. When industrial and commercial enterprises use the economic responsibility system they must place ideology first, strengthen the three main viewpoints and adhere to the four basic principles. They must struggle persistently, concern themselves with the country's difficulties, and endeavor to make a success of spiritual-cultural and material-cultural construction. Second, there is a need for strict discipline, and implementation of regulations on rewards and penalties, with bonuses to be linked to implementation of price policy. Third, we must intensify the relevant departments' cooperation and joint effort so that they jointly shoulder the tasks of price stabilization and deal with them in comprehensive fashion. Fourth, we must rely on the masses, strengthen oversight, give price inspections a mass character, and make them constant and systematic.

In order to implement the economic and political measures for stabilization of prices, leadership at all levels and all cadres must have unity of views and must be united in the spirit of Comrade Chen Yun's Spring Festival address, must correctly arrange the relationship between adjustment by plan and market adjustment, the relationship between living facilities and capital construction, the relationship between the whole and the parts, and the relationship between the present and the long run, in addition to which they must implement all planned work and overcome particularism, centrifugal tendencies and leanings toward liberalization. This is not only necessary for maintaining essential price stability but also is the key to success in all economic work.

In the past we did not do enough economic propaganda and price propaganda work. In the future we must conduct mass propaganda in realistic terms; and we must admit the nature of some commodity of price increases and clearly explain the reasons for them. We must mobilize all parties for strengthened management and put a stop to unauthorized price increases, unauthroized collection of fees, substitution of lower-quality commodities and the like We must persistently and unwaveringly implement the policy of maintaining market prices essentially stable. As Comrade Mao Zedong said, "Political work is the lifeline of all economic work." Only by means of effective political and ideological work will we be able to mobilize the masses for united, persistent work and make a success of the four modernizations in every area of endeavor.

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FOREIGN TRADE

FOREIGN CAPITAL USED IN DEVELOPMENT OF ANIMAL HUSBANDRY

Guangzhou GUANGZHOU RIBAO in Chinese 15 Jul 82 p 4

[Article by Liang Zhao [2733 6856] and Zhao Renhai [6392 0117 3189]: "A New Way To Develop Animal Husbandry With Foreign Capital--Investigative Report on Guanghua Overseas Chinese Animal Farm in Shenzhen"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the Guanghua Overseas Chinese Animal Farm in Shenzhen has attached great importance to the meaning of being "special" and has taken full advantage of its own strong points. Through the active and careful use of foreign capital, it has imported advanced technology and equipment for production and fine animal breeds. It has carried out all-round development with animal husbandry as its main occupation, and in less than 3 years it has succeeded in turning losses--sustained since its inception in 1958--into profits. Its total output value in 1981 amounted to 17.54 million yuan, being 3 and 10 times that in 1977 and 1965, respectively, and its output value per worker and staff member was 3,135 yuan, 3 and 6.2 times the respective figures for 1977 and 1965. Its output of milk was more than 5,200 tons, 4 times that of 1978; and its exports of fresh milk amounted to more than 60 percent of all the fresh milk in the Hong Kong market. In 1981, after regularly redeeming its loans and paying interest to foreign creditors, this farm received HK$11.12 million for the state and realized a profit of 312,000 yuan. Now it has initially completed a modern base for animal husbandry and the export of animal products, in addition to setting up an enterprise undertaking the processing of animal products. Thus it has blazed a new trail for the development of animal husbandry.

From 1979 to 1981, the Guanghua Overseas Chinese Animal Farm brought in foreign funds totaling U.S.$8.67 million in the form of compensatory trade, cooperative production, and joint ventures. These funds were used mainly to develop four projects: First, it built a dairy farm in the form of compensatory trade. It imported from New Zealand 1,238 milk cows and a set of fishbone-type milking machinery capable of milking 24 cows automatically and simultaneously. This machinery is of an advanced world level, and is the first set of its kind ever used in China. It also imported bucket-type milking apparatuses and a complete set of automatic milk-processing equipment capable of performing all functions from pasturizing and bottling to packaging, all behind a sealed-off system. Second, it set up a modern duck farm jointly with

a foreign merchant in the form of cooperative production. This farm is capable of producing meat from 720,000 ducks each year. It imported a set of incubation equipment of advanced world standard; this equipment can automatically regulate the temperature and humidity and turn over the eggs. In this way, 70,000 ducklings can be hatched in 28 days. It has also imported a number of fine-breed "Digao" ducks which can grow to more than 6 jin in 56 days. Third, in the form of joint venture with foreign merchants, it has built a large modern pig farm together with a complete set of modern pigpen equipment of the sealed-off type--the first of its kind in China--which can automatically regulate temperature and humidity. It also imported fine-breed "Shige" pigs which eat little, can be easily fed, grow up quickly, and provide a lot of lean meat. These pigs have already given birth to fine-breed piglets, and it is anticipated that in the second half of the year, these piglets will be ready for market and export. Fourth, in cooperation with foreign merchants, it has set up a modern meat-processing plant capable of processing meat from 600 pigs daily. The farm will be able to show remarkable economic results in a short time. Its main experiences are as follows:

First, in using foreign funds to import projects, it had to be sure that these projects were suitable for the natural and economic conditions of its own area and for meeting the needs of the international market. The foreign merchants' sales channels had to be properly utilized. These are the important conditions for importing projects properly and without risk, for fully bringing out our strong points, and for striving for the best economic results. In selecting projects to be imported with foreign funds, the farm paid particular attention to the actual situation inside and outside the farm and the country. It also noted that for several years there had been a keen demand in Hong Kong for fresh animal products, on the one hand, and that on the other hand Hong Kong's own production and China's exports to Hong Kong were far from adequate for the demand. Therefore, it has vigorously developed animal husbandry and the milk and food processing industry, with particular attention to milk and lean pork.

Second, it combined the lofty aspiration of contributing to the four modernizations with the spirit of striving for perfection. The cadres and workers in the farm had warm political enthusiasm as well as a practical scientific approach. In importing advanced technology with foreign funds for developing animal husbandry, it paid great attention to management to ensure high output and fine quality.

In the course of its operations, the farm has attached great importance to the technical skills of the cadres and workers as a means of promoting production and improving product quality. To increase their skills, the measures adopted were mainly as follows: First, it formed a scientific and technological contingent and gave full play to the role of the scientific and technical personnel in production. By the end of 1981, there were on the farm a total of 147 scientific and technological personnel, or 2.7 percent of the entire personnel. Among these scientific and technological personnel, 64 of them were specialists in animal husbandry. Two deputy farm directors were a veterinarian and an agronomist, respectively. Secondly, it made great efforts to raise the technical level of the cadres and workers in production. Regular

training classes were held, and all persons responsible for breeding, feeding, and milking had to undergo rotational training in technology so that the workers all had some scientific knowledge of animal growth, feeding, milking, and the processing of animal products, and had to strictly follow scientific rules and regulations. Thus, full play was given to the advanced technical equipment and the fine breeds of animals in promoting production and ensuring fine quality. In 1981, the conception rate of milk cows in the farm was more than 93 percent--above the average advanced level in the country. Thirdly, it made great efforts to improve the quality of products, with particular attention to the main items. The world market makes very strict demands on the hygienic condition of food made from animal products. If the products fail to meet the required standards, not only can the value of commodity not be realized, but bankruptcy may result. Therefore, the farm had to be very careful about hygienic conditions at every link--from the working environment, the water sources, the feeding, milking, all the way to the processing, bottling, and transportation. Every link was carefully attended to so that the fresh milk and the milk and meat products could meet international standards and even contain less bacteria than permitted under international regulations. Thus its products won high prestige in Hong Kong, and a foundation was laid for brisk sales.

The farm also tried hard to master the skill of business management by applying the laws of supply and demand in the international market, so that its products can be adapted to changes in the world market. The seasonal demand for fresh milk in Hong Kong is very keen, sales in summer are double those of any other season, and the price is 25 percent higher. Therefore, suitable measures were taken to gradually change the milk cows' breeding period so that summer would become the peak period for milk production. This method would yield an increased income of HK$720,000.

Third, there was as all-round development, with animal husbandry as the key link. After changing their business policies several times and meeting with setbacks, the farm was convinced that in its operations, it would have to take animal husbandry as the key link and use it to promote agriculture so that there would be an all-round development. Only thus could they make full use of their land by adapting measures to local conditions. Following its change of business policy in 1979, production quickly developed with marked improvement in economic results, and by 1981 it made a profit for the first time in many years. The vigorous development in animal husbandry brought with it huge quantities or organic fertilizer which helped improve the soil and was of great advantage to planting.

The farm also formed a special feeding team and allotted some farmland especially for growing fodder to serve animal husbandry. In 1981, juicy fodder for milk cows was seven-tenths self-sufficient. This was a high record even for the dairy farms in the suburbs of large and medium-size cities, and was a great help to the promotion of production.

Fourth, enforcement of the system of responsibility for production and resolving the contradictions between agriculture, herding, and industry helped to enliven the economy. Labor intensity in planting, herding, and industrial

sideline occupations varies a great deal, but for many years, people were affected by egalitarianism; in other words, working more or working less made no difference. The planting workers were unhappy about it, and the contradictions between different trades became acute. To solve this problem, the farm set up different systems of responsibility for production and resolved the contradictions between farming, herding, and industry with material benefits. Since planting called for higher labor intensity, people engaged in planting were paid no less, or even a little higher than the others. This method helped to arouse the enthusiasm of the planting workers, reduce losses, lower product costs, and speed up the development of production.

These experiences should be useful to the suburbs of large and medium-size cities, particularly those of Guangzhou close to Hong Kong and Macao, and to other cities having economic cooperation with foreign countries. In developing animal husbandry, running state farms efficiently, improving the supply of nonstaple foodstuffs to the cities, and meeting the people's daily needs, they should be used for reference.

9411
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FOREIGN TRADE

INITIAL SUCCESS OF SHEKOU INDUSTRIAL AREA REPORTED

Guangzhou NANFANG RIBAO in Chinese 8 Jul 82 p 2

[Article by Huang Zhenchao [7806 6297 6389]: "Initial Success of Shekou Industrial Area in 3 Years Since Inauguration"]

[Text] After 3 years of arduous pioneering work since July 1979, the Shekou Industrial Area, run by the China Mercahnts Steam Navigation, now consists of more than 100 tall buildings. It is already a burgeoning industrial city in a modern port.

In 2 years, the builders of this city accomplished the task of "five accessibilities and one leveling"--meaning accessibility by vehicles, accessibility to water supply, accessibility to electric power supply, accessibility by boats, accessibility by telecommunications, and leveling the ground--on a deserted area. This was followed quickly by a large-scale construction program. Nearly 100,000 square meters of floorspace were completed by the end of last year, and work on more than 200,000 square meters was started this year. One half of this work has been completed or nearly completed. The building of a plant, from the signing of contracts to capital construction, installation of equipment and its full operation, generally has taken less than 2 years.

In line with the special policies and flexible measures, the Shekou Industrial Area attaches great importance to the absorption of foreign capital mainly for industrial construction. By now it has signed contracts for 36 projects, and foreign capital is being used in 32 of them. Among those which are in regular or trial operation are: The Sino-Swiss Machinery Plant, the Zhonghong Oxygen Plant, the Haihong Lacquer Plant, the Jianghui Yacht Plant, the Guangfu Synthetic Materials Plant, the Haiyun Container Plant, the Kaida Toy Plant, and the quarry, totaling 16 in all. At present, financial groups of some influence in Hong Kong and foreign countries are making frequent contacts with the Shekou Industrial Area with requests for investments and building plants. Intentional agreements on another 10 or more projects have already been initialed, and on-the-spot surveys for the choice of factory sites have been carried out for some of them.

In the past 2 years or more, the industrial area has made use of foreign capital to import 19 projects with advanced technical equipment. For example,

the "microwave relay--program-controlled digitalizer communications system" is made of elements and parts of a fairly advanced world standard, and the digitalizer belongs to the advanced communications technological level of the 1970's in the world. The industrial area has also imported on different occasions the patent rights from Denmark for making "Old Man" brand lacquer, Italian continuous casting eqipment with three machines and three flows, an acetylene generator, a cold roller and cutter for aluminum, and an automatic boiler, all of advanced world standards. The industrial area is simultaneously carrying out construction and operation and has begun to show economic results. Last year it earned HK$20 million. Eight plants now in regular or trial poperation are also beginning to receive economic benefits, and the majority of enterprises have made a profit in the same year they started operation.

9411
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TRANSPORTATION

JIANGSU PASSENGER, CARGO TRANSPORT HITS ALL-TIME HIGH

Nanjing XINHUA RIBAO in Chinese 9 Jul 82 p 1

[Article by Jin Chang [6930 2490], Guo Ying [0948 3841] En Hao [1869 3185], and Pei Min [0160 3046]: "Local Communications and Transportation Departments in the Province Achieved Highest Record in Passenger and Cargo Transport in First Half of Year"]

[Text] In the first half of this year, the local communications and transportation departments in the province set the highest record in passenger and cargo transport, compared with the same period in all previous years. The volume of passenger and cargo traffic handled exceeded that of the same period last year by 14.8 percent and 10.9 percent, respectively.

The tasks of passenger and cargo transport for the province in the first half of this year were increased by a wide margin, and the contradictions between the volume of passenger traffic and the means of transport and between the methods of cargo transporation and consignors' demands were fairly serious. In order to resolve these contradictions in an effort to support industrial and agricultural production and to provide greater convenience in the people's daily lives, the local communications and transportation departments adopted the following measures:

Tapping the potential and increasing the number of passenger vehicles and regular passenger trips. The huge increase in passenger traffic was too much for the original means of transportation and the passenger transport routes to cope with. Therefore, the provincial, prefectural, and municipal long-distance vehicle transportation companies increased the number of regular passenger trips by 887 pairs [operating from opposite ends of the lines] and added more than 400 passenger vehicles to their fleets. More than 70 percent of these vehicles were for public transportation in rural areas or for short-distance runs in the counties. At present, all areas in the province, no matter how remote, are basically accessible by car as long as there are highways. In Nanjing, Changzhou, Wushi, Suzhou, and Lianyungang, tourist vehicles and boats are now available for sightseeing by the broad masses.

Changing the methods of transportation and increasing the number of vehicles for bulk cargo. In the first half of this year, there were plenty of cargoes to be hauled, particularly because of the increase in supplies for the

commune-run and production brigade-run industries and the larger volume of agricultural sideline products. While ensuring the transportation of large consignments, the local communications and transportation departments of the province also stepped up the handling of bulk cargo. From January to May this year, 50 new routes were opened for bulk cargo with 170 pairs of trucks on scheduled runs. Thus a network of bulk cargo transport has basically been formed in the province, with the trunk lines and feeder lines linking various communes and production brigades. Cargo transport is now faster, while transportation expenses and damage to the cargo have been reduced.

Having overcome the difficulties caused by the low water level in the Beijing-Hangzhou Canal, the water transport departments are now making every possible effort to transport coal. Two ocean-going freighters, "Longtan" and "Luding," have been added to the ocean-going fleet, and in the first half of this year the volume of ocean-going transport was 1.3 times that in the same period last year.

In both passenger and cargo transport, the local communications and transportation departments have extensively launched the "five stresses and four points of beauty" and the "National Socialist Ethics and Courtesy Month" campaigns, resulting in improved service in varying degrees. The passenger transport departments held a province-wide evaluation of service, and the Xinpu Vehicle Station in Lianyungang won the title of "fine motor vehicle station." The motor vehicle stations in Changzhou, Suzhou, and Dongtai were also lauded in the press. The units undertaking joint transportation acted as agents for consignors in transporting, clearing shipments, taking deliveries at the consignors' doors, delivering goods to the consignees' doors, and settling accounts in the homes of customers. These measures have helped the consignors save labor and money.

9411
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GENERAL

OPERATION OF PLANNED ECONOMY ANALYZED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 7, 15 Jul 82 pp 32-36

[Article by Shen Liren [3088 4539 0086]: "The Planned Economy in Practice"]

[Text] Several decades have already elapsed since the socialist planned economy was transformed from a scientific hypothesis guiding the revolution into a practical economic system. We currently stress the planned economy as a specific model, while at the same time affirming market regulation as a secondary factor. This approach adheres to the basic principles of Marxism while also summing up our own experience; it is of extremely great theoretical and practical significance and is sure to vigorously drive economic readjustment and economic reform.

Comprehensive Evaluation of the Accomplishments of the Planned Economy and Failures In Planning Work

Since the state was founded, all of our immense achievements in economic construction have demonstrated the superiority of the socialist economic system. Implementing a planned economy has enabled us to concentrate the necessary manpower and material and financial and capabilities and to carry on large-scale construction, with the result that we have produced an independent, relatively complete industrial system and national economic system and have begun to regulate the allocation of productive forces. Implementing a planned economy has enabled us to take account of the interests of our people, 1 billion strong, to assure that they will have the necessities of food and clothing, and to stabilize market prices. The planned economy has enabled us to deal correctly with the relationships between the various departments of the national economy and the various industrial branches and with relationships within them, so that they support each other and cooperate in development. The planned economy has enabled us to discover when disproportions in the national economy have arisen as a result of subjective or objective factors, to readjust them, and to take effective measures for a rapid return to planned, proportionate development.

The superiority of the planned economy is expressed in concentrated form in its ability to operate in terms of the common and basic interests of the state, formed on the basis of pubic ownership of the means of production, and the entire people, to adjust the relationships between all components with foresight, and to strive for stable growth of the national economy and gradual improvement of the people's condition of life.

We also admit that there have been errors in planning. But this fact is not an inherent necessity of the planned economy; quite the contrary, errors occurred because the superiority of the planned economy was not fully brought into play. In addition to "left" errors in the guiding ideology, there is the problem that economic planning itself is still in its early stage and has not fully matured. To understand and use it requires a certain practical process which moves from externals to essence and from trial and error to mastery. Our errors have two sources.

On the one hand, without practical experience of the planned economy itself, it cannot be truly understood. For example, just what is a planned economy? We originally thought that provided there was a certain number of plan objectives to perform a directive function in the work of managing the main components of the national economy, we had a planned economy. Only through practice did we realize that planning in the formal sense was not sufficient and that we must actually achieve the "constant, conscious maintenance of balance" of which Lenin spoke. For it is constant balance versus constant imbalance and conscious balance versus spontaneous balance which demarcate the socialist economy from the capitalist economy. But what is "balance"? We originally thought that if when a contradiction was discovered we "added flour if there was too much water or water if there was too much flour," this was balance. Only through practice did we realize that balance in one or a few aspects is not sufficient, and that there must be a complete or integrated balance: a balance between social production and social needs, i.e. a balance between social product and national income on the one hand and distribution and utilization on the other, and between the component elements of accumulation and consumption. Moreover, a momentary balance is insufficient: there must also be a long-term balance. But what constitutes the balancing process? We initially thought that starting out with good intentions, using products in good supply as the standard and bringing products in short supply up to them, and leveling everything off (even while leaving gaps) constituted active balancing. Only though experience did we come to realize that we must operate in terms of objective reality, that stepping up production of products in short supply had limits and that there were many other factors which are hard to forecast and to control, so that rather than leaving gaps we should leave a margin of safety by proving suitable insurance funds: this is the true balancing procedure. In hindsight we can see that in all these matters we came to achieve understanding only by repeatedly paying a high price--and some of these matters are still not universally understood. Nonetheless, our planned economy is gradually progressing through practice and is gradually forming a set of concepts, systems, methods and organizational entities, even if they are still incomplete.

The second source of errors is that without practice we cannot have true understanding of the overall scope of economic planning. We must not only persist in stressing economic planning but must also make use of the secondary role of market adjustment. Because of differences in historical background, this principle is not made fully clear in the classics. Although there were times when we operated in realistic terms in practice, such as the first half of the 1950's and the rectification period in the early 1960's, and while exercising planned management of the national economy we paid a fair amount of attention to use of the various economic levers to regulate the different economic components and to

stimulate economic life, thereafter the "left" ideology gained the upper hand and tried to eliminate or limit the commodity economy and the laws of value in the theoretical sphere, while relying excessively on administrative methods in practice, which resulted in overrigid control, excessive management intervention, the ignoring of economic laws, a failure to use economic levers and a lack of attention to economic effectiveness, which greatly constrained the initiative of the localities, the enterprises and the masses. Excessive concentration and excessive uniformity, with everything done according to planning directives, fostered subjectivism and bureaucratism and cast the "large pot" out of which everyone had to eat, resulting in disproportions between output and demand, overextended battle lines in construction, constricted channels of circulation, egalitarianism in distribution and a host of other defects. This was not strengthening of the planned economy, but something more serious: it was an ossification or "alientation" of the national economy. It was only by repeatedly running into blank walls in practice that we again came to realize that given the country's current level of development of the productive forces and current structure of production relationships, commodity production and commodity exchange existed, so that it was necessary to give due attention to the laws of value and to make use of market regulation. Many of our errors, and particularly those expressed as consistently poor economic performance, probably stem from this cause.

When we make a comprehensive criticism of the achievements and mistakes of the past 3 years and make inferences regarding planning and market adjustment, the positive experience is that we must persist in the planned economy, while the negative lesson is that we must never lose sight of market regulation.

Gaining A Correct Understanding of the Main and Secondary Aspects of the Current Readjustment and Reform

Since the Third Session of the 11th Party Central Committee, order has been brought out of chaos and economic construction has shown great improvement. There has also been a sudden enlightment regarding the problems of planning and market regulation, and steady progress has been made. The preliminary victories of economic readjustment in this period are inseparable from the initial attempts at economic reform.

Economic readjustment is based on constant adherence to the principle of putting economic planning first. Capital construction investments have long been excessive and the battle fronts have been overextended: in the past few years we have intensified plan management and have resolutely terminated or slowed down certain projects, have instituted control of over the scale of investments and ultimately have managed to shrink them somewhat. Budgetary deficits, inflation and rising prices too have gradually been brought into essential balance and essential stability only through strict plan management. Increased procurement prices for agricultural and sideline products and increased wages and the awarding of bonuses have improved the condition of life of urban and rural dwellers to the extent possible, and these too were carried out in accordance with plans. The results have become apparent very quickly and have produced orderly progress, making people see the characteristics of the planned economy.

The economic readjustment is also based on use of the secondary role of market regulation. For a long time agricultural production focused exclusively on grain while cash crops languished. In the last few years prices have been readjusted, the production responsibility system has been promoted and large increases in the output of cotton, oil crops, sugar crops and tobacco have been achieved. Owing to a mobilization of local and enterprise activism, light industry is showing unprecedentedly large increases in output, and many scarce popular goods have ceased to be in supply; a "buyer's market" has even developed for some of them. This is also true of goods and materials: the number of channels has increased and the number of intermediaries has decreased.

The economic reform is just beginning and the reform of the planning system and planning methods is only just being experimented with. But waves have already been made in the stagnant pool, revealing extraordinary vitality. This is a hopeful step, which begins a new page in the history of our country's socialist economic construction, creating rich experience. This is the main aspect of the situation.

We must, of course, face up to certain problems which arise as we progress, particularly the particularism, centrifugal tendencies and leanings toward liberalization which weaken or depart from the planned economy. For example, in agriculture these include irrational crop distribution, tolerance of free choice in the planting of crops, and excessive decreases in the area sown to grain. In industry, they include the eagerness to increase output of high-output-value, high-profit products in good supply and an unwillingness to complete the plans for products in short supply. In addition there is a greater or lesser degree of blind construction and redundant construction of fixed assets and a failure to turn in timely fashion toward internal expanded reproduction based on technical modernization. In circulation, the problems include unauthorized holding back of goods and materials, an inability to assure completion of the plan for requisition purchases, state-monopoly purchases, levied purchases and allotments. In import and export, they include redundant dealing with foreign agencies, competition for markets, competition for customers, and undercutting our own side so that the benefits flow to others. In the distribution of profits, they include failure to take account of state interests, tax irregularities, excessive awarding of bonuses, actions that benefit private interests at the expense of the public interest and the like.

At the same time, there are also some partly wrong or quite wrong ideas in circulation. For example, there is the willingness to admit only that the socialist economy is a commodity economy or a "planned" commodity economy, while intentionally or unintentionally refusing to admit that the basic feature of socialism is the planned economy. Another such idea is that of treating the proportional distribution of social labor as merely a requirement of the law of value, and doubting that planned, proportionate development of the national economy is an objective law. Yet another is the imposition of such conditions as "developed science and culture" in addition to the public ownership system, thus denying the possibility that our country is currently capable of running a planned economy. Finally there is the assertion that exclusive reliance on guideline quotas constitutes only predictive planning, while equating directive targets within a certain scope (i.e. incomplete ones) with subjectivism and bureaucratism.

If these problems go unsolved they may cloud our perceptions, throw our arrangements into disorder and shake our socialist planned economic system to some degree. But in relative terms, these problems are secondary matters. It is incorrect to ignore them or to put off solving them, but exaggerating their gravity and concluding that some of our reforms are errors of orientation is even more inappropriate.

There are many reasons for the problems described above. The 10 years of civil disorder confused people's thinking and threw party style and the traditions of the people into chaos. In many cases the laws and regulations have applied clearly but people have still tried to defy or circumvent them. Beyond this, the main reason is that the planned economy is still in the stage of practical development, we lack sufficient experience, there is no overall design for economic reform, and certain specific conditions are not yet fully met or management and oversight cannot yet be applied. For example, the well-estableshed practice of "eating from one big pot" stifled the international vitality of the enterprise and the individual, but it is necessary to find a means of attacking it; price relationships at variance with value prevent many economic measures from achieving the expected results, but deciding how to alter them is a major, difficult problem; the departmental ownership and local ownership system are firmly entrenched and produce vertical and horizontal disunity, but much thought is required to find ways of correcting or replacing them. All of these problems require further solution through practice.

To summarize, the fruits already realized from readjustment and reform teach us that we must "persist in making the planned economy the primary factor and market regulation the secondary factor."

Persist in Promoting the Improvement of the Planned Economy in Practice

Although the behest to "make the planned economy the primary factor and market regulation the secondary factor" has a specific applicability, it does not rectify errors, much less lead matters back in the other direction. This formulation makes us increasingly clearheaded as our direction becomes increasingly correct. The fundamental principles of the planned economy must be adhered to; and certain tendencies that have currently appeared must be kept in view, while various errors that existed in the past must still be set right.

The reform of the economic system which is critical to the success of the four modernizations is extremely complex. What is the heart of the reform? Many comrades believe that it is the correct handling of the relationship between the plan and the market. Reform of the economic system is thus treated as the selection to an economic model and primarily consists of correctly solving the problem of the relationship between macroscopic, intermediate and microscopic in national economic management and the relationship between the interests, rights and responsibilities of the state, the localities, the enterprise (including the communes) and the individuals, so that all economic functioning will have abundant impetus, a free flow of information, correct policy, rational adjustment, effective organizational implementation and the requisite investigation and oversight, thus allowing it to achieve the optimum economic effect and a stable growth rate and assuring planned development of production and improvement of living conditions.

The essence and characteristic feature of socialist economics is the planned economy, and the system of socialism is expressed primarily as the planned economy. At the same time, so long as commodity production and commodity exchange exist and develop, market regulation will also be necessary. It is through different combinations of planning and the market that different types of economic systems are formed. Accordingly, reform actually includes two aspects.

The main aspect is the need to improve the planned economy. The public ownership system and the planned economy have been in existence for more than 30 years in this country, but we have wavered back and forth, and the amount of time we have actually devoted ourselves wholeheartedly to planned construction has not been large. Our planning concepts are still weak, our planning system is crude, and the entire planned-economy system is still imperfect. Our planning work is still in the "perceptual" stage in which it is based primarily on experience: we have not yet reached the level of making it a science and modernizing it. To reform the economic system we will have to make an arduous effort in this direction. Only by making planning work more scientific and making the planning system more precise can the planned economy be improved. When we stress putting the planned economy first, we should stress not only the authority or rigorous character of planning, but primarily its scientific nature.

The secondary aspect is that we should develop market adjustment. As an objective entity, market regulation has already been in existence for many years. But true recognition and conscious utilization of it have been intermittent and transient. There are both objective and subjective hindrances to developing market regulation. Overall, it has just begun to emerge; it has not proceeded too far. Reform of the economic system will require a great deal of work in this area. Since the defects of the economic system in the past involved excessive rigidity, in a certain sense the present reform involves remaking and modernizing the traditional, highly centralized planned economy into a planned economy which contains market regulation. This will not result in weakening and depreciating the planned economy, but rather is an essential element for assuring that the planned economy will be improved.

What is the relationship between planning and the market? First, the priorities of the two must be understood correctly and not reversed; but they should not be treated as good and bad or important and unimportant respectively. If we compare socialism with capitalism, the planned economy is of course better than anarchy. But within the socialist economy, they are two different regulation mechanisms which are both based on the public ownership system, and thus are mutually supportive. If we consider planning as a conscious regulating mechanism, market regulation should be considered an automatic regulating mechanism; this is more revealing of its characteristics than considering it to be spontaneous. Everything has a dual nature. Market regulation is not equivalent to liberalization, but if it becomes divorced from plan guidance it can involve blindness; even less is the planned economy equivalent to subjectivism (the charge that "planning is subjective"), but if it divorces itself from insight into objective reality it too can be guilty of blindness and may even be more dangerous than market regulation.

Second, while to some extent the two are sharply delineated, as when we commonly speak of "within plan" and "outside of plan," in many other cases they interpenetrate and are interconnected. Even direct planning or directive targets, such as those for the main industrial and agricultural proudcts, not only must take account of market requirements and be in accord with the laws of value, but must largely be embodied in the market. In the case of cotton cloth production, for example, the total quantity is prescribed by the plan, while varieties, specifications and colors must be arranged in accordance with market requirements. In the case of indirect planning or guideline targets, although the targets for products such as ordinary industrial products of secondary importance and agricultural sideline products are published by the state, they are mainly regulated by economic levers, and the ultimate decision-maker is the enterprise; thus, here we have both the form of planning and the flavor of market regulation.

In the last analysis, although there are contradictions between the two, they must ultimately be unified. The contradictions are both macroscopic and microscopic and reflect the unity of and discrepancies between the material interests, motives, information and decision-making activity of the state, localities, enterprises and individuals. Resolving these contradictions and seeking unity of these two elements has become a major problem in reforming the economic system. Their resolution requires correct handling of the following three relationships.

The first of the relationships is that between flexibility and rigidity. One viewpoint holds that market adjustment is flexible and the planned economy is not so flexible. Actually, market adjustment should be flexible, but so should the entire planned economy. When we speak of flexibility we do not mean a freedom to run counter to what is inevitable, but rather the conscious following of the various economic laws of socialism, expressed through adherence to proportionality in all departments of the national economy and interconnection of all links in social reproduction, so that the economic cycle proceeds smoothly and there is free, unhindered movement from production through circulation to consumption, and so that there is an ability to adapt in timely fashion to the myriad changes of the economic situation. The production relations of socialism are adapted to the nature of the productive forces; they protect and promote the development of the productive forces and create sufficient conditions for the "flexibility" of the entire economy. Provided that an effective integrated balance is achieved in the planned economy, the functioning of the entire economy will be vigorous, flexible and successful. Provided that it is flexible but not disorderly, increased flexibility is good. Making the socialist economy flexible reforms the economic system and is the common requirement of both the planned economy and market adjustment.

The second relationship is that between centralizationand decentralization. This means the distribution and unification of the rights, responsibilities and interests of the state, the localities, the enterprises and the individual. Experience shows that both excessive centralization and excessive decentralization are undesirable. There should be centralization where centralization is suitable and decentralization where decentralization is suitable. For this there is an objective basis and objective standard, namely that the organizations which make decisions on overall interests should have centralized power and be responsible

to the Central Committee. With this proviso, the rights and responsibilities which appertain to particular interests and do not affect overall interests should be dispersed among the various levels. In planned management, all major matters concerning the overall balance, such as controlling overall social requirements so that they are balanced with overall supply, and all matters affecting their internal structure, such as determining the proportion between accumulation and consumption, which accordingly determines the directions, objectives, speed, program, effectiveness and disposition of economic, technical and social development, must be centralized. But we are a large country, and the individual provinces, municipalities and autonomous regions are not inferior in population and area to certain sizeable countries; in addition, in view of the degree of socialization of production and the extent of its commodity basis, and in view of communications and information conditions, excessive centralization is not suitable. In specific terms, expanded reproduction and investments in fixed assets should be somewhat more centralized, while general production may be somewhat more decentralized; within production, industry should be somewhat more centralized and agriculture somewhat more decentralized; within industrial production, heavy industry should be somewhat more centralized and light industry somewhat more decentralized; in circulation, means of production should be somewhat more centralized and means of subsistence somewhat more decentralized; within production and circulation, products in short supply should be more centralized and products in good supply somewhat more decentralized. In addition, during the current readjustment we should have somewhat more centralization, but in the future when financial and economic conditions have fundamentally improved we have somewhat more decentralization. To summarize, on the one hand we have centralization of major concerns and decentralization of minor concerns, while on the other we have small areas centralized and large areas decentralized. In particular the questions of how to bring the central role of the various economic entities such as provinces, cities, autonomous regions and economic centers based on large and medium cities into play and how to give due attention to the vertical and horizontal interrelationships of the intermediate levels between the macroscopic and microscopic levels merit consideration.

The third relationship is that between economic levers and noneconomic measures. The former must be predominant and supported by necessary administrative intervention, legislation and enforcement, social oversight, organizational guarantees and ideological education. At present the economic levers are not yet flexible and we cannot avoid considerable reliance on other measures; but these measures themselves are not adequately implemented and they need further intensification. In terms of the long run, we must learn to make better use of the various economic levers, to use them skillfully and smoothly.

The planned economy in practice is still the realm of necessity. The search for an economic system in which the planned economy is primary and market adjustment has a secondary role, and which is in accord with our country's situation, so as to improve the socialist planned economy, is the historic task which awaits us. We should assimilate foreign economics, but it cannot be a ready-made model for us. We should unwaveringly strive to further this glorious task in our own practice.

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GENERAL

PLANNED ECONOMY, MARKET'S REGULATIVE ROLE STUDIED

Fuzhou FUJIAN RIBAO in Chinese 2 Jul 82 p 3

[Article: "Problems of Planned Economy and the Regulative Role of the Market Discussed"]

[Text] From 24 to 25 June, the Fuzhou branch of the provincial economics association held a symposium on the topic of economic restructuring. More than 30 persons, including provincial and municipal economic workers and economic theorists, attended the meeting to discuss the question of restructuring the system of economic management, centering around "planned economy and the market's regulative role." The highlights of the discussion are summarized as follows:

1. There were several different views on the special features of socialist economy: 1) Socialist economy is essentially based on public ownership of the means of production, and its special feature can only be planned economy, which cannot be called planned commodity economy. 2) Commodity economy or planned commodity economy under the system of public ownership of the means of production is an important feature of socialist economy. Planned economy is the substance, and commodity economy is the form of expression. If commodity economy is distinctly qualified by the words preceding it, there should be no possibility of its confusion with the capitalist commodity economy.

2. There were several concepts of planned economy and the market's regulative role: 1) Socialist planned economy is a system of planned control by states of proletarian dictatorship over production, distribution, circulation, and consumption. The primary role of planned economy means that in socialist economy, planned economy plays the main role while nonplanned economy plays the auxiliary role. 2) Socialist planned regulation is a means of socialist economic management. The objects to be regulated include the essential aspects of production, distribution, circulation, and consumption. The essence of regulation is to correctly handle the various relations of interest according to objective economic laws. 3) Socialist market regulation is another means of socialist economic management. It must be used within the scope permitted by state plans. The objects to be regulated are certain nonessential aspects in the realms of production, distribution, circulation, and consumption, and certain essential aspects for which planned regulation cannot be carried out for the time being.

3. How can we handle the relationship between planned regulation and market regulation? 1) The main products related to the national economy and the people's livelihood and the backbone enterprises related to the national economic lifeline should be regulated according to mandatory plans. The minor commodities of numerous varieties, and the enterprises or individual laborers producing or dealing in these minor commodities, can be regulated by the market within the scope permitted by state plans. 2) All publicly owned enterprises (including production teams) must fulfill state plans before producing or selling for themselves. 3) The plans of localities and enterprises must conform to the goals and directions according to the plans of the central government. 4) Enterprises that do not have sufficient tasks under state plans can first use market regulation and later include it in state plans. 5) Based on the requirements of state plans, the varieties, specifications, and designs can be adjusted according to market needs. 6) When state plans leave gaps in production, supply, and marketing, the enterprises can fill them through the regulative role of the market. 7) When the fulfillment of state plans has to be ensured through the use of economic levels, it is planned regulation. When anything is completely regulated by the market, there is market regulation.

4. There were also suggestions on improving the work of planning. To ensure the scientific character, prestige, and effectiveness of national economic plans and their enforcement, it was suggested that 1) the guiding thought in working out plans should be to seek truth from facts, and to do what we are capable of doing according to the conditions and resources of our country; 2) in planning, we should attach great importance to investigations and study, take the mass line, fully develop democracy, carefully exercise our foresight, and agree with the experts' confirmation instead of juggling with figures behind closed doors; 3) the system of management according to national economic plans calls for unified planning, differentiated administration, and a combination of central and local authorities; 4) the procedure of working out national economic plans should be from below upward and again from above downward, so that there will be coordination of the higher and lower levels and an overall balance; 5) the specific means of readjusting the national economy can be economic as well as administrative, backed up by law and used in coordination and alternation; 6) we should strengthen the work on the basic data of planned economy, carefully compile statistics, form an economic information and communications center, pay attention to feedback, and gradually learn the use of economic levers; and 7) there should be close coordination between long-range and medium-range economic plans, annual plans, and enterprises' plans; the coherence of the plans should be maintained.

9411
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GENERAL

TIANJIN HOLDS CONFERENCE ON URBAN COLLECTIVE ECONOMY

Tianjin TIANJIN RIBAO in Chinese 20 Jun 82 p 1

[Article: "The Development of Urban Collective Economy Requires Joint Efforts by Every Quarter of Society"]

[Text] The current development of the urban collective economy especially requires the joint efforts of every quarter of society, down-to-earth work, and truly solid implementation of the relevant targets and stipulations of the party Central Committee, the State Council, and the municipal party committee and government. This was the unanimous view of the responsible comrades of districts and bureaus who took part in the working conference on urban collective economy held by the municipal government.

This working conference began on 17 June and ended yesterday afternoon. Responsible comrades of the municipal party committee, the standing committee of the municipal people's congress, and the municipal people's government attended the conference. Comrade Hao Tianyi made a speech at the conference. The conference pointed out that the development of the urban collective economy is related to the personal interests of countless households and is an important part of the work of the whole party and society. Therefore, we must develop the initiative of each profession and trade, and persist in the guiding policy of "doing it fast (district neighborhoods), doing it orderly (bureaus), everybody getting to work and every quarter getting involved." If each quarter, with one mind and one heart, helps each other and cooperates closely, then we will truly handle properly the urban collective economy. At present, it is especially necessary, through the hard work of all quarters, to solve some pressing problems encountered when setting up the urban collective economy, such as spaces for management, sources of goods, initial outlay of funds, etc.

The conference organized, with the attending comrades, the study of several important problems in the work of developing the urban collective economy. The conference held that many ways must be adopted to solve the space problem. Based on the principle of not adversely affecting the city's program, communications, and appearance, each profession and trade should now first of all fully utilize the unused civil air defense projects and the unused interior empty space in those relatively long streetside enclosures of enterprise units, institutions, government offices, military installations, and colleges and universities by starting construction projects. Fifty percent of the newly built commercial network outlets in the new program should be taken out and handed

over to urban collective enterprises to manage. Regarding commercial network outlets stipulated to be managed by the state, if within a period of 3 months they have not been able to start operation, then, with the approval of the district people's government, they will be turned over to collective units to manage; and the areas of the old city proper that have an extreme shortage of commercial network outlets, under the principle of the "three not-affects" and after the local government has made unified plans and arrangements, may, on fairly wide side streets, operate some neat and eye-pleasing mobile network outlets. Concerning the problem of materials and sources of goods, we must persist in treating the collective enterprises in the same manner as we treat state-run enterprises, providing equal treatment without discrimination and giving them the appropriate consideration and support. With regard to plan commodities needed by the new collective-owned enterprises, in line with their subordinate relationship they may separately be brought into the plans of the department in charge and the planning department, and regular supply channels be established for them. With regard to commodities, in great demand, the state-run commercial wholesale departments and materials departments must, in line with the circumstances as to sources of goods, fix the proportion of goods to be supplied based on the turnover from retail trade and make this proportion known to the public, and they must actively support the collective enterprises. We must help the already established fairly large collective-owned clothing and food-processing enterprises to engage in good production and to guarantee the supply of goods and materials. For the funds required to develop the urban collective economy, we must, persisting in the principle of making self-reliance primary and state aid supplementary, solve the problem through channels: (1) making overall plans for the funds within the city; (2) raising part of the money from organizations, units of enterprises and other undertakings, residential districts, etc.; (3) adopting for youths awaiting employment in the collective economy the method of share buying and profit-sharing so that they will raise money themselves; and (4) banks providing low-interest loans.

The conference decided that the existing urban collective enterprises, must, under the principle of "voluntarily organizing, independently budgeting, and assuming sole responsibility for one's profits or losses," carry out reorganization, correct their managerial orientation, strengthen their leading groups, perfect their rules and regulations, and readjust their income distribution in order to better consolidate and develop the urban collective economy.

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CHINA REPORT

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NATIONAL POLICY AND ISSUES

SCIENTIFIC, TECHNICAL CONSULTING WORK IN ECONOMIC CONSTRUCTION

Beijing RENMIN RIBAO in Chinese 22 Jul 82 p 3

[Article by Yang Jike [2799 4764 3784]: "Important Significance of Scientific and Technical Consulting Work in Economic Construction"]

[Text] After 3 months, the exposition on the most feasible plan for the development of the Lianghui coalfield, in terms of arrangement, scale, supporting facilities, sequence, and rate, has recently and satisfactorily been completed. Entrusted by Minister Gao Yangwen [7599 2254 2429] of the Ministry of Coal Industry and organized by the China Science Association [Zhon Guo Kexie], the exposition was conducted by specialist groups composed of more than 20 specialists from 7 academic institutes [xueh hui] and lead by Professor Hua Luogeng [5478 5012 1649], along with over 40 specialists from Anhui Province and the Anhui Coal Industry Company. The development plan presented by the specialists not only meets our national conditions and is economically feasible but also provides a scientific basis as well as reliable technical and economic materials for the state's "six five" plan and for speeding up the energy resources construction of east China. When the specialist groups reported the results of their exposition to the Coal Industry Ministry in Beijing on 8 July the meeting was personally attended by Comrade Zhang Jingfu [1728 0513 1133], Standing Committee member of the State Council, in addition to Minister Gao Yangwen and responsible comrades from various committees and departments. These specialists were deeply moved by the attention that leading comrades of the central government gave to the technical and economic exposition of an important state construction project.

The work of this exposition being completed, above and beyond its implications for econonic benefits and scientific management, it will also have an effect in many other areas.

In just what areas will this effect be seen? For this, I wish briefly to present my humble opinions for evaluation and discussion by comrades engaged in scientific and technical work.

1. Scientific and technical workers enthusiastically respond to the call of the party: to enter deeply into actual production; to work with the attitude of a master are tasks well worth doing.

When receiving the academic members of the Chinese Academy of Science last year, Comrade Hu Yaobang called on the scientific and technical sector "to seek tasks in actual production and to work with the attitude of a master." At this time, responding to the call of the party, Professor Hua Luogeng, leading the specialist groups, deeply entered the frontline of production. They traveled to the work site of the Huinan Coal Mine where a large 9-meter diameter drill is used for the drilling of a 600-meter deep shaft. Together with various levels of engineering and technical personnel and workers, they made careful and detailed investigations of every large and small step of mine construction and then used unified planning methods to study repeatedly study the planned construction of 23 pairs of mine shafts. Finally, they made analysis and comparison of all possible construction plans and chose the most feasible economically rational plan. After achieving results through this intense work, the specialists all feel deeply that there are many problems in production the solutions of which require the intelligence and technical capabilities of scientific and technical personnel. And when these problems are solved, there is a feeling of extreme joy in the hearts of the specialists. As Comrade Hua Luogeng said with extreme emotion: "If production can grow by an inch, why should we be concerned with old age and illness in our late years." The happiness in their willingness to exert all their strength for the four modernizations construction of the fatherland spills out in their words. Because of the trust and reliance the party places on the large educational element, the scientific and technical personnel have the feeling of endless happiness when they can add a brick and a tile to the construction of their fatherland and be the masters of their work. This explains the welcome feeling the many scientific and technical personnel display for the trust, care, and ardent expectations the party Central Committee has placed on the scientific and technical sector. It also shows that as long as the scientific and technical personnel strive diligently to achieve results for national economic construction they will receive a high degree of admiration and vigorous support by the party and the people. The transformation of scientific and technical brain power into productive forces in scientific and technical consulting work undoubtedly creates an important catalytic effect.

However, because of the interference and destruction by the "gang of four," many people did not have an adequate understanding that science and technology could be transformed into a gigantic productive force. And because of the lack of proper reward and propaganda policies, there still exists the unhealthy habit formed over a long period of time in the science and technology sector of emphasizing theory and making light of application and technology; emphasizing abstract essays and making light of productive practices, emphasizing foreign literature and making light of investigation of national conditions; and emphasizing elegance, stylishness, and making light of quantity, speed, good quality, and savings. This caused the spawning all over the place at one time of the phenomena of theory departing from practice, technology departing from economics, and policies departing from national conditions and, in turn, the national economic development has suffered great losses. Recognizing this, the central government established the policy that neither theory nor practice should

be emphasized at the expense of the other, and that focus should be on the coordinated scientific, technologic, economic, and social developments. An urgent call was made particularly to the young and middle-aged science and technology personnel to transfer their scientific research and teaching work to coincide with the needs of national economic development. The recent exposition work shows that the policy of the central government is a correct one. It also shows that this source and nourishment are inexhaustible in production practices, fully adequate for anyone who aspires to devote his life to this. We, the science and technology workers, should respond positively to the call of the party and, with master's attitude like Comrade Hua Luogeng, find tasks to do in production practices and vigorously establish a new habit of vitalizing China and contributing our own strength in the science and technology sector.

2. Scientific and technical consulting is the most important form of intensive tapping of potential.

Premier Zhao Ziyang has promoted the development of scientific and technical consulting work. The exposition and consulting work for the development of the Lianghui coalfield, organized by the China Science Association and conducted by the specialist groups, was the second go-around for this project. When the first exposition was completed in 1980, Comrade Zhao Ziyang pointed out: "Scientific and technical consulting service work is very important. It is a way for the scientific and technical departments to travel the road of socialization." Thereafter, it has been widely implemented on a nationwide basis with notable economic results. Many rural areas and plant enterprises have raised production and improved quality, turned deficit into surpluses, avoided moving ahead blindly, and increased the rate of progress. As a result, the guiding principle of first relying on policy and second relying on science is now both concrete and rich in content. Speaking of the exposition on the development of the Lianghui coalfield, the coal resources involved amounts to tens of billions of tons. The scale of production reaches several billion yuan and the construction period is 15 years. As a result of the unified planning and comprehensive arrangement, construction time can be reduced from that originally planned by 2 to 2½ years. For the east China region where the gap between the supply and demand of coal is becoming larger and larger, the chain effect of economic benefits will reach tens of billions of yuan. Yet, the Ministry of Coal Industry handed the China Science Association only a meager few tens of thousands of yuan and the matter was completed.

It is only necessary to look back to the many large projects in the past which were hurriedly implemented without in-depth and detailed cross-discipline technical and economic consultation and to the gigantic losses resulting from mistakes in arrangement, scale, time sequence and coordination between departments and the local area to realize the importance of scientific and technical consulting work.

It is indeed intensive tapping of potentials that costs the least amount of money but produces the largest results. The specialists believe that

consulting work is useful in carrying out the work of intensive tapping of potentials in plant enterprises already constructed. However, it is more important to carry out technical and economic consulting exposition on arrangement, scale, time sequence, and the linking of strips and blocks for construction projects before they are started. It was not surprising that after hearing the report of the specialist groups Minister Gao Yangwen told the reporters: "We have learned many things from this exposition of the plan. From now on, the technical and economic exposition of various plans should also be carried out in the construction of the Shanxi and the northeast coal mines." He also said: "Planning and decisions should be made on the foundation of science." Scientific and technical consulting has become a necessity for economic decisions in the Ministry of Coal Industry. Comrade Pei Lisheng [5952 7787 3932], the party group secretary of the China Science Association, said: "This shows that the leading cadres have taken a very big step changing from leadership by experience to scientific leadership." In actual fact, not only does the Ministry of Coal Industry have this need but other departments similarly also have this need, such as power, light and textile, chemical, petroleum, iron and steel, machinery, communications, and transportation. If various levels of government departments will entrust to specialists the conducting of similar in-depth and detailed technical and economic consulting exposition work before making final decisions, as Comrade Gao Yangwen does, our four modernizations work will definitely achieve greater quantity, speed, good, and savings.

3. The advantages of placing consulting work among the people are numerous.

The seven academic institutes and research institutes which participated in the consulting exposition work are all scientific and technical organizations of the people. The advantage is that they are all relatively detached and are not restricted by partial ideology of departments or local areas. As a result, the vast majority of them were able to liberate their thoughts and express their individual opinions scientifically and objectively, speak freely, and achieve a big advantage through the collection of thoughts, all from the standpoint of achieving the greatest benefit for the state and the people. They produced a concrete result for the decisionmaking leading comrades of "listen to both sides and you will be enlightened." According to reports, some committees and departments did establish specialist consultant groups but the results were not good. For instance, the former National Energy Resources Committee also established a specialist consultant group, inviting many old specialists, but there were no reports of any achievements. I believe that one of the reasons is that under the leading ideology established by the leadership these specialists did not have much maneuverability room in dealing with the technical and economic problems. They could not speak freely. There was the phenomenon of a large concentration of subjectivity and little academic democracy. As a result, there were many consultants who sat there and made promises and few doers, and it was difficult for them to transform their intelligence into productive forces. The second reason is that the substance of the management methods used was the use of the iron bowl and large pot of rice There was no difference as to whether one did anything or not. Thus, there

were many titulars and few real doers. An important reason that the exposition for the development of the Lianghui coalfield took only 3 months and produced excellent results was the adoption of the contract responsibility system. A contract was signed between the Ministry of Coal Industry and the exposition service department of the China Science Association. Tasks, funding, and time were specified in the contract. As a result, the tasks were completed with assured quality and quantity 3 months ahead of the originally specified time of 6 months. This shows that placing consulting work with the people has its intrinsic superiority. We can see that the contract responsibility system implemented for various businesses in the rural areas with great effectiveness is similarly also effective in scientific and technical consulting work. Incidentally, the specialist groups led by professor Hua were made up mostly of young and middle-aged specialists. When they first arrived, people were politely doubtful of their ability but nevertheless tolerated them. However, their high level of knowledge, outstanding results, and hard work day and night finally filled the people with admiration, from the minister down to the workers, and gained their very high praise.

Also, we know that in the internal consulting work within the various departments there is still the weakness of leaning toward a single specialization. This weakness is more serious in the large construction projects. Considering coalfield development, exposition on development alone is not enough. For instance, the key problem in the development of the Shanxi and Neimeng coal resources is not development but transportation. Taking the construction of iron and steel bases as an example, not considering the entire problem of coal, transportation, and power would not work either. It is therefore necessary to conduct a comprehensive type of united exposition across discipline lines in order to develop the best plan for unified and complete-set construction among various departments. This is only possible under conditions such as the gathering in one hall of cross-discipline specialists organized by the China Science Association. Consequently, scientific and technical consulting service work among the people and comprehensive development and utilization of intelligence resources cost very little but the advantages are numerous.

4. Technical and economic exposition involves the problem of reform of the economic system.

In the detailed work conducted this time on how to reduce the coal mine construction period, unified planning and calculations were carried out on new mine construction on the basis of summarization and analysis of past experiences and based on design documents, related stipulations, and actual rates. A workable plan was produced for reducing the construction time of large mines to 5½ to 6 years, and for specially large mines to 7 to 8 years. However, these rates are computed on the basis of the actual average monthly advance of 69 meters in rock roadways in the past 11 years, and definite potential still remains. All the people believe that this potential can be tapped and mine construction period further reduced if reform of the economic system is properly carried out and the contract

responsibility system is adopted based on the principle of distribution according to labor and greater reward for greater labor.

Expanding microeconomics to macroeconomics and after investigations and studies, the comrades of east China regional committee of the Chinese Energy Resources Research Committee, who participated in the consulting work, have further presented their suggestions for the reform of the east China energy resource economic system. They believe that the existing energy resource economic system basically carries out a set of systems of highly centralized management by controlling departments of the state and without unification of authorities, responsibilities, and benefits. This type of system is not beneficial for mobilizing the positiveness of energy resource producers (including the producing area, enterprise, and laborer). It impedes the accelerated development and utilization of energy resources. In order to satisfy the needs of economic development, system reform is imperative under the circumstances. The core problem in reform is how correctly to treat the economic benefit relationship between the central government, local area, enterprise, and worker under the prerequisite of persisting with the practice of the planned economy and based on the principle that authority, responsibility, and benefit must be united. Reform must be carried out on the basis of giving the energy resources producing areas and the producers the necessary authorities, responsibilities, and benefits. The specialists suggest: Using the energy resources development of the east China region as talking point, the region will complete the basic construction, production, and unified distribution tasks planned by the state for energy resources production based on distribution of existing funds and production. However, the region may organize manpower, funds, and materials itself outside the state plan and, subject to the approval of the state, establish other locations for the development of coal mines. The funds for development may be arranged and collected by various methods. For instance, this may be joint funding and joint development by the state and the producing region and products may be divided in proportion to the investment shares. Or, the producing region establishes the required investment shares and calls for bids and implements joint development on an inter-province basis. And the products again may be divided according to investment shares. Or, a multiple-enterprise industrial combine may be organized with the producing region as the primary participant (such as coal united with chemical, power, coal gas, and construction materials) to carry out comprehensive development and multiple undertakings on various energy resources. Or, foreign funds may be attracted [with returns for the investment provided] through compensatory trade. In this way, multiple and flexible ways of raising funds, gathering funds, and using funds are adopted. Fair and rational distribution methods are adopted for profits and products. For instance, the Chinese Financial and Accounting Consulting Company may be invited as consultants to make fair computations of distribution so that there will be a "joint enjoyment of glory and even sharing of benefits" between the central government and the local area and between the enterprise and the worker. Thus, the four positivenesses and efforts will cooperatively move forward with one heart toward the same target. The four modernizations construction and the vitalization of China will depend on it.

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ECONOMIC PLANNING

PRIMARY STATUS OF PLANNED ECONOMY IN AGRICULTURE DISCUSSED

Beijing GUANGMING RIBAO in Chinese 12 Jun 82 p 3

[Article by Liu Zhongyi [0491 0022 0001]: "Agricultural Economy and Agricultural Planning"]

[Text] Agricultural economy is an important part of the whole nation's economy, which must rely on planned economy as its mainstay, with markeg regulation as a supplementary measure. Why should agriculture practice planned economy first? How can we do a good job of agricultural planning? I wish to offer my views.

I. The Characteristics of China's Agricultural Economy

The characteristics of our agricultural economy may be studied from different angles and in various aspects. Here, my discussion is mainly linked with the planned management of agricultural economy.

1. Our agriculture has established the economic structure of socialist public ownership. In 1980 the total output value of agriculture consisted of 3.8 percent from state enterprised owned by all the people, 77.2 percent from production teams of collective ownership, and only 19 percent from the production of commune members' individual households and other undertakings. This is the economic basis on which our agriculture can persist in taking planning as the main factor.

At present, a production responsibility system in various forms has been widely introduced in rural areas throughout the country, including "fixing farm output quotas for each household" and "making each household responsible for a task until it is completed." However, this does not mean that agriculture needs no planning or that agricultural planning is useless, because, whichever responsibility system is in force, we must always persist in the road of socialist agricultural collectivization and the system of public ownership of all basic means of production, including land, agricultural construction projects and large agricultural machinery. The peasantry is still a collectivized peasantry, and the rural communes and production teams are still playing their role of organization and leadership in the collective economy. Only the methods of management and administration have changed. Of course, this change also calls for suitable forms of management to be adopted by agricultural planning.

2. Our agriculture consists of a large proportion of self-supporting production, and only a small proportion of commodity production. We have a population of 1 billion, but 800 million people live in the rural areas. In 1980, 86.3 percent of the grain output was consumed locally in the rural areas, and 72 percent of the pork was also consumed in the rural areas. Products such as cotton, hemp, silk and tea require industrial processing and show a fairly high commodity ratio; however, a very great portion of the finished goods is still consumed in the rural areas. In other words, although the total output of our staple farm products is very great, the margin of adjustment in the flow of goods between the city and the countryside is very small. Only by making overall plans and arrangements with careful calculations can we carry on. This is a very important reason why in our agriculture we must uphold and strengthen planned management.

3. At present, among our national economic sectors, agriculture remains relatively less developed. Its technical equipment is outdated, labor productivity is low, labor intensity is high, and economic income is inadequate. If regulation were spontaneous according to the "social average rate of profit," nobody would make investments in China's rural areas, and large numbers of peasants would go into other lines of trade. Then, not only would China's economy suffer lopsided development, but it would also be difficult to maintain social stability. The only way out is for the state, on the basis of accepting this reality, to adopt various positive measures of readjustment to solve the problem step by step. To accomplish this task, it is also necessary to make arrangements to give guidance through planning.

4. Our agriculture is still largely affected by natural disasters. In the past more than 30 years, on average every year 431 million mu of farmland suffered flooding, drought, wind, hail and insect pests, of which 166 million mu was stricken by disaster. Only by state unified planning can we make timely and rational adjustments between areas of good and poor harvest with surplus and shortage of grain in order to insure the basic needs of the people throughout the country.

5. Our agriculture is highly seasonal and scattered. Moreover, with a great many varieties of farm products and poor transportation, if there are no general overall arrangements for the distribution of production, and each goes his own way, it is very easy to do things blindly. Once production lags behind necessity and supply cannot meet demand, the people's living and social stability will be affected. On the other hand, when supply exceeds demand, social wealth will incur loss and damage due to our outdated means of storage and processing. Furthermore, as the cycle of agricultural production is fairly long, it is very difficult to make prompt adjustments when things go wrong. Therefore, it is particularly important to make proper arrangements beforehand.

These characteristics of agriculture explain the necessity of carrying out planned economy in agriculture. At the same time, we find that these characteristics of agriculture also contribute to difficulties in carrying out a planned economy. It is our long-term task to find ways of overcoming these difficulties and to do a good job of agricultural planning in order to insure

that our agriculture will never again suffer serious setbacks, but will develop steadily and forge ahead gradually toward the goal of modernization.

II. The Tasks of Agricultural Planning

I would enumerate the four general tasks of agricultural planning as follows: the first task is to promote agricultural development and safeguard the necessities of our national economy and people's livelihood, which include those of the people's living and consumption, those of the light and textile industries, the food industry and all industries with farm produce as their raw material, and those of foreign trade. The second task is to acquire social accumulation from agriculture, which includes that to be used for the expansion of reproduction in agriculture itself, and that to be used for national economy and social development. The third task is to solve a great many problems of social employment. The fourth task is to rationally exploit natural resources and form a system of good ecological environment. It will be less difficult to accomplish any one of the four tasks than to accomplish all four tasks at the same time. However, they are mutually related and interdependent. It won't do to undertake only one of the tasks. Even if any one of them is accomplished, it will not last long. Often, the solution of one problem will be followed immediately by others. We have learned many such lessons in the past.

In accordance with these four basic tasks, agricultural planning must deal appropriately with the following problems:

1. Achieve the rational distribution of agriculture throughout the country. The main thing is to arrange properly the proportionate relations among farming, forestry, animal husbandry, sideline production and fishery, the proportionate relations between grain and various economic crops in planting, and the relations among the localities in development. The distribution of agriculture should not only conform to the characteristics of various natural regions but also basically meet the requirements of society in all respects.

2. Give consideration to the interests of the state, the locality, the collective and the individual. Only by solving this difficult problem properly can we make the agricultural macroeconomy rational and the microeconomy effective, arouse maximum enthusiasm in all quarters, and gain the best economic results.

3. Strive to bring about a lengthy situation of general stability with a certain yearly growth. The agricultural economy has great impact on the national economy. Especially under the present circumstance with a poor foundation to start with, we cannot withstand any serious trouble, and we must do things very carefully. Any impatient, rash or reckless action will lead to economic instability and affect the whole situation. Agriculture bears the responsibility of social supply, which is increasing in importance year by year. It must increase its output to a certain extent in order to meet the requirements of the growth of population and the improvement of people's livelihood. It is not permissible to mark time and make no progress. We

may say that agriculture is carrying a heavy burden while trying to make its own advancement.

4. Put agriculture in a correct relationship to the light and heavy industries, and achieve close coordination and comprehensive balance between agriculture and all related fields of the national economy. The necessity and superiority of agriculture making planned economy its principal policy are mainly manifested in this respect. Agriculture constitutes a very great proportion in our national economy; it occupies a decisive position in the comprehensive balance of the national economy. At the same time, our agriculture is the least advanced economic sector, and needs the energetic support and coordination of all other sectors. With the development of agricultural technology and the increase of the proportion of commodity production, the interdependence between agricultural development on the one side, and industry, communications, finance and trade on the other, becomes increasingly close. We may say that the development of our national economy is decided by the conditions of our agriculture, and the solution of many problems of agricultural development depends on the coordination and support of our national economy in all fields.

This task of comprehensive balance is a problem of the whole economy, which cannot be solved by the sector of agricultural planning alone. However, as a worker in agricultural economic planning, I must study this problem and put it forward.

III. Carrying Out Agricultural Planning By All Means

In spite of the fact that our agriculture is scattered, backward and unstable, we believe that the necessary conditions exist for agriculture to take planned economy as the main factor and market regulation as a secondary factor. In addition to the basic condition of socialist public ownership, the state also has the following powerful means:

1. The lifelines of the national economy are held by the state, not by private parties. Most of the funds and materials for agricultural development and the means of processing, transporting and marketing farm produce can be regulated flexibly under overall state planning and arrangement.

2. All economic levers, and especially pricing, revenue and bank interest rates, are held by the state.

3. The state power has authority for economic legislation and administration, can issue decrees, rules and regulations, can enforce orders and prohibitions, and can command the whole country.

4. Political and ideological work is a powerful weapon which our party uses to unite with and educate the broad masses of people. We cannot discard this effective means in undertaking economic work.

The current problem is how the economic planning sector can comprehensively and appropriately coordinate all the factors in perfect harmony and put them

to use. This is a complex problem. For many years, we did poorly in agricultural planning, and it got us down again and again. The question is not that there was no ground for agriculture to practice planned management, but that in dealing with some important issues we were confused in theory and injudicious in practice. We did not properly use the means of guidance and regulation, and went so far as to contradict each other. As of the present, some problems need further serious discussion.

For instance, how can we distinguish between planned economy and market regulation? Perhaps, it should be understood that when we talk about taking planned economy as the main factor, we refer to our socialist economy as a whole and its essence, so that the overall management will be directed by planned economy; when we talk about taking market regulation as a secondary means, we mean that fairly adequate flexibility and freedom will be allowed in certain parts and at certain links of the course of social economic activities. That is to say: there is perfect freedom as to what to produce, how much to produce, where raw and other materials come from, whom to sell to and at what price. However, there are some restrictions: first, no attack on state plans; second, no violations of law. This scope of freedom can neither be determined according to the products nor is it practical to determine it according to the economic status of production units. It can only be determined according to the interests of planned economy. Those who can play a supplementary role in unified planning, or do not attack state plans, can have this freedom. Otherwise, they will be restricted. This is market regulation within the scope allowed by state unified planning. Therefore, under the condition of taking planned economy as the main factor, market regulation should not, and cannot, form a fixed and independent free market and become a system of its own. It always occurs in a branch or at a link in the whole course of social economic activities.

In agricultural economic activity, the state purchase of principal farm products constitutes planned economy. According to the policy of state purchase above quota at a higher price or with a bonus, surplus products must also be sold to the state. This is also planned economy, only the law of value is brought into play in this case. The state commercial departments purchase farm and sideline products by making contracts beforehand. The law of value is applied to this form of purchase; as it is done according to the plan, it is still planned economy. The processing industry takes farm products as its raw material. To obtain a stable supply of raw and other materials for the fulfillment of its planned tasks, the processing industry operates jointly with places which produce raw materials, and the latter supply the former with farm products as raw materials according to the production plan or contract of supply and demand under a joint enterprise. As far as the production and supply of farm products is concerned, this form is still planned economy. (The finished product may move within the orbit of planned economy or possibly in part go beyond the orbit of planned economy and enter the free market.) In addition to the foregoing cases, in the domain of agricultural economy, such production and marketing as grain and edible vetetable oil for sale freely on the market, under permission after fulfillment of the task of state purchase, and odds and ends produced on private plots and by family sidelines are all within the scope of market regulation.

Under the condition of taking planned economy as the main factor, there can be market regulation to a certain extent, within a certain scope, and at certain points. This is of positive significance in stimulating the national economy and making up the shortage of planned economy. However, it should also be fully reckoned that without guidance and restriction, market regulation could attack planned economy. Therefore, the agricultural economic planning department must be fully concerned about the situation of market regulation with regard to the trend of its development and problems which have occurred and may come up, study them promptly, take the necessary measures and give its guidance. This is not an additional duty of the planning department but an important task which the department must carry out seriously. Only by fulfilling this task can we safeguard the status of planned economy as the "main factor," and give full play to the role of market regulation as a "secondary measures."

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ECONOMIC PLANNING

RELATIONSHIP BETWEEN PLANNING, MARKET EXPLAINED

Beijing GUANGMING RIBAO in Chinese 12 Jun 82 p 3

[Article by Lu Xiansheng [0712 0341 5116]: "Should Planning Be Based on the Market?"]

[Text] As there are still commodity production and commodity exchange in a socialist society, the role of the market should never be ignored. However, the market is not the main regulator of production in the socialist society: it plays a regulative role only in assisting state planning. Some comrades maintain that "planning should be based on the market." They believe that only by taking the market as the basis can we make correct plans, and that in isolation from the market, state planning cannot reflect social needs and cannot insure the balance between social production and social needs. I think this view deserves further discussion.

1. Socialist production has its direct social aspect, and state planning can distribute social labor according to certain proportions. At the present stage of China's socialist society, though all means of production are not yet owned by the society and there is still commodity production, after all the public ownership of the means of production has banded together all the national economic departments, all localities and all enterprises as a unified whole, and has integrated the workers directly with the means of production. Here, the basic interests of the state, the collective and the individual coincide. On this basis, all activities of production and management are undertaken to meet the needs of the people and the society. This enables the state to distribute in a planned way all means of production and labor force directly according to social needs. Here, is not like in a capitalist society, where everything is a commodity and all social needs are manifested as market needs. In our socialist society, the labor force, land, mountains and rivers, mineral resources and so forth are no longer commodities. Though some products are commodities in nature, they are allocated by the state in a planned way, and cannot be bought or sold freely on the market. Therefore, under the condition of socialism, social needs are not entirely manifested as market needs. In other words, market needs are not equal to social needs. In socialist reproduction, some important proportionate relations, such as the proportionate relationship between consumption and accumulation, the proportionate relationship between the two major divisions, our plans of national income, financial and monetary matters

and capitalist construction, our plans for the development of science and technology, culture, education, public health, and so forth are all formulated according to socialist objective economic laws and according to objective real conditions, including social needs and practical possibilities. It is very difficult to say that they are based on the market.

2. In planning, the state should take into consideration the role of the market; however, this and "planning should be based on the market" are two entirely different things. Under circumstances that there still is commodity production in socialist society, the role of the market should and must be taken into consideration when plans are being made. If we ignore the influence of the market, then our plans will not be in line with the needs. However, state planning in consideration of the role of the market is different from planning being based on the market. When the state makes its plans in consideration of the role of the market, the state puts the law of value next to the socialist basic economic law and the law of planned proportional development, puts the market next to planning for consideration, and upholds the principle of taking planned economy as the main factor and market regulation as a secondary means. In other words, on the one hand, state planning respects the law of value and pays serious attention to the role of the market; and on the other hand, state planning does not conform only to the law of value and does not follow the market blindly. Those who maintain that planning should be based on the market take the law of value as the highest law, above all socialist economic laws, and imply that the law of value plays a decisive role in socialist economy and is not restricted by the socialist basic economic law and the law of planned proportional development. According to this view, when the law of value comes into conflict with the socialist basic economic law and the law of planned proportional development, then planning should be integrated with the law of value as the basis; and when market needs are not in line with social needs, when the market comes into conflict with planning, then social needs should submit to market needs and planning should submit to the market. In fact, they take market regulation as the main thing, and planning as its accessory.

3. There are circumstances wherein planning is based on the market; however, this is done only in some medium-sized and small enterprises and for nonstaple products. In his report on the work of the government delivered at the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang [6392 4793 7122] pointed out that there are four types of enterprises and products: In the first type, production is organized under state plans which are mandatory in nature; this concerns enterprises in the key branches of the economy or products vital to the economy and the people's living standards. In the second type, the major part of production comes under state planning, with the rest organized by the enterprises' own decisions. In the third type, a principal part of production is organized by the enterprises according to changing market conditions, with the remainder coming under state planning. In the fourth type, production is organized according to changing market conditions and within the limits permitted by the state plan; this covers miscellaneous small commodities. Here, the whole first type, the major part of the second type, and a small part of the third type are all production organized according to the state plan. In making plans

for these enterprises and products, the state should and must take into consideration the influence of the market, but it cannot take the market as the only basis. The concept that "planning should be based on the market" is then applicable to and correct for only enterprises and products of a small part of the second type, the major part of the third type, and the whole fourth type. Here, the roles of market regulation and the law of value are brought into play rather fully. On questions of what and how much the producers should turn out and how prices are to be fixed, decisions are made by the parties concerned basically according to the needs reflected in the market. Of course, this freedom of production is restricted to the scope permitted by the planning, policies and decrees of the state. On the whole, our socialist economy takes planned economy as the main factor, and market regulation as a secondary means. However, in this case, market regulation becomes the main factor, and planned guidance a secondary means.

In its complete sense, planning cannot follow the market blindly, and should not be based on the market entirely. Though needs reflected in the market have the aspects of sensitivity and speed, they also have the aspects of blindness and what has already occurred. If a shortage of goods becomes known only when there is not stock and an oversupply of goods is discovered only when the storehouse is overstocked, before we begin to make our plans, then planning cannot play the role it should play. Planning completely under the sway of the market is tantamount to no planning. Though free production organized according to changing market conditions is under the guidance of state planning, as the law of value and the market are playing the leading role in this instance, blindness is unavoidable.

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ECONOMIC MANAGEMENT

'GUANGMING RIBAO' ON CHANGING FINANCIAL MANAGEMENT

HK010830 Beijing GUANGMING RIBAO in Chinese 23 Aug 82 p 4

[Article by Zuo Chuntai [1563 2504 0669]: "Certain Experiences in Restructuring China's Financial Management System"--slantlines denote passage published in boldface]

[Text] For over 30 years, the central and local financial management systems have undergone the following development: The transition from dispersed management during the war period to centralized management in 1950, and then the gradual transition from centralized management to graded management under the unified leadership and planning of the central authorities. Of course, there are diversified forms of graded management (there are roughly more than a dozen forms which vary in the division of power, and our adoption of them also varies).

However, we have always been making progress in accordance with the principle of "unified leadership and graded management." In the course of our progress, sometimes, there was excessive centralization and sometimes there was excessive decentralization, but there have also been periods when we implemented this principle properly. We should say that we have gained some experiences in this respect. It is both necessary and beneficial to recall and sum up the historical experiences in our restructuring of the financial management systems in order to make preparations for the formulation of a general plan for our country's structural reform.

We can sum up our historical experience from different angles and different aspects. Here I am merely going to give my personal views in simplified outlines and expositions on the following aspects:

//1. The establishment and reform of the structure should be carried out in the light of the actual conditions in our country.// We may refer to foreign experiences, but we should not copy them. In fact, whether in the past or at present and whether at home or abroad, there have not been any patterns by which the problem related to centralization and decentralization can be satisfactorily solved.

Ours is a big country and also a poor one in which there are many nationalities with uneven economic development. Therefore, the establishment and

reform of our systems must not only be prudently and soundly carried out step by step, but should also be in various forms in order to take into account the different conditions in various areas. For example, in the structural reform in 1980, taking the country as a whole, we established the system of "dividing up income and expenditures to various grades of organizations, assigning full responsibility to them and fixing the proportion of revenue sharing for 5 years without change." However, in fact, a few different form of systems was set up simultaneously. In Guangdong and Fujian provinces, because of the implementation of the special policies and flexible measures, the financial measure of "assigning full responsibility for surplus and deficits" was adopted. In the three municipalities of Beijing, Tianjin and Shanghai, the method of "dividing up the total amount and fixing the proportion of revenue sharing once a year" has continued to be adopted. In nationality autonomous regions, a financial system for nationality areas was established. (The proportion of shares is to be fixed every 5 years, but some special preferential treatment is granted there.)

//2. We should properly concentrate our financial strength to ensure major construction projects.// Because our country is a big and, at the same time, a poor country, we cannot distribute our financial resources equally to each and every part, and therefore, we should properly concentrate our financial resources to ensure major construction projects under the prerequisite of paying attention to giving play to the initiative of the organizations at all levels. Excessive centralization which exercises too rigid a control is certainly wrong, but excessive decentralization which excessively disperses our state's limited financial reserves is also wrong. As was well said by Comrade Chan Yun, in order to make progress on a backward and poor economic foundation, we should do our best to concentrate our financial and material resources and utilize them under a unified management. As long as we concentrate our strength on where there are urgent needs for it, it would be entirely possible for us to achieve some great deeds. We must never be narrow-minded or do things in a disorderly manner and without proper planning. Of course, as time and conditions differ, so our requirements and the degree of centralization and decentralization differ; therefore, the relationship between centralization and decentralization is not invariable. The allocation of financial resources is something similar to the deployment of military forces in directing military affairs. In directing military affairs, we should disperse our troops to mobilize the masses of people and concentrate our troops to wipe out the enemy. Thus, sometimes we disperse our troops like stretching our fingers and sometimes we concentrate our troops like making a tight fist. We should use our financial resources in just the same manner. We can draw an analogy between the central finance and the field armies, between the local finances and the local corps and between the financial reserves of various enterprises and the guerrilla forces. Sometimes we may divide up our field army and turn it into local corps and guerrilla forces. When these local corps and guerrilla forces have grown strong, we will transfer parts of these corps and guerrilla forces and form these transferred parts

into a field army. What we should pay special attention to here is that we should change the focus of our work along with changes in the situation at the same time prevent the malpractice of "treating going beyond as being as bad as falling short." When we focus on concentrating our resources, we should pay attention to making allowances for some special needs in the localities in order to ensure the satisfaction of the indispensible needs, prevent our management from becoming too detailed and prevent our centralization from becoming excessive and rigid. When we focus on dispersion, we should pay attention to intensifying our efforts in striking a comprehensive balance and in conducting planned management. We should also heighten our sense of taking into account the whole situation and strictly enforce financial discipline in order to prevent the possible emergence of departmentalism which makes people blindly develop their own department at the expense of the interests of the whole.

//3. We should give play to the positive role of the financial system and treat political stability and unity as the prerequisite for smooth economic growth.// If we commit serious mistakes related to our guiding ideology, and thus stagnate our economic development, even a good system will not be able to play its role. Therefore, we should neither overestimate nor underestimate the role of the system. We should not attribute our mistakes during the 3 years of the "great leap forward" that began in 1958 to the structural decentralization at that time. Similarly, we should not attribute the success of the first 5-year plan entirely to the centralization in our system. An erroneous ideological trend, a high target or an inappropriate slogan sometimes has a greater impact than an erroneous system, let alone the decade of turmoil caused by the "Great Cultural Revolution."

By the way, I should like to answer the following question: Why, for over 30 years, in classifying items of income and allocating local financial reserves have we continued to adopt in turns the different methods of sharing income such as "category method," "total amount basis," "percentage of increase" and "percentage of extra income?" Theoretically speaking, by adopting the "category method," the departments at each level have their own fixed income. This seems better than the method of "total amount basis" by which all the income of the various departments is taken together in calculating the share each department should be allocated, thus the change in the income of one department will affect the income of the others. However, as a matter of fact, when the local fixed income increases slowly or even decreases because of various reasons, while the supplementary income from the revenue of industrial and commercial taxation increases relatively sharply or does not decrease, the localities will be willing to accept the method of "total amount basis." Similarly, when the income decreases and the method of "percentage of increase" cannot bring any benefits, the localities will be willing to accept the method of "percentage of extra income." This shows that theoretical feasibility is not identical with actual feasibility. That is why in a period when problems have emerged in our economy or even in our financial system itself, we often cannot find the causes in the system alone that give rise to these problems or find the

ways to solve these problems. Some people said that the current malpractices of duplicate construction, small enterprises pushing out bigger ones and local monopoly were the results of the system of "eating from separate kitchens," for these malpractices emerged long before this system reform.

//4. Our financial system should facilitate persisting in striking balances in financial revenue and expenditures and the comprehensive balances of the national economy and we should clearly divide up the responsibility for striking balances among the departments at various levels.// Comrade Chan Yun has time and again talked about the great significance of financial balance, credit balance and the comprehensive balance of the national economy and the relationships between persisting in striking balances and conducting proportionate development. He said, "The law of proportionate development must be observed, but...it is hard to tell what proportion is a right one. The only way out is to see whether a balance has been struck. If the proportion is right, a balance will be struck. On the other hand, if a balance has been struck, the proportion is generally right." If we do not strike a comprehensive balance or if we discuss the reform, pay attention to results and strive for a higher speed of development on the basis of an unbalanced economy, we will never achieve what we wish. Informulating our financial system, we should allot the local financial departments the additional necessary funds for extras in order to enable them to solve, in light of local conditions, the problems that may crop up. At the same time, we should also pay attention to fixing a rational proportion for sharing the revenue between the state and the localities and stipulate in what directions the localities can use their reserve funds in order to facilitate the planned management of the whole country and the striking of a comprehensive balance. We should clearly distinguish the responsibility for balancing revenue and expenditures of the financial departments at various levels as well as give play to the initiative of the departments at all levels.

We require the departments at all levels to shoulder the responsibility for balancing their revenue and expenditures, but we do not exclude the possibility of the emergence of casual deficits in some areas. What should be done if a deficit occurs? The local financial departments have no power to receive overdrafts from the bank. In the past, the usual way to solve this problem was that the central financial department subsidized the local financial departments. People called this practice "assigning responsibility that did not need to be shouldered." It seems that 2 better ways than subsidizing is enforcing the responsibility for balancing revenue and expenditures on the departments at various levels, provide loans for them to make up for deficits and fix a deadline for repayment of the loans.

//5. It is better to fix the system once a year rather than once for a few years.// Should we fix the system once a year or should we fix it once for a few years? This is a problem concerning our financial management system and involving a major reform and many disputes. Over the

past 30 and more years, we have twice practiced fixing the system for a few years. The first time was in 1958, but it was carried out for only 1 year, and the second time was in 1980 and we have already persisted in carrying it out for 3 years.

If the system is fixed once a year, at the end of the year, we will not be able to see whether the system works satisfactorily. Therefore, once the system has been formulated, it should be maintained for a certain length of time. By so doing, we will be able to feel ensured and to make a long-term plan and thus we will be able to gradually establish various forms of reserves. True, when the system "is fixed once for a few years," there will be the contradiction between the constant changes of all things and the fixation of the system, but the practice of "fixing the system once a year" also has many shortcomings, such as its involvement of a large amount of work at the beginning of every year in disputing over targets and the difficulty for the localities to formulate any long-term plans because they do not know anything about the future. That was the reason why when we reformed our financial system in 1958 and 1980, we originally stipulated that the system would remain unchanged for 3 years, but the localities asked us to extend it to 5 years. Now we have stipulated that the system where by our enterprises retain a part of their profits will remain unchanged for a few years. People hope that the system should remain unchanged, and generally speaking, fixing the system for a few years is better than fixing the system once a year.

Of course, fixation and change is a dialectical unity. We should allow necessary partial readjustment when conditions have undergone a relatively great change as well as maintain a basic fixation and a relative stability. When Comrade Xiaoping concurrently held the post of finance minister in 1954, he pointed out that "the local financial departments should be allowed to keep their surplus as reserve for extras." At the same time, he also pointed out that if the localities' surplus increase to a substantial amount, the central authorities will allocate less revenue to them and ask them to hand in a part of their surplus and the local authorities will be willing to make contributions for the interests of the whole. When Comrade Chan Yun was improving our financial system, he pointed out that we had to pay attention to keeping the proportion in sharing revenue under a certain limit. If after 1 year of implementation, the system has been proved to be far from satisfying, a necessary partial readjustment should be allowed. It is wrong to view the relations between fixation and change in a mechanical manner. In fact, even if the system "is fixed once a year," the administrative, cultural and other expenditures and the expenses for maintaining simple reproduction must be provided for and ensured. In this sense, these expenditures and expenses are also fixed or seldom changed. In the budgets of the whole state, about 60 to 70 percent of the revenue should be used for feeding the people and maintaining simple reproduction. This percentage cannot be reduced. What we call a change means primarily the change in the sectors related to expanded reproduction. This means that there is still something that will remain unchanged in the course of any given change.

//6. In reforming the financial system, we should pay attention both to correctly handling the relationship between the central and the local departments and to correctly handling the relationships between the state and the enterprises.// The latter has a greater and more significant bearing on our economy. The extent of the decision-making power and the proportion of profit sharing for the enterprises should be suited to the duties and responsibility that the enterprises have shouldered and the contributions that the enterprises have made. Any practices of egalitarianism is undesirable, nor is it right to think that the greater the decision-making power and the greater a share of profits the enterprises get, the better. The enterprises should instead obtain their gains or benefits by improving their administration and management merely by acquiring a greater share from the state revenue. That is to say that the enterprises should obtain benefits by "working hard" instead of by "striving for a greater proportion of retained profits." As our enterprises have not yet all been formed into various types of companies in accordance with their professional line and trade and in accordance with the principle of cooperation, and as they are still relatively dispersed, it is better to fix the proportion of retained profits on the basis of professional lines. This will be favorable for the internal readjustment inside the professional line and will facilitate preventing the enterprises from being treated unequally. This will also facilitate the formation of a shock force and the planned reform of the whole professional line and will prevent the malpractice of widely dispersing our funds.

//7. The reforms of our financial system should be coordinated and form into a complete set.// This means that the financial system should be linked with the coordinated with other systems such as the planning system, the system of capital construction, the system of material supplies and the system of pricing. If the reform of our financial system is carried out in an isolated manner, it will often give rise to new contradictions and fail to achieve the desired effects.

What is meant by the formation of a complete set? We can draw an analogy between the formation of a complete set and the making of a prescription for Chinese herb medicine by a practitioner of Chinese medicine. In the making of a prescription for Chinese herb medicine, we should apply dialectical thinking. One or two kinds of herbs are chosen as a cure for a certain illness, but they have some side effects on the patient's other organs. Therefore, one or a few other kinds of herbs should be added to offset the negative side effects. This is also true for any reform system. Everything divides into two. It is impossible for a system to be all advantages without some disadvantages. As a maxim goes, an advantage is always accompanied by a disadvantage. We should not give up eating for fear of choking and stop making progress, nor should we constantly change our system because we find some small defects in this system. This gives rise to the need for the formation of a complete set in order to develop the advantages and eliminate the disadvantages and also to reduce as much as possible the side effects our reform system may bring about.

In filling gaps to complete a chain, we have to fill gaps in the financial system itself and fill gaps between the financial system and other management systems. The six principles for financial work mentioned by Comrade Xiaoping in 1954, for example, are in the policy of "five tightening-ups and one slackening." This is to fill the financial system's gaps between tightening up and slackening, and between loose and strict. Again, when Comrade Chen Yun was in charge of structural reforms in 1956, the work to improve the financial management system was carried out side-by-side with the work to improve the industrial and commercial management system. He also pointed out: after delegating powers to lower levels, we must strengthen the country's overall balance and establish relevant accounting systems, report systems and inspection systems. This is to fill gaps between the financial system and other management systems. One rather big mistake we had in the past was that we did a certain thing only during a short period of time and affirmed only one portion of things. When we stressed centralization, we would do everything in a decentralized manner. When we delegated powers to lower levels, we would abandon management, and when we stressed strengthening management, we would negate delegating powers to lower levels. When we stressed the peasants' interests, we would only do things that provided peasants with greater interests and when we stressed that peasants should make greater contributions, we would only do things in this connection. We did not integrate centralization with decentralization, delegation of powers to lower levels with strengthening management, or interests with contributions. These practices of doing things one-sidedly are bound to give rise to problems and often turn good things into bad ones. It was entirely correct, for example, to delegate depreciation funds to enterprises. While doing so, we should have strengthened management at the same time. These funds should have been kept in special accounts and used under supervision. It turned out that the depreciation funds delegated to lower levels were not properly managed. During the past 12 years or so since 1968, there has been more than 100 billion yuan allocated to a depreciation fund. Quite a large portion of it has been used for other purposes and has not duly played its role. After these funds were not used appropriately, some people said that it was not enough for replacing and transforming equipment. Again, after the third plenary session, it was entirely necessary to increase the purchase prices of agricultural and sideline products. However, while increasing the purchase prices, we lowered the basic figures for state purchase; while increasing prices for additional purchase, we allowed negotiated-price purchase. Moreover, while increasing purchase prices of agricultural and sideline products, we reduced and exempted some taxes in rural areas. Thus, the step taken was evidently too big, putting too heavy a burden on the state and so on.

Years of experiences have educated us and made us understand that in considering appropriate centralization, we must first consider indispensable decentralization. Only with necessary decentralization can we have real centralization. In considering giving play to the role of favorable conditions, we must first consider how to overcome unfavorable ones. In

considering strict control, we must first consider what should be slackened. In considering flexibility, we must first consider what should be put under unified management. In this way, we will be able to consider dialectically integrating centralization with decentralization, favorable conditions with unfavorable ones, strict control with a loosening of control and unified management with flexibility. We will then be able to coordinate these aspects, keep the favorable conditions and eliminate undesirable ones, carry out unified management without being rigid, be flexible without causing confusion and really give play to the role of favorable conditions. Of course, in practice, it is not easy to do everything appropriately. However, it is not at all excessive to demand that we should have more dialectics and less metaphysics.

//8. In carrying out big structural reforms, it is necessary to have substantial financial reserve strength.// We should strive to make our subjective thinking conform with objective reality. On the other hand, "even the wise are not always free from error." It is unbelievable if a major plan for structural reforms can be mapped out perfectly at one go without anything going wrong. In implementing such a plan, some unexpected problems will crop up and mistakes and even failures in some parts will occur. This is unavoidable. This is why we need substantial reserve financial strength to make up for possible mistakes in some areas. This is similar to the necessity of having devices for blood transfusion and oxygen therapy before performing a major operation. In the past few years, we have carried out preliminary structural reforms. We have made outstanding achievements, but at the same time we find our ability falls short of our wishes and we cannot take greater steps forward. This is because our reforms have been carried out in light of readjustment and when there is a financial deficit in our country.

The eight points mentioned above are initial probes in this respect. There are still many other questions which need further probing and accumulating of our experiences. I have just made some commonplace remarks for reference so that others may come up with more valuable opinions. Pointing out mistakes in what I have said is most welcome.

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ECONOMIC MANAGEMENT

ASSESSMENT OF ENTERPRISES' ECONOMIC RETURNS NEEDED

HK020313 Beijing RENMIN RIBAO in Chinese 27 Aug 82 p 5

[Article by Xun Xiaoliang [1327 2400 5328]: "An Overall Assessment of the Economic Returns of the Machine-Building Enterprises is Needed"]

[Text] Enhancing economic returns is the central element in the development of the national economy and a basic starting point for considering all economic problems. This guiding principle is explicit. However, to assess the economic returns of enterprises, we should make a specific analysis from various aspects.

A unit has imported a new technology for automotive carburation that can reduce overall oil consumption by about 10 percent. If we manufacture 100,000 new cars a year, we can save about 40,000 tons of oil, amounting to 20 million yuan. If all Chinese-built cars are equipped with these new carburetors, we can save 700,000 tons of oil a year, amounting to 350 million yuan. Apart from that, we can lessen air pollution, which will be beneficial to environmental protection. However, the structure of the new carburetors is more complicated than the old ones and precise mechanical accuracy is required. Production costs will also increase by about 50 percent. Due to the fact that a price increase for carburetors is not allowed, the profits of enterprises which produce them will certainly be affected. If we judge this new technology simply from the viewpoint of profits, we feel that economic returns have dropped. In other words, the state has saved on oil, consumers have saved money and pollution in the society has been reduced. However, the economic returns of the enterprises concerned have dropped.

What lessons have we drawn from this matter? This matter tells us that we should not take lopsided views to assess the economic returns of enterprises. Instead, we need overall views in this respect. The machine-building industry provides various departments of the national economy with technological facilities. This position and role have determined that although it is important for the machine-building industry to enhance its economic returns, its more important task is to provide consumers with appropriate and advanced technological facilities and to serve the enhancement of the economic returns of the whole society. Therefore, we should not take a naive view to assess the economic returns of the

machine-building enterprises. We should, at least, take three factors into consideration. 1) Apart from assessing the economic returns of the machine-building enterprises, we should particularly assess their role in enhancing the economic returns of society. 2) We should assess not only the present economic returns, but also the long-term economic returns. Sometimes, our present profits will be affected when we develop new productions. Nevertheless, we should continue to do so. 3) We should not only assess the economic returns in monetary terms such as production costs, profits and so forth, but also take social interests into consideration. Very often, investments in eliminating pollution, improving the environment and so forth will affect the increase of profits, but they are beneficial to society and the physical health of all staff members, workers and the masses.

Of course, it is an ideal thing if we can unify the economic returns of various quarters. Actually, they are not identical. Therefore, we need a correct criterion for assessment. With regard to machine-building enterprises, when the economic returns of enterprises conflict with the economic returns of society, first priority should be given to the economic returns of society. When the present economic returns conflict with the long-term economic returns, equal consideration must be given to both.

Theoretically speaking, it is easy for people to reach a common understanding of the criteria for assessing economic returns of enterprises. However, in actual practice, they do exactly the opposite. For example, some leading organs and leading comrades will criticize or complain that the profits of some enterprises have dropped. They are not willing to make any conscientious analysis. They do not know the reasons why the profits of these enterprises have dropped. Is it because of poor management or because of the sacrifice of the enterprises' economic returns in order to enhance the economic returns of society? Let us take another example. Loans are granted for profit-making products even when society does not need them and there is a large stock of these products. Some enterprises produce products which are beneficial to enhancing the economic returns of society, but their acts are not supported because they cannot make more profits. If we let such things spread unchecked, it will be detrimental to enhancing the economic returns of the production of the whole society.

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ECONOMIC MANAGEMENT

SUMMING UP OF REORGANIZATION WORK IN ENTERPRISES URGED

Fuzhou FUJIAN RIBAO in Chinese 29 Jun 82 p 1

[Article by Wen Ling [5113 5107]: "Summing Up the Work of Reorganization in Enterprises and Strengthening Guidance"]

[Text] Recently the leading comrades of the Fujian provincial government and provincial Economic Committee led an investigation team to some prefectural, county and basic-level enterprises to conduct investigation and study, and together with the responsible comrades of the basic level studied their reorganization problems and summed up their experiences.

From mid-May to mid-June, Vice Governor Wang Yan [3769 3508], Chairman Xiao Jian [5135 0256] of the provincial Economic Committee and other comrades carried out their investigation successively at more than 10 enterprises, including the Gutianxi Hydroelectric Power Plant, the Qingzhou Paper Mill, the Sanming Iron and Steel Works, the Sanming Chemical Works, the Sanming Heavy Machinery Plant, the Fujian Vinylon Factory, the Yongan Brewery, the Youxi Textile Machine Parts Factory and the Minqing Porcelain Factory into their reorganization work and held discussions with the cadres at the enterprises, the members of the investigation groups staying at these enterprises, and leading comrades of the prefectural and county governments concerned. From the results of the investigation, it was found that these enterprises had achieved some success and gained some initial experience from this phase of their reorganization work. However, up to now, some enterprises have not yet made a breakthrough and others still have no idea of what to do next. From this investigation and study, they realized that at present in order to do a good job of reorganization they must pay attention to the following problems.

From the experience of many factories, it can be seen that right from the beginning of reorganization it is necessary to achieve good ideological mobilization, to enhance the understanding of the importance and necessity of carrying out reorganization in enterprises, and to encourage all cadres and workers to take an active part in the work of reorganization. A very few of those who openly oppose the reorganization should be criticized and educated seriously; we cannot tolerate and yield to them. In the course of carrying out reorganization, it is always possible to encounter disagreement and resistance in every phase and every branch of the work; the work of ideological education must be conducted throughout the course of reorganization. In the reorganization work, we must always pay attention to the following three types of work: political and ideological work, fundamental management work, and the work of improving the economic responsibility system and improving economic results.

How should we start with the work of reorganization? The Fujian Vinylon Factory started with the strengthening of labor discipline, the Nanping Paper Mill with the work of building a spiritual civilization, the Sanming Iron and Steel Works with the implementation and improvement of the economic responsibility system, the Yongan Brewery with the work of putting things in order, and the Sanming Foodstuffs Factory with the reorganization of its leading groups. Despite their different methods of work, they all made a breakthrough and started the ball rolling. Therefore, an enterprise should start with the work of reorganization according to its specific conditions; there is no uniform and rigid rule.

While strengthening labor discipline, many enterprises handled typical cases of serious violations of labor discipline by linking them with the commendation of exemplary persons and deeds. This played a very great role in combating evil trends, creating a healthy atmosphere, and enhancing the faith of all workers in the reorganization of their enterprises. However, in handling cases of violation of discipline, we should adhere to the principle of equality for all regarding discipline, and treat all workers and cadres as well as the leadership in the same manner. The practice of the Fuqing Synthetic Ammonia Factory is worthy of learning. In the installation of new equipment, the leading members of the factory did not direct the work carefully enough, and the work of installation was delayed. It was formally announced that the bonuses of the factory director and vice director for the current month were deducted by 50 and 30 percent respectively. When the leadership members observed the regulations and discipline, they could justly and forcefully deal with the violation of discipline and evil trends, and the staff members and workers would assume a new mental attitude. From the beginning of this year, this factory has increased its output month by month, and doubled and redoubled its profits.

The implementation and perfection of the economic responsibility system constitute an important aspect of the reorganization of enterprises. We should take care to prevent the erroneous tendency of talking about distribution and bonus as soon as we talk about the economic responsibility system. While authority, responsibility and interests are linked together, we should first stress responsibility and set up a perfect system of personal responsibility, from factory directors to workers, so that the economic responsibility system is enforced not only in administrative offices, workshops and workers groups but also for every person. We must advocate the revolutionary spirit of working hard amidst difficulties, and encourage people to make greater contributions to the country. In talking about personal interests, we must also study mainly how to implement the principle of "to each according to his work," overcome equalitarianism and further improve ways of giving awards. We must educate those who think only about money and bargain for bonuses. It is better to put politics in command than to put bonuses in command.

From the investigation it was found that the basic-level enterprises, and especially the big factories, were overstaffed. Some factories had numerous administrative levels, including a head office, branches, workshops, workshop sections and workers groups. Some factories had set up more than 20 administrative offices; the number of personnel in nonproductive work exceeded the

stipulated 18 percent, some reaching as high as 30 percent. In this situation, these factories can easily become administrative offices and will find it difficult to direct the work of production. Therefore, while readjusting the organization of labor, we must be determined to simplify the structure of management, reduce the number of administrative levels, merge administrative offices, and cut down the number of nonproductive personnel. We must determine the size of a factory on the basis of each section of its production lines.

The investigation team of the provincial government summed up the experiences of various places into a guideline that the work of reorganization must be linked with the following five fields of work: production work, learning from the advanced by "comparing three things and looking for six things," building a spiritual civilization, combating criminal activities in economic fields, and readjusting the party's basic-level organization. Regarding problems concerning policies which various places had put forward, such as the reorganization of leading groups and the replacement of cadres with workers, the investigation team, on its return, held discussions promptly with the government offices and departments concerned.

Comrade Wang Yan said: "How long should we take to complete the reorganization of an enterprise? According to the findings of this investigation, as the conditions of various enterprises are different, the speed of progress is also different. Moreover, this year only the first group of enterprises have carried out reorganization on an experimental basis. Therefore, it is not advisable to fix a rigid schedule. Generally speaking, our objective is to do a good job, not to race against time, and to guard against doing things in a perfunctory and superficial manner. The provincial government is going to call timely meetings for the exchange of reorganization experiences among all enterprises in this province. We hope that they will bring good experiences for the exchange, so that the first group of enterprises can successfully complete their work of reorganization and accumulate experience for the reorganization work of the second group of enterprises in our province."

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BRIEFS

POLICY ON ECONOMIC CRIME--In attacking economic crimes, in the previous period the agricultural bank of Qianiang County, Hubei Province, engaged in the mistaken method of "lumping" an incorrect style or mistakes in work together with criminal activity due to a lack of clarity about distinctions in policy; thus, entire days were spent in criticizing an individual because "on a certain day he looked up a friend and bought some clothing cheap" or "received so many jin of sesame oil," but investigation and attack on serious crimes were overlooked. To reform this situation, the leadership of the bank recently organized the employees to study the relevant party Central Committee documents and notices, paying attention to making four distinctions in policy: one is to distinguish between mistakes in work and breaking the law, not to insist that mistakes in work are breaking the law or that breaking the law is a mistake in work, and to make it very clear. Two is to distinguish between smuggling, bribery, and speculation, on the one hand, and problems which crop up due to certain imperfections in the system and method in carrying out the economic policy of opening up to the outside and making things flexible internally, on the other. Three is to distinguish between economic crimes and ordinary going against the system or incorrect style. In economic crime a distinction should also be made between being the leader in a crime and being an accessory. Four is to distinguish between serious crime and ordinary crime and to stress that major crime should be the focus of struggle. [Excerpt] [by Du Jing] [Beijing ZHONGGUO JINRON [CHINA'S BANKING] in Chinese No 13, 4 Jul 82 p 30] 8226

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FINANCE AND BANKING

BANK OF CHINA PRESIDENT REPORTS EXPANDED OPERATIONS

Beijing ZHONGGUO CAIMAO BAO in Chinese 8 Jul 82 p 1

[Article: "China Respects Contracts and Keeps Its Word in Improving Foreign Capital--Foreign Friends in Financial Circles Are Welcome To Cooperate Closely and Expand Contacts With Us"]

[Text] Recently, Bu Ming [0592 2494], president of the Bank of China, spoke to reporters on the question of enlisting and using foreign capital. He said: "China is a country of planned economy; the income from and the use of foreign exchange are both under state unified planning and balance; each year all external debts which should be repaid with interest are included in the annual plan and, thus, insured for repayment. At present, China is using foreign loans mainly for key construction projects, for the production of export goods, and for the exploitation of natural resources. With the readjustment of our national economy, the reorganization of enterprises and the gradual development of technical reform, it is expected that the use of foreign capital will gradually increase."

Bu Ming said: "As the national bank of the People's Republic of China, which specializing in handling foreign exchange, the Bank of China undertakes important tasks in drawing in and using foreign exchange funds and conducting financial activities abroad. In recent years, according to state policies and plans, the Bank of China has adopted common international practices, developed financial dealings with foreign banks, taken in and used foreign funds and, in coordination with departments concerned, also started the business of compensation trade and the processing and assembling of foreign raw and other materials. In drawing in foreign capital, China first takes into consideration the ability to pay its debts, and upholds the principle of 'respect contracts and keep one's work.' We welcome foreign friends in financial circles cooperating closely and expanding financial dealings with us."

Bu Ming said: "Since the Third Plenary Session of the CCP 11th Central Committee and with the rapid development of China's economic activities abroad, the Bank of China has enlarged the scope of its business, expanded fields of operation, and appropriately increased the number of its offices and personnel. In 1981 the bank's total assets reached Renminbi over 92.2 billion yuan and the net income reached over 710 million yuan, showing respective increases of over 38 billion yuan and over 480 million yuan in comparison with 1979. Up

to the end of 1981, the bank had 141 domestic branches in the principal and major cities and ports of all provinces, municipalities and autonomous regions, and had established proxy relationships with 2,920 offices and branches of 1,071 banks in 146 countries and regions. Last year the bank's home branches approved loans in foreign exchange totaling $3.87 billion, of which $3.61 billion were actually used, and recalled $3.38 billion in loans. The surplus of loans in Renminbi for supporting and expanding the circulation of goods in foreign trade and other items increased by over 6 billion yuan in comparison with the previous year. These loans played a very useful role in balancing the state income and expenditure in foreign exchange, giving support to energy and communications enterprises and light and textile industrial production, invigorating the national economy, expanding export trade, and increasing financial incomes."

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FINANCE AND BANKING

ISSUES IN WITHDRAWAL OF CURRENCY FROM CIRCULATION DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 13, 4 Jul 82 pp 9-10

[Article by Peng Ziqin [1756 1311 0530]: "Withdrawal of Currency From Circulation Should be Stressed in Good Economic Situations, Too"]

[Excerpt] In 1981, Tianjin made great achievements in stabilizing the economy by conscientiously carrying out the party's policy on readjusting the economy. The gross value of the city's industrial production increased 6.4 percent over the preceding year, including a 16.3 percent increase in gross value of light industrial production; although agricultural production suffered from natural disasters of wind and drought, the gross value of agricultural production still increased 2.1 percent over the preceding year; commodity circulation further expanded; retail sales of social commodities increased 11.2 percent; and the situation reflected in currency circulation was better than in the preceding year. In 1981, the net withdrawal of currency from circulation for the city increased 81.4 percent over the preceding year; an increase of this magnitude is rare in the city's history. What is worth noting is that since the beginning of the year the pace of withdrawal of currency from circulation has clearly slowed. From January to March, the city's cash income increased 5.3 percent over the same period last year and cash expenditures increased 7.5 percent over the preceding year, so in balancing revenue and expenditures, the net withdrawal of currency from ciruclation has declined 19 million yuan, a magnitude of decline of 21.3 percent.

Tianjin is an important city for withdrawing currency from circulation. How could there be a decline in withdrawal of currency from circulation this year when there was a big increase in industrial and agricultural production last year? Through investigation we can see that there are certainly many real questions connected with this phenomenon; for example, there are certain difficulties in implementing the production plan this year: the sources of goods diminished and the makeup of existing stocks of goods is irrational, so the supply of goods suited to the market is insufficient; furthermore, the channels for circulation of goods are not free, there are no connections between wholesale and retail or between commercial supply and marketing, goods cannot be displayed, and it even goes so far that large discrepancies appear between purchasing power and the volume of goods that can be supplied. But primarily, the problem is that some comrades have some difficulty in understanding that although last year the economic situation took a turn for the

better, it is still necessary to stress withdrawal of currency from circulation this year. In the process of investigation at the grassroots level, we saw that some comrades did not have the same sense of urgency about stressing withdrawal of currency from circulation that they did last year. They saw that fewer notes were in circulation than in 1981 and thought they could let up. The root cause of this thinking in inseparable from a lack of correct understanding of the impact of currency in circulation. Thus we think it is necessary to clarify these misconceptions which are currently having an impact on the withdrawal of currency from circulation.

The first misconception is: "the volume of currency in circulation is no longer so great," "we drew away from the security line and the danger point long ago." Comrades who maintain this viewpoint think that China's currency circulation situation has already taken a fundamental turn for the better so it is no longer necessary to go on devoting so much effort to the problem of withdrawal of currency. We think that this viewpoint is open to question. Although a basic balance between revenue and expenditure was achieved in 1981, it was achieved mainly by a major contraction in expenditures. According to original estimates, there was to have been a large deficit in 1981, but due to the reduction of some outlays for administrative expenses, slashing of appropriations for capital construction, sale of treasury certificates to businesses, reduction of the increased allocation of floating capital to banks, and with large loans and advances from banks, the deficit was reduced to 2.54 billion yuan, so the 1981 financial balance was only a basic balance. Under the present economic system, this tight financial balance cannot but have a major impact on the issuance of currency. Under conditions where the number of notes put into circulation in the preceding 2 years increased, in 1981 China again expanded the volume of notes, and this explains why it is still very difficult to completely achieve a credit balance and tight monetary policy. Under these conditions how can it be said that the present currency circulation condition has already taken a fundamental turn for the better?

The second misconception is that the "current market supply has taken a turn for the better, and basic needs for most goods can be satisfied," "the volume of currency circulation is basically appropriate." We think that this point of view is also open to question. To be sure, with the development of industrial and agricultural production in the past 2 years the market supply situation has greatly improved, but we should note that there is still a large discrepancy between the present increase in purchasing power and the increase in the ability to supply goods. Although the stocks of goods increased somewhat last year, the amount of purchasing power that has accumulated over the years is large, and seen from the perspective of our city's plans for cash income and expenditures and withdrawal of currency from circulation this year, there is still a gap of over 400 million yuan worth of goods. Add to this the fact that this year the sources of imported goods have diminished, that not as many goods are being purchased from other provinces and cities as last year, and the supply of marketable goods is insufficient, and it is much more noticeable. At the same time, goods not suited to the market have increased in the stocks of commercial departments, and the goods which can be used in the market to withdraw currency from circulation are not many. In terms of

edible goods, the supply of nonstaple foods is still rather tight. In apparel, due to shortages or lack of supply of over 60 percent of the varieties, there has been a drop in sales. Under these conditions, how can it be said that the current volume of currency in the market is basically appropriate?

The third misconception is that the "present market prices are stable, and in the stability of rural market trade prices we see a decline, so you can't say that there is too much currency circulating in the market." Actually, the tendency of prices to rise over the past 2 years has been checked, and current market prices are basically stable, but we should note that the prices of some goods still show a tendency to increase. What should be pointed out in particular is that in the past year the difference between the prices of some goods in rural market trade and in state-run list prices has not diminished, but has grown, so that to say that the prices in rural market trade "appear to be dropping" does not conform to the actual situation. Some comrades also say: "In a socialist society, prices are set by the state and are stable, so prices basically cannot reflect how much currency is in circulation." We think that this viewpoint, too, is open to question. The reasons for this are: first, although the rise and fall of market prices cannot be directly equated with the amount of money in circulation, they are organically related. When the rate of currency in circulation does not change, the need for currency in circulation is directly proportional to the total price of goods, and if the currency is increased beyond the commodity circulation's need for it, then prices will of necessity rise and the value of the currency will actually decline. Second, under conditions of implementing planned prices, while the funds and labor of the society cannot move from department to department at will and market prices cannot be expressed as a constant fluctuation which changes in the relationship of supply and demand, socialist planned prices are also founded on value, and if currency in the market increases and there is a long-term split between commodity prices and value, it will obstinately express itself in a variety of forms. Third, although market-priced goods make up only a part of all goods, since the purchasing power can move freely between plan-priced goods and market-priced goods, the supply and demand situation of market-priced goods is interlinked with all goods and influences prices as well. Clearly, the viewpoint which separates prices and currency in circulation cannot be effected in actual work.

We should note soberly that the present tendency of market currency to increase is still a latent danger. The danger lies in issuing more currency, which must of necessity provoke a rise in prices to a certain degree. We cannot treat this question lightly.

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FINANCE AND BANKING

HEBEI CONFERENCE STRESSES INCREASING REVENUE

HK021318 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 27 Aug 82

[Summary] On the evening of 26 August, the Hebei provincial government held a telephone conference, demanding that all places strive to increase revenue and strictly control expenditures.

The conference pointed out: "Since the beginning of this year, the situation of collecting revenue and controlling expenditures in our province has been good. However, some problems have also existed. The main problems are that the profits submitted to the state by industrial and commercial enterprises have dropped, the amount of enterprises' capital temporarily tied up in their products has increased, the quantity of unmarketable commodities kept in stock has increased and the situation of tax evasion and arrears has been relatively serious. Some places have not increased revenue and strictly controlled expenditures. The total revenue of the whole province in the first 7 months of this year was 1.9 percent more than in the corresponding period last year and the total expenditures were 11.6 percent more than in the same period of last year."

To ensure balance between revenue and expenditures and a slight surplus in the province this year, the conference demanded: "All bureaus and departments must vigorously help industrial and commercial enterprises to raise economic returns and to strive to increase production, sales and income. They must do well in straightening out finances in enterprises, strengthen financial management and do everything possible to reduce the costs and charges of production. It is necessary to actively conduct a large-scale financial and economic discipline inspection and to vigorously increase revenue. Revenue which is due must be collected. It is essential to strictly control expenditures and resolutely eliminate the situation of tax evasion and arrears. We must prevent unnecessary expenditures in the coming few months."

The telephone conference also demanded: "All places must step up the payment of state treasury bonds. State treasury bonds for which individuals have subscribed must be paid before the end of September. In accordance with the notice of the general taxation bureau of the Ministry of Finance, all places must seriously do well in registration work in September." In conclusion, the conference demanded that persistent offenders who violate the taxation regulations be severely punished in accordance with the seriousness of their cases.

CSO: 4006/636

MINERAL RESOURCES

GEOLOGICAL FEATURES OF COPPER-URANIUM DEPOSIT DESCRIBED

Beijing DIZHI LUNPING [GEOLOGICAL REVIEW] in Chinese No 3, 1982, pp 210-215

[Article by Tu Yingwei [1047 5391 0251], Mineral Resources Committee, Hunan Province: "The Geological Characteristics of a Certain Copper-Uranium Deposit"]

[Text] The deposit with which we are concerned is a relatively high-grade copper-uranium-polymetal deposit in the southern part of the country; it is of a relatively uncommon type in our country, being a completely concealed blind deposit. The extraction conditions are fairly good and the refining yield is excellent: the commercial economic value of the uranium exceeds that of the main metal, copper.

Below we describe bfiefly the geological characteristics of the deposits in this ore area.

1. Geological Survey

The stratigraphy of the ore region consists of middle and upper Carboniferous Hutian limestones, Jurassic Yangxin limestones and Longtan coal series, and Cretaceous red beds.

The eastern section of the ore area is covered by the Cretaceous red beds. The central and southern sections are located among complex curving folds formed by Carboniferous and Jurassic carbonate and silicate strata with an axis running generally NNE, which are complicated by a group of large regional faults, also running NNE, producing a complex folded-faulted belt running northeastward.

The Hutian and Yangxin limestones and the Longtan coal series form an overturned syncline dipping toward the southwest. The amplitude of the overturning gradually increases from the eastern to the western part of the area. As a result of northwestward compression coming from the southeast of the region, the formation of this overturned sycline was accompanied by formation of southwest-dipping fault F_{22} and other compression-torsion faults of the same order. This fault has overturned the cretaceous Hutian limestones over the Jurassic Longtan coal series, and overturned both over the Cretaceous red beds (Figs. 1 and 2).

The stratigraphy described was formed by a brush-shaped rotation structure and an east-west structure[1] and can be divided into two ore-controlling fault types.

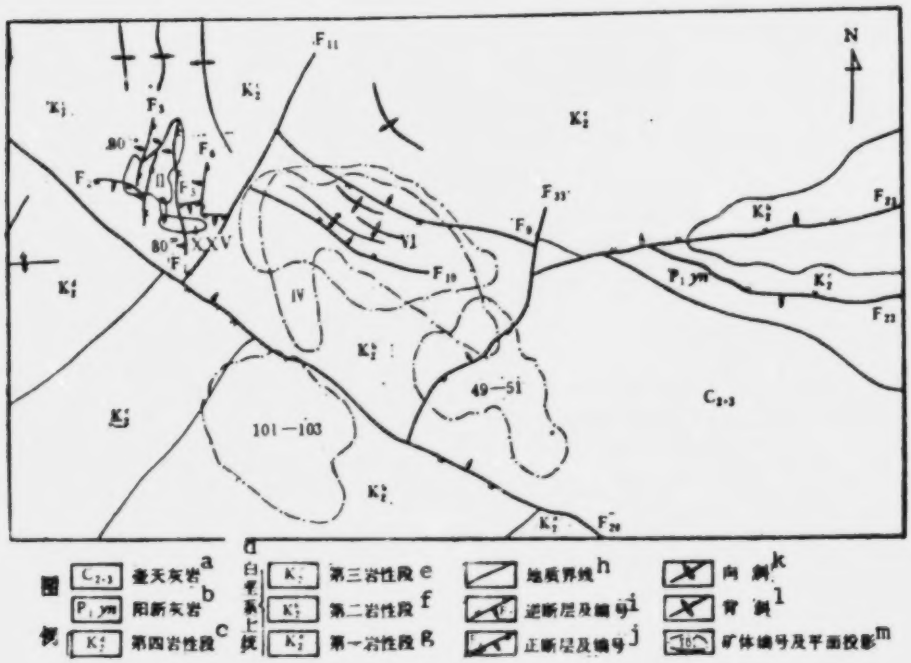

Fig. 1. Planar Diagram of Geology of the Ore Region

Key:
a. Hutian limestone
b. Yangyin limestone
c. Fourth lithological stage
d. Upper Cretaceous
e. Third lithological stage
f. Second lithological stage
g. First lithological stage
h. Geological boundary
i. Reverse faults and numbers
j. Normal faults and their numbers
k. Synclines
l. Anticlines
m. More body numbers and plane projections

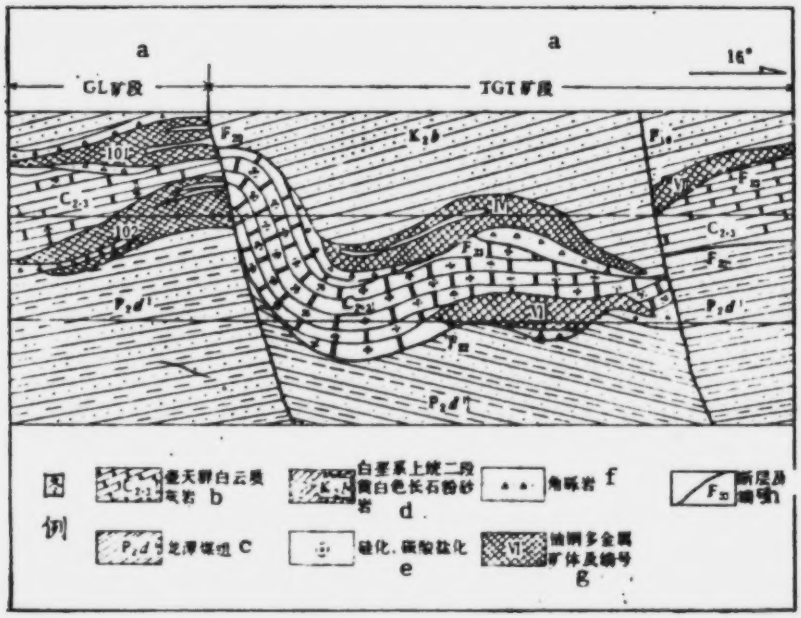

Fig. 2. Inclined Section Through Ore Bodies

Key:
a. Ore sector
b. Hutian dolomitic limestone
c. Longtan coal series
d. Upper Cretaceous second-stage yellow-white feldspar-containing sandstone
e. Silicatized and carbonatized rocks
f. Breccias
g. Uranium-copper-polymetal ore bodies and their numbers
h. Faults and their numbers

One of these fault types is located at the convergence and disjunction of faults running in different directions which existed before the ore mineralizations and is associated with rather steeply-dipping ore bodies; the other is located where faults change from shallow to deep and from steep to level and undulating. The former group includes ore-controlling faults F_1, F_2, F_3, F_4 and F_5, and the latter group includes ore-controlling faults F_{12} and F_{33}. The ore bodies are stratoid, lenticular, veined and saccate, with the first two types predominating. The brush-shaped structural system also includes other folds and faults in the ore area. Their formation is to be ascribed to counterclockwise rotation produced by northwestward compression. This arc-shaped folded and faulted zone spreads out toward the southwest and coalesces toward the northwest, rapidly wedging out when it enters the red beds. The fault planes are basically of the compression-torsion type: the out-turned faces are twisted toward the southeast and the in-turned faces toward the northwest. Their relative movement induced a series of equally-

spaced echeloned structures running northwest, such as F_{20}, F_{10} and F_9. In addition, it led to a third-order structure which produced spaces suitable for filling by mineral solutions. For example, ore body group No 2 fills the disjunction where a nearly east-west tension structure and a northeast-northwest compression-torsion structure come together, while faults F_{33} and F_{22}, which are filled in by ore bodies IV and VI, result from superposition of a late east-west tension structure on an early compression-torsion structure.

No igneous rocks have been found in the ore area, but many rocks with flow striations arranged in a northwestward direction have been found in the southern and southeastern surroundings of the area.

2. Distribution, Form and Grade of the Main Commercial Deposits

We describe the two largest representative commercial deposits in the area, with different locations, different controlling fault types and different mineral compositions.

A. Ore Body VI

This ore body is located at the fault surface between the Hutian limestones and the Longtan coal series. The contact zone constitutes the F_{22} fault, which is the controlling and ore-containing structure; the fault plane dips to the SSE. Some of the rock on both sides of the fault plane has been crushed into an ungraded lenticular and foliate form and consists of green mudstone, talc and the like. The ore body was produced in the fault crush zone where fault F_{22} turns from steep to level or gently sloping. The deposit follows fault F_{22} westward into the Cretaceous red beds, where both the structure and the deposit rapidly wedge out; toward the east it also follows F_{22} into the Hutian limestone, but because the structure rapidly closes up, the deposit thins out rapidly until it disappears.

The deposit is primarily on an irregular lens shape, stratoid shape or lima-bean shape. The uranium and copper both occur within the same deposit, but the uranium mineralization occurs over a slightly greater range than the copper mineralization. Vertically the mineralization shows zonation, with the uranium mineralization generally occuring most abundantly in the lower middle, lower and base sections of the copper ore body, while the uranium concentration is low in the upper part of the copper ore body.

Abundant analytical data have already demonstrated that when the copper ore in the deposit is of high grade, the uranium and accompanying polymetal ores are also of high grade, and conversely; there are only a few exceptions. In addition, the grade of the uranium and copper ores is directly proportional to the thickness of the deposit, being higher when the deposit is thick and lower when the deposit is thin.

B. Ore Body II

Ore deposit No 2 is the general designation for a group of closely spaced deposits located in the Cretaceous red beds, of which ore body No II is the

largest. The general strike of the deposit is nearly north-south; it dips rather steeply to the west. The deposit occurs primarily in a NNW-running compression-torsion fault and an east-west tension-torsion fault crush zone and small subsidiary faults. This ore body consists of a series of short lenticular, lima-bean shaped, veined and saccate deposits. It is a group of blind uranium-rich, copper-rich deposits of extremely variable thickness and irregularly varying shape. Geodynamic analysis indicates that the ore-forming structure probably was produced by relative northwestward and south-eastward movement.

The ranges of the uranium and copper mineralizations are identical. Where the uranium mineralization is good, the copper mineralization is also good. The uraninite body actually is a mineral-containing body consisting of a multitude of uraninite blocks about 5-20 cm in diameter, with the spaces between the blocks filled by fragments of country rock. Sampling experience demonstrates that drill sampling does not provide a solution to the question of the nature of control of this ore deposit.

It has already been determined that when a section of this ore body consists entirely of extremely small lumps of chalcocite, the uranium mineralization drops off extremely rapidly; the uranium mineralization is best in the middle section of the ore body, becoming poorer where the deposit tapers off at the top and bottom. The occurrence characteristics of some such useful elements as silver, nickel, cobalt and bismuth are similar to those of uranium.

The immediate country rock of this ore body is fine Cretaceous calcareous sandstone, sandy limestone and limestone.

3. Ore Types, Fabrics, Structure and Composition

The ore types are classified according to associations of useful ore minerals and their content and include: 1. uraninite-chalconite ore; 2. uraninite-containing calaverite-chalcocite ore; 3. uranium-bearing chalcocite ore; 4. uranium-bearing malachite-cuprite ore.

These copper- and uranium-containing ores occur in crush-belt limestones, calcite veins and their strongly weathered derivatives in the form of networks of veins, breccias, impregnations, lumps, veins, colloids, rings, and in dispersed form.

Uranium phosphate and vanadate secondary minerals and copper-uranium silicates and carbonate ores occur primarily in the oxidation zone of the deposit (generally at depths less than 50-100 m).

The mineral types and formation series of the metallic ores are: pyrite--uraninite--cobaltite--aurotellurite--native silver--zinc blende--paulite--chalcocite--bornite--chalcopyrite--galena--native bismuth--hematite--blue chalcocite--cuprite--covellite--black uranium ore--malachite--altered copper-uranium-containing mica--aluminum-uranium mica--sengierite, and so on.

In the above minerals, copper is primarily present as the sulfide (primary ore zone), and silicates and carbonates (oxidation zone), forming different copper

ore complexes. The primary pitchblende (uraninite) forms fine veins and late carbonate-stage calcite veins in close association (Fig. 3).

Figure 3. Close Association Between Fine-Veined Uraninite and Carbonatized Calcite (the white is uraninite and the gray is calcite; polished section, 100X)

Some of the uranium is present as impregnations in chalcocite and other minerals. Silver is present not only in the native form but as isomorphic inclusions in other minerals. Bismuth is present primarily in native form. Cobalt forms isomorphic inclusions in chalcocite, and after replacement by chalcocite it forms irregular columns and relict crystals. Cadmium and nickel are isomorphically dispersed in the chal cite crystal lattice. Chalcopyrite occurs in chalcocite as small foliate inclusions and sometimes lattice-like structures in the two main cleavage defections in bornite. The main parageneses in the ore may be conveniently grouped as follows: copper-uranium-silver-nickel-cobalt-bismuth-cobalt, with uranium and copper predominating, and silver-cobalt-nickel-bismuth-cadmium, all of commercial value. Beneficiation and refining tests with large samples from ore body No II give the following results from repeated analysis of the crude ore (primary ore, samples all representative):

SiO_2 39.48 percent, Al_2O_3 5.13 percent, Fe_2O_3 0.39 percent, FeO 3.42 percent, MnO 0.11 percent, TiO_2 0.29 percent, CaO 12.25 percent, MgO 3.67 percent, Bi 0.002 percent, Co 0.039 percent, Cu 7.99 percent, U 0.194 percent, V_2O_5 0.02 percent, Th 0.003 percent, CO_2 16.49 percent, K_2O 0.67 percent, Na_2O 0.08 percent, Cd 0.001 percent, S 2.39 percent, P_2O_5 0.23 percent, BaO 0.05 percent, As 0.17 percent, Ni 0.021 percent, H_2O^-0.53 percent, Ag 505.13 g/ton, heating loss 13.31 percent, H_2O^+ 2.26 percent.

The results of analysis of large samples from ore body VI are as follows:

U 0.093 percent, Cu 6.56 percent, Zn 14.63 percent, Cd 0.288 percent, Co 0.0146 percent, Ni 0.0195 percent, Ag 153.75 g/ton, $SiO_2$43.23 percent, Al_2O_3 6.28 percent, TFe 2.34 percent, CaO 2.76 percent, MgO 0.765 percent, TiO_2 0.265 percent, H_2O^- 1.18 percent, S 2.45 percent, As 0.19 percent, Sb 0.065 percent, Cr 0.039 percent.

In general terms, throughout the area the copper mineralization and area of abundance basically coincide with the area of abundance of uranium and the useful accessory elements; where there is a good copper mineralization, the mineralization of uranium and useful elements such as silver, nickel, cobalt and bismuth is also good, and their occurrences are in direct proportion to one another (Fig. 4).

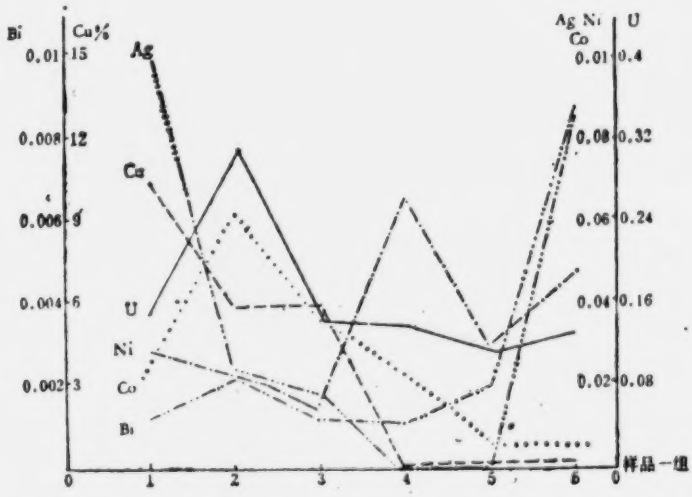

Fig. 4. Grade of Ore in Ore Body II, Middle Section, 4

4. Hydrothermal Alteration and Its Relation to Mineralization

The main types of hydrothermal alteration within the field which are relevant to the ores are silicatization and carbonization, and secondarily, fading (Figs. 5 and 6).

Fig. 5. Veined and Reticulated Ore Chalcocite (black) replacing fault breccia, mineral in colloidal form filling space or cracks in carbonized and silicatized limestone breccia.

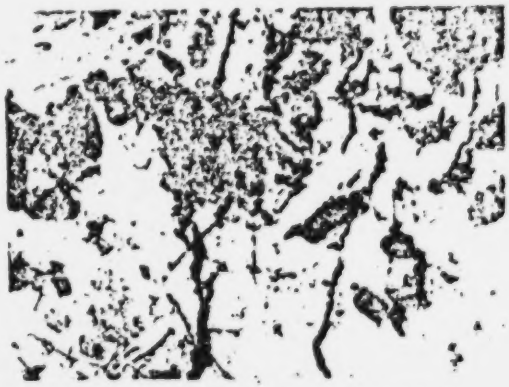

Fig. 6. Faded Altered Breccia. Chalcocite, bornite (black) in form of veins in silicatized clay rock, with silicate clay rock adjoining mineral veins faded to brown color as a result of alteration, while central section retains dark-colored primary rock.

Ore body VI, the largest in the field, and the Hutian dolomitic limestones and Yangxin limestones in the hanging wall of the F_{22} fault which contains and controls it, are everywhere silicatized and carbonatized. The degree and type of alteration vary regularly with distance from the ore body. The closer to ore body VI, the more extensive the silicatization, while carbonatization occurs somewhat farther away from it. The red beds in the vicinity of ore body VI have faded as a result of hydrothermal action.

This silicatization has changed the Hutian limestones in the ore area into microquartzites, and in some areas relicts of unaltered limestone blocks can be seen in quartzite; carbonatization has resulted in the formation of large numbers of calcite veins of different periods.

Under the microscope the uranium-copper ores show a colloidal appearance with fine veins and networks filling in the spaces between the breccia fragments. These mineralization-surrounded breccias became silicatized limestones and silicatized microquartzites as a result of hydrothermal alteration (Fig. 5). Because the edges of the rocks fragments in some of the mineralized breccias faded as a result of hydrothermal action, light gray margins have been formed. The close association between fine uraninite and chalcocite veins and calcite veins can also be seen. The principal vein mineral in most uranium ore in the area is calcite.

The alteration generally developed along fracture and crush zones through which the mineral solution penetrated; where it is not closely associated with the nature of the structures, the extent of alteration clearly has a close correlation with the lithology and granularity of the enclosing rocks.

Alteration of the enclosing rock around almost all ore bodies involves silicatization and carbonatization, not only within the ore body, but also in concentrated form in the roof rock and in the hanging walls of fractures containing mineralization, particularly in the Hutian limestones. This indicates that a clear action of emanations in the mineralization process; the nature of the mineralization stems primarily from relatively deep-seated and relatively mineral-containing source rock, which during regional fault displacement accumulated extensively in favorable structures in the mineral area.

Sequence	Mineralization Stage	Corresponding Hydrothermal Alteration
1.	Cadmium-containing zinc blende stage	Silicatization and carbonatization
2.	Uraninite stage	Carbonatization
3.	Lump chalcocite stage	Silicatization and carbonatization
4.	Uranium ore, chalcocite and accessory component stage	Silicatization, carbonatization, fading, hematitization
5.	Colloidal chalcopyrite and zinc blende stage	Fading

5. Conclusions

Since this mineral area is a blind copper-uranium-polymetal deposit which is rather far from granite intrusions and which belongs to the medium- and low-temperature hydrothermal type, the deposits were subject to strict control by low-order tension and shear faults, compression-torsion faults and faults associated with the overturned fold as well as lower-order tension-torsion faults, and accordingly the most important in surveying the host rock and neighboring belts of deposits of this type is to discover and investigate the ore-transmitting, ore-containing and ore-controlling structures related to ore mineralization (including latent structure). In the structural location suitable for mineralization there must be intense alteration of the nearly enclosing rock, closely associated with the ore formation; only the combined physical, chemical and radiological surveys of these types of regions (including areal geophysical surveys) will yield excellent results.

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CSO: 4013/100

DOMESTIC TRADE

SITUATION OF RURAL MARKETS IN SUMMER SURVEYED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 13, 4 Jul 82 pp 4-6

[Article by the survey group of the Meitan County People's Government, Guizhou Province: "Survey of Summer Rural Market Situation"]

[Excerpt] New Changes in the Rural Markets This Summer

Through sample surveys and integrated analysis we predicted new changes in the rural markets in the county this summer, summarized as "two concentrations," "three increases," and "three changes."

The "two concentrations" are the concentration of the time for buying rapeseed and the concentration of putting money into circulation. As concerns buying rapeseed, this year among commune members there are generally fears that the state will lower its purchasing price and that the state will stop buying because storage facilities are full. Thus, there is a new situation of rushing the harvest, rapid drying, and early selling so that the buying time will be more concentrated than last year and thus the consequent putting money into circulation will be more concentrated. It is estimated that in June the amount of money put into circulation as a result of buying rapeseed will increase 61 percent over the same period last year.

The "three increases are increased money in circulation, increased buying power of commune members, and increased ready money in the hands of the masses, all from the purchase of agricultural sideline products. From May to July the gross value of state purchases of agricultural sideline products from these 12 brigades [7130] will reach 165,000 yuan, an average of 571 yuan per household and an increase of 32 percent over the same period last year. Income of commune members will increase 23 percent over the same period last year. Apart from commune member income going to pay off loans, increase savings, and other expenses, the overall purchasing power will be about 111,000 yuan, or 372 yuan per household, an increase of 27 percent over the same period last year. According to a survey of 34 households in the Huaping production brigade, Baojiawan, Xinglong District, at the end of March this year ready cash in the hands of commune members averaged 148.6 yuan, or 27.4 yuan per person, an increase of 70 percent over the same period last year.

The "three changes" are changes in the direction of purchasing power, changes in the demand for goods, and changes in the makeup of retail commerce. Changes in the direction of purchasing power are mainly: the proportion of purchases of means of production will drop to 34 percent, from last year's 38 percent, the main reason being that after the rapeseed was bought last year, the means of production of most commune members were basically complete. The magnitude of increases in purchases of household goods is: items of use by 28 percent, clothing by 37 percent and food by 28 percent. This demands that we plan production, buying, and supply in the light of these changes. The changes in the demand for goods is expressed mainly in commune members' heightened selectivity of goods, generally demanding high quality, durable, inexpensive and in style; the demand for chemical fertilizer supply is large in volume and seasonable. The change in the makeup of retail commerce is expressed as a proportional decline in state-run and collective commerce and a proportional increase in individual commerce. On the basis of our sample survey, we predict that this year the proportion of state-run and collective business will drop from last year's 78 percent to about 70 percent. The main reason is that in these areas individual businesses have increased greatly: in the first quarter of this year alone, individual businesses have increased by 102, and due to management problems of state-run commerce and supply and marketing cooperatives they have not taken full advantage of their superior position, and their guiding role in the entire market has been weakened.

Three Unsuitables in Economic Work

Our country's economic work has great achievements in supporting the development of industrial and agricultural production and expanding sales, but there are still certain discrepancies regarding the demands of the presently developing situation--in sum, there are three unsuitables.

The first is that the volume of goods that can be supplied is unsuited to the increase in purchasing power. According to our survey forecast, from May to July the purchasing power for rural goods which the state-run and supply and marketing cooperatives should assume is 12.11 million yuan, a 21 percent increase over the same period last year, but state-run and supply and marketing commerce has only 9.95 million yuan of goods in stock, so that if all the goods were sold, they would still be 2.16 million yuan short. The stocks of short supply and high demand goods are insufficient; there is an excess supply of some goods, but there is no market for the varieties, quality and Style and they do not suit the purchasing power. The distribution of goods between city and countryside is not rational. Of the stocks of state-run and supply and marketing cooperatives in the county, 34 percent are held by county-level companies and 66 percent by county-level supply and marketing cooperatives, and this is not suited to the fact that over 70 percent of the purchasing power will be in the rural areas.

The second is that the management of enterprises is not suited to the demands of the new situation. The prevailing opinion among the masses is that there are "five not as's" regarding some state-run and cooperative grassroots level firms as compared to individual businesses: the business hours are not

as long, the service attitude is not as good, the number of outlets is not as large, the varieties are not as uniform, and the market information is not as effective. The organization of goods in stock is not rational. According to statistics, by the end of this March, 27 percent of the goods in stock of state-run companies and supply and marketing cooperatives were problematical. The main reasons for this are many duplicate orders, so that supply exceeds demand, and great changes in market demand. At the same time, stocks of some goods appear to be insufficient; for example, the range of adult and children's clothing is not complete, there are too few minor household items, and the varieties handled by retail outlets are not uniform. In addition, market management is not good, prices are chaotic and the appearance is not neat.

Third is that the ideology of some comrades and some leadership teams is not suited to the demands of the new situation. Some comrades have not devoted enough study to the new characteristics and changes in the rural areas, some leadership teams cannot lead vigorously, and the economic responsibility system is not in very good shape.

8226
CSO: 4006/562

DOMESTIC TRADE

'XINHUA' CARRIES PRC TRADEMARK LAW

OW030415 Beijing XINHUA Domestic Service in Chinese 0015 GMT 25 Aug 82

[Text] Beijing, 25 Aug (XINHUA)--The Trademark Law of the People's Republic of China

Chapter I: General Principles

Article 1

This law is especially formulated in order to strengthen the supervision of trademarks, protect the right to use a specific trademark, urge the producers to ensure product quality and maintain the reputation of the trademark so as to protect the consumers' interests, and promote the development of socialist commodity economy.

Article 2

The trademark bureau of the industrial and commercial administrative departments under the State Council is in charge of the registration and supervision of trademarks in the country.

Article 3

A trademark approved by the trademark bureau for registration is a registered trademark. The person who registers the trademark is entitled the right to use the specific trademark and is protected by the law.

Article 4

An enterprise, institution, individual industrialist or businessman should apply for the registration of a trademark at the trademark bureau in order to obtain the right to use the specific trademark for the commodity produced, manufactured, processed, selected or sold by the enterprise, institution, industrialist or businessman.

Article 5

A commodity designated by the state to be labeled with a registered trademark must have an application submitted for the registration of its trademark and must not be sold in the market without approval of the registration.

Article 6

A person who uses a trademark must be responsible for the quality of the commodity labeled with the trademark. Industrial and commercial administrative departments at various levels should control commodity quality through supervision of trademarks in order to clamp down on fraudulent practices against the consumers.

Article 7

The wording, graphic design or their combination used for a trademark must have outstanding characteristics so that it can be easily identified. A trademark for which registration has been completed must be labeled with "registered trademark" or registered mark.

Article 8

The following wordings and designs must not be used for trademarks:

1. Wordings and designs that are identical or similar to the national name, flag, emblem, army flag and decoration of the People's Republic of China;

2. That are identical or similar to the name, national flag, emblem and army flag of a foreign country;

3. That are identical or similar to the flag, insignia and name of an intergovernmental international organization;

4. That are identical or similar to the symbols of the "Red Cross" or "Red Crescent";

5. That are the common name and common design of the commodity;

6. That directly indicate the quality, main ingredients, efficacy, usage, weight, quantity and other features of the commodity;

7. That discriminate against national minorities;

8. That are exaggerated and deceptive; and

9. That are harmful to social morality or have other harmful effects.

Article 9

A foreigner or foreign enterprise applying for the registration of a trademark in China should follow the procedures in accordance with the agreement signed between his own country and the PRC, an international treaty signed by both countries, or reciprocal principles.

Article 10

A foreigner or foreign enterprise should entrust the organization designated by the state as the agent to apply for the registration of a trademark and handle other business affairs.

Chapter II: The Application of the Registration of A Trademark

Article 11

Those applying for the registration of a trademark should submit, in accordance with the commodity classification chart, the category and the name of the commodity for which a trademark is being applied.

Article 12

A person applying for the use of the same trademark for two different categories of commodities should submit separate applications for the registration of the trademark in accordance with the commodity classification chart.

Article 13

It is necessary to apply separately for the registration of a registered trademark to be used for other commodities of the same category.

Article 14

It is necessary to renew the application for the registration of a registered trademark whose wording or design need to be changed.

Article 15

It is necessary to submit an application of amendment should the title or address of the registrant or other registered items need to be changed.

Chapter III: The Examination and Approval of the Registration of a Trademark

Article 16

A trademark for which registration is being applied and which meets relevant requirement of this law will be published after preliminary examination by the trademark bureau.

Article 17

Application for the registration of a trademark which fails to meet relevant requirement of this law or is identical or similar to a registered trademark or to a trademark having passed the preliminary examination submitted by other persons for the same or similar commodity will be rejected by the trademark bureau. The trademark will not be published.

Article 18

In the event applications are submitted by two or more applicants for the registration of identical or similar trademarks of the same commodity or similar commodities, the application which is submitted first for the trademark will be given preliminary examination and published. In the event that the applications are submitted on the same day, the trademark which is in use first will be given preliminary examination and published. Other applications will be rejected and will not be published.

Article 19

Anyone can raise an objection against a trademark which has been given the preliminary examination within 3 months after it is published. When there is no objection, or the objection is overruled, the trademark will be approved for registration, issued with a trademark registration certificate and published. If the objection is sustained, the registration will be rejected.

Article 20

A trademark reviewing committee set up by the industrial and commercial administrative departments under the State Council is responsible for handling disputes concerning trademarks.

Article 21

The trademark bureau should notify by written notice the applicant for registration of a trademark which has been rejected and not published. If the applicant disagrees with the rejection, he may apply for reexamination within 15 days after he receives the notification. The trademark reviewing committee will make the final decision and notify the applicant by written notice.

Article 22

When an objection is raised against a trademark which has been given preliminary examination and published, the trademark bureau should listen to the facts and reasons cited by both the person who lodges the objection and the applicant and, after investigation and verification of facts, make a ruling on the case. If the person concerned disagrees with the

ruling, he may apply for reexamination within 15 days after he receives the notice. The trademark reviewing committee will make the final decision and notify both the person who lodges the objection and the applicant by written notice.

Chapter IV: The Extension and Transference of a Registered Trademark and the Permission to Use It

Article 23

The period of validity of a registered trademark is 10 years, counting from the day the registration is approved.

Article 24

Application for extension of a registered trademark should be made 6 months before its expiration. A 6-month grace period will be given to those who fail to submit the application during the period. A registered trademark will be canceled after the application for its extension is not made during the grace period.

The validity of a registered trademark will be extended 10 years after each renewal.

Renewal of the registration will be published after the application is approved.

Article 25

The transferor and the transferee should jointly submit the application to the trademark bureau for the transference of a registered trademark. The transferee should guarantee the quality of the commodity using the registered trademark.

Transference of a registered trademark will be published after the application is approved.

Article 26

The registrant of a registered trademark may, through signing a contract permitting the use of the trademark, allow other people to use the registered trademark. The person granting the permission should supervise the quality of the commodity of the person receiving permission to use the trademark. The person receiving the permission should guarantee the quality of the commodity using the registered trademark.

It is necessary to report to the trademark bureau, for the record, the signing of a contract permitting the use of a trademark.

Chapter V: Ruling on Disputes Over Registered Trademarks

Article 27

When there is a dispute over a registered trademark, an application for a ruling may be submitted to the trademark reviewing committee within 1 year starting from the day the trademark's registration is approved.

After receiving an application for a ruling, the trademark reviewing committee should notify the party concerned to defend itself within a specified period.

Article 28

In the case of a trademark which has received a ruling after an objection has been raised prior to its registration, applying for a ruling by citing similar facts and reasons shall not be permitted.

Article 29

After making a final ruling on either sustaining or canceling the disputed registered trademark, the trademark reviewing committee should notify the concerned party by written notice.

Chapter VI: Control Over the Use of Trademarks

Article 30

When the users of registered trademarks are found to have committed one of the following acts, the trademark bureau will either order them to make a correction within a specified period or cancel their registered trademarks:

(1) Changing the wording design or composition of a registered trademark without authorization;

(2) Changing the name and address of the person in whose name the registered trademark is registered or changing other registered items without authorization;

(3) Transfering a registered trademark to another person without authorization;

(4) Not using the registered trademark for 3 years consecutively.

Article 31

When the user of a registered trademark is found to deceive consumers by advertising low-grade products as high-quality products, the industry and commerce administrations at various levels will, in accordance with the

different circumstances, order the party concerned to make a correction. The party concerned may be given a notice or fined, or its registered trademark may be canceled by the trademark bureau.

Article 32

When a registered trademark is canceled or when it is not extended after expiration, the trademark bureau will not approve, within 1 year starting from the day it is canceled or annulled, an application for the registration of a trademark similar to or resembling the canceled one.

Article 33

Violators of the provisions contained in Article 5 of this law may be subject to a fine or may be ordered by local industry and commerce administrations to submit registration applications within a specified period.

Article 34

Users of unregistered trademarks who are found to have committed one of the following acts will be ordered by local industry and commerce administrations to stop using unregistered trademarks and make a correction within a specified period, or they may be notified or subject to a fine:

(1) Passing an unregistered trademark off as registered;

(2) Violating the provisions contained in Article 8 of this law;

(3) Cheating consumers by advertising low-grade products as high-quality products.

Article 35

When the party concerned is not satisfied with the trademark bureau's decision on canceling a registered trademark, it may submit an application for reexamination within 15 days after receiving the notice. The trademark reviewing committee shall make a final decision and notify the applicant by written notice.

Article 36

When the party concerned refuses to accept a decision on a fine made by a local industry and commerce administration in accordance with the provisions contained in Articles 31, 33 and 34 of this law, it may appeal to a people's court within 15 days after receiving a notice, but if it does not appeal and refuses to pay the fine after the period of 15 days, the industry and commerce administration concerned will ask the people's court to order a compulsory execution of its decision.

Chapter VII: Protection of Registered Trademark Patents

Article 37

Patents to registered trademarks are limited to trademarks whose registration has been approved and to products whose use has been appraised and approved.

Article 38

Any one of the following acts is considered a violation of patent rights to registered trademarks:

(1) Using, without the permission of the owner of a registered trademark, a trademark similar to or resembling the registered trademark on a similar product or on a product of the same kind;

(2) Arbitrarily manufacturing or selling trademark labels registered by another person;

(3) Causing other forms of damage to another person's patent right to a registered trademark.

Article 39

A person whose patent right to a registered trademark has been infringed upon in any one of the ways described in Article 38 of this law may request the industry and commerce administration at and above the county level in the area where the infringer of his right resides, to handle the case. The industry and commerce administration concerned has the right to order the infringer to immediately cease acts infringing upon other people's patent rights to a registered trademark and to compensate the person whose registered trademark patent right has been infringed upon for losses. The amount of compensation is determined by the amount of profit made by the infringer during the right infringing period, or by the amount of losses suffered by the person whose patent right is infringed upon during the right infringing period. In serious cases the infringer may be subject to a cash fine. When the party concerned does not agree with a decision, it may appeal to a people's court within 15 days after receiving a notice. If it does not appeal and refuses to pay the fine after a period of 15 days, the industry and commerce administration concerned will ask the people's court to order a compulsory execution of its decision.

A person whose registered trademark patent right has been infringed upon may also directly file a lawsuit with a people's court against the person who infringes upon his right.

Article 40

A person who falsifies another person's registered trademark, including arbitrarily manufacturing or selling trademark labels registered by another person, shall be asked to pay compensation and may also be subject to a cash fine. Judicial organs will prosecute according to law the person who is directly responsible.

Chapter VIII: Supplementary Articles

Article 41

Applicants who apply for trademark registration and who handle other matters in connection with trademarks should pay for the expenses. The specific standard for the amount of fees to be paid will be set separately.

Article 42

The details on the enforcement of this law were drawn up by the State Council's administration of industry and commerce and have been submitted to the State Council for approval and implementation.

Article 43

This law will come into force on 1 March 1983. The regulations on the control of trademarks promulgated by the State Council on 10 April 1963 will be abolished at the same time; other provisions concerning the control of trademarks that are in conflict with this law will be simultaneously annulled.

Trademarks already registered before the enforcement of this law will continue to be effective.

CSO: 4006/636

DOMESTIC TRADE

BRIEFS

NINGXIA 1981 TRADE FIGURES--In the government work report, Chairman Ma Xin [7456 0207] of the Ningxia Hui Autonomous Regional People's Government states that in 1981 the region's trade, both buying and selling, was brisk in all cities and rural areas, the plan of foreign trade was overfulfilled, the work of minority nationality trade was strengthened, and country fair trade became increasingly active. The policy is to "develop economy and insure supply." Planned management is stressed, while market regulation plays an auxiliary role. In 1981, the region's retail sales amounted to 835.85 million yuan, showing an increase of 6.5 percent over that of the previous year. The procurement of grain and oils was speedy and successful up to the end of March this year, the stock of grain reached 332 million jin, exceeding the annual plan by 18.6 percent. The state purchase of grain at negotiated prices nearly doubled that of the same period in last year. The procurement of oils and fats reached 13 million jin, exceeding the annual play by 62.5 percent. The gross purchase value of farm and sideline produce amounted to 195 million yuan, showing an increase of 24.2 percent over that of the previous year. The total value of goods purchased for export abroad reached 62.5 million yuan, showing an increase of 33 percent over that of the previous year. The trade of minority nationalities was boosted to some extent. The regional government appropriated funds for the further establishment of a number of restaurants for Hui people, Muslims' pastry workshops, nonstaple food, beef and mutton retail shops, and cattle and sheep slaughter and cold storage houses. The region's total amount of fair trade transactions reached 76.73 million yuan, showing an increase of 50 percent over that of the previous year. All transactions of grain and oils, livestock, hide and means of production increased on a fairly large scale in comparison with the previous year. [Text] [Yinchuan NINGXIA RIBAO in Chinese 27 Jun 82 p 1] 9039

JIANGSU CONFERENCE ON ADVERTISING WORK--From 21 to 24 June, Jiangsu Province held the first conference on advertising work since the founding of the people's republic, summed up and exchanged experiences, and drew up a plan for the work of reorganization in the advertising trade throughout the province. Since the Third Plenary Session of the CCP 11th Central Committee, the advertising work of our province has played a positive role in the fields of promoting production, expanding circulation, giving guidance to consumers, activating the economy, making living easy for the people, and developing foreign trade. The advertising business units have made great efforts to raise the ideological level of advertising design, and turned out not a few fine works. However, as the necessary rules, regulations and unified

management are lacking, the trade has no rules to follow, and the business units each do things in their own way. There is some confusion regarding the content, design and business of advertising, which creates a bad impression. The conference drew up a specific plan for the reorganization of advertising work in Jiangsu Province, underlining that all advertising business units must adhere to the orientation of socialism, follow the state economic policy and propaganda policy in advertising propaganda, and serve socialist material and spiritual civilization. All advertising business personnel must have a high sense of responsibility for the people, pay attention to the truthfulness and scientific quality of advertising, and resolutely put an end to acts of trickery to cheat users and the broad ranks of consumers. It is necessary to reorganize the ranks of advertising personnel, and gradually increase their number and strengthen their organization. All industrial and commerical executive and administrative departments at various levels should tighten their supervision over the work of advertising, correct practices in violation of the "provisional Rules for the Control of Advertising" issued by the State Council, ban those units which have seriously violated the rules and refused to mend their ways despite repeated admonition or which are fundamentally not qualified for advertising business, give encouragement to good advertising business units, continuously improve the quality of advertising work, and promote the prosperity of the advertising enterprise. [By Jiang Chengjian [1203 2052 7003] and Gu Jiashi [7357 1367 0099]] [Text] [Nanjing XINHUA RIBAO in Chinese 30 Jun 82 p 2] 9039

CSO: 4006/540

FOREIGN TRADE

ARTICLE ON FOREIGN ECONOMIC RELATIONS, TRADE

Part One

OW051425 Beijing Domestic Service in Mandarin 2320 GMT 2 Sep 82

[First half of article by (Zhao Xiping): "Foreign Economic Relations and Trade Since the Implementation of the Open-Door Policy"]

[Excerpts] The 3d plenary session of the 11th party central committee made the policy decision of opening to the outside world. This is of very great strategic significance to further developing our foreign economic relations and trade and promoting the socialist modernization drive.

In the past more than 3 years, the foreign economic relations and trade front has firmly implemented the party's policy of opening to the outside world and achieved encouraging results. To further develop economic relations and trade with foreign countries, it is very necessary now to sum up our experience in this field.

Let's discuss the first question: Major successes achieved in economic relations and trade with foreign countries since the implementation of the policy of opening to the outside world.

1. Considerable development has been made in export trade. Our country's total exports reached $20.9 billion in 1981, a 120 percent increase over 1978. Exports in the first half of this year totaled $10.22 billion, an increase of 10.2 percent over the same period last year.

The rapid growth of export trade has obvious effects on our country's economic construction. It provides the country with needed foreign exchange to import advanced technology, equipment, market commodities and make repayment on time of principal and interest on foreign loans and strengthened the country's exchange payment ability. At the same time, the growth of export trade has provided more job opportunities.

2. Import trade has grown steadily and soundly. While readjusting the national economy, we have actively developed import trade since the 3d plenary session of the 11th party central committee. Imports totaled

$19.1 billion in 1981, nearly double that in 1978. Imports in the first half of this year dropped slightly from the same period last year, as a result of lower international market prices of imported goods and reduced imports of complete sets of equipment by our country. Imported advanced technology and equipment as well as advanced management experiences have produced obvious results in transforming our industrial technology, filling in certain gaps in industrial production, promoting scientific and technological progress, increasing economic returns of enterprises and accelerating national economic development.

3. We have actively used foreign investment to make up for the lack of funds for construction. Under the guidance of the principles of actively and prudently using foreign investment, from 1979 to June this year, we have through joint ventures with Chinese and foreign investment and other ways used foreign investments totaling $9.46 billion, of which $5.5 billion has been paid back. Although we have used foreign capital only for not too long a period and the amount is not very large, it has already produced good initial results on the national economy.

4. A good beginning has been made in contracting for construction projects and technical and service cooperation with foreign countries. In addition to direct service cooperation, there are also indirect service cooperation contracts. For example, the processing of materials for foreign businessmen, assembling work and so forth. The foreign exchange earned and turned over to the state from these contracts totaled nearly $200 billion in 1981.

5. We have actively developed economic and technical cooperation with third world countries. Take our foreign aid medical teams for example. From 1963 to the end of June 1982, China has dispatched foreign aid medical teams to 41 countries and areas in Asia and Africa, and more than 6,200 team members have served in these countries and areas. At present, China is still fulfilling medical service agreements or contracts signed with 33 countries and areas, and 34 medical teams with a total of more than 1,000 team members are working at 85 medical centers to treat diseases of the people of the host countries. From now on, we should continue to firmly and unwaveringly implement our country's consistent foreign affairs policy, strengthen unity and cooperation with third world countries, oppose hegemonism and safeguard world peace.

6. We have set up special economic zones on an experimental basis. In implementing the policy of opening to the outside world, we have designated specific areas in Guangdong's Shenzhen, Zhuhai and Shantou and Fujian's Xiamen to set up special economic zones on an experimental basis. Our purpose in having the special economic zones is to use more foreign investment, import more technology, expand exports, increase job opportunities and foreign exchange earnings and do a better job in drawing from foreign management experiences. As of the end of 1981, construction of the infrastructure had begun step by step in all the four special economic zones. Twenty-two factories have been set up in the Shekou industrial district in Shenzhen special economic zone, which is regarded by the state as the

key experimental special zone, had absorbed foreign investments totaling HK$7.77 billion, built 989 cooperation projects between Chinese and foreign interests, imported 10,000 sets of various equipment and received 60 million yuan in government charges and profit-sharing.

7. We have begun to gain some experience in restructuring the foreign trade system at selected units. At present, on the basis of affirming achievements, we should conscientiously sum up experiences and lessons and achieve still better results in restructuring the foreign trade system.

Part Two

OW052330 Beijing Domestic Service in Mandarin 2320 GMT 3 Sep 82

[Second half of article by (Zhao Xiping): "Foreign Economic Relations and Trade Since the Implementation of the Open-Door Policy"]

[Excerpts] The following is a discussion of the second question: Positively implement the policy of opening to the outside world and vigorously develop foreign economic relations and trade.

Unified leadership, overall planning, flexible reaction, strict discipline, differentiation of situation and adherence to principles are the general principles of our work in developing foreign economic relations.

It has not been long since our country carried out the policy of opening to the outside world in economic affairs, and we still lack experience. Some aspects of this work have not yet been developed, and the experience gained in work already performed should be conscientiously summed up. Under the present conditions, how can we succeed in correctly enforcing the general principles of foreign economic relations, positively implementing the policy of opening to the outside world and vigorously developing foreign economic relations and trade? Mainly, there are the following several points:

1. Unified understanding. Our country is a country with a vast territory and a large population. It is economically and technologically backward, its productivity is underdeveloped and the scale of its development of foreign economic relations and trade is not large either. Besides, feudalism has long since occupied a dominant position and the habitual forces of the small peasant economy are still considerably influential. Objectively therefore, problems in understanding the implementation of the policy of opening to the outside world easily arise.

However, there is another viewpoint which maintains that persistent implementation of unified planning, unified policy and a unified method of dealing with the outside world in the activities of foreign economic relations and trade is not necessary and is an obstacle to enlivening foreign economic relations and trade. Such an understanding is mistaken and is

detrimental to correctly implementing the policy of opening to the outside world in economic affairs. At present, when some preliminary reforms in the foreign trade system have been carried out and foreign trade management powers have been transferred to lower levels, it is especially necessary to pay attention to adhering to the "three unify" principle and it is impermissible to set "unified control" against the enlivening of foreign trade. It should be noted that only by conscientiously adhering to the "three unify" principle can activities in our country's foreign economic relations and trade be methodically and soundly developed and blindness and a situation in which each does things in his own way be avoided.

2. Vigorously develop the production of export commodities and perform the work of purchasing export commodities well. The foreign exchange received from export commodities is the main source of our country's foreign exchange income. In the past, with support from various circles, our country has successively established 24 consolidated export commodity production bases, over 90 single-item commodity export bases, 94 special export plants, 9 joint industrial and trade enterprises and 1 Chinese-foreign joint-venture enterprise. These production bases, special plants and special workshops have provided large quantities of export commodities for foreign trade. In 1981 the export commodities they provided accounted for approximately 22 percent of the total amount of the country's foreign trade procurement.

Secondly, continue to do a good job in the reexport of products processed from imported materials. In recent years, we have made relatively rapid developments in this aspect. In 1980 the total amount of exports of products processed from imported materials was 10.83 billion yuan, accounting for approximately one-third of the total amount of our country's exports in that year. This amount increased in 1981 by approximately 23 percent over that in 1980. In the future, if only we make some more reasonable arrangements in policies, taxes and other aspects, we will have much to accomplish in this aspect of work.

3. It is necessary to strengthen control. In implementing the policy of opening to the outside world, some reforms have been carried out in the foreign trade system, which have played a definite role in arousing the enthusiasm of the various circles. However, at the same time, because the measures of control have not yet been formulated to meet the needs of such reforms, some chaotic phenomena have appeared in foreign trade work. Their main manifestations are: as a result of the multiple and blind methods of dealing with the outside world and the indiscriminate marking-up of prices in the procurement of commodities in the country, the cost of export commodities was increased and the fulfillment of the plans for purchasing and transferring export commodities within the scope of certain programs was adversely affected.

In the marketing of products abroad, self-competition and reduction of sales prices have affected the normal prices of our country's export

commodities, thus making profits only for foreigners. In import activities, the marking-up of prices in procurement and blindly importing daily-use consumer articles that could be produced in the country have squeezed and suppressed the domestic industrial production and adversely impacted on domestic markets. Although the above-mentioned chaotic phenomena are not of an overall nature, they have brought about tremendous losses in our country's economy and ill effects on its political situation.

4. Conscientiously perform well the work of dealing blows to serious illegal and criminal economic activities and strengthen education in the discipline of foreign affairs. With our country's implementation of the policy of opening to the outside world, the number of cases in which some illegal elements at home and abroad colluded with one another in carrying out smuggling, selling of smuggled goods, embezzlement, accepting bribes, speculation, fraud and other serious crimes undermining the socialist economy has somewhat increased. The spiritual poisons that propagate degenerate bourgeois ideology and ethics have made their way into the country through the open-door policy. Some of our personnel, or even some communist party members, have forgotten the lofty communist ideals and the party's fine traditions of hard struggle, plain living and honestly performing official duties and have privately accepted invitations, gifts and bribes from foreign traders. Worse yet, the number of cases of soliciting bribes has somewhat increased. Such phenomena were manifestations of class struggle in the economic sphere under the new historic conditions, and failure to be vigilant against them will allow them to seriously undermine the building of our country's socialist material and spiritual civilizations.

Now the party central committee has formulated a series of correct policies and measures for developing foreign economic relations and trade after putting forward the policy of opening to the outside world. The people throughout the country have also given deep concern and support for the cause of developing foreign economic relations and trade. This is a very good situation. If only we truly unify our ideology and understanding, and develop our achievements and overcome our shortcomings on the basis of conscientiously summing up the implementation of the policy of opening to the outside world, we will certainly be able to open up a new situation in foreign economic relations and trade.

CSO: 4006/626

FOREIGN TRADE

PROBLEMS IN REFORMING FOREIGN TRADE SYSTEM DISCUSSED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 6, 15 Jun 82 pp 44-48

[Article by Liu Mingxin [0491 2494 0207], Zhang Chuanfang [1728 0278 5364], and Wang Chengfeng [3769 2110 0023]: "Certain Problems Concerning Reform in Foreign Trade System"]

[Text] Foreign trade is an important component of the national economy. While the economic restructuring is in progress, we have carried out some necessary reform in the former foreign trade system in recent years in order to fully utilize the international market and to better serve socialist modernization.

I. Several Main Forms of Reform

1. Combination of industry and foreign trade by production enterprises and specialized foreign trade companies in a joint effort to develop foreign trade. As far as the form of foreign trade is concerned, this integration is still based on the procurement system. This is a rudimentary form of industry-foreign trade combination. Basically, the foreign trade company is the principal party to discuss business with foreign merchants and to sign contracts. In settling accounts with the production enterprises, the foreign trade company still uses renminbi. However, there is a difference. Through the combination of industry and foreign trade, the China National Machinery and Equipment Import and Export Corporation and its branches in Tianjin and Shanghai have arranged for the plant to participate in the negotiations. This is a breakthrough in the purely procurement system. The main job of the foreign trade departments is to conduct negotiations on prices and to handle other business affairs, thus bringing into play their good knowledge of prices in foreign sales and of the forms of trade and payment in foreign currency; and the main job of the plants is to negotiate on the technical conditions and the delivery of goods, thus bringing into play their knowledge of the technical standards, the manufacture of goods, and the production costs; and their other strong points. Through this arrangement, even knotty technical problems can be quickly solved on the negotiation table. The negotiation can then be carried on smoothly and the agreements can be signed more quickly. There are three advantages in an industry-foreign trade combination: 1) Direct contact between production and demand leading to an early execution of contracts; 2) mutual support for the prompt fulfillment of contractual obligations; and 3) mutual cooperation in keeping abreast of market conditions.

2. Combined management in foreign trade by industrial companies and import-export companies. In accordance with the principle of "four combinations and two publicities," (namely, combined efforts in handling business affairs, combined investigation abroad, combined negotiations with foreigners, and combined planning for production; and publicity on the plants' production costs and publicity on sales prices) the combination of industry and foreign trade has brought production and demand face to face. This eliminates the unnecessary intermediate links and helps to raise work efficiency in the effort to expand export. For example, the Electrical Machinery Company and the Shanghai branch of the China National Machinery and Equipment Import and Export Corporation formed a combined management, and the office of this management became an import-export entity. Its task is to implement the foreign trade policies, to invite customers to discuss business transactions, to organize production, to fulfill the contracts and to take care of the delivery and consignment of goods. Under this kind of combined management, there is an internal division of work for the production enterprise and the foreign trade organ, according to their own business characteristics. The Electrical Machinery Company is responsible for conducting negotiations, organizing the sources of goods and developing new varieties; while the machinery and equipment import and export company is responsible for conducting commercial business negotiations, reporting on prices, settlement of foreign accounts, delivery and consignment of goods, and so forth. The original business contacts between the two parties remain unchanged, and the accounts between them are settled in the form of procurement system, with each carrying out its own independent accounting. This combined management of foreign trade is a transitional form in the reform of the foreign trade system.

3. Foreign trade agency. To give full play to the initiative in various fields of industry and foreign trade, the State Council has selected a number of production enterprises for experiment in direct participation in foreign trade. These enterprises should be producing goods of fine quality and strong competitive power on the international market, and be staffed with people capable of developing foreign trade and competent in foreign languages. The Shanghai Machine Tool Plant began its direct participation in foreign trade in July 1980, and the form of its relationship with the foreign trade departments changed from that of procurement system to that of agency system. The plant can accept tasks direct from foreigners and conduct technical as well as commercial business negotiations independently. The plant is mainly responsible for discussion on transactions, preparation of goods for consignment, and settlement of exchange. The machinery and equipment import and export company is responsible for the introduction of customers, signing contracts on the plant's behalf, handling customs clearance and consignments, and depositing foreign exchange into the Bank of China on behalf of the plant. Then an agency fee of 3 percent (payable in dollars) is charged. The agency system has many advantages; such as direct contact between the customer and the plant, convenience in discussing technical requirements face to face, speedy solution of problems, listening to the customer's comments directly, prompt response to the customer's request for the improvement of products, and so forth. This will provide a strong impetus to the production enterprise in expanding its export, and will help to raise its labor productivity and to increase its competitive power. By the end of 1981, the Shanghai Machine Tool Plant had already exported 114 sets of high-precision grinders to 18 countries and regions, and earned 1.64

million dollars--more than doubling that of 1980--in foreign exchange. The volume of its transactions in foreign trade amounted to 2.25 million dollars, more than trebling that of 1980, which was only 670,000 dollars. Its average production cost for earning foreign exchange was among the best units of the same trade in the country. On the basis of fixed production costs for earning foreign exchange, this plant assumes responsibility for profits and losses and undertakes the economic responsibility of contract fulfillment. Thus it is concerned with not only the production, dispatching and delivery of goods, but also with the improvement of management and work efficiency. Since the adoption of the agency system, the Shanghai Standard Parts Company has been more prompt in answering its customers' enquiries in the form of either letters or cables. In February 1981, it received a total of 128 letters and cables, and sent out a total of 106 in the same month. The handling of cables is generally completed within 1 or 2 days, and the handling of letters requires less than 1 week. The Shanghai Machine Tool Plant has also been favorably commented by foreign merchants because of its raised work efficiency.

4. Industry-foreign trade integrated enterprises. In the past 1 or 2 years, Shanghai has broken down the original barriers between industry and foreign trade and between different areas and departments by establishing integrated foreign trade companies performing all the functions of production, supply and marketing combined. The building of the Shanghai Handkerchief Import and Export Company, the Shanghai Garments Import and Export Company, and the Shanghai Import and Export Trust Company jointly organized by the Shanghai Municipal General Import and Export Company and the Shanghai Municipal Material Supply Bureau, is now being prepared. In January 1980, an industry-foreign trade integrated enterprise, called "Shanghai Toys Company" was formed. This company is run as an enterprise, undertaking not only production and marketing, but also foreign and domestic sales. It also acts as an export agent for other toy producing enterprises in the municipality and in other provinces. In August 1981, the Shanghai Shipping Industry Company was established. The form of its organization is even better than that of the toy company, because it has the characteristics of a foreign trade trust company. It was jointly formed by the former Shanghai Municipal Ship Building Bureau and the Shanghai branch of the China Shipping Import and Export Company and performs the combined functions of industry and foreign trade, military and civilian industry, building and repairing, production and scientific research as an economic integrated entity being run in the form of an enterprise. Its organization transcends departmental and regional boundaries as well as the demarcation between military and civilian industry enterprises, since it was organized by 28 different units under the Sixth Ministry of Machine Building, the Ministry of Communications, six shipyards, one special accessory plant, and some scientific research, designing and material supply units. Under the guidance of state planning, this company organizes its production, marketing, scientific research, designing and business management in accordance with an overall plan, besides engaging in import and export. It is a foreign trade unit carrying on direct contacts with foreign merchants. Under the leadership of the company, the basic-level units also have the authority to discuss business with foreign customers through various channels and to sign contracts with them. The systems of finance and affiliations of the units under the company remain unchanged. For example, the profits to be handed over to the state, the subsidies for losses from the state,

investments in capital construction, expenses on scientific research and education, the fixed assets, the circulating funds, and so forth are all handled by the former departments in charge. According to the company's system of leadership, the general manager takes charge under the leadership of a board of directors, while the party committee play a supervisory role so as to be sure that the various functions are properly carried out. This type of experimental integrated company with the characteristics of trust represents an important step forward in the experiment to organized various special integrated companies in different trades for the purpose of combining production, supply and marketing; combining foreign and domestic trades with greater stress on the former; and combining industry and foreign trade in order to increase the channels of export and to revitalize foreign trade.

II. Problems in Reform

First, government administration is not yet separated from enterprise administration in the structure of foreign trade. The Shanghai foreign trade departments have tried to form a branch of the foreign trade bureau, which is under government administration, and call this branch a municipal import and export general company, to be run as an enterprise. In 1980, the signboard of general company was put up, but in the process of exploring the reform, it is still the same group operating under two different signboards. In other words, there is still a combination of government and enterprise administrations. Such a combination inevitably brings about certain defects. Since the same group can hardly attend to both government administration and the management of import and export, some conflicts will arise, to the detriment of foreign trade development. If the foreign trade bureau, under government administration, and the general company, run as an enterprise, can be separated from each other, each of them will be able to play its full role--the bureau to exercise its administrative power as a functional organ of the municipal people's government, and the general company to provide leadership over foreign trade throughout the municipality. They will then cooperate with and regulate each other in harmony. Since there is now no separation between government administration and enterprise management, it is difficult for them to give full play to their roles in different functions.

Secondly, no bold steps are being taken in the experiment to set up a foreign trade agency system. The procurement system was universally adopted in foreign trade. This system has many defects and is in urgent need of reform. Yet there are very few experimental enterprises in the country practising the agency system. To speed up this experiment, we should further popularize the agency system to meet the requirements of the expansion of our export trade. The majority of production enterprises concurrently engaging in the export trade are still in a passive position. Since production and demand cannot come face to face, the production enterprises can only produce whatever is procured, and have no idea of to whom their goods are sold, what are the selling prices in foreign trade, or what are the comments or requirements of customers. If the production enterprises cannot keep themselves well informed of the international market conditions, they will have difficulty in improving the quality, increasing the varieties, lowering the production costs and strengthening the competitive power of their products. Some of the products already procured by

by the enterprises cannot be sold on the market and have to be stored in the warehouses until they have to finally be written off as being unfit for use. Furthermore, since there are only a small number of state-run foreign trade companies to discuss business with foreign customers, the red tape and lack of flexibility have reduced the avenues of foreign trade and the sources of information, thus handicapping the development of foreign trade. This shows the need for the procurement system to be gradually replaced by the agency system.

Thirdly, in the absence of a unified policy in foreign trade, there is now blind competition in the country. In the past 2 years, the state experimented within the delegation of foreign trade authorities to the lower levels, and all provinces and municipalities are now able to directly participate in foreign trade. Because of the blind competition at home in the absence of a unified foreign trade policy, some products are being sold at cut-throat prices and the foreign merchants are the only ones who stand to gain. The main cause of this situation is that some provinces and municipalities do not have the concept of our overall interests, and the lack of a unified control over the prices of exported goods. The ports originally intended as channels of foreign trade is not being fully utilized and the traditional and rational way of organizing exports with the ports as foreign trade centers has been discarded. Hence the "chaos" which has existed for some time.

III. Questions To Be Studied

1. The question of unified or decentralized foreign trade administration.

Foreign trade administration should be suitably decentralized under the unified leadership of the central government. Both "over-rigid control" and "chaos" should be carefully guarded against. The orientation of delegating foreign trade authorities to the lower level is certainly correct, but the state's unified administration should not be overlooked. The delegation of such authorities not long ago created some new problems, because some provinces and municipalities were competing with one another by cutting their selling prices in an attempt to win over customers, to force their way into the market and to earn more foreign exchange, thus disturbing the normal export prices. We agree that on the basis of planned economy, it is permissible for people to compete among themselves in improving the quality, lowering the production costs and producing easily marketable goods, so that they will all have stronger competitive power on the international market. However, if the competition has to develop in the correct direction, unified leadership should be strengthened.

1) The state must control the prices of important exported goods or of large shipments. It will set the minimum selling prices for commodities of different quality and specifications, and the export companies in various localities can set their prices slightly above this level. If their prices are below this level, the customs will not permit the export of these goods. Should it be necessary to readjust certain prices on the foreign market, because of changes in the international market conditions, such readjustment must be first approved by the state.

2) There should be generally a regional division of work, so that each region can bring into play its own strong points in producing their own special products. Some enterprises in the country can be specially designated to produce certain fine-quality goods according to their strong points, while other enterprises whose products can be no match for these fine-quality goods can form integrated companies by even cutting across regional and departmental boundaries, so that their products will also gradually become famous brands, and thus help expand the export trade. The state should also adopt a system of "quality certificate for export" so as to control the quality of exported goods and to protect our national prestige.

3) The state should strengthen its unified administration of foreign trade by restricting the opening of ports. It should first select some provinces and municipalities with favorable conditions to engage in foreign trade independently and with the responsibility for profits and losses. It is not advisable to go all out at once. Foreign trade centers should be set up with the large ports as their basis for the concentration of foreign trade resources. All transactions should be handled under unified arrangements at the large ports; the flow of exported goods should be rationally organized; and a nationwide network of foreign trade centers should be established with the large ports as their bases. The import and export trade of those provinces and municipalities which have no ports of their own should be handled by their agents at the large ports. The procurement or transfer of their goods for export can be handled by trans-provincial or trans-municipal integrated companies.

2. Encouragement to industrial departments in foreign trade.

The foreign trade system after reform will mainly take the form of industry-foreign trade integration, in which the production enterprises will be included. Integrated foreign trade companies for different trades or different main products should be formed regardless of different regions, departments and forms of ownership. National trans-provincial and trans-municipal general companies can also be formed to manage their branch companies and to coordinate their foreign trade activities. Some of these general companies can be set up in Beijing, and others of a regional character can be set up in their own regions or provinces and municipalities. These integrated companies, organized for different trades and different main products are essentially trust enterprises integrated for foreign trade, and are formed according to the objective requirements of socialized mass production and according to the innate economic relations. They cut across the boundaries of departments and administrative regions and the boundary between military and civilian industries, and are not restricted by the different systems of ownership. The state exercises its control mainly through planning and various economic methods, and at the same time guides, controls and coordinates the enterprises' economic adtivities.

3. Conditions required for the agency system.

To increase the channels of foreign trade, the foreign trade organs should gradually set up the agency system for industrial enterprises engaging in foreign trade, provided they are in a condition for such a change. This is an important measure for enlivening foreign trade. A special feature of the agency system is

that, under the guidance of the foreign trade organs, the industrial enterprises can directly develop their foreign trade and open up various types of foreign trade channels in order to expand the export trade and to find their way into the international market.

Production enterprises engaging in foreign trade should be able to meet certain requirements: 1) Their products must be of fine quality, easily marketable, and strongly competitive on the international market. 2) They must be staffed with people able to develop foreign trade and good at foreign languages. 3) They must assume responsibility for profits and losses, and do not need any state subsidy. The production enterprises meeting these requirements can set up their agency system after approval, and under the guidance of the specialized company acting as their agent, can directly participate in foreign trade.

Giving some industrial enterprises the authority of foreign trade in a selective and systematic way is consistent with the overall interest. In the electrical machinery trade of Shanghai, the municipal standard parts company and the Shanghai Machine Tool Plant have already experimented in the agency system with fairly great success. These experiments can be expanded in future so that the agency system will be gradually popularized. However, we must note the specific conditions of different trades and different products and choose the suitable ones for the agency system. If it would be more advantageous for some departments to adopt the procurement system, then their original system should be preserved. For example, the provinces and municipalities producing tea and other agricultural products should find it more advantageous to have the procurement system, since the foreign trade companies exporting tea have to mix the products of different provinces in processing before the tea can be raised to a high grade and sold at a high price in the international market. For some time, the provinces exported their own tea independently, but could not make much money out of them. This also disturbed the rational flow of products through the foreign trade centers with their bases in large ports. Therefore, some concrete analysis is required to determine which departments should adopt the agency system. Generally, however, this system should be adopted by all units in a position to do so.

Adoption of the agency system does not mean the separation of industrial enterprises from the foreign trade organs, since it is still a system of combined management by both industry and foreign trade. Even after the adoption of the agency system, the foreign trade organs still play an important guiding role for the industrial enterprises. No matter how the foreign trade system may change, the business function of foreign trade cannot be abolished. Even an integrated company formed of industrial departments consists of some organ to perform the functions of foreign trade. A specialized foreign trade company has a great deal of work to do. In addition to its own work in foreign trade, it has to strengthen the work of representation and other services including professional guidance, reporting on the international market conditions, regulating the prices of exporting enterprises, introducing new markets and customers, signing contracts and carrying out customs clearances and consignments on behalf of others. Furthermore, it has to provide leadership in organizing or forming service enterprises for goods consignments, storage, packing, advertising,

customs clearance, consultations, and so forth in foreign trade, and to act as their agents. At the same time, the specialized foreign trade companies can also set up their offices in foreign countries so as to step up their work of investigating and studying the international market for the information of the production enterprises. Therefore, the specialized import and export companies are still the main organs in the joint development of foreign trade.

9411
CSO: 4006/573

FOREIGN TRADE

PRC DEVELOPS PORTS TO COPE WITH FOREIGN TRADE

HK100149 Beijing CHINA DAILY in English 10 Sep 82 p 2

[Text] China's ports are expanding rapidly to keep abreast of the increase in international trade.

China now has 15 ports devoted to international trade, up from nine in 1975, according to an official at the Ministry of Communications.

"The growth of our ports still lags behind the growth of our international trade, so we are now making great efforts to expand old ports and build new ones," the official said.

He said China plans to double the capacity of ports to handle merchandise for import and export by the end of 1990.

The official said expansion work is now being carried out on almost all of the 15 ports. In the past 2 years, 11 new deep-water berths went into operation, bringing the country's total to more than 150. Work on another eight has also been completed. And they will go into operation soon.

By 1985, 200 deep-water berths will be operating in these ports, the official said.

He said China is also developing some specialised ports.

Qinhuangdao, for example, is being developed into a specialised port to handle energy-related products. It will handle coal exports from Kailuan and Datong coal mines and petroleum exports from the Daqing oil field.

China is now expanding the port in cooperation with Japan. Its capacity to handle coal will be nearly tripled over the coming 3 years.

Another specialised port is being built at Shijiusuo in Shandong Province. After completion in 1985, it will be able to berth 50,000-ton coal freighters. It will be devoted exclusively to handling coal from Anhui Province, one of China's major coal producing centres.

Shanghai Port

Shanghai Port, with an annual goods handling capacity of 84 million tons, is China's largest and one of the largest in Asia.

The port already has about 100 berths, and half of them are able to receive 10,000-ton freighters. It handles over 30 per cent of the country's international trade.

Each year, about 2,000 foreign freighters from more than 150 countries pass through Shanghai in addition to more than 10,000 Chinese freighters.

But Shanghai's poor location--on an alluvial plain--is impeding further expansion. According to the official, the port can only receive freighters of up to 30,000-tons dwt. Its maximum annual capacity is expected to be just 100 million tons.

Satellite ports are being built nearby, however, so that cargoes can be broken down and carried on to Shanghai in smaller vessels. Foreign freighters will also be able to sail directly into China's largest inland river--the Changjiang.

Modernization is taking place alongside expansion, the official said. Last year, the first specialized container berth was built in Tianjin, and another three such berths are currently being built there.

After completion in 1985, the port will be able to handle between 300,000 and 400,000 containers a year, he added.

CSO: 4020/170

FOREIGN TRADE

SHANGHAI PROVIDES MORE GOODS FOR EXPORT

OW031255 Beijing XINHUA in English 0703 GMT 3 Sep 82

[Text] Shanghai, Sep 3 (XINHUA)--After three years of economic readjustment, China's largest industrial city of Shanghai is able to provide more manufactured goods for export.

According to statistics provided by local authorities, Shanghai manufactured goods accounted for 80 percent of the exports in 1981 through the Shanghai port, compared with 57 percent in 1978. The percentage has continued to rise this year.

Such heavy industrial goods as machinery, electrical and metallurgical products, which were rarely exported, accounted for 13 percent of the exports.

Authorities attributed the increase in the exports of manufactured goods to the improvement in quality, packaging and the development of new products catered to the needs of the international market.

Over the past three years, the city has used 39.6 million U.S. dollars in foreign loans to fund more than 230 technical transformation projects in the textile, garment and rubber industries.

The city has also imported large amounts of raw materials to process products for export and carried out processing and assembling business and compensation trade to expand export production.

Over the past three years, the average annual products processed with foreign materials were valued at more than 900 million yuan.

Up to now, the city has signed with the United States, France, West Germany, Italy, Australia and the Hong Kong region 110 compensation trade contracts and about 2,000 processing and assembling contracts. Products range from garments, arts and crafts, electronic products, instruments and meters and textiles.

In the past, there were only a dozen export producers in the metallurgical industry. But last year there were over 30 of such producers, and more than 40 varieties of products were exported.

CSO: 4020/170

GENERAL

EMPHASIZING VALUE ENGINEERING URGED

Beijing RENMIN RIBAO in Chinese 20 Jul 82 p 5

[Article by Lu Jun [7627 6511]: "Value Engineering Should Be Emphasized"]

[Text] What is value engineering? It is a fringe science combining technology and economics. Through the analysis of the function of a product, it studies ways to reduce the cost of the product and strives to achieve its necessary function with the lowest cost. In order to improve economic benefits, more products which meet social needs are produced with as little labor consumption and material consumption as possible. I believe that on the foundation of correct leadership ideology of economic workers the promotion and application of value engineering is very necessary for industrial and mining enterprises, especially the machinery industry.

1. From the standpoint of existing conditions, the design of machinery products in our country is currently beginning to move from the stage of design by experience analogy to the stage of design through the system of experimental calculations. And what is called design is to seek a solution for a proposed task that is technologically as perfect as possible, economically very worthwhile, and that also meets aesthetic requirements. Consequently, in design work, the structure of a product must be considered from both a technologic and economic basis. At the moment, the technical cadres in the enterprises are often not very familiar or concerned with economics, and economic management cadres are often not very familiar or concerned with technology. Yet, value engineering is a fringe science that combines technology and economics. Not only must technology be studied but economics must also be studied. Not only must we avoid raising cost unnecessarily while improving quality but we must also avoid lowering quality irrationally while reducing cost. The application of value engineering will unite technology and economics and unify quality and cost and, thus, more ideally unify quality and quantity in the best plan.

2. From the standpoint of methods of design. The methods commonly used by most enterprises are the traditional ones using theoretical mechanics, mechanics of materials, design of mechanical spare parts, and mechanical theories. Because of limitations of experimental conditions and the inadequacy of experimental data, the selection of safety factors in design is

often on the high side. As a result, structures designed are not compact and the weight of products is increased, which causes the costs of production to increase. On the other hand, we are relatively unfamiliar with modern design methods, such as optimization of design, reliability design, design system engineering, computer support design, building block design, and fracture mechanics computing method, and it will not be possible for us to apply these methods generally within the near future. Under this circumstance, the wide promotion and application of value engineering may be carried out by using the common design methods; and modern design results may be achieved by better overcoming the defects resulting from excessive safety factors in traditional design methods.

3. From the standpoint of the cost formation of machinery products. Over 80 percent of the cost of a new machinery product is decided at the time of its design and experimental manufacturing. For this reason, the technical and economic analysis of a product should be carried out at the start of its design. Efforts should be made to achieve the most appropriate product function with the least cost expenditure, so that the structure, properties, technology, and selection and coordination of raw materials for the product are all established on the foundation of optimum quality and cost. This is where the key on whether or not a product can achieve its best technical and economic results lies and it has a decisive significance on the economic benefits of an enterprise. At the present, the accounting of economic results in the area of technical work happens to be a weak link in the plants. For many years, the economic accounting in plant enterprise development has mostly paid attention only to the accounting of expenditures during the shop production process. It has neglected the accounting of economic results during the technology process of technical design. The use of value engineering is precisely a good way for technical departments to carry out accounting of economic results. Only by firmly carrying out economic accounting for all steps, from product design and manufacture to sales, can we call it overall economic accounting and can we guarantee the improvement of economic benefits.

4. From the standpoint of the implicit meaning of costs developed through value engineering. The cost developed in value engineering is not the cost of production. It is the total cost or the life cycle cost. In other words, it is the total expense during the entire production process and the period that the product is used. It includes not only the expenses before the product leaves the plant but also the expenses for its storage, flow, sale, use, and maintenance. Because only when the total expense, namely the life cycle costs, are reduced can the economic results for the entire society be improved. If only the cost of production is reduced but the quality and properties of the product are poor, causing an increase in maintenance expenses, then the total expenses during the entire life cycle of the product not only may not be reduced but also may actually be increased. Value engineering studies not only the improvement of economic benefits of the enterprise but also the improvement of economic benefits for the entire society. This of course is what we need.

5. From the standpoint of the current conditions of the enterprises. Because of the interference and destruction by the "gang of four," the low economic benefit of enterprises is an important subject in front of us and it urgently requires a solution. In the area of reducing costs, many enterprises often pay relatively greater attention to tightening the outlay of cash. For a long time, they have not taken a firm enough hold on the large waste problems existing in production. Even less attention has been paid to wastes created by the stagnation of materials and funds and the lowering of efficiency. Consequently, if the narrow viewpoint of small production is not overcome and management thinking is not changed (such as the establishment of product function, value concept, time value concept of funds, optimization concept, etc), it will not be possible to have any large-scale cost reduction and improvement of economic benefits. The promotion of value engineering will help to solve this problem. It does not require much additional investment. With the development of collective intelligence resources as the foundation and scientific analysis methods as the means, large-scale improvement of economic benefits can be accomplished by the skillful use of existing manpower, materials, and funds.

5974
CSO: 4006/565

TRADE OFFICE TO BE ESTABLISHED IN ANTIGUA

OW071029 Taipei CNA in English 0942 GMT 7 Sep 82

[Text] Taipei, Sep 7 (CNA)--The executive yuan said Monday the Republic of China has decided to establish a trade office in Antigua and Barbuda, an island nation in the east Caribbean sea area.

The Chinese Foreign Ministry has reportedly appointed Cheng Sung-pen, section chief in the east Asian and Pacific department, as the nation's first trade representative to the east Caribbean nation, which declares independence on November 1, 1982. Cheng is slated to go there to take the new post by the end of this month.

The executive yuan said in a written administrative report to the 70th session of the legislative yuan that one of the nation's current major diplomatic tasks is to establish relations with newly independent nations and those that are going to declare independence.

A diplomatic source told this CNA reporter that many newly independent nations in the Caribbean area and the Pacific area, and those who are going to declare their independence, have been maintaining very good relations with the ROC.

The source said those nations also desire to set up formal diplomatic relations with the ROC, adding that the purpose of the nation's opening a trade office in Antigua and Barbuda is to beef up the relations between the two countries, and then to establish diplomatic relations.

The source noted that other islands such as St. Kitts and Nevis around the Caribbean Sea area have maintained close relations with the ROC and that the nation has also sent agricultural experts there.

CSO: 4020/169

TAIWAN RECEIVES URANIUM OXIDE FUEL FROM EXXON

OW210413 Taipei CNA in English 0250 GMT 21 Sep 82

[Text] Taipei, 20 Sep (CNA)--Taiwan Power Company (TAIPOWER) recently received their first shipment of fabricated uranium oxide fuel from EXXON Nuclear Company, Inc., headquartered in Bellevue, Washington, USA.

The 120 fuel assemblies delivered have the energy equivalence of nine million barrels of oil and will be used in the Chinshan Nuclear Plant Unit 1.

This delivery is the first of fourteen scheduled to be provided by EXXON Nuclear for use in TAIPOWER's four operating nuclear units at the Chinshan and Kuosheng plants.

EXXON Nuclear and TAIPOWER have contractual agreements dating back to 1973 when EXXON Nuclear agreed to supply uranium for Taiwan's first nuclear power plant then under construction.

Since 1973, TAIPOWER has signed agreements with EXXON Nuclear for fuel fabrication services and powerplex (TM) systems. Powerplex system is a computer software system developed by EXXON Nuclear which in conjunction with sensors and computer facilities at an operating reactor provides information on both present and projected status of the reactor core.

EXXON Nuclear Company, Inc., is an international supplier of high performance fuel for use in commercial power reactors. EXXON Nuclear also provides fuel management services, plant system licensing, fuel inspection and repair services and on-line monitoring software.

CSO: 4010/16

BRIEFS

URANIUM EXTRACTED FROM PHOSPHORIC ACID--Taipei, 20 Sep (CNA)--The China phosphate industries crop has succeeded in extracting 10 tons of natural uranium from phosphoric acid, a company spokesman reported. The nuclear energy laboratory of the Atomic Energy Council provided the knowhow. The method developed by Chinese scientists can extract 1 ppm from phosphoric acid. Natural uranium thus extracted is used for research purposes. There are a number of techniques for extracting natural uranium, developed in Japan, France and the United States. The Republic of China has succeeded in developing part of the technology needed, and is trying to import the rest. [Text] [OW201435 Taipei CNA in English 1334 GMT 20 Sep 82]

END

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NATIONAL POLICY AND ISSUES

ENTERPRISES' NEED TO IMPROVE INTERNAL SYSTEM OF ECONOMIC RESPONSIBILITY STRESSED

Chengdu SICHUAN RIBAO in Chinese 28 Jun 82 p 2

[Article by Xiang Jiagui [0686 0857 6311]: "How To Understand and Improve the Internal System of Economic Responsibility of Enterprises"]

> [Text] Editor's note: Last May, the State Economic Commission held a symposium on learning from the experiences of Shoudu Iron and Steel Company. The leading comrades of the provincial party committee and the provincial government called on industrial and communications enterprises, particularly the first group of enterprises to undergo reorganization, throughout the province to organize the learning and popularization of these experiences. Therefore, this journal has invited Comrade Xiang Jiagui to write three articles under the titles" How To Understand and Improve the Internal System of Economic Responsibility of Enterprises," "The Basic Experiences of the System of Economic Responsibility in Shoudu Iron and Steel Company" and "How To Master the Experiences of Shoudu Iron and Steel Company" to be carried in this journal successively starting today.

Shoudu Iron and Steel Company is a typical, advanced unit emerging after the Third Plenary Session of the 11th Party Central Committee, when the focus of the work of the whole party was shifted to economic construction. The whole set of forms and methods used in the system of economic responsibility by this company on the basis of expanded decisionmaking power for the enterprises marked an important breakthrough in the restructuing of industrial management and provided successful experiences in setting up a new type of business management for socialist enterprises. Conscientious study and active popularization of its experiences are of very great significance to the all-round reorganization and the general improvement and utilization of our enterprises by blazing a new trail for economic development.

Industrial production is socialized mass production with many complex and constantly changing factors. The choice of the correct form of economic responsibility is still being explored in practice. As to the meaning of

economic responsibility, and the way to implement and improve it, comrades in the theoretical circles and those engaged in practical work have different views and adopted different methods. For example, the views held by people are usually that the system of economic responsibility means the system of profit sharing, or the system of responsibility for profits and losses; that a correct distribution of bonus means the improvement of the system of economic responsibility; and that the system of economic responsibility means the system of job responsibility with the addition of economic benefits. According to the practical experiences of Shoudu Iron and Steel Company, all these views and methods, though closely related to the implications of the system of economic responsibility, still do not grasp the essence of this system. The sharing of profits and the payment of bonuses can solve the problem of distribution, but do not give prominence to and solve the problem of economic responsibility as the primary concern. In the past, the system of job responsibility only dealt with the requirements of business, technology and work methods, but did not include economic responsibility as its basic substance. The responsibility for profits and losses is mainly intended for the solution of financial problems, but not based on the need for restructuring; and the defects brought forth by the responsibility purely for profits are only too well known. Therefore, in learning from Shoudu Iron and Steel Company's system of economic responsibility, we must once again realize the character, significance and goal of this system, set right our guiding thought, and ascertain the orientation of the improvement of the internal system of economic responsibility of enterprises. Shoudu Iron and Steel Company's idea of the system of economic responsibility is the system of business management under which responsibilities, rights and interests are closely combined with the improvement of economic results as the central task and under the guidance of state planning. Based on our observations in practice in the past several years, this company's summarization and description are relatively complete and accurate. Here are the three important points: First, all industrial enterprises must carry out their production and management under the guidance of state planning, and be careful in developing the supplementary role of regulation by the market. However, planned economy must play the leading role, and this is one of the important features distinguishing socialist from capitalist enterprises. Secondly, improving the overall economic results is the starting point as well as the basis of enforcing the system of economic responsibility. Thirdly, in the close combination of responsibilities, rights and interests, responsibilities are the core, rights are the condition, and interests are the motive force. Therefore, the improvement of the internal system of economic responsibility must begin with the fulfillment of responsibility, and not with distribution. If we are only concerned with the partial interests of the enterprises and the individuals and give little thought to the overall interests of the state in distribution, it can easily lead us on to the wrong path of "thinking of everything in terms of money."

Shoudu Iron and Steel Company has not only a distinctive guiding thought but also a concrete system of economic responsibility giving expression to this guiding thought. Following the principle of the combination of responsibilities, rights and interests, and with the improvement of economic results as the main goal, this company adopted the form of "responsibility, guarantee and cooperation" as a means of enabling the enterprise and the individuals to

fulfill their economic responsibility to the state. By this means, the main indices of the economic responsibility are analyzed step by step and then carried out by every functional organ, every factory or mine, every workshop, every work team and work shift, and every member of the enterprises including the leading cadres, level by level. Thus a system of economic responsibility is formed with its vertical and horizontal links working in harmony and everyone's goal and duty clearly spelled out. The so-called "responsibility" means the responsibility to complete the main economic indices on the part of the enterprise (or its affiliated units) as required by the state. The so-called "guarantee" means guaranteeing the completion of other economic and technical indices and the fulfillment of specific duties. The so-called "cooperation" means complying with the requests of other units in the neighborhood for cooperation. Then a set of scientific methods were worked out on the basis of "responsibility, guarantee and cooperation" for evaluation and rewarding. Fulfillment of responsibility at every level turned the general task of production and management of the company in that year into the common goal of tens of thousands of workers and staff members. The workers and staff members became masters of the company; democratic management of the enterprise became more realistic; and the all-round completion of state plans and the realization of economic results were more securely ensured. One of the most notable characteristics in the methods of this company is that responsibilities, rights and interests are truly combined with responsibility in the first place so that responsibility will determine rights and interests, and the system of job responsibility will be developed into a system of economic responsibility for every job. At the same time, by fulfilling the responsibility and providing the guarantee completely, the whole system of indices, all the tasks, and all the requests for cooperation will be included in the substance of responsibility, and the undesirable side effects of responsibility for profits alone can be avoided. That is why we say that this company's experiences mark a breakthrough in the development of expanded decisionmaking power for enterprises and in the traditional management system. We believe that whatever may be the economic policy or the form of financial distribution the state may adopt for enterprises, we should learn from and popularize the Shoudu Iron and Steel Company's experiences in improving and practicing the system of economic responsibility--the experiences which have been proved to be successful in practice.

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NATIONAL POLICY AND ISSUES

TECHNICAL REFORM OF EXISTING ENTERPRISES NECESSARY

Chengdu SICHUAN RIBAO in Chinese 29 Jun 82 p 1

[Article: "Getting a Grasp of Technical Reform in Existing Enterprises--Increasing Economic Benefits Is the Basic Starting Point for Considering All Economic Problems"]

[Text] Carrying out technical reform emphatically and step by step and bringing the role of existing enterprises into full play constitute an important policy for the establishment of our national economy. They also constitute a key measure for developing the national economy and for hastening the establishment of the four modernizations. We must conscientiously and thoroughly implement this policy and get a good grasp on this important item of work.

In the more than 30 years since the establishment of the nation, there has been a great development of industry in this province. At present there are over 40,000 enterprises in the province as a whole with fixed assets and circulating assets of several hundred million yuan. This is an important material basis for continued progress. From a certain standpoint, the past was a period in which investments were made and the foundations were laid for industrial reconstruction in this province. Now the time has arrived in which benefits have appeared and are playing a role. Future expansion of the national economy will depend primarily not on expanding the scale of capital construction but rather on bringing the existing foundation into full play, with a gradual shift from extension as the primary aspect to intension as the primary aspect. This is a basic change in economic construction policy, and we must make our own thinking and work adapt to this change in a self-conscious way.

We should see that our existing industrial foundation is far from playing a full role, that many major economic technical indicators are still comparatively backward by comparison to those for the state, and that economic benefits also are comparatively poor. At present, the problems of low product quality, limited variety of products, high consumption, and great waste are pronounced in a considerable portion of our industrial enterprises because of technical backwardness, old facilities, and aging technology. This is a major cause of the poor economic benefits in our province. If this situation is not changed quickly, we will encounter great difficulties in [our efforts to] increase economic benefits and accelerate the expansion of the economy. For this

reason, getting a grasp on the implementation of technical reform of existing enterprises has become an urgent and important task. We must have sufficient knowledge of this problem so that we can conscientiously change our past ideas of investing in and getting on with a matter and of engaging in new construction as soon as mention is made of expanding production, and [instead] genuinely base ourselves on our existing foundation, striving to do a good job of technical reform and bringing the role of existing enterprises into full play. Many enterprises have already moved ahead in this area and have achieved outstanding results. This in fact shows that getting a good grasp on the technical reform of existing enterprises can result in spending less money and getting more work done, that it is beneficial to regulating the economy and increasing accumulations, and that it is an economical and highly effective way of expanding industrial production and raising economic effectiveness. We must be sure to judge the time and size up the situation and grasp the opportunity to put the technical reform of existing enterprises in its due place, and to be conscientious about making it effective.

The technical reform of existing enterprises should set out from reality; its direction should be made clear and definite; its key points should stand out; and it should take its own course. Speaking from the standpoint of the province as a whole, technical reform should revolve closely around the core of increasing economic benefits, and its key point should be on solving the following problems: First, decrease the consumption of goods and materials and use resources in order to produce as many goods required by society as possible with as little consumption as possible; second, raise product quality, expand the variety of specifications, improve product performance, and increase competitive capacity; third decrease costs, increase profits, and accelerate the turnover of funds in order to provide greater accumulations for the state; and fourth, control poolution by the "three wastes," strengthen environmental protection, and improve working conditions. It should be emphatically pointed out that the energy crisis will be a prominent contradiction restricting economic development in our province for the present and into the future. In the near future, getting a good grasp on economizing of energy will be a major means of solving the energy problem. For this reason, technical reform of enterprises must take economizing energy as its core. A firm grasp must be gottn on replacing and reforming old technology and facilities with high energy consumption and low efficiency and on striving to decrease energy consumption. On the basis of the key points indicated above, in technical reform we must get a good hold on such comprehensive control measures as product upgrading and substitution, advances in technology, improvements in the level of management, replacement of equipment, and filling up and mending weak links. Under present conditions, the great majority of enterprises should put their emphasis on getting a good grasp on adding to or replacing individual items of key equipment, using new techniques, new technology and new materials, and strengthening work in such areas as new product design and trial manufacture, with the objective of achieving rapid increases in economic benefits.

The technical reform of existing enterprises must proceed in a planned way, step by step, and with emphasis on key points. We must integrate the technical reform of enterprises closely with industrial regulation and reorganization of enterprises. Practice demonstrates that we can obtain effects that supplement each other in this way, with reorganization and combination of enterprises providing favorable conditions for technical reform and replacement of equipment. Conversely, technical reform and replacement of equipment have promoted consolidation and improvement of economic combines, while the processes of reorganization and combination are processes that continuously produce the conditions for carrying out technical reform and change.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' REVIEWS PRESENT ECONOMY

HK241340 Beijing JINGJI GUANLI in Chinese No 8, 15 Aug 82 pp 5-7, 11

[Economic commentary by Zhou Chuan [0719 1557]: "The Present Economic Situation"--passages within slantlines published in boldface]

[Text] /Continuous Progress During Readjustment/

The first half of this year saw continuous progress during the readjustments in the national economy, and there has been development on all sides, producing a general economic situation much better than originally expected. The most important areas were:

/Relatively fast rises in industrial production and an economic turn for the better./ In the first half of this year, the country's gross industrial output value was 272.9 billion yuan, an increase of 10.1 percent over the same period last year. Light industry showed a growth of 10.7 percent and heavy industry 9.5 percent. In terms of production quantity, of the 100 major industrial products in the entire country, 86 had more than half completed their annual plan already. There were particularly large-scale increases in the quantity of heavy industrial production over the same period of the previous year, with coal standing at 319.45 million tons, an increase of 10.6 percent; electric energy production 160.1 billion kwh, an increase of 6.9 percent; steel products at 14.39 million tons, an increase of 10.8 percent; cement at 44.18 million tons, an increase of 14 percent; plate glass 17.35 million standard cases, an increase of 25.7 percent; hand controlled tractors 160,000,an increase of 40.3 percent; bicycles, sewing machines, watches, yarn, cloth, paper, cardboard, sugar, beer and all others saw increases of between 9 and 45 percent.

This year industrial production got off to a good start with the result that the economy has begun to turn around. In budgetary terms, from January to May of this year, nationalised industry and enterprises totaled 138.3 billion yuan in product trading, an increase of 10.3 percent over the same period last year. Profits totaled 21.1 billion yuan, an increase of 5.9 percent over the same period last year. Profits which went directly to the national coffers totaled 30.3 billion yuan, an increase of 9 percent over the same period last year.

/Summer crops show slight increase--the economy may look forward to a bumper harvest./ As villages and communes implement government policies, production enthusiasm among the peasants becomes ever greater. Since last winter the country has seen a number of natural disasters such as floods, drought, wind and excessive heat, but through the strength of the peasants and the commune members to resist such disasters, the effects has been lessened of the disasters on agricultural crops. As far as summer grain production is concerned, with the exception of one or two provinces, all of northern China has seen reduced grain production, whereas in the south, there have been large-scale increases. Provinces which have seen the largest increases include Jiangsu, Sichuan, Hubei and Zhejiang. It is expected that the total grain production for this year will show an increase of around 1 billion jin over last year. Production of rapeseed is expected to reach 92.49 million dan, an increase of 11.19 million, or 13.8 percent, over last year. This increase may be broken down province by province to show an increase 4.5 million dan in Anhui and 4 million dan in Jiangsu and Sichuan. Cotton, peanuts, sugar and tobacco also show good increases and hence this year we may see fruitful economic harvests.

/Market stability and prosperous trading./ Product purchasing in the commercial sector in the first half of this year totaled 118 billion yuan, a 10.4-percent increase over the same period last year, and within this figure, industrial products 11.4 percent. Retail purchasing of consumer and social products stood at 123 billion yuan, an increase of 9.5 percent over last year. Because of the constant increase in consumer product production, the purchasing power of the masses has likewise increased. At present, the market situation is experiencing considerable changes and now many products which used to be in short supply are readily available. On the other hand, some products which last year were very marketable have now become unmarketable. Many areas show that consumers are changing from being money hoarders and compulsive buyers to being money depositors and savers and selective buyers. How much money has been deposited in terms of savings? By the beginning of June savings banks in China showed total deposits this year of around 60.2 billion yuan, an increase of 7.8 billion yuan over the first 6 months of 1981. What products are falling under the category of selective buying? The most eagerly sought-after goods are those with well known brand names, new products and long-lasting, high-quality consumer products. These new trends illustrate two things. One is that there is obviously a healthy supply of goods which puts people at ease, and the other is that the continuous improvement in people's standards of living have prompted greater consumer demands from the people.

/Exports are greater than imports./ In the first half of this year, the total revenue for export products for the entire country stood at 21.4 billion yuan, an increase of 14.1 percent over the same period last year. The total value of exports showed an increase of 8.7 percent over last year, and exports outweighed imports by around 1.1 billion yuan.

/Financial revenue greater than expenditure--more currency withdrawn from circulation./ From January to May of this year, financial revenue showed an increase of 6.8 percent over the same period last year. [phrase indistinct]

balances expenditure, then balance is ensured, because income was greater than expenditure, there was an abundance of products on the market and by the end of May a total of 4.7 billion yuan had been withdrawn from circulation, more than 700 million yuan more than the same period last year.

The above statistics illustrate that the national economy is now well set on a stable, healthy, developing road.

/New Situations and Problems Arising Out of the Economy's Development/

As with all developmental changes, the changes and development of the national economy are complex and intricate.

The industry structure has seen new changes. Since April of this year the developmental rise in heavy industry has become noticeably fast, much more so than light industry. If one compares each month with the same period last year, one can see that heavy industry developed in April by some 10.5 percent and light industry by 9.8 percent. In April heavy industry showed a development speed of 10.7 percent and light industry, 9.8 percent. In June, heavy industry, 9.6 percent and light industry, 4.3 percent. As a result of this, the internal structure of industry has undergone some changes. The percentages of total production value that heavy industry represents in the entire industry was 53.1 percent in 1980. In 1981 it was 48.7 percent, and by May of this year it had already climbed back up to 50.4 percent. In June it stood at 51 percent. Such an upward surge in heavy industry is a good phenomenon in terms of production development, but the considerable speed of such development has put pressure on power, the railways and transportation. Restrictions on electrical supplies have meant that many industrial areas have had to put on the brakes and restrict electricity, the three major grids of Dongbei, Huadong and Jingtiantang being specific examples. Another new problem has been the piling up of unmarketable goods such as fine woven cloth, cotton socks, rubber shoes and radios, all of which are marketable for more than a year. Because a proportion of such products exceed rational limits of stocks and storage, the proportion of circulating funds that they represent also increases.

A third problem is the continued decrease in the sowing area of grain foods. During the last 3 years the total sowing area for grain has diminished by 84.44 million mu. This year the total sowing areas for spring wheat and rice decreased 9.29 million mu. While the sowing area for grain has been continuously decreasing, the sowing areas for cotton, oil, sugar and tobacco have increased, and the problem now is a question of profits. It is true that most areas are in this situation, even those that concentrate on grain production. In the 13 main grain-sowing areas throughout the country, there has been a reduction of 8.87 million mu between 1978 and 1981, meaning a reduction in grain harvests of over 3 billion jin.

/All Efforts on Developing the Present Good Situation/

When one examines negative factors in the generally good overall situation, it is useful to look at governmental policies to help overcome difficulties in development and thereby consolidate and further develop the situation. In order to fulfill the plan for the national economy this year, and at the

same time stabilize, revitalize and give additional support to the national economy, it is vital that readjustment policies continue to be carried out and put into effect and thereby produce an evident rise in the effectiveness of the economy. At the present newly-developed stage of the economy, we must concentrate on handling the following "four relations":

/1. The relation between grain crops and economic crops./ In the last few years a series of party policies have been carried out in the villages of various areas. These policies are based on the natural conditions of each area. These rational readjustments to the crop-sowing structure have been designed to promote the bilateral development of both grain and economic crops. The results have been good, but we must prevent this good tendency from developing into another one. At present some areas have no regard for national needs, and only demonstrate partial and local interests, and by putting undue emphasis on economic gains, gradually squeeze out land area used for grain. This tendency must be corrected as soon as possible. China has a large population and relatively little land and from now on we are going to experience limitations in agricultural land usage. As the population continues to increase, the grain supplies problem will come to a head. For this reason it is very important to establish good relations between grain and economic crops. We must make sure that grain production does not slack off and hence must introduce various types of management. While [word indistinct] the system of agricultural production administration, we must strengthen government administration, introduce new tax regulations and various other economic contracts and thereby put agricultural production work onto the right path within the sphere of the planned economy. We must ensure that the total sowing area for grain remains above 1.7 billion mu and find any way possible to raise production quality in all units. We must exploit all land areas available such as mountain areas, grasslands, rivers, lakes, and so on and thereby open wide the door to greater production. With the aim of establishing stable development for grain production we must ensure the general increase in economic and agricultural by-products production. Relevant information shows that grain production has improved considerably in Heilongjiang, Taihu in Jiangsu, Kangjiahu in Zhejiang, the Zhuhai Delta in Guangdong, Don Gtinghu in Hunan, Poyanghu in Jiangxi, the Jianghan Plains in Hubei and the Hexi corridor to Gansu. In order to attain the stable grain production levels of the previous 2 years, we must increase grain production by 13 billion jin.

/2. Proportional relations between light and heavy industry./ Preservation of the coordinated development of the proportional relations between the production of the means of production and the production of the means of subsistence is an extremely important economic policy. In addition, such an intention is the long-term aim of China's national economic construction program. Overemphasis on heavy industry and ignorance of light industry does not suit the specific conditions of our country. In Premier Zhao Ziyang's "Government Work Report" last year, he wrote, "We will now, for a considerable period of time, need to concentrate on the development of the consumer goods

industry." The continuous large-scale increase in the production of daily consumer goods over the last few years has set a certain speed of development in supplying the demands of the people in towns and the countryside, enriching the market, enlivening the economy and protecting industry as a whole as well as increasing economic revenue. Any problems which now arise in terms of marketing light industrial and textile goods must be seen as concrete work problems. As long as we put ample emphasis on production and circulation and adopt suitable measures, such problems can be overcome. The question of how to rationally organise the relations between light and heavy industry needs more research, although there are two factors which must, without a doubt, be tackled. One is that products being produced must meet the demands of society's present needs and in particular they must harmonize with the supply capacity of power resources. It has been estimated that for every 1 percent increase in the production value of heavy industry throughout the country, power consumption measures 1.62 billion kwh. For every 1 percent increase in the production value of light industry, power consumption measures 350 million kwh. In other words, the power consumption for every 100 million yuan of total production value is 4.6 times more for heavy industry than for light industry. On the basis of present power capacity and production, there is a need to limit the development speed of heavy industry. During the next few years the proportion of total production value that light industry occupies should rise above that of heavy industry. If heavy industry continues to develop at its present speed, it will put excessive pressure on power resources and communications. Hence, while heavy industry has made such sudden developments, from now on readjustments will have to be made.

/3. The relations between the speed of development of industry and benefits of the economy./ Industrial production development last year was very unbalanced, with little production increase in the first half of the year and great increases in the latter half. Because of variations in base figures, production increases in industry for the first half of this year were very fast and in the latter half there will be considerable slowing down. Nevertheless, the overall planned speed of development for this year is attainable without any problems. The problem is to establish a steady and unexaggerated speed and this task does have some difficulties attached to it. Although the economy saw improvements in the first 5 months of this year, it is still a long way off from what is required. For example, the proportion of circulating funds used by state-run industry and enterprises was 5 billion yuan more than the same period last year. Total profits increased by 5.9 percent, a considerable distance behind the speed of increase in industry. Enterprise losses stood at 30 percent. Hence, from now on we must concentrate our efforts, put some effective measures into action and ensure that the economy makes considerable improvements. 1) Continue to carry out and support the principle of "the six priorities" for light industry. Raise the production of priorities such as raw materials, power and communications to correspond with the needs of society and ensure the continued increase in production of consumer goods. 2) Improve industrial management and administration, raise product quality, increase

product variety, reduce material consumption and waste and produce even more marketable products. 3) Continue to readjust the aims of heavy industry; supply light industry and agricultural with more, improved machinery, equipment and raw materials; heavy industrial products with a high power consumption rate should be regulated in terms of production. 4) Get a grasp on the readjustments and reorganizations in enterprises. A turnabout should be produced in enterprises with backward production technology, low quality products, high energy consumption and large losses. 5) Improve the administrative style of commerce. Increase the amount of heavy industrial products in the countryside and thereby bring the 800 million peasants into closer contact with this enormous market. 6) Implement more financial discipline, increase revenue and restrain expenditure, thereby ensuring a relative increase in revenue.

/4. The relations between economic construction and the people's livelihood./ Since the third plenary session of the Central Committee, the party and the government have put into effect a series of measures designed to improve the livelihood of the people. In relation to the allocation of the national revenue, the government has introduced the policy of "two pressures, two increases" whereby accumulated funds are reduced and consumer funds increased. The proportion of the national revenue that accumulated funds represent has fallen from 36.5 percent in 1978 to 28.3 percent in 1981. The second "pressure" is that put on production investment, which increases nonproductive investment. Of the total amount of investments made for construction, production construction investment for extended reproduction represented 82.6 percent in 1978 and has fallen to 58.8 percent in 1981. Nonproductive construction investment used to fill the demands of people's material and cultural needs rose from 17.4 percent to 41.2 percent. Within the last 3 years the amount of nonproductive construction investment totaled 49.3 billion yuan, an increase of 1.4 times the total for the 10-year period of the Cultural Revolution. Of this figure, 29.1 billion yuan was used for housing, the total construction of which covered 232 million square meters, a twofold increase over the total building area constructed during the 10 years of the Cultural Revolution. Major readjustement in the proportional relations between accumulated and consumer funds have meant a turnabout in the previous situation of large amounts of accumulated funds and small amounts of consumer funds. There has been a important improvement in the relation between the meat and the bone of the economy. This is the great thing about readjustment--it is able to realign the activities of any aspect of the economy and promote stable reunification. The readjustment of the economy has produced two new situations. 1) The newly-increased national revenue has almost all beenused in the consumer sector. In the 3 years from 1979 to 1981, the new, additional national revenue reached a total of 87.4 billion yuan, of which around 87.1 billion yuan was used as people's consumer and social consumer funds. National accumulated funds did not see any basic increase. 2) The national allocated revenue has decreased. Of the 87.4 billion yuan increased national revenue in the above-mentioned 3 years, trilateral allocation was as follows: an increase in the individual income of workers of 77.9 billion yuan, and an increase in enterprise revenue of 20 billion yuan, but the national income did not increase, in

fact it decreased by 10.7 billion yuan. Under the set historical conditions, an allocation of the national economy such as this is feasible and indeed necessary (the concrete reasons behind the creation of such a situation still require more study and analysis). But it cannot continue like this. If newly-increased national revenue is always allocated to the consumer sector every year and is not applied to extended reproduction, then there will be improvements in the people's livelihood, but in the long run material guarantees would be lost. The key question for the ability of the country to consolidate definite and vital finances is to find every way possible to increase production, construction, circulation and other areas of economic benefit. At the same time it is necessary to readjust the proportion that the national financial revenue represents of the national revenue as a whole. In this way the steady development of economic construction and the ever-increasing scale of social reproduction will bring a fundamental change to the structure of the national finances, causing continual improvements in the economic situation in general.

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NATIONAL POLICY AND ISSUES

IMPROVED PRODUCT QUALITY, VARIETY STRESSED

HK010914 Beijing JINGJI GUANLI in Chinese No 8, 15 Aug 82 pp 12-14

[Article by Jin Qize [6855 1142 3419]: "Give Priority to the Development of Variety and Improvement of Quality"]

[Text] Through our efforts in recent years, the quality of our products has basically been restored to the best level ever seen in history. There are some new product varieties which have reached international standards and have found their way into the international market. There has also been great improvement in the level of quality control. The results are remarkable. But viewed from the development of modernization and the needs of the people, there are still many problems. One is still the problem of one-sidedly seeking output value and the quantity of products by merely stressing "speed" to the neglect of quality. Low quality and obsolete variety have caused serious stockpiling and waste. Unstable quality is another problem. According to statistics from January to April this year, of the 1,736 kinds of products primarily selected for examination in the 26 provinces, municipalities and autonomous regions, the quality of 25.8 percent of the products dropped by varying degrees in comparison with the corresponding period of last year, and in some regions the quality of 30 percent of the products dropped. A serious quality accident even took place during the use of some products. The "quality month" activities have become a mere formality in some enterprises. Therefore, in our present economic work, we must make greater efforts in controlling the product quality.

At present, in controlling the product quality, we must do the following work:

First, we must raise our understanding, concientiously implement the principle of "quality first" and give priority to the variety and quality of products in all economic work.

Recently, a leading comrade of the State Council pointed out: "In any case, we must firmly grasp the quality problem and give it top priority in our work." "If we do not give it top priority, it will be impossible to raise economic results." "If various industrial departments pay attention to quality, economic results can certainly be raised. This is the nose of a cow. It can

bring forward other work." Quality and variety have become a matter of great urgency in our economic work. They are the crux of whether our socialist four modernizations will be successful. This is where the life of the people, the prestige and the fundamental interests of the country lie. They are also an important manifestation of our socialist material and spiritual civilizations. If the product quality is bad, and the variety is not marketable, economic results cannot be raised, and we will not be able to realize the speed in development in a down-to-earth manner. If the product quality is bad and the variety is not marketable, export trade will lose its competitive ability. The state and the people have invested a lot of hard work. If they cannot obtain substantial benefit, the people's initiative in building socialism will be affected. Therefore, we must [word indistinct] understanding and carry out a change in our ideology and action. In assigning and examining our work, we must not forget the words "quality" and "variety." We must conscientiously give priority to the improvement of product quality and to the development of new products.

Second, we must do a good job in "serving the users" in various fields, and bring our industrial production into the orbit of organizing production according to the needs of the users.

"Serving the users" is a concrete manifestation of socialists enterprises in wholeheartedly "serving the people." It is the starting point and purpose of socialist enterprises in developing production. It is also the socially motive force of enterprises in developing production. Through "serving the users," enterprises can obtain information about the needs of society, information about how to improve the quality of products and information about how the users have improved the products they use in actual life. Such information is a reliable data for improving the structure and quality of products and for developing new products. The (Sloan) Management College of the Massachusetts Institute of Technology in the United States made a systematic study of more than 150 enterprises in 6 large companies. They found that 60-80 percent of successful technical innovations or new products came from the suggestions of the users or from absorbing innovations the users have made. It is obvious that "serving the users" is not a simple matter of repairing and replacing, nor is it a passive measure for dealing with quality problems that arise from accidents. It is a progressive and active method for promoting technology and the production of enterprises.

In foreign countries, entrepreneurs buy or collect such information at any cost. They make great efforts at home and abroad in waging the activities of "serving the users." Besides meeting the needs of the users for competitive reasons, they carry out the work of collecting information. So long as we conscientiously carry out the work of "serving the users," we can obtain much valuable information without spending any money. Why not go ahead with it?

Third, we must begin working out a medium- and short-term plan for "upgrading and replacing" products.

One outstanding problem is that the structure of China's industrial products is obsolete and the technological functions of these products are backward. Of the 28,000 kinds of mechanical and electrical products in China, more than 16,000 kinds, which account for approximately 60 percent of all mechanical and electrical products, are backward in function and are in urgent needs of renewal or else must be eliminated. In addition, we are unable to manufacture nearly 10,000 kinds of products. Most of the blowers and pumps now in use are fashioned after the pattern of old products of the Soviet Union popular between the 1950's and 1960's. They operate with low efficiency and high consumption. Over 70 percent of our industrial products remain at the level between the 1950's and 1960's, and about 20 percent of them remain at the level between the 1930's and 1940's. Of the 2.8 million machine tools throughout the country, ordinary machine tools account for over 85 percent, while precision, numerically controlled and combination machine tools account for only 4 percent. At present, the crux for improving the product quality is to implement the principle of "upgrading and replacing" products. Suitable old products must be constantly innovated on a stable basis. Their technological and economic level must be raised. We must develop new key products and be resolute in eliminating old products with backward structures and high energy consumption. In light of their specific conditions, various department must systematically analyze similar domestic and foreign products, work out a plan for "upgrading and replacing" key products, organize scientific and technological strength in various fields and carry out cooperation to tackle key problems. The plan for "upgrading and replacing" products must be organically combined with technical innovations and the import of technology. This must be regarded as an important component part of the plan for developing the national economy and given priority in respect to manpower and material and financial resources. We must carry out regular checkups and examinations and form a system of planned indices for quality and variety. We must strive to enable the variety and quality of our industrial products to take on a new look in 3-5 years or a few more years.

Fourth, we must further strengthen basic technical work.

The measuring, testing and controlling implements of many industrial enterprises in our country have long been out of repair. The coefficient of the working procedure of the equipment in these enterprises is too low. Their technical standards are few and backward. All this is not suited to the needs for stabilizing and improving the product quality.

In combination with the reorganization of enterprises and technical innovations, we must strengthen our measurement and testing work and renew the necessary measuring, testing and controlling implements. We must carry out the overall maintenance and management work of equipment in a planned way, raise the ability coefficient in working procedures and guarantee that production is under control.

Highly-developed industrial countries usually have more than 10,000 state technical standards, which are revised once in 3-5 years. However, we now

only have about 3,500 state standards, which were basically formulated between the 1950's and 1960's. Seventy-eight percent of these standards lags behind present international standards. How can products with such standards compete in the international market? We must speed up the formulation and revision of our technical standards and gradually adopt international standards. In this respect, we must emancipate our minds. In enterprises where conditions are ripe, international standards must be introduced first and then revised and made into state standards. In the First 5-Year Plan period, we adopted the standards of the Soviet Union, and they were rapidly popularized. In adopting international standards, we must supplement some necessary testing methods, and introducing technical measures needs money. But we cannot but make up our minds to realize this. Otherwise, technical standards will remain backward, and the quality problem will not be fundamentally solved. Various departments should cooperate with each other, put forward feasible reorganized technical standards and a plan for implementing international standards. All this must be gradually realized. On this basis, in the work of controlling and testing the product quality, we can introduce the system of issuing product certificates or quality certificates, a system which is used internationally. In this way, our products can further find their way on the international market.

Fifth, we must study and work out ways and methods for encouraging the enhancement of product quality and the development of new products.

In light of the specific conditions of Zhangzhou Municipality, the Zhangzhou People's Government of Fujian Province has recently promulgated "provisional methods for controlling the fund for rewarding those who create excellent and new products." It stipulates that 3 percent of the depreciation fund of enterprises, 5 percent of the fund for developing production and the fund for rewarding those who create excellent and new products which is deducted from wages as a punishment due to producing low-quality products are to be used for encouraging the enhancement of the quality of products and the development of new products. This is a very useful trial. Within their own functions and powers and through investigation and study or through establishing trial products, various departments and regions should work out some methods for encouraging the enhancement of product quality and the development of new products in respect to credit, taxation, prices, the distribution of profits, the ratio of rewards, the allocation of the costs for technological measures and of the costs for scientific research. Particularly, in the inland region where the transport line is long and management expenses are high, if we do not adopt some flexible and encouraging measures to improve the quality and variety of products, it will be difficult to enliven the economy.

At present, industrial enterprises are undergoing overall reorganization. The purpose of reorganizing enterprises is to enable enterprises to enhance the quality of their products, lower their production costs and raise economic results. Therefore, leading comrades of all enterprises and comrades sent by various departments and regions to help enterprises carry out overall reorganization should pay full attention to the reorganization and to raising of product quality.

Sixth, we must strengthen quality management institutions and perfect the socialist economic legal system.

In order to strengthen the leadership over quality management work in the restructuring of state organs, the state economic commission has, with the approval of the State Council, established a quality management bureau. Its main task is to formulate rules and regulations with regard to the management of quality and to the quality of products under the guidance of the relevant principles of the party Central Committee and the State Council and through investigation and study; to give impetus to the role of organizations and cooperation and gradually form a unified and strong-quality supervising system; to help the planning departments work out a plan for "upgrading and replacing" products and to organize the work for selecting superior quality products. In light of their specific conditions, various departments and regions should transfer the necessary highly-trained personnel to strengthen the building of quality management institutions. In addition, we must firmly grasp the work of formulating the regulations and system for controlling product quality, consummate and substantiate the network for supervising quality and strengthen the work of regularly supervising and checking the product quality, Quality supervising and testing departments such as quality control departments, departments of standards setting, measurement departments, commercial inspection departments, medicinal inspection departments, marine inspection departments, industrial and commercial administration departments and sanitation and anti-epidemic departments must, under a cooperative principle, boldly exercise their duties, help enterprises raise the product quality, strictly implement the socialist economic legal system and protect the legitimate interests of the users. We must seriously deal with and punish according to law those who interfere in and undermine the duties exercised by quality supervising departments, and those who willingly give trouble to and retaliate on quality controllers who exercise their functions and powers.

Seventh, we must further carry out overall quality control and extensively upfold mass group activities for controlling quality.

In many of our enterprises, there are still many traces of the mode of handicraft industrial production in their management, and there are also brands of the small peasant economy. All this is not suited to the needs of a socialist modernized industry. Therefore, we must firmly grasp our study, use scientific management methods and continue to popularize overall quality management. In the course of popularizing overall quality management, we must first understand well its basic concept and the relevant viewpoints. In combination with the original management system, we must digest and absorb new management methods, carry out well basic work, proceed in an orderly way and get rid of formalism.

Group activities for controlling quality are the basis for overall quality management. They are an important organizational form for the staff and workers to become masters of enterprises and to participate in the management of enterprises. They are also a form for the staff and workers to participate

in technical innovations and in carrying out the activities for putting forward rationalization proposals. Leading comrades at all levels should support and help these activities so as to enable them to develop healthily and to change the wisdom of the staff and workers into raising the product quality. Any collective unit or individual who makes remarkable achievements in raising the product quality should be praised or rewarded according to "regulations with regard to rewards for those who make rational proposals and for those who carry out technical innovations" and "regulations about rewarding and punishing the staff and workers" promulgated by the State Council.

In the course of popularizing overall quality management, some enterprises will possibly take a tortuous road. Some quality accidents will also take place in some enterprises due to unstable technological basic work. This is not unusual. On the contrary, it shows that our management system is not perfect enough and that we must do a better job in reorganizing enterprises and in strengthening technological basic work.

Through the "quality month" activities carried out this year, it is imperative to conscientiously sum up our experience and lessons in the past 30 years, and in particular to sum up our experience in the past 4-5 years. The purpose is to further understand the target of quality and the orientation and tasks of quality management work and to give priority to quality and variety in our economic work. This is a long-term strategic principle which we must seriously and conscientiously implement.

CSO: 4006/22

NATIONAL POLICY AND ISSUES

DEVELOPING RURAL ECONOMY DISCUSSED

HK050501 Beijing JINGJI GUANLI in Chinese No 8, 15 Aug 82 pp 18-21

[Article by Wang Jifu [3769 3444 1133] of Yantai Prefectural CPC Committee: "How To Further Develop the Economically Developed Rural Areas"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, work has been done over the past period across the country to develop the one-third less-advanced rural areas. Thanks to these measures, an excellent situation has emerged in our agricultural production. In order to further implement the party's policies and consolidate and develop this situation across the country, it is necessary, as seen from the situation in Yantai Prefecture, to grasp the two ends and bring along the middle [zhua liang tou, dai zhong jian 2119 0357 7333 1601 0022 7035]. While it is imperative to continue to promote the agricultural production of the one-third less-advanced rural areas, it is also necessary at the same time to study how to solve the problems of the relatively advanced rural areas that also make up nearly one-third so that these areas will be able to fully display their advanced role in modernizing agriculture across the country and this work is a matter of strategic significance.

Yantai Prefecture is located on the Jiaodong Peninsula, with relatively advantageous natural conditions. It is one of the major commercial grain producing areas in Shandong Province and it has abundant peanuts, apples, pears and grapes. Like Suzhou Prefecture in the southern part of the Changjiang River and Foshan Prefecture, Yantai Prefecture also has a comparatively advanced rural economy. The productivity of Yantai prefecture has constantly developed over the past years. Statistics showed that last year, this prefecture had 30.8 horsepower of agricultural machinery per 100 mu of cultivated land. The acreage under mechanical cultivation was 71 percent, the acreage under irrigation was 59 percent; the acreage under irrigation in Huang County was 84 percent, the highest. Fertilizer application was 253 jin per mu. This prefecture is also characterized by a high level of scientific farming. Great changes have taken place in the agricultural economic structure. Last year, the number of laborers who undertook industrial sideline production and diversified economic management throughout the prefecture made up more than 55 percent of the total labor force in rural areas and the incomes of these undertakings made up 60.3 percent of the total

agricultural incomes. The rural economy is developing toward specialization and socialization. The peasants' living standard, including their daily necessities, has also experienced new changes. Since 1978, 520,000 peasant households have built new houses in the prefecture. Statistics up to the end of February this year showed that peasants have deposited 920 million yuan in banks. Yantai Prefecture was hit by serious drought last year and grain production decreased by 1.65 billion jin, but the average income of the rural population still increased slightly to more than 200 yuan. Now, the average public accumulation of each production brigade in the prefecture is 300,000 yuan. Of the total industrial and agricultural output value of the region in 1981, agricultural output value was 3.24 billion yuan, 42.7 percent of the total, while industrial output value was 4.34 billion yuan, 57.3 percent of the total. The purchase of commodities for foreign trade in 1981 was 850 million yuan, second only to Foshan and ranked second throughout the country.

The agricultural economic structure in Yantai has also changed considerably and public accumulation and the living standard of commune members are also comparatively high; in addition, this area has fairly advantageous conditions for exports. How should we further develop the economy of this area? Taken as a whole, our guiding ideology should be that we must persist in developing big agriculture. Following is our opinion as to how to do this.

1. With regard to guiding ideology and style of work, we must break away from the old concept of "agricultural prefectural party committees" and "agricultural county party committees" and the old convention that "agriculture means just growing crops." Prefectural and county party committees must be able to give guidance in carrying out diversified economic management; they can in no way restrict themselves to just guiding agricultural production on a small scale. They must be able to realize three changes, that is, to change from unitary operations to diversified and comprehensive development, from paying no attention to commodity production to producing various commodities with increasing output value and to constantly improve the commodity rate and to change from simple division of labor in agricultural production to specialized and socialized production. Economic theoretical circles are correct when they put forth the concepts of "big agriculture," "big grain" and "big animal husbandry." In the "60 work methods," Comrade Mao Zedong advocated comprehensive management of agriculture, forestry, animal husbandry, sideline production and fishery, and advocated 12 characters concerning crop growing and a couple of dozen points with regard to breeding for developing animal husbandry. Since the 3d Plenary Session of the 11th CPC Central Committee, the documents issued by this committee about agricultural production and the related directives issued by leading comrades from the committee have all shown this spirit for developing agriculture. In new situations, this spirit has undergone new development. This idea of undertaking big-scale agricultural production must be followed and implemented in building rural areas.

2. We must foster an idea of comprehensively developing agriculture, industry and commerce. We must also put agriculture in the first place because it is the foundation. But the situation in Yantai Prefecture shows that diversified

operations and the processing industry in rural areas are becoming more and more important and consequently they must be put in a proper position. There are 3.64 million laborers in the rural areas throughout the prefecture, of which 2 million are working in such sectors as industrial sideline production and diversified operations. This area has 12.52 million mu of cultivated land and if we undertake intensive farming on this acreage, 1 million laborers will be enough to do the job. The remaining 640,000 laborers are a very big latent force. Therefore, there is no way out other than to set up an economic structure of diversified operations; there are many ways in rural areas to undertake diversified operations. For example, we can develop in a big way the processing industry for agricultural products (of course, we must first of all meet the state purchase and distribution plans for such products as tobacco, oil-bearing crops, cotton and jute). Sweet potatoes, traditionally the stale diet in the Jiaodong Peninsula, now constitutes a lower proportion of the grain for consumption in the region. But sweet potatoes are drought-resistant, with a fairly low cost and high output. If we process this crop to produce starch and use the starch as material for producing vermicelli, we will be able to increase output value many times over. If we extract alcohol and citric acid from sweet potatoes, we will gain even higher profit.

3. With regard to management and administration, it is necessary to adapt to the needs of socialist big agriculture and introduce suitable forms of the production responsibility system. In the areas where the rural economy is relatively developed, the division of labor among specialized units is becoming more intensive and economic relations are becoming more complex. Under these conditions, it is imperative for us to improve the management level as quickly as possible so as to guarantee that the production structure with good circulation will become more complete, more rational, more scientific and more advanced, that better economic effects are achieved and that our thinking will accord with the thinking of big agriculture. To set up and perfect the production responsibility system is important in improving the management level. The view that regards the responsibility system mainly as a method for becoming rich and not for developing agriculture is wrong. To set up a perfect production responsibility system is imperative not only for the areas with relatively backward economy but also for the areas with relatively advanced economy. But as various places have different economic structures, different levels of productivity and the masses have different levels of consciousness, therefore they have to introduce different forms of production responsibility system. If the places with relatively advanced economy disregard their own specific conditions and engage in "double contracts" with all households, such a method will not only be detrimental to economic development but may also ruin the public accumulation that has been raised for many years and consequently there will appear a chaotic situation in diversified operations and division of labor among specialized units.

According to the spirit of the directives of the CPC Central Committee and according to the specific conditions in our region, we have, since this year, introduced the production responsibility system of "assigning production quotas

to specialized units and linking output with remuneration to labor." Concretely speaking, specialization comes first, linking comes later. In diversified operations and industrial sideline production, we have continued to perfect and introduce the method of "four suitable, four special and one link," that is, according to the features of various trades, production quotas are assigned to production teams, groups, households or individuals wherever suitable. With regard to the production of grain and oil-bearing crops, the production quotas and land are assigned according to labor force and the capability of each laborer on the basis of agreement and those assigned are responsible for awards or punishment according to the fulfillment or nonfulfillment of the quotas and all these measures can only be exercised under the situation of "seven unifications" in which production plans and the location of crops are unifiedly defined, farm tools, draught animals and water conservancy facilities are unifiedly managed and used, seeds, chemical fertilizer and pesticides are unifiedly used, labor force is unifiedly deployed, the products of grain and oil-bearing crops are unifiedly handled, accounting and distribution are unifiedly carried out and farmland capital construction is unifiedly undertaken.

In implementing the production responsibility system, we must stick to the following two points:

1) Persist in the orientation of collectivization. The responsibility system we are implementing now is in the interest of developing the collective economy. It is important to correctly handle the relations among the state, the collective and the individuals and we can in no way depart from state planning and the collective economy. We must mobilize the initiative of both aspects. Without the initiative of individual laborers there would be no superiority of the socialist economy while by merely relying on individual initiative, there will be no intiative of collective production, nor will the superiority of socialism be displayed. 2) Do not cut with one knife and practice four don'ts. The four don'ts mean do not let matters drift--strengthen the party's leadership; do not restrict rigidly; do not introduce forcibly and do not demand unanimously or forcibly.

4. Rationally set up a base for processing export-oriented goods. At present, the areas with a relatively advanced rural economy across the country are in general not far away from ports. And now there has gradually arisen a common problem as to how to rationally set up bases for processing export-oriented goods so that the rural economy will develop in a overall way. Yantai Prefecture has fairly good conditions for making products and building ports. But due to the restrictions of some of the present systems and regulations, most of the commodities for foreign trade produced by the region are exported through Qingdao and other ports. In 1981 the commodities purchased throughout the region for export were 850 million yuan, of which the value of the drawn-work products exported from Yantai was 130 million yuan, only 15.3 percent of the total. The present systems and rules and regulations have caused unnecessary damage to the state and the collective. Take fresh prawns for example. If the prawns are directly exported from Yantai to Japan, they are still in good

condition after shipment and therefore they have a higher foreign exchange rate. But now they are exported via Qingdao port after being processed into headless prawns. Consequently, with processing costs and lower foreign exchange rate, there is a price discrepancy of 2 to 3 times. In the past, Yantai Prefecture had direct sea links with Japan and Singapore, but now it does not even have navigation links with some ports in the country itself. It is true that leading comrades from the central government are very much concerned with port construction and sea links in Yantai Prefecture and they have issued directives on many occasions; but the implementation of these directives has been slow. In order to enable the areas with relatively advanced rural economy to make further progress, it is an urgent matter to solve the problems of exports.

5. Depend on science to guide big agriculture and work hard to exploit mental faculties. Economically advanced areas can make further progress only by relying on science and policies. The situation in the development of agriculture in Yantai Prefecture shows that all important breakthroughs in production are related with the results of absorbing, utilizing and popularizing new agricultural scientific research and with the turning of science into productivity. First, relying on science means that while we are fully displaying the advantages of the traditional agrotechnology of our country, we must also make wide use of the achievements of modern science and technology and take the road of less investment, low consumption, high efficiency and promoting ecological balance. There has appeared a tendency that merits our attention. That is, some people have disregarded reality and efficiency and they are blindly seeking so-called modern technology by gradually increasing the investment in "materialized labor" in agriculture every year and consequently they have increased production costs in agriculture. Another example is that some units have applied fertilizer irrationally and as a result, they have spoiled the soil structure. Therefore, it is necessary to combine modern science and technology with traditional agricultural technology. Second, the reform of agricultural technology must be carried out according to energy policy and the level of productivity of our country so as to define a rational structure for the motive power used in agriculture and for the energy structure. At present, in our effort to realize agricultural modernization, we must persist in combining mechanization with semimechanization and handicraft tools, in simultaneously using mechanical and electrical power, draught animal power and manpower and in comprehensively using coal, oil, electricity, biological energy, solar energy and methane. Third, we must do a good job in investigating agricultural resources and scientifically working out plans for the development of big agriculture. Yantai Prefecture is composed of 70 percent hilly areas and 30 percent plains and low land. It has a coast line with a length of 1,350 kilometers and several million mu of beaches and offshore waters for the marine breeding industry. Taken as a whole, the readjustment of the location of crop-growing areas in our region is rational. But the location of socialist big agriculture is just beginning. We do not really understand yet the situation of many resources and we still lack a scientific

basis for exploiting and utilizing these resources. This is also a very important problem that has to be solved in further developing the rural economy. Fourth, pay attention to investment in mental power and exploiting and utilizing talent. It is a common problem that we do not have enough agroscientific technicians and that our technical force is weak. In order to solve the lack of talent, we must pay attention to education in rural areas and train technicians through many channels. Efforts must be made to invest more in various scientific technicians in rural areas. Rural areas not only need technicians who understand agrotechnology but also need a great number of those who understand many branches of science in forestry, animal husbandry, sideline production, fishery and industry. Agrotechnicians who have made achievements in production and acquired knowledge through their own efforts must be employed through organizational appraisal so as to further display their role. Technicians of the level of agronomists and engineers from various places must be permitted, according to the needs of the country, to work in other places. It is necessary to implement the policy on technology and promote agrotechnicians to higher positions through examination. Those who have made achievements must be awarded and commended.

6. Step up urban construction so as to enable cities to set good examples to towns and to enable towns to promote cities and to constantly narrow the gap between workers and peasants and between urban and rural areas. Many production teams in Yantai Prefecture differ very little from cities in economic income and living conditions. But basically speaking, it will take a long time for the differences between workers and peasants and between cities and rural areas to be minimized. In this respect, leadership must pay attention to the following points. 1) Correctly handle the relationships between urban and rural areas and prevent and correct the one-sided view and methods that stress the importance of rural areas serving urban areas and neglect the importance of urban areas supporting rural areas. 2) Take active measures to organize cities and towns to "expand and disperse industry, and take processing outside the factories," so as to carry out economic cooperation with people's communes and production teams. The advantages of this method are that it is not necessary for the state to increase the work force, nor is it necessary for factories to increase investments or for cities to expand their commercial and service departments while they are able to promote production, increase the incomes of peasants and train a great many technicians for rural areas. 3) Step up the construction of cities, towns and market towns. Yantai Prefecture now has two municipalities: Yantai and Weihai; 16 towns and over 340 market towns. They are located in various places in the prefecture and constitute the political, economic and cultural centers and transportation hubs of the prefecture and economic and cultural links between the urban and rural areas. Most of them now have become bases for industry and sideline occupations run by the people's communes. In order to step up the construction of cities and towns, it is necessary to work out an overall and rational plan. With the aim of comprehensively developing agriculture, industry and commerce and developing production and people's life, we must make overall arrangements for municipal public facilities, housing construction, commercial and service facilities and cultural and health facilities. Help must be given in the form of manpower, material power and financial power so as to quicken the pace of this construction.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' DISCUSSES INDUSTRIAL ENTERPRISES

HK281321 Beijing JINGJI GUANLI in Chinese No 8, 15 Aug 82 pp 40-41

[Article by the Liaoning provincial office for reorganization of enterprises: "Five Standards for the Reorganization of Enterprises in Liaoning Province (Provisional)"]

[Text] Editor's note: In the course of the overall reorganization of enterprises, it is, at present, first necessary to do a good job in the reorganization of the "five tasks" and on this base, fulfill the "six good requirements" through the "three items of construction." In June this year, Liaoning Province formulated the check and acceptance standards for the five tasks as the goal of reorganization in the first stage. This method of carrying out the reorganization and check and acceptance of enterprises by stages is relatively practical. Here we publish the five standards specially for the reference of various localities. We made a few alterations in words and expressions. [end editor's note]

In accordance with the "Decision of the CPC Central Committee and the State Council on carrying out the overall reorganization of state industrial enterprises" and in the light of the provincial condition, centering around the present five tasks, such as the improvement of economic benefits and the strengthening of the economic responsibility system, we have formulated the following check and acceptance standards. The various localities, departments and enterprises are encouraged to draw up their own detailed rules and regulations for check and acceptance in the light of our standards and the requirements of the departments concerned under the State Council.

I. Reorganize and perfect the economic responsibility system.

In order to conscientiously implement the stipulations in relation to the documents of the State Council and the provincial government and in the light of the experiences of the Shuodu Iron and Steel Company, the following tasks should be fulfilled:

1. We must carry out the responsibilities which the enterprises should fulfill for the state and for the enterprises in an overall manner and do a good job in breaking down the economic and technical targets and tasks at each level of the internal departments of the enterprises. We must carry out a clear and

definite economic responsibility system, a stringent assessment method and a feasible system of rewards and penalties for the leading cadres in the enterprises, the managerial personnel in the functional departments and the workers at the production poses in the workshops. We must also combine responsibility, authority and benefit so that the economic interests of the staff and workers can be linked with the achievements of the collective and so that the labor contributions of the individual and the principle of to each according to his ability, to each according to his work can be reflected. We must mete out penalties or rewards as the case demands and not indulge in egalitarianism.

2. We must have a series of methods for implementation of distribution which can correctly handle the interests of the state, the enterprises and the staff and workers. While the largest share which the state should receive in distributing surplus revenue is ensured, the enterprises can retain a major part and the individual can get a considerable portion of the rest. Implementing the piece rate system must tally with the four requirements stipulated by the state and be linked with the final goods of the enterprises. The wage element of the per unit product cost must be reduced and the rate of income from piece work in excess of fixed quotas must not exceed 30 percent of the average wage in the enterprises. With regard to the level of bonus distribution among the staff and workers who practice the day work system, the targets checked and ratified by the responsible departments must be strictly implemented.

3. We must do a good job in overall management planning, work out yearly, quarterly and monthly production, technical and financial plans, bring the production and operational activities of the enterprises into line with the state plan and social demands, ensure even production, produce marketable goods and fulfill delivery contracts according to the required quality and quantity.

4. We must do a good job in cverall quality control, carry out production in accordance with technical standards, set up and perfect the quality control organs and ensure that product quality should meet fixed standards. We must perfect the technical and marketing organizations which serve the users, unfold the mass quality control activities and manage to produce practical results.

5. We must do a good job in overall business accounting, practice a classified accounting system among the factory headquarters, workshops and production teams and groups according to the administrative levels of enterprises and manage to complete whatever we do and handle. We must set up accounting targets and organizational and managerial systems which together form a whole, put an end to the situation in which there is no one responsible in economic management affairs, overcome every form of tax evasion, effectively avoid waste and raise economic benefits.

6. New advances in the various basic work of management of enterprises should be made. We must try hard to ensure a fixed quota in labor and consumption and to have rules and regulations concerning the incoming and outgoing of goods and materials. The original records should be perfect and the measuring means complete. We must have quick access to information on economic activities.

7. We must try to eliminate losses suffered in operations and raise comprehensive economic benefits. Under a situation in which the product mix, the type of product designs and the commodity prices are roughly the same, the main economic and technical targets, such as quality, consumption, efficiency, cost, capital and profit, should reach the best levels in history. Those which have reached the best levels in history should catch up with and surpass the advanced levels throughout the province and the country. Comparable product costs should be reduced, the circulation turnover rate should be expedited and the targets of energy conservation which are passed down to the lower levels by the responsible departments should be fulfilled.

II. Reorganize and strengthen work discipline and strictly enforce regulations concerning rewards and disciplinary action.

8. In accordance with the "regulations concerning rewards and penalties for the staff and workers of enterprises" promulgated by the State Council and the "provisional stipulations concerning the strengthening of work discipline of enterprises" promulgated by the provincial government, we must formulate work discipline and regulations concerning rewards and disciplinary action of the specific enterprises. Frequent education in the spirit of being the masters of the country should be conducted among the staff and workers. Those staff and workers who have a correct attitude toward labor and have observed discipline, abided by the law and made outstanding achievements must be commended and given rewards in good time. Those who have violated work discipline, neglected official duties and acted contrary to state policies and decrees must be dealt with seriously. It is necessary to encourage a healthy atmosphere and healthy trends and check unhealthy trends and evil influences, and to effect remarkable changes in the mental outlook of the staff and workers.

9. Detailed stipulations for the specific enterprises should be worked out in the light of the "regulations for staff members and workers throughout the country" so that the overwhelming majority of staff and workers can conscientiously follow them and pay special attention to the "five stresses and four beautifuls." The factory should be kept clean and tidy and production carried out in a civilized way.

10. Sound rules and regulations concerning work attendance should be worked out, such as asking for leave and reporting back after a leave of absence. The rate of attendance and the man-hour utilization rate should approach or reach the historical peak levels of the enterprises.

III. Reorganize financial and economic discipline and improve financial and accounting rules and regulations.

11. We must have sound financial and accounting organs and necessary financial and accounting personnel. Medium and large-scale enterprises must carry out a financial responsibility system led by the chief accountant.

12. We must have all types of basic work needed in carrying out overall business accounting, including accounting documents. We must set up account books and financial and cost planning report forms, ensure the accuracy and reliability of the various figures, reflect the situation of operational activities accurately and make a regular analysis of the economic activities of enterprises.

13. It is necessary to strictly implement the various rules and regulations stipulated by the state as well as financial and economic disciplines. It is also necessary to pay taxes and hand profits over to the state according to stipulations and to handle affairs in the drawing of basic depreciation funds and other special funds, in the calculation of costs and in the distribution of bonuses according to the state's stipulations.

14. We must adhere to running enterprises industrially and thriftily and oppose extravagance and waste, strictly budget and carefully calculate the consumption of manpower and material and financial resources, properly take care of the various property and goods and materials and ensure the accounts correspond to the goods and materials.

15. We must practice democracy in financial affairs, regularly report on financial matters to the staff and workers' congresses and accept supervision by the masses.

IV. Reorganize work units, arrange production according to a fixed number of workers and fixed quotas ans systematically train all staff and workers.

16. The organizational setups and work units of the internal departments of enterprises must be small but sagacious and rational. We must carry out a job duty system with a fixed number of workers in the functional offices, workshops and production teams and groups, which should be provided with staff and workers according to the required standards of quality and quantity. Most of the staff and workers whose work load can be measures or checked should carry out an average level of fixed production quotas. Among those staff and workers who have difficulty in carrying out production according to fixed quotas, a clear and definite job responsibility system should be set up. Those staff and workers carrying out independent operations who pass an technical assessment should be given job identification. Temporary identification cards could be possibly given to those who fail in the assessment but who are needed to stay at their posts for the time being and who would be asked to pass the assessment within a definite time.

17. Surplus personnel have made initial arrangements, and initial achievements have been scored in opening up new prospects in production and expanding the field of service. The factory-run enterprises under the collective ownership system must practice independent operations and independent accounting and assume full responsibility for their own profits and losses and must not squeeze and seize the profits of state-owned enterprises for other purposes.

18. The education of staff and workers in such things as ideology, planning, organization and measures should be implemented in all fields. We must have a long-range program and an annual plan for training all staff and workers and implement it conscientiously. Large- and small-scale enterprises which meet the conditions must set up training centers or training bases and provide them with full-time teachers according to stipulations and put someone in charge of the work of training the staff and members.

V. Reorganize and build leading bodies.

It is imperative to earnestly implement the "provisional regulations concerning the staff and workers' congresses in state-owned factories" and the "regulations concerning the work of grassroots organizations of the CPC in industrial enterprises" which will soon be promulgated. To set up the factory director responsibility system and the staff and workers' congresses, both under the leadership of the party committee, we must first do the following things:

19. We must streamline the leading bodies and competently fill them with the proper party and government posts. Generally speaking, a large-scale enterprise should be equipped with five to six factory directors and deputy directors; a medium-scale enterprise with four to five factory directors and deputy directors; and a small enterprise with two to three factory directors and deputy directors. Except for large-scale enterprises, all enterprises should be provided, as far as possible, with factory directors and deputy directors who are under 50, with the age ceiling being 55. Among the leading cadres who hold deputy positions, those who have an educational level of technical secondary schools and the title of a technical or professional post and who are under 50 must constitute more than one-half the total sum. Outstanding young and middle-aged cadres should be promoted to leading posts. Old and infirm cadres who are incompetent at their job must be properly dealt with according to stipulations related to policy. The leading bodies of the workshops and offices of enterprises must also be reorganized.

20. The members of the leading bodies of the party committee must have a good party style and work style, set an example in everything, strictly carry out the guiding principles for inner-party political life and the state's policies and decrees. They must maintain close ties with the masses, be bold to make criticisms and self-criticisms, dare to support healthy tendencies and check unhealthy ones, correct the unhealthy practices in the economic field and strike blows at illegal and criminal activities so that the party committees, in the enterprises can become a firm and powerful leading core force which will unite the broad masses of staff and workers, implement the party's principles and policies and uphold the socialist orientation and democratic centralism.

21. There must a clear distinction between the functions of the party and those of the government. The party committees in the enterprises must concentrate their main energy and effort on party building and the strengthening of ideological and political work, on giving play to the roles of the mass organizations, such as the trade unions and the CYL, so as to make the education in the four basic principles, in the situation, in patriotism and in the sense of responsibility of the staff and workers being the masters of the country a regular practice. They must make the activities of "ardently loving the motherland, ardently loving the party and ardently loving socialism, becoming the masters of the country, making new contributions and

fostering new customs" and creating the "six-good enterprises" by emulating and learning from the advanced and helping the less advanced, a regular practice and try to make them a success. The director of a factory should practice unified direction in production and administrative work and the deputy directors, chief engineer and chief accountant of a factory should perform their own duties under the leadership of the factory director. Factory headquarters, workshops and production teams and groups must practice the responsibility systems at each level and set up a feasible and effective system which directs production and coordinates all types of work.

[Phrase indistinct] We must establish and perfect the system of the staff and workers congresses and draw up the detailed rules and regulations for its implementation in specific units. A staff and workers congress must hold a regular congress to discuss the major questions of the enterprises and exercise the "five powers" stipulated in the "provisional regulations." It must elect representatives strictly in accordance with democratic procedures, determine the subjects for discussion, pool various proposals, discuss them and make decisions on this basis. The staff and workers congresses must have whole organizational setups and rules and regulations concerning their activities. While the congresses are in recess, it is encouraged that the representatives to the congresses be frequently organized to check on the implementation of the decisions and proposals of the congresses. A democratic management system should be set up in the workshop and production teams and groups. It is necessary to provide the trade union with a cadre who holds a deputy position in the factory to be its chairman and it is necessary for the trade union to give full play to its role as the working organ of the staff and workers congresses.

CSO: 4006/22

ECONOMIC PLANNING

COMMUNIQUE PROVIDES STATISTICS ON 1981 ECONOMIC ACCOMPLISHMENTS

Lanzhou GANSU RIBAO in Chinese 5 Jul 82 p 2

[Article by Gansu Provincial Bureau of Statistics: "Communique on Results of Implementation Throughout the Province of 1981 National Economic Plan (3 July 1982)]

[Text] During 1981, all nationalities in Gansu Province did a great amount of work and overcame numerous difficulties in diligently carrying out the CCP Committee's program for further economic readjustment and further political stability, and for the realization of readjustment tasks for a "stable economy" passed by the Third Session of the Fifth National People's Congress, and the 1981 national economic plan for the province approved by the Seventh Session of the Provincial National People's Congress Standing Committee. New accomplishments have been made in development of the national economy and of society, and the economic situation is good in an overall sense. However, economic benefits have been fairly poor, and some problems meriting serious attention and requiring solution also exist in readjustment.

The situation in plan execution by each sector of the national economy was as follows:

1. Agriculture

During 1981 the entire province experienced natural disasters in the form of serious drought, floods, and waterlogging. The disaster area amounted to 53.9 percent of the area sown to agricultural crops. Nevertheless, as a result of assiduous implementation of a series of policies and programs on development of agriculture that followed from the Third Plenary Session of the 11th Party Central Committee, the further promotion and perfection of various forms of production responsibility systems that have aroused the enthusiasm of the broad masses of cadres and commune members, plus vigorous support given by the CCP Central Committee, the State Council, and the People's Liberation Army, damage resulting from the natural disasters was greatly reduced. Except for a drop in output of grain and oil-bearing crops, varying degrees of development occurred in output of other economic crops and of commune member household sideline occupations. Figured on the basis of constant 1980 prices, gross output value of agriculture for the province was 2.85 billion yuan, and 89.4 percent of plan was fulfilled, 8 percent less than during the previous year. Grain output totaled 8.7 billion jin, 1.15 billion jin less than the previous

year. Cotton output was 80,000 dan, 26,000 dan more than in 1980. Oil-bearing crop output (including sunflower seeds) was 2.64 million dan, 150,000 dan less than in 1980. Sugarbeet output amounted to 2.12 million dan, an 860,000 dan increase over 1980. Tobacco output was 15.71 million jin, a 5.92 million jin increase over 1980.

During 1981 a 968,000 mu area of the province was afforested, 112,000 mu more than in 1980. At the end of 1981 seedlings were growing on a 104,000 mu area, 63,000 mu less than in 1980.

In the livestock field, output of pork, beef, mutton, and goat meat totaled 282.37 million jin, 2.33 million jin increase over 1980. Large livestock animals in inventory at year's end numbered 4,129,000 head, a net increase over 1980 of 205,000 head. Live hogs in inventory number 4.09 million, down by 149,000 from 1980. Sheep in inventory numbered 11,676,000 head, 199,000 fewer than in 1980. Fattened hogs removed from inventory during the year totaled 2,542,000 head, 41,000 head fewer than during 1980. Carcass-type sheep and goats removed from inventory numbered 933,000 head, 18,000 head less than in 1980. Carcass-type beef removed from inventory numbered 80,000, 7,000 more than in 1980.

Further improvement took place in agricultural production conditions. During the year grass was planted on 660,000 mu of barren mountains and mountain slopes; 147,000 mu of level terraced fields were built; and the effectively irrigated area increased to 12.74 million mu. The number of large and medium size tractors increased to 17,405, and the number of small and hand tractors increased to 57,000. Farm trucks increased to 4,384. Rural electricity use increased to 870 million kilowatt hours.

2. Industry

During 1981 the province's industrial production overcame shortages of raw materials and several railroad interruptions. Gross output value of industry figured in terms of constant 1980 prices amounted to 6.974 billion yuan for a 100.3 percent fulfillment of required plan, but a 6.6 percent decline from 1980. This included fulfillment of a gross output value for light industry of 1.727 billion yuan, up 5.7 percent from 1980, and a gross output value for heavy industry of 5.246 billion yuan, down 10 percent from 1980.

Output of 68 of 175 major products was greater than in 1980. Of 131 kinds of products included in plan, production of 74 kinds was fulfilled or overfulfilled. This amounted to 56.5 percent of plan goods.

Outputs of major industrial goods were as follows:

Cotton yarn, 14,900 tons, up 25.9 percent from 1980; cotton cloth, 66.2 million meters, up 6.6 percent from 1980; synthetic fiber, 11,900 tons, up 1 percent from 1980; wool fabric, 5,233,600 meters, up 9.8 percent from 1980; 1,081,800 blankets, up 15.3 percent from 1980; and 2,804 tons of woolen yarn, up 18.8 percent from 1980. Light bulbs produced numbered 12.87 million, up 1.8 percent from 1980; matches, 362,600 up 7.8 percent from 1980; cigarettes, 142,500 cases, up 6 percent from 1980; sugar, 8,109 tons, up 24.6 percent

from 1980; radio receivers, 42,000 up 110.8 percent from 1980; television sets, 45,700 up 74.4 percent from 1980; leather shoes, 1,245,000 pair, up 24.9 percent from 1980; quantity of electricity generated, 12.141 billion kilowatt hours, a 1.6 percent increase from 1980; raw coal, 1,372,300 tons, up 1.3 percent from 1980; amount of crude oil processed, 2,845,000 tons, down 7.7 percent from 1980; steel, 149,700 tons, down 11.9 percent from 1980; pig iron, 385,600 tons, down 20.7 percent from 1980; copper, 39,200 tons, down 15 percent from 1980; aluminum 96,600 tons, down 1.5 percent from 1980; nickel, 8,641 tons, down 7.5 percent from 1980; sulfuric acid, 280,000 tons, down 3.9 percent from 1980; agricultural chemical fertilizer, 190,000 tons, down 3.1 percent from 1980; plastics, 48,400 tons, down 3.1 percent from 1980; synthetic rubber, 39,900 tons, down 2.1 percent from 1980; cement, 1,683,000 tons, down 6.2 percent from 1980; lumber, and 450,000 cubic meters, down 26.3 percent from 1980; plate glass 874,700 standard cases, down 16.3 percent from 1980.

Quality of industrial goods rose. In 1981 the province produced 76 kinds of top quality goods, including 85 octane gasoline and toluene from the Lanzhou Petroleum Refinery; butadiene styrene rubber from the Lanzhou Chemical Industry Company, chloride rare earth from the Gansu Rare Earth Company; and jinkui xianqi pills [6855 0566 6343 3049 0029], one of five products of the Foci Pharmaceutical Plant for which the state issued a top quality award. Thirteen of 29 quality standards inspected by the Provincial Statistical Bureau were higher this year than last.

However, as a result of a drop in the level of production and poor administration and management, economic benefits from industrial production were fairly poor. Of 92 indicators of material consumption per unit of product that could be compared, 50 were lower than last year, and 41 were higher. The labor productivity rate for all personnel in industrial enterprises owned by all the people was 11,124 yuan, a 9.7 percent decline from 1980. Total product cost of products that could be compared from industrial enterprises having independent accounting owned by all the people rose 1.3 percent over 1980. Fixed quota circulation funds increased by 2.2 percent over 1980; the number of loss enterprises increased by 78 over 1980, the extent of losses increasing to 25.7 percent; industrial output value per 100 yuan of fixed assets value fell by 13.3 percent from 1980; profits per 100 yuan of industrial gross output value were 20.9 percent less than 1980; and circulating capital used per 100 yuan of income from sales increased by 5.5 percent as compared with 1980.

3. Capital Construction

The scope of capital construction shrunk further, and substantial readjustments were also made in the orientation of investment. In 1981, total investment in completed capital construction was 703 million yuan, a 154 million reduction from 1980. Newly added fixed assets had a value of 538 million yuan, and the fixed asset delivered utilization rate was 76.5 percent. As a result of readjustment of the orientation of investment, the ratio of investment in the transportation and post and telegraphs, cultural, education, and health, scientific research, business and trade, and urban construction sectors increased in varying degrees. The investment of 378 million yuan in production-type construction declined as a ratio of total investment from 57.6 percent in 1980 to 53.8 percent. The 325 million yuan investment in non-productive

type construction needed to satisfy the people's material and cultural life rose as a ration of the total sum of investment from the 42.4 percent of last year to 46.2 percent. Investment in the light and textile industries reached 35.01 million yuan, up 20.1 percent from 1980, and rose as a ratio of total investment from the 3.4 percent of 1980 to 5 percent.

Of the 26 key projects planned to be completed and go into production in the province during 1981, 22 were finished. Of the 64 individual projects planned for completion, 56 were completed and provided benefits. Newly added capabilities (or benefits) from capital construction for the year as a whole were mainly the following: 300,000 tons of cement, 300,000 tons of iron ore mined; 100,000 kilowatts of electricity generating units; 2,300 tons of mining equipment manufactured; 120,000 pairs of leather shoes; 150 kilometers of 110,000 volt electric power transmission lines, 41 kilometers of railroads, 93 kilometers of highways, 147 kilometers of long distance telephone wire; and 6 million cubic meters of reservoirs. The housing area on which construction was finished during the year was 2,014,000 square meters.

4. Transportation and Posts and Telegraphs

During 1981 railroad transportation sustained disaster damage on several occasions. On the Longhai line, the Baoji-Tianshui section caved in three times interrupting service for 1017 hours. However, as a result of strengthening of transportation organizational work, which improved work efficiency, plan was still completed. Railroad cargo handled within the province for the year as a whole amounted to 18.67 million tons for a 2 percent overfulfillment of plan. Quantity of railroad cargo turned over was 14.02 billion ton kilometers, which was 100.1 percent of the annual plan. Volume of passenger travel within the province was 7.51 million people, a 3.3 percent overfulfillment of plan. Railroad passenger travel turnover volume was 4.57 billion passenger kilometers, 8.9 percent overfulfillment of plan. Though railroad transportation fulfilled the plan, it continued extremely hectic.

During 1981, volume of highway cargo moved was 13.17 million tons, 24.4 percent less than during 1980. Highway freight turnover amounted to 691.8 million ton kilometers, 21 percent less than in 1980. Highway passenger volume fulfilled was 31.23 million people, 2.8 percent more than in 1980. Highway passenger turnover volume was 1.56 billion passenger kilometers, up 3.7 percent from 1980.

In 1981 the total amount of posts and telegraphs business for the province as a whole calculated in terms of constant 1980 prices was 34.43 million yuan, down 0.8 percent from 1980.

5. Trade and Prices

In 1981 more commodity retail network outlets were established, flow channels widened, flow links reduced, business methods made more lively and diverse, and urban and rural markets continued brisk.

Net procurement by businesses owned by all the people amounted to 2.406 billion yuan, down 1.5 percent from 1980. This included procurement of agricultural products totaling 692 million yuan, up 1.6 percent from 1980; and procurement

of industrial products within the province totaling 1.455 billion yuan, down 6.7 percent from 1980. Among agricultural sideline products procured (grain purchased at negotiated prices) increased by 10.47 million jin; cotton increased by 29,000 dan, edible oils increased by 13.79 million jin, fattened hogs increased by 87,600 head, carcass-type beef increased by 11,200 head, and carcass-type mutton increased by 6,200 head.

In 1981 retail sales of social commodities totaled 3.281 billion yuan, up 7.9 percent from 1980. This included retail sales of consumption goods amounting to 2.807 billion yuan, up 9.4 percent from 1980. Retail sales of agricultural means of production totaled 366 million yuan, down 7.3 percent from 1980. Among the total retail sales figure for social commodities sales figures for businesses and food and beverage industries owned by all the people amounted to 1.663 billion yuan, a 1.6 percent increase over 1980. Retail sales figures for businesses and food and beverages industries owned by collectives amounted to 171 million yuan, 2.5 times the 1980 volume. Retail sales figures for business and food and beverage industries operated by authorized individuals amounted to 37.91 million yuan, 2.4 times the 1980 amount. Silks and satins increased by 6.7 percent; sewing machines increased by 8.8 percent; and television sets increased by 23 percent.

Following 3 consecutive years of growth, procurement for foreign trade saw additional substantial growth. Total procurement of export commodities by the Provincial Foreign Trade Bureau amounted to 309 million yuan for a 122.5 fulfillment of plan, a 58.9 percent increases over 1980. Direct exports for the year as a whole amounted to $43.36 million for 103.2 percent fulfillment of plan, a 10.4 percent increase over 1980. Commodities procured throughout the province for foreign trade numbered more than 200 varieties.

Prices rose slightly. Procurement list prices for agricultural sideline products were 4.2 percent higher than in 1980. This plus a 7.7 percent increas increase over 1980 in negotiated prices and added prices paid for excess procurement has meant an increase in peasant income. Retail list price overall levels for commodities from state-owned businesses rose 1.61 percent. This included a 2.15 percent increase in cities and a 0.57 percent increase in rural villages. Consumption goods prices rose 1.7 percent, and prices of the means of agricultural production declined by 0.17 percent. Among retail price changes for consumer goods was a 2.7 percent increase in food prices (non-staple food prices rose 3.98 percent with the price of vegetables climbing 9.41 percent); clothing prices fell 0.59 percent; daily necessities rose in price by 0.06 percent; prices of cultural and entertainment items rose 0.45 percent; medicine prices rose 3.22 percent; and fuel prices rose 0.83 percent. Country fair trade prices rose 1.65 percent.

6. Science, Education and Culture

During 1981, progress on virtually all the 145 key research projects in the province's plan met plan requirements. These included improvement of the southern Gansu prairie, initiator K, a high precision gear-hobbing machine, and gaowutou [7559 3527 7333], which were among 12 things already appraised, some of which have begun to be used in production. Progress was also made

in research work involving grain production, economic diversification, the light and textile industries, energy development and conservation, and light construction materials.

During 1981 readjustment work continued to be carried out on the education front with cutbacks in senior middle school and the addition of a first year of senior middle school to junior middle school for a strengthening of primary schools and an enhancement of junior middle schools. The "bloated" situation was overcome. Ordinary institutions of higher learning enrolled 4,102 students for a 104.3 percent fulfillment of plan. Students in school number 20,887, a 15.4 percent increase over 1980. Secondary vocational schools (including teacher training schools) enrolled 9,195 students for a 100.4 fulfillment of plan. Students attending a school number 22,793, 15 percent fewer than in 1980. Students enrolled in middle schools numbered 843,000, 12.9 percent fewer than last year. Students attending primary school numbered 2,971,000, 6.8 percent fewer than in 1980. The number of students in after hours education, radio broadcast, and television university training increased.

In 1981 there were nine museums in the province, 324 mass art museums, cultural palaces, and culture stations, and 41 public libraries having a total of 4,102,000 books. There were a total of 98 artistic troupes who performed 18,700 times. Movie projection units of various kinds numbered 2,385 and 509,000 showings were made. The province had two radio broadcasting stations, 10 radio transmitter stations and relay stations, one central television station, and five television transmitter stations and broadcast relay stations, and 186 television differential transfer units.

7. Health and Physical Education

During 1981 health and medical enterprises developed throughout the province. Medical organizations number 3,820, a 4 percent increase over 1980. Beds numbered 36,500, a 1.2 percent increase over 1980. There were a total of 53,900 medical technical personnel, a 10.3 percent increase over 1980. This included 24,600 rural medical technical personnel, a 9.2 percent increase over 1980.

In 1981 athletes from the province broke a national record. The province held 658 athletic meets above the county (or district) level attended by 150,200 athletes.

8. People's Livelihood

The year 1981 saw continued improvement in the standard of living of both urban and rural people. A survey of 420 commune member households in 14 counties showed peasant average net annual income to be 158.63 yuan, a 7.34 yuan increase over 1980 for a 4.9 percent increase. This included net earnings of 53.44 yuan from household sideline occupations, a 12.73 yuan increase over 1980 for a 31.3 percent increase.

As of the end of 1981, the number of workers and staff members in the province was 1,799,000, a 53,000 increase over the end of 1980. Staff and workers in units owned by all the people numbered 112,000, a 2.3 percent increase over

1980. Staff and workers in collectively owned units numbered 187,000, a 10 percent increase over 1980. Total wages paid by units owned by all the people amounted to 1.433 billion yuan, a 6.4 percent increase over 1980. Wages paid by collectively owned units totaled 117 million yuan, a 9.4 percent increase over 1980.

During the year employment was arranged for 107,000 people in cities and towns. This included 69,000 employed in units owned by all the people, 37,000 people employed in units owned by collectives, and 11,000 self-employed laborers. The job of placing persons awaiting employment throughout the province remains a formidable one.

Investment during 1981 in completed dwellings totaled 209 million, which was 29.8 percent of total investment in capital construction. The area dedicated for dwellings was 1.35 million square meters, which is capable of accommodating dwellings for 27,000 staff and worker households. Housing construction by urban rural residents themselves also increased remarkably.

Savings accounts of urban and rural residents continued to grow. At the end of 1981 rural and urban savings amounts continued 786.52 million yuan, 25.8 percent more than at the beginning of the year. This included 650.11 million in savings by urban and town residents, a 25.6 percent increase; and 136.41 million in savings by rural commune members for a 16.5 percent increase.

9. Population

At the end of 1981 the province had a population of 19,414,000 people, a 230,000 or 1.2 percent increase over the 19.18 million people at the end of 1980.

9432
CSO: 4006/566

ECONOMIC PLANNING

GUANGDONG OFFICIAL DISCUSSES ECONOMIC DEVELOPMENT WORK

HK160844 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 15 Sep 82

[Summary] A reporter of the Guangdong Provincial Broadcasting Station interviewed (Wei Zhendong), vice chairman of the provincial economic committee [no date given], and asked him to talk about the importance of doing well in communications, transport, postal work and telecommunications to the economic development and about what work in this aspect on which the province is embarking.

(Wei Zhendong) said: [begin recording] "In his report at the 12th Party Congress, Comrade Hu Yaobang regarded the solution of the problem of communications as one of the strategic key points for developing economic construction. No doubt, it is very correct to vigorously strengthen the building of communications, transport, postal work and telecommunications. Communications, postal work and telecommunications are closely bound up with and closely related to economic construction and the people's livelihood. We can say that without a developed communications system, there will be no modern economic construction." [end recording]

(Wei Zhendong) said: [begin recording] "Over the past 33 years since the founding of the country, communications and transport in our province has very greatly developed. However, communications and transport cannot now meet the needs of the development of the national economy and the people's livelihood." [end recording] Because of this, some 3 million tons of materials cannot be transported to the province from other provinces each year. Postal work and telecommunications are very backward. To speed up economic development, it is necessary to vigorously strengthen the building of communications, transport, postal work and telecommunications.

(Wei Zhendong) said that since the 3d Plenary Session of the 11th CPC Central Committee, communications, transport, postal work and telecommunications in the province have improved. The State Council has approved the building of the double track of the Hengyang-Guangzhou railroad, which will be completed by 1987. The main roads from Guangzhou to Shenzhen, Zhuhai, Shantou and Zhangjiang, from Huiyang to Shenzhen and from Shantou to Shenzhen are being under

construction. Huangpu, Zhanjiang, Guangzhou, Shantou, Zhaoqing and Jiangmen ports are either under construction or are being expanded. There are plans to build a ground satellite station in Guangzhou, which will carry out communications via satellite. Microwave communications projects from Guangzhou to Shenzhen, from Guangzhou to Haikou and from Guangzhou to Shantou will be built. These projects have been either under construction or are in the planning stages. The province is planning to lay a solid foundation for communications, transport, postal work and telecommunications in 3-5 years, in order to create favorable conditions for future economic construction.

CSO: 4006/23

ECONOMIC MANAGEMENT

OBJECTIVES, TASKS OF ECONOMIC RESPONSIBILITY SYSTEM DISCUSSED

Nanjing XINHUA RIBAO in Chinese 13 Jul 82 p 2

[Article by Chen Yi [3088 6146]: "Symposium on Economic Responsibility System Stressed Economic Benefits and the Correct Handling of the Three Relationships"]

[Text] How are we to learn from the basic experiences of Shou Gang as we perfect the economic responsibility system? Recently the provincial and Nanjing enterprise management association jointly convened a conference. Over 60 specialists and scholars and industrial management cadres who have had some contact with actual conditions in our province attended the conference. They presented many fine opinions. The general view was that in our province while further perfecting the economic responsibility system, it is necessary to stress upgrading economic benefits and the correct handling of the relationship of benefits among the state, collectives and individuals.

During the 4th quarter of last year the industry and communications battlefront in our province adopted the form of the profit-loss contract system while broadly promoting the economic responsibility system. In over 6 months they have achieved remarkable success in this undertaking. In the first 5 months of this year the economic benefits on the industry and communications battlefront in every region and municipality have improved in varying degrees and financial revenue has also increased. However, due to the fact that the economic responsibility system has not been practiced for very long and due to the lack of experience, certain problems have arisen. Our application of the economic responsibility system began on the basis of implementing enterprise profit retention and the profit-loss contract system in all trades and professions. This caused certain comrades mistakenly to believe that the economic responsibility system meant to distribute profits and award more bonuses. Consequently, they thought that the essential points of work were to figure out planned allocations and to calculate bonuses. They often failed to give sufficient attention to establishing a well organized and integrated system of responsibility in order to improve economic benefits. Certain enterprises lacked a correct understanding of how correctly to handle the three relationships of the state, collectives and individuals under the premise of ensuring increased national gains. Thus the base figures for retained profit or for the profit contract system

in enterprises and the production quotas for staff and workers were all set rather low. The phenomenon of haggling over every bonus occurred.

Everyone considered that it is necessary to clarify the following several problems in learning from the experiences of Shou Gang in perfecting the economic responsibility system.

(1) It is necessary to clarify the objective of the economic responsibility system which is to arouse initiative in every respect in order to improve economic benefits. With the application of the economic responsibility system, enterprise management must change from the exclusive production model to the production management model. They must change that outdated way of thinking in which they stressed production not management and output and output value instead of benefits. They must follow the example of Shou Gang and regard the financial affairs, sales and other management norms in enterprises along with production and technical norms as the principle terms of the economic responsibility system in carrying out examination and verification. In this way they must set up overall planning management in enterprises in order to obtain the best economic benefits.

(2) In clarifying the practice of the economic responsibility system it is necessary to regard state planning as primary and market regulation as subsidiary. Priority must be given to state interests in the economic activities of enterprises. At present they cannot focus solely on profit targets in production while overlooking the all-round fulfillment of other targets set up by the state such as variety, quality, output, consumption, state allocation quotas, etc.

(3) In clarifying the practice of the economic responsibility system it is necessary to handle correctly the three relationships. One is the relationship between enterprises and the state. In principle the growth rate of state revenue must be greater than the growth rate of profits among enterprises and employees. In distribution, it is necessary to change the low base figure for profit-loss contract systems and for production quotas in certain enterprises. It is also necessary to change the lack of strict examination and verification. When determining divisions into proportions and finding ways to calculate above quota bonuses, it is necessary to prevent the practice of certain enterprises of considering only their gain and employees while neglecting state profits. When the state is unable to acquire more profits it is necessary to avoid the practice of enterprises and employees of making profits while showing no consideration for the overall situation. The second relationship is the one between the individual and the collective (enterprises, teams and groups). In principle the part must follow the whole and the individual must follow the collective. In our province some enterprises have stipulated: "If the plant as a whole cannot overfulfill a production target, even if a workshop or an individual overfulfills a production quota, they should still not receive bonuses for surpassing the quota." This is correct. The third relationship is the one among departments and among individuals. In principle they must acknowledge differences among them and rationally space out the various levels. As for bonuses issued to individuals on the basis of

strict examination and verification, it is permitted to "put someone in the limelight" but not to "bestow highest honors on them" or to "affix a seal."

(4) In clarifying the practice of the economic responsibility system, enterprises must make sure that all their responsibilities to the state are met and set up a strict responsibility system. In this responsibility system the several major criteria involved in state examinations of enterprises are broken down and fulfilled in every shop, group, team and on an individual level to form a system of responsibility shaped like a pyramid. In this way every enterprise activity either directly or indirectly comes under state planning. This responsibility system should not only include the responsibilities of enterprises toward the state and of employees toward enterprises, it should also include the responsibilities among related units in their inner and external ties of cooperation. It should include product and quality norms as well as the major targets for overall quality control and overall economic accountability. It should include production targets and management targets. By using data on the various norms in the economic activities of enterprises to exercise control and supervision, the undertaking of improving economic benefits in enterprises will be even more successful.

9864
CSO: 4006/589

ECONOMIC MANAGEMENT

ENTERPRISE REORGANIZATION WORK STRESSED

Shijiazhuang HEBEI RIBAO in Chinese 16 Jul 82 p 1

[Article by Xun Yonghua [1327 3057 5478] and Kong Jindou [1313 4868 2435]: "Leading Comrades Urged To Inspire Enthusiasm and Focus on Enterprise Reorganization Work"]

[Text] The recently held provincial conference on reorganization work in enterprises called on leading comrades at all levels to inspire revolutionary enthusiasm, to transform their work style, to do practical work, promptly and effectively to solve problems, to continue to focus on enterprise reorganization work and to strive to improve production in industry and communications throughout the province. This will all lead to a sizeable increase in economic benefits throughout the province.

The conference was attended by leading comrades from the provincial CPC committee and the provincial government such as Liu Bingyan [0491 4426 1750], Guo Zhi [6753 1807], Liu Ying [0491 5391) and Yue Zongtai [1471 1350 3141]. Comrade Liu Bingyan and Yue Zongtai gave talks at the conference.

The conference analyzed the state of enterprise reorganization work throughout the province. They believed that the state of enterprise reorganization work during the past 3 months clearly demonstrated the fine shape of enterprise reorganization and of the overall economic battlefront. The special features are: (1) The leadership has taken this work seriously. The principle leaders at all levels have assumed command. All party, government, industrial and league departments have made a concerted effort to concentrate on reorganization. From the provincial level to the county level, all party, political, industrial and league leaders have transformed their work style and stayed at selected enterprises to carry out investigations. At present in the entire province there are 2,676 people assigned to field investigation teams, making a total of 9,756 people. Among them, there are 118 leading comrades from the provincial CPC committee, the provincial government and committees, offices and bureaus under provincial control as well as local and municipal leaders. They have made investigations and studies in enterprises and helped them to resolve problems, promptly sum up experiences and quickly start on enterprise reorganization work. (2) They have earnestly reorganized leading groups in enterprises, relied on leading groups in enterprises successfully to reorganize enterprises and set up leading groups

during reorganization. They have set up leading groups while strictly adhering to the call for more revolutionary, younger, more knowledgable and more specialized cadres. (3) Reorganization work has centered firmly on improving economic benefits and completely fulfilling the annual production, purchasing and selling quotas. (4) Many enterprises have carried out the necessary reorganization of labor discipline. There have been gratifying changes in the spirit of vast numbers of cadres and the masses, and in the orderly functioning of enterprises. (5) During reorganization they have perfected the economic responsibility system and raised the level of administration and management in enterprises.

In his talk Comrade Yue Zongtai pointed out that the key to doing good work in enterprises is to have good leading groups. To complete the job of reorganizing enterprises it is necessary to rely on leading groups in enterprises. Investigation teams in the field must concentrate on helping enterprise leaders successfully to carry out reorganization. With the start of reorganization, analyses of leading groups in enterprises must be carried out. All competent groups must rely on their leaders in carrying out reorganization work. All those who are incapable of leading must first reorganize their leading groups. In order to reorganize and successfully establishing leading groups in enterprises, it is necessary to do the following. First, during reorganization it is necessary to modify leading groups in enterprises that are overstaffed, overaged, have too many nonprofessionals and that have low educational and theoretical levels. Second, it is necessary to make appropriate arrangements for veteran cadres. First of all they must do good ideological work so that they understand that in order to implement the four modernizations it is essential to ensure that leading groups in enterprises become more revolutionary, younger, more knowledgable and more specialized. They must willingly resign from leading groups and arrangements will then be made according to their individual circumstances. Third, it is necessary to promote outstanding middle-aged and young cadres as rapidly as possible. Fourth, in order to accelerate progress in readjusting leading groups, it is necessary to overcome the phenomenon of validation procedures for long-term travel. We can learn a lesson from the experiences of Langfang Prefecture and have local (municipal and provincial) CPC committees appoint responsible comrades to lead, and responsible cadres in authorized departments to participate. They can organize groups and study how to solve the problem of readjusting leading groups in reorganized enterprises. Fifth, once leading groups in enterprises have been readjusted, it is necessary to pay attention to maintaining relative stability and not making random changes. They will then be able to study the practical experiences of modernizing leading groups in enterprises and enable them to become experts and specialists.

Comrade Yue Zongtai said that the central task in reorganizing enterprises is to perfect the economic responsibility system. This year we must make perfecting the economic responsibility system our number one priority. We must make every effort to implement it. The economic responsibility system implemented by Shou Gang involves a reform of the current management system. Its most distinctive feature is that the enterprise must fully change from an exclusive production model to a production management model so that production

management reaps improved economic benefits. The basic experiences of Shou Gang are of widespread significance. Han Er, proceeding from the distinctive characteristics of the construction industry and the circumstances of this enterprise, implemented on above-quota piece rate wage system that had six criteria. In learning from the experiences of Shou Gang and Han Er, it is necessary to grasp the substance of their basic experiences and study their widespread significance. We must avoid neglecting the essentials to attend to trifles and the tendency to study in form only. We must proceed from practical reality and strive for substantial results. We cannot be mechanical copies nor can we have "aribrary uniformity."

Comrade Yue Zongtai said that during reorganizing enterprises we must pay attention to the following several points: (1) All work in enterprises must be planned and arranged as a whole. All enterprise activities must be channeled into enterprise reorganization. (2) Reorganization must be integrated with readjusting and reforming enterprises. During reorganization it is necessary to implement plans for readjusting enterprises. Furthermore, closings, stoppages, mergers and retoolings as well as the revision and tech nical transformation of product structures, technology and facilities within enterprises must all be completed during reorganization. (3) Enterprise reorganizations must be arranged according to the specific conditions of each enterprise. We must not have "arbitrary uniformity" nor rely on one model. (4) During enterprise reorganization we must actively promote advanced management techniques such as diagnosis, evaluating project costs and cost control objectives so as to upgrade the level of management and economic benefits in enterprises.

Comrade Yue Zongtai went on to say that we must persist without work in enterprise reorganization and that we must strengthen leadership. First of all we must quickly improve and strengthen those with weak leadership strength and weak administrative bodies. Second, we must stress the essentials and lead the rest. The 72 large and medium-sized core enterprises belonging to the first group of enterprises to be reorganized are the key points. Party committees at all levels and the government must pay much at tention to the reorganization work of these enterprises. Major leading comrades should personally pay special attention. Municipalities and departments in all areas should clarify the essentials of reorganization. Third, it is necessary to give full play to the role of investigation teams in the field. Personnel in investigation teams must be quick and capable. They must be led by leading comrades while specialized cadres who are acquainted with management and who understand production technology must also participate. They must frequently sum up their experiences in particular areas and guide overall reorganization. Fourth, we must do good work in overall reorganization. This year approximately two-thirds of enterprises in the entire province have still been unable to carry out systematic reorganization. These enterprises should concentrate their energy on production, construction and product purchases for this year as well as on work in market buying and selling.

In all his talk Comrade Liu Bingyan emphasized that the economic responsibility system is the central link in the five tasks involved in enterprise

reorganization. We must continue to increase understanding in this area. The economic responsibility system is a management system that comes under the guidance of state planning. Its goal is to improve economic benefits. It is a management system that combines carrying out duties, rights and interests. It includes two aspects: one is that it defines the economic responsibilities and interests of enterprises in regard to the state. It correctly deals with the distribution of benefits among the state and enterprises so that the benefits of enterprises and the quality of management become interwoven. It is a phenomenon similar to mastering the quality of enterprise management. The second is that implementing the economic responsibility system within enterprise defines the economic responsibilities and interests of each department, work section, staff and worker toward the enterprise. It correctly deals with the distribution of benefits among enterprises, staff and workers so that the individual benefits of staff and workers become interlinked with the positive results of management and with individual contributions. It solves the problems in enterprises of eating "in the canteen the same as everyone else." The experiences of Shou Gang and Han Er embody this spirit. In conclusion, we should approach the economic responsibility system from the high plane of improving the status of state finances and establishing a modern socialist power. In this way we can increase awareness of practicing the economic responsibility system. In reorganizing enterprises it is necessary to proceed in a planned and steady manner. We must not be precipitate or run helter-skelter. In enterprise reorganization each business must have its own model. They must further investigate the situation of each business and earnestly study how to proceed with enterprise reorganization.

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ECONOMIC MANAGEMENT

'SICHUAN RIBAO' ON CHONGQING'S INDUSTRY

HK101357 Chengdu SICHUAN RIBAO in Chinese 29 Aug 82 pp 1, 3

[Report: "New Breakthrough in Chongqing Industrial Readjustment, Reorganization and Formation of Joint Undertakings"]

[Text] In Earnestly carrying out the central authorities' adjustment policy and in accordance with the spirit of the forum on joint undertakings and reorganization held in the province in May, the Chongqing Municipal CPC Committee and people's government have, after full discussions and ample study, taken effective measures to conduct readjustment and reform of the industrial management system of the city and districts and have made a major breakthrough in reorganization and formation of joint undertakings of the enterprises.

In accordance with the principle of economic rationality, 69 enterprise-companies and general plants have been established in Chongqing up to now. Twenty-nine among them are newly established. A total of 760 enterprises are under the direct leadership of said companies and general plants. A group of other enterprises subordinate to countries and far suburbs, are to be managed by the companies. In the process of establishing and forming companies and general plants, they have broken down barriers between different areas, different trades and different owners and have readjusted subordinative relations of nearly 400 enterprises. Among them, 383 enterprises originally subordinate to district leadership have now been transferred to be managed by the respective companies and general plants, 32 enterprises have been readjusted concerning subordinative relations involving different trades, and 42 enterprises have been readjusted to engage in other business. After the readjustment, reorganization and formation of joint undertakings, the organizational structure of the enterprises is becoming more and more rational, and it has created favorable conditions and laid down a good foundation for rapidly developing industry and further raising economic returns in industrial production in the future.

Be Resolute in Changing the Status of Separation of Areas, Multiple Leadership and Lack of Coordination

Being an old industrial base area, Chongqing city occupies an important position in the province's economy. In the past 30 years or so since liberation, the industrial management system has undergone several changes.

Before 1957, all the industrial enterprises were run by the municipal authorities, but not by district authorities. As a result of transferring power to a lower level in 1958, part of the industrial enterprises were managed by district authorities. During the period of readjustment in 1962, those industrial enterprises originally subordinate to the district were again managed by the municipal authorities and a group of enterprise-companies were established. During the "Cultural Revolution," the doctrine of "exercising power from the higher level to the lower level in each line of business" was criticized, and some of the industrial enterprises originally subordinate to the municipal authorities were again managed by the district authorities. Since the party's third plenary session in 1978, as a result of carrying out the readjustment policy, about 250 industrial enterprises have halted production and switched to another line and 126 joint economic entities have been formed, marking progress in the rationalization of organizational structure in industry. However, many defects have not yet been rectified, such as the contradiction between separation of departments and separation of areas in the industrial management system, multiple leadership, lack of coordination, "big yet comprehensive" and "small yet comprehensive," the formation of its own system in each trade, redundant organizations, repetitious development in enterprises and repetitious production. Meanwhile, due to the lack of a reasonable division between the municipal level and the district level and the fact that efforts are being made merely on industrial production, we have failed to pay much attention to work in such fields as the construction of political power in basic units, city management, culture, education, public health and the people's economic life, thus seriously hampering the raising of economic returns in industry and the playing of the roles of cities.

In view of such a state of affairs, the municipal CPC committee and the municipal government, in accordance with the readjustment policy of the central authorities and the arrangement made by the provincial authorities, have been determined to resolutely carry out readjustment and restructuring. Through profound investigations and research, they have derived experiences in readjustment and restructuring from fraternal provinces and have, in connection with the practical situation in Chongqing, drawn up tentative plans after repeated deliberations and discussions. The plans will be submitted to the Standing Committee of the municipal people's congress for discussion, and the relevant personnel of the municipal CPC will be invited to give their comments on the plans. On this basis, the municipal CPC committee and the municipal government have held meetings of industrial and communication enterprises in all districts and bureaus and have repeatedly stressed the importance and necessity of readjustment and restructuring. Also, they have made clear the principle and methods of readjustment. As a result, understanding is unified, confidence is strengthened and ideological obstacles are cleared away so as to guarantee the smooth progress of the readjustment, reorganization and formation of joint undertakings.

Conduct Reorganization in Accordance With the Principle of Economic Rationality

1. In carrying out this work they have, in accordance with the principle of economic rationality, readjusted the division between the municipal level and the district level, between bureau and companies, and have gradually brought out the separation between the government organizations and enterprises. District authorities (under the municipal authorities) are organizations of political power, and they must bring into full play the roles of government organizations and perform their duties as stipulated in the "organizational law of the people's congress and people's government at various local levels of the PRC."

The main tasks of the district authorities are carrying out work in fields such as construction of political power in basic units, neighborhood service, city management, public security, culture, education, public health, retailing business, repair service and the people's economic life. Those bureaus in the industrial field are functional departments of the municipal government and are responsible for overall planning, coordination, service and supervision, but do not lead and manage enterprises directly. All companies and general plants are economic entities of enterprises and exercise overall leadership over all business operations of their subordinate enterprises and bear the economic responsibility of the country directly. The system of two-level audit is practiced in companies and enterprises to calculate profit and to seriously practice various economic responsibility systems.

2. Upgrade the level of all those industrial enterprises of public ownership and collective ownership that were previously subordinate to the district authorities in the seven districts of the near suburbs by having them managed by companies and general plants on the municipal level. Those enterprises run by nonindustrial departments which are subordinate to the district level, those collective enterprises run by the local people, those industrial enterprises run by the neighborhood committees and individual handicraft industries remain to be run and managed by the district authorities. The subordinative relations of those industrial enterprises in the four counties and those industrial enterprises that are subordinate to district authorities in the two districts of the far suburbs remain unchanged, but they must be formed into joint undertakings and enterprises of the same nature managed in a coordinated manner.

3. Those industrial enterprises subordinate to municipal authorities must be managed according to their respective trade and different products. In those enterprises which involve different trades and are managed by the higher authorities of both its own and other trades, the subordinative relations must be readjusted according to the classification catalogue of industrial departments and the catalogue of industrial products, as stipulated by the State Planning Commission and the State Statistics Bureau. In the event that more than one product is manufactured by an enterprise, it should be managed and run by one company or one general plant based on its principle

product. Those enterprises which should be switched to another line must be managed and run by the companies and general plants by which they will be managed after changing their line.

4. In accordance with the principle of professional coordination, enterprises and general plants should be established in accordance with different products, and those separated enterprises should be properly organized. Of the 69 companies and general plants already established, 48 were established according to their products and the principle of "big-scale, chain-like coordination," 70 percent of the total; 18 were established according to their trades, 25.7 percent of the total; 1 was established according to technology, 1.4 percent of the total; and the remaining 2 belong to service business, constituting 2.9 percent of the total.

Work Out Policies and Measures To Solve Concrete Problems

In order to guarantee the smooth progress of the readjustment, reorganization and formation of joint undertakings, the Chongqing municipal authorities, while stressing that partial interest should be subordinate to overall interest, have worked out 28 concrete policies and measures to properly solve the issue of economic interest of all parts and some practical problems. For example, after upgrading the level of those industrial enterprises which were previously subordinate to the district authorities, the district financial and revenue departments will collect less income. The loss should be subsidized by the municipal authorities on the basis of the average level in the 3 years before those enterprises were upgraded to municipal level. Accompanying the change of subordinative relations, the management fee paid by the enterprises of collective ownership and the funds of the cooperative enterprises should be directly submitted to the responsible companies and general plants. The spending of these funds should be concentrated on developing production and technical innovation of the enterprises of collective ownership. Those enterprises which have changed their subordinative relations must transfer all their property, as a rule. But the nature of ownership remains unchanged. The creditor's rights, the debt and the real estate ownership of the enterprises must be transferred with the subordinating relations.

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ECONOMIC MANAGEMENT

'GUIZHOU RIBAO' COMMENTARY ON SERIOUS ECONOMIC CRIME

HK291019 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 27 Sep 82

[Summary] "Today, GUIZHOU RIBAO frontpaged a commentary by its correspondent, stressing the need to continue the struggle against serious economic crimes in the economic sphere."

"The commentary says: Since the beginning of this year, some successes have been attained in the struggle against serious economic crimes in the economic sphere. At present, the No 1 or No 2 men in the party and government organizations of most localities and departments are paying personal attention to major cases, thus speeding up the process of investigating and handling the cases. However, there are also a small number of leading cadres who do not pay sufficient attention to the work. They assume nominal leadership without personally looking into the matter. Practice has proved that major cases invariably involve various internal problems in the state organs, enterprises and other establishments, giving rise to a lot of contradictions and difficulties. Therefore, if the leading personnel do not strongly resolve to pay personal attention to them, it will be impossible to handle them well."

By doing a good job of investigating and handling major cases, we can educate the masses, punish and educate criminals, inspire the enthusiasm of the people and intensify the struggle.

"According to the relevant departments, some cadres, and even some leading cadres, have relaxed their efforts in varying degrees. They hold that since the 12th party congress has been opened, it is necessary to go all out in economic construction. With respect to the cases that have been placed on file for investigation and prosecution, some cadres refuse to engage in arduous and meticulous work by planning to hastily wind up the cases with the result that the work has made little headway. With respect to cases that have not been placed on file for investigation and prosecution, some cadres plan to wind them up inconclusively."

"Due to various causes, the process of investigating and handling cases has been speeded up in the past couple of months, but there have been relatively few new economic cases that have come to light."

"In his report to the 12th party congress, Comrade Hu Yaobang said: In the new period of development of our socialist cause, we must attend, both in ideology and in action, to two aspects. On the one hand, we must persist in the policy of opening up to the outside as well as in our policies for invigorating the economy domestically and, on the other, we must resolutely strike at the grave activities in the economic, political and cultural spheres that endanger socialism. This very clearly shows that the struggle against criminal activities in the economic sphere is a long-term struggle that should be conducted well. It is extremely harmful to relax our efforts."

"In order to ensure the smooth progress of the socialist modernization drive, we should conscientiously study the important documents of the 12th party congress, penetratingly understand their gist and essence, be bold in applying them to reality, heighten our understanding, brace ourselves, sum up our experience and carry the struggle against grave criminal activities in the economic sphere through to the end."

CSO: 4006/12

ECONOMIC MANAGEMENT

GUANGDONG DISCUSSES ECONOMIC CRIME STRUGGLE

HK231310 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 22 Sep 82

[Text] The Standing Committee of the Guangdong Provincial CPC Committee held a meeting to inspect the progress of the investigation and handling of major and important cases in light of the spirit of the 12th CPC Congress and deliberate on new measures to further carry out in depth the struggle to deal blows at serious criminal activities in the economic field.

After the discipline inspection departments and political and legal departments concerned gave reports on the investigation and handling of major and important cases in the province in the previous period, the responsible comrades of the provincial CPC committee who had attended the 12th CPC Congress made an appropriate appraisal, in accordance with the requirements laid down in the documents of the 12th congress, of the initial results achieved by the province in handling major cases, brought existing problems to light and presented their views on how to carry out this struggle through to the end.

Ren Zhongyi, first secretary of the provincial CPC committee, said we must continue to pay close attention to the struggle to deal blows at serious criminal activities in the economic field and must not relax our efforts. And, in particular, we must attach great importance to solving a small number of diehard issues by first improving the understanding of leading people, and thus educate the vast number of cadres and the masses through real struggle.

In order to carry out inspection and exert supervision, the provincial CPC committee and government issued a circular, asking all prefectures and counties to prepare a special report to elaborate on the progress of the investigation and handling of cases in the previous period, existing problems and future plan, and directly submit it to the provincial leading organ. At the same time, the provincial CPC committee and government also decided to hold a special meeting to organize those people engaged in the investigation to study the spirit of the 12th CPC Congress and work out specific measures for the next stage.

CSO: 4006/13

FINANCE AND BANKING

PROBLEMS IN IMPLEMENTING POLICY OF PLANNED ECONOMY DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 14, 19 Jul 82 pp 4-5

[Article by Chang Xiumei [1603 4423 2734] and Li Fuchen [2621 4395 5256]: "Problems in Implementing the Policy of Upholding the Leading Position of Planned Economy Discussed"]

[Text] The People's Bank of China is o-e of the state's comprehensive economic departments. In our economic work, we must uphold the principle of the leading role of the planned econmy and the supplementary role of market regulation. Now we would like to present our views on the way to implement this principle.

Since the Third Plenary Session of the 11th Party Central Committee, we have practised the policy of opening to the outside world and enlivening the economy at home, carried out the readjustment and restructuring of the national economy, gradually expand the decisionmaking power of the localities and enterprises, and paid attention to the development of the regulative role of the market. All these measures are entirely necessary and correct. However, some problems are inevitable as a result of our inexperience. Thter are now different views in the economic circles on whether we should rely on planning or on the market to regulate our national economy. Some comrades have over-stressed the spontaneous regulative role of the law of value and do not have an adequate grasp of the guiding roles of planned economy and administrative intenvention in production and construction. Thus for a time, they tended to weaken or disregard planned economy. In real life, they lack the concept of coordinating all the activities of the country like pieces in a chess game. In industrial and agricultural production, they are generally unwilling to follow state plans for production and transfer while striving for output, output value and profits blindly. They fail to complete the plans for the production of goods in short supply while continuing to increase the output of goods already excessive supply, thus causing over-stocking, increased tie-up of funds and poor economic results. These new conditions and new problems are naturally reflected in banking as mainly shown by the rapid increase in loans and the excessive issuance of bank-notes. The increase of industrial loans throughout the country in 1980 was planned to be 4 billion yuan, but it actually turned out to be 8 billion yuan, doubling the planned figure. Commercial loans were to be increased by

20.3 billion yuan, or 2.7 times the planned figure. In 1981, the increase in industrial loans were planned to be 4 billion yuan, but it turned out to be 7.7 billion yuan, nearly doubling the planned figure. The planned increase in commercial loans was 7 billion yuan, and the actual increase was 21.6 yuan, more than trebling the planned figure. In the 3 years from 1979 to 1981, industrial and commercial loans from the banks were increased by 74.3 billion yuan, being 30 percent of the total increase in industrial and commercial loans since liberation, at an average rate of 12.6 percent every year. The average increase in currency issue each year was 29.5 percent, which was higher than the rate of industrial growth and the rate of increase in the volume of retail sales.

Practise has shown that under the system of public ownership of the means of production in our country, we must firmly adhere to the principle of the leading role of the planned economy and the supplementary role of market regulation. The order of planned economy and the role of market r-gulation cannot be reversed, and it would be even more wrong to abolish or weaken planned economy. This is one of the laws of socialist economic development as proved in practise. Of course, our stress on planned economy does not mean that we do not need the regulative role of the market. It only means that under the guidance of planned economy, we should attach importance to the regulative role of the market for the reason that state planning cannot possibly cover all aspects of the national economy. For example, the production and circulation of minor commodities should be regulated by the market within the scope of state planning, to which market regulation should serve as a supplement.

The People's Bank is an administrative organ in charge of banking and also an economic organization handling credit. It is the center of all national monetary activities as well as the tie joining together all aspects of the national economy. While commodities and money still exist under conditions of socialism, the production, distribution, exchange and consumption of products have all to be expressed in monetary terms. As the centers of credit, cash and the settlement of accounts in the country, the bank is closely related to all sectors of the national economy. Therefore, the bank's implementation of the principle of the leading role of planned economy and the supplementary role of market regulation is of very great significance to the development of the entire national economy. Then how should the bank implement this principle? Our views are as follows:

First, we must conscientiously carry out the state's credit plan. The bank's plans for credit transactions and for currency issue are important components of the national economic plan. These plans are worked out by the state in an overall arrangement, and the banks at all levels must strictly follow them. These plans must be completed and cannot be disrupted at will. To control the extention of various loans and to fulfill the credit plan, we believe that the system of controlling the credit plans should be further improved. First, the "balancing responsibility" should be constantly improved. The "balancing responsibility" should be coordinated with target control, and any shortage must be fully made up. To ensure the fulfillment of the balancing responsibility, all loans exceeding the planned

figures must have prior approval by the banks at higher level after balancing and examination. Without this approval, the loans cannot be granted. Second, short- and medium-term equipment loans can play a positive role in promoting technical transformation, supporting production development and improving the conditions of work in enterprises. However, if these loans are increased too rapidly, we will have a noteworthy problem. In 1980 and 1981, short- and medium-term equipment loans were increased by 7-8 billion yuan. According to the projected figures during the Sixth Five-Year Plan, the accrued amount in 1985 will reach 30-40 billion yuan, and this may disrupt the state's plans for material distribution and extend the capital construction front. We propose that in extending short- and medium-term equipment loans hereafter, we must control not only the increased amount at the year end but also the accrued amount in that year. Furthermore, we should very meticulously examine the use of loans so as to be sure that they are used on projects requiring less investment and yielding quick and satisfactory results.

2. We must actively the state's plans for production and commodity circulation. State plans are mandatory plans under the state's overall arrangement. They include the acreage of planting in agriculture, the procurement and unified and assigned purchases of agricultural sideline products and their outward and inward transfers; the production, procurement and distribution of industrial products; the purchasing, marketing and stocking of goods and the total volumes of import and export in commerce. Success in the performances of production, procurement and distribution of these products has a direct bearing on the overall task of the national economy. Therefore, supports should be given in the form of loans for the completion of these plans. Support should also be given to the production of industrial and agricultural products planned by the localities and departments, such as the cash crops planned by the rural communes and production brigades after they have fulfilled the state plans, the crops from commune members' private plots, their household sideline products, and the commodities in short supply on the market (and these commodities are to be procured by the commercial departments outside their plans), provided such production does not call for competition with state-planned production for raw and semifinished materials and the products meet social needs.

For the production of goods under state restriction, we should grant the loans according to plans and the marketing contracts. Even the production of some products is included in the state plan, we should still be strict in granting any loan, if the production is excessive to the needs of the market. No loan will be granted if any enterprise over-produces of its own accord and the goods are unsaleable. Thus the banks at various levels should step up their investigations and study, work meticulously and keep abreast of the changing market conditions so that they can effectively control the grant of loans.

3. All specialized banks and banking organizations must uphold unified monetary principles and policies as well as the set profit rates. The receipts and payments of credit funds must be included in the state's overall

credit plan for working out an overall balance, and the multi-channel extension of loans must be controlled. In accordance with the spirit of the State Council-s directives, all localities and departments should actively proceed with the reorganization of the existing trust companies. Except for the small number which have been approved by the State Council or by other departments authorized to act on behalf of the State Council, all these companies should be suspended and their business can be transferred to the banks for unified handling. The banks' own deposit and issuance of trust funds should also be handled in accordance with set policies and state regulations, so that the money can be used to the best advantage.

4. We must give full play to the role of interest as a lever and an important tool in the regulative role of the market. In the past 2 years, the state has twice raised the interest rates for savings deposits. This measure has produced fairly good results, since the large-scale increase in savings deposits in both urban and rural areas has given a strong support to socialist construction. Since the beginning of this year, the interest rates for deposits by and loans to enterprises and public agencies have again been increased. This will also play a positive role in promoting production and encouraging the practise of economy. The present problem is that there are not enough types of deposits and little grades of interest rates. In order to make better use of interest rates as a lever, we believe that along with the change in supply and demand in the spheres of production and funds, the types of deposits should be increased and great efforts should be made to pool the idle funds in society. In extending loans, we should adopt a system of floating and different interest rates whereby the banks can choose between the maximum and minimum interest rates set by the state and determine different rates for different enterprises according to the circumstances so as to help the deserving ones. For the trade and products in urgent need of development as required by the state, the loan interest rates should be low; for those trades and production of goods already in excessive supply, and when the state wants to restrict their development, the interest rates should be higher. This will help to promote the development of national economy according to plans.

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FINANCE AND BANKING

METHODS FOR CONTROLLING EXTRA-BUDGETARY FUNDS SUGGESTED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] No 7, 15 Jul 82 pp 59-61

[Article by Sun Yun [1327 5686 4790]: "How To Control Extra-Budgetary Funds Well"]

[Text] I. Development of Extra-Budgetary Funds

During the financial reform in 1964, part of the budgetary funds were set aside as extra-budgetary funds so that the localities would have some standby financial resources and perform more functions by adapting measures to local conditions. This part of funds was then called extra-budgetary funds. In the regulations set up by the State Council in 1958 for improving the systems of industrial and commercial management, it was pointed out that the enterprises could retain part of the profits (about 10 percent of the total profits) and make their own arrangements for their use on designated projects. Thus the amount of extra-budgetary funds and the scope of their management were enlarged. Along with certain changes in the systems of financial control during the "Great Cultural Revolution," the amount and the scope of management were further enlarged so that by 1975, the amount of extra-budgetary funds handled by the localities nearly trebled that of 1965, including an increase of nearly 100 percent of the amount handled by the local administrative agencies. After the Third Plenary Session of the 11th Party Central Committee, the economic restructuring enabled the localities and the enterprises to acquire even greater financial power, and the amount of extra-budgetary funds and the scope of their management were further enlarged. These funds mainly take the following forms:

1. Extra-budgetary funds managed by local financial authorities: 1) Extra local income, such as industrial and commercial surtaxes, surtax on agriculture and animal husbandry, surtaxes on urban public undertakings, fishery tax and surtax on fishery equipment; 2) Enterprise income collected by local financial authorities, such as the retained profits of the "five-small" [small iron and steel, small coal, small chemical fertilizer, small cement and small machinery] enterprises, to be pooled as basic depreciation funds for local enterprises; 3) Income from production under the overall control of the financial departments, such as rents from public property, public buildings and public farmland, and the profits of collective enterprises and their departments in charge. (Part of the profits of collective enterprises

and public agencies in some large and medium-size cities is shared by the local financial departments or the bureaus or companies in charge; in some regions, such profits are under the unified control of the finance departments. In any case, they are not included in the budget.)

2. Extra-budgetary funds managed by the administrative agencies: road maintenance charges, charges for agriculture, animal husbandry and water conservation, miscellaneous school charges, revenues from productive labor in schools, charges for cultural, public health, and broadcasting undertakings, revenues from production in scientific experiments, charges for urban public utilities, income from production in social welfare projects, management charges for buildings and other real estates, income from "guest houses," charges for market administration, and other special government office funds.

3. Special funds controlled by publicly-owned enterprises and by the departments in charge of these enterprises, such as retained profits, major repair funds, funds for renovation and transformation, welfare funds for workers and staff members, enterprise funds, and so forth.

4. After-taxation profits of large collective enterprises above the levels of cities, municipalities, counties and districts.

II. Existing Problems

The proportion of extra-budgetary funds to the budgetary funds was only 7 percent during the First Five-Year Plan and approximately 20 percent during the second and Third Five-Year Plan. In the past 2 years, they rose to 50 percent. Such a large amount of extra-budgetary funds is unprecedented. Because of the lack of experience, some problems have cropped up in the control of extra-budgetary funds. These problems are mainly shown as follows:

1. The blind use of funds. For example, some localities are giving no thought to the overall requirements of the national economy and are only concerned with the increase of their own local revenues. With their self-raised funds, they have blindly built a number of small factories to compete with the old and large plants for raw materials. Some enterprises have tried to increase their profits by blindly building new workshops instead of carrying out technical transformation and equipment renovation and adopting advanced technology to improve their economic results, thus causing overlapping construction and duplicated production. Some enterprises are not well-informed of the market conditions. As soon as they found any goods in short supply and knew that these goods were profitable, they would make all-out efforts to produce them, only to find them not longer wanted.

2. Chaotic management. The large number of departments, of both the central and the local governments, in charge of extra-budgetary funds has caused a great deal of confusion. At present, extra-budgetary funds are owned by different departments, different localities, different enterprises and different units, each with its own method of control and its own ideas of the use of funds. In the use of funds in various departments and localities, the departments at the higher levels have sometimes to approve the projects

submitted by various enterprises and then issue instructions to the localities or enterprises for them to be carried in different groups and at different times. sometimes, certain projects have to be undertaken at the lower levels at any time by instruction of those higher up, and one at a time. Sometimes too, the local leading departments may allocate funds and assign projects to the enterprises. This not only creates difficulties in the overall balance of localities, but also enables some enterprises to request funds from different units and through different channels. Some enterprises may obtain duplicated grants of funds and can therefore afford to spend them lavishly, thus causing serious waste. Some enterprises may start capital construction projects in the guise of technical measures; while others may reactivate called-off capital construction projects with the funds ear-marked technical measures. In 1980, for example, the investments in the metallurgy and machinery trades in some municipalities were less than in 1979 according to the state budget. However, because of the use of extra-budgetary funds, the investments in these trades turned out to be even more than in the previous year--an increase of 49 percent--while other investments badly needed for urban public utilities and municipal construction were reduced by 16.3 percent. The imbalance in the structure of municipal construction was intensified.

3. Loopholes caused by inadequate rules and regulations. Some comrades consider extra-budgetary funds as the property of their own department so that as long as they have the approval of the department leadership, they will be free to spend them regardless of financial laws and without financial supervision. Thus extra-budgetary funds were used in the indiscriminate payments of bonuses, entertaining guests or sending gifts, even though such expenses are forbidden by financial laws. Some units have also expanded the scope for the use extra-budgetary funds under various pretexts and according to rules set by themselves. Such practise has been witnessed in public security, communications, culture, education, public health and scientific research departments. This was how budgetary funds became extra-budgetary funds, and how state finance was undermined. Some units have even used these funds to buy such articles as motor cars, cameras, enlargers, recorders, glazing machines and magnifying glasses, of which, institutional purchases have been restricted by the state.

III. Methods to Strengthen Extra-Budgetary Funds Control

How should we view and deal with these problems in the use of extra-budgetary funds? Some comrades feel that since extra-budgetary funds originally belong to the finance departments, and the amount of these funds is so huge, the finance departments should have overall control over them especially in view of the present financial difficulties of the state. Others proposed that such overall control should be exercised by the banks.

We are of the opinion that it is entirely correct that the control over extra-budgetary funds should be strengthened. However, it would be incorrect to think of going back to where we were at the very thought of control. Historical experiences and actual conditions have shown that it is entirely necessary that extra-budgetary funds be used to arouse enthusiasm in various

quarters and to adapt measures to local conditions in developing economic construction. However, we cannot go back to the old ways of "closing up as soon as things get out of hand and enforcing centralization as soon as there is confusion so that centralization will be immediately followed by rigidity and closing-up will be immediately followed by the loss of everything." Under the management according to state plans, we must be sure that the initiative and enthusiasm of the broad masses are aroused, and at the same time be able to carry out rational adjustments and utilization so as to combine the use of the state's budgetary as well as extra-budgetary funds under an overall arrangement. We must also be sure that centralized control brings no rigidity and that flexibility in various quarters creates no confusion. Under present conditions, with the rights of possession of these funds remain unchanged, the key to the solution of the problem lies in the setting up of sound rules and regulations in order to strengthen macro-economic guidance, and to direct and regulate the use of extra-budgetary funds. We must see to it that all extra-budgetary funds are used with due regard to the interests of the state, the localities, the departments and the units, for a more effective promotion of the national economic readjustment, and to ensure the planned and proportionate development of national economy.

First, we should work out a comprehensive financial plan and incorporate the extra-budgetary funds in the overall balance. The use of funds through various channels should be well coordinated under an overall arrangement. At present, as a tentative measure, the planning, finance and banking departments should jointly workout a comprehensive financial plan, with the State Planning Commission taking the lead. Each year, all localities, departments and units must submit in advance to the finance, banking and planning department at the same level their plans for the use of the extra-budgetary funds. The planning department will work out an overall balance and then pass it on to the upper levels for a balance to be worked out at each level so as to achieve an overall national economic balance. After the working out of the overall balance, the plans cannot be changed at will.

Second, we should strengthen the work of economic information. Since extra-budgetary funds are scattered over various enterprises, departments and units who are far apart from one another and whose vision is very limited, they can hardly be expected to be well informed on the entire national economic situation. Consequently, it is inevitable that they may act blindly in the use of extra-budgetary funds. Therefore, the departments exercising overall economic control at various levels must attach great importance to the collection and diffusion of economic information, in view of the constant increase of extra-budgetary funds. Since it is not enough to rely on meetings and documents as a means of guidance, we must set up a system of information and supply economic information throughout the country periodically or whenever necessary for reference by the relevant units and to show the direction in using extra-budgetary funds so as to ensure the use of funds according to state plans.

Third, we must set up sound rules and regulations to guide the use of extra-budgetary funds. At present, there is an imperative need for the relevant

departments to speedily set up various rules and regulations for the control of extra-budgetary funds in collaboration with the finance departments. For example, for the use of bonus funds and collective welfare funds among the enterprises, the labor departmants should work out a unified set of rules in collaboration with the finance departments for the use of bonus funds or welfare funds in order that these funds may bring about the desired results.

Fourth, the extra-budgetary funds must be straightened out. We must go over these funds thoroughly so as to rule out their use under fictitious names or by illegal means, such as withholding state profits or tax evasions in various forms. Even for those projects for which the use of extra-budgetary funds is justifiable, the sources of funds and the standard procedures of their procurement should be clearly specified. At the same time, all future projects requiring the use of extra-budgetary funds should be approved by the departments in charge and the finance departments so as to be sure that these funds are used properly and to the best advantage.

All funds not requiring extra-budgetary control should be included in the budget. The extra-budgetary funds controlled by the local finance departments, such as industrial and commercial surtaxes, agricultural surtax, surtax for urban public utilities, surtax on fishery and surtax for fishery equipment and so forth, were all handled by the state in a unified way. They later became extra-budgetary funds in order that the localities could have more standby financial resources. Now that the "cooking in separate kitchens" system is in force after the financial restructuring, there should be no need for the local finance departments to classify their funds as budgetary and extra-budgetary again. On the other hand, a combination of these funds will be of greater help to the localities in their overall financial arrangements. Therefore, the extra-budgetary funds controlled by local finance departments can be included in the budget to be under a unified control.

Some public agencies adopting the system of extra-budgetary should, if at all possible, be run as enterprises. This will help further arouse their enthusiasm and prevent confusion in the use of funds.

Furthermore, in dealing with those units which are short of budgeted funds and in need of other sources of funds to carry out their normal functions, we must firmly adhere to the principle of "opening the front door, but closing the back door," in finding suitable solutions to their problems within the framework of the budget, or, as an alternative, provide them certain sources of funds in a proper way. This will prevent improper resorts to the use of extra-budgetary funds and help uphold financial and economic laws and disciplines.

Fifth, supervision and inspection should be strengthened according to financial and economic disciplines. The controllers and those in charge of credit in the finance, tax and banking departments should be charged with the responsibility of supervising and inspecting the enforcement of financial and economic disciplines while carrying out their collection and credit duties. Those units or individuals found violating these disciplines should

be reported to the discipline inspection departments of the party committees at various levels even up to the discipline inspection departments in the central government. We must correct the mistaken ideas that extra-budgetary funds belong to the departments, enterprises and units, and that their leaders are free to use them in any way they see fit. All cadres must be convinced that all funds of socialist enterprises and units are the wealth of the socialist state, and that all units or individuals must follow the policies and systems set up by the state in order to control these funds well.

9411
CSO: 4006/575

FINANCE AND BANKING

FINANCIAL MEETING CONFIDENT GOALS CAN BE MET

HK171426 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 16 Sep 82

[Summary] Representatives who attended the Hubei provincial meeting of representatives from financial and tax systems happily talked about the great economic goal put forth by the 12th party congress. They are confident in achieving the goal of quadrupling the yearly total value of industrial and agricultural output by the end of this century.

(He Pulin), director of the provincial finance bureau, said: "Since the 3d Plenary Session of the 11th CPC Central Committee, the yearly total value of industrial and agricultural output in our province has increased by an average of 10 percent. Apart from factors, such as commodity price subsidies, being taken into consideration, revenue has also increased correspondingly. According to the economic development goal put forth by the 12th party congress, the rate of yearly increase is 7 percent. Judging from the situation in the past few years, we can completely maintain this level. Particularly after the readjustement over the past few years, our province's economic structure has gradually become rational and we have a better industrial foundation. We also have increasingly good natural advantages for electricity production. Therefore, so long as all quarters make efforts, our province can fulfill by stages or ahead of schedule the goal of quadrupling the yearly total value of industrial and agricultural output which was put forth by Comrade Hu Yaobang in his report at the 12th party congress."

(Yan Banghua), director of the Xiangfan Municipal Finance Bureau, said: "Since 1978, the total value of industrial and agricultural output has increased by 13 percent per year. Although the future base will be bigger and bigger and the rate of increase will correspondingly lower, our investigation reveals that the whole municipality can definitely maintain an increase of 8-10 percent in the future. This shows that the great goal put forth by the 12th party congress was formulated after careful investigation and reflects the law of our economic work."

(Wu Meihuan), director of the Nanzhang County Finance Bureau, said: "Nanzhang County originally was a poor mountainous county. However, over the past 3 years since the 3d Plenary Session of the 11th CPC Central Committee, the

total value of industrial and agricultural output has increased by 100 percent. The value of diversification output has increased by 20 percent per year. As we now have the correct leadership of the newly elected CPC Central Committee, we have a reliable guarantee for maintaining the original rate of increase. So long as we carry out our work step by step, we can completely fulfill the great goal by stages or ahead of schedule."

CSO: 4006/13

BRIEFS

SEMIANNUAL REVENUE PLAN--In our province the state of our semiannual revenue for this year is excellent. By June our accumulated revenue had increased 6.23 percent over last year during the same period. We have already fulfilled 51.35 percent of the annual revenue plan. We have "fulfilled more than half the tasks in more than half the time." In 23 districts and municipalities throughout the province there were 17 more than last year during the same period that had an increase in revenue. Those that had an increase in revenue of over 10 percent were Foshan Prefecture, Hainan administrative district, the autonomous prefecture, Shenzhen, Zhuhai, Jiangmen, Shantou, Zhaoqing, Zhanjiang and other municipalities. Some had a sizeable increase in the amount of revenue. Guangzhou Municipality showed an increase in revenue of over 80 million yuan and Foshan Prefecture showed an increase in revenue of over 30 million yuan. The reason for the good semiannual revenue is primarily due to the fact that there was a sizeable increase in tax revenues in industry and communications throughout the province. The amount of semiannual enterprise profits which were confiscated decreased. Enterprise revenues fell. There were both objective factors involved and other problems such as poor enterprise management, inadequate economic benefits and the irrational distribution of profits. Concerned departments in the province considered that although semiannual revenues were in good shape, nevertheless, they have only met the demands of the annual plan. Thus there must be no letting up. Currently the extent of the increase in financial expenditures is greater than the extent of the increase in financial revenues. Financial assets are fairly tight so it is necessary to pay attention to balancing revenue and expenditure. [Text] [Article by Cai Ji [5591 7162]] [Guangzhou NANFANG RIBAO in Chinese 13 Jul 81 p 1] 9864

NEI MONGGOL REVENUES--Ulan Qab League in Nei Monggol increased financial revenue for January-August 21.3 percent over that in the same 1981 period. During that period, the league withdrew 11.32 million yuan of currency from circulation. The balance of savings deposits in both rural and urban areas increased 32.9 and 37.1 percent, respectively. The improvements in the league's financial situation can be attributed to developed industrial and agricultural production. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 26 Sep 82 SK]

TIANJIN REVENUE, EXPENDITURE--The Tianjin Municipal People's Government recently held a mobilization rally on fulfilling the task of 1982's financial revenue and expenditure. At the rally deputy mayor Wu Zhen urged all departments, enterprises and units to make a concerted effort to fulfill or overfulfill the annual financial task assigned by the state. In the January-August period of this year, the municipality did a relatively good job in financial revenue and expenditure. The municipal government urged all leaders to attend to the following tasks: 1) do well in production and strive to raise economic results while implementing a profit plan; 2) do well in commodity management and sales; 3) enhance enterprise consolidation and financial management; 4) do well in management of tax and profit collection; 5) strictly control spending; 6) strengthen the measures for capital construction and technical innovation to raise capital efficiency; and 7) set strict demands on financial and economic disciplines. [Tianjin City Service in Mandarin 0030 GMT 9 Sep 82 SK]

NEI MONGGOL REVENUE ACHIEVEMENTS--Nei Monggol Autonomous Region sponsored a financial work conference in Chifeng Municipality from 2 to 10 September to sum up experiences gained in this work over the past 3 years, to work out future tasks and to commend advanced units and individuals emerging in this work. The conference noted that, over the past 3 years, the region had successfully maintained a favorable balance between expenditures and incomes and had a little surplus. The conference also disclosed that, in the January-August period this year, the region fulfilled its annual financial revenue plan by 71 percent, a 46.9-percent increase over the figure of the corresponding 1981 period; and its annual expenditure plan by 52 percent, 26.8 percent below the figure of the corresponding 1981 period. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Sep 82 SK]

CSO: 4006/12

BRIEFS

HAINAN HYDROELECTRIC POWER STATION--Guangzhou, June 14 (XINHUA)--Hainan Island recently put into operation an 80,000-kilowatt hydroelectric power station, which accounts for 55 percent of the island's existing generating capacity, according to Guangdong province energy officials. The new power station, known as Niululing Hydropower Station, is the largest on the island. It is located on the middle reaches of the Wanquan River which flows from the Wuzhi (Five Finger) Mountains to Hainan's east coast. The station's 90-meter-high concrete dam will also help control the waters of the river which often floods in the rainy season. Electricity from the Niululing Hydropower Station will help increase industrial and agricultural production on the island and also provide lighting for homes. [Text] [Beijing XINHUA in English 1234 GMT 14 Jun 82 OW]

HUNAN UNDERGROUND HYDROELECTRIC STATION--Hunan Province's largest underground hydroelectric station has been completed. The installed volume of this hydroelectric station is 2,520 kilowatts and there are 2 generating units of 630 kilowatts. The hydroelectric station is operated by automatic control. Every year, the hydroelectric station will supply some 2.6 million kwh of electricity to towns and rural areas at low prices. The hydroelectric station will also help irrigate the fields in 3 communes and 92 brigades. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 9 Aug 82 HK]

HUNAN SMALL HYDROELECTRIC STATIONS--From January to July this year, 35 small hydroelectric stations in Hunan, with an installed capacity of some 13,600 kw, were completed and put into operation. Up to that time, the whole province has had 9,219 small hydroelectric stations with an installed capacity of some 866,000 kw. Each of 34 counties in the province have an installed capacity of over 10,000 kw. You, Hengdong, Cili, Taoyuan, Qianyang and Pingjiang counties each have an installed capacity of over 20,000 kw. Over the past 4 years, the province has increased its installed capacity by 490,000 kw while the state has invested only 160 million yuan in this work. Thirty percent of the investment in each kilowatt has been made by the state and 70 percent of the investment has been made by the province itself, which has used the methods of raising funds and loans to obtain the investment. Total output of electricity of all small hydroelectric stations throughout the province from January to July this year amounted to some 1.23 billion kwh, 13.8 percent more than in the corresponding period of last year. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 22 Aug 82 HK]

NATIONAL HYDROPOWER MEETING--The national academic discussion meeting on planning for small hydropower stations concluded on 7 August in Yanji Municipality, Jilin Province. Attending the meeting were hydropower departments in various provinces and municipalities, specialists and professors of various universities and colleges, engineers and technicians. Forty-four research papers were read at the meeting. Through discussion, the meeting's participants held that the power generating, supply and consumption of small hydropower stations should be based on a balanced distribution and small hydropower stations should be built in accord with practical needs. All localities should make overall planning arrangements for rivers in line with local agricultural divisions and power grid planning. [SK080824 Changchun Jilin Provincial Service in Mandarin 1100 GMT 7 Aug 82 SK]

CSO: 4013/155

BRIEFS

QINGHAI GOLD, SILVER PROCUREMENT--According to statistics made available by the Qinghai branch of China People's Bank, in the first 7 months of 1982 procurement of unpurified gold, silver, placer gold and silver coins increased markedly. Placer gold purchased during that period was five times more than that in the same 1981 period. The increase can be attributed to enhanced unified procurement and the expanded procurement network. [Xining Qinghai Provincial Service in Mandarin 1100 GMT 7 Sep 82 SK]

HEILONGJIANG COAL MINES--A comprehensive exploration has begun at (Shilinhe) mining area in (Boli) coalfield, Heilongjiang Province. The verified reserves reach 1.5 billion tons and are of good quality. The construction of coal mines, housing and facilities for miners are underway, planning to be completed in 13 years. [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 23 Sep 82 SK]

HEILONGJAING GOLD MINING--The No 1 gold mining ship of a gold mine in Muling County, Heilongjiang Province, had mined 669 liang of gold as of August, overfulfilling the annual state-assigned gold mining plan by 28.2 percent. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 1 Sep 82 SK]

QINGHAI GEOLOGICAL WORK--Qinghai Province has scored tremendous achievements in geological survey work since the Third Plenary Session. In the past 3 years the province has completed a geological survey over 29,000 square kilometers, has discovered 38 mineral deposits and has verified the reserves of many existing mines. [Xining Qinghai Provincial Service in Mandarin 1100 GMT 7 Sep 82 SK]

SHANDONG RAW COAL OUTPUT--Collieries run by local people and collectives throughout Shandong Province prefulfilled their third quarter production plan by 12 days. As of 18 September, they produced over 2,234,500 tons of raw coal, a 34,500-odd ton increase over the quota fixed in the plan. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 23 Sep 82 SK]

CSO: 4006/12

INDUSTRY

ADVANCEMENT OF SCIENCE, TECHNOLOGY EMPHASIZED IN GUANGDONG URGED

Guangzhou NANFANG RIBAO in Chinese 27 Jul 82 p 1, 3

[Article by staff: "Provincial Government Held Report Meeting Yesterday and Required Various Levels of Leadership to Pay Serious Attention to Science and Technology and Accelerate Technical Reform of Industry; Firmly Carry Out the Principle of 'One, Relying on the Policy and Two, Relying on Science; Firmly Place Science and Technology on the Agenda for An Important Discussion. This Is a Change in the Work of Strategic Nature"]

[Text] The Guangdong Provincial People's Government held a report meeting yesterday afternoon. It asked the various levels of party and political leadership in the province to lay stress on science and technology, while paying important attention to policies in order to accelerate the technical reform of industry.

Liu Tianfu [0491 3944 1133], secretary of the Provincial Party Committee and governor, presided over the report meeting. More than 1,000 persons, including Li Jianan [2621 1696 1344], Ye Xuanping [0673 6693 1627], and Yang Deyuan [2799 1795 0337], responsible comrades of the provincial committee and provincial government, and cadres above the department and office level from organizations directly under the provincial authority and related departments under the Guangzhou Municipality, were present at the meeting.

Provincial Party Committee Secretary and Vice Governor Wang Quanguo [3769 0356 0948] reported on the investigation of economic work. Prior to this meeting, Comrade Wang Quanguo had led a group of cadres from related departments and conducted more than a month of investigations in the five municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, and Jiangmen and the five counties of Nanhai, Shunde, Dongguan, Zhongshan, and Xinhui. They inspected the new equipment, new technologies, new techniques, and new products of more than 130 enterprises. He reported that as a whole, the situation of technical reform of industry in our province is good. However, the technical reform program in many places has been basically the piecemeal work of various departments and enterprises. This shows that the leadership of our entire province must further solve and take care of the problem of first, relying on policy and second, relying on science. This is a shift in the work of a strategic nature.

In analyzing our province's program of promoting technical reform of industry after complementing policies of opening the door to the outside and enlivening the domestic economy, Comrade Wang Quanguo stated that the economy in the last few years has been relatively enlivened not so much because the provincial committee and provincial government have concentrated their main efforts to taking hold of the policies, but because our province has carried out special policies and taken flexible measures. These special policies and measures were instrumental in effectively pushing forward technical reform of industry and the importation of new equipment and new technology. Judging from the situation in the five municipalities and five counties, industrial enterprises which imported advanced equipment and technology by the compensation trade method are mainly in the large and medium cities, such as Guangzhou, Foshan, and Jiangmen. Those that imported advanced equipment and technology through cooperative and joint ventures are primarily in the special economic areas. Those that imported advanced equipment and technology for the processing of incoming materials, for processing based on incoming samples, and for assembly of incoming parts are mostly county-, town-, and commune- and brigade-run enterprises. In addition, because of the relatively large development in foreign trade in recent years, some advanced equipment and technology have also been imported from abroad by using the part of the foreign exchange earned which the various areas have been allowed to keep. For instance, since the second half of last year, Jiangmen Municipality has used US$499,000 in foreign exchange to import a batch of advanced equipment and scientific and technical materials. Also, many enterprises have also relied on their own technical forces to study and manufacture new equipment and innovate old techniques or develop new technology and embark on technical exchange movements through the use of joint and cooperative methods domestically. All these have resulted in a welcoming change in the technical appearance of the industries in our province, and a definite improvement has been achieved in our technical industrial standards. Within this overall situation, some basic changes have occurred in some trades. For instance, in the textile industry, processing after dyeing and finishing has long been backward. Because of the import and purchase of a batch of domestic and foreign advanced equipment and technology in recent years, some basic changes have occurred in this operation.

In the knitting industry, the equipment in the past was rather old and obsolete. In recent years, a batch of advanced equipment has been imported through various channels. As a result, "four changes" have emerged noticeably in the entire industry, from using a single raw material of pure cotton to production with many types of raw materials, from the production of underwear to the production of outer clothing, from primarily domestic sales to primarily export sales, and from the production of low- and middle-grade products to the production of middle- and high-grade products. Very major changes have also taken place in other industries, such as the electronics industry, packing and packaging and printing industries, plastics industry, furniture industry, etc. New changes have also begun to take place in some of the industries, such as the machine-building industry, chemical industry, construction materials industry, rubber industry, etc. Some industries have improved their economic benefits and their products have filled some gaps in our province, such as cardboard, battery, aluminum foil, synthetic

polyurethane leather, bulked acrylic fibre yarn, soft packaged drinks, etc., produced in Guangzhou.

Comrade Wang Quanguo further emphasized that, while new developments have taken place in the technical reforms of industries in our province in recent years, because of inadequate attention given by our leaders, some problems still exist which are worth our attention and await solution. Primarily, the phenomena still exist in varying degrees among various levels of party and political leadership of lack of adequate attention to science and technology, of not making enough efforts, and of lack of planning. Particularly in the last 2 years, some areas and units have put their hearts on trading and making money and have not taken a sufficient hold on production and technical reforms. On the other hand, some areas and enterprises pay attention only to the payment of debts in daily affairs, which of course is necessary, and not to debts owed to production and to technical reforms. In the utilization of foreign exchange, there are also areas where it is used more for circulation and less in production and still less in the import of advanced technology and equipment. This shows that many of our leading party and political organizations have not yet placed the taking hold of science and technology on their agenda for discussion of important events. In the relationship between capital construction and technical reform, basically a change has not been made of the past habit of relying primarily on extension for expanding reproduction. The ideology of large-scale socialist production through cooperation in specialization also has not been firmly established in some leading departments. Some areas and enterprises still pursue the "large and complete" and the "small and complete" goals. Because gaps exist in technological processes or the processes are not properly coordinated or because of poor coordination in the production of materials, some advanced equipment currently has not been able to demonstrate its effects very properly.

Finally, Comrade Wang Quanguo spoke of the problem of how to strengthen the leadership in scientific and technological work in the future. He said that since the Third Plenary Session, the various levels of party and political leadership have basically carried out the party's strategic shift of the focal point of work and have concentrated their primary energy on economic construction work. Looking at it now, after realizing the party's shift of work focal point, there are two important topics facing the various levels of party and political leadership. First, while paying important attention to policy, we should also pay serious attention to science and technology and truly and firmly carry out the guiding principle of "first, relying on policy and second, relying on science." Second, we should learn to take a firm hold on unified planning of all-round economic work and also take a firm hold on the integration of political ideology work and economic work. He said that our various levels of party and political leadership must have a deep understanding of the importance of science and technology ideologically and place this important subject of science and technology on the agenda for discussion of important events.

The most basic goal of four modernizations construction is to develop the productive forces of society. Our taking a hold on policy and on system reform is to create conditions for the liberation and development of productive

forces, advanced science and technology must still be used to equip industry, agriculture, transportation, and communications, and various economic departments.

For this reason, the various areas must strengthen their leadership in science and technological work and take hold of the technical reforms of old enterprises and the development of new equipment, new technology, new techniques, and new products, in a planned way so that the industrial production technology in our province will be improved to a new level within 3 to 5 years. The various areas and various related departments must go deeply into the grassroot units, strengthen investigative studies, and break through the habitual forces of "large and complete" and "small and complete," adopting a positive attitude, as well as taking actions according to their capabilities and seeking truth from facts. We must place the improvement of quality, reduction of consumption, acceleration of the upgrading and replacement of products, and improvement of economic returns in an important position. We must take hold of key products and formulate truly workable technical reform plans, so that the arrangement of industries, composition of products, composition of fuels and technological coordination will be rationally and gradually perfected through technical reforms. We must also change the old line of devoting our zeal to relying on new construction to develop production and determinedly carry out the principle of production development based primarily on intension. From now on, technical reform must be an important element in all levels of planning and funding, and materials must be assured to accomplish the technical reform plans. We must also carry out our policy on intellectuals a step further, correctly use them, solve their real difficulties in their work and in their livelihood, and fully develop the role of scientific and technical personnel. At the same time, we should strengthen the education of staff and workers and improve their scientific, cultural, and technical levels. In addition, we must continue to develop technical exchange, take a firm hold on technical information, realistically strengthen contacts and cooperation between enterprises and between the production departments and the scientific research and teaching departments and foreign economic and foreign trade departments, accelerate the reform of the machine-building industry, and proceed with the absorption and promotion of advanced technical equipment imported from abroad.

5974
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INDUSTRY

CONGRESS DELEGATES REVEAL LIGHT INDUSTRY FIGURES

HK160202 Beijing CHINA DAILY in English 16 Sep 82 p 2

[Text] Shanghai's light industry has seen a remarkable increase in the last three years, due to the priority given to it by the state and the municipal government.

According to figures released by Shanghai's delegates to the 12th Party Congress, the gross output value of the municipality's light industry jumped to more than 36 billion yuan in 1981 from 1978's 26.87 billion, an increase of 34.6 per cent.

In comparison, the gross output value of its heavy industry increased by only 3.6 per cent, from 27.6 billion yuan in 1978 to 28.59 billion in 1981.

Shanghai's agriculture has also developed rapidly. In 1978, its total value was only about 2.12 billion yuan, but by 1981, it had increased to 2.84 billion.

The delegates also reported a remarkable increase in the number of goods purchased for export. In the past three years, these have nearly doubled--from 4.92 billion yuan in 1978 to 8.95 billion in 1981.

Retail sales have soared with the increase in production. In 1978, retail sales amounted to only 5.41 billion yuan, but in 1981, they rose to 7.88 billion.

Retail sales have increased as workers have made more money in the past three years. In 1978, Shanghai workers wages totalled 2.8 billion yuan. In 1981, they amounted to 3.98 billion yuan, an increase of more than 40 per cent. Greater earnings also resulted in more savings, which rose to 3.3 billion yuan in 1981 from 1.82 billion in 1978, an increase of 81 per cent.

Shanghai's Growing Economy

Item	1981	1982	Total increase	Percent increase
	(unit: billion yuan)		(in billion yuan)	
Gross output				
Value of industry and agriculture	67.6	56.59	11.01	19.5
A. Industry	64.75	54.47	10.29	13.9
Heavy industry	28.59	27.6	0.99	3.6
Light industry	36.17	26.87	9.3	34.6
B. Agriculture	2.85	2.12	0.72	34
Industrial goods				
Purchases by commercial departments	15.64	13.08	2.56	19.6
Goods purchased for export	8.95	4.92	4.03	82
Municipality's income	29.24	24.55	4.69	19.1
Retail sales	7.88	5.41	2.47	45.7
Workers' aggregate wages	3.96	2.8	1.16	41.4
Residents' bank savings	3.29	1.82	1.47	81
	(unit: yuan)			
Per capita income	2,532	2,247	285	12.7

CSO: 4020/1

INDUSTRY

SUPPLEMENTARY ROLE OF MARKET REGULATION DISCUSSED

Chengdu SICHUAN RIBAO in Chinese 27 Jun 82 p 2

[Article by Jiang Zhi [5592 2535]: "Distribution by Enterprises Cannot Be Lacking--A Discussion of the Supplementary Role Played by Market Regulation Under the Guidance of National Planning in the Machine Building Industry"]

[Text] During the readjustment, many enterprises in the machine building industry face the difficulty of a shortage of assignments. To take the situation in the Machine Building Bureau of Chengdu City as an example, there has been a decrease over the past several years in the planned assignments issued by the state. The proportion of the state plan actually completed to the total value of production was 79.6 percent in 1979. This decreased to 34 percent in 1980 and further decreased to 11.6 percent in 1981. The remainder was entirely whatever they themselves could find to put in the pot and contracting of market assignments. Under these conditions, many enterprises strengthened their management and actively developed work in market surveys and product sales. If they had not done so, they would not have been able to solve the problem of "not getting enough to eat."

However, during the period in which stress has primarily been on a planned economy, many enterprises have recently been slack to differing degrees about management. Some cadres hold that "market regulation is not important anymore, now that the emphasis is primarily on a planned economy." As a result, the idea has arisen of waiting for the higher authorities to implement planned allocation. Some even hold that "engaging in selling is a capitalist phenomenon and shouldn't develop." As the result, they have already withdrawn from management organs or are preparing to do so. This is extremely unbeneficial to the stable recovery of production which is now appearing in the machine building industry.

In fact, putting the primary stress on a planned economy does not mean that we shouldn't have market regulations. To again take the Machine Building Bureau in Chengdu as an example, the state plan accounted for only 15 percent of the total annual assignment for this year, with the greater part still relying on market regulations. In particular, there is a great lack of equilibrium among enterprises, and at present, enterprises with full assignments account for only one-third of the total. Thus, production assignments in a great number of enterprises are not full. In order to increase economic effectiveness and

assure increases in production this year, business management cannot be weakened but must be futher strengthened. Business management is important work relating to business policymaking. The bases of policymaking is forecasting, and forecasts originate in information, while information depends on surveys. If one does not have correct forecasts and policy decisions, then it is not possible to implement scientific management. If we are to formulate plans and organize production on the basis of social needs, then we must conscientiously carry out market planning. Because state planning cannot make complete forecasts of needs and changes in all aspects of society, we use supplementary market regulation, applied under the guidance of state planning. This not only is extremely important at the time of economic regulation but also is indispensable later. For this reason, any weakening of business management methods is wrong. Rather, it is even more important at present than in the past to conscientiously summarize effective experiences and raise business management to a new level!

10019
CSO: 4006/548

INDUSTRY

EXPERIENCES OF SHOUDU IRON, STEEL COMPANY INTRODUCED

Chengdu SICHUAN RIBAO in Chinese 7 Jul 82 p 2

[Article by Xiang Jiagui [0686 0857 6311]: "Basic Experiences of Shoudu Iron and Steel Company in Improving the System of Economic Responsibility"]

[Text] Shoudu Iron and Steel Company's internal system of economic responsibility is carried out level by level in two different stages: First, the company's economic responsibility to the state including the handing over of profits to the state, the transfer of different products in different quantities to other departments, the conservation of energy and various other tasks as well as other requirements in production, technology and management, is passed on to its affiliated factories and mines and the functional offices as their economic responsibility. This economic responsibility consists of three parts: first, the responsibility for profits, for increasing profits and for fixed personnel; second, the guarantee for output, quality, varieties, contracts, consumption, production costs, circulating funds, safety, environmental protection, trial production of new varieties and scientific research; and third, the guarantee of cooperation, mainly given in the upper sequences to the lower sequences of operation and among the factories, mines, and offices in a series of vertical and horizontal links. Thus a system of economic responsibility is formed at the factory-mine-office level to combine responsibilities, rights and interests. In the second stage, the economic responsibility which the factories, mines and offices have taken over from the company, that is, the various tasks aiming at the improvement of economic results, is further divided up to be passed on to the workshops and sections, level by level, down to every worker and staff member. This economic system which affects every individual is not expressed all in monetary terms, since it mostly concerns quotas and the requirements of business operation, work and cooperation, although they all directly or indirectly reflect the comprehensive economic results. Thus an economic responsibility system combining responsibilities, rights and interests is formed by the workshops, sections, work teams and work shifts and for the job of every worker and staff member.

To give full play to the system of economic responsibility, this company has always adhered to the following six principles:

First, the improvement of economic results as the central task. It has very carefully set right the guiding thought in production and management. Instead

of being solely concerned with output and output value in the control of indices, it is now keen on the comprehensive improvement of economic results; instead of the self-serving of heavy industry, it is now serving agriculture, light industry, capital construction and national defense according to its service orientation; instead of mainly extensive expansion of reproduction, it is now mainly intensive expansion of reproduction; and instead of completely relying on state monopoly for the purchase and marketing of its products as its business policy, it is now firmly upholding the principle of taking state planning as the key factor and yet developing the regulative role of the market in order to revitalize the enterprise. After all, instead of purely producing, it is now managing its production. The company holds that in improving economic results, the enterprise should pay attention to not only economic results in the form of value (such as profits), but also to those in the form of material objects (such as output, quality, varieties, consumption, and so forth). Therefore, while carrying out the internal system of economic responsibility of the enterprise, this company has to first of all complete all the state plans and to ensure macroeconomic results; and in working out the "responsibility, guarantee and cooperation" plans, it still unswervingly treats state interests as a matter of prime importance. In addition to profits, its responsibility also covers the output, the quality and the varieties of products, the amounts of products to be transferred out according to state plans, the production of easily marketable products, the consumption of energy and the payment of bonuses within state-set limits, and the use of self-raised funds according to state requirements. The self-management of the enterprise must strictly follow the guidance of macroeconomics.

Second, upholding the principle of "three considerations" for the state, the enterprise and the individuals. All workers and staff members of Shoudu Iron and Steel Company are aware that without the state's interests, there will be no basic interests for the collective and the individuals. They have to first complete the tasks given by the state on schedule and according to the required quality and quantity before carrying out the enterprise's self-management, the purpose of which is to make greater contributions to the state. All the products produced under self-management must be intended for state and social needs, and there must be no such thing as "more profit, more work; less profit, less work; and no profit, no work." Furthermore, the decisionmaking power of the enterprise must not be abused in crooked ways and in violation of law. In the distribution of benefits, the relationships among the three parties must be carefully handled so that the state's major portion could be assured. Last year, when they undertook the responsibility for profits, the company was laboring under the disability of reduced production. Yet these workers and staff members "signed a pledge" to the effect that if there were no profits to be handed over to the state, the enterprise would not retain a single cent and the workers and staff members would not have any bonus at all. Furthermore, they would have to make up any shortage with their own resources. The result in practice was that state revenues increased by 8.9 percent, the enterprise's retained profits increased by 7.9 percent, and the bonuses of workers and staff members increased by 2.38 percent, compared with those of the previous year. The margin of increase in the state's revenues exceeded those of increases in the enterprise's retained profits and in the bonuses of the workers and staff members.

Third, upholding advanced and rational targets and quotas. Whether the various targets and quotas stipulated in the system of economic responsibility are rational and advanced, and whether they can lead to greater contributions to the state is directly reflected in the crucial problem of correctly handling the relationships among the state, the enterprise and the workers and staff members. The targets must be of an advanced average level, so that the units and individuals must make efforts in gaining the benefits. In other words, people must "jump up to reach them" instead of stooping down to pick them up. Advanced targets can help increase efficiency; if set too low, so that the task can be easily accomplished and bonuses can be obtained without any effort, the system of economic responsibility will be meaningless. Some targets can even be above the advanced average level, provided they are necessary and arduous efforts have been made for their accomplishment. For example, when Shoudu Iron and Steel Company set its profit target for this year, the calculations were based on the highest average in the last 4 months of last year. The quotas were also based on rational advanced criteria.

Fourth, upholding strict appraisal. Strict appraisal is the guarantee for the implementation of the system of economic responsibility. If the method of appraisal is not strict enough, even the best methods and the most perfect system will be useless. "Good guyism" is the arch enemy of strict appraisal, because people with such an idea usually lower the standard of appraisal, and, as a result, egalitarianism will again rear its head. In conducting appraisal, this company always adheres to these two points: First, all aspects of the economic responsibility at each level have to be evaluated one by one, and the result of evaluation will serve as a yardstick for determining right or wrong, merits or shortcomings, and the magnitude of contributions so that the principle "to each according to his work" can be implemented. It also upholds the principle of "letting figures speak for themselves" regardless of the objective causes, so that if the state gets no economic benefits, neither the enterprise nor the workers and staff members will have anything to gain. Secondly, in case of any violation of rules and regulations, it insists on "three 100 percents," namely, 100 percent implementation of the rules and regulations, 100 percent recording [in personal file] and reporting [to the high authorities] of all violations of rules and regulations, and 100 percent deduction of bonus for violation of rules and regulations, even though no damage has been caused by such violation. These principles apply to people at all levels, from the factory director down to the workers. Everyone is equal before the appraisal; there must be perfect impartiality regardless of personal feelings. Violations must be strictly dealt with even though the violators have always been good comrades. The company feels that strict appraisal itself is an effective way of upholding labor discipline; it encourages people to develop their subjective initiative, to overcome difficulties by every possible means, and to fulfill their economic responsibility to the state. It will encourage the advanced and spur on the backward and thus help everyone to improve.

Fifth, upholding the policy "to each according to his work." "To each according to his work" is an indispensable economic motive force in the system of economic responsibility. If benefits are not distributed according to the labor spent, and if there is no distinction between awards and punishments,

there will be dislocations among economic responsibility, economic results and economic benefits, and the system of economic responsibility will become nonexistent. To break through the old convention of egalitarianism or "eating from the same pot" in the districtuion of bonuses, the company has firmly upheld three principles: First, the payment of bonuses must be strictly within the limits prescribed by the higher authorities. Secondly, different coefficients and bases are set for different factories and mines, departments, workshops and types of work according to the importance, the technical complexity and the labor intensity of each job and clearly showing the differences. Thus people can "look at the coefficients to find out the weight of the responsibility and at the number of points to find out the magnitude of a contribution." Provided individual bonuses are strictly scrutinized, people are permitted to do more than their own share without any restriction. This truly embodies the principle "to each according to his work." Thirdly, the bonuses of workers and staff members are linked up with the enterprise's economic results. By this means, the workers and staff members will be concerned with not only the fruits of individual labor, but also, more important still, with the general goal of the enterprise's production and management; and everyone will devote their efforts to the improvement of economic results.

Sixth, upholding the principle of ideology taking the lead and paying simultaneous attention to both spiritual and material civilization. Shoudu Iron and Steel Company closely combines ideological-political work with economic work and carries out ideological education in a forthright and convincing manner whenever any ideological problem is detected in any type of work and in any period. By basically enhancing the political consciousness of the broad masses of workers and staff members, it has ensured the healthy development of the system of economic responsibility with powerful ideological and political work. In fixing the targets in the responsibility system, the company always carries out education on the need to give first priority to the state's interests and upholds advanced and rational targets. In implementing the task of "responsibility, guarantee and cooperation," it would conduct education in the concept of overall interests in order to promote unity and cooperation. In paying bonuses, it would conduct education on the need to properly handle the relationships among the three parties and to take the attitude toward labor with the sense of being masters of the enterprise. In dealing with violations of rules and regulations, it also adheres to the principles of ideology taking the lead by enhancing people's political consciousness instead of resorting to over-simplified methods. Its ideological and political work is usually carried out for very specific purposes. Before the education, it would carefully investigate and ascertain people's mental state; then choose the line of argument; and finally conduct education by combining theory with practice. Everyone in the company, from the leaders to the broad masses, has a high level of political consciousness and is able to share the state's worry, to make greater contributions to the state, to aim high and scale the peak in defiance of difficulties. These qualities show the effectiveness and the great might of its ideological and political work.

9411
CSO: 4006/568

INDUSTRY

GUANGDONG LIGHT TEXTILE INDUSTRIES' ECONOMIC RESULTS INCREASING

Guangzhou YANGCHENG WANBAO in Chinese 14 Jul 82 p 2

[Article by He Guiling [0149 6311 3781]: "Striving for High Speed in Improving Economic Results--as Shown by Guangdong's Experiences in Light and Textile Industries"]

[Text] Historical experiences have shown that it is wrong to strive for speed regardless of the result; but it is also wrong to stress result alone or to hink that it would be better to reduce the speed as much as possible. The point is that we should strive for both good result and high speed, or a combination of result and speed. After a 9.8 percent increase in the total output value and a 27.3 percent increase in profits in 1980 over the previous year, the light and textile industries in our province (referring to textile and first light industry, but not second light industry, throughout this article) again showed a 15.39 percent increase in the total output value and 19.46 percent increase in profits, thus achieving, for the first time, both good results and high speed. The experiences in textile and light industries in our province have given us a good lesson in striving for both good results and high speed.

1. Raising the Efficiency of Funds

Raising the efficiency of funds means the minimum consumption of labor for the production of more commodities needed in the society, the increase of profits and a combination of speedy economic growth and improved economic results. Last year, a total of approximately 200 million yuan was allocated by the state and the province through various channels including bank loans for capital construction in our light and textile industries. This was the largest allocation we had ever had. How to use this money to the best advantage? Our experiences were as follows: First, we had a correct orientation. The funds were mainly used in increasing the productive capacity for commodities which were in short supply on the market and for which raw and semifinished materials were abundant. These commodities were for example, sugar, paper, cotton textiles, silicate and so forth. Secondly, we started our projects quickly. During that year, we had the fastest record in completing all new projects as well as the projects of tapping potential, renovation of equipment and technical transformation. Thirdly, we achieved good results. With intensive expansion of reproduction

as our main concern, the funds were spent mainly on technical transformation and tapping potential, and the time required for the recovery of funds was brief. Thus the money spent soon became new productive capacity and yielded its benefits. Last year, the productive capacity in the sugar-refinery trade was increased to such an extent that it was able to cope with its task in a year of bumper sugarcane harvest by handling more than 11,000 tons of sugarcanes daily. The daily sugar output was increased by 34.9 percent, and the profits were increased by 36.28 percent over the previous year. Based on the newly increased productive capacity in the other trades, the output value could be increased by 180 million yuan, and the profits could be increased by 22.19 million yuan, according to our calculation. From this, it can be seen that raising the efficiency of funds in one of the important methods of achieving high speed in the improvement of economic results.

II. Readjustment of the Product Mix

In striving for a steady speed in economic growth, the product-mix must correspond more closely with social needs. Our experiences in the light and textile industries of the province were as follows: 1) In an effort to increase the products needed in the society, we have for several years developed the production of beer, cotton yarn, bicycles, sewing machines, and other articles for daily consumption. The increase of outputs has also brought an increase of profits. 2) The ratio of fine-quality goods was raised. Last year, the quality of commodities as a whole was steadily improved. According to an inspection conducted on 38 varieties of 26 different commodities, the quality of 77 percent of them were found to have been steadily increased. Forthermore, five of them--namely, the "555" battery cells, the balck-and-white film, the "Zhujiang" tangerine powder, the lemon cookies and the "Golden Camel" brand jacquard blankets won national silver medals. All these commodities are now selling well. Besides meeting social needs, they also make more profits for the state. 3) We produced more new goods with new designs and varieties and made great efforts in upgrading our products. In accordance with state plans and on the basis of market forecast, we successfully trial produced more than 300 new products with more than 1,200 new varieties and nearly 10,000 new designs last year. Most of these products are now in mass production. Some products, such as "Nanhua" high-speed sewing machines, "Wuyang" and "Mingzhu" lady's wrist watch with caldnder, nutritious food for children and hig-grade cosmetics of many kinds, sun-dried fine-quality salt have been well received on the market since they were out on sale. According to incomplete statistics, last year, the output value was increased by 70 million yuan because of the readjustment of the product mix.

III. Combining Domestic Trade with Foreign Trade and Using the Latter to Promote the Former

Another way to strive for high speed in the improvement of economic results is to correctly apply the special policies and flexible measures which the central government has worked out for our province by actively developing our economic activities abroad and adopting the policy of "combining domestic trade with foreign trade and using the latter to promote the former," so

as to make up our shortage of funds, technological know-how and raw materials for our light and textile industries. We have in the province a fairly large capacity for producing cigarettes, but not enough tobacco as the raw material at home. In accordance with the principle of bringing into play our strong points and steering away from our weaknesses, we made use of our foreign exchange, obtained from local sources, to import tobacco and thus solved the problem of raw material shortage last year. The total output value in the cigarette trade that year was increased by 37.02 percent and the profits were increased by 1.6 times over the previous year. From 1978 to the first half of 1981, the light and textile industry departments in the province earned more than 13.3 million dollars as labor costs in processing imported materials according to supplied samples and in assembling parts supplied by customers. With the foreign funds thus earned, we carried out the technical transformation of our enterprises, which not only increased our productive capacity but also improved our economic results. The Guangzhou Brewery, for example, imported and advanced techniques for fermentation and shortened the period of fermentation from 80 to 28 days. Thus even without any increase of equipment, its productive capacity was increased from 15,000 tons to 20,000 tons of beer each year, and the quality of its product was up to the world standard.

IV. Reform of the Organizational Structure of Industry

After the reform and the establishment of a rational organizational structure in industry, we were able to raise our labor productivity, and with little or no additional investment, we could raise our output, lower our production cost and gain fairly good economic results.

Reforming the organizational structure of industry means the transformation of those "small and all-inclusive" and "large and all-inclusive" enterprises, through the reorganization of industry and the integration of enterprises, into economically practical enterprises which could meet the requirements of specialization and cooperation and socialized mass production. In this connection, the municipal light industry departments were one step ahead of others and made outstanding achievements. In the past 2 years, under the leadership of the provincial and municipal governments and with the support of the relevant departments, Guangzhou Municipal has promoted the production of "highly competitive" consumer goods by transcending the boundaries of departments, trades and systems of ownership. The enterprises producing the "three major products" (namely, bicycles, sewing machines and wrist watches) were readjusted and reorganized, and an economically practical organizational structure of industry suitable for specialization and cooperation began to take shape. Now, the enterprises producing the "three major products" are capable of producing "1 million products" a year. The output of these enterprises was increased by more than 60 percent over 1979 or before the restructuring of industry. This was another important way for our light and textile industries to achieve high speed in the improvement of economic results.

V. Adoption and Improvement of the Enterprises' Economic Responsibility System in Various Forms

The system of economic responsibility among the enterprises is an innovation representing a major change in the relations of production. This important reform is only in its initial stage, but it has already given the enterprises great political and economic vitality by enabling them to further liberate their productive forces.

Last year, more than 90 percent of the light and textile industrial enterprises have carried out separate experiments in assuming responsibility for profits and losses, retaining a portion of the base profits or a portion of the increased profits, sharing the total profits or above-quota profits, assuming responsibility for a certain amount of profits, sharing the savings from reduced losses and other forms of economic responsibility. On this basis, the enterprises have also adopted the internal system of economic responsibility in various forms, such as the "four fixes and four guarantees" and "job for every individual and responsibility for every job with responsibility and guarantee at every level" so that every person will have his own responsibility. The adoption and improvement of the system of economic responsibility for enterprises and their internal system of economic responsibility at every level has encouraged the enterprises and their personnel to strengthen their management, lower their consumption, improve the quality of their pdoducts, and try every possible way to complete the state plans and to improve their economic results. According to last year's statistics, all state plans for light and textile industrial products in the province were fulfilled or overfulfilled with the exception of one for a certain product which was nearly fulfilled. The consumption of materialized labor was universally reduced and the conservation of energy was particularly remarkable. According to incomplete statistics, coal consumption was down by 5 percent and oil consumption was down by 6.8 percent last year in the light and textile industries of the province. Savings in electricity, consumption of which was down by 5.4 percent, was more than enough to meet the requirements of the State Economic Commission. For every 10,000 yuan of output value, the consumption fo standard coal was reduced by 7 percent; and for each percent of increase in the total output value, the rate of increase in electricity consumption was reduced from 1.5 percent in the previous year to 0.95 percent. This shows that even reduced materialized labor can produce more goods that meet social needs. There was also reduced consumption of living labor, since the system of economic responsibility has encouraged the broad masses of workers and staff members to do their best. Last year, the per-worker output value of state-owned enterprises under the first light industry department in the province was raised by 14.3 percent, while that of state-owned textile enterprises was increased by 5.46 percent over the previous year. This shows the possibility of producing more goods with less living labor to meet social needs.

9411
CSO: 4006/577

INDUSTRY

TIANJIN TO IMPROVE TELECOMMUNICATIONS SERVICE

OW281241 Beijing XINHUA in English 1221 GMT 28 Sep 82

[Text] Tianjin, 28 Sep (XINHUA)--An international and domestic direct dialing, long distance call and telegraph exchange center is nearing completion in Tianjin, China's third largest city and second largest foreign trade output, according to municipal authorities here.

This is one of 12 telecommunications projects undertaken by the city to improve its links with the outside world and remote cities in the country.

The project, covering a floor space of 19,000 square meters, is equipped with fully automated long distance calls and international telex exchanges. It will link Tianjin with Shanghai, Beijing and other provincial and regional capitals by automatic telephone service. In addition, it will undertake telegram, television, data and facsimile transmission services.

Telegraph service is scheduled to begin in the second half of next year. The whole project is expected to be completed in 1984.

In addition to this project, the city will build four new telephone exchanges, including one at the Tianjin new harbor, expand five telephone exchanges and build two cable lines.

City authorities say that the city now has only 34,200 telephones, falling far short of the needs of the fast developing industrial and agricultural production and foreign trade.

After completion of the projects, the number of telephones should reach between 74,000 and 94,000.

CSO: 4020/1

BRIEFS

JIANGXI INDUSTRIAL OUTPUT--In 1981, Jiangxi raised its industrial output value from 4.48 billion yuan in 1976 to 9.02 billion yuan. The average annual increase in the 3 years since 1978 was 8 percent, and the 5 year increase since 1976 was 100 percent. The province expects to double the 1981 figure in 1990 to 17 billion yuan. And it does not expect any difficult in achieving another 100 percent increase in the ensuing decade. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 12 Sep 82 OW]

GUANGDONG LIGHT INDUSTRY--The total output value of Guangdong Province's second light industry system from 1978 to 1981 increased by an average of 13.1 percent per year. Last year, the total output value of the province's second light industry system was slightly lower than that of Shanghai but was the second highest in the whole country. The total output value of the province's second light industry system from January to July this year was 13.5 percent more than in the same period last year. [HK281211 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 24 Sep 82 HK]

TIANJIN INDUSTRIAL OUTPUT INCREASE--Since the third plenum, the industrial enterprises in Tianjin Municipality have scored a remarkable achievement in energy conservation. In 1979-1981, total industrial output value showed an average annual increase of 8.9 percent while energy consumption increased only 2.5 percent annually. During the period from 1979 to 1981, the industrial enterprises across the municipality saved 580,000 tons of standard coal, resulting from reforms in the industrial structure. [Tianjin City Service in Mandarin 0030 GMT 9 Sep 82 SK]

HEILONGJIANG CONSUMER GOODS--Presently, Heilongjiang Province has ample supplies of 10 kinds of durable consumer goods such as bicycles, sewing machines, wristwatches, washing machines and televisions. Compared with the corresponding 1981 period, the output of bicycles, sewing machines and wristwatches increased from 50 to 300 percent in the first 6 months of this year. The province's present annual output of washing machines is 740,000. [SK020223 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 30 Aug 82 SK]

HEILONGJIANG CEMENT PRODUCTION--Since the third plenary session, Heilongjiang has achieved an annual increase of 220,000 tons in cement production. By 1981, its annual output reached 2,798,000 tons, 670,000 tons, or 31.6 percent, more than in 1978. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 30 Aug 82 SK]

JIANGSU FLEXIBLE PACKAGING PRODUCTION--Nanjing, 24 Sep (XINHUA)--China's first flexible packaging material production line with an annual capacity of 3,000 tons has begun operation recently at the Wuxi Color Printing House, according to factory officials. It produces four kinds of plastic films and other composite flexible packaging materials for export goods to strengthen their competitiveness in the world market. Construction of the line started in August 1981 and was completed 6 months ahead of schedule. [Text] [Beijing XINHUA in English 0751 GMT 24 Sep 82 OW]

CSO: 4020/1

BRIEFS

GANSU URBAN CONSTRUCTION--Gansu Province has built some 4.3 million square meters of residential houses during the 1979-1981 period, providing houses for some 300,000 urban families. This equals the total area of housing built in the 10 years prior to 1978. The daily supply of tap water for urban residents of this province increased from 1.08 million tons in 1978 to 1.45 tons in 1981. During the past 3 years, this province has built and rebuilt 94 km of roads in the urban areas, built 27 bridges of all kinds, 93 km of drainage pipelines, 37 lavatories and some 200 garbage cans, planted some 2.5 million trees and added 90,000 square meters of parks. [SK081020 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 6 Sep 82 SK]

TIANJIN HOUSE ALLOTMENT--Tianjin Municipality has made marked progress in alloting houses among residents this year. The municipality built 3.72 million square meters of houses in 1981. As of the end of August, the municipality distributed 2.74 million square meters of houses among houseless residents, accounting for 89.3 percent of total built houses. As of now, 50,600 households have happily moved into new houses whose size reaches 2.53 million square meters. [Tianjin City Service in Mandarin 0030 GMT 21 Sep 82 SK]

XINJIANG URBAN CONSTRUCTION--Since the 3d Plenary Session of the 11th CPC Central Committee, 8 cities, including Urumqi, Yining, Kashi, Karamay, Shihezi, Kuytun, Hami and Korla, have invested some 660 million yuan in housing, which amounts to 56 percent of the total investment in housing in the 28 years before the last 3 years. The housing areas completed encompass 6.71 million square meters, which amount to over one-third of the total housing areas in those 28 years. The per capita housing area of urban staff and workers in Xinjiang region was only 3.6 square meters in 1979, but reached 4.38 square meters by the end of last year. Over the past 3 years, these cities have built water-supply tubes 164 km long; and water drainage channels, 100 km long; which are 56 percent and 91 percent respectively of the total length of water-supply tubes and water drainage channels laid in those 28 years. [HK101442 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 9 Sep 82 HK]

CSO: 4006/23

DOMESTIC TRADE

SYMPOSIUM ON THEORY OF PRICING HELD

Beijing JIAGE LILUN YU SHIJIAN [THEORY AND PRACTICE OF PRICING] in Chinese
No 3, 20 May 82 pp 2-8

[Article: "China Prices Society Convenes Symposium on the Theory of Pricing"]

[Text] The first large-scale symposium on pricing theory since the founding of the People's Republic was held from 2 to 11 February at Kunming. The symposium was convened by the China Prices Society. The participants in the symposium included the society advisors Luo Gengmo [7482 5087 3351] and Zhang Yifei [1728 5065 7378], the president of the institute Liu Zhuofu [0491 0587 3940], the vice president of the society Hu Bangding [5170 6721 1353] and its directors. Also present were representatives of the concerned ministries and commissions of the State Council, of provincial, city and autonomous region pricing departments, of economic research organizations, of institutions of higher learning and of press and publication units. Altogether there were more than 160 people.

This symposium on pricing theory was convened after the State Council issued its "Circular on Firmly Stabilizing Market Commodity Prices" and after Comrade Chen Yun [7115 0061] presented his spring address on the planned economy. The comrades at the symposium uniformly agreed that stabilizing commodity prices is a long-term task and is now of even greater significance. Everyone agreed that the principal topics for discussion at this symposium should be how to study the law of price in motion in China, analyze the fluctuations of market prices and inquire into the problem of specific and general policies for stabilizing market prices from the standpoints of both macroeconomics and microeconomics. For these reasons, the discussions of these problems at the symposium were comparatively ample. Special studies were also made at the symposium of the position and function of pricing in the national economy, the objectives, methods and measures of price reform, the relationship of price reform and other economic reforms, the foundation of the socialist price formation, and the problem of theoretical prices.

The major arguments at the symposium were as follows.

1. On the Problem of Stabilizing Commodity Prices

It was the uniform view of the comrades at the symposium that practice since the founding of the People's Republic demonstrates that the policy of stabilizing commodity prices is correct, and that it has had a positive effect on

ensuring socialist construction and on stabilizing the people's livelihood. There were different understandings of such problems as the meaning, quantitative limits and theoretical foundation of price stability.

(1) The meaning of price stability

It was the opinion of some persons that price stability refers primarily to the basic stability of market retail prices and has three implications: 1) stability of the general level of market commodity prices; 2) stability of the prices of basic daily consumer goods; and 3) stability of the people's standard of living.

It was the opinion of others that stability of commodity prices can be classified into absolute stability and relative stability. Absolute stability is the freezing of commodity prices and can only serve as a temporary measure. There are three interpretations of relative stability. First, it was held that the prices of individual products rise or fall and that rises of a light degree each year in the general level of commodity prices can be called relative stability and basic stability. The second was the view that relative stability can be considered to be the case in which, on comparison of changes in commodity prices and changes in wages, the increase in wages is more rapid than the rise in commodity prices. The third was the view that relative stability is the case in which the amplitude of the rise in the general level of commodity prices is less than the interest rate on deposits. There were also some comrades who, from the standpoint of econometrics, held that the meaning of stabilizing commodity prices should be that, in an economic system, the trends and range of changes in the price of a commodity corresponds to the trends and range of changes in its value.

(2) The quantitative limits of price stability

The first view was that the case in which the amplitude of increase in the annual retail commodity price index is within the range of 1, 2 or 3 percent can be considered to reach basic stability.

The second opinion, which is based on the circumstances of changes in labor productivity and on the historical experience of 30 years of fluctuations in commodity prices, was that the quantitative limit of commodity price stability is the case in which the amplitude of annual increase in commodity prices does not exceed 1 to 2 percent.

The third view was that the standard for the limit of price stability should be a level at which there is no decrease in the people's standard of living.

The fourth view was that we should not simply use a percentage as the mark of judgment but rather that the indication should be whether the degree of increase in commodity prices and changes in other economic indicators of the national economy are in proportion. For example, the quantitative limit of price stability should include whether or not the degree of increase in commodity prices corresponds to the rate of increase in wages.

(3) The theoretical foundations of price stability

The view of the greater majority was that to maintain price stability is a long-term policy, that it is an essential requirement in the economy and government of a socialist system, and that its theoretical foundations are as follows. 1) The basic economic law of socialism requires basic commodity price stability since improvement in the people's standard of living cannot be guaranteed if commodity prices are not stable. 2) The law of planned and proportionate development of the national economy requires that there be a comparatively rational and stable price system because an imbalance in proportional relationships can be exacerbated if commodity prices are not stable. 3) Political stability and unity require that commodity price stability is economically ensured.

There was a minority view that to maintain price stability can only be a temporary policy measure. The reasons for this are as follows: 1) The basic economic law of socialism requires that the needs of the people be satisfied on the basis of expanding production and does not require commodity price stability. 2) Normal commodity price readjustments will not destroy proportional relationships in the national economy. 3) To maintain price stability is a measure that cannot but be adopted under specific conditions. Therefore, it can only be a temporary policy measure.

There were two differing opinions on the question of whether the policy of maintaining commodity price stability conforms to the law of price in its state of motions. One view was that prices always fluctuate around value and that price is a reflection of the magnitude of value of a commodity as an independent variable, i.e., it is essentially a dynamic system. Such being the case, the price of a commodity is based on its value. However, the value of a commodity is continually changing. Therefore, to maintain price stability is itself a formulation that lacks a theoretical foundation. There was another opinion to the effect that prices remain the monetary expressions of values of commodities and that the inherent factors affecting commodity price levels involve not merely the magnitude of value of a commodity but also the magnitude of value of the currency. Variation in the magnitude of value of a commodity and in the magnitude of value represented by currency can be in the same direction and it can also be in different directions. It can be of the same amplitude and it can also be of different amplitudes. Many permutations and combinations of different arrangements can appear. Among these different combinations, there will inevitably be combinations in which two independent variables will change in the same direction and with the same amplitude. At such times, the basic stability of the price level can be maintained. As Marx pointed out, if the values of certain commodities and the value of the currency rise at the same time and in the same proportions, then there will be no changes in the prices of these commodities. Therefore, as labor productivity changes, the method of adjusting the magnitude of value represented by the unit currency can be used to maintain the stability of the commodity price level. This is the theoretical basis of maintaining price stability. Thus, we can achieve commodity price stability simply by making comprehensive use of the law of value and the law of currency circulation.

(4) Major factors affecting commodity price stability at present

There were some who held that the major factors are that there has not yet been a turn-around in imbalances in the national economy, that economic effectiveness in the productive sector has not been high, that there have been budget deficits, that the volume of currency in circulation has exceeded the actual market need for it, and that there has been a comparatively great difference between commodity supply and the purchasing power of society with the result of raising commodity prices.

There were others who held that the major factors are that the economic interests of enterprises and workers and staff members have been directly linked to profit as reform of the economic management system has taken place, and that some enterprises have raised prices arbitrarily and covertly and in order to seek excessive bonuses. Some held that the raising price level has been generally caused by the chain reaction resulting from price readjustments. Prices go up first, which is immediately followed by an increase in money supply.

(5) Measures of stabilizing prices

Many measures for maintaining the basic stability of commodity prices were proposed during the discussion:

The first was that the most basic course would be to strive to expand production, improve economic effectiveness, increase labor productivity in industry and agriculture and lower the magnitude of value of unit products.

The second was to readjust the structure of the national economy and to stimulate a coordinate development of the national economy in order to bring about a basic balance between social purchasing power and the supply of commodities.

The third was to control increases in consumption funds suitably, to strengthen credit control on the part of banks and to be steadfast in the limited issuance of currency in order to prevent inflation and maintain a basic balance between revenues and expenditures.

The fourth was to uphold the principle of relying mainly on the planned economy and supplementing it with the regulation of market mechanism; to strengthen commodity price control; to enforce commodity price [control] discipline; and to persistently implement the policy of stabilizing commodity prices.

(6) Future trends in the development of the general level of commodity prices

One view was that there would be a tendency for the general level of commodity prices in China to rise gradually and to a slight extent in the foreseeable future. The reasons were as follows: From the standpoint of the trend of changes in the magnitude of value of commodities, there will be a continual increase in the quantities of industrial and agricultural products required by society as a result of population increase. However, production conditions associated with poor soil and inferior quality ore deposits will become more

and more difficult in the future and there will also be continually increasing labor expenditure on products. Even if there is improvement in production technology, this could be a factor that correspondingly cancels out to some extent increases in the amount of labor. However, under conditions in which there have been no very great breakthroughs in technology, there will certainly be an increase in the amount of socially necessary labor expended on unit products. Therefore, there will be a tendency for the general level of commodity prices to rise. On the other hand, increases in the prices of agricultural products and basic industrial products, the possibility of decrease in labor expenditures on unit products in the processing industries is greatly reduced. When this is combined with the facts that we have a large number of persons for whom employment must be arranged and that it will be very difficult to raise labor productivity in the economy in the near future, there will therefore be a tendency toward gradual increase in the general level of commodity prices for a fixed period.

There was also a contrary opinion to the effect that, from a long-term standpoint, a gradual increase in the general level of commodity prices is not an inevitable trend. The reasons for this are as follows.

1. While it is true that there is a trend toward an increase in labor expenditure on agricultural products and basic industrial products, there is also a trend toward a decrease in labor expenditure on processed products. Thus, the two factors compensate for each other resulting in the possibility that the amount of decrease could exceed the amount of increase. Otherwise, we could not begin to talk about social progress.

2. The increase in commodity prices induced by excess issuance of currency for financial reasons is a problem that occurs under unusual conditions. As the national economy undergoes readjustments and as the overall balance work is strengthened, the problem of excess issuance of currency will be resolved and will not become a permanent factor affecting an upward movement of commodity prices.

3. At present the level of labor productivity in certain industries is very low and is even declining. This is a transient abnormal phenomenon. For example the decrease in labor productivity in the mining industry is related to changes in mining conditions; to proportional imbalances in extraction; and to the fact that the opening up of new [mineral] resources has not been fast enough. If we conscientiously change these conditions, there should not and cannot be a decrease in labor productivity.

(7) The problem of commodity price readjustment

During the discussions on commodity price stability, many comrades also inquired into such problems as the concept of commodity price readjustment and its relationship to commodity price stability. The major [questions] were:

1. Is commodity price readjustment implied in a policy of maintaining commodity price stability?

One opinion was that commodity price stability means that there are no changes in the prices of commodities whereas commodity price readjustment indicates that the prices of various categories of commodities can shift upward or downwards. Therefore, commodity price stability and commodity price readjustment are two different things.

There was another view to the effect that the factors affecting the prices of commodities are continually changing, for which reason commodity prices are in a constant state of motion. Under conditions in which planned prices are being implemented, readjustments of commodity prices are implied in stabilizing commodity prices. A precise formulation of commodity price stability should unambiguously refer to the basic stability of retail prices. To maintain the basic stability of commodity prices as a policy should include two aspects, namely, "stabilization" and "regulation."

2. Is there any differentiation of primary and secondary between stabilization and readjustment of commodity prices?

There was one view to the effect that to maintain commodity price stability is the leading aspect, with readjustment being subordinate to stability and with stability being the prerequisite for readjustment.

There was another view to the effect that there is no so-called differentiation of primary and secondary between stabilization and readjustment of commodity prices with emphasis being shifted under different conditions so that sometimes the emphasis is on stabilization while at other times it is on readjustment. At the present, the emphasis is being placed on stabilization.

3. The relationship between stabilization and readjustment of commodity prices can be summarized as follows. 1) Commodity price readjustment proceeds under the prerequisite of stability and readjustment cannot destroy stability. 2) The objective of readjustment is to further consolidate the basic stability of commodity prices. 3) In order to maintain the basic stability of commodity prices, it is essential to carry out upwards and downwards readjustments.

2. The Problem Concerning the Prices of Agricultural Products

(1) Estimation of current agricultural procurement prices

The comrades at the symposium uniformly agreed that the significant policy decision of the party Central Committee and the State Council on raising the procurement prices of agricultural products by a comparatively wide margin is very correct. This has been a major step in effecting an overall readjustment of the national economy and has been one of the major causes of the rapid turn for the better in the conditions of the countryside. As the result of a series of continuing readjustments, there has been a great improvement in the state of low agricultural procurement prices so that the current procurement prices of agricultural products are in conformance to the state of China's national economic development. This basically makes it possible to accelerate the expansion of agricultural production and to increase the income of the peasants. Thus, it can be accepted by the broad masses of the peasants. In order

to maintain the basic stability of market commodity prices, to implement the four major policies proposed by Comrade Chen Yun for ensuring a lively but not disorderly as well as steady advance of the national economy, and to give consideration to both national construction and the people's livelihood, it is not advisable in the future period to make large readjustments in the procurement prices of agricultural products. Rather, they should be stabilized. By so doing, the policy of stabilizing the existing rural economy is advantageous for encouraging the peasants to be wealthy by increasing production to an ample level, and is essential for bringing about a basic turn for the better in financial as well as economic situation and for stabilizing commodity prices.

During the discussion, there were some opinions to the effect that to stabilize the procurement prices of agricultural products for a fixed period means that there should be a stable price level, but this should not exclude readjustments of a small number of products. In order to maintain a rational relationship of the price parities among agricultural products, the small number of irrational prices should be adjusted upwards or downwards.

(2) The problem of the "scissor-gap" difference in the exchange of industrial and agricultural products

The first opinion was that there has been more or less of a conformance between the prices of agricultural products and their values as a result of the large increase in the procurement prices of agricultural products since 1979, that there has been a comparatively great increase in the quantity of industrial products exchanged for agricultural products, and that the disparity between industrial and agricultural income has been reduced so that the "scissor-gap" phenomenon no longer exists. There are also some comrades who believe that a reverse "scissor-gap" phenomenon has appeared.

The second opinion was that in spite of the fact that the "scissor-gap" difference has been greatly narrowed since 1979, because of the original excess "scissor-gap" difference, the cost-profit ratio of agricultural profits is lower than that of agricultural products. Thus, the "scissor-gap" difference still exists. Moreover it is not of a small degree. This view advocates continuing to increase the procurement prices of agricultural products in order to narrow the "scissor-gap" difference as quickly as possible.

The third opinion was that there is a connection as well as a distinction between the question of whether the "scissor-gap" phenomenon exists and whether or not the procurement prices of agricultural products should be stabilized for several years. In this view, there is an objective necessary for maintaining same form of "scissor-gap" difference at the present stage [of China's economic development], and the peasants must provide accumulations for the state through two forms, namely, [accepting low procurement] prices and paying taxes. In order to increase the commodity rate of agricultural products and to cause agricultural development to accord with the needs of the national economy, it will be necessary to continue to narrow and to create conditions for the gradual elimination of the "scissor-gap" difference. In view of the present conditions, although the "scissor-gap" phenomenon still exists, the procurement prices of agricultural products must be stabilized for a fixed period, for to narrow the

"scissor-gap" difference depends primarily on expanding production, decreasing costs and controlling population growth in the countryside. From a long-term standpoint, increasing the procurement prices of agricultural products is still a major measure for narrowing the "scissor-gap" difference.

(3) The problem of raising agricultural procurement prices beyond the regular quotas

1. The necessity for raising agricultural procurement prices beyond the regular quotas and its theoretical foundation. There was one opinion to the effect that to raise agricultural procurement prices beyond the regular quotas is a temporary measure for encouraging the peasants to sell more agricultural products to the state and that it has the character of being a reward. Because the base for the system of prescribed purchase of agricultural products by the state is determined on the basis of land productivity over several years in the past, it is not directly related to the quality of the soil or to the amount of ment and it is divorced from total cost in the economy. The excess funds expend-expended on raising procurement prices beyond regular quotas in some regions at present are not the differential income. For this reason, there is no theoretical foundation for raising agricultural procurement prices beyond the regular quotas. Thus, this measure of raising procurement prices beyond the regular quotas does not conform to the need for expanding commodity production and it is not advisable to use it for a long period as a measure for readjusting prices. There was another view to the effect that to raise procurement prices beyond the regular quotas is essential and that there is a theoretical foundation for it. The reason for this is that continually investing on unit land to increase the volume of production may lead to progressive increases in costs and progressive decreases in profits during a fixed period in which there are no major changes in technical conditions, and that the system of raising procurement prices beyond the regular quotas serve to compensate for this.

2. Estimation of the effects of raising agricultural procurement prices beyond the regular quotas. One view was to the effect that to raise procurement prices beyond the regular quotas has many disadvantages and few advantages, being disadvantageous to readjusting the structure of agricultural production and to expanding agricultural production of adapting working conditions to local conditions, creating the irrational price parities among agricultural products that results in agricultural products of the same quality having different prices; not suitably raising the level of the procurement prices of agricultural products, making the financial burden heavier and affecting the stability of the commodity prices of industrial products and of the market as a whole; inducing contradictions among regions that affect the normal circulation of agricultural products in contiguous areas, create new uneven allocation of suffering and happiness, and dampen the enthusiasm for expanding production of commodities in advanced regions; and abetting the practice of fraud on the parts of some production teams and commune members as well as resulting in tedious formalities and confusion in procurement work. There was another opinion to the effect that since China has a large population, a relatively low standard of diet and must import some of its food grains from abroad each year, carrying out the system of raising procurement prices beyond the regular quotas can encourage the peasants to increase food production and can increase commodity rate of

products as a means of solving our food problems at home. This would be beneficial for the state, the collectives and the individual.

3. Reorganization and reform of raising agricultural procurement prices beyond the regular quotas. There was one opinion to the effect that the system of raising procurement prices beyond the regular quotas should be abolished as quickly as possible. There was another opinion to the effect that the question of the existence of the system of raising procurement prices beyond the regular quotas is primarily a procedural matter; that the system should not be abolished but should be reorganized and reformed; and that the degree of price increase can be suitably readjusted and the maximum quotas can be stipulated if guidance in planning is strengthened, if the base for the system of prescribed purchases by the state is not arbitrarily decreased and if the varieties of products subject to raising procurement prices beyond the regular quotas are not arbitrarily expanded.

3. The Problem of Price Subsidies

(1) The necessity for price subsidies and their theoretical foundation

The first view was to the effect that price subsidies financed by the state does not respond to the law of value. They make price deviate from value. They result in an irrational redistribution in residents' income. Furthermore, they are not beneficial to promoting improvement of administration and management by enterprises; to implementing the principal of "to each according to his work"; to resolving the present budget deficit; and to readjusting the national economy. In this view, it is stressed that whether they are irrational and whether they can or cannot be abolished are two different matters. We cannot consider them to be inherent things that must exist in a socialist society and that must be in effect over a long period of time. They should be resolved as quickly as possible in combination with readjustment and reform of wages.

There was a second view to the effect that price subsidies are important measures taken to stabilize commodity prices proceeding from the basic economic law of socialism. They are an embodiment of the superiority of the socialist system. As long as we have planned prices, we should have price subsidies. Price subsidies are in conformance with the law. They can only be controlled and not abolished.

There was a third view to the effect that price subsidies are a measure taken by the state to solve specific political and economic tasks; that they are an embodiment of the self-conscious utilization of the law of value; and that they are a compensation necessary to make for an exchange of unequal values in the exchange of commodities. Price subsidy has a dual character. On the one hand, this type of measure is beneficial for expanding production, maintaining the basic stability of market commodity prices, and stabilizing the people's livelihood within a certain period. On the other hand, it results in some prices not being able to actually and comprehensively reflect changes in value, weakens the [economic] lever effect of prices, deepens the irrational character of the price structure, affects parity relationships and makes the financial burden of the state heavier. For these reasons, it is necessary to make a comprehensive analysis of price subsidies. That is, we must see their due positive effects and their disadvantages as well. In summary, they are remedial

measures to be taken within a certain period and they are measures that must be taken but cannot be overdone.

During the discussion, there were some comrades who raised objections to the thesis that the better bumper harvests of agricultural products are reaped, the more subsidies are needed and the heavier financial burdens are shouldered. They held that there should be a major settling of accounts, that concrete analyses should be made and that simple inferences should not be made. First, after bumper harvests of agricultural products and particularly of grain, cotton, oil-bearing crops and sugar crops, imports can be decreased. Because the prices of these imported agricultural products are higher than the domestic procurement prices, the total price subsidy financed by the state can be decreased if domestic and foreign trade are combined and an integrated balancing of accounts is made. Second, after a bumper harvest of grain, cotton and oil-bearing crops, a great deal of procurement can increase financial subsidies. However, state revenue increased through processing of these agricultural products and expanding light and textile industries can exceed state financial subsidies.

(2) The scope of price subsidies

Many comrades held that the scope of price subsidies should primarily be limited to the daily basic necessities of the people, and, that, of these, food grain subsidies should be retained for a considerably long period. In the future, the scope of subsidies should not be expanded rashly. However, subsidies having been in effect should not be eliminated rashly. When political and economic conditions permit, the scope of subsidies should gradually be decreased by such methods as readjusting the tax rate or selling prices and increasing the wages of workers and staff members. Those enterprises receiving subsidies due to poor management are required to improve by the prescribed time, after which subsidies should be terminated.

Several comrades proposed that a reorganization should be carried out because there are many problems in price subsidy work at present, with some instances in which subsidies were granted to those unqualified, or in which those qualified were not granted.

(3) Modes of price subsidies

Many comrades pointed out that the modes of price subsidies should be improved and that such methods as assuming sole responsibility for losses quota subsidies and retention of savings should be adopted in order to arouse a positive attitude about reducing losses among enterprises.

Some comrades held that subsidies in our country at present are basically granted to management departments and consumers, and that consideration of granting subsidies to producers would be even more beneficial to promoting production.

4. The Problem of Theoretical Prices

A special discussion on theoretical prices was organized at the symposium. Everyone agreed that the theoretical price calculation work being carried out is a form of basic construction relating to price work, and has a very great significance in raising the level of China's price work. An integrated system of theoretical prices can provide a theoretical foundation for a planned readjustment of the prices of various categories of products and for drawing up long-term price plans, and can also provide a scientific basis for evaluating the achievements of enterprise management, for comparing the effectiveness of investment in capital construction and for calculating the economic effectiveness of import and export trade.

There were three different opinions as to what theoretical prices are. The first opinion was that theoretical prices should include three levels: basic prices (prices based on calculation of the value of a commodity or a state of motion of its value), supply-and-demand prices (prices based on calculation of the law of supply and demand in adjusting market prices) and target prices (prices calculated according to the state's resources distribution policy on the basis of "basic prices" and with reference to "supply-and-demand prices"). The second view was that theoretical prices should only include basic prices and supply-and-demand prices. Target prices, which reflect a state policy, should not be considered theoretical prices. Furthermore, there is no way to calculate policy factors. The third view was that theoretical prices are basic prices and that there is no theoretical significance in considering supply and demand and various types of policy pricing.

To calculate theoretical prices, one must first resolve the problem of objective foundation in price formation. The prices of various categories of products are composed of two aspects, namely, total cost and total profit in the economy. In the past, total cost in the economy was taken as the major component of various categories of products. In principle, there was no difference of opinion on this point and there was very little discussion of it. At this symposium, new questions were posed about fixed costs from the standpoints of both theory and practice.

There were some who held the opinion that the greater part of the up to 50 billion yuan in price subsidies of various categories of products and rental subsidies financed by the state last year were direct or indirect subsidies to workers and staff members, and corresponded to the wages in the product costs. At present, the total sum of wages for the nation as a whole is 60 billion yuan. To ignore this component of price subsidies in the costs of products financed by the state clearly and seriously distorts wages involved in costs. Depreciation charges on fixed assets in the costs of products also tend to shift downwards. Many nations calculate depreciation charges on fixed assets on the basis of a 5- or 6-year period of use. However, in China, we calculate it on the basis of a 25-year period of use. This is clearly on the low side. In addition, it falls under the category of "M" in loan interest theory, whereas in actuality it is included in costs, which should be corrected.

The majority opinion was still to the effect that prices should be set in accordance with the branchwide average cost (as part of total cost in the economy) of each product. However, there were some who held that in order to promote rational distribution of resources, "opportunity costs" should be the costs to formulate prices. That is to say, costs should include not only expenses for manpower resources (wages) and expenses for material resources (expenditures for consumption of materials) but should also include expenses for financial resources (for example, expenses for occupancy of fixed assets and expenses for occupancy of working capital) and expenses for use of natural resources (for example, land, mineral resources and underground water).

The question of how to reckon profit in the process of price formulation was a major topic of the discussions. Everyone agreed that profits and tax revenues (referred to by the common term of profits) should be considered together when calculating theoretical prices, but he separated when formulating actual prices. Profit can be adjusted by the economic lever of tax revenues. If we only consider profits and neglect tax revenues when making our calculations, then the prices that we have calculated cannot comprehensively reflect the value of a commodity. For this reason, they will not have any theoretical significance.

There were new developments at this symposium on the problem of by what principles total profit in the economy should be distributed among the various sectors and of calculation of theoretical prices on this basis. Of the three longstanding positions (determination of amount of profits and prices according to the average wage-profit ratio in the economy, also called price formation directly based on value; determination of profits and prices according to the average cast-profit ratio in the economy; and determination of amount of profits and prices according to the average capital-profit ratio in the economy, also called price formation on the principle of production prices), concentration at the discussions was devoted to price formation directly on the basis of value and to price formation on the basis of production prices. There was no one at the symposium who advocated the position of determining profits and prices on the basis of the average cost-profit ratio in the economy. Those who advocated price formation on the basis of production prices also believed that it is necessary to convert the average capital-profit ratio in the economy to reflect the cost-profit ratio characteristic of particular products (the average capital-profit ration in the economy ÷ frequency of capital turnover of a certain product = the cost-profit ratio of a certain product) when the prices of various particular products are being formulated in order to facilitate determining their amount of profits and prices.

In addition, various proposals for determining amount of profits and prices were made at the symposium. Some comrades proposed distributing the total profit in the economy according to fixed proportions on the basis of the average wage-profit ratio in the economy and the average capital-profit ratio in the economy respectively, as well as formulating prices on this basis (i.e., two-channel pricing). Assuming that the distribution ratios of total profit in the economy on the basis of these two are 30 percent and 70 percent, respectively, then the product price = costs + wages + average wage-profit ratio in the economy x 30 percent + amount of funds expended on unit products x average capital-profit ratio in the economy x 70 percent. Here, there were three different opinions. The first opinion was that the living labor expended amounts

to about 40 percent of total cost in the economy and that the materialized labor transferred accounts for about 60 percent. However, the living labor expended accounts for about 30 percent and the materialized labor transferred accounts for about 70 percent of industrial production costs, so that total profit in the economy can be distributed in reference to this type of proportion. That is, distribution is carried out primarily on the basis of the average capital-profit ratio in the economy and supplementarily on the basis of the average wage-profit ratio in the economy. The second opinion was to the effect that distribution of total profit in the economy should be distributed primarily on the basis of the average wage-profit ratio in the economy and supplementarily on the basis of the average capital-profit ratio in the economy. The third opinion was to the effect that the proportions of accumulations and consumption in the national income should be used to determine the proportions of total profit in the economy distributed on the basis of the average capital-profit ratio in the economy and average wage-profit ratio in the economy.

The participants in the symposium also had differing opinions on the question of whether a unified average profit rate of the economy should be used in the three major sectors of the national economy--agriculture, light industry and heavy industry. The first opinion was to the effect that theoretical prices should be calculated separately according to different principles because the organic structure of capital differs between industry and agriculture. Because agricultural products belong basically in the category of handicraft industrial products, their theoretical prices should be calculated directly on the basis of their values. However, the theoretical prices of industrial products should be calculated on the basis of production prices. The second opinion was that, within industry, the theoretical prices of light and heavy industrial products should be determined on the basis of their respective average capital-profit ratios. The third opinion was to the effect that the composite theoretical price between agricultural and industrial products should be calculated in accordance with their values directly, and that the composite theoretical prices of industrial products alone should be calculated on the basis of their production prices. The fourth opinion was to the effect that the various aspects of the process of social reproduction and the various sectors of the national economy are integral and that in mutual exchange of commodities among agriculture, light industry and heavy industry the amount of profits and prices in various sectors should be determined on the basis of the average profit rate of the economy.

Mathematical models should be used and input-output tables should be drawn up in making systematic calculations of theoretical prices. There were two proposals involving whether or not material coefficients should be used in mathematical operations. According to the first proposal, it is possible to calculate the chain reaction of prices after total profit in the economy has been redistributed among various products and also to calculate the theoretical prices using input-output tables in the form of value calculated from current prices. According to the second proposal, the material consumption quota per unit product should constitute the operational foundation of the pricing model. By using the material quotas, it should be possible to calculate the amount of socially necessary labor expended on per unit product and to avoid the irrational influences of current prices. On the basis of the amount of

the amount of labor expenditure on products, labor is reevaluated by economic apprisal of society, i.e., theoretical prices obtained through the processes of examining and calculating the quality and quantity of labor by society are bound to be more scientific.

There were some who held that after theoretical prices have been calculated on the basis of these various proposals, proceeding from China's national conditions along with the direction of its overall economic reform in conformance with the selection of its future economic [development] model will determine which method of price formation should be selected after all.

Many comrades also proposed that the work of calculating theoretical prices and the work of studying price theory must be carried on at the same time and be closely coordinated.

During the period of the symposium, the China Prices Society convened a meeting of the board of directors. The secretary general of the society, Wang Zhenzhi [3769 2182 0037] gave a report on the general situation of the society for 1981. Following a discussion, the work of the society for 1982 was planned.

10019
CSO: 4006/541

DOMESTIC TRADE

YUNNAN TO INVESTIGATE PROVINCE'S PRICING WORK

HK280834 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 27 Sep 82

[Summary] The Yunnan Provincial Government has decided to extensively investigate pricing work throughout the province from now to the end of next February. The investigation will be conducted by about 10,000 people who are to be transferred from various fields of the province.

In a recent circular, it was pointed out that the inspection made on commodity prices not long ago achieved successful results in stabilizing price. But, some problems remain unsolved, such as prices being raised indiscriminately or disguised. Therefore, a general investigation of pricing work should be carried out regularly in the future--approximately twice a year--thus ensuring price stability in the province. To this end, people's governments at all levels and various departments should further enhance their understanding of the importance and necessity of this work. People's governments at all levels should designate one leading comrade to particularly carry out this work. An office for strengthening and inspecting pricing work should be set up, or perfected if already established.

At present, inspection should be made on retail prices and service charges of enterprises under public and collective ownership and those run by individuals. Emphasis should be placed on daily necessities of the people such as cereals, oils, foodstuffs, vegetables, aquatic products, fruits, cakes, drinks, medicines and major service trades. The inspection should be made around the impending three big festivals, namely, National Day, New Year's Day and the Spring Festival. The masses of people should be mobilized and organized on a large scale to take part in supervision and inspection work. People's governments at all levels should transfer a certain number of their workers and invite deputies to the people's congresses, members of the CPPCC and representatives of industrial, commercial and women's organizations to form inspection groups and to take part in discussing and handling major issues.

CSO: 4006/12

DOMESTIC TRADE

BRIEFS

GUANGDONG RURAL NETWORKS--Our province's urban and rural commercial networks and points have seen relatively great development over the past 3 years. According to incomplete statistics, our province now has more than 269,000 commercial, catering and service networks and points, an increase of more than 100 percent as compared with 1979. This development has enlivened the market, made things convenient for the masses and promoted the circulation of commodities. During the first half of this year, the whole province's turnover from retail trade in social commodities reached 9 billion yuan, an increase of 18.5 percent as compared with the same period last year. The increase in commercial networks and points has created employment opportunities. The province's commercial, catering and service trades have employed a total of 400,000 people over the past 3 years, accounting for 30 percent of the total number of people who have found employment through provincial arrangements over the past 3 years. [Text] [HK230822 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 22 Sep 82]

CSO: 4006/23

FOREIGN TRADE

NATION TO CONTINUE SEEKING FOREIGN INVESTMENT

HK240254 Beijing CHINA DAILY in English 24 Sep 82 p 2

[Article by Cai Jing: "China Will Continue To Seek Investment From Other Nations"]

[Text] Only over the past three years has China used foreign funds to help finance its modernization programme.

But as this foreign funding begins to show results, it will continue to be encouraged in future, according to a senior Chinese government official.

Wei Yuming, vice minister of foreign economic relations and trade, has said that despite some problems with inefficient management and inflexibility in using foreign funds at the initial stage--largely due to a lack of experience--China will continue to seek investment from abroad.

China has been careful in using foreign funds to promote a rapid return on investment--and this policy is beginning to produce positive results. The funds have been used in industry and agriculture, with agriculture, energy and transport getting top priority.

By May, China had signed loan and credit agreements with 10 countries. Foreign debt totalled $17.3 billion, which included long-term, low-interest loans not only from governments, but also from international financial institutions like the World Bank and other foreign commercial and credit institutions.

China's main bilateral creditor is Japan, which has lent about $2 billion, but among the others the World Bank has lent $100 million, and Kuwait $140 million.

The Chinese Government has further tapped foreign resources by reaching agreement on about 1,000 joint ventures. These involve foreign funds amounting to about $3 billion.

For nearly 20 years up to 1979 China borrowed nothing from abroad. But with the open door policy being pursued for past three years, China has begun using foreign investment to make up for her own shortage of funds.

Although China has never before borrowed so much money in so short a time, old fears of debt no longer seem to exist.

One reason is that China's export income has increased rapidly in the past three years--from 22 billion yuan ($11.28 billion) in 1979 to 36.7 billion ($18.82 billion) in 1981.

Japanese Loans

China's annual loan payments are less than 10 per cent of its average export income, well under the 20 per cent figure which is considered a signal of overindebtedness, according to the vice-minister.

China restarted borrowing from Japan in 1979, when a Japanese Government delegation, interested in buying China's coal, offered loans to help improve transport in coal-producing areas. After negotiations China reached an agreement which allowed the government to accept the Japanese offer.

Japanese loans to China total $2 billion spread over six projects. They have been used to finance railway and harbour projects in Hebei and Shandong provinces, where bottlenecks in transport had prevented coal from reaching markets outside China.

These projects are scheduled to be completed in 1985, after which China will be able to sell 10 million tons of coal to Japan each year.

Loans from abroad have also been used to sustain some large projects that had run out of funds.

The Ningguo Cement Factory in Anhui Province, for example, has been revived by a $50 million loan from Kuwait.

The factory is one of 22 large projects which China agreed to maintain after the downfall of the "gang of four." But the construction was eventually halted because of a shortage of funds.

The factory is now expected to be completed in 1984, and will add 1.5 million tons a year to China's domestic supply of cement.

Kuwait is the only Third World country which provides China with loans. The loans, which feature preferential conditions and involve little restriction, total $140 million and will help finance plywood production, airport construction and building chemical fertilizer plants.

Denmark and Belgium have provided China with interest free loans, and Italy has provided government grants, loans and credits.

In future, China will utilize as many foreign funds as possible for her construction, with the aim of strengthening self-reliance and promoting development of national economy.

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FOREIGN TRADE

SOME THEORETICAL QUESTIONS IN FOREIGN TRADE STUDIED

Beijing GUOJI MAOYI [INTERNATIONAL TRADE] in Chinese No 3, Mar 82 pp 22-25

[Article by Wang Liewang [3769 0441 2598]: "How To Study the Theoretical Questions in Our Foreign Trade"]

[Excerpts] I. On the Question of Evaluating Ricardo's "Principle of Comparative Costs"

We have accumulated a great deal of experiences in the work of foreign trade since the founding of the People's Republic. We have carried on trade with socialist countries, capitalist countries and the Third World countries. Despite these experiences in practice, however, we have not systmeatically tried to discover some laws to be used as theories in our socialist foreign trade in order to serve the four modernizations.

Recently, two opposing schools of thought have appeared. One of them favors the use of "comparative costs" as our guidance in foreign trade, and the other rejects it on the ground that "ours is a Marxist foreign trade theory" and points out that Marx criticized this theory introduced by Ricardo.

The stand, viewpoint and methods of Marx should be our guiding principle, and there should be no question about it. However, he had no opportunity to witness foreign trade in any socialist country during his lifetime, and could not write any monograph on this subject. He discussed foreign trade only when he was dealing with the question of the profit rates for capitalists. He neither used the term comparative costs nor did anything to reject it. He said: "Since foreign trade partly cheapens the elements of constant capital, and partly the necessities of life for which the variable capital is exchanged, it tends to raise the rate of profit by increasing the rate of surplus-value and lowering the value of constant capital." He pointed out Ricardo's shortcoming in being concerned only with the cost of labor, but not the costs of capital or of the means of production. The mode of capitalist production is by accumulating and multiplying the capital, and the high profits obtained by the capitalists from the international division of labor are naturally used to expand the organic composition of capital and to raise labor productivity; the former will lower the profit rate, while the latter will increase the surplus value.

Somebody claims that Ricardo's principle of comparative costs was advanced in defense of the British bourgeoisie's policy of free trade at that time. In criticizing the policy of free trade, Marx said: "After all, what is free trade under the present social conditions? This is freedom for capital. The removal of all national obstacles that are still in the path of capital's advance will only give capital full freedom in its activities." These remarks cannot be misconstrued as a "rejection of the principle of comparative costs." These remarks concern a matter of policy, while the rejection involves the question of scientific analysis. It is true that the policy mentioned was a class policy. In the 19th Century, an opponent of free trade was the school of protective trade represented by List in Germany and Hamilton in the United States. In opposing free trade, Marx did not necessarily support protectionism, since its exponents were all defenders of capitalist exploitation.

Another reason for opposing the principle of comparative costs is that it defends the exchange of unequal values. Exchange of unequal values is an aspect of the exploitation of developing countries by the developed countries, and also an important aspect of the struggle to establish a new international economic order. However, exchange of unequal values was not caused by comparative costs; it is only the outcome of unequal relationship between the developed and the developing countries because of monopoly capitalism.

All that I have said so far is not in defense of Ricardo's principle of comparative costs, since his principle was based on a hypothesis not corresponding to realities. Therefore, it cannot be used to guide our foreign trade in an over-simplified way. Ricardo assumed that both England and Portugal produced cloth and wine and that Portugal's production costs were lower than England's. According to this assumption, Portugal's cost for producing wine was even lower than for producing cloth; and for England, the reverse was the case. Thus Portugal concentrated its efforts on producing wine and under a barter system, both countries would benefit. However, he did not include transportation in the production cost. Next, the relationship between unit cost and output is subject to changes, either a progressive increase or a progressive decrease. He assumed the unit cost as a constant. However, the production cost changes along with the change in production technology and cannot remain as a constant. His theory was based on a static, but not a dynamic, analysis. Furthermore, his assumption was based on a barter system, although trade was actually carried on through the medium of money, and calculated in terms of prices on the international market. Furthermore, there is the question of changes in the exchange rates between different countries' currencies. He computed the production costs according to the number of labor-days; this is practically impossible. Yet, in the final analysis, international values are compared in terms of labor-days. This is consistent with Marxist scientific analysis. Therefore, we can still say that the principle of comparative costs has its "reasonable core," although it cannot form the basis for actual foreign trade development. The actual conditions are far more complex, and other factors must be considered in explaing this question and in working out policies.

II. Modern Theories on International Trade

There have been many theorists of international trade since the days of Ricardo, but the main idea still tends to preserve the principle of comparative costs as a system. For example, the theory, advanced by the Swedish economist Ohlin, that the composition of the elements of production determines the production cost is fairly typical. We have all heard of the terms labor intensity, and so forth; and understand anything, of which there is intensity, will be relatively inexpensive. In the composition of elements of production, we should include more that is inexpensible and less that is expensive, and the commodity thus produced will be relatively inexpensive and consequently more competitive on the market. In fact, Marx also clarifys this question in his "DAS KAPITAL" Volume 3. He said: "If wages and the price of land are low in one country, while interest on capital is high, because the capitalist mode of production has not been developed generally, whereas in another country wages and the price of land are nominally high, while interest on capital is low, then the capitalist employs more labor and land in the one country, and in the other relatively more capital. These factors enter into calculation as determining elements in so far as competition between these two capitalists is possible." ("Collected Works of Marx and Engels" Vol 25, pp 988-989)

The interchange of labor-intensive, capital-intensive and technology-intensive products will result in benefits for all parties concerned. This is a development of the principle of comparative costs. China has a population of a billion, but is short of capital and inadequate in technology. The development of labor-intensive products is based precisely on such a practical need, but not because there is such a theory. However, this action on our part can be explained by this theory. In importing new technology, we are of the opinion that the problem of employment should be considered and that the standard of automation cannot be too high. This, however, does not mean that we will remain stationery at the level of labor intensity. We should expand the export of our labor-intensive products, accumulate more funds, import new technology and new equipment and develop our production in the direction of technology intensity. Only thus can we accomplish the four modernizations.

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FOREIGN TRADE

XIAMEN'S FOREIGN TRADE STATISTICS REPORTED

Fuzhou FUJIAN REBAO in Chinese 25 Jun 82 p 1

[Article by Huang Shucha [7806 2579 2686] of Xiamen Municipal Foreign Trade Bureau: "Processing Imported Materials Is Highly Advantageous"]

[Text] Xiamen Municipality has actively promoted the processing of imported materials which is now playing a useful role in solving the problem of raw material shortage in some enterprises producing for export, in providing job opportunities, in increasing the source of goods and in earning more foreign exchange.

Before 1980, the raw and semifinished materials required by the units producing goods for export were distributed by the state under a unified arrangement. After the adoption of special policies and flexible measures, the authority to import goods was delegated to our province which in turn authorized Xiamen port to import some of the raw materials according to the actual requirements of Xiamen Municipality. Since 1980, the foreign trade departments and the various specialized companies in Xiamen have organized the importation of raw materials including frozen meat, soybean, flour, millet glue for making soft candies, sesame for making Chinese candies, cinnabar, used for making ready-made drugs, plastic wax, flower petals for manufacturing insecticide, rattans, nylon materials, glass-pearls, rubber, perillawood, scholartree flowers, and so forth. According to preliminary statistics, more than 3,530,000 dollars in foreign currency were spent in importing these materials during the past 2 years, and the export of finished products made of these materials brought in more than 21 million dollars, also in foreign currency. In 1981, the output value of finished products processed from imported materials amounted to 60 percent of the total amount of procurement for foreign trade in Xiamen Municipality in the same year, and the foreign exchange earned from the export of these finished products amount to 12 percent of the total export value in Xiamen.

There are many advantages for the development of processing imported materials. First, it helps to stabilize and expand the production of our traditional products. In 1981, the municipality planned to sell 800,000 pairs of pearl slippers on the international market. It was very difficult to fulfill this plan, since the shortage of materials led to frequent work stoppages. Later, the municipal foreign trade departments managed to import a shipment of

velvet and glass-pearls, and the municipality was able to produce 1.5 million pairs of these slippers which brought in 1.28 million dollars in foreign exchange, nearly doubling the planned figure. Second, the rate of foreign contract fulfillment was raised. Since there were frequent conflicts between the foreign and the home markets, and the supply of raw materials for producing canned food, mosquito incense, Chinese candies and flour products was occasionally cut off, the municipality has been unable to fulfill its contractual obligations. Last year, the specialized companies under the foreign trade departments arranged with foreign traders for the raw materials to be imported in advance and to be paid for after the exporting of finished products. By this means, the fulfillment of contracts was guaranteed. Third, the foreign trade departments know in advance the proper time to import materials for processing and the amount of materials to be imported; while the production departments can arrange for their production according to the contracts and have more initiative in the supply of goods. The foreign trade departments also have a timely grasp of the current prices on the foreign market. Furthermore, by exporting finished products processed from imported materials, we can generally earn 30 percent more foreign exchange than we can by charging only for the labor in processing imported materials.

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FOREIGN TRADE

HONG KONG INVESTMENT SPEEDS RESORT CONSTRUCTION

Shenzhen SHENZHEN TEQUBAO in Chinese 14 Jun 82 p 2

[Article: "Construction of the Lake Xiangmi Resort Village Speeded Up"]

[Text] In a location 9 kilometers to the northwest of the Shenzhen City district, a large-scale tourist resort center--the Lake Xiangmi Resort Village--is now actively under construction.

The Lake Xiangmi Resort Village is under the joint management of the Shenzhen Special Region Development Company and the Hong Kong Zhichang Development Company, Ltd. The total investment runs to HK$220 million. The area under construction totals 3,260 mu. Construction is to include an artificial lake, resort villas, a high-rise hotel, restaurants serving Chinese and Western food, an international tourist club, and entertainment hall. The project is being carried out in three stages. Construction of the first project began on 18 November 1981 with an investment of HK$50 million. At present, excavation is underway for an artificial lake with an area of 800,000 feet. A stone bridge is being built on the lake, and 150 individual resort villas are being built. The Hong Kong business representative who is managing the progress of the project said that the first project should be completed in November 1982.

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FOREIGN TRADE

LARGE HONG KONG INVESTMENT FOR CONSTRUCTION ANNOUNCED

Shenzhen SHENZHEN TEQUBAO in Chinese 14 Jun 82 p 2

[Article: "Wen Huotai, a Hong Kong Compatriot From Shenzhen, Invests a Huge Sum To Build a New 'City of Splendor'"]

[Text] It has been decided to undertake a comprehensive, large-scale reconstruction of the old city region of Shenzhen. The Shenzhen Special Economic Zone Development Company and Mr Wen Huotai [2429 0129 3141] of Hong Kong have agreed to cooperate in carrying out this reconstruction project. An investment of about HK$1.68 billion will be required to complete this project. Mr Wen Huotai is taking the responsibility for raising this fund. For this purpose, the "Huacheng Company, Ltd" has been formally established, with Mr Wen Huotai as general manager. It will have the concrete responsibility for this work.

The old city of Shenzhen has a history of 300 years. Since the Special Economic Zone was started on a pilot basis, modernization construction has gone on in all quarters of the city. Because of the age of the old city, many shops and residences are in disrepair, and streets and roads are narrow and uneven. A rapid change of the features of the old city has become an urgent task in building the special zone. The scope of reconstruction of the old city covers a total area of up to 240,000 square meters, including the area to the south of Renmin Xinjie, the area to the west of Dongmen Road, the area to the north of Huancheng Road, and the area to the east of Jianshe Road and Xinyuan Road. It is planned to reconstruct this old city into a "city of splendor" having a Chinese national style and the characteristics of the south. It will have modern facilities. After the construction has been completed, most of the buildings and shops will be rented or sold to foreign merchants and appropriate enterprises from the interior and group economic businesses. The project of reconstructing the old city will be carried out in three stages. The first project involves an investment to HK$130 million. Work is formally scheduled to begin at the end of the year and is expected to take 1 year to complete.

Shenzhen is the ancestral home of Mr Wen Huotai, who is enthusiastic about this reconstruction project. Most recently, he told a reporter that reconstructing the old city of Shenzhen is a very significant matter, and that it is being vigorously supported by the local people. He deeply believes that in 3 years, this "city of splendor" will truly become a flourishing tourist and commercial city.

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FOREIGN TRADE

ARTICLE NOTES OPENING OF SPECIAL ECONOMIC ZONE IN XIAMEN

Fuzhou FUJIAN LUNTAN [THE FUJIAN FORUM] No 3, 20 Jun 82 pp 76-79, 75

[Article by Fang Xiaoqiu [2455 2556 8002]: "The Preferential Treatment Policy of the Xiamen Special Economic Zone"]

[Text] The opening of experimental "special economic zones" marks a major step forward in our continued effort to speed up socialist modernization and to find new ways to stimulate economic growth. Our ability successfully to operate the special economic zones and later on to build more of them at a faster pace depends on how well we can make use of the experiences we have gained from the economic construction in our own country; how well we can benefit from the examples of success or failure of the special economic zones operated abroad; and how well we can borrow those foreign experiences that lend themselves to socialist adaptation. It seems that most special economic zones operated abroad owe their success to a clear stipulation of the favorable conditions available to foreign investors in those zones. Therefore it is necessary for us to formulate a good inducement policy as an attraction of our special economic zones to foreign investors; the rate of their growth, and the chances of their success or failure will all depend on it.

On 10 March 1982, the Fifth Fujian Provincial People's Congress adopted the "Statute on the Establishment of Special Economic Zones in Fujian Province" at its fourth session. The statute is now before the National People's Congress for review. In April the Fujian Provincial People's Congress also adopted the "Regulations Governing the Registration and Management of the Enterprises Located in the Xiamen Special Economic Zone," "Regulations Governing Land Use in the Xiamen Special Economic Zone," and "Regulations Governing Labor Management in the Xiamen Special Economic Zone." These three separate sets of regulations will be promulgated together with the Statute on the Xiamen Special Economic Zone. The foreign capital inducement policy as set forth in these legislatures embodies the practical experiences our nation has acquired in the past 2 years in operating special economic zones. It follows in wording the statute and regulations concerning the operation of special economic zones in Guangdong Province, and incorporates various measures that have proven effective in the operation of special economic zones in certain countries and regions of Southeast Asia. In the following paragraphs we wish to offer our comments on some of the major issues dealt with in our inducement policy.

The Main Principles of the Inducement Policy

The induction of foreign capital into the Xiamen Special Economic Zone must first of all obey the principle of "equality and mutual benefit, accord through consultation," the guiding principle for the operation of special economic zones. "Equality and mutual benefit" was one of the five principles for peaceful coexistence proposed by Premier Zhou Enlai at the 1955 Bandung Conference. Since the founding of the new China, we have based all our foreign relations on the principle of equality and mutual benefit. In developing our economic relations with foreign countries and in operating experimental "special economic zones," we must still abide by this principle of "equality and mutual benefit, accord through consultation."

Obviously the rejection of this principle would result in one party either profiteering at the expense of the other party or leaving no benefits for the other party. Such lopsided economic relationships would have no hope of lasting. Even the signing of contracts would not guarantee that such relationships would survive, stabilize and develop.

What we mean by "equality and mutual benefit" includes both immediate and long-term benefits. It is true that people are now being asked to obey the objective law of economics and to make sure everything pays for itself. Such economical considerations have prompted a number of comrades to demand quick profit with every contract that they sign. If they do not see a "fast buck" in operating special economic zones, they lose interest. They are suffering from the "fast buck mentality." It is true that we have to consider immediate gains. Nevertheless, it will be short-sighted of the builders and operators of socialist special economic zones to concern themselves with the immediate gains.

We must look far down the road and make a forecast of what income will be forthcoming in 5 years, 10 years, and 20 years. Developing economic relations with foreign countries and building special economic zones is just like starting a manufacturing business--investment in factory buildings, trial production, achievement of peak profit. Therefore, it is not right to aim for a high profit in the early stage of the operation of special economic zones. This is because: 1. Our special economic zones are either in the investment or in the trial production stages. They have yet to reach the peak profit stage. 2. It takes time for our nation to break out of its economic isolation from the rest of the world. We still lack experiences in doing business with capitalists. We may have to "pay" for those experiences. At this time, we cannot weigh advantages and disadvantages purely in terms of profit figures. In cases where foreign investors can bring with them advanced technology, show us managemnnt techniques, provide jobs, and help us develop our own production, they should be welcome even if in the beginning they may make far more profit than we do. This is because their investments can generate some long-term benefits for us.

Furthermore, when we say we are offering favorable conditions to induce foreign investments, we are implying that we will allow foreign investors to have a rate of return higher than the average rate attainable in the international marketplace and to earn a profit that is higher than normal. We must take into consideration the fact that foreign merchants can still earn some interest by putting their money in the bank. Therefore, if we only allow them a profit from their investments no higher than the bank interest they can earn with their money, we are not offering any inducement. By the same token, if we only allow them a rate of return for their industrial and commercial investment no higher than the average rate attainable elsewhere, we are not offering any inducement either. In this context, it is necessary for our inducement policy to guarantee a higher rate of return than normal for foreign investors.

Some comrades will be quick to ask this question: Will our inducement policy be at cross-purposes with our objective of setting up special economic zones? In our opinion, the objective of establishing special economic zones is "to promote economic cooperation and technical exchange with foreign countries in order to speed up socialist modernization." If we wish to be successful in operating special economic zones, we must offer inducements and put foreign investments (including investments by overseas Chinese) to work. Our promise to foreign investors that they can earn an above-average profit from their investments will induce them to bring their money to the special economic zones. For the present, the more profit the foreign investors can make, the faster we can turn over foreign money, and the more foreign money will be available to us, and the faster our special economic zones will develop. All this will benefit our people in the long-term. In other words, a policy that provides incentive to foreign investors does serve our objective of setting up special economic zones and help our effort in developing economic cooperation and technical exchange with foreign countries and in accelerating socialist modernization in our own country.

Another consideration are the conditions in Fujian Province. Its economic base is not as solid as that of Guangdong Province and its transportation less developed. Furthermore, the Xiamen Special Economic Zone is a latecomer in its field. For these reasons, the Xiamen Special Economic Zone should offer more favorable conditions than the special economic zones in Guangdong Province and some Southeast Asian countries and regions in order to be successful in attracting foreign capital. For example, the Shengchuan and Zhuhai Special Economic Zones in Guangdong Province are closer to Hong Kong, Macao and other foreign markets than our Xiamen Special Economic Zone. The shipping costs for foreign investors in those two zones will be lower. Other special economic zones in some Southeast Asian countries and regions are also well-established and offer many conveniences. The construction of our Xiamen Special Economic has just barely begun. If it were to offer the same inducements as the other special economic zones, it would have a hard time attracting foreign capital. Therefore the decision to offer more favorable conditions to foreign investors who come to our Xiamen Special Economic Zone is a correct and necessary one.

For many years, our Fujian Province is known to have made few investments in heavy industry or in other major construction projects and to have neglected the development of its coastal areas around Xiamen City. To make up for lost time, we have all the more reason to attract foreign investments with added incentive for foreign investors. By doing so we may be able to speed up the economic construction in our province, to learn useful lessons of economic management from capitalism, and to find new methods of economic reform in our province.

The Main Features in our Inducement Policy

Our policy to attract foreign investments in the Xiamen Special Economic Zone has the following main features:

1. Advantages in the lease of land: Foreign investors will be allocated as much land as they need for their purposes. Their lease can run for a maximum of 50 years and may be renewed when necessary upon its expiration. However, the title to the land belongs to our socialist state. A foreign investor will pay his rent to the Xiamen Special Economic Zone Administrative Committee. The rent will vary according to the location of the land lot, the renter's profession, the use to which the land is put, and the type of technology the renter will bring with him. In my opinion, the rent may start at the minimum of 1 yuan per square meter and reach a maximum of 80 yuan per square meter (for tourist purposes). In the export processing zones operated by Singapore, Malaysia, Sri Lanka and South Korea, the rent ranged from a fraction of a yuan to over 1 yuan per square meter for the earliest renters. In other countries and regions, the rent started at 2 or 3 yuan. Therefore, if the rent were to start at 1 yuan per square meter in the Xiamen Special Economic Zone, it would be one of the lowest rents charged in Asia.

2. Advantages in wages: Cheap labor is an important factor in attracting foreign capital to export processing zones. The pay scale, the way wages will be paid, the bonus schedule for Chinese staff and workers, as well as the share of the employers' contribution to the social security fund the extent of state subsidies are all clearly set out in the Regulations Governing Labor Management for the Xiamen Special Economic Zone. Foreign investors are required to set out the conditions of employment in formal employment agreements.

The question is how to set the pay scale for the Xiamen Special Economic Zone? The general guideline is that the pay scale for the Xiamen Special Economic Zone must be lower than that of the export processing zones in a number of Southeast Asian countries and regions and that of the special economic zones in Guangdong Province but higher than the domestic pay scale of China. There are three factors in determining the pay scale: (a) In the early stage of the operation of the Xiamen Special Economic Zone, workers are expected to have a lower labor input and lower labor efficiency than those working in the export processing zones in Hong Kong and the rest of Southeast Asia. (b) Prices are higher in the Shengchuan and Zhuhai areas of Guangdong Province than in our Xiamen City. (c) Chinese staff and workers in the Xiamen Special Economic Zone

must not earn wages too much higher than those working in the rest of Xiamen City and the rest of Fujian Province. For the present, I believe the wage rate for staff and workers of the Xiamen Special Economic Zone should be around 40 percent of that for Hong Kong workers and from 60 to 70 percent of that of the staff and workers in the Shengchuan Special Economic Zone. The pay scale of staff and workers of the Xiamen Special Economic Zone may exceed that of Xiamen City workers by 30 percent. This will be reasonable. Under normal circumstances, to peg the pay scale of the Xiamen Special Economic Zone at 40 percent of the Hong Kong pay scale will make it about 30 percent lower than Shengchuan pay scale and about 30 percent higher than Xiamen City pay scale. However, prices and wages have been historically volatile in Hong Kong and Shengchuan. In comparison, the prices and wages in Xiamen City have been relatively stable. In case the price and wage indexes in Hong Kong, Shengchuan and Xiamen should get away from their normal differentials, we should find a more reasonable ratio to avoid drastic widening of the gaps. Once the Xiamen Special Economic Zone is in operation, the price and other indexes are expected to rise. We should either make wage adjustments as we see fit or make it mandatory to adjust the wages according to the cost-of-living increases. This might pave the way to narrowing the gap between the pay scale in Xiamen and those in Hong Kong and Shengchuan.

The Statute on the Xiamen Special Economic Zone stipulates that foreign enterprises located in the Special Economic Zone should pay Chinese staff and workers, on a monthly basis, social security benefits and staff and workers' allowances just like the Chinese state-run enterprises. I suggest that the entire benefit and allowance package should not exceed 50-70 percent of the staff and workers' salaries. An evaluation of the 1980-81 statistics indicates that this kind of benefit and allowance package can best reflect the spirit of our inducement policy.

We all know that in China we are implementing the principle of "distribution according to one's work." A worker gets a share of what the society produces according to his services to the state. Wages is one form by which he is remunerated for his work. Chinese staff and workers are paid differently from their counterparts in capitalist countries. Remuneration in the form of direct salaries represent only a small portion of their wages. The bigger portion comes in the indirect form of various state allowances and social security benefits (the allowances and benefits add up to 122 percent of individual salaries in May 1980). Unlike in a capitalist country, China does not assess personal income taxes. So it may appear that a Chinese worker earns far less than his capitalist counterpart, but he spends far less too. This means that the foreign businesses that come to the Xiamen Special Economic Zone will spend far less in wages than if they were to operate in many Southeast Asian countries. Yet the Chinese staff and workers employed in the Xiamen Special Economic Zone will earn 30 percent more in income than their domestic counterparts in the rest of Xiamen City and Fujian Province. In other words, this arrangement will provide foreign businesses with cheap labor on the one hand and will guarantee an added income for those who find employment in the Xiamen Special Economic Zone on the other hand.

Furthermore, we must not overlook another aspect. Xiamen City has a better cultural and educational environment than Shengchuan and Zhuhai Cities in Guangdong Province. This means the quality of labor available in Xiamen City is better. This will help the introduction of new production technology and skills into our province. This factor must be considered when we set up inducement conditions concerning wages.

3. Advantages in taxes: The income tax rate is 15 percent in the Xiamen Special Economic Zone, the same rate as approved by the National People's Congress for the special economic zones in Guangdong Province. Foreign investors who come to the Xiamen Special Economic Zone may even qualify for the special privilege --a tax holiday lasting from 3 to 5 years--as an encouragement if they: (a) make their investments in the first 2-year period after the promulgation of the "Statute on the Xiamen Special Economic Zone," or (b) make investments of over 8 million yuan in Renminbi, or (c) bring advanced technology with them, or (d) cannot expect to recover their investments in a short time because of the nature of their business, or (c) fill a special need as determined by the Special Economic Zone Administrative Committee. In addition, a foreign investor who reinvests his proceeds in the Xiamen Special Economic Zone and whose reinvestment is of a long-term nature for a duration of not less than 5 years, he is further exempted from income tax on the profits generated by his reinvestment.

Furthermore, the various regulations governing the operation of the Xiamen Special Economic Zone also set out qualifications for exemption or reduction of import duties, export taxes, and industrial and commercial uniform taxes. For example, all the machinery and equipment, spare parts, raw materials, transportation tools, and other materials needed for production purposes are all duty-free. Office supplies and household goods that must be imported into the Special Economic Zone may qualify for a reduction of import duties. These exemptions and deductibles will be clearly set out in the Special Economic Zone Tax Schedule.

4. Advantages on the depreciation of fixed assets: By normal accounting method, depreciation is the reduction of value of fixed assets year after year over their entire life and it is charged to the cost of operation annually. The Xiamen Special Economic Zone will allow foreign businesses, as long as they show a profit in their operation, to speed up the amortization process or to change the method of computation so as to depress their profit figures and to reduce their tax liabilities. This will also constitute a benefit for foreign investors, a benefit that will also be included in the Statute on the Xiamen Special Economic Zone. To opt for tax benefits from faster depreciation, foreign investors must get approval from the Special Economic Zone Administrative Committee. In other words, there are two options for foreign businesses--tax exemptions or tax benefits through quickened depreciation. Foreign businesses may choose one of the two options that gives them the most advantage.

Besides, there are also other benefits available. For one thing, the after-tax legitimate income for foreign businesses located in the special economic zone and the after-tax legitimate income for foreign staff and workers,

overseas Chinese staff and workers, and staff and workers from Hong Kong and Macao (including compatriots from Taiwan) working in the zone can be freely repatriated without further taxes. For another, foreign businesses can take advantage of the export prices and other benefits in China's export promotion program if they pay foreign currencies for machinery, equipment, raw material and other articles produced in China.

The Statute on the Xiamen Special Economic Zone also clearly stipulates that foreign businessmen who invest in existing enterprises in Xiamen City and who will find export markets for their products (products that are not exported yet but will be exported under active promotion) will enjoy the same benefits in importing means of production and in filing for income tax deductions just as if they were investing in the Special Economic Zone.

The Implementation of the Inducement Policy

If we are successfully to accomplish the objectives which our policy of inducing foreign investments into the Xiamen Special Economic Zone is designed to accomplish, we have to make a tenacious and patient effort in the following areas:

First of all, we must achieve a unanimity of opinion. We must get everybody to agree that an inducement policy is necessary and justified. Because of the conditions in Fujian Province as described in this article, it is absolutely necessary for us to offer added benefits in order to induce foreign investments. For the immediate future, it may appear at first glance that by offering foreign investors more favorable conditions than anywhere else, enabling them to make more profit can only benefit the foreign investors, not us. It is not so. Our benefits will be in increased job opportunities, increased foreign exchange revenues, and miscellaneous economic gains. Lenin once said that if we are to enlist the help of capitalism to develop our socialist economy, we have to pay a price. We have no choice but to hand over to the capitalists several hundred percent or even several thousand percent profit. Nevertheless, "What we will get out of it will be the things that count. With these things, we can certainly grow strong, stand tall, and eventually win an economic victory over capitalism." ("Complete Works of Lenin," Vol 31 p 435) In this context, the inducement policy will no doubt help us in our effort to build up socialism and communism. If we are not short-sighted and if we can see both the immediate and long-term gains in offering added benefits to foreign investors, we will understand that our inducement policy is not only extremely necessary but also completely justified and reasonable.

We must mount a publicity and education campaign to create an awareness among the masses and cadres, particularly those in leadership positions. Once they are agreed over the usefulness of the inducement policy, they will work in concert to make the inducement policy work and to speed up the construction of the special economic zone.

Secondly, once the statute and various regulations governing the operation of the Xiamen Special Economic Zone are promulgated, the inducement policy will become law. And as law, it must be fully respected and strictly enforced. The principles and main features of the inducement policy as it applies to the Xiamen Special Economic Zone have been a full year in their formulation before being written into statutory form. They represent the collective wisdom gleaned from the findings of special studies and investigations, recommendations from administrative and theoretical departments, and opinions from the broad masses of people. In other words, the Statute on the Xiamen Special Economic Zone and the three separate regulations governing its operation represent the voices of both the leaders and the people. Upon their promulgation, they become law and as such they must be strictly obeyed, rigidly enforced. Anyone who violates them will be punished. By the same token, they cannot be amended without due legislative process. If we do everything by the book, foreign investors will no longer fear the uncertainties as expressed in the saying "the Province of Fujian is where policies frequently change." It is true that as our social and economic life continues to change and develop, the legislation concerning the special economic zone has to keep pace. In other words, the inducement policy applicable to the Xiamen Special Economic Zone has to develop toward perfection along with the development in the zone. Nevertheless, all amendments and additions to the policy must be made according to legislative procedure and do not come into force until their effective dates.

We must cultivate a conscientious and efficient style among our personnel to guarantee the proper implementation of the inducement policy. In other words, we need people who are conscientious, have a sense of responsibility, have integrity, follow the rules and regulations, and have the courage to do what needs to be done. Once a policy is set, it is up to the people who are firmly committed to it to implement it. This year, the CPC Central Committee and the State Council, determined to improve the quality of national life both materially and spiritually, have taken effective steps to streamline the government structure, to improve the efficiency of government operation, and to punish such unlawful economic activities as smuggling and embezzlement. These moves are of historical significance. Like the proverbial east winds that move things along, these moves will also provide a strong impetus to the construction of special economic zones in Fujian Province as well as the promulgation and implementation of the statute and regulations concerning their operation. As long as the cadres and the masses of the Xiamen Special Economic Zone and of the rest of Fujian Province concerned with the affairs of the zone treat the inducement policy as embodied in the Statute on the Xiamen Special Economic Zone and in the three separate sets of regulations governing its operation made ready for promulgation with great respect and seriousness and implement the inducement policy with a firmness of purpose and thoroughness of application, the construction of the Xiamen Special Economic Zone will soon move into a higher gear.

9055
CSO: 4006/564

FOREIGN TRADE

NEW MARINE CONTAINER FACTORY OPENS IN SHENZHEN

OW222301 Beijing XINHUA in English 1532 GMT 22 Sep 82

[Text] Shenzhen, 22 Sep (XINHUA)--A new marine container factory with an annual production capacity of 4,000 containers officially opened today in the Shenzhen special economic zone, Guangdong Province.

The factory was built with joint investment by the China Merchants Steam Navigation Co. Ltd. in Hong Kong and the East Asiatic Co. Ltd., Copenhagen of Denmark. The joint venture is managed by the China International Marine Containers Ltd. and a board of directors composed of representatives of the two companies.

Liu Tianfu, governor of Guangdong Province, cut the ribbon at the ceremony. Attending were R. Thorning Petersen, Danish ambassador to China, Tao Qi, adviser to the Chinese Ministry of Communications, and Shenzhen city officials.

Since beginning trial operation in June, the factory has produced more than 100 containers, to be delivered soon to a United States firm.

Construction of the new factory began in January 1981. The workshop buildings cover a total floor space of 6,500 square meters.

To date, Shenzhen's Shekou Industrial District, construction of which is undertaken by the China Merchants Steam Navigation Co. Ltd., has imported 35 enterprises, including 26 factories. The new container factory is the eighth that has started official operation.

CSO: 4020/2

FOREIGN TRADE

'XINHUA' COMMENTATOR RAPS FUJIAN SMUGGLING CASE

OW200925 Beijing XINHUA Domestic Service in Chinese 1225 GMT 19 Sep 82

[Article by XINHUA commentator: "Smuggling and Trade in Smuggled Goods Are Not Permitted by Law"]

[Text] Beijing, 19 Sep (XINHUA)--Fujian Province has cracked an important case of smuggling, trade in smuggled goods and corruption for self-interest. It has again proved with startling facts the extreme importance of the struggle against serious economic crime.

A great distinguishing feature of this economic criminal case in Fujian was collusion between inside and outside forces and between higher- and lower-level personnel in smuggling and in trade in smuggled goods. Some cadres who were CPC members, including responsible cadres of some county, prefectural and provincial departments concerned, turned out to be the principal persons lured and bought over by the criminals. The economic criminals include some hostile elements who had fired sugar-coated bullets at our cadres for the primary purpose of obtaining a "protective umbrella" to facilitate their crime of sabotaging socialism. Seeking pleasure and self-interest, some cadres gradually degenerated; in the end they completely departed from the correct course and fell into the abyss of crime. The exposure of these social phenomena greatly helps us in understanding and analyzing the class struggle under the new circumstances, in adopting effective ways to deal with it accordingly and in insuring that our modernization program follows a socialist course.

The party Central Committee and the State Council have repeatedly instructed: No enterprises, institutions, rural communes and production brigades, government and mass organizations, party members or cadres are permitted to take part in smuggling or in trade in smuggled goods. Neither are they permitted to protect or shield in any way smuggling and trade in smuggled goods.

The overwhelming majority of organizations, party members and cadres have resolutely adhered to this instruction issued by the party Central Committee and the State Council. However, some organizations, including the Nanan County department store, and a very small number of leading cadres have ignored the

party Central Committee's instruction and the State Council's decrees and have continued to commit the crimes of smuggling and of trading in smuggled goods. These crimes are absolutely not permitted by law and party discipline.

In his report to the 12th CPC National Congress, Comrade Hu Yaobang pointed out: Among those who commit grave criminal offenses in the economic sphere, "apart from law-breakers in society at large, are a tiny number of degenerates in party and government organizations and in the armed forces who have been corrupted by capitalist ideology. They cause tremendous damage to economic construction, upset social stability, debase the standards of social conduct and corrupt people's minds and life. They are termites undermining the edifice of socialism."

No doubt, only by completely eliminating these "termites," can we consolidate our edifice of socialism. It was entirely necessary and correct for the Fujian Provincial CPC Committee and the departments concerned to have sternly dealt with the important case of smuggling, trade in smuggled goods and corruption for self-interest in Nanan County. This case will educate the broad masses of party members and cadres and make them more vigilant against attacks by sugar-coated bullets; it will enhance their ability to resist corruption by capitalist ideology and to remain sober and firm revolutionaries.

CSO: 4006/13

FOREIGN TRADE

BRIEFS

EXPANSION OF FOREIGN CAPITAL--In our province during the first half of this year there have been great developments in absorbing foreign capital and introducing technology. According to statistics, we have taken in a total of over $9 million in foreign capital and there has been an increase in foreign exchange earnings for the state of over $6 million. This year the foreign trade department has reached agreements with businessmen from Hong Kong, Oman, Singapore, Japan, Italy, the United States, England and West Germany for 28 projects involving the processing of imported materials, the assembly of imported parts, compensatory trade, cooperative production, joint capital partnership financing, etc. These economic contacts will not only supplement certain industrial material resources, they will also play a positive role in rebuilding medium and small-sized enterprises. Through technological cooperation with Japan, the Dalian Sea Fishery Company improved their fishing technology and changed the backward state of their maritime communications and liaisons so that they received great economic benefits. [Text] [Article by Li Zhicai [2621 1807 2088] and Wang Xintang [3769 2450 1016]] [Shenyang LIANONING RIBAO in Chinese 23 Jul 82 p 1] 9864

SHANDONG EXPORT PLANS--Under the inspiration of the 12th National Party Congress, Weihai Municipality, Shandong Province has enthusiastically discussed its economic trends and worked out plans for fulfilling the fighting goal set forth by the 12th party congress. The municipality plans to export commodities worth 29 million yuan by the end of the 20th century. To fulfill the task, the municipality also plans to develop industrial, agricultural and commercial networks in a big way. [SK281106 Jinan Shandong Provincial Service in Mandarin 2300 GMT 27 Sep 82 SK]

GUANGDONG COUNTY PROMOTES BUSINESS--Chenghai County in Guangdong Province has implemented the open-door policy and vigorously developed work of processing materials supplied by foreign firms as well as compensation trade. In the first half of this year, the county signed 27 contracts for processing materials supplied by foreign firms, the number of products processed by the county increased by some 150 kinds and the processing charges earned were $1.7 million and were approximately 200 percent more than in the first half of last year. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 26 Sep 82 HK]

CSO: 4006/13

TRANSPORTATION

FUJIAN INCREASES COMMUNICATIONS CONSTRUCTION

OW210953 Beijing XINHUA Domestic Service in Chinese 0106 GMT 20 Sep 82

[Text] Fuzhou, 20 Sep (XINHUA)--Fujian Province has stepped up construction of harbors, merchant ships, airports and telecommunication facilities, creating conditions for further expanding economic activities with foreign countries. In the past 3 years, the province has invested more than 304 million yuan.

Six harbors are currently under construction in Fujian Province, of which Dongdu harbor in Xiamen and Mawei harbor in Fuzhou are mainly foreign trade ports. The first stage construction of Dongdu harbor consists of 4 deepwater berths for 10,000-ton-class and larger ships. Of these, the 10,000-ton No 1 berth and 50,000-ton No 2 berth, with the completion of their major facilities at the end of the last year and subsequent completion of auxiliary facilities, will soon be checked, accepted and put into use. The No 3 and No 4 berths are being built at an accelerated pace. Mawei harbor, which consists of two 10,000-ton berths and two 5,000-ton berths, is under construction.

Fujian Province has also bought a number of ships in the past few years to build up a merchant fleet. Total tonnage has increased from some 30,000 tons at the end of 1979 to more than 84,000 tons now. In addition to sailing between major Chinese ports, new shipping lines between Fuzhou and Hong Kong, Fuzhou and Singapore, Fuzhou and Manila and Fuzhou and Bangkok have been opened. The long-suspended Xiamen-Hong Kong line and passenger and cargo ships running between Fuzhou and Shanghai were also resumed in March this year.

A year ago, Fujian relied mainly on Fuzhou airport, which could only be used in daylight by small airplanes, for civil air transport. After extension, it can now handle, day and night, such large aircraft as Tridents and Boeing 737's. Since the extension project was completed and out into use in April this year, the airport's passenger and freight volume has increased by about 300 percent over that before extension. After ground-breaking and start of work at the beginning of the year, the construction of the Xiamen airport has made fairly rapid progress. It is a medium-sized international airport, and, when completed, will be used by Tridents, Boeing 737's and other passenger aircraft.

In the past 3 years, telephone and telegram services between Fujian and foreign countries as well as Hong Kong and Macao have been expanded, step by step. At present, telephone connections have been established with more than 40 countries, and telegram connections with more than 100 countries and areas. This year, direct telephone circuits have been opened between Fuzhou and Hong Kong, and both Fuzhou and Xiamen have opened international telex services, greatly adding to the convenience of overseas Chinese, Hong Kong businessmen and foreign friends in Fujian.

CSO: 4006/23

TRANSPORTATION

ELECTRICFICATION OF YINGTAN-XIAMEN RAILWAY URGED

Fuzhou FUJIAN RIBAO in Chinese 21 Jun 82 p 2

[Article by Guo Baoku [6753 1405 1655]: "Electrification Is the Best Way To Solve the Contradicitions of Transport Volume and Transport Capacity of the Yingtan-Xiamen Railway"]

[Text] The Yingtan-Xiamen Railway is the communications artery of Fujian Province. Since the Third Plenary Session, there has been a vigorous development of agricultural and industrial production and a rapid increase in transport volume. The shipping capacity of the present Yingtan-Xiamen Railway has reached the saturation point, and the contradiction between transport volume and transport capacity has become extremely pronounced.

The segment of the Yingtan-Xiamen Railway in which the contradiction between transport volume and transport capacity is most pronounced is the segment from Yingtan to Shaowu. In this area, it must cross the Dahe Mountains, in which the gradient of the railway reaches .020. Two locomotives are used to pull a train, and the drawing weight of each freight car is only 1,600 pounds. The speed is some 20 kilomters. Thus, shipping capacity is subject to severe limitations, with the result that this segment has become the "bottleneck" in the shipment of goods in and out of Fujian Province. Next is the segment from Yongan to Zhangping which crosses the Daiyun Mountains. The gradient of the railway here reached 0.022. The pulling weight of a double engine is 1,300 pounds, and the speed is even slower. Thus, this segment is another "bottleneck." The Yingtan-Xiamen Railway is divided into three segments by the Wuyi Mountains and the Daiyun Mountains. If we wish to solve the contradiction between transport volume and transport capacity, we have three choices. We can build a new railway line and divide up the transport volume; we can build a double track from Yingtan to Xiamen to increase the shipping capacity; or we can electrify the existing railway to increase shipping capacity.

On the basis of long-term planning for railway networks, there are to be new lines for the three provinces of Fujian, Jiangxi, and Guangdong. As for Fujian, however, the tracks are to join at Longyan, to the south of the Daiyun Mountains. Because of the geographical characteristics of the mountainous region at the borders of Fujian, Jiangxi, and Guangdong, the process of building a new railway would be extremely great. There would be bridge and tunnel connections, and it would be necessary to invest a huge amount of funds

which would be beyond the present financial capacity of the nation. Next, it would take a long time to build a new railway. This would make it hard to relieve the present urgent situation with respect to transport volume. Third, the new line would connect in southern Fujian. The road over the Daiyun Mountains and the Dahe Mountains is still not open, so only a portion of the freight in the southern Fujian region can be sent by a separate line, alleviating the tense situation on the Yingtan-Xiamen line slightly. However, large quantities of freight for shipment within the province would, as before, have to go by the Yingtan-Xiamen line, so that it would be difficult to sustain the alleviation.

Some people have proposed building a new railway line from the Zhejiang-Jiangxi line to the Fuzhou region. Although the terrain for this line is somewhat more level, it would still have to cross the Wuyi Mountains. This, too, would be a large project. Furthermore, many agricultural regions and many mines have been opened up along the line, so there are limits to the transport volume. The Zhejiang-Jiangxi line in particular is in a region that is close to saturated. Even if a new line were built, there would be no way, out so it would amount to a deadend line. Moreover, a comparatively large amount of agricultural fields would have to be appropriated in the building of a new line. In Fujian Province, in which there is not enough field area for everyone, this must be handled even more cautiously. For this reason, we must await further evidence as to the economic costs of building this line.

A study has also been made of plans for building a double Yingtan-Xiamen line of double lines in localized areas. With regard to building a double line, we must take into consideration the basic conditions of the original design of the Yingtan-Xiamen line. In many segments of the Yingtan-Xiamen line, the topography is steep and the geological structure is complex. There are many rapidly flowing rivers among the mountains, and areas of high fills and deep excavations lie close to each other. There is a particularly large number of defects in the roadbed, of which the principal are landslides, falling rocks, collapse of siding slopes, wind erosion, subsidence of road embankments, and riverbank erosion. The radii of the curves of the line are small, and it changes direction to follow the mountains. It is situated at the bases of the mountains and beside rivers, and is full of twists and turns. The total length of the line would be 693 kilometers and the total length of the curves would be more than 400 kilometers, with a total of more than 1,300 curves. This is an average of two curves per kilometer. Thus, the surface conditions of the line would be comparatively poor. If we wanted to move the curves, a wide area would be involved. Projects for damage repair, slope protection, and retaining walls since the line was opened to traffic have required a huge investment of funds in order to maintain normal traffic now. If we were to consider increasing the radii of the curves and building a double line, this would inevitably involve a large amount of reconstruction and waste. Not only would there have to be a large investment and a large project, but it would also be difficult to guarantee normal transport, and roadbed that has been strengthened may be destroyed. Moreover, we do not know when the defects in the new construction could be eliminated. Looking ahead and to the past, it would seem that such plans as building a double line, local double lines, and downgrades would be very difficult to bring to fruition.

On the basis of analysis and research into the actual circumstances of this railroad, we believe that it is primarily the motive power for the Yingtan-Xiamen railway that should be changed, and that rebuilding of the original line should be reduced to a minimum so that the plan for achieving the objective--increasing transport capacity--will be geared to the actual circumstances.

Of the types of locomotives in transport and construction in this country, the Shaoshan Model electric locomotive has the characteristics of great efficiency and of capacity to climb slopes. With it, haul weight can be doubled and speed can be doubled. For this reason, electric locomotives are an ideal hauling power. Electric locomotives are locomotives that get their power from outside. The energy that they require is transmitted from power stations by electric wires and substations and is supplied by a contact network with the result that the locomotive can have comparatively great efficiency. Because electric locomotives have outstanding hauling characteristics, after the electrification of Yingtan-Xiamen line has been effected, it will be possible not only to bring about a great increase in passenger transport capacity but also to double the freight shipping capacity. That is, after electrification the Yingtan-Xiamen railway will be able to take on the transport capacity of two Yingtan-Xiamen railways powered by steam locomotives. Thus, the contradiction between transport capacity and transport volume will be resolved comparatively well.

The project of electrification of the Yingtan-Xiamen Railway will be concentrated primarily on the building of power transmission lines, substations for hauling and a contact network and reconstruction of such facilities as maintenance, communication and signal facilities, as well as on extending stations to a comparatively greater length along the line in order to meet the demand for an increase in hauling weight. Basically there will be no changes in the original plane and vertical sections of the railway, so that the economic effects of the past 20 years of investment will be fully brought into play. The project for electrification of the Yingtan-Xiamen Railway will cost only one-third the total investment for building a second line per kilometer and only one-fourth the investment for building a new line.

To summarize what has been said, electrification of the Yingtan-Xiamen Railway will require a small investment that will be rapidly effective and projects that will be of marked economic efficacy. It will have a major effect on making the economy of Fujian Province flourish and hastening the four modernizations.

10019
CSO: 4006/548

TRANSPORTATION

IMPROVEMENT OF ORDER ALONG TIAN-LAN RAILWAY REPORTED

Lanzhou GANSU RIBAO in Chinese 6 Jul 82 p 1

[Article: "Unified Leadership, Overall Reorganization, Comprehensive Treatment, and Attention to Guidance: Notable Improvement of Order Along Tian-lan Railway Section; Persons Riding Train Without Tickets Greatly Reduced; Evil Trend of Mass Stealing of Coal, Stealing of Transported Goods, and Destruction of Railway Facilities Basically Checked; Disturbances of Order in Stations and on Trains Notably Reduced; Criminal Cases and Deaths and Injuries Outside the Railway Line Significantly Reduced"]

[Text] After 3 months of overall reorganization and comprehensive treatment, a new orderly appearance is currently emerging in the stations and trains of the Tian-Lan Line, which has been in a state of chaotic disorder for a long time.

The railway section from Tianshui to Lanzhou is 248 km long. It is an important section of the Long-hai Line which is the country's east to west communications artery. For many years, there has always been disorder. The phenomena of passengers riding without tickets, forced riding in cargo cars, mass stealing of coal, throwing stones at the trains and stealing of railway transported goods, and destruction of railway materials and facilities were relatively serious. In April of this year, the central leadership comrades issued an important directive on the problem of putting the Tian-Lan railway section in order, requiring the local, railway, and public safety groups to be jointly responsible for the restoration of order. It also pointed out that many problems which appear to be very difficult to solve can be solved very quickly if we rouse our enthusiasm and take hold of the work.

Since April, determined firmly to carry out this important directive from the central leadership comrades, the provincial Party Committee and the provincial People's Government have adopted a series of decisive measures to engage intensively in the reorganization of railway safety and have done a large amount of detailed work. On 3 April, the committee called a meeting of its standing members to discuss conscientiously the directive, and established a small leadership group for the reorganization of order on the railroad. On 7 April, the provincial Party Committee and provincial People's Government called a meeting of responsible comrades from 7 units directly under the provincial

government, 4 local municipalities, 12 counties, and the Lanzhou Bureau of Railway to study the work of restoring public order under their jurisdiction along the railway. After the meeting, 7 related provincial departments and bureaus and the Lanzhou Bureau of Railway organized a joint working group. Headed by a vice governor, the group traveled to various stations and sections along the railway to start its work. During 25-29 April, Comrade Feng Jixin [7458 4764 2450], the first secretary of the provincial Party Committee, called a report-back meeting, participated in by responsible comrades from related units and from local and county committees along the rail line. Comrades from the Ministry of Railway and the working group of the Ministry of Public Security also participated in the meeting. They jointly discussed and established concrete measures and ways to restore public order along the Tian-Lan rail section. After the meeting, the following three items of work were carried out:

1. Establish specialized organizations, strengthen unified leadership, improve efficiency of reorganization work. After the small leadership group for reorganization of public order was established within the province, corresponding organizations were also established by the 4 regions and 12 counties and municipalities along the line as well as the railway stations and sections and public security departments. Public order has been sorse at nine stations along the line of the Tian-Lan rail section and on two slow trains. The leadership group dispatched 385 persons to the stations to assist the work on the trains and to solve problems immediately as they were discovered. Within a period of only 1 month, the public order at these stations and on the trains was greatly improved, which established the foundation for the improvement of order along the entire line.

2. Joint actions both along the line and outside the line, mutual coordination by various areas, and practice of united battle and comprehensive treatment. Regardless of where a problem occurred, as long as it affected the public order of the railway, all took action jointly to solve the problem. In regions suffering damages along the line, they not only paid attention to the proper arrangement of the production and livelihood of the masses but they also educated the masses in observing discipline and abiding by the laws and assisted the masses in establishing agreements for mutual supervision and compliance to protect the road and care for the trains. At the same time, they developed among the railroad staff and workers a movement of "people's railroad for the people"; to respect the passengers and care for the cargo and to provide superior service, various regulations and systems were established and perfected.

3. Use legal weapons to deal a blow to the criminal elements. After investigative studies, the public security departments established key sections for control operations along the line, strictly controlling the occurrence of passengers riding without tickets, forced riding in cargo trains, and the theft of transported goods. Harsh treatmements were carried out against such criminal activities as collaboration from within, theft by insiders, theft of transported goods, and criminal activities on the train. Punishments according to public security regulations were dealt to persons who were leaders in robbing transported goods and those who violated the law by receiving stolen

stolen goods. Fines were levied on passengers who rode the trains without tickets and persons who forced their way on to cargo trains in spite of advice to the contrary. In handling these cases and those of related persons, various forms of mass meetings were called to publicize widely the results.

After nearly 3 months of conscientious efforts, the conditions along the Tian-Lan rail section have turned around notably. Passengers without tickets riding the No 443/444 slow train have decreased from 73 percent in the past to 10 percent. On the No 445/446 slow train, the rate has decreased to around 7 percent. The number of persons forcing their way on to cargo cars has decreased. The evil trends of mass stealing of coal, theft of transported goods, and destruction of railway facilities basically have been checked. Sanitation and service quality on the trains have also improved. Events which disturb peace and order in the stations and on the trains have particularly been greatly reduced. Criminal cases, deaths and injuries on the rail line have all shown notable reductions. Comparing the period of part of April and the month of May after reorganization, the number of criminal cases dropped by 55 percent. Compared with the same period a year ago, the number dropped by 71.9 percent, including a drop of 80 percent in major and important cases.

Recently, the small leadership group for the reorganization of order on the railway of the provincial People's Government called a meeting in Longxi County. The meeting emphatically pointed out that the results of reorganization of order along the Tian-Lan rail section have been very great. However, it also pointed out that a number of problems still exist. And results already accomplished should be strengthened and a considerable amount of detailed work still needs to be done.

5974
CSO: 4006/567

TRANSPORTATION

BAO-TIAN SECTION OF LONG-HAI LINE NEARS COMPLETION

Lanzhou GANSU RIBAO in Chinese 4 Jul 82 p 1

[Article by Wang Ming-kui [3769 2494 1145]: "Rush Construction of Key Projects of Bao-Tian Railway Basically Completed; Transportation Capacity Is Nearing Last Year's Level Before Flood Damage"]

[Text] The rush construction of key projects of the Bao-Tian section of the Long-Hai Railway has basically been completed before the start of the rainy season. Some improvements have been made to the quality of the line and the through transportation capacity is currently nearing the level of last year before the flood damage.

In August of last year, the Bao-Tian section suffered flood damages. The line was broken in 14 of the 19 regions through which it passes and transportation was stopped for nearly a month. This greatly affected economic construction and people's livelihood in the northwest sector of our province. After rush repairs, service was temporarily restored. However, because damages along the line were not toally repaired, trains had to move slowly in many sections, which greatly limited the through transportation capacity and the train operating safety was seriously threatened. With the approval of the State Council, rush construction of this railway section began this year and it was listed as a key railway project in the country. Based on the requirements of "guaranteeing safety of travel through floods" and "rushing construction and improving transportation capacity at the same time," the central command for rush construction concentrated its forces during the first half of the year on key projects of bridges and culverts and tunnels which would threaten the safety of train movement during the rainy season. The principal leaders of the Ministry of Railway and the central command for rush construction went many times to make on the spot investigations and studies, and to help solve key problems in construction. The leading cadres of the bridges and rail lines repair team of the first engineering section of the Xian Railway Bureau, which is responsible for the construction tasks, personally visited the sites to direct the work and to eat, sleep, and labor with the staff and workers. The construction, planning, and transportation and business units have established the ideology of "one game of chess" and coordinated with each other closely. The railway workers and civilian workers struggled shoulder to shoulder to overcome transportation and material supply difficulties, and the support and switching tasks for the middle bridge

span at the 1,298-kilometer point were completed on 22 May. The main project for the Ming Tunnel at the 1,357-kilometer point, which was damaged by a mountain slide of over 600,000 square meters of earth on 29 November of last year, was completed 24 days ahead of schedule. After the completion of these key projects, sections where trains have to move slowly have been greatly reduced and the train movement speed has gradually increased. During rush construction, transportation tasks were done fairly well. During the first quarter, 1.240 million tons of goods were shipped out of Tianshuikou, equivalent to 93.9 percent of the volume shipped out in the same period of last year. At present the number of passenger and cargo trains passing through the Bao-Tian section has reached 20 pair [sic], which is approaching the level before the flood damage.

5974
CSO: 4006/567

BRIEFS

GANSU AIR SERVICE--Lanzhou, 31 Aug (XINHUA)--Air service from the Gansu provincial capital of Lanzhou to Dunhuang opened with the arrival of 48 passengers at the newly-constructed Dunhuang airport 12 kilometres east of the county seat this morning. The route, 1,040 kilometers, originates in Lanzhou, arriving just less than 4 hours later in Dunhuang via Jiuquan, and returning to Lanzhou the same day. Currently, flights make the round trip every Tuesday and Friday. Today's maiden flight carried 16 French to Dunhuang and 14 Australian passengers on the return trip. Dunhuang, in the western part of the province and famous for its 1,600 -year-old Buddhist grottoes, was a caravan stop on the silk road linking ancient China with western Asia and Europe. The 492 Mogao grottoes near present-day Dunhuang city display more than 2,000 colored Buddhist statues and 45,000 square meters of murals. More than 10,000 foreign tourists visited the grottoes in the past 3 years. They had to travel 24 hours by train from Lanzhou, then another 3 hours by bus. [Text] [OW101133 Beijing XINHUA in English 1837 GMT 31 Aug 82 OW]

XINJIANG HIGHWAY TUNNEL--Urumqi, 4 Sep (XINHUA)--Drilling of the No 3 tunnel for a highway through the Tianshan was completed Wednesday, according to the regional road transport department. The project is located in the middle of the Xinjiang Uygur Autonomous Region in northwest China. Started construction in 1979, the tunnel extends 1,897 meters at a width of 7.5 meters through a snow-capped mountain 3,800 meters in elevation and connects the northern and southern sections of a 560-kilometer-long highway crossing the Tianshan. It involves removing 166,000 cubic meters of stonework. The highway, starting from Dushanzi in north Xinjiang, goes to Kuqa County in the south. It crosses 2 swift-running rivers, 3 snow-capped mountain slopes 3,500 meters above sea level, and a grassland. Usually, it takes 4 days to travel across the Tianshan by truck via Urumqi or via the Ili Valley. The project, undertaken by a unit of the engineering corps of the Chinese People's Liberation Army, is expected to help improve the road transport between the northern and southern parts of Xinjiang now separated by the mountains. [Beijing XINHUA in English 1231 GMT 4 Sep 82]

SHANGHAI UNDER-RIVER TUNNEL--Shanghai, 3 Sep (XINHUA)--Construction began today on Shanghai's second traffic tunnel beneath the Huangpu River. The tunnel is scheduled to be completed around 1986. Investment in the project is estimated at 150 million yuan, according to the municipal construction department. The new tunnel will be 2,261 meters long and 4.5 meters high, the department said. The traffic lane in the tunnel will be 7.5 meters wide and will be able to handle 420 buses carrying 50,000 people per hour. The second tunnel's ventilation, lighting and fire-fighting facilities are designed to be better than the first, which opened to traffic in 1971 and mainly handles cargo. About 300,000 Shanghai residents cross the river on ferry boats and through the first tunnel each day, the department said. [Text] [Beijing XINHUA in English 1515 GMT 3 Sep 82 OW]

GUANGXI IMPROVES WATERWAY TRANSPORT--Nanning, 13 Sep (XINHUA)--Expansion of a transmit harbor with a designed annual capacity of 2.57 million tons of cargo is among several projects on the mainstream of the Pearl River, the longest in south China, according to the water transport department of the Guangxi Zhuang Autonomous Region. The harbor, located in Guixian County, serves as a link for water transport on the Xijiang River, the western section of the Pearl River, and the Litang-Zhanjiang railway. The Xijiang River Basin, situation in the sub-tropical zone, is rich in timber and mineral resources, including coal, aluminum, phosphorus, manganese and pyrites. Started in September last year, the expansion scheme is expected to raise the harbor's annual handling capacity to 2.57 million tons of cargo from the present 1.25 million tons after completion by the end of 1983. This should help boost the river's transport of coal, fertilizer and industrial raw materials and of export goods, the transport department said. Another project under discussion is the building of a harbor at Maoershan, near the Guixian transit harbor. Three berths are designated in the program to handle coal, phosphorus and pyrites, respectively, with a combined annual capacity of 6.7 million tons. This effort also includes building 2 ship locks at Guiping and Guixian, and removing shoals and dredging the water course below Guiping to permit passage of 1,000-ton-class barges to Hong Kong and Macao. [Text] [OW231219 Beijing XINHUA in English 1219 GMT 13 Sep 82 OW]

CSO: 4020/1

GENERAL

BRIGHT FUTURE SEEN FOR GANSU DEVELOPMENT

Lanzhou GANSU RIBAO in Chinese 8 Jul 82 p 1

[Article by Feng Jixin [7458 4764 2450], first secretary, Gansu Provincial Committee, Chinese Communist Party: "Develop Gansu With Concerted Efforts"]

[Text] Gansu is located along the Huang Ho River basin in the heart of our fatherland. It is one of the areas where the Chinese people originally flourished. There are 14 nationalities living in Gansu, including Han, Hui, Zang, Yugu, Dongxian, and Sala. Gansu is large, rich in resources with abundant energy resources. The total area if 450,000 square km. Reserves of molybedenum, copper, lead, zinc, and petroleum occupy an important position in the nation. Hydraulic resources total more than 14 million kilowatts. The daylight hours are long and abundant solar energy is available for utilization. The total cultivated acreage is more than 53 million mu. There are 200 million mu of grasslands, suitable for the development of animal husbandry and industries processing animal products. These provide superior conditions for Gansu's economic development.

In ancient times, Gansu had a glorious culture and a developed economy. The "silk road," renowned at home and abroad, passed through Gangsu. The wall paintings in the Thousand Buddha Cave at Donghuang are reknown as a bright star among the cultural and art treasures of the world. The Maijishan grotto at Tianshui is called the sculpture palace of the East. Before liberation, because of generations of reactionary control and ruthless exploitation by the ruling class, the economy and culture of Gansu gradually declined and the people's livelihood was extremely poor and difficult. When Zuo Zongtang suffered demotion and came to Gansu, a memorial was sent to the throne that "sufferings in Gansu head the list under heaven." Since liberation, very great changes have taken place in the appearance of Gansu and the standard of living of the people has gradually improved. The industrial production value has increased by 60 times since the initial period of liberation. And an initial industrial foundation with the primary elements of nonferrous metallurgy, petroleum chemicals, machine processing, electric power, woolen textiles, and tanning has been formed. The Lanzhou Municipality has developed from a consumer city of less than 200,000 people at the beginning of liberation to a newly developed industrial city of 1 million. Gansu is a lovely place; it has very large potential for development and a very bright future.

However, our province is situated in the far border area. Its culture is backward. The industrial technology and business management standards are relatively low and economic benefits are relatively poor. Ecological destruction is extremely severe, drought excessive, and agricultural production very backward. Recently, the central leadership comrades issued an important directive on Gansu's work and asked us to eliminate "backward" from our vocabulary, broaden our vision, and do an even better job in the various activities of Gansu. This directive has greatly encouraged the more than 19 million people in the province. Starting from the practical conditions of Gansu, we must take a firm hold on diversification and widely engage in tree planting and grass cultivation. In industry, we must develop our advantages and avoid our disadvantages.

We must develop our dominant position and vigorously improve our economic benefits in order to open up a new prospect for the economic construction in our province and establish a new road of economic development with good economic benefits based on the actual conditions of Gansu. Since the start of this year, we have reached agreements on many cooperative projects with Shanghai, Tianjin, Guangdong, Jiangsu, and Shannxi and other provinces and municipalities. We welcome our brother provinces and municipalities to make investments and develop plants in our province and jointly to develop the resources of Gansu. In the 1950's and early 1960's, large groups of talented people came to Gansu from the interior. They provided the hard work for the construction of our province and made beneficial contributions. Among these comrades, many have now become the working backbone and leading forces in the various battle fields of our province. Today, we welcome even more those with aspirations from all parts of the country to come to Gansu and join us in making new contributions with concerted efforts for the development and construction of Gansu.

The Red Army's Long March passed through Gansu. It is part of the Shanxi-Gansu-Ningxia border region. In the past, the people of Gansu made important contributions to the liberation cause of the Chinese people. In 1965 when Comrade Ye Jianying made his inspection of Gansu, he encouraged us with the poem, "The achievements of Heroes endure a thousand years, I dare say that you latecomers will shame the worthy ones of the past." In our new long march toward the four modernizations, we firmly believe that under the correct leadership of the party Central Committee we shall build an even better and more prosperous Gansu as long as the entire people of the province go all out and work hard with one heart and one mind.

5974
CSO: 4006/567

GENERAL

SICHUAN'S DEVELOPMENT IN INDUSTRY, COMMUNICATIONS REPORTED

Chengdu SICHUAN RIBAO in Chinese 5 Jul 82 p 1

[Article by Overall Production Section of Sichuan Provincial Economic Commission: "Steady Increase in Industrial and Communications Production in Our Province"]

[Text] Since the beginning of this year, there has been an all-round reorganization of enterprises on our industry-communications front with a view to fulfilling production targets ahead of schedule and to actively develop industrial production, all centering around the improvement of economic results. We have also provided more active leadership in organizing production and carried out ideological and political work with great success, thanks to the combined efforts of the broad masses of cadres and workers. In the first half of this year, production increased steadily with improved economic results. The total industrial output value in the province was 11.3 percent over the same period last year, and the profits handed over the state from local industry were also fairly greatly increased. More than one-half of the annual tasks were fulfilled ahead of schedule. This was the best performance in the past several years.

The production of energy was also fairly satisfactory. By tapping their resources and paying attention to safety in operation, the energy departments have maintained a steady increase in production. The plans for the coal, electric power and natural gas for the first half year were all over-fulfilled. The average daily coal output by the principal mines along transportation routes was 48,200 ton, an 11.3 percent increase over the same period last year; and the average daily output of electric power by the main power grid was 37,514,000 kwh, a 9 percent increase, or the highest record ever attained in the first half of any year. The output of natural gas was 50.6 percent of the annual plan. This provided favorable conditions for the development of industrial production.

The recovery of heavy industry was rapid. Readjustment over the past 2 years has changed the product mix in heavy industry. Orders for heavy industrial goods have greatly increased, and in the first half year, the production of pig iron, steel, rolled steel, cement, soda ash and caustic soda were all increased by a wide margin. The total heavy industrial output value was 13.6 percent over the same period last year, and more than originally expected.

Light industry also continued to develop. The light industry departments carefully attended to technical transformation and increased the output of goods in demand. The production of machine-made paper, canned food, bicycles, sewing machines, cotton yarn, cotton cloth, vacuum flasks, batteries and plastic products was greatly increased. The total light industrial output value for the province in the first half of this year increased by 8.9 percent over the same period last year.

The production plans for communication and transportation were over-fulfilled every month. The railway and the local transportation departments took active measures to raise transportation efficiency and increased the volume of cargo traffic by 29,530,000 tons and 6,597,000 tons, or 10 percent and 7.5 percent respectively over the same period last year. The records of railway traffic in March and April were the highest compared with those of the same months in all past years.

The majority of economic and technical indices were more satisfactorily fulfilled than they were in the same period last year. Because of the changed guiding thought in organizing production, economic results have been universally improved. From January to May, the total volume of sales by the local industrial enterprises in the province amounted to 4,703 million yuan, a 7.46 percent increase over the same period last year. The turnover of fixed circulating funds required 0.79 day less than in the same period last year. The annual output value created by each individual worker or staff member in state-run industry was 3,502 yuan, a 7 percent increase, and the number of deaths among the workers and staff members was reduced by 0.03 in every thousand.

There are now still many problems in industrial and communications production, and some of the new conditions and new problems deserve our serious attention. First the quality standards of a small number of products have been up and down, while the production costs have risen; secondly, the strain on transportation facilities has been increased because of the fairly rapid upswing in heavy industry; and thirdly, some products are unwanted in the market, resulting in overstocking.

To fight a successful battle in industrial and communications production and to improve the economic results more rapidly in the third quarter of this year on the basis of the achievements in the first half year, the provincial government has decided to convene a provincial industrial-communications telephone conference this afternoon for working out the plans of action.

9411
CSO: 4006/568

GENERAL

METHODS OF IMPROVING TOURIST INDUSTRY SUGGESTED

Beijing ZHONGGUO CAIMAO BAO in Chinese 20 Jul 82 p 3

[Article by Li Zhucang [2621 4554 6319]: "How To Improve Economic Results in Tourism?"]

[Text] How to improve the economic results in our developing tourism? This is now a thought-provoking question.

Many people are of the opinion that there should be fairly favorable conditions for the improvement of economic results in tourism since it is a service trade requiring no raw materials or warehouses, and the turnover of funds--of which only small amounts are required--is quick and the profit margin is wide. Actually, however, it is not so. The tourist guest houses, restaurants and other units in some localities, because of poor management or inexperience, may seem to be very busy; but their actual economic results are far from ideal. Some units even suffer losses. To ensure the healthy development of fourist economy, therefore, we must improve the management and the economic results in tourism by doing our work well in the following respects:

1. The system of economic responsibility should be universally adopted in the tourist units. Some guest houses, restaurants, hotels and hostels should quickly practise their own independent economic accounting so that they will carry out meticulous calculations and strict budgeting in ensuring that profits in the required amounts can be handed over to the state. They must not be allowed to report their losses indefinitely as operating expenses of government organis in the style of "eating from the same pot." Nor can they use their revenues from foreign guests to subsidize their expenses in treating "domestic guests." Some hotels, guest houses and tourist facilities should be under professional management os as to overcome departmentalism. Based on past experiences, it would be best for them to be under the unified control of the tourist department so that their operation can be more flexible and the conflicts between different departments can be avoided.

2. Adjustments should be made for suby and lax tourist seasons. At present, spring and autumn are the busy seasons for the tourist trade, and many localities are in a state of hibernation for 3 or 4 months each

year. We must try to develop tourism even in the lax seasons by fully utilizing our latent tourist facilities. For example, we can offer discounted fares during the lax seasons of international tourism, hold various national conferences, and grant leaves of visiting relatives to the workers and staff members, all during the lax seasons. In short, domestic tourism has to be confined to the lax seasons, in order to even up the pressure in the busy seasons when international tourism is expected to increase.

3. We should step up our work in investigations, sutyd and analysis on the sources of tourists. Foreign tourist organizations attach great importance to the analysis on the sources of tourists, and that is why they can accurately anticipate the changes in the sources of tourists, launch their publicity campaign accordingly, and develop their business. Although the sources of international tourists for our country at present do not constitute any problem, as far as the number of tourists is concerned, the attractions to tourists and the status of tourists are gradually changing. The impression of many foreign toursits is that there are generally temples, parks and caves for signtseeing in China. The schedules are repetitious and there are not many varieties. We must carefully study the different tastes of the tourists and try to vary the attractions as a means of developing tourism.

4. Control over foreign exchange certificates must be strengthened. Foreign exchange certificates are now being used by tourists in our country. There are some loopholes in the control over the circulation of these certificates, and it is possible that many of these certificates cannot be withdrawn by the state as they should have been. Black market dealings or illegal buying and selling of these certificates are rife in some ports. If we want to improve the economic results of tourism, we must, therefore, strictly control the outflow of foreign exchange certificates. We must learn from the methods used in other countries in order to close the loopholes which may jeopardize our national economy.

5. We must suitably attract foreign funds. The proper use of foreign funds can help improve our economic results. At present, some ports handling tourist traffic and the hotel and transportation faciliteis are seriously inadequate. They must be suitably expanded or increased before they can cope with the task of tourist development. Our limited funds should first be used to meet more urgent needs in construction, and it may be advisable to invite foreign merchants' participation in the development of tourism. Foreign merchants are more experienced in tourist management, and their participation can give us the opportunity to learn from one another.

6. Tourist commodities should be vigorously developed. Many countries in the world are regarding their revenues from the sales of tourist commodities as an important component of their income from tourism. Such revenues in Singapore and other regions account for more than 50 percent of their entire income from tourism. Our arts and crafts, native and special products, jewelry, calligraphy and painting, and cultural objects

are enjoying world fame. As long as we attach great importance to them and develop their sales vigorously, we can not only increase our foreign exchange earnings, but also provide jobs to many people. Tourist commodities must suit different tastes; their designs must be improved along with the improvement of their quality and packaging; and, at the same time, we should accept the handling of consignments at home and abroad for the convenience of the tourists.

After all, in order to improve the economic results of tourism, our main task is to tap the latent resources, fully utilize our equipment, and offer better services. There are many things for us to do, but the most important one is to fully arouse the enthusiasm of the workers, to learn more about this profession, and to actually improve our management.

9411
CSO: 4006/577

SHANGHAI MAYOR DISCUSSES ECONOMY, INDUSTRY, NUCLEAR POWER

HK271433 Hong Kong HSIN WAN PAO in Chinese 26 Sep 82 p 1

[Special dispatch from reporter Tseng Te-cheng [2582 1795 2052]: "Wang Daohan on Industry and Nuclear Power Station in Shanghai"]

[Text] Shanghai, 26 Sep--While meeting reporters from Hong Kong this morning, Wang Daohan, mayor of Shanghai, said: In a period of 5 years or so, technical transformation will be completed step by step in the enterprises in Shanghai. In this process, Shanghai will absorb advanced experiences from various countries and areas in the world and import capital and technology from foreign countries. In this respect, Shanghai will promote its contacts with Hong Kong. This will be beneficial to the industrial development of Shanghai and the prosperity of Hong Kong.

Wang Daohan added: According to the report delivered by Hu Yaobang at the 12th CPC Congress, China will strive to quadruple its total output value of production by the end of this century. With regard to Shanghai, its industrial output value will be increased to 240 billion yuan (renminbi) by then. He stressed that Shanghai is confident of attaining this objective because Shanghai has qualified scientists and technicians. There are about 50 universities and colleges and 400,000 technicians and a number of talented people who are apt at administration and management in the city. To quadruple its industrial output value, Shanghai should mainly rely on science and technology. As far as the material base is concerned, technical transformation will be carried out in the existing enterprises in accordance with an overall plan which takes both "microscopic" and "macroscopic" arrangements into consideration.

He went on to say: With the recent visit of the British Prime Minister Mrs Margaret Thatcher to Shanghai, the plan for technical cooperation with Britain has been basically formulated, which is aimed at reforming the Yaohua Glass Plant. The floating method will be used to produce glass.

Wang Daohan revealed that he talked with Mrs Thatcher on the establishment of a British consulate in Shanghai and a tentative site for the consulate will be presented to Britian soon. Hongqiao District will be built into an area where consulates of various foreign countries are located in 2 or 3 years.

He said: Apart from the development of Hongqiao District, Minghang District will also be turned into an industrial area. Some businessmen from Hong Kong have already set up factories in the area. Shanghai neither plans to establish a special economic zone nor turn itself into a free port like Hong Kong. Shanghai is a socialist industrial city and an economic center.

He stressed that Shanghai is designing and carrying out research work for its nuclear power station. Most of the equipment and facilities of the state are produced by China. The station is expected to go into production in 5 to 7 years' time. The nuclear power station in Shanghai is different from that in Guangdong. No foreign tenders will be invited for the nuclear power station in Shanghai. Even if it is necessary to import foreign technology, Shanghai will only buy patent rights and the equipment and facilities it will manufacture itself. This nuclear power station is called "Project 728" because the decision of this project was made as early as August 1972. The project was interfered with and suspended during the cultural revolution.

Shanghai is preparing to welcome the Japanese Prime Minister Zenko Suzuki who will arrive in Shanghai on 30 September. Prime Minister Suzuki will also visit the Baoshan Iron and Steel project.

CSO: 4006/21

SHANGHAI MAYOR TALKS ON ENCOURAGING INVESTMENT

HK271511 Hong Kong WEN WEI PO in Chinese 27 Sep 82 p 3

[Special dispatch by WEN WEI PO reporter: "Shanghai Mayor Reveals Preferential Customs System To Be Worked Out To Encourage Foreign Investment"]

[Text] Shanghai, 27 Sep--While receiving Hong Kong correspondents at the Jinjiang Club on the morning of 26 September, Shanghai Mayor Wang Daohan expressed that the establishment of closer economic relations between Shanghai and Hong Kong would not only stimulate Shanghai's economic development, but also would benefit Hong Kong's economic prosperity.

Nuclear Power Plant Project in East China Will Be a Two-Phase Project; It Will Mainly Depend on China-Made Equipment

Wang Daohan revealed that Shanghai is considering the introduction of some preferential terms to promote the economic development of foreign trade. He said that Shanghai would make concrete the principles as stipulated in the law on joint ventures involving Chinese and foreign capital, and is considering the introduction of some preferential terms in the field of distribution and proportion in revenue and profits so as to promote investment by businessmen from Hong Kong and foreign countries. He revealed that Shanghai would perfect relevant laws and regulations to benefit the economic cooperation in foreign trade, and the major principles would be formulated at the end of this year or early next year.

He was confident that Shanghai would achieve the goal of quadrupling its total output value by the end of the century. Shanghai's GNP value was 60 billion yuan in 1980, and would be 240 billion yuan if this figure was quadrupled.

He disclosed that a contract for joint ventures involving Chinese and British companies manufacturing plate glass with the floating method will soon be signed and that production will be carried out in Shanghai's Yaohua glass factory.

A plan is now under study for developing a nuclear power plant in east China. Wang Daohan said that this nuclear power plant is different from that in Guangdong Province. Guangdong's nuclear power plant will purchase foreign equipment through tenders, whereas the nuclear power plant in east China will use equipment made by China itself and will be financed by China.

If the Offshore Oilfield in East China Sea Is Exploited, Shanghai May Serve as a Base

He also disclosed that the nuclear power plant will be built in two phases, of which the first one will take 5 to 10 years and its installed capacity will be 300,000 kilowatts. In the future, when the third phase project is completed, the installed capacity will be increased to 600,000 kilowatts.

On the issue of exploiting offshore oil in the East China Sea, Mayor Wang said it is necessary first of all to conduct a thorough investigation of the resources if this oilfield in the East China Sea is to be exploited. Offshore drilling is being conducted by the Geology Ministry for the time being. When exploitation is carried out in the future, there must be a rear base area and Shanghai will certainly serve as such a base due to its geographical situation. He said that there is a promising future for the exploitation of the East China Sea oilfield. Not long ago, he was informed by the geology minister that natural gas had been found in some wells in the East China Sea.

CSO: 4006/21

BRIEFS

PORT CARGO STATISTICS--Taipei, 9 Sep (CNA)--The 5 international ports in the Republic of China loaded and unloaded 122 million tons of cargo in fiscal 1982 (July 1981-June 1982), up 2.55 percent from the preceding fiscal year, the provincial communications department said Wednesday. Except for Keelung port, all other ports registered a growth in the cargo volumes they handled. The negative growth in Keelung was attributed to expansion of the neighboring ports of Taichung and Suao. The volume of cargo loaded and unloaded in the 5 ports in fiscal 1972 were: Keelung--33 million tons, down 4.42 percent; Kaohsiung--76.9 million tons, up 4.3 percent; Hualien--3.95 million tons, up 6.65 percent; Taichung--6.4 million tons, up 18 percent, and Suao--1.84 million tons, up 10.47 percent. As for container service, Keelung handled 676.00 units, up 2.1 percent, Kaohsiung 1.158 million units, up 8.75 percent, and Taichung 6,600 units, down 1.42 percent. [Text] [Taipei CNA in English 0957 GMT 9 Sep 82 OW]

INDUSTRIAL ROBOTS PLAN--Taipei, 2 Sep (CNA)--The Ministry of Economic Affairs recently unveiled the regulations contained in an 8-year plan for the development of industrial robots in Taiwan. The regulations went into effect on a trial basis Wednesday and will be formally implemented early next year. The plan starts with the industrial robot that has been successfully developed by the Industrial Technology Research Institute (ITRI), Before the trial manufacture of this robot is completed, the government will, through open bidding, select one or two manufacturers from the machinery, electronic or electrical industries, to take over production of the robot from ITRI. The company or companies chosen will be eligible for the incentives offered by the government to those firms involved in the development of automatic industrial tools. These include long-term, low-interest loans from the government and a rate of tax no more than 22 percent of their taxable income. In this way, the government hopes to develop 10 kinds of industrial robots for loading, unloading, welding, painting and assembly work over the 1983-86 period. The plan then calls for the production of four kinds of robots with sensory systems between 1987-90. [Taipei CNA in English 0948 GMT 2 Sep 82 OW]

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON STATE ECONOMIC COMMISSION

HK121115 Beijing JINGJI GUANLI in Chinese No 7, 15 Aug 82 pp 5-9

["The Tasks and Methods of the Work of the State Economic Commission"--Extract of the speech made by Zhang Jingfu [1728 0513 1133], member of the State Council and director of the State Economic Commission, at a ceremony marking the formation of the new State Economic Commission on 26 May 1982--reprinted from ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE] 27 May 1982--passages within slantlines denote boldface as published]

[Text] 1. The Tasks of the State Economic Commission

The new State Economic Commission has been formed according to the decisions of the CPC Central Committee and the State Council and through the merging of the former State Economic Commission with the State Agricultural Commission, the State Machinery Commission, the State Energy Commission, the financial group of the State Council, the State Construction Commission (excluding the Land Harnessing Department) and part of the State Scientific Commission. Why is it necessary to do so? What are the tasks of the State Economic Commission? In his "Report on the Reform of the Organizations Under the State Council" to the 22d plenary session of the 5th National People's Congress, Premier Zhao Ziyang clearly pointed out in a speech: "The state's command of daily economic activities must be centralized and unified, the present leadership that is characterized by many heads and dispersed management must be changed and it is for this purpose that it has been decided to form a new State Economic Commission and expand its powers and scope of business. The supervision and inspection of the situations in the implementation of the national economic annual planning and various work of organizational coordination that are needed in the scientific and technical activities in that year by various agricultural, industrial, capital construction, railway transportation, financial and monetary and home and foreign trade departments must all be put under the unified management of the State Economic Commission. The works in the reform of the state economic system in that year must also be organized and implemented by the State Economic Commission." He also pointed out that the State Scientific Commission "will put forth major scientific and technical research items in cooperation with the State Planning Commission and the State Economic Commission, organize and coordinate scientific and technical forces in carrying out major breakthroughs; scientific and technical planning and production and technical work must be respectively

put under the management of the State Planning Commission and the State Economic Commission so as to closely combine scientific technology with economic construction.

Accordingly, the main tasks of the State Economic Commission in future must include:

(1) Implement the line principles and policies of the CPC Central Committee and the State Council on economic work. Investigate and study major economic problems and sum up and exchange the experiences in this aspect. Report the situations to the CPC Central Committee and the State Council in due time and make proposals.

(2) Participate in working out and investigating the implementation of the national economic planning of various departments and regions and coordinate and resolve major problems in the economic and technical activities of agricultural, industrial, capital construction, transportation, financial and monetary and home and foreign trade departments in that year.

(3) Organize and carry out the work of reforming the state economic system within a year.

(4) Organize and coordinate scientific breakthroughs that can be achieved in a comparatively short time and that serve the current national economic construction; participate in investigating imported technical items, manage the imports of equipment, unifiedly coordinate design and construction force, organize the working out of comprehensive economic planning and grasp the general work with regard to saving energy, readjusting and reorganizing the machine-building industry, enterprise management, quality control, popularizing new technology and educating cadres.

(5) Supervise and investigate the various departments in implementing the decisions made by the financial and economic leading group of the CPC Central Committee and the Standing Committee of the State Council, and carry out the work that is assigned by the CPC Central Committee and the State Council.

These are glorious and yet arduous tasks. Since the founding of new China, the organization and tasks of the State Economic Commission have been readjusted on many occasions. Nevertheless, the organization and tasks of the State Economic Commission have never been so tremendous as they are today. We still do not have enough experience as to how to carry out this work in future and therefore it is necessary for us to further study and accumulate and sum up experiences in practice. But I am confident that under the leadership of the CPC Central Committee and the State Council and that with the concerted efforts and hard work of all the comrades in the State Economic Commission, we will be able to complete these tasks which are assigned to us by the party.

II. The Present Key Work of the State Economic Commission

Leading comrades from the CPC Central Committee and the State Council directed that the State Economic Commission must grasp key work in addition to day-to-day work. According to the spirit of the directives of these comrades, the commission in general must simultaneously do a good job of two types of work. The first one is routine work. This work is enormous and therefore it is necessary to concentrate a certain amount of effort on doing this work well and without mistakes. The second one is to follow the principles of economic work put forth during a certain period by the CPC Central Committee and the State Council and organize study and investigations in a planned and purposeful way and with leadership, and to carry out the important work that has a bearing on the overall situation and that is strategically significant. In this work, one must proceed from the easy to the difficult, and from experimentation of popularization, and it must be carried out in sequence in a down-to-earth way so as to make achievements. At present, it is imperative to do a good job of the following key work:

/(1) Implement and objectivize the principle of "planned economy as the main and market regulation as auxiliary."/

This is a very important question. It is fully related with the work of the State Economic Commission. We must implement and objectivize this principle in our coordination with the State Planning Commission. Various places have paid much attention to the principles and directives of the CPC Central Committee about opening our door to foreign countries and enlivening the domestic economy, and about resolutely struggling against bourgeois corrosion. They feel that these directives are very important and consequently they have resolutely supported these directives. They urgently hope that there will be a series of concrete measures to implement the principle of "planned economy as the main and market regulation as the auxiliary." In particular, the regions with a greater proportion of market regulation have made even stronger demands for such measures to be taken. We have to develop production and at the same time we must abide by law and discipline and consequently there are numerous problems as to how to carry out this work. We must follow the spirit of the directives of the CPC Central Committee, carry out study and investigations in a deep way, make concrete analyses, define policy demarcation and handle things according to their specific conditions. The method of one dividing into two must be used in handling the problems in the coordination among regions and it is necessary to adroitly guide action according to circumstances so as to maintain advantages and overcome shortcomings. We must in no way take the road of retrogression or there will again be a tendency to control the economy too rigidly; it is necessary to continue to enliven the economy and maintain economic growth and at the same time it is also imperative to hit hard at criminal activities in the economic sphere and guard against activities that run counter to laws, and rules and regulations. Consequently, it is necessary for us to objectivize the principle of "planned economy as the main and market regulation as the auxiliary." Various places have gained some experience in this aspect and they have to conscientiously sum up these experiences.

In agriculture, we must conscientiously meet in an overall way the demand of the No 1 document of the CPC Central Committee this year. It seems that the area included in the plan for growing tobacco and rapeseeds is excessive. It is necessary to control in a planned way the area for growing crops and to take necessary measures in the sector of circulation. We must pay attention to and sum up the method of the two base figures that is used in various places (base figures for planned purchases and for planned transfers outside) and the three prices (planned price, price for purchase in excess of the quota and floating price) and constantly perfect them. It is also necessary to introduce the contract system to guarantee that this method will be perfect. But we cannot cut with one knife; different methods must be used in different regions and for different products. We must also sum up well the experiences in this respect. Comrades from the Jining Prefectural Party Committee of Shandong Province pointed out that in the final analysis, to grasp material civilization is to grasp the contract system while to grasp spiritual civilization is to grasp the laws and rules and regulations about rural areas and people. This view is by no means groundless.

The industrial situation is more complicated than the agricultural situation. Take the problem of coal for example. As there is not enough coal under unified distribution, many places have carried out coal production through coordination and as a result, the price of the coal produced in this way has been constantly increasing. It seems that in order to maintain growth in production, various places have to solve energy problems. In Henan Province there are now 3 million tons of coal waiting to be transported out while in Shanxi, Nei Mongol Ningxia and Shaanxi there are about 20 to 30 million tons also waiting to be transported elsewhere. Conscientious study is needed before this problem can be resolved.

In order to implement the principle of "planned economy as the main and market regulation as the auxiliary," it is necessary to take active measures to improve the circulation of goods between urban and rural and urban areas and organize well the sales of industrial products in rural areas. In the first quarter of this year, the growth of consumer goods sales was smaller than the growth of industrial production in the same period; sales dropped in many cities while in the wide rural areas there existed a situation in which industrial products were sold out or in short supply. This situation must be changed as quickly as possible. In industrial production, we must work hard to produce marketable products and at the same time we must smooth out the channels of circulation so as to do a good job of the sales of industrial products in rural areas.

/(2) Implement well the principle centered around improving economic returns./ Various places have supported this principle and they have taken the related measures with initial achievements. But there are still some problems that have to be conscientiously studied. We must define effective methods to really solve these problems.

With regard to small commodities, we cannot just treat them from the viewpoint of their output value and profits. They must be considered from the viewpoint of their social results. For example, the production of such small commodities

as matches and hairpins and other small handicraft commodities is not only in the interest of meeting the needs of people's life but also in the interest of solving social employment. In this respect, it is necessary to study a series of related policies and measures; there must only be one definition and there should be a rational checking method; otherwise we will not be able to mobilize initiative and consequently market supply and social employment will be affected. In this respect, there in fact exists the question of combining macroeconomy with microeconomy. We cannot just consider this question from the microscopic angle, we must also consider the economic returns on small commodities from the angle of their social results.

Some of our products have been seriously stockpiled and therefore it is necessary to handle these goods well so as to cut down on the circulating funds taken up by these goods. This work also represents and important link in improving economic efficiency. The proportion of circulating funds is quite big at present and one of the important reasons for this situation is that we have an accessive amount of stockpiled goods. In order to solve this problem, we must first of all be able to produce marketable products so as to avoid stockpiling. Second, the production and purchase of the products that are in excessive supply must be brought under control while the economic blockades among regions must be abolished. Third, we must continue to carry out the principle of giving consideration to the situation of warehouses first and then to production while the work of registering the damage done to mechanical and electrical products in warehouses must be done well, the circulating funds (mainly bank loans) for the enterprises that are producing unmarketable products must be strictly controlled. The inventory of commercial goods and export-oriented goods in the first quarter of this year was higher than the same period last year. Therefore measures must be taken to decrease the production of such goods, handle well the stockpiled goods and step up the circulation of these goods so as to strive to meet the goal of saving 7 to 10 billion yuan from the circulating funds taken up by enterprises and this goal has been put forth by Vice Premier Yao Yilin in his "Report on the Draft Plan for Economic and Social Development in 1982" to the 23d session of the 5th NPC.

The State Council has entrusted the State Economic Commission to organize various departments concerned to carry out the work for meeting the abovementioned goal. In carrying out such work, it is necessary to conduct investigation and analysis, sum up experiences and put forth methods on how to prevent and handle stockpiling of goods.

The key point in the sector of capital construction is to raise economic efficiency through shortening the construction cycle. The implementation of planning this year must be supervised and investigated. In particular, the work of the 80 projects that have been totally put into production, the 80 projects that have begun the production of single items and the 50 projects that are under construction and with a rational period of completion, must be carried out well. Auxiliary projects and preparatory work for production must be done well so as to form production capacity as soon as possible. Coordination must be organized according to contracted periods in the execution of projects so as to solve major problems in construction. The work

prior to construction must also be done well and it is also necessary to prospect and design well this year's 85 big projects. The State Planning Commission must be helped to strictly control the present capital construction projects that are surplus to requirements.

The work of producing complete sets of equipment and parts is very important in production, scientific research, construction, technical transformation, importing technology and export products of the national defense industry as well as in the production of products for civil use and therefore this work must be done well. Work must also be done well in saving energy and economizing on use of water in industry. In particular, the management of energy must be carried out well in northeast China and east China and in the more than 700 key enterprises across the country that consume more than 50,000 tons of standard coal each annually.

/(3) Consolidate enterprises well and make greater progress in experimenting with reforming the system./

In consolidating enterprises we must act according to the demand of the No 2 document of the CPC Central Committee and the deployment made by the national work conference on industry and communications, help localities and departments concerned consolidate key enterprises, sum up and exchange the experiences in reorganizing leading groups, rectify labor organization and discipline, rectify and strengthen financial management and perfect the economic responsibility system. So far we have no complete and mature method as to how to perfect the economic responsibility system and therefore this work can only be carried out in selected enterprises. The Shoudu Iron and Steel Company has gained some experiences in this respect.

The work in experimenting with system reform. In this respect, the State Economic Commission must follow by the decision of the State Council and the arrangement made by the State Committee for Reform of the Economic System and do a good job in carrying out experimentation in some selected enterprises. Some experiences have been acumulated in reorganizing and combining some medium and small cities and it is necessary to continue to sum up and develop these experiences. We must experiment not only with reforming the enterprise system but, what is more important, we must do a good job in experimenting with combinations such as combining enterprises in a whole trade, from different trades and regions and combining agriculture, industry and commerce. In this connection, we must do a good job in the following three respects this year. First, start the work in key cities and make further progress in reorganizing industry and combining enterprises with the purpose of developing famous-brand quality products. The combining of the electronic industry in Beijing and Tianjin must be stepped up. Second, continue to readjust and reorganize the machine-building industry under the principle of coordination among specialized departments. The works of scientific research, design and manufacture of boilers, transformers, blowers and water pumps that have already been organized for the purpose of saving energy must be carried out effectively. Third, systematic study and investigations must be carried out with regard to the industrial economic responsibility system and consequently a method for improving and perfecting the system must be put forth.

/(4) Improve the level of technology in production concentrating on the tasks of replacing and upgrading products./

The development of production in future must mainly rely on improving the production technology and the management level of the existing enterprises. This work must be carried out according to specific conditions; some enterprises may mainly concentrate their efforts in replacing and upgrading their products while others may mainly concentrate their efforts in using new technology and equipment. In this respect, we must have intermediate and long-term targets, coupled with concrete measures and methods. This work must be carried out in order of importance and in stages so that the production technology and product quality of our country will become competitive on the international market. On the basis of summing up experiences, the departments concerned must be urged to do the following works well:

1. Do a good job in replacing and upgrading products so that we will be able when we are producing the products of the current generation to study the products of the second generation and prepare to study the products of the third generation. With this goal, we must organize the work to make technical breakthroughs, reform technology, renew equipment and promote technical transformation of the existing enterprises through replacing and upgrading products. Work must also be organized to carry out the 16 projects that have been initially stipulated for this year. 2. Make active use of foreign capital and state foreign exchange and import suitable and advanced technology, including technical patents and single machines. 3. Study and work out policies and take measures, break away from technical blockade, popularize the advanced technology that we have already and do a good job in transferring and recycling the results of new technology. We must study the methods that are in the interest of strengthening the combination between scientific research and production. 4. Follow the principle of developing productivity "intensively" as the main and do a good job of technical transformation. Arrangement must be made for major technical projects this year and therefore the work on these projects must be supervised and checked so that these projects can start operating and be put into production earlier and consequently they will be able to bring earlier results. 5. Amend the technical standard of products to improve the quality and efficiency of our products.

/(5) Do a good job of building the ranks of workers and staff./

This work is connected with our economic development strategy, the implementation of the modernization program and the happiness of our generations to come. The economic departments across the country now have more than 80 million workers and staff, of which, more than 50 percent are young workers. Due to historical reasons, a considerable part of these workers and staff have a fairly low cultural and technical level. Under these conditions, it is necessary for us in building the ranks of workers and staff to do the following work well. First, do a good job in training enterprise leading cadres and training party secretaries and factory directors as the main; organize a number of enterprise leading cadres to sum up the management experiences of enterprises; when conditions permit, suggest that the provinces and

municipalities concerned set up management colleges to train cadres in economic management. Second, organize middle-aged and young workers and staff to improve their cultural and technical level. We must be determined to spare no efforts to improve the cultural and technical level of the workers and staff of our country.

/(6) Do a good job of preparing for next year's production./

The preparation for next year's production and preparatory work for production in successive years must be started and carried out as early as possible. In this aspect, we must in the main grasp the funds, raw materials and execution of projects in the sectors of energy, communication and technical reform. In particular, we must balance the situation of coal, electricity and transportation in each region and every quarter. Strength must be organized now to carry out study and investigations, work out planning and coordinate with the State Planning Commission in planning well the 6th 5-Year Plan and planning for next year.

With regard to linking transportation next year, it is necessary for railway and communication departments to continue with technically transforming and completing the auxiliary projects of the Qingdao-Jinan Railway and Lanzhou-Lianyungang Railway and Qinhuangdao and Wuhan Harbors to improve coal transportation capacity. We must try our best to build 300,000-ton barges and transform some harbors this year and next year so as to make a better use of ocean transportation and Changjiang River water transportation. The problem of steelplates and funds that are needed in the shipbuilding industry must be solved. Measures must be taken so that highways will also be used in short distance transportation to lessen the pressure on railway transportation.

III. The Work of the State Economic Commission in Future

Premier Zhao Ziyang reiterated that it is necessary for the departments that are responsible for economic work to constantly improve economic and working efficiency. In the process of making preparation for transforming the State Economic Commission, leading comrades from the State Council and other departments have pointed out on many occasions that the commission must have a smaller but capable staff, must be sensitive to information, quick in handling problems and must have high working efficiency. We must regard these activities as the standard for the works of the commission. It will not be possible to meet these requirements by merely relying on transforming the organization which in fact must be coupled with a good style of work and good working methods. Following the formation of the new State Economic Commission, we must pay particular attention to improving working efficiency and spare no efforts to complete the tasks assigned us by the CPC Central Committee and the State Council. For this purpose, I make the following initial assumptions:

/(1) Carry out study, sum up experiences, carry out organizational building and carry out work simultaneously./

At present, the work of readjusting the State Economic Commission, arranging staff and defining rules and regulations is not ready yet. But we cannot wait. We must carry our organizational building and daily works simultaneously so that these aspects can promote each other. When measures are taken to further carry out organizational building, we must consider how to adapt ourselves to the needs of future work and how to raise our working efficiency. The problems that crop up in our work must be studied in good time while experiences must be summed up so as to carry out organizational building still better. In short, we must carry out study, sum up experiences, carry out organizational building and work simultaneously.

/(2) Understand the two aspects of directives from above and reality./

First, we must study and understand the directives of the CPC Central Committee and the State Council; second, we must investigate and understand the present situations of economic activities and these two aspects must be combined. Leading comrades from the CPC Central Committee recently pointed out that we must grasp first hand information and listen to public opinion. We must constantly implement these directives.

/(3) Ideology, style of work and working method must accord with the features and tasks of the State Economic Commission./

The State Economic Commission is an organization under the State Council and it is responsible for comprehensive economic work. The main tasks of the commission are to organize, coordinate, supervise and check the various departments and regions in carrying out annual national economic planning. Consequently, these tasks require that we correctly handle our relationships with various other departments under the State Council. In carrying out our work, we must respect the rights of various departments, nor can we take others' jobs into our own hands. All the problems that can be resolved by various departments or by consultations among them must be managed by the departments concerned themselves and through their own efforts. We must support these departments and let them display their initiative and fully exercise their own rights. At the same time, we must be aware that all the problems that should be resolved by the State Economic Commission must be so solved, and we must in no way refuse to solve these problems. We must be active in helping various departments to solve problems and serve them as much as we can. According to the directives from leading comrades of the CPC Central Committee, we must resort to collective efforts instead of going it alone to inspect situations.

/(4) Persist in carrying out work according to plan./

Comrade Chen Yun stressed that our country must persist in planned economy as the main and market regulation as the auxiliary. The State Economic Commission is an organization responsible for organizing and coordinating various departments and regions in carrying out state planning. Therefore first of all, it is necessary for the commission itself to follow the principle of taking the whole country into account and for us to resolutely and strictly

follow state planning in our work. At the same time, it is not enough just to implement planning, we must also coordinate with the State Planning Commission in formulating plans. In organizing and coordinating the implementation of planning, we must quickly provice "feedback" on major situations and problems that crop up in this process. And with approval from the state, we must rationally readjust plans so that they are in accord with reality and so that we will be able to attain economic returns as soon as possible.

/(5) Do a good job of "liaison" work./

That mainly means we must solve the problems that exist among departments, within regions themselves or between departments and regions, and among departments and regions that it is beyond the reach of the departments and regions concerned to solve. These problems include the contradictions within industry, between production and transportation, between production and capital construction, between production and scientific research, between military production and civil production, between industry and agriculture, between industry and commerce, between domestic trade and foreign trade and between departments and regions. But in carrying out such "liaison" work we must pay particular attention to helping various departments and regions display their own initiative and roles and urge and support them to actively coordinate with other units. In carrying out such "liaison" work among departments and regions we must mainly rely on the departments and regions to solve problems through consultation among themselves. The State Economic Commission must be willing to help analyze, organize and coordinate the departments and regions concerned to solve the problems that can be solved through their own efforts.

/(6) Combine the work of the year with long-term work./

Although the main work of the State Economic Commission is to grasp the work of the year, it must also be good at combining this work with long-term work. In carrying out our work, we must be able to predict the future, consider the continuation of the work and combine tactical planning with the strategic goal. We must consider what is to be done in the year and must also consider what is to be done next year and the year after. We must "act in the first year, look at the second and consider the third." Like considering three steps in playing chess, we must make arrangements for 3 years. Otherwise, when we start carrying out the work for the year, we will lose our orientation and carry out work blindly and consequently when problems crop up, it will be difficult for us to readjust them.

/(7) Go deep into reality, step by study and investigation and carry out work in a down-to-earth way./

The departments and comrades responsible for economic work must persist in seeking truth from facts, carrying out work in a down-to-earth way and striving for efficiency. In carrying out any work, we must have a definite goal, planning, measures and people who are responsible for it. Comrade Chen Yun said: "In carrying out our work, we must spend more than 90 percent of our time studying the situations and less than 10 percent in making a decision."

In order to enable our work to accord with reality and make achievements, we cannot just confine ourselves to holding meetings, drafting documents and handling the work of our departments; we must often go deep into reality and carry out study and investigation and we must spare no efforts to grasp first-hand data. We must learn from comrades in the first line and we must learn from localities and reality.

/(8) Do a good job in organizational building./

I hope that all the comrades in the State Economic Commission will unite under the leadership of the CPC Central Committee and the State Council and make concerted efforts to carry out the work of the commission well. The new State Economic Commission must have a new atmosphere, a new style of work and make new achievements so as to meet the requirements of the CPC Central Committee and the State Council in reforming the organization.

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NATIONAL POLICY AND ISSUES

'JINGJI QUANLI' ON DEVELOPING NEW TECHNOLOGY

HK120711 Beijing JINGJI GUANLI in Chinese No 8, 15 Aug 82 pp 3-5

[Article by Liu Dong [0491 2639] and You Huadong [3945 5478 2639] of the Tianjin Municipal Second Machine Building Industrial Bureau: "Enterprises Must Develop New Technology in Coordination with Institutes of Higher Learning"]

[Text] The electronic instrument industry is a technology-intensive one and its products are highly technical. Following the rapid development in economic construction, product replacement is becoming quicker and quicker, the division of technical work is becoming more elaborate and the process of technical knowledge becoming outdates is becoming shorter and shorter. But the foundations of the Tianjin Municipal Second Machine Building Industrial Bureau are rather inadequate; its technical force is weak, the deployment of the existing technicians is unbalanced, while many small enterprises have almost no technicians and lack the ability to design their products. Many of the products now being manufactured have neither set standards nor technical requirements; the production of some has even begun without formal appraisal beforehand. Some are produced so slowly and are of such a low standard that they are unsalable. In the present situation of a changeable and competitive market, we can only survive by improving quality and adding new products. First, we must fully develop the existing technical force and courageously make use of and bring into play the initiative of the technicians in our factories. Second, we must rely on the research units of our bureau, and the results of their research must be provided for use by factories in their production. Third, we must rely on importing advanced technology and prototype machines from abroad so as to learn from their advantages and create our own products. These three kinds of technical force have already played a great role in developing technology in our bureau, but we still feel that our technical strength is lagging behind our own ambitions. Over the past 2 years, we have explored a new path of drawing support from the technical strength in society and developing technology in coordination with institutes of higher learning. In our view, this is an effective means of rapidly turning the achievements of scientific research into productivity. Institutes of higher learning and scientific research units have access to information; they have great technical strength and perfect conditions for experiments. Consequently, they experiment with producing many new products every year. But they lack production conditions and many of the products resulting from

their experiments cannot be put into production even after these products have been appraised, while the situation in our bureau is just the opposite. Therefore, as the two sides have their own positive sides, they can learn from each other's advantages to overcome shortcomings, promote each other and make progress together. Statistics show that over the past 2 years, 34 enterprises under the bureau have established relations with 23 institutes of higher learning and scientific research units. Together they have experimented on 56 kinds of new products, of which 22 items have been completed, many of these items reaching advanced domestic and foreign standards. Our main methods in this work include the following:

1. Inviting experts and professors as technical advisors to enterprises.

Up to the present, we have invited 11 experts, professors, lecturers and engineers from institutes of higher learning as technical advisors to a number of companies and enterprises. They have constantly pointed the direction for the development of our products, participated directly in experiments with new products and played important roles in training technicians and in popularizing our products in society.

For example, when the film projector factory was experimenting on the Dongfeng II Horizontal Film Projector, it had no choice but to prolong the process of the experiment for 6 months because the factory technicians had different views on the design programme. The factory then invited the chief engineer from the film projector research institute of the General Instrument Bureau to be its technical advisor. This comrade checked the design program and, relying on his many years of experience and his knowledge, clearly explained all the 10 major technical questions, including the automation of the projector and the division of high and low audio frequencies. Deeply convinced, these technicians were able to quicken their experiment and, consequently, the Fongfeng II Projector was appraised in 1981. The comrade from the research institute has not only given direct guidance in major technical problems in the process of production, but has also made valuable suggestions as to how the factory should develop its products in the future. On the basis of developing the Fongfeng II projector, he suggested the trial production of a Dongfeng III Projector that is low in price and needed in rural areas, prefectures and people's communes, and also the trial production of miniprojectors for family use. Moreover, he also suggested the production of high quality and sophisticated projectors so that the factory would be able to produce various kinds and sizes of projectors to meet various needs.

Another example is the atmospheric sulphur dioxide measuring instruments made by the No 3 Analytical Instrument Factory. These were of low quality and, consequently, were all returned by the users. As a result, the factory sustained a loss for 2 years running and was in a very passive situation. After studying the problem, the factory found that the reason was the lack of technical force. Consequently, it invited two professors from Nankai University as technical advisors to help solve the technical problems of the measuring instruments. Now these products rank first in the country, surpassing those made in Shanghai and Beijing. The factory has expanded the

sales of such products, and last year it increased production and turned loss to profit.

The technical advisors are very enthusiastic in helping our companies and factories. They have been responsible for helping companies and factories in such work as checking development plans, production plans and designing tasks. They have also participated in appraising new products and holding sales exhibitions. They have given regular lectures for technicians, introduced technicians to the study of technical courses at university, taken part in the work of promoting technicians to higher positions, given us information about technical developments at home and abroad and about the development of products to help broaden the vision and mind of the technicians and improve design levels. In general, these advisors are technical authorities in some aspects. Therefore, their popularization of products is highly authoritative. They have taken part in appraising our products or introduced our products to society. Thanks to their efforts, we now have more customers.

2. Make use of the research achievements of institutes of higher learning and scientific research units.

This is a shortcut for lessening the period of testing new products, for stepping up product replacement and making use of research achievements of institutes of higher learning and scientific research units by turning these research achievements into products. The products made on this basis are sophisticated and difficult to make. Most such products reach an advanced international standard and are still an undeveloped area in our national production. By constantly trial producing such products, our bureau will be able to catch up with the advanced level at home and abroad.

For example, the research achievements made by Zhejiang University concerning 120-rotation cameras were the first such achievements made in our country. In August last year, the achievements were transferred to the photographic apparatus factory of our bureau for production. When the news that we planned to produce 500 such cameras spread in society, many customers began to order the products. The achievements made by this university in the study and research of mini-exposure meters are also vital for replacing similar products, and these achievements have been transferred to the photographic apparatus factory which, in return, made research payments to the university in the interest of both sides.

The Tianjin Municipal Textile Research Institute has made achievements in the research and study of the spectrum colorimeter, a standard instrument for measuring color which our country had not been able to make. The Navigation Apparatus Factory used these achievements in production, with the research institute providing all the blueprints and materials needed. This institute has also guaranteed to help the factory carry out the production of the colorimeter. It was agreed that during the 3 years following production, the factory would retain 30 percent of the profits of the product for the institute.

3. Coordinate with institutes for higher learning and scientific research units in developing new products.

Some enterprises under the bureau have coordinated with institutes of higher learning and research units in developing new products, displaying the initiative of the two sides and each side's initiative so as to promote the work of developing new products.

For example, the No 2 Special Radio Equipment Factory has developed from a small neighborhood factory run mainly by housewives. The average technical level of the workers in this factory was just slightly higher than the second grade. This factory had virtually no ability to make new products. For many years past, it had not enough production tasks, suffered losses and sometimes even did not have enough money to pay wages. But over the past few years, this factory has been active in carrying out technical cooperation with institutes of higher learning and, consequently, has considerably improved its technical force. Two lecturers from Hebei University have coordinated with this factory for a long period concerning technical matters. They have given much help to the factory in directing the development orientation of products, guiding product designs, training technicians and helping the factory to understand the technical development at home and abroad. Thanks to this coordination, the factory has now been able to produce its own new products and develop the scale of production. Over the past few years, this factory has also coordinated with Tianjin University, Hebei Industrial College, the Nos 10 and 11 Designing Institutes under the Ministry of Electronic Industry, the Chinese Academy of Sciences and Beijing Architectural Designing Institute to develop new products. Consequently, this factory has greatly improved its situation. It has not only repaid the 100,000 yuan debt and made up the 300,000 yuan loss but has also made a profit. Over the past 3 years, its output value on the average increased by 20 percent annually while its capacity to produce new products has also been improved. For example, it filled in a blank in our country when, in coordination with the Architectural Research and Design Institute under the Ministry of Metallurgy, it successfully made winding-type automatic air filters. In coordination with Tianjin University, it has also devised G2 series medium and high efficiency filters with efficiency and resistance reaching the technical level of the AAF2100 products that are made by the United States and Japan. Consequently, it has been able to fill in a blank in production in our country. In its coordination with Xibei Telecommunication Engineering College, the No 5 Radio Factory has made a trial production of 2400 baud per second modems and error-preventing weight instruments of a comparatively high standard. These achievements have been appraised and put into production.

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NATIONAL POLICIES AND ISSUES

'JINGJI GUANLI' SUPPORTS INDIVIDUAL BUSINESSES

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[Article by Liang Chuanyun [2733 0278 6663]: "Actively Support the Healthy Development of Individual Industrialists and Businessmen in Cities and Towns"]

[Text] I

The individual industrialists and businessmen of cities and towns are a major component part of the nonagricultural individual economy of cities and towns. In recent years, with the implementation of the policy of "readjustment, restructuring, reorganizing and upgrading" of our national economy, there have been new developments in individual industry and business in the cities and towns of our country. By the end of 1981, there were already 826,000 households, totaling 1,011 million people, 200,000 people more than in 1980, and 6.2 times more than in 1978. Of them, 237,000 people were youths waiting for job assignments, or 23.48 percent of the total; 71,000 were retired staff and workers, or 7.12 percent; 535,000 were people with nothing to do, or 53 percent; 165,000 were other people, or 16.4 percent. Classified according to trades, 90,000 were in the handicraft trade or 8.93 percent of the total; 13,000 were in communications and transportation, or 1.35 percent; 7,800 were in house repair and renovation services, or 0.77 percent; 508,000 were occupied in commerce, or 50.29 percent; 19,700 were in the catering trade, or 19.36 percent; 188,000 were in the service and repair trade, or 18.7 percent; and 4,000 were in other occupations, or 0.4 percent.

In developing individual industry and commerce in cities and towns, the following active results have been achieved.

First, the gaps in the state-owned and collective commerce network are filled in, thus making things convenient for the masses. In Beijing, from the end of the 1950's, the service and processing network gradually diminished. For instance, in the eastern city district with a population of over 600,000 people, in 1978 there were only 14 state-run and collective shoe-mending units, 36 service and processing points, and 30 bicycle-repair points, thus resulting in great inconvenience for the masses. At present, in this district 103 individual shoe-mending households, 145 sewing and tailoring households, and 38 bicycle-repair households have developed, thus solving to a certain extent the

problem of "difficulties in obtaining repair services." In Tianjin, there were altogether 346 state-run and collective sewing service units in 1965; in 1978, the figure was reduced to 110 units; and in 1980, only 90-odd units were left. In order to solve the problem of "difficulties in making clothes," 227 individual sewing service households were set up within the year in 1980.

Second, the result of "making good omissions and deficiencies" has been attained, thus satisfying the needs of the masses. In Hunan Province, the Xiangxi Autonomous Region is an area inhabited by the Tujia nationality, the Miao nationality and the Han nationality. Silverware is the traditional ornament for the minority nationalities, during the 10 years of turmoil, individual labor service for processing and renovating silverware was banned, but the state-run and collective units seldom provided this kind of service, so the masses ofminority nationalities were greatly dissatisfied. In 1980, the autonomous region authorities adopted appropriate measures to allow individual units to operate in some fairs and towns, and the masses brought their silverware such as necklaces, bracelets, rings and earrings to these units for repair, polishing and renovation, a service which had been absent for more than 10 years. The masses said jubilantly: "The party's policy toward nationalities has come back again." Guangzhou has a reputation for "eating" and "Guangzhou cuisine" has a great variety of delicious dishes. But for a number of years in the past, eating in Guangzhou presented quite a serious problem because of the scarcity of catering networks as well as the loss of local flavor in serving food. Since 1979, efforts have been made in Guangzhou to expand the catering network, at the same time reintroducing and developing some food varieties with local flavor such as "grandfather chicken," roast meat and poultry, spiced preserved beef, and so forth, thereby satisfying different kinds of requirements of the masses.

Third, the way to more employment has been opened, offering a beneficial factor to stability and unit. In recent years, the number of individual households approved has been on the increase, thus expanding the scope for employment. Up to the present, in the whole country there are over 230,000 youths engaged in individual operations, which is twice the number of 120,000 youths who have been assigned jobs by the Beijing Municipal authorities in the last few years. According to investigations, the income of the individual households in most trades is good. The average monthly income per capita is around 50 yuan at the lowest, and generally between 100 yuan to 200 yuan, with a minority of households gaining even more income.

Fourth, revenue has been increased, thus facilitating the construction of the four modernizations. According to statistics for the first 9 months of 1981, the yearly turnover of the individual households amounted to about 1.7 billion yuan. Thus, from the industrial and commercial business tax alone, the state can derive a yearly income of about 5.1 million yuan (all calculated according to 3 percent business tax). According to a typical investigation covering 1,810 people in Tianjin, the total turnover last year amounted to more than 3 million yuan, and from January to November, 93,000 yuan of taxes were paid to the state.

At present, the development of the individual industrialists and businessmen in cities and towns has the following characteristics.

First, from the viewpoint of the whole country, the number of people is steadily rising. The first quarter of 1981 registered an increase of 8 percent over the last quarter of 1980; the second quarter showed an increase of 17.5 percent over the first quarter; the third quarter an increase of 11 percent over the second quarter; and the fourth quarter an increase of 10 percent over the third quarter. At present, the number of individual industrial and commercial households is approximately equal to that of 1965.

Second, the proportion of youths waiting for jobs occupied in this field is rising gradually. According to statistics, by the end of September 1980, such youths amounted to 9.2 percent of the total number of individual households, and by the end of 1981 the figure had reached 23 percent. This shows that developing the individual economy of cities and towns has become an important channel for catering to the needs of youths awaiting job assignments.

Third, the development of different trades is unbalanced. Among them, the majority of people are engaged in commerce and the catering trade. Not so many people are engaged in the service and repair trades; even less people are engaged in the communications and transportation and house-repair and renovation trades. Those engaged in commerce and the catering trade account for about 70 percent; those engaged in handicrafts and communications and transportation account for only 10 percent. The main reasons for the imbalance are:

1) Handicraft and repair trade require people who possess a certain level of technical skills. But for many years attention has not been paid to specialized education, and only senior high school education is provided, with the result that many youths are lacking in technical skills after graduation; 2) the handicraft trade and communications and transportation need a considerable amount of money to operate, but the investment for operating commercial and food catering units is relatively small; and 3) in some service and transportation trades which employ nonmotorized vehicles and boats, a lot of labor is needed (and not much money can be earned in the service trade), and so on.

II

The situation of the development of individual industrial and commercial households of cities and towns is basically stable and good, but there are also problems in two respects. On the one hand, some policies of the party and the state have not been implemented well, which hampers the further development of individual households; on the other hand, the individual households themselves exhibit certain kinds of capitalist ideology and style in their marketing and operation, and also there exist some "chaotic" conditions. The former is in the category of lack of "flexibility," and the latter is in the category of lack of "control." Regarding the implementation of policies, there exist at present the following problems which are harmful to the development of the individual households.

1. The source of commodities is the basis for the existence of the individual households. The state stipulates that state-run commerce should give equal treatment to the approved individual industrial and commercial households and to the enterprises owned by the whole people and owned by the collective. As for the supply of raw materials and source of commodities, active support should be given to these individual households. The authorities concerned further stipulate explicitly that the individual households can enjoy the offer of wholesale prices, and can get a certain portion of those commodities that are in short supply or that are very popular and in great demand; as to the raw materials or commodities which are not supplied by the state or which are short in supply, the individual households should be allowed to make their purchases in the assigned fairs. However, many of the local authorities concerned are reluctant to supply raw materials or commodities to the individual households. Even if supplies are available all they get is those materials or commodities that are unpopular, inferior in quality and high in price, or they are supplied with a combination of good and bad merchandise. At the same time, various restrictions are imposed on free purchases by individual households, which makes it difficult for the individual households to conduct their business.

2. The problem of suitable operation sites is a difficult one for the continued development of the individual industrialists and businessmen. In order to solve this problem, the authorities concerned have decided after investigations: on condition that the appearance of the city and the communications are not hampered, facilities should be provided for individual households regarding sites or areas for conducting business. Traditional stalls and kiosks in the city (morning markets or evening markets) and markets for minor commodities should be reintroduced appropriately. Corners and unused spaces facing the street of various organizations and enterprises or between buildings should be utilized. Civil air defense structures which can be converted into business sites should be rented to individual households for utilization. The ground floors of new buildings in cities and towns, if they are facing the street, can be sold or rented to individual households for shop fronts and those original shop fronts facing the street which have been converted to other uses should be restored for the convenience of the individual households. However, these suggestions are carried out with great reluctance and complication, so that market sites for individual households are extremely insufficient. At present, in some streets in the urban area of Guangzhou, there are three levels for operating business. The shop fronts are the state-run shops, on the sidewalks are the individual households, and on the roadside are some individual households or temporary business households. [paragraph continues] Some favorably located sites have to be managed by several individual households as instructed by the authorities concerned: some manage them in the daytime, while others manage them at night. Despite the scarcity of business sites, the number of applications to run individual businesses is constantly increasing. In addition, there are some individual households with approved business certificates, but because they have no fixed business sites, they are always running about all over the place to do their business exposed to the elements, just like "guerrilla activities," resulting in a condition of "being seen everywhere when the sun shines; nowhere to be found when the sky is overcast."

Among the 1,000-odd individual households of Anqing City in Anhui Province, at present only 26 households have their own shop fronts, and the rest are doing their business basically in the open air. The Tianjin Municipal Government stresses the importance of developing the individual households, while a communications brigade sent an "ultimatum" to the Bureau of Industry and Commerce, saying that individual households in the streets or on the roads are packed to the full and any more operations permitted by the bureau will be rejected resolutely. This illustrates the grave situation of the lack of business sites.

3. The burden of heavy expenses has directly affected the initiative of the individual industrialists and businessmen. The relevant documents of the CPC Central Committee and the State Council stipulate: individual households, aside from the prescribed taxes and charges, need not pay any additional charges or fees imposed by other administrative units on some pretext. But this problem has not been solved for a long time. According to some investigations, the individual households in some cities, apart from the requisite taxes, have to pay more than 10 kinds of charges and fees, such as site fees, fire service fees, joint defense fees, public security fees, hygiene fees, hygiene inspection fees, market transaction fees, and so on. These fees are collected on the basis of the sales turnover, or on the gross profit, or on the number of persons, plus the fact that some of the fees are rather high--all this has increased the responsibilities in operation of the individual households. Of course, fees should be collected whenever services are rendered, but the standard for collecting fees should be rationally set. Fees should not be imposed if no service or management work is offered. This is a problem worthy of our attention.

4. The problem of retired staff and workers engaged in individual business activities. Different views have been expressed regarding this. One of the views holds that since the retired people enjoy retirement allowance and free medical care, they should not do any private business; another view holds that the retirement allowance is the reward for past services rendered, and that retired people should not be denied the privilege of obtaining reward for past services rendered, and that retired people should not be denied the privilege of obtaining reward for additional labor needed by society provided that their health permits such activities. Furthermore, retired people normally have some kind of technical skills or business experience which may be passed on to the younger generation to facilitate their work in different trades. With due consideration being given to the above two viewpoints, our present policy toward retired people engaged in individual operation is neither all-round approval nor absolute refusal, but is permission with conditions attached. But the authorities in some places are too rigid and strict in implementing this policy, thus affecting the development of the individual households.

At present, there are many factors affecting the development of the individual industrialists and businessmen in cities and towns, but after all these problems have something to do with the views and cognition of the people, especially of some ofthe leading cadres concerning the individual industrial and commercial households. Because they have been rather seriously affected

by the "leftist" ideology, they have little understanding of the line, principles and policies being implemented since the third plenary session. Some regard the development of the individual households as expedient solely for the purpose of providing a livelihood for a portion of the population. Some even regard this as a kind of "retrogression" with the result that capitalism will be developed. Therefore, they do not give a free hand to the development of the individual households, and impose numerous restrictions on those households that have been given permission to operate. This is the root of impediment to the development of the individual households.

As for the individual industrialists and businessmen themselves, there are also some problems which are manifest. Some practice adulteration and imitation, or give short measure, some mark up their prices at will and cheat the masses, some evade taxes and some even engage in speculation to gain abnormal profits. These problems of the individual commercial and industrial households are connected with the nature of private ownership and ideological habits of this kind of economic element and also has something to do with the inefficient or weak management on our party. In order to promote the healthy development of the individual industrialsts and businessmen in cities and towns, with a result which is "flexible but not chaotic," leadership and management must be further strengthened. At present, the most important thing is to enhance the understanding of the nature of developing individual households. Besides, these households should be helped to solve some of their practical difficulties. In the main, the following things should be done well.

First, the political status of the individual households should be raised. CPC and CYL members should be developed from among them, CPC and CYL organizations should be stablished, and advanced personnel and people's representatives should be elected, so that people may understand that to engage in individual business is glorious and deserves the respect of the people so long as they abide by the law and do a good job.

Second, labor protection and a welfare system should be gradually established for the individual households so as to ease their worries about childbirth, old age, sickness and death. Some people suggest that insurance companies should gradually set up the business of people's insurance, by which the individual households can pay a certain amount of labor insurance funds to the insurance organization within a fixed period, and the retirement allowance for these individual households can be calculated based on the amount of money paid for the insurance service. Some people have proposed that the state implement the system of social insurance for the individual households, the retirement allowance being calculated in accordance with the taxes paid during their operational period. Before setting up a labor protection fund system, the laborers' association can first set up a kind of relief fund or mutual aid fund, so that the temporary difficulties of some individual households can be overcome.

Third, the system of technical training should be established. Some industry and commerce administration departments, with the help of the units concerned, have opened classes for technical training, and good results have

been achieved in assisting the youths to grasp certain techniques. This kind of experience is worth summing up and propagating.

Fourth, an appropriate policy should be adopted toward retired staff and workers formerly engaged in individual business. Consideration should be given to the influence of their activities on the existing professional people and on the youths awaiting job assignments, and at the same time consideration should also be given to youths gaining technical skills and experience from these retired persons, so that some of these retired people's difficulties may be solved in this way. Therefore, certain flexible measures should be taken in accordance with the concrete conditions on different occasions. For instance, people already in the business may be given preference, new applications should be strictly scrutinized; people guiding apprentices should be more favorably treated than others. Those who are in financial difficulties should be given more consideration than those who are not, and so on.

Fifth, the individual households should be helped to solve their practical problems such as source of commodities and business sites. The fundamental point in solving the problem of the source of commodities is to develop production, but at the same time it should be noted that if the reform of the economic system is smoothly carried out, and the planned economy is well integrated with regulation by market mechanism, the majority of commodities can be obtained in the fairs. At present, the way to solve this problem is still for the relevant departments, such as the departments of commerce, supply and marketing, materials, grain, and others, to actively support the development of the individual households, with an attitude of "helping them to mount up, and seeing them on their way." The problem of business sites for individual households, from a long-term point of view, should be settled beginning with city planning. That is to say, the construction of cities should give adequate consideration to developing small-scale business networks and also to individual business networks. At present, some local authorities put forward the methods of "lending, exchanging, renting and integrating" sites so as to solve the problem of insufficient business space. These methods are worth publicizing.

Sixth, the charges and fees imposed on the individual households should be reduced. The stipulation of the state should be reaffirmed: from now on, charges and the standard of charges should be decided or approved by the people's governments at the provincial level. Without such approval, no units or departments should impose charges on the individual households. The individual households have the right to refuse to pay fees not approved by the provincial authorities.

Seventh, the economic levers such as pricing and taxes should be utilized to appropriately regulate the income of different trades, with the aim of encouraging some individual households to conduct business which is needed by the masses but which is insufficient in number, such as small handicraft trades, repairs, servicing, catering, and others. With reference to the fluctuation of the market, the revenue department can stipulate that within a certain period of operation of certain trades can enjoy a reduced tax rate

or even be exempt from taxation, and that certain trades should pay more taxes, so that the function of the state in guiding, solving and supervising individual industry and commerce can be realized. Furthermore, administration and management over the individual households should be strengthened, banning illegal activities and protecting the legal benefits. Regarding people who engage in illegal business activities, based on the condition of the offence, various forms of punishment should be imposed, such as criticism and education, economic restrictions, and even capital punishment. To this end, the constant association of the administrative units with the masses of various sectors should be strengthened, so that mass supervision can be enforced and effective management can be realized.

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NATIONAL POLICY AND ISSUES

REFORMS IN SICHUAN COMMODITY CIRCULATION SYSTEM DISCUSSED

Chengdu SICHUAN RIBAO in Chinese 22 Jul 82 pp 1, 4

[Article by Wan Dong [5502 2639]: "Reforms in Sichuan's System of Commodity Circulation Are Successful"]

[Text] Under the guidance of the correct line of the Third Plenary Session of the 11th Party Central Committee, reforms in our province's commodity circulation system have achieved a major breakthrough. The commodity circulation system of the past, which was closed off with few channels and many links, has been changed. A commodity circulation market has been developed consisting at heart of state-run business. It has diversified economic components, many channels and few links. It is open to trade. As for reviving the economy, this major reform will encourage the development of industrial and agricultural production and stimulate urban and rural exchange. It serves the livelihood of the people and plays a good role.

For quite a long time, due to the fact that the system of commercial management has been overcentralized and rigidly managed, there has been a lack of coordination between production and marketing, and channels have been blocked off. This has affected the development of industrial and agricultural production as well as improvements in the people's standard of living. Since 1979 the commerce, supply, marketing and grain sectors have earnestly carried out the spirit of the party's Third Plenary Session. They have been freed from old ideas and have actively and reliably carried out reforms in the commodity circulation system. They first changed the commodity planning and management system. They altered the system of controlled procurement and exclusive monopoly on the sales of industrial products. They coordinated production and marketing on the basis of controlled procurement, controlled distribution, uniform distribution, planned procurement, ordered purchases and selective purchases. In addition to fulfilling state plans and commercial contracts for ordered goods, the industrial sector has the right to market independently. Commercial enterprises may bypass the immediate leadership or cut across regions to organize commodity turnover. As for subsidiary agricultural products, they readjusted the distribution and procurement of varieties of products and they adopted methods for determining base figures for purchases and for determining the ratio between purchases and reserves. After fulfilling the tasks of controlled procurement and distribution, they opened up negotiations on procurement and sales of primary, secondary (except for cotton)

and tertiary products. They opened up markets for subsidiary agricultural products in urban areas and relaxed controls on urban and rural country trade fairs. They also permitted long-distance transport of tertiary agricultural byproducts and some secondary products after quotas had been met. After they had adopted these reforms and under the premise of considering state planning to be primary, the subsidiary role of market regulation was given full play. The interests of the state, the collective and the individual were readjusted. They extended the rights of enterprises and production brigades to independent marketing and spurred initiative in production. They encouraged and developed the production of commodities and caused the market to flourish.

Meanwhile, they broke through the situation of exclusive state-run businesses. They relaxed their policies and restored and developed collective and individual commercial enterprises as well as urban and rural country trade fairs and other diversified economic sectors.

Comparing 1981 to 1978, the volume of retail sales of social commodities throughout the province increased 51.3 percent. In collective commercial enterprises it increased 1.5 times, and in individual commercial enterprises it increased 8.1 times. As regards the flourishing of the market and insuring supplies, it played a role in helping and supplementing state-run businesses. Independent marketing in industrial and production brigade enterprises and in combined agricultural, industrial and commercial enterprises increased 2.5 times. As for the supply of raw materials and the marketing of products and understanding market demands, the needs of these enterprises for their vigorous development were met. Problems in state-run businesses that had not been fully resolved were also solved.

There was an increase of 994 markets in country trade fairs, and the sales volume increased 90.8 percent. This played a major role in reviving the rural economy and spurring on the development of economic diversification. The development of diversified economic sectors effectively solved the problem of insufficient commercial network outlets and improved the quality of life. In the past 3 years, 95,000 commercial and service trade network outlets were newly added throughout the province. In our province on average there were 29.3 commercial network outlets per 10,000 people. This surpassed the highest level in the history of our province. Problems such as "not having enough to eat," "difficulties in making clothes" and "problems in buying produce" were resolved.

The development of diversified economic sectors and of many channels of circulation opened up new competitive prospects in the sphere of circulation. It caused the market to come to life. The management mode of state-run businesses was also made more flexible than before. They set up firms for negotiating the purchase and sale of grain and established trust service departments and warehouses. They organized small commodities wholesale markets and marketplaces for fresh commodities such as eggs and fruit. They also developed diversified economic associations such as the joint management of processing and sales of agricultural byproducts, joint management among regions, joint procurement and selling among commercial enterprises and joint purchasing with separate selling. The turnover of commodities smashed through the limits set by administrative regions. This is a rational course of action and has resulted in a reduction in the links.

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NATIONAL POLICY AND ISSUES

WAYS TO IMPROVE SICHUAN INDUSTRY, COMMUNICATIONS OUTLINED

Chengdu SICHUAN RIBAO in Chinese 20 Jul 82 p 1

[Editorial: "New Tasks Under New Conditions"]

[Text] During the first 6 months of this year, production in Sichuan industry and communications has focused on improving economic results. Overall reorganization of enterprises has been conscientiously carried out, and a good situation of stable development exists. This is the great result of the earnest and collective effort of vast numbers of cadres, staff and workers as well as the masses in implementing the directives of the State Council, the provincial CCP committee and the provincial government.

It is noteworthy that during the first half of this year new changes occurred in production in industry and communications which were accompanied by new problems. One is that changes have occurred in the industrial structure. This year heavy industry has picked up quite a bit. The growth rate has increased month by month. Thus, it has intensified shortages in communications and transportation. The second problem is that there have been changes in product structure. Some light industrial products were originally selling well, but now they are selling slowly and are becoming overstocked. Certain heavy industrial products which were once in abundant supply are now in short supply. Supply no longer corresponds to demand. The third problem is that the consumer structure has changed. This year the supply of consumer products has been fairly abundant and the people have had a greater choice of commodities. However, the quality of certain products is poor and the variety and assortment has been limited. They do not meet the demands of society.

Under the new conditions, we must obtain good economic results if we are to maintain a definite growth rate in production in industry and communications. All regions, departments and enterprises must integrate their experiences, earnestly carry out research, and adopt effective measures to solve new problems that have arisen in production in a practical manner. All work must fit in with the changes in conditions.

In organizing production, it is necessary to give priority to upgrading quality, increasing variety and increasing the production of marketable and needed products. The growth rate required must not be inflated. This so-called

uninflated rate primarily means that products must meet quality requirements and the demands of society. If quality is poor and products become overstocked because they do not sell while the production of goods increases, not only is it unprofitable, but it may be disastrous. The call to improve economic results will then come to nothing. Improving product quality has already become an extremely pressing task of prime importance in industrial production. Each region, department and enterprise must give it top priority in organizing production. When reorganizing enterprises they must fully mobilize the masses and organize the strength of the "three-in-one combination." They must attack quality, struggle to upgrade scientific and technical work, and successfully complete all basic work. During the second half of the year they must steadily increase product quality by 90 percent over last year. There must be a sizeable increase in new varieties and designs so as to win victories through quality, innovation and low prices.

It is necessary to strive to conserve raw materials and fuel resources, lower production costs and increase revenue while cutting down on expenditures. In our province the tax and profit from industry and communications enterprises constitutes 80 percent of the total financial revenue. Whether or not we can increase revenue and cut down expenditures has a great bearing on fulfilling financial revenue plans. During the first 6 months of the year, although there was a considerable increase in the profits turned over to the state from local industrial enterprises compared with the same period last year, nevertheless, during the second half of the year there have been new factors that have affected revenue. We must fulfill this year's plans for financial undertakings. It is a difficult task, so we must strive even harder and under no circumstances should we relax our efforts. The basic way to increase revenue is to increase production and practice strict economy. The light and textile industries must continue to advance. Given the situation that certain products have limited production and decreased revenue, we must make up for this by reducing production costs and increasing the production of other marketable and needed products. Heavy industries must vigorously strive to decrease consumption of raw materials and fuel resources and make every effort to make transportation plans so as to maintain a good growth momentum and to increase production and revenue. All enterprises must confront the weak links and actively adopt measures to cut back on production costs and to accelerate the turnover of circulating capital. As for enterprises that have incurred losses, it is necessary to conduct an investigation to help them solve existing problems and to change the situation within a fixed period. Only if all businesses make a concerted effort to tap potential in various areas can the financial undertakings of industrial enterprises in our province be completed this year. If they do their work well they may even exceed their quotas.

It is necessary to improve management and do good work in the marketing of industrial products. In our province we have a large population, so the market for industrial products is vast. With the development of production, the supply of many kinds of commodities is currently fairly abundant. In general, market conditions are also excellent. However, certain channels have not yet been adequately opened up. In some areas commodities are overstocked, while in other areas they are sold out. In cities there is overstocking, while in the countryside goods are out of stock. Thus, it is well worth organizing to get commodities to the countryside. Industrial and commercial sectors must

give top priority to improving management and doing good work in the marketing of industrial products. We must uphold the policy of considering a planned economy to be primary and market regulation to be subsidiary. We must organize production and supply according to planning and contracts. Furthermore we must strengthen industrial and commercial connections, coordinate industry and commerce, open up channels for circulating commodities, and we must get industrial products to the countryside. While insuring that there is an ample supply of industrial products for daily use, we must also work out the supply of agricultural production materials, steel products, cement, glass and other building materials. As for small commodities that earn little profit, as long as there is a demand for them on the market, the industrial sector must actively arrange production and the commercial sector must actively carry out management. Industrial and commercial sectors must improve their market forecasting and set up information feedback networks so as to facilitate improving production and supply according to the changing conditions of the market.

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BRIEFS

CREDITS TO COMMUNE ENTERPRISES--Based on the policy of "considering a planned economy to be primary and market regulation to be subsidiary," during the fis first 6 months of this year Sichuan's agricultural bank and credit society granted 790 million yuan in credit to commune enterprises. They actively assisted the sound development of commune enterprises during reorganization. This year cadres in banks and credit societies throughout the province concentrated on production and circulation. They carried out investigations and studies on the more than 30,000 commune enterprises in the province. They determined the main direction for credit funds in line with local conditions. The essential points were to give aid to production brigades in their dev elopment of cultivation, breeding, the processing of agricultural by-products, construction material industries and small farming tools. They chose to give aid to those enterprises which had correct management, raw material resources, marketable products and which operated at a profit. They urged commune enterprises to organize production under the guidance of state planning and according to the needs of society. [Text] [Hangzhou ZHEJIANG RIBAO in Chinese 9 Jul 82 p 1] 9864

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DOMESTIC TRADE

BRISK MARKET NOTED IN COUNTRYSIDE

Yinchuan NINGXIA RIBAO in Chinese 26 Aug 82 p 1

[Article by Li Shouli [2621 1343 4539]]

[Text] Since the Third Plenary Session of the 11th Party Congress, market prosperity has emerged in the rural villages of the prefecture. It has been a good situation of buying and selling. According to the statistics of the supply and sales associations of the autonomous region, the rural retail sales amounted to 225.82 million yuan in 1981, an increase of 16.9 percent over 1978. For the period of January-July, the increase was 20.5 percent over the same period of 1978. Mainly the sales of agricultural products have increased on a large scale. The supplies of industrial products for daily use have improved. The shortage of some products has shown a tendency of easing up and the supply of general merchandise is plentiful. The ratio of sales of medium and high priced merchandise is obviously increasing.

Due to the practice of the system of production responsibility, the commune members feel secure and their mind turns to farming. The scene of quiet living and peaceful work has emerged in the way of "taking care of production first, building a new house next, and no hurry in buying items for daily living." In the period of January-July this year, the total sales of agricultural production materials increased 16.7 percent over the same period last year, to take up a ratio in total retail sales of 31.2 percent, up from last year's 27.2 percent. The sales of chemical fertilizer, medium and small farm implements, carts, and draft animals have increased on a large scale. Hardware, paints, and indoor electrical supplies used to build houses in the rural villages have also been selling in obviously greater quantities. With the readjustment of the national economy and the development of light textile industries, the number of consumer products have increased. There are more different types, and new products continue to appear to alter the supply situation of the rural markets. Aside from certificates needed to purchase cotton cloth and a few other tiems, the majority of the goods are freely supplied. Such articles as soft bed sheets, wool blankets, fine wine, good tobacco, reputable bakery goods, snacks, wood furniture, etc, that have not been seen on rural markets for many years, are available to the masses now. The sales of AC console radio receivers, television sets, audio recorders, wool materials, and other medium and high priced articles are also increasing in the rural villages. According to statistics, 20 major industrial

products for daily consumption have increased in sales over 35 percent in 1981, comapred with 1978. Of these, the sales of chemical fibers, synthetic cloth, plastic shoes, semiconductor radio receivers, sewing machines, watches, and wine have doubled or tripled.

The merchandise is plentiful and the farmers' purchasing power is also high. The phenomenon of "holding the market to prevent rush buying" has changed to "stocking the market to offer choice." There is large room for choice; the result is not buying something unless it is needed; but buying unless the pattern and color are good; and not buying unless it is a famous brand. On the other hand, there is a tendency to develop the medium and high-priced items. To use, as examples, the four articles much admired by the masses, the sales of watches increased 85.1 percent in 1981 over 1978; the sales of bicycles increased 37.5 percent; the sales of sewing machines 64.4 percent; the sales of semiconductor radio receivers 5.9 percent. There were no television sales in 1978. In 1981, 3,505 television sets were sold; in the period of January-July this year, 3,249 television sets were sold, nearly the number of the entire year of last year.

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DOMESTIC TRADE

ARTICLE NOTES GROWTH OF COUNTRY FAIRS

Yinchuan NINGXIA RIBAO in Chinese 28 Aug 82 p 1

[Article by Li Guiying [2621 2710 5391]

[Text] Since the Third Plenary Session of the 11th Party Congress, the city and country fairs of the prefecture have been conducting prosperous trade with sustained sales activities to activate the city and rural economy, to ease the livelihood of the people, and to promote production.

According to statistics, the number of city and country fairs of the prefecture have risen to 141, 39 more than the number in 1978. Not only that the cities and major townships have fairs, fairs have also been developed in some industrial and mining districts and remote villages. At the Wuzhong County city fair, more than 30,000 persons visited each time and at times the crowd may have reached 50,000. That location has already become an important point of gathering and dispersion of merchandise. With the implementation of the various economic policies of the party, the products of agriculture and auxiliary industries have grown by leaps and bounds. The types of products on the market have been increasing all the time. Each time, on fair day, the commune members bring various agricultural and auxiliary industrial products to the market and the state-operated commercial concerns and supply and sales associations also set up booths. Some individual merchants also come to attend the fair. According to statistics, the sales at all the city and rural fairs of the prefecture in 1981 amounted to 76.73 million yuan, more than a 4-fold increase over that of 1978. In the 3 years of 1979-81, the average increase of sales has been 46.5 percent a year. The sales of the lot half of this year was 46.5 percent higher than the same period last year. The sales of all the 15 major categories of merchandise have doubled and tripled in 1981, compared with those of 1978. The increase of sales of vegetables has been more than 3-fold, that of marina products and domestic fowls and animals more than 5-fold, that of grains more than 10-fold, and that of large animals and industrial products even greater. Compared with 1978, the prices of grains, vegetable oils, pork, and many other products have been stable and slightly lower.

The development of city and rural fairs livens the economy, the livelihood of the masses, and promotes the development of agricultural and auxiliary industrial production. The fairs open up a vast future for diversification of rural production and for developing and utilizing local resources. In these years, due to the practice of production responsibility systems in the rural villages,

the supply of large animals and medium and small farming tolls cannot meet the demand, and these markets provide a very good function of adjustment. According to statistics, in 1981, the value of the total exchanges of young fowls, large animals, various iron and wood farm implements, cart accessories, and other materials for agricultural production amounted to 20 million yuan. More than 43,500 heads of large animals were sold. In the past, it was difficult for city folks to buy agricultural and auxiliary products. Now things that have not been seen for many years can be bought any time. The masses commented: "The products come to the market early; all types of products are there; no need of getting in line to buy things; buy things early or late; things are clean and fresh; you may pick and choose all you like; there are no limits on quantity; the service attitude is superb."

The various areas also emphasized the establishment of markets. According to statistics, in 1981, 810,000 yuan were invested in the construction of markets. Tents measuring 6,000 square meters were constructed in 48 fairs or rain and sun protection; counters measuring 435 meters were built; and there were also spaces measuring 289 square meters for merchandise storage. This year, the departments of industrial and commercial administration and management also are working to organize the fairs for refined management and polite service to improve the quality of fair management and service.

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FOREIGN TRADE

FOREIGN INVESTMENTS IN SHENZHEN SPECIAL ZONE REPORTED

Shenzhen SHENZHEN TEQUBAO in Chinese 12 Jul 82 p 1

[Article by staff correspondent: "Baoan County Actively Attracts Foreign Investments"]

[Text] Correspondent Dai Musheng [2071 2606 0524] reports that since the establishment of the Shenzhen experimental special economic zone, Baoan County has actively attracted foreign investments and set up industries for the processing and assembly of imported materials as well as cultivation and breeding industries. To date, 573 agreements have been signed involving 280 million Hong Kong dollars in planned investments, of which 564 projects have already been put into production and 200 million Hong Kong dollars have been put into actual investments. From 1980 to the first half of this year, income from construction fees amounted to over 39.6 million Hong Kong dollars.

In the past, the industrial base in the countryside of Baoan was weak. Many beach and water areas along the shore were not fully utilized. Today, on the more than 2,000 kilometers of land from Dapengwan in the east to Zhujiangkou in the west, the rumble of machines in the new plants built by production brigades can be heard. It is a scene of prosperity and vitality, with many fish ponds and fisheries. The green waters are brimming with life, and shrimp and fish are in abundance.

In the past few years, the foreign commerce and commerce from Hong Kong in plants set up in Baoan through previous foreign investments have increased steadily. According to statistics, out of 329 project agreements that have already been signed, 321 have already been put into production. Of these, 132 were put into production in the first half of this year--a sizeable increase over the same period last year. As for projects for the processing of imported materials, there are several tens of projects involving clothing, woolen underclothing, textiles, plastics, silks, electronics, hardware, machine construction and vehicle assembly.

The climate of Baoan is temperate and the rainfall is sufficient. The land is fertile and there are fine bays and beaches. The natural conditions are superior and they are suited to the development of cultivation and breeding industries. In 1975 the State Central Bureau for Aquatic Products and the

Guangdong Aquatic Products Bureau proclaimed Baoan the top choice among the four large aquatic product foreign trade bases for construction. Later on, because of inadequate capital funds, facilities and technology and other factors, they were unable to proceed as they wished. In the past few years, foreign investments have been attracted, and cultivation and breeding have developed rapidly. As for cultivation, between 1979 and the first half of this year 244 projects have been attracted. The major ones were in growing vegetables, flowers, maize and fruit trees. In aquatic breeding foreign investments for over 103 projects have been attracted in fish and shrimp farming and in raising chickens, sheep and pigeons. There are over 39,000 mu of fish and shrimp ponds. The Hong Kong company of Dongbao Aquatic Products Investments Limited plans to invest 100 million Hong Kong dollars in the Sha production brigade in Dapeng Commune to build a topnotch fish and shrimp breeding farm, with 1,000 mu of fresh water and several thousand mu of salt water. Preparations for construction of this farm have already begun. The Fuyong Commune Aquatic Products Company attracted foreign investments for high-density fresh water shrimp breeding. It requested the guidance of Japanese technicians. Many fisheries with foreign investments breed the four major domestic types of fish as well as the blunt-snout bream, the fushou [4395 1108] fish and other well-known types. They also introduced the mangcao [4159 7625/2580] fish from Thailand. Its growth rate is rapid and it is valued at 50-60 Hong Kong dollars per jin.

In attracting foreign investments in fish and shrimp farming, due to the high degree of mechanization and the relatively good concentrated feed, technology and management, the aquatic products appeared on the market the same year that most fish and shrimp ponds were dug. Last year 799 tons of fresh water fish were exported, and this year between January and March, 165 tons of fish were exported. The production brigades' share of foreign exchange was 2.42 million Hong Kong dollars and 430,000 Hong Kong dollars respectively.

With the introduction of foreign investments in developing the processing and assembly of imported materials as well as cultivation and breeding, there has been an increase in the revenues of the state, collectives and individuals. The economic structure of the countryside has begun to change, and over 6,200 people have found employment. At the same time, advanced production technology has been acquired. The Jinshawan production brigade in Buji Commune ran eight plants for processing imported materials. Last year this production brigade's income from industry was 240,000 Renminbi. On this project alone, the average per capita income for the entire brigade was 180 yuan, which constituted 70 percent of their overall income. The 15 teams of the Fuyong Fenghuang production brigade attracted foreign investments in running vegetable markets. Last year their per capita income was over 1,200 yuan and there were four households whose gross income amounted to over 10,000 yuan.

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FOREIGN TRADE

SICHUAN REPORTS INCREASE IN FOREIGN TRADE

Chengdu SICHUAN RIBAO in Chinese 19 Jul 82 p 1

[Article by staff correspondent: "Sichuan Achieves New Successes in Foreign Trade"]

[Text] In the first half of this year, Sichuan achieved new successes in foreign trade. Between January and June annual plan for the volume of purchases was fulfilled by 52.8 percent, an increase of 23.5 percent over the same period last year. Of this, industrial and mining products increased by 20.6 percent over the same period last year, light and textile industry products increased by 17 percent, and subsidiary agricultural products increased by 39 percent.

The export of industrial and mining products from Sichuan has expanded rapidly during the past few years. This year it has continued to grow; purchases of machine tools and diesel engines have increased 3 times and 12-13 times respectively compared with the same period last year. Purchases of tools have increased 84 percent, farm tools have increased 1.7 times, and chemical and pharmaceutical products have increased 47 percent. Due to the increased development of production, there has been an increase in the export volume of products from the light and textile industries. The quality of these products has also been upgraded. In the first half of this year, purchases of canned goods for export increased 23.4 percent over the same period last year. Knitwear and cotton goods increased 1.2 times, silk fabrics increased 12 percent, silk and satin goods increased 37 percent, glass containers increased 57 percent, and batteries increased 1.8 times. Along with the consolidation and improvement of the system of responsibility in agricultural production and the development of rural economic diversification, there has been an even greater increase in the supply of subsidiary agricultural products for export in Sichuan. Traditional export commodities such as preserved mustard, honey and vegetable oil have already surpassed the annual procurement plans. The procurement of animal products such as frozen beef, mutton and rabbit, and Chinese medicinal herbs, hog bristles, feathers, rabbit fur, etc., has increased by a sizeable amount compared with the same period last year.

This year Sichuan's self-managed export businesses have expanded. Between January and June the returns from exports showed an increase of 23.4 percent

over the same period last year. The variety of commodities for export increased from 330 last year to over 350. Exports of frozen pork to Hong Kong increased 70 percent over the same period last year. Vegetables increased 78 percent, preserved mustard increased 4 times, and the export volume of other products such as flashlights, batteries and industrial and farming tools increased considerably over the same period last year. Sichuan's chemical and pharmaceutical products are definitely competitive. New markets in Hong Kong, Macao, Japan, Southeast Asia, Europe and the United States have opened up. In the first half of this year, the total returns on these exports increased 2.1 times compared with the same period last year.

In Sichuan during the first 6 months of this year local imports of ordered goods increased 46.6 percent. The range of imports also expanded.

This year the party and government at all levels further strengthened the leadership in work on foreign trade. Each concerned department improved its cooperation and coordination. The foreign trade departments earnestly worked on supplies of goods for export within their plans and actively encouraged production departments to coordinate the development of new commodities for export. They made every effort to organize the supply of goods for export beyond existing plans. There were improvements in readjusting and studying market conditions and in promoting the sales of goods as well as in transportation, packaging and advertising. The influence of Sichuan commodities on the world market has grown. Among the more than 60 nations and regions that have trading ties with Sichuan, there has been an increase from 600 to 800 companies that have established client ties.

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FOREIGN TRADE

POLICIES ON EXPORT TRADE EXAMINED, READJUSTED

Increase of Export Products

Yinchuan NINGXIA RIBAO in Chinese 31 Aug 82 p 2

[Article by Jiang Hanyuan [3068 3352 0337]]

[Text] Since the Third Plenary Session of the 11th Party Congress, the department of industry of the prefecture has conscientiously implemented the policy of readjusting the national economy and earnestly developed services for the livelihood of the people to produce products for the domestic markets and for the export trade. When the 3 years of 1979-81 are compared with the 3 years of 1976-78, the total value of the industrial products for export has doubled and the ratio of the total export industrial products in the total export items has been raised from the 60.9 percent of 1978 to the 78.67 percent of 1981. In these years, aside from a continuation of development of such traditional export products as blankets and rugs, the export of other industrial products has also been expanded. At present, the number of export industrial products have been developed from the original 40-plus items to 60-plus items. These products are being sold to Korea, Japan, Europe, America and many other countries and regions.

The people's government of the autonomous region has attached a great deal of importance to the development of export industrial products and at the same time seriously demanded that the enterprises raise the quality of the products to increase the number of products suitable for foreign sales. The advantage of the coal resources is specially emphasized to enhance the reputation of the already internationally famous anthracite--Shanxi coal, and to expand its export market. In 1979, the quantity of exported anthracite from the region exceeded the highest level in history. By 1981, it reached 159,300 tons, a 4-fold increase over that of 1978. Last year, the related departments studied some problems in the coordination of production, transportation, and sales. After these problems were thus resolved, the quantity of export of anthracite grew again on a very large scale. By 20 August of this year, the quantity of exported Shanxi coal from Ruqigou Coal Mine which produces Shanxi coal doubled that of the same period of the previous year. The coal exported in the 20 quarter alone will increase 3.6 million yuan of income for the region. In order to change the structure of export products, the department of machine industry seriously developed the export trade of mechanical equipment. In 1981,

the value of exported machines of the region increased 67 percent over that of 1979. After the establishment of the Ningxia branch, the Chinese Machine Equipment Export Company continued to improve its management and under the overall planning and arrangement of the National Machinery Import and Export Company, the original form of simply allocating products for export has been developed into forms of direct negotiation and signing of foreign contracts, complimentary trade, and cooperative production, handled by specialty export companies to promote the development of production of export machine equipment. In 1981, the total value of industrial bearings exported to the Korean People's Democratic Republic increased 2.5-fold over that of 1979. This trade was based upon direct negotiations between the Korean and the Chinese Governments to designate specific dispatch locations. For several years, the Dahe Machine Tool Plant organized technicians to study advanced technologies of foreign countries to concentrate manpower for breakthroughs to help the precision of the exported honing machines to reach the advanced level of the world. Last year, the Changcheng Machine Tool Manufacture Plant signed a contract with the Italian Mi-Miser [transliteration] Company to produce 150 of these machines for a total value of 2 million yuan. At present, that plant is producing them and foreign sales have begun.

The departments of foreign trade and supplies and sales also emphasize the support they provide to the commune-brigade enterprises to utilize local resources, to develop the production of artifacts, and to increase the export trade. With the help and support of the department of foreign trade, Qingtongxia County had an income of 250,000 yuan from woven willow branch articles. This year, 29 new woven willow branch articles have been developed in the county. These articles are selling very well in the United States, France, West Germany, Japan, Belgium, and other countries and regions and the total export quantities are even greater than last year.

Open Policy in Guangzhou

Guangzhou GUANGZHOU RIBAO in Chinese 6 Sep 82 p 2

[Article by He Zhigang [0149 1807 0474]]

[Text] Since the Third Plenary Session of the 11th Party Congress, the industrial and commercial front of Guangzhou City conscientiously implemented and executed the open policy toward foreign countries. Contracts have been signed with foreign merchants and merchants of Hong Kong and Macao for processing their materials, assembling their parts, manufacturing from their samples, etc, to carry out complimentary trade and cooperative production (management). Products of cooperative investment total 5,388 items and the amount of the contracts reaches $750 million. Of this, the value of advanced and suitable equipment introduced through forms of complimentary trade and processing, and assembling supplied materials and parts amounts to nearly $40 million. With the portion of foreign exchange retained by the local jurisdiction, 4,300-plus machines (sets) of advanced equipment are imported. The introduction of these advanced machines and technologies have promoted the reconstruction of the city's industrial capabilities, raised the level of industrial techniques, and promoted the development of industrial production.

After the implementation of the open policy, the city has introduced 25 production lines and a collection of new equipment, new techniques, work processes, and new materials to cause some preliminary changes in the level of industrial technology. Many of these advanced technologies and work processes have been absorbed and digested for our own use. For example, in machine industry, the Elevator Industrial Company introduced foreign advanced techniques and equipment to produce elevators to cause the elevator production of the city to reach the advanced technical level. Guangzhou First Cotton Spinning and Weaving Plant is the city's oldest cotton spinning and weaving mill and most of its equipment belonged to the thirties and forties. The work process was backward, the labor was intensive, and the productivity was low. In recent years, after the entire process from spinning and weaving to dyeing was reorganized into a production line, the production efficiency and the quality of products ahve improved a great deal. The rope-type dyeing machine just introduced is better than the original pulp-type dyeing equpment in terms of product quality and productivity, and the cost of production is lower, reaching the advanced levels in China or in foreign countries. Through such forms as processing supplied materials, the Baiyunshan Pharmaceutical Plant introduced a collection of relatively advanced drug manufacturing equipment and technology, and at present, a shop with the advanced production process has been experimentally constructed. It is capable of producing tablets, capsules, injection solutions, and powder drugs. Last year, the value of its products was 36 times of that of when it first began to process supplied materials. Its product, Huoxindan, has become the popular drug for heart disease in the country. The Guangzhou Chemical Plant introduced the superthin film blowing machine and since then it has acquired the capability of producing films as thin as 0.09 mm in thickness and a void is thus filled for the country.

Since the implementation of the open policy, great changes have occurred to the district and street industries. For a long time, the equipment of the district and street industries were those obsolete and leftover tools originally belonging to state-operated enterprises. Their work process was backward and the production efficiency low. Their products were of poor quality. Before the development of processing and assembling for foreign countries, the district and street industries of the entire city had only 79 million yuan fixed assets and were producing 1,100 types of products. The total sales amounted to 280 million yuan. In the few years since the development of the processing and assembling work with supplied materials and parts, a total of 1,900 items have been involved in contracts and agreements signed with foreign merchants and 280 industries became involved, amounting to 21.6 percent of all the enterprises. In these years, 14,000 pieces of equipment, worth more than $7.5 million have been introduced to cause the value of the fixed assets to increase to 118 million yuan. The number of products are increased to 3,700 types and the amount of sales to 479 million yuan. Now the district and street industries have horizontal knitting machines, supersonic wave hole punchers, totally automated enameling machines, and other advanced equipment. The Dongshan Street Industry introduced 12-head, 5-needle, 5-color computerized embroidery machines. Each of these can control 12 heads and can weave embroidered patterns in 5 colors. The productivity is more than 10 times higher than manual work.

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GENERAL

SYSTEM ENGINEERING'S FUTURE ROLE IN CHINA ENVISAGED

Taiyuan JISHUJINGJI YU GUANLI YANJIU [THE STUDY OF TECHNICAL ECONOMY AND MANAGEMENT] in Chinese No 2, 30 June 82 pp 1-3

[Article by Ma Hong [7456 3163]: "A Great Future for System Engineering"]

[Text] System concept and system thinking are formed in the course of practice in human society, and are continuing to develop. Along with the progress of modern science and technology and the enlargement of social division of work, there should be a coordination of various sciences and technologies before we can solve any comprehensive and complex problem. The development of modern science, mathematics and electronic computers has provided quantitative methods and calculating tools for carrying out meticulous analysis on various elements and laid the foundation for system engineering. That is why we say that system engineering is the inevitable outcome of scientific and technological developments in human society.

There is a specially close relationship between system engineering and materialistic dialectics in Marxist philosophy. Philosophy is a concise summarization of the universal laws of nature, human society and ideology. According to Marxist materialistic dialectics, the world is made of matters, and the materialistic world is a unified entity formed of numerous matters which are interrelated and interdependent, and which regulate and act on one another. To understand the essence of things, we must comprehensive study all their aspects and relations. This idea is reflected by system engineering's principle of entirety and the principle of relations. Marxist materialistic dialectics holds that there are universal laws governing all things, and that in studying about things, we must analyze their objective laws. Under certain conditions, law stands for the essential, universal and inevitable relations of things. This idea is reflected by system engineering's principle of sequence. Again, Marxist materialistic dialectics holds that contradictions exist in all things and that these contradictions undergo constant changes. This idea is also reflected by system engineering's principle of dynamics. This and so forth. All this shows that it is entirely correct that Marxist philosophy can be used as the theoretical foundation of system engineering. System engineering must be built on this foundation before it can be more correctly used and more rationally developed. It is very important that this point be grasped.

According to system engineering, the method of study is to conduct an overall study of the interrelations among all the components of a system, to comprehensively consider the various factors and to look for the best method in order to obtain the best result. In the capitalist society, the system of private ownership of the means of production has greatly restricted the application of system engineering. In the socialist society, the system of private ownership of the means of production is abolished, and the system of public ownership of the means of production is established. As decided by the nature of the socialist system, we must proceed from the overall interests of the state and all the people in solving important economic and social problems, and we must have planned economy and organize socialist cooperation on a mass scale. These requirements have created extremely favorable conditions for the extensive application of system engineering. Therefore, there are good prospects for the development of system engineering in our country.

We began to learn the use of system engineering in the 1950's because of the need to develop our national economy in a planned and proportionate way. Along with the development of sophisticated technology in national defense, we began to obtain some practical experiences in the use of the engineering system for overall planning and organizing in the engineering system. After the downfall of the "gang of four," and particularly after the Third Plenary Session of the 11th Party Central Committee, the study of system engineering theories and the popularization of its application entered a new phase, and we achieved even more gratifying success.

Now, while our country is in a new historical epoch, there are many arduous and complex tasks confronting us. At the Fourth Session of the Fifth National People's Congress, Comrade Zhao Ziyang gave a systematic description of the national economic situation and the important principles of economic construction in his "Report on the Work of the Government" made on behalf of the State Council. We should follow these principles in solving the relevent problems in economic construction. Since these principles concern many subjects for research in the field of system engineering, there is now an urgent need to get the experts organized for the research to be actively unfolded in the light of the important issues in our real life, in order to make our contributions to the accomplishment of the four modernizations.

What are the important tasks posed by our economic and social developments for the system engineers?

First, the system engineers should study the strategic question of our economic development.

Ours is a socialist country, and purpose of our economic construction and four modernizations is, in the final analysis, to satisfy the needs of the broad masses to the best of our ability in their material and cultural life, on the basis of economic development, in order that all the people can live a good and happy life. We are now working out long-range plans and have to determine the strategy for our economic development. How to appropriately determine the proportionate relationship for economic development according to the needs of economic and social development? How to correctly handle the relationships between eating and construction, between long-range and short-range benefits? And how to work out the best comprehensive permutation according to different periods and stages? These are the questions to be explored by system engineers.

Secondly, the system engineers should study the relationship between planned economy and the regulative role of the market.

Comrade Chen Yun has recently issued a series of important directives on economic work, stressing the need for our country to uphold the leading position of planned economy and the supplementary role of market regulation. In national construction, we must take the whole country into account. The use of system engineering methods to study this problem will be helpful in working out an overall balance of all sectors of the national economy; in discovering the best way to coordinate the work of different departments and different regions; in studying the feedback of information and mastering the laws of regulation; and in exploring the methods of quantative analysis in order to strengthen the planned economy and to bring into play the supplementary role of market regulation.

Thirdly, the system engineers should analyze the intensive potential in developing our economy.

As decided by the Party Central Committee and the State Council, the increase of our production for some time to come will depend not mainly on a larger scale of capital construction, but rather on our efforts in bringing into play the potential of existing enterprises; and on the basis of consolidating and reorganizing the existing enterprises, we will systematically and selectively carry out technical transformation in our national economy in order to increase our productive capacity. In other words, in expanding reproduction, we will mainly rely on "intensive development, intensive undertaking and the improvement of quality instead of "extensive" expansion, extensive undertaking and the increase in quantity. It will be necessary to study the process of production and development of systems to find out how technical transformation will enable the systems to produce new life and vitality, and their sequence.

Fourthly, the system engineers should study the way to implement the policy of readjustment, restructuring, reorganization and improvement.

In implementing the eight-character policy of readjustment, restructuring, reorganization and improvement, we must, as far as the overall situation is concerned, "take readjustment as the central task, and subordinate restructuring to readjustment." Readjustment and restructuring are both mutually complementary and contradictory. In readjustment, for example, there is less maneuvering room for the state's economic power, especially financial resources, whereas an all-round restructuring of the economic system must be guaranteed by sufficient financial and material resources. How to harmonize the relationship between them and to arrange for the "eight-character" policy to be carried out in different periods, by different stages and at different levels; and how to use the method of comparing alternative plans in supplying quantitive data for policy decisions are also the problems to be solved by our system engineers.

Fifthly, the methods of system engineering should be used in working out the overall design in restructuring the economic system.

Economic restructuring involves a wide range of problems, and the conditions are very complex especially in such a large country as ours. Restructuring also concerns many aspects of economic and social life. System engineering can be used to organize the forces in various quarters to conduct purposeful investigations and to work out the overall design for economic restructuring so that we can study the general outline of the restructuring, work out various plans, and then study and compare them before making practical suggestions to help the decision makers make their choice. In this way, we can develop the functions of system methods in organizing management, as well as use system engineering to ascertain and attain the goals.

Sixthly, the system emgineers should step up their study of the overall economic results for the whole society in the national economy.

Comrade Zhao Ziyang pointed out: "The crux of the problem is to do all we can to get better economic results in areas of production, construction and circulation." Stressing economic results is the correct guiding thought in all economic work. It means the minimum consumption of labor and material to produce more products that correspond to social needs. This is the main viewpoint that should be clearly understood. In determining the index system and calculation methods for the economic results in all economic spheres, especially in a comprehensive way, and the methods of measuring economic results in the whole society, we need to study and explore in many different directions. The principles and methods of system engineering are quite suitable for studying these problems.

To improve the economic results of the whole society, we should also correctly handle the relations of economic benefits between the economic units (enterprises), departments and regions on the one hand and the society (state) on the other. Economic benefits for a part cannot be identical to the economic benefits for the whole. For example, the production of some goods may be beneficial from the microeconomic point of view, although its microresults are exactly the reverse. The basic viewpoint of system engineering is to proceed from the whole in considering the parts and at the same time handle the problems in all parts so as to obtain the best comprehensive economic results for the national economy. How do we use the viewpoint, methods and means of system engineering to streamline every level in the structure and to quantitatively link all levels together? This is also an important task for the system engineers.

In short, for system engineering, we should chose a certain number of important tasks of economic and social development and organize the forces in various fields to tackle the difficult problems. Because the problems mentioned earlier involves many fields, it is necessary for the system engineers to do the various types of scientific work of a comprehensive nature with good care.

Because of the urgent needs in our socialist construction, system engineering should begin from the sphere of a purely engineering system and then extend to the social and economic spheres. As a science, system engineering certainly has its own problems in theory and methods, and further study is necessary. However, such study, in the final analysis, is intended to serve the cause of our four socialist modernizations. (Xin [9515])

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ECONOMIC MANAGEMENT

PROBLEMS ENCOUNTERED IN COMMERCIAL ENTERPRISE REORGANIZATION

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 8, 10 Aug 82 pp 1-3

[Article by Xi Jie [1153 2638]: "Reorganize Commercial Enterprises, Raise the Level of Business Management"]

[Excerpt] Since the Third Plenary Session of the 11th Party Central Committee, the commercial departments have done a great deal of work and achieved certain success in implementing the party's policy of national economic readjustment, restructuring, reorganization and improvement; in reshuffling the leading bodies of enterprises; in practising democratic management by the workers and staff members; in experimenting on the system of responsibility for management; in improving business management; and in raising the standard of service. However, many enterprises still have problems in varying degrees as shown in the following:

1. First, excessiveness, as shown by the excessive administrative personnel, the excessive levels of management, and the excessive concentration of power. The proportion of our administrative personnel is 15.8 percent, being higher than the national proportion of 15.1 percent, and that of Eastern China of 14.46 percent. The number of administrative personnel in a county company generally accounts for about 10 percent, and in some cases more than 20 percent, of the total number of workers and staff members. In one enterprise, there are more than 10 managers and secretaries. There are also numerous internal departments and sectors, and some enterprise has more than 20 of them. The excessive personnel and laxity in labor discipline has resulted in endless wranglings and low efficiency. Some stores, though small, have a lot of people. "When they sit down, it is like the scene of a meeting; when they stand up, they form a long queue." They can find nowhere to direct their efforts, and the quality of their service is poor.

Second, roughness, as shown by the crude way in the division of work and the handling of internal accounting. The third-level county wholesale enterprises handle the comprehensive wholesales of groceries, cultural supplies, knitwears, and textile goods. Because of their unified accounting in both wholesale and retail sales, their unified handling of all receipts and payments, and their common responsibility for profit and loss, it would be hard to see their individual business results. According to statistics

compiled at the end of 1981, there were 3,340 accounting units for 8,128 retail outlets under the state-run enterprises. Thus there is one accounting unit for an average of every 2.43 outlets with 47 persons. For the retail stores, there is an accounting unit for every 3.33 retail outlets with 63.4 persons. In the food and drink service trade, each accounting unit serves 2.63 retail outlets with 59 persons. There are in the province large barber shops with more than 100 persons, large restaurants with more than 300 persons, large vegetable stores with 150 persons, and large markets with more than 1,000 persons each. This type of mass accounting and "eating from the same pot" must be changed.

Third, confusion, or confusion in management. For example, the business section of the county companies do not control sales, the wholesale departments control only incoming, but not outgoing, goods, and the store-keeping section is only responsible for receiving, issuing and the custody of goods, but not for overstocking or running out of stock, thus resulting in dislocations between receiving, selling and storing of goods, between business and financial affairs, and between responsibility, rights and interests. Some of these problems have remained unsolved for a long time.

Fourth, inferiority, or the inferiority of economic results. According to data compiled for 1981, among the 66 third-level wholesale enterprises under the grocery departments in the province, the average number of turnovers of funds was 4.55 each year. This was not only lower than the best level ever attained, but also less than 5.21 in 1980. In 1981, the amount of expenditures for the year was increased by 0.18 percent over that of 1979 and was more than that of 1980 by 0.22 percent. In 1981, damage to property was more than 1.13 million yuan.

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ECONOMIC MANAGEMENT

PROBLEMS OF ECONOMIC RESULTS IN CIRCULATION STUDIED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 8, 10 Aug 82 pp 1-3

[Article by Xue Muqiao [5641 2550 2890]: "Proceed from Realities, Intensify Our Study in the Problems of Improving Economic Results in the Sphere of Circulation"]

[Text] This meeting [which was held to celebrate the founding of the China Commercial Economics Society, and to which this is addressed in the form of a letter of greeting] will discuss the problem of improving economic results in the sphere of circulation. This is really a very important problem in our economic work at present. At the end of last year, Comrade Ziyang mentioned in his report on the work of the government at the Fourth Session of the Fifth National People's Congress that it is necessary to blaze a new trail in our economic construction for the attainment of better economic results. He stressed that in studying all economic problems, we must begin with the improvement of economic results and do all we can to get better economic results in areas of production, construction and circulation. The principles of economic construction laid down in Comrade Ziyang's report are extremely important. They must be carried out to the letter before our socialist economic construction can embark on the road of smooth development.

We have attached fairly great importance to the improvement of investment returns in capital construction in the past 3 years. Last year, we resolutely reduced the scale of capital construction and achieved some success. The investment in capital construction was reduced by more than 10 billion yuan. Of course, there are still many problems left and continued efforts are necessary. We have also adopted many measures and done a great deal of work in improving economic results in industrial and agricultural production. For example, we have adopted the system of economic responsibility. In comparison, I am of the opinion that we have studied less, and paid less attention to, the problem of improving economic results in the sphere of circulation. My opinion is supported by the increase in the use of circulating funds and in the overstocking of materials, and the difficulty in bringing industrial goods to the countryside. Circulation is the bridge between production and consumption. While affirming the decisive role of production on circulation, we must not think that in the course of social

reproduction, circulation only plays a passive and unimportant role. As a medium between production and consumption, on the contrary, circulation has a tremendous countereffect on them. If the channels of circulation are not wide open, production cannot be developed regularly and the needs of consumption cannot be met. There must be good circulation before production can be promoted and the needs of consumption can be met. Therefore, if we want to improve the economic results of the entire national economy, we must at the same time strive for the improvement of economic results in the sphere of circulation. If we have not studied this problem enough in the past, then we must now attach due importance to it and intensify our study in this direction.

In studying the problem of improving economic results in the sphere of circulation, we must proceed from the realities in this sphere. Only thus can we submit practical and useful views and proposals. Therefore, I would like to discuss certain urgent and outstanding problems in circulation and to exchange views with the comrades.

One of the sharp problems in our economic life at present is the huge overstocking of goods and the excessive use of circulating funds. According to our calculations, by the end of last year, the amount of circulating funds being used by state-owned enterprises amounted to 354.5 billion (including 214.4 billion yuan, or 60 percent being used by commercial, material, and supply marketing enterprises), being an increase of 32.3 billion yuan over that of 1980. With the addition of another 21.7 billion yuan being used by the collective industrial and commercial enterprises, the total amount of circulating funds would reach 376.2 yuan (an increase of 35 billion yuan over that of 1980). This figure is almost the same as the total amount of national income in the same year. As we understand, the value of goods in stock in some western countries, such as West Germany, was only one-third of the national income. In Japan, the proportion was even lower. The huge amounts of overstocked goods and circulating funds being used is a sign of irrational economic development in our country.

How much of the 376.2 billion yuan of circulating funds has been unreasonably used? The People's Bank has an estimate. This bank compared the main goods in stock with the volume of normal stock, and helf that out of the circulating funds used in 1981, approximately 42.5 billion yuan was unreasonably used. However, the so-called voluem of normal stock was determined according to the old Chinese tradition. Compared with those of the advanced countries, the criterion used by us in assessing the regular stock of goods is far from realistic. For example, according to our past practice, a 7-9 month turnover period for our steel products was considered normal, although it is 3 or 4 times those of West Germany, Japan and other countries. Therefore, the portion of goods in stock which has tied up the circulating funds as mentioned is actually and evidently the portion of overstocking this portion involved an appalling amount of money. According to estimates by the relevant departments, the cost of overstocked means of production amounted to approximately 17 billion yuan, and that of overstocked consumer goods amounted to 13 billion yuan in 1981.

The combined costs were more than 30 billion yuan. Serious overstocking and excessive use of circulating funds are one of the important manifestations of poor economic results in our country, and the drastic reduction of goods in stock and economizing the use of circulating funds form an important link in their improvement. The solution of this problem will be beneficial to production as well as helpful in meeting the needs of consumption. Furthermore, it will help to bring about a rational ratio between accumulation and consumption. Since the Third Plenary Session of the 11th Party Central Committee, we have tried hard to overcome the error of having an excessively high accumulation rate. We have in the past 3 years time and again reduced our investment in capital construction and at the same time raised the rate of consumption for the people. Now the investment in capital construction can no longer be reduced, but the accumulation rate still remained as high as 28 percent. The crux of the problem here is that instead of being reduced, the circulating funds continued to accumulate year after year, so that in 1981, it was increased to 35 billion yuan. If we can reduce these funds by some 3 billion yuan each year, the accumulation will be reduced by 1 percent; and if we can save 10 billion yuan, it will be reduced by 3 percent. Can we save 10 billion yuan? I believe that it is possible, as long as we do our work well, including the work of economic restructuring. If we can accomplish this job, we will be able to greatly improve the entire financial and economic situation and reduced the bank loans and the issuance of paper money, so that the market prices will become more stable. To reduce our goods in stock and the use of circulating funds, we must first start with the work of production. We must strengthen the role of planned guidance, stop the practice of producing blindly, and overcome the irrationality in the industrial structure and the product mix, so that production and demand will be closely coordinated. However, work in production alone cannot solve the problem completely, as we must at the same time solve the problems in the sphere of circulation. There has been improvement in management in the sphere of circulation, but there are still many problems. For example, there are too many intermediate links in circulation; goods cannot go freely to the countryside; the prices are irrational, and so forth. Unless the problems of intermediate links and channels of circulation are solved, it will be impossible for us to reduce our goods in stock and the use of circulation funds and to attain the goal of better economic results. In the past, our commercial network outlets for our materials were mainly established according to administrative affiliations. Warehouses were set up for different trades at every level in different regions and departments; there were excessive intermediate links in the flow of commodities; the turnover was too slow; and funds were tied up. In the commercial system, 88 percent of the circulating funds used by state-owned commerce was concentrated in the wholesale enterprises, and nearly half of this amount was taken up by the second-level centers. Before 1965, there were 613 second-level centers in the country, and they were basically established according to economic regions. After the 10 years of domestic turmoil, most of the second-level centers were set up according to administrative regions, and their number was also greatly increased. In 1980, their number grew up to 1,058. Many of these newly added second-level centers were set up by the localities purely for the purpose of competing for the supply of goods and money, and they produced very poor

results. Many comrades favored the abolition of part of those second-level centers that did not organize their circulation according to economic zones so as to reduce the intermediate links. But this idea cannot be carried out after all, because it will affect the revenues and the distribution of supplies for the localities. Recently, some comrade proposed a complete change in the organizational structure of commercial wholesales by abolishing the system of the level-by-level transfer among the first-level, second-level and third-level wholesale centers, so that, except for the products to be distributed according to plans, the signing of contracts between the production and marking parties for the direct supply of goods should be permitted. Then, under planned control, unified wholesale markets will be formed according to economic zones. This idea again met the opposition of many comrades. This is a problem of restructuring the entire commercial circulation system. Is a major restructuring necessary for the system of circulation? How should the restructuring be carried out before the economic results can be improved? These questions should be carefully studied by everyone. At present, the important job is to keep the channels of circulation open and to organize for industrial goods to be brought to the countryside in order that overstocking can be reduced. Last year, some relevant department estimated an increase of 5 billion yuan in the value of stockpiled goods, and in the first quarter of this year, the increase in the volume of the sales of consumer goods was still less than the increase in light industrial production. Although sales in the cities could not be increased, supply in the countryside was very far short of the demand. Many commodities were stockpiled in the cities, but were running out of stock in the countryside. Some overstocked goods were piled up in the wholesale centers and could not find their way to the retail stores. They were out of stock even in the small and medium-size cities. Last year, many types of chemical fiber cloths were stockpiled so that this year, their production has to be restricted. If these cloths can find their way to the rural market, they will not only be welcomed by the peasants but also help in the development of the textile industry. In the past 3 years, adoption of the system of responsibility for production has greatly helped in the development of the rural economy and increased the purchasing power in the countryside. However, the industrial products being supplied to the countryside are still of a low-grade with very few designs and varieties, and are too backward to meet the peasants' needs. Thus organizing for industrial products to be brought to the countryside has become a sharp problem, and the solution of it will not only meet the needs of production and consumption in the countryside, but also promote the sales and reduce the stockpiles of industrial products in order to promote industrial development. This is an important move in enlivening the economy at present. The journals have carried editorials and articles on this subject recently, but in my opinion, the problem still cannot be solved, because some key measures for the solution are still lacking. Further study is still necessary.

To increase the supply of industrial products to the countryside, we must increase the commercial network outlets in the countryside too. However, it would be di-ficult for only state-run commerce and the supply and marketing departments to undertake this task. There are tens of hundred thousand production teams in our country, and if there is to be one outlet for

every production team, there will be tens of hundred thousand outlets. Then where will the investment come from? The stock of commodities in even the existing comercial network outlets is miserably low, and many overstocked commodities cannot be bought from them. Some time ago, there has been incessant disputes on whether the supply and marketing cooperatives at the commune level should be under the jurisdiction of communes. In fact, the number of rural commercial network outlets is not too large, but too small. In my opinion, there should nto be any dispute on this point. It would be better for both disputing parties to do something so that there will be more outlets in the countryside. While state-run commerce and the supply and marketing cooperatives are increasing their sales outlets, the communes should be permitted not only to set up their commercial organs, but also, subject to the consideration and approval of the industrial and commercial administration bureau, be given business licenses to develop individual economy in the form of itinerant trading, which should also be permitted to draw their supplies in small quantities from state-run wholesalers to be brought to the countryside for sale. Individual itinerant traders are now legally permitted to bring agricultural products into cities; however, if they bring industrial products from cities to the countryside, they are branded as "second-hand peddlers" who do not seem to enjoy any legal status. Many comrades hold the view that buying industrial products to be resold at higher prices constitutes an act of speculation and profiteering. It is true that for the transfer of industrial products to the countryside, the main way is to encourage state-run commerce and the supply and marketing cooperative to increase their supplies to the countryside, and a second method is for the communes or production brigades to engage in collective commerce. Individual itinerant trading can only play a small supplemental role. Whenever there is itinerant trading, there is also speculation and profiteering, and the industrial and commercial administration bureau should strengthen its market control. We should invite everyone to put forward these problems for study. In organizing industrial products to be brought to the countryside, the problem of pricing should also be solved. To reduce the price disparity between industrial and agricultural products in the rural and remote areas, the commodity price committee already reduced the regional differential in 1964 and the price disparity between cities and the countryside for some products (such as textile products) was abolished. Thus commercial losses were sustained in the remote and rural areas, and such losses were made up by the first-level and second-level wholesale centers. When the systems of independent accounting and separate accounting for profit and loss have been adopted, it may be worthwhile for this method to be studied afresh. If we want to develop collective or individual commerce, we cannot insist on their buying and selling prices to be the same; otherwise, nobody would be interested in such business. We must either permit some difference between the urban and rural retail prices, or let the people engaged in such business buy their goods in small quantities at wholesale prices and make some money from higher retail prices. At the same time, in encouraging state-run commerce to send industrial products to the countryside, it may be necessary to restore the regional differential to a certain extent. Of course, the present question of pricing is a very sensitive one and its handling calls for extreme caution. However, provided overall stability is ensured, we can still study certain

practical methods in restructuring. In dealing with overstocked goods, the system of selling at reduced prices should also be considered; otherwise these goods will continue to accumulate until finally they have to be written off, in which case, the loss will be even more serious.

There are many problems to be studied and solved in the sphere of circulation, and the improvement of economic results for the economic activities in the sphere of circulation involves many complex issues. What I have mentioned here touches only part of the issues frequently encountered in our recent work, and there are many other important ones requiring our consideration from various angles. For example, some commercial and service trade enterprises are now experimenting on the system of economic responsibility. They should seriously sum up their experiences. To improve economic results in the sphere of circulation, we must arouse the enthusiasm of the enterprises and their workers and staff members in improving their business management. Therefore, we must do away with the practice of "eating from the same pot" and egalitarianism, and set up a system of responsibility for business management in which responsibility, rights and interests are combined. However, adoptin of the system of responsibility for business management in commerce and the service trade would be, to a certain extent, more complex than the adoption of the system of economic responsibility in industry. This matter must be carefully handled. Some reward should be given to those workers and staff members who are bringing goods down to the countryside under trying conditions; however, there should be a limit to these rewards, lest it may affect the morale of other workers and staff members. I have not yet studied this question well, and hope those comrades who have already done so will let us see the result of their research.

I present these random thoughts on the occasion of the founding of the commercial economics society along with my greetings to this meeting, and hope everyone will step up their investigations and study, proceed from realities, and contribute to the improvement of economic results in the sphere of circulation. If what I have spoken of is incorrect, the comrades are invited to correct it.

30 May 1982

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ECONOMIC MANAGEMENT

VALUE ENGINEERING RECOMMENDED FOR IMPROVING ECONOMIC RESULTS

Beijing ZHONGGUO CAIMAO BAO in Chinese 10 Aug 82 p 3

[Article by Chen Xinxi [7115 2450 6932]: "Value Engineering Is A Good Method For Enterprises To Improve Economic Results"]

[Text] How can we improve economic results? What work should be done and what measures should be taken for this purpose? These are very complex questions which concern many aspects. For industry, the use of value engineering is a good method to improve economic results.

Value engineering is nothing mysterious. It means a planned and organized activity to accomplish the necessary performance (equivalent to quality) of products (or work) with the minimum total cost. By analyzing the performance of products, value engineering finds the way to lower the production cost and to obtain the best economic results. The so-called "value" refers to the ratio between the performance and production cost of products. The value will be highest when a product is produced with the minimum cost and is yet able to give the necessary performance for the customer. If the performance of two products is the same, the one with lower production cost will be of higher value. If the production cost of both products are the same, then the one with better performance will have higher value. The usual criterion for consumers to evaluate the value of products is "good products at low prices."

Some people are of the opinion that we already carried out quality control and cost control in the past, although we did not use the term "value engineering." As long as the problems can be solved, they contend, we do not have to use value engineering. This argument sounds reasonable, but is incomplete. Quality control can do much to improve the product's performance, but does not stress the need to lower the production cost. Cost control is only concerned with the reduction of production cost, but not with the improvement of the performance. Some enterprises have one-sidedly carried out quality control or cost control. If they have to improve the quality of their products, they must raise the productive cost; if they have to lower their production cost, they will do a sloppy job regardless of quality. In the past, there have been instances of dislocation between different sections in the division of work in some enterprises, because their personnel generally felt that improving the quality of products

is the job of production technicians, while lowering the production cost is the job of the financial personnel. These two jobs were not coordinated, becaause each section went its own way. Thus, it was very hard to achieve both good and economic results. Value engineering is concerned with the increase in the value of products and calls for the cooperation of the production technicians, the economic managers and the experienced workers and staff members and the use of collective wisdom in conducting qualitative analyses and quantitative estimates on the performance and product cost. In addition to lowering the production cost, it also strives to improve the performance so that the product will meet the customer's requirement. This will mean a perfect combination of good and economical results, or better economic results by accomplishing the necessary performance with minimum production cost. From this, we can see that value engineering is a branch of management technology which closely combines technology with economics and quality with production cost, as well as a qualitative leap in the work of quality control and cost control.

Furthermore, the total cost of products referred to by value engineering (also called life-cycle production cost) includes not only the production cost, but also other expenses, such as those used in storage, circulation, marketing, utilization, maintenance, and even the disposal of written-off products. The total cost must be lowered before the production enterprises and the users can reap the economic benefits and before the rational use and conservation of social manpower and material resources can be realized. At present, the products of some enterprises are poorly designed and its quality is inferior. As a result, the consumption of energy and work-hours is high in their being used. Furthermore, their maintenance is costly and the losses from work stoppage are heavy. Some user has said: "We can afford to buy it, but cannot afford to use it." The upshot is that the total cost has been increased; the users and the society are not satisfied; and the production enterprise has difficulty in selling its products. Therefore, by lowering the total production cost, value engineering not only meets the requirements of microeconomics, but also open new sources for macroeconomic benefits.

As we all know, there are many methods to lower production cost. But engineering does not use ordinary methods for this purpose. After a systematic analysis of the product's performance, it has to discover the existing problems, work out the best plan to accomplish its performance, and then attain the goal of cost reduction. Value engineering is a scientific method discovered through long practice, and has been recognized as the most effective method to lower production cost. It is more effective than the ordinary methods because it has a grip on the link of performance analysis, from which it doscivers a set of more scientific methods of thinking and steps of working, whereby it can mobilize collective wisdom and mass skill to contribute to the accomplishment of the performance and the reduction of production cost.

Value engineering was imported from abroad only a few years ago. The industrial enterprises in some areas of our country have used this method to lower the production cost and to improve the economic results with

great success. The scope of its use is quite wide, because it can be used by all units in which the performance and production cost (including time and the other expenses) can be compared in calculating and analyzing the economic results. The so-called "performance" refers to the kind of performance in the ordinary sense as well as the quality, effects, efficiency and so forth. Therefore, all sectors of the national economy, such as industry, agriculture, commerce, communications and transportation, the service trade, scientific research and so forth, can use it for the purpose of improving the economic results and the work methods.

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ECONOMIC MANAGEMENT

ANHUI CORRECTS ECONOMIC INVESTIGATION MISTAKES

OW050331 Beijing XINHUA Domestic Service in Chinese 0040 GMT 4 Oct 82

[Text] Hefei, 4 Oct (XINHUA)--The Industrial and Commercial Administrative Bureau of Huoshan County, Anhui Province, investigated economic crimes allegedly committed by the "enterprising household" of Wang Quanjing. A joint investigation team formed by the provincial, prefectural and county authorities, which rechecked this case, refuted the views expressed by the county Industrial and Commercial Administrative Bureau by saying that Wang Quanjing should not be investigated because, basically, he made his money through his own labor.

Wang Quanjing, 28 years old, is a senior middle school student who returned to the countryside to take up farming. In addition to himself and his wife, who are able-bodied workers, his six-member household also includes a 60-year-old mother and three children under 10 years of age. Wang Quanjing's household is located in the Xiaxinwu production team, Shuanglong brigade under the Danlongsi Commune in Huoshan County, Anhui Province. Inspired by the guidelines of the 3d Plenary Session of the 11th CPC Central Committee, he started out by making and selling baskets for use in mining and by selling firewood and tea seeds. Later, he put the money he had earned into cultivating saplings for afforestation and in developing diversified undertakings, thus opening the way to make money. In the past 3 years, besides growing grain and oil-bearing crops, he has afforested more than 100 mu, cultivated over 20 mu of saplings, planted 18 mu of tea, grown bamboo and herb medicine, cultivated edible wood fungus and raised hogs, bees and oxen. In 1978, his total family income amounted to only a little over 800 yuan, averaging just over 110 yuan per person, and total amount of food grain was less than 400 jin. By 1981, his income had risen to over 3,000 yuan, averaging over 400 yuan per person, and the food grain amounted to over 1,700 jin. He was present at the county meeting commending those who made money through their own labor.

After the nationwide struggle against serious crimes in the economic field was launched this year, the Huoshan County Industrial and Commercial Administrative Bureau, based on the information and reports by a handful of people, listed Wang Quanjing as one of the four major cases of speculation

and profiteering in the county and conducted a special investigation. Wang Quanjing was asked to go to the county to make a clean breast of his case where he was investigated for 26 days. Only after a responsible person of the county CPC committee had taken a personal interest in the matter was Wang Quanjing released to go home.

During his investigation in the county, Wang Quanjing appealed to the CPC Central Committee and the State Council. In the meantime, departments concerned, including the agricultural and industrial departments of the Anhui Provincial CPC Committee, formed a joint investigation team to check on this matter and refuted the view of the Industrial and Commercial Administrative Bureau.

1. Regarding the question that Wang Quanjing sold 10,000 baskets, which he had made, for mining use to the Huainan coal mine and helped others to sell another 7,000 mining baskets, the investigation team's report said that making baskets for mining use is a household sideline production undertaken by the local people utilizing local resources. This cannot be classified as speculation and profiteering because it is permitted by party policy, whether these baskets were made and sold by Wang Quanjing himself or by his relatives or friends organized by him for sale.

2. Regarding the question that he sold firewood and tree roots to the Hefei iron and steel plant, the investigation team's report noted that tree roots, firewood and decayed timber and items not included in the state plans, which have no other use in the mountainous areas than firewood. These items, scattered in various families, households and individual units, are unsuitable for transportation and have no market locally, but are urgently needed by the iron and steel plant as furnace ignitors. Therefore, by handling these items and keeping the channel of circulation open when the state is not doing it in an organized way, Wang Quanjing is doing a good deed in enlivening the economy, benefiting both the country and the people. This should not be looked upon as speculation and profiteering.

3. Regarding the question that he procured and sold tea seeds, the investigation team's report said that, while the government called on the mountainous areas to vigorously develop tea production, the amount of tea seeds being supplied by the tea companies cannot satisfy local needs. In these circumstances, Wang Quanjing took the initiative in procuring tea seeds from other areas and then selling them to his own brigade cheaper than that set by the state. By so doing, he was supporting the commune members' efforts to develop new tea plantations. This is different from selling for the purpose of making an exorbitant profit.

4. Regarding the question that Wang Quanjing hired help during the busy tea planting and afforestation season, the investigation team's report pointed out that the people hired by Wang Quanjing were all his friends and relatives, who volunteered to help and took care of their own food. Besides, they were paid, thus such a practice cannot be looked upon as exploitation.

The Anhui provincial, prefectural and county investigation team drew a clear-cut conclusion, affirming the achievements of Wang Quanjing in afforestation, cultivating saplings and tea planting as well as in developing universified undertakings that made him rich through his own labor. The departments concerned, by summoning Wang Quanjing to county to make a clean breast of his case and by keeping him there for as long as 26 days, violated the guidelines embodied in the documents of the CPC Central Committee and the State Council and run counter to the law. Leading members of the Huoshan County CPC Committee, districts and communes also shared this view.

While concluding that Wang Quanjing should not be investigated, the provincial, prefectural and county investigation team also pointed out some of Wang Quanjing's shortcomings: for example, in promoting sales with factories and mines, he indulged in improper practice by inviting guests to dinner and presenting them with gifts; he also did something improper for others in violation of principles. All this should be corrected.

-CSO: 4006/42

ECONOMIC MANAGEMENT

'HEBEI RIBAO' EDITORIAL ON FINANCIAL AWARENESS

HK151129 Shijiazhuang HEBEI RIBAO in Chinese 4 Oct 82 p 1

[Editorial: "A Householder Must Know How to Budget"]

[Text] In his report at the 12th National Party Congress, Comrade Hu Yaobang put forth the great goal of quadrupling the gross annual output value of our industrial and agricultural production by the end of this century. Our country has entered the historical period of creating a new situation in all fields of socialist modernization. To realize this great goal calls for a tremendous amount of money. But at present, we are in financial straits and are hard up for money. There is an obvious conflict between our need for funds and our capability. To bring about a fundamental turn for the better in the financial and economic situation as quickly as possible and lay a good foundation for future economic revival, the leadership at all levels and all enterprises, units serving the people, organizations, schools and other units must run their households and manage their finances in a down-to-earth manner. They must strive to develop production, improve economic returns, strictly practice economy, fight masterful practices, and ensure the financial needs for modernization. This is an urgent task of strategic significance confronting us.

Our Chinese nation has traditionally been careful about budgeting. A review of our country's several thousand years of history shows that given budgeting and good financial management, a poor country will become rich; given the neglect of budgeting and poor financial management, a rich country will decline. Our party has carried on and developed the fine tradition of the Chinese nation. Whether in the period of the revolutionary war, or in the period of socialist construction, unusually great attention has been paid to financial management, thus ensuring the smooth progress of the revolution and the cause of construction. But during the 10 years of internal disorder, this tradition was seriously undermined. Since the 3d Plenary Session of the 11th CPC Central Committee, such a situation has begun to change. But at present, there still exists a very serious situation among the leading comrades of departments and units in quite a large number of areas in which householders pay no attention to budgeting, or householders know nothing about financial management.

One of the manifestations of the practice of running a household without budgeting is the lack of attention to economic yields. In the area of production, solely pursuing output value without regard to social needs, or stressing production to the neglect of management is quite a common phenomenon. Many enterprises are marked by a heavy consumption of energy, the poor quality of their products, high production costs, a low level of accumulation and shocking loss or waste. The material consumption of enterprises, their capital accumulation, the turnover rate of their circulating funds, and so forth have fallen far behind the best levels in history. In regard to circulation, outlets for commodities are not operating smoothly, sales are sluggish, unsold stocks pile up, expenses rise and profits drop.

Another manifestation of the practice of running a household without budgeting is the lack of a conception of the whole situation. Funds are diffused and used wastefully. With partial interests in mind, some areas have built projects that are not needed, as far as the whole situation is concerned. They blindly start or duplicate construction projects, wasting large amounts of financial and material resources and aggravating the disproportionate state of affairs. Some increase the percentage of profit they retain without authorization. So there is an increase in the profits realized but a decrease in the amount of profit handed over to the state. A large amount of funds intended for "tapping potential, renovating and restructuring" is devoted instead to capital construction. This interferes with the technical transformation of enterprises. Prompted by partial interests, some other areas have even unhesitatingly resorted to such illegal means as squeezing, taking, sharing, aprropriation, and so forth, as they dip into the state coffers and run foul of financial discipline.

Still another manifestation of the practice of running a household without budgeting is "a householder knowing nothing about the high price of firewood and rice" and spending like a rich man, despite being a poor man. They throw their money about. Some people spend money to get things done. They do not know the actual situation but insist on getting what they want. There is no budget for money that should be spent. Money that should not be spent is instead freely allocated and freely used. Some projects are started only to be suspended, or suspended only to be started again, some are dismantled only to be restored, or restored only to be dismantled. Things are repeated this way again and again. The value of money is not appreciated. Deadwood is found in organs, organizations, and units serving the people. There are more workers than are actually needed. The situation marked by too many conferences, too much paperwork, too many telephone calls, too many cars and too many expenses and low work efficiency is quite common. Some people recklessly go on a spending spree and even sacrifice public interests for private gain and appropriate public property for themselves, promoting unhealthy practices and seriously divorcing themselves from the masses.

The causes of the above problems and their existence, fundamentally speaking, are attributable to interference and sabotage by the Lin Biao and "gang of four" counterrevolutionary cliques. As far as our work is concerned, some

comrades do not fully see the importance of budgeting. The idea of sharing a "big pot of rice" has long been ignored without being corrected. They pay no attention or close their eyes to serious loss or waste. Where such a case is brought to their attention, they look the other way. They do not give a damn where money can be had just for the asking. They are woefully lacking in a sense of responsibility or they just take everything for granted. What is wrong is even considered right. "It is like staying in a fish market and getting used to the stink." Some areas are not strict in the enforcement of regulations and systems. They are lax in financial management. There are no regulations to abide by or regulations and laws exist only to be ignored. Laws are not strictly enforced. All these are serious obstacles that stand in the way of overcoming financial difficulties, increasing the accumulation of capital and stimulating modernization. They must be overcome.

In running a household and managing finances, we must first have correct ideas and raise our consciousness. To budget for a household, to strictly practice economy, to fight wasteful practices and to bring about a fundamental turn for the better in the financial situation are important conditions for the realization of the great goal of economic construction. They also represent one of the important measures for restoring the party's fine traditions and improving social practices. The leadership at all levels should realize from this high plane the extremely great importance of budgeting for a household. We must closely rely upon the strong leadership of the party Central Committee, seriously follow the correct line formulated by the CPC Central Committee, unify thinking, and raise awareness. We must treat financial management as a major event bearing on economic construction as a whole and put it on the agenda. We must formulate plans, take measures, strengthen leadership and handle financial matters well.

In budgeting for a household, we must strive to develop production and improve economic returns. Only with production developed and results improved can there be a good source of income. To improve economic returns, we must first organize enterprises well. The key to success lies in consolidating leading groups and boldly cultivating and using "understanding people [ming bai ren 2495 4101 0086]. Only with "understanding people" in charge can production rise. Only in this way can returns improve, and can money roll in. We must let "understanding people" lead the way and let talented people quickly appear on the scene. On this basis, we must strive for microeconomic returns. As far as an enterprise is concerned, we must first improve the quality of products and achieve the aim of producing what is suited for the market and realizing the beneficial effects of products on society. Second, we must strengthen economic accounting, reduce the consumption of raw materials, improve profits and realize the economic benefits for given enterprises. At present, our central tasks are: the proper handling of cost management, the strengthening of fundamental work, the improvement of the management system, the proper handling of the system calling for a fixed number of workers and fixed quotas, and the establishment of an economic responsibility system and its strict implementation. Only in this way can we achieve the aim of increasing production and practicing economy, tapping potential and preventing wasteful practices, and adding to social wealth and financial income.

In budgeting for a household, we must foster the idea of "coordinating all the activities of the nation like pieces in a chess game." We must concentrate the necessary capital and devote it to priority construction projects. In the past few years, to improve the people's living standard, enliven the economy and solve some problems left over through the years, the state has made some readjustments concerning the policy of allocating financial resources. The living standard of the people has thus been improved. The circulating funds of enterprises have increased from year to year. This is necessary and correct. The problem is that the state's financial resources are somewhat diffused. There are inadequate funds for priority construction projects. A number of mismanaged enterprises are "assured of harvests in spite of drought or floods" at the expense of the state. If such a situation is not changed, the continuous development of the national economy as a whole will suffer. Therefore, we must act according to the guideline set at the 12th National Party Congress and uphold the spirit of "meeting both food and construction needs." We must see to it that the state concentrates the necessary funds on construction and also continues to improve the people's living standard. To concentrate construction funds, given areas must guarantee the timely transfer of the exact amount of profit that should be handed over to the central authorities. The state must also adopt a correct policy toward enterprises, so that the latter can benefit by their own efforts to tap the potential and improve economic results and also benefit where such efforts have been successful or unsuccessful. Those enterprises that are well managed must be able to turn over more profits to the state and also to make technical improvements. Those that are poorly managed must guarantee fixed contributions to the state. They are left to fight for their own survival and even to perish. Only in this way can we really arouse the enthusiasm of enterprises, not only guaranteeing the concentration of the state's needed funds but also ensuring the systematic introduction of technical transformation.

In budgeting for a household, we must seek an overall mobilization. We must first strictly practice economy and fight wasteful practices. To realize the various fighting tasks put forth at the 12th National Party Congress, the state will need much larger amounts of capital for construction. Where will the capital come from? Our traditional experience shows that we must rely upon both increased production and the practice of economy. For those expenses that must be defrayed, we must guarantee the needed funds and also pay attention to the results achieved. We must make every cent count, directing funds to the improvement of equipment and technical transformation in agricultural, educational, scientific and other enterprises. We must resolutely cut out such expenses as can be done away with. We must educate the masses of cadres and people, so that they can have a deep understanding of the great significance of the practice of strict economy and the elimination of wasteful practices, and the realization of the great strategic goal and the "three fundamental turns for the better" put forth at the 12th National Party Congress. In this way, they can further develop the fine tradition of fighting amid hardships and being industrious and thrifty. The practice of economy is thus

turned into the conscious action of every cadre and worker. On the basis of heightened ideological awareness, we must link the realities of given areas, departments and units with the mobilization of the masses to examine themselves, check each other, set forth problems, expose contradictions, formulate measures, establish and improve regulations and systems and plug all the loopholes for wastefulness. We must call upon the masses of cadres and workers to set their sights on major goals and act on minor matters saving every little piece of thread, every unit of electricity and every drop of water. Every little bit counts as the saying goes. Leaders at all levels must set a personal example and take the lead in practicing economy. They must come up with ways to reward economical practices and penalize wasteful ones. Thus, those people practicing economy can benefit and those given to wastefulness can be criticized or punished. They must give full play to the functional role of economic management departments. In regular and planned manner, they must organize inspections concerning performance of duty, taxation and financial discipline. Serious cases of waste must be severely and swiftly dealt with by the party and government leadership departments at all levels.

At present, guided by the spirit of the 12th National Party Congress, the people throughout the country are full of enthusiasm and pushing ahead bravely. A mass campaign for practicing economy and increasing production is being launched in an extensive and thorough manner. We must take budgeting for a household as a major issue, tackle it in a strict and proper manner and achieve the desired results, making proper contributions to the realization of the various fighting tasks put forth at the 12th National Party Congress.

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ECONOMIC MANAGEMENT

NEED TO RESOLVE NEW PROBLEMS OF SPECIAL ECONOMIC ZONES SEEN

Shanghai SHIJIE JINGJI DAOBAO in Chinese 21 Jun 82 p 13

[Article by Wang Zhuo [3769 3820]: "Research New Situations, Resolve New Problems"]

[Text] The Shenzhen Special Economic Zone has been established only 2 short years but there have been enormous changes in this small border town that was once without any industry or modern buildings. Comparing 1981 with 1978, the value of industrial and agricultural output has more than doubled, fixed assets have increased 15-fold, local revenue has increased more than 4-fold, local foreign exchange has more than doubled, the average wages of employees have increased nearly 3-fold, and the average allocation of collectives to rural commune members has nearly doubled.

China established the special economic zone further to expand economic cooperation and technological exchange with foreign countreis to promote socialist modernization. Through the special economic zone we can come in direct contact with and observe the developments of the world's modern economies, study advanced technology of foreign countries and useful managerial experience, and try out reforms, especially reforms in the economic system. At the same time, using the special economic zone form to carry out more liberal "special policy and flexible measures" in a small area is useful for attracting foreign capital and advanced technology, for concentrated management of foreign capital and for gaining managerial experience and training personnel. While building a material culture, in the special economic zones we are paying attention to building a spiritual culture to guarantee that the special economic zone will continue to follow the correct and healthy development of the four basic principles.

Since Guangdong began to implement the special economic policy and the flexible measures, economic results have been good and there has been rapid growth in industry. However, there have also been some new situations and problems that have appeared in our course. What new situations and problems have appeared? On the basis of my personal observations:

1. Due to a variety of reasons, there have been developments in the class struggle in the economic realm, some people have become corrupted, and illegal and criminal activity has increased in the economic area. With regard

to this problem, first, we should maintain the socialist path, strengthen ideological and political work, strictly enforce discipline, and those "people who were corrupted, including out-party members, cadres and people should be criticized, disciplined and handled evenly according to the law." Second, we should strengthen rule by law and on the basis of state law resolutely attack illegal and criminal activity in the economic realm.

2. Because the volume of export trade has increased sharply, foreign exchange income has doubled and redoubled, and contradictions have appeared in the balance of foreign exchange and goods and materials. However, this contradiction is not hard to resolve. Creating foreign exchange locally depends mainly on exchange for exported goods and materials, for local areas to transfer foreign exchange to the state. The state should organize a planned balance between goods and materials and foreign exchange, allocate the appropriate quantity of goods and materials in the local area, put into circulation currency which has been withdrawn because of the purchase of commodities for export, and maintain the exporting province's basic price stability and basic rationalization of currency circulations. These are all important for economic development and people's standard of living.

Since China has begun to implement the policy of liberalization toward foreign countries, there has been evidence of the contradiction between our planned economy and the market economies of foreign countries. What China implements is a socialist planned economy and exercises unified leadership and unified planning of exports and imports, but it should also link up attracting foreign capital to China for plant construction and energy, communications and supply and marketing with domestic economic planning to achieve a balance. This is one aspect. In another regard, many foreign countries are market economies and are governed by the laws of market economy. In making contact with foreign industrial and commercial countries, China, for one, can neither discuss discipline nor obedience, but can discuss negotiation, contract, equality and mutual benefit and willingness on the part of both parties. This demands that we should have flexible reactions and be able to make accomodations with regard to foreign economic activity. Otherwise, it will be difficult to bring into line the contradictions between our domestic planned economy and foreign market economies. One of the important demands of the CPC Central Committee and the State Council in deciding to implement the special economic zones and flexible measures in Guangdong is to gain experience in economic system reform to harmonize the relations between our planned economy and foreign market economies. It now appears that this cannot be done by just one province alone, but requires coordination with relevant sections of the State Council. If we can achieve new developments in economic system reform, then the situation in the development of relations with foreign economies will definitely be better.

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ECONOMIC MANAGEMENT

INITIAL SUCCESS FOR SYSTEM OF ECONOMIC CONTRACTS REPORTED

Kunming YUNNAN RIBAO in Chinese 5 Aug 82 p 2

[Article by Lu Jianhua [7120 1696 5478]: "Initial Success in the System of Economic Contracts in our Province"]

[Text] Thanks to the combined efforts of the industry and commerce administration departments and the relevant departments at all levels in the province, the implementation of economic contract laws and the economic system and the control of contracts have shown initial success.

Up to the end of last year, 93 counties and municipalities, or 71.5 percent of the total number of counties in the province have begun their work in the notarization and control of contracts. More than 7,500 contracts involving 532 million yuan were notarized. The number of contracts and the amount involved was more than those of 1980 by 21.2 percent and 14.6 percent respectively.

Strict enforcement of the contract system has helped to effectively guarantee the implementation of state plans and has played an active promotional role in production and circulation. In 1980, Kunming Municipal Light Industry Bureau assigned to the Kunming Municipal Number Two Rubber Plant the task of producing 3.8 million pairs of rubber shoes for the year. In accordance with the procurement plan and the market needs, the provincial grocery center signed contracts with this plant for the procurement of rubber shoes of various specifications and for different seasons. Thus the contracts closely coordinated the plans of both parties. The state's plan was fulfilled and the market needs were fully met. Last year, the Yanggang Supply and Marketing Cooperative in Tonghai County signed contracts with various communes and production brigades for the procurement of three different types of vegetables, and supplied to Beijing and other large cities 1,550,000 jin of vegetables. Thus the state, the collectives and the individuals all gained some benefits.

To ensure the fulfillment of contractual obligations, the industry and commerce administration department has performed an active role in notarization. More than 95 percent of the contracts notarized in our province were fulfilled. The economic court has also been asked to arbitrate in economic disputes. Thus the economic interests of all parties are safeguarded.

Since 1 July this year, the "Economic Contract Law of the People's Republic of China" was formally implemented. Before then, the provincial industry and commerce administration bureau held a symposium attended by the responsible persons of various prefectural industry and commerce bureau in charge of contracts to sum up the experiences of the province in enforcing the system of economic contracts, and in improving the work of contract control. The leadership of industry and commerce bureaus at various levels were called on to conscientiously implement the economic contract laws and the economic contract system, and to control the contracts effectively in order that the contract system can play a more effective role in the national economic construction in our province.

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BRIEFS

GUANGDONG MANAGEMENT WORK--Not long ago the provincial finance department held a meeting in Foshan on strengthening the management of financial and accounting work in enterprises and raising economic returns throughout the province. The meeting discussed the implementation of the 12th congress spirit and arranged the work of straigthening out financial and accounting work in enterprises throughout the province. All participants held that in order to bring about a thorough change in financial and economic work, all financial and accounting personnel must bear heavy responsibilities. Eighty percent of the province's financial revenue comes from state-run enterprises. Only by straightening out state-run enterprises and raising economic returns is it possible to bring about a thorough change in financial and economic work. What should we do in straightening out financial and accounting work in enterprises? We must first of all have a clear ideological understanding, straighten out raising economic returns, get rid of the ideas of scrambling for profit from the state and firmly establish the idea of taking the whole country into account. It is, therefore, necessary to call a halt to all unhealthy practices and tricks and to earnestly help enterprises do well in the basic work of economic audits. It is all the more necessary to set various average advanced targets and establish an overall economic responsibility system. Meanwhile, reorganization work must be done among financial and accounting personnel, and professional study must be conducted among them so as to raise their professional level as soon as possible. [Text] [HK060628 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 3 Oct 82]

HUNAN ECONOMIC CRIME--Cadres and policemen of Yueyang Prefecture's procuratorial organs are seriously studying and implementing the spirit of the 12th CPC National Congress and are firmly grasping the work in handling a number of important and key criminal cases in the economic field. Recently, Yueyang Prefecture's procuratorial organs at two levels firmly grasped the work in handling important and key criminal cases. By the end of August, 41 cases had been decided upon and over 160,000 yuan of economic loss had been retrieved. After the 12th CPC National Congress, they again analyzed nine major cases and arranged them in order of importance and urgency. (An Jingdu), chief procurator of a subprocuratorate, and (Gong Suopei) and (Bai Nianqing), deputy procurators, often go to county and municipal procuratorates to give guidance in handling important and key criminal cases and exercise face-to-face leadership. Of the 24 chief procurators and deputy procurators, 16 personally handle important and key criminal cases. Comrades shouldering heavy responsibilities are assiduously working day and night and are taking various measures to crack important and key criminal cases. [Text] [HK081116 Changsha Hunan Provincial Service in Mandarin 1100 GMT 7 Oct 82]

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FINANCE AND BANKING

MEASURES TO STRENGTHEN FINANCIAL, ACCOUNTING WORK TAKEN

Beijing ZHONGGUO CAIMAO BAO in Chinese 12 Aug 82 p 1, 2

[Article: "Completely Overcome the Tendency Toward the Neglect of Financial and Accounting Work; The State Council Has Approved and Relayed the Report of the Ministry of Finance on Strengthening Financial and Accounting Work Among State-Run Enterprises"]

[Text] The State Council has recently issued a notice concerning its approval of the "Report on Strengthening Financial and Accounting Work Among State-Run Enterprises" and called on all people's governments in the provinces, municipalities and autonomous regions; all ministries and commissions under the State Council; and all other directly affiliated organs to act in accordance with the recommendations of the Report.

Excerpts from the "Report on Strengthening Financial and Accounting Work Among State-Run Enterprises" are as follows:

Financial and accounting work in enterprises is a powerful tool for reflectina dna supervising the enterprises' economic activities, strengthening business management, improving economic results and increasing production along with the practice of economy. In the past several years, while adopting the system of economic responsibility and urging the enterprises to improve their management, the state has adopted various measures to improve the work of finance and accounting. However, according to the result of the financial inspections on the enterprises in various localities, only a small number of enterprises have done fairly well in this respect. In the majority of enterprises, there are problems in varying degrees of inefficient management, confusing accounting data, and inaccuracies in the accounting of assets, funds and production costs, as well as laxity in financial discipline. In some enterprises, the financial management is even chaotic, leading to serious loss and waste, and there are frequent violations of law and discipline. Enterprises must have accurate calculations and scientific analyses, if they want to improve their economic results. Weakness in financial and accounting work not only hinders economic accounting and cuases loss and waste, but also provide the opportunity for graft, embezzlement and other illegal deeds. This matter should be taken seriously by the departments in charge of enterprises at all levels and by the

enterprises themsleves, and the tendency toward the neglect of financial and accounting work must be completely overcome. During the present reorganization of enterprises, all localities and departments should conscientiously consolidate and strengthen their financial and accounting work with the improvement of economic results as the central task, and strive to bring about a marked improvement in this work with the next 2 or 3 years.

1. All enterprises must thoroughly streamline their financial and accounting work, and set up time limits for meeting the following requirements: 1) The basic work for strengthening economic accounting and a sound system of financial accounting. 2) Correct implementation of state policies and decrees and observance of financial and economic laws. 3) Prompt payment of taxes due and handing in of profits. 4) A set of practical and effective measures for protecting state property. 5) A system of relying the masses in enterprise administration and financial management, and a system of running the enterprise with diligence and thrift. 6) A sound financial structure with competent finance personnel. The departments in charge of enterprises and the finance departments should check these items one by one during their inspection of the enterprises undergoing reorganization. If these requirements are not met, their reorganization will have to continue.

2. The basic work of economic accounting and the system of financial accounting should be set up and perfected. There should be, among others, various kinds of first-hand records reflecting the activities in production and management; norms for the consumption of raw and semifinished materials and for the stocking of supplies; a system of examination of materials and their requsitioning and inventory; a system of examining, approving, requesting and reporting expenditures; bookkeeping and the methods of verifying vouchers; regulations for the calculation of production costs; methods for analyzing and checking on economic activities; a system of economic accounting at different levels with an account-general in charge; and report forms for financial receipts and payments and for accounting.

3. The state's policy of distribution and other relevent rules and regulations mustbe conscientiously implemented. The methods for enterprises to hand in their profits to the state and to retain them for their own use, the scope for the inclusion of expenditures in the production cost, and the criteria for drawing special fudns all embody the state's policy of distribution, and must be approved by the State Council for implementation at the lower levels, or be worked out by the Ministry of Finance by authorization from the State Council. No locality, department or unit whatsoever can go its own way in contravention of the state's unified rules and regulations. Anyone believing that certain specific rules and regulations should be amended or improved can put forward his proposal. However, before the state's unified revision is carried out, he cannot make any change at will. All localities and departments should organize their forces to revise the rules and regulations of their affiliated units if any aspect of these rules and regulations are inconsistent with those of the state. In future, should there be any rule or regulation that contravenes those of the state,

the Ministry of Finance will have the authority to instruct its affiliated tax departments to ignore them. Special handling under extraordinary circumstances should also have the concurrence of the Ministry of Finance.

4. State property must be preserved intact and free from any damage, and protected from any infringement. The fixed and current assets of enterprises are all state property which brooks no infringement by any person with any means. All items of property should be completely recorded in books and there should be a distinctive system of responsibility for their use and custody. When any leading members of enterprises, the personnel in charge of financial affairs, and the personnel in charge of, or making use of the property are transferred away, proper procedures must be carried out for them to hand over personally the property to their successors, and such procedures must be supervised and attested by the leaders of a higher level. When enterprises are closed ro suspended, special persons should be responsible for the custody, maintenance or disposal of the property. The cause of shortage or damage to property, or the circumstances under which the shortage or demage has occurred must be thoroughly investigated, and the culprit, whoever he may be, should be held economically or administratively responsible; in serious cases, he should even be held legally liable. All offenders in embezzlement, or in the misappropriation, plunder or destruction of state property must be dealt with according to law.

5. Cost (expenditure) accounting must be strengthened, and the business results of enterprises must be truthfully reflected. All enterprises must strive to produce more products needed by the society with the minimum consumption of labor and materials. They must realistically account for the production costs and circulating expenses strictly according to the scope of expenses to be included in production costs as prescribed by the state and according to the actual consumption. The substitution of planned production cost, designated production cost or estimated production cost for actual production cost is not allowed. Nor can they be permitted to include in the production cost such expenses as should be charged to capital construction or should come out of special funds. "Laying ambush," or falsifying the accounts or production cost is forbidden. Such false entries, once detected, will be immediately deleted by the finance departments, and the expenses will not be accounted for. The enterprise will not be allowed to draw any more enterprise funds or retain any portion of its profit; or deductions may be made out of these funds, according to the seriousness of the case.

6. Profits should be handed in promptly and in the full amount. They must not be withheld or diverted to other uses which may hold up the state's revenues. The enterprises must follow state regulations and correctly handle the interests of the state, the enterprise and the workers and staff members, with first priority to the state's share. All profits from sales by the producers, from trial sales, from products sold in exhibition and sales meetings, from imported or exported goods, from goods sold in consignments or at negotiated prices, from trading companies (warehouses), from local trust and investment companies, from high-grade guest houses and tourist enterprises, or from various types of handling charges, should not be retained without authorization for the benefit of the enterprise at the

state's expenses, or for the benefit of collectively-owned enterprises at the expense of the enterprises owned by the whole people. As soon as any such irregularity is discovered, the finance departments will immediately inform the enterprise concerned and take the corrective action. A time limit will be set for the amounts due to be paid into the treasury. If the payment is delayed beyond the time limit, the finance departments can ask the local bank to pay out of the enterprise's deposits and surcharge overdue payments of 0.1 percent for every day in arrear. The overdue payments can only come out of the enterprise funds or the retained profits, but must not be included in the production cost or charged as circulation expenses.

7. Control over various special funds must be strengthened so as to use funds to good advantage. The use of special funds by enterprises on tapping potential, equipment renovation and technical transformation must be consistent with the plans approved by the higher authorities for technical transformation and improvement of economic results, so as to be sure that the materials, equipment, funds and construction force are all used to the best advantage. Over-extention of the capital construction front must be guarded against. In paying bonuses, the enterprises must strictly follow the unified plan of the State Council, and must not go beyond the prescribed scope and limits or deviate from the set standards. They must not pay bonuses, subsidies or in kind under all sorts of pretext. On discovering any expense incurred against state regulations while examining the enterprises' final accounts, the departments in charge of enterprises and the finance departments at all levels should take immediate action in accordance with "Some Regulations Concerning the Handling of Financial Problems in the Course of Financial Inspection Among Enterprises" approved by the State Council on 3 May 1982, for the recovery of what has been indiscriminately paid or spent.

8. The financial and accounting structure should be strengthened by the training of finance and accounting personnel. All localities and departments must determine the types of financial and accounting structure of enterprises according to their work and tasks and quickly strengthen the structure with adequate personnel. The departments in charge of enterprises at all levels should set up their own independent finance and accounting structure. If they .re short of personnel, the shortage must be made up. If anyone among the present personnel has not received any training in high or secondary vocational schools of finance and accounting, he must go through a vocational test. If the result of the test shows that he is up to a certain standard, then he will be given a suitable title in accordance with the "Provisional Rules and Regulations on the Technical Titles of Accounting Cadres." Thos who are below the middle professional level in finance and accounting should be trained in separate groups within 2 years so that their professional level can be raised. The finance departments at various levels should consult the education departments and the departments in charge of enterprises and work out a set of rules and regulations for accelerating the training of finance and accounting personnel through organizational measures. The high and secondary finance and accounting vocational schools should systematically increase their enrollments. In places where conditions are favorable, some new finance and accounting vocational schools should be

opened. The finance departments, the departments in charge of enterprises, and the large enterprises should adopt various forms for the training of finance and accounting personnel.

9. Financial supervision by both the broad masses and the professional personnel should be strengthened. Economic accounting on a mass basis should be encouraged and democratic management of finance should be practised in order that the workers and staff members of the enterprises will be more concerned with production and revenues and will supervise over the consumption and expenditures. The broad masses of finance and accounting personnel must serve the public honestly, firmly uphold the principles, and have the courage to combat all violations of financial and economic laws. The workers and staff members of the enterprises and the finance and accounting personnel who have exposed illegal deeds should be protected by the state laws; retaliation against them is strictly prohibited. Cases of attacking finance and accounting personnel in revenge must be investigated by the finance departments one by one and then be severely dealt with. If the finance and accounting personnel break the law even though they are familiar with it, the punishment for them will be even more severe. The finance departments are now having finance personnel stationed in the large and medium-size state-run enterprises. These enterprises must actively support them in their performance of duty by giving them a truthful account of the situation and providing the required data, instead of obstructing them under any pretext.

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FINANCE AND BANKING

PROPER USE OF DEPRECIATION FUNDS STRESSED

Beijing ZHONGGUO CAIMAO BAO in Chinese 24 Aug 82 p 3

[Article by Liu Lixin [0491 4409 2946] and Tian Chunsheng [3944 2797 3932]: "Depreciation Funds Should Be Used on Renovation of Fixed Assets and Techincal Transformation"]

[Text] In his report on the work of the government at the Fourth Session of the Fifth National People's Congress, Comrade Zhao Ziyang pointed out that carrying out technical transformation selectively and systematically in order to give full play to the role of the existing enterprises is the key to the smooth development of our national economy. The use of depreciation funds on renovation and transformation is an important guarantee of success in implementing this policy of construction.

The practice of diverting depreciation funds to other uses now deserves serious attention.

In the past several years, some localities and enterprises have used depreciation funds on the renovation of fixed assets and technical transformation and made remarkable achievements in promoting industrial reorganization and the integration of enterprises, in accomplishing specialization in production and the upgrading and updating of products and in reducing the consumption of energy and raw materials. On the whole, however, depreciation funds are being irrationally used, and there are many problems in this connection.

The depreciation funds drawn by enterprises are first "divided by four different parties" and the "go to the capital construction by various routes." A fairly large portion of the share of the state, the local authorities and the departments in charge are used on capital construction. The remaining share, which goes to the enterprise, is used partly as self-raised funds for capital construction and partly as an advance for circulating funds. Some enterprises using depreciating funds as advanced circulating funds have also misappropriated these funds and some bank loans to finance their unplanned capital construction projects. In other words, most of the four shares of depreciation funds are used on capital construction. According to a survey by the relevant department, approximately 80 percent of the depreciation funds drawn by enterprises were used on capital construction in 1980. The

improper use of depreciation funds has already produced unfavorable effects. For example, the scale of capital construction cannot be controlled; duplicate construction and blindly started projects cannot be stopped; the returns of investments have shown a big drop; and many enterprises are out of funds for the renovation of their fixed assets.

Why have depreciation funds been misappropriated in such large amounts?

There are many causes for the misappropriation of depreciation funds for other purposes. They can be summarized as follows:

First, economic construction has for along time been affected by "leftist" errors. As soon as the development of production was mentioned, some capital construction projects had to be started. If the investment was not enough, some gap had to be left. This was called "changing pressure into motive force." In effect, the enterprises were compelled to break into their depreciation funds in order to fill this gap.

Secondly, some comrades feel that since depreciation funds are part of the funds originally owned by the enterprises, and are "minor authorities" for the enterpirses to carry on simple reproduction, the enterprises should manage them without state interventin. Thus in 1967, when depreciation funds had come under the control of enterprises, there were only plans for capital construction but not for the renovation of fixed assets in the national economic plan.

Thirdly, there is no system of economic responsibility for the enterprises in the control of depreciation funds. Since the founding of the People's Republic, the state has made several changes in the control of depreciation funds. After 1978, the control was partly centralized and partly delegated to the lower levels. Since it was not specifically stipulated that depreciation funds are to be possessed by the enterprises, these enterprises do not have any economic responsibility for the maintenance of the original fixed assets. Whenever they need additional fixed assets and the depreciation funds are not enough for this purpose, they will request state assistance under all sorts of pretext. Thus the small plants become medium-size ones, and the medium-size ones become large ones. Finally, the scopes of plants become enlarged; the number of dangerous buildings is increased; the equipment becomes outdated; but the enterprises cannot undertake renovation or technical transformation.

Fourthly, there is no department to take overall charge of depreciation funds. The rate of depreciation in the enterprises is determined by the Ministry of Finance, but it is difficult for the finance departments to control the use of depreciation funds. Some of these funds are deposited in the Construction Bank, and others are deposited in the People's Bank, but not in special accounts. Inside an enterprise, in most cases, these funds can be used by any department or section, without any unified plan of control.

In order that depreciation funds can be used on the renovation and transformation of fixed assets, the following measures should be adopted:

First, investments in fixed assets should be centrally planned but separately controlled at different levels and by different departments. Sometimes, it is very difficult to distinguish between capital construction projects and renovation or transformation projects, especially in the case of the transformation of key enterprises. They all need planned designs, feasibility study, the use of machinery equipment and building materials, and construction and installation engineering by the construction forces. When these projects have been commissioned, they all consume raw and semifinished materials, fuel, water, electricity, wind power or gas in varying degrees, and may even affect the layout of industry, the schedules of communications and transportation, the municipal administration facilities, and the balance between production and marketing. All these problems must be solved under a unified state plan. Way back in 1957, Comrade Chen Yun already pointed out: "The number of capital construction projects to be started is not decided by the amount of money, but by the quantities of raw and semifinished materials." The type of capital construction referred to by Comrade Chen Yun at that time was equivalent to the combination of capital construction and the renovation of fixed assets at present. In future, an overall arrangement should be made for investments in fixed assets according to the requirements for the development of production and the availability of our national resources, and this overall arrangement should be included in the state's long-range as well as annual plans for an overall balance to be worked out. There should also be control at different levels and by different departments. The major projects should be treated as though they are capital construction projects to be carried out according to the established procedures, while the ordinary projects of renovation and transformation should be arranged by the localities, the departments in charge and the enterprises on the basis of the unified plan.

Second, the renovation of fixed assets and technical transformation should be carefully planned. The renovation and transformation in enterprises should be coordinated with the economic readjustment. There should not be any sudden rush into action by all enterprises, each of them being concerned with its own needs, in order that there will be no duplicate renovation or blind transformation. They should be carried out selectively, purposefully and systematically on the basis of enterprise reorganization and economic restructuring, and centering around energy conservation, the lowering of raw material consumption, the upgrading and updating of products, the increase of varieties and the improvement of quality according to the plan for each trade. Renovation and transformation should be coordinated with the importing of advanced and suitable technology, and such technology should be first used by those localities or enterprises which have a strong industrial base, a high level of technology, and a good capacity for assimilation. The self-transformation of the machinery industry should be carefully attended to in order that it can provide advanced and suitable technology and equipment for the technical transformation of various sectors of the national economy.

Third, a system of economic responsibility should be set up for the enterprises for the use of depreciation funds. In future, the power to use depreciation funds should be gradually delegated to the enterprises, instead of being concentrated in the hands of the state, the local authorities or

the departments in charge. The enterprises should be instructed to use and control these funds well, and be held responsible for the preservation, maintenance and improvement of the existing fixed assets. Should the productive capacity of these fixed assets be weakened or destroyed, the leaders of the enteprise should be held economically, admisnistratively or even legally responsible. Depreciation funds can be taken away from those enterprises whose resources have been exhausted or whose further development is restricted by the state. All enterprises must strengthen their control of their fixed assets and depreciation funds, as well as their accounting.

Fourth, control of depreciation funds must be strengthened so as to prevent their being diverted to other uses. The depreciation funds obtained by enterprises should, in accordance with the State Council's regulations, be deposited in the Construction Bank in a speical account, and be used on renovation and transformation under supervision. This is a good way to ensure that these funds will not be diverted to other uses. For their renovation and transformation, the enterprise should first use its own funds; if these funds are not enough, it can enlist the support of Construction Bank in the form of loans. The use of deposits in or withdrawals from the bank as a means of adjsuting the surplus and shortage of depreciation funds among different enterprises would be more flexible and effective than the use of financial or departmental authorities for such adjustment. The Construction Bank can also use its own experiences, accumulated over many years in the management of investments, to help the enterprises use their depreciation funds well.

There are several problems of understanding.

"Many old enterprises are short of funds for equipment renovation simply because the rate of depreciation is too low." This argument is partly correct, but not completely realistic. Since the founding of the People's Republic, the value of newly added fixed assets for our industrial and communications enterprises has reached some 400 billion yuan, and 40 percent of it was increased before 1970, with the remaining 60 percent being increased in 1971-1980. In the past 31 years, the funds provided by the state through various channels for renovation and transformation accounts for 40 percent of the total value of the present fixed assets in the industrial and communications enterprises. In other words, if the funds earmarked for renovation and transformation have been actually spent on renovation and transformation, then the fixed assets added before 1970 could have been all renewed. In 1980, the funds for renovation and transformation exceeded that of 1975 by 1.2 times, but the total industrial output value was increased by only 55 percent, and the state revenues were increased by 30.7 percent in 1975-1980. Therefore, if the funds for the renovation and transformation of the fixed assets of enterprises are fruitfully used, the trades with excessively low rates of depreciation can have them gradually increased. At present, our main efforts should be directed at the use of depreciation funds for renovation and transformation.

"The equipment left behind by the large enterprises after renovation can be sold to the small enterprises, and the equipment from the same source in cities can be given to the countryside. In this way, there will be some source of income for renovation." "The service life of equipment can be prolonged so as to reduce the pressure from the shortage of funds for renovation." These views are well intentioned. These methods have been tried out in the past, but we suffered loss. The reason is that backward equipment consumes more energy and raw materials, and the goods produced are of poor quality. Competition by the backward with the advanced will results in a more acute shortage of energy and raw materials. On the whole, therefore, it is still unprofitable.

"If depreciation funds are deposited in the Construction Bank, the deposits in the People's Bank will be reduced, and this may adversely affect the balance of its credit receipts and payments." This kind of worry is unnecessary. If the depreciation funds are deposited in the Construction Bank in special accounts, the amount used each year should be in accordance with state plans and arrangements, and the surplus is to be deposited by the Construction Bank in the People's Bank. This system will not affect the total amount of deposits in the People's Bank and even less disturb its balance of credit receipts and payments. The benefit gained is that the use of depreciation funds on the renovation and transformation of fixed assets can be guaranteed, and, as a result, the national economy can be more rapidly developed.

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FINANCE AND BANKING

STRENGTHENING EXPORT EARNINGS MANAGEMENT NEEDED

Shanghai SHIJIE JINGJI DAOBAO in Chinese 14 Jun 82 p 9

[Article by Lu Baoyuan [7120 1405 0337] and Cao Hongbing [2580 1347 3521] of the Nanchang Branch of the Bank of China: "Prevent Foreing Trade Debts and Strengthen Management of Export Earnings:]

[Text] We recently conducted a survey of the foreign accounts receivable of the Jiangxi Foreign Trade Import-Export Branch companies and discovered that at the end 1981, the companies' foreign accounts receivable amounted to about 10 percent of the total earnings for the year. Over 29 percent of them are overdue accounts. This year, this trend has continued to increase and the proportion has risen to over 34 percent; the average time overdue has reached 120 days, with the longest being more than 400 days.

According to our survey the main reasons why foreigners are behind in repaying our trading companies' loans are: (1) the foreign company is badly managed and their credit is poor; (2) we have violated a clause in the letter of credit which has influenced prompt and safe payment; (3) unsecured agent collections have increased, and earnings are not guaranteed; (4) the work of personnel in our trading companies and banks is muddled and paperwork is piling up.

Not being able to collect overdue debts actually allows foreigners to use our funds to do business. This not only has an impact on the capital turnaround of our trading companies and increases the credit circulation of the banks, but also has an impact on the state's export income and is injurious to China's economic rights and interests. If we calculate a debt of $10 million owed by a foreign company for 120 days, our trading company will have to pay over 670,000 yuan in domestic loan interest and the state will lose over $500,000 in foreign exchange interest.

To change this situation rapidly, we propose: (1) relevant departments responsible make export income a major assessment norm for trading companies and change the past tendency to stress only exports and not bother with receipts; (2) trading companies and banks should cooperate closely and strengthen management of export earnings both to adopt appropriate account closing methods and to appoint specialists to handle earning accounting and collections; (3) fully develop credit leverage so that all overdue debts are converted to special accounts which must be repaid within a set time will have interest added according to the loan stipulations.

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FINANCE AND BANKING

BANKS URGED TO LOOK AT OVERALL SITUATION IN HANDLING LOANS

Shanghai SHIJIE JINGJI DAOBAO in Chinese 14 Jun 82 p 9

[Article: "In Discussing Working Capital Zhao Renan Says: Banks Must Look at the Overall Situation in Handling Funds' Volume of Funds in Use and Turnaround Time Should Take Into Account Macroeconomic Results; Some Neighborhood and Commune Industries Recklessly Increase Goods Which Do Not Sell and Waste Money"]

[Text] Zhao Renan [6392 1804 1344], deputy director of the Shanghai branch of the Bank of China recently told a Finance Science Exchange Meeting of the Six Provinces and One City of East China that banking should pay attention to macroeconomic results. In credit and working funds, the way effectively to develop economic leverage is to improve economic results, consider overall and long-range interests and not just look at local and immediate results.

Zhao Renan said that we are socialist banks and that all the country's funds are concentrated in banks. The funds are to be used to develop socialist construction and thus used in accordance with the key emphases of the state plan and are not just given to anyone and to rush headlong into action.

He said: In using funds, banks can shorten loan periods or lengthen them and can also make some investments; if this is all banks do with working capital they cannot use economic leverage well. The application of working capital now generally uses most of it with slow turnaround and small results. But some specific situations also should be analyzed concretely. Why does Shanghai dominate capital? One reason is that last year commercial purchases piled up, and another is that more goods were produced which have not yet been shipped so they are temporarily warehoused. Some of this excess production is to meet the needs of the people and this is as it should be. As far as foreign trade exports are concerned, because they have no capital they rely on bank loans to do business, so Shanghai's foreing trade sections' loans amount to several billions. Due to changes in the international market, some goods are priced too low to be exported, so, to avoid loss, they can only be stockpiled temporarily. Therefore, monopolizing much of the funds and stockpiling of goods should also be analyzed in terms of specifics in view of macroeconomic results and cannot be lumped together.

He said: Through credit, banks should support commune and brigade industries which produce goods needed by their local rural areas. But urban factories

produce some goods in quantity and of goods quality so commune and brigade enterprises need not make them. Otherwise the commune industries will lose capital and in the future, in repaying the loan, loan repayment might really be termed China's "special product." Commune and brigade enterprises in the Shanghai suburbs are now engaged in washing machines, electric fans, and radios, and the waste of funds is serious. At present the income of peasants is increasing, but if in the future goods become more plentiful and prices drop, income will drop and peasants will be dissatisfied. In Shanghai, the banks feel that they cannot provide loans for commerce and brigade industries to expand recklessly, but agricultural sections demand loans. In actuality this is a suicidal policy. To develop in all directions comes into conflict with the state plan. Banking cannot fall into the circle of local interests, but should support the entire interests of the state plan from the perspective of the overall situation. This problem also exists in Shanghai itself. Neighborhoods also produce radios: There are now 80 or 90 radio factories in the city. In the past there were major benefits so they went in for it in a big way. Now the goods can't be sold, but they still cannot give up their projects. Of course, bank cadres are in a tight spot: if they don't give a loan, then there is pressure and this requires that they have the fearless spirit to up hold the truth.

He said: When bank trust sections issue a loan, it must be part of the credit plan. It is dangerous to break up the plan. The People's Bank, Bank of China, Agricultural Bank, and Construction Bank are all engaged in trust work now, and to go on this way may lead to problems and this merits consideration.

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FINANCE AND BANKING

SEMIANNUAL INDUSTRIAL-COMMERCIAL TAX PLAN OVERFULFILLED IN GANSU

Lanzhou GANSU RIBAO in Chinese 14 Jul 92 p 1

[Article by Zhou Lufang [0919 6922 5364]: "Industrial and Commercial Tax Plan for First Half of this Year Overfulfilled in the Province"]

[Text] In the first half of this year, 52.94 percent of the provincial plan and 50.82 percent of the plan of the Ministry of Finance for industrial and commercial taxes for the whole year was fulfilled. The total collection was more than that of the same period last year by 11.18 percent, and the rate of increase was more than that of the output value. Thus the semi-annual plans were overfulfilled in terms of time and tasks.

In the first half of this year, the task of tax collection was fairly well completed. On the one hand, it shows that under the leadership of the party and government departments at various levels, our industrial and communications front has achieved the expected success in reorganization and in the improvement of economic results. The upswing in the output of taxable heavy industrial products has in particular laid the material foundation of taxation. On the other hand, it shows the achievements of our taxation departments at various levels in conscientiously implementing the spirit of the State Council's notice concerning centralized management in strengthening the work of taxation in its role as a lever in the national economy. This policy has further aroused the enthusiasm of the broad masses of tax cadres in the collection and management of taxation.

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FINANCE AND BANKING

SOURCES OF FUNDS FOR TECHNICAL TRANSFORMATION EXPLORED

Guangzhou NANFANG RIBAO in Chinese 16 Aug 82 p 4

[Article by Li Chunhong [2621 2504 3163]: "On Exploring the Sources of Funds for Technical Transformation"]

[Text] Technical transformation for enterprises and intensive expansion of reproduction are an important measure to improve economic results. However, technical transformation is now hampered in some enterprises which have problems with the sources of funds for this purpose.

In our province, there are three causes for the problem of funds for technical transformation. First, the problem of finance. The central government is now holding our province responsible for its own finances, and our province is, in turn, holding the various municipalities and counties responsible for their own finances. Because of the financial difficulties in the past several years, the state has practically no fund allocation for our technical transformation. According to the statistics compiled by the provincial machinery department, state allocations for this purpose in 1979-1981 were less than one-third of the annual allocations before 1978. Since their financial responsibility is quite heavy, the municipalities and counties are unable to spend much on technical transformation. Second, the problem of bank loans. The interest rates for bank loans are "unreasonably identical." Furthermore, it is stipulated that the enterprises must first use their profits to repay their loans with interests before retaining any share of the profits. This will inevitably reduce the enterprises' immediate benefits. They can only manage to keep their profits from being reduced, or to increase them only slightly, and would willingly become "old oxen dragging a rickety cart" instead of applying for loans to carry out technical transformation. Third, the problem with the use of depreciation funds and retained profits. Only a small portion of these funds and profits can be used for developing production, and even such a small amount of production development funds are used by many different parties. Therefore, no useful purpose can be served.

How can we solve the problems of the sources of funds for technical transformation under the existing financial system? Practice has proved that it is impractical to take the old road of relying on financial allocation. Therefore, the following tentative methods may be considered.

We can revise the policy of bank loans, set up short and medium-term special loans for technical transformation, appropriately lower the interest rates, and work out strict supervisory measures to ensure the special use of these special funds. Some people may worry that the grant of loans for technical transformation may lead to currency inflation and price inflation. This worry is unnecessary because first, the banks have their decisionmaking power in granting loans, and in choosing those enterprises that are eligible for loans. Thus only those projects which will able to produce enough for the redemption of loans are to be supported; and the problem of issuing money and failing to withdraw it can be avoided. Secondly, loans for technical transformation can be redeemed within a short period. Generally, they are intended for increasing the productive capacity for goods in short supply and producing readily saleable goods. It will help expedite the withdrawal of funds for circulation and instead of giving rise to currency inflation, will provide an important means of stopping it.

Some control organs should be set up by the departments in charge specially for technical transformation, and the technical transformation projects for the affiliated enterprise should be carried out according to a unified plan. Feasibility study should be conducted by experts. Special bank accounts should be opened for depreciation funds and production development funds, so that these funds, together with the allocations in small amounts from the higher levels, can be centrally controlled. The banks will grant loans in order of urgency and the amounts of loans will be based on the scopes of the undertakings. Contracts will then be signed with the enterprises stipulating how the funds will be used and returned, and a certain amount (not necessarily the whole required amount) will be loaned to the enterprises in accordance with the contracts. The borrowing party must pay interests to the lending party, and the rates of interest can be determined through discussion by both parties. The merits of the system of unified control and reimbursible financial support are as follows: 1) It will change the former method "sprinkling pepper" in the use of technical transformation funds, so that the limited funds can be used to the best advantage. This will ensure the smooth progress of the key and urgent technical transformation projects. 2) Overall planning can be worked out for the entire trade, thus preventing duplicate transformation from indiscriminate commitments and improving the economic results of technical transformation for the whole trade. 3) The departments in charge will be able to accumulate a certain amount of funds every year to be used for technical transformation in the following year.

A system of credit sales can be adopted. Generally speaking, technical transformation in enterprises consists of two parts: first, technical transformation for the departments using the technical equipment, such as the light industry departments; and second, technical transformation for the other sectors of the national economy providing the technical equipment, such as the machinery industry departments. In the past several years, when we were carrying out the economic readjustment, the productive capacity of some branches of heavy industry was used for serving light industry. However, since the light industry departments were short of funds and was unable to purchase the required technical equipment, their technical transformation could not be carried out smoothly, and the market for heavy industrial goods could not be further expanded and these goods became overstocked. Under such conditions,

the system of credit sales should be introduced. In other words, the heavy industry departments first supply their overstocked, but serviceable, technical equipment to the user departments for their technical transformation, while the user departments make a downpayment to be followed by installments when they have already derived their economic benefits resulting from the technical transformation. By this means, the user departments will be able to carry out timely technical transformation, while the departments producing the technical equipment can reduce their overstocking, expand their market, and promote their self-development. This credit sales system started in our country several years ago and have shown good results. In 1980, for example, the Shanghai Heavy Machin ery Plant helped the Tonglu Cement Plant in Zhejiang Province in technical transformation, and the required equipment cost 1.5 million yuan. Since the cement plant did not have enough money, 500,000 yuan out of this amount had to be paid in installments. It was mutually agreed that the installments had to be paid out of the profits obtained after the commissioning of the project. Forty percent of the remaining amount was paid this year, with the remaining 60 percent to be paid next year. Both parties are satisfied with their gains.

Technical transformation of the departments producing technical equipment deserves special attention, particularly when it concerns the machine tools. Improvement in the technology of the departments producing the equipment has a direct bearing on the improvement of technology for the entire national economy. To the department using the equipment, the department producing the equipment is the selling party. However, granting loans to the department producing the equipment is also a form of credit transaction. A combination of the advance of funds to the production department and the credit sales of equipment to the user department will not only ensure the sufficiency of special funds, but also makes it possible for technical transformation to be carried out in both departments and for the technology for the entire national economy to be upgraded through the utilization of a single loan.

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BRIEFS

GUANGDONG FINANCIAL REPORT--The Guangdong Provincial People's Government recently approved the Guangdong provincial financial department's report and transmitted it to various prefectures and departments, calling on them to strive to increase income and cut expenditures to ensure the fulfillment of this year's financial income tasks and to achieve a balance this year between financial income and expenditure. The provincial financial department's report says: from January to August this year, Guangdong's financial income fell short of the growth rate put forth in the budget in the beginning of this year. Expenditures increased too rapidly and the income of some localities dropped. In order to achieve this year's balance between financial income and expenditures in Guangdong, the provincial financial department's report demands that all localities strengthen leadership over financial and taxation work; take increasing economic returns as the principal standard for checking and assessing the work of various economic sectors; regard work in this respect as an important job in reorganizing enterprises; earnestly grasp work in reducing losses and increasing profits in enterprises; strictly control loans granted for capital construction; and strictly control social groups purchasing commodities from special storage and seriously fulfill tasks in purchasing state treasury bonds and handing over the money therefrom. [Text] [HK071116 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 6 Oct 82]

SHANDONG TAX INSPECTION--In order to carry out the provincial tax and financial inspection in a big way, the provincial people's government transferred some leading cadres, experts in economics and accounting and comrades familiar with finance from units under the provincial jurisdiction to organize them into seven inspection groups. Around 10 October, they will go into all localities and municipalities to conduct inspections. Before the groups' departure, Liu Peng and Liu Zhongqian, deputy governors, urged them to take the guidelines of the 12th party congress as a motive to help all localities organize forces to conduct the tax and financial inspection. They were urged to help localities to firmly handle big problems, if any are found. Efforts should be made to integrate the mass inspection with all current tasks to promote and to push forward one another in order to attend to the mass inspection. [Text] [SK091044 Jinan Shandong Provincial Service in Mandarin 2300 GMT 8 Oct 82]

CSO: 4006/42

MINERAL RESOURCES

INCREASED COAL OUTPUT IN STATE-CONTROLLED MINES OF SHANDONG

Jinan DAZHONG RIBAO in Chinese 2 Aug 82 p 1

[Article by Meng Guangming [1322 0342 2492]: "Good News Again About Production in State-Controlled Coal Mines in Our Province"]

[Text] After battling with high temperature and the rainy season in striving for high output and yet ensuring safety, the state-controlled coal mines in our province have concluded their labor emulation in July and August with good results. In July the coal output was 73,000 tons above quota; that of fine washed coal was 57,000 tons above quota; and the footage of tunneling was more than 1,500 meters above quota. The safety factor was better than in last year, and the number of accidents dropped by 50 percent, compared with that of the same period last year.

In July, the provincial coal industrial bureau held in Xinwen Mining Administration Bureau a mobilization meeting calling on all the mines in the province to battle the high temperature and rainy season in striving for high output and safety. After the meeting, theleaders of the mines and bureaus were all in high spirit and went to the front line to encourage the workers to overcome the difficulties. The daily output gradually increased, and a balanced production was maintained throughout the province. There was no longer any "laxity in the first 10 days, struggle in the second 10 days, and desperate efforts in the last 10 days." All the mines under the Feicheng Mining Administration Bureau carefully analyzed the favorable as well as unfavorable conditions in July's production, and started a campaign for safety and quality. In july, they produced more than 43,000 tons of coal above quota with a good safety record. AFter increasing its output by a wide margin in the first half of the year, the Xinwen Mining Administration Bureau followed up its victories by striving for new success: the units under unfavorable conditions made every effort to overcome the difficulties, while those under favorable conditions tried to exceed their production quotas by even wider margins. The bureau's output was 36,000 tons above quota.

During their struggles in July and August, all the bureaus and mines paid great attention to the overall situation. They kept the difficult tasks for themselves and provided facilities to others. Their intention was to

produce more and contribute more to the fulfillment of the overall production plan. In July, the Yangzhou Mining Administration Bureau had to move one of its comprehensive mining units to a new location. This move would cause a reduction of 40,000-50,000 tons in output. Because of this difficulty, the first comprehensive mining team of Nantun Mining Administration Bureau increased its work shifts and footage of tunneling, and produced more than 60,000 tons of coal, with which to make up the loss caused by the moving of equipment. The mines in Xinglongzhuang, Beisu and Tangquan, in their fine gesture, made extra efforts to increase their above-quota output to make up other mines' shortage. The Xinglongzhuang Coal Mine had an increased output of more than 13,000 tons in July, and helped the whole bureau to overfulfill its July production plan.

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BRIEFS

JIANGSU COAL PRODUCTION INCREASED--Up to zero hour yesterday, the coal mines in the province produced a total of more than 1,326,000 tons of coal, being 47,000 tons over the planned figure, in the month of July. The tunneling plan was also overfulfilled by 17.5 percent. There were days of torrential rains in the middle of July, posing a serious threat to coal production. Many leading cadres of the mines and mining administration bureaus went to the forefront to combat the flood and to direct rescue work. They joined the workers in piling up sandbags at the entrances of mine shafts, erecting cement walls, and cutting drainage ditches to keep the mines safe. Through the united efforts of the workers and staff members, the tasks of coal production for July was successfully completed. [Text] [Nanjing XINHUA RIBAO in Chinese 2 Aug 82 p 1] 9411

JILIN COAL PRODUCTION--As of 27 September, collieries whose products are distributed under unified state plan in Jilin Province had overfulfilled their production plan by 19,000 tons. They had prefulfilled by 8 days their production plan for the first three quarters of this year. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 30 Sep 82 SK]

CSO: 4006/42

DOMESTIC TRADE

GANSU'S ECONOMIC COOPERATION WITH OTHER PROVINCES REPORTED

Lanzhou GANSU RIBAO in Chinese 24 Jul 82 p 1

[Article: "Learn From Advanced Regions for Better Economic Cooperation; Four Economic and Technical Cooperation Agreements Signed with Sichuan, Yunnan and Henan Provinces"]

[Text] In response to the call of the provincial party committee and the provincial government for learning from the advanced regions in order to carry out more effective economic and technical cooperation, the provincial government's economic study and investigation group lead by Governor Li Dengying [2621 4098 3467] visited Sichuan, Yunnan and Henan provinces not long ago and, after separate discussions, signed agreements of economic, technical and material cooperation with them.

On its visits to the three provinces, the study and investigation group of our province saw the operation of 30 enterprises engaging in metallurgy, chemical industry, machinery, military industry, textile industry, plastic industry, leather-making, food processing, arts and crafts, and the production of articles for the national minorities. The group members also visited four agricultural-industrial-commercial integrated enterprises in Qionglai County and Chongqing Municipality of Sichuan Province and studied the systems of market supply and municipal construction in all the three provinces. Furthermore, they made special efforts to learn from the methods used by the provinces in organizing integration in economic work in coordination with the current readjustment and using integration and reorganization as a means of developing their business; in forming experimental integrated agricultural-industrial-commerical enterprises in order to blaze a new trail for developing the rural economy; and in producing highly competitive products by bringing into play their own strong points. They also tried to learn how the leaders personally attended to the reorganization of enterprises; how these leaders ran the enterprises through diligence and frugality so that even poor plants can produce brand name goods and small plants can make big profits; how they developed local industry and collective economy, and solved the problem of employment in the cities by developing production; and how they concentrated their efforts on economic work so that people at all levels would work with one heart in promoting the in-depth development of restructuring.

On the basis of study and investigation and in accordance with the principle of equality and mutual benefits and supplying to one another's needs with a view to common development, the study and investigation have on different occasions discussed and signed four agreements for economic, technical and material cooperation with Sichuan Province, Chongqing Municipality, Yunnan Province and Henan Province. The economic and technical cooperation covered 35 projects, and the material cooperation covered more than 10 projects, all mainly based on the strong points of our province in energy and material resources, our weaknesses in technology and other realities; and motivated by our desire to with the support and assistance of our fraternal provinces. For example, Sichuan Province helped us solve the technical problems with white cement, cystine and transparent paper production, and the technology of flavoring in brewery and of manufacturing leather, besides helping us train cooks and brewery personnel. Yunnan Provinces provided our province with food, tobacco and spices and helped us solve the problems of flavoring and train flavoring technicians. In return, our province helped Yunnan Province develop fine breeds of sheep. Henan Province provided technician guidance to our small paper mills, plastic trade, and the enterprises using steel in place of wood for the manufacture of furniture, and helped them increase more new varieties. In return, our province helped Henan Province carry out the construction of oil refineries. Our province has also formed relations with these three provinces and Chongqing Municipality of long-term economic, technical and material cooperation, including the exchange of economic, technical and market information regularly or sporadically. Efforts will be made to strengthen these relations in order to promote the common economic development.

Since the return of the group and its report to the provincial party committee and the provincial government, the provincial planning commission has taken the lead in working on the projects.

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DOMESTIC TRADE

INCREASED SALES OF DURABLE GOODS IN YUNNAN RURAL AREAS

Kunming YUNNAN RIBAO in Chinese 26 Jul 82 p 1

[Article by Zan Tianyou [2501 1131 0147]: "Sales of Durable Consumer Goods Increased in Our Countryside in First Half of This Year"]

[Text] The sales of consumer goods by the supply and marketing departments in our province continues to increase in the first half of this year, following the increase last year.

In the first half month, the volume of retail sales by the supply and marketing departments was more than 589 million yuan, an increase of 9.6 percent over that of the same period last year. One salient feature in the sale of the means of subsistence is that, in addition to their demand for more and better goods, the peasants are now holding their money to make their choice, because they want to buy only the famous brands that are attractive in appearance and are urgently needed. Sales of high-grade and medium-grade consumer goods have been markedly increased. According to statistics in the first half of this year, the sales of transistor radios totaled more than 85,100 sets, an increase of 34.5 percent; that of bicycles totaled more than 29,100, an increase of 20.9 percent; and that of sewing machines, totaled more than 47,700, an increase of 36 percent over the same period year. From January to May, the number of wrist watches sold was more than 74,900, an increase of 149.6 percent over the same period last year.

This change in the rural market in our province shows the correctness of the prinicples and policies laid down by the Third Plenary Session of the 11th Central Committee and reflects the new prosperity in our rural market.

9411
CSO: 4006/622

DOMESTIC TRADE

BRISK MARKET IN URBAN, RURAL AREAS OF FUJIAN DESCRIBED

Fuzhou FUJIAN RIBAO in Chinese 24 Jul 82 p 1

[Article by Ji Huachu [1213 5478 0443]: "Enlivened Urban and Rural Market, Improved Relation Between Supply and Demand"]

[Text] Along with the development of industrial and agricultural production and the increase in income for the urban and rural population in the province, the market has become brisk and the relation between supply and demand has been further improved.

1. The volume of retail sales has continued to increase. In the first half of this year, the volume of retail sales has increased over the same period last year by 8.9 percent. The disparity between purchasing power and the volume of retail sales has been markedly reduced. The amount of currency withdrawn from circulation has also increased, and by the end of June, the currency in circulation was less than at the beginning of this year.

2. The volume of sales through various channels is also increased. Compared with the same period last year, sales in state-run commerce were increased by 7.96 percent; sales by the industrial departments themselves were increased by 29.75 percent; and sales by collective and individual commerce were increased by 42 percent. The value of goods supplied by the commercial departments to collective and individual commerce were increased by 62 percent and 2.76 percent respectively in the first half of this year, compared with the same period last year.

3. The supply of industrial consumer goods has been fairly greatly increased. Tobacco and liquor are not abundant, and the vast majority of varieties are adequate to meet the demand. In the first half of this year, the sales of articles for wearing and daily use were increased by 11 percent, compared with the same period last year. Since the reduction of prices, the sales of dacron and chemical fiber fabrics have increased by 15 percent and 21 percent respectively. Sales of woolen yarn and silk were up by approximately 32 percent, and those of laundry powder, thermos jars and bedsheets were up by 16-24 percent. Because of the increased sources of goods, the supply of durable consumer goods of high value has also been increased. Sales of sewing machines went up by 49.6 percent; bicycles, by 38.2 percent; wrist watches, by 38.7 percent; and TV sets, by 61.5

percent. Because of the further readjustment in the structure of industrial production, the quicker returns of capital construction investments and the increase in residential housing, the sales of construction hardwares, household electric appliances and tools have shown an upswing. For example, the sales of bolts, hinges, spring locks, screws, parts made of galvanized iron, iron wires, copper wires, indoor electric wires, ballasts, fluorescent tubes, bakelite materials and so forth, increased by 10-30 percent.

4. The supply of durable consumer goods of high value, which were in short supply on the rural market, has been increased by a wide margin. The commercial departments alone supplied to the rural supply and marketing cooperatives 90,900 sewing machines, an increase of 39,400, or 76.6 percent increase; 73,400 bicycles, and increase of 25,000 or a 51.5 percent increase; and 164,100 wrist watches, an increase of 49.700 or a 43.4 percent increase. The increase in the supply of these commodities to the countryside was more than the increase in their sales in the cities.

5. The volume of transaction in the country fairs throughout the province in the first half of this year was increased by 21.7 percent over that of the same period last year. These transactions have helped make up the shortage in the supply of nonstaple foodstuffs by state-run commerce besides promoting the exchange of material supplies between the rural and urban areas.

The relation between supply and demand has been improved, but that are still some problems, mainly because the plans for the procurement of pigs, maritime products, and other nonstaple foodstuffs were not satisfactorily completed, thus causing their short supply on the market. The prices at the country fairs have also gone up in varying degrees, while the channels for supplying industrial products to the countryside are not wide open enough. In the first half of this year, the industrial products supply by the commercial departments to the rural supply and marketing cooperatives were increased by only 0.8 percent, compared with the same period last year.

9411
CSO: 4006/616

DOMESTIC TRADE

SUPPLY OF INDUSTRIAL PRODUCTS IN RURAL AREAS CONSIDERED INADEQUATE

Shijiazhuang HEBEI RIBAO in Chinese 20 Jul 82 p 1

[Article by Liu Yongzhong [4691 5057 0022]: "Some Thoughts on Increasing the Supply of Industrial Products in the Countryside"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the commercial departments and the supply and marketing cooperatives in our province have done a great deal of work to meet the new requirements from the rapid development of agricultural production and the increase in purchasing power in the countrysdie by organizing the supply of industrial goods to promote the exchange of materials between the urban and rural areas and to develop the excellent situation in the countrysdie. As we can see now, however, the channels of supply are not quite wide open, and the industrial products available in the countryside are few and of poor quality. Many peasants are still keeping their money and waiting for the opportunity of purchasing. There are many cuases for this situation, but, as far as our commercial work is concerned," the main cause is "bureaucratic commerce," or the lack of affection for the broad mass of workers, peasants and soldiers.

These defects are reflected in commercial wholesales: First, irrational proportion in the distribution of industrial products between urban and rural areas. Peasants in our province account for 89.9 percent of the provincial population, but the industrial products allocated to the rural supply and marketing cooperations in 1978-1980 amounted to only 33.41 percent of the total value of commercial sales. In 1980, the allocation of bicycles and sewing machines, which were in short supply on the market, was only 34.9 percent and 48.2 percent respectively of the total source of commercial goods. There was a turn for the better in the fourth quarter of last year, but the basic problem has still not been solved. Second, poor quality of industrial products supplied to the countryside. According to a survey, the Zhongcao Supply and Marketing Cooperative in Ningjin County was allocated 26 sewing machines in 1980 and 1981. Except for four made in Shanghai, all the rest were of miscellaneous brands. The Huanmadian Supply and Marketing Cooperative in the same county was allocated 40 bicycles in 1980. Among these bicycles, there was only one each of the Feige [Flying Pigion], Hongqi [Red Flag] and Yongjiu [Forever] brands. In 1981, the commercial departments in Fuzheng County brought in 664 bicycles of well-known brands from Tianjin and Shanghai, and only 358 of them were allocated

to the basic level supply and marketing cooperatives. Some one has composed this doggeral: "The flying pigeon and pheonix does not leave a single feather. Peasants can never buy them. Although red flags are fluttering above the doors, peasants can see only two mountains (Baishan and Yanshan)." Third, compulsory sales at the basic levels. In buying sewing machines, people must also buy washing basins and zippers; in buying bicycles, they must also buy light bulbs, sugar and cigars; in buying good wines, they must also buy bad wines. In Huolu County, the Dahe Supply and Marketing Cooperative has to take in wax, face masks, gloves and soap for obtaining one sewing machines, and the total cost of these four slow-selling products doubles that of the sewing machine. According to the statistics of the Hezhuang Supply and Marketing Cooperative in Neiqiu County, compiled at the end of May last year, there was a stockpile of 2,970 bottles of bad wine, which, if sold at the rate ot 2.5 bottles per household in the commune, cannot be completely disposed of in 2 years. The practice of compulsory sales is now prevalent.

The basic-level supply and marketing cooperatives do not have a correct orientation of business, since they do not conduct any survey on the rural market. Some of them are only interested in profits, always stressing the need "to make high profits by handling large transactions" according to the principle "more profit, more work; less profit, less work; and no profit, no work." Some of them pay attention only to quick-selling goods, and are blindly procuring what they consider to be quick-selling. Thus, there is overstocking on the one hand and running out of stock on the other. Their service is seriously "bureaucratic" as though they are government offices. When the peasants toil in the fields, they sit on their chairs; when the peasants leave the fields, they close up for the day. They only sit down to wait for customers and sell whatever they have on hand. They want their jobs to be as simple as possible, and do not want many varieties of goods, so that the customers cannot have many to choose from. Because of the unhealthy tendency of the party style, commodities in short supply are sold from the back door. All these problems are obstacles in the circulation of goods and in the supply of industrial products to the countryside.

In studying and implementing the relevant documents of the State Council, our commercial workers must first bear in mind the guiding principle that agriculture is the foundation of the national economy, and clearly understand that bringing prosperity to the rural market is the key to the prosperity of the socialist unified market. We must remember Comrade Chen Yun's words: "We have a population of more than 900 million, and more than 80 percent of them are in the countryside. We must see that they have food and clothing, and that their living conditions improve every year." In accordance with this guiding thought, the commercial departments at all levels must cooperate with one another in supplying industrial products to the countryside on a priority basis. The whole-sales and retail-sales departments should also supply industrial products to the countryside in order to satisfy the wants of peasants. The basic-level supply and marketing cooperatives should serve the customers wholeheartedly, think of what the

what the peasants are thinking about, treat the urgent needs of peasants and their own urgent needs, and improve their attitude toward service as well as the quality of their service. Their business hours must suit the seasonal needs in agriculture. They should open up earlier and close up later; and should carry on business as usual during their inventories. They should also organize mobile services in the form of vendor waggons, join the country fairs and set up stalls in the villages. They should also carry out procurement, marketing and repairing in a "three-in-one combination" for the convenience of the masses in purchasing industrial products and selling their agricultural sideline products.

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CSO: 4006/613

FOREIGN TRADE

THREE PROBLEMS IN DEVELOPMENT OF FOREIGN TRADE DISCUSSED

Shanghai SHIJIE JINGJI DAOBAO in Chinese 21 Jun 82 p 13

[Article by Feng Xueyan [7458 1331 1750]: "Three Problems in Speeding Up Development of Foreign Trade"]

[Text] Guangdong's exports now make up about 20 percent of the gross value of the economy, about 8 percent above the national average. But this ratio is far lower than the proportion exports make up in the gross value of the economy in Japan, the United States, the Soviet Union and the countries of Eastern Europe. Should Guangdong's proportion be higher? Raised to what level? This is a strategic question of economic development.

From practice in recent years it can be seen that there are three problems that must be resolved to accelerate the development of foreign trade.

The first problem is that comprehensive plans must be formulated for the speed and scale of export trade development, for the structure and composition of export goods, and the harmonious development of foreign trade and domestic trade and industry. At present the biggest problems have been encountered in the development of foreign trade. In the final analysis it comes down to the fact that the export gooods are not sufficiently suited to the international market, the supply volume of marketable goods is insufficient, the variety is dull, the price is very low and the ability to break into the markets of the advanced capitalist countries is low. We should start to change this situation from three angles.

First of all, through economic readjustment we should establish an economic structure of strong export ability geared to the international market.

Next, readjust the export goods structure. We should continue vigorous development of agricultural sideline goods which generate a high rate of foreign exchange. We should guarantee a volume of exports to Hong Kong and Macao. In addition, we should vigorously process imported materials into light industrial goods, actively expand construction materials and nonferrous metal goods, and strive to develop technologically intensive mechanical and electronic goods.

Finally, we should courageously utilize foreign capital to attract advanced technological equipment, reform, innovate and develop the potential of

existing productive ability, improve the labor productivity of export goods and at the same time establish a group of industrial goods which are as yet absent.

The second problem is that we must adopt further policies to encourage exports. Under present conditions, first of all the central authorities should adopt measures to support and encourage increases in exports, such as readjusting again the domestic trade prices and reducing taxes on export goods. Next, necessary funding channels for expanding export goods production should be opened, such as low interest loans, including foreign exchange loans. Next improve the existing economic accounting system for enterprises which are mainly involved in producing export goods, and provide financial supplements within a certain period of time for those whose production of new export goods leads to decreases in profits or losses.

The third problem is that import-export management must be strengthened, and a unified and allied front be presented abroad. From practical experience of the last 2 years it can be seen that management of "flexible responses and strict discipline" must be strengthened in six areas.

1. Formulation of import-export trade policy and management methods must be centralized in the province and its authorized agencies.

2. The province should have a unified import-export plan. Exports cannot be "the whole thing."

3. Units and individuals who have not received the approval of the province or its authorized agencies cannot engage in import-export trade.

4. Specialized import-export companies should strictly demarcate the scope of goods management and must not deal in other areas. In determining commodity purchase export plans, the arrangement of export allocations, import-export commodity prices, and coordination of goods management which overlaps at several ports, the province's specialized companies should exercise leadership over subordinate specialized agencies.

5. Provincial trading agencies with branches in Hong Kong and Macao should really represent the province's import-export agencies and not become another competing export outlet.

6. Development of goods and areas of small volume trade in the border area should be strictly controlled.

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CSO: 4006/585

FOREIGN TRADE

SHENZHEN INCREASINGLY ATTRACTING FOREIGN CAPITAL

HK050237 Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 3 Oct 82

[Text] Since July and August 1982, a new situation has occurred in the Shenzhen special economic zone in importing foreign capital. More and more foreign businessmen are coming to Shenzhen to hold trade and investment talks [words indistinct]. The number of trade and industry and communication investment items has increased, as has the actual amount of import and utilization of foreign capital. This shows that the special economic zone is increasingly attracting foreign capital.

According to [words indistinct] of developing countries of the Shenzhen special economic zone, over 90 percent of businessmen investing in the special zone come from Hong Kong. Since August, there have been some changes. The number of businessmen coming from Europe, America, Japan and Southeast Asia is increasing. Investment talks on trade, industry and communication and large projects items have also increased. A new industrial base planned by the special economic zone, a container port and (?oil base) were simultaneously put into construction. Groups from Southeast Asia, Arab countries and Africa have come to invest.

Businessmen from the United States, Canada, Australia and others participated in investing in a large tourist center. The progress of trade talks concerning suspended items has recently been accelerated. Since July and August, the actual import of foreign capital by the developing companies of Shenzhen special economic zone has also increased. For instance, the foreign capital imported (?in the first 3 months of this year) for the construction of housing and real estate has exceeded the income of all of 1981. Income from land tax has also increased by 49.5 percent over the total income of 1981. In the Jiangmi Lake Holiday Resort project jointly run by [words indistinct] the initiative of foreign businessmen is very high; they are personally taking part in directing the project to try to complete it 1 year ahead of schedule.

CSO: 4006/42

FOREIGN TRADE

GUANGDONG SEEKS TO DEVELOP COMPENSATION TRADE

HK110831 Beijing ZHONGGUO XINWEN SHE in Chinese 1233 GMT 10 Oct 82

[Report: "Guangdong Adopts Flexible Measures To Vigorously Develop Compensation Trade"]

[Text] Guangdong Province has made new arrangements in its work of processing materials and assembling spare parts for foreign enterprises as well as for compensation trade. Vigorous efforts will be made to develop compensation trade and emphasis will be placed on strengthening and improving the work of processing materials and assembling spare parts for foreign enterprises.

A meeting to exchange experience in these fields, which was held in Dongguan County for 5 days, ended today. Attending the meeting were more than 120 people, including leaders of the provincial commission for foreign economic relations and those who are in charge of foreign trade in various localities. The meeting studied the problem of how to create a new situation in the compensation trade, considering that this work should be linked with stepping up technical transformation of the existing old enterprises. The province is now trying to work out plans for improving the technology of the existing old enterprises. It is understood that a good number of foreign businessmen are interested in this endeavor.

Guangdong Province will actively make use of foreign funds and develop the compensation trade in exploiting its rich mineral resources so as to allow the export of more mineral products. It will also import advanced technology and equipment so that it will be able to export manufactured goods and highly finished products instead of raw materials of minerals. To this end, the province will adopt flexible measures in the compensation trade, which include multilateral compensation, or else comprehensive compensation which should be approved by the higher authorities.

In order to improve the work of foreign economic relations and strengthen the successes achieved, Guangdong Province will seriously straighten out the factories for processing materials and assembling spare parts for foreign businessmen, and in particular those factories which performed unsatisfactorily. Control will be tightened over management. Efforts will be made to abide by

contracts and promises and to ensure punctual delivery in good quality and fixed quantity, with a view to improving quality and technical levels and winning a high reputation. Meanwhile, more advanced technology and equipment will be imported to facilitate enterprises in urban areas so as to expand the business of processing materials and assembling spare parts for foreign businessmen. At present, two-thirds of counties and municipalities in Guangdong are developing the business of processing, assembling and the compensation trade. The development tendencies are promising. By the end of June, the province had made more than 16,000 contracts with foreign businessmen for processing materials and assembling spare parts, in addition to 185 contracts for compensation trade, involving a total of $71.9 million of foreign funds.

CSO: 4006/42

FOREIGN TRADE

MEASURES TO ELIMINATE FOREIGN TRADE LOSSES STUDIED

Guangzhou GUANGZHOU RIBAO in Chinese 19 Aug 82 p 4

[Article by Zhang Changcai [1728 7022 2088]: "Can We Import Durable Consumer Goods as a Means of Eliminating Foreign Trade Loss?"]

[Text] The state's regulations restricting the importation of more than 10 different durable consumer goods should be of great significance in promoting the development of our industrial production and accelerating the accomplishment of the four modernizations.

However, some people believe that large-scale importation of durable consumer goods would be a good means of eliminating foreign trade losses and withdrawing currency from circulation. In fact, relying on profits from the sales of imported goods on the home market as a means of eliminating foreign trade losses and withdrawing currency from circulation can only be a temporary expedient. In the long run, the following measures should be taken to prevent foreign trade losses.

First, we should change the product mix for exports and vigorously develop the export of processed industrial products. At present, the composition of our exported goods is rather backward. According to the statistics of 1977, of the total volume of our exports, agricultural sideline products accounted for 35 percent; light industrial products, 39 percent; and heavy industrial goods, 26 percent. These heavy industrial goods consisted mainly of primary industrial and mineral products, or basically raw materials. Our machinery exports amounted to only 2.5 percent of the total exports, and only 0.7 percent of the total volume of machinery transactions in the world. In other countries where foreign trade has rapidly developed, great importance is attached to the product mix for exports--a gradual change from the export of primary products to the export of upgraded light industrial, heavy industrial and chemical industrial products. In Japan, for example, its product mix for exports in 1960 was that, of the total export volume, light industrial products accounted for 47.2, while heavy industrial and chemical industrial products accounted for 44.2 percent, including 25.6 percent of machinery. In 1977, heavy industrial and chemical industrial products accounted for 85.4 percent, including 62.3 percent of machinery; while light industrial products accounted for only 12.6 percent of the total volume of exports. We must learn from Japan by vigorously developing the exports of processed products. For example, if the crude oil

exported by us can be processed into gasoline, petroleum or diesel oil, its price can be increased three-fold; and if it can be processed into petrochemical industrial products for comprehensive utilization, its price can be increased eight-fold. In other words, by exporting the petrochemical industrial products made of 1 ton of crude oil, we can obtain a price equivalent to that of 8 tons of exported crude oil. That is why a change in the product mix for export can help us turn our foreign trade losses into profits.

Secondly, we should carefully set up our production bases, special plants and special workshops for export commodities. Practice in the past several years has shown that setting up production bases for export commodities is an effective measure for developing our exports. This will help to improve the quality and increase the designs and varieties of goods for export in adapting to the demands on the international market, and also to develop famous brands and "highly competitive commodities" in order to increase our competitive power on the international market. To develop the production of commodities for export and to provide more sources of easily saleable goods, we must carefully manage comprehensive production bases, special commodity production bases, special plants and special workshops in various localities, and see to it that these enterprises and units are supplied with special loans, short-term foreign exchange loans, production investments, trial production funds and so forth to be used for the production of commodities for export. At the same time, suitable measures should be taken to set up bases for the production of special minor commodities with local characteristics.

Thirdly, both exports and imports should be restricted if the goods may bring heavy losses. All imported products that may bring losses should be arranged in the order of priority, and the imports of those items which bring heavy losses should be minimized, so as to reduce our losses. Of course, in reducing imports, considerations should be given to the balance of materials at home. At the same time, we are incurring losses in the exports of many commodities, even though they are in short supply on the home market. If these commodities are kept for home consumption, they can help us withdraw currency from circulation and would yield better economic results than they would from exports. In controlling exports, of course, we have to be aware that certain goods are in excessive supply and that the reduction of their exports would add to the difficulties of the production departments. This will call for efforts in increasing the adaptability of our products for sales abroad and in lowering the production costs.

Fourthly, business management should be improved and strengthened. In order to control the prices of commodities for export, people must not be allowed to compete with one another by procuring the goods at increased prices and selling them at reduced prices. There should be a strong, centralized leadership and united action in dealing with foreigners. After due investigations and study, we should keep the prices at a reasonable level so as to minimize our foreign exchange losses resulting from irrational pricing. Overstocking must be reduced. Above quota-procurement should be stopped if the goods are not selling well, and substandard goods should not be procured. We should take a careful inventory of our stock on hand, and make full use of the readily marketable goods to expand our exports. Those goods which cannot be

exported should be disposed of on the home market, but control over domestic sales must be strengthened so as to reduce losses from this source. Furthermore, in the use of funds on various expenditures, we should carry out meticulous calculations and strict budgeting and pay attention to the practice of economy.

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FOREIGN TRADE

BRIEFS

GUIZHOU PROMOTES FOREIGN TRADE--According to GUIZHOU RIBAO, Guizhou Province has established trade relations with more than 20 countries and regions throughout the world. The province's total value of export commodities purchased in 1979 increased by 39.5 percent compared with 1978. The province's total value of export commodities purchased in 1980 increased by 8.6 percent compared with 1979. Industrial and mineral products accounted for 44.7 percent of the province's export commodities purchased in 1979. Industrial and mineral products accounted for 61.6 percent of the province's export commodities purchased in 1980. In 1981, the province registered a notable increase in the export of agricultural and sideline products. However, industrial and mineral products still accounted for 59.7 percent of the province's export commodities purchased in 1981. The province began to do its own export business on a trial basis in 1978 and further expanded its self-managed export business in 1981. During the 1978-1981 period, its foreign exchange earnings from its export business increased by 770 percent. At present, the province's self-managed export value accounts for more than 50 percent of the total value of export commodities purchased in the province. Products of Guizhou Province have been sold to 23 countries and regions. [HK060819 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 5 Oct 82 HK]

HEILONGJIANG EXPORT--Compared with the corresponding 1981 period, Heilongjiang Province increased its export volume by 42.3 percent from January to August. In addition to exporting to Hong Kong, Macao, Japan and some southeast countries, the province has expanded the export to Europe, North America, Oceania and Africa. Greater increases were made in the export of antler, canned food, graphite, paraffin, farm tools, blankets, pencils, polyester-cotton cloth, honey and bearings. [SK040222 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 30 Sep 82 SK]

GANSU FOREIGN TRADE--Gansu Province has scored great achievements in foreign trade since the 3d plenum of the 11th Party Central Committee. In 1981 the sum of commodities procured in the province for export amounted to 200 million yuan and more than $4.33 million yuan of foreign exchange were earned from export, a record high. Now the province's products are exporting to Hong Kong, Macao, Japan, Southeast Asia, West Germany, the United States and the Middle East. [SK060025 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 3 Oct 82 SK]

FUJIAN OVERSEAS REMITTANCE UPSWING--Following the implementation of the central government's instruction on restricting the circulation of foreign exchange certificates and the improvement of material supplies for purchases with money remitted by overseas Chinese, there has been a marked upswing in overseas remittances in the province. In June and July, the remittances were increased by 30 percent and 38 percent respectively compared with the same months last year. Fujian is a key overseas region of the country, and overseas remittances here occupy an important place in local revenues. Inspired by the Third Plenary Session of the 11th Party Central Committee, overseas compatriots are more concerned for the motherland's economic construction and overseas remittances have increased every year. Since 1981, however, "substituting goods for remittance," "substituting currency for remittance," smuggling and illegal transfers of money have brought about a reduction of remittances. Since the second quarter of this year, the province conscientiously carried out the central government's directives on overseas remittances, and the relevant departments have taken good care of material supplies, and further cracked down on coastal smuggling and other illegal activities. Remittances have again increased. In Jinjiang and Xiamen, remittances in June increased by 73 percent and 56 percent over the same month last year. [Text] [Fuzhou Fujian Ribao in Chinese 17 Aug 82 p 1] 9411

CSO: 4006/640

GENERAL

TEN CHANGES IN GUANGDONG ECONOMY NOTED

Shanghai SHIJIE JINGJI DAOBAO in Chinese 21 Jun 82 p 12

[Article: "Ten Big Changes in the Gunagdong Economy"]

[Text] Since Guangdong implemented the economic policy of being more liberal toward foreigners and more active at home, there have been 10 clear changes in the province's economy.

1. The rate of increase in industrial production has been rapid. The gross value of industrial output for 1981 increased 10.6 percent over the previous year, 25.9 percent over 1978 and averaged 8 percent over the 3 years.

2. Overall development of agricultural production. The gross value of agricultural production in 1981 increased 5.5 percent over the previous year, 18.6 percent over 1978, an average of 5.8 percent over 3 years.

3. The economic system has been readjusted. The value of light industry production increased as a proportion of the gross value of industrial production. In 1981 it was 65.2 percent, an increase of 7.75 percent over 1978. The 3-year increase in the value of production was 4.9 billion yuan, an increase of 42.9 percent. The production direction of heavy industry was readjusted to serve light industry, the market, and export trade. Gross value of production in 1981 increase 1.5 percent. In agriculture the production arrangements were readjusted: the value of production of forestry, animal husbandry, sideline production and fisheries, as a proportion of gross value of agricultural production in 1981 was 42.5 percent, an increase of 6.3 percent over 1978. The gross income of commune and brigade enterprises increased 28.3 percent. In capital construction, investment priorities were readjusted. The proportion of nonproductive investment increased from 19.1 percent in 1978 to 43.6 percent in 1981 and made up for some debts in urban construction, housing, and cultural, educational, and public health construction.

4. Supply of goods. The total volume of purchases and sales increased 16 percent and 16.8 percent respectively over the previous year, and increased more than 50 percent over 1978. The volume of retail sales of social goods increased 18.9 percent over the previous year and increased 63 percent over 1978, a 3-year average of 17.7 percent (the previous 3-year average was 6.3 percent). The volume of goods shipped out of the province increased over 3 years an average of 16.1 percent.

5. Revenue and expenditures were balanced after funds were transferred upward to the state. 1981 revenue increased 8.9 percent over the previous year. After handing over the state's share, making state transfers, paying off loans, and buying treasury bonds, there was an increase of over 300 million yuan over 1978.

6. There were big increases in foreign trade purchases and exports from Guangdong ports in 1981 was 4.12 billion yuan, an 8.2 percent increase over the previous year. This includes a gross value of goods originating in Guangdong of 3.9 billion yuan, a 22.4 percent increase over the previous year and a 1.16-fold increase over 1978. Among these goods, heavy industrial goods increased 25.4 percent over the previous year; textiles and light industrial goods increased 20.4 percent over the previous year.

7. Foreign economic cooperation is beginning to develop. In 1981, 6,853 contracts were signed for foreign processing and assembly, compensatory trade, cooperative ventures and jointly capitalized ventures, an increase of 21.4 percent over the previous year. The actual foreign capital attracted, converted to RMB was 580 million yoan, a 1.5-fold increase over the previous year. This includes 6,563 contracts for processing and assembly, for a bank foreign exchange income equivalent to 210 million yuan RMB, a 68 percent increase over the previous year. Over 70,000 pieces of equipment have already been supplied. Over 220,000 persons have been employed.

8. There has been a big expansion in foreign contacts and tourism. The number of people crossing the border has increased yearly. In 1981 there were over 7, million people who entered China through Guangdong ports as tourists, observaters, to visit family and friends and foreigners, overseas Chinese, and compatriots from Hong Kong and Macao who entered for trade, scientific, cultural, or sports activities. This is an increase of 34.9 percent over the previous year. This year's foreign exchange income was 160 yuan in RMB, an 88 percent increase over the previous year and a more than 6-fold increase over 1978.

9. There has been an improvement in the people's standard of living. In 1981 the total of employee wages was 5,156,000,000 yuan, an increase of 710 million yuan over the previous year, or an increase of 14.7 percent. The income of commune members in rural people's communes increased a great deal. According to statistics for 24 of the province's counties, the average annual net production income per person (including labor service income) was 290 yuan, an increase of 20.3 percent over the previous year. Over the 3 years the number of unemployed and other persons placed in jobs was 1,337,000. New city and town residential construction increased 13.83 million square meters over the 3 years. There was a big increase in rural residences; according to incomplete figures, last year it was over 40 million square meters. At the end of 1981 savings accounts of urban and rural people were 4.64 billion yuan, an increase of 45.6 percent over the previous year.

10. The special economic zones are just getting started and we are collecting experience.

8226
CSO: 4006/585

PRC TO USE VIDEOTAPES IN PRODUCT MARKETING

HK070719 Hong Kong SOUTH CHINA MORNING POST in English 7 Oct 82 Canton Trade Fair Supplement p 20

[Text] China is to boost its marketing efforts by promoting products on a series of video tapes.

Tape cartridges depicting Chinese-made products and how they are manufactured will be made available through the 136 Chinese embassies beginning this month.

At the same time, distributors will be appointed in major buying countries to sell the tapes to companies trading or intending to trade with China.

Marketing through video tapes is widely used elsewhere, but this is believed to be the first time such a project has been launched in Asia.

The project is being run by the Hong Kong-based Hsin Fung Advertising Co and Robert Chua Production House Co Ltd, which has set up an associate, Video Publications Ltd, to handle the project.

Two kinds of tapes will be available. The first will be updated every three months and will cover the whole of China.

The second will be produced every six months and will concentrate on individual industrial and manufacturing centres.

Included in the October launch will be Peking, Shanghai, Guangdong and Nanjing, Mr Chua said.

Lasting about 90 minutes each, the tapes will begin with an introduction advising businessmen how to trade with China.

It will then go on to detail a number of Chinese products, showing how and where they are made, with shots of the factory and staff.

Each section will end with the name of the government department to contact for further inquiries.

Decisions about which products are to be promoted will be made in China, Mr Chua said.

The cassettes will be distributed free to Chinese embassies and to government bodies in other countries promoting trade with China.

"We plan to make each tape as comprehensive as possible," Mr Chua said.

"We are keeping in mind the businessman who might never have had any previous dealings with China.

"At the same time, we will be providing invaluable updated information to China trading veterans."

CSO: 4020/9

STOCK MARKET OPENS TO OVERSEAS CHINESE, FOREIGNERS

OW261403 Taipei CNA in English 1332 GMT 26 Sep 82

[Text] Taipei, 25 Sep (CNA)--The Executive Yuan (Cabinet) has approved the plan submitted by the Ministry of Finance for opening the stock market to Overseas Chinese and foreign nationals in order to absorb foreign capital.

According to this plan, the local stock market will initially be opened to foreigners indirectly through two investment trust companies which will manage investment. The two companies will be jointly managed by local government run financial institutions, the International Commercial Bank of China, and foreign investment trust companies. After a period of time to allow the government to gain management experience, the market will be opened to foreigners directly.

In accordance with this plan, the Executive Yuan has instructed the Ministry of Finance to draft detailed regulations as soon as possible and select officials and institutions to organize the investment trust companies. Up to now, there have been credit Suisse First Boston, Gartmore Investment Co., Baring Brothers Ltd., and Henderson Baring Co., which have expressed their interest in participating in this plan.

According to informed sources, the plan will be put into practice within six months. Highlights of the plan include the following:

--initially two investment trust companies will be formed, each with a minimum capitalization of NT dollars 100 million (US dollars 2.5 million). Foreign investors will be allowed to hold up to 49 percent of that amount.

--actual investments will be limited to government bonds, listed stocks, and corporate bonds. Listed firms will not be allowed to sell more than 20 percent of their issued stocks to the funds.

--foreign investors holding beneficial certificates will be able to ask the trust companies to redeem the certificates after two years, and the companies can then resell the redeemed certificates.

--interest gained will be remittable by foreign investment holding certificates after being taxed. Principal can be remitted after certificates have been held for at least two years and are redeemed by the issuing company. Capital gains will also be fully remittable.

--the trust companies will be taxed on income derived from service charges according to the tax code, but since the interest and capital gains accrued will be of the managed funds rather than of the companies themselves, they will not be taxed. Interest payable to holders of certificates will be taxed. (The current rate is 20 percent.)

--securities dealers will be exempted from paying taxes on capital gains.

CSO: 4020/8 END

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28 October 1982

China Report

ECONOMIC AFFAIRS

No. 277

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CHINA REPORT

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JICHUANG /MACHINE TOOL/, No 8, Aug 82 52

NATIONAL POLICY AND ISSUES

CHARACTERISTICS OF SOCIALIST PLANNED ECONOMY

HK150236 Beijing GUANGMING RIBAO in Chinese 3 Oct 82 p 3

[Article by Su Dongbin [5685 2639 2430]: "The Characteristics of the Socialist Planned Economy"]

[Text] The process of the operation of a socialist economy is, in essence, sharply different from the state of anarchism of a capitalist economy. Therefore, as a kind of basic management system, a planned economy, like the public ownership of the means of production and the distribution system according to labor, should be regarded as one of the basic characteristics of a socialist economy. That is why it is not enough to generally admit that a socialist economy is a planned economy, and it is, moreover, necessary to study the operation and characteristics of the planned economy under the conditions of socialism. In my opinion, compared with the higher stage of future communism designed by classic writers, a planned economy under the conditions of socialism has its own specific characteristics.

First, the objects of planning are not only the products but are also the essential part of the commodities. The plan has to be realized in a material form of commodity. Under socialist conditions labor is no longer a commodity, but a commodity remains a means of consumption and also a means of production. The relationship between the enterprises wholly owned by the people as well as the relationship between the two kinds of public ownership are commodity relationships. This is a view of the nature of a progressive breakthrough that has recently been achieved by our theoretical circle. If we accept this view, we must at the same time accept the view that the plan must contain not only what we need for striking an equilibrium between the social demand for and the use value of commodities but also what we need for striking an equilibrium of value through which we meet the demand for the economic interests of all sectors. If economic planning is divorced from the equilibrium of value, it will lose its scientific nature. This is because exchange of equal value is based on an equal amount of socially necessary labor time. If we only stress the identity of social interests but neglect the difference in these interests and pay no attention to the relatively independent position of commodity producers as economic celts, the socialist planned economy will be deprived of the motive force for its implementation. The socialist public ownership of the means of production is the premise for the socialist commodity relationship. However the public nature of the ownership cannot eliminate

the "general commodity" nature of the socialist commodity relationship. Though this general commodity nature is not the most essential nature of a socialist economy, it reflects the innate and internal link of the socialist production relations.

Second, the planning should fully reflect the requirements of the law of value. Although the theory about the regulation of a socialist economy is mainly based on the basic economic law, no mode of regulation is determined by any one law alone. What this regulation reflects is the common demand resulting from the interaction of the various factors of the system of the socialist economic laws. Therefore, in carrying out the planning work, we should take full account of the operation of the law of value as well as the basic socialist economic law, the law of planned development and the law of distribution according to labor. Reflected in the process of subjective economic planning, these objective requirements for a planned economy are evident mainly in the following three aspects: 1) In the formation and implementation of plans of an instructive nature, we should promptly and correctly be aware of the countless shades of difference and thousands of changing varieties of social demand. In order to achieve this aim we should rely on the help of economic indexes that reflect value. If we only consider the need for use value and neglect the possibility of the realization of the value of the products in the market and the comprehensive equilibrium of the indexes of the use value of the goods and the financial, credit and foreign exchange value indexes of the goods, we will inevitably bring about a substantial macroeconomic imbalance. As a result, we will not be able to concentrate the financial and material resources of the state on guaranteeing the construction of key projects. At that time, there will be a danger of failing to fulfill the state plan. 2) The instructive plan of the state should contain the utilization of price, taxation, interest rates and other economic levers to regulate the production and circulation of our enterprises in order for production and circulation to meet the social demand. In my opinion, the two points mentioned above are the main forms and the main scope of operation of the law of value in a socialist planned economy. Those who hold the view that the law of value can only play its role in the process of spontaneous regulation of the market mechanism is in fact still setting the law of planned development against the law of value and treating the latter as an alien force. As a matter of fact, the conscious utilization of the law of value throughout the process of the implementation of the economic plan is precisely a characteristic of the planned economy under socialist conditions. 3) The state does not include in its plan the commodities of small quantity and large in number of varieties, and the plan allows for the fluctuation of market prices to regulate production. However, as a whole, these commodities are placed within the boundary of socialist control, and therefore this form of regulation is called a supplementary form of the socialist economic regulation. Thus it differs in essence from the market economy of capitalism. I am of the opinion that the scope of the "regulation of market mechanism" should never be deemed equivalent to the scope of the operation of the law of value.

CSO: 4006/44

NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON LAW OF VALUE, PLANNING

HK141143 Beijing GUANGMING RIBAO in Chinese 3 Oct 82 p 3

[Article by Zhang Chen [1728 3819]: "What I Understand From the Regulatory Role of the Law of Value--Discussion on Theoretical Questions Concerning Economic System Reform"]

[Text] The regulatory role of the law of value shows different characteristics in different societies. The production of commodities exists in different societies. The role of the law of value must first be subordinate to the basic economic laws of different societies. In addition, it is combined with other economic laws. They condition each other and function as a kind of joint force. For instance, in a capitalist society, it must be subordinate to the law of surplus value. Moreover, it must be combined with economic laws such as the law of production anarchy to function together in achieving the purposes of capitalist production. In this case, the regulatory role of the law of value is characterized by its spontaneity. Socialism has brought about the system of public ownership of the means of production. On the basis of this system, economic laws such as the planned and proportionate development of the national economy and basic socialist economic laws came into being. Since it is possible to make arrangements for the distribution of the total labor of society and for its proportionate relations with the demands of society through prior planning, how can the law of value play its regulatory role? What are the characteristics of its regulatory role?

First, the regulatory role of the law of value is connected with the regulatory role of the law of planning. Socialism is only an elementary stage of communism. Especially in the case of China, at present, the system of public ownership is still imperfect and immature. The system has two different forms. Moreover, there are other economic factors. These have determined that the regulatory role of the law of planning must be subject to certain limitations. On the other hand, since people's knowledge of the economic laws and of the conscious application of these laws is still incomplete, it is difficult to completely avoid all kinds of errors in planning work. For instance, the proportion of the plans is not all that scientific and the system of management is not all that rational. Under such conditions, it is impossible to depend on planning alone in distributing the total labor of society, in attempting to completely incorporate the production of all departments and all enterprises within unified plans and in satisfying the numerous and complex demands of society

in all aspects. Our practice in the past three decades has fully proven this point. Thus, it is still necessary to fully promote the regulatory role of the law of value. This is objectively necessary. Moreover, there are advantages too.

The regulatory role of the law of value can be connected with the regulatory role of the law of planning because they are identical: They must be subordinate to the basic socialist economic laws. In this way, a fixed proportionate relationship between the quantity of the total labor of society and the scale of the total demands of society is maintained and the production aim of satisfying the demands of society is realized. But differences and contradictions exist between these two regulatory roles: The law of planning is based on the public ownership of the means of production, especially ownership by the whole people. Thus, its regulatory role is arranged beforehand to be implemented through the state's planning, synthesizing and balancing. In drawing up plans, the state usually proceeds from the overall interests and the long-term interests of society. In addition, attention is paid to the immediate, partial and local interests of the laborers and enterprises. The law of value is based on the socialist production of commodities. No matter how many individual working hours are spent in producing a commodity, it is only the necessary working hours of society which can determine the quantity of value. If too many working hours have been spent, they are not recognized by society and the enterprises suffer losses; if less working hours have been speint, the enterprises can enjoy greater profits. Thus, the regulatory role of the law of value is realized after the economic activities of the enterprises have taken place; as to the question of what and how much should be produced, the enterprises usually proceed from their own partial and immediate interests in considering the subordination of their own interests to the overall and long-term interests of the state. Basically, the interests of the state, the enterprises and the laborers are identical. After all, there are certain differences. Their stand and vision are quite different. All sorts of contradictions must objectively exist. The identity between the regulatory roles of the two laws enable them to be tied together while the differences between them enable them to condition each other. If we examine this mutual conditioning relationship from the viewpoint of the law of value, on one hand, the fact that it conditions the law of planning is expressed in its demanding that it is necessary for the state to utilize the form of value and consider the interests of the enterprises in formulating plans and distributing the total labor of society. Thus, it is necessary for the state to understand beforehand the demands of society through the market, after that, it is necessary to make use of the market in examining and adjusting the proportion of the plans. On the other hand, its being conditioned by the law of planning is expressed in the fact that the price of a commodity cannot spontaneously increase or decrease, that it must be fixed by plans, that the economic activities of the enterprises must follow the state's plans and that the overall interests of the masses must be considered. Thus, the regulatory role of the law of value and the regulatory role of the law of planning are tied together in the unity and opposition of contradictions. It is exactly in their mutual connection and mutual conditioning that they play together their regulatory role in production. In this case, the regulatory role of the law of value in production possesses its planned character.

In different socialist economic spheres, there are different concrete expressions of the planned character of the regulatory role of the law of value. At present, the producers of commodities in our country belong to different systems of ownership, the commodities they produce have different functions and occupy different positions in the national economy and the people's livelihood, and the different combinations between the two form different economic spheres.

The first kind of combination: The products and construction items of the enterprises with the system of public ownership are extremely important to the national economy and people's livelihood. In this economic sphere, the regulatory role of the law of planning is tremendous, the regulatory role of the law of value is closely connected with it, the quotas imposed by the state assume the character of orders and the enterprises must achieve them, the prices of commodities are strictly fixed by plans and the enterprises are not permitted to change them even if they wish to. In this case, the planned character of the regulatory role of the law of value is most fully and notably manifested.

The second kind of combination: Most are individual laborers or enterprises under the system of collective ownership, there are also some enterprises owned by the whole people, the products of these enterprises are not so important to the national economy and people's livelihood, the products have varying designs and standards and there are many varieties too, it is impossible to incorporate them all into state plans. In this sphere, the regulatory role of the law of planning is expressed in the fact that the enterprises are only given a fixed range, there is no quota and the prices are not fixed. As long as they follow the guidance of the state plans and the necessary administrative management, they can determine production and the prices of their commodities according to the situation of supply and demand on the market. In this case, the regulatory role of the law of value is more spontaneous.

The third kind of combination: On the whole, most enterprises belong to the public ownership system, the products of which have a certain importance in the national economy and people's livelihood. The regulatory role of the law of planning is expressed in the fact that the quotas imposed by the state are for reference purposes only, the enterprises can refer to the quotas, meanwhile, they can determine their own production plans according to the situation of supply and demand on the market, the prices of the commodities are planned floating prices or they can be determined through negotiation by the supplier and the buyer. In order to make such production follow the planned track, the state should more frequently promote the role of economic levers of taxation, credits and retention of profits; as to the floating prices, it is necessary to properly fix the base prices and the range within which they can float. Thus, this sphere can be called a mixture of the previous spheres or an intermediate layer between the two. In this case, the regulatory role of the law of value is less important than in the first case but is obviously much more important than in the second case.

In the first and third economic spheres, it is necessary to incorporate both production and exchange into the state plans. Synthesis and balancing is carried out beforehand and price planning is practiced. Thus, they are mainly

regulated by plans. This is the central feature of the socialist planned economy and the unified market. Since there is this central feature, it is ensured that the basic demands of the national economy and people's livelihood will be satisfied. But, since there is a relative stability in the plans themselves, the varieties of products included in the plans are very limited; but the demands of the society are varied and they quickly change. If there is only the central feature, social production will have the shortcomings of inflexibility and monotony.

In the second economic sphere, production and exchange are regulated by the market within the range permitted by the state. This is the complementary part of the socialist planned economy and the unified market. When there is this complementary part, the shortcomings of the central feature in planning, regulating, synthesizing and balancing are then properly remedied. Since this complementary part is directly related with the market, it is sensitive and acute in reflecting changes in supply and demand, and is extremely flexible in reorganizing production and exchange.

In the entire socialist planned economic system, the leading role of planning, regulating synthesizing and balancing is promoted, meanwhile, attention is paid to promoting the auxiliary role of market regulation. In this way, relative stability and flexibility can be realized in the proportionate relations between the total labor and total demand of society. Such proportionate relations are the best proportionate relations. They give the maximum economic results and best suit the aim of socialist production.

CSO: 4006/44

ECONOMIC PLANNING

'BAN YUE TAN' ON FOUR TASKS FOR MODERNIZATION

HK071246 Beijing BAN YUE TAN in Chinese No 18, 25 Sep 82 pp 23-25

[Commentator's article: "Firmly Grasp Four Tasks"]

[Text] This great task of creating a new situation in all fields of socialist modernization put forward by the 12th Party Congress is in complete accord with the aspirations of the whole party and people throughout the country. How can we fulfill this great historical mission entrusted to us by history? This requires us to make a success of the four things proposed by Comrade Deng Xiaoping in his opening speech at the 12th Party Congress: To restructure the administration and economic setup and make the ranks of cadres more revolutionary, younger in age, better educated and professionally more competent; to build a socialist spiritual civilization; to strike at criminal activities in the economic and other fields that undermine socialism; and to rectify the party style and consolidate the party organization on the basis of conscientiously studying the new party constitution.

These four tasks have been solemnly put forward after careful consideration by the CPC Central Committee as a result of applying the basic principles of Marxism-Leninism-Mao Zedong Thought, summing up the historical experiences of socialism and studying the actual conditions of our country at present. In his report to the 12th Party Congress, Comrade Hu Yaobang brilliantly expounded these four important tasks, and the resolution adopted by the 12th Party Congress also placed special emphasis on them. We should conscientiously study, thoroughly comprehend, reach a common understanding and firmly and resolutely grasp these four tasks.

These four tasks put forward at present can be traced to the same origin as the four basic principles we must adhere to reiterated by the Central Committee several years ago. These four basic principles of adhering to the socialist road, adhering to the people's democratic dictatorship or dictatorship of the proletariat, adhering to the leadership of the Communist Party and adhering to Marxism-Leninism-Mao Zedong Thought have guaranteed that our country will advance along the socialist road under the leadership of the party and not go astray. The four tasks put forward at present are the important guarantee and special measures enabling us to adhere to the socialist road and concentrate our forces for carrying out modernization.

Socialist modernization is a grand and arduous undertaking, and there are bound to be all sorts of difficulties and obstacles. The main problems at present are: The unhealthy party style and social atmosphere left behind by the "great cultural revolution" have still not taken a fundamental turn for the better; criminal activities that undermine the economy, politics and culture still exist; apart from the leading organs of the Central Committee and the State Council, which have basically been streamlined, the leading organs at various levels are still cumbersome and overstaffed. Efficiency is low and the economic setup cannot fully meet the developmental needs of productive forces. The four tasks put forward by the Central Committee are precisely for the sake of solving such problems, sweeping away obstacles on the path of advance and blazing a trail for socialist modernization.

The purpose of restructuring the administration and economic setup is to overcome bureaucracy, improve work efficiency and raise economic returns so that the development of productive forces will be better suited to the relations of production. To bring about the cooperation and supersession of new and old cadres and make the cadre ranks more revolutionary, younger in age, better educated and professionally more competent is for the sake of guaranteeing that there will be successors to the socialist cause and that the political power of the party and the state will be in the hands of staunch Marxists. Basically transforming the social atmosphere and building a socialist spiritual civilization with communist ideology as the core cannot only give an impetus to the building of material civilization but can also guarantee the orientation of the development of material civilization. Hitting out at criminal activities in the economic and other fileds that undermine socialism can safeguard the achievements of socialist construction, guarantee the smooth progress of promoting economic exchanges with foreign countries and liven up the economy at home and resist the corrosion of capitalist ideas. Rectifying party style and consolidating party organization is for the sake of purifying party ranks, correcting party style, strengthening party unity and improving party leadership so that the party will have greater combat effectiveness and will better lead the people of the whole country in carrying out socialist modernization.

These four tasks are interrelated and promote each other. Making a success of the four tasks is not only the requirement for carrying out the building of economic civilization, but is also indispensable for adhering to party leadership, consolidating the people's democratic dictatorship of the socialist system and strengthening unity between the party and people of various nationalities throughout the country. The whole party and people throughout the country should firmly grasp these four tasks. For a long period to come, or at least in the next 20 years of the present century, we must make a success of these four tasks.

Some of the comrades said: These four tasks are mainly the work of party committees at various levels and they have not much to do with the common people. The comrades who said such things are either lacking the consciousness of being the master of their own affairs or they do not understand the important significance of the four tasks.

Whether or not we can make a success of these four tasks has a direct bearing on the success or failure of socialist modernization, on the future and destiny

of the party and the state and also on the immediate interests of all of us. The four tasks are the important responsibility of party committees and leadership organs at various levels. Every one of us has the responsibility of throwing himself into these tasks. The restructuring of the administration and economic setup is a complicated and difficult task. There is not enough experience, and we must keep on exploring and advancing. Before the restructuring, the masses must offer suggestions and find solutions. During the process of restructuring, the masses must give their support and keep on summing up experiences in practice so as to make it more perfect. To make the cadre ranks "more revolutionary, younger in age, better educated and professionally more competent," the masses must help the party committees select and promote cadres in the prime of life with both ability and political integrity and support them in their work. The young and middle-aged cadres must diligently study, temper themselves, develop into more revolutionary, better educated and professionally more competent people and become successors to the cause of socialism. Furthermore, everybody has a responsibility in building socialist spiritual civilization. Party and league members as well as all advanced elements must play an exemplary pace-setting role. Every member of the society should strive to become a cultural worker with revolutionary ideals who pays attention to revolutionary ethics and observes revolutionary discipline, and develop a new style for the generation. The attack on serious criminal activities in economic and other fields must be based on legal procedure and we must not go in for mass movements. However, this does not mean not taking the mass line. Every citizen has the right and obligation of giving play to the consciousness of being the master of their own affairs, helping the specialized organs in handling cases, exposing criminal activities and resolutely struggling against criminal offenders. Rectifying party style and consolidating party organization are matters of primary importance. Each and every party member, regardless of whether he is new or old, should combine study with implementing the report of the 12th Party Congress and the new constitution, learning the relevant decisions and documents of the party and studying the basic principles of Marxism-Leninism-Mao Zedong Thought as well as the policies and principles of the party, and actively take part in consolidating the party. By means of consolidating the party, we will be able to become qualified party members in ideology, politics and work style. During the process of consolidating the party, people outside the party also should offer suggestions in an appropriate form and give support and help in the work.

In short, these four tasks are a common responsibility of the whole party and people throughout the country. We must make a success of these four tasks with one heart and one mind and create a new situation in all fields of socialist modernization under the leadership of the CPC Central Committee.

CSO: 4006/44

FINANCE AND BANKING

REPORT BY YUNNAN PROVINCIAL FINANCIAL DIRECTOR

HK111248 Kunming YUNNAN RIBAO in Chinese 28 Sep 82 p 2

["Excerpts" of report delivered by Yunnan Provincial Financial Director Zhao Hua [6392 5478] at the 16th session of the Standing Committee of the Fifth Yunnan Provincial People's Congress held on 25 September 1982: "Report on 1981 Local Financial Statement"]

[Text] Fellow members:

Entrusted by the provincial people's government, I hereby present a "Report on 1981 Local Financial Statement" to the 16th session of the Standing Committee of the Fifth Provincial People's Congress for examination and approval.

With regard to our province's budget for the 1981 fiscal year, I made a report at the fourth session of the Fifth Provincial People's Congress and at the 12th session of the Standing Committee of the Fifth Provincial People's Congress. The 1981 fiscal year financial statement has been officially compiled. According to the resolution of the Congress, I hereby present it to the Standing Committee for examination and approval.

I. 1981 Local Financial Statement

In 1981, under the leadership of the provincial CPC Committee and the provincial people's government, the guiding principles formulated by the central authorities on further carrying out economic readjustment and promoting political stability were conscientiously implemented on all fronts of our province and marked results were achieved in various work. Our province's financial task of taking in revenue was overfulfilled and there was a surplus of revenue over expenditure. This contributed, to a certain extent, to the improvement of the state financial situation.

The 1981 local budgetary income amounted to 1.233 billion yuan, accounting for 127.8 percent of the fiscal budget. This showed an increase of 21.7 percent over same period in 1980. Total income amounted to 2.457 billion yuan, which included various allowances provided by the Finance Ministry of the central authorities and the 1980 surplus brought forward to 1981, amounting to 573 million yuan. The 1981 local budgetary expenditure amounted to 1.573 billion yuan, which accounted for 81 percent of the total readjusted budgetary amount.

This showed a decrease of 9.2 percent compared with same period in 1980. Total expenditures amounted to 1.859 billion yuan, if money borrowed by the central authorities, the expenses of some units of the central authorities in localities and the purchase of government bonds by the local financial units are included. After computing total income and expenditures, the accumulated surplus at the end of the year amounted to 597 million yuan. The 17 prefectures, municipalities, administrative areas and 128 counties (towns) throughout the province held a favorable balance between income and expenditures, and 46 counties each had a favorable balance exceeding 1 million yuan, accounting for 35.6 percent of the total number of counties. When we examine the matters item by item, we may also find that various incomes also increased, the industrial and commercial tax in particular. The surplus income of industrial and commercial tax accounted for 90 percent of the total surplus.

The 1981 local revenue and expenditure situation was good. The main reasons were:

1. Production of agriculture and light industry further developed. Agriculture is the foundation of the national economy. The development of agriculture and light industry is beneficial not only to the readjustment of the economic structures and the coordination of the proportional relations of various quarters, but also to market stability and the increase of financial income. In 1981, the funds allocated for the development of light industry and diversified economy in the rural areas were increased and the contract system concerning the use of fin ancial funds was actively implemented. Where conditions existed, compensated assistance was gradually rendered for some production projects. In the meantime, we strengthened management of the development funds provided for the backward areas and the funds for the construction of the border regions as well as subsidies for people's communes. We attached importance to the effects of the utilization of funds. With regard to tax revenue, we continued to adopt some measures to assist the development of enterprises run by communes and production brigades and light industry. We appropriately increased the purchase prices for some agricultural and sideline products, including flue-cured tobacco and others. This played a positive role to a certain extent in promoting the development of our province's agriculture and industry and the expansion of commodity circulation. The total output value of agriculture in 1981 increased by 8.2 percent over same period in 1980. Total output value of industry increased by 8.1 percent compared with 1980, and the total output value of light industry increased by 17.9 percent. The retail sales volume of commodities in the society increased by 7.6 percent over same period in 1980. In so doing, we not only boosted tax revenue and enlivened the market, but also brought about a prosperous economy and withdrew currency from circulation. As far as financial incomes were concerned, industrial and commercial tax amounted to 1.35 billion yuan, which showed an increase of 26.8 percent over the budgetary amounts and an increase of 26.5 percent over actual incomes derived from industrial and commercial tax in 1980.

2. We readjusted enterprises, strengthened enterprise management and paid attention to business accounting. Thus, our economic returns were enhanced. In the 1981 local budget, the output value of state-operated industry increased by 9.5 percent over 1980 and profits increased by 3.9 percent. Production costs dropped slightly after deducting some factors such as the price increase of raw material, readjustments according to policies and so forth. According

to the overall budget of the whole province, the profits turned over by state-operated enterprises to the state in 1981 amounted to 396 million yuan. However, to support the development of industry and agriculture and ensure the stability of people's livelihood, various allowances continued to increase. In 1981 alone, various allowances for price differences of grain, cotton, oil, pork, chemical fertilizer, agricultural machinery and other losses permitted by policies amounted to 395 million yuan, an increase of more than 13 million over 1980. The allowances and losses in this respect reduced the amount of profits turned over by enterprises. Therefore, in the final statement, the actual amount of profits turned over by enterprises was 1 million yuan. The income from enterprises' profits were 10 million yuan more than expected.

3. We stuck to the principle of all-round considerations and arrangements for the nation as a whole, implemented the principle of acting according to our own capability and reduced capital construction and various nonproductive expenses. We achieved certain results in this respect. To realize the "two balances and one stability" while promoting the development of production and increasing incomes, the state adopted a series of measures to reduce and exercise control over expenditure. For instance, the central financial departments borrowed money from their local counterparts, issued government bonds, extensively reduced capital construction and cut down various expenses by 15 percent, controlled the use of surplus deposits and so forth. In our province, the expenditures on capital construction for the whole year were 252 million yuan, a drop of 44.6 percent compared with 1980. Due to the reduction of capital construction, we not only shortened the gap between incomes and expenditures, but also eased the tight market supply. Apart from that, this practice also played an active role in enhancing the results of investments, shortening construction periods and speeding up the progress of construction. In 1981, we also checked on construction projects in progress. We suspended 42 construction items which needed more than 1 million yuan in investment each, because conditions did not yet exist for their completion. We concentrated our efforts to speed up other construction projects. Therefore, fixed assets available for use during the whole year were 28.3 percent higher than the amounts invested in that year, an increase of 37.3 percent over 1980. At the end of 1981, the number of projects in progress dropped by 25.4 percent and the amount of surplus funds decreased by 17.4 percent. Due to the readjustment of investment proportions of various trades and services, the percentage of investment in heavy industry decreased, whereas the proportion of investment in culture, education, people's livelihood and light and textile industries increased. The proportion of investment in culture, education, public health and people's livelihood increased from 4.2 percent in 1978 to 8 percent of 1981. The number of dwellings for staff members and workers also increased by a big margin. The newly completed dwellings alone covered a floor space of 1.58 million square meters.

4. We continued to increase expenditures on culture, education, public health and science and readjusted the wages of some staff members and workers. In spite of the fact that in 1981 the state encountered financial difficulties and expenditures on various projects were cut down, our province increased expenditures on culture, education, public health and science to a certain degree. In 1981, our province's expenditures in these areas amounted to 430 million yuan, an increase of 13.3 percent over 1980. Compared with previous years, this margin of increase was comparatively high. The expenditure on education alone increased by 30 million yuan.

Apart from that, financial sections at all levels also made more expenditures on culture, education, public health and science than in previous years. In 1981, the increase of expenditures on culture, education, public health and science was mainly devoted to improving teaching and medical conditions and recruiting more students. Apart from increasing investment in the building and expansion of school buildings, we also repaired old buildings, covering a floor space of more than 900,000 square meters, and increased teaching facilities and expanded the number of hospital beds by 1,006. We also strengthened medical and sanitation work in the rural areas and devoted more efforts to preventing infectious diseases. Starting from the fourth quarter of 1981, we increased the salaries of middle and primary school teachers, sports workers and some medical workers. In that quarter alone, expenditures in this respect increased by 6 million yuan.

5. We strengthened supervision and management over finance to close the loophole of "dodging, making false claims, siphoning off and evasion." In these few years, although our province has improved financial management, the work in this respect has not been firmly grasped. In accordance with the circulars and instructions issued by the State Council and the provincial people's government, in 1981 we successively carried out the work of checking on tax revenues and the finance of enterprises. After implementing the circular on "checking on tax evasion, tax dodging and tax due," issued and approved by the State Council, we found that the loss of money throughout the province resulting from the practice of tax evasion, tax dodging and tax due, amounted to more than 28 million yuan. In 1981, we recovered more than 23 million yuan and put this money in the treasury. Through extensive checks on enterprises' finances, according to statistics issued during the first half of 1982, the sum of money resulting from the practice of violating financial discipline amounted to more than 150 million yuan, 50 million yuan of which should be collected and put in the treasury. At the end of 1981, more than 10 million yuan had been recovered. Through the work of checking on finances, we further improved the situation of lax and loose financial management and supervision. In the meantime, we provided various enterprises, departments and units with education on financial policy, decrees and systems and corrected unhealthy trends. This played a positive role in dealing blows to criminal activities in the economic field.

Some problems also arose in the process of checking on revenues and expenditures in 1981. The main problem was that our economic returns were not high. The profit increase of the state-operated enterprises was lower than the growth of output value, and certain economic indexes had not been restored to the best level in history. With regard to the distribution of the increased profit of enterprises, the order of priorities of the state, enterprises (collectives) and individuals was not fully followed. Some enterprises increased their profits but the money they turned over to the state treasury decreased. If enterprises keep too much cash surplus, this will not be beneficial to the speeding up capital turnover and giving play to the role of capital promptly.

In 1981, the revenue and expenditure situation in our province was good as a whole. This was the result of the efforts exerted by people of various nationalities throughout the province. Under the leadership of the provincial CPC Committee and people's government, they conscientiously implemented the

policies, guiding principles and measures adopted since the third plenary session of the 11th CPC Central Committee. On the basis of consolidating what we have achieved, we should study and solve problems arising in our work one by one so that the favorable situation in our province will be further promoted.

II. The Situation of Adhering to the 1982 Local Financial Budget

During the first 8 months of 1982, our province was good in adhering to the budget. Up to August, local budgetary income amounted to 903 million yuan, which accounted for 86 percent of the total budgetary income. This also made up 67.5 percent of the highest income quotas set by the province. Budgetary income up to August registered an increase of 22 percent over same period last year. Local budgetary expenditures amounted to 104.5 million yuan, accounting for 50.8 percent of the total budgetary expenditures. This showed an increase of 18.9 percent over same period last year. The fact that this year's situation of budgetary revenue and expenditure is good should be attributed to the favorable political and economic situation, effective plans and arrangements, great efforts exerted by the provincial CPC Committee and people's government to firmly grasp various work and the constant rapid development of industrial and agricultural production.

To ensure the efficient accomplishment of the task of adhering to the 1982 local budgetary revenue and expenditures and contributing to the continuous fundamental financial balance of the whole country, various localities and departments should firmly grasp economic and financial work in the months to come, with the main emphasis placed on the enhancement of economic returns. We should further carry out the activities of practicing economy and increasing production, attach importance to the effective way of making, accumulating and using money, extensively increase incomes, exercise strict control over expenditures, strengthen financial checks and supervision, resolutely oppose extravagance and waste and deal blows to economic criminal activities. Various departments at all levels should consientiously analyze and study the situation of economic and financial revenue and expenditure in the fourth quarter in light of their actual conditions, adopt active measures to promote further development of production, greatly enhance economic returns and do their utmost to accomplish the arduous task set by the province. They should balance revenue and expenditure, and various expenditures should be arranged according to the budgetary plan. Under the prerequisite of enhancing economic returns in respect to the use of funds, we should take active measures to properly arrange expenditures. We believe that as long as people of various nationalities throughout the province conscientiously implement the spirit of the 12th CPC Congress and the plans worked out by the provincial CPC Committee and people's government, foster the ideas of "coordinating all the activities of the nation as in a chess game," inspire their spirit and work hard, they will certainly be able to make due contributions to the practice of continuing to maintain financial balance between revenue and expenditure of the province, increasing surplus and realizing the fundamental financial balance between revenue and expenditure of the whole country.

CSO: 4006/41

INDUSTRY

LOCALITY COAL OUTPUT, NATIONAL ECONOMY

HK150149 Beijing GUANGMING RIBAO in Chinese 3 Oct 82 p 3

[Article by Wu Keli [0702 0668 4539]: "Local Plans for Coal Production and Reform of Circulation System"]

[Text] In China, coal is one of the major energy resources. At present, local coal production accounts for one-half the total coal output in the whole country. Planned coal production and distribution in localities have a direct bearing on the planned development of the national economy as a whole.

It Is Necessary to Handle Local Coal Production in a Planned Way

Coal is a material resource which plays an important part in the national economy and the people's livelihood. At present, the gap between production and demand is fairly large and production cannot yet satisfy demand. On the one hand, the development of the national economy demands a certain growth rate of coal production. On the other hand, coal production is limited by the existing conditions in the coal mines and cannot fully satisfy the social demand in a short time. For this reason, coal production cannot be organized according to regulation by market mechanism; rather, annual plans together with long-term programs must be worked out for coal production under the guidance of the planned economy so as to strive to gradually expand reproduction and attain a balance between production and demand. At present, local coal production makes up 46 percent of the total coal output in the country, and coal produced by state-run enterprises accounts for 56 percent of the total local coal output. Therefore, we must guarantee that local coal production is handled in a planned way and at the same time, try to create necessary conditions for planned production.

The coal price is set on the low side and to a certain extent deviates from the true value. It is unadvisable to measure value by price. At the same time, due to the differences in production and transportation conditions between coal mines, (for example, most local coal mines are far from railroads and this costs them higher short haul expenses), production costs vary greatly. If prices are set according to quality, some mines will inevitably incur losses while others can yield profits. Therefore, market mechanism should not be used to judge the economic results of a mine and to guide coal production. Coal production should only be regulated by state plans and pricing policies in keeping with the law of value.

The components of local mines are complex. Coal mines run by provinces, prefectures (cities) and counties are enterprises under the public ownership system of the whole people. Their production, supply and marketing channels are fairly regular and their production is mainly organized in a planned way. But disordered production is more evident in collective coal mines run by communes and brigades where the production, supply and marketing channels are rather irregular. If this sector of production is not brought into line with the state plan but allowed to develop randomly, it will produce an adverse impact on the planned economy. Besides, different coal mine conditions and coal quality will lead to different marketability. If coal production is completely subject to regulation by market mechanism, it is inevitable that the supply of low cost coal produced by commune-run mines and high quality coal produced by the mines with good production conditions will fall short of demand while the coal produced by state-run enterprises and the low-grade coal produced by the mines with poor production conditions will become unmarketable and be overstocked. In order to help state-run coal mines and mobilize the initiative of the localities with poor production conditions in running coal mines, it is necessary to organize coal production in a planned way.

It Is Necessary to Handle Local Coal Distribution in a Planned Way

In order to keep an overall balance in coal production, supply and marketing, it is necessary to maintain planned coal distribution. In national terms, coal is in serious short supply and in local terms too, many areas are short of coal. This brings difficulties to the work of keeping an overall balance. If coal is not distributed in a planned way, we will hardly be able to succeed in keeping an overall balance in the whole country or in an area. The current situation, in which the coal subject to unified distribution is distributed in a planned way but a considerable part of local coal is mainly subject to regulation by market mechanism, is unfavorable to the overall balance.

In order to rationally exploit resources, it is also necessary to uphold planned distribution. Coal is a kind of underground resources and can only be exploited once. Planned production and rational exploitation are both necessary, otherwise, it is unavoidable that resources will be damaged. At present, the rush for opening up mines by communes, brigades and individuals in some places is mainly caused by the lack of guidance by plans and the purchasing which is conducted without following the plans. As a result, random exploitation is encouraged.

Rational utilization and conservation of energy also call for planned distribution. There are two areas in energy conservation. One is the conservation in quantity, for example, reforming boilers to lower the consumption of coal; and the other is the conservation of varieties, for example, substituting high-grade coal with low-grade coal. At present, no quotas in respect of value and volume have been laid down for coal distribution and prices for the coal consumed beyond the plans which are contained in the overall plans. This situation is unfavorable to the work of energy conservation. In particular, coal controlled by localities is distributed in an indiscriminate way. This distribution method does not benefit the work of energy conservation.

It Is Necessary to Reform the Local Coal Circulation System

Coal production and distribution are two links when coal mines are organizing reproduction and they form an inseparable entirely. At present, though the production and marketing of the coal subject to unified distribution are managed by the coal industrial department in a unified way, the old setup in which coal production and marketing are not managed by the same department is still maintained in many provinces and regions. This not only influences the planned coal production and reproduction, but also adds difficulties to keeping an overall balance between production and marketing. It is therefore necessary to reform the local coal circulation system.

When handling local coal production and marketing, the planned economy should play a leading role and regulation by market mechanism play a supplementary role. It is necessary, first of all, to guarantee the fulfillment of production plans and transfer plans. Under this precondition, coal production for export or bartering with other enterprises can be handled appropriately. Under the guidance of the planned economy, the role of the law of value and regulation by market mechanism should be brought into play so as to encourage production.

It is necessary to restore the system under which local coal production and marketing are managed by the coal industrial department in a unified manner. In this way, the coal subject to unified distribution and the coal controlled by localities can be managed by the same department. This will help keep a balance between production and marketing.

It is suggested that the coal subject to unified distribution can be allotted to provinces and regions according to quotas. The portion of coal consumed above the quotas should be supplied at higher prices. The more coal is produced by localities, the more coal they can consume. And local coal should be shipped to other places at higher prices, so as to arouse the initiative of the localities in running mines and conserving energy.

Intermediate circulation links should be reduced and production should be linked more directly with marketing, so that more expenses for circulation can be saved and funds can turn over more rapidly. This will be conducive to the improvement of economic results and the development of energy conservation work.

CSO: 4006/44

INDUSTRY

GUIZHOU OFFICIAL ON PRODUCTION SITUATION

HK130827 Guiyang Guizhou Provincial Service in Mandarin 1100 GMT 11 Oct 82

[Report by (Wang Zhenbai)]

[Text] In an interview conducted by our radio reporter, a responsible comrade of the Provincial Economic Affairs Commission pointed out: Since the beginning of this year, there has been an excellent situation in which the province has made steady progress in industrial and communications production from quarter to quarter. It is hoped that the industrial and communication enterprises will advance on the crest of victory and conscientiously grasp well production in the 4th quarter of the year so as to lay a strong foundation for the battle of economic recovery in our province.

On 9 October, this reporter conducted an interview with a responsible comrade of the Provincial Economic Affairs Commission on how to evaluate industrial and communication production from January to September this year and how to grasp well production for the 4th quarter. He cheerfully told the reporter: Since the beginning of this year, the general feature in our industrial and communications production has been a balanced production and steady progress through the quarters. By the end of September, the province achieved 78.9 percent of the total annual value of industrial output in our yearly plan. This was an increase of 19.9 percent as compared with the same period last year. In light industry, the increase was 17.8 percent as compared with the same period last year and the increase in heavy industry was 22.9 percent. There was a larger increase in [words indistinct]. There was an increase of 45.56 million yuan in net profit as compared with the same period last year. In particular September production created the highest record in history. There was an increase of 16.2 percent in the value of industrial output in September as compared with August. There was an increase of 34.7 percent in the profits achieved by the state industrial enterprises in the budgets of the local regions as compared with the previous month. There are also some key enterprises which have already finished their yearly tasks.

The responsible comrade of the Provincial Economic Affairs Commission pointed out: The most important reason for having achieved such results is that our production and structure of products is gradually becoming rationalized after the reorganization in the past years. Light industry is expanding on a large scale while heavy industry is beginning to recover. On the basis of the

recovery reorganization in the past few years, many enterprises have carried out constructive reorganizations this year. The construction of leadership and the foundation of fundamental work have been strengthened. Leaders at various levels have seriously implemented the spirit of the national conference of industry and communication and the spirit of the explanation of industrial and communications production by the Provincial CPC Committee and the pr-- in-cial people's government. Economic breakthrough has shifted on to the track which has the promotion of economic results as its center. Business management has strengthened. Quality and quality of products have improved. The varieties of products have increased while the rate of consumption has fallen. As a result, production has increased in the province and a good situation has emerged.

As we proceeded to the problems that existed in industrial and communications production, the responsible comrade of the Provincial Economic Affairs Commission pointed out: The most fundamental problem is expressed in the economic results. Many enterprises fail to meet the demands of economic results imposed by the Provincial CPC Committee. There are individual enterprises which hinder others. Eight large enterprises made heavy losses. In addition, there are enterprises which consume an extremely large amount of power and raw and processed materials. There is a serious waste and an overstocking of products. Thus, a large amount of money has been tied up. These problems reflect the fact that some of our leading comrades in the enterprises have not clearly shifted the guiding ideology onto the track which has the promotion of economic results as its center or they have failed to find a way to promote economic results through the grasping of management and the production development.

The responsible comrade of the Provincial Economic Affairs Commission told the reporter: It is hoped that the mass of cadres and workers of the industrial and communications enterprises in the entire province will seriously study and implement the spirit of the 12th party congress and make this spirit a strong backup force in making a success of the industrial and communications production in the 4th quarter, with exalted fervor in creating socialist modernization. It is hoped that those enterprises which have finished their yearly tasks will not relax but continue to produce marketable products and make preparations for next years' production. As for those enterprises which have almost finished their plans, they should strive to fulfill and overfulfill the quotas in the state plans. As for those enterprises with poor conditions in accomplishing their tasks and poor economic results, individual leaders should organize power and adopt measures to help them catch up. All enterprises should be well prepared as soon as possible in both their ideology and actions for next year's production. They should link up well production, supply and sales, examine and repair the equipment, make experiments in producing new products, handle the semifinished products and arrange technical measures. In this way, conditions will be created for a large scale increase in industrial and communications production next year.

CSO: 4006/44

CONSTRUCTION

HOUSING ACHIEVEMENTS AFTER EARTHQUAKE IN TIANJIN REPORTED

Tianjin TIANJIN RIBAO in Chinese 28 Jul 82 p 1

[Article: "Great Achievements in Earthquake Relief Work in our Municipality"]

[Text] Thanks to the solicitude of the Party Central Committee and the State Council, and to the strong support from the fraternal provinces, municipalities, the autonomous regions, and the PLA, the Tianjin CPC Committee has successfully led the people in the municipality in earthquake relief work, in quickly restoring production and in rebuilding their homes in the past 6 years. Now the municipality has taken on the appearance of a highly civilized, clean and beautiful Tianjin.

The severe earthquake of 28 July 1976 brought tremendous losses to the municipality. More than 34 million square meters of living space were damaged, including more than 16 million square meters, or 70 percent of the total housing area, with severe damage. Roads, bridges, water pipes, sewer pipes, and posts and telecommunications facilities were also wrecked.

After the disaster, the leading comrades of the Party Central Committee and the State Council made many trips to Tianjin for inspection and to hear the relevant reports. They also issued many important directives concerning relief work. Despite its economic difficulties, the state has allocated funds through various channels for earthquake relief and for repairing and rebuilding the houses. These funds have strongly supported us in relief work and reconstruction.

To quickly solve the housing problem of the disaster-stricken people and to heal the wounds of the earthquake, the municipal party committee and the municipal government have mobilized the people on various fronts to pool their efforts in repairing, strengthening and rebuilding the damaged houses and at the same time to embark on a large-scale housing program in 10 newly opened housing areas. By the end of June this year, more than 480,000 damaged houses with a total floorspace of 7,850,000 square meters have been repaired or strengthened, while a number of residential houses, schools, hospitals, nurseries, kindergartens, movie theaters and other public buildings with a total floorpsace of 8,794,000 square meters have been built or rebuilt. More than 220,000 households which lived in temporary shacks by the roadside and in

parks, vacant lots and playgrounds after the earthquake were then able to return to their former houses or move into new houses. Furthermore, the housing conditions of some workers and staff members who had had difficulties with living space are now improved. In Ninghe and Hangu areas which were heavily hit by the earthquake, nearly 1 million damaged houses have been repaired or rebuilt.

At the same time, repairs and construction of the urban auxiliary public utilities were strengthened. In the newly opened residential areas and the downtown areas, total lengths of 113.2 kilometers of water pipes and 146.9 kilometers of sewer pipes were laid, and 1,755,000 square meters of road surface were repaired. The city's appearance along the 93 traffic trunk lines and the 785 feeder lines has been markedly improved. Of the 26 urban public utility projects included in the three-year plan, work on 22 has already been started, and all the 10 key projects determined by the municipal government have now reached the stage of a hightide in construction.

9411
CSO: 4006/647

CONSTRUCTION

INVESTIGATIVE REPORT ON ACHIEVEMENTS OF TIANJIN CONSTRUCTION COMPANY

Tianjin TIANJIN RIBAO in Chinese 13 Jul 82 p 1

[Article by Li Zhongmin [2621 1813 3046]: "There Must Be an Outstanding Work Force Before There Can Be Any Outstanding Engineering Achievements--An Investigative Report on the Success of No 6 Municipal Construction Company in Recovering Its Reputation in Quality of Work, Construction Periods and Management"]

[Text] The No 6 Municipal Construction Company which had remained backward for several consecutive years began to make its comeback last year. It has now successfully recovered its reputation in the quality of work, the construction period, and work-site management. From January to June this year, it completed a total floorspace of more than 141,000 square meter--which is worth 25,910,000 yuan--and 72 percent of its work is considered to be of excellent quality. It has overfulfilled its semiannual plan in terms of both time and tasks, and the value of its work, the floorpsace it has completed, and proportion of excellent work were increased by 25.67 percent, 33.3 percent and 17 percent respectively over the same period last year. After building two excellent residential areas in Baoding Road and Xima Road last year, it has further raised the standard of its work in four residential areas to a new level this year. A few days ago, our correspondent visited these four worksites, and was deeply impressed by their cleanliness and neatness as well as the solid state and beautiful appearance of the engineering jobs. The third residential area in the north of Tiyuan has been inspected by and won the praises from other companies in the same trade in more than 10 provinces and municipalities. The most important lesson which this company has learned in the past year and more in making this change is that it has attached great importance to the strengthening of its work force.

Setting Up Schools at Selected Points To Incalcate a Sense of Pride and To Inspire Confidence Among Workers

Several years ago, the reputation of this company was at a low ebb because its management was chaotic, its construction periods were long, and the quality of its work was poor. The higher authorities dared not entrust it with any important tasks, while no contractor was willing to accept it as a subcontractor. Can this company ever win? Early last year when the company party committee encouraged the broad masses to analyze the situation, many veteran

workers said: No 6 Construction Company originally had a good foundation. It was in a passive position in the past several years only because the leadership failed to carry out in-depth investigations and the work force was not strong enough. The company party committee noted their views and decided to change the leadership's work style in order to strengthen the work force as a major task in transforming the company. It also pledged to fight a battle for the recovery of its former reputation in the work quality, construction periods and management of the work-sites. To pluck up their revolutionary courage and to strengthen their confidence, the leaders decided to set up the work-site in Baoding residential area as an experimental point, and opened a school to train the workers. After the work started on 14 October last year, the leading members of the company party committee brought a whole team of party, government, trade unions and CYL personnel to work at the work-site where they carried out propaganda activities and created a political atmosphere. They also set up a system of education for the workers in every shift and group in and outside the work-site so as to incalcate among them a sense of pride. At every stage of work, meetings were held to commend the standard-bearers, to offer rewards and to put up an honor roll. These activities greatly encouraged the workers and staff members. In Baoding residential area, the 10 blocks with a floorspace of more than 18,400 square meters and three auxiliary engineering projects were completed on 15 October, one month ahead of schedule. The engineering cost was lowered by 6.12 percent, and the quality of every block was rated as excellent. Two of these blocks were even rated by the bureau as model engineering, since it achieved "all perfection" for the whole area at the first attempt, and won high praises from the government and the residents in Heping District.

Success in the construction of the Baoding Road residential areas raised the morale of the workers and staff members of the whole company. Late last year and early this year, the company party committee launched an extensive campaign throughout the company to learn from Baoding Road and to emulate the Baoding Road style, besides expanding their experiment. Not only the company, but also the work sections paid great attention to these experimental points, and the number of these experimental points was increased from two last year to four this year. The company decided to raise the standard of these four experimental points, involving a total floorspace of more than 140,000 square meters, to or even above the Baoding Road level, and to strive for "all-perfection" for these residential areas.

To obtain the expected results, the company also launched a labor emulation among different areas and different sections and teams within each area. During the emulation, all teams, strong or weak alike, would not be reconciled to defeat, and were trying hard to win. The first team of the first section and the third team of the second section undertook the construction of 10 blocks of houses with a total floorspace of more than 30,000 square meters in the third residential area north if Tiyuan. These two were comparatively weaker teams without any experience in large-scale work of a high standard. But they were unwilling to lag behind others. As soon as they entered the third residential area north of Tiyuan and started work in September last year, they were all set for the emulation. At the very beginning, the first team

of the first section attached great importance to quality, and the main part of its work was behind that of the third team of the second section by 18 walls. The team leader organized the shift leaders to go to inspect and learn from the third team of the second section. Upon their return, everyone was asked to report their own shortcomings so that corrective measures could be worked out. Some shift proposed that everyone should start work earlier and go off later; others insisted on preserving high quality and increasing the speed of progress, and raised the slogan "Catch up with the second section through 30 days' hard work." Because of all their efforts, their main task completed at the end of March this year was at the same level as that of the third team of the second section. According to the bureau's evaluation, the quality of engineering and equipment in the third area was of a high level in the residential area north of Tiyuan, and two blocks of houses were rated as model engineering work.

Checking the "Four Unhealthy Tendencies," Enforcing Plant Discipline and Cultivating the Sense of Organization and Discipline among the Workers and Staff Members

Since early February this year, the No 6 Construction Company has in an organized, planned and systematic way checked the "four unhealthy tendencies" (namely, gambling, drinking before coming on duty, fist-fighting, and stealing public property) as a means of enforcing labor discipline. For the enforcement of discipline, the company and its work sections, plants, teams and centers have formed separate labor discipline enforcement groups and trained more than 2,300 backbone elements. A great deal of ideological and political work has been carried out among those with problems of "four unhealthy tendencies" in every unit. Broadcasting, slogans, wall bulletins and other media were also used to publicize the harms of the "four unhealthy tendencies" and the meaning of discipline enforcement. Some work sections have even adopted the method of visiting the misguided youths in their homes in an effort to educate the broad masses of workers and staff members. In dealing with those who have serious problems and yet are recalcitrant, swift and severe punishment is meted out according to the seriousness of the offense. Some of them have been dealt with administratively; others have been fired; and a small number of those who violated the criminal law have been handed over to the judicial authorities. On this basis, they have worked out their plant rules and regulations including "eight requirements" and "ten prohibitions."

In the enforcement of discipline, the company party committee are making strict demands on the cadres. In late March and early April this year, a security chief and a deputy plant director got drunk before coming to work. The leadership did not give them any special consideration and punished them severely in the same way it did to other workers. This incident produced a profound effect on the broad masses of workers and staff members.

The enforcement of discipline has basically checked the "four unhealthy tendencies." In the first 6 months of this year, the rate of attendance was raised to more than 90 percent, a 2 percent rise above that of the same period last year; and the utilization rate of work-hours was raised to 86.25 percent, a

rise of 3 percent over that of the same period last year. The broad masses of workers and staff members have made it their practice to work with all their might and main during the 8 hours of their shift and to make some extra contributions outside these 8 hours. They are usually working up to 6 or 7 o'clock in the evening, and many of them are coming to the work-site ahead of schedule to prepare for taking over the shift. In the second team of the third section, the problems with "four unhealthy tendencies" were fairly serious. In the second half of last year, when this team was working in a certain work-site, the quality of their work was poor and the construction period was 1 month behind schedule because of laxity in discipline. This led to dissatisfaction of the party which sub-contracted the work to this team. In February this year, this team moved into the residential area in Xihuchuan to work jointly with the second light industry departments. Because the "four unhealthy tendencies" had been effectively checked, the militancy of this team was greatly increased, and in building the five blocks of residential houses, the average work efficiency was increased to more than 120 percent, and the quality of work even surpassed that in Baoding Road. The enforcement of discipline has also brought about 619 instances of good people and good deeds, such as not pocketing the money picked up in the street, helping others as a pleasure, courage in defense of just causes, and determination to combat evils, during the "Socialist Ethics Month" in March.

Insistence on High Standards and Technical Training for the Work Force

The No 6 Construction Company has a fairly large number of workers, especially at the first line of action, where more than half of the workers were employed after 1979. Their average grade was only two-and-one half, and their technical level was inadequate for "all-perfect" performance. The company made great efforts to raise the workers' technical level in many different ways. First, it firmly adhered to the system of setting up models and made strict demands on the workers' training. The third team of the fourth section undertaking the construction in Hongfangzi residential area has firmly upheld the system of setting up models since 1 April when it started work, because it wanted to alleviate the inconvenience of the residents who had for a long time to "take three steps of the stairway at a time." In laying the padding layer, all the workers had to do in the past was to level the cement and then smooth it with a shovel. Now they have to use boards and trowels as though they are plastering the surface. In preparing the foundation, a little deviation made no difference; now not even 1 millimeter's difference can be overlooked, and in joining the reinforcing bars, there must be an overlapping of 60 centimeters at the ends. In making platforms, all they needed before was enough mortar and a flat surface; now they have to do their work as though they are building a wall. In building walls, the criteria for bricklaying is now even stricter. In building mixed water walls, there must be no leakage through the headers and the seams; and in building clear water walls, the seams must be in line with those of mixed water walls. To ensure that the walls are in a perfectly perpendicular position, every bricklayer carries with him measuring instruments for checking the surface at every 3 or 5 layers. If the wall is not up to an excellent standard, it will be pulled down to be started all over again. That was how they finally produced models, to be followed by other blocks of houses. The entire project seemed to be the handiwork of a single person, and its fine quality received favorable comments from the leadership.

Another way for the company to raise the technical level of its workers is through technical contests. More than 900 persons from 11 different types of work have joined these contests, in the course of which, 188 technical experts have emerged. Thus the progress of excellent engineering was maintained. The third team of the second sections, undertaking the construction in the third residential area north of Tiyuan, held contests for different types of work at different stages of the project for workers of the same grade. For example, in building the foundation, the reinforced bar workers are matched against the cement workers; in building walls, the bricklayers are organized to compete with one another; and in the construction of fixtures, the plasterers, plumbers, electricians and painters will compete with one another. The contests take the forms of both practical and written work.

The contests have given great inspiration to the young workers in learning about technology. A young worker had received 2 years' labor education as a form of punishment, was not qualified to join the contest in the Baoding Road work-site last year. He was very much upset. After he came to the work-site north of Tiyuan, he made painstaking efforts to improve his skill, and requested the tutors to teach him whatever he did not know. He later won the first prize in the March contest. These contests have raised the young workers' technical level by one or two grades, and some of them have been raised from the second to the fifth or sixth grade. In the bricklaying team for example, there were more than 20 bricklayers, but only two or three of them could build excellent outer walls. Now there are six or seven of them, and they can help to speed up the work.

This company has also attached great importance to the overall improvement of the technology of its work force. In the first half of this year, it made great efforts in bringing about the coordination of work procedures and operation sequences for bricklaying, plastering, carpentry and concrete mixing. Construction engineering is the result of many different types of work. Because of the lack of coordination in the past, some work which should be done first was delayed, while other work which should have been held up was completed ahead of others. The result was that some walls, already plastered, had to be smashed and rebuilt again, and a brand new mansion was covered with many patches. Coordinated work procedures and operation sequences have remedied these defects. In plastering for example, after the coordination of the sequences of operation, the roofing is covered with a first layer of mortar. This is followed by a first layer of cement to protect the windowsills at the four corners, and then a cement covering for the floor. Now a second cement layer is needed on top as an added protection to the windowsill corners. Finally comes the whitewashing. The work at each stage has to be inspected and passed by the foreman before it goes on to the next stage. This will eliminate the necessity of repeated work due to lack of coordination besides providing better protection to the finished work and making it possible for "all perfection" to be obtained at the first attempt.

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PROGRESS IN WATER SUPPLY PROJECT FOR TIANJIN REPORTED

Tianjin TIANJIN RIBAO in Chinese 19 Jul 82 p 1

[Article by Yang Lanbin [2799 5695 1755]: "Smooth Progress Is Being Made in Project of Drawing Water From Luanhe River into Tianjin"]

[Text] Progress in the work of drawing water from Luanhe River into Tianjin is gratifying. Work on 66, or more than 60 percent of the total 109 diversion routes has been started, and 13 percent of the total length--1,277 meters--of the diversion tunnel has been completed. The progress is quicker than anticipated. The total number of projects started in the first half of the year was four more than the planned figure, and amounted to 74 percent of the total number called for in the annual plan. The semiannual plan for 22 projects were overfulfilled ahead of schedule, and 38 others were completed according to schedule.

Construction of the water diversion tunnel is the most important part of the whole project. Displaying the spirit of "defying difficulty and death," the commanders and fighters of a certain unit of the Railway Engineer Corps and another PLA unit stationed in Tianjin used scientific methods and improved the technology. They popularized the technique of precision explosion used in combination with bolting and shotcrete and made various minor adjustments to speed up the progress of work. Before the ceremony was held to mark the beginning of work, the commanders and fighters were already in the 11 slanting shafts which had reached the site of the main tunnel. By the end of June, another slating shafts had reached the main tunnel site. At present, the total footage of the main tunnel has reached 1,277 meters, being 13 percent of the whole length. At the same time, 130 meters of the open ditch for drawing water into the tunnel, and 165 meters of the buried pipe in the tunnel have been completed.

"Be sure to complete the tunnel for the passage of water by next year" is now the slogan expressing the common aspiration of the soldiers and civilians. The workers of the relevant departments responsible for surveying, designing, construction and other types of work are working day and night, and reports of their achievements are coming one after another. The Chengdu Municipal Engineering and Designing Institute and the Lanzhou Municipal Engineering and Designing Institute, who are responsible for building the water supply structures have basically completed their tasks; the 26 bridges built by Baodi County have

also been basically completed; and the main part of the inverted rainbow engineering work for drawing water from Qinghe River into Chaobaihe River has been basically completed ahead of schedule. At present, four of the 10 inverted rainbow projects for drawing water from Luanhe River has been basically completed, and work on another three is proceeding in earnest. The work on three large pumping stations is also progressing rapidly. The pumping station in the new Chaobaihe River has been ready for the anticipated flood season 4 days ahead of schedule. Two-thirds of the excavation for Dazhangzhuang Pumping Station have been completed, and work has already begun for pile making for the Erwangzhuang Pumping Station. In Baodi County, the 64-kilometer open ditch from Jiuwangzhuang to Dazhangzhuang in the northern suburbs and the designation of locations for piles have been concluded, and now communications cables are being put up following the supply of water and electricity. The municipal people's government held a meeting 2 days ago for the parties concerned to work out their plans for the distribution of tasks as a preparation for further excavation work.

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CONSTRUCTION OF NEW OVERPASS IN PROGRESS IN TIANJIN

Tianjin TIANJIN RIBAO in Chinese 8 Aug 82 p 2

[Article by correspondent Ceng Chonghe [2582 1504 0735]: "Tianjin Will Have a New Attraction"]

[Text] Under the burning sun of a hot summer day, I, as a correspondent, came to a bridge construction site for news coverage. The motors were roaring as the dip trucks and push carts were running hither and thither while cranes were flying overhead. Piles in rows looked like giants standing up to greet visitors. It was an inspiring sight. Near a bridge pier of the Jingshan Railway, I found Dong Yanling [5516 1693 7881], a responsible member of the work group assigned by the municipal engineering bureau to work at the worksite. When he knew the purpose of my visit, he led me into a improvised shack, and then brought in Engineer Li Zhigang [2621 1807 0474] of the Fourth Section of the No 1 Municipal Construction Company which was in charge of the construction of the bridge.

Engineer Li Zhigang said: "The overpass at Shiyijing Road is one of the projects of earthquake relief. It is planned to be completed at the end of this year. The bridge is 547.2 meters long with 26 piers and 25 openings, and has to straddle the Jingshan Railway and Jintang Railway. The higher authorities want it to be strongly quake-proof in quality and attractive in appearance. It will help to beautify the city and become one of Tianjin's attractions. To meet these two requirements, the municipal engineering, survey and design academy, which is responsible for the design of the overpass, has decided to use continuous box girders made of prestressed reinforced concrete, which is less bulky but more strongly quake-proof." At this point, he looks serious and said: "The biggest problem is for the bridge to straddle Jingshan Railway. There are seven rail tracks at the intersection of the overpass and the railway. Of the three openings, the middle one is 32 meters wide and each of the other two is 30 meters wide. A total of 12 box girders have to be used, the heaviest one weighing 186 tons and the lightest one weighing 60 tons. Trains pass every few minutes. Since Jingshan Railway is a national railway, it cannot be interrupted for a single minute, and we must guarantee its absolute safety. Furthermore, the 12 heavy girders above these three openings cannot be made by pouring concrete on the spot..."

Li Zhigang continued: "The heaviest beam we have ever hoisted weighed only 50 tons. We have also moved a 100-ton discarded pillbox on ground. Now, for the first time, we have to hoist a heavy girder weighing more than 180 tons." He said after a long pause: "The construction and installation of the main beam calls for nine sequences of work, and there are five difficult problems: First, after pouring in the concrete, we have to move the heavy girder of more than 180 tons to the work-site. Secondly, we have to raise it to a height of more than 6.55 meters (the height of the piers). Thirdly, since we cannot do any work on the ground because of the rail tracks, we have to move the girder in its vertical position above the ground. Fourthly, we have to move the girder on its horizontal position above the ground. Finally, we have to lay it on the piers. So these are the five difficult problems we have to cope with."

Instead of losing heart or retreating, they are facing the difficulties squarely. A task force including Assistant Manager Tian Ningshou [3944 0413 1108] of the No 1 Municipal Construction Company; Deputy Chief Engineer Li Zhaohe [2621 2507 0735]; Chief of the Fourth Section Li Zhigang; and Engineer Xiao Rongxi [5135 2837 3886], who is concurrently the deputy chief, has been formed. Relying on the veteran weight-hoisting workers and encouraging the masses to make suggestions, they are trying to overcome the difficulties. Thanks to the assistance of the relevant units, they have worked out a meticulous plan for solving these five difficult problems. For the surface transportation of the girders, they have already obtained the support of the heavy equipment transportation unit; for hoisting the heavy girders, they have already prepared the necessary parts for erecting the frame for the gantry crane and borrowed the required pulleys; the principal tools for moving the girders in a vertical position are already; the making of the "slipway" and "sliding shoes" is being expedited for their horizontal movement; and the designs for the installation of the girders on the piers have already been completed.

Great achievement has been made since the work on the overpass began on 1 April. The machinery company under the construction engineering bureau began pile-driving for the foundation on 25 April and completed its job on all 640 piles on 27 May, 50 days ahead of schedule. On 4 July, concrete pouring was completed for all the 26 piers, and preparations began for the same job on the main beams on the western side of the railway.

Engineer Xiao Rongxi, the deputy chief of the Fourth Section of the No 1 Municipal Construction was full of enthusiasm when he envisaged the future of the overpass. He said: "The driveway of the overpass is 15 meters wide and four vehicles can drive abreast. On each side of it is a pedestrian path 1.5 meters wide. After completion, the overpass will cut across the Daguangming bridge in the west all the way to Qufu Road and Shengli Road. In the east, it will go all the way to Chenglinzhuang Road, Xinkai Road and Kunwei Road, and thus avoid the bottleneck in the inner ring of traffic. The bridge will be more than 500 meters above the ground, and under the bridge, we can plant trees and flowers to form a park. There will also be a 7.5-meter wide sidewalk on each side of the bridge, a 130-meter long overrun, and a circular island at the eastern end. All this will form a new attraction adding to Tianjin's beauty."

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COMMODITY HOUSES BEING SOLD TO PRIVATE RESIDENTS IN TIANJIN

Tianjin TIANJIN RIBAO in Chinese 30 Jul 82 p 1

[Article by Li Zhongmin [2621 1813 3046]: "Commodity Houses With a Total Floorspace of 70,000 Square Meters Already Sold in the Municipality"]

[Text] Many people have visited the Municipal Construction and Development Company everyday, since it began to sell commodity houses in early May this year. By 20 July, 118 units have registered with the construction and development company for the purchase of commodity houses totaling 326,000 square meters in floorspace. More than 40 units have already signed purchase agreements for a total floorspace of more than 70,000 square meters. It is anticipated that some 150,000 square meters will be sold by the end of this year. For those units that have signed the contracts, the delivery of houses will take place within this year at the earliest or within one and a half year at the latest.

The building and selling of commodity houses are a new and important way of housing construction in our municipality. In accordance with the plans for capital construction and urban construction, these houses are intended for the small- and medium-size units which have difficulty in building houses with self-raised funds. These houses are built with pooled funds and to be sold in advance to the nearby units. In only 2 months, the superiority of this system has been shown in many aspects.

First, it helps speed up construction by using turnover funds. Since the founding of the municipal construction and development company, the municipal planning commission has assigned to it the task of building 100,000 square meters of commodity houses, including 85,000 square meters in the downtown area and 15,000 square meters in Tanggu area. The houses for the downtown area were to be built in the newly opened residential areas in Xiaohaidi, Tiyuanbei and Beicang, and the work on these houses was begun at the end of last month. Advanced sales of the houses began in May, and work on the first lot of houses sold was started in the residential area of Changjiang Road immediately after the money was received. Work on the second lot was started in Xiaohaidi when the first lot had been completely sold; and it is planned that work on the third lot will start in Zhenli Road when the second lot of houses have been completely sold. Thus in only 2 months, the floorspace of commodity houses was increased from 85,000 square meters to more than 170,000 square meters.

Secondly, it helps solve the problem of the small and medium-size units in building houses. Difficulty in building houses is a well-known problem, and this difficulty is even more keenly felt by those allowed to have a floor-space of only several hundred or approximately 1,000 square meters. The Painting Plant and the TV University was each allowed 400-500 square meters, but there was no suitable land for their houses to be built and they could not find other units to join them in the building project. Thus they had to wait 2 or 3 years and their houses still could not be built. Now the difficult problem is over, because they can buy commodity houses. The school of agronomy and the school of garment techniques had no technicians to form a capital construction body, and found it very difficult to build their own houses. Now they can purchase houses without any trouble. These small and medium-size units are very pleased with their purchases. A leading member of some plant once said: We promised the masses to do something [about housing] every year in the past, but could never fulfill our promise. Now, at last, we can do it.

Thirdly, in buying houses, people can choose those in their vicinity. In the past, it was very difficult for some units to find a suitable location, because those in the east had always to build their houses in the west, and vice versa, causing inconvenience to the workers' transportation. Now the commodity houses are spread out in all directions, and, thanks to the meticulous arrangements by the business offices of the construction and development company, many units have chosen to buy the houses close to their neighborhood. The Lihua Food Plant, the Forestry Tools Plant, the Daming Motor Plant, the Fifth Plastic Wares Plant and the Yintie Can-Making Plant are all not far away from Changjiang Road, and that is where their commodity houses are located.

Fourthly, it blocks the way for unhealthy tendencies. In building houses with self-raised funds, the units had a lot of headache because of the complex procedures calling for "restaurants at many levels" and "special connections." To get through these obstacles, people are compelled to resort to various unethical tactics. One of them is called "offerings at every level" by throwing parties, and supplying goods "through the back door." Another method is called "pulling off the features of the wild goose." Once you have built a house, your "connections" will come in large numbers. One of them will ask for one room and another may even ask for two. If you do not comply with their requests, lots of problems will remain unsolved; if you comply with their requests, you will end up with very little left for yourself after all the trouble you have been through in building that house. The procedures are very much simpler in purchasing houses. As long as you have the permit to own houses and buy materials, and the money to be handed over to the development company, and signed the contract, the procedures are completed. There is neither "offering" nor "feature pulling," and you will get exactly the amount of floor-space you pay for.

Fifthly, it solves the problem of auxiliary facilities for collectively built houses. In the past several years, the method of building houses with the collective funds of several units was used in our municipality. The result was that the houses were built without the auxiliary facilities, thus causing great inconvenience for the workers and staff members. If the funds are collected

by the development company for house building, the company will strictly observe the municipal planning, and build the houses with the necessary auxiliary facilities. This is of great convenience to the workers in their daily life.

Now, applications have been received for all the existing commodity h es. With the support of the municipal government, the municipal construction and development company is now working with the planning departments on the requisition of land for building houses, in an effort to build more commodity houses.

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HOUSE EXCHANGE FOR RESIDENTS' CONVENIENCE IN TIANJIN

Tianjin TIANJIN RIBAO in Chinese 30 Jul 82 p 2

[Article by Li Jinquan [2621 6855 3123]: "More Than 10,000 Houses Exchanged for the Masses in Our Municipality During First Half Year"]

[Text] The housing control departments are actively serving as "media" for the masses in an extensive program of house-swapping. In the first half of this year, 11,280 houses were exchanged among 9,394 households. This program has alleviated the contradictions arising from housing shortage, reduced the pressure on city traffic and provided convenience in people's daily life.

The house-exchange centers in various districts have adopted the method of exchange by groups according to mutual agreement by different plants and housing areas. They have also set up house-exchange posts, introduced interested parties to one another, and conducted them on house inspections. The number of people applying for house-swapping has continued to increase. The house-exchange centers in Nankai, Hongchiao, Hebei and Hexi districts have held four mass meetings for house-swapping by the residents. In the same districts, 10 housing control centers have also held similar meetings for residents within their areas. At the meetings, wall bulletins are put up showing the conditions of house-swapping inside and outside their own districts, so that the residents could decide on their own choice. The municipal housing control bureau has also prepared for the house-swapping meetings special apartments to solve the problem of some households whose members have to live in different places. People planning to change their houses have lined up for registration from early morning to late evening. Sometimes, some 1,000 people were in the line. Many of them visited their new houses in the morning and went through the procedures in the afternoon; and some of them moved into their new houses on the same day. They all highly praised the house-exchange program.

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NEW PROGRESS IN URBAN CONSTRUCTION IN JIANGSU CITIES REPORTED

Nanjing XINHUA RIBAO in Chinese 14 Aug 82 p 1

[Article by Jiangsu Statistics Bureau: "Urban Construction Makes New Progress in 11 Municipalities of Our Province"]

[Text] The provincial statistics bureau recently publicized some data showing that since the Third Plenary Session of the 11th Party Central Committee, 11 cities in our province have strengthened the work of city planning and construction by readjusting the productive and nonproductive sectors in accordance with the principle of national economic readjustment. They have all achieved new success in housing construction, road building, sewage disposal, and the supply of water, gas, and liquefied petroleum gas; and in tree-planting, repairing and preserving the scenic spots.

Residential housing for the urban population has developed rapidly. In the past 3 years and more, the area of residential housing has increased by 5,840 square meters, the net increase being more than the total increase in the previous 29 years. At the end of 1981, the actual housing area in the 11 cities was 45,880,000 square meters, an increase of 35.1 percent over the area at the end of 1978.

In the past several years, the cities have built a number of trunk highways, laid a network of sewer pipes and widened a number of traffic bottlenecks. At the end of 1981, the total length of roads in the 11 cities was 5.7 percent more than at the end of 1979. The total length of sewer pipes exceeded that at the end of 1979 by 139 kilometers, and the number of transportation vehicles, including public buses and tramcars, exceeded that of 1978 by 364.

Urban public utilities have also developed rapidly. In 1981, the daily water-supply capacity of the waterworks in the 11 cities was increased by 40.4 percent over that of 1978, and the percentage of the city dwellers using tap water has been increased from 60 percent in 1978 to 72 percent. The sales of household gas and liquefied petroleum gas have also been increased every year. In 1981, the sales of household gas in Nanjing Municipality was 58 percent more than in 1978, and the people using gas amounted to 12.4 percent of the municipal population. The sales of household liquefied petroleum gas also increased by 60.8 percent over those in 1978 in Nanjing, Wushi, Suzhou, Changzhou and Nantong municipalities, and the number of people using it was increased by more than 250,000.

Tree-planting and the building of parks and scenic spots in these cities have also developed rapidly. They have all paid attention to the repair and preservation of the parks, and a number of scenic spots and cultural relics have been restored.

Despite the new achievements in urban construction in the 11 cities, public utilities and some other service and housing facilities are still inadequate because of their long neglect in the past and the rapid increase in population. In some cities, the supply of water and electricity is tight, while such weak links as environment pollution and problems in water drainge still need to be handled with great efforts in future.

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PROGRESS OF BUILDING MATERIALS INDUSTRY IN HEBEI REPORTED

Shijiazhuang HEBEI RIBAO in Chinese 23 Aug 82 p 1

[Article by Cao Tianping [2580 3944 1627] and Xu Bingzhan [1776 4426 0594]: "Buiding Materials Industry in Our Province Progressing in the Course of Readjustment"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the building materials industry in our province has conscientiously implemented the policy of readjustment, restructuring, reorganization and improvement with good results. In the 3 years from 1979 to 1981, the average annual output of building materials was higher than in 1978; and in the first 7 months of this year, it was also higher than in the same period last year by more than 11 percent, with increased quantity and improved quality.

Concentrating its efforts on key products and the products in short supply, the building materials industry in our province has persisted in carrying out equipment renovation and technical transformation among the existing enterprises and taking the road of "intensive" development of production. The Yaohua Glass Factory of Qinhuangdao has carried out large-scale technical transformation on several occasions, and by the end of 1981, its productive capacity was 89 percent more than before the transformation. Its increased profits and taxes in the past 3 years was sufficient for building a new factory of the same size as it was before the transformation. The Tangshan Construction Ceramics Plant's productive capacity was doubled after the technical transformation. It was able to accumulate more than 40 million yuan for the state, although only 11 million yuan was spent on the transformation.

Giving play to our strong points in the building materials industry, our province has gradually embarked on a large-scale construction program, including the importation of the modern Jidong Cement Plant, the largest one in the country capable of producing 1.5 million tons of cement each year. Its construction is now being stepped up and it will be ready for operation next year. There is also a project to construct a kiln to be fed with nine machines and capable of producing 1.5 million standard cases of plate glass each year for the Yaohua Glass Company in Qinhuangdao. This project will be in operation in 1984. Thus in 1985, the output of cement, plate glass and toilet ceramics will be increased by a wide margin.

To meet the requirements of peasants in building houses, the building materials industry departments in our province have changed the orientation of its service, and, since 1979, have vigorously developed the production of cement structural components for rural buildings. The output has now been increased from the original 10,000-20,000 cubic meters to more than 100,000 cubic meters. In the past several years, nearly 200,000 cubic meters of cement structural components for rural buildings have been produced in the province, thus helping to solve the problem of house building for nearly 200,000 peasant households.

To suit the changes in the market during the period of readjustment and to increase the competitive power of our building materials, we have readjusted the proportions of cement grades and varieties and increased the output of large and high-grade toilet ceramics and the accessory products. The output of specially selected, and various processed glass products have also been increased to meet the consumers' requirements.

In the past several years, we have had some success in changing the materials for building walls. The tradition materials have undergone "four changes," namely, the changes from high energy consumption to low energy consumption, from the heavy to the light type, from small pieces to large pieces, and from destruction of farmland to building farmland. New types of construction materials are being vigorously developed. By the end of 1981, the province had acquired the productive capacity for 200,000 square meters of new building materials, and residential houses with a total floorspace of more than 60,000 square meters have been built with these new materials.

In the past 2 years, the building materials industry departments in our province have also experimented in restructuring and integration in order to promote the development of small cement industry in our province.

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RESULTS OF ECONOMIC RESPONSIBILITY SYSTEM IN HEBEI REPORTED

Shijiazhuang HEBEI RIBAO in Chinese 29 Aug 82 p 2

[Article by Correspondent Wen Enxiu [5113 1859 4423] and Reporter Liu Keren [0491 0344 0088]: "System of Economic Responsibility Has Produced Marked Economic Results"]

[Text] More than 40 construction units with their 60,000-strong army of construction workers have learned from the advanced experiences of Handan No 2 Municipal Construction Company since March 1980, and have shown remarkable economic results. The proportion of "all-perfect" engineering to the total area of completed work was raised from 5.7 percent in 1979 to 47 percent in 1981. The construction periods for small residential areas were generally reduced by a range of 10 percent to 20 percent, and the engineering cost dropped by more than 4 percent in 61.5 percent of the total number of construction units. In some units, the cost was reduced by more than 10 percent.

Guided by the spirit of the Third Plenary Session of the 11th Party Central Committee, Handan No 2 Municipal Construction Company has emanicipated its mind and actively enforced the system of economic responsibility. For 3 successive years, the average output value per worker was more than 10,000 yuan. It also completed more than 300,000 square meters of fine-quality residential housing, and gave outstanding performances in helping to rebuild Tangshan. Since March 1980, when the summing up and popularization of Handan No 2 [abbreviation of "Handan Second Municipal Construction Company"] began, and particularly since 4 November last year, when Comrade Hu Yaobang called Handan No 2 "the most advanced construction unit in the country," all the construction units participating in the construction in Tangshan have compared themselves with Handan No 2, noted their own shortcomings, and worked out measures to learn from its experiences in earnest. They believed that Handan No 2 is not only the trailblazer in "all-perfect" engineering feats, but also an advanced model in improving economic results. Therefore, in learning from Handan No 2, they must learn from its method of accumulating wealth, take a firm hold of the system of economic responsibility as the central link, strengthen enterprise management, and make efforts in comprehensively improving the economic results.

From their own past experiences, both positive and negative, the construction units have realized that engineering quality is the lifeline for construction enterprises, and that the way to obtain the best social economic results is to

have a sense of responsibility to the consumers and to improve the engineering quality so that the service life of their products can be prolonged. In learning from and popularizing the experiences of Handan No 2, therefore, they have constantly regarded the improvement of engineering quality and the accomplishment of "all-perfect" engineering work as matters of prime importance. They encouraged their workers and staff members to cultivate the sense of being masters of the units by bearing the needs of the users in mind and having a keen sense of responsibility to the users, and to strictly follow the proper work procedures. They also enforced a system of reward and punishment, adopted due technical measures, and set up a strict system of quality inspection. As a result, the area of their "all-perfect" engineering has continued to increase every year. In 1979, eight units had "all-perfect" engineering over an area of 141,700 square meters. In 1980, 22 units had the same performance over an area of 936,000 square meters. In 1981, 28 units repeated the performance over an area of 1,070,000 square meters. In the course of striving for "all-perfect" engineering, many units have passed the stage of "repairing" until "all perfection" is achieved, before coming to the stage of "all perfection" at the first attempt. They are of the opinion that "repairing" to "all perfection" does not mean real skill, and that in order to combine the economic results of the society with those of the enterprises, they must strive for "all perfection" at the first attempt. Therefore, they paid great attention to the training of their workers in basic technology. The second branch of the fourth provincial construction company undertook the construction of the building of Tangshan No 2 Municipal Telephone Bureau. By strengthening total quality control and adopting technical measures whereby everyone had to strictly adhere to the quality standards, this unit accomplished "all perfection" at the first attempt, and saved more than 34,000 yuan from the reduced consumption of labor and materials and the reduced use of machinery. The engineering cost was reduced by 5.1 percent, and fairly good economic results were obtained.

Reduction of the construction period is an important indication of good economic results. The construction units have adopted various effective measures to increse efficiency and reduce the construction period. Tangshan No 1 Municipal Construction Company undertook the building of a small residential area in Hebei District totaling 250,000 square meters. Work was started in September 1978, and the whole project, including the building of houses of a new structure requiring the pouring of concrete and assembly, and the completion of the network of pipes and accessory facilities, was ready for use in September 1981. Nearly 3,000 workers were put to work and the project took 3 years. Work on the Daqing No 3 and No 4 residential areas was started later. Their combined area was about the same as that in Hebei District, and the structures of houses in all three areas were identical. Because the construction unit had summed up its own experiences, learned from the experiences of Handan No 2, skillfully used the method of grade separation and parallel flows, and organized its work force in a scientific way, the construction period was reduced to only 2 years--a reduction of more than 30 percent--even though the same number of workers were used. Xingtai No 1 Municipal Construction Company had a weak foundation. When it first came to Tangshan, people called it a "small construction team." Later, the company learned from

the experiences of Hantan No 2 and adopted a new sytem of management whereby five criteria were set up for the evaluation of work, and the company assumed responsibility for six types of expenditures on the condition that it would share the savings from these expenditures. The enthusiasm of the workers and staff members was fully aroused, and the construction period was effectively shortened. A comparison of the construction of No 9 Zhaoguozhuang Mine which the company undertook at first, with that of No 11 residential area, which it undertook later, showed that the construction period was shortened by 21 percent. This reduction brought forth economic benefits for not only the society, but also the enterprise itself. In 1981, the average output value per worker or staff member was more than 7,300 yuan, and the average floorspace completed by each of them was 47 square meters. The engineering cost was reduced by more than 6 percent, and the profit for the enterprise as well as the income of its workers and staff members were all increased. This company has become an advanced unit in learning from Handan No 2.

In learning from the methods of Handan No 2 in the accumulation of wealth, all the construction units have paid attention to all matters large and small in their meticulous calculations and strict budgeting, as well as the practice of economy. In choosing locally produced building materials for different worksites, they had to compare the quality, the prices and the distances of transportation. They had to make rational arrangements for the storage of materials in order to minimize unnecessary transportation. Many units have also restricted the requisition of materials so that the old equipment could be repaired and utilized in comprehensive utilization. Thus, a great deal of state funds and building materials were saved.

At present, the construction units participating in the rebuilding of Tangshan are further summing up their experiences in learning from Handan No 2, and redoubling their efforts for a comprehensive improvement of economic results as a means of greeting the convention of the 12th Party Congress.

9411
CSO: 4006/647

CONSTRUCTION

INCREASED INVESTMENTS IN FUJIAN URBAN HOUSING CONSTRUCTION

Fuzhou FUJIAN RIBAO in Chinese 22 Aug 82 p 1

[Article: "Investments in Urban Housing Construction in Past 3 Years Exceeded Those in Previous 29 Years in Our Province"]

[Text] Housing conditions for the residents, workers and staff members in our province have improved since the Third Plenary Session of the 11th Party Central Committee. According to the statistics of six municipalities--namely, Fuzhou, Xiamen, Nanping, Quanzhou, Changzhou and Sanming--the living space for each person has been increased from 3.4 square meters in 1978 to 4.3 square meters in 1981. The number of households being short of living space has been reduced by more than 22,000.

In 1979-1981, the government has allocated quite a lot of funds to solve the housing problem for the urban residents as well as the workers and staff members of industrial and mining enterprises. The ratio of investments in housing construction to the total capital construction investments have continued to increase every year at an average of 17.36 percent, a higher rate than in 1974 when a 9.46 increase was achieved and considered to be the highest record. In these 3 years, a total investments (including state and local investments with the addition of the enterprises' self-raised funds) amounted to more than 480 million yuan, which was more than the grand total of investments in housing construction in 29 years from 1950 to 1978. The area of completed housing was more than 4,487,000 square meters, or equivalent to the grand total of 12 years from 1967 to 1978, and 32.35 percent of the grand total of 32 years since the founding of the People's Republic.

Improvement in housing conditions is reflected by not only the quantity, but also the quality of houses. Compared with those of the 1950's and 1960's, the designs of the present houses are of many more varieties, the fixture is of higher quality, the accessory equipment is more complete, and the ventilation and lighting are closer to ideal.

Despite the many houses built with government investments in the past several years, there is still a shortage of housing facilities, and some urgent problems in the distribution of housing among some units. The Party Central Committee requires that the average living space for each person be increased to 5 square meters by 1985. To meet this requirement, governments at all levels

have encouraged collectives and individuals to invest in housing, while some eligible enterprises have obtained bank loans to support their workers and staff members in building houses. In 1981, the housing area built by the collectively-owned units and the urban residents amounted to approximately 1,153,000 square meters, equivalent to 64.53 percent of the area built by construction units owned by the whole people in the province. Furthermore, in the past 3 years, 40 counties and municipalities have obtained loans totaling 31 million yuan from the construction bank to build more than 413,000 square meters of floorspace for sale. Nearly 90,000 square meters of them have already been occupied, and the problem for accommodating 1,800 households has been solved.

9411
CSO: 4006/647

GENERAL

'QINGHAI RIBAO' DISCUSSES ECONOMIC PROSPECTS

HK140237 Xining Qinghai Provincial Service in Mandarin 2330 GMT 13 Oct 82

[Report on 14 October QINGHAI RIBAO editorial: "Lay the Foundation Well to Greet Vigorous Economic Development"]

[Excerpts] The key to achieving the strategic aim put forward by the 12th party congress lies in 10 years of preparation. Our province's national economy has now embarked on the track of steady and healthy development, and the situation is good. However, as the province's original economic foundation was rather weak and there was also a long period of influence of leftist thinking, there are still many problems existing. We must work hard and actively to solve them in accordance with the 12th party congress spirit.

In the first 10 years we must continue to implement the principle of readjusting, restructuring, reorganizing and upgrading. We must first do a good job of work in the first 5 years, that is, in the 6th 5-year plan period.

1. Concentrate forces to promote agriculture and animal husbandry. We must stabilize and perfect the various types of agricultural and animal husbandry production responsibility systems and continue to improve the production conditions. Under the premise of ensuring steady development of grain and oil production, we must further readjust the internal structure of agriculture and bring about all-round development of agriculture, forestry, animal husbandry, sideline occupations and fisheries. In animal husbandry, we must establish stable fodder bases on the winter and spring pastures, put into effect agricultural-style professionalized management, strengthen the protection, improvement and rational use of pastureland, improve the structure of the herds and speed up their turnover, raise the procurement and marketing rate of livestock, increase output of animal products and improve their quality, and strive to satisfy the needs of the people's daily life and the development of the light and textile industries.

2. In industrial production, we must carry out all-round work to straighten out the enterprises in batches, centered on the main aim, improving economic returns. It is also necessary to carry out the necessary reorganization of enterprises, do a good job in readjusting the product mix, and strive to improve quality and increase variety. We must vigorously economize in energy, cut input consumption, launch multipurpose use of animal products and continually improve

the utilization rate of raw materials and the standard of management. We must carry out technical reform and equipment renovation in key enterprises in a planned and measured way, and bring into full play the production capacity of existing enterprises. We must make full use of the province's superiority in natural resources, speed up oil prospecting and the exploitation of Huang He hydroelectricity, and the construction of key projects such as the Chaerh-: potassium fertilizer plant and (Xishuishan) mine. We must do our utmost to ensure that these key projects come into production on schedule.

3. Develop education and science and promote cadre training. Education and science in Qinghai are rather backward, and there is not enough scientific and technical talent. This imposes great constraint on our economic development. We must rapidly change this state of affairs. During the 6th 5-year plan, we must vigorously popularize elementary education, restructure secondary education and develop secondary professional and technical education and nationalities education. The institutes of higher education should appropriately readjust their specializations and improve teaching conditions and quality.

All areas and departments must draw up plans for cadre training, and train the in-service cadres in batches by rotation, to make them better educated and more specialized.

The editorial says: We must put the improvement of economic returns in the first place in all economic work while laying the foundation during the first 10 years. We must select and promote a number of sensible people to leadership posts in economic departments at all levels, build a red and expert staff and worker contingent, set up a scientific and civilized management system, and build every enterprise into a modern socialist enterprise with a high degree of material and spiritual civilization.

CSO: 4006/41

HONG KONG RELEASES JANUARY-AUGUST TRADE FIGURES

HK120154 Hong Kong HONG KONG STANDARD in English 12 Oct 82 Business Standard p 1

[Text] Hong Kong's exports to China enjoyed the greatest growth among our trading partners, according to the trade figures released by the Census and Statistics Department yesterday.

Domestic exports to China amounted to $2 billion during the period January to August 1982, as against $1.6 billion for the same period last year, a 48 percent rise.

Among the major exports, the toy industry experienced the greatest growth of 25 percent to $110.2 billion, while the clothing industry is still our leading export earner, amounting to $18.8 billion for the period.

As for the import commodities, all items experienced some growth with the exception of machinery and equipment where growth is insignificant, which may reflect the fact that businessmen are cooling down their expansion plans due to the political uncertainty over Hong Kong.

According to trade statistics total merchandise trade for January to August 1982, valued at $174.4 billion, showed an increase of 5 percent as compared with the same period in 1981.

Domestic exports rose by 6 percent to $53.2 billion, imports by 4 percent to $92.6 billion and re-exports by 8 percent to $28.6 billion.

Domestic exports to the United States rose by 9 percent amounting to $19.8 billion. Substantial increases were recorded in plastic toys and dolls (by $928 million or 71 percent), clothing (by $727 million or 11 percent) and electrical machinery, apparatus and appliances (by $88 million or 4 percent).

Significant increases were registered in the domestic exports to China of telecommunications and sound recording and reproducing apparatus and equipment (by $243 million or 104 percent) as well as textiles (by $212 million or 58 percent) and in domestic exports of clothing to Australia (by $36 million or 10 percent).

Most commodities exported to Germany declined in value including watches and clocks (declined by $31 million or 10 percent), and telecommunications and sound recording and reproducing apparatus and equipment (declined $77 million or 21 percent). Domestic exports of electrical machinery, apparatus and appliances increased steadily (by $29 million or 16 percent).

Domestic exports to Britain of electrical machinery apparatus and appliances increased by $22 million or 8 percent but those of telecommunications and sound recording and reproducing apparatus and equipment declined.

Local demand for goods imported from China remained strong. Increases were recorded mainly in clothing (by $797 million or 37 percent), iron and steel (by $296 million or 102 percent), meat and meat preparations (by $257 million or 50 percent) and textile (by $189 million or 5 percent). The total imports from China in the period increased by 14 percent amounting to $20.8 billion.

CSO: 4020/007

CHINA'S INDUSTRIAL OUTPUT FIGURES FOR AUGUST 82

Hong Kong CHINA ECONOMIC NEWS in English No 37, 27 Sep 82 pp 6-7

[Text]

[Beijing: from our special correspondent] China's total industrial output in August 1982 was Rmb44,700 million, thus bringing the first eight months' total to Rmb362,210 million, which is 9.1% more than that of the same period of last year, according to industry sources here.

Light industrial output value in the first eight months amounted to Rmb182,500 million, a 8.5% increase, while that of the heavy industry reached Rmb179,710 million, up 9.8% over the same 1981 period. The growth rate of the heavy industry continued to be higher than that of the light industry.

The output value of such durable high-grade products in light industry as bicycles, sewing machines, cameras, and household refrigerators increased by over 30% in the January-August period, compared with the same period of last year. Color TV sets, recorders and household washing machines increased by 150%, 160% and 190% respectively. That of chemical fiber, cotton yarn and cloth continued to increase while silk fabrics, woollen fabrics and knitting wool also showed considerable growth. In the heavy industry, the production of rolled steel increased by 10.8%, and mining equipment and metallurgical equipment showed over 20% increases. Increases in coal and electricity were 8.8% and 7.1% respectively. Output of crude oil was up only 1%, that of natural gas showed a drop of 7.2%.

Breakdown figures of the major industrial products are listed as follows:

Item	Unit	Jan.-Aut. Output	Aug. Output	Percentage change over Jan.-Aug. 1981
Bicycles	million units	15.14	2.031	43.6
Sewing machines	million units	8.332	1.085	33.4
Watches	million pieces	26.354	3.012	14.6
TV sets	million sets	3.633	0.4341	27.2
Radio sets	million sets	12.296	1.224	−56.2
Washing machines	thousand units	1610.9	216.5	190
Cameras	thousand units	587	79	68.2
Electric fans	million units	6.6603	0.8723	−2.1

[Continued on following page]

Item	Unit	Jan.-Aug. Output	Aug. Output	Percentage change over Jan.-Aug. 1981
Refrigerators	unit	60,249	8,669	68.9
Chemical fibers	thousand tons	356	32	5
of which: chemical fiber cloth	thousand tons	261	23	6.9
Cotton yarn	million tons	2.244	0.292	8.7
Cotton cloth	million meters	9,980	1,330	8.8
of which: Chemical fiber cloth	million meters	3,250	360	−2.8
Silk	thousand tons	23.8	3	3.6
Silk fabrics	million meters	605	80	14.1
Woolen fabrics	million meters	82.2	10.23	10.5
Knitting wool	thousand tons	59	7.3	32.9
Gunny sacks	million pieces	318.1	42.13	10.2
Sugar	million tons	2.326		12.6
Raw salt	million tons	11.678	0.638	−15.5
Cigarettes	million cartons	11.54	1.352	9.4
Beer	thousand tons	793	137	24.5
Machine-made paper and cardboard	thousand tons	3,801	485	9.8
Synthetic detergent	thousand tons	393	50	25.7
Bulbs	million pieces	700	90	14.6
Coal	million tons	426.24	52.91	8.8
Crude oil	million tons	67.955	8.5	1
Natural gas	million cubic meters	7,780	930	−7.2
Electricity	million kwh	214,770	26,780	7.1
of which: Hydro-electricity	million kwh	47,230	6,830	11.2
Pig iron	million tons	23.365	3.049	2.2
Steel	million tons	24.395	3.071	3.8
Rolled steel	million tons	19.158	2.446	10.8
Coke	million tons	21.954	2.816	4.2
Sulphuric acid	million tons	5.357	0.649	5.3
Soda ash	million tons	1.134	0.133	3.7
Caustic soda	million tons	1.362	0.169	8.7
Ethylene	thousand tons	346	37	3.2
Calcium carbide	thousand tons	1,054.3	125.7	10.4

[Table continued on following page]

[Table continued from preceding page]

Chemical fertilizer	million tons	8.623	1.014	4.6
of which: Nitrogenous	million tons	6,822	0.79	5
Phosphate	million tons	1.784	0.222	2.8
Insecticides	thousand tons	322	37	−9.2
Pharmaceuticals	thousand tons	29	3	23.5
Rubber tyres	million pieces	5.669	0.763	16.2
Plastics	thousand tons	651	78	8
Timber	million cubic meters	29.54	2.301	5.2
Cement	million tons	60.155	8.048	14.1
Plate glass	million standard boxes	22.822	2.779	22.5
Mining equipment	thousand tons	89	11	28.6
Power generating equipment	thousand kw	588	99	7.8
Metal cutting machine tools	thousand units	63.7	7.9	−7.4
Motor vehicles	thousand units	129.8	15.7	7.9
Tractors	thousand units	33	3.1	−22.2
Hand tractors	thousand units	203.4	21.1	45.7
Locomotives	unit	332	45	26.2
Railway passenger coaches	unit	778	104	−2.5
Freight wagons	unit	7,037	906	22.3
Internal combustion engines	million hp	15.61	1.858	6.7
Steel ships for civilian use	thousand tons	407	67	11.6

CSO: 4020/006

BRIEFS

GROUP FROM SHENZHEN ARRIVES--A delegation of senior Chinese Shenzhen officials, the first group to come to Hong Kong since the visit of the British prime minister, arrived yesterday. A meeting will take place tomorrow to review progress in the joint expert working groups, set up under the agreement signed by Hong Kong and Shenzhen on 30 April. And there is little connection with the prime minister's recent visits to China and Hong Kong, political adviser Robert McLaren said. "This is a routine meeting on how the working groups are doing," he said. The Shenzhen team will be led by the secretary general of the Shenzhen Municipality, Zhen Xipei. He will be accompanied by four or five senior officials from Shenzhen. The Hong Kong side will be led by Mr McLaren. A source said their discussions would cover the passageway at Lowu and the construction of a bridge at Lokmachau. They will also give the go-ahead to build a bridge at Shatoujiao. A feasibility study has already been done on this project. The meeting will also deal with measures to combat pollution of Shenzhen rivers. During Mr Zhen's visit, he will also visit Tuenmun New Town and the Yucnlong Sewage treatment plant. The group will also inspect the computerised system of the transport department. [Text] [HK120156 Hong Kong HONG KONG STANDARD in English 12 Oct 82 p 1]

CSO: 4020/007

Machine Tools

AUTHOR: XIU Wen [4423 2429]

ORG: None

TITLE: "Machine Tools Order Conference in Nanjing: Orders for Machine Tools Rise Again"

SOURCE: Beijing JICHUANG [MACHINE TOOL] in Chinese No 8, Aug 82 p 48

ABSTRACT: In the middle of Apr 82, the Bureau of Machine Tools of Ministry of Machine Industry and the Bureau of Machine and Electricity No 1 of the National Bureau of Materials jointly held a product order conference for machine tools, forging presses, Casting and founding machines, and wood-working machine tools. Following the policy of emphasizing the planned economy and complimenting it with market adjustment, the conference strove to serve the customers well but insisted upon concentration of merchandise orders. While permitting purchases of selected superior products, orders for products that werein short supplywere balanced through comprehensive distribution. During the conference time, negotiations and order-taking proceeded actively and enthusiastically. The quantity of completed sales exceeded the original expectation. Orders for 10,000+ machines were taken, more than the combined quantity of the 2 conferences held last year, to reflect the come-back situation of the machine tool industry. By the end of the conference, 84 percent of the order plan of the ministry had been reached. For some key enterprisesthe orders made up their whole year's work load; for more than half of the key enterprises, the orders have taken up more than 80 percent of their year's work load.

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No. 278

ENERGY: STATUS AND DEVELOPMENT -- XI

NATION'S PROGRESS IN HYDROPOWER CONSTRUCTION REVIEWED

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CHINA REPORT

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No. 278

ENERGY: STATUS AND DEVELOPMENT -- XI

NATION'S PROGRESS IN HYDROPOWER CONSTRUCTION REVIEWED

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POWER MINISTER RE-EMPHASIZES NEED TO ACCELERATE HYDROPOWER CONSTRUCTION

Beijing SHUILI FADIAN [WATER POWER] in Chinese No 8, 12 Aug 82 pp 3-4

[Article by Qian Zhengying [6929 2973 5391], Minister of Water Conservancy and Electric Power: "Concentrate More Efforts on Quickening Hydropower Construction--Congratulating 'Water Power' on Publishing Its 100th Issue"]

[Text] "Water Power" magazine was first published in July 1954. It has now published its 100th issue. For many years, it has served well in propagating the policies to build up hydroelectric power, exchanging technical experience, exploring scientific and technical theory, promoting the development of hydroelectric power and improving the level of science and technology. It has also been welcomed by the broad number of comrades at the frontline of hydroelectric power. We enthusiastically congratulate the comrades of "Water Power."

Under the leadership of the Chinese Communist Party Central Committee and the State Council, the Ministry of Water Conservancy and the Ministry of Electric Power have again been combined. A very important purpose of combining the two ministries is to hasten the development of hydroelectric power. Therefore, I want to take this opportunity to say a few words on how to hasten the development of hydroelectric power.

In the 32 years since the founding of the nation, China's development in hydroelectric power construction has been very fast. Old China had a weak foundation in hydroelectric power. It basically did not build anything. At the time of liberation, the nation's installed capacity of hydroelectric power--including the Fengman Hydroelectric Power Station built during the Japanese occupation--was only 160,000 kilowatts and the annual output of electricity was only 700 million kwh (not including our nation's Taiwan Province, same in the following). At the time, they ranked 25th and 23rd in the world respectively. Today, the installed capacity of hydroelectric power is over 21,000,000 kilowatts with an annual output of 65.5 billion kwh. Respectively they have risen to 6th and the 8th place in the world. The achievements are positive, but in a large nation like ours with a population of 1 billion and very abundant hydraulic resources, the progress of development is not in step. This is a major problem that we must conscientiously solve.

The state is now drawing up long-range plans. A major problem in long-range planning is how to make the growth in energy resources meet the needs of national economic development. Our nation's petroleum industry and coal industry have both realized great achievements since the founding of the nation, but they still cannot satisfy the needs of the various sectors. In the future, our development of thermal power of course cannot use petroleum as fuel, and even the use of coal as fuel will be greatly limited. Now, the amount of coal used for generating electricity throughout the nation constitutes 20 percent of the output of coal. Power generation is the nation's largest coal user. In the future, if power output increases by an average of 20 billion kwh annually, and if we still rely on thermal power to generate 80 percent, the additional amount of coal that will be needed to generate electricity each year will constitute over half of the annual increase in the output of coal. This obviously is very difficult to realize. Using water as a substitute for coal and oil is a strategic policy for the long-range buildup of energy resources in our nation. Therefore, developing hydroelectricity as a priority and hastening hydroelectric power construction are objectively necessary and they are our duties in developing the nation's energy resources. We must concentrate more strength, develop our superiority, and be determined to develop hydroelectric power. Can the development of hydroelectric power be quickened? We believe so. First, there must be abundant hydroelectric resources. This is obvious. Second, there must be a clear policy. Last December, Premier Zhao clearly pointed out in his government work report presented at the Fourth plenary session of the Fifth National People's Congress: "In the production and buildup of electric power, we must suit measures to local circumstances to develop thermal power and hydropower, and gradually place our emphasis on hydropower." To implement this policy, the State Council has decided to combine the Ministry of Water Conservancy and the Ministry of Electric Power. The Ministry of Water Conservancy and Electric Power also decided to establish the Company for Water Conservancy and Hydroelectric Power Construction (headquarters). This has created conditions in organization to hasten the buildup of hydroelectric power. The third extremely important condition is that we have a huge army of 250,000 construction workers who have had definite training and who possess a fairly high caliber. For 32 years, we have relied on this army to complete 200 million cubic meters of earth and rock construction, pour 30,000,000 cubic meters of concrete, dig over 100 kilometers of tunnels, complete 78 large-and medium-sized hydroelectric power stations. The annual increase in installed capacity has averaged 16 percent and the annual increase in power output has averaged 15 percent. Relying on this strength, we have built a number of large- and medium-sized projects with a definite standard and accumulated experience in building various types of hydroelectric power stations. Now the comprehensive capabilities of our surveying, designing, construction and installation teams can complete the preliminary design for 3 million kilowatts, for the construction of 40,000,000 cubic meters of earth and rock, for pouring 5 million cubic meters of concrete and complete work of about 2 billion yuan in investment. This is our fundamental strength in hastening hydroelectric power construction.

Still basic to the hastening of hydroelectric power construction is the buildup of the teams themselves, solving their problems, concretely

reorganizing the enterprises, improving work, and improving economic benefits. At the same time, we also plan to actively create conditions in the following five aspects:

First, we plan to study and draw up a strategic plan for the development of hydroelectric power throughout the nation. The cycle of hydroelectric power construction from surveying resources, establishing river plans and selecting construction sites to designing, construction and installation is long. To adapt to the needs of long-range development of the national economy, we must carry out planning and designing work earlier, otherwise we will miss the opportunities and hinder the progress in developing hydroelectric power. The State Planning Commission has already set up the task of drawing up the "Sixth Five-Year Plan" and deliberating on a 10-year plan. We are also organizing concerned units to carry out this work. In considering the characteristics of hydroelectric power construction, ideas for just one 10-year period are not enough. The period should be even longer. We should consider up to the year 2000. We are studying the strategic plans for hastening the development of hydroelectric power. We are prepared to widely solicit everyone's opinions so that we can arrange the various tasks.

Second, we should actively open up sources of capital and first hasten the projects under construction. A journey of a thousand li begins with the first step. To hasten the development of hydroelectric power, we must first hasten the projects that can begin production and generate electricity this year or next year, and we should strive towards developing their benefits earlier. The next step is to hasten preparatory work for the construction of new projects. We must strive towards beginning the main body of construction early and carrying out the construction of the river bed early. Then we must hasten construction of windup projects to strive towards early completion and delivery so that forces can be concentrated on new projects. To meet this requirement, of course, involves problems of our teams themselves, and at the same time, there is indeed a problem of insufficient capital. We are prepared to exert efforts on all sides, strive towards opening up sources of capital. Every construction bureau and design institute must prepare fully for this. We rather have someting prepared without using it but we must never use something without preparation. While hastening the projects under construction, we still need to enlarge the scale of construction. Because the cycle of hydroelectric power construction is long, the first five-year plan must prepare for the next five-year plan. During the "Sixth Five-Year Plan," we must arrange the construction projects earlier and create conditions for more projects to begin production during the "Seventh Five-Year Plan." We will actively strive towards launching several major projects within the next 3 years. The various design institutes must prepare plans even if they are not used but they must not use plans without preparation. Even if the projects are not pursued, designs must be drawn up.

Third, we should study and establish some basic policies to hasten the development of hydroelectricity. The development of hydroelectric power involves a broad scope, and its social influence is great. We must eliminate many difficulties, win the support of all sectors and mobilize the enthusiasm of all sectors. According to the experience and lessons of recent years,

we should study and establish some basic policies. For example, we must study methods to distribute the economic benefits of newly built hydroelectric power stations, temporary ways to manage funds for maintaining the hydroelectric power stations and reservoir areas, policies to accumulate funds for building hydroelectric power stations, labor policies, etc. The general topic is to study and establish some basic policies to hasten the development of hydroelectric power.

Fourth, we must solve the relationship of external cooperation. Timeliness in solving such problems as land procurement and resettling the population, navigation through dams, transporting timber through dams, highway traffic, railroad branch lines, telecommunications lines, etc, directly affects the period of construction, construction cost and the development of economic benefits, and it also affects workers' feelings. In the future, all problems that should be negotiated between the Ministry of Water Conservancy and Electric Power and other departments should be tightly grasped and solved by us with concerned units to create conditions for designing and construction.

Fifth, the Ministry of Water Conservancy and Electric Power must support the main company and fully develop its function so that it can work with a free hand. We are prepared to more clearly stipulate the authority and duties of the main company in reforming the agencies so that it will truly become the command headquarters of the huge army of 250,000 people involved in building water conservancy and hydroelectric power.

Finally, I would like to take this opportunity upon the publication of the 100th issue of "Water Power" to salute the several hundred thousand workers at the frontline of water conservancy and hydroelectric power. I hope that all workers will be broad-minded and enthusiastic, and will have an advanced caliber and a hard style of work to build up ourselves well, to carry out water conservancy and hydroelectric power work, and to make new contributions to building our great socialist motherland.

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DESPITE TECHNICAL SHORTCOMINGS, FUTURE SAID BRIGHT FOR HYDROPOWER DEVELOPMENT

Beijing SHUILI FADIAN [WATER POWER] in Chinese No 8, 12 Aug 82 p 7

[Article by Zhang Changling [1728 2490 7881], Deputy Director of the China Hydroelectricity Engineering Society: "The Cause of Hydropower Is Full of Promise"]

[Text] Since the founding of "Water Power" in 1954, it has propagated knowledge, popularized experience, propagated policy, and played an important role in developing our nation's hydroelectric power. Today, "Water Power" is publishing its 100th issue. This is a day worth remembering. I believe "Water Power" will be published even better in the future.

I had worked for many years in hydroelectric power before liberation. But efforts did not produce any results. At the time, the largest project we built was the 3,000-kilowatt Xiadong Hydroelectric Power Station. By the time of liberation, the installed capacity of hydroelectric power throughout the nation was only 160,000 kilowatts, and this included the Fengmen Hydroelectric Power Station built during the period of Japanese occupation. The situation was pitiful. After liberation, our hydroelectric power emerged rapidly in a brand new image. In 1952, the Main Hydropower Construction Bureau was founded. Surveying, designing and construction units were rapidly organized in each region. Some large hydroelectric power projects, such as Xin'an Jiang and Xinfeng Jiang were built one after the other. After the Ministry of Water Conservancy and the Ministry of Electric Power were merged in 1958, the forces were strengthened, and by 1965 more than 20 large and medium hydroelectric power stations were built. The installed capacity of hydroelectric power throughout the nation totalled 2,903,000 kilowatts and the output of hydroelectricity reached 10.4 billion kwh. During the 10 years of upheaval, efforts in hydroelectric power were severely hampered or halted, but after the crushing of the "gang of four," and especially after the Third Plenum of the 11th Party Congress and several years of readjustment and reform, the situation improved greatly, and hydroelectric power again progressed in a new image. At present, among the large hydroelectric power stations that have already been built, over 10 have dams over 100 meters high, such as the Liujiaxia Dam which is 147 meters high, and the Wujiangdu Dam which is 165 meters tall, and the annual amount of concrete poured to build the Gezhouba has reached 2 million cubic meters. The design and construction

techniques of these projects have in certain aspects approached or reached the world's advanced levels. Although construction management is still relatively backward, with many weak links in technology, such as the lack of experience in designing and constructing tall earth- and rock-filled dams and large underground plant housings and tunnels, and techniques of treating foundations also need to be studied and improved, we can still realize the task of increasing the installed capacity of hydroelectric power from the present to the year 2000 by 40,000,000 kilowatts to 50,000,000 kilowatts. But larger power stations and taller dams must be built in the future, and most of them will be in valleys between tall mountains. The geological conditions are complex, transportation is difficult, and many new problems must be solved in surveying, designing and construction. We can overcome the difficulties and complete the task only by continuously improving the technology and management and matching towards modernization. Today, the new Ministry of Water Conservency and Electric Power has been founded. The water conservancy and hydroelectric power teams can be better centralized and employed. In the past, there were some conflicts in our understanding and in our work. These can be better and more appropriately solved. In particular, the party leadership and state leadership have repeatedly emphasized that we must hasten the development of hydroelectric power. A new high tide in hydroelectric power construction will surely arrive. It is hoped that all hydroelectric power workers will exert efforts to make preparations to welcome this high tide. At the same time, it is hoped that comrades of "Water Power" magazine will introduce more advanced experience, help solve some major technical problems in surveying, designing and construction and make new contributions to hastening the development of hydroelectric power.

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PROPOSALS TO SPEED UP GROWTH OF HYDROPOWER LISTED

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 7-8

[Article by Ma Junshou [7456 0689 1108], Chief of the Technical Committee of the Water Conservancy and Hydroelectric Power Construction Company: "Several Proposals to Further Accelerate Hydeoelectric Power Construction"]

[Text] Since the founding of new China, the party and government have lavished a lot of attention and care on hydroelectric power construction. At the beginning of liberation, the nation's installed capacity of hydroelectric power was only 160,000 kilowatts. By the end of 1981, the total installed capacity of hydroelectric power stations already built throughout the nation was over 21,000,000 kilowatts. The installed capacity of hydroelectric power stations under construction was 10,585,000 kilowatts. The speed of development in hydroelectric power construction has been relatively fast, but it is still far from satisfying the need for increased use of electricity. The capacity of hydroelectric power stations that have already been developed or are being developed constitutes about 8 percent of exploitable hydraulic resources throughout the nation. It can be seen that our nation has the conditions and it also must further hasten hydroelectric power construction.

We have profoundly realized during the work in recent years that to develop hydroelectric power more quickly, better and more economically, we should not only strengthen the buildup of the work teams in a big way, strengthen management, improve the efficiency and quality of surveying, planning, designing and construction, use new technology and emphasize economic results, there are still some problems related to other sectors that urgently need to be solved. It is suggested that concerned departments pay attention and give their support.

(I) Our nation has more people and less land. In designing hydroelectric power stations, we should seriously consider and reduce loss due to flooding by reservoirs as much as possible. But in constructing hydroelectric power stations, some farmland, industrial facilities, transportation facilities and other facilities will have to be flooded, and they must be moved, restored and compensated for. In recent years, the requests by each sector for compensation of loss due to flooding seem to be on the rise. The standards for evacuation and restoration are frequently higher than the

original standards, thus compensation costs of reservoirs have increased greatly and such costs have become an important reason for the continued increase in the building cost of hydroelectric power stations. Sometimes, the development of hydroelectric power has also been hindered. For this, it is suggested that our ministry join related departments in drawing up regulations for compensation due to flooding by reservoirs in water conservancy and hydroelectric power construction early according to the stipulations in the "articles on the procurement of land for national construction." Compensation for flooding by reservoirs must guarantee that the evacuated people can maintain their original level of production and living standard, and the industries, transportation and other facilities must be restored to their original standards, and these should also be used as a basis for estimating the cost of compensation for flooding. If related departments need to use standards for restoration and rebuilding that are higher than the original standards, the added cost should be borne by those departments concerned. This can avoid irrationally increasing the cost of the reservoir and reduce the investment in hydroelectric power construction so that the development of hydroelectric power can be promoted.

(II) In designing hydroelectric power stations, we should fully consider the requirements for comprehensive utilization to develop comprehensive benefits and obtain the maximum economic results. The design institutes and related departments must carry out detailed investigations, analysis and studies of the problem of comprehensive utilization, and propose rational demands by seeking truth from facts. They must appropriately leave room for development in the distant future and avoid accumulation of investment because too much leeway has been left or because the requirements have been too high. On the problem of sharing the investment related to comprehensive utilization in the construction of hydroelectric power stations, it is suggested that the state's concerned departments establish regulations early so that investment in hydroelectric power construction can be used entirely for the development of hydroelectric power.

(III) The construction of hydroelectric power stations requires all concerned departments to cooperate actively. For example, the designing and construction of communications lines, evacuation of people in the reservoir area, evacuation and rebuilding of industrial and transportation facilities within the reservoir area and even the supply of turbine generators, construction machinery, building materials, all require the support and cooperation of related departments before hydroelectric power construction can progress smoothly.

China's electric power industry is far behind in satisfying the need for electricity. It must hasten development. Hydraulic resources are one-time reproductive energy resources. If they are not developed and utilized, they will flow away and not return. In addition, hydraulic generation of electricity is inexpensive, it can serve to regulate the peaks in power networks, its operational management is simple, and it produces benefits in comprehensive utilization. It is suggested that the development of hydroelectric power be considered a priority. Under the attention and care of the party and the state, hydroelectric power construction departments should first do their own work well and then receive the support of each related department. Then hydroelectric power construction will surely be able to accelerate its development forward.

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GIVING PRIORITY TO HYDROPOWER DEVELOPMENT

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 8-9

[Article by Cui Zongha [1508 1350 0761], standing member of the China Water Conservancy Society: "Give Priority to Hydropower Development"]

[Text] Congratulations to "Water Power" as it publishes its 100th issue! I also would like to take this opportunity to present some views on how to hasten the development of hydroelectric power.

Hydroelectricity generation simultaneously produces one-time energy resources and two-time energy resources, and it is also a low cost, fast cumulating, non-polluting and continusouly reproductive energy resource. All industrially developed nations in the world have developed hydroelectric power as a priority in the road towards developing energy resources. Our nation's hydraulic resources rank first in the world. Yet up to now, the rate of development is still very small. Therefore, the development of hydroelectric power as a priority and the active enlargement of the proportion of hydroelectricity among energy sources are determined by the situation in our nation and they should be the long-term strategic policy to develop energy resources in our nation and to improve the structure of energy resources.

The development of hydroelectric power should be combined with the comprehensive harnessing of rivers. Generation of electricity, flood prevention, irrigation, navigation, raising of livestock and fish culture must be uniformly planned and arranged in an overall manner and comprehensively utilized. We should establish the best developmental plans according to the needs of each sector, fully utilize water resources, and develop the maximum comprehensive benefits of the projects. In this way, we can reduce the shared investment for generating electricity and we can receive cooperation and support from related departments.

The development of hydroelectric power must pay attention to combining the large, the medium and the small. According to the state's economic strength, building a group of large hydroelectric power stations as the backbone is absolutely necessary. Recently, state funds have been insufficient. We should build more medium-sized hydroelectric power stations with superior conditions. Investment in small hydroelectric power is small but the results are quick. They can mobilize the enthusiasm of the locality and the masses, can be combined with farmland water conservancy, and can also solve

the problem of a shortage of electricity in the broad number of farm villages which the large networks still cannot reach and especially in remote mountain regions. Therefore, we should suit measures to local circumstances and encourage communes and brigades to gather funds to build small hydroelectric power stations themselves while consolidating existing small hydroelectric power stations. But we must establish necessary economic policies, provide guidance in technology and provide a lot of help in supplying equipment. The problems that arise when the small hydroelectric power stations join the power system can be solved by investigation and research, summarizing experience and establishing systems.

The development of hydroelectric power and other water conservancy projects frequently involves flooding and the evacuation of people. This is a complex and difficult problem. We have learned more lessons in this regard. In summarizing past experience in evacuating people, it seems we must change the past way of doing things. We need to organize related units, strengthen leadership, conduct in-depth and detailed investigation and study of the flooded areas and the areas of resettlement, draw up plans for evacuation that can be implemented on an overall basis. In this way, the agencies, schools, industrial and mining enterprises and the masses that have been evacuated can all be appropriately resettled. We must take into consideration the fact that the people evacuated from the flooded regions have sacrificed their personal benefits for the larger benefits of the state and for national construction. The state must also appropriately resettle them so that the productive level and the living standard of the evacuated masses will not be basically lowered and everyone can pursue his own work. To lessen the difficulty in evacuating people, it seems that we must improve our work and create new experience.

Finally, in the development of hydroelectric power, we must also do the work of the early phase well. The current period of national readjustment is a good opportunity for us to push forward the work of the early phase. Whether it is planning for the development of rivers or writing up feasibility studies of construction projects and design documents, all such work can be done earlier and surveying, planning, design work can be done profoundly and in detail so that they can be reliably implemented, for example, clearly understanding the geological situation, having reliable hydrological data, appropriately distributing construction, having practical construction estimates, having a rational economic gain. After such preparations during the early phases are done well in hydroelectric power construction, then when the nation's financial situation improves, and after the construction of hydroelectric power stations begins, major changes which will delay the construction period or which will create waste will not occur.

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LESSONS LEARNED FROM PAST TECHNOLOGY-RELATED ACCIDENTS

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 9-10

[Article by Tan Xiudian [6009 0208 0368], Deputy Director of the Water Conservancy and Hydroelectric Insitute: "Summarize Experience and Lessons, Improve Technical Levels"]

[Text] "Water Power" has published its 100th issue. This is a welcomed event. It has actively served to promote the development of our nation's hydroelectric power and the improvement of technological standards. I congratulate it here!

Looking back at the more than 30 years of hydroelectric power construction, we can describe it in four statements: great achievement, rich experience, many problems and bright future. Although these four statements can be used in general, I still believe that they very truly describe the actual situation in hydroelectric power construction. I will now emphasize the last two statements and talk about my personal views from the technical viewpoint.

Our nation's hydroelectric power construction has had many technical experiences and lessons. They can mostly be classified in the following four categories:

In the first category, the geological situation was not clearly understood. Many problems occurred in design, construction and operation, and they affected the construction period, safety, and economic benefits. They can be further divided into the following problems: (1) slippage, such as the creeping slippage on the left bank of Huangtankou, the accident of the Yanguang slippage in Zhexitang, the two slippages on the left bank of Liujiaxia, the large areas of slippage of large and small yellow rocks at Wujiangdu and the large area slippage in the reservoir area of Longyangxia; (2) soft and weak intercalated beds in the foundations of the dam and handling of faults, such as Youjiang, Huanien, Fengtan, Zhuzhuang, Chencun, Longyangxia and Ankang; (3) stabilization of the dam shoulder, influent seepage and reinforcing, such as Meishan, Fengtan and Liujiaxia's earth dam contacts, Wujiangdu and Dongfeng, now under planning; (4) reservoir earthquakes and earthquake effects, such as Xinfeng Jiang and Douhe; (5) changing designs,

beginning and stopping construction many times, such as at Shangmaling, Guxian, Tongjiezi, Ankang, and Gezhouba.

The second category involves sluicing structures and diversion structures: (1) The designed flood standards were too low, such as the collapse of the dam at Banqiao, flooding of the dam by flood waters at Foziling, and others such as at Sanmenxia, Guanting and Miyun where the spillways were expanded again and again; (2) The standard of diversion for construction was low, such as at Danjiangkou, Dahua, and Longyangxia; (3) Cavitation in flood discharge tunnels, such as the flood discharge tunnel on the right bank of Liujiaxia, Maojiacun and Bikou on the Yili He; (4) Cavitation of the surface of the dam, such as at Fengman and Zhexi; (5) Scouring of the lower reaches, such as at Shuangpai and Ouyanghai; (6) The external pressure of the steel pipes was too large causing the pipes to break, such as at Shangmaling and Quanshui.

The third category involves the quality of construction of concrete dams, temperature control and treating cracks, such as grouting at Danjiangkou, prevention of leaks at Huanren, solidification of head-on cracks of the Zhexi large-head dam, and rebuilding of the dam during the first phase of construction of Liujiaxia.

The fourth category includes problems of flooding by the reservoir and evacuating people, silting in the reservoir that stopped construction, delayed construction or forced a change in construction, such as at Jianxi, Qingtian, Zhaoping, and Sanmenxia.

The above examples involve only the designed and constructed portions of the hydraulic structures but they fully show the seriousness of the problems. Some projects summarized the experience and lessons in time and after experimentation and research, they improved the design and construction and avoided accidents or reduced loss and further improved the technical standards. Some also researched further to thoroughly solve the problems. Some did not pay sufficient attention and later, many similar problems continued to emerge. "The past, when remembered, serves as a teacher for the future." Regardless of the situation, we should summarize experience and lessons better in the future and it is also hoped that comrades of the editorial department of "Water Power" will do more work in these aspects so that our technical standard can be continuously elevated, so that our work can be improved to reduce and avoid the occurrence of technical accidents as much as possible, and so that we can carry out hydroelectric power construction better and faster.

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INTERNATIONAL EXCHANGES ON HYDROPOWER TECHNOLOGY URGED

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 10-11

[Article by Cheng Xuemin [4453 1331 2404], Deputy Secretary-General of the China Hydroelectric Power Engineering Society: "Hydroelectric Power Buildup Must Catch Up"]

[Text] "Water Power" has published its 100th issue. These 100 issues of "Water Power" have reflected the course of growth of China's hydroelectric power and the accumulation and elevation of technical experience. They also reflect the difficult progress in the growth of our nation's hydroelectric power.

During the 33 years since the founding of the nation under the leadership of the Chinese Communist Party, China's hydroelectric power has realized great achievements due to the efforts of the broad number of enthusiastic hydroelectric power workers including the comrades of the editorial department of "Water Power." The installed capacity of hydroelectric power already completed now amounts to 21,000,000 kilowatts and in 1981, hydroelectric power output surpassed 65.5 billion KWH. This achievement did not come about easily. Many people worked in barren mountain valleys, ate in the wind and slept in the open, worked under the moon and stars, travelled across mountains and waters, fought bitter cold, suffered hot summer heat, suffered hardships and worked from the time they were young until their hair became grey. They silently contributed their life-long efforts. This spirit is very precious. Today our nation already can build various types of hydroelectric power stations, various types of large dams, plant housings, diversion tunnels, etc. The hydroelectric power already developed ranks 6th in the world in installed capacity and 8th in the world in annual output. Our nation has gradually become one of the major nations of hydroelectric power in the world. These achievements are the results of the common struggle of all hydroelectric power workers.

But, up to now, our nation's hydroelectric power has still only utilized 3 percent of our nation's exploitable hydraulic resources, while some advanced nations in the world have developed up to 80 percent to 90 percent of their hydraulic energy. In the utilization of the newest technology, in the study of economic problems, in environmental and ecological protection, and in reducing construction costs and shortening construction periods, our

nation still lags far behind the advanced world levels. We have to humbly learn the advanced experience of the world's nations before we can continually elevate our nation's hydroelectric power technology and before hydroelectric power can develop more rapidly.

Since the energy crisis of 10 years ago in the Western world, many developed nations have revised their plans to develop hydroelectric power on a large scale. Many developing nations have also awakened from blindly following the developed nations in utilizing petroleum as the main energy source, and have begun to strengthen the development of local energy resources--hydroelectric power. Of all the exploitable hydraulic energy resources in the world, industrially developed nations possess only one-third and Third World nations possess about two-thirds. Within 20 to 30 years in the future, the major efforts of developing hydroelectric power in the world will gradually shift to the Third World. China, as a member of the Third World, has a reserve of hydraulic energy resources ranking first in the world. It also has a superior social system and a need to develop domestic energy sources. A period of major development of hydroelectric power will emerge and China will occupy a more important position in the world's development of hydroelectric power. But in view of the actual situation in hydroelectric power buildup in our nation at present, there are still many problems that urgently need to be solved, such as the regional distribution of resources, insufficient capital and the problems of flooding by reservoirs and evacuating people. Our nation's hydraulic energy resources are mainly distributed in the southwest and the northwest will be limited by the slow increase in power load. Besides considering sending electricity from the west to the east, we should also actively develop the rich mineral resources of the locality, establish a series of such industries as electrical metallurgy and electrical industries that consume electricity to match the hydroelectric power stations. The eastern regions do not completely lack hydraulic energy resources, for example, the hydraulic energy resources in the East China region constitute only 3.6 percent of those of the entire nation, but the absolute number is not small. The total area, climate and topography of Fujian, Zhejiang and Jiangxi provinces are generally similar to those of Japan. The hydroelectric power capacity that has already been developed by Japan has exceeded 20,000,000 kilowatts, equivalent to the amount of hydroelectric power that has been developed throughout our nation. This is also a major problem that is worth our study. In solving the problem of insufficient capital, we should accumulate experience in the use of foreign capital and we should also greatly shorten the construction period. This will not only conserve management costs during the construction period, reduce the interest paid on domestic and foreign loans during the construction period, it can also hasten the turnabout of construction capital, reduce investment, shorten the effect of the construction period on the improvement of economic benefits. This will be emphasized more and more by everyone. The problem of flooding the reservoir areas and evacuating the people has already become the major obstacle in building some hydroelectric power stations. In the future, the problem of flooding by the reservoir must be seriously considered during the planning stage. We must reduce the scale of the reservoir as much as possible to satisfy to a definite degree the demands for regulating flow. We should build embankments to protect areas that are flooded around

reservoirs. We must use cascade development of rivers and compensatory regulation by groups of hydroelectric power stations and such methods so that one reservoir can serve many hydroelectric power stations. At the same time, we must study the utilization of seasonal electric power of run-off type hydroelectric power stations. In general, we must create various conditions to hasten the development of our nation's hydroelectric power construction.

Now, the people of the whole nation must actively pay attention to the development of hydroelectric power. Such an important conclusion is gradually being accepted broadly by all social sectors. In recent years, the party and government leadership at each level have called for hastening the development of hydroelectric power. In the future, the scale of hydroelectric power projects will be larger. The task of "Water Power" will be heavier. It is hoped that "Water Power" will reach a new level in propagating, exchanging, summarizing, and improving our nation's technical experience in hydroelectric power construction and in communicating technical knowledge in hydroelectric power between our nation and foreign nations.

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COORDINATING RESERVOIR-REGULATED WITH RUN-OFF POWER STATIONS

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 11-12

[Article by Lu Qinkan [7120 2953 0170], Standing Member of the China Hydroelectric Power Engineering Society: "Coordinating Reservoir-Regulated Power Stations in Mountain Regions With Run-off Power Stations in Plains"]

[Text] During the past 33 years, our nation's hydroelectric power has developed greatly. The installed capacity of hydroelectric power has risen from 25th place in the world to 6th place, and the output of hydroelectric power has risen from 23rd place to 8th place. Our nation's hydraulic energy resources rank first in the world. It is believed that there will be a day when our nation's scale of development of hydroelectricity will reach the first ranks.

Past experience and future development indicate that fully developing the superiority of our nation's hydraulic energy resources involves two outstanding problems in plans to utilize hydraulic energy: One is the problem of loss due to flooding by reservoirs. The other is the problem of uneven generation of electricity between the dry season and the season of abundant water. Both are related.

The amount of run-off in rivers varies with the amount of rainfall. There are seasons of abundant water and dry seasons. They do not correspond to the demands for electricity. We need to build reservoirs for regulation. But our nation has more people and less land, and the building of reservoirs is often limited by the loss due to flooding, and the problem is more outstanding in areas with a dense population.

To reduce loss due to flooding by reservoirs, we have built run-off power stations or hydroelectric power stations with poor regulatory functions, and we have encountered the problem of generating insufficient electricity during the dry season and generating too much seasonal electricity that cannot be completely utilized during the seasons of abundant water. Because the difference between the seasons of abundant water and the dry seasons of our nation's rivers is much larger than that of ordinary rivers in foreign nations, the problem of uneven generation of electricity by run-off power stations is more serious than in foreign nations. The amount of water flow

during the dry season is not only small, the waterhead is not sufficient during the flood water season because the down-stream water level is too high. The more stable portion of seasonal electric power can be managed well whether it is coordinated with thermal power to conserve coal consumption or whether it is generated to supply special seasonal users. But some seasonal electric power supplies are not consistent, they are very unstable and they are very difficult to utilize. It can thus be seen, there are difficulties in building a lot of regulatory reservoirs. Overly building run-off power stations also has problems. Reservoir regulated power stations must be coordinated with run-off power stations.

In the past, some regions have served as backbone hydroelectric power stations with better regulatory functions. For example, the Xin'an Jiang Power Station in Eastern China has a regulatory reservoir capacity of 10.3 billion cubic meters. Compared to the annual average amount of 11.3 billion cubic meters of water, the reservoir capacity coefficient reaches 91 percent. There are also some hydroelectric power stations that have a relatively high reservoir capacity coefficient, for example, the coefficient for Xinfeng Jiang in Guangdong is 98 percent, that of Zhelin in Jiangxi is 43 percent, that of Fengman in the Northeast is 37 percent, and that of the initial period of Danjiangkou in Hubei is 27 percent. These hydroelectric power stations not only have a good regulatory function themselves, they can also provide compensatory regulation for other hydroelectric power stations that have a poor regulatory function. They have served a very good function in developing the electric power system.

But the regulatory function of some major hydroelectric power stations in some regions is very poor. For example, Gezhouba in Central China does not have a regulatory reservoir capacity. The reservoir capacity coefficient of some other hydroelectric power stations is very low. For example, the coefficient of Gongju in Sichuan is only 2.5 percent, that of Xijin in Guangxi is 4.3 percent, that of Wujiangdu in Guizhou is 8.5 percent, and that of Zhexi in Hunan is 10 percent. These major hydroelectric power stations cannot regulate the unevenness of natural run-off between the dry season and the season of abundant water better, and the problems in the electric power system are greater.

The loss due to flooding is large when building large reservoirs, such as the above-mentioned Xin'an Jiang, Danjiangkou, Xinfeng Jiang and Zhelin. Some remaining problems have still not been solved today. In the future, it seems that there will be more difficulties in building such large reservoirs involving extensive flooding of farmland and evacuation of population. Therefore, we must consider building reservoirs at the upper reaches of rivers where the population is small and where there is less farmland. Even if the area of the river valley under control is smaller, but because the reservoir is located at the upper reaches, its regulatory function will be beneficial to the series of step power stations downstream, and it can also perform compensatory regulation. Reservoirs built in valleys between tall mountains require building taller dams before a greater reservoir capacity can be realized. We cannot use the loss due to flooding to substitute for

reservoir capacity. We must use more difficult construction to obtain reservoir capacity.

Longyangxia currently under construction at the upper reaches of the Huang He, Baishan project at the upper reaches of the Songhua Jiang, Dongjiang in Hunan, and the Tianshengqiao High Dam at the upper reaches of the Hongshui He now under planning and Longtan, and the first step project at the uppermost reaches of Nanya He in Sichuan are all good projects that have a relatively large reservoir capacity and that have caused relatively less damage due to flooding. For Dadu He and Yalong Jiang in Sichuan, Wu Jiang in Guizhou, and Jinsha Jiang on the border of Sichuan and Yunnan, we must place more emphasis on building some large reservoirs that cause less flooding. They can serve as backbone hydroelectric power stations with a better regulatory function in the system and they can also develop benefits in comprehensive utilization for flood prevention, irrigation and navigation in the middle and lower reaches.

Run-off power stations or hydroelectric power stations with a poor regulatory function must be considered in view of their rational utilization in the system, thus their installed capacity should not be too large. This should be especially so in regions where the proportion of hydroelectric power is higher and where there are more such power stations. We cannot unilaterally consider fully utilizing hydraulic energy resources because an overly low percentage of utilization of duplicate installed capacity is also a waste, and this requires overall economic analysis.

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VETERAN ENGINEER URGES HYDROPOWER WORKERS TO MAINTAIN MOMENTUM

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 12-13

[Article by Pan Jiazheng [3382 1367 6927], member of the Academic Department of the Chinese Academy of Sciences, Chief Engineer of the Water Conservancy and Hydroelectric Power Planning and Design Institute" "From 160 MW to 21 GW"]

[Text] "Water Power" magazine has published its 100th issue. I congratulate it wholeheartedly! The publication of 100 issues is the result of the long period of hard work and effort by the comrades of the editorial department. I salute them.

Looking back 31 years, I joined the hydroelectric power frontline as soon as I graduated from school. At the time, the nation had just been founded, there were many difficulties, and hydroelectric power construction was not even mentioned. The installed capacity of hydroelectric power throughout the nation was only 160,000 kilowatts. I joined the first project which built a small power station of 200 kilowatts. Today, many communes and even production teams have hydroelectric power stations that are much large than that. But at that time, it was indeed the most glorious project for me.

Not long afterwards, the Main Hydroelectric Power Construction Bureau was established in Beijing. The march towards hydroelectric power construction became faster. After only 4 to 5 years, the designed projects I participated in jumped from 200 kilowatts to 660,000 kilowatts. This was the Xin'an Jiang Hydroelectric Power Station--what Premier Zhou called "our nation's first large hydroelectric power station designed by ourselves, constructed by ourselves and using equipment manufactured by ourselves." This project that has 17.8 billion cubic meters of reservoir capacity, a dam height of 105 meters, and that required an investment of 400 million yuan and involved construction of 5,800,000 and 1,760,000 cubic meters of earth and rocks and concrete respectively, took only 3 years from the time the left dam head was dug to the time the first generator began operation. The construction period, investment and the amount of construction were all shorter or less than those called for in the initial design. In construction, success was realized in using overflow plant housings, large and wide slotted dam, oblique slot pouring, large bottom tunnel diversion and massive prestressed

and assembled structures which were relatively new at the time. At that time, there were also many other hydroelectric power stations throughout the nation that were built well and quickly: Yanguoxia, Zhexi, Xinfeng Jiang, and Sijin...a prosperous sight indeed. Everyone willingly contributed his youth to serve hydroelectric power construction for the motherland!

But it was a pity that the good times did not last and the efforts were followed by difficulties and winding paths. The greatest disaster undoubtedly was the extreme "leftist" ideological tide. From the style of boasting that violated science, blind command to massive destruction during the 10 years of upheaval, they all caused hydroelectric power to suffer and incurred losses for the state. The costly historical lesson is truly worth learning!

More than 30 years have passed like an instant. Many difficulties were encountered during this period and many deviations were pursued, but in our nation's territory, large, medium and small hydroelectric power stations of 21,000,000 kilowatts have been built. The largest hydroelectric power station under construction has already approached a capacity of 3,000,000 kilowatts, and the tallest dam has already reached 175 meters. The scale of construction being planned and designed is even more glorious. Some comrades worry that after 10 years of disaster, can this team of ours still shoulder future tasks? Actually, when we think of the level and the strength at the beginning of the founding of the nation, count past achievements and compare them to today's conditions, we have 1,000 reasons to be confident and we do not have even one reason to be discouraged. We should clearly and firmly say that under the guidance of the correct policies of the party in the future, our nation's hydroelectric power team can completely shoulder the glorious tasks bestowed upon us by the times.

Of course, there are problems and difficulties. They not only exist, there are also many. Without facing reality, without making the determination, without taking measures to fight several hard battles, we cannot talk about developing hydroelectric power. For example, we must take truly workable measures to solve the problems of reforming the system, establishing rules, strengthening management, fully mobilizing the enthusiasm of the people and hastening the training of personnel, etc. We must especially learn the lessons in ideology and we must not suddenly lean towards the left and suddenly lean towards the right. It can be imagined that if efforts during the 1950s had continued through the past 30 years, the situation would be surely different today. We must progress in long strides in technology, we must carry out scientific research solidly, use new technology, new theories, new equipment, new materials, new techniques. Only in this way can we truly turn ourselves around and catch up and progress rapidly. In hydraulic engineering, the treatment of the foundation, concrete pouring, earth and rock dam building, etc, which are designs and construction methods we are familiar with are becoming more and more unsuitable for the situation. Many problems are at the threshold of making breakthroughs and being reformed. Comrades at the frontline of building the whole nation's hydroelectric power, including comrades of the editorial department of "Water Power," let us unite, struggle together, let everyone of us contribute his talent to fight this battle to change our situation around and welcome the arrival of the new high tide in hydroelectric power construction!

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DAM CONSTRUCTION IN CHINA DETAILED

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[Article by Pan Jiazheng [3382 1367 6927] and Zheng Shunwei [6774 7311 3555] of the Water Conservancy and Hydroelectric Power Construction Company of the Ministry of Water Conservancy and Electric Power: "Construction of Large Dams of Our Nation's Hydroelectric Power Stations"]

[Text] I. General Description

In the 32 years since the founding of the nation, as water conservancy and hydroelectric power developed, we have built many relatively large-scale hydroelectric power stations and dams. According to statistics, a total of 96 large and medium hydroelectric power stations have been built (including those stations whose first generators have begun to generate electricity. In addition, separate statistics have been compiled for the Yili He, Gutian Xi, Maotiao He, and Longxi He cascade hydroelectric power stations which were regarded as one power station in the past). There are 17 large hydroelectric power stations with over 250,000 kilowatts of installed capacity. There are 13 completed large dams over 100 meters tall, and 7 currently under construction (see Table 1). There are 15 dams that are 80 to 100 meters tall.

The 33 large dams listed in Table 1 on the whole reflect the present level of construction of large dams in our nation.

1. In dam height, the tallest is the Longyangxia gravity-arch dam now under construction. The dam height is 175 meters. The second tallest is the completed Wujiangdu arch-gravity dam, with a height of 165 meters. Among the gravity dams, the tallest is the Liujiaxia gravity dam with a dam height of 147 meters. Among arch dams, the tallest is the Dongjiang arch dam currently under construction. The dam height is 157 meters. In buttress dams, the tallest is the Hunanzhen stepped dam with a dam height of 129 meters followed by the Xinfeng Jiang single buttress large-head dam that is 105 meters tall. Cascade dams were proposed by Professor Qian Linqxi [6929 0109 1585]. The horizontal section of the buttress at any height is step-shaped. Compared to large-head dams, the main advantage is that reverse suspended forms for pouring concrete are not needed and construction is more convenient. In other aspects, stepped dams are similar to single buttress

large-head dams. Among concrete dams, we must also point out the Fengtan hollow gravity-arch dam with a height of 112.5 meters. It is not only the tallest hollow dam in our nation, it is also the tallest among dams of the same type in the world at present. The water intercepting plant housing of the Dahua Hydroelectric Power Station in Guangxi is the highest river bed plant housing. It sits at a height of 83.28 meters. Such a high river bed plant housing is rare in the world.

Among earth-and rock-filled dams already built or under construction, the tallest is the clay core wall earth-and rock-filled dam on the Shitou He. It is 105 meters tall. The second is the loam core wall earth-and rock-filled dam at Bikou. It is 101.8 meters tall. These two dams are also our nation's earliest earth-and rock-filled dams that were rolled and packed by a vibrating roller and that utilized the highest level of mechanized construction. Among the earth-and rock-filled dams built by directional blasting, the tallest is the asphalt and concrete oblique wall rock-filled dam of the Shibianyu Reservoir in Shaanxi. It is 82 meters tall and has an installed capacity of 3,000 kilowatts. The second is the oblique clay wall rock-filled dam of the Nan Shui Hydroelectric power Station in Guangdong. It is 81.3 meters tall and has an installed capacity of 75,000 kilowatts. The former is also the tallest earth-and rock-filled dam to use asphalt concrete surface slabs to prevent seepage in our nation at present. Among masonry dams, the masonry gravity-arch dam of the Qunying Reservoir in Henan is the tallest (a dam height of 100.5 meters). Because it is a water conservancy project mainly for irrigation, the installed capacity of the power station is only 1,000 kilowatts. Therefore it is not listed in Table 1.

2. The Gezhouba Dam and Hydroelectric Power Station that began generating electricity last year used the most amount of concrete for a dam. The amount of concrete used for the main structure approached 10,000,000 cubic meters.

3. In terms of total reservoir capacity retained in the reservoirs, the Longyangxia Hydroelectric Power Station has the largest total reservoir capacity of 26.5 billion cubic meters. Among the dams already built, the reservoir capacity of the Xin'an Jiang Hydroelectric Power Station is the largest with a total reservoir capacity is 22 billion cubic meters. Among the earth-and rock-filled dams already built or under construction, the clay core wall earth- and rock- fill dam of the Zhelin Hydroelectric Power Station in Jiangxi ranks first with a dam height of 62 meters and a total reservoir capacity of 7.17 billion cubic meters.

Generally speaking, after 32 years of efforts and with severe natural geological and hydrological conditions, we have already built many different types of dams. The dam height, the amount of construction and the scale of the hydroelectric power stations have become larger. Through engineering practice, we have trained a team that can design and construct various types of dams and developed corresponding scientific research strength which can independently solve various complex technical problems. All of these show that our nation's construction of large dams for hydroelectric power stations

has realized great achievements and has established a firm foundation to build hydroelectric power stations and dams of larger scale and to build them faster in our nation in the future.

We should point out that our nation has also built many hydroelectric power stations in foreign assistance. The largest foreign aid project is the Faizabad Hydroelectric Power Station in Afghanistan with an installed capacity of 500,000 kilowatts and a total reservoir capacity of 2.62 billion cubic meters. The river dam is a clay core wall rock-fill dam 165.6 meters tall. The total volume is about 8 million cubic meters. It is the tallest rock-fill dam in Europe at present [sic]. Construction of the power station began in November 1971. The first generator began generating electricity in May 1978. There is also the foreign aid project of the (Lagedu) Hydroelectric Power Station in Cameroon. Because of limited space, they will not be described here.

Table 1. Dams of hydroelectric power stations with a dam height of over 100 meters and an installed capacity of over 250,000 kilowatts (including completed projects and projects under construction)

No.	Name of project	Area of river valley controlled (square kilometers)	Dam type[3]	Dam height (meter)
	I. Dams of hydroelectric power stations with dam height over 100 meters (arranged by dam height)[7]			
1	Longyangxia	131,400	Concrete gravity arch dam	175
2	Wujiangdu	27,790	Concrete arch gravity dam	165
3	Dongjiang	4,719	Concrete double curvature arch dam	157
4	Baishan	19,000	Concrete gravity arch dam	149.5
5	Liujiaxia	173,000	Concrete massive gravity dam	147
6	Hunanzhen	2,197	Concrete stepped buttress dam	129
7	Guxian	5,370	Concrete wide slotted gravity dam	121
8	Ankang	35,700	Concrete broken massive gravity dam	120
9	Yunfeng[1]	17,572	Concrete wide slotted gravity dam	113.8
10	Fengtan	17,500	Concrete hollow gravity arch dam	112.5
11	Panjiakou	33,700	Concrete low wide slotted gravity dam	107.5
12	Huanglongtan	11,140	Concrete gravity dam	107.0
13	Sanmenxia	684,000	Concrete gravity dam	106.0
14	Shuifeng[1]	54,235	Concrete gravity dam	106.0
15	Xin'an Jiang	10,480	Concrete wide slotted gravity dam	105.0
16	Xinfeng Jiang	5,740	Concrete large head dam	105.0
17	Shitou He	673	Clay core wall earth- and rock-fill dam	105[8]
18	Zhexi	22,640	Concrete single buttress large head dam	104
19	Bikou	26,000	Loam core wall earth- and rock-fill dam	101.8
20	Jinshuitan	2,761	Concrete double curvature arch dam	102

Rock of dam base	Total reservoir capacity (100 million cubic meters)	Dam body (10,000 cubic meters)	Installed capacity (10,000 kilowatts)	Annual output (100 million kilowatt-hours)	Date construction began (year, month)	Date first generator began generating electricity (year, month)
granodiorite porphyry	-265.0	154.0	128.0	59.8	1976	under construction
Yulongshan limestone	23.0	188	63.0	33.4	1970.4 (4)	1979.12
granite	91.5	-100	50.0	13.2	1978.10 restarted	under construction
chorismite	68.1	163.3	90.0 (2)	20.0	1976.5 restarted	under construction
mica-quartz-schist	60.9	76.0	116	57.0	1964 restarted	1969.4
rhyo-porphyry	20.6	-115.0	17.0	5.4	1970 restarted	1979.9
quartz-porphyry	12.0	-109	6.0	1.8 initial	1978 restarted	under construction
phyllite	32.0	-260	80.0	28.0	1978	under construction
tuff, granite-porphyry	39.1	274.0	40/2	17.5/2	1959.5	1965.9
sandstone sandwiched with slate	15.5	117.0	40.0	20.8	1970.10	1978.7
gneiss	29.3	280.0	15.0 (2)	-4.0	1975.5	1980.12
schist	11.7	98.0	15.0	7.59	1969.4	19/4.5
diorite porphyrite	162.0	163.0	25.0	13.9	1957.4	1973.12
amphogneiss	147.0	340.0	63/2	39.3/2	1937	1941
sandstone	220.0	138.0	66.25	18.6	1957.4	1960.4
granite	138.96	91.0	29.25	11.8	1958.7	1960.10
quartz-schist	1.25	855.0	2.15		1976	under construction
quartz-sandstone, fine sandstone, slate	35.7	65.8	44.75	22.9	1958.7	1962.2
phyllite, tuff	5.21	424.1	30.0	14.63	1969.5	1976.3
granite porphyry	13.93	-53	20.0	5.09	in preparation	under construction

11. Dams of hydroelectric power stations with dam height less than 100 meters (arranged by installed capacity)[7]

1	Gezhouba	1,000,000	Concrete lock and dam	47
2	Danjiangkou	95,217	Concrete wide slotted gravity dam	97
3	Tianshengqiao Low dam (Basuo)	50,194	Concrete gravity dam	58
4	Gongju	76,400	Concrete gravity dam	85.5
5	Lubuge	7,300	Clay oblique core wall rock-fill dam	97
6	Tongjiezi	76,400	Concrete gravity dam	76
7	Fengman	42,500	Concrete gravity dam	90.5
8	Wanan	36,900	Concrete gravity dam	56
9	Dahua	112,200	Concrete gravity dam, hollow gravity dam	78.5
10	Yanguoxia	173,000	Concrete wide slotted gravity dam	55
11	Shaxikou	25,562	Concrete gravity dam	45.0
12	Puchun Jiang	31,300	Concrete gravity dam	47.7
13	Qingtongxia	285,000	Concrete gravity dam	42.7

psephyte, sandstone, siltstone, lutaceous siltstone	15.8	990 main body	271.5	141	(4) 1970.12	1981.12
diorite porphyrite	208.86	292.8	90.0	38.8	1958.9 (4)	1968.10
limestone sandwiched with shale	2.64	142 main body	88.0 (5)	48.3	1982 restarted	under construction
granite	3.57	74.5	75.0	41.2	1966.3	1971.12
dolomite, limestone	1.10 (below normal water storage level)	185	60.0	27.5	1982	under construction
basalt	2.0	-253	60.0	32.1	1980	under construction
metamorphic psephyte	107.8	194.0	55.4	18.9	1937	1943
quartz-sandstone	17.24	-130	40.0 (2)	-15.0	1982 restarted	under construction
mudstone and limestone intercalation	12.1	-130	40.0 (2)	20.6	1975.10	1982.5 Stored water, expected to generate electricity in 1983
sandstone, sandy psephyte	2.2	42.3	35.2	17.0	1958.9	1961.11
mica-schist, mica halleflint schist	1.64	57.1	30.0 (6)	9.6	in preparation	under construction
rhyoporphyry	8.74	65.0	29.72	9.23	1958.8	1968.12
limestone, sandstone and shale intercalation	7.35	68.0	27.2	12.8	1958.8	1967.12

Notes on Table 1:

(1) Jointly owned by China and Korea, only half of the installed capacity and the annual output of the power station is counted. Recently, a hydroelectric power station with a capacity of 135,000 kilowatts is being built on each bank of the Shuifeng Hydroelectric Power Station.

(2) The second phase of the Baishan Hydroelectric Power Station plans to expand the capacity to 1.5 million kilowatts. The second phase power station of the Panjiakou Reservoir plans to build three 100,000-kilowatt pumping and stroage generators. The total installed capacity will be 450,000 kilowatts. After completion of the second phase expansion of the Dahua Hydroelectric Power Station, the total capacity will increase to 600,000 kilowatts. Wan'an Hydroelectric Power Station has a reserve 100,000-kilowatt generator. The total capacity will reach 500,000 kilowatts.

(3) The dam type listed in the table refers to the type of the main dam.

(4) Construction of the Wujiangdu Hydroelectric Power Station ceased in 1972-1973. Construction of Danjiangkou ceased between 1962 and 1964. Construction of Gezhouba Dam ceased between November 1972 and September 1974.

(5) After the high dam at Tianshengqiao is completed, the installed capacity of the Basuo [low dam] Hydroelectric Power Station will increase to 1.32 million kilowatts and the annual output of electricity will increase to 8.27 billion KWH.

(6) Before joining the East China Power Network, three 75,000-kilowatt generators were installed, totalling 225,000 kilowatts. One generator was reserved to be installed after the station joined the network.

(7) Other projects under construction are: (1) Wuqiang Xi Hydroelectric Power Station in Hunan, with an original designed installed capacity of 1.75 million kilowatts and a concrete gravity dam 104 meters in height. Because too many residents had to be evacuated from the reservoir area and the reservoir flooded too much land, recently, the State Planning Commission reviewed it. The normal water storage level is 115 meters, the corresponding reservoir capacity is 4.4 billion cubic meters, the installed capacity is 1.5 million kilowatts, the annual output of electricity is 5.7 to 6.5 billion KWH, the dam height is 94.5 meters. (2) The Laohushao Hydroelectric Power Station on the Yalu Jiang has an installed capacity of 390,000 kilowatts. It is jointly owned by China and Korea. The Koreans were responsible for designing and construction. The specifications are temporarily lacking.

(8) Not including seepage wall grooves.

Table 2. Statistical table of the types of dams of hydroelectric power stations already built

No.	Type of power station	Large hydroelectric				Medium hydroelectric				Small hydroelectric			Total
	Installed capacity (10,000 kilowatt-hours)	≥ 25				25 - 2.5				2.5 - 1			
	Dam height (meter)	≥100	100-70	70-30	<30	≥100	100-70	70-30	<30	100-70	70-30	<30	(station)
		Number of dams											
I	Subtotal of concrete dams	10	3	4	0	2	12	31	11	2	4	4	83
(I)	Gravity dam												
1	Solid gravity dam	3	2	2	0	1	0	12	6	0	1	1	28
2	Wide slotted dam Hollow dam	3	1	1	0	0	5	7	0	0	2	0	19
(II)	Buttress dam	2	0	0	0	1	3	5	0	1	0	0	12
(III)	Arch dam												
1	Gravity-arch dam and arch-gravity dam	2	0	0	0	0	2	0	0	0	0	0	4
2	Arch dam	0	0	0	0	0	2	4	0	1	1	0	8
(IV)	Lock and gate dam	0	0	1	0	0	0	2	4	0	0	3	10
(V)	Other light dams	0	0	0	0	0	0	1	1	0	0	0	2
II	Subtotal of rock masonry dams	0	0	0	0	0	0	1	3	0	3	6	13
III	Subtotal of earth- and rock-fill dams	1	0	0	0	0	4	12	2	2+1	6	0	28
1	Clay (loam) core wall dam	1	0	0	0	0	3	8	1	1+1*	0	0	15
2	Clay oblique wall dam	0	0	0	0	0	1	2	0	0	1	0	4
3	Rolled even texture earth-fill dam	0	0	0	0	0	0	0	1	1	2	0	4
4	Other types of dams	0	0	0	0	0	0	2	0	0	3	0	5
	Subtotal	11	3	4	0	2	16	44	16	4+1	13	10	124

*where the dam height of the Shitou He Reservoir surpasses 100 meters.

II. Types of Large Dams

A. Analysis of the Types of Dams

According to incomplete statistics, the nation has built over 18,000 large dams taller than 15 meters. Most of them are earth-fill dams and most are not tall. The situation is different for large dams of hydroelectric power stations. To facilitate analysis, we have gathered data on the types of dams of 124 completed hydroelectric power stations with an installed capacity of over 10,000 kilowatts, and we have analyzed and compiled statistics on the scale of the power station, the dam height and the type of dam. The results are listed in Table 2 (Data on the types of dams of hydroelectric power stations between 10,000 and 25,000 kilowatts may be incomplete).

From Table 2 it can be seen that:

1. The 124 dams include 83 concrete dams, constituting 66.9 percent of the total; 13 masonry dams constituting 10.5 percent; and 28 earth- and rock-fill dams, constituting 22.6 percent.

2. The 96 large dams of large- and medium-sized hydroelectric power stations include 73 concrete dams, constituting 76 percent; 4 masonry dams constituting 4.2 percent; and 19 earth- and rock-fill dams constituting 19.8 percent.

3. Among the 17 large dams of large hydroelectric power stations, 16 are concrete dams, constituting 94.1 percent, and there is only 1 earth- and rock-fill dam, constituting 5.9 percent.

4. Classified by dam height, the 32 dams that are taller than 70 meters and that belong to large and medium hydroelectric power stations include 27 concrete dams, constituting 84.4 percent, and 5 earth- and rock-fill dams, constituting 15.6 percent. Among the 13 dams taller than 100 meters, there are 12 concrete dams, constituting 92.3 percent, and only 1 earth- and rock-fill dam, constituting 7.7 percent.

It can be seen that among the large dams of large and medium hydroelectric power stations already built, various types of concrete dams constitute over three-fourths and they have an absolute dominance among tall dams and large hydroelectric power stations (84.4 percent and 94.1 percent). Among the various types of concrete dams, gravity dams constitute the majority. Among the 73 concrete dams of large- and medium-sized hydroelectric power stations, there is a total of 43 gravity dams (including wide slotted gravity dams), constituting 58.9 percent of the total number of concrete dams and 44.8 percent of the total number of all types of dams. Among the 16 hydroelectric power stations of over 100,000 kilowatts under construction, only the Lubuge Hydroelectric Power Station uses a rock-fill dam. This has created a shortage in the supply of cement. The transportation burden to ship out materials is too heavy and this has to a certain degree affected construction of the project.

There are many reasons for the vast number of concrete dams. According to our analysis, they are mainly the following:

1. The unit price of earth and rock construction and the unit price of underground construction in our nation at present are relatively expensive. When comparing the types of dams, the economic indices of earth- and rock-fill dams often cannot compare with concrete dams.

2. During the beginning period of developing hydroelectricity, the geological conditions of most of the dam sites were good and suitable for building concrete dams. This situation has also occurred in the past in other nations.

3. The river valleys of many of China's dam sites are narrow. The peaks of flood waters are high and the volume of water is large. To facilitate the arrangement of a key project, divert the flow during construction and reduce the amount of underground construction and digging, we often lean towards the use of concrete dam types. Some have also leaned towards the use of concrete dams because calculation of flood waters cannot be very accurate and because concrete dams have a stronger ability to resist flood waters that surpass the standards.

4. The teams that design and construct hydroelectric power stations, especially construction units subordinate to the ministry, are more familiar with building concrete dams, and considerable experience has been accumulated. There are more existing equipment for concrete construction, and frequently they inclined towards the use of concrete dams.

But the trend of development abroad shows that during the past 20 to 30 years, the development of earth- and rock-fill dams has been fast. In height and number, earth- and rock-fill dams have surpassed concrete dams. It is generally believed that besides the advantages of the earth- and rock-fill dams, which are strongly adaptable to the foundation, safe and reliable, the main reason is that the development of construction machinery, especially the development of the vibrating roller and large digging and transporting machinery, and the high degree of mechanization in the construction of earth- and rock-fill dams have increased the intensity of construction. The construction period has been shortened, and the requirements for dam building materials have been greatly eased. The excavated earth and rock can be effectively utilized in building the dam, and materials can be acquired locally. This makes the unit cost of a cubic meter of earth and rock construction only 1/15 to 1/20 that of concrete. In this way, even when the amount of cubic meters of earth- and rock-fill dams is 4 to 6 times greater than that of concrete dams, they are still more economical than concrete dams. At the same time, the development of underground construction techniques has served importantly to popularize earth and rock dams. This problem is worth considering and studying in our nation's future design of large dams for hydroelectric power stations.

Table 3. Major indices of hollow dams already built in China (4)

Project name (4)	Total capacity (100 million cubic meters)	Type of dam (1)	Type of plant	Maximum dam height (meter)
Fengtan	15.5	Hollow gravity-arch dam	Inside dam	112.5
Fengshu Dam	19.4	Hollow gravity dam and wide slotted gravity dam	Inside dam	93.3(2)
Niululing	7.79	Hollow gravity dam	Inside dam	90.5
Dahua	12.1	Hollow gravity dam and solid gravity dam	River bed	78.5
Shangyou Jiang	8.22	Hollow gravity dam	Inside dam	68.0
Yanwutan	1.03	Rock concrete, mortar/masonry/rock hollow gravity dam	Diversion	66.0
Shiquan	4.4	Hollow gravity dam and solid gravity dam	Dam-rear	65.0
Gutian 4th Cascade (Baohu)	0.065 (Normal water storage level)	Hollow gravity dam (An experimental dam section)	Dam-rear	31.0(2)

Note: (1) Besides the Yanwutan hollow gravity dam which is listed, the rest are concrete dams; (2) Fengshu Dam has a maximum dam height of 95.1 meters. The maximum dam height of the Gutian 4th cascade is 43 meters. The highest point of the hollow dam is measured here. (3) Mainly the amount of mortar/masonry/rock; (4) Besides the tall and medium dams listed in the table, there are also the plastered hollow gravity dam of the Huangjin Weir in Hunan Province. The dam height is 28.2 meters. It was completed during the latter part of the 1960s.

Width of bottom of dam (meter)	Dimensions of hollow cavity (meters)			Amount of concrete for body of dam (10,000 cubic meters)	Amount of steel members (ton)	Amount of members per cubic meter of concrete (kilogram/cubic meter)	Installed capacity of power station (number of stations x 10,000 kilowatt-hours
	Length	Width	Height				
60.7	255.8	20.5	40.1	107.5	7600	7.1	4x10
36.5	57.0	25.0	31.25	73.1	4560	6.2	2x7.5
68.0	81.3	22.4	28.5	40.7	3000	7.4	4x2
67.0	51.6	14.2	19.5	-131	-	-	4.10
58.3	91.0	19.5	23.0	20.0	3400	17.0	4x1.5
50.6	59.0	16.5	24.0	9.67(3)	82	0.85	3x0.3
41.0	102.5	14.0	15.0	37.0	-	-	3x4.5
26.2	4.2	6.93	9.72	0.19 (hollow dam sections)	13.5	7.3	2x1.7

Model of water turbine	Date construction began (year, month)	Date the first generator began generating electricity (year, month)
HL702-LJ-410	70.10	78.5
HL702-LJ-410	70.7	73.12
A113-LJ-200	76.2	79.12
ZZ440-LH-850	75.10	82.5 (stored water)
HL211-LJ-225	55.3	57.10
ZZ440-LH-850	76.9	78.5
HL123-LJ-410	70.11	73.12
ZZ587-LF-330	65.7	71.5

B. Hollow Dams

The hollow dam is a new type of dam that has developed in our nation in recent years. It is worth describing. Up to the present, our nation has built a total of 9 hollow dams. They include 4 tall dams, 4 medium dams and one low dam. The main indices of the tall and medium dams are listed in Table 3.

It can be seen from Table 3 that the Shangyou Jiang Hydroelectric Power Station is the first in our nation to use the hollow dam. At the time, we only analyzed the stress of the large dam according to the methods of structural mechanics and conducted only a few smooth surface elasticity tests, and it was very difficult to understand the stress patterns of the hollow dam. For construction safety, we placed a large amount of steel members upstream of the large dam, on the top of the hollow cavity, at the edges of the corners of the bottom part of the hollow cavity and on the floor. As a result, the dam used a lot of steel, construction was difficult, and thus during the subsequent period, this dam type was seldom used. After 1970, we began to use more hollow dams and we built 5 hollow dams including the Fengtan dam. After many years of construction practice and massive experimental research, especially after the achievements in finite analysis, three-way smooth surface elasticity tests and monitoring of original shape, we have gained a relatively overall understanding of the stress patterns in hollow dams, and we learned how to determine the body of the dam and the hollow sections, and how to design and build the plant housing inside the dam. Research results show that as long as the sections are rationally selected, and as long as the areas of pulling stress surrounding the hollow cavity and their numerical values are not large, it is not necessary to use a large quantity of members as was done in the past. In controlling stress, the method of material mechanics cannot easily determine the stress at the heel of the hollow dam. Calculations of the stress at the heel of the hollow dam by the finite method and the value of the stress at the heel of the dam experimentally measured were frequently too large (according to the theory of mechanics of linear elasticity, that point is a stress singularity), and they do not reflect the true situation. Our nation's practical experience is the following: In the design, we can generally require that the stress calculated by the finite method or measured by smooth elasticity tests at 3 meters above the foundation does not manifest any pulling stress as the criteria for judging the safety of the body of the dam. The determination of the sections of the hollow dam can be done first by determining the sections of the solid dam and then establishing the hollow cavity. To maintain stability, the amount of concrete saved by hollowing the dam should match the scale of reduction in lifting pressure. Then, the stress of the hollow dam should be readjusted and the concrete thus conserved can be added to the weak portions of the body of the dam. When determining the shape of the hollow cavity and its dimensions, we have acquired the following experience:
(1) The shape of the hollow cavity of the large dams that do not have a plant housing inside the hollow cavity should approximately be elliptical. The long axis of the ellipse should make a 60° angle with the plane of the water surface. The height of the hollow cavity should be less than 1/3 the height of the dam (when the ceiling of the cavity is higher, the front legs should

be reinforced). In the horizontal direction of the dam section, the thickness of the front leg, the hollow cavity and the hind leg should all be about 1/3 the width of the dam base. It is more advantageous if the proportion of the front leg is larger. (2) For dams with a plant housing inside the hollow cavity, the hollow cavity should still satisfy the arrangement of the plant housing, i.e., the size of the generators should suit the scale of the dam. The height of the main generator room should be reduced as much as possible. To adapt to the arrangement of the plant housing inside the dam, a dome arch composed of two-center circles should be used. To avoid the tailwater pipes from weakening the hind leg of the large dam too much, it is best to use narrow and tall or square and round shaped tailwater pipes.

The main advantages of the hollow dam are the following: (1) When building hydroelectric power stations on rivers with a narrow river valley, a large amount of flood water and a large variation between the water levels of the dry season and the flooding period, it is difficult to place the plant housing on the ground surface. Building a plant housing inside the dam requires less construction than an underground plant housing and construction progress is faster. (2) The hollow dam is beneficial to reducing the lifting pressure of the large dam and reducing buoyancy. (3) Less work is required for underground construction during the early phase, and this is more so in building hollow dams that do not have a plant housing inside the dam. Sometimes, the large dam can emerge above the water surface during a dry period, therefore the requirements for blocking the water by upstream cofferdams can be reduced, construction progress at the beginning period can be hastened and the construction period can be shortened (such as Shiquan and Yanwutan). (4) Compared to solid dams, hollow dams require less construction than the large dam, they save cement and timber and they can reduce construction cost. The main shortcomings of hollow dams are as follows: Their design is more difficult and they involve more work. Construction is more complex. When a plant housing is built inside the dam, the capacity of the single generator may be limited by the possible dimensions of the hollow cavity. Operating conditions are not as good as those of the open ground surface plant housing. But in general, hollow dams are still a better dam type and in the future under suitable conditions, it is possible to continue using them.

C. Arch Dams

Arch dams are an economical and safer dam type. Our nation's construction of arch dams has developed greatly. Articles on the design, scientific research and construction techniques of arch dams have been frequently published in various publications and this article will not repeat them. Only the following aspects are presented here:

1. Among the various types of dams in our nation, the dam that is the tallest and that has the largest reservoir capacity is an arch dam, the Longyangxia gravity-arch dam.

2. The thinnest is the Quanshui double curvature arch dam on the Nan Shui in Guangdong. It is 80 meters tall, the thickness of the dam base is 9 meters, and the thickness-to-height ratio is only 0.11.

3. The overflow double curvature arch dam of the fourth cascade Zhaixiangkou Hydroelectric Power Station on the Maotiao He has a dam height of 54.8 meters. An arch bridge is built on the sandy gravel layer of the river bed as the foundation of the arch dam, forming a so-called "arch on arch." It is structurally unique.

4. The Baishan gravity-arch dam is the tallest arch dam using three-center circles.

5. In recent years, some low dams have also used peripheral slotted arch dams (the Heping arch dam in Guangxi Province is 22 meters tall) and bottom-slotted arch dams (the thin arch dam of the Menkanshao Hydroelectric Power Station in Liaoning Province has a maximum dam height of 19.2 meters, the arch dam portion is 17.6 meters tall, the thickness of the dam base is 1.1 meters, the thickness to height ratio is 0.063).

6. In designing arch dams, the test load method was mostly used as the basic method. In recent years, calculations for the Baishan and Dongjiang arch dams used the inner force balancing method invented by our nation. Some also used the finite method in analysis. Various types of computer programs have been written for these methods and they can be selectively used for design. Arch dams of large hydroelectric power stations not only involve computations, they also involve various types of model tests. The pressure resistance safety coefficient of concrete of arch dams is generally taken as 5 in normal situations and 4 for unusual situations. In normal situations, the allowable pressure stress of the concrete of the body of the dam is 50 to 60 kilograms/square centimeters and the allowable pulling stress is -10 to -15 kilograms/square centimeters.

The structure of large dams involves many aspects, for example, a lot of experience has been accumulated in resistance to slippage and stabilization of the foundation of the large dam and the deeper layers, treatment of the dam foundation and soft and weak intercalations, analysis of stress in the body of the dam and at the mouth of tunnels, closed drainage at the foundation of the dam and fortification and strengthening of the large dam. Since other articles have already discussed these aspects, this article, due to limited space, will not cite them one by one.

III. Earthquake Resistance of Large Dams

The "Design Standards for Earthquake Resistance of Hydraulic Engineering Structures" SDJ-10-78 (Trial) (abbreviated as "standards" in the following) drawn up on the basis of summarizing scientific research achievements of many years and practical experience in earthquake resistance of hydraulic engineering works approved by our nation. They are also important references to prefer for earthquakes and to prevent earthquake damage. At the same time, we should also continuously perfect them according to practical experience in resisting earthquakes. According to some situations in the implementation of the current "standards," we need to emphasize the following aspects:

1. According to many surveys of earthquake damage, massive earthquake damage may be caused by large dams in regions with a seismic intensity of 6 on the scale if necessary earthquake resistance measures are not carried out. Therefore, like the standards for earthquake resistant designs in industrial and civilian construction, the "standards" stipulate that effective earthquake resistant measures must be carried out but special earthquake resistance calculations need not be carried out.

2. Article 2 of the "standards" stipulates the ways to determine the intensity of earthquakes occurring under large dams to be guarded against. If a first grade dam causes massive damage after an accident, generally its preventive measures can be established against an intensity of one scale higher than that stipulated in the "standards." For example, the basic intensity of earthquakes that the large dams at Meishan, Xianghongdian, Chencun in Anhui Province were designed to resist was 7 on the seismic scale. After approval by the State Capital Construction Commission, earthquake prevention was set against an intensity of 8 on the seismic scale. The hydroelectric power stations at Wan'an, Jinshuitan and Yantan which were designed to resist a basic earthquake intensity of 6 on the seismic scale were fortified against an intensity of 7 on the seismic scale. Generally speaking, construction of preventive measures against earthquakes of an intensity of 7 on the seismic scale will not increase the amount of construction and investment too much.

3. When conditions allow, large-scale projects should include dynamic analysis of the dams and tests of structural and dynamic models. This has been done for many large dams. At present, besides further studying the selection of the values of some important data in dynamic analysis of the body of dams, it is best if a general computer program can be compiled gradually for various common dam types so that conditions can be created for the gradual transition to earthquake resistant designs using the dynamic method.

4. Our nation has carried out massive research in reservoir earthquakes since the occurrence of the reservoir earthquake at the Xinfeng Jiang Hydroelectric Power Station in Guangdong in 1959-1960, and a lot of experience has been accumulated. In the 1970s, reservoir earthquakes occurred at different times at the Danjiangkou, Zhelin and Shenwo projects. In recent years, reservoir earthquakes also occurred at the Hunanzhen and Wujiangdu hydroelectric power stations. Hunanzhen Reservoir began storing water in January 1979. An earthquake that could be felt occurred about 13 kilometers from the dam inside the reservoir area in June. On 7 October of the same year, an earthquake of 2.8 on the seismic scale occurred when the earthquake center was at a depth of 30 meters in the water. The intensity at the earthquake center was 5. Later, when the water level of the reservoir rose, many earthquakes occurred and these were closely related. According to analysis, they may have possibly been reservoir earthquakes and they are now being closely monitored and studied. After the Wujiangdu Hydroelectric Power Station in Guizhou lowered the floodgates and stored water in November 1979, individual earthquakes began to be felt 20 kilometers from the dam at the beginning of 1980. In June of the same year, when the water level of the reservoir rose, an earthquake that could be felt occurred about 40 kilometers

from the dam. The maximum seismic scale was 1.8. According to analysis, it may also have been a reservoir earthquake caused by collapsing karst due to external forces and an explosive type reservoir earthquake. We are continuing to strengthen monitoring and research work. Although this reservoir earthquake did not cause any damage to the dam, such frequent occurrences of reservoir earthquakes should attract our utmost attention. Continuing to strengthen monitoring and studying reservoir earthquakes not only is necessary for dams already constructed, it also has an important significance in building larger scale and taller dams in the future.

IV. Sluicing Structures

For many years, the sluicing structures of most hydroelectric power stations have withstood large flood waters and they have basically satisfied operating requirements. Up to today, dam collapse due to problems in the sluicing structures of large and medium hydroelectric power stations has not occurred. But in certain past projects, the key structures frequently did not have a sufficient sluicing ability and they could not satisfy the requirements for discharging flood waters, draining sand and emptying the reservoir. There are even more cases of localized damage to sluicing structures, or poor downstream flow and dissipation, affecting the normal operation of the projects when discharging flood waters. Scouring of the foundations of the large dam and other structures and the slopes of the banks have also occurred. In serious cases, the safety of the large dam was threatened. Therefore, we must conscientiously design, construct and operate sluicing structures of hydroelectric power stations well. Some of the major problems in design will be briefly described below:

A. Flood Standards of Large Dams

At present, our nation determines the flood standards for large dams according to stipulations in the "classification and design criteria for key water conservancy and hydroelectric projects (section on mountain regions and hilly regions)" SDJ 12-78 (trial) (abbreviated as "standards" in the following). But in the past, some projects unilaterally reduced the amount of construction and investment and frequently established flood standards that were low. Thus sluicing structures had to be added afterwards during the course of construction or after completion. This method of deleting first and then adding on later created a lot of waste. Some projects, such as the Huilongshan and Shiquan Hydroelectric Power Stations, have set the standards for verification at once every 200 years and once every 500 years. These are obviously too low. Even the Huanglongtan Hydroelectric Power Station with a total reservoir capacity of 1.17 billion cubic meters has a verification standard of once every 500 years, and this is even lower. But after a project is completed, it is very difficult to elevate the standards. In recent years, the following two methods have frequently been used in designing large hydroelectric power stations: 1. Double standards. For example, the large dams of such large hydroelectric power stations as Wujiangdu, Fengtan, Jinshuitan, Wan'an, Shuikou, and Yantan are first grade structures and the designed flood standards are for once in a thousand years or once in 500

years and the verification standards are for once in 10,000 years or once in 5,000 years, but the earth-fill dam on the right bank of Wan'an is still verified for the largest possible flood. 2. Triple standards. Another standard is added on the basis of the double standard (according to the largest possible flood) to re-verify the protection of the dam. At this time, the anti-slippage stability and safety coefficient of the large dam and the standards for stress control can be appropriately eased as long as the large dam does not collapse, for example, the Baishan, Panjiakou, and Ankang projects are designed according to the triple standards (Table 4).

The various functions borne by the sluicing structures, such as flood discharge, sand drainage, emptying the reservoir, passage of logs and water supply must be clarified early. Estimates of flood waters must be as accurate and reliable as possible to provide a basis for economically and rationally determining the scale and arrangement of sluicing structures. It has been mentioned previously that because the flood standards for large dams were low and because consideration for sand drainage and emptying the reservoirs of the projects was incomplete, after the projects were completed, there were many cases in which additional sluicing structures had to be built. As early as the 1950s, the Lagushao reserve spillway (10 holes of 9 x 10 meters, maximum amount of discharge is 12,300 cubic meters/second) was built at the mountain pass beside the center of the Shuifeng Hydroelectric Power Station for use when flood waters surpass that of a flood of once in a thousand years. This has elevated the verification standards of the large dam to once in 10,000 years. During the 1960s, two flood discharge and sand drainage tunnels (the dimensions were 8 x 8 meters, total amount of discharge was 3,270 cubic meters/second) were built on the left bank of Sanmenxia, and 8 bottom diversion tunnels of 3 x 8 meters that were at the bottom of the dam and that were plugged were successfully opened. Also, three steel diversion pipes for generating electricity were changed to steel pipes for flood discharge and sand drainage. This greatly improved the ability of the key project to drain sand. A pressurized flood discharge tunnel was built on the left bank of the Xinfeng Jiang Hydroelectric Power Station. It has a maximum discharge of 1,700 cubic meters/second.

In improving safety of reservoirs after the big flood in Henan in 1975, self-bursting emergency spillways were widely utilized. For example, the self-bursting dam of the Hongmen Hydroelectric Power Station in Jiangxi is 96 meters wide, and the self-bursting dam of the Dahuofang Reservoir is 150 meters wide.

B. Arrangement of Sluicing Structures

In concrete dams and mortar/masonry/rock-fill dams, the main spillway is generally on the river bed. When the river bed is narrow, the spillway and the plant housing can be overlapped, such as placing the plant housing inside the dam, building an overflow plant housing or a separated flow plant housing, for details, refer to Table 5. When the plant housing of a dam on the river bed is behind the dam or when the amount of discharge of the main spillway is insufficient, and when building an earth- and rock-fill dam,

Table 4. Flood water standards and sluicing structures of several large hydroelectric power stations

No.	Name of project	Unit	Longyangxia	Wujiangdu	Baishan	Liujiaxia	Ankang	Fengtan	Panjiakou	Bikou
1	Designed flood frequency	%	0.1	0.2	0.2	0.1	0.2	0.1	0.1	0.2
2	Designed flow of flood	cubic meter/ second	7,060	19,200	19,100	8,720	35,700	29,400	40,400	7,630
3	Verified flood frequency	%	-	0.02	0.02	0.01	0.01	0.02	0.02	0.02
4	Verified flow of flood	cubic meter/ second	-	24,400	26,200	10,600	48,000	34,800	54,500	9,950
5	Largest possible flood	cubic meter/ second	10,500	-	32,200	-	56,000	-	63,000	-
6	Designed flood level	meter	2,600	760.3	418.3	1,735	332.8	209.56	224.8	703.3
7	Verified flood level	meter	-	762.8	420.0	1,738	338.5	211.44	226.9	708.8
8	Dam protection flood level	meter	2,605	-	423.45	-	342.2	-	230.1	-
9	Normal water storage level	meter	2,600	760	413	1,735	330.0	205	222	704 707 recently
10	Downstream water level when discharging designed flood water	meter	2,462.8	668.30	300	1,629	271.5	143.0	152.0	627.55

11 Spillway

(1)	form		Right bank precipitous trough	4-tunnel overflow weir 2-tunnel ski channel	Overflow over dam top	Right bank precipitous trough	Overflow over dam top	Overflow over dam top	Overflow over dam top	Right bank open on the side of the bank
(2)	number of tunnels	tunnel	3	6	4	3	5	13	18	1
(3)	height of weir	meter	2,585.5	742	404	1,715	313	193	210	691
(4)	portal dimension (width x height)	meter	12x17	13x19	12x13	10x8.5	15x17	14x12	15x15	15x16
(5)	maximum discharge	cubic meter/ second	5,900	15,666	8,800	3,785(1)	26,000	30,900	54,500	2,310

12 Sluicing tunnels

(1) form		left center tunnel in dam	right deep tunnel in dam	Center tunnel in dam	Center tunnel in dam	left bank center tunnel in dam	Center flood discharge tunnel in dam	Bottom sand drainage tunnel in dam	Bottom flood discharge and emptying tunnel in dam	Center flood discharge and emptying tunnel in dam	None
(2) height of flood plate of portal of tunnel	meter	2,540	2,505	680	350	1,665	305	264.8	145	160	-
(3) number of tunnels	tunnel	1	1	2	3	2	5	4	1	4	-
(4) dimension of portal of tunnel (width x height)	meter	8x9	5x7 (P=12)	4x4	6.7	3x8	11x12	5x8	6x7	4x6	-
(5) Maximum discharge	cubic meter/ second	2,160	930	1,154	4,110	1,488(1)	14,300	4,900	1,300	3,100	-

									None	None	None			
13 Flood discharge and sand drainage tunnel														
(1) type		Right bottom tunnel in dam	Pressure-free flood discharge tunnel on left and right side each	Right bank emptying tunnel	-	Right bank flood discharge tunnel	Right bank sand drainage tunnel	-	-	-	Right bank pressure-free flood discharge tunnel	Left bank pressurized flood discharge tunnel	Left bank pressurized sand drainage tunnel
(2) height of intake flood board	meter	2,480	720	660	-	1,675	1,665	-	-	-	647	635	636
(3) dimension of portal (width x height)	meter	5x7	9x10	7x7	-	8x9.5	3x3.5	-	-	-	8x10	9x8	4x3.15
		(P=1%)											
(4) maximum discharge	cubic meter/ second	1,320	2x2,200	-	-	2,140(1)	105(1)	-	-	-	2,250	1,710	296

Note: (1) Discharge during design flood.

Table 5. Actual cases of construction with overlapping spillway and plant housing

Name of power station	Dam type	Dam height (meter)	Overlapping arrangement	Maximum dicscharge (cubic meter/second)
Wujiangdu (1)	arch gravity dam	165	overflow over plant	5,222
			separate flow in front of plant	10,444
Fengtan	hollow gravity arch dam	112.5	overflow dam with plant inside dam	30,900
Xin'an Jiang	wide slotted gravity dam	105	overflow over plant	13,200
Fengshu Dam	hollow gravity dam	95.3	overflow dam with plant inside dam	8,850
Niululing	hollow gravity dam	90.5	overflow dam with plant inside dam	8,800
Chitan (2)	wide slotted gravity dam	78	overflow over plant	8,520
Shangyou Jiang	hollow gravity dam	68	overflow dam with plant inside dam	4,940
Xiuwen (3)	arch dam	49	overflow over plant	1,510

Note: (1) The left and right side tunnels are ski passageway types; (2) the left three tunnels are overflow tunnels over the plant housing, the right two tunnels are separating flow tunnels with ridges on the body of the dam; (3) In the large flood in 1963, the actual discharge reached 1,660 cubic meters/second, the single width on top of the plant housing reached 62 cubic meters/second, the operation of the arch dam and the plant housing was good.

Spillway

Waterhead on top of weir (meter)	Number of tunnels (tunnel)	Width of tunnel (meter)	Maximum single width flow at top of weir (cubic meter/second·meter)	Fall measured from top of plant housing (meter)
20.8	2	13	201	100.8
20.8	4	13	201	-
18.44	13	14	170	-
15	9	13	113	58.75
14.3	6	13	113.5	-
16.93	7	8.5	148	-
16.15	5	13	131	43
16.1	5	12	82.3	-
7.13	3 2	9.75 5.8	37.0	17.3

Plant housing

Installed capacity (10,000 kilowatts)	Thickness of roof of plant (meter)	Single width flow (cubic meter/second)	Flow velocity (meter/second)	Downstream dissipation method	Year when first generator began generating electricity (year)
-		207	42	Continuous ridge separated flow	1980
63			jump	Continuous ridge separated flow	
40	-	-	-	Rectangular high and low ridge flow	1978
66.25	3	76	31	Rectangular differential ridge separated flow	1960
15	-	-	-	Continuous ridge separated flow	1973
8	-	-	-	Continuous ridge separated flow	1979
10	3	94.7	-	Rectangular differential ridge separated flow	1980
6	-	-	15	Continuous ridge separated flow	1957
2		35.8		The center three tunnels are separate flow ridges Side two tunnels are continuous ridges	1961

frequently the spillway on the bank, the spillway at the mountain pass or the flood discharge tunnels on the two banks (sometimes serving to drain sand and empty the reservoir) are used as sluicing structures, such as the Luijiaxia, Wujiangdu and Bikou Hydroelectric Power Stations (Table 4). The flood discharge arrangement of the above mentioned hydroelectric power stations in narrow gorges are arranged very tightly and they have their own characteristics. Operating tests show that in general they are successful. Concrete dams and grout masonry rock-fill dams can be divided into various types based on the height of the sluicing holes on the dams. There are those with high holes, medium holes and deep holes (bottom holes). Actual projects are listed in Table 4. When we determine the dimensions of the hole and its height, we should consider our ability to manufacture sluice gates and gate control mechanisms and anchoring hinges of radial gates and such controlling devices. For example, the total water pressure against the 9 x 8-meter radial gate (maximum waterhead of 70 meters) of the flood discharge tunnel on the left bank of Bikou is the greatest, reaching 6,080 tons. The highest designed waterhead at the deep hole inside the Hunanzhen stepped dam has reached 80 meters. There are a total of 4 holes. The dimensions of the holes are 2.5 x 4 meters. The middle holes in the dam on the two sides of the Sujiangdu Hydroelectric Power Station have a dimension of 4 x 4 meters. The balusters of the bottom hole are 80 meters below the normal level of water in the reservoir but the total water pressure against the sluice gate is not large. The maximum waterhead of the radial gates of the bottom holes of the Dongjiang and Longyangxia projects now being designed has reached 100 meters. The thrust of the single hinge on the radial gates of the surface holes and underwater holes is about 2,000 tons (the radial gate of the sluice gate of Erjiang at Gezhouba.

Because the discharge ability of the open spillway increases quickly as the water level rises, and because it can be used for releasing floating materials, blocks of ice and timber, in general, the open spillway should be used as the main flood discharge structure of the key project as much as possible. This is more so for earth- and rock-fill dams. But sometimes because of the need for pre-sluicing or for lowering the height of the sluice gate, spillways having underwater holes with front walls are also used, such as the spillway on the slopes of the right bank of Liujiaxia and the Fengman spillway dam. Middle holes have been placed in the thin arch dams at Shimen (88 meters tall), Hongyan (60 meters tall) and Ouyanghai (58 meters tall). The maximum waterhead above the bottom baluster is about 20 meters, and total discharge can reach 5,000 to 6,000 cubic meters/second. Some gravity dams also have two layers of sluicing holes, such as Sanmenxia, Shenwo and Tianqiao. The middle holes and the deep holes in the dam generally are pressure-free (there is a small pressurized section in front of the operating gate, but there is no pressure behind the gate). Some have operating gates at the exit of pressurized tunnels, such as the deep tunnels of Yunfeng and Baishan.

C. Downstream Energy Dissipation and Prevention of Scouring

To avoid scouring of the dam base by downward discharged water and scooping by reflux and to reduce scouring of the slopes of downstream banks by the water flow, various types of dissipation structures are used.

1. Energy dissipation by separating the flow. The earliest project to use dissipation by separating the flow in our nation was the overflow dam of the Fengman Hydroelectric power Station. In 1952, it was rebuilt for low ridge separated flow. In 1953, ridges for dispersive separation of water flow were first used at the exit of the flood discharge tunnel at Foziling. Because the structures for dissipation by separation of water flow require less construction and investment, are easy to inspect and repair, and are simple to design and construct, they have been widely utilized in our nation. Various types of ridges to separate water flow have been built, such as the continuous ridge, the differential ridge, the dispersive ridge (oblique ridge). The Longyangxia and Dongjiang Hydroelectric Power Stations (ski passage on the right bank) are still studying the use of narrow slotted separating ridges. Liuxihe and Fengtan used alternate high and low ridges so that the projected water flow can be dissipated convectively in mid-air. Dissipation by separating water flow not only involves problems of piling and reflux, the problem of mist during flood discharge should also attract sufficient attention.

2. Bed flow energy dissipation. The hydroelectric power stations that use dissipation pools are: Yanguoxia (multiple level dissipation pool), Puqi, the sluice gate on Erjiang and the sluice gate on Sanjiang of Gezhouba Dam (three-level dissipation pool) and Sanjiangkou on the Lishui in Hunan (using T-shaped buttresses). Except for the vibrating water jump (F_r = 2.5 to 4.5), the results of using dissipation pools are better but the amount of construction is large.

3. Surface flow energy dissipation. Since the 1950s, after Xijin Hydroelectric Power Station used surface flow dissipation, such hydroelectric power stations as Gongju and Fuchun Jiang followed suit. The main shortcoming of surface flow dissipation is that the water flow cannot easily be stabilized. The waves on the downstream water surface are high, and when necessary, the slopes of the downstream banks must be appropriately protected. Dissipation by bailing was first utilized by the Shiquan Hydroelectric Power Station only in the 1970s. Operation was good and the amount of construction was much less than that in building dissipation pools. Later, this was also used in such projects as Daheiding.

The "design standards for concrete gravity dams" finalized by the research team of the original Main Hydroelectric Power Bureau in 1964 stipulated that single width flow could not be greater than 100 square meters/second, but this limit was surpassed long ago in construction practices. In recent years, there have been more and more flood discharge structures of large single width. Among the hydroelectric power stations that have already been built, the projects that have a single width flow surpassing 150 square meters/second are Danjiangkou, Panjiakou, Wujiangdu, Huanglongtan, Fengtan, Bikou, Huanren (all dissipation by separation of flow) and Gongju (surface flow dissipation). The single width flow of such projects as Gezhouba and Dahua which use bed flow dissipation structures has also surpassed 200 square meters/second. The standards promulgated in 1978 abolished the above regulation.

In past designs, a lot of consideration was given to the problem of dissipation and prevention of scouring when designing and verifying flood waters. But in operation, insufficient attention was given to the water flow of medium and small flood waters that were frequently encountered. Thus, adverse results of scouring and scooping the foundations of structures were caused. In the future, the problem of dissipation and prevention of scouring at all levels of discharge must be noted. In addition, besides establishing necessary regulations concerning the method of operating sluicing structures in the design, we should also study the operating condition of sluicing structures in adverse operating conditions, and when necessary, we should implement measures.

D. The Problems of Mixing Air To Reduce Cavitation and of Mud and Sand

On the tall dams of hydroelectric power stations, the velocity of water in downward discharge can reach a high of 30 to 40 meters/second. Sufficient attention should be paid to cavitation damage caused by the high velocity flow of water. Besides improving the shape of sluicing structures, controlling the smoothness of water-passing surfaces and using steel plates and anti-cavitation materials to protect the surfaces, in recent years, the Wujiangdu, Fengjiashan and Baishan projects have used various types of air-mixing troughs to prevent cavitation. The Wujiangdu spillway has already been tested by flood discharge. The air-mixing trough has prevented cavitation well. This can be popularized in the future. Water flow that carries sand, especially bed loads, causes severe abrasion of the water-passing surface. We should implement protective measures such as protecting the surface.

Among the completed hydroelectric power stations and those whose first generators have begun production in our nation, the Gezhouba Hydroelectric Power Station ranks first in total discharge, surpassing 110,000 cubic meters/second, followed by the Panjiakou, Danjiangkou and Shuifeng hydroelectric power stations. All have surpassed 50,000 cubic meters/second. Among arch dams, the discharge capacity of the hollow gravity-arch dam of the Fengtan Hydroelectric Power Station is the largest. Its total discharge reaches 32,600 cubic meters/second--the largest discharge in the world.

In summary, since the founding of the nation, welcomed achievements have been realized in building large dams for hydroelectric power stations. As our nation's hydraulic energy resources are further developed and utilized, we will build various types of large dams of even larger scale. This is the glorious task bestowed upon our nation's dam builders by history, and it is also our duty. We will build more large dams for hydroelectric power stations under different hydrological, geological and climatic conditions. Some dams will reach over 200 meters tall, and their scale, benefit and technical difficulties will be even greater. We must conscientiously summarize the experience of building large dams for hydroelectric power stations over the past 32 years, liberate ideology, respect science, seek truth from facts, improve economic benefits, hasten the construction of dams for hydroelectric power stations, and contribute what we should to the modernization of building hydroelectric power.

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MAIN ENGINEERING ACHIEVEMENTS IN HYDROPOWER CONSTRUCTION LISTED

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[Article by Ma Yunliang [7456 0061 5328] of the Engineering Department of the Water Conservancy and Hydroelectric Power Construction Company: "Standard of Construction of Our Nation's Water Conservancy and Hydroelectric Power Projects and Major Achievements"]

[Text] Over the 32 years since the founding of the nation, our nation's water conservancy and hydroelectric power construction ranks have continued to develop and strengthen. It has developed from the more than 4,000 people at the beginning period after founding of the nation to the present force of more than 200,000 people. They have worked consistently, struggled in deep mountain valleys and narrow gorges, plateaus and wasteland, and they have contributed greatly to develop our nation's abundant hydraulic energy resources. According to incomplete statistics, they have poured nearly 50,000,000 cubic meters of concrete, dug 500 million cubic meters of soil and rock, and tunneled nearly 100 kilometers. The technical standard in construction has gradually improved. At present, our nation is building a number of large-scale and technically more complex hydroelectric power stations. For example, the amount of soil and rock dug for Gezhouba has reached over 50,000,000 cubic meters, and the amount of concrete used has approached 10,000,000 cubic meters. The Longyangxia concrete gravity arch dam has a dam height of 175 meters. Treatment of the foundation is difficult. The underground plant housing at Baishan is 54 meters high, 25 meters wide and 121.4 meters long. It is the nation's largest underground plant housing. The Tianshengqiao diversion tunnel is 11 kilometers long and it has a diameter of 10.9 meters. The amount of tunneling for the two tunnels has reached more than 2,000,000 cubic meters. Construction conditions are complex. The technical demands for the Dongjiang double curvature arch dam are high, etc. The standard of construction equipment has also visibly improved. At present, the average power equipment of each work is 9 horsepower with the highest reaching 15 to 16 horsepower. The value of technical equipment of each worker amounts to 4,500 yuan with the highest reaching about 10,000 yuan. We now have the productive ability to dig 25,000,000 cubic meters of earth and soil and pour 5,000,000 cubic meters of concrete a year. In construction techniques, we have continued to inherit and develop our nation's traditional experience in river management, and at the same time we have created and grasped many advanced construction

techniques and methods. This article will describe the achievements we have realized and the standards we have reached in the following aspects:

I. Diversion and Intercepting Water Flow

A. Vertical Blocking To Intercept the Flow

In intercepting the flow in the Shenmen He at Sanmenxia we daringly used the method of vertical blocking because of a tight schedule and because of the large amount of water flow. Practice proves that on ordinary rock river beds, vertical blocking to intercept the flow is an economical and rational method, and it has provided beneficial experiences in the future selection of fillers for intercepting the flow in large rivers, the use of rock screens and the use of natural silting to prevent seepage. The second phase construction at Dahua to intercept the flow developed the method further on the basis of Sanmenxia. The scale of intercepting the flow in the large river for Gezhouba was large and the technical demands were high. The success in intercepting the flow in the river was a first in the history of intercepting water flow in our nation's water conservancy and hydroelectric power projects. The major indices of several larger interception projects are listed in Table 1.

B. Intercepting the Flow by Directional Blasting

The left side of the portal for intercepting the flow of water at Bikou is precipitous. The slope of the ground surface is 45° to 70°. The cover of vegetation is thin. The mountain is over 120 meters high. Utilizing favorable topography, we used the method of interception by directional blasting. The results were good. The interception portal was 20 meters wide. According to the requirements of the profile of the prop in interception, 3 charges were designed and 2,387 kilograms of dynamite were used. After blasting, the actual amount of filling was 6,800 cubic meters, and the effective filling rate reached 68 percent, an average of 10 meters higher than the designed volume of the intercepting pile. The lowest point was 2.1 meters above the upstream water level, reaching the expected goal. Practice proves that at localities where conditions are good, directional blasting to intercept water flow is an effective method.

C. Cofferdam

The types of cofferdams we use are varied. Our distinctive straw and soil cofferdams summarize the historical experience in using straw and earth to build dams. They are used in the Qingtongxia, Yanguoxia, Baparxia projects and the Shiquan project on the Han Jiang. Their advantages are that they utilize local materials, construction is simple, they are low cost, they have a strong adaptability, they prevent seepage well, and they have a greater, faster, better and more economical structure. Qingtongxia used 40 days to build a large straw and soil cofferdam totalling 70,000 cubic meters and 580 meters long where the maximum depth is 7.8 meters, the flow velocity is greater than 3 meters/second and the flow is 1,900 cubic

Table 1. Major data and equipment of intercepting water flow for several projects

Name of project	Sanmenxia	Dahua	Gezhouba
Item			
Amount of flow intercepted (cubic meter/second)	2100-1800	1390-1210	4800-4400
Final fall (meter)	2.79	2.33	2.73
Maximum flow velocity (meter/second)	4.6	4.19	7.0
Daily amount piled (cubic meters)	7200	12,686	72,000
Duration of interception (hour)	133	24	35 hours and 35 minutes
Amount piled at portal (cubic meter)	32,116	12,686	102,994
Main equipment to intercept the flow			
Dump truck		50 units of 12-20-ton trucks	470 units of 20-45-ton trucks
Four-way electric shovel		5 units	50 units (10 units with volume of 5 to 6.9 cubic meters)
Bulldozers		7 units	65 units (5 units with 320-410 horsepower)
10-ton gantry cranes		1 unit	
15-ton tractor crane		2 units	30 units of 15-90-ton units

meters/second. To increase stability and the ability to resist scouring, straw and soil weighted with soil and rocks were used as a substitute for pure straw and soil. The slope was protected by lead wire mesh. The cofferdam using such materials passed the test of flood waters of 4,200 cubic meters/second. Yanguoxia used only 20 days to build a weighted straw and soil cofferdam 500 meters long. The construction time was shorter and the quality was better than that at Qingtongxia. This type of straw and soil cofferdam has also been used in some projects on the Qing Shui in the southern part of our nation.

After the successful use of a water-passing earth and rock cofferdam on the Shangyou Jiang, it was used again in several other projects, and its design and construction continued to improve. The structure has become more rational and operation has become more reliable. In particular, the Dahua water-passing earth and rock cofferdam was tested by flood waters of 9,130 cubic meters/second and it remained safe and undamaged. The operation of some water-passing earth and rock cofferdams are described in Table 2.

The wooden basket water-passing cofferdam on Xin'an Jiang is 16 meters high. The designed amount of flow it can withstand is 16,000 cubic meters/second. The bamboo basket cofferdam on the Fuchun Jiang is 16 meters high. It blocks water year-round and the designed flow it can withstand is 24,100 cubic meters/second.

The concrete arch cofferdam at Wujiangdu was constructed underwater. Concrete was poured directly in deep water and steel grids were used to confine the rocks sunk into the water to divert the flow. This was a first in our nation's water conservancy and hydroelectric power construction. After completion, it withstood flood waters many times. The maximum single width flow over the cofferdam reached 70 cubic meters/second and the dam remained safe and undamaged.

The concrete core wall rock-fill cofferdam at the upper reaches of Longyangxia is 53 meters high. In September 1981, a major flood since the time records were kept occurred in the upper reaches of the Huang He. The cofferdam successfully blocked the peak of the flood waters of 5,570 cubic meters/second (equivalent to once in 200 years). This has created a precedent for operating over the designed standards. Practice has proved that the quality of the design and construction of the Longyangxia cofferdam were all high.

D. Diversion

In building dams at river gorges, we mostly use one cofferdam to intercept the flow and use tunnels and open canals to divert the flow. The Liujiaxia, Longyangxia, and Wujiangdu projects all used tunnels to divert the flow. The section of the diversion tunnel at Longyangxia was 16 x 16 meters. The originally designed discharge capability was 3,000 cubic meters/second. During the 1981 flooding period, the actual discharge was 4,100 cubic meters/second. The Gongju, Yinxiuwan, and Baishan projects used open canals to divert the flow. This not only avoided a lot of tunneling, reduced the

Table 2.

Project name	Weir type	Weir height (meter)	Amount of passage (cubic meter/second)		Single width (cubic meter/second)		Weir surface depth (meter)	Maximum velocity of flow on weir surface (meter/second		Type of protective surface
			Designed	Actual	Designed	Actual		Designed	Actual	
Shangyou Jiang	earth-rock mixed	20	3,400	1,890	40	27	5.4	15	5	Bamboo reinforced concrete is 3 meters thick
Zhexi (upper)	earth-rock wooden basket	32	9,650	4,086	40	13.5	3.85			0.5-meter thick concrete slabs above height of 97.5 meters, three layers of iron wire basket and bamboo basket protected surface
Xinfeng Jiang (upper)	earth-rock mixed	25	2,240	3,750	13	81			15	1.5 to 2.0-meter thick concrete slabs protected by wooden basket at foot
Shiquan	earth-rock wide top weir	8.5	5,000-8,000	3,420		34.2			8.5	Lead wire basket of rocks, 1 meter thick and 28 meters wide
Wujiangdu	Mixed	12	6,000	5,820	40	75	16.2	5.3	4.63	Concrete face slab is 0.5-2 meters thick
Guxian	earth-rock	14	4,750		3.0		6.6	17		Concrete face slab is 1.5-2.0 meters thick
Huanglongtan	earth-rock	16.5	2,740		21					Concrete overflow face slab is 2 meters thick, planar dimensions: 7.5x8 meters
Dahua	earth-rock wide top weir	40	19,000	9,130	70	51	11.3	5.86		Concrete face slab is 0.5-0.8 meter thick, steel member reinforced rock basket-layered steel member net, steel member basket weighted foot of slope

difficulty in construction, it also enabled pouring and construction of the large dam to start earlier. The actual maximum flow in the open canal at Gongju reached 5,680 cubic meters/second. The annual average amount of floating logs reached more than 1 million cubic meters, and the annual amount of sand transported was 3,370 tons. The canal operated safely for 4 years and provided experience in the use of open canals to divert the water flow in rivers where there are a lot of sand, where the flow is large and where a lot of timber is floated.

Diversion in stages is mostly used in wide river beds. Water flow is diverted through tunnels near the bottom of the river. Generally, the dimensions of these tunnels at the bottom of the river are large. Panjiakou rationally utilized topographic and geological characteristics and flood water patterns during the short flooding period when the flood water peaks are high but last a short time. It selected the method of diversion in stages and created conditions for storing water a year ahead of time. Sanmenxia, Danjiangkou, and Huanren projects which began construction early also acquired successful experience in diversion in stages. The dimensions of some diversion tunnels and bottom tunnels are listed in Table 3 and Table 4.

II. Construction of Concrete Dams

Since founding of the nation, we completed a large number of concrete dams. The tallest is 165 meters. The maximum amount of concrete used reached 10,000,000 cubic meters. As these projects were constructed, the construction standard continued to improve, and some advanced techniques and construction equipment were imported from abroad, enabling comprehensive mechanized construction to reach a new level.

A. The Production of Sand and Rock Aggregates

At present, excavation of natural sand and rocks on land for each of the large and medium sized projects in our nation mainly uses the 1 to 4-cubic meter escavator. The 60-ton standard track mining car and 10 to 20-ton dump trucks are mostly used for transport. Recently, the construction site of Gezhouba added a few 32-ton dump trucks and 4 to 6-cubic meter loading machines.

Underwater excavation still uses the 120 cubic meter/hour sand dredging boats and chain shovels. But to improve the rate of dredging and to increase the depth of dredging underwater, recently, Gezhouba added one sand dredging boat capable of dredging 750 cubic meters/hour and one sand dredging boat capable of dredging 250 cubic meters/hour. They greatly improved the productive capability. The highest annual output of these two dredgers alone could reach 3 million cubic meters.

Artificial sand was used in the construction of the Maotiao He and Yinxiuwan projects in the 1960s but the scale was very small. The scale of use has been larger in the Wujiangdu project of the 1970s and the present Dahua project. The systematic productive capability on the right bank of Wujiangdu was 160 tons/hour and that of the left bank was 500 tons/hour. The highest

Table 3. Dimensions of some diversion tunnels

Project	Sectional form	Sectional dimensions (meter)	Length of tunnel (meter)
Longyangxia	horseshoe	15x16	661
Liuxiajia	horseshoe	13x13.5	right 524, left 680
Wujiangdu	horseshoe	10x10	501
Maojiacun	horseshoe	7x10.535	590
Bikou	horseshoe	10x13	531
Shangyou Jiang	round	diameter 7	309.5
Xianghongdian	round	diameter 8	319

Table 4. Dimensions of some bottom diversion tunnels

Project	Sectional dimensions (meter)	Number of tunnels
Panjiakou	8x7	3
Danjiangkou	4x8; 2x4	10; 2
Huanren	3.5x4	8
Gongju	5x8	2
Xin'an Jiang	10x13	3
Sanmenxia	3.5x6.3	16
Baishan	9x14.2; 4x4	2; 1

monthly gross output reached 182,000 cubic meters, and the highest monthly output of sand was 188,000 cubic meters. The experience of Wujiangdu proved that artificial sand not only has a high productive rate, the matching of the grades of sand and rock is good. The modulus of fineness of artificial sand is stable, averaging between 2.71 and 2.82. This guaranteed the quality of the concrete. The production cost has also dropped gradually year after year. The estimated comprehensive unit price was 14.96 yuan/cubic meter, the actual cost was 9.07 yuan/meter, lower than the estimate by 39.4 percent, and the lowest cost reached 6.22 yuan/cubic meter, lower or near the cost of natural sand and rock material. This was awarded at the 1978 National Science Conference. Dahua has also realized visible achievements in the production of artificial sand. According to statistics, at the beginning period, natural sand was used. Each cubic meter cost 41 yuan. Because matching of the grades was not good, the modulus of the sand was above 3.2, and this caused the quality of concrete to be poor and a waste of materials. After artificial sand and rock production began in 1979, the quality of sand and rock aggregates improved, and the amount of mixing water per cubic meter of concrete was reduced by 24 kilograms, and the amount of cement was reduced by 37 kilograms while the strength of concrete improved 12 to 18 percent. The ability to manufacture sand and rocks at the several large construction projects is listed in Table 5.

Table 5. Output

Name of Project	Annual output (10,000 cubic meters)	Monthly output (10,000 cubic meters)
Sanmenxia	230	20
Xin'an Jiang	125	19
Liujiaxia	90	15.7
Danjiangkou	100	13.4
Gezhouba	395	49.5
Wujiangdu	71.8	9.87

B. Form Boards

According to domestic and foreign statistics, the cost of form boards constitutes 15 to 20 percent of the cost of concrete. The time required to dismantle them constitutes 35 percent of construction time for concrete construction. It can be seen that form boards greatly affect the speed of construction and construction cost. Therefore, we have paid a lot of attention to studying and using form boards. Particularly during recent years, efforts to conserve timber have promoted the development and new use of form boards.

Large formed steel and wooden concrete form boards were first manufactured successfully in the Fuchun Jiang construction project. The dimensions were 6 x 9 meters. The use of small form boards required two years to complete the task of concrete construction but using large ones required only one year to

complete the task. The Wujiangdu, Gezhouba and Bikou projects used large steel and wooden cantilever form boards of a dimension of from 3 x 6 to 3 x 7.5 meters. The results were good. According to statistics on Wujiangdu, the work efficiency using vertical forms improved 2.6 times. The number of times of reuse was more than 49 times, and the vertical forms totalled an area of 190,000 square meters. Compared to small form boards, they conserved 7,991 cubic meters of timber. The time to dismantle them constituted 23 percent of the time of pouring concrete. The cost constituted 8.4 percent of the cost of concrete.

Prefab form boards for concrete need not be dismantled, they do not need supporting members, there is less interference, they can be manufactured in factories. Therefore, they are being used more. For example, during the first phase construction of Gezhouba, prefab form boards for concrete constituted 21.5 percent of all the 163,000 square meters of vertical form boards. The Wujiangdu project widely utilized prefab form boards for the exterior of the dam and 98 percent of the tunnels and corridors in the dam also utilized prefab form boards. The covering of the roof of the hollow cavity of the concrete hollow dam is a key link in construction. The span and height are all large, temperature control and form requirements are strict. The Fengtan, Shiquan, and Fengshuba projects all used prefab arches and solved the above difficulties better.

During the past 10 years, sliding form boards have been used in many water conservancy and hydroelectric power projects. They are not only utilized in the construction of double curvature arch dams, they are also utilized in the construction of concrete structures such as overflow surfaces, sluice gate buttresses, sluice gate wells, and pressure regulating wells. Results and experience were obtained in practice in the Weizishui, Miyun, Bikou, Dahua, and Hunanzhen projects. The construction of the Hunanzhen project shows that our sliding form boards have a relatively high standard.

Composite steel form boards have developed and have been popularized more quickly during the past 2 years. Visible results have been obtained in improving work efficiency and in reducing cost. Dahua installed a total of 63,977 square meters of steel form boards between 1980 and October 1981. They constituted 51 percent of the total installed. The average consumption of timber per cubic meter of concrete dropped by over onefold, and a total of 1,663 cubic meters of timber was conserved. The quality of the concrete also visibly improved. The Ankang hydroelectric power construction site combined efforts with the actual situation in construction and test produced four types of steel form boards, formed steel boards of 2 meters high, composite formed steel boards of 3 meters high, truss type boards of 3 meters high and truss type boards with triangular grooves. After perfecting them further, they can be popularized.

The various types of form boards described above all have their own characteristics. They are all advanced forms, and on the basis of continued improvement in the future, they can be selectively used in different construction projects according to the actual situation.

C. Equipment for Mixing and Pouring Concrete

Concrete is mixed and produced in two ways in our nation: One is mixing in the mixing tower that has a relatively higher degree of mechanization and automation. The second is mixing at the semi-mechanized and semi-automated mixing station consisting of small volume mixing equipment. Most of the mixing towers are domestically manufactured but some are imported. The important mixing towers include: the Soviet-built C-243-01A model 2 x 1200 liter tower, the Soviet-built 1300-02 model 2 x 4 x 2400 liter tower; the French C-240 model 3 x 1600 liter tower, the French C-900 model 4 x 5000 liter tower; and the Czechoslovakian BT640 model 2 x 2400 liter tower. In using these mixing towers, some parts were renovated and improved and production was generally more stable. The main specifications of domestically built mixing towers are 3 x 1600 liters, 3 x 2400 liters and 4 x 5000 liters. Electronic scales are used but the performance is unstable and they need to be improved. The mixing towers we are using still have a lot of problems in mixing pulverized coal cinder, additives, and ice. The designing and manufacturing units are organizing research to solve these problems.

In the present construction of large dams, concrete is still poured mainly by gantry or tower cranes and cable cranes, and gantry or tower cranes are especially common. A few projects used motor vehicles or conveyor belts to carry concrete directly into the storage area. Before 1970, gantry and tower cranes mostly weighed 10 tons, i.e., the Fengman 10/30-ton gantry crane, and there are the 25-ton tower crane and the 20-ton four-linked-rod crane. After 1970, the Fengman gantry crane was rebuilt into a 10/30-ton overhead gantry crane and a 20/60-ton gantry crane. In 1977 and 1978, we also developed the SDTQ1800/60 single arm tower-frame crane and the MA1260/60 overhead gantry crane, totaling 7 types. Since the founding of the nation, designing and manufacturing units have done a lot of work to develop machinery for pouring concrete in large dam construction, but we should also note that there are not many suitable types that can be selected and the performance specifications are not ideal.

There are translational and radial cable cranes. Some are domestically manufactured and some are manufactured by East Germany. Their lifting capabilities are 20 tons and 10 tons. Recently, we summarized the situation of past cable cranes and 6 more translational cable cranes were manufactured for the Longyangxia and Ankang projects. The structure and operating parameters all improved. The number of major concrete pouring equipment used in some projects and the production rate are listed in Table 6.

D. Several Measures To Improve the Quality of Concrete and Reduce Cost

Before the 1960s, we had a set of measures to guarantee the quality of concrete and achievements were outstanding. In recent years, we have implemented some comprehensive measures to improve the quality of concrete and we have relatively quickly restored the quality of concrete that had been deteriorating, but there is still a gap between the present quality and the best quality in the past.

At present, we have implemented the following main measures:

1. Strict temperature control. Besides using pre-cooled aggregates, mixing by adding ice, cooling in two stages, which are traditional methods, we have also created a method of "direct cooling of fluid concrete." This involves transporting concrete which had been mixed with cold water on a conveyor belt through a cooling passageway. During the course of moving through the passageway, we use cold air to blow the concrete directly to reduce temperature. After the concrete emerges from the passageway, it is stored in an insulating drum so that the concrete remains at a low temperature when entering the warehouse. According to experimental data compiled by the Ankang construction site, the concrete with a temperature of 28° C to 48° C can be cooled to 7° C to 10° C after 15 to 25 minutes. Such cooled concrete is stored in drums with hollow walls. Inside the walls of the drums is water at 4° C. After half an hour, the concrete can be cooled to 5° C to 7° C. The temperature at the center of the drum also drops. The strength of the concrete (7 days, 28 days) generally increases by 25 kilograms/cubic centimeters compared to the strength before cooling. The degree of collapse is reduced by 3 to 6 centimeters and its mixing ease is still good. Such achievements have created conditions for construction in summer and have also provided a new path in studying the reduction or elimination of longitudinal cracks.

2. Mixing in Additives. The plasticizer used in the past conserved about 10 percent or less cement. The several new types of water reducing agents presently being used, such as ligneous sulfonate, molasses, OH-3, MF, 3FG have all improved the quality of concrete and produced better results. The use of ligneous sulfonate in the Wujiangdu and Gezhouba projects proved that the amount of cement can be reduced by 17 to 20 percent, the strength can be increased by about 20 percent, and the temperature rise can be lowered by 2 to 3° C. The additives can also delay the time of highest temperature rise. Wujiangdu used such additives and they alone conserved 97,000 tons of cement and a capital of 4,690,000 yuan.

The results of using molasses water as a reducing agent in the Hunanzhen project showed that a mixture of 0.1 to 0.15 percent can reduce the amount of water by 6 to 10 percent. The strength of the concrete after 28 days can be improved 15 to 25 percent. The amount of cement per cubic meter of concrete can be reduced by 11 to 13 kilograms.

The 3FG and 3FG-2 compound solidification moderator and water reducer successfully developed by the Dahua hydroelectric power construction site conserved a total of 8,557 tons of cement after using them with 500,000 cubic meters of concrete.

Experiments at the site of the Longyangxia Power Station proved that after using the DH-3 water reducer, the guaranteed strength of the concrete could reach 99 percent. Resistance to pulling and seepage all surpassed the designed requirements. The average reduction in water was 23 percent and the amount of cement used was reduced by 19 percent. In the construction of the

auxiliary dam, each ton of cement can provide 6.1 cubic meters of concrete and the highest could reach 7.3 cubic meters. A total of 17,088 cubic meters of concrete was poured to build the auxiliary dam and 854.4 tons of cement were conserved.

3. Mixing Pulverized Coal Cinder. Mixing pulverized coal cinder is usually done with other additives (i.e., "double mixing"). The results are better. Dahua project used "double mixing" and reduced the amount of cement by a large scale. From 1978 to 1981, the unit consumption of cement dropped from 267 kilograms to 162 kilograms, conserving a total of 36,990 tons of cement. Longyangxia selectively used DH-3 in a mixture of 0.5 percent and 25 to 30 percent of pulverized coal cinder. The amount of cement was 104 kilograms/cubic meter. When the amount of pulverized coal cinder was 34 kilograms/cubic meter, 83 kilograms of water were required. R_{28} can be greater than grade 150. The resistance to seepage is greater than S_8, and it can resist freezing for more than 50 times. The specifications coincide completely with the designed requirements. The heat of liquefaction of cement dropped 11.3 calories/gram in 3 days, and 11.5 calories/gram in 7 days. The highest temperature rise of liquefaction heat was delayed and the anti-plasticity during the early period of the concrete was improved. The Xijin, Chitan and Hunanzhen projects all realized better results in mixing pulverized coal cinder.

4. Pouring of Less Fluidic Concrete. The Qingtongxia, Danjiangkou, Liujiaxia and Longyangxia projects used less fluidic concrete but did not continue the practice. According to practices at Liujiaxia, settling can be reduced to 2.3 centimeters, the amount of water and cement can be reduced by 15 percent respectively, and the strength of the concrete can be improved 10 percent. If the diameter of the aggregate is enlarged, the amount of sand can be reduced from 28 percent to 20 percent, and the situation would be even better. The amount of water can be reduced 24 percent, and the amount to cement can be reduced 19 percent while the strength can be increased 26 percent. Resistance to seepage, wear and freezing can also be improved.

In general, our concrete construction techniques are being continually improved, but compared to advanced foreign standards, we are still behind in many respects and we must catch up to adapt to the needs in hastening hydroelectric power construction.

III. Mechanization of Earth- and Rock-Fill Dam Construction

Earth- and rock-fill dams occupy a very large proportion in our nation's water conservancy and hydroelectric power construction, especially in medium and small projects. But the construction technique is relatively backward and it is mainly manifested in the low degree of mechanized construction. During the early period, most of the earth- and rock-fill dams were built manually and the quality could not be easily guaranteed. Later, even with the conveyor belts, narrow gauge railways and forward shovels, the need could not be satisfied because they were few in number and they were not matched.

Table 6.

Project name	Dam type	Total concrete of dam (10,000 cubic meters)	Maximum dam height (meters)	Length of top of dam (meters)	Main crane (unit)				Maximum pouring strength (10,000 cubic meters)		
					Gantry	Tower	Cable	Total lift (ton)	Year	Month	Day
Xin'an Jiang	wide slotted gravity dam	138	105	465.6	9		2	130	87.1	14.2	0.94
Sanmenxia	gravity dam	163	106	897.86	2	8+4	1	264	103.9	12.2	0.79
Qinggangxia	gravity dam	68	47.7	697	5			50	19.6	3.12	0.13
Danjiangkou	wide slotted gravity dam	292	97	1,141	10	4		20	62.8	8.2	0.42
Zhexi	large head dam	65.8	104	326	2		1	30	48.2	8.5	0.42
Liujiaxia	gravity dam	76	146.6	204			4	80	30.0	9.8	0.62
Shiquan	hollow gravity dam	39	65	356	4			40	17.4	2.9	0.2
Wujiangdu	arch gravity dam	193	165	368	3	1	3	115	55	7.3	0.36
Gezhouba	lock and dam	553	47	2,561	21	15			194	25	1.87

In recent years, mechanized construction of earth- and rock-fill dams has acquired its own set of equipment because of the efforts of many sectors, and a set of construction methods that can guarantee quality and hasten the speed of construction has been gradually formed. In this regard, projects of the Bikou Hydroelectric Power Station and the Shitou He Reservoir have realized good results.

The Shitou He Reservoir has an earth- and rock-fill dam. The dam itself used a total of 8,550,000 cubic meters of earth and rocks, including 1,830,000 cubic meters of earth and 6,400,000 cubic meters of rocks as well as 320,000 cubic meters of reverse filtered materials. During the course of construction of that dam, a comprehensive mechanized production line in excavating earth and rocks, digging and filling was gradually formed. The total power of the equipment and machinery at the work site amounted to 75,000 horsepower, averaging 15 horsepower per worker. The earth was excavated by shovel loaders piled up by bulldozers and packed by sheepsfoot rollers and rubber tire rollers. Thirty centimeters of soil were paved each time. The sheepsfoot roller packed the soil by making 12 round trips over the soil. Then the rubber tire roller packed the soil again by making 10 round trips over the soil. The designed dry unit weight of 1.68 tons/cubic meters could be reached. A total of 26 shovel trucks, 19 bulldozers, 1,120 meters of conveyor belts and 4 sheepsfoot rollers and rubber tire rollers each were used. The highest monthly excavation of earth was 94,000 cubic meters and the highest daily output was about 10,000 cubic meters. The WK-4 electric shovel was used to excavate rocks. The material was directly transported to the dam by 18-ton dump trucks, bulldozers flattened the material, and domestically manufactured QZN-14 vibrating rollers were used in packing. Each paving operation covered 1.5 meters, and generally each layer was rolled 6 to 8 times. A few pavements required washing to realize a designed dry unit weight of 2.13 tons/cubic meter. Four electric shovels and 60 dump trucks were used. The highest monthly rock filling rate was 184,400 cubic meters, and the highest daily amount of filling was about 10,000 cubic meters. The percentage of machinery in operating condition during construction was about 60 to 70 percent and the attendance rate was 50 to 55 percent. The situation was good. After realizing comprehensive mechanization, 5,000 workers filled an annual average of 2,000,000 cubic meters of earth and rocks, excavated 1,000,000 cubic meters of earth and rocks, hastened the speed of construction and improved the quality of construction. Mechanized construction required more than 100 million man-days less than manual construction, and conserved over 50,000,000 jin of food grain subsidies to the workers. The construction period could be shortened by 6 years and about 100 million in investment could be saved. The benefits are outstanding.

The Bikou Hydroelectric Power Station has a mixed loam core wall earth- and rock-fill dam. The construction machinery used was similar to that used in the Shitou He project. During construction of that power station, experiments summarized a set of experience to guarantee the quality of filling and solved the problems of combining new and old soil layers and the problems of combining the soil covering and the slope of the banks, and the problems of combining the soil material and the reverse filtered materials as well as

the problem of constructing the core wall during the rainly season. At the same time, the methods of first applying earth and then sand and first applying sand and then earth were summarized and the forward method, reverse paving method and mixed methods were summarized. Practice proves that using these methods by suiting measures to local circumstances can realize better results. After several years of operation, the Bikou earth- and rock-fill dam sank a maximum of 283.3 millimeters, fully illustrating this point.

It can be seen from the above that our nation's construction of earth- and rock-fill dams has accumulated some experience and there have been greater improvements, but because we did not build many large earth- and rock-fill dams, generally speaking, our experience is still not enough, and there is a greater gap between our nation and advanced foreign standards. We must catch up.

IV. Construction To Prevent Seepage

In our treatment to prevent seepage we have mostly utilized the concrete seepage prevention wall and the grouting curtain.

After the concrete seepage prevention wall was used in the Yuezikou Reservoir in 1958 for the first time, many other projects continued to use it and up to the present, nearly 60 such walls have been built, intercepting a total area of over 400,000 square meters of water. According to incomplete statistics, over 30 permanent seepage prevention walls with a depth of over 40 meters have already been built in the world. We have 13 of them. Table 7 lists the concrete seepage prevention walls used as the foundation of earth- and rock-fill dams. Table 8 lists the concrete seepage prevention walls used as a part of the foundation of sluice gate dams.

In constructing concrete seepage prevention walls, the main difficulty we encountered was the drifting rock layer. Some of this material had a diameter of 1 to 2 meters and large isolated rocks had diameters of 8 to 10 meters. The usual method to solve this problem is by blasting. This method was used in the construction of the Yinxiuwan and Yuzi Xi power stations and results of better quality were realized.

After 1965, our nation began to expand the concrete seepage prevention wall and to use it in reinforcing unsafe dams. This improved the safety of the dam and eliminated hidden dangers in the foundation. For example, the Jinchuanxia, Zhelin, Chengbi He, and Hongchao Jiang projects used the concrete seepage prevention wall for unsafe reservoirs and realized good results. In addition, many projects also used concrete seepage prevention walls to prevent seepage of the body and the foundation of cofferdams, such as the Gongju Ankang, and Gezhouba projects. In general, we have realized relatively great achievements in the construction of seepage prevention walls, but construction techniques and construction machinery are still backward, and we need to exert more efforts to improve them.

In curtained grouting over the past 32 years, we have completed over 1 million meters and have realized good results. At the same time, some technical

Table 7.

Project name	Dam height (meter)	Wall thickness (meter)	Wall depth (meter)	Hydraulic slope	Area of interception of water (square meter)
Bikou (1)	101	1.3	38.5	77	3,100
(2)		0.8	65.5		7,860
Maojiacun	80.5	0.95-0.80	40	83	7,800
Miyun	66	0.80	44	80	19,000
Xizhaitang	58	0.70	49.2	74	6,200
Shinanling	29	0.80	57.5	40	20,700
Nangudong	73.5	0.80	51.3	91	2,900

Table 8.

Project name	Sluice gate (dam) height (meter)	Wall thickness (meter)	Maximum wall depth (meter)	Designed hydraulic slope	Area of water interception square meter
Fourth step on Maotiaohe (1)	39.5	1.0	28.3	51	700
(2)		1.0	30.9	51	900
Yingxiuwan	17	0.8	29.6	12.5	4,100
Yuzixi	22	0.8	32.0	23.5	2,340
Xiawaidian	19.5	0.7	39.5	22	4,130

difficulties in construction have also been overcome, and we have found a definite procedure to handle complex geological problems.

The curtained grouting of the foundation of the Wujiangdu Dam is technically the most complex project and the most difficult to construct. The dam is built in the limestone region. Corroded tunnels and corroded cracks are developed. On the left bank, 640 meters high, more than 60 corroded tunnels have been found. The largest is 34.6 meters high and 8 meters wide. Corroded tunnels are not only large, they are distributed deeply, and some have a local depth reaching 260 meters. The corroded tunnels are filled with corroded mud and coarse, medium and fine sand and sandy gravel. Building the curtain well so that seepage does not occur is indeed the key to the success or failure of the project. To guarantee the safety of the dam and to guarantee that the reservoir can store water and generate electricity normally, the designed curtains totalled 200,000 meters. The treatment of such deep karst at Wujiangdu was the first in the nation. On the basis of massive experimental research work, we finally found a set of grouting techniques to treat the deep karst. We used high pressure circulatory grouting techniques that involved high pressure grouting to seal the mouth of the holes, and we used small gauge drilling and grouting from top to bottom in sections without washing and without waiting for solidification. The grouting pressure was 60 kilograms/square centimeters (controlled according to the pressure of reverse grouting at the mouth of the hole). Plugging did not occur inside the holes. During grouting, the sealer was placed over the mouth of the hole. Within 2.5 meters of the mouth of the hole, we used a drill with a bore diameter of ϕ75 millimeters and for the remaining section of the holes, we used a drill with a bore diameter of ϕ53 millimeters or 42 millimeters without removing the rock core. In this way, we could fully develop the efficiency of drill grouting machinery. We also combined our efforts with centralized manufacturing of grout so that grout manufacturing was factory-produced, mechanized, and automated. This technique was proven by practice at Wujiangdu to be highly efficient and of good quality. According to statistics, the highest annual rate of completion of curtain grouting of the dam base was 81,264.42 meters, the highest monthly rate of completion of curtain grouting was 8,820.38 meters, and the highest daily rate of completion was 475.1y meters. The highest rate of completion per unit of machinery per month was 1,016 meters, and the average rate of completion per unit per month over many years was 208.8 meters. The work efficiency was higher than that of domestic circular medium and low pressure curtain grouting. The drilling rate was also higher than the drilling rate of drills with large bore diameters of ϕ75 to ϕ110 millimeters. The quality of grouting was also good, and the average ω value was less than 0.001 liter/minute/meter/meter, satisfying the designed requirements. Observations after storing water showed that seepage was very small. Statistics on the 253 drainage holes showed that total seepage was only 0.818 liters/minute, and some 81 percent of the holes almost did not leak. The experience of Wujiangdu is precious. It has created a new way to handle complex geological structures. It can provide a reference for future design and construction.

Grouting with chemical materials already has a 20-year history of systematic research and application in water conservancy and hydroelectric power systems. Although it could not be popularized because of the high cost of the materials, it has still realized greater progress. Propyl solidifiers have already been used in curtain grouting to prevent seepage of the dam base at Chencun, Danjiangkou and Gongju. The geological conditions at Chencun were very complex. After storing water, pressure-bearing influent seepage occurred and grouting with propyl solidifiers over a large area was carried out and a joint cement-propyl solidifier curtain to prevent seepage was built. The unit rate of water absorption dropped from 0.02 to 0.19 liters/minute/meter/meter prior to grouting to 0.005 to 0.0001 liters/minute/meter/meter, and the lifting pressure dropped to below the designed numberical value. The results were visible. Methyl solidifiers are mostly used to consolidate grouting. It produces a visible result in improving the modulus of elasticity of the foundation and the whole structure. Definite results have also been achieved by adding epoxy resins or polyurethane to prevent contraction during solidification. The use of polyurethane in construction to prevent seepage has also solved many difficulties. For example, in treating the fault at the dam base and muddly intercalations at the dam base of Fengtan, it visibly reduced influent seepage and surging of water. Lignin has been used in the Hengxi Reservoir in Zhejiang. Curtain grouting was done for the cap layer of the dam base containing mud and sandy gravel. After grouting, the unit rate of water absorption was smaller than the designed requirements.

V. Controlled Blasting

A. Pre-cracking for Blasting

To hasten the speed of construction of Gezhouba to improve the quality of excavation of the foundation and to guarantee the stability of the rocks of the side slopes, many experiments were conducted and finally the method of pre-cracking for blasting was successful. After using this construction method, progress in pre-cracking during the first phase of construction reached over 80,000 meters. The largest pre-cracked hole had a depth of 26 meters, and a pre-cracked wall surface of more than 80,000 square meters was formed. After inspection, the results completely satisfied the designed requirements. The pre-cracked seams visibly reduced vibration by 54 to 84 percent (under the same conditions, single row holes can reduce vibration by 35.5 percent). Because of pre-cracking for blasting, the designed side slope was protected, over-digging was reduced, and better economic results were realized. The Gezhouba project alone saved 8 million yuan.

The structure of the Dongjiang double curvature arch dam was complex. The quality of excavation for the dam base had to be strict. To satisfy the designed requirements, the construction units summarized the pre-cracking for blasting work at Gezhouba and on this basis developed the method of full radial controlled three-way pre-cracking for blasting and improved the method technically. To guarantee the excavation profile and the quality of the surface of the constructed foundation, the slope, direction and depth of the

pre-cracked holes were strictly controlled. The quality of excavation was good, and the dimensions satisfied the designed requirements. Sonic measurements of the rock body showed that the wave velocity of logitudinal waves was over 5,000 meters/second, and the depth affected by the blast was generally 0.2 to 0.6 meters. The surface of the constructed foundation was smooth, the difference in relief was between 11 and 20 centimeters, the percentage of qualified results was 100 percent, and the percentage of superior quality was 75 percent.

The area of the excavated river bed for the base of Baishan Dam was narrow, the schedule was tight, and it was in the middle of winter. Construction was fairly difficult. Diversion tunnels were tunneled into the foundation pit. Fan-shaped holes were drilled in the tunnels for pre-cracking for blasting. The amount of rock excavated was 96,000 cubic meters. This guaranteed the construction of the upstream cofferdam and the pouring of concrete for the dam and it avoided working in the open during winter, improved work efficiency, shortened the construction period by two months (compared to blasting using hand air drills), and satisfied the designed requirements.

B. Smooth Surface Blasting

The smooth surface blasting technique was utilized in the underground construction projects at Jingbehu, Chaersen, Yuzi Xi, Taipingshao, and Baishan. The diversion tunnel at Taipingshao was a horse-shoe section. The dimension of excavation was 10.4 x 10.6 meters. The rock was biotite mixed gneiss. The rocks were hard, their strength was strong, and jointings were of medium development. A total of 190 blasting holes were placed throughout the whole section. A cutting was made at the center. Each blast progressed 2 to 2.4 meters in a cyclic manner. To realize the requirements of smooth surface blasting, the surrounding holes were filled with uncoupled dynamite. The sticks had a diameter of 22 millimeters. Other sticks had a diameter of 32 millimeters. Millisecond detonators of Nos. 1 to 10 were used. The surrounding holes were blasted last to produce the predetermined free surface and to reduce the degree of damage by whole body blasting. After excavation, actual measurements were made and the scars of remaining holes were generally over 65 percent. The difference in relief was small, averaging 17 centimeters. After inspection, the wall rock remained intact and stable. This reduced the amount of the originally designed masonry work by 50 percent. Average overdigging and under-digging was 17.7 centimeters. The amount of over-excavation of ordinary blast excavation was reduced from 20 percent to 5 percent. The quality reached an advanced level compared to the same types of projects throughout the nation. The speed of construction was also fast. Average monthly progress was 45 meters with the highest reaching over 50 meters.

The water conduit tunnel at Chaersen required building a tunnel of 7 meters in diameter. The rocks were fragmented tuff of the Jurassic Period. The construction method used was to tunnel through the lower diversion tunnel and to expand and shape it at once. The distance between surrounding holes was 40 to 50 centimeters, and the smallest defense line was 50 to 60 centimeters.

The row distance between other blasting holes was 70 to 80 centimeters. After excavation, the difference in relief was about 15 centimeters, and the amount of over-excavation dropped from 20 percent of ordinary methods to about 8 percent. Because the wall rock was stable, this greatly reduced the number of supports required, and this conserved investment and materials.

VI. Directional Blasting

Since 1958 when we began to study directional blasting techniques, we have conducted a lot of experimental work and on this basis, we have successfully built the Dongchuankou and Shiguo Xi river dams in 1959. On 25 December 1960, we again successfully built the Nan Shui Dam with the common efforts of concerned departments and sister departments. The Nan Shui Dam is 81.3 meters tall. The body of the dam has a volume of 1,710,000 cubic meters. It is the largest dam built by directional blasting at present. The total charge was 1,394 tons of dynamite. The amount of blasting was 1,050,000 cubic meters. The amount of earth and rocks used for the dam amounted to 1,000,000 cubic meters. The average height of the rock and earth pile on the dam was 62.3 meters. The shortest height was 46.4 meters. The corresponding top was 40 meters wide. The slope of the dam on the upstream and downstream sides was 1:3.1. This basically realized the designed requirements and enabled our nation's directional blasting techniques to progress one step forward. After completion, the dam was tested by many years of flood waters and the dam operated safely. This showed that the quality was good.

VII. Underwater Plutonic Plug Blasting

Since the 1960s, the originally completed Fengman, Xiangshan, and Miyuan Reservoirs required adding diversion or discharge and emptying tunnels. The water entrances were all several dozen meters under water. It was very difficult to use cofferdams to construct them. We selected underwater plutonic plug blasting and achieved success and created a definite standard.

The water entrance of the Fengman flood discharge and emptying tunnel is 39 meters below the normal high water level. The plutonic plug had a solid volume of 3,794 cubic meters. Total charge was 4,075 kilograms. The largest blast used a charge of 1,979 kilograms. Actually measured data showed that the blasts did not damage the structures. The dimension of the opening and the shape of the piles of residual rocks in the residual rock collecting pit, the effect upon the concrete masonry on the top all realized the expected results.

After the 1976 Tangshan earthquake, the Miyun Chaohe Dam required reinforcement and a discharge and emptying tunnel had to be built. Underwater plutonic plug blasting was also used. It was characterized by the use of rows of holes for blasting and a shallow buffer pit to channel residual rocks. Blasting was successful on 4 July 1980. Practice proved that this construction method was safer and more convenient than cave blasting, and it conserved the hidden amount of excavation of the residual rock gathering pit and the amount of concrete masonry. The residual rocks did not cause

visible damage to the tunnel. The residual rocks were discharged through the tunnel downstream and piled up inside the tail canal in a relatively regular pattern. The actual measurements of the dimensions of the water intake satisfied the designed requirements and the speed was fast. This construction technique is worth popularizing and using in the future.

VIII. Anchored Spraying Technique

Although the anchored spraying technique in water conservancy and hydroelectric power construction had already been used in 1953 in repairing the diversion tunnel of Jingbehu, because of insufficient emphasis on summarization and popularization, its development was not fast. It has been emphasized and popularized gradually only within the past 10 years. Practice proves that this technique indeed has a more outstanding superiority. Compared to immediate pouring of concrete masonry, it can shorten the construction period by one-half to one-third, conserve one-third to one-half of cement, and reduce labor and investment by over one-half. Especially worth noting is that because it eliminates the procedure of refilling and grouting, timber can almost be eliminated, and the amount of steel can be conserved to varying degrees. According to statistics compiled during the construction of the Huilongshan diversion tunnel, the tunnel had a section of 11 x 11 meters and a length of 605 meters. The use of anchored spraying masonry conserved 5,500 cubic meters of concrete, 160 tons of steel reinforcing members, 60 cubic meters of timber, 350 tons of steel, 5,300 square meters of refilling and grouting, and 60 percent of labor compared to using steel forms and carts to pour concrete for masonry work. The construction period was shortened from 20 months to 7 months. It can be seen that it is a construction method that can achieve greater, better, faster and more economical results. During the past 10 years, its scope of application has expanded in the following aspects:

1. It has already been used in building relatively large-scale underground caverns as permanent masonry and temporary construction support. Already completed and operating projects show that its results are good. The underground plant housing currently being built at Baishan is the largest underground project in the nation at present. Its span is 25 meters, its height is 54 meters, its length is 120 meters. The whole underground system required anchored spraying masonry of 45,000 square meters. The pressure adjusting well at Bikou had a span of 12 meters, a height of 80 meters and a length of 46 meters. In construction, the rocks used were phyllite and tuff. The geological conditions were relatively poor. Fragmented zones emerged on the side walls. There was a lot of unsafe rocks. Success was realized in using anchored spraying masonry to provide temporary construction support, construction safety was satisfied, and excavation was successfully completed.

2. The results are more outstanding when it is used in combination with smooth surface blasting for water-passing tunnels. Operation and practice of the Yuzi Xi first cascade. Huilongshan, Jingbehu, and Taipingshao projects showed that it worked well under the designed waterhead and flow velocity.

3. It has been used for construction support where geological conditions are unfavorable. The diversion tunnel of the fifth cascade project on the Maotiao He consisted of an intercalation of limestone and shale. The angle of inclination was gentle. Coal seams of different thickness emerged at many places. There was relatively abundant underground water. During excavation, cave-ins occurred many times. At first, formed steel was used as props. Each extension of 1 meter required 1 ton of steel. At severly unfavorable sections, as much as 2 tons of steel had to be used. This wasted materials and prolonged the construction period. Later, anchored sprayed supports were used over a length of 900 meters. After half a year and two and a half years of use, the situation was good, and construction safety was guaranteed. The Fengjiashan flood discharge tunnel consists of chlorite-schist. The strength of the rock was very weak and weathering was severe. Anchored spraying masonry was used and after the tunnel was used, operation was normal. But there were also lessons of failure. Cave-ins occurred after anchored spraying masonry and this had to be treated using anchored cables. Loss was incurred. Therefore, when using anchored spraying masonry in unfavorable geological conditions, extreme care must be taken.

4. It is used a lot in safety treatment of high side slopes. It has been used in the Chencun, Bikou, and Nanya He projects. Meishan, Jingbehu, and Fengman used large pre-stressed anchored cables to reinforce the dam shoulder, the tunnel face and the side walls successfully.

Although our anchored spraying technique still has deficiencies, practice has proven that actively popularizing the use of anchored spraying technique has a great practical significance in hastening hydroelectric power construction. At present, that which limits us in popularizing the anchored spraying technique is machinery and technology. We urgently need to improve the construction technique, to build whole sets of equipment and to perfect the construction machinery.

Since the founding of the nation, we have indeed realized great achievements in construction techniques. But because of destruction caused by the influence of "leftist" ideology and during the 10 years of upheaval, we still lag behind the advanced technical levels in many respects. We need to catch up in the future to adapt to the continued development of hydroelectric power. At present, the nation has already determined that we should develop hydroelectric power in a big way. The task that history has bestowed upon us is very difficult. The installed capactiy under construction is over 10,000,000 kilowatts. Current construction involves 180 million cubic meters of earth and rocks and the pouring of 40,000,000 cubic meters of concrete. The hydroelectric power stations that will be built in the future are large in scale and technically complicated, such as the Ertan project on the Yalong Jiang, Longtan on the Hongshui He, and Sanxia on the Chang Jiang, which are all huge projects by world standards. In the future, the amount of excavation, treatment of the foundations, and the amount of concrete pouring each year will be very large. To better complete the construction tasks, the weak links in construction should be quickly studied and solved so that our standard of construction can quickly join the ranks of the advanced, and so that we can exert our greatest strength to hasten the speed of construction, to improve the quality of construction, to reduce construction cost, to improve investment gain and to hasten the development of hydroelectric power.

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PHOTOGRAPHS DEPICT PROGRESS IN NATION'S HYDROPOWER CONSTRUCTION EFFORT

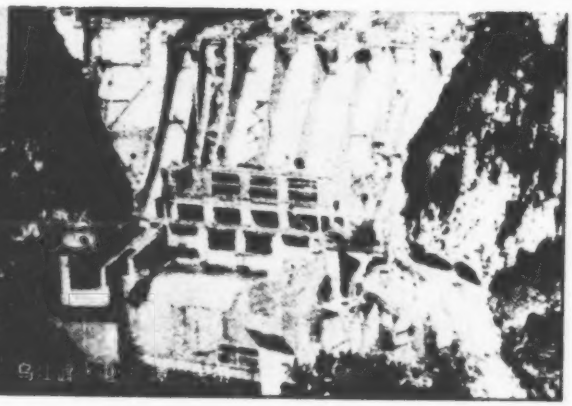
Beijing SHUILI FADIAN [WATER POWER] in Chinese No 8, 12 Aug 82, insert

[Photographs and Captions]

Overview of first stage of construction on the Gezhouba key water conservancy project.

Xin'an Jiang hydropower station

Liujiaxia hydropower station

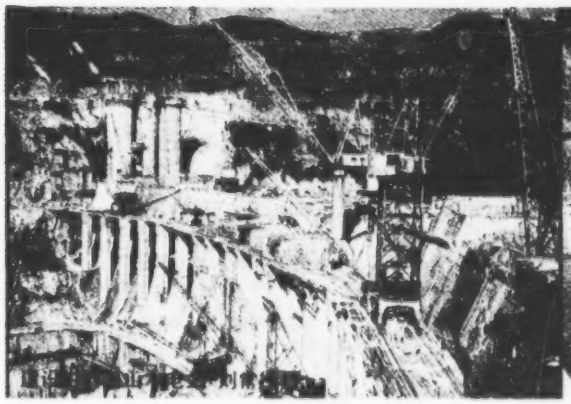


Sanmenxia hydropower station

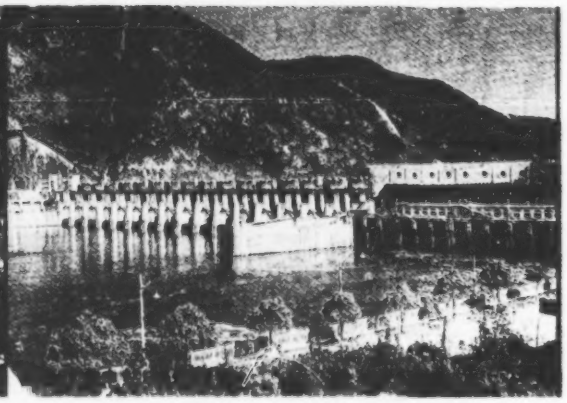
Wujiangdu hydropower station

Longyangxia hydropower station under stepped-up construction

Qingtongxia hydropower station

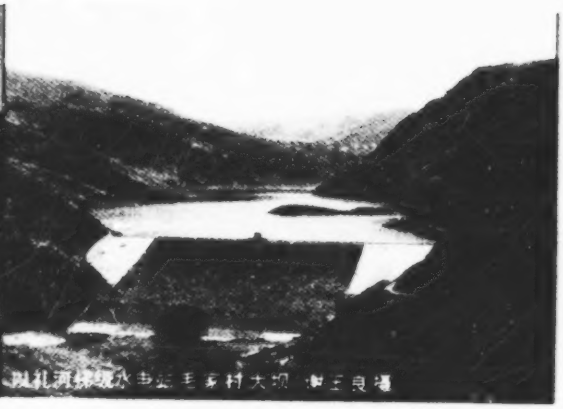


Baishan hydropower station now under construction



Fuchun Jiang hydropower station

Zhexi hydropower station

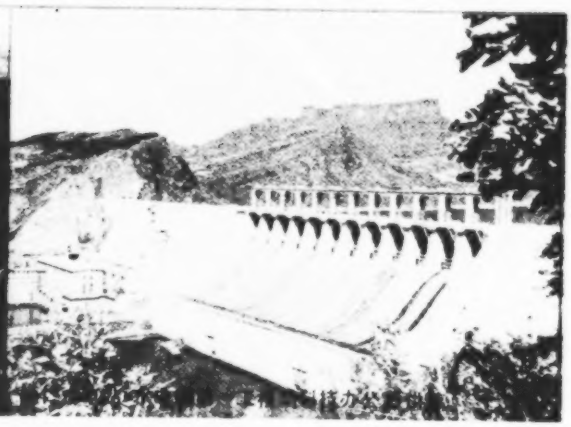


Maojiacun Dam of the Yili He cascade hydropower stations

Danjiakou water conservancy key project

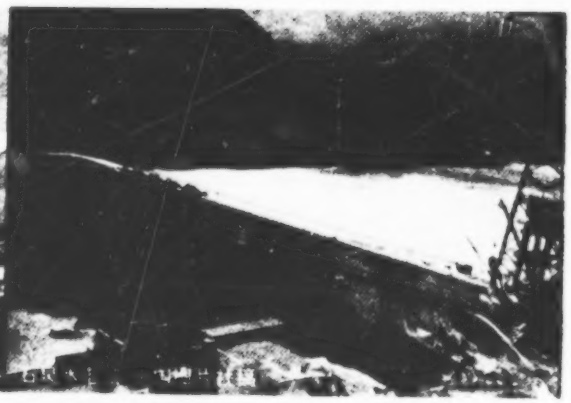
Gutian Xi 2d cascade hydropower station

Bikou hydropower station



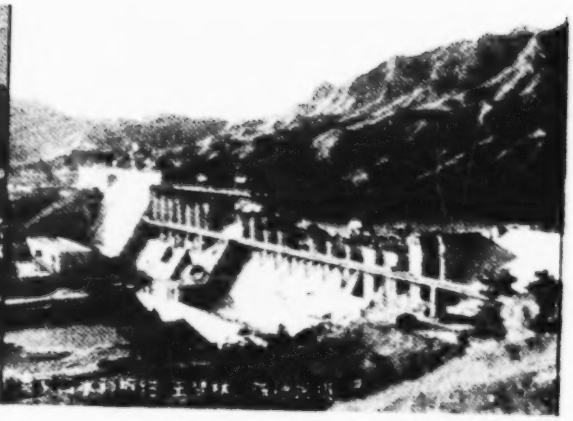
Huanren hydropower station

Gongju hydropower station



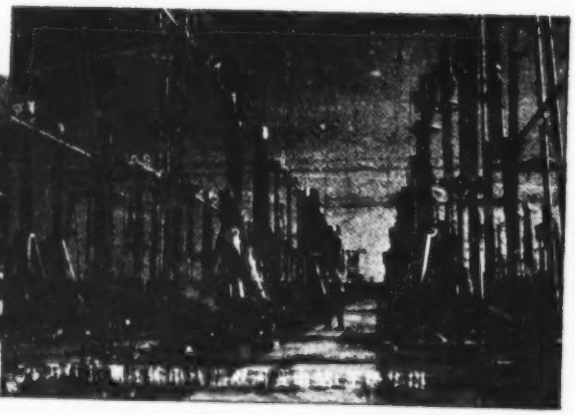
Shiquan hydropower station

Fengtan hydropower station



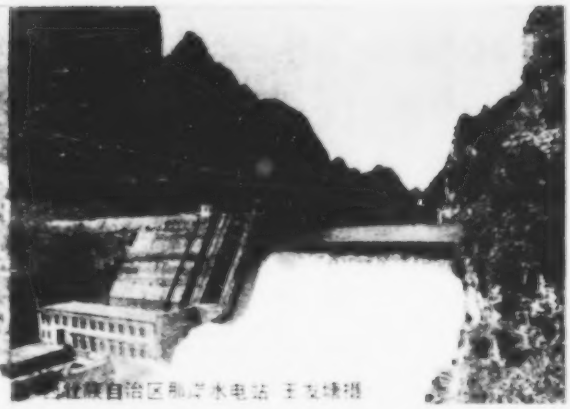
Panjiakou water conservancy key project

Hunanzhen hydropower station



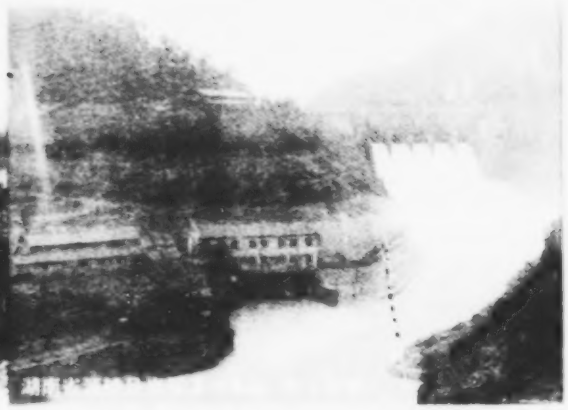
500 KV ultrahigh-tension transmission line's Shuanghe transformer station

The 4th and 5th cascade hydropower stations, Liangtian He, Jiexi County, Guangxi Province

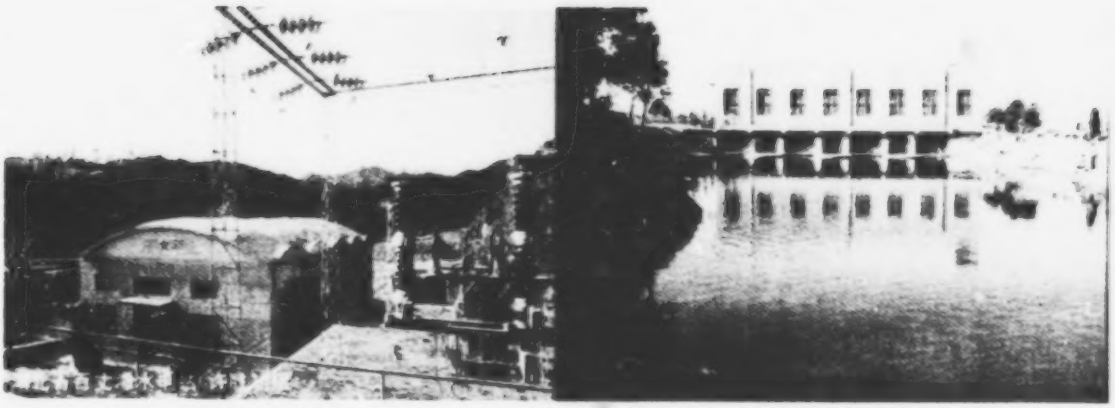


Na'an hydropower station, Guangxi Zhuang Autonomous Region

Xiangyuan hydropower station, Yongchun County, Fujian Province

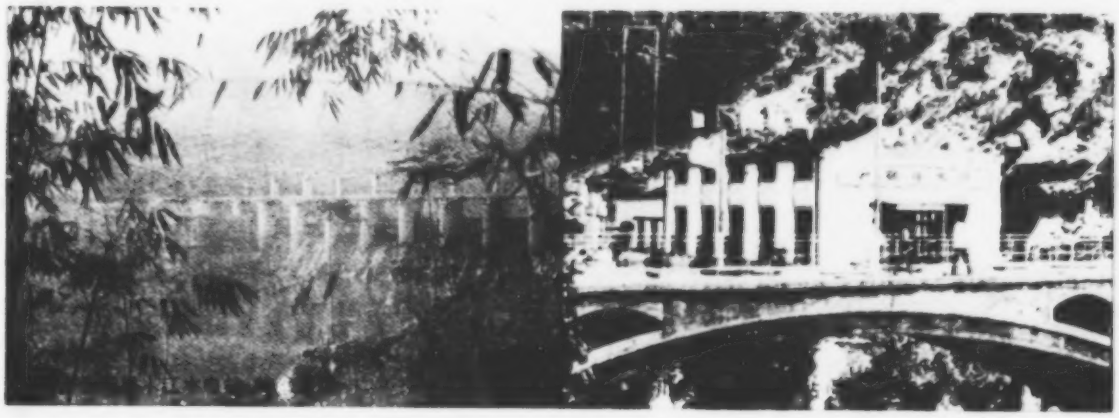


Yaiwutan hydropower station, Yuanling County, Hunan Province



Baizhangtan hydropower station,
Hubei Province

Huangxi hydropower station,
Yujiang County, Jiangxi Province



Xiaojiang hydropower station,
Yunyang County, Sichuan Province

Huche He hydropower station,
Longchuan County, Yunnan Province

CSO: 4013/165

China: Hydroelectric Power Plants

Power Plant	Type of Dam	Installed Capacity (KW)	Designed Annual Power Output (100 million KWH)
Ankang	gravity	800,000	28.50
Anxha	gravity	113,500	6.14
Baishan	gravity-arch	900,000	20.00
Bapanxia	lock-and-dam	180,000	10.94
Bikou	rockfill, core wall	300,000	14.63
Chencun	gravity-arch	150,000	3.18
Chitan	gravity	100,000	4.88
Dahua	gravity	400,000	20.60
Danjiangkou	gravity	900,000	38.80
Dongjiang	arch	500,000	13.21
Fengman	gravity	554,000	18.90
Fengshuba	hollow gravity	150,000	6.06
Fengtan	hollow gravity	400,000	20.80
Fuchun Jiang	gravity	297,200	9.23
Gezhouba	lock-and-dam	2,715,000	140.00
Gongju	gravity	700,000	35.30
Gutian Xi, Second Cascade	slab	130,000	4.42
Hongshi	gravity	200,000	4.40
Huanglongtan	gravity	150,000	7.59
Huanren	single buttress	222,500	4.97
Hunanzhen	stepped buttress	170,000	5.40
Jinshuitan	gravity	200,000	5.10
Laohushao*	gravity	390,000	12.00
Liujiaxia	gravity	1,160,000	57.00
Longyangxia	gravity-arch	1,280,000	60.00
Lubuge	concrete arch	600,000	27.50
Maotiao He, Fifth Cascade	gravity	102,000	3.83
Mashi	large head	100,000	4.55
Nanya He, Third Cascade	lock-and-dam	120,000	6.35
Panjiakou	gravity	150,000	3.70
Qingtongxia	gravity	272,000	12.80
Sanmenxia	gravity	250,000	13.90
Shaxikou	gravity	300,000	9.10
Shiquan	hollow gravity	135,000	6.50
Shuangpai	double buttress	135,000	6.20
Shuifeng*	gravity	630,000	39.30
Shuifeng Extension	gravity	135,000	0.85
Taipingshao	gravity	160,000	4.30
Taipingwan*	gravity	190,000	7.70
Tianqiao	rockfill, lock-and-dam	128,000	6.23
Tianshengqiao, Second Cascade	gravity	800,000	46.70
Tongjiezi	gravity	600,000	32.10
Wan'an	gravity	400,000	10.50
Wujiangdu	gravity-arch	630,000	33.40
Xi er He, First Cascade	lock-and-dam	105,000	4.41
Xijin	gravity	234,400	10.93
Xin'an Jiang	gravity	662,250	18.60
Xinfeng Jiang	large head	292,500	11.80
Yanguoxia	gravity	352,000	17.00
Yili He, Fourth Cascade	steel reenforced concrete light	144,000	7.19
Yili He, Third Cascade	homogeneous earth	144,000	7.16
Yingxiuwan	lock-and-dam	135,000	7.13
Yunfeng*	gravity	400,000	17.50

Soviet Union
ULAANBAATAR
Mongolia
Heilongjiang
Harbin
Changchun
Fengmai
Jilin
Hongshi
Baishan
Yanfang
Nei Mongol
Shenyang
Huanren
Taipingshao
Liaoning
Shuifeng
Laohushao
Shuifeng Extension
Taipingwan
North Korea
Panjiakou
PYONGYANG
Gansu
BEIJING
Luda (Dalian)
SEOUL
Tianjin
South Korea
Hebei
Tangshan
Taiyuan
Qingtongxia
Ningxia
Shanxi
Jinan
Japan
Shandong
Xining

Tongjiezi	gravity	600,000	32.10
Wan'an	gravity	400,000	10.50
Wujiangdu	gravity-arch	630,000	33.40
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Yili He, Third Cascade	homogeneous earth	144,000	7.16
Yingxiuwan	lock-and-dam	135,000	7.13
Yunfeng[a]	gravity	400,000	17.50
Yuzi Xi, First Cascade	lock-and-dam	160,000	9.60
Yuzi Xi, Second Cascade	lock-and-dam	160,000	8.90
Zhelin	rockfill, core wall	180,000	6.30
Zhexi	single buttress	447,500	22.90

[a] Shared jointly with North Korea

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Gansu
BEIJING
Tianjin
Luda (Dalian)
SEOUL
South Korea
Japan
Hebei
Tianqiao
Taiyuan
Shanxi
Jinan
Shandong
Qingtongxia
Ningxia
Qinghai
Xining
Longyangxia
Bapanxia
Yanguoxia
Lanzhou
Liujiaxia
Gansu
Sanmenxia
Zhengzhou
Shaanxi
Xi'an
Henan
Jiangsu
Nanjing
Shanghai
Bikou
Shiquan
Huangjingtan
Ankang
Danjiangkou
Yuzi Xi Second Cascade
Yingxiuwan
Yuzi Xi First Cascade
Anhui
Chencun
Hubei
Wuhan
Gezhouba
Fuchun Jiang
Xin'an Jiang
Zhejiang
Hunanzhen
Sichuan
Chengdu
Nanya He Third Cascade
Tongjiezi
Gongju
Chongqing
Zhelin
Nanchang
Jinshuitan
Fengtan
Zhexi
Changsha
Hunan
Jiangxi
RYUKYU ISLANDS
Chitan
Gutian Xi Second Cascade
Shaxikou
Fuzhou
Wujiangdu
Maotiao He Fifth Cascade
Guizhou
Guiyang
Wan'an
Ansha
Fujian
Taipei
India
Yili He Fourth Cascade
Yili He Third Cascade
Shuangpai
Dongjiang
Xier He First Cascade
Tianshengqiao Second Cascade
Lubuge
Kunming
Mashi
Taiwan
Xinfeng Jiang
Fengshuba
Yunnan
Guangdong
Guangzhou
Dahua
Guangxi
Nanning
Xijin
Macau (Port.)
Hong Kong (U.K.)
HANOI
Burma
Laos
Vietnam
Hainan Dao
Philippines
Thailand
VIENTIANE
RANGOON

STATISTICS SHOW GROWTH, POTENTIAL OF NATION'S HYDROPOWER

Beijing SHUILI FADIAN [WATER POWER] in Chinese No 8, 12 Aug 82, insert

[Text] The highest concrete-arch gravity dam is the Wujiangdu hydroelectric power station at 165 meters;

The highest concrete gravity dam is the Liujiaxia hydroelectric power station at 146.6 meters;

The highest concrete gravity-arch dam is the Longyangxia hydroelectric power station at 175 meters;

The highest concrete hyperbolic arch dam is the Dacheng Reservoir (Taiwan) at 181 meters;

The highest masonry gravity-arch dam is the Qunying Reservoir at 95 meters;

The highest core wall earth and rock dam is the Shitou He Reservoir at 115 meters.

The longest pressure-free tunnel is at the Yuzi Xi 1st Cascade hydroelectric power station, length 8,601 meters;

The longest pressurized tunnel is the Xier He 1st Cascade hydroelectric power station at 8,574 meters, 400 meters of which is a high-pressure section.

The highest waterhead power station is the Yili He 3d Cascade hydroelectric power station. Of the diversionary type, the waterhead is 629 meters.

The record for pouring concrete is held by Gezhouba in 1977: 18,800 cubic meters/day, 230,000 cubic meters/month, 2.03 million cubic meters/year.

The record for earth and stone fill is held by the Miyun Reservoir in 1958: 305,000 cubic meters/day, 2,764,000 cubic meters/month, 14.12 million cubic meters/year.

The highest capacity water turbine generator: the Liujiaxia hydroelectric station's No 5 generator produces 260,000 kilowatts.

The largest existing installed capacity power hydroelectric station: Liujiaxia hydropower station at 1.16 million kilowatts.

The largest installed capacity hydroelectric station under construction: the Gezhouba water conservancy key project at 2,715,000 kilowatts.

The highest voltage transmission line: the Ping (dingshan) - Wu (chang) 500 KV ultrahigh-tension transmission line; total length of more than 600 kilometers.

Largest diverted flow hydroelectric power station: The Gezhouba water conservancy key project has a maximum rate of flow of 17,935 cubic meters/second; maximum flow for the 170,000-kilowatt generators is 1,130 cubic meters/second.

The largest lock: the Gezhouba No 2 navigation lock is 34.05 meters high, 19.7 meters wide and 2.7 meters thick. Each door weighs 600 tons.

The largest diameter steel pressurized pipe: The Gongju hydroelectric station; diameter 8 meters.

Statistical Table Showing Nation's Exploitable Hydropower Resources by River System

River System	Installed Capacity (10,000 kilowatts)	Yearly Output (100 million KWH)	Percent of Total
National	37,853.24	19,233.04	100
Chang Jiang	19,724.33	10,274.98	53.4
Huang He	2,800.39	1,169.91	6.1
Zhu Jiang	2,485.02	1,124.78	5.8
Hai Luan He	213.48	51.68	0.3
Huai He	66.01	18.94	0.1
Northeastern Rivers	1,370.75	439.42	2.3
Southeastern Littoral Rivers	1,389.68	547.41	2.9
Southwestern International Rivers	3,768.41	2,098.68	10.9
Yarlung Zangbo and Other Xizang Rivers	5,038.23	2,968.58	15.4
Northern Interior Waterways and Xinjiang	996.94	538.66	2.8

Note: Table based on statistics of stations of 500 kilowatts or more.

Extent of Development at Different Stages of the Nation's Hydropower Resources

Year	Hydropower Capacity (100 million KWH)	Percent of Exploitable Hydropower Resources	Percent of Total Output
1949	7.1	0.04	16.5
1952	12.6	0.06	17.4
1957	48.2	0.25	24.9
1965	104.1	0.54	15.4
1970	204.6	1.07	17.7
1975	476.5	2.48	24.3
1980	582.1	3.03	19.4
1981	655.6	3.41	21.2

Statistical Table Showing Nation's Hydropower Reserves by River System

River System	Hydropower 10,000 kilowatts	Reserves 100 million KWH/yr	Percent of National Total
National	67,604.71	59,221.8	100
Chang Jiang	26,801.77	23,478.4	39.6
Huang He	4,054.80	3,552.0	6.0
Zhu Jiang	3,348.37	2,933.2	5.0
Hai Luan He	294.40	257.9	0.4
Huai He	144.96	127.0	0.2
Northeastern Rivers	1,530.60	1,340.8	2.3
Southeastern Littoral Rivers	2,066.78	1,810.5	3.1
Southwestern International Rivers	9,690.15	8,488.6	14.3
Yarlung Zangbo and Other Xizang Rivers	15,974.33	13,993.5	23.6
Northern Interior Waterways and Xinjiang	3,698.55	3,239.9	5.5

Note: The table does not include Taiwan.

Statistical Table Showing Nation's Hydropower Reserves by Province (region)

Region, Province (district)	Hydropower Reserves 10,000 Kilowatts	100 million KWH/yr	Percent of National Total
National	67,604.71	59,221.8	100
North China Region	1,229.93	1,077.4	1.8
Beijing, Tianjin, Hebei	220.84	193.5	0.3
Shanxi	511.45	448.0	0.8
Nei Monggol	497.64	435.9	0.7
Northeast Region	1,212.66	1,062.3	1.8
Liaoning	175.19	153.5	0.3
Jilin	297.98	261.0	0.4
Heilongjiang	739.49	647.8	1.1
East China Region	3,004.88	2,632.3	4.4
Shanghai, Jiangsu	199.10	174.4	0.3
Zhejiang	606.00	530.9	0.9
Anhui	398.08	348.7	0.6
Fujian	1,045.91	916.2	1.5
Jiangxi	682.03	597.5	1.0
Shandong	73.76	64.6	0.1
South-Central Region	6,408.37	5,613.8	9.5
Henan	477.36	418.2	0.7
Hubei	1,823.13	1,597.1	2.7
Hunan	1,532.45	1,342.4	2.3
Guangdong	823.60	721.5	1.2
Guangxi	1,751.83	1,534.6	2.6
Southwest Region	47,331.18	41,462.1	70.0
Sichuan	15,036.78	13,172.2	22.2
Guizhou	1,874.47	1,642.0	2.8
Yunnan	10,364.00	9,078.9	15.3
Xizang	20,055.93	17,569.0	29.7
Northwest Region	8,417.69	7,373.9	12.5
Shaanxi	1,274.88	1,116.8	1.9
Gansu	1,426.40	1,249.5	2.1
Qinghai	2,153.66	1,886.6	3.2
Ningxia	207.30	181.6	0.3
Xinjiang	3,355.45	2,939.4	5.0

Small-Scale Hydropower Stations (as of end of 1981)

Total number of small-scale hydropower stations completed	85,415
Number of stations feeding into national grid	3,802
Number of stations feeding into local grid	3,913
Total installed capacity (10,000 kw)	757
Percent of national grid	26.4
Percent of local grid	35.6
Power generated in 1981 (100 million KWH)	144

CSO: 4013/165

DEVELOPMENT OF HYDROPOWER SCIENCE AND TECHNOLOGY IN CHINA OUTLINED

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 33-40

[Article by Wang Shengpei [3769 5110 1014] of the Science and Technology Department of the Ministry of Water Conservancy and Electric Power: "Development of Hydroelectric Power Science and Technology in Our Nation"]

[Text] I. General Situation

After liberation, as hydroelectric power construction grew, our nation's hydroelectric power science and technology gradually evolved on the weak foundations of scientific research and a lack of construction practice in the past. In 1956, the state established a plan to develop science and technology and a series of important measures, and scientific research in hydroelectric power and the development of technology were included in the state's plans. From then on, our nation's hydroelectric power hastened its progress. One important milestone in this regard is the rapid establishment of a comprehensive scientific research agency with an initial scale—the Water Conservancy and Hydroelectric Power Sciences Research Institute. At the same time, some regions and higher educational institutions established comprehensive and specialized scientific research agencies and agencies engaged in technical information research. A strength that could independently study hydroelectric power science and technology on an overall basis was preliminarily formed. During the 10 years of upheaval, our nation's hydroelectric power science and technology suffered severe devastation and setbacks. Scientific research agencies and teams were almost on the verge of being disbanded. A new path developed only after the National Science Conference in 1978. Now, the whole nation has over 20 various types of agencies engaged in scientific research in hydroelectric power. The work team has been enlarged to nearly 4,000 people. There are seven comprehensive multiple-disciplinary research academies and institutes. At the same time, a group of richly experienced, high-caliber scientific research personnel and technical specialists emerged. At the same time, scientific research equipment was also gradually supplemented and renovated, and computers with advanced performance and large capacity have been installed in a key way. Research equipment for some special subjects has approached the world's advanced levels. Nationally, a scientific research body in hydroelectric power that possesses a fairly high standard and that is basically complete professionally has been preliminarily formed.

For more than 30 years, the broad number of scientific researchers and engineers have surrounded the technical difficulties in hydroelectric power construction to continuously conduct scientific experiments and research without rest and with a lot of enthusiasm. They have visibly improved the standard in basic theory in related topics and have realized many scientific and technical achievements. Among them, 70 have been awarded major scientific and technical achievements awards at the National Science Conference, 4 have been awarded the nation's inventions awards, 23 have been awarded major scientific and technical achievements awarded by the former Ministry of Electric Power, and some have reached or approached the world's advanced levels. All of the above achievements have served significantly in promoting the development of our nation's hydroelectric power construction. In addition, as international academic exchange activities developed, our nation has submitted some 40 papers on hydroelectric power science and technology to concerned international academic conferences in the past several years alone. Among them, 17 papers were submitted to the International Dam Conference.

It should be mentioned that our hydroelectric power science and technology serve hydroelectric power construction, and at the same time, hydroelectric power science and technology. To concretely explain this point, several representative examples will be cited here: (1) As early as the 1950s, we relied on our own strength and built the first large hydroelectric power station with a dam height of 102 meters, a total reservoir capacity of 22 billion cubic meters, an installed capacity of 660,000 kilowatts--the Xin'an Jiang Hydroelectric Power Station. We used the key arrangement of an overflow plant housing. This created a way and accumulated experience of our nation to design and build tall dams and large hydroelectric power stations on our own. (2) In the 1960s, we built the Liujiaxia Hydroelectric Power Station with an installed capacity of 1,160,000 kilowatts with better quality and at a faster speed. In the design and construction of this power station, scientific researchers and designers went deeply into the construction site and cooperated with construction workers, solved a series of technical design, construction and manufacturing problems, includling problems in the structure of our nation's first concrete dam of 147 meters tall, in flood discharge facilities with a flow velocity reaching 40 meters/second, in the construction of tall concrete dams and temperature control, in the stability of the high side wall of the first large underground plant housing with a span of 26 meters, in the stability of the wall rock and supporting structures, in the first 330,000-volt high voltage power transmission equipment, the 260,000-kilowatt water turbine generator, thus the science and technology in the construction of large hydroelectric power stations and dams in our nation developed. (3) In the 1970s, during the course of constructing the Wujiangdu Hydroelectric Power Station, we successfully solved the difficult problem of treating the foundation in building a 165-meter-high dam on a karst foundation. We developed a set of high quality and low cost techniques for the mechanized production of artificial sand and rock materials. We ingeniously utilized the technique of piling rocks and pouring cement mortar in moving water to build cofferdams in constructing the diversion projects, etc, thus we guaranteed the smooth progress in the construction of that power station. (4) In the 1980s, we completed

the first phase construction of the largest project in our nation at present, the key water conservancy project of Gezhouba on the trunk of the Chang Jiang. During construction, we encountered a series of complex technical problems, including silting of mud and sand in the navigational channel that hindered navigation, planning for the river topography and rational arrangement of the key project, treatment of muddy intercalation in the foundation, intercepting the flow of the main river, building sluice gates of large single width flow to dissipate the energy of the water flow and present scouring designing the large ship lock, developing and installing the 125,000- and 170,000-kilowatt low waterhead rotary blade water turbine generator, etc, Because we conducted systematic and detailed scientific experiments, appropriate plans and measures were found for most problems. After the key first phase project of the Gezhouba began operation, it passed the test of an especially large flood. The various works operated well. This showed that the plans and measures used were appropriate. The successful completion of the first phase construction of Gezhouba signifies that our nation's hydroelectric power science and technology have entered a new stage.

The actual situation shows that although there is still a relatively large distance between our nation's standard of hydroelectric power science and technology and the advanced foreign levels in some aspects, but after a difficult struggle, we have established a relatively firm technical foundation and we now possess a definite level and capability to study and solve scientific and technical difficulties in the construction of large hydroelectric power stations and dams. This is an important guarantee for the development of our nation's hydraulic energy resources and for hastening hydroelectric power construction in a big way in the future.

I. Achievements in the Study of Basic Theory

After 30 years of efforts, the level of experimental research in the basic theory of sciences related to hydroelectric power science and technology in our nation has visibly improved, and many valuable scientific and academic achievements have been realized. They are mainly the following:

A. Research in Rock Mechanics

(1) As early as 1955, our nation first proposed the use of the vibrating triaxial gauge to study the problem of liquefaction of sand and soil. Later, we developed the study of the key elements that affect liquefaction of sand and soil in a key way, and we explained the mechanism of liquefaction of soil.

(2) We studied the use of the principle of effective stress to analyze the dynamic stability of bodies of soil.

(3) We studied the functional mechanism of splitting by the force of water in grouting earth-fill dams and foundations. We showed that high pressure grouting can press, pack, divide, and calcify mud in corroded caves to form a reliable curtain to prevent seepage, and the principle of split grouting can be used to prevent seepage in damaged earth-fill dams.

(4) In the study of southern red soil as a dam filling material, we analyzed the environment of its formation and its stable granular structure and explained the conflicting phenomenon of having a high water content and a low unit weight but good mechanical properties, and we proved that this type of red soil can be widely used in the south as a good filler for building dams.

(5) We used computers and the finite method to carry out various types of calculations in soil mechanics, we pushed forward the study of the relationship between stress and strain in bodies of soil, proposed many types of mathematical models describing the relationship between nonlinear elastic stress and strain and elasto-plastic stress and strain.

(6) In the analytic research of the stability of rock bodies, we developed the method of analysis by flat projection. We expanded semi-spatial flat projection to the entire space and solved the problem of analyzing the sliding movements of border surfaces of rock bodies. We explained the mechanism of double-surface sliding between rock bodies, and at the same time, derived by rigorous mathematical derivation the method of analyzing and calculating the stabilty of rock bodies in underground construction, and we used this method to determine the various possibilities of cave-ins of rock bodies, to calculate the cave-in slippage force and the amount of cave-in slippage, and provided a reference for designing masonry reinforcement for wall rocks.

(7) We have already developed several major instruments in rock mechanics tested which include the contraction meter, multiple point displacement meter, the extensometer, the dilation pressure gauge, and we filled the blank in this aspect.

B. Research in Structure

(1) We conducted systematic experimental research in controlling the temperature of a large volume of concrete, and this effort provided a reference for establishing related design standards and temperature control designs and a method of analytical computation.

(2) We presented achievements in the analytical study of stress in arch dams such as the grid method that uses the internal force balancing method for analysis and calculation, the beam arch deflection coordination method, the program to optimize the design of equal sections of double curvature arch dams.

(3) We conducted a lot of experiments and theoretical research, proposed methods of analytical computation and provided a theoretical basis for optimized designs in selecting the sections of a gravity dam, stress analysis of hollow dams, the formation of cracks in round-head dams, the effect of large holes upon stress in the body of an arch dam, and the problem of elastic contact surface of slotted dams. Some achievements have become important technical references in compiling design standards and in evaluating construction.

(4) We used fracture mechanics to study the problem of using concrete to close cracks, proposed standards for compound cracking, and improved upon foreign standards.

(5) Testing of geomechanic models has begun, and we have realized achievements in exploring materials for building models. Now we have started to use them in studying the joint forces of the dam body and the dam foundation and in studying the problem of stability of the dam foundation. This is a new development in the techniques of testing structural models.

(6) We can design and manufacture most of the instruments to observe the original shape of earth-fill dams and concrete dams. The varieties are basically complete and they have preliminarily formed a series of products. Some monitoring instruments, such as the electro-inductive remote measuring perpendicular coordinatography, the laser collimator, include new technical inventions. In addition, we also test manufactured successfully systems for automatic inspection and monitoring of interior instruments of large dams and computer data processing systems. They have been used in the Gongju Hydroelectric Power Plant.

C. Research in Earthquake Resistance of Large Dams

(1) On the basis of massive investigative analysis and experimental research, we compiled the standards for earthquake-resistant designs of hydraulic structures.

(2) We studied dynamic analysis of arch dams, considered the elastic deformation of the body of dams in calculating dynamic water pressure and we proposed a method of calculating the dynamic water pressure in the mutual action between the dam and the reservoir. We used the three dimensional finite method to complete computer programs for the orthogonal transform method and spatial iteration method. We explored the characteristics of earthquake resistance of gravity arch dams and the characteristics of earthquake dynamics of earth and rock filled dams. These achievements have improved the design methods for earthquake resistance.

(3) We gradually perfected the experimental techniques to measure vibrations, improved experimental conditions, and developed a synchronous vibrator with a stimulated vibration force of 4 tons and thus filled the gap in field dynamic testing equipment.

D. Research in Hydraulics

We carried out a lot of experimental research emphasizing high velocity water flow. (1) We found, through the study of the damage of the Liujiaxia flood discharge tunnels by the discharged flow of water, that the main cause of cavitation was the poor evenness of the concrete surface. (2) To study the problem of cavitation in depth, we set up such experimental devices as the cyclic water tunnel, air mixing grooves and pressure reduction boxes at concerned scientific and research departments, and found a set of experimental methods to carry out laboratory experiments in the method of mixing

air, the results of mixing air and the occurrence of cavities. (3) We forcefully proved that air mixing measures can produce good results in reducing damage by cavitation in comparing and observing the original shape of the sluicing structures of the Fengjiashan, Fengtan, Fengman, and Chitan dams and damage by cavitation. At the same time, the results of observation have provided useful data for designing and selecting better air mixing structures. (4) We have made improvements and developed the arrangement of ridges to separate the flow for dissipating the energy of the flood discharge from tall dams, including the contraction type and wide tail buttress type dissipation structures. At the same time, we have provided a formula for the estimation of downstream localized scouring in dissipating the energy of water flow by separating the flow. (5) Through research, we proved that the cause of vibration of sluice gates was related mainly to the shape of the water stopping structure of the sluice gates. (6) We studied the problem of damage by pulsed dynamic pressure and through research, we found that the number of pressure pulses in areas of rapid water flow was not large, and the frequency was low. The damage to the sluicing structures was not large, thus the worry about pulsed dynamic pressure was alleviated. (7) In the study of hydraulics of cooling water, we demonstrated the phenomenon of repeated flow due to temperature differences. We also explored its pattern of distribution and motion. This has proved a reference for utilizing this characteristic in construction.

E. Research in Electromechanics.

(1) In recent years, we have broadly developed research in studying the mechanism of cavitation, vibration and transition processes in hydraulic turbines, and we have realized results in the formation and development of eddy regions in hydraulic turbines, in the calculation of the suction height of modulated-phase operating devices, and the laws of simulation of transition processes.

(2) In our research in the more difficult calculations of the stability of the regulatory systems of hydraulic turbines and in the quality of transition processes, we combined calculations of the large and small fluctuations in the regulatory processes and included them in the nonlinear factor of the hydraulic turbine and governor and as part of the elastic water hammer in the diversion channel. We obtained results that coincided more with the actual situation.

(3) We made new progress in studying the design principles and the methods to calculate slight wind vibrations of the hard bus of substations of hydroelectric power stations, and we applied the results in the design of the Erjiang Power Station of Gezhouba.

III. Technical Achievements of Major Projects

A. General Survey of the Whole Nation's Hydraulic Energy Resources

As early as the 1950s, China had conducted a general survey of its hydraulic energy resources. At the time, we preliminarily found that the theoretical

reserve of hydraulic energy resources amounted to 580 million kilowatts and we learned the distribution of hydraulic energy resources of relatively large rivers. From April 1977 to October 1980, we conducted a new general survey of the nation's hydraulic energy resources. During that period, concerned departments did a lot of work, compiled and analyzed data, surveyed rivers, calculated magnitudes and summarized the results of the general survey. They presented 37 volumes of results including a nation-wide general description and information on the provinces (city, autonomous region) and river valleys. This general survey gathered the data and results of surveys, prospecting and measurements, plans and designs for water conservancy and hydroelectric power since liberation. It reflected our nation's present situation in the study of hydraulic energy resources, and for the first time, it showed that the exploitable hydraulic energy resources for development and utilization throughout the nation amounted to 370 million kilowatts and the annual amount of electric power output amounted to 1,900 billion kwh. It provided categorized statistics according to the depth of surveying and design work, and verified the nation's hydraulic energy reserves to be 680 million kilowatts. The results of this new general survey have provided very important references for drawing up our nation's energy policy, for studying the energy structure of each region and the strategic distribution of hydroelectric construction, and for arranging the tasks of surveying and designing hydroelectric power construction. They are a very precious technical and economic achievement in our nation's history of development of hydroelectric power.

B. Geological Prospecting

In recent years, we have developed the model 200 and model 300 drills and accessory drilling tools suitable for small gauge artificial diamond drilling. The quality of drilling has visibly improved, the rate of drilling has quickened, the drilling period has shortened, and the percentage of capturing the rock core has risen to more than 80 percent to 95 percent. The percentage of capturing the rock core in geologically more complex rocks has also improved greatly. To facilitate detailed exploration and investigation of complex geological structures deep inside wells, we have developed a special ϕ 100-centimeter reverse cycle large gauge full-face drill. Daily tunneling can reach more than 2 meters. In geophysical prospecting, we have developed a television for deep holes of small openings, a camera for deep hole photography, a color television for deep holes, wave velocimeter for measuring rock bodies, acoustimeter and such a group of better quality instruments, thus initiating the popularization and application of geophysical prospecting techniques in geological surveys. For example, in the Ankang and Gezhouba projects, the seismic method was used to inspect cap tectonics of the river bed. The television for drilled holes was used to observe the structure of intercalation. The acoustic wave method was used to find the positions of karst caverns. The wave velocity method was used to quantitatively determine the criteria for excavation of the rock surface of dam foundations, etc. They all realized definite results. At the same time, many units utilized geophysical prospecting to conduct initial probes, to guide the positioning of holes for drill prospecting and detailed geological surveying. They have improved the rationality in the positioning of drilling holes and hastened

the speed of prospecting. In addition, research in remote sensing application technology has begun and preliminary results have been realized. For example, in surveying the geological structure of the region of the Ertan Hydroelectric Power Station, the position and the occurrence of some rift zones were further clarified by analyzing aerial remote sensing photographs, and were more confident in judging the geological characteristics in the dam area. After conducting experiments and research during the previous period, we have now grasped some of the techniques of reading and analyzing images.

C. Treatment of the Foundation

The several outstanding achievements that are representative in this aspect are the following: (1) Cracks on the karst foundation of the dam of the Wujiangdu Hydroelectric Power Station are developed and they are filled with a lot of clay. Ordinary grouting techniques cannot guarantee quality. After studying with a lot of effort, we made a breakthrough in the high pressure grouting technique and developed a 100 kilogram/square centimeter high pressure grouting pump. We made a high pressure wear-resistant valve with a useful life of over 1,000 hours. We developed the new techniques of unplugged cyclic high pressure grouting and grouting without washing, we successfully solved the quality problem in grouting karst cracks and improved the anti-seepage properties of the karst foundations. (2) To solve the problem of liquefaction of sandy foundations of earth-fill dams, we studied shaking and washing techniques and equipment to fortify the foundation of fine sand. This method was used for the Guanting earth filled dam to fortify it against earthquakes. The relative density of the sand layer increased from 53 percent to 80 percent. The fragmented rocks refilled in the washed holes formed a good pressure reducing pile, and dissipation of the water pressure in the holes left after shaking could be hastened, and thus, the earthquake-resistant stability of the foundation was improved. (3) In chemical grouting materials, we developed a new polyurethane formula that has a good placeability and low toxicity. It was used in treating the soft and weak intercalation at the Fengtan Hydroelectric Power Station. The modulus of elasticity of the soft and weak bedrock visibly improved. Recently, more outstanding developments were realized in the trial use of epoxy series macromolecular grouting materials. According to preliminary experiments, the placeability could reach 10^{-8} to 10^{-10} centimeters/second. The result of solidification was also very visible. After filling, the modulus of elasticity of the muddy intercalation that has a very weak strength could be improved to 20,000 kilograms/square centimeters. At the same time, corresponding progress was realized in techniques. (4). The technique of building walls to prevent seepage has also created many new inovations in the techniques of drilling holes, manufacturing group, pouring and wall building, for example, reverse cycle gyratory drilling of holes, the hydraulic guide plate grab to make troughs, removable pipe joints, and removable tubes for pre-laid grouting tubes. Hole drilling techniques developed from the single stake hole to trough-shaped holes. These have served to guarantee the improvement of the quality of trough holes and to improve the wholeness of the wall. We conducted experiments to mix pulverized coal cinder in pouring concrete for the seepage prevention wall and we conserved cement and improved the mechanic characteristics of the wall body.

D. Blasting

There have been very outstanding and unique developments in this regard. (1) At the beginning of the 1960s, our nation used directional blasting to successfully build the large dam of the Nan Shui Hydroelectric Power Station. Up to the present, there are already three earth- and rock-fill dams over 80 meters tall that have been built by this method. The percentage of rocks from blasting that have been used to build the dam has reached over 60 percent. The unit blasting charge has continued to drop. Now it has reached 0.625 kilograms/cubic meter, 50 to 67 percent less than the amount used abroad. The piling height on the dam from blasting has reached over 50 meters. This shows our nation's directional blasting and masonry techniques have reached a fairly high level. (2) In 1979, we conducted the largest underwater plutonic plug blasting in our nation at present for the water intake project of the Fengman sluicing tunnel. The diameter of the plutonic plug was only smaller than the world's largest plutonic plug blasted in Canada. Practice shows that the blasting and protective plans determined from the results of many simulation experiments were successful. The volume of fallout from the water intake funnel varied only 2 percent from the designed volume. The average charge was only 1.1 kilograms/cubic meter, much less than the Canadian project. During blasting, a soft curtain of straw bags reduced the intensity of the shock waves by nearly half and effectively protected the safety of the sluice gate. Results of instrument monitoring and detailed inspection of the dam surface showed that the blast did not produce any destructive effects upon the dam. After blasting, the discharge flow coincided with the predicted situation. The sluice gate closed smoothly to cut off the flow. During the course of blasting, nearly 100 measuring instruments and tags were placed to monitor the vibration and water flow resulting from the blasts, and massive precious first hand data were gathered. The method to calculate vibrations from blasting was analyzed on the basis of such data. (3) The key project of Gezhouba experimentally studied and used the technique of pre-cracking for blasting while excavating the foundation pit. Pre-cracking for blasting could reduce the number of holes to be drilled by 75 percent and improve the effectiveness of reducing shock by onefold. Later, the technique of three-directional pre-cracking for blasting was tested further in excavating the dam shoulder and dam foundation for the Dongjiang Hydroelectric Power Station. As a result, the quality of excavation of the dam foundation was better, destruction of the surface of the bedrock was reduced, and this provided a good beginning for finding a new technique of excavating dam foundations. (4) Baishan Hydroelectric Power Station used fan-shaped blasting for the first time in escavating the dam foundation. In excavation for the underground plant housing, the techniques of pre-cracking the side walls and using large blasting charges were used. Lubuge Hydroelectric Power Station used the non-electrical detonation technique experimentally. It improved safety and simplified the design of the blasting network.

E. Underground Construction

(1) As rock mechanics develops, many construction projects have utilized the theory and methods of rock mechanics to arrange the plant housing and to

analyze the stability of underground structures and wall rocks and to design protective supports. The construction project of the Taipingshao Hydroelectric Power Station decisively adapted a plan not to use protective lining for most parts of the diversion tunnel but only localized anchored spraying of the protective lining after conducting research in rock mechanics. The construction project of the Jingbohu Hydroelectric Power Station also used anchored sprayed structures as protective supports in the diversion tunnels where the lithologic character was relatively poor. This greatly hastened the speed of completing the tunnels. Several years of operation showed that the quality of construction was good. The construction project of the Baishan Hydroelectric Power Station successfully carried out an experiment in the technique of on-site forming by water pressure using high pressure pre-stressed concrete for a thin lined structure inside the diversion conduits. At the same time, it also explored and developed the technique of grouting groups of holes, and provided a scientific basis for the design and construction of high pressure diversion pipes using concrete protective lining as a substitute for protective lining by steel plates. (2) In underground construction, we began to use multiple-arm drilled rock carts as the main equipment in mechanized excavation. According to the results of trial use at the Lubuge Hydroelectric Power Station, monthly excavation reached 107 meters. (3) The technique of spraying concrete has gradually been changed from the dry spraying method to the wet spraying and damp spraying methods. Dust pollution was reduced and the quality of concrete was improved. Huainan Power Plant used pulversized coal cinder to develop low temperature agglomerated composite spraying cement. After test use in underground construction of protective supports, the results showed that this type of cement has quick-setting, early strength and high strength characteristics. When using this type of cement, quick-setting reagents need not be added during the course of spraying. This not only conserves materials and simplifies techniques, the strength of the 28-day-old sprayed concrete can reach 300 kilograms/square centimeter, far surpassing the record 200 kilograms/square centimeter. This has created a very favorable condition for using more anchored sprayed structures in underground construction. (4) New progress has been realized in developing the full-face tunneler after repeated experiments and improvements over many years. The revised tunneler with a diameter of 5.8 meters was recently tested at the construction site. It has achieved a new record of tunneling 120 meters per month.

F. Concrete Construction

Efforts mainly surrounded the problem of simplifying temperature control. Systematic studies were conducted in conserving cement, improving the quality of concrete, and improving pouring techniques. More outstanding achievements have been the following: (1) We have developed several new varieties of low cost and highly efficient water reducing agents of the molasses type and the naphthalene series composite type. In general, they can conserve 8 to 15 percent of cement, and they can visibly improve the quality of concrete. (2) The technique of mixing pulverized coal cinder has also improved. The construction projects of Zhitan Hydroelectric Power Station studied and developed a whole set of techniques of wet mixing pulverized coal cinder. The results of actual use were good. The percentage

of mixing reached 20 percent. The construction project of the Dahua Hydroelectric Power Station used the dry mixing technique. The amount of mixing has already reached over 30 percent and individual mixing has surpassed 50 percent. In the two projects, the quality of concrete improved because of mixing pulverized coal cinder. (3) To use less fluid concrete, we specially developed trimmers for pouring concrete over large areas. The hydraulic trimmer can compare to foreign products of new standards, thus filling the gap in high performance concrete shaking and mixing equipment. (4) Research in low heat micro-expansion cement has realized better results and has received the state invention award. This type of cement has a liquefaction heat of only 40 kilocalories/kilogram. It possesses a more stable micro-expansion characteristic and this is favorable to controlling the temperature of the concrete for dams. At the same time, early age concrete also possesses a good anti-cracking property. This is a major development in concrete materials. (5) To reduce the internal temperature rise in concrete, the technique of pouring a thin layer of concrete of 1 meter thick over a large area was tested at the construction site of the Chitan Hydroelectric Power Station, and initial results have been achieved. (6) The key project of Gezhouba, was the first to use the technique of air cooled aggregate and the tower type cooling system. The Ankang Hydroelectric Power Station project conducted an experiment to pass already mixed concrete through a cooling passageway to lower the temperature. The experiment was successful and it created the post-cooling method for concrete. (7) During concrete construction, sliding and lifting form boards, pulled form boards, cantilever form boards and assembled steel form boards and such techniques began widespread use. The past practice of using mainly timber has gradually changed to mainly using steel. This has produced visible technical and economic results in conserving timber and in improving the quality of concrete and smoothness of the surface.

G. The Development of Construction Machinery

For many years, besides general purpose machinery and equipment of the state, we have also researched, designed and test manufactured many types of special machinery. Among these, the concrete mixing towers and lifting equipment for pouring have already formed a preliminary series. We have already developed successfully a large crane with a lifting capability of 1,800 tons/meter, a new type of overhead gantry crane, swing stacker, concrete vibrator, and a high pressure gross material washer for concrete. We can also manufacture the spray concrete machine, mechanical arm, shuttle mining cart, concrete pump and steel mold platform cart by ourselves for underground contruction, and they are being gradually improved to become complete sets. We have manufactured a first generation prototype for the triple arm drill. Research and development of the second generation tunneler have already been completed according to the new design requirements. We have already successfully manufactured the 14-ton class vibrating roller for earth- and rock-fill dam construction by ourselves, etc. Among the various types of special machinery for construction, many perform well but some still lag behind in quality, in satisfying engineering needs and in comparison with foreign advanced levels. They urgently need to be improved. Generally speaking,

through the development of experimental research, we have improved the percentage of domestic manufacturing of construction machinery and elevated the level of complete sets of such machinery.

H. Water Turbine Generators and High-Pressure Steel Pipes

(1) Since the founding of the nation, we have already designed and manufactured by ourselves over 50 types of water turbine generators with single generator capacity of over 10,000 kilowatts suitable for different waterheads. The largest capacity of the mixed flow turbine generator is 260,000 kilowatts, the largest capacity of the rotary blade type turbine generator is 170,000 kilowatts (with a diameter of 11.3 meters) and 125,000 kilowatts (with a diameter of 10.2 meters). Water turbine generators that have been developed and that have begun operation also include the high waterhead stroke turbine, oblique flow pumping and storage turbine with a very wide waterhead variation, low waterhead stroke turbine, oblique flow pumping and storage turbine with a very wide waterhead variation, low waterhead bulb shaped continuous flow turbine and tidal turbine. (2) To improve the performance of the water turbine generators used for the 8.3 to 27-meter waterhead by the Gezhouba Power Station, we successfully developed the five-blade rotary blade water turbine generator hub. According to the test results of the model, this type of hub is highly efficient, its cavitation property is good, operation is stable, and it can reach the advanced levels of similar types of foreign water turbines. After technical evaluation, it has been used by the Gezhouba, project and such generators are joining operation one after the other. (3) The problems of cavitation, wear and vibration in water turbines have always been outstanding. Each concrened research agency has begun broad scientific experiments. To protect the metal of the blades from wear by mud and sand, we developed such non-metallic wear-resistant coatings as epoxy emery and compound nylon coatings. The results after use were good. (4) Because we were successful in experimenting and researching crescent breeches pipes, spherical breeches pipes and such new structures of high pressure steel pipes, the structure of breeches pipes has been greatly simplified. Now, we have used the new 14-manganese-molybdenum-niobium-boron high strength steel to manufacture breeches pipes. After 1/4 model tests in combination with the construction of the Lubuge Hydroelectric Power Station, the explosion pressure reached 132 kilograms/square centimeter, 3.08 times the designed value. This greatly reduced the thickness of the steel plates, facilitated processing at the construction site and also conserved about 1/3 of steel.

I. Automated Operation of Hydroelectric Power Stations and Reservoir Dispatching

(1) To develop comprehensive automation of hydroelectric power stations and centralized control technology of stepped hydroelectric power stations, we have conducted remote monitoring and control tests of the Huilongshan Hydroelectric Power Station from Huanren Hydroelectric Power Station successfully. This has served well in the safe and economic operation of hydroelectric power plants. In addition, in the development of new types of

flow indicators, electromagnetic valves and such automated components, and in the development of the microprocessor-type accident order display and recording devices, we have also realized welcomed achievements.

(2) To fully and rationally utilize water flowing into the reservoir area and to increase the economic results of the hydroelectric power station and the power network, we used the computer to carry out flood water forecasts. We realized dispatched power generation based on research achievements in optimized dispatching at the Zhexi Hydroelectric Power Station. In 1980 alone, we increased output by 60,000,000 kilowatt-hours, amounting to 3 percent of the average output over many years. At the same time, the theory of optimized dispatching has improved, new concepts have been introduced, new methods have been used, and computer programs have been improved.

J. Intercepting the Flow of the Main River at the Key Project of Gezhouba

This was the first attempt in our nation to build a large-scale and extremely difficult project to intercept the flow in the mainstream of the Chang Jiang. According to experimental research results concerning the method of intercepting water flow, the wideth of the portal, the speed of dumping materials, the composition of the materials and such questions, we decided to use a plan of vertical blocking and intense occupation in construction. As a result, a water flow of 4,720 cubic meters/second was intercepted. The entire procedure from the beginning to closing took only 36 hours and 23 minutes. The victory in cutting off the main flow for the key project of the Gezhouba signified a major step forward in our nation's hydroelectric power construction and hydroelectric power science and technology. For this, it was evaluated as a superior quality construction project and it was awarded a gold metal. Here we need to mention that on the basis of intercepting the main river, we also successfully completed the upstream deep water earth- and rock-fill cofferdam in the river. The shape of the section is new. It is a first in the nation and it is rarely seen in the world. The cofferdam serves as a water blocking structure to store water and generate electricity. During construction, the foundation was not cleared. Filling was done by quick occupation. A concrete leakage prevention wall was used to block the water. This is a new attempt.

K. Future Outlook and Tasks

For more than 30 years, although our nation's hydroelectric power science and technology have developed greatly and realized many achievements, but there are still many problems and weak links. To enable scientific research work to further adapt to the needs in developing hydroelectric power construction, we should actively reorganize the scientific research teams in the future, add new scientific research strength, renovate and supplement scientific research equipment according to plan, and improve the level of modernization of the means of scientific research. At the same time, we must take effective measures, improve the professional level of scientific and technical personnel, quickly train a group of middle aged and young scientific research personnel. We must establish scientific research agencies

corresponsing to the necessary and urgently needed professions that are now lacking, such as geological prospecting, construction, generator installation, and dynamic economics so that we can further perfect the scientific research system for hydroelectric power.

In scientific research work, we must continue to implement the principle of "serving economic construction, especially serving to solve the key problems that involves major economic benefits in the national economy" "so that scientific research can truly become a strong productive force, and truly become a great force in promoting economic development." We should select a group of scientific research projects that can bring about major technical and economic gain to hydroelectric power construction and operation, concentrate forces and organize them to study the problems jointly. At the same time, we must grasp well the popularization and application of existing scientific and technical achievements so that they can develop the technical and economic benefits that they should. Research in basic theoretical subjects must also be appropriately arranged.

Future projects to be carried out should emphasize the key points. We should not pursue many projects and pursue every project. For this, we should grasp the following aspects well in the future in a key way:

1. We should further study and draw up the policy to develop hydroeelectric power. We should regard hydraulic energy resources as a one-time energy source and a reproductive energy source in the energy structure. We should study and reveal the role of hydroelectric power in the energy structure of an overall basis, we should study plans for the economical and rational development of hydraulic energy of different regions and of the whole nation, and for the development and construction of pumping and storage power stations. stations. We must also study and draw up a policy for technical equipment of major facilities such as large hydroelectric generators, pumping and storage generators, automation of hydroelectric power plants and construction machinery.

2. We should take the development of the Hongshui He River Valley as the key, study the theory for optimized development and planning of hydraulic energy resources and comprehensive utilization of water resources, study the methods of calculation for economic and hydrological analysis of hydraulic energy. We must continue to carry out the development plan for the three gorges on the Chang Jiang and prove the economic benefits of comprehensive utilization. We must study the problems of mud and sand in the reservoir area, ecological balance and navigation surrounding the plans.

3. We must develop new surveying techniques, and hasten preliminary work in hydroelectric power. We must develop signal amplifying seismographs, comprehensive loggers and such geophysical prospecting instruments surrounding efforts to hasten prospecting speed, improve quality and develop geophysical prospecting techniques in a key way. We should study the use of drilling and prospecting instruments for complex geological conditions, study techniques of core extraction, and improve the quality of drilling and prospecting rock layers. We should strengthen the study of applications

techniques of engineering rock mechanics, develop rock and geological testing instruments, study field and laboratory experimental techniques and the theory of analysis by rock mechanics, study physical and mechanical characteristics of rock foundations of large dams and problems of stability of high side slopes. We must emphasize the techniques of reading and analyzing remote sensing photographs and research in land photography and imaging techniques.

4. We must study quick construction techniques for underground construction. We must begin the study of complete sets of high speed tunneling techniques of drilling holes, blasting, ventilation and slag removal in building large tunnels and underground plant housing. We should experimentally use the Newall method, study smooth surface blasting and anchored spraying techniques, develop full sets of excavating machinery and construction machinery for protective supports based mainly on the multiple arm drill. We must study the stability of wall rocks and the theory of designing protective supports, improve the method of design so that underground construction can make new breakthroughs in design methods and in construction speed. At the same time, we must actively begin experimental research in tunneling techniques and full-face tunnelers.

5. We must solve the key technical problems in high earth and rock dam construction. We must organize efforts to study the theory of designing high earth and rock dams and the method of analytical calculation, dam construction materials, earthquake resistance of large dams, seepage prevention, prevention of cracks, construction machinery, construction techniques, and diversion for construction of dams in narrow river valleys and the technical aspects of such problems. We should study technical measures to reduce construction cost and improve the quality of dam building, and we should prove the technical and economic benefits to establish a relatively firm technical foundation for using more high earth and rock dams in hydroelectric power construction.

6. We should continue to develop the computational method of optimizing the design of hydraulic engineering structures and the techniques of analyzing stress and strain, and study simplified structures in dam construction. We should strengthen the study of the techniques to observe earthquake resistance of the original shapes of arch dams and large dams. We should improve monitoring instruments and equipment for large dams. We should strengthen and improve experimental research in models of geological mechanics. We must study and solve the problems of cavitations, dissipation and prevention of scouring and vibration related to high waterheads, large discharge and high velocity water flow. We must strengthen the observation of the original shape of high velocity water flow, combine efforts with laboratory research, improve the shape of sluicing structures, the shape of dissipation works, arrangement of the key project, and design standards for facilities to mix air to reduce cavitation.

7. We must conscientiously write various types of computer programs and systematically establish a computer program bank needed in developing hydroelectric power technology. We must rationally set up and deploy computer

channels and networks, and fully develop the efficiency and function of available computers.

8. We must strengthen research in treating the rock foundations of large dams. We must further develop the study of fortification and leakage prevention techniques for complex rock foundations, for deep cap layer foundations and prestressed anchor chains for soft foundations, rotary sprayers, leakage prevention walls, new types of chemical grouting materials, and chemical grouting techniques.

9. We must study new techniques to improve the quality of concrete construction. We must further develop experimental research in large area pouring, simplified temperature control and comprehensive measures to conserve cement, techniques to improve the quality of concrete, techniques of rolling and packing concrete. We must continue to explore stable quality low heat type cement materials. We must develop criteria for the establishment of satellite enterprises to produce concrete and study ways to shorten the time to prepare for construction.

10. We must strengthen the study of techniques to operate hydroelectric power stations. To fully develop the economic benefits of currently existing hydroelectric power plants and improve the degree of utilization of hydraulic energy, we should actively conduct further studies in the theory and method of joint optimized dispatching of single reservoirs and multiple reservoirs of hydroelectric power stations. We must develop the study of comprehensive automation for the safe and economical operation of hydroelectric power stations and stepped power stations and the techniques of automatic remote measuring and remote reporting of the status of water flow.

11. We must study the problem of perfecting water turbine generator equipment in a big way, continue to solve the problems of vibration, cavitation and wear of the generators by mud and sand, and improve the techniques of generating electricity. We must begin to study the problem of selecting the parameters for the large water turbine generators of 500,000 to 800,000 kilowatts and design problems. We must gradually perfect the range of models of the series of water turbine generators. We must develop the study of long distance ultrahigh voltage transmission of electricity by hydroelectric power plants and new types of structures for substations.

12. We must truly grasp well the popularization of existing scientific and technological achievements, and draw up and revise technical rules and standards. The massive amount of scientific and technological achievements that have already been realized is a precious wealth to serve the hastening of hydroelectric power construction. Therefore, we should take active and effective measures to popularize them in a big way so that they can truly become a strong productive force and a giant force in promoting the development of hydroelectric power construction. At the same time, we must include as much as possible new technological achievements that have already been proven in related regulations and standards so as to better improve the technical level of hydroelectric power surveying, design, construction and operation.

Since the Third Plenum of the 11th Party Congress, the party and government have established clear policies for the development of science and technology in our nation. Our hydroelectric power science and technology face a very difficult task. I believe the broad number of workers in the science and technology of hydroelectric power will surely develop their own wisdom better, will courageously overcome scientific and technical difficulties with a spirit of daring to struggle and to continue to make new contributions in making our nation's hydroelectric power science and technology prosperous and in hastening hydroelectric power construction.

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AWARD-WINNING HYDROELECTRIC S&T ACHIEVEMENTS HIGHLIGHTED

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug pp 40-41

[List provided by Sun Yulin [1327 3768 3829] of the Science and Technology Department of the Hydroelectric Power Ministry: "List of the Nation's Award-winning Scientific and Technological Achievements in Hydroelectric Power"]

[Text] Since the National Science Conference in 1978, 97 scientific and technological achievements in hydroelectric power in our nation have received various types of awards. They include individual achievements and projects that are interwoven with water conservancy work. They are listed in the following for readers to review.

Scientific and Technological Achievements Awarded the National Science Conference Award, totalling 70 achievements:

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(1) Rebuilding the key water conservancy project at Sanmenxia and treatment of mud and sand
(2) Liujiaxia Hydroelectric Power Station
(3) Xin'an Jiang Hydroelectric Power Station
(4) Development of the Maotiao He Cascade Stations
(5) Development of the Jin Jiang Cascade Stations
(6) The method of using data of torrential rain and the amount of flow to derive the designed flood water
(7) Isopleth Graphs of the largest possible torrential rains throughout the nation
(8) Study of draining sand of abnormal repeated flow in reservoirs
(9) Techniques of building concrete seepage prevention walls
(10) Observation of surging tides at the mouth of the Qintang Jiang and studies in the calculation of hydraulic forces of tides
(11) Chemical grouting materials and techniques
(12) Surveying water in karsts and techniques of treating karst foundations
(13) The Dongfeng SGZ300 hydraulic oil drill and the DLB170/17 single screw rod pump

(14) Television for drilled holes and underwater television
(15) CK-1 underwater sounder
(16) Techniques of large gauge full-face drilling
(17) Hydraulic pressurized water plug
(18) Optical systems diagrams for measuring instruments
(19) Techniques of directional blasting in dam construction
(20) Underwater plutonic plug blasting
(21) Techniques of building leakage prevention structures with diluvial and eluvial red clay
(22) Experimental study of the problem of saturated sand and soil liquefaction in foundations and earth dams
(23) Experimental techniques of three-directional electrical simulation and influent flow studies
(24) ZG-1 automatic consolidation gauge
(25) Comprehensive study of downstream localized scouring of hydraulic engineering structures
(26) Bail dissipation and energy-dissipation structures of overflow dams
(27) Estimation and simulation of localized scouring of rock river beds
(28) Observation and study of the vibration of sluice gates
(29) Structures for passage of timber over dams
(30) Regulations for earthquake resistant designs of hydraulic engineering structures and reservoir earthquakes
(31) Pre-cracking for blasting and fan-shaped blasting for excavating bed rocks
(32) Techniques of smooth surface blasting and anchored sprayed protective supports and masonry for hydraulic engineering tunnels and wide span underground structures
(33) Comprehensive mechanization of concrete construction of the large dam of the Wujiangdu Hydroelectric Power Station
(34) Large-scale production system for artificial sand and rock aggregates
(35) New types of additives for concrete
(36) Application of sliding form boards for concrete in hydraulic engineering construction
(37) Replacing pre-laid steel pipes for cooling and grouting of concrete dams by removable plastic pipes to make holes
(38) Comprehensive mechanization of earth and rock filled dam construction
(39) High pressure curtain grouting
(40) Building concrete arch cofferdams in dynamic water
(41) 3 x 1,600 (liter) concrete mixing tower
(42) Large crank stacker
(43) SJ53, SJ58 full-face combination tunneller (achievement in stages)
(44) Assembly-type hydraulic engineering structures and structures with ditches and canals
(45) Boat lock at the Danjiangkou Hydroelectric Power Station
(46) Improvement of the method to analyze stress calculations for arch dams
(47) Flat projection method for stability analysis of rock bodies
(48) Techniques of building rock masonry dams
(49) Pulsed hydraulic molding and forging hammer
(50) Re-combustion type waste gas purifier
(51) Concrete heat insulation and temperature elevation box

(52) GZ-50 electrical inductance type remote measuring perpendicular coordinatograph
(53) New techniques of installing electro-mechanical equipment in large hydroelectric power stations
(54) Experimental study of steel pressure pipes for the Yili He high waterhead power station
(55) Crescent ribbed breeches pipes and beam-less breeches pipes
(56) Application of joint anticorrosion coatings and externally added current cathode protection on steel sluice gates
(57) Pressurized water pipes of reinforced concrete
(58) Mini-waterhead hydroelectric power station
(59) Nonmetallic coatings prolong the life of water turbines and water pumps
(60) The use of the TFW-400 pressure adjusting valve to replace pressure adjusting wells
(61) The JST-100 integrated circuit to modulate electricity and residual voltage, and frequency measurements to modulate electricity and govern jet stream velocity
(62) Treating the vibration of the P-100 governor, dynamic analysis of the governor system and calibration of the best parameters
(63) Study of the model hub of the new type of water turbine for the Gezhouba project
(64) Study of the increase in instantaneous velocity of water turbines and transitional processes
(65) On-site tests of energy, vibration and cavitation in water turbines and treatment of defects.
(66) The high suction range and large flow channel sand and rock pump
(67) Automatic measurement of flow using hydrological cables and sand excavation techniques
(68) Instrument to measure the sand content by radioactive isotopes
(69) Techniques of using ultrasonic waves to measure water flow, depth, water level, rainfall, and radio remote measurement of water levels
(70) Survey and research of floods in history

Scientific and Technological Achievements Awarded the National Invention Award, totalling 4 Achievements

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(1) Prescription for making compound nylon coating used in hydraulic machinery to resist wear by mud and sand and application techniques
(2) Hydraulic chained control device of pressure adjusting valves of hydroelectric power stations
(3) Prescription for making epoxy emery coating for hydraulic machinery to resist wear by mud and sand and application techniques
(4) Low heat micro-expansion cement

Scientific and Technological Achievements Awarded the Ministry Award, totalling 23 Achievements

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(1) Underground plutonic plug blasting for the sluicing tunnel of the Fengman Hydroelectric Power Station
(2) Low temperature coal cinder spray cement
(3) Finite calculation of the distribution of pressure on the overflow surface of the flood discharge tunnel on the right bank of the Wujiangdu Hydroelectric Power Station
(4) Plutonic plug blasting at Fengman (science and technology film)
(5) Effect of elastic water hammer upon the stability of regulation of hydroelectric power stations
(6) Optimized dispatching of the reservoir of the Zhexi Hydroelectric Power Station
(7) Effect of dynamic simulation tests of oblique flow water pumps-water turbines
(8) SK ployurethane grouting technique
(9) The method of elastic analysis of concrete gravity dams and its application in the large Gongju dam.
(10) The vibration washing method to fortify the foundation
(11) Concrete water reducing agents
(12) SDTQ1800/60 single arm tower frame crane
(13) Mathematical model of water flow over overflow dams and its application
(14) Study of the shapes of open flood discharge tunnels, intake of exposed short bottom pipes and intake of exposed deep sluicing channels
(15) Analytical study of the development in foreign water conservancy and hydroelectric power
(16) 3FG-2 and TF concrete additives
(17) YS-1 compression gauge
(18) JD-V-II laser velocimeter
(19) Mixed air concentration gauge
(20) HGM-M gross materials washer
(21) YB_4-1 wave velocimeter for rock bodies
(22) Exterior monitoring instruments for large dams--remote measuring instrument and digital display
(23) Achievements of the general survey of China's hydraulic energy resources

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Remarks: Among the 23 achievements awarded by the Ministry, (1)-(2) won first-class awards, (3)-(9) won second-class awards, (10)-(22) won third-class awards, (23) received honorable mention.

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GEOLOGICAL SURVEY WORK IN WATER CONSERVANCY AND HYDROPOWER CONSTRUCTION

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[Article by Zhu Jianye [2612 1696 2814] et al, of the Surveying Department of the Water Conservancy and Hydroelectric Power Construction Company: "Development of Geological Survey Work for Water Conservancy and Hydroelectric Power Construction in Our Nation"]

[Text] Since the founding of the nation, China geological survey work for water conservancy and hydroelectric power construction has realized great achievements and has accumulated rich practical experience. This article will briefly review and summarize the work in the following aspects.

I. The Work Team

At the beginning of the 1950s, the geological surveying team was in a stage of initial development. By establishing a staff, training personnel, adding equipment, establishing a sound system and such measures, an initial team has come into being: Geological personnel increased from several people to nearly 1,000 people. Surveying personnel increased to over 2,000 people to more than 3,000 people. Hand drills of the (Li-gan) or the Sullivan type and hand-cranked drills also increased from a dozen or so units to over 200 units. In 1954, we also established the geophysical prospecting team. This is one of the earliest departments involved in geophysical prospecting to develop hydrological engineering in our nation. In general, during the 1950s, we rapidly and basically grasped the characteristics of hydroelectric power surveying work through simultaneous learning and practice and we completed the tasks of this stage well. The successful completion of surveying work for the Yin'an Jiang Hydroelectric Power Station is representative of this period.

At the beginning of the 1960s, after 3 years of readjustment, we established rules and standards suitable to the situation in our nation on the basis of summarizing the experience of the projects that had already been built and that were under construction. We initially grasped the patterns of geological problems frequently seen in construction, thus the surveying work for a number of large hydroelectric power stations progressed smoothly. During this stage, surveying personnel in general had already had over 10 years of practical experience. The command and the dispatching

of all the main surveying teams throughout the nation were versatile. The professional ideology of the teams was firmly established. Various professions carried out renovations and created new inventions, and the efficiency of surveying work and the quality of the reports improved gradually year by year.

During the 10 years of upheaval, the geological surveying teams for hydroelectric power development were severly devastated. Geological surveying work suffered tremendous loss. But after the Party Central Committee brought order out of chaos, and especially in recent years under the guidance of the policy to hasten the development of hydroelectric power issued by the Central Committee, surveying teams again developed rapidly. At present, the whole nation's hydroelectric power surveying team comprises over 15,000 people, including over 2,000 technicians. In equipment, the hydraulic drill has replaced the hand drill. Remote measurement, land photography and electronic range finders have been commonly utilized. Various surveying and design academies have been equipped with seismographs and loggers with relatively high precision. Rock tests have developed towards on-site origin and automation. At present, even though the equipment is still incomplete, the jobs are not matched, the technical strength is insufficient, but basically we can carry out current surveying tasks.

II. Application of the Various Types of Professional Means

Here, we will only emphasize the application of some professional means and their development.

A. Measurements by Aerial Photography. Since 1957 when we founded the aerial surveying team, it has developed from the tasks of drawing small scale maps of reservoir areas for the nation's hydroelectric power systems to drawing large scale maps. In recent years, we developed multiple uses of one photograph by enlarging it and we have enlarged the 1:20,000 aerial photograph of the Xiluodu Dam site on Jinsha Jiang to a 1/5,000 map. We used the omni-magnification method to enlarge the map of the soil storage area in the mountain region ten times and we used it to enlarge the urban planning map for Guanxian in the plains 14 times. The precision coincided with the design requirements.

B. Application of the Electronic Rangefinder. We used different types of electronic rangefinders to measure the starting side and the length of the sides of the guiding line of the triangular control grid. We realized "measuring distances without using a ruler" and improved work efficiency five-fold. For example, in the Ertan Reservoir area, we used domestically manufactured infrared electronic rangefinders to establish five equal photoelectric guidelines to replace triangular control measurements along the river. We also carried out continuous measurements of the control points in the photographs of aerial measurements and we obtained visible results. This instrument, when used for regions of deep mountain valleys and gorges, has a single direction of observation. The length of the sides can vary in a versatile manner. It reduces the number of surveyor's beacons. It overcomes difficult transportation conditions and the difficulty of crossing rivers and labor intensity.

C. Measurement of the Deformation of Large Dams. The Northeast Academy utilized the vacuum tube laser collimator to measure horizontal deformation and vertical displacement of large dams. It realized semi-automated operation and it is not affected by weather.

D. Drilling Equipment. All hand drills will have been eliminated. The hydraulic vertical shaft drill and water pump are commonly used. Throughout the whole hydroelectric power system, half of the drills use pipe twisters to screw and unscrew drill rods. Up to the present, 40 percent of the drills in operation are diamond drills. Annual footage per unit can reach 1,000 meters. The average rock core extraction rate has reached 93 percent. To prevent rock core blocking or burning the drill, we have begun to test the use of alarms on drills.

E. Drilling in Rock Layers. The cap layer of the river beds in our nation's southwest and northwest regions is several dozen meters thick. The structure of the geostrata and the composition are very complex. To improve the results of drilling, we implemented two measures: One was the use of steel spring drills to drill for samples and the use of punching to extract samples. Generally the grade of the granules can be maintained and we have successfully drilled through grait and gravel layers of about 80 meters thick. In the layers of sand and gravel, we used "the double barrel one strike sampler" to advance and extract samples in segments simultaneously. In pure sand and silt layers, we used the "vacuum piston sand excavator and silt excavator" to extract samples of original conditions. All have realized definite results. The other measure which was used by the Huadong Academy successfully involved the use of the cemented diamond drill with attached pipes in clear water drilling to understand the thickness of the cap layer.

F. Drilling and Core Extraction in Complex Geostrata. (1) We extracted the core of soft and weak intercalated layers, fragmented zones of faults and strongly weathered geostrata. One method used the double layer single motion semi-closed piping alloy or the diamond drill with a stepped bottom sprayer in drilling. The key to using the above drill is that the distance between the bottom end of the inner tube and the bottom end of the drill must be short. Drilling speed must be fast. In this way, the results of extracting the core will be good. (2) We used the water-less pump and the double layer single motion piston type drill to drill geostrate with developed joints, loose geostrata, fragmented geostrata, agrillaceous shale, and weathered igneous rock. The rate of extracting the rock core was 80 to 90 percent. (3) In hard, brittle, fragmented geostrata, we generally used the single barrel, double barrel single motion bottom jet hole reverse cycle iron sand drills or alloy drills for drilling. Representative rock samples could be extracted. Recently, we used the cemented diamond drill and we obtained preliminary results.

G. Drilling of Large Gauge Rock Core. In 1957, Sanmenxia used a rotary disc type drill of 1 meter in diameter manufactured by ourselves to drill our nation's first large gauge hole. In 1965, the Chengdu Academy used a modified KAM-500 hand drill to drill a hole of 1 meter in diameter at

Gongju to understand low angle cracks. Later, large gauge drilling was used at the Gezhouba, Xiaolangdi, Ankang, and Manwan projects to explore the soft and weak intercalated layers. A man could be lowered into the shaft to directly observe the intercalation and extract samples, or shear resistance tests could be directly conducted at the rock core.

H. Seismic Prospecting. The actual data on Ankang and Gezhouba showed that using shallow layer seismic prospecting to clarify the surface of the bed rock of the river bed at the dam site and the position and strike of the deep trough produces an error not more than 10 percent. At present, seismographs are commonly used to measure the longitudinal and horizontal wave velocity of elasticity of rock bodies and provide the modulus of dynamic elasticity. In methodology, the refractive wave method is still the main method in measuring shallow layer earthquakes, but we have also developed research in the shallow layer reflected wave method and in controlled seismic sources. At the same time, we have studied the interpretation of refractive wave data of shallow layers and the problem of overlooked layers.

I. Photography and Television in Holes. The camera for use inside holes and television equipment for observing drilled holes are the inventions of our nation's hydroelectric power system. At the beginning of the 1960s, Huadong Academy successfully developed the 91-millimeter diameter black and white television for observing drilled holes. To coordinate with the popularization of small gauge diamond drilling techniques, they recently developed the 56-millimeter diameter black and white television equipment for drilled holes. The geophysical prospecting team of the Chang Jiang River Valley Planning Office successfully developed the 91-millimeter diameter color television for drilled holes. At present, it is beginning to develop small gauge color television for drilled holes. These devices have served well in directly observing geological structures and soft and weak intercalations inside holes.

J. Shear Resistance Tests of Rocks. This began during the 1950s gradually from mainly laboratory tests of small pieces of smoothed surface test samples to the present on-site shear resistance tests of massive rocks to better explore destructive mechanisms in rock bodies. In the Gezhouba key project, we conducted large shearing tests of 11.65x1.70x2.35 meters and 9.54x1.70x2.30 meters in order to study the shearing damage of resistant rock bodies. To save time and cost, most shearing tests at present are medium sized tests of 20x20x20 centimeters. We have also appropriately combined such tests with large on-site shearing tests to obtain the shearing strength of the rock body of the foundation. The loading equipment is the short jack or the steel pressure cushion. When selecting indices, generally proportional limits are used as the basis for hard rock bodies subjected to brittle damage. The yielding limits are used as the basis for soft and weak rock bodies subjected to plastic damage.

K. Deformation Tests. Because we used rigid press and rigid frames, experiments have developed towards measuring the total deformation characteristics of damage of the test samples. The measurement of unit resistance coefficients has also developed from the double barrel method to the radial

hydraulic cushion method with supports on 8 sides or 12 sides. On-site water pressure tests have developed from the simple measurement of deformation of rock bodies to water pressure tests of anchored spraying masonry structures and water pressure tests of plain concrete lined masonry by high pressure grouting in pressure tunnels. In addition, we have conducted experimental research by combining structural calculations and the calculations of mutual action between the structure of the pressure tunnel of hydraulic structures and the wall rock. Some construction sites also experimentally studied the dimensional effects of test samples of the rock body and used the multiple point extensometer to measure the deformation of the deep parts of the rock body. The experiments described above have helped to promote the development of rock testing techniques.

L. Triaxial Tests. In 1959, we successfully developed our nation's first triaxial gauge. In 1964, the Chang Jiang Water Conservancy and Hydroelectric Power Institute and the Changchun Materials Plant jointly developed the Chang Jiang-500 triaxial gauge. In 1977, the 330 Engineering Bureau successfully developed the true triaxial gauge for rocks ($\sigma_1 \neq \sigma_2 \neq \sigma_3$), which provided the necessary condition to study the triaxial strength of unequal pressure in rocks. Now, some units are carrying out triaxial tests of massive rocks at construction sites. The above have provided an effective means to study the strength of rock bodies.

M. Original Position Tests of Rock Bodies. In recent years, efforts from measuring surface stress of rocks to measuring the stress in drilled holes have all developed. We have developed the steel spring strain gauge, the ring aperature deformation gauge, the smooth surface elastic strain gauge and such equipment. We have also compiled computer programs to process stress measurement data. Because the stability of the wall rock of underground structures and the stability of the side slopes are mostly manifested as variations of certain quantitative values, the amount of deformation and the rate of deformation are direct reflections of change in the rock body. Therefore, at some construction sites, we have monitored the deformation of rock bodies for long periods. For example, observation of the pressure of the mountain rock of the underground plant housing at Liujiaxia and observation of the deformation of soft and weak intercalations in the foundation of Huanren Dam have both compiled over 10 years of data. Many types of monitoring devices have been placed in areas of side slopes which have lost stability. We will also observe contraction deformation of underground tunnel walls.

N. Development of Testing Instruments. (1) We joined with related units to develop a stable pressurizer with two pipes which can simultaneously apply 0 to 200 kilograms/square centimeter of pressure. It has already been used in creeping deformation tests of the soft rocks at the Ertan dam site. After continuously applying pressure for over a month, the results of stable pressurization have been good. (2) The radial hydraulic cushion has already measured the resistance coefficients at several projects in the southwest. (3) We joined with concerned units to develop the rock sounder using sound waves and the electric spark emitter source. (4) We have also developed on

a trial basis the indium steel wire contraction gauge and the multiple point drilled hole displacement gauge.

O. Civil Engineering Tests. The Yingxiuwan Hydroelectric Power Station built during the 1960s has conducted triaxial tests of the vibration of original samples in studying the dynamic stability of sand layers. It has conducted large-scale outdoor and laboratory tests of deformation due to percolation of floating grait containing sand in the foundations of sluice gates and selection tests of reverse filtered materials. The allowable sloping value was raised from 0.10 to 0.15. It also conducted three-directional influent electric resistance network model tests. The study of the stability of the sand layer at the Tongjiezi Hydroelectric Power Station provided basic data for the selection of the dam line. In addition, a lot of achievements have been realized in the renovation and the test manufacturing of civil engineering instruments. For example, the Chang Jiang Water Conservancy and Hydroelectric Power Institute developed a large-scale consolidation gauge. It can measure the side pressure in soil, water pressure, in holes and the strength of crossboards. The scientific research institute of the Chengdu Academy developed the Model 79 hydraulic jack stable pressurizer. It can simultaneously apply five different pressures from 0 to 320 kilograms/square centimeter The large-scale mechanics testing trough, the large-scale straight shearing and compressing gauge, etc, have all played a substantial role in production.

III. Study of Geological Problems in Hydroelectric Power Construction

Our nation is vast. Geography and weather conditions are varied. There are many variations in the geostrata and new and old geological tectonic systems. Therefore, the geological conditions that have been found in construction are also varied. Practice over the past 30 years has proved that we can carry out surveys for different types of large dams, tunnels and plant housings in various types of complex geological conditions in construction and we can provide evaluations that are relatively truthful to the actual situation. At present, besides certain advanced means of testing and data processing, our nation's basic theory and working method in engineering geology have basically approached the international standard, but we still have to continue our efforts in quantitative evaluation.

A. Stability of the Rock Body of the Foundation of Dams and Dam Shoulders

Over the past 30 years since founding of the nation, we have successfully built different types of dams using local materials and concrete dams on foundations of different strengths such as new tectonic activity zones, soft rock regions, deep and thick cap layer regions. The tallest dam using local materials is 101.8 meters tall and the tallest concrete dam is 165 meters. The concrete dam of the Ertan Hydroelectric Power Station now being surveyed and designed has a maximum dam height of 245 meters.

The problem of stability of the rock bodies of dam foundations and dam shoulders includes stabilizing deformation, stabilizing percolation and

slippage resistance. It is determined by the completeness of nearby topography, the structural characteristics of the rock body, the composition of the structural surface, mechanical characteristics and the relationship between stress and strain of the rock body and the dam.

The main methods we used in dam construction are as follows:

1. We combined many means of prospecting by drilling, shaft and cavern probing and geophysical prospecting according to the scale and the type of structures and on the basis of engineering and geological surveying and mapping to clarify the structural characteristics of the rock body, the pattern of distribution of structural faces, the forms, the material composition, the relief, and the conditions of percolation of underground water. Then we conducted indoor and outdoor mechanics tests according to the forces exerting against the rock body of the dam foundation and the dam shoulder, the degree of influence of the various structural faces upon their stability, and the possible forms of destruction. Then we determined the rate and the amount of deformation and such factors. Through test calculations of stability, tests of geological mechanics models and finite calculations, we can analyze and understand the stress and strain characteristics of the rock body and the mechanism of destruction. In addition, when arranging various prospecting tests, we also noted the characteristics of spatial distribution of the various types of structural faces and their relationship of the structures under force. These have all been done by the Gezhouba Ertan, Longyangxia and Dongjiang Hydroelectric Power Stations in studying the problem of stability of rock bodies of the dam foundations and dam shoulders.

2. One of the key factors affecting stability analysis is how to determine boundary conditions. We especially emphasized the characteristics of low angle structural faces and conducted systematic research from the macrocosmic view to the microscopic view, from the qualitative to the quantitative, and from the present to the future. While investigating the types of formation and the patterns of distribution, we also emphasized the length of extension, the in-between distance, the width, the numerical differences in relief and material composition. A lot of mechanics test data showed that the stress and strain curve of the filling material in soft and weak structural faces is an asymmetric curve with a peak value. The stress and strain curve after the peak value has practical meaning. The time factor was also emphasized. We conducted a large-scale creeping deformation test under a load of 60 kilograms/square centimeter which lasted for about 720 hours at the Ertan Power station.

3. The rational selection and use of computational data is another key problem that affects stability analysis. When we studied this problem, we considered the engineering geological conditions, mechanical characteristics, the effects of initial stress, time effect, the function of water, the scale and the characteristics of the structures, and we also considered the method of calculating stability and studied the basic hypothesis. We believe such considerations are more overall and rational.

4. The type of dam and the method of construction must be suited to the engineering geological conditions. Our nation is expansive and the engineering geological conditions are more complex. According to the practical experience of these years, we believe that when selecting the type of dam, we must comprehensively consider the topography, the engineering geological conditions, the condition of construction, the economic benefits and such factors. In recent years, light dams have gradually been utilized widely, and thus the amount of construction has been conserved. During construction, we can generally utilize many kinds of treatment according to different geological conditions, for example, refilling concrete by using excavated troughs, wells and tunnels in fragmented rift zones and soft and weak structural faces, or using prestressed anchor chains. In rocks that easily weather and that easily deform under alternating dry and wet states, we paid attention to leaving a protective layer beforehand during excavation and we used straw mats to keep them from drying out and cracking.

Geological bodies are nonuniform rift structures formed during the course of evolution in geological history over a long period. Stress and strain both possess anisotrophy. In addition, the standard of the present means of testing is still not high, therefore, there is still a definite gap in the selection and use of computational data and in quantitative evaluation. There area also deficiencies in the instruments for observing the original positions of rock bodies and in data analysis. We have to continue to exert efforts to improve them.

B. Analysis of the Stability of Side Slopes

Most hydroelectric power projects are located in high mountain gorges. The slopes of the banks are precipitous. The side slopes thus formed include rock slopes, earth slopes and man-made slopes. The loss of stability of massive side slopes is an important engineering geological problem that is frequently seen. At present, the largest unstable mass of rock in the projects currently being surveyed and designed can reach 100 million cubic meters. The height of the side slopes is frequently over 100 meters. The main problem of the side slopes on the banks of reservoirs is that slippage of the unstable mass creates strong surges and waves and endangers the safety of hydraulic engineering structures. During the phase of excavating side slopes, the slippage of unstable rocks will damage structures and affect the construction period. Scouring pits created by dissipating overflow from large dams will cause the slopes on the banks to lose stability and this will affect the stability of the rock bodies behind the dam. Now, the application of multiple spectra remote sensing techniques makes it possible for us to conduct a general survey of the distribution of the loss of stability of large masses on the slopes of the banks within the reservoir area. Then we can use such comprehensive means as cave and well prospecting and geophysical prospecting to concretely investigate the boundary conditions of slippage and understand the mechanism and the form of loss of stability and the destruction by monitoring, by simulation experiments and by finite calculation of the limiting balance of blocks or rocks have gradually led

the analysis of the stability of side slopes to develop towards semi-quantitative analysis.

Based on many years of practice, our major experience in dealing with the problem of side slopes is the following:

1. The soft and weak structural face is the main factor in controlling the loss of stability of side slopes of rock bodies. According to the nature of deformation, it can be divided into several types, collapse, slippage, and creeping. In practice, we can analyze and evaluate the mechanism of deformation and the loss of stability of the different types and remedy them by construction.

2. The dimension and the distribution of initial stress are the mechanical conditions for the loss of stability of side slopes of rock bodies. The release of stress causes the rock body to loosen, destroys the wholeness of the side slopes and weakens the mechanical strength of the soft and weak structural face. The distribution of initial stress has a clear regionality while the body of rocks on the side slopes that has lost stability is generally situated in a loose and unstable unloading region and a transient stress region.

3. The changes in hydrological and geological conditions are the external causes of loss of stability of side slopes. Infiltration of rain water will soften the rock and reduce the strength of the structural face. The drop in the water level of the reservoir will bear the pressure of the water, change the state of inner forces and hasten the loss of stability of side slopes. Because deformation of the side slope of a reservoir bank that has lost stability and changes in the water level of the reservoir are clearly related, thus, based on this characteristic, we can use the method of controlling the water level or storing water in stages to control the deformation of the side slopes that have lost stability.

4. Because the loss of stability of side slopes is a process of continuous readjustment and change in the forces acting inside the body of rocks (earth), therefore, it gradually evolves over time. To understand and grasp this pattern, we should monitor and forecast the deformation of slopes on banks well. We have set up instruments to observe deformation on the slip-off slope of the No 7 section of the Longyangxia Reservoir area and the Huangya slip-off slope and to conduct grounded trianglar net controlled monitoring and sectionally controlled monitoring. Such efforts have provided data for studying the activity of slip-off slopes. The volume of the mass of the slip-off slope in the reservoir area of Longyangxia can reach 100 million cubic meters. Besides monitoring, we have also conducted a series of investigations, scientific research and experiments to study the causes, the basic forms of loss of stability, methods of destruction, and mechanics experiments, calculations of surging waves and model experiments. We have also presented an initial report.

5. The investigation and research in side slopes that have lost stability should be strengthened. It is required that slippage be found and evaluated

during the feasibility research stage. Generally, we should avoid as much as possible the unstable side slopes that are large in scale and that are difficult to treat when selecting the sites for structures.

6. Side slopes that have lost stability have been generally treated by the comprehensive method of digging, filling, patching and anchoring cables. The method of "trimming the head and packing the foot" has been used to treat the Huangya slip-off slope at Wujiangdu and visible results have been realized.

C. Stability of Wall Rocks in Underground Construction

Of the hydraulic engineering tunnels that have already been built or that are under construction, about 28 are longer than 2,000 meters. They have a total length of over 200 kilometers. The longest tunnel is 8.5 kilometers. The largest excavated section reaches 200 square meters and the waterhead can reach a height of 629 meters. The thickness of the upper cap rock is generally 1.0 to 10 times the excavated span. The smallest is only 0.1 to 0.3 times. Twenty-seven underground plant housings have been completed. The largest has a dimension (length x width x height) of 121.5 x 25 x 54 meters. The span of the underground plant housing of the Ertan Hydroelectric Power Station now being surveyed and designed is about 33 meters.

Our main methods and experience in this aspect are as follows:

1. We combined the interpretation of aerial photographs and engineering geology surveys and drawings to investigate the direction of the main tectonic lines in the section where the underground hydraulic engineering structure is to be. We utilized horizontal prospecting tunnels and diversion tunnels for construction to carry out original position measurements and tests to understand the pattern of redistribution of second stress after excavating the wall rock and to understand its mechanical characteristics. We used the multiple point displacement gauge, the contraction gauge, deep hole stress measurements and sounding tests in the underground structures of Ertan and Lubuge hydroelectric power stations to study stress and strain characteristics in the rock body.

2. We categorized the stability of wall rocks by studying the causes and types of wall rock deformation and loss of stability. We believe that the basic factors affecting wall rock stability include natural causes and construction causes. Natural causes mainly refer to the characteristics of geological structures, the stress field of the wall rocks, the strength of the wall rocks and hydrogeological conditions. Many construction projects have proposed qualitative and quantitative categories according to the actual situation to guide surveying and design work. Generally speaking, stability evaluation can be controlled according stress or deformation.

3. When selecting the axial line of underground structures and the shape and size of the sections, we must consider the direction and the size of the largest main stress in the geological stress field. In high stress rock bodies, the axial line of underground structures should be in the same

direction as the largest main stress as much as possible. The shape and the size of the sections are related to the concentration coefficient of the stress in the wall rock. We can select the best shape for the underground structure and the rational height to span ratio by smooth surface elasticity experiments and finite calculations.

4. The arrangement of underground structures "should be inside rather than outside, deep rather than shallow." We should avoid large regional rift activity zones and sections where large karst systems are located as much as possible. The direction of underground structures should make a larger angle with the tectonic line as much as possible. The "two mouths and one portal intersecting section" is the key point in evaluation. We should use the method of tunneling early and exiting late to avoid high and precipitous side slopes caused by facetted spurs.

5. Wall rocks are geological structures formed during the course of geological evolution over a long period. They are discontinuous and uneven. We need to use corresponding theories and methods to evaluate and calculate the pressure of the mountain rocks according to the structural type and the mechanical properties of the rock bodies. When the wall rock is a hard and whole rock body, we use the theory of elasticity. When the wall rock is cut into several blocks by structural faces, we use the theory of limited balance. When the wall rock is a loose and fragmented rock body, we can use Pope's theory.

6. The exterior water pressure on underground structures is related to the structure of the rock body, hydrogeological conditions, the size of the exterior waterhead, the type of masonry and thickness, and the ratio between the infiltration coefficient of the wall rock and the infiltration coefficient of the masonry body. In general, this is determined on the basis of the hydrogeological conditions we have investigated and actually measured data. According to the experience of recent years, we can use water drainage measures to reduce the pressure of exterior water.

7. The elastic resistance coefficient is determined by field test data. We conducted tests using the water pressure method and radial hydraulic pressure cushion method. Tests showed that elastic recoil forces are present only when the wall rock is a continuous or nearly continuous medium and has sufficient thickness, or when the fragmented rock body has been consolidated by grouting and fortified by anchored spraying. The magnitude of the elastic resistance coefficient can be adjusted according to the direction and the magnitude of stress in the geological stress field.

8. Strengthening geological record keeping and forecasting in construction is an important method to correctly evaluate the geological conditions of underground structures.

9. Wall rock has a definite load bearing ability itself. Using anchored spraying of protective supports to join the wall rock and the masonry into one whole unit can improve the load bearing strength and protect the wall

rock. This technique has been successful in building hydraulic engineering tunnels with an internal water pressure of 50 meters.

10. Construction methods must be suited to geological conditions. Generally, forming should be done at once. Construction of separate sections in many phases will increase the destruction of the wall rock. Using smooth surface blasting can avoid the problem of stress concentration caused by the irregularity of the shape of the holes.

D. Building Dams in Karst Regions

Our nation's carbonace rocks are distributed over an area of more than 2,000,000 square kilometers. Yunnan, Guizhou, Sichuan and Guangxi provinces and autonomous regions with rich hydraulic energy resources are regions with very developed karsts. At present, 10 hydroelectric power stations have been built on the Yunnan-Guizhou Plateau. Three are now under construction and four are being surveyed and designed. The reservoirs are generally of two types, dammed reservoirs and plugged reservoirs. At present, we have preliminarily grasped the pattern of building dams and reservoirs in karst regions and the experience of using comprehensive prospecting means and leakage prevention treatment. The general working methods are as follows: On the basis of studying the geotectonics, lithologic character and the history of geomorphological development, we have separated the possible karsts, weak corroded rocks and uncorroded rocks to clarify the mutual relationship between the dynamic conditions of water in the river valleys and the karst system. We fully utilized non-karst layers (water insulating layer), weak karst layers (relatively water insulating layer) to set up damming structures and to connect seepage prevention curtains. We have already completed the 6 step hydroelectric power stations that have been built on Maotiao He and the Wujiangdu Hydroelectric Power Station with a dam height of 165 meters and the Liulangdong Hydroelectric Power Station that has a power plant that generates electricity by blocking the water tunnels in the hidden underground river. The Kunming Academy has classified the kinds of hydraulic power in river valleys in karst regions into five categories and 10 types, and it has separately listed the relationship between replenishment and drainage of river water and underground water and favorable and unfavorable conditions for seepage of reservoirs. This effort serves a definite guiding function in building medium and small hydroelectric power stations.

In investigating the spatial distribution of karst systems and their mutual relationship, we have carried out general prospecting and traced caverns and wells, and we have also used the fluorescein staining method or the new lycopodium clavatum spore, fluorescein and tritium analysis to test the connections of hidden underground rivers. We also used radio wave perspective, pumping tests and tunnel blocking and damming tests to observe the hydraulic links of the karst systems in long-term observations of the underground water table, water temperature and water quality in different types of karst systems to clarify whether the leakage is from karst crevasses or from karst channels. Such efforts have provided a basis for selecting leakage prevention measures. The method of treatment generally included: curtain

grouting, plugging tunnels, water blocking walls, paving and covering, and building cofferdams and coffer wells. In addition, after investigating and studying the deep karsts in the river valleys of the two dam sites of Wujiangdu and Pengshui, we believe that because certain geological structures possess good channels for the circulation of recent underground water towards the deep parts, the depth of development of deep karsts has mainly been determined by the hydraulic power of underground water and chemical conditions of the water.

E. The Problem of Soft and Weak Rock Layers

When building the Huanren Hydroelectric Power Station in the 1960s, we proposed to simultaneously measure compression and dilation forces and the amount of dilation under the prerequisite condition that dilation of test samples is not allowed during the course of processing test samples at the site. In this way, we obtained data that truly reflected the nature of soft and weak intercalations. The Chang Jiang Water Conservancy and Hydroelectric Power Institute carried out systematic research in soft and weak intercalations at Gezhouba. Besides studying residual strength and long-term strength after creeping, it also studied the effects of water infiltration, repeated loads and vibration upon the shear resistant strength of intercalations. It also conducted long-term observations of the damage of intercalations due to seepage, deformation and changes in ionic exchange under the effects of different waterheads and different water quality. It also used the scanning electron microscope, x diffraction and such means to inspect the microscopic structure of intercalation and the composition of clay and minerals, and it used these observations to analyze and interpret the physical and mechanical properties of soft and weak intercalations. These have provided reliable data for design. In addition, we also conducted creeping tests of large scale soft and weak rock layers of a diameter of 1 meter and under a load that could reach 60 kilograms/square centimeter at Ertan in the southwest. Definite results have been obtained.

F. Conclusion

In view of the above, our nation's broad numbers of surveying workers on the water conservancy and hydroelectric power frontline have provided a large amount of basic data for the construction of hydroelectric power in our nation after more than 30 years of hard struggle. They have basically guaranteed the smooth progress of hydroelectric power construction. The reserve of hydraulic energy resources of our nation ranks first in the world. The emphasis of the policies of the state to build up electric power must gradually be placed on hydroelectricity in the future. As plans for the large rivers in the northwest and the southwest are developed, the topographic and geological conditions and the scale of the construction projects will be very different from those of the past. Therefore, the demands upon engineering and geological surveying will be higher. We need more data to prove the evaluation of certain frequently seen engineering and geological problems. We must gradually develop from qualitative and semi-quantitative engineering and geological evaluation to quantitative evaluation. The task facing us is glorious and difficult.

We have already accumulated over 30 years of practical experience. We have a material and technical foundation of a relatively large scale. We also have conditions for continued development. In general, present surveying work is still a weak link in hydroelectric power construction. Our workers engaged in surveying work for water conservancy and hydroelectric power should continue to maintain and develop the superior tradition of hard struggle of the past to march towards the tall mountains and large rivers. For this, we must study and do our job well and continue to summarize experience and popularize new techniques in a big way. We must also quickly establish scientific research agencies for surveying and launch activities to study major scientific and technical problems. Only in this way can we continue to improve the theoretical and technical standards of our nation's engineering and geological work for hydroelectric power and to create conditions for hastening preliminary work and the construction of hydroelectric power.

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DEVELOPMENT OF WATER TURBINE GENERATORS AND THEIR ACCESSORIES

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 48-53

[Article by Qing Changgeng [7230 7022 1649] of the Electromechanics Department of the Water Conservancy and Hydroelectric Power Construction Company: "The Development of Water Turbine Generators and Their Accessory Equipment in Our Nation"]

[Text] I. Development

Over the past 32 years since founding of the nation, as our nation's hydroelectric power developed, the design of hydroelectric power plants, scientific research, design, manufacturing and installation of hydroelectric power generators and equipment have developed correspondingly from nothing to something and from small ones to large ones, and they have formed a relatively complete system. The number of hydroelectric power equipment manufacturing plants have increased to 48 and they have 100,000 workers and over 10,000 technicians. They can design and manufacture various types of water turbine generators for waterheads of 3 to 500 meters and with capacities of from several thousand kilowatts to 260,000 kilowatts. Up to 1981, 400.5 generators with a single generator capacity of over 6,000 kilowatts have already been installed and have begun operation. The total capacity is 1,417.0300 kilowatts. Table 1 lists the number of installed generators and their capacities. In addition, we have also helped developing nations build 10 hydroelectric power plants and install 39 generators with a total capacity of over 900,000 kilowatts. These generators include the mixed flow (HL), axial flow rotary blade (ZZ), axial flow fixed blade (ZD), oblique flow (XL), oblique flow reversable (XLN), flow through (GL) and reversable tidal water turbines and the horizontal, suspended, umbrella, half-umbrella, air-cooled, stator water-cooled and dual stator and rotor water-cooled generators. Some of the varieties of generators that are representative and that have already been manufactured and used are listed in Table 2.

A. Generators

1. Axial flow generators. The axial flow rotary blade water turbine has a relatively high average efficiency and it is suitable for use by power stations with a relatively large waterhead variation because its blades and the opening of the guide blade can maintain the best coordinated

Table 1. Number of installed generators of over 6,000 kilowatts and their capacity

Single generator capacity (10,000 kilowatts)	0.6-1.199	1.2-2.499	2.5-4.99	5-9.99	10-30	Total
Number of generators installed (units)	123	111	73	61.5	32	400.5
Installed capacity (10,000 kilowatts)	99.87	165.8	278.2	415.41	457.75	1,417.03
Percentage (%)	7.05	11.7	19.63	29.32	32.3	100

Note: The generator at the power station on national border rivers is counted as half.

Table 2. Representative varieties of large and medium hydroelectric generators

Type	Name of Power Plant	Single generator capacity (10,000 kilowatts)	Water turbines Model No.	Designed waterhead (meter)	Hub diameter (meter)	Speed of revolution (revolutions/minute)	Specific speed or revolution (meter/kilowatt)
Mixed flow	Liujiaxia	26.0	HL008	100	5.5	125	220
	Liujiaxia	22.5	HL001	100	5.5	125	190
	Wujiangdu	21.0	HL160	120	5.2	150	194
	Danjiangkou	15.0	HL220	63.5	5.5	100	221
	Gongju	11.0	HL220	48	5.5	88.2	222
	Bailongjiang	10.0	HL220	73	4.1	150	226.3
	Xin'an Jiang	7.5	HL180	73	4.1	150	225
	Xiamaling	6.5	HL160	97	3.3	214.3	190.6
	Yanguoxia	4.5	HL240	38	4.1	107	241
	Yuzi Xi	4.0	HL100	270	2.1	500	91
	Xier He	3.5	HL120	220	1.9	500	112.3
	Huamuqiao	1.8	HL160	137.2	1.4	600	189.5
	Miyun	1.5	HL211	48.2	2.25	214.3	210.6
	Lushuihe	1.5	HL006	305	1.4	750	77
	Gutian	1.25	HL160	109	1.4	500	189
	Baihua	1.2	HL240	37.6	2.25	187.5	240
	Liangde	1.0	HL220	35	2.3	187.5	224
Axial flow	Gezhouba	17.0	ZZ560	18.6	11.3	54.6	592
	Gezhouba	12.5	ZZ500	18.6	10.2	62.5	570
	Qinlong	6.0	ZZ560	14.3	8.0	62.5	560
	Sanmenxia	5.0	ZZ360	30	6.0	100	319
	Qingtongxia	3.6	ZZ560	18	5.5	107	650
	Changhu	3.6	ZZ440	28	4.5	150	451
	Fushui	1.7	ZZ440	28.5	3.3	214.3	429
	Dahuofang	1.6	ZZ440	25.2	3.3	214.3	490
	Shimen	1.25	ZZ013	67	1.8	500	295
Stroke	Baizhangji	1.25	CJY-1	346	1.46	500	19.2(1)
	Mofanggou	1.25	CJP-2	458	1.70	500	19.0(1)

Oblique flow	Maojiacun	0.8	XL003	58	1.6	428.6	245.2
Oblique flow reversible	Miyun	1.1/1.5	XLN195	46/52	2.5	250/273	195
Flow-through	Baigou	1.0	GZ003	6.2	5.5	78.9	815

Remark: (1) Specific speed of revolution of single spout; (2) The full name of the manufacturing plants are Harbin Electrical Machinery Plant, Dongfang Electrical Machinery Plant, Tianjin Power Generation Equipment Plant, Fuchunjiang Hydraulic Engineering Machinery Plant, Chongqing Water Turbine Plant, Hangzhou Power Generation Equipment Plant, Shaogun Water Turbine Plant

Generators

Type	Model number	Voltage (kilovolt)	Cooling method	Excitation method	Year of manufacture	Manufacturer
semi-umbrella	TSS1260/160-48	18	double water internal cooling	excitor	1968	Harbin
suspended	TS1260/200-48	15.75	air cooled	excitor	1968	Harbin
semi-umbrella	TS1035/240-40	15.75	air cooled	excitor	1974	Dongfang
umbrella	TS1280/180-60	15.75	air cooled	excitor	1970	Dongfang
umbrella	TS1280/150-68	15.75	air cooled	excitor	1971	Dongfang
suspended	TS854/290-40	13.8	air cooled	excitor	1976	Harbin
suspended	TS854/156-40	13.8	stator water cooled rotor air cooled	ion excitor	1963	Harbin
suspended	TS640/180-28	10.5	air cooled	excitor	1960	Harbin
semi-umbrella	TS900-135/56	10.5	air cooled	excitor	1960	Harbin
suspended	TS425/125-12	13.8	air cooled	excitor	1970	Harbin
suspended	TS384/140-12	10.5	air cooled	excitor	1975	Dongfang
suspended	TS300/110-10	6.3	air cooled	silicon controlled self and compound excitation	1971	Dongfang
suspended	TS550/979-28	10.5	air cooled	excitor	1958	Harbin
suspended	TS260/116-8	6.3	air cooled	excitor	1970	Chongqing
suspended	TS286/115-12	6.3	air cooled	excitor	1953	Harbin
suspended	TS550/80-32	10.5	air cooled	excitor	1966	Hangzhou generator plant
suspended	TS425/113-22	10.5	air cooled	excitor	1976	Shaoguan
semi-umbrella	TS1/60/200-110	13.8	air cooled	silicon controlled self and compound excitation	1979	Dongfang
semi-umbrella	SF1560/159-96	13.8	air cooled	silicon controlled self and compound excitation	1981	Harbin
umbrella	TS1350/138-96	13.8	air cooled	silicon controlled self and compound excitation	1972	Fuchunjiang

suspended	TS990/120-60	10.5	air cooled	silicon controlled self and compound excitation	1974	Harbin
umbrella	TS900/95-56	10.5	air cooled	excitor	1963	Harbin
semi-umbrella	TS725/106-40	10.5	air cooled	excitor	1971	Dongfang
suspended	TS550/80-28	6.3	air cooled	excitor	1971	Harbin
suspended	TS550/80-28	6.3	air cooled	excitor	1958	Harbin
suspended	TS286/115-12	6.3	air cooled	excitor	1977	Harbin
horizontal	TSW286/115-12	6.3	air cooled	excitor	1959	Harbin
suspended	TS286/115-12	6.3	air cooled	excitor	1967	Harbin
suspended	TS260/107-14	6.3	air cooled	excitor	1970	Harbin
suspended	SF04870/79-22/24	10.5/10	air cooled	silicon controlled self and shunt excitation	1973	Tianjin generator plant
horizontal	SFGW10-76/4870	3.15	air cooled	silicon controlled self and shunt excitation	1982	Tianjin generator plant

operating condition under various types of waterheads. Although the structure of this type of turbine is complex and manufacturing is more difficult, its rate of development has been fast in both the waterhead and in capacity. In 1958, we could only produce the generators for a waterhead of 25.2 meters with a hub diameter of 3.3 meters and a capacity of 16,000 kilowatts for the Dahuofang Power Station. By 1963, we could produce the generator with a waterhead of 18 meters, a hub diameter of 5.5 meters, and a capacity of 36,000 kilowatts for Qingtongxia. By 1973, we already were able to produce the generator with a waterhead of 67 meters and a capacity of 12,500 kilowatts for Shimen. By 1980, we produced the Gezhouba generator with a waterhead of 18.6 meters and a capacity of 170,000 kilowatts. At present, we are developing large axial flow rotary blade hydroelectric power generators of 300,000 to 350,000 kilowatts. The 170,000-kilowatt and the 125,000-kilowatt generators of the Gezhouba Power Station began operation in 1981. The 170,000-kilowatt generator is the low waterhead generator with the largest capacity in our nation at present and it is also the generator with the largest dimensions in the world today. Its hub diameter is 11.3 meters and its weight 468 tons. It has 4 stainless steel blades each weighing 40 tons. The outer diameter of the top cover of the water turbine is 14.6 meters. The maximum outer diameter of the generator is 20 meters. The thrust bearing of the generator uses a cold water rim equipped with a high pressure oil cushion to reduce the load. Total thrust is 3.800 tons. The total height of the body of the generator is 29 meters, and it weighs a total of over 4,000 tons. Figure 1 shows the installation of the hub of that generator.

Because few hydroelectric power stations with small waterhead variation were built, therefore axial flow fixed blade generators were not developed in large numbers. The largest capacity of such generators that had already been produced was 9,200 kilowatts with a waterhead of 19.53 meters. We are now designing and manufacturing generators with a capacity of 50,000 kilowatts and a waterhead of 23.3 meters for the Hongshi Hydroelectric Power Station.

As of 1981, 29 large and medium hydroelectric power stations in our nation had installed 77 axial flow generators totalling 2,433,100 kilowatts, constituting 17 percent of the total installed capacity of large and medium generators.

Figure 1. Hoisting the hub of the axial flow rotary blade water turbine of 170,000 kilowatts

2. Mixed Flow Generators. Mixed flow water turbines can utilize a large range of waterheads. They have a relatively high efficiency, their cavitation properties are better, they are structurally simple, they can be manufactured and installed conveniently and they operate reliably. Therefore, this type of turbine is very commonly used in the nation and its development has also been fast. Beginning from 1951 when we produced the Longxi He generator with a waterhead of 35 meters and a capacity of 800 kilowatts to the end of the 1950s, we were able to produce the mixed flow type generator with a capacity of 15,000 kilowatts and a waterhead of 109 meters. By 1968, we could produce the Liujiaxia generator with a waterhead of 100 meters and a capacity of 225,000 kilowatts. In 1972, we replaced the hub on Liujiaxia's 225,000-kilowatt generator with a new hub that has a high ratio speed of rotation and we manufactured a generator with a capacity of 260,000 kilowatts. At present, we are developing giant mixed flow generators with single generator capacity of 500,000 kilowatts. Up to 1981, 96 large and medium hydroelectric power plants in our nation had installed 289.5* mixed flow generators with a total capacity of 11,244,800 kilowatts, constituting 79 percent of the total installed capacity of large and medium generators.

The HL008-LJ-500 water turbine installed at the Liujiaxia Power Plant is a mixed flow water turbine with the largest capacity at present in our nation. Its hub diameter is 5.5 meters. Because the dimensions were limited by transportation capabilities, the hub was cast in two halves using ZG20MnSi steel. The two parts were shipped to the construction site and then bolted together and welded into a unit. It was then heat treated to eliminate welding stress and smoothed. The vortex shell was made of 15MnTi low alloy high strength steel plates 36 millimeters thick welded together. The intake diameter is 6.5 meters. The generator is suspended. The stator and rotor coils are internally cooled by water. A section of the 300,000-kilowatt generator at Liujiaxia is shown in Figure 2.

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*Generators of hydropower stations on national boundary rivers count as 1/2

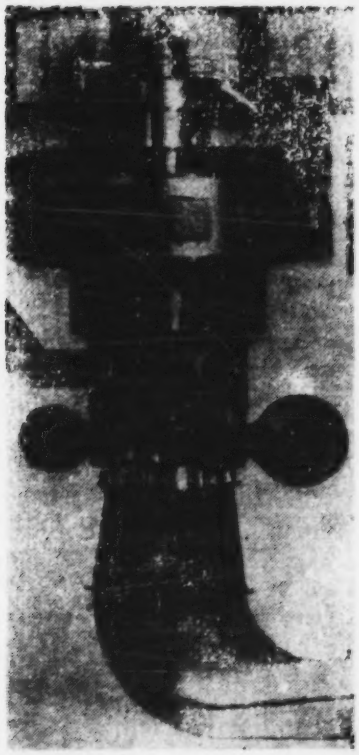

Figure 2. Section of the Liujiaxia 260,000-kilowatt generator

3. Stroke water turbine generators. The stroke generator is structurally simple and convenient to install, inspect and repair. Because our nation has not developed many high waterhead hydroelectric power plants, therefore the varieties and number of stroke generators manufactured are also few. In 1959, we began to produce the generator for the Lushan Power Plant. It had a waterhead of 410 meters and a capacity of 1,600 kilowatts. By 1960, we produced the horizontal generator with a waterhead of 341 meters and a capacity of 12,500 kilowatts. By 1969, we produced the vertical generator with a waterhead of 458 meters and a capacity of 12,500 kilowatts for Mofanggou. The generator at Mofanggou has a double spout structure. The hub diameter is 1.7 meters, the speed of rotation is 500 revolutions/minute. At present, we are developing the stroke generator with a waterhead of 800 meters and a capacity of 20,000 kilowatts. Up to 1981, 8 power stations have installed 22 stroke generators with a total capacity of 443,500 kilowatts, constituting 3 percent of the total installed capacity of large and medium generators.

4. Reversible Pumping and Storage Generators. To satisfy the need to fill the trough and regulate the peak of the power system, the Tianjin Electric Power Equipment Plant produced the first two units of the reversible oblique flow pumping and storage generators in 1972 and installed them at the Beijing

Miyun Power Plant. The model number of the generator was XLN-LJ-250. The hub diameter was 2.5 meters. It could generate electricity, regulate the phase and pump water. When the generator generates electricity, it rotates clockwise at a speed of 250 revolutions/minute. The specified output capacity was 11,000 kilowatts. The designed waterhead of the water turbine was 46 meters and the designed flow was 28 cubic meters/second. When pumping water, it rotates counterclockwise. The designed lifting distance was 52 meters and the specified flow was 23.6 cubic meters/second. The maximum input power is 15,000 kilowatts. When the lifting distance is below 47 meters, the speed of revolution of the generator is 250 revolutions/minute. When the lifting distance is over 47 meters, the speed of rotation is 273 revolutions/minute so as to improve the efficiency of pumping. The operating mechanism of the blades on the hub consists of a scraping board relay and sliding block linkage that are compactly structured. Figure 3 shows the assembly of the hub of that generator. Up to 1981, our nation had a total of two mixed pumping and storage power stations with three reversible storage generators installed. The total capacity was 33,000/45,000 kilowatts. At present, we are studying pumping and storage generators with a waterhead of 100 and 500 meters and a capacity of from 80,000 to 200,000 kilowatts for the North China region and the Guangzhou region.

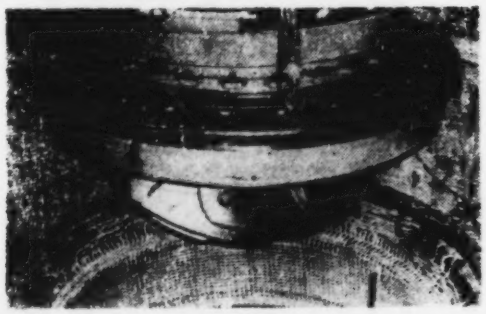

Figure 3. Hoisting the hub of the storage generator of the Miyun Power Plant

5. Oblique Flow Generators. The oblique flow generator is a type of generator between the axial flow and the mixed flow types. It can be used for a higher waterhead than the axial flow water turbine and it has a better partial load regulating function than mixed flow water turbines. It is suitable for use by power stations with a large waterhead variation. In 1970, our nation produced the Maojiacun generator with a capacity of 8,000 kilowatts and a waterhead of 58 meters with a range of variation of 49.5 meters. The structure of this type of water turbine is more complicated, and because the space between the blades on the hub and the hub chamber is very small, is easily affected by external factors and thus easily changes, therefore this turbine generator was not developed further.

6. Flow-through Generators. The flow-through generator is beneficial to developing hydraulic energy resources with a low fall, and it is structurally compact, easy to install and it conserves civil engineering investment.

Our nation began producing such turbines as early as the beginning period of liberation. By 1958, these turbines had already become popular but these turbines were mostly used in small generators, such as the generator with a capacity of 1,600 kilowatts and a waterhead of 4.9 meters manufactured in 1972 by the Chongqing Water Turbine Plant for the Wufu Power Plant, and the bulb-shaped flow-through generator with a waterhead of 6.3 meters, a capacity of 2,500 kilowatts and a hub diameter of 3 meters manufactured by the Hangzhou Power Generation Equipment Plant in 1980. The generator with a capacity of 10,000 kilowatts, a designed waterhead of 6.2 meters, a hub diameter of 5.5 meters (bulb shaped) for the Baigou Power Plant will also be completed this year. Figure 4 shows the base ring and the hub of the Baigou flow-through bulb shaped generator being manufactured by the Tainjin Power Generation Equipment Plant.

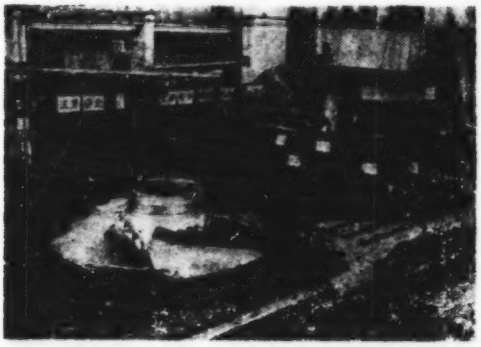

Figure 4. Manufacturing the 10,000-kilowatt bulb-shaped generator in the factory

In addition, the Tianjin Electrical Transmission Research Institute and the Jinhua Water Turbine Plant designed and manufactured the GZN005 tidal bidirectional flow-through generator. It was installed at the Jiangxia Power Plant in 1980 and it began operation. The designed waterhead of the generator was 2.5 meters, the hub diameter was 2.5 meters, the capacity was 500 kilowatts. It can generate electricity by rotating in different directions at high tide and low tide. When the waterhead is below 0.8 meters, it can discharge water by rotating in either direction.

B. Accessories

1. Governor. During the first 10 years following the founding of the nation, we mainly produced and used the mechanical hydraulic governor using the centrifugal pendulum as the receptor, and we had a relatively mature experience in manufacturing and use. In 1958, after the electron tube governor was successfully test manufactured and was put to use, and through the stage of development of the transistor governor, we arrived at the present use of integrated circuit governors. Now we are using the proportional-integral control P-I and the proportional-integral-differential control P-I-D governors on large and medium generators.

Domestically manufactured governors are suitable for use on large, medium and small generators. There are two types, the single governing type and the dual governing type, in 21 varieties. The oil pressure equipment used in combination with the governors includes 16 varieties with volumes of 1 to 40 cubic meters in two strengths, 40 and 25 kilograms/square meter.

2. Intake Valve of Water Turbines. The butterfly valve is used in the water turbines for waterheads less than 200 meters. The initial butterfly valves used traditional iron disk valve lobes. There were the horizontal and vertical structures. Now, they have developed into 17 varieties, the largest having a diameter of 6 meters. Because iron disc butterfly valves have a poor ability to stop water, we have, over the past 10 years, gradually changed them to flat plate butterfly valves fully sealed around the circumference. The structure has also gradually developed towards welded structures. There are 4 varieties at present, with the largest diameter of 3.2 meters.

Ball valves are used on water turbines for waterheads larger than 200 meters. They mostly used sealed cap single sided water blocking ball valves. Because inspection and repairs are not convenient, we have now changed to double sided ball valves to block water. At present, 9 varieties have been developed, the maximum allowable pressure elevated waterhead has reached 500 meters and the largest diameter has reached 1.6 meters.

3. Excitation System of Generators. The excitation of water turbine generators of the past generally used the direct current excitor. There were self excitation, shunt excitation and independent excitation methods. When using compound excitation and independent excitation, we need to add an auxiliary excitor. The regulation of excitation gradually developed from the initial mechanical regulator through regulation by compound excitation with an added voltage corrector to the use of phased compound excitation and the silicon controlled excitation regulator. Since the end of the 1960s, large power silicon controlled rectifier excitation systems were gradually popularized in water turbine generators. In recent years, this method has mostly been used in building generators for large and medium power stations. It has a quick response speed, it easily satisfies the need for multiple top value excitation, and maintenance is easy. The silicon controlled rectifier excitation system also has several types, self excitation, shunt excitation, compound excitation and independent excitation. The regulation of excitation has developed from proportional regulation by simple response to voltage deviation to proportional-integral-differential regulation. Some regulators are also equipped with over excitation and lack of excitation protection and system stability devices. They are beneficial to further guaranteeing the safe operation of the generators and the system. Extinction of excitation of the generator generally relies on the excitation extinction switch installed on the rotor circuit. Some of the generators using the silicon controlled rectifier excitation system have used inverse extinction of excitation. It can improve the working condition and the useful life of the excitation extinction switch. Individual generators have even eliminated the excitation extinction switch.

In view of the above developments, our nation's hydroelectric power stations have realized great achievements in the design and construction of hydroelectric power equipment. But because our nation has not existed for a long time, we are still young in scientific research, design, manufacturing, and we do not have a lot of experience, and there are still some problems that need to be strengthened and improved in future progress. They are mainly the following:

(1) The means of testing and the content of experiments of water turbine models are not sufficiently perfect. The time of the experiments are long. The characteristics of individual hubs have not been grasped completely, thus some generators have developed two and even three vibrating zones during operation.

(2) The series of hubs is still not complete. Frequently, we have to use substitute methods to make up for the deficiency, therefore the performance of the substitute hubs is not good enough.

(3) Structural improvements and renovation have been slow, performance is unstable. For example, some generators have not been sealed tightly enough. They leak oil and water and the occurrences of spewing oil by the bearings and formation of oily mists have not been thoroughly eliminated.

(4) The temperature of the thrust bearing rim of some generators is slightly higher and burnt rims have occurred. The distribution of ventilating air flow in generators is uneven, temperature rise is not uniform and electrical corrosion has occurred.

(5) Industrial experiments and evaluation of new materials have not been carried out sufficiently. Casting techniques still cannot catch up, therefore, cracks have occurred in some castings and some castings have broken.

(6) The precision of manufacturing, the processing of some equipment and the smooth surface finish of some equipment have not met the requirements of the technical conditions of the flow-through parts of water turbines. Interchangeability of the parts is poor.

(7) Because the supply and demand relationship is unsuitable and because of inappropriate planning, sometimes, simple "substitute generators" are used to substitute for the designed and selected generator models. Already existing generators or generators that have already been finalized and manufactured are installed in power stations that are entirely unsuitable for such generators and this has brought about detrimental results.

(8) Some power stations have dumped excavated residue into downstream river channels during construction. After construction is completed, the residue is not thoroughly removed, thus the tail water level rises, reduces the waterhead of the power plant and causes a loss of electrical energy.

(9) Sometimes, because of shortages in the power load, some generators that should be shut down for inspection and repair continued to operate and some generators were forced to operate beyond capacity for a long period.

(10) The performance of some automated components has not been sufficiently stable, the moisture-proof properties are poor, thus affecting automated operation.

II. The Problems of Cavitation and Abrasion by Mud and Sand in Water Turbines

Cavitation damage in water turbines has been a subject of domestic and foreign research for many years. Up to now, the mechanism of cavitation has not yet been thoroughly understood. But achievements have been realized in preventing and controlling clean water cavitation. We can now control cavitation and weightlessness in water turbines to within an allowable range after operating for 8,000 hours or after operating for a definite period via various technical measures. The problem of damage to water turbines when water contains mud and sand has been studied less in our nation and abroad and correspondingly forceful measures are lacking.

Our nation is a nation with more muddy and sandy rivers. Power stations situated on rivers with a large amount of sand have noted that during the flooding period, the average sand content in the water can reach as much as 50 to 60 kilograms/cubic meter or be as little as 0.5 to 1.0 kilograms/cubic meter. The grains of sand are fine and hard. The quartz content is very high. This is not seen frequently in the rest of the world. Water turbines of many of these hydroelectric power stations have been damaged to varying degrees after operating for a period or after the flooding season during which time the water contained sand. Some of the damage have been relatively severe. The loss of electricity due to inspection and repairs has reached several billion kilowatt-hours.

Operation of many hydroelectric power stations has proved that the higher the concentration of sand in the water, the harder the grains, the higher the waterhead of the power station, the higher the parameters of the water turbines, the poorer the manufacturing quality, the longer the time of operation, the more serious the damage to the parts over which water flows in the water turbine. The degree of damage by the combined action of cavitation and abrasion is far more serious than the damage due to cavitation by clean water or simple abrasion. The rate of damage develops exponentially (larger than 1). The characteristics of damage are the creation of grape vine or scale type grooves or deep indentations in the direction of water flow. The edges along the channel of water flow show an irregular canine tooth shape. The damaged surface is shiny and there are many pin holes. The damaged parts mainly appear in the negative pressure areas of the channel of water flow. Some have also appeared in the positive pressure areas.

During the past 20 years, we have conducted a lot of experimental research in damage resistance of materials in order to solve the problems of

cavitation and abrasion. We have also realized definite achievements in laboratory and field experiments with many types of metallic wear-resistant material coatings and nonmetallic wear-resistant material coatings. In addition, some hydroelectric power stations have repaired severely damaged blades according to the shapes of the blades that have been slightly damaged while conducting major repairs of water turbines. They used pile welding of stainless steel and buffing to reshape the blades, improved the smooth surface finish, reduced the degree of damage, and prolonged the interval for inspection and repairs. In addition, some hydroelectric power stations used the method of raising the tail water level to reduce the degree of damage but the results have not been outstanding. Conversely, they have created difficulties in utilizing natural supplementary air flow to eliminate vibration and phase regulation to pressurize the water. These problems reduce the amount of electricity generated and hinder repairs. To clearly understand the mechanism of damage by cavitation and to take effective measures against it, we have taken this problem as the main subject of research by our nation's hydroelectric power designing and manufacturing professions at present.

* * *

In the 32 years since the founding of the nation, although we have already installed over 21,000,000 kilowatts (including medium and small generators), calculations based on the output of electricity show that this is only equivalent to 3 percent of exploitable hydraulic energy resources. Hydroelectricity is a one-time energy source and it is also a reproductive energy source. The state has already determined that we should develop hydroelectric power as a priority. Our nation is now planning, designing and building large and medium hydroelectric power stations with installed capacity of over 40,000,000 kilowatts (among them, 25 are under construction with a capacity of 11,410,000 kilowatts; 29 are being preliminarily designed with capacity of 10,100,000 kilowatts; feasibility designs are being done for 15 with installed capacity of 20,330,000 kilowatts), and a relatively large number of small hydroelectric power stations. They are very difficult tasks facing hydroelectric power builders and equipment manufacturers. We must summarize experience, conscientiously learn the experience and lessons of past work to build hydroelectric power stations into high quality and high standard power stations. For this, we have proposed the following suggestions: (1) We must quickly strengthen scientific research strength, develop the study of the mechanism of cavitation and abrasive damage to water turbines by water that contains sand in a big way. (2) We must strengthen and perfect model testing equipment, hasten the progress of model testing, quickly complete, double check and renovate the series of hubs. (3) We must further establish and perfect the standards for manufacturing hydroelectric power equipment, the quality of hydroelectric power construction and installation, standards of inspection and the corresponding economic responsibility system. (4) We must establish regulations for mainframe equipment and for selecting the best plants and for bidding. (5) We must use stainless steel hubs or blades in water turbines for high waterheads and for large capacity as much as possible. In general, we must make the newly built power stations safe, stable, economical so that they can operate at full capacity, contribute what they should towards the four modernizations and benefit later generations.

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SMALL-SCALE HYDROPOWER DEVELOPMENT IN CHINA OVER PAST 30 YEARS REVIEWED

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, pp 54-56

[Article by Zhao Zengguang [6392 1073 0342] of the Agricultural Power Department of the Ministry of Water Conservancy and Electric Power: "Reviewing the Development of Small-scale Hydroelectric Power in Our Nation Over the Past 30 Years"]

[Text] I. Historical Retrospect

More than 2,000 years ago, our nation already began utilizing hydraulic power to thresh rice. But our nation began utilizing hydraulic power to generate electricity only in 1912, later than the West by over 40 years. The first hydroelectric power station was the Shilong Dam Hydroelectric Power Station in Kunming, Yunnan. Its installed capacity was 2,300 kilowatts. Up to 1949 when the whole nation was liberated, the number of large and small hydroelectric power stations completed had only a total of 160,000 kilowatts, and there were only some 20 small hydroelectric power stations at the time with over 2,000 kilowatts.

After the founding of the nation, the national economy had just recovered, the people's government began emphasizing the development of small hydroelectric power. In 1953, a special administrative agency in charge of small hydroelectric power was established. In 1956, Zongqing County in Sichuan, Yongchun County in Fujian and Hongdong County in Shanxi held three national small hydroelectric power technology training classes to train the first group of technicians to build small hydroelectric power for each province. At the time, the industrial foundation was weak, the training classes mainly recommended two types of simple water turbine generators: For waterheads of less than 5 meters, the water turbine generator with wooden rotary blades was recommended. It could be manufactured by ourselves and fitted with an ordinary alternating current generator and a semi-intersecting flat belt drive. For waterheads of 6 to 30 meters, the double stroke (Ban-ke) water turbine was recommended. It could be manufactured locally by small factories. The power transmission lines were generally low voltage lines. Before 1955, only several to a dozen power stations of several hundred kilowatts of capacity each were newly built each year. In 1956 and 1957, several hundred power stations were newly built with capacity of 10,000 or

20,000 kilowatts each. From 1958 to 1960, 2,000 to 3,000 power stations were built each year with a capacity of 50,000 to 100,000 kilowatts. Although the number of power stations was high, but in general the capacities were all very small and the quality was poor. Power supply was not reliable. During the three years of difficulties, many of the power stations were dismantled and abandoned. A definite loss was suffered, and the number of newly built power stations each year dropped, but the benefits of power stations were gradually recognized by the broad masses and a group of electrical workers in farm villages was trained. This established a definite foundation for future development. By 1965, the installed capacity of newly added power stations returned to 40,000 to 50,000 kilowatts. After the 10 years of internal strife began, some regional small hydroelectric power stations continued to develop. To summarize the experience of developing small-scale hydroelectric power during the previous stage so that small-scale hydroelectric power can more healthily and more smoothly develop, the Ministry of Hydroelectric Power held a national small hydroelectric power field conference in Youngchun County in Fujian in November 1969. After the conference, the experience of Youngchun County in building a small 3,000-kilowatt hydroelectric power station popularized.
At the same time, because the state subsidized and helped small hydroelectric power projects in capital, technology and key raw materials, the enthusiasm of each level in developing electric power was mobilized. Therefore, starting from the 1970s, the rate of development of small hydroelectric power was very fast. During the beginning period, the installed capacity was 300,000 to 400,000 kilowatts. After 1976, this reached 500,000, 700,000, 900,000 kilowatts each year and by 1979, the installed capacity surpassed the 1 million kilowatt level. The growth of installed capacity and output of small hydroelectric power stations is illustrated in Figure 1.

During the past 2 years, it has been decided to slow down the rate of development and shift emphasis towards completing facilities, management and to fully develop the benefits of existing power stations because of a reduction in capital construction and in subsidies by the state on the one hand, and because of overly rapid development during the previous years, the lag in many aspects such as forming complete systems and management to catch up on the other hand, and many conflicts and problems emerged.

II. Present Situation and Trend

In 1981, small hydroelectric power stations continued to develop while fortifying themselves. In that year, an installed capacity of 760,000 kilowatts was newly added. After deducting the amount reduced after verification, the new increase was 640,000 kilowatts and the annual output was 1.44 million kilowatt-hours. The installed capacity realized a net gain of 9 percent over 1980 and the amount of power output increased 13 percent. This showed that after readjustment and reorganization, a definite achievement was realized. The number of small hydroelectric power stations throughout the nation lessened but the average installed capacity increased. By 1980, each station had an average installed capacity of 78 kilowatts, and in 1981, this rose to 89 kilowatts. The average installed capacity of

the stations that began production in 1980 was 177 kilowatts, and this rose to 218 kilowatts in 1981. The average capacity of single stations over the years and the average capacity of the stations that newly began operation each year since 1976 are shown in Figure 2. In 1981, the total number of small hydroelectric power stations numbered 85,415 with installed capacity reaching 7,570,000 kilowatts and generating 14.4 billion kilowatt-hours of electricity a year. There were 4,822 small hydroelectric power stations of the system of ownership by the whole people, constituting 5.6 percent of the total. They had an installed capacity of 4,020,000 kilowatts, constituting 53 percent of the total installed capacity, and they generated 9.6 billion kilowatt-hours of electricity annually, constituting 66 percent of the total annual output of electricity.

In 1981, a total of 7,715 small hydroelectric power stations joined the national and local power networks. They had a total installed capacity of 4,700,000 kilowatts, constituting 62 percent of the total installed capacity of the whole nation's small hydroelectric power stations, an increase of 7 percent over 1980. Among them, 3,802 stations with 2,000,000 kilowatts joined the national power network, constituting 26.4 percent of the installed capacity and showing an increase of 16.4 percent over 1980. There were 3,913 stations with 2,700,000 kilowatts that joined local power networks, constituting 35.6 percent of the total capacity, showing a drop of 9.7 percent from 1980.

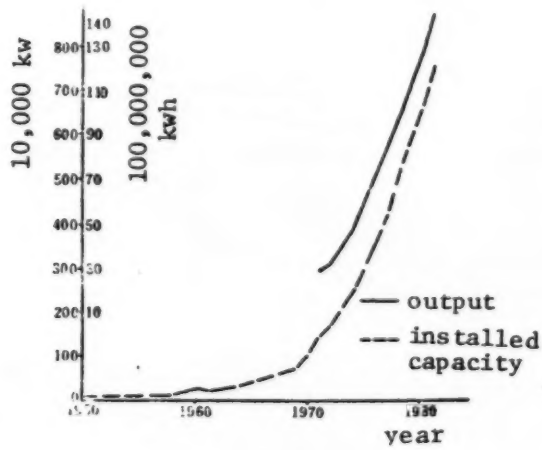

Fig. 1. Growth of installaed capacity and output of small hydroelectric power stations.

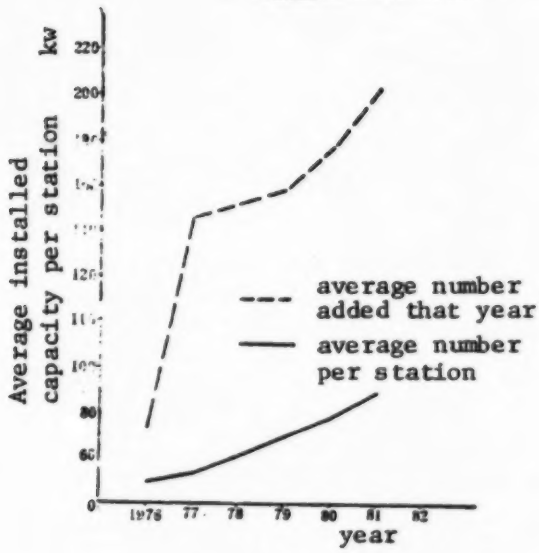

Figure 2. Growth in average capacity per station of the nation's small hydroelectric power stations and average capacity per station of newly added stations that year throughout the nation.

In farm village power consumption, county-run industries used much less electricity than in 1980 while the amount of electricity used for irrigation, commune and brigade industries, processing of agricultural sideline products and lighting and living increased in multiples. Some localities have begun to use surplus electricity for cooking, heating, drying agricultural products and tea manufacturing. Some are also considering using surplus electricity to heat cold water, to supply hot water and boiled water to towns and cities to fully develop the benefits of small hydroelectric power.

III. Function and Evaluation

1. Small hydroelectric power stations have stimulated the development of country and commune industries and enlivened the farm village economy. For example, Longshan County in Hunan Province in the remote border mountain regions where minority nationalities live had only 68 kilowatts of generating capacity before 1964. The production value in 1965 was only 1,736,500 yuan. After 1964, the county, commune and brigade levels began developing electric power and by the end of 1980, they had built a total of 74 small

hydroelectric power stations with a capacity of 10,611 kilowatts. With the addition of a small thermal power station, they had preliminarily formed an independent local small power network, thus industrial and agricultural production developed rapidly. They own 30 factories that realized a production value of 37,300,000 yuan in 1980, an increase of 74.7 times over that in 1965. The local industrial production value per kilowatt-hour of electricity was 2.64 yuan.

2. Small hydroelectric power stations developed the use of electric power for irrigation, improved the ability of farmland to resist drought and drain waterlogging, and stimulated increases in agricultural output. For example, Enping County in Guangdong developed the Jin Jiang river valley in steps and built over 130 medium and small hydroelectric power stations with installed capacity of 36,000 kilowatts. They solved the problem of irrigating 280,000 mu of farmland in the Jin Jiang river valley and the problem of dragging away waterlogging in 120,000 mu of lowland that is easily waterlogged.

3. Small hydroelectric power stations have accumulated capital for communes, brigades and the localities for use in expanding reproduction and improving the life of commune members. For example, Guangdong Province allocated 13,000,000 yuan from profits of small hydroelectric power stations in 1980 to develope small-scale hydroelectric power and to realize the "use of electric power to nurture electric power."

4. Small hydroelectric power stations have promoted the development of our nation's power generation and electrical equipment manufacturing industries. Now, our nation has the capability to manufacture an equivalent of over 1 million kilowatts of medium and small hydroelectric equipment and accessory equipment annually.

5. Small hydroelectric power stations have realized mechanization of processing agricultural sideline products and enlivened cultural life in the farm villages.

IV. Conditions and Motivating Force

The rate of construction of small hydroelectric power stations in our nation has been fast. The number of stations ranks first in the world and this has attracted the attention of international energy circles. In recent years, many people have come to our nation to inspect and they frequently ask such a question: Why can small hydroelectric power develop so massively in China? What is the motivating force?

We believe that small hydroelectric power can massively and rapidly develop in our nation because of its special conditions:

1. Our nation's hydraulic energy resources are rich and the distribution is wide. Of the more than 2,300 counties throughout the nation, 1,000 counties have exploitable resources of over 10,000 kilowatts. At present, only a small portion of these resources has been developed.

2. Our nation's territory is vast. Large power networks still cannot reach the broad number of farm villages, particularly the remote mountain regions. The supply cannot satisfy the demand in the farm villages that are covered because of the shortage of power.

3. Massive development of farmland water conservancy projects has acquired the experience of organizing the masses to carry our water conservancy construction projects. Many small hydroelectric power projects were built in combination with farmland water conservancy projects.

4. The masses have realized the benefits of small hydroelectric power after several years of popularization and demonstration, and at the same time, a native technical force has been trained to become the technical backbone in building power stations.

5. The government has drawn up a set of policies to help the development of small hydroelectric power and has given support in capital, materials and technical training. At the same time, the rights of the builders have been protected and the enthusiasm of the localities, communes and brigades to develop electric power has been mobilized.

6. Industry now has a definite foundation. It can supply whole sets of mechanical and electrical equipment and devices needed by small hydroelectric power stations. Because attention was paid to the "three-izations" of equipment (serialization, generalization, standardization), product quality has been further improved and manufacturing cost has been reduced.

V. Problems and Outlook

The major problems existing in the development of small hydroelectric power are the following:

1. In massive development, operational guidance has not caught up in time and some conflicts have been exposed. The main problem is a lack of unified planning and comprehensive balance. The review of economic benefits and approval of the projects do not adhere to a strict system and criteria for examination, thus there have been too many run-off power stations and too much seasonal electric power. The generation of electricity and the use of electricity could not be balanced locally. There has been a lack of unified plans for the development and distribution of power stations and networks.

2. Management work could not catch up. The benefits of existing power stations could not be fully developed. Although in recent years, each locality has done a lot of work in management, although national business management learning classes have also been held twice, but business management of small hydroelectric power stations is still a weak link and a set of mature management methods is still lacking.

In the management system, there are also many problems that urgently need to be solved at present. Frequent conflicts between the two power supply

systems particularly in regions where small hydroelectric power stations and the large power network supply electricity in a mixed way have occurred. If this problem is not handled well, it will not only hinder the existing power stations and networks from producing their benefits normally, it will also affect the future development of power stations and power networks in farm villages.

At present, the causes of these problems and their solutions are understood in different ways in our nation. Here, we do not plan to overly analyze and discuss them. We only want to discuss the following aspects as our shallow opinions and outlook in the development of small hydroelectric power.

1. Small hydroelectric power stations should keep growing while becoming consolidated. For a certain period, the large power networks will not be able to completely satisfy the demands for power in the broad number of farm villages. Even if power networks are developed in the future, small hydroelectric power, as a reproductive energy source that is easy to develop and that does not pollute, should still be utilized. At present, some industrially developed nations have returned to developing small hydroelectric power. This reality shows that we should analyze the actual situation and consider economic benefits. As long as the electricity generated is economically rational, it should be developed.

2. Small hydroelectric power should balance power and output locally as much as possible at present. When building power stations in the future, there must be a general plan. There must be a plan that is based on the water system, that considers the amount of water being regulated and stored, and that considers both the upper and lower reaches. There must be a plan for an electric power system based on load development, distribution of the power source, and that includes the existing power network. At the same time, load development must be considered in installed capacity and installed capacity should be realized in stages. For this, we must have a strict procedure to review and approve capital construction. We must have clear standards for economic examination. We must consider benefits and the overall situation.

3. We should grasp tightly the study of the system of management of electric power in farm villages. This management system should be able to take into consideration the characteristic of unified dispatching of electric power and also local benefits to develop local enthusiasm.

At present, half of the farm families in our nation's broad number of farm villages still does not have electricity. There is an extreme shortage of energy resources in farm villages. Therefore, fully utilizing hydraulic energy resources of medium and small rivers, relying on the locality, actively developing small hydroelectric power are still the major tasks that should be done.

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DEVELOPING OPTIMIZED DISPATCHING OF HYDROPOWER STATIONS

Beijing SHUILI FADIAN [WATER POWER] in Chinese, No 8, 12 Aug 82, p 57

[Article by Bing Fengshan [6728 7364 1472] of the Science and Technology Department of the Ministry of Water Conservancy and Electric Power: "Results of Optimization of Dispatching of Hydroelectric Power Stations Are Outstanding"]

[Text] Our nation's construction of hydroelectric power stations has developed very fast. Up to the end of 1981, the installed capacity of hydroelectric power throughout the nation had grown to more than 21,000,000 kilowatts (not including Taiwan Province; the total installed capacity of the hydroelectric power stations with over 500 kilowatts is 18,250,000 kilowatts), the annual output is 66.55 billion KWH, constituting 30 percent of the total installed capacity of the whole nation and 20 percent of the total output of electricity of the whole nation. These hydroelectric power stations occupy a very important position in our nation's energy structure They have made great contributions towards the development of the national economy and the building of socialism. But for a period, the question of how to realize optimization of dispatching of the hydroelectric power stations and the reservoirs and fully develop the economic benefits of the hydroelectric power stations did not attract the widespread attention that it should have, thus many hydroelectric power stations operated at a low water level for a long period, and this severely lowered the comprehensive benefits of hydroelectric projects. In particular, during the 10 years of upheaval, each year, the whole nation lost an average of 2 billion KWH of electricity.

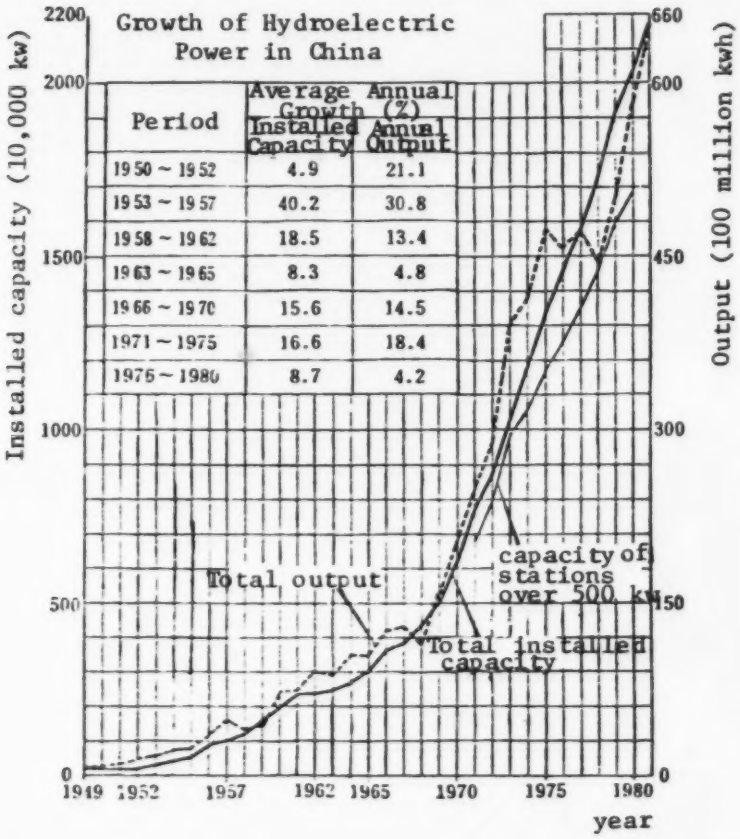
To change the above situation, the State Economic Commission approved and promulgated "the trial regulations on economic dispatching of hydroelectric power stations and reservoirs" at the end of 1979. From then on, economic dispatching of reservoirs started to become the center of attention of the nation's electric power production departments and concerned leading departments of the localities, and work in this regard was launched on a more widespread basis. Outstanding achievements have been realized. They are concretely manifested in the return of most hydroelectric power stations and reservoirs to normal operation, a drop in the amount of water consumption, and an increase in the output of electricity in consecutive years. According

to preliminary statistics, (1) over 10 key hydroelectric power stations generated 3.8 billion KWH more electricity in 1979 than in 1978, 9.7 billion KWH more electricity in 1980 than in 1979, and 5.5 billion KWH more electricity in 1981 than in 1980. Over the past 3 years, they generated an additional total of 19 billion KWH of electricity. Of this additional amount, 5 billion KWH of electricity were generated because of the development of economic and optimized dispatching. (2) The amount of water consumption for the generation of electricity throughout the nation dropped 0.61 cubic meter/kilowatt-hour from 1978 to 1979, and 0.34 cubic meter/kilowatt-hour from 1979 to 1980. (3) In 1981, hydroelectric power in the whole nation generated an additional 13.9 billion kilowatt-hours of electricity. Of this, the use of optimized dispatching techniques produced 1.95 billion kilowatt-hours, and the production value of electricity generation was nearly 100 million yuan, equivalent to nearly 1 million tons of standard coal.

Scientific research achievements and the results of application of optimized dispatching of the Zhexi Hydroelectric Power Station and Reservoir in Hunan were the most outstanding. According to reported data, that power station generated an additional 360 million KWH of electricity in 1980 because it implemented optimized dispatching while the consumption of water for generating electricity dropped by 0.29 cubic meters/kilowatt-hour. In 1981, it generated an additional 190 million KWH of electricity (the reservoir also stored an additional amount of water equivalent to the amount needed to generate 180 million KWH of electricity) while the consumption of water for generating electricity dropped 0.6 cubic meters/kilowatt-hour, an average annual increase of 3 percent in output. From January to May 1982, the water coming from the reservoir of that power station was 1.741 billion cubic meters less than the same period last year, but an additional 360 million KWH of electricity was generated. At the same time, because of rational dispatching of the reservoir, the smooth construction of the downstream Majitang Hydroelectric Power Station was guaranteed. From January to May 1982, the amount of water coming from the reservoir of the Fengtan Hydroelectric Power Station in Hunan was over 200 million cubic meters less than the same period of the previous year, but because optimized dispatching was launched, an additional 160 million KWH of electricity was generated. In addition, during the past 2 years, the two power networks of Eastern China and the Northeast strictly controlled the water level of the reservoirs and maintained the ability of the hydroelectric power stations to generate electricity normally. The Sichuan power network has implemented joint operation of thermal and hydroelectric power in recent years. During the flood season, the thermal power stations regulated the peaks and more hydroelectric power was generated. This massively conserved exhaustible energy resources. Optimized dispatching is being carried out in the joint dispatching of the Gutian Xi cascade hydroelectric power stations in Fujian, joint dispatching of the Xinfeng Jiang and Nan Shui Power Stations in Guangdong, joint dispatching of the Danjiangkou and Gezhouba dams, joint dispatching of the Liujiaxia Hydroelectric Power Station and the other power plants of the power network, and joint dispatching of the Zhexi and Fengtan Hydroelectric Power Stations. It is hopeful that better economic benefits can be realized early. Successful experience and outstanding economic results have also been created in the optimized dispatching of the

Fengman and Huanren Hydroelectric Power Stations in the Northeast, flood water forecasts and dispatching of the Fuchun Jiang and Xijin Hydroelectric Power Stations.

Developing optimized dispatching of hydroelectric power stations and reservoirs is a good way to realize many comprehensive benefits. It requires less money and produces quick results. It is an effective way to develop the potential of the hydroelectric power stations to generate electricity and to conserve energy. Therefore, we should carry out the work of optimized dispatching of hydroelectric power stations and reservoirs that have already been built even better.



Period	Average Annual Growth (%) Installed Capacity	Annual Output
1950 ~ 1952	4.9	21.1
1953 ~ 1957	40.2	30.8
1958 ~ 1962	18.5	13.4
1963 ~ 1965	8.3	4.8
1966 ~ 1970	15.6	14.5
1971 ~ 1975	16.6	18.4
1976 ~ 1980	8.7	4.2

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON DEVELOPING PRC AGRICULTURE

HK261136 Beijing JINGJI YANJIU in Chinese No 9, 20 Sep 82 pp 10-15

[Article by Yu Dechang [1672 1795 2490] of the Agricultural Economics Research Bureau of the Chinese Academy of Social Sciences: "On Comprehensive Development, Utilization and Management in China's Agriculture"]

[Text] I. Comprehensive Development, Utilization and Management Are the Objective Demands in Agricultural Development

Following the progress of science and technology and the accumulation of experiences, people have continuously deepened and expanded the scope of their understanding of the work of comprehensive development, utilization and management of agriculture. This has helped to create increasingly more material wealth for mankind. It is the general trend of the historical development of agriculture and, objectively speaking, represents an inevitable development.

First, this trend constitutes an objective demand concerning agricultural natural resources as an integrated whole. The production activities of mankind all take place in a defined natural environment and are aimed at the development and utilization of definite natural resources. Marx said: "In production, mankind performs a role similar to that of nature itself, that is to say, changing the form of substances. Not only that, but also in changing the form of the substances it has to rely on help from the natural forces." (Marx: "Das Kapital," vol 1, 1975 edition, p 56). In undertaking agricultural production, mankind must necessarily be controlled and influenced by the law of living things themselves and by natural environment. Moreover, the natural resources of agriculture (including land, living things, water and climate) constitute an organic whole and their functions are correlated to and influence each other. Take water resources for example: generally speaking, the quantity of water from the atmosphere is substantially equivalent to the quantity of the water runoff on the earth's surface. But because of differences in topography, quality of soil, and planting conditions the volume of water from rainfall, when it reaches the earth's surface, is redistributed and results in flood and waterloggings, drought and dry spells in different localities. Not only do the natural resources of agriculture as a whole constitute a composite body related to each other and hold each other in check, but the different components of agricultural resources themselves also separately constitute a natural composite body. For example, plant resources are formed by

definite water, heat and soil conditions. A change in any one of the components will correspondingly bring about changes in the other factors. Again, for example, changes in forestry and planting conditions bring about changes in the conditions of the atmosphere and soil. These special features of agricultural resources require mankind to undertake comprehensive development and utilization, otherwise not only will there be a waste of resources but also a breakup of the natural resources and an ecological imbalance may result. This point has been clearly testified in the history of agricultural development of many countries, including our own country. Because mankind undertakes development work blindly and damages the ecological balance, at present natural disasters have become increasingly frequent in the world and in our country. This is indeed a very painful lesson. On the other hand, whenever mankind can learn from this lesson and undertake comprehensive development and utilization, then not only will agricultural resources be rationally utilized but also the power to resist natural disasters on the part of agricultural production will be immensely strengthened and stability in agricultural production will be heightened.

Second, this trend is also an objective demand for improving and protecting mankind's conditions for existing. In order to exist, mankind demands many and various means of livelihood. Not only is grain needed for food but also meat, milk, eggs, fish, vegetables, melons and fruits are consumed as food. And mankind wears not only cotton clothing but also furs, wool and other kinds of clothing made of such fabrics as silk, or hemp, or flax. In order to meet mankind's various demands, it is necessary to develop diversified kinds of agricultural production and undertake the comprehensive development, utilization and management of agriculture, and thus continuously improve mankind's living conditions. Unfortunately, at the moment, mankind's living conditions have been deteriorating. One of the reasons for this is: In the development and utilization of agricultural resources, mankind has violated the principle of "exchange inequal quantity in the world of nature" and has slighted the special feature of the diversified uses and varied forms of natural resources. In nature, materials which foster development and growth are used in a cycle. They are never created or completely destroyed. For example, the growth of vegetation uses a portion of the material elements and at the same time gives back a certain portion of material elements. In a given period of time, the using and giving of material elements balance each other. If this balance is violated, then the normal growth of vegetation cannot be sustained. Hence, we must constantly apply fertilizer to cultivated land so that the soil may maintain a certain fertility. Similarly, after the drawing or pumping out of underground water, time must be allowed for replenishment of the water supply, otherwise the underground water water source will be exhausted. Deforestation must be swiftly followed up with afforestation and there must be no overloading of the grasslands through animal husbandry. Unfortunately, in mankind's production activities, these principles have been violated for a long time and there has been only taking and no giving, or too much taking and too little giving. Predatory measures of this kind have caused serious destruction of the natural resources. The resulting deterioration of the entire ecosystem may in the end endanger mankind's existence. Natural resources have many uses. They frequently have several attributes and are good for many purposes. Take forests for example: In the past, their use was mainly confined to timber

production. But now it is known that forests have vastly more and important usages to mankind, such as: They can condition and regulate temperature and purify the environment; they can serve as a protecting screen against winds and sandstorms; they prevent soil erosion and the needless runoff of water; they serve as the natural reservoir of material resources; and they maintain and protect the ecological environment. Timber production occupies but a secondary place among their diversified functions. However, for a prolonged time, we have reversed their primary and secondary functions and in this way have caused serious consequences. At the same time, all natural resources possess special features that are vastly diverse in character. Resources belonging to the same category may, because of their different composition, differ from each other in character. There are various types of soil, various categories of weather belts, and millions of living things and vegetation, each of which has its own special characteristics. If we neglect these special characteristics in the development and utilization of resources, then we are liable to cause waste and destruction. Once these special points are realized, then in undertaking comprehensive development and utilization the above-mentioned evils will be avoided and mankind will benefit. For example, when undertaking the treatment of saline alkali soil, Yucheng Country of Shandong Province combined afforestation with improvement of the soil and achieved notable results. It is estimated that comparing forested areas with unforested areas, in the former, wind velocity is lower by 2.5 to 3.75 percent; the temperature is lower by 0.7 to 0.9 percent in warm weather; humidity is higher by 5 to 15 percent; the evaporation rate is reduced by 11.4 to 18.2 percent; and the level of underground water is lower. Thus, vast improvements are made in production conditions and in the ecological environment.

Third, this trend is also an objective demand for obtaining the best economic effect. Comprehensive development, utilization and management of natural resources can achieve good economic results. This is because: First, they enable us to overcome the evil habit of only tending to interests of the moment, and to make an overall study of the advantages and disadvantages on all sides in the development and utilization of resources and thereby organically link together short-term interests with long-term interests. The Red Flag production brigade of Changpu people's commune of Taoyuan County in Hunan Province is located in the mountains. It has paid close attention to the comprehensive development and utilization of the mountain resources. It refrained from destroying the forests to plan grain but devoted efforts to developing forestry and animal husbandry. Of its yearly gross income, 48.9 percent came from forestry and animal husbandry. In 1977, its average per capita income amounted to 144 yuan. The Makuli production brigade of Huachuan County in Heilongjiang Province is located on the Sanjiang flatland. It has also paid close attention to the comprehensive development and utilization of grassland resources. It refrained from destroying the grassland to plant grain, but devoted efforts to developing forestry and animal husbandry. In 1979, its income from the forestry and animal husbandry sectors made up 45.3 percent of its total income and the average income of its members was 200 yuan. Second, they enable us to fully utilize the diversified uses for material resources, convert "waste" to "treasure" and "disadvantage" to "advantage," and "make the best of everything." For example, the Yinjiashan production brigade of Linglongshan people's commune of Linan County in Zhejiang Province carried out the comprehensive

utilization of bamboo plants. Its receipts from bamboo branches, bamboo tips, bamboo shells and bamboo shoots amounted to over 30,000 yuan a year and made up one-third of the gross income of the brigade. In many localities, the various trades and departments worked together, utilized each other and thereby raised the economic effect. In recent years, certain localities fishery and animal husbandry departments have worked together to promote the production of milk cows and to use cow dung as feed for pond fish. Notable results have been achieved. The Yuelu fishing pond of Changsha Municipality has carried out an experiment in which, other conditions being equal, the dung and urea of one milk cow were scattered on each 2-mu of water surface in the fish pond and the result was found that the fish output was 406.8 catties per mu of water surface. This surpassed by 156 catties the fish output of ponds without cow dung deposits. In reality, in foreign countries, there have been instances of enterprises linking together the management of forestry and animal husbandry. The enterprises herd sheep and cattle within the forest areas. This enables the forests to perform the diversified functions of supplying timber, cow and sheep milk, beef and mutton and hair and hides from the sheep and cattle. Enterprises of this kind possess the following advantages: First, the tree groves are widely separated from each other. This provides ample space for sunshine and air. In turn, the trees grow faster and taller and forest fires are prevented. Second, in good weather and under the shade and cover of trees, sheep and cattle enjoy rapid growth. This realizes quick earnings, is vastly different from awaiting the growth of trees to yield timber, which takes at least 10 years. Income of this kind is safe and reliable. The economic effect is great.

Fourth, this is the inevitable course of history in the development of mankind's material production. Seen from historical development, we can divide mankind's development and utilization of natural resources into several stages. In the beginning, in their search for food, mankind constantly was on the move. After having eaten all the food available in one locality, they migrated to another locality. This represented a primitive and animal type of existence. This type of utilization caused a great waste of natural resources, but because of the relatively small population at that time, the waste did not exceed the regenerative power of the natural resources. Following the development of human society, the population increased considerably, mankind began to settle down, and their labor entered into the stage of planned and purposeful utilization of natural resources. "The farther mankind departs from the animal status, the greater their characteristic of making use of nature in a thoughtful and planned manner and being oriented toward a definite and predetermined objective." (Engels: "Dialectics of Nature," "Selected Works of Marx and Engels," vol 3, pp 516, 517) However, in this stage, the plan and target still possessed the special feature of being unitary and provisional and frequently the final results were the destruction of the natural resources and the breaking up of the ecological balance. For example, in order to raise agricultural crops, mankind destroyed the forests and opened up the grasslands to provide cultivated fields therefrom. For a short time, the anticipated results were achieved but "because of the loss of the center for the accumulation, conservation and storage of the water element," the land suffered from drought and dryness, the soil turned into sand, and the farmland that had been cultivated had to be abandoned. This was precisely like what

Engels pointed out: "On each triumphant occasion, the first step definitely brought the anticipated results, but the second and third steps produced entirely different and unexpected responses and the results from the first step were obliterated." ("Dialectics of Nature," "Selections from Marx and Engels," vol 3, pp 516, 517) Actually, this stage of development has continued up to the present. In some cases, it is still in progress and in many localities the phenomena of natural resources being destroyed just for the sake of pursuing mankind's production activities can still be seen. In the modern era, because of the progress of science and technology and the accumulation of experiences, mankind has begun to realize that the unitary development and utilization of natural resources not only causes an enormous waste of resources but also brings about the destruction of resources. Mankind's production activities not only should look to current interests but also should have regard for long-term and future interests and consideration should be given not only to the economic effect of production but also the protection of the environment. This thus brings up the problem of the comprehensive development and utilization of natural resources and preservation of the ecological balance. In my opinion, this is a landmark of mankind's development and utilization of natural resources entering into a new stage, that is, a stage based on the principle of comprehensive development and utilization of resources and the setting up of a good ecological system. In our country, a small minority of localities still exist in the primitive mode and vestiges of the first stage; in many localities, there may still be found unitary management in agriculture and scenes such as deforestation, destruction of grassland and land reclamation from lakes and ponds. All this results in the loss of the ecological balance and gradual exhaustion of the resources and indicates that the localities are still in the second stage. Finally, a small minority of localities have entered into the third stage and this can be seen from their progressing from the destruction of resources to the maintenance or establishment of a new ecological balance and from the regeneration of resources being in a favorable cycle.

Summing up to above, we can see an outstanding fact looming before us, and this is that the comprehensive development, utilization and management of natural resources is inevitable in objective historical development. This holds true regardless of whether we are basing our judgment on the special features of agricultural natural resources, on the special features of agricultural production, on mankind's needs, or on the historical process of mankind's development and utilization of natural resources.

II. Correctly Handling the Relations Between Development, Utilization and Management

Correctly understanding the position occupied, respectively, by comprehensive development, comprehensive utilization and comprehensive management in agricultural production and their reciprocal relationships is of important significance in correctly handling the relations between them and in promoting the rational development and utilization of natural resources.

Opening up natural resources is the starting point of mankind's production activities. Be it industrial production or agricultural production, first of all we must open up the natural resources in order to procure the material

means of production and to provide the necessary production conditions. For example, in planting crops, we must first of all till and cultivate the land; in timber production, we must grow trees and fell them; and in raising animals, we must first of all catch and tame wild animals. And so on and so forth. This is because mankind's production labor constitutes the process of creating material wealth through uniting people with definite or identical production relations to remakenature. Deviating from the opening up of natural resources will cause the lose of material foundation for mankind's production activities and miss the objective of the labor. Without the opening up of natural resources, mankind's production activities will lose their material foundation and the object of their labor. In this atmosphere, the activities cannot continue.

Since the objects of opening up nature constitute natural material things objectively in existence such as land, forests, waterways, animals, vegetation and so forth, nature is the object of labor and therefore the laws of nature must govern. As mentioned above, agricultural natural resources are mutually related, depend on each other for existence and hold each other in check. They embody the special feature of being a composite whole. Therefore, in opening up agricultural natural resources we must consider the whole situation and the composite body as a while and study the problem of how to comprehensively develop and utilize resources, how to fully and rationally put the capacity of the natural resources into full play, and how to set up a favorable environment so as to achieve the highest economic effect. Hence we can say that comprehensive development is the labor or effort expended by mankind to encompassingly, fully and rationally put the efficacy of natural resources into full play to satisfy its needs.

Comprehensive utilization refers to labor or efforts made to fully utilize the diverse benefits of material resources. The objective of labor is the material products following development by man, that is, the reprocessing of the fruits of man's labor. For example, the comprehensive utilization of cotton embraces the spinning and weaving of cotton into cotton yarn and cotton cloth, the making of cotton plant stalks into fiber board, the crushing of cotton seeds to produce cottonseed oil, using cottonseed cake as animal feed and fertilizer, and so on. The comprehensive utilization of milk cow includes, additional to using its milk as food, making milk powder, malt extract and milk, condensed milk, and using milk as an ingredient for cold dishes and cold drinks. Cow dung can be used to feed fish and raise earthworms and to grow mushrooms while the blood of young bulls can be used to make serum, cowhide to make leather and bones and skeletons to serve as raw materials for light industry.

As for the relations between comprehensive development and comprehensive utilization, the former is the starting point of, and provides the material foundation for, the latter. It creates the logical premise, materially speaking, for the latter, that is, if viewed from the production process. For example, the comprehensive development of water resources is the logical premise for the comprehensive utilization of water reservoirs, the comprehensive development of land resources and vegetation resources is the logical premise for the comprehensive utilization of crops, and the comprehensive development of mountainous resources is the logical premise for the comprehensive utilization

of the hilly areas. However, since development is for the purpose of the utilization of natural resources and meeting certain needs of man, comprehensive utilization is in reality the continuance of the final aim of comprehensive development. Viewed from the scope of production, comprehensive development is the remaking and utilization of natural resources in an overall manner. It must be based on a complete study of the special features, characteristics and the operating rules of natural resources. Comprehensive utilization is remaking and utilizing natural resources in part of individually and is based on a study of the special features, characteristics and operating rules of the materials concerned. Hence, the relationships between comprehensive development and comprehensive utilization is that of a composite body and an individual part, that is to say, in the nature of macro and micro relations.

Comprehensive management refers to the organizational form handling mankind's production and management activities following the development of specialization of and socialization of production. Horizontally, this form penetrates the limits of departmental independent management and executes comprehensive management over a large number of departments. Vertically, it unifies the various sectors of production and management activities and carries out the "one-dragon system" of linking together production, supply and marketing. The joint agricultural-industrial-commercial complexes now being experimented upon in many localities in our country precisely constitute this organizational form of comprehensive management. This form joins together in an organic whole the various specialized production and management activities of processing, sales, transportation and storage centering on agriculture and agricultural products. In this way, it carries out comprehensive management of an industrial, agricultural and commercial nature. It breaks the old tradition of independent management which attended solely and separately to agriculture, or industry or commerce. Joint enterprises of this kind are capable of linking together production, supply and marketing. They reduce the turnover points in commodity circulation, lower production costs and achieve economy in expenses. They present the quality of fresh and perishable agricultural products and, reduce loss and waste. They can resolve the "carving up" phenomenon seen among the management structure units, regulate the relations between the various departments and facilitate unified planning and comprehensive development. In one word, they can facilitate, in an even better manner, the comprehensive development and utilization of natural resources. Facts have clearly shown that comprehensive management has played a key role in the production activities of comprehensive development and comprehensive utilization. This is because mankind's production activities cannot be alienated from planning and organizational work, and whether or not the planning and organizational work in comprehensive management conform to objective laws determines the ultimate success or failure of the comprehensive development and utilization of natural resources.

Summing up the above, we may say that comprehensive development is the foundation, that comprehensive management plays the key role while comprehensive utilization yields the end result. The three are closely linked together and cannot be separated. For many years, people have talked only about comprehensive utilization and not comprehensive development or comprehensive management

and have forgotten that comprehensive development is the material basis for comprehensive utilization and that comprehensive management should play the leadership role in comprehensive utilization. As a result, comprehensive utilization has become, literally speaking, wood or what without a source. If we care only about comprehensive utilization and not about comprehensive development and comprehensive management, we would fall into the trap of "attending to trifles to the neglect of essentials," caring for present interests and partial interests and failing to watch out for long-term interests and the interests of the composite body. In this way, we cannot truly and effectively bring out the benefits of natural resources. If we talk only about comprehensive utilization, neglect comprehensive development and comprehensive management, care for development of only the department concerned, strengthen petty rules and regulations, and disregard unified planning, there is no chance for comprehensive development. Therefore it is necessary to acquire a correct understanding of the relationship between the three. Concurrently with stressing comprehensive utilization, more importantly we should first give thought to comprehensive development and comprehensive management of natural resources.

III. Several Problems Awaiting Solution

Although comprehensive development, comprehensive utilization and comprehensive management have been promoted for many years in our country, no great results have been achieved from this. In my opinion, if we want better results from now on, strategically we must not confine ourselves to unitary agriculture but should build up the idea of composite agriculture. We must undertake comprehensive development of natural resources, comprehensive utilization of products and comprehensive management of enterprises. We must study the overall economic effect, resist natural disasters in an overall manner and effect comprehensive development of agricultural production. To achieve this objective, we must solve well the problem of the relationship concerning the following various sectors:

1. Understanding the relationship between resources and the development and utilization of resources.

To achieve full and rational comprehensive development and utilization of agricultural natural resources, first we must have a correct understanding of agricultural resources. This is the first and foremost condition for the comprehensive development and utilization of natural resources. In reality, our current problem is the lack of a clear knowledge of the volume, character, use, operation rules and limitation factors of the agricultural resources of our country. As a result, many blind directives have been given on agricultural production. For example, whereas orange trees, tea plants and sugarcane thrive in warm weather, they are arbitrarily planted in the cold northern regions; while apples and beetroot are accustomed to a cold climate, their planting is blindly shifted to the southern part of the country. Double-cropping rice is promoted in hilly areas of a high altitude, low temperature and short sunlight hours. Without a clear knowledge of underground water resources, large numbers of wells have been drilled and the supply of underground water is exhausted. Overcutting forests, excessive herding on grasslands and exhorbitant fish catching in areas near the sea have been frequent

occurrences. All this is greatly related to our blind and ruthless efforts without a clear knowledge of the laws of nature. Hence, comprehensive development and comprehensive utilization of natural resources must first be governed by the logical premise of having a clear knowledge of the volume, characteristics and operation laws of the natural resources. In order to perform well the comprehensive development, utilization, and management of agricultural resources, it is necessary to make a thorough investigation and study and obtain a scientific knowledge of the various natural resources in the whole country, in each province, municipality, and district and in each area, county, people's commune, production brigade and production team. We must find out their unique operating laws and create conditions for comprehensive development and utilization.

2. Relationship between protecting natural resources and developing and utilizing natural resources.

Protection and utilization supplement and help each other. Hence, with regard to natural resources, we must adopt the principle of developing in accord with protecting and utilizing in the course of developing. What is meant by protecting here does not mean altogether stopping mankind's production activities. Rather, it is a reference to protecting the renewal capacity of natural resources and to protecting the availability of material resources for continuous utilization.

Agricultural resources are different from mining resources. They have the special features of being renewable and regenerative in cycles. If only we can protect these resources well, they can be transformed to the advantage of humanity. The danger is that at present natural resources are oriented toward being disadvantageous to humanity and that the regenerative capacity of resources has been on the downturn. The consequences will be disastrous if this trend is allowed to continue. Therefore, I believe that in protecting natural resources, the first and most important task is to protect the renewal capacility of natural resources and to protect their power of regenaration.

An important problem is protecting species resources. At present, of the over 10 million-odd species in the world only a very small minority has been utilized by mankind. According to statistics compiled by the United Nations grain and agriculture unit, only about 30 kinds of plants and their converted species are being used for grain production, whereas in nature at least several hundred or nearly a thousand kinds of plants can be used as food sources for mankind. Viewed today as utterly useless, tomorrow these resources, which have not yet been utilized, may become priceless. It may be said that protecting resources is in effect protecting mankind's survival activities. What is causing concern at the present moment is that due to the shortsighted activities of mankind, resources are vanishing at an astonishingly high speed. According to statistics, if no change is made in the current form of land development and utilization, then by the end of this century, some 1-2 million species will disappear from the earth. Therefore, in our development and utilization of natural resources, we must do our utmost to protect the resources so that they will not be damaged.

So-called "utilizing while developing" implies that the volume of utilization of agricultural natural resources cannot exceed their volume of growth so as to ensure their continuous availability. In the past, our utilization of natural resources frequently showed signs of "eating into the original capital," that is to say, the plantation trade used the land for planting but failed to keep it in good repair. As a result, the fertility of the soil greatly diminished and each crop planted worsened soil condition. Excessive cutting in the forests brings about a diminishing return for future cuttings while relentless and exorbitant fishing depletes the fish resources. Similarly, overherding on the grasslands reduces the capacity of the grasslands to support animal husbandry. Phenomena of this kind denote the theme of utilizing the natural resources while developing. To accomplish this, we must keep the rate of utilization under control so as to maintain the sustained power of the natural resources. In the case of land, we must combine use and maintenance together; in the case of the forestry industry, major efforts should be devoted to afforestation so as to increase the quantity in reserve. As for animal husbandry, we must step up the building of grasslands and raise their herding capacity, while in fishery we must gradually effect a change from depending on catching to depending mainly on raising and breeding. The catching of fingerlings should be categorically banned.

3. Relationship between the geographical distribution of agricultural production and development and utilization of natural resources.

The distribution of agricultural production refers to the special features and condition of the geographical distribution of agricultural production. A rational geographical distribution is an important condition for the full and rational utilization of resources. It enables the agricultural production of the entire society to not only fully display the superiority of the natural resources and socioeconomic conditions of the different localities but also to put into fully play the function of mutual cooperation and coordination in agricultural production between the different localities, and in this way brings good economic benefits to agricultural production of the entire society. In order to correctly handle the relationship between the geographical distribution of production and the development and utilization of natural resources, first of all we must change the situation of the geographical distribution of agriculture being out of joint with the geographical distribution of industrial production. For example, we may cite instances such as paper mills which timber used as raw materials is located in cities and towns far away from the forest areas. In the forest areas, timber left over from the felling of trees are really good raw materials for use by the paper mills. Yet because of the great distance separating them from the consumption centers and the high transportation charges, large quantities of branches of felled trees are left to rot in the hills and are hardly available for comprehensive utilization. Hence, the geographical distribution of industries using agricultural products as raw materials should conform to the geographical distribution of agriculture. In the agricultural areas which produce crops for use as raw materials by industries, processing industries, particularly those of the first grade, should be set up according to plan. Second, we must rectify the phenomenon of the location of agriculture being out of joint with, or not conforming to, the superior condition of the resources of the localities. For example, many localities in Jiangxi Province are suitable to the planting of grain and oranges

but they have been arbitrarily assigned to cotton plantation. As a result, the output of cotton was low, the cost of production was high, and the peasant populace did not like planting cotton at all. This violation of the basic principle of "suiting measures to local conditions" renders it impossible for the geographical distribution of production to put into full play the superior conditions of the resources of the localities. It amounts to much being put in but little being received in return. Under such conditions, it is hardly possible to effect the comprehensive development and utilization of natural resources. Therefore, a rational geographical distribution of production constitutes an important condition for the comprehensive development, management and utilization of natural resources.

4. Relationship between reforming the economic control structure and comprehensive development and utilization of resources.

As mentioned above, agricultural resources possess the unique characteristic of being an integrated whole. They keep each other in check, but depend on each other for their existence. This reciprocal function is not subject to control by administrative districts. Hence, the control structure must conform to the special feature of the agricultural resources, and because of the integrated character of the resources, they must be controlled under a unified plan and one unified structure. For example, in the development and utilization of a river, we must form a plan for the entire river basic. The upper reaches, middle reaches and lower reaches as well as both the right and left banks of the river must be taken into consideration. For many years, we have paid scant attention to this special point. We used an administrative zone to replace a natural zone and artifically carved up the integrated natural resources into a number of pieces which have no connection with each other. As for the control organs, they have numerous departments, each of which has its rules and regulations and forms a system of its own from top to bottom. Under such an organization structure, those responsible for water conservancy work have little or no regard for planting trees or afforestation, those reclaiming land from ponds hardly give any thought to fishery output, and those doing land reclamation work completely ignore the interests of forestry or animal husbandry. In some localities, the forest bureau was responsible for felling trees but would not do any tree-planting, while the afforestation bureau attended only to planting trees and did not care for tree-felling, being totally devoid of any enthusiasm for afforestation. Ostensibly, for the sake of developing and utilizing natural resources, some went so far as to engage in serious disputes in land grabbing. Under such circumstances, it was naturally impossible to achieve the rational development and utilization of natural resources. Hence, it is necessary to set up a unified and authoritative control structure which is based on natural divisions and is responsible for the formulation of regulations governing the comprehensive development and utilization of natural resources and for regulating and coordinating the work of the various departments in the localities.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON USING AGRICULTURAL ADVANTAGES

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[Article by Lu Wen [4151 2429] of the Rural Policy Research Office of the Secretariat of the CPC Central Committee: "Regional Advantages in Agriculture and Their Proportions in the Overall Situation"]

[Text] How to make agricultural production suit the needs of the development of the whole national economy and raise macroeconomic efficiency is a subject that merits our attention. This question involves handling well the relationships between suiting measures to local conditions and bringing out their advantages, and overall proportions and state planning. In the past, under the influence of leftist ideology, the method of "cutting with one knife" was used in agricultural production, ignoring the advantages of various regions and units. Over the past few years, the CPC Central Committee has pointed out the necessity of using advantages and overcoming shortcomings, and consequently people have been to pay attention to making use of favorable local conditions in order to increase production and income. But at the same time, some units have only paid attention to local interests and neglected overall proportion and state planning. It needs further investigation to find out how to grasp these two aspects completely and combine them in practice.

The Economic Significance and Orientation of Using Advantages

In order to use advantages in agricultural production, we must on the one hand follow natural laws and make general use of favorable natural conditions to improve natural labor productivity, and on the other hand, follow economic laws and make general use of good socioeconomic conditions so as to improve social labor productivity.

Marx said: "In agriculture, the help of natural power—to increase the labor power of man through the use and exploitation of natural force that functions naturally--has an expanded scale from the beginning." ("Collected Works of Marx and Engels," "The Theory of Surplus Value," vol 26 (I), pp 22-23). Our agricultural production is poor and is subject to frequent natural disasters. The results of agricultural production, harvests or failures, to a great extent depend on natural conditions. Sunlight, heat, water, climate, soil, topography and biological resources differ vastly in various places, and

this has created widely differing production conditions. Different natural conditions result in considerably different output and quality from the same sorts of crops planted on the same acreage and with the same amount of labor and investment. If production of certain crops is developed in places with conditions favorable for the growing of those crops, it will result in high output and good quality. In the past, Dezhou region in Shandong Province concentrated its efforts in growing grain crops but had low output and income. In 1980 and 1981, this region readjusted its production structure to increase the acreage for growing cotton. As a result, cotton output increased five-fold, gross production output value increased by more than 50 percent and the income of commune members was 1.4 times higher than 1979, with an average of 120 yuan per capita. Yancheng region in Jiangsu Province grew cotton in light saline coastal areas and thus achieved higher output value and income. The average per capita income of 38 production brigades in 1981 reached a record 433 yuan. The amount of cotton sold to the state was 221 jin per capita and distribution amounted to more than 300 yuan. The Lixiahe area in this region made use of the favorable conditions for growing grain crops and developed grain production; consequently it has increased both production and income. The income from grain produced by 4 production brigades in 1981 in this area made up 78.6 percent of the gross agricultural income with the average per capita grain production coming to 1,920 jin, and commune members' average distribution amounting to more than 300 yuan. This situation showed that developing production and improving natural labor productivity according to the specific conditions of various areas represent a principle that must be followed in agricultural production and an important way for increasing production and income. From the point of the economy, such additional income from making use of natural conditions is in fact a kind of differential land rent (or differential income). At the present stage, such income is legal for collective production units or individual producers. All regions and units must therefore actively study their own favorable natural conditions so as to create such income.

In agricultural production, various socioeconomic factors such as production equipment, production technology, labor organization, management, product circulation, the standard of cadres, and historical tradition have a great influence on production. All places have different levels of development in their economy and other fields and have their own advantages and disadvantages, but generally, they all possess certain relatively favorable conditions. Therefore if the various places are able to discover and make full use of their favorable conditions, and avoid shortcomings, they will no doubt be able to improve social labor productivity.

By making good use of favorable natural and social conditions and turning out certain products with less labor time than is needed by society, and selling those products at the same price, one can create more income, this counts as excess income. Such income will promote production technology and management and increase social wealth, this is in the interests of production units, producers and society and therefore efforts must be made to create this income.

However, it is improper to make use of the present difference in the price and value of various agricultural products and spare no efforts to increase production of commodities with preferential prices for the purpose of increasing income, and to consider this activity as the orientation and main content of making use of advantages. We are not against production units and producers turning out products with preferential prices, because such a practice will help increase income, make up for insufficient profits from other products and thereby help to overcome lack of funds and improve the distribution level of commune members. But we can in no way regard this practice as a guiding principle and basic orientation. Only when we are able to carry out production by making use of favorable natural and socioeconomic conditions can we save living labor and expenditure, and consequently add to social material wealth. Decreases and increases of price in the exchange of commodities can only cause the transfer and distribution of value among various departments and units and can in no way increase material wealth. Therefore, taking the situation as a whole, we can in no way regard the obtaining of preferential prices as an important condition and content of using advantages. We must not concentrate merely on price.

Full Attention Must Be Paid to the Proportion and Needs of the Overall Situation

Since using advantages has the above-mentioned function, will it do for all regions and units merely to make use of their own advantages? Knowing the high price of tobacco, some places with the conditions for growing it have constantly expanded the acreage for this crop, and have consequently affected the production of grain and various other economic crops; some other places have developed the production of rapeseed in a big way because they consider it more beneficial to do so, but as a result, the supply of rapeseed has exceeded demand. Similar situations have also arisen in the production of jute, Chinese prickly ash, pepper and some medicinal herbs. As a result, these products have been stockpiled and have caused serious losses. Thus, the so-called advantages have become disadvantageous. Facts have proved that we can in no way one-sidedly stress the importance of the advantages of some regions and units; we must pay attention to overall proportions and needs. These two aspects are inseparable in production.

It is an objective law that social production develops proportionately. Agriculture is an indispensable part of the whole national economy, providing staple and nonstaple foods for the whole country. About 48 percent of the products and processing materials for foreign trade and 70 percent of the raw materials for light industry are provided by agriculture. If agriculture fails to supply enough products to society, both state planning and the stability of social life will be affected. Therefore it is imperative that agriculture must have proportionate relationships with various national economic and other departments while a certain proportion is also required among the various trades within agriculture. In addition, there must also be a certain proportion between the needs of production and those of life in rural areas, and this situation also requires that agriculture must develop proportionately. Correct proportions represent a basic condition for rapid development and greater overall economic efficiency, and an important guarantee for agriculture to become a solid foundation for the national economy. To uphold the

principle of planned economy as the main stay and market regulation as the subsidiary is the basic guarantee for the proportionate development of agriculture.

When various regions and units use their advantages, they must do so according to overall proportion and planning. Apart from those used for consumption, all agricultural products are sold as commodities. Whether the labor used in agricultural production is acknowledged by society, to what extent it is acknowledged and what value it has can only be defined through exchanges. If certain units and individuals manage to effectively use favorable natural and social conditions and produce products needed by society with less labor consumption, such products will be sold easily and make more income. On the other hand, if units and individuals disregard social needs and take only their own situations into account, or grow crops with preferential prices, and expand production blindly, the time will come when the products have saturated the market and have to be stockpiled, or even lose their price and value. At present, odd phenomena have occurred in some places, such that jute and medical herbs are used for firewood; this situation is the grave consequence of a practice which violates economic law. Using advantages and achieving overall proportion are mutually conditional and complementary. In making use of advantages we must not destroy the overall proportion, while overall proportion must be based on using the advantages of various units. Only if we can use advantages correctly will we be able to create rational and highly efficient proportion and only if we take overall proportion as a guide will we be able to make effective use of advantages. The favorable conditions that accord with proportion are the ones that fulfill the needs of the whole of society; they are true advantages that will bring actual and permanent economic benefits to both the producers and society.

How To Combine the Use of Advantages With Overall Proportion

It is not easy to combine using advantages with achieving overall proportion in production. Various production units are only familiar with their own conditions and those around them and what they care about first of all are their own interests. With their different conditions, various places differ widely in the arrangement of their production; the state, on the other hand, cannot consider the situations of all the various units and include everything in its plans. Therefore there cannot but exist contradictions between the whole and individual and betweengeneral and specific situations. Certain conditions are necessary to combine using advantages with achieving overall proportion. Based on the present situation, efforts should be made in the following three fields.

First, we must correctly understand and handle the independence and autonomy of various units. Since natural conditions in our country differ so widely, agricultural production is so complicated and rural economic organizations are so diverse, it is imperative that production units and producers have a certain degree of independence and autonomy. Otherwise it will not be possible of them to use their advantages. But such independence and autonomy differ from the capitalist enterprises because the former have the prerequisite of following the guidance of state planning. The "Resolution of the CPC

Central Committee on Some Questions Regarding the Speeding Up of the Development of Agriculture" points out: "On the basis of upholding socialist orientation, implementing state policies, laws, rules and regulations and accepting the guidance of state planning, the basic accounting units of people's communes have the right to grow crops according to their specific conditions, to decide on measures for increasing production, to determine management methods, to distribute their products and cash and to oppose blind directives from any leading organization and any leading member." These words clearly explain that the whole of agricultural production and the rural economy must accept the guidance of state planning and must take planned economy as the main stay. Independence and autonomy can in no way depart from the path of planned economy and become free.

Second, step up planning guidance and make a success of the contract system. The state planning bodies use the situation and needs of the whole country as a basis for defining rational proportions and purchasing figures for all types of production. Based on this plan, various places work out their own plans according to their specific conditions. The lower the levels to which the plans are passed down, the more diverse will be the forms of plan. In order to suit their own conditions and use their own advantages, various places and units consequently have different key areas of production or may even just specialize in only one type of product. That is to say, some may grow mainly grain crops while others may concentrate on developing forestry, animal husbandry or fisheries. From the point of view of one unit, the proportions of various trades may differ vastly from each other; but looking at the whole situation, it accords with general needs. In working out such plans, it is necessary to have guidance from above and centralization from below, and to conduct repeated investigations so as to achieve overall balance.

An economy owned by the whole people and a collective economy are two different forms of public ownership economy. In a collective economy, state policies are guiding policies, not commanding policies. The more appropriate form for guaranteeing both independence and autonomy, and state planning, is the contract system. State commercial organizations must sign contracts with production units and producers for production, supply and sales, while collective units sign contracts with contractors for the varieties, quality and quantity of the products (the contents of the assignment of big scale production output quotas must also be defined). The two sides both have an obligation to honor the contracts and with the exception of unavoidable objective causes, those who violate the contracts must be subject to economic punishments. State planning organizations, commercial organizations and circulation organizations of the collective economy must regularly, study social demands for agricultural products and the production and supply of these products, study market trends, predict the trend of development, provide peasants with regular information, and guide agricultural production.

Third, influence agricultural production through economic means. In the life of society at present, actual economic benefits have a very strong attraction. The scattered rural economy, the existence of market regulation and the fact that the prices of agricultural products are not completely rational have made it difficult to implement state planning, and therefore, in order to guarantee the realization of state plans, it is necessary to use the subsidiary method of economic means.

Defining the basic figures or proportions for state unified purchases and other purchases is one method of using economic means to realize plans. Increases and decreases of basic figures and the price of those products which exceed the basic figures will stimulate or hinder the development of production. But this method has some shortcomings. Generally speaking, the old centralized producing areas have heavier tasks in meeting state purchase requirements; consequently they have higher basic figures and can produce less value in excess of these figures; therefore such areas have a lower income. New areas, on the other hand, have less (or no) tasks of meeting state purchase demands, thus lower basic figures, so these areas can produce more value in excess of these figures and therefore have a higher income. These two types of area thus differ widely from each other. In addition, basic figures are easy to lower difficult to raise, and the basic trend is that the basic figure becomes smaller and smaller, the amount produced in excess of this figure becomes larger and larger, and prices increase more and more, so financial subsidies given by the state must constantly increase. The former contradiction can be avoided if the method of state purchasing is calculated proportionately against gross sales volume, but the problem of constantly giving subsidies cannot be solved. In some places, the amount of state payment is bigger than in the former method. Therefore we must take various measures or study new methods according to specific conditions.

In a commodity economy, price fluctuations have a regulating role in production. We take the planned economy as the mainstay, but planning must consider the role of value. With the existence of markets, it is necessary to make use of the regulating role of price so as to realize planning goals. At the present stage, it is inappropriate to readjust prices by a big margin but this does not mean that prices will always remain unchanged. Highly irrational prices must be gradually readjusted for the benefit of production and circulation. In the long term, we must form a price system based on value.

Other economic measures such as sales awards credit, tax and the system of assigning grain production quotas will also influence production.

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NATIONAL POLICY AND ISSUES

IMPROVEMENTS IN FINANCE TRADE WORK URGED

Chengdu Conference

Chengdu SICHUAN RIBAO in Chinese 18 Jul 82 pp 1, 4

[Article: "Proposals of the Finance and Trade Work Conference Held by the Provincial Party Committee and the Provincial Government: Finance and Trade Work Must Be Better Adapted to New Conditions; Continue to Enliven Circulation, Stimulate Production, and Ensure Supplies"]

[Text] From 5 July to 17 July, the provincial party committee and the provincial government held a provincial finance and trade work conference at Chengdu. It summed up experiences in finance and trade work since the Third Plenum of the 11th Party Central Committee, and sought unity of thought and understanding. At the same time, in accordance with the spirit of the work conference of the provincial party committee, it studied the new conditions and issues faced in finance and trade work. The conference proposed that finance and trade work must be better adapted to the new situation in the development of the national economy. We must continue to enliven circulation and stimulate the development of industrial and agricultural production. It is especially important to consider the acceleration of rural economic development as our central task, and to perform a functional role by anticipating agricultural production, in order to make greater contributions towards the realization of the objectives of our struggles to develop Sichuan's rural economy.

Present at the conference were party and government comrades responsible for finance and trade work from various prefectures, municipalities, autonomous prefectures, and counties; directors of finance offices; and responsible comrades from the trade and finance bureaus of the various prefectures, municipalities, and autonomous prefectures, and from concerned departments at the firm, commune, and provincial levels. The conference was attended by leading comrades from the provincial party committee and the provincial government such as Wang Lizhi [3769 7812 0037], He Haoju [0149 6787 3515], Guan Xuesi [4619 1331 1835], and Ding Zhanghe [0002 7022 3109]. Tan Qilong [6223 0796 7893] and Lu Dadong [7627 1129 2639] delivered speeches. Comrade Yang Rudai [2799 3067 1486] presided over the conference from start to finish, and also made a summary of the conference.

Under the guidance of the policies of the Third Plenum of the 11th Party Central Committee, the situation on the finance and trade front in Sichuan has developed quickly and well. At the same time that there has been a fairly large improvement in the grain situation in the rural areas, state grain procurement has basically achieved a balance between revenues and expenditures, and even shows a slight surplus. There have been great increases in the volume of commodity circulation and foreign trade exports. New locations have been added to the network of commercial services, and markets are thriving and brisk. Enterprises are showing somewhat better economic results. The use of bank credits has been expanding, and there is financial stability. In light of the realities facing their prefectures and departments, the comrades at the conference spoke glowingly of the excellent situation on the finance and trade front. Spirits were encouraged, confidence was strengthened, and enthusiasm was aroused.

Those attending the conference believe that in the past 3 years the "leftist" influence on Sichuan's finance and trade departments has been eliminated. The policies of "readjustment, restructuring, reorganization and upgrading" have been conscientiously implemented. The general orientation has been correct and the results have been conspicuous in the series of improvements made in such areas as the commodity circulation system, expansion of the powers of enterprises, and bank credit, as well as in stimulating production and enlivening the economy. Fundamentally, it has been our experience that in managing the procurement of grain and sideline farm products, it is necessary to relax policies and stabilize the burden born by the peasantry. It is also necessary to firmly implement the policies of centralized procurement, procurement by quota system, and procurement based on negotiated prices in order to stimulate rural economic development. Within our unified socialist market, we must allow state-operated commerce to play the leading role, and insure that the various other channels play their appropriate roles so that there can be vitality without chaos. In the procurement and allocation of commodities, and in the utilization of investment capital, it is necessary to further centralize and unify, and to correctly adjust the relationship between "coordinating activities throughout the nation like the places in a chess game," and giving free rein to the enthusiasm of localities and enterprises. In the allocation of financial resources, it is necessary to correctly handle the relationships between the interests of state, enterprise, and individual, and to ensure a financial balance between revenues and expenditures. Through conscientious, systematic summing-up, as well as studying and exchanging the experience of localities such as Dazhu, the comrades at the conference were all able to further their understanding and develop a more definite idea of the direction in which they should be going [with respect to finance and trade work]. They resolved to further emanicipate their thinking, to continue to implement the series of guiding principles and policies formulated by the central committee since the Third Plenum of the 11th Party Central Committee, and to study the new conditions and seek out new methods for opening up a whole new situation in finance and trade work.

The conference studied and conveyed the spirit of the provincial party committee work conference, researched policy measures for solving some big problems in finance and trade work, and proposed six important tasks for finance and trade

work at the present time: (1) Improve finance and trade work in rural areas, and stimulate rural economic development. The conference pointed out that finance and trade departments bear an unshirkable responsibility in the acceleration of rural economic development. We must spread the experiences of Dazhu County's supply and marketing cooperatives, improve rural commerce, and open up the circulation channels. We must energetically implement the contract system in the agricultural and commercial economies, and foster the development of diversification in such areas as seeds, fertilizers, funding and technological instruction, commodity sales promotion, and the supply of market information. Efforts must be made to do a good job on grain payments and financial supplement payments in the counties in the mountain regions, in order to attain better results. (2) Improve the circulation of industrial products and take the road of unification of industry and commerce. Stimulate production in light industry and textiles, and expand the distribution of industrial products in the countryside. (3) Consolidate and open up the commodity circulation channels, while protecting the unified socialist market. (4) Conscientiously carry out the guiding policies of opening up to the outside world and enlivening the domestic economy. (5) Carry out the all-round consolidation of commercial enterprises by groups, and raise the quality of service and economic results. (6) Implement the guiding principle of taking better economic results as the main objective, and do a good job in commercial management and the administration of funds.

The conference emphasized that the tasks facing the financial and trade departments are extremely arduous. It will be necessary to earnestly strengthen the leadership of the party committees and governments. It will be necessary to completely understand the position and role of financial and trade work in economic adjustment and improvement, to "grasp production in one hand and circulation in the other hand" as the Dazhu County committee has done, to really put finance and trade work on the agenda of the party committees and governments, to make the finance and trade departments play their role to the fullest, and to conscientiously strengthen ideological and political work in the finance and trade departments, enabling finance and trade work to continuously meet the development needs of the entire economy.

New Conditions

Chengdu SICHUAN RIBAO in Chinese 18 Jul 82 pp 1, 4

/Editorial: "Study New Conditions--Take New Paths--Open Up New Prospects: Critique of Current Work in Finance and Trade"/

/Text/ As the guiding principles of "readjustment, restructuring, reorganization and upgrading" of the national economy have been carried out since the Third Plenum of the 11th Party Central Committee, there have been enormous changes in the economic sphere in Sichuan. The current situation is excellent. At the same time, the appearance of new conditions in economic life has brought with it some new problems. These new conditions and new problems are closely related to the work of the finance and trade departments. The study of these conditions, the solution of these problems, the taking of a new path, and the

opening up of new prospects, have become urgent tasks in current finance and trade work.

In the last few years, Sichuan's economic situation has developed very rapidly. Year after year grain production has increased, and the diversified economy of the rural areas has developed continuously. Light industry and textiles have continued to expand, supplying urban and rural markets with more and more commodities. There has been increases in urban-rural and interregional commodity exchange. There has been progressive improvement in economic results in the realms of production and circulation. This is the main trend in economic development. However, in the course of economic development some new problems have appeared which must not be overlooked. For example, while there are more commodities than before, there are shortages of some marketable, desired commodities, while a few varieties are overstocked. Circulation has been invigorated, but at the same time the phenomena of sluggishness and confusion exist at certain points. Economic results have improved, but at the same time there are still problems of poor management as well as waste and losses resulting from rash investments. The appearance of these problems cannot be entirely attributed to the readjustment of our national economy and restructuring of systems. Other important reasons are failure in our work to completely resolve the relationships between enlivening the economy, and planning and guidance, and between development speed and economic results. In order to further develop our excellent situation and open up new prospects for healthy development in finance and trade work, it is necessary to correctly evaluate the new situation, new contradictions, and old unresolved problems which we are facing; to make clear distinctions between main trends and secondary trends in the development of the situation; to seek out the dominant aspect of contradictions; and to adopt correct policy measures.

In accordance with the ten principles for economic construction put forward by Premier Zhao Ziyang and the spirit of the provincial party committee's June work conference, and with the actual conditions in Sichuan, it is necessary to open up new prospects in which strengthened planning and guidance coincide with continued revitalization of the economy, and development speed coincides with economic results. At the present time the important tasks are: to continue to implement the policies of readjustment, restructuring, reorganization, and upgrading; to open up and consolidate the channels of circulation; to energetically support the development of agriculture, light industry and textiles; to carry out the overall consolidation of commercial enterprises group by group; to strengthen managerial and financial control; and to get better economic results, in order to better serve the stability and development of the national economy and the daily life of the masses.

Acceleration of rural economic development is the key issue in ensuring the overall growth of the national economy. The provincial party committee work conference has proposed that in the next 5 years Sichuan should aim for an average annual increase in total grain production of 2-3 billion catties, and an average annual increase in per capita rural income of 20-30 yuan. Finance and trade departments must center their struggle around these goals, and direct most of their energy toward stimulating the development of production,

conscientiously helping the peasants solve problems that are in urgent need of solution. They must start by making the most of Sichuan's advantage in having an abundance of both natural resources and labor, and develop new methods, find new means, and make new suggestions so as to energetically help the collectives and individual commune members develop diversified undertakings. They will also be able to stimulate the overall development of agricultural production in farming, forestry, animal husbandry, side-line production and fisheries. At the same time, they must further improve commodity circulation in the rural areas, so that the increased production of the developing diversified undertakings will find ready markets. This will guard against the common situation in which the difficulties of selling their goods dampen the peasants' enthusiasm for production. Here it will be necessary to do a good job in solving the problems of strengthening agricultural planning and guidance. At the present time we must get a good grip on two links of the chain: (1) A fundamental stability must be maintained in making policies on base quantities and proportional quantities for procurement of farm produce and sideline products. This will aid in ensuring the fulfillment of state plans for centralized requirement and procurement by quota system. It will also aid in ensuring the independence and economic interests of the peasants as stipulated by policy. (2) Energetically promote the agricultural-commercial contract system. By using contracts, it is possible to direct the development of commodity production by the peasants in accordance with state plans and market needs. At the same time measures to aid agriculture can be properly implemented. In this way the implementation of state purchasing plans can be guaranteed, and the peasants' anxieties concerning the marketing of commodities can be relieved.

In order to accelerate rural economic development it is necessary to fully develop the important functions of the rural supply and marketing cooperatives in the organization rural economic life. The supply and marketing cooperatives are an important channel for urban-rural economic exchange. The restoration and strengthening of the organization of supply and marketing cooperatives must be based on the needs of the masses, democratic management, flexible administration, and close links with the peasantry. The rural supply and marketing cooperatives must be made into commercial organizations which belong both to the state and to the peasants themselves. The experiences of Dazhu County are good in this respect. Especially noteworthy is the development of many forms of joint management with the peasants with respect to the purchase and management of agricultural and subsidiary products. They have gone further and tried to unify agriculture and commerce in the realm of production. This offers a new road to resolving the new contradictions in such areas as agricultural-commercial relations and multi-channel circulation. Their experiences should be assiduously made known.

The opening up and consolidation of the commodity circulation channels has great significance for the expansion of commodity circiulation, making urban and rural markets prosperous, and getting better socio-economic results. This is an important aspect of opening up new prospects in finance and trade work. At the present time the first steps have already been taken to set up open commodity circulation markets with more channels and fewer transaction steps. At the same time there are still some problems with impeded circulation

and disorder. It will be necessary to open up and consolidate the commodity circulation channels by continuing to invigorate circulation, while also following the principle of having the necessary degree of control through planning. Initially, it is necessary to break down inter-regional barriers and to invigorate the circulation of commodities. It is especially important to open up the urban-rural commodity circulation channels, and to expand the distribution of industrial products in the countryside. Under the leadership of all levels of government, it is necessary to organize bodies to take charge and mobilize the enthusiasm of all kinds of commercial forces, and to open up new ways for industrial products to reach the countryside. At present, it is necessary to strengthen work in the county-level wholesale organizations. There must be timely distribution to the grassroots level of commodities allocated to rural areas. We must try out joint management of wholesale trade by county wholesale organizations together with rural supply and marketing cooperatives. Next, overall coordination and administrative control of multi-channel distribution must be strengthened, so that primary and secondary distribution channels can be distinguished, each playing its appropriate role, and so that there will be vitality without chaos. As for business undertakings that do not conform to the regulations, reckless jumping from trade to trade, speculation in wholesale trade, blind replenishment of inventory, actions contrary to the state plan, and the engaging in commercial activities by state functionaries of offices, organizations, enterprises, and facilities, etc., such matters must be rectified and corrected.

Improving economic results is the central issue in implementing the "eight-character policy" for adjusting the national economy. The finance and trade departments should also handle problems by taking the improvement of economic results as the central starting point. Development of production is the foothold for improving economic results. It is worth noting that only investment projects which are suited to social needs, and the production of commodities which are marketable and desired, can help improve socioeconomic results. Herein lies the problem of closely coordinating industry and commerce. Industry must be conscious of the marketplace, and commerce must be conscious of production. Both industry and commerce must start out from the principle of improving socioeconomic results and arrange the production and circulation of commodities in a planned way. Whenever it is determined as a result of careful investigation and study that the production of an industrial good is in excess of market demand and that there are large surpluses of stock, industry must not exceed planned production, and commercial units must not exceed planned purchases. Both industry and commerce should explore new paths such as jointly strengthening market research, jointly improving the promotion of product sales, and actively trying out industrial-commercial joint management. At the same time, financial organs, tax bureaus, and banks must use economic levers such as tax revenue and credit, as well as their economic supervisory functions, to adjust production and circulation, and to promote constant improvement of economic results. Only the close cooperation of production and finance and trade departments can open up a new kind of situation which combines speed and results: continuous production advances and continuous improvement of results.

To open up new prospects in finance and trade economic work, it is necessary to strengthen the leadership of finance and trade by the party committees and governments at all levels. First it is necessary to implant a guiding ideology which uses dual tactics to grasp both production and circulation. Finance and trade work occupies an intermediary and linking position in economic life. New contradictions in national economic development are often reflected in finance and trade work. Inadequate solutions to problems in finance and trade work will have an effect on the solution of production problems. Therefore party and government leaders at all levels must grasp production in one hand and circulation and distribution in the other hand, and place the new conditions and problems which arise in the course of economic development on their daily agenda for comprehensive handling and all-round coordination. Next it is necessary to simultaneously grasp the "two civilizations" and to strengthen ideological and political work as well as the building of grassroots organizations. It is necessary to regularize and systematize ideological and political education, sparetime education for staff and workers, and "five stresses and four points of beauty" activities; and to continuously raise levels of political consciousness, policy understanding, and professional standards, among the broad masses of cadres, staff and workers. In carrying out the overall consolidation of enterprises and party organizations group by group, it is necessary to do a good job in consolidating the management orientation and service work of enterprises, in order to make a new breakthrough in finance and trade work and to better serve the development of production and the improvement of the daily life of our people.

12187
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ECONOMIC MANAGEMENT

SUBJECTIVE FACTORS SAID KEY TO BETTER ECONOMIC RESULTS

Tianjin TIANJIN RIBAO in Chinese 13 Jul 82 p 3

[Article by Cui Dacheng [1508 6671 2052] and Yang Lianfang [2799 6647 5364]: "It Is Necessary To Pay Attention to Subjective Factors in Improving Economic Results"]

[Text] In the first quarter of 1982, the gross value of industrial production in Tianjin increased by 7.9 percent over the same period last year. This is a fairly rapid increase, but a comprehensive assessment based on the national norms for the 10 principles for economic results shows that our standing among the provinces and municipalities is not high enough. There has been some improvement in the second quarter, but things are still not ideal. What is the reason? When we conduct investigations concerning the problem we discover that objective factors, especially the price factor, have a rather large effect on economic results. However, the effect of subjective factors is even more important. In the face of difficulties, some enterprises place one-sided emphasis on objective factors, and neglect to look for subjective shortcomings and solutions. For example, when the cost of a product rises, some people only talk about the rise in the cost of raw materials; they don't talk about increases in the consumption of raw materials and other expenses. When there is a drop in realized profits,some people talk only about the fall in commodity prices; they don't talk about the reasons why commodity prices were forced to drop. When commodities are overstocked, some people talk only about how fast the market changes and about the problems with plans; they don't talk about product quality, market forecasts, and problems in marketing. Some enterprises do mention subjective failures, but only in passing, and fail to recognize that these are problems in urgent need of solution. We believe that these are serious hindrances to the improvement of economic results, and that we must straighten out our understanding and conscientiously resolve these problems.

The economic life of an enterprise is always built upon a certain material base. It is inevitable that unfavorable factors will often arise in these objective material conditions. The issue is to give subjective dynamism free rein to fully use and create favorable objective conditions, to overcome unfavorable objective conditions, and to improve economic results to the maximum degree allowed by objective limitations.

Practice proves that when objective conditions are basically the same, the various regions and enterprises can achieve different economic results because they make different use of subjective dynamism. Sometimes an enterprise with less favorable objective conditions will get better economic results than an enterprise with more favorable objective conditions. In general, objective conditions for industry in Shanghai are better than in Tianjin, and their economic results are also better than ours. The economic results of over two thirds of the enterprises in Tianjin are inferior to those of similar enterprises in Shanghai. Nevertheless, the important economic results indicators of some of Tianjin's enterprises equal or surpass those of similar enterprises in Shanghai.

For example, before 1978 the products of the Tianjin Monosodium Glutamate Plant were inferior to the Shanghai products in all economic and technical indicators. After only 2 years of effort, they caught up with and surpassed Shanghai in all of the comparable economic indicators such as quality, consumption of materials, costs, labor productivity, capital employed, rate of profit on output value, etc. Is this because the Tianjin Monosodium Glutamate Plant enjoyed more favorable objective conditions? Not at all. Enterprise base: the Shanghai plant was built 13 years earlier, is the birthplace of monosodium glutamate production in China, and enjoys a long history and rich experience. Factory buildings: the Shanghai plant occupies 80 mu, or almost twice the area of the Tianjin plant. Equipment and technical level: the Shanghai plant has more principal pieces of equipment than the Tianjin plant, and the degree of automation of equipment is somewhat higher. At present they are already using electronic computers to control the fermentation process of production, while Tianjin is still using the usual instruments and manual controls. Number of staff and workers: the Shanghai plant has over 700 employees, or 14 percent more than our plant's 596. Next we shall study the question with regard to the effect of objective factors over the past few years. Falling commodity prices: both plants lowered prices in 1979, but the Tianjin plant lowered prices by a wider margin. Rising raw materials costs: here the Shanghai plant did better than ours. At the present time the Tianjin Monosodium Glutamate Plant suffers an annual shortage of 1,300 tons of grain relative to productive capacity. It is only able to obtain grain for raw material at negotiated prices, and it is estimated that this will increase expenses by 510,000 yuan in 1982. Nevertheless, the product cost is still lower than in Shanghai: in 1978 the cost of monosodium glutamate in Tianjin was higher than in Shanghai by 2.42 yuan per kilogram, but in 1981 the Tianjin cost was lower than the Shanghai cost by 1.4 yuan. In the first quarter of 1982 the cost was 0.73 yuan lower.

How were the economic results of the Tianjin Monosodium Glutamate Plant obtained? Mainly by strengthening enterprise management, but inferior management is the fundamental reason why the economic results of many Tianjin enterprises are not as good as Shanghai's. On the basis of a down-to-earth stress on unifying technical regulations and operational methods, tightening up on original entries by production teams and groups, and formulating all kinds of quality standards for raw materials entering the plant, semifinished goods, and finished products, the Tianjin Monosodium Glutamate

Plant has set up standards and accounting systems to make production control more exact and to standardize assessments of work proficiency. At the same time, the economic responsibility system has been implemented within the enterprise. Full responsibility for output quotas and standards is assigned to groups, lines, and individuals, and there are distinct responsibilities, strict checking, and clear rewards and penalties. This is further supplemented by lively ideological and political work to give free rein to the enthusiasm of staff and workers. These considerations show that subjective problems are the cause of inferior economic results in some enterprises. At the same time, they show that as long as enterprises make full use of subjective dynamism and do all kinds of work well, they can overcome objective difficulties and reach or surpass the advanced level of similar enterprises in Shanghai or other regions.

Investigations show that under given objective conditions, the key factor that determines whether an enterprise has good or bad economic results is the leading group of the enterprise and its mental attitude. According to statistics from 32 corporations of the first and second light industries, chemical industry, and other systems, unfavorable objective conditions will result in a loss of 129 million yuan in profits in 1982. However, the leading personnel of these corporations have the spirit to press forward in the face of difficulties and have identified the enormous hidden potential in their industries by comparing them with the advanced levels in brother provinces and municipalities. They have only to give free rein to the enthusiasm and creativity of the broad masses of staff and workers, and it will be possible to uncover hidden potential. According to careful and repeated calculations, if they seek out measures they will uncover profits of 187 million yuan. This will not only take care of the shortfall, but will add over 50 million yuan in profits.

Tianjin's No 4 Leather Shoe Factory provides another example. This year the 14 leather shoe factories of Tianjin's leather industry have been facing increases in the cost of cowhide and a slow market for leather shoes. While general economic results have been declining, the economic performance of the No 4 Leather Shoe Factory Plant has not only not declined but has even shown a great improvement. From January to April 1982, output value, output quantity, and profits have increased over the same period of last year by 28.5, 27.5, and 41 percent, respectively. These increases are higher than the average increases for the entire industry by 16.9, 24.1, and 39.4 percent, respectively. Besides the objective conditions, which are generally similar to those of other leather shoe factories, there are factors that are less favorable: (1) In the 3 years from 1979 to 1981, the average annual increase in output value was 12.2 percent, and the average increase in profit realized was 35.8 percent; so the base figures were rather high. (2) Most of the dies with which the plant is equipped are for men's shoes, and men's shoes constitute about 70 percent of the output quantity. The average pair of men's shoes uses 2 decimeters more leather than the average pair of women's shoes, but the average profit is about the same. (3) Except for the Tianjin Shoe Manufacturing Plant, this is the only factory which produces molded shoes. Molded shoe technology is more complex than cemented shoe technology, and the

average cost for each pair is 1 yuan higher; however, the selling price is not higher. At the beginning of 1982, the leadership at the factory analyzed the unfavorable objective factors. At the same time, they analyzed the lack of confidence among cadres, staff, and workers, in the possibility of realizing increases in output and profits. They decided that it would first be necessary to eliminate the unfavorable mental factors in order to resolve the objective difficulties. Thereupon they mobilized the masses at every level from top to bottom, and looked for shortcomings in thinking, controls, quality of work, and economic indicators. Altogether they found 14 important shortcomings. They made the cadres, staff, and workers understand that the enterprise had great untapped potential, thereby greatly increasing confidence and determination. On this basis they worked out 10 accounts and proposed two concrete measures: 1) Target a "slow market" by continuing to produce traditional loose-fitting shoes, and win the market for middle-aged and elderly consumers. 2) Practice diligence and thrift in a big way. [Two] slogans were put forward: "Keep the general goal in sight and take the daily tasks in hand," and "As long as we practice economizing by every possible means, waste material can be turned into gold, and little numbers can be turned into big numbers." By means of these two measures, it is estimated that yearend profits can be increased 445,000 yuan. The profit realized for the year would be 1.9-2.0 million yuan, which would be a 26-percent increase over last year. Some 171,000 yuan of the increase could be realized by such economy measures as increasing the proportion of materials produced in the plant itself, cutting costs, and using leftover scraps of material to make children's shoes.

We must acknowledge that at the present time, the effects of objective conditions on economic results are to be found everywhere, and that every enterprise is facing difficulties to various degrees. But how can these difficulties be overcome? The experiences recounted above tell us that only by arousing our revolutionary spirit, manifesting subjective dynamism, and finding ways by relying on the masses can we overcome difficulties and improve performance. The ways are among the masses, and the hidden potential lies in the enterprises: what matters is how we do our work. If we can do our work like the Tianjin Monosodium Glutamate Plant and the No 4 Leather Shoe Factory, we might even surpass them. So no matter how big the objective difficulties we face, in the end they can be overcome.

Over 40 years ago, Comrade Mao Zedong pointed out in a discussion on war, "The men directing the war cannot hope to win victory by transcending the limits of objective possibility, but they can, and indeed must, play a dynamic role in striving for victory within the limits of objective possibility. The stage of activity for commanders in war must be built on the objective possibilities, but they can use this stage to direct many plays which are full of sound and color, power, and grandeur." ("Selected Works of Mao Zedong," Vol 2, p 468) At the present time, most of the enterprises in Tianjin have great untapped potential for improving economic results. It is only necessary for the leaders of every enterprise to really pay attention to this problem in their thinking and give free rein to people's subjective dynamism, and there will certainly be a big improvement in economic results in our city.

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BRIEFS

SAVINGS IN CITIES--In the first half of 1982, savings deposits in Liaoning's cities and towns again set a new record for the period. At the end of June, all types of savings deposits in Liaoning reached a total of 2,625,820,000 yuan. Compared to the total at the end of 1981, this is a net increase of 362,87 million yuan, or 16 percent The principal reasons for the great increase are the progressive implementation of the party's policies, the turn for the better in the national economy, booming markets, and popular confidence. [Text] [Shenyang LIAONING RIBAO in Chinese 17 Jul 82 p 1] 12187

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INDUSTRY

MEASURES TO DEVELOP SHIPBUILDING INDUSTRY DISCUSSED

Beijing JIANCHUAN ZHISHI [NAVAL AND MERCHANT SHIPS] in Chinese No 7, Jul 82 pp 1-3

[Article by Liu Fang [0491 2397]: "How Will Our Nation's Shipbuilding Industry Progress During Readjustment? -- We Must Grasp Uniformly Planned Tasks, Complete Facilities, Management"]

[Text] Since 1979, our nation's shipbuilding industry has achieved initial results in implementing the party's policy of "readjustment, renovation, reorganization and improvement." But because of the severe and mistaken leftist influence that lasted for a long time, the proportional development of the shipbuilding industry has lost its balance. The passive and backward situation has not been fundamentally changed. We must further implement the policy of readjustment so that the shipbuilding industry can move ahead steadily and according to plan on the road of combining industry and commerce, military and civilian products, shipbuilding and ship repairing, scientific research and production.

To allow our nation's shipbuilding industry to implement the general policies better and faster, I believe in the following: (1) The nation must have a policy to protect and help the shipbuilding industry. It must have "laws on shipbuilding." The state must carry out overall and unified arrangements to combine industry and commerce, military and civilian endeavors, shipbuilding and ship repairing, scientific research and production. The state must strengthen business management, pay attention to economic gain, and concretely improve the standard of scientific management. (2) We must have high-level and complete equipment for use on ships, the equipment must be for use on ships, the equipment must be of international technical standards, and we must be able to manufacture them domestically. (3) We must place scientific research and education in an important position, we must train people on a large scale, and we must quickly improve the level of science and technology. At the same time, we must concentrate "cooperative production" and we must undertake importation so that the standard of onboard equipment of military and civilian ships will continue to improve. (4) Construction of ocean platforms for oil prospecting is a new area in the shipbuilding industry. We must catch up, since we have started out late. We must engage in broad international cooperation for mutual benefit. These points, I believe, are very important factors in readjusting the shipbuilding industry.

I. Grasping Uniform Tasks and Fully Developing the Production Capabilities of Shipbuilding Are the Necessary Prerequisites for the Shipbuilding Industry To Readjust itself Well and To Move Ahead Steadily

Since the founding of the nation, our shipbuilding industry has developed greatly. It has already achieved a relatively large scale. It has 300,000 workers. Up to the end of 1981, over 10,000 ships and boats of various types had been built. Rich experience has been accumulated. In recent years, we have begun to introduce some advanced technology from abroad, and we are beginning to carry out technical improvements at several shipyards. This will establish a firm foundation for the further development and improvement of our shipbuilding industry. Our nation's comprehensive capability in shipbuilding is expected to experience even greater development. We have confidence, and we believe that in the foreseeable future, China can gradually join the world's advanced ranks in shipbuilding.

Our nation's shipbuilding potential is great and the future is bright, but certain difficulties still exist. For example, some problems exist in the management system, and the technical standards and the production efficiency are not high enough. The present production tasks are not sufficient; in particular, the production capabilities of medium and small shipyards and many accessory plants still cannot be fully developed.

We must continue to liberate ideology, open up broad avenues, strengthen planning and guidance, readjust the production structure step by step, readjust the production guidelines of enterprises, exert efforts to serve the national defense buildup, transportation and communications, development of the oceans, agriculture, fishery and people's lives, and actively develop export trade to adapt to the needs of development on domestic and foreign markets in all respects.

For this, we must do the following work well:

1. We must continue to develop and manufacture military ships.

2. We must strive to build more oceangoing vessels. Our nation now has a relatively large oceangoing cargo shipping fleet. Some of the ships are old. Each year, a definite percentage (such as 10 percent or more) needs to be renovated. The number is large. This is the largest and the most practical market for ships before us. It should also be the stable foundation for long-range plans to build ships. Therefore, I believe we must first undertake a national uniform policy for shipbuilding. We should build more oceangoing ships in accordance with need and possibility. This is a strategic problem and it should be emphasized.

3. We should actively develop medium and small vessels for coastal and inland river transportation. Our nation's coastal regions have a dense population, and the industrial production and agricultural production are developed. The economy along several major inland river valleys is also developed. As industry and agriculture, and especially agricultural production, develop, the full development and utilization of our nation's coastal and inland river conditions for transportation are necessary. Compared to land transportation, transportation by water does not occupy farmland, the consumption of fuel is low, the cost can

be reduced, and the efficiency can be improved. This is a broad market for the shipbuilding industry. We must study suitable types of vessels and methods of transportation, such as pushing barges for transport, which is an advanced method of transportation along the sea coast and on inland rivers. It can conserve a lot of steel and investment, and it is beneficial to solving the problem of foreign exchange compensation for the harbors and ships for whose use there is great demand. This has been done on the Rhine in West Germany and on the Mississippi River in the United States. There is no doubt about this.

4. We should exert efforts to build ocean platforms for oil prospecting. Besides Bohai, geophysical prospecting on the ocean shows that oil reserves in our nation's South Sea and Yellow Sea are also very rich. Some energy experts in foreign economic circles have given them a high estimate. Some even believe the reserves might be comparable to those of Saudi Arabia. There is a bright future for oil exploitation on vast expanses of the sea, and oil and gas fields with sizable yields in the ocean may possibly be built. In addition, there is also a greater international need for semisubmerged ocean drilling platforms and other deep-sea drilling and oil-extraction equipment. We have started out late, but if the few shipyards with favorable conditions along the coast can be technically improved and can join in international cooperation, there will be greater development in this regard.

5. We should develop ship repairs and technical services in a big way.

6. We should develop shipbreaking. There is a surplus of several dozen million tons of oil tankers in the world at present, so there is a lot of business in shipbreaking. If we can break up 100 200,000 ton oil tankers a year, and couple the effort with a definite amount of steel rolling, this would be equivalent to increasing output by about 3 million tons of steel. This can greatly conserve energy, and it is worthwhile economically. This is also an important aspect in opening broad avenues. We should conscientiously study and make plans. Many local shipyards and steel rolling mills can combine efforts to carry this out.

7. We must satisfy the needs of all sectors: We should actively develop nonshipboard products. We should start out from the actual situation of the shipyard and actively serve agriculture; we should serve the technical improvement of the light industry, the textile industry, the cultural and educational professions, the foodstuff industry and the medical professions. We should exert efforts to daily consumer commodities that are suitable for the market, as well as electrical and mechanical products and parts. We should develop superiority, create our own brands of products and strive for exports. Factories with favorable conditions can also utilize foreign cooperation to produce internationally famous brands of products.

8. We should develop ship exports in a big way. Up to the present, we have already filled several hundred thousand tons of shipbuilding orders, and this is only the beginning of our nation's ships entering the international market. The entry has been made and the future is good. We must grasp the developmental trend in world shipping and in ship markets in time, and further create a market for ships. We must concretely achieve quality and progress in building and delivering ships. We must reduce costs. In price and credit policy, we must

consider implementing measures favorable to expanding exports. We must complete the task according to contract requirements and meet the technical standards for exports, guarantee quality, and complete the task in time. We must gradually establish several maintenance and service agencies abroad to establish an international reputation for our nation's exported ships. Besides exporting various types of ships, our nation's handicrafted sailboats have a good international reputation.

It will be possible to export several hundred sailboats a year in the future. Also, in recent years, many nations have needed a large number of patrol boats in order to protect their 200-mile territorial waters and economic zones. Bidding for construction of such boats also has a bright future.

II. Building Complete Facilities, Gradually Catching Up With Internationally Advanced Technical Standards, and Establishing "Domestic Production" Are the Foundations of Shipbuilding

The shipbuilding industry is a comprehensive industry. As Engels pointed out in his book "Anti-Duhring": "Modern warships are not only the product of modern big industry, they are at the same time a capsule view of modern big industry. They are a large factory floating on water." According to incomplete statistics, in our nation's shipbuilding production, there are over 20,000 items of equipment and materials uniformly distributed by the state and administered by the ministries. They cover almost all sectors of the national economy. Whether the economic and technical performance of a ship is advanced is determined not only by the materials, but it is mainly reflected by the accessory equipment.

The future for the development of our nation's shipbuilding production is good. But domestic accessories and materials still do not meet the needs of shipbuilding. Today, as science and technology rapidly develop and as production becomes more highly specialized, the production of shipbuilding materials and equipment must all be established domestically. Not to seek any help from anyone is not possible, nor is it practical or economical. It is necessary to import some materials and equipment from abroad. But we should exert efforts to do the work well. We should strive to manufacture most of the shipbuilding materials and equipment domestically. For example, importing the steel used for the body of the 20-ton crane from abroad is onefold more expensive than producing it domestically. This steel can be produced by our nation, but we do not produce it. It is a pity. To handle accessories well, we must conscientiously solve the following problems:

1. We should take many measures to produce accessories for warships and continue to make improvements. This is a major task related to the buildup of national defense. We must arrange it as a priority, carry out the work, and not make any mistakes.

2. We should acquire the ability for small-batch production of imported diesel engines for medium- and low-speed vessels using such manufacturing techniques and we should gradually make improvements on the basis of having digested such technology. Also for example, diesel engine power stations for use on platforms can burn oil and natural gas. They are used a lot. We should organize efforts in a big way to hasten production in small numbers.

3. We should solve the problem of standardization of the techniques of accessory products for ships. We should move toward international standards. The standards for our nation's products basically still follow the Soviet system of standards of the 1950's. The same is true for shipboard accessory products. Therefore, most of them do not meet current international standards. We must organize the forces of various sectors, analyze and test presently available standards, revise and supplement them, hasten the progress toward standardization, and compile our nation's uniform technical standards for accessory equipment for ships in accordance with international standards. This is a necessary condition to establish domestic production of accessory equipment.

4. We should develop renovation and replacement of accessory products for ships and produce them domestically. The way to renovate and replace them is to improve currently available products, design and manufacture new products that meet international standards and regulations, and introduce advanced foreign technology and products (including advanced products with high technical specifications which are less costly but durable). For this, the strength of concerned departments must be organized, the necessary technological facilities and means of testing established, and at the same time, we must have a fixed number of real ships for experimentation and use.

5. We should follow related agreements and regulations to actively gain international acceptance of our nation's accessory equipment produced at present. The quality of products inspected by nonshipping associations should be guaranteed by the producing factory, and the factory should issue proof of testing to gain the understanding and trust of the users.

III. Concrete Strengthening of Scientific Management, Improvement of Economic Gain, and Full Mobilization of the Enthusiasm of the Masses of Cadres Are the Keys To Readjusting and Developing the Shipbuilding Industry

Economically developed nations all emphasize management. They call management, science and technology the three main elements of modern social production. Some people also regard management and science and technology as the two wheels of a horse cart. Management is not only an administrative and economic means, it is also a rich resource. It can be said that scientific management methods are one of the most active elements to realize modernization of enterprises. At present, various forms of the economic responsibility system are gradually being implemented in the shipbuilding industry throughout the nation. They have in varying degrees improved economic gain. In particular, some units which have too many production tasks have established rational quotas and implemented a wage system for piecework. The results have been outstanding. To better mobilize the enthusiasm of the broad masses of cadres, to continue to improve the management level, we should conscientiously summarize our own experience, and at the same time, we must learn from the advanced experience of foreign nations.

Combining the actual situation of our nation's shipyards, I believe we should concretely work hard to undertake the following work well:

1. We should establish all production activity on the reliable foundation of having primary products with a higher design quality, and place the key point of production management on production preparations. The preliminary design and

technical design for ships generally are carried out by specialized product design departments. The construction design and production design of ships are carried out by shipyards with favorable conditions (or jointly by the shipyard and the designing unit). In construction design, the product design and the production plan must be organically combined. We should unify quality control, work schedule management and daily management in one construction blueprint according to the construction schedule to serve as a guide for all operations and to directly guide production. The shipyards and institutes must jointly test the technology and blueprints acquired elsewhere. The design institutes must exert further efforts in design research and improvement of design techniques for better performance. Factories must exert further efforts to study and improve techniques and technology, production management and production design. The work of the institutes and the shipyards must be clearly separated, and each must be responsible for its own work.

2. We should organize production by section of the ship being built based on the principle of organizing harmonized and specialized production according to the ship or similarity of techniques. Different products with the same work procedure can be produced centrally. We should implement assembly line operation on this basis as much as possible in order to increase the rate of production and reduce the cost.

3. In daily production, we should control the progress of construction according to the technological flow chart for construction and carry out management according to technological stages. The technological flow chart begins at the time construction starts in the berth. It is set at "0", and this is used to arrange the construction schedule before and after construction in the berth begins. The amount of work should be distributed according to the structural types of the sections of the body of the vessel. We should guarantee continuity and balance in production throughout the shipyard to form a stable assembly line production.

4. We should establish new regulations for materials. According to the progress schedule of the technological flow chart for building ships, spare parts for each section should be analyzed according to the amount of processing required by the main technological equipment so as to determine the best number of times of supplying materials so that the work capability of the ship processing shops and the operation in the berth can be coordinated to form a continuous technological flow process from the processing of steel to the end of installing all spare parts, components and sections.

5. We should take the final precision of the whole ship as the standard, forge ahead, take the precision requirements of each component as the key and use statistical analysis to implement quality management. We must gradually popularize the method of "building ships as official business."

6. We must include warehousing work in the production flow, determine the appropriate amount of materials and dates of warehousing, reduce inventories, and at the same time guarantee timely supply.

7. We should use computer technology in designing ships and in various tasks of production management, such as materials and equipment management, work time

management, total progress plan management, quality control, wage management, cost management, etc. Some of our shipyards have already begun to utilize it, and this must be gradually popularized.

8. We must place scientific research and education in important positions. In implementing scientific management, we must emphasize the function of science and technology and we must closely combine scientific research and production. We must continue to use new technology, new techniques, new materials, and carry out technical improvements and equipment renovation step by step and in a key way. To push forward the development of our nation's shipbuilding industry, we must broadly provide training of all personnel and train a strong Red and expert shipbuilding team.

9. We should protect the development of the national industries, follow the examples of some other nations, implement protective policies and policies of assistance for the shipbuilding industry, and begin to establish a "shipbuilding law of the People's Republic of China."

10. To better strengthen planning and guidance, we should organize and draw up more concrete long-term plans for shipbuilding when we possess the capabilities to promote the coordinated and healthy forward development of the shipbuilding industry and related industries. Concerned departments should estimate the need for major warships and oceangoing cargo ships within the next 3 to 5 years early, and organize production more according to plan by evaluation and by implementing economic contracts.

Of course, we have not talked about every aspect of scientific management. There are many other important tasks that we must accomplish to truly strengthen scientific management, fully mobilize the enthusiasm of cadres and the masses, develop potential, improve economic gain, reform the economic management system, utilize economic methods to develop production management activities, and reorganize enterprises on an overall basis. This article will not discuss them one by one here.

In general, we must further implement the policy of readjustment, undertake uniform tasks, complete facilities and management, and accomplish related work well to courageously march forward in unison and in high spirits to rapidly develop our nation's shipbuilding industry.

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INDUSTRY

POLLUTION IN FUSHUN CONTROLLED

Shenyang LIAONING RIBAO in Chinese 21 Aug 82 p 2

[Article by Zhong Chu [0112 2806] and Jing Fu [2529 1381]: "Great Results Seen in Control of Pollution in Fushun During the Past Three Years"]

[Text] The city of Fushun has coordinated work on protecting the environment and comprehensive utilization. They have not only reduced urban pollution and protected the people's health, but they can recover an a yearly basis, also kerosene, carbon balck, cement, hydrochloric acid, sulfuric powder and other materials worth over 11 million yuan.

In order to control pollution in the Fushun section of the Hun River, Fushun city set up a Hun River pollution control unit. In the past 3 years, they have arranged 28 projects to control water pollution. They have already put 24 into production so that this year the amount of polluted water draining into the Hun River has decreased by 11 percent compared to 1979. The amount of suspended matter has also decreased by 15.4 percent. Of the nine tributaries of the Hun River, three have been cleaned up and the level of pollution in three others has decreased noticeably. In May of this year, at Fushun's western strip mine, a coal washing precipitating tank and drainage pipelines were built. In one year 30,000 tons of coal dust can be recovered so that water in the Gucheng River is clean and can be used to irrigate 100 mu of paddy fields. They also stopped production in the Hongtoushan mine and at eight other polluting sources along the upper reaches of the Dahuofang reservoir. They modified production in two and in the other seven plants they built nine sewage treatment units. As a result, the quality of water in the Dahuofang reservoir reached the standards set by the state.

Fushun coordinated work on controlling air pollution and on comprehensive utilization. They opened up many fine channels for changing waste into valuable materials and for changing environmental pollution into public benefits. They made use of production surplus heat in electric plants and steel plants to produce hot water and steam for public use. They also used flammable gas released by petroleum plants and carbon black plants to replace industrial fuel. They recycled cement dust to increase the output of cement. They recycled poisonous gases to produce chemical products. They recycled gas released into the air in mines to augment coal gas in

cities. In the past, Fushun's No 2 Petroleum Plant used to release 5.6 billion cubic meters of dry distillation gas per year which caused severe air pollution. In the past 3 years they have built equipment for utilizing this gas. Not only did they eliminate their pollution of the air, they can now conserve over 20,000 tons of fuel oil.

The Fushun Municipal CPC Committee and the municipal government have earnestly carried out the state award policy regarding the comprehensive utilization of the "three wastes." They have aroused enterprise initiative so that the utilization rate of waste residue has increased year by year through the city. According to calculations of current utilization of waste residue, each year it will take up 330 mu less of land.

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INDUSTRY

DEVELOPMENT OF PACKAGING INDUSTRY URGED

Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 6, 25 Jun 82 pp 40-41, inside back cover

[Article by Li Wenjin [2621 2429 6651], Shanxi Province Economic Committee: "Develop the Packaging Industry and Increase Economic Effectiveness"]

[Excerpts] Development of the Packaging Industry and Its Place in the National Economy

Since Liberation our country's packaging industry has developed greatly in response to the development of other industries. The industry is currently divided among light industry, foreign trade, commerce and many other industrial departments, including its component areas such as decorative packaging, packaging materials, containers, packaging equipment, package printing and auxiliary industries. According to incomplete statistics from the light industry departments, the gross output value of our country's packaging industry is 4.0 billion yuan, or 0.6 percent of the gross output value of the national economy. There are 2,500 packaging enterprises, with more than 420,000 employees. There is a certain packaging industry base in this province; according to incomplete statistics there are a total of 73 independent accounting packaging enterprises at the county level and higher, with 19,500 employees. The industry's gross output value in this province in 1981 was 160 million yuan, or 1.48 percent of the province's total industrial output.

The packaging and decorative packaging which the industry produces have already become an important component of commodity production in modern economic life. In a certain sense, the quality of packaging is an important indicator of a country's technical and manufacturing standards. Good packaging can do a great deal to promote the development of production and is an important way of raising economic effectiveness; at the same time, it is an effective way of increasing export, capturing international markets and increasing competitiveness. Thus developing the packaging industry is of great importance for developing our country's international trade and capturing international markets.

Main Problems of the Packaging Industry

The national packaging industry is far below world standards, and our province is even farther below the national level. The main deficiencies are as follows.

1. There are few varieties and limited quantities of packaging products, there are many gaps, and the industry is far from being able to satisfy the requirements of production development. Our province's packaging enterprises can produce only a few ordinary packaging products, such as dispenser bottles for domestic sale, paper boxes, plastic wrapping film, plastic woven tape, and some metal cans. Many other packaging products cannot be produced here and must be imported or obtained from other provinces. The enterprises subordinate to the province's pharmaceuticals office require 2.80 million glass medicine bottles a year, 7 million large liquid transport bottles, 9 million Xilin bottles, and 150 million ampoules, all of which are obtained from other provinces. Our province needs 6 million bottles a year for its export alcoholic beverages, and through 1980 it obtained them by import; last year it did not import them, but they still had to be obtained from other provinces.

2. There is a serious shortage of packaging materials, and available materials do not meet the requirements for development of the packaging industry. Last year all of the paper used to wrap the province's export products (kraft paper and cellophane) was imported or obtained from other provinces. The amount imported was 7,020 tons, and the amount obtained from other provinces was more than 1,000 tons. In addition to export products, wrapping of other products manufactured in this province requires 16,000 tons of kraft paper annually, while the province's production capacity for this paper is only 10,000 tons, so that the rest must be obtained from other provinces; generally there are still shortages. The tinplate used in the production of printing plates, the sodium carbonate used in making glass bottles and jars, the polyethylene used in making plastics and the like are all in very short supply, and we still entirely lack the composite tape, composite paper boxes and composite bottles which are now in extensive use worldwide.

3. Technology in the packaging processing industry is outmoded and the products are of inferior quality with high prices. The packaging products which we produce are mostly low-grade products; we produce no cheap, attractive, high-quality products. The quality of the bottles which we produce for alcoholic beverages has long been unsatisfactory; the designs are obsolete and have not been changed for decades. They cannot meet the requirements for packing export alcoholic beverages, so that the world-renowned Fenyang spirits and Bamboo-Leaf Green Liquer still have to be packaged in bottles obtained elsewhere. We have still not succeeded in supplying sufficient numbers of food jars of sufficient quality. Because of poor technical capabilities and management, not only is it impossible to produce certain products, but even if they were produced they would consume large quantities of materials, have high production costs, be of low quality and not be competitive.

4. The design and printing quality of decorative packaging are poor. The province has few packaging designers; although the light industry office, the Second Ministry of Machine Building office, the foreign trade office and other main organizations have specialized decorative packaging design organizations, they have few personnel and their capacities are inadequate. Other systems and industries still have no specialized decorative packaging

design organizations or personnel. The only organization in the province for trade mark printing is an offset shop in the Taiyuan Printing Plant, whose equipment and technical capabilities are so inadequate that it cannot meet the needs of trade mark printing.

5. The main economic and technical indicators for production of the main packaging materials are outmoded. According to statistics, in 1980 t' province's coal consumption rate per ton of ordinary glass produced was 3.03 tons, which was 2 tons higher than the national average and 2.41 tons above the best figures nationwide. The profit on the manufacture of 100 yuan worth of paper is 9 yuan in this province, 6 yuan lower than the national average and 12.6 yuan below the best figures nationwide. The profits tax paid on 100 yuan worth of plastics processing is 5.6 yuan in this province, 6.2 yuan lower than the national average and 16.1 yuan lower than the best figures nationwide. The amount of circulating capital required for 100 yuan worth of output value is a chocking 34.6 yuan here, 13.6 yuan higher than the national average and 24.5 yuan above the best figures nationwide.

Succeed in Improving the Economic Effectiveness of the Packaging Industry

In his speech at the National Industry and Communications Work Conference, Premier Zhao Ziyang stated that improving economic effectiveness should be the central focus and guiding idea in economic work. Effective work in products packaging is a major way of improving economic effectiveness in the national economy.

First, increasing awareness of the importance and urgency of effective work in packaging is a pressing problem of key importance.

Packaging is a continuation of commodity production: only with packaging can the product enter the consumption domain and became a commodity, thus realizing its value and utility value. Packaging and decoration are the face of the product, serving to protect, beautify, advertise and sell it. Some people say that package decoration is a "silent salesman" on the shelves and is a link in the production-circulation-consumption chain. As the people's condition of life continues to improve, the masses' demands regarding packaging are continually rising. In other words, the people not only require good product quality and a low price, but an attractive external appearance as well. Currently, how well similar products with similar prices sell depends on the quality of their packaging and decoration. If they are well and attractively packaged they sell rapidly and in large numbers; otherwise they sell poorly or not at all and become overstocked, losses. The situation of "first-class product, second-class packaging, third-class price" generally results from poor packaging.

Because our country's packages and containers are of poor quality and many types of packaging are quite primitive, breakage losses are rather shocking. A rough estimate by the National Packaging Technology Association is that every year losses of industrial and agricultural products nationwide resulting from poor packaging amount to nearly 10 billion yuan. A survey by the foreign trade departments indicates that because of outmoded packaging

of our export products we lose at least US $2 billion a year. What a pity it is, after all the labor which goes into the process of making the starting material into a finished product, if poor packaging brings all this effort to naught. Clearly, effective product packaging is a very realistic way of adding to our wealth.

But many leaders and other comrades are not sufficiently aware of the importance of the packaging industry and of improving packaging, but feel that it is only required that there be enough of the product. They do not accord sufficient importance to packaging and do not understand what great losses from breakage and spoilage during transport result from poor packaging. They do not understand how serious it is that poor packaging prevents our export products from earning a good price and even keeps them out of world markets, thus harming our economic interests and our country's reputation. They should realize that the packaging industry is a new, low-investment, fast-return, high-employment, low-energy-consumption industry and a major activity which is instrumental in increasing economic effectiveness and increasing national income and in determining whether the four modernizations can be implemented soon, and which affects everyone's livelihood. They should cooperate to make a success of the packaging industry.

Second, we must establish a packaging industry system and speed its development.

In the industrially developed countries packaging has already become a complete, independent industrial system, while in our country it is attached to the light industry, foreign trade, commerce and other departments. Because of an overgrown hierarchy of leadership and research organizations in the packaging industry, its efficiency is low, and individual organizations go their own ways, hinder each other and limit the development of the industry.

As the final link in commodity production, packaging should be completed by the producing plant. But for some time, because many products have had little or no packaging, production and packaging have become separated, producing duplication of labor, harming product quality, violating hygiene requirements, and creating unnecessary waste and loss.

The laws of modern packaging tell us that the packaging industry is an integrated industry and an industry with a strong service orientation, that the production process has wide-reaching influence, that it is the last production step in other industries, and that production and circulation in many industries are inseparable from it, so that it should not be attached to any one industry or specialized department, but should be managed by a coordinating organization which cuts across the individual industries and departments; otherwise it will suffer as a result of objective economic laws.

Improving packaging inevitably increases product costs; this is a problem which merits attention. At present, because our people's standard of living and of consumption are rather low, while improving product packaging we must also consider how to rationalize it. In other words, we must consider how to make packaging protect products and suit them to circulation and distribution, how to make it convenient for the consumer and how to make it stimulate the

market, but must also take full account of the current level of consumption, rather than blindly increasing packaging costs. In the case of export commodities, in order to meet the continually changing needs of world markets we must continually improve and change our packaging. In order to decrease costs, given the current shortage of materials for the packaging industry we must also consider the recycling of packaging and conservation of resources and energy, so as to develop resource-saving, energy-saving, non-polluting packaging.

Third, we must train technical personnel to improve packaging technology.

The modern packaging industry is an integrated field of science which takes in chemical engineering, mechanical engineering, electrical engineering and automatic control as well as economics, enterprise management, art, psychology and many other disciplines. Only if it has a technical contingent which includes the full range of specialists can it meet development needs. Our country's current technical manpower, including technical personnel in packaging design, research, intelligence, mathematics and the management departments now accounts for only about 1 percent of personnel in the packaging industry; in this province the figure is even lower. This is quite insufficient to meet the development needs of the packaging industry and is one of the main difficulties which the industry faces in its development. Thus speeding up the development of the industry, the training of personnel and the development of the industry, the training of personnel and the development of a specialist contingent are tasks which cannot be deferred.

8480
CSO: 4006/580

CONSTRUCTION

PROMPT COMPLETION OF HOUSING CONSTRUCTION URGED

Tianjin TIANJIN RIBAO in Chinese 21 Aug 82 p 1

[Article by Hao Baohua [6787 1405 5478] and Zhen Yuhe [6774 3768 3109]: "We Must Ensure That 2.88 Million Square Meters of Housing is Made Available This Year"]

[Text] On the morning of August 20th, the municipal people's government convened an on-the-spot management meeting in the newly opened Tiyuanbei residential district. The special topic was to study problems this year in our municipality concerning housing support projects, to unify understanding, centralize arrangements and make every effort to ensure that in the next four months they will complete 3.2 million square meters of housing for this year and that over 90 percent of support systems will be completed so that they can make available and assign 2.88 million square meters of housing. This will enable them to solve the housing problem for displaced persons, honor promises to return houses and gain the trust of the people.

The meeting was presided over by the acting mayor, Li Ruihuan [2621 3843 3883]. The meeting was also attended by Wu Zhen [0702 2182], the deputy mayor, Lu Xuezheng [7627 1331 2398], the secretary general and leading comrades in concerned committees, districts and bureaus, as well as construction development firms and other units.

Leading comrades in the municipal government listened to Wu Ming [2976 2494], director of the Construction Industries Bureau, give a report on the conditions, problems and suggested solutions for implementing general contracts for support projects in the new Tiyuanbei residential district and for ensuring improvements in the completion rate of support projects. They also listened to Bai Hualing [4101 0553 1545], vice chairman of the Construction Commission, give an account of residential support projects for this year in our municipality.

This year from January to July the state of housing construction in our municipality has been better than in previous years. The pace of ground work construction has been rapid, and it is of high priority and excellent quality. It is estimated that 3.2 million square meters of projects will be completed and that the entire project can be made available before the end of the year, each concerned unit is concentrating on the construction of public

construction projects, municipal government projects for public use and water and electricity support systems. There are 400,000 square meters of public construction projects planned for completion this year. At present work has already begun on 320,000 square meters. Of this, approximately 70,000 square meters involve completed groundwork construction and installation. Municipal government projects for public use and drainage and electric support systems in 10 newly opened residential districts have advanced at a fairly rapid rate. This year there are 35 tracts of land and 70,000 square meters of residential construction that have implemented general contracts for support projects. Contracts for water supply lines and sewers within neighborhoods have been undertaken by individual construction units, greatly reducing the voluem of work for the specialized installation bureaus. However, according to last year's patterns, the majority of residential eartwork construction projects were completed in October or November and only a handful were completed in December. This gave rise to concentrated work in support projects and heavy duties all within a short period of time. If we do not concentrate on this area of work, we will be unable to meet the projected level of completed construction. If work on support systems cannot keep up there will be large amounts of completed capital construction yet few people will obtain housing the same year. This will affect the progress of rebuilding and reconstruction work that has taken place during the past 3 years.

The meeting analyzed problems regarding support projects. For example, of the 21 independently financed joint construction areas, the majority are located at the periphery of the urban district in areas lacking municipal public installations. The planning, design, construction and material needs for support projects have not yet come into being. In the city, the number of projects in two multi-storied apartment buildings, such as indoor heating, the installation of elevators and the renovation of pipelines is relatively high. Electric cables, switch boxes, distribution boxes and other installation materials and supplies do not meet construction demands. There are many difficulties and tasks are extremely arduous. In order to fulfill the tasks of capital construction and improve investment benefits, it is necessary to rely on the hard work of all trades and professions and to strive to display the spirit of last year to "fully mobilize, spare no effort and all go into action."

The meeting stressed that it is necessary to unify understanding, particularly to improve the understanding of leading cadres at all levels regarding "completing support projects." The entire municipality must resolve the problem of earthquake relief housing and consider the economic benefits of society as a whole. We must give full play to our respective subjective activity, reduce construction time and improve the utilization rate of completed construction. The municipal Construction Commission resolved to strengthen support project units and to restore the system of regular weekly management meetings. They called on district and county bureaus to set up leadership for support project groups, to focus on on-the-spot management guidance and to promptly solve contradictions in overlapping construction. This year the time set for the general completion of housing construction is

still the end of November. For certain buildings the earliest date of completion is the first 10 days of December. It is estimated that completed residential construction will peak in October or November. Therefore, in order to ensure the construction time for support projects, units in charge of support projects must squeeze in construction a month ahead of time. Civil construction, municipal government and transport control sectors -ust coordinate their actions and make a contribution to ensuring that support systems in 2.88 million square meters of housing is made available by the end of the year.

9864
CSO: 4006/003

CONSTRUCTION

HOUSING CONSTRUCTION IN SHENYANG INCREASING

Shenyang LIAONING RIBAO in Chinese 21 Aug 82 p 2

[Article by He Shanzhen [0149 3790 3791] and Liu Kewen [0491 0344 2429]: "Housing Construction in Shenyang During the Last Four Years Reaches 4.44 Million Square Meters"]

[Text] Since the party's Third Plenary Session of the 11th Central Committee, Shenyang Municipality has built a total of 4.44 million square meters of residential housing. This is 2.5 times the amount built during the past decade. Over 100,000 residents have moved into the new housing and the crowded living conditions of city residents has gradually been alleviated.

In the past several years, the municipal CPC committee and the municipal government have set down resolutions to raise funds in various sectors. They used 60 percent from local financial resources and funds raised by enterprises to build residential dwellings. In the past 4 years they have built 12 small residential areas including Taishan, Beiling, and Wulihe. At present, out of the 14 large cities throughout the nation, Shenyang now ranks fifth in per capita living space.

Shile building these small residential areas, Shenyang has strictly adhered to city plans, building both residences and support projects. They have built single room, two room and three room household apartments. Each apartment has running water and central heating. Each household has a private bathroom and kitchen. In some of the small residential areas there are even schools, hospitals, stores, restaurants and recreation areas, for the convenience of the people.

Some of the residential areas in Shenyang were built before liberation. They are crudely constructed and of inferior quality. Garbage is piled up all around and sewage is overflowing. Leading comrades of the municipal CPC committee went to visit certain unsafe residential districts. They learned about dwellings that were on the verge of collapse and about slum dwellings. They organized concerned departments to make on-the-spot studies of plans for reconstruction and plans to repair hazardous buildings, and to ascertain the cost of special projects. By using methods such as on-the-spot rebuilding and thorough reconstruction they have repaired a total of 150,000 square meters of unsafe housing during the past 4 years. They also

transformed the old slum areas and built 38,000 square meters of residential areas such as Dongshun, Wanquanli and Gangweili. Eight hundred families have moved into the new buildings. The residents who moved into the new building in Gangweili hung a two line red character sign from the fourth story to the second story which read: "Living in new quarters, we constantly think of the consideration of the party and the government. Having moved into new housing, we will strive to make a contribution to the establishment of the four modernizations."

9864
CSO: 4006/003

CONSTRUCTION

NEW CONSTRUCTION WORK IN TIANJIN ENCOURAGED

Tianjin TIANJIN RIBAO in Chinese 18 Aug 82 p 1

[Article by Li Dezhong [2621 1795 1813] and Yang Jianhua [2799 1696 5478]: "Bureau of Construction Materials Takes on Heavy Burden to Build Up Tianjin"]

[Text] In order to ensure the needs of our municipality in capital construction, the municipal Bureau of Construction Materials Industries made every effort to increase production and to actively organize allocation and transportation. Production achieved a relatively high rate of development and fine economic benefits resulted on all sides. From January to July production in construction materials industries and the supply of building materials reached the highest level in history. The gross production value in the whole industry increased by 9.7 percent and paid-in profits increased by 27.32 percent. Major building products such as cement, plate glass, aerocrete and sanitary ceramic also increased substantially. In all, 6.54 million tons of lime mortar were allocated, an increase of 27 percent over the same period last year. The uniform distribution of construction materials by the state also exceeded planned allotments. They were able to basically meet the needs of the entire municipality in key capital construction projects.

This year capital construction tasks have been the heaviest. With the addition of the project to divert the Luan River, the demand for construction materials far exceeds the level of previous years. Staff and workers in all areas feel that their responsibilities are onerous. Recently, in order to carry out the spirit of the national symposium on enterprise reorganization work and the spirit of the July 27th conference for district and county bureaus and for leading cadres in industrial enterprises convened by the municipal CPC committee and the municipal government, this bureau successively convened an enlarged meeting for bureau and party committees and a meeting for secretaries of firms and major plants. They analyzed the conditions of the past 7 months and discovered existing problems. In view of the actual conditions in the latter half of the year such as being short of time for work in the production and supply of construction materials, having heavy duties and numerous difficulties, they formulated specific measures to tap potential in the production of construction materials and in the supply of goods in every possible way. They ensured the fulfillment of capital construction tasks throughout the city and actively welcomed the party's convening of the 12th NPC.

In order to increase the amount of construction materials that were in short supply, the bureau mobilized cadres, staff and workers to formulate measures to increase production. In particular, urgently needed construction materials such as cement, plate glass, steel window frames, sanitary ceramic, asphalt felt and machine made bricks have all one by one fulfilled plans for increased production. The leadership at all levels in the bureau have transformed their work style and improved their organizational management of production, instituting daily situation, each ten day period analysis and monthly goal reports. At the bureau's management meeting they replied then and there to questions brought up by enterprises. Concerned departments were instructed to find solutions for the questions that they could not answer on the spot. Answers would be supplied at the next meeting so that they would be able to improve work efficiency.

In light of the weak links in the supply of construction materials, the bureau strengthened their ties with railway transportation sectors. They advanced the dateof starting shipments by special train of sandstone from Ji County to Hangou, thus ensuring that the daily shipments of limestone were over 30,000 tons. In addition to resources already available, they assured the availability of 110,000 tons of cement and sand resources from other parts of the country. They also strengthened their capacity for loading trucks in sandstone producing areas and unloading within the city to guarantee that in the second half of the year the distribution of sandstone would exceed 5 million tons.

The bureau resolved that by tapping potential and reducing expenses they could ensure that the newly increased quotas of the municipal CPC committee and the municipal government for paying in profits would be met.

9864
CSO: 4006/003

FOREIGN TRADE

BRIEFS

CRACKDOWN ON SMUGGLING--In the first half of 1982, the Shanghai Customs has strengthened its cooperation with public security, industrial, commercial, taxation, and other concerned departments to catch smugglers and sellers of contraband, and to crack down on serious criminal activities in the economic sphere. Initial victories have been reported: Altogether, 1,280 cases of smuggling and contraband sales have been uncovered, involving goods valued at 5,133,075 yuan. Sixteen cases were big cases involving goods valued at over 10,000 yuan. This shows that the number of big cases uncovered by Customs has increased, and that the rate of success in cracking cases has improved. At the same time, it reflects the seriousness of smuggling in the economy and clearly demonstrates the importance and urgency of cracking down on serious criminal activities in the economic sphere. On the morning of 29 July, in order to strike another blow at serious criminal activities in the economic sphere, the Shanghai Customs party committee held a conference to exchange experiences in catching smugglers and cracking down on serious criminal activities in the economic sphere. The conference called for continued efforts to go after the big, important cases, and emphasis on uncovering smuggling cases of a commercial nature involving domestic-foreign collusion, which are especially dangerous, pernicious, and difficult to uncover. Besides the economic confiscation of smuggled goods and the imposition of fines, those who are guilty of serious smuggling activities must be turned over to judicial organs to investigate and affix legal responsibility. [Text] [Shanghai JIEFANG RIBAO in Chinese 5 Aug 82 p 1] 12187

CSO: 4006/590

GENERAL

FLOODWATER DIVERTED FROM RIVER TO RELIEVE TIANJIN DROUGHT

Tianjin TIANJIN RIBAO in Chinese 8 Aug 82 p 1

[Article by Li Engong [2621 1869 1872]: "Floodwater from Zhanghe and Weihe Rivers Diverted via Nanyunhe Canal to Our City"]

[Text] Torrential rains fell in northern Henan in late July and early August, and flood crests appeared in the upper reaches of Zhanghe and Weihe rivers. The leading comrades in the State Council directed that part of the flood water be diverted to our municipality through the Nanyunhe [South Canal]. It is anticipated that the peak of flow would reach the Jiuxuan sluicegate of Jinghai County in our municipality around 8 August midnight.

Both Zhanghe and Weihe belong to the Haihe valley and the Nanyunhe water system, and the natural flow of water is through Nanyunhe. Because of the heavy rains in northern Henan, however, there are still 800 million to 1 billion cubic meters of water, left from the retained portion in Yuecheng Reservoir, to be discharged through Weihe and Nanyunghe at the rate of more than 12 million cubic meters per second. The Nanyunhe Canal is narrow and is far from adequate for the passage of the water now at the upper reaches. To ensure the safety in both banks, it was decided that the major portion of the floodwaters should flow into the Sinuji flood-relief channel near Dezhou Municipality in Shandong and the Jiedi flood-relief channel near Cangzhou Municipality in Hebei, before being discharged into the sea. At the same time, in compliance with the instructions from the leading comrades in the State Council, the Ministry of Water Conservancy and Ministry of Electric Power have also planned for part of the water to be diverted to our municipality. At 2100 hours of 4 August, the Sinuji sluicegate of Nanyunhe canal was opened to let the water pass.

In order that the water could be properly received, Vice Mayor Li Duanhuan [2621 4551 3883] of our municipality personally studied the plans for water storage, and decided that after the water is received via Nanyunhe, part of it will be transferred to Haihe and the major portion will be stored in Tuanbowa reservoir and Duliu flood-relief channel. The governments in Jinghai County and Dagang Ward are now actively clearing the water supply channels, while the water conservancy departments are testing the machinery equipment for the sluicegates and water-pumping stations. The relevant departments believe that since the water supply this time is limited, the work of water conservation in our municipality has still to be tightened.

9411
CSO: 4006/648

GENERAL

SERIOUS ECONOMIC CRIMES TRIED IN TIANJIN LAW COURTS

Tianjin TIANJIN RIBAO in Chinese 29 Aug 82 p 1

[Article: "Verdicts Passed on Four Cases of Serious Economic Crimes in Our Municipality"]

[Text] Yesterday morning, a meeting was held in the People's First Cultural Hall by the municipal intermediate people's court to pronounce judgement on four cases of serious economic crimes in which Liu Deyi [0491 1795 5030], Zheng Guodong [6774 0948 2767], Huo Hongwang [7202 3163 2489], Deng Yunfeng [6772 0061 1496] and five other persons were implicated.

Swindler Liu Deyi is a commune member in Liu Shuangquan Production Brigade of Dongxindian Commune in Qingyun County, Shandong. From February 1981 to January 1982, he pretended to be a member of Qingyun County Commercial Bureau and claimed that he could act as a commission agent in selling wire rods, timber and plastic wares. He has on different occasions cheated 12 different units, including Yaopan Production Brigade and No 11 Color Fabrics Mill in Jinghai County and the Hebei Provincial Industry College, a total amount of 318,000 yuan. The victims of swindling have recovered a total amount of 172,000. After the case was filed against them another amount of approximately 22,000 yuan in money and in kind was recovered. Liu had spent some 24,000 yuan. According to law, he was given a 15-year sentence. Liu Kuiyuan, [0491 1145 0337], formerly a receiving clerk in the warehouse of plastic wholesales department of the Municipal Department Store, collaborated with Liu Deyi in swindling and received 700 yuan of illicit money. He was sentenced to 2 years' imprisonment.

Veteran swindler Deng Yunfeng was a worker in No 3 Steel Rolling Plant. In 1951, when he was the CYL secretary in Hengda Flour Mill, he already received a 5-year jail sentence for swindling and other crimes. In 1968 and 1975, he again received jail sentences of 8 and 2 years respectively for stealing and other crimes. From September 1979 to March 1982, he pretended to be a responsible person of a native products import and export company and offered to supply the necessary equipment to the rural communes and production brigades for setting up sideline production. He cheated nine units in Shandong Province, Hebei Province, and Wuqing County and Jixian County of this municipality, a total sum of 24,707 yuan. Except for the recovered amount of

6,640 yuan, all the money has been spent by him. He also cheated the communes and production brigades large quantities of rice, peanuts, spices and other agricultural sideline products. He was sentenced to 14 years' imprisonment according to law. His accomplice Deng Guoqing [6772 0948 1987] was an employee of the municipal native products import and export company. He took part in Deng Yunfeng's swindling by abusing his official position, and was given a 6-month jail sentence.

Huo Hongwang, who was guilty of curruption, speculation and profiteering, was an attendant in a comprehensive plant in Fuzhuang Commune of Fengrun County. From December 1979 to April 1981, he misappropriated 1,802 yuan from the sales proceeds. In July 1981, in the name of the commune comprehensive processing plant, he privately signed three contracts with a cigarette factory, a coal mine machinery plant and the construction engineering bureau in Zhangjiakou on transactions totaling 66,080 yuan. He bought the goods at low prices and then sold them at high prices and, through speculation and swindling, he made an illegal profit of 13,000 yuan and has spent most of it. He received a 10-year jail sentence according to law. His accomplice Liu Chunshan [0491 2504 1472] was a bookkeeper in Fangjiazhuang Credit Cooperative in Baodi County. He supplied Huo with a bank account number with which to draw money from the credit cooperative. In collaboration with Han Wanyi [7281 8001 5030], who was found guilty of corruption, he changed the 23,000 yuan originally intended for buying asphalt from the material supply department of Zhangjiakou Construction Engineering Bureau, into 24 personal bank deposits, to be later withdrawn by Liu at different times. Huo obtained 13,000 yuan and 1,000 yuan was later recovered from Liu in money and in kind. Han received a bribe of 100 yuan. Liu Chunshan, found guilty of corruption, was sentenced to 5 years' imprisonment. Han received a 2-year jail sentence which was suspended for 2 years. Liu Shucui [0491 3219 5050] was an accountant in the Fangjiazhuang Office of the Baodi Branch of the Bank of Agriculture. She could not resist the sweet talks of Liu Chunshan and let him withdraw his money even though the withdrawal did not correspond to the state's financial system. She received a bribe of 100 yuan. Because of her repentance, she was not indicted.

Zheng Guodong, found guilty of illegal transactions in foreign currency, was the deputy secretary of the administrative section party committee of Tianjin No 2 Electronic Instruments plant. From August 1980 to early 1981, he visited various parts of Guangdong Province and illegally bought imported motor cars. The money for the purchase was first remitted to the chemical-industry plan of Heilongjiang Production Brigade in Nanpi County, and 60,000 yuan in cash was later taken out to be handed over to a Hong Kong smuggler named Guo Shuozhi [6753 6141 1807] (already apprehended) to be illegally changed in to Hong Kong dollars for the purpose of smuggling. It was later discovered by the customs. Zheng helped smuggler Guo Shuozhi sell smuggled wrist watches and accepted gifts of wrist watches and clothing from the smuggler. Zheng Guodong was given a 3-year jail sentence according to law.

9411
CSO: 4006/648

GENERAL

PUBLIC SECURITY BUREAU NOTICE ON HANDLING GASOLINE COUPONS

Tianjin TIANJIN RIBAO in Chinese 9 Aug 82 p 3

[Text of Joint Notice by Tianjin Public Security Bureau and Tianjin First Municipal Commerce Bureau No 2-483 (82) of Tianjin First Commerce Concerning Provisional Measures for the Use of Gasoline Coupons Printed and Issued in the Second Half of 1982]

[Text] In order to further strengthen and improve the control over the sales of finished petroleum products, and to combat and guard against the illegal deeds of selling gasoline coupons in the society, the following provisional measures, already approved by the Municipal Finance Commission, has been adopted concerning the use of gasoline coupons in the second half of 1982:

1. All units in possession of gasoline or diesel oil coupons should affix the official stamp of their own units or the stamp of their department in charge on the back of the coupon on drawing gasoline or diesel oil; otherwise the coupon will not be honored.

2. The attendants of refueling stations should check the stamp on the back of the coupon against the license plate of the vehicle to be refueled to be sure that the name shown in both places is the same, and then issue the gasoline according to the tank capacity. No extra should be supplied as a matter of principle. Then a corner of the coupon will be cut off in the presence of the driver in order that the coupon will be voided.

3. If there is any discrepancy between the name on the back of the coupon and the name on the license plate, the attendant should refuse to refuel the vehicle and trace the source of the coupon.

4. In controlling the sales of oil or finished oil products, we must rely on the close coordination and strong support of the oil consumer units. Therefore, we hope that all units purchasing gasoline will set up a sound system of control over the purchase, custody and issue of coupons, with some person specially responsible for checking them. They should observe the regulation of "issuing coupons for the right amount of gasoline according to the task requiring the use of the car, the mileage to be covered, and the rate of gasoline consumption" so as to guard against private sales by a small number of persons trying to benefit themselves at public expense, thus bringing chaos to the market.

5. Those units using a large number of coupons and having regular tasks which call for frequent runs, can contact the retail sales centers of the Municipal Petroleum Company for the handling of gasoline coupons on their behalf. This will help reduce the number of coupons in circulation.

These regulations should be carried out by all refueling stations in the downtown area, the suburbs and all counties beginning 10 August.

9411
CSO: 4006/648

GENERAL

FUJIAN'S ECONOMIC SITUATION TERMED GOOD

Fuzhou FUJIAN RIBAO in Chinese 16 Jul 82 p 3

[Article by Gu Deqi [7357 1795 3823] and Xin Shimin [2946 1102 2404]: "Correct Understanding of the Economic Situation"]

[Text] At the present time, is Fujian's economic situation good or bad? The answer is that it is good. Concrete indications may be seen in the following areas:

First, industrial and agricultural production are developing fairly rapidly. From 1978 to 1982, the gross value of Fujian's industrial and agricultural production increased by 30.6 percent: agricultural output value increased by 25.9 percent, while industrial output value increased by 33.3 percent. The average annual rate of increase of the gross value of industrial and agricultural production over 3 years has been 9.3 percent. This is the fastest rate of increase in Fujian's history.

Next, in the past 3 years Fujian has achieved a financial balance between revenues and expenditures with a slight surplus. Commodities are more abundant in the markets, and prices are stabilizing. Excessively large-scale capital construction has basically been brought under control.

Furthermore, the national economy has started to get on the track of stable, healthy development. It is taking a new path with a more realistic speed, better economic results, and more real benefits for the people.

As the economy has developed, the people's livelihood has improved. Peasant income has increased year after year. According to an investigation of the household budgets of commune members, from 1978 to 1981 the average net per capita income increased by 31.7 yuan. This represents an average annual increase of over 15 percent.

The incomes of staff and workers have increased. According to investigations of household budgets of staff and workers, in 1981 the average monthly per capita living expenditure was 38.6 yuan. This is an increase of 46.8 percent over the 1978 figure of 26.3 yuan. After adjusting for price inflation, the

real increase is still 30.8 percent. The important reasons for this are an increase in the number of persons employed, a decrease in the average number of persons supported by each employee, and an increase in employee wages. Between 1978 and 1981, average employee wages in Fujian increased by 22 percent. After adjusting for price inflation, the increase is over 10 percent.

The consumption level of urban and rural dwellers has increased. From 1978 to 1981 the total amount of retail sales of social commodities has increased by 61 percent.

Housing conditions have improved. The average per capita living space for households of staff and workers is almost 5 square meters. In the rural areas, the average per capita living space for peasants is now 10 square meters.

The savings of urban and rural dwellers have increased. From 1978 to 1982 the savings of urban and rural dwellers increased by 120 percent.

At the same time, there are still quite a few problems in economic work. Fujian's budget still shows a deficit for 1982; the scale of capital construction is still excessively large; and, while prices are basically stable, there is still some inflation. There are some practical difficulties in the people's livelihood which must be progressively resolved. We should be more concerned about the state and make allowances for our nation's difficulties. In the past 3 years, both the nation and Fujian have made the greatest efforts to improve the people's livelihood. In some ways the people's livelihood has gotten ahead of the development of production: if this continues, the nation will be unable to bear the burden. At the same time, we must remember that these problems and difficulties are temporary. As long as we actively struggle, making our best efforts to develop production and improve economic results, we can certainly overcome these difficulties. We must have a correct understanding of our current economic situation, fortify our confidence, stir up our spirits, and strive to do our work well, so as to make bigger contributions for the construction of the four modernizations.

12187
CSO: 4006/590

GENERAL

SUCCESSFUL IMPLEMENTATION OF ECONOMIC LAW IN HEIBEI REPORTED

Shijiazhuang HEBEI RIBAO in Chinese 1 Sep 82 p 1

[Article: "Heartening Results Achieved in the Economic Law System in Our Province"]

[Text] Heartening results have been achieved in the economic law system in our province since the Third Plenary Session of the 11th Party Central Committee. Up to the end of July this year, the provincial government had promulgated 53 economic laws of various types. The provincial Industrial and Commercial Administion Bureau, which has been fairly successful in economic legislation, has drafted 12 legal documents to be approved by the provincial government, since its inception in 1979. The formulation and promulgation of these economic laws have strongly preserved and stabilized the economic and market orders, combatted economic crimes, and promoted the national economic development.

To further improve economic legislation in our province, the economic departments of the provincial government have since March last year acted in accordance with the spirit of the directives from the central authorities and the arrangements made by the Standing Committee of the Provincial People's Congress in reviewing all the legal documents in use after the founding of the People's Republic. By July this year, 68 commissions, staff offices and bureaus in the province had reviewed 911 legal documents, of which 351 are still valid; 501 are no longer valid; and 59 are partially useful after certain revisions.

The practice of notarizing economic contracts began in our province last year. There are now 139 notary public offices at the municipal and county levels with 180 notaries, 156 legal coursel offices with 156 full-time or part-time lawyers, and 280 persons engaged in legal work. By the end of June, a total of 153,400 economic contracts have been notarized. The notarization of economic contracts has greatly reduced contractual disputes, increased the percentage of contract fulfillments, attacked economic crimes and improved the management of enterprises and the economic results.

9411
CSO: 4006/648

GENERAL

TIANJIN TAX BUREAU ISSUES NOTICE ON TAX REGISTRATION

Tianjin TIANJIN RIBAO in Chinese 5 Sep 82 p 2

[Text of Notice No 2-4 (1982) of Tax Administration Dated 1 September 1982 Issued by Tianjin Municipal Tax Bureau]

[Text] The General Tax Bureau of the Ministry of Finance of the People's Republic of China issued a "Notice Concerning Tax Registration" on 1 September 1982. In Accordance with this "Notice," it is hereby proclaimed that all tax-paying units and individuals in the municipality (including the city proper, the Tanggu, Hangu and Daigang wards, the suburb areas and the counties) must report to the tax bureaus or finance and tax administration offices in the wards or counties with 30 days from the date of the "Notice," and bring with them the relevant certifying documents for tax registration.

Appended hereunder is the "Notice Concerning Tax Registration" issued by the General Tax Bureau of the PRC Ministry of Finance:

Notice Concerning Tax Registration issued by the General Tax Bureau of PRC Ministry of Finance:

To uphold the tax law, to protect legitimate business, to strengthen the control over the levy of tax, and to guarantee state revenues, as approved by the State Council, it has been decided that a nationwide tax registration is to be held. All industrial and commercial units (including state-run and collectively-owned enterprises; same as follows) and individuals engaging in industry and commerce must go through their tax registration and accept the control and supervision of the tax administration organs. The requirements of tax registration are as follows:

1. All units and individuals engaging in industrial production, communications and transportation, construction and installation, commercial business, banking and trust, imports and exports, service trades; and receiving business revenues and other benefits for which tax must be paid according to law (hereinafter referred to as tax-paying units and individuals) should register the opening or closing of their business with their local tax administration organs within 30 days from the opening or closing of business.

All tax-paying units and individuals whose business started before the Notice was issued must without exception go through the procedures of tax registration within 1 month from the date of the Notice even though some of them have already been through this procedure.

2. Tax registration must be handled by the units directly engaging in production and practising independent economic accounting, or directly by other tax-paying units or individuals. The branches, which do not practise independent economic accounting, of trans-provincial, trans-municipal or trans-county organizations, should report to their local tax organs for registration in addition to the comprehensive registration handled by their higher-level organizations which practise independent economic accounting.

3. In applying for tax registration, the tax-paying units and individuals should obtain from their local tax administration organs copies of centrally published "Tax Registration Form," and truthfully fill in the names of the enterprises and their responsible persons, the economic character of the enterprises, the scope of their business activities, their forms of business, and other details. Each form is in triplicate. Two copies are to be handed in to the local tax organ and one copy is to be retained for file.

4. The tax organs should examine and verify the application of the tax-paying units and individuals for tax registration. Later, the municipal or county tax bureau will issue the "Certificate of Tax Registration."

5. Should there be any change, such as the change of the enterprise's name, of its line of production, of the scope of its business or of its address, after tax registration by the tax-paying units or individuals, such changes must be reported to the local tax administration organs within 15 days. In reporting the change, they must bring with them the documents of approval by the departments in charge. In the case of change in the line of business, amalgamation, branching out, or integration, they should apply for a new tax registration.

6. In applying for tax registration in the event of a closure, the tax-paying unit or individual should give a written report on the cause of closure to the local tax organs, together with documents of approval for the end of its business activities and the deletion of the name of the organization. After clearing up the tax matters, they should apply for deregistration at the same tax organ that formerly handled their registration.

7. Should any tax-paying unit or individual fail to handle their tax registration in accordance with the stipulations of this notice, the tax organs can carry out criticism or education, or impose fines not exceeding 5,000 yuan for units, or not exceeding 500 yuan for individuals, according to the seriousness of the offense.

8. The relevant tax laws will apply to joint ventures with Chinese and foreign investment and foreign enterprises in tax registration.

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GENERAL

ACHIEVEMENTS OF TECHNICAL COOPERATION IN TIANJIN REPORTED

Tianjin TIANJIN RIBAO in Chinese 23 Jul 82 p 1

[Article: "Use Scientific and Technological Achievements To Improve Economic Results; Healthy Development in Technical Cooperation Between Our Municipality and Five Universities"]

[Text] More than 1 year has elapsed since scientific and technological cooperation began between our municipality and the five institutions of higher learning, namely, Qinghua University, Xian Jiaotong University, Zhejiang University, Tianjin University and Nankai University. What is the result of the cooperation so far? Several days ago, our correspondent called at the relevant departments of the municipal planning commission and learned of its healthy development. Thanks to the joint efforts on both sides, three agreements between the municipality and the universities, and 10 others between the bureaus and companies on the one hand and the professional departments of universities on the other have been signed. They have also discussed about 255 projects of cooperative research, and work has already begun after the signing of contracts on 150 of them. The municipality has also obtained the services of 20 advisers. In the past year, these universities have been closely related to the industrial activities of the municipality, and have gradually become the rear base of technical research. On the other hand, our municipal industry has gradually become a base in which teaching, research and production by the universities are undertaken.

In implementing the principle that science and technology should serve economic construction and that science and technology must be relied on in developing the economy, as laid down by the central authorities, many industrial bureaus in the municipalities have carried out technical cooperation with these five institutions of higher learning. Each of these five universities has its own special strong points, and our municipality has worked out long-range plans in using their strong points for the development of our key projects and some projects of a comprehensive nature in a planned and systematic way. It is hoped that a long and steady cooperation can be maintained through the efforts on both sides.

Scientific and technological cooperation has helped to improve production technology and the economic results. The Tianjin Auxiliary Agent Plant previously used alcohol as raw material for making surface active agent. For

many years, it has problems with high alcohol consumption, low productivity and poor quality of the final product. The experts of the chemistry department of Nankai University and the chemical industry department of Tianjin University jointly studied the production technology of this plant, and after comparing it with those being used in the same trade throughout the country, chose the best technology and designed a new corrugated fillings rectifving tower as a replacement for the original floating valve tower. Use of the new technology in production not only raised the output of surface-active agents, but also helped to reduce alcohol consumption by 250 tons, electric consumption by 518,000 kwh, and other expenses in production by 208,000 yuan each year.

Scientific and technological cooperation has solved the key problems in technology and helped to speed up the upgrading of products. A hydraulic press plant in the municipality has taken over several patent rights from an expert in Zhejiang University, and joined the university in studying the trial producing various proportionate control valves. Samples of these valves have already been produced and regular production will begin next year. This will not only enable the hydraulic press trade in our municipality to upgrade its products, and also provide it with hydraulic press parts of reliable precision, high flexibility and long service life. The positive temperature coefficient thermo-sensitive elements studied by the ceramics technology department of Tianjin University, trial produced by No 9 Radio Elements Plant and popularized by the Household Electrical Appliances Research Institute has not only provided new elements for regulating the current and voltage of electrical machines and appliances, but also serve as a substitute for electric filaments in upgrading household electric heating appliances.

Scientific and technological cooperation has increased the technological reserve and developed new products. The compound silicon nitrite cutting tools, the result of Qinghua University's successful research, is a new tool with a promising future, since its hardness is second only to diamond and its thermal stability is stronger than that of diamond. Compared with ordinary hard alloy cutting tools, they are 5-7 times sharper, and their service life is 30 times longer. A grinding wheel plant has availed itself of the benefits of this achievement in preparing for the regular production of these tools under the guidance of Qinghua University. Then our municipality's cutting tools will have stronger competitive power.

As a result of the technical cooperation, an advanced design has been adopted for energy conservation. The municipal electric power bureau has made use of the scientific achievements of Xian Communications University's thermoenergy teaching and research section in calculating and analyzing the heating system of 5,000 volt and 10,000 volt thermopower generating units with the equivalent heat reduction method, and carried out the transformation according to the optimization plan for the heating system. When this transformation is accomplished, each 5,000 volt unit will be able to save approximately 7,000 tons of standard coal which is worth more than 200,000 yuan.

The experts and professors invited from the universities to serve as our technical advisers have made many proposals for our industrial development with very good results. After joining our municipal hydraulic press plant as adviser,

Lu Yongxiang [6424 3941 4382] has delivered many lectures and introduced his other research results. He also personally arranged for the 704th Institute of Shanghai to join the municipal hydraulic accory company in studying the application of hydraulic technology. Thus the road of technical cooperation continues to broaden.

Technical cooperation has shown gratifying results. After the transfer of patent rights, the university is responsible for training the technical personnel of the plant until they can completely master the technology. It also undertakes to run short and medium-term training classes for the company or enterprises in training special technicians. On the other hand, the plant cooperating with a university will serve as a practical research unit for the university's graduates or fellows, thus helping to improve the quality of teaching by combining it with the realities in production.

9411
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GENERAL

BALANCED EXPANSION OF PRODUCER GOODS, CONSUMER GOODS PRODUCTION DISCUSSED

Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 6, 25 June 82 pp 16-20

[Article by Pang Yongjie [1663 3057 5381], Political-Economic Teaching and Research Office, Central Party School: "Coordinating the Expansion of Producer Goods and Consumer Goods Production: A Testative Discussion"]

[Excerpts] In his report on government work at the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang listed the 10 main policies for economic construction and stated: "According to the Marxist theory of reproduction, the better the proportionality between output of the means of production and the means of livelihood is coordinated, the faster exchange and turnover will become, so that the development of the entire economic will be accelerated. Maintaining coordinated development of these two categories is our country's long-term policy." Establishing and conscientiously implementing this policy is extremely important for the development of a rational economic structure and for assuring beneficial circulation in the national economy.

1. Accord a High Priority to Developing the Consumer Goods Industries

The question of what place should be assigned to the expansion of consumer goods industries, or in broader terms, to consumer goods production (i.e. production of the means of subsistence) is a major strategic question which is instrumental in determining whether or not the socialist economy's production objectives can be smoothly achieved and whether or not the national economy can function normally.

The relationship between the three main production sectors of the national economy, namely agriculture, light industry and heavy industry, basically reflects the relationship between the two main categories of social reproduction. Only if a specific, proportionate balance is established and maintained between the two main categories can social production function freely and harmoniously. But this balance between the two main categories is expressed in different forms in different societies.

Because the purpose of production under capitalism is to extract excess value, it is necessarily "production for production's sake." In socialist society, based on public ownership of the means of production, the aim of production is to satisfy the people's growing material and cultural needs,

and the means by which this objective is attained is continuous expansion and improvement of production on the basis of advanced technology. Production objectives determine production methods, and production methods serve production obe objectives; expressed in terms of the balance between the two main categories of social reproduction, this necessarily requires that the production of consumer goods be the point of departure and that the production of producer goods accumulate and expand in accordance with the accumulation and expansion of consumer goods production.

Thus it is apparent that during our country's socialist economic construction process the major role accorded to consumer goods production is determined not by subjective wishes but by the internal relationships of social reproduction and the nature of the socialist economy.

In the last 30-odd years our country's agriculture and light industry have developed slowly, while heavy industry and in particular the industries which serve new construction projects have developed rapidly, a situation which has been quite unsuitable for meeting the need to expand the national economy and improve the people's condition of life. In 1978 the gross output of heavy industry was 90.6 times the 1949 figure, while gross output values for agriculture and light industry were only 2.4 and 19.8 times as great as the 1949 figures. In 1957 agriculture accounted for 43.3 percent of gross industrial and agricultural output, light industry for 31.2 percent and heavy industry for 25.5 percent; in 1978, agriculture's share had dropped to 27.8 percent and light industry's share to 31.1 percent, while heavy industry's share had increased to 41.1 percent. Although the readjustment following the Third Plenary Session of the 11th Central Committee has somewhat improved the situation, the vicious circle in the national economy has not yet been fundamentally set right.

How can the national economy be moved fundamentally from a harmful cycle to a beneficial one? First, the economic structure must be rationalized. The key to rationalizing the economic structure is to accord top priority to consumer goods production. When consumer goods production has been developed it will then be possible to ask such production departments as the mechanical, electrical power, electrical engineering and metallurgical industries to produce more and better manufacturing equipment and starting materials and to ask the energy, transport-communications and building materials industries, which currently have severe output shortages, to develop more rapidly; in short, it will be possible to ask that the production of producer goods develop at a rational, proportionate rate. In this way the interrelationships between the various parts of the national economy, which are now severely out of adjustment, will gradually be restored, production structure and consumption structure will be better interconnected, and as a result the entire national economic structure will become more rational.

It must also be realized that as the economic structure is rationalized and social and economic life is gradually improved, the expansion of manufactured consumer goods production will occupy an increasingly important position in the energetically expanding consumer goods production sphere as a whole. The reasons are as follows.

1. Consumer goods production is the principal source from which the people's steadily growing material and cultural needs are satisfied. Surveys indicate that in the cities, foodstuffs consumption, primarily involving agricultural products, dropped from 58.4 percent of total consumption in 1957 to 56 percent of total consumption on in 1980, while in the countryside it dropped from 67.7 percent in 1978 to 63.9 percent in 1979; in the cities, the clothing and daily-use articles consumption, primarily involving manufactured consumer goods, increased from 23.6 percent of total consumption in 1957 to 34.1 percent in 1980, while in the countryside it increased from 193. percent in 1978 to 21.4 percent in 1979. Inevitably the consumer goods industry must be greatly expanded in order to adapt to this change in consumption patterns.

2. It is the key link which drives agriculture ad and heavy industry. Currently about 70 percent of the raw materials for light industry and textiles come from agriculture and 30 percent from heavy industry; in the future, as production is developed and modernized, there will be some increase in the proportion of raw and starting materials provided by heavy industry, but the absolute quantity of materials provided by agriculture will grow even faster and the number of varieties will increase. At the same time, modernization and replacement of equipment in the light industry and textile sectors will also make great demands on heavy industrial production. This makes it clear that energetically developing light industry and textiles will motivate and promote the development of agriculture and heavy industry, while the further development of agriculture and heavy industry will necessitate rapid development of light industry and textiles.

3. It is a key factor in removing currency from circulation and increasing government revenues. Gross output value of light industry and textiles increased by 12 percent from 1980 to 1981, while retail sales of consumer goods increased by 11.5 percent. There was a great increase in the number of all types of manufactured daily-use consumer goods on the market, and the numbers of such durable consumer goods as wristwatches, bicycles, sewing machine, television sets, washing machines and electric fans increased as much as several dozen percent or even several times as production expanded. The net amount of currency withdrawn from circulation in the first half of 1981 was 3.98 billion yuan, 1.54 billion yuan more than the amount withdrawn in 1980, and the highest figure since the state was founded. The net issuance of currency this year was down 36 percent from last year. The expansion of light industry and textiles increased government revenues not only through payments of profits taxes by commerce, but also through direct payment of profits taxes. Statistics indicate that between 1952 and 1979 the amount of taxes on profits paid by the light industry system accounted for 15.4 percent of state financial revenues, equivalent to 44 percent of the total capital construction investment figure in the national budget. Experience has shown that expansion of the consumer goods industry helps to make markets flourish, to stabilize the economy and to produce a fundamental turn for the better in the state financial and economic situation.

4. It is an important way of increasing economic effectiveness. The consumer goods industry requires small investments, has rapid turnover, consumes little energy, yields high profits, provides extensive employment, and earns

large amounts of foreign exchange. Various average economic effectiveness indicators for the last 20-odd years indicate that the profits tax revenue realized per yuan of investment is 1.7 yuan in heavy industry and 13 yuan in light industry, 6.6 times as great; the investment recovery period is 5 years, 7 months for heavy industry and 1 year, 10 months for light industry, 3 years, 9 months shorter. Energy consumption per 10,000 yuan of output value (as standard fuel) is 13.8 tons for heavy industry and 2.6 tons for light industry, 11.2 tons less. The labor force per hundred yuan of fixed capital is 94 persons in heavy industry and 254 persons in light industry, 163 persons more. And of total foreign exchange from export production, heavy industry accounts for 34.6 percent and light industry for 65.4 percent.

Of course the position and effect of light and heavy industry in the national economy cannot be evaluated entirely in terms of economic effectiveness. But considering the overall development of the national economy, according a top position to the consumer products industry is a relatively fast, economically effective new route by which the people can reap greater benefits.

2. Correct the Service Orientation of Heavy Industrial Development

What is the service orientation of the development of heavy industry, or, in more general terms, of the development of producer goods production? This is also a major strategic matter which is instrumental in determining whether or not the economic structure is rational and whether or not the national economy is functioning normally.

The historical reality is as follows. Because the two main categories are an abstract theoretical generalization, there can be no real, precise statistical data on them. But if we analyze them in terms of the relative rates of development of heavy and light industry within gross industrial output, we can determine the basic developmental trends of the two major categories. In the historical process of our country's socialist economic development, the development of heavy industry was more rapid than that of light industry during the First Five-Year Plan. During those 5 years the average rate of expansion of heavy industry was 25.4 percent and the average rate of expansion of light industry 12.9 percent; the two industries expanded in a consistent proportion. During the Second Five-Year Plan, heavy industry still expanded at a faster rate, but there were great fluctuations; its highest rate of expansion was 78.8 percent and its lowest was -46.6 percent. The highest rate of expansion for light industry was 23.7 percent and the lowest rate was -21.6 percent. During the 5-year period, the average rate of growth of heavy industry was 6.6 percent and the average rate of growth of light industry 1.1 percent; when the two sectors contracted at the same time, however, light industry contracted slightly faster than heavy industry. In the 3 years' readjustment of 1963-1965, light industry had the faster rate of expansion. During those 3 years light industry expanded at an average rate of 21.2 percent and heavy industry at an average rate of 14.9 percent. But the proportion fluctuated from year to year: in the first of the 3 years, heavy industry was still developing more rapidly (13.8 percent compared with 2.3 percent), so that actually light industry expanded more rapidly than heavy industry in only 2 years. In the 13 years between

the beginning of the Cultural Revolution (1966) and the convening of the Third Plenary Session of the Tenth Central Committee in 1978 there were a few years in which light industry developed more rapidly, but in general heavy industry developed at the faster rate. During the Third Five-Year Plan period, the average rate of growth of heavy industry was 14.7 percent and that of light industry was 8.4 percent; during the Fourth Five-Year Plan Period heavy industry grew at an average rate of 10.2 percent and light industry at an average rate of 7.7 percent; in the 3 years following the smashing of the Gang of Four heavy industry grew by an average rate of 10.1 percent and light industry by an average rate of 9.1 percent. But the fluctuations were still large, and heavy industrial production decreased in 3 years (1967, 1968 and 1975), with the greatest decrease being 20 percent, while light industry also contracted in 2 of these years (1967 and 1968), with the greatest decrease being 7.1 percent. From 1979 to 1981, i.e. the last 3 years, light industry again grew at the faster rate. In the first year of this period light industry grew by 9.6 percent and heavy industry by 7.7 percent; in the second year light industry grew by 18.4 percent and heavy industry by 1.4 percent; in the third year, light industry grew by more than 12 percent and heavy industry by less than 5 percent. Since last September, the rate of growth of heavy industry has gradually been increasing.

Above we have given a preliminary analysis of the comparative rates of growth of light and heavy industry in the past 30 years. This analysis involves two problems: (1) Although light industry produces consumer goods, it also produces producer goods, and heavy industry produces not only producer goods but consumer goods, in addition to which the demarcation of light and heavy industry is not entirely scientific; (2) agriculture as well as light industry is a major producer of consumer goods, and in addition light and heavy industry are not the only social production departments: not only agriculture but transport, communications, telecommunications, commerce and the service industries are in this category. Accordingly the comparative rates of growth of light and heavy industry cannot be equated with the comparative rates of growth of the two major categories. But provided that we admit the existence of these problems and also take account of the fact that currently, in terms of the ultimate uses of heavy industrial and light industrial products, most of the value and utility value of light industrial products are oriented toward agriculture, then a comparison of the rates of growth of light and heavy industry can be an important reflection of the direction of development of the proportionality between the two major categories.

Why is there a rational limit to preferential expansion of consumer goods production? The reason is that ultimately the purpose of according priority to consumer goods production is to meet the need of increasing consumer goods output. Only if thisneed is met can the development of the two major categories be kept harmonious. But what is the rational limit of preferential development of consumer goods production--or, in other words, is there a numerical limit to the harmonious rates of development of the two categories? Because the economic proportionality of the national economy has long been seriously out of balance, with great fluctuations in growth rates, we still lack reliable data with which to determine the numerical limit following from objective laws on the basis of our own country's practice. But there

is a theoretical numerical limit. In terms of the Marxian theory of reproduction, this limit is as follows: the accumulation of producer goods must be equal in value terms to the sum of the additional production funds and additional consumption funds needed by the first category, while in terms of utility value it must be equal to the sum of the additional producer goods needed by both major categories; the accumulation of consumer goods must be equal in value terms to the sum of the additional consumer goods needed by both major categories. Accordingly, given technical progress, if the preferential expansion of producer goods production meets these numerical limits, the situation is rational, while if it is outside the limits, the situation is irrational and will harm the smooth development of the national economy.

To summarize the foregoing, in national economic development we must maintain harmonious development of producer goods production and consumer goods production. Within harmonious development not only must the development of the consumer goods industry receive a top priority, but heavy industry must turn its service focus towards agriculture and the consumer goods industries and towards technical modernization of the national economy; in addition, given expanding consumer goods production, producer goods production must be given priority in expansion in accordance with technical progress, while within a given period and under particular conditions consumer goods production should increase somewhat faster than producer goods production. These two categories are not opposed, but complementary. Harmonious development of the two categories is an expression of the internal relationships in socialist expanded reproduction, and accordingly is a strategic policy of major importance for our country's socialist modernization and economic construction.

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NATIONAL POLICY AND ISSUES

OFFICIALS COMMENT ON ECONOMIC TARGETS

HK120840 Beijing BEIJING REVIEW in English No 40, 4 Oct 82 pp 16-18

["Articles and Documents" column: "Can China Reach Its Economic Targets by 2000?"--passages within slantlines denote boldface as published]

[Text] Editor's note: At the recent 12th National Congress of the Chinese Communist Party, general secretary Hu Yaobang set forth the general objective of quadrupling the gross annual value of industrial and agricultural production by the year 2000--2,800 billion yuan. This has caused lively discussions among the Chinese people and caught the attention of foreigners. Can this objective be reached? In the following excerpts, some economists and leaders express their views. [end editor's note]

/Tentative Ideas/

/Fang Weizhong, vice-minister of the State Planning Commission:/

The tentative ideas for quadrupling the production targets are:

First, by 2000, we can double the total output of energy, steel, cement, chemical fertilizer, cotton yarn, paper and other important means of production from the 1980 figures; it is impossible to quadruple these figures because power output must increase at the same rate as industry. The output of [word indistinct] machinery products can increase 4- to 5-fold.

Second, technical progress will help reduce wasteful consumption, improve product and processing quality so that the value produced by a given amount of energy and raw and semifinished materials will double, thus doubling economic results. Suppose the present per-unit energy consumption for industrial products is 100, it will be reduced to 50 by the year 2000. Thus one ton of energy will produce the same result as two tons do now. In the raw and semifinished materials industries and the various processing industries, by increasing the number of varieties, improving accuracy of processing, replacing outdated products and comprehensively upgrading products, it will be possible to raise the output value of products by a large margin.

third, some newly emerging industrial departments such as electronics, telecommunications, nuclear energy, petrochemical and others will develop rapidly to greatly boost industrial output and increase output value.

Our rough estimation is that if the production techiques of our major industries can reach the level of economically developed countries by the year 2000, we will be able to achieve our plan of quadrupling our production targets.

/Analyses of Possibilities/

/Xue Muqiao, secretary-general of the Economic Research Centre under the State Council and noted economist:/

Guadrupling China's total industrial and agricultural output value by the end of this century means an average annual increase of 7.2 percent. I think this can be achieved.

In the past 32 years (1950-81), China's total industrial and agricultural output value increased 9.2 percent annually on an average; if we exclude the economic rehabilitation period (1950-52) which witnessed particularly quick development, it increased 8.1 percent annually on an average between 1953 and 1981. In the previous five five-year plans, excluding the second one (1958-62), it also increased at a rate over 7.2 percent.

During the Sixth Five-Year Plan (1981-1985), we will strive for a 5 percent or higher annual increase: during the Seventh Five-Year Plan (1986-90), we will endeavour to register a 6-percent or higher growth per year. After a solid foundation is laid, we will achieve an annual 8-percent or higher increase in the 1990s. In this way, it is possible to attain the goal of quadrupling our production targets.

Some people say, the bigger the base, the lower will be the growth rate. I disagree with this view. A big basic number will mean more national income. In this way, the percentage of accumulation will be enlarged and science and technology will develop at an increasing pace. All these are indispensable conditions for achieving rapid development. The development of capitalist production usually is conditioned by the market. Socialist China with its population of 1 billion, which will increase to 1.2 billion by the end of this century, will not be able to satisfy such a big domestic market even if production is more than quadrupled. This is different from capitalist countries.

Of course, it is not easy to achieve the goal of quadrupling production targets. Much arduous work remains to be done.

/Li Ruihuan, acting mayor of Tianjin:/

The following must be considered regarding the possibility of quadrupling China's total industrial and agricultural output value in 20 years.

/Historically:/ During the 23 years from 1957 (the end of the First Five-Year Plan) to 1980, the average annual growth rate of China's total industrial and agricultural output value was 7.6 percent. During this period, we suffered two major setbacks--the "Great Leap Forward" and the "Cultural Revolution." We learnt our lesson; there will be no such major setbacks in the future and so an average annual increase of 7.2 percent is possible.

/Internationally:/ Other countries have quadrupled their total industrial and agricultural output value in 20 years. China's present conditions are no worse than those countries' were. Why shouldn't we be able to achieve the same goal?

/Economically:/ China has established a considerable material and technical foundation. Because our current economic results are poor, we have great potential for development. If only we can consolidate enterprises, improve management, and speed up technical transformation, we can tap all the potentials.

/Politically:/ The years of political turmoil are over and stability and unity have been achieved. We now have a strong party Central Committee leadership and a series of principles and policies consistent with reality. We have both positive and negative experiences in socialist construction over the last 30 years and more. These have reinforced our confidence and inspired us to great efforts to create a new situation in all aspects of socialist modernization.

/Local Views/

/Zhang Ji, chairman of the Planning Commission of Sichuan Province:/

Total industrial and agricultural output value of Sichuan Province rose from 23.6 billion yuan in 1976 to 48.4 billion in 1981. Since it could be doubled in the past five years, why can't it be doubled in the next 10 years? Like many other places in the country, Sichuan has rich resources and huge potentials. It has 33 million hectares of barren hills, over 100 million kilowatts in untapped water resources, immeasurable underground mineral deposits and an enormous industrial production capacity yet to be exploited. Many economic result targets, such as profit rate on investments and labour productivity, are more than one-third lower than the nation's average level. If each yuan of Sichuan's fixed industrial assets could be made to create output value at a rate comparable to Shanghai's output, the province's industrial output value would be more than doubled. Of course, attainment of this strategic goal requires us to work vigorously, do our work well in a down-to-earth manner and give fuller play to the superiority of the socialist system.

/Huang Oudong, chairman of the Liaoning Provincial People's Congress Standing Committee:/

Liaoning Province, an old industrial base, is faced with heavy tasks of economic readjustment and enterprise consolidation in the 1980's so they should be undertaken with care. During this decade, its main tasks are to effectively readjust the proportion between various economic departments, to improve economic results, to lay a solid foundation and build its strength. The average annual growth

rate is expected to be 5 to 6 percent and the total industrial and agricultural output value will increase 70 percent. Greater strides should be taken during the 1990s and vigorous efforts should be made to achieve an 8 to 10 percent average annual growth rate. In this way, by the end of this century, total industrial and agricultural output value can reach between 200,000 million and 220,000 million yuan, that is, quadrupling the figure of 53,300 million yuan in 1980.

In the past four years since the Third Plenary Session of the 11th Party Central Committee, our experience has shown that it is possible to achieve this goal. Compared with 1978, Liaoning's total industrial output value went up 16.2 percent, an average annual rise of 5.1 percent. Heavy industry accounted for 70 percent of the province's industrial output value. During the economic readjustment in the past few years, although the output of many heavy industrial products declined, Liaoning still achieved a similar rate of growth. Now that readjustment has promoted efficiency and heavy industry has begun to take an upturn, we believe that it is possible to reach or even surpass the envisaged rate of growth in the 1980s.

/Gu Xiulian (female), a secretary of the Jiangsu Provincial Party Committee:/

Jiangsu has favourable material conditions for its economic development. A strong agricultural scientific research force has been built up in the countryside. Capital goods production in agriculture has begun to take shape; a system of water conservancy facilities has been established which has a considerable capacity to fight natural disasters. The province possesses much farm machinery and electric supply equipment. Jiangsu's total agricultural output value increased 77 percent in 1981 over that of 1978. It has a fairly solid industrial foundation. Its medium and small enterprises are flexibly operated, it can quickly meet market demands and has a large assortment of products. Its total industrial output value was 47,400 million yuan in 1981, an increase of 95 percent over that of 1976.

We are fully confident that we can quadruple the province's total industrial and agricultural output value by the end of this century. The key to achieving this is to continue economic readjustment, improve industrial structure, carry out technical transformation of enterprises, save energy, develop new energy resources and raise economic results.

/Chi Biqing, first secretary of Guizhou Provincial Party Committee:/

The province's total industrial and agricultural output value was always the lowest in the nation. But the situation has undergone great changes since 1978. The per-capita annual net income in the countryside has now nearly doubled, although much more needs to be done.

A full 80 percent of the province is mountainous. Farmland and water surface each account for 10 percent of the province's total area. The province has rich underground mineral resources and is suitable for the development of forestry,

animal husbandry, sideline occupations and industry. We plan to exploit and develop these superior natural resources. We will strive to narrow the gap between Guizhou and our neighbouring provinces in five years, to reach the nation's medium level of development in another five years and attain the average level of the nation's total industrial and agricultural output value by the year 2000. By that time, Guizhou will be able to more than quadruple its production targets. Guizhou has a poor foundation to start with, but we have high aspirations. We will, according to the magnificent goal set for the next 20 years, do our work well in various fields and rapidly change the province's backward features.

CSO: 4020/12

NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON PLANNED MANAGEMENT SYSTEM

HK220718 Beijing GUANGMING RIBAO in Chinese 10 Oct 82 p 3

[Article by Huang Zhenqi [7806 2182 1142]: "Establish a Planned Management System in Light of China's Actual Conditions"]

[Text] In his report at the 12th party congress, Comrade Hu Yaobang pointed out: "Ours is a planned economy based on public ownership." "In order to maintain both the centralized control and the diversified forms of our economic development, we should adopt different forms of planned management in the light of different conditions." This means that we should establish the planned management system in the light of China's actual conditions.

The Criterion for Judging Whether a Planned Management System Is Scientific

The planned management system is mainly concerned with the division of the scope of responsibility and power for the work of planning and management of our national economy among the various levels of economic management departments. This, at the minimum, involves the division of responsibility and power in the following aspects: 1) the division of responsibility and power among the various central departments; 2) the division of responsibility and power between the central and local departments; and 3) the division of responsibility and power between the state and the enterprises. Different methods of the division of the scope of responsibility and power give rise to different patterns of planned management, which are also called planned management systems.

What planned management system can be regarded as being scientific and rational and can give fuller play to the advantages of planned economy? There should be the following main criteria for our judgment: 1) the correct implementation of the principle of taking the planned economy as the core and supplementing it with regulation by market mechanism, which is a fundamental issue in the reform of our economic structure; 2) the centralization of all that can be centralized in order to facilitate the striking of a comprehensive balance of the national economy; 3) the decentralization of what must be decentralized in order to facilitate giving play to the initiative of all sectors; and 4) the high speed and high efficiency that facilitates the development of the national economy. As the 3d Plenary Session of the 11th CPC Central Committee pointed out, one serious weak point

of our country's previous economic management system is overcentralization of power. We must boldly transfer in a planned manner some of the power to local authorities and to the enterprises in order to give them greater decisionmaking power under the guidance of the unified planning of the state. Since 1979, we have been carrying out the experiment of the reform of the economic management system in accordance with the spirit of the 3d Plenary Session of the 11th CPC Central Committee. First, we began with the expansion of the decisionmaking power of the enterprises and focused on readjusting the relationships between the responsibility, power and interests of the state and the enterprises. At the same time, we also made some reforms to the centralization of power of the state and the local (?authorities), the decentralization of power of authorities. (For example, the establishment of the financial system of "dividing the scope of collecting revenue and paying expenditures and assigning full responsibility level by level.") This initial reform has achieved remarkable results in giving play to our enterprises and local organizations and in enlivening the economy. However, because work in other areas fails to coordinate with this reform, in that period there emerged a trend of weakening and abandoning the unified planning of the state. This has caused some important sectors of our national economy to become out of control. Therefore, in the existing system of planned management, there is the problem of failing to centralize what must be centralized as well as the problem of failing to decentralize what has not been sufficiently decentralized. We must conscientiously study, under the guidance of Marxism-Mao Zedong Thought [as published], the basic national conditions of China at present and establish a planned management system that is suited to China's national conditions.

What Are the Actual Economic Conditions in China?

What, then, are the actual economic conditions in China? Viewed from the establishment of the planned management system, the actual economic conditions in China can be summarized as follows:

1. The conditions of our social productive force is the coexistence of mechanized and automatic labor and pure manual labor, with many shades of semimechanized and semimanual labor in between. Among the various sectors of our national economy, in our industry and communications large-scale mechanized production plays the leading role, but in our agricultural production, manual labor plays the leading role and is supplemented by and combines with semimechanized labor. Among our total social products, more than 50 percent of them are the output of large-scale mechanized production. Furthermore, among the total 400 million laborers in the society, nearly three-quarters are engaged in manual and semimanual labor. The socialized big production plays a leading role in our national economy and objectively needs the regulation of planning. However, judging by the level of the development of the productive force in the whole society, we see that this level is relatively low. Therefore, the depth and width of the regulation of the planning should, to some extent, be restricted.

2. As for the structure of ownership, the various forms of public ownership, collective ownership and personal ownership of labor coexist. The

economic sector owned by all the people is a leading force in our national economy, both in terms of its degree of socialization and in terms of its economic strength. The collectively owned economic sector is also an important part of our national economy and together with the publicly owned economic sector, constitutes the basis of the socialist economic system. Collective ownership is the main form of ownership in our agriculture and is also a form of considerable importance in our industry. The collectively owned industrial enterprises constitute nearly 80 percent of our country's total industrial enterprises and their total output value constitutes 20 percent of our total national industrial output value. Even the publicly owned enterprises vary greatly in their scale and in their importance in the national economy. Generally speaking, in publicly owned enterprises we can carry out direct planning and in collectively owned enterprises we can carry out indirect planning. In large-scale key enterprises, the degree of planned management is higher, but in small and medium-sized enterprises without key importance it can be lower. Some small enterprises and the individual economy in rural or urban areas need not be included in the plan of our national economy.

3. As for the types of social economy, we have commodity production in its exact sense and in its not so exact sense, which is basically directly related with social labor, and we also have some self-contained production. Since there is commodity production, the law of value will play its role of regulation over the production. This determines that under the prerequisite of regarding the planned economy as the core, we should give play to the supplementary role of regulation by the market mechanism, and that our planned management should be diversified in form and should be carried out in a flexible manner.

4. Our territory is vast, our population is huge and economic development is uneven in various areas. This requires that we should strengthen the leading role of the unified planning of the state to ensure the smooth progress of the key project and, at the same time, do a good job of making an even distribution of productive force to give play to all the favorable factors in all the areas under the guidance of the unified planning of the state. If the central authorities fail to exercise a strong centralized and unified leadership, a separatist situation will emerge in various areas and planned economy will be impossible. However, this does not mean that the central authorities should be in charge of every economic activity and every activity of social development in all areas. It is neither possible nor necessary to do so. As ours is a big country, the natural conditions and resources differ widely in different areas and economic development is uneven. As our population is huge, not only is the number of those we have to provide jobs for large, but the number of laborers the society needs is also large. Moreover, the varieties of the labor needed are complicated. If we do not implement the system of management level by level under the leadership of the unified planning of the central authorities to correctly give play to the initiative of all local areas, it will be very difficult for our various socialist undertakings to develop successfully.

The Establishment of Chinese Pattern of Planned Management System

According to Marxist theory on planned economy and taking our country's actual conditions into account, in order to establish a Chinese-pattern planned management system for our national economy, we should mainly solve the following problems:

1. The power to strike an overall balance of the national economy must be centralized. The basic requirement of the implementation of the planned economy is the satisfactory striking of an overall balance of the national economy. The actual planning of the various kinds of production and construction and the development of the socialist cause, the organizing of the carrying out of the state plans and the daily work of directing and management should be placed in the charge of various relevant departments. Opinions of these departments should also be solicited when plans of the national economy are being formulated. However, the great power in arranging the various basic proportional relationships that have a bearing on the overall situation of the national economy and in balancing the resources of and needs for the resources of labor, material goods and funds cannot be decentralized and must be centralized by the central authorities. In accordance with the requirements of the State Council, the State Planning Commission plays the role of making overall plans and striking the overall balance. It is responsible for drawing up the national production plans, the fixed assets investment plans, the overall financial plans and the plans for the distribution and circulation of materials and goods. After the approval of the NPC or its Standing Committee, the national economic plans will be sent to various departments by the State Council under the State Council's unified arrangement. This will prevent the malpractice of each of the various lower level departments going its own way. The requirements set by the national economic plans for the various central departments have mandatory and legal force. Under the prerequisites of ensuring the meeting of the requirements of the national economic plans by a department, the department can act flexibly in accordance with the situation in the department.

2. Planning is centralized, but management is carried out at various levels. Local departments are also responsible for the planned management of the national economy, which is not merely the responsibility of the central departments. What we implement is a principle of centralized planning and of assigning management responsibility to all levels. Thus, we can give full play to the initiative of both the central and local authorities under the prerequisite of consolidating the unified central leadership. The decisionmaking power on major affairs should be centralized and that on minor affairs should be decentralized. We should oppose the malpractice of overly tight control of the central departments over local areas because this will hamper the initiative of local areas. We should also oppose decentralization that refuses to take into account the interests of the whole situation. When we are drawing up a national plan, we should solicit and give full consideration to local opinions and respect the legitimate power and interests of local areas. The tasks and requirements that are put forward in the national plan to the various local areas, such as the transfer of financial revenue up or down, the transfer of commodities into or out

of local areas, the production targets for major industrial and agricultural products, fixed asset investment targets and major projects of capital construction, also have mandatory and legal force. Therefore, the local authorities must fulfill these tasks and satisfy these requirements. Under the prerequisite of ensuring the fulfillment of the state plans, the provincial, municipal and regional authorities are empowered to strike the local balances and formulate local economic development plans in the light of local conditions. The provincial-level economic plans should include two kinds of tasks: the tasks put forward by the national plan and the tasks put forward by the local authorities on their own. The latter is outside the scope of the national plan but is an organic part of local plans. Therefore, it cannot be treated as tasks related to regulation by market mechanism. In carrying out local planned management, there is the problem of the division of the power and responsibility for planned management between provincial, prefectural, (municipal) and county authorities. In reforming the planned management system, we should also conscientiously study and solve this problem.

3. We should carry out both the mandatory and the guiding plans. In order to adhere to the socialist planned economy and ensure the conscientious implementation of the scientific national economic plan that we have already drawn up, we must solve the problem related to coordination between the national plan and the plans of the enterprises. Otherwise, the plans may become wastepaper. How, then, can we make our enterprises carry out their production and business activities in accordance with the requirements of the state plans? We should implement a system of combining mandatory plans with guiding plans in accordance with the different positions of various products in our national economy and the characteristics of the production of these products and in accordance with the nature of ownership of the various enterprises and the role of these enterprises in our national economy. Mandatory plans are an important reflection of our country's socialist public ownership in the organization and management of production. Plans of the nature of directive and decree should be enforced on the production of the means of production and the means of consumption in our state-owned economy, which has a bearing on the national economy and the people's livelihood, especially the backbone enterprises which have a bearing on the whole economic situation and which, though they do not have many varieties of products, turn out a major part of the nation's total output value. The guiding plans will be implemented in many enterprises (including both publicly and collectively owned ones) which are relatively important in our national economy and the products of which are relatively important. For the enterprises on which mandatory plans are enforced, the state should guarantee the supplies of energy and major raw materials and have a monopoly over their products. For the enterprises in which guiding plans are implemented, the state should guarantee, to some extent, the supplies of energy and major raw materials, and the state material and commercial departments should make selective purchases of their products. The enterprises should resolutely fulfill the targets that are put forward in mandatory plans. In case of a failure to fulfill such a plan due to subjective causes, the state will investigate and fix the economic, administrative and legal responsibility for this offense. At the same time, we should use

economic levers as supplementary means in accordance with the requirements of the law of value to facilitate the fulfillment of these targets. The targets that are put forward in guiding plans are important bases for the enterprises in drawing up their own plans. The enterprises should strive to fulfill these targets, but this is not compulsory. The realization of these targets is achieved mainly by means of the conscious application of the law of value and by means of using economic levers to adjust economic interests in order to guide the enterprises to carry out their production and business activities in accordance with the requirements of the guiding plans and, if necessary, by administrative means as supplements. Our country's agriculture is mainly a collectively owned economic sector which is, to a considerable extent, self-sufficient. In this sector, we implement indirect plans and generally issue guiding plans for the production of major agricultural products. However, because of the great importance of grain, cotton, oil crops and some other agricultural products for our national economy and for people's livelihood, we issue mandatory plans for the purchases and transfers of these products. A combination of management by mandatory and by guiding plans is precisely the planned management system that the state will implement in our enterprises for a long time to come. In different periods, the state will adjust its policies related to these plans along with changes in various economic conditions. Therefore, the kind of plans that will be issued for a certain kind of product are not unchangeable.

4. We should give play to the supplementary role of the market mechanism. The essence of regulation by market mechanism is regulation by the law of value. By giving play to the supplementary role of the market mechanism, we mean giving play to the spontaneous regulation of the law of value. There are many kinds of small commodities that are produced by many scattered small enterprises (most of them are collective ones) and by individual laborers. The total value of these products constitutes a very small part of the total industrial and agricultural output value of our country, but their varieties are countless and their production and sales have a strong local and seasonal nature. It is impossible and inconvenient to place these products under unified planned management. For these small commodities, the state will fix, outside the unified planning of the state, a certain scope which varies according to the actual situation in different periods and allow the enterprises to flexibly arrange within this scope, the production and marketing of these products on their own in accordance with the changing relations of supply and demand in the market. The state should strengthen its management by means of policies and decrees and through its administrative work related to industry and commerce. In order to give play to regulation by the market mechanism, in the future we should gradually abandon our control over the production of small commodities, abandon batch by batch our control over their prices and allow our industrial and commercial enterprises to fix their prices through consultation. Small commodities belong to the third category of products, but they may need some first or second category goods (such as cotton cloth, steels, timber, plastics, etc.) as raw materials. The various local authorities should spare a part of these goods from their plans in order to satisfy the needs for the development of small commodity production.

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NATIONAL POLICY AND ISSUES

ECONOMIST SUN SHANGQING ON QUADRUPLING OUTPUT

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[Report by XINHUA reporter Li Hongqi]

[Text] Beijing, 9 Oct (XINHUA)--While studying the documents of the 12th CPC National Congress, economist Sun Shangqing has analyzed the history of economic development in China in the past 30 years and more as well as the present state of its economy. He concluded that the grand objective of quadrupling China's gross annual value of industrial and agricultural production by the end of this century put forward by the party Central Committee is scientifically well-founded and that, since it was put forward by taking into account the specific conditions in China, it is attainable with the concerted efforts of the whole nation.

A few days ago the writer of this report called on Sun Shangqing, an economic expert who has been engaged in a research of Marxist economics for more than 30 years. Li Hongqi said that to quadruple, on the basis of working for more and better economic results, the gross annual value of China's industrial and agricultural production--from 710 billion yuan in 1980 to 2,800 billion yuan or so in 2000--China must achieve an annual growth rate of 7.2 percent from now on. During the Sixth and Seventh 5-Year Plan periods, efforts should be directed mainly at continuing the readjustment of the economic structure so as to lay a solid foundation and accumulate strength for ushering in a new period of vigorous economic development in the next decade. If the annual growth rate in the first decade starting from now is 5 to 6 percent, efforts must be made to achieve an annual growth rate of 9 percent or so in the second decade. In this way, China's gross annual value of industrial and agricultural production will reach 2,000 yuan by the end of this century. The attainment of this objective will place China in the front ranks of the countries of the world in terms of gross national income and the output of major industrial and agricultural products; it will represent an important advance in the modernization of its entire national economy; and the Chinese people will be cooperatively well-off both materially and culturally.

Sun Shangqing said that on the basis of analysis this encouraging grand objective is attainable. The history of economic development since the founding of the PRC shows that from 1953 (the beginning of the First 5-Year Plan) to 1981, China's gross annual industrial and agricultural production rose by an average of 8.1 percent, with the average annual growth rate of industry being 10.8 percent

and that of agriculture 3.5 percent. In order to achieve the strategic objective set by the 12th party congress, efforts must be made to achieve, from now on, an average annual growth rate of 5 percent for agriculture and of 8 percent for industry, the latter being a rate lower than that in the past 28 years. The growth rate for agriculture would be higher than that in the past, but since the 3d Plenary Session of the 11th CPC Central Committee we have gradually and successfully found a new effective means for developing agriculture, that is, in the form of the various kinds of production responsibility systems in which payment is linked to output. Particularly important is the job responsibility system in the form of household contracts with the contracted households serving as the production and accounting units under the production teams. The new way of operating the public economy will have a far-reaching impact on developing diversified economic undertakings, raising agricultural labor productivity and the percentage of marketable farm products and on opening up vast vistas for the development of China's agriculture. Moreover, with the development of agriculture, forestry, livestock breeding, sideline occupations, fishery and basic industries such as agricultural and sideline products processing industries run by production brigades and production teams will certainly prosper. Of course, it will be quite difficult now to maintain a fairly high growth rate as the present base is larger than that in the past. However, we should note that our past increases in industrial and agricultural production were achieved despite the setbacks of the big leap forward in 1958 and the serious damage caused by the 10 years of internal disorder and that no setbacks of such magnitude are expected in the future. At the same time, we have a greater potential for economic growth because our foundation has become stronger and our technical level is higher than before.

Sun Shangqing was deputy head of the Economics Institute of the Chinese Academy of Social Sciences and is currently deputy secretary general of the academy. Proceeding from the entire situation in China's economic development, he analyzed the favorable conditions for achieving the grand strategic objective set by the 12th CPC Congress. He said: First, we have a superior socialist system. It is possible to develop the economy in accordance with the strategic plan formulated by the 12th party congress, thereby ensuring the healthy development of the national economy. This can be done by enforcing mandatory and guidance plans, by bringing into play the supplementary role of market regulation and by making social production meet the needs of the people under the guidance of the principle of coordinating all the activities of the nation like moves on a chessboard. Second, China has vast territory and abundant resources. After more than 30 years of socialist construction, we have built a relatively sound industrial and agricultural, as well as scientific and technological, foundation and accumulated experience in operating and managing enterprises. We have tremendous potential for economic development. These are important material bases for quadrupling China's gross annual value of industrial and agricultural production by the end of this century. Third, the people of the whole nation sincerely trust the party Central Committee and support the leadership of the party. This is the most reliable guarantee for realizing the grand objective. Under the strong leadership of the party and under the guidance of the correct line of the 12th CPC Congress, the Chinese people will continue

to work with greater enthusiasm and vigor for the four modernizations. Hence, in the course of bringing about a new situation in all fields of socialist modernization, we have the ability to realize the objective of quadrupling China's gross annual industrial and agricultural production.

Confident in the realization of the grand objective of China's economic construction, Sun Shangqing maintained that there would be numerous difficulties to be encountered in the course of carrying out the four modernizations' program. Take industry for example. We must rely mainly on technological progress to fulfill our planned target. To increase the gross industrial output value by one-half or even more, we must rely on advanced technology. Therefore, we must strive to raise our country's technical level by a big margin and speed up research in advanced sciences and technology and their application in production. At the same time, we must carry out the technical transformation of old enterprises in a planned and systematic way and renovate old technologies, equipment, techniques and materials; we must also strive to gradually rationalize the economic structure. This is an important condition for realizing the strategic objective. Besides, we must continue to reform the economic system in accordance with the principle of the leading role of the planned economy and the supplementary role of market regulation to ensure the realization of the strategic objective by beginning with the improvement in the management system. There will be numerous difficulties in this field, but they can be overcome. The problem lies in whether or not we work hard, confidently and in a down-to-earth manner as required by the 12th CPC Congress. We must calmly ponder the problems and estimate the difficulties we are likely to encounter in implementing out strategic priorities, steps and concrete measures in the years to come. Only thus can we remain invincible and be assured of success. I believe, with the concerted efforts of the whole nation, we will be able to overcome difficulties and perils and attain this objective. By the end of this century, China will continue its glorious advance into the 21st century as a stronger socialist country.

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'GUANGMING RIBAO' ON STRATEGIC ECONOMIC FOCUSES

HK010735 Beijing GUANGMING RIBAO in Chinese 19 Sep 82 p 3

[Article by Shi Zhonglai [0670 0022 0171]: "Explanatory Talk on the Strategic Focus of China's Economic Construction"]

[Text] In the 12th major party report, Comrade Hu Yaobang brought up the strategic target of China's modernized economic construction program for the latter end of the 20th century. In addition, he mentioned the strategic focus, strategic steps and a series of correct directions which should be taken in relation to such economic construction. With a practical and realistic long-term view, he outlined the future blueprint for China's economic construction.

Ours is a great socialist nation of 1 billion people. In this country of ours, which is undergoing socialist construction, it would not be acceptable to have developmental strategies in line with the present situation in China which do not fall in with the basic guiding principles of Marxism. In addition, it would not be acceptable to set up correct strategic aims without a correct strategic focus and a series of correct measures and governmental policies. Comrade Mao Zedong said: "A leader of any level should put the aims that he considers most vital above even the most important and decisively significant questions and actions uttered or made by those under his command." ("Collected Works of Mao Zedong," Vol 1 p 160) This is the general working methodology of all Marxism-Leninism. It is also the most important working methodology and guiding principle to be heeded in the modern construction of socialism.

Proportional planned development is one of the objective rules of socialist economic development. Such a principle requires overall planning and the consideration of all factors to be objectively and proportionately carried out, along with strict adherence to economic development within all sectors and departments as well as production technology itself. Such a composite and delicately balanced principle must not be upset. Furthermore, composite balance is not the same thing as doing several things at once. Likewise, proportional does not entail by force. Objectively speaking, the proportional and composite movement also requires a grasping of its basic contradiction and a seeking out of vulnerable spots which have an overall influence, a high-lighting of focuses with clarity and broadmindedness as well as simultaneous attention to the more general. Such behavior should be taken note of, in particular when considering more long-term developmental strategies. Plain facts tell us that each department of the national economy occupies a different position within the national economy. Similarly, the power shown by each department of the national

economy necessary for the developmental demands of the national economy at different times are not the same. The demands to be put on these departments or sectors in modern long-term development will also vary. By looking at the position of each sector within the national economy we can make two basic divisions. On the one hand, there are the more fundamental sectors, making decisions of a more overall kind in the national economy. These sectors hold decisive positions within the national economy and have decisive roles to play in the developmental direction of the economy, its speed and level as well as the long-term construction of the country as a whole, thereby closely affecting the present and future development of the national economy. The other half of this division encompasses sectors which also hold important positions affecting and influencing the development of all sectors of the national economy but, for the moment at least, not having decisive roles to play in the national economy. One is also able to make the divisions by looking at the power and level of development of the different sectors of the national economy and the extent of their suitability to the demands of socialist construction. One may be classified as the key sectors in the national economy which are not suitable to the long-term developmental needs of the national economy and may be said to form the weak link in the chain. The other division may be seen in general to suit the demands of the development of the national economy and have ample, if not more than enough power. Furthermore, should they demonstrate any weaknesses, they are of a temporary and localized nature and are easily overcome, but have no decisionmaking influence over the long-term development of the country and economy as a whole. Hence it is important that we grasp and recognise those sectors which are of key significance to the long-term development of the country but which still demonstrate weaknesses.

The party, by analyzing scientifically and on an overall basis the present situation of the national economy and the actual proportional relations of the various sectors and the strategic aims of modern construction, based on the demands for them, is making agriculture, energy. communications, education and science, these few basic links in the chain, the strategic focal point of the development of the national economy. This is in complete accordance with China's actual situation as well as with the demands of the objective rules of socialist economic development. Furthermore, it is of great significance and historical importance in the of putting China's socialist economy on the correct road and in the right direction.

Agriculture is the base of our national economy. Without putting agriculture first, it would be extremely difficult to organize anything else in China. The truth of this principles has been proved over and again. The development of agriculture in China has been relatively fast since liberation, and in the last 3 years in particular since the propagation of the concept of production responsibility, the growth rate of agriculture has not only been faster than that of products in comparison to previous years, it has also accelerated above that of the level during the "First Five-Year Plan" period. Because of these developments in agriculture, not only have we solved the problem of feeding a quarter of the world's population, we have also been able to provide the industrial sector with a large variety of raw materials, while the foreign currency earned from agricultural exports have greatly helped the national construction program. Nevertheless, in overall terms, the foundations of China's agricultural industry are still weak and the extent of modernization within agriculture is low.

In 1981 production team's fixed assets averaged out at around 100 yuan per person living and working on the land, of which only 1 percent was within industry. The amount of land which could ensure high yields despite drought or flooding only measured 340,000,000 mu. Land with poor production totaled one-third of the total cultivated land area in China and the average level of production per mu of grain and economic crops was neither high nor stable, while the agricultural labor production rate was very low. In 1981 every able-bodied person working in agriculture supplied only 560 yuan of production value and supplied only 2,000 jin of grain, these figures are only 1.3 percent of the same figures in the United States and 4.9 percent of those of France, and 44.1 percent of Japan's. The proportion of grain products only stands at around 15 percent. With restrictions on land usage and an ever-increasing population, the conflict between population and land space is becoming increasingly evident.

Although in the last 30 years total agricultural production value in China has tripled, 80 percent of the population is still working on the land, and the growth in agricultural production has by no means caught up with the demands of the developed national economy. China's agricultural industry is still not up to standard. The needs of industry and the entire national economy in terms of agricultural products increase nonstop, but the production level within agriculture cannot catch up with these demands and this conflict is one which is present today and will continue to exist for some time. We want to try to triple the total production value of both industry and agriculture. To achieve this plan we must place agriculture in a position of primary importance.

At present, agricultural products make up 68.5 percent of the production value of light industry in terms of raw materials production value, while the production value of light industry as a whole represents one-half of the nation's entire industrial production value. If the present division of raw materials expenditure in light industry does not change and if the production value of light industry doubles, then the provision of agricultural raw materials to light industry must also double, bringing it from the present 100 billion yuan to 250 billion yuan, and a tripling of the production value would bring the figure up to 500 billion yuan. Hence, without the development and strengthening of agriculture, this weak link in the chain, it is impossible to ensure supplies for the development of light industry as a whole. Thus, in terms of development, there is a need for a reduction in the amount of raw materials being drawn by light industry from agriculture, although such a reduction must not take place too quickly. So, in some areas, such as the foodstuffs industry, there will be a continued rising trend in demand on agriculture, heavy industry, the national economy and other areas as well as the standard of living, in their continued rises in standards, will also increase their demands on agriculture, and the continuous growth in population may not be forgotten either. Thus, speeding up the development of agriculture must naturally be seen as one of the key points in economic development from now on. If agriculture flourishes, everything else flourished too; contrariwise, without development in agriculture, development in all other areas becomes difficult. So, with the aim of consolidating and improving production responsibility within agriculture, we must thoroughly improve agricultural production conditions and scientific farming methods and develop the administration of grain and other crop production. All of this is closely connected to our basic aim of prosperity throughout the entire national economy.

Energy and communications are two of the most important material production sectors of China's national economy. Energy production supplies all sectors of the national economy with fuel and power while communications may be seen as the "forerunner of modern industry," ("Selected Works of Marx and Engels," Vol 2 p 73) as well as an increasingly important artery under the conditions of socialist large-scale production. Both of them have two basic characteristics, one being their inherent basis within the material production sectors. Both business and households are dependent on them and requirements on energy and communications by all sectors, as well as everyday life, increase in line with the development of the modernization program. Prioritized growth and development of both, within certain limits, are objective demands put on them by modern large-scale production. The other characteristic is that the initial development of energy and the construction of large- and medium-scale communications and transportation programs involve large investments, long-term periods of construction and slow revenues. A coal mine, oil rig or railway line all require investment of yuan within the 9 or 10 figure range, while construction programs may be expected to last for from 5 to 8 years or even more. This means that with an investment today, we have to wait around 8 years to reap any profits. Initial development for coal and oil, as well as some rail or waterway communication construction programs, can be either very straightforward or extremely complex, and there exists of present the whole gamut of production conditions from the very good to the extremely bad. In addition, simple extended production often requires vast financial investment. This situation requires our careful study, and with long-term strategies in mind, we must plan in advance and carry out planned developmental construction.

Since liberation, energy production, communications and transport construction programs have developed relatively fast, but because the demands of the entire national economy and other sectors have grown even faster and because of serious wastage, energy and communications have fallen far behind the developing demands of the national economy, producing a serious conflict within China's economic construction program. According to initial statistics, China at present lacks around 10 million tons of standard coal annually and more than 10 million kilowatts of electric generator installations. Because of these shortages of electricity and coal, about one-fourth of the equipment capacity of the amassed production areas of China's industry cannot be fully exploited in the long term, meaning that many important industries are forced to go slow, losing an annual 70-80 billion yuan of production value and around 20-30 billion yuan of revenue. Because of oil and electricity shortages in villages, many agricultural machines are forced to stand idle. Thus, energy, communications and transportation have shown themselves to be weak links in the chain. China's present railway system and service is not even one-sixth of that in the United States and not one-half of that in the USSR. The quantity of transported goods has risen much more than transportation capacity. If one compares 1981 with 1957, the quantity of goods transported by rail has increased nearly 4 times, while the railway system has only been extended by 88 percent. The number of trunk railways lines has only increased slightly to around 20 and transportation capacity, the real bottleneck, is only able to fulfill between 50 and 70 percent

of the demand. Hence, raw materials are unable to reach a great many industrial estates and finished products sit stranded in the factories. In terms of water transportation, loading and unloading facilities are very poor, leaving foreign vessels stranded in port for long periods of time and resulting in the loss of billions of dollars. Passenger transportation also has its problems, with extreme overloading a big problem and an aggravation to everyone. As the Chinese proverb says, everything should be organized in the correct order, and the organization of shipping, transportation, electric power and fuel must come first. If energy and communications are not made strategic focal points, then production development will slow down, product distribution will suffer and without the realization of such strategic aims, reliable insurance and guarantees cannot be made.

Science and technology are the key in the realization of the four modernizations. Countless facts clearly illustrate that if we want to raise the level of our economy and culture, then we cannot rely solely on extended large-scale production. More important is to rely on intended large-scale production and the development of science and technology. Science and technology are becoming more and more a direct productive force, and not only do they directly influence the developmental speed of industrial and agricultural production, moreover, they influence and dictate the proportional structure of the economy as well as the profitability of the economy. Why does China have a high level of consumption and low profits? Why are there irrationalities within the structure of enterprises and production? In very broad terms it is because of the low level of science and technology and administration. If we can put China's scientific and technological achievements onto a new high level, then production, consumption and profits will also reach new heights. China's present energy consumption is the same as Japan's, but China's total production value is only one-fourth that of Japan. In other words, if we can raise the level of technology, reduce consumption, improve the economic structure, but without having to increase energy production, then industrial production value could more than double. Total consumption in China of steel, chemicals and electricity and their associated products is one-third to one-half higher than in industrially advanced countries. If we were able to reach a level similar to that abroad, we would be able to save around 70 million tons of coal a year. If, on the other hand, we wanted to increase production capacity by a similar 70 million tons of coal a year, it would involve an investment of several billion yuan and we would see no visible results for at least 3 to 5 years. Because of the backwardness of China's science and technology as well as its education, our actual losses are extremely high, while at the same time, our potential is vast. If we can realize our strategic goals, then we can lessen the gap between us and industrially advanced nations. We must get a hold on science and technology, the key to the whole matter, popularize modern science throughout the country and generally raise the level of science and technology in China. It is totally wrong to despise science and technology and to underestimate one's own capabilities. The Chinese are by no means stupid. We have a wealth of talented people and, hence, we have the capability to increase and broaden the scale of our science and technology. If we want to raise the level of science and technology

in China, then we must also get a grasp on education, foster new talents and actively strive to raise the level of education and scientific and technological knowledge in the masses.

The above-mentioned three areas are all interrelated and mutually influencing and together they condition and decide the development of long-term strategies for China's present national economy. If we solve these problems on the basis of an integrated balance, we can without doubt promote relatively speedy growth in the production of consumer products, as well as helping the development of industry and other areas of productive construction, thereby ensuring improvements in the daily life of the people.

If we get a good hold on strategic focal points, does this mean that we can ignore the development of other areas? Of course not. Concentration on strategic focal points is an objective necessity and is vital for raising the level of the composite balance within the national economy. We cannot deviate from this principle of composite equilibrium or balance. There exists mutual influence between the various sectors of the national economy and the various sectors of the above-mentioned focal points. For not only do the important central focal points influence other areas, these other areas also influence the important strategic focal points. For example, when we tackle agriculture and modernize all aspects of agriculture, we cannot divorce it from the support of industry. When tackling energy and communications, we cannot separate them from the support of heavy industries such as machinery, chemicals, electrical and others, nor the support of agriculture and light industry. Science and technology and cultural education cannot develop independently. They can only develop smoothly on the basis of developed agriculture and industry and under conditions in which there is an ample supply of finance and material resources. Hence, with the exception of agriculture, these strategic focal points supply us with intermediate products and all help toward the attainment of better and more end products, and the profits and advantages of such strategic focal points can only be seen through the achievement of these end products. Furthermore, there is a big difference between the intimacy of the relations between the various sectors of the national economy and the various sectors of the above-mentioned strategic focal points. For example, some sectors directly influence the development of agriculture while others do not have such a direct influence. Some areas and enterprises suffer from considerable energy shortages and communications problems, while others do not experience such shortages and problems. In those areas and enterprises which do not suffer these shortages, production development is the main deciding factor in the quality of their own work. Hence, when we get to grips with these strategic focal points we can by no means disregard the development of other areas. Likewise, the strategic focal points condition the coordination and development of these other sectors.

In order to achieve the strategic goals set up by the party center and to get to grips with these focal points, we must introduce a series of concrete measures. At present the most important tasks are to properly organize and handle relations on a national, regional and enterprise scale. In addition, we must consolidate our funds and use them in the construction of these strategic aims. China is a large country with a large number of affairs to be handled, hence if we do not allocate our consolidated funds to the most important areas, it will be very

difficult to carry out all the important and necessary affairs of the country. We must encourage the regional, sectorial and enterprise investment of funds into the most vital and important national construction programs and, hence, we must advocate the importance of putting national and general interests first. Some comrades say "We have only just got things settled and now we want to centralize and concentrate everything again. Isn't that going to ruin everything again?" Quite the opposite. The centralization of funds for important construction programs and the attainment of a strategic equilibrium in the national economy will help invigorate the economy. On the other hand, widespread and loose distribution and allocation of funds for various pointless repeated construction programs will cause considerable damage. Of course, in the process of centralizing the necessary funds, we must be aware of the needs, profits and vitality of every region and all enterprises. Tackling these strategic focal points is extremely taxing and complex and demands that we make detailed and penetrating investigations and studies, that we get a clear all-round look at the facts and start development on a gradual, planned footing, with ample organization and planning and with principles based on objective reality. Some projects will cost a lot of money, but there are others which will cost little or nothing and these, too, must be brought to the forefront. For example, there are some scientific research programs underway that have already achieved successful results. In these cases, all that is to be done is to promote and propagate the results and their uses (which naturally costs money, but not that much) to achieve increased production and considerable savings in various sectors. In the case of financially expensive projects, it is important that the economic viability of the investment be thoroughly examined as well as the possibilities of raising quality, reducing work time and various other aspects of the investment. In the design construction of concrete projects, everything must be carried out strictly according to construction procedures. The question of how each region should tackle the strategic focal points requires detailed analysis of that region's specific characteristics. In general, as long as we really come to understand and grasp the spirit of the 12th major party report, to struggle with ardor and fight to gain strength, then the great blueprint for our future, drawn up by the party Central Committee can, without doubt, be realized.

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'JINGJI GUANLI' ON IMPROVING ECONOMIC RESULTS

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[Article by Shen Yue [3088 6390]: "Strive To Improve Economic Results To Achieve a Realistic Speed"]

[Text] In order to improve economic results, the relationship between speed and benefit must be properly handled. Of course, while speed is an important measure for evaluating economic results, it sometimes cannot comprehensively reflect these results. With regard to economic construction in our country, during the period of the First 5-Year Plan, economic results were quite in agreement with the speed of development, and therefore the achievement of economic construction was prominent. During the periods of the 3 years of the "Great Leap Forward" and 10 years of "Cultural Revolution," economic results deviated from the speed of development, with the result that productivity was hampered and economic construction sustained a great loss--this is indeed a bitter experience. From now on, we must resolutely oppose those "leftist" measures which are both unrealistic and impractical and which strive blindly for high speed and high targets. On the other hand, that speed which can be attained with efforts should be realized by all means. Only that speed which can improve economic results continuously can be called a realistic speed. In the period of national economic readjustment, we should not only maintain a certain development speed, but also strive to improve economic results; this is the key for our national economy to proceed in a beneficial cycle. Therefore, it is an important strategic problem to associate speed with economic results.

We should cherish a sense of urgency toward the problem of improving economic results. In the readjustment of the national economy, if we want to ensure economic stability and to strive for a fundamental improvement in the financial and economic situation, the most effective way is to enhance economic results in the fields of production, construction and circulation.

Liaoning's industry accounts for a very great proportion of the province's whole economy. The profits and revenue derived from industry amount to 90 percent of the total for this province. If the total industrial output value increases by 1 percent, the financial income of the province will increase by over 180 million yuan. The economic results of industrial production have a direct impact on the province's economic development, financial income and the improvement of the people's standard of living.

Since the founding of new China, certain material and technological foundations for our province's industry have been laid down, with the establishment of an industrial base which, with the steel industry as the core, comprises rather complete departments such as machinery, nonferrous metals, petroleum, chemistry, electric power, coal, light industry and others. From 1952-80, our province's industry and enterprises furnished the state with profits and revenue (excluding depreciation) totaling 135.5 billion yuan, which was 3.1 times the amount of industrial investment provided by the state in the same period. The 10 big enterprises (4 steel plants and 6 oil refineries), whose profits and revenue amounted to 40 percent of the total in our province's industry, provided to the state 56.4 billion yuan, which was 5.2 times the amount of investment by the state in the same period. These economic results of our province's industry and enterprises, which were attained with the assistance of other regions of the country, should be fully affirmed. However, the phenomenon of extravagance is still rather grave in the fields of production, construction and circulation. Economic results are still far from ideal. On the one hand, the results are below the highest level in history; on the other, they are rather backward when compared with advanced regions. With regard to our province's industry and enterprises, the potential for increasing production and practicing economy and for raising income and reducing expenditure is very great. It shows itself in the following eight aspects:

1) The effect of utilizing the fixed assets has decreased. In 1980, industrial output value realized per 100-yuan fixed capital was 105 yuan, which was 7 percent lower than the figure of 113 yuan in 1975. If the rate of utilization for fixed capital can recover the level in 1975, output value will be increased by 3 billion yuan per year. 2) Labor productivity has decreased. In 1980, each person in our province's industry and enterprises created an output value of 13,900 yuan, which was 1.4 percent lower than the figure in 1979, and 3.2 percent lower than in 1975. 3) Material consumption tends to be high. In 1989, among the key enterprises of our province, with regard to the rate of consumption for 50 principal material items, 22 items were higher in consumption rate compared with 1979, and 42 items did not recover the best standard in history. From January to August 1981, with regard to the rate of consumption for 24 principal material items, two-thirds of the items registered an increase in net consumption as compared with the same period last year. 4) Product quality is poor. In 1981, 1,140 kinds of comparable principal products were checked for quality throughout the province. Among them, 876 kinds of products succeeded in steadily rising in quality, or 76.8 percent of the total; 264 kinds of products had their quality lowered, or 23.2 percent of the total. In light and textile industries, there were very few brand name products, which was a very poor performance when compared with other provinces and cities such as Shanghai and Jiangsu. 5) The cost of production has risen. Since the period of "May 5" in our province, the phenomenon of overspending has continued for 4 successive years, and the amount of overspending reached 1.34 percent in 1981. Among the unit costs for 100 kinds of principal industrial products, one-half of them registered a rise in 1980 as compared with the previous year, and two-thirds did not reach the best standards in history. 6) Profits and revenue have decreased, and the rate of loss for enterprises has increased. In 1965, the

profits and revenue created by every 100 yuan of capital amounted to 24.6 yuan, while in 1980, the figure was reduced to 18.99 yuan. If this figure reached the 1965 level, then profits and revenue would provide an additional amount of 2.9 billion yuan. 7) The circulation of floating capital is slow. In 1965, the floating capital utilized for every 100 yuan of output value in our province averaged 18.6 yuan, while in 1980, the figure reached 31.4 yuan. If this figure reached the 1965 level, then 5.6 billion yuan of capital would be saved each year. 8) The economic results of investment in capital construction are poor; building costs are high, quality is poor, and the construction period is long. During the "First Five-Year Plan" period, small projects were usually completed within a single year, but now they need 2 to 3 years to complete; for those large- and medium-scale projects, such as coal mines, about 5 years were needed in the past, but now they need 7 to 8 years, and some even more than 10 years.

The situation in the above eight areas shows that, compared with the advanced levels of the past, economic results in our province's industries and enterprises show a downward trend. There is also a big difference between the cities and regions and between different enterprises in our province. Take the textile industry for instance. Economic results in Dalian are poorer than those in Shanghai, and about the same as Jiangsu, which has an annual output value profit rate of 18.5 yuan, while the average figure for the whole province is 14.69 yuan, but only 5.79 yuan in Fuxin City whose conditions are fairly good.

The economic results of the industries and enterprises in our province, compared with the advanced region of Shanghai, lag even further behind. The labor productivity of the industries and enterprises in Shanghai is 1.1 times higher than that of our province; the output value realized by fixed capital per 100 yuan is 1.8 times higher than that of our province; the profits and revenue provided by every 100 yuan of capital is 1.9 times higher than that of our province; the floating capital used for every 100 yuan of output value is 45 percent less than that of our province; floating capital circulates 5 times per year in Shanghai, but only 3 times in our province; in terms of the output value created by every 10,000 tons of energy, Shanghai's figures are 1.6 times higher than those of our province; the steel consumed in every 100 million yuan of industrial output value is 30 percent less than that of our province; among the 40 kinds of comparable principal products of our province, the costs of 32 of them are higher than those of Shanghai. Of course, the economic structure, the production structure and the technological structure of our province are not the same as those of Shanghai, and there are factors that are not comparable. But it cannot be denied that, in comparison with Shanghai, it is obvious that our standards of operation, management, and production technology are relatively low, waste is great, and economic results are poor.

With regard to poor economic results, there are both subjective and objective causes, and there also exist problems concerning the macroeconomy as well as the microeconomy. But we should concentrate mainly on discovering the subjective causes.

Ways and Means of Improving Economic Results in the Future

First of all, the broad masses of cadres and people must be made to raise their understanding of the need to improve economic results, and to attach prime importance to the improvement of economic results in both the macroeconomy and the microeconomy. From now on, when assessing industrial production, emphasis must be placed on overall economic results. Instead of considering only output value and quantity, emphasis must also be placed on the amount of increase in the national income, the profits and revenue provided for the state, the quality and marketability of products, the amount of reduction in material consumption, the profit rate compared with investments and costs, labor productivity, and so on and so forth. Strict and comprehensive evaluations must be carried out.

On the basis of enhancing ideology and understanding, the following aspects of work must be handled well:

First, we must further readjust proportional relations, and rationalize the structure of industries, products and technology. We must continue to do our utmost to increase the production of daily consumer goods. At the same time, we must make heavy industry more dynamic. Improvement in Liaoning's industry depends to a great extent on heavy industry. If the output value of heavy industry decreases by one percent, then light industry must increase its output value by two percent to compensate for the loss. The financial income of our province also depends on heavy industry: for instance, heavy industry produces 85 percent of our province's total profits from industry. Of course, in boosting heavy industry we must not follow the old path of pushing aside agriculture and light industry, but should follow the path of developing agriculture and light and heavy industries in coordination. Since the beginning of this year, production levels in heavy industry have begun to rise. This is a healthy and good situation, and is the initial result of the readjustment in the national economy over the past two years. In light industry as well as in heavy industry, the increase in production should be based on improving quality, increasing variety, reducing costs, and adapting to consumer demand. Economic gains can be realized only by producing economical and good products with high quality and good sales potential. Production of "short-term" products should be stepped up, while production of "long-term" goods should be resolutely reduced.

Great efforts should be made to reform the structure of products. The irrational structure of the products in our province primarily shows itself in the "three mores and three lesses": ordinary products are more, while medium and high quality products are less; roughly processed goods are more, while finely finished goods are less. Take the metallurgical industry for example. Tin plate, enameled sheeting and thin band steel needed by light industry have to be imported; as for products such as cold-rolled transformer silicon sheets and petroleum drill pipes, not enough is produced, and the quality is not up to standard. In the machine building industry, production of some products is not operated at full capacity, while the production quotas for many heavy-duty, precision and high-efficiency equipment and apparatus cannot be fulfilled. In the chemical industry, for many years attention has been paid only to the development of inorganic chemical materials, but the production of finer chemical

products which are high in quality and produce large profits (including daily chemical products) is very small. In 1981, the chemical industrial products exported by our province amounted to 1,310,000 tons, consisting of 65 types, of which 1,309,000 tons, of 62 types, were primary products. Because the primary products produced by our province's various industrial departments (including the light textile industry) are great in quantity compared with medium and high grade products, despite the fact that the fixed assets (original value) of our province amount to twice as much as those of Shanghai, and the floating capital used is 30 percent higher than that of Shanghai, yet the total industrial output value created and the profits and revenue realized by Shanghai are 37 and 66 percent higher than ours respectively. Therefore, during the current intensive readjustment of the national economy, while readjusting the economic structure, we must vigorously reform the structure of products, so as to change the situation of the three mores and three lesses."

Overall balance must be strengthened, so as to avoid repetitive and aimless construction. Because of the increase of capital outside the budget, over 1,500 new enterprises were set up in 1980 in our province, and over 500 more were set up during the first 10 months of 1981 (these were for the most part commune-run or district-run enterprises). This led to wastage of capital and a decrease in economic results. From now on, all new items should be approved by planning committees at various levels which must pay serious attention to overall balance. Those units which are set up without approval should be denied rights to obtain raw materials, power, or credit facilities, and their taxes should never be reduced or annulled.

Second, the tasks of technological transformation and the renewal of equipment should have energy-saving as their central point and should be dealt with seriously and with proper planning and emphasis. The current technological transformation should solve three problems in particular. The first problem is the rational utilization of depreciation funds. These funds must be used for technological transformation and the renewal of equipment. At present, some enterprises make use of the renewal and transformation funds and the overhaul fund for other purposes such as welfare, which is wrong. The second problem is to grasp well the manufacture of renewal equipment. The machine building industry, on the basis of making a success of its own technological transformation, should actively design and produce mechanical equipment with a rational structure, advanced technology and high economic efficiency, so as to provide sophisticated technological equipment for the technological transformation of the industries and enterprises in our province. Energy-saving should be set as the key target, and mechanical and electrical products with energy-saving features should be developed vigorously. At present, the engineering bureau of our province has developed 54 kinds of high-efficiency energy-saving equipment which should be popularized in a well-planned way. The third problem is to combine technological transformation with the dissemination of the advanced experiences of our country and with the introduction of advanced technology from overseas; the existing advanced technology of our country should be well organized to facilitate the technological transformation of old enterprises. In using advanced technology and equipment from abroad, priority should be given to the technological transformation of old enterprises. In all the links of the production chain, new technology, new processes and new designs should be adopted, so as to boost the technology in our province's industrial production to a new level.

Third, overall utilization should be conducted well. In terms of comprehensive utilization, finish machining and precision work, the petrochemical industry possesses the greatest potential. The petrol processing capacity of our province reaches 25,000,000 tons, more than one-third of the country's total. The output value of the petrochemical industry amounts to one-fifth of the total industrial output value of our province, and the profits and revenue provided account for 35 percent of the financial income of the province. However, the level of the comprehensive utilization of resources is low, the potential is great, and waste is serious. If the secondary processing of oil refining can be perfected, intensified processing and the quality of oil products improved, and measures taken for the overall utilization of oil refinery gas and aromatic hydrocarbon, economic results will be remarkable. If our province's heavy industry is to develop quickly, the petrochemical field is an important breakthrough point, and also an important financial source.

The energy consumption of our province accounts for one-tenth of the total of our country. The surplus heat created every year is equal to 3,500,000 tons of standard coal, the combustible industrial gas that may be recovered for use is equal to 1,500,000 tons of standard coal, and the centrally distributed coal mines dispose of 4,500,000 tons of combustible waste rock every year. If these abundant surplus heat resources and low-quality fuel can be fully utilized, the strained energy supply situation of our province can be greatly ameliorated. The coking capacity of our province is very great, and every year 400,000 tons of tar is produced as a by-product, amounting to one-fourth of the country's total. Of this quantity, 100,000 tons of tar is not normally processed, and 300,000 tons of tar is only roughly processed, resulting in very low economic results. West Germany can extract over 400 varieties of coking products from tar, whereas our country can extract only 46 varieties; some foreign countries can obtain a net profit of 336 yuan from one ton of coking products, whereas our country can obtain only 44 yuan. If by-product tar can be fully utilized, then large quantities of valuable materials can be supplied to various industries such as chemical, printing and dyeing, light, farm chemical and pharmaceutical industries. Every year, the metallurgical industry disposes of 0.16 billion tons of waste residue, which is excellent material for producing cement, bricks, tiles and new types of wall-building materials. Our province also possessed great quantities of processing timber, and the surplus timber which can be provided for comprehensive utilization amounts to 410,000 cubic feet. The total waste water, gas and liquid discharged by the whole industry contains a large quantity of grease, acid, alkali, adhesive and various kinds of metallic elements. If these "three waste products" are left unused, they will pollute the environment and do harm to the people; if they are utilized, they can be changed into valuable commodities and benefit the people. From the above, it can be seen that Liaoning has very favorable conditions for carrying out the comprehensive utilization of materials, and for developing production intensively and extensively. This is an important way of improving economic results. Leadership must be strengthened in this field and projects must be well planned.

Fourth, we must continue to carry out properly the integration and restructuring of enterprises, and the level of specialized cooperation should be improved. In the machine building industry of our province, "all-purpose factories" amount

to about 60 percent. The production of our main engines and machines is still at the stage of one factory producing a complete piece of equipment. But in foreign countries, the vast majority of factories are adopting an assembly format, concentrating the semifinishing of components (casting, forging, and others) and certain types of processing (electroplating, spray-painting, heat treatment, and others) and organizing specialized production. In America, the level of specialization in the 6 main mechanical processing techniques reached 85-93 percent in 1967. In Japan, the level of specialization in the casting process reached 84 percent in 1970. With regard to the machine building industry of our province, almost every factory has its own technological equipment for small casting pieces, small steel pieces, forging and surface heat treatment. The level of specialization is low, and cooperation and the division of labor are poor. Over the last few years, a lot of work has been done in reorganization and integration work in industry, and in organizing specialized cooperative production. At present, for those companies, principal factories and combined economic units already organized in our province, the output value totals 17.74 billion yuan, and the profits provided for the state total 2.3 billion yuan, accounting for 39 percent and 57 percent respectively of the totals in our province. Still, efforts should be made to overcome obstacles, to break through the barriers between regions and departments, and to follow the road taken by Gaoqiao of Shanghai and the petrochemical alliance of Fushun, so as to enhance productivity. Those enterprises which engage in repetitive production, turn out poor quality, unmarketable products high in energy consumption, and which sustain losses over a long period of time, must definitely be closed, suspended, integrated into more advanced units, or converted. In the supply of energy resources and raw materials, preference should be given to the better factories, otherwise no overall initiative will be gained.

Fifth, effective reorganization of existing enterprises is the most realistic way to mobilize initiative and to improve economic results. We should achieve potential, demand results and gain speed in the course of reorganizing the enterprises. Last year, the provincial authorities grasped the work of reorganization for 32 enterprises, and their economic results all show varying degrees of improvement. Since the beginning of this year, according to statistics for the first batch of 85 key factories to be reorganized the total industrial output value for the period of January to April was shown an increase of 6.75 percent compared with the same period last year; although this figure is lower than the level of increase of 8.2 percent for the province's total industrial output value, the profits provided for the state increased by 13 percent, nearly twice as much as the increase of 6.8 percent for the province; the general cost of comparable products in the province was 1.07 percent in excess of the budget, whereas the reorganized enterprises attained a decrease of 1.06 percent.

In order to reorganize enterprises properly, the first thing to do is to have all-round planning and unified distribution, to combine general work with specific experience with the latter taking the lead, and to ensure the practical implementation of tasks. Enterprises should not hesitate to conduct reorganization according to the spirit of the decisions of the CPC and the State Council, and the results of this reorganization should be checked at different stages

before acceptance by the leading bodies. Second, reorganization work should be integrated with the work of readjustment and restructuring. Third, the comprehensive reorganization of enterprises should be combined with the construction of the basic party organization. This should be regarded as an important task and be conducted in a well-planned way. Fourth, this work should have the aim of improving economic results and of achieving a certain speed of development. Through comprehensive reorganization, all enterprises should gradually establish a system of leadership both democratic and centralized, a team of staff and workers both red and expert, and a set of management systems both scientific and civilized, with the aim of creating more "six-good" enterprises. While enterprises are being reorganized, the work of administrative departments should also be reorganized and strengthened.

Sixth, political and ideological work should be strengthened, and activity to learn from the advanced, with improving economic results as its focal point, should be developed extensively and intensively. First of all, slackness and weakness among leading groups must be overcome. These groups should adhere to principles, dare to manage and supervise, and struggle courageously against evil tendencies and actions. Important economic crimes, especially those involving leading cadres, must be seriously dealt with, and no connivance should be practiced. Revolutionary spirit should be enhanced. Political and ideological work should be closely combined with economic work. Among the broad masses of cadres and people, education in improving economic results should be extensively conducted in conjunction with proaganda concerning the current situation and tasks. Competition in labor should be conducted in a down-to-earth way; workers should compare with, learn from, catch up with, help and surpass each other, so that every unit and individual can strive to create the best factory and the best products and to do the best job. A sense of responsibility as the country's masters should be fostered among the staff and workers. Education in the "five stresses and four beauties" should be carried out, so that spiritual civilization can be built well. Also the activities of the "three loves, being masters, making new achievements and establishing new styles" which have proved effective in our province should be popularized.

CSO: 4006/56

NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' REPORTS ON ENTERPRISE MANAGEMENT

HK150821 Beijing RENMIN RIBAO in Chinese 11 Oct 82 p 5

[Article by Li Min [2621 2404]: "Raise Levels of Operation and Management in Enterprises"]

[Text] In the wake of the readjustment of the economic structure and the gradual restructuring of the economic system, the supply of industrial goods, and of consumer goods in particular, have gradually increased in our market, and the beginning of a change from a "sellers' market" to a "buyers' market" have already appeared. The broad masses of consumers have turned from "rush purchase" to "selective purchase" and even "saving their money to buy better things." Many commodities which used to be in great demand have become unmarketable. As for certain commodities which can only be purchased with coupons, the phenomenon of famous brand goods running out of stock and inferior brand goods becoming unmarketable has also appeared. To enterprises, this acts as a kind of pressure as well as a kind of motive force spurring their advance. Under this kind of market condition, if industrial enterprises want to increase economic returns, they must strive to improve operation [jingying 4842 3602] and management [guanli 4619 3810] and enhance their ability to adapt to market changes. In other words, enterprises must promptly make a flexible response to deal with changes in people's needs as well as market supply and demand and keep on supplying marketable products that are good in quality and cheap in price to satisfy the needs of the people for consumer goods. Only this kind of enterprise can make proper contributions to socialist modernization. Such enterprises can achieve economic benefits not only for society but also for themselves.

In the past, our industrial enterprises were fettered by an irrational economic system. Plans were monopolized, materials were subject to unified allocation and transfer, products were subject to unified purchasing and exclusive marketing and financial income and expenditure were kept under unified control. Enterprises could ignore operation, concentrate only on internal management and mechanically fulfill the output quotas handed down by a higher level. There was no need for them to bother about whether the products were marketable or not. This kind of enterprise management which paid no attention to operation was one-sided. They only "paid attention to the warehouses" but not to consumers demand or changes in the market, and basically had no ability to adapt themselves to market changes. In the gradual change from a "sellers'

market" to a "buyers' market," if our industrial enterprises still fail to pay close attention to operation and still fail to raise their own operation and management level but instead continue to take the former path of "leaving things as they were" they will definitely get nowhere. The industrial enterprises needed by the state and the people are those that can bring material benefit to the people and can continue to satisfy the growing and constantly changing needs of the people for consumer goods. If enterprises do not have this kind of ability, their existence will lose its valve.

Enterprise operation and enterprise management belong to two economic categories that are distinctive but also interrelated. An enterprise is the basic unit of the national economy and a cell in the organism of the whole national economy. It has unseverable ties with the whole national economy, such as those between the enterprise and the people, the enterprise and the state and the enterprise and other enterprises. The correct handling of these "external relations" of an enterprise is the task of enterprise operation. At the same time, the enterprise also has very complex internal relations, such as the relations between people, the relations between people and things and the relations between things within the enterprise. The correct handling of these internal relations of an enterprise is the task of enterprise management. The external ties and internal relations of an enterprise are closely related. Therefore, the operation and management of an enterprise are also closely connected. Recently, some people have suggested changing our industrial enterprises from the "production type" into the "production operation type." Although this kind of suggestion is not absolutely precise, it nevertheless reflects a change in the mentality of the people: they want to change our enterprises from simply paying close attention to management within the enterprise to paying all-round attention to operation and management. In concrete terms, "production type" means the backward management practice of not paying attention to operation and not giving play to the function of operation in the enterprise and "paying attention to the warehouses and turning the back on the market," as in the former system; whereas, "production operation type" means taking economic results as the key link, following the principle of "production based on needs" and "meeting changes with changes" of the new system. Guided by the principles of correct operation, we must give play to the function of operation in the enterprise making a success of the work of various areas of operation such as investigation, forecasting, policy decisions, purchasing, marketing, cooperation, propaganda and service. At the same time, we must bring about an all-round improvement in various internal management jobs of the enterprise, so that the functions of operation and management will be in complete harmony. By means of all these things, we will be able to increase the ability of the enterprises to adapt to market changes, so that it will be in an invincible position in the developmental process of the socialist "buyers' market" and will make positive contribution toward achieving the goals of socialist production.

What then are the links we should pay close attention to in order to strengthen the operation and management of an enterprise so that it can enhance its ability to adapt to market changes and increase economic returns? As the first step we should concentrate on the following aspects:

1. We must strengthen the management of market investigation, forecasting and information, so that the enterprise will be able to make flexible responses in its production. Not having ready access to external information and not having internal information at the right time are fatal weakness in the operation and management of our industrial enterprises. To have ready access to external information, the enterprise must set up a sound technological and economic intelligence system, strengthen market investigation and forecasting and extensively and thoroughly acquaint itself with the needs of the market and consumers, and the trend of their developments and changes. In particular, we must organize the management personnel and the engineering and technical personnel of the enterprise to go out and make investigations and to directly acquaint themselves with the purchasing power of consumers and users and the demands of society. If they have a good grasp of first hand information, they will be able to design and produce more products in keeping with the demands of society. In this way, the enterprise will have more ability to adapt to market changes. Information inside the enterprise must also be readily available. If the leading members of the enterprise have a clear picture of the trend of economic activities in their own enterprise, they will know what they are talking about and exercise highly competent command in a changeable market situation.

2. We must strengthen planning management so that the enterprise will have the ability to adapt to all market changes. At present many of our enterprises, especially medium-sized and small enterprises do not have a sound operation and management system. The operation and management of these enterprises are divorced from each other and all functional departments carry out work in their own way and cannot be formed into a "fist." Therefore, proceeding from the situation of the enterprise as a whole, we must set up and perfect an overall planning department for the enterprise and strengthen planning management. Based on the state plan, market forecast and the conditions of production and technique of the enterprise itself, we must study and formulate strategic programs and implementation plans with the ability to adapt to market changes, bring together operation and management of the enterprise and unify the actions of various functional departments, workshops and work teams down to all personnel in the enterprise.

3. We must strengthen technical work and technical management so that the enterprise will have the technical ability to deal with contingencies. The enterprise must continue to raise product quality, increase the variety of colors and designs, improve product performance and style and speed up the replacement of old products with new products in order to satisfy the changing needs of the market. This cannot be done without a truly proficient technical force and a sound technical management system. The enterprise must strengthen its designing and technological forces, and based on the principle of the "product's life expectancy curve," it must constantly turn out new products, improve old products and build ample technical reserves. It must as far as possible make technical and technological documents more standard and uniform and the spare parts interchangeable and standardized to correspond with the needs of the rapidly changing variety of designs and patterns. At the same time, it must also concentrate on the adoption of new techniques, technologies and materials suited to the enterprise itself, implement the principle of overall quality

control and continue its effort to create good quality brand products. In particular, it must energetically strengthen technical training to raise the technical level of all its personnel. In recent years, because of the retirement of old workers and the arrangements for the placement of children of workers waiting for employment, many enterprises have taken in large numbers of new workers and there has been a marked decline in the technical level. Not only are there difficulties in putting new products into production, but also minor changes in the variety of colors and designs cannot be quickly carried out. Therefore, it is very necessary to strengthen technical training to raise the technical level of all personnel.

4. We must strengthen quota management and maintain advanced and rational quotas so that the enterprise will have the ability to meet contingencies and to compete. Quota management is vital to an enterprise. Among various quotas, the labor quota is particularly important. It is the principle for fixing labor capacity and organizing production as well as the basis for distribution. Labor quota is the criterion for the amount of labor expended in the production of a specific product or the completion of a specific task under specific conditions of production techniques and production organization. An enterprise must maintain advanced rational quotas before it has the ability to compete. What is an advanced rational quota? Being advanced means determining quotas in terms of quantity, and being rational means determining their quality. Being advanced means using less working time than the amount of labor time essential to society. Theoretically speaking, the shorter the working time expended in producing a specific product or completing a specific task compared with the labor time essential to society, the more advanced the quota. However, in reality the quota level must be restricted by the specific conditions of production techniques and production organization. Being rational means taking more rational use of the existing labor organization and methods of equipment usage and operation under the specific conditions of production techniques and production organization. Being rational is the basis for being advanced. All enterprises must keep on improving the conditions of production technique and production organization, actively develop activities to make the organization of labor and the use and operation of equipment more rational and strive to overtake and surpass the advanced level of the district, the whole country and even the world before they have a greater ability to compete and achieve better economic returns.

5. We must strengthen economic accounting so that the enterprise will have the ability to calculate, forecast, supervise and control economic returns. The enterprise must carry out all-round economic accounting, thoroughly change the practice of simply "settling accounts after the event," take the initiative in analyzing, forecasting and controlling economic activities and economic returns, continue to seek out weak links, and study ways and means of saving materials, improving efficiency, lowering costs and increasing economic returns. It must carry out careful calculations and strict budgeting, and keep on improving and raising the level of its operation and management.

6. We must keep on perfecting the economic responsibility system and strengthen political and ideological work so that the enterprise will have the power to deal with contingencies. Constantly perfecting the economic responsibility system in the enterprise and integrating the economic responsibility system with economic returns, or taking economic returns as the key link and integrating responsibility, authority and benefit so that the economic achievements of the enterprise and its workers will be linked to economic returns, will impel the enterprise and the workers to take an interest in economic returns, market changes and product marketability. This is an important motive force that will enable the enterprise to adapt to market changes. However, the correct implementation of the economic responsibility system must be guaranteed by realistic and effective political and ideological work. Practice has proved that the close integration of political and ideological work with economic work is a vital link in raising economic returns.

In conclusion, we must also point out that to raise the level of operation and management of the enterprises, it is not enough to simply rely on improving the operation and management of the enterprises themselves. As a matter of fact, there are many problems in the operation and management of enterprises which still cannot be solved by simply relying on the enterprises themselves. From the macroscopic point of view, we must continue to resolutely restructure our economic system and readjust the economic structure. However, the enterprises should not just wait passively. In the process of restructuring the system and readjusting the structure and in the present process of reorganizing the enterprises, they must actively improve their operation and management work and make an effort, under existing conditions, to gradually increase their economic returns and the economic returns of society.

CSO: 4006/56

ECONOMIC PLANNING

HENAN ADOPTS NEW ECONOMIC DEVELOPMENT MEASURES

HK190933 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 18 Oct 82

[Summary] The provincial CPC committee and the provincial government attach great importance to opinions of experts and make strategic decisions on a scientific basis. In September last year, first secretary of the provincial CPC committee Liu Jie, gathered together experts and technicians from some 10 units embracing the light industry and agriculture departments to attend a forum on provincial resources, the food industry, aluminum processing and textile and agricultural development. Between spring and summer this year, apart from Liu Jie, Dai Suli, deputy secretary of the provincial CPC committee and governor, and (He Zhukang) vice governor, inspected some rural areas and made the following decisions: "Eighteen counties located in the previous course of the Huanghe River and two suburbs of Zhengzhou and Kaifeng are to be devoted to a grape production center covering 100 million mu. Concurrently, a grape processing industry is to be set up. Preparation work was initiated this year and is expected to be completed by 1985."

In order to seek support from experts, the following institutions have been formed:

"In September last year, a provincial economic research center and a technical economic center have been established with the participation of experts, professors, and technical and economic personnel. Their tasks include: making strategic decisions on important provincial economic developments; conducting research into, expounding and checking the feasibility of key economic and technical policy, technical measures and construction projects and then submitting them to the provincial CPC committee and provincial government for approval."

Since last year, these two research centers have expounded and checked the feasiblity of the provincial petrochemical industry development trend, the technical transformation of a small chemical fertilizer plant, the gradual resumption of construction of the Nenan Oil Refinery and the transformation of middle and low-yielding farmland. All the proposals have been adopted. Grain production is reported to have increased particularly in middle and low-yielding farmland: "In the middle of last year, Zhoukou, Anyang, Xinyang and Zhumadian prefectures known as middle and low-yielding farmland areas sold grain to the state amounting to 30.1 billion jin, 49 percent of the grain sold to the state by the province. This summer, 20.4 billion jin of wheat was sold to the state, comprising 57 percent of the summer grain sold to the state. The number of counties which sold over 100 million jin of wheat in a season increased from one last year to six."

CSO: 4006/56

ECONOMIC PLANNING

GUANGXI MEETING DISCUSSES CAPITAL CONSTRUCTION

HK140606 Nanning Guangxi Regional Service in Mandarin 1130 GMT 13 Oct 82

[Summary] The regional construction committee held a capital construction work conference in Nanning from 8 to 12 October. The participants studied the 12th party congress documents and studied targets and measures for creating a new situation in capital construction in Guangxi.

The conference proposed: "Before 1985 there must be a big change in the state of the region's capital construction and a notable improvement in economic returns. The rate of making available fixed assets must be kept stable above 80 percent. It is necessary to ensure that the quality of projects meets state technical regulations. Over 75 percent of projects should be of outstanding quality. The decline in costs should be kept at 5 percent. By the end of this century, the all-staff labor productivity of capital construction enterprises should reach 7,500 to 9,200 yuan. In 1990 average living space per urban resident should exceed 5 square meters. There must be a big improvement in environmental pollution throughout the region, and the appearance of new pollution sources should be effectively prevented. There must be a big development in rural house construction."

The conference put forward the following views on how to create a new situation in the region's capital construction and achieve the targets for endeavor:

1. Do a good job of work in the coming winter and spring. The capital construction departments must work hard through the fourth quarter to ensure the fulfillment of the year's plans. Projects such as sugar refineries, power stations, cement plants and housing must go into operation on schedule. Design and construction work must be grasped well and more projects completed and put into operation.

2. Continue to carry out all-round straightening out of the capital construction enterprises, starting with their leadership groups.

3. Do a good job in construction preparatory work and strengthen management over urban and rural construction. We should ensure that every project yields excellent economic returns.

4. Strengthen communist ideological education and promote the building of socialist spiritual civilization.

Zhou Guangchun, secretary of the regional CPC committee, and Huang Yun, vice chairman of the regional government, spoke at the meeting.

ECONOMIC PLANNING

'YUNNAN RADIO' URGES ENTERPRISE RECTIFICATION

HK140754 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 11 Oct 82

[Station commentary: "Grasp Well From Beginning Till End Rectification in the First Batch of Enterprises"]

[Excerpts] Rectification has been carried out in the first batch of industrial enterprises in the province for 9 months, and most of the enterprises have obtained remarkable results in grasping the major contradictions and carrying out rectification. However, there is still a small number of enterprises which do not thoroughly understand the importance of enterprise rectification. Some leaders of investigation teams who should stay and work in one place have not done so, and thus the progress of work is slow in some areas and a new situation has not been opened up.

The key to promoting rectification in the first batch of industrial enterprises lies in improving our understanding. All of us know that the 12th party congress has put forth a magnificent development target in our country in the coming 20 years, and comprehensive enterprise rectification is an important strategic measure for realizing this magnificent target. Currently the profits submitted to the state by the province's industrial and communications enterprises account for more than 80 percent of the province's total financial revenue. Brighter prospects will be achieved if we do a good job in rectifying the existing enterprises and, on such a basis, continue to carry out reorganization, reform and renovation so that the appearance of the enterprises will be fundamentally changed. The present situation of the province's industrial and communications enterprises can be summarized as follows: the scale is not very small, the level is not high, the return is unsatisfactory and has great potentials. In other words, undergoing construction for more than 30 years, our province already had some 7,200 industrial enterprises, fixed assets and floating capital amount to more than 10 billion yuan and the number of workers is about 1 million. This is quite a sound basis for carrying out the building of the four modernization. However, this basis has two major drawbacks: first, the level is not high and second, the return is unsatisfactory. The level of production, technology and management in most of the enterprises is rather low and equipment is backward. The consumption rate of energy and raw materials is high, and the profit rate of enterprises is very low. Many economic and technical quotas not only cannot keep up with the national average standard, but also cannot reach the best standard

of the relevant enterprises in the province. We can double the province's total industrial output if the output of each 100 yuan of fixed assets and the accumulation provided by each 100 yuan of capital reach the 1980 national level. Thus, the financial revenue contributed by the industrial enterprises can be increased by over 70 percent.

As far as the 403 enterprises which are to be rectified first are concerned, industrial output accounts for 44 percent of the province's total industrial output and profits gained accounts for 56 percent. Doing a good job in rectification of these enterprises provides a fundamental guarantee for fulfilling the province's industrial production tasks and accumulates experience in guiding future enterprise rectification. Thus we must be determined to grasp well this task.

As viewed from the present situation, promoting overall rectification in the enterprises and running the enterprises well certainly relies on the efforts of the enterprises themselves and the enthusiasm of the workers. At the same time, this work also needs the support and coordination of the higher levels and the departments concerned. All investigation teams which stay and work in one place must actively assist the enterprises to promote enterprise rectification, laying a solid foundation for the enterprises to carry out official rectifications.

CSO: 4006/56

ECONOMIC PLANNING

YUNNAN HOLDS FORUM ON ENTERPRISE RECTIFICATION

HK140744 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 11 Oct 82

[Text] The Yunnan provincial leading group in charge of enterprise rectification recently held a forum for responsible comrades of provincial subordinate industrial and communications departments and bureaus and responsible comrades in charge of enterprise rectification in Kunming Municipality. The forum stressed that it is necessary to grasp well the work of rectifying the first batch of key enterprises all the way through. After adopting the analysis of enterprise rectification carried out among 45 key enterprises, the forum held that, since the last provincial forum held in August on industrial and communications production and enterprise rectification, many enterprises have started to deal with problems found in the course of rectification. The work of rectifying enterprises is now developing in depth. This is mainly manifested in:

1. The pace of rectifying the leadership groups of the enterprises has speeded up. Among the 45 key enterprises, 15 enterprises have already rectified their leadership groups in accordance with the demand of promoting the revolutionary, younger, better educated and more professionally competent people, and 13 enterprises are now carrying out rectification. Twelve enterprises rectified the leadership groups last year. The proportion of rectified enterprises now accounts for 89 percent of all enterprises.

2. A breakthrough has been achieved in rectifying the labor organization and organizing production by fixing the number of workers and output quotas. Enterprises which had a fixed number of workers and output quotas have changed the situation in which the work situation on the first production line is tense, the work situation on the second production front is lax and the third front is overstaffed.

3. The economic responsibility system has been further perfected. Enterprises have attached primary significance to the state tasks, and the taxes and profits submitted by the enterprises to the state have increased. They have upheld the progressive nature of the quotas, paid attention to the chain relationship, implemented the economic responsibility system of signing comprehensive contracts and ensuring production, and distributed bonuses in accordance with the principle of remuneration according to labor.

The meeting held: The current task of rectifying enterprises is still developing in an unbalanced way. Progress of work in about 20 percent of the 45 key enterprises which are to carry out rectification is still very slow. The major contradictions have not eased and a new situation has not opened up. In addition, the production situation has not improved.

The meeting stressed: It is necessary to seriously study the documents of the 12th party congress and further enhance our understanding of the necessity and importance of enterprise rectification. Leaders who should stay and work in one place but have not done so must go to the lower levels and help summarize experiences. They must grasp the right opportunity to do a good job in rectifying enterprises in the hope of obtaining better results in this year's industrial and communications production.

CSO: 4006/56

ECONOMIC PLANNING

'QINGHAI RIBAO' DISCUSSES ECONOMIC PROSPECTS

HK140237 Xining Qinghai Provincial Service in Mandarin 2330 GMT 13 Oct 82

[Report on 14 October QINGHAI RIBAO editorial: "Lay the Foundation Well To Greet Vigorous Economic Development"]

[Excerpts] The key to achieving the strategic aim put forward by the 12th party congress lies in 10 years of preparation. Our province's national economy has now embarked on the track of steady and healthy development, and the situation is good. However, as the province's original economic foundation was rather weak and there was also a long period of influence of leftist thinking, there are still many problems existing. We must work hard and actively to solve them in accordance with the 12th party congress spirit.

In the first 10 years we must continue to implement the principle of readjusting, restructuring, reorganizing and upgrading. We must first do a good job of work in the first 5 years, that is, in the 6th 5-Year Plan period.

1. Concentrate forces to promote agriculture and animal husbandry. We must stabilize and perfect the various types of agricultural and animal husbandry production responsibility systems and continue to improve the production conditions. Under the premise of ensuring steady development of grain and oil production, we must further readjust the internal structure of agriculture and bring about all-round development of agriculture, forestry, animal husbandry, sideline occupations and fisheries. In animal husbandry, we must establish stable fodder bases on the winter and spring pastures, put into effect agricultural-style professionalized management, strengthen the protection, improvement and rational use of pasture-land, improve the structure of the herds and speed up their turnover, raise the procurement and marketing rate of livestock, increase output of animal products and improve their quality, and strive to satisfy the needs of the people's daily life and the development of the light and textile industries.

2. In industrial production, we must carry out all-round work to straighten out the enterprises in batches, centered on the main aim, improving economic returns. It is also necessary to carry out the necessary reorganization of enterprises, do a good job in readjusting the product mix, and strive to improve

quality and increase variety. We must vigorously economize in energy, cut input consumption, launch multipurpose use of animal products and continually improve the utilization rate of raw materials and the standard of management. We must carry out technical reform and equipment renovation in key enterprises in a planned and measured way, and bring into full play the production capacity of existing enterprises. We must make full use of the province's superiority in natural resources, speed up oil prospecting and the exploitation of Huang He hydroelectricity, and the construction of key projects such as the Chaerhan potassium fertilizer plant and (Xishuishan) mine. We must do our utmost to ensure that these key projects come into production on schedule.

3. Develop education and science and promote cadre training. Education and science in Qinghai are rather backward, and there is not enough scientific and technical talent. This imposes great contraint on our economic development. We must rapidly change this state of affairs. During the 6th 5-Year Plan, we must vigorously popularize elementary education, restructure secondary education and develop secondary professional and technical education and nationalities education. The institutes of higher education should appropriately readjust their specializations and improve teaching conditions and quality.

All areas and departments must draw up plans for cadre training, and train the in-service cadres in batches by rotation, to make them better educated and more specialized.

The editorial says: We must put the improvement of economic returns in the first place in all economic work while laying the foundation during the first 10 years. We must select and promote a number of sensible people to leadership posts in economic departments at all levels, build a red and expert staff and worker contingent, set up a scientific and civilized management system, and build every enterprise into a modern socialist enterprise with a high degree of material and spiritual civilization.

CSO: 4006/56

INDUSTRY

SHANGHAI INDUSTRIAL OUTPUT INCREASES IN JANUARY-SEPTEMBER

OW080445 Shanghai City Service in Mandarin 1130 GMT 7 Oct 82

[Text] Inspired by the guidelines of the 12th party congress, workers and staff members of the industrial departments in the municipality exerted themselves to bring about a new situation in production, thus making relatively good achievements in September.

The municipality's total industrial output value in September increased 2 percent compared with that in the same period last year, that in the third quarter went up by 3.8 percent and that in the January-September period rose by 6.1 percent. By the end of September, the municipality had fulfilled 75.3 percent of its annual plan for industrial production.

The municipality's light industrial output in September increased 0.3 percent compared with that in the same month of last year, and its heavy industrial output went up by 4.1 percent. The September output of 58 of the 89 products included in the state plan, including steel products, chemical fertilizer, cement, motor vehicles, tractors, television sets, tape recorders, medical apparatus and instruments, bicycles and washing machines, increased as compared with the same period of last year. The output of 67 such products in the January-September period rose, compared with the same period of last year, and the output of 69 such products reached or surpassed the targets set in the annual plan for the January-September period.

A responsible comrade of the department concerned said: the municipality did a reasonable job in industrial production in the first 9 months of this year. However, there are still many difficulties and problems to solve in fulfilling this year's plan. He called on the broad masses of workers and staff members throughout the municipality to continue to strengthen their spirit and make vigorous efforts to improve product quality, to develop marketable products and to further raise economic results in order to contribute more to fulfilling or overfulfilling this year's production plans.

CSO: 4006/54

INDUSTRY

TIANJIN POPULARIZES TECHNICAL COORDINATION

SK230715 Tianjin City Service in Mandarin 1430 GMT 22 Oct 82

[Excerpts] According to our sources, the Tianjin Municipal Trade Union Council sponsored a meeting today on technical coordination enacted at grassroots levels. This is the first municipal level meeting in this regard since the municipality enacted the program of technical coordination among enterprises and establishments.

Since the 3d Plenary Session of the 11th CPC Central Committee, the municipality has made rapid progress in developing large-scale technical coordination, resulting in a gratifying situation. As of now, the municipality has initially built a three-in-one technical coordination contingent consisting of labor models and advanced producers as backbone elements; skillful craftsmen, engineers and technicians; and managerial cadres. By the end of June this year, the 19 districts and bureaus, 60 companies and 490 units at grassroots levels across the municipality, which had enacted the technical coordination program, set up 809 specialized technical groups for this program and enrolled over 18,600 group members in all. Over the past few years, the technical coordination groups at all levels have actively implemented the principle of readjusting the national economy and the 10 principles for economic construction, carried out extensive and various activities in technical coordination and gained some work achievements and experience, producing a large number of units and enterprises that have done a fairly good job in this regard.

The meeting put forward concrete demands on how to further strengthen the build-up of technical coordination organizations, expand the technical coordination contingent, create new experience in technical coordination in line with the combat task set forth by the 12th CPC Congress, accelerate the progress of achieving socialist material and spiritual civilizations and continuously create a new work situation in technical coordination.

Attending the meeting were responsible comrades from trade unions at all levels throughout the municipality, labor models, advanced producers and activists emerging in various technical coordination groups--over 2,000 persons in all.

CSO: 4013/25

BRIEFS

GUIZHOU STANDARDIZATION WORK CONFERENCE--From 14-16 October, the Guizhou Provincial Economic Committee and the provincial science and technology committee jointly held a conference in Guiyang to celebrate the "world standardization month" and to strengthen standardization work. The conference summed up and exchanged the experiences of the province in unfolding enterprises' standardization work. Seven industrial units introduced their experiences. The conference also discussed and formulated the provincial regulations on standardization management and made arrangements for current work and the work for the next stage. Some 100 people attended. Responsible comrades of the provincial people's government, the provincial science and technology committee and the provincial economic committee attended and spoke. [HK221504 Guiyang Guizhou Provincial Service in Mandarin 1100 GMT 18 Oct 82 HK]

GUANGDONG ADVANCED ENTERPRISES--The Guangzhou Hongwei telephone plant, Guangzhou (Xingchi Pharmaceutical Works, Shaoguan gear plant and Guangzhou (Lide) flour mill have been assessed as advanced enterprises in quality control and have won provincial prizes for quality control. At today's forum of enterprises which won national prizes for superior quality in 1982, these plants were awarded silk banners by the provincial economic committee and other units. [HK121345 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 8 Oct 82 HK]

JILIN PREFECTURE INDUSTRY--Since the beginning of 1982, industrial production and profits of Siping Prefecture, Jilin Province, have increased month after month. In the January-Ausust period, the prefecture fulfilled the annual industrial output value target by 69.2 percent, 10.4 percent over the corresponding 1981 period. Industrial enterprises covered by the budget gained 15.42 million yuan of profits, an increase of 11-fold over the corresponding 1981 period. According to preliminary statistics, 70 percent of enterprises in the prefecture have instituted the economic responsibility system. From January to August, 320 varieties of new products were trial produced and 260 of them were put into production, creating 49.93 million yuan of output value and netting 3.72 million yuan of profits. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 3 Oct 82 SK]

SMALL CEMENT PLANTS--Beijing, 26 Sep (XINHUA)--China's small cement plants have undergone considerable development in recent years. In 1981 over 90 percent of the cement made by these plants met the quality standards, compared with 73 percent in 1978. In that year they produced 57.84 million dun, of which over 13 million dun was used in state and local key construction projects. Since 1978 production of these small cement plants has grown by an average of more than 5 million dun annually. Output during the first 6 months of this year was 31.49 million dun, showing a 19-percent rise over the level of last year's corresponding period. At present their production accounts for over one-third of all the cement made in China. [OW141117 Beijing XINHUA Domestic Service in Chinese 0041 GMT 26 Sep 82 OW]

CSO: 4006/54

CONSTRUCTION

'CHINA DAILY' REPORTS HOUSING INCREASE

HK210232 Beijing CHINA DAILY in English 21 Oct 82 p 1

[Text] China has built a total of 270 million square metres of housing space in the past four years, boosting urban housing by 51 per cent.

Some 17 million people moved into new homes in urban areas over the period, when more than 38.89 billion yuan was invested in urban housing development across the country.

New housing is also mushrooming in rural areas, where 1.5 billion square metres of residential structures have sprung up in past three years, bringing new homes to about 10 per cent of China's rural population.

The acceleration of urban housing development was due in part to new measures adopted by the state in encouraging investment in housing projects by business enterprises or by individuals and in selling a number of new houses to users on credit terms.

Last year alone various enterprises invested nine billion yuan in housing development, accounting for 67.8 per cent of the total housing investment in the country.

In a number of cities, houses were built with bank loans and then sold to the users while individuals were encouraged to build their own houses with public assistance.

The total housing space built by individuals in the cities ran to 6.4 million square metres in 1981.

While speeding urban housing construction, the authorities have begun to pay more attention to improving the quality of residential housing design.

Guided by an overall planning programme, Beijing is developing residential zones with shopping centres, public utilities, cultural and health and postal services integrated in the design.

There are now 30 such residential zones under construction in Beijing, the biggest covering a total building area of half a million square metres.

And about 50 per cent of the cities in Jiangsu Province are developing housing projects according to an overall planning scheme.

CSO: 4020/13

CONSTRUCTION

'DAZHONG RIBAO' DISCUSSES SHANDONG CAPITAL CONSTRUCTION

HK060917 Jinan DAZHONG RIBAO in Chinese 28 Sep 82 p 1

[Report: "Shandong's Capital Construction Develops Healthily"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, Shandong's capital construction has seriously implemented the policy of readjusting the national economy and is healthily developing. From 1979 to 1981, 7 billion yuan were invested and 3,888 items of various kinds of construction were built. There was an increase of 52 billion yuan in the total value of the fixed assets. Positive contributions have been made to the national economy.

First, investments in capital construction have been cut and the scale of capital construction has been checked. In these 3 years, in accordance with the principle of acting according to one's capability, we seriously sorted out the items under construction, stopped or slowed down the speed of construction of a great number of projects that were not urgently needed or for which the conditions of construction were not yet ripe, and effectively increased the returns on investment. In 1981, 1.8 billion yuan were invested in capital construction and there was an increase of 1.59 billion yuan in the total value of fixed assets. The rate of delivery and utilization was 88 percent. Compared with 1978, there was an increase of more than 10 percent. That was the highest level since 1966.

Second, in addition to reducing the scale of capital construction, we did fairly well in correcting the tendency of laying too much emphasis on production while neglecting living conditions. The proportion of money invested in nonproduction construction such as workers' dormitories, and cultural, educational and public health undertakings in the total value of investment in capital construction has been increasing every year. In these 3 years, 1.17 billion yuan, that is 16.7 percent of the total value of investment in capital construction, was invested in the construction of houses in towns and cities. In all, 10.71 million square meters of housing were built. The amount is equivalent to 44.9 percent of the total amount of houses built in the 29 years from 1950 to 1978. The per capita living space of the urban workers in Shandong increased from 3.7 square meters in 1978 to 4.4 square meters.

We have changed the proportion of investment in capital construction. We have reversed the tendency of laying too much emphasis on heavy industry while neglecting light industry. The proportion of investment in heavy industry in the total value of investment in capital construction dropped from 52.3 percent in 1978 to 41.49 percent in 1981; the proportion of investment in light industry out of the total value of investment in capital construction increased from 8.17 percent in 1978 to 16.8 percent in 1981. As to the construction of energy resources, 2.2 billion yuan was invested in 3 years, that is, 31.4 percent of the total value of investment in capital construction. There was an increase of 4.11 million tons in our coal mining capacity, an increase of 3.05 million tons in our crude oil extraction capacity and an increase of 780,000 kilowatts in our capacity to install electric generators. As to communication and transportation, the Jinan-Heze railway, the 12 double-tracked sections of the Qingdao-Jinan railway, the Jinan-Wangcun highway and the expansion of the berths for liners of over 10,000 tons displacement have been put into operation. They have played an important role in changing the outlook of Shandong's communications and transportation.

Notable results have been achieved in urban construction. A lot of urban public service institutes and facilities have been built, installed and repaired. Shortages in water supply and means of traffic have been eased. We have kept the city green and made improvements in environment sanitation. A large number of residential dwellings for workers have been built. The living conditions of the urban population have been improved to a certain extent. In these 3 years, more than 210 million yuan were spent on urban public services, equivalent to the sum total spent in the 10 years before 1978. Before the 3d Plenary Session of the 11th CPC Central Committee, tap water was only supplied in 30 counties and towns. The daily tap water supply capacity was 126,000 tons. Since the third plenary session, there has been an increase of 53 county waterworks and 2 towns waterworks in Shandong. The daily tap water supply capacity has increased to 267,000 tons. In the first half of this year, 2 towns and 83 counties out of 206 counties built their own waterworks or simply-equipped tap water supply facilities. Tap water is supplied to more than 80 percent of the counties and municipalities. There are great improvements in the urban public transport facilities. In the 3 years, there was an increase of 528 public transport vehicles equivalent to 50 percent of the increase in the past 30 years. In all, 626 kilometers of highway have been constructed or extended. Hired vehicles are beginning to appear in Jinan, Qingdao and four other cities, the number of hired vehicles has reached 156. They provide a good transport service for the urban people and promote the development of tourism.

CSO: 4006/55

CONSTRUCTION

BRIEFS

HEBEI HOUSING--From 1979 to 1981, Hebei Province invested some 1.8 billion yuan in housing. The amount of this investment was 500 million yuan more than from 1953 to 1978. In these 3 years, the province completed houses on some 15 million square meters. If each household has an average housing area of 50 square meters, the housing problem of 300,000 households can be solved. [HK090336 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 30 Sep 82 HK]

CSO: 4006/55

FOREIGN TRADE

PAPER ON TRADE WITH HONG KONG, MACAO

HK060350 Guangzhou YANGCHENG WANBAO in Chinese 3 Oct 82 p 1

[Report: "Trade Cooperation Between Guangdong and Hong Kong-Macao Region Is Progressing Satisfactorily"]

[Text] Since the economic policy of opening up to the outside world was put into effect in our province, great progress has been made in the trade and economic and technological cooperation between Guangdong and the Hong Kong-Macao region and a situation of mutual benefit and mutual prosperity has been created. The 1981 export volume from Guangdong to Hong Kong and Macao amounted to $1.305 billion, or nearly 300 percent of the 1978 figure. The export volume in the first 8 months of this year was close to the level in the same period of last year.

Our province borders on Hong Kong and Macao and has rich manpower and material resources and has certain industrial foundations. All this forms favorable conditions for developing foreign trade. Hong Kong is also situated in a favorable position as an international trade and financial center, and this also benefits the development of foreign economic relations and trade in our province. Over the last 3 years, our province has made full use of these favorable conditions to actively develop trade and economic and technical cooperation with Hong Kong and Macao businessmen and foreign businessmen. Through the methods of processing imported material, assembling imported spare parts, running joint ventures, cooperating in business and handling compensation trade, our province has signed more than 14,000 contracts in various fields. Of them, the major items include: the microwave communications project from Guangzhou to Hong Kong; joint land and water container transport service; the building of four bridges on the highroad from Guangzhou to Zhuhai; the Foshan Electronic Company, Limited; the dairy farm and the duck-raising farm in the Shenzhen Guangming farm; and the building of several large hotels, including the China (Guangzhou) Hotel.

Through the above-mentioned economic cooperation, both sides have gained economic benefits. The income from processing charges in our province in 1980-1981 amounted to nearly $200 million. More than 200,000 people have gotten jobs. On the other hand, owing to the cheaper cost of labor, water, electricity and land on the mainland than in Hong Kong and Macao, outside businessmen have also obtained considerable profits. At the same time,

because outside businessmen, when investing and building factories on the mainland, need to reexport foreign raw materials and equipment from Hong Kong to the mainland, this has also helped promote economic prosperity in Hong Kong. In addition, because our province expanded the exports of fresh and live food commodities to Hong Kong at prices which were only one-half the average price of goods from other places, this has reduced the cost of living of Hong Kong residents.

CSO: 4006/046

FOREIGN TRADE

BRIEFS

JAPANESE DELEGATION IN GUANGXI—At the invitation of the Guangxi Regional Import and Export Management Committee, the Japanese economic and trade delegation arrived in Nanning by plane today to pay friendly visits to the region. Over the past few years, the region has made progression in economic cooperation, expansion of technological exchange and bilateral trade with Japan. In May and June this year, our regional economic and trade delegation paid visits to Japan and held preliminary talks on economic cooperation with relevant companies in Japan. This time, the Japanese economic and trade delegation will hold further talks on economic cooperation and expansion of bilateral trade with the region. [HK081224 Nanning Guangxi Regional Service in Mandarin 1130 GMT 7 Oct 82]

CSO: 4006/046

TRANSPORTATION

COMMUNICATION, TRANSPORTATION FACILITIES IMPROVING

Shanghai ZHONGGUO CAIMAO BAO in Chinese 21 Aug 82 p 1

[Article: "China's Communication and Transportation Flourish"]

[Text] Reporter Wu Jiarong [0702 4471 2837] reports the following: Since the 3d Plenary Session of the 11th Party Central Committee, China's communication and transportation departments thoroughly implemented the policy of readjustment, restructuring, reorganization and upgrading on the national economy, performed large volumes of work and made obvious achievements. State plans for the shipping of coal and exports and other crucial goods and materials were completed above norm year after year. When 1981 is compared with 1978, the turnover volumes of freight shipped by rail and by water transport directly under the Ministry of Communication increased 19 percent and passenger transport 17 percent. Freight shipping from January to July this year increased 7.7 percent compared with the same period last year.

The communication and transportation departments vigorously tapped the potentials in improving the railways and harbors. The electrification of the Feng-Sha [Fengtai-Shacheng] trunk line currently underway and the set forming and minor improvements of Jiao-Ji, Long-Hai and Jing-Tong railways and Qinhuangdao and Wuhan harbors have all effectively improved the coal shipping capacity. From 1979 to 1981, the amount of coal shipped from Shanxi to outside areas averaged an annual increase of 9.25 million ton, and it is estimated that there will be an actual increase of 6 million ton this year over last year.

With the development of industrial and agricultural production and foreign trade, more than 4,000 railway stations and 98 major ports in the country have started coordinated transport, creating a framework of through shipping on major land and water lines between the east and the west and between the north and the south. Last year, 90 million tons of through shipping were completed, and the first half of this year showed a further gain.

To adapt to the rapid growth of import and export goods and materials, more ports were opened to the outside, enlarging the handling capacity. By the end of 1981, there were 22 ports open to foreign shipping, 6 delivery points for foreign ships to make deliveries at sea and 10 ports for loading and unloading foreign trade freight run by domestic steamship companies. Fujian and Guangdong provinces set up 118 new starting points for freight shipping in trading with Hong Kong and Macao. The coastal ports built a group of new deepwater berths, made some technical improvements of the old wharves and raised the level of mechanization. The situation of ships and freight waiting at ports was greatly ameliorated.

Containerization and bulk shipping are rapidly developing. In 1981, railways throughout the country completed more than 2.47 million container-times and ocean shipping more than 114,000 standard container-times in international freighting, each constituting an increase of around 8 times over 1978.

6080
CSO: 4006/007

TRANSPORTATION

FUJIAN ORGANIZES STUDY OF DEEPWATER PORTS

Fuzhou FUJIAN RIBAO in Chinese 20 Sep 82 p 1

[Text] Recently, Fujian province organized experts and scholars from inside and outside the province to make a scientific study of the protection of deepwater ports and the development of Meizhou Bay. Lasting 14 days, the study was concluded on 28 August. The experts and scholars made many important suggestions.

The scientific study was organized and conducted by the provincial scientific association. It appointed Wang Jianxin [3769 6015 2450], president of Northern Jiaotong University, as the leader and Lei Ting [7191 3060], assistant chief of the Capital Construction Office, State Economic Commission, and director of the Institute of Coordinated Transport, as the assistant leader. The 70 plus persons invited to take part in the study included leading comrades of units connected with ports, hydraulics, the deep sea, railways, highways, water conservation, hydroelectricity, economic geography, natural geography, technical economics, system engineering and natural dialectics and experts, professors and engineering and technical personnel. They visited the land areas of the ports of Meizhou Bay, Mawei, Xiamen and Chuanzhou and went by ship to examine the navigation routes, harbor sites and coastal berths. Through their joint effort, encouraging results were made. The participating comrades found that the water area of Meizhou Bay is broad, and the conditions of navigation routes, harbor site, anchoring and water depth extremely favorable and, sheltered from the wind, it is a natural harbor rare in China. Located on the southeast coast and facing Taiwan province, it has a crucial political and economic position. Its development and construction will have a crucial significance in developing China's ocean shipping, linking the resource circulation of some provinces and municipalities south of Changjiang, promoting the growth of southeastern coastal provinces and cities, and especially the economic development, resource exchange and personnel traveling of Taiwan after its return to the fatherland. The participating comrades unanimously suggested that Meizhou Bay be included among the feasibility study projects of the state. They also felt that the irrational phenomena of enclosing tideland for cultivation and using deep water as shallow water found in some areas in the province have caused the silting of deepwater ports and that protective measures should be taken.

The leaders of the provincial party committee and the provincial government heard the study report.

6080
CSO: 4006/007

TRANSPORTATION

ELECTRIFICATION OF FENGTAI-DATONG RAILWAY STEPPED UP

Beijing BEIJING RIBAO in Chinese 28 Aug 82 p 1

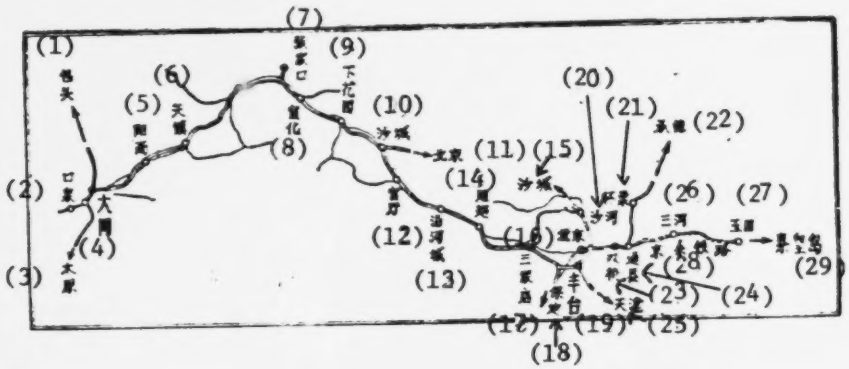
[Text] Reporter Zhou Jingchun [0719 2529 2504] reports the following: In the Taihang Mountain ranges west of Beijing, along both sides of the railway winding upstream of Yongding River, new large reinforced concrete posts and transmission towers have been erected one after another, like two rows of giants, stretching through the mountains and over the hills toward Shanxi, China's coal base. It is the electrification project of the multiple track railway between Fengtai and Datong now under intensified construction.

The section between Fengtai and Datong on the Jing-Bao [Beijing-Baotou] railway is an important artery for shipping Shanxi's coal to outside areas. To speed up the shipping, the railway departments made technical improvements of the section many times, changing the single track to multiple track, the steam engines to internal combustion engines, and semi-automatic blocking to automatic, thereby almost doubling the coordinated transport capacity of the section. However, it still failed to keep pace with the ever growing need. Therefore, the state decided to electrify the section. When completed, the coordinated transport capacity of the section will be further enhanced, expediting the shipping of the raw coal of the Datong coalfield to outside areas. It will also facilitate the shipping of the coal of Ningxia and Inner Mongolia. In addition, coal will be supplied continuously to the industrial bases in North China, the Northeast and East China. Furthermore, the Feng-Da line and the Jing-Qin (Beijing-Qinhuangdao) electric line now under construction, when linked, will serve as a shortcut for Shanxi's coal to be shipped directly to the eastern port and produce a crucial impact on expanding export and developing the national economy.

The state demands that the electrification project of the 377-km Feng-Da multiple track be completed and put into operation within a short time. The task is formidable and the time pressing. The entire line needs 4,000 km of wires and supporting resistance lines, 20,000 posts of all kinds, large amounts of underground cables of all types and tens of

thousand units of equipment. Meanwhile, 25 stations have to be remodeled and 7.2 km of rerouting, 22 tunnels (8.6 km) and close to 100,000 square meters of building construction completed. Construction is premised on not interrupting the transport tasks of the existing line. After all work on the electrification project was started on 1 June this year, the Third Survey and Design Institute, the Communication Signal Corporation and the Electrification Engineering Bureau of the Ministry of Railwa. , which are responsible for designing and construction closely coordinated with the Beijing Railway Bureau and other units, mutually creating conditions and making it possible to carry on the construction without interruption to shipping. While vigorously performing the civil engineering work of which it is responsible, the Beijing Railway Bureau, under the unified arrangement of the Ministry of Railways, has adopted such measures as double engine hauling and reducing the time for the technical inspection of trains. It closes the line between Zhangjiakou and Datong for 2 hours daily and that between Sanjiadian and Shacheng 3 hours daily, creating conditions for constructing the electric line. Within the limited time for construction, the Electrification Engineering Bureau and the Beijing Railway Bureau in charge of building remodeling make advance preparations and work at a high speed. To speed up electrification, the 500 plus staff and workers of the 5th and 7th teams of the 2d engineering section took hardship as an honor, camped in the deep valleys, overcame the poor lighting and cramped space in the tunnels and safely completed 15 days ahead of schedule the tunnel work, and the work was of good quality. The on-site staff and workers of the Electrification Engineering Bureau rise daily at 3 o'clock in the morning and start at 4, valuing every minute and every second in their endeavor. Currently, the several advance projects are progressing rapidly, completing 66 percent of post erecting, 60 percent of signal engineering, 100 percent of rerouting and tunneling, 44 percent of station remodeling and close to 50 percent of building construction of the current year's quotas. While these construction tasks are performed, the monthly transport tasks of the line are completed.

Sketch Map of Feng-Da Railway Drawn by Li Shuping [2621 2885 1456]



[Key on following page]

Key:

1. Baotou
2. Kouquan
3. Taiyuan
4. Datong
5. Yanggao
6. Guanzhen
7. Zhangjiakou
8. Xuanhua
9. Xiahuayuan
10. Shacheng
11. Beijing
12. Guanting
13. Yanhecheng
14. Yanchi
15. Shacheng
16. Beijing
17. Sanjiadian
18. Baoding
19. Fengtai
20. Shahe
21. Huairou
22. Chengde
23. Shuangqiao
24. Tongxian
25. Tianjin
26. Sanhe
27. Yutian
28. Jing-Qin Railway
29. Qinhuangdao

6080
CSO: 4006/007

TRANSPORTATION

SHANXI HIGHWAY CONSTRUCTION BOOSTS PRODUCTION

HK150127 Beijing CHINA DAILY in English 15 Oct 82 p 2

["Special" to CHINA DAILY: "Newly-Built Highways Boost Production"]

[Text] A major road-building programme in Xiangyuan County in Shanxi Province over two years has given a strong boost to agricultural and industrial production.

It has greatly improved communications in the areas.

According to Gui Huaiwen, secretary of the county's party committee, about 35 highways covering 336 kilometres have been built in three years. This is substantially more than was built in the previous 30 years.

A traffic network has been set up, centred on the county town, and regular transport services now link 20 communes and most of the county's production brigades.

Results

The new network has already transformed the county's economy.

Last year, for the first time in three years, 430,000 tons of coal were transported out.

The value of agricultural and sideline products purchased from communes and brigades has risen by 52 per cent in two years.

Peasants' earnings from sideline activities have risen from an average of 33 yuan a year two years ago to 88 yuan.

The total value of retail sales has grown by 17 per cent. An extra 291 trucks and 234 tractors have been bought.

The improvements of the past three years have made people in the area well aware of the contribution improved communications can make to the local and the national economy.

"Highway construction is an important way to develop the national economy," Gui Huaiwen said.

CSO: 4020/13

TRANSPORTATION

ANHUI-JIANGXI RAILWAY TRUNK LINE BEGINS OPERATION

OW011022 Beijing XINHUA in English 0827 GMT 1 Oct 82

[Text] Hefei, 1 Oct (XINHUA)--A 551-kilometer new trunk line in east China, the Anhui-Jiangxi railway, began operation today while work on ancillary projects continues, according to railway administrations.

Running from Wuhu city in Anhui Province to Guixi in Jiangxi Province, the railway is connected with the Nanjing-Wuhu, Zhejiang-Jiangxi and Yingtan-Xiamen railways. It links the rail network in east China with the Yangtze, China's largest shipping artery, since Wuhu, the starting point of the new railway, is a port along the river.

The railway relieves pressure on the Nanjing-Shanghai, Shanghai-Hangzhou and other railways in this densely-populated part of China. It offers a short cut from Nanjing, capital of Jiangsu Province, to nearby Zhejiang, Fujian and other provinces to the south, and makes it convenient for tourists to go to Huangshan, a scenic attraction in Anhui Province.

The largest part of the new railway lies in Anhui Province and runs across many tea producing counties and towns and the cement center of Ningguo. Operation of the line is expected to promote the interflow of goods in these areas, said an official of Huizhou Prefecture in southern Anhui Province.

The railway is scheduled to be put into official operation after the completion of the ancillary projects.

The improvement of communications and transport is one of the strategic tasks for developing China's national economy listed by Hu Yaobang, general secretary of the Chinese Communist Party, at the recent 12th National Party Congress.

From Jinan, capital of Shandong Province, it was reported that a new railway marshalling project went into use today near the city.

It handles the growing volume of transport along the Tianjin-Pukou railway, the artery of transport from north to east China, and helps move more coal out of Shanxi Province, China's leading coal producer.

The project--at present in partial operation--consists of a large marshalling yard, railway stations, and workshops for the maintenance of internal combustion locomotives and railroad cars. It also involves the construction and reconstruction of rail lines.

CSO: 4020/13

BRIEFS

JINAN RAILWAY PROJECT--In Shandong the key Jinan railway project with domestically advanced technology and equipment has been basically completed and has partially gone into operation as of 1 October. As a key project of the country, the key Jinan railway project will enable scattered marshalling operations of the cargo trains at the Jinan railway station on the Tianjin-Pukou railway line to be done concentratively at the new marshalling yard of the Jinan railway west station, thus changing the negative situation in which transportation has been blocked in this section of the Tianjin-Pulou railway, greatly improving the railway's transport capacity and accelerating the transportation of Shanxi's coal to other places. This is very significant in developing the national economy. The key Jinan railway project includes the construction of the Jinan railway west station and six other stations, an internal-combustion engine section, a rolling stock section and a bridge spanning the Huang He, the total length of railway built being 212 km. The project also includes 180,000 square meters of dormitories, schools, shops, hospitals and other welfare facilities. [Text] [SK040505 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Sep 82 SK]

HUNAN MUNICIPALITY RAILROAD--Changsha Municipality has a main railroad line leading from the south to the north through the municipal center. This railroad line has greatly affected the layout and traffic of the city, people's livelihood and the appearance of the city. The State Council recently approved the demolition of this main railroad line and appropriated 30.4 million yuan to the Ministry of Railways to build a main railroad line in another place. Changsha Municipality will make use of the original railroad base to build a main road line leading from the south to the north through the municipal center. At present, relevant departments are making preparations for the demolition of the original railroad and the construction of a new railroad. [Changsha Hunan Provincial Service in Mandarin 2310 GMT 7 Oct 82 HK]

LIAONING COAL DELIVERY RAILWAY--The Beijing-Tongliao railway with a total length of 804 kilometers was built in 1980. It began operation in June 1981 and was placed under the jurisdiction of the Jinzhou Railway Bureau, Liaoning Province. The railway line shipped 3.4 million tons of coal from Shaanxi Province to the northeast in the first 2 months of its operation. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 11 Sep 82 SK]

NEI MONGGOL HIGHWAY TRANSPORT--Since the beginning of 1982, highway transport departments across Nei Monggol region have made progress in all fields of work. From January to September, the volume of goods transported was 27 million tons and the rotation volume of freight transport was 754 million ton-kilometers. The volume of passengers transported was 18 million persons and the rotation volume of passenger transport was 1,005 million person-kilometers. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 11 Oct 82 SK]

NEI MONGGOL HIGHWAY CONSTRUCTION--The Nei Monggol regional work conference on highway construction and maintenance was held recently in Ulanhot. The conference pointed out: by the end of 1981, total highway mileage reached 35,850 kilometers. A highway network linking Hohhot with various leagues, municipalities, banners and counties has been started. However, the quantity and quality of highways still cannot meet the needs of the region's economic construction. In addition, the highway administration is ineffective. To strengthen the construction and maintenance of our region's highways, we must mobilize the forces in all fields to strengthen highway construction instead of merely relying on the state investment. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 11 Oct 82 SK]

LIAONING'S DALIAN SEAPORT--The Dalian seaport in Liaoning Province has accelerated port innovation and construction in line with the guidelines of the 12th party congress concerning strengthening communications and transportation construction. The Dalian seaport can handle up to 30 million tons of cargo every year, among which, the export and import materials account for over 60 percent. Its foreign trade volume ranks first in the country. Since the third plenum, the Dalian seaport has invested over 20 million yuan to conduct technical innovation in some 20 key projects in accordance with the needs of economic development. In the past 4 years, the handling capacity of the seaport increased at an average rate of 7.9 percent annually and the profits handed over to the state averaged an increase of 23.7 percent annually. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Oct 82 SK]

SHAANXI'S AIRLINE ROUTES--Since the 3d Plenary Session of the 11th Party Central Committee, the civil aviation of Shaanxi has made an encouraging advance. Before 1978, Shaanxi had only four intraprovincial airline routes and one route to other provinces. Furthermore, the planes were small, the routes were short, and the shipping suffered losses year after year. After the party's Third Plenary Session, with the development of economic construction and tourism, civil aviation has also grown rapidly. Today, the Civil Aviation Bureau of our province has 18 routes, reaching Beijing, Shanghai, Guangzhou, Wulumuqi, Lasa, Nanjing, Zhengzhou, Changsha, Taiyuan, Chongqing, Chengdu, Xining, Yinchuan, Geermu and Lanzhou, a total of 15 large and medium cities in the country. Scheduled charter flights from Xian to Hong Kong were started on 15 August. The number and types of planes have both increased. Large Yier-18 passenger planes are replacing the An-24 planes, and medium Yier-14 planes have become the main passenger transport facility, markedly improving the economic benefits. In 1981, the label of policy losses was completely removed, and there was an annual profit of more than 2.5 million yuan. This year, they are continuing to implement the 8-point policy, making a profit of 530,000 yuan in the first half of the year, an increase of 1.6 times over the same period last year. [Text] [Xian SHAANXI RIBAO in Chinese 30 Aug 82 p 1] 6080

GUIZHOU RAILROAD TRANSPORT--The Guiyang Railroad Subbureau fulfilled its quota for transporting 11.324 million tons of freight in 1979 and the volume of freight transport in 1980 was some 696,000 tons more than in 1979. The volume of freight transport in 1981 was some 1.112 million tons more than in 1980 and the volume of freight transport from January to August this year was some 590,000 tons more than in the corresponding period last year. During the 10 years of turmoil, the subbureau's volume of freight transport was only 5-6 million tons. [HK051424 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 2 Oct 82 HK]

SHANDONG SEA TRANSPORTATION--Since the 3d Plenary Session of the 11th Party Central Committee, Shandong Province has made relatively good progress in sea transportation undertakings. In the past 3 years, the province has added 16 transport vessels totaling 40,000 tons, built or expanded the coastline of seaports by 610 meters and increased handling capacity by 1 million tons. The volume of goods transported increased at an average rate of 17.2 percent each year. The province now has 17 local seaports with 58 berths. The total length of coastline of these ports is 3,500 meters, an increase of 30 percent over 1978. The province has some 50 state-run transport vessels totaling 70,000 tons, an increase of 17 percent over 1978. In February 1980, a shipping line between Qingdao and Hong Kong was opened. This year, a shipping line between Qingdao and Japan has been opened. There are five oceangoing vessels totaling 38,900 tons in the province. [SK161225 Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Oct 82 SK]

SHANDONG ASPHALT ROAD--In the past three years, Shandong Province increased asphalt roads by over 2,760 km. At present, the province has over 14,860 km of asphalt roads and 42 percent of the highways is paved with asphalt. According to a statistic, the province scored 90 percent decrease in its vehicle transportation blocks caused by accumulated snow, upgrading its transportation efficiency by 27 percent and lowering its transport cost by over 22 percent. [SK131140 Jinan Shandong Provincial Service in Mandarin 2300 GMT 5 Oct 82 SK]

SHANGHAI CIVIL AVIATION--The Shanghai administration of civil aviation has fulfilled this year's target for specialized flights 4 months ahead of time. It has carried out various flights this year for 42 operations bases in 6 provinces and 1 municipality in east China. In forestry, it provided seeding, afforestation and pest control flights. In agriculture, the flight services included seeding, weeding, fertilizer application, pest elimination and (?fodder grass seeding). The flights totaled 4,200 hours and covered a combined area of 4.71 million mu. In addition, flights have also been made to apply top dressing for 1.5 million mu of wheat in 9 counties and 12 farms in Anhui Province. [Beijing Domestic Service in Mandarin 1000 GMT 22 Sep 82 OW]

SHANXI ELECTRIFIED DOUBLE-TRACK RAILWAY--Taiyuan, September 29 (XINHUA)--A 235-kilometer double-track railway line designed to transport more coal out of Shanxi Province, China's leading coal producer, opened today. Linking the provincial capital Taiyuan with Shijiazhuang, capital of Hebei Province, this is China's first electric double-track line, according to the Ministry of Railways. The section from Shijiazhuang to Yangquan--a coal producing city in Shanxi--opened in September, 1980. In 1981, Shanxi produced 130 million tons of coal, about one-fifth of the national output. With the

completion of the railway electrification project, transport on the line will grow from 18.2 million tons to 40 million tons a year. Other lines are being electrified with the goal of transporting 112 million tons of coal in 1985 from Shanxi, the ministry said. The transport goal for 1982 is fixed at 80 million tons and for 1983, 90 million tons. One of the lines under electrification is the line from Fengtai on the western suburb of Beijing to Datong, a major Shanxi coal producing city. The project is scheduled for completion in 1984. Construction is also underway on the Beijing-Qinhuangdao double track, electric railway line also designed to transport Shanxi coal. The port city of Qinhuangdao is a major outlet for coal export. [Text] [OW051034 Beijing XINHUA in English 1646 GMT 29 Sep 82 OW]

HOVERCRAFT TECHNOLOGY CONFERENCE--The second national meeting on hovercraft technology opened in Shanghai on 16 October. Our country has made promising progress in hovercraft technology in recent years, with hovercraft moving out from experimental stage to practical application. The number of hovercraft built in recent years are found to have performed well after long use. The hovercraft included a small amphibious hovercraft for geological survey and transport along the coast and a jet propelled tourist hovercraft for inland waterway operations. Tourist hovercraft for use along the coastal region has also been built and launched recently. The more than 120 experts and professors attending this meeting will sum up past experience and discuss and implement plans for developing hovercraft technology and key problems to be tackled in the future. [Text] [OW180643 Shanghai City Service in Mandarin 2300 GMT 16 Oct 82]

CSO: 4013/26

GENERAL

HOUSING OFFICIAL INTERVIEWED ON RENTS

HK151316 Beijing BEIJING REVIEW in English No 41, 11 Oct 82 pp 27-28

> [Text] Chinese urban dwellers pay exceptionally low rents--some think too low. To get a better understanding of this, our correspondent Zhang Zeyu interviewed a responsible member from the Bureau of City Housing under the Ministry of Urban and Rural Construction and Environmental Protection.--Ed.

Question: Would you explain the system of housing rental in the cities?

Answer: Most urban housing is owned by the state, factories or mines. I suspect our country's rents are among the lowest in the world. Tianjin charges the highest monthly rents among China's larger cities--0.279 yuan per square meter. Guiyang in southwest China has the lowest, 0.067 yuan per square meter, roughly the cost of three boxes of matches.

Rent is such a small portion of people's income that literally no one worries about inability to pay the rent. A survey of 200 cities shows that average monthly rent is 0.11-0.12 yuan per square meter, about 2-3 percent of a family's monthly income.

Table 1 shows the average rents in 13 major cities.

Question: Who is entitled to rent out housing?

Answer: The main agencies responsible for administering housing are the bureaus of housing administration, government organizations and enterprises. A small amount of rental property is owned by individuals.

Table 2 shows the breakdown for the 709.5 million square meters in the 200 surveyed cities.

Question: What is China's policy for rents?

Answer: China is a developing socialist country that has a relatively equal distribution of daily necessities. Our policy is to maintain low prices on basic items, including rent. I think this is correct.

There are a few problems with historical roots. In the early 50's, the policy was to rent housing for exactly the cost of regular maintenance plus enough to build new houses to replace the old ones which were no longer habitable. At that time urban houses rented for an average of 0.30 yuan per square meter, 6-7 percent of the family income.

In 1955, the State Council worked out a temporary measure to lower the rent collected from state functionaries in Beijing to 0.11 yuan per square meter. Other cities followed suit and rents were universally cut.

Later, the state decided that rents of workers and staff in state-owned houses should cover depreciation, maintenance and management, and planned to raise rents accordingly. Rents would have been 6-10 percent of the workers' incomes, still very low compared with many other countries. But the higher rents were never instituted owing to the influence of the "left" view which regarded low rents as pure benefits to the people. During the "Cultural Revolution" rents were reduced again to the present rate.

I should say the rents are really too low.

Question: But isn't that desirable?

Answer: I don't think so. First of all, low rents are an added burden on state revenues. In 1979, for instance, the average monthly rent was 0.10 yuan per square meter, while the monthly costs of depreciation, maintenance and management were 0.38 yuan per square meter. The remaining 0.28 yuan had to be covered by state and enterprise funds.

Low rents also intensify conflicts over the allocation of housing. All housing except that owned by individuals is subsidized by the state on a per-square-meter basis. Therefore, for a family, increased living area requires a relatively small increase in payment, since the bulk of the bill is picked up by the state. This is irrational and motivates some people to scheme to acquire more and better housing. In times of severe housing shortages, this sometimes causes unfair housing allocations that in turn adversely affects unity among workers.

Furthermore, low rents discourage people from buying homes. The cost of a 50-square-meter house is roughly 6,000 yuan. The same sum deposited in the bank collects a monthly interest of 28.8 yuan. The monthly rent for a flat of the same area is less than 5 yuan. Moreover, a home-owner must pay taxes and regular maintenance fees. Clearly, it is much less costly to rent than to buy. Some people actually have sold their homes to live in rented flats.

Question: What measures would you recommend to improve the situation?

Answer: I think workers are entitled to low-rent housing as part of their benefits package, and housing is an important component of the country's economy. But it should be administered efficiently and rents should be determined according to business accounting methods.

The Housing Administration Bureau is tackling the problems and developing solutions such as rational allocation methods and graduated rents in line with the floor space per capita and the quality of the housing, i.e., people who have more space than others should pay more and better housing with better facilities should cost more.

The reorganization of rents is vital to workers' interests and must be conducted with great care.

Table 1

Cities	Monthly rents (yuan per sq. m.)	Percentage of family's income	Remarks
Tianjin	0.279	4.73	
Guangzhou	0.25	5.36	
Urumqi	0.25	4.08	80 percent are subsidized by the state
Qingdao	0.197	2.8	
Shanghai	0.208	2.8	
Changchun	0.19	3.36	One-third are subsidized by the state
Wuhan	0.15	4.1	Ibid.
Kunming	0.148	4	The state gives a 2.18 yuan monthly subsidy to each family
Beijing	0.126	2.26	
Nanjing	0.121	3.7	
Nanchang	0.11	2.2	
Lanzhou	0.069	1.4	
Guiyang	0.067	1.4	

Table 2

Housing rented out by	Floor space (sq. m.)	Monthly rent per sq. m. (yuan)
Bureau of Housing Administration	203.4 million	0.08-0.12
Government organizations, factories and mines	380.33 million	Less than 0.08
Individuals	125.78 million	20-30 percent higher than those collected by the bureaus of housing administration

CSO: 4020/010

GENERAL

BEIJING HOLDS HOUSING EXCHANGE FAIR

OW151758 Beijing XINHUA in English 1634 GMT 15 Oct 82

[Excerpts] Beijing, 15 Oct (XINHUA)--The first citywide housing exchange fair since 1949 opened today, attended by more than 10,000 Beijing residents, at the Working People's Palace of Culture for three days.

The fair, designed to aid residents in obtaining convenient and suitable housing in a city long pressed by a shortage, is sponsored by the Beijing Bureau of Real Estate Administration.

At the open-air fair, 12,000 cards containing house-exchangers' addresses, numbers of rooms, floor-space, exposure direction, rent and prerequisites for exchange were posted up. More than 900 staff at several dozen service counters answered questions and helped interested people with the necessary procedures. Cards had been collected and collated by the staff before the fair's opening, and checked to ensure the truth of the information provided.

In the 33 years since the founding of the People's Republic, the urban area of Beijing has expanded from 109 square kilometers to 340 square kilometers, and residential floor-space has increased from 13.54 million square meters to 52.60 million square meters in 1981. Though new buildings have all been assigned to residents, the need for housing exchanges has emerged as a result of employment, job shifts and other factors. People need to live closer to their work units while others wish to live near elderly or sick relatives.

Organized housing exchange in Beijing started in 1956. With a general housing exchange station, 9 substations and full-time or part-time staff at each housing office which looks after a certain number of blocks, Beijing has formed a service network for exchanges. Since May 1980, these institutions have held, in addition to day-to-day exchanges, 26 district-scale fairs.

Housing exchange involves only shifting of residence while ownership still remains in the hands of the state.

END

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China Report

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No. 282

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NATIONAL POLICY AND ISSUES

MULTIVARIETY PRODUCTION IN MACHINERY INDUSTRY

HK201027 Beijing JINGJI GUANLI in Chinese No. 7, 15 Jul 82 pp 53-57

[Article by Yin Gongyi [1438 1872 0308] and Yang Chengyi [2799 2110 5030]: "Principle Methods for Organizing Multivariety Production in Machinery Industry"]

[Text] During the last few years of readjustment in the national economy the machine building industry has been confronting two major situations. One is the large-scale decrease in demand for traditional machine products, making production in many enterprises extremely problematic. The other is that technological innovations and improvements in equipment in heavy industry, light and textiles industries, the food industry, medical and building construction industries as well as in timber and animal husbandry have resulted in many new products and many new demands. Demands such as these pass through the channels of each department, region and enterprise before reaching the machinery industry as an order, thus making the delivery schedule for goods extremely tight. In view of this situation it is necessary for the machinery industry to continue to support the planned economy and bring into play the effective aid of market adjustments in order to put new life into production.

The machinery industry must therefore incorporate these new demands on machine and electrical products into their planning, and in organizing production, it must grasp and put into practice some theories and methods of multivariety production, thereby improving the adaptability of the industry and ensuring delivery dates as specified in contracts, as well as increasing the economic efficiency of the industry.

1. New Lessons in Production Management

Overseas, particularly in the United States and Japan, the end of the Second World War saw a relatively serious shortage of goods and materials. Whatever enterprises could produce, they were able to sell. This situation continued for quite some time, and during this period the area of greatest concern for enterprises was centred on improving production technology and increasing the efficiency of organised production, while no attention was given to problems of market changes or the marketability of products.

The main method of organizing production was to adopt fixed assemblyline production, thereby seeking stability in planning and harmony within production, and from there improve production efficiency. Later, production began to develop quickly, goods and materials became more abundant and the market itself underwent enormous changes. No longer could an enterprise produce what it liked and be able to sell it; now it had to produce in accordance with the demands of the market and take capturing the market and raising sales figures and profit levels as its management targets. Under conditions such as these, an enterprise had to adapt to the market before it could gain initiative in competition. Thus in the last 30 years or so the theories and methods of economic administration in these countries have seen new developments, the main ones being the following four:

1) To make market analysis and prediction the basis for planning organizational work.

2) After theories for administration have been established, production plans must come under the guidance of administration plans.

3) Use scientific methods to organize the production of a greater variety of products. Production plans must underline the importance of flexibility and adaptability and the need to increase technological services.

4) Overall administration must be applied to market predictions, economic and administrative planning, technological standards, production organization, production service and product information and feedback.

From these points it can be seen that the domain of production administration has developed and expanded from the rationalization of the organization of the production process, and high efficiency, to administration of the whole process of production from market analysis to technological services.

China's machinery industry is at the moment undergoing changes similar to those stated above. Without studying market demands, it is impossible to organize production. This will result in blind production, and consequent overstocking. Hence under conditions of market competition in which there is an abundance of product varieties, goods are suddenly in demand and the situation is constantly changing, the demands on production administration are even greater. Production administration within enterprises has thus entered a new domain. Enterprise production management should draw up flexible and dynamic plans, taking into consideration market changes and based on management targets and policies. It should utilize network technology and shorten the period of production technology preparation as well as the production time itself, and in accordance with the demands of contracts, set up assembly line production. For different machine parts adopt different administrative methods, and decide on the production of different batches. For production parts which require up a lot of funds and complex production processes, apply economical methods of batching,

thereby cutting back on costs. Enterprises with the conditions to do so can organize their technology according to the type and shape of the parts to be produced and then decide on assembly line production or processing unit production, all based on greater product variety, short production time and large-scale changes within the market. In addition there is a need for a well organized and planned customer service. The use of large or microelectronic calculators to help in administration allows unimpeded information and fast responses and reactions. These are all new lessons for us in production administration.

2. Main Methods of Organizing Multivariety Production

There must be a strengthening of the enterprise's flexibility toward the market and an improvement in the economic effectiveness of organizational activities within enterprise production. There is a need for a complete set of methods and systems, each separate one with its own characteristics but all inter-related and intercoordinated, before any achievements can be made.

A) Taking management as a central focal point, we must carry out market investigations and predictions while at the same time organizing thorough contract administration.

Market study has its own characteristics and theories, as well as methodology and rules which all enterprises should scientifically learn to utilize. While in the process of using market research and prediction methodology, the enterprise must also rely on its own technological skills, production characteristics and management aims and targets, all with careful planning.

Amongst some successful enterprises abroad, opening up the market and capturing the market requires studious application of "the two appraisals" these being appraisal of the product and appraisal of the enterprise. When dealing with a product new to the market, in addition to analysing the length of the product's life on the market and various market characteristics, it is vital also to thoroughly analyse the characteristics of the product's production technology in addition to making a complete appraisal of the enterprise's own production skills, technological equipment and technological specialities before making any policy decisions. For example, such products as washing machines or bicycles both have markets, but it may not necessarily be suitable for an electrical generator factory or heavy duty machinery factory to manufacture such products. Thus there are four main principles which must be adhered to: 1) similarity between the product structure and that of the products manufactured by the factory; 2) suitability and similarity of production skills; 3) potential for exploiting the factory's specific technology skills; and 4) potential for using the factory's specific technological equipment.

In line with the above principles, the first step in organizing multi-variety production is the question of how, within an enterprise, one should carry out rational grouping and organization as well as putting into production products which already have many different varieties. There are two basic ways. One way is passive, putting a product into production according to consumer demands without changing or adding to the available machinery and equipment. The other is to base product decisions on the enterprise's design, technological skills and production characteristics and to initially draw up many grouping schemes and then decide which product is the best, which ones are not so good and which one is the most rational and practicable. All such products should be made into samples and handed over to salesmen for consideration during the time when orders are taken. When the salesman has come to understand the sample and has made an agreement with the consumer then contractual delivery dates must be worked out and honored. All this must be in accordance with the enterprise's basic production structure. This method is more actively dynamic and is able to avoid or solve problems thrown up by the passive method which generally results in greater responsibilities and complications in productions as well as in contracts with delivery dates that cannot be met.

B) There is a need to organize and work out a management plan to guide the enterprise to adapt flexibly to changes in the market. Here, there is no need to discuss the entire question of management planning, but only that part of management planning relevant to the organization of multi-variety production. In addition to well laid out management goals and policies, management planning should also be flexible, lively and adaptable. Management planning involves both composite and specific planning and the directing of plans for putting into action concrete measures. The following are some points which are directly relevant to improving enterprise flexibility and adaptability:

1) The introduction or dismissal of new domains and new products in the overall plan. This sort of planning is of great value in extending spheres of service, opening up potential markets and developing innovations to old products.

2) Management planning in periods of change and management planning under adverse circumstances. During this period of readjustment there may be sudden changes in the target of an enterprise's product or services. For example, the Nanjing Steam Turbine Factory was originally designed to produce gas turbines, but because of changes in policy concerning energy and reductions in national construction investment, the factory changed to producing small-scale air pumps and steam turbines and various other small-scale products. The result of this was that many problems emerged in connection with the factory design and the equilibrium between the production capacity of each workshop. Thus when organizing multivariety production it is necessary to work out thorough plans for design, technological skill, technological personnel and workers as well as plans for the feasibility of readjusting machinery and equipment in order that any problems may be overcome and future changes handled easily.

3) Contingency plans. At present in China there are many channels for ordering electrical machinery and a factory which needs new machinery and equipment because of technology changes can order them itself. In such a situation an enterprise can be very unclear on the state of the market. For example, it was originally said that bakelite board, shaving board and fibre board pressing machines were all in great demand and many machinery factories began production. At present, however, the demand for such machines is no longer very great. Thus, enterprises should prepare themselves to counter such problems and to draw up concrete contingency plans for such events.

It is vital that in order to improve an enterprise's adaptability, it is vital to organize production plans of a flexible nature for long-, medium- and short-term production. Under the guidance of the above-mentioned management plans, the machinery industry can work out 10- or 5-year production plans, judging by market changes. By adopting dynamic methods it may undergo annual changes within the following 5- or 10-year period. In yearly terms, the industry can draw up fluid production outlines for a 15- or 9-month period, with changes every month, and constantly introduce market change factors into the plan in order to guide and assist the enterprise's work in technological production. In the course of drawing up this fluid plan, it is vital that the prevailing conditions of the enterprise's existing equipment capacity be fully exploited and all contractual delivery time met.

C) In preparing production technology and drawing up plans, network technology should be utilized and production time shortened.

A fairly widespread problem in the organization of multivariety production is the unsuitability of enterprise product design, machine tool design and production capacity to market requirements. From our examination of several large enterprises such as Huadong [5478 2639] Huabei [5478 0554] and Dongbei [2639 0554], it seems evident that an enterprise which has properly solved the problems of insufficient design and technological weakness, automatically sees improvements in its market and production adaptability. Network technology should be used to organize in a planned way design, technological skills, machine tools and various other things necessary for the preparation of production technology. By starting with a formulation of work quotas for technicians, network plans should be drawn up for each product and all plans should be carefully evaluated and examined to eliminate any contradictions and find possible ways of shortening production time. The period of time needed for the preparation of production technology can be shortened by the reintroduction of the bonus system.

In formulating the preparation period for production planning, a network of plans should first be produced for the processing of products and key spare parts. After evaluation and the removal of any contradictions one will be able to see the feasibility of the production time and storage quotas.

D) Fit out work shops with assembly and production lines, rationalize the setting up of processing work shops, achieve full coordination and ensure the ordered production of multivariety goods.

In line with market changes, some large-scale enterprises with assembly production, such as automobile factories, which set up all sorts of different assembly lines during their preparation period in order to try and satisfy consumer demand, have reduced their production funds. Some other enterprises such as lathe factories and machine tool factories have decided that it is necessary to alter their previous production methods in order to satisfy consumer demands and introduce not assembly lines but workshops fitted out for assembly and therefore more in line with the market's need for a wider variety of products. This may be seen as a very good move. We feel that the multiple assembly methods used in enterprises with large-scale assembly production are good because they may be used in non-assembly enterprises for multivariety production and even in mixed-assembly production lines. For example, by using logical calculations, we may analyze the production and technology characteristics of multivariety manufactured products and establish the value of their specific characteristics and from there establish the key factors in the product's technological production, production equipment and assemblage area. On the basis of such analysis we can establish the extent of influence on the product of any one of the above factors and from there draw up and work out operational plans. From this point, based on the concrete situation of the enterprise, several schemes can be selected and one or more trial models chosen. In this way we can scientifically advance the organization of assembly and installation for the manufacture of a product.

In order to comply with the demands of mixed-assembly work, machinery processing work shops must be able to punctually provide the necessary parts for each product. This is the key to realizing mixed-assembly production.

In order to comply with the demands of mixed-assembly line production, machinery work shops may adopt two organizational methods. One is to organize multiprocess administration, the other is to put into operation production of varying batches at various times. Both of these methods are in accordance with the demands of a production line.

Multiprocess administration means that one spare part or piece of a product is processed by one versatile operator and this one person carries out all stages of the production of one spare part for assembly. Of course the equipment for such machinery processing and the distribution of the labour involved must comply with the demands of the assembly line. Such a method demands a relatively high standard of administration in the enterprise and relatively highly skilled workers. Such organization methods use less funds and are economically very efficient.

Production involving varying quantities and time periods should be based on the enterprise's actual situation. The processing of a spare part should be based on the complexity of the process and the amount of money it costs. Production should be divided into A, B and C, with A representing those products with high costs and complex processing. Based on rational calculations of economic production levels, a rational production limit in terms of time and quantity must be established. Production of types B and C is relatively simple and costs relatively little and on this basis relevant production decisions may be made.

In order to ensure coordination and linkups between assembly, machine processing and other work shops, there is a need to establish an efficient guidance and command system.

In the work of production management, the use of a program board is a good way of ensuring that assembly parts arrive on time. The Changchun No. 1 automobile factory adopted such a method on a trial basis and successfully managed to avoid the piling up of machine parts in the assembly room. It also reduced the amount of funds needed for the manufacture of the product, thereby giving the entire assembly line a new look. This method is well worth popularizing.

E) Gradually carry out the organization of technology and organize multivariety production for greater adaptability to the market.

In today's industrially developed countries, organized technology for use in machinery processing is already well established. Now, more than half the total enterprises use organized technology and in some countries as much as 65 percent. At present there is ever deepening and widening development in this field, and the application of such technology has now spread from single unit production enterprises to composite production enterprises.

The use of organized technology helps to raise an enterprise's suitability for multivariety production in the following ways:

1) It reduces the amount of design and technological work needed for the standardization of product design work. Because of the scientific organization of product parts and the improvement in systematization, generalization and standardization of product design, stock coding is made feasible and on the basis of orders, designers can first select standard blueprints and technological production processes for parts, and design on a larger scale; in this way design and production planning work can be greatly reduced.

2) It allows small-scale single unit machine processing to become large-scale. Furthermore, parts with similar processing and of similar size may be combined and integrated, thereby saving time on machinery adjustments and raising processing efficiency.

3) It simplifies production planning and coordination work. Work plans can be drawn up both for organized processing production lines and organised units, thereby avoiding complexities in the planning and coordination work of multivariety production.

On the basis of the current state of China's machinery industry, the move towards the use of organized technology must be made from low level to high level, simplicity to precision, in planned and structured way. As far as commonly manufactured products are concerned, scientific coding should be carried out according to the product's shape, size and production complexity. In this way the Beijing people's machinery factory was able to classify its parts into toothed parts, worm shaped parts, screw parts, etc., a total of 11 different classes, and on the basis of this the factory organized the appropriate production lines and processing units. The object of production organization and administration is to change what were previously unit products into a series of several processing units. Thus all the necessary planning, timing, and other organizational and planning work involved in preparing for product manufacture should have as their objective classification into units. In this classification work, one can generally make use of the normal planning theories and methods. In implementing such principles one can carry out trial runs in one work shop or on one type of product and then gradually expand to include the entire factory. Based on the enterprise's level of administrative work, the parts department may first be organized for production. Later, by organizing design, production work, and machine tools, unified coding systems may be drawn up and work shops adjusted and rearranged as necessary and then production organized following similar principles. As far as the coding system is concerned, the move should be from simplicity to complexity of precision type coding.

Of course, all of the above must be based on extremely solid foundation work, for if the foundations of an enterprise are not sound, there is no way that multivariety production may be organized and developed successfully.

CSO: 4006/053

'JINGJI GUANLI' ON REORGANIZING LABOR ORGANIZATION

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[Article by Kang Yonghe [1660 3075 0735]: "Production Should be Organized According to a Fixed Number of Staff Members and Fixed Quotas"]

[Text] Reorganizing work units, arranging production according to a fixed number of workers and fixed quotas and firmly overcoming overstaffing and laxity are an important content of the present reorganization of enterprises and also an effective means of perfecting the economic responsibility system, tapping potential in production of enterprises and raising economic results. The various sides and sections concerned must make great efforts to do this work well as required by the CPC central committee and the State Council.

The work regarding fixed numbers of workers and fixed quotas is one important aspect of the basic work of the socialist enterprise management and it is also the aspect which was very seriously damaged during the 10 years of internal disorder. Since the 3d plenary session of the 11th CPC central committee, the enterprises' work regarding fixed numbers of workers and fixed quotas has been restored and improved to a certain extent. According to statistics from some localities and departments, the workers who have practiced this system of fixed quotas constitute 70 to 80 percent of the total number of the workers who can practice such a system and the level of fixed quotas of some trades and enterprises has also, to some extent, been raised. Through assigning work according to a fixed number of workers, some enterprises initially put an end to irrational labor organization and overstaffing. For example, since 1978, on the basis of the "four checkups" (checking up on the job personnel allocation, the use of man-hours, the loading of equipment and working efficiency) and the "three contrasts" (contrasting the company's present standards with those issued by the ministry concerned, its present level with its own best level in history and with the advanced level of the same trade), the Shoudu Iron and Steel Company has comprehensively carried out the fixed number of workers and fixed quotas work. The company has tapped the latent power of the labor force totalling 8.768 people, constituting 13.3 percent of the total number of staff and workers. The fixed number of cadres in the whole company decreased from 10,862 to 9,378, a reduction of 13.66 percent. Moreover, it has made proper arrangements for surplus personnel. While the company's

production of iron and steel was limited, output value per worker in 1981 nevertheless totalled 17,140 yuan, or 12.73 percent higher than the best level in history, calculated in terms of the same items. While restoring and intensifying work with a fixed number of workers and fixed quotas, the responsible departments and labor departments of enterprises have done a lot of work in training cadres, setting standards for fixing the number of workers required and fixing output quotas, enforcing the management with a fixed number of workers and fixed quotas, organizing the exchanges of experiences and conducting the study of output quotas. This has played an important role in pushing the improvement of labor organization of enterprises forward and in restoring and strengthening the work with a fixed number of workers and fixed quotas.

However, work with a fixed number of workers and fixed quotas is still a weak link enterprise management at present. The enterprises which have done this work satisfactorily constitute a relatively small number, while mismanagement exists quite widely. The phenomena by which labor organization is irrational, administrations are overstaffed, nonproductive personnel and auxiliary productive personnel on the second line are superfluous, levels of fixed quotas are low and the man-hour utilization rate is low, are still a grim reality in some enterprises. Take a certain large-sized enterprise with more than 40,000 staff and workers for example. The productive workers on the first line constitute 28.8 percent of the total sum of staff and workers; the auxiliary productive workers on the second line, 44.63 percent; and the nonproductive personnel on the third line, 26.5 percent. Among the nonproductive personnel, the increase in the various types of personnel is irrational. Compared with 1966, the number of cadres at the departmental level has increased by 96 percent and the number at the sectional level, by 79 percent; the number of cadres engaging in political work has increased by 57 percent and the number engaging in professional work and engineering technical personnel by only 5.6 percent. While they still had surplus personnel, some enterprises recruited casual workers and peasants to fulfill the tasks in relatively poor working conditions and arranged large quantities of collective labor at the main production posts. The fixed labor quotas of quite a few enterprises have not reattained the best level in history. Some are even over 20 percent less than the 1965 figure and the effective man-hour utilization rate of quite a few enterprises whose production is being carried out normally is only about 50 percent. These problems have not only seriously prevented enterprises from improving their operational management but from a long-term point of view, also produced direct influence on the building of the contingent of staff and workers.

The causes of the above-mentioned problems are multifarious. The main reason however, is that the influence of the damage done during the 10 years of domestic turmoil has not been completely eradicated. As well as this, in the course of the economic readjustment carried out in the last few years, despite insufficient production tasks and superfluous personnel, some enterprises still had to give jobs to the young people awaiting

assignment. Also, the leadership of some enterprises attached insufficient importance to the basic work, such as the fixed number of workers and fixed quotas work and the departments concerned at the higher levels failed to pay close attention to this work and to provide better guidance. This has interfered to some extent with the conducting of the fixed number of workers and fixed quotas work.

Reorganizing enterprises, improving the economic responsibility system and raising economic results are the main tasks for China's present enterprise management. Making a good job of the fixed number of workers and fixed quotas work is both an important content of the reorganization of enterprises and one of the basic requirements for perfecting the economic responsibility system. Therefore, all enterprises must make great efforts to make a good job of the fixed number of workers and fixed quotas work as required by the CPC central committee so that it can play a positive role in improving and strengthening the operational management of enterprises and in raising economic results.

1. Deepen Our Understanding and Exercise More Effective Leadership

Deepening our understanding and exercising more effective leadership is the key to making a good job of the fixed number of workers and fixed quotas work. With insufficient production tasks and superfluous personnel, some enterprises lack sufficient confidence in whether or not a good job can be done in work with a fixed number of workers and fixed quotas. Some leading cadres in the enterprises whose production tasks are relatively normal pay one-sided attention to production to the neglect of management and of the basic work and even hold that carrying out the system of a fixed number of workers and fixed quotas will require a great deal of strenuous effort but produce no quick results, and is therefore not very significant. They fail therefore to put the enforcement of management with a fixed number of workers and fixed quotas on the agenda. The leading comrades in some other enterprises are relatively low-spirited and afraid of inviting pain, of giving offence and afraid that there may be difficulties in making arrangements for surplus personnel, and they fear difficulties in doing the fixed number of workers and fixed quotas work. All these reasons constitute the main obstacle in the strengthening of the fixed number of workers and fixed quotas work, and they should be solved on the basis of deepening our understanding.

The work concerning a fixed number of workers and fixed quotas is an indispensable element for the enterprises in drawing up their plans, accounting their production capacity, doing a good job in business accounting and implementing the principle of "from each according to his ability, to each according to his work." It is an effective measure for developing production and tapping potential in production. To improve operational management, to produce more products which cater to social demand with the minimum consumption of labor and to raise economic results, it is necessary for any enterprise to do a good job in the fixed number of workers and fixed

quotas work. Insufficient production tasks and superfluous personnel have indeed brought more difficulties to the fixed number of workers and fixed quotas works but it is precisely because of this that there is an even greater need to pay close attention to making a good job of the fixed number of workers and fixed quotas system and to organize production in an economical and rational way. Otherwise, the practice of allowing two or three people to do one man's work will lead to a situation in which people depend on each other for work, laxity in both spirits and discipline prevails and labor efficiency is very low. Then, in a situation in which production tasks are abnormal and the administration is overstaffed, can a good job be made of the fixed number of workers and fixed quotas system? Can surplus personnel be properly arranged? The experience of the Shoudu Iron and Steel Company has answered this question. The experiences of some medium-sized and small enterprises, such as the Shanghai crane transportation machine-building plant, the Anshan glassworks, the Hunjiang optical instrument plant and a cargo service company in Changchun Municipality, have also given an affirmative answer to this question. The concrete conditions of these enterprises certainly differ but they have one experience in common. The leadership of these enterprises attaches importance to this work and their guiding ideology is correct. They can open up new prospects in production and in service fields in line with local conditions and by every possible means create wealth for the state. They make use of the opportunity of the administrations being overstaffed for training the staff and workers in rotation from the higher strategic plane. The experiences of these enterprises show that although difficulties are objectively numerous, so long as the main leading cadres of enterprises devote themselves to their work and are foresighted and highly responsible, the difficulties are surmountable, a good job can be done in the work with a fixed numer of workers and fixed quotas and fairly satisfactory arrangements can be made for surplus personnel.

2. Arrange Production in Accordance with a Fixed Number of Workers and Fixed Quotas

Arranging production in accordance with a fixed number of workers and fixed quotas is a scientific labor management measure. The staff and workers or production teams and groups whose work load can be measured or checked should carry out fixed labor quotas. Fixed quotas are not shown in the quantity of products alone, but in the quality and consumption as well. As for those staff and workers who carry out the system of fixed quotas, fixed quotas are the basis of the system of a fixed number of workers. The number of workers of this section of staff and workers is fixed according to production tasks and fixed labor quotas. The number of workers of the section of staff and workers who cannot carry out the system of fixed quotas should be fixed separately in accordance with the equipment, posts or the tasks of work. The system of a fixed number of workers includes not only the number of personnel but also the requirements of the personnel. On the basis of the fixed number of workers, it is necessary to set a clear and definite and concrete job responsibility system and

regularly carry out the work of assessment. In the fixed number of workers work, the enterprises must make an assessment of the laborers according to the concrete requirements of the various posts in production or work for the laborers. Those who pass an examination will be given job I.D. cards and allowed to work at their posts. Those who fail to pass the examination, instead of being allowed to work at their posts, must, for the time being, be speedily trained so that they can attain the requirements of their posts as soon as possible. For those who have received the vocational training and still fail to pass the examination other arrangements should be made.

The fixed number of workers work in an enterprise includes not only the fixing of the total number of workers of the enterprise but also the fixing of the number of workers of the various posts and units of the enterprise. The enterprises whose scope of production has been set and whose production tasks are relatively normal must determine the total fixed number of workers of enterprises when the fixed number of workers of the various units and posts of enterprises has been set. The enterprises whose scope of production has not been set or whose production tasks are abnormal or have difficulty in working out the total fixed number of workers must also make a good job of fixing the number of workers of their various units and posts in accordance with the already fixed production and work tasks to create conditions for establishing a normal production and work order. It must still be pointed out that partial changes in no matter what enterprises are a common occurrence and they should readjust the fixed number of workers in good time with the changes in their labor organization and with the improvement of working efficiency. The argument which holds that only when the production tasks are relatively normal and the various conditions are comparatively stable, can the system of a fixed number of workers be carried out, and that once the number of workers is fixed, there should be no change for a long period of time is not correct.

In order to consolidate the achievements of the work with a fixed number of workers and to give play to role of this work, it is imperative to withdraw surplus personnel and to make other arrangements for them rather than allowing them to stay at the former workshops and to drift along at the former posts. When understaffed, the enterprises should report to the higher authorities in accordance with the procedures of examination and approval of labor planning. The responsible departments and labor departments should allow the enterprises concerned to increase the number of personnel who are really needed by means of redistributing personnel between different enterprises or by means of recruiting new workers from society. After the number of enterprises is fixed, the various sides and sections concerned must not forcefully send the people awaiting assignment to the enterprises and the enterprises must not inappropriately increase the number of their personnel for the sake of accommodating the sons and daughters of their staff and workers. With regard to the single item requirements assigned to enterprises by the departments concerned for providing specialized personnel to enterprises, the enterprises are allowed

to implement them on the prerequisite of not interfering with the work and in the light of the actual conditions of specific units. Those who can do their work at that time are allowed to do so and no stress must be put on the practice that a job must be suited to a persons special training.

3. Formulate the Level of a Fixed Number of Workers and Fixed Quotas in Accordance with the Requirements of an Advanced Average Level

Formulating the advanced average level of a fixed number of workers and fixed quotas is the core of the work with a fixed number of workers and fixed quotas and also the main indicator of the quality of the achievements of this work. With regard to the level of the fixed number of workers and fixed quotas, we must persist in the requirements of an average advanced level. Only in this way, can the labor potential be brought into full play, labor efficiency be raised and fairly satisfactory economic results be gained. The so-called average advanced level is a level which can be attained and surpassed by most people and be approached by a few people so long as efforts are exerted in a situation in which production is relatively normal and a relatively full use is made of man-hours. That is to say, when drawing up or revising fixed quotas, we must, on the one hand, take the level of the present fixed quotas and workers' fulfillment of fixed quotas into account in the light of actual conditions and also take such factors as the new technical and organizational measures and the gradual enhancement of the enthusiasm of the staff and workers into consideration. Then, we can set the fixed quotas on the basis of being both advanced and feasible. With regard to the fixed number of workers work, we must implement the principle of "efficient and simple administration, efficiency and opposition to bureaucracy" and in the spirit of high efficiency and full load, while ensuring the needs of production and work. We must put manpower to rational and sparing use and put an end to overstaffing and to the situation in which no one is responsible in economic affairs. In other words, while making comparisons among the enterprises of the same type, we must strive to make the organizational setups small in number but sensible, to use comparatively few people, to make proper arrangements for personnel and to enhance working efficiency and economic results.

In order to do a good job in the fixed number of workers and fixed quotas work, I propose that all enterprises organize a certain force and strengthen investigation and study and on the basis of the "checkups" and "contrasts" and in the light of the standards for fixing the number of workers and output quotas assigned to them by the responsible departments, of the best historical level and of the advanced level of the same trade, formulate their own level of the fixed number of workers and fixed quotas, just as the Shoudu Iron and Steel Company and other units have done. Those which have reached and surpassed the required level must continue to exert greater efforts to practice a more advanced system of fixed numbers of workers and fixed output. Those which have not reached the best historical level must try their best to reach it in the course of the reorganization of enterprises,

and those which really have difficulty in reaching it for the time being must make a plan and reach the required level within a definite time. The practice of carrying out a backward level of fixed quotas and resisting making revisions of fixed quotas for the sake of boosting personal earnings must be opposed and corrected.

It must be emphatically pointed out that the composition of personnel of some enterprises is very irrational, with "the first line being strained, the second line lax and the third line overlapping." This state of affairs interferes with the enhancement of the labor productivity of enterprises and is detrimental to stabilizing the contingent of the staff and workers on the first line whose enthusiasm for labor fails to be brought into full play. The leading comrades of these enterprises must have an adequate understanding of this state of affairs and in accordance with the spirit of the reorganizational reform of the central organs of the party and the state, they must take the reduction of nonproductive personnel and auxiliary productive personnel on the second line and the transfer of personnel to strengthen organizations on the first line as an important content of the fixed number of workers and fixed quotas work and earnestly grasp this work well.

4. Strengthen Ideological and Political Work and Future Implement the Principle of Distribution According to Work

Practicing the fixed number of workers and fixed quotas system has a direct bearing on the immediate interests of the staff and workers, so we must strengthen ideological and political work. It is imperative to teach the staff and workers to carry forward the spirit of being the masters of the country, to take the interests of the whole into account, to have the cardinal principles in mind, to submit to the needs of production, to correctly handle the relationship of the interests between the state, the enterprises and the individual, to subordinate their personal interests to the interests of the whole and their immediate interests to the long-term interests. Since last year's implementation of the economic responsibility system, the drawbacks of egalitarianism and the practice of eating "from the same big pot" which have for years existed in the matter of distribution have begun to be shaken up. However, this problem remains fairly serious and has a great impact on improving the level of the fixed number of workers and fixed quotas. Therefore, while enforcing the management with a fixed number of workers and fixed quotas, the enterprises must take the improvement of the methods of distribution as an important subject which calls for serious study and solution. Attention should be paid to overcoming the erroneous ideas that people's enthusiasm can be aroused only by means of increasing their wages and that the amount of bonuses can only be increased rather than decreased. In reality, since the economic responsibility system was introduced last year in a situation in which there was no increase in the total sum of bonuses, some enterprises have done a lot of work and further overcome egalitarianism in the distribution of bonuses according to the state's stipulations and

in the light of the working posts, the attitude towards labor and the amount of contributions made by the staff and workers. Thanks to the strengthened ideological and political work, the enthusiasm of the staff and workers of some enterprises whose bonuses were reduced was not thus affected but on the contrary, production output increased by a big margin. For example, the average per capita bonuses of the staff and workers of the Shanghai No. 3 wristwatch factory in 1980 were 25 percent less than those in 1979, but the output of wristwatches increased by 60 percent. The level of the bonuses in 1981 remained the same as that in 1980 but the output showed an increase of 45 percent over the previous year. The bonuses of the Liuzhou socks mill decreased by 12 percent compared with 1979 but there was an increase of 44.32 percent in its output value, of 51.4 percent in its output, of 32.11 percent in its profits; 12.91 percent in its output value per worker and its nylon socks were rated as top-quality state products for two successive years. The bonus for every 10 pairs of socks in excess of fixed quotas decreased from 0.24 yuan to 0.158 yuan but the output increased by a big margin.

5. Make Active Arrangements for the Surplus Personnel Resulting From the Implementation of the System of a Fixed Number of Workers and Fixed Quotas

Making satisfactory arrangements of surplus personnel is the important guarantee for doing a good job in a fixed number of workers and fixed quotas work and for consolidating its achievements. Without withdrawing surplus personnel out of the former posts and units, the system of a fixed numbers of workers and fixed quotas will become a mere formality, even if it is put into practice. It must be made clear that the problem of arranging the surplus personnel of enterprises should mostly be solved by the enterprises themselves. In the last two years, in order to solve this problem, quite a few enterprises have adopted a number of methods and achieved marked successes. They can be summarized as follows: Strengthening the transfer of surplus and deficiency of manpower among the internal departments of enterprises and supporting the newly constructed and expanded projects; enthusiastically opening up new prospects in production and expanding the market of products; developing a diversified economy, going all out with comprehensive utilization and developing various service projects in accordance with the needs of the people's well-being; carrying out forestation, renovating factories and beautifying the environment; running various forms of training courses; transfering cadres and technical workers to strengthen the units under the collective ownership system; mobilizing those who accord with the conditions for retirement to retire on schedule; sorting out the workers recruited outside the plan who come from the countryside and discharging the unnecessary casual workers, contract workers whose tasks should be undertaken by the former regular staff and workers; checking on the workers doing collective labor in cities and towns (including the sons and daughters of the staff and workers who replaced their parents' posts informally) and helping them undertake production and service projects which carry out independent business accounting and assume full responsibility for their profits and losses; and turning

the one shift system into a two shift system in commerce, the catering trade and service trades, thus helping to make arrangements for surplus personnel on the one hand and make things convenient for people on the other. At present, as in society, in most of our enterprises there exist the phenomena in which on the one hand, there is an ample source of hands but there is not enough work to be taken up and on the other hand, there is a lot of work to do but there is a lack of hands. There is plenty of room for making arrangements for surplus personnel so long as the leadership attaches importance to the work and tries by every possible means to do it.

While the arrangements for surplus personnel depend mainly on enterprises, the responsible departments of enterprises and labor departments must also strengthen the work of the transfer of surplus and deficiency of manpower between different enterprises and between different trades. According to the statistics of the labor bureau of Hubei Province, the bureau transfered and arranged for the placement of 62,000 people between 1980 and 1981. Shiyan Municipality, for example, adopted various forms, such as giving temporary assistance, the regular temporary transfer of personnel or permanent transfer of personnel, and redistributed more than 4,400 staff and workers to strengthen the newly constructed and expanded units. Years of experience have proved that in the work of the transfer of surplus personnel and deficiency of manpower, we must overcome the mentality of selfish departmentalism. The units transfering their personnel must guarantee the quality and the units receiving the personnel must not set too high a demand on them. Those recipient units which refuse to receive the qualified personnel must not be allowed to recruit workers from society. We must resolutely correct the practice of refusing to accept the personnel who are transfered by other enterprises and who accord with the needs of production for the sake of accommodating the sons and daughters of the staff and workers of the enterprises concerned. At the same time, in the work of the redistribution of personnel, we must teach the staff and workers to submit to being transfered, and those who have no proper reasons but refuse to submit to being transfered must be criticized, educated and even have disciplinary measures taken against them.

6. Enforce Management with a Fixed Number of Workers and Fixed Quotas

After the number of workers of the various units is fixed, it is necessary to work out a plan for a fixed number of workers which should, after receiving the approval of the leadership of the enterprise, be implemented. Without the approval of the leadership of the enterprise, no units are allowed to establish any additional setups and increase the number of personnel or increase any additional types of work in production or to transfer productive personnel to take up nonproductive jobs. An enterprise must adopt both administrative and economic measures to consolidate the achievements of the fixed number of workers work, stabilize the manpower on the first line of production and at the posts full of hardships, effectively control the inappropriate increase in the number of the staff and workers

on the second and third lines, promote the grass-roots units to put manpower to rational and sparing use and continuously raise labor productivity.

After the fixed labor quotas have been set and issued, it is necessary to strengthen daily management, do a good job in the various basic work, such as original records, statistics and analysis, defend the seriousness of fixed quotas and oppose the random changes of fixed quotas and the practice of fraud in the course of its implementation. If man-hours have to be increased as the result of inaccurate fixed quotas or changes in the production situation, they should be submitted to the person specially in charge of the fixed quotas work for permission. No one is allowed to change any fixed quotas at will. As for the staff and workers who carry out the piece-rate wage system, we must strictly control the [word indistinct] man-hours and prevent the occurrence of the situation in which while doing piecework, people have to make up for a lot of substandard work. Under ordinary circumstances, the fixed labor quotas of an enterprise should be checked up and revised once a year. When relatively large changes take place in the situation of production, it is essential to make a timely revision of the fixed quotas. It is imperative to strengthen the work of technical determination, improve the methods for fixing output quotas and raise the quality of the work with fixed quotas. We must adopt the method of technical determination to fix or revise the output quotas of the products which are produced by a batch process and reduce the weight of estimating the work by experience.

In order to enforce unified management over the fixed number of workers and fixed quotas system, in my opinion, the work of fixing the number of personnel of various types (including the number of cadres) and of fixing labor quotas of enterprises must be put under the unified management of the personnel departments. After the fixed number of workers is set, the allocation of cadres and workers should be separately handled by the organizational and personnel departments. An enterprise should establish a setup specially in charge of the work with a fixed number of workers and fixed quotas or be provided with specifically assigned personnel in accordance with the actual needs of work. Generally speaking, the posts of cadres in charge of the fixed quotas work should be held by graduates from the institutions of higher education or from specialized secondary schools who have certain practical experience or by the technical workers who have a relatively high technical level and comparatively rich practical experience. We must continue to strengthen the building of the contingent of cadres in charge of the work with fixed quotas, do a good job in the vocational training and enhance their ideological consciousness and technical and professional levels. The enterprise leading cadres at the various levels must enthusiastically support the work of the cadres in charge of the work with fixed quotas and back up the cadres in charge of the work with fixed quotas who uphold principles and are serious and responsible.

7. Provide Better Guidance and Do a Good Job in Supervision and Inspection

Doing a good job in fixed number of workers and fixed quotas work depends mainly on the efforts of the enterprises themselves. It is however inseparable from the guidance, support and supervision of the departments concerned, and in particular, the responsible departments of enterprises. In the last few years, the various responsible departments of the State Council have formulated a batch of standards for fixing the number of workers and output quotas. But because the enterprises under the jurisdiction of the various departments are relatively numerous and formulating the standards for fixing the number of workers and fixing output quotas is a meticulous and complicated job with fairly heavy work load, the standards which have been worked out by some departments concerned still do not meet the needs of the enterprises. It is high time now for us to firmly grasp this work. The departments concerned which are unable to work out the single item standards for fixing the number of workers and fixing output quotas for the time being must formulate the standards for the organizational setups of the various types of enterprises and the controlling ratios of the enterprise managerial personnel, service personnel and the auxiliary productive personnel on the second line as quickly as possible so as to accelerate the reorganization of enterprises and the increase in the weight of the productive personnel on the first line of production.

While the enterprises are enforcing the management with a fixed number of workers and fixed quotas, the various departments concerned must firmly foster the idea of serving the enterprises, support the enterprises in doing a good job in the work with a fixed number of workers and fixed quotas and reduce the social burdens of enterprises as far as possible. Local party and government organs and the responsible departments of enterprises must also not forcefully arrange cadres to the enterprises or use for other purposes or transfer the personnel of enterprises at will.

The overall reorganization of enterprises is being carried out by stages and in batches. The various localities and departments must provide better guidance to the work with a fixed number of workers and fixed quotas, pay attention to studying and solving the problems cropping up in work and exchange experiences in work. While formulating the check and acceptance standards for the reorganization of enterprises, we must list the work with a fixed number of workers and fixed quotas as an important content, strictly check the work before acceptance, and work which fails to meet the standards must be remedied.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON REORGANIZATION OF ENTERPRISES

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[Article by Jiang Yiwei [5592 0001 5511]: "The Overall Reorganization of Enterprises is a Constructive Reorganization--Part 5"]

[Text] 5. Establish a Set of Scientific and Civilized Management Systems (Part 1)

Good organization and management are important conditions indispensable to all socialized mass production. Marx made a vivid analogy with a musical performance in this respect: If a single violinist gives a concert, he directs himself, that is to say, there is no need for any management; if an orchestra gives concert, there must be a conductor to create coordination and harmony in the performance; in the same way, socialized collective activities cannot function without management. At the same time, Marx also pointed out that management has a dual nature; it consists of both the organization of the activities of productive forces and the embodiment of certain relations of production. With regard to the organization of productive forces, management is mainly restricted by natural laws, and therefore remains basically the same under any social system. Of course, different countries and different enterprises have different levels and characteristics of production technique but this has nothing to do with the social system. With regard to the organization of the relations of production, things are vastly different under different social systems: in capitalist enterprises, the capitalists are the masters of the enterprise and the staff and workers are wage workers, while in socialist enterprises, the staff and workers are the masters. In the matter of distribution, we practice the principle of distribution according to work while capitalist enterprises buy labor power, and then distribute the profits among the capitalists according to the amount of capital invested. Systems of management such as these which are related to the relations of production and the social system are radically different under different socio-economic systems.

We now say that our enterprise management is relatively backward. This is a fact. However, we should make a concrete analysis of this question: In which fields do we lag behind? It should be said that we lag behind others mainly in the organization of productive forces, and fail to suit

the objective requirements of modernized production. In this respect, we must make great efforts to draw lessons from the advanced experiences of the world, to assimilate, signify and adapt them for our use; at the same time, we must continuously sum up our experiences, create management theory and methods with Chinese characteristics, and make our own contributions to enriching and developing the science of management. In the management of the relations of production, it would be wrong to say that we are backward. Although our work is still far from perfect in this sphere, from the point of view of historical development, we are undoubtedly ahead of capitalist enterprises and moreover, our management of the relations of production has great vitality. The problem facing us at present is how to sum up our own experience and gradually establish a set of Chinese-style, modern socialist management systems for enterprises.

The overall reorganization of enterprises requires the gradual construction of a set of scientific and civilized management systems. What is the actual meaning of the adjectives "scientific and civilized" used here? I would like to discuss in brief my personal understanding of this matter in the following paragraphs.

Put simply, scientific management means management consistent with objective laws. What are the objective laws governing enterprise management? Let us make an analysis of these objective laws in the light of the Marxist principle that enterprise management has a dual nature. These objective laws consist of two aspects: on the one hand, they must be consistent with objective laws of nature in terms of the organization of the production process and the three factors of productive forces (manpower, the means of labor and objects of labor). Metallurgical production uses technical processes natural to metals while textile productions uses technical processes natural to fibres. There do exist objective laws governing the matter of how to rationally organize the activities of the three factors of the productive forces so as to enable them to function in the most economical and effective way. If we act in accordance with these objective laws, the economic results we produce will be good. If we run counter to them, our economic results will be poor. On the other hand, the production and operational activities of the whole enterprise must also accord with socialist economic development, and the objective laws governing socialist relations of production, including the basic laws of socialist economy, the law of planned and proportional development, the law of distribution according to work, and so on. These laws are similarly objective. If we act in accordance with them, the superiority of the socialist system will be expressed more fully and the rapid development of the socialist economy will be promoted, but if we run counter to them, economic development will be hindered. The aim of the reform of the economic management system which we are now carrying out is to further arouse the enthusiasm of enterprises and their staff and workers. The reform of enterprises' macroeconomic management will inevitably mean effecting a corresponding change in their microeconomic management.

Civilized management, as I see it, means the embodiment of material civilization and socialist spiritual civilization in the management system. The modernization of production techniques calls for the appropriate modernization of management organization, methods and means. All this is related to material civilization. At the same time, in order to embody socialist spiritual civilization, enterprises must promote ordered production and work, and strict and impartial work discipline, pay attention to sanitation and hygiene, make great efforts toward environmental protection and attach importance to the health of staff and workers and to safe production. In addition, what is even more important is to poster among the staff and workers of socialist enterprises the spirit of being the masters of the country, loving socialism, loving the motherland and the collective, helping each other in unity, stressing manners and morals, and so on.

A socialist enterprise is a relatively independent economic body but also the basic unit of the whole national economy. Every enterprise shoulders certain tasks of commodity production in accordance with social division of work and has its own system of production techniques; at the same time, it constitutes a component part of the greater system--the whole national economy--and has various ties both direct and indirect with other departments of the national economy, other enterprises, and consumers and users. Therefore, scientific enterprise management must be systematic. So far as the internal departments of enterprises are concerned, the various types of management work must form a scientific system rather than each doing things in its own way: as for the external relations of enterprises, this system must adapt itself to the management system of the whole national economy so that the "cells" and the whole economic "body" will be organically integrated together.

The document of the CPC central committee and the State Council on carrying out the overall reorganization of state owned enterprises pointed out that enterprises must carry out overall management planning among the internal departments of enterprises and must at the same time continue to carry out overall quality control and business accounting under the guidance of the state plan. The document further stated that the training of all staff and workers must be integrated with the assessment and promotion of personnel and the adjustment of wages, and so on, such that a set of overall personnel administrative systems would be established and perfected. The overall management planning, overall quality control, overall business accounting and overall personnel administration mentioned here in fact already form an outline of the management system of socialist enterprises. I would like to discuss my sketchy understanding of the four "overall" managements below.

First, establish an overall management planning system with the fulfillment of the state plan and the satisfaction of social demands as its objective.

It is well-known that in capitalist countries social production as a whole is anarchic, but in the internal departments of enterprises there is

thorough and strict management planning. This is an inevitable phenomenon under the private ownership system and moreover an important reason for the repeated occurrence of crises in the capitalist economy. Some capitalist countries have now also adopted microeconomic planning to control and influence enterprises. But the existence of the private ownership system foils their efforts to ensure the planned and coordinated development of social production.

On the basis of the public ownership system, a socialist country can and must operate a planned economy and develop production in a planned and proportional way. This is an important expression of the superiority of the socialist economic system. However, the sort of planning and management systems we operated in the past adopted overconcentrated methods. In state-owned enterprises, all production tasks were assigned by the state to the enterprises in the form of planned targets issued as commands; products were subject to state unified distribution and materials to state unified allocation and transfer; and other matters relating to production, such as labor, wages, the welfare of the staff and workers, equipment, technology, funds and so on, were arranged according to the state plan. Almost all activities of enterprises were arranged directly by the state, with little decision-making power left to the enterprises themselves. The advantages of such planning and management systems was that the plans of the enterprises and those of the state formed a single whole. However, since national economic activities are very complicated, it cannot be wholly appropriate for the state to directly distribute all products regardless of their importance and direct all matters, big or small; on the other hand, without a certain amount of decision-making power, it is impossible for enterprises to give full play to their initiative and enthusiasm in the operation of production. This is extremely harmful to the development of productive forces. While carrying out the present structural reform, we must on the one hand, uphold the operation of planned economy under socialism, and on the other hand, restructure the management planning system in accordance with the principle of "small freedoms under a big plan." In future, state planning will consist in the integration of targets issued as commands and those issued as guidelines. With the prerequisite of ensuring the fulfillment of the tasks issued as commands, and using the tasks issued as guidelines as a reference, enterprises should work out their own production plans based on the needs of the market. This will ensure both the state's centralized unified leadership and the flexibility of the enterprises, better meet social needs and display the superiority of the socialist system.

Since a socialist country operates a planned economy, though an enterprise has relatively independent decision-making power, it still carries out its production and operational activities under the guidance of unified state planning. Therefore, in essence, the management planning of the internal departments of socialist enterprises must be more well-conceived and perfect than that of capitalist enterprises. It must suit not only the requirements of the socialized mass production of the enterprises' internal

departments but also the requirements of the state's planned and proportional economic development.

Establishing an overall management planning system in the internal departments of enterprises is aimed at improving the planning of the enterprise's management and further perfecting the socialist planned economy.

What is the difference between so-called overall management planning and the management planning of the past? They are different in the following ways:

1) Overall management planning requires all departments and all jobs within enterprises to be planned.

In the past we learned experience in management from the Soviet Union. We instituted an economic planning section in every enterprise, which organized the various departments to draw up the "production, technical and financial plans" of the enterprise. This could be called a relatively comprehensive plan. With the production plan as the center and through achieving an overall balance, it made the yearly and quarterly arrangements for the needs of such things as the supply of technology, marketing, transport, financial affairs and costs. After the "Cultural Revolution," this overall plan was weakened and even abolished. Most enterprises paid exclusive attention to the production plan. Even if there were other plans, these plans were worked out by each of the internal departments of enterprises in its own way without striking any overall balance, so they failed to fulfill the function of an overall plan.

Although the previous "production, technical and financial plans" involved the major aspects of the work of enterprises, such as production, technology and financial affairs, it was not fully comprehensive. For example, the improvement of product quality was listed as a necessary part of the technical and organizational plan rather than being listed as an independent plan. Because the products were subject to state unified distribution, as far as enterprises were concerned the work of marketing was quite simple and there was no need for them to work out any individual plan.

While establishing overall management planning as proposed now, we must, on the basis of our experience in working out the "production, technical and financial plans," draw up a more comprehensive overall plan and urge all the departments and all the work of enterprises to have a long-term program, a yearly and quarterly plan and a plan of work progress similar to a production and operational plan, just as we do with production. If these plans cannot be reflected by data, they must contain projects, requirements and rate of progress. These plans must be balanced in an overall manner so that all types of work can be coordinated and harmonized.

2) Overall management planning requires bringing the whole process of production and management in an enterprise in line with the plan.

The whole process of production and management in an enterprise is wider in scope than the process of production. In the past, the plans of enterprises were completely determined by the state, and the supply of materials, the sale of products, production funds, the means of production, manpower and other conditions were all handled by the state. As a result, the enterprises were reduced to being pure production units and there was no need for them to take the question of operation into account on their own initiative. Structural reform has brought about great changes. Under the guidance of the state plan, the enterprises have their own decision-making power over their operation, and the quality of their achievements in production and operation has a bearing on their economic interests. Therefore, enterprises must change the pattern of pure production into that of production and operation and grasp the whole process of production and operation on their own initiative. In other words, enterprises must formulate correct policies regarding the whole process of production and operations: This process must be based on information regarding preparation of such production conditions as raw and semifinished materials, power, production equipment and manpower, organization of the process of production, marketing or products, after-sale services for consumers, market research, an understanding of the changing needs of consumers and users, scientific research and experiment, the development of new products and the opening up of new roads in production. They must then organize the various kinds of work into a plan and use it in implementing policies. Only this sort of management planning of a whole process can be called overall management planning.

Over the last three years, due to experimentation in expanding the autonomy of enterprises and developing the supplementary role of regulation by market mechanism, and particularly, because some enterprises were given insufficient production tasks during the course of the economic readjustment, many enterprises [words indistinct]
Some enterprises have established marketing setups to strengthen the work of marketing and consumer services; some enterprises have amalgamated the marketing setups and planning bodies and, based on the need to satisfy social demands and taking marketing-to-production as the main line, have worked out an overall plan for the whole factory; other enterprises, such as the Shoudu Iron and Steel Company, have turned the control of production into that of production and operation, and not only control the process of production but also exercise overall control over the supply of materials, marketing of products, payments for goods, income and expenditure and turnover of capital in accordance with their plan. These instances show that with structural reform, profound changes have taken place in the management of China's industrial enterprises. However, this is only a good beginning. Only when the whole process of production and operation of enterprises is planned on the basis of these experiences can the economic effect of production and operation be further increased.

3) Overall management planning means that all plans are implemented at all levels and in all work and that management planning is carried out by all staff and workers.

If plans are to be more than just idle theorizing, every single "plan" must be implemented down to grass roots level and to each individual and must become the program directing their actions. To attain this goal, apart from encouraging all staff and workers to take an interest in planning and to participate in the formulation of plans one important task is to divide the plan itself into smaller plans according to the principle of "ensuring the long-term plan with the short-term one and the big plan with the smaller one." In other words, we must use short-term plans to ensure the realization of the long-term plan and use smaller plans to ensure the realization of the big one. We must in future always work out our production plan in this way: After the annual production plan of the whole factory is determined, it is necessary to draw up quarterly and monthly plans and then to divide them into daily and even hourly production and operational plans; in terms of space, the plan for the whole factory must be divided into plans for workshops, production teams and groups, and even into plans for every production post and every individual worker. Only by implementing these small plans can we ensure the realization of the general plan.

In the past, other plans were not handled in this way. Overall management planning requires dividing all plans as far as possible into short-term plans and plans for production units, just as the production plan is dealt with. For example, the plan for the supply of materials can similarly be divided into smaller ones so that every purchasing agent has his own monthly, fortnightly and even daily programs.

Some comrades might suspect that if all plans are handled in this way, the workload of planning will be excessively heavy. In fact, it is possible for[indistinct] the internal department of [indistinct]to work out the divided plan. It is not impossible for all people to set to work to gradually develop the plans from rough drafts to detailed programs. It will become more possible once we have the conditions to gradually adopt certain modern methods.

To sum up, overall management planning basically consists of the following main points:

1) Under the guidance of the state plan and in the light of the investigation and study of social demands (including the tasks issued as commands by the state), an enterprise makes long-term and annual decisions on its operations.

2) In accordance with long-term operational decisions, an enterprise draws up its long-term development program, including a plan for technical transformation.

3) In accordance with the annual operational decisions, an enterprise draws up an annual draft "marketing-to-production plan" and makes a forecast of economic results.

4) With the draft of the "marketing-to-production plan" as the main line, an enterprise formulates the annual tasks and targets of its various jobs and by means of an overall balance, finally determines its "marketing-to-production plan" and other plans, and combines them into the "overall economic plan" of the enterprise.

5) The "overall economic plan" should be divided into quarterly and monthly plans and into plans for the various grass roots units; then the various departments and grass roots units should further divide these into more detailed plans and implement them down to every production or other work unit.

6) Apart from carrying out the abovementioned plans, in order to improve and raise the quality of work, all departments, grass roots units and production units are encouraged to separately formulate a "work improvement plan," that is, to formulate the goals and measures for improvement and its stages and rate of progress and to check on its implementation and results according to the rate of improvement. After improvement has been made, a plan for a higher target can be worked out.

7) Overall management planning also means management planning with the participation of all staff and workers. In order that everyone is concerned with and carries out planning, it is necessary to fully arouse the masses and rely on them to work out the plan democratically so that it will become their own, and to foster the practice of acting consciously in accordance with the plans.

(This subject is to be continued in the next issue.)

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON SUCCESSFUL COUNTY-RUN INDUSTRY

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[Article by Guangdong Provincial Government Economic System Reform Office: "Why Can Qingyuan County Industry Get High Returns?"--passages in slant-lines denote boldface as published]

[Text] The reform of the economic system in Qingyuan County since October 1978 has brought in three main issues. One is the introduction of an award organized by the county economic committee for county industrial enterprises that exceed the planned profit quota. The second is the scrapping of five industrial administration departments and introduction of direct control of industry by the county economic committee. The third is that on the basis of the award given for profits above the planned quota, the county economic committee is introducing financial responsibilities, increasing work responsibility and above-quota share-outs. The above-quota profits award in Qingyuan County got a mixed reception after its introduction and even today opinions vary. After 3 years has the economic efficiency of Qingyuan County improved or dropped? What can be learned from their experience? What areas still need more thought and examination? In order to answer these questions we recently went to Qingyuan County and carried out some initial research into the situation there.

//1. Qingyuan County is the "flag bearer" for the whole province in terms of high industrial efficiency.//

In Qingyuan County there are only 17 enterprises with 5,000 employees. Before the county-run industrial system was reformed economic returns were extremely poor. In 1977 total output value stood at 28.253 million yuan. From 1975 to 1977 the annual average increase in total industrial output value stood at 0.26 percent. Profits from industry in 1975 were 1.3051 million yuan, in 1976 118,600 yuan and in 1977 313,000 yuan. In the 4 years since the reform of the county-run industrial system, economic returns have been extremely good. Let us first take a look at the industrial figures for 1978 to 1981 in Qingyuan County both in terms of the speed of economic development and economic returns.

(1) Total industrial output value: 1978: 34.9375 million yuan; 1981: 42.7311 million yuan; an average annual increase of 6.95 percent, while the increase in 1981 over the previous year was 15.5 percent.

(2) Industrial profit: 1978: 1.212 million yuan; 1981: 9.2679 million yuan, making an average annual increase over the 4-year period of 97 percent, 14 times the annual increase in output value for the same period.

(3) Profits remitted to the state: In 1977 county-run industries lost 313,000 yuan and the department of finance had to step in and reimburse the losses. In the 4-year period from 1978 to 1981 annual profits handed over to the state increased by an average 79.2 percent, 11.4 times more than the increases in output value for the same period. In 1981 profits handed over to the state were recorded at 1.9902 million yuan, an increase of 32.68 percent over the previous year.

(4) Newly-increased fixed assets: In the 4 years from 1978 to 1981 newly increased fixed assets stood at 6.147 million yuan, an average increase of 6 percent each year. By 1981 the original value of fixed assets had reached 38.384 million yuan, an increase of 5.1644 million yuan over the previous year.

(5) The output value profit rate and fixed capital profit rate in relation to 15 economic and technological indices for the rate of decrease of production costs in county-run industries in Qingyuan, are higher than the average level for state-run industries throughout the province, or occupy first place in relation to county-run industrial enterprises of the same throughout the province (see Table 1).

We selected nine other counties in which the scale of county-run industry approached that of Qingyuan and in which economic returns were fairly good to compare with Qingyuan County. These counties were Qieyu, Gaozhou, Xingning, Enping, Nanxiong, Yunfu, Jieyang, Chaoan and Huiyang. According to the provincial financial department's statistical reports, the average annual increase in total industrial output value for county-run industries stands at 1.1 percent for the 4 years from 1978 to 1981. Actual profits shrank by an annual average of 4.1 percent (see Table 2). However, the total annual industrial output value of Qingyuan County over the same period increased at a speed 6.3 times that of the rate of increase of industrial output value for the other nine counties and actual profits were 3.25 times those of the county-run industries in the other nine counties.

The above figures clearly illustrate that not only has the industry in Qingyuan County made up its losses and achieved profits but the county has now become the flag bearer for the whole province in terms of highly efficient county-run industry.

//2. The reasons for the highly efficient running of industry in Qingyuan County.//

Why has the county-run industry in Qingyuan County achieved such good results? First, the reform of the economic system played a large role

in the situation. Second, economic work was improved, and ideological and political work was strengthened. These two main facts may be linked together to produce five major reasons.

1) The Qingyuan County CPC Committee has proceeded from reality to objectively clear the path of hindrances and has reformed the county-run industry system. Despite complications and difficulties they continuously carried out their tasks, without hesitation, reticence or retreat. In the reform of the industrial system, they maintained the basic stability of the government's economic policies and increased the enthusiasm in economic committees, enterprises, and among staff and workers. One of the most important lessons learnt from the reform of the industrial system in Qingyuan County was the practice of combining the responsibilities, powers and interests with rewards and penalties at every level of the economic responsibility system.

2) According to the policies of the county's party and government leadership organs, the county economic committee issued different kinds of instructions to its subordinate enterprises. The county economic committee divided up 17 enterprises into 6 main types for carrying out concrete instructions. One type was selected due to the county's rich raw materials for sugarcane and ceramics, and thus big efforts were made in this type of enterprise to grasp technological transformation and the necessary expansion of construction to develop the sugar, paper, building materials and ceramics industries in a big way. The second type was made up of enterprises where product sales were stagnant and which timely shifted to other modes of production. When an industrial ceramics factory changed its production to glazed tiles, they regained all their losses and brought new life to the enterprise. The third type was the 'starving' mechanical and electrical enterprise which quickly made some changes to its service orientation and improved its product quality. Within this group the agricultural machinery factory and machinery factory both made profits many times over. The fourth type included those enterprises with fairly normal production which vigorously grasped tapping potential, renovating and restructuring. The fifth type included enterprises with products not very well suited to the open market. In this section, the product structure was readjusted and varieties increased, thereby increasing their competitiveness. The sixth type included those enterprises which had serious shortages of fuel or raw materials and here there were link-ups between supply and marketing relations.

On the basis of issuing directives on a divisional basis such as this, the county economic committee fully brought into play the coordinated balance in the organization of the enterprises' supply, production and marketing, and hence avoided blind administration of the enterprises.

3) The system of economic responsibility on each level within the enterprises was perfected. Planned targets were adapted according to the characteristics of each separate enterprise. An example might be the phosphate fertilizer factory which set up a small target breakdown with production costs as the central feature, recorded rewards for the

multi-level system of economic responsibility from the factory floor to the laboratories, set up detailed production targets and systems of personal responsibility and strict checking standards and reward and penalty systems. Based on original records, the production records for each day were checked and at the end of each month, reward achievements were recorded. As far as the checking standards for the factory leadership was concerned, it involved detailed checks three times a week on factory production and other work. At the end of each month product stores were not allowed to exceed 3 day's worth of production, otherwise bonuses were cut for four of the factory leaders.

4) Uphold tapping potential, renovating and restructuring, and take the road of expanded reproduction by intension. This was another way in which the county-run industries in Qingyuan County were able to improve efficiency. In 1981, Qingyuan's total investment in tapping potential, renovating and restructuring industries in the county amounted to 9.6 million yuan (including 5.6 million yuan payment for goods). In all, 225 sets of equipment were introduced, new factory space construction measured 18,000 square meters, 113 renovation projects were completed, 7 out of 15 major technological transformation programs were completed, successful-trial production of 15 new product varieties was carried out, thereby bringing output value for that year to more than 13.5 million yuan and increasing profits to more than 2.3 million yuan, while tax revenue stood at 4.04 million yuan.

5) Economic activities were closely coordinated, and ideological and political was stepped up. The county economic committee lay a great deal of importance on ideological and political work and set up a political work section. In strengthening ideological and political work they concentrated on four main things. One was party administration by the party. Frequent opinion sessions were held for cadres and workers together, rules and regulations were strictly adhered to and everyone was urged not to adopt a "money-oriented" attitude, and the exemplary role of the party cadres was stressed. The second area of concentration was the setting up of the leading bodies of each enterprise. It was important for the main leaders to demonstrate support for socialism while carrying out their work in production administration as well as making social results a prime concern and the raising of economic returns of vital importance. Third, there was a need to tackle the training of financial statisticians, making sure that they were good "housekeepers," and making them the county economic committee's sentries. Fourth, it was important to set up a healthy staff and workers' congress system under the leadership of the enterprise party committee, thereby giving full reign to the role of staff and workers' congresses, and workers', youths' and women's mass organizations.

//3. A look at several problems.//

(1) The question of giving due consideration to the state, the enterprise and the individual.

Some people say that "while Qingyuan County may have high economic returns, the state gets very little of it." This question needs analysis and then comparison in order to answer it.

In terms of analysis, we should first analyze the real profits for 1981 which totalled 9.2679 million yuan.

(I) Total amount within the system of responsibility handed over to the country finance department was 1.65 million yuan; of surplus profits by the end of the year 340,200 yuan was handed over to the county finance department. Totalled together, the county finance department actually received 1.9902 million yuan.

(II) Returned loans for technological measures were 1.3977 million yuan.

(III) Excluding the price of sugarcane, subsidies measured 233,100 yuan. Sugarcane profits stood at 93,800 yuan, and together they total 326,900 yuan.

(IV) According to provincial government regulations the nitrogenous fertilizer factory fixed quota subsidies stood at 400,000 yuan and total profits reached 1.6025 million yuan for the factory. The combined total was 2.0025 million yuan.

(V) The above-quota profits at the year's end in the county economic committee stood at 510,400 yuan.

(VI) The above-quota profits at the year's end for the enterprises stood at 1.2266 million yuan.

(VII) Bonuses for monthly above-quota profits totalled 1.8136 million yuan in enterprise.

If one only considers item (I) as gain for the state then it is indeed a small amount. In fact, though, items (I) through (IV) all fall into the category of gain for the state, totalling 5.7173 million yuan making up 62.1 percent of total actual profits. The returned loans for technological measures are treated as compensation profits with the permission of the department of finance while the subsidies excluding the price of sugarcane, as well as the returns on profits are all treated as compensation profits in accordance with regulations agreed upon by the entire provincial government. All the enterprises in the province carry out their business in accordance with these regulations. The fixed-quota subsidy for the fertilizer factory was originally an item of payment estimated by the county financial department and the entire profits from the factory went to the enterprise, this being agreed upon and in accordance with regulations throughout the province.

Item (V) actually represents 5.5 percent of the real profits for the county economic committee and the entire amount is used for enterprise production analagous to the nature of the development funds of combined production.

Item (VI) represents enterprise income and makes up 13.23 percent of actual profits.

Item (VII) represents employees' individual wages and makes up 19.52 percent of actual profits.

According to the above figures, the division of profits for the 3 years from 1979 to 1981 are as follows:

1979 -- State received 61.7 percent (including items (I) through (IV); same hereafter), enterprises received 20 percent, employees 18.3 percent.

1980 -- State received 67.8 percent. County economic committee 4.5 percent, enterprises 8.09 percent and employees 19.62 percent.

1981 -- State received 62.1 percent, county economic committee 5.5 percent, enterprises 13.23 percent and employees 19.52 percent.

Thus the division of profits of industry run by the county in Qingyuan means that each year the percentage received by the state represents above 60 percent of the total actual profits. In our opinion this is satisfactory for the state's financial revenues and also upholds the principle of giving consideration to the state, the enterprise and the individual.

Now we should compare, for only by comparison can we make distinctions. Let us take a comparative look at the figures for county-run industry, profit division and financial revenue for the nine counties mentioned above:

Items	County-Run Industrial Enterprise Profits (Million Yuan)	Remitted to Finance Department Amount (Million Yuan)	Percentage of Profits	Retained by Enterprise Amount (Million) Yuan)	Percentage of Profits
Total for 9 Counties	1.3813	1.337	9.7	7.846	56.7
Qingyuan County	9.2679	1.9902	21.5	1.226	13.2

Items	Share of Principal Departments Amount (Million Yuan)	Percentage of Profits	Employees Reward Amount (Million Yuan)	Percentage of Profits
Total for 9 Counties	1.022	7.4	2.058	14.9
Qingyuan	0.510	5.5	1.813	19.5

According to the above table the amount of profits handed over to the finance department by Qingyuan County stands at 1.9902 million yuan, while the total amount of the other nine counties is 1.337 million yuan. These figures still include several variable factors. According to the constant nonvariable figures excepting the 8.529 million yuan of the nine counties made up by subsidies excluding the price of sugarcane, profit returns, returned loans for technological measures and various other items of payment to the finance department, there is not a single cent left from the county-run industries to hand over, and furthermore the county finance department still needs to draw on 5.624 million yuan from reserves.

From such a comparison we must draw the following conclusions: Although the economic returns of Qingyuan are indeed high, this does not mean that the amount received by the state is little. In 1981 the actual profits reaped by the county-run industries of Qingyuan County stood at 9.2679 million yuan, less than the 13.831 million yuan actual profits of the other nine counties added together. Profits from Qingyuan County received by the finance department stood at 1.9902 million yuan, while not only were there no profits from the other nine counties to be handed over, but furthermore the county finance department had to draw on 5.624 million yuan from its funds.

(2) Concerning the question of bonuses.

Some people say that "Qingyuan's economic efficiency is related to the fact that workers bonuses are too high." Whether or not this is true may be seen from the figures.

In 1979, bonuses taken from the over-target profits stood at 716,200 yuan making an average 10.79 yuan per month per person, and together with all other bonuses thus makes 16.79 yuan.

In 1980 bonuses taken from over-target profits stood at 1.0638 million yuan. Taking actual concrete figures of 930,500 yuan, this makes an average 13.69 yuan per person per month, in total 19.69 yuan per month per person.

In 1981 bonuses taken from over-target profits stood at 1.8136 million yuan and on the basis of 1.4209 million yuan, this makes 19.84 yuan per person per month, in total 25.84 yuan per person per month.

//Comparative Table of Realistic Bonus Increases for Workers and Increases in Real Profits of Enterprise as Well as Increases in Profits Remitted to the Finance Department//

	1979	1980 Increase over 1979	1981 Increase over 1980	1981 Increase over 1979
Increase in Profits	100	27.5 percent	71 percent	118.1 percent
Increase in Amount	100	36.3 percent	32.7 percent	82.6 percent
Remitted to Finance Department				
Increase in Bonuses	100	17.3 percent	31.0 percent	53.9 percent

This table illustrates clearly that the increases in actual profits and the amounts received by the department of finance are in fact greater than the increases or rates of increases in bonuses for workers.

Two questions need to be considered in examining the introduction of bonus schemes in Qingyuan County for over-target profits. One is that it is very difficult to set with any accuracy the target for planned profits. If it is set too high it may dampen enthusiasm within the enterprise and among the employees and if it is set too low then it may effect the increase in state revenues. In 1980, on the basis of the bonus scheme for over-target profits, the county economic committee made itself fully responsible to the county finance department for the profits and all surplus was returned to the enterprise and the county economic committee. In 1981 there was a change to a scheme of profit responsibility and yearly increases. Thus in 1981 profits were 1.65 million yuan, an increase of 10 percent over the previous year. In 1982 they are to be 1.8 million yuan, an increase of 9.1 percent over the previous year. In 1983 they are planned to be 2 million yuan, an increase of 11 percent over the previous year. Of the surplus revenue, some will first be returned as payment for goods and after this 50 percent will be channelled back into the enterprise and another 50 percent will be deducted, (except for subsidies for nitrogenous fertilizers) as subsidies for weaker enterprises and as payment for profit returns for the sugar factory as well as other subsidies. The remainder will be divided 60:40 between the county economic committee and the county finance department. This way, it is hoped, will prevent the tendency towards underattainment of the profit targets, while at the same time ensuring the stability of the policy distribution between the state, the enterprise and the individual. Furthermore, it guarantees yearly increases for the revenues of the finance department as well as activating the

enthusiasm of the county economic committee, the enterprise and the workers to increase their profits. Nevertheless when the monthly and seasonal profit targets have been made known to the enterprise by the county economic committee, it is inevitable that sometimes targets will not be reached. If enterprises carry out monthly surplus and monthly bonus schemes then, if a month in which the target is not reached is not deducted, this could mean that it would be very easy for the total bonuses of some enterprises to be over the limit set down by the guidelines for the whole year. For this reason we feel that this monthly scheme should be arranged with a seasonal balance and at the end of the year all figures are totalled up and thus there will be more deductions than subsidies necessary. In addition to all this, while there exists a bonus for over-target profits, the question of whether there should be a composite bonus based on the standard of the total amount of wages is also worth consideration.

(3) The question of forming the organizational structure of industrial management.

In April 1979 Qingyuan County got rid of various sections, including the industrial department, communications department, agricultural machinery department, ceramics department and the second light industrial department. All of these then came under the direct administration of the county economic committee. The number of employees in administration dropped from 146 to 81. This was extremely good for simplifying the administrative structure, improving work efficiency and thinning out the number of people in positions of leadership.

However, when one considers the situation on a provincial, regional and urban basis along with neighbouring counties which have not undergone such changes, one can see that the reform in Qingyuan County has met with considerable problems. For example, after the dropping of the communications department, a communications division was set up in the country economic committee to administer water transportation, shipping, loading and unloading, regional aviation, regional highways, ports, safety supervision, motor vehicle transportation, and so on. But, because the names in the new body did not tally with those of the provincial, regional, urban and neighbouring counties' communications and transportation departments, there was considerable trouble in working between the two. The eradicaion of the second light industry department meant the establishment of the second light industry company, in charge of 18 factories on the internal scene, but externally it had trouble in exercising its powers. Thus the only way out for the country economic committee of Qingyuan County was to adopt more flexible work methods and as of the start of this year the communications department and second light industry department's names were reintroduced, although for internal matters of administration over enterprises, they are still the communications division and second light industry company. We feel that relevant departments and offices should give necessary support to the reform of the organizational structure of county-level industrial management to permit the smooth completion of this process.

The present situation in Qingyuan County suggests that the reform of the economic system has proved successful. The problems solved by the reform are two in number. One is that it has successed in stimulating enthusiasm, the second is that it has been able to put life into the economy. As to whether or not such enthusiasm can really be activated and whether such life can be instilled into the economy, we must take a look at the level of skill and efficiency of the leaders and commanders of the entire project.

In all, Qingyuan County has 17 county-run industrial enterprises and after the reform of the economic system, most of the enterprises saw rises in efficiency, although there were three enterprises which did not enjoy such rises. For example, the Qingyuan ceramics factory is still making continuous losses. The reason for these losses is not in the structure of the system but in the instability of the leadership of the factory. If administration is bad then the system of economic responsibility within the enterprise cannot be successfully put into practice. This is also true for county-run industries in Qingyuan--even though the system may be good, there is also a need to carry out good, thorough work throughout the enterprise and continue to strive to raise the level of economic and political work. On the basis of statistics, there are 63 counties and municipalities which can learn from the experience of Qingyuan County of economic system reform. If we take a general look at the situation it is true to say that all of them have profited from these lessons. Nevertheless the majority of enterprises in these counties and municipalities still do not have anything like the economic efficiency that Qingyuan has. The reason does not of course lie in the economic system but in the fact that the level of their economic and political work has still not caught up. We feel that the experience of Qingyuan in reforming its county-run industrial system is very good and that there is a need to continue this work. As far as the problem of teaching the reality of their experience to others is concerned, it is necessary to learn the details of the Qingyuan experience in actual economic system reform as well as its economic and political work experiences. Thus these are the lessons we can learn from the 4 years of economic system reform in Qingyuan County.

Table 1 -- Comparative table of economic targets for Qingyuan County industries and Guangdong Province state-run industries for 1981.

Target	Industrial (Including Second Light Industry System) Percentage Increase in Total Output Value Over 1980	State-Run Industry Percentage Increase in Total Output Value Over 1980
Qingyuan County	18.70	15.45
Provincial Average	11.41	7.42

[Table 1 continued on following page]

[Table 1 - continued]

Target	State-Run Industry and Enterprise Percentage Increase in Net Profits Over 1980	Percentage Increase in State-Run Industry Profits Received by Department Finance Over 1980
Qingyuan County	71.00	36.68
Provincial Average	6.88	

Target	Profit of Each 100 Yuan of Output Value (Yuan)	Profit for Each 100 Yuan of Fixed Assets (Yuan)	Net Output Value for Each 100 Yuan of Fixed Assets (Yuan)	Production Costs of Fixed Products in Comparison to 1980 (pct)
Qingyuan County	21.67	24.14	166.20	minus 4.48
Provincial Average	10.14	13.10	129.20	0.70

Table 2 -- Comparative table of economic efficiency of Qingyuan County and the other nine counties discussed.

	Total Output Value		Actual Profit	
	Nine Counties	Qingyuan	Nine Counties	Qingyuan
1978	398.487	34.9375	15.689	1.212
1979	357.425	37.915	12.435	4.25
1980	491.191	37.014	13.898	5.42
1981	412.205	42.7311	13.831	9.2679
Average Annual Percentage	1.1	6.9	minus 4.1	97.0

[Table 2 continued on following page]

[Table 2 - continued]

	Amount Remitted to Finance Department		Fixed Assets	
	Nine Counties	Qingyuan	Nine Counties	Qingyuan
1978	4.564	0.346	273.494	32.234
1979	minus 2.06	1.09		
1980	minus 1.508	1.5		
1981	1.337	1.99	301.728	38.384
Average Annual Percentage			(new increase 28.234)	(new increase 6.147)

NOTE: In 1981 the other nine counties had a total of 182 enterprises, with employees totalling 62.076. Qingyuan County had 17 enterprises with 5,969 employees.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON ENTERPRISE ECONOMIC FILES

HK180851 Beijing JINGJI GUANLI in Chinese No. 7, 15 Aug 82 pp 15-18

[Article by Wang Hua [3769 5478] and Jiang Xianzhou [3068 0341 0719] of the capital construction department of Liaoning Financial College, Dalian: "Setting Up Economic Files on Enterprises is an Important Measure for Doing a Good Job in Loan Work--Investigations of the Financing Department of the Qingdao Municipal Branch of the Construction Bank"]

[Text] The financing department of the Qingdao branch of the Chinese People's Construction Bank was formed in March 1979. Since its formation, it has provided loans for more than 10 kinds of special construction items. Including small technical loans, loans for the export of special items of industrial products and loans for importing foreign technical equipment with complete parts made in China. It has approved 228 items with total funds coming to 133.93 million yuan, of which 18.57 million yuan were raised by the department itself. Up to the end of November 1981, the department had lent 94.59 million yuan and recovered 55.81 million yuan. Not counting the bad loan losses from other units the loan recovery rate is more than 70 percent. Loans provided to light industry and the textile industry made up more than 80 percent of the total loans approved and consequently, this department has executed well its role as an economic lever for developing the light and textile industries in the city of Qingdao and in meeting market demand both at home and abroad. One of the main reasons for this department achieving better results in providing loans is that over the past few years, the staff of this department have carried out in-depth investigations and studies of enterprises and formed enterprise economic files to grasp first hand data.

I. The Demands of Practice

Without understanding the whole situation, it would not be possible to become active in providing loans. The orientation in supporting various special loan items includes developing famous brand products and products that are in short supply, meeting market demand and increasing exports. Therefore, whether the proposed construction items accord with the conditions of financing depends on the trade to which the construction items belong, the situation of the region where the construction is carried out and the situation in the production and management of the enterprises

concerned. In the past, the bank was not familiar with the conditions in various trades, regions and enterprises and because the time needed from projects handing in applications to checking and approval was very short, the bank was consequently in a very passive position when checking and approving the projects with the departments concerned. For example, the Qingdao municipal No. 5 plastic factory applied for a 150,000 yuan loan for expanding a workshop that was producing all plastic washing machines. According to planning, after expansion, the factory would be able to produce 12,000 washing machines annually, with annual output value coming to 1.8 million yuan and an annual tax of 168,000 yuan. The higher leadership concerned supported and approved this project. The bank had no opinion and granted the loan. Later, the production of the washing machines was carried out hastily, product quality was low and the selling price was high. Consequently, the washing machines were unsellable and the factory was compelled to turn from producing washing machines to producing only the inner linings for the machines. The factory repaid the 150,000 yuan loan after it had borrowed money from other units.

Things often go against our will when we do not understand market situations. The Qingdao neo light factory lost money because the damage rate of neon tubes bought from other places was very high. In 1980, the Taidong regional industrial bureau asked the departments concerned to help solve this factory's problems. The Qingdao municipal planning commission, economic commission and other departments concerned carried out studies and investigations and decided to build a glass melting furnace in the medical glass factory in the Changgou region so as to produce neon tubes for the factory. The municipal financial bureau and the Qingdao branch of the bank appraised the economic efficiency and repaying capability of the project and decided to provide a 225,000 yuan loan. The products of the project were semifinished and the factory was the user. Therefore, whether the tubes would be marketable or not, basically depended on whether the neon lights made by the factory were marketable. The medical glass factory produced standard neon tubes, but there was an excessive supply of neon lights, and the management level of the neon light factory was very low. Consequently the neon lights produced by the factory were unsellable. As a result, the supply and sale agreement between the two factories was useless and the neon tubes produced by the medical glass factory were stockpiled. The glass factory filed a suit against the neon light factory to the economic tribunal of the Qingdao municipal intermediate people's court and demanded that the latter pay compensation of more than 700,000 yuan for economic losses caused by the stockpiling of the tubes. But it was beyond the reach of the neon light factory to compensate. This case remains unresolved while the 225,000 yuan loan has become overdue. In order to prevent the recurrence of similar cases, the bank has since carried out studies and investigations for gaining information. This measure is an effective way for accumulating data.

Without being familiar with conditions in the enterprises, it is not possible to correctly define the economic efficiency of projects. The loans for

various special project items have the nature of tapping potential and reforming and such loans are provided to and repaid by the existing enterprises. Therefore, the economic efficiency of projects depends on the production situations of the existing enterprises. In their bid to get loans, some enterprises have spared no efforts to explain how high would be the economic efficiency of their new projects and said that they would repay the loans in a short while. As the staff concerned in the bank used not to be familiar with the management and production of enterprises, they were not in a position to make effective proposals with regard to projects. It rested on the units concerned to explain the efficiency of projects, no matter whether the explanation was proper or not. Unable to define the economic efficiency of projects, it was, eventually, risky for the bank to provide loans under such conditions.

Without overcoming shortcomings and showing off advantages it would be difficult for the bank to execute its roles still better.

At present, there are a number of banks providing loans for various special project items. The construction bank is a special state bank that has carried out the business of investing in fixed assets for many years and therefore has more experience in the management of the investment in such assets. But the bank loan procedures were characterised by red tape and there was a lack of understanding between the bank and enterprises and consequently enterprises were reluctant to take loans from the bank. In order to activate financing activities, the bank had to show off its advantages and overcome shortcomings. It had to simplify financing procedures and what is more important, it had to study and investigate enterprises so as to become familiar with and understand the situations of these enterprises. In this way, the bank will be able to execute its role still better.

II. It Was Decided To Do a Good Job in Enterprise Investigations and Set Up Enterprise Economic Files

In order to accord themselves with the development of situations, the staff of the bank visited enterprises to make studies and investigations so as to set up enterprise economic files. To start with in this work, they carried out investigations of the paper manufacturing industry in the second half of 1979 as an experiment so as to get experiences for carrying out financing work in an overall way.

They first of all carried out investigations of various management bureaus so as to acquaint themselves with the history of the paper industry, the current situation and future development plan. Then, with support from various management bureaus, they proposed to inform the enterprises concerned of the investigations to be carried out by the bank so that this work could be carried out smoothly. The investigations were mainly concentrated with light industry and textile industry. Investigations of other trades in the city are also being carried out in the order of the importance of each trade.

Investigations of each enterprise are carried out in two stages.

The first stage is to investigate the enterprise itself and collect data. The first step is to hold discussion in which leading members of the enterprise introduce the history of their enterprise, its current situation and future development plan. The comrades in the bank investigation group spare no efforts to help the enterprise to have a deeper understanding of the bank and to promote the relationship between the bank and the enterprise. Then, they visit various facilities to understand the process of production, visit various administrative departments to understand the situation of production, supply and sales, current production conditions, production potential and the problems that have to be urgently resolved in developing production and the situation of the previous investments. Finally, they investigate and collect the related accounting and statistics data.

The second stage is to compile the data and make files. Following the investigations, the results of this work are discussed and analyzed. The data are compiled into an investigation report in the form of words and tablets. The "small and rapid" projects that are found during investigation are listed and it is suggested that the bank's financing department provide loans to such projects. With the consent of the leadership of the investigated unit and after being checked by this unit's departments concerned, the report is turned into the files of this enterprise. The report is also passed over to the bank's provincial branch.

The contents of investigations include the following 6 points.

1. Investigations of productivity. This part is to understand the quality, quantity, varieties and specifications of the products of the enterprise concerned, its best production level in the previous year and in history, the results of previous investments, planning for future development and the situations of the similar trades at home and abroad.

2. Investigations of the sources of raw materials. This part of the investigations is to understand the varieties, quantity and quality demand of the main raw materials needed by the enterprise. Other purposes of the investigations include supply and consumption norms of the raw materials and advanced norms of the enterprise and of other enterprises at home and abroad.

3. Investigations of the sales of the products. This work is to understand the situations in the sales and marketing channels of various factories, product quality and cost, producer price, product competitiveness and development trend.

4. Investigations in technical equipment. This work is to understand the total value of the fixed assets of various factories, floor space of the factories and building space, the balance between the quantity and efficiency

of main equipment and technical equipment, the potential of the existing equipment and future potential. It is also to understand the equipment of motive power of various factories and the actual need, supply and consumption norms of water and electricity.

5. Investigations in handling the "three wastes." This work is to understand the state standard about discharging waste, the current situations of various factories in handling waste and suggestions as how to solve waste in future.

6. Investigations in management. This part is to understand the norms of staff and workers and their deployment and the proportion between technicians and production staff of the various factories as by the end of 1980; the output value, profits, tax and accumulation of various factories in the previous year. This work also includes understanding the highest level in the history of factories and the advanced level of the same trades at home and abroad.

III. The Situation and Initial Achievements of Investigations

From the second half of 1979 to the end of 1981, the staff concerned in the bank carried out investigations of 105 enterprises, made reports and formed economic files about 35 enterprises and made 5 reports about investigations of trades. These works have opened up a new road for providing and making good use of the loans in special projects, strengthening the scientific nature, activeness and rationality in financing work and guaranteeing that the financed projects will have advanced technology, economic rationality and feasibility in construction.

1. Understand the situation of trades with definite loan orientation.

It is the central task of the bank's financing department to decide how to make use of the loans for various special projects, promote the advantages of Qingdao City and tap the potential of its industries. What are the advantages of the city? Where is the potential? Answers to these questions have been initially found through investigations. For example, the investigations of the knitting industry, garment industry and printing and dyeing industry showed:

The knitting industry is one of the industries in Qingdao that is producing more famous brand products and "fist" [greatly in demand] products. For example, stretch shirts and jeans and chemical fibre sportswear are famous export items. Looking from the point of view of future demand, knitted underwear and shirts will become more popular in the world while the demand in the home market is also growing. Therefore, the knitting industry must be developed. But at the present stage, this industry has the following problems: incomplete technology, the productivity of many enterprises is not balanced and consequently major equipment can only handle less than 50 percent of its capacity, the varieties of products are monotonous while

some products are unsellable; the knitting industry is a small proportion of the textile industrial system and the amount of yarns used by this industry only make up 11.6 percent of total consumption in the city. This figure is not only lower than the figure of 30 percent for Tianjin, which is the highest across the country, but also lower than the national average figure of 15 percent. Workships of this industry are narrow and equipment is old and they cannot meet the need in the development of production.

In the garment industry, home market oriented garments are generally stockpiled while the tasks for producing export oriented products are not filled because of the lack of materials. Export oriented silk garments are welcomed by buyers at the Guangzhou fair and trading is active. This industry has high equipment productivity which is basically balanced.

The history of the printing and dyeing industry in Qingdao dates back more than 60 years. The city is one of the old national printing and dyeing industrial bases. This industry has a relatively high technical level. Its production output value makes up about 30 percent of the textile industrial system, profits make up about 35 percent and the number of technicians makes up 2.2 percent of the total number of staff and workers. But the width of the cloth produced is narrow and therefore the products cannot meet market demand for wide width cloth; the productivity of famous brand products is too small to form "fist" products. This industry is not in a position to meet the demand in home and foreign markets, its products are in short supply with small export proportion. The sewage level in this industry is not up to the state discharging standard.

The data of the above mentioned enterprises showed that these three industries represent advantages of the city. What is to be done by the bank in supporting the development of these trades? In this aspect, it is necessary to treat different trades according to their own specific conditions. 1) To make up for the breach in the productivity of the knitting industry as quickly as possible, carry out new construction and expansion projects and support the industry in increasing the output of famous brand products, increasing varieties and promoting exports in a big way. It is also necessary to renew the old equipment and the warehouses that are in a dangerous condition. 2) To support the printing and dyeing industry in developing its capacity of producing wide width cloth and this support must be mainly concentrated in developing famous products and exports. 3) To control the development of garment industry and support must be given mainly in developing famous brand products, adding varieties and developing the production of silk garments.

2. Those engaged in investigations have developed their understanding of enterprise management and professional level.

Comrades who have taken part in economic investigations said: "Economic investigations are an important way for doing a good job in the financing work of the bank. They have also provided us with a good opportunity for

understanding enterprises, studying the knowledge of management and improving our professional work. The guiding roles of the investigations in financing work are becoming more important and we have experienced benefit from these investigations." For example, in referring to special features in the demand of textiles at present stage, a comrade who has taken part in the investigations of textile industry said confidently: "Customers are concerned about 1) varieties; 2) wide width cloth is more marketable than the narrow width, colored textiles are more marketable than none-colored cloth and thin textiles are more welcomed than the thicker ones and finally, the demand of textiles is highly seasonal." According to his view, our support for the textile industry must be mainly concerned with adding varieties and on this basis, attention must be paid to the width of cloth, colors and thickness and to the fact that the products of textile mills must accord with seasonal changes. Following the investigations of the textile industry, those who are responsible for financing work in the bank are able to make their proposals in defining loan items and with more initiative, the bank now has higher prestige.

3. Have reasons for defining loan items.

Through investigations, the bank is now in a better position to understand the production, supply and sales and various management levels of various enterprises and their positions within the trades and in the market. With enterprise files in their hand, the staff of the bank is familiar with such situations as which of the trades have the most advantages in Qingdao, which are the "fist" products of these trades and what is the real potential of enterprises. Consequently, in deciding loan items, the bank is active and able to provide loans on firm foundation. In September 1980, the Qingdao municipal light industrial bureau suggested that the second paper mill be provided with 1.9 million yuan loan for a small capital construction to improve the capacity of producing thin paper. According to planning, the mill will increase production by 2,900 tons, with 6.3 million yuan output value, 1.45 million yuan profits and 630,000 yuan tax. With regard to the application for the loan, the bank checked the files of the paper making industry. Data showed that the supply of raw materials for the paper industry and particularly the supply of wood was very tight. And to increase production capacity by 2,900 tons annually meant that more than 7,200 tons of raw materials would be required and these raw materials were equally composed of wood and grass. This situation showed that whether the project could be carried out depended on the supply of the raw materials. Thus, with this question in mind, the staff of the bank who were responsible for financing, visited the related departments and units to carry out investigations which showed that there were not enough raw materials. The bank decided that the project could not be carried out to avoid blindness in construction.

4. In the interest of solving the problems that crop up in the process of financing.

Capital construction is complicated, therefore even if initial investigations are carried out in the process of checking and approving loan items, problems will inevitably crop up. But the problems that are found during investigations can be resolved because the reasons for such problems can be found quickly. For example, the bank investigation group that is responsible for investigating the textile industry once investigated the Qingdao woollen mill and found that although loans had been provided on three occasions for the construction of a dyeing workshop, more funds were still needed. This loan item was typical of a "fishing" item. The originally approved loan was 940,000 yuan and this figure was later augmented twice by 330,000 yuan and 590,000 yuan, with the present total coming to 1.86 million yuan. The group investigated the management of the mill and the feasibility and necessity of building the workshop. It was found that the construction project required little investment, had a rapid turnover and big profits and therefore this project was worth financing. The group then studied the problem of the "fishing"—overdraw and it found that it was because the loan system was not rational while the enterprise itself lacked construction experiences. In addition, the higher departments concerned had no ability to solve problems. For another example, our country still does not have a complete "2 seconds separation" sewage treatment method. Therefore it was difficult to calculate the cost of such project. In addition, this project required big expenditure that exceeded the originally estimated cost. First it was decided not to provide another loan; later an addition of only 70,000 yuan loan was provided to this project. As a result, while the old problem was resolved, a new one occurred. The bank investigated the situation of the construction and the reason for overdrawing and suggested that the project begin production as soon as possible so as to solve the problem of funds. The financing department of the bank agreed with the proposal of the group and the problem of this project is now being resolved.

5. Understand conditions for feasible study of loan items.

Both positive and negative experiences proved that to carry out a feasibility study of loan items is important for improving investment efficiency. But it will not be possible to carry out feasibility studies without information and materials' nor will it be possible for the staff concerned to carry out such studies if they do not understand the knowledge of management. Therefore the investigations of enterpises and the formation of economic files have made it possible to carry out feasibility studies.

One of the main tasks of the bank at present is to step up economic investigations and exchange information. To collect and analyze the data from the investigations of various enterprises and trades in one region is in the interest of defining the investment orientation in that region. But it is not enough just to carry out this work in one region and to define the

investment orientation of this region only. If the branches of the bank across the country carry out and persist in these works, it will consequently be possible for the head office of the bank to collect and analyze the data and situations of various places and proceed from the situation of national production, supply and sales and feed back the information to various places. In this way, the bank will be in a position to understand the advantages and investment orientation in various places and consequently it will be able to carry out financing work more consciously and scientifically. This is the way for the bank to do a good job in financing and to raise investment efficiency.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON SYSTEM REFORM, SHOUDU EXPERIENCE

HK180935 Beijing JINGJI GUANLI in Chinese No. 7, 15 Aug 82 pp 19-23

[Article by Jiang Yiwei [5592 0001 5517] and Lin Ling [2651 0407]: "System Reform as Seen From the Shoudu Iron and Steel Company"]

[Text] In order to grasp the first-hand data and probe into the reform of the economic management system, we and other comrades carried out study and investigation of the Shoudu Iron and Steel Company in March this year.

The Shoudu Iron and Steel Company is one of the eight enterprises that were the first to expand their autonomy with approval from the state economic commission. Like other enterprises that are carrying out other experiments, the Shoudu Iron and Steel Company has not completely realized the autonomy that is defined in the documents of the experiment. Yet over the past 3 years, this company has exercised a certain degree of autonomy with regard to production, planning, sales of products, profit retention and the use of funds. Thanks to the expansion of its autonomy, the company has consequently activated the economy and has also been able, despite many difficulties in carrying out economic readjustment, to increase income although its production has decreased and it has made tremendous achievements. Through practice over the past 3 years, comrades in this company have a deeper understanding of system reform and have made many proposals to our great enlightenment. From the situation of reform of the economic management system in the Shoudu Iron and Steel Company, we gained the following views:

(1) System Reform Is a Way Out for Raising Economic Returns and Promoting Economic Development

Since the 3d plenary session of the 11th CPC central committee, our country has carried out the principle of the open-door policy and enlivening the domestic economy and has also carried out experiments on reforming the economic management system through expanding the autonomy of enterprises and carrying out market regulation. We all agreed that the orientation of these measures is correct and considerable achievements have been made. But at the same time, there have appeared some problems because the work in the reform of macroeconomic management was lagging behind. In order to appraise the gains and the losses in this work, it is imperative to sum

up in an overall way the related experiences and lessons. Reality in the Shoudu Iron and Steel Company shows that following the reform and particularly following the introduction of the economic responsibility system, the production tasks of the enterprise and its management are shared by all staff and workers. Consequently, the staff and workers have displayed their initiative as masters of their own country, both the enterprise, and the staff and workers, have been active in promoting the improvement of economic returns, in a big way, ensuring the income of the state and realizing the state's centralized leadership. At the same time, the life of the staff and workers has been improved and an excellent situation has prevailed throughout the enterprise. Following are the main achievements of this enterprise.

First, under the condition of implementing the principle of readjustment, economic efficiency has been raised to guarantee state income.

Over the past 3 years following the expansion of autonomy, the Shoudu Iron and Steel Company recorded total net profits of 826.22 million yuan; an average of 275.4 million yuan per year. This figure was 189.51 million yuan higher than 1978 prior to the expansion of autonomy and represented an average annual growth of 45.32 percent.

During the 3 years, the company handed over to the state a total of 730.01 million yuan of profits; an average of 243.34 million yuan per year. This figure represented an annual growth of 34.5 percent against the figure of 180.92 million yuan in 1978.

The profits handed over to the state and the tax during this period totalled 838.05 million yuan, averaging 279.35 million yuan per year. This figure represented an annual growth of 27.91 percent against the figure of 218.4 million yuan in 1978.

Prior to the expansion of autonomy, the state got profits from the company but at the same time it also invested in the capital construction of the company and made special investment. Following the expansion of autonomy, the company has been able to increase every year the amount of profits that are handed over to the state while the funds allocated to this company by the state have decreased every year. If the state's increased income and decreased allocation are combined, the state's actual income is still higher:

	Profit Remitted to State (million yuan)	State Allocation (million yuan)	State Actual Income (million yuan)
1978	180.92	157.88	23.04
1979	213.13	72.62	140.51
1980	246.88	54.65	192.22
1981	270.00	10.68	259.32

In the 3 years following the expansion of autonomy, the state's actual income totalled 592.05 million yuan, an average of 197.35 million yuan annually. This figure was 174.31 million yuan more than the figure of 23.04 million yuan in 1978 and it has increased annually.

The comparison between the actual income of the state and enterprise has also resulted in annual increases in the proportion of the state's actual income:

	State Actual Income (percent)	Enterprise Actual Income (percent)
1978	12.2	87.8
1979	60.5	39.5
1980	67.7	32.3
1981	83.6	16.4

The situation in the Shoudu Iron and Steel Company shows that the reform of the economic management system does not upset the state's financial income; on the contrary it increases it.

Second, the enterprise has exercised its autonomy in the way of making use of the funds at its own disposal in carrying out technical transformation and changing its outlook.

In the 3 years following the expansion of autonomy, the Shoudu Iron and Steel Company has recorded total net profits of 826.22 million yuan, of which 730.01 million yuan (88.4 percent) was handed over to the state and 96.21 million yuan (11.6 percent) was retained by the enterprise. In addition, the total amount retained in the 3 years, including the funds for renewing and transforming equipment, was 114.07 million yuan and the income from comprehensive utilization was 10.35 million yuan, making a total of 220.63 million yuan.

Of the amount retained, 84,638,200 yuan were used in carrying out technical transformation, increasing product variety, improving product quality and improving labor protection and 55,998,800 yuan were used in projects for saving energy and dealing with pollution. These two aspects amounted to 140.637 million yuan, 63.7 percent of the total funds retained by the enterprise. These investments were previously made by the state but after the expansion of autonomy, these expenditures were covered by funds retained by the enterprise. All major reforms were approved by the state.

Prior to the expansion of autonomy, such items of technical transformation were approved by the state every year and the state had to make investment every year too. And these projects were often delayed which adversely affected the results of investment. For example, a coal-gas pressure

station project was started in 1959 and it was completed 21 years later. Following the expansion of autonomy, the unfinished parts were assembled and completed in just a matter of 11 months. Another example, there were fires around the original benzol workship and therefore an explosion would have been enough to devastate half of the company and this problem remained unresolved for many years in the past because no state investment was used to solve this problem. In 1981, the company used some of its retention funds to relocate the workship and thus avoid the hazard. Last October, the company used 3.082 million yuan from its retention funds to instal some new-technology magnetic rolling equipment in its Dashihe ore dressing plant. With this equipment, this plant is able to crush and dress ores after discarding the waste stones that make up 10 percent of crude ores. It is now able to produce an additional 180,000 tons of fine ore powder annually and an additional 5 million yuan of income. The boiler of the company's motive power plant originally used coal, with enormous exhaust gas wasted by the furnace to cause high consumption and serious pollution. The density of the dust contained in the exhaust gas surpassed the state standard by 20 times. Last year, the company used 6 million yuan from its retention funds to transform the 4 35-ton boilers from using coal powder to using coal gas. As a result, through this project alone, the company is able to save 128,000 tons of coal annually or 3.06 million yuan. The density of the dust contained in the exhaust gas is up to the state standard.

In addition to the unprecedentedly high enthusiasm of the staff and workers, another important reason for the company's ability to increase income while decreasing production is that this enterprise has also been able to use some of its retention funds to carrying out timely technical transformation. As a result, it has considerably raised economic returns.

Third, the enterprise has its own economic interest and it has implemented the principle of distribution according to labor to improve welfare facilities and tremendously spur the initiative of the broad masses of staff and workers and their sense of responsibility as masters of their own country.

During the 3 years, the Shoudu Iron and Steel Company used 33.78 million yuan of its retention funds (this figure represented 15.4 percent of the total funds retained in 1979, the state invested 8 million yuan) and built housing facilities for staff and workers with a total floor space of 250,000 square meters. Housing facilities belong to the state's fixed assets and in the past the construction of such facilities totally relied on state investment. But during the past 3 years, the company mainly relied on its own efforts to solve housing facilities under the premise that the state's income was increased.

In all, 13.5 million yuan (6.12 percent of the total retained) was used for medical, welfare and relief expenditures. In the past, such expenditure was included in production costs which reduced the profit handed over to the state. Now such expenditure is covered from the enterprise's retention funds.

In the past 3 years, the Shoudu Iron and Steel Company has drawn 28.586 million yuan from award funds and given awards totalling of 22.0129 million yuan. The total amount of these awards was equal to 2.664 percent of the total profits made by the company in the 3 years and to 3.01 percent of the total profits handed over to the state. The amount of awards last year was equal to 2.99 months of average standard wages. This figure was within the limit defined by Beijing Municipality for advanced enterprises. Following the expansion of its autonomy, the company has paid attention to implementing the principle of distribution according to labor, conscientiously carried out ideological and political work and provided awards according to the specific conditions of each laborer and staff member. In particular, through the introduction of the economic responsibility system, the company has set up and perfected the "position economic responsibility system." As a result, the company has closely combined awards with collective production and the achievements of individual labor and mobilized in a big way the initiative of the broad masses of staff and workers as masters of their own country and consequently great changes have taken place in the mental outlook of staff and workers.

Fourth, from expanding autonomy to establishing and perfecting the economic responsibility system to improve the management of the enterprise.

Prior to the expansion of autonomy, the tasks of the enterprise were simply to fulfil state plans. It was neither necessary nor possible for the enterprise to consider the question of management. Following the expansion of autonomy, the state began to carry out economic readjustment and consequently, the demand for steel decreased. It is true that the state plan defined a mandatory target, yet a number of products that were included in the plan could not be distributed. Under this situation, the enterprise could not but pay attention to its business operation, investigate the market situation, find ways of selling its products, improve its service for customers and strengthen inner management to accord with market demand. In 1981, the company was able to sell products that were included in the state plan but which could not be distributed amounting to 16.4 percent of the total production.

Comrades in the Shoudu Iron and Steel Company said with deep feeling that the expansion of autonomy and market regulation are both motivation and pressure because under this situation, the enterprise cannot but improve its management so as to raise economic returns. In the relations between readjustment and reform, the latter must be subject to the former. Reform also represents a way of realizing readjustment. Without reform, enterprises can only wait for readjustment and arrangement by the state to sell their products and under this situation homan enterprises increase their income while their production is decreased?

According to our view, the experiences of the Shoudu Iron and Steel Company show that system reform is a way of raising economic returns and improving the development of our economy. These experiences also show that since

the 3d plenary session of the 11th CPC central committee, the orientation of the reform has been correct, the achievements are tremendous and the main trend is healthy.

(II) In Furthering Reform It Is Imperative to Persist in Socialist Planned Economy and Display the Auxiliary Role of Market Regulation

How to further carry out the reform? Viewed from the experiences of the Shoudu Iron and Steel Company, it is imperative in furthering the reform to persist in the socialist planned economy and to constantly reform the planned management system.

It is necessary to strengthen planned management. But to do so does not mean to rely on mandatory planning, nor does it mean to rigidly control enterprises. Planned management includes the features of the two aspects of planning and control. First of all, it is demanded that the planning departments must do a good job in making predictions and working out a complete plan that can reflect social demand more accurately. In order to realize the planned goal, the state must control production and circulation. State control must include direct control and indirect control. The commanding part in the planning is the part that is under the state's direct control. Different goods have a different proportion of direction control. Comrades in the Shoudu Iron and Steel Company told that the proportion in the transfer of iron and steel under direct control should be around 80 to 85 percent while the remaining 15 to 20 percent should be at the disposal of enterprises themselves so that enterprise can readjust the structure of their products in time and meet market demand, including the demand in rural areas.

In carrying out the economic responsibility system that combines responsibility, autonomy and interest, enterprises must put in the first place their responsibility for the state (including completing the tasks of state allocation, and remission of profit and tax to the state). But on the other hand, the organizations representing the state and that have the autonomy must also be responsible for enterprises. In the past, there were many problems in the management of state plans one of which was that such organizations had autonomy but did not have responsibility. Comrades in the Shoudu Iron and Steel Company said that in the past, the planning itself had contradictions in 12 links: between production and finance, between production and supply, between assigning production and transfer, between supply and transportation, between sales and transportation, technical transformation measures and material equipment, between the current year and medium and long term, between the tasks of central government and the tasks of localities, between the results of business operation and the amount of distribution, between the arrangement of planning and display of advantages, between production and labor force and between production and exports. There were too many organizations in the management of the planned goal. There was not enough comprehensive balance, conditions were not guaranteed and enterprises were responsible for solving contradictions themselves. Such mandatory planning was planning with power but

without responsibility. For example, a steel rolling plant in the Shoudu Iron and Steel Company has an annual capacity of 400,000 tons but the task assigned to this plant by the state was only 280,000 tons; this plant consumed 50 kilograms of oil to produce 1 ton of products but the state only supplied 3,500 tons oil. Thus according to the plan, the plant had to suspend production when the oil was used up; but the company could not stop production, therefore it had to find oil somewhere else, even at a price as high as 600 yuan per ton. The higher departments concerned did not care about this problem.

The of planned management must solve at least four problems.

First, the planning must be comprehensively balanced, it must be passed down unifiedly by one department while the enterprises must be responsible for one department only.

Second, the tasks of the plan must be divided into two aspects that are respectively put under direct control and indirect control. Enterprises must guarantee to fulfil the tasks for production that are under direct control on time, with quality and quantity up to requirement; enterprises are in a position to float within the limit defined by the state the prices of the part of the products that are under indirect control.

Third, on behalf of the state, the goods and materials or commercial departments give enterprises orders for the part of the products under the state's direct control through contracts, with the responsibility, autonomy and interest stipulated for both sides and both sides have to observe the contracts.

Fourth, efforts must be made to supply the products under the state's direct control on the basis of regions and departments. Under the conditions defined by the state, long-term contracts must be signed with regard to the production of such goods and these contracts must remain unchanged for several years so as to minimize the work of making comprehensive balance and enable enterprises to stabilize their production and management.

(III) In Furthering Reform It Is Necessary to Find a Method of Rationally Distributing the Interests of the State, Enterprises and Individual Staff and Workers

The nature of the distribution of the interests of the state, enterprises and individual staff and workers is the distribution of net output value that is created by laborers. Under the capitalist system, part of the net output value is retained for staff and workers as the value of labor force (V) while the other part is possessed by the bourgeoisie as surplus value (M). Under the socialist system, all net output value belongs to the laboring people. But this output value must first be distributed between the state and the enterprises and respectively redistributed by both sides.

Net output value corresponds to national revenue. The state controls the distribution of national revenue according to planning and first of all it controls the proportionate relations between accumulation and consumption. The state may, according to plan define the proportion for the distribution of the net output value of different trades. Part of the net output value is handed over to the state in the form of tax while another part is retained for enterprises. It may also define the proportion of the net output value for the individual consumption of staff and workers (wages, awards and welfare).

This rational distribution system is based on price rationality and therefore it cannot be realized at the present stage. At present, we can only use different forms in distributing profits and make proper improvement.

Comrades in the Shoudu Iron and Steel Company hold that for their company, which has a certain management foundation and great potential, the introduction of total retention would not have a tremendously encouraging role. They suggest that it would be better for their company to introduce the method of assigning production quotas with increasing volume annually so as to guarantee that the state income will gradually and stably increase every year while the enterprise itself will have a definite goal. In this respect, they made the following proposals:

(1) With the base figure for the goal of the profits made through assigning production quotas in 1981 as the basis, the goal can be increased by less than 10 percent annually and this situation must remain unchanged for several years. For their company, they suggest increases of 5 percent per year and 10 years later, that is in 1991, the profits handed over to the state should be 439.8 million yuan, 163 percent of the 1981 figure. In order to guarantee that the profits handed over to the state will constantly increase while the retention profits of the enterprise will grow correspondingly, the profits of the enterprise must also grow by 5 percent. If the growth is less than 5 percent, the growth of profits retained by the enterprise will eventually decrease because the enterprise has to guarantee the growth of the profits that are handed over to the state. If the growth is higher than 5 percent, enterprise retention will have grown even more because the growth of the profits handed over to the state remains unchanged. The benefit in doing this is not only to guarantee that the state's financial income will grow stably but also to encourage the enterprise to increase the growth of profits and this situation is in the interest of mobilizing the initiative of the enterprise.

(2) Proceed from the specific conditions of the enterprise to define the proportionate use of profits retained by the enterprise. Comrades in the Shoudu Iron and Steel Company suggested using 60 percent for technical transformation and developing production; 20 percent for collective welfare and mainly for building houses for staff and workers, and the other 20 percent for awards and daily welfare expenditures. It is also worth considering linking awards with the guaranteed growth of the profits that are

handed over to the state. They suggest that if the growth of the profits handed over to the state is less than 5 percent, the level of the awards for staff and workers must remain unchanged; if the company fails even to reach the base figure, the award must be stopped. If the growth reaches or surpasses 5 percent, then each time it increases 2 percent, the award must be increased by 0.1 months of standard wages. According to this calculation, if the company is able to realize a growth of 5 percent in the profits for the state, the award will be increased by 0.25 months which means a per capita average monthly income in this instance of only 1.104 yuan. Although the income is small, it will encourage the masses of staff and workers to spare no efforts to increase income and decrease expenditures and to guarantee that the profits handed over to the state will grow.

(3) In implementing the principle of distribution according to labor within an enterprise, we cannot mainly depend on awards; what is more important is that such distribution must be showed in wages. Enterprises must be allowed to use the retention award funds to readjust the wages of part of the staff and workers every year as a measure of implementing an internal wage system. This method includes strict examination of staff and workers so that they will be "promoted" by the enterprises on condition that they really reach a higher grade in technical standard and at the same time fulfil the position responsibility system; if they fail to fulfil their tasks in the next year, their promotion will be cancelled; as for those who are transferred to other units, the newly added part of their wages will be cancelled in their new posts; those who are able to meet technical and production requirements for 3 successive years will have their grading defined and the increased part of their wages will be covered by wage funds, when the promoted positions are unifiedly handled by the state, the scale of the promotion is readjusted again.

Thus the internal wage system of using award funds is more effective in mobilizing the initiative of staff and workers than solely relying on awards and this method is also in the interest of forming the position wage system that accords with the principle of distribution according to labor. According to our view, under the situation in which it is temporarily difficult to reform the wage system comprehensively, this method proposed by comrades from the Shoudu Iron and Steel Company is practicable.

With regard to the figures of the above-mentioned proposals, they still need further prediction. But the measures mentioned are in the interest of guaranteeing the state's financial revenue and mobilizing the initiative of enterprises and their staff and workers. We suggest that the proposals be experimented with in the Shoudu Iron and Steel Company and a few other enterprises so as to prove through practice whether they are feasible.

(IV) Some Suggestions About Furthering the Experiment on System Reform

System reform is an inevitable big change in the relations of production and therefore we must daringly but stably probe into this question both

in theory and practice. In the process of reform, it is necessary to work out and constantly perfect the planning of the reform and at the same time it is also necessary, through experiments in selected units, to test and appraise the planning. Together with comrades in the Shoudu Iron and Steel Company, we have the following common views regarding further carrying out the experiment.

(1) In order to probe new methods and test planning reform, the experiment must be carried out in a few "points"; but if the experiment involves many units, it becomes a "broad" experiment and not the experiment in a few selected "points." If the experiment is carried out in a few selected units, the whole situation will not be affected when some problems occur during the experiment and at the same time we will also be able to accumulate experience and draw lessons.

(2) Since the experiment is carried out in a few selected "points," we can resort to different plans so as to make comparison, overcome shortcomings and display advantages through summing up experience, gradually form better plans which can later be experimented with on a wider scale and when such plans have been proven effective in practice, they can be popularized. Overall planning is needed for overall reform but this planning may initially be just planning in principle, without rigidly defined concrete methods. Under the guidance of planning in principle, it is permitted to define different concrete plans for experiments.

(3) One of the outstanding problems in the current system reform is that the contents of the reform are not complete and in particular we still do not have a complete method as to how to reform macroeconomic management. Therefore it is necessary to select some cities for comprehensive experiments. But at the same time, it is also necessary to select some enterprises of different types, with a fairly good management foundation and fairly good achievements gained in experiments for further carrying out the experiments on some new aspects of reform so as to acquire new experiences.

Through the investigations of the Shoudu Iron and Steel Company, we have a deeper understanding of the necessity and importance of big enterprises carrying out reform. Big enterprises represent the backbone of our socialist industry and they have a vital role in the national economy. Therefore to mobilize the initiative of big enterprises and activate their economy are very important in guaranteeing the stability of the state's financial revenue and in stably promoting the development of the national economy. Some comrades hold that since big enterprises have a fairly high level of productivity and funds, of the various factors of productivity, the material factor plays a guiding role while the human factor has been put into the second position. Consequently, they hold that it is not necessary to expand the decisionmaking power of such enterprises. This view is apparently wrong. No matter what the size of the enterprise or what the level of technology, the human factor always plays the guiding role in

production. Large-scale enterprises with a high technical level have more scope for activity and greater potential. To allow enterprises to have the necessary autonomy and consequently to enable them to have greater vitality will play a greater role in raising the efficiency of the national economy.

Some other comrades hold that since big enterprises have a great influence on the national economy and people's life, it is imperative for the state to strengthen the management over such enterprises and therefore such enterprises must have less autonomy. This view is also incorrect. Of course, it is necessary to strengthen management but that does not mean rigidly controlling such enterprises, nor does it mean that the bigger the enterprise, the more rigid should be the control. In reforming the system, we must be able to "manage but not to stifle and to enliven but not to create chaos" and this principle is applicable to both big and small enterprises. Generally speaking, big enterprises are more complete organizationally, they have a better management foundation and cadres with a higher level of understanding with regard to forcefully implementing policies and fulfilling plans. Therefore even if the autonomy of these enterprises is expanded, no serious chaos will ensure. Under the situation in which policies are not concrete and the legal system is incomplete, it is none other than the numerous small enterprises that can easily cause chaos when they are enlivened.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' DISCUSSES TECHNICAL STANDARDS

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[Article by the Shanghai Yuejin electrical machinery factory: "Grasp International Technical Standards to Improve the Quality of Export Products"]

[Text] Editor's note: To organize production according to international technical standards is an important measure for strengthening the competitiveness of our export products and enabling us to put more products onto international markets. It is also an important way of improving the technical level of our industrial products and raising economic efficiency in an overall way. At present, the technical standards of a number of our products are outdated and backward and are consequently in need of urgent improvement. Some enterprises that have met the existing state standards are not satisfied with such achievements and have therefore defined enterprise standards that are higher than the state standards and have consequently achieved better economic efficiency. In the process of carrying out overall readjustment, all industrial enterprises must follow the example of the Shanghai Yuejin electrical machinery factory in fostering high aspirations and great ideals, placing strict demands on themselves and doing a good job in various capital constructions in their efforts to improve the quality of their products, their technical levels and to raise economic efficiency. [End editor's note]

Standardization work plays a very important role in stepping up the technical development of the machine building industry, while technical standards constitute an important element in the import of technology. One of the important tasks of the electrical machinery trade in the current period of national economic readjustment is to turn from solely serving the home market to becoming active in opening up the international market. For this purpose, it is imperative to produce advanced products. A further indispensable condition in this respect is that our exports must accord with "international standards" and "international general standards." In the autumn of 1978, our factory imported and began to use international standards. By combining industry with trade and technology with trade, we produced small QU series 3-phase asynchronous motors to 28 specifications with H80-132 central height for the BBC Company of West Germany from samples of the products sent to us and the brand defined by the company. The samples were tested and appraised and we began mass production in 1980.

So far we have made about 60,000 such generators with a total capacity of 160,000 kW and we have made U.S.$3.44 million in foreign exchange. After more than 2 years of production, we are deeply aware of the importance of standards work.

I. Export Products Must Accord with International Standards and International General Standards

The key question in exporting products is quality. The quality of the products that are marketed internationally must accord with international standards. Therefore, whether or not to use international standards is an important matter which will decide whether our products are exportable. Our factory used mainly to produce J02 series and J03 series motors. The size of our packaging and the grade of capacity used by our factory did not accord with DIN 42673 international general standards. Consequently, the exports of such products were seriously limited and they were once graded into the 4th category of commodities. In 1978, the BBC Company sent its staff to our factory for talks. During the talks, our factory introduced 2 samples of the motors that accorded with technical requirements. In addition, the size of packaging was also in line with international general standards. This situation consequently formed a foundation for the factory to produce QU series motors with the samples provided and the brand defined by the company. During talks, we used also to stick to the state standards for the products on the whole. But state standards were equivalent to those of the 1950's and they were hardly interchangeable with international general standards. The standards used by the BBC company in producing the 3-phase asynchronous motors include 13 parts with IEC and ISO international standards while more than 55 parts are using DIN and VDE international general standards. The requirements of these standards are comparatively high and most of these standards are advanced and rational. For example, in according with "allowable fixed flanges used in electrical machinery" and "allowable positional difference of axial extending end" of the DIN 42955 standards, the processing of these products has to be upgraded from grade three to grade two. Such requirements are no doubt higher and make more difficulties for the manufacturer, but the products under such requirements have been able to meet the needs of users. In carrying out production according to samples and with defined brands, we have used international standards. Consequently, our design level for QU series products has been considerably improved, while the motors produced according to such standards are of a higher quality. To win the confidence of users through quality serves the interest of opening up more sales channels.

II. To Improve the Quality of Products, It Is Imperative to be Familiar with and to Strictly follow Standards

Compared with general international standards, the standards used in our electric machinery trade are not only lagging behind in technical level but also have a weaker base and are incomplete. Imported standards are

often unfamiliar in our country and we have therefore never used them. Therefore, it is very important to become familiar with such standards and use them in the manufacturing and testing of our products. In order to study, digest and use such standards in the process of designing, testing and producing products, we have mainly carried out the following work:

1. Collect Data to Become Familiar with Standards

Experts from West Germany sent us much technical data when we were discussing technical standards. The documents about the standards for processing electrical and other machinery alone constituted almost 100 copies and there were also standards documents for other fields. We have translated these documents in time and analyzed and learnt from them.

2. Study Samples and Predict Levels

In order to understand our own situation and the situation of other companies abroad, we have comprehensively tested the five samples that were provided by foreign businessmen. Consequently, by combining theory with practice, we have deepened our understanding of defining and using standards.

3. Find Differences and Define Standards

In the past, in checking the quality of the products made in our country, it was decided that the products must reach the standards of the tested items but the items themselves were passed and permitted to leave the factory even if they had some defects. Yet according to international standards, all products must accordingly be checked and tested. Even "common differences" have to be checked. International standards place emphasis on basic standards and they are comparatively complete, with requirements, methods, testing and testing instruments included in the contents. These standards not only include the requirements of electricity and machinery but also include the interests of the users and the market competition. When foreign businessmen are discussing technical matters, they always proceed from the point of international standards. We, however, traditionally only pay attention to product standards and these standards are not in a position to represent the quality requirement of the products and have therefore affected the implementation of international standards and the improvement of products. Consequently we have become aware of the differences between the two standards and eventually we changed the contents of product standards and the method of defining standards. All the requirements of the standards are respectively included in blueprints and technical materials for implementation.

4. The Two Sides Check and Define Standards

We have twice discussed standards with foreign businessmen. In the first discussion, the two sides sent engineers and technicians to discuss the parts of IEC, DIN and VDE standard that were to be used and this work

lasted for more than 15 days. This discussion also referred to the technical conditions for the export of the motors made by our country and the QU quality standards that are defined by our country for motors. The technical contents of these standards that were agreed by the two sides were tested and appraised. The second series of discussions lasted for nearly 1 month. Through testing typical samples, the situation in the implementation of standards and blueprints quality was also checked and tested. In addition, the 18 items of the standards and guides for quality checking with regard to 163 items of raw materials, parts and products quality control about which the two sides had different views, were minutely discussed until the two sides agreed. All the agreements were signed by the two sides on the foundation of the implementation of standards.

5. Overcome Difficulties and Follow Standards Strictly

The defining of quality standards is only the first step. The only way to guarantee quality is to strictly follow the standards. The standards must be tested seriously and conscientiously while in implementing them it is imperative to change the traditional methods. Foreign businessmen have very high requirements for the outward appearance of the motors. No rust spots and spoiled paint on the footings of the motors are allowed. Surface painting must be even and beautiful, without any bad smell. On the surface lacquer film was also subject to testing: a 2 x 2 inch small square was formed on the surface through cutting with a special tool, the square was then pulled out by a plaster without pulling out the whole film. To accord with this requirement, our factory could not but change the old way of production and follow the standards conscientiously and strictly.

III. In Implementing the Standards It Is Imperative to Set Up Perfect Testing Instruments Through Experimentation and Study

In order to test whether the products are up to standard it is imperative to have complete testing methods. At that time, however, we did not have complete methods for testing the conductivity of rotor aluminum conducting rods, the thickness of the plating of fixed parts, electric conducting distance between electrified parts, distance between holes in assembling end cover, shrink holes of squirrel-cage rotors, the installing of wiring plates and the electric leakage distance between various parts. In order to guarantee quality and with help from scientific research units, our factory has studied and made some measuring instruments. At the same time, we also imported some items such as simple weaving measuring instruments, instruments for testing the thickness of lacquer film, conductivity of aluminum ingots, meters for testing brightness and cleanliness and lever of moment of force and some other measuring instruments. With these instruments, the factory has been able to strengthen control over product quality.

In the process of implementing standards, we have gradually perfected our testing equipment. As a result, we have strengthened the technical

foundation and the factory consequently has improved technical level and guaranteed that the standards will be strictly followed.

IV. Step Up Enterprise Foundation Work in Order to Implement International Standards

Product quality is in fact a comprehensive reflection of the varied works of an enterprise. Therefore it is only when we are able to strengthen basic enterprise work that we can smoothly implement international standards.

In order to improve basic enterprise work, we have carried out the following steps.

1. Ideological and political work. The purpose of this work is to help staff and workers fully understand the importance of creating foreign exchange for the realization of the modernization program of our country and to understand that to follow international standards in production is an important way of making things foreign serve our country and improve our levels. At the same time, we separate the principle of making things foreign serving our country from "worshipping and having blind faith in things foreign" to foster the thinking of strictly following high standards and putting quality in the first place.

2. Step up basic management in the process of production management so as to carry out production in a balanced way. In carrying out work, we stressed the importance of working production planning under the "three presences" (the presence of blueprints and materials, workers and equipment and raw materials). Working groups have three quotas of workers, machines and production tasks. Operators and groups must meet the requirement of the three aspects of working hours, quality and quantity.

In technical management, production must be carried out strictly according to standards, blueprints and technology while groups are also responsible for checking the whole process of production from checking parts to checking the completion of work. Operators have to check and grade by themselves their own work and mark the cards for their position responsibility system.

3. According to the 163 items of rules and regulations signed with foreign businessmen, we resorted to the method of overall quality management and carried out control in the process of production. Quality control is carried out right from when raw materials are transported in to the factory to parts processing and the transporting of the products from the factory. In this respect, we have taken the following measures:

1. We set up 15 control points in the key production points throughout the factory to attain the following four goals: 1) the index of engineering capacity is bigger than 1.1; 2) control diagrams are up to standard; 3) all staff and workers are able to check and grade their own works and mark the cards with regard to their position responsibility system; 4) the flow of information is smooth.

2. In addition to the control of parts and finished products, the products are also checked when they are put into warehouses. The method used in this work is the AQL (acceptable quality level) method that is defined by the DIN 40080 testing standards for samples. That is, in addition to spot checking certain quantities of products for overall testing of electricity and the outward form of products, five other products are dismantled so as to check the parts according to blueprints.

3. Control the varied flow of information regarding quality standards and assign staff for specialization in carrying out statistical work and handling work.

4. Take technical measures to solve certain problems.

1) Organize civilized production, readjust technical operation line and stabilize the quality of products.

2) In order to form and perfect testing methods, import some testing instruments.

3) In order to guarantee size precision and quality of outward appearance, design and build various position tools.

4) Improve design and technology so as to meet standards requirements.

5. Step Up Staff Training to Meet the Needs of Production

In order to implement product quality standards, it is imperative to enable cadres, technicians, management staff and operators to understand standards and testing guidance and rules. Therefore, with regard to the 163 items of testing guides and rules and standard materials that are signed between our factory and the BBC Company, we stepped up educational measures and trained all the staff and workers of the factory according to their own conditions. In this work, we grasped the following three links:

1. Educating one level after another. The education was carried out according to the grading of staff and workers with emphasis on primary subjects. An overall education was given to middle grade cadres; minute education was given to technicians; repeated education for testing staff and production cadres while primary points education was given to production workers according to their different posts. These measures were aimed at enabling each staff member to understand technical requirements and test rules and regulations and each operator to understand the quality standards of the technical process under his responsibility and test rules and regulations.

2. Specialized training. On the basis of training the whole staff and workers, we proceeded from the specific conditions of our factory and gave "qualified certificates" to staff who, through study, were able to acquaint

themselves with the quality requirements of product processing, able to draw control blueprints, analyze control blueprints, understand quantum knowledge, correctly use imported measuring instruments, do a good job in quality control and who passed examination after training. Those who failed to reach these requirements on many occasions would be transferred from their posts.

3. Emphasis training. Emphasis training was given to the workers who were responsible for key work in production. These workers also studied TQC knowledge so as to improve the level of their technical operation.

Experiences gained by our factory over the past 2 years in implementing international standards and strengthening the work of standardization shows that through importing international standards, we have not only been able to launch our products onto the international market and gain foreign exchange but, what is more important, also to improve our technical level in the process of using the standards. In August, 1981, the BBC Company held that the quality of QU electric machinery made by our factory had remained stable and consequently the number of machines used for spot checking and testing has decreased. In June, 1981, Mr. Manheim Eden, director of the BBC Company, made the following appraisal of the QU electrical machinery when he said: "The electrical machine made by Yuejin electrical machinery factory has reached the level of those made by the BBC, AEG and Seimens companies. These products have reached world and West European levels."

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON CHILDREN'S CONSUMER GOODS

HK150901 Beijing JINGJI GUANLI in Chinese No. 8, 15 Aug 82 pp 15-18

[Article by Gong Jinglong [1362 2529 7127]: "Further Develop the Production of Children's Consumer Goods"]

[Text] The first "National Exhibitional Sale of Children's Goods" which lasted 20 days has come to a victorious close in Beijing. The organizational scale of this exhibitional sale was so large as to be unprecedented since the founding of China. The fields it touched, the products it collected together and the varieties were also totally new. It has played an active role in widening horizons, exchanging experiences, stimulating spirits and giving impetus to the whole situation. We should take this exhibitional sale as the new starting point for further improving the production of children's consumer goods. We should produce more less expensive and better goods with the support of the whole society and the conscientious efforts of the staff and workers of related enterprises, so as to make a new contribution to the healthy growth of children and juveniles all over the country. Now, let me make some immature comments on the problems existing in the development of the production of children's consumer goods.

I. Have a Full Understanding of the Strategic Significance of Devoting Major Efforts to Developing the Production of Children's Consumer Goods.

Since the call issued last February by the central committee that the whole party and the whole society should pay attention to the healthy growth of children and juveniles, the central committee have set up in succession the national harmonious committee for children's and juveniles' work and the national committee of children's daily necessities. Various related departments and quite a few provinces, municipalities and autonomous regions have also established in succession temporary organizations and professional committees to develop the production of children's consumer goods. They have done a great amount of organization and mobilization work, and have achieved satisfactory results. However, the development of matters is invariably unbalanced. There are still some comrades in society who till now have had confused ideas which stand in the way of the development of production. Among these ideas are several remarks which deserve our full attention.

1. It is thought that the quantity of daily consumer goods provided in the markets of our country is still insufficient. Laying too much stress on the development of children's consumer goods, it is said, will mean making a fuss over a trivial matter. We think that this way of looking at the matter is inappropriate.

It is true that the supply of consumer goods in our country's markets today is still a certain distance removed from the people's demand. Because of this, the central committee has decided to continue the readjustment of the national economy. It has repeatedly emphasized that the production of consumer goods should be raised. The central committee pays special attention to developing the production of children's consumer goods, while at the same time laying the stress on developing common consumer goods. I think there is some far more significant strategic importance in this, other than the fact that the supply of children's consumer goods is far worse than the supply of common consumer goods.

Nowadays, many countries in the world have started research on the problem of exploring intelligence and improving national quality. In order to improve more effectively the health quality and the scientific and cultural level of the whole nation, one must begin with enforcing the work of children and juveniles especially that of babies and children below six. Since children and juveniles are living in a period when they will grow in body and mind, therefore this nation can hope for prosperity only by giving them the necessary nourishment for body growth soon after they are born, providing them with a good education, laying a good foundation for them to take up their post in society and to display their ability. To be concerned about the daily necessities of children and juveniles means to be concerned about the future of our nation, country and socialism. We should, within our power, have them well-fed, well-dressed and provide them with instructive playthings and give them the necessary cultural and sports instruments for their studies. While making arrangements for the production of consumer goods, to give consideration to the demand of the mass of juveniles and children has become a current important problem which needs to be solved urgently.

2. It is thought that the national consumer level is still very low. It is inappropriate to forward this problem now. It is true that compared with some economically developed countries, the consumer level of the people of our country is surely very low, but this situation will not last and profound changes have taken place.

1. The consumption of children and that of adults do not increase proportionally and equally. All the labouring people of our country have the good tradition of being industrious and thrifty in managing a household and giving first thoughts to their children's needs. Once they have enough food to eat and enough clothes to wear and their living conditions have improved, they will try every means to give their children better food to eat, and deck their children with tidy and pretty clothes. In the

past two years, the income of the people of our country has increased somewhat and the voice calling for the increase of the production of children's consumer goods is getting stronger. This reflects the fact that the consumer habit is working.

2. Because of the expanding of family employment, family life is developing in the direction of socialization. To be specific, it is concerned with the problem of children's food and clothing. Self-supplied consumption keeps decreasing while commercial consumption keeps increasing. Let's take a look at the cities. Mothers who wean their babies at birth constitute around 50 percent of mothers, and basically, mothers have stopped making clothes and shoes for their children. In the rural areas, about 30 percent of babies lack milk. In areas where income is relatively higher, women have come to realize that economically speaking it is wiser to take part in the productive labour of agricultural by-products than to make clothes and shoes by themselves. In that case, there is an obvious increase in the demand for children's clothing, caps, shoes and baby food by the people in the rural and urban areas.

3. With the implementation of the policy of one child, families become smaller and burdens lessen. Young parents are all willing to spend money on their children. Not only do the markets have to provide for the demand for children's food and clothing, but the demand for children's toys and other children's articles is getting more urgent. We should keep our eyes open to the trend of development and cause social production to catch up with the need of this trend of development.

3. It is thought that developing the production of children's consumer goods is the business of light industry departments and has nothing to do with other departments. Of course, to develop the production of children's consumer goods, the light industry departments have an unshirkable responsibility. Different levels of the light industry departments should make detailed plans according to market demand, strengthen leadership, adopt measures and achieve results. However, national economy is an organic whole, while light industry is but a production processing department. Under the present management system, production will not develop without the cooperation and support of all departments.

Though children's consumer goods are all "tiny articles" yet they are not that easy to produce compared with big products of the same kind. Their common characteristics are: they are labor consuming, material has to be fine, requirements are high and above all, they need to be of cheap price and good quality. Many children's toys are a comprehensive reflection of a nation's modern scientific technology for they need to use new techniques and new materials on a wide scale. Besides, there are highly difficult technical problems to deal with. Not only must there be children's clothing, shoes and caps which are exquisitely made, but also there must be all kinds of noodles which are bright in color, cheap in price and popular in demand. The production of milk powder substitutes needs a

large amount of soybeans and milk powder. All these are materials which the state is short of. And since babies' digestive powers and resistance powers against diseases are weaker than those of adults, the hygiene requirements for milk powder substitutes will be much higher than for ordinary goods. At present, the reason that most of the enterprises manufacturing children's consumer goods lose money is because departments concerned have neglected the characteristics of this part of production, apart from reasons of management and administration.

To develop the production of children's consumer goods demands the concern of the whole party and the whole society, it needs the mobilization of the initiative and enthusiasm of various parties, especially comrades who are in charge of money, raw materials and overall balance at various levels. Once everyone reaches unanimity of opinion and keeps in step it will not be difficult to do the job well.

II. Firmly Establish the Thinking of Serving the Children and Juveniles of the Whole Country

Our country is vast in territory. The development of the economy is not balanced, the differences between rural and urban areas remain great and ours is a multi-nationality inhabited socialist country. The three hundred million children living in the vast territory of our country's rural and urban areas have different consumer levels, consumer habits and consumer demands. Therefore, the development of children's consumer goods cannot just put the stress on large or medium-size cities and manufacture high-grade and middle-grade products. What is more, we cannot just be satisfied with loudly colored products or with the manufacture of products of unhealthy thinking, which will ruin our descendants. Most of the consumers need economical, practical, cheap and high-quality products. While developing children's consumer goods, we must not forget to combine high-grade products with middle-grade ones, nor shall we forget such a glorious task as leading children and juveniles to grow healthily as a new generation of socialist people. Therefore, the various levels of light industry departments and all the productive enterprises should establish the thinking of serving heart and soul the children and juveniles of the whole country.

1. Plan production distribution well. Unreasonable distribution is a big problem existing in the present production of children's consumer goods. Take the toys business for example. The annual total output for 1980 was two hundred million and eight yuan, distributed over twenty-two provinces, municipalities and autonomous regions. But output was mostly concentrated in provinces and municipalities like Shanghai, Beijing, Jiangsu, Guangdong, Hubei and Zhejiang. Beijing and Shanghai alone took up 85 percent of the total production. Other provinces and municipalities received few products, especially the vast areas of the southwest and northwest. Apart from Sichuan and Gueizhou which produce little, other provinces and municipalities produce nothing at all, whereas toys manufactured in Beijing and

Shanghai are mainly for export, so only a limited amount can be spared for home consumption. As a result, big cities have a small supply while those inland provinces, municipalities and autonomous regions are not even able to get supplies. Toys are either low-grade or high-grade. Mechanical, electronic and remote control toys are intricate in construction and need a relatively high base of productive technology. Low-grade and middle-grade toys, however, do not necessarily demand a really high base of productive technology. Therefore, there should be an appropriate distribution of work and a reasonable arrangement between the different provinces, municipalities and autonomous regions in the production of toys. From now on, cities such as Beijing, Shanghai and Guangzhou should lay the emphasis on producing high-grade toys for export, leaving a part of them for home sale in big and medium-size cities. Other cities should, in accordance with the principle of doing what one is capable of and as an active organization, vigorously develop the production of middle-grade and low-grade home market toys for markets in rural areas and small and medium-size cities. Four fifths of the children in our country are living in rural areas. As the living standard of the peasants is being raised, country children's demands for middle-grade and low-grade toys has become more pressing. Special treatment should be given to areas that are mainly inhabited by minority nationalities. In order to have production meet the need of consumer areas, we should organize county industry to produce low-grade toys. Production distribution of children's clothing, shoes and caps and the distribution of toys are more or less the same. However, there are the problems of adjusting distribution and gradually developing inland areas and counties. As for the children's food industry, stress should be put on improving the milk powder bases in Heilongjiang and Inner Mongolia and together with the health departments we should study and produce therapeutic food to cure children of rickets and anemia and make prescriptions for weaning food. Emphasis should be put on developing such things, offering areas with high incidences of disease low prices. At the same time, we should mobilize every province to learn from Guangxi Province, Shangsi County's experience of transforming a small nitrogenous factory to the production of lysine and making use of different kinds of starch to produce more nutritious additives for children, so as to solve the problem of child malnutrition on the spot.

2. Issue plans for different varieties and practise production by special factories. The production of children's consumer goods is not an independent department. With the exception of children's toys; children's clothing, children's shoes and caps, children's food and children's recreational and sports instruments are all small products subordinate to big products. Apart from milk powder substitutes, these products were not listed in statistic catalogues, neither were they listed in the state plan or in the department-run plans. Even in the plans of quite a few provinces, municipalities and regions, they have not been listed separately. Therefore, under the present planning and management system, it is very difficult to master the overall situation of the production of children's consumer goods.

In particular, profits from children's clothing, shoes, caps and children's food only one seventh to one fifth of the profits from big products of the same kind so enterprises do not have much enthusiasm for this production. If the issuing of the varied plan does not go in hand with the issuing of the production plan, there is the danger that nothing will come of the whole plan. For this reason, it is highly necessary to put children's clothing, children's shoes and children's food under the lists of related big products, and have them counted and planned separately. All the places and enterprises that have suitable conditions should practise production by special factories or special workships. This will avoid the use of the big products with their high profits to squeeze the production of children's consumer goods that are of low profit and will guarantee that production will have plans and continuously develop according to proportion.

3. Uphold the principle of the unity of internal quality and external quality. The quality of products can be divided into internal and external quality. External quality is mainly used to attract customers while only the internal quality can guarantee consumers the practical and economical value. Take children's consumer goods for example. Whether the interior quality is high or low largely depends on the degree of processing, the level of hygiene and the durability of the products. For the present consumer level of our country, productive units should put first importance on improving the internal quality of products. When internal quality is able to win the confidence of customers, we can adorn and decorate the products. If in production we do not pay attention to the internal quality of products and only work hard on the packaging of products, it will not only increase the cost of products but will give people the impression of being flashy and without substance and looking impressive but lacking real worth. This goes against the principle of socialist management. Every productive enterprise should mobilize the masses to carry out the discussion of "if I were the consumer of these products," check strictly the quality of working procedures, combine the quality of products with award and punishment and reach real unity of internal and external quality.

4. Complete the specifications of varieties. The incomplete specification of varieties is a great problem existing in the production of light industry, and the production of children's clothing, shoes and caps most conspicuously. At present, children's clothing, shoes and caps produced mostly suit only the kindergarten children, and little consideration has even been given to the clothing of babies, pupils and students of secondary schools. Sometimes, boys of eleven and twelve will not be able to get an ordinary pair of shoes, or an ordinary pair of trousers, or an ordinary jacket, even after a thorough search of Beijing Municipality. You can imagine how difficult it will be at other places if it is that difficult in Beijing. I suggest that clothing co-operations of various places should make serious investigations and classify the consumers in their area and then decide how much clothing, shoes and caps should be produced for various ages and various sizes. You can always adjust the production plans according to the sale conditions each month. Clothing, shoes and caps are highly seasonal.

One can organize production in a planned way and proportionally according to seasonal demand. We should go all out to get the specifications of varieties complete and try to enrich the variety so that children and juveniles of different ages can get whatever they want to buy whenever they make a purchase.

5. Firmly grasp administrative management and try to keep the products cheap and quality good. For general consumer goods, we should keep the products cheap and quality good and try to cater for popular demand. Production of children's consumer goods should develop in this direction.

At present the profit rate for children's consumer goods is rather low. so it will not be easy to make the products really cheap and the quality good, yet surely no such conclusion should be reached as that children's consumer good do not need to be cheap and of good quality. How to strengthen administrative management, cut down the waste of raw materials, reduce nonproductive expenditure, improve economic effect, and cut down the selling price of products are big problems that need to be solved urgently in the production of children's consumer goods. In these respects, Dalian children's clothing factory and Yantai children's shoes factory have already achieved some satisfactory results. Other enterprises should more often look for reasons for low profits or even reasons for losing money in interior management, and try to improve products as soon as possible.

III. Make Serious Studies of Practical Problems Existing in the Production of Children's Consumer Goods

At present, there are many problems existing in the production of children's consumer goods. Summing them up, the following aspects have direct influence on the development of production. Feasible measures should be taken to find a quick solution with the mutual aid of related parties.

1. On the supply of raw materials. Insufficient supply of raw material is one of the most serious difficulties in the productive enterprises of children's consumer goods. Since this year, related departments have agreed to solve the problem of steel used in producing perambulators according to practical need. This serves as a strong support for the production of toys. Nevertheless, the demand for timber and other first and second grade materials have not yet been met. We hold that children's consumer goods are mostly daily necessities, so their demand for first and second grade materials should be brought into line with the distribution plan for materials differently graded according to the subordinate relationship of enterprises. Quality and quantity should be guaranteed, and supply at a low price as well. No department should squeeze, occupy or pinch material. Some can even make arrangements for special material such as the steel for perambulators. Issue orders with a special note and distribute the raw material directly to the enterprises.

2. On the development of funds. Enterprises producing children's consumer goods mostly have little capital and make small profits. They are not able to get bank loans. This has a great influence on the reformation of techniques and enlarging the scale of production. Since this year, departments of light industry at each level have tried to increase the allocation of funds for technology and measures in the budget, but basic problems have not yet been solved. According to estimations, to construct a baby food factory which has a yearly manufacturing capacity of 1,000 tons will take 17 years to pay back all the basic interest of the loan. Therefore at a time when the state does not have sufficient construction funds, it is highly necessary to give some long-term interest-free loans to enterprises that cannot use bank loans, so as to help them overcome the shortage of productive power.

3. On the price of products. At present, owing to the fact that the ex-factory prices of some children's consumer goods are on the low side, the profit rate at most remains at two to three percent. Some factories even lose money and are therefore forced to manufacture other products. This has badly influenced the enthusiasm of enterprises and staff and workers to develop production. Industry, commercial and financial departments should set up investigation teams to look into this matter and make on-the-spot investigations of the different productive enterprises and then, according to the results of investigation, adopt measures or adjust the prices of products or adjust the profits of industry and commerce, or make proper reduction or remittance of taxes, or encourage the factories to strengthen administrative management. Problems which might influence the development of production should definitely not be put aside.

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ECONOMIC PLANNING

IMPROVEMENT OF ECONOMIC RESULTS STRESSED IN ECONOMIC WORK

Beijing ZHONGGUO CAIMAO BAO in Chinese 21 Sep 82 p 3

[Article by Wang Shaofei [3769 4801 7378] (Fellow of Finance, Trade and Supply Economic Research Institute of the Chinese Academy of Sciences): "Focus All Economic Work on the Attainment of Better Economic Results"]

[Text] "Focus all economic work on the attainment of better economic results." This is an important call issued by Comrade Hu Yaobang in his political report at the 12th National Party Congress.

The core of socialist modernization is to develop socialist economy, and funds are the prerequisite for economic construction. There must be input before there can be output. Under certain conditions, input is in direct proportion to output. We can use various forecasts and estimates to find out the amount of investment required to raise our total industrial and agricultural output value to 2,800 billion yuan by the year 2000. Let us leave out agricultural production and talk about the investment required for industrial production alone. If that of 1980 is to be quadrupled, the total industrial output value by 2000 will be 2,000 billion yuan. If our estimate is based on the amount of funds (that is, the net value of fixed assets plus the circulating funds; same as follows) used for every 100 yuan of the total industrial output value of the country in 1980, we will need 1,700 billion yuan to achieve a total output value of 2,000 billion yuan. In the past 30 years, the total accumulated funds for industrial production is only some 420 billion yuan, and an additional investment of approximately 1,280 billion yuan is necessary. It would be very difficult to raise such a huge sum of money. However, if our estimate is based on the amount of funds used in Shanghai, where the economic results are fairly good, for every 100 yuan of the total output value, we will need only 760 billion yuan to achieve a total output value of 2,000 billion yuan, and an additional investment of a little more than 300 billion yuan will suffice. It is possible for us to raise a little more than 300 million yuan in 20 years. These two estimates on different bases show that the basic way to solve the problem of insufficient funds is to improve the economic results.

The question now is whether industrial production throughout the country can produce the same economic results as it does in Shanghai, and if so,

when will it be able to do so. It is possible that some, or the majority of enterprises can give this performance. Then the investment required for a total industrial output value of 2,000 billion yuan will be somewhere between 300 million yuan and 1,200 billion yuan. Within this range, better economic results will call for less investment.

To solve the problem of insufficient funds, therefore, we must adopt various effective measures to focuss all economic work on the attainment of better economic results, so that we can produce the most suitable products to meet social needs with minimum consumption, greatly raise labor productivity and continue to raise the profit level.

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SUMMARY OF PROCEEDINGS AT CONFERENCE ON COMMERCIAL RESPONSIBILITY

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 9, 15 Sep 82 pp 57-59, 10

[Article by Theory Branch of Commercial Economic Research Institute of the Ministry of Commerce: "Outline of Discussions on the System of Responsibility for Management in Commerce throughout the Country"]

[Text] I. Meaning of the System of Responsibility for Management in Commerce

Name of System: Generally, five different names were proposed: the "system of responsibility for management in commerce," "system of responsibility for operation and management in commerce," "system of responsibility in the form of contracts in commerce," and "system of responsibility for profit and loss in commerce." The majority of participants favored the "system of responsibility for management in commerce" because it indicates the position of commerce in circulation and its main function in organizing the transactions of commodities. It also shows the difference between this system and the system of responsibility for production in agriculture and the system of economic responsibility in industry. This name has been in use for more than a year, and the broad masses of workers and staff members have accepted and are familiar with it. Changes in the name will cause confusion.

Concept: The majority of participants held that it should firmly adhere to the orientation of socialist business operation under the guidance of state planning; that its purpose is to improve the economic results and the quality of service; and that this is an important system of operation and management for commercial enterprises--a system which combines responsibility, rights and interests. Its special characteristics are: 1) the embodiment of the socialist nature; 2) its similarity with as well as its difference from the systems of responsibility in agriculture and industry; and 3) the clear explanation of its importance in the operation and management of enterprises.

Substance: The vast majority of participants agreed that the combination of responsibility, rights and interests is the basic substance of the system of

responsibility for management. The reason is that in this system, responsibility, rights and interests form a united entity. They are interdependent, and none of them can be missing. Without responsibility, the system will be devoid of any meaning; without rights, the conditions for responsibility will be lacking; and without interests, there will be no incentive. There have been certain systems of responsibility and distribution of interests in the past, but these three components were not closely related to one another. A combination of the three will enable the enterprise to gradually become a relatively independent economic entity which embodies the orientation and goal of economic restructuring.

Certain individuals held that the substance of the system can only be responsibility, and that rights and interests are not included in it. They believed that the system of responsibility for management cannot be considered as the sole and all-embracing system, because it only sets up and clarifies the responsibility, which should be fulfilled and examined, while the questions of rights and interests should be decided by the systems of expansion of decisionmaking power and distribution of benefits.

It was unanimously agreed that responsibility is the core of the system. As to the scope of responsibility, however, there were two different views. One of them was that an enterprise should undertake an overall responsibility. In addition to economic responsibility, there are also political responsibility, work responsibility, job responsibility, management responsibility, social responsibility, legal responsibility, and so forth. The reason for this contention was that the basic system of responsibility for the operation and management of the enterprise includes all the responsibilities in its operation and management, and that the enterprise must undertake this overall responsibility before it can embody the character and special features of socialist commerce. If the enterprise does not undertake this responsibility, the system of management responsibility will go astray. It must not be absolved of certain responsibility only because it is difficult to verify its fulfillment.

The other view was that what the enterprise should undertake is mainly economic responsibility for the reason that the system of management responsibility is in fact the system of economic responsibility in the sphere of circulation. Since politics and economics are united, the enterprise's political responsibility should be given prominence in, and fulfilled through the fulfillment of the economic responsibility. The actual political responsibility which people talk about is sometimes in line with the principle which socialist commercial enterprises must uphold, and not a by-product of the system of management responsibility. Sometimes, political responsibility itself is an economic responsibility, so that as long as the economic responsibility system is properly set up, the enterprise will be able to firmly adhere to the socialist orientation. If the substance is too much and too complex for verification and examination, the system may easily become merely a matter of formality.

There were also two different views on the substance of economic responsibility. One of them was in favor of setting up a comprehensive system of economic responsibility that is compatible with the special characteristics of commerce and capable of these functions: 1) to implement the principles and policies for the all-round fulfillment of state plans; 2) to protect, control and use enterprise property and funds effectively; 3) to expand the scope of business operation, improve the quality of service and strive to meet the requirements of production and people's daily life; 4) to improve the management and business operation, curtail circulating expenses, increase revenues and improve the economic results; and 5) to protect the interests of the state and the consumers. The other view was that just a few main economic targets will be sufficient. Some individuals even held that there is mainly one target, namely, the profit target.

The relationship between rights and responsibility: Both responsibility and rights should be in harmony. The majority of participants held that rights must be based on the responsibility, since the core of the responsibility system is responsibility, and rights must serve responsibility. In principle, rights should be based on responsibility, and should not be excessive, lest the enterprise's power may become blindly expanded.

Some individuals held that responsibility should be based on rights, since rights are not the outcome of the responsibility system, but rather its prerequisite. The extend of the enterprise's rights are determined in advance by the state according to the overall requirement of economic management, and the state gives the enterprise its responsibility according to the rights the enterprise will enjoy. However, this does not preclude their mutual accommodation.

As to the relationship between responsibility and interests, interests are the outcome of the fulfillment of responsibility as well as an economic driving force for such fulfillment. The magnitude of interests is not determined by the weight of responsibility, but rather by the extent of its fulfillment. There must be a link between responsibility and interests. For the enterprises, the interests are based on its responsibility; for the workers and staff members, the remunerations must also be based on the responsibility. Consideration must be given to the interests of all three parties, namely, the state, the enterprise and the individuals.

The origin and special features of the system of management responsibility in commerce. (passage omitted)

II. Basis for the Adoption of the System of Management Responsibility in Commerce

It was unanimously agreed that the objective necessity of the system of management responsibility should be explored according to the requirements of the operation of the economic laws and the development in economic realities; and that this necessity should be confirmed in practice.

1. The majority of people held that this is an objective requirement for socialized mass production. The actual level of management in socialist commerce now is very low, as characterized by the "crudeness," "confusion" and "laxity," and is far from adequate for this objective requirement. Therefore, it is imperative that commercial enterprises must adopt a strict system of management responsibility.

2. This is a requirement for the system of socialist public ownership. The socialist means of production are publicly owned, and the laborers are the masters of the means of production. However, the rights of ownership, use and management are separated. The enterprise and laborers lack the decisionmaking power in the ownership and use of the means of production, as well as the power of control over the result of management; and in the minds of laborers, the means of production beget the illusion of "alienation." Thus some people do not take good care of the means of production or the means of management, and pay no attention to the production and business activities of the enterprise. Through the combination of responsibility, rights and interests, the system of economic responsibility harmonizes the more closely united relationship between the ownership of the means of production by the people on the one hand and the actual ownership, use and control by the enterprise on the other with the result that the fruits from the use of these means of production will be related to the material benefits of the enterprises and the workers and staff members, and the system of socialist public ownership will be further consolidated and developed.

Some people held that the purpose of the system of management responsibility is an overall readjustment and improvement of the socialist relations of production. In addition to a combination of the rights of owning, using and controlling the means of production, and improving and consolidating the system of public ownership, it is also necessary to improve the relations of cooperation among people in production and management and to enhance the sense of responsibility among the workers and staff members so that they will all join in the effort to make the management and operation of the enterprise a success. Responsibility should be related to interests, and efforts should be made to improve the enterprise's economic results, to increase national income along with due increase of direct economic benefits for the enterprise and its workers and staff members through readjusted and improved relations of distribution.

3. Some people pointed out that adoption of the system of management responsibility is for the purpose of implementing the policy "to each according to his work."

4. Others held that the existence of commodity economy is an important basis for the system of management responsibility.

5. It was unanimously agreed that the development of the entire economy and the reform in the system of circulation are important causes for the

adoption of the system of economic responsibility. 1) It is a basic Marxist theory that the mode of circulation determines the mode of production. In the sphere of production, the system of production responsibility is now universally practiced in agriculture and the relations of production has been readjusted. The system of economic responsibility is also being practiced in industry so that responsibility, rights and interests are all combined inside the enterprises. Thus, it is necessary that circulation, playing the role of a "medium," should also practice the system of management responsibility, and the enterprises' operation and management should be improved in order to meet the requirements of industrial and agricultural production. 2) After the initial restructuring of the circulation system and the breaking of the monopoly of state-run commerce of the past, there is now business competition in commerce. This makes it necessary for state commercial enterprises to strengthen their business operation and management through the system of management responsibility, so that it will be in a favorable position and play its leading role more effectively in the competition.

Experience in the practice of the system of management responsibility in more than 1 year has shown that the overwelming majority of experimental enterprises have enabled the state to increase its revenues, while the enterprises themselves and their workers and staff members have had more to gain. Their business activities have been expanded, their service has been improved, and they are now in a better position to meet the requirements of production and the people's livelihood. Their business management has been improved, their expenditures curtailed, and their economic results improved. Abolition of egalitarianism has begun in two respects, and the enthusiasm of the enterprises and their workers and staff members have been aroused. All this is welcomed by the enterprises and their workers and staff members.

III. Conditions for the Adoption of the System of Management Responsibility

The majority of people held that there should be favorable conditions for the adoption of the system of management responsibility. Since this system signifies an important reform, it must be carried out in a planned and systematic way. We should let those enterprises with favorable conditions take the lead. If we rush into action blindly regardless of the existing conditions, the result may turn out to be the reverse of what we expect.

A small number of people pointed out that according to the experiences of some provinces and municipalities where such experiments have been carried out, the existing conditions were not considered at all, and yet some enterprises, always backward and incurring losses, have produced fairly good results. Since this is going to be a restructuring of the commercial management system, it should go hand in hand with the reorganization of enterprises. If the system of management responsibility is practiced by only a chosen few, the overall problem still cannot be solved.

There should be five different conditions for the practice of the system of management responsibility: 1) a fairly good leading body for the enterprise; 2) a clear understanding on the part of the cadres, workers and staff members and their willingness; 3) a certain foundation of management for the enterprise; 4) the enterprise's regular operation; and 5) the cooperation of relevant departments.

There were three different views as to the extent of the necessity of these conditions. 1) The meeting of the minimum conditions should be sufficient, because if the demands of these conditions are too high, they will become handicaps and make the task difficult. 2) Since this is an important reform, we must proceed carefully. Instead of calling it off half way because of difficulties, we should set the demands higher at the very beginning and proceed slowly. We must be sure that one experimental unit has been successfully completed and consolidated before the beginning of another, so that the experiments can be successfully completed group by group. If we have to take corrective action on the mistakes brought to light later, we may impair the initiative of the cadres, workers and staff members. 3) There should be conditions for simultaneous action, namely, simultaneous action for promoting the system of management responsibility and for creating the necessary conditions. All these conditions can be created and improved in the course of experiment. There should be the necessary conditions, but we cannot "wait for conditions." Adoption of the system of management responsibility should not be separated from the creation of necessary conditions. We must see the connection between them, because some conditions can be improved only in the process of practice. In looking at the conditions, we should proceed from the present economic conditions in our country and the realities in the majority of commercial enterprises. We must realize that the restructuring of the entire economic system is still in the process of experiment, and that the conditions for the system of management responsibility can only be improved gradually along with the improvement of the entire economic situation and the progress of the restructuring of the economic system.

IV. The Principles That Must Be Observed in Practicing the System of Management Responsibility

1. Firmly adhere to the principle of the leading role of the planned economy and the supplementary role of market regulation. (passage omitted)

2. Firmly adhere to the socialist business orientation and uphold the principle of protecting the consumers' interests. (passage omitted)

3. Firmly uphold the principle of considering the interests of the state, the enterprise and the individual workers. (passage omitted)

4. Firmly uphold the principle "to each according to his ability." (passage omitted)

In addition, some people also suggested that the principle of material benefits and the principle of the combination of rights, responsibility and interests and also the basic principles must be followed in practicing the system of management responsibility.

V. The Attitude Toward the Problems Emerging in the Course of the Practice of the System of Management Responsibility

The main problems emerging in the earlier period was as follows: 1) Some enterprises pitted themselves against the state in the scramble for profits, while the workers and staff members did the same against the enterprise for their remunerations. For example, cases of tax evasion, withholding profits and taxes, falsifying reports on receipts and payments, and other violations of financial and economic laws have been increasing. 2) The practice of "considering everything in terms of money" is now spreading, while cheating on weight, increasing prices in disguise and other acts which are detrimental to the interests of consumers have also increased. 3) There were cases of one-sided pursuit for profits in violation of policies and regardless of state plans. 4) Among the enterprises, and their workers and staff members, there have been either unfair distribution of benefits and assignments of tasks or some new egalitarianism. Most of the participants held that some of these problems are quite serious, but compared with the achievements made, they are of secondary importance only. The system of management responsibility should be affirmed. While the problems should be taken seriously, their solution can be worked out gradually.

Some individuals had misgivings on the feasibility of adopting the system of management responsibility.

These are the main causes for the problems: First, one-sidedness. Some people thought that the system of management responsibility means "responsibility for profit" which is under the system of responsibility for profits and losses. They are only concerned with the distribution of benefits but neglect the fulfillment of their responsibility. This accounts for their one-sided quest for profits. Second, rushing into action on the spur of the moment. These people have not been fully prepared and have not carried out any serious experiment on the working of the system. For example, they are not clear about the responsibility and the quotas are not correctly set. Many difficult problems can be created for the system of management responsibility this way. Third, the working of the system is not synchronized with restructuring, without which, there will be, among others, irrational prices and tax rates, lack of scientific data for the base figures, inadequate system of economic laws, and financial difficulties. All these have made it difficult for the normal operation of the system of management responsibility, and discrepancies will be inevitable.

Another view was that in addition to these extrinsic factors, we should look for the causes from the system itself. Such causes are mainly as

follows: First, the expansion of power for enterprises will naturally be followed by the tendency toward decentralism. Secondly, when responsibility is linked with interest, the defect of "considering everything in terms of money" will be hardly avoidable. Thirdly, profit sharing may result in decentralism from bargaining with the state over the enterprise's share.

VI. Question of Perfecting the System of Management Responsibility

At the present stage, the following six questions should deserve attention: First, whether the enterprise has a powerful leading body which is capable of practicing the system of management responsibility; second, whether responsibility, rights and interests are closely combined to arouse the enthusiasm of the enterprise and its workers and staff members; third, whether a comprehensive and realistic system has been established along with other relevant systems to be carried out at every level; fourth, whether the principles and policies are conscientuously implemented for the overall fulfillment of state plans; fifth, whether the economic results and quality of service have been improved and the consumers' interests are being safeguarded; and sixth, whether the relations of interests among the state, the enterprise and the workers and staff members are being correctly handled, with particular attention to the state's interests and overcoming egalitarianism.

There are also the questions of verification related to that of perfecting the system. (passage omitted)

*This is a summery of the articles presented and the speeches delivered at the national conference on the theory of the system of management responsibility in commerce convened by the Economic Research Institute of the Ministry of Commerce. This summery has been prepared by this journal after considerable deletion.

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SIXTEEN METHODS FOR COMPUTING ECONOMIC RESULTS INTRODUCED

Beijing CAIZHENG [FINANCE] in Chinese No 9, 5 Sep 82 pp 19-21

[Article by Gong Yanzhen [1362 6066 3791]: "A Brief Introduction to the Methods of Computing 16 Main Indices of Economic Results"]

[Text] To improve the economic results of industrial production and to promote the "compare, learn, catch up, help and surpass" activities among various areas, trades and enterprise, the State Economic Commission, State Planning Commission, State Statistical Bureau, Ministry of Finance, State Labor Bureau and the People's Bank of China jointly issued in April this year the "Detailed Rules and Regulations for Issuing Periodical Announcements on the Main Indices of Economic Results"(hereinafter referred to as "Detailed Rules and Regulations) whereby quarterly bulletins will be issued on how the 16 main indices of economic results have been carried in different provinces, municipalities and regions; and giving the indices for computing industrial output in the overall economic trend. This is of great significance in reflecting the trend of economic results in industrial production from a macroeconomic point of view. The methods of calculation with these indices are briefly introduced as follows:

1. Total industrial output value and the growth rate. Total industrial output value is the expression in the form of value of the total volume of products produced by the industrial enterprises, including the value of finished products and the value of completed industrial work carried out for foreigners. It reflects the total scope of industrial production and the level of its development, and can be used for computing the speed of such development and various proportionate relationships.

Total industrial output value is calculated with the "factory method," that is, in each enterprise, only the final product of industrial production is counted. There should be no duplication, and the results of production by various workships should not be added together. To eliminate the effects of price changes in different periods and to ensure that the data of the total output value in different periods, different localities and between plans and statistics can be compared with one another, a constant price centrally set up for a certain period should be used. Since liberation, we have formulated and adopted the constant prices of 1952, 1957, 1970 and

1980. Since 1 January 1982, we have all used the 1980 constant price for calculations. The statistics cover all industrial enterprises.

The growth rate is shown in percentage. The formula of computation is as follows:

Growth rate of total industrial output value

$$= \left(\frac{\text{Total industrial output value in report period}}{\text{Total industrial output value in base period}}\right) \times 100\%$$

(This formula can also be used to work out the growth rates in several indices in the following. It will not be repeated.)

2. The completion of plans for the output of main industrial products. This is used to reflect the production of the main industrial products according to state plans by different localities and to show the equilibrium in the fulfillment of plans. The index to be adopted: the proportion of goods actually produced in fulfillment of the plan for the output of the main industrial products. The "Detail Rules and Regulations" contain specific instructions and explanations of the way to inspect the varieties of products. The formula for computation is as follows:

Proportion of goods produced in fulfillment of production plan for main industrial products

$$= \left(\frac{\text{No. of varieties produced in fulfillment of plan}}{\text{No. of varieties designated for inspection}}\right) \times 100\%$$

3. Rate of steady improvement in the quality of main industrial products. This is for reflecting the trend (upward or downward) of product quality from the macroeconomic point of view. The formula for computation is as follows:

The rate of steady improvement in the quality of the main industrial products

$$= \left(\frac{\text{Leveling off or improved quality index}}{\text{Quality index designated for inspection}}\right) \times 100\%$$

4. Rate of reduction in the consumption of raw materials, fuel and power for main industrial products. This is for reflecting the reduced per-unit consumption of raw materials, fuel and power. The formula of computation is:

Rate of reduction in consumption for main industrial products

$$= \left(\frac{\text{Leveling off or lowered consumption index}}{\text{Index of consumption designated for inspection}}\right) \times 100\%$$

According to the stipulations in the "Detailed Rules and Regulations," the comprehensive computation method with multi-indices is used for Items 3 and 4, because in planning, statistics and industrial management at present, there is no comprehensive index for the overall reflection of changes in the quality of industrial products or in consumption, while the changes in the indices of the quality of certain goods and in the consumption indices cannot represent the changes in the quality of all industrial goods or in the consumption required. Therefore, the comprehensive method with multi-indices is used to roughly reflect the changes in the quality of main industrial products and the consumption required in a locality. Here, two points should be noted: First, there must be a sufficient number of indices designated for inspection; and secondly, the industrial products designated for inspection must be able to roughly, reflect on the development level of industrial production in a locality. The "Rules and Regulations" also stipulate that when the relative change of a single index is equal to or less than 0.5 percent, it is considered as leveling off; over 0.5 percent, it will be either improvement or deterioration. According to the "Rules and Regulations," the relative change refers to the numerical value of the index in the reporting period divided by the numerical value of the index in the base period, but not the difference between the two numerical values. This method of computation is specially intended for Items 3 and 4.

5. The percentage of fine-quality industrial products. This reflects the increase in the quantities of those goods which have been rated by the state, the province, the municipality or the prefecture as being of fine quality, and in the increase in output. The formula for computation is as follows:

Percentage of fine-quality industrial products

$$= \left(\frac{\text{Fine-quality output value}}{\text{Total Industrial Output value}}\right) \times 100\%$$

Fine-quality output value = Fine-quality output value x unit price.

The output of fine-quality products refers to the output of those which have been formally named by the State Economic Commission, the ministries of the central government, the province, municipality or regions, and given certificates as fine-quality products; but not to the output of those matching the standard required for fine-quality goods. It refers to only certain products which have been awarded fine-quality product certificates, but not to all the products produced by the same enterprise. The price refers to the constant price of 1980, but not the wholesale price or retail price. The total industrial output value refers to the total industrial output value of all the industrial enterprises if a locality, but not the total industrial output value of the enterprises producing the fine-quality products.

6. Rate of reduction in energy consumption for the output value of every 10,000 yuan. This is used to show the utilization and conservation of energy in production and to compute the proportionate relationship between industrial production and energy consumption. The scope of statistics covers all industrial enterprises consuming more than 50,000 tons of energy each year. The formula of computation is as follows:

Energy consumption for every 10,000 yuan's output value

$$\frac{\text{Energy consumption}}{\text{Total industrial output value}}$$

Rate of reduction

$$= \left(1 - \frac{\text{Energy consumption for each 10,000 yuan's Output value during report period}}{\text{Energy consumption for each 10,000 yuan's Output value during base period}}\right) \times 100\%$$

A positive result shows the reduction of energy consumption, while a negative result shows increase in energy consumption.

7. Rate of increase in the proceeds from the sales of industrial enterprise products. The proceeds from sales are used to reflect the conditions of sales within a certain period by an industrial enterprise. Combined with other relevant indices, it can help to analyze the business results of the enterprise and show whether its goods are in demand. Sales proceeds include the income from the sales of finished and semifinished products as well as all "industrial work" [such as processing materials supplied by foreign customers]. The increased income for cigarette factories from increased cigarette prices is also included.

8. The rate of profit increase for industrial enterprises. The profit here refers to the total profit. The profit realized is an important index comprehensively showing the production and business activities of an industrial enterprise. At present, for the sake of comparison with previous data, we are adding together the total profit before the subsidy quota, the fixed funds used, and the circulating funds used (not including the fixed funds and circulating funds used in the enterprises which are paying taxes instead of handing in their profits to the state).

9. Rate of increase in profits handed in by industrial enterprises. Profits handed in, or paid into the government treasury, refers to the profits handed over by the industrial enterprises to the central or local authorities to be included in their budgets. Only those actually received by the treasury are accounted for. The profits handed over by the enterprises are an important component of the state's budgeted income. In calculating the profits to be handed over for the budget according to the present system, we have to add together the fixed funds and circulating funds used, and the income tax paid by the enterprises which have chosen to pay taxes instead of turning in their profits (including resources taxes and regulatory taxes). Should there be any change in the affiliations of enterprises in the provinces, municipalities or regions, the amount for the same period of the previous year should be readjusted according to the actual amount of the current year in comparable terms.

10. Rates of profit and tax on the output value and rate of increase, also called the profit and sales tax realized from every 100 yuan's output value. These rates are used to show the ratios of profits and tax to the total industrial output value. The higher the value of this index, the lower will be the consumption of labor and material. The formula of calculation is as follows:

Output value tax rate

$$= \left(\frac{\text{Profit realized sales tax}}{\text{Total industrial output value}}\right) \times 100\%$$

Rate of increase in output profit and tax

= Profit-tax rate in report period - profit-tax rate in same period of previous year.

11. Sales income tax rate of industrial enterprises and rate of increase. This shows the ratio of profit to the sales proceeds. This index can help

analyze the relationship between profit and sales proceeds and show the effects of changes in prices, production costs and tax rates on profits. The formula of computation is as follows:

$$\text{Sales income profit rate} = \frac{\text{Profit realized}}{\text{Sales Income}} \times 100\%$$

Rate of increase in sales income profit rate

= sales income profit rate in report period - sales income profit rate of same period in the previous year.

12. Number of days for the turnover of fixed circulating funds for industrial enterprises and rate of acceleration. This is one of the important indices for evaluating the use of enterprise funds and the result of business operation. The number of days for the turnover of fixed circulating funds is the number of days for a complete turnover of circulating funds in industrial enterprises. The fixed circulating funds in industrial enterprises refers to the total fixed floating assets in the balancing table. The formulas for computing the number of days for the turnover of circulating funds are as follows:

No. of days for circulating funds turnover in a month

$$= \frac{\text{Monthly average balance of fixed circulating funds}}{\text{Monthly sales income}} \times 30$$

No. of days for circulating funds turnover from 1st to x month

$$= \frac{\text{Average balance of fixed circulating funds for 1st to x month}}{\text{Ttl sales income from 1st to x month}} \times \text{ttl no. of months} \times 30$$

No. of days for circulating funds turnover in a year

$$= \frac{\text{Annual average balance of fixed circulating funds}}{\text{Annual sales income}} \times 360$$

Monthly balance of fixed circulating funds

= (balance at beginning/balance at end of month ÷ 2

Average balance of fixed circulating funds from 1st to x month

$$= \frac{\text{Sum of monthly balances from 1st to x month}}{\text{Total number of months}}$$

Annual average balance of fixed circulating funds

= Sum of all monthly average balances ÷ 12

Rate of acceleration in No. of days for turnover of fixed circulating funds

$$= \left(1 - \frac{\text{No. of turnover days in report period}}{\text{No. of turnover days in base period}}\right) \times 100\%$$

A positive result of the computation shows the acceleration of the turnover; a negative result shows a reduction in the speed of turnover.

13. Amount of finished product funds of industrial enterprises and the rate of its reduction. Finished production funds are the funds tied up by finished products which have been stored in warehouses after the acceptance checks. They are ready for sale and these funds are computed according to the production cost. If the enterprise has already sold these products but not yet instructed the bank to collect the money on its behalf, the money should also be included in finished product funds. Reduction in finished product funds reflects the reduction of goods in stock. If such funds are increased, the cause of increased stocking should be studied, so as to find out if the products are easily marketable and if their sales have been well organized, in which case the way to improve the management should be studied.

14. Reduction of production costs for comparable products and rate of reduction. Comparable products means those which have been produced in the previous year and are still being produced in the current year. Through the reduction of production costs of comparable products and the rate of reduction, we can show the consumption or conservation of materials in the process of production and the result of raised labor productivity. Since the production costs of comparable products are based on current prices, this index is subject to the effects of price changes.

Amount of reduction in production costs of comparable products = Total production cost of comparable products based on actual per-unit cost of the previous year - Actual total production cost of comparable products.

Rate of reduction of comparable products

$$= \left(1 - \frac{\text{Actual total production cost of comparable products}}{\text{Total production cost of comparable products based on actual per-unit cost in previous year}}\right) \times 100\%$$

If there is a positive result, it means the production cost of comparable products has been reduced; if the result is negative, it means increased production cost or excessive expenditures on comparable products.

The scope of statistics with such financial indices as sales income, realized profit, profit handed over to the state, sales tax, profit and tax rates on output value, profits rate on sales income, fixed circulating funds, finished product funds and production costs of comparable products covers state-run industrial enterprises included in the budget.

15. Output value per worker and the rate of increase. This is used to show the rise in productivity and the conservation of labor. The formula for computing it is:

Output value per worker in industrial enterprises

$$= \frac{\text{Total industrial output value in report period}}{\text{Total average number of personnel in report period}}$$

The average number of personnel refers to the actual daily average number of personnel.

16. Number of heavy or fatal injuries among industrial enterprise workers, and rate of reduction. This is an important index reflecting safety in production. The number of heavy or fatal injuries refers to the number of workers and staff members of industrial enterprises suffering heavy or fatal injuries. The rate of reduction is based on the number of these injuries in every 1,000 persons. The scope of statistics covers all industrial enterprises at or above the county level, either owned by the whole people or owned by the collectives.

Death rate in every 1,000 persons

$$= \frac{\text{No. of deaths in report period}}{\text{Average number of workers in report period}} \times 1000\ ^{o}/oo$$

Injury rate in every 1,000 persons

$$= \frac{\text{No. of heavy injuries in report period}}{\text{Average number of workers in report period}} \times 1000\ ^{o}/o$$

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ECONOMIC MANAGEMENT

SHAANXI GOVERNOR SPEAKS ON REORGANIZATION OF ENTERPRISES

Xian SHAANXI RIBAO in Chinese 24 Aug 82 p 1

[Article: "In His Summation Speech at the Provincial Conference on Enterprise Rorganization, Comrade Yu Mingtao Pointed Out the Need To Pay Attention to Focal Points and Key Issues and To Tackle Difficult Problems Bravely in Reorganizing Enterprises"]

[Text] In his summation speech at the provincial conference on enterprise reorganization in the afternoon of 23 August, Yu Mingtao [0060 2494 3447], Provincial Party Committee Secretary, Governor and Leader of the Enterprise Reorganization Group in the province, pointed out the need to take reorganization as the central task for the industrial and communications enterprises; to pay attention to the focal points and key issues and to be brave in tackling difficult problems with a clear understanding that improvement of economic results is the final goal.

Comrade Yu Mingtao said: "In order that something can be done quickly to enable the reorganization of enterprises to show its results, we must pay great attention to the key issues. In the province as a whole, focal points are the "major establishments" of the industrial enterprises. Every prefecture and county (ward) can designate their own focal points according to varying conditions. These "major establishments" play a very important role in the provincial national economy. If we treat these enterprises as the first group of focal points and show them great attention, we will be able to change fairly quickly the present slow progress in economic development and at the same time give an impetus to the work of reorganizing hundreds and thousands of small enterprises.

Comrade Yu Mingtao continued: "There are many problems to be solved in the overall organization of enterprises, but the key issue is the reorganization and forming of leading bodies for the enterprises. The main task of the moment is to take some quick action to get things done. Specifically, we must carefully attend to the retirement of old cadres, the promotion of young and middle-age cadres, the removal of the 'three types of people' [followers of Lin Biao and Jiang Qing, people with strong factional ideas, and those who engaged in beating, smashing and looting during the "cultural revolution] and the building of new leading bodies according to the

requirements of the 'four modernizations.'" He added: "It is an urgent task for us to boldly promote a large number of competent young and middle-age cadres, and particularly those who can get things done quickly so that there will be specialized and "knowledgeable" persons in leading positions at various levels in all trades and undertakings. We must be particularly careful in selecting a number of professional persons of about 40 years of age, who have both ability and political integrity and are proficient in their professions and strong in leadership and organizational work, for the leading bodies. We should also choose those comrades who support and implement the line of the Third Plenary Session, work energetically and creatively, and are men of action, to be plant directors."

In his speech, Comrade Yu Mingtao particularly stressed the need for a work style of daring to tackle difficult problems among the leaders at various levels. He said: "Some of our enterprises have long been under chaotic management. We have carried out repeated reorganizations and arranged for special groups to be stationed in these enterprises for this purpose; however, there is still not much improvement. The main problem is that some leaders are lax and weak. They lack both determination and courage, and either dare not tackle the main problems, or have to retreat after the first attempt. We hope that after this conference, this problem will be carefully studied by all areas and systems. They should first find out whether they have the courage and determination to tackle difficult problems, to advance in the face of difficulties, to correctly handle the principal contradiction and to solve enterprise problems as though they are "pouring water from a steep cliff."

Furthermore, Comrade Yu Mingtao specially dealt with the questions of reorganizing enterprises for the purpose of improving economic results, setting up a new leadership system through the reorganization, and strengthening ideological and political work in the course of reorganization.

Vice Governor and Provincial Party Committee Secretary Jiang Yi [1203 0001] presided over the meeting yesterday. Some 1,800 including responsible comrades of the party, the government and the trade unions at the provincial, prefectural and municipal levels, and leaders of various departments on the industrial and communications front and of the enterprises, attended yesterday's meeting.

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ECONOMIC MANAGEMENT

ACCOUNTING AS MEANS OF IMPROVING ECONOMIC RESULTS DESCRIBED

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] in Chinese No 7, 20 Jul 82 pp 1-3

[Article by Li Baozhen [2621 1405 6966]: "Correctly Understand the Function of Accounting and Make Better Use of It in the Improvement of Economic Results"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, there has been a gratifying phenomenon of theoretical research in the accounting circles, and satisfactory results have also been achieved in the consolidation and improvement of accounting work. At the academic discussion meeting held by the China Accounting Society, the question of accounting functions attracted the attention of many participants. There were mainly two different views in the interpretation of this question: The first one held that the functions of accounting are those of an administrative nature, and that, therefore, they cover many aspects of administration, such as the function of organizing, planning, forecasting and policy-decision in advance; that of reflecting, ensuring, promoting and regulating in the process; and that of analyzing, examining, verifying and supervising afterward. The other view was that accounting has special functions of its own which are mainly for reflecting and supervising. Instead of replacing all the functions in administration, accounting only serves economic administration.

Here are my personal views on the functions of accounting.

I. How To Interpret Marx's Exposition of the Functions of Accounting

In "Das Kapital," Marx summerized the function of accounting as "regulating the process" and "summing up the concepts" of production, as we all know. However, people's interpretation of this exposition are not all the same.

The "process" referred to here broadly means the process of production, which includes production, distribution, exchange and consumption as a general process. To regulate the economic activities in the general process on the basis of comprehensive data is the function of accounting.

In my opinion, "synthesis of the concepts" would be a better translation than "summing up the concepts." According to the original text, to which I have referred, "synthesis" seems to be a more accurate translation than "summing up" is. The so-called "concepts" may be interpreted as the concepts of money. "Summing up the concepts" means a comprehensive reflection in the form of money, and that is why people are in the habit of summerizing it in the word "reflection." "Synthesis of concepts" can be a summerization of the entries in accounting, the calculations in accounting, the reporting of accounts and the setting up of accounts (or the designing of an accounting system) in addition to the analysis of economic conditions (or the use of accounts) and the accounting of economic results. The term "regulating" is generally interpreted as "supervising" which may mean supervision beforehand, in the process, or afterward. If we only interpret the terms "reflection" and "supervision" literally, we will not be able to accurately and fully express the implication of Marx's exposition of the functions of accounting. The meaning of the term "reflection" is not as deep and broad as the "summing up of concepts," while the term "supervising" is usually interpreted by people as inspecting or checking the accounts afterward. Its meaning cannot be as comprehensive as that of "regulating the process" which includes supervision in advance and afterward with particular stress on day-to-day supervision. However, because people have been accustomed to the use of the terms "reflection" and "supervision" since their importance from the Soviet Union after the liberation, and because, through long usage, these terms are regarded as synonums of "summing up of concepts" and "regulating the process," there seems to be no need to change what people have long been accustomed to.

According to these views, the functions of reflection and supervision actually include, accounting, planning, ensuring, promoting, analyzing, inspection and many other functions. As to whether forecasting and policy-decision are also accounting functions, further discussion will be worthwhile. Accounting should provide reliable economic information to serve economic forecasting and policy-decisions, and the accounting personnel can also make calculations for cost forecasts and participate in policy-decisions in business management. Yet they can only act in the capacity of important advisers for the decision makers but cannot take over their work.

II. Correctly Understand the Relationships Between the Function Task and Role of Accounting

The function, task and role of accounting are basically identical. Strictly speaking, however, there are certain differences between them. "Function" means what something is capable of doing, or the ability and potential which objectively exist. For example, if a machine can produce 100 pieces of goods, its capability is demonstrated. However, because of the production plan or the availability of energy resources, it may not as a rule be able to produce 100 pieces. "Task" thus refers to the actual number of

pieces the machine can produce as required by the production plan. "Role" refers to the actual number of pieces produced. If the plan is not fulfilled, then the role of the machine has not been given full play. If the production plan has been overfulfilled, we can say that the machine has played its role very well. We can say the same thing about accounting. "Function" means what it is capable of doing; "task" means what it should do; and "role" means its actual performance. These three aspects should be united, but there can also be discrepancies among them.

In studying the function of accounting, our purpose is to correctly understand the capability of accounting, and then set our demands on it accordingly so that it can more effectively play its role. If we underestimate it, it will be like "a big horse drawing a small cart" of "a hero with no opportunity to demonstrate its prowess." If we overestimate it, it will be like "a small horse drawing a big cart." Exaggerating its role will also bring difficulties to our work so that even double efforts can only yield half of the result.

According to the general view, the task for accounting is to reflect on and supervise over: 1) how state plans are being implemented; 2) how are financial and economic principles, policies, decrees and systems being carried out; 3) how are property and supplies being kept and funds being used; and 4) how are the measures of increasing production, practicing economy and improving management being used. Accounting plays its role generally through making entries in the books, settlement of accounts, recording and reporting expenditures, checking the accounts, and opening accounts. It also provides the necessary information for economic management and helps in verifying financial plans, upholding financial and economic laws, protecting socialist property, improving business management and economic results, and promoting economic development.

The task for accounting is determined by its function and the needs of management. It cannot be excessive to its function. When the task for accounting is determined in accordance with its function, we should still consider the actual economic conditions and the level of enterprise management and the accounting personnel's competence, and then distinguish between the primary and the secondary needs according to the order of their importance and urgency. At present, the level of management for many of our enterprises is fairly low, our accounting force needs to be further strengthened, and the foundation of our accounting work is weak. Furthermore, the task of "reflection" is not yet completed, and that of "supervision," seriously weakened in the past, is now just beginning. Therefore, the main task for accounting should still be reflection and supervision, while strengthening the basic work and auditing is the urgent need of the moment. If a unit does not even have reliable figures to reflect on the business situation, and yet wants to make effective forecasts and policy decisions, its failure would be a moral certainty. I do not by any means rule out the role of forecasts and policy decisions in the improvement of business management; I only feel that since ours is socialist planned economy

with planned economy playing the leading role and market regulation playing the supplementary role and since there are planning departments and production, supply and marketing departments in our enterprises in charge of the plans of production, supply and marketing as well as management, it would produce even better results if these functional departments, with the cooperation of the finance departments, will conduct cost forecasts, market investigations, sales forecasts and so forth to help the leadership or the chief accountants of the enterprises with proposals for policy decisions and then letting the accounting and finance departments do their own jobs.

If we consider the future of economic development and the need to improve economic results in order to accelerate the four modernizations, we have to study the role of accounting not only in enterprise management, but also in the management of the entire national economy; and pay attention to not only microeconomic, but also macroeconomic results. Marx's exposition that when accounting is "more necessary for public production than for capitalist production" and the law of value still plays its role, accounting "is more important than ever" is entirely correct. There is no doubt that accounting will become increasingly important. However, the important role of accounting can be realized only when it performs its functions of reflection and supervision; and accounting must truly play its role in improving economic results before the work of accounting can be highly appreciated. The accounting departments of some enterprises are now studying and experimenting in the management accounting and value engineering of foreign countries in light of our national conditions and have obtained precious experiences and good results. However, there is only a small number of them. Their experiences should be popularized, but we cannot make this demand on all accounting departments. I feel that under existing conditions, if we give the accounting departments too many tasks that are unrealistic, the accounting personnel will become over-burdened, and this will not help in giving play to the role of accounting. Thus it would be more practical to give them less tasks on the condition that these tasks must be satisfactorily fulfilled or must yield better results.

III. How To Give Play to the Role of Accounting in Improving Economic Results

At present, the key to the basic improvement of our financial and economic improvement is to bring all economic work on to the path of improving economic results as the central task. We must try to produce more goods that are suitable for social needs with the minimum consumption of labor and materials. This reflects the basic socialist economic law and the law of developing the national economy in a planned and proportionate way, as well as an important task for accounting. To complete this task more effectively, we must strengthen economic accounting and shift the focus of accounting work on to the path of improving economic results as the central task.

How shall we give play to the function of accounting with a view to improving economic results? We should still start from reflection and supervision.

The basic function of accounting calls for accurate, complete and timely reflection of the actual conditions of economic activities. However, many departments have neglected this basic work with the result that such minimum requirements as the correspondence of accounts with vouchers, reports and facts, as well as between different accounts cannot be met. Many enterprises have not set up or improved their systems of keeping first-hand records, of checking the quantities before accepting deliveries, and of quota management. As a result, the calculation and verification of production costs lack a reliable basis. Worse still, some units have arbitrarily enlarged the scope of their spendings on production, included many expenditures in the production cost, raised the ceiling for the appropriation of special funds and expenditures, increased nonbusiness expenses at will, withheld the profits to be handed in or the payment of taxes, paid bonuses indiscriminately, and so forth. Such has been the cause of high production costs and consumption, low profit and poor efficiency. If the accounting figures and the indices in the accounting report forms are not accurate, how can they serve as the basis for working out quotas and plans or conducting forecasts and policy decisions? I am of the opinion that the most serious problem which is fairly common in accounting work at present is the inability to accurate reflect the actual economic situation. Therefore, we must stress the need for accurate, complete and timely reflection of the actual economic activities as the basic function of accounting. If we cannot succeed in this respect, then the improvement of economic results can only be an empty talk.

Supervision is now the weakest link in accounting work. The lack of internal control and the absence of an auditing system has been shown by the serious case of embezzlement in which Qing Suqiong [7230 4790 3825], an accountant of No 3 Jinghang Engineering Company under the Panjihua Metallurgy and Mining Company, misappropriated more than 260,000 yuan in 6 years. A weakened function of supervision in accounting will provide an opportunity for grafters and thieves and bring serious losses to the state. Furthermore, since the State Council issued a notice on the financial inspection among enterprises, violations of financial and economic laws involving 3.5 billion yuan have been brought to light, and it is estimated that 1.6 billion yuan out of this amount could be considered as state revenues. This inspection has not only strengthened law enforcement and increased state revenues, but also helped in the crackdown on economic crimes and in the reorganization of enterprises. Besides graft and embezzlement, the misuse of state circulating funds on unplanned engineering projects, extravagance and waste in the use of public funds, taking advantage of official positions to work for personal gains, and throwing parties and sending gifts at public expense are now very common. Furthermore, cases of violations of the state's pricing policy, tax evasion, smuggling and selling smuggled goods, speculation and profiteering, private distribution of public property during the

closing, suspension, merging or retooling of enterprises, and spending sprees before the year-end closing of accounts, have increased in recent years. This shows how correct and necessary is the stipulation in the Draft of the Revised Constitution concerning the establishment of auditing bodies. Unless auditing bodies are quickly established so that financial supervision can be strengthened, auditing can be conducted, and the supervisory function of accounting can be brought into play through improved internal control, the economic results, even already gained, will suffer from the encroachment of the unscrupulous elements engaging in malpractice for selfish ends. This will be detrimental to state interests and hamper economic construction.

In short, we must correctly understand and give full play to the basic functions of reflection and supervision in accounting, laid down the urgent and yet realistic tasks in the light of the actual conditions of our national economy and the existing problems in accounting, produce practical results and then gradually enhance our understanding of the importance of accounting. At the same time, we must actively train accounting and auditing personnel, so that their ability, their working conditions and quality of work can more effectively meet the requirements of the four modernizations. Only thus can we bring into play the role of accounting in improving economic results.

9411
CSO: 4006/010

ECONOMIC MANAGEMENT

BENEFITS FROM ASSOCIATION OF INDUSTRIES OUTLINED

Fuzhou FUJIAN RIBAO in Chinese 16 Aug 82 p 1

[Article by Rui Lin [3843 7207]: "Beginning of Economic Association With Other Places Wins Good Benefits for Province. Implementation of Spirit of Third Plenary Session in an Effort to Enliven the Economy"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, Fujian Province's industrial sector has actively entered into various forms of association and cooperation with places outside the province for good achievements.

Preliminary statistics show a total of more than 40 economically associated bodies involved in joint companies, partnership ventures, cooperative production and compensatory trade organized by Shanghai Municipality, Jiangsu and Liaoning provinces, and departments concerned in the central government's First Ministry of Machine Building and Ministry of Forestry. In addition, many units have entered into cooperation on individual items with units outside the province. With aviation industry departments alone, more than 50 technical cooperation contracts were signed. All this helps learn the advanced experiences of other places and promotes the province's industrial development.

Though a certain industrial foundation exists in Fujian Province, still capital is inadequate; technical facilities and production technologies are backward; management levels are fairly low; and economic effectiveness is not all it should be. In entering into economic associations outside the province, all jurisdictions are attempting to draw support from techniques, equipment, capital, and management experiences to raise their own industrial levels. After the Fujian Radio Plant signed a technology transfer contract with the Shanghai 101 Plant for its domestic "Petrel" make radio, within the space of only half a year, it built an assembly line to turn out 50,000 "Petrel" radios annually, and now these products are on the market. The Putian County Internal Combustion Engine Parts Plant entered into association with the Ministry of Aviation Industry's Jiangnan Die-Casting Plant. Last year it formed the Putian Non-ferrous Metals Die-Casting Company whose output value last year amounted to 1.2 million yuan, a 6.6 percent increase over the all-time high year. Its first exports earned $220,000 in foreign exchange. This year's output value is forecast to be more than 1.5 million yuan and foreign exchange earnings around $350,000.

In entering into economic associations with places outside the province, the province's departments and enterprises concerned have made sure to make full advantage of the province's special policies and of overseas Chinese villages in economic activities, to the use of strengths to make up for weaknesses, and providing mutual assistance. The Provincial Radio Bureau entered into cooperation with the Shanghai Instruments Bureau in the export of electronic products and domestically produced components for the building of television sets. Shanghai provided basic components such as 12 inch black and white kinescopes for Fujian, and Fujian helped Shanghai get key equipment and some urgently needed raw and processed materials to improve its electronic industry techniquest, and helped with the export of electronic products. Both parties derived benefit from the association. The East Fujian Electric Machinery Plant also capitalized on the fine quality of its products and its high export reputation to enter into an association with the Beijing Electric Machinery Main Plant, the Chongqing Electric Machinery Plant, the Xian Electric Power Machinery Manufacturing Company, the Xiangtan Electric Machinery Plant, and the Jiamusi Electrical Machinery Plant to set up the China Associated Electrical Company for joint ventures and common efforts externally to promote development of production.

Some departments and enterprises invited people in and sent people out to learn advanced techniques from fraternal provinces and municipalities. The Fujian Textile Plant and the Fuzhou Steel Window Plant, the Changting Cotton Textile Plant, and the Jiangle Artificial Board Plant invited some Shanghai enterprises to help them with construction. The Shanghai support plants undertook three technical responsibilities, and after the plants in Fujian Province that had received support went into production, they turned over some of the enterprises' profits to the Shanghai support plant. In this way the new plants got started quickly and achieved good results. Last year in response to a request from Fujian Province, comrades in charge at the Shanghai Textile Bureau led a technical training team to several textile plants including the Fuzhou Silk Printing and Dyeing Plant to make on-site inspections, to consult, and to help carry out technical improvements. Fuzhou municipal and provincial National Defense Industry Bureau units also sent a team headed by leading comrades to Shanghai to study advanced techniques. The Yongan Machinery Plant got complete plans and data for "Bee Brand" sewing machines from the Shanghai No 3 Sewing Machine Plant and produced within a short time a "Fairy Maiden Brand" sewing machine, the quality of which was up to standards, and which sold widely in all the provinces of North China.

Some enterprises also took the initiative in launching economic and technical cooperation with scientific research units in other places. They used the skilled personnel and technical advantages of these units to accelerate the development of production. The Fuding Instrument Plant linked up with provincial and municipal scientific research units in Shanghai, Guangzhou, and Sichuan, and entered into joint operations with the Shanghai Industrial Automatic Instruments Research Institute to make complete small automatic control equipment. They produced hot working instruments urgently needed in light and textile industries to fill a need in the province. Their products were sold in more than 30 large and medium size cities including Beijing, Shanghai,

Tianjin, and Haerbin. In addition, they improved the plants production capacity. The instruments increased from single variety and two specifications to nine varieties and 17 specifications. During the past 3 years output value has increased fivefold, and profits have increased ninefold.

9432
CSO: 4006/639

FINANCE AND BANKING

BANKING DEVELOPED IN NINGXIA'S RURAL AREAS

Yinchuan NINGXIA RIBAO in Chinese 20 Sep 82 p 1

[Article by Information Section of Regional Agricultural Bank: "Redemption Rate of Agricultural Loans Markedly Increased along with Banking Development in the Rural Areas of Our Region"]

[Text] The gradual improvement of our rural economy since the Third Plenary Session of the 11th Party Central Committee has also brought new vitality to our rural banking as shown by the improved economic results of agricultural loans, the steadily rising redemption rate, and the large-scale increase in savings deposits.

The widespread introduction of the system of responsibility for production in various forms since the Third Plenary Session of the 11th Party Central Committee has brought about tremendous changes in the rural economy of our region and at the same time made new demands on rural banking. To meet the needs of these new developments, the agricultural banks and credit cooperative at all levels have provided timely assistance in the form of loans for the peasants to solve the problem of fund shortage. In the 3 years from 1979 to 1981, loans in various forms totaling more than 150 million yuan were granted to the communes, production brigades and teams, and the commune members. This amount exceeded the total of 3 years from 1976 to 1978 by more than 26 percent. Thanks to the support of the government's support-agriculture funds and the banks' agricultural loans, the total agricultural output value in 1981 of the region, calculated at the current prices, exceeded that of 1980 by more than 7 percent. The output value of agriculture, forestry, animal husbandry, sideline production and fishery run by communes, production brigades and teams and the commune members also increased by 106,830,000 yuan, which has helped to speed up the development of agricultural production.

Because of the effects of "leftist" thinking and the disruption by the "gang of four," in the past, the agricultural banks could not freely make their own decisions and had to blindly use the funds, originally intended to serve the purpose of loans, as financial allocations to be spend on farmland capital construction or relief projects. They were also compelled to extend numerous loans without considering their economic results, and

many of these loans could not be recovered. By the end of 1976, the total amount of loans granted to the collectives and commune members reached 63,590,000 yuan, of which more than 70 percent were due or overdue for redemption. Marked changes have occurred since the Third Plenary Session of the 11th Party Central Committee.

Following the exercise of decisionmaking power by the banks and the improvement of economic results of the loans, the redemption rate of various loans has steadily risen. In 1979, 68 percent of the loans were redeemed; in 1980, the rate rose to 90.8 percent; and in 1981, the rate further rose to 113 percent, meaning that, besides the loans granted in the same year, the amount recovered included 5,610,000 yuan in redemption of the loans granted in previous years. The active use of credit funds has helped to speed up the turnover of funds.

Following the rapid recovery and development of agricultural production, the peasants' living conditions have improved. With more money on hand, they are enthusiastic in savings to support the four modernizations. By the end of 1980, the savings deposits of the commune members and collectives exceeded the amount at the end of 1979 by 18.9; and by the end of 1981, the amount again exceeded that of 1980 by 33 percent. The private savings of commune members have increased most rapidly. By the end of 1981, their savings exceeded the amount of 1979 by more than 91 percent. In the first half of this year, the savings balance in the countryside exceeded those in the same period last year by more than 39 percent. Based on the population of the region at the end of 1981, the per-capita savings worked out to be more than 22.80 yuan.

9411
CSO: 4006/038

CONSTRUCTION OF LARGE PIT-HEAD POWER PLANTS REPORTED

Beijing GONGREN RIBAO in Chinese 28 Aug 82 p 1

[Article: "A Large Number of Pit-Head Power Plants Newly Constructed in Our Country"]

[Text] To make use of locally available coal to improve the economic results and to reduce the strain on railway transport, our electric power departments have since 1979 constructed a large number of large pit-head power plants in coal bases in Shaanxi, Henan, Jiangsu, Shandong, Shanxi, Hebei and Henan. The total installed generating capacity of the power units has reached 3,175,000 kilowatts.

Building power plants in mining areas with rich coal resources has the advantages of not only making full use of the local coal resources, guaranteeing the supply of fuel for power generation, reducing the pressure on railway transport and lowering the cost of power generation, but also minimizing environmental pollution in the cities from the smoke of power plants. This is a new measure for the state to accelerate energy production. The Douhe Power Plant in Tangshan Mining Area, Hebei Province, is the largest pit-head power plant being built. It already has a generating capacity of 750,000 kilowatts. There are still four more home-produced power units of 200,000 kilowatts to be installed, thus bringing the total generating capacity of the plant to 1,550,000 kilowatts. A number of large pit-head power plants are also being built or expanded in Huainan and Huaibei in Anhui Province. The total generating capacity of the units already installed is now 1,150,000 kilowatts. When the three power units now under construction are completed, the total installed capacity will be more than 3 million kilowatts, and this area will become the largest thermo-power generation center in eastern China.

9411
CSO: 4006/006

RESUMPTION OF LARGE SCALE FLUORSPAR PRODUCTION URGED

Guangzhou NANFANG RIBAO in Chinese 9 Aug 82 p 2

[Article by Wen Yuefeng [3306 1547 1496]: "Why Has the Province's Production and Export of Fluorspar Declined Over the Years?"]

> [Text] Editor's Note: In its increase of export trade, Guangdong Province should devote serious attention to development of mineral products at low cost that generate fairly high foreign exchange earnings, particularly non-metallic mineral products, as well as the export of handwork and special handicraft products in a gradual decrease in the ratio of agricultural sideline products exported. Increase in the export of mineral products such as fluorspar would not only result in no competition with domestic products for commodities or no competition with industry for raw materials, but would require little investment for quick results. The decline in the province's fluorspar exports over the years has been a loss for the country and for collectives. It is hoped that all jurisdictions and all departments concerned will work together to do a good job of fluorspar production and exports.

The export of Guangdong fluorspar has been going on for more than 20 years. At its height in 1974, there were a few score mining sites, large and small, and both amounts procured and amounts exported were fairly high for foreign exchange earnings amounting to several million dollars annually. During the past several years, however, a gradual decline has taken place, and in 1979 exports were 46 percent of what they had been in 1974. In 1980, they declined another 8 percent from 1979. Procurement declined 60 percent between 1961 and 1974, and today the number of mining sites remaining are only 60 percent of the original number. Why has the province's fluorspar production and exports declined? The main ones are as follows: (1) Fluorspar production depends, for the most part, on privately developed mines using primitive techniques the basic and supplementary materials for which, such as mine timbers, cement, electric power equipment, and electric power supply, are not made a part of state distribution plans. People have to find a way to provide these things themselves or buy them at negotiated prices, which increases costs. (2) There

is a shortage of transportation for short distance hauling, and production cannot be hauled away promptly. This hurts the circulation of capital in production departments. (3) Countries, communes, and brigades all levy fees, so workers get slight benefits. (4) At old mining sites, the pits become increasingly deep while production equipment becomes increasingly old. Techniques for mining cannot keep pace, and there is no discovery of or replacement by new mining sites. (5) As regards exports, inasmuch as efficiency is low in the loading and unloading of cargoes in Guangdong harbors, some traders do not want to do business with Guangdong in fluorspar. An Australian firm had agreed to purchase several thousand tons of fluorspar from Guangdong Province, but because of the low efficiency in loading and unloading of cargoes in Guangdong ports, which delayed marketing, traders turned to Shanghai to place orders.

Fluorspar is used primarily in metallurgy, chemical industries, porcelain, plastic sheeting, synthetic rubber, solvents, degreasers, anesthetics, uranium concentration, glass etching, stainless steel pickling, etc. Since the calcium fluoride content of Guangdong fluorspar is moderate and the sulfur content low, it has been well received by foreign traders and has been one of the major commodities traditionally exported from the province. It has been marketed in more than 10 countries and regions, and its superior quality has won the confidence of customers. It annually created impressive foreign exchange earnings for the country. If all jurisdictions and all departments concerned will coordinate and proceed from the overall situation to take genuinely workable action, the aforestated existing problems can be solved, and both production and export of Guangdong's fluorspar can be greatly developed.

9432
CSO: 4006/639

BRIEFS

PETROLEUM REFINING BASE--Shenyang, 14 Oct--Liaoning Province now has more than 420 petrochemical industrial enterprises, turning out a complete variety of petroleum products, processing 28 percent of the state's crude oil and producing more than 40 percent of the state's pure soda ash. It has become one of China's important petrochemical industrial bases. Liaoning's eight big and medium-sized oil refineries can now process more than 25 million tons of crude oil a year. Moreover, the oil refining industry is being run on a large scale, with its equipment and technology attaining a comparatively advanced level. Its multimetal catalytic rearrangement, catalytic cracking and urea dewaxing devices have attained advanced world levels. According to preliminary statistics, the province now turns out more than 130 varieties of petroleum products and more than 1,000 varieties of industrial chemicals. Among them, the No 3 jet fuel, petroleum methylbenzene, No 54 refined white wax, No 25 cold engine oil, No 85 automobile oil, No 35 light diesel oil, isopropyl alcohol, industrial ammonium bicarbonate, ammonium nitrite, industrial potassium chlorate, high-pressure wired rubber pipeline and tubeless airplane tires have attained advanced world levels. Liaoning Province now exports more than 130 varieties of petrochemical industrial products to more than 70 foreign countries and regions including Japan, the United States, France, West Germany, Italy and Canada. Among them, high-quality gas, aviation kerosene, refined white wax, soda ash, caustic soda, inorganic salts, farm chemicals, dyestuff, carbon black and rubber products enjoy great prestige abroad. [Text] [HK150811 Beijing ZHONGGUO XINWEN SHE in Chinese 0947 GMT 14 Oct 82]

GUANGDONG MUNICIPALITY EXHIBITION--Today the Foshan Municipal Economic Committee, the Municipal Science and Technology Committee and the Municipal Federation of Trade Unions jointly opened an exhibition of new industrial products in the Foshan Workers' Cultural Palace, which will last 10 days. The 200 factories and enterprises of the 17 trades in the industrial and communications system throughout the municipality have sent approximately 2,000 samples for display. Since 1979, the municipality has trial-produced some 1,300 new products, 970 of which have now been produced and 35 of which have won the honorable title of quality product. [HK041302 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 1 Oct 82 HK]

CSO: 4013/37

CONSTRUCTION

PUBLIC ASSISTANCE FOR PRIVATE HOUSING PROJECTS REPORTED

Beijing GONGREN RIBAO in Chinese 28 Aug 82 p 1

[Article: "Workers and Staff Members of Posts and Telecommunications System Building Their Own Houses with Public Assistance"]

[Text] The method of "private construction with public assistance" has been extensively used in the posts and telecommunications system throughout the country to alleviate the housing shortage with remarkable results. According to the statistics compiled by the posts and telecommunications administration bureaus in 18 provinces, municipalities and autonomous regions, some 600,000 square meters of floorspace--which is equivalent to the total area of living space built by the posts and telecommunications departments in the country with government funds in 1 year--has been built with this method in the past 2 years. This was enough to improve the housing conditions of more than 13,000 workers and staff members.

The method of "private construction with public assistance was first used by some posts and communications enterprises in Jilin, Fujian and other provinces and municipalities in 1980. Since this method was introduced, many posts and telecommunications administration bureaus in other provinces, municipalities and autonomous regions have encouraged their workers and staff members to build their own houses in accordance with the same principle and in different forms as a means of alleviating the difficulties of housing shortage. The special characteristics of "private construction with public assistance" is that it calls for less investment from the enterprises, but yields quick results. In 1981, an area of more than 300,000 square meters for the housing of workers and staff members was completed with this method in 18 provinces, municipalities and autonomous regions in the country. The urgent needs of some 6,000 households were met and the enterprises spent only some 4 million yuan in the way of assistance.

Recently, the Ministry of Posts and Communications and the party committee of the Federation of Trade Unions in the Posts and Communications System held a conference in Changsha, Hunan, to popularize this method. The conference called on all provinces, municipalities and autonomous regions to enhance their understanding of this method, adopted positive measures in the light of realities, and gradually incorporate this method in their plans for the housing of their workers and staff members.

9411
CSO: 4006/006

CONSTRUCTION

GUANGDONG RURAL HOUSING CONSTRUCTION FLOURISHING

Guangzhou YANGCHENG WANBAO in Chinese 10 Sep 82 p 1

/Article by staff correspondent: "Rural Housing Construction Craze in Southern Guangdong"/

/Text/ Staff reporter Luo Wenjin /5012 2429 6930/ reports: Currently in Guangdong Province, from the Chaoshan plains to the Zhujiang delta, and from the remote area of Hainan Island to the high mountain ridges of Guangdong's Beishan District, well-to-do peasants have gone in for large-scale construction to build new residences. According to the estimates of the new rural construction office of the Provincial Construction Commission, about 1 million peasant households have built housing throughout the province this year. The number, rate, and scope are all unprecedented. A "housing construction craze" has occurred throughout southern Guangdong.

The peasant housing construction craze gradually came into being after 1979. According to statistics of the concerned departments, homes were built by 1.36 million peasant households throughout the province in 1980 and 1981; this constitutes 14 percent of all rural households. The area under construction amounted to over 72.5 million square meters. According to calculations based on the number of peasants throughout the province, there was an increase in area of 1.5 square meters for each peasant.

The most critical area at present is building materials. The peasants complain that they are unable to purchase cement and glass. Despite the fact that construction material plants recently set up by commune enterprises number in the thousands, bricks, tiles, flagstones, and lime nevertheless are still in great demand. Supply frequently fails to meet demand. The dwellings built by peasants are also more tasteful. In particular, the dwellings built by peasants in counties which became wealthy early on, such as Nanhai, Shunde, Panyu, Dongwan, Zhongshan, and Xinhui, as well as the dwellings built by peasants in the suburbs of Guangzhou, Foshan, Shenzhen, and Zhuhai, are for the most part two- or three-story buildings. They spent funds of all sorts, so the quality is very high and far exceeds that of the houses built by landlords in former times.

In the first half of 1980, the provincial people's government set up the "new rural construction office" especially to deal with such work. The province

picked out 10 counties to be pilot projects. Proceeding from actual conditions, certain regions and counties designed some rural residences which were adapted to the plains, mountain areas, seashore, etc., for the peasants to choose from when building houses. Despite the shortages of construction materials, the province and some regions and counties still managed to get hold of lumber, steel materials, glass, and cement with which peasants could build houses. Some production brigades practiced "public assistance for construction by the people" and provided essential support in terms of land, labor, funds, and building materials.

At present, the greatest problems in peasant housing construction throughout the province are the misuse of cultivated land, the waste of land, and the lack of planning in housing construction. Each area is just now adopting measures and earnestly strengthening control and guidance in peasant housing construction.

9864
CSO: 4006/004

CONSTRUCTION

URBAN HOUSING CONSTRUCTION MAKING PROGRESS IN LIAONING

Shenyang LIAONING RIBAO in Chinese 14 Aug 82 p 1

[Article: "In 3 Years, Our Province Has Constructed Over 18 Million Square Meters of Housing"]

[Text] Urban housing construction in Liaoning has increased by leaps and bounds. The total amount of investments during the past 3 years is equivalent to the sum total of investments in housing construction during the 28 years from 1950 to 1977. The housing built during these 3 years has reached 18,355,000 square meters, which is equivalent to 1.6 times the amount of housing built between 1966 and 1976. Residents of over 360,000 households throughout the province have moved into new dwellings.

While building houses, each region has also accelerated the reconstruction of old districts. In the past 3 years, over 1,833,000 square meters of dilapidated housing throughout the province have been demolished. In the old urban districts, about 70 percent of total housing construction has involved building new houses and buildings. At the same time, there are also plans for the reconstruction of some slum areas such as Wanquanli, Dongshun, and Zhujianlu in Shenyang Municipality and Taoguan in Anshan Municipality. This will enable tens of thousands of residents who for many years have lived in low-lying, dark, damp, uncomfortable, and crude dwellings to move to newer and better residences. The masses have said with much joy: "We who live in multistory buildings are truly one step closer to heaven! This is all due to the fine line of the Third Plenary Session!"

Along with the improvements in the people's standard of living, designs for new housing throughout the province have advanced and have become more practical and functional. In recent years the interior area of newly built buildings, kitchens, and passageways have all become more spacious than ever before. The majority of residences are equipped with private kitchens and bathrooms. In buildings over two stories high, balconies have been built, and in some there are suspended cabinets and built-in closets. In qualified areas, gas has been installed and garbage cans and mailboxes have been set up. On the first floor, surrounding walls have been added for the benefit of the people.

9864
CSO: 4006/004

CONSTRUCTION

WATER SUPPLY PROJECTS UNDER WAY IN LANZHOU, TIANSHUI

Lanzhou GANSU RIBAO in Chinese 4 Sep 82 p 2

/Text/ The second phase of Lanzhou's water supply project and Tianshui's water supply project are under construction. After 3 years of expansion and tapping potential for reconstruction, the daily water supply capacity in cities throughout the province increased from 1.08 million tons in 1978 to 1.45 million tons in 1981. The number of people using the water increased to 95,000. In the past 3 years, many localities have focused on building water supply facilities in small cities and towns as a major means for improving the people's standard of living and sanitary conditions. Due to joint investments by the state, localities, and enterprises, the cities of Dunhuang, Anxi, Subei, Zhangye, Shandan, Sunan, Gulang, Jingtai, Huining, Longxi, Linxia, Hezheng, Maqu, Yongdeng, Pingliang, Zhuanglang, Jingchuan, Qingyang, Zhenyuan, Lixian, Zhangxian, and Zhangjiachuanxian as well as cooperative towns and 23 small cities and towns were all able to build or extend water supply facilities. Their newly added daily eater supply capacity was 18,700 tons. By the end of 1981, 48 of the 82 small cities and towns throughout the province had built simple water supply facilities, and the number of people using the water had increased to 450,000. In the past, residents of county towns such as Longxi and Huining in the central arid region used to get their drinking water from local wells and stored water. There were water shortages, and the water was of poor quality. People were often anxious about problems relating to drinking water. The installation of facilities for running water has greatly benefited the people.

There have also been noticeable changes in city traffic. Lanzhou, Tianshui, and Pingliang have added 68 buses. The various enterprise businesses in Lanzhou have added over 100 transportation vehicles to carry and fetch staff and workers to and from their offices. This has made things more convenient for staff and workers.

9864
CSO: 4006/004

BRIEFS

GANSU HOUSING CONSTRUCTION--Due to the fact that national, local, enterprise, and individual initiative has been given full play, urban housing construction in Gansu has for 3 straight years set new records since the founding of the nation. From 1979 to 1981, the cumulative total area of completed housing construction was 4.32 million square meters. The housing area that was made available during those 3 years is equivalent to the total amount of housing built during the decade from 1968 to 1978. There are over 80,000 households and over 300,000 urban residents who have moved into new housing. Living conditions have improved. According to statistics from the four cities of Lanzhou, Jiayuguan, Tianshui, and Yumen, the per capita living area of the urban population increased from 3.7 square meters in 1979 to 4.3 square meters in 1981. The Nanhetan residential district of Lanzhou, which is under construction, was originally an expanse of open floodland. At present a multistory building is just going up. Construction has also begun on corresponding municipal government service support projects. The houses and buildings in this residential district embody functional, economical, and artistic principles in their design criteria. In their layout plans, overall arrangements have been made for the planting of trees and flowers and for essential living and educational facilities. While striving to build public housing, Tianshui, Dunhuang, Linxia, and other cities and counties have followed municipal plans and have organized urban residents to build their own homes based on the actual conditions in their area. [Text] [Lanzhou GANSU RIBAO in Chinese 4 Sep 82 p 2] 9864

SHAANXI CAPITAL CONSTRUCTION--Since the Third Plenary Session, our province has conscientiously implemented the policy of national economic readjustment and strictly controlled the scope of construction. We have resolutely reduced the capital construction front and rationally readjusted the direction of investments. The major productive capacities that have been added during the past 3 years are: 40,000 tons in steelmaking, 3.3 million tons in raw coal mining, 40,000 tons in crude oil extraction, 280 million watts in generator capacity, 288 kms in electric railways, 48,000 spindles of cotton yard, 200,000 tons of cement, and 187,000 student positions in various schools. After 3 years of readjustment, the scope of real investments in capital construction throughout the province has been reduced by 16 percent. National budgeted investments have been slashed in half. The proportion of investments in nonproductive construction such as housing, culture, education, sanitation, welfare institutions, etc., to the total amount of investments in capital construction increased from 19 percent in 1978 to 35 percent. It has reached the highest level since the founding of the nation. In the area of nonproductive construction, housing construction has showed outstanding growth. During the past 3 years, the area of completed housing reached 6.18 million square meters, setting the highest record in history. [Text] [Xian SHAANXI RIBAO in Chinese 25 Aug 82 p 1] 9864

CSO: 4006/004

DOMESTIC TRADE

BRISK MARKET IN SHANGHAI ON NATIONAL DAY PREDICTED

Shanghai JIEFANG RIBAO in Chinese 18 Sep 82 p 3

[Article by Chun Xiang [2504 4382]: "Rare Stability and Prosperity for Industrial Goods Market on Festive Day"]

[Text] Because of the development of industrial production and the increase in people's consumption, the market in our municipality for industrial goods of daily use is showing such stability and prosperity as rarely seen before. On the eve of the national day, many stores, large and small, displayed a profusion of goods, with customers milling around before the counters and choosing what they want to buy. They are all in high spirit.

For this year's national day, the commercial departments have released for sale large quantities of commodities of various varieties and designs. According to statistics compiled by the First Commercial Bureau, most of the 50 main industrial products for daily use available for sales have shown increases over last year; only a small portion for wholesale has been reduced. Increases this year are particularly high in those items needed by newly married couples, the sundry goods for daily use, and household electrical appliances. Bedsheets has increased by 10.7 percent; woolen jackets and trousers, by 20 percent; and thermos jars, by 22 percent. The supply of "lasi" [2139 4828] cups which has long been inadequate for the demand, will be increased during the National Day period by more than 39 percent over the same period last year. TV sets have also increased by 14.6 percent, compared with the same period last year, and the number of those with 14-inch, or larger screens, and the home-produced all-channel sets have been almost doubled. Desk-type radios of Chunlei [Spring Thunder] and Haiyan [Sea Swallow] brands, and various types of tape recorders have been increased by more than 15 percent.

The commercial departments have actively improved their methods of supply to meet the consumers' requirements. The "three-five" desk clocks, leather shoes, the greater part of woolen yarns, and some pure cotton kakhi cloths, which were on ration not long ago, are now freely sold. Since September, camel-hair padded jackets and linen facings of quilts have been off rationing. Even all-wool garbardine is freely sold for the

time being. For their purchases of goods, produced locally or in other places, before the end of October, the consumers are not required to present their coupons.

During the National Day period this year, the supply of brand-name and special products is greater than in previous years. The well-known Pei Luomeng, Peng Jie and Wu Liangcai stores have opened their branches in the Second Nanjing Road and Eastern Jinling Road. In Luwan and Jinganji areas, a number of garments and leather shoes stores have recently been opened dealing in various kinds of clothing and footwears of unusually large or unusually small sizes for elderly people, to suit the requirements of different types of consumers.

The 12th National Party Congress has laid down the strategic policy of developing two civilizations, which has greatly encouraged the commercial workers and staff members. Civilized manners in doing business, courtesy to customers, and wholehearted service to the people are now extensively practiced. The department stores, and the stores dealing in hardwares, means of transportation, electrical appliances, garments, shoes, hats and textile goods and the wholesale departments of the procurement and supply centers for cultural supplies in the municipality have recently held exhibitions and wholesales meetings to which wholesale departments at three levels, state-run stores and basic-level supply and marketing cooperatives were invited to select what they want according to the samples. To suit the convenience of consumers and enable to buy things in places close to their homes as well as to avoid overcrowding, the method of combining wholesale with retail sales, and holding exhibitions and sales meetings in separate places has been adopted for various cotton knitwears and textile products. Before the National Day, there will be 33 department stores and textile stores holding exhibitions and sales meetings simultaneously in the municipality.

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CSO: 4006/009

DOMESTIC TRADE

COMMODITY PRICES CHECKED WITH CRACKDOWNS ON VIOLATORS

Yinchuan NINGXIA RIBAO in Chinese 1 Sept 82 p 1

[Article: "Fairly Good Results From Inspection and Reorganization of Prices of Goods Throughout the Region; Maintenance of Price Policies and Handling of Cases Involving Violations of Discipline"]

[Excerpt] Since 1981, all prefectures and all departments in the Ningxia-Hui Autonomous Region have several times organized inspections of commodity prices for fairly good results. As of the end of June, a total of 598 cases involving violation of price policies and discipline had been investigated and handled throughout the region, more than 381,000 yuan returned to customers, paid to the treasury or levied in fines, 57 persons who had violated discipline punished economically, and 12 violators of discipline administratively disciplined. Individual prefectures and departments inspected an accumulated more than 400,000 commodity list price and fee standards, reorganized a group of negotiated purchase and negotiated marketing prices, corrected more than 3,000 instances of general pricing errors, and rectified or prohibited more than 1,000 inaccurate measuring devices. The price inspections and reorganizations played a fairly good role in putting a stop to inflationary price trends, to halting rumors about price increases, to ending violations of discipline, and to enforcing price discipline.

Since last year, in order to carry into effect the spirit of the State Council's "Notice on Strict Control of Prices and Reorganization of Negotiated Prices," the people's government at all levels, as well as departments concerned directly responsible to the region, established commodity price inspection and reorganization leadership teams or offices and transferred more than 2,450 man times to the organization of three regionwide major commodity price inspections. Leadership unit spot checks, supervision, and urgings, spot checks and mutual checking organized by professional departments responsible for work, inspections conducted by individual units themselves, conscript inspection personnel, regular inspections of specific sites, and mass reporting of offenses and unmasking of offenders made the price inspections both wide-ranging and fairly thoroughgoing. Since last winter, attention was also directed to the investigation and handling of major cases involving violation of discipline. A total of 64 cases involving more than 1,000 yuan each have already been investigated and disposed of. The total sum of money involved in these cases was more than 287,000 yuan. Eight of the cases were major ones

involving more than 10,000 yuan each for a total of 180,000 yuan. This year, each city and county in Yinchuan Prefecture has specially checked into the prices on almost 10,000 new bicycle brands and stopped price fixing and arbitrary increase in prices of bicycles.

In the course of the price inspections, CPC committees at all levels and some leadership comrades in the Standing Committee of the National People's Congress, the government, and the People's Political Consultative Conference personally organized participation in price inspections. Disposition of major cases was done through hearings and decisions by government at all levels.

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CSO: 4006/654

DOMESTIC TRADE

RENEWED EMPHASIS ON MARKETING OF INDUSTRIAL GOODS IN COUNTRYSIDE

Shijiazhuang HEBEI RIBAO in Chinese 21 Aug 82 p 1

[Article: "Expansion of Industrial Goods in Countryside to Initiate New Situation in Commercial Work; Provincial Government Convenes Provincial Finance and Trade Conference to Study Further Implementation of State Council "Decisions" and Problems in Reorganization of Financial and Trade Enterprises"]

[Text] From 9 to 15 August, the provincial government convened a provincial work conference on finance and trade. This conference concentrated on the study of further implementation of the State Council's "Decisions on Keeping Open City and Countryside Commidity Flow Channels and Expansion of Industrial Products in the Countryside" as well as on problems in reorganization of financial and trade enterprises.

Attendees at this conference were leadership comrades in charge of financial and trade work in all prefectures, counties, and municipalities, and comrades in charge from departments concerned, including the finance committees of each prefecture, enterprise reorganization offices, commercial bureaus, and supply and marketing cooperatives. Comrades in charge of bureaus, trades, and agencies of the financial and trade system under direct provincial control, as well as comrades in charge from all departments concerned under provincial control also attended. At the conference, everybody exchanged notes on implementation during the previous stage of the State Council's "Decisions," and on the reorganization of enterprises. They also discussed revision of provincial government regulations (draft) on implementation of the "State Council Decisions on Keeping Open City and Countryside Commodity Flow Channels and Expansion of Industrial Products in the Countryside." During the period of the conference, Li Feng [2621 6912], deputy provincial governor in charge of day-to-day affairs, and deputy provincial governors Guo Zhi [6753 1807] and Hong Yi [3163 3015] made speeches.

The conference acknowledged that during the previous stage all levels of government and all commercial departments had achieved preliminary results in the implementation of the State Councils' "Decisions." However, many places in the province were still in the pilot project stage; actions have been rather slow; and they are still a far way from attaining the State Council's requirement for visible results by the end of September. They must take vigorous action to catch up quickly. The conference called for all levels of government

in the province to implement the State Council "Decisions" as a current major economic task, to designate comrades in charge to take personal charge, and to get results by the end of September. They should further study the State Council's "Decisions" to get a correct understanding of the dialectic relationship between production and circulation, strengthen leadership of commercial work, vigorously develop commerce, do a good job of circulation, assist production, and accomodate the masses. They should deeply understand the urgency of changing commodity flow in terms of the old system of division of labor between cities and countryside, increase consciousness about institution of a new system based on commodity division of labor and exchange between city and countryside, firmly establish the idea that rural villages are the main markets for industrial goods in the countryside. Industrial, public, financial, banking, pricing, revenue, and industrial and commercial administration and management sectors should also expand forces contributing to the movement of industrial goods to the countryside in implementation of the State Council "Decisions" to open commodity flow channels. The conference noted that only slightly more than a month remains until the end of September, the time called for by the State Council to produce a new situation in the movement of industrial goods to the countryside. Therefore, all jurisdictions should proceed from the pilot projects of the previous stage to take resolute action to hasten the pace. The commercial and supply and marketing sectors should proceed from the overall situation to work together to serve rural markets and to correct the concepts of doing business solely for the sake of doing business, business to make profits, and to take over territories. They should strive to be advanced and to compete in making contributions in carrying out the State Council's "Decisions." They should actively organize wholesale organizations to extend help. In key market towns below the county level, state-owned county wholesale companies or nearby second category stations should actively enter into jointly conducted wholesale business with grassroots supply and marketing cooperatives so that large quantities of goods suited to rural needs are presented to the peasants with all possible speed. County seat wholesale companies should be separated from retail shops with all possible speed, and independent accounting should be conducted by each so that wholesale units can concentrate forces on attention to wholesale business to do a good job of getting industrial goods into the countryside. It is necessary to proceed from realities and effect reforms actively and securely in the rural shops commissioned to buy and sell in accordance with the desires and demands of the masses. State-owned wholesale companies should establish a mentality of reliance on grassroots supply and marketing cooperatives to do a good job of getting industrial products into the countryside, treat them as though they were their own retail network points, help them do a good job of dealing in industrial products, and make full use of the role of grassroots supply and marketing cooperatives in getting industrial products into the countryside. Grassroots level supply and marketing cooperatives should actively deal in cement, steel, windows, steel windows and such materials needed by peasants to build houses, and planning, materials, and construction material departments should render active support. The role of collective and individual businesses and of other business channels should continue, new ways of getting industrial goods into the countryside be steadily opened, and every available means used to open channels for getting industrial goods into the countryside. Simultaneous with restructuring of the commodity flow system, commercial departments

everywhere should vigorously launch a sales promotion campaign geared to the farflung rural villages to spark a rapid upsurge in the movements of industrial goods to the countryside and a sales promotion campaign. The conference discussed the problem of financial and trade enterprise reorganization. They felt that the orientation of financial and trade enterprise reorganization during the first half of this year was on the mark and that results had been good. However, some problems still remain, the most important ones being lack of vigor in leadership, insufficient confidence, no conspicuous emphasis, and a not very rapid increase in economic benefits. The conference called upon leaders at all levels in the province's financial and trade system to further increase their understanding of the importance of doing a good job in enterprise organization and make a firm decision to adhere to high standards, be demanding, and to take a firm grip on reorganization of the first group of enterprises as a prelude in creating experience and laying a good foundation for subsequent enterprise organization. In the reorganization process, it is necessary to focus very very closely on the goal of improved economic effectiveness, emphasize solution to major problems existing in enterprises, and stress reorganization of leadership teams; to perfect enterprise business responsibility systems, and improve economic effectiveness. Furthermore, firm attention should be directed to attacks against serious criminal activities in the economic field with indoctrination against corruption being given the broad masses of party members, cadres, and employees to build a good financial and trade corps.

The conference proposed that in addition to devoting major emphasis during the last half of this year to keeping open commodity flow channels so as to expand the movement of industrial goods to the countryside, and to reorganizing enterprises, the following several points should also receive attention: One is to take a firm grip on increasing income while conserving expenditures in an effort to realize a balance between income and expenditures plus a slight overage in the province's public finances for the year as a whole. Second is vigorous procurement and marketing of agricultural sideline products. Third is a widespread launching of a campaign to learn from national business special class labor model, Zhao Chun'e [6392 2504 1230], and a deepgoing promotion of the experiences of the Qinhuangdao commercial service building for genuine solution of problems with low quality commercial service and a poor service attitude for great improvement of the level of service in the financial and trade system throughout the province.

The conference pointed out that commodity flow is currently the weak link in the province's economic work. All levels of the provincial government should both devote attention to production and give serious attention to commodity flow, further strengthen leadership of financial and trade work, and strive to create a new situation in the province's commercial work.

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FOREIGN TRADE

EXTENT OF CITY'S FOREIGN TRADE DISCLOSED

Tianjin TIANJIN RIBAO in Chinese 28 Aug 82 p 1

[Article by Yu Kun [5148 0981]: "Greater Development of Foreign Trade For City; Adherence to External Liberalization Policies For Expansion of International Trade Transactions"]

[Text] Following the Third Plenary Session of the 11th Party Central Committee, Tianjin Municipality has adhered to active expansion of international trade transactions and has achieved good preliminary results from external economic trade, which plays an active promotional role for the municipality's four modernization construction.

For more than 3 years the Municipal CPC Committee has taken a series of major actions to promote rapid development of the municipality's foreign trade. In 1981 gross output value of the city's procurement of goods for export had increased 1.25 times over 1978 and had increased as a proportion of the municipality's gross output value from 7 percent in 1978 to 12 percent, earnings from exports increasing by 78 percent. This year, despite the slump in international markets and intensified competition, value of goods procured for export during the first half of the year was still up 13.6 percent over the same period last year. North China's main port, Tianjin, played the role it should play.

Tianjin is located on the seacoast where it is easy to get in and out of, and it is strong in processing capacity and technical forces. In order to make full use of these advantages, effectively use foreign sources of funds, and enliven the domestic economy, during the past several years Tianjin has vigorously developed the importation of materials and parts for processing for the export trade. During the past 3 years, it has signed agreements with almost 100 customers in 13 countries or regions for the importation of goods for processing, and has signed 344 small compensatory trade contracts for the importation of advanced equipment with a value of more than $1 million from which fees for wages, depreciation, supplementary materials, management, fuel, and taxes amounting to close to $40 million can be collected. Labor and technical cooperation with foreign countries has also begun and definite results have been achieved.

Following the Third Plenary Session, a good beginning has also been made in Tianjin's use of foreign capital and the introduction of advanced skills and equipment. As of the end of 1981, the city's use of foreign capital including foreign exchange loans, joint ventures, compensatory trade, cooperative production, importation of software for use fundamentally in the improvement of old enterprises, and expansion of reproduction has been done in 128 instances. Foreign capital used totals $118 million. By the end of this year, most ventures will start up and produce results. For equipping of existing plant buildings and communal facilities in old enterprises, plus renminbi equipping loans has meant an average increase in industrial output value of 10 yuan for every $1 of foreign capital used, and foreign exchange earnings of $2.40 from exports. This year use of foreign capital has accelerated. Use of foreign capital and use of sources of foreign exchange during the first half of the year has been done in 88 instances, a total of more than $90 million in foreign exchange being used. For a group of mainstay items that play a major role in economic construction, agreements with foreign countries will continue to be signed.

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FOREIGN TRADE

INCREASED FOREIGN EXCHANGE EARNINGS PERMIT IMPORTATION OF CAPITAL EQUIPMENT

Fuzhou FUJIAN RIBAO in Chinese 27 Aug 82 p 1

[Article by Gu Deqi [7357 1795 3823] and Xiao Yu [5135 0151], Provincial Government Office: "Increase in Province's Foreign Trade Advances Industrial and Agricultural Production Following Diligent Implementation of Policies Set By Third Plenary Session For Liberalization of Foreign Trade. Average Annual Incremental Increase in Total Export Figures During Past 3 Years of 35 Percent. Use of Locally Retained Foreign Exchange For Import of Materials Urgently Needed in Industry and Agriculture; Accumulation of Construction Capital; Acceleration of Building of Capital Facilities; Importation of Large Amounts of Equipment For Increase in Industrial and Agricultural Production Capacity"]

[Text] Under the guidance of liberalization policies in external relations set by the Third Plenary Session of the 11th Party Central Committee, Fujian Province has advanced with giant strides for remarkable results in advancing development of the province's national economy.

Since the Third Plenary Session, the province has taken various positive actions such as an expansion in the export of industrial and mineral products from light and textile industries, handwork products, and from the electrical machinery and chemical industries. It has begun the importation of materials for processing, engaged in compensatory trade, and has sent personnel outside the country to promote sales, to run fairs abroad, and to establish trade organizations, etc. Expansion of foreign trade has produced remarkable results. Currently Fujian Province has trade relations with 120 nations and regions of the world. Comparison of 1981 with 1978 shows a one and one-half fold increase in the province's total imports and exports. During the 3 year period, the average annual incremental increase was 35 percent. This included a doubling of exports in an average incremental 26 percent increase annually.

The rapid expansion of foreign trade has directly given impetus to the development of those industrial and agricultural production units charged with the task of producing goods for export on the one hand, and has accumulated large amounts of construction funds for the province on the other, which has provided the province with very great reserve capacity for development of the national economy. This is manifested specifically in the following particulars:

First is direct advancement of the development of industrial and agricultural production concerned. In a period of 3 years, the total volume of the export trade has doubled, and industrial and agricultural production departments concerned have seen expansion in the export commodity production tasks for which they are responsible. By using imports to nurture exports, and through effective measures for expanding exports, much idle equipment, plant buildings, and workforces have found rather full utilization. Departments in the province concerned with foreign trade have also allocated some materials and funds to the building and development of a group of special agricultural sideline product commodity export bases for things such as tea and fresh fruits. They have also jointly invested funds with industrial departments to build special plants and special workshops for the specialized production of export commodities. Statistics show that during the 3 year period between 1979 and 1978 the province's accumulated volume of special loans for the export of industrial goods was 45 percent greater than the province's total accumulated volume of loans during the 7 year period 1972 to 1978, for an increase in total industrial output value of about 200 million yuan.

Second is use of the province's locally retained foreign exchange to import critically needed materials to promote development of the economy. Formerly the central government annually allocated the province a fixed amount of foreign exchange, but following institution of special policies and flexible measures, the province instituted the assumption of sole responsibility for its foreign exchange, and foreign exchange earnings from trade for the period 1980-1981 in excess of the 1978 base figure were completely retained by the province. As a result the province's local foreign exchange earnings for these 2 years increased more than 10 fold over what they had been. Over the past 3 years, the province has used 40 percent of locally retained foreign exchange for the importation of goods to support agriculture and raw materials and supplementary materials in short supply for industry, which has vigorously supported development of agriculture and of light industries. Last year, rice blast broke out over wide areas in some of the countries of Jianyang Prefecture, the province's principal commodity grain base, but thanks to the use of imported edinphensoph, this pest was promptly eliminated and increased grain yields assured.

Third is accumulation of construction funds to hasten the building of capital facilities. During the past several years, some of the funds accumulated as a result of foreign trade export and import activities have been invested in energy, communications, transportation and such capital facilities as major capital construction projects, and have played an active role. Jobs have included expansion of the Fuzhou airport, new construction of the Dongdu harbor at Xiamen, dredging of the Mawei harbor channel, construction of hydroelectric and thermal electric stations (or plants) at Chitan, expansion of the Yongan, Yongding, and Longyan coal mining zones, new construction of the Fuzhou Cotton Textile Plant, continued building of the Sanming Chemical Industry Plant, as well as urban renewal, and building of worker dormitories, etc. Once these things have been built, the energy and transportation shortage situation in the province will be ameliorated to create conditions for further expansion of the provinces external economic activities and to enliven the economy.

Fourth is improvement in ability to pay for imported equipment, and importation of large amounts of equipment to increase the production capacity of industrial enterprises. In the 3 year period from 1979 to 1981, the province imported 399 pieces of equipment plus machinery spare parts, instruments, gauges, and measuring tools valued at between 50 and 60 million dollars. A considerable portion of them were purchased with locally retained foreign exchange from trade. In addition, among the equipment imported during the past 3 years in the form of compensatory trade, a considerable portion was through foreign trade. Most of this equipment is fairly technically advanced key production equipment that produces mostly products urgently needed in domestic and foreign markets, and from which the entire investment can be recovered within a fairly short time after it goes into production.

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CSO: 4006/639

FOREIGN TRADE

RURAL PROCESSING BUSINESS FOR EXPORT PROSPERING

Guangzhou NANFANG RIBAO in Chinese 18 Aug 82 p 1

[Article by Tan Guangdou [6009 0342 2435] and Huang Rong [7806 2837]: "Province's Rural Commune and Brigade Processing Business For Export Increasingly Prospers; Creates More than $100 Million in Foreign Exchange During Past 3 Years"]

[Text] The province's rural commune and brigade processing and assembling business for export is prospering increasingly. According to statistics from provincial departments concerned, since 1979 more than 5,400 contracts have been signed with foreign traders for processing and assembly, and income for wages, depreciation, supplementary materials, management fees, fuel, and taxes has amounted to more than $110 million. This year still new development has taken place. Statistics from Foshan and Shantou prefectures and from Guangzhou Municipality alone show that during the first half of the year, more than 1,000 contracts were signed, and earnings from wages, depreciation, supplementary materials, management fees, fuel, and taxes were 20 percent greater than during the same period last year.

Items processed and assembled by the province's rural communes and brigades are numerous, the principal of them being clothing, wool spinning, knitting, chemical fibers, leather, plastics, metal fittings [nails, wire, bolts, locks, etc.], toys, embroideries, jewelry, radios, and recorders. In many communes and brigades, rural workforces and skilled craftsmen have been put to work and either idle meeting halls, memorial halls, and warehouses have been converted to worksites, or else wastelands and mountain slopes have been used to build new plant buildings in the operation of export processing enterprises one after another. Today export processing and assembly enterprises are located in the farflung rural villages of 67 counties and municipalities in the province and employ more than 40,000 people.

In operating foreign processing and assembly businesses, rural communes and brigades do not need either investment or supply of commodity grain by the state, nor do they require increases in labor norms, but are able to make a fairly great contribution to the country. During the last 3 years, communes and brigades throughout the province engaged in processing and assembly for export have provided the country more than $100 million in foreign exchange

earnings, and have additionally paid the state more than 40 million renminbi in taxes annually. At the same time the communes and brigades have themselves enjoyed great benefits with increases in the levels of distributions to commune members and collectives.

Launching of commune and brigade processing and assembly business for export has both widened avenues for employment of workforces and made rural fairs flourish, and has also helped use foreign capital and the importation of equipment and skills to buttress commune and brigade enterprises, and create conditions for further development of enterprises. During the past several years, foreign capital used in commune and brigade enterprises throughout the province has amounted to more than $40 million, and more than 20,000 pieces of equipment of various kinds have been imported. In addition large amounts of chemical fibers, plastics, leather, and billet have been provided by foreign traders, which has played a very great role in enlivening commune and brigade enterprises. Last year Panyu County imported almost 4,000 pieces of equipment of various kinds using foreign capital. This equipment was valued at more than $2.5 million and resulted not only in a renewal and improvement of 20 commune and brigade clothing plants and leather plants in the county, but also resulted in the operation of more than 20 new enterprises in an expansion of the business of processing and assembling goods from outside China.

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BRIEFS

SHAANXI SELF-MANAGED EXPORTS--Guided by the open-door policy, the self-managed exports of our provinces have now entered the world market instead of being confined to Hong Kong and Macao. According to statistics compiled in the first 10 days of August, the total value of self-managed exports in our province has reached $22,440,000, exceeding the total value of the 3 years before the Third Plenary Session of the 11th Party Central Committee by $7,180,000. The total value of exports from 1980 up to now is 3.67 times that from 1977 to 1979. The number of varieties exported by the province itself has increased from 13 in 1977 to 166. In 1980, our market was only in the nearby countries across the sea. In 1981, it was expanded to West Germany, France, England, the United States, and 32 other countries across the oceans. [Text] [Xian SHAANXI RIBAO in Chinese 27 Aug 82 p 1] 9411

CSO: 4006/009

TRANSPORTATION

ACHIEVEMENTS OF HIGHWAY CONSTRUCTION REPORTED

Beijing GONREN RIBAO in Chinese 28 Aug 82 p 1

[Article by Jiao Xuan [3542 6513]: "More Than 2,000 Counties and Towns in the Country Now Accessible by Highways"]

[Text] Outstanding achievements have been made in highway construction during the national economic readjustment in our country. In the past 3 years, some 30,000 kilometers of new highways have been built and more than 20,000 kilometers have been surfaced with asphalt. A total of 5,000 highway bridges, totaling 500,000 meters, have also been built.

Among the newly constructed highways, some are trunk highways of great significance to the national economy, and many are local highways promoting the intercourse between cities and the countryside. The Qingxin Highway, which was completely open for traffic last year, is one of the main arteries of transportation, more than 2,000 kilometers long connecting Xingjiang and Qinghai with the inland. According to statistics, 900,000 kilometers of highway, being 13 times the length in the early post-liberation period, are open for traffic in the country. With the exception of Motuo County in Xizang, all the other counties and towns, totaling more than 2,000 in 29 provinces, municipalities and autonomous regions are now accessible by highways, and more than 90 percent of some 50,000 rural communes are accessible for cars.

Along with the development of highway construction, bridge construction techniques have also made remarkable progress in our country. There are now 130,000 highway bridges in the country, totaling more than 3,700 kilometers in length. The Jinan Huanghe Bridge is a prestressed concrete stayed-cable bridge with so far the longest span in our country. It was open for traffic in July, and motor cars from Beijing and Tianjin can now drive straight to Nanjiang and Shanghai, thus greatly raising transportation efficiency.

9411
CSO: 4006/006

INCREASED USE OF CONTAINERS IN SHANGHAI FOR INTERNATIONAL TRANSPORT

Beijing GONGREN RIBAO in Chinese 7 Sep 82 p 3

[Article by Dong Wenjun [5516 2429 0193]: "Remarkable Development in the Use of Containers for International Transport in Shanghai Port"]

[Text] The use of containers for international transport is being vigorously developed in Shanghai Port, and three direct lines from China to Japan, America and Australia have been opened in addition to the Shanghai-Hong Kong line. A container pick-up service has also been started on the European lines. Last year, the Shanghai port handled a total of nearly 50,000 containers, an increase of 233 percent over 1979. From January to July this year, a total of more than 6,000 containers, a 58 percent increase over the same period last year, were handled. The amount of freights carried in containers were more than 300,000 tons.

Shanghai Port is an old port. There is no special wharf for containers, and loading-unloading efficiency was low in the past. This was inconvenient for foreign trade shipping. Technical transformation was carried out in recent years, and a container service company was formed to improve the administration. As a result, the loading and unloading of containers from ships were gradually improved, and in the first half of this year, the time required for container-carrying ships to stay at the wharfs were reduced by 11.4 percent, compared with the same period last year.

9411
CSO: 4006/006

TRANSPORTATION

CONSTRUCTION OF NEW RAILWAYS REPORTED

Beijing GONGREN RIBAO in Chinese 26 Aug 82 p 1

[Article by Wang Fale [3769 4099 8021]: "New Achievements in Railway Building in Our Country"]

[Text] There were many railways under construction in the country in 1978. Because of the large scale of work, many projects had to drag on and were left uncompleted for many years. The long construction periods have raised the construction costs and caused serious waste. They have thus become "beard-growing" projects. Since the Third Plenary Session of the 11th Party Central Committee, the railway departments have resolutely reduced the scale of the construction in implementing the policy of readjustment, and then made particular efforts to strengthen the 18 projects which would help in the transportation of coal. After 3 years' efforts, 14 of them have been completed for traffic. The laying of rail tracks is being stepped up for the Fuhuai line, which is one of the remaining four projects, while construction is now going on in earnest for Jingqin and Yangshi lines, which are also among the remaining unfinished projects.

While new construction is going on, technical transformation is being strengthened on the existing lines, especially those for transporting coal and phosphate rocks out of Shanxi and the southwestern area and for the ports and coastal areas where material supplies are collected and distributed. Technical transformation on some line has increased the capacity for transporting coal out of Shanxi by 51 percent, and beyond the Great Wall by nearly two-folds.

Newly Construction Railways, Totaling 1371.9 Kilometers

There are altogether 14 new lines. Among them, the Beijing-Tongliao line, the Xiangfan-Chongqin line, the Taiyuan-Jiaozuo line and the Xindian-Taian line have already been formally handed over for business transportation, while the other 10 lines are also in operation.

Newly Constructed Double-Track Lines, 762.7 Kilometers

The main lines are the Jingbao double-track line, the Shide double-track line, the Jiaoji double-track line, the Nantongpu double-track line, the Jingguang double-track line and the Longhai double-track line.

Construction of Electrified Lines, 642 Kilometers

The main projects are for the Longhai line, the Fengsha line, the Shida line and the Xiangyu line.

Main Intersections, Two (Zhengzhou and Xuzhou)

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GENERAL

'TO EACH ACCORDING TO HIS WORK', SPIRIT OF COMMUNISM STRESSED

Fuzhou FUJIAN RIBAO in Chinese 16 Sep 82 p 2

[Article by Qi Xingzhi [7871 5887 0037]: "To Each According to His Work and the Development of the Spirit of Communism"]

[Text] In the past several years, the policy "to each according to his work" has been extensively practiced in the urban and rural areas. Remunerations for labor are now more reasonable, and the workers, peasants and intellectuals all like it. People have said: "To each according to his work" is the policy to "make people diligent." The diligent people are now even more diligent, and the lazy people have become diligent too. This can be called a great success in setting things right. There is no doubt that this good policy should be kept up. Distribution according to work should be practiced throughout the entire socialist historical period; such stupid things as "communist wind" and "evening things up" must not be permitted to happen again, and such defects as "work and no work, more work and less work, and good and poor work make no difference" must be further eliminated.

However, distribution according to work is not the sole principle for arousing the enthusiasm of the broad masses of cadres and people in accomplishing socialist modernization. Another principle, which is even more important, is that of ideological, political and communist education. If we disregard the latter principle and talk only of distribution according to work, we will go to the other extreme. Formerly, when we were wiping out the "leftist" pernicious influence, we stressed the policy "to each according to his work" without any short change. It was correct then. Even now, we have to overcome egalitarianism and uphold the policy "to each according to his work." As communist party members, however, we must constantly enhance our communist consciousness and carry forward the communist spirit instead of trying to "account for every jin and every liang of our work." On being admitted to the party, we all took the oath that we would "dedicate our whole lives to the realization of communism." It is true that we need food, living accommodation, wages and bonuses in our daily life. However, communism is our lofty ideal, and we must not change "to each according to his work" into "working in accordance with the remunerations offered," and put a price tag on anything we do. Now some people want to have more bonus and overtime pay in addition to their regular wages. Bonuses and overtime pay should be given if they are justifiable. In real life, however, there are many excuses for paying bonus and overtime pay indiscriminately. Many

monstrosities have appeared recently. For example, even though the production plan remains unfulfilled, bonuses are paid just the same; and some work, which could have been completed on the regular shift, has to drag on so that the workers have to be paid overtime. Even rescue and relief work has to be paid for. Therefore, "thinking of everything in terms of money" has become very popular. People have become short-sighted and have forgotten all about communist ideals and work style. If these things are forgotten, we will lose our sense of direction and the inspiration for us to advance toward the militant goal set by the party. Here, one issue must be clarified. The ideology of our communist party is that of communism, but there has always been certain differences between our ideology and the actual policies or economic policies in our actual work at the present stage. In our socialist society, the system of distribution of the means of subsistence for individuals should be based on the work done, because the fruits of social production are not quite abundant. However, we must think of communism instead of distribution according to work done. We never make revolution merely for the sake of wages and more bonuses. In other words, distribution according to work should never be the motive of our revolution. We must never make revolution with a weighing scale in hand to weigh every bit of service we render.

The 12th National Party Congress has called on us to create a new situation in all fields of socialist modernization. This inspiring undertaking cannot be accomplished without great efforts; it has to go through a process of great hardship. What do we rely on as an inspiration to the broad masses of cadres and people to exert their efforts? It is true that we have to uphold the policy "to each according to his work." But can we carry on this painstaking and creative work if we only talk about "to each according to his work" and must be paid for every bit of work we do?

The path of our advance is not a smooth one. We cannot overcome the difficulties and obstacles if we only talk about "to each according to his work" instead of developing the spirit of communism.

To create a new situation in all fields of socialist modernization, we, as communist party members, cannot talk about money, and even less about "working in accordance with the remunerations offered" or "weighing every bit of work." Instead, we must do our job as best as we could, and be prepared to make any sacrifice.

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GENERAL

SYMPOSIUM ON SOCIALIST ECONOMIC THEORIES HELD IN HARBIN

Beijing ZHONGGUO CAIMAO BAO in Chinese 30 Sep 82 p 3

[Article by Huang Wenfu [7806 2429 4395]: "Intensify the Study in the Problems of Socialist Economic Theories--A Brief Narration of the proceedings in the Second Annual Meeting of the China Socialist Political Economy Research Association"]

[Text] The China Socialist Political Economy Research Association held its second annual meeting in Harbin on 11-17 August. The participants reviewed their research work following the smashing of the "gang of four"; highlighted the achievements as well as problems with regard to the substance, orientation and methods of their research; and conducted their discussions on the problems in the movement of funds and the circulation of money, and the theoretical problems in the restructuring of the economic system.

A Review of the Research in Socialist Political Economy

All the participants agreed that since the smashing of the "gang of four", research in the theories of the socialist part of political economy has been divided into two different stages. From 1977 to the end of 1978, it was mainly the stage of setting things right. During this period, the main discussions concerned the question of the theory of the unique importance of productive forces, the question of relationship between politics and economies, the question of distribution according to work, the question of the production and the exchange of commodities, and so forth. From the end of 1978 to now, discussions were conducted on a series of theoretical questions all centering around the restructuring of the economic system, such as the question of planning and the market, the question of the systems of ownership, the question of the goal of socialist production, the proportionate relationship between the two major categories, the theoretical question of population, the strategic question of economic development, and the questions of economic accounting, economic results and economic structure. Discussions during these two stages have resulted in certain progress in theory. First, in the relationship between productive forces and the relations of production, the final and decisive role of productive forces has been affirmed. Secondly, in the relationship between politics and economics, the final and decisive role of economics has been affirmed.

Thirdly, "to each according to his work" has been affirmed as an objective economic law in socialism. In implementing the principle "to each according to his work," egalitarianism must be opposed. Fourthly, affirmation of the existence of commodity production and commodity exchange in our country has broken down the traditional belief that the means of production cannot be commodities. There is now a better understanding of the regulative role of the law of value in socialist production, and the awareness that among state-run enterprises, there is not only emulation but also competition. Fifthly, planning for the national economy has now to be in accordance with the goal of socialist production, and the proportionate relationship between accumulation and consumption has to be carefully handled. Sixthly, provided the system of public ownership remains predominant, many different economic sectors may coexist for a long time in the period of socialism. Seventhly, the socialist economic development should not follow a set pattern all the time. New ways suitable to our national conditions should be explored to realize the four modernizations. Finally, on the basis of the system of public ownership, we should uphold planned economy and at the same time bring into play the supplementary role of the market.

While affirming the achievements, the participants also freely expressed their views on the existing problems and the problems on which continued discussion is necessary in the future.

On the Question of Funds Movement and Money Circulation

1. Importance of the Study in the Theories on Funds Movement

The participants held that funds movement and money circulation not only occupy an important place in the socialist part of political economy, but also constitute an urgent problem in the strategy of economic and social developments in our country.

The participants simply recalled the different views expressed since 1978 on the supply of funds for economic construction. They all attached great importance to this question. When the production and exchange of commodities exist, economic activities inevitably call for a combination of the movements of use value and money. This is essentially a question of studying the monetary aspect of economic activities. Great efforts are required in studying these fairly complex problems.

Some comrades proposed that a socialist key economic category—funds—should be set up. Is the study in funds necessary in socialism? What economic category plays the dominant role in socialism? These questions should be clarified. In the past, we did not stress the return of funds or the results of their use, thus causing blind investments, duplicate investments and fruitless investments. This had something to do with our inadequate study in this basic category. If we study fund movements without stressing the need for investment returns and for funds to be increased in the course of their movement, whatever we do will be incompatible with the intrinsic quality and special features of funds.

2. Exploring the Relationship Between Fund Movement and Money Circulation on the One Hand and Economic Growth on the Other

The participants held that the focus of contradiction in this matter is the choice of policy on the supply of funds. To resolve this contradiction, we should first highly regard the result of fund movement. For a long time, fund movement in our country has been sluggish and the economic results are poor. The basic cause is the violation of the objective economic laws. In other words, we have not been able to work out technical and economic policies, which are consistent with our national conditions, according to objective economic laws, and our economic plans lacked scientific data. Some comrades proposed the establishment of a national committee for the control and coordination of funds, and the use of the profit rate as a means of examining every department and enterprises so as to be sure that equal amounts of funds can yield about the same profit.

In view of the fund accumulation activities now going on in the central government as well as the localities, some participants pointed out that fund raising that is unrelated to state finance and banking, can hinder the centralization and unity of finance and credit, jeopardize the state's macroeconomic plans, adversely affect the overall balance in production, and upset the financial, credit and material balances. Therefore, particular stress should be laid to "collective handling" whereby funds should be collectively handled by the financial authorities, if they need not be repaid; and by the banks, if they need to be repaid. This will be followed by the final coordination so that better use can be made of these funds through planned allocation. These measures will help make up the shortage of funds, and enable the limit funds to play a bigger role.

On the Theoretical Question of Restructuring the Economic System

1. What Are the Basic Features of Socialist Economy?

There was no difference of opinion on the system of public ownership and "to each according to his work" as the basic features of socialist economy, and the difference is only in the question of whether commodity economy or planned economy should also be one of these basic features. The vast majority of comrades held that although the production of exchange of commodities still exist and are being vigorously developed in our country at present, planned economy instead of commodity economy should be an intrinsic feature of socialist economy. The reason is that, in the first place, planned economy is the outcome of socialized mass production and the system of public ownership, and is essentially different from the capitalist economy. In the second place, the basic substance of planned economy is also different from that of capitalist economy.

2. Socialist Economic Setup and Economic System

The majority of participants held that socialist economic setup and socialist economic system are two different concepts, and that an understanding of their relationship and difference is of great significance in theory and practice. Socialist economic system refers to the basic social structure of socialist economy, while socialist economic setup refers to the different specific forms adopted by the basic social structure under different social conditions. Both of them are under the category of relations of production. Reforming the economic setup does not call for any change in the socialist economic system; its purpose is to look for a more suitable specific form of socialist relations of production in order to develop its strong points more effectively.

In discussing the theoretical question of reforming the economic setup, the participants also explored the question of relationship between the reform of the economic setup and the system of ownership and the question of planning and the market in socialist economy.

The comrades present at the meeting believed that the study of economic theories in our country at present is still inadequate for our socialist modernization. Hereafter, the Socialist Political Economy Research Association should further mobilize and organize the economic theorists concerned to actively explore the theoretical system of the socialist part of political economy, while paying attention to the study of various actual economic problems. Then they will continue to help raise the level of economic theories in our country.

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CHINA REPORT

ECONOMIC AFFAIRS

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FOCUSING FUNDS ON KEY PROJECTS

HK260124 Beijing CHINA DAILY in English 26 Oct 82 p 4

[Article signed "G.D.": "Funds Must Be Focused on Key Projects"]

[Text] After the third plenary session of the 11th Party Central Committee held in 1978, the party adopted measures to enlarge the decisionmaking power of local authorities and enterprises, but in his report to the 12th National Congress, General Secretary Hu Yaobang calls for concentrating funds on key construction projects as one of the several principles for attaining our strategic objective of the next 20 years.

Some international speculators might take this to be a reversal to old policies. It is certainly not so.

The head of a relevent department pointed out that the speed of construction of key projects has been rather rapid this year. The year's investment programmes for 50 key state projects were fulfilled by 47.4 percent in the first half of the year, which is higher than the average of 44.6 percent of all large and medium projects in the nation. Some key railway and harbour projects even fulfilled more than 70 percent of their yearly programmes. This was mainly due to cooperation among leaders of departments and regions, who were guided by the idea of "co-ordinating all the activities of the nation like moves on a chessboard." This shows that the past relaxation policy has been correct, but because of imperfections in some concrete measures and methods, there has been more or less dispersion of capital funds. Capital investment within the state budget grew less than 10 percent in the first 6 months of this year, while that outside the state budget exceeded 50 percent. Capital construction investment outside the budget now occupies 55 percent of the nation's total capital construction investment. This not only disperses capital funds, but aggravates the strain on communicaiton and transportation facilities, as well as of raw materials and equipment.

For the state to concentrate necessary capital funds in its hand has been the long-range need of socialist economic construction as a whole. Large construction projects, especially in such basic industries as energy and transport, will have to be undertaken with state funds. If sufficient funds are not available, the national economy as a whole will suffer. The development of various localities and individual enterprises will also be greatly restrained.

Concentration of funds on key projects is an important form of socialist accumulation to enlarge production. When modern large industries are being developed, the construction of the necessary interlocking lesser industry also require huge sums of capital that cannot come solely from individual local enterprises. It is necessary that the state gather together some of the accumulated capital scattered throughout various enterprises of the nation. Socialist economy is planned economy. Therefore, it is possible for the state to concentrate these necessary funds according to its plan.

At the moment, it is specially important for the state to concentrate capital on key projects. In recent years, decentralizing has caused a drop in state revenues and a subsequent shortage of funds for key projects. On the other hand, there has been a big increase in capital funds in various localities and individual enterprises. These funds have often been used to start projects that are wanted by the localities but do not comply with the needs of the nation as a whole. Blind construction and duplicated production will disrupt the nation's economic equilibrium.

Ours is a socialist country with a planned economy. Scattering capital funds throughout various localities does not conform with requirements for realizing the strategic goal of the next 20 years.

Therefore, we must act now to reduce the scale of investments outside the state budget to guarantee the construction of key projects. Of course, attention should still be paid to enlisting the enthusiasm of various localities and enterpirses. Guided by the idea of "co-ordinating all the activities of the nation like moves on a chessboard," a suitable proportion of financial revenues should be divided between the central and local governments and a suitable proportion of profits should be retained by individual enterprises so that a steady growth of the national economy will be possible.

CSO: 4020/21

IMPROVE INDUSTRY ECONOMIC RESULTS

HK281506 Beijing JINGJI YANJIU in Chinese No 9,20 Sep 82 pp 16-19

[Article by Xu Jingan (1776 2529 1344): "How To Increase Economic Results in Industry"]

[Text] At present, 85 percent of our state revenue comes from industrial enterprises. To increase economic results in industry is a good way to bring about a budgeted economy and a key to turning the national economy into a favorable cycle. Certain industrial lines have overcome a number of difficulties in 1981. An industrial production growth rate of 4.1 percent was accomplished despite the slump in the heavy industry. However, the economic results of the whole industry declined rather than increased. As the losses grew, the amount of submitted profits dropped, labor productivity, and the quality and quantity of certain products also dropped. Energy consumption increased the problems of a worsening stockpile and rising relative costs. It is an important task of the economic lines, particularly the cadres and workers of the industrial lines, to change the situation and substantially enhance economic results.

To increase economic results we should start with both the micro and macro aspects and then work persistently for they cannot be achieved immediately. An appropriate guideline has been laid in the "six-five" period to increase industrial economic results. It includes readjustment, restructuring, reorganization and reconstruction of industrial enterprises. At present the following questions should be studied:

1. How to resolutely stop the tendency of blind pursuit of production value.

One of the pitfalls in our past economic work has to blindly pursue the production value and speed and overlook economic results. A large quantity of poor and unnecessary products was produced as a result of a huge consumption of energy and raw materials. We cannot continue to tread the old futile road. We must find a new way for our state's economy. However, the long-established old thoughts, old habits and old methods used lead us consciously or subconsciously back to our old ways.

There were two tendencies last year. Diminished sentiment appeared because of a lack of proper and comprehensive understanding of the guideline for readjustment. As a result, the production growth rate was affected because a portion

of production did not catch up. During the readjustment period which stressed definite speed, there was a fall in production value and speed. Economic results were affected in the wake of the production of unnecessary products and the stockpile of products. These two tendencies reflected the absence, from our practical work, of a proper recognition and proper handling of the relation between speed and results. To stress increasing economic results does not mean that we shall do away with speed. On the contrary, results include the demand for speed. Economic results are the provision of maximum net income by producing a maximum of saleable products with minimum consumption. Economic results include the demand for the reduction of labor and material consumption, demand for quantity, variety and quality or utilization value in the products, and demand for the value of taxation and profits. To increase product quantity under the conditions of reducing consumption and meeting demand requirements means economic results as well as speed. This is the speed that can provide genuine utilization and social values. We must strive to obtain this. On the contrary, to blindly increase production in the pursuit of the so-called "high speed," regardless of consumption or actual demand, can provide neither utilization nor social value. This must be opposed at all times, and in all circumstances. At the beginning of this year, different districts and departments held fast to production. Attention was also paid to the prevention of slackened sentiment. However there also emerged the tendency of setting higher and higher targets for speed. If allowed to develop, this condition would bring us back to the old path of the past. How can we obtain a practical speed under the conditions of increasing economic results? I think there should be a fundamental change ranging from the guiding principles to the working method of our economic work. The speed targets of different districts and departments should be ascertained on a foundation which is balanced by assessing the production growth of several major potential saleable products and the supply of energy and raw materials. Thus, it must be stipulated that: 1) any speed targets set by the upper organizations should be assessed before passing them down to the lower levels and grassroot enterprises which are entitled to boycott such targets. 2) The lower levels and grassroot enterprises should make efforts to accomplish speed targets which are set in accordance with reasonable quotas on the basis of assessment and overall balance. 3) The lower levels should be encouraged to report the actual conditions from which contradictions between speed and economic result may arise and bring about accumulative products. After stipulated procedures, speed targets should be reset.

2. To control with determination the production of long-term products.

One school of thought maintains that enterprises know best what long terms and short terms are. If we expand the power of enterprises and relate the economic results to management results, the enterprises will readjust the long terms and short terms in accordance with market demands. This point of view is, to a certain extent, reasonable, but to a large extent, partial. Under the conditions of a sophisticated and ever-changing society, it is impossible for the state to make timely and accurate judgment, to bring the initiative of enterprises into full play and take the initiative to relate social changes to adjusted production in accordance with the demand and supply of products. But it is also improper to oppose state control of long-term products on this basis. First, not all enterprises are aware of the fact that the state can discover some

apparently long-term products after the conditions of the supply and stockpile of some major products required by the society have been generally analyzed and balanced. Second, because of unreasonable prices and an inability to make timely readjustments from the perspective of partial profits, enterprises still keep on producing long-term products which are expensive and have high profit margins. Third, under the conditions of supply exceeding the demand of products, different districts and departments will take administrative measures to block the market and protect the sale of the products by their enterprises. Fourth, enterprises producing poor products will resort to bribery or persuasion to sell their products and dispel good products with their remote ones. This will lead to stockpiling, which is totally detrimental. Therefore, the state should take administrative measures to infere in its apparent long-term products. New construction and transfer should not be permitted. The production of existing enterprises should be limited, reduced or stopped in accordance with different conditions.

3. To avoid blind development of short-term products.

Left uncontrolled, the development of short-term products will become long term and create losses. Last year, the mechanical committee planned 10 daily electrical products and fixed their production targets to reflect this. However, they broke through the planned demands and expanded their production. Some nonproduction units also strived to expand their productivity. Some districts even established new production units. At present, durable consumer products such as watches, washing machines, electric fans, bicycles and sewing machines are setting up new production units. The sale of certain products has become saturated. One state is a socialist planned economy. Birth rates should be controlled, as should the establishment of new factories. Certain blindness emerged in the past because of the lack of plan. Now there are plans which have not been implemented, and blind development continued. Anarchy is not permitted in a planned economy. Oni Xxjans are fixed, they should become law. Fixed production units should produce in accordance with planned demands. They should not break through without permission. Nonproduction units should cease to expand productivity. Some should remain unchanged while others should be transformed to produce other items in accordance with different conditions. The establishment of new production units should be stopped altogether. Plans for short-term products which fall outside the planning scope should be set.

4. To complete a comprehensive restructuring of enterprises.

The CPC and State Council have decided to restructure enterprises and create internal conditions for normal production and management of enterprises within 2 of 3 years. This is an important way to increase the economic results of enterprises. Different districts and departments should make plans to restructure enterprises. They should start with the restructuring of potential big enterprises which are poorly led and which have acute financial problems, hoping to increase the economic results as soon as possible. The restructuring of enterprises with strong leadership and good foundations can be left to the enterprises themselves. There should be obvious increases in the economic results after restructuring. That is to say, the quality of products can be improved, costs lowered, effects of capital enhanced, and taxable profits increased. Restructuring should continue in enterprises which fail to score

any economic results. In the course of restructuring, apart from carrying out the perfect system of economic responsibility, the leading class should be properly restructured and sinecures should be properly settled. Weak or improper leadership is incapable of stimulating the enthusiasm of workers to improve business management and develop potential. Consequently, the effects of restructuring cannot be consolidated. Enterprises will continue to have more workers than are needed if redundancy is not properly resolved. Labor discipline cannot be strictly enforced, production schedules cannot be systematically established and reward and punishment cannot be distinctively carried out. As a result, the principle of labor distribution cannot be upheld. Senior departments should help resolve these two problems which the enterprises themselves ahve difficulty in resolving. First, departments concerned should formulate policies and regulations concerning redundant enterprising leading cadres and workers; second, senior departments should supervise and coordinate enterprises having difficulty in planning training workers and in forming daily service companies for workers. The perfect system of economic responsibility can only be carried out when the higher levels have helped enterprises solve their problems and the enterprises themselves have completed other restructuring work.

5. To readjust and reconstruct industrial enterprises.

Readjustment and reconstruction of enterprises aiming to create external conditions for normal production and maangement and to build up a rational enterprising structure is the fundamental policy to macrocosmically enhance the economic effects of enterprises. Blindly running a large number of enterprises which yield poor economic effects will create an excessive production line, upset the supply of energy and natural resources, and go beyond our actual social needs. Many small and big enterprises are comprehensive. However, their standard of technical cooperation is low and their synthetic utilization of resources is poor. This is the main factor which contributes to the poor economic effects of industrial production. Since the further readjustment of our national economy, the number of enterprises closed and transformed remains very small, whereas many new enterprises have been blindly set up. Due progress has not been made in restructuring the enterprises and in shortening the excessive production line. On the one hand, many backward enterprises are still wasting a large amount of energy, power and raw materials, the quantity and quality of their products are so poor that they are below standard. On the other hand, quite a few advanced enterprises are short of energy and raw materials and thus operating under capacity. The supply of saleable products falls short of demand. And because of this, the economic effects of industrial production has not been enhanced even though we have scored remarkable results in shortening our basic construction line and restructuring the enterprises. As heavy industry is gradually picking up, the saving of energy by means of readjusting the ratio between the heavy and light industries will become less and less possible. Under such circumstances, the economic effects will further decrease if we do not make up our mind to close down and transform a number of backward enterprises and prevent our advanced enterprises from operating under capacity. Advanced enterprises can give full play to their productivity if backward enterprises are closed down or transformed to vacate energy and raw materials. As a result, total industrial output will be increased, the pace of development

will be speeded up and the state will enjoy more profit and taxes. Therefore, the readjustment of industrial enterprises is by no means a passive policy: it is an active one which aims to enhance economic effects, to help turn our national economy from a passive into an active economy and from a vicious cycle into a favorable one.

Readjustment of enterprises will inevitably involve the interests of the localities, enterprises and staff. In this case, we should uphold our correct principle that partial and personal interests should give way to overall interests and that immediate interests should give way to long-term ones. Our overall passive situation will be aggravated if we force ourselves to carry on operating such enterprises which should be closed down or transformed just for the immediate interests of a locality. In fact, such partial and transient interests will eventually lose out. All components will experience a stable development only if the overall situation turns active. The closing or transformation of enterprises may lead to certain social unrest. Care must be taken to prevent such unrest. We should believe that the broad masses of the workers will take the interests of the whole into account and will show understanding and sympathy for our plights if the real situation is revealed to them and the matter is properly dealt with. Minor problems which result from the incompetence of some localities can be easily resolved. Our will to readjust enterprises should not be undermined by fears of such minor problems.

It should be noted that our social stability and unity cannot be maintained if our national economy is bogged down by such a large number of backward enterprises. Political stability and unity can be incessantly consolidated and developed only when part of the enterprises are closed down or transformed and our finance and economy are fundamentally improved.

Since the workload of streamlining organizations, investigating economic crime cases and readjusting enterprises in 1982 is immensely heavy, the work mentioned last has only been carried out to a certain extent. It is envisaged that a bath of enterprises which are highly energy consuming and whose economic results are particularly poor will be closed down or transformed in the latter half of the year. It is decided that the tax rate of enterprises in brigades will be readjusted. Meanwhile, preparatory work for the readjustment of enterprises will be zealously carried out. A line of enterprises should be formed. A plan for readjusting the enterprises and criteria for closing down or transforming enterprises should be worked out. Emphasis should be placed on readjusting enterpirses for 1983. Through readjustment, we should meet the following targets: 1) to strike a balance between supply and demand in districts in accordance with the supply of energy and raw materials so as to ensure that advanced and relatively advanced enterprises can be kept in normal operation; 2) to greatly reduce the scope and amount of losses incurred by enterprises; 3) to ensure that no long-term products will be stockpiled. Enterprises should continue to be closed down if this target cannot be met. The strength and target of restructured enterprises should be in harmony with each other. To restructure those enterprises which are in perspective and are effective so as to establish various companies or corporations. Meanwhile, forces for formulating enterprising plans should be coordinated to make preparations for restructuring. Restructuring of enterprises will be carried out comprehensively in

1984 and 1985. Enterprises which require coordination will be coordinated fundamentally. Cooperation should be regulated among enterprises which cannot be coordinated. Through restructuring, the standard of technical cooperation among enterprises can be upgraded, the synthetic utilization of resources extended, the potentials of enterprises fully tapped and their economic results greatly increased.

6. Fundamental work for industrial management should be strengthened.

Industrial management should be improved before the economic results of enterprises can be increased. At present, what is urgently needed in fundamental work is to lay down trade plans, set criteria for establishing plants and lay down technical standards for products. Since industrial enterprises are diversified and under the management of various districts, we do not even know the number of production points within a trade, the number of ready-to-establish production points, the utilization rate of existing facilities, the degree to which products are stockpiled, social demand, what types of products are long-term and for how long and what types of products are short-term and for how short. Long-term plans can be controlled, blind development of short-term products can be avoided and enterprises can be readjusted and restructured only when we keep abreast of such basic conditions and lay down trade plans. Planned industrial management cannot be strengthened and administrative intervention cannot be carried out if such fundamental work is not done. Plants established without designated standards, regular production and a free flow of substandard goods cannot be regarded as planned economy. Such items of fundamental work have been brought up year after year. However, they have not been arranged, planned and carried out. Consequently, they experience slow progress. The situation should be improved and close attention should be paid to the implementation of such work.

The formulation of trade plans should be classified according to product type. It is suggested that products can be classified into the following three types: goods which are highly important to our national economy and highly technical should be coordinated and planned by departments or the committee concerned at the national level. goods which are quite important to our national economy and relatively technical should be coordinated and planned by departments or the committee concerned and by provinces and cities at the inter-provincial level. Other goods should be planned by provinces and cities at district level. The effects of cities, central cities in particular, should be given full play when the above plans are made. That is to say, plans should be made with emphasis on central cities. Clearly-defined duties of various production plans will help speed up the progress of production, and avoid or lessen discrepancies among departments.

To set criteria for establishing plants and to lay down standards for production skill. Permission will be given to plants which satisfy the criteria so that they can establish, produce and sell their goods. Permits for establishment and production will be issued to them. Plants which do not satisfy the cirteria will be forbidden to establish, operate and sell their goods. A production unit has a set skill standard for its low-voltage electric appliances. It has also introduced a system of issuing production permits. Statistics from a

survey show that only 66 (i.e. 10 percent) out of 683 enterprises are producing goods which are all up to standard. In addition, 415 enterprises (i.e. 60 percent) are producing goods which are all substandard. Ten percent of enterprises are producing goods which are partly up to standard and partly substandard. The total number of enterprises producing low-voltage electric appliances in the nation is estimated to be above 1,000. In fact 400 is enough. Such a survey can help readjust and restructure enterprises and avoid blind construction and production. It is a pity that such meaningful work is only progressing slowly. From 1980-81, skill standards for production were set and production permits were issued in only two trades (the other being the industrial boiler trade). Our industrial management will be greatly improved if we can set the skill standards for various main products and the criteria for establishing plants.

(By Systems Reform Committee, State Council May, 1982)

CSO: 4006/84

'NINGXIA RIBAO' ON NINGXIA ECONOMIC STRATEGY

HK281505 Yinchuan NINGXIA RIBAO in Chinese 15 Oct 82 p 3

[Article by Yuan Tao [1354 3447] and Shao Xiangneng [6730 4382 5174]: "Initial Probing of Issues in Ningxia's Economic Development Strategy--Some Understanding Gained From Studying the 12th Party Congress Documents"]

[Text] I

The successful convocation of the 12th Party Congress has been a joyous event in the political life of the whole party and people throughout the country. At this congress, Comrade Hu Yaobang in his report "create a new situation in all fields of socialist modernization" has put forward a grand strategic goal for our economic development. This is, in the two decades from 1981 to the end of the century, "while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production...if this goal is achieved, it will place China in the front ranks of the world in terms of gross national income and output of major industrial and agricultural products; it will represent an important advance in the modernization of China's entire national economy; it will increase the income of its urban and rural population several times over; and the Chinese people will be comparatively well off both materially and culturally." This grand strategic goal, which has pointed out the bright and splendid prospects as well as the orientation of effort for the whole party and people throughout the country, is in complete accord with the aspirations of the people of various nationalities in our region.

Since liberation the people of various nationalities in Ningxia have, after 32 years of united struggle under the kind attention of the CPC Central Committee and the correct leadership of party committees and people's governments at various levels in the autonomous region, successfully completed the land reform and the socialist transformation of the ownership of the means of production, carried out large-scale socialist economic construction and achieved tremendous successes. Compared with 1949, gross industrial and agricultural output value in 1981 increased 10.6 times, of which, gross industrial output value increased 100.8 times, gross agricultural output value increased 3.1 times and total grain output increased 2.9 times. As a result of the development of industrial and agricultural production, there is also a corresponding development in such undertakings as communications and transportation, culture, education and public health. Compared with 1949, total consumption of the inhabitants in the whole region in 1981 increased 5.3 times (eliminating the price factor). Particularly

since the 3d Plenary Session of the 11th CPC Central Committee, there has been a notable improvement in the livelihood of the people. All this has laid a solid foundation for the future economic development of Ningxia.

Ningxia has rich coal and irrigation resources, some oil and natural gas reserves, very rich gypsum reserves and rather rich nonmetallic mineral resources such as silica for making glass and limestone for making cement. It has favorable conditions for the development of coal, coal processing, electricity and high energy consumption metallurgical industries as well as such building material industries as cement and glass. Ningxia is vast in area, and the abundance of sunshine, high cumulative temperature and greatly varying temperature between night and day are conducive to plant growth. The Hetao irrigated area in the north produces abundant rice and wheat and is an ideal base for commerical grains. Its sheepskin is renowned at home and abroad and the quality of its sugarbeet and fruits is particularly good. The mountain area in the south has vast grasslands as well as natural forests. There are also numerous river valleys and level plains with conditions for developing agriculture, forestry, animal husbandry and light industry. In accordance with the strategy for the development of the national economy determined by the 12th Party Congress and in the light of the actual conditions and characteristics of the region itself, our key task at the moment is to draw up realistic and feasible strategic goals and measures for developing the economy of Ningxia, put them into effect and energetically promote the all-round development of the economy in the region.

II

Although there has been a great development in Ningxia's industrial and agricultural development since the founding of the people's republic, because of the weakness of the original foundation and the overrapid population growth, the actual production level and people's living standard are still far below those of advanced areas. In the last 32 years, the population of the region has increased 2.2 times and its population growth rate of an average 3.7 percent a year is double that of the whole country. Since 1957, the population has been increasing at a faster rate than agricultural production. Therefore, the gap between the average per capita production level and the average level of the whole country has not only not diminished but increased. The gross average per capita industrial agricultural output value of Ningxia in 1949 was 88.7 yuan (1952 price, same below), slightly higher than the 86 yuan of the whole country. The 1981 figure of 521 yuan (1980 price, same below), was actually far lower than the 752 yuan of the whole country. The average per capita annual grain production of 719 jin in Ningxia during the first 5-year plan was higher than the national average of 590 jin. The drop to 587 jin during the fifth 5-year plan was not only lower than the national average of 637 jin for the same period, but also lower than its own level during the first 5-year plan. Therefore from a net grain and edible oil exporting area during the period of the first 5-year plan and second 5-year plan, it became a net importing area. In the mountain area of the south where the Hui nationality lived in a community, the problem of food and firewood for the people and the problem of food and water for men and beasts in parts of the region have still not been basically solved. These are the problems we must pay special attention to in the economic development strategy.

Ningxia is an undeveloped minority nationality region. It has a great superiority in resources and potentials for development. Based on the demand of the Central Committee to quadruple the gross annual value of industrial and agricultural production by the end of the century and according to our rough estimates, Ningxia must increase its gross annual output value by an average of 7.4 percent a year up to the year 2000 (the rate of development of our region should be slightly higher than the 7.2 percent for the whole country). For the sake of enabling the fraternal nationalities to overtake the advanced within a certain period and realize the four modernizations together; it is most necessary to have a higher rate of development than the whole country. Accordingly, we hold that the strategic goal of Ningxia's economic development should be: under the premise of unremittingly raising economic benefit, to strive for 4.1 billion yuan in gross industrial and agricultural output value and a total grain production of 3.2 billion jin by the year 1990, become self-sufficient in grain and basically solve the problem of feeding and clothing the people in the mountain area. The economy must develop faster in the subsequent decade. By the year 2000, gross industrial and agricultural output value must reach 9 billion yuan and total grain production must reach 4.4 billion jin. We must succeed in becoming self-sufficient with grain to spare and financially independent. There must be a substantial improvement in the material and cultural life of the people, and they must be comparatively well off.

Is it possible for Ningxia to realize this strategic goal? We are of the opinion that it is entirely possible. These are the grounds:

1. The rate of development for the several major indexes in this strategic goal is not high. It is even slightly slower than the rate of the last 31 years. Please take a look at the [table on the following page].

In the last 31 years, the rate of development was quite fast because of the low base figure of 1949. During this period, although economic development had been affected by the 3 years of the "great leap forward" and 10 years of turmoil, the average annual increase was still 8.5 percent. The conditions from now on will be entirely different. Under the correct leadership of the CPC Central Committee, we have comprehensively summed up the experiences and lessons of the last 32 years, eliminated the longstanding influence of the "left" and shifted the focus of work of the whole party to the four modernizations. With a political situation of stability and unity as well as a series of correct policies and principles, and especially with the guidance of the correct line of the 12th Party Congress, the situation will get better and better. This is the most effective guarantee for realizing the above strategic goal.

2. As a result of poor economic benefit in the past, the increase of only 6.5 percent in national income was not quite in keeping with the average annual increase of 8.5 percent in gross industrial and agricultural output value. Henceforth, along with the raising of economic benefit, national income will be able to increase in step with the gross industrial and agricultural output value. This will not only strengthen the financial power of the localities, but will also gradually improve the level of the people's material and cultural life. The index of national income in the strategic goal is a projection based on this principle.

Categories	Units	Absolute Amount			Average Annual Increase Percentage			
		1980 Actual	1990 Tentative	2000 Tentative	1950 to 1980	1981 to 1990	1991 to 2000	1981 to 2000
Gross industrial and agricultural output value	100 million yuan	21.6	41	90	8.5	6.6	8.2	7.4
Agricultural output value	100 million yuan	7.1	11	18	4.5	4.5	6.0	4.8
Industrial output value	100 million yuan	14.5	30	72	16.7	7.5	9.1	8.3
Gross national income	100 million yuan	11.5	22	48	6.4	6.6	8.1	7.4
Total grain output	100 million jin	24.1	32	44	4.4	2.9	3.2	3.1

3. Since 1981, the central authorities have instituted financial responsibility in Ningxia and increased the portion of subsidy by 10 percent a year. In addition, there are also special subsidies as well as direct capital investment. According to preliminary estimates, the investment funds subsidiezed by the central authorities from 1981 to 1990 may be even greater than the sum invested in the previous 31 years, and along with the development of production, this will still be increased in the subsequent decade. Moreover, the development of production undertaking by the region itself will also greatly increase its financial income. This has provided a reliable financial guarantee for realizing the above strategic goal.

In view of the above understanding, if our measures are appropriate and our work is properly carried out, the rate of development can be faster and well will achieve this goal an earlier date.

III

There is enormous potential and favorable conditions for developing the economy in Ningxia. As long as the people of various nationalities throughout the region conscientiously implement the guidelines of the 12th Party Congress, unite as one, rise in vigor, rely on their own efforts and work hard under the correct

leadership of the regional party committee, it is entirely possible to formulate realistic and feasible strategic measures, fully arouse the enthusiasm of the people for building socialism and realize our strategic goal. These strategic measures are considered by us mainl in the following respects.

1. Agriculture is the foundation of the national economy, and first priority should be given to the development of agricultural production. First, we must keep on perfecting various production responsibility systems, fully arouse the enthusiasm of the peasants for production, continue to imporve the marketability of agricultural products and increase the income of the peasants. This will contribute to expanding reproduction and promoting the development of agricultural productive forces. Second, we must shift the focus of attention in the development of agriculture from small-scale agriculture to agriculture in the broad sense. While not slackening up on grain production, we must at the same time actively develop diversified economy, simultaneously develop agriculture, forestry, animal husbandry, sideline production and fishery, and combine agriculture with forestry and animal husbandry. When readjusting agricultural distribution and restructuring the agricultural economy, we must at the same time pay special attention to this weak link of animal husbandry. We must make a success of grassland construction, energetically plant trees and grass, advocate livestock raising, improve livestock breeding and set up a fodder industry. Based on this distinguishing feature in our region of cultivating grain in the north and raising livestock in the south, we should enable the irrigated area to develop into a commodity grain base and the mountain area into a livestock and oil-bearing crop base. We must put more financial and material resources into developing and exploiting the mountain area in the first 10 years before there will be notable changes in the subsequent decade. The potential of the mountain area is enormous and we should not underestimate its role. Third, we must properly integrate two laws. The process of agricultural production is not only a process of natural biological growth, but it is also a process of the productive labor of people. The fruit of agricultural production is the joint product of nature and labor. When making arrangements for agricultural production, we not only must take the ecological environment into consideration so that it will conform to natural law, but we must also take into account the economic law. Only if these two laws are implemented without coming into conflict can we create a benign ecological and economic cycle and guarantee the rapid development of the agricultural economy. Fourth, we must resolutely and unswervingly grasp water conservancy construction as well as water and soil conservation. We must properly combine biological measures with project measures and study which of them we should give priority to. This should depend on the specific condition of the locality in question. For example, in the arid mountain area, we should give priority to biological measures. However, there are also some places where biological measures are not effective without certain project measures in advance. Therefore, we must dialetically deal with these two combinations, and the neglect of any one aspect is likely to be wrong. In the near future, we should give priority to the tapping of existing production potentials in grain production. Judging from the long-term point of view, we should also gradually develop the irrigated land. While improving the existing 1 million mu of low-yield fields, we must at the same time open up the more than 1 million mu of cultivable land in the irrigated area so as to meet the needs of economic construction and population growth.

2. Industry should make the strategic change from giving priority to "extension" to give priority to "intension." After 32 years of construction, the industries of Ningxia have become sizable. However, because their economic benefit is poor, there is much room for development. In 1981, the cost value of the fixed assets of industries owned by the whole people in the region was 2.75 billion yuan, but output value for every 100 yuan of fixed assets was only 37.5 yuan or only 1/3 of the average national level and only 1/8 of the level of Shanghai. When implementing the policy of "readjusting, restructuring, reorganizing and upgrading" and in step with consolidating the industrial system and promoting the responsibility system, we must put the emphasis on properly managing and using the manpower as well as financial and material resources of existing enterprises. If we can enable the index of major economic benefit to achieve the existing average level of the whole country by the year 1990 and the existing level of Shanghai by the year 2000, then by relying on the existing industries owned by the whole people alone, gross output value will reach 2.8 billion yuan by the year 1990 and 7 billion yuan by the year 2000, and there will also be a corresponding increase in net output value and profit. After 20 years of effort, this goal should be realizable. Therefore, we must first unify understanding, and on this basis, immediately organize the manpower to carry out investigation and study and prepare a comprehensive and practical program for readjusting, restructuring, reorganizing and upgrading the existing enterprises. We must also use the financial and material resources of our region which could be used for industrial construction to readjust, restructure, reorganize and upgrade the existing enterprises, carry out training for all the personnel, lower costs and produce good, cheap and marketable products.

Ningxia is a region that has yet to be opened up. While energetically making a good job of expanding reproduction by "intension," we must at the same time strive, with the vigorous support and assistance of the central authorities, to increase the freight volume of the Baotou-Lanzhou Railroad and to build new trunk lines, new industrial enterprises and the Daliushu water conservancy project in order to give full play to the superiority of the resources in Ningxia speed up industrial development. The mountain area in the southern part of Ningxia has numerous favorable conditions for industrial development. However, because of very little investment in the past, the industrial base is still extremely weak. Henceforth, we must step up investment to help its development. Ningxia must actively adopt an open policy in economic construction, take advantage of its resources, welcome outside investment and cooperation, vigorously introduce advanced technology and management methods and raise the level of its industrial modernization. It must adopt suitable policies for the protection of those industries which are still immature but have prospects for development. If the present relatively high investment level can be maintained in the construction of new industries, we reckon that about 2 billion yuan in new fixed industrial assets and even more gross output value will also be added by the year 2000. In this way, Ningxia's gross industrial output value will probably reach over 9 billion yuan and will far exceed the strategic goal we have tentatively predetermined. At that time, a brand new situation will appear in Ningxia's industry as well as the whole of Ningxia's economy.

3. Attention must be paid to economic results in the centralized utilization of funds. Shortage of funds is one of the serious problems our region is confronted with in economic construction. In line with the spirit of building up the country through thrift and hard work, we must use the money effectively so that every cent produces the maximum economic benefit. In the past, our region was not very good in the employment of funds and this resulted in serious waste and losses. For the sake of managing and using funds properly, we must henceforth strengthen planning, make a success of comprehensive balance and rationally arrange the proportion for the use of various funds. The use of construction funds must be centralized, key projects must be guaranteed and we must avoid scattering the funds. We must carry out feasibility studies for every item of construction funds and clearly define the economic responsibility of operational units and their leading members as well as all workers and staff members so that those with good results will be rewarded, those with poor results will be penalized and those causing serious losses will be punished by law.

4. The development of production must depend on science. "Science is productive force." For this reason, we not only must raise the scientific and cultural level of the broad masses of workers and peasants, but we must also have a large number of red and expert professional scientific and technical personnel. Ningxia has too few professional scientific and technical personnel at present. Most of the workers and staff members still lack basic scientific and cultural knowledge and the scientific and cultural level in the countryside is even lower. Therefore, we must increase intellectual investment, popularize education and energetically train qualified local scientific and technical personnel among the nationalities of the region. To make a success of this work, we must above all rely on the existing scientific and technical personnel and create conditions for them to fully bring their special knowledge into play. The urgent problem at present is to further implement the party's policy concerning intellectuals in accordance with the guidelines of the 12th Party Congress, and to boldly promote and use them so that everybody can make full use of their ability and bring their role into play in the four modernizations.

5. Controlling the population growth is a long-term strategic task of our region. The population growth of our region is too fast. It has exceeded the rate of economic development and is causing numerous problems to economic development, livelihood, employment and housing. Although the natural growth rate of population in Ningxia has dropped to 19.8 per thousand, that is still one of the highest among the provinces and regions throughout the country. At present, the tendency is for it to rise again in the countryside. We should further make a success of family planning in accordance with the demand made by Comrade Hu Yaobang in his report to the 12th Party Congress and lower the natural growth rate to about 10 per thousand as quickly as possible. In the last 32 years, the net population increase in Ningxia was 2.64 million people, of which, the population migrated directly form outside the region together with the children both after their arrival in Ningxia accounted for 42.1 percent. This is also a major reason for the high growth rate of population in Ningxia. In 1980 and 1981, the net immigrant population to the region still amounted to 40,000 people. In the future, we must draw up policies and limits for controlling immigrants. In the last 32 years, the nonagricultural population in Ningxia has increased by 7.4 percent, and this condition is still serious at the moment. We must adopt effective measures to strictly restrict the change

from agricultural population to nonagricultural population to avoid the swelling of the urban population.

The 12th Party Congress has formulated for us a correct economic construction program as well as policies and principles, the whole country has undergone a great historical change and the political and economic situation is getting better and better. Under the direction of the guidelines of the 12th Party Congress and the correct leadership of the regional party committee, the people of various nationalities in our region will unite as one, struggle in concert and advance confidently and conscientiously toward this strategic goal. We firmly believe that we will certainly be able to build a flourishing new socialist Ningxia in which people of various nationalities will enjoy common prosperity by the end of the century.

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BRIEFS

XINJIANG PRODUCTION, CONSTRUCTION CORPS--The total value of industrial and agricultural output of the Xinjiang production and construction corps increased from some 1.07 billion yuan in 1978 to some 1.44 billion yuan in 1981. The value of agricultural output increased by an average of 8.87 percent per year and the value of industrial output increased by an average of 11.74 percent per year. Output of grain, cotton, oil-bearing crops, livestock and sugar bet also greatly increased. The production and construction corps incurred losses in the 12 years before 1981 but turned losses to profit in 1981. The production and construction corps made profits of some 21 million yuan that year. The total value of industrial and agricultural output of the production and construction corps in 1981 accounted for 23.15 percent of the total output value in Xinjiang region. The average yearly income of staff and workers of the production and construction corps increased from 642 yuan to 971 yuan. The housing area completed for staff and workers amounts to 3.15 million square meters and the per capita housing area has increased by an average of 1.42 square meters. [HK101328 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 8 Sep 82]

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TIME, EFFECTIVENESS SAID CRUCIAL TO TECHNICAL TRANSFORMATION

Yinchuan NINGXIA RIBAO in Chinese 28 Aug 82 p 2

[Article by Zhong Fan [0022 0416]: "Time and Effectiveness Are Crucial to Technical Transformation of Enterprises"]

[Text] A wide gap still exists between the productive capacity and the actual productive operations of certain industrial enterprises in this autonomous region. A salient feature of production operations is the low standard of many products, the poor quality of products, the limited variety of products, the low labor productivity, and the low profits. The reason for this state of affairs may, of course, be attributed to such factors as the poor geographical distribution of industries, laxity in administration, low technical standards and inadequacy of circulation channels. The basic problem, however, remains that of the failure of the products to meet market needs, the slowness in making improvements, the failure to promptly meet the changing needs of society, and the lack of competitiveness of the products. For this reason, we must put emphasis on bringing about technical transformation, undertaking [technical] making innovation in a positive manner, and speeding up the rate of progress. This is a new task which the responsible departments of the industries and enterprises at all levels must address themselves in a serious manner.

In the past few years, the autonomous region has made certain technical transformation and developed certain products of textile and other light industries, food products, industrial daily necessities and instruments made by the machinery industry, all of which cater to the market demand at home. Some of these products even have made their way into the world market. However, an analysis of the economic effectiveness reveals that certain problems remain. One of the problems is the failure to correctly assess market needs and the tendency to put too much stress on immediate profits and too little on long-term goals, so that the products, while meeting immediate needs, are lacking in stability on a sustained basis and often begin to pile up 1 or 2 years after they have been put on the market. The second problem is the lack of coordinated planning and proper arrangement. Some departments, areas and enterprises are more concerned with their own interests than in cooperation with the result that there is a duplication of outlets, the carving up of the markets, mutual cancellation of efforts and waste. The third problem is the lack of emphasis, the excessive range of products, the diffusion of funds and the failure to accomplish anything worthwhile due to the multiplicity of goals. The fourth problem is the lack of

centralized control and assessment of funds coming from various channels. The tendency for a number of parties to take on the same project without consultation with one another often leads to laxity and confusion. The fifth problem is that in the assessment of projects, there is often a lack of clear and adequate proof of their value, a lack of verification of information as to its reliability, the absence of effective measures for the successful completion of a project, and the lack of prudent procedures of examination and approval. An even more serious problem is the lack of assurance that projects which have already been approved can be successfully put into operation in terms of manpower and the availability of material and financial resources so that the enterprises themselves have to scrounge for funds and materials on their own as a result, progress proceeds at a sluggish pace, opportunities are lost, and efforts are slow to bear fruit.

The measures of technical transformation are often referred to as "quick measures" with emphasis on the word "quick." By quick is meant the short time span between the implementation of transformation and the start of production. After a decision has been reached, effort should be made to speed up the process of transformation and the achievement of economic effectiveness because market needs are in a constant state of flux and advantages and disadvantages as well as surpluses and shortages are relative in terms of time. Unless adequate emphasis is placed on technical transformation, opportunities will inevitably be lost. We should profit from the many lessons we have learned in the past.

This year, the autonomous region has allocated a considerable amount of funds for technical transformation, an amount equivalent to 80 percent of the government investments in industrial capital construction (including bank loans and subsidies for the five small industrial enterprises producing iron and steel, coal, chemical fertilizer, cement, and machinery). The amount is even large counting what has been retained by the concerned bureaus and enterprises. How should this amount of funds be utilized to maximize economic effectiveness? It is my opinion that we should address ourselves to the tasks listed below.

First, in bringing about technical transformation, we must have demonstrated proof of the reliability of market forecasts and projected profits. We must have a program for transformation and we must direct our attention to the strengthening of administration the way we direct our attention to capital construction. In examining and approving the items for technical transformation, we must first give consideration to the geographical distribution of industries throughout the autonomous region, whether the products are truly in demand, whether the sources of raw materials and the sale of the products can be assured, whether the transportation facilities are adequate, whether the technological process and equipment are advanced and reliable, whether full use is being made of the existing factory buildings, equipment, personnel and technical force, whether, after repeated checking, the economic effectiveness is feasible, whether the material and technical conditions for undertaking transformation are favorable, whether operation conditions are adequate, and whether it is possible to shorten the period of transformation and to achieve rapid results. There must be a program for transformation projects and each and everyone of them must be investigated into and implemented. If conditions for transformation are less than favorable, they should not be attempted in a precipitate manner. An end must be resolutely put to the practice of responding in double time to the clamorous demands made by those with impressive backgrounds.

Second, the determination of technical transformation projects must be made under centralized and united leadership and in a coordinated manner. In considering the improvement and development of their products, it is difficult for the regions, departments and enterprises to completely avoid sizing up problems from their point of view. It is relatively easy for each to go its own way, if a large number of funds from various sources are available, and if each is allowed to guard its own passes. There is in the autonomous region an overconcentration of casting plants, forging machine tool plants, welding plants, electroplating plants, thermodynamic plants, and steel-frame window as well as metal and wood furniture factories. Although that may be attributed to the past ideological tendency to pursue the one-sided policy of building up "large and comprehensive" and "small but all-inclusive" industrial structures, a great deal of the duplication is the result of the implementation of measures for technical transformation. The duplication of layouts results not only in waste in terms of manpower and financial and material resources, but particularly in seriously hampering the development of our effectiveness. The large number of plants in a small area results in a small volume of sales and profits. It is for this reason that the technical transformation of the enterprises must be placed under the centralized and unified leadership of an overall department responsible for examining and approving the entire range of projects at regular periods, allocating the funds from various sources for technical transformation on an overall basis, jointly determining the projects to be undertaken, allocating the funds for each and every project, and reviewing and assessing the rate of progress and effectiveness in a unified manner.

Third, we must establish a link between technical transformation, the importation of new techniques, research into the manufacture of new products and the popularization of new techniques so as to promote the production of items which are in demand. Since the purpose of technical transformation is to bring about technological reforms, to improve old products and to develop new products, a close link must be established between scientific research, trial production, the importation [of new ideas] and the popularization [of operations]. However, since the work in these areas are divided among a number of responsible operational departments, there is often a lack of coordination. It often happens that those who are responsible for scientific research do not have the means to engage in trail produciton, those who have succeeded in trial production do not necessarily have the means to engage in trail production, those who have succeeded in trial production do not necessarily have the means to engage in the work of popularization, while those who have the desire to engage in trail production and popularization are not necessarily capable of engaging in scientific research. For this reason, efforts should be made to set up an organization to orchestrate the resources of the various parties, to establish coordination among them, and to enhance their effectiveness.

Fourth, the responsibility system should be applied to the work of technical transformation in order to ensure the achievement of the central objective of bringing about concrete benefits at a given rate of progress. Among the questions which have come to mind are the following: If an amount of funds is left over, should it be taken back? If a project is completed ahead of schedule, or if the profits exceed the projected amount, should awards be granted? In the event of delays which adversely affect the amount or result in a loss of

profits, should those concerned be held economically responsible? If momentous changes should occur while the work of technical transformation is in progress, such as when a short-term project develops into a long-term project, when a project is carried on long past the schedule, or when there is no greater assurance of success than the chances of reeling in a fish, then a decision should promptly be made to cut bait and to make new arrangements. We should, in line with this spirit, undertake a review of the projects which have been set up and take appropriate action so that, through technical transformation, we may achieve greater economic effectiveness.

9621
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ECONOMIC MANAGEMENT

PROMOTING ACCOUNTING WORK TO IMPROVE ECONOMIC RESULTS DESCRIBED

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] in Chinese No 8, 20 Aug 82 pp 1-4

[Article by Tang Tengxiang [0781 7508 5046]: "Bring into Play the Role of Accounting in Improving Economic Results for Enterprises"]

[Test] Three Views, Two Questions

There are three different views on the way to bring into play the role of accounting in promoting the improvement of economic results for the enterprises.

The first view stresses the need for accounting as a means of verification. According to this view, the most basic function of accounting is to check on the economic results accurately through the recording of transactions.

The second view stresses the need for accounting as a means of management. According to this view, the accuracy of verification by means of accounting cannot be absolute, and the good quality of checking does not mean good economic results. Accounting should be boldly carried out with the use of modern mathematical analysis, and the role of accounting in supervision and control, in analyzing forecasts, and in participating in policy decisions should be brought into play before better economic results can be obtained.

The third view stresses the need for macroaccounting. Since ours is a socialist country practicing a planned economy, the poor economic results of enterprises for a long time should be attributed to mistakes in macropolicy decisions and an unsound economic system. The key to future success is to improve macroeconomic results. Therefore, the establishment of a system of socialist macroaccounting is an urgent task.

All these views are reasonable to a certain extent, and acting on them will certainly help improve economic results. All these three views essentially concern two questions: First, what role is played by accounting in improving economic results for enterprises and how will this role be brought into play? How is the present situation of accounting work in our country and what are the main problems?

Verifying Economic Results Is the Basic Function of Accounting

Economic results find expression in many different ways, such as the difference between input and output, between income and outlay, between benefits and expenses, between gains and consumption, and so forth. In any case, economic benefits, large or small, major or minor, substantial or nominal, should be expressed in terms of "quantity," and this "quantity" can only be obtained through verification in different forms.

A conventional view is that the system of economic accounting is made up of statistical verification, accounting verification and vocational verification. Verification is a means, and benefit is the end. The main purpose of economic accounting is to verify the economic results, and there should be no doubt about it. As long as the economic results continue to improve, "a surplus of the production of labor over and above the cost of subsistence of the labor and the formation and expansion of a social production and reserve fund out of this surplus were and are the basis of all social, political and intellectual progress." (Engels, "Anti-Duhring" p 189)

In checking on the economic results of an enterprise, accounting verification should occupy the central position among the other forms. Statistical verification is concerned with the quantitative expression and quantitative relationship of the entire social economic phenomenon. Although it reflects the use of funds, the consumption of materials, the production costs, profits and losses, and other indices of economic results, its data are basically obtained from accounting verification. As for vocational verification, although the technical norms, the number of unit-shifts of equipment, the measurement of materials used, the time records and so forth have provided first-hand numerical data for accounting verification, it cannot comprehensively and systematically reflect the economic results of a unit.

Although accounting verification has evolved from its simple to its complex, and from its crude to its refined form in hundreds or even thousands of years, it has been throughout all this time concerned with economic results alone. Let us leave out the question of the form of social economy. If there is no objective demand for the development of production and the improvement of economic results, accounting verification would not have come into being, and there can be nothing to say about its development. In keeping accounts, an individual commodity producer is only concerned with whether, in the exchange of commodities, the labor time spent on his own products is less than the average social time required and whether he can make any profit. The capitalists are concerned with the reduction of their production cost so that they can make more profits. In socialist production under the system of public ownership, attention is paid to the combination of macroeconomic and microeconomic results so that we can produce better effects in economic development. That was was why Marx asserted: "After the abolition of the capitalist mode of production, but still retaining social production, the determination of value continues to prevail in the sense that the regulation of labor time and the distribution of social labor among the various production groups, ultimately the bookkeeping encompassing all this, become more essential than ever." ("Das Kapital" Vol 3, p 963) People usually see the gradual growth of modern

management accounting as an outcome of the separation of the rights of ownership and the rights of management in an enterprise. In the final analysis, however, the increasing role of accounting and the improvement in the methods used are dictated by the need for improved economic results in the mass production in modern society.

Accuracy Is the Soul of Accounting Verification

Despite the great progress made in our accounting work in many years, accounting verification is still at a fairly low level because of the effects of "iron rice bowls" and "eating from the same pot" which have for a long time made it impossible for accounting to play its full role. Confused accounts and unrealistic verification are its salient features which are generally shown in the four following aspects:

First, weakness in basic work and lack of genuine first-hand data. For example, the materials coming into or going out of the warehouses are not checked or counted; there is no record of the consumption of raw materials; no inventory is taken; the utilization of work-hours is not accounted for; and there is no inspection of the quality of products. As a result, production costs can only be guesswork. Even though there may be the best system of accounting verification, the output data cannot serve any practical purpose as long as the input data are not genuine. Some people have called this the premature birth of accounting, the faithful handling of false entries, or the juggling with figures.

Second, poor professional quality and large technical discrepancies. The educational background of the present accounting personnel is inadequate. They lack the necessary professional knowledge of accounting and the basic knowledge of economics, finance, law and mathematics. In handling accounting for fairly complex economic activities, they only know that the work should be done, but not the reason why it should be done. Technical errors in the correction of discrepancies in planning, in the disposition of receipts and payments due, the apportionment of funds, and the computation of the production costs of what is in the production line, the semifinished products and the finished products; and discrepancies between accounts and the vouchers, between different accounts, between the accounts and the reports and between the accounts and realities are all of frequent occurrence.

Third, falsification and law violation. This is a reflection of the tendency toward liberalization in accounting work as shown by the prevalence of departmentalism, the wild ideas for new projects, falisifying the accounts for private gains and other unhealthy tendencies. There are many different ways of falisification, such as issuing checks to pay unreal expenses, and use of fake vouchers, setting up a "small counter" for receipts and payments, upholding "indigenous" policies for expenditures, adjusting the production costs at will, and the deliberate use of wrong figures in reporting profits and losses. There are even graft, bribery, embezzlement, and speculation and profiteering. Violations of financial and economic laws have been more frequent since the expansion of decisionmaking power for the enterprises.

Fourth, ill-defined system and ineffective methods. In handling such matters as the inventory of goods in stock and other assets, the retention of depreciation funds, the coordination of income and expenditures and the standardization of expenditures to be included in the production costs, it is hard to enforce the rules and regulations since they have not been rationally established. In the absence of well-defined rules and regulations, everyone has his own interpretation to suit his own purpose, and is free to go his own way. This seriously impairs the quality of accounting verification.

In any case, if the accounts are not clear and the verification is not realistic, the consequences can be very serious. First, it hampers the rational distribution of national income and the implementation of state principles and policies; secondly, it leads to erroneous policy decisions; and thirdly, it gives the opportunity for unscrupulous elements to break the law and bring losses to the state.

The main requisite for accounting verification are, first, truthfulness and second, being law-abiding. To be truthful, everything from vouchers to accounts and reports must be based on facts. To be law-abiding, the accounts must be handled in accordance with the relevant policies, decrees, rules and regulations. To be both truthful and law-abiding in accounting, we must first have a sound basic management and be sure that the first-hand data are genuine. Secondly, the accounting personnel must be faithful to their duties and give good work performances so as to eliminate mistakes from negligence and technical errors. Thirdly, the accounting regulations must be perfected so as to close all possible loopholes.

Accounting Information Should Be Well Utilized

Accounting information is a component of the entire economic information system. The operation of the accounting system also means the processing of accounting information, or the input of information and then its output after processing. Provided the accounts are clear, the verification is accurate, and the accounting reports are well organized, the use of accounting information can do much to improve economic results.

In microeconomics, a sound accounting information system can generally meet four different requirements of the users: 1) to verify and evaluate the business results of economic units; 2) to analyze and observe the trend of changes in receipts and payments; 3) to help make the best choice of elements in production; and 4) to forecast the results of measures adopted in business management. However, since commodity economy has for a long time remained undeveloped in our country, people are now in the habit of neglecting the roles of circulation and the market and failing to see the significance of economic information. People have often derided rash action in these words: "Although firm in determination, he has no idea of what is going on. Even though without 'figures' in his head, he tries to do many things." Having no idea of what is going on and the lack of "figures" in the head are largely the outcome of an unsound information system.

Under the existing accounting system in our country, a fairly complete set of indices have been adopted to reflect economic results. In actual work, however, these indices are of no value because of the inaccurate data. Some of them cannot be used because of the lack of a standard for comparison. In some cases, they are improperly used because of the low professional level. For example, the profit rate on output value, labor productivity, and the per-unit production cost are all fairly highly fictitious. The fixed funds, working funds and special funds are originally fairly clearly defined. On being used, however, they all get mixed up because of the confused channels of expenditures. Furthermore, the present methods used in checking on assets and calculating prices are inadequate with the result that the information reflecting the results of the use of funds becomes unreliable. The table of production expenditures can provide very important information for computing the gross national product and national income; however, people do not realize its importance and, in computation, do not use them to good advantage. Furthermore, some accounting personnel have the mistaken idea that accounting is necessary only for the purpose of bonus payment, and that financial statements are made out only for the information of the higher authorities. Therefore, they pay no attention to its value or utilization. To make good use of accounting information, we must fully realize its importance.

The popularization of management accounting has opened up new fields of accounting information. At present, many enterprises have adopted the systems of profit analysis, production cost goals, value engineering, responsibility accounting, and so forth, and some of them have introduced the use of electronic computer in accounting so that accounting can supply more timely information and more effectively improve economic results. Of course, all these systems have to be based on realities and be adopted for specific purposes instead of being just for show.

In learning from the experiences of foreign countries in management accounting, we must pay attention to its real effects. In view of the present weaknesses and poor economic results in our enterprises, I am of the opinion that accounting information in the following five aspects should be improved: 1) information on the sales of commodities; 2) information on the use of fixed and circulating funds; 3) information on the costs and profits of key products; 4) information on special investment returns; and 5) information on the results of different forms of economic responsibility system. The gradual improvement in the system of accounting information in these five aspects are of great significance in the improvement of economic results of the enterprises.

The role of accounting information will be even greater, if utilized in macroeconomics. Study in macroaccounting has made rapid progress in the world during the 30-40 years. Some people have proposed the use of the revenue tables of various economic units for working out the output and distribution of the entire national economy; the use of the production cost tables to work out the inputs and outputs of the departments or localities; the use of the fund balance tables of enterprises to work out the volume of funds in circulation in the society; and the use of fund balance tables of all economic units to show the national wealth. All these are still in the experimental stage; but it can be predicted that after the interpermeation of accounting verification and

statistical verification, there will certainly be a breakthrough in the study of macroaccounting, and this breakthrough will be of great help in improving economic results.

Accounting Control Should Be Strictly Exercised

Stressing economic results is a human activity carried out for the purpose of overcoming nature, and planned economy provides the favorable conditions for the attainment of set goals. In a certain sense, planning means control, and control generally includes planning ahead of the activity, supervision while the activity is progress, and review after the conclusion of the activity, in addition to the feedbacks and readjustments throughout the entire process of activity. According to Marx, the basic function of accounting is first to reflect and then to control. Accounting control similarly has to play its role through the intermediate links of planning, supervision, feedback and readjustment.

(1) In planning, we should first recover the plans for financial receipts and payments which have been discarded for many years. Sketchy planning is certainly one form of blind action, but doing things without any plannning is even worse. In accounting language, we cannot do anything just to get it over with. Instead, we must calculate before doing anything. The central task of planning financial receipts and payments is to improve economic results.

(2) The key to success in accounting supervision is to strictly abide by the policies and plans, and to prevent anything from getting out of control. In the past 2 years, many cases of violations of financial and economic laws have been brought to light as a result of tax inspections and financial inspections. Despite these inspections, however, the same violations are continuing, and even assuming more serious dimensions. They seem to be chronic maladies necessitating major surgery.

(3) For accounting inspection, the main way is to set up an auditing system. In an enterprise, every economic activity is inseparable from the recording of transactions, and every change in financial receipts and payments is inseparable from the work of the accounting departments. Since there are always economic activities, constant accounting supervision is necessary. The most effective supervision should take place inside the enterprises and should be attended to as day-to-day work. As to auditing, stress should be laid on action from outside. The auditing organs and the finance departments in charge at various levels should exercise this function.

(4) Feedbacks and readjustments. Because of restrictions from objeccive conditions, plans worked out simply with "a stroke of the pen" cannot be perfect. Therefore, we must use the feedbacks from accounting information to compare our plans with realities, to discover the discrepancies, and to make timely readjustments of the plan and revisions of the policy decisions before we can gain better economic results.

In such a large country as China with a population of 1.1 billion and hundreds of thousands of enterprises, there should be no problem for us to increase our economic benefits by several hundreds of millions of yuan each year as long as we strengthen our accounting control.

9411
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INDUSTRY

DEVELOPMENTS IN IRON, STEEL INDUSTRY CITED

Shanghai ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE JOURNAL] in Chinese 12 Sep 82 p 4

[Article: "Steel Industry Production Throughout the Nation Has Steadily Developed--Actively Promote Systems of Economic Responsibility, Work to Increase Production of Products That Suit the Needs and Desires of the Marketplace"]

[Text] Our nation's steel industry has implemented the policy of adjustment and actively adjusted its service directions. For the first 7 months of this year, the volume of major products produced has been ahead of schedule. Compared to last year, steel production has increased 10.7 percent, the production of urgently needed short of supply products having increased 17.9 percent; and profits in key enterprises increased 13.2 percent. At present, steel production is continuing to maintain its momentum toward steady growth.

An important element in the development of steel production has been the implementation of systems of economic responsibility and hard work to improve overall economic results. On the foundation of moving ahead in perfecting systems of economic responsibility, the Capital Iron & Steel Mill launched campaigns to rationalize production organization and management, uncovered hidden potential and achieved clear results. From January to July, product costs fell 5.2 percent and profits increased 27.8 percent over the same period last year. Many enterprises have studied the capital steel experience with its systems of economic responsibility and improved their own management. In April, Anshan Steel implemented a system of economic responsibility and in May completely reversed the situation of the previous 4 months of going over budget every month. The average monthly profit for the first quarter was only about 80 million yuan, while profits in May and June each reached more than 100 million yuan. Now, the steel industry has a group of enterprises in which profits are up and costs are down, including capital, Panzhihua, Maanshan, Chongqing, Xiangtan, the Shanghai Metallurgy Bureau and special steel mills such as Dalien, Qiqihar, Fuxun and Chongqing.

Because of the increased production of light industrial goods and daily use consumer goods and the carrying out of technological reform by every sector of the national economy, the demand for steel plate, steel pipe and strip steel has continually increased. Iron and steel enterprises in every area are working hard to develop their potential and increase the production of these materials,

and the production of both hot and cold rolled sheets increased 13.9 and 34 percent respectively over the same period last year. At the same time that production of steel materials in short supply increased, many enterprises launched excellence campaigns to raise the quality of products. The Anshan, Baotou and Chengdu Seamless Steel Tube Plants have already begun to produce batches of oil pipe which meet international standards. Twenty-seven iron and steel products have already won state quality awards, and this year another 10 products have been placed on the list for prospective state quality awards.

Iron and steel enterprises in every area also attach great importance to the work of conservation, technological reform and consumer service. On the foundation of a decline in energy consumption from 1978 to last year of almost 9 million standard tons of coal, there was a further decline this year. The technological reforms at Anshan and Capital have begun to yield economic results. The Dalian Steel Plant and Capital and Taiyuan have enthusiastically engaged in technical services in order to satisfy consumer needs and have received the praise of consumers.

9705
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MACHINE INDUSTRY IN NINGXIA EXPANDING SERVICE AREAS

Yinquan NINGXIA RIBAO in Chinese 27 Aug 82 p 1

[Article by Zhu Yizhou [2612 3015 1558] and Zhou Xuan [0719 2467]: "Developments in the Adjustment of the Machine Industry in Our Area--Adjusting the Directions of Production, Expanding the Area of Service"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the machine industry in our area has been implementing the national policy of economic adjustment and, in accordance with the needs of the marketplace, has promptly adjusted the directions of its service, continually expanded the area of service and achieved clear economic results.

First, there has been a clear increase in the quality of goods produced. In 1981, a spot check of the various major products in the prefectural machinery bureau network found that 100 percent were up to standard, surpassing the best rate ever achieved anywhere in this bureau. A spot check of the major components of primary parts showed that 95 percent were up to standard, an increase of 9.5 percent over the previous best rate established in 1978. For 3 years, we have had products win silver medals in comparisons of quality with goods throughout the nation, and some have been given the label of "reliable" products by the First Ministry of Machine Building. And some products, having been exported to developed nations and areas, have achieved a certain reputation in the international marketplace. In the first half of this year, the quality of the major products in the 19 enterprises under the bureau has been raised and 100 percent of the machine tools, lifting equipment and instrument meters produced were up to standard, while from 95 to more than 98 percent of the major components of primary ports met standards. This year, the Da He Machine Tool Plant established 194 quality control checks, produced strictly in accordance with international standards and greatly improved the performance, appearance and service-life of its products. The Yinzhou Lifting Apparatus Plant produces bridge crane ZA decelerators, the major components of the primary parts of which met a quality standard of excellent in inspections of enterprises throughout the nation in July of this year.

Another mark of the development in the adjustment of the machinery industry in our region is the obvious increase in new types of products. Since 1980, the machine enterprises in the region have come up with a total of 46 new products.

The Changcheng Machine Tool Plant followed its Misaier model 817 export lathe which was successfully designed last year with a model 820 lathe designed and successfully exported to Italy this year. According to inspections by outside businessmen who have come to the plant, it is completely up to date technologically. This year Yinchuan Meter Apparatus Plant trial produced and put into production batches of four different types of agricultural and forestry research equipment. Because of the improvement in product quality and the development of new products, product orders have risen dramatically. Up to the end of July of this year, the enterprises under the provincial bureau had already signed 40 percent more contract orders than during the same period last year.

Amid adjustments, many machinery enterprises, based on structural and technological similarities, have brought their technical strengths and the superiority of their present technological equipment into play and have been able to supply a lot of technological equipment for agriculture, light industry, the textile industry and for the lives of the people. At the same time, they have opened vast vistas for themselves. The Yinchuan Meter Apparatus Plant began to experience a serious shortage of work in 1979. It promptly adjusted its service directions and increased the production of agricultural and forestry meteorological equipment and meters for civilian use. The total value of output increased from 2 million yuan in 1977 to 5.03 million yuan in 1981, with profits increasing from 150,000 to 310,000 yuan during the same period. The Ningxia Diesel Engine Plant developed an inflatable pellet feeder for the aquatic products department which, having been tested by the Beijing Farm Bureau, can save 20 percent of concentrated feed so that each mou of water can produce 25 percent more fish. Moreover it is simple in structure and easy to use. It was listed as a key product at the new products fair held by the First Ministry of Machine Building.

9705
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IMPROVEMENT CITED IN QUALITY, VARIETY OF MACHINERY PRODUCTS

Nanning YUNNAN RIBAO in Chinese 23 Aug 82 p 2

[Article by Zhu Guohua [2612 0948 5478]: "The Quality of Our Province's Machinery Products Has Steadily Risen and There Have Been Clear Results in Developing More Variety--Strengthening Quality Control and Expanding the Use of New Technology and New Industrial Skills In Making Adjustments"]

[Text] In the adjustment of the national economy, our province has given prominence to scientific and technological work in the machine industry--the work of strengthening quality control, developing new products, expanding the use of new technology and industrial skills, etc.--and has achieved clear results, creating excellent conditions for the adjustment and development of the machinery industry throughout the province.

For many years now, the machinery industry in our province has had a problem of poor variety and poor quality. According to statistics on key products from the last half of 1979, 57.4 percent of varieties of products were up to standard while 84 percent of the major components of primary parts were up to standard. Many enterprises produced a single product, with backward technology and low standards. Some products have been "manufactured consistently for 10 years," and some even for "20 years." In order to change this situation which neither meets the needs of the national economy nor is beneficial to enterprise development, the provincial Machinery Department has strengthened its scientific and technological work, convened a provincewide scientific and technological work conference and other specialized industrial conferences every year, established plans to raise product quality, established basic key task plans for new product development and for expanding the use of new technologies and industrial skills and launched campaigns for quality inspection and comprehensive quality management, seeing to it that there have been clear goals and concrete measures carried out in the scientific and technological work in the machinery industry throughout our province. This effort has strengthened the planned and scientific character of work.

In order to raise product quality rapidly, the provincial Machinery Department began with the reorganization of enterprise management, sending out reorganization groups to reorganize the basic technical work of certain plants, dealing with blueprints, industrial skills, installation work, etc., and strengthened the work of inspection, quality management, quality control, etc. In facing

weak lines in technical areas, they organized activities to attack fundamental problems, to attack technical problems and to carry out examinations, spot checks and assessments, and they enthusiastically promoted advanced management techniques, such as comprehensive quality management. In the last few years, they have held a total of 112 training classes, established 178 QC groups (quality control groups) and, through their campaigns, achieved a total of 108 positive QC results. By 1981, according to statistics on the quality of key products, the rate of varieties of products that were up to standard had risen to and was holding steady at 100 percent, while the rate of major components of primary ports that were up to standard had risen to 94 percent. This year the rate for product varieties has remained at 100 percent while that for major components of primary parts has risen to 95.3 percent. In these few years, 270 industrial teams in the machinery industry throughout the province were assessed as being "dependable quality groups." There were 38 products assessed as being excellent products of the nation, the First Ministry of Machine Building and the province. Among these were three which won gold and silver national quality medals and six on which the First Ministry of Machine Building conferred the title of "dependable quality product."

In developing new products and creating new generations of old products, the enterprises in the machinery industry throughout the province, starting with the idea of serving their own economic interests and creating conditions to serve the economic interests of the entire society, have, on the one hand, taken account of the needs of consumers and the market and of the great advantage of the natural resource base of our province, fully fostered their own technological expertise and conditions and actively developed product series and restructured products in carrying out diversified production; and have, on the other hand, upheld the notion of pioneering science and technology and, through mobilizing the initiative of scientific and technical personnel, have taken an active role in cooperating with consumers, scientific departments and technical schools to develop new products, while at the same time introducing advanced technology. Since adopting these measures, the entire product line of some plants has been re-done into a whole new generation of products and new products developed at some plants have become popular items throughout the country. Not only do they have more orders than they can handle this year, they already have enough orders for next year. The value of output of new products in key enterprises already accounts for approximately 40 percent of the total value of the output of these plants. According to statistics for 1980 and 1981, a total of more than 200 major new products were developed by all the plants. 1981 was the best year ever when 176 new products were developed.

9705
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EFFORTS MADE TO INCREASE COMPLIANCE WITH TEXTILE PRODUCTION REGULATIONS

Nanjing XINHUA RIBAO in Chinese 11 Aug 82 p 2

[Article by Zheng Cuihua [6774 4733 5478]: "Get a Firm Hold On the Work of Regulating Polyester Blends--The Provincial Textile Industry Department Makes Five Clear Stipulations"]

[Text] Recently, the provincial Textile Industry Department laid down five stipulations to further the work of regulating polyester blends in order to guarantee that the entire province does not exceed this year's limit on production of polyester blend cloth and as a forceful attempt to reduce the commercial and industrial stocks to levels below those at the end of last year.

The concrete substance of the five stipulations are:

1. Every area and enterprise must organize production with regard to regulatory limits and not overproduce, making appropriate reductions in production in the second half of the year to compensate for overproduction in the first half of the year.

2. The regulated limits on key provincial enterprise production plans and on self production and marketing outside of non-key brigade production plans in some prefectures should be individually and strictly watched and units should not be allowed to exceed them or to make mutual adjustments in the regulated limits.

3. We must uphold the principle of selecting the best in making arrangements. Products exported must meet agreed upon quality and rate of supply, while products for domestic sale must meet fixed production levels and storage volumes, and regulated limits in these two areas must be adjusted appropriately.

4. We must strengthen supervision and speedy performance of tasks. Each area and city must carry out regular inspections at 10 day and monthly intervals and make adjustments in unfulfilled plans to compensate for instances when production limits have been exceeded and also make corresponding reductions in monthly bonuses in such cases; and, in accordance with the joint regulation issued 29 June by the Textile, the Commercial and the Financial Departments and the General Pricing Bureau, in cases of units exceeding production without

authorization in the future, banks will no longer supply them loans, commercial enterprises will no longer purchase their products and the factories will not be allowed to market their products on their own. Investigations shall affix responsibility for losses that result.

5. We must manage overstocking of industrial products. At present, every area without exception has a part of its undistributed stocks from last year, and these stocks must be marketed in cooperation with commercial departments; if commercial departments meet with any difficulties, the industrial departments can organize efforts to sell them at established prices.

Since February of this year, the textile networks of every area and city have implemented the regulatory limits of the State Council concerning the production of polyester blend cloth, and production regulation work has come along well. In June the monthly production levels were already lower than the average planned monthly production levels after the regulations went into effect, and by June we had begun to reduce the surplus of the previous 5 months.

But overproduction for the first half of the year throughout the province was still up, and commercial stocks rose somewhat. According to statistics, in the first half of the year the province produced 247.88 million square meters of polyester blend cloth, 14.21 million square meters more than the provincial control target, and a daily production of more than 3,688 square meters more than called for by the Textile Department. The situations in each prefecture and city are: the city of Nantong, Xuzhou Prefecture and the Nongken District carried out regulations resolutely with forceful measures and experienced no overproduction during the first half of the year; Suzhou Prefecture, the city of Suzhou and Yancheng Prefecture overproduced the most. In particular, the two cities of Suzhou and Nanjing, while overproducing polyester blend cloth, fell short in their production of pure cotton cloth.

According to an analysis of statistics provided by commercial departments, at the end of June commercial stocks throughout the province were up 12.19 million square meters over the end of last year. The stock situation for each prefecture and city are: the two prefectures of Yangzhou and Zhenjiang and the four cities of Xuzhou, Nanjing, Suzhou and Lianyungang all have reduced stocks; stocks in Suzhou Prefecture held steady; and stocks in the cities of Changzhou and Nantong and in Huaiyin Prefecture increased by an amount greater than the increase throughout the province.

The five stipulations of the provincial Textile Industry Department were basically made in response to the aforementioned actual conditions.

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CSO: 4006/17

INDUSTRY

FOREIGN INVESTMENT USED TO INTRODUCE NEW TECHNOLOGY TO LIAONING

Shenyang LIAONING RIBAO in Chinese 19 Aug 82 p 2

[Article by Zhang Peixia [1728 0160 7209] and Zhang Huinan [1728 1920 0589]: "Dalian Utilizes Foreign Investment to Improve Technology and Reform Industry--More Than 80 Factories Have Improved the Level of Their Technology, and the Value of Their Output and Exports and Their Tax on Profits Have Increased"]

[Text] Under the guidance of the party's principle of opening to the outside world and stimulating the domestic economy, Dalian has boldly utilized foreign funds to bring in advanced technology and equipment, to remold old enterprises rapidly, to improve product quality, to increase product variety and to achieve better economic results.

Dalian's industrial base is fairly solid. Dalian is a port city and a base of foreign trade, and is host to a sizable number of visiting international friends and businessmen. Since the Third Plenary Session of the 11th Party Central Committee, industries have fully used these advantages and, by continually using foreign currency loans and the methods of foreign processing assembly, compensatory trade, joint production and joint management, have utilized more than 23 million U.S. dollars in foreign funds and brought in more than 5,200 pieces (sets) of equipment, raising the level of production technology in more than 80 enterprises and allowing for an annual increase in the value of output of more than 180 million yuan, an increase in the value of exports of more than 150 million yuan and an increase in tax on profits of 63 million yuan.

The city's use of foreign investment to introduce technology has concentrated on supporting and remolding the light textile industry and has hastened the creation of an advanced generation of light textile products. Through buyer credits, compensatory trade, processing of supplied materials and other methods, the Dalian Clothing Industry Corporation has brought in more than 2,700 pieces of sewing, cut out and steam pressing equipment, and this has rapidly changed the face of clothing production. In the last 3 years, the gross value of the output and the profits of this corporation's industries have more than doubled, while the value of their exported commercial goods has nearly tripled.

Through bringing in technology, the city has hastened the overhaul of enterprise technology and raised technological levels. The Dalian Hemp Textile Plant is an old plant with a history of more than 60 years. The original equipment had become obsolete and the volume of production and the quality of products was not high. By using compensatory trade and bringing in 21 pieces of hemp processing equipment from Japan, they carried out technological remolding of the enterprise which rapidly increased the annual yarn production capability from 1,000 to more than 5,000 tons, a technological level far above that in similar plants within the country. In the first half of this year, under conditions of stagnating sales and universally declining prices for burlap bags throughout the nation, this factory continued to sell them at the original price and continued to be saturated with orders from both inside and outside the country. Customers unanimously report: two of their hemp products can replace three of another brand, so we buy them even if we need to spend a little more.

The city's use of foreign funds in production projects not only solves the problem of slack capacity in certain enterprises, but also solves unemployment problems for many people. In the textile and clothing industry, it has raised employment by more than 4,000 persons.

9705
CSO: 4006/16

CONSTRUCTION

SHANGHAI LEADER SPEAKS ON IMPROVEMENT IN CAPITAL CONSTRUCTION

Shanghai JIEFANG RIBAO in Chinese 20 Sep 82 p 1

/Article by reporter Xue Peiyi /5641 0161 3015/: "How Has Shanghai Further Improved the Results on Capital Construction Front"/

/Text/ In his report at the 12th National Party Congress, Comrade Hu Yaobang pointed out: "We must focus all economic work on the attainment of better economic results." How will the spirit of this important statement be carried out on the capital construction front of Shanghai? In the national symposium now in session on shortening the construction period and improving the investment returns, Ye Bochu /5509 0130 0443/, vice chairman of the Municipal Capital Construction Commission, expressed his views on this subject.

Comrade Ye Bochu said: "An important aspect of the improvement of investment returns is the shortening of the construction period. Engineering projects are not like industrial products, because the huge amounts of manpower and material and financial resources spent on their construction cannot create any value over a long time. In our municipality, the input has always been more than the output in capital construction projects, and the state has suffered great losses. Therefore, the urgent need of the moment on the capital construction front is to conscientiously study and act on the spirit of the 12th National Party Congress and to quickly reverse this situation."

Ye Bochu further elaborated on this question in the light of capital construction in Shanghai. He said: "Since the smashing of the 'gang of four' and particularly since the Third Plenary Session of the 11th Party Central Committee, people on the capital construction front in Shanghai have done some work and made certain achievements in shortening the construction period and improving the investment returns. In some projects, however, cases of long construction periods, slow progress and investment returns, and poor economic results still exist in varying degrees. According to our analysis on the 329 which have been reported by 10 industrial bureaus as completed and in regular operation from 1977 to 1981, the average construction period was 25 months, and for the majority of these projects, the construction period was short. However, there were 26 projects, or 8 percent of them, each requiring a construction period of more than 5 years. From the standpoint of investment returns, we can see that the total profits and taxes from the operation of these projects amounted to 3.7 times the investment amount, and the average period for the

recovery of investment was only 1.13 years. The result as a whole was not bad at all. However, there are still 13 percent of the total projects producing poor economic results. These projects can operate up to less than 30 percent of their designed capacity, and some of them have not even begun production."

Then how can we further reduce the construction period and improve the investment returns? Ye Bochu said: "To shorten the construction period and to improve the investment returns for the entire capital construction front, we must first make macroeconomic policy decisions and adopt forceful measures with regard to the scope of construction, the orientation of investment, the distribution of industry, the plans for construction and so forth and be sure that they are correctly carried out. In these respects, we have gained success and also learned painful lessons. On the basis of our experiences, we have worked out these plans: First, we must continue to implement our national economic readjustment plan, strive to control the scope of capital construction, and strengthen our cooperation with the relevant commissions and offices in order that a comprehensive arrangement and an overall balance can be worked out. By this means, the projects of economic construction and social development will be consistent with the existing availability of manpower and material and financial resources. Secondly, we must strictly follow the procedures for capital construction by actively conducting the feasibility study and advance work for the construction projects, and make good policy decisions on these projects. We are planning to select some design academy for consultation work and for undertaking the task of feasibility study. In organizing the implementation of capital construction plans, we will at the same time further enforce the system of economic responsibility, continue to use the method of extending loans for construction projects, extensively promote the system of contracts, and systematically popularize the experiences of responsibility for construction period and construction prices. Furthermore, we have to carry out the comprehensive reorganization of the construction enterprises, strengthen their technical transformation, their work force and the control of construction periods, and concentrate our efforts in protecting the key projects and ensuring their operation."

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CSO: 4006/002

CONSTRUCTION

PRIVATE HOUSES FOR PEASANTS INCREASED IN SHANGHAI

Shanghai JIEFANG RIBAO in Chinese 15 Sep 82 p 1

[Article by reporter Zhang Zhiyuan [1728 1807 6678]: "One Quarter of Peasant Population in Municipal Suburbs Moved into New Houses"]

[Text] According to statistics compiled by the relevant department, approximately 300,000 peasant households--being one quarter of the whole peasant population in the suburbs--had moved into their new houses by August this year. Nearly 200,000 small houses have been built by the peasants themselves. All these small houses were built in the past 4 years following the Third Plenary Session of the 11th Party Central Committee. Since 1979, the total area of houses for the peasants in the suburbs (of one or more storeys) amounts to more than 24,300,000 square meters. In 1980 and 1981, the number of houses built exceeded that of the past 20 years (1958-1978) as shown by statistics. Some of these new houses were built with funds collected by the collectives of communes and production brigades according to a unified plan, but the majority of them were built by the peasants with self-raised funds and building materials from their own sources.

The completion of these new houses has greatly changed the appearance of the Shanghai suburbs. Formerly, the houses had only mud walls and tiled roofs, and many of them were even thatched cottages. Now the peasants' houses are of different styles and attractive in appearance. Some of them have flat roofs and plastic floorings, and are not much different from those in cities.

Since the Third Plenary Session of the 11th Party Central Committee, the commune members' income has markedly increased and there is a popular demand for better living conditions. The people's government has attached great importance to the commune members' housing situation, and the relevant departments of the municipal and county governments have given them every support and assistance in the supply of design blueprints and construction materials. Now, the new houses of peasants generally have a floorspace of 100-130 square meters each, with an average of more than 20 square meters for each person.

In order that the building of the peasants' houses will be in line with the principle of "helping in production, convenience in livelihood, and conservation of land," and the auxiliary facilities for both villages and towns can be undertaken under a unified plan, the municipal capital construction

commission has recently opened training classes in the building of peasant houses. Architects and engineers from the municipality were invited to give lectures and to train a number of technicians for the 10 counties in the suburbs. At the same time, the designs for the present new houses will be studied and improved in order that the most ideal blueprints can be supplied to the peasants for building houses.

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CONSTRUCTION

INVESTMENT IN NONPRODUCTIVE CONSTRUCTION IN SHANGHAI INCREASING

Shanghai JIEFANG RIBAO in Chinese 13 Sep 82 p 3

[Article by correspondent Pan Buyun [3382 2975 0061] and reporter Xue Peiyi [5641 0161 3015]: "Investment in Nonproductive Capital Construction Gradually Increased Every Year in the Municipality"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the proportion of investment in nonproductive construction to the total investment in capital construction in the municipality has risen every year. The constant reduction in investment in nonproduction construction and the serious disproportion in the past have been basically ended. According to statistics, the ratio of investment in nonproductive construction in the municipality was 18.6 percent in 1979, increased to 20.3 percent in 1980, and further increased to 24 percent in 1981. If the investment in the two unusually large projects for the Baoshan Iron and Steel Company and the second stage engineering in the Jinshan Petrochemical Works is not counted, the ratio of nonproductive construction in 1981 should have been as high as 58.3 percent. In the first half of this year, it further rose to 65 percent, an all-time high since the founding of the People's Republic.

Nonproductive investment refers to the state's expenditures on workers' dormitories, municipal utilities, cultural and educational undertakings, public health and other fields closely connected with the people's living conditions. Because of the effects of the "leftist" guiding thought in economic construction, nonproductive construction did not receive the attention it deserved, and the investment in it continued to drop, causing a serious disproportion between "bone" and "flesh" and leading to people's dissatisfaction. Since the Third Plenary Session of the 11th Party Central Committee, the policy of readjustment has been actively implemented on the capital construction front in our municipality, and nonproductive construction returned to its important place. The ratio of investment has also gradually become rational. In the course of readjustment, the relevant departments have rearranged the capital construction projects and decided to halt and put off a number of projects which were not urgently needed by the state and not being carried out under favorable conditions. The reduced scope of capital construction has made it possible to increase the investment in nonproductive construction.

The relevant departments have revealed that among the nonproductive construction projects in our municipality, housing construction has accounted for a fairly large portion of the investment. Thanks to the attention of the municipal party committee and the municipal government, the investment in housing construction in the past 3 years amounted to 1,040 million yuan, being 62.9 percent of the total investment in nonproductive construction in these 3 years and doubling the investment in housing during the 10 years of "cultural revolution." In the first half of this year, the municipality again invested 201 million yuan, a 25.7 percent increase over the same period last year, in housing construction, and the area of completed projects available for use exceeded that of the same period last year by 73.3 percent. The speed of construction continues to increase. At the same time, the relevant departments has also trial constructed some commodity houses this year and adopted different methods to alleviate the serious shortage of living accommodation.

Due attention is also being paid to municipal public utilities which are related to housing construction. In the past 3 years, a number of municipal public facilities have been commissioned for the convenience of the people and the promotion of industrial production. For example, since the completion and regular operation of the first phase engineering project for the Changqiao Water Works, capable of supplying 300,000 tons of tap water each day, and the expansion of the Pudong Water Works, the serious shortage of water supply for the western district and the Pudong area during the peak consumption hours has been alleviated. Again, since the gas furnace, capable of supplying 100,000 cubic meters of gas daily, began its operation in the Yangpu Gas Plant after expansion, not only have the needs of industrial plants for production been fully met, but also more households have been accessible to gas supply. The number of gas consumers has been increased. The completion and commissioning of other projects, such as the water drainage system in the Wujuechang area, the overpass construction in Longwu Road, the highway bridge in Caoyang Road, and the newly added facilities for disposing of 12,000 tons of sewage daily for the Caoyang Sewage Disposal Plant have gradually solved the long-standing problems in the people's daily life as well as in production. Furthermore, a great deal of preparatory work is being carried out in earnest for the municipal public utilities. Such work includes the construction of a tunnel in Yanan Road East; the building of the Pudong Gas Plant, the overpass in Zhongshan Road North and the Yangsi Water Works; the expansion of the Wusong Gas Plant and the Songjiang Sewage Disposal Plant.

In the 3 years following the Third Plenary Session of the 11th Party Central Committee, the investment in cultural and educational undertakings and in public health measures has also increased by a wide margin. During these 3 years, the rate of annual increase has been more than 30 percent. In 1981, the ratio of investment in culture, education, public health and sports to the total investment in capital construction in the municipality more than doubled than throughout the duration of the "cultural revolution." In these 3 years, more than 22,000 seats were added for the universities and colleges, and 140,000 for elementary and secondary schools. Also more than 4,600 beds were added for the hospitals. At the same time, seven movie theaters were built

in such densely populated areas as the Nansi District, Tianshanxin Village, Rehuixin Village, and some outlying counties and farms, so as to meet the people's increasing needs in their cultural life. This year, there are also five movie theaters under construction in the municipality.

Some comrades of a relevant department pointed out that despite the success in nonproductive construction in the municipality, there are still many problems left over from the past, and these problems cannot be basically solved in a short time. Further efforts are necessary to build Shanhai into an advanced modern city.

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DOMESTIC TRADE

VILLAGE FAIR TRADE IN JIANGSU CONTINUES TO FLOURISH

Nanjing XINHUA RIBAO in Chinese 21 Aug 82 p 2

[Article by Ye Feng [5509 6912]: "Village Fair Trade in Our Province Continues to Gain Ground"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, village fair trade in our province has been prospering year by year. The differential between village fair trade prices and prices listed by the state has gradually been narrowed. While the differential was 61.32 percent in 1978, it was reduced to 48.21 percent in 1981. In the first half of this year, it was further reduced to 40.24 percent. The following changes have occurred in village fair trade in the last few years.

Stepped-Up Trade in Plow Animals

Prior to 1978, our province had hardly any farm animal market to speak of. In the last 2 years, however, the commune members have evinced a greater interest in cattle raising. According to a survey, 3,500 head of cattle is being raised by peasants in the Lunggu Commune in Pei County on their own. As individuals, commune members are buying, raising and using more cattle than ever before, thus contributing to the development of the plow animal market and the increase in the volume of trade in plow animals. The volume of trade in plow animals throughout the province, which came to 1/17th of the total in village fair trade last year, increased to 1/13th in the first half of this year. There are now 139 plow animal markets in Xuzhou Prefecture alone. While some 130,000 head of plow animals was traded in the entire year of 1981, some 57,000 was traded in the first half of this year. This volume in the trade of plow animals has seldom been seen in the past 20-odd years. Many commune members are moved to exclaim with delight, "Now that the policy has been relaxed, we no longer have to watch every penny so closely. With money in the pocket, who wouldn't want to buy plow animals to lighten the workload on the farm and to make farming more convenient as well?"

Brisk Trade in Small Farm Tools

Since the implementation of the production responsibility system in the rural areas, there has been an increase in the demand for farm tools made of bamboo or wood. According to a survey of 55 farm families in Dafeng County, 372 pieces of various small farm tools will be bought this year, or twice the number of

last year. The number of farm tools made of bamboo or wood has increased by 15 times. In the first half of this year, 150,000 pieces of various types of farm tools were traded in village fairs in Pei County, or twice the number for the same period last year. On 14 May of this year, all 8,028 pieces of various types of farm tools put on the market in the Zhancheng village fair in Pei County were sold out. On the average, each family in the Zhanglou brigade in Suining County bought six pieces of small farm tools in the village fair.

Emergence of General Merchandise Markets

In the past, village fairs in the rural areas served mainly as places for commune members to sell surplus special native farm and sideline products which they had produced. In recent years, to meet the needs of the diversified economy and operations, some village fairs in the rural areas have developed markets for a variety of products. In addition to farm and sideline products, the range of merchandise includes general goods, hardware, leather goods, synthetic leather goods, plastic articles, farm tools made of wood or bamboo, birds, and pharmaceutical products. Even tailoring, inlaying, food and repair services have made their appearance in village fairs. The general merchandise market in the rural areas has been well received by the peasants.

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FOREIGN TRADE

ZHUHAI SPECIAL ECONOMIC ZONE CONTINUES TO THRIVE

Guangzhou NANFANG RIBAO in Chinese 23 Aug 82 p 1

[Article by staff reporter: "Zhuhai Continues to Make Progress in Administration of Special Economic Zone"]

[Text] As a result of the adoption of special policies and flexible measures by Zhuhai Municipality since the establishment of the special eocnomic zone in 1979, foreign economic activities have been vigorously launched, industrial and agricultural production has made rapid gains, the economy has shown a general upturn, new buildings have been erected all over the city, and the livelihood of the masses has shown a general improvement.

Between the end of 1978 and the end of 1981, Zhuhai Municipality brought in foreign investments amounting to over U.S.$250 million. In the first half of this year, the city undertook a massive development to give a new look to the central and western parts of the special economic zone by bringing in a huge amount of investments totaling over U.S.$1.03 billion. The first phase of the construction work at Jiuzhou Harbor financed by Zhuhai Municipality has been successfully completed and traffic with Hong Kong will officially open on 2 September.

Compared to 1978, the gross value of industrial and agricultural output in the city in 1981 increased by 56.9 percent, fiscal revenue increased five times, and total receipts in foreign exchange increased by 85.4 percent.

The aggregate amount of capital construction investment in the city in the last 4 years has exceeded 200 million yuan. Between 1979 and 1981, 262,600 square meters of construction work has been completed, equaling the amount of construction work done in 28 years prior to the establishment of the city.

The tourist industry in Zhuhai Municipality is still growing. Last year, the number of tourists came to 550,000, including 65,000 from foreign countries. The sizable Gongbei Guesthouse and the Zhuhai Guesthouse are expected to open for business this winter. Construction work at Zhuhai Holiday Village and other tourist resorts is proceeding apace.

From 1979 to 1981, employment throughout the city increased by 25 percent. The average per capita income of the collectives in the fishing villages increased from 351 yuan in 1978 to 901 yuan in 1981. The average income of commune members in the rural areas in 1981 came to 322 yuan, or 1.14 times that of 1978.

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GENERAL

SHANGHAI SETS PRICES BASED ON QUALITY

Shanghai ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE JOURNAL] in Chinese 12 Sep 82 p 4

[Article by Wang Jie [3076 2638]: "Shanghai Formulates Price Based on Quality Regulations For Everyday Industrial Products--Implement the Principle of Unified Leadership and Individual Level Management"]

[Text] Commodity pricing departments in Shanghai have seriously implemented the principle of unified national leadership in commodity pricing work with individual level management, strengthening commodity price management in keeping with the actual conditions in Shanghai, and they have maintained the basic stability of market prices.

The variety of Shanghai industrial products is large and the products are shipped and sold throughout the nation. In order to encourage each production enterprise to devote attention to raising the quality of products, the commodity pricing departments in Shanghai have worked with the management departments of every enterprise to carry out repeated research and to formulate policies and methods for basing the prices of everyday industrial products on quality. In cases of clear improvement in product quality or when quality drops and cannot be restored in a short period of time, they have appropriately adjusted prices with due consideration to the economic interests of the producers, managers and consumers. At the same time, stipulations have been made concerning price differences for similar products of different size, design, color, etc. and price differences based on the different reputations of different brand names. This has served the function of encouraging the advanced and spurring on the slower moving, helping to stabilize and improve the quality of Shanghai products.

In establishing the prices of new products, the departments concerned in Shanghai have stipulated trial procedures to see that the prices established promote both the production of the product and its use; that they encourage the development of the new product and also give due consideration to the consideration capabilities of the masses. Through joint trial marketing of new products by industrial and commercial units, their prices can be reasonably maintained in relation to similar products.

Along with the reform of the economic system and the gradual enlivening of the circulation of goods, cases of multi-channel management and overlapping management have increased. In this regard, in keeping with the principle of the planned economy being primary and market adjustments being secondary, concerned departments in Shanghai have stipulated that when buying everyday industrial items of the first and second categories from other areas, Shanghai should adhere to the principle of agreeing to prices based on the quality of goods as compared to similar Shanghai products; in regard to the small number of high quality brand name products produced elsewhere, permission can be granted to agree to prices somewhat higher than those of similar products marketed in Shanghai. In accordance with the principle of minor producers following primary producers in setting prices, the municipal corporations' primary producers should use their commodity pricing control authority to unify and check prices.

The commodity pricing departments in Shanghai are also paying attention to the arranging of grass roots pricing work and have formulated methods and an inspection system for commodity price controls in retail enterprises and have guaranteed the interests of all consumers.

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GENERAL

FUJIAN COMMUNE, BRIGADE ENTERPRISES MAKE RAPID GAINS

Fuzhou FUJIAN RIBAO in Chinese 31 Aug 82 p 2

[Article by Liu Mengchun [0491 5492 2797] and Zhu Chinbang [2612 6855 6721]: "Commune and Brigade Enterprises in Our Province Take Giant Forward Step"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the commune and brigade enterprises in our province have been developing at a relatively rapid pace. They have now become the mainstay in the economy in the rural areas and a pillar of strength in the consolidation of the collective economy.

According to statistics, the communes and 87 percent of the brigades in the province had established 42,700 commune and brigade enterprises by 1978. Their total income reached 918 million yuan. By 1981, the income had increased to 1,992 million yuan, an increase of 1.2 times over a period of 3 years. The average annual increase came to 29.5 percent. The value of the commune and brigade industrial products has reached 1,152 million yuan, an increase of 86.1 percent, or 13 percent of the gross value of industrial putput of the entire province. In 1978, only the Fuzhou suburban area registered the total income of over 50 million yuan in the whole province. By 1981, the number of suburban counties with incomes over 50 million yuan had increased to eight. Among the eight, Jinjiang County, Nanan County and the Fuzhou suburban area had incomes exceeding the 100 million mark. There were 31 communes with incomes exceeding 1 million yuan.

The development of commune and brigade enterprises is responsible for the employment of a large segment of the surplus labor force in the rural areas. At present, 1.21 million people are employed by commune and brigade enterprises, or 16.5 percent of the entire labor force in the rural areas throughout the province. In 1981 alone, 596 million yuan in wages was paid out and the average per capita income in the rural areas was increased by 28 yuan. In the past 3 years, the net profit made by the commune and brigade enterprises amounted to 709 million yuan, out of which 176 million was used to buy farm machines, to finance farmland capital construction, to assist the financially handicapped brigades to invest in collective welfare projects, while almost 60 million was paid out as various subsidies in the rural areas. In the past 3 years, 190 million yuan in taxes was paid to the state by commune and brigade enterprises throughout the province, an amount equivalent to five times the investment made by the central and local governments in the commune and brigade enterprises.

Since the Third Plenary Session of the 11th Party Central Committee, our province has implemented a series of policies and principles formulated by the central government for the development of commune and brigade enterprises. The provincial party committee and government have also put forth a number of concrete measures to support and encourage the communes and brigades as well as individual commune members to pool their resources for the establishment of enterprises. Up to the present, some 36,000 farm families in the province have accumulated almost 100 million yuan for the establishment of 8,000 enterprises of various types. Taking advantage of the mountainous terrain of the province, its proximity to the sea and the large number of overseas Chinese, the various areas are making the fullest use of their geographical assets to develop farming, animal breeding, processing industries, processing with customers' materials, assembling with supplied parts, filling orders with supplied samples, and compensation trade, and helping to enliven the economy in the mountainous and coastal areas and the hometowns of overseas Chinese. The income of the farming and animal breeding industries in the province registered an increase of 60.1 percent from 143 million yuan in 1978 to 229 million in 1981. A positive effort is being made to develop foreign trade and exports in the hometowns of overseas Chinese. At present, 1,300 commune and brigade enterprises are engaged in the production of commodities for export. In 1981, the gross value of export came to 110 million yuan, or 11 percent of the gross value of the procurements for export, and registering a 50 percent increase over the figure for 1978.

At a time when readjustments are being made in the national economy, the commune and brigade enterprises in the various areas, in response to the needs for "food, clothing, housing and daily necessities," are helping to make life easier for the masses by making available to large numbers of consumers a plentiful supply of daily necessities of good quality and at low prices, which were in short supply in the market. At present, over 70 percent of the bricks and over 90 percent of the tiles produced in the province are supplied by commune and brigade enterprises. The continued development of small-scale production of cement has established a material base for construction in the cities and villages and for the betterment of housing conditions for the people.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON RESPONSIBILITY SYSTEMS

HK121001 Beijing JINGJI YANJIU in Chinese No 10, 20 Oct 82 pp 71-74

[Article by Zuo Mu [0146 2606]: "The Theory of Distribution According to Work and the Practice of the System of Production Responsibility"--passages within slantlines published in boldface]

[Text] In recent years, industrial and agricultural production departments have been involved in the fairly widespread implementation of systems of production responsibility which involve output based reward systems, as well as large-scale systems of task responsibility. In this way, the system of remuneration has been changed and the system of distribution has been brought even closer in line with the level of the present stage of China's productive forces. These moves have already brought about very good economic results. This change in method of pay calculation is of such significance that this article will offer some theoretical explanation in the following three respects.

//I. The Development of the Productive Forces is Very Unbalanced, Remuneration Systems Must Be Multiplied.//

The establishment of the system of public ownership of the means of production in a socialist society means that there must be an implementation of the principles of distribution according to work with regard to the consumption funds of the individual. Such distribution must be carried out according to the quality and quantity of work. But how can one calculate or assess the quantity of work? This is the basic question concerning remuneration methods or styles. According to the principles of Marxism, the quantity of work is assessed by the number of hours worked by an individual. Distribution according to work therefore means that the producer "provides society with a quantity of work in one form and gets it all back in another form."* In literal terms then, the systems of evaluating work and alloting work points previously popularised in agriculture, as well as the time wages system that was previously implemented in industry, were both in keeping with the principles of Marxism. The

*Marx--"Selected Works of Marx and Engels," Vol. 3, p 11.

varying quality of work was expressed by such factors as rank and so on, while the length of working hours illustrated the quantity of work. However, although there were some good results, there were also some bad ones. Why was this? In my opinion, the answer lies in conceptions about Marxist theories of remuneration, which take modernized large-scale industry as their base, whereas within our industrial departments, and especially within agriculture, handicraft work still abounds. This puts very great restrictions on the system of alloting work points according to work evaluation--one direct method of assessing the quantity of work according to work time. Because of this, it was not possible to develop it into a widespread, applicable method of remuneration. Take a factory boiler room as an example. There are different ways of stoking the boiler with coal. One way is to use automatically operated coal stoking machinery where the worker sits in the operating room and performs according to the operating rules. In this situation, implementation of the system of time wages requires of the worker only that he or she stick to his or her post and work in strict observance of the operating rules. However, in many factory boiler rooms, coal is moved manually, shovelful by shovelful. In this situation, it would not be sufficient to implement a system of payment according directly to work hours, since it would not avoid the problem of people turning up for work but not actually working. What is needed is the implementation of quota remuneration or production-related remuneration, thereby setting specific quotas or concrete targets and carrying out, where possible, the system of piece rate remuneration. Implementing the systems of quota remuneration or production related remuneration means that more work earns more money and surpassing targets means rewards or bonuses. In this way, the workers will concern themselves with the fruits of their labor for the material benefit of everyone and it also provides an effective way of assessing the quantity and quality of work. This is all extremely helpful in trying to overcome problems such as those who loaf around on the job, etc. With a system of work points according to work evaluation or time wages the producer carries out his or her planned work according to assignments issued by the leaders when predicted economic results are not obtained or even when ineffectual work is carried out, work still has to be assessed and wages paid. Under such circumstances, many producers and administrators adopt a very negligent attitude toward the economic results within their enterprises. Thus bad leadership and bad work allocation often produce forced idleness and wastage over long periods of time, simply because of this poor organisation. The implementation of quota remuneration, and especially production related remuneration will clarify the responsibilities of the producer and the leader while strengthening initiative and the sense of duty, thereby greatly cutting down on ineffective work. Ineffective work is also easy to avoid because it does not create output and thus there is no recognition of work carried out. Such implementations are extremely effective in improving economic results.

In general then, looking at the present situation in China, although we have modernized and autonomized production, we also have semi-mechanized

and a great deal of handicraft production. These kinds of imbalances in the level of the productive forces require many different styles of responsibility systems as well as diversified systems of remuneration. There is a need for time based remuneration as well as quota remuneration, production related remuneration and systems of task responsibility. Another possibility is to integrate the quota remuneration system and the production related remuneration system so as to relate production related responsibilities to groups and quotas to individuals. The principles of distribution are still based on work distribution, while the concrete methods of remuneration vary according to different regions and types of work. This kind of flexibility further integrates China's present situation and the socialist principles of distribution according to work, making distribution relations more suited to the actual state of the productive forces and not influencing the socialist quality of the enterprises. Correct implementation of the principles of socialist distribution may truly be considered as a great break through.

//II. The Contradiction Between Principle and Practise and Ways of Resolving This Contradiction.//

The implementation of production linked remuneration ties the worker's income to output and thus encourages everyone to use all possible means to raise output. Implementation of the system of economic responsibility ties both profit surplus of industrial enterprises and individuals' bonuses with profit quotas, thereby encouraging enterprise workers to strive to increase economic results. However, due to objective factors, what often occurs is that equal amounts of enthusiasm do not always produce equal amounts of economic results, thereby creating a new contradiction. What are the objective factors? 1) Because production conditions are not always the same, the same amount of work will not always produce the same output. For example: if profits are good then economic results are good too; 2) since there is often a deviation between value and price (this deviation is unavoidable under many conditions of product manufacture and is thus an objective necessity) many similar kinds of work, listed differently in various enterprises and administrations such as agriculture, industry, etc, produce completely different profit revenues.

Everyone knows that the system of public ownership of the means of production means that, within certain limits, the principles of allocation according to work must be implemented as "equal pay for equal amounts of work." Those people whose revenue is restricted by these objective factors (not work factors) would criticize remuneration and bonuses related to output (or profits). The contradiction between the principles of distribution according to work and production linked remuneration arises because of the existence of product manufacture and because this is not remuneration directly according to work time. What can be done? Of course, it would not be right to turn around and revert to old methods, instead what is necessary is the implementation of suitable readjustments to the standards of quota remuneration and production linked remuneration according to the

principles of distribution according to work, thereby bringing about correct integration between the exchange of equal amounts of work and the exchange of equal value.

But how is the correct integration of these two types of exchange to be brought about? I feel that within the realms of distribution according to work (such as in a collective enterprise with independent accounting and sole responsibility for profit and loss), the distribution of each individual has contributed so that those who have contributed equal amounts of work may receive more or less equal remuneration, thereby basically bringing about the exchange of equal amounts of work. At the same time, we must also take a look from the realistic conditions created by existing product manufacture and thus integrate the extent of each individual's work achievements with the actual extent of the value of the work products, thereby producing clear differences in workers' remunerations. In this case, actual work has already given us some concrete experience which demands our fullest attention.

For example, in production teams with a relatively high level of economic development (such as the Suzhou region), the members of the same production brigade, regardless of whether they were carrying out agricultural work, agricultural by-products work or industrial work, were all assessed according to their work strength and level of technological know-how and were allocated work points based on the actual time they spent working. Distribution at the year's end was thus carried out according to the cash value of the work points. At the same time, differences in bonuses were worked out according to differences in economic results and the actual value displayed by a product, as well as profits gained, so that workers in every enterprise had the potential to try and achieve overproduction. In general, work remuneration in industry tended to be slightly higher than in side industries, while remuneration in these was slightly higher than in agriculture. Grass roots cadres call this method "base points equal, everyone jumps for the dragon gate." This is not egalitarian when practised in a basic accounting unit. It is simply equal amounts of work getting equal pay, while egalitarianism is always unequal amounts of work getting equal pay. If base points are not equal, then agricultural workers would not be happy tilling the soil and industry would have no way of developing. On the other hand, if one does not consider at all the production value and profits created by each worker and one implements totally the system of equal pay for equal amounts of work, it would be impossible to encourage the workers to concern themselves with economic results for the material benefit of every individual.

We can see that under the conditions of product manufacture, it is not possible to carry out "complete" distribution according to work with regard to the consumption funds of the individual workers. It is only possible to carry out basic distribution according to work and integrate the two systems of distribution according to work and distribution according to work achievement onto it.

Another example would be the industrial sector enterprises. Here, the workers' bonuses are generally linked to profits. The reason for this is that our economic responsibility system was built up from financial responsibility and therefore still lacks concrete rules in relation to other areas of responsibility such as product variety, quantity, quality, energy consumption, etc. Since profit rates vary within each enterprise, a simple linking of bonuses to profits results in variations between the income of different workers. Under these kinds of conditions, different handling of the profits of each enterprise produce different sets of rules, with relatively good results. For example, in an enterprise which suffers losses through policies, implementation of quota allowances would reduce losses and retrieve gains. Undertakings with small profit margins either hand over all or a large proportion of their profits to the enterprise. Enterprises with fairly high profits hand over rather more to the government to illustrate their greater contribution to the state. The advantage of this method is that fundamentally and within set limits (such as systematic state industries) it supports the exchange of equal amounts of work between workers of an enterprise and the adoption of distribution according to work. At the same time, it integrates the size of profits and output, thereby ensuring differences in remuneration of workers doing similar jobs or on similar levels. Those enterprise type companies which run on joint responsibility for profit and loss carry out "internal pricing" between the factories of each company with the aim of avoiding too great a difference in the remuneration of unfinished and finished product producers, thereby also basically giving support to the principle of exchange of equal amounts of work.

The above analysis shows us that when we adopt the principles of socialist distribution, the concrete changes in the system of remuneration still need objective restrictions to be laid down. No matter whether it is quota remuneration, piece wages, output linked remuneration or profit related remuneration they should all support the basis of quantity of work and integrate the extent of work achievements in order to establish remuneration quotas. Taking quantity of work as a fundamental and giving it support is also a sign of support for the principles of socialist distribution according to work. Only under these premises can we recognise the influence of factors not to do with work in order to be able to move towards profits and avoid losses, help to raise work enthusiasm and promote the development of production.

III. //How to Recognize the Characteristics and Advantages of the System of Large-Scale Responsibility in Agriculture?//

Such a system produces two main characteristics. 1) The method of handling deductions so that hard workers receive more and are not affected by deductions; 2) the cessation of collective distribution of that amount ('which comes back to oneself') which directly becomes a part of the workers' wages.

To make this clearer, let us first take a look at the often overlooked question of deductions. Everyone knows that, as Marx said, the distribution of the individual's consumer products under socialist conditions occurs after many kinds of deductions to societies products in general. Thus in terms of the individual worker, the greater the contribution in terms of quantity of work, the greater the deductions, thus contribution to society and the collective also become greater as does the glory of the worker. In relation to China's agricultural production situation, since handicraft work is the most important, production rates are not very high so the amount of surplus work supplied by each individual is less. Here then, the question of the limits of the amount of deductions is a very pointed one. Fewer deductions are not good for the collective economy nor for the entire socialist construction cause, whereas larger deductions affect workers' enthusiasm. Thus an important question then is how to handle the relations between state, collective and the individual--it is of particular importance in forming the policy of distribution on rural areas. For a long time in the past, costs of all sorts were very high in rural areas, meaning increases in deductions, with the peasants carrying most of this burden. Since these deductions were set after the harvest and not before, they were not well planned and most crooked money for cadres and the such all came from the collective coffers. Obviously this greatly affected the many workers taking part in collective work. The system of great responsibility means that deductions are made beforehand in a planned way. A phrase which could sum up this system is "having guaranteed the state's, having fulfilled the collective's, all the remainder is one's own." The peasants have demonstrated that they are most interested in the last few words of this phrase "all the remainder is one's own." In the old method of distribution more work meant more money but also more deductions. With the new system of task responsibility more work means more money but deductions do not increase. It is common knowledge that this has greatly motivated the peasants' enthusiasm to work. In fact, one could say that the system of task responsibility takes "deductions first" as its chief characteristic as well as its main advantage.

Furthermore, this system of task responsibility is linked with the individual administration on the basis of collective economy. Thus, that portion of products or funds which returns to the individual workers' wages can be organized in many different ways. Basically there are two main ways. 1. That portion which is collectively budgeted and often referred to as "joint" is still related to work points for output, production value or profits and distribution takes place at the end of the year according to work points earned. The remainder returns directly to the worker and is not "jointly" redistributed. This method when carried out on production teams in subsidiary industries with well developed production and numerous production items, as well as detailed work allocation, includes collective distribution of unified cash value of work points, resulting in a balance between the wages of workers in each enterprise. It is thus reasonable to retain the work point system in these areas. This part, which is subjected to unified distribution, is obviously part

of the exchange of equal quantity of labor and falls under distribution according to work carried out by collective enterprises.

2. Work points are not recorded and the remaining portion is not handed over to the collective, nor is any other course taken to carry out collective distribution, instead it returns directly into the workers' wages. The advantages of this method are that not only does it greatly simplify the distribution method according to work points gained, it also alters the contents of the exchange. Since administration is spread around all the workers and responsibility for success or failure is individually carried, it means that different amounts of work done will not produce the same results. Since some people can administer rationally and others cannot, different amounts of funds are invested, some appropriate some inappropriate and results are never likely to be the same. Differences in the first year of the system of task responsibility are often not clear. During the second and third years the differences become greater and more apparent. This is correct, but something else should be added, namely, that while this system means more work produces more wages, it also means less work can produce more wages and more work will not necessarily bring more wages. Receiving more wages not only depends on the amount of work carried out, it also depends on the amount of funds invested as well as the ability to carry out administration. It is this point exactly which not only activates the peasants' enthusiasm but also increases the peasant's enthusiasm to improve the administration, as well as their enthusiasm to invest in agriculture. It also helps them realize their creative capacities, thereby proving that this system of task and production responsibility in agricultrue is much more suited to the present level of development of the agricultural productive forces than the previously carried out system of distribution according to labor known as the "purity attitude." Thus we are correct in thinking that the portion of the profits known as "returned to oneself" does not undergo collective redistribution and it is this that is the second characteristic and advantage of the system.

We should point out that, because of this "return to oneself" portion, there is an equality between the work invested and the profits so that equal quantity of work cannot obtain equal results. This, in theory no longer belongs to the realms of distribution according to work.

Thus, a portion of products undergo distribution according to work, while another portion does not but instead returns directly to the workers' wages. Can this influence the socialist qualities and character of the system of task responsibility? I feel it can not do so. 1) Essential production materials are still collectively owned and are distributed fairly according to the work force or the population; 2) the "unified" portion mentioned earlier goes into socialist construction and increases public accumulation, thereby expanding the collective economy; 3) a very important point is that production, supply and consumption are all carried out according to state planning and under collective enterprises joint

organisation and leadership. Products, then, are essentially all exchanged in the unified socialist market. With this knowledge we can then safely confirm that the system of task responsibility is the same as other systems of responsibility in that they all have a socialist nature to them. Of course, this is still not complete or unadulterated socialism, for the portion known as "returned to oneself" is not, in a classical sense, distribution according to work. This should be borne in mind. Some comrades do not find this very easy or nice to hear and would prefer to think that the system "completely" embodies the principles of distribution according to work or is "even better." Although these people have good intentions, what they say is not actually true. For such thinking could not only damage the true theory of distribution according to work, but in addition it could mean that we would find it difficult to grasp the true character of all the different styles of responsibility and as a result find it difficult to seek ways of improving the systems.

Author's work place: Jiangsu Provincial Committee.

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'JINGJI YANJIU': PRODUCTIVE FORCE, PRODUCTION RELATIONS

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[Articly by Xia Zhenkun [1115, 2182, 0981]: "On the Mutual Interaction Between Productive Forces and Production Relations"]

[Text] How Productive Forces Can Act on Production Relations

Productive forces and production relations both have several arrangements, all of which mutually interact with the result that productive forces and production relations form an intimate dialectically united whole. All of the essential system coordinations of the productive forces belong to the first arrangement of the productive forces, i.e., an intensional level. That part of the production relations system known as "public ownership of the means of production" also belongs to the intensional level on the production forces. These two intensional levels do not directly generate relations and nor do they have to directly generate relations. Just as two cells do not directly generate relations within their cell nucleus, but are instead linked by cellular filaments. Two machines are not directly connected to their generator, but are connected by connection equipment. Our task therefore is to discover what levels of mutual linkage these two intensional levels must pass through to achieve material and informational interflow between them.

On examination of the process of movement between the productive forces and production relations, we find that outside the intensional levels of both there exists an external level and between the external levels of both there exists a periphery level. The productive forces define the production relations by passing through this periphery level. We will now examine in more detail the actions and movement of these levels.

The external level of the productive forces is the manifestation of the intension of production relations. I feel that the intensional qualities of the production forces collectively represent the extent of integration between the tools of production and the work force. Varying degrees of this kind of integration show themselves in two concrete forms, namely the extent of coordination in labor and the extent of control in the labor process. In other words, the intensional qualities of the production forces decides the extent of integration between the production tools and the work

force. The extent of integration between the production tools and the work force in turn decide the extent of coordination in labor and the extent of labor control. In general, then, the greater the intensional qualities of the productive forces, the greater the extent of labor coordination. Under conditions in which labor is coordinated, each individual worker must carry out coordinating actions. These coordinating actions necessitate coordination in work efficiency and indeed must guarantee the coordination of work efficiency, thereby producing the need to exercise control over the labor process. Human societies from ancient times to modern capitalism have passed through every stage of integration between the production tools and the labor force in coordination with the endless qualitative changes that have taken place in the intensional quality of the productive forces. In each of these stages, the level of integration had a correspondingly suitable level of coordination and labor control. In ancient times it was the mutual integration between bronze-age tools and the instinctive labor forces. Corresponding to this level of integration was mandatory coordination or proudction cooperation; human control was exercised over the work process. In the middle ages it was a question of integration between iron tools and experienced work forces. Corresponding to this level of integration was coordination without continuity or seasonal coordination. At this point extraeconomic control was exercised over the labor process. In modern times it is a question of mutual integration between simple machinery and semi-specialized labor forces. Coordination has developed to a regular and fixed state, or all-round coordination and now supervisory control is exercised over the work process. In this present stage of capitalism the level of integration is that of machine systems with an expert work force. Development into socialised coordination or super-departmentalised coordination sees "behavioural control" exercised over the work process. Thus our analysis has reached the brink of the peripheral level.

This peripheral level includes the style of labor organisation and the style of the system of production responsibility, statistics and surveillance of the amount and quality of labor, product quantity, material benefits and many other factors such as workers' enthusiasm, etc. These key elements are on the one hand decided by the level of labor coordination and the level of labor control and yet on the other hand are affected by the reaction of the concrete style of production relations. Thus anything which has these double attributes of the productive forces and production relations is called the periphery level.

How does the level of labor coordination and the level of labor control decide the state of the periphery level? First, specifically-defined levels of labor coordination decide specific styles of labor organisation and corresponding specific styles of production responsibility systems, the level of the latter being able to exceed the level of the former, otherwise the potential to control the labor process would drop and it would be difficult to ensure labor efficiency and hard to coordinate the labor process. As a result production would fall behind and product

quantities would drop, resulting in a drop in material benefits and workers' enthusiasm as well as a series of other related reactions. Second, it is the extent of labor cooperation and the extent of labor control corresponding to specific intensions of the productive forces as well as styles of labor organisation corresponding to these levels which decide the extent of statistics and surveillance of the amount and quality of labor. The extent of statistics and surveillance of the amount of labor is obviously closely linked to the existing cultural level. But, in very basic terms, if the ability to control the labor process is lacking at all then labor is badly organised, thus labor responsibility cannot be reliably divided, therefore presenting an even less reliable material premise for the accuracy of statistics and surveillance of the amount and quality of labor. Thus the ability to control the labor process and the intimacy of the organisation of labor is restricted by the level of the productive forces. If the level or extent of labor coordination as well as the style of labor organisation and the style of the system of production responsibility (which are both defined by the level of labor coordination) surpass the level of the productive forces then a situation could arise in which control is lost over the labor process and the system of labor responsibility becomes very confused and unclear. In such a situation the statistical surveillance of the amount and quality of labor becomes very much more haphazard and such haphazardness could be "refracted" into product distribution, thereby directly striking at the material benefits of the workers, causing enthusiasm to drop and blocking the development of production.

The above is a rough outline of the way the external level of the productive forces decides the periphery level. How does the intensional level of the productive forces decide the external level of the production relations by way of the periphery level? First, the style of labor organisation decided by the specific level of coordination, along with its mutually corresponding style of arrangement of the means of production, demands it, otherwise there can be no effective integration between the worker and the means of production. When we examine the historical development of the productive forces, under conditions of individual labor, if direct allocation of individual workers with backward handwork tools was desired, the production process only worked effectively under this kind of individual direct integration. As the productive forces developed and the era of integration between simple machinery and semi-specialised productive forces arrived, a coordination style known as "workshop handicraft industries" appeared. Under these conditions, the productive forces began to take on the "serialisation" as well as the coordination of the labor process while individual, direct allocation of workers to the means of production continued to be carried out. This exasperated even more the development of the productive forces with the results that it was necessary to introduce collective, direct allocation of workers to the means of production. Because of the private possession of the means of production by the capitalists, the basic contradiction between the highly socialised coordination of the labor process and the production process against the private ownership of the capitalists and the allocation of the means of production created periodic

economic crises. Although the capitalist classes did their utmost to carry out nationalisation, state intervention and internal enterprise "behavioral sciences" in order to alleviate the contradiction, there was no way to totally eradicate this fundamental contradiction. The only way to eradicate this contradiction was by implementing socialist changes in order to unite the highly socialised and coordinate productive forces and workers and put them into collective, direct possession of the means of production. Second, the level of statistical surveillance of the amount of labor, decided by specific levels of coordination and levels of labor control, along with its corresponding style of product distribution also demands it (i.e., the decision by the intensional level of the productive forces concerning the external level of production relations). Otherwise the worker would find it even harder to obtain the material benefits corresponding to the amount and quality of his labor, and his enthusiasm would again be dampened, again blocking the development of production. For example, the style of allocation of business accounting in village communes and brigades does not work in other areas, and has only proved effective in the suburbs of a few large cities. The key to this is that if most units carry out distribution and allocation as communes and brigades do, then it is not possible to fully guarantee an amount of work to a person and this is particularly true for statistical surveillance of quality and thus there is no way to ensure distribution according to work. In a few advanced regions, the relatively high level of mechanization and production specialization as well as good organisation of the labor process and clarity of the responsibility system has meant that the statistical surveillance of labor quantity and quality now possesses a fairly good material foundation. In addition, the cultural level of these areas is relatively high while administrative strength is also good, hence the potential becomes greater for implementing unified systems of business accounting and styles of allocation of distribution both on larger scales.

Thus as the "levels arrangement" between the productive forces and the production relations advance and develop we can see how the intensional level of the productive forces passes through the external level and periphery level in order to decide the external level of the production relations (the concrete form of the production relations).

Under What Conditions Can the Production Relations Promote the Development of the Productive Forces?

The catalystic role of production relations on the productive forces is both conditioned and intermittent. In order to clarify this point, it might be a good idea to compare the situation in some of China's villages before and after the implementation of the production responsibility system.

Before the implementation of this system, workers in many regions had no direct allocating power on the means of production and the labor process, regardless of whether they were in state farms or communes. Nor did they

have any direct decisionmaking power for product allocation. They either drew their wages monthly or received remuneration according to work points, totally cut off from the intimate interrelation between the level of physical strength, the extent of technology and the degree to which the labor had filled needs, as well as being totally cut off from the aims of developing the productive forces. Obviously this situation prevented the workers from concerning themselves with the development of the productive forces. At the same time the fact that many teams at that time were carrying out handicraft labor meant that it was difficult to carry out effective control of large-scale collective labor processes. As it was not possible to ensure labor efficiency, it was difficult to carry out accurate statistical surveillance of labor quantity and quality. In addition, various reasons connected to the quality of the cadres and the standard of administration meant that it was not possible to ensure the consistency of the extent of a division of labor nor the quantity or quality of labor. Of course this obviously inhibited the workers' enthusiasm and therefore blocked development of the productive forces.

After the implementation of the production responsibility system, workers generally had direct allocating power to the means of production and the production process and workers were closely involved with the extent of the fruits of their labors as well as the extent of allocated income involved. Thus the workers' economic benefits, the general state of the means of production, the level of technology and the entire state of the productive forces were all brought into intimate contact. Thus the development of the productive forces and the targets of the individual workers were brought into even greater unified coordination. In this way the development of the productive forces was spurred on by the production relations. At the same time, the implementation of the responsibility system meant that later the scale of labor became more suited to the state of the productive forces and the potential to control the labor process increased, thus it was possible to guarantee the implementation of allocation according to labor quantity and quality. In this way the workers' production enthusiasm greatly increased as did their concern for the development of the productive forces.

The above-illustrated situation shows first that production relations cannot promote the development of productive forces under any conditions. Second, production relations must go through their concrete form ("intermediary" form) in order to affect the productive forces. Third, the basic structure of the concrete form of the production relations includes three mutually interrelated segments, namely the workers' style of allocation to the means of production; the style of administration of the production process; and the style of product allocation. The first represents the basis, the second the conditions and the last the key.

Thus, under what kinds of conditions are the production relations able to promote the development of the productive forces? In general, conditions involving a good systems feedback must exist in production relations in

order for them to promote the development of the productive forces. This healthy systems feedback requires: 1) that the allocation style of the means of production can bring about direct integration between the workers and the production tools so that it is possible to ensure that the workers (including those who perform work mentally can effectively use and improve the production tools. 2) That the style of administration of the production process allows both the workers and the administrators to intervene in the production and distribution processes and thereby makes it possible to ensure the rationalisation of production labor processes and distribution. 3) The style of product distribution must ensure that the workers and the administrators obtain increasing material benefits in line with the development of production, thereby creating a systematic and socialized motive force to promote the development of the productive forces. These three basic conditions or principles in actual fact reflect the intimate integration of "power, responsibility and benefits." In general, then, the system of production relations should create a healthy "systems feedback" in order for both workers and administrators to concern themselves with improving production tools and production technology as well as the rationalization of operational administration and improvements in the essential qualities of the workers, thereby producing an intensional force for the development of production.

Here it should be underlined that the effect of the production relations on the productive forces is one of "reaction" and the input of the production relations system into the productive forces system is one of "re-input" (i.e., feedback). Thus the question of whether the production relations system is able to create "healthy feedback" in relation to the productive forces system should not be answered by searching the essence of the production relations system--the answer can only be found by examining the general state of the production relations system and seeing whether or not it corresponds to the demands of the productive forces system. Thus the above-mentioned three conditions are only possible if the style or form of the production relations is suitable to the level of the productive forces.

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'JINGJI YANJIU' ON SOCIALIST PRODUCTION AIMS

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[Article by Zhang Chaozun [1728 2600 1415]: "The Aims of Socialist Production Include the Satisfaction of the Needs of Enlarged Reproduction"]

[Text] In my article "A Discussion of the Meaning of the Aims of Socialist Production" (hereafter refered to as "The Discussion") (published in JINGJI YANJIU No. 8, 1980), I advocated that the aims of socialist production should include the satisfaction of four main areas of need or demand: 1) satisfying the consumer needs of the individual worker; 2) satisfying the general consumer needs of developed cultural education, the cause of hygiene, social security and collective material benefits; 3) satisfying the demands of national administration and management and the consolidation of national defences; and 4) satisfying the needs of enlarged reproduction. Some people are in disagreement with this theory while others agree wholeheartedly. The main problem is the question of the aims of socialist production including the satisfaction of the needs of enlarged reproduction. With a correct solution to this problem, the other three present little difficulty. This article therefore concerns itself with this problem--a supplementary clarification of the basic tenets of "The Discussion" and furthermore the author welcomes any criticism or correction.

My fundamental viewpoint in "The Discussion" is that under a socialist system, due to changes in relations between the worker and society, causing him to become master of the society, society, while satisfying the needs of enlarged reproduction and other needs, should construct a specific list of contents of the aims of socialist production. The question now is, why?

1. In terms of the sublation of labor alienation. In examining the aims of socialist production, it is first vital that one clearly establishes the relations between man and labor or production, otherwise one cannot reach a correct conclusion. Labor is the material process of alteration between man and the natural world and during this process man uses the means of labor to affect the target of labor and produce specific products or supply certain work tasks. At the same time this process is also the process by which man expresses his own physical strength and intelligence. Labor not only differentiates man from the animal world but in addition

improvements in labor and technological equipment used for labor and proficiency in labor allow man to continuously develop his physical strength and intelligence. It was exactly on this basis that Marx considered labor to be the fundamental activity in man's life, and then pointed out that there were two kinds of means of subsistence. One means of subsistence is directly linked to satisfying the needs of man's existence and the other means of subsistence is linked to satisfying the needs of man's labors. The latter kind exists so as to permit the performance of labor.[1]

Under a capitalist system the means of subsistence and the means of production needed by labor are privately owned by the capitalists and the workers themselves own nothing at all, thus in order to survive they have no choice but to sell their work strength to the capitalists and to produce surplus value for the capitalists and suffer the exploitation and slavery of the capitalists. In such a situation the worker is forced into a situation where the more he works the better and at the same time his exploitation increases as well, sometimes to the extent that he is cast out of the labor process and becomes unemployed, thus even his continued existence is not ensured. Thus, under a capitalist system a worker cannot affirm himself in his work, he only negates himself. He feels no happiness, only sorrow, he is not free to develop his own strength and intelligence, instead his body suffers torment and his spirit is destroyed. Marx called this kind of labor "labor alienation." Under conditions of labor alienation, the development of the worker's strength and intelligence in the course of his labors is completely dependent on the needs of the developed production of capitalism, and not on the developed needs of the individual himself. Thus the means of subsistence needed by labor become a method by which to enslave the worker.

In a socialist system "labor alienation" has already been eliminated and the labor performed by a worker is for himself and for society and there is no exploitative or free labor; labor becomes the life activity of man and the means of production become the means of subsistence of labor. In this way increases and improvements in the means of production become vital for the worker to develop his own strength and intelligence. Increases and improvements in the means of production would not be possible without enlarged reproduction. Thus the aim of socialist production must be to satisfy the needs of enlarged reproduction.

2. In terms of labor employment. China today has a working population and any employment problems that exist are mainly a result of leftist mistakes in directive ideology during the former period of socialist construction, when there was a prolonged period of loss of control over the population and when the economy did not see correct development. However, under correct conditions, are there still problems of labor employment in the development of the socialist economy? The answer is definite. Lenin said "Labor productivity is the most important thing that can ensure the success of the new social system in the final analysis. Under the serf system capitalism did not create sufficient labor productivity. Capitalism

can be and indeed will be thoroughly defeated because socialism is able to create new, much greater productivity."[2] In other words, the basic nature of the socialist system means that the speed of increase of its productivity must be greater than that of capitalism and thus also the increased speed of production created by technology must be faster than that of capitalism. Because of constant improvements in the structure of production technology there is bound to be a certain number of workers ejected from the production process, who will thus need new employment. Thus new employment is not possible without accumulation and without carrying out enlarged reproduction. In other words, in terms of labor employment, satisfying the needs of enlarged reproduction must be an aim of socialist production.

Still on this question, it would be unimaginable to think that the aims of socialist production should not include the needs of workers' employment. Otherwise the so-called guarantee to satisfy the increasing material and cultural needs of the people becomes meaningless. Since employment represents the conditions for existence of a worker, without a guarantee for the employment needs of the worker, we cannot say that the production aims of socialism have been completely fulfilled. In actual fact the very essence of the socialist system means that it is able to guarantee the employment needs of the workers and this therefore proves very objectively that the aims of socialist production should include the satisfaction of the needs of enlarged reproduction.

3. In terms of guaranteeing to satisfy the increasing material and cultural needs of the people. Some people, in order to stress the fact that the aims of socialist production only include the consumer needs of the individual worker and general consumer needs, call this aim in their articles "satisfying the increasing material and cultural needs of the people." Refering to the aims of socialist production like this is not absolutely incorrect, but I feel that it should intentionally include four main areas of which one should be the needs of enlarged reproduction, otherwise it would be incorrect. Here there are two problems which need to be discussed.

First, if one says that the aims of socialist production are only "to satisfy the increasing cultural and materials needs of the people," then this so-called "increasing" divorces itself from the objective category of the level of development of the productive forces. We know that the people's needs are groundless but instead are decided by the level of development of the productive forces. Marx pointed out that "in early civilization productive forces had reached only a very low level, but needs at the time were also very few. Needs develop along with the means to satisfy those needs and furthermore they are dependent on these means for their development."[3] Since needs depend on production for their own development, "increasing" needs must objectively include the needs of enlarged reproduction, otherwise those needs could not increase.

Some people feel that to include the needs of enlarged reproduction within the aims of socialist production obscures the difference between the aims of production and the means to achieve these aims. I feel that those with such opinions do not have a leg to stand on. Production and enlarged reproduction are two separate economic categories which have internal relations in the socialist economy since the running of enlarged reproduction depends on the provision of surplus products from production. If one says that socialist production is only for satisfying the livelihood needs of the workers and not for satisfying any other needs and that as such is an objective law, then socialist production has no need to and is not able to provide surplus products, since by necessity, this objective law states that it is only there for satisfying the livelihood needs of the workers, and hence as a result everything produced in any given year is used up in that same year. Thus only by including the needs of enlarged reproduction within the aims of production can production provide surplus products for enlarged reproduction and only then can socialist production continuously increase. This is an objective economic process independent of man's will and such a process illustrates that the aims of production and the means to achieve these aims are mutually interchangeable, and are in dialectically unified relation to each other. If we abstract from this objective process and if we isolate the dialectically unified relations between the aims of production and the means to achieve such aims, do we still have constant improvements in the standards of living of the people and constant growth in socialist production? Basically, under such conditions it is impossible to even consider the question of the basic economic laws of socialism and its effects.

Second, the workers' "all-round" development. Those people who feel that the only aims of socialist production are to satisfy the livelihood needs of the workers have nearly all drawn on the classic works of Marxism as mentioned below in order to give strength and foundation to their theories: In a socialist and communist society "socialist production not only is able to guarantee that every adult member of the society has a rich and ever-increasing livelihood, but it can also guarantee full and free development and utilization of their strength and intelligence."[4] "The social revolution of the proletariat substitutes public ownership of the means of production and the means of circulation for private ownership of the same and organizes the process of socialist production in a planned way to ensure the happiness of all members of society as well as their all-round development."[5] And so on. To place the all-round development of the workers within the aims of socialist production is entirely correct, but how can such aims as these be realized? The implementation of the all-round development of the workers must take place within the sphere of consumption. For example, carrying out composite technological education for the workers means that the level of their cultural, scientific and technological know-how will continuously increase. Supplying all kinds of development to the workers ensures that their own qualities, intelligence and interests may be used and expressed in many different ways. However, to allow the workers all-round development, changes are necessary in the conditions and

methods of production. And it was in relation to this that Engels wrote in more detail when he sharply criticized Duhring's attempts to only change the method of distribution in capitalism and not the method of production in order to achieve socialism. Engels concluded his discussion of this reactionary way of thinking by saying "Thus the old methods of production must be completely changed and in particular the old method of distribution of work must be eradicated. In its place should be an organization of production in which on the one hand no one should push to anyone else anything that they should do themselves as a result of the natural conditions which exist. On the other hand, production labor should provide everyone with the possibility for all-round development and expression of their own capacity for physical strength and brain power. In this way production labor is no longer a means of enslaving people but is a means of liberating people and thus production labor transforms itself from a burden to a form of happiness."[6] It goes without saying that the establishment of such an organization of labor is impossible without the means of subsistence needed by the workers and without increases in and modernization of the means of production, indeed we may even say that it is impossible without enlarged reproduction. Some people say that the aims of socialist production should be to achieve the all-round development of the workers but at the same time say that the aims of socialist production should not include the needs of enlarged reproduction, but this is self-contradictory. Thus the words of Engels and Lenin as quoted above in no way strengthen the ideas expounded by those who have drawn on their work. In fact, quite the opposite, the words quoted above prove that the concept of including the satisfaction of the needs of enlarged reproduction within the aims of socialist production is entirely correct.

To say that the aims of socialist production include satisfying the needs of enlarged reproduction does not mean that under specific conditions relating to the national revenue, the more accumulation that exists the better. No one should mistakenly believe this. Under specific conditions relating to the national revenue what extent of accumulation is favorable should be decided on concrete facts relating to the development stage of the socialist economy. In this way the best accumulation rate can be set and under conditions with a favorable rate of accumulation, not only can socialist production experience speedy development but furthermore the standard of living of the people will also see speedy improvements.

To state that the aims of socialist production include the satisfaction of the needs of enlarged reproduction is often criticized as meaning "production for the sake of production," or equally wrong, as definitely leading to a situation of "production for the sake of production." I feel that this is a misinterpretation of the real concept of "production for the sake of production." "Production for the sake of production" is a common phenomenon in a capitalist society and its appearance represents the separation between production and consumption and frequent overproduction. The reasons for the occurrence of such phenomena are certainly not because the aims of capitalist production include accumulation but because surplus

value production must depend on the exploitation of the masses and the workers and their subsequent pauperization. In this way social consumption falls behind production expansion, producing overproduction, and it is at this point that the irrational phenomenon of "production for the sake of production" occurs.

Our former work also displayed tendencies towards the erroneous phenomenon of "production for the sake of production" but this was not a result of the fact that the aims of our socialist production included the satisfaction of the needs of enlarged reproduction but instead was related to the fact that we made serious mistakes in our appraisals of the proportional relations between accumulation and consumption in the agricultural, light and heavy industries. In "The Discussion" I said that a system of rules existed within the socialist economy and that the aims of socialist production should include four main needs, but the proportional importance of each of these needs should be decided only by the fundamental rules of socialist economics and also by the planned, proportionally developed rules of the national economy. Since there are mutually restrictive relations between each of these rules, an imbalance set in the proportions of the national economy, hence, by necessity affecting the realisation of the aims of socialist production. As a result it cannot be because of the appearance of "production for the sake of production" but must lie instead in the mistake of negating the inclusion of satisfying the needs of enlarged reproduction within the aims of socialist production.

The concept that the aims of socialist production only included satisfying the livelihood needs of the workers became very popular after the smashing of the gang of four, the reason and the historical background to this being very complex. First, in a socialist system, because the level of the productive forces is relatively low, work is still a means of life for the worker and often the workers concern themselves more with the needs of their livelihood than the needs of their work and lack sufficient understanding and appreciation of the importance of increasing and modernising the means of production while fully developing their own physical strength and mental capacities. Second, China's socialist construction program suffered for a fairly long time from the influences of "leftist" mistakes, during which time the people's livelihood was ignored. During the chaotic period of the gang of four these mistakes were taken to their extreme and such brazenly ridiculous things were said such as "if the lives of 8 million people become a little harder, it is of no importance," etc. After the smashing of the gang of four, the sharp renunciation of such fallacies was quite natural and expected and under these conditions the urgent importance of making the satisfaction of the livelihood needs of the workers the aim of socialist production was stressed, and effective implementation of the readjustment, restructuring, reorganisation and upgrading policies was seen. At the time when these two situations were intermingled, the popularisation of the above-mentioned idea was very understandable. However, objective phenomena, even partially sustantive phenomena, is not really the complete essence of a thing. The real task is

to reveal the entire essence of a thing by seeking truth from facts. Comrade Chen Yun said not long ago, the livelihood of the people must be improved. First they must eat, moreover they must eat their fill, they must not be left wanting and yet on the other hand they should not eat too well. Second they must construct. A country which eats and uses everything up is a country without a future. Only by constructing with the strength left in us after eating our fill can we succeed. The words of Comrade Chen Yun, as I understand them, completely embody the contents of the aims of socialist production and scientifically reflect the demands of the fundamental rules of the socialist economy. Socialist production can only expand and develop and the standard of living of the people can only improve if we follow the words of Comrade Chen Yun.

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FOOTNOTES

1. Marx: Economy and Philosophy Manuscript of 1844, "Collected Works of Marx and Engels," Vol 42, p 92.

2. Lenin: "A Great Beginning;" "Selected Works of Lenin," Vol 4, p 16.

3. Marx: "Das Kapital," Vol 1, p 559, the 1975 edition by the People's Publishing House.

4. Engels: "Collected Works of Marx and Engels," "Anti-Duhring," Vol 3, p 322.

5. Lenin: Material for changing the party program; "Collected Works of Lenin," Vol 24, p 435.

6. Engels: "Selected Works of Marx and Engels," "Anti-Duhring," Vol 3, p 333.

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ECONOMIC MANAGEMENT

QUESTIONS ABOUT OVERALL REORGANIZATION OF ENTERPRISES ANSWERED

Guangzhou YANGCHENG WANBAO in Chinese 21 Jul 82 p 2

[Article by Lan Guiliang [5663 2710 5328: "A Few Questions About the Overall Reorganization of Industrial Enterprises"]

[Text] Ever since the party Central Committee and the State Council decided, beginning in 1982 and lasting 2 or 3 years, to carry out an overall reorganization of state-run industrial enterprises step by step in a planned way in a way that combines the entire area with individual sites, and by stages and groups, some units have raised many questions, such as: Why are enterprises always being reorganized? What is the difference between the present overall reorganization and past reorganizations? How is the reorganization to be calculated?... Armed with these questions, this reporter recently interviewed Comrade Jiang Yiwei, deputy director of the Insutrial Economics Institute of the Chinese Academy of Social Sciences and director of the magazine JINGJI GUANLI [ECONOMIC MANAGEMENT]. He talked in particular about the following three questions.

The Purpose of the Overall Reorganization Is To Prepare for a Later Big Restructuring

Jiang Yiwei first of all talked about why we want an "overall reorganization." He said that this first of all stems from an understanding of the eight-character policy. The 3d Plenary Session of the 11th CPC Central Committee put forward the eight-character policy of "readjustment, restructuring, reorganization, and upgrading," a policy which is a systematic, mutually integrated complete policy. In the eight-character policy, although at present readjustment is its center, within the readjustment there must be restructuring, reorganization, and upgrading. However, no matter what part of the policy it is, it must in the end be implemented in the industrial enterprises. Restructuring is now in the experimental stage; after summing up experiences, putting forth plans, and synthesizing pilot projects, it is possible that it can be launched comprehensively in 1985. We are now using the interval before restructuring to carry out an overall reorganization of industrial enterprises, doing a good job of the "three buildups" (gradually building up a leadership system that is both democratic and centralized, gradually building up a force of

staff and workers that is both Red and expert, and gradually building up a management system that is both democratic and centralized, for a scientific civilization. Laying in this way a good foundation in the enterprises is both a step in the strategic deployment of the eight-character policy and a good preparation for the overall restructuring of the industrial system.

Jiang Yiwei said that some comrades now think of "overall reorganization" as a punishment of people. This view is incorrect. For most of the enterprises, this reorganization is constructive, and is also in order "to do a good job of the three buildups and achieve six good demands." It is on the basis of this restorative reorganization that the systematic buildup of the enterprises is carried out. Of course, in the work of reorganizing enterprises and it is most important to overcome the weaknesses of leadership.

When speaking about what differences between this "overall reorganization" and past reorganizations, Jiang Yiwei said that there are mainly three big differences: First, it is comprehensive not partial. In the main, in the past the reorganization of production management within an enterprise was a partial reorganization. Now enterprises are about to be changed into administrative units, and industrial enterprises will not only have to manage production but also manage marketing and do a good job of administration and management. Reorganizing an enterprise is not just a matter or reorganizing its internal management, but is also a matter of taking account of such aspects as readjusting, restructuring, and upgrading economic benefits with regard to product orientation, economic accounting, and marketing services. Second, this reorganization is multipurpose. It is a multipurpose harnessing of the various aspects of work such as supply, production, marketing, and manpower, finances, and materials. It is necessary for an enterprise to do many things, "a thousand strands above from one needle below," and overall plans and arrangements must be made based on the specific situation in an enterprise. If we do not reach a multipurpose balance, do not take the overall situation into account, do not do things in the order of importance and urgency, and do not have a sequence in which one progresses from this to that, but only touch on all things without going into them deeply, then there will be not result. Third, the reorganization is complete. The past reorganizations were restorations, but this reorganization is different and the "three build ups" are its content. If we are to reorganize the leading groups, then we must recify the impurities in the leading groups, recitfy weaknesses and slackness, and revolutionize, rejuvenate, intellectualize, and specialize the leading groups. This is a constructive matter relating to the aspect of quality, and it will cause the enterprises to build up gradually a leadership system that is both democratic and centralized.

Perfecting the Economic Responsibility System Is the Point of Penetration and Motive Force of Enterprise Reorganization

Where is the overall reorganization of an enterprise to start? Jiang Yiwei thinks that, for the ordinary enterprise, it should start with perfecting the economic responsibility system. The economic responsibility

system relates to all departments of an enterprise and to every one of its staff workers. By taking hold of the economic responsibility system, the enterprise can bring along other work, and it is the penetration point and motive power for enterprise reorganization.

He said that the economic responsibility system directly integrates the economid interests of the enterprise and its staff and workers with the economic responsibilities they bear and the economic results they realize. It integrates every aspect of an enterprise, has a bearing on everybody, and in reality is the combining of responsibilities, rights, and interests. It not only means everyone's personal responsibility but also means the responsibility of groups, teams, and departments; it not only means the individual's responsibility for the quantity and quality of his work, but also relates to everybody's personal economic interests. To have an economic responsibility system that brings the individual's economic interests into a mutual relationship with the collective's achievements and the individual's labor contributions and that develops a sense of responsibility, the basic work in reorganizing and perfecting an enterprise must include quotas, original records, measurements, plans, statistics, and accounting, and various management systems must be set up, perfected, and strictly implemented. The economic responsibility system is able to solve the problem of developing the initiative of the enterprise and its staff and workers and the problem between enterprises and between the staff and workers within an enterprise of "eating from the same pot and receiving equal benefits," so that the enterprise and the individual will achieve by production and administrative activities the best economic benefits. Therefore, getting hold of the economic responsibility system is a case of a slight move in one part affecting the situation as a whole and can bring along other work, so that a new situation will be opened in the work of enterprise reorganization.

With regard to how to perfect the economic responsibility system, Jiang Yiwei thought that there are two main aspects. In the relationship between the state and the enterprises: 1. In strengthening the state's planned management of enterprise, we cannot solely stress the pursuit of profit but must stress the overall economic benefits. It will not do if profits are large but products are overstocked. 2. We must sum up the experiences of enterprises in excersising their right of initiative and make clear the state's rights and responsibilities vis-a-vis the state. 3. We must handle well the relationship between the state, the collective, and the individual; we must rationally distribute economic profits, first ensuring that the state increases its income and only afterward having the enterprise retain more profits and its staff and workers get more income. Within the collective, there are three main jobs to do well: The first job is to implement the economic responsibility system layer by layer, implementing it for every unit and individual. The second job is to improve economic management. To get hold of management of the overall plan, management of overall quality, and the accounting work of the overall economy, the enterprise must accelerate technological transformation and accelerate the improvement of economic benefits. The third job is to strengthen the work of ideological education, so that the great number of staff and workers,

with the attitude of being masters, will do their own work well, and the enthusiasm and creativity of the masses of staff and workers will be guided onto the correct track of improving production technology, continually bringing forth new ideas to improve administration and management, improving overall economic benefits, making more contributions to the state, and trying hard to bring about a situation in which people are allowed to utilize their talents to the full, each person contributing his ability.

Our County's Modern Scientific Management System in Embryonic Form

What is our country's socialist modern scientific management system? Jiang Yiwei said that scientific management is management in accordance with objective laws. We are a socialist county and we cannot copy mechanically the system of capitalism. We must set up a Chinese-style socialist management system that is complete in itself. Overall plan management, overall quality amangement, overall economic accounting, and overall personnel and labor management (called the "four overall's" for short) are the embryonic form of our country's modern scientific management system.

Jiang Yiwei siad that overall plan management beings with administration and also begins with designing products according to market demand, and uses plans to organize the whole process of production, marketing, and service. Overall quality management principally solves the problem of use value; overall economic accounting principally solves the problem of value, focuse's on the management of the production of things. But "things" must be controlled by "people." Overall personnel and labor management means to arouse people's enthusiasm, exploit the resources of talent, and solve the problem of "people," including setting up and perfecting an overall system of personnel management for training, tests, promotions, selections, and wages of all personnel. Jiang Yiwei said that the "four overall's" in actuality is a combining of two elements--people and things--and can be thought of as the embryonic form of our country's modern scientific management system.

Jiang Yiwei further stated that the so-called overall management of an enterprise is a systematic management principally manifested in three aspects: 1) it involves the entire factory, so that every post and every department does things in line with the "four overalls"; 2) it is a complete process, from product design to production, marketing, and service; and 3) it involves all personnel, everyone doing his bit.

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ECONOMIC MANAGEMENT

PROBLEM OF LESS INCOME FROM HIGHER PRODUCTION VIEWED

Guangzhou GUANGZHOU RIBAO in Chinese 24 Jul 82 p 1

[Article by staff reporter Huang Liangyue [7806 6647 1878]: "The Reorganization of Enterprises Must Stress the Solution to the Problem of Production Increasing But Income Not Increasing"]

[Text] The first batch of 21 industrial and communications enterprises in our municipality are now launching overall reorganization. According to a briefing given by a responsible person of the municipal economic commission, the purpose of this reorganization, centered on increasing economic benefits, is to strive hard to realize output and income increases.

From a look at the initial situation in the first batch of enterprises on the industrial and communications front to undergo overall reorganization, we see that in many enterprises the problem exists, to different degrees, of production increasing but income not increasing. On the surface, for years running there have been big increases in the production and profit of these enterprises, but if we analyze the important economic indices such as product unit cost, total profit, and profit rate per 100 yuan of value, we see that the production costs of some enterprises have been rising year by year and profits have been falling, so that production increases but not income.

For example, in 1970 the cost of producing one 16-inch fixed-speed electric fan in an electric fan factory in this municipality was 92 yuan, but in 1981 the cost had risen to 122 yuan, an increase of 20.49 percent. Because of this, although the factory's average rate of production growth over the past 3 years has gone as high as 47.83 percent, its profit per 100 yuan of output value has fallen from the 32 yuan in the past to 5.9 yuan, and the enterprise's profit level has taken a big drop. There are analogous situations for some other key products of light industry.

Why is it that some enterprises increase their production but not their income? From an niitial investigation and analysis, the principal reason contains the following aspects:

First of all, the rate of production development and the economic benefits are not unified. The profit obtained by many enterprises depends on the "four arrangements" (arranging output, arranging equipment, arranging

manpower, and arranging financial resources--costs not calculated). The result of solely arranging output is high output and low economic benefits. Workers call this way of doing things "savage production and high-priced profits."

When management of an enterprises is chaotic, economic benefits are poor. The concentrated reflection of an enterprise's not carrying out the economic responsibility system internally is that production management is chaotic, consumption of raw and processed materials is high, and the enterprise's management expenses are large. This is a "common failing" of most enterprises. In one industrial company, there are 11,000 staff and workers and over 1,000 management personnel, and the company's monthly management expenses alone reach 300,000 yuan. Because enterprise management in a factory that produces television sets was chotic, the quality of its products was not up to standard. The products were slow-selling and became overstocked, and the factory was forced to handle the situation by cutting prices drastically, thereby causing the state economy to suffer a loss.

An excessive quantity of outside processing drains the profit of an enterprise. In recent years, many enterprises have had a "special interest" in outside processing. The production of one flashlight requires 74 outside processing points. Practice proves that if there is an excessive quantity of outside processing, the disadvantages outweigh the advantages. For example, take the cost of electroplating one flashlight. If the factory does the electroplating itself the cost is about 0.17 yuan, but if the flashlight is sent out of the factory for processing the cost is 0.39 yuan, and the enterprise increases its freight volume by shipping it out and back. Because of this, the amount of money defrayed last year for outside processing costs in flashlight production was as high as 9.25 million yuan. While the output of flashlights last year was 23.77 percent higher than that of the year before, the profit realized was only 1.8 percent higher. Workers say: "If this drain on the profit of enterprises is not stopped, the enterprises will become anaemic."

If the proportion of self-marketed products in an enterprise's profit is excessively large, the contradiction of the enterprise's economic benefits being poor will be concealed. In reforming the economic system the appropriate expansion of an enterprise's right to market its own products is advantageous for encouraging the enterprise to increase production and for invigorating the economy. However, if the proportion of self-marketing is excessively large there will be side effects. Because the prices of self-marketed goods are high and more profit is obtained, it will be very hard to judge the good and bad in building up an enterprise. For some enterprises the self-marketing profit accounts for half of a year's total profit. This is an abnormal situation. The "increased income" of these enterprises was not the result of painstaking building up of the enterprises, but depended on "wealth obtained from profit on self-marketed products," and this indirectly damaged the state's interests. At the same time, it also conceals the contradiction of an enterprise's economic benefits being poor.

In addition, the rise in the prices of raw materials and the resultant excessively heavy burden on the enterprise is also one reason for an enterprise's increasing production but not increasing income.

Viewing the above-mentioned situation, we see that enterprise reorganization should focus on the problem of increasing production but not increasing income, and make it a major part of the reorganization. First of all, we must further raise the understanding on the part of leaders at all levels of the overall reorganization of enterprises, so that they switch the base of production to one of improving economic benefits, integrate it with the factory's own production reality, and explore new ways that both increase production and practice frugality and that are able to improve economic benefits, thereby unifying the rate of production development with economic benefits and effectively changing the present situation in which enterprises employ the old method of the "four arrangements" to obtain "hig-priced profits." With regard to other problems, they should suit the remedy to the case, take really feasible measures, and be sure, through overall enterprise reorganization, to raise further the management level of industrial enterprises in our municipality and to improve further economic benefits.

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FINANCE AND BANKING

THEORETICAL PROBLEMS IN SAVINGS DISCUSSED AT NATIONAL SYMPOSIUM

Beijing ZHONGGOU JINRONG [CHINA'S BANKING] in Chinese No 17, 4 Sep 82 pp 12-14

[Article by Jin Mi [6855 3125]: "Several Theoretical Problems in Savings Explored"]

[Text] The China's Banking Academic Association recently held a national symposium in Chengdu on the theory of savings. More than 60 persons, including experts, professors and research workers in economic and banking circles and workers of the savings departments were invited to this symposium' and more than 40 academic theses were presented. The meeting analyzed the new changes in the savings of the urban and rural population, discussed the significance, role and necessity of savings under socialist conditions in our country, and conduct a study in certain theoretical problems in savings under the new conditions. The meeting held that savings are not only a kind of professional work for the banking departments, but also an important issue in economic theories involving the spheres of production, distribution, exchange and consumption in the national economy--an issue which should be carefully studied.

New Changes in Savings Signified the Effects of Economic Readjustment

At the meeting, the savings departments presented a large amount of statistical figures to show that since the Third Plenary Session of the 11th Party Central Committee, the political stability and unity in the state and the implementation of the series of correct policies have brought about a great change in the savings of the urban and rural population as shown by the rapid increase in savings deposits, the large number of savings accounts, and the long duration of fixed deposits. Everyone agreed that the large-scale increase in savings deposits reflects the increase in people's income, their concern and support for national construction, and their full confidence in the future of our national economic development.

Some comrades said: The large-scale increase in the people's savings deposits shows that following the state's readjustment of the ratio between accumulation and consumption, the income of the broad masses has increased and the peasants and workers now have more money on hand. Therefore, the

increase in savings deposits has now a certain material foundation. At the same time, in the course of the first and second distribution of the national income, some changes have occurred in the flow of funds, because part of the financial revenues became social funds and then bank deposits. These changes reflect the results of the state's economic readjustment and restructuring.

Other comrades pointed out that the economic readjustment, the increased production of consumer goods and the new damands of consumption have prompted the increase of varieties and the upgrading of products and thus promoted the growth of production. At the same time, the increase in people's income and savings supplies funds for production development. Thus the several links of increased income for the people, changes in the pattern of consumption, increase in savings deposits and development of production have combined to form a progressive spiral. The large-scale increase in savings is precisely the initial sign of this progressive spiral in the national economy. The people's savings deposits, based on this progressive spiral in the national economy have great vitality and a promising future.

The Necessity and Role of Savings Under Socialist Conditions in Our Country

There were already debates on the necessity and role of savings under socialist conditions in our country way back in the 1950's. At that time, some people held that since savings did not reduce the volume of money in circulation, they could not help in regulating the supply and demand of commodities on the market. Furthermore, the state had to pay interests, and it would be better not to have savings deposits after all. Now another argument has been advanced on the same question. For example, some comrades feel that the savings absorbed by the bank represents the purchasing power of the possessors of money who have not yet purchased commodities in state-owned stores, while the money in circulation on the market also represents the purchasing power of the possessors of money. Therefore, they are actually the same. In computing the people's purchasing power according to the regulations in the system of statistics, the people's savings deposits and the money in circulation on the market are all treated in the same way. Thus they feel that deposits can be replaced by the issuance of currency.

Many comrades did not agree with this view, which, in their opinion, ignores the necessity and the role of savings under socialist conditions in our country. Although the currency issued and the deposits of savings are considered as the sources of funds for the bank and are listed as liabilities according to banking statistics, they are in fact different. Money is an ordinary equivalent at the disposal of its possessor, and can go into circulation by making purchases at any time. There is the element of spontaneity. In the case of savings, however, the possessor of money, out of trust, transfers to the bank the rights of disposition of the value represented by the money, and thus the bank can carry out its functions of regulation and forecasting in a planned way. Through the medium of the bank, savings deposits will become funds with the characteristics of turnover and proliferation; cash on hand, however, can only remain the same in amount. Abolition of savings deposits in the hope for the use of hoarded money may lead to a spate of funds on the market which may become uncontrollable,

causing currency depreciation and price inflation. The consequences may be unthinkable. It is true that savings and money in circulation are treated in the same way according to the national system of statistics. However, in computing purchasing power, the increase and decrease in savings are excluded. Savings generally increase every year, while cash can either increase or decrease, and there is an element of unpredictability. Hence the difference between savings deposits and cash on hand.

Still other comrades pointed out that savings, as a form of the safekeeping of wealth, is the outcome of development in commodity and money economy, and a special function of the bank during the development of the capitalist credit system. One of the special features of savings is that small amounts of idle funds can be combined and transformed into a might monetary force. This is one of the special economic functions of the bank. When commodity and money exist under socialist conditions, the national income can be distributed in the form of value or in kind. There is a time lag between distribution in value and distribution in kind, or between the stage of production and the stage of consumption in daily life. If this time lag is utilized, we can mobilize or accumulate the social funds and change consumption, deep the wealth in the form of monetary value for future use. This makes it objectively feasible for banks to undertake savings deposits. Savings, as a form of economic mechanism in monetary credit, is indispensable and must continue to develop.

Will Savings Become "a Tiger out of the Cage"?

Some comrades felt that savings can be of little value in stabilizing the market prices. Normally, when part of the money has gone into savings deposits, people may feel that the money in circulation is by no means excessive, and that the availability of commodities seems to correspond with the volume of money in circulation. However, once the state encounters certain extraordinary difficult and the people withdraw their savings in large amounts, the withdrawn funds and the money they have on hand will be like two "tigers out of the cage" making their way to the market. This will further aggravate the market situation. Many comrades held that this viewpoint is wrong and harmful. Facts have proved that the large-scale increase in savings deposits in recent years has played a remarkable role in regulating monetary circulation, in postponing the use of purchasing power and thus reducing the pressure on the market. When there is political stability and the basic stability of prices under socialist conditions in our country, along with the increase of people's income and the implementation of correct interest policies, savings will steadily increase. Furthermore, because of our policy to stabilize the currency, serious currency inflation will not occur. Therefore, under ordinary conditions, savings will not have any serious ups and downs, and will not become "tigers out of the cage." During the 3 years of difficulties from 1959 to 1961, savings deposits were reduced from 6 billion yuan to 4 billion yuan. Instead of all "making their way to the market," a large portion of it still remained as deposits.

Is Saving a Form of Accumulation?

During the discussions, many comrades disagreed with the view that savings cannot be used as construction funds because they came from the disparity between the social purchasing power and the availability af commodities. Many comrades agreed that savings are a form of accumulation.

Some comrades said that in addition to the direct accumulation transformed from the surplus products in society, there is also indirect accumulation in socialist accumulation. This indirect accumulation refers to the former compensatory funds and consumption funds. Through credit, these funds, under certain conditions, can become accumulation funds to be used in expanded reproduction or in increasing the material reserve. That is why credit is a type of indirect accumulation. According to Marx, credit is the assistant, the supplement, and the lever of accumulation.

Is there any material security for the funds accumulated from savings? Many comrades held that the distribution of funds in the national income is the monetary expression of material distribution. Both represent a deduction from the total social products. Savings comes from that part of consumption funds, formed of the economic value created in past years, and that part which is at the disposal of individuals. In other words, they have been parceled out of the total social products through the first distribution of national income. Therefore, we should say that they have material security. As the process of funds distribution and material distribution is complicated, it will require a concrete analysis of the process of objective economic movement to determine if these two forms of distribution are consistent with each other. In making use of the funds accumulated from savings for the grant of short-term and medium-term loans in support of the equipment renovation and technical transformation among the light and textile industries, the bank plays an important role in increasing the supply of good on the market and readjusting the economic structure.

The Relationship Between Savings and Consumption

During the discussions, many comrades held that savings, which come from the increase in consumption funds and in the people's income, should finally be spent on consumption. Therefore, in developing savings deposits, attention must be paid to the question of consumption. The relationship between savings and consumption is mainly shown in the following aspects: 1) The increase in savings deposits is first decided by the increase in consumption funds. 2) The change in people's consumption pattern increases the need for savings among the people and raises the percentage of savings. 3) The stability of market prices and people's savings while waiting to make or to choose their purchases have increased the stability of savings deposits. 4) Because of the increase in people's income and the expansion of source of savings, the sales of commodities and savings deposits increase simultaneously. 5) In view of the present market situation, we should conditionally and selectively carry out experiments in consumption credit, the combination of deposits and loans, and guidance in consumption.

Instead of restricting people's consumption, the purpose of developing savings deposits is to help them spend money more fruitfully so as to improve their livelihood. This is the requirement according to socialist economic laws as well as the starting point and end-result in developing savings deposits.

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FINANCE AND BANKING

THEORETICAL, PRACTICAL PROBLEMS IN SAVINGS DESCRIBED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 17, 4 Sep 82 pp 9-12

[Article by Liu Hongru [0491 7703 0320]: "Develop Savings Deposits, Promote Production, Provide Guidance for Consumption"]

[Text] In the past several years, people's savings deposits have grown rapidly. Work in savings deposits is now enjoying a much higher social position, and the ratio of such deposits to the sources of funds is now continuing to rise. The funds thus accumulated are also playing a more active role in socialist construction. The Party Central Committee and the State Council are now attaching great importance to this work which, in their opinion signifies political stability, economic development, the rise of people's living standards, and the confidence of the broad masses in socialist construction. The leading comrades have time and again stressed the need to accumulate funds by attracting more savings deposits. Here, I would like to present some views on practical work for our comrades' study and reference. The central topic of what I am to speak about is: develop savings deposits, promote production and provide guidance for consumption.

Since the Third Plenary Session of the 11th Party Central Committee, the rapid development in the political and economic situation has brought great changes in savings deposits as mainly reflected in the following three aspects:

(1) A New Situation in Savings Deposits Characterized by Rapidity, Broadness and Stability in Urban and Rural Areas

First, rapidity. This refers to the rapid increase in savings deposits. In the 3 years from 1979 to 1981, savings deposits in urban and rural areas increased by 31.3 billion yuan which was 2.5 times the total increase in the previous 30 years.

Second, broadness. This refers to the broad area in savings deposits. According to statistics, at the end of 1981, there were 134.53 million households, a 58.4 percent increase over 1978, having savings deposits in the urban and rural areas. The per-capita savings in the country was 22 yuan in 1978 and 53 yuan in 1981.

Third, stability. This is shown by the increase in the ratio of fixed deposits or long-term deposits. The number of fixed deposit accounts has remained steady above 80 percent in cities and towns and above 60 percent in the countryside. In 1979, 29.7 percent of the fixed deposit accounts were from 3 to 5 years; in 1981, the ratio rose to 46.58 percent.

(2) A Stable Situation of "Saving Money and Selecting Purchases" Along With the Increase in People's Income and the Change in the Pattern of Consumption

According to investigations conducted by the relevant units on 46 cities including Beijing, Tianjin and Shanghai, the monthly income for each person in a worker's family was 38.64 yuan in 1981, an increase of 12.31 yuan, or 46.8 percent over 1978. If price increase is excluded, the actual income increased by 31.3 percent. The increase of job opportunities has reduced the workers' burden. In the past 3 years, the increase in the peasants' income was equivalent to 2.24 times of the increase in 20 years from 1957 to 1976. Their cash income has also markedly increased.

The pattern of consumption has also changed. According to the figures supplied by the relevant unit after comparing 1981 with 1978, clothing rose from 23.1 percent to 25 percent; the commodities for daily use rose from 14.2 percent to 15.2 percent; food reduced from 58.6 percent to 56.6 percent (or 51.9 percent if the increase in prices is excluded); and fuel was reduced from 4.1 percent to 3.2 percent. More purchasing power is now used on clothing and commodities for daily use, and the people have also bought fairly large amounts of durable consumer goods. This shows the marked improvement in people's living conditions in the past 3 years.

Because of the increase in income and the change in the pattern of consumption, a stable situation of "saving money and selecting purchases" is beginning to emerge. Also because of the basically stable commodity prices and the fairly plentiful supply of commodities, panicky purchases, commonly seen in the past, are now rare. Instead, the consumers are now carefully selecting what they want and making comparisons. Some people are saving their money while waiting for the price to drop or until they find their choice. Investigations conducted everywhere have shown that the people now have more surplus money. According to the data of investigations by the relevant units, the surplus funds of people in the urban and rural areas (or their surplus purchasing power in the form of either cash on hand or savings deposits) amounted to 3.3 percent in 1978 and rose to 8 percent in 1981 of their income.

(3) The Increased Role Played by Savings Deposits in the National Economy

Among the sources of funds for bank loans, the proportion of savings deposits has increased rapidly. In the cities and towns, the ratio of savings deposits to the total bank deposits was 12.6 percent in 1978 and increased to 17.4 percent in 1981. With the addition of savings deposits in the countryside, or the addition of 31.3 billion yuan to the savings deposits in the urban and rural areas in 3 years, the total has accounted for 38.9 percent of the increase in all deposits. These savings have become a fairly steady source of funds during the present financial difficulties in the course of our economic

readjustment. With these funds, the banks have supported production, construction and the development of commodity circulation. In these several years when the government's allocation of circulating funds is rather small, bank loans of various types have increased by 91.4 billion yuan, and one-third of this amount came from savings deposits. At the same time, savings deposits have also helped to regulate the circulation of currency, reduced the pressure on the market, and provided guidance for consumption.

The new development in savings deposits has brought with it a series of theoretical and practical problems, including the problem of understanding among bank workers. These problems should be conscientiously studied.

(1) The Question of the Need for Savings Deposits

The development of savings deposits is an objective necessity in historical development and is independent of the will of people. In history, keeping wealth as a means of preserving value means keeping money, which has now developed into the form of credit. As to the role of credit, Marx summed it up as two different functions: First, saving expenses in circulation. Keeping money is unsafe and inconvenient, and moving it here and there involves great expense. Therefore, the substitution of credit for money in safekeeping can reduce the expenses of circulation. The second function of credit, which is also important, is, in common language, transformation. What is transformation? An amount of money deposited in the bank and later loaned out cannot itself be increased. However, some transformation has taken place. One part of the transformation is quantitative, because the accumulation of small deposits may become a huge monetary force, and this was what Marx called a special role in the bank. The other part of the transformation is qualitative, because the money collected from various levels is transformed into capital. In the capitalist society, capital is intended for the exploitation of surplus value. In socialist countries, it becomes loans to be used for production and circulation. Thus a qualitative change has taken place. From the standpoint of the masses, this is a change from consumption into production or construction funds. This change can take two forms, namely, state credit and bank credit. State credit is in the form of bonds or treasury bonds, while bank credit can take the form of savings deposits. The advantage of bank credit is that it does not infringe on the rights of ownership, that people are free to deposit or withdraw their money and that it carries interests, and the interest rate is slightly higher than the price index. This portion of funds can be stabilized by economic means. Furthermore, although the absorption of deposits in the form of bank credits and the collection of funds in the form of state credits put both the bank and the state in the position of debtors, there is some difference between them. The bank receives deposits and permits withdrawals. However, along with the development of production and the increase of income, the relatively stable portion of deposits will gradually increase, and the bank does not have to face the financial problems of paying debts with interests all of a sudden.

Are cash and savings deposits the same in form? I will say that it is not, the main difference being that the bank can in a purposeful and planned way turn consumption funds into production and construction funds. Capitalist

countries classify the supply of currency into different grades according to the characteristics of its circulation or the extent of its purchasing power, with the more mobile part placed ahead of the more stable part. The purpose of this grading is, first, to study the prices and currency inflation, because the more mobile the currency, the more likely will it be to upset the market and to cause price inflation; and secondly, to study investment (including loans), or to find out how much money can be used in investment. Excessive investment will bring about more direct purchasing power, and prices will increase. Therefore, the control of investment has to be studied. This may serve the purpose of reference by us. Although the money in our country is not classified in the same way, we are actually studying the relationship between its stability and mobility by classifying it into cash, current accounts and fixed deposits, and then systematically turn the consumption funds into production funds, and the long stable portion of them into construction funds. If large sums are involved, and the money is not classified into cash and bank deposits, it would be very complicating for us to plan by relying on our study in the stability of the cash on people's hands.

Therefore, the objective laws embodied by credit are in the final analysis the laws of saving, or the laws of saving labor time. Credit helps to save expenses in circulation on the one hand and plays the role of transformation on the other. The idea of transformation is to speed up the turnover and use of funds in the entire society and to make use of the temporarily idle funds. The functions of banks can be summed up in two sentences: "Use everybody's money to work for everybody" and their value is in the word "transformation." This means money-saving on a social scale, because "if you do not use the money for the time being, I will use it," and the question of "marrying one daughter to two husbands" does not arise. The fact is that the banks use the money only when it is not needed by the people; and when the people need it, the bank does not use it. At the same time, the use of funds through bank credit and economic means is more effective in improving the economic result of funds. In short, savings deposits are a natural outcome of historical development as well as an objective necessity according to the laws of saving. They are indispensable to socialist planned economy.

(2) Will Savings Deposits Upset the Market?

There are three different conditions to account for the increase in savings deposits: First, saving money to buy something big; second, holding enough money while making the choice of articles; and third, setting aside money for use in the distant future, or building up a personal reserve fund. At present, we cannot say that compulsory savings have been completely eliminated; however, they are being gradually reduced, while other forms of savings, such as saving money while waiting to make or to choose purchases and building up reserve funds, are increasing. If the latter has occupied the dominant place, then there is not much likelihood of their upsetting the market.

Some comrades have pointed out that personal income cannot be equated with purchasing power. This sounds reasonable. Along with the increase of income, individual surpluses, that is, the portion for savings deposits, will also continue to increase. Right now, there may be many people saving money for their

purchases, and a little later, there will be more people keeping their money while choosing their purchases. Finally, personal reserve funds will increase too. When production is well developed and the supply of commodities is abundant, there will be increased income, surplus funds and savings deposits. This is certainly a good sign.

It is true that under extraordinary historical conditions, savings deposits may upset the market. This happened in our country in the early 1960's when we had hard times. At that time, the total deposit balance was some 6 billion yuan, of which only 2 billion yuan were taken out for circulation and the remaining 4 billion yuan remained intact. The market soon became stabilized. Since ours is a socialist country, I feel confident that our party and state can adopt suitable measures to get over their difficulties under extraordinary conditions. They would never let the difficulties drag on for a long time; such a situation has happened in the past, may happen now, and will happen in the future. We have full confidence in this regard, and will unswervingly develop our savings deposits according to the established policies of the central government.

(3) Can Savings Deposits Be Transformed into Construction Funds?

Savings and construction funds have always been interrelated in the past; this is nothing new. In a broad sense, savings include personal savings, rural savings and the savings of enterprises and public agencies. In the past, there has always been a portion of these savings used as production and construction funds, and they became additional investment. For many years, financial allocations have not been enough for the fixed circulating funds of the industrial and commercial enterprises, and had to be made up with bank loans. Again, the state's commodities kept in reserve should have been covered by financial allocations. However, since such allocations were not enough, the bank had to make up the difference. For many years, the bank had granted equipment loans in the countryside too. All these funds should have come from the accumulated funds out of the state budget, but this could not be arranged and the bank had to use the deposits to solve the problem. In foreign countries, savings and accumulation are also linked together. That is why the personal savings, collected in the form of bank credit or state credit, have always been connected with accumulation and investment.

As to how much out of the savings deposits can be transformed into construction funds, the amount should be carefully considered. In the past 3 years, the total amount of our short-term and medium-term equipment loans was increased by approximately 10 percent. This amount cannot be too large, because in arranging the order of funds, we have to give first priority to what is required for ensuring production and turnover in circulation, and then support the industrial and commercial enterprises by making up the shortage of allocation for their fixed circulating funds and the portion of funds for long-term use. Finally, we consider the needs of construction. This order cannot be reversed. The present margin of increase in our loans is 10 percent. How wide will this margin be in the future? This question deserves to be studied. The effects of this 10 percent increase are quite obvious. This was how the State Economic Commission evaluated the situation recently: In the past 3 years, a total of

5,330 million yuan was granted as light industry and textile industry loans; the construction period was generally 1 to 1 year and a half; and each yuan loaned could increase the output value by 3 yuan, and increase the tax and profit by 0.8-1 yuan. These are remarkable economic results; the loans have played an important role in promoting the continued growth of the light and textile industry and in increasing state revenues. Of course, the short-term and medium-term loans too have sometimes produced poor economic results because of blind action and waste. These experiences should be carefully reviewed and great efforts should be made in corrective action. What we have talked about are problems of quantity, and there are also problems of materials. Materials as a whole can be transformed. Since the further readjustment of the economy carried out last year, the scale of capital construction has been reduced and some means of production have become stockpiled. If a portion of funds is used to support equipment renovation and technical transformation in the light and textile industries, we will be able to make use of some of the overstocked means of production. In this way, we can not only revitalize the heavy industry, but also increase the output of light and textile industrial products and strengthen the withdrawal of currency from circulation. Will the short-term and medium-term loans be duly backed up by material security? In this respect, we are now relying on two factors. First, the main portion of these loans is classified as special loans, and the State Planning Commission and the State Economic Commission have to transfer special funds and materials for this purpose so as to ensure a balance between funds and materials. Secondly, we demand that every loan be coordinated with materials.

(4) Will Consumption Be Restricted by the Increase in Savings Deposits?

In outward appearance, when the total income remains unchanged and consumption is increased at a certain income level, savings deposits will be reduced; on the contrary, if savings are increased, consumption will be reduced. Actually, according to the order of economic life, there must be income before there can be consumption, and there must be surplus before there can be savings. Therefore, as long as the work of savings deposits is carried out in accordance with set policies whereby deposits and withdrawals can be made voluntarily and conveniently instead of being made under coercion, savings deposits cannot affect the sales of commodities. According to actual experience, however, consumption and savings grow simultaneously. In 1979, consumption by the urban and rural population increased by 16.7 percent and savings deposits increased by 33.4 percent (because of wage increase in that year). In 1980, consumption by the urban and rural population again increased by 22.1 percent, and savings deposits increased by 42 percent. Again in 1981, the consumption was increased by 11.9 percent, and savings deposits were increased by 31.1 percent. During the hard times in our history, both consumption and savings deposits were decreased.

There is also the problem of providing guidance in consumption. In other words, the purpose of developing savings deposits is on the one hand to transform consumption funds into construction funds, and, on the other hand, to provide guidance in consumption so as to raise the people's standard of living. Both requirements are indispensable. That is to say, savings lead to consumption, consumption promotes production, and production helps to increase savings

deposits as well as consumption. At the same time, in our work, we must adopt the policies and measures helpful in guiding consumption. For example, when the supply of commodities is fairly abundant, even to the point of stockpiling, the bank can consider granting loans to the selling party so as to promote sales, revitalize production and promote the circulation of funds for the enterprises. Loans can also be granted to the consumers, and some local banks have already begun their experiments in extending loans for buying commodity houses. This is just one example. In handling purchase savings, we should also bear in mind the need to guide consumption effectively. For example, we can accept deposits in small amounts to be withdrawn later in a large lump sum. This will help the masses accumulate their money in small amounts for the purpose of durable consumer goods. In rendering our service, we should also study the way to guide consumption more effectively so that our work in savings can be more flexible.

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FINANCE AND BANKING

PROBLEMS WITH STAGNATION OF CIRCULATING FUNDS CITED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 18, 19 Sep 82 pp 1-5

[Article by Zhu Tianshun [2621 3944 7311]: "Vigorously Speed Up the Turnover of Circulating Funds"]

[Excerpts] The turnover of circulating funds has a bearing on the spheres of production, distribution, exchange, and consumption. It is the barometer of national economic activities, and it can determine whether the speed of industrial and agricultural growth is realistic or exaggerated. If the national economy develops harmoniously in a planned and proportionate way, circulating funds will take the course of a progressive spiral; otherwise, there will be a vicious cycle.

Circulating funds can serve as an instrument for checking the level of management in the national economy. The speed of the turnover of circulating funds, either accelerated or retarded, is closely related to the level of planning and management in production, technology, finance, production costs, and business operations. If the level of planning and management is low, if macroeconomic results and the overall balance are neglected, if production and marketing become disjointed, if technology is backward, and if inferior goods are sold at high prices, then overstocking will result, thus slowing down the turnover of circulating funds. That is why the responsible comrades on the Party Central Committee and the State Council are so concerned over the question of circulating funds and have called on us to include the management of circulating funds on the agenda of our important meetings in order to speed up the turnover of and gradually accomplish a progressive spiral for circulating funds.

How Circulating Funds Are Being Used at Present

In the first half of this year, the various departments and localities began to attach importance to an improvement of economic results, and efficiency in the use of circulating funds has been rasied. The rate of increase in the use of circulating funds by state-run industrial production enterprises, as included in the national budget, was lower than that of the increase in revenue from production and sales; the circulating funds used for every 100 yuan in sales was 32.56 yuan--a 4.3-percent decrease below the same period last year. A new trend of increased output, increased sales, and quick

turnovers has begun. This shows the great achievements of the line adopted by the Third Plenary Session of the 11th Party Central Committee. Our national economy has already passed its most trying period and has begun to embark on the road of steady and healthy development.

However, the situation of excessive use of circulating funds, slow turnover of these funds, and poor results has not yet taken a basic turn for the better, and we still need to do a great deal of work for a long time. At present, the following problems should deserve attention:

First, capital construction ties up a fairly large portion of these funds during the upswing in heavy industry. This year, heavy industrial output is increasing every month. This is a sign of improvement in our national economy. However, according to the sales of heavy industrial products, the portion of funds being tied up in the expansion of capital construction is quite large. We must guard against any blind action in starting capital construction projects, because such action not only will disrupt the supply of materials by intensifying the pressure on the "three major materials" and energy and on transportation facilities, but also will increase the use of circulating funds.

Second, the overstocking of consumer goods for daily use is still quite serious. By the end of June this year, the proportion of finished goods in stock among state-run industrial production enterprises throughout the country was 10.8 percent greater than for the same period last year, and the circulating funds used amounted to 20 percent of the total amount, or 8 percentage points more than the 12 percent in normal years. Among the commercial departments throughout the country, the proportion of unsalable goods to the total amount of goods in stock increased by 33.3 percent over the same period last year, and the proportion of these goods to the total amount of goods in stock in the entire country increased from 9 percent at the end of June last year to 11 percent.

Third, in the course of marketing, there are too many intermediate links between supply and sales. It is true that intermediate links are entirely necessary for the distribution of supplies; however, if there are too many links, they can easily cover up the overstocking by moving the goods from one place to another and thus use up more funds.

Fourth, the turnover of circulating funds is still very slow. In the first half of this year, the number of days required for the turnover of circulating funds among the industrial enterprises throughout the country was 37.3 days more than the normal number in 1965. In the same period, the number of days required for this turnover among the departments under the former Ministry of Commerce was 34 days more than what was considered in the past to be satisfactory.

Such a situation in the turnover of circulating funds reveals several problems in the national economy.

First: a contradiction between speed and results, which is also shown as a contradiction between production and management. There is still a tendency toward stressing output value and speed but neglecting efficiency and management, or paying attention only to production but not to marketing. Some enterprises or localities "stress results" early in the month and "strive for speed" by the end of the month. They only pay lipservice to results and are actually striving for speed, and the overstocking of some goods is still very serious.

Second: a contradiction between microeconomic results and macroeconomic results. In some enterprises, production is determined by the amount of profits instead of by market demand. Cloth made of chemical fibers are now seriously overstocked because they can yield profits for the enterprises. The output value of polyester-cotton gray cloth is more than eightfold, and the profit it yields is six times that of pure cotton cloth. As a result, the enterprises gain the benefits and society has to suffer. Some light industrual goods cannot be sold because of their inferior quality and high prices, but the enterprises continue to produce them. If the commercial departments do not procure them, the plants will use the method of consignment as a means of covering up the contradiction between production and marketing.

Third: a contradiction between production and circulation. The lack of coordination between production and marketing between the cities and the countryside, between industry and commerce, between industry and foreign trade, within industry itself, and between wholesale and retail sales is now quite common. According to information from the Shanghai branch, commercial pharmaceutical products were seriously overstocked 2 years ago, but the industrial departments continued to produce them on a large scale, and the commercial departments were compelled to procure them. The losses incurred as a result of writing them off or selling them at reduced prices totaled some 21.33 million yuan. There was an upswing in the sale of pharmaceutical products early last year, but the commercial departments still asked the industrial departments to reduce their output. In the second quarter of the same yaer, the supply of some drugs was not sufficient to meet the demand; now, the commercial departments have requested that the output be greatly increased. Although the industrial departments overfulfilled the original production plan by 26 percent, more than 100 kinds of drugs were still out of stock.

Fourth: a contradiction between credit controls and local finance. Some localities are concerned only about financial revenues but pay no attention to social economic results. Some basic-level banks have also relaxed their credit controls.

These problems, which are rather common in our national economic activities at present, should be studied and gradually solved in accordance with the principles and policies of the central authorities.

What Principles Should Be Upheld in Handling Loans for Circulating Funds

In line with the requirements of the national economic readjustment, the principles which should be upheld in handling loans for circulating funds are as follows:

Promote and provide guidance to the industrial departments in the production of good, low-priced, easily marketable commodities. The relationship of commerce to production is that of promotion and guidance. Promotion means the promotion of economic development, and guidance means guidance to the production departments in the production of easily marketable products. The same relationship is suitable for banking. The bank's work in relation to production is not confined to the extension of loans. By strengthening its work in economic information, the bank should play its role as an economic lever in promoting and in guiding the production enterprises in producing new designs and varieties, in improving the quality of products, and in lowering production costs, so that easily marketable goods of good quality and with low prices can be produced.

Clear the channels for the circulation of goods, and readjust credit plans flexibly. A leading comrade on the State Council pointed out recently that two jobs should be attended to in solving the problem of serious overstocking. The first is to clear the channels for commodities between the cities and the countryside and to increase sales; the second is to carry out a timely readjustment of production plans and to restrict production. This means providing planning guidance in a flexible way. The bank also should, on the one hand, promote an exchange of materials between the cities and the countryside, and a balanced supply and demand, in wholesale as well as retail sales. On the other hand, it should flexibly readjust its credit plans on the basis of the readjusted production and production-restriction plans.

"Determine production on the basis of marketing," under the guidance of the principle of the leading role of the planned economy and the supplementary role of market regulation. At present, the poor economic results of circulating funds are evidenced mainly by slow turnover, unwanted products, and the overstocking which goes hand in hand with production. Therefore, we propose that loans be determined by marketing, so as to encourage production enterprises to determine their production on the basis of marketing, and to encourage commercial enterprises to determine their procurement on the basis of marketing. In short, we must all adapt our activities to social needs and produce more of those goods whose sales are brisk, restrict the production of those whose sales are sluggish, and halt the production of those which are unwanted in the market. However, the determination of loans on the basis of marketing must be carried out in accordance with the principle of the leading role of planned economy and the supplementary role of market regulation. Instead of "extending loans as long as the goods can be sold," we must also consider whether the loans conform to the goal of socialist production and state plans. Of course, production plans should also be consistent with market needs. At the same time, granting loans on the basis of marketing cannot be carried out in a vague and general way. We must seek truth from facts and study the turnover of funds, marketing funds, and other scientific accounting methods.

Carry out experiments with a floating interest rate. The Chongqing branch of the People's Bank recently tried out a floating interest rate for their loans, mainly for sales funds. Such an interest rate, which rewards the good and punishes the bad, is an important means for the bank to play its role as an economic lever. Other localities have also carried out this experiment and their experiences should be summed up. The key to the working of this rate is to find an advanced average level of the use of funds and turnover of funds. This level must be attainable, provided some efforts are made. As an economic lever, the interest rate should be able to play its role in setting up economic and technological indices to be used as the average level for the whole society. It should play its role in combination with taxation, pricing, and other economic levers. At the same time, there should be a limit to the floating character of interest rates. If some enterprises have been repeatedly punished and still continue to sell goods of inferior quality at high prices, or to produce goods in a sloppy way instead of mending their ways, the bank should stop granting them any loans.

In short, in the final analysis, the question of banking is an economic question, and studying circulating funds calls for the study of economic problems, the observation and analysis of various economic phenomena in production and circulation, concern for production, distribution, exchange and consumption, an in-depth, instead of perfunctory, implementation of the principle of improving economic results, and great efforts to accelerate the turnover of circulating funds.

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FINANCE AND BANKING

BANKS IN LIAONING INVESTIGATE ECONOMIC CRIMES

Shenyang LIAONING RIBAO in Chinese 20 Jul 82 p 1

[Article by Hou Ruifang [0186 3843 5364]: "Giving Play to Supervisory Role of Banks and Cracking Down on Economic Criminal Activities"]

[Text] In order to effect a coordinated crackdown on criminal activities within the economic sphere, people's banks at every level in our province organized over 600 cadres, who from 4 May to 10 June, carried out an investigation of the cash utilization of 2,774 units. They discovered that 556 units had serious problems, 20 percent of the total of units investigated. Of them, there were 21 cases involving the obtaining of illegal income to the tune of 10,000 yuan and above, the total amount of money reaching 1.37 million yuan. Legal sanctions have been imposed on a batch of offenders. The purchasing agent of the small shop attached to the civil administration welfare office in Xiongyue town of Gaixian County colluded with proprietor Yang Zhengjun [2799 2973 6511] and other people of the Xiogyue town fruit store to carry out profiteering activities. The purchasing agent of the small shop bought 300,000 jin of apples from the fruit store at 0.21 yuan per jin and sold them at 0.26 yuan per jin, obtaining the huge profit of 15,000 yuan, and Yang's share was over 7,000 yuan. He has been arrested and brought to justice. In Dalian Municipality, the office of the Shahekou District Bank made a detailed examination of wage payments and discovered that a certain factory in Dalian had made fraudulent applications and claims. Following this lead, the office found that this unit had opened an account in the bank which it rented out to lawless elements more than 30 times and these people had collected 20,000 yuan in so-called management expenses.

During their investigation, the banks, through an analysis of cases of economic crimes, integrated their findings with the rlality of banking work, noted leaks, formulated measures, and further strengthened their management of credit, account settlement, and cash, so that the banks have truly become insurmountable barriers against economic criminal elements.

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FINANCE AND BANKING

BRIEFS

SAVING DEPOSITS--The amount of savings deposits in the cities and towns of our province has broken through the 1 billion yuan mark, At the end of June this year, the amount of money in savings accounts had grown by over 140 million yuan above that at tne end of last year. In the first half of this year, savings in cities and towns increased prorgressively month by month by over 20 million yuan, and the number of people opening new savings accounts increased day by day so that there are now a total of over 6,09 million savers. This shows that the income of the broad masses of staff and workers and of residents has increased and their life has improved. In recent years the People's Bank has set up additional savings banks (boxes), opened more service windows, and added many new banking features such as fixed-sum deposits, interest-bearing time deposits, and housing savings that in many ways suit the masses' needs and make it more convenient for savers to deposit and withdraw money. [Text] [Fuzhou FUJIAN RIBAO in Chinese 18 Jul 82 p 1] 9727

CSO: 4006/591

DOMESTIC TRADE

IMPROVED CIRCULATION OF COMMODITIES URGED

Shijiazhuang HEBEI RIBAO in Chinese 16 Sep 82 p 4

[Article by staff correspondent: "Certain Provisions Concerning the 'State Council Decision on Improving the Circulation of Commodities in Urban and Rural Areas and Expanding the Sale of Industrial Goods in the Countryside'"]

[Text] The Hebei Provincial People's Government recently set down certain provisions concerning implementing the "State Council Decision on Improving the Circulation of Commodities in Urban and Rural Areas and Expanding the Sale of Industrial Goods in the Countryside." The full-text is as follows.

The "Decision" is a major reform of the currently existing commodity circulation system. Earnestly implementing the "Decision" will have a major impact on encouraging industrial and agricultural production, developing a commodity economy and enabling urban and rural markets to flourish. In order to successfully carry out the State Council's "Decision" in line with current conditions in our province, the following provisions were set down.

(1) It is necessary to implement the guiding ideology of the "decision."

The essence of the "Decision" of the State Council is to change the outmoded system of dividing up the circulation of industrial goods according to urban or rural areas and to set up a new system of opening up trade in urban and rural areas according to commodities. It is a new way to expand the sale of industrial goods in the countryside. State-run wholesale companies have undertaken full responsibility for overall planning in urban and rural markets and for resolutely breaking through local blockades. They must organize the circulation of commodities according to economically sound principles and send commodities that suit rural needs to the countryside. They must consult with the masses, expand sales and promote the continued development of industrial and agricultural production. When implementing the "Decision: of the State Council, it is necessary to focus on the basic starting point of expanding the sale of industrial goods in the countryside. All measures which are adopted must be of benefit to expanding the sale of industrial goods in rural areas and meeting the steadily increasing needs of peasants in production and subsistence. The main criteria for evaluating the implementation of the "Decision" is whether circulation channels are opened up, whether industrial goods suit the needs of the peasants, whether

the sale of industrial goods in rural areas has expanded and whether economic benefits have improved.

It is essential to strengthen political and ideological work while implementing the State Council's "Decision" and expand the sale of industrial goods in the countryside. It is necessary to earnestly study and grasp the essence of the "Decision" and to consciously solve questions regarding ideological understanding. In order to successfully carry out the "Decision" of the State Council, it is necessary to foster the ideology of "regarding the state as one big family," to keep overall interests in mind, to resolutely overcome the limitations of departments, to promote handling matters through consultation, to support each other, to take the whole situation into consideration and to work in full cooperation.

(2) County firms must emphasize wholesale trade.

County firms must be geared to the needs of the countryside. They must focus their strength on wholesale selling. They must clearly foster the ideology of having wholesale trade serve retail trade. They must treat basic level supply and marketing cooperatives as their own retail sales departments and improve ties between wholesale and retail trade. They must also rely on basic level supply and marketing cooperatives to successfully do work in supplying rural production materials and industrial products for daily use. As for the structure and arrangement of county firms, they must eliminate duplication and unite firms and wholesale trade. Firm management must directly take charge of wholesale operations. When wholesale strength is inadequate, it must be supplemented and improved.

County firms must have separate and independent accounting for wholesale and retail trade and they must assess operational results separately. The numerous county firms directly under retail sales departments may set up central stores and they may set up retail commercial managerial groups within firms to manage retail enterprises. Counties that have already set up retail companies must sum up their experiences and constantly try to perfect and improve on them. They must make every effort to manage them successfully.

(3) They must actively and cautiously extend the wholesale structure.

When designating points for extended wholesale distribution, it is necessary to adhere to economically sound principles, to have overall planning and to have rational distribution. It is necessary to select major towns that have convenient transport facilities and fixed supply areas. They must have a suitable operational volume and be concerned with economic benefits. The establishment of wholesale extensions at county junctions must be determined by the region.

When extending the wholesale structure, the main thing is to have wholesale outlets jointly run by the state and businesses. This will give full play to the superiority of the capital funds and the supply of goods of state-run firms. It will fully utilize the facilities and staff of supply and marketing

cooperatives and avoid duplicating construction. It will encourage comprehensive wholesale joint management and it will bring about the gradual development from jointly run single product wholesale trade to comprehensive jointly run wholesale trade. Jointly managed stores must emphasize wholesale selling and they must simultaneously manage wholesale and retail trade. Retail sectors must not do business with basic level cooperatives only for products in great demand. Jointly run stores must do what they can to directly stock up with second grade wholesale goods according to rational circulation and enjoy the benefits of third grade wholesale trade. County firms must do good organizational work. Those laying in stocks from county firms must settle accounts according to the price of purchased goods and actual shipment and miscellaneous expenses. Jointly run stores may independently procure varieties that are not available in second and third grade wholesale trade. As for the capital funds of jointly run stores, county firms must put in not less than 10 percent of the store's capital in the form of commodity appropriations. Insufficient county firm investments may be offset by bank loans to jointly run stores. If both parties in jointly run stores increase investments, they must equally calculate interest on bank loans including expenditures. Both parties must agree on profit distribution, on upholding the principle of mutual benefit and on conforming to the spirit of more profit for lower levels and less profit for higher levels. Taxes on the profits shared by both parties must be turned in according to the financial system currently in effect. Jointly run stores that function as independent enterprises must retain suitable construction funds. In jointly run stores that come under the dual leadership of county firms and basic level supply and marketing cooperatives, operational leadership must give priority to county firms and administrative leadership must give priority to basic level cooperatives. Jointly run stores must pay staff salaries and benefits.

As for the relatively small economic sector below the county level, state-run firms may entrust basic level supply and marketing cooperatives to carry out wholesale commission sales of industrial goods or wholesale trade on their behalf in order to make it easier for collective businesses and individual merchants to lay in stocks. Both parties must discuss and determine the discount rate in wholesale commission sales or the service charge for carrying out wholesale trade on their behalf according to the principle of mutual benefit.

It is necessary to continue to successfully run wholesale outlets which are direct extensions of existing state-run businesses. They may continue to experiment with structures that are direct extensions in qualified areas that require them. However, they must utilize existing facilities and strictly control basic construction.

Regardless of whether they have adopted the extended wholesale structure in qualified areas and areas that require it, they must all gradually coordinate expanding the sale of industrial goods in the countryside and the procurement of local agricultural by-products and scraps.

(4) They must actively and cautiously carry out reforms in agency sales and purchase stores in the countryside.

In the countryside agency sales and purchase stores have played a positive role in ensuring supplies in the countryside. With the developing circumstances, certain brigades have demanded that reforms be carried out in agency sales and purchase stores. It is necessary to maintain a positive and prudent attitude in carrying out these reforms. It is necessary to start with actual conditions and uphold voluntary participation while avoiding arbitrary uniformity. It is necessary to thoroughly familiarize cadres and the masses with the decision of the State Council and, in order to fully understand the gist of the decision, it is necessary to consult with them repeatedly. Production brigades must decide whether or not to carry out reforms and they must determine the kind of reform needed. If purchasing and sales agents deem it necessary and with the consent of production brigades, they may change the stores into brigade-run stores with business employees under contract to production brigades. If some production brigade cadres and masses want joint management with supply and marketing cooperatives, they may run experimental jointly managed stores. If large villages and towns want to change over to retail stores, they may do so. Well-managed existing agency sales and purchase stores that people are unwilling to change may raise service charges as appropriate. They must improve management and continue to be successfully run. Remote small towns that lack network outlets may establish sales agents and specialized agents.

Self-managed stores that are under contract to production brigades are collective commercial organizations run by the brigade. They are part of the economy in the socialist collective system of ownership and they are subsidiaries to state-run businesses. It is necessary to earnestly implement state policies on the supply of commodities as well as price policies and tax policies. It is necessary to accept the guidance of basic level supply and marketing cooperatives, to submit to the control of industrial and commercial administrative departments and to adhere to the management orientation of serving the people of that brigade. The form of the contracts must be varied and in line with local conditions. Contractors must not merely guarantee paid-in profits, they must also guarantee business hours, type of management, quality of service, etc.

Self-managed brigade stores must carry on business to meet the daily needs of peasants for kerosene, matches, table salt, lye, soap, soy sauce, vinegar, small articles for daily use and hardware. Originally, agency sales and purchase stores were run with a voucher system for commodities. After they were transformed into self-managed stores, they still sold goods for supply and marketing cooperatives on a commission basis. It is stipulated that self-managed brigade stores must prepare lists of essential commodities. The assortment of commodities must be increased not decreased. It is necessary to continue to do good work in purchasing local byproducts. Qualified brigade businesses must actively do good work in promoting the sale of the byproducts of their brigade and their handicraft items within the scope permitted by state policies.

Self-managed brigade stores may get their stocks directly from nearby state-run wholesale departments at wholesale prices.

As for the capital funds of self-managed brigade stores, emphasis is placed on the brigade raising funds. The masses may also pool their resources. Brigades that do not have sufficient funds may apply for loans.

Once agency sales and purchase stores have been transformed into self-managed stores, commodities and property transferred down by basic level supply and marketing cooperatives may be checked and sorted by purchasing and sales agents, brigade cadres and supply and marketing cooperatives. Funds that have been advanced by supply and marketing cooperatives should be paid back in one lump sum. As for commodities that were left behind by self-managed stores for continued sales, supply and marketing cooperatives must pay the service charge in one lump sum for commission sales according to regulations in effect. These commodities must be listed and registered. There is no need to pay taxes on them again. Particular products that are unmarketable or overstocked may be returned to basic level cooperatives.

(5) It is necessary to depend on basic level supply and marketing cooperatives to do good work in supplying industrial goods in the countryside.

Basic level supply and marketing cooperatives are the primary channel of exchange between urban and rural areas. The key to expanding the sale of industrial goods in rural areas is to give full play to the role of basic level supply and marketing cooperatives in increasing outlets and expanding the area of sales. State-run businesses must firmly foster the ideology of serving basic level supply and marketing cooperatives. They must treat them like they treat their own retail network outlets, they must actively support their management, help sustain their development and depend on them to do good work in supplying production materials and daily industrial products in rural areas. Wholesale enterprises must successfully run sample product offices and continue to support publicizing reserves and sources of goods. They must reduce wholesale starting points, simplify methods for laying in stocks, improve methods for settling accounts and continue to provide superior service. Basic level cooperatives which have taken in commodities from local wholesale enterprises that truly cannot be sold should be allowed to exchange them as long as they are undamaged and unopened. It is necessary to regularly convene conferences for heads of basic level cooperatives and purchasing agents. They must willingly seek criticism and improve their work in wholesale trade. Furthermore, they must regularly send salesmen to basic level cooperatives to learn about changes in the needs of rural markets, help them organize commodity sources that are appropriate for rural markets and revitalize operations.

Basic level supply and marketing cooperatives must fully appreciate their position and function in expanding the sale of industrial products in rural areas. They must also straighten out their management orientation and positively promote the sale of overstocked commodities in wholesale enterprises. They must prepare lists of essential commodities and increase

variety and assortment. In addition, they must frequently lay in stocks and sell them promptly so as to speed up turnover. They must encourage the five employees (purchasing agents, salesclerks, accountants, stock managers, and salesmen) to draw up plans for stocking goods to meet the needs of the market. It is necessary to implement the method of combining retail sales of goods with mobile sales of goods and to carry on traditions that are convenient for the masses such as carrying baskets of goods on shoulder poles and on their backs to sell in the mountains and in the countryside. This will make a contribution to expanding the sale of industrial goods in rural areas.

(6) They must give full play to the role of collective and individual businesses.

Collective and individual businesses in rural areas are a supplementary channel for expanding the sale of industrial goods in rural areas and it is essential to give full play to their positive role. It is also necessary to rectify existing collective and individual businesses and to strengthen their guidance so that they follow the correct course in their development. They must have overall planning in line with the actual needs of rural areas. They must develop whatever businesses they are lacking and make up for whatever deficiencies exist. At present, it is necessary to pay special attention to developing handicraft industries, repairing trades, service trades and collective and individual businesses that deal in tertiary small industrial goods. We must encourage them to go from village to village in rural areas and make up for deficiencies in order to serve the people.

State commercial enterprises must support the correct management of collective and individual businesses. They must treat them equally in providing commodity supplies. Industrial and commercial administrative departments must strengthen their management of collective and individual businesses so that they observe state policies and decrees and be law-abiding in running their businesses.

(7) They must earnestly implement the principle of giving priority to supplying the countryside with industrial productw which are needed by both urban and rural areas.

Based on the spirit of the "Decision" of the State Council and the arrangements of commercial enterprises, without exception the 19 types of major industrial goods targeted by the provincial commercial bureau and supply and marketing copperatives for distribution to meet planning goals in rural areas may not be confiscated by any level. Each and every level must check to see that this is carried out and ensure that these commodities really go to the peasants. It is necessary to promptly replenish those with disproportionate supplies. Wholesale enterprises must make separate arrangements for distributing products that basic level cooperatives are unwilling to accept because they are unmarketable in rural areas.

In addition to those 19 products, supplying all other industrial goods in the countryside that are suitable for rural markets must be given precedence.

Sectors in charge of supplies and construction materials at all levels must list rural targets for steel materials, cement, glass, etc. needed in rural housing construction according to the situation regarding sources of supplies. Goods and construction material sectors that do not have retail network outlets must distribute their goods to basic level supply and marketing cooperatives to deal with the job of providing supplies.

(8) They must strive to launch activities to promote the sale of industrial goods geared to the needs of rural areas.

Rural areas are a major market for industrial goods. Commercial sectors at all levels must shift the focus of attention in expanding the sale of industrial goods to rural markets.

In order to expand the sale of industrial goods in rural areas, second grade centers and county firms must hold meeting to order goods, replenish supplies and expand sales. They must also set times and places for mobile wholesale trade. Furthermore, they must organize ranks of salesmen for industrial products to actively promote the sales and stocking of commodities.

Second and third grade wholesale enterprises and retail units must all set up lists of essential commodities. This is a prerequisite in examining enterprises. As for commodities needed by the masses, they must see that wholesale trade is well-supplied and that retail trade displays all their stock.

Enterprises doing all grades of wholesale trade must adopt flexible management measures against overstocking inventories of commodities. They must encourage retail enterprises to stock up on goods and actively expand their sales. Some could adopt the method of obtaining goods first and deferring payments. Some could adopt the method of moving inventories through commission sales. Others could adopt the method of increasing sales commission rates and wholesale enterprises could hand over the profit to retail enterprises. As for expensive durable consumer goods, they could adopt the practice of installment payments for cadres, staff and workers.

(9) They must improve operational management and improve economic benefits.

Upgrading economic benefits is at the heart of all economic work. Every commercial enterprise must focus on this key issue and perfect operational management to increase economic benefits.

Commercial enterprises at all levels must actively strengthen and set up economic accounting systems. They must establish and perfect the system of responsibility in management. By improving economic analyses, adopting measures that are most economically sound and organizing the circulation of commodities, we can accelerate capital turnover, reduce management links and reduce circulation costs. When establishing and perfecting the system of responsibility in management we must implement the policy of distribution according to work, arouse the enthusiasm of cadres, staff and workers and do good work in buying and selling.

Wholesale enterprises must improve market surveys and market forecasts. They must improve the planning phase of management and provide a rich array of marketable commodities to retail enterprises. It is necessary to improve the coordination of plans in second and third grade wholesale trade and between wholesale and retail trade. When local second grade wholesale enterprises have stocks, third grade wholesale trade should not make purchases from outside areas. When local third grade wholesale enterprises have supplies, retail units should not go outside the area to make purchases in order to prevent duplication of stocks which would create more overstocking.

Wholesale enterprises must not inflexibly lump commodities together for sales to retail units. Retail enterprises have the right to reject the arrangement. Wholesale enterprises must ensure the supply of planned commodities to retail enterprises.

All wholesale and retail enterprises must promptly deal with damaged commodities. All losses that occur are part of the operational profits and losses of enterprises. With the exception of other state regulations, there is no need to owe money.

(10) They must strengthen leadership.

The weakest link in all economic work at the present time is commodity circulation. There are many problems which have affected the development of industrial and agricultural production and the supply of production and consumer materials. It has also influenced the rational growth of state and local financial revenues. The people's government at all levels must focus on these problems. Each locality, municipality and county must charge the assistant director, the deputy mayor and the deputy governor with responsibility for this task. According to the spirit of the "Decision" of the State Council and its provisions, they must integrate the conditions of that area, make specific plans and work on reforming the commercial system. Furthermore, they must pay attention to summing up their experiences and continuing to perfect and improve on them. Departments in charge of commerce, supply and marketing, goods, construction materials, industrial and commercial administration, property taxes, banks, communications and transportation must be closely coordinated. They must make a contribution toward expanding the sale of industrial goods in rural areas. Before the end of September of this year, they must successfully open up channels for the circulation of commodities in urban and rural areas and hail the arrival of a thriving period of buying and selling in rural areas.

9864
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TRANSPORTATION

TEXT OF REGULATIONS ON IMPROVING HIGHWAY TRANSPORTATION

Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO in Chinese 15 Aug 82 pp 549-552

[Text of Provisional Regulation for Improving and Strengthening the Management of Highway Transportation--Jingjiao [Economy-Communications] No 84 (1982), Promulgated on 11 June 1982 by the State Economic Commission and the Ministry of Communications]

[Text] Highway transportation is an important component of the communications and transportation system in our country. During the readjustment of the national economy, it must be actively readjusted, conscientiously reorganized, and systematically developed in order to provide safe, high-quality, highly productive, and low-consumption transportation to serve the construction of the socialist four modernizations.

All provinces, municipalities, and autonomous regions must attach great importance to the work of highway transportation, must provide more active leadership, and, in accordance with the principle of helping production and conserving energy in an economically logical way and under overall planning, must gradually restructure the system of vehicle transportation management, readjust the division of transportation work, and fully arouse enthusiasm in various quarters, so that highway transportation will be more efficiently managed and revitalized to better serve industrial and agricultural production as well as the people in their daily lives.

I. Readjustment of the Division of Work in Highway Transportation

To improve and strenghten the management of highway transportation, all vehicles engaging in highway transportation will be classified into business transportation vehicles and nonbusiness transportation vehicles, with each class bearing its own distinctive sign for easy identification.

Nonbusiness transportation vehicles refer to the private vehicles used by units to serve their own production and their own workers and staff members, without involving the payment of transportation charges by other units or individuals. All other vehicles are considered to be business transportation vehicles.

Business transportation vehicles should undertake transportation tasks within the zones and along the routes prescribed by the provinces, municipalities, and autonomous regions. In serving all trades and undertakings, the business transportation vehicles of the transportation departments should pay particular attention to the handling of key items, supplies in large lots, and materials for collection and distribution in the ports and railway stations. The business transportation vehicles of nontransportation departments should mainly serve the transportation requirements of their own departments. When they have time to spare, they can undertake the task of transporting social material supplies.

Private vehicles approved for use by government offices, social groups, schools, and army units should undertake the transportation of materials required for production and livelihood within their own units. If necessary, they can participate in business transportation under the unified arrangement of the transportation departments.

Motorcars and tractors used in agriculture are intended mainly for agricultural production. The scope of their use in nonbusiness transportation should be based on the State Council's Banfa [Staff Office Document] No 38 (1982), entitled "Notice Concerning the Scope of Nonbusiness Transportation for Tractors Serving Agriculture."

II. Strengthening the Management of Highway Transportation

Transportation departments in charge at all levels must sterngthen the management of highway transportation. All units and individuals engaging in highway transportation and handling the jobs of hauling, loading, and unloading must comply with the following regulations:

1. They can start their business operations, and the bank can open their accounts, only when they have received their business license. Their application for a license must be accompanied by the written concurrence of the transportation department in charge at or above the county level, in collaboration with the relevant departments, based on transportation needs; it must be approved by the industry and commerce administration departments.

2. They must abide by the state policies, decrees, and the relevant regulations for transportation management, and must accept the control and supervision of the transportation departments in charge.

3. They must use the unified invoices and vouchers of the provinces, municipalities, and autonomous regions (separate regulations will be set for international transportation), and there must be standard charges; otherwise the financial departments will not approve the expenditures involved. The handling of invoices and vouchers should be simple and convenient.

4. They must submit their transportation plans and statistical data to their local departments in charge.

5. They must pay management fees according to provincial, municipal, or autonomous region regulations.

Transportation departments in charge must cooperate closely with the industrial and commercial, finance and tax, price administration and banking departments and exercise their supervision and inspection effectively. Violations of regulations for the management of transportation will be dealt with by the transportation departments in charge, in collaboration with the industry and commerce administration departments, in different ways according to the circumstances of the cases--for example, criticism and education, economic sanctions, suspension of business by revoking licenses, and so forth.

In accordance with the spirit of the State Council's "Directive Concerning More Active Market Management and the Crackdown of Speculation and Profiteering and Smuggling," private individuals are not permitted to buy cars or tractors to engage in business transportation.

III. Strengthening the Control of Profits, Taxes, and Transportation Charges

To improve their business management and to fulfill their economic responsibility, all enterprises and individuals engaging in business transportation, including loading and unloading, must strictly abide by the schedule of charges set by the state, and must turn in their profits and pay their taxes according to state regulations.

To check the tendency toward uncontrolled acquisition of private vehicles, the economic method of charging for the possession of vehicles will be adopted in future; in addition, there will be strict control over the allocation of vehicles. The Ministry of Communications and the Ministry of Finance must select as soon as possible a prefecture (municipality) in a province (autonomous region) as an experimental unit for levying fees for the possession of vehicles, and must draft the relevant procedures. These fees should be handed over to the finance departments at the various levels.

The communications and price administration departments at all levels should strengthen their control over the current charges for vehicle transportation, and any unreasonable charges should be gradually revised. The Ministry of Communications should collaborate with the Ministry of Finance and the State General Administration of Prices in working out methods for the nationwide control of vehicle transportation charges and a unified standard for computing the charges. The transportation departments (bureaus), finance departments (bureaus), and price administration bureaus in all provinces, municipalities, and autonomous regions should work out their own detailed rules and regulations for actual implementation and for the schedule of charges in the light of actual conditions in their own areas. These rules and regulations and schedules of charges should be submitted to and approved by the people's governments in the various provinces, municipalities, and autonomous regions before their implementation. Reports on them should also be forwarded to the Ministry of Communications, the Ministry of Finance, and the State Administration of Prices for their files.

IV. Organizing the Combined Management of Vehicle Transportation Enterprises

Combined management of vehicle transportation will help to prevent blind development, duplicate construction, and waste of energy and power resulting from decentralized management. Based on the principle of voluntary cooperation and mutual benefits, the vehicle transportation enterprises of different organizational affiliations and under different systems of ownership should be organized into integrated entities to carry out joint business operations.

Different areas and units can organize their own integrated transportation entities in different forms according to the different actual conditions. They can adopt the form of "unified operation, differentiated administration, joint partnership, and distribution of dividends according to shares," in joint ventures, or the form of "combined management, revenue breakdown, separate accounting, and separate responsibility for profits and losses" in combined operation. They can also be organized for unified control over the sources of goods and unified arrangements of transportation facilities in joint transportation. The forms can be many and varied.

V. Practising Planned Transportation and Inaugurating a Joint Transportation Service

In highway transportation, we should adhere to the principle of the leading role of planned transportation and the supplementary role of market regulation. Empty runs must be strictly controlled, and rational transportation should be carefully organized in various forms. For the transportation of key state items and large lots of supplies, or whole consignments of goods across regional or county boundaries; and for the collection and distribution of materials at ports or railway stations, the transportation departments in charge under the people's governments at various levels, or their designated units, should be responsible for balancing the sources of goods with the transportation capacity and then allocating the loads in a rational way. Preferential rates should be given for goods requiring round trips. Transportation enterprises supplying return loads for others should receive certain handling fees.

Active steps should be taken to establish joint transport service companies that not only will undertake transportation for the cargo owners, but also will organize loads for the vehicles of transportation enterprises in promoting joint transportation service.

VI. Attending to the Storage of Vehicles and Conservation of Gasoline

In accordance with Central Document No 20 (1981) issued by the State Council and the Central Military Commission, entitled "Notice Concerning the Conservation of Petroleum," State Council Directive No 3 on energy conservation, and the regulations contained in other relevant documents, the people's governments of all provinces, municipalities, and autonomous regions must carefully attend to the work of vehicle storage and gasoline conservation. They must carefully determine the number of cargo trucks

required, in light of the available transportation facilities in society and of traffic conditions, and must store the surplus vehicles. The surplus cargo trucks of enterprises and public agencies directly under the various ministries and commissions of the central government should be sealed for safekeeping under the unified responsibility of the people's governments of provinces, municipalities, and autonomous regions. During the period of storage, the license plates should be returned and no more gasoline will be supplied, while the vehicles should be carefully preserved. Outdated and obsolete vehicles which consume an excessive amount of gasoline and whose performance is poor after long use should, after due appraisal, be written off from the list of fixed assets. They cannot be transferred to others for continued use. In future, any vehicle added to the cargo transportation fleet of any unit must previously have been approved by the departments designated by the people's government of the province, municipality, or autonomous region before they can be duly registered. In areas where the means of transportation is excessive to the volume of traffic, the acquisition of new vehicles must be accompanied by the withdrawal from service and the storage of a corresponding number of old vehicles, so that the new ones will replace the old ones and a waste of energy and power can be prevented.

VII. Improving Management and the Quality of Service

To help promote specialization and cooperation, to increase transportation efficiency, and to conserve power and energy, transportation vehicles of the transportation and nontransportation departments should be organized for independent accounting, while an all-around reorganization should be carried out among the enterprises in a planned way along with the adoption of the system of economic responsibility. Every effort should be made to improve economic results. The relevant departments under the State Council, the provinces, the municipalities, and the autonomous regions should give preferential treatment in the allocation of vehicles, extension of loans, and supply of fuel to those enterprises engaged in the business of transportation.

Transportation enterprises under the transportation departments are the backbone of highway transportation in our country and should be vigorously supported and selectively developed. In dealing with their affiliated transportation enterprises, transportation departments should gradually introduce the system of separation between government administration and enterprise management, expand the decision-making power of the enterprises, and bring into full play the initiative of the enterprises. Each and every transportation enterprise should replenish its fleet in a planned way, using more heavy-duty diesel trucks, small pickups, and various types of special vehicles to meet the needs of transportation for various types of material supplies in society. At the same time, they must conscientiously overcome their "bureaucratic workstyle," improve their service, raise their transportation efficiency, establish a good reputation, and serve the construction of the socialist four modernizations and the people's livelihood more effectively.

All provinces, municipalities, and autonomous regions can work out their own detailed rules and regulations in accordance with the spirit of these regulations and in the light of actual local conditions.

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23 November 1982

China Report

ECONOMIC AFFAIRS

No. 286

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ECONOMIC AFFAIRS

No. 286

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NATIONAL POLICY AND ISSUES

MA WENRUI SPEAKS TO SHAANXI ECONOMIC WORK FORUM

HK020620 Xian SHAANXI RIBAO in Chinese 19 Oct 82 pp 1-2

["Excerpts from 15 October speech by Ma Wenrui at conclusion of meeting of prefectural and municipal CPC Committee secretaries"]

[Text] This meeting of ours studied the important speech made by Comrade Yaobang when he came and inspected Xian not long ago. In accordance with the 12th CPC Congress and this speech by Comrade Yaobang, this meeting has emphatically discussed the question of quadrupling the industrial and agricultural output value of our province and has also discussed the question of organizational reform and party consolidation. Related leading comrades at the provincial level and responsible comrades of all prefectures and municipalities have made fairly good speeches on these subjects and have had lively discussions on them. They unanimously held: Comrade Yaobang's speech straightened out our ideas and brought our drive into full play and gave us a good deal of enlightenment and great inspiration and is of great guiding significance in the implementation of the 12th CPC Congress spirit and the acceleration of all work. Through study and discussions, we have deepened our understanding and heightened our confidence, and have clearer understanding on the orientation of advance and the objective of the struggles. This meeting can justifiably be called an ideological mobilization meeting which aided us in drawing up programs and measures for quadrupling output value and in creating a new situation in all fields of socialist construction.

I. On the Question of Understanding in Thinking Concerning Quadrupling Output Value

Comrade Yaobang's speech both fully affirmed the achievements of our work and put forth his ardent expectations of us. Comrade Yaobang demanded that "we must further emancipate our minds and carry out reform in a more courageous way." These two remarks of Comrade Yaobang are highly directive and completely applicable to the actual conditions of our work and thinking. Since the third plenary session of the 11th CPC Central Committee, all of us have indeed done a lot of work, and as a result, great achievements have been scored on all fronts and marked changes have taken place in the political and economic situation of the province. All our achievements can be summed up into one point, that is, they are the result of endeavors made by party organizations at various levels and the vast numbers of cadres and the broad masses to resolutely carry

out the party's line, principles and policies under the correct leadership of the CPC Central Committee. Of course, there are still quite a few shortcomings and much to be desired in our work. So far as the Provincial Party Committee is concerned, in some work, and economic work in particular, we have not sufficiently emancipated our minds, not carried out reform in an adequately courageous way, lacked ample drive to blaze new trails and failed to vigorously grasp our measures and implement them in the right place. All these problems should be seriously solved while realizing the objective of quadrupling output value.

Comrade Yaobang demanded us to realize the objective of "attaining more than quadruple" the output value of industry and agriculture by the end of this century in our province. Can this objective be attained? How should it be realized? These are problems calling for a serious approach and an earnest reply from the party organizations at various levels throughout the province. To achieve this grand objective, we must first of all solve the problem of confidence, and to acquire firm confidence, we must base ourselves on the scientific analysis of both our objective and subjective conditions. While talking about the emancipation of minds and the realization of the objective of quadrupling output value, Comrade Yaobang put forth the following four principles: Stress should not be laid merely on making the country rich, but the peasants should also be made rich; stress should not be laid merely on grain production, but diversification must also be emphasized; stress should not only be laid on existing industry, but great efforts should also be made to develop energy and transportation; and we should not stay at the current level of management planning, operational management, science and technology, rather, we should energetically raise our level and create new and higher labor productivity. These four principles not only help us to emancipate our minds but also point out the way to enlivening the economy and realizing the objective of quadrupling output value. We must analyze our advantageous conditions and disadvantageous factors in light of these ideas of Comrade Yaobang, in other words, we must approach matters with an eye on the course of their development rather than staying at the old concepts, old conventions and old practices of the past. Now the key question is that we should have a sober understanding of the provincial, prefectural and municipal conditions and gain a genuine and clear idea on the questions of how to give play to local superiority and how to lean toward advantages and avoid disadvantages. Taking the province as a whole, we have at least, as I see it, the following favorable conditions:

1. We have a strong party Central Committee leadership, a correct Marxist line and the correct program formulated by the 12th CPC Congress. This constitutes a most fundamental guarantee.

2. A political situation characterized by stability, unity and liveliness has initially taken shape, with the enthusiasm of the vast numbers of cadres and the broad masses for socialism being further aroused. This provides us with a reliable foundation for winning victory.

3. Through initial readjustment, the national economy has embarked on a path of healthy growth.

4. We have fairly good conditions for developing industrial and agricultural production. Considerable production capacity has taken shape in industry; light and textile industries have a certain foundation and the machine-building industry has a relatively great processing capacity. The province is comparatively abundant in electricity supply and rather rich in mineral resources, such as coal and nonferrous metals. Greater advances have been scored in agricultural capital construction compared with what it had been in the past. With "rivers covering 800 li of land in Shaanxi Province" and the Hanzhong Basin, 7/10 of the area in the province is covered with mountains with myriads of treasures, thus providing the province with a great potential for developing grain and cotton production and with fairly broad prospects in developing diversified undertakings.

5. We have a relatively strong scientific and technical force. In the province there are 40 institutions of higher education, more than 390 specialized research institutes, and over 300,000 intellectuals with various types of specialization, among them more than 180,000 are scientific and technical personnel.

6. The province has fairly great potential for increasing production.

7. Seen from the growth rate of the economy since the founding of the PRC, it is entirely possible to quadruple output value. Despite experiencing twists and turns in the past 32 years, the annual average increase in industrial output value remained at 13 percent. Meanwhile, the annual average growth rate in accordance with the assumption of quadrupling output value in the next 20 years will be only 7 or 8 percent. The demand on the growth rate of agricultural output value is a little higher than that in the past, but with the implementation of various economic policies, the widespread introduction of the production responsibility system and the vigorous development of diversified undertakings, the increase in agricultural output value will certainly be faster than the previous one.

At the same time, we must also acknowledge our disadvantageous factors, as manifested in low per-unit area yield in many projects in agriculture and a low commodity rate; a low level of industrial management and poor economic results; a lack of a clear picture of the province's resources and the poor foundation of the raw and semi-finished industry; inadaptability of communications and transport, and in particular, seriously inadequate railway lines and transport capacity; and great difficulty in finance and a deficiency in funds for expanding reproduction.

Taking the situation as a whole, we have many favorable conditions for realizing the objective of quadrupling output value but also a considerable number of difficulties, so the tasks are really arduous. But things are after all done by man! So long as we are full of confidence and encourage genuine enthusiasm we can overcome all sorts of difficulties on the road of advance and seize a new great victory. What is important now is to heighten our confidence and rouse ourselves. First, with the documents adopted by the 12th CPC Congress as our weapons, we must deepen our understanding, unify our thinking, enhance the revolutionary fighting spirit and display the spirit of communism. Second,

we must break away from the mentality of "feeling content with the middling state, "go all out and aim high, resolutely overcome the mentality of maintaining the status quo and being content to stay middling. We must acquire a burst of creative energy, be bold in blazing new trails, press ahead in the face of difficulties rather than sticking to convention and only looking after our existing stalls. Just as some comrades put it, to realize the objective of quadrupling output value, we, leading comrades at different levels, must have the spirit of daring to defy death and to wrestle victory, just as the Chinese women's volleyball team has. Third, we must combine unflagging revolutionary enthusiasm with a realistic spirit. The enthusiasm of the vast numbers of cadres and the broad masses should be brought into full play and everybody's enthusiasm should be guided on the correct path to create a new situation in socialist construction. We must rely on the masses, conduct investigation and study, draw up positive and reliable programs and measures and devote great effort to their implementation. What we have sized up with certainty should be done in a down-to-earth manner rather than staying at the stage of calculating accounts or in words only. The realization of the grand objective of quadrupling output value should be turned into the conscious actions of the broad masses. Fourth, we must rest the realization of the objective of quadrupling output value on the basis of self-reliance. Concerted efforts should be made to simultaneously turn the state, the locality, the collective and the individual from poor to prosperous. We must persist in the mass line and rely on the strength of the masses to overcome difficulties. In regard to construction projects, priority should be given to the medium and small-sized projects, and in construction funds, priority should be given to funds raised privately. Of course, some backbone projects should be put under comprehensive state estimation and unified arrangement. However, the state's funds are after all limited. We must not pin our hopes mainly on state funds.

II. On the Province's Strategic Goal and Main Direction of Attack

It is initially assumed that we must strive to realize the objective of attaining more than quadruple the total output value of industry and agriculture in our province by the end of this century. An upswing should be effected in production and the population birth rate should be reduced. In accordance with the strategic steps of the country, we should do our work in two steps. In the first 10 years, main efforts should be made to readjust structure, properly regulate the proportion between various departments of the economy and accumulate manpower and material and financial resources to lay a sound foundation for economic rejuvenation in the next 10 years. The growth rate in the first 10 years may be a little low but a solid foundation will ensure a slightly rapid growth rate and a higher proportion of increase in the next 10 years. When this goal is attained, by that time, the political and economic appearance of our province will change significantly, the people's livelihood will improve considerably, and the level of being comfortably well-off will basically be reached.

In accordance with the strategic focal points of the country, and in light of the actual conditions of our province, particular prominence should be given to paying close attention to agriculture, light industry, transportation and energy, and education and science. This is our main direction of attack. The

province has a poor foundation in agriculture and grain production has for a long time been low and unstable. So we must pay close attention to agriculture, which should be given first place in the national economy. The potential in light and textile industries has not yet been brought into full play and the production of consumer goods for daily use is very backward. Efforts should be stepped up to amass funds and realize the objective of quadrupling output value. Backward transportation has become the crux of the problem of the province's economic development. Since our province is rich in energy resources, it has bright prospects for developing the energy industry. The problem at present is to strengthen geological prospecting work, gain a clear idea of energy resources, and enthusiastically exploit and rationally use them so that energy can play its important role in putting an end to the backward features of our province. Education and science and technology are far from being suitable to the requirements for economic development. All these should be listed in the programs as the focal points for the next 20 years which should be made to stand out.

All localities, departments and enterprises must proceed from their own actual conditions, be good at choosing the focal points of their own work, seek weak links as a breakthrough and ensure victory in the tough battle of realizing the quadrupling output value. As far as the realization of the objective of quadrupling output value of industry and agriculture in our province is concerned, prefectures and municipalities, such as Xian, Baoji, Tongchuan, Xinayang and Hanzhong, have good conditions and immense potential, and they carry a big weight in the industrial situation, so they should advance with bigger strides and strive to make more contributions. Conditions vary from locality to locality, with each having its own characteristics. Every locality should have its own focal points and it is not suitable for a locality to indiscriminately and mechanically copy the practices of others. Taking the province as a whole, in which fields of the economy should we make a breakthrough while realizing the objective of quadrupling output value?

In agriculture, we must resolutely implement the principle of "never slackening our efforts in grain production and enthusiastically developing diversified undertakings" and pay close attention to high and stable grain yields while grasping diversified undertakings and the processing industry of farm produce and sideline products. We must uphold socialist orientation, activate the economy and let the peasants become rich as quickly as possible. During the "sixth 5-year plan," we must surpass 20 billion jin in grain yield and fulfill the target of 1,000 jin of grain on the average for every rural population area by the end of this century; and the ratio of the output value of the diversified economy in total agricultural output value must be around 70 percent. In order to achieve this goal, we must prominently grasp the following four things: 1) We must continue to perfect and raise the standards of various forms of the agricultural production responsibility system and further arouse the enthusiasm of the masses for production. 2) We must pay close attention to grain production, center our efforts on tackling the problems of areas with medium and low yields, raise per-unit area yield and boost total yield. We must ascertain the programs and measures for transforming the northern Weihe River dry lands and strive to make these areas the second largest granary in the province; we must effectively grasp the transformation of the hilly lands

in southern Shaanxi Province as an important task and carry out this work in a vigorous way when we are done with the transformation of the northern Weihe River dry lands. This is an important step forward in the solution to the grain problem of southern Shaanxi Province. In the flat lands of the central Shaanxi plain and the southern Shaanxi Basin, we must make an issue of ensuring a harmonious increase in production and change low yields into high yields and make high yields even higher. 3) We must energetically operate a diversified economy and tremendously develop the processing industry of farm produce and sideline products. Only when we take the path of one farming, two rearing and three processing in which the state, the collective and the individual go ahead simultaneously can the peasants become rich as quickly as possible. The production responsibility system should be perfected and enthusiastic support should be given to specialized and key households so that they can steadily advance in the direction of specialization and socialization. At the same time, particular importance should be attached to readjusting the economic structure of the internal sectors of agriculture, satisfactorily handling the relationship between grain production and diversified undertakings and solving well the various contradictions existing in production, supply and marketing and such questions as processing, storage and transport. These problems should be seriously studied and solved in the work meeting of the southern Shaanxi mountain area, which is to be convened soon. 4) We must vigorously grasp the transformation of the basic conditions in agricultural production. Efforts should be concentrated on water, fertilizers, soil and seeds and the reformation of the crop system. The benefit of existing water conservancy facilities should be brought into full play and energetic efforts should be made to develop small-scale irrigation works. In addition, active preparations should be made in order to create conditions for building large-scale water conservancy facilities. In all mountain regions and plains, and in particular those in northern Shaanxi, we must effectively grasp water and soil conservation work, transform mountains and regulate ditches, plant trees and grow grass, do a good job in bringing small river basins under control, ameliorate soil and turn the "three-loss" fields into "three-guarantee" fields.

In industry, we must firmly grasp such focal points as the light and textile industries, transportation and energy, pay attention to bringing into play the superiority of the machine-building industry and actively develop the raw and semi-finished industry. We must emphatically discover satisfactory solutions to the four questions: 1) We must base ourselves on raising economic results, speed up the tapping of, renovation and transformation of old enterprises and turn to "intension" in acquiring speed and results and give full scope to the potential of existing enterprises. In the past we had experience in expanding reproduction by relying mainly on building new factories but lacked experience in expanding reproduction by relying mainly on tapping the potential of, renovating and transforming existing enterprises. In the future more attention should be paid to summing up and spreading the latter experience. Particular importance should be attached to transforming our old equipment, old techniques and old technology with advanced technology. Without relying on technical advances there will be no way out for our transformation work. At the same time, some backbone projects should be undertaken in accordance with our needs and capabilities, for without them, it will be difficult to realize the objective of quadrupling output value. 2) We must energetically do a good job of

specialization and coordination in division of labor and vigorously push economic integration forward. The several integrated combines which the Provincial Party Committee and provincial government decided last year to develop the production of industrial consumer goods, namely, textile goods, wristwatches, sewing machines, bicycles, TV sets, radios and foods, clothing and chemicals for daily use, should be operated as soon as possible. We must effectively operate them well and set an example. On this matter we must adopt an overall point of view, break through all kinds of obstructions, break down the barriers set up between different localities and between different enterprises and resolutely take the path of coordination among specialized departments rather than indulging in the practices of "small but comprehensive" and "big and miscellaneous." We must actively and steadily reform our economic system. 3) We must further do a good job in the overall reorganization of enterprises. In realizing the objective of quadrupling output value, it will not do to rely on the present level of management, and a lot of energy should be devoted to improving management and administration. While reorganizing enterprises, first of all we must priminently grasp the large-scale backbone state-owned enterprises which have a fairly great impact on the national economy and the people's livelihood and the enterprises whose management is in chaos, which are beset with problems and have been operated at a loss for a long time. In regard to the contents of reorganization, we must firmly grasp the focal point--the reorganization and building of enterprise leading bodies, effectively solve the problem of leading bodies not being uniform in thinking, the failure to exercise effective leadership and being confused, and promote those people who are in the prime of life, proficient in professional work and good at management and administration to leading bodies. If this problem is solved satisfactorily, other problems will be solved easily and industry will accordingly develop at a higher rate and in a rather satisfactory way. 4) We must greatly develop the industry under the collective ownership system in urban and rural areas and really put it in an important position in economic construction. The collective industry is small in scope, flexible in operation and highly adaptible in marketing. It requires less investment but promises quicker results and thus has many advantages. Its development will be conducive to the readjustment of the economic structure in agriculture and formation of new rural economic system; conducive to the rational disposition and development of the multifarious economic forms and the acceleration of the construction of small cities and towns and the solution to the employment problem; and conducive to the multi-level rise in value, the increase in financial revenue and the ending's backward features of the province. In running the collective industry, we must put it under overall planning, confine it to a rational layout and develop it in a planned way and avoid blindness, and we must not allow the small to squeeze out the big and the collective industry to vie with the big industry for raw materials. In light of the experiences of various localities, we must give first place to small-scale and structurally light collective industrial undertakings, to local supply of raw materials and to the production of top quality and brand name products. We must thoroughly correct the sorts of "leftist" practices of the past, persist in independent business accounting, in taking full responsibility for one's own profits and losses and really run the collective industrial undertakings into the collectively run enterprises which are worthy of the name.

In education and science and technology, we must not grudge time, energy and money spent on "intellectual investment" and try to raise the scientific and technical level of the vast numbers of cadres and the broad masses. We must conscientiously do a good job of using cooperation in tackling the major problems of important projects, vigorously carry out the propulation and application work of scientific and technical findings, enthusiastically adopt new techniques, new equipment and new technology and turn to science and technology in acquiring production output and quality. We must attach particular importance to the role of intellectuals, and in particular, middle-aged intellectuals, further implement the policy towards intellectuals and enthusiastically help them to solve the practical difficulties in their study, work and life so that they can make greater contributions in economic construction. At the same time, we must be good at discovering talent and strengthen the training and nurturing of the various kinds of talent by various means.

III. On the Question Concerning Organizational Reform and the Building of Leading Bodies

Organizational reform and the building of leading bodies is a major decision made by the CPC Central Committee. Whether or not this question is solved well is a key which has a bearing on the success and failure of the whole of our cause. Just as Comrade Chen Yun said, unless this problem is solved satisfactorily, the cause of communism may suffer setbacks. This is also an important guarantee for realizing the objective of quadrupling output value. We should carry out the reform of the party and government organizations at various levels at an early date rather than late. It must be made clear to the vast numbers of cadres that this reform involves the fixing of the authorized size of staff but not the fixing of new assignments for individual staff and workers, and they are urged to do their work well and avoid undulations in people's minds. Moreover, early preparations should be made for starting with the rational training of cadres immediately after organizational reform has been carried out.

In saying that reform should be carried out in a more courageous way, Comrade Yaobang stressed the need to train and promote young and middle-aged cadres and to pay close attention to the building of leading bodies. The problem of a gain and the lack of professional knowledge existing among the ranks of our cadres is very pronounced. Failure to be determined to solve this problem will make it really hard to handle in the next few years. For this reason, we must overcome one obstruction after another, break with all sorts of outworn concepts and solve this problem in real earnest. First, the leading bodies should be readjusted well and the problem of retirement and promotion should be solved satisfactorily. Then, 3-5 years or a slightly longer time of endeavors should be made to ensure that young and middle-aged cadres in the leading bodies at different levels at county level and above constitute more than half the total number. We must be bold and go all-out in promoting the cadres who possess political integrity and professional competence, are in the prime of life and can open up new prospects in work to leading positions at various levels. As for them, we must first see their strong points and support them in taking up the newly promoted posts and help them to overcome their shortcomings in their practical work and to raise the level of their leadership art. Of course, while fully promoting cadres, we must be steadfast to meet the requirements

for cadres and strictly ensure political soundness. The "five types of people" should definitely not be promoted and any of them who have already been promoted should be resolutely removed from leading positions. Those people who are mediocre and unambitious and attempt nothing and accomplish nothing should not be promoted. At the same time, satisfactory arrangements should be made for the elderly and infirm comrades who retire to the second or third line. The comrades in leading positions and young comrades should take care of the retired elderly comrades, respect them and pay attention to giving play to their role of helping and guiding their younger comrades and passing on experience to them.

IV. On the Several Tasks of This Winter and Next Spring

In accordance with the spirit of Comrade Yaobang's speech delivered at the 12th CPC Congress, from now on, we must center the arrangements of all our work around the implementation of the spirit of the 12th CPC Congress, and grasp the building of the two civilizations in a satisfactory and down-to-earth manner to usher in an upsurge in all fields of socialist economic construction.

1. We must earnestly organize well the cadres and the masses to study the documents adopted by the 12th CPC Congress. This is the first important task which the whole party is grasping at present. The Provincial Party Committee has made concrete arrangements and the party committees at various levels should step up efforts to their implementation. What counts in this respect is to pay close attention to the study of the leading cadres at county level and above and the training of backbone cadres to promote the study of ordinary cadres. First we must conscientiously study documents and thoroughly understand them and then study and formulate concrete programs and measures for implementing the spirit of the 12th CPC Congress in light of the actual conditions in work and thinking.

2. We must make unremitting efforts to carry out the struggle of striking blows at the serious criminal activities in the economic and other fields. At present we must guard against and overcome a slack mood and fear of difficulty. Major and important cases which have already been exposed should be investigated and accordingly dealt with as quickly as possible, and the work of hearing and winding up cases should be firmly grasped and done well. At the same time, we must rely on the masses to bring new cases into the open and carry out this struggle continuously and intensively, and bring the role of teachers by negative example into full play and teach the vast numbers of cadres and the broad masses to carry out to the end the struggle against the corrosive influence of bourgeois ideas. Great successes have been scored in putting an end to the unhealthy practices in the work of "receiving guests, redistribution and transfer of personnel and housing," but we must be sure to start well and end well rather than relaxing our efforts. Through these struggles, we must promote the fundamental turn for the better in the party style and in standards of social conduct.

3. An earnest and good job in the experimental work of party consolidation, with stress on party consolidation at the provincial level. The prefectures and municipalities with certain conditions are encouraged to carry out the

experiment under the unified arrangements of the departments concerned at the provincial level. We must step up our efforts to draw up plans and outline for experimental work, make concrete arrangements and immediately start putting them into practice so that we can present experiences in this respect by May next year. It is necessary to do an earnest and good job in conducting investigation and study, gain a clearer picture of the situation of the ranks of party members and party organizations and strive to know how things stand. The 12th CPC Congress report and the new party constitution must be taken as the basic contents of the experiment and stress should be put on conducting widespread and thorough education in Marxist ideology among party members. Then, on this basis, a good job should be done in the registration of party members and the consolidation of party organizations. This is a great issue of a policy nature. Only when meticulous preparations are made and some cadres are organized to carry out timely inspection and provide timely guidance can achievements be scored in rectifying the style of thinking and consolidating organizations and can useful experience be gained.

4. It is essential to do well the preparatory work of the Sixth CPC Provincial Congress. The meeting of cadres at the provincial, prefectural and municipal levels and that of mountain area construction are to be convened this year. Less massive meetings should be held and the number of meetings of the professional departments should be put under strict control so as to concentrate our energy on doing our work well.

Finally, I want to stress once again that economic work should not be slackened at any time. A 1,000-li journey is started by taking the first step. Vigorous efforts should be devoted to grasping the tasks at present. In rural work, main efforts should be concentrated on perfecting the production responsibility system, and at the same time, close attention should be paid to the field management of overwintering crops and farmland capital construction so as to lay a sound foundation for reaping a bumper harvest in next year's first-round primary crops. In industry, energetic efforts should be made to grasp well the reorganization of enterprises to ensure the fulfillment and overfulfillment of this year's production targets and the target of handing over taxes and profits to the state and to make preparations for next year's production. Financial and commercial departments must also try to find more solutions and adopt practical measures to fulfill their tasks. The activities of the "five stresses" and "four beauties" should be conducted in a deep and sustained way, and the building of material civilization should be promoted with spiritual civilization. The tasks at present are particularly arduous. With the documents adopted by the 12th CPC Congress as the weapons and in accordance with the instructions of Comrade Yaobang, leading cadres at all levels should emancipate their minds, rouse themselves and improve their work style and work methods so as to ensure a new beginning in all of our work.

CSO: 4006/87

NATIONAL POLICY AND ISSUES

NORTHWEST ECONOMIC SEMINAR CONCLUDES 19 OCTOBER

HK281400 Yinchuan NINGXI RIBAO in Chinese 22 Oct 82 p 1

[Report: "Economic Theory Seminar of Five Northwest Provinces (Autonomous Regions) Concludes"]

[Text] The economic theory seminar of the five northwest provinces (autonomous regions) successfully concluded on 19 October after 8 days of academic exchanges.

The meeting was held under the guidance and inspiration of the spirit of the 12th Party Congress. With a view to suggesting ways and means for creating a new situation in socialist modernization in northwest China, participants at the meeting studied and probed strategic issues in the economic development in this region.

They said, making a success of economic construction in the northwest will be of great significance for cementing the great unity of people of all nationalities, ensuring political stability and unity and consolidating national defense. Since the founding of the PRC, and in particular since the third plenary session of the 11th CPC Central Committee, the material and cultural life of the people of all nationalities have generally improved with the development of industrial and agricultural production. However, the gap between the advanced regions and the northwest in the speed of economic development is tending to become wide. On analyzing the characteristics of the northwest region, many representatives said, this region can strive to slightly exceed its target of quadrupling the gross output value of industrial and agricultural production by the end of this century if economic returns are improved. This is a little faster than the national average speed. When the goal is achieved, the standard of people's material and cultural life in the region will reach or will be close to a comparatively well-off level.

Representatives held that it is not only necessary but also possible to reach the aforesaid strategic goal. The reason is: Over the past 31 years, the annual gross output value in industrial and agricultural production in the northwest region has increased at an average rate of 7.9 percent, of which agriculture rose by 4 percent and industry by 13.9 percent. In the next 20 years, if the annual growth rate of the total output value in industry and agriculture can reach or even exceed 7.4 percent, then the gross output value in industry and agriculture can be more than quadrupled by the end of this century. This rate is in fact even lower than the average rate of the past 31 years.

Representatives also said that in order to achieve the strategic goal of economic construction in the northwest, it is necessary to adopt strategic measures which are feasible in this region. Thus people of all nationalities can be organized well to work hard for the realization of the goal. These measures should include: 1) Putting the development of farm production in the first place of economic construction and making a success of building the three major animal husbandry bases--Xinjiang, Qinghai and Gansu--as well as the commodity grain bases--the Guangzhou plain, the Hexi corridor, the Ningxia irrigated area and the Ili River valley. Meanwhile, it is necessary to develop the main and auxiliary forest shelter belts in the northwest in accordance with national unified planning. For this reason, great importance must be attached to improving the ecological environment in the region. 2) Vigorous efforts should be made to give rise to a strategic turnabout in industrial production, a change from putting undue emphasis on the speed of development to stressing economic returns, both in guiding ideology and in practical work. When this change is made we must strain every nerve to carry out industrial production at a high speed. 3) Solving the problem of training qualified persons and making good use of them in economic construction is the key to implementing the strategy for economic development in the northwest. Hence, we must vigorously train more specialized scientists and technicians, popularize education and wipe out illiteracy. Meanwhile, it is imperative to adopt and perfect a series of policies and measures so as to consolidate the present contingent of intellectuals and win over more talented scientists and technicians to come and work in the northwest. 4) It is necessary to work well at planned parenthood and to resolutely control the blind growth in the population. Representatives were confident that so long as they resolutely follow the road guided by the 12th Party Congress, the diligent and brave people in the northwest will surely, with the great help of the CPC Central Committee, achieve the goal they are fighting for.

The meeting decided that the next economic theory seminar of the five northwest provinces (autonomous regions) would be held in Qinghai Province in the fall of next year.

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON ECONOMIC READJUSTMENT

HK042352 Beijing GUANGMING RIBAO in Chinese 24 Oct 82 p 3

[Article by Zhong He [6988 4421]: "Major Achievements Gained in the Readjustment of the National Economy Over the Past 3 Years--Reading 'China Statistical Yearbook--1981'"]

[Text] Comrade Hu Yaobang made a report entitled "Create a New Situation in All Fields of Socialist Modernization" at the historically significant 12th Party Congress. In his report, he fully affirmed the great historical contributions made by the third plenary session of the CPC Central Committee and the tremendous achievements scored over the past 3 years in the economic work of our country. The achievements of this period have been compiled by the State Statistics Bureau and fully reflected in "China Statistical Yearbook--1981," recently published by the Statistics Publishing House of China. This book not only details the achievements in implementing the national economic plan of 1981 but in particular also carries the main statistical goals of the national economy and social development over the past 3 years. Constant study of these statistics shows that since the third plenary session of the 11th CPC Central Committee, some major proportional relations have tended to harmonize, industrial and agricultural production has continued to develop and the people's life has been considerably improved thanks to the measures taken since the third plenary session to restore order out of chaos in economic sector and thanks to the implementation of the principle of readjusting, restructuring, reorganizing and upgrading. As pointed out by Comrade Hu Yaobang in his report, our national economy has passed the most difficult period and consequently has taken a healthy road of stable development. The following statistics are examples illustrating this.

(1) The relationship between agricultural structure and production has been readjusted to promote the development of the agricultural economy in an overall way. In the past, our agricultural production emphasized the importance of grain. Because of such a single-product agricultural structure, we were not able to make full use of agricultural manpower and natural resources. Over the past 3 years, however, all places have implemented the party's policies for rural areas, introduced various forms of production responsibility system, rearranged their agricultural crops according to their own specific conditions and undertaken diversified economic management. Thanks to these measures, overall bumper harvests have been recorded in agricultural production. From

1979 to 1981, sown areas of crops were rearranged. The acreage of grain crops was slightly decreased, but per-unit output increased. Annual total grain output during this period exceeded the pre-1978 level. In 1981, total grain output was 650 billion jin, 6.6 percent higher than 1978. The output of various industrial crops continued to increase. Cotton output in 1981 was 59.35 million dan, 36.9 percent higher than 1978. The output of oil-bearing crops was 204.1 million dan, a rise of 95.6 percent; output of sugar-bearing crops was 720.56 million dan, an increase of 51.3 percent; and tea production was 6.85 million dan, a rise of 27.8 percent. Total output value of forestry, animal husbandry, fisheries and sideline production was 61.7 billion yuan (calculated according to 1970 prices), 31.1 percent higher than 1978, showing an average annual growth of 9.5 percent. Fengyang County of Anhui Province was a poor place "hit by famine every 9 years in 10." But it has experienced great changes over the past 3 years. Its grain output in 1981 was 600 million jin, double the figure of 1978, while the output of oil-bearing crops was 310,000 dan, an increase of 550 percent. The average per capita income was 240 yuan, 300 percent higher than 1978. There are many other places across the country that have experienced such changes as this county. The readjustment and changes that have widely taken place in the production relations over the past 3 years have been turned into a powerful strength for overcoming natural disasters and developing the economy, and have raised economic returns. This situation is very encouraging.

(2) Industrial structure has been readjusted to develop the production of daily consumer goods by a relatively large margin. In the past, our industrial production was characterized by one-sided pursuit of high-speed development with steel industry as the key and consequently, the proportion between light industry and heavy industry was seriously out of balance. Over the past 3 years, the state has worked hard to promote the development of light industry. As a result, light industrial output value grew on average by 14 percent annually. The proportion of output value of light industry in total industrial output value increased from 42.7 percent in 1978 to 51.4 percent in 1981 (calculated according to 1970 prices). The output of major consumer goods increased considerably. Output of television sets in 1981 was 940 percent higher than 1978; output of radios and cameras increased by 250 percent; output of bicycles, sewing machines, wristwatches, soft drinks and wines more than doubled, while the output of yarn, cloth, woollen fabrics, sugar, leather shoes and cigarettes increased by 27 to 42 percent. More than 5,000 new products were under trial-production in 1981, and there were more than 70,000 new varieties. More than half of these products were approved for production. The past situation of "money in hand, people are rushing to buy up goods" has now become an uncommon sight. On the contrary, people now are able to select the commodities they like, while others are waiting for commodity prices to drop. This situation shows that market supply is good and that it is no longer necessary for people to rush for commodities.

(3) The heavy industrial product mix has been readjusted, its service has been expanded and some backward enterprises have been closed down. Over the past 3 years, heavy industry has changed the situation of serving itself excessively, and consequently it has been able to provide more products for agriculture, light industry, the market, exports and technical reform. For example, the

metallurgical industry has increased the output of products in short supply such as steel belts, steel plates, small steel items, welding pipes, materials for making steel window frames and materials for making steel wires and nails, considerably improving market supply. In 1981, the civilian machine-building industry made more than 1,300 kinds of new products, a record. The service of this industry has been expanded to cover agricultural and sideline production, consumer goods, textiles, commerce, environmental protection, packaging and many other fields. Total output value of mechanical and electrical products in 1981 was $1.64 billion, 140 percent more than the previous year. Some large and precision machines and complete sets of equipment have already entered the international market.

In the process of readjusting the product mix of heavy industry, some enterprises that were characterized by high consumption, low-quality products and heavy losses have been closed down, suspended, merged or shifted to other production. Over the past 3 years, more than 200 small iron plants across the country have been closed down, suspended, merged or shifted to other production. The remaining plants were readjusted and upgraded, and consequently they have better economic and technical standards. The cost of producing 1 ton of pig iron fell from 304 yuan in 1978 to about 240 yuan in 1981. In 1981, a total of 109 small nitrongenous fertilizer plants were closed down, suspended, merged or shifted to other production. Compared with 1978, the consumption of raw materials, coal and fuel of the existing plants in producing 1 ton of ammonia fell from 3.3 tons to 2.2 tons; the consumption of electricity fell from 1,800 kwh to 1,467 kwh; and total losses fell from 610 million to 39.15 million yuan. Small fertilizer plants in 11 provinces, municipalities and autonomous regions have turned losses to profits. Other trades such as pesticides, dyes, and lacquer have also achieved better economic returns after readjustment. All this proves that to readjust the structure of enterprises and eliminate some backward ones is an effective way of raising macroeconomic efficiency and gaining overall initiative.

(4) The distribution of national revenue has been readjusted to improve the standard of people's life in rural and urban areas. In the use of national revenue, the proportion for accumulation dropped from 36.5 percent in 1978 to 28.3 percent in 1981, thus increasing the proportion for consumption funds.

Over the past 3 years, the state has increased the purchasing price of agricultural and sideline products in rural areas and cut some agricultural taxes. With these measures, peasants' income has been increased by 52 billion yuan. During this period, urban jobs were arranged for more than 26 million people. In addition, the wages of some workers and staff were readjusted, while the bonus system was introduced. As a result, the income of workers and staff increased by 40.5 billion yuan.

Investigations of peasants' households showed that the average per capita net income in 1981 was 223 yuan, 89 yuan higher than the figure of 134 yuan in 1978, showing an average annual growth of over 18.5 percent. Investigations of workers' families in urban areas showed that the average per capita annual income for living expenditures in 1981 was 463 yuan, 46.8 percent higher than the figure of 315 yuan in 1978. Deducting the price increase factor, real

income grew by 30.8 percent. Bank savings in rural and urban areas increased by a big margin. Savings deposits in 1981 were 52.3 billion yuan, 150 percent more than the pre-1978 figure.

Increases in income enabled the rural and urban population to demand more consumer goods with higher quality. Investigations of peasants' households showed that the average per capital annual amount of flour and rice in grain rations increased by 100 jin in 1981 compared with 1978, edible oil increased by 2.3 jin and meat by 5.9 jin. The consumption of high-price commodities such as woollen and silk garments, woollen thread and woollen underwear and sweaters was more than double the figure of 1978. In the matter of clothing, in the past people were mainly seeking low-priced but durable products, but now they prefer high priced products of good quality and new styles. Some worker families in urban areas already have the "four big items" (bicycles, sewing machines, radios and wristwatches) and they have begun to buy many other big items such as television sets, recorders, washing machines and cameras. The pace and the extent in the improvement of people's life in rural and urban areas over the past few years have scarcely been seen since the founding of new China.

The proportion of poor households in rural and urban areas has decreased considerably. But there still exist some peasants and a few workers who are living a relatively poor life because of their lower wages, less bonuses and heavy burdens. Workers' living facilities are still too crowded.

(5) The investment orientation of capital construction was readjusted to quicken the development of light industry and the construction of facilities serving people's daily life. Over the past 3 years, we have curtailed capital construction in a big way and actively readjusted the orientation of investment. Of the total investment in capital construction, the proportion of investment in heavy industry decreased from 50.9 percent in 1978 to 40.3 percent in 1981; the proportion of investment on light industry increased from 6.1 percent in 1978 to 10 percent in 1981; the proportion of investment in productive construction decreased from 82.6 percent in 1978 to 58.7 percent in 1981, while the proportion of investment in non-productive construction for meeting people's material and cultural life needs increased from 17.4 percent in 1978 to 41.3 percent in 1981.

State investment on housing facilities over the past 3 years was 29 billion yuan. The floorspace of the completed new housing was 223 million square meters, an annual average of more than 74 million square meters and more than 4 times higher than the annual average figure of some 18 million square meters during the 10 years of the "great cultural revolution." Over the past 3 years, about 18 million people in urban areas have moved into new houses, while their original houses have been used to improve the living conditions of millions of other people. At the same time, "house-building fever" has swept the rural areas. New houses built by commune members over the past few years have a total space of 1.4 billion square meters, and in general these houses are of better quality. The average per capita living space in rural areas is 10.16 square meters.

Investment made over the past 3 years in urban utility and facility construction was 4 billion yuan, and this construction has played an active role in improving the living conditions of the urban population. According to statistics from 184 cities, the number of people using running water in 1981 increased by 22 percent compared with 1978; the number of public buses increased by 32 percent; urban roads grew by 8.2 percent; gas supply increased by 65.8 percent; underground water pipes grew by 16.8 percent, while the acreage of greenery increased by 38.9 percent.

For the convenience of the people, the state also stepped up the building of commercial service points through various channels. While measures were taken to strengthen the construction of state-owned commercial service points, collective commercial service points were also rehabilitated and developed, and individual commerce has been allowed to develop properly under the premise of predominance of public-ownership economy. By the end of 1981, the number of commercial service points and snack shops under various economic management systems across the country was 3,300,000, with staff totalling 16.24 million, an increase of 73.2 percent over the figure for 1978. The situation in some cities where it was difficult to find restaurants, buy vegetables, have things repaired and find hotels has been improved.

(6) The relationship between economic construction and the exploitation of brain power has been readjusted to promote the rehabilitation and development of education and science. Since the system of college entry examination for senior secondary school graduates was restored in 1977, both the quality and number of university students have improved. By the end of 1981, the number of university students across the country was 1.28 million, an increase of 1/3 over the figure of 1960, the year of the highest figure of university students prior to the "great cultural revolution." The number of university students attending radio and television education has been increasing while education in polytechnic schools, technical schools and sparetime industrial and agricultural schools was also rehabilitated and developed. The number of scientists and technicians increased considerably. Some technicians whose jobs had nothing to do with their professional knowledge or who were idle were assigned jobs in line with their profession. By the end of 1981, the number of natural scientists and technicians in units under ownership by the whole people was more than 5.7 million, over 30 percent higher than the figure of 1978. Over the past 3 years, more than 8,490 major scientific research achievements have been recorded across the country; 269 creations and inventions have been approved by the state, while some scientific research achievements have or almost have reached advanced international levels. In agriculture, the popularization of the new strains of hybrid paddy, hybrid maize, Shandong No 1 cotton and China No 10 cotton has played an active role in increasing grain and cotton output. Over the past 2 years, our country has successfully launched rockets to the Pacific, launched three satellites with one rocket and recently launched a rocket from the sea. All this shows that the science and technology of our country has reached a new level.

There were so many problems unresolved for a long period in the past, and therefore it was impossible to resolve all these in the past 2 to 3 years. In addition, there have also emerged a number of new problems while we are making

progress. Of all these problems, there are three main ones. First, in the first 2 of the past 3 years, there were deficits in our state finances. In 1981, the state finances were basically balanced, but financial situation is yet to fundamentally improve. In the 2 years 1978 and 1980, the deficit was respectively 17 billion yuan and 12.7 billion yuan. In 1981, the figure dropped to something over 2.5 billion yuan; thus financial revenues and expenditures were basically balanced. But this balance was achieved when revenues fell and expenditures were cut, and therefore it has no solid foundation. Due to currency issue over the past few years, the national retail price index in 1981 was 10.7 percent higher than in 1978. The price of nonstable foods closely related to people's life rose by 32.1 percent. Second, the infrastructure departments such as energy and communication were not in a position to meet the needs of the development of the national economy. Our energy production has been stagnant over the past 2 to 3 years. It is true that in the first half of 1982, energy output was 8 percent higher than in the same period last year, but the level of energy production is lower than the level of development of industrial production as a whole. The capacity of railway transportation and harbors is behind requirements, and traffic congestion is still a common sight. To a great extent, this situation has affected the development of the whole of industry. Third, product mix and the structure of enterprise organization are not rational enough. Output of products in line with social needs is not enough, while the production of unmarketable products is excessive. As a result, there are enormous stockpiles, which affect economic returns.

In order to consolidate and develop the achievements scored since the third plenary session of the 11th CPC Central Committee and basically improve the situation of finance and economics it is imperative to follow the strategic plan for economic development defined by the 12th Party Congress, continue to resolutely implement the principle of readjusting, restructuring, reorganizing and upgrading, practice economy and oppose waste, so as to shift all economic work onto the road of concentrating on improving raising economic returns. We must concentrate our efforts on readjusting the economic structure of various sectors, transform, reorganize and merge the existing enterprises and carry out enterprise technical reform in selected units. The initial transformation already carried out in the economic management system must be consolidated and perfected, and the work of defining planning for the transformation and the related measures must be stepped up. In this way we will be able to gradually transform the economic management system. It is also necessary for the state to accumulate certain funds for carrying out a series of capital construction projects for energy and communications. In this way, we will be able to considerably improve economic returns and consolidate and maintain the basically balanced finance and credit and the stability of prices, and consequently solve the problems left over by history.

We are confident that under the guidance of the correct program and series of principles and policies set forth by the 12th Party Congress for launching socialist construction in an overall way, and with the concerted efforts of the people of all nationalities across the country, the superiority of the socialist system will be further displayed and the financial and economic situation will improve faster.

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'JINGJI YANJIU' ON NATIONAL INCOME DISTRIBUTION

HK151226 Beijing JINGJI YANJIU in Chinese No. 10, 20 Oct 82 pp 62-63, 70

[Article by Xi Shouyan [5045, 1343, 4282]: "Distribution of National Income Should Achieve an All-Round Balance"]

[Text] The party central committee's policies of further economic readjustments and further political stabilization and unification, which were carried out during 1981 throughout the whole country, saw all-round expansion in agricultural production, large-scale increases in light industrial production and enormous reductions in basic construction investment, thereby achieving a fundamental balance in financial revenue and expenditure and a basic stability in market commodity prices. Nevertheless, there has still not been a complete turnabout and improvement in the proportional imbalance in the national economy and financial problems still represent major problems in today's economic construction.

The key to solving these financial problems is to increase, at the least expense, products which correspond to production construction and the needs of the people, as well as to raise production, construction and circulation and other similar economic At present we must carry out correct readjustments to the proportional relations in the national economy, first and foremost the proportional relations between accumulation and consumption. We must ensure that the distribution of accumulation and consumption does not exceed the gross national income and we must also ensure a rationale in the proportion between accumulation and consumption to effect a comprehensive balance in the distribution of the national income.

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The national income (V plus H) represents the combined net total production value of the five major areas, namely industry, agriculture, the building industry, transport and communications and commerce. The national income equals the gross total of accumulation funds added to the gross total of consumption funds. Under normal circumstances, then, the total sum of the accumulation funds is added together with the total sum of the consumption funds to equal the national income. The sum of the annual increase in accumulation funds and the annual increase in consumption funds should be equal to the annual increase in the national income.

The distribution of the national income is material distribution and can only be carried out within the sphere of the gross national income. This thus demands that [indistinct] first distribution of the national income, peasants, workers, and enterprise and national finance receive rational proportions and that the proportional divisions between the various areas does not exceed the gross national income. Readjustments to the proportions in each area must be suitable and must also ensure that the gross national income is not exceeded. Financial redistribution also needs a balance and the proportion of the national income that the financial income represents must be decided on the basis of the level of productive forces, the economic system, population and other such factors. China's practical experience tells us that if the proportion that is the financial income becomes excessive or inadequate it will do no good at all. Excess effect consumption in people's livelihood while there are inadequacies will harm economic construction.

Since the third plenary of the party central committee, the party and the government, in order to improve the standard of living, have readjusted the structure of distribution and raised the proportions for peasants, workers and enterprises in the first distribution of the national income with good results. Nevertheless some problems have arisen, such as excessive distribution and irrational distribution proportions. These can be divided into two stages. The first stage is excessive financial redistribution, with proportional distribution being essentially correct in primary distribution of the national income. The second stage is excessive distribution during the primary distribution of the national income, mainly as a result of problems in distribution proportions.

The first stage in 1979 and 1980 saw raises in the purchasing price of farm products and sidelines and partial alleviation of tax burdens in regional villages, as well as increases in employment in towns and cities, and increases in workers wages and the implementation of the bonus system. The proportion occupied in the national income by the financial income dropped from 32.9 percent to 29.6 percent. At the same time there was no pressure put on essential construction, nor were there reductions in total investments, while 22 import projects, which should have stopped and were not, and enterprises and regions blindly and repeatedly introduced new projects, and not only did costs for national defense and administration not drop, they increased. Price subsidies for farm products and sideline products as well as the bonus system exceeded planning. Thus contradictions arose between the national income and the national expenditure, with expenditure being greater than income.

During the second stage in 1981, active work took place to carry out further readjustments to the national income, adopting a series of far-reaching measures. Thus essential construction investments were reduced from 55,900 million yuan in 1980 to 43,300 million yuan, a 22.5 percent reduction. Costs were cut in administration as well as in national defense spending. At the same time there were great efforts to expand production

of common industrial consumer products, with increases in market product supplies and a withdrawal of currency from circulation. The results were that finances improved and new currency put into circulation dropped from 7,850 million yuan in 1980 to 5,000 million, while market prices stabilized greatly. However, latent dangers still had not been totally eradicated. A basic equilibrium in finances was achieved because of reductions in expenditure and therefore had not been consolidated. Currency in circulation still exceeded planning while market currency circulation was still excessive and one-sided. Prices were still rising. All this suggested that distributionally, gross accumulation and consumption exceeded the gross national income, i.e. previous problems still existed. Despite this, the situation was not the same as that of the proceeding 2 years. Excessive distribution in 1981 was evident in the following three main areas:

1. The scale of negotiated and additional prices for farm products and sideline products was becoming increasingly larger, while purchase price levels continued to rise and national subsidies also increased to such an extent that it represented 17 percent of the gross financial expenditures. Agricultural income saw speedy increases that exceeded increases in agricultural production, and thus agricultural income increased 10 percent while agricultural production increased only 4 percent.

2. Some enterprises and work units which had introduced the bonus system began to lose control because of reckless and chaoticieonus issuing and the appearance of subsidy schemes. As a result of unattained plans, the production rate of the entire work force of state-run industries and enterprises dropped by 1.8 percent, while national bonuses rose by 14 percent. This harmed the people's long-term benefits as well as the state's immediate benefits, and weakened the material basis for developing the national economy with planning and according to proportions and only added to the problems of readjustment and restructuring of the national economy.

3. Some enterprises contravened national regulations connected to national profits and taxation with the result that surplus enterprise profits increased while tax revenues decreased. In some cases this even led to increased costs and rises in production costs as well as tax evasion.

Finances in 1981 greatly reduced essential construction investment and in fact a situation was even reached whereby it was not possible to continue reductions. This suggests that the problems are not essentially problems connected with financial redistribution. Instead the proportion that finance represented in the primary distribution of the national income, namely 27.4 percent, was excessive and presented no way of achieveing equilibrium.

In order to rid ourselves of financial problems we must first solve the problem of excessive distribution of the national income, and support the basic balance between the national income, primary distribution and redistributions.

We must set up and define suitable proportions between accumulation and consumption within the national income. Within these all-round inportions we must define the accumulation funds and consumption funds to be distributed to each area and must ensure that the gross accumulation funds and gross consumption funds when totalled together do not exceed the gross national income. After the previous stage of large-scale readjustment the relations between consumption and accumulation became more rational, with accumulation representing 28.3 percent in 1981 and consumption reaching 71.7 percent. As of today, we must continue to rationally decrease the proportion represented by accumulation while at the same time raising the proportion represented by consumption. We must adopt methods of fine tuning and the main ways to decrease the accumulation rate are as follows:
1) Economizing on circulating funds. This demands very exacting and detailed work. Handling material stocks and bringing life to stagnant material stocks, suitable pressure on reserves of circulating products as well as production enterprise reserves and construction enterprise reserves.
2) Cutbacks on nonpredicted repeated construction and blind construction as well as reducing enterprise and individual work unit finances which have so far not produced any successful economic results. At the same time we must accordingly increase consumption funds expenditures within predicted limits (while increasing the proportions of financial revenue) in order to improve the proportion of consumption. Only on this basis can these four major balances be achieved.

In order to ensure the continued liveliness and health of the economy and with the intention of activating the enthusiasm of the peasants, workers and enterprises, we must ensure that the proportion of financial revenue continues to drop, thereby stabilizing the revenue of the enterprises, the peasants and the workers.

1. Readjustments are needed for the proportionate distribution of enterprise profits. First we must eradicate illegal enterprise policies and regulations that do not accord with the present proportions in dividing up enterprise profits and ensure that enterprise average divisional proportions decrease. Divisional proportions must be based on the administrative level of the enterprise and the varying degrees of mechanization and equipment. Proportions kept by the enterprise must be linked up with the standard of enterprise administration and the degree of economic success. This work should be carried out in conjunction with enterprise reorganisation and consolidation.

2. Help stabilize purchase prices of farm products and sideline products. As of today, increases in peasant revenue will depend on increases in production. Purchase prices for these products need a stable period while reorganization of the quotas of requisition purchasing is worked out.

3. Reorganization of enterprise bonuses. Today we must define and improve this bonus system and set up good work quotas and systems of work responsibility.

We must help balance financial expenditure and revenue. To solve this problem, in addition to developing production, improving economic results and organising primary distribution of national revenue, we must thoroughly organize the redistribution of finances. Financial redistribution is of help to production development as well as to improving economic success. As of today, in addition to restricting unpredicted investment we must also rationally increase predicted essential construction investment, although the increase should only be slight.

Construction should and must be improved, as before, by simple billing. Under the premise of achieving a comprehensive balance in financial loans, some bank loan finances may be used to consolidate capital investments, although we must avoid forcing the banks to continue to introduce currency for financing.

In general, then, only by solving the problems of excessive distribution of the national income can we hope to obtain the necessary conditions for a fundamental improvement in finances and economics.

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(Author's place of employment: Economic Research Center, State Council)

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON PLANNED AGRICULTURAL ECONOMY

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[Article by Han Ziyu [7281 5261 1342], Ma Changfu [7456 2490 4395], and Chen Youshun [7115 0645 7311]: "Several Questions Concerning the Principle of Taking Planned Economy as the Leading Factor and Regulation by Market Mechanism as the Subsidiary Factor in Agricultural Production"]

[Text] The Agricultural Production Plan is an important constituent part of the entire National Economic Plan. Practice has shown that it is not good to have a plan that effects too light a control and that it is not good either not to have any plan at all but that the only correct guideline is to insist on planned economy as the leading factor and regulation by market mechanism as the subsidiary factor. For agriculture to insist on the adoption of this policy, we believe that we must study and solve well the following several problems.

1. We must have a unified and comprehensively balanced plan. At present, the control structure over agricultural planning is not unified and there is a lack of liaison between agricultural production, the purchase and transfer of agricultural products, and the supply of the means of production for agriculture according to the cured tobacco planting plan, the departments in charge send direct instructions to the counties. The directions differ in content from the arrangements made by the localities. As a result, difficulties are generated in the supply of materials and in commercial purchases. Hence, in order that agriculture takes planned economy as the leading factor and regulation by market mechanism as the subsidiary factor, there must be a unified agricultural plan which has an overall balance and we must change the practice of "stationing soldiers at different points with each carrying out different orders." We must adopt and carry out the method whereby separate assignments are made for the execution of a plan in which the planning commission has already achieved a unified overall balance. The formulation of a plan should be from bottom to top. Top and bottom must work in unison and fully consult each other. All the relevant departments, localities and units should of their own initiative assist the planning commission to perform well the work of achieving an overall balance. Problems requiring solution must be concretely solved, and solved well, so that the agricultural plan has a scientific character and is thus authoritative.

2. We must rationally determine the base for the purchase and upward transfer of products. At present, concerning the base for the purchase of agricultural and sideline products, some localities employ the original quota purchase figure whereas others use a figure which is the average of the purchase figures of past years. The original base was formerly rational and played an important role in stirring up the production enthusiasm of the peasants. But, from the long-term view, this method of a fixed base has certain drawbacks. 1) It does not follow production development and readjustments in the geographical distribution of production to make corresponding and rational readjustments, Frequently it happens that the more developed the production the heavier is the burden on national finance. For example, in 1981, Anhui reaped a bountiful harvest in grain and oils. As a result, the above quota purchase of grain was 131 percent of the purchase quota whereas the surplus purchase of oils was 943 percent of the quota figure. That year, the payments made for grain and oils in excess of purchases at the quota price amounted to 568 million yuan. This exceeded the payments made in 1979, which was a normal year, by 279 million yuan; 2) there is no way of ensuring fulfillment of the targets set by the base figure. This is because every year there are disaster ridden localities and they send requests for a reduction of the base. Besides, farmers frequently wish to fetch high prices for their products. Following implementation of the regulations calling for taking full responsibility for output quotas and assigning the households full responsibility for task completion, some households have failed to fulfill their base figure requirements but turn over their products to others to sell at surplus purchase prices, or carry their products to other localities to sell at higher prices. In 1981, in Anhui Province, the surplus purchases of grain, cotton and oils were exceeded several times but a portion of the base figures still remained unfulfilled. Fulfillment of the base quotas that year was: grain, 97 percent, oils, 98 percent and cotton, only 83.4 percent; 3) this method has worked to the disadvantage of old commodity base areas which used to handle large quantities of commodities. For example, in Anhui Province, the supply of oils and fat used to depend on areas along the valley of the Changjiang River. There, the base figures for state purchases were fixed rather high. But in recent years, in Huaibei, rapeseed plantation enjoyed a great development but the original base figure for purchases was rather low. As a result, surplus purchases far exceeded those in the old areas. For example, in Fuyang the state surplus purchases of oils and fat were 2100 percent of the base whereas in the old Chaohu area the surplus purchases were only 900 percent and in Anqing, only 250 percent. Again, take cotton for example: the base for the old plantation areas along the river was also fixed rather high. As a result, the surplus purchases in the old Anqing production area amounted to only 15 percent of the base, in the Chaohu area, to only 5.2 percent, and the smallest in the Xuancheng area, being only 0.8 percent. [HK029905] However, in the Huaibei new plantation area, the fixed base was especially low and in the Xiuxian area the surplus purchases amounted to 170 percent of the base. From this it can be seen that the practice of fixing tight a base purchase figure lasting for several years breeds many problems and is detrimental to the readjustment of the geographical distribution of the crops and implementation of the State Plan. We suggest that the static base be changed to a flexible one, that is to say, that in accordance with the needs of the state, for different agricultural and sideline products a definite ratio be set between state monopoly or quota purchases and surplus purchases such as 20-80 percent or 30-70 percent, the former

at a parity price and the latter at surplus purchase prices. Purchases should be made and paid for according to the year plan announced by the state. Agricultural and sideline products in excess of the assigned tasks should first meet the needs of the state. Those not needed by the state may be handled by the commune members themselves. In this way, the disadvantages of a tight base can be avoided. However, because this method involves the readjustment of the economic interests between the state and the peasants, it is a big problem and must be studied with great caution. We must proceed carefully.

3. We must further improve the economic contractual system. Implementation of the contractual system represents an important reform in the structure of agricultural planned control. It is an important form of enforcing the State Plan in the communes and production brigades. Its advantages are: 1) respecting the peasants' autonomous rights in production. It enables the peasants to pursue production according to the needs of society, in a planned manner, and abiding by the principle of suiting measures to local conditions; 2) putting the State Plan in the right place for implementation and ensuring meeting the needs of both the state and the populace. At present, the importance and benefits of the economic contract are understood by everybody and its usage has spread rather extensively. However, judging from the contracts signed in various localities, it appears that many of them are not in conformity with the requirements of an economic contract. According to the requirements, an economic contract takes the form of an agreement whereby the parties concerned, following the stipulations of the State Plan and the relevant policies, definitely specify their respective rights and obligations. Unfortunately, at present, many of these contracts merely specify the obligations which the peasants should enjoy. Some peasants have complained that whereas the agricultural and sideline products which they deliver or sell to the state are made at state prices, the contract makes no mention of the means of production which the peasants need and hence the peasants are obliged to buy them at high prices. A contract of this kind which specifies obligations but nothing about rights is in substance a "letter of guarantee." According to the requirements under the statute governing economic contracts, the parties signing the contract should be the commune brigade or peasant and the commercial departments directly making the purchases. Cadres in the communes or production brigades principally perform inspection and supervision work to ensure the execution of the contract. The contents of a contract should on the one hand denote the obligations and responsibility of the peasants to the state and the collective, and should, on the other hand, denote the state's support to the peasants.

4. We must improve the accuracy of market forecasting work. Among the agricultural products, aside from grain and oils most of which are for self-use, basically speaking the other economic crops and agricultural special products are for sale. Output of products of a commercial nature is usually regulated by market conditions. Hence, performing well the job of accurate market forecasting is a prerequisite to planned production which conforms to market needs. In recent years, in Anhui Province the production of certain agricultural products showed rather large fluctuations. This was largely related to inaccuracy in market forecasts. In making market forecasts, we should not only have a clear understanding of the supply and demand of each and every one of the agricultural and sideline products but also take into consideration the influences

of our country's current administrative structure and policies on the supply and demand conditions of agricultural and sideline products. At the present moment, looking at the country as a whole, certain agricultural and sideline special products appear to be suffering from a surplus in production. However, aside from several individual varieties, the so-called surplus needs to be concretely analyzed. In some cases, the surplus is due to the passage of commodities through the circulation lanes not being smooth enough and as a result the surplus is a reality in certain localities only and not for the country as a whole. Also, due to unfavorable prices some business units are afraid of incurring losses and do not want to take on more purchases. In still other cases, the commercial purchasing departments lack the necessary storage facilities, cannot play the role of a commercial "reservoir," and refrain from buying at the least sign of overloading. [HK020907] In the last few years, production of rapeseed has flourished rather well and it appears that supply has exceeded demand. In reality, on comparison with the actual livelihood needs of the urban and rural population, rapeseed is not really overabundant. The problem is that we have yet to prove further into the processing and extended use of rapeseed. Moreover, the existing price policy somewhat restricts the sales volume of rapeseed oil. It is found that the government has to give a subsidy of 0.80 yuan per jin of rapeseed oil sold. In this way, it cannot purchase more, or sell more, but can only resort to rationing. Therefore, concurrently with strengthening market forecasting, we must also study and solve certain of the problems which affect the balance of supply and demand.

5. We must correctly make use of economic regulations. In order to ensure that in agriculture planned economy is the leading factor and regulation by market mechanism is the subsidiary factor, the correct use of regulations such as those concerning prices, taxation and credit and loans is a problem of paramount importance. As for those agricultural and sideline products which the state urgently needs and which are lacking, their output can be readily improved if only we can appropriately raise the purchase prices and give the peasants support in taxation and in credit and loans so that they will know the benefits of producing them. However, in the event of certain agricultural and sideline products really suffering from a surplus in production and exceeding the actual needs of the state, then appropriately lowering the purchase prices and imposing certain restrictions with regard to credit and loan and taxes can correspondingly achieve an effective control. Actual practice has shown the fallacy that only rising prices, and not falling prices, are advantageous to production. If the prices tend to be too high and cannot be lowered in time, then the limited purchasing power of society can adversely affect the sales and in turn production is likewise affected. For example, honey used to be exported abroad but now is mainly retained for domestic consumption. But because of its high price, food plants in the country do not want to use it, while the consumers at large cannot afford it, and the purchase departments do not want to purchase too much of it due to its unmarketability. This results in a fallacious surplus production of honey. In reality, honey is still very much needed by the consumers. If its price is appropriately lowered and if we follow the principle of making more sales but at a thinner profit margin, then the volume of sales can be immensely increased and in turn honey production will be promoted. The objective demand in the correct utilization of the law of value is that prices may fluctuate within a definite range and indeed may

go up or down. At present, there is a trend which believes that the use of economic regulations to develop production must be followed up with such measures as raising prices, reducing taxation and even exempting taxes and refunding the profit remittances and that if this is not followed then the government may be said to have changed its policy and be again wielding a big sword to kill the enterprises. Opinions of this kind are entirely one-sided.

CSO: 4006/89

ECONOMIC PLANNING

STATISTICS FOR GUANGDONG INDUSTRIAL PRODUCTION IN FIRST HALF OF 1982

Guangzhou NANFANG RIBAO in Chinese 11 Jul 82 p 1

[Article by Guangdong Provincial Statistics Bureau: "In the First Half of the Year Our Province's Industrial Production Developed Steadily"]

[Text] In the first half of the year, industrial production in our province continued to develop steadily, fulfilling 50.3 percent of the annual plan with an 11.9 percent production increase over that of the same period of last year.

There were several special features in the industrial production situation in the first half of this year:

1. Increased production was widespread. In the province, 13 prefectures, municipalities, and autonomous prefectures increased production. Showing production increases of 10 percent and above were Guangzhou, Shenzhen Municipality, Hainan Administrative District, and the prefectures of Shantou, Huiyang, Foshan, and Zhaoqing.

2. Development of heavy industry was accelerated. Heavy industry grew by 7.8 percent over that of the same period of last year, and its growth rate was 1 percent faster than that in the same period of last year. The output value of light industry increased by 14.1 percent.

3. The proportion of products for which plan were fulfilled rose. Of the 61 major product plans, 45 were fulfilled or overfulfilled, 73.8 percent of the total. Of 65 constant products, 50 products showed production increases as compared to last year, 76.9 percent of the total. In the first half of this year, there was an accelerated rate of production of products related to people's life that are in short supply, and plans for most of them were overfulfilled. Compared to the same period of last year, there was an increase in coal production of 30 percent, 3.4 percent above plan. The amount of crude oil processed increased 5 percent, 3.3 percent above plan. The amount of electricity generated increased 15.6 percent, 2.2 percent above plan. Cement production increased 13.3 percent, 3.1 percent above plan. Plate glass production increased 3.5 percent, 33.3 percent above plan. The production of bicycles increased 40.2 percent, 7 percent above plan. Sewing machine production increased 36 percent, 2.5 percent above plan. Beer production increased 41.4 percent, basically reaching the rate of progress required by the plan.

4. Product quality was either stable or improved. According to statistics for the quality standards of 54 products in the light, metallurgical, building materials, electronics, and coal industries from January to May, 70.4 percent were of stable or improved quality. In Guangzhou Municipality of 99 products tested, from January to May, 84 were of stable or improved quality, 92.3 percent of the total. The quality of important light industry products such as bicycles, sewing machines, and Diamond-brand electric fans was improved. Since the beginning of this year, The Guangzhou Bicycle Plant, with the goal of surpassing the "Flying Pigeon"-brand bicycle, has focused on the question of the quality of electroplate and paint and has improved its technology and reformed its equipment. From January to May, quality reached 95.07 points, 4.4 points higher than in the same period of last year and over 5 points over the plan requirement.

5. Economic benefits rose gradually. In the provincial budget, the income from sales by local state-run industrial enterprises in the first half of this year increased 9.3 percent as compared to that of the corresponding period of last year; profit obtained increased 12.1 percent over that of the same period of last year; and profit turned over to the higher authorities increased 1.2 percent over that of the corresponding period of last year.

6. The labor productivity rate continued to rise. From January to May, the labor productivity rate of industrial enterprises which are in the all-people independent accounting system rose 7.3 percent over that of the corresponding period of last year.

The fundamental reasons why our province's industrial production was able to continue to develop steadily were that the improvement of economic benefits was made the central task and that the relationship between speed and benefits was handled comparatively well; that, while summing up experiences in carrying out special policies attention was paid to the stability and continuity of the policies; that the policy was further and thoroughly implemented; and that there was a crackdown on serious criminal activities in the economic sphere, thereby promoting the smooth development of economic work.

However, some problems still existed in industrial production in the first half of the year, the principal ones being that for some products, because of reasons such as being of inferior quality but high priced or being goods that do not satisfy the market, the phenomenon of overstocking was comparatively serious; that the consumption of materials in some enterprises was fairly high and costs did not go down; and that some enterprises, because raw materials, fuel, and motive power were in short supply and the enterprises "did not eat their fill," they were put in a stop-and-go situation, thereby creating a situation in our province in which the economic benefits from industrial production were still not ideal.

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INDUSTRY

REORGANIZATION OF ECONOMIC RESPONSIBILITY SYSTEM VIEWED

Shenyang LIAONING RIBAO in Chinese 11 Jul 82 p 3

[Article by Chen Guohua [7115 0948 5478] et al.: "Reorganizing Industry's Economic Responsibility System"]

[Text] Last year, when the financial task began to be carried out, the economic responsibility system for industrial production was put into widespread practice. Looking at the present, we see that its direction is correct and that its results have been fairly good. It plays the role of improving the administrative and management level of an enterprise, the fulfillment of industrial production plans, and the financial task of turning over profits to the higher authorities. To practice the economic responsibility system is an extensive, deepgoing change, and since there is not enough experience in practicing it, once it is spread all over it is hard to avoid some problems. For example, because the economic responsibility system is linked only to profit indices, certain departments and enterprises, disregarding the state plan and ignoring product quality, onesidedly pursue profit and onesidedly stress the interests of the enterprise or its staff and workers; a small number of enterprises, violating financial discipline, engage in dishonest practices and distribute bonuses recklessly; and between enterprises "unequal joys and sufferings" have emerged. We should soberly appraise these problems in the spirit of seeking truth from facts, neither turning a blind eye to them and letting them spread unchecked nor, because of them, entertain doubts about practicing the economic responsibility system, and even draw back from it. If we do otherwise, there will be no way to advance the work of economic reform. In the present reorganization of enterprises, we must make the reorganization of the economic responsibility system a central link and really get a good grip on it.

In reorganizing the economic responsibility system, we must change the practice of making profit the only index to the practice of making profit, quantity, quality, variety, cost, and goods supply contracts the main indices. This will avoid a fall in product quality when the profit index is fulfilled. When product output goes up and the cost of keeping overstocked products rises, the new practice will spur the enterprise to fulfill state plans in an overall manner. According to statistics of departments concerned, at the end of March this year, the amount of money tied up in overstocked products of industrial departments throughout the province was 30 percent higher than in

the corresponding period of last year. In the 2 months of April and May, the output of polyester cloth, whose output is limited by the state, was above the planned targets, and this had a direct effect on raising the marketing income, the interest, and other costs. This situation must be changed. The profit index is an important multipurpose index, but in the present period of readjustment there exist certain irrational factors in price, tax revenue, and system of organization and there exist some problems in the relationship between supply and demand, so that the profit index alone cannot accurately reflect the overall administrative and management level of an enterprise and it must be linked to other economic and technical indices. In determining the profit index itself, we must uphold the principle of first obtaining more income for the state and next letting the enterprise retain more profit, and choose advanced, rational base contract figures. The profit base figure of an enterprise in which production shows regular profits should normally be higher than that of last year, and the loss base figure of an enterprise that show losses should be lower than that of last year.

The economic responsibility system combines rights, responsibilities, and profit and is advantageous for arousing the enthusiasm of cadres, staff and workers. However, we cannot make it a "basket" into which we cram everything. The leading personnel of some enterprises oversimplify their work and try to save themselves trouble by putting into the evaluation scope of the economic responsibility system the small number of staff and workers who do not attend meetings, who do not take part in culture and learning, who do not take part in voluntary labor, and who fight and curse others, and they substitute rewards and punishments for administrative and management work for ideological and political work. This, on the contrary, weakens the economic responsibility system and encourages among people the mistaken idea of "looking only for money." In practicing the economic responsibility system, the staff and workers can only be held responsible for their own share of the economic indices, such as output, quality, consumption, and work attendance. As for the shortcomings or problems of staff and workers in other respects, they should be resolved by administrative and management work and by ideological and political work. The further perfection of the economic responsibility system depends on how people do it. If their thinking is illogical, they will get half the result with twice the effort. The idea on the part of a small number of staff and workers that norms should be set low and bonuses high and that bonuses can only be high and never be low, requires that they be given education in the relationship between the "three interests" and in their sense of responsibility as masters. If ideological and political work permeates the economic responsibility system it will really become a powerful motive force that entangles the advanced, spurs on the backward, and arouses the masses' enthusiasm for socialism.

An extremely important problem is that of implementing the responsibility system in all layers within an enterprise. All enterprises where favorable factors exist must, proceeding from reality, conscientiously learn from the experiences of the Capital Iron and Steel Company and, like it, uphold advanced and rational norms, make strict arrangements, and effect distribution according to work; break down all the economic indices layer by layer, assign

personal responsibility and contracts layer by layer, and horizontally implement them in every administrative or technical office and vertically implement them in the workshops, groups and teams, and individuals; make clear, from the factory director and management personnel down to the worker, what index of economic responsibility each bears and, according to whether the economic results are good or bad, linked to whether the person's own contributions was big or small, fix rewards or punishments. Only in this way can responsibilities, rights, and profits be combined, and can the masses be mobilized, administration and management improved, the potential within an enterprise be tapped, and economic benefits be increased.

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FOREIGN TRADE

BRIEFS

INTERNATIONAL ENGINEERING CORPORATION--Beijing November 4 (XINHUA)--A China International Engineering Corporation has been established here recently to build agricultural, animal husbandry and fishery projects abroad. The corporation will contract for construction of projects in other countries, provide technical and labor services and set up joint ventures, according to a spokesman of the corporation. The corproation will also provide facilities and machine parts for those projects, the spokesman said. The cooperative projects will cover construction of fish, livestock, poultry, rice, wheat, sugarcane, tea, vegetable and mulberry farms; agrotechnical centers; veterinary stations; factories for processing farm produce, animal by-products and fish; marine fisheries; land reclamation; water conservancy; and construction of methane gas pits and rural development. The corporation has drawn experience from agencies in charge of aiding foreign countries under the agricultural and related departments and incorporated these agencies. In the past two decades, these agencies helped more than 60 developing countries build 150 projects, involved in which were several thousand Chinese engineers and technicians. In addition, the corporation is connected with noted Chinese agronomists, veterinarians and other experts, as well as agricultural colleges and agricultural engineering research institutes. [Text] [OW041249 Beijing XINHUA in English 1237 GMT 4 Nov 82]

CSO: 4020/22

LABOR AND WAGES

BRIEFS

JIANGXI IMPROVES URBAN, RURAL LIVELIHOOD--Nanchang, 3 Nov (ZHONGGUO XINWEN SHE)--The result of a general survey by the relevant department of Jiangxi Province shows that the living standards of urban and rural people in this province have greatly improved over the past 3 years. To our knowledge, in the period of 3 years ending in 1981, Jiangxi Province appropriated 2.37 billion yuan of funds to increase the income and improve the livelihood of urban and rural people. This amounted to 34.5 percent of the provincial financial income. Last year, peasants' average cash income from collectives was 96 yuan per person against 74 yuan in 1978. Urban workers' average yearly income was 719 yuan per person, or 169 yuan more than in 1978. In the first 9 months of this year, the Jiangxi Provincial Government again spent 145 million yuan on subsidizing the prices of goods. [Text] [HK040921 Beijing ZHONGGUO XINWEN SHE in Chinese 0110 GMT 3 Nov 82]

CSO: 4006/87

GENERAL

'RENMIN RIBAO' ON ECONOMIC RETURNS, OUTPUT VALUE

HK040823 Beijing RENMIN RIBAO in Chinese 29 Oct 82 p 5

[Article by Wu Xuecan [0702 1331 3605]: "Economic Returns and Output Value"]

[Text] When discussing the strategic target of economic development we should take special note of the following passage from the report of the 12th CPC Congress, to strive vigorously "under the prerequisite of constantly raising economic returns." On no account must we put undue emphasis on the strategic target figures and forget to constantly raise economic returns. Deviating from this prerequisite, the development speed will mean nothing and the strategic target will not be actually realized. This requires our correct handling of the relations between the output value and economic returns.

The output value and the economic returns from two different concepts. Sometimes they are the same and sometimes they are different. They are the same when the products, reflected by output value, could meet the social demand in terms of quantity, quality, variety and specification. The higher the output value is, the higher the economic returns will be. Conversely, if the products reflected in output value do not meet social demand, as when "these goods are just not the thing society needs," they are kept too long in stock and finally, decompose, deteriorate and are damaged, instead of being sold out. Consequently, the value of the products is not actually realized. Under these circumstances, although output figures and output value figures are recorded on the statistical table, and payment has even been made by the material departments to the enterprise that has registered sales volume and has made profits, from the social viewpoint, there have not been any economic results. Here the said social demand is to meet the requirements of the actual purchasing power. For instance, although some products could entirely meet the social demand, they are not sold out because the price level exceeds the buyer's actual purchasing power. Therefore, the value is still not realized and it cannot be considered as an actual economic return.

On the other hand, the output value only indicates the quantity of products that are made and it does not indicate the actual quantity of active labor and material consumed by these products. Economic returns are further checked by the social labor quantity consumed by a certain number of products. While

making products in equal quantities, the more labor is consumed, the smaller the economic effect produced. On the contrary, while making products in equal quantities, the less labor is consumed, the higher are the economic returns.

Only by making an investigation of economic returns based on meeting social demand and reducing labor consumption, can it be considered an all-round investigation. The output value index fulfilled under the prerequisite of economic returns should mean making more products to meet the social demand and reduce labor consumption to a minimum.

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GENERAL

ENTERPRISES EXHORTED TO COMBAT LOSS, WASTE

Shenyang LIAONING RIBAO in Chinese 11 Jul 82 p 3

[Article by Shen Yang [3747 3152]: "Start the Overall Reorganization of Enterprises by Combating Waste"]

> [Text] Editor's note: The provincial party and the provincial government recently emphatically pointed out: In order to reorganize enterprises well and improve economic benefits, it is necessary to arouse the masses to combat waste resolutely. If the units of Shenyang, Fushun and other municipalities, and of Anshan Iron and Steel Company and other enterprises do this, the results will be very good. At present, the phenomenon of waste is fairly widespread and serious in the production and construction spheres, the commodity circulation sphere, and other spheres, and in some places it is shocking. Therefore, the potential for resolutely combating waste is very large and its significance is very great: 1) it can reduce losses of state property, increase wealth, and improve economic benefits; 2) it can plug loopholes, perfect systems, and promote the improvement of enterprise management; and 3) it can educate the broad masses of staff and workers to establish and heighten their sense of responsibility as masters, to persist in the good tradition of waging arduous struggle, and to cultivate the good habit of being hardworking and thrifty. By combating waste the launching of activities to increase production and practice thrift and to increase income and limit expenditures will be further promoted.

Big losses and waste and poor economic benefits constitute a serious problem that now exists on a wide scale on the economic front. In fairly many enterprises, the management of funds is chaotic; the consumption of raw materials is excessive; products and spare parts are seriously damaged or lost; the reject rate is high; blind purchasing creates overstocking of goods, materials, and equipment; blind production and manufacture in a rough and slipshod way creates a large amount of overstocked products; and the labor system is irrational and the worktime utilization rate low. As for product

design, manufacturing techniques, production techniques, and management level, one can see even more potential. Waste not only causes serious economic losses, but also corrupts the minds of the cadres and masses, makes the staff and worker force slack, ruins the social atmosphere, and creates opportunities for serious criminal activity in the economic sphere. Therefore, it is both very necessary and imperative that in enterprise reorganization a widespread movement to combat waste be launched.

In the process of effecting a comprehensive reorganization of its enterprises, Shenyang Municipality launched widespread, deepgoing activities to "learn from the advanced, look for shortcomings, combat waste, and increase benefits." The activities to combat waste, which have been going on for several months, have aroused the spirit of the broad masses of staff and workers throughout the municipality, opened up the situation in enterprise reorganization, further promoted a change in the ideology guiding economic work, and promoted the struggle to crack down on serious criminal activities within the economic sphere so that a good momentum has emerged in which industrial production grows steadily and the profit handed over to the higher authorities steadily rises. In the first 5 months of the year as compared to the corresponding period of last year, industry's total output value increased by 7.5 percent, the profit realized by enterprises directly under the municipality's budget increased by 4.7 percent, the profit handed over to the higher authorities increased by 11.1 percent, and the circulating funds turnover was accelerated by 12.2 days. By making combating waste their breakthrough point in enterprise reorganization, a batch of enterprises achieved outstanding results.

One important reason that loss and waste are serious and economic benefits are poor is that the thinking and workstyle of the leading group of an enterprise are not correct. Therefore, in enterprise reorganization the leading group should now stress the solution of three problems: 1) change their guiding ideology in economic work by switching from purely grasping output value and output to the track with improvement of economic benefits as its core; 2) overcome bureaucracy, slackness, and weakness, arouse the spirit, change the workstyle, and heighten dedication to work; and 3) check unhealthy tendencies, correct the party style, and make the relationship between the cadres and the masses close. Once the Shenyang Municipal Sewing Machine Plant had a "three advance" work team which had five changes in leadership, all of whom failed fundamentally to solve the plant's problem. This year, when the unit, acting as an experimental point, began to reorganize, most of the members of the leading group feared difficulties and to different degrees "thought of leaving and not of managing." During the activities to combat waste, the plant's party committee, in relation to the problem of loss and waste valued at 1.6 million yuan that had been brought to light, examined its thinking, searched for reasons, launched criticism and self-criticism, and solved fairly well the ideological problems of the group members, aroused their revolutionary spirit, and became determined to change the plant's backward features. Based on the reorganization plan and their individual share of the work, several leading members went to workshop teams and groups and rapidly opened up the situation in reorganization work, promoting the development of production. Many leading

groups of units checked for flaws in the enterprise's administration and management, summed up experiences and lessons, launched criticism and self-criticism, and strengthened ideology and workstyle. This set up a leadership system for carrying out reorganization and readjustment that was both democratic and collective in nature, and it created good conditions.

Activities to combat waste contributes to the strengthening of the staff and worker force. Under the party's leadership, our county's working class possesses an excellent revolutionary tradition and has always been an excellent force that is patriotic, enthusiastic about socialism, diligent and thrifty, and full of creativity. However, during the "Great Cultural Revolution," this excellent revolutionary tradition was greatly damaged, the education and technical levels of the staff and workers universally dropped, the enterprises were overstaffed, the work was careless and sloppy, and labor discipline was lax. All these things were important causes of loss and waste. The activities to combat waste added new content to education in the "three loves, being the masters, achieving new merits, and establishing a new workstyle." This enhances the idea on the part of staff and workers that they are the masters and is highly advantageous. At present, there has appeared in many enterprises the new phenomenon of the "five more and five less": more conscious observance of rules and discipline and less staying away from work without leave or good reason, tardiness, and fighting and scuffling; more conscientious responsibility and painstaking operation in work and less showing up for work but not putting forth effort and manufacturing in a rough and slipshod way; more taking good care of state property and thrift and frugality and less extravagant waste of assets and appropriation of public property; more positive vigor and less negative backwardness; and more love for one's own job and concern for the collective and less choosing whatever is to one's personal advantage and being preoccupied with one's personal gains and losses. The mass-type "five little" activity--a little knack, a little suggestion, a little improvement, a little innovation, and a little invention--has had a new development. We should value this achievement extremely highly and on this foundation continue to advance toward gradually building up a staff and worker force that is both Red and expert.

In the final analysis, the problem of loss and waste that exists in enterprises is owing to the fact that the foundation work was weak and the economic responsibility system was not perfected. If, after loss and waste have been uncovered, we only pick out "movable property," then we will still be unable basically to strengthen enterprises. Therefore, when most of the enterprises enter the stage of reorganization and reformation, we should guide them to pay attention to strengthening all parts of the foundation work for enterprise management, to reorganize and perfect the economic responsibility system, and to put a lot of effort into getting at the root of problems. According to what Shenyang Municipality has found out about 83 enterprises, during the activities to combat waste, 29 enterprises have strengthened their work in keeping original records, collecting statistics and making calculations, and examining, measuring, and testing; 32 enterprises have revised and perfected their raw material consumption norms, labor norms, and fuel and motive power consumption norms, and have strengthened their

management of these norms; 11 enterprises have rectified their labor organizations and have fixed the number of staff and the number of groups; and 11 enterprises have learned from the Capital Iron and Steel Company and have perfected the economic responsibility system. Although this work is just a beginning, it is a gratifying step toward the building of the management system for a scientific civilization.

Bringing up the problem of combating waste provides a clue to cracking down on economic crimes, and this crackdown will cause the great number of cadres and masses continually to deepen their understanding of the importance of combating waste. When bringing up manifestations of loss and waste, many enterprises, in their activities of purchasing and coordinating outside the enterprises, seek far and wide for what is close at hand, but what is expensive instead of what is inexpensive, and get what is inferior instead of what is superior; in marketing products, the problems of unauthorized lowering of grades and prices when dealing with products or other goods and materials, as well as the loss of precious metals and valuable parts, have been expeditiously investigated and some illegal and criminal activities have been discovered. Strict handling of these cases will give a powerful impetus to the struggle to crack down on serious criminal activities within the economic sphere, and will also be vivid teaching materials for educating the staff and workers to combat corruption.
With regard to the problem among staff and workers of making no distinction between what is public and what is private and then seizing state property, the main thing is for them, through self-education, to heighten their consciousness. In general, we should not appeal to people to return public property and not appeal to everybody to stop doing evil and reform themselves, but should express our welcome to those who, after being educated in this respect, return public property. Provided the policy limits are clear, we will dispel the unnecessary ideological misgivings on the part of some people, so that activities to combat waste will be launched on a wide scale.

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24 November 1982

CHINA REPORT

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No. 287

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON REFORM OF ECONOMIC SYSTEM

HK221007 Beijing GUANGMING RIBAO in Chinese 9 Oct 82 p 3

[Report: "Economic Circles in Beijing Hold Forum on Questions of Theory Concerning Reform of Economic System"]

[Text] In the recent forum on questions of theory concerning the reform of the economic system, Xue Muqiao, adviser of the State Restructuring of the Economic System Commission (SRESC) and leading cadre of the economic research centre under the State Council said that since May this year, economic circles in the country have centered their discussion on planned economy and market regulation and the discussion has been fruitful. The report made by Comrade Hu Yaobang at the 12th CPC Congress on behalf of the party Central Committee has fully analyzed the relations between the planned economy and market regulation and has made an accurate explanation of mandatory plans and guidance plans as well as market regulation within certain limits. The present problem which we are to tackle is how to define their respective scope and limits and to specify the principles for the leading role of planned economy supplemented by market regulation.

This forum on the question of theory was convened by the SRESC and the Economic Research Centre. More than 500 people from all economic research institutes under the Chinese Academy of Social Sciences, from the information and media units, economic colleges, scientific and technological organs and some municipal enterprises in Beijing attended the forum which was presided over by Tong Dalin, vice minister of the SRESC. Wang Renzhi, Sun Xiaoliang, Pan Huayuan, Fei Kailong, Huang Zonghan and Wang Zhen addressed the forum. All the speakers held that, in his report made at the 12th CPC Congress, Comrade Hu Yaobang had thoroughly expounded the question of the leading role of the planned economy and the supplementary role of market regulation. We should conscientiously study and understand the report. The report indicates: "To yield the best results, all our economic work, principles, policies, plans and measures must be based on an overall arrangement. They must take into consideration the interests of the state, the collective and the individual and fully arouse and scientifically organize the initiative of the central authorities, the localities, departments, enterprises and the working people." This at the starting point, both for all our economic works and for correctly dealing with the relations between the leading role of the planned economy and the supplementary role of market regulation. We should arouse the enthusiasm of the laborers,

enterprises as well as the localities and improve economic returns. However, we should arouse such initiative in accordance with the social benefits and the objective demands of economic development. It is not permissible to weaken the plan and the collective leadership when bringing initiative into play. It is impossible to correctly stimulate initiative without a centralized and unified scientific leadership. Centralized leadership and unified plans must be orientated to stimulating initiative downward to all levels. Our task is to find out and probe the best link between these two aspects.

The speakers pointed out that in order to make the development of the economy centralized and unified as well as flexible and diversified, mandatory plans and guidance plans as well as market regulation should be implemented so far as planned administration is concerned. Plans of a mandatory nature constitute the basic matter of a planned economy and the key principle for ensuring the role of planned economy supplemented by market regulation. This is a major manifestation of socialist ownership by the whole people and an important sign for distinguishing between the socialist plan and the capitalist plan. However, the previous mandatory plans were too extensive in scope and therefore, some of them should be turned into guidance plans. The measures of the mandatory plans should also be improved, enterprises should, in varying degrees, be given decision making rights. Whether a plan is carried out well or badly should be linked with the material benefits of the enterprises. When adopting administrative measures, full consideration should be given to the application of economic levers. Procedures for formulating plans should be devised on a democratic basis and we should take note of the opinions of the enterprises. The present mandatory plans lack scientific characteristics, guidance plans and market regulation are still new and the economic levers are not quite flexible. We should apply the role of a planned economy supplemented by market regulation and carry on the reform of the economic system in a planned way.

In his concluding speech Comrade Xue Muqiao said that the first stage of general discussion has been indispensable and fruitful. From now on, in addition to general discussion, there should be a progression to discussing special topics on such diverse subjects as questions concerning the division of labor and unification between department administration and regional administration, reform of the market price system, the labor wage system, the commodity movement system, the financial and banking system and other diverse economic forms. All parties concerned may select some topics to discuss in accordance with their own real conditions.

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' VIEWS LIVELIHOOD, CONSTRUCTION

HK281100 Beijing GUANGMING RIBAO in Chinese 17 Oct 82 p 3

[Article by Lu Congming [7627 1783 2494]: "First the People Must Have Sufficient Food; Second Socialist Construction Must Be Carried Out"]

[Text] First the people must have sufficient food; second socialist construction must be carried out." This is an important idea that Comrade Chen Yun has repeatedly expounded upon. In his report to the 12th Party Congress, Comrade Hu Yaobang clearly stipulates that we should take this idea as a "basic principle for guiding our economic work." This is of great significance for the effective carrying out of the socialist modernization.

The idea of "first the people must have sufficient food; second, socialist construction must be carried out," refers to the relationship between people's livelihood and production related to construction. On the one hand, we should continuously satisfy the material and cultural needs of the people and regard this as the starting point for our production and construction and we should carry out our construction on the basis of a satisfactory arrangement of our people's livelihood. On the other hand, we should spare some resources to carry out economic construction and persist in gradually improving our people's livelihood on the basis of developing production. That is to say, in the planning of our national economy, we should take into account both the livelihood and the construction and should manage to score achievements in both aspects in balanced manner as well as arrange them in order of priority related to tasks. Thus we will be able to combine our immediate interests with our long-term interests.

Why should we adhere to this principle in our economic work?

First, this is a necessary demand of the law of socialist economy. In a socialist system which is based on the public ownership of the means of production, production and construction is aimed at meeting the daily increasing material and cultural demands of the people and to "enable the laboring people to lead the happiest lives." ("Collected Works of Lenin" vol 27, p 385) The means to achieve this aim can only be the reliance on the initiative of laborers. By this means, we will continuously increase and improve our production on the basis of the development of our science. In a word, our development of socialist production is aimed at continuously satisfying the people's material and

cultural needs. This unity of aim and means is the main content of the socialist basic economic law that plays a guiding role in our national economy. The basic principle of "first the people must have sufficient food; second socialist construction must be carried out" is precisely a necessary demand of the basic economic law of socialism. Moreover, it is also a necessary demand resulting from the coordinated development of the two major sectors of production--the production of the means of production and the production of the means of consumption--as well as the necessary demand resulting from the planned and proportionate development of our national economy.

Second, this is determined by our fundamental national conditions. Our country has a population of a billion people, of whom 800 million are peasants whose standard of living is very low. Therefore, solving the problems related to the livelihood of so many people and improving their livelihood year after year is indeed a matter of first priority in our national economy. Only after we have made good arrangements in this aspect can we stabilize the situation in China and can we make people personally feel the superiority of the socialist system and vigorously stimulate them to develop production. However, as our country's economy is relatively backward and its national strength is limited, it is impossible for the people's standard of living to develop to the level of being well-off in a short period. Moreover, for the long-term interests of the people, we have to annually allocate some funds to the necessary economic construction in order to strengthen the material and technical foundation for improving our people's livelihood.

The question of whether we adhere to the basic principle of "first the people must have sufficient food; second socialist construction must be carried out" is vital for the direction and success of the development of our socialist economy. The party constitution which was approved by the 8th Party Congress stipulated: "All the work of our party is aimed at meeting, to the greatest extent, the demands resulting from the people's material and cultural lives. Therefore, we must gradually and continuously improve our people's livelihood on the basis of the development of production." This meant that we should adhere to the aim of socialist production and this reflected the basic principle of maintaining the unity of livelihood and construction. In carrying out the First 5-Year Plan, because of the relatively satisfactory implementation of this basic principle, we achieved the results of both developing our economy satisfactorily and remarkably improving the people's standard of living. In most of the period from 1958 to the time when the 3d plenary session of the 11th CPC Central Committee was held, because of the "leftist" ideology was influential to varying degrees, our national economy embarked on a path of high accumulation, low consumption, high targets and low returns. We spent quite a large amount of funds, but the people got little benefit and there was in fact a trend of producing for the sake of production.

Since the 3d plenary session of the 11th CPC Central Committee, we have followed in our economic work the basic principle of "first the people must have sufficient food; second socialist construction must be carried out," implemented the policy of readjusting, restructuring, reorganizing and upgrading and vigorously readjusted the proportion between accumulation and consumption and

between agriculture, light industry and heavy industry. As a result, we have improved the people's livelihood as well as the internal proportional relationships of our national economy. Viewed financially, according to incomplete statistics, during the 3 years from 1979 to 1981, the state spent more than 140 billion yuan in improving the people's livelihood. This amount mainly included the following:

1. A 30 percent increase in the purchase prices of agricultural products, which raised the income of the peasants by 44.2 billion yuan;

2. A reduction of rural taxation by 7.8 billion yuan, which together with the above item raised the income of the peasants by 52 billion yuan;

3. Providing jobs to 26 million people in the urban areas. This reduced revenue and increased expenditures, giving rise to a debit of 10.5 billion yuan for the state;

4. An expenditure of 30 billion yuan in paying wage increases and bonuses to staff and workers. This item and item 3 benefited the staff and workers throughout the country by 40.5 billion yuan. In 1981, the average annual wage of our staff and workers (including those in urban collective units) was 772 yuan, which was 25.7 percent more than the 614 yuan in 1978. It was still a 12 percent increase after adjustment for inflation.

5. An amount of 34.1 billion yuan in subsidies for diesel oil and electricity supplies in rural areas, for supplies of coal for nonindustrial use, eggs, pork and vegetables and for import of grain, cotton, sugar, fertilizer and pesticide;

6. An additional expenditure of 15.2 billion yuan of which more than 5 billion yuan was directly funded by the state budget for housing. A total of 220 million square meters was completed. This was 130 million square meters more than the 3 years before this period.

7. An amount 2.8 billion yuan for construction and maintenance in urban areas. This amount was a 5 percent transfer of the profits in industrial and commercial enterprises in big and medium-sized cities.

The above-mentioned 140 billion yuan in expenditures constituted about 13 percent of the GNP and 31 percent of the financial revenue in that period. In such a difficult national economic situation, the state allocated a large amount of funds to improve the people's livelihood. We should say that the state did its best. This fact proved that our economic work now has been resolutely carried out in accordance with the basic economic law of socialism and that the party and the state have been striving to benefit the people.

However, we must not fail to see that in the process of vigorously correcting the "leftist" erroneous tendency of high accumulation and low consumption, some new problems have cropped up in our practical work. Naturally, the great increase in consumption expenditure of the state in recent years through various policies and planned measures has already given rise to a very heavy

financial burden for the state (for example, the diverse price subsidies amounts to 30 percent of the financial revenue of the state). At the same time, the unplanned consumption expenditure beyond the allowed scope of the policy of the state has continued to grow blindly. In rural areas, there have emerged malpractices of unauthorized raising of purchase prices of agricultural and sideline products, reducing purchase quotas, giving excessive rewards for goods purchased and raising the standard of the rewards. In urban areas the malpractices of paying excessive bonuses and making the bonus rate increases greater than that of production have occurred in quite a few enterprises. During the past 3 years labor productivity in our industrial enterprises has increased by merely 6.6 percent, but the bonuses paid to the staff and workers there have increased by 600 percent. These are problems which have cropped up in the course of making progress, but if we fail to conscientiously solve them, that is, if we fail to properly control the speed of increase of the planned consumption expenditure and fail to put an end to the blind increase in the consumption expenditure that is not included in the state plan, we will not only reduce the funds that the state needs for carrying out necessary construction and harm the long-term interests of but also undermine the comprehensive equilibrium of the national economy, incur financial deficits, cause price hikes and reduce the economic benefits our people have already acquired.

When Comrade Chen Yun talked with the responsible comrades of the State Planning Commission on 25 January, he pointed out: "First our people must have food to eat; second we must carry out construction. If we eat everything, there will be no hope for our country. Only when we can spare something for developing our production will our state have any hope." "First our people must have sufficient food; second socialist construction must be carried out. Everything will go well if only we implement this principle." The above words deeply expounded the dialectic relationship between the peoples' livelihood and economic construction. Therefore, we must not only oppose the tendency of neglecting the improvement of people's livelihood, blindly seeking high accumulation and even striving for "high targets at the expense of the consumption of the people and producing for the sake of production, but should also oppose the "bigger-fashion" view of consumption that neglects the necessary economic construction, seeks high consumption beyond the present degree of the development of production, and attempts to eat up and spend everything. Our practice has proved that both these erroneous tendencies go against the objective economic law and are harmful to the socialist construction and the interests of the people. It is even more important to prevent and overcome this tendency at present when there is a great shortage of revenue to meet expenditures which have grown to the uppermost level and have caused a shortage of funds for necessary construction to the state. Of course, this by no means signifies that we will no longer improve the people's livelihood. Even today, the general standard of living of our people is still relatively low and must be continuously raised. We should especially gradually solve the problem of the inadequate remuneration and poor working conditions of our middle-age intellectuals. However, one principle that we should adhere to is that under normal conditions, we should not repeat the practice of the previous years of relying on the reduction of the construction funds of the state for the improvement of qur people's livelihood. (Although this is necessary in a certain period for changing the serious imbalance between high

accumulation and low consumption.) The improvement of the people's livelihood must be based on the development of our production and the increase in our GNP. Both our accumulation and consumption should be carried out according to our capability and be suited to the might of our state. We should persistently maintain an equilibrium between "money" and "goods." Here we must point out that there will never be any absolute equilibrium between the people's livelihood and the economic construction, both of which are always changing. Therefore, as times vary, so does the problem which we especially wish to solve varies. However, the basic strategic idea of "first the people must have sufficient food; second socialist construction must be carried out" as an idea that guides our economic work will remain unchanged for a long time.

Now the 12th Party Congress has already laid down the correct program for the creation of an overall new situation in socialist modernization. In order to achieve the strategic goal for economic construction in the coming 20 years, the state should, from now on, concentrate necessary funds on energy, communications and other key sectors of construction. This is a major issue that has an important bearing on the comprehensive implementation of the basic principle on economic work of "first the people must have sufficient food; second socialist construction must be carried out." How can the state collect more funds under the current conditions? As far as domestic measures are concerned, there are the following two measures: First we can appropriately readjust the proportion of the distribution of revenue between the central and the local finance and appropriately reduce the share of profits retained by our enterprises in order to increase the funds in the hands of the state. This measure is feasible as well as necessary and we should conscientiously carry it out. However, as the amount of funds that can be raised is limited, we should not deprive local authority and enterprises of all their reserve funds. Second, we can raise funds by increasing production and practicing thrift. This means that we should make great efforts to raise economic returns. There are great microeconomic as well as macroeconomic potential to tap in our national economy. As long as we continue to steadfastly carry out the policy of readjusting, restructuring, reorganizating and upgrading, strictly practice thrift, combat waste and shift all our economic work onto the path of focusing on raising economic results, we will not only be able to effectively increase the state's construction funds to ensure the construction of key projects, but will also be able to gradually improve the people's livelihood and thus lead our entire national economy into a favorable cycle and then into an overall high tide.

CSO: 4006/66

NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO': RELATIONSHIP BETWEEN PLANNED REGULATION, TAXES

HK010359 Beijing GUANGMING RIBAO in Chinese 25 Sep 82 p 3

[Article by Zhen Wei [3914 4400]: "Planned Regulation and Tax Receipts"--passages within slantlines denote published in boldface]

[Text] In a socialist society, the law of value can exert important influence upon regulation by both planning and market mechanisms. Practicing regulation by market mechanism means that enterprises are allowed to organize production by themselves in accordance with market conditions and the law of value plays a spontaneous, regulatory role. When we practice planned regulation, it is also necessary to fully take the law of value into account and conscientiously apply this law and only then can we guarantee the successful fulfillment of the plans. In the course of social reproduction, the function of the law of value is effected through the movement and functions of those economic categories relative to value. The conscious application of the law of value calls for the utilization of prices, taxes, credits and other economic levers relative to value. Of them, the regulatory role of taxes holds an important position.

//Taxes are an instrument for regulating the economic interests in different fields and guaranteeing the smooth fulfillment of plans.// In China, the vast territory, the different climatic, resources and transport conditions in various areas, coupled with unequal amounts of funds allocated by the state to various enterprises and their different technical levels, constitute greatly different production and business conditions in various enterprises. Under these circumstances, it is unavoidable that, sometimes, the partial and overall interests are not coordinated and interest contradictions arise among enterprises in the process of practicing independent economic accounting, carrying out exchange at equal values, exercising the policy of distribution according to work and implementing unified state plans by enterprises. It is impossible to solve these contradictions merely by adopting administrative means, but taxes are a very effective instrument because of their strong function in regulating the distribution of interests. It is because, on the one hand, taxes are mandatory and thus are more suited to the demand of planned regulation; and on the other hand, taxes are flexible and adaptable in regulating the economy. The adjustment of tax rates--increase, reduction and remission in taxes--can all directly influence the enterprises' interests.

Increase in taxes can set off excessive benefits, while reduction and remission of taxes can make up for losses caused by objective factors, thus they can effectively overcome the interest contradictions among enterprises caused by various reasons. In addition, it is impossible to require our planning work to attain a satisfactory level in both its range and quality. So it is also unavoidable that some inharmony will occur in the course of implementing the plans. In order to solve these problems in a flexible way, we cannot but use taxes as a lever for regulation.

//As an economic lever, taxes are also a means for planned regulation to control market mechanism and a link between planned regulation and market mechanism.// Under the planning and management system, in which planned regulation plays a leading role while regulation by market mechanism plays a supplementary role, no matter how large the scope of the latter is, it can function only when it is under the control of the former. Then, how can the regulation by market mechanism be brought under the control of planned regulation? Of course, some administrative means can be employed, but, in the main, we should resort to economic means. Regulation by market mechanism is realized through the change in supply and demand and the fluctuation of prices. Regulation through taxation can interfere in both supply and demand as well as in prices and thus coincides with regulation by market mechanism. This is because: 1) As a component of prices, taxes can affect the formation of prices but do not hinder the fluctuation of prices. It is only through their influence on the formation of prices that taxes help prices change in the direction suited to the demand of state plans and thus help control regulation by market mechanism in a planned way. 2) Taxation is a means for redistributing economic interests. Measures concerning taxes, such as the increase, reduction and remission in taxes, can directly regulate the distribution of economic interests and thus influence the change of supply and demand on markets.

Then, under conditions in China, where we are practicing a planned economy, how should we bring the active role into fully play? In my opinion, we should pay attention to the following points: 1) In our planning work, we should not only maintain an overall balance, but also need to work out measures for applying the taxation lever to help the implementation of the plans. 2) It is necessary to adjust the taxation system in accordance with the national economic plans of every specific period so as to adapt taxation to the demand of planned regulation. 3) When taxation system is being adjusted, it is necessary to take the overall readjustment tasks into account so as to decide the establishment and rescission of some specific tax items, to decide tax rates and taxation methods and to coordinate the regulatory role of various taxes. 4) Only when regulation through taxes and regulation through other economic levers are coordinated can they function correctly.

CSO: 4006/66

NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON RELATIONS OF PRODUCTION

HK190817 Beijing GUANGMING RIBAO in Chinese 4 Oct 82 p 3

[Article by Li Huaixin [2621 2037 0207] and Qi Lashui [3344 5198 3055]: "A Tentative Discourse on the Law of Production Relations Conforming to the Nature of Productive Forces -- How To Look at the Historical Inevitability of China's Taking the Socialist Road"]

[Text] Does building a socialist society in an economically underdeveloped country conform to the objective law of social development and the law that the relations of production must be suited to the nature of productive forces? In the history of the international commmist movement, this question has been raised on a number of occasions and answered in the negative. This wrong answer has long since been refuted by the practice of the international communist movement. However, following the 3d plenary session of the 11th CPC Central Committee, when our party is correctly summing up the experience and lessons of China's socialist revolution, a few people are again raising this question. They are doubtful about, and even take a completely negative attitude toward, the historical inevitability of China's taking the socialist road.

We hold that a correct understanding of the historical inevitability of China's taking the socialist road has a strong bearing on whether or not the cause of our party and the people has an objective basis, on whether or not the socialist road adhered to by the Chinese people is correct and on the question of how we should look at the superiority of China's socialist system. It is therefore necessary to discuss this question clearly.

The General Course of Social Development is Based on the Peculiarities Displayed by the Form and Sequence of Development in the Particular Stages of Development

The people who take a sceptical attitude toward the inevitability of China's taking the socialist road hold that, in social formation, a country should strictly abide by the sequence of succession of five economic systems. China has never passed through the capitalist stage, therefore, it should not enter the socialist stage. If China enters the socialist stage, it violates the law of social development by "transcending" a stage of social development.

The replacement of one social formation by another should be suited to the development of productive forces. Here there is indeed a process of evolution

from a lower to a higher stage. The development from a primitive society, through slave society, feudal society, capitalist society and then to a communist society is the general course of evolution in human society. As far as human society is concerned, the sequence and trend in the succession of five economic systems cannot be changed or transcended. But, can we thus draw the conclusion that a certain country cannot have its particular form of development? No. As is known to all, in the history of the world, Germany entered feudal society without passing through the stage of slave society and the United States entered capitalist society without passing through the stage of feudal society. Facts show that the specific course of social change in various countries differs in thousands of ways, each having its own special features. Some even transcend a certain stage of development but they do not go beyond the common track of social development. The general course and law of social change can only be reflected in the specific course of various countries which differs in thousands of ways, each with its own special features. Therefore, Lenin said: "While the development of world history as a whole follows general laws it is by no means precluded, but, on the contrary, presumed, that certain periods of development may display peculiarities in either the form or the sequence of this development." He also said: "With the aid of the proletariat of the advanced countries, backward countries can make the transition to the soviet system and, through certain stages of development, to communism, without having to pass through the capitalist stage." ("Selected Works of Lenin," vol 3, pp 690, 336) Did China transcend the capitalist stage then? We should make a concrete analysis of this. We hold that, in the course of its historical development, China "transcended" the capitalist stage to a certain degree but it did not completely transcend the capitalist stage. Viewed from the fact that China did not pass through an independent and complete capitalist society similar to that in Europe and America, China transcended the capitalist stage; however, viewed from the fact that capitalism did considerably develop in China over the past century, China did not completely transcend the capitalist stage. According to historians, toward the middle period of the Ming dynasty, the seeds of capitalism began to appear in China; after the opium war, national capitalism initially developed; by the eve of liberation, capitalist big industry accounted for about 10 percent of the national economy. It can thus be seen that, over the past 100 years and more, China's capitalism has developed to a considerable extent through various forms.

Viewed from old China's social nature, China was tossed away from the normal track of social evolution after the opium war following the invasion by foreign capitalist countries. The result was that China embarked on the road of semicolonial and semifeudal society which was different from either Western capitalism or original feudalism. Since this society was the outcome of international rule by monopoly capitalism and since this society, viewed from its economic relations, was primarily not within the scope of the ancient feudal system but within the scope of the world capitalist system, it possesses some factors similar to capitalist society and some characteristics akin to a capitalist society. As a special social stage somewhere between a feudal society and a socialist one, the semicolonial and semifeudal old China was closer to capitalism than to feudalism. Moreover, modern China's bourgeoisie neither accomplished the task of democratic revolution nor established a dictatorship of the bourgeoisie but did succeed, after all, in overthrowing the feudal monarchic system which lasted more than 2,000 years.

In determining whether the social change of a country conforms to the law of social development, we should not merely discuss whether it conforms to the sequence of succession of the five social formations but should make a concrete analysis of the contradiction between the relations of production and the productive forces. This is because, in the final analysis, the general and specific courses of social change are the manifestations of the law that the relations of production must be suited to the nature of the productive forces. That is to say, it is necessary to make a concrete analysis of whether the relations of production suit the productive forces at the time and whether the relations of production promote or hinder the productive forces. In old China, the development of productive force was uneven. "A weak capitalist economy coexists with a preponderant semifeudal economy; a few modern industrial and commercial cities coexist with a stagnant countryside: Several million industrial workers coexist with several hundred million peasants and handicraftsmen laboring under the old system.... a few railways, steamship lines and motor roads exist side by side with a vast number of cart tracks and foot paths, many of which are difficult to negotiate even on foot." ("Selected Works of Mao Zedong," vol 1, p 172) The multiple productive forces of uneven development, also contained advanced productive forces characterized by mass production. Although mass production formed a contradiction with the capitalist ownership of the means of production, it was weak and did not form a basic contradiction in Chinese society as was the case in the Western capitalist countries. True, the productive forces of old China were backward, but China's relations of production were even more backward. Not only where the relations of production of old China in sharp contradiction with the advanced mass productive forces that developed side by side with capitalism, they were also in contradiction with the development of the urban and rural productive forces of old China. Shackles that hindered the productive forces in old China, they were the cause of China's backwardness over the past century. They even dragged old China into a crucial juncture of national subjugation and genocide. This shows that the production relations of old China were totally unsuited to the productive forces of old China and that it was urgently necessary to transform them. On the other hand, the existence of mass production and several million industrial workers constituted a material force for China to develop toward socialism. China's proletariat leads the people of the whole country in transforming the reactionary and decadent relations of production of old China. This is precisely an objective requirement of the law that the relations of production must be suited to the nature of productive forces.

Some people have aired the view that since China never passed through an independent capitalist stage, it is necessary, in order to change this state of affairs, to "make up for the missed lesson" by developing capitalism. What lesson should be "made up for"? compared with the Western capitalist countries, China lacked a dictatorship of the bourgeoisie. Is it necessary to make up for this lesson by exercising a dictatorship of the bourgeoisie? It seems that very few people support this point and we can leave it at that. The second point is to "make up for the missed lesson" by developing modern large-scale industry like a capitalist country. There are quite a few people who want to make up for this "lesson" and we also consider it quite necessary to do so. The question is who will "make up for" this lesson. The bourgeoisie? For nearly one century after the opium war, China's bourgeoisie only developed some light industry such as cotton yarn and flour, and in heavy industry, it only did some

repair work. There was no production of complete sets of equipment. By the early postliberation period, the capital of the national bourgeoisie amounted to only 2.1 billion yuan, equal to the state investment on building the Anshan Steel Works. It was hardly possible for the weak bourgeoisie suffering from an inherent shortage to shoulder the heavy task of building modern large-scale industry. This task could only be shouldered by China's proletariat. Our party has pointed out that the chief contradiction in Chinese society at the present stage is that between the people's growing material and cultural needs and the backward social production. This shows that our party has fully recognized the importance of developing the productive forces. The great practice of advancing toward the four modernizations is, in a certain sense, a practical action in "making up for" the missed "lesson" of developing the productive forces.

Naturally, by entering the socialist stage without passing through an independent capitalist stage, China would, to a great extent, bring with it the vestiges of the old society such as the remnants of feudalism and bureaucratism. It would certainly be confronted with more difficulties in establishing socialist democracy and in improving the socialist legal system and management system. However, the historical fact is that China has established a socialist system characterized by the socialist public ownership system and distribution according to labor. The victory of the economically underdeveloped China has not delayed but speeded up the general course of historical development. In this sense, the fact that China has entered the socialist stage without passing through an independent capitalist stage is not only a special feature but also a strong point of the Chinese revolution; it not only conforms to the law that the relations of production must be suited to the nature of productive forces but also constitutes a creative development of scientific socialism under China's special conditions.

The Productive Forces on Which a Certain Kind of Production Relations is Established have Qualitative Limits; However, They Do Not Remain Constant but Vary Within a Certain Margin

Objectively speaking, the productive forces at a certain level of development require a certain form of production relations to suit their development and the emergence of a new form of production relations must have productive forces of certain development as their material condition. Socialism can only be built on the basis of a certain degree of development of mass productive forces. That is, it should have a certain material condition. Otherwise, it is just an idle dream which runs counter to the law of historical development. There is not the slighest doubt about this. However, it is also necessary for us to understand that, as a result of constant changes in the productive forces and the relative stability of the production relations, the productive forces on which a certain form of production relations have been established do not remain constant but vary to a certain extent. Similarly, the material condition required by the socialist relations of production are flexible in their quantitative limits.

One of the important reasons for some people to consider that China does not possess the material conditions for building socialism lies in the fact that

they often have a fixed idea about the development of the productive forces on which socialism is built. They consider that only by achieving the level of productive forces of the Western capitalist countries would it be possible to build socialism. This is in fact a misunderstanding. The fact is that, so long as a country is provided with mass productive forces of a certain level of development, it is not only possible for a country with a fairly high level of development to build socialism, it is also possible for a country with a fairly low level of development to build socialism. The necessary material basis for building socialism is, viewed from the qualitative limits, a certain level of development of the capitalist mass productive forces, and viewed from the quantitative limits, the control of the national economic lifelines by the productive forces. Only in this way will it be possible for the proletariat, after seizing political power, to establish, through the appropriation and transformation of the capitalist economy, the dominant position of the socialist state sector of the economy in the national economy. Only in this way will it be possible for the socialist relations of production to play a leading role.

Did China possess the necessary basis for building socialism if we measure it by these criteria? The answer is in the affirmative. As we know, in the national economy of old China, about 10 percent was capitalist large-scale industry. There was not only the capital of the national bourgeoisie but also the bureaucrat capital and there was not only laissez-faire capitalism but also state monopoly capitalism. Although its proportion was not great, it had a high degree of concentration. By the eve of liberation, bureaucrat capital accounted for 2/3 of the Chinese industrial capital as a whole, or 80 percent of the modern industrial capital as a whole, such as industry and communications. It controlled 33 percent of the country's coal output, 67 percent of its electric energy production, 90 percent of its steel output and 100 percent of its oil and nonferrous metal output. It controlled the railway and air transportation throughout the country and 40 percent of the shipping tonnage. The highly concentrated state monopoly capital which controlled the national economic lifelines, viewed from its nature, constituted mass production. Lenin said: "State-monopoly capitalism is a complete material preparation for socialism, the threshold of socialism, a rung on the ladder of history between which and the rung called socialism there are no intermediate rungs." ("Selected Works of Lenin," vol 3, p 164) Obviously, after seizing political power, the proletariat can immediately transform this capital into the socialist economy. Since this sector of the economy, while it was in the hands of the bureaucrat bourgeoisie, could control the national economic lifelines, it can certainly control the national situation. Therefore, as soon as China's proletariat succeeded in seizing political power throughout the country, it firmly held in its own hands not only the leadership of the state but also the economic leadership. This is precisely a prerequisite and condition for building socialism.

Some people consider that China does not possess the conditions for building socialism. This is because they often fail to draw a clear distinction between the material conditions for building a socialist system and the material basis for final victory. The former is the minimum condition for building socialism and its requirements are relatively modest; the latter has a higher labor

productivity and a richer material basis than capitalism and is much higher than the former. In building socialism in a certain country, we cannot do without the former but we can do without the latter. So long as a country has a modern industry that can control the national economic lifelines, it has been provided with the former condition and with the necessary condition for building socialism. As for the latter, we should not wait for the old society to supply us with it. The proletariat should create it for itself. Since the development of productive forces in old China enabled the proletariat, after seizing political power, to build a state-owned economy that controls the lifelines of the whole country, why cannot we first build socialism and then greatly develop the productive forces? It is correct for us to understand that China still does not have the material basis for the final victory of socialism. However, this can only serve as a basis for an immediate shift of the focal point of our work and for the intensification of the realization of the four modernizations after the basic completion of the socialist transformation of the private ownership of the means of production. This should not become a cause for doubting the inevitability of building socialism in China.

The CPC and Comrade Mao Zedong have opened up a way leading from new democracy to socialism by applying the basic principle of Marxism-Leninism in China's special historical conditions. This constitutes a development of scientific socialism and the natural outcome of China's historical development. We should apply the viewpoint of dialectical materialism and historical materialism in correctly understanding the historical inevitability of China's taking the socialism road and, with full confidence, open up a new situation in all fields of socialist modernization.

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON FUNCTION OF MANDATORY PLANS

HK270954 Beijing GUANGMING RIBAO in Chinese 17 Oct 82 p 3

[Article by Lu Xiansheng [0712 0341 5116]: "Mandatory Plans Are the Principal Form of Planned Economy"]

[Text] In the part of his report to the 12th Party Congress dealing with the principle of giving a leading role to planned economy and a supplementary role to regulation by market mechanism, Comrade Hu Yaobang thoroughly explains the necessity of enforcing mandatory plans and the need for enterprises and products to follow this form of planned management. His exposition is of great significance in unifying people's understanding, better upholding socialist planned economy and showing the correct path for the reform of the economic structure.

As everyone knows, the current level of China's productive forces is still fairly low. In addition, there exists a large collective economy in both urban and rural areas outside the economy under the whole-people ownership system as well as a certain amount of individual economy. For this reason, the state cannot directly control the distribution of work in society as a whole, that is, the state cannot issue mandatory plans for all enterprises and products. But it should be realized that the socialization of production and the social ownership of the means of production have developed to a certain degree in China. Socialist public ownership has become the basic form of China's economy, and state-run economy under the system of ownership by the whole people holds the leading position in the national economy. Since the state, as the representative of the whole of society, owns a considerable section of the means of production, and since the fundamental interests of the state, state-owned enterprises and collectives and individuals coincide on the basis of public ownership, then socialist planned economy in reality involves not only commodities but also products. The state, which on behalf of the entire people owns the means of production, therefore not only has the right to decide productive and business activities in the enterprises owned by the whole people, but can also assign targets of a mandatory nature to the collective-owned economy in accordance with the demands and interests of the entire people. For example, the state can assign purchase quotas for grain and other major agricultural and sideline products. That is to say, we have the basic conditions for carrying out mandatory plans. The implementation of mandatory plans is never an unrealistic dream. Rather, it is an objective necessity in the

socialist public-owned economy and an important manifestation of our socialist system of ownership by the whole people in the organization and management of production. It is unimaginable that an enterprise under the whole-people ownership system can have absolute decisionmaking power and function as a completely independent commodity producer and that the state as a general representative of the whole-people ownership system has no power to control its production. Because we cannot precisely calculate all the demands of society and production capacity of the large numbers of enterprises, it is still impossible for us to issue mandatory plans for all the productive activities of state-owned enterprises. But as for the production and distribution of some important products which have a bearing on the national economy and the people's livelihood, especially the activities in some backbone enterprises which are linked with the overall economic situation, the state has complete power to exert direct manipulation and control.

Mandatory plans do not constitute the sole form of management in the socialist planned economy in reality. Under conditions of commodity production and a low level of planned management, besides mandatory plans, guidance plans must be used in the case of many products and enterprises. As for the huge number of small commodities, regulation by market mechanism needs to be utilized under the guidance of plans. Only by doing so can we manage our economy in an orderly and flexible manner. In this way, we can both centralize and diversify the management of our economy. But mandatory plans are the principal and basic form of the planned economy and exert a decisive influence over the other two forms of management--guidance plans and regulation by market mechanism. As we know, the socialist planned economy is mainly based on the state's planned management of the national economy as a whole. This management is a kind of conscious regulation. The regulator should play an authoritative role in organization and direction. For the enterprise regulated, this means a binding force and must be obeyed and complied with. If all plans drawn up and relayed by the authorities just function as references and are not mandatory, people can freely choose whether to implement them or not, state plans will fall through and planned management will become merely empty talk. In that case, the planned economy will cease to exist except in name. Some people think that if stress is laid on guidance plans, the planned economy can still function. But that is not true. Since guidance plans are not mandatory, enterprises are likely to deviate from the course charted by state plans. Therefore, it is impossible to guarantee a planned economy if stress is exclusively laid on guidance plans. Only on the premise that the state enforces mandatory plans upon major products and enterprises, can the state apply economic levers to give effective guidance to the enterprises. And only thus can it be possible that enterprises will accept the state's guidance. Even though some drawbacks may occur in this practice, overall interests will not be affected. That is the reason why we say mandatory plans are the principal form of planned economy though the former cannot be equated with the latter. It is unimaginable that planned economy can exist without mandatory plans.

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NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON SOCIALIST CONSTRUCTION, LIVELIHOOD

HK080838 Beijing RENMIN RIBAO in Chinese 5 Oct 82 p 5

[Article by Yang Jianbai [2799 1017 4101] and Yang Shengming [2799 5110 2494]: "Correctly Handle the Relationship Between People's Livelihood and Socialist Construction"]

[Text] In his report to the 12th CPC National Congress, Comrade Hu Yaobang said: First, it is necessary to eat. Second, it is necessary to carry out construction. What he said is a principle which guides us in our economic work. This principle indicates the direction for us in correctly handling the relationship between the people's livelihood and socialist construction.

Improvements in people's livelihood and developments in socialist construction are closely related. The goal of socialist construction is to fully satisfy the people's increasing needs in their material and cultural lives, while the continual expansion and development of socialist construction is a means to achieve this goal. The two are organically tied together. We must gradually improve people's livelihood on the basis of developing production. In addition, we must arrange production construction on the condition that people's livelihood is being improved every year. We must have overall planning so that both aspects are taken care of. We think that it is necessary to handle well the following problems in accordance with the spirit of the 12th CPC National Congress.

Improving People's Standard of Living on the Basis of Developments in Production

The purpose of our production is to promote people's standard of living. We can do this, provided we do a good job of production. The speed with which we promote people's standard of living should not exceed that of production development. Having a low rate of production while enjoying a high rate of consumption is nothing but an unrealistic illusion. Thus, in order to quickly promote people's standard of living, it is necessary to vigorously develop production and increase labor productivity and economic returns including the economical use of materialized labor. It is expected that the total annual value of our agricultural and industrial output will be quadrupled between 1981 and the year 2000. Corresponding to this, if our GNP grows at an annual rate of 7 percent, then it will almost double. If our population reaches

1.2 billion in the year 2000, then the people's annual per capita income will reach something like 1,200 yuan, which could be considered a fairly comfortable income. The significance of this is that in the next 20 years there will be an increase of 6 percent in our annual per capita income every year, thus the rate of increase in our annual per capita rate of consumption will have to be less than 6 percent. This is something which we must clearly recognize and correctly handle.

Develop Agriculture, Light Industry and Heavy Industry in Proportionate and Coordinated Manner

It is necessary not only to check the speed of growth in the people's per capita rate of consumption in accordance with the speed of growth in our GNP, but also to check the speed of growth in the people's per capita rate of consumption in accordance with the speed of growth in the amount of consumer goods. It is commonly acknowledged that agriculture and light industry produce mainly consumer goods. Developments in agriculture and light industry are the material bases on which the increase in people's standard of living is ensured. China has a large population but limited arable land. Over 80 percent of the population live in the rural areas. The per capita rate of production of agricultural products is still low. Agriculture, one of the bases of our national economy, is still weak. Proceeding from our actual situation and from the point of view of the strategy for economic development, it will still be necessary for a long time to give first priority to agriculture in developing our national economy. If, from now on, there is an annual growth of 4 percent in agriculture, if we allow 1 percent for the needs of the newly born population, then there can only be a growth of 3 percent in the annual per capita rate of consumption of agricultural products. If the development of agriculture is not ensured, the development of the entire national economy will be affected. It is necessary to vigorously develop light industry too. But it is necessary to improve planning, do a good job of market forecasting and pay attention to catering to the needs of the rural market. In order to develop the production of consumer durable goods in a planned manner, it is necessary to study their service lives and scientifically predict the problem of their replacement. When the first lot of huge demands for these consumer goods is satisfied and when production is gradually geared to the process of replacement, new demands for them are not usually so heavy or concentrated; this point deserves our attention. Thus, blind development is out of the question. Heavy industry mainly provides technical equipment for the entire national economy. While we must continue to vigorously develop heavy industry, its service must also extend to agriculture and light industry. It should provide the necessary means of production for them and develop in coordination with them. Of course, it is necessary to consider the characteristics of the development of heavy industry itself, in particular the fact that the time required for its construction is quite long and that it requires relatively large investment. In our long-term planning it is necessary to pay full attention to these characteristics and to make scientific arrangements. It is necessary by all means to avoid inadequate planning and lack of foresight, otherwise, heavy industry will mechanically develop behind agriculture and light industry and fail to catch up with them. As to the industries production raw and processed materials, the energy industry and communication and

transportation services, since there are serious shortages in all of these areas, it is all the more necessary to make arrangements as soon as possible in our long-term planning.

Determining An Appropriate Rate of Accumulation

In past years, our rate of accumulation was a little too high and people's livelihood was affected. In recent years, it has been readjusted, and in 1981, the rate of accumulation dropped to 28.3 percent, as was necessary. It is worth noting that in the 3 years from 1979-81, the increased amount of income (a total of 87.4 billion yuan) in our GNP was almost entirely used in improving living consumption (87.1 billion yuan was spent on individual and social consumption). Given the need to carry out readjustment and to clear the debts we owed from our past living standards, this phenomenon is understandable. But it would be wrong to keep on doing this, because it would make the rate of accumulation continuously decrease and would not conform to the principle that it is necessary both to eat and to carry out construction.

Recently, when considering the importance of determining an appropriate rate of accumulation, many comrades held that 25 percent is the best. We think that the rate of accumulation has to be governed by a series of factors; consequently, it will change within a certain range and it is impossible to fix it at a certain point. As Marx said in his "Critique of the Gotha Program," this has to be determined by the economic power at the time and must be based partly on the theory of probability. In view of the lessons we learned from the experience of the past 30 years and statistics based on foreign experience, from now on, if we keep out rate of accumulation within the range of 25-29 percent, it would seem quite appropriate. We should maintain our accumulated funds on the necessary scale, but it is more important to promote our accumulation efficiency and correctly determine where to invest our money.

The State's Financial Power Should Not Be Over-Scattered

Too much concentration in management and its overstrictness should be reformed. Therefore we suggest that power be divided between the central and local levels and autonomy of the enterprises be increased. But it is necessary to consider the appropriate limits. The proportion of the state's financial income to the GNP was 37.2 in 1978; this was obviously a little too high. In 1981, it suddenly dropped to 27 percent; this was too low. In the past few years, local organizations and enterprises accumulated a lot of money very quickly, while there was a large deficit in the state's finances and the state had to "borrow money" from the local organizations and enterprises. This must not be a long-term practice. Through redistribution of the GNP, the state must get hold of the necessary amount of financial funds so as to ensure that backbone construction and the construction of important items are smoothly carried out. This is absolutely necessary; it is both beneficial to socialist construction and an important manifestation of the superiority of socialism.

Concretely Solve the Problem of Financial Subsidies

The state's financial subsidy in 1981 was 2.7 times that in 1978. In 1978, the proportion of subsidy to the state's financial income was 14.3 percent. This figure rose steeply: In 1979, it was 25.9 percent; in 1980, it was 32.7 percent and in 1981, it was 42.7 percent. This put great pressure on the state's finances. It seems necessary to make a concrete analysis of the subsidies item by item and to adopt various effective measures to solve this problem properly. This is a good deed and will be beneficial to our construction and to the people's livelihood.

The most important part of financial subsidy is price subsidy. When the price of a commodity is unreasonable but it is impossible to adjust the price for the time being, the state has no option but to subsidize it. This is a necessary measure, but if the subsidies are not appropriately distributed, or too much is subsidized, then it is not beneficial to production, nor to the people's livelihood. Since the 3d plenary session of the 11th CPC Central Committee, it has been necessary to raise the prices of agricultural products on a large scale. But in putting this into practice, the prices of certain products have increased too much. In some places, the unified state purchase quota has been forced down while the amount of products sold to the state at higher or negotiable prices has increased. As a result, the state has been oversubsidizing prices. From now on, it is necessary to reorganize the purchase prices of agricultural products, to determinedly do our jobs in accordance with the regulations of the state and eliminate all disguised price increases. Another part of the financial subsidy is in the form of subsidies for losses incurred by enterprises. In many cases, these losses are caused by poor management. This is in effect to use the GNP created by other departments to subsidize those which make a loss. Obviously, this is extremely unreasonable. It is necessary to link the reorganization of enterprises with the necessary policy of shutting them down, suspending their operations, amalgamating them with other enterprises or shifting them to the manufacture of other products, depending on the merits of each case, and striving to reduce such financial subsidy. In addition, there are financial subsidies which it is difficult to reduce or dispose of. In this case, with financial power transferred to the lower levels, it is possible to consider that part of the responsibility for subsidy be borne by the local organizations or enterprises.

Solving the above various contradictions, speeding up socialist construction and improving people's livelihood depends first on the leadership of the party, and second, on the mobilization and organization of the hundreds of millions of people. Now, the 12th CPC National Congress has fully determined the strategic goal, focus, and steps, and a series of principles for our economic construction. Under such favorable conditions, we must pay even more attention to promoting the role of the masses, because our dynamic and vigorous socialist cause depends on the masses themselves. As long as we creatively implement the principles stipulated by the 12th CPC National Congress and arouse and scientifically organize the enthusiasm of all, then we can certainly, through the joint efforts of all our people, achieve the strategic goal of quadrupling the annual output of our agricultural and industrial products and of increasing the income of the rural and urban populations by 100 percent at the end of this century.

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'RENMIN RIBAO' ON IMPROVING ECONOMIC RESULTS

HK150848 Beijing RENMIN RIBAO in Chinese 12 Oct 82 p 5

[Article by Pang Yongjie [1690 3057 3381]: "Take the Road of Raising Economic Results"]

[Text] The 12th CPC National Congress has drawn up a magnificent blueprint for the social and economic development of our country. In this blueprint, a beautiful and excellent prospect is unfolded: In the 20 years from 1981 to the end of this century, the gross annual value of our industrial and agricultural production will quadruple so that our people can enjoy well-off material and cultural lives. In order to implement this strategic goal in our construction, it is necessary to take the road of raising economic results.

Since the founding of PRC, the results in our socialist economic construction have been enormous. The speed with which these results have been achieved was quite great and the economic results were at first quite good. But for a very long period of time, because of "left" mistakes, we blindly pursued high quotas and high accumulation rates. As a result, a serious dislocation in the proportion of the national economy had been caused. The economic results were poor and there was serious damage and waste in the economy. Many important economic indicators reflected that the gap between our economic results and those of advanced countries was becoming bigger and bigger. Even compared with the economic results in the First 5-Year Plan period, there was a sharp decrease. Historical experience tells us: Poor economic results cannot be compensated at the same high speed with which we achieve them. For instance, in the First, Second and Third 5-Year Plan periods, economic results were not considered in economic construction. It was solely the speed with which the quality and quantity of production grew that was much sought after. As a result, there was serious waste and damage in manpower and material and financial resources. Conversely, the growth rate of good economic results should be a realistic and continuously stable growth rate. The growth rate in the periods of the First 5-Year Plan and the "3 years of adjustment" proceeded from the maintenance and recovery of the synthetic balance in the national economy and the promotion of economic results. As a result, society's wealth increased and the people enjoyed substantial benefits. Thus, in our socialist economic construction, it is necessary to unify economic results with growth rate and increase our speed on the condition that economic results are promoted. That means it is necessary to strive to obtain better economic results, and on the other hand, it is necessary to strive to achieve a greater speed. This is the correct way.

Since the 3d plenary session of the 11th CPC Central Committee, order has been brought out of chaos. Development in the national economy is being shifted onto a more realistic new track along which the economic results are better and the people can receive more substantial benefits. This is an important strategic change. In the past 3 years, our agricultural economic results have been notably promoted and there was an average increase of 4.1 percent in agriculture every year. The speed of increase was greater than that in the years immediately before these 3 years and greater than that in the period of the First 5-Year Plan. In addition, preliminary results have been achieved in promoting the effectiveness of utilizing energy resources, reorganizing enterprises which lost money, accelerating the turnover of circulating capital and increasing the rate of delivery-utilization of fixed assets. But the situation of poor economic results formed over a long period of time has not been radically remedied. There is still amazing waste in the spheres of production, construction and circulation, and the indexes of many important economic results are still below the best results ever achieved in history. This explains that our potential in economic development is still very great. The following is a rough comparative account of the changes in the economic results of the industrial enterprises under the ownership system by the whole people in the past 3 years and in the past 30 years:

Compared with 1976, in the 3 years from 1978 to 1981, there was an increase of 26 percent in profits and tax revenue created by each 100 yuan of capital (the net value of the fixed assets plus a fixed amount of circulating funds), but it was still lower than in the period of the First 5-Year Plan. There was a difference of 24 percent. If it was promoted to the level achieved in the period of the First 5-Year Plan, another 30 billion yuan in profit and tax revenue could be achieved in 1 year. Compared with the period of the Fourth 5-Year Plan, in the 3 years from 1978 to 1981, there was an increase of 117 percent in the national income derived from productive accumulation created by each 100 yuan of capital, but it was still lower than in the period of the First 5-Year Plan. The difference here was also 24 percent. If it was promoted to the level achieved in the First 5-Year Plan, another 10 billion yuan in national income could have been achieved in 1 year. Compared with 1978, in 1981 there was a decrease of 1.8 yuan in the amount of circulating funds tied up by each 100 yuan of value of output, but it was still 6 percent more than in the period of the First 5-Year Plan. If there was a decrease of 1 percent in the amount of circulating funds tied up, more than 3 billion yuan of capital could be saved in 1 year. If the amount tied up decreased to the level in the period of the First 5-Year Plan, about 20 billion yuan of capital could be saved in 1 year.

It is clearly indicated by the above situation that to strive to promote economic results in the spheres of production, construction and circulation is an important link in striving to realize radical improvements in the financial and economic situation and the goal of quadrupling the gross annual value of industrial and agricultural production. In order to quadruple the gross annual value of industrial and agricultural production, there must be an increased growth rate of 7.2 percent. The increase must be genuine. Obviously under the present production conditions, it is impossible to depend solely on the quantity of capital and energy resources provided by the annually increased production capacity in achieving such speed. In order to raise capital, tap energy resources and increase our speed, it is necessary to promote economic results.

How can we ensure the realization of the magnificent goal of endeavor along the track with the central feature of the promotion of economic results? There are many ways and measure in various spheres, departments and units. Proceeding from the long-term and fundamental aspects, it is necessary to emphatically grasp the following links on the conditon that the spirit of the 12th CPC National Congress is firmly implemented.

It is necessary to ensure that the policies are correct and that the national economy is developed in a coordinated manner. Comrade Zhou Enlai has pointed out that the greatest saving is planned saving while the greatest waste is planned waste. In order to promote economic results, first of all, it is necessary to ensure that the macropolicies suit the objective reality and that the long-term, intermediate and yearly development plans are positive and reliable. Under the guidance of the correct macropolicies, the rationalization of the economic structure is gradually realized, the production of consumer goods is definitely placed in an important position and the production of the means of production is transferred to the production track of consumer goods and to providing services in technical transformation for the entire society. It is necessary to do a good job of forming a synthetic balance of the national economy, arrange well the various links of social reproduction and the major proportion of various departments and make the national economy develop in a coordinated and proportionate fashion.

It is necessary to reform the system of economic management, fully arouse the socialist enthusiasm of the laborers, the enterprises and the central and local authorities. Another important factor for our long-standing problem of low economic results is that there are shortcomings in our systems of economic management and distribution; they fail to arouse the enthusiasm of all sectors. In the past few years restructuring pilot projects have been put into practice in some cities and in a number of enterprises and notable results have been achieved. We must, in accordance with the strategic arrangements of the CPC Central Committee and the State Council, on the basis of consolidating and perfecting the preliminary restructuring which has been put into practice, and, with adequate preparations, push forward restructuring in a gradual and planned manner. Through restructuring, the system of economic management is gradually rationalized. In this way the central and local authorities, the enterprises and the laborers have the necessary economic responsibility, economic power and economic benefits to fully promote their creativity.

It is necessary to actively develop science and technology and carry out technical transformation with the correct stresses in a step-by-step manner. Only if the entire national economy is armed with modern technology can labor productivity be greatly promoted, can the economic results be increased and can the economic features of our society be radically changed. Thus, in the process of implementing the four modernizations, it is necessary to firmly center on the promotion of economic results in putting into practice the renewal of equipment for the new and old enterprises and the technical transformation with the correct stresses. In technical transformation it is necessary to center on saving energy and raw and processed materials. It is necessary to reduce the consumption rate, improve the quality and quantity of the products and promote the renewal of products.

It is necessary to effectively rectify the enterprises and strive to promote a standard of business management in the enterprises. A standard of business management in the enterprises is an important factor in determining economic results. Thus it is necessary to carry out an overall rectification of the enterprises in turn and at regular intervals. Through rectification, the leading ranks will be substantially strengthened, a sound economic responsibility system will be established and the business management standard will be heightened.

CSO: 4006/66

NATIONAL POLICY AND ISSUES

'XINHUA' COMMENTATOR ON QUADRUPLING OUTPUT VALUE

OW241009 Beijing XINHUA Domestic Service in Chinese 0704 GMT 19 Oct 82

[XINHUA Commentator's Article: "Double It Through Technological Progress"]

[Text] Beijing, 19 Oct (XINHUA)--The grand goal set by the 12th Party Congress that China will strive to quadruple the gross annual value of industrial and agricultural production before the end of this century has become a major topic of great appeal in the cities and rural areas all over the country and an inspiring force encouraging the people to heighten their spirit and work hard for the prosperity of the country. What is noteworthy is the fact that an extremely important subject has not attracted the attention of more comrades when the people are discussing how to achieve this strategic target. The subject is how to bring the role of science and technology into play.

A leading comrade of the State Council pointed out that attainment of the goal of quadrupling the gross annual output value must be based on technological progress and that at least half of the goal, or doubling the gross annual output value, should be realized with technological progress. We hope that all leading cadres and the broad masses of worker and staff member comrades performing economic and technical work will fully realize the important role science and technology can play and foster the idea of doubling it through technological progress.

At present, there are many people who are worried that China's energy resources may not meet the need for quadrupling the gross annual output value of industry and agriculture. This is quite natural because in 1980 when the gross annual value of industrial and agricultural production was only 710 billion yuan, consumption of standard coal had already reached 600 million dun. According to the same proportions, the quadrupled output value by the end of this century will be around 2,800 billion yuan and the consumption of standard coal will reach above 2 billion dun. Where can we possibly get that much coal? However, if efforts are made to reduce energy consumption by making progress in science and technology, it will be a different story. In the past 3 years, China's small nitrogenous fertilizer industry has been able to cut its average consumption of electricity and coal--per dun of synthetic ammonia produced--by 17 percent and 30 percent respectively. This was only achieved after an initial renovation plus improved management. The Capital Iron and Steel Company has paid attention to renovating its energy-consuming equipment while practicing the economic responsibility system for the purpose of increasing the

equipment's heat and energy utilization rate. Its average consumption of standard coal per dun of steel produced in the period from January to September of this year was 28 percent less than the average for 1978. Taking the country as a whole, as a result of our backward technology and equipment and problems in management, our heat and energy utilization rate at present is less than half that of the advanced countries. If the backward technology and equipment is raised to the world advanced level, we would be able to create more than twice as much value with the same amount of energy. In other words, the 600 million dun of standard coal will play the role of 1.2 billion dun. In this way, when we rely on technological progress to double the economic result of existing energy resources on the one hand and double the production of energy through adding and expanding energy production capability on the other, we will be able to guarantee the energy resources needed to quadruple the gross annual value of industrial and agricultural production before the end of this century.

As with the energy problem, the same situation holds true for other economic construction undertakings. It is impossible to quadruple the gross annual output value with outdated equipment, techniques, products and technologies. We must exert our efforts to make progress in science and technology. Modernization of science and technology is a major ingredient of socialist modernization. It is also the effective approach to quadrupling the gross annual output value. Popularization of fine seeds can bring about agricultural production increases ranging from several tens of 100 percent to 100 percent. Adoption of advanced cutting devices will raise our machinery's processing efficiency by from several to dozens of times. Development of chemical engineering technologies can create several times as much value with the same amount of petroleum. One primary reason some people do not have enough confidence in China's ability to quadruple the gross annual value of its industrial and agricultural production within 20 years is because their minds are still occupied by the concept of outdated equipment, techniques, products and technologies; they are not conscious of the need to introduce new equipment, techniques, products and technologies; and they have underestimated the important role advanced technology can play.

In discussing the possibility of "quadrupling the gross annual output value," there is view that the scale of our country's economic construction is no longer small. When the base is set higher, the growth rate will be lower. This may be a misconception. The history of economic development in various countries shows that whether the growth rate is high or low is determined by two factors: One factor is whether the relations of production and the superstructure meet the needs in the development of the productive forces, and the other is whether major sciences and technologies are applied in production. Let us discuss rapid economic development in capitalist countries after World War II, not to mention the impetus given by such major inventions as the steam engine to the rapid development of production. At that time and after several hundred years of development, the bases in those capitalist countries were not low. However, after transferring sophisticated technologies developed by the military industry during the war to use in civilian industry, they brought about an industrial revolution. Practical experience shows us that a series of major technological breakthroughs often result in a high economic growth rate for a period of time. Afterwards, the growth rate will slow down a little.

However, when technology develops in leaps and bounds, it will give an impetus to the rapid development of the economy. This is an objective law proved in practice which we should pay close attention to and conscientiously apply.

There has been a very bad force of habit in our economic construction for a long time; and, at the mention of developing production, people want to build new projects and establish new setups. Now we are implementing the guidelines laid down by the 12th Party Congress and must correct this view in our guiding ideology. To quadruple the gross annual value of industrial and agricultural production by the end of this century, we naturally need to build some new projects, especially the development of energy and the construction to transport facilities that have a bearing on the national economy as a whole. Even so, we should also place making progress in science and technology as an important item on the order of the day.

On the one hand, we should use advanced equipment and technology in building new projects. Now, there is this situation: Some localities crave for building new factories, but the equipment and technologies used by their new factories are backward. As a result, these new factories, which were built with a large amount of investment, manpower and materials, consume a lot of raw materials after they begin production, but produce poor quality, unmarketable products. After these factories are completed, they must be transformed. Can this be called undertaking modernization? We should change this situation. In newly built enterprises, we should use as much suitable, advanced technology and equipment from home and abroad as possible so that such enterprises will be better able to contribute to socialist modernization.

On the other hand, we should bring the role of existing enterprises into full play by making technological progress. This will yield even quicker results than building new factories to expand our production capability. It is understood that 2/3 of the economic growth rate in some developed countries has been achieved in the past 5 decades by making technological progress. Xiangfan, Changzhou, Yantai, Siping, Shashi, Dandong and other cities in our country have maintained a rapid growth rate and achieved better economic results. More than half of these cities' annual industrial output value over the past 3 years has been achieved by carrying out the technical transformation of their old enterprises. Now our country has more than 380,000 enterprises with fixed assets totaling 450 billion yuan. Most of their equipment is obsolete, their techniques are backward and their economic results are very poor. The experiences of enterprises which have done a good job in production show that as long as we step up technical transformation, improve our equipment and at the same time adopt new technologies, we will be able to bring the potentials of our existing enterprises into full play, improve product quality, reduce production consumption and considerably increase our production and income.

Obviously, technological progress is a major strategic matter having a bearing on bringing about a new situation in socialist modernization and attaining the grand goal of quadrupling the gross annual value of industrial and agricultural production. What merits attention is that many leading cadres have not yet come to understand this matter and pay attention to it. It should be noted

that many rules and regulations in force also hamper technological progress. To change this situation, it is necessary to vigorously raise people's political consciousness and, at the same time, solve practical problems in system and policy. Only thus will it be possible to promote technological progress in our country and bring the important role of technological progress into full play in developing industrial and agricultural production.

CSO: 4006/66

ECONOMIC PLANNING

'GUANGMING RIBAO' ON PRODUCTIVE FORCE ECONOMICS

HK180518 Beijing GUANGMING RIBAO in Chinese 3 Oct 82 p 3

[Article by Sun Shangqing [1327 1424 3237]: "Commenting on Productive Force Economics"; Excerpted from Issue No. 9, 1982 of JINGJIXUE WENZHAI--passages within slantlines published in boldface]

[Text] In the early 1960's, Comrade Yu Guangyuan put forward an idea on setting up productive force economics. At the same time, it was also suggested that the science of productive force organizations be set up. These suggestions were based on the background that productive forces in China were seriously damaged in the "great leap forward" campaign in 1958 and that lessons should be drawn not only from policies and work methods, but also from theory. In those days, many comrades in academic circles deemed that various policies for socialist economic construction should not only be worked out on the basis of valuing the laws of movement of production relations but should also tally with the laws of movement productive force. But a great difference of views on the productive force laws still existed then in theoretical circles. In the 1950's, Comrade Ping Xin published a series of articles on this issue and expounded the questions concerning the characteristics, internal contradictions and laws of movement of productive forces. These articles drew the attention of and initiated discussions in academic circles. But many commentaries in those days took a critical attitude toward Ping Xin's viewpoints. Those discussions mainly concentrated on some concepts and definitions and did not relate to setbacks in our socialist construction, still less drawing lessons from these setbacks. In the early 1960's, the suggestion of setting up productive force economics succeeded in linking the discussions about concepts and laws of productive forces with the correction of erroneous "leftist" guidelines and policies and the reform of economic learning branches. A new and important practical and theoretical significance was thus attached to the discussion about productive forces. It is a pity that in those days, people's minds contained serious misgivings about being criticized as advocating the "revisionist theory of productive forces." Only a very small number of articles on productive force economics and the science and productive force organization were published in the press before the "cultural revolution." During the 10 years of internal disorder, productive force economics was also criticized as a revisionist theory.

After the smashing of the Jiang Qi counterrevolutionary clique, people's enthusiasm for studying productive forces economics rapidly revived. Especially

since the 3d plenary session of the 11th CPC Central Committee, the discussion about productive force economics has become unprecedentedly active. Evident progress has been made in the establishment of this science. In late 1980 and early 1982, respectively, two national academic meetings on this science were held. Research associations of productive force economics have been set up at the national level as well as in some provinces and cities. Many economic workers and economic theoretical workers are actively engaged in the study of the theoretical and practical questions concerning productive force economics. Economic departments in some universities also give lectures on productive force economics. Like other branches of economic learning, productive force economics is imbued with a flourishing atmosphere.

I feel that the discussion about productive force economics in the last 3 years has had the following characteristics:

//1. The most evident characteristic is that the discussion is closely linked with the urgent demands of our socialist modernization construction.// Our country has entered a new historic period, and the focus of the party's work has been shifted to modernization construction. To suit this situation, research work in various branches of economic learning is facing the problem of how to better serve the modernization drive. Because agricultural and industrial modernization as well as a section of scientific and technological modernization is directly related to productive forces, productive force economcs--which takes the laws of governing the movement of productive forces as its object of study--should, as a matter of course, more directly serve the "four modernizations" than other branches of economic learning. This is also the reason why the research strength and range of productive force economics expanded so rapidly in recent years.

Since the principle of "readjusting, restructuring, consolidating and improving" the economy was formulated, economic readjustment has become the focus of our economic work. Here, economic readjustment relates to the readjustment of the economic structure. And one of the basic contents of the economic structure is the productive force structure. Over the past few years, discussions about the productive force structure involved in productive force economics have been mainly conducted in the following five areas: 1) The industrial structure, and mainly the structural relationships among agriculture, light and heavy industries, transportation, construction, commerce and infrastructure; 2) Regional structure, and mainly the rational geographical distribution of productive forces; 3) Technical structure, including the rationalization of technical structures in the whole society and in trades and enterprises; 4) Enterprise scale structure, which mainly covers rational scale of enterprises, rational arrangement of productive force factors and the structural relationship between enterprises of different scales; 5) Product structure, and mainly the product structure in enterprises. The investigation and study of these problems relate to a series of important theoretical and practical issues in economic readjustment. Many fruitful research projects have drawn attention from the departments in charge of economic work and some have been applied to concrete measures in economic readjustment.

In addition, initial study has been conducted on some special topics, such as the theoretical and practical questions concerning technical transformation in the existing enterprises, the question of developing productive forces in underdeveloped areas, the question of developing productive forces and improving economic results and the question concerning economic development strategies. The great significance of these questions in China's economic development is known to all.

//2. Rapidly progress has been made in the establishment of productive force economics.// The reason is mainly because we uphold the principle of combining theory with practice and take Marxism, Leninism and Mao Zedong Thought as our guideline. The establishment of any new branch of learning must pass through a long course. The guideline for establishment of a new branch of learning is of decisive significance. At the beginning of establishing productive force economics, we specified the theory of Marxist political economy as its guiding principle. We also clearly differentiated objects of study of this new branch from those of political economy, sectoral economics and other economic branches of learning. Thus, we have drawn a clear line between the establishment of productive force economics and the erroneous proposition, criticized by Stalin in his "On the Economic Problems of Socialism in the USSR," which tries to substitute political economy with a "rational organization of productive forces." Then, we went in for the study of the following basic theoretical topics: Factors of productive forces and their mutual relationships; contents of the law governing the movement of productive forces; mutual relationships between productive forces and production relations and between productive forces and superstructure; and the relevant relationship between productive force economics and other branches of economic learning. By viewing the over 100 articles openly published in the course of setting up productive force economics, articles which discussed the basic theoretical problems of this new branch of learning, we find that the study of various questions is mainly based on the same foundation and that these articles also embody the spirit of combining theory with practice and letting a hundred schools of thought contend. Progress has been made in the analysis of some questions, and the analysis has been going in depth. All this has greatly speeded up the building of this branch of learning.

Debates among different academic views will exist for a long time. It is necessary to encourage academic debates in the building of a new science so as to make our understanding closer to the truth. As this new science is developing smoothly, I feel that several problems need to be thoroughly discussed and correctly solved.

The first problem is whether productive force economics is a theoretical science or an applied science. In my opinion, the object of study of productive force economics is the law of the movement of productive forces--one of the two basic aspects of social production. The main task of this science is to explain the theoretical problems concerning the laws of productive forces. This thus determines that it has a nature of a theoretical science. But due to the features of productive forces and their movement, the practicality of this science is more evident than other theoretical sciences. We should build this science by treating it as a theoretical science. Otherwise, it would be mingled

with technical economics and some sectoral economics, specialized economics, etc., thus making the study of laws of productive forces fall through. As is known to all, the theoretical understanding of the law of the movement of productive forces plays a very important part in socialist construction.

The second problem is its relationships with other economic sciences. The proper handling of this problem is a necessary condition for smooth development of this science. Although the relationships between various economic sciences will become clearer along with the development of research work and practice, it is still necessary to discuss them when a new science is established. As I see it, Marxist political economy is a theoretical base for varied economic sciences, so it should also be the theoretical foundation for productive force economics. Since productive forces and production relations are two basic aspects of social production modes, productive force economics, which studies the laws of productive force, together with the political economy, which studies the laws of production relations, are inevitably the bases for other economic sciences. Of course, we should not forget that the political economy and productive force economics cannot be put on a par. In this sense, both the political economy and productive force economics are the theoretical foundation for all economic sciences, and this foundation is an overlapping one, because the political economy is also the theoretical foundation for productive force economics. Only on this foundation can various sectoral economics and specialized economics be set up, because their specific objects of study can be analyzed only if they base the study of laws of production relations and productive forces involved in their specific sphere of study on a unified theory.

It should be pointed out that because of the concreteness and complicatedness of the connotations of categories concerning productive forces, productive force economics needs to have its own sub-branches, such as the science of economic results, the economics of technology and the science of production distribution, so that the study of laws of productive forces can better serve the improvement of social economic results. Of course, these sub-branches can also independently develop together with various sciences. Their research work can not leave the guidance of the theory of the Marxist political economy either. Since the focus of their study is various aspects of productive forces, they can still be called the sub-branches of productive force economies. It is through these sub-branches that productive force economics builds up its close relations with the practice of economic construction. At the same time, it can absorb achievements in the sub-branches to enrich itself and, in turn, give theoretical guidance to research work in the sub-branches. This will inevitably benefit the overall development of economic sciences.

//3. Actively absorb relevant achievements in foreign research to serve our purposes.// Productive forces and their laws of movement have no class nature. Of course, as an active factor in productive forces, laborers in class societies have a class nature. Meanwhile, because productive forces cannot be separated from a certain pattern of production relations, productive forces thus are closely related to the nature of a society. Therefore, when studying the general laws in the development and change of productive forces, we must pay attention to their different characteristics in different countries.

These characteristics are mainly determined by two kinds of factors. One is the different conditions concerning population, resources and technology in different countries. The other is the different natures of their social production relations. Scientific analysis and summarization of characteristics of the development and change of productive forces under different conditions serve as the foundation for the correct understanding of laws of productive forces. In this sense, we must attach great importance to the study of the conditions for the development of productive forces in China.

However, as other natural and social laws, the laws of productive forces have generality, and their characteristics in functioning in different countries do not contradict their generality; rather, it can be termed their different forms of expression. Therefore, when studying the laws of productive forces, we should not confine our vision to our own country. Rather, we should also pay attention to conditions in other countries. At present, there is no such term as "productive force economics" in other countries, but many branches of learning involve the study of laws of productive forces, such as the theory about the distribution of productive forces, the scale economy and the theory concerning production management. The achievements in their research should be introduced to China. Some of them will be useful for us and we can assimilate them or take them as references. This can help us deepen and broaden our understanding of the laws of productive forces.

Over the past 2 years, some theoretical works on productive force economics in China have taken an active attitude toward the relevant foreign achievements in academic research by assimilating them or taking them as references. In particular, the method of systematically analyzing productive forces and other foreign methods have helped open some new areas in our research work and improve our research methods. At the same time, however, there have been some introductory works that fall short of definite purposes. Some people crammed large numbers of incomprehensible terms, literally translated from foreign languages without deliberation, into their articles. They even treated some mechanical methods of analysis as scientific dialectical methods. Though this is only a nonessential problem, we should still pay attention to prevent it in order that productive force economics can avoid detours.

In the development of modern sciences, old terms and concepts are always insufficient and new concepts and terms expressing these new concepts are bound to emerge. Some of them are borrowed from other branches of learning. But when using new terms, we should try to make their meaning precise and distinct and never deliberately or unwittingly cultivate a tendency of abusing new terms. We should also analyze foreign achievements in academic research in order to select correct theories and put them in the service of our own purposes. We firmly believe that the stands, viewpoints and methods of Marxism have opened a broad way for us to seek truth, and China's productive force economics is also responsible for providing foreign colleagues with useful achievements which they can take as references or assimilate. As in other sciences, the research work in productive force economics must be based on painstaking accumulation of data and systematic study of a series of data so as to work creatively.

//4. Get rid of sectarian bias and unite more theoretical and actual economic workers to study problems concerning productive forces.// The development history of sciences shows that different views are bound to emerge when a new science is being founded. Some of the views can withstand historical tests and become mature, but others will finally become untenable because their objects of research are indefinite or the methods of research are incorrect. At present, the productive force economics of our country is undergoing theoretical and practical tests. At this moment, as in the past years of discussions around productive force economics, we have not drawn a clear line of demarkation between different views. Rather, we always propose that all economic, technical and theoretical workers who are keen on studying productive forces and their laws of movement should make joint efforts to go in for this research work, which bears a close relationship with the future of our modernization drive. Different academic views should seek common grounds while reserving differences and coexist for a long time.

CSO: 4006/67

ECONOMIC PLANNING

SHANXI HOLDS PLANNING CONFERENCE ON PRODUCTION

HK140736 Taiyuan SHANXI RIBAO in Chinese 5 Oct 82 p 1

[Report by Qi Liangshan [4358 5328 0810], Zhang Guoyan [1728 0948 1750] and Lan Guangdong [5695 0342 2639]: "After Careful Calculation and Planning, the Provincial Conference is Full of Confidence in Certain Victory in Attaining the General Target"]

[Text] Offer ideas and make efforts for attaining the general target. This is the central issue of the provincial planning conference recently concluded in Taiyuan. The conference representatives conscientiously studied the documents of the 12th CPC Congress and reviewed and summarized the achievements, experiences and lessons in the building of socialism in the past 30 years or so. After careful calculation and planning, the conference had full confidence in certain victory in attaining the general target.

In the course of the conference, the representatives held ample discussions centered closely around the central issue of attaining the general target. The conference held that in order to attain this general target, all-out efforts must be made so that energy resources will forge ahead and coal production will be promoted. Shanxi Province is shouldering arduous responsibility. If we cannot build well this coal energy resource base in Shanxi, we will cause a drag in the progress of the whole country. Therefore, it is imperative to grasp well this strategic key point to make contributions in attaining the general target. Leading cadres of the various prefectures and cities have taken into account the practical circumstances of their own locality and have observed the favorable conditions and possibilities in attaining the general target. The representatives commonly viewed that only by conscientiously implementing the principles and policies of the party Central Committee and by fully arousing the initiative of the broad masses can the objective certainly be attained. With an attitude of seeking truth from facts, the representatives carried out discussions on the scheme of the Sixth 5-Year Plan and the tentative plan of 20 years of Shanxi Province and drew up a preliminary chart on the development of industry and agriculture in Shanxi Province by the end of the century.

Huo Shilian, first secretary of the Provincial CPC Committee, attended the closing of the conference and delivered a speech. He said: The target of quadrupling put forward by Comrade Hu Yaobang in his report is a strategic target for economic construction. We must strive for accomplishing this

general target and all our work must be carried on around this target. Whether it is the four political guarantees or the three turns for the better, they all serve this target. What shall we do to attain this general target? With concerted efforts we must promote the work Shanxi Province, go all out, aim high and have confidence and high aspirations. Provided that everybody works well, we are sure to do a good job.

In his speech Comrade Huo Shilian particularly emphasized the importance of making investigations. He said: In attaining the general target, we must work out the plans and quotas for every stage; in working out plans, we have to go deep into the realities of life and carry out investigations and not sit at home looking at the old calendar; only by making investigations can we really know how things stand and overcome blindness; and only through careful investigations can we have a rather accurate and precise plan. Planning departments must make investigations and party committees at various levels, all departments, committees, bureaus and offices must also make investigations. They must be very familiar with the situation. We must be clearly aware of the strategic focal point and firmly grasp the fundamental links of agriculture, energy resources, communication, education and science. We must try to discover the focal point of our work by making investigations. Economic construction in mountainous areas is the focal point of rural work in Shanxi Province. There are vast mountainous areas in Shanxi Province, and if the economy of these areas is not promoted, it will hold back the progress of the whole province. It is necessary to encourage the confidence of cadres and commune members in mountainous areas to transform the aspect of their localities and at the same time provide them with necessary financial subsidies. So long as the initiative of the cadres and commune members of the mountainous areas is aroused, we are sure to construct the mountainous areas well. It is also necessary to grasp key projects in industry. We must build well the base of energy resources, heavy industry and chemical industry in Shanxi Province. Meanwhile, in a not very long time from now, we must also emphasize technical transformation in enterprises, raise the economic results and particularly be determined to change the situation of losses to gains in the enterprises.

Comrade Huo Shilian in conclusion said he expected that those comrades who engage in planning work must not only draw plans but also be responsible in checking the circumstances for carrying out the plans. They must immediately report to the higher levels the problems that appear in carrying out the plans so that they can be solved fairly and ensure that the state plan can be satisfactorily realized.

Responsible comrades of the Provincial CPC Committee and government Huo Shilian, Luo Guibo, Wang Kewen, Wu Guangtang, Yan Wuhong, Jia Chongzhi, Wang Xi and Pan Ruizheng attended the conference. Comrades Huo Shilian, Luo Guibo, Wang Kewen, Wu Guangtang and Jia Chongzhi listened to the reports and spoke at the conference. Thirty economic and technical experts from inside and outside the province who were invited to the conference made good suggestions on how to construct well the base of energy resources, heavy industry and chemical industry in Shanxi Province and how to accelerate the pace of economic construction.

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FINANCE AND BANKING

'HEBEI RIBAO' EDITORIAL ON FINANCIAL AWARENESS

HK151129 Shijiazhuang HEBEI RIBAO in Chinese 4 Oct 82 p 1

[Editorial: "A Householder Must Know How To Budget"]

[Text] In his report at the 12th National Party Congress, Comrade Hu Yaobang put forth the great goal of quadrupling the gross annual output value of our industrial and agricultural production by the end of this century. Our country has entered the historical period of creating a new situation in all fields of socialist modernization. To realize this great goal calls for a tremendous amount of money. But at present, we are in financial straits and are hard up for money. There is an obvious conflict between our need for funds and our capability. To bring about a fundamental turn for the better in the financial and economic situation as quickly as possible and lay a good foundation for future economic revival, the leadership at all levels and all enterprises, units serving the people, organizations, schools and other units must run their households and manage their finances in a down-to-earth manner. They must strive to develop production, improve economic returns, strictly practice economy, fight wasteful practices, and ensure the financial needs for modernization. This is an urgent task of strategic significance confronting us.

Our Chinese nation has traditionally been careful about budgeting. A review of our country's several thousand years of history shows that given budgeting and good financial management, a poor country will become rich; given the neglect of budgeting and poor financial management, a rich country will decline. Our party has carried on and developed the fine tradition of the Chinese nation, whether in the period of the revolutionary war, or in the period of socialist construction, unusually great attention has been paid to financial management, thus ensuring the smooth progress of the revolution and the cause of construction. But during the 10 years of internal disorder, this tradition was seriously undermined. Since the 3d plenary session of the 11th CPC Central Committee, such a situation has begun to change. But at present, there still exists a very serious situation among the leading comrades of departments and units in quite a large number of areas in which householders pay no attention to budgeting, or householders know nothing about financial management.

One of the manifestations of the practice of running a household without budgeting is the lack of attention to economic yields. In the area of production, solely pursuing output value without regard to social needs, or stressing

production to the neglect of management is quite a common phenomenon. Many enterprises are marked by a heavy consumption of energy, the poor quality of their products, high production costs, a low level of accumulation and shocking loss or waste. The material consumption of enterprises, their capital accumulation, the turnover rate of their circulating funds, and so forth have fallen far behind the best levels in history. In regard to circulation, outlets for commodities are not operating smoothly. Sales are sluggish. Unsold stocks pile up. Expenses rise and profits drop.

Another manifestation of the practice of running a household without budgeting is the lack of a conception of the whole situation. Funds are diffused and used wastefully. With partial interests in mind, some areas have built projects that are not needed, as far as the whole situation is concerned. They blindly start or duplicate construction projects, wasting large amounts of financial and material resources and aggravating the disproportionate state of affairs. Some increase the percentage of profit they retain without authorization. So there is an increase in the profits realized but a decrease in the amount of profit handed over to the state. A large amount of funds intended for "tapping potential, renovating and restructuring" is devoted instead to capital construction. This interferes with the technical transformation of enterprises. Prompted by partial interests, some other areas have even unhesitatingly resorted to such illegal means as squeezing, taking, sharing, appropriation, and so forth, as they dip into the state coffers and run foul of financial discipline.

Still another manifestation of the practice of running a household without budgeting is "a householder knowing nothing about the high price of firewood and rice" and spending like a rich man, despite being a poor man. They throw their money out. Some people spend money to get things done. They do not know the actual situation but insist on getting what they want. There is no budget for money that should be spent. Money that should not be spent is instead freely allocated and freely used. Some projects are started only to be suspended, or suspended only to be started again. Some are dismantled only to be restored, or restored only to be dismantled. Things are repeated this way again and again. The value of money is not appreciated. Deadwood is found in organs, organizations, and units serving the people. There are more workers than are actually needed. The situation marked by too many conferences, too much paperwork, too many telephone calls, too many cars and too many expenses and low work efficiency is quite common. Some people recklessly go on a spending spree and even sacrifice public interests for private gain and appropriate public property for themselves, promoting unhealthy practices and seriously divorcing themselves from the masses.

The causes of the above problems and their existence, fundamentally speaking, are attributable to interference and sabotage by the Lin Biao and "gang of four" counterrevolutionary cliques. As far as our work is concerned, some comrades do not fully see the importance of budgeting. The idea of sharing a "bit pot of rice" has long been ignored without being corrected. They pay no attention or close their eyes to serious loss or waste. Where such a case is brought to their attention, they look the other way. They do not give a damn where money can be had just for the asking. They are woefully lacking in a sense of responsibility or they just take everything for granted. What

is wrong is even considered right. "It is like staying in a fish market and getting used to the stink." Some areas are not strict in the enforcement of regulations and systems. They are lax in financial management. There are no regulations to abide by or regulations and laws exist only to be ignored. Laws are not strictly enforced. All these are serious obstacles that stand in the way of overcoming financial obstacles that stand in the way of overcoming financial difficulties, increaseing the accumulation of capital and stimulating modernization. They must be overcome.

In running a household and managing finances, we must first have correct ideas and raise our consciousness. To budget for a household, to strictly practice economy, to fight wasteful practices and to bring about a fundamental turn for the better in the financial situation are important conditions for the realization of the great goal of economic construction. They also represent one of the important measures for restoring the party's fine traditions and improving social practices. The leadership at all levels sould realize from this high plane the extremely great importance of budgeting for a household. We must closely rely upon the strong leadership of the party Central Committee, seriously follow the correct line formulated by the CPC Central Committee, unify thinking, and raise awareness. We must treat financial management as a major event bearing on economic construction as a whole and put it on the agenda. We must formulate plans, take measures, strengthen leadership and handle financial matters well.

In budgeting for a household, we must strive to develop production and improve economic returns. Only with production developed and results improved can there be a good source of income. To improve economic returns, we must first organize enterprises well. The key to success lies in consolidating leading groups and boldly cultivating and using "Understanding People" [Ming Bai Ren 2495 4101 0086]. Only with "Understanding People" in charge can production rise. Only in this way can returns improve, and can money roll in. We must let "Understanding People" lead the way and let talented people quickly appear on the scene. On this basis, we must strive for microeconomic returns. As far as an enterprise is concerned, we must first improve the quality of products and achieve the aim of producing what is suited for the market and realizing the beneficial effects of products on society. Second, we must strengthen economic accounting, reduce the consumption of raw materials, improve profits and realize the economic benefits for given enterprises. At present, our central tasks are: The proper handling of cost management, the strengthening of fundamental work, the improvement of the management system, the proper handling of the system calling for a fixed number of workers and fixed quotas, and the establishment of an economic responsibility system and its strict implementation. Only in this way can we achieve the aim of increasing production and practicing economy, tapping potential and preventing wasteful practices, and adding to social wealth and financial income.

In budgeting for a household, we must foster the idea of "coordinating all the activities of the nation like pieces in a chess game." We must concentrate the necessary capital and devote it to priority construction projects. In the past few years, to improve the people's living standard, enliven the economy and solve some problems left over through the years, the state has made some readjustments concerning the policy of allocating financial resources.

The living standard of the people has thus been improved. The circulating funds of enterprises have increased from year to year. This is necessary and correct. The problem is that the state's financial resources are somewhat diffused. There are inadequate funds for priority construction projects. A number of mismanaged enterprises are "assured of harvests in spite of drought or floods" at the expense of the state. If such a situation is not changed, the continuous development of the national economy as a whole will suffer. Therefore, we must act according to the guideline set at the 12th National Party Congress and uphold the spirit of "meeting both food and construction needs." We must see to it that the state concentrates the necessary funds on construction and also continues to improve the people's living standard. To concentrate construction funds, given areas must guarantee the timely transfer of the exact amount of profit that should be handed over to the central authorities. The state must also adopt a correct policy toward enterprises, so that the latter can benefit by their own efforts to tap the potential and improve economic results and also benefit where such efforts have been successful or unsuccessful. Those enterprises that are well managed must be able to turn over more profits to the state and also to make technical improvements. Those that are poorly managed must guarantee fixed contributions to the state. They are left to fight for their own survival and even to perish. Only in this way can we really arouse the enthusiasm of enterprises, not only guaranteeing the concentration of the state's needed funds but also ensuring the systematic introduction of technical transformation.

In budgeting for a household, we must seek an overall mobilization. We must first strictly practice economy and fight wasteful practices. To realize the various fighting tasks put forth at the 12th National Party Congress, the state will need much larger amounts of capital for construction. Where will the capital come from? Our traditional experience shows that we must rely upon both increased production and the practice of economy. For those expenses that must be defrayed, we must guarantee the needed funds and also pay attention to the results achieved. We must make every cent count, directing funds to the improvement of equipment and technical transformation in agricultural, educational, scientific and other enterprises. We must resolutely cut out such expenses as can be done away with. We must educate the masses of cadres and people, so that they can have a deep understanding of the great significance of the practice of strict economy and the elimination of wasteful practices, and the realization of the great strategic goal and the "three fundamental turns for the better" put forth at the 12th National Party Congress. In this way, they can further develop the fine tradition of fighting amid hardships and being industrious and thrifty. The practice of economy is thus turned into the conscious action of every cadre and worker. On the basis of heightened ideological awareness, we must link the realities of given areas, departments and units with the mobilization of the masses to examine themselves, check each other, set forth problems, expose contradictions, formulate measures, establish and improve regulations and systems and plug all the loopholes for wastefulness. We must call upon the masses of cadres and workers to set their sights on major goals and act on minor matters saving every little piece of thread, every unit of electricity and every drop of water. Every little bit counts as the saying goes. Leaders at all levels must set a personal example and take the lead in practicing economy. They must come up

with ways to reward economical practices and penalize wasteful ones. Thus, those people practicing economy can benefit and those given to wastefulness can be criticized or punished. They must give full play to the functional role of economic management departments. In regular and planned manner, they must organize inspections concerning performance of duty, taxation and financial discipline. Serious cases of waste must be severely and swiftly dealt with by the party and government leadership departments at all levels.

At present, guided by the spirit of the 12th National Party Congress, the people throughout the country are full of enthusiasm and pushing ahead bravely. A mass campaign for practicing economy and increasing production is being launched in an extensive and thorough manner. We must take budgeting for a household as a major issue, tackle it in a strict and proper manner and achieve the desired results, making proper contributions to the realization of the various fighting tasks put forth at the 12th National Party Congress.

CSO: 4006/67

INDUSTRY

HAINAN LEADER DISCUSSES INDUSTRIAL PRODUCTION

HK180808 Haikou Hainan Island Service in Mandarin 0330 GMT 15 Oct 82

[Text] According to this station's reporter (Zhou Yiwu), (Lei Yu), secretary of the Hainan Regional CPC Committee and director of the Hainan Regional Administrative Commissioner's office, has delivered an important speech at a regional report meeting on industrial and communications production which closed on 13 October. He noted: To open up new prospects for industrial production in our region, we must act in the light of local realities, give full play to our strong points, avoid our weak points, ally with all forces that can be allied with in our region, cooperate with other areas and gradually form an industrial production system with our own distinguishing features.

Comrade (Lei Yu): To promote industrial production during the fourth quarter of this year, we must first do well in studying and implementing the documents of the 12th National Party Congress. Leaders at all levels must take the lead in studying the documents and must also do well in organizing the broad masses of the people to study the documents and in assisting them in their study. In studying the documents of the 12th National Party Congress, we must regard Comrade Deng Xiaoping's opening speech as the guiding ideology and regard Comrade Hu Yaobang's report as the major contents. We must make great efforts to deeply understand the spiritual essence of the documents. In studying the documents, we must pay attention to promoting the following three integrations: 1. We must integrate the study of the documents of the 12th National Party Congress with the study of important documents issued since the 3d plenary session of the 11th CPC Central Committee, further eliminate the leftist influence and prevent rightist things. 2. We must integrate the study of the congress with the study of some basic viewpoints of Marxism-Leninism-Mao Zedong Thought so as to deepen our understanding of the documents of the party congress. 3. We must closely integrate the study of the documents of the party congress with realities and apply the spirit of the party congress to seek unity of thinking, guide the masses and promote work. With regard to the masses' enthusiasm aroused during their study and implementation of the spirit of the 12th National Party Congress, we must pay attention to promptly and properly organizing and bringing their enthusiasm into the orbit of production and work.

Comrade (Lei Yu) said: Our region's industrial and communications production has been in a very good situation during the first 9 months of this year; total industrial output increased by 10.43 percent as compared with the same period last year. Losses and deficits incurred in the whole region's industrial

enterprises have been decreased. However, the development of regional industrial production has been very uneven, there are still huge losses being incurred in our industrial enterprises and their economic returns are still relatively poor. Therefore, leaders at all levels must pay attention to overcoming the sense of being unrealistically optimistic, the fear of difficulty and slack moods, must race against time, try to gain the initiative and lose no time in promoting industrial production during the fourth quarter. Enterprises which have already fulfilled their production plans must make a greater effort and strive to do a still better job of overfulfilling their plans. Enterprises which have not done so well in fulfilling their production plans must try in every possible way to surmount difficulties and try hard to catch up. Enterprises with relatively great shortfalls in output must bestir themselves and strive by every means to have no shortfall in output or to have less shortfall in output. In carrying out production work, we must pay attention to promoting production safety, increasing economic returns and improving the quality and marketability of our products. We must truly realize the Regional CPC Committee's slogan of guaranteeing a 9 percent production increase and striving to achieve a 10 percent production increase and make preparations for next year's industrial production.

In his speech, Comrade (Lei Yu) also called on all counties and municipalities to make great efforts to promote work in increasing revenues and cutting down expenses and to achieve a balance between this region's income and expenditure this year. We must pay attention to broadening sources of income and reducing expenditure. We must do well in grasping key enterprises and in producing key products. We must strengthen tax revenue work, capital construction and the management of allocating funds and granting loans. We must strictly control expenses. We must keep expenditures within the limits of income and must not eat the food stored up for the next year.

In discussing the regional industrial readjustment, the regional reorganization of enterprises and the orientation of developing Hainan's industrial production, Comrade (Lei Yu) said: At present, we must be determined to promote work in consolidating and reorganizing our enterprises. To reorganize enterprises, we must first do well in reorganizing the leading groups of enterprises. Leaders of enterprises must be those people who know the business and have a strong sense of dedication to work. Second, we must establish or perfect all regulations and systems so that every affair is administered by a person concerned, everyone is entrusted with a specific duty and we can be strict in discipline and impartially give rewards and punishments. We must encourage healthy trends and suppress evil trends. We must not confuse good and bad, nor must we fail to distinguish fragrant from smelly. In reorganizing our enterprises, we must also strengthen education in communist ideology, enable the staff and workers to have a stronger sense of being the masters of their own affairs and enable the vast numbers of staff and workers to conscientiously work for the four modernizations.

Comrade (Lei Yu) said in conclusion: Hainan Island is rich in tropical natural resources. It is relatively rich in the following resources: Petroleum, coal, uranium, molybdenum and shale. The purchasing power of the people of Hainan is strong, and the provincial authorities have allowed Hainan to promote a more

open-door policy. There are also other favorable conditions in Hainan. Therefore, we can surely open up new prospects for our region's industrial production as long as we advance along the course charted by the 12th National Party Congress, act in close connection with Hainan's reality, give full play to our strong points, avoid weak points, have fewer industries that consume more energy resources, have more industries that use tropical natural resources as their raw materials, make full use of our favorable conditions such as having many overseas Chinese and being a neighbor of Hong Kong and Macao, ally with all forces that can be allied with in our region, cooperate with other areas, energetically develop our fist [as heard] products and gradually form an industrial production system with our own distinguishing features.

CSO: 4006/67

INDUSTRY

JILIN TELEPHONE CONFERENCE ON INDUSTRIAL OUTPUT

SK231040 Changchun Jilin Provincial Service in Mandarin 1100 GMT 22 Oct 82

[Excerpts] This afternoon the Provincial CPC Committee and government held a provincial telephone conference to mobilize vast numbers of workers and staff members of the industrial and communications departments throughout the province to further study and implement the guidelines of the 12th Party Congress and to firmly grasp the industrial and communications output in the last 2 months of this year in order to fulfill or overfulfill this year's plans in all fields and strive for creating a new situation of our province's industrial output. Comrade (Zhao Xiu), secretary of the Provincial CPC Committee and deputy governor, spoke at the conference. He pointed out: At present we should give priority to conducting a conscientious study of the guidelines of the 12th Party Congress. We must further start an upsurge of studying and implementing the guidelines of the 12th Party Congress with a view to eliminating the influences of the leftist ideology and the negative consequences brought about by the 10-year turmoil. Efforts should be made to transfer the guiding ideology in running industrial enterprises to the track of raising economic results. With regard to raising the industrial output in the next 2 months, Comrade (Zhao Xiu) put forward the following demands:

First, accelerate enterprise consolidation, take the economic responsibility system as a central link and conscientiously attend to its implementation.

Second, concentrate on raising economic results.

Third, further do a good job in readjusting enterprises. Enterprises should attend to technical innovations and technical development.

The fourth quarter of this year and the first quarter of 1983 are of crucial importance. Party committees and governments at all levels should enhance leadership, go deep into the realities of life to conduct investigations and study, sum up experiences and put them into practice in order to overfulfill this year's industrial plans in all fields, to open up new conditions for creating new situations in industrial output in 1983 and to lay a foundation for economic development.

CSO: 4006/67

INDUSTRY

HUBEI RADIO URGES FULFILLMENT OF PRODUCTION TASKS

HK130927 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 11 Oct 82

[Station Commentary: "Take the 12th Party Congress as a Motive Force, Overfulfill This Year's Industrial Production Tasks in an All-Round Way"]

[Excerpts] In order to do a good job of the industrial and communications production in the fourth quarter, it is first of all necessary to pay close attention to the study and implementation of the documents of the 12th Party Congress and to regard this as a major issue of the first importance. It is necessary to mobilize the numerous staff and workers with the spirit of the 12th Party Congress and call on them to make more contributions in opening up a new situation in the socialist modernization drive. We should educate the numerous staff and workers to integrate the magnificent strategic objective of China's economic construction with our current tasks, further enhance revolutionary vigor, establish confidence, work in a down-to-earth manner and, with the practical action of increased production and income, implement the guidelines of the 12th Party Congress.

In organizing current industrial production, it is necessary to further rectify our guiding ideology in industrial production, integrate speed with results in a better way and, on the basis of constantly improving economic results, seize every minute of our time to wrest an all-round victory in industrial and communications production this year.

It is necessary to actively improve the quality of products, vigorously increase designs and colors and organize production in strict conformity with social needs. With respect to the unmarketable products kept long in stock, it is necessary to resolutely restrict or stop their production in order to prevent them from being further stockpiled. It is a busy selling season now. The industrial departments should try every possible means to organize the production of daily consumer goods well, strive to produce textile and other light industrial products, electronic products, small farm machinery and tools as well as daily necessities which are readily marketable in order to meet the market needs.

The commercial departments should do a better job of purchasing agricultural and sideline products and of shipping industrial products to the rural areas in order to facilitate the flow of goods, stimulate the markets and promote the constant development of industry and agriculture.

All industrial and communications enterprises should take the whole country into account, enforce financial discipline, step up supervision and inspection of financial affairs, stop up all loopholes and persist in protecting national income. It is necessary to correctly handle the relationships between the state, the collective and the enterprises and correctly practice the bonus system. We should not only fully mobilize the initiative of the numerous staff and workers for production but also prevent the sudden distribution of bonuses at the end of the year. We should actively fulfill the plan of delivering revenue and profit to the state and make sure that the annual financial plan of delivering revenue and profit to the state can be fulfilled.

CSO: 4006/67

INDUSTRY

HEBEI RADIO CITES PROVINCIAL PRODUCTION FIGURES

HK130919 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 11 Oct 82

[Text] A good situation in industrial and communications production has emerged throughout the province. The total industrial output value yielded in the first 9 months of this year amounted to 19.65 billion yuan, an increase of 11.6 percent over the same period last year. The output of light and heavy industry increased by more than 8 percent over the same period last year. In September, in particular, the total industrial output value amounted to 2.354 billion yuan, topping all previous monthly production figures, and the profit delivered to the state by the industrial enterprises increased by 10.5 percent over August.

The prefectures and municipalities whose total industrial output value in the first 9 months of this year has increased by more than 8 percent over the same period last year include Yichang City, Shiyan City, Yichang Prefecture, Xiangyang Prefecture, Jingzhou Prefecture, Huanggang Prefecture, Xiaogan Prefecture, Enshi Prefecture and Huangshi City.

Since the beginning of this year, the industrial and communications enterprises in our province have paid relatively more attention to normal production. The progress plan for the manufacture of most industrial products has been fulfilled. The quality of 77 percent of the products has improved over the same period last year. Of the 85 products listed in the plan, 55 products have fulfilled or overfulfilled their annual progress plan. The output of most of the 100 major industrial products has increased over the same period last year, their varieties have constantly increased and the quality of most products has improved to some extent. Inspection of the quality indexes of 76 products shows that, in the first 8 months of this year, more than 68 percent of the products stabilized or improved their quality.

With the development of industry and agriculture, the volume of freight and passenger transport in our province has also increased in an all-round way, thus meeting the requirements of industrial and agricultural developments in our province.

CSO: 4006/67

BRIEFS

BEIJING PROMOTES INDUSTRIAL PRODUCTION--The total industrial output value of Beijing Municipality in September was 2.001 billion yuan and was more than the previous highest monthly level in March. Output of 49 products, including television sets, refrigerators, bicycles, watches and raw coal, was more in September than in August. Output of 71 products, such as sewing machines, washing machines, woollen carpets, silk fabrics, woollen knitwear, bathroom enamel utensils and plate glass, which have a good sale, in September this year was much more than in September last year. By September, the municipality had fulfilled some 75 percent of the 1982 quotas for the production of 74 products, including electricity liquefied petroleum gas, chemical fertilizers used in agriculture, chemicals, drugs, woollen goods and bricks. [HK190535 Beijing City Service in Mandarin 2300 GMT 7 Oct 82 HK]

HEILONGJIANG INDUSTRIAL ACHIEVEMENTS--Jixi Municipality, Heilongjiang Province, scored great progress in industrial production in the January-September period this year. By the end of September, the municipality had fulfilled 81.2 percent of its annual industrial output value plan and had scored a 13.8 percent increase over the figure of the corresponding 1981 period. The annual production plans of 14 major products in the municipality were prefulfilled by a quarter. According to statistics compiled at the end of August, the deficit of enterprises in the municipality whose production is under the state unified budget was 81.2 percent lower than the figure of the corresponding 1981 period. [SK201119 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 19 Oct 82]

HEILONGJIANG INDUSTRIAL PRODUCTION--Qiqihar Municipality, Heilongjiang Province, has made a continuous increase in industrial production. From January to September, the municipality's industrial output value totalled some 1.6 billion yuan, an increase of 17.9 percent over the corresponding 1981 period. The municipality gained 70.25 million yuan of profit, up 19.7 percent over the corresponding 1981 period. As of now, the output of 47 varieties of major products has increased by wide margin and their quality has been greatly improved. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 18 Oct 82 SK]

NEI MONGGOL INDUSTRIAL OUTPUT--This year Hulun Buir League in Nei Monggol Autonomous Region made rapid progress in industrial and communications output thanks to the implementation of policies of readjustment and various forms of production responsibility system. By the end of September, the industrial output value of the league reached over 398 million yuan, an increase of 8 percent over that of the corresponding 1981 figure. The league's locally-administered state enterprises whose production is under the unified state budget earned 5.5 million yuan of profits, a 1.5-fold increase over the corresponding 1981 figure. [SK221140 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 20 Oct 82 SK]

GANSU INDUSTRIAL PRODUCTION--By the end of September, Gansu Province had fulfilled 77.2 percent of the quota for total industrial output value for 1982. By the end of September, the province had fulfilled some 75 percent of this year's quotas for the production of 54 products out of the 94 products which have been included in the province's plan. Output of 67 products by the same period was more than in the corresponding period last year. The provincial electronics bureau had overfulfilled its quota for this year by 8.4 percent. The province had fulfilled its quotas for the production of energy resources, products of the chemical industry, machinery, building materials and light industrial products relatively well. However, the situation in fulfilling the quotas for the production of some metallurgical products was not good enough. Production of steel, pig iron, iron ore, avasite, coke, copper, aluminum and sulphuric acid dropped. The amount of coal which had been kept long in stock continued to increase. Due to insufficient supplies of raw materials, some enterprises whose products are marketable were not fully operated. Some other enterprises did not pay sufficient attention to production safety. The attention of relevant departments has been drawn to these problems. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 13 Oct 82 HK]

CSO: 4006/67

CONSTRUCTION

PRODUCTION, INVESTMENT IN BUILDING MATERIALS INDUSTRY INCREASING

Harbin HEILONGJIANG RIBAO in Chinese 22 Jul 82 p 1

[Article by Gu Qingquan [6253 3237 2164]: "Great Increase in the Production of Building Materials in Our Province; Value of Output in the First Half of This Year Up 4.5 Percent Over Same Period Last Year; Net Profits Up 14.3 Percent"]

[Text] The building materials industry in our province achieved gratifying progress in the first half of this year. When the production of major products is compared with that of the same period of last year, cement was up 14.3 percent; plate glass, up 28.9 percent; bricks, up 12.5 percent; and other products registered great increases. The gross value of output for the state-run building materials enterprises above the county level increased 4.5 percent over that of the same period of last year; and their net profits increased 14.3 percent.

Departments responsible for building materials work and building materials enterprises in all localities, in line with the principle of making an overall arrangement and guaranteeing the focal points, serve the clients with initiative and enthusiasm. In order to start the Daqing 300,000 ton ethylene project smoothly, the provincial building materials bureau obtained the support of the railroad department, arranged eight special freight trains of varying sizes, and organized the grindstone enterprises to ship grindstones every day from Wuchang, Shangzhi, Qingan and Tieli.

This year the construction funds raised for the building materials industry also exceeded that of last year. Aside from state investments, the province raised funds in the amount of 13.75 million yuan; the municipalities accumulated on their own 3.1 million yuan. Besides, more than 27 million yuan was borrowed from the state. The provincial building materials industry bureau organized the use of these funds to carry out the improvement and expansion of 17 brick-tile and sand-lime mixture enterprises. The majority of these showed a profit the same year they went into operation. The popularization team of the Harbin light frame and board building system this year already has undertaken 60,000 square meters of housing construction, twice the amount of last year. The Qingan County Straw Fiberboard Plant, providing necessary accessories to the Harbin's New Style Building Materials Base, began trial production last month.

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CSO: 4006/621

DOMESTIC TRADE

HEBEI DEVELOPMENTS IN INDIVIDUAL, COLLECTIVE COMMERCE, SERVICES SURVEYED

Shijiazhuang HEBEI RIBAO in Chinese 12 Jul 82 p 1

[Article: "Collective and Individual Commerce and Services Develop Rapidly Throughout the Province"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, all localities have conscientiously implemented the policy of invigorating the economy, and have liberated their thinking, expanded their commercial outlets and organized a multifaceted development of commerce and services, so that collective and individual commerce and services throughout the province have developed rather rapidly.

According to statistics from the cognizant departments, by the end of 1981 the number of commercial and service outlets throughout the province had expanded to more than 230,000, with more than 690,000 personnel; there were more than 16,000 collective commercial and service outlets, with more than 142,000 personnel, and more than 147,000 individual commercial establishments, with more than 280,000 personnel. On average there are 4.4 outlets per thousand persons and 1.3 operating personnel per 100 persons. In cities the figure is 5.3 outlets per thousand persons and 4.2 operating personnel per hundred persons. The number of commercial and service outlets has increased by 3.6 times since 1976 and the number of operating personnel has increased by 1.4 times, nearly reaching the 1957 level. The number of collective commercial and service outlets has increased by 7.2 times and the number of operating personnel by nearly 8 times.

The development of the collective and individual commerce and service industries has resulted in new changes in urban and rural markets and created a new atmosphere.

First, markets have been invigorated and made more convenient for the masses. The development of collective and individual commerce and services have filled deficiencies in the state-run commercial and service networks, and there has been considerable improvement over the previous situation in which the masses had difficulty buying articles, buying meals, getting clothes made, getting repairs made and finding lodging. Commercial and service outlets are numerous in the main streets and market areas of the

cities, and all types of establishments are represented. There has been some alleviation of the great shortage of in commercial and service outlets in some side streets and newly-built residential areas, and many small restaurants, non-staple foodstuffs shops, general stores and repair and spare parts shops have begun to appear; some "small commercial clusters" have been developed. If a bicycle breaks down, it is possible to get it repaired quickly, and essential commodities and daily-use articles can be bought at any time. In the past there were long lines at shops selling breakfast, but now breakfast stalls selling deep-fried fruit and soy milk are everywhere, which is much more convenient. In the 30 years since the state was founded no commercial outlets had been built on Changqing Road in Zhangjiakou, but now 9 commercial and service outlets have been built and a relatively complete range of establishments is available, essentially meeting the masses' daily needs. Two year ago there were only 7 shops selling deep-fried fruits and soy milk in all of Baoding, but now there are already more than 120 breakfast shops. In the countryside, in addition to "two-service shops" [shuangdaydian], there are now many household shops [lianjiapu], street vendors, bicycle repair shops and the like, which makes life easier for the masses and supports production.

Second, state-run, collective and individual commercial and service trades coexist and there are numerous channels and various forms of operation, which has thoroughly done away with the previous situation in which state-run commerce was the sole form. Collective and individual commerce and services thoroughly bring into play their characteristics of small size, dispersion, flexibility, thorough service and convenience to the masses, and compete with state-run commerce and services, thus providing a great stimulus to the latter. The operating style of many state-run commercial and service establishments has been improving steadily, service quality has risen steadily, operating hours have been lengthened, products and types of services have been expanded everywhere, more products are on the market, more complete selections are available, the masses have a wider range of choice, and people are saying with satisfaction that multiplicity of establishments is better than a single organization.

Third, a good many popular traditional goods and services which had disappeared have now been reinstated. For example, the lodging industry has brought back reservations, station transportation, guest services and the like; the restaurant and foodstuffs industry has brought back the long-discontinued local specialties such as Tangshan roast chicken, Handan guoba sesame cakes, Funing laomao pork, Cangzhou fengjia sausage and the like; in the repair and spare parts industries, locksmithing, spare keys, bicycle repair, shoe repair, handbag repair, radio repair, fitting of artificial teeth, spare parts for eyeglasses, clothes alterations, taking apart and cleaning old bedding, fluffing of cotton wadding, quilting of bedding and the like had long been hard to find, but now there are many stalls providing these services, and it is much easier for the masses to provide and obtain services.

Fourth, employment has expanded. According to statistics, in 1980 and 1981 180,000 young people were placed in jobs in the commercial departments in this province; 70 percent of them were placed in collective and individual commercial and service establishemnts. Thus many unemployed persons have taken work that was waiting to be done, which has expanded the range of employment and made life easier for the masses.

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CSO: 4006/593

BRIEFS

COUNTRY FAIR TRADE GROWS--In the wake of the development of industrial and agricultural production, in the first half of this year, country fair trade in the urban and rural areas of our province continued to expand; and both buying and selling were brisk. The volume of business of urban and rural country fair trade in our province during the first half of this year reached 520 million yuan, an increase of 21.5 percent over the same period last year (even deducting for the general increase in market prices, this still was an increase of 15.1 percent). From the standpoint of the amplitude of this increase, there were two distinguishing features. First, the increase of rural country fair trade was greater than that of urban country fair trade. Second, the increase in the border and minority nationality areas was greater than that in the interior. The proportion of the volume of business at country fairs held in the minority nationality areas to the volume of business at country fairs throughout the entire province already has risen from 49.7 percent last year to 53 percent this year. Of the 21 types of commodities on which statistics are kept, the business volume this year increased on seventeen. After the rural sector implemented the production responsibility system, and the demand for farm cattle and farm implements greatly increased, the volume of business of these two commodities went up during the first half of this year. The prices in country fair trade during the first half of this year rose as compared with the corresponding period of last year; however, at the end of June the price levels fell 6.7 percent below those of the beginning of this year. [Text] [Kunming YUNNAN RIBAO in Chinese 31 Jul 82 p 1] 9950

CSO: 4006/621

FOREIGN TRADE

ECONOMIC BENEFITS STRESSED IN UTILIZATION OF FOREIGN CAPITAL

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 19, 4 Oct 82 pp 43-45

[Article by Ma Zuozhou [7456 0155 5297]: "Utilization of Foreign Capital Should Stress Economic Benefits"]

[Excerpts]

II. How should our country utilize foreign capital in order to obtain the best economic results?

Since the implementation of the policy of opening up the country in the utilization of foreign capital has developed gradually. In a few years, definite economic benefits have been achieved in the utilization of foreign capital by our country in the area of promoting products, expanding exports to generate more foreign exchange, increasing profits, reforming management, and improving labor productivity. Summarizing the experience and lessons of utilizing foreign capital by our country in the last 3 years and integrating national conditions, I believe that we must pay attention to the following problems when we utilize foreign capital.

(1) Try to secure foreign capital with more favorable terms. We should utilize foreign capital with low interest rates and more favorable terms. In addition to repayment when the date is due, interests and other related expenses must be paid when utilizing foreign capital. Although there may be other conditions surrounding the utilization of foreign capital, the focal point is the interest rate. If we want to use foreign capital with low interest rates, we must have an understanding of the special characteristics of various types of funds on the international finance market. The current avenues of utilizing foreign capitals by our country are: government loans; loans from international finance organizations; export credits (buyer's credits and seller's credits); and bank loans (mainly loans from the European money markets). Each of these four types of loans has its own special characteristics. From the standpoint of interest rate, term, and expenses, government loans and loans from international finance organizations are more favorable. From the standpoint of restrictions in the use of funds and supervision, the procedures for private bank loans are simple

and not restrictive. In the utilization of foreign capital, we should compute the costs carefully and accurately, weigh the advantages and disadvantages, and compare the many angles in order to determine which is favorable. If we do not compute the costs and merely accept one blindly, the loss will outweigh the gain, creating economic losses. Of course, we should also use the dialectical point of view to look at the relationship between the results and the interests to be paid in the use of foreign capital. The current interests rates on the world market are relatively high. However, high or low is only relative, not absolute. The loans from international finance organizations and governmnet loans of an assistance nature have medium and low interest rates. However, these loans are limited and carry restrictive conditions. Sometimes the interest rates of some loans may appear to be low. However, they may not be low in actual use because of the conditions imposed. The interest rates of bank loans are a little higher, but these loans are not restrictive in their use. The extra interest paid is often compensated by the low cost and more suitable products that can be purchased.

(2) Pay attention to currency selection and avoid losses as a result of changes in exchange rates. Currently, western currencies are in a turbulent and unstable condition and the exchange rate risk is very great. Thus, in conducting international economic business, currency selection is an extremely important problem. If currency selection is not proper, large losses may result because of changes in exchange rates. For instance, in January 1981, a Shanghai shipbuilding plant signed an export contract for several cargo ships with a foreign shipping company. The delivery of the ships began this year, the contract specifies payment in West German marks, the price was first computed in renmingbi, which was converted to U.S. dollars and then from U.S. dollars to marks on the basis of the rates of exchange at that time to arrive at the price of the cargo ships. Because of the depreciation of the mark, our side has lost around 1 billion U.S. dollars and what started as a profitable transaction has become a loss. The use of foreign capital must be paid back in foreign exchange and this means that attention must be given to currency selection to avoid losses created by changes in exchange rates. In the use of foreign capital, there is an organic relationship between the various elements of interest rate, exchange rate, expenses, and length of term. Moreover, there is a contradiction between some of the conditions. (For instance, the longer the term of a loan, the heavier the interest rate and expenses; loans in currencies which are soft carry high interest rates and loans in currencies which are hard carry low interest rates; etc), also, some terms follow international practice. They cannot be decided by our side alone but require mutual negotiations, therefore, in the utilization of foreign capital, we cannot simply and singly consider each term. We must conduct a relatively accurate evaluation of western currency trends. We must make a relatively overall study on exchange, interest, and market conditions as well as the urgency for the foreign capital. This is to prevent treating part of the situation as the total situation and make it possible for us to achieve the forecasted economic results.

(3) Consider pay off ability. At present, it is not difficult for our country to obtain loans internationally. However, whether or not to try to

secure a loan must be based on the ability to pay off the loan, and our loans should be controlled under specific limits. Internationally, the measure of a country's ability to pay off a loan is based commonly on what is called the foreign debt pay off ratio or simply the debt pay off ratio. The formula in computing this ratio is as follows:

$$\text{foreign debt pay off ratio} = \frac{\text{amount of capital repayment and interest during the year (namely, foreign debt repayment + interest)}}{\text{foreign exchanged to be received from export of products and labor during the year}}$$

Currently, this pay off ratio is generally 20 to 25 percent. Our country should also consider this standard when securing a loan. Actually, to guarantee the safety of funds, the decision of the international creditor on whether or not to make a loan to a country is also based on that country's ability to pay back the loan. In summary, in the utilization of foreign capital, we must be sure of the way to borrow it, to use it, to pay it off, and to make a profit. We should particularly make sure that our loans are controlled within specific limits. Plans for the timely repayment of capital and interest should be properly prepared so that foreign debts incurred do not exceed our ability of repayment in order to avoid running into difficulties.

(4) Conscientiously carry out comprehensive balance and properly carry out a feasibility study. When utilizing foreign capital, we must consider the investment direction of this capital on the broad overall basis in accordance with our country's ability to digest foreign capital. We must conscientiously carry out a comprehensive macroeconomic balance and properly carry out microeconomic feasibility studies. In utilizing foreign capital, we must think of economic benefits and make sure that there will be a surplus after the income from a project which has started production is used to pay off the capital and interest. In arranging the sources and uses of foreign capital, it is best to use long-term medium and low interest loans from foreign governments or international finance organizations in large investment, long construction period, and low profit projects of communications, energy resources, and basic constructions. On the other hand, medium and small projects with small investments, short construction periods, fast turn around of funds, and high profits may utilize loans from banks or absorb direct investments from abroad. These could be arranged and repaid by the enterprises themselves.

III. How does a bank demonstrate its effect in improving the economic benefits of using foreign capital?

There is a close relationship between the work of a bank and the improvement of economic benefits in the use of funds. The bank of our country specialized in foreign exchange--the Bank of China--can demonstrate an important influence in improving economic benefits from the utilization of foreign capitals.

(1) Organize and raise foreign exchange funds. The Bank of China can raise foreign exchange funds in many different ways--through signing buyer credits with foreign banks, organizing remittances from overseas Chinese through foreign organizations, absorbing local deposits, and accepting same-trade deposits from foreign banks. Utilizing these funds to develop credits, trusts, and other businesses, the Bank of China can have a very good effect in making up the state's shortage in foreign exchange, developing energy resources, communications, and the production of light and textile industries, supporting enterprises in technical reconstruction, creating foreign exchange, and increasing financial income.

(2) Demonstrate various economic means of the bank and increase the results of utilization of foreign exchange funds. In order that good economic benefits may be achieved in the utilization of foreign capital, the banks should assist the enterprises in conducting feasibility studies and selecting good investment projects. Good investment projects are those that have sales outlets for their products, that have short construction periods, where domestic capacity is available for supporting equipment and accessories, where the supply of raw materials is assured, which have high foreign exchange earning rates, where the ability to pay off the debt exists, etc. The work of our country in utilizing foreign capital has already achieved definite economic benefits. For instance, the projects utilizing foreign capital in Tianjin Municipality are mostly medium and small projects with small investments, rapid results, and high benefits. Through foreign exchange bank loans, trust investments, and others, these projects have utilized U.S. $112 million in foreign capital from more than 10 countries and regions. After construction and production, on the average each U.S. dollar used can increase production value by 10 yuan and earn US $2.40 in foreign exchange from exports.

(3) Strengthen foreign exchange control and deal a blow to activities in the foreign exchange area which violate laws and disciplines. At the same time that foreign exchange businesses are developed, we must also strengthen foreign exchange control. If we only pay attention to the use of funds and neglect the management of funds, the economic benefits of the entire foreign exchange business will be affected. Thus, various related departments must persist with the state policy of "centralized management and unified management" of foreign exchange and conscientiously and thoroughly abide by the "Provisional Regulations for the Control of Foreign Exchange of the People's Republic of China." Important economic criminal cases and various unlawful activities of flight and illegal purchase of foreign exchange and selling and buying of foreign currency and foreign exchange certificates at a profit should be strictly dealt with. Local foreign exchange, retained percentage of foreign exchange, and circulating foreign exchange should be properly controlled and used. We must insist on following the decision that all foreign exchange allocation and transfer activities must be handled through the Bank of China.

(4) Strengthen investigation and research on international banking. In order to improve the economic benefits of our foreign exchange funds, we must

have a good understanding of the international banking market. First, we must have control of large amounts of accurate intelligence and information and on the basis of this intelligence and information, we must conduct research and analysis. We should especially have a good control and understanding of figures and various changing trends which are closely related to the economy of our country. We must strengthen the investigation and study of the exchange rate of renmingbi and the interest rates of our foreign currency deposits, establish separate policies for exchange rates and interest rates, utilize the leverage between exchange rate and interest rate more effectively, and promote the development of foreign trade.

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FOREIGN TRADE

BENEFITS OF GUANGZHOU OPEN DOOR POLICY DISCUSSED

Guangzhou YANGCHENG RIBAO [Overseas Edition] in Chinese 1 Aug 82 p 1

[Article: "What ARe the Benefits of Guangzhou's Open Door Policy?"]

[Text] In the last 3 years, Guangzhou has consistently implemente an open door policy and has energetically expanded its economic and trade interchange with Hong Kong, Amoy and foreign countries; this has already yielded excellent results and has made the advantages of the open door policy fully apparent.

The first of these advantages is that the policy has increased foreign exchange income and the financial departments' revenues. In recent years Guangzhou's foreign trade has increased every year; last year its foreign exchange from export was US $340 million, of which locally-managed export income accounted for US $228 million, doublt the 1978 foreign exchange income from locally-managed export. In the first half of this year export foreign exchange increased by 12 percent over the same period last year. Industrial payments for processing and assembly of imported materials have also increased year by year; between last year and the middle of this year a total of more than US $38 million has been taken in. Foreign exchange income from non-trade activities is also rather considerable. Income from these sources exceeded US $1 million in both 1980 and 1981. Thus not only has the country's foreign exchange income been increased, but the amount locally-retained foreign exchange has also risen. In addition, by expanding economic and other exchanges with other countries, state and local industrial profits and tax income have been increased.

While absorbinb and utilizing foreign capital, we have also brought in some advanced foreign process equipment suitable for our use, which has helped promote industrial and agricultural production and the modernization of older enterprises. The value of equipment brought in for processing and assembly of imported materials and compensatory trade in the past 3-odd years has amounted to more than US $20 million. Enterprises producing clothing, knitted goods, toys, electrical equipment, wristwatches, building materials, hardware and the like have imported tens of thousands of pieces of equipment. More than 400 plants in the city are engaged in processing or assembly of imported materials, and htey have provided a number of jobs.

Use of imported equipment to train technicians and workmen is another advantage of the open door policy. Particularly in electronics and electrical equipment, wristwatches, clothing and knitting industries, workers have mastered some rather advanced processes; some cadres and employees have gained experience in management and administration; and modernization and improvement of products have been promoted. Guangzhou already exports more than 400 different products, and every year more than 100 styles, colors and models are added.

In addition, our influence abroad has been expanded and our country's reputation enhanced. In recent years sales of Guangzhou's products have expanded to more than 140 countries and areas, and the number of customers with whom we have normal trade relations is already more than 5,100; the number of brands of processed imported materials already exceeds 340, and many exported products have reached far-off locations.

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FOREIGN TRADE

TIANJIN'S EXPORT OF FARM IMPLEMENTS EXPANDS

Tianjin TIANJIN RIBAO in Chinese 17 Jul 82 p 1

[Article: "This City's Farm Implements Reach European and U.S. Markets"]

[Text] Recently the commercial counsellor's office of our embassy in Uganda sent an ordering agreement for 600,000 hoes to this city's Mechanical Import-Export Company. This is a reorder, after the import-export company last year exported 500,000 Xiongji brand hoes from this city to Uganda. In the first half of this year, this city's total export of farm tools has totaled more than US $7 million, up more than 10 percent from last year, and a record for farm tools export from this city.

Farm tools, whose export this city's mechanical export-import company first organized in 1958, have become a major export commodity, with annual sales reaching more than US $10 million and accounting for more than 60 percent of nationwide farm tools export. Initially only hoes, pickaxes, shovels and axes in a total of 7 varieties were available, but now there are 22 main types, 181 models and 371 varieties. Initially we had only 5 or 6 customer organizations in HOng Kong, Amoy, Singapore and Malaysia, but the number has recently increased to include 117 countries and areas in Southeast Asia, Latin America and Africa, where we have commercial relationships with more than 500 customers; in addition, we have entered European, U.S. and Canadian markets.

Since the second hafl of last year, the import export company has concentrated on both sources of supply and foreign sales. It began by giving support to production and helping this city's industrial departments to arrange 1.3 million yuan in industrial loans, in addition to which it gave support to four key plants producing farm tools in the city and adjoining counties. This year, three plants in the southern suburbs, Dagang and Ninghe counties will be able to provide an additional 300,000 axe heads and 300,000 axes with handles. Next, this February and April the relevant department heads led groups to Jiangxi, Jiangxu, Zhejiang and Sichuan to carry out within-plan allocation tasks; with energetic support from the industrial departments in those locations they also made contact with beyond-plan export sources for more than 400,000 axes and shovels complete with handles. In addition they successfully arranged their sources of supply in advance on the basis of foreign commercial agreements and letters of credit. Individuals were designated to take care of major orders and samples sent from abroad and to assure that all papers were in order and shipment times were met.

In regard to foreign sales, the import-export company dealt with intense competition for markets by stepping up its market research, not only sending trade groups to conduct sales investigations, but actively enlisting the support of this country's organizations abroad in vigorously opening up markets. Between last November and this June, with the cooperation of the commercial counsellor's offices of our embassies, it made arrangements for the sale of more than US $7 million worth of farm tools to Singapore, Mozambique and Uganda. It also made a major effort to deal with varieties produced in small quantities whose sales are highly variable and for which domestic and foreign sales have not been coordinated. The import-export company consistently set production quotas in terms of sales on the basis of orders from abroad, and adopted the approach of concentrating its efforts or organizing production only after letters of credit had been received, thereby steadily expanding sales volume. Last year, total sales arrangements for these products totaled US $350,000, while in the first half of this year they amounted to US $400,000. In addition, the import-export company has tightened up its mail and telecommunications connections for routine business, has frequently invited friendly foreign customers to visit the city, and has built up the customers' confidence in handling farm tools from this city, resulting in a considerable trade volume.

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FOREIGN TRADE

ANHUI'S FOREIGN TRADE EXPANDS

Beijing RENMIN RIBAO in Chinese 30 Jul 82 p 2

[Article: "Large Increase in Anhui's Foreign Trade in First Half Year"]

[Text] The Anhui Province foreign trade departments have energetically expanded their sources of supply, have increased locally-managed export, and have improved the stagnant situation in foreign trade work. In the first half of this year the province's foreign trade incoem increased by 40.6 percent over last year, while income from locally-managed export increased by 86.8 percent.

With a bumper harvest last fall and this summer, the province's foreign trade departments made timely arrangements to purchase abundant agricultural, sideline and local specialty products. In the first half year purchases of such agricultural sideline products as edible plant oils, frozen pork, honey and dried pepper increased by between 60 percent and 2 times over the same period last year, while the entire annual plan for procurement of fresh eggs has already been overfulfilled by 4 percent. In addition the province has identified some minor local products, aquatic products and food products for export. Because the industrial departments have been energetically promoting product modernization and replacement, output of industrial products has increased by 4.6 percent over the same period last year, further improving the export structure.

An important characteristic of Anhui's foreign trade work in the first half of this year has been its energetic effort to intensify locally-managed export. Anhui's foreign trade was always carried on through cities in other provinces in the past, but this year some of its has begun to be managed within the province. Locally-managed export has stimulated local foreign trade activity. In the first half of this year the amount of export textiles provincewide has increased by 8 times over the same period last year.

In order to make a success of locally-managed foreign trade, Anhui Province's foreign trade departments have improved on their method of simply waiting for customers: more than 2000 persons have been invited on visits for negotiations. In addition, a combination conference center and customer telecommunications office has been set up in Hefei and recordings and photographs are now being used to advertise products.

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LABOR AND WAGES

MEASURES TO IMPROVE EDUCATION FOR WORKERS, STAFF PROMOTED

Nanjing XINHUA RIBAO in Chinese 30 Jul 82 p 1

[Article by Cao Maoqin [2580 5399 5367]: "Education for Workers and Staff Should Go Further in Opening Up New Prospects; the Provincial Symposium on Education for Workers and Staff Puts Forward Four Requirements"]

[Text] The education for workers and staff of the entire province should consolidate and improve the achievements already made, and go farther in opening up new prospects during the latter half of this year. These are the requirements set forth by the recently concluded provincial symposium on education for workers and staff with regard to the education for workers and staff of the entire province during the latter half of this year. Wang Bingshi [3076 0393 4258], member of the provincial party standing committee and Chairman of the Provincial Committee for the Management of Worker and Staff Education, spoke at the meeting.

The concrete contents of the requirements include four points:

The first is to correctly handle the relationship between the schedule of instruction and the quality of teaching and to concentrate our efforts on raising that quality and striving for efficiency. The mission of education for workers and staff is a serious one and time is pressing. Each locality in developing supplementary courses in culture and technology should formulate both a long-term plan and a short-term plan for completing the teaching mission, and definitely should stick to the instruction schedule; however, localities must arrange the instruction schedule based on the premise of preserving the quality of teaching. Among the various targets set for the education of workers and staff, the nucleus is to raise the standard of teaching. If the standard is too low, the supplementary educational mission cannot be fulfilled, and the enthusiasm of the workers and staff for class participation could be dampened. We should strive to improve the conditions for running a school and to improve teaching methods. Administrative units in education should concern themselves with high teaching quality.

The second is to strengthen ideological and political education, to formulate necessary policy, and to consolidate the rising enthusiasm of the workers and staff for study. We should not only handle well the ideological and political

work in the process of cultural and technical supplementary education for the workers and staff, but also integrate the supplementar courses in culture and technology as well as carry out a comparatively systematic political education and properly conduct political classes. Labor and personnel departments and grass-roots units should guarantee the fulfillment of every policy formulated by concerned central and provincial departments, and should go a step further in arousing the enthusiasm of the workers and staff to participate in cultural and technical supplementary education.

The third is to assess the system rigorously, to do a good job of examination and appraisal, and to commend the advanced individuals on a large scale. Each unit and department should hand down the various targets set for education of workers and staff and production and work quotas simultaneously; and inspectian should be conducted at the same time. The standards for enterprise reorganization and the content of acceptance tests should include the work of worker and staff education. Each year, in worker and staff education should be given at least two examinations and appraisals; experiences should be exchanged; and the advanced should be commended so as to help one another forward. At the end of this year, the entire province will carry out an examination and evaluation of worker and staff education, and will convene a congress of advanced units, collectives as well as individuals in the field of worker and staff education.

The fourth is to strengthen leadership, and to continue to carry through organizational consolidation. Party committees and governments at all levels should be concerned with and emphasize worker and staff education, should strengthen committees for the management of worker and staff education, and should bring their functions into full play. In accordance with the spirit of the "Notice on Further Implementation of 'The Decision of the CPC Central Committee and the State Council on Strengthening the Work of Education for Workers and Staff'" issued by the provincial party committee and provincial government, all localities, municipalities, counties and concerned provincial departments and bureaus should strengthen the organizational structure and operational procedure of administrative organs for worker and staff education; and under no circumstances should they allow a small number of backward people, who refuse to carry out the notice, to affect adversely the work of supplementary cultural and technical education for the vast majority.

Since the provincial work conference on education for workers and staff was convened by the provincial government in February of this year, leading comrades of party committees and governments at all levels have begun to emphasize this strategic mission by placing it in a strategic position so as to increase its emphasis. At present, organs for worker and staff education at all levels are gradually established, the ranks of specialists are gradually being increased, work systems are gradually being formed. In accordance with the principle of "strengthening the leadership, unified administration, division of labor with individual responsibility, and making a concerted effort," furthermore, education departments, trade unions and other labor organizations are practicing division of labor and cooperating with one another, acting in close coordination, and helping the situation of worker and staff education in

the entire province to improve more quickly and to effect even greater breakthroughs. A new high tide has appeared among the young and middle-aged workers and staff in their supplementary cultural classes in various cities. This has, in turn, created a favorable atmosphere for both study and making progress, and brought about positive effects on the building up of spiritual civilization in society. However, the state of the development of worker and staff education across the province is very uneven; there are still rather many problems in the work; and there are still quite a few difficulties. The aforementioned four-point requirements were submitted after the provincial symposium on the work of worker and staff education had studied and analyzed the existing practical problems.

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LABOR AND WAGES

CONFERENCE ON PRACTICE OF DEMOCRATIC MANAGEMENT HELD

Jinan DAZHONG RIBAO in Chinese 6 Aug 82 p 1

[Article by staff reporter: "Strengthen the Party's Leadership Role in Bringing into Full Play the Workers' Congresses; the Provincial Party Committee and the Provincial Government Convene an All-Province Experience Exchange Conference on the Democratic Management of Enterprises"]

[Text] From August 3rd to 5th, the provincial party committee and the provincial government convened an all-province experience exchange conference on the democratic management of enterprises. The conference summed up the experience of our province's factories and enterprises during the last year in thoroughly implementing the instructions of the CPC Central Committee and the provincial party committee on strengthening the democratic management of enterprises, and promote the workers' congress system. The conference also studied what measures could be taken to improve and enhance this effort. Vice Governor Liu Peng [0491 7720] presided over the conference and gave a speech. Participating in the conference were responsible persons of various municipal party committees, party committees in larger enterprises and municipal party committees of municipalities under the jurisdiction of the provincial government as well as responsible persons and municipal trade unions, organization departments, economic commissions, construction commissions and finance commissions, and concerned responsible persons of various departments under the direct control of the provincial government and of trade unions in provincial industries.

The conference first summed up and analyzed the situation throughout the province in strengthening the work of democratic management of enterprises. For the past one year, owing to the fact that various local party committees and departments concerned have attached importance to and strengthened their leadership effort, the establishment of the workers' congress system has progressed quite rapidly and the results have been fairly good. However, this development still is not balanced enough. There is a rather large number of already established workers' congresses which have not developed their proper roles, and in a small number of units workers' congresses have become a mere formality.

The conference made it imperative for factories and enterprises throughout the province to stress its improvement and enhancement on the basis of continuous adequate popularization of democratic management to perfect the popularization and establishment of the workers' congress system before the end of this year in all enterprise units of the provincial industry, capital construction, communications system and the provincial finance and trade system, to strengthen the leadership of enterprise party committees over the workers' congresses, and to stimulate the enthusiasm of workers and staff to become the masters in their own house. By adopting the workers' congress system, production and management of enterprises can be well done, and the building up of socialist material and spiritual civilization can be accelerated. Moreover, the key to meet the requirements lies in the enhancement of cadre ideological understanding and the strengthening of party leadership. We should organize leading cadres to study repeatedly the instructions of the CPC Central Committee and the provincial party committee on strengthening the democratic management of enterprises; to make them have a true grasp of the spirit and substance of such basic principles as the collective leadership of the party committees, the democratic management of the workers and staff, and the administrative guidance of the factory directors; and to help them gain a clear idea of the relationship between collective leadership and democratic management. In particular, the problem of wholeheartedly relying on the working class should be solved in theory as well as in practice; and to lead and support the masses of workers and other employees to become the masters of their own destiny should be considered a matter of paramount importance and be placed on the agenda of the party committee. We should organize the departments concerned to mutually coordinate, to establish a system of leading groups or joint conferences, and to strengthen leadership in concrete terms.

The conference pointed out that in order to improve and enhance the workers' congress system we should conscientiously respect the democratic rights of the workers and staff, and should ensure that workers' congresses exercise their various rights. The conference demanded that all localities, with respect to units in which the system of workers' congresses has already been established, should earnestly examine and analyze whether or not the democratic rights of the workers and staff are being exercised, how these are being brought into play, whether or not existing problems are being addressed, and should adopt positive measures to enable the workers' congresses to progressively exercise their stipulated functions and powers. While continuously and fully exercising the power of deliberation as well as the power to make decisions, we should, at least once a year, include evaluation of cadres in the agenda of the workers' congress as an important item. Moreover, on the foundation of the popularization of cadre evaluation, we should link the reorganization of enterprises with gradual expansion of the experimental sites for the democratic election of enterprise administrative and leadership personnel in a planned and well-led manner. We should gradually establish a sound system of democratic management of workshops and teams as well as groups by formulating detailed rules and regulations; and bring into full play the roles of the workers' congress presidium, various kinds of special committees and delegates to the workers' congresses.

The conference also emphasized that we should make the improvement and enhancement of the workers' congress system an important part of the overall reorganization of enterprises, bring it into a unified plan, and carry it out in a closely integrated manner. Moreover, at each stage of enterprise reorganization, we should bring into play the role of the workers' congress, strive to successfully complete "the three point construction [0005 7309 1696 6080]," and build up "the six good enterprises [0362 1170 0120 2814]."

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GENERAL

HEILONGJIANG OFFICIAL ON QUADRUPLING OUTPUT VALUE

SK151138 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 14 Oct 82

[Excerpts] According to our reporter, at a group discussion of the sixth enlarged plenary session of the Fourth Provincial CPC Committee, Comrade Chen Junsheng, secretary of the Provincial CPC Committee, discussed his views of the focal points of the goal of quadrupling annual industrial and agricultural output value. He maintained that the focus of quadrupling the annual industrial and agricultural output value should be placed on exploiting inner forces.

Chen Junsheng said: In light of our province's reality, to quadruple annual industrial output value by the end of this century, not only should we rely on the newly-added production capacity but also on the existing foundation. Some 14,000 enterprises in the province have laid their foundations to a certain extent. With regard to these enterprises, most of them should not place hopes of quadrupling their annual output value on how many investments the state gives and on how much production capacity they add. They should put the focus on exploiting their inner forces. Chen Junsheng talked about his views in this regard.

1. To exploit inner forces, we must successfully carry out technical innovations at existing enterprises. Most of large and medium-sized key enterprises in our province were built in late 1950's and in early 1960's. The conspicuous problems of these enterprises are obsolete equipment and backward technology. If we fail to carry out technological innovations, we will not only be unable to increase economic results, but will also lose our past gains. Therefore, to fulfill the goal of quadrupling the annual output value, we must successfully carry out technical innovations at existing enterprises.

2. To exploit inner forces, we must tap the potential of funds at existing enterprises. To fulfill the goal of quadrupling annual output value, the issue of funds is important. From where do the funds come? They come from the state. This is wrong for most enterprises. The focus of this issue should also be placed on exploiting inner forces. Do these enterprises have a potential to tap? The answer is: Yes. This answer can be proved by the following facts:

1) Changing deficit to profits. In 1981 the amount of deficits of the province's industrial enterprises covered by the budget was 270 million yuan. If we decrease the deficits by 20 percent in line with the demands of the state

and the province, we will increase funds by 54 million yuan. If we return to the 1966 level, more than 200 million yuan of funds will be added.

2) Utilization of funds. At industrial enterprises covered by the provincial budget, every 100 yuan of output value utilizes 48.9 yuan of funds, an increase of 19.2 yuan over 1966, which is the best level in history. Calculating with the 1981 figure, if we return to the 1966 level, the province's industrial enterprises covered by the budget can use 1.7 billion yuan less of bank loans and pay 120 million yuan less of interest to banks.

3. To exploit inner forces, we should always bear in mind the premise of increasing economic results. In this regard, we have had a profound historical lesson. The great leap forward in 1958 is a great lesson. During that period, the state not only failed to increase output value, but also wasted a great quantity of goods and materials. This lesson shows us that ineffective production should never be developed and ineffective labor never be engaged in. The work of quadrupling the annual output value must be integrated with economic results. In other words, we should strive to fulfill the fighting goal of quadrupling output value under the premise of continually increasing economic results.

4. To exploit inner forces, we must rely on the improvement of scientific technology. To develop scientific technology, a lot of work remains for us. On the one hand, we must locate many problems in scientific technology and make efforts to tackle them. A scientific and technological breakthrough will bring revolutionary changes to production and create tremendous productive forces. On the other hand, we should vigorously launch the activities of small inventions, small creations and small renovations among the masses. By so doing, we can bring into full play the wisdom and creative ability of the masses and achieve the results of earning quick profits with fewer investments.

CSO: 4006/67

GENERAL

JILIN RELAYS ITS ACHIEVEMENTS HAILED BY 'XINHUA'

SK181235 Changchun Jilin Provincial Service in Mandarin 2200 GMT 17 Oct 82

[Text] According to XINHUA, by earnestly conducting investigations and studies and listening to people's criticisms with an open mind, the Jilin Provincial CPC Committee has pooled the wisdom of the masses in arranging the work of various fields across the province in an effort to enable its plans to be geared to actual circumstances and to be carried out more smoothly.

In conducting its work, the Provincial CPC Committee has attached great importance to this. Particularly, in drawing up its 1982 work plans at the end of 1981, the Provincial CPC Committee issued a circular to widely solicit opinions from the masses in order to enable its policies to be geared to actual circumstances and to integrate its leadership with the people's desires, as well as to urge the party committees of various prefectures, municipalities and autonomous prefectures; the provincial level departments concerned; and the mass organizations to offer their advice in line with the demand set forth by the CPC Central Committee. As a result, localities throughout the province immediately responded to the call and took the provincial work into consideration in line with principles set forth by the Provincial CPC Committee. Organizations inside and outside the party also offered some advice and requests in a timely manner.

Over the past many years, the economic result of industrial and communications enterprises across the province has been relatively low and directly affected the provincial revenues and the smooth development of various economic work in the province. To improve the passive situation as soon as possible, the Provincial CPC Committee has frequently solicited opinions from experts and specialists in charge of managerial science, economic resarch and technical science. In particular, the Provincial CPC Committee has also convened its standing committee meetings to invite the personnel of the Changchun Branch of the Academy of Sciences of China and its subordinate institutes to listen to their opinions and work plans for rendering services for local economic construction.

In May this year, the Provincial Scientific and Technological Association together with other units sponsored a seminar with the participation of scientific and technological workers to solicit their opinions on upgrading the provincial economic return. Attending the seminar to listen to their advice

were Qiang Xiaochu, first secretary of the Provincial CPC Committee, Yu Lin and (Zhao Xiu), secretaries of the Provincial CPC Committee. Over 220 motions put forward at the seminar are very helpful for our province to do a good job in reorganizing enterprises and upgrading industrial economic returns.

Since early 1982, to more effectively solicit opinions from various social circles and to enable the provincial work to be geared to actual circumstances, leading cadres including standing committee members of the Provincial CPC Committee and those who possess a position of or above deputy governor have gone deep into grassroots units to earnestly conduct investigations and studies. As a result, the 1982 work outline and plans formulated by the Provincial CPC Committee by pooling wisdom of the masses are relative to actual circumstances in the province and are designed to be carried out smoothly.

To advance the economy is one of the vital tasks in the Provincial CPC Committee's work outline that urges the agricultural front to vigorously grasp production of diversified economy while grasping grain production and urges the industrial front to do a good job in reorganizing enterprises to upgrade economic results. At present, the province has scored fairly good achievements in these aspects. Since early 1982, by continuously eliminating the leftist influence, localities across the province have made full use of their local natural resources to grasp the production of diversified economy as well as for grain production. Both collectives and individuals have made simultaneous efforts to advance the creation of a diversified economy, resulting in rapid development in agriculture, forestry, livestock, side-occupations and fishery. In spite of serious disasters in 1982, both mountainous and plain areas have scored a great increase in developing a diversified economy and their commune-brigade-run enterprises have also been flourishing. According to statistics compiled at the end of August, the province scored a 28.8 percent increase in the output value of commune-brigade-run enterprises over the figure of the corresponding 1981 period and a 75 percent increase in profits. The province also scored remarkable results in industrial production and relatively and greatly upgraded the developing speed and economic returns of the industrial front. According to statistics compiled in the January-July period, the province scored a 7.4 percent increase in industrial output value over the figure of the corresponding 1981 period and a 14.3 percent increase in the profits of enterprises whose production is under the state unified budget. The deficit among enterprises that are in the deficit list was 18.1 percent lower than the figure of the corresponding 1981 period. In the first half of 1982, 242 enterprises across the province, whose production is under the state unified budget and which had been consolidated in the first stage, scored 11.5 percent and 9.7 percent increases respectively in industrial output value and net profits over the figures of the corresponding 1981 period.

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GENERAL

NORTHWEST ECONOMIC THEORY SEMINAR OPEN 12 OCT

HK240814 Yinchuan NINGXIA RIBAO in Chinese 14 Oct 82 p 1

[Report: "Economic Theory Seminar of Five Northwest Provinces (Autonomous Regions) Opens in Yinchuan"]

[Text] An economic theory seminar of the five northwest provinces (autonomous regions)opened in Yinchuan on 12 October. Taking part are professional and amateur theory workers from the five northwest provinces (autonomous regions), and specially invited scholars and experts from central departments concerned, totalling 110 persons. The meeting has received more than 70 academic theses and investigation reports.

This is yet another relatively large academic seminar, following the Xian meeting in 1980 and the Lanzhou meeting in 1981. In accordance with the correct program put forward by the 12th Party Congress for creating a new situation in China's socialist modernization, and in connection with the realities of the northwest, the meeting will focus on studying and probing strategic issues in economic development in the northwest region.

Xia Siping, vice chairman of the Ningxia Autonomous Region and chairman of the Regional Economics Association, delivered the opening speech speech on 12 October. She greeted the representatives and specially invited representatives who had made long journeys to attend the meeting. She said, the northwest region is vast in extent and rich in resources. It has very great potentials for developing production. Making a success of economic construction in the northwest will increase China's strength and speed up the attainment of the country's general target of endeavor in economic construction, and will also be of extremely great significance for strengthening the great unity of people of all nationalities, consolidating national defense and developing science and culture. Hence, studying and formulating a correct economic development strategy for the northwest is an extremely important matter. This meeting will play a very important stimulating role in further studying northwest economic development strategy.

Ma Xin, secretary of the Regional CPC Committee and chairman of the autonomous region, and Xue Hongfu, secretary of the Regional CPC Committee, also extended greetings and spoke at the meeting.

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GENERAL

'NINGXIA RIBAO' COMMENTS ON NORTHWEST ECONOMIC SEMINAR

HK240816 Yinchuan NINGXIA RIBAO in Chinese 14 Oct 82 p 1

[Commentator's Article: "A Glorious Task for Economists"]

[Text] The economic theory seminar of five northwest provinces (autonomous regions) has formally opened in Yinchuan. This seminar will study in a concentrated way strategic issues in the economic development of the northwest. It is a meeting at which economists and economic theory workers from the five northwest provinces (autonomous regions) can put forward ideas and schemes for creating a new situation in socialist modernization in the northwest region. We hope the meeting will reach its predicted aims and score complete success.

By strategy, we mean all-round, fundamental and long-term planning. We could not have won victory in revolutionary war without correct strategy. Similarly, we cannot score success in socialist economic construction without correct strategy. Since the founding of the state, the development of the national economy provided by our socialist system has opened up a broad raod and yielded tremendous successes in economic construction. However, due to previous "leftist" mistakes in guiding ideology for economic construction, we have made many serious errors in the choice of strategic goals in economic development and in the methods for achieving the goals; these have prevented us from achieving still more and greater successes in socialist construction. There are also manifestations in varying degrees in Ningxia's economic work of the many problems and defects caused by improper economic development strategy. For many years the cadres and masses in Ningxia have worked very hard at economic construction. However, the achievements we have scored do not at all match the hard work put in by the people. Sometimes our efforts yielded minimal returns, and even resulted in loss. An important reason for this was the problems in the economic development strategy we were pursuing.

After the third plenary session, the party Central Committee put forward the principle "readjustment, restructuring, reorganization, upgrading," which marked a strategic change in the process of development of our country's socialist economy. Last year Premier Zhao Ziyang put forward a 10-point principle for economic construction. This principle was a product of integrating Marxism-Leninism-Mao Zedong Thought with the new conditions and practice in our country's economic construction. It showed that our party's understanding and

grasp of the laws of socialist economy had reached a new scientific plane. The recent 12th Party Congress has put forward the strategic goal, key points and measures of China's economic construction for the next 20 years, thus drawing a blueprint for construction which matches the national condition relatively well. That is to say, in the great cause of creating a new situation in our socialist modernization, we already have a relatively scientific and correct economic development strategy. This development strategy will be further enriched, augmented and developed in the future practice of economic construction.

As China's area is vast and there is imbalance in economic and cultural development between different regions, under the guidance of the general economic development strategy for the whole country, we must seriously study regional economic development strategy issues. Without an economic development strategy suited to this region, it is impossible to rapidly promote the economy in the northwest and in Ningxia, and thus it will be difficult to transform the poor and backward state of the region. Economic construction is our central task, and in the final analysis the performance of economic work and the success or failure of economic construction will determine the success or failure of all work and the destiny and fate of our state. Making a success of economic construction in the northwest will not only directly increase the state's economic strength but will also be of major significance for strengthening the unity of people of all nationalities and consolidating national defense.

Studying economic development strategy requires the cooperation of comrades of all sectors; in particular, comrades engaged in economics must make their proper contribution. All those economists and economic theory workers who can should work hard to study economic development strategy with a high sense of responsibility to the cause of the party and people. We believe that, under the guidance and encouragement of the 12th Party Congress spirit, so long as we consciously uphold the four basic principles, and economists and economic theory workers learn from and cooperate with each other, we will certainly be able to formulate an economic development strategy suited to our region and create a new situation in economic construction.

CSO: 4006/67

BRIEFS

NEI MONGGOL PEOPLE'S LIVELIHOOD--From 1979 to 1981, Nei Monggol autonomous region spent 2.96 billion yuan, 18 percent of the people's total income, on improving the people's livelihood. Of this, some 730 million yuan were used to increase the income of peasants and herdsmen. Some 1.1 billion yuan were used to increase the wages of workers and staff. The 1981 annual wages of workers and staff averaged 807 yuan, up 107 yuan--15 percent--over 1978. Some 430 million yuan were used to subsidize prices for grain, oil, meat, eggs and other commodities. Some 700 million yuan were spent on building residences for workers and staff. Over the past 3 years, the region has built houses with a total floor space of 5.54 million square meters. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 21 Oct 82 SK]

NEI MONGGOL LEAGUE REVENUE--Inspired by the guidelines of the 12th Party Congress, financial departments throughout Alxa League, Nei Monggol region, have made efforts to increase revenue. By the end of September, the league had overfulfilled the annual revenue target by 1.8 percent 3 months ahead of schedule, a record for the past few years. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 18 Oct 82 SK]

GUANGZHOU INCREASES INDUSTRIAL PRODUCTION--During the first 9 months of this year, the economic situation in Guangzhou Municipality has been very good, and the municipality has scored remarkable achievements in raising the tempo of industrial production and in increasing economic returns. During the January-September period, Guangzhou Municipality's total industrial output value reached 7,647,990,000 yuan, an increase of 8.8 percent as compared with the same period last year. This year Guangzhou Municipality reaped a good summer harvest: The output of major crops such as grain, peanuts and vegetables registered increases as compared with last year. During the January-September period this year, the municipality's foreign trade purchasing volume increased by 2.34 percent as compared with the same period last year, and its export volume increased by 5 percent as compared with the same period last year. As both industrial and agricultural output in this municipality registered an increase, it is relatively abundant in farm product and sideline products, it has more manufactured goods for daily use and its market is brisk. The municipality's revenue during the January-September period increased by 8.63 percent as compared with the same period last year. [Text] [HK120543 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 11 Oct 82]

NEI MONGGOL LEAGUE REVENUE--By the end of September, Ih Ju League of Nei Monggol had overfulfilled by 8.3 percent its annual revenue plan, registering an increase of 71.8 percent over that of the same period of 1981. [SK141133 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 13 Oct 82 SK]

CSO: 4006/67 END

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON ECONOMIC RESULTS OF COMMERCE

HK240850 Beijing JINGJI YANJIU in Chinese No 10, 20 Oct 82 pp 59-61

[Article by Jin Jialin [6855 1367 7792] of the Hangzhou Institute of Commerce: "On the Economic Results of Commerce"]

[Text] The economic results of commerce are viewed based on the specific functions of commerce. The economic results of commerce are the ratio relationship of cost and gains, or cost and results in commercial activities. They show the economics of cost and the extent of gains in commercial activities. Based on content, the cost in commercial activities is the consumption and utilization of additional manpower, physical and chemical labor and natural resources in the course of the circulation of commodities; from the viewpoint of expenses, it is the cost of the circulation of commodities; from the viewpoint of the utilization of capital, it is the utilization of the commercial capital. What are the gains or results of commercial activities? On this problem, two points must be clarified: First, we should examine the realization of value of commodities and sales turnover should be regarded as unification of production and circulation. In other words, the realization of value of commodities and sales turnover should be regarded as the unified results of production and circulation. The realization of the value of commodities and the value of utilization are dependent on whether the products manufactured can meet the needs of market, and whether the social adjustment mechanism (including the function of commerce) can sensitively help production to cater to the needs of society both in quality and quantity. The viewpoint that production controls output and value, and circulation controls "realization" is incorrect.

Second, commercial results should be examined based on the specific function of commerce on social reproduction. Socialist commerce is the bridge connecting production and consumption. Its specific function is embodied in the following four points: 1) It predicts changes in market requirements and, through the link of production and marketing, helps production of cater to the needs of society regarding quantity, types, quality, specifications, varieties, styling and packing; 2) It actively purchases existing sources of commodity and, through transference and transportation and storage and sales, makes them play the most efficient role for production and living conditions with regard to market locations, timing and material; 3) In the course of circulation, it provides various additional services, so as to satisfy the consumers' requirements for quality of commercial services; and 4) It smoothes out circulation

channels, shortens circulation time and expedites social reproduction. These functions, which are achieved by commerce in practice in the course of social reproduction, are the gains and results of the activities of commodities. The results of commerce are included in the unified results of production and circulation if the selling prices of commodities can rationally reflect the unified results of production and circulation, then the results of commerce are embodied in the sales turnover of commodities. They are reflected by the magnitude of gross profit of the commercial price differential of sales turnover, which is composed of the ever-increasing sales volume and ever-improved quality of commercial services.

The Relationship Between Price and the Evaluation of Economic Results of Commerce

In the course of social reproduction, commerce actively gives full play to its own functions, and the macroresults of commerce exist objectively, irrespective of the influence of prices. However, the way by which commercial results are reflected by prices directly influences the evaluation of commercial results, and thus also influences the evaluation of the economic results of commerce. If the macroresults are not reflected by prices, the contradiction between macroresults and macroresults will be formed. For example, if commerce actively deals in chemical fertilizers and farm chemicals, the commercial results exist objectively. But if the prices are in a reverse relationship between purchase and sales, the result is that when the operation is more active, and the macroresults are greater, the loss of the enterprises becomes even greater and the microresults become even worse. In this way the commercial results cannot be correctly evaluated. It is, therefore, quite evident that the way by which commercial results are reflected by prices is a fundamental problem concerning the evaluation of the commercial results and the economic results of commerce.

In what way should prices reflect commercial results?

First, when commercial activities conform to the needs of society, commercial price differential should reflect the requisite labor consumption of society which enables commerce to gain results or, it is equivalent to the normal and rational circulation cost plus the average profit (under the condition of the production of commodities, in order to achieve a balanced development of production and circulation, the requisite labor consumption invested by commerce and the enterprises should be rationally compensated for in the price differential). Second, when certain commercial activities are particularly needed by society, these activities can obtain relatively greater profits; if they are not needed or less needed, they can only get smaller profits and may even suffer a loss. For the examples cited above, when commerce deals in chemical fertilizers and farm chemicals, it generally should obtain the normal commercial price differential, and the relationship should not be reversed with respect to purchase and sales. Under certain conditions, the commercial price differential may be somewhat greater or smaller. Thus, commercial results and economic results of commerce can be more correctly evaluated, and there will be alignment between microresults and macroresults in the expression of prices.

With respect to the evaluation of commercial results and economic results of commerce, there exist some problems concerning the current pricing system of our country.

1) The commercial price differential of many commodities embodies profit or loss according to policy, with the result that commercial results cannot be correctly reflected. In accordance with policy, the state demands that price should play the role of realizing the redistribution of the national income and effecting the rational utilization of special resources, thus making the prices of many commodities deviate from their value. But these functions should be embodied in the income of actual sales of commodity producers and commercial operators, otherwise the rational adjustment of production and marketing by prices and the rational evaluation of the results of production and marketing will be affected. Therefore, for the selling prices of the commodities, profits, according to policy, should be converted into state revenue, and loss, according to policy, should be subsidized by the state. However, for a relativity long time in the past, price was regarded as futile in its function of adjustment for state-run industry and commerce, and state-run industrial income, state-run commercial income and financial income were all considered to be state income. If there were profits according to policy in the selling prices of industrial products, they were shared by both industry and commerce, with industry taking the greater portion; if there was a loss, industry was allowed to retain a small amount of profit or to cover costs, and commerce shouldered the loss. In this way the commercial price differential of many commodities reflected the profit or loss according to policy, which, besides harming production, seriously affected the proper evaluation of commercial results and economic results of commerce.

2) At present, there is still no floating range for planned prices in our commerce, so commodities, on the basis of planned adjustment, cannot make use of the floating of prices within a certain range to refelct the change of the consumers' needs and to tackle the problems of good or poor sales performance, and also the price and the commercial price differential cannot correctly evaluate the degree of suitability for sales of the commodities in the commercial operation.

3) The commercial price differential generally does not embody the quality of services of commerce. With regard to the management of retail prices, when shops of different types sell the same commodity, even if there are great differences in the facilities and quality of service, the retail price and the price difference between wholesale and retail are all identical. Furthermore, the formulation of the retail prices for the commodities does not incorporate the criteria for the quality of service. When supply of commodities cannot meet demand, thus causing the lowering service quality, the shops do not alter their retail prices at all. Therefore, the price difference between wholesale and retail cannot reflect service quality in commerce and cannot improve service quality.

In our country, in order to enable the marketing results of commodities to be correctly reflected in the commercial price differential, so as to strengthen the examination of the economic results of commerce and facilitate its improvement, the aforesaid problems should be gradually solved in the course of the reformation of the price systems. Before these problems are solved, with regard to the improvement of commercial results, part of them can be reflected in the improvement of commercial results, part of them can be reflected in the

increase of income for the enterprises, but part of them (such as the improvement of service quality, reduction of the time needed in purchasing for the consumers, and so on) cannot be reflected. Therefore, it is necessary that commercial results be divided into results based on income and results based on service, so that the commercial results can be thoroughly checked and the two aspects of the results can be enhanced.

The Understanding of the Current Criteria of Evaluation for Economic Results of Commerce

The net sales volume of commerce is the criterion reflecting the unified results of production and circulation. However, various kinds of commercial results are always embodied in the sales volume or are related to the sales of commodities. Therefore, the net sales volume is also the basic criterion for checking commercial results and economic results of commerce. With regard to the same commercial entity or enterprise in different periods, or different commercial entities or enterprises, when the scope and structure of the commodities they market are similar and the prices are generally stable, the change of the sales volume basically reflects the change of the commercial workload. In this sense, the sales volume can be regarded as the basis for evaluating the degree of economy of cost (the rate of cost) for the circulation of commodities, and for evaluating the degree of economy of manpower (labor efficiency). Only in the evaluation of operation efficiency of capital can the sales volume of commodities reflect the operation results of commercial capita. This is because, on the problem of operation efficiency of capital, the pruchasing price is not regarded as the results of production of the producers, but is regarded as the capital invested by commerce, and the sales volume is considered to be the operation results of the capital invested by commerce; here the relationship is in the form of G to G [as published]. Therefore, the sales volume of commerce should be utilized for the calculation of the rate of investment of capital and of the rate of circulation of capital.

The gross profit rate of commerce can be regarded as the criterion for the specific results of commerce. Whether it can become the criterion for correctly evaluating commercial results depends on whether the price difference in commerce can correctly reflect commercial results.

The profit rate of commerce is the criterion reflecting the comprehensive economic results of commerce. Whether it can become the primary criterion for correctly evaluating the comprehensive economic results of commerce depends, first of all, on whether the commercial price differential can correctly reflect the commercial results. Becuase the price differential of different trades embodies different profits and losses according to policy, and within the same trade there are frequent large-scale adjustments for price differential according to policy, so the changes of the profit rate for different trades or for the same trade cannot truly reflect changes of the comprehensive economic results of commerce.

The criterion of labor efficiency can reflect the degree of economy and the operation efficiency of manpower only under the premise that the quality standard of service of commercial labor is fully assured. Otherwise, if the per capita sales volume increases while the quality of service decreases, efficiency is not genuinely enhanced.

Therefore, under the present conditions of our country, the examination and inspection of the economic results of commerce depend mainly on the criteria of the cost rates of circulation, the rate of capital turnover or the utilization rate of capital. Great attention must be paid to the degree of economy of the cost or of the utilization of capital, particularly the changes of the rate of capital and the utilization rate of capital together with problems concerning the marketing and management of commerce.

Ways to Enhance Economic Results of Commerce

At present, in order to enhance the economic results of commerce, it is of utmost importance to handle the following three aspects well:

1. The long, medium and short-term market forecasts must be strengthened and the linkup between production and marketing must be improved so that products can be tailored to the needs of market. National forecast centers should be set up for the principal trades and principal commodities, and forecast reports should be issued at regular intervals; display and sales coupled with forecasts jointly conducted by industry and commerce should be actively organized; and the rate of accuracy of the market forecasts should be set as a single-item criterion for examining commercial results. With regard to agricultural products, investigations of the laws governing the production and sales of commodities should be enforced, and the forecasts for production and market demand should be strengthened so as to give guidance to agricultural production. With regard to daily-use industrial products, we should continue to implement various forms of purchase and marketing: those commodities which do not fall into the category of state-controlled purchase and sales and planned purchase can be marketed by the industrial departments themselves; for those state-controlled commodities in purchase and sales or those commodities under planned purchase, contracts for production and sales must be signed, and the contracts must be executed under the supervision of the law; the commercial units may refuse to accept those commodities which do not meet current market needs, which are not listed as state planned storage items, or which do not have contracts signed; as for the production of small commodities, price differential between species may be appropriately expanded, and the price differential between popular and unpopular goods may be tentatively practiced, so as to encourage the production of suitable new varieties and to gradually eliminate outdated items; various forms of cooperation between commerce and industry may be adopted, so that industrial production can cater to variations in market conditions.

2. Circulation channels should be smoothed out, the scale of marketing for commodities should be expanded, and the structure of the storage system should be improved. Through the readjustment of the commercial management systems, we should adopt the measure of "division of labor for commodities; intercommunications between cities and rural areas" and help to send more industrial products to the countryside; industrial products should be displayed and sold in the rural areas more frequently and extensively, rural fairs and material exchange fairs should be held, and the production of items tailored to rural needs should be increased. Commercial units at different levels should be allowed to make their own purchases, and the circulation of commodities should be organized on the basis of economic regions, so as to realize more channels

for circulation and to reduce the links in the course of circulation. With regard to the storage of commodities, we should gradually solve problems concerning the distinction between state storage, based on economic strategy and policy, and commercial storage, based on seasonal needs or circulation, and also the distinction between storage and overstocking. The overstocking of commodities should be stopped, based on their actual situation, so as to improve the situation in the wholesale business of "letting the short-term goods compensate for the long-term ones; and letting the popular goods compensate for unpopular ones."

3. Service quality in the retail business must be improved. This is an important aspect of improving the economic results of commerce. We should expand and improve business locations and increase facilities, networks and centers. With regard to retail business, we should stipulate the items for marketing, service facilities, the area for operation, display of commodities, the introduction of the characteristics of commodities, before and after sales service, methods of payment, customer service, and other criteria for service quality. We should also conduct professional and technical training programs, evaluate and establish ranks and titles for professionals, and set up model retail shops.

CSO: 4006/114

NATIONAL POLICY AND ISSUES

ECONOMIC STRATEGY, PEOPLE'S LIVELIHOOD

HK191016 Beijing JINGJI YANJIU in Chinese No 10, 20 Oct 82 pp 53-58

[Article by Liang Wensen [2733 2429 2733] and Yang Shengming [2799 5110 2494] of the Institute of Economics under the Chinese Academy of Social Sciences: "Strategy of Economic Development and the Life of the People"]

[Text] I.

Since the 3d plenary session of the 11th CPC Central Committee, the CPC and the state have formulated and implemented a series of principles and policies of "readjustment, restructuring, reorganization and upgrading." This is an embodiment of China's shift from its traditional strategy of economic development to a new development strategy, that is to say, China has replaced the traditional strategy, which concentrated on the total output value as its objective, with a new strategy having fulfillment of the basic everyday needs of the people as its objective. The major characteristics of the new strategy are to strive to acquire a sustained, stable and steady speed and to maintain the proportional and coordinated development of the national economy by means of raising economic results, so that the people will get more material benefits.

In the matter of the goals of development of the socialist economy, we have for a long time excessively emphasized the growth rate of the total output value and deviated from the strategic goal of satisfying the needs of the life of the people, paying a high price for doing so. Particularly after 1958, one-sided stress was put on developing certain specific departments of heavy industry, and prominence was given to the isolated production of iron and steel, causing serious damage to the development of light and industry and agriculture and causing disproportions in the production of the means of production and means of subsistence, and in accumulation and consumption. As a result, production squeezed out livelihood and accumulation elbowed out consumption. During the 20 years between 1958 and 1978, there was a decrease in the growth rate of China's economic development and the level of the people's well-being. Compared with the period of the "first 5-year plan," the average annual rate of increase of the total industrial and agricultural output value decreased from 10.9 percent to 6.5 percent, and the annual increase rate of the real wages of the staff and workers in units under the system of ownership by the whole people decreased 5.5 percent to 0.21 percent. This traditional development strategy which carried out production for the sake of speed was able

neither to ensure the smooth development of social reproduction nor really bring any continuous improvements to the people's standard of living.

The development strategy with the pursuit of output value and speed as its objective was a reflection of the erroneous "leftist" guiding ideology. It craved for greatness and success, sought high targets and high accumulation rather than practical results, one-sidedly extended the scope of capital construction and expanded the output value of heavy industry without considering national conditions, forces or the people's capacity to bear burdens in their life; furthermore, heavy industry was excessively self-serving and failed to really help the development of agriculture and light industry. In a situation in which lopsided economic structure was added to centralized and over-rigid economic management system, this development strategy, which carried out production for productions' sake, overlooked the needs of the people's livelihood and resulted in serious lack of consumer goods needed by the people. In addition, large quantities of the means of production and consumer goods which were not needed by the people in their life were stockpiled. Concentrating on high speed resulted in more haste, less speed. The people worked assiduously but got no substantial material benefit. Their enthusiasm for socialism was thus seriously dampened. All this in turn interfered with the development of production. So, this strategy must change.

It is precisely because of this that in the course of economic readjustment, we have carried out a new development strategy with the satisfaction of the basic everyday needs of the people as its objective, adopted the principle of vigorously developing the production of consumer goods. Appropriately reduced the growth rate of heavy industry so that we can put a stop to the lopsided economic structure in which heavy industry was given one-sided stress while agriculture and light industry did not receive the attention they deserved. In the past 3 years and more, we have accelerated the development of agriculture and light industry, shifted heavy industry to serving agricultural and light industrial production and to serving the whole national economy, so as to ensure the harmonious development of agriculture and light and heavy industries. At the same time, we have readjusted the proportional relations between accumulation and consumption, reduced the accumulation rate and increased the rate of consumption. After this readjustment, during the 3 years between 1978 and 1981, agricultural production increased year after year, the total agricultural output value showed a yearly increase of 5.6 percent and the output value of light industry increased at an average rate of 14 percent a year. The ratio of the total agricultural output value in the total industrial and agricultural output value increased from 25.6 percent in 1978 to 30.9 percent in 1981; the proportional of the total light industrial output value in the total industrial output value increased from 43.1 percent in 1978 to 51.4 percent in 1981. This has created a material basis for enabling the people to enjoy a higher standard of living. Correspondingly, the proportion of consumption funds in the national income increased from 63.5 percent in 1978 to about 71.7 percent in 1981. And the production of consumer goods and accumulation funds were well coordinated, thus providing conditions for the stepping up of production of consumer goods.

Giving top priority to the vigorous development of the production of consumer goods is the requirement of the new development strategy and definitely not

just an expedient measure. True, to continuously improve the people's livelihood, it is necessary to develop light industry and agriculture in a more vigorous way, but if heavy industry fails to maintain a certain growth rate and thus provide light industry and agriculture with more, effective technology and equipment, power and fuels, and supply more raw and semi-finished materials to light industry, it will be impossible for agriculture and light industry to carry out technical transformation and proceed to develop production at a sustained and rapid pace. In other words, the production of the means of subsistence and that of the means of production must be developed in proportion. So while substantially developing the production of the consumer goods industry and accelerating the development of agriculture and light industry, attention should be paid to the development of heavy industry. This is also the requirement of the new development strategy. Therefore, neither of the two development strategies--one-sidedly developing the production of consumer goods, or giving prominence only to heavy industry--will really achieve socialist economic development with the satisfaction of the basic everyday needs of the people as its goal.

II.

Since the implementation of the new strategy of economic development, have any improvements actually been made in the well-being of the people? This is a matter which the people are much concerned with. At the same time, it is also a criterion for testing whether or not the new strategic principles are effective and feasible.

Since the 3d plenary session of the 11th CPC Central Committee, under the guidance of the new strategy, great improvements have indeed been achieved in the life of the people. This can be seen mainly in the following:

1) The real income of the urban and rural population has markedly increased.

Beginning in 1979, the CPC and the state raised the purchasing prices for farm produce and sideline products and greatly extended negotiated prices. The total additional peasant income in the 3 years from 1979 to 1981 was 48.1 billion yuan and the accumulative total from the reduction or remission of agricultural taxes was 7.8 billion yuan; with the readjustment of wages and upgrading, the distribution of bonuses and the expansion of employment of the staff and workers of the cities and towns, their additional income in the previous 3 years amounted to 25.1 billion yuan. The subsidies for coping with price rises in non-stable good given in the same period to the staff and workers added together amounted to at more than 10 billion yuan and the added figures of all other subsidies totalled 30 billion yuan. All this has brought a greater increase in the incomes of the majority of the residents.

According to the State Statistics Bureau's Survey of Family Livelihood, the average net income of every commune member in 1981 was 223 yuan, an increase of 89 percent over 1978, or an average yearly increase of 18.5 percent in in the 3 years between 1979 and 1981. The annual increase in the income of every peasant of the country during the 10 years of the "great cultural revolution" was only 2 yuan, but over the last 3 years it was 28 yuan. The income spent every year in living expenses by every member's or worker's family was 463 yuan in 1981, 46.8 percent more than the figure of 1978. This rate of increase

in the incomes of peasants, staff and workers is the highest since the founding of the PRC.

Some people may point out that although the incomes of the peasants and workers have increased considerably in the last 3 years, market prices have also risen quite a lot. Such being the case, are the benefits which the residents have gained not offset? The improvement of the people's livelihood depends to a great extent on the margin between income and prices. If the increase in the cash income of the residents lag behind the rate of inflation, this will mean a decrease in their real income; on the contrary, if the increase in their income surpasses the rate of price rises, then the people's standard of living will rise accordingly. Therefore, only when we make an analysis of the increases of both income and prices, can we definitely show whether or not there have been improvements made and to what extent the improvements have been achieved.

In the last 3 years, there have been increases in prices and, in particular, the increase in prices of vegetables and non-staple foods has been even higher. The price increase in 1981 was 32.1 percent higher than that in 1978. However, this does not mean that all prices of consumer goods rose as a result. Rather, there were increases and decreases in this respect and the prices for daily necessities were basically unchanged. (Note: In the last 3 years, of more than 30 major consumer goods, the retail prices which increased included vegetables, meat, poultry, eggs, aquatic products, tobacco, wine, tea, fruits, leather shoes, wooden furniture and so on. Comprising 37.6 percent; the retail prices which were basically unchanged included grain, edible oil, sugar, cotton cloth, cotton knit goods, rubber shoes, bicycles, coal for home use and so on, constituting 47.1 percent, while the prices of polyester cloth, TV sets, and refrigerators were reduced; they made up 13.3 percent. See RENMIN RIBAO 5 Oct 82 p 4).

With all things considered, the price index of the living costs of staff and workers in 1981 (the annual average increase being 3.9 percent) and the increase in price hikes did not exceed that of the income of the residents. According to materials released by the State Statistics Bureau, the annual average money (nominal) wage income of the staff and workers in units under the system of ownership by the whole people and under the collective ownership system in the cities and towns throughout the country was 614 yuan in 1978 and 772 yuan in 1981, thus increasing by 158 yuan or 25.7 percent, or a yearly average increase of 7.9 percent in the previous years. If the factor of price rises was taken into account, the real average wage still increased by 11.9 percent or by 3.8 percent annually.

The concrete analysis and quantitative calculation of the balance between income and prices show that if the increase in income considerably exceeds that in price hikes, there will be a fairly big increase in the real income of the residents and marked improvements in their living standards.

2) There has been a fairly big increase in the volume of consumption and distinct changes have also taken place in the structure of consumption.

In the last few years, there has been not only a fairly big increase in the real income of the residents but also a rapid increase in the volume of consumption. Let us put aside the increase in expenditure on the party of laborers. Looking at the actual situation of the consumer goods market alone, the total volume of the consumer goods purchased by urban and rural residents in 1981 was 60.4 percent higher than that in 1978, or an average annual increase of 17.2 percent in the previous 3 years. Calculated taking price inflation into account, the total volume of consumer goods purchased by urban and rural residents in 1981 was 43 percent more than that in 1978, or a yearly average increase of 12.7 percent.

Let us discuss this question in more concrete terms. Of the annual average amount of material items consumed by every person throughout the country, compared with 1978, in 1981, oil increased from 3.2 jin to 5.5 jin, pork increased from 15 jin to 22 jin and cloth (including chemical fiber cloth) increased from 24 chi [1 chi equals approximately 1/3 metre] to 31 chi. In the last 3 years, a total of 220 million square meters of dwelling houses were built and thus the average per capita floorspace of the residents in the cities and towns increased from 3.6 square meters in 1978 to 4.12 square meters in 1981. A total of 1.5 billion square meters of housing built over the last 3 years in rural areas and the average per capita floorspace in 1981 was nearly 10 square meters. In articles of everyday use, the demand for high-grade consumer goods and durable consumer goods continuously increased. For example, the average amount of bicycles, wristwatches, sewing machines, radios and TV sets for every 100 family of staff and workers in 1981 showed an increase of 12 percent to 320 percent over 1978.

In the last 3 years, noticeable changes have taken place in the composition of our people's consumption. According to a survey of the 8.715 families of the staff and workers, the composition of their expenses for purchasing consumer goods is as follows: (Note: See RENMIN RIBAO, 12 March 1982)

	1978	1981	Comparing 1978 with 1981
Food	64.0	61.6	-2.4 percent
Clothing	15.1	16.1	plus 1.0 percent
Daily necessities and articles for recreation	14.0	16.6	plus 2.6 percent
Others	6.9	5.7	-1.2 percent
Total	100.0	100.0	--

The materials listed in this table show that compared with 1978, in 1981 the ratio of food decreased while the ratios of clothing and articles for everyday use increased. With the increase in their income, the residents spent their additional income more on purchasing consumer goods--clothing and everyday articles. This is one of the important indicators of rising living standards. This change in the composition of consumption reflects the change in the needs of the people for subsistence goods, development goods and entertainment goods. The people no longer feel satisfied with just having enough to eat and to wear, and their needs have gradually developed toward the consumption of goods for development and enjoyment.

3) Distinct improvements have been achieved in the level of social collective consumption.

Man lives in society. Apart from personal living consumption, there must be social collective consumption, which consists of two aspects: The main aspect includes operating expenses for education, culture, scientific research, public health work and physical education, that is, the "section used for satisfying the common needs." This section "will increase day after day with the development of the new society." The other aspect is the costs of administration of state organs, and national defence expenditure. This section "will decrease day after day with the development of the new society." (Marx, "Critique of the Gotha Program," in "Selected Works of Marx and Engels," Vol 3, p 10)

Over the last 3 years, the state's investment in fields concerning the life of the people such as culture, education, public health work and urban public utilities has increased [each] year. Such investment in 1978 totalled 8.33 billion yuan; in 1979, 13.5 billion yuan; in 1980, 18.2 billion yuan and in 1981, 17.6 billion yuan. The investment made in 1981 showed an increase of more than 100 percent over 1978. The proportion of the investment poured into non-productive construction in the total investment made increased from 17.4 percent in 1978 to 41.1 percent in 1981.

4) Impressive improvements have been made in the scientific and cultural levels and standard of living.

Man must have not only a material life but also a spiritual one. We must build not only a high level of material civilization but also a high level of spiritual civilization. Raising the scientific and cultural level of the people of our country is an important component part of the building of spiritual civilization. We have achieved many successes in this respect. Compared with 1978, in 1981 there was an increase of 128 percent in the number of feature films produced. Of 12 percent in art performance troups, of 7 percent in cultural centers and of 42 percent in public libraries. Circulation of newspapers increased by 29 percent and that of magazines, by 92 percent, and the amount of books publised rose by 31 percent.

The facts listed above prove that remarkable improvements were indeed achieved in the level of the people's well-being after China shifted its traditional development strategy to a new strategy. This is beyond all doubt. Of course, because we have only just started implementing the new strategy and not yet fulfilled the task for readjusting the national economy, it is not possible to completely solve all the problems concerning the livelihood of the people. The conspicuous problems concerning the life of the people at present are: a small section of the staff and workers have not gone up in grade and their wages remain unreadjusted; they have little or even no bonuses and as a result, there has been a decrease to varying degrees in their living standards; in particular, housing, for a considerable number of the residents in the cities and towns, is still fairly congested; consumer goods are in short supply; market supply is strained and prices have gone up somewhat. But these problems are after all problems which we encounter in the course of our progress; it is entirely possible to solve them step by step in the future.

III.

In concrete terms, how have the initial marked achievements which we have scored in the implementation of the new development strategy, which has satisfaction of the basic everyday needs of the people as its objective, been made? What counter-measures should be adopted in the future to solve the problems existing at present? In our opinion, our remarkable achievements in implementing the new development strategy have depended on proceeding from the overall situation, striking an overall balance, putting the harmonization of such factors as production, distribution and exchange in a strategic position and adopting appropriate measures. In the future we must continue to follow this strategic decision.

First, the harmonization between living consumption and production should be maintained.

Production is a prerequisite for livelihood. The basic everyday needs of the people are determined by the level of development of social production and its growth rate. However, production should not be developed in isolation from living consumption. Without living consumption there will be no reproduction of labor power and no subjects, objects, aim or motivating force of production, and production will inevitably be unable to develop. Therefore, living consumption and production must be well coordinated.

In terms of planning and arrangements, a harmonious relationship between the production of the means of production and that of the means of subsistence should be maintained. The production of means of subsistence should be carried out in accordance with the needs created by the improved livelihood of the people. Otherwise, the supply of consumer goods will exceed their demand or fall short of demand. Moreover the development of the production of the means of production must be in keeping with the production of the means of subsistence. If the scope of production of the means of production is overstretched, its growth is excessively fast and the needs of the working people exceed the consumer goods which the second category can afford to supply to the first category, this will surely result in the supply of consumer goods falling short of demand. We learned many lessons in this respect in the past.

In the production of the means of subsistence in China, agricultural production occupies a particularly important position. China has a population of 1 billion of which 800 million are peasants. By satisfying the everyday needs of the people, we mean first of all satisfying the everyday needs of the peasants. In addition, in the composition of living consumption of our people, food is primary. The food expenses of the residents of the cities and towns constitute about 60 percent of their total costs of living and the ratio of the food expenses of the peasants is even greater. Clothing is secondary. Furthermore, most of the raw materials for clothing come from agriculture; quite a number of articles of everyday use are supplied by agriculture, and 70 percent of the raw materials used by light industrial sectors which produce consumer goods come from agriculture. These facts show that doing a good job in agricultural production is of especially great significance in ensuring an improvement in living standards.

It can be said without the slightest exaggeration that the growth of agricultural production determines the rate of improvement in the people's living standards. If the annual average growth rate of China's agricultural production is around 4 percent, then taking the future growth of population into account, it is estimated that the yearly increase of living consumption will be only about 3 percent. To accelerate the improvement of the people's well-being, it is necessary to quicken the pace of the development of agricultural production.

The increase of the production of the national income determines the rate of improvement in the people's living standards. For a period of time in the near future, the growth rate of our agriculture and industry cannot possibly [be] too high and the national income will increase by approximately 4 percent. While the proportion between accumulation and consumption is unchanged, the annual increase in consumption funds and accumulation funds can be only around 3 percent. Again, seen from the absolute volume of the newly added national income, in a period of time in the near future, the additional national income per year will be approximately 15 to 20 billion yuan. If 30 percent of the additional national income is used in expanding production and 70 percent in consumption, then consumption funds may increase by about 10.5 to 1.4 billion yuan and accumulation funds may go up by 4.5 to 6 billion yuan a year. After the newly added consumption funds are reduced by the needs of the additional population, the rest which can be used in improving the life of the people only totals a few billion yuan, or a few yuan per person per year. This is the scope of the improvement of the people's livelihood at the present stage. Our strategic decision must not exceed this quantitative limit. Of course, with the growth of the creation of national income, this scope should be constantly extended.

Next, the harmonization between necessary products and surplus products. This proportional relationship is in essence a reflection of the relationship between the personal interests of the working people and those of the collective, and between immediate and long-term interests. In order to correctly handle this proportional relationship, seen from the higher plane of the strategy of economic development. In the production units under the system of ownership by the whole people, we must ensure that the growth of labor productivity should exceed the increase in average income; in units under the collective ownership system, we must ensure that the growth of labor productivity should exceed the increase in the income which the working people get from collective production. Given the situation in which a large number of people will have to be found jobs every year for a period of time to come, while defining the proportional relations between necessary and surplus products, we must ensure that the growth of output of products should outstrip that of labor remuneration funds. Only such a strategic decision can ensure that apart from guaranteeing improvement in living standards, the state can spend more funds on expanding production and developing such undertakings as scientific research, culture and education, public health work, physical education and national defence. Moreover, the expansion of production and the development of various undertakings will in turn become the material conditions for improving the people's well-being. If we make different strategic decision[s] and allow the increase of labor remuneration funds to surpass the growth of labor productivity, it seems of first that the people's living standards will be improved at

a faster pace; but actually this is not the case. If the state does not have any accumulation funds on hand to increase production and to take up various other undertakings, this will mean losing the ability to further improve the life of the people. At present attention should be paid to controlling the distribution of bonuses and the prices of farm produce so that the growth of labor remuneration funds will not outstrip the increase in production, and the increase in average per capita income will not exceed the growth rate of the output value per worker of industrial enterprises.

In the redistribution of the national income, we must also correctly handle the proportional relations between productive and nonproductive investments in the use of accumulation funds. This relationship is a concrete reflection of the relationship between production and livelihood in the field of distribution and also a concrete reflection of paying more attention to increasing social collective consumption.

Again, the harmonization between living consumption and exchange should be maintained.

The needs in people's lives are manifested to a great extent in the needs created by purchasing power while the realization of the needs created by purchasing power depends on the development of commodity production and exchange.

In the exchange field, it is particularly important to make the residents' ready cash basically commensurate with the available supply of consumer goods in terms of total amount, composition, region and time. For a long time in China, the residents' available cash has outreached the available supply of commodities. In recent years, this state of affairs has developed, resulting in continual strain in the market. At present vigorous efforts should be made to achieve a balance in the total amount of supplying demand as far as possible. At the same time, a balance should also be obtained in terms of composition; attention should be paid to product variety, design and color, and the phenomenon in which commodities are out of stock or overstocked should be avoided. In terms of regions, in the past, market supply in such regions as the northwest and the southwest was fairly strained as the result of one-sidedly stressing heavy industry to the neglect of agriculture and light industry. This practice brought about a phenomenon in which people used the money invested in their regions to buy consumer goods in big cities such as Beijing, Tianjin and Shanghai. This made life very inconvenient for the people. In terms of time, China's market situation at present depends to a great extent on agricultural production which remains unstable.

To ensure a stable life for the people, it is imperative to accumulate in good years to make up for lean years, to take into account both past experience and possible future situations, and preserve a long-term balance between the supply and demand of consumer goods.

While cash income remains unchanged, the living standards of the people are inversely proportional to the level of the retail prices of commodities. Price rises mean a decrease in living standards. In order to see that the people's livelihood is not affected by price increases, it is necessary to ensure that

the growth of the residents' cash income sould not exceed the increase in labor productivity either. It is very difficult to fix a concrete quantity concerning the proper quantitative contrast relationship which should be maintained among the three, namely, labor productivity. The residents' cash income and retail prices of consumer goods in every historical period. Nevertheless historical experience can be used for reference. During the period of the "first 5-year plan," there was an increase of 52.1 percent in the output value per worker of industrial enterprises, a 42.8 percent rise in the average currency income of the staff and workers, an 8.6 percent gain in retail commodity prices, and the proportional relations between the three were 1 to 0.82 to 0.17. Calculated on this basis, today and in future every 10 percent increase in labor productivity will mean an 8.2 percent increase in the average currency income of the staff and workers and a rise of 1.7 percent in retail commodity prices. This will not too much interfere iwth the people's livelihood even though there will be some increase in commodity prices. Furthermore the improvement of the well-being of the people cannot possibly hold up the state's construction. Of course, it is necessary in future to readjust this quantitative relationship in light of the changes in the situation.

Finally, the harmonization between production, distribution and exchange should be maintained.

Besides maintaining harmonious relations between living consumption on the one hand and production, distribution and exchange on the other, production, distribution and exchange should also be well coordinated because they have a direct or indirect bearing on the well-being of the people. For example, in regard to production and distribution, how to rationally distribute the state's productive investments among the productive departments, such as agriculture and light and heavy industries, plays a direct and decisive role in the development of these productive departments. In addition, the growth of these productive areas has direct bearing on whether or not an improvement can be effected in the people's livelihood or to what extent it can be achieved.

Therefore, it is necessary to correctly distribute productive investment so as to promote the expansion of agriculture and light industry. Again, for example, with regard to circulation and production, whether in industry and commerce or agriculture and commerce, there exist many contradictions which directly or indirectly interfere with the life of the people. Some farm produce and sideline products and in particular, special local products, are urgently needed by the people. However, some commercial departments do not allocate funds to purchase them, either for fear of inviting trouble or for fear of making too meager a profit. In this way it is hard to develop production and also difficult to meet the demands of the people's life. Similar instances often occur in industry and commerce. Therefore coordinating the relationship between production and circulation is also necessary for the improvement of the people's livelihood.

All in all, the improvement of the well-being of the poeple and the realization of the strategic economic development are restricted by many socioeconomic as well as natural conditions. To satisfactorily solve this important question, we must correctly handle the relationships of all sides and spheres concerned from the higher plane of an overall balance of the national economy so as to ensure the harmonious development of the whole national economy.

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON TECHNICAL TRANSFORMATION

HK170731 Beijing GUANGMING RIBAO in Chinese 7 Nov 82 p 4

[Article by Li Shihua [2621 0013 5478]: "Doing A Good Job in Technical Transformation in Enterprises Is the Key Link in Attaining the Strategic Goal"-- Passages within slantlines published in boldface]

[Text] The strategic objective of economic development in the next 20 years issues by the 12th Party Congress reflects the firm resolution of the whole party and nation to build our country into a socialist modern power. Doing a good job in technical transformation in enterprises is the key link to successfully attaining this strategic goal.

Since the founding of the PRC, we have scored great achievements in economic construction. The number of industrial enterprises has now increased to 380,000 units and the fixed assets owned by state-run enterprises amount to more than 480 billion yuan. Through the construction over the past 30 years and more, we have changed the situation in industry, which was backward and lopsidedly developed in the old China and have established an independent and comparatively integrated industrial system. China's output of major industrial products, such as steel, coal, petroleum and cement, has reached advanced world ranks. Great improvements have also been made in the distribution of productive forces. The proportion of fixed industrial assets in the interior has increased to 53.6 percent of the national total from 27.1 percent in the early days of the PRC. The number of industrial enterprises in the northwest and southwest regions has also increased from 300 to 80,000. This constitutes our solid foundation for marching forward toward the four modernizations.

However, for a fairly long time in the past, due to the erroneous "leftist" guiding ideology, we inappropriately expanded the size of construction to the neglect of technical transformation in existing enterprises. In those days, we were only keen on developing new projects and laid stress solely on capital construction and the building of new enterprises, without giving due attention to production and transformation in existing enterprises. Our development was then mainly on an extensive, but not an intensive base. As a result, many enterprises, especially some large-scale backbone enterprises, have become obsolete and outdated in equipment and technology and these enterprises have been faced with the serious problem that conditions for tests and trials are poor and products are backward.

At present, about 30 percent of equipment in Chinese industrial enterprises has run for a longer time than the designed period. The bulk of equipment in the machine building industry was installed in the 1960's and more than 60 percent of its products are still at the 1940's or 1950's level. The other 30 percent are at the 1960's level; and less than 5 percent of the products have attained the 1970's level. The bulk of equipment in textile and other light industries also stays at the technological level of the 1940's or the 1950's, with more than 20 percent needing to be replaced. All this shows that our industry, though having a certain foundation and being big in size, is still poorly equipped. For this reason, the party central leadership has decided that "in years to come, we must promote large-scale technical transformation in a planned way, popularize technical measures that have yielded good economic results, and actively introduce new techniques, equipment, technologies and materials." The leadership also specified that "it is necessary to carry out technical transformation in selected enterprises" during the sixth 5-year plan period and "carry out the technical transformation of enterprises on an extensive scale" during the seventh 5-year plan. This is a very realistic arrangement and is in good keeping with China's actual conditions. Only by doing a good job in technical transformation of enterprises, can we create a new way in our economic development, which is characterized by real and sound growth rates, good economic results and more benefits enjoyed by the people, and only thus can we successfully attain the strategic objective of economic construction in the next 20 years. The reasons are as follows:

/I. Doing a good job in technical transformation in enterprises can promote increase in industrial production and guarantee a certain growth rate of the national economy./

In the next 20 years, we will strive to quadruple the total annual output value of industry and agriculture--from 710 billion yuan in 1980 to about 2,800 billion yuan by the year 2000. This means that the average annual growth rate in this period will be 7.2 percent. In order to effect this growth rate, light industry must continue to maintain a certain growth rate and heavy industry must also be vigorously developed. In recent years, a great section of productive forces in heavy industry have lain idle and production has declined. The fundamental reason for this lies in the fact that heavy industry was mainly oriented to serving itself and the building of new projects in the past. During the national economic readjustment, the size of capital construction was cut down. This gave rise to the dearth of production assignments for heavy industry. That is, markets for heavy industry was a problem. To solve this problem, heavy industry must make efforts to readjust its service orientation and carry out technical transformation in its enterprises. According to statistics, the total value of equipment and tools of state-run enterprises in 1978 amounted to 270-280 billion yuan. If all the old equipment is replaced by new equipment within the next 10 or 15 years, the annual value involved in this replacement will be 27-28 billion yuan or 18-19 yuan, accounting for 15 to 23 percent of the output value of the machine building industry in 1978. This cannot only change the backward technological conditions in light and heavy industries, but can also solve the problem of the machine-building industry having insufficient production assignments. China's machine building industry has more than 100,000 enterprises, or about one third of the total number of industrial enterprises.

The output value, taxes and profits produced by this industry account for about 27 percent of the total amounts produced by industry as a whole. So the machine building industry can be counted as China's primary industry. If this industry can develop vigorously, other branches of heavy industry, such as metallurgical and iron and steel industries, will get the momentum to develop accordingly. Thus, our national economy can achieve a steady growth rate and our enterprises can be gradually modernized so that the national economy as a whole will be shifted onto a new foundation.

/II. Doing a good job in technical transformation in enterprises can promote energy conservation./

Energy shortage has become an important factor that affects the development of China's economy. Only when the energy problem is solved and energy supply and demand are equal, will it be possible to attain the strategic goal of economic development. With what method can we solve the energy problem? In the long run, we should rely on the exploitation of energy resources. But the construction period of a new energy project is always very long. Ordinarily, from prospecting and designing to starting operation, it will take 8 to 10 years or even longer to build a large-scale coal mine, or a large oil field, or a large-scale hydropower station. In the near future, we should mainly rely on energy conservation to overcome the difficulties caused by the energy shortage. In our country, energy wastage is very serious. To economize on energy, we should not only readjust the industrial structure, that is, develop more the industries of low energy consumption and less the industries of high energy consumption which have been excessively large in size, but more importantly, we should also carry out technical transformation with the focus on energy conservation in a planned and methodical way so as to continuously improve the efficiency of energy utilization. At present, more than half our production equipment is still at the level of the 1940's or 1950's in other countries. In China, the fuel consumption of gasoline engines and diesel engines is 10 to 20 percent higher than the advanced foreign level. Now, there are nearly 200,000 industrial boilers throughout the country. The fule consumed by these boilers accounts for 30 percent of the total energy consumed throughout the country, but their average thermal efficiency is merely 55 percent or 20-30 percent lower than the foreign progressive level. If, in the next 5.7 years, 40 percent of the boilers with low thermal efficiency in the whole country can be transformed, we will save more than 20 million tons of standard coal. This is equal to building more than 30 coal mines with an annual output of 600,000 tons of coal each.

/III. Doing a good job in technical transformation in enterprises can promote the increase in financial income./

At present, the annual national income in China amounts to more than 300 billion yuan, but financial income is less than 120 billion yuan. In this case, it is difficult for the financial departments to allocate 30 billion yuan each year to handle construction. In order to realize the strategic objective of economic development in the next 20 years, that is, strive to quadruple the annual total output value of industry and agriculture by the end of this century and make Chinese people comparatively well-off in their livelihood. We must increase our financial income by a big margin. To improve our finances, it is important

to reduce expenditure as well as broaden sources of income. A long time ago, Comrade Mao Zedong pointed out that it was necessary to oppose the viewpoint of exclusively handling finance. Now, it is still necessary for us to guard against this tendency. Though technical transformation requires money to be spent, we should not neglect the fact that it can also increase income. The 1978 output value and fixed assets of state-run enterprises throughout the country were in the ratio of 1 to 1.22, but the ratio in advanced countries is 3 to 1. If this ratio is raised 0.1 point through technical transformation and the adoption of new techniques and technology, the industrial output value will thus increase by tens of billion of yuan and taxes and profits involved will increase by several, even over 10 billion yuan. It should also be noted that the investment in transforming an existing enterprise so as to expand its production is only one third as much as the investment in building a new enterprise with the same capacity. Moreover, equipment and materials used in the former can be saved by 60 percent and time can be saved by 50 percent as compared with the latter. Through technical transformation, the efficiency of equipment in enterprises will be improved, product quality will be better and the consumption of energy and materials will be lowered. Profits reaped by enterprises will surely increase so that the macroeconomic results in the whole country will improve. This will certainly mean sufficient strength is accumulated and necessary conditions are created for the realization of the strategic objective of economic development.

The key to successfully realizing the strategic objective of economic development in the next 20 years lies in the fulfillment of the tasks in the first decade, and the work in the first 5 years in particular must score achievements. Then, what questions need to be solved in doing a good job in technical transformation in enterprises during the first 5 years of the period of the sixth 5-year plan?

1. It is necessary to change our guiding principle. In the past, we used to increase production on a base of backward technology. Whenever increasing production was mentioned, we would think about the increase in manpower and equipment and would demand more investment and the building of more new projects. Our attention was exclusively directed to the increase in quantity while qualitative improvement was neglected. If we do not change this guiding principle, it will be very difficult to carry out technical transformation in a big way. In future, both key projects of construction and technical transformation should be handled simultaneously. It will not help if we lay stress solely on handling capital construction by increasing investment and enlarging the size of production. We should mainly rely on scientific and technological advances and doing a good job in technical transformation in enterprises. This is an important strategy for a very long historical period in future. We must take technical transformation in existing enterprises as the main form of expanding production and guarantee this work in the aspects of planning, allocation of funds and materials, and construction work. Necessary credit and tax policies should also be worked out so as to help the development of technical transformation.

2. It is necessary to work out an overall program. Technical transformation is extremely complex and painstaking work which cannot be handled independently in one trade or one area. It is necessary to closely combine the work of trades and areas together. At the same time, it is also necessary to link this work with the reorganization in industry, rectification in enterprises and the read-

justment of product composition. Therefore, we must evolve an overall program for technical transformation in enterprises, trades and key cities. When working out the overall programs, we must place the stress on key cities and enterprises and we should clearly realize that technical transformation needs to be carried out in the production of energy conservation products, important whole sets of equipment, key basic spare parts, machines and technology. Only thus can we work proper long-term and yearly programs.

3. National technological development should be associated with policy. Technical transformation is a process in which advanced technology will continuously replace backward technology. When new technology is to be adopted, the specific conditions in a trade or in an enterprise must first be taken into account so that better economic results can be achieved. Technical transformation in machine building should go before other industries. Funds for technical transformation need to be planned in an overall way and be earmarked for a special purpose only. In order to speed up the pace of technical transformation, we should actively support the work of importing technology so as to open up a new aspect as soon as possible. Technical "software" which is urgently needed should be gradually imported. When importing technology and equipment, we should take the specific conditions of our country into account, that is, we should consider our technological development orientation, technological strength, conditions for making equipment and the supplies of raw materials. Above all, economic results should be the first thing we need to consider. Never spend money on things that yield no result.

4. It is necessary to give guidance to technical transformation and to organize tackling key scientific and technological problems. The state should give more guidance to technical transformation in the field of macroeconomy, in particular, strengthen the study of all kinds of progressive and applicable technology and the promotion and application of this technology. It is necessary to organize the strength of scientific research, design, manufacturing and using departments and properly coordinate the work in all these departments. We should shift the achievements in scientific research from laboratories to factories and shift advanced technology from advanced areas and units to those less advanced areas and units so as to convert achievements in scientific research into productive forces. In order to meet the needs of technical transformation in future, we must strengthen the study of applied and basic sciences and organize the strength of all relevant parties to tackle the key projects in scientific research.

CSO: 4006/113

NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON TECHNICAL TRANSFORMATION

HK171100 Beijing RENMIN RIBAO in Chinese 12 Nov 82 p 5

[Article by Zhu Rongji [2612 6954 1015]: "Promote Large-scale Technical Transformation in a Planned Manner--Excerpts From a Speech Delivered at the Second International Symposium on Enterprise Management"]

[Text] Editor's note: Planned promotion of large-scale technical transformation is the key to achieving overall an upsurge in the national economy. The current economic situation imposes even more urgent demands on the technical transformation of existing enterprises. In the technical transformation of existing enterprises, we must first rely [on] both management and on policy. Meanwhile, we must also boldly draw on foreign capital, introduce technology, and energetically promote economic cooperation and technical exchanges between our country and foreign countries. [End of editor's note]

Planned promotion of large-scale technical transformation is a strategic task for economic development put forth at the 12th CPC National Congress. It is the key to bringing about an overall upsurge in the socialist economy and a fundamental guideline for future socialist economic construction.

Economic Development Calls for the Technical Transformation of Existing Enterprises

Shortly after the founding of the PRC, given a very weak industrial foundation and an extremely serious shortage of technical equipment, the focus of construction in the first 5-year plan was placed on capital construction, with 156 industrial projects as its core. In the 20 or more years since then, we have all along focused economic construction on large-scale capital construction. Consequently neglecting the effort of existing enterprises to tap their potential and make technical reforms. We have followed a road marked by relatively rapid development and rate of accumulation but relatively poor economic returns. This has taught us a painful lesson.

After the first readjustment of the national economy in the 1960's and experience of many years of production and construction, we have deepened our understanding of the path of industrial development.

Since the 3d Plenary Session of the 11th CPC Central Committee, there has been a more clearly defined change in the guiding ideology for industrial development. In December 1980, Premier Zhao Ziyang called for relying on existing enterprises to blaze a new trial in the development of our economy and for raising the issue of technical transformation of existing enterprises to a new high plane.

Under the guidance of this guideline, the work of tapping the potential of existing enterprises and introducing technical innovations has been strengthened. Through such means as allocating state funds, concentrating some of the enterpirses' depreciation funds, granting loans for light and textile industries, and so forth, the priority given by the state to urgently needed measures for modernization and transformation has brought obvious results. This has played an important role in maintaining a certain rate of industrial growth during the period of readjustment, ensuring market supplies and adding to financial income.

In the past 3 years, the funds for priority modernization and transformation measures allocated by the state have reached a total of 12.1 billion yuan. The capacity to conserve coal, electricity, oil and water thus achieved has reached the equivalent of 19 million tons of raw coal, and the capacity to compress burning oil, the equivalent of 8 million tons. The capacity of restored power generating facilities has reached 4 million kilowatts. The increased capacity to transport coal from West to East and the increased port handling capacity for light industrial products and finished products put on the market has reached an annual output value of around 15 billion yuan.

A host of facts show that the production capacity achieved by tapping the potential of existing enterprises and by technical innovation and transformation generally requires two-thirds less capital than is needed to build new enterprises on a similar scale. This allows a 50 percent saving of equipment and a much shorter period for an enterprise to go into production (generally half to one year). Of the increased industrial output value of many areas in the past 3 years over 50 percent has been achieved through the tapping of the potential of existing enterprises and through technical innovation and transformation.

The main defects existing in work have been: increasing emphasis on output to the neglect of quality; overemphasis on "extension outside the confines of a factory" (some enterprises are marked by the phenomenon of "production encroaching upon supplements, supplements encroaching upon storehouses, and storehouses encroaching upon the road"), or attention paid solely to increasing the number of machines at the original technical level, without markedly changing the technical backwardness of enterprises.

The Urgent Demands of the Current Economic Situation

The current economic situation has imposed more urgent demands upon the technical transformation of existing enterprises.

Since its further readjustment in the past year, our national economy has started on the road to healthy development. From October last year, heavy

industrial production began to pick up. This has been followed by continued growth this year. A comparison of the total accumulation from January to September with the corresponding period last year shows a growth rate of 9.8 percent for heavy industry and 7.5 percent for light industry. The high-speed growth of heavy industry has put a further strain on energy and communications facilities. The solution to this is to "take two measures." One is to properly concentrate financial resources and enlarge the scale of energy, communications and other priority construction projects. Another is to arouse the initiative of existing enterprises and strengthen their technical transformation. Only by raising the technical level of enterprise (improving the quality and variety of products, and the technology and equipment for production), reducing the energy and material consumption for products and improving the economic results in production can we relieve the strains on energy and communications facilities and help reverse the situation of low demand for certain light industrial products. The first measure is to broaden sources of income; the second is to reduce expenditure. Neither of the two can be neglected. But the latter allows more saving of investment, and quicker and greater results. It must be given greater attention.

At present, the economic results of our enterprises are very poor, shown by the fact that the production of intermediate products consumed by production is on a very large scale. Total output figures for coal, electricity, petroleum, iron, steel, and so forth rank among the highest in the world. But the output of finished products for the people's consumption is relatively low. This is chiefly due to our backwardness in the fields of technology and equipment. The energy consumed (in terms of standard coal) for the creation of every $10,000 of national revenue amounts to only 5.5 tons in Japan and 13.1 tons in Britain but 32.6 tons in our country. The overall energy consumption (in terms of standard coal) for every ton of steel is 0.6 tons in Japan and 0.8 tons in the United States but an average of 1.4 tons in our priority enterprises. Of the more than 10 million tons of rolled steel consumed in our machine-building industry every year, the utilization rate is only around 60 percent, but 80 percent in economically developed countries. It can be said that there is potential in every field; gold can be found everywhere. By strengthening enterprise reorganization and technical transformation we can greatly improve economic returns.

Rely Both on Management and on Policy

To strengthen the technical transformation of existing enterprises, we must both strengthen management and rely upon policy. In the final analysis, we must arouse the enthusiasm of existing enterprises.

1. We must first bring about a change in guiding ideology for technical transformation.

Technical transformation means, with the prerequisite of technical progress, using new technology, equipment, raw materials and techniques to improve the quality of products, develop new patterns, increase variety, and lower the consumption of energy and materials; it means promoting the upgrading and renewal of products, synthesizing society with the economy, and achieving extended reproduction chiefly by intensive methods.

Some comrades also talk about technical transformation, but only pay attention to making their enterprises bigger and bigger--from "small and complete" to "comprehensive and complete"; or they simply expand production capacity. Compared with new capital construction projects, such an approach brings slightly better economic results, but still does not constitute genuine technical transformation.

For example, we recently studied the transformation program of a bearings factory. It called for doubling the production capacity, or annually producing over 20 million additional sets of rolling bearings. An investment of only 60 million yuan was required. It should be said that the returns from the investment were relatively satisfactory; a newly built factory of a similar size might cost 200 million yuan. But the life of the bearings now produced in our country is short (3 or 4 times shorter than those produced in other countries). The rate of raw material utilization is low (only 36 percent compared with 55 percent in foreign countries). The performance is low (the noise 6 or 7 decibels higher). Therefore, the goal of transformation requires attention to new techniques, technology, equipment and raw materials. The quality of bearings must be improved to catch up with international standards. Thus, there is no need to increase the scale of production when double the use value can [be] obtained. Moreover, we can greatly reduce the consumption of raw and other materials (rolled alloy steel) and the appropriate consumption of energy. If all lines and industries carry out technical transformation according to this guiding ideology, the strains on energy and communications facilities will be believed, and the national economy improved.

In a certain sense, technical transformation means the transformation of products. The aim is to turn out products with greater use value and produce better economic returns. Generally speaking, it is not that we don't need to expand production capacity, but that we must seek expansion on the basis of new technical foundations. We must not just follow the old pattern without the least deviation.

2. Technical transformation chiefly calls for achieving technical reforms and the streamlining of equipment through the method of equipment value compensation. This is unlike capital construction and is closely related to the current production of enterprises. Technical transformation is in most cases effected under conditions where production goes hand in hand with transformation. Therefore, when it comes to management, we must not only stress plans but also allow quite a large decree of flexibility, avoiding the imposition of rigid controls. The important thing is to have a set of policies which encourage enterprises to seek technical progress and which help enterprises carry out technical transformation. At present, we must readjust policies with regard to pricing, taxation, credit, and so forth and strengthen planned management. Thus, enterprises will not only react to external pressures but also draw on their own intrinsic power to energetically carry out technical innovation and technical transformation.

3. Technical transformation must be carried out in a systematic manner with certain priorities, under the guidance of general plans and plans for each industry.

There must be plans for technical transformation at all levels. All industrial departments should formulate their own plans, and all regions should draw up regional plans. There must be coordination between these plans. Under the guidance of the plans for their industry and region, enterprises must formulate their own plans. In incorporating each item of a plan, we must first make a feasibility study; take into consideration the balance between energy, water supply, raw and other materials, communications and transportation, and other factors, and the linkup of appropriate auxiliary facilities; and also pay attention to linking them in turn with the control of environmental pollution.

Technical transformation must also be combined with industrial readjustment, and enterprise reorganization, integration and consolidation. If the leading group of an enterprise is not properly consolidated, and lacks "people who know what's what," we must not first carry out technical transformation on too large a scale.

4. Technical transformation must be carried out with an eye to the who nation and must begin with central cities and backbone enterprises.

Ours is a very large country. We cannot carry out technical transformation by making a general appeal and getting things started all at once in an overall manner. Instead, we must get hold of central cities and of priority backbone enterprises affecting the whole situation and start with them first. Getting things started in Shenyang will have an effect on a vast area in the northeast. Getting things started in Shanghai will have a bearing on many provinces, municipalities and regions. If we give full play to the superior features of central cities and form a series of certain points or areas like bunches of grapes, we can set the whole nation in motion.

To pay attention to priority enterprises does not mean neglecting general ones. The technical transformation of medium-sized and small enterprises often needs little investment and achieves quick results. They should not be neglected.

5. Funds for technical transformation come chiefly from an enterprise's own money, or from back loans.

In the sixth 5-year plan, there will not be much increase in the state's capital construction investment. Funds will be concentrated on energy, communications and other priority construction projects. Therefore, in carrying out technical transformation, we can only make full use of certain areas' or enterprises' own funds, including depreciation funds, funds for the development of production from profits retained for enterprises on a percentage basis, bank loans, foreign investment, and so forth. This amounts to quite a lot of money. We must guide enterprises to devote more of this kind of money to their own technical transformation. This is an important issue, and has a bearing on whether technical transformation can be properly carried out.

Boldly Draw on Foreign Capital and Introduce Technology

Technical transformation must be combined with a domestic effort to overcome technical problems and with the introduction of foreign technology. Only in this way can we produce maximum economic results.

Since our country implemented an open-door policy, results have been achieved in introducing technology. But in the past, we put too much emphasis on mainly importing whole sets of equipment. We did not pay enough attention to the technical transformation of existing enterprises. The accumulated experience of many years shows that in introducing technology, we must pay attention to the following several aspects.

We must introduce advanced techniques suited to our country's resources, production conditions and management levels. We cannot always ask for the latest techniques. Generally speaking, it is extremely difficult and costly to introduce the most advanced techniques from foreign countries. We must limit ourselves only to a small number of necessary items. Our guideline is to chiefly introduce suitable advanced techniques. Meanwhile, on the basis of self-reliance, we must step up the work of digestion, assimilation, popularization and innovation.

2. In introducing technology, we must, with the improvement of economic returns as the focus of attention, try to raise quality, increase the variety of products, reduce consumption, stimulate the upgrading of products and the creation of new products, and raise the technical level of production.

3. In introducing technology, we must stress the introduction of "software," 1.3. Techniques with regard to design, technology, manufacture, management, and so forth, including licensed trade, cooperative production, technical services, advisory councils and other patterns of operation. Where needed, we must also import prototypes, surveying and measuring instruments and meters, important equipment and necessary production lines which cannot be produced by our country.

4. We should make a point of preventing the large-scale importation of the same things, and reducing equipment imports. Those items with high demand on the domestic and international markets and giving high returns on investment can still be imported, where technology and equipment in our country do not permit their manufacture, or where their manufacture can be managed but with no guarantee of the same quality or of delivery according to schedule. In the latter case, the aim is to save time. Some repetition of imports is not too dreadful either.

5. In introducing technology, we must emphasise medium-sized and small projects. Comrade Deng Xiaoping pointed out on many occasions that we must boldly draw on foreign capital, introduce technology and transform medium-sized and small enterprises. We must get "thousands upon thousands of projects" started. Unlike the importation of whole sets of large-sized equipment, there is no risk involved. We should ease up a bit, relax our policy appropriately, assign proper authority concerning examination and approval, and strive to simplify procedures, in order to stimulate the development of this work.

Regarding the use of foreign capital, we have now chiefly adopted the following methods. One is to obtain long-term low-interest loans from foreign governments and international financial organizations. Another is to induce foreign businessmen to make direct investments. Up to the first half of this year,

the agreed amount of investment reached about $3 billion, covering 44 Chinese-foreign joint enterprises, 425 agreements for cooperative operations, more than 600 compensatory trade contracts, and so forth. All these arrangements are recognized and protected by our laws. Great progress has been made in this field. The technical transformation of our existing enterprises has received a boost. This has had a healthy effect on our national economy.

To introduce an open-door policy and expand economic and technical exchanges with foreign countries according to the principle of equality and mutual benefit is our country's firm and unswerving strategic guideline. To draw on foreign capital and introduce technology is a farsighted strategy for development. We must energetically organize international exchanges, carry out technical surveys, seek advice, encourage technical and trade cooperation, introduce thousands upon thousands of technical items, and transform our existing enterprises. This is of great significance in accelerating the modernization of our country and achieving the goal of quadrupling the total annual output value of industrial and agricultural production.

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ECONOMIC PLANNING

HEILONGJIANG'S JIAMUSI CITY DEVELOPS PRODUCTION

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[Excerpts] Harbin, 28 Oct (XINHUA)--XINHUA editor's note: How do various localities draw up feasible development plans in the light of actual local conditions to achieve the goal of quadrupling China's annual industrial and agricultural output value by the end of this century, as defined by the 12th CPC National Congress? This is an important question now being studied by leading departments concerned in various localities. Instead of carrying on empty discussions and home studies, leading party and government cadres of Jiamusi Municipality went out to conduct investigations and study, and in so doing, found a new way of developing production, by establishing links between the urban and rural areas. Such a way of doing things should be popularized. What makes Jiamusi experience valuable is that by establishing links between the urban and rural areas, a new productive force came into being with less state investment or no investment at all. Their practice also proved that, so long as we go deep into the realities of life and dare to blaze a new trail, it is not difficult to achieve the goal of quadrupling the annual industrial and agricultural output value. (End of editor's note)

According to XINHUA correspondents Chen Jianfa and Lu Hongbin, leading party and government cadres of Jiamusi Municipality, Heilongjiang Province, have linked the study of the documents of the 12th CPC National Congress with discussion of the municipality's plans for developing production. In the process, the secretary of the municipal CPC Committee led the cadres in stepping out of their offices to conduct investigation and study and found a new way to jointly develop production by linking the urban and rural areas to make use of the tremendous productive forces stored there. They held that, if all areas throughout the country where conditions exist do the same, it is more certain that we can achieve the goal of quadrupling the annual industrial and agricultural output value by the end of this century.

The new way mentioned here means that the cities and rural areas will each put superiority into play, carry out economic integration and jointly develop energy, raw materials and other important production projects to make full use of equipment and funds in the cities and to raise the peasants' income.

Zhou Wenhua, secretary of the municipal CPC Committee, led 10 leading party and government cadres from Jiamusi to conduct investigation and study in 6

including Huanan, Huachuan, Luobei and Boli, to find ways to put the superiority of the cities and rural areas into play and to develop production by establishing links between the urban and rural areas. According to their analysis, the superiority of the cities lies in their relatively strong industrial foundation, comparatively abundant technical forces and the availability of funds. The superiority of rural areas is characterized by the abundance of farm and animal products and numerous resources underground--but the lack of funds and technical forces has curtailed further development. The investigation showed that these six counties have many underground resources, including coal, gold, quartz and amber. On the basis of the principle of mutual benefits, Jiamusi Municipality signed 30 agreements of economic integration with these 6 counties. These agreements covered the following three areas:

First, Jiamusi Municipality's industrial enterprises will provide funds to jointly develop coal resources with Huanan and Boli counties; various counties will pay in coal, in line with measures governing compensatory trade, to compensate for the investment made by Jiamusi's industrial enterprises. This will increase the income of various counties and at the same time also solve the energy shortage problem faced by Jiamusi.

Second, technical cooperation between the urban and rural areas: As some of the enterprises in Jiamusi Municipality cannot sell their products, the workers do not have work and the equipment and technical forces are not being fully used. On the other hand, various counties are in urgent need of equipment and technical forces to develop their local industries. To cope with this situation, Jiamusi Municipality decided to provide them with equipment and carry out technical cooperation to help solve their problems in production.

Third, to open up the channels of circulation between the urban and rural areas and vigorously develop industrial and agricultural production. In the course of investigation, they felt that the channels of circulation between the urban and rural areas was impeded, becoming a salient problem. To rectify the situation, Jiamusi Municipality decided that various professions and trades should be organized to conduct periodical investigation in the rural areas in order to organize production, based on the needs of the rural areas. In the meantime, industrial and commercial departments in the urban and rural areas will take care of marketing of products jointly or on a contractual basis. Another sales center for agricultural and sideline products will be set up in Jiamusi Municipality to draw agricultural and sideline products into the city from the rural areas. All these measures are to be adopted to promote industrial and agricultural production.

Jiamusi Municipality's way of establishing links between the urban and rural areas to jointly develop production has attracted the attention of representative currently attending the Sixth Plenary Session (enlarged) of the fourth Heilongjiang Provincial CPC Committee. The Heilongjiang Provincial CPC Committee is planning to popularize this experience.

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AGGREGATE ECONOMIC DATA

NATIONAL, PROVINCIAL-LEVEL AGGREGATES

[The following selected national and provincial-level aggregate economic data have been extracted from various sources as indicated. In the table below, dates in the first column indicate periods compared, the gross value of industrial output is abbreviated as GVIO, heavy industry as HI, light industry as LI, textile industry as TI, gross value of agricultural output as GVAO, and gross value of agricultural and industrial output as GVAIO.]

NATIONAL AGGREGATES

Date of period of comparison	Increase in percent	Value, in yuan	Percentage of annual plan	Source
1982: 1981 Jan-Sep	GVIO: 8.6	409.2 b		1
1982: 1981 Jan-Sep	HI: 9.8	203.7 b		1
1982: 1981 Jan-Sep	LI: 7.5	205.5 b		1
1982: 1981 Jan-Sep	coal: 8.1			1
1982: 1981 Jan-Sep	electricity: 6.9			1
1982: 1981 Jan-Sep	crude oil: 1.0			1
1982: 1981 Jan-Sep	natural gas: -7.0			1

PROVINCIAL-LEVEL AGGREGATES

Gansu				
1982: 1981 Jan-Sep	GVIO: 10.5	671.6 m	80.1	2
Guangdong				
1982: 1981 Jan-Jul	LI: 13.5			3
Hebei				
1982: 1981 Jan-Aug	LI: 14.6			4

Date of period of comparison	Increase in percent		Value, in yuan	Percentage of annual plan	Source
Henan					
1982 Sep: 1982 Aug	GVIO:	13.7	1.88 b		5
1982 Sep: 1982 Aug	LI:	15.1			5
1982 Sep: 1982 Aug	HI:	12.3			5
1981: 1978	GVAO:	7.6 (avg. annual incr.)			6
	LI:	16.9(avg. annual incr.)			6
Hubei					
1982: 1981 Jan-Sep	GVIO:	11.6	19.65 b		7
1982 Sep: 1982 Aug	GVIO:	10.5	2.354 b		7
Jilin					
1982: 1981 Jan-Jul	GVIO:	7.4			8
Liaoning					
1982: 1981 Jan-Jun	GVIO:	8.7			9
Nei Monggol					
1982: 1981 Jan-Sep	LI:	11.8	502.98 m		10
Qinghai					
1982: 1981 Jan-Sep	GVIO			83.9	11
1982: 1981 Jan-Sep	LI:	34.3			11
1982: 1981 Jan-Sep	HI:	3.0			11
Shaanxi					
1982: 1981 Jan-Sep	GVIO:	7.8		75.0	12
1982: 1981 Sep	GVIO:	11.9			12
Shandong					
1982: 1981 Jan-Sep	GVIO:	6.86		75.6	13
1982 Sep: 1982 Aug	GVIO:	6.27			13
1982: 1981 Jan-Jun	HI:	7.88			14
1981: 1978	GVAIO:	6.2 (avg. annual incr.)			14
1981: 1978	GVIO:	5.7 (avg. annual incr.)			14
1981: 1978	GVAO:	7.3 (avg. annual incr.)			14
1981: 1978	LI:	12.1 (avg. annual incr.)			14

Date of period of comparison	Increase in percent	Value, in yuan	Percentage of annual plan	Source
Shanghai				
1982: 1981 Jan-Sep	GVIO: 6.1		75.3	15
1982: 1981 Jan-Sep	LI: 6.0	1.53 m		15
1982: 1981 Jan-Sep	HI: 6.3	1.22 m		15
1982 Sep: 1981 Sep	HI: 4.2			15
1982: 1981 Jan-Oct	GVIO: 8.6			16
Sichuan				
1982: 1981 Jan-Aug	GVIO: 11.0			17
1981: 1978	GVAO: 20.6	20.94 b		18
1981: 1978	GVAO: 6.4 (avg. annual incr.)			18
1981: 1978	LI: 45.8	141.5 b		18
1981: 1978	LI: 13.4 (avg. annual incr.)			18
1981: 1978	HI: 2.8			18
1981: 1978	HI: 0.9 (avg. annual incr.)			18
Xinjiang				
1982: 1981 Jan-Aug	GVIO: 11.0		60.0	19

Source

1. Hong Kong ZHONGGUO JINGJI XINWEN No 14, 25 Oct 82 p 5
2. Lanzhou GANSU PROVINCIAL SERVICE 1125 GMT 17 Oct 82
3. Guangzhou GUANGDONG PROVINCIAL SERVICE 24 Sep 82
4. Shijiazhuang HEBEI PROVINCIAL SERVICE 19 Sep 82
5. Zhengzhou HENAN PROVINCIAL SERVICE 1100 GMT 13 Oct 82
6. Zhengzhou HENAN PROVINCIAL SERVICE 1100 GMT 20 Sep 82
7. Wuhan HUBEI PROVINCIAL SERVICE 1100 GMT 11 Oct 82
8. Changchun JILIN PROVINCIAL SERVICE 2200 GMT 17 Oct 82
9. Shanghai SHIJIE JINGJI DAOBAO 30 Aug 82 p 1
10. NEI MONGGOL REGIONAL SERVICE 1100 GMT 16 Oct 82
11. Xining QINGHAI PROVINCIAL SERVICE 2330 GMT 17 Oct 82
12. Xian SHAANXI PROVINCIAL SERVICE 0500 GMT 25 Oct 82
13. Jinan SHANDONG PROVINCIAL SERVICE 2300 GMT 14 Oct 82
14. Jinan DAZHONG RIBAO 26 Aug 82 p 1
15. Hong Kong ZHONGGUO XINWEN No 82238 11 Oct 82 p 5
16. Beijing XINHUA 1400 GMT 5 Nov 82
17. Chengdu SICHUAN RIBAO 4 Oct 82 p 1
18. Chengdu SICHUAN RIBAO 5 Sep 82 p 2
19. Urumqi XINJIANG REGIONAL SERVICE 1300 GMT 15 Sep 82

CSO: 4006/104

ECONOMIC MANAGEMENT

'QUALITY MONTH' CAMPAIGN LAUNCHED

Shaanxi SHAANXI RIBAO in Chinese 29 Aug 82 p 2

[Article by Deputy Governor San Kehua [1327 0344 5478]: "Promptly Swing Into Action, Positively Launch 'Quality Month' Activities To Improve the Quality of Our Province's Products, Increase Economic Effectiveness, Make New Contributions"]

[Text] Comrades,

September of this year will be our fifth national "Quality Month." The State Council is paying full attention to this year's "Quality Month" activities. In the afternoon of 27 August Comrade Zhang Jingfu, state counselor and minister in charge of the State Economic Commission, made an important speech during the National Quality Month Mobilization Telephone Conference in which he requested that this year's "Quality Month" activities focus on improving economic effectiveness and extensively develop "seek real [economic] effectiveness, satisfy the customers" activities. We must positively respond to the State Council's appeal; earnestly implement the spirit of Comrade Zhang Jingfu's speech; with unanimity from top to bottom, promptly swing into action; by means of propaganda, inspections, investigations, visits, commendations, and other methods stress quality and high-grade goods; and solidly launch "Quality Month" activities in order to increase economic effectiveness and make contributions!

In the course of the "Quality Month" activities during the past 4 years the quality of most of the products on our province s industrial and communications front has essentially been restored to the highest level in history. The quality of some products has even undergone new development and improvement. By the end of last year, the high-quality goods of the national, ministerial, and provincial levels in our province totaled 334, 33 of which won "gold quality" and "silver quality" awards. During the past 2 years, the addition of more than 1,300 new products brought into trial production have further enriched the market and filled voids in some industries at the national and provincial levels. Some of those products have penetrated international markets. However, in that regard there are still a considerable number of problems, the principal ones of which are: the variety of colors and designs of products has not increased fast enough and the situation of producing "same old products year after year has not yet been completely transformed; the quality of products is not sufficiently stable, and during the first half of this year the rate of stable improvement was only 75.6 percent; the quality of some famous

brands seriously declined and has not yet begun to recover; after production orders pick up there appears the tendency to ignore quality and technical services with regard to some heavy industrial products; and because they do not cater to the market demand or are of inferior quality and are highly priced, there has appeared the phenomenon of unsalable and overstocked products. A few units even practice quality fraud. The reasons for those problems are that the "quality first" concept has not become firmly entrenched, management work has not been well done, and the basic work has not kept pace. Now I will offer a few opinions about how to do a good job of this year's "Quality Month" activities:

1. Firmly establish the quality first concept, make progress in comprehensively developing quality control, and put the guiding ideology of industrial production on the path of emphasizing the enhancement of economic effectiveness. In "Quality Month" activities, we must extensively disseminate the quality first concept; must incessantly propagate the idea that the improvement of quality, increasing the variety of goods, and satisfying the people's steadily increasing material and cultural needs are the basic goals and fundamental laws of socialist production; must propagate the important role of improving quality and increasing product variety and in the process of raising economic effectiveness; must propagate the ensuring function of all-round product control in improving the quality of products; foster the quality first concept by producing high-quality products with an eye on quantity, speed, and economy; and must open up a new prospect for industrial production by means of improving quality and increasing variety.

2. Carry out quality inspections on a large scale, which is one of the important contents of the "Quality Month" activities. Each prefecture, profession, and enterprise must organize forces and inspect the implementation of the "four don't system" (i.e., don't use unsuitable raw materials in production; don't use unsuitable semifinished goods; don't let finished products, which do not meet specifications, leave the factory together with those that do; and don't calculate products which don't meet specifications as part of the output value or output volume) and of the "three-guarantee system" (i.e., guarantee repairs, guarantee exchanges, and guarantee refunds). When problems arise they must be promptly resolved. Quality inspections are intended to ascertain if a given product caters to the market demand, to collect information on customers' response, and to strengthen market forecasts. In the inspection of sanitation conditions of food products, with regard to those that do not meet standards, rectification must be undertaken and corrections must be made by the prescribed time. In inspecting the steady improvement of the quality of fine products, if a decline in their quality cannot be corrected within the specified time it is necessary to revoke their "superior quality" designations. The relevant bureaus of each prefecture, municipality, and the province must act promptly on, and earnestly carry out, those inspection tasks.

3. Extensively develop "worry about what consumers worry about, think about what consumers need" activities to serve consumers. To wholeheartedly serve consumers is the core of all-round quality control and is the major content of "Quality Month" activities. Further improvement of service to customers demands immediate attention. All industrial communications enterprises must adopt the methods of going out to solicit opinions, inviting consumers to the factory to

participate in discussions, serving as shop assistants, etc.; directly listen to the opinions of customers; keep records of their opinions; and do a good job of such tasks as organizing a service, maintenance and repair network and helping consumers train repair, operation, and other personnel, and make those activities lively and highly effective so that they truly satisfy consumers. Once those forms are established, they must be institutionalized on a long-term basis. Moreover, we must be on guard against all manifestations of going through the motions and formalism.

In order to do a good job of maintaining product quality and serving consumers, it is imperative to create strong social supervision and supervision by public opinion. Only by praising people when product quality is good and criticizing them when it is poor can there be prospects for improving product quality.

4. It is necessary to make great efforts to praise and encourage advanced products, and create a strong established practice of achieving honors for high-quality products.

In this year's "Quality Month" activities we must organize mass rallies on a certain scale, concentrate on commending the enterprises which won 1982 state gold and silver product quality awards and provincial excellent product quality awards, and commend the national and provincial distinguished quality-control groups. We must also commend units which attain excellent accomplishments in promoting all-round quality control. By means of commendation and encouragement on a large scale and achieving honor for excellent product quality, all-round product quality control will become a common practice. Especially, it is necessary to commend the capable, far-sighted factory directors who make a breakthrough by mobilizing the masses to improve quality and increase product variety. Leading cadres in industrial and communications enterprises must be organized and to learn from them, the in-depth quality control must be pushed forward.

The groups leading the "Quality Month" activities of bureaus and enterprises at all municipal and provincial echelons must immediately swing into action, step up their leadership of those activities and, in accordance with regulations, promptly submit summary reports.

Comrades! This year's "Quality Month" activities are beginning at the same time as the convening of the 12th CPC National Congress. Let us unite, create famous brands, and strive for excellent quality and, by means of the practical activities of attaining good product quality, increasing the variety of colors and designs, and increasing economic effectiveness, celebrate the victory of the convening of the 12th CPC National Congress and make new contributions to accelerating the "four modernizations!"

5616
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EFFECTIVE MEASURES AGAINST ECONOMIC CRIMES IN PEOPLE'S BANKS URGED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 16, 19 Aug 82 pp 1-4

[Article: "Comrade Li Fei's [2621 7378] Speech at the People's Bank System Report Meeting on Combatting Serious Criminal Activity in the Economic Sphere (Extracts)"; speech delivered 26 July 1982]

[Text] Basic Status of Work in the First Half Year

Since the publication of the "urgent Central Committee Circular," banks at all levels have, in accordance with the relevant guidance of the Central Committee and the State Council and under the unified leadership and command of the local party and government organs, waged a continuous struggle against serious economic crimes and have achieved satisfactory results. They uncovered and dealt with some serious cases of economic crimes, combatted criminal elements, and made some criminal elements confess; they strengthened the banks' oversight activity, put a stop to some instances of lawbreaking and breaches of discipline; and conducted lively education work with the banks' cadres and employees on the struggle against corruption. We may state that the people's bank system's struggle against serious economic crimes has taken on broad scope and the situation is excellent.

In the struggle during the first half of the year, the following activities were carried on.

1. Documents were studied and awareness raised. The banks at all levels passed out and studied the "Urgent Central Committee Circular," Central Committee Document No 17, the National People's Congress Standing Committee "Decision on Severe Punishment for Crimes Which Seriously Harm the Economy," and the "Decision to Combat Serious Criminal Activity in the Economic Sphere" issued by the Central Committee and the State Council. In addition they studied Comrade Hu Yaobang's important instruction to the effect that "the banking comrades are requested to sound the call to banks at all levels throughout the country that wonrg and improper loans must not be made." Study and the actual struggle gradually raised awareness of waging this struggle. It was gradually realized that serious criminal activity in the economic sphere is an important expression of the class

struggle in economics under the new historic conditions, and that waging this struggle is a major matter affecting the fate of party and state. Everyone concerned with the future of the party and state must overcome all difficulties, put aside all hesitation and actively commit himself to the struggle.

2. We have strengthened organization and leadership and have set up special groups. The main bank, the province, city and autonomous region branches and many of the local, city or county banks have decided to have their party organization secretary, deputy secretary or members undertake this work and have set up special administrative organizations to provide organizational support for the struggle. In order to strengthen specific leadership of this work, we and the China Agricultural Bank and the Bank of China have jointly issued a "Notice on Implementing the 'Urgent Central Committee Circular' and Comrade Hu Yaobang's Instructions," have designated the struggle against serious economic crimes as a major task of the banking system this year, and have put forward five specific requests. At the conference of People's Bank branch managers held this March we also made specific arrangements and dispositions. Under the leadership of the local party committees and governments, the province, city and autonomous region bank branches have waged this struggle actively and conscientiously, have held many meetings to study the situation and have dispatched cadres to the basic-level banks to conduct inspections and oversight.

3. We have investigated and dealt with cases of economic crimes in the banks and struggled against criminal elements. The main bank and the banks at the various levels have taken very seriously the investigation of serious economic crimes. During this period the main bank selected nine major representative cases to give the local party and government organizations and bank branches direct assistance in investigating and dealing with economic crimes by providing a summarization of experience and furnishing guidance for their work. Some branch banks sent our large numbers of authorized personnel to concentrate on investigating and dealing with major cases. The leadership comrades of many banks personally took the initiative in handling such cases, solving them quickly and dealing a blow to criminal elements.

On the basis of incomplete statistics from the branch banks in 29 provinces, cities and autonomous regions, by the end of June the People's Bank system had uncovered 442 relatively large cases, of which 205 have already been completely or largely dealt with; some 70 persons have already been sentenced and 53 more are in custody awaiting disposition of their cases.

4. In its struggle against economic crimes, the People's Bank initially acted to prevent their continuation. Some banks put a stop to illegal activity and breaches of discipline, while others uncovered criminal activity. Preliminary statistics from the Sichuan Province branch bank show that within a year 353 cases of illegal activities such as graft, embezzlement, speculation and fraud amounting to more than 4.80

million yuan were uncovered. The branch banks of Hubei, Jilin, Jiangsu, Shanxi, Guangxi, Shanghai and Tianjin also made important initial efforts to stop crime, with rather good results.

5. Attention was devoted to education on the struggle against corruption and ideological awareness was raised. The banks at all levels have made use of various forms such as positive and negative models to conduct communist, patriotic, law-and-order and job-integrity education for the party members, cadres and employees, and particularly young employees. They raised the cadres' and employees' awareness of resisting corrosion by capitalist ideology.

To summarize, in the first half-year a good deal of work has been done in our struggle against srious economic crimes and some results have been achieved, but we still are far short of meeting the rlquests of the Central Committee and State Council, and the struggle is developing very unevenly. The main problems which persist are as follows.

1. Some cadres, particularly some leadership cadres, do not sufficiently realize the importance of attacking serious criminal activity in the economic sphere, and their leadership is unsufficiently effective. Some of them believe that once they have studied the documents and made an overall financial inspection which uncovers no major cases, there is nothing left to be done; some banks that have dealt with some instances of economic crime feel that they have done well and can wind up the matter and relax; some believe that the cases are so far-reaching and complex that the banks alone cannot deal with the problem and have adopted an attitude of dependency and fear of difficulty; others merely stress objective causes and do not make any stringent demands on the banks themselves; while still others are afraid that the wrongdoers may be rehabilitated and attempt reprisals.

The types of confusion and erroneous thinking described above indicate an inadequate understanding of the far-reaching, major importance of the struggle against economic crimes and a failure to understand that the very existence of the party and state is involved, while on the other hand they are evidence of an underestimation of the importance of the bank's position in the struggle and the seriousness of the problems within the banks and a failure to fully appreciate the changes which have taken place in the makeup of the banks in recent years. As a result, to date some banks have not yet involved themselves in the struggle and have not put it on their party committees' agendas. Although these are isolated instances, they must not be permitted.

2. Political and ideological work has been inadequate. Some leadership groups are dispersed and weak and have been lax in political and ideological work, concerning themselves only with their functional duties and not with politics, and failling to provide education and correction for unhealthy tendencies among cadres and employees and not dealing with problems in timely fashion, so that there have been instances where good actions have gone unpraised and bad actions have gone unchallenged. As a result, some

employees have been unable to resist corrosion by capitalist ideology and have even sunk deeper and become unable to extricate themsleves, taking the road of crime.

3. There are many loopholes in the banks' management of credit, balancing of recores management of accounts, handling of cash reserves and bullion, and financial management, and criminal elements can take advantage of them. The most pervasive problem is failure to adhere to regulations. Many banks let things slide in regard to management, so that the requisite oversight and examination are absent. As a result, some problems which originally would have been easy to discover cannot be discovered in time, while others which are discovered are not dealt with in time. Others, when implementing the policy of an open door to foreign trade and stimulation of domestic markets, only stress stimulation and ignore discipline or are lax in it, in addition to which in some cases the systems themselves are imperfect, providing opportunities for economic criminal elements.

4. The leadership of some banks is not energetic in attacking economic crime and their measures are ineffective, and they have not been resolute in investigating and dealing with major cases that have already been uncovered and have progressed only slowly. The result has been that cases that in essence could have been examined and dealt with in timely fashion drag on without resolution; situations of this type must rapidly be set right.

Suggestions on Work for the Second Half-Year

1. We must again study the relevant documents of the Central Committee, the State Council and the Central Committee's Committee on Discipline regarding the struggle against serious criminal activity in the economic sphere, as well as the relevant speeches by members of the Central Committee leadership, and further raise consciousness regarding this struggle. The decisions of the Central Committee and the State Council and the speeches of the Central Committee leadership state that leadership cadres at all levels must constantly maintain party members in a state of clearheadedness and use the Marxist viewpoint and the viewpoints of class struggle to analyze and study problems. We must raise our proletarian consciousness and constantly keep an vigilant eye on the struggle between capitalist corruption and socialist resistance to corruption. Our awareness must be unified and raised to this level.

When they restudy the document, the leadership comrades of the banks at all levels must take the lead, conscientiously examine the respects in which we have fallen short of the Central Committee's requests and consider whether we have maintained our unity. They must study how to act effectively in the future. Next, they must effectively organize sutdy for bank cadres and employees, so that they thoroughly understand the important position which the banks occupy in this struggle, are made vigilant against attack by the sugar-coated bullets of the criminal elements, carry out their duties with integrity, observe discipline, obey the law, strengthen oversight, hold the key positions securely and firmly hold the socialist banking front in order to actively contribute their strength to attacking serious criminal activity in the economic sphere.

2. We must strengthen organization and leadership and take effective measures to investigate and deal with large and serious cases. A major effort must be made to achieve results soon. Banks at all levels must, under the unified leadership of the local party committees, take effective steps to strengthen leadership of this struggle. There are three key points. First, the main leadership must become personally involved and must include this struggle on the party committees' agenda, examine the state of the struggle in timely fashion, and solve problems which occur during its course. Second, locations in which specialized administrative organizations have not been set up must immediately establish them. If these organizations have already been set up but no one from the relevant departments is taking part in them, they must be supplemented and strengthened. Numbers are not the most important thing; stress should be laid on quality. Third, large and important cases must be studied and arranged in order of priority and the "four designations and one thorough" system used in the investigation and disposition of the cases. The :four designations and one complete" are: designated leadership, designated personnel, designated times, designated quality in handling the cases, and thorough pursuit of the case until success is achieved. In the second half of this year, the branch banks and local and municipal banks must designate some large and major cases as their focal points and obtain success in them by a specific date.

3. Policy must be followed and emphasis must be laid on due process. In handling cases we must consistently proceed according to party policy and the laws of the state. When investigating and dealing with major cases, particular stress must be laid on operating according to established legal procedures. We must conscientiously pursue investigations, persistently seek the truth from the actual situation, strictly carry out party policy, and see to it that evidence is conclusive, the determination of the offense correct, the procedures completely followed, and the persons confronted with the evidence. The cases must be handled with high quality and the results must be able to withstand the scrutiny of history.

In investigating and dealing with these cases, policy must be correctly carried out, and the two different types of contradictions must be strictly distinguished and correctly handled. Work errors must be distinguished from crime, unhealthy tendencies in economics must be distinguished from economic crimes, and smuggling, graft, bribe-taking, speculation and fraud must be distinguished from problems in implementation of the open-door policy and invigoration of domestic markets arising as a result of certain imperfections in systems and methods, and when determining the nature of the crimes, individual corruption must be distinguished from substituting organizational loyalty for public spirit.

In carrying on the struggle we must refrain from conducting a mass movement or putting everyone to the test, but the mass route must be taken and thorough and detailed ideological education work must be conducted. Legal weapons must be used effectively, party regulations and party laws strictly followed, and political discipline and established legal procedures and laws adhered to.

Attacking serious criminal activity in the economic sphere is a serious struggle of the proletariat against corrosion by capitalist ideology and an important party-wide rectification measure aimed at purifying party organization, correcting party work style, improving the party's fighting capabilities; accordingly, the handling of the cases must be closely coordinated with rectification of basic-level party organizations and leadership groups. In the case of weak and diffuse or unreliable leadership groups, the higher-level banks must send out effective cadres to help readjust and reorganize them. Persons who are not suited for work in critical departments must be resolutely transferred. When handling the cases, a purely economic approach must be overcome and cases which should be handled in legal terms must be so handled.

4. Steps must be taken to plug loopholes. In general, the banks' rules and regulations are effective and well-ordered, but because of inadequate investigation and surveillance there are many loopholes in their work. We must continually sum up the lessons of experience, discover loopholes, take effective steps and resolutely plug them. Effective rules and regulations must be strictly applied, while those which are imperfect must be revised and supplemented where problems have become apparent; unsuitable regulations must be studied and redrafted. In short, no opportunities must be provided to economic criminals.

In order to strike more effectively at serious criminal activity in the economic sphere, we recently drafted a document entitled "Several Prescriptions for Strengthening the Management of Banking and Attacking Economic Crimes Such as Smuggling and Black-Marketeering," which has already been submitted to the State Council for examination and approved. Effective steps must be taken in credit and account management, accounting, management of cash reserves, handling of bullion, management of foreign exchange and the struggle against counterfeiting, and bank management work must be strengthened so that the banks truly become impregnable to economic criminal elements.

5. We must conscientiously strengthen ideological and political work and carry out anti-corruption education among cadres and employees. It is clearly evident from the struggle in the first half-year that ideological and political work in some units has been weak and ineffective, so that capitalist ideology has been able to move into the vacuum. In order to struggle against capitalist corrosion, we must strengthen our ideological and political work and educate cadres and employees in socialist and communist ideology, the ideology of wholehearted service to the people and the ideology of performing one's duties with integrity, following discipline and obeying the law, so that they can resist and defeat corrosion and attacks by capitalist ideology. We must not only use typical negative examples effectively in educating employees, but must be sure to cite progressive units and individuals who have struggled against serious economic crime. Leaders at all levels must give clear support to comrades who dare to struggle against cimre and indiscipline, and any cases of reprisals which come to light must be strictly dealt with.

Chairman Mao said that political work is the lifeline of all economic work, and of course it is the lifeline of our banking work. We must take effective steps to strengthen our ideological and political work. The Central Committee has repeatedly stressed that we must overcome diffuseness and weakness in ideological and political work and strengthen the party's ideological and political work. We request bank party organizations at all levels and the main leadership comrades to conscientiously study the problem of how to deal effectively with problems of ideological and political work. This is a pressing requirement which the real struggle places before us.

6. The basic level banks and offices must be reorganized. The circumstances which have been uncovered in the banking system reveal to us that we have many problems of ideology, organization, management and work style, which present us with the extremely pressing problem of combining the struggle against serious economic crime with basic-level reorganization. The recent comprehensive reorganization of the branch banks in Zhaodong County which was carried out by the Heilongjiang branch bank and the lessons emerging from summarization of the case of racketeer Xu Guiyun by the Liaoning Province branch bank and the Shenyang Municipal branch have led to a comprehensive examination and reorganization of the savings field and the drafting of methods of plugging loopholes. It is impossible to reform the backward state of affairs in units whose basic-level leadership groups have serious trouble, where there is serious economic crime and where management is in chaos unless a reorganization is carried out. Accordingly, reorganization of basic-level bank units is a necessity of our work and is required by the situation. In the second half of this year the branch banks may start by selecting some units with considerable problems to conduct experiments in reorganization, proceeding to broader implementation only after they have gained some experience. Reorganization will improve the banks' work in all areas and make them truly a strong socialist front in the national economy. Naturally, although problems have emerged at the basic levels, many problems involve the higher levels; or, to state it more strongly, the roots of many circumstances are at the higher levels. When we speak of the needs to reorganize the basic level, this does not mean that there are no levels at the higher levels, and during the course of reorgainzation of the basic level, problems at higher levels, particularly involving branch banks and the main bank, must also be solved.

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INDUSTRY

'CHINA DAILY' SERIES ON SHOUDU STEELWORKS

Steelworks Model of Success

HK100216 Beijing CHINA DAILY in English 10 Nov 82 p 2

[Article by CHINA DAILY reporter Chen Guangfeng: "How Shoudu Steelworks Has Become a National Success"--Part I]

[Text] [Introduction] The Shoudu (capital) Iron and Steel Works, Beijing, has won praise as a model of the success of the economic responsibility system. In this, the first of three articles, CHINA DAILY reporter Chen Guanfeng gives the facts behind the success.

Set up in 1919, the company made no steel before liberation despite its name. Its total iron production for the 30 years up to 1949 amounted to only 286,000 tons.

Now, however, it has four coke ovens with an annual production capacity of 1.3 million tons, four iron blast furnaces with an annual production capacity of three million tons, and three steel blast furnaces with an annual production capacity of 1.5 million tons. It also has a rolling mill that turns out one million ton of sheets, strips and rods a year. [End introduction]

During the first 9 months of this year, the Shoudu Iron and Steel Company increased its profits by 22.9 per cent over the same period of last year, to 298 million yuan.

The amount it turned over to the state in the same period rose 18.8 per cent to 235 million yuan, an increase of 37 million yuan.

It aims to quadruple the gross value of its annual output to 3.84 billion yuan by 1995, 5 years ahead of the national target date. It aims to do this without asking the state for any additional investment, increased energy supplies or transport facilities.

Successes for Shoudu are not new. What is new is the size of recent improvements. In 1978, the firm handed the state 180 million yuan, a record up to then. But in only 3 years, the figure rose another 50 per cent, reaching 270 million yuan last year. Its total profit was 316 million yuan.

Yet last year was a difficult one. Because the nationwide energy shortage was interfering with production of consumer goods, and because there was a backlog of iron and steel, the government asked the company to reduce its production of iron by 290,000 tons, and of steel by 70,000 tons.

Since production was reduced, the state expected its revenues also to drop. But the company thought otherwise.

"The state is now in economic difficulties. We should share the responsibility and help the state get through these difficulties by handing in more revenues instead of less," a manager said.

The plant worked overtime to find ways to make its production more efficient. The company's overall production cost amounted to only 379 million yuan for the first 9 months of this year, 7 per cent lower than a year ago.

Its coke consumption for iron smelting is now the lowest in the country--390 kilogrammes per ton--while its energy consumption for one ton of steel now stands at about 960 kilogrammes of standard coal, 53 kilogrammes less than a year ago.

"We owe these achievements first of all to our workers. They are all so conscientious and hard workers, and they are always thinking of ways to reduce the company's energy consumption and production cost," Gao Jianxia, head of the company's reception office, said.

He listed several examples:

In the past, after the steel-smelting process, the blast furnace would be opened immediately. But several minutes would pass before the crane beam moved over for the lifting. Each minute the blast furnace is open means a drop of 200 degrees of the liquid steel, or a loss of six kilogrammes of fuel oil.

A worker proposed that the blast furnace not be opened until the crane beam was on its way. This proposal alone can save the company an average of about 20 tons of fuel oil a month.

The process of transporting steel ingots to rolling machines has also speeded thanks to the efforts of the workers.

One minute saved in this process means a saving of 1.3 kilogrammes of standard coal. This will amount to 1,800 tons of standard coal in a year.

Even waste steel is being turned to good use. The workers in charge of limestone feeding found that they could put more waste steel and less limestone into the blast furnaces during the smelting process. Then they became more careful about the quality of limestone. They watched the conveying lines and picked out any poor-quality limestone they saw though it is dusty unpleasant work.

They now put 124 kilogrammes of waste steel into every ton of steel smelted, as against 114 kilogrammes in the past.

This will bring the company an additional profit of more than 1.1 million yuan a year, and help reduce production cost.

Profit and Cost (Unit: Million Yuan)

Months	Profit			Cost		
	1981	1982	Change Percentage	1981	1982	Change Percentage
Jan	25.91	26.87	Plus 3.7	45.01	43.99	-2.27
Feb	24.53	31.76	Plus 29	53.61	52.00	-3
Mar	24.64	34.90	Plus 41.6	52.92	48.91	-7.58
Apr	21.27	34.18	Plus 60.7	43.98	40.35	-8.25
May	20.79	34.83	Plus 67.5	44.66	40.36	-9.62
June	22.92	35.07	Plus 53	36.93	33.41	-9.53
July	23.52	28.04	Plus 19.2	35.48	32.97	-7.07
Aug	30.11	33.04	Plus 9.7	46.28	41.71	-9.87
Sept	30.17	39.42	Plus 30.7	49.79	46.04	-7.53

Tomorrow: Cutting production costs.

Series Continued on Steelworks

HK110224 Beijing CHINA DAILY in English 11 Nov 82 p 2

[Article by CHINA DAILY reporter Chen Guanfeng: "Shoudu Steels Its Resolve"--Part II of series on the Shoudu Iron and Steel Company]

[Text] In the first 9 months of this year, the Shoudu Iron and Steel Company cut its production costs by 7 per cent, partly by speeding some working processes. This is one reason for its 22.9 per cent gain in profits compared with last year.

But the company is not relying on this alone.

"As a matter of fact, we rely mainly on technical renovation and transformation to increase our production," the company's Chief Engineer Gao Bochong said. "Our company is 63 years old, and most of the machinery and equipment needs upgrading."

"Last year, we invested 65.7 million yuan in technical renovation and transformation projects, and this year we will invest 140 million yuan," he said.

Last year, the company upgraded four boilers in its power plant, saving 128,000 tons of coal a year or more than three million yuan.

Another technical renovation project in its ore dressing plant is helping the company to turn out 180,000 tons more ore powder for iron smelting each year, bringing additional profit of five million yuan.

During the first half of this year, one of the company's rolling machines was upgraded.

"The most successful upgrading project has been our No 2 blast furnace, which now produces 3,000 tons of iron a day, tripling its production," Gao said. The furnace was set up in the 1930s.

"As the furnace became older, its productivity declined while its coke consumption climbed," Gao said. The company decided to spend 80 million yuan to upgrade it, and work began in 1977. Today the furnace meets international standards.

While overall demand for steel products is shrinking, Shoudu defies the pattern.

"We turned out 1.45 million tons of steel last year, and it was sold immediately," an official of the company's PBV Department said. "This year we plan to turn out 1.54 million tons."

He said [the] company enjoyed brisk sales because its products were market-oriented.

In the past, the company had been concerned only about fulfilling the quota set by the state, paying hardly any attention to demands of the market. Its products often went into warehouses, cutting into the company's profit.

But now the company sends out people to determine market demand.

In May last year, it found that it had 192,000 tons of pig iron with no customers. If the pig iron were warehoused, as was the previous practice, the company would lose a profit of 20 million yuan. Instead, it sent out investigators who found that rolled steel and cast iron pipes were badly needed.

The company used its 192,000 tons of pig iron to make these products, and sold them all. But the company does not aim at profit alone. "We do whatever the state asks us to, for our company is a socialist enterpirse and our main task is to serve socialist construction," the official said.

"Last year, our company was asked by the Ministry of Metallurgical Industry to produce 59 tons of car axles for the Nanjing Automobile Manufacturing Plant. We knew that we would lose more than 600 yuan for [word indistinct] ton of axles produced. But since our company is the only one in the country producing such axles, and they would be imported from abroad if we declined the order, we accepted."

Again, when there was a shortage of steel billets one factory offered 40 yuan above list price for each billet it wanted. The company declined the extra money and provided the billets at list price.

"It is our principle to sell our products by fair means, through fair channels, and at fair prices," the official said.

Shoudu Iron and Steel Company's Contributions to the State

(Unit: Million Yuan)

Year	Turn-over	State Investment	State's Net Income
1978	180	150	30
1979	210	70	140
1980	240	50	190
1981	270	10	260
1982	286	[number indistinct]	286

Estimated figures

Tomorrow: The responsibility system.

Steelworks Series Concluded

HK120518 Beijing CHINA DAILY in English 12 Nov 82 p 2

[Article by CHINA DAILY reporter Chen Guanfeng: "How Shoudu Boosts Profits"--Third and concluding article on Shoudu Iron and Steel Company]

[Text] "Though many factors have contributed to the profitability of the Shoudu Iron and Steel Company, the economic responsibility system has played a decisive role," one of the company's leading cadres said.

"We have been continually combating egalitarianism," he said.

The company began to implement the system in the latter half of last year.

"From August to December of last year, our company's average monthly profit soared to a record 35 million yuan, 52 percent higher than the previous average," the cadre said.

"During the first 9 months of this year, the average monthly profit went up further to more than 39 million yuan," he said.

The economic responsibility system means first of all that the company should hold a definite responsibility to the state.

"Each year, our company is expected to turn over to the state a certain amount of profit, no matter what happens. But if we make a greater profit, we are entitled to retain more money for our own use," he said.

In 1979, the company retained 19 million yuan. By 1981, it was able to retain 40 million yuan.

Each of the many plants within the giant company also has a definite responsibility. If any plant fails to fulfil its target set by the company, this plant will receive less or no money for bonuses.

Responsibility sharing goes all the way down to the individual. If an individual fails to fulfil his production quota or does his work poorly, he will receive less or no bonuses.

"This requires that the company make careful calculations and planning, it must set the quota neither too high nor too low," the cadre said. We should also establish very specific standards for each job.

The company has now established 235,684 standards for various kinds of work, and does frequent checks to see how the workers are doing.

It has even established more than 30 standards for kindergarten attendants. And this has proved fruitful. In the past, the company spent 19 yuan for each child in kindergarten and got complaints that the money was not enough. It now spends only 16 yuan per child and is still saving money, which is being used for furnishing for the kindergartens.

The other side of the responsibility system is the bonuses. "We spent 12 million yuan for bonuses last year," an official in charge of Shoudu's Planning Department said.

"But these bonuses are not distributed equally among the workers. They go according to the work each individual has done," he said.

"A worker can receive a bonus as high as 45 yuan in a month; at other times, he may get only about one or two yuan, and there are times when he will get no bonus at all," he said.

There are different categories of bonuses for different employees. "Possible bonuses for management personnel are determined according to their positions, and those for workers according to the work they do," the official said.

In this company, a factory director can get more in bonuses than a workshop leader, and the latter in turn can receive more than a group leader.

"This is because a factory director holds greater responsibility," the official said.

Workers on the other hand, are grouped according to specialty labour-intensity and technical requirements of the work they do the more specialized, labour-intensive or technology-demanding their work, the higher their possible bonuses.

This does not mean that management personnel or workers in the same group will receive the same bonuses. "We have established specific standards for bonuses, and hold strict examinations for our employees," he said.

"This is the socialist principle--to each according to his work," he said.

A Monthly Survey of the Company's
Distribution of Bonuses

Standards	Number of People	Percentage of Total Employees
Above 35 yuan	98	0.14 percent
Above 20 yuan	6608	9.44 percent
Above 10 yuan	34609	50.87 percent
Above 10 yuan	20370	29.10 percent
No bonuses	7315	10.45 percent
X	X	X
The monthly average		11.91 yuan
The highest for a person		45.90 yuan
The lowest for a person		0.60 yuan

CSO: 4006/113

CONSTRUCTION

PRC ATTAINS ACHIEVEMENTS IN CAPITAL CONSTRUCTION

OW241133 Beijing Domestic Service in Mandarin 1200 GMT 19 Oct 82

[Text] Since the beginning of this year, China has attained remarkable achievements in capital construction by shortening the construction period and improving economic results. Many large and medium-sized construction projects and single item projects have been completed and put into operation.

According to statistics compiled from January and September of this year, a total 30.4 billion yuan has been invested in capital construction, an increase of 26.2 percent as compared with that in the same period in 1981. Sixteen large and medium-sized projects and 14 single item projects have been completed and put into operation. Sixteen of the 27 major products listed in the national plan are being produced with additional production capacity.

During the first 9 months of 1982, the tunneling of 170,000 meters has been completed in the coal industry and two coal pits have been completed and put into operation, increasing production by 1.05 million dun.

In the power industry, seven large and medium-sized power generators with a total power generating capacity of 715,000 kw have been installed and put into operation.

In the petroleum industry, the drilling of 5.74 million meters has been completed, increasing crude oil production by 3.44 million dun and natural gas production by 350 million cubic meters.

During the first 9 months of 1982, China has completed more than 60 kilometers of new double track railways. The electrification of the Yangquan-Taiyuan sector of the Shijiazhuang-Taiyuan line has been opened to traffic ahead of schedule. The No 1, 2 and 3 marshaling yards of the Jinan transportation and communications hub have already been put in use. Twelve double track sectors of the Baoji-Tianshui section of the Longhai line have been opened to traffic. Twelve large and medium-sized port construction projects are also being accelerated while the major targets in constructing the Qinhuangdao Port and other ports are overfulfilled.

China's construction materials industry has registered a total investment of 585 million yuan during the first 9 months of this year, an increase of 56.8

percent over that in the same period in 1981. Capital construction targets have also been fulfilled in light and textile industries. The annual targets for the import of six sets of equipment for the textile industry have been fulfilled. All regions and departments have also paid full attention to investments for nonproductive construction projects.

CSO: 4006/113

DOMESTIC TRADE

NINGXIA MARKETS SAID TO FLOURISH

Yinchuan NINGXIA RIBAO in Chinese 21 Aug 82 p 1

[Article by Shang Jiye [0794 6060 2814]: "Commodities Plentiful, Buying and Selling Brisk on Markets in Cities and Towns of Our Autonomous Region, Further Adjustment of National Economy"]

[Text] This year commerce has been brisk in our autonomous region's cities and towns, and there has emerged the best trend in many years. As of July, compared to the same period last year, the purchasing of commodities in the commercial system of the whole autonomous region increased by 30 percent and sales increased by 9.9 percent. Commodities were plentiful on the market, both buying and selling were brisk, and the long-standing tense supply-demand situation was improved.

Following the adjustment of the national economy and the development of industrial and agricultural production, the supply and demand of commodities on the markets of our autonomous region's cities and towns has greatly improved. From January to July, purchases of industrial and agricultural products in our autonomous region's commercial system totaled more than 95 million yuan, an increase of 17.8 percent over the same period last year. Commodities transferred from other areas totaled more than 190 million yuan, an increase of 6.5 percent over the same period last year. The quantities of most of the food and clothing products were adequate, there were more designs and colors, and the number of commodities in critically short supply became less and less. At present, except for mutton, fresh eggs, matches, and sugar, supplies of which tend to be tight, other commodities are relatively sufficient to meet demand. The supplies of soap and knitting wool were for a long time insufficient to meet demand, but now they are not only sufficient to satisfy the needs of the market but are sent outside the autonomous region. Watches, bicycles, and sewing machines were previously always in short supply, but now all brands, except the famous ones, were unable to find a good market. Because the people's selectivity toward merchandise has increased, at present a considerable number of old-style goods and high-priced, inferior-quality goods are selling slowly and overstocked goods have already appeared in the commercial departments. Along with the increase in commodities and keen competition, the attitude in waiting on customers has also greatly improved.

The improvement in the people's living conditions has also caused the consumption structure of commodities to undergo a relatively great transformation.

In recent years, the large-scale marketing of high-quality, durable consumer goods has increased. Last year, television sets and tape recorders began to sell very well on the market. This year washing machines, electric fans, etc., also sold well. During the first half of this year the number of sewing machines sold in the commercial system increased over the same period last year by 38.9 percent, watches increased by 13 percent, television sets increased by 7.8 percent, color television sets doubled, electric fans increased by 77 percent, and washing machines increased at an even greater rate. With regard to clothing, consumers demanded stylish, finely tailored clothing, and middle-high quality goods tended to find a better market. During the first half of this year the quantity of Yinchuan City cotton-synthetic blended fabric and all-synthetic cloth sold increased to 690,000 meters, an increase of 63 percent over the same period last year. Compared to the same period last year, the sale of children's clothing increased by 11 percent. The raising of the popular masses' material living standards accelerated the increased sales of cultural, recreational, and sports goods. In comparison to the same period last year, during the first half of this year the sale of cultural items and sports goods increased by 32 percent. New China Department Store in Yinchuan City, sold 1,127 kiddie cars of the various kinds, an increase of 522 over the same period last year.

This year the selling of the means of production by the commercial system also picked up rapidly. Last year the means of production sold by our autonomous region's commercial system declined by 13 million yuan. This year, because of the improvement in the production situation on the industrial front, the means of production sold by the commercial system increased by 5.8 percent over the same period last year. The means of production in hardware and chemical industry sold increased over last year by 32.9 percent and 29.8 percent respectively. Sales of metal tools, construction metal products, electrical materials and appliances, and other industrial means of production, which were slow-selling in the past, picked up this year.

Facing an excellent situation, the staff and workers in the commercial enterprises are very confident. They are determined to make progress in rectifying their management thinking, overcome the tendency to stress the large and ignore the small and stress the cities and ignore the rural areas, and do a good job of organizing the market during the busy season, in order to achieve new accomplishments to greet the convening of the 21th CPC National Congress.

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CSO: 4006/651

FOREIGN TRADE

TIANJIN CITY PROMOTES OVERSEAS SALES OF FARM IMPLEMENTS

Tianjin TIANJIN RIBAO in Chinese 17 Jul 82 p 1

[Article by Han Derong [7281 1795 2837]: "One Hand Grasping the Supply of Commodities, Another Hand Grasping Foreign Sales: Our City's Farm Implements Penetrate European, American Markets; Total Exports During First Half of This Year Exceed $7 Million"]

[Text] Recently the Commercial Counselor's Office of China's embassy in Uganda submitted to the Tianjin Machinery Import-Export Corporation an order to purchase 600,000 hoes. Uganda's purchase of a [new] lot of farm implements from us followed that corporation's export to Uganda last year of 500,000 of our city's "Rooster" brand hoes. During the first half of this year the total value of farm implements exported by our city amounted to more than $7 million, an increase of more than 10 percent over the same period last year and the highest level in the history of our city's farm implement exporting.

Since the corporation began to organize the exporting of farm implements in 1958 they have become the leading commodities with annual sales of more than $10 million and have accounted for more than 60 percent of the nation's total farm implement exports. With regard to the variety of commodities, at first there were only 4 products--hoes, picks, shovels, and axes--with 7 specifications, but now there are 22 major types and 171 models with 371 specifications. With regard to foreign markets, at first there were only 5 or 6 customers in Hong Kong, Macao, Singapore, and Malaysia, but during the past several years the market has expanded to 107 nations and regions in Southeast Asia, Latin America, and Africa, and market ties have been established with more than 500 customers. Furthermore, the European, American, and Canadian markets have been penetrated.

Since the latter half of last year, with regard to its management of farm implements the corporation has grasped the supply of commodities in one hand and foreign sales in the other. First of all, proceeding from encouraging production and helping the industrial sector in our city pay off 1.3 million of industrial loans, it fostered the setting up in the city proper and in the suburban counties 4 key farm implement production factories. This year the Nanjiao, Dagang, and Ninghe County production factories alone were able to supply 300,000 axheads and 300,000 axes with handles. Next, on two occasions--in February and April of this year--responsible section heads led groups of

people to visit Jiangxi, Jiangsu, Zhejiang, Sichuan, and other places to establish contacts and carry out the transfer and allocation missions called for by the plan, and, with the great support of the industrial sectors in those places, purchased outside the plan more than 400,000 ax handles, shovel handles, etc., for export. In addition, on the basis of contracts concluded with places outside the municipality and letters of credit arranged with foreign countries, it arranged supply of commodities in advance. With regard to big orders, and commodities preduced by such arrangements with foreign firms as processing according to supplied designs or samples, and production according to brands specified, specially assigned personnel were selected, certificates of value were made ready, and sailing dates were met.

With regard to its foreign sales work, they entered into intense market competition and stepped up market investigation and research, and, in addition to sending out trade groups to promote sales and to make an on-the-spot investigation, took the initiative of seeking the support of China's representatives stationed abroad and sought all ways to open up markets. Between November of last year and June of this year, with the help of the commercial counselor's offices in China's embassies abroad it successively made farm implement deals with Singapore, Mozambique and Uganda worth more than $7 million. Goods which were sold in small lots, the demand for which fluctuated, and which were not sold equally well at home and abroad were treated in an equally earnest manner. On the basis of foreign orders, it adhered to linking production with sales adopting the working method of obtaining letters of credit then concentrating forces on organizing and arranging production, and steadily expanded marketing. Last year deals for the purchase of such goods amounted to $350,000; and in the first half of this year, $400,000. Furthermore, it increased the use of telegrams and letters in its daily operations and often invited some friendly foreign customers to visit our city, which increased the customers' confidence in our city's management of farm implements and resulted in a considerable number of deals.

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CSO: 4006/651

FOREIGN TRADE

ECONOMIC EFFECTIVENESS OF IMPORTED TECHNOLOGY ANALYZED

Dalian CAIJING WENTI YANJIU [THE STUDY OF FINANCE AND ECONOMIC PROBLEMS] in Chinese No 3, Jul 82 pp 23-28, 52

[Article by Lai Wanxian [0171 1354 0103], Wang Chiwei [3769 2170 0143] and Liu Mingdong [0491 2494 2539]: "Import of Foreign Technology and Economic Effectiveness"]

[Text] The import of advanced foreign technology is one short cut which every country in the world uses for economic modernization and is a universal, regular phenomenon. Historical experience demonstrates that the economic rise of many countries depended not only on the inventiveness and creativity with which their own citizens attacked difficult problems, but also on import of advanced technology which was suited to these countries' circumstances. Import of technology makes it possible to catch up with and surpass advanced world standards in a relatively short time and at a relatively low cost. But not all countries constantly have smooth sailing in the import of technology: they follow some tortuous routes, and accordingly it is very important to explore certain questions of technology import and ways of evaluating its economic effectiveness. It is particularly helpful to summarize the lessons our country has learned from more than 30 years of importing technology. This paper advances some views on these subjects.

I. A Historical Overview of Technology Import

In order to summarize the lessons of experience and learn from then, we must first briefly survey the history of technology import by various countries.

Japan is famous for its flexibility and ability to adopt suitable technology, but the restored Meiji regime learned a lesson from failures resulting from blind import of technology. After World War II, Japan's industrial production technollgies were 20 to 30 years behind the United States and the advanced European countries and it was in urgent need of all-round equipment replacement. But Japan did not import large quantities of U.S. automated equipment in the initial stage of its economic recovery, but gradually expanded the scale of its imports in accordance with its needs and capabilities and its own national situation, making changes in the focus

and form of technology import so that by the end of the 1960's it finally began to import technology in large quantities as a result of the expansion of its production, the growth of its cities and rapid improvement of its ability to pay foreign exchange. The focus of its imports changed, from basic industrial technology in the 1950's to key technollgies in iron and steel, mechanical and chemical engineering, and electronics and the like; the form of its imports shifted from low-level forms such as import of complete sets of equipment to high-level forms such as purchase of licenses or technical investment, the creation of jointly-managed companies and the like. Even more important, it studied, assimilated and absorbed new imported technologies, and by imitating other countries' strong points and discarding their weak points it established a more progressive scientific and technical system.

Iran, famed for its rich oil reserves, is an example of another type. Shah Pahlavi hoped to use large numbers of U.S. dollars to buy large-scale industrial technology from the advanced countries in order to make Iran join the ranks of modern industrial countries. He spent nearly U.S. $100 billion in petrodollars but did not make his country flourish. After he was overthrown, all U.S. technical personnel returned home in 1979, and Iran's modern enterprises almost all ground to a halt. Thus it is evident that the attempt to use dollars to buy modernization was ridiculous.

We have a large population and plentiful manpower, but we lack funds; these characteristics of our situation must be taken into account in importing technology.

It is of great importance to survey our country's technology import in the past 30 years and in particular to evaluate the economic effect resulting from technology import after the smashing of the "gang of four," to summarize our experience and to absorb the lessons it teaches.

In general, the results of our technology import in the 1950's were good; it laid the first foundations for our industrialization and filled many technical and production gaps. We were able to grasp, assimilate, develop and build on the imported technology fairly well, and we trained large numbers of technical personnel. We were relatively cautious in importing technology in the 1960's, and there were many positive lessons: most of the imported technology was used for technical modernization of existing enterprises and little was used for constructing new ones; most of it was small-scale rather than large-scale technology; the focus was on the import of key advanced technologies in chemical engineering and textiles, with little duplication in imports, providing some of the technical conditions for producing food, clothing and other necessities. Technology import in the 1970's had its deficiencies and its achievements. Between 1973 and 1977 great emphasis was placed on import of technology for chemical engineering, light industry and textiles, which accounted for 51 percent of all foreign exchanged used. A high tide of technology import was reached in 1978, when the agreements made totaled U.S. $6.36 billion; if canceled items are not deducted, this is greater than the total contract foreign exchange value of U.S. $6.5 billion for the period

1950-1977, furthermore, 50 percent of the $6.36 billion worth of import agreements in 1978 were signed in the 10-day period between 20 December and the end of the year. Generally, as soon as an investigating group left the country it decided to import certain items, making plans for their use only after they were imported; feasibility analyses were seldom made, and analyses were carried out "after the rice was cooked," so that the Construction Bank had difficulty achieving the proper results. Of course, there were instances of rather good economic results, such as the eyelgass lens production line which the Beijing General Glass Plant imported from Japan; in this case, a short period of time elapsed between signing the agreement and trial production, the acceptance rate in trial production was 90 percent, the line was already at rated capacity when it first went into production, it produced good economic results, the number of varieties was increased, and production costs were 50 percent of what they had been previously. Eyeglass lenses were a product in short supply, and importing this production line was in accord with our country's conditions; if it had been fully supported, it would have met the people's needs more effectively and could have saved foreign exchange. The Beijing Television Plant's import from Japan of a color television production line and the Dongfeng Television Plant's production of Kunlun television sets gave excellent results, not only meeting domestic needs but resulting in export to Southeast Asia as well. The flow line which the Beijing Municipal No 2 Glass Plant imported from Sweden gave excellent results and was No 1 nationwide in output, quality and energy conservation, as well as paying 3 million yuan in profits taxes every year.

If we analyze the use of 12 foreign exchange loans by the Beijing Municipal Textile office to import items, we find that these imports were very successful in developing Beijing's textile production, expanding export, increasing the range of varieties, designs and colors, stocking the capital's markets more plentifully, satisfying the people's needs and accelerating technical modernization. Recently the Beijing Woolens Mill used imported equipment to produce worsted gabardine for West German businessmen; 99.8 percent of the product was of grade 1, which constituted an advanced performance level.

It is apparent from the foregoing that our technology imports have achieved great success and have been of some help in reaching and surpassing advanced world standards, and that technology imports should not all be negated because of some shortcomings; rather, we should learn the lessons which they teach and improve the effectiveness of our imports.

II. Correct Handling of Certain Relationships in Technology Import

A. Level of Sophistication of Technology and Economic Rationality

How to deal with the sophistication of the technology and the its economic rationality are the first questions that must be considered in technology import.

Before importing a new technology, we generally not only want to understand its nature, structure and technical characteristics, but also to consider the production cost of the product, the size of profits and energy consumption, and the length of the investment recovery period, as well as to compare it with domestically-produced equipment of the same type. Only if the technology is advanced and practicable and economically benefits will result should its import be considered. When the Beijing No 2 Cotton Mill imported 30,000 spindles for cotton worsted yarn, it not only considered how advanced the technology was, but also whether it could be thoroughly utilized when imported. It concluded that the research units should buy the most advanced equipment, while the production units should reconsider what productive capabilities would result from import.

Economic rationality is most directly reflected in output per unit time, amounts of raw and other materials and energy consumed per unit output, and cost, profit and labor inputs per unit output. Preliminary surveys indicate that imported technologies have generally have no faults as regards increasing the number of styles, designs and colors, meeting the people's needs and increasing exports. Some enterprises have had improved product quality, increased output and decreased foreign exchange expenditures after importing equipment, while some units not only experienced increased unit production costs, but had poorer performance in other respects than with older equipment of the same type. Below the product quality, production capabilities, and unit production cost of a certain unit are surveyed:

Table 1. Comparison of percentage of product in first class (January-April 1981)

Type	New Equipment	Old Equipment
Overall output	92.55%	97.05%
All-wool	94.85%	98.57%
Wool mixtures	88.51%	96.31%
All-synthetic	93.44%	95.5%

Table 2. Comparison of equipment capacities (January-April 1981)

	New Equipment	Old Equipment
Output per machine-hour	3.33 m	3.12 m
Efficiency	84.95%	82.76%
Speed	140.8 rpm	135.2 rpm

Table 3. Comparison of unit production cost for same product (January-April 1981)

Product	New equipment	Old equipment	Increase	
All-wool gabardine	13.75 yuan	12.98 yuan	+0.77 yuan	+5.93%
All-wool fancy suiting	12.04	10.54	+1.50	+14.23%
Nushi [1166 1102] wool	10.42	8.86	+1.56	+17.61%
Wool-polyester	7.87	6.99	+0.88	+12.59%
Average				+11.96%

It is apparent from Table 3 that with the new equipment the production costs per unit output of the enterprise in question were an average of 12 percent higher than with the old equipment. We find that there are several reasons for the increase in production costs with the new equipment:

1. High materials consumption. The new equipment generally consumes 1.5-2 percent more materials than the older equipment. The automatic lustong [5507 4592] machine consumes an excess of more than 3 meters at the start of operation.

2. Greater electricity consumption. The new equipment is automated, with large motors, and has high energy consumption. Wiht spindles of the same kind, the new equipment consumes 52.58 percent more electricity.

3. High depreciation cost. The new equipment has a monthly depreciation cost 8 times that of older equipment with the same type of spindles.

4. More operating personnel. Some features of the new equipment do decrease heavy labor, but the number of operating personnel is increased rather than decreased.

These data shown that the new equipment produces a poorer economic effect than the older, domestically-produced equipment; the reason for its import was that domestically produced equipment had too long a delivery period and could not meet production needs, a matter which is relevant in the readjustment of the mechanical industry. But we can conclude from the economic indicators achieved by the enterprise after it imported the equipment that it did not take account of economic rationality. Without economic rationality, how is it possible to get the benefits of technical sophistication?

To obtain both technical sophistication and economic rationality, feasibility studies must be conducted before equipment is imported, and the approach of ordering first and designing the process afterward must be resisted; it is essential to correct our thinking about technology import and to be clear about its objectives, otherwise we will spend large amounts of foreign exchange for a pile of scrap iron that can produce no benefits and will simply become a burden.

Economic information is very important in connection with determining the economic rationality of technology imports, but the unavailability of such information allows some units to be taken in. For example, in 1979 a certain No 2 light bulb plant signed an agreement in Beijing with the Light Industry Import Company, the First Ministry of Light INdustry Office, the No 3 Light Bulb Plant and Lin Chunyuan Co., Ltd. of Hong Kong. This was the first equipment imported into Beijing under compensatory trade, and no feasibility analysis or commercial talks were conducted in advance; instead direct talks were held with the Hong Kong businessman, who acted as intermediary, and equipment for six production lines producing 3,000 fancy light bulbs a year was provided, with a 10-year contract limit. During that period the plant was to make compensation with 60 percent of its monthly output, while 40 percent was to go to foreign trade. Because the initial product compensation price was too low and because production involved new workers, a new product and a new technology, production costs were high and the enterprise lost money. The balance at the end of 1980 indicated that in 1 year's production it had lost 1.58 million yuan, and not only was it unable to pay back the loans from the Construction Bank and the Bank of China, but it had gone deeply into debt after importing the equipment. It is only reasonable for compensatory trade to be based on mutual benefit: but the compensation price of this product was too low and the contract term was 10 years, and once signed it could not be arbitrarily canceled. If the plant had been able to determine the world-wide state of affairs through economic intelligence beforehand, it could have concluded an agreement directly with the United States. We now know that on U.S. markets the retail price of a light bulb if $0.80 (the initially negotiated compensation price with Hong Kong was $0.07 , then $0.084, while now it has risen to just $0.01008) the demand is great, and we have found out that the U.S. consumes a billion fancy light bulbs a year. Why was no careful survey made in advance?

B. The Relationship Between Technology Import and Developing Our Own Country's Industries

The objective of technology import is to develop our country's industries and to promote and accelerate the four modernizations; if imported technology is in contradiction with the development of this country's national economy or even harms it, it does not do what it is imported to do. For example, the equipment imported by Beijing Plant No 603 produced a good economic effect, but the eyeglass lens blanks which it produced were not purchased by the foreign trade departments; instead, foreign exchange was used to import 4 million tons of blanks from abroad. Plant No 608 did not use Plant No 603's eyeglass blanks, but imported blanks from abroad, so that Plant No 603's only recourse was to buy foreign exchange in order to pay back its loan; this exclusive consideration of one's own unit must be rapidly rectified. On 15 July 1981, XINHUA News Agency published a criticism, requesting that the Construction Bank support domestic enterprises.

In addition, when dealing with the relationship between technology import and development of national industries, particular care should be given to protecting this country's new technologies and new products; we should act in accordance with the long-term interests of development of the national economy, take account of product development prospects and sales avenues, and consistently support products of the same kind produced in this country. For example, Beijing City imported three sets of Coca-Cola equipment from the United States which were provided gratis (subsequent imports were to be based on the normal export price). But they had to import the materials for producing Coca-Cola. Because they did not know the formula and did not import the materials, the equipment became scrap metal. In the long run, if Coca-Cola was selling well it would compete with domestically-produced beverages, and at present domestic cold beverages are coming on the market in numbers, for example, mineral water, Yuquan spring water, kvass and the like, and the question of whether Coca-Cola would have a negative impact on the sales of domestically produced products if its sales were excessively developed is one that would require consideration. It has been learned that other areas also desired this equipment, but when account was taken of materials import, of which each unit required 30 to 40 tons annually, the total cost would be U.S. $2.16 million (preferential price). Thus the better the sales of Coca-Cola, the more equipment for producing it would be imported, and the more foreign exchange would have to be expended to buy the materials for its production. How should we evaluate this type of import? If we did not import this equipment, would we be unable to satisfy the people's demand for cold beverages?

C. Technology Import and the Direction of Readjustment of the Machinery Industry

Readjusting the machinery industry is not equivalent to not developing it. The production capabilities of this country's machinery industry are rather great, with a total number of machine tools that ranks third in the world, a third of these are advanced 1960's and 1970's products, so that we can make full use of the advantages they provide to develop the light and textile machinery industries. But our mechanical industry's utilization rate is extremely low: in 1978 the utilization rate for the machinery industry's advanced equipment was 55.6 percent, while that for the most obsolete machinery was 30 to 40 percent; this is a problem which must be addressed in reajusting the machinery industry. We know that all wool carding machines at the Beijing No 4 Woolen Yarn Plant could be produced in Shanghai; why, then, do we not expand production of domestically-produced carding machines rather than importing equipment to meet production needs? The 196-head carding machines imported from Poland by the Beijing No 4 Woolen Yarn Plant cost about 600,000 yuan each, while domestically-produced 100-head carding machines cost 55,000 yuan apiece; with the same production capacities, the amount of money spent on importing one foreign machine could be used to buy seven domestically-produced machines of the same kind.

The same problem applies in a comparison of the imported and domestically produced equipment used by the Qinghe Woolen Textiles Plant (see table).

Equipment	Domestically produced price, yuan	Import price, yuan	Ratio of domestic to import price
Loom	6,908.51	81,518.99	1 : 11.8
Fly frame	38,407.73	302,012.32	1 : 5.29
Doubling frame	20,767.29	106,151.35	1 : 5.11
Twisting frame	5,498.91	380,855.36	1 : 69.27
Luotong [5507 4592] machine	17,407.48	424,747.26	1 : 24.4

What reason is there to import when domestically-produced machinery is so inexpensive? The main reason is that because the machinery industry currently needs readjustment, and it cannot satisfy the needs of the domestic light industry and textile industry in timely fashion. Why, for example, does the Beijing No 4 Woolen Yarn Mill import Polish carding machines rather than using the domestically produced machines? Because the delivery time is guaranteed in the former case, while domestically-produced carding machines are available only after 3 to 5 years' delay. Thus the importance of correctly handling the relationship between technology import and readjustment of the industry is apparent.

D. Technology Import and Domestic Availability of Complementary Facilities

The feasibility studies which precede technology import must take account not only of technological sophistication, suitability and economic rationality, but also of the question of availability of complementary facilities in this country and the performance of various types of preparatory work. For example, in 1975 Beijing City imported production lines for glass bottles, wine and fluorescent lights from Sweden, West Germany and England respectively. But after they were imported, the first two of these lines were not unpacked for 5 years for various reasons; in the case of the third line, more than 4 years was spent simply in selecting a plant site, and preliminary statistics indicate that the 5-year delay in putting it into production resulted in a loss of 20 million yuan in profits taxes.

The Beijing Cardboard Box Plant imported equipment including a production line which would allow it to produce cardboard boxes, but because the plant premises were too small and there was no room for the equipment, the only recourse was to "cut the foot to fit the shoe" by removing a drying section from the line and letting the boxes dry naturally after they were produced. This is indicative of a lack of preparatory work before the equipment was imported and a failure to take thorough account of the problem of availability of complementary facilities in this country.

E. Correct Handling of the Problems of Import of Hardward and "Software"

Our country has achieved certain results in its 30 years of importing technology, but both on the national scale and in the case of Beijing, most of the imports have been equipment (single machines or sets of equipment),

while import of technology proper ("software") has accounted for a very small part of the total. Nationally, our equipment imports have consistently accounted for about 90 percent of total technology imports, while license import has been negligible (see table below).

	Total foreign exchange expenditure (US $)	Complete sets of equipment	Percentage of foreign exchange expenditure
1950-1979	1.439 billion	1.344 billion	93%
1950-1959	2.7 billion	2.4 billion	89%
1963-1966	0.3 billion	0.28 billion	93%
1973-1977	3.5 billion	3.15 billion	90%
1978-1979	7.89 billion	7.61 billion	96%

There are objective reasons for this circumstance. The country's industrial base is in poor condition and still is in the initial stage of technology import. As our technological level continues to rise and the industrial base becomes more vigorous, we will turn to the import of technology proper. Loans made by a certain branch of the Beijing Municipal Construction Bank, were mostly for equipment up to 1980, while starting in 1980 there was some change.

F. Avoiding Duplication in Technology Import

Duplication is the clearest expression of poor effectiveness of technology import. The essence of the socialist ownership system is the planned economy, but under the influence of the "import fever," instances of duplicate import are widespread. Beijing City imported a total of 15 electronic color scanners but their utilization rate was very low; if they were used jointly with the printing industry their utilization rate could have been increased greatly. It has been determined that if a cooperative arrangement could have been made for planned, joint use, three color scanners would have been sufficient for the entire city. Currently the reasons for duplicate import include systematic problems, multiple import channels and the like. Multiple import channels (i.e. numerous sources of foreign exchange funds for import) are the main cuase of duplicate import.

Above we have discussed several problems which require attention in technology import. In addition, we must conduct careful consideration and forecasting of energy problems, environmental pollution and the like. Energy problems are of particular importance, and if they are improperly handled we will miss opportunities and be unable to reap benefits. When the Beijing Bed Sheet Plant was planning to import resin treatment equipment, it counted on our country's having adequate oil supplies, but after the oil-burning equipment was installed the country experienced a petroleum shortage, which made it difficult to put the equipment into production.

To summarize, we believe that the key to technology import is correcting our thinking. When we learn from modern technology, must we learn from the latest foreign technology? We should learn from new technology, but

we must make a concrete analysis and proceed in a gradual, systematic fashion on the basis of our country's ability to absorb and assimilate. Many people now urge that developing countries adopt appropriate technology, not necessarily the most advanced technology. Many of Shanghai's technologies are appropriate for our interior. Plants in the interior do not necessarily need to buy the most advanced technologies from abroad; mastering Shanghai's technology is more realistic and more accessible than trying to study foreign methods. We are a socialist country, and in technology import we must not consider only microeconomic effects; we should especially consider macroeconomic effects in terms of the entire society. Only in this way will we be able to make technology import serve the four modernizations.

III. Some Indices for Evaluating the Effectiveness of Technology Import

Success or failure in handling the relationships described above generally reflects the degree of economic effectiveness, but this criterion should be supplemented by a number of indices for quantitative analysis in order to evaluate the degree of economic effectiveness.

In economic construction, the use of international credit relationships in the form of concurrent borrowing and repayment plus payment of interest for the import of advanced technology and equipment ultimately involves the question of repayment of debt and interest; in international practice, an importer country's ability to repay debts is generally considered in terms of the ratio of its total foreign debt for the year to its export earnings, i.e. the "debt repayment index." A debt repayment index over 10 percent generally attracts attention, while one above 20 to 30 percent indicates a danger of nonrepayment. This is because more than 20 percent of the country's foreign exchange income from exports will have to be used to repay debts and interest to other countries, and if there is a world economic crisis or a sudden change in world markets and exports fall, resulting in a decrease in foreign exchange earnings, the country in question will be incapable of paying its foreign debts. For example, at the end of 1976, Zaire had accumulated a net total of US $2.1 billion in foreign debts, but its debt repayment index was less than 20 percent. However, because its copper exports dropped by 45 percent, it was unable to make payments due on its loans, resulting in damage to its international standing.

Accordingly, in terms of the macroeconomic balance, import of technology and equipment should be based on a country's repayment capabilities. On the other hand, import of technology and equipment is inescapably related to the country's finance and banking, because while importing it must continue to carry on capital construction at home, to build plants and auxiliary installations; the funds for these projects are allocations by financial departments and bank loans, so that when using foreign capital in import of technology, consideration must be given to the balance between internal and external capital. Calculations based on imports in 1977-1979 indicate that on average, each dollar's worth of imported equipment requires 4 yuan in domestic investment, and accordingly when

considering the economic effectiveness of investments (or loans) for import of technology and equipment account must be taken of both foreign and domestic funds (total investment and total loans). When investigating indices of economic effectiveness, we certainly can use the 10 indices of the effectiveness of investment in capital construction, but in general they are rather complicated and lack any ordering of priorities, while the indices of effectiveness of general revamping, modernization and reequipment are not very comprehensive. Accordingly, lased on the characteristics of imported technology and equipment, the following indicator may be used selectively:

$$\text{(1) imported equipment utilization rate} = \frac{\text{value of imported equipment handed over for use}}{\text{total value of imported equipment}} \times 100\%$$

This indicator s[illegible] the amount of equipment which is installed and put into production or put [illegible] to production use without installation in the given reporting period. [illegible]e greater the ratio of the value of imported equipment put into use to the total value of imported equipment, the greater the machinery startup rate, the faster the pace of construction, and the greater the effectiveness of social investment.

$$\text{(2) investment recovery period (or loan repayment period)} = \frac{\text{total investment in imported equipment (or total loan)*}}{\text{annual profits}} \times 100\%$$

This indicator indicates the length of time that must elapse after the investment has begun to be used in the enterprise's production and circulation for the investment to be fully recovered, or, in case of a loan, for the loan to be paid off in full. It indicates that the smaller the amount of funds invested and the greater the annual profit, the shorter the recovery period (or repayment period), and thus the greater the effectiveness. Conversely, the greater the amount of funds invested and the smaller the annual profit, the longer the recovery period (or loan repayment period) and the poorer the effectiveness. It should be made clear that in order to compute the investment recovery period or loan repayment period more precisely, the construction cycle before production begins should be included. For example, if an enterprise has a total investment (or loan) of 10 million yuan in imported technology, and the annual profit after the technology is put into production use is 2.5 million yuan, the recovery period (or repayment period) is 4 years; with construction period is 1.5 years, the true investment recovery period or loan repayment period is 5.5 years.

$$\text{(3) rate of profit on investment} = \frac{\text{increase in annual profits after production use begins}}{\text{total investment in imported technology and equipment}} \times 100\%$$

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* The total value of the loan includes compound interest.

This gives the relationship between the size of the investment (or loan) and the net receipts obtained from it. The rate of profit on investment is an overall indicator which relates the construction process to economic effectiveness after production use begins; a high rate of profit on investment indicates that the import project has been successful and economic results are good, which can correspondingly shorten the investment recovery period (or loan repayment period). In addition it is necessary to state whether the idea of annual profit includes the amount to be paid in taxes. We believe that this should be determined with reference to the source of the investment funds: the annual profit from production use of import items which are investments allocated by the state budget should include the amount to be paid in taxes, while if the funds come from a bank loan, the annual profit after production use begins should be based on after-taxes income. For an enterprise, the annual profit after production use begins should be divided into two parts, namely profit from export of the products, used to pay interest or foreign loans, and profit obtained from sales on domestic markets, used to make payments on domestic investments or loans; either of these two amounts may be compensated from the other.

$$\text{(4) rate of foreign exchange creation by export} = \frac{\text{annual creation of foreign exchange by product export after production use begins}}{\text{total investment in imported technology and equipment}} \times 100\%$$

The sour-es of foreign exchange funds required for import of technology and equipment generally are our own foreign exchange, borrowed foreign exchange, and foreign investment. If we use our country's own foreign exchange we must rely on exported products to obtain foreign exchange, while if we use borrowed foreign exchange, regardless of whether it is borrowed and repaid by the state or borrowed by and repaid by the enterprise and the cognizant department, ultimately the repayment of principal and interest comes from commodity foreign exchange income, and accordingly it is apparent that the scale of technology import must be limited by the scale of export. Only by expanding export is it possible to expand import. Consideration of the rate of foreign exchange creation by export makes it much more apparent whether or not the foreign exchange which enterprises need to import technology and equipment can be balanced with export-created foreign exchange within the contract period and whether the repayment capability exists. This is one of the major criteria for weighing the economic results of technology import items, but not all products resulting from putting imported technologies into production use can create foreign exchange through export. The products produced with some imported technology are used to satisfy the requirements of domestic markets; accordingly they correspondingly decrease the amounts of similar products imported from abroad, thus saving foreign exchange. This savings of foreign exchange may also be taken into account in considering the capability for repayment of foreign capital.

In short, if the indicators given above are used to examine the effect of technology import, they will only get at the main aspects; these are not isolated, but interrelated, and only by organically connecting them is it possible to obtain an integrated, comprehensive reflection of the economic effectiveness of investments in the import of technology and equipment.

8480
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FOREIGN TRADE

PROSPECTS FOR CHINA'S FOREIGN TRADE TERMED BRIGHT

Beijing GUOJI MAOYI [INTERNATIONAL TRADE] in Chinese No 8, Aug 82 pp 10-13

[Article by Zou Siyi [6760 2448 7328]: "The Past and Future of China's Foreign Trade"]

[Excerpt] II. Prospects for China's Foreign Trade Development

Economic exchanges and the mutual introduction of technology among countries in the world are indispensable avenues to their economic and technological development. To speed up the realization of the four modernizations, whether in the period of readjustment of the national economy or in the long-term future, our country will actively develop foreign trade, economic cooperation, and technical exchanges with foreign countries and will adopt various ideal forms commonly used in the world to absorb foreign capital. This is our government's unswerving open policy toward foreign countries. At present our country already has developed economic and trade relations with 174 countries and regions in the world; this is a favorable condition for our modernization and construction. In the future we will continue to develop economic and trade relations with foreign countries according to the principle of equality and mutual benefit and will actively expand import and export trade.

The key to expanding foreign trade is increasing exports. On the basis of developing production, we will in the future actively expand exports and, in accordance with the actual needs and possibilities in our economic construction, we will continue to introduce and export advance technology and equipment that suit our actual needs, and will continue to import various materials needed by our industrial and agricultural production and our people in their everyday life. The total value of our foreign trade will steadily increase, and we will strive to make our export growth rate constantly higher than the growth rate of our national economy. We will also strive to achieve a growth rate higher than the world average growth rate in total export value. In a short period of time we will strive to increase the proportion of our export value in the world's total from the present 1 percent to 2 percent.

Following the continuous growth of our national economy, there will be a definite change in the structure of import and export commodities, and there will be ups and downs in the import and export volume of specific commodities. In

exports, following production growth and the transformation and upgrading of industrial products in quality and variety of colors and designs, the proportion of manufactured products will gradually increase. The export volume of agricultural sideline products, native and special products will also continue to increase, but their proportion to the total value of exports may decline. In order to expand exports we must first develop those commodities needed in the world market and pay attention to taking advantage of favorable conditions in our country by actively exploiting our resources and developing petroleum, coal, tin, molybdenum, titanium, manganese, magnesium as well as traditionally exported raw-material types of commodities. In developing manufactured goods for export, we must chiefly develop exports of consumer goods that are labor intensive, which in reality means exports of textile goods, light industrial goods, and handicrafts. At the same time, following the rise in the technical standards of our industry, we must gradually expand exports of machinery products.

The area of imports must suit the present readjustment policy of our national economy. Due to the reduction of investments in basic construction, imports of equipment and materials used in basic construction to a certain degree will be restricted. However, imports of technology and equipment needed for transforming existing industry, exploiting energy resources, and developing communications and transportation will increase, and imports of light industrial raw materials and consumer materials for the domestic market also will increase. Imports of grain, chemical fertilizers, and other chemicals (high in efficiency and low in toxicity) used in agricultural production will not decrease. In the future we will vigorously develop imports of raw materials and exports of processed manufactured goods, so that raw mateirials and equipment that need to be imported and used for expanding exports will continue to increase.

In any case, the prospects for China's foreign trade development are good. We expect that after the national economy is readjusted, the development of foreign trade will further accelerate. In the course of China's foreign trade development, we have particularly stressed partnership with European countries. Europe is an industrially developed region in the world, and it has enormous industrial capacity and advanced technology. Strengthening our economic and trade relations with European countries will not only help us to realize socialist modernization but will also accord with the basic interests of the people in our country and Europe and even the world. In the years during and following the period of readjustment of our national economy, we will continue to treat Europe as a key region for imports of advanced technology and equipment. In addition to imports of the advanced technology and equipment needed to develop our light textile industry, communications and transportation industry, and energy resources industry and to expand our exports, chemical fertilizers, agricultural chemicals, industrial chemicals, chemical fibers and dyes are key items of import from Europe. We advocate overall balance between import and export trade, and we must strive to expand exports to European countries. We firmly believe that as our industrial and agricultural production grows, China's exports of agricultural sideline products, animal byproducts, handicrafts, and minerals will further increase. Positive measures will be adopted for light industrial, textile, machinery, and chemical products. We will strive to increase their quality and make them even more suitable to the needs of the European market.

III. Reform of the Foreign Trade System

In the course of readjusting our national economy, our existing system of economic management will undergo a gradual reform. Reform of the system serves the national economy and is intended to give play to the positive and creative roles of all departments, local areas, and enterprises. It is designed to increase work efficiency and management standards, overcome bureaucraticism, and cut down on loss and waste.

Reform of the foreign trade system is a component part of reform of the entire economic management system. For more than 3 years, since our party proposed an open policy toward foreign countries, we have made some reforms and established experimental points in the system of economic and trade relations with foreign countries as well as in our policies, and we have achieved initial results.

At present, the reorganizational tasks of various ministries and commissions under our State Council have basically been completed, and their administrative structure has been greatly simplified. In accordance with the resolution of the 22nd Session of the NPC Standing Committee, the former State Import-Export Management Commission, the Ministry of Foreign Trade, the Ministry of Economic Relations With Foreign Countries, and the Foreign Investment Control Commission have been combined to form the Ministry of Economic and Trade Relations With Foreign Countries. The primary tasks of this ministry are to carry out the guiding principles and policies of the Party Central Committee and the State Council on the development of economic and trade relations with foreign countries, to extensively develop diverse forms of economic activities in the world, to vigorously develop foreign trade, to do a good job in economic and technical assistance to and cooperation with Third World countries, to utilize foreign capital in a positive manner, to introduce suitable advanced technology while organizing technology for export, and to develop cooperation between foreign contract projects and labor services. Under the unified leadership of the Ministry of Economic and Trade Relations With Foreign Countries, import and export trade is for the most part to be managed by the 10 import-export corporation head offices subordinate to that ministry and by their branch offices in provinces, municipalities, and autonomous regions. They include the head offices of the Cereals, Oils, and Foodstuffs Import-Export Corporation, the Native Produce and Animal Byproducts Import-Export Corporation, the Textile Import-Export Corporation, the Light Industrial Products Import-Export Corporation, the Arts and Crafts Import-Export Corporation, the Chemicals Import-Export Corporation, the Metals and Minerals Import-Export Corporation, the Machinery Import-Export Corporation, the Technical Import-Export Corporation, and the Instruments Import-Export Corporation. In addition, several Class 1 central government departments have established import-export corporation head offices to manage the import and export business of their respective departments. To give full play to the positive role of export management in different areas and to implement the principle of unified relations with foreign countries, Class 1 central government corporation head offices and Class 1 local corporation branch offices carry out different management methods for export commodities. Some staple, chief commodities are still transacted with foreign countries through unified management or organized unified management by the Foreign Trade

Specialized Import-Export Corporation Head Office (including head offices of industrial departments) and are delivered and fulfilled by local branch offices. Other commodities are transacted by branch offices in provinces, municipalities, and autonomous regions that manage exports, but their marketing, customers, and pricing are organized and coordinated by the head offices. To unify foreign trade, a system of export permits has also been implemented. At present, export permits have been applied to 81 different commodities in our state.

As for imports, all import commodities needed by central government departments are still imported through the Foreign Trade Specialized Import-Export Corporation Head Office or the import-export corporation head offices of industrial departments. Locally needed import commodities can be managed locally, with the exception of some chief commodities in which transactions with foreign countries must be conducted centrally by the head office of the Foreign Trade Specialized Import-Export Corporation. In the future, the reform of our country's foreign trade system must be continued step by step. It must adhere to the state's overall planning and unified relations with foreign countries, while it can mobilize the active role of local areas, departments, and enterprises.

We believe that, following the implementation of the readjustment policy of our national economy, and following the continuous development of our industrial and agricultural production and the further reform of our foreign trade system, a new situation of major growth in our country's foreign trade will appear in the near future. The prospects for China's foreign trade are bright.

(Editor's Note: This article was the author's report to the "International Lectures on Strengthening Economic Relations With China," sponsored by the Danube European Research Institute in Austria. At the time of publication in this journal, slight additions and deletions have been made.)

9586
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BRIEFS

BEIJING NEW ENTERPRISES--Beijing, 13 Oct (XINHUA)--During the past 3 years and up to the first half of this year, some 5,440 collectively-owned commercial and industrial enterprises were set up in Beijing Municipality to provide jobs for youths awaiting employment. These enterprises have played a positive role in promoting production, enlivening markets and making things convenient for the people. Among these new enterprises, 3,561 enterprises engage in trades closely connected with the people's livelihood, including commercial, service, catering and repairing trades, and some 64,500 people are employed at these enterprises, accounting for over one-third of the total number of workers employed at the state-run enterprises in Beijing engaged in the same trades. Over 1,800 collectively-owned plants were also set up for youths awaiting employment. Mainly engaged in light and handicraft industry, these plants employ about 200,000 workers, including 120,000 to 130,000 youths awaiting employment. [Beijing XINHUA Domestic Service in Chinese 0054 GMT 13 Oct 82 OW]

SHAANXI EMPLOYMENT WORK CONFERENCE--From 14-20 October, the Shaanxi Provincial People's Government held a conference in Xian on employment work. Vice Governor Liu Geng attended. Vice Governor (Zhang Bin) gave a summing-up speech. The conference summed up experiences in employment and analyzed the province's employment situation since the 3d Plenary Session of the 11th CPC Central Committee. The conference also looked into the views on doing well in employment. Since the 3d Plenary Session of the 11th CPC Central Committee, the province has arranged jobs for some 612,000 people and basically solved the employment problem of rusticated educated young people. The province has also on the whole made arrangements for the PRC-1980 graduates of junior and senior middle schools who meet the requirements for arrangement of jobs. According to statistics, on the average, 2 and 1/2 persons of each urban household got jobs in 1981. The number of urban residents who became employed in 1981 was 6 percent more than in 1980. The per capita monthly average income of a household of workers in the first half of 1982 was 36.14 yuan, 12.67 yuan more than in 1978. [HK271440 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 22 Oct 82]

CSO: 4006/113

TRANSPORTATION

SHANDONG'S MULTIPLE-TRACK RAILWAY UNDER CONSTRUCTION

SK011053 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Sep 82

[Text] According to our sources, the multiple-tracking project of the Jinan-Jiaozhouwan Railway is under rapid construction. The first stage of the project--the section between Lancun and Jinan--was started in April 1980. By the end of August 1982, 175 kilometers of main lines [Zheng Xian] and 105 kilometers of trunk lines [Gan Xian] had been laid with multiple track, 30 large and medium-sized bridges had been repaired or built and 14 blocked up traffic sections had been opened, of which, 12 have been made available to traffic.

The Jinan-Jiaozhouwan Railway, connecting with Dongping County in the West and linking Qingdao Port in the East, is one of important main lines of communication in China's coastal areas and is also a single-track railway with the heaviest transport load in Khina. To increase the transport capacity of this railway and promote the national economy and foreign trade, the state decided to multiply the track of this railway.

Under the leadership of the provincial people's government and with the close cooperation of people's governments at all levels and the large numbers of the masses along the railway all cadres, workers, engineers and technicians in charge of the construction of the multiple-tracking project have been conscientious in designing and working and, therefore, accelerating the tempo of construction. Now the project has reached high tide. More than 14,000 workers and staff working at 22 railway sections and 33 railway stations are conscientiously studying and implementing the guidelines and documents of the 12th CPC National Congress and working hard and making suggestions for this project. They have also pledged to complete on schedule the construction task for the first stage of the project by the first half of 1984.

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TRANSPORTATION

BRIEFS

SHANGHAI SHIPBUILDING INDUSTRY--During the last 2 years, shipyards in Shanghai have signed contracts with more than 20 countries and regions to build a total of 580,000 tons of ships. Over 250,000 tons will be completed this year. Jiangnan shipyard, a major shipyard in Shanghai, began construction of 10,000-ton ships for export last year. Three 27,000-ton freighters built by the shipyard have already been launched and delivered to foreign ship owners. Shipyards in Shanghai have found themselves an important place in international ship markets because of their ships' superior quality. In addition, they are increasing the variety of ships being built to include icebreakers, container ships, platforms for oceanic oil prospecting and other specialized vessels. [Shanghai City Service in Mandarin 1130 GMT 3 Oct 82 OW]

HEILONGJIANG RAILROAD CONSTRUCTION--Construction of a railroad between Harbin and Anda has been accelerated. Part of the railroad linking small stations had been completed and put into use by 16 October. On completion in 1984, this 124-kilometer-long railroad will increase freight volume by 100 percent. The state has increased railroad construction funds for Harbin this year by 4 times over 1981. This fund is mainly used to build the Harbin-Anda multiple track railroad. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 1 Nov 82 SK]

LIAONING PORT CONSTRUCTION--Dalian, 31 Oct (XINHUA)--A new wharf with two berths, one for 10,000-ton ships and the other for 7,000-ton freighters, is being added at the Xianglu Reef in Dalian, northeast China's largest sea port. According to port authorities, the project is part of the port's 10-year transformation program. Upon completion in 1990, Dalian port's annual cargo handling capacity will be raised from the present 30 million tons to 50 million tons. An ordinary Sunday goods wharf, which covers an area of 30,000 square meters, is being transformed into a specialized container wharf with two deep-water berths. When completed in December, Dalian will open more new international container shipping routes, in addition to the routes linking with Hong Kong, Singapore, Japan, Britain, West Germany, Norway and the United States. [OW031425 Beijing XINHUA in English 1201 GMT 31 Oct 82]

RAILWAY APPROVED--According to GUANGXI RIBAO, its reporter learned from relevant sources that the State Council recently approved the construction of the Nanning-Kunming Railway, which would link the capitals of Yunnan Province and Guangxi autonomous region and that the building of this railway had been in-

cluded in the state's long-term construction plan. The building of the Nanning-Kunming Railway is expected to start in the last years of the seventh 5-year plan period. Preparations for the early stage of construction are already under way. This railway is designed to transport mainly coal and phosphorous minerals produced in Yunnan and Guangxi. The whole railway line will be designed according to the standards of a first-class trunk line and it will be electrified. After the completion of this railway, it will be possible to ship coal and phosphorous resources north along the Guilin-Zhuzhou Railway or to Huangcheng Port for export through the Nanning-Huangcheng Railway. This will improve the railway grids and benefit transport. The Nanning-Kunming Railway will pass through Pingguo, Beisi and other counties in Beisi Prefecture of our region. Thus it will play an important role in developing our region's Pingguo Bauxite Mine exploiting Hongshuihes hydroelectric power resources and developing industrial and agricultural production in the Beisi area. [Text] [HK280631 Nanning Guangxi Regional Service in Mandarin 1130 GMT 27 Oct 82]

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END

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ABSTRACTS

BUILDING STRUCTURES

JIANJU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES], No 5,
1982 74

VIEWS ON ECONOMIC GOALS SET BY 12TH CPC NATIONAL CONGRESS

Steady Steps To Lofty Goal

Shanghai WENHUI BAO in Chinese 17 Sep 82 p 3

[Article by Zhu Shuxian [2612 6615 0341]: "Lofty Goal, Steady Steps"]

[Text] The general objective of China's economic construction formulated by the 12th National Party Congress for the two decades between 1981 and the end of this century is, while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production. The congress at the same time formulated the strategic objective, priorities and steps as well as a series of important principles and policies for the attainment of the objective. This is a lofty objective which is realistic and stresses actual results. It will mobilize and guide people of all nationalities in the coutnry to strive for the creation of a new situation in socialist modernization and to advance with steady steps toward the goal of accomplishing the four modernizations.

Why Is "Steadily Working for More and Better Economic Results" Stressed as a Prerequisite?

This is the first time in our history for a fairly comprehensive and specific strategic objective in economic construction to be formulated to cover such a long period as 20 years. This objective has been the subject of long deliberations and repeated serious studies by the Party Central Committee. It embodies our experiences, both positive and negative, and particularly the new experiences since the Third Plenary Session of the 11th Party Central Committee, expresses the common desire of a billion people, and reflects the objective requirements of historical development.

To attain this objective, we must attain an average progressive increase rate of 7.2 percent for industrial and agricultural output value each year. Such a rate of increase is faily high in the world, but still not up to the highest level we have previously attained. However, history has proved that for a fairly long period in the past, we have committed the "leftist" error in one-sidedly striving for high speed in economic construction. The scope of capital construction was blindly expanded; an excessive portion of our national income was used in accumulation; there was a serious losses and waste. As a result, even though the speed of development seemed to be very impressive,

the increase in the supply of consumer goods was very slow, and the improvement in people's livelihood was incommensurable with the labor they had expended. That is why the strategic objective formulated this time stresses "steadily working for more and better economic results" as a prerequisite and calls for a faily steady speed and better economic results, in order that people may gain more real benefits. From the changes in the gross output value, we can observe the general scope and the rate of increase in production in a certain period. Under the socialist system, the goal of production is to satisfy the daily growing material and cultural needs of the society. Therefore, the economic result of all our economic activities, including, first of all, the activities of industrial and agricultural production, will depend on whether they can satisfy the daily growing material and cultural needs of the broad masses of people. In other words, the products must be able to meet social needs, or, as we commonly say, "easily marketable," before our activities in production can have good economic results. If the products are not "easily marketable," they will be stockpiled in the warehouses and some of them may be discarded as worthless. In this case, even though the output and output value are listed in the statistics table and the profits handed in and taxes paid are recorded in the account book, greater output and output value will mean greater waste, and may even produce negative economic results with the loss of social wealth. That is why in attaining this strategic objective, we must first pay attention to the question of economic results.

On this basis, it is even more important that we should steadily work for more and better economic results. Generally speaking, in a certain period when equal amounts of labor and money are used in production, more products--easily marketable products of course--will mean better economic results, obtained through technical transformation, higher management level and higher labor productivity and fixed asset utilization rate; lower consumption of energy and other materials; shorter capital construction periods; faster turnover of funds and faster development of the newly emerging industries; more trial production of new products, and so forth. We have achieved remarkable success in these respects through hard work since the Third Plenary Session of the 11th Party Central Committee; however, in many fields, the standards of our economic results are not up to the highest level we have previously attained, and are far below those of the economically developed countries.

This analysis has shown that in order to attain the lofty strategic objective set by the party, we must carefully plan for a proportionate relationship among various sectors of the national economy so that there will be a better balance between production and demand, between national construction and people's livelihood, and so forth. We must also increase the social productive forces by a wide margin. This is obviously a very arduous task. The view that there is nothing extraordinary with this growth rate is erroneous. At the same time, the analysis shows our great potential. As long as we conscientiously implement the series of important principles and policies laid down by the 12th National Party Congress and work steadfastly, we can certainly attain this lofty goal. There should be no justification for the lack of confidence and the idea of inertia.

Then how shall we quadruple the gross annual value of industrial and agricultural production? First, we must understand that ours is a socialist

country which is different from those countries and regions mainly engaging in the processing industry. We cannot purely rely on other countries' resources, and, in many undertakings, we have to begin with the exploitation of resources. This will call for heavy investments and long construction periods. Therefore, by 2000, the total output of energy and the output of such important products as steel, cement, chemical fertilizers, cotton yarn, paper and so forth, cannot be possibly quadrupled. According to our actual capability, we may probably be able to double the output of 1980. In the machinery trade, however, after the readjustment of its service orientation, the output of its main products can be trebled or quadrupled. Secondly, through technical transformation, enterprise reorganization and improved management, we can reduce our consumption by a wide margin, improve the quality of products and increase the intensity of processing so that with the same amounts of energy and raw materials, we can produce a lot more products and increase their output value several times over. Thirdly, if we can speed up the development of some newly emerging industrial sectors, such as electronics, information transmission, nuclear energy, petro-chemical industry, and new types of materials, it will also greatly help in the increase in output and output value. After all, we have great potential for technical transformation and developing new industries. Our present technology of production, on the whole, is at the 1950 or early 1960 level of the economically developed countries, and many new techniques and new industries were developed in the past 20 years. It should be possible for us to reach the present level of the economically developed countries within the 20 years from 1981 to 2000. It should be pointed out that because of our old habit formed in many years and our ignorance, our understanding and field of vision of the role of science in the development of production are still inadequate. We must fully assess our capability in tackling difficult scientific problems.

Why Is It Necessary for Us To Take Two Different Steps in Realizing the Strategic Objective?

In order to realize our lofty strategic objective for the next 20 years, the 12th National Party Congress also stipulated that two different steps should be taken in our strategic planning. In the first decade, we should mainly aim at laying a solid foundation, accumulating strength and creating the necessary conditions. The rate of economic growth cannot be very high. Generally speaking, the average rate of annual growth will be 4-5 percent during the Sixth Five-Year Plan, and 5-6 percent during the Seventh Five-Year Plan. The second decade will be a period of vigorous economic development, and the growth rate will be much higher--a progressive annual increase of approximately 9 percent. Taking two different steps is an important policy decision. It enable us to advance steadfastly, and fully guarantees the ultimate realization of the strategic objective.

Why can't the gross industrial and agricultural output be fairly quickly increased in the next several years, and why has the all-round economic upsurge to wait until the next decade? The reasons are as follows: First, we should further carry out readjustment, restructuring, reorganization and improvement. This is an arduous task and must take a fairly long time. Secondly, the backwardness in our energy and transportation facilities cannot be radically changed within a short time. The exploitation of energy, the development

of transportation, metallurgy and chemistry, and the construction of mines all require heavy investments and long construction periods. Building a hydropower station with an installed capacity of 1 million kws, for example, will require an investment of at least 1 billion yuan and a construction period of 7 to 8 years, and sometimes more than 10 years. Again, in building a large opencut coal mine with an annual output of 90 million tons, an investment of more than 3 billion yuan and a construction period of more than 10 years are required. Thirdly, the rapid development of new industries and all industrial and agricultural production depends on scientific and technologic development, on some breakthroughs in the key technology, and on the technical transformation of the existing enterprises. Because of our shortage of technical and financial resources, these jobs can only be carried out gradually and selectively over a long period, instead of proceeding on an all-out basis in the immediate future. Fourthly, we need time, and a relatively long time, to train our personnel and to raise the level of our enterprise management.

Whether our preparatory work in the first decade can be closely connected with the vigorous economic development in the second decade will be decided by our work in the following important aspects: First, our readjustment, reorganization, improvement and technical transformation must show remarkable results. We have already had a good start and accumulated fairly rich experiences in these aspects. We can certainly do this job well as long as we sum up our experiences in good time and pool our resources in continuing our work. When this work has been properly carried out, we will be able to show results and speed. Secondly, we must concentrate the necessary financial and material resources on the state key projects, particularly the projects of energy and communications development. The system of "cooking in separate kitchens" and differential administration in finance and profit-sharing among enterprises adopted in recent years play a positive role and should be continued with perseverance. The shortcoming is that the financial resources are too dispersed to form a "fist" to be used in the construction of key projects; and without these key projects, it will be difficult for us to change the backwardness in energy, communications and other important sectors. Therefore, coordinating all the activities of the nation like moves on a chessboard and guaranteeing the key projects are an important manifestation of socialist superiority. Thirdly, we must make significant progress in science, technology and the training and use of personnel. We must adopt practical measures to select men of action who are in their prime of life and have both political integrity and ability for strengthening and improving the leading bodies, including the leading bodies of enterprises. This job must be carried out and completed quickly, since it is the core of the problem on which our ability or inability to realize the 20-year plan hinges.

We can see, with full confidence, the many favorable conditions for our economic development up to the end of the century. The turmoil which has lasted many years have been ended and the focus of work for the whole party has been shifted to socialist modernization. The guiding thought of the party in economic work has been set right and we are now more familiar with the laws of socialist modernization than ever. These advantages will produce even greater effects in our future practice. In more than 30 years since the

founding of the People's Republic, we have met with many setbacks. However, we have also set up a fairly strong material and technical foundation. After the national economic readjustment, this foundation will play an even greater role in our future construction program. The international situation is, on the whole, favorable to us. Of course, the end of the century is still 18 years away, and we will inevitably encounter many unexpected new developments and new problems. However, since our strategic objective is practical and based on our capability, it can certainly be realized through the hard struggles of the whole party and the people of various nationalities in the country.

Foundation of Economic Growth

Shanghai WENHUI BAO in Chinese 17 Sep 82 p 3

[Article by Xu Jingan [1776 2529 1344]: "Lay a Good Foundation, Usher In a New Period of Vigorous Economic Growth"]

[Text] To attain the strategic objective of economic construction which will last to the end of the century, we must shift our economic work on to the path of improving economic results as the central task. By the year 2000, according to an estimate, the total energy output and the output of the important means of production will double those in 1980, while the gross industrial and agricultural output will be quadrupled. This will demand a decrease in the consumption of energy and raw materials, the improvement of quality and the increase of processing intensity so that we can use the same amounts of energy and raw materials to create more value and to increase the output value by a wide margin. In order that the people will be comparatively well-off both materially and culturally, a proper ratio should be maintained between consumption and accumulation in the distribution of national income. In other words, construction in future will mainly rely on the improvement of investment returns so that a certain scope of production and construction, and a certain rate of economic growth can be maintained.

To realize this lofty strategic objective, the Party Central Committee has decided to divide the 20-year plan into two stages: In the first decade, we should mainly aim at laying a solid foundation, creating the necessary conditions and accumulating strength; and the rate of economic growth cannot be very high. In the second decade, we should usher in a new period of vigorous economic development.

Why Can't the Rate of Economic Growth in the First Decade Be Very High?

The rate of economic growth cannot be decided by our subjective wish.
The rate of economic development could not be high mainly because of restrictions from various irrational factors left over from the past. The one-sided stress on the development of heavy industry has resulted in an imbalance between agriculture, light industry and heavy industry. After readjustment, the proportionate relationship between heavy and light industries has become harmonious. However, agriculture is still lagging behind heavy and light

industries in development, and cannot meet the requirements of the national economy. Because of the blind development in the processing industry, the existing enterprises are using excessive amounts of energy and raw materials, resulting in a serious shortage of energy and raw materials and a severe strain on the means of transportation. Because of the stress on capital construction and the neglect of technical transformation, many enterprises are using outdated equipment and backward technology, resulting in high consumption and porr quality. Because of the irrational system of economic management and the sharing of resources by too many localities and departments, and by the "small and complete" and "large and complete" enterprises, the level of comprehensive utilization of resources is very low. Because of the neglect of science and education, our science and technology are backward and skilled personnel is seriously insufficient. All these factors hamper the development of our economy and the improvement of economic results. Therefore, in the first decade, we cannot, and should not, strive for an excessive speed in economic development. Instead, we should devote our main efforts to the elimination of the economic problems left over from the past, and gradually streamline our economic structure as well as the organizational structure of the enterprises and the economic system. In this way, although the rate of growth in the first decade cannot be very high, we will be able to usher in a new period of vigorous economic development and to realize the set strategic objective by laying a solid foundation. If we, on the contrary, strive for a high growth rate in the first decade, we will not be able to overcome and correct the various irrational factors left over from the past, and may even aggravate them. Then even though there may be a temporary upswing, the high rate cannot be sustained and will again drop. The quest for impractical speed will hinder the realization of the strategic objective.

What Should Be Prepared in the First Decade for Development in the Second Decade?

According to the set strategic steps, preparations should be made in the first decade in two different ways for the development in the second decade. One the one hand, we should effectively carry out the economic readjustment, restructuring, reorganization and improvement; and, on the other hand, we should strengthen our work in agriculture, energy, communications, science, education, and the technical transformation of enterprises so that the entire national economy will rest on a foundation of low consumption and high benefits.

The first 5 years in the first decade, that is, the period of the Sixth Five-Year Plan is of crucial importance. During this period, the following jobs should be well attended to:

First, to readjust the international production structure of agriculture. Within agriculture, we should stabilize the area sown to grain crops, control the area of cash crops in order to prevent its blind expansion, and ensure the harmonious development of grain and cash crop output. Within industry, we have to control and reduce the production of those products which do not sell

well and are of poor quality, but requires high energy consumption in production; and actively increase the production of those products which sell well, are of good quality and require less energy consumption, so that the product mix will be better suited to social needs.

Second, to reorganize the enterprises. Improvement of economic results should be the criterion for enterprise reorganization. In reorganizing the enterprises, stress should be laid on streamlining their leading bodies and the disposition of the surplus workers and staff members, so that the management of enterprises will embark on the path of healthy development.

Third, to readjust and reform the enterprises. This means the use of effective measures to reduce the production of goods in excessive supply, to increase the production of goods in short supply, to improve the technology, to reduce consumtpion and to increase the economic benefits and revenues. Resolute action should be taken to close, suspend, merge or retool a number of enterprises whose production technology is backward, whose consumption of energy and raw materials is high, whose products are excessive to demand and of poor quality; and the enterprises which have for a long time suffered losses, so that the energy and raw materials can be reserved for the advanced enterprises to operate at full capacity. At the same time, in accordance with rational economic principles, the enterprises should be organized on a trade or regional basis for specialization and cooperation and for a high level of comprehensive utilization of resources.

Fourth, technical transformation in selected enterprises. All trades and undertakings should study and work out the plans for technical transformation in their afiiliated enterprises and also formulate the corresponding technical policies, with priority being given to the conservation of energy and raw materials, equipment renovation and technical transformation.

Fifth, concentration of the necessary material and financial resources to strengthen the infrastructural projects. While controlling the development of energy-consuming industries and taking vigorous measures for energy conservation, we should develop our energy resources and transportation facilities so that the infrastructure will no longer lag behind the development of the processing industry.

Sixth, the cultivation of talents and the training of personnel. We must strengthen higher education, reform the structure of secondary education and actively develop sparetime education in order to train more talents for the state.

Seventh, to consolidate and improve the economic system. The preliminary reform of this system has already been carried out. We have now to work out an overall plan for the reform and the steps for carrying it out. All preparatory work should be in good order as a precondition for the all-round reform of the system.

If these tasks are selectively accomplished during the Sixth Five-Year Plan, we will be able to greatly improve the economic results, to maintain a certain speed in the development of production, and to pave the way for future

development. During the Seventh Five-Year Plan from 1986 to 1990, we should further strengthen such key projects as agriculture, energy, communications, science and education so that the various sectors of the national economy will develop in proportionate harmony. We should also extensively carry out technical transformation for the enterprises so as to greatly raise their technical level. We should continue the reorganization of enterprises in a rational way, gradually restructure the system of economic management, overcome the main defects in the existing economic system, and set up a new economic system in its embryonic form. If these tasks are accomplished in the 1980's, we will be able to basically set up a rational economic structure, a rational organizational structure for the enterprises, and a rational economic system as the preparations for the developments in the 1990's, by which time, there will be an all-round upsurge in our national economy.

These strategic steps will make even higher demands on all aspects of economic work. In the macroeconomic aspect, the proportionate relationships among all sectors of the national economy and within every sector should be in harmony and rational. In the microeconomic aspect, the quality of products should be greatly improved; their varieties should be increased; and the consumption of energy and raw materials should be greatly reduced. Therefore, we must pluck up our courage, study many things all over again, work steadfastly, and create a new situation in accordance with the strategic plans of the Party Central Committee.

Grand Strategy of Development

Guangzhou YANGCHENG WANBAO in Chinese 15 Sep 82 p 2

[Article by Sun Ru [1327 1332]: "A Grand Strategy of Economic and Social Development"]

[Text] In his report to the 12th National Party Congress, Comrade Hu Yaobang laid down a grand strategy for economic and social development which will bring about an all-round socialist economic upsurge in accordance with the requirements of the general task in the new historical period of building our country into a highly civilized and highly democratic socialist country on the basis of the gradual realization of socialist modernization in industry, agriculture, national defense and science and technology.

In his report, he first set this strategic objective of our economic construction: for the two decades between 1981 and the end of this century, while steadily working for more and better economic results, we should quadruple the gross annual value of industrial and agricultural production--from 710 billion yuan in 1980 to 2,800 billion yuan or so in 2000. This is a heartening strategic policy decision, because realization of this objective will mean that, based on a population of 1.2 billion by the, the gross industrial and agricultural output value will work out to an average of more than 2,300 yuan per person. Although the national income on a per-capita basis will be still fairly low, we can still say that, compared with now, the economy and national defense will be much stronger; the modernization of the entire national economy will make important progress; the in come of the urban and rural population will be increased several times over; and the people will be comparatively

well-off both materially and culturally. Nevertheless, we must be aware that the realization of this grant strategic objective will be an arduous task, because it will mean that by 2000, the gross value of industrial and agricultural output will have to be increased 3 times over, with an average propressive increase of 7.1. The achievement of such a growth rate is difficult even for many industrially developed countries in the world at present. For our country, however, this objective is entirely practical and by no means the result of wishful thinking.

As shown in our history, we have met with many twists and turns and suffered many setbacks in economic construction, especially during the 10 years of turmoil when construction was seriously disrupted. Because of the superiority of the socialist system, the leadership of the CPC with Marxist-Leninism-Mao Zedong Thought as the guiding ideology, and the efforts of the wise, industrious and courageous Chinese people, the rate of our industrial and agricultural growth has been fairly high all along. From 1950 to 1979, calculated according to the constant prices in 1970, the total industrial and agricultural output value was increased by an average of 9.4 percent each year; from 1953, when the First Five-Year Plan began, to 1979, the average annual increase was still 8.2 percent; and the increase rate in 1980 was again higher than in 1979 by 7.2 percent. This shows that since the founding of New China, the rate of increase in the total industrial and agricultural output value in our country has always been more than 7.1 percent.

Now let us look at the experiences of some foreign country. The Ikeda cabinet of Japan once worked out a plan for doubling the national income in 1960-1970, or for the strategic objective of doubling the national income within the 10 years of the 1960's. According to the statistics compiled by the Economic Planning Agency of Japan, Japan's national income in 1960 was, calculated as existing prices, 13.3 trillion yen; in 1970, it was increased to 59.2 trillion yen. Thus by carrying out the plan in 10 years, the national income was increased by nearly three and a half times. In the 30 years from 1950 to 1980, Japan's national income was increased by an annual average of 8.3 percent. In our country, the national income from 1950 to 1979 was increased at an annual average of 7.3 percent.

From these historical experiences at home and abroad, we can see that the strategic objective of quadrupling the gross industrial and agricultural output value in 20 years is a practical one, although arduous work and great efforts are required.

To realize this grand strategic goal, we must take the following two steps in our strategic planning: in the first decade, aim mainly at laying a solid foundation, accumulating strength and creating the necessary conditions; and in the second, usher in a new period of vigorous economic development. This is an important policy decision made by the Party Central Committee after analyzing the economic situation and its future trend in our country.

In view of the basic conditions of economic development in our country, the two-step arrangement, under which the first 10 years will be the preparatory period, is quite necessary. Before an airplane takes off, for example, it must be fueled first; and then it has to run at full speed along the runway before taking itself off the ground.

Despite the national economic readjustment in the past several years, our industrial and agricultural output has continued to increase. The total industrial and agricultural output value in the country in 1981, according to the constant prices of 1980, was 4.5 percent higher than in 1980, and the national income increased by 3 percent. This achievement is remarkable, but still did not measure up to our requirement, especially because of the low labor productivity, the serious waste of materialized and living labor in either production and circulation, and the poor economic results. The cause is that, as pointed out in the report, "apart from some objective factors not subject to comparison, there are the 'leftist' mistakes of the past, which resulted in blind proliferation of enterprises, an irrational economic structure, defective systems of economic administration and distribution, chaotic operation and management, and backward production techniques." In the first decade, therefore, we have to carry out the readjustment of the economic structure in various fields, the restructuring of the management system, the consolidation, reorganization and integration of enterprises, the necessary technical transformation and the importation of advanced technology in a planned way; and to concentrate our efforts on the improvement of economic results.

At the same time, the report pointed out the need to keep a firm hold on agriculture, energy, transport, education and science as the basic links. These are very important strategic priorities. Agriculture is the foundation of the national economy. Especially in China, with its 1 billion population, if the problems with low labor productivity and low percentage of marketable products in agriculture arenot solved, there will be a drag on the modernization of industry, science and culture and national defense. The present shortage of energy and transport is inconsistent with our national economic development, and has even become a serious obstacle to it. The modernization of science and technology is a key link to our four modernizations, while the development of intellectual resources and the training of professional personnel are the guarantee for the rise of the cultural level and the modernization of science and technology.

All these problems should be solved in the first decade as a solid foundation for the economic "takeoff" in the second decade. Thus we can anticipate that our national economic development will not be very fast in the 1980's, while in the 1990's, there will be an all-round upsurge in our national economy.

As long as we can preserve stability and unity, follow the correct line adopted after the Third Plenary Session of the 11th Party Central Committee, persistently and steadfastly observe the various correct economic policies, continue to implement the 10 principles of construction approved by the

Fifth Session of the Fourth National People's Congress and pay particular attention to the solution of the important problems of principle pointed out in the report, we can certainly, under the correct leadership of the Party Central Committee, realize the grand strategic objective set for the economic and social development in our country!

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CSO: 4006/069

NATIONAL POLICY AND ISSUES

NEED FOR KEY PROJECTS IN CAPITAL CONSTRUCTION STUDIED

Shanghai WENHUI BAO in Chinese 7 Sep 82 p 3

[Article by Zhou Dongfang [0719 2839 2455]: "Why Is the Need for Key Projects Stressed at Present?"]

[Text] Someone has said: "Several years ago, some large key projects had to be stopped. Why do we have to carry out key projects again now?" We all know that for a long time, economic construction in our country has been under the guidance of the "leftist" ideology with "three highs" (high targets, high accumulation and high speed) and "two lows" (low consumption and low-level benefits) as the result. Furthermore, the disproportion in the national economy was serious, with heavy industry elbowing out light industry and accumulation elbowing out consumption. The supply of either capital goods or consumer goods was inadequate for the demand, and the outcome was that production could not be increased and people's living conditions could not be improved. More important still, the capital construction front was over-extended and the projects to be undertaken were too many. Because of the limited manpower and material and financial resources and the shortage of raw material and financial resources and the shortage of raw materials, energy and transport, many projects had to remain suspended indefinitely instead of being turned into productive forces.

There were also many "beard-growing" projects being left unattended, causing serious waste of state funds and delaying the development of the national economy.

In view of the serious disproportion in the national economy, we have, since the Third Plenary Session of the 11th Party Central Committee, implemented the eight-character policy with readjustment as its core. In accordance with the policy of readjustment, restructuring, reorganization and improvement, we have in a planned and systematic way shortened the capital construction front, and particularly reduced the number of large heavy industry products. The allocations for capital construction included in the state budget and the projects included in state plans have been greatly reduced, and some other porjects which cannot count on financial support for their continuation are not urgently needed anyway have been resolutely halted so as to ensure that the state funds can be used to meet the most urgent needs. After several years' efforts, the major proportionate relationships in the national economy have been

improved, and in some cases remarkably improved. We then quickly developed the production of consumer goods, and throughout the country, 26 million youths in the urban areas have been given jobs. Despite the difficult financial conditions, we have also markedly improved the people's living conditions. These achievements are inseparable from our resolute measures in reducing the rate of accumulation and curtailing the investment in capital construction. Practice has proved that these measures were entirely necessary and that the reduction of some irrational capital construction projects was well justified.

Then, why is the need for key projects stressed again now? We can find the answer from an analysis of the following aspects:

First, ours is a large country with a population of 1 billion. If we want to carry out the modernization program, and to realize the strategic objective of quadrupling the total industrial and agricultural output value by the end of the century, we must have a large-scale layout for the productive forces and start a number of backbone projects which can play a long-range role in the national economy and in people's livelihood; otherwise, we will be unable to meet the requirements of the four modernizations. To form a rational layout of the productive forces and to embark on large-scale projects are beyond the capability of local resources. This problem can only be solved under the state's overall arrangement. Therefore, concentration of the scattered financial resources in the hands of the state and using these resources on key projects for the country as a whole are an objective requirement of the modernization drive.

Secondly, if we look at the present situation of economic development in our country, we will see that because of the shortage of energy and transport, some enterprises have not been given enough work and the present productive capacity cannot be used to full advantage. Therefore, the urgent need of the moment is to use the state's accumulated funds selectively on exploiting energy resources and speeding up the expansion of the transport and postal and telecommunication services. This is an indispensable condition for the smooth progress of expanded reproduction.

Thirdly, let us look at the situation from the standpoint of relationship between key projects and people's livelihood. Comrade Chen Yun has explicitly pointed out: "First, the people must have sufficient food; second, socialist construction must be carried out." This is the basic principle to guide our economic work. No country can consume all that it produces without carrying out accumulation or construction. The basic aim of socialist production and construction is to constantly cater to the daily growing material and cultural needs of the people. However, the improvement of people's livelihood can only rely on their own efforts in developing production, but not on the state's construction funds which must be spent on some indispensible key projects; otherwise, it will jeopardize the people's fundamental and long-range interests.

Finally, according to Marxist theory, capital construction is a means of not only expanded reproduction but also of simple reproduction. Furthermore, while taking the forms of factories, mines, oil shafts, power generating stations and others of a productive nature, capital construction also takes the forms of large numbers of residential houses and the related public utilities. These nonproductive projects serve to directly improve the people's material and cultural life. Therefore, capital construction is a type of comprehensive economic activity running through all material as well as nonmaterial production departments, and is indispensable in the national economy, especially during the new period of vigorous economic development which is now not very far away.

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NATIONAL POLICY AND ISSUES

NOTICE ON PROTECTION OF COMMUNICATION LINES IN GANSU PROVINCE

Lanzhou GANSU RIBAO in Chinese 17 Aug 82 p 1

[Text] of Notice Issued by the People's Government of Gansu Province Concerning the Protection of Communications Lines]

[Text] To protect the communications lines from damage and to ensure the full operation of these lines, notice is hereby given as follows:

1. Communications lines are an important component of the state's communications network, undertaking the task of domestic and international communications for the party, the government, the army and the broad masses. Protection of communications lines is the responsibility of everybody. The broad masses of workers and staff members, peasants, city residents, students, young people and children should all protect these lines and guard against all accidents that may damage them. The militia and the peace-preservation organizations should consider the protection of communications lines as their important responsibility.

2. In the case of blasting for land reclamation, building roads or bridges, digging ditches, felling trees, leveling the ground, or any other engineering work which takes place close to the communications lines, either put up in the air or buried underground, prior concurrence must be obtained from the post and telecommunications departments and reliable measures must be adopted before starting work.

3. If power lines or broadcasting lines, either new or repaired, are put up parallel to, close to, or across the communications lines, the posts and telecommunications departments must be contacted in advance for safety measures to be jointly worked out according to the current relevant regulations before starting work.

4. The dumping of inflammable, combustible or corrosive materials near the communications lines is prohibited. Within 3 meters on either side of the underground communications cables, the building of houses and latrines, the digging of cesspools, the piling of heavy objects, the gathering of stones and earth, and the erection of any structure that may cause damage to the cables are not allowed.

5. Without the concurrence of the posts and telecommunications departments, no unit whatsoever is allowed to add any auxiliary equipment to the existing communications equipment, to put any line on the communications lines, to open the basement door to the underground cables privately, to damage or move the surface equipment of underground cables (such as the unmanned stations and the cable stone signs).

6. Throwing wires, stones and other missiles at the communications lines; shooting at the porcelain insulators or the wires with catapults; or flying kites or firing crackers near the communication lines are all forbidden. Hunting, target shooting, or burning things nearby the communications lines is strictly prohibited.

7. Shaking, knocking or climbing the line posts or stay wires is not allowed. Tethering animals to the line posts or the stay wires is prohibited. Putting loudspeakers, electric lights, antennas, high-tension wires or broadcasting lines on the lines or posts is strictly forbidden.

8. Planting trees within 2 meters on eitherside of communications lines is not allowed. The branches of trees now on both sides of the communications lines should be 2 meters away horizontally (1.2 meters in cities) and 1.5 meters away vertically from the lines. If the separation is not enough, the line maintenance personnel has the right to trim these branches, and the units and individuals concerned should give them every cooperation.

9. No unit or individual can privately dismantle the communications lines or the communications equipment or materials. The salvage departments cannot without authorization procure the equipment or materials. The units and individuals along the routes should cooperate actively in putting up new lines or repairing old lines, and cannot obstruct the passage of the lines or cables under any excuse.

10. Those who have given outstanding performances in protecting the communications lines will be commended and rewarded, while those who have obstructed the work of the line maintenance personnel or attacked them physically will be secerely dealt with. The units or individuals causing damage to the communications lines or equipment should be held economically liable, while the unscrupulous elements found destroying or stealing the lines and equipment of communications will be healt with according to law.

1 August 1982

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REGULATIONS ON CONTROL OF PRIVATE HOUSING IN LANZHOU

Lanzhou LANZHOU BAO in Chinese 12 Sep 82 p 8

[Text of Provisional Regulations on the Control of Private Housing in Lanzhou Municipality--dated 20 July 1982, after Approval by the People's Government of Lanzhou Municipality]

[Text] To protect the legitimate rights and interests of the rightful owners of private houses in the urban areas; to strengthen the control over private houses; and to give full play to the proper role of private housing in residential housing, regulations have been specially formulated as follows:

1. Private houses are protected by law against trespass by any unit or individual.

2. The rightful owners should apply to the Lanzhou Municipal Realty Administration Bureau (hereinafter briefly referred to as Municipal Housing Bureau) for registration and then receive their title deeds.

3. Regular periodical checks and adjustments will be conducted on the proprietary rights over private houses. All buyings and sellings, exchanges, transfers as figts or inheritance, and splitting up of private houses must be examined and approved by the Municipal Housing Bureau.

The procedures for the transfer are as follows:

1) Buying and Selling of private houses: According to the "Lanzhou Municipal Regulations on the Buying and Selling of Private Houses," the transactions is to be approved and validated by the Municipal Housing Bureau after measurement, grading and evaluation by the Lanzhou Municipal House Transaction Control Office.

2) For the transfer of houses as gifts or through exchange, division of houses, inheritance or splitting up, the parties concerned should present their written applications together with the original title deeds to be examined by the Municipal Housing Bureau before going through the procedures for the change of titles.

4. If the house-owner mortgages his house to another person, both parties should present their written application together with the title deed to the Lanzhou Municipal House Transaction Control Office (hereinafter briefly referred to as Municipal House Transaction Office) for approval and for the mortgage agreement to be validated, and the mortgage tax to be paid. When the mortgage is redemmed, both parties should call at the Municipal House transaction office to complete the procedures for the mortgage to be voided.

5. Renting private houses to others should be encouraged on the basis of voluntary agreement between both parties. The lease, witnessed by the local housing control office, should be binding on both parties. Subject to agreement between both parties, the rental can be 30-50 percent higher than the current standard rentals on public houses of equivalent structures.

6. Private houses, used by the owners or rented to others, should be regularly inspected by the owners. Good maintenance should be provided in order to prolong their service life and to ensure safety.

7. The tenants should protect the houses they live in. They must not cause any damage at will, and must pay the rentals regularly.

8. The tearing down of private houses because of state construction requirements will be carried out in accordance with the relevant stipulations in "Regulations on Tearing Down Houses and Relocation of Households in City Construction in Lanzhou Municipality." If the house owners want to build their own houses in another location, they should apply to Lanzhou Municipal City Planning Administration Bureau (hereinafter briefly referred to as Municipal Planning Bureau) for the allocation of land. After approval, the construction units will pay for the relocation and construction as compensation according to established regulations.

9. The rebuilding, alteration or demolition of houses at the original sites must be endorsed by the neighborhood office and the city construction bureau and approved by the Municipal Planning Bureau before the work can begin. Within 1 month after the building, or tearing down, of the houses, application should be made to the Municipal Housing Bureau for registration and to receive, or surrender, the title deeds.

10. Individuals building their own houses should apply to the Municipal Planning Bureau for construction permits before the work is begun. After the completion of the houses, they should apply for the title deeds, complete the procedures for renting public land, and pay the charges at the Municipal Housing Bureau.

11. Violations of these regulations or the terms of the lease will be dealt with by the Municipal Housing Bureau. Those who use the buying and selling of houses in speculation and profiteering and are driving up the prices of houses or the rentals; those who fail to repair the dangerous buildings and thus cause losses; and those who fail to pay their rental for no reason, privately transfer their tenancy to others or wilfully damage the houses,

will be criticized, educated, fined, required to pay compensation or even be handed over the people's law court according to the seriousness of the case.

12. These regulations become effective from the date of their approval. Should there be any conflict with the relevant regulations of the past, the regulations here should apply.

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REGULATIONS FOR CONTROL OF PUBLIC BUILDINGS IN LANZHOU

Lanzhou LANZHOU BAO in Chinese 12 Sep 82 p 8

[Text of Provisional Regulations on the Control of Public Buildings in Lanzhou Municipality--dated 20 August 1982 after Approval by the People's Government of Lanzhou Municipality]

[Text] To further strengthen the control of buildings in the municipality, the following regulations have been specially formulated:

1. The Lanzhou Municipal Realty Administration Bureau (hereinafter briefly referred to as Municipal Housing Bureau) is a functional organ exercising control over housing under the municipal people's government. Its main task is to conscientiously implement the principles and policies of the higher authorities concerning housing administration, and it is responsibile for the control of all public buildings in the municipality; for the unified repairs and maintenance of these buildings, and for the rational regulation of their use in order to make life more convenient for the people and to promote the four modernizations.

2. In accordance with state policies on the unified control of all public buildings in the city, the Municipal Housing Bureau will exercise its unified control in a planned and systemic way over all the dormitories of elementary and secondary schools, all the office buildings of the government organs and public agencies, and the buildings used by the culture and education, public health and commercial units a well as the service trade in their business operation. All the residential houses of the government offices and public agencies will also be gradually brought under unified control. Once they are under unified control, these houses will not be controlled separately by the units again; those houses which have not yet been brought under unified control should accept the guidance and supervision of the Municipal Housing Bureau in their business operation.

3. The scope of direct control over the houses:

1) The exisiting directly-controlled realty and the buildings newly constructed with state or local investment;

2) The realties vacated by government organs, and the army or other units as a result of their transfer, merging, closing, relocation, or confiscation by the law courts.

3) The unattended public or collective realties: those realties whose owners have died without leaving beneficiaries; and those over which their owners have requested the bureau to take control on their behalf.

4. All units and individuals desiring to use the public buildings directly controlled by the Municipal Housing Bureau should submit their applications to the bureau through the proper channels. Their applications must be approved and the leases must be executed before they can move in. No unit or individual can forcibly occupy any public house, privately rent them to others, exchange them or alter the nature of their use. Those who have forcibly occupied public houses and yet refuse to return them despite repeated persuasions, will be dealt with according to law by the law court. The Municipal Housing Bureau has also the authority to withdraw the vacant houses to be redistributed.

5. All units and individuals occupying public houses on a rental basis should abide by the housing regulations and protect state property. They are not allowed to erect any structure in the premises or in the front- or back-yard in violation of the regulations. Any structure already erected must be demolished.

6. Anyone found privately selling, encroaching on, tearing down or incentionally destroying public houses or equipment must be held responsible for the compensation. In serious cases, they will be handed over to the judicial organs to be dealt with according to law.

7. If the units using public buildings on a rental basis should expand these buildings to meet the requirements of production or business operation, they must have the prior concurrence of the Municipal Housing Bureau and the approval of the Lanzhou Municipal City Planning Administration Bureau before starting work. The expenditures and materials should be taken care of by the units themselves. For the convenience of control and maintenance, the proprietary rights should remain with the Municipal Housing Bureau, while the units can continue to occupy them on a rental basis. If the repairs, expansion or alterations are financed by the unit, and the rents should be reduced for a certain period, the matter should be discussed with the Municipal Housing Bureau and finalized in the form of signed contracts.

8. The rentals to be paid by the units using public buildings are to be collected by the bank, while the rentals to be paid by individuals can be deducted from their wages by their units, or be collected by the personnel of the Municipal Housing Bureau. No unit or individual can refuse to pay rental on any pretext.

9. The units in control of their own buildings should set up special organs or assign special personnel for the control, and accept the guidance of the

Municipal Housing Burea. They should also submit regular reports on the buildings and take good care of their administration and maintenance.

10. If buildings are entrusted to the care of the Municipal Housing Bureau and their original owners, or their legal successors, apply for them to be returned, documentary evidence of their ownership should be produced for verification. The buildings will be returned if the evidence is found satisfactory and the accounts have been settled.

11. The Municipal Housing Bureau and the units in control of their own buildings should strengthen the maintenance and upkeep of the houses, and ensure their normal use and safety. If any building is no longer worth repairing and should be demolished and replaced according to city regulations, they should be included in the list of capital construction projects.

12. The maintenance and repairs of public buildings should conform to the stipulated standard so that the quality of the work can be ensured. If the users of the buildings want the quality of this work to be above the required standard, they can finance this work themselves, subject to the concurrence of the Municipal Housing Bureau. However, they cannot demand any compensation by the deduction of the rental. The proprietary rights still belong to the Municipal Housing Bureau.

13. If any public building, being used by some unit free of charge, needs expansion, rebuilding, or demolition because it is no longer worth repairing, the unit should report to and receive approval from the Municipal Housing Bureau before proceeding with the construction or demolition. The old materials will be recovered by the bureau which will also retain the proprietary rights over the new buildings.

14. If the buildings under the control of the Municipal Housing Bureau have to be demolished because of the requisition of land by the government, the unit which will take over the land should arrange for the relocation of the occupants and pay the demolition and relocation expenses.

15. Administration of housing should take the mass line and be carried out with the method of combination of professional and mass control. In the neighborhood offices and residents committees, mass control organization should be set up. As a matter of principle, an area control committee should be formed for each group of buildings or each residents committee for the joint control, maintenance and use of state buildings.

16. The system of economic responsibility should be set up among the basic-level housing control offices under the Municipal Housing Bureau so as to fully arouse the enthusiasm of the administration and maintenance personnel for the houses to be carefully controlled, maintained and serviced as a contribution to the realization of the four modernizations.

17. The workers and staff members of the housing administration departments should set good personal examples by handling matters impartially. They must

conscientiously implement the principles and policies for housing administration and serve the people wholeheartedly. The individuals and units giving outstanding performances should be commended and rewarded, while those who neglect their duties and have brought about economic losses, or violated these regulations should be criticized or disciplined according to the seriousness of their mistakes.

18. Those who have deliberately obstructed the implementation of the state's housing administration policies or interfered with the performance of duty by the housing administration and maintenance personnel; and those who are deliberately provocative and have resorted to physical violence, should be severely dealt with, according to law, if necessary.

19. These regulations are effective from the date of their approval, and the relevant articles in the "Provisional Regulations on Realty Administration in Lanzhou Municipality" are no longer valid. The Municipal Housing Bureau can work out the detailed regulations for implementation on the basis of the regulations here.

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ECONOMIC PLANNING

INVESTIGATIVE REPORT ON RESOURCES OF HAINAN ISLAND

Beijing JINGJI KEXUE in Chinese No 3 1982 pp 37-42

[Article by Liang Wensen [2833 2429 2773], Shen Liren [3088 4539 0086] and Tian Jianghai [3944 3068 3189] of Economics Institute of Chinese Academy of Social Sciences: "Promote Development by Means of Open Door an Economic Investigation of Hainan Island"]

[Text] (I) The Second Treasure Island of the Motherland Eagerly Awaiting Development

The history and the present situation of Hainan Island can be summed up as four "very bigs."

First, "very big" advantages. Hainan Island is our country's second largest island, second only to Taiwan Province. The total area of the island is 34,000 square kilometers, only slight less than that of Taiwan, which is 36,000 square kilometers. Its population (based on 1980 figures; same throughout, unless otherwise stated) is 5.53 million, approximately one third the 17.14 million on Taiwan (1978). Its geographical and natural conditions as well as its resources are similar to those of Taiwan. The position it occupies in our great motherland is the same as that of Hawaii in the United States and Sicily in Italy. Its scale is similar to that of Kyushu in Japan and no smaller than some famous island countries in the world. Its area is half that of Sri Lanka, but double that of Cyprus.

The major part of this island lies in the subtropical zone, and its southern part is in the tropic zone. It is therefore a suitable base for subtripical and tropical crops in our country; this base is much larger than the Xishuangbanna area in Yunnan Province. Its climate is mild (the annual average being 22°C) with abundant sunlight (more than 2,000 hours) and rainfall (between 1,500 and 2,000 millimeters in many areas throughout the year). Among its main products arp rubber, sugarcane, coconuts, pepper, lemongrass, sisal hemp, coffee, cocoa, tea, lichee, bananas, pineapples, cashews, oil palm, and betel palm. Because all four seasons are like spring here, there are three grain crops a year, along with luxuriant forests and pastures. The species of animals and plants are numerous. The land is criss-crossed with rivers, and the reserve of water energy is close to 1 million kw. The coastline is 1,369 kilometers long and affords good breeding places for fish and shrimp. It is also convenient for navigation. There are many tourist spots; in the sourthern part there is a winter swimming resort.

It is very close to Hong Kong and Macao and not far from Southeast Asia. This is an advantage not to be found in any other part of the country or [Guangdong] province. Furthermore, nearly 30 different mineral deposits have been verified and are ready for exploitation, the main ones being iron, titanium, copper, aluminum, phosphorus, lignite, quartz, graphite, crystal, and procelain clay. The rpospects for oil extraction from both the sea and the island are quite promising.

Since the founding of the People's Republic, a fairly good foundation has been laid for industrial and agricultural production. Subtropical crops have continued to increase. There are now 4.03 million mu of these crops, including 3.42 million mu of rubber, with an annual output of 70,000-80,000 tons, equivalent to 70 percent of the total national output. In addition to the Shilufu iron mine and the Yinggehai salt fields, which are run by the state, there are 1,215 local industrial enterprises, engaging in sugar refining, forestry, light industry, textile industry, building materials industry, machinery industry, chemical industry, and so forth, with a total installed generating capacity of 216,000 kw. More than 14,000 kilometers of highways have been constructed, and more than 90 percent of the communes and production brigades are now accessible by automobile. There are also more than 60 harbors of various sizes.

Second, "very big" potential. For various reasons, the economic development of Hainan Island has been fairly slow, and the present level of development is low. In 1979, the total value of agricultural output in the whole administrative district was 885 million yuan (or 525 million yuan, if that of state farms is excluded), or less than one tenth the provincial output value; its total value of industrial output was 646 million yuan, or approximately 3 percent of the provincial output value. In recent years, the total value of procurements for foreign trade was 50-80 million yuan, only one third of the value of output in Nanhai County. This shows the great potential waiting to be tapped.

The present abundant resources are far from being fully utilized. Out of some 50,000 mu of land on the island, 42,390 mu are arable; so far, however, only 24,900 mu have been used for planting (including the planting of subtropical crops and trees), and one third of the arable land is deserted. There are many undeveloped mountains, mountain slopes, and land--particularly in the south, where there is plenty of sunlight and little trouble from typhoons. Furthermore, not many rubber trees have been planted in these places. (In the past, this was undertaken solely by state farms.) According to investigations conducted in 1956, the area of natural forests in the whole administrative district totaled 12.96 million mu; now, only 4.96 million mu are left. Even with the addition of artificial forests, the total is only 7.63 million mu. The proportion of forest cover is only 21.5 percent, even though the rubber plantation area has been included. Along the coast, 380 mu of water surface can be used for breeding purposes, but only 12,400 mu are being used. Of the 60 percent of usable inland water surface, only 15 percent has been exploited for waterpower. The mineral deposits of titanium, aluminum, and coal are still undeveloped,

while machinery and sugar-refining equipment are not operating at full capacity. The products processed from agricultural sideline products are mostly primary products, and there is no comprehensive utilization.

The per unit output of agricultural crops is very low. Grain output per mu is approximately 30 jin (calculated according to the sown areas); and the output of rubber per mu is only half that in the Southeast Asian countries. One of the causes of the low output is insufficient application of organic fertilizers, which is less than 10 dan for every mu of paddy rice. Even less chemical fertilizer is applied, being approximately 20 jin for each mu of paddy rice. The irrigated area amounts to 59 percent of the farmland, and the area guaranteeing stable yields during drought is only 23 percent of it--the lowest in the province. Crop growth is easily affected by droughts or typhoons. The yield of pond fish is 120 jin per mu, and that of reservoir fish is less than 10 jin per mu, the lowest in the province. Obviously, low labor productivity is another cause for the slow economic development on the island. If production conditions and business management can be gradually improved, there will be not only rapid agricultural growth but also a large-scale increase in the diversified economy of forestry, animal husbandry, sideline production, and fishery--which accounts for one fourth of the total value of agricultural output. There will also be a continued increase in raw materials for industry.

Third, "very big" difficulties. The population growth is fairly rapid. In the 1949-1979 period, the progressive annual increase was 2.7 percent (in 1979, the natural growth rate was 2.1 percent). The standard of living is fairly low. The clothing and the living accommodations for more than 700,000 compatriots of the Li and Miao nationalities have remained basically unchanged for a long time. In 1979, the per capita income from distribution of the agricultural population was 65 yuan, only 1.1 yuan more than in 1957, which was then 63.9 yuan. In 1980, it was raised to 70 yuan--16 yuan below the national average and 35 yuan below the provincial average. The supply of commodities is not sufficient, and prices are higher than in any other part of the province.

For production and construction, there is a lack of funds, technology, and managerial skill. Annual revenues for the entire administrative district are approximately 130 million yuan (the 150-200 million yuan handed in by the state-run industrial and agricultural enterprises excluded), and after the day-to-day expenses are paid for, there is not much left for investment. The collective economy is even weaker. In 1979, retained earnings for the communes and production brigades amounted to 27.83 million yuan. In the same year, they owed the bank agricultural loans totaling 69.58 million yuan (100 yuan for each household), and fishery loans totaling 24.69 million yuan (610 yuan for each household). There is not a single university in the whole district, and the number of secondary vocational schools and technical schools is also small. Only 10 persons had qualifications equivalent to, or above, those of an assistant professor or a senior engineer.

The infrastructure is weak, and energy resources are inadequate. There is no fine-quality coal (the annual output of locally produced lignite being only some 20,000 tons), and the power supply system cannot be connected to that of the mainland. Except for those used for transporting salt and iron in the southern and western parts of the island, there are no railways--not even in the capital, Haikou Municipality. Deepwater harbors are scarce. Communications with Hong Kong and Macao have to be relayed in Guangzhou. Foreigners have called it a "mysterious island" because of its being closed to the outside world.

Fourth, "very big" hopes. Despite its present difficulties, it has a very promising future. Since the Third Plenary Session of the 11th Party Central Committee, people have emancipated their minds and corrected the wrong ideas that construction cannot be carried out along the frontline of national defense and that the island has to be closed by blockading the sea. They now believe that exploiting Hainan Island to develop production and improve the people's livelihood can only result in strengthening our frontier defenses instead of weakening them. The Party Central Committee and the provincial party committee have always attached great importance to the exploitation and development of Hainan Island. They have laid down correct policies and aroused theenthusiasm of the broad masses of cadres and people. Now, everyone has the confidence and determination to change the island's appearance. In recent years, great progress has been made in strengthening national unity, settling disputes between state farms and communes, and readjusting the agricultural structure.

Practice has proved that as longas we rely on correct policies and on science, and observe economic laws and natural laws, we can quickly turn poverty into prosperity. Dongfang County was well known for its poverty in the past. In 1981, the system of responsibility for production was introduced and the agricultural structure was readjusted. Compared with the previous year, the yield of the early grain crops increased by 97 percent and that of peanuts increased by 42 percent. The yield of sugarcane reached 50,000 tons (the highest annual output ever attained [previously] had been 13,000 tons), and 3,900 mu were field-planted for rubber (more than the sum total since liberation). Thus the day has dawned in "Dongfang" [the east] and there will soon be brightness all over the island.

(II) "Promoting Development by Means of the Open Door" Is the Only Way To Accelerate Construction

Since 1980, the central authorities and the Guangdong Provincial Party Committee have laid down the policy of "promoting development by means of the open door," and have delegated fairly great authority to Hainan Island so that it can accelerate its own construction. According to this policy, there should be several questions to be discussed in the light of economic theory and policy.

First, the question of the goal of exploitation and development.

The so-called "promoting development by means of the open door" means breaking away from the practice of closing the country to international intercourse, and adopting a specific policy that can help to absorb foreign funds and advanced technology, as well as to encourage investment and exports. In other words, under the state's unified policy and the province's unified plan, we should boldly absorb foreign funds and overseas Chinese funds, and set out to develop foreign trade and tourism so as to raise huge funds for the construction of Hainan Island and to speed up the exploitation of natural resources, the development of industrial and agricultural production, and the improvement of the people's livelihood. However, there should be a goal for this exploitation and development. Generally, the goal is, on the basis of developing production, gradually to satisfy the people's daily increasing material and cultural needs. The indices now frequently used are based on the people's average gross national product. The gross national product of Hainan Island has not been figured out. According to an estimate based on the total value of industrial and agricultural output, in the past several years it has been roughly a little more than 300 yuan, or $200 slightly lower than the national average. To speed up the construction of Hainan Island, we should strive for a rate of development that is higher than in the past and that can catch up with the whole province and the whole country, so that by the end of the century, the level of construction will be higher than the national level. At the same time, we should achieve a higher level of both material and cultural civilization, such as a high level in communications and transportation, in supplies of commodities, in culture, in education, in public health, and so forth. It will be difficult for us to succeed by relying on ordinary methods. Therefore, we must adopt the special policy of opening our doors to the outside world.

In addition to what has been pointed out above, the open door policy has other specific multigoals. For example, what will be the scale of the absorption of foreign funds? What will be the expected level of imported technology? To what extent will job opportunities be increased? These questions are of greater special significance here than in other places. Therefore, we cannot wait for problems to occur and then deal with them as we go along; we must have a complete plan for everything, including production, circulation and consumption as well as spiritual development. Without such a plan, we will not be able to proceed with comprehensive development or take full advantage of Hainan Island's strong points. In this respect, the district party committee has already envisioned a broad outline of the plan. The distribution of arable land will generally be as follows: Half for forestry and half for farm crops; among the farm crops, one third will be grain and two thirds will be cash crops; among the cash crops, rubber will be more than half and the rest will be sugarcane and other crops. Some tentative plans have also been worked out for animal husbandry, aquatic products, and breeding on the beaches--which should maintain an appropriate ratio to agriculture. We would suggest that similar plans be worked out for industry, communications, municipal construction, science, education, culture, public health, and people's living conditions.

What about the scale of investment, which has a decisive effect on the rate of development of production and construction? We have in mind the experience of Shenzhen, which has tentatively decided to absorb approximately 10 billion Hong Kong dillars in foreign funds within 2 years. Hainan Island is so large and so rich in natural resources. Although its development cannot be as rapid as that of Shenzhen in the immediate future, we believe that if we take a long-range view of the situation, [Hainan] also has great attraction for people from far and near and can eventually surpass Shenzhen in scope, level, and substance.

Second, the strategic question of developing foreign trade.

We must stress strategy in economic development. Under the principle of persevering in self-reliance while striving for foreign aid as a supplement, economic exchanges with foreign countries, especially foreign trade, are an important component of the strategy of economic development. Foreign trade is even more important to Hainan Island when it adopts the special policy of opening its doors to the outside world. The foreign funds absorbed and utilized have to be repaid in foreign exchange. Therefore, we must finally rely on foreign trade. Some Third World countries with small areas are developing their economy under the slogan of "using foreign trade to build the country." We do not take the same view for our country as a whole; for Hainan Island, however, "using foreign trade to build the island" is quite practical. The present volume of procurement for foreign trade is only 5 percent of the total value of agricultural output, less than one half of the provincial volume (which is more than 10 percent). In the future, this volume should be raised by a wide margin, up to 30 percent or even more than 50 percent. In exploiting and developing Hainan Island, therefore, we must attach particular importance to the strategy of developing foreign trade. In formulating a strategy for foreign trade and for attracting foreign funds, we must, on the one hand, consider such local factors as the leading role of agriculture, the weakness of industry, the backwardness of technology, the lack of funds, and the fast-growing population, while on the other hand we must think of its special position in the country and of the division of work. While developing agriculture to meet local needs, perhaps we may first arrange for the large-scale exportation of agricultural sideline products and their primary processed products, other processed products, and labor-intensive industrial products (such as garments, electronic equipment, and arts and crafts) in exchange for locally needed means of production and consumer goods. We may also actively develop production of our special local products, and then gradually improve them. We should, in a planned way, produce more sophisticated light industrial goods, partly for export and partly as a substitute for the imported articles being used in the province and the country. To be specific, subtropical crops, aquatic products, and animal products can be the key items to be developed, and we can export to Hong Kong, Macao, and other places such products as pigs, cows, fowl (including chickens, ducks, and geese), fish, shrimp, melons, fruits, vegetables, and other nonstaple foodstuffs in order to expand our foreign market. At the same time, we have to develop rubber, sugarcane, and other cash crops and their finished products for the home

market as a substitute for a portion of the imported articles. After a certain time, we should continue to raise the ratio of industrial and mineral products to the total export value. In the course of development, we should make every effort to produce a number of "highly competitive" products, such as oil palm and cashew nuts, whose volume of export should exceed 3,000-5,000 dollars in value. These should be the main purposes of the absorption of foreign funds and the importation of technology. These measures will enable us not only to develop production, provide more job opportunities, and increase our revenue, but also to enjoy greater advantages in imports and exports so that we may increase our foreign exchange earnings and our accumulation funds and finally strengthen the foundation of our own heavy industry.

In developing foreign trade, one of the urgent requirements is to improve the economic results and to increase our competitive power. A Japanese delegation has come to this island to investigate and has stated that since our per unit yield of rubber and sugarcane is so low, we are in no position to compete with other countries. Last year, some departments imported pepper, which adversely affected the sales of similar local products. This was only because the prices of imported articles were lower than our domestic prices. Our beef cattle, chickens, ducks, and pineapples cannot sell for good prices because of their inferiority. We feel that we should apply Ricardo's theory of comparative costs and accordingly improve our foreign trade and our products for export; otherwise it will be difficult for us to maintain our foothold in the international market, and we may sustain undue losses or even "heavy losses."

Third, the question of economic structure in opening the island to international intercourse.

For Hainan Island, we should learn from the methods used in the special economic zones. However, Hainan Island is different from Shenzhen or Zhuhai. A local comrade said that the advantage enjoyed by Shenzhen and Zhuhai is their proximity to Hong Kong and Macao. However, they have no natural resources, and the only thing they have to offer is land for lease. In addition to the development of processing of imported materials and assembly of imported parts, the purpose of attracting foreign funds to Hainan Island is to exploit the natural resources, to setup areas for various subtropical crops, and to form processing enterprises as well as other related institutions which are, in depth and breadth, different from those in Shenzhen and Zhuhai. Therefore, along with the progress of development, the original economic structure will gradually be replaced by a new one.

The present economic structure on Hainan Island, as of 1979, is generally as follows: 58 percent for output value of agriculture and 42 percent for that of industry, a ratio of approximately 6:4. In agriculture, (leaving out the state farms) pure agriculture, or agriculture in the narrow sense, accounts for 74 percent; forestry, 2 percent; animal husbandry, 10 percent; sideline production, 10 percent; and fishery, 4 percent. In pure agriculture,

grain crops account for 69 percent; subtropical cash crops, 18 percent; and others, 13 percent. In total industrial output, heavy industry accounts for 40 percent and light industry for 60 percent; large and medium-size enterprises account for 22 percent and small enterprises for 78 percent. Classified by the different trades, the metallurgy, chemistry, and machinery trades each account for 12 percent of total industrial output value, all being more than 80 million yuan; 35 percent, or 224 million yuan, by the food industry (in which, home-produced sugar accounts for one third). Its main feature is that the commodity economy is still not well developed, while the characteristics of a natural economy are even more dominant in the minority nationality areas. In industry, small-scale light industry occupies the leading position, and the major portion of it uses agricultural sideline products for raw materials.

The open-door policy will naturally hasten the disintegration of the semi-natural economy and change it into a commodity economy. Furthermore, this new economic structure will be different from that of ordinary local economy, because it will be oriented to the international market and will carry out large-scale imports and exports. It can be called a type of open-door economic structure. This structure can be reflected inside agriculture, between agriculture and industry, and inside industry. In agriculture, the island now has to rely on the transfer of 450 billion jin of grain from outside every year simply because output per unit is too low. If, in the future, chemical fertilizers instead of grain are brought in, and in larger quantities, the island may become more than self-sufficient in grain. On this basis, the cash crops and economic diversification intended mainly for exports in the future should be quickly developed. Continued efforts should be made to raise the ratio of these products to the volumeof exports so that grain can enjoy an overwhelming superiority. Finally, [there should be] a system of agricultural production characterized by an all-round development of forestry, animal husbandry, sideline production, and fishery, with subtropical crops (including special economic forests, edible oil from woody plants, rare species of trees, fruits, and so forth) as the key products, and by a high percentage of marketable goods. The relationship between agriculture and industry at present is evidenced mainly in the primary processing of some agricultural sideline products and the manufacture of a small amount of the means of production for agriculture. In future, the continued increase in the supply of raw materials from agricultural sideline products will also continue to increase this volume of processing; along with the improvement in processing technology, secondary processing and tertiary processing will gradually appear. Certain products now being transferred out in the form of raw materials or primary processed products will in future go through intensive processing locally and then be transferred out in the form of final products. In addition, it is necessary for industry to supply more means of production for agriculture, with greater varieties and better quality. At the same time, there should be great developments in local mining, in the manufacture of consumer goods, and particularly in the processing of imported materials, the assembly of imported parts, and the production of labor-intensive products. After we import advanced equipment and assimilate the imported technology, products will become more diversified. Finally, with an industrial system based on the island, oriented to the domestic and foreign markets, and mainly undertaking the processing of subtropical crops and mineral products, the processing of imported materials and the assembly of imported parts will take shape.

In reorganizing the economic structure, we must form and preserve a logical ecological equilibrium and the three-dimensional pattern of agriculture so that it will be consistent with the economic structure. For example, if planting rubber causes damage to the shrubs and grass cover, it means the destruction instead of constructionof forests. Some people have suggested combining rubber planting and animal husbandry. This suggestion deserves careful consideration. In making use of foreign funds, we must also guard against the importation of pollution or any kind of predatory exploitation. For all projects, we should conduct research and comparisons in feasibility in economy and ecology and then evaluate them before making a decision.

Finally, the question of focus and steps in exploitation and development.

What should be attended to right now in the exploitation and development of Hainan Island? The provincial party committee has pointed out the need to stress communications and forestry. This is a correct idea. We must establish direct links with Hong Kong and Macao (to be extended later to Japan and Southeast Asia) in navigation, shipping, and communications in order to facilitate trade negotiations and the promotion of foreign trade and tourism; otherwise, foreign merchants may have misgivings because of the inconvenience. There must be forests before there can be water, grain, rubber, sugar, electricity, or anything else. This shows that the backwardness of our infrastructure is one of the obstacles to the attraction of foreign funds. This problem must be solved before the basic conditions can be created for exploitation and development. Energy, again, is another weak link. We feel that, aside from prospecting for petroleum and developing waterpower, we should make full use of lignite in place of timber for fuel and produce more building materials. An underwater cable should be laid under Qiongzhou Strait to be connected to the provincial power grid, while the regulation of thermopower and dydropower, the development of marsh gas, and the utilization of solar energy should also be considered. In using foreign funds, we must consider our ability to repay them, to produce the supporting equipment, and to assimilate the technology. Intellectual investment is the urgent need of the moment. It is suggested that while preparations are underway for the building of Hainan University, we should regard highly the development of secondary vocation and professional education. Incentives should be offered to recruit technicians from the mainland to stay here on a long-term or short-term basis. Cadres here should have peace of mind about remaining, so that they can devote their efforts to the construction of the treasure island instead of laboring under the feeling that they have been "exiled." In agriculture, some comrades have suggested the use of sugarcane as a means to "start the fotrune." This suggestion should be acted on. After all, we should pay attention to the key points, lay a good foundation, and proceed with our work in an orderly way, and then a change in Hainan Island's appearance can be expected in the not to distant future.

(III) Correctly Handling the Relationship Between Inside and Outside, as Well as Vertical and Horizontal Relationships

The exploitation and construction of Hainan Island cannot be undertaken in isolation, because it involves many relationships which must be handled correctly.

In exploiting and constructing Hainan Island, we should basically rely on the use of foreign funds and imported technology and set up joint ventures. Lenin pointed out: In a backward small-peasant economy, "the development of capitalism under the supervision and regulation of a proletarian state (and this is what the so-called 'national' capitalism means) is not only useful but also necessary (of course, only to a certain extent)." ("Selected Works of Lenin," Vol 5, p 573) This is not only because of the problem of the huge amounts of funds and equipment required for exploitation and construction, which cannot be solved within a short period, but also, more important still, because of our low labor productivity in industry and agriculture, which makes it impossible for more funds to be accumulated from internal sources. According to a preliminary estimate a minimum investment of 5-10 billion yuan will be required to bring exploitation and construction up to a certain scale and level. Even if the total amount of profits which the state-run enterprises have to turn in to the state is retained for local use, it will take 20-30 years before a sufficient amount can be accumulated. It has to be this way simply because, after all, our production level is too low. In 1979, there was an agricultural population of 3,777,700 in this administrative district (not including the people on state farms; same [exclusion] hereafter), with an average gross agricultural output value of only 235 yuan and net output value of not quite 150 yuan per capita. There was also a nonagricultural population of some 400,000 with an average gross industrial output value of approximately 1,500 yuan per capita--far below the national average of approximately 2,500 yuan. Therefore, large-scale accumulation is impossible. That is why, while we are using foreign funds and imported technology, we should strive to raise the level of production techniques and business management, and pay attention to intellectual development and investment in manpower. It is particularly necessary that our cadres at various levels should exert their efforts in learning about economic construction and then gradually create the necessary internal conditions so that external causes can operate more effectively through the internal causes. In this sense, our reliance on outside assistance is not one-sided reliance, but is built on a foundation of self-reliance.

Opening the door to the outside world and being flexible at home are in harmony, as far as the delegation of power to the lower levels is concerned. The so-called flexible measures at home mean readjusting existing policies and regulations that restrict productive forces, while the so-called delegation of power tolower levels means dividing up power that is overconcentrated or that should not be concentrated. Only thus can our foreign and domestic policies and measures be well coordinated, and only thus can the initiative and enthusiasm of the localities for economic activities abroad can be given full play. The subordination of flexible measures at home and the delegation of power to lower levels should be stricter on Hainan Island than in other ordinary areas.

The comrades of the administrative district feel that although the policy decisions of the central authorities and the provincial party committee are very good, there are difficulties in their implementation simply because the present system is not suitable for the open-door policy. According to them, unless the existing system is changed so that the mind can be truly emancipated, the flexible measures and the delegation of power will "end

like a bubble after a lot of excitement." The so-called system has a very broad meaning, but essentially it means the correct handling of relationships between inside and outside, between above and below, and between left and right. To accomplish this task, the following three points should be noted:

1) Readjust the economic relationship between the administrative district, the state, and the province. It is felt that Hainan Island's poverty should be attributed not only to disruption by the leftist line, but also to the fact that the central and provincial authorities have taken too much from and given too little to this island. Its "treasures," such as salt and iron, are managed by the state and the profits have to be handed over to the state; huge tracts of land are being used by the state farms which produce most of the rubber and tea on the island; the harbars are controlled by the central authorities; and even the highway maintenance charges have to be collected by the provincial authorities. Yet the food rations for these units and their personnel have to come out of the local share; nonstaple foodstuffs are all supplied locally; and part of the expenditures for culture, education, and public health have to be borne by the local authorities. Furthermore, procurements for foreign trade have increased the volume of currency in circulation and taken away the commodities, causing an increase in purchasing power followed by currency inflation and skyrocketing prices. In recent years it has been stipulated that 7-15 percent of the profits from the iron mines and state farms are to be allotted to the local authorities in consideration of the interests of both higher and lower authorities. But this allotment is still insufficient to meet the requirements of the open-door policy and of the exploitation and construction program. As a result, infrastructure projects, the construction and repair of scenic spots, and joint ventures are all handicapped by a lack of funds. The way to solve this problem is to replace the long-standing system of unified handling of all revenues by the state with a new system whereby, after financial and material resources are turned in to the state, the major portion of the surplus will be retained by the locality so that it will have the resources to undertake various projects in coordination with the open-door policy. "Taking must be preceded by giving"; so goes a Chinese proverb. After speeding up the progress of exploitation and construction, localities will be able to make even greater contributions to the state and the province.

2) Appropriately expand the decision-making power of the administrative district in its economic exchanges with foreign countries. Such power has been highly concentrated all along, thus causing contradictions between the central and the local authorities. For Hainan Island, the provincial party committee has laid down 10 points in a document emboyding the special open-door policy. This is a remarkable improvement; however, because of their inconsistency with the existing system, these points have not been recognized by the various departments. The comrades of the administrative district hold that in order to implement the open-door policy effectively, power for the locality in the performance of the following functions should be appropriately expanded, under the principle of united action in dealing with other countries: Planning for imports and exports; undertaking economic cooperation projects; utilization of the shares of trade and nontrade foreign exchange earnings; examination and approval of entry permits; and communications with other

countries. Since Hainan Island is farther from Hong Kong and Macao than Shenzhen and Zhuhai are, and since it is "not a special economic zone, but superior to a special zone," some preferential treatment in the form of "three lows" (low land rent, low wages, and low tax rates) and "one high" (high rate of profit-sharing) is now under consideration. This treatment is still awaiting documentary confirmation and the necessary legislation. In coordination with this, some changes should be made in organizational forms. For example, all specialized foreign trade companies should be converted into unified general local import and export companies and, under a unified plan, these local companies should be independently managed by the local authorities, with guaranteed revenue quotas for the state. At the same time, the establishment of industry-foreign trade and agriculture-foreign trade companies should be permitted so as to extensively utilize the resources in various fields. Thereby, all activities in the country will be coordinated like pieces in a chess game, and the initiative of the localities will be given full play. This will help to place exploitation and construction on a realistic basis and bring greater vitality to our economic activities abroad.

3) Strengthen cooperation under the unified leadership of the administrative district. On Hainan Island at present there are, in addition to the administrative district (including the autonomous prefecture), eight large enterprises directly under the central government. There are many vertical relationships but few horizontal relationships. In fact, the district cannot become a complete economic entity, and its resources are dispersed in dealing with other countries. This is disadvantageous to the implementation of the special open-door policy. Some comrades have suggested that all these enterprises should be placed under the leadership of the administrative district. Since all these enterprises have their own source of revenues and material supplies, a change of affiliation might cut these sources and affect production, construction, and business management. In the document of the provincial party committee it is stipulated that, under the leadership of the district party committee, Hainan economic leading groups should be established for all departments, with the district party committee secretary in direct charge. This is a practical plan. However, its role in coordination a6d overall planning must be given full play; otherwise, its authority will be only nominal. At the same time, we must have simpler and better administration and higher efficiency, further strengthen the leadership of the administrative district by including capable cadres among its personnel, and grant certain preferential economic treatment so that it will be better qualified for the new special task.

While opening the island to the outside world, internal cooperation should also be extensively promoted. Under the principle of voluntary participation and mutual benefit, support for Hainan Island can be enlisted from those provinces and municipalities that enjoy better economic and technological conditions. For those cooperative projects that do not require heavy investments and for which the equipment can be produced domesticallly, such as the improvement of irrigation as a means of raising sugarcane output and investment in the guilding of sugar refineries and papermills, it may be possible to achieve economic integration in various forms through cooperation among different regions, instead of relying solely on foreign funds. Many coastal provinces and municipalities may be particularly interested in large-scale development

of the processing of rubber and timber (including the use of the leftover bits and pieces for making fiberboard). Hainan Island itself will have difficulty supplying the equipment, technical know-how, and skilled personnel, and will need help through cooperation. In these respects, the situation here is the same as in Inner Mongolia, Ningxia, and the other autonomous regions. More propaganda and organizational work is required to produce the desired results.

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ECONOMIC MANAGEMENT

STRUGGLE AGAINST ECONOMIC CRIMES PERMITS NO RELAXATION

Shanghai JIEFANG RIBAO in Chinese 7 Oct 82 p 1

[Article by Commentator: "We Must Not Relax Our Struggle Against Serious Economic and Other Crimes:]

[Text] Recently, the people's courts in various districts and counties of Shanghai Municipality sentenced such economic criminals as Liu Dongliang [0491 2767 2733] to fixed prison terms. Like termites undermining the edifice of socialism, their criminal activities have seriously damaged China's economic construction, upset social stability, debased the standards of social conduct and corrupted people's minds. If we are to proceed with the establishment of socialist material and spiritual civilization and to achieve new gains in our projects of socialist modernization, we must continue to wage a resolute struggle against serious criminal activities in the economic and other fields.

While pointing to the serious criminal activities in the economic, political, ideological and cultural fields, Comrade Hu Yaobang said in a serious vein in his report to the 12th CPC National Congress: "We must on no account view such activities as merely ordinary crimes or anti-social acts. They are important manifestations of class struggle under the new historical conditions in which we are opening the door to foreign countries and directing our efforts toward enlivening the domestic economy. Such destructive elements must be severely punished by the law." What was said by Hu Yaobang has made it very clear that our struggle against criminal activities in the economic and other spheres is an important manifestation of class struggle under the new historical conditions. The decision of our party to adopt the open-door policy and to invigorate the domestic economy is irrevocable. The effectiveness and correctness of this policy has been borne out by our experience since the 3rd Plenary Session of the 11th CPC Central Committee. However, in the process of implementing this policy, we have been confronted with new and complicated situations and problems. The adoption of the open-door policy has made it possible for the infusion of undesirable capitalist trends and influences and for capitalist ideas to corrupt and to sway those elements who are lacking in their convictions. The policy of enlivening the domestic economy has offered the opportunity to the unlawful elements to engage in criminal activities and to damage the

socialist economy. In view of the inevitability of serious criminal activities in the economic, political, ideological and cultural fields, we must hold firm to our twin objectives both in ideology and in action. We must, on the one hand, firmly adhere to the open-door policy and the policy of enlivening the domestic economy and, on the other, wage a resolute struggle against grave criminal activities which endanger socialism in the economic, political, ideological and cultural spheres. No conflict exists between adhering firmly to the party's open-door policy and the policy of enlivening the domestic economy and waging at the same time a relentless struggle against grave criminal activities in the economic and other fields.

In this new historical era, a prominent feature may be noted in the grave criminal activities in the economic and other spheres, namely, the existence of a small number of corrupt and degenerate elements within the party and government who serve as "inside accomplices" and "protective umbrellas" for unlawful elements undermining socialism. For this reason, in our struggle against grave criminal activities in the economic and other fields, we must, in addition to exposing and dealing a blow against the unlawful elements in society, also expose and deal a blow against the small number of corrupt and degenerate criminal elements within the party and government. There are some comrades who are concerned that this would have a negative effect on the prestige of the party and government. Such worries are not warranted. It is an established fact that serious criminals do exist among the small number of corrupt and degenerate elements within the party and government. They have, through their actions, already done serious harm to the party and the people and damaged the prestige of the party and government. If we do not expose and take action against them and avail ourselves of the lesson we have learned to educate party and government workers, would we not be doing further serious damage to the prestige of the party and government? Facts have proved by exposing those corrupt and degenerate party members, especially those cadres guilty of grave criminal activities, and punishing them according to the law, we would serve to uphold the prestige of the party instead of damaging it. When the people become aware of the relentless way in which the party and government go about exposing such criminal elements, they feel reassured that they can count on the party and government to uphold the law in a just manner and draw the conclusion that only the Communist Party and the People's Government would act in such a fashion. It is to be noted in particular that by exposing these criminal elements and by using the evidence of their crimes as teaching materials on what not to do in educating the large number of party members and cadres, we would be helping the people to draw a lesson and immunizing them against such criminal activities. Thus, we must neither exaggerate the dark side of the party and government nor fear to expose it under any circumstances. We have the means and the vigor to wage a struggle against the forces of corruption and to emerge victorious from the struggle.

Since the struggle against serious criminal activities in the economic, political, ideological and cultural spheres is a long-term mission, it must be waged in a resolute and relentless manner. In the last half year or so, we have already won a preliminary victory in waging a struggle against grave criminal activities in the economic field, in basically putting an end to

illegal economic activities which had threatened at one time to get out of hand, in dealing a blow to a large number of economic criminals, and in safeguarding the cause of socialist economic construction and the livelihood of the people. We must not, however, overlook the complexity of the problem and the magnitude of our present struggle. We must continue to direct our efforts toward conquering the tendency to let paralyzing ideas get the better of us and to feel overwhelmed by the complexity of the problem. We must on no account relax our will to fight, Some comrades are of the view that our main concern at the present time should be to study the documents of the 12th CPC National Congress and that there should be a "respite" in our struggle against serious criminal activities in the economic and other spheres. This line of thinking cannot be more erroneous. There is no conflict between studying the documents and acting in the spirit of the 12th CPC National Congress on the one hand and waging a struggle on the other. On the contrary, we should use what we have learned from the documents and the guidance they have provided as an impetus to wage a more effective struggle and to achieve a greater victory. The central organs have emphasized time and again that the waging of the struggle in a creditable manner offers the best guarantee for the realization of socialist modernization. In his report, Comrade Hu Yaobang called upon the entire party "to acquire a clearer understanding, to stand firm on our convictions, and to wage this struggle in a resolute manner to its conclusion." For this reason, we must fully understand that the waging of this struggle is central to the implementation of the spirit of the 12th CPC National Congress and that we must not relax our efforts in our long-term struggle against grave criminal activities in the economic and other fields.

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ECONOMIC MANAGEMENT

LU DONG CALLS FOR QUALITY, VARIETY IN PRODUCTS

Beijing ZHONGGUO CAIMAO BAO in Chinese 23 Sep 82 pp 1, 2

[Speech by Lu Dong [0712 2639], Vice Minister of State Economic Commission, delivered at the Fourth National Conference of Representatives of Quality Control Groups, entitled, "Developing Varieties and Improving Quality Are Strategic Tasks for Industrial Departments"]

[Text] On the occasion of the opening of the fourth national conference of representatives of quality control groups, I, on behalf of the party group of the State Economic Commission, wish the conference every success.

The convening of this conference during "quality month" for exchanging experiences among the quality control groups and reviewing the achievements of these groups is of great significance in intensifying the work of total quality control and in improving the quality of products, engineering work, and communications and transportation, posts and telecommunications, and other services.

This conference, convened jointly this year by the State Economic Commission, the All-China Federation of Trade Unions, the China Scientific and Technical Association, and the China Quality Control Association, is the first of its kind in China. The conference itself reveals a new phase in the development of the activities of our quality control groups. These activities began in 1978 after the smashing of the "gang of four" and have developed rapidly with remarkable success since the Third Plenary Session of the 11th Party Central Committee. They represent not only an important organizational form of the participation in quality control by workers and staff members exercising their rights as masters, but also an effective way for these workers and staff members to learn science and technology (including scientific management) and to carry out technical transformation or make reasonable proposals. The many achievements of the quality control groups have vividly proved that science and technology, once in the hands of the broad masses, will become a tremendous material wealth. The activities of quality control groups have continued to attract the attention of the leading departments, and this is only natural. There are immense advantages for these activities under the socialist system in our country, such as the direct leadership and support of the party and the government departments at all levels, the support and

assistance of the All-China Federation of Trade Unions and the trade unions at various levels, and the assistance and specific guidance from the China Scientific and Technical Association, the China Quality Association, and the scientific and technical mass organizations at all levels. Furthermore, there is the fine tradition of participation by workers and staff members in the management of the enterprises. Therefore, the work of our quality control groups is of great vitality. In this conference, I hope all will carefully sum up and exchange their experiences and display the achievements of their activities, in order to make this conference a success.

This conference is opened on the auspicious day of the successful conclusion of the 12th National Party Congress. Every one of us has read the documents of this congress, including Comrade Deng Xiaoping's inaugural address, Comrade Yaoban's report, and the speeches of comrades Ye Jianying, Li Xiannian, and Chen Yun. The 12th National Party Congress has marked another great historical change since the founding of our party. We must conscientiously study the documents of this congress, resolutely act in accordance with its spirit, and strive to create a new situation in all fields of socialist modernization. The general objective of China's economic construction set by the congress is, while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production--from 710 billion yuan in 1980 to 2.8 trillion yuan or so in the year 2000. This objective calls for not only a simple increase in quantity but also an improvement of quality, an increase in varieties, and a higher level of technology so that we will be able to produce first-rate products, increase their adaptability and competitive power in the international market, and gain even better economic results. Therefore, developing varieties and improving quality constitute a very arduous strategic task for our industrial departments.

The leading comrades of the Party Central Committee and the State Council have attached great importance to increasing varieties and improving quality, and since the beginning of this year they have made many comments and issued many directives on this subject. They also called on the State Economic Commission and the economic departments at all levels to pay great attention to the question of varieties and quality, and to treat this question as an important matter in our work. To attain the lofty strategic objectives set by the 12th National Party Congress and to act in accordance with the spirit of the directives issued by the leading comrades of the Party Central Committee and the State Council, I would like to take this opportunity to express some tentative views on certain basic problems in the effort to increase varieties, to improve quality, and to lay a good foundation for economic development in the next 10 years by taking full advantage of the present readjustment, as already discussed in an earlier symposium with the comrades concerned in several leading industrial departments. I hope all of those who are now here will discuss and study these views.

I. Enhancing Our Understanding and Stressing the Great Importance of Variety and Quality in Industrial Production

Variety and quality form a closely related entity which, in essence, refers to the technical level of products and their suitability to social needs. One of the important problems in our industrial production at present is that the technical level of our products is too low and the products are unsuited to social needs. To accomplish the unity of accelerated development and economic results so that our national economy will embark on the road of steady and healthy development and so that a reliable foundation can be laid for vigorous development in the 1990's, we must from now on treat variety and quality as matters of primary importance in industrial production. We must strive for technical progress and treat the technical level as a matter of great importance.

At present, the general situation of industrial production in our country is fine. The objective of "ensuring an increase of 4 percent and striving for an increase of 5 percent" can be attained, and the streamlining of industrial production with a view to restoring the fine quality of products has basically been completed. However, what deserves our attention is the fact that it is now quite common to stress output at the expense of quality. This shows a complete lack of understanding by many leading comrades concerning the relationship between quality and quantity. Particularly because of the recent upswing in heavy industry, the old idea that "the mud on a fast-growing turnip need not be washed away" has again affected some comrades. There has been an increase in some light industrial products, but they are not selling well. In both light and heavy industry, the question of variety and quality is an important one. Yet their production is sloppy, and some people even resort to dishonest tactics. If these defects are not radically corrected, if outdated products of inferior quality but with high prices continue to go to other enterprises for "equipment renovation," and if the problem of unwanted goods continues in the one-sided quest for "speed" regardless of economic results, we can only return to the old path that we took before the readjustment.

In reasing varieties and improving quality are an important way to improve economic results and a basic policy for industrial development with a bearing on the future and the destiny of industry. Therefore, we should do more publicity work in this respect, so that its significance will be understood by every household and individual. The leading comrades of industrial departments at all levels must recognize more clearly the importance, urgency, and arduous nature of this work, and must under all circumstances attend to it unswervingly as a matter of prime importance.

II. Developing Variety and Improving Quality as a Strategic Task, and the Need for a Strategic Objective for All Departments and Localities

Instead of a temporary expedient, developing variety and improving quality are the outcome of many years of experience at home and abroad. One of the reasons why many of our products have remained unchanged for 20 or 30 years is, aside from incorrect ideology, the lack of long-range planning. We have been satisfied with only patchwork here and there, and that is why we have always remained backward. To remedy this situation, we must set a distinct strategic objective.

The basic requirement of this strategic objective is to raise the technical level and make scientific and technological progress. Of course, improving the quality of our presently low-level products is a very important task which must be carefully accomplished. In short, the problem basically cannot be solved if this task is not carefully attended to. In accordance with the requirements of the "three generations" (that is, improvement for the present generation, research for the second generation, and planning for the third generation of products), and based on the existing international level, the present conditions of their own products, and the market forecast, all departments and localities should consider production needs and feasibility, and accordingly work out their plans or plan outlines for 3 years, 5 years, or even longer. They should also adopt a series of measures and organize the forces in various quarters to tackle the difficult problems so as to bring about a significant change in their variety and quality.

Whether there is a strategic objective in the development of varieties and the improvement of quality is, in a certain sense, an appraisal of the work of the economic departments in charge at various levels as well as an evaluation of the mentality and progressive spirit of the leading comrades at various levels. I hope there will be some long-range plans in each department and locality for their new products, and that these plans will gradually be implemented in an organized way.

III. Including Variety and Quality in State Plans

In capitalist countries, as we all know, the motive force for developing variety and improving quality comes from competition. Under socialism, planned economy plays the leading role, while market regulation plays a supplementary role. In accordance with the characteristics and special features of the socialist economy, we must strengthen our planning to be used for guidance, proceed from social needs, and include variety and quality in state plans. There should be specific measures and plans, such as plans for the regular production of new products, plans for tackling difficult problems, and plans for popularizing new technology, together with a set of indices for evaluation. We have to consult the State Planning Commission about the specific substance of the plans, and all departments and localities should cooperate with the relevant departments to work out specific plans for their variety and quality.

IV. Taking Positive Action in Adopting International Standards

In raising the technical level, developing variety, and improving quality, there is first of all the question of technical standards. The standards of our products at present are far too backward, being of the 1950 or 1960 vintage. The quality of products has to be judged by the percentage of those that are up to standard. However, if technical standards are low and backward, even a product that is 100-percent up to standard can only be 100-percent backward. I say this not because of my desire to ignore the need for old products to be up to standard, but rather because of the need to guard against conservatism and complacency with regard to the old technical standards.

As we understand it, there are approximately 10,000 national standards in each industrially developed country, and these standards have to be revised once every 3 to 5 years. We have many fewer national standards, and 60-70 percent of them were in use way back in the 1950's or 1960's. We must be aware that such standards are a serious obstacle to our efforts to raise our technical level. We must therefore make innovations and a revolution in our technical standards.

Some comrades have forcefully pointed out the difficulties in adopting international standards. We must admit that there are difficulties in raising the standards; however, if we want to raise the technical level, we must have the determination and courage to overcome difficulties and to scale the high peak. If we are satisfied with low standards instead of doing any hard work and making painstaking efforts, there will not be much hope for the four modernizations. During the First Five-Year Plan, we adopted Soviet standards, and had difficulties at the very beginning. However, we soon got over these difficulties. Now we have a much better foundation. We admit that conditions are an important factor, but as long as we have the determination and exert our efforts, the difficulties can be overcome. Perhaps, starting next year, we can set up 1,000-1,500 national standards each year, and in 5 years or a little longer, we may be able basically to solve the problems. All departments and localities are requested to study this matter carefully. If conditions permit, they should first adopt international standards and then improve them later. The comrades at the State Standardization Bureau are now actively studying the implementation plans.

The adoption of international standards has to be supplemented with certain means of checking and some technical measures. All departments and localities should have the determination to spend money on these measures and try to improve them in a planned way.

V. Energetically Popularizing the New Achievements in Applied Science and the New Technology, With Science and Technology Taking the Lead

The objective of having the policies of science and technology take the lead and of "quality first" is to raise the technical level. These two policies are closely related, because without science and technology taking the lead, there will be no development of variety and improvement of quality, while without the need to develop variety and improve quality, there will be no opportunity for science and technology to play their role. In the next 20 years, if we truly rely on and pay great attention to technical progress, many problems which now seem difficult will be solved. On the contrary, if we do not rely on or pay attention to technical progress, then it will be quite difficult or even impossible for us to "quadruple the gross annual value of industrial and agricultural production." With a view to developing variety and improving quality, we should now carefully attend to two links in our scientific and technological work: First, we must redouble our efforts in tackling difficult technical problems. We must stress the need for science and technology to serve production. At present, we cannot raise the technical level of some of our products simply because certain technical problems have turned out to be bottlenecks. We must organize our forces in the scientific and technical

fields in order to solve these problems one by one. All departments, localities, and enterprises murt have distinct goals and priorities for their work, strengthen the weak links, overcome the technical difficulties, and systematically solve the problems of raising the technical level. Second, we must energetically popularize the new achievements in scientific research in our country and the new technology imported from abroad, and make painstaking efforts to turn science and technology into a real productive force. As we understand it, the utilization rate of scientific and technologibal achievements in the developed countries is generally around 50 percent, and sometimes as high as 80 percent. In our country, however, it is only 10-30 percent. This is a great loss and waste. We have imported many new items of technology from abroad in the past several years. We must organize our forces to assimilate, popularize, and use them.

VI. Carrying Out Technical Transformation in a Planned and Selective Way

The main purpose of technical transformation is to raise the technical level. To change the backwardness of our industry, in which many products have remained unchanged for many years, and to shift our national economy onto a new material and technical foundation, we must carry out a technical transformation, beginning with the upgrading of products. (Of course, technical transformation is also carried out for the purposes of energy conservation and a reduction of consumption and production costs.) In any case, the transformation cannot be undertaken on all all-out basis and on the spur of the moment. We must also pay attention to energy, communications, light industry, the electronics industry, the machinery industry, and other key projects and carry out the transformation in a planned and systematic way. Since the promulgation by the State Council of the "Decisions Concerning the Selective and Systematic Technical Transformation of Existing Enterprises," the machinery trade, in accordance with the spirit of these "Decisions," has worked out its preliminary plans based on the purpose, substance, methods, and steps of technical transformation in the machinery industry. In order that there will be unity of purpose, a distinct goal, and coordinated action in technical transformation, I propose that all departments and localities work out similar plans on a long-term or annual basis.

The concrete methods of technical transformation should be constantly reviewed and new ideas should be constantly introduced. Recently, the leading comrades of the State Council have viewed with high regard the "dragon" experience of the Shanghai textile departments in developing new chemical fiber textile products. This experience has greatly enlightened us. When we were inspecting the electronics industry in the Beijing area, we also met with similar conditions. Whenever we talked about the quality of finished products, we also brought up the question of elements and parts; whenever we talked about elements and parts, we brought up the question of raw materials; whenever we talked about the quality of raw materials, we brought up the question of technology and equipment; and so forth. This shows the futility of attending to anything in isolation, which at the very best would require "double effort to produce half the normal result." Therefore, in developing variety and improving quality, we have to use the methods of system engineering

to bring about a close coordination of all factors--from raw materials to the basic parts, elements, and accessories; from design to technology and equipment; and from technical training to technical management; and so forth. In short, technical transformation must be carried out as though it involves a complete set of equipment, with the upgrading of products taking the lead.

VII. The Need for Continued Total Quality Control in Enterprises

Total quality control is an effective method of management to ensure the improvement of quality, and it is in popular use in many countries in the world. In 1979, our country began to learn and popularize it, and the State Economic Commission issued the "Provisional Regulations on Total Quality Control by Industrial Enterprises." The situation with regard to total quality control is fine. It is being popularized in varying degrees by the localities and trades, and some exemplary units have emerged. There are now more than 160,000 quality control units, and certain economic results have been achieved. This shows the great vitality of this method of management.

There is still uneven development in the practice of total quality control. In the machinery industry, as we understand it, only 5 percent of the units are doing well, and 25 percent of them can only get by. Some units confine their work to mathematical statistics, and many of them have not even begun this work, or are doing it only for show. What is particularly unfortunate is that some leading comrades fail to appreciate this because of their ignorance. We must conscientiously sum up our previous experiences, face our difficulties and problems squarely, study the actual conditions, and perseveringly and steadfastly carry out total quality control. First of all, we must solve the problem of understanding on the part of the principal leading cadres, and follow Shanghai's example in conducting rotational training classes for total quality control and in carrying out education in total quality control among the industrial bureau chief, corporation managers, and directors of large plants, so that they will have a clear idea of the basic guiding thought behind total quality control as well as its basic theories and principal methods, and will become more eager to apply the science of modern management. At the same time, efforts should be made to lay the ideological, technical, and managerial foundations, to set in order the comprehensive maintenance and control of equipment, to improve the various rules and regulations as well as the system of responsibility, and to enforce a system of checking--from the entry of raw materials into the factory to the time of their departure from the factory in the form of finished products. In this way there will be a marked change in the style, appearance, and discipline of the factory, resulting in an overall improvement in the work of quality control in industrial enterprises.

VIII. Training Workers and Staff Members in a Realistic Way

Systematic education for workers and staff members is a basic task for the state's cultural and material development. Nearly half of the present workers and staff members are under 35 years of age, having come to work during the

"Cultural Revolution." The overwhelming majority of them have not received any systematic professional training, and yet they are undertaking important production tasks. This is a very undesirable situation. Just think, how can the technical level in industry be raised without a corresponding rise in the technical level of the workers and staff members? Therefore, we must conscientiously implement the "Decisions on Strengthening the Education of Workers and Staff Members" and bring about a comprehensive rise in the political, cultural, technical, and vocational level among workers and staff members.

From what we could see in the past, the education of workers and staff members did produce good results, and to a certain extent it has helped to improve the quality of our work force. Because of their originally weak foundation, however, these achievements can only be the beginning of a long task, and they are still far too inadequate for the developing situation. We must fully recognize the great strategic and real significance of this work, strengthen the leadership, and set our minds to making the education of workers and staff members a success. While attending to the two priorities of training the cadres and making up the missed lessons in culture and technology for the young and middle-aged workers and staff members, we must also pay attention to the education of technical personnel and quality control personnel, to scientific research, and to the study of new technology for technical transformation projects. There can be a firm foundation for the development of variety and improvement of quality only when these jobs have been successfully completed. Without an improvement in the cultural, technical, and political quality of our work force, it will be impossible to develop variety and improve quality.

IX. Certain Policies and Regulations on Encouraging the Development of Variety and the Improvement of Quality

In the past, we were "eating out of the same pot," and the production of good or poor, new or old products made no difference to the enterprises. Some enterprises even had to suffer because they were producing new products. There have been some changes in recent years, but these changes are still not enough. Unless there is an improvement in policies, it will be difficult for enterprises to acquire the innate driving force for developing variety and raising quality to a higher technical standard. This is one of the basic problems that must be solved in developing new products and improving their quality.

To arouse the enthusiasm and creativity of the enterprises so that they will have the required innate driving force, we must adopt a series of policies. The problem of the source of funds for the manufacture of new products, for example, is still unsolved. Again, the policy of pricing on the basis of quality and setting a high price for high quality has not been entirely implemented. Lenin once said: "Since the setting of monopoly prices (although temporarily), there has been an incentive for technical progress and, therefore, progress in all other fields. Without such action, the incentive will disappear to a certain extent, and this may hold up technical progress needlessly by economic means." This problem must be conscientiously solved. There is also the question of how a reward system can embody the "quality first" policy.

This system must be further improved. Furthermore, we must proceed with the making of laws, decrees, and rules and regulations concerning responsibility for products, and strictly enforce the system of responsibility for quality. While encouraging the production of new products, we should at the same time unequivocally restrict or eliminate the production of outdated ones. We may consider publicizing a number of outdated products each year in order to promote the updating and upgrading of products. Some time ago, the state proclaimed some policies, as shown by the "Regulation on Rewarding Rational Proposals and Technical Transformation" and so forth. This was a very good beginning, but in addition we need to assign special personnel to continue the study of these problems so as to be sure that these policies and regulations are well coordinated.

X. Strengthening Supervision Over Quality

In the country as a whole, the State Standardization Bureau, the Weights and Measurements Bureau, the State Pharmaceutical Administration Bureau, the Shipping Inspection Bureau, and the Import-Export Commodity Inspection and Testing Bureau have done a great deal of work in the past in the area of supervision over quality, and they have achieved certain successes. Reliance on these departments alone is not enough, however, since there are still many products without any rules and regulations to guide and without anybody to supervise their production. Supervision over quality should be further strengthened. For example, the issuance of production permits is a good method, but how can this method be widely used, and who is to control the permits? This problem has not been completely solved. Again, how will the departments, provinces, and municipalities set up and strengthen their supervisory organs? How can the enterprises' function of quality inspection be further strengthened? All of these problems should be studied seriously in order to further improve the state's system of supervision over quality.

So far, I have dealt with 10 aspects of the problem of developing variety and improving quality in the production of industrial products, and some of the basic spirit behind them can in principle be used to improve the quality of engineering, communications and transportation, posts and telecommunications, and other services. In quality control, these 10 aspects, in my opinion, concern the basic characteristics of capital construction. Some of them are already being carried out, while others are ready to be. Their substance still needs more filling in, and the policies need to be further studied and worked out. The key to the successful completion of this work lies in the leadership at various levels. Since the work of developing variety and improving quality involves quite a wide range of problems, we can anticipate a lot of difficulties in this work. However, we must have confidence in our country as a socialist country. As long as we bring into full play the strongpoints of the socialist system, actually strengthen the specific leadership over this work, and are given the cooperation of various departments for a general improvement, we can certainly accomplish this work faster than the capitalist countries can, and then help to bring about a vigorous industrial developing in our country. It is suggested that all departments and localities follow the example of Shanghai, Tianjin, and Liaoning and work out, in light of their local conditions, regulations on rewarding the development of new products and improving quality.

These regulations can be gradually improved after some mandatory experiments. They should also follow the examples of the Ministry of Machine Building, the Ministry of Water Conservancy and Power, the Ministry of Metallurgy, and the Ministry of Coal Industry in studying the problem of quality in certain key products and in holding quality-adjustment meetings between the production departments and the user departments; at those [meetings] the production departments earnestly solicited opinions for solutions to existing problems relating to quality and expressed their sincere desire to serve the users, while the user departments, out of a sense of responsibility to the state, made realistic and strict demands and actively cooperated with the production enterprises in adopting well-planned, progressive measures in the common effort to develop new varieties and improve the quality of goods. In short, we must pool our resources to speed up the development of variety and the improvement of quality, in order to contribute to the creation of a new situation in socialist modernization.

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BRIEFS

NEW GUANGDONG POWER LINE--The 110,000-kilovolt high-tension transmission and transformer project from Xinfeng and Longmen to Zengcheng formally began operations yesterday. Yesterday morning, Comrade Liang Lingguang officiated at a ribbon-cutting ceremony in Zengcheng to celebrate the completion of the project. "This project is a project handled very quickly, very well and very economically by our city and constitutes an important part of our effort to create new prospects for the building of socialist modernization," he announced. This 110,000-kilovolt high-tension transmission and transformer project began in October of last year and the construction phase took only 10 months. The system was tested at the end of August of this year. The completion of the project will enable the small-scale hydropower stations of Xinfeng and Longmen to feed more than 20,000 kilowatts of unused electric power into the larger provincial grid, supplying electricity to Zengcheng, and earning more than 5 million yuan a year for the two mountain counties of Xinfeng and Longmen. Also, the more than 100 million kwh now fed into the power network of Zengcheng by the Huangpu Power Plant may be diverted for industrial production in the Guangzhou municipal area. This is a project that, upon completion, will see immediate economic benefit. These two mountain counties have 200,000 kilowatts of exploitable hydraulic power resources and have already constructed small-scale hydropower stations with an installed capacity of 46,000 kilowatts, leaving three-fourths of this resource to be developed. [Text] [Guangzhou GUANGZHOU RIBAO in Chinese 1 Oct 82 p 1]

YUNNAN 110,000-KV TRANSMISSION LINE--The 110,000-kilovolt high-tension power transmission line from the Xunjiansi Power Plant to the Yuxi transformer station began operations on 31 August to complete the north-south coordination plan. After a complete overhaul of the Yuxi transformer station, the Xunjiansi Power Plant can supply 400,000 kwh daily to the central Yunnan power grid, basically meeting the power needs of the Yuxi area and easing the overload now on the central Yunnan grid. The transmission line has a total length of 85.5 kilometers and forms a bridge between the central Yunnan grid and the southern Yunnan grid. [Text] [Kunming YUNNAN RIBAO in Chinese 5 Oct 82 p 1]

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CONSTRUCTION

SERIOUS ACCIDENTS IN GUANGDONG, HUNAN INVESTIGATED

Beijing JIANZHU in Chinese No 8, 1982 pp 6-7

[Article by the Construction Administration Bureau of the State Capital Construction Commission: "Draw Lessons From Two Serious Accidents"]

> [Text] Editor's note: In May and June of this year, two serious accidents, caused by the collapse of buildings in Haikang County, Guangdong, and Hengnan County, Hunan, brought tremendous losses of lives and property of the people. With a heavy heart, we are going to report on the course of events leading to these two serious accidents and the various causes of these accidents. We hope all localities will draw lessons from them, strengthen the management of urban, neighborhood and rural construction forces, and resolutely solve the problems of rash action in design and construction work as well as blind commandism. In accordance with the urgent notice and request of the commission, they should also make a careful check of all projects, either completed or under construction, so as to uncover and promptly solve any problems that otherwise may remain hidden, as a precaution against serious accidents. The leadership at all levels must take a serious view of this matter, which must not be overlooked.

The Collapse of a Seven-Story Hotel in Haikang County, Guangdong Province

On 3 May of this year, a serious accident occurred in Haikang County, Guangdong, with the collapse of a seven-story hotel building.

This building was a reinforced concrete structure with a floorspace of 4,190 square meters. Construction began in July 1980 and was basically completed in April 1982. The hotel was prepared to open on "1 July." At 1800 hours on 3 May, the whole building suddenly collapsed, causing four deaths, one serious injury, and two light injuries, and a direct economic loss of more than 630,000 yuan. That building was designed by the county design office and built by the county construction company. An investigation revealed poor design as the main cause of the collapse, but many problems with the construction units and the administration departments have also been brought to light.

The main problem with the design was that the design personnel proceeded with their work before they were familiar with the actual geological data. As a result, there were serious discrepancies between the designed foundation and the surface structure.

1. The stress capacity was seriously inadequate. Tests conducted after the collapse showed that the [actual] stress capacity was 4-5 tons per square meter, whereas the design was based on a stress capacity of 10-12 tons per square meter, more than double the allowed weight.

2. The foundation was not strong enough. The impact of the central column, according to the design, was 53 tons, whereas, according to experience, it should have been 163 tons. Thus the designed impact was only 32.5 percent of the proper weight.

3. The calculations for the entire structural frame were wrong. The cross-sections of the girders and reinforcing bars were not up to standard, and the joints were poorly constructed. For example, the reinforcing bars for the main column at the bottom level, according to the design, were only 8.51 square millimeters, whereas, according to experience, they should be 44.61 square millimeters. Thus the design could only meet 19.1 percent of the requirement.

There were also problems with the building administration and the leadership units. The construction did not follow the proper procedures, and no system of basic technical control was set up. For example, the joint checking of blueprints, the detailed explanation of the technical aspects, the making of work plans, the checking of raw materials and structural components, the experiments of mixing mortar and cement and so forth either did not conform to the rules and and regulations or were not carried out at all. There was no system of quality control and no record of acceptance checks; the technical force was weak; and the responsibility for the engineering job was undertaken by one who was only a former bricklayer. Since the county construction commission and the county capital construction bureau were not responsible for the administration and did not provide any guidance, the existing problems in capital construction were not studied and solved in time, and the management was chaotic. The task of designing the seven-story mansion was entrusted to an assistant engineer who did not supervise or make strict demands on the inspections. Particularly in June of last year, it was discovered that the building had sunk 5-10 millimeters at the worst spot and tilted by 33 millimeters with a crack. The county construction commission learned of this situation on 30 December but did not take any steps to investigate the cause. No action was taken for half a year, and then the accident occurred.

Collapse of a Workshop of the Quanxi Commune Pig Bristle Plant in Hengnan County, Hunan Province

At 1420 hours on 15 June this year, four panels in the central part of the bristle-selection workshop of the Quanxi Commune Bristle Plant, a commune-run enterprise, caved in. Except for 16 persons who escaped in time, all 64 persons on duty were trapped. Of these, 44 persons died, 8 persons suffered serious injuries, and 12 persons suffered mild injuries. This was a serious fatal accident.

That building was a three-story brick structure. The first and second levels were used as the bristle-selection workshop, and the third level was used as a dormitory for workers and staff members. The total floorspace was 1,428 square meters; the intercolumnation was 3.5 meters; the span, 10.5 meters; and the investment, 110,000 yuan. The main causes of the accident were as follows:

1. Serious violations of capital construction procedures. This is shown by: first, no capital construction plan was forwarded for approval; second, there were no regular design blueprints; third, there was no assurance of availability of funds and the "three materials"; fourth, there was no signed work contract; and fifth, there was no application for permission to start work. As soon as the commune party committee studied the project and expressed concurrence, Deng Yuncheng [6772 0061 4453], the deputy director of the commune enterprise office, immediately asked a member of the commune construction team to draw up two rough diagrams, and then the work was hastily and blindly started.

2. Sloppy design. Huang Junbo [7806 0193 0130], who drew the rough diagrams, was a plasterer with only 3 years' education in an elementary school. He had no knowledge of architecture and even less of structural computations. The rough diagrams he produced were only a hodgepodge of other engineering designs. When the commune leadership proposed that the two-story building be changed to a three-story one, and that the sloping tile roof be changed to a flat roof with hollow boards, he also expressed agreement, and as a result the supporting strength of the brick buttress at the bottom level and the reinforced concrete girders at all three levels became seriously and dangerously insufficient. First, according to calculations based on the design, the brick buttress at the bottom level could bear only 21.7 tons, but that section below the column and the brick buttress had to bear a load of 57.1 tons, or 2.62 times the allowed capacity. Furthermore, the reinforced concrete girders at all three levels, according to their actual cross-section and the reinforcing bars, can stand a maximum bending moment of 39.85 ton-meters, but according to the design, the bending moment had to be 116 ton-meters, 1.92 times too large.

3. Failure to conform to operational regulations, and poor quality of work. The commune construction team responsible for the construction was formed on a temporary basis, and there were no skilled workers. Yuan Youce [5913 0645 4595], who was in charge of the work team, did not refuse to start work without blueprints and never cared about the quality of work. For example, a 490 x 490 support wall was completely laid with the "baoxin" [0545 1800] method with the hollow space filled with half-length bricks. This greatly weakened the strength of the brick buttress. The 240-sleeper wall was not laid according to regulations. Its thickness ranged from 5 to 8 units [shun-yi-ding [3711 0001 0002]] and sometimes as many as 19 units. That was why the whole wall was full of concaves and convexes. There were large gaps at the vertical and horizontal wall joints, and vertical cracks could be seen in many places, some of them as long as 16 brick layers. The mortar was not applied well, because it did not adhere firmly to the surface. Also because of the poor quality of bricklaying, the attached columns could not share the weight with the wall, and some of the poorest quality ones had cracks extending across many

brick layers. Some of the cracks were as wide as 1 millimeter. Thus, the cracking of the support walls led to the collapse. Furthermore, work on the beams and slabs did not meet the design requirements, and the cement mark was not up to standard, some of it being 50 percent below the design. Many bars were exposed below the beams, and some of them became badly corroded. The poor quality of construction further hastened the workshop's collapse.

4. Rash action because the leaders knew nothing about science. Deng Yuncheng, the deputy director of the commune enterprise office, made changes as he wished during the preparatory stage, and arbitrarily commanded the construction team to remove the inner buttress of the brick walls. He also ordered the change from a wooden structure with two stories and a sloping roof into one with three stories and a flat roof. This change further added to the strain on the structure as a whole. Signs of an impending collapse were noticed for a long time, as the cracks in the walls became increasingly serious. The masses many times reported this to Zhu Meishun [2612 5019 7311], deputy secretary of the commune party committee, Hu Qijia [5170 0796 0163], director of the enterprise office, and Luo Shaosheng [5012 1421 3932], acting plant party committee secretary, but none of them paid any attention to this matter. In early June of this year, when the construction team proposed that something be done to strengthen the structure, they said: "June is a busy month, and we have to bring our output value up to 60,000 yuan." Thus, the last attempt to save the workshop failed. Serious negligence on the part of the leaders was the main cause of this tragedy.

To educate the cadres and people, the authorities of Hengnan County, Hunan Province, have strictly enforced the law and put those responsible for this accident under arrest.

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QUALITY CONTROL STRESSED IN BADALING HIGHWAY CONSTRUCTION

Beijing GONGLU in Chinese No 8, 1982 pp 10-11

[Article by Xia Chuansun [1115 0278 5549] and Huang Zhiyi [7806 1807 3015]: "Some Thoughts on Engineering Quality Control in the Construction of the New Badaling Highway"]

[Text] The new Badaling highway is an economic trunk road connecting Beijing with the northwest as well as a tourist road leading to the historical site in Badaling. Therefore, provided that the natural landscape was affected as little as possible and as much money could be saved as possible, construction of this highway called for high standards, good quality, and a short construction period. A second-grade highway technical standard was adopted for the entire line, and the construction was designed by the No 2 Survey and Design Institute under the Ministry of Communications. The exact technical standards were as follows:

Technical Standards	Unit	Plains and Undulating Hills	Mountains and Cliffs
Designed speed	km/hr	80	40
Foundation width	meter	24 - 15	12 - 10.5
Surface width	meter	18-12	10.5 - 9
Minimum radius	meter	440	70
Maximum gradient	percent	4	6
Weight limits for bridges		Car - 20 Trailer - 100	Car - 20 Trailer - 100
Net width of tunnel	meter		9+2x0.75

The main engineering work consisted of: stone and earthwork for the road foundation, 1.2 million cubic meters; mortar masonry, 90,000 cubic meters; 5 large bridges with a total span of 644 meters; small bridges, 171; two tunnels, 274 meters. The plan called for 2 million man-days. The stone and earthwork for the entire road, the small bridges, and the retention walls were undertaken by a work force consisting mainly of civilian workers organized by Changping County and Yanqing County, while construction of the large bridges, tunnels,

and road surface was undertaken by a special team organized by the highway engineering corporation of the Municipal Transportation Bureau and the two counties. A leading group formed of the leading personnel of the construction, design and work units was to be responsible for directing the engineering work of the entire road.

To ensure completion of the task according to plan and to the required standards of engineering quality, we mainly did the following items of work.

1. Strict Compliance With Capital Construction Procedures

We conscientiously followed the relevant regulations of capital construction procedures, such as surveying before design and designing before starting work. We have learned that these constitute the objective laws for good performances in capital construction. The survey and design for that highway were carried out in separate stages. In 1974, we completed the preliminary design and estimate, and, after examination and approval by the Municipal Capital Construction Commission, we completed the detailed surveys and the blueprints in 1979. During the detailed surveys, we carried out intermediate inspections, and prior to the conclusion of outdoor work and the beginning of inside work, an acceptance check was completed. The completed blueprints were handed over at the worksite. Before the work started, plans were worked out on the basis of the blueprints to be used as guidance in actual work. The work units were also organized to study and check the blueprints, to familiarize themselves with the design documents, and to conduct supplementary inspections and work surveys. Because of these tasks, we were able to keep the initiative in management right after the beginning of work, and the engineering project proceeded smoothly.

2. Following the Designs in Work and Observing the Regulations in Dealing With Other Matters

Firm adherence to technical standards and emphasis on the need to follow the designs in work and to observe the regulations in dealing with other matters are important conditions for ensuring high engineering quality. We introduced our design experiences at different meetings, along with the explanation that in guaranteeing the high quality of the designs, the design departments had done a great deal of work in investigating and conforming; that the designs for the important sections of the road and the large bridges were the results of comparisons of many alternate plans; and that these designs therefore should not be changed at will. After these meetings and the frequent checks, everyone became convinced of the need to respect the designs and regulations, so that observance of regulations and adherence to the designs became their voluntary action. At the same time, a system of job responsibility was set up and strengthened, and special persons were assigned to check the quality of the work.

After the commencement of work, quality was neglected for a time because of the one-sided quest for speed. We discovered this problem in good time and took the following measures: 1) The showing of model engineering to be used as examples. This was a good way of educating the civilian workers. 2) Three detailed explanations (of technology, operation, and quality standards) in

various sequences of operation. The duties and responsibility of technicians were clearly defined, as a precaution against decisions on technical problems by administrative means. 3) Regulations on linking quality with economy. Substandard engineering should be brought up to standard even if a start had to be made all over again. The responsible party should be held economically liable (and the work units undertook the work on a contract basis). 4) Overall inspection on the quality of engineering by the work units when work on a section of the road was nearly completed and before the workers left the worksite. The inspection should cover the quality of the structural materials, the geometrical measuresments of the road, the drainage system, and the dumping site for discarded materials, and quality check should be made. This type of inspection is equivalent to an acceptance check. Everyone attached great importance to it, and that was why it was so effective.

3. Stressing Control Engineering and Work Management

Control engineering was carried out for the whole road as well as for different sections of the highway. When the order of work was arranged according to actual conditions, control engineering always had to come one step ahead of other things. Its progress had to be quick, and its quality had to be good. For the whole road, work on the large bridges, tunnels, and the major sections comprised control engineering, which was also required for some small bridges, retention walls, and some worksites requiring large-scale blasting. This had to be well coordinated with the engineering jobs requiring heavy stone and earthwork. To avoid damage to the natural landscape, the vertical extension of stone and earthwork and the dumping sites had by all means to conform to the design. That was why particular attention had to be paid to control engineering on this point.

The main job for the engineering leading group was to maintain an overall balance, to coordinate the activities of various work units, and to attend to work management. The work plans, materials, labor, and funds had to be well coordinated and rationally managed. This was the key to rapid progress and high quality of the work.

4. Giving Full Play to the Role of the Technicians and of the Work Design Groups

Organizationally, we made due arrangements for the technicians. For better coordination between surveying and design on the one hand and construction on the other, we let some technicians participate in surveys and design during the stage of detailed surveys, and let the work design groups participate in construction during the construction stage, so that these design groups could explain the blueprints and direct the construction.

The work design groups were under the leadership of the leading group as well as the leadership of the work units. They helped the work units solve technical problems and also carried out quality supervision for the leading group. In case of any change in design, increase or decrease in the workload, or revision of the estimate, requests for approval had to be endorsed by the work design group concerned. These groups could report to the higher levels on problems of quality during the construction through several channels, so that these problems could be studied and handled promptly.

Facts have proved that participation by construction personnel in design work and participation by design personnel in construction can play a positive role in arousing the technicians' enthusiasm and ensuring the good quality of engineering.

After a construction period of 1 year and 7 months, the Badaling highway is now open to traffic (although detours have to be made around the tunnels which are not yet open). After their inspection, the Ministry of Communications, the Beijing municipal leadership and the relevant departments all agreed that the engineering was up to the design standards and that the quality of work was good. Traffic conditions over more than half a year have shown that this engineering job is playing a definite role in alleviating the pressure of traffic in the Badaling tourist area and is welcomed by the tourist departments, the tourists, and the drivers of the freight transportation departments. According to a preliminary observation, the driving speed along the new road can be fairly high and very orderly. The result of the engineering work is fairly obvious. The amount of investment and the construction period were within the estimates and plans. Such good results, in our opinion, are inseparable from the several items of work mentioned.

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CONSTRUCTION

SUGGESTIONS ON IMPROVING ECONOMIC RESULTS IN BEIJING

Beijing JIANZHU JINGJI YANJIU in Chinese No 4, 1982 pp 16-19

[Article by Huang Zhongguang [7806 6850 0342]: "Several Suggestions on Improving the Economic Results of Construction in Beijing"]

[Text] The total area of the various types of housing constructed in the capital since the founding of the People's Republic is 87 million square meters, or four times that of old Beijing. This includes some 37 million square meters, or nearly 4 times the original area, for residential housing. There has also been great progress in municipal and public construction, and this has helped to change Beijing's appearance. New progress was made after the smashing of the "gang of four," and we began to pay attention to the relationship between "bones" and "flesh" in construction. From 1979 to 1981, a total of 11.35 million square meters of floorspace was completed for residential housing. This area was twice that of the sum total in the 10 years of the "Cultural Revolution." The achievements on the construction front in the capital have been quite impressive in the past 30 years.

In his report on the work of the government at the Fourth Session of the Fifth National People's Congress, Premier Zhao pointed out that in the future, the central task in economic construction should be the improvement of economic results. Since the broad masses of workers and staff members on the construction front in Beijing have shown much concern for ways to improve economic results in construction, here are several tentative suggestions for the reference of the departments concerned.

I. The Existing Problems

Because of the effects of "leftist" guiding thought in the past, the construction front in the capital, like other fronts, had problems of poor economic results. These problems were strongly reflected in the "three lows and two highs," meaning low percentage of completed work, low labor productivity and a low rate of machinery utilization, but a high percentage of funds used and high construction engineering costs.

1. Low Percentage of Completed Work

In 1964 and 1965, an average of 59.8 percent of the work on Beijing was completed. After the "Cultural Revolution," this percentage was greatly reduced.

It is very low even now. In the 3 years from 1979 to 1981, the average proportion was 38.9 percent, a drop of 20.9 percent. The percent of work completed of a certain bureau between 1964 and 1965 was 58.2 percent, from 1979 to 1981 it was 37.2 percent, a drop of 21 percent.

The decline in the amount of work completed and the length of the work period had a direct impact on the reduction of fixed assets. Throughout the city the newly increased fixed assets in the 3-year period from 1963 to 1965 was 95.15 percent. In the 3 years from 1979 to 1981, the average was only 75.2 percent, a drop of 19.95 percent.

2. Low Labor Productivity

In terms of output value per worker, the average labor productivity in construction and installation in the municipality was 4,103 yuan in the 3 years from 1963 to 1965. It was raised to 5,071 yuan, an increase of 22.2 percent, in the 3 years from 1979 to 1981. A certain bureau raised its labor productivity from 5,928 yuan in 1964 to an average of 6,385 yuan in the 3 years from 1979 to 1981. This average was higher than the best level ever attained by 7.7 percent. However, the construction price of all types of houses increased in recent years, and if this factor is taken into account, labor productivity has actually declined.

Calculated in terms of measurement, according to the statistics of five fairly large construction companies, the average per capita floorspace in 1964 and 1965 was 37.1 square meters, while in the 3 years from 1979 to 1981, the annual average was 24.1 square meters, a drop of 35 percent.

3. Low Rate of Machinery Utilization

According to the statistics of a certain bureau, there was a total of 935 sets of construction machinery in 1953. This number increased to 12,226 in 1981. Thus in the past 30 years, the number of machines increased 12-fold, while labor productivity increased by 1.1-fold. These increases are quite out of proportion, especially because in this particular unit, the machinery utilization rate was relatively high. In some of the other units, the main items of construction machinery operated at only 30 percent of capacity. Much more can be done there.

4. High Percentage of Funds Used

According to statistics by a relevant unit, the output value for every 100 yuan used in civil engineering under the unified municipal plan in the past 4 years was 236.4 yuan. The major portion of these funds were used by the construction units and the smaller portion was spent on material and equipment reserves. The funds used were more than 30 percent higher than in previous years. The turnover of construction funds was also very slow, being only 0.4-fold each year.

5. High Construction Engineering Costs

According to statistics, the average cost of construction and installation for every square meter of floorspace in the municipality was 117.2 yuan in 1965 and 183 yuan in 1981. The cost in 1981 was 56 percent higher than that in 1965. The average construction cost for dormitories was 86.9 yuan in 1965 and 162.2 yuan in 1981, an 87-percent increase. There were several causes for the cost increases. First, the adjustment of the price of materials and the increase in enterprise profits and equipment brought a total increase of 28 percent. Second, the construction standard were raised by 15 percent. Third, the increase in the ratio of tall buildings raised the cost of construction by 3 percent. Finally, poor management accounted for an increase of another 10 percent.

II. Causes Analyzed

According to a preliminary analysis, the main causes for the "three lows and three highs" are, in my opinion, as follows:

1. The Large and Expanded Scale of Capital Construction and the Large Number of Projects Under Construction

While the scale of capital construction has been reduced throughout the country in recent years, in Beijing it has increased. In 1964 and 1965, the area of new or continuing construction projects was approximately 3.9 million square meters. It increased to 13.14 million square meters in 1979, to 17.04 million square meters in 1980, and to 18.75 million square meters in 1981. The increase in construction brought about a corresponding reduction in the area completed, which accordingly dropped from 59.8 percent to 38.9 percent. The large scale of construction, the extensive area of engineering projects, and the huge amounts of materials, equipment, and machinery being used on the unfinished projects all combined to raise the percentage of funds utilized and to lower the machinery utilization rate. When the area of projects still under construction is extensive and the number of worksites is large, the inevitable increase in administrative and logistics personnel will directly affect labor productivity. Therefore, the large scale of capital construction is one of the main causes of the "three lows and two highs."

2. Municipal and Public Construction Lagging Behind Housing Construction

For a long time, municipal and public construction has lagged behind housing construction in Beijing, with the result that many engineering projects could not be carried out according to capital construction procedures, and many completed houses could not be available for occupation, thus adversely affecting economic results. In 1980, 790,000 square meters of floorspace were completed for dormitories under the unified plan, but 480,000 square meters--approximately 60 percent of the total floorspace--were not immediately available for occupation because, among other things, there was no supply of water, gas, heating, or electricity and no sewer system. Investigations have revealed that 25 percent, or approximately 1 million square meters, of all the housing projects in the municipality cannot be handed over for occupation

even after completion. Because of the shortage of housing and the fact that many completed houses have long remained vacant, there is now dissatisfaction among the broad masses, who can only "sigh at the sight of the houses."

3. Irrational System of Enterprise Management

At present, the main problems in the system of enterprise management are their being "large and complete" or "small and complete," the overlapping administrations with their multitiered departments, the low degree of efficiency, and the serious waste.

For example, the supply and control of building materials are too decentralized. The municipal supply bureau, the general building materials company, the building materials companies of various prefectures, counties and bureaus, and the building and construction units of the central government located in Beijing, nearly 100 [outfits] in all, have their own warehouses at every level, with their purchasing agents scurrying here and there. As a result, some materials are seriously overstocked, while others, especially those in short supply, are being hastily bought up and hoarded by everyone. Instead of alleviating the pressure on the market, this kind of buying has resulted in overstocking. In the case of timber, for example, some supply departments usually stock 30,000-40,000 cubic meters. This amount is excessive to the normal inventory, but it remains year after year, causing waste from the downgrading of the timber. Again, more funds are being tied up, because every unit has to keep several reserve funds and thus slow the turnover of funds. Furthermore, there is a waste of transportation facilities. Some warehouses in the northern part of the city have to supply the needs of worksites in the south, and those in the eastern part of the city have to supply the needs of worksites in the west. Finally, the large number of organizations and personnel have increased the expenses of material control.

The same situation exists in the production and supply of cement structural components. According to incomplete statistics, there are now more than 70 units, large and small, producing cement structural components in Beijing. They have altogether 20,000 workers and staff members, and their annual productive capacity of these components is 1.2 million cubic meters, which is enough to build 12 million square meters of floorspace. However, they have many problems. First, productive forces are wasted. At present, if the collective productive capacity of the first, second, and third component plants in Beijing is organized for production in a rational way, and supplemented by [the productive capacity of] some basic component plants, there will be enough production to meet the full requirements of the municipality and leave part of the products to be used for supporting other areas. Thus, approximately 40 percent of the small factories can be closed, suspended, merged, or retooled to produce other products. Second, there is no assurance of fine quality. The components produced by some small factories are poor in quality and high in price, and the use of these components cannot ensure good engineering quality. Third, there is a lack of unified organization for supply and transportation. The components produced in the eastern suburbs have to be transported to the worksites in the western suburbs and vice versa, thus causing great waste in transportation.

Now, let us see how the construction machinery is controlled and used. According to statistics, there were 58,000 sets of machinery in Beijing at the end of 1981, and the rate of mechanization worked out to 8.1 horsepower per worker. Most of these machines were in the hands of the construction enterprises of the central government located in Beijing, the capital construction engineering corps, and the municipal construction engineering bureau. The rate of mechanization was 12.2 horsepower per worker for the central enterprises located in Beijing, 16.6 horsepower for the construction engineering corps, 5.4 horsepower for the municipal construction bureau, 3.8 horsepower for enterprises directly under the prefectures and counties, and 2.3 horsepower for collectively owned enterprises. The construction machinery is owned by the units, and no adjustments can be made to meet the general need. Consequently, some units are holding onto many sets without using them, thus resulting in a low utilization rate for the machinery, while other units do not have enough of them, and so their level of mechanization remains low. Furthermore, each unit has to keep a supply of spare parts and accessories and set up their own repair shops. This practice has led to the hoarding of parts and the wasting of maintenance resources.

4. Irrational Distribution of Tasks and Organization of Work

At present, there are always 12 or 13 million square meters of floorspace under construction in Beijing, and the worksites are spread out all over the city. A fairly large portion of the construction tasks have not been assigned on a regional basis so that the enterprises will be able to carry out these tasks in their respective areas. Thus, some companies in the eastern part of the city have to carry out their tasks in the west, and some of their work fronts extend from Xiangshan to Shijingshan, Wukesong, and all the way to Dongsanhuan, over hundreds of kilometers. What is particularly irrational is that some tasks involving whole streets or whole areas are parceled out among companies with different affiliations. Their jobs, so closely interwoven, will produce more harm than good. First, decentralization of leadership makes it difficult to provide on-the-spot direction. Second, the highly mobile character of the work force and machinery will not help to raise labor productivity or the rate of machinery utilization. Third, decentralized work is unfavorable for the organizing of large and parallel assembly lines, and will slow down the progress of work. Fourth, erecting a large number of work shacks and later removing them will increase administrative expenses. All these disadvantages will handicap the comprehensive improvement of economic results.

5. Serious Waste Caused by Deviation From the Procedures of Capital Construction

Recently, a certain unit conducted an investigation into the waste in capital construction in Beijing and brought to light many problems. The wastefulness was shocking. One of the important causes of waste was the deviation from the procedures of capital construction. For example, some engineering projects were hastily started before any serious feasibility study was conducted. Then as soon as any trouble was discovered, they were immediately called off. One project involved the signing of a contract with a foreign merchant; its being started and being later called off cost $4 million in compensation.

Also the starting and then calling off of a project to rebuild a hotel cost 600,000 yuan. Some "three simultaneous" [simultaneous designing, simultaneous construction, and simultaneous operation] projects met with so many setbacks that they had to be started all over again. A hotel, originally intended for social use, was reclassified as a tourist hotel while its construction was already in progress. The design had to be changed four times, and the need to do the work all over again wasted 280,000 yuan. It can easily be seen that wrong policy decisions on the part of the leadership can cause great waste.

III. Several Suggestions

There are many causes for the "three lows and two highs," and some of them are beyond the control of Beijing Municipality, the capital construction departments, and the construction units. To improve economic results, we must therefore conscientiously implement the policy of national economic readjustment and adopt comprehensive measures under the leadership and with the collaboration of the relevant units of the central government before we can take any effective action. At present, we would like to suggest the following measures:

1. Strictly Control the Area of New or Continuing Construction, and Concentrate Our Resources on Doing Our Work Thoroughly

In our opinion, the most important problem in the improvement of economic results is that of reducing the scale of capital construction, the strict control of the area of new or continued construction, and the concentration of resources so that we can work thoroughly. This problem must be solved first. This problem has been under heated discussions for many years, but the scale of capital construction in the capital, instead of being reduced, has even been expanded. Unless the scale is strictly controlled, it may further expand this year, and the economic results may further deteriorate instead of improving.

"Concentrating all forces to fight a battle of annihilation" is a correct policy affirmed by Comrade Chen Yun in 1959 in his article "Several Important Questions in Capital Construction at Present." Because of our violation of this policy, the problems of an extended front, long periods of construction, and serious waste have again cropped up. Previously, some people criticized this policy; in our opinion, their view was one-sided, and the result turned out to be contrary to their expectations. If this policy is interpreted so as to shorten the front, concentrate our resources, work out a well-balanced construction plan, and do the work thoroughly in different stages and different groups so that every project can be completed and delivered for use, it will not only shorten the construction period and raise the percentage of completed projects, but it will also save a great deal of manpower and material and financial resources and produce better economic results. Of course, in concentrating our resources, we must guard against the wrong methods of "human-wave tactics" and "losing everything because of protecting the key projects"--which happened in actual work in the past.

In line with the present situation in Beijing, if the area of construction, either new or continuing, can be controlled within 13 million square meters, and the proportion of completed projects can be increased to 45 percent, then 5.85 million square meters, a figure which is close to last year's actual

level, can be completed each year. Reduction of the construction area by 5 million square meters will also reduce by 500 million yuan the funds being used. Since more than half of the present projects are for the central authorities, the State Planning Commission therefore should first reduce the number of these projects, and Beijing should duly reduce its own. Only thus can the problem be solved.

2. Readjust the Investment Proportions, and Strengthen Municipal and Public Construction

According to calculations by the relevant departments, investment in municipal and public construction should amount to approximately 20 percent of the entire capital investment. In the past 2 years, however, the actual investment was only 5-7 percent, and the funds that are overdue for investment in municipal and public construction have accumulated to more than 1 billion yuan. Now that new projects are continuing to increase, there will be new debts before the old debts are paid. There now is an all-round shortage of water, sewers, gas, heating, electricity, and telecommunications, and the solution to this problem can no longer be postponed. To improve economic results, we feel that we should increase the investment in municipal and public construction, even if the scale of civil engineering has to be reduced.

3. Restructure the System of Capital Construction Management in Accordance With the Principle of Specialization

As mentioned earlier, the most serious defects in the present system of capital construction management are the ideas of being "large and complete" and "small and complete," and the waste of productive forces. We can start the restructuring with the system of material, structural component, and construction machinery control, in accordance with the principle of specialization. Our views are as follows:

First, establish a general company for unified control over the supply of building materials and equipment. All material and equipment supply departments of all the bureaus and districts in the municipality and of the central construction units located in Beijing should combine to form a unified management. Under the general company, a number of specialized companies (such as timber, reinforcement bars, cement, hardware, and local materials companies) can be formed for unified procurement, unified reserve, unified transfer, and unified transportation. Warehouses should be built on a regional basis so that supplies can be delivered to nearby worksites. This will greatly reduce the stocking of materials and help save money by reducing the number of warehouses and cutting down on transportation and administrative expenses, besides increasing efficiency and guaranteeing supplies.

Second, establish a general cement structural component company. All of the 70 or more plants producing cement structural components should be organized for unified production, unified transfer, and unified transportation. After the organization, the task of production can be divided by them according to the varieties and specifications of the components, so as to help improve the quality of products and raise labor productivity. Furthermore, unified transfer according to plan will guarantee supplies and avoid overstocking, while

supplying goods to nearby worksites will help reduce transportation and production costs.

Third, establish a general construction machinery company. All large and medium-size machines should be centrally controlled, and construction machinery stations can be set up in different areas. Construction units working in the vicinity can rent these machines and pay the charges on a unit-shift basis. This will ensure the availability of machinery, give full play to the role of machinery, reduce the possibility of its being left idle, and curtail the expenses in the use of machinery.

Restructuring the system of management will involve a wide range of problems, and the work in this respect is arduous. For the methods to be used, we should assign special persons to conduct the required research, and then lay down the specific plans for implementation. This work should be carried out step-by-step, possibly beginning with unified plans and unified transfers, to be followed by unified production, and finally by unified management.

4. Organize On-the-Spot Companies, Work Districts, and Work Teams To Undertake Construction of Whole Streets and Whole Areas

This method was used in Beijing in the 1950's with great success. For example, for small areas of more than 400,000 square meters, on-the-spot companies can be formed; for small areas of 200,000-400,000 square meters, on-the-spot work districts can be formed; and for small areas of 50,000-200,000 square meters, on-the-spot work teams can be formed. The organizational system can be based on the present system, which need not be changed, and the size of the units should be based on the magnitude of the construction tasks and the length of the construction periods. Since the construction of whole streets and whole areas is now increasing, adoption of this organizational form is even more necessary. There are several advantages in this system: First, with the concentration of leadership efforts, it will be easy to give directions. Second, the work areas are relatively stable, and we can make full use of the existing production base and reduce administrative expenses by reducing the number of temporary installations. Third, there is less likelihood of personnel and machinery being moved around; this will help raise labor productivity and the machinery utilization rate. Fourth, the concentration of engineering projects will help in overall planning and speed up the progress of work.

5. Persist in the Scientific Approach; Strictly Follow the Procedures for Capital Construction

The procedures for capital construction are a set of effective administration methods based on many years of experience. For example, the requirement that a feasibility study must be conducted before the determination of the planned task; that design work must precede construction, development must precede the work, underground work must precede work on the surface, municipal and public construction must precede housing construction, and support projects must precede the main projects; and other similar principles must be observed and not be violated. Otherwise, losses and punishment will result. Therefore, we suggest that 1) professional consultative organizations be set up in

the capital for municipal construction and be formed of technical, economic, social, and legal experts to work out long-range plans for the city proper and to carry out extensive research and confirmation on the key projects, so as to put the work of municipal construction on a scientific basis; 2) capital construction laws be made out to stipulate the scientific procedures for capital constructions, so that everyone can be guided accordingly; and 3) the plans, schemes, and designs for every year be completed earlier so as to strengthen the construction and development of the city, prepare for the construction to proceed in a planned and systematic way, and bring an end to the passive situation of "three lows and two highs."

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DOMESTIC TRADE

PURCHASING, SUPPLY STATIONS STUDY MARKET NEEDS

Shanghai JIEFANG RIBAO in Chinese 8 Oct 82 p 1

[Article by Gao Xiaoxiao [7559 5135 4562]: "Six Purchasing and Supply Stations Assign Teams to Make Survey of Market Needs in Various Localities"]

[Text] Since the beginning of the year, six purchasing and supply stations in Shanghai dealing with industrial articles of daily use, after having assigned over 200 survey teams to over 200 areas throughout the nation to investigate the needs of the people in the vast rural areas, the medium-sized and small cities and minority nationality regions to study market trends of various localities and to make a report of their findings to production departments have achieved excellent results in organizing the products which cater the market demand and in promoting the sale of Shanghai's industrial articles of daily use on the domestic market.

Since the Third Plenary Session of the 11th Party Central Committee, the sale of industrial articles of daily use made in Shanghai has suffered a nationwide setback due to the intense competition resulting from the rapid development in the production of such items in various localities. To cope with the new situation, the six purchasing and supply stations have, since the beginning of this year, assigned over 200 teams to make a survey of market conditions in various localities in order to investigate in depth the needs of the people in various areas throughout the nation and to organize production with a definite object in view.

According to the survey, the increased income of the peasants since the implementation of the production responsibility system has changed their purchasing patterns as well as demands. With money in their pockets, the peasants, aside from purchasing such means of production as medium and small farm machinery and implements, chemical fertilizers and insecticides to expand reproduction, generally tend to utilize their purchasing power to meet the needs of housing, articles of daily use, clothing and food in that order. Since large numbers of peasants use their purchasing power for housing construction, there is a notable increase in the need for metals for housing construction and electrical materials and appliances for the home, a decrease in the demand for high quality industrial products and clothing materials, and a general demand for good and cheap commodities at an affordable price. For instance, a bar of soap that sells for around 40

cents is in greater demand than one which sells for over 50 cents. That accounts for the popularity of such brands as Shanghai, Four-in-One, Luhua, Golden Cock and Honey Bee. The same is true of cosmetics. Most people prefer to buy shampoo ointment, hair cream and vanishing cream packed in plastic bags rather than similar products packed in bottles and sold at a higher price. Similarly, low-priced clothing fabrics are preferred.

A production policy has been formulated on the basis of comparing the findings of the survey of the sales of similar products throughout the nation. According to the policy, the output of commodities overproduced in various localities is to be reduced, while the production of items requiring a higher technical standard and which are in short supply in various localities is to be increased. A comparison has been made of the more novel commercial items produced in various localities in terms of colors, designs and models with similar products made in Shanghai, and the local factories have been instructed to find out where relevant products from Shanghai lag behind and make necessary improvements accordingly. In their investigation, the general merchandise stations, upon learning that not a few of the areas throughout the nation were capable of producing ordinary rubber shoes and that there was a surplus of that commodity, discussed with the industrial departments ways to avail themselves of the technical superiority of Shanghai to develop new products to replace the old on the basis of the different needs of the rural areas and the cities so as to increase the sale of rubber shoes throughout the nation.

As a result of their investigation, the purchasing and supply stations also acquired a better understanding of the different needs of various areas as well as the special needs of particular areas. Taking textiles as an example, most of the people along the coastal areas in the south prefer fine polyester fiber rather than long and medium-length fiber, while the people and masses in such places as Sichuan prefer thicker, sturdier and washable khaki and medium-length gabardine. Many of the residents in such large cities as Hangzhou, accustomed to having new clothes made every 2 or 3 years, have no need for clothes that last 8 or 10 years. A plan should therefore be drawn up to produce low-priced washable cotton and long and medium-length fabrics. The minority nationalities in Xinjiang are more interested in clothes and ornaments than food, daily necessities, and housing. Such minority nationalities as the Miao and the Tung prefer large and small flower patterns and multi-colored fabrics. In terms of color, fabrics with red flowers on a blue background are preferred. The elderly are partial to fine line sateen drill, indanthrene, and serge canvas. Particularly in demand are imperial bombazine which are used by the Thai to make shirts to be worn as ceremonial dresses on festive occasions. The purchasing and supply stations have made available to the industrial departments information regarding such special needs so that they may gear their production to meet inasfar as possible the needs of the minority nationalities.

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DOMESTIC TRADE

SUPPORT FOR DEVELOPMENT OF INDIVIDUAL ECONOMY URGED

Beijing ZHONGGUO CAIMAO BAO in Chinese 5 Oct 82 pp 1-2

[Article: "We Must Adopt a Positive Attitude in Promoting Proper Development of Individual Economy in Urban and Rural Areas"]

> [Text] Comrade Hu Yaobang stated in his report to the 12th CPC National Congress that "encouragement should be given to the proper development of the individual economy of urban and rural working people within limits prescribed by the state and under supervision by industrial and commercial administrations as a necessary and useful supplement to the public economy." The reporter recently requested the concerned authorities of the nation's industrial and commercial administrations to answer certain questions on the subject of encouraging the development of the individual economy in the urban and rural areas at the present time.

Question: What is the situation regarding the development of individual industrial and commercial households in the urban and rural areas in recent years?

Answer: Since the Third Plenary Session of the 11th CPC Central Committee, there has been a significant resumption and development of the individual economy in the urban and rural areas. Up to the end of 1981, there were over 2.2 million persons throughout the nation holding individual industrial and commercial business permits, including over 1.2 million commune members in the rural areas and 1 million in the cities and towns, or 6.2 times the number at the end of 1981. In the course of the development of individual industrail and commercial households in the cities and towns, the various areas have provided employment to 230,000 young people. Last year, the volume of business transacted by individual industrial and commercial households in the urban and rural areas throughout the nation came to 3 billion yuan, or 1.3 percent of the total retail trade in the entire economy. What has transpired over the last 3 years indicates the correctness of the policy to encourage the development of the individual economy of urban and rural working people and the positive effect which the policy has had on making up for the deficiencies of the state-operated and collective economy, on

enlivening the market, on making things easier for the masses, and on creating more employment opportunities. In the areas where the work of restoration has been proceeding in a satisfactory manner, the dramatic increase in the number of retail networks and service outlets has considerably eased the difficulty of finding a place to eat, to have clothes mmade and to get repairs done.

Question: What are the problems at the present time?

Answer: One problem calling for attention is the sluggish development of the individual economy in the urban and rural areas during the last 6 months. The chief reason for this state of affairs may be attributed to the fact that the erroneous "leftist" ideology which had long plagued our economic endeavors have yet to be eradicated. Some people have yet to acquire a clear understanding of the nature and the function of the individual economy during the period of socialist construction, while others still tend to keep a wary eye on the development of the individual economy in the cities and the countryside. This has resulted in the adoption of a series of discriminatory and restrictive measures. In some places, applications for individual industrial and commercial business permits have to be approved by a number of separate units. Some areas, overly concerned about the neatness and uniformity in the appearance of the cities, have subjected individual households to harassment and forced them to relocate. Some areas compel individual households to suspend operations by limiting or cutting off their supply of commodities. Some individual households have been subjected to revocation of their business permits. Other areas resort to ingenious means to impose fees and fines. Unless a stop is put to such practices, it will be difficult to continuously and adequately develop the individual economy in the urban and rural areas.

Question: What is the proper way to deal with the problem concerning the sizable income of individual business households?

Answer: It is wrong for certain localities at the present time to treat prominent individual business households with sizable incomes as being unlawful. A factual analysis must be made to determine whether or not an individual business household abides by the law. Some individual business households devote long hours to production and business operations. Some families contribute their labor to and participate in the production and business operations of individual households. So long as there is no infringement of policy, no engagement in speculative and improper practices, and no illegitimate source of income such enterprises should be encouraged to make higher profits through their labor and be protected by the laws of the state. It should also be noted that although, unlike staff members and workers in state-operated enterprises, no deductions are made in the wages paid by individual business households, they were entirely responsible, before the insurance system came to be adopted, for births, infirmities, sicknesses and deaths, whereas the staff members and workers in state-operated enterprises were covered by labor insurance benefits. Furthermore, since the individual business households contribute more in terms of labor than staff members and workers in state-operated enterprises, it is fair and

reasonable that their income should be higher than that of staff members and workers in state-operated enterprises. If individual enterprises should engage in improper operations such as shortchanging, adulteration, driving up prices, buying up materials which are in short supply in the nation, monopolizing the market, reselling supplies on the spot and disrupting the market, then they should be educated and penalized according to the circumstances.

Question: Are the young people awaiting employment in the cities and towns permitted to employ their own masters to operate individual enterprises?

Answer: Giving assistance to young people in the cities and towns to establish individual enterprises and to find employment on their own is an important policy of the nation at the present time. According to "Certain Policy Provisions,of the State Council Regarding the Non-agricultural Individual Economy in the Cities and Towns," those young people awaiting employment who are lacking in business expertise and experience may apprentice themselves to masters and those who wish to engage in individual food, service and repair businesses may place themselves under the tutelage of masters with the necessary skills over a period of time. Those who employ masters on their own must sign a contract agreed upon by the masters and the apprentices. The contracts must clearly state the duration of the apprenticeship and the wages paid to the masters. The contracts must be filed with the local industrial and commercial administrative departments. The young people awaiting employment are not permitted to engage as their masters those who are already employed as staff members and workers.

Question: What should be done to strengthen control over individual business households in the urban and rural areas?

Answer: It is necessary to develop to the full the functions of the industrial and commercial administrative departments. We suggest that the people's governments at various levels should strengthen their leadership in supporting the work of the industrial and commercial administrative departments. The industrial and commercial administrative departments should conscientiously implement and publicize the relevant policies, assist the individual industrialists and merchants to establish individual workers' associations in the counties and cities and to achieve the objective of enabling the individual workers to regulate themselves through the associations. Individual workers' associations may as a rule be established in the various regional administrative units, and teams may be set up according to the nature of the business. The chief functions of these associations, which are to be placed under the direction of the industrial and commercial administrative departments on the same level, are as follows: (1) to organize individual industrialists and merchants to study the relevant policies and decrees of the party and government and to make them aware of the importance of abiding by the laws and regulations; (2) to organize individual industrialists and merchants to share their experience in productive operations and to encourage them to improve the quality of their services; (3) to protect the legitimate rights and interests of individual

industrialists and merchants and to assist them in the solution of problems in their productive operations; (4) to assist the administrative departments of the state in exercising effective supervision and control over individual industrial and commercial households. In addition, the state should, by resorting to such economic levels as pricing, taxation and the extension of credits and by making use of the economic relationship between state-operated and collective enterprises on the one hand and individual industrial and commercial enterprises on the other, provide guidance and assistance to individual industrial and commercial households so that they may develop in a healthy manner.

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TITLE: "The Experimental Investigation of the Seismic Resistance Behavior of Reinforced Concrete Hollow Core Columns"

SOURCE: Beijing JIANJU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese Vol 3 No 5, 1982 pp 21-31

TEXT OF ENGLISH ABSTRACT: Reinforced concrete hollow core columns have been used in the slab-column system structures in China. The important problem of seismic resistance behavior of such structures still needs to be studied. In this paper, the behavior of reinforced concrete hollow core columns under cyclic loading is discussed. The influence of the percentage of hollow core, the ratio between axial forces and compression strength of concrete as well as the arrangement of stirrups and longitudinal reinforcement on the hysteretic characteristics and ductility of hollow core columns are investigated and compared with those of solid columns. Thirty specimens were tested. The tests show that the ductility of columns decreases with the increasing of the hollow core area and the deformation behavior becomes worse apparently. The tests also show that the bond slippage of reinforcements in the joint area affects the deflection and the hysteresis loops

[Continuation of JIANJU JIEGOU XUEBAO Vol 3 No 5, 1982 pp 21-31]

of the specimens significantly. In order to reflect the effect of the hollow core rate on the ductility and plastic rotation capacity of the column, a coefficient considering the effect of the hollow core rate is introduced to modify the coefficient of nominal depth of the concrete compression zone and a rule similar to that of the solid column is obtained. In addition, by analyzing the complete load-deflection curve of hollow core columns, the ultimate load capacity is acquired; it is in good agreement with the experimental results.

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TITLE: "The Application of Fuzzy Set Theory to Structure Engineering"

SOURCE: Beijing JIANJU JIEGOU XUEBAO [JOURNAL OF BUILDING STRUCTURES] in Chinese Vol 3 No 5, 1982 pp 32-45

TEXT OF ENGLISH ABSTRACT: In this paper, the state-of-the-art of the application of fuzzy set theory to structure engineering is summarized. The fundamental elements of fuzzy sets are presented and a tentative application to predict earthquake damage to building structures is described. Furthermore, an example using fuzzy sets for solving the problem relating to the height limit of aseismic masonry buildings in earthquake regions is given.

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CHINA REPORT

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NATIONAL POLICY AND ISSUES

DUAN JUNYI REPORT TO BEIJING 5TH CPC CONGRESS

HK221101 Beijing BEIJING RIBAO in Chinese 11 Nov 82 p 1-4

[Report by Duan Junyi at Beijing Municipal Fifth Party Congress, 6 Nov 82: "Resolutely Implement the 12th Party Congress Spirit, Create a New Situation in All Fields of Socialist Modernization in the Capital"]

[Text] Comrades:

With the mandate of the CPC committee of Beijing Municipality, I now deliver this report to the 5th Municipal Party Congress.

Our congress has been convened shortly after the successful closing of the 12th CPC Congress and at a time when party members and the masses throughout the municipality are conscientiously studying the 12th CPC Congress documents. The 12th Congress is the most important meeting since the 7th CPC Congress. It solemnly declares that since the smashing of the Jiang Qing counterrevolutionary clique and since the 3d Plenary Session of the 11th CPC Central Committee, in particular, we have accomplished, through the arduous efforts of the whole party, the whole army and the people of all our nationalities, the difficult task of setting the party's guiding ideology to rights and have won major successes in setting right our practical work on all fronts, thereby effecting a great and historic change. The congress has worked out correct programs for creating a new situation in all fields of socialist modernization and pointed out our way forward. The congress has also adopted the new party constitution--the best party constitution since the founding of our party and a powerful weapon for strengthening the party's ideological and organizational building. The congress has elected new leading organs of the CPC Central Committee, promoted the cooperation between new and elderly cadres and the succession of the old by the new in leading party circles and turned our party into a vigorous combat headquarters. The success of the 12th CPC Congress has elated party members and masses of the whole municipality. They enthusiastically support various resolutions adopted by the congress.

Our congress should take Comrade Deng Xiaoping's opening address at the 12th CPC Congress as its guiding thought and Comrade Hu Yaobang's report as its basic criteria in reviewing the work of Beijing Municipality, inspecting the results of implementing the four instructions issued by the secretariate of the CPC Central Committee on the building of the capital, defining guiding

principles and tasks for Beijing Municipality for the new historical period and mobilizing party members and masses throughout the municipality to strive to create a new situation in all fields of socialist modernization of the capital.

Reviewing the Work of Beijing Municipality

The 10 years of internal disorder inflicted serious wounds on our party and state. Beijing Municipality bore the brunt and suffered a lot. The Jiang Qing and Lin Biao counterrevolutionary clique and its principal members such as Kang Sheng, Xie Fuzhi and so forth totally negated the leadership of the Beijing Municiapl CPC Committee headed by Comrade Peng Zhen and Comrade Liu Ren before the "great cultural revolution" and negated the achievements scored on various fronts. They brutally persecuted leading cadres at all levels, well-known personages in and outside the party, model workers, activists and a great number of people.

Many of them were injured, fell ill, became crippled or died because of the persecution. Organizations at all levels and work of various fields in Beijing Municipality were severely sabotaged. This was an unheard-of calamity for the broad masses of party members and people. In March 1971, the 4th Party Congress of Beijing Municipal CPC Committee, which was in the grip of Xie Fuzhi, was convened. The congress not only fully affirmed the erroneous theories and practice of the "great cultural revolution," but also portrayed its criminal acts as achievements and contributions. Reports and resolutions adopted by that congress ran counter to the will of most party members because they were ideologically, politically and organizationally wrong.

Shortly after the start of the 10 years of turmoil, the main responsible person in charge of the work of Beijing Municiapl CPC Committee cooked up charges to label a number of cadres in Beijing Municipality as "members of a sinister gang" and "followers of the sinister line." This brought severe consequences to the municipality. During the 10 years of internal disorder the main responsible person in charge of the work of Beijing Municipal CPC Committee, who succeeded Xie Fuzhi, committed a series of serious mistakes. After the smashing of the "gang of four," he made the mistakes of covering up the truth and suppressing the masses in order to preserve himself. This severely obstructed the work of bringing order out of chaos in Beijing Municipality.

In accordance with the spirit of the 3d Plenary Session of the 11th CPC Congress, we conscientiously carried out the work of bringing order out of Chaos. Following the convention of the 6th Plenary session, we again studied "resolution on certain questions in the history of our party since the founding of the PRC." Thereafter, the historical rights and wrongs in Beijing Municipality have been basically clarified. Historical facts have proved that before the "great cultural revolution," Beijing Municipal CPC Committee was firm in implementing the line, guiding principles and policies of the CPC Central Committee. Most of the party members and cadres of Beijing Municipality were good and the achievements on various fronts could not be negated.

Since the 3d Plenary Session of the 11th CPC Congress, the CPC Central Committee has adopted important steps and measures to strengthen its leadership over the

work of Beijing Municipality. In April 1980, the secretariate of the CPC Central Committee has adopted important steps and measures to strengthen its leadership over the work of Beijing Municipality. In April 1980, the secretariat of the CPC Central Committee issued four instructions concerning the guiding principles of the construction of the capital in light of the actual conditions of the municipality and pointed the orientation for the work of Beijing. Thanks to the profound concern and correct leadership of the central authorities, we have succeeded in overcoming various obstacles occurring in the process of historical change and correcting shortcomings and mistakes in our work. By relying on party organizations at all levels throughout the municiaplity and guiding all party members to unite with the broad masses of people, we have continuously overcome difficulties left over from the 10 years of internal disorder. We have exerted our main efforts to grasp the following work:

1. We Have Straightened Out Ideological Line and Done Our Utmost To Eliminate the "Leftist" Influence and Remove Obstruction From the Right

The Third Plenary Session redefined an ideological line which was characterized by proceeding from reality, integrating theory with practice, seeking truth from facts, testing the truth in practice and developing the truth. It was a serious struggle to implement this Marxist ideological line. At that time, with regard to this major issue of principle, not all members of the standing committee of Beijing Municipal CPC Committee held the same view. As a result, they were unable to exercise effective leadership. Thanks to the concern and help of the central authorities, most comrades of the standing committee of the municipal CPC committee and the broad masses of cadres exerted their great efforts to carry out or intensify the discussions on taking social practice as the sole criterion for testing the truth. Party members and the masses criticized the mistakes of the theory of the "two whatevers" to smash the fetters of dogmatism and personality cult which had existed for a long time. Leading cadres at all levels conscientiously summed up experience and lessons in the light of the actual conditions of the capital to eradicate the influence of the "leftist" mistakes over their guiding thought. Furthermore, in view of the fact that people were prone to hold lopsided views during the period of historical change and that erroneous ideological trends which negated the party leadership and socialist road had occurred in society, we took expeditious measures to carry out education on upholding the four basic principles and criticize bourgeois liberalization. Through continuously eliminating the "leftist" influence in the ideological sphere and removing obstacles from the right, we ensured the implementation of the line, guiding principles and policies adopted by the Third Plenary Session. This played a very important role in maintaining political unity between the party organizations of Beijing Municipality and the CPC Central Committee.

2. We Have Resolutely Redressed False Charges, Wrong Sentences and Frame-ups to Conscientiously Implement Party Policy

Following the convention of the Third Plenary Session we devoted great efforts to investigate and redress a large number of false charges, wrong sentences and frame-ups cooked up by Lin Biao, Jiang Qing, Kang Sheng and others, including

the "Peng Zhen and Liu Ren counterrevolutionary and revisionist clique" and so forth, repudiate all slanders and libels inflicted on them and rehabilitate cadres at all levels, well-known personages inside and outside the party, model workers, activists and members of the masses who were persecuted. We did a lot to redress the mishandled cases of those comrades who were involved in the "Tiananoon incident" which occurred in April 1976. Through the activities of exposing, criticizing, investigating and trying the "two cases," we found out how some people and events in Beijing had been connected with the activities of the Jiang Qing and Lin Biao counterrevolutionary clique to usurp the party and seize the state power. At the same time, we also redressed the cases of those who were wrongly labelled "rightist elements" in the anti-rightist struggle and cadres and masses who were wrongly repudiated during the "struggle against the right deviation" and the "four clean-ups" movement. We implemented the policy for the KMT officials who surrended and were later wrongly treated during the political movements and rehabilitated family members of Taiwan, Hong Kong and Macao compatriots, returned overseas Chinese and their relatives and members of Chinese families with foreign nationalities. We re-examined political cases formerly handled by organs of dictatorship during the "great cultural revolution" and corrected the mistakes of handling these cases. We announced that the former industrialists and businessmen had been reformed into laborers. In the meantime, we differentiated small businessmen, pedlars and handicraftsmen from bourgeois industrialists and businessmen. We changed the class status of former landlords and rich peasant elements who had been reformed into laborers and could earn their living.

The party policies toward intellectuals, nationalities, religion, overseas Chinese affairs and so forth have or are being implemented. The party's united front work organs, municipal, prefectural and county CPPCC and the organizations of democratic parties have been restored and developed. The party has strengthened cooperation and maintained close relations with various democratic parties and nonparty personages. Various democratic parties and a great number of nonparty personages have made active contributions to developing the economy, education, sciences, culture, public health, sports and so forth in the capital.

3. We Have Reorganized and Strengthened Leading Bodies At All Levels and Consolidated Party Building

Following the Third Plenary Session, we preliminarily accomplished the task of consolidating leading bodies at all levels in the process of exposing, repudiating and investigating counterrevolutionary cases. We picked out those who followed Lin Biao, Jiang Qing and the like to rebel in order to ride to power, people who are strongly influenced by factionalism and those elements who made a practice of beating, smashing and lotting. We assigned new work for those cadres who were not suitable for their former posts and transferred veteran comrades who were persecuted during the "great cultural revolution" to other leading posts. At the same time, we selected and promoted more than 280 middle-aged and young cadres to leading posts at municipal, prefectural, county and bureau level. We also selected and promoted more than 3,300 middle-aged and young cadres to leading posts at company and commune level. Through consolidation and reorganization carried out in recent years, the leadership of organizations at all levels in Beijing has been, as a whole, in the hands of cadres who are loyal to the party and the people. However, in a small number of leading bodies, the work of picking out the "people of the three categories"

has not yet been thoroughly carried out and more efforts are needed in this respect. The problems should be settled one after another.

After the promulgation of the "guiding principle for inner-party political life" worked out by the CPC Central Committee, we conscientiously studied and implemented it in the light of our actual conditions and continuously carried out education on several occasions throughout the municipality to investigate the unhealthy trends of using public money for extravagant eating and drinking, establishing "special relationships" and so forth and the problem of how leading cadres educate their children. Last winter and this spring, while various leading bodies were doing their year-end summing-up work and various party branches were conducting democratic elections, we carried out the work of criticism and self-criticism. Recently we provided party members throughout the municipality with education to oppose the corrosion of capitalist ideology and uphold communist ideology. Through the above-mentioned work, our party style has improved.

4. Strive to Improve Public Security and Strengthen Building of Socialist Democracy and Legal System

Around the time of the Third Plenary Session of the CPC Central Committee, the work of judicial organizations at all levels was presumed and strengthened. Following the four point proposal put forward by the secretariat of the CPC Central Committee for building the capital, we tightly grasped the work of straightening out public security. While criticizing the erroneous ideological trend of negating the four basic principles, we banned illegal organizations and publications. After the forum on public order in five major cities convened by the Central Committee in 1981, and under the unified leadership of CPC committees at all levels, we have mobilized social forces in all sectors, implemented the policy of integrating specialized organs with the broad masses of people, brought public order under control in a comprehensive way, heavily and rapidly struck at a number of active criminals endangering public order in accordance with the law, educated, saved and helped a number of misguided youngsters to mend their ways by persuasion, strengthened the work of mediation among the people, handled numerous contradictions among the people and prevented and reduced the intensification of contradictions. Since the middle of last year, the crime rate has dropped slightly, the detection rate has been raised to some extent and public order has been gradually improving. This year, we have waged another struggle against major criminal activities in the economic and other fields. Actually, this struggle is developing.

We have also done a great deal of work in connection with building socialist democracy and the legal system. The city and its districts and counties have established people's congress standing committees. Districts and counties have instituted direct election of people's representatives. Various enterprises have instituted the system of staff and workers congresses under the CPC committee and some enterprises have democratically elected managers. The concept of observing the law has been strengthened among the cadres and masses through education in law. The laws promulgated by the NPC and its standing committee as well as the local regulations established by the local authorities have been extensively implemented. The establishment of the socialist democracy and legal system has changed the chaotic situation of no law and the undermining of law caused by the 10-year turmoil, and consolidated the people's democratic dictatorship.

5. Build Socialist Spiritual Civilization, Restore and Develop Education, Science and Culture

Since last year, cadres, staff members and workers have discussed how to "serve the people and be responsible to them" and all the citizens have undertaken the activities of "five stresses and four beautifuls" and "civility and courtesy month." Achievements have been scored in making the city clean, bringing order out of disorder, improving public service, beautifying and purifying the environment and planting trees in and around the city. The promulgation and implementation of regulations for students and workers, service conventions, rural pacts and professional morality and the activity of "five good family" have brought initial results. Numerous good people and good deeds of following the example of Lei Feng, creating a new mood, solidarity and friendship, finding it a pleasure to help others, and daring to combat unhealthy trends and evil practices and criminal activity have emerged. An encouraging change has taken place in the mental attitude of the people and social mood in the capital.

Education, science, culture, public health and sport which had suffered serious damages during the "cultural revolution" have been resumed and developed. Schools at all levels have worked hard to implement party policy on education, initially straightened things out, strengthened political and ideological work and improved education. At present, a great number of branch schools affiliated to the universities has been established, the reform of educational structure at secondary level has been initiated, vocational education has been resumed, correspondence courses by television and radio and various forms of sparetime education for workers and peasants have been developed and the exam system for self-study has been implemented in experimental way. In science and technology, Beijing has carried out the activity of jointly tackling major technical problems, exchanging scientific and technical experiences, popularizing scientific knowledge, technical consultation and spreading the fruits of research. It has started to implement the scientific research contract system and transfer of scientific research results with payment, and resented awards for some major fruits of research and inventions. Academic research and discussion have become more and more lively. Literature and art are advancing along the way to socialism and initially thriving and prospering. New achievements have been made in the press, radio broadcasting, television, publications, public health, sport and family planning.

6. Implement the Eight-Character Policy of National Economic Readjustment, Make All Economic Undertakings Steadily Advance Along the Track Suitable to the Capital Characteristic

The implementation of the policy of readjustment, restructuring, reorganization and upgrading in the national economy is a fundamental change in the guiding ideology for national economic construction. After correcting "leftist" influence and unifying ideological understanding, Beijing's economic work is gradually developing and moving along a healthy track.

After initial readjustments in the industrial field, the light textile industries, and daily consumer goods industries have greatly developed. Having

readjusted the service orientation of heavy industry, production has risen again from its decline. A number of enterprises that had been polluting the environment and endangering the people have been straightened out, switched to other production purposes or removed. Various responsibility systems have been established or improved at different levels in the key enterprises where the readjustment is in progress, by stressing economic returns. Technical reform is being carreid out in the enterprises with the emphasis on improving product quality, increasing variety, economizing energy and controlling pollution. At the same time, pilot projects in expanding enterprise decisionmaking powers have been launched and economic enterprise decisionmaking powers have been launched and economic cooperation and union between industry and commerce, industry and trade, and with other parts of the country have been instituted.

The implementation of the eight-character policy for economic readjustment has revived Beijing Municipal industry. The 1982 total industrial output value is estimated to be 22.6 billion yuan, an increase of 28.7 percent compared with 1978, before the Third Plenary Session of the CPC Central Committee, of which the light textile industry output value amounts to 59 percent.

Agriculture, which depends first on policy and secondly on science, has developed rapidly. The initiative of cadres and commune members in rural areas has been aroused through the implementation of various systems based on contract and output. In accordance with the principle of state plans and in line with local conditions, the distribution of agriculture and the production lineup have been regulated, diversified production has rapidly developed, and a new situation in forestry and husbandry production has arisen. The rural economy has become more and more active by running agriculture-industry-commerce joint enterprises, encouraging farming and sideline production specialization, developing household sideline production and raising commodity rates of farming and sideline products. Agricultural productivity has been dramatically raised by extensively applying advanced scientific technology. During the 3 years of drought, grain output in suburbs held a good record by surpassing 3.5 billion jin annually. Thanks to the bumper autumn harvest this year, the year's grain output is estimated to surpass that of last year. The city is basically self-sufficient in vegetables, and their variety, quality and stable sales in particular, have dramatically improved in recent years. The amount of pork and eggs purchased by Beijing respectively accounted for 77 percent and 66 percent of market sales. For the past 4 years, milk output has increased by over 10 percent annually. Great achievements have been made in aforestation on barren hills and around rivers, lakes, roads, and houses. This year, nearly 30 million trees have been planted and the area for afforestation, seedlings and fruit trees covers 328,000 mu.

Commerce has endeavored to support industrial and agricultural production, to open various channels for commodity movement and to vigorously organize goods sources. In the past 4 years, the average sale of social commodities has increased by about 15 percent annually and it is expected to be 7.3 billion yuan this year. As the markets are brisk and purchasing and marketing are good, a new situation has emerged in which people are picking up and buying things in cash or deposit money ready to buy. In recent years, 1,500 collective-run enterprises and 6,000 private commercial, service trade, food and

drink and repairing service networks have been established, and 40 agricultural commercial markets have been established in the suburbs of the city, improving the living standards of the people and reviving the markets. Finance, funds, tax, market price, industrial and commercial managements and goods and material supply departments have made positive contributions to national economic readjustment and development.

Under the new situation of open-door policy, external economic cooperation and trade have developed rapidly. Due to the various forms of flexible trade and joint ventures with foreign capital, the proper use of foreign funds, the introduction of advanced technology and key equipment, the municipal industrial and agricultural technical reform have been promoted, scientific and technical levels have been improved and the tourist trade has been developed. The value of 1982 exports are expected to be $630 million, an increase of 120 percent compared with 1978.

7. Strengthen Building of Basic Municipal Facilities, Build a Great Amount of Housing

In recent years, the municipal construction scale has been big. The city has completed a number of key projects including roads, communications, water supply, drainage, power transmission and transformation and telecommunications, and some of the debt owed in the city's basic facilities has thus been made up. In particular, priority is given to housing construction and the proportion of housing in overall construction has been raised to a great extent. Since the Third Plenary Session of the CPC Central Committee, the completed housing area covers 10.93 million square metres, of which 500 million square metres were completed by the units under Beijing City, an increase of 170 percent compared iwth those completed in 10 years of the "cultural revolution." This year, housing covering 4 million square metres is to be completed, of which 2 million square metres are built by the munitipal units; of this, 80 percent is financed by enterprises and units. We have formed a development company and built housing and municipal and living facilities with necessary accessories in whole streets and areas by accumulating funds in order to find out new ways for municipal housing. In the past 4 years, we have scored marked achievements in making the city green by planting trees, 4.10 million trees have been planted in the suburbs, 50 street corners have been greened and the grass covers 2 million square metres. In compliance with the proposals put forward by all sectors, we have revised the "draft for overall construction in Beijing," which has provided the basis for further municipal development.

8. Living Standards of the Capital's People Have Improved Dramatically Due to the Great Importance Attached by the State and to Production Development

In 1981, the average yearly earnings for each urban resident were 514 yuan and the average yearly collective distribution for each commune member in rural areas was 225 yuan, an increase of 48 percent and 75 percent respectively compared with 1978, before the 3d Plenary Session. This year, it will further increase. In the third quarter of 1982, urban residents deposited 2.1 billion yuan in savings, an increase of 100 percent compared with the year before the 3d Plenary Session. Nearly 700,000 youths have been placed in jobs in the last

4 years. The number of dependants financed by each staff member or worker of the whole city has been reduced from 0.62 in 1978 to 0.44, in comparison with the early years after the liberation, when it was 2.8, a great change has taken place.

In short, since the Third Plenary Session of the CPC Central Committee, Beijing City has made great achievements in all fields. Now, we are sure that Beijing, like the rest of the country has fulfilled the difficult task of bringing order out of chaos in ideology and has also gained an important victory in bringing order out of disorder in practical work. We have brought our work in all fields onto the track of the four-point instruction concerning the capital's construction provided by the secretariat of the CPC Central Committee. This has laid a solid basis for creating a new situation in the capital's sociaist modernization.

While affirming the achievements, we should make a sober estimate of the situation. Compared with the requirement of the Central Committee, with the advanced provinces, cities and autonomous regions, compared with the hope of the capital's residents, in particular, in comparison with the spirit of the 12th CPC National Congress, we still have a long way to go and there are considerable shortcomings to be overcome. Public order and social mood have not substantially improved. Urban construction, urban management, beauty and green environment and cleansing cannot meet the requirements of the capital's socialist modernization. Education, science, culture, public health and sport have progressed slowly. The task of economic readjustment and restructuring and technical reform is so hard, the economic system reform has only just begun and the low economic returns problem is still pending. In party leadership and in the building of the party, the party style has not fundamentally improved. There are many shortcomings in the municipal CPC committee leadership. Mainly, we have not done our best at our jobs such as in studying new situations, handling new problems, summing up fresh experiences and supporting new things that have emerged in the new historic period by applying Marxism-Leninism-Mao Zedong thought and party policy. In the face of hard tasks, we have not fully taken the whole situation into consideration, or made overall planning; in regard to division of labor between the city and districts, counties and bureaus, there has been too little concentration of power in some cases and too little in others; in practical work, decentralism and selfish departmentalism have not been completely overcome and the leadership is still weak and incompetent and lax in discipline; our work is not carried out in a profound way, there are too many meetings and documents, work efficiency is low, and basic levels are not properly assisted in solving their practical problems. We should earnestly sum up experiences in order to resolve problems existing in our work and strive to strengthen and improve the municipal CPC leadership. Inspired by the 12th CPC Party Congress spirit, we are sure to raise work in Beijing to a new level suited for the new situation, with joint efforts by all party members and urban inhabitants.

The Tasks of the Capital's Socialist Modernization

The 12th CPC National Congress has stipulated the general task for the party in the new historic period, and called for the whole party, army and people of all nationalities of the country to create a new situation in socialist modernization. What is the goal for Beijing to achieve in this new historic period? To

put it briefly, it is the four-point demand concerning the construction policy for Beijing, put forward by the secretariat of the CPC Central Committee that is to say, to convert Beijing into a city with excellent social order and public security, social mood and morality, to make it a first-class city, cleaner, more hygienic, more beautiful; to make it the center of advanced science, culture, technology and high level of education of the country, and one of the most developed cities in culture in the world with constant economic prosperity and convenience and stability of people's life. In accordance with the plan of the 12th Congress, 3 turns for the better should be made in the country in [the] coming 5 years and Beijing must take the lead. We should strive, on the one hand, to speed up the building of material civilization with a view to make our due contributions to a change for the better in the state's financial and economic situation and strive to speed up, on the other, the building of spiritual civilization, to further improve socialist democracy and the legal system, to rectify party style and organization and strive to make a fundamental change in social moods and party style ahead of schedule. By 1986, 10 years after smashing the Jiang Qing counterrevolutionary clique, Beijing will have scored marked improvements and created a new situation in political and ideological building; in beauty and environment building; in educational, scientific and cultural building, and in economic construction.

9. Take Communist Ideology as a Nucleus to Strengthen the Building of Socialist Spiritual Civilization

The CPC Central Committee has repeatedly stressed: While building a high level of material civilization, we should do our best to build a high level of spiritual civilization. These two kinds of civilization are interdependent and share the same objectives. The building of material civilization is an indispensable base for buiding socialist spiritual civilization. Socialist spiritual civilization not only plays an important role in promoting the building of material civilization, but also ensures the correct orientation for the development of material civilization. Beijing is a political center of the whole country and the center of our country's international contacts. Under the prerequisite of grasping the building of both material and spiritual civilizations, we should exert more efforts to the building of socialist spiritual civilization in a certain period of time in the future in light of the characteristics and present conditions of the capital. In the meantime, we should not relax our efforts for the building of material civilization.

The building of socialist spiritual civilization includes the building of culture and ideology, which are interrelated and promote each other.

Strengthening cultural building under the guidance of communist ideology means that we should develop education, science, culture, art, the press, publications, radio and TV broadcasts, public health, sports libraries, museums and other cultural undertakings. The 12th CPC Congress took education and science as one of the strategic focal points for economic development. This is a decision of profound significance. The key to the realization of socialist modernization lies in science and technology whereas education is a foundation. In the final analysis, this is a matter of training talented personnel. The capital is comparatively strong scientifically and technically. We have more colleges and

universities and a better foundation for general education. Under the guidance and support of the departments concerned of the central authorities, we should further develop educational and scientific undertakings of the capital and train and provide the state with more people with various professional skills.

Party organizations at all levels should fully understand the strategic importance and the immense role of education in socialist modernization. We should mobilize social forces in all quarters to develop educational undertakings. We should conscientiously implement the party policy for education, make great efforts to enhance the quality of education and uphold the principle of all-around development morally, intellectually and physically. While grasping the study of scientific and cultural knowledge, we should pay attention to exploitation of intellectual resources, promote moral and physical development and conscientiously pursue the policy of integrating education with labor and production. We should continue to implement the guiding principle of readjustment, restructuring, consolidation and improvement, rationally readjust the proportional relations between various kinds of education at various levels and reform the structures of education. Universities and colleges should reorganize their faculties and departments as well as specialities and provide courses of both short and long periods of schooling. They should also create conditions to gradually expand their training capabilities and recruit more students. They should provide more specialities in finance, political studies, law and teacher training. We should speed up the reform of the structures of secondary school education, cut the number of general senior middle schools and set up more vocational senior middle schools and technical schools. We should do our best so that in 5 years the number of junior middle school graduates who enter vocational senior middle schools will be the same as the number of junior middle school graduates who continue their study in general senior middle schools. We should make overall planning and concentrate our efforts to run a number of technical secondary schools. In the rural areas, we should gradually develop agricultural secondary schools or provide some agricultural courses in general secondary schools. Running secondary and primary schools well is a basis for enhancing the scientific and cultural level of the whole nation and training senior specialists and other people with professional skill. We should popularize junior middle school education in the outskirts and primary school education in outer suburbs in 5 years. Junior middle school education should also be popularized in outer suburbs in 10 years. In the meantime, we should adopt various forms to actively develop preschool education.

Spare time education is an important component part of our educational undertakings. Now, there are more than 3 million workers and staff members in Beijing. To enhance their political, cultural, technical and vocational level is a basic work for speeding up modernization. We should resolve to overcome difficulties to vigorously develop television and correspondence courses, sparetime universities and various kinds of spare time secondary vocational schools, provide more teach-yourself courses and encourage people to become experts through self-study. Various sparetime schools should make rational arrangements for political, cultural and vocational education in light of their practical conditions and the characteristics of their students and gradually form their educational systems for junior and senior spare time education. At present, we should particularly grasp the work of helping young

workers and staff members make up their missed lessons of culture and technology and providing peasants with cultural and technical education. We should extensively labor organizations and fixing the number of staff members and production quotas, all enterprises and institutions should send staff members and workers to various sparetime schools and various training classes by stages and in gorups.

The modernization of the capital must rely on the progress of science and technology. We should comprehensively implement the spirit of Comrade Zhao Ziyang's report delivered at the scientific and technical award rally to create a new situation in the scientific and technical field of the capital. Scientific and technical workers should have a firm guiding thought of serving economic construction, concentrate their efforts to study and solve important questions arising in the construction of the capital, economic construction in particular. They should strive to achieve new results and effect a new breakthrough so that science and technology serve economic construction, city construction and cultural and educational undertakings more effectively.

Cultural and artistic undertakings should implement the guiding principle of serving the people and socialism and letting a hundred flowers blossom and a hundred schools of thought contend. Literary and art workers should study theories hard, plunge into the thick of life and enhance their political and artistic levels. They should create more outstanding literary and artistic works and give more performances which reflect the spirit of our times and are physically and mentally beneficial to the people. We should correctly handle the relations between popularization and raising of standards. We should utilize forces in various quarters to gradually establish and improve cultural organizations and facilities such as cultural halls, libraries, youth halls, children's activities centers, theatres, clubs and so forth and strengthen the construction of radio and television networks. In the meantime, we should vigorously carry out spare time cultural and artistic activities of the masses to constantly enrich people's cultural life.

Medical and public health establishments should continue to implement the guiding principles of serving the masses and placing emphasis on prevention first. They should profoundly carry out the patriotic public health campaign mainly aimed at eliminating diseases, actively develop medical science and technology, integrate traditional Chinese medical science with Western medical science, enhance medical quality and improve service. Practicing planned parenthood is our country's basic national policy. We should further do this work well, planned parenthood work in the suburbs in particular. We should strengthen education and propaganda and advocate the ideas that every husband and wife have one child only so that natural population growth rate in the capital will markedly drop. Physical culture institutions should continue to implement the principle of developing sports to strengthen people's constitutions to vigorously promote various kinds of sport activities of the masses, sport activities in secondary and primary schools in particular. On the basis of the popularization of sport activities, we should continue to grasp the work of establishing excellent sport teams to continuously achieve still better results.

We should overcome the leftist influence and narrow views of small producers, which neglect education, science and technology and discriminate against intellecutals. We should conscientiously implement the party policy toward intellectuals, the policy for middle-aged intellectuals in particular. We should trust and rely on intellectuals, show concern for and help them and rationally utilize them to bring their role into full play. We should adopt various measures to gradually allot more funds for education, science, culture, public health and physical culture and increase investment in instruction. All this should be included in the plans for the development of the national economy and society and in the plans for the city construction. Overall arrangements should be made in order to implement the plans by stages.

Ideological construction, with communist ideology as its nucleus, has determined the nature of the [word indistinct] at spiritual civilization. We should hold high the banner of communism to carry out the propaganda and education of communist ideology extensively, profoundly and permanently. Socialism is only a stage in the entire communist movement and a social practice guided by the communist ideological system. It is entirely wrong to say that propagating communist ideology in the socialist period oversteps the historical stage. Of course, protracted efforts of the people of several generations are needed in order to fully realize communism in our country as a social system. At the present stage, we can only implement various socialist systems and policies which include the principle of distribution according to work. We should correctly understand the relations between communist ideological education and the implementation of the present socialist policy and explain this matter to cadres and masses clearly to avoid one-sidedness in our understanding and work.

To carry out ideological construction with communist ideology as its nucleus, we should provide the broad masses of people, cadres and youth in particular, with more education on the basic theories of Marxism-Leninism and Mao Zedong thought. We should provide them with education on communist world outlook, outlook on life, the history of the motherland, modern history, the party programs and history, revolutionary traditions, the ideas of being the masters of our own affairs, collectivism, constitution, citizens' rights, duties and morals, patriotism and internationalism. While carrying out this education, we must have specific aims in mind and closley integrate it with the present ideological conditions to resist the corrosion of capitalist ideology and eliminate the influence of feudal ideology and other nonproletarian ideologies. In the meantime, we should closely combine this education with the practice of work and life of the masses. We should continue to profoundly and protractedly carry out the activities of "five stresses and four beautifuls" and learning from Lei Feng. We should also promote new general moods of the society, plant more trees, beautify and clean our environment. We should formulate "civility pledge to be observed by the citizens of the capital" and encourage factories, schools, shops, village and all trades and service to work out their rules and regulations and vocational and moral norms. Through such education and activities, we will continuously raise people's ideological consciousness. More and more people will become members of the society who have ideals, morals and culture and observe discipline and become builders of socialist spiritual civilization. On such a basis, we will be able to establish civilization. On such a basis, we will be able to establish and develop new kinds of socialist relations between people.

Carrying out communist ideological education is a long-term strategic task. Just as in cultural education, to provide youngsters and children with communist ideological education, we should start from kindergarten and gradually extend it to primary schools, secondary schools and universities. We should carry out the work in an orderly way and step by step. With regard to communist ideological education for staff members and workers, we should adopt the methods of training them by stages and in groups. We should integrate day-to-day education with regular training in rotation. As for communist ideological education for peasants, we should define the content and methods of education in light of the characteristics of peasants and the new situation occurring after the implementation of the contract system which links remuneration to output.

To carry out communist ideological education, we should bring the role of various mass organizations into full paly. We should also give full play to the role of such departments as propaganda, theoretical studies, literature, art, education, press, television, broadcasting, publication and so forth. We should restore and improve the system of training propagandists and lectures and train a large number of propaganda workers who are good at providing the masses with ideological work. Only thus can we set up a contingent for ideological work which has combat effectiveness and can convince and attract the masses.

Building socialist spiritual civilization is the task of the entire party and the whole people. All trades and services, various departments and units should effectively shoulder the task and include it in the work plans in the light of actual conditions. They should put forward specific aims and requirements and know what problems they should solve this year and next. They must make progress every year and achieve practical results. They should establish responsibility systems in this respect and carry out regular examination and assessment. We should do our utmost so that in 3 to 5 years our social order and public security will be markedly improved and people will considerably enhance their ideological and moral levels and extensively improve their labor and work attitude and service. We should effectively curb and despise all unhealthy trends and evil practices and effect a fundamental turn for the better in the general mood of society in the capital.

2. Actively Develop the Economy in Light of the Characteristics of the Capital, Placing Our Main Emphasis on the Enhancement of Economic Returns

The 12th CPC Congress has pointed out that the strategic objective of China's economic construction for the two decades between 1981 and the end of this century is, while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production. We should exert great efforts to develop an economy suitable for the characteristics of the capital, continuously enhance economic returns and strive for a faster speed of development to make an active contribution to attaining the objective of quadrupling the gross annual value of industrial and agricultural production of our country in a period of 20 years. We should create material conditions for speeding up the modernization of the capital, enhancing living standards of the people in both urban and rural areas and strengthening the building of socialist spiritual civilization. Our objectives of struggle are: During the first 10 years (1981-1990), the annual growth rate of the

gross annual value of industrial and agricultural production of the whole municipality is to be 4.5 percent and we should do our utmost to increase it to 5.5 percent. The gross value of 1990 will be 50 percent higher than that of 1980. We should also do our utmost so that the increase will be as high as 70 percent. In the counties and prefectures of the suburbs, the annual growth rate of the gross value of agriculture, industry and sideline production will be 7 percent and we should do our utmost to increase it to 9 percent. The gross value of 1990 will be 100 percent higher than that of 1980. We should do our utmost so that the increase will be as high as 150 percent. Before 1990, our main technical and economic index of industry, commerce, communication and building construction should be among the best in the country. This will lay a solid foundation for the greater economic progress of Beijing in the second 10 years.

We have many favorable factors for attaining the above mentioned objectives of struggle. 1) Material production departments in Beijing such as industry, agriculture, and building construction have a better foundation and their extensive potential can be tapped; 2) there are a great number of scientific research and design institutes as well as universities and colleges in the capital and Beijing is powerful scientifically and technologically; 3) there are bright prospects for developing commerce, foreign trade and tourism in the capital. Apart from that, it is more convenient to utilize foreign capital and introduce advanced technology to Beijing; 4) since the Third Plenary Session, we have accumulated some successful experiences in enlivening the economy and a number of typical advanced units such as the capital iron and steel corporation, Shahe Commune and so forth have come to the fore. Although there are still some unfavorable factors such as insufficient cultivated land and construction sites in addition to the strain on energy resources, water resources, funds, raw materials and so forth, as long as we have a good mental attitude and are able to fully utilize various favorable conditions, tap the potential, give play to our advantages and avoid the weak points and overcome difficulties, we can rapidly and effectively develop our economy in line with the characteristics of the capital.

To attain this objective of struggle, we must take into overall consideration favorable and unfavorable conditions, go a step further in the proper readjustment of the economy and realistically define the direction of development for the industry, agriculture, commerce and other undertakings of Beijing Municipality. In the industrial field, we must lay stress on developing foodstuffs, textiles, light industries, electronics, optics, printing, electrical appliances for civilian use, instruments and meters, new-type construction materials, traditional arts and crafts and other undertakings which call for a low consumption of energy, which allow the economical use of water, and the occupation of little land or little space in transportation, which cause no harm to the people with regard to pollution, and which provide many job opportunities. Metallurgy, machine-building, petrochemical and other heavy industries must make full use of existing bases, energetically carry out technical transformation, actively control pollution, lower the consumption of energy and water, promote processing on a more advanced basis and comprehensive utilization, better serve the development of light and textile industries, agriculture and urban construction. In agriculture, we must continuously carry out the guide-

line of "serving the capital, making the peasants rich and building new socialist villages." Given a guaranteed continuous increase in total grain output, we must enlarge the scope for development and energetically promote a diversified economy. We must especially develop crop cultivation and stockbreeding. We must enable the capital to be basically self-sufficient in vegetables, milk, eggs, pork, fruit from the north and other main items of non-staple foodstuffs. We must energetically develop the processing of agricultural and subsidiary products and other industries guided by state plans and encourage commune members to develop household side occupations. We must pay attention to the buildup of mountainous areas and accelerate the development of the economy of mountainous areas. We must energetically forest deserted mountains and beaches, build networks of trees on the plains and plant trees everywhere. We must strengthen the conservation of water and soil and restore, protect and create a proper ecological balance. Commerce must energetically support the development of industry and agriculture, actively create and increase the outlets for the circulation of commodities. Further develop the catering, repair and various other service trades, add to the number of newly built urban areas, towns and cities of suburban areas and rural commercial networks, set up more wholesale stations, and enlarge storage and processing capacities. Meanwhile, it must energetically strengthen economic ties among provinces and municipalities and energetically develop the domestic and international markets. In the light of the features of the capital and the demands of the new situation, other economic departments must have a clear idea of the direction for development, pay close attention to readjustment and strive to improve economic returns.

To achieve the objective of struggle in developing the economy of the capital, we must first follow the proper policy. All lines and trades must further emancipate their thinking, continue to overcome the influence of "leftist" thinking, introduce various versions of the economic responsibility system that combine responsibility, authority and profit, and give full play to the enthusiasm of the masses of cadres and people and the activism of various enterprises and groups. An important reason why the capital iron and steel corporation and the shade commune have for several years achieved marked results in developing production and improving economic returns is that they have introduced a set of economic responsibility systems capable of closely combining the interests of the state, the enterprise (group) and the individual. The industrial enterprises in our municipality have conducted experiments in "replacing profits with taxes and holding themselves responsible for profits and losses." A large number of enterprises have adopted the method of retaining a given percentage of profit and have achieved relatively satisfactory results. Many communes and brigades on the suburbs that have really carried out the responsibility system of linking remuneration with output on a contract basis have achieved relatively satisfactory results. Recently, with the approval of the State Council, the Capital Iron and Steel Corporation experimented with the method of contracting for profits. This means that a given enterprise guarantees an annual increase of 6 percent in profits turned over to the state every year and puts at its own disposal and amount in excess--doing so for a fixed period of several years. Thus, not only is a steady financial income guaranteed for the state but the enterprise can devote more liquid funds to technical transformation. We are prepared to further select several backbone

enterprises which have strong leading groups, which have a good foundation for management work and which have promising products for development. One by one, they are to study and formulate concrete programs. These programs will be experimentally introduced after approval from the State Council. General enterprises must perfect the method of retaining a given percentage of profit. Suburban communes and brigades must energetically introduce the experience of the Shahe Commune. In the light of the different conditions of various communes and brigades and the wishes of the masses of commune members and in line with the party's policy, they must resolutely carry out different versions of the responsibility system of linking remuneration with production on a contract basis--contracting with brigades, with teams, with households and with individual laborers. Meanwhile, on the basis of further introducing and continuously perfecting the responsibility system of linking remuneration with production on a contract basis, they must energetically develop specialized brigades, specialized groups, and specialized households, encourage and support economic integration among various kinds of specialized brigades, groups and households, raise the commodity rate of agricultural and subsidiary products, and guide agriculture on the road to specialization and socialization. In the light of their own features, communication, transportation, construction, commerce, foreign trade, tourist and other departments must through practice sum up a set of methods for introducing the economic responsibility system and better arouse the enthusiasm of enterprises, cadres and the masses. We must further organize economic integration and mutual support between industry, agriculture, commerce and foreign trade and also between areas. This is to enable the pattern of economic integration to be more flexible and varied and to develop quickly. Under the leadership of the CPC Central Committee and the State Council, we must energetically carry out reforms. With this link properly taken care of, the development of Beijing's economy will become brisker and livelier and marked by still better economic results.

To consolidate enterprises and raise their level of economic management is the most realistic and most effective measure to improve economic returns at the current stage. It is also a fundamental task and an important guarantee for the realization of the capital's goal of economic development. Some time ago, certain useful experiences were obtained in consolidating industrial enterprises. But other systems have not been very active. Even the industrial system does not develop in a balanced way. Some units have not shown obvious results in their consolidation. Some have even messed things up by going too far. The consolidation of enterprises must be carried out on the basis of strengthening political and ideological work and raising the consciousness of the masses of workers. We must show courage and the skill in solving those problems that are difficult to solve. The aim in consolidating enterprises is to improve operations and management and to improve economic returns. Of the points to be emphasized in consolidating enterprises: 1) Reorganize and reinforce the leading group; 2) strengthen labor organization and labor discipling; 3) establish and perfect various responsibility system that call for a clear distinction between power and responsibility and for being strict and impartial in meting out rewards and penalities. The Capital Iron and Steel Corporation set a good example in consolidating enterprises. Their fundamental experience also applies to all lines and trades on the economic front. We must seriously organize an effort to study and popularize it. After being consolidated, the main backbone enterprises throughtout the municipality must reach the current management level of the Capital Iron and Steel Corporation by 1985.

To push Beijing's economic construction forward and realize the objective of our struggle, we must pay close attention to technical progress as an important factor. Leading cadres at all levels must foster a clearcut fundamental guiding idea of relying upon scientific and technical progress in reviving the economy. They must gradually put the capital's production and construction efforts on the basis of advanced technology. They must organize the forces of various scientific research units of the municipality and strengthen cooperation with scientific research institutes and bureaus of various central units and colleges and institutes of higher learning. They must tackle scientific and technical problems with an eye to the important subject of study--the matter of good economic results in the capital's economic construction. They must pay great attention to popularizing the results of scientific and technical research already achieved, seriously assimilate advanced techniques introduced from foreign countries, and quickly translate science and technology into realistic productive forces. Various economic departments must put technical progress in a particularly important position. Production units and scientific research units must take the initiative to link up with each other and act in close cooperation, and further step up the pace of technical transformation. In future industrial development, we shall not rely chiefly on large amounts of investment and on "extension." Instead, we shall rely on tapping the potential and on "intension," vigorously promoting technical transformation and striving toward high-grade, precision and advanced products as the goals of development. We must widely adopt new equipment, new techniques, new technological processes and new materials, continuously improve the quality of products, increase the variety of products suited for the market, step up the upgrading and renewal of products, lower the consumption of energy and raw materials, control pollution, and raise the rate of productivity. By 1990, all main industrial enterprises of the municipality must strive to widely adopt advanced production skills already universally applied in economically developed countries in the early 1980's which are suited to our country's needs. Thus, with limited land, energy and raw materials, Beijing's economy can produce more and better material wealth suited for the growing needs of the masses of people in their everyday life and strengthen the competitiveness of the municipality's products on domestic and international markets. There is no future for those enterprises that do not seek technical progress. They are bound to be eliminated.

To create a new situation in Beijing's economic construction, we must continue to seriously uphold the 10 guidelines for economic construction approved at the 4th session of the 5th NPC especially pay attention to properly solving the four major problems of principle put forth in the report of the 12th CPC National Congress. We must correctly handle the relations between the concentration of capital to strengthen national capital construction and the improvement of the people's living standards. While developing the capital's economy, we must continue striving to ceaselessly improve the workers' lives and to gradually make the peasants rich. But in improving the people's living standards, we must rely upon the development of production. The degree of improvement in the people's living standards can only be lower than the rate of increase in production and in labor productivity. We certainly must not allow the practice of freely handing out bonuses, or using up all the collective accumulation through distribution, or by splurging out on banquets. While guaranteeing the state economy's dominant role, we must energetically develop various economic forms, so that the collective economy can be consolidated and develop along the socialist road and the individual economy can properly develop with

the scope defined by the state and under the management of industrial and commercial enterprises. In the period of the "Sixth 5-year Plan" and the "Seventh 5-year Plan," a large number of young intellectuals will have to be given work. A major way to solve this problem is also to rely upon energetically developing the collective economy and properly developing the individual economy. We must correctly uphold the principle of taking planned economy as the main factor and regulation by market forces as the secondary one, insist on giving enterprises and communes and brigades proper decisionmaking powers in regard to production and circulation, and give better play to the regulating role of market forces. But in no way can we ignore state plans and economic contracts. We must flexibly adopt various patterns, rationally use foreign capital, introduce advanced technology and important equipment, accelerate the process of technical transformation, and increase the capacity for self-reliance.

To achieve marked results in the capital's economic construction, we must develop a high degree of the spirit of fighting amidst hardships and relying on our own resources. Meanwhile, we must firmly foster the idea of "coordinating all the activities of the state like pieces in a chess game "and the concept of the whole situation. We must eliminate the phenomenon of everyone going his own way, making things difficult [for] other people and disputing over trifles, which existed among various departments and various enterprises. All economic departments throughout the municipality must formulate the development plans for their own departments or relevant units as quickly as possible--doing so with an eye to the realization of the objective of struggle in the capital's economic development. These plans must be based on reality. We must avoid "applying the same fixed rule to every case." Our plans must cover readjustment, reform, reorganization, technical transformation, and so forth. Our targets must be reliable and measures must be concrete. They must also be made known to the masses of cadres and people, so that everyone's enthusiasm and creativity can be fully aroused and scientifically organized. Thus, the capital's economic undertakings can surely be marked by a new situation of vigorous development.

3. Realistically Strengthen Urban Construction and Management and Gradually Turn the Capital Into a Modern and Socialist New Type City

Urban construction and management is an undertaking of a comprehensive nature. It involves the building of not only material but also spiritual civilization. It also has its own laws. After more than 30 years of effort since the founding of the PRC, there has been much development in Beijing's urban construction. But due to too quick an increase in the urban population, there has for a long time been a serious imbalance in various kinds of construction, causing a series of contradictions and difficulties. The main problem is that much should have been done in regard to fundamental urban needs such as roads, transportation, water supplies, drainage, electricity, postal and telecommunications facilities, gas, heat, and so forth. These have fallen short of the needs for the large-scale building of housing. In building housing, various service facilities are not geared to the needs of factories, scientific research offices, colleges and institutes of higher learning, organs, and so forth that are built. Housing built for residential purposes greatly falls behind the

growth of the urban population. Housing is overconcentrated in the near suburbs of the city, causing an excessive density of population, a great strain on the supply of land for construction purposes, traffic jams, and serious environmental pollution. Given a strict control of the scale of urban development, we must gradually reverse this situation of passivity, thus allowing an improvement in the capital's living conditions, the harmonious development of various construction projects, a more rational urban layout and a marked improvement in urban features. To this end, we must put emphasis on solving the following several problems:

We must resolutely put the building of fundamental urban facilities ahead of various construction projects. In the next 10 years, the state is prepared to arrange a number of priority construction projects for Beijing in this respect. They mainly involve electric power, postal and telecommunications facilities, water and gas supplies, drainage, pollution control, urban transportation, and so forth. We must pay close and proper attention to the relevant preparatory work at its early stage. We must strive to shorten the cycle of construction, so that the relevant projects can be completed and put into production as quickly as possible and produce results. Meanwhile, we must energetically enlarge the scale of unified urban construction and its percentage. We must strive to bring municipal public facilities and service facilities in line with the building of main construction projects.

We must readjust the proportionate relations between various kinds of construction projects for housing and improve the method of housing distributing. In the next few years, through our efforts, the residential housing completed every year must account for around 70 percent of the total area occupied by housing. Meanwhile, we must strive for a high speed of construction, good quality and low construction costs. Funds for the building of residential housing in a given area still come chiefly from the various units themselves. By every possible means, municipal funds must be obtained only to help those units which do not have their own money. We must pay proper attention to the rational distribution of residential housing, seriously carry out the party's relevant policies and gradually solve the housing problem of urban residents. Through mass democratic assessment, we must without exception, insure the priority allotment of housing for those families which have no housing, or which have serious housing problems. Meanwhile, we must continue to seriously do well the work of carrying out the policy on private housing.

We must make rational arrangements for the layout of the city. This is a problem of great and far-reaching significance. Based on the general plan for urban construction, we must properly work out detailed plans for zoning, readjust the layout and implement the guideline calling for "the gradual transformation of old urban areas, the rearrangement and linkup of suburbs near the city and the energetic development of remote suburbs." We must gradually reverse the situation in which construction projects are overconcentrated in suburbs near the city. In transforming old urban areas, we must give prominence to the particular features of the capital as the political center of the whole nation and make priority arrangements for important projects highlighting such features. Valuable cultural relics and ancient trees must be protected. The forested areas must be increased. Narrow main streets must be widened.

Backward public facilities must be gradually improved. Dangerous dilapidated buildings must be systematically rebuilt. Large-sized storehouses and depts that occupy too much land must be gradually removed. In building Beijing, we must not only carry on our country's fine traditional style but also draw on useful experience from foreign countries. We must continuously create the new and seek a varied and colorful pattern. There is little land left in the suburbs near the city for construction. Arrangements can only be made for residential housing, facilities to be linked up for the convenience of people in their everyday life and municipal public facilities. Those spaces planted with vegetables and trees that must be forever preserved according to plans can never be nibbled up or occupied. In suburbs far away from the main city, we must energetically build satellite towns and cities. In the near future, construction will focus on Huafbcun, Changping, Tongzhen and the chemical industrial district of Yanshan. We will chiefly assign to satellite towns and cities units transferred away from the major city and a small number of newly built units which must [be] placed in Beijing, as approved by the state council. For these areas, the municipal public facilities and service facilities must go one step ahead of other construction projects. We must formulate a set of policies encouraging and inducing the residents in the urban and suburban areas to find employment and settle down in satellite towns and cities.

We must realistically improve and strengthen urban management work. Urban construction and urban management are two aspects of the effort to modernize the city. Neither of them can be neglected. for a long time, we have not paid serious enough attention to proper urban maangement. The laws and regulations for urban management are not sufficiently perfect. The practice of freely occupying land, freely building housing, freely piling up goods everywhere and freely filling up ditches is quite common. Many problems exist with regard to the removal and disposal of garbage, prevention and control of environmental pollution, the maintenance of trees and lawns, the repair of dilapidated housing, prohibition of illegal construction, the improvement of traffic, the construction and management of fire-prevention facilities, the control of seriously waterlogged areas, and so on. We must establish and strengthen urban management organs at all levels, seriously sum up experiences, pay close attention to formulating and perfecting various rules and regulations for urban management and seriously implement them. We must strive to train specialized personnel in urban management and properly increase the fund allocation for the maintenance and management of the city. Meanwhile, we must fully arouse and rely upon various units and the masses of people to establish various responsibility systems and to realistically solve various problems encountered in work. This is to put urban management work on the right track as quickly as possible. We must especially pay close attention to the appearance of the city and to forestation and environmental protection. We must strive to increase the forested urban area from 20 to 25 percent within 5 years. All units must strictly observe the state's relevant regulations and resolve to devote energy to controlling various kinds of pollution which they themselves cause. Those enterprises which cause serious pollution and with pollution problems which are difficult to solve must make a switchover in production, or stop production. For all new, expansion and renovation projects, we must resolutely implement regulations governing project construction and overall arrangements for environmental protection. No more new causes of pollution must be allowed.

4. Continuously Perfect Socialist Democracy and the Legal System and Ensure the Smooth Progress of the Capital's Socialist Modernization

To promote socialist democracy, perfect the socialist legal system and consolidate and strengthen the people's democratic dictatorship is a prerequisite and a political guarantee for the building of material and spiritual civilization.

The 12th CPC National Congress stressed that to create a high degree of socialist democracy is one of our fundamental goals and fundamental tasks. The socialist cause is the business of the whole people. Only by building a high degree of socialist democracy can we arouse to the full the initiative and pioneering spirit of the masses of people, energetically stimulate socialist modernization and effectively impose dictatorship upon a small number of hostile elements. We must strive to bring socialist democracy into political, economic, cultural and social life, develop democratic management in various enterprises and units serving the people and promote mass autonomy in basic social life.

Party committees at all levels must support the people's congresses of various municipalities, prefectures and counties and their standing committees in exercising the authority of local organs of power. Government at all levels must fully respect and safeguard the people's democratic rights, listen to the opinions and appeal of the masses of people and arouse and rely upon the masses of people to participate in the management of various enterprises. Government workers should consciously serve the people, be responsible to the people and act as the public servants of the people.

In the countryside, we must set up village government in line with the principle of separating government administration from commune management. This is a major reform in expanding socialist democracy and strengthening the building of political power. This reform must be carried out in a well led, planned and orderly manner. The work of urban neighborhood offices must be further strengthened. Urban residents' committees and rural villagers' committees are organizations for mass autonomy. At present, villagers' committees have not been set up in this municipality. We must energetically conduct experiments. Residents' committees must be seriously reorganized, consolidated and strengthened, so that better play can be given to their role. Enterprises and units must strengthen democratic management, establish and perfect the system of the workers' congress, gradually introduce the practice of democratically electing factory managers, and further arouse the enthusiasm of the masses of workers as masters of the house.

The development of socialist democracy must be closely combined with the effort to perfect the socialist legal system. We must seriously carry out a series of laws and decrees prescribed in the constitution and promulgated by the state. Meanwhile, we must formulate and perfect the regional laws and regulations of Beijing Municipality. In strengthening the legal system, the most important thing is that the party organizations at all levels and the party and government leadership cadres in particular, must raise their awareness of the importance of building a legal system. They must take the lead in studying the constitution and the law and play an exemplary role in observing the constitution and the law. They must act within the framework of the constitution and the law and really achieve the aim of everyone being equal before the law, observing such laws as exist, being strict in law enforcement and letting no lawbreaker go scotfree. Party and government organs at all levels, people's organizations, enterprises, units serving the people and also news, publishing, radio, television and other departments must strengthen propaganda and educational work related to the legal system.

To meet the needs of the building of a legal system, we must create a political science and law contingent that is loyal to the party, to the people and to the socialist cause. The leading groups of various political science and law organs must be seriously consolidated. Political, ideological, style, organizational and other problems that exist among political science and law contingents must be properly solved in a realistic way. We must energetically the building of public security, procuratorial, judicial and administrative departments, perfect the lawyers' system, reinforce the legal advisers' offices and public notary offices and gradually increase the number of people's courts in a planned manner. The work of local police stations, public security committees, mediators' offices, and other basic level organizations must be seriously reorganized, consolidated and strengthened. We must pay close attention to the building of regular schools of political science and law and train legal personnel on a large scale. Meanwhile, we must train cadres and policemen on a rotating basis in separate groups over different periods of time and improve their political and professional levels.

At the 12th CPC National Congress, it was pointed out that in our country, class struggle is no longer the main social contradiction. But class struggle will continue to exist for a long time to come within a given scope of our society. At present, in Beijing Municipality, a small number of hostile elements still purposely carry out activities in the economic, political and ideological fields and in social life to disrupt and overthrow the socialist system. We must stay sober-minded. We can never be lulled ideologically or let down our guard. We must resolutely deal blows to those hostile elements opposing socialism and various serious criminal elements. Meanwhile, we must carefully distinguish and handle the two different types of contradictions and pay attention to guarding against repeating the mistake of enlarging class struggle. The struggle now being carried out in a penetrating manner to crack down upon serious criminal activities in the economic area is an important manifestation of class struggle under new historical conditions, where we follow an open-door policy and seek to enliven the economy at home. We must fully realize the great significance of this struggle in upholding the socialist road and properly carrying out the modernization of the capita. We must further strengthen leadership, strictly act according to law, vigorously tackle major and important cases, and firmly and unswervingly carry this class struggle through to the end.

Take good care of social order in the capital, insure the security of the party Central Committee and safeguard the life and property of the people of the capital is an extremely important political task. Never for a moment can we relax our vigilance. In strengthening social order, we must introduce "comprehensive government" combining the specialized organs and the masses of people under the leadership of party committees at all levels and form various dragnets and bastions of iron in the struggle against various hostile elements and various criminal elements threatening social order. In properly taking care of "comprehensive government," the most important thing is that party committees at all levels must strengthen unified leadership, arouse and organize various departments and units to set up the security responsibility system and link this system with production and work responsibility systems. "Comprehensive government" focuses on strengthening education for youth and adolescents

and adopting the guideline of educating, influencing and saving those youths and adolescents in cases of minor offense. The basis of "comprehensive government" calls for strengthening the fundamental work of basic-level organizations, strengthening the initiative to be on guard, reconciling the contradictions among the people in time, preventing the intensification of contradictions and solving large numbers of security problems in their initial stages. Concerning those hostile elements who purposely disrupt our socialist system and criminal elements who seriously threaten social order, we must continue to carry out the guideline of meting out severe and prompt punishment and dealing resolute blows. Through realistic efforts, we must within the next 3 to 5 years strive to bring about a marked drop in criminal cases, an obvious rise in the number of cases solved, a great decrease in traffic accidents and fire outbreaks and other major incidents, and a fundamental turn for the better in the capital's social order.

Bring Into Full Play the Party's Role as a Leading Core in the Construction for Modernization in the Capital

The key to the creation of a new situation in the construction for socialist modernization in the capital is that we must, according to the demands raised by the new party constitution, strengthen party construction, uphold and improve the party's leadership and raise the fighting power of party organizations, the new party constitution approved by the 12th CPC Congress, in line with the characteristics and requirements of the new historical period, makes a Marxist stipulation on how to properly bring into full play the party's role in state affairs, makes higher demands on party members and cadres than in previous party constitutions and makes many new and concrete stipulations concerning the party's democratic centralism, party discipline, the improvement of the party's organizational system and the strengthening of the construction of grass roots organizations. The new party constitution is the precious crystillation of collective wisdom and the party's historical experience as well as a vital guarantee to making our party more powerful in the new historical period. We must conscientiously study the new party constitution and, according to the demands raised by the new party constitution, make great efforts to rectify the party's ideological style, restructure party organizations and build our party into a powerful core in leading the cause of socialist modernization of the capital.

1. Uphold the Party's Democratic Centralism, Strictly Execute Party Discipline and Guarantee the Unanimous Action of the Party

Democratic centralism is the party's basic organizational principle. Only by making full use of democracy, and practicing a high degree of centralism on the basis of a high degree of democracy, is it possible to bring into full play the enthusiasm of all party members and guarantee unanimity of ideology and action in the party and the swift and effective implementation of the party's decisions. As a result of bringing order out of chaos since the Third Plenary Session of the 11th CPC Central Committee, most party organizations in Beijing have carried out their work in accordance with democratic centralism and there has been a remarkable improvement in the political life within the party. However, nondemocratic phenomena and patriarchal behavior still exist in some

party organizations and incompetency, laxness and liberalism are prevalent in others. We must, in strict accordance with the stipulations in the new party constitution, further strenghten the collective leadership of party committees. All important issues must be fully discussed by party committees and decisions must be made by collectives. Party organizations at all levels must further develop democracy within the party, fully respect the democratic rights of party members and bring into play the role of party members to supervise party cadres. Meanwhile, we must strengthen the sense of organization and discipline. We must seriously check and find out the problems in carrying out the policies and instructions of the CPC Central Committee and earnestly resolve these problems, thus setting an example in practicing the party's democratic centralism.

Party discipline is the guarantee to implementing the party's line, guiding principles and policies. Since their establishment, discipline inspection departments at all party levels in Beijing have done plenty of work and brought into full play their role in correcting party style and executing party discipline. But, they have met with some problems in their work. Some party members at leading posts have attached less importance to the discipline inspection work of the party. Being afraid of offending others, they dare not wage a principled struggle against practices violating discipline. They fail to punish people and deeds that should be punished, or treat important issues as less important and less important issues as nothing at all. This state of affairs must be resolutely changed. Everybody is equal before party discipline and all party members must consciously and rigorously observe party discipline. Party organizations at all levels must resolutely maintain the serious nature of party discipline, support the work of the discipline inspection departments and resolutely struggle against practices violating party discipline.

2. Reform Organizations and Cadre Systems and Make Leading Organs More Revolutionary, Younger, More Knowledgeable and More Professional

There exists in Beijing's party and government organizations many defects such as redundant and repetitive organs, unclear duties, overstaffing, shirking responsibilities, difficult operations, lack of division between party and government organizations and the party being unable to administer itself. It is necessary to properly reform them step by step through leadership, according to the decisions of the party Central Committee. The organizational reform plan must be carried out in three steps. Reform must first be carried out in the municipal CPC committee and government organizations and all their subordinate departments, commissions and offices, then in all districts, counties and bureaus and finally in all enterprises and basic units, to be completed by next winter. While carrying out organizational reform, we must adhere to the requirements of "simplification, unity, thrift, efficiency and opposition to bureaucratism," readjust and strengthen the leading core at all levels, select a great number of excellent middle-aged and young cadres, reduce deputy posts and concurrent posts, streamline organs, reduce the staff, define post responsibilities and raise efficiency. It is necessary to properly divide the power limitation of municipal and district (county) organizations and further bring into play the role of the organizations at district (county) level. While carrying out organizational reform, we must, in accordance with the relevant stipulations in the new party constitution, properly resolve the problem of party leadership over the government, enterprises and institutions. Party leadership over the government, enterprises and institutions, party leadership means mainly leadership over ideology, politics, guiding principles

and policies. It also means the selection, assignment, examination and supervision of cadres. It is necessary to guarantee that government and enterprises carry out work initiatively, independently and with good coordination. The party should not run the whole show in government and enterprise administrative operations and production. Party committees must rid themselves of routine work and make great efforts to implement the party's line, guiding principles and policies. They must do a good job in party construction, strengthen the building of functional departments of party committees and cadre ranks. They must also study the ideological and political situation within and outside the party and earnestly carry out ideological and political work.

While carrying out organizational reform, some of the veteran comrades who have reached retirement and convalescent ages will, in accordance with the instructions of the Central Committee, retire or leave their posts for convalescence, except for those who remain at their leading posts to execute the decision of the organization due to work requirements. These veteran comrades worked hard and conscientiously in the previous revolution and construction and have made great contributions to the cause of the party and the people. Now they have, in consideration of the grand cause of the party and the people, recommended and supported those comrades who are in the prime of life to assume leading forefront posts. Their noble character and proletarian minds have set us a good example. It is necessary in future to gradually establish a system whereby cadres who have reached retirement age must withdraw from their post jobs [to] be replaced by middle-aged and young cadres who have both ability and political integrity. As for those veteran cadres who have retired or are on convalescent leave, party committees at all levels must take good care of them and fully guarantee the political treatment and living conditions to which they are entitled. At the same time, it is necessary, proceeding from every comrade's specific conditions and in accordance with their energy, profession and interest, to bring into play their role by using various forms.

It is an urgent task in the continuous development of socialist modernization as well as a prime issue in party construction to select excellent middle-aged and young cadres to leading organs at all levels and make the leading organs more revolutionary, younger, more knowledegeable and more professional. As a result of the party's protracted cultivation and education, there are many [word indistinct] people in various fields in Beijing. We must emancipate our ideology, broaden our vision, be skillful in finding out talented people and promptly select a great number of excellent middle-aged and young cadres to leading posts, thus toughening them in the process of cooperation between the old and the new and the replacement of the old by the new. In selecting middle-aged and young cadres, we must adhere to the criteria of selecting people who have both ability and political integrity and priority should be given to political integrity. It is all the more necessary to select those people who have pure party spirit, are honest and upright and dare to uphold principle. Under this premise, we must pay attention to selecting those cadres who have a relatively high cultural level and professional capability, possess the abilities to organize and lead the masses and who are able to create a new situation. Also, we must pay attention to selecting woman cadres. Party committees at all levels must strengthen their leadership over the selection of middle-aged and young cadres, adhere to the mass line and bring into full play the role of the

organizational departments. Principal leading comrades of party committees must assume responsibilities themselves and conduct inspections and talk to the actual candidates. Selection should be carried out boldly, swiftly and involve a large number of people. Party committees at all levels must prepare a list of reserve cadres. Political criteria must be strictly adhered to in selecting cadres. As for those who followed Lin Biao, Jiang Qing and their like and who attained posts by rebelling, those who indulged in factional ideas, those who committed beatings, smashing and looting in the cultural revolution, those who have opposed the line of the CPC Central Committee since the Third Plenary Session and those who have committed serious crimes and violated laws in economic and other fields, not a single one should be promoted. If some of them have already been promoted, they must be resolutely dismissed from their leading posts.

3. Extensively Train Cadres in Rotation and Cultivate a Cadre Contingent Adapted to the Construction of Modernization

Extensively training cadres in rotation and upgrading cadres' quality is a strategic measure to completely create a new situation in the construction of socialist modernization. At present, cadres whohave completed university education or reached a level equivalent to university education account for 22 percent of the total number of cadres. Those who are familiar with or have mastered their own professional knowledge account for a smaller percentage. Many cadres have not systematically studied Marxist theory or received systematic professional training. Such a status is not adapted to the requirements of the construction of socialist modernization. We must vigorously strengthen the educational and training work of the cadres and upgrade all cadres' Marxist levels, professional knowledge, scientific and cultural levels and leading management abilities. Only by so doing, can they become qualified personnel who adhere to the socialist road and possess the necessary professional knowledge.

When training cadres, the principle of "learning what is being done and making up what is insufficient" should be adhered to. We should treat cadres differently and teach them political theory, guiding principles and policies, professional knowledge management science and cultural knowledge in accordance with their own specific conditions. In the coming 5 years or so, all incumbent cadres under 40 years old whose cultural level is lower than junior middle school graduates, must reach the level of a junior middle school graduate through extra classes; those who have reached the level of junior middle school graduate must reach the level of technical middle school student through professional training; and those who have reached the level of technical middle school student must strive to reach the level of university student. Party and government cadres who have not systematically studied philosophy, political economy, scientific socialism and the history of the CPC must do their utmost to finish studying them. They must also study professional basic knowledge. Cadres of business management must concentratedly study relevant professional knowledge and management science. Scientific and technical cadres must, in accordance with the stipulations of the State Council, take a refresher course and study new scientific and technical knowledge, thus updating their knowledge. The training of cadres must be connected with their appointment. When we select,

employ and promote cadres in the future, we must treat their academic qualifications and achievements as just as important a reference as their work experience and results. Party and cadre schools at all levels are the main places to train cadres. They must be run well to strengthen regular training. Universities and middle technical and professional schools must vigorously create conditions to take up the task of training cadres regularly. We must organize cadres to study knowledge by making full use of various forms such as broadcasting, television, correspondence courses and part-time universities. Not long ago, the CPC Central Committee and the State Council promulgated a "decision on educational work of cadres of party and government organizations at central level." We must, in accordance with the spirit of this decision and in connection with specific conditions in Beijing, study and formulate plans and concrete methods for training cadres. The municipal CPC committee and party organizations at all district, county and bureau levels must establish working groups for training cadres to strengthen leadership over the work.

4. Straighten Out the Party Step by Step in a Planned Way and Bring About a Thorough Change in Party Style

It is a prime issue in the present party construction to rectify party style, restructure party organizations and bring about a through change in party style. Of all the 40,000-odd grass roots party organizations and 650,000 party members in the city at present, the vast majority are good or comparatively good. This is the dominant trend of our party, which must be affirmed. However, we must realize that there do indeed exist within the party some problems of impure ideology, impure style and impure organizations. Some leading bodies of party organizations are weak, lax, impotent and disunited. A handful of them are paralysed or half paralysed. In some units, leading power is not held by politically reliable persons. Some party members have pursued an incorrect ideological line and gone against the party's line, guiding principle and policies since the Third Plenary Session of the 11th CPC Central Committee. They even doubt communism, and vacillate. Some party cadres are not at all conscientious in their work and practice serious bureaucratism. Some fail to unite all comrades but get close to one group and estrange others. Some party members tend seriously toward bourgeois individualism, striving for high positions, fame and better treatment. They do not accept the work assigned by the party but haggle and choose whichever is to their personal advantage. Some pursue a bourgeois life style and have degenerated. Some have taken advantage of their power to seek personal gains and even engage in smuggling, trafficking, bribery, corruption, and burglary, thus taking the criminal road. Yet another handful of persons adhere to the ideological system of Lin Biao and the "gang of four" even now, and are waiting for an opportunity to make trouble. All these people have seriously damaged the party's quality, its cause and its prestige over the broad masses. In order to further normalize political life within the party, earnestly rectify unhealthy practices, purify party organizations, strengthen the close links between the party and the masses and bring about a thorough change in party style, the CPC Central Committee has decided, beginning in the second half of next year, to spend 3 years straightening out party style and party organizations thoroughly and completely by stages and in groups. This is an important measure to strengthen party building. We believe that after the serious

straightening out, it is possible to bring into full play the role of grass roots party organizations as fighting positions and the role of party members as pioneers and models. From this winter on, we will select several units from the organizations of municipal CPC committees, industry, capital construction, finance and commerce, schools, rural areas, and urban areas to carry out a pilot scheme to straighten out the party. Leading cadres from the municipal CPC committee and party organizations of all districts, county and bureau levels must participate in the pilot scheme, thoroughly study the problems of pilot projects, promptly give guidance, render help and seriously sum up experiences. In order to make good ideological preparations for completely straightening but the party, it is necessary, from now to the first half of next year, to extensively train party members in rotation with the 12th CPC Congress report and the new party constitution as the main contents. Through the rotational training, each and every party member will see clearly the party's nature, position and function, truly understand that the work style of a ruling party is an issue concerning the life and death of the party, uphold communist purity, adhere to serving the people whole-heartedly and know how to be a qualified party member and cadre.

5. Maintain Close Ties Between the Party and the Masses and Strengthen the Party's Mass Work and United Front Work

The party's fine tradition of maintaining close ties with the masses was seriously damaged during the 10 years of internal disorder and must be restored and carried forward as soon as possible. All party members and cadres must make friends with workers, peasants and intellectuals as ordinary laborers. All cadres, except for the old, weak, sick and disabled, must spend a certain time taking part in manual labor every year. Party and government organizations at and above district, county and bureau level must adhere to the practice of cadres going to grass roots units in rotation and conducting investigations among the masses. Leading organizations at all levels must further strengthen the work of receiving visits and letters from the public and leading cadres must personally handle important letters and visits from the public. Party organizations in grass roots units must promote various effective methods of party members integrating with the masses, attentively listen to their advice and strengthen ideological and educational work among them. Attention should be given to admitting qualified advanced elements, especially those advanced workers standing in the forefront of production and middle-aged intellectuals of all trades, into the party.

Trade unions, the CYL and the women's association are the tie linking the party with the masses. CPC committees at all levels must attach more importance to the work of the mass organizations, strengthen leadership over them, help them resolve difficulties in their work, support them in carrying out their work, independently, conscientiously and with initiative, and bring into full play their role.

Young people are the most active and vital force in society. Their growth decides the rise or decline, success or failure of our party and our country in the future. Party organizations at all levels must take good care of young people, pay attention to educating and cultivating them and bring into play

their role. The CYL is the assistant and reserve force of the CPC as well as a school for advanced youth to learn communism through practice. CYL organizations at all levels must strengthen their own construction, maintain close ties with the broad masses of the young, unswervingly conduct communist education among young people in various lively forms suitable to their characteristics, mobilize and organize them to act as a shock brigade force in the struggle to create a new situation in the construction of socialist modernization. We must pay attention to admitting advanced youth into the CYL and cultivate and bring up a great number of excellent CYL members, thus infusing fresh blood to the party.

The united front remains a powerful weapon of the party in the new historical period. In the construction of socialist modernization in the capital, the united front still plays a very important role. We must enhance our understanding of the importance of the united front in the new historical period, further eradicate "leftist" influence, adhere to the policy of "long-term coexistence and mutual superivsion" and "being loyal-hearted and sharing honor and disgrace together," bring into full play the role of the CPPCC committees at municipal, district and county levels, and earnestly respect the political freedom, organizational independence and equal lawful position shared by all democratic parties within the scope of the rights and obligations endowed by the constitution. We must also strengthen work regarding nationalities, religions, overseas Chinese affairs and Taiwan affairs, continue to seriously implement various policies of united front work, cooperate more with all democratic parties, democratic personages without party affiliation and all patriotic personages, and consolidate and strengthen the most extensive patriotic united front, thus serving the construction for sociaist modernization of the capital and making contributions to the great cause of achieving the reunification of the motherland, including Taiwan.

Comrades!

The CPC Central Committee cherishes ardent hopes for the construction of the socialist modernization of the capital. The 4-point proposal put forward by the secretariat of the CPC Central Committee has given us a grand fighting target. We have many favorable conditions to achieve the target: Since the CPC Central Committee is right in Beijing, it is possible for us to promptly receive concrete instructions from the CPC Central Committee and the State Council; all provinces, municipalities and autonomous regions are very much concerned about the construction of the capital and have rendered us much assistance; party organizations and the vast number of party members in Beijing have withstood protracted tests and toughened and improved themselves; the people of the whole city are imbued with fervent enthusiasm for building a modernized socialist capital; we have already created a political situation of stability and unity and accumulated experience in building a modernized socialist capital. However, we now confront quite a lot of difficulties and problems. We must not only squarely face difficulties but also take into full account favorable conditions and integrate ardent revolutionary enthusiasm with the scientific approach of seeking truth from facts. We must set high demands on ourselves, do our utmost to overcome difficulties, and confidently march forward to realize the grand fighting target.

The CPC Central Committee has pointed out: We must systematically carry out organizational reform and the reform of the economic system. We must vigorously build socialist spiritual civilization. We must hit hard at the serious criminal activities of undermining the socialist economy and the socialist system. We must rectify party style and restructure party organizations. These are the powerful guarantees of adhering to the socialist system and achieving socialist modernization. Party organizations at all levels in the city must attach great importance to these four prime issues and earnestly carry them out unswervingly.

In order to create a new situation in all fields of socialist modernization in the capital, we must unite more closely around the CPC Central Committee, continue to study the documents of the 12th CPC Congress deeply and thoroughly, completely implement the correct program and series of guiding principles and policies formulated by the 12th CPC Congress and resolutely and steadily act in unison with the CPC Central Committee politically.

In order to create a new situation in all fields of socialist modernization in the capital, we must fully believe in and depend on the broad masses, earnestly implement the mass line in all work, further bring into full play the vast reservoir of enthusiasm for socialism the masses have, and scientifically organize them to bring their wisdom into full play.

In order to create a new situation in all fields of socialist modernization, we must further carry forward democracy within the party, strengthen unity within the party and the cadre ranks, make party members and cadres of the city bring into full play their creative abilities, sense of responsibility and pioneering role so as to vigorously stand in the forefront of the construction in the capital.

In order to create a new situation in all fields of socialist modernization of the capital, we must further improve our style of leadership and the working methods, go deep into reality, carry out investigations and researches, have a comprehensive idea, give meticulous guidance and actively and in an orderly way promote our work.

All party members in Beijing City must, under the great banner of Marxism-Leninism and Mao Zedong thought, inherit and carry forward the fine tradition and style of the party, brace themselves up work hard, be modest and prudent, guard against arrogance and rashness and unite and lead the broad masses in the struggle to build Beijing into a modernized socialist capital with a high degree of civilization and democracy.

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NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON ECONOMIC GROWTH, POPULATION

HK250900 Beijing RENMIN RIBAO in Chinese 2 Nov 82 p 5

[Article by Wu Canping [6762 33]8 5493]: "The Level of a Comparatively Well-off Life and Two 'Strivings'"]

[Text] A well-off life and two "strivings" are closely related.

The two "strivings", proposed in the 12th CPC National Congress report, include striving to quadruple the total annual value of our industry and agriculture and to build a rich life for our people within 20 years. We are also striving to keep our population under 1.2 billion by the end of the century. These two "strivings" are closely related.

Economic growth and population should be taken into account if we want to attain a well-off life, no matter whether we measure it by average national income or by total industrial and agricultural value.

By the end of the century our average total per capita agricultural and industrial output value will be 2,333 yuan and our per capita national income will be around 1,200 yuan if the two "strivings" are realized. Our people have yearned for this well-off level, even though it is not high, for years. And now it can be envisaged and achieved.

We should note that it is not enough for us to succeed in only quadrupling our total annual agricultural and industrial output value. We should also strive to keep our population under 1.2 billion. The reason is that the per capita agricultural and industrial output value is the result of the total agricultural and industrial output value divided by the total population, with the total agricultural and industrial output value being the numerator, and the total population being the denominator. The faster and greater the increase of the former, the faster and higher will be the level of a comparatively well-off life. Population is just the opposite. The slower and smaller the growth, the sooner a comparatively well-off life will be attained. Furthermore, the two "strivings" complement each other. If one of them cannot be realized, the realization of the other will be affected.

The two "strivings" are not quite equal to each other. The striving for the quadrupling of the annual total agricultural and industrial output value will always be a determinant. The report of the 12th CPC congress has stipulated the strategic targets, emphases, steps and important principles for realizing economic development. It specifically emphasized that the main task is to carry on the socialist modernization and economic construction and to improve the entire socialist economy.

Meanwhile, the 12th CPC congress has further emphasized birth control. It clearly states that "the population problem remains serious during our economic and social development. The implementation of birth control is a national policy." We should seriously stick to this point.

Do Not Underestimate the Significance of Population as the Denominator

It is common knowledge that the standard of living can be measured by average targets such as the per capita national income, average food production and residential area. However, our state kept a low profile regarding these targets for a long period. It was thought that the greater the population, the faster the rate of socialist construction. The fact that excessive population growth would affect the increase of consumption power was seldom considered. Interrelated is the belief that the difference in population growth carries no weight. The reason is that the difference in annual population growth is figured on a one-thousandth basis. The figure can only double in two or three decades. In an atmosphere in which high targets are stressed, the annual economic growth rate may increase by 10 or 20 percent or more in a few years' time. The population factor is trivial when compared with the average targets. Our annual per capita food production was around 600 catties for the two decades since 1957. It was even lower in some years. This was due to errors in our policy. It was also because the population factor was ignored.

But now the significance of population in average targets has begun to gain importance. Birth control is practiced in many localities, especially villages. Notable results have been scored in publicizing the idea that excessive population growth means less arable land per capita and slower increases in average food production and income. However, to realize the significance of our birth control as a denominator is not enough. It should also be realized as a numerator.

To Fully Realize the Significance of Population on the Numerator

In the cause of reaching a well-off level by the end of the century, the significance of population on the numerator is the influence of population on production or, to be more specific, on the growth rate of the total industrial and agricultural output value. Historical materialism tells us that the growth of and change in population can speed up or slow down social development. We must analyze in detail whether it can be speeded up or slowed down.

There are many historical cases in which population growth can speed up average output per capita. Such cases often happen in countries of vast territory, with sparse population but rich resources for further development. In respect

to agriculture, it should have enough arable land. In respect to industry, it should have enough raw materials, production equipment and technological forces, and where labor forces are insufficient. Under such circumstances, a faster growth in population is favorable for economic development, as in an average output per capita which increases faster than population growth. Concerning our present situation concerning population, economic structure, capital, technological power and natural resources, it is impossible for a faster population growth to speed up economic development.

The effect of speeding up rather than slowing down economic development by a faster population growth has long been emphasized in our state. The effect of slowing down economic development by an excessive population growth was gradually realized since the seventies, in particular since the 11th session of the 3d NPC. However, attention was mainly paid to the factor of population as the denominator. The effect of excessive population growth on the speed of development and its degree of development were seldom studied. In fact, an excessive and faster growth of population will require more consumption funds to feed a growing population if the standard of living is to be maintained. As a result, the accumulative fund will decrease and the speed of production development will be affected. The effect is obvious and direct. Its degree can be expounded and estimated in theory and practice.

A way to estimate this is to figure out the investment amount for expanding reproduction through social expenditures on feeding a growing population, then to assess the effect on the speed of production development. For instance, in 1979, some research institutes believed that the average cost of feeding a person from birth till labor age was 2,200 yuan (city: 6,900 yuan, town: 4,800 yuan, village: 1,600 yuan). If our population increases by 100 million, the state will spend 220 billion yuan to raise the new population to the labor age. Although the figures were the accumulation of annual expenditure, the expenditure cannot but affect investment in reproduction development, and the speed of economic development will not decrease. In other words, the speed of production development will increase.

Another way of estimating this is to calculate the causality between the population growth rate and production growth. The method is: the pace of production development is lowered by one percent when the population grows one percent. The rationale is that as investment is used to bring up the population by one percent, investment to bring up production is lowered correspondingly. Thus the pace of production growth is deferred by one percent. This method of calculation is easy to understand. The method is used almost universally to calculate the causality between national population growth and the pace of production development in certain Third World countries.

If we use the latter method to calculate the causality between population growth and the total output value of agriculture and industries, the result will be like this: Assuming that all factors are constants, between 1981 and 2000, the average annual total output value of agriculture and industries will be 7.2 percent, and the population will reach 1.3 billion instead of 1.2 billion by the end of the century. This means an annual growth rate of 0.45 percent

above the targeted 1.2 billion, which will subsequently lower the average annual total output value of agriculture and industries from 7.2 percent to 6.75 percent. On the basis of the lowered rate, the total output value of agriculture and industries will be 2,545.3 billion yuan instead of 2,800 billion yuan by the end of the century. (Note: The figures are calculated on the basis of the total agricultural and industrial output value of 749 billion yuan in 1981).

As the report of the 12th CPC Congress points out, "An excessive population growth will affect not only the increase of average income, the supply of food and housing, and the demand for education and employment. It might become a serious problem which might endanger social stability." That is to say, the effect of population growth on the pace of production development is not confined to the direct calculation, but might also have immeasurable impacts as well. An excessive population growth will hamper the implementation of "distribution according to work" to a different extent, will also hamper the improvement of the people's standard of living and will subsequently slow down production development as a result of obstructed enthusiasm of the people on the production line. On the other hand, an excessive population growth will hinder the improvement of people's health, science and culture. As a result, the technical level and scientific management level of the people on the production line will be incompatible with the demand for production and this will affect the pace of development. An excess population growth is also detrimental to production development because it will bring forth some social problems when employment and education lag behind.

As stressed in the report of the 12th CPC Congress, "We must continue the thorough implementation of the 10 economic construction guidelines approved at the 4th meeting of the 5th plenum." The 10th guideline suggested, "In order to ensure a gradual improvement of people's life, we must persistently continue to control population growth." There are two possibilities on this question: Either stringently and effectively control population growth so that people's standard of living can be gradually improved and national construction can be expanded annually; or let population grow immensely because there is no stringent control, the people's standard of living economic, cultural and national construction are not improved. We must follow either way." Based on the actual situation, the two possibilities analyzed by Comrade Zhao Zhiyang do exist. We must strive for the first possibility and avoid the second, so as to struggle for and realize the great goals raised at the 12th CPC National Congress.

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NATIONAL POLICY AND ISSUES

GAO YANG AT HEBEI ECONOMIC DEVELOPMENT FORUM

HK120910 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 4 Nov 82

[Text] The provincial CPC committee and people's government held a report meeting on 1 November on strategy for socioeconomic development, calling on all trades and professions to take care of the province's economic development and make contributions to working out a development plan for the next 20 years and achieving the magnificent goal of the 12th party congress.

Liu Bingan, secretary of the provincial CPC committee and acting governor, presided over and spoke at the meeting. More than 1,000 people attended the meeting including, Gao Yang, first secretary of the provinical CPC committee; responsible comrades of the provincial CPC committee, people's congress standing committee, people's government and CPPCC; and responsible comrades and relevant personnel of departments, commissions, general offices and bureaus directly under the province.

Comrades (Zhao Xu, Kang Yicheng, Li Suxian, Chen Jianru, Guo Hongqi, Zhao Buchang and Li Shuqing), members of the strategic research office for socioeconomic development under the provincial economics association, made reports at the meeting, giving briefing on the provincial situation in the fields of industry, agriculture, commerce, education, science and technology. In combining theory with the actual situation, they analyzed the favorable conditions for quadrupling the gross annual value of industrial and agricultural production in our province and put forward some tentative ideas and suggestions for future development, thus broadening the vision and increasing confidence of the meeting's participants in achieving the magnificent goal.

Comrade Liu Bingan made a closing speech at the meeting. He said that this meeting had made a tentative investigation into some major strategic problems of the province's economic development such as agriculture, energy resources, education, science and technology. The aim was to let all of you know the general situation and draw your great attention to the issue of studying the strategy for the socioeconomic development of our province. The plans for development should be worked out through the method of from bottom to top and from top to bottom. Working out the plans for the next 20 years is a great event which has a bearing on the interests of all the people of our province. Therefore, all trades and professions should all rise and map out plans in line with the 12th party congress spirit so as to boost the economy of our

province by every means possible. This is not only a matter of the economic departments but also needs concerted efforts by the whole party and all other departments concerned to use their brains and work hard to create a new situation in the economic field of our province. Comrade Liu Bingan pointed out that forming the plans should be based on investigation and study. We must exert enormous efforts to draw up plans for developing all trades and professions, promoting economic regionalization and carrying out technical transformation in key enterprises. The plans in these three fields constitute an important basis for working out overall plans for the whole province by means of a comprehensive balance. In conducting investigation and study, all trades and professions must invite relevant scientific and technical personnel to take part. In working out plans, we should by no means only know how to sit in an office and calculate figures, but should also take good account of development, policies and equipment in a technical sense, and should go down to work sites to make a survey. Meanwhile, in making plans we should anticipate varied market needs, realize our own favors and make full use of them. We should also make the part subordinate to the whole.

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON FAVORABLE ECONOMIC CONDITIONS

HK231306 Beijing GUANGMING RIBAO in Chinese 14 Nov 82 p 3

[Article by Su Xing [5685 2502]: "A Talk on Certain Favorable Economic Conditions for Achieving the Strategic Goal"]

[Text] In his report to the 12th party congress, Comrade Hu Yaobang put forth the strategic objective of China's economic construction for the coming 20 years. This general objective is, while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production--from 710 billion yuan in 1980 to 2,800 billion yuan or so in the year 2000.

This is indeed a magnificent objective. According to this objective, China should increase her annual total industrial and agricultural output value by 7.2 percent within the next 20 years. In order to lay a solid foundation and accumulate strength in the first decade, it is impossible for our economy to grow very rapidly. However, in the second decade we should strive to surpass 7.2 percent, that is to increase by 8 or 9 percent. After World War II, such a rate of growth was only seen in a few developed capitalist countries in a certain period of time, and in one or two socialist countries.

The task of achieving this strategic goal is arduous. However, the goal is attainable provided we grasp the stratetic key points set forth in Hu Yaobang's report, advance steadily according to the adopted strategic steps and earnestly implement a series of correct policies formulated in the report. With regard to the possibility of attaining the strategic objective, many comrades have expounded and proved it from the aspects of politics, economy, science and technology. Now, I would like to probe into some favorable factors to achieve the goal in line with the developing tendencies of the national economy.

1. Ours is a socialist planned economy. The essence of planned economy is to develop the economy in proportion. Facts show that the system of planned economy is better than others. The detours taken in China's economy in the past cannot be blamed on the practice of planned economy, but rather on the fact that we hankered after achieving quick results, set targets too high, violated the objective law of planned economy and even undermined planned economy itself, thus bringing about serious improper ratios between the economic

sectors. Comrade Chen Yun said: From a long-term point of view, the highest rate of growth lies in developing the national economy in good proportion. During the first 5-year plan and the economic readjustment in the 1960's, China achieved an annual increase of over 10 percent in the total output value of industry and agriculture. This was mainly due to a relatively good proportionate economy. Now, we have been carrying out economic readjustment in order to overcome the improper ratios and strive to develop the economy in a proper way. Over the past 3 years, noticeable results have been achieved in the readjustment. Along with further readjustment and the strengthening of the weak lines, such as energy and transport, a more proper ratio among the economic sector will be established and the economic structure will become more rationalized. We can then expect that development during the seventh 5-year plan will be more rapid than that of the sixth, and the development in the second decade will surely be more rapid than that in the first decade.

2. China's industry is now entering a new stage of technical transformation and equipment updating. Figures show that of the fixed assets in our country's industrial and transport enterprises, those which have been used over 15 years constitute 42 percent, those over 20 years, 33 percent; those over 25 years, 14 percent; and the rest were all installed before liberation. Therefore, we can see that about half of the equipment has to be renewed. Of course, the work of updating such fixed assets will not be based on the present level of technology. It will require modern technology, including foreign advanced technology. Thus, equipment low in efficiency will be replaced with more efficient machinery. According to universal law, updating fixed assets on a large scale is usually the starting point of a new economic upsurge. After World War II, beginning from the late 1950's to 1970, Japan had witnessed two economic upsurges with an annual increase of over 10 percent. This mainly stemmed from a sharp increase in investments in technical transformation. China is now, by and large, in a similar stage of development. This is a very favorable factor.

China's agriculture will gradually be modernized. With the development of specialization and socialization in farm production, labor productivity and the percentage of marketable products of agriculture will be greatly raised so as to create some prerequisites to an overall upsurge of the whole national economy. Marx said: Leaving aside foreign trade, "It is obvious that the number of workers who are engaged in the processing industry and others, but are completely divorced from farm production, (Stuart called them 'free hands') is decided by the quantity of farm products which farmers produce more than their own consumption." ("Collected Works of Marx and Engels," vol 26, book I, p 22) Now, one of the major factors restricting our country's development in industry and other economic and cultural undertakings is that labor productivity is rather low in our agriculture. Now, a farmer can feed only three people or so. If a farmer can feed 4 or 5 people, then a large number of the labor force can be shifted to industrial and other enterprises. Since the introduction of the agricultural responsibility system, the labor force in rural areas has showed a small surplus and a part of the rural population has stopped farming and taken up other work in the rural areas. Meanwhile, rapid development has also been made in the industries run by communes and brigades. Such a situation will continue to develop. Generally speaking, the rate of growth of industrial

production is bigger than that of agriculture, and the net output value created by the workers is higher than that of the peasants. Hence, such a change in the setup of production inevitably will vigorously speed up the growth of total agricultural and industrial output value.

4. We are now carrying out reforms in the economic system. Through the reforms, we will be able to make overall plans and take into consideration the interests between the state, collective and the individuals. We will be able to fully arouse the enthusiasm of the central authorities, localities, departments, enterprises and working people to concentrate their efforts on construction and speed up the development of industry and agriculture. Now, such momentum has appeared in some provinces and municipalities. For example, Sichuan Province, a pioneer in the reforms of the economic system, doubled its total agricultural and industrial output value from 1976 to 1981 (an increase of 80 percent after adjustment for inflation). Proceeding from the whole situation of the national economy, reform of the economic system should be initiated in such problems as the composition of ownership, planning and market, central authorities and localities, pricing and the wage system. As a starting point of the reforms, the responsibility system of administration and management should be first and foremost applied in the state enterprises and the collective enterprises. As is known to all, the production responsibility system has achieved very good results in rural areas. The economic responsibility system is also being widely developed in the industrial enterprises. Judging from the experiences gained by the Shoudu Iron and Steel Company and other advanced enterprises, we can see that the potential in this aspect is beyond measure. With the approval of the State Council, the Shoudu Iron and Steel Company has now tried a system of progressively increasing the profits to be forwarded to the state each year; that is, the profits to be forwarded to the state from 1983-85 will increase at an average rate of 6 percent a year. The total profits to be forwarded to the state in the 3 years will be equal to the net value of all fixed assets of the company at the end of 1981. Meanwhile, when enterprises increase profits, they will have more financial resources to promote technical transformation and improve the workers' livelihood. Enterprises are cells of the national economy. If the economy of such enterprises is enlivened, we can then expect more rapid development in agricultural and industrial production. With regard to the favorable economic conditions mentioned above, some of them are still under development. Thus, it has been further proved that the strategic objective set forth in the 12th party congress is practical and feasible. We should be confident to work hard for the attainment of the goal.

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON PROPORTIONATE DEVELOPMENT

HK231331 Beijing GUANGMING RIBAO in Chinese 14 Nov 82 p 3

[Article by Liang Wensen [2733 2429 2773] and Tian Jianghai [3944 3068 3189]: "We Must Follow the Law of Proportionate Development--Reading Comrade Chen Yun's 'Explanations About the First Five-Year Plan'"]

[Text] In June 1954, Comrade Chen Yu spoke about how to do a good job of planning in his "Explanation of the First Five-Year Plan." He stressed: "We must comply with the law of proportionate development." At the same time, he also made a brilliant exposition of how to understand and follow this law. This is still of great and immediate significance for us in our efforts to achieve the objectives for economic development set forth by the 12th party congress.

Proportionality and Planning

As we know, the proportionate development of the national economy is a universal law deriving from the objective requirement of socialized mass production. One of the important manifestations of the superiority of the socialist system is that proportionate development can be achieved through planning in a socialist society which has as its base public ownership of the means of production. Whether a national economic plan is scientific depends mainly on whether this plan conforms to the objective requirements of proportionate development. If a plan is not well proportioned, then the implementation of such a plan would bring worse consequences to the national economy than unplanned action. For this reason, Comrade Chen Yun emphasized that we must observe the law of proportionate development and make scientific analysis and study of the ratios between agriculture and industry, between light and heavy industries, between various branches of heavy industry, and between industrial development and railway transport, and of the balances between the supply and demand of technological strength, between financial income and payment, between purchasing power and goods supplies, etc. Practice proves that the socialist economy can develop healthily only when well-proportioned plans are worked out for the development of various branches of the national economy and feasible measures are adopted to tackle the weak sections and the key links after careful study of the internal relations between the various branches of the national economy and between all factors of reproduction. The success we scored in carrying out the First Five-Year Plan cannot be separated from the act that this plan attached great importance to

proportionate development. At present, when we are working out the Sixth Five-Year Plan and long-term programs, we must comply with the law of proportionate development and discover and grasp the weak links and key links. For a fairly long time to come, our weak links will lie in agriculture, energy and transport, and education and science. The development of industry and the national economy as a whole will depend on whether these weak links can be properly handled.

Here, it is also necessary to note that not only planned production and circulation (which constitute the main sector) need to be well proportioned, butthe sector subject to regulation by market mechanism (which is supplementary) should also conform to the requirement of proportionate development. When we decide to allow the law of value to play a spontaneous regulatory role within a given limit, we must also take into consideration whether this is beneficial to proportionate development. For example, it is neither necessary nor possible to include the production and distribution of some daily-use consumer goods into state plans; the relevant enterprises should decide what and how much to produce in accordance with market conditions. But, in the final analysis, the purpose of acting in this way is to achieve a balance between production and demand in a more effective way and to satisfy people's wants as much as possible. Therefore, it is wrong to think that only planned production and circulation need to be in proportion and that the sector subject to regulation by market mechanism does not have to conform to this requirement.

Proportionality and National Conditions

Comrade Chen Yun said: "The specific ratios between various production branches vary from one country to another, and even within the same country, these ratios differ in different periods. A state should work out appropriate ratios in its plans in line with its current economic situation." This is an important expression of the attitude of seeking truth from facts and always proceeding from reality when making plans. With regard to the important ratios in the national economy, Comrade Chen Yun always strictly places his careful calculations on the basis of actual current conditions and expected future conditions in China and through studying and comparing different draft plans, finally decides on an appropriate plan. Our economic conditions during the First Five-Year Plan were that there was almost no basic industry, light industry formed a large part, and agriculture was extremely backward and scattered. Therefore, when arranging the ratios between agriculture, light industry and heavy industry, we placed stress on the development of heavy industry and at the same time, paid attention to the corresponding development of light industry and agriculture. Heavy industry required more funds than other branches and the funds could only be made available through internal accumulation. For this reason, we placed stress on guaranteeing a certain amount of accumulation when deciding the ratio between accumulation and consumption and at the same time, we also recognized that the accumulation rate could not be set too high and must be coordinated with consumption. Compared with the First Five-Year Plan period, our national economy at present has greatly developed and the proportion makeup of agriculture, light industry and heavy industry as well as the radio of accumulation to consumption have greatly changed. Disproportion in various economic

areas caused by diverse reasons has not yet been thoroughly eliminated. Therefore, readjustment must continue to be carried on during the Sixth Five-Year Plan so as to lay a solid foundation for future development. Under these circumstances, for a certain time to come, we must pay special attention to agriculture and light industry, while the growth rate of heavy industry will not be as high as it was before, and neither will the accumulation rate be set too high. What we want to emphasize here is that whether the Sixth Five-Year Plan and long-term plans can score the hoped for successes depends heavily on whether the major ratios set in these plans tally with the actual conditions of China.

We feel that in discussing China's economic issues, there exists a certain tendency worthy of our attention. That is, when taking foreign experiences as reference, some people tend to make a simple comparison between foreign things and the state of affairs in China, or even mechanically apply foreign things to Chinese conditions without thoroughly analyzing the differences in conditions and factors between other countries and China. They simply ignore their comparability or otherwise. Of course, with the continuous advances in technology and the development of socialized mass production, the changes in different major ratios in industrially advanced countries can be taken as references. However, whether we have rational ratios between industry and agriculture, between light and heavy industries, between industrial and agricultural production on one side and energy and transport on the other, and between accumulation and consumption, should be judged by China's developing conditions. A certain ratio may be suitable in a foreign country, but it may not be suitable in China, or it may be suitable in the future but not at present. Therefore, it is of fundamental significance to study Chen Yun's economic thought and set up a firm idea of all proceeding from China's specific conditions.

Proportionality and Balance

As for various ratios, "It is difficult to say what figures are correct. The only way to judge whether a ratio is appropriate is to see whether it can lead to a balance. An appropriate ratio can always lead to a balance. So if a balance has been achieved, the ratio is in the main appropriate." This viewpoint of Comrade Chen Yun is quite original. For a long time in the past, we did not have a clear understanding of the relationship between proportionality and balance, nor could we properly handle this in our practice. We once took a one-sided view of balance and considered that balance was relative and imbalance was absolute. To seek so-called "active balance," we tended to neglect the constant maintenance of well-coordinated balance and even went as far as to deliberately leave large gaps in plans. As a result, the national economy as a whole failed to operate in a coordinated way as a great disparity existed between production and demand and between funds and materials, with goods in excessive supply continuing to be overproduced and vice versa.

The theory put forward by Comrade Chen Yun as well as the positive and negative experiences of our practice tell us: 1. Balance is the only yardstick

of an appropriate ratio. In general, ratios mainly refer to the quantitative relationships of pairs of things, while balance indicates the aptness of these relationships. By an appropriate ratio we mean that a quantitative relationship is appropriate or the mutual relationship of two things is well coordinated. But we should also realize that a ratio is always used to indicate the relationship of two types of economic activities, while balance, besides indicating the compatibility of two types of economic activities, often refers to the overall balance in the national economy. By comparing the implications of a specific ratio and an overall balance, we find that the latter covers a wider range. The overall balance in the national economy must be achieved on the basis of a series of appropriate ratios and these appropriate specific ratios may be more than one. Some specific ratios may be appropriate if looked at merely from the point of view of the relations between the two economic activities concerned; but they may be inappropriate if viewed from the position of the overall balance which involves many more factors and complexities. In this case, the specific ratios should be readjusted in line with the requirement of the overall balance of the national economy. 2. The overall balance is a basic means by which we attain the goal of proportionate development. It is mainly through the maintenance of the overall balance in the national economy that we effect its proportionate development. Historical facts have showed that whenever we did a good job in maintaining an overall balance, major ratios would always be well coordinated and the economy would smoothly develop conversely, whenever we failed to maintain the overall balance, disproportions would appear in major ratios and hence economic growth in that period would be stagnant. If we can really act as Comrade Chen Yun said and seriously do a good job of keeping the overall balance in accordance with the law of proportionate development, we will be able to avoid the vicissitudes we suffered before and guarantee the steady and coordinated development of the national economy.

Proportion and Speed

Comrade Chen Yun said: "Because the economy in our country is backward and we have to catch up with the advanced within not too long a time, the balance in our plans cannot but be a tense balance." "There will never be a balance with wide margins because no speed can be achieved if we keep all things advancing side by side. However, the tenseness should not go as far as to break the balance." By saying this, Comrade Chen Yun has actually pointed out the way to correctly handle the relationships between the ratio and the speed. This constitutes an economic thought of strategic significance.

The growth rate in a plan shows the level of economic growth which the plan expects to reach and its difference from the level in the starting period. The economic growth in the period of a plan is a comprehensive indicator which reflects the result of economic development. When we are drawing up a national economic plan and arranging various major ratios in the national economy, we must take a given growth rate into consideration. But how high this rate should be depends on the state of various ratios in the economy and this rate is conditioned by the law of proportionate development. So this growth rate is certainly determined by objective factors. However, when we drew up economic plans in the past, we tended to first decide on a growth rate of

according to our wishful thinking and then work out the size of capital construction and the development of production, circulation and other undertakings accordingly. Because we one-sidedly sought high growth rates and improperly laid stress on heavy industry, especially on the iron and steel industry, without taking rational ratios into account, the balances were so tense that in the end they were broken and growth could not but slow down to readjust ratios and restore the balances. This shows that ratios condition growth rates and growth rates cannot be separated from ratios. At the same time, this also proves that a "tense balance" has its objective limits and it must be maintained within the scope allowed by current manpower, financial and material resources by making the best possible use of these resources. This tense balance should be able to bring about a steady and high rate of growth in the national economy as a whole.

It can be seen that the fine balance demands that high speed be sought under the precondition of balanced, proportional development. We cannot seek high speed at the expense of balanced development. At present, our national economy is improving. This is precisely because we have drawn lessons from the previous practice of placing stress solely on seeking high growth rates but neglecting proportionality development and we have now gradually rationalized the ratios between agriculture, light industry and heavy industry and between accumulation and consumption. As a result, the present growth rates of the economy have been set on a reliable and scientific foundation.

Proportion and Economic Results

Neither speed nor proportion are our purpose in developing the economy. Our purpose in developing the socialist economy is, in the final analysis, to satisfy the ever increasing needs of the people in their material and cultural lives. Therefore, economic work in all fields must achieve good economic results. That is, we should strive to produce the greatest value of use to satisfy the people's needs by consuming the least labor. But whether a good economic result can be achieved depends heavily on whether the plan is worked out in a proper way.

Comrade Chen Yun's viewpoint concerning proportionality or balance includes a notion of paying attention to economic results. This is because whether the balance is achieved virtually indicates whether a mutually fitting (balanced) relationship exists between the demands consituted by various ratios in the economy and the diverse resources in society. When given social demands cannot be met because the resources are notfully utilized or seriously wasted, this means that the economic results are falling or have been very poor. In the past, the disproportion within our economy, the irrationality of our economy structure, with heavy industry holding too large a share and light industry and agriculture too small and the disproportion between industrial and agricultural production and transport capacity were all finally reflected in poor economic results.

How should we readjust the ratios so as to improve economic results? In our opinion, the most important thing is to guarantee the balanced development of the two major categories of production and the proportionate development

of agriculture, light industry and heavy industry. This requires us to give first priority to agriculture, speed up the development of light industry and shift heavy industry to the path of serving agriculture and light industry and serving technical transformation in the national economy as a whole. At the same time, it is also necessary to properly handle the relationships between accumulation and consumption, between production, construction and livelihood, and between industrial and agricultural production and the facilities of infrastructure. We must give preferential treatment to the production of scarce products in funds, fuel, power and raw material supplies, lower the production targets for products in excessive supply and limit or stop the production of goods of poor quality and rectify the enterprises runningat financial losses and require them to stop losses within a set time. In this way, we can attain the goal of creating the greatest utility by consuming the smallest amount of labor.

CSO: 4006/120

NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON MINUTES OF EDITORIAL MEETING

HK111050 Beijing JINGJI GUANLI in Chinese No 9, 15 Sep 82 pp 3-4

[Report: "Minutes of the First Meeting of the Second Editorial Board of JINGJI GUANLI"]

[Text] Readjustments and restructuring in state bodies as well as changes in personnel have led the editorial committee of the monthly periodical JINGJI GUANLI [ECONOMIC MANAGEMENT] to carry out corresponding readjustments, and thus the second editorial board called its first meeting for 19 July 1982. Chairman of the meeting was the periodical's former Editor-in-Chief Ma Hongtong [2456 3163 0681], and the former Deputy Editor-in-Chief Jiang Yiwei [5512 001 5517] read the report on the editorial board's work. During the meeting serious discussion took place concerning the future editorial policies of the periodical as well as candidates for the positions of editor-in-chief and deputy editor-in-chief.

The meeting unanimously agreed that since commencement of publication of JINGJI GUANLI, and under the direction of the first editorial board, the publication, working in close coordination with the principles laid down after the 3d Plenary Session of the 11th Central Committee and catering to the needs of both enterprise and grass roots work units through its work of organizing propaganda reports, has emerged with its own unique character. Today the publication has over 200,000 permanent subscribers and is warmly welcomed by economic bodies at all levels as well as grass roots work units as playing a definite motivating role in raising the standards of economic administration in China. However, there are still some unsatisfactory areas to be dealt with. Propagation of the party and the government's policies is not sufficiently prompt. Many article giving experiential advice are not representative enough while other articles lack refinement, with a hackneyed style and too many typing errors. All this we intend to change in the future.

The meeting felt that the publication must continue to implement those editorial policies originally laid down by the editorial board: to take as its most important task the propagation of party and government policies as well as timely propagation of advanced experiences in economic administration and in-depth examinations of theoretical and practical problems relating to economic management and the dissemination of relevant fundamental knowledge about management. Our publication wants to contribute greatly to the

management sciences related to the construction of China's socialist modernization program.

The publication will continue to emphasize "synthesis" and publish various policy-related and directive articles of speicalist interest as well as organizing special columns such as "New Views," "Economic Commentary," and others, so that readers involved in different areas of work may gain a fuller understanding of developmental trends in economics and grasp the major policies and guidelines set down by the party and the government related to economics.

The publication will continue to fulfill its characteristic role of catering to grass roots levels, aiming mainly at leaders of grass roots enterprises and regional and commune leaders and providing them with administration experience and know-how. Leading articles must strive to fully represent the "three musts"; namely, to try and obtain the most authoritative work units and writers to contribute articles, to put over the most representative and model experiences or research results and to answer the most immediate and important of readers' questions. In general, articles should be short but pithy, and support publication policy which demands a reflection of the character of the masses. Most articles should come from all departments and from the grass roots level so that the publication may take on an air of "being written by and for everyone."

Our publication should continue to support the move to integrate theory with reality and the policy of "let a hundred flowers blossom, let a hundred schools of though contend." The publication must introduce a great deal of concrete practical experience, publish articles which examine in depth the integration of theory and practice, and try to promote the development of China's management sciences.

The publication will continue to uphold the principle of "making foreign things serve China" as well as continuing "evaluations of Chinese and overseas administrative experiences," "modern administrative methodology" and other similar columns. It will continue to absorb foreign experiences and adapt them to Chinese circumstances as well as raising the level of modernized management in China.

The publication will continue to improve the style of its articles and do its utmost to shorten and enliven articles by cutting out empty phrases and verbal padding. The layout will be improved and brought to life and the richness of content which early issues of the magazine boasted will be reestablished. Editorial work will be improved, with the eradication of spelling and numerical misprints.

The meeting decided that Comrade Ma Hongtong should take up the position of advisor to the editorial board while Comrade Jiang Yiwei would occupy the position of editor-in-chief. The meeting further decided that as of today, the editorial board shall meet once every three months, with the editor-in-chief and deputy editor-in-chief in charge of day to day work.

Supplement: List of members of the editorial board of the monthly periodical JINGJI GUANLI [ECONOMIC MANAGEMENT] (in order of number of strokes in surname characters)

Ding Wang [0002, 2598] (deputy editor-in-chief of WORKERS' DAILY)

Wang Guichen (vice-principal of Agricultural Economics Institute, China Academy of Social Sciences)

Wang Jobo (deputy general secretary, China Enterprise Administration Association)

Wang Jiamo (principal, Research Institute for Overseas Economic Topics, Chinese People's University)

Liu Xiao (vice-principal, China Jiwei Economic Research Institute)

Liu Qimao [0491 0366 0379] (editor in chief, JIANGJI GUANLI)

Li Cong (deputy director, World Economics Institute, China Academy of Social Sciences)

Li Chongwei [2621 1504 1218] (executive secretary, Economic Research Centre, State Council)

Lin Senmu (deputy director, Economic Research Institute, Department of Town and Country Construction and Environmental Protection)

Zhao Weiju (deputy director, production office, member of State Economics Committee)

Xiang Qiyuan (deputy director, Economic Research Institute, China Academy of Social Sciences)

Tang Zonghun (deputy office leader, Economic Research Institute, China Academy of Social Sciences)

Gui Shiyong [2710 0013 6978] (director of China Policies Research Office)

Xu Shoubo (deputy director, Technological Economic Institute, China Academy of Social Sciences)

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON SHIPPING PRODUCTS TO COUNTRY

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[Article by Ma Chenggeng [7456 2052 3801]: "The Work To Ship Industrial Products to the Countryside Must Continue To Be Done Well"—passages within slantlines published in boldface]

[Text] I. The shipping of industrial goods to the countryside is an objective demand of the exchange of industrial and agricultural goods and the flow of goods and materials between cities and the country. In China, with eight hundred million peasants living on the land, the work of shipping goods to the countryside has an important role to play in consolidating the integration of industry and agriculture and the speedy development of the four modernizations construction program. As early as 1954, the CPC Central Committee said, "City and country markets must support each other. When the supply of non-staple foods is insufficient, non-staple food consumption in small and medium-sized towns should be restricted and supplies should go primarily to large cities and industrial and mining areas. Industrial products in demand both in cities and the country should first be offered to villages to help the purchase of agricultural products." Later, when this was actually put into practice, the spirit of this directive was broadened to become the principle of "the two precedences." More recently the party and the government, in examining the system of commodity exchange, came to appreciate the necessity for large-scale restructuring of the channels and methods of industrial product exchange. A great many new measures were introduced in order to ship industrial goods to the country and develop the buying and selling of every day industrial products in villages. A concrete list of such measures follows:

1) /State policies and measures greatly promoted the movement of goods to the country./

i) The establishment of an exchange system characterized by a wide range of economic components, a wide range of administrative styles, many channels and few links. Comparisons between 1981 and 1978 show that the concentration of industrial products in villages increased four times, while the number of individual commercial bodies increased 34 times. Product exchange methods between town and country, in addition to state-run commerce, included individual selling by the industrial sector, collective village

commerce, production brigade commerce, individual commercial bodies, country fair trade, etc. The direction of product flow and the distance of product exchange were in line with rational economic principles and promoting the linking up of factory and shop as well as direct selection from the factory helped reduce some of the intermediary links in the chain.

ii) The laying down of principles for the distribution of bicycles, sewing machines and similar products in short supply in both the city and the countryside. In June 1981 the state decided that because of the present shortage of supply of such goods as bicycles and sewing machines, and on the basis of maintaining distribution figures for town and country in 1978, annual increases would be distributed as follows: 80 percent to villages and 20 percent to towns. On 7 July of the same year a decision was taken concerning wooden clocks of the "Sanwu" brand and, with the exception of a small proportion to be supplied to the friendship store and the overseas Chinese store, the entire wholesale supply of goods was no longer to go to cities but should be supplied to the countryside. In order to strengthen planned administration and improve supplies to the countryside a further decision was made that bicycles, sewing machines, watches, matches, soap, cooking woks, rice bowls, raw cotton, cleaned cotton, wool yarn, oil, lead wire, nails, sugar, cigarettes of grade C and below and other industrial products of vital importance to country communities should all be shipped entirely to the countryside.

iii) The breakdown of regional blockades. In 1982 a state decision read that within the permissible bounds of state planning and in line with rational economic principles, enterprises, undertakings, work units and sales departments may carry out selective purchasing of all kinds of industrial products with external regions and departments, with no area, department of individual placing any restrictions or obstacles in the way of such activities. This broke up the inter-regional blockades in existence and ensured correct exchange of all industrial commodities domestically produced, under the guidelines of state planning, and as a result considerably enlivened town and country economies.

iv) The banning of "hot" and "cold" supply arrangements and buying and selling of products. In 1980, 1981 and 1982 information was circulated concerning the banning of inflexible arrangements for the buying and selling of products, thereby bringing closer together the relations between commercial wholesale sectors and grass roots supply and marketing cooperatives, and promoting the movement of goods to the countryside.

v) Restructure of the product exchange system. The former system of distribution of labor according to town and countryside was restructured to distribution of labor according to products, and opening up between town and country. At the same time the important role played by the grass roots supply and marketing cooperatives was continued, while joint administration was organized between state-run companies and the grass roots supply and marketing cooperatives and countryside state-run retail shops implemented independent accounting while purchasing and marketing agencies set up by grass roots

supply and marketing cooperatives within production teams and large-scale production teams were reorganized to become self-run shops contracted by the production team.

2) /All regions have amassed a great deal of experience in their work to improve wholesale supply and develop the movement of goods to the countryside./

i) Rational production distribution. In response to all the demands of the peasants, the supply of products in short supply means changing proportions between the town and countryside and, in accordance with the principle of giving priority to the countryside, we must continue to expand the distributional proportion of the countryside.

ii) Support the "three opens" (open supply of goods, open storage, and open planning). Support the "three precedences" (Precedence in selective purchasing, invoicing and dispatching).

iii) Lower wholesale starting points to make things easier for grass roots supply and marketing cooperatives.

iv) Support the liaison system with the countryside. Allocate and deploy industrial personnel to the countryside, divide up work and assign to different groups, develop the "three takes" (take samples, catalogs, and billing procedures) when doing wholesale work in the countryside, give advice to the supply and marketing cooperatives and help them solve administration problems.

v) Different products require different sales techniques and accounting methods. Long term payment can be arranged for products with small sales but large stocks; for seasonal products prepayment and set dated accounting should be used; with unmarketable and overstocked products systematic changes should be made with suitable reductions on fixed prices, commissioned selling and post-sales accounting. Price cuts should be carried out according to policy and the necessary formalities.

vi) Open product supply meetings, sales displays, supply goods exhibitions, product surplus and deficiency adjustment meetings and in this way help supply and marketing cooperatives and other village retail outlets to obtain goods and increase the buying and selling of industrial goods.

vii) Extend wholesale enterprises and manage both wholesale and retail. Wholesale enterprises should extend to the towns and in this way facilitate the finding of goods for grass roots supply and marketing cooperatives and other village retail outlets. Wholesale should be extended to carry out retail tasks, thereby cutting out intermediary links and bringing the village consumers directly in contact with wholesale enterprise product stocks.

viii) On a county level and below there should be a development of various styles of jointly run wholesale and retail outlets. In some counties of Liaoning Province, the experiences of jointly-run town emporiums and supply and marketing cooperatives have shown us that the two main advantages of this system are (1) making more intimate the relations between state-run wholesale

enterprises and supply and marketing cooperatives and thereby helping activating industrial product exchange between town and country, (2) making things more convenient for village supply and marketing cooperatives and other collective and individual outlets to obtain goods, thereby increasing the amount of goods being transported to the countryside.

ix) Set up small product wholesale departments or wholesale markets. The main characteristic of small products is their product variety, making administration burdensome, and prices and profits low. In order to facilitate things for grass roots supply and marketing cooperatives to obtain goods and to come into line with the lively administrative character of village collective or individual trade, the wholesale departments with small products in many regions have independently set up small product wholesale departments or wholesale markets, thereby strengthening small product administration and improving the shipping of small products to the countryside.

x) Wholesale departments go to the countryside and attend fairs and markets to directly promote and sell unmarketable, overstocked and small products. Results of doing this have already proved successful.

3) /Supply of industrial products to the villages has seen great improvements./

In the last few years the importance that the party and the government have attached to transporting industrial products to the countryside as well as the hard work by workers in trade and supply and marketing departments has meant that supplies of industrial products to villages has increased continuously. From 1979 to 1981 the retail value of social products sold in villages totalled 350,000 million yuan making an average annual increase of around 17,000 million yuan. Of this total 80 percent were industrial products, illustrating an average annual increase of 17 yuan in industrial product consumption per village. During the 1960's and the early '70's, insufficient supplies of industrial products to villages meant that many product varieties could only be supplied according to ration tickets, thus even such daily necessities as soap, matches, oil, cigarettes and alcohol had to be distributed according to rations per person. Today, with the exception of a few famous brand names of bicycles and sewing machines where production still fails to meet demand, most industrial products are now freely available. When one compares supplies of bicycles, sewing machines and watches to villages in 1981 and 1971 we can see that supplies of bicycles have increased seven times, sewing machines 9 times and watches 34 times. Thus average consumption in villages for every ten thousand people has also improved, and comparisons between 1971 and 1981 show that whereas before for every ten thousand people 17.2 bicycles were accountable, in 1981 the figure stands at 108. The figures for sewing machines show a rise from 7.21 to 63 machines per thousand people over the same ten year period. Consumption of other common products such as sugar, cigarettes, and alcohol has also improved considerably. These improvements in supplies of industrial products to the countryside not only indicate increases in supply quotas and improvements in quality, they also illustrate the greater convenience of buying things for people living in the countryside. Previously, buying needles, thread, matches and

and other daily necessities often meant a long journey, but today communes have their own supply and sales department and large work brigades have commission sales outlets, while main streets in villages even have individual retailers. Thus commune members do not have to leave the village, sometimes not even their own communes, in order to buy everyday necessities.

II. In recent years great achievements have been made in bringing industrial goods to the countryside, while improvements have also been seen in the supply of industrial goods in the countryside itself. Nevertheless, it is still not enough to satisfy the demands of the speedy development of agricultural and industrial production as well as the large-scale increases in village and countryside purchasing power. Today production increases in light industry, textiles, etc., are greatly in excess of the sales development of the same industries products; at the same time, purchasing power in both cities and the countryside has not been fully realized and commercial stocks are increasing constantly. If we take 1981 as an example, the total amount of purchasing power throughout the whole country which was not realized stood at 16,700 million yuan, of which 8,500 million yuan was realized purchasing power in the countryside, and with the exception of normal increases in bank savings, there was still a large proportion left over which should have been withdrawn from circulation but which wasn't, with the result that by the end of the year commercial stocks had increased to more than 10,000 million yuan, greatly affecting commercial administrative efficiency and reducing national financial income. Looking at the situation for the first six months of this year, this trend still seems to be developing. During the first five months of this year, industrial product purchasing in the commercial sector had increased by 6.8 percent over the same period last year, but was 11.9 percent lower than the increases in light industrial output value. At county level or below, sales of subsistence products had only increased by 2.7 percent over the same period last year, while sales of subsistence products in grass roots supply and marketing cooperatives—the main channel for managing industrial products in the countryside—had dropped by 2.2 percent over the same period last year.

There are numerous factors which give rise to the above situation and they are extremely complex, but the two most important ones are (a) some products are not marketable. Production of commodities the peasants need is low, so supply cannot meet demand; those products which do not sell quickly on the market see increased production in the factories, (b) the channels for product exchange between the cities and the countryside are still not sufficiently clear and unobstructed. Some products which do not sell well become overstocked thereby influencing the transport of products to the countryside and there are some products which are far overstocked in wholesale and as a result the peasants never get to see them. Furthermore, some commercial administrative units have incorrect administrative ideology or direction with attention being paid to large products and little or none to small products, fear of overstocking but no fear of running out of stock. Such ideological mistakes require an activation of the spirit of product promotion and selling in order to prevent hindrances in the shipping of industrial products to the countryside.

III. Villages and the countryside represent a vast market for industrial products and according to estimates from relevant quarters, the purchasing power for products in villages and the countryside has increased since last year to more than 12,000 million yuan. This is the very basis for expanding the sales of industrial products. If supplies of industrial products fall short, then the purchasing power of the villages and the countryside cannot be realized and is harmful to the improvement of peasants' living standards and the development of agricultural production. If the sales of industrial products do not widen then damage is done to the development of industrial production. Overstocking of products is damaging to attempts to raise commercial and economic achievements and to increasing the national revenue. For these reasons we must work harder towards implementing the state council's "policies for developing methods of product exchange between cities and the countryside and increasing the shipment of industrial products to the countryside." We must turn our minds, our work, our tasks and our administration to commodity division of labor and ways of unifying administration of both the cities and the countryside in order to successfully achieve greater supply of industrial products to the countryside. At present, the most important thing is to tackle the following main areas of work: increasing the production of products suitable for marketing. Seeking all possible solutions to providing peasants with those products in short supply. Making necessary adjustments to those products which are not marketable.

We must continue to restructure the system of commodity exchange and initiate further measures for exchange between town and country. The main drawback to the system of "division of labor according to city and countryside" commodity exchange is that it carves up and divides town and country resulting in bad commodity exchange. There are often contradictions in the distribution of good and bad products, unmarketable and short supply products by state-run commercial companies and grass roots supply and marketing cooperatives. Some supply and marketing cooperatives of industrial products are unable to run management and do not want to either, with the result that state-run commerce is unable to go into the countryside to promote and sell. Only by changing the system of commodity exchange, namely in the area of distribution of labor according to product and by making state-run commercial companies totally responsible for organizing town and country markets can any integration between town and country be achieved. As far as the fifteen products in constant demand in the countryside and a few unmarketable products are concerned, their supply should be distributed down to county level and then the county level should organize distributive supplies of the grass roots supply and marketing cooperatives. Such administrative methods as commission sales and selling in country fairs should be adopted in order to broaden the sales of industrial products in the countryside.

Improve political ideology work and correct administrative ideology and direction. Commercial wholesale sectors must handle things for retail enterprises and must facilitate things for retail enterprises as well; this is of particular importance for the distribution of products in short supply, where distribution must be in accordance with government regulations. Retail enterprises must show understanding for the problems of the wholesale sectors and support their work of the wholesale sector, and the retail sector has a

responsibility to help broaden sales when the wholesale sector finds itself overstocked with products of one kind. Retail enterprises must actively use and develop various styles and ideas to help the transport of industrial products to the countryside, such as large covered trucks, street vendors or "back-pack shops," etc. Countryside salespeople should be given food allowances and overtime pay while those who display marked results should get bonuses.

State-run commercial wholesale companies and grass roots supply and marketing cooperatives should come together more closely and actively to strive for greater movement of products to the countryside and increased sales of industrial products. At present in some regions where there is joint administration between state-run commercial wholesale companies and grass roots supply and marketing cooperatives, new ideas and methods should be tried out and propagated. New methods such as expanding the concept of wholesale and carrying out promotion and sales in the countryside should be supported and developed.

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PRC OFFICIAL ON ENTERPRISE REORGANIZATION

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[Article: "Enterprise Reorganization Requires High Standards and Strict Requirements--Yuan Baohua of State Economic Commission Again Interviewed By Our Staff Reported"]

[Text] In July of this year, the state economic commission organized a symposium in Bejing concerning national enterprise reorganization work. At the symposium, experiences gathered during the previous 6 months from all provinces, towns, autonomous regions and state council departments concerning enterprise reorganization were exchanged and discussed. After the symposium, Comrade Yuan Baohua, vice chairman of the state economic commission and leader of the leading group for the national enterprise reorganization, was interviewed by one of our reporters and gave the following answers to our reporters's questions:

[Question] What is the situation in the development of enterprise reorganization?

[Answer] Since the publication of the party central committee and the state council's "decisions concerning all-round reorganization and consolidation of state-run industrial enterprises" in February of this year, all regions and departments have given serious thought and concern to the work of reorganizing enterprise. Many areas and regions have set up leading groups for enterprise reorganization, groups comprising party and government comrades. In all there are 9,155 enterprises which have been selected as the first batch of enterprises for reorganization. The industrial output value of these enterprises put together represents 55.9 percent of the total industrial output value within the budget, with these enterprises contributing 65.3 percent of the total profits handed over to the state and 58.4 percent of the total enterprise taxes.

During this period, all regions and departments have already set up over 4,000 supervisory groups, which have been selected to remain at grassroots level, representing over 20,000 people in total. These groups have integrated themselves with comrades in enterprise and together play an important role in developing the move to reorganize enterprises.

In general, the first half of this year has been a process of steps such as studying documents, propagating ideology, training backbone leaders, investigative study, drawing up plans and regulations and deciding on "plans of attack." All these represent the initial stage in enterprise reorganization and form a solid foundation for developing the systematic reorganization referred to as the "five work programs."

However, in terms of the whole country, development has not been very balanced and within the first batch of enterprises scheduled for reorganization, there are enormous differences in the extent of concern given to this work and the development and speed with which such work has already been implemented. Many enterprises still have not made any breakthroughs with some of the more difficult and politically decisive reorganization work. Many departments and enterprises are still not strong or energetic enough in their leadership of reorganization work, while some members of the grassroots supervisory groups have still not really accepted their return to the grassroots level and thus have not put into play the effectiveness of these groups vis-a-vis reorganization work. Thus, when we honestly collate our experiences in this stage of work, we must study ways of solving these existing problems and try to develop with more profundity the work of enterprise reorganization. This is the main task facing us today.

[Question] What are your basic experiences in how to direct the work of enterprise reorganization?

[Answer] When one looks at the situation in the previous stage from the point of view of each area, each enterprise and each department, one realizes that correct leadership of reorganization work demands a good grasp of the following few basic key links:

First, one must study earnestly the spirit of the party central committee's "decisions" and come to fully appreciate the significance of all-round reorganization. Those work units lagging behind must concentrate on solving problems of confidence and must overcome fear of difficulties. More developed work units should concentrate on solving problems of complacency. In order to do this, everyone must study the "decisions" so that all cadres as well as the masses may come to understand that this new reorganization move in enterprise is designed to bring out the existing potential in enterprise, raise economic efficiency, encourage a turn for the better in the national economy and speed up the four modernizations construction program. At the same time, investigatory analysis of the present situation within enterprise must also be carried out and activities to encourage "the three contrasts" introduced. Namely, contrasting the demands of the "decisions," contrasting the best level ever attained in one's work unit and contrasting the advanced level or international level of similar enterprises throughout the country, so that discrepancies and differences that will be produced will help improve everyone's consciousness regarding the need for all-round enterprise reorganization.

Second, we must state clearly the starting point and temporary pausing points for enterprise reorganization and in this way help improve economic efficiency. This new move for all-round enterprise reorganization is entirely different

from the repetitive style of the reorganization moves in the past. All enterprises should search for suitable factories for their needs, carry out activities to compare economic results, break through target differences to seek out ideological and work differences and then try to reduce these differences and catch up with or exceed advanced levels and standards and encourage everyone to struggle with all their might to achieve the planned targets of enterprise reorganization.

In terms of concrete methods, we must support the concept of starting from an objective and realistic basis. We must start by solving the main contradictions within our own enterprise. Those enterprises with a fairly good administrative basis should, in general, start by perfecting their systems of economic responsibility. Those with group problems which make a move toward reorganization difficult, should begin by readjusting the structure of their leading bodies and groups. Enterprises with serious wastage problems should, in general, start by combatting such wastage, while those enterprises which have not implemented production task systems should generally begin by improving administration and management, raising product quality and developing increased production savings. Enterprises with slack worker discipline and incorrect attitudes should begin by reorganizing worker discipline. There are also some enterprises which transgress the legal boundaries of economic spheres; here, financial and economic reorganization should be the starting point.

Finally, enterprises will have different needs according to their different regional characteristics and different administrative bases and, hence, will carry out different kinds of directives, within their work. The important thing is to establish correct work methods, to use specific experiences to promote work in general and thereby develop an effective role in enterprise reorganization.

[Question] What are the most important problems to be solved in the present enterprise reorganization work?

[Answer] The main problems to be solved are the following:

1. All enterprises involved in enterprise reorganization at present should reorganize and form good enterprise leadership groups in accordance with the vital and energetic principles and demands of revolutionariness, youthfulness, knowledge and specialization. The number of personnel should be allocated according to regulations and should not exceed these, while the same also applies to age. In particular, there is a need to select people as foremen who live up to the above conditions and who are able to open up new prospects for the enterprise. Those cadres who are reorganized downward must submit themselves to ideological work and must be then allocated appropriately. Those who are infirm and aged and ready for retirement should be allowed to retire in peace. Those who have not reached retirement age and are still strong and able to work should be placed in the second line of work to do organizational and other similar kinds of work within their capabilities. Their previous political and livelihood treatment should not change.

Enterprises should solve problems of division of work related to party politics. In accordance with the principles of collective party leadership, workers' democratic management and foreman administrative command, the enterprise should gradually establish a democratic, collective system of leadership. The enterprise party committee should concentrate most of its energy on implementing party policies and strengthening the development of the party and carrying out political and ideological work. Activities connected with production administration should be organized and directed by the foreman, taking full responsibility and fully implementing the effectiveness of the production command system. There must be active and serious moves to set up workers' congresses and to ensure that workers take part in administrative policy making, production management and administration cadre supervision and various others of their democratic rights. In this way, democratic administration and management really will be implemented.

2. Seriously reorganize and improve the economic responsibility system. By learning from the experiences of others and integrating these experiences with the concrete reality of one's enterprise, there can be a gradual improvement in the system of economic responsibility. At present, the three most important pieces of work to be done are the following: a. Supporting the unification of responsibility, power and benefits, placing responsibility in the front rank and in this way activate the system of economic responsibility level by level throughout the enterprise. b. Correctly handle the beneficial relations between state, enterprise and the individual, supporting the move to place state benefits in front of others. c. Attach importance to groundwork in enterprise administration and management. All bodies with administrative responsibility, from all levels, should actively help the enterprise solve realistic problems and should respect the enterprise's undenied independent powers of administration and management as well as it specified benefits.

3. Reorganize work groups and organize production according to fixed staff quotas and fixed norms. Reorganization of work groups is an important measure in solving present enterprise overstaffing, inefficiency and slack discipline. The experiences of Heilongjiang Province's No 1 construction engineering cooperation tell us whether or not cadres are able to set an example and whether or not they are able to make breakthroughs in this key question of reorganizing work groups. In their all-round enterprise reorganization work, they broke down all obstacles and ensured that their own sons and daughters as well as their relatives all returned to the first line of production. They were not afraid of threats of "connections" and other such repercussions but simply decided not to "open the backdoor." They organized production strictly in accordance with staff quotas and norms and firmly removed surplus workers and organized work methods, including study and well-planned town construction groups. Everyone should learn from their example and propagate such moves.

As for superfluous workers, they may undergo organization for new areas of production and then be allocated appropriately. One good idea is to put these surplus workers to work in areas dealing with welfare services or worker services. Large-scale enterprises and those medium-sized enterprises with the potential to do so, should set up both these kinds of work, while medium and small-scale enterprises can make arrangements with their own administrative departments. These areas of work should economically, carry out independent

accounting, be responsible for their own profits and losses, and have their own system governing management, administration and production.

Personnel training should be carried out and ways of developing workers' mental capabilities should be actively initiated. The quality of work teams should be improved and all talented personnel should be carefully developed and fostered. All these are important tactical tasks for enterprises. Large-scale enterprises should set up their own training centers, while medium and small-scale enterprises should join together to set up such centers or integrate these activities with their administrative departments.

4. Strengthen political and ideological work, and support the principle of ideological leadership.

Revolving around the central aim of raising economic efficiency, we must integrate all the various items of work in enterprise reorganization and aim it at solving the problems of ideology which arise among both workers and cadres. Good ideological educational work will result in preserving a permanent revolutionary spirit and active participation in enterprise reorganization.

[Question] How can we improve even more on the work of enterprise reorganization?

[Answer] First, every region and every department must strengthen its leadership in enterprise reorganization work. The key to success in all-round reorganization of enterprise lies in whether or not the leaders of all levels are able to correctly overcome weak and slack attitudes, whether or not they are afraid of direct confrontations and problems and whether or not they fear coming up against major contradictions. Heilongjiang has again given us some very good experience within this area. The determination of the Heilongjiang Provincial Party Committee was very great and it assigned responsibility to comrades to personally come to grips with the leadership work for enterprise reorganization and developed various leadership groups and made reorganization the "main switch" for all the various other items of work. Once they had come to grips with reorganization, the other items of work automatically fell into place. Every region and every department should place enterprise reorganization at the top of the agenda and organize together the relevant integrated departments and study ways of solving problems within reorganization.

Second, enterprise reorganization must maintain high standards and strict demands. Every province, town, autonomous region and relevant department of the state council should draw up the "sic good" concrete standards for enterprise in accordance with the demands of the central committee's "decisions." In addition, they should also draw up checking requirements for the present five items of work in enterprise reorganization and then, using these, carry out investigations and checks. All enterprises involved in all-round reorganization should integrate their concrete situations and draw up reorganization plans comprising the "three constructions" and the "four goods" and thereby activate all workers and personnel to realize these plans.

Finally, all items of work within enterprise should take reorganization as a focus and thereby bring about an integration between reorganization and other items of work. Reorganization should be integrated with the struggle to combat present-day economic corruption. Reorganization should be intimately integrated with production, with reorganization being a motive force for production and implementation of reorganization becoming a central part of production development. Reorganization should be integrated with readjustment and restructuring. The process of reorganization produces rationalization in production organization within an enterprise as well as rationalization in administration and management. Reorganization should be integrated with technological reforms and should make use of scientific methods of administration and advanced technology to constantly dig up enterprise potential and raise the levels of production technology and administration and management as well as economic efficiency.

Looking at the responses and reactions of various regions, we can see that the content of all-round reorganization is great while the demands are high. When we carry out reorganization, we must avoid haste, stepping beyond limits and allowing standards to drop. We must work thoroughly and strive for efficiency. This year, we must muster all our determination and strength to ensure that the first batch of enterprises succeed in reorganization and through this, produce a relatively large improvement in economic efficiency.

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'JINGJI GUANLI' ON ENTERPRISE REORGANIZATION

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[Article by Tan Liren [6151 4539 0086]: "On the Situation of Overall Reorganization of State-Run Industrial Enterprises in Liaoning Province"]

[Text] The all-round reorganization of Liaoning Province's state-run industrial, communications and capital construction system enterprises began in February of this year. The first batch of key provincial and civic enterprises to be reorganized have been through the state of ideological mobilization, defining plans and choosing points of attack, and have already passed into the stage of systematic reorganization. According to statistics relating to the 91 large- and medium-scale enterprises in the first batch to undergo reorganization, production value has increased 7.5 percent for the first five months of this year compared to the same period last year. Sales revenue has increased 8.7 percent and actual profits 13.2 percent, while profits handed over to the state have increased by 13.5 percent. This situation, in which profits handed over to the state have increased more than actual profits, and sales revenues have increased more than production value, illustrates an initial success in enterprise reorganization.

Below is an outline of the state of progress in five main aspects of enterprise reorganization work in our province.

1. Reorganization and Perfection of the System of Economic Responsibility, Hard Work Towards Raising Economic Efficiency

In the final analysis, the question of whether enterprise reorganization can achieve economic efficiency depends on the implementation of the system of economic responsibility. Last year many enterprises in the province introduced various types of economic responsibility system but only very few enterprises saw much success from their efforts. The main reasons were the so-called "three unsuitables." 1. Unsuitable guiding ideology, which did not look on the new systems as a new path for developing the economy but simply as a way of redistributing profits and bonuses, resulting in endless disputes in enterprises over profit figures and bonus quotas and thus losing sight of the state's duty towards economic responsibility. 2. Unsuitability of various essential administration jobs. The ten years of social chaos resulted in the destruction of the foundations of enterprise administration and

management, and although there have been great improvements during the last two years of restoration and reorganization, many enterprises are still unclear about their responsibilities, drawing up inaccurate estimates, incomplete figures and backward quotas. If this work cannot be improved then there is no hope of sorting out the system of responsibility.
3. Unsuitable level of administration. Sorting out the system of economic responsibility touches on the system of enterprise administration, its methods and their restructuring. It also demands a relatively high level of administration from production through to management. However, at present there is a temporary shortage of technical and specialized personnel within enterprises and thus production quality has dropped and many enterprises have incorrect wage systems, financing procedures and sales management. If this situation is not rectified then nothing can be done about the system of economic responsibility. To correct this situation we tackled the following aspects of work:

1) Earnestly studying the experiences of the Shoudu Iron and Steel Company, training cadres and carefully and clearly promoting guiding ideology concerning the system of economic responsibility. After the study classes set up by the state economic council to study the system of economic responsibility, we organized provincial and civic classes running for 28 weeks and involving party committee secretaries, factory foremen and related scientific personnel. In all we trained 3,245 people from a total of 328 vital and backbone enterprises. The entire province selected 12 enterprises from various regions and industries to be "seedling factories" for study, and continued to study more experiences from different enterprises concerning the reorganization and perfection of the system of economic responsibility. After study, evaluation and assimilation work everybody gained a clearer conception of the significance the content and the purpose of the system of economic responsibility, and guiding ideology began to change for the better while at the same time a large batch of cadres grasped the essential methods of setting right the system of economic responsibility.

2) Getting to grips with the reorganization of groundwork for enterprise administration. The two most important problems to deal with were quotas and standards. Without advanced quotas there can be no appreciable benefits and without strict standards there can be no high quality products.

3) Focusing on the main contradictions in improving economic efficiency, sorting out target breakdowns and implementing comprehensive schemes. Because the concrete situation is different in each enterprise the major contradictions affecting economic efficiency are also different, thus when sorting out target breakdowns and implementing comprehensive schemes, targets must be planned down to the finest detail with uniform responsibilities, strict checking procedures and clear definitions of every worker's duties. In addition all this should be linked up to the final economic benefits obtained so that the position of the most important targets is made more prominent.

4) Implementing different styles of economic responsibility for enterprises with differing characteristics. In our study of the experience of the Shoudu

Iron and Steel Company suitable styles of economic responsibility were chosen according to an enterprise production structure, style of organization, ability to motivate worker enthusiasm and correct handling of the interests of state, enterprises and the individual.

2. Reorganization of Labor Discipline and Labor Organizations

On the basis of the spirit of the central government's published documents, the initial task was to reorganize labor discipline and to carry out all-round coordinated control over labor discipline, work discipline and organization discipline and to earnestly implement the "regulations on rewards and punishments for workers" as well as the "workers handbook." There have been great changes in the mood and direction of the factory and in general discipline due to this work.

On the basis of reorganizing labor discipline some enterprises carried out reorganization work on labor organizations and groups. In the work of reorganizing laboru groups in our province the most problematic thing demanding rectification is the question of the "three one millions." There are a million superfluous workers in our province, a million undertakings in confusion and disarray and a million youths in search of employment. If the million surplus personnel are placed in production work then overstaffing problems will merely be aggravated, and this not only disturbs the system of economic responsibility and fails to raise production rates, it also can affect morale and reduce discipline, thereby seriously affecting the contribution of work brigades. The solution to this problem lies in the correct placement and organization of several hundred thousand people. This is difficult work which if it is not carried out well will affect the general situation of stability and unity. Objective trends force us to actively reorganize enterprise workers' disciplines.

Firstly, we must solve the problem of "the three to manies and the three too fews." In general terms an enterprise comprises a great many people but when we dissect the actual situation in an enterprise there are some "too manies" and some "too fews." Thus there are many non-productive workers and few productive workers, there are many people in the third line and few in the first line of production, many administrative cadres and few production workers. During this period of reorganization of labor, discipline and labor groups must act on the principle of increasing first line workers and reducing and simplifying the second and third lines, and promote the idea that good work brings promotion and select those young, strong workers with a high level of consciousness in the second and third lines of production to strengthen and fill in the weak links in the chain. Reorganization of two large minerals departments and detailed ideologic work resulted in entire groups returning to the first line of production with the result that the number of workers in the first line of production rose from 52.1 percent to 63 percent of total personnel figures.

Another important point is the simplification of official structures and the restructuring of administrative systems. Some enterprises have adopted the principles of "simplification and effective counteraction against bureaucracy"

examining and revising enterprise structures and bodies and effectively organizing administrators for labor, and personnel for administration, but stopping short of creating work due to excessive staffing. Superfluous staff either find their way to the first line of production or undergo training for other work while others retain their status as workers and go to work in service companies. After staff reductions and administration simplification, administrative efficiency rose, production and artistic work became more closely linked and general overstaffing and arguments between staff were partially solved.

Thirdly, we should develop supervision, comparison and quotas. Supervision includes supervision of staff members in different ranks, supervision of work time, supervision of equipment operation ratios and supervision of work efficiency. Comparisons include comparisons of official standards, comparisons of the most advanced levels of an enterprise since it began and comparisons with advanced levels of undertakings. In the light of all this, quotas on both personnel and finances should be drawn up.

Thus we can see that the following few problems need to be resolved:

1) Leading cadres of an enterprise must be determined to rectify ideology. There are many problems within enterprises' labor groups that have not been solved for a long time now and this task now rests with the enterprise leaders. One problem is correction of understanding; for many years people have been accustomed to running things using a great many people, ignoring work efficiency. Another is selfishness and fear of offending people; among the many personnel with nothing to do there are some who are sons and daughters of cadres and no one wants to be the first to be laid off. If these questions are not solved then reorganization of labor groups is still a long way off.

2) Personnel and financial quotas should be drawn up with the support of the masses while stress is laid on allowing full expression to be given to the role of experts and technicians. We must follow the mass line, listening to the opinions of those at the grass roots level. At the same time we must organize experts and technicians into a driving work force. We must adopt such methods as statistical sampling, technical determination, etc., before we can confidently draw up any definite financial or personnel quotas.

3) Satisfactorily relocate surplus workers and personnel. One possibility is collective retaining and another is placement of workers in weak links to strengthen the front line of production. A third possibility is to open brand new production or service paths and a fourth is to establish labor and livelihood service companies. Such work can move from simple to more complex handling.

4) Solve the very real policy problems related to reorganization of labor groups. Reorganization of labor groups is a program of work which demands extremely powerful policies, and many problems connected with it touch on areas such as workers' personal benefits. Thus there is a need for detailed study of this situation so that problems related to these policies may be promptly solved. For example, in the treatment of retired mine workers,

according to former regulations retirement funds were paid in accordance with the position held before retirement. This resulted in many mine workers who were nearing retirement age not wanting to be transferred to working above ground despite the fact they were weak and unable to carry out their duties on the coal face.

Coal face and above ground mine workers have pay differences of up to 20 yuan, directly effecting these workers' retirement pay. Recently, the mining department has agreed that workers who are moved to work above ground may receive retirement pay linked to their wages while working at the coal face, thereby solving this contradiction. All such problems as these require a great deal of study and development of moves to reorganize labor groups and organizations.

5) Relevant social departments should support enterprise reorganization of labor organizations or groups. There are many social reasons for the great increase in nonproductive workers in enterprise in recent years. For example, the upper echelons of administration would often decide that whatever organizations and structures existed at the higher levels should also be created within the enterprise itself. Many social activities require the participation of enterprise workers, so that population censuses, sports and recreational activities, and so on, all require help from those in enterprises; some are borrowed for long periods of time some for short periods of time. Thus some enterprises find themselves with 18 percent of their total work force and for this reason it is vital to have unified planning and arrangement as well as the support of relevant government and social departments in order to ahcieve successful reorganization of work groups and organizations in enterprise.

3. Reorganization of Financial Discipline and Strengthening of Enterprise Finance Work

Reorganization of financial discipline in enterprises began last year in accordance with the directives of the state council which asked for the organization of enterprises to carry out self supervision, mutual supervision and all-round investigation. These moves have already shown considerable success.

1) The return of a large proportion of formerly lost state revenue, which has helped to balance the state budget. Up until the end of June of this year the total amount of violations of financial discipline amounted to around 280 million yuan, with 82,010,000 yuan already having been returned to the coffers.

2) A large number of problems relating to financial administration and financial discipline have been exposed and this has helped in reorganizing finances as well as strengthening the provision of important material by financial administrators.

3) A clarification and tightening of financial and economic discipline and the implementation of education in respecting discipline and abiding by the

law. Reorganization of financial discipline has exposed some unfavorable tendencies in enterprise and thus has provided a few threads to help us combat economic corruption and lawbreaking.

These several problems exposed by our investigations illustrate that financial administration in enterprises are in chaos while financial discipline is very slack and that economic corruption and crimes of various sorts are fairly serious and widespread. In order to correct these problems that have emerged on the financial side of enterprises we must draw up standards for our work of reorganizing enterprise financing based on our experiences, and ask enterprises to establish vital groundwork in economic accounting, and improve all-round accounting systems and administration systems of materials and funds. Furthermore they should improve the finance bodies and replace ineffective workers in accounting and finance departments. Today this work is in the process of being implemented.

4. Reorganize and Construct Leader Groups and Gradually Improve Leadership Systems Throughout Enterprises

Since the smashing of the gang of four, we have consistently made reorganization of leadership groups a key and reorganization and readjustments have been made many times on political, ideological and organizational levels. Now, in the spirit of the central government's demands, we are carrying out investigations and fact-finding missions for our reorganization work of the first batch of 91 enterprises in the province. At present there are a total of 1,052 members of enterprise leadership groups with an average of 11.6 people in each group of an average age of 52.5, with 296 people over the age of 56, making up 28.1 percent of the total number of people in leadership groups. Only 32 of the total numbers are below the age of 45, a mere 3 percent of the total, while 279 people (or 26.5 percent) have attained university or specialized educational levels. In all there are 301 technical personnel, making up 28.6 percent, while another 61 people are permanently ill and cannot work anymore. Such leadership groups as these are too big and the average age is too high while the percentage of expert and technical personnel is too low, illustrating the fact that reorganization of leadership groups in our province's enterprises is still a task of the utmost importance. This job of reorganizing the leadership groups should not only seek to solve problems of personnel structure and quality but should also try and implement the three regulations and should try and find fundamental solutions to problems of enterprise leadership systems. Thus we have decided to work in accordance with the demands for group numbers and quality as defined by the central government, to support regulations and standards and stay on the right road.

We should primarily use the unified ideology of the central government to teach cadres to fully understand the seriousness of the situation involving leadership groups in enterprises with a preponderance towards old age; in this way cadres may more fully appreciate the urgency of the matter and raise their consciousness. Guiding ideology should take care to tackle policies and support official regulations as well as increasing the number of younger members in leadership groups. This should not be tackled lightly, but an effort should be made to rid leadership groups of their characteristic geriatric

nature. Solving these problems in leadership groups must be in line with the demands of the four modernizations, and the use of opinion polls, ratings, evaluation sessions, and so on, have proved very successful in many regions in ensuring the quality of reorganization work. Today 43 leadership groups have been reorganized and readjusted, representing 47.4 percent of the total enterprise leadership groups in the first batch of enterprises to be reorganized. Already 24 enterprises have selected their leadership groups and are having them ratified, representing 26.3 percent of all enterprises involved in reorganization. Another 24 enterprises are now undergoing the process of reorganization, representing a further 26.3 percent. Looking at the situation in the 43 enterprises which have already completed leadership group reorganization, there can be said to have been initial changes in the previous tendancy towards aging, non-skilled membership of such bodies. After readjustment the average number of people per leadership group was 7.5, a reduction of 3.9 over the average for previous leadership groups. Average age stood at 49.3 showing a drop of 3.3 years of age while a total of 139 people had received university or specialized education, representing 43.2 percent of the total, a 14.6 percent rise over previous figures. The number of people in leadership groups in specialist or technical positions stood at 124, representing 38.5 percent of the total and showing a rise of 7.6 percent over figures before readjustment. In total, in these 43 enterprise leadership groups which underwent reorganization, 215 people were removed and relocated. Of these, 97 were elderly and physically weak members of the leadership groups, while 44 were those with poor work capacity and problems in carrying out their work tasks, 3 displayed poor mental attitudes towards their work and another 3 had had trouble integrating over a long period of time. A further two displayed problems related to the cultural revolution while another 2 displayed economic problems. There were 64 who were displaced out of the groups or relocated in other areas of work. After this reorganization and readjustment, work regulations in the enterprises began to get onto the right tracks and under the collective leadership of the party committee, the factory foremen's systems of administrative command began to grow and strengthen and overstaffing became less of a problem while the general appearance of the enterprise itself also saw significant changes.

In our reorganization of enterprise leadership groups we tackled four key points:

1) Seeking truth from facts and appreciating the different circumstances of different enterprises, we carried out organization of the cadres. In this work we came up against three problems: a) The complete removal from the front line of some factory foremen aged over 55, who were still healthy and displayed sound ideology and leadership organizational abilities as well as having extensive experience in administrating modernized enterprises would undoubtedly damage development and work in the enterprise. In our belief in starting from objective reality we decided with the approval of upper level administrative cadres, to preserve the duties of such people or transfer them into positions such as party committee secretary so that they could pass on their experiences and knowledge to younger people. b) The problem of dismissal or non-dismissal of cadres with technical expertise. We agreed that of those with equal ideological integrity and specialist skills, in order to preserve a steady ratio within leadership groups of such technical talent,

those younger cadres with technical skills under the age of 50 or so should keep their position but move into areas of research and carry out further studies so that later, with more intimate and speicalist knowledge they could return to the front line. c) The problem of retiring cadres before retirement age who display low levels of performance and are not too healthy, but can nevertheless carry out a certain amount of work. According to varying situations some maintained their position but were transferred to the second line as researchers and others were transferred to the grassroots level for training while others were relocated in different areas of work.

2) Carrying out successful retirement of older cadres to the second and third lines of production and successfully working on the ideological and livelihood implications of such work.

3) Actively select top quality middle aged and young cadres to join the leadership groups in enterprises. In order to solve the problem of replacing old cadres with younger people and to ensure stability over a long period of time, thereby fitting the demands of the four modernizations construction program, we decided to boldly replace elderly cadres withoutstanding middle aged and young cadres and insisted that each enterprise include at least 1 or 2 middle aged or young cadres in their newly reorganized enterprise leadership groups.

3) Select with care enterprise secretaries and foremen. Selection and choice of factory foremen is closely related to whether or not the "three regulations" can be successfully implemented in enterprises as key factors in successful reorganization. We stressed that those comrades selected to be factory foremen must illustrate healthy ideology, courage and understanding, wisdom and resolution and an ability to understand technology and organize administration and management.

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[Article by Chen Jianfei [7115 0494 7378]: "Overall Enterprise Reorganization Should Be Handled Solidly--[word indistinct] the Situation of Enterprise Reorganization in Heilongjiang"]

[Text] At the beginning of this year, following the spirit of the first secretarial symposium of the autonomous region's towns and cities party committees organized by the central authorities and the spirit of the CPC Central Committee and the State Council's "decision concerning the overall reorganization of state-run enterprises," the Heilongjiang Provincial CPC Committee pointed out, in view of the province's present situation, what the basic directives, ideology and aims of this year's provincial work would be namely: To bring together two cultures; achieve specific economic development speed and relatively good economic efficiency; and politically, to strive to achieve the party's direction, social mood and public peace and order [words indistinct] "key" to every item of work and asked that everyone throughout the province make efforts to carry out reorganization work. Party consolidation must be made the nucleus and industrial enterprises the focal point, while reorganization should seek to harness and synthesize looking at both specifics and generalizations and working in batches and in stages.

With respect to [words indistinct] this new move to reorganize should aim at "the four integrations": 1) Mutual integration of industrial enterprise reorganization, and reorganization of individual undertakings and industries. Of the first group of 904 enterprises throughout the province undergoing trial reorganization, medium-sized industrial enterprises represent 18.6 percent, with enterprises such as finance and trade, forestry, education, science, legal, local and others representing 81.4 percent. 2) The mutual integration of grassroots reorganization, and the reorganization of leading bodies. At present trial reorganizations are being conducted in the leading bodies of over 21 of the province's counties. In the first half of the year the provincial committee initiated six pilot schemes involving offices and bureaus. 3) The mutual integration of specific overall reorganization, synthesis and [word indistinct] together with generalized individual reorganization and gradual control. 4) Mutual integration of enterprise reorganization (including official bodies) with party consolidation, making party consolidation the nucleus and thereby involving all kinds of enterprise reorganization work. The "four integrations" have mobilized the masses and encouraged inspiration and enthusiasm everywhere and have initiated the creation of a phase of overall reorganization, synthesis and control througout the whole province.

Reorganization of industrial enterprises is the focal point of all reorganization work throughout the province. In the last 5 months this work has developed with relative speed, thereby moving closer to several achievements: 1) Unification of ideology; improving understanding of the significance of carrying out overall enterprise reorganization; 2) clearing up several economic criminal cases and smashing serious economic corruption; 3) developing party consolidation, promoting the party line and changes in the mood in factories and in society in general; 4) the restructuring of enterprises' internal systems of administration, particularly in terms of reorganizing leadership groups in enterprises, reorganizing personel quotas, establishing two companies, one center, and so forth. There have been breakthroughs in these areas which have resulted in a deepening of the work of enterprise reorganizations; and 5) promoting the development of industrial production and obvious improvements in economic efficiency. In the first half of the year profit increases throughout the province were greater than increases in production value, and increases in profits handed over to the state were greater than increases in actual profits made.

Following are the main methods adopted for this work in the province as well as the most important points that we have learned from carrying out the work:

1. Mutual Integration of Enterprise Reorganization and Party Consolidation and Placing of Party Consolidation in the Leading Position

In order to complete the overall reorganization of enterprises, the tasks of synthesis and control, and complete the "three construction programs" to attain the "six good demands," there must be good reorganization and construction of fundamental party organizations. Thus, the provincial committee decided that enterprise reorganization demanded integration with party consolidation, taking the latter as the nucleus. Thus, the basis for overall enterprise reorganization is also the basis for party consolidation. This is because 1) when one looks at the situation of party member brigades, the present proportion of party members who form part of the cadre brigades or work brigades is rather large, with a large proportion of party members representing backbone or leadership positions. However, on the basis of investigations of some enterprises and work units, unqualified party members represent around 15 percent of the total number of party members. If this problem of the quality of party members is not solved, then party members cannot [words indistinct] pioneering roles, thus making it [word indistinct] to construct a team of workers both specialized and with communist ideals. 2) In terms on party line, many problems within enterprises are a mixture of both party internal and party external problems and are also often a result of party internal problems affecting the external and the above deciding below. Investigations show that incorrect social attitudes often originate from party members, especially party leadership members and others and are the result of party cadres being fearful of tackling their leadersh responsibilities and being fearful of carrying out administration, resulting in a spreading of such attitudes.

If problems of party line are not solved, then factory and social attitude problems likewise cannot be solved, which in consequence means that the "three decisive turns for the better" also cannot be achieved. 3) Consolidation of

the party body must be integrated with reorganization of enterprise and cannot be carried out independently. Since internal party problems not only touch on ideology and politics but also administration and management, only by revealing the problems in enterprises, looking into the party from the outside, and looking at the leadership from the grassroots can problems be seen more clearly and solved more thoroughly. 4) In terms of enterprise party committees, their position and effectiveness, reorganization of enterprises should be carried out under the command of enterprise party committees. If leadership bodies within enterprise party committees are not properly reorganized and consolidated and their own individual problems not solved, then the party committees are powerless to take the initiative and command in reorganizing enterprises and cannot hope to organize party cadres. Thus, with party members still erring, there is no way to fundamentally solve problems within enterprises. 5) The masses--the masses urgently demand solutions to internal party problems. They say: "Reorganizing this or that is not as important as giving priority to consolidating the party itself. With the party well organized, other problems will be easy to solve."

How can enterprise reorganization be integrated with party consolidation? In general terms, all areas refer to such integration as structural integration, first, in terms of leadership organizations in which one group exercises collective and unified command over party consolidation and enterprise reorganization. All levels of party committees and reorganization offices tackle both the world of party consolidation as well as the work of enterprise reorganization, thereby preserving one battle line. Second, through concrete organization of work, in which party consolidation and enterprise reorganization are not mechanically divided into two separate stages but are interwoven and molded into one. In concrete terms, "four unifications" are aimed at: Unified planning, unified deployment, unified investigative command and unified experience evaluation. Third, by taking care to fulfill the centrally commanding role of party organisations as well as the exemplary roles of party members. When it comes to solving problems, internal problems relating to party leadership organizations must be solved first; internal party problems should always take precedence over external party problems.

During this move to consolidate the party we should stress the importance of making ideological education an important key link. Organization reorganization should be carried out on the basis of efficiently handling ideological reorganization. When dealing with these organizations or bodies, two main measures should be implemented: 1) Correct handling; helping to bring about corrections within limited time periods; and 2) carrying out overall registration. Both these measures may be used in specific enterprise cases, but any work unit which implements party member registration must do so under the premise of ensuring quality and attaining standards. Investigations have suggested that vouching for quality can only be carried out after ratification from upper party levels and that furthermore, party member registration should not be implemented in general overall enterprise situations.

2. Carrying Out Constructive Reorganization Demands Support of Restructuring and Facing Up to Difficulties

This new move to reorganize industrial enterprises may be seen as constructive reorganization. From the very moment we began our reorganization work we

repeatedly underlined that it was vital for enterprises, especially the first group to undergo trial runs, to make use of past, collated experiences and training to support restructuring, face up to rebuilding and handling some large problems that have existed for a long time in some enterprises, not shy away from problems, attempt to solve all difficulties and not return to former contradictions. We encountered the following four major problems:

1. Reorganization and construction of leading bodies in accordance with the demands of the four modernizations. Reorganizing enterprise leading bodies is the key to reorganizing enterprises in general and consolidating the party. It is also a major problem of longstanding. Most people feel that in reorganizing leading bodies in enterprises there are two difficulties and two fears. Of the two difficulties, one is the problem of retiring older cadres, especially those who have not yet reached retirement age but who are weak or ill; the second is the binds of old traditional tendencies which make promotion of new, younger cadres difficult. Of the two [word indistinct] one is fear of [word indistinct] damage as a result of trial runs on reorganization; the other is that groups might not be open minded about workload reductions. The Harbin ball bearings factory originally had 13 people comprising the leading groups, with an average age of 55; only 3 had university or other specialized education. This situation was far from the newly laid demands required in party work. Thus, with the help of grassroots groups, they reorganized and reconstructed the leading groups and managed to find a satisfactory solution to the problem of retiring cadres and bringing in new, younger ones. First, they seriously tackled ideological work with the old cadres so that the cadres were no longer burdened and were happy to step back to the second line. Initially, many of the older cadres who had been in the groups felt that the original groups were very good and needed no readjustment, others felt it was too soon to restructure leading groups, and still others felt that stepping back to the second line meant they would suffer, their income would drop, their status would decline and they would lose face. With these sentiments in mind, while confirming the enormous contributions that these older cadres had made to the constructive development of the factory, they also managed to liberate these older cadres from reservations they had about retiring through repeated study work and individual discussions. The voluntary application to retire into an advisory backseat position by the former deputy foreman and chief engineer of the factory fully illustrated that retirement to the backseat does not mean that a person cannot continue to make great contributions to technological developments in the factory.

As a result, eight older cadres who were originally in the leadership groups decided to retire to the second line. Second, they adopted the method of integrating democratic recommendations and approvals from higher administrative levels and selected four cadres for the level of deputy foreman. Of these four, one had experience in political work and was in the prime of his life and was made deputy secretary to the party committee, the other three worked as deputy foremen. After the reorganization of the leading bodies, the total number was reduced from 13 to 9 (party committee secretary, deputy secretary, factory foreman, five deputy foremen, chief accountant, workers' congress chairman). The average age of the cadres dropped from 55 to 49, while the number of cadres who had received university or other specialized training increased from 3 to 4, representing 44 percent of the total group.

2. Reorganizing labor groups and organizing production according to personnel quotas and targets. Backward labor quotas and low labor productivity are the most imposing problems in our provinces enterprises at the moment. Although everyone would like to solve these questions during this move to reorganize, it is also true that most people prefer to try and avoid it because of its complexity. According to the responses of some enterprises, the three most taxing problems are the following: First, "connections" demanding they be arranged favorably; the second problem touches on the upper echelons and leading groups; and the third is connected to the leadership in individual work units. In order to remove this barrier to constructive reorganization, we put together the experiences of a provincial wide company set up to reorganize labor groups. This company began in 1980 and since then has solved many problems, such as serious personnel shortages in the frontline as well as overstaffing in the second and third lines and serious dislocations in the proportional structure of work teams. While carrying out reorganization work they courageously succeeded in tackling and destroying this "hornet's nest" that no one had dared handle for years. Their main practical measures were: 1) To place the sons and daughters and relatives of every level of cadre and leader into the frontline of production. This solved all problems of string pulling, stirring up trouble and complaints to higher authorities. 2) To firmly refuse to "open the backdoor," firmly stand up against any intercedence from cadres at any levels, as well as threats of connections and repercussions, and so on. In this way all work was carried out according to the book and everyone was treated equally without discrimination. 3) To lay down "10 regulations concerning the reorganization of labor groups" and "several regulations concerning continued reorganization of labor groups. These were then presented to the masses for discussion, supervision and implementation. 4) To lay down policies to encourage everyone to join the frontline of production, setting out the six major types of work in the frontline of production and providing preferential housing, welfare, and so forth in accordance with these. In the 2 years since then, the company has had 1,900 workers begin apprenticeships for these major jobs and now the proportion of workers on the frontline of production has risen from 51.1 percent to 65 percent. In the first half of this year the total amount of work completed by the company increased by 25.9 percent over the same period last year, while overall worker production rates have risen to 20.7 percent and actual profits have increased 34 percent.

3. Restructuring of the internal enterprise system of administration. At present, there are serious problems of organization within state-run enterprises with collective systems of internal operation. Added to this are the independently run youth factories, independently run schools, hospitals, shops, and so forth, which together have produced enterprises similar to complete mini societies in themselves. The leaders attempts to organize the economy and education, as well as the workers lives, including problems of old age, illnesses and death has produced serious dissipation in the energies of energies of enterprise leaders. Everyone should try and solve this problem by making use of the enterprises' independent powers. The main way to clear up these problems is to run trial tests on integrating reorganization and restructuring in some enterprises; courageously restructure enterprises' internal systems of administration; establish service companies to handle labor and livelihood; open two centers--one for educational training, the other for technology

developmental training--and in this way gradually move toward achieving the "four divisions": 1) Division of the economy run and organized by the people and economy collectively run and organized. Collectively owned enterprises organize independent administration, taking responsibility for all gains and losses, thereby changing the past phenomena of collective "nibbling" at the whole people; 2) division of production and livelihood, thereby strengthening leadership of production and leadership of livelihood; 3) division of economic revenue and the factory. Activate the enthusiasm of all levels and all departments to organize finances, strengthen administration and management; and 4) division of educational training and production rank. Encourage everyone to undergo further training and technological courses and improve problems of overstaffing.

4. Reorganization of labor discipline and aid to young wokers lagging behind. The last few years have seen great changes in the structure of work teams. Today, the proportion of young workers in enterprises is about 50 percent and in some cases as high as 60 or 70 percent. In most cases these young workers perform very well, but there is a small proportion of young workers who, having grown up during the chaos of the cultural revolution, did not receive traditional party education. In addition to this, many suffered from the rotten influence of bourgeois ideology after the initiation of open-door policies and as a result some of them were left unable to distinguish between good and bad, while a few even turned to crime. A few work units which have analyzed these young people and their actions have come up with the "three excesses" and the "three lacks." The "three excesses" are excessive temper, excessive nerve and excessive drinking and the "three lacks" are lack of culture, lack of technological skill and lack of ideals. Those enterprises which have bad worker discipline usually have been influenced by such young workers. It is indeed a hard task to try and help these youths change for the better. During the last few years, enterprises involved in reorganization have introduced stricter discipline to try and get the work forces to understand the importance of a good attitude and there has been some reduction in incidences of gambling and fighting, but there has not been any fundamental solution of the problem. In this new constructive move for reorganization, the province's regions and enterprises set out with the task of improving the political, cultural, technological and other qualities of the work teams. Emphasis was placed on helping those young workers who were lagging behind, and results were very promising. The town of Mudanjiang involved every part of the town party committee and enterprise structure so that every town leader became involved in the work of educating young people, in the way, activities for young people who had gone astray began to increase and spead throughout the town and area. Mudanjiang Textile Factory organs led remedial teaching and education which involved a total of 438 people. Their methods involved production help, political concern and consideration for workers' livelihood. In this way, the straying young workers began to have a sense of belonging and a resurrection of their confidence. The "four integrations" were implemented through discussions, family visits and supervision by family leaders, relatives, public security cadres, and so forth and in this way there was always a helping hand at the factory and someone to keep an eye on them at home. Gradually these youngsters became involved in more collective activities such as cultural activities, study and youth supervision. Today, of the previous 158 young workers who displayed negative tendencies, 141 have shown immeasurable improvements. Such improvements have already positively affected worker discipline in the factory.

3. Integration of Specifics and Generalizations--Grasping General Enterprise Reorganization

While grasping specific trail runs of enterprise reorganization, we should also tackle general, overall reorganization.

First, during initial reorganization many regions and many cadres took specifics too seriously and disregarded generalizations, the result being that the reorganization work was not really able to get off the ground. In order to asange this we demanded that our party committee members of all levels grasp both specifics and generalizations, thus, there is a need not only for grassroots supervisory organizations but also all-round and over-all supervisory organization. In terms of work organization and placements, overall reorganization must adhere to certain basic standards and carry out duties strictly in accordance with central party regulations so that there is planning, placement and supervision. In order to propagate such generalized reorganization, we should take note of the experiences of integration of specifics and generalizations made by the Qiqihuer Town Planning Committee. While grasping three enterprises involved in reorganization trial runs, they also selected 69 backbone leaders to study generalized reorganization work. This setup thus laid down each demand of individual reorganization programs for every enterprise and office and in this way each one was implemented one after the other. Thus, while trial run reorganizations were developing nicely, reorganization work was also coming along very satisfactorily in 30 other enterpirses. Second, different regions demand different leadership. In terms of the content or reorganization, it is possible to draw up three different types of leadership for the different situations in different enterprises and their administration. Those enterprises which have already completed restorative reorganization should start constructive reorganization with their collective power. Those enterprises which have not yet completed restorative reorganization should, throughout their systems of economic responsibility, first improve all administrative systems within the enterprise and then implement administration referred to as the "three all-rounds." Regional enterprises with a weak administrative basis should involve themselves in strengthening all-round work and improving their systems of economic responsibility, making reorganization of the enterprise administration a major aim. In terms of reorganization style, one category demands independent reorganization or liaison officers from central departments or direction by all-round supervisory guidance groups. The second type, with a solid administrative foundation and strong leader groups should, on the basis of their specific needs, rely on their strength to carry out all-round reorganization. This style we call "self-taught development." In order to activate enthusiasm for generalized over-all reorganization of enterprises and encourage such "self-taught development," we developed the scheme known as "the six good enterprises" as soon as reorganization work began; thus, enterprises involved in specific or generalized reorganization aimed at the standards set up by the "six good enterprises."

Third, call on the masses to develop a solid mood for reorganization. In order to activate the adult members of the masses and make them actively participate in enterprise reorganization, many regions developed lively activation programs. Mudanjiang organized townwide activities such as investigations (for fighting wastage), competitions, accounting, and so forth. Thus, starting with investigations of wastage, and so forth, and taking advanced standards as a yardstick

and itemized accounting as their main means, they made detailed examinations of enterprises administrative activities and then collated the results. The implementation of these measures in the town resulted in enterprises seeking out the major contradictions in their enterprises which were influencing economic efficiency and in this way they were able to decide on the important areas of reorganization for their enterprises, and as a result, collectively develop reorganization work. In the town of Shuangyashan, the demands of reorganizing enterprises was analysed into 21 items and 92 terms and thus, in the spirit of competition, the town developed the target of "the six good enterprises" so that enterprises could involve themselves in reorganization, making improvements in the system of economic responsibility the focus. In this way, enterprise reorganization was integrated with the spirit of "helping and in turn surpassing each other."

4. Implementing Reorganization From Top to Bottom as Well as Reorganization of Enterprise Administration Departments and Restructure Trial Runs

In order to achieve the spirit of the State Council and its structure, and in order to mutually integrate basic reorganization with the reorganization of structural bodies, as well as learn about structural reorganization, we decided to carry out reorganization in six offices in the province; to change trail runs, including cutting down on organizations and cutting down on personnel. It was unanimously decided to take the provincial machinery department and chemicals department as two test offices. It only took 2 months to sort out the provincial machinery department. After reorganization and restructuring, the number of department leaders was reduced from 10 to 5, with the average age of 58.7 dropping to 52.3, while more than two-thirds had university or specialized training, whereas before more than two-thirds had only reached middle school level. Office members were reduced from 13 to 11, while middle level cadres were reduced from 82 to 59. The reorganization and readjustment work also has been completed for the provincial chemical department; restructuring and reductions now are being carried out in middle level organizations of the department. Three main issues were handled during the reorganization and restructuring of these departments:

1) The leading role of the department's party organizations was fully realized. When the trial schemes began, some comrades were full of misgivings and feared that the reorganization would destroy the department's organizational setup. In addition, they felt that reorganization this year would lead to even more next year, and that such reorganizations would result in financial losses. In order to improve the comrades appreciation of reorganization, we set up separate ideology committees for party organization members of both departments through which we were able to explain the importance of reorganization and show how it would incorporate the unified control of each department's party organizations. Thus, we were able to obtain the warm acceptance of the relevant cadres of each department.

2) The leading role of older cadres was realized. When reorganisation and readjustments began with the party organization leading groups in the machinery department, some cadres displayed erroneous thinking. For example, should old and weak cadres retire? What attitude should be taken toward retirement? What

happens after retirement? Some cadres did not have a correct attitude. In order to correct this, leaders of the provincial party committee invited the leaders of the department's party organizations to take part in ideological meetings. After study and discussion and a great deal of ideological work, a unity of ideology was achieved. One special case was the secretary general of department's party organization who, on his own initiative, chose to retire, thereby taking the lead. Furthermore, he chose to continue to work in educating other older cadres and helped 28 people make breakthroughs in their ideology problems. With key cadres taking the lead, implementation of readjustments within leading groups became very smooth and easy.

3) Methods of integration for reorganization and restructuring of organizational bodies were thoroughly implemented. In the provincial machinery department, two deputy department leaders took the lead in joining grassroots supervisory organizations and thus, on the one hand, they helped implement reorganization by voicing the opinions of enterprises and, on the other hand, they studied the work of restructuring the departments' organizations by passing on and carrying out every item of reorganizational work, listening to the opinions of every enterprise worker and ensuring that reorganization of enterprises and the departments developed side by side. For example, in order to ensure that enterprises moved from a simple production style to production administration style, these cadres set up an administration and management office as part of their work in restructuring the department's organizations. Furthermore, they changed the supply and marketing department into a sales service company and established a feedback network system for product sales information. The next step for both departments was to implement systematic party consolidation and to continue to restructure department organizations. Thus, personnel in the planning sectors were reduced by 40 percent while restructuring continued in the system of administration with three separate companies handling tools, and electrical and measuring instruments being incorporated into one company. These trial runs illustrate that reorganization of such department organizations should be carried out in the line with enterprise restructuring and reorganization.

5. Strengthen Leadership and Come to Grips With Enterprise Reorganization

The "main key" for every work program is all-round enterprise reorganization and synthesized control. The provincial party committee grasped this "main key" of reorganization, which was thus induced and promoted all work programs. In order to achieve this, a series of organizational measures were implemented:

1) Reorganization leadership groups [word indistinct] set up, beginning with the provincial CPC Committee. The provincial party committee set up leadership groups for reorganization work throughout the province, with the provincial party secretary acting as organization head, with several organizational work offices under him. Thus, the province set up other reorganization work leadership groups. This example was followed by every town, county and area. Thus, the province set up other reorganization work leadership groups. This example was followed by every town, county and area. Thus, the reorganization work of the entire province came under unified control and leadership with separate groups in charge of regional reorganization. In this way, with the leadership

groups as the "main key," many minor disagreements and other lower level problems were solved or avoided completely. Our experiences have taught us that synthesizing control is a difficult battle.

2) Real and concrete leadership was deepened and strengthened. During reorganization, our members of the standing committee all established their own points of linkage in helping enterprises study and solve some difficult problems. First secretary of the provincial party committee Comrade Yang Yichen became the link for the main department store in Songhuajiang. He involved himself three times: In actual work behind the counter in the shop, in studying the shop's administrative department and in listening to reports. He, himself, helped the shop carry out personnel reorganization, held political classes for the workers and urged the shop leaders to take the initiative in improving disorderliness, attitudes and shortages, improving quality, and so forth, so that it could become a display window for the true spirit of socialism. Today, after 5 months of reorganization and control, the workers' attitudes and the general appearance of the shop, together with service attitudes and service quality, have all greatly improved.

3) The standards set up for trail runs must be supported and their quality ensured. In order to ensure the quality and success of trail run reorganization programs, we had to strictly control numbers and assignments. Thus, each provincial department tackled one point, each region tackled two or three, and each county one or two. Each grassroots supervisory group was headed by a leading cadre and supported by several experts in various fields. Supervisory groups were given a week to organize training before being deployed. In the last 10 days of April, report meeting for the grassroots supervisory committees were held. As pilot schemes intensified, we applied the experiences of the grassroots supervisory groups from the Harbin Ball Bearing Factory, namely "learn a point, give better advice, help a little, make things progress a little faster." Thus, we demanded that all levels of grassroots supervisory groups establish themselves firmly, get into close contact with the enterprises, and provide a great deal of help. Thus, the supervisory groups should have a good liaison with the enterpirses party committee and simply run things by themselves without consultation. They should free themselves from the actual work process in the enterprises and devote themselves wholeheartedly to organizing the pilot schemes. Furthermore, they should use all their sparetime to study the enterprises situations so that they might come up with solutions to various difficult problems. Furthermore, the provincial committee demanded that the grassroots supervisory groups continuously help the enterprises to carry out and complete reorganization work as well as the task of synthesising control.

Although there has been progress in the reorganization of industrial enterprises in our province, development has not been balanced. Only about 30 percent of the enterprises have really managed to grasp major contradictions and make real breakthroughs in reorganization. Those which have seen moderate success make up 50 percent, while those with little or no change account for 20 percent. These figures refer to those enterprises involved in specific reorganization, the percentages for enterprises carrying out generalized reorganization are not as good. Thus, we can see that reorganization of our province's industrial

enterprises has only just begun and some restructive reorganization is only now beginning. Some enterprises still do not appreciate the importance of integrating party consolidation with enterprise reorganization, or, if they do, they have not integrated sufficiently. Some regions have not grasped well enough the general reorganization and have set for themselves standards which are too low. Hence, the problems in reorganizing the industiral enterprises of our province are considerable and we still have a great deal of work ahead of us.

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'JINGJI GUANLI' ON FOCAL POINT OF REORGANIZATION

HK181514 Beijing JINGJI GUANLI in Chinese No 9, 15 Sep 82 pp 41-43

[Article by Jiang Yiwei [5592 0001 5517]: "Overall Reorganization is a Constructive Reorganization--Part VII"]

[Text] V. Establish A Set of Scientific and Civilized Management Systems (Part III)

Fourth, establish an overall personnel and labor administration system with the development of talented people and the mobilization of the enthusiasm of the masses of staff and workers as its objective.

Any enterprise has its particular personnel administration and labor management, some being rather simple and others being fairly perfect. Personnel administration and labor management are both different and related. A scientific and unified line of demarcation is a shortcoming in our personnel administration and labor management. In the management of cadres, there have been a series of traditional systems for a long time. Personnel and labor administration of an enterprise is very often divided according to the subjects of management, with its personnel department administering cadres (technicians and staff members) and its labor department administering workers. This division is consistent with the state's existing systems, but judged from the scientific character of management, this division is not entirely rational. Managerial and technical personnel and workers in an enterprise are all working people and personnel belonging to the enterprise. In the management of "man" covering recruitment, employment, training, organization, assessment, wage and so on, there is a question of generality which should necessarily be put under unified arrangements.

Regarding labor management as the exclusive administration of workers and the labor of workers is a reflection of an outmoded concept of labor. In essence, this concept only recognizes that manual labor is "labor" and neglects that mental labor is also an important component part of "labor." Under the guidance of this concept, in the management concerning the improvement of labor productivity, including work organization, the fixing of the number of workers and of production quotas and so on, consideration should be given to the labor of workers who directly engage in production; one-sided importance is attached to

raising the labor productivity of workers, neglecting the raising of that of all staff and workers. Seen from the trend of development of industrial production, with the enhancement of the level of modernization, the number of direct productive laborers on the first line will become smaller and smaller while the ratio of the personnel who engage in scientific research, in production and technical preparations and in production and operational management will become increasingly large in regard to the composition of personnel. The economic results of enterprises depend to a greater and greater extent on the work efficiency and quality of work of all staff and workers. Therefore, scientific personnel and labor administration will inevitably break the dividing line between workers and staff members, and the practice of unified management over all staff and workers will become a matter of necessity. Of course, every job of an enterprise is done by "man." Therefore, personnel and labor administration will surely be the overall management of all staff and workers and the whole process, which concerns the overall situation.

Overall personnel and labor administration can also be divided into personnel administration and labor management. However, it can only be divided in accordance with the functions of management rather than the subject of management. Roughly speaking, the functions of personnel administration are to administer such matters as the employment, allocation and transfer, vocational training, assessment, wage, welfare, awards and penalties, promotion and removal of the personnel of the whole factory (including workers and staff members). Its tasks are to educate and train talented people in a planned way, heighten the quality of the contingent of staff and workers and bring the enthusiasm of the masses of staff and workers for socialism into full play. The functions of labor management are to rationally organize the process of labor of personnel (including manual and mental labor). It consists mainly of work organization (including the organizational structure and organization of production, technology, management and others), production based on a fixed number of workers (including the rational allocation of the personnel involved of the abovementioned organizations), work quotas (including production quotas and job quotas for all fields of work) and organization and management relating to work discipline, labor protection, labor emulation drives and so on. Its tasks are to scientifically organize the process of labor and continuously raise the output value per worker.

The difference between personnel administration and labor management lies in the fact that the former takes the staff and workers individually as its subjects and pushes every staff member or worker to make progress and raise standards, while the latter takes the cooperation of labor between man and man as its subject and organizes socialized mass production in a rational way. The two kinds of administration are different in function but closely related.

The questions relating to work discipline, work quotas, the fixed number of workers, labor organization and the vocational training of all staff and workers, the strengthening of ideological and political education and the conducting of labor emulation drives have been dealt with in the previous paragraphs discussing the establishment of a contingent of staff and workers who are both red and expert. Here I would like to emphatically discuss the crux of the problem of overall personnel and labor administration, that is, how to establish a

series of personnel administration systems which combine training with the use of personnel and the principle of distribution according to work with the development of talented people so as to give full play to the enterprising spirit and enthusiasm of every staff member of worker in enterprises.

Strengthening ideological and political education and heightening the political consciousness of the masses of staff and workers constitute an important prerequisite for arousing the enthusiasm of the masses of staff and workers for socialism. However, we must also have a series of perfect personnel administration systems to encourage the active enterprising spirit of every staff member or worker so that every staff member or worker can clearly see that everyone will have a path for raising himself and continuing to forge ahead so long as he is enthusiastic and exerts himself. This is the most powerful organizational measure for mobilizing the enthusiasm of the masses of staff and workers for socialism.

Distribution according to work is a basic principle of the socialist system and plays a decisive role in bringing the initiative of the masses of staff and workers into play. However, if the principle of distribution according to work is merely aimed at countering the practical situation, namely, striving to link the personal interests of the staff and workers with their labor achievements and to ensure that those who make great labor contributions in quality and quantity will gain more income, then the role which it plays in arousing the enthusiasm of the staff and workers will be limited. This is because the amount of one's labor contributions depends not only on his attitude toward labor, but what is more important, also on whether his ability is great or small. We must not only encourage every staff member or worker to do things in the spirit of "from each according to his ability" but also encourage him to "increase his ability." Only when distribution according to work is combined with the "increasing of ability" can we bring the enthusiasm of the staff and workers into greater play and give greater scope to the active role of the principle of distribution according to work.

In order to increase the work abilities of the staff and workers, apart from relying on the conscious efforts of the individual staff and workers, vocational training should be carried out among the staff and workers should be organically integrated with the utilization of the staff and workers. The utilization of staff and workers should be combined with distribution according to work, and the same applies to training them. It is thus required that a series of perfect personnel administration systems should consist largely of the following focal points:

1. Every post in production or work must have three standards: 1) The professional job standard. Being largely different form the job responsibility system, this professional job standard mainly stipulates the tasks which the related post in production or work should undertake and the technical grades or professional requirements which it should attain or fulfill. For example, the technical grades of the subjects of work of the work procedure of fine machining are higher that those of rough machining. 2) The standard of the record of formal schooling, qualifications and services of the working personnel at the posts in production. This standard stipulates the record of formal schooling involving the special training which the operating personnel should

have and their titles for a professional post and technical grades. 3) The standard of job remuneration. It stipulates the job wage and job subsidy standards. Of course, in carrying out this reform involving the wage system, before the reform is started, it is advisable to adopt some transitional regulations.

2. The operational personnel must go through vocational training and after obtaining certificates of record of formal schooling, are asked to work on probation as temporary working personnel (they are given temporary job identification cards) under the guidance of the regular working personnel. When the probation period expires and they have already proved themselves to be competent at a job through assessment, they will become regular working personnel (they are given job identification cards).

3. The regular working personnel at their posts enjoy the standard job entitlements, including job wage and job subsidies and so on. The temporary working perosnnel at their posts are not entitled to enjoy standard job entitlements, but they are allowed to enjoy some entitlements wich have nothing to do with their abilities to work, for example, subsidies for work in production harmful to the human body and allowances for night shift meals and so on.

4. While formulating the job responsibility system and fixing production of job quotas, it is necessary to concurrently establish a series of systems to examine the achievements made by individual staff and workers in production and work. The achievements and errors made by the staff and workers in production or work must not only be given proper award or penalties but also be recorded.

5. It is necessary to select outstanding staff and workers according to their record of formal schooling (including the experience in vocational training and records in study) and the qualifications and record of service (including the title of a professional post, grades, the number of years of service and so on) and after being further trained, send them to the posts in production or work at a higher level.

To sum up the above-mentioned focal points, the staff and workers of enterprises will follow a program of "training-examination-fixing-promotion," continuously increase their abilities to work and, at the same time, raise their own positions and get corresponding remuneration.

This program can be diagramed as follows:

(Training)	(Examination)		(Fixing)		(Promotion)		(Training)
Employment	Work at one's on probation		Fixing of posts		Promotion and removal		New posts
Vocational training	Examination	Work on Probation	Assessment	Work	Assessment	Vocational training	Examination
Contents of education	Certificates of course completion	Professional requirements	Certificates of qualification	The responsibility system	Examined achievements cards	Contents of education	Certificates of course completion

Doing work in accordance with the above-mentioned program is the central content of personnel administration. It is imperative to fulfill well the following tasks, centering around these central contents:

First, we must establish and perfect the personnel system which consists of the institutions of employment, vocational training, assessment, wage, awards and penalties and promotion of the staff and workers.

Second, we must establish the graded management of personnel archieves and personnel and examined-achievement cards. An examined-achievement card is used for recording the achievements or errors in production or work of the staff and workers, while a personnel card is used for recording matters in other fields outside production and work, including family affairs, difficulties in life and others. If conditions permit, we must help solve their problems on our own initiative.

Third, we must draw up both long- and short-term plans and, in accordance with the long- and short-term goals of the development of enterprises, we must calculate and quantify the need for personnel of various grades and types and quality requirements and determine measures for the increase or decrease and removal of personnel.

Fourth, we must draw up plans for training personnel. In accordance with the requirements of the development of personnel of enterprises, we must arrange the plan for training the various types of personnel so that the vocational training work can completely accord with the requirements of the readjustment, increase or decrease and renewal of personnel and the universal raising of the quality of personnel.

Overall personnel and labor administration means that such administration is carried out by all staff and workers. Therefore, it is certain that a method of graded management should be adopted. It is permissible for the headquarters of a factory to have a sketchy understanding of the situation of the staff

and workers, while the workshops and production teams and groups of the factory are encouraged to have a detailed comprehension of the situation of the staff and workers. However, they all must make regular records, using the cards designated for uniform use by the factory as original records needed by other management work, it is only possible to make statistics and draw up plans and make them scientific step by step when such records are taken as the basis.

Overall reorganization of enterprises is a strategic plan for the CPC Central Committee and the State Council to implement the principle of readjustment, restructuring, reorganization and upgrading. The central aim of the readjustment is to raise economic results and gradually build our enterprises into modern socialist enterprises with a high level of material and spiritual civilization. Therefore, we say that overall reorganization of enterprises is a constructive reorganization.

The level of management of state-owned industrial enterprises of our country differs vastly and the problems existing in this respect are also different. Consequently, it is necessary to decide where the readjustment work should be started, based on actual conditions in the enterprises. Of the pronounced problems which exist in enterprises, some may be the problem of leading bodies; others may be the problem of work discipline; still others may be the problem of labor organization, for example, overstaffing and informal replacement of units under the system of ownership by the whole people and units under the collective system; and others may be the problem of readjusting the orientation of production of enterprises and of closing, suspending, merging and shifting of enterprises, and so on. Without first solving these conspicuous contradictions, it will be difficult to further carry out comprehensive construction. Therefore, we must make up our minds to fight a touch battle and, first of all, break some long-standing, big and difficult problems so that the staff and workers of the factory can rouse themselves and pool their wisdom and strength to carry out the "three items construction" and realize the "six good requirements" in an orderly manner.

From 1981 to 2000, China's great socialist construction will be carried out in two stages: In the first decade, we must lay a sound foundation and accumulate strength so as to create conditions for the economic rejuvenation of the following decade. Overall reorganization of enterprises is an important task for laying a sound foundation. Raising economic results through readjustment will help get instant results in our endeavors to ensure a turn for the better in China's financial and economic situation, and improving the level of management of the internal departments of enterprises through readjustment is also an important condition for carrying out overall restructuring of the economic system. We are convinced that under the leadership of the CPC Central Committee, the State Council and the party committees and governments at various levels, China's overall reorganization of state-owned industrial enterprises will surely develop swiftly and achieve remarkable results. In this speech, I have discussed my sketchy personal understanding of overall reorganization of enterprise and put forth some immature views which only serve as references for you all. If there are any mistakes and shortcomings in them, I look forward to your criticism and corrections.

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NATIONAL POLICY AND ISSUES

SHANXI PAPER ON CONSTRUCTION IN MOUNTAINOUS AREAS

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[Article by Luo Guibo [5012 6311 3134]: "Create a New Situation in Construction in Mountainous Areas"]

[Excerpts] To achieve a quadruple increase in Shanxi's annual industrial and agricultural output value by the end of this century as compared with 1980, one of the most important tasks is to quicken the pace of construction in mountainous areas. In the past 2 years, we have conducted investigations and studies in mountainous areas. Here are some tentative ideas on creating a new situation in construction in mountainous areas.

1. It is necessary to understand from the high plane of strategy the important role played by construction in mountainous areas in creating a new situation in our province's socialist modernization construction.

Since the founding of China, under the leadership of the party and the government, the people living in the mountainous areas of our province have promoted the fine traditions of relying on one's own efforts to overcome difficulties and working hard and have scored pronounced achievements in socialist construction. The outlook of mountainous areas has been much improved and a large number of advanced exemplary cases have appeared. However, because of the influence of the "leftist" mistakes, corrupt practices often occurred in the course of implementing policies. As a result, construction in mountainous areas has been slow and very few changes have been made in the appearance of some localities. The livelihood of the masses is difficult and their cultural education is still backward. What role must mountainous area construction play in overall economic construction if our province is to achieve a quadruple increase in the annual industrial and agricultural output value? We should concretely analyze this issue from the high plane of strategy of achieving the grand objective: In regard to area, the areas of Xhishan and Dongshan alone account for 74.5 percent of the province's total area. With other mountainous areas and hilly lands added, the total area of mountain land in the whole province accounts for 80.3 percent. Doing a good job in the construction on the plains is, of course, very important; however, this only deals with 19.7 percent of the province's total area. We can easily see that mountainous area construction has played a decisive role in the economic construction of the whole province.

In regard to the density of population and the average arable land per capita, each square kilometer of land on the average in the western mountainous areas has 69 persons. The density of population of the whole province is 2.2 times that of the western mountainous areas and the density of population of central basin is 4.5 times that of the western mountainous areas. The average per capita arable land for the agricultural population in the western mountainous areas is 4.56 mu, which is 1.5 times that of the whole province and 1.7 times that of the central basin.

Our province has rich mineral resources and plentiful deposits of coal, aluminum, iron and copper. It abounds in coal resources by nature, and is known far and wide as "a land of coal." Most of these mineral deposits are concentrated in the mountainous areas and our province's coal superiority is exactly the superiority of mountainous areas. The superiority of living resources is also obvious in the mountainous areas. At present, our province's eight major forest areas and 55.66 million mu of grasslands are distributed in various mountain areas, and there is lots of wildlife that merits our great attention. There are many varieties of agricultural products, trees, fruits and animals. Compared with the plains, the mountainous areas of our province are incomparably superior in developing agriculture, forestry and animal husbandry, exploiting mineral deposits, making full use of all resources, expanding production outlets, carrying out diversified economy.

Construction in mountainous areas is closely related with that of the plains. Our province's so-called plains are basically basins surrounded by mountains. Failure in tackling the problems in mountainous areas will result in serious soil erosion and will certainly affect construction in the plains. Poor production in the mountainous areas will also hinder construction in the plains. Doing a good job in building mountainous areas is of great significance in changing the whole ecological environment of Shanxi and in solving the problem of drought 9 years out of 10. Construction in mountainous areas and in the plains complement one another.

At the same time, we must also notice that our province's mountainous areas have not only provided a defence for the capital but are also a rear base for the capital. The strategic position is very important. Most of our province's mountainous areas are old mountainous revolutionary bases with glorious revolutionary traditions, a good party foundation and high consciousness among the masses. These are favorable conditions for making the construction of mountainous areas successful.

The above situations tell us that mountainous areas have rightresources, great potential and good prospects. To exploit and build mountainous areas and to enliven the economy of mountainous areas is a strategic issue affecting the whole situation of our province's economy. The lopsided understanding about mountainous areas must be changed. The pessimistic idea that "the appearance of mountainous areas are hard to improve" are groundless.

Since the third plenary session of the 11th CPC Central Committe, and with the implementation of a series of party policies and principles, we have made a big stride forward in building mountainous areas. In a short span of a

little more than 3 years, most localities in the mountainous areas have basically solved the problem of food and clothing--a problem which had been crying for a solution for years. In 1980 and 1981, the eastern mountainous areas, which occupy one-fourth of the province's arable lands, produced one-third of the province's grain. The speed of development in giving full rein to the superiority of mountainous areas and in actively carrying out diversified economy and sideline occupations is all the more promising. This has not only enabled us to see the bright prospects for construction in mountainous areas but has also provided us new experiences in building the mountainous areas.

Over the past year or so, specialized and [word indistinct] households have rapidly developed in our province's mountainous areas. The average income of some households has reached 500 yuan and some households have earned more than 1,000 yuan.

Since the third plenary session, the changes in mountainous areas have proven that the tremendous power of the party's principles and policies has begun to show its brilliance and that the exploitation and utilization of mountain resources is just beginning. Rich coal reserves and abundant iron, copper and aluminum mines need our exploitation, and vast stretches of areas suitable for forests and grassland and hillside grazing grounds are waiting for our management. Our province still has room for greatly developing its traditional precious native and special products and special types of cash crops. All these have fully shown that mountainous areas are not a "burden" but a wealth. Mountainous areas have great potential and plenty of scope for development. Mountainous areas will make great contributions to achieving a quadruple increase in our province's annual total industrial and agricultural output value by the end of this century.

2. It is necessary to formulate scientifially based, unified plan containing rational and feasible measures.

Mountainous areas have many favorable conditions and great potential; however, there are also lots of unfavorable conditions and great difficulties, such as a lack of vegetation, bare mountains and ridges, poor soil fertility, serious soil erosion, inadequate transport facilities and backward culture, science and technology. In the past, we had a poor understanding of the favorable conditions, failed to make full use of these conditions and failed to conduct systematic investigations and analysis of unfavorable conditions. In the final analysis, we lack good ideas about how to fully tap, protect and spread the resources and how to rationally exploit mountainous areas. We also have filed to formulate a long-term overall plan.

Since the third plenary session of the 11th CPC Central Committee, most localities have paid attention to suiting measures to local conditions. Those living on a mountain live off the mountain. However, people of some localities that live off the mountain have failed to conserve and to tackle problems on the mountains. Some even manage mountain resources in a predatory manner. They think only of the present and neglect the future, think only

of the part and neglect the whole. Such phenomena as reckless lumbering and land reclamation are very serious. In some localities, the area of wasteland under reckless reclamation annually is even greater than the area under afforestation. If things go on like this, how can we solve the problem of soil erosion, and how can we ensure an ecological balance?

The economic construction policy for our province's mountainous areas should be: Gradually achieve self-sufficiency in grain supply with a little surplus-actively develop forestry, animal husbandry, industry, mining and diversified economy; develop agriculture, forestry, animal husbandry, industry and sideline occupations in an all-round way and make them promote each other. Our province's mountainous areas are large in area with different situations and natural conditions in various localities (especially climate, soil and mineral reserves). It is inadvisable to seek uniformity in carrying out specific construction methods. We must seek truth from facts, proceed from reality, suit measures to local conditions and bring the local superiority into play.

In line with years of experiences and lessons and judging from the current situation, we must pay attention to two points if we want to map out good plans for construction of mountainous areas:

A. Conducting investigations and study and doing a good job in the survey of natural resources and agricultural zoning is the foundation for formulating plans. We must go deeply to the grassroots to conduct meticulous observations and scientific analysis and to do solid work in the survey of various natural resources in the mountainous areas and in agricultural zoning in order to provide a scientific basis for rational exploitation, utilization and protection of natural resources in the mountainous areas and for the readjustment of agricultural production structure and arrangements.

B. In formulating plans, we must achieve "four unifications": unify immediate interests with long-term interests; unify the interests of individuals and collectives with that of the state; unify the interests of the part with that of the whole; and unify economic benefits with ecological benefits. A failure to rapidly achieve quick benefits and to bring tangible material benefits for the masses will make them lose enthusiasm. However, paying only attention to immediate interests at the expense of long-term interest will finally bring losses to the collective and will make the masses suffer.

3. Further emancipate thinking, relax policy restrictions, work with concerted efforts and boldly build mountainous areas.

Since the third plenary session of the 11th CPC Central Committee, the restrictions of rural economic policies have been relaxed. The masses have greatly enhanced their enthusiasm. Construction in mountainous areas has taken on a new and vital appearance. Judging from the current actual situation and the development trend, to create a new situation in the construction of mountainous areas, we must, under the guidance of the 12th national party congress, further emancipate our thinking, relax policy restrictions and boldly expedite the pace in making the mountainous areas prosperous.

(1) We must broaden the scope of populatization of various forms of production responsibility systems, especially the system of fixing responsibility by contracts, give full rein to the power of policies and further arouse the enthusiasm of the masses.

Practice has proven that boldly promoting all forms of the contract responsibility system will result in a rapid development in grain production, afforestation, grass cultivation, animal husbandry, and the production of native and special products in mountainous areas and will [word indistinct] good results in farmland capital construction and water conservancy construction.

(2) We must vigorously develop industry in mountainous areas with an emphasis on coal mining and the processing industry. Localities with rich mining resources must develop industrial and mining industries to promote the development of agriculture, forestry and animal husbandry. Likewise, they must also develop agriculture, forestry and animal husbandry to support the development of industrial and mining industries so as to enable the development of mountain industry to merge into an organic whole with the development of agriculture, forestry and animal husbandry. Coal resources are found in many places of our province's mountainous areas. We should bring this superiority into play and, under the leadership of state plans, develop local coal mines and commune-and brigade-run small coal pits in a well-guided and planned way. Localities with favorable conditions should attend to comprehensive utilization of coal, develop small chemical fertilizer and coking plants and other products that consume coal while processing. In addition, we must also actively run small hydroelectric power stations. We must give full rein to the superiority of mountainous areas where agricultural, forestry, lovestock, native and special products are plentiful, actively develop processing and food industries. Mountainous areas have lots of favorable conditions for developing a diversified economy. Efforts must be made to build a mulberry base and oil-bearing crop base with emphasis on the production of sesame and castor beans, a base for producing potatoes for export, a base with large areas of clarets, walnut and haw, a precious Chinese medicinal herbs base and a timber forest base. So long as we accelerate the development of the processing industry, we will achieve great economic value from mountain produce. The vigorous development of specialized and key households will provide room for the development of the processing industry. We must keep abreast of this new situation and develop such processing industries as preserved meat, dairy and egg processed products as well as leather and [word indistinct] articles. Mountain industries can be developed and run by counties, collectives and specialized households. The form of management must be small, diversified and flexible.

(3) Strengthen the cultural, educational, scientific and technological construction in mountainous areas so as to make a new breakthrough in developing and fostering talented persons. In creating a new situation in the construction of mountainous areas, we must attach importance to utilization of intelligence and development of talented persons. Mountainous areas must actively foster all kinds of specialized competent persons with their own efforts. The state must give active support and special care to mountainous areas while transferring cadres and assigning jobs for college graduates.

At present, the outflow of intellectuals working in the mountainous areas is very serious. Many cadres do not keep their mind on their work in the mountainous areas. We must actively create relatively better working conditions for scientific and technological workers, intellectuals and cadres, build better houses, offices and laboratories for them and make things convenient for them in their work. We can also let them visit other places and allow them to study, broaden their field of vision, improve their knowledge and obtain advanced experiences in an organized and planned way. In addition, we must also show concern for their hardships and give them special care in their livelihood.

(4) We must actively clear, expand and increase circulation channels and enliven the economy of mountainous areas. At present, the commercial centers and facilities are far from enough in the mountainous areas. Excessive transfer links have hampered the free circulation of goods, making it impossible to achieve a smooth circulation of goods or to make the best use of everything. This does not suit the needs of economic development in the mountainous areas. The improvement in commercial work and the relaxation in policy restrictions are mainly aimed at actively clearing, expanding and increasing the circulation channels so as to promote the development of a commodity economy.

(5) We must attach importance to developing the construction of highways and power transmission lines. At present, our province still has 270 communes and 15,816 brigades that have not been linked by highways and 68 communes and 7,032 brigades that have not been linked by electricity. Most of these communes and brigades that are not linked by highways and electricity are located in the mountainous areas. Some of them are located in the outlying mountainous areas and old revolutionary base areas. If we fail to solve the highways and electricity problems of mountainous areas, no matter how rich the reserves and how plentiful the agricultural, sideline and native and special products are, we will find no way to fully exploit and utilize these resources. We will find it hard to advance industrial and agricultural production, to develop the diversified economy and to enliven the economy and the livelihood of the people in the mountainous areas. Apart from this, there are still some communes and brigades in the mountainous areas where the people find it difficult to get drinking water and water for the animals. This problem must be solved as soon as possible. Building highways and power transmission lines, solving the water problems of man and animals and developing mountain industry, cultural, educational, scientific and technological undertakings, afforestation, construction of water conservancy projects, building market and county towns, need a considerable amount of funds. In regard to some major construction projects, the state will provide necessary investment. But most important is to rely on the masses of the localities and to adhere to the principle of self-reliance.

(6) We must stress the construction of market towns. Market towns in the mountainous areas are centers for developing economy and cultural activities of the people living there. They are of great significance in enlivening the markets, stimulating the economy, increasing circulation channels, enlivening the cultural life and improving the of mountainous areas.

(7) We must strengthen unified leadership, work with concerted efforts and bring into play the enthusiasm of all quarters.

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NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON CONSTRUCTION IN MOUNTAIN AREAS

Beijing RENMIN RIBAO in Chinese 18 Nov 82 p 2

[Commentator's article: "Speed Up the Construction in Mountain Areas in a Practical Manner"]

[Text] Under the guidelines of the 3d plenary session of the 11th CPC Central Committee, the people of Wulian County in Shandong have emancipated their minds, fully brought into play the superiority of the mountain areas in a manner suited to local conditions and quickly opened the door to prosperity in the mountain areas. Average per capita distribution in the whole county has surpassed that of many nearby flatland areas. The success of Wulian County has fully showed that the mountain areas have great production potential and excellent prospects for development. In July this year, the Shandong Provincial CPC Committee called a mountain areas construction work conference in Wulian County to popularize the experience of this county in transforming mountains and harnessing rivers. This is an event of transforming mountains and harnessing rivers. This is an event of important significance.

China is a mountainous country, and 70 percent of its total territory is covered with mountains. Many mountain areas, used as revolutionary base areas in the past, have now become strategic points for the building of socialism. We must attach importance to mountain areas; speeding up construction in mountain areas should be placed on the agenda of leading members at various levels.

To carry out construction in the mountain areas, we first must have a correct understanding of the mountain areas and find out "what they really look like." The leading comrades of the Shandong provincial party committee and Wulian County Party Committee have gone deep into the frontline of construction in the mountain areas. Through investigation and study, they have mastered a great deal of firsthand material, formulated plans for the construction of mountain areas geared to actual circumstances and created vital conditions for making a success of this work. China has a vast territory and conditions in every mountain area are different. Each has its own superior features as well as inferior aspects. Only by going deep into reality through investigation and study can we concretely master the objective law for transforming each mountain area, bring its respective superiority into play and obtain the maximum economic benefit.

To speed up construction in mountain areas, we must also conscientiously solve some of the actual problems of the mountain areas in a practical manner. Communications and water conservancy are the lifeline of the mountain areas. Mountain areas with communications facilities and ample water supplies will develop production faster, and the people's livelihood will also improve more quickly. If there is water, the mountains will come to life and there will be a guarantee for the livelihood and production of the people in mountain areas. If roads are opened up, the economy of the mountain areas will be enlivened. Therefore, the building of roads and the harnessing of rivers are two important tasks in the construction of mountain areas. Wulian County has adopted the method of tackling problems concerning mountains, rivers, farmland, forests and roads in a comprehensive way in the countruction of mountain area. While transforming mountains, carrying out afforestation and planting grass, it has not neglected harnessing rivers and building roads. We should attach great importance to its experiences.

In order to really transform the wealth created by the people in mountain areas into the wealth of society, we must energetically develop channels of circulation. The mountain areas produce a great deal of commodities and most of the mountain products and forestry products must be marketed outside. Commercial departments should adopt realistic measures to support the development of production in mountain areas, supply economic information to the peasants of the mountain areas, help with the processing of agricultural sideline products and actively organize purchasing. At the same time, they must properly supply the means of production and means of livelihood needed by the people. In this way, the economy of the entire mountain areas will operate like a well-coordinated machine.

At present, many mountain areas are felling trees and destroying forests to reclaim land on mountain slopes. This has caused erosion and resulted in a vicious ecological cycle. This condition of destroying mountains instead of transforming them must stop immediately. We must direct the people of the mountain areas to plant trees, carry out afforestation, practice water and soil conservation and change from farming hillside fields to farming terraced fields and from extensive cultivation to intensive cultivation. We must advocate such correct methods as planting oil-bearing trees and leguminous plants to solve the problem of grain in the mountain areas. The development of tree planting and forest building will contribute to conserving water and soil, regulating the climate, purifying the air and maintaining and ecological balance. It will also result in direct benefit to other areas. This is an undertaking that will benefit future generations and we must give it special attention.

Construction in mountain areas is a difficult battle. Without the kind of boldness of vision of the foolish old man who moved the mountains, the firm and indomitable tenacity and the spirit of enduring great hardship and hard work of the people of Wulian, it is impossible to succeed in the construction in mountain areas. We must see the high degree of enthusiasm shown by the people for building the new socialist mountain areas. As long as the cadres at all levels heighten their revolutionary spirit, strive for a scientific attitude and lead the masses in working energetically and ingeniously, we will certainly be able to create a new situation in the construction of the mountain areas.

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ECONOMIC PLANNING

DEVELOPMENT OF COLLECTIVE AND INDIVIDUAL COMMERCE ADVOCATED

Shenyang LIAONING RIBAO in Chinese 22 Aug 82 p 2

[Article by Wang Jiyuan [3769 4764 0337]: "Continue to Development Collective and Individual Commerce"]

[Text] The development of collective commerce and individual commerce is an important factor in the elimination of "leftist" influence and the implementation of the policy of national economic readjustment, an important aspect of the work to revitalize the market and to provide greater convenience to people's daily living, and an important way to solve the problem of employment for the young people. We have implemented this party policy since the Third Plenary Session of the 11th Party Central Committee, and the collective and individual commercial undertakings have been fairly greatly developed. According to preliminary statistics, at the end of 1981, the food and drink network outlets in the province numbered 22,000, an increase of 6.9 times over 1978. There were 31,000 barber shops, an increase of 4 times over 1978. For every 1,000 persons in the province, there were 3.5 network outlets, being 4 times the number in 1978. If only the urban population is taken into account, then there were 5.1 outlets for every 1,000 persons, an increase of 2.2 times over 1978.

The development of collective and individual commercial network outlets has played a positive role, manifested as follows:

Increased sources of supplies and market prosperity. What these outlets supply are mostly of small varieties. In the food and drink trade, for example, there are cooked meat, tendons of pork or beef, cold noodle, layered [urihua] puddings, layer cakes, pancakes and so forth, which can meet many needs in people's daily lives. The state-run commerce rarely deals in, or has difficulty in dealing in, these articles.

Convenience to the masses. Collective network outlets generally open early and close late. In many places, they even open in the early morning hours. Individual hawkers go through the streets and lanes so that the workers can buy their vegetables, fish, meat, sundry goods and other daily necessities during their off-duty hours. In those remote areas where households are scarce, shopping was formerly very inconvenient. Now the plants, mines and neighborhoods have set up their own stores, and the difficult problem of shopping by the nearby residents is now solved.

The revival of traditional tastes with the return of traditional products. Some traditional food, such as fried noodles, steamed dumplings, meat pies, dumplings with meat and vegetable stuffing, deep-fried dough cakes and so forth have now gradually reappeared. The theatrical equipment and costumes of veteran artists like Wang Qingyuan [3769 1987 0337], Na Xuezhong [6719 1331 1813] and Cui Fengyi [1508 7685 5030], which have long enjoyed national fame, have recently returned, and orders for them are coming in a continual stream.

Job opportunities for young people. At least 200,000 young people have been given jobs in the province, according a preliminary estimate. Some of these undertakings have been set up with self-raised funds or in the form of joint venture. In some collective undertakings, veteran artists are treating the young people as journeymen. There are also individual undertakings in which the young people receive technical training from their fathers or older brothers during their sparetime. Many young people have found work for themselves and their work performance has enabled them to gloriously join the league [CYL[or the party. Yan Xiaoying [7051 3556 3853] and nine others in Shenyang Municiaplity, who had found work for themselves, were rated as advanced producers.

These four aspects of the positive role have directly or indirectly promoted the development of production, and particularly the development of economic diversification in the countryside and of handicraft in the cities.

The vast majority of people favor the development of collective and individual commerce (including the service trade; same as follows). However, there are some comrades having their misgivings or muddled ideas. They are mostly afraid that if the development is excessive, will collective and individual commerce compete with the state-run commerce and finally bring "chaos" to the market?

Our answer is in the negative.

Are the collective and individual commercial network outlets too many or excessively developed. In quantity, it is true that there have been fairly large increases in personnel and the volume of sales. Compared with 1955, the increase is not too striking. In 1955, there was an average of 7 outlets for every 1,000 persons, whereas in 1981, there was only 5.1 outlets, and these outlets were very unevenly distributed, since their development was very slight in the newly built residential areas, remote areas and the dense industrial areas. Among the different trades, that of repairs service is not enough, particularly for the repair of TV sets and other high-grade industrial products. In the food and drink trade, more restaurants are selling large steamed puddings and dishes prepared in large frying pans, but not many are catering to the traditional tastes by serving special snacks. In the total volume of retail sales, the portion claimed by individual undertakings amounts to only approximately 2 percent. Therefore, the development is not enough instead of being excessive.

Will the developing collective and individual commerce compete with the state-run commerce (including the supply and marketing cooperatives)? According to the total volume, the sales of all economic sectors have increased in varying degrees. However, it is true that some state-run commercial enterprises and supply and marketing cooperatives had reduced sales and reduced profits in the first half of this year, compared with the same period last year. These

reductions were not the result of competition from the collective and individual commerce, but were rather caused by the lack of competitive power in the state-run commerce. There is bound to be competition as long as different economic sectors exist. In the competition, state-run commerce is enjoying great advantages with regard to sources of supply, funds, personnel and equipment. As long as it is good at bringing into play these advantages, state-run commerce can certainly play its leading role and help the collective and individual commerce in their common advance. However, because of the effects of bureaucraticism, a fairly large number of state-run commercial departments do not provide so much convenience in business hours, cannot offer such good service and fail to adopt such flexible forms of service as the collective and individual commerce does. That was why the sales and profits of some state-run commercial enterprises and supply and marketing cooperatives declined, and they were in no position to compete with others. The days of monopoly are gone for ever. The state-run enterprises should try to regain its initiative, pluck up their courage, and quickly get rid of their bureaucratic work style and their ideas of enjoying monopoly. They should bring into play their strong points, learn from others' good qualities, improve their service, and try to get the upper hand in the competition.

Will the development of collective and individual commerce bring "chaos" to the market? This question should be viewed dialectically. As mentioned earlier, we should first affirm the merits of collective and individual commerce as being primary. There are, however, also some "chaos," and these chaos have a dual meaning. First, it refers to the practice of adulteration in production, driving up commodity prices, speculation and profiteering, and other illegal deeds by unscrupulous people; and second, it is the result of the rapid development of collective and individual commerce and the failure of our administration to keep pace with the development, thus causing certain chaos in the implementation of policies, the control of prices, and the definition of the scope of the business. The former is a reflection of class struggle. If we relax our efforts in education and in the anticorrosion struggle, this situation will be further aggravated. This situation also existed during the days of monopoly and before, not after, the development of collective and individual commerce. We should be confident that through the crackdown on the serious economic crimes and the education in the anticorrosion struggle, and by strengthening our control, these "chaos" can be gradually eliminated.

In dealing with collective and individual commerce, our future general policy should be: to provide more active leadership and to continue its development under an overall planning.

To provide more active leadership, we should continue to wipe out the "leftist" influence and further enhance the understanding on the part of the cadres of the significance of the development of collective and individual commerce, so that they will be aware that this is a necessity during the present historical stage of socialism, and a natural reflection of the different systems of ownership in the sphere of circulation; and that collective and individual commerce should permanently coexist with state-run commerce and the supply and marketing cooperatives in their common advance through competition. At the same time,

the collective and individual commercial undertakings should be educated to uphold the socialist orientation, to conscientiously implement the party's policies of procurement and marketing, taxation policy, pricing policy and the policy of industry and commercial administration. We should frequently check and find out how they are implementing these policies, commend the good ones, critize the bad ones, and apply economic sanction or mete out punishment for speculation and profiteering, or any other illegal acts.

To provide more active leadership, we should also exercise our control according to the chain of command. The industry and commerce administration and control departments at all levels should set up their own administrative organs for controlling collective and individual commerce. Trade unions for individual commerce should be formed gradually as a means to reflect their ideas and requirements, and control should be strengthened by education among the individual undertakings in the same way as among others. All plants, mines, enterprises and departments running collective commerce must adhere to the principle of responsibility for control so as to guard against any haphazard development. The company in charge should take its responsibility seriously with regard to the planning, pricing and supplying goods as a matter of policy, and treat the collective and individual undertakings as though they are their own network outlets in providing active leadership and in unified planning and unified control. These undertakings must be kept constantly informed of the relevant party policies, so that they can consciously implement them. When different economic sectors coexist, the state sector should play the leading role, and such a role should be given full play while working out an overall arrangement for the market. It is now impossible to include the procurement and marketing plans of collective commerce in the plans of state-run commerce, but some general reference to them is necessary and feasible. Their requirements should be taken into account in the overall plan of supplying goods, and they must not be discriminated against. To accomplish this, the company in charge should assign special personnel to take care of the related work.

There should be an overall planning. The fairly rapid development in the past 2 years has resulted in a somewhat uneven distribution. This is hardly avoidable in large-scale developments. Now that we have a fairly solid foundation, the conditions are ripe for our overall planning. The focus of our future development should take place in the newly built and the remote residential areas. In the busy sections of the city, we should fill the gaps and try to form a complete assortment of facilities. We should also guide the food and drink network outlets in developing in the direction of specialization, and efforts should be made to restore the famous traditional dishes to suit local taste. More network outlets should be opened to sell nonstaple foodstuffs, vegetables and sundry goods for daily use for the convenience of the broad masses. The repair service network should be developed, particularly for the repair of TV sets, laundry machines and other durable consumer goods. If people's fear of "difficulty in getting things repaired" is eliminated, it will be possible to increase the sale of durable consumer goods.

Continued development of collective and individual commerce will not bring any danger. Under the socialist system, state-run commerce handles most of the main commodities, while grain, cotton, oil, yarns, cloths and other materials of vital importance to the national economy are in the hands of the state.

State-run commerce and the supply and marketing cooperatives are the main channels of circulation, and the state has set up a series of policies to guarantee the leading position of state-run commerce. We should continue to develop collective and individual commerce in accordance with the principle of the leading role of the planned economy and the supplementary role of market regulation in order to further enliven the market.

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ECONOMIC PLANNING

FUJIAN'S CONFIDENCE IN QUADRUPLING OUTPUT VALUE BY 2000 DESCRIBED

Fuzhou FUJIAN RIBAO in Chinese 10 Sep 82 p 3

[Article by Xiao Gongda [3135 0501 6671] and Chen Xiong [7115 7160]: "The Objective of Quadrupling Output Value Is Grand and Realistic"]

[Text] At the 12th National Party Congress, Comrade Hu Yaobang announced that on the basis of continued imporvement of economic results, efforts should be made to quadruple the gross annual value of the industrial and agricultural production by 2000.

This is a grand strategic objective.

If this objective is attained, our total national income will be nearly 1 trillion dollars, second only to the United States. China will be in the front ranks of the countries of the world in the production of such industrial and agricultural products as steel, cement, paper, cotton yarn and chemical fertilizers. Some newly emerging industries such as electronics, information dissemination, nuclear energy, petrochemical industry and production of new materials will be rapidly developed and the newly emerging industry departments will provide advanced technologies for the development of social production and improve the social economic structure through a transition from the "labor intensive type" and the "capital intensive type" to the "knowledge (of science and technology) intensive type." Our production techniques will surpass those of the present economically developed countries. There will be an important development in the modernization of our entire national economy, and by that time, the per-capita income will be approximately $800. With their income increased several times over, the people will be comparatively better off and will live in moderate comfort.

The strategic objective for the economic construction of our country is a grand, inspiring and realistic one, and can be realized.

First, let us review our history since the founding of the People's Republic. In the 28 years from 1953 to 1981, the average gross industrial and agricultural growth rate was 8.1 percent every year. This rate may have been a little exaggerated, but we must also note that this was achieved despite the setbacks we expereinced during the "Great Leap Forward" and the "Great Cultural Revolution." According to our calculations, we need only an average annual

growth rate of 7.2 percent in attaining the objective of quadrupling our gross industrial and agricultural output value in the next 20 years. Furthermore, the conditions in various respects are much better than before, and provided we use our efforts, this growth rate can certainly be attained.

Now let us look at the experiences in foreign countries. For comparison, we will take the index of the total national output value. Our objective in the next 20 years is to increase the total national output value for each person from some $200 to $1,000. In attaining this objective, Japan had to spend 12 years; Germany, 9 years; France, 9 years; Italy, 14 years, South Korea, 8 years; and Brazil, 14 years. Our present conditions are by no means worse than these countries at that time. If they can accomplish it in less than 20 years, it will be entirely possible for socialist China to do the same through 20 years effort.

We must also be aware of the many favorable conditions for us to realize the strategic objective in economic development. We have the superiority of a socialist system, and the systems of public ownership of the means of production, of distribution according to the work done and of planned economy, all of which are consistent with the development of the productive forces. Since the erroneous "leftist" guiding thought for socialist construction has been corrected since the Third Plenary Session of the 11th Party Central Committee, it will be possible to give full play to the superiority of socialism.

First, the 10 years of turmoil during the "Great Cultural Revolution" have been ended and stability and unity now prevails throughout the country. The focus of work for the whole party has been shifted to economic construction. This task must be unswervingly kept up. This is the basic guarantee of success in creating a new situation in all fields of socialist modernization. Second, we have accumulated more than 30 years' experiences, both positive and negative, in socialist construction, and gained a better knowledge of the objective economic laws. Since the smashing of the counterrevolutionary clique of the "gang of four," the guiding thought in economic work has been set right, and the series of principles and policies laid down by the party Central Committee are consistent with the objective economic laws and should play a great role in promoting and ensuring the healthy and smooth development of our natioanl economy. After more than 30 years' construction, we now have a fairly sound material and technological foundation. The fixed assets possessed by our state-run enterprises now amount to 500 billion yuan and a fairly complete system has been formed in our national economy. Our present economic results are fairly poor, but the potential is good. As long as we pay attention to economic results as the key link and give full play to the existing material and technological foundation, the grand objective quadrupling our total output value can certainly be realized. Fourth, the international situation is also very advantageous to us. At present, there is economic recession in the leading capitalist countries, and they have to find outlets for their funds and technology. By absorbing foreign funds and importing technology and advanced equipment, we can also learn from their useful experiences in management and can certainly speed up the development of the entire economy.

Our province originally had a weak economic foundation which is 7 or 8 years behind the national average. Even after quadrupling our total output value in 20 years, we will still be below the national average level. Yet, compared with other provinces, Fujian has also advantages of its own. First, it has favorable natural conditions. It is located in the subtropical zone and plants grow well in all four seasons. In addition to a vast expanse of sea area, there are also fine natural harbors. Second, Fujian is one of the provinces with a revolutionary tradition. Third, we have a force which cannot be overlooked, namely, the nearly 6 million patriotic overseas Chinese who love their own home village. Fourth, Fujian is the province to adopt special policies and flexible measures as approved by the central authorities. That is why economic development in Fujian should be faster. As long as we adopt realistic measures, work steadfastly and enthusiastically, and give play to our strong points, it is certainly possible for us to quadruple the gross industrial and agricultural output by the year 2000.

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ECONOMIC PLANNING

INITIAL SUCCESS OF ECONOMIC CONTRACT SYSTEM IN YUNNAN

Kunming YUNNAN RIBAO in Chinese 5 Aug 82 p 2

[Article by Lu Jianhua: [7120 1696 5478]: "Initial Success in Adoption of Economic Contract System in Our Province"]

[Text] Thanks to the joint efforts of the industry and commerce administration departments and the other relevant departments at various levels, our province has achieved initial success in implementing the contract law, in adopting the economic contract system and in managing the contracts.

By the end of last year, 93 counties and municipalities, of 71.5 percent of the total number of counties in the province, had started their work in contract notarization. A total of more than 7,500 contracts, involving 532 million yuan were notarized. The number of contracts and the amount of money involved were 21.2 percent and 14.6 percent respectively more than in 1980.

The contract system has effectively guaranteed the implementation of state plans and has positively promoted production and circulation. In 1980, Kunming Municipal Light Industry Bureau assigned to Kunming No 2 Rubber Plant the task of producing 3.8 million pairs of rubber shoes a year. In accordance with the requirements of the procurement plan and the market demand, the provincial general merchandise station signed a contract in good time with the rubber shoes factory for the procurement of rubber shoes of various specifications for different seasons. Thus the contract has closely coordinated the plans for both parties. On the one hand, the state's plan was fulfilled, and, on the other hand, the market demand was met. In Tonghai County, the Yangguang Supply and Marketing Cooperative signed contracts with the communes and production brigades for the procurement of three types of vegetables totaling 1.55 million jin to be supplied to Beijing and other large cities. Thus the state, the collectives and the individuals were all benefited.

The industry and commerce administration departments have actively carried their work of notarization as a guarantee for the fulfillment of contracts. Last year, more than 95 percent of the contracts signed and notarized in our province were fulfilled. The economic courts was also entrusted with the arbitration in economic disputes and they thus protected the economic interests of all parties.

The "Economic Contract Law of the People's Republic of China" was formally implemented on 1 July this year. Before then, the provincial industry and commerce administration bureau held a symposium attended by the persons responsible for contract administration in various prefectural industry and commerce bureaus to sum up the experiences in the system economic contracts in our work of contract administration. The meeting called on the leadership of industry and commerce bureaus at various levels to conscientiously implement the economic contract law, to adopt the economic contract system and to carefully attend to the work of contract administration in order that this system will play a greater role in our national economic construction.

Editor's comments: Implementation of the economic contract law and adoption of the contract system form an important link in our country's economic restructuring as well as a powerful measure of observing the economic laws. In a certain sense, it is also the implementation of the policy of the leading role of the planned economy and the supplementary role of market regulation. To give a wider scope to the role of economic contract system in our social and economic construction and our social and economic life, all departments concerned must fully understand the importance and urgency of this work and publicize the economic contract law in the light of realities so that the broad masses of economic workers can all master and apply this law. At the same time, all enterprises should combine the work of enforcing the contract system and the responsibility system with the strengthening of economic accounting and improvement of business management. In enforcing the contract system, it is also necessary to strengthen the contract administration organs by staffing them with suitable personnel and to step up the training of cadres so that the work of contract administration can be effectively carried out.

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ECONOMIC PLANNING

READJUSTMENT OF MACHINERY INDUSTRY IN BEIJING FOR SPECIALIZATION

Beijing BEIJING RIBAO in Chinese 23 Aug 82 p 2

[Article by Yang Zhide [2799 1807 1795]: "All-Round Readjustment of Machinery Industry for Technological Specialization"]

[Text] To implement the policy of national economic readjustment and the four-point directive by the secretariat of the party Central Committee concerning the policy of construction for the capital, the relevant departments of the municipality, after summing up the experiences in some earlier experiments, have decided to carry out an all-round readjustment of the machinery industry for technological specialization and cooperation.

Casting, forging, heat treatment and electroplating are the indispensable techniques of production in the machinery industry. In recent years, development of the machinery industry has also brought about great developments in the techniques of casting, forging, heat treatment and electroplating. There are now in the municipality a total of 1,451 factories and outlets engaging in casting, forging, heat treatment and electroplating (not including those run by the communes and production brigades). They own 9,031 sets of equipment and have a total personnel of 42,000; and the area of their operation amounts to 1.05 million square meters. However, in the machinery industry and the technology of production, there exist many serious problems, such as over-dispersed management, blind distribution of outlets, repetitive production, backward technology, inferior quality, high prices, waste of energy and water, environmental pollution and so forth.

The methods of readjustment of the machinery industry for technological specialization are mainly as follows:

Breaking down the barriers between the central and the local governments, between military and civilian uses, between the systems of ownership by the whole people and of ownership by the collectives, and between different regions, trades and enterprises for unified planning and unified readjustment. According to the plan, the 1,451 factories and outlets will be reduced to 519, or by 64.23 percent, and the technical production will gradually become socialized through a cooperative relationship. For example, there are altogether 87 casting and forging factories and outlets in Sanhuan Road in the downtown area, and they are under 23 different systems or departments of the central government, the army units and the local government. Based on the requirements

for urban construction in Beijing, the plan calls for the abolition of all the 31 factories and outlets within the city walls, that is, in Erhuan Road.

Starting with individual units before attending to the more difficult task involving areas. Those units producing in small lots with low efficiency and poor management, operating under capacity for a long time, lacking facilities for the treatment of the "three wastes" and wasting a great deal of energy and water should be first closed, suspended, merged or retooled.

Combining administrative intervention with economic means. Certain policies and regulations for the readjustment have been worked out whereby those factories and outlets which should be closed must be closed within a limited time, and failure to close will be punished. If any equipment is used without authorization, the power supply departments are empowered to cut off their supply. In the case of unauthorized construction or expansion of plants, the industry and commerce administration departments will not issue any business license; the bank will not open any new account; the public security bureau will not issue any permit for the purchase of anything that is poisonous; and the chemical industrial materials supply departments will not supply any material for their operation. The relevant departments will also suitably readjust the prices so that the prices of the cooperating plants will be gradually reduced to below the price level of the all-purpose plants. The cooperating plants should be encouraged to undertake more processing tasks for the society and be given more economic benefits.

Getting organized for the development of the relationship of cooperation. In the experiment conducted in Xuanwu District for the technical specialization of heat treatment, the "Beijing First Cooperative Center for Heat Treatment" was formed of, and organized by the cooperating plants with the heat treatment workshop of the Beijing Walking Tractor Plant as the backbone. This organizational form of cooperation deserves to be popularized. Its task is to improve the technology of production and the quality of products and to adjust prices in cooperation so as to consolidate and develop the relationship of cooperation.

At present, thanks to the active support from the relevant departments of the central government, the PLA, and the various districts, counties and bureaus under the municipality, the readjustment of the machinery industry for technological specialization in our municipality is now proceeding smoothly.

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ECONOMIC PLANNING

OVERPRODUCTION OF TRUERAN-COTTON BLENDED FABRICS REPORTED

Shenyang LIAONING RIBAO in Chinese 14 Aug 82 p 2

[Article by Guo Shixiang [6753 0013 4382], Li Fengshan [2621 7685 1472] and Qiao Chi [0829 6375]: "Production of Trueran-Cotton Blended Fabrics Should Be Determined by Their Marketing"]

[Text] Since 1979, trueran-cotton blended fabrics have been severely overstocked in our province. By the end of June this year, the stockpile reached 90.14 million meters, an increase of 40.95 over the same period last year and far in excess of the normal commodity stock. Relatively speaking, the sale of these fabrics in and outside the province has been gradually decreased. At the meetings held in Xian and Xizhou in May this year for the selection of samples and the determination of production and supply of printed cloths and yarn-dyed fabrics for the second half of 1982, it was planned for 13 million meters of trueran-cotton fabrics to be brought out; however, only 1.7 million meters were sold at the meetings, a drop of 88.67 percent compared with the same period last year. The composition of goods in stock is very irrational, since more than 60 percent of them are the result of poor sales. More than 400 million yuan was tied up this way.

In the first half of this year, the textile industry of our province still continued to increase the output of trueran-cotton blended fabrics, and the output is now 5,960,000 meters over the limit of the state production plan. That is why the goods in stock have been increased, and the grey cloth of printing and dyeing plants have become seriously overstocked. The contradiction between production and marketing is now even sharper.

There are many causes for the sluggish sales and overstocking of trueran-cotton blended fabrics. Besides inadequate planning in production, there are also the following contributing factors: the consumers are unwilling to buy them because of the high prices; chemical fiber textile products are more durable, and in the past 1 or 2 years, replacement was unnecessary; because of the reduced prices of chemical fiber products, the consumers are now feeling easy and are in no hurry to buy any cloth; the commercial departments are afraid that there will be another price reduction which will bring loss and therefore dare not take in any goods; the designs are drab, the quality is poor, the prices are high, and the competitive power is not enough to prevent the fine-quality products of other places from dominating the market; and so forth.

In view of this, we feel that the production of trueran-cotton blended fabrics should be strictly restricted, that no unit or individual can without authorization readjust the plans; and that anyone violating this ruling should be held economically liable. We must resolutely implement the principle of determining production, the output should be less, but with more designs and varieties, and should be easily marketable. We must conscientiously uphold the contract law and act according to the contract provisions. The bank should play its supervisory role and should grant no loan in support of any blind production of unmarketable goods. We must improve the quality and increase the designs and varieties so that, with attractive commodities and low prices, we will be able to increase our sales even at low profits, regain our initiative instead of remaining in a passive position, and increase the avenues of sales.

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ECONOMIC PLANNING

IMPORT OF STRETCH WOOLEN FABRIC DEPLORED IN BEIJING

Beijing BEIJING RIBAO in Chinese 23 Aug 82 p 3

[Article: "A Lesson From the Import of Stretch Woolen Fabric"]

[Text] One Sunday, when I was buying some material for trousers in a store, I saw many stretch woolen fabrics on the counter of textile products. These fabrics had been imported from the United States, Japan and Poland. I found this hard to understand.

Are stretch woolen fabrics not sufficiently produced in our own country to meet market demands? No. In the past several years, our production of stretch woolen fabrics has risen vertically, and some locality are overstocked with them. Are our national products' quality inferior to the imported products. The answer is again negative. Take our home-produced "Yingchun Brand" for example. The majority of indices have show that our products are not inferior to the imported products at all, and that in certain respects, ours are even better. Then why should we import such a huge quantity of stretch woolen fabrics? As we understand, this is mainly because some localities and departments engaging in foreign trade are only concerned for their own benefits. They give no thought to domestic production or market demands, and blindly import huge quantities of industrial consumer goods, even though these goods can be produced at home. This situation is extremely harmful to the development of our national economy.

First, this is a heavy blow at the domestic industry. For stretch woolen fabrics, the productive capacity in Beijing already reached 2,000 ton in 1975. Because of the competition from excessive imports on the domestic market, only 1,400 tons were produced last year, and more than 800 tons are being stockpiled. Again, the manufacture of electronic wrist watches is a newly emerging industry which began in 1979. Because of our blind importation, 65 percent of the productive capacity were left idle last year. Thus this industry "suffered from senility before it had a chance to reach maturity."

Second, this is a waste of foreign exchange. Foreign exchange earnings are the result of the people's accumulation from their savings on food and clothing, and the amount of these earnings is very limited. Foreign exchange is needed for the four modernizations in many different ways, and "good steel should be used for making blades." Blind imports of industrial consumer goods are a

plain waste of foreign exchange. Just think of this: if the foreign exchange is used for purchasing technology, equipment and raw materials--all of which are urgently needed for the production of industrial consumer good--in order to expand our production and develop our economy, our economic benefits will be increased many times over.

Third, since our national income and the level of our consumption are still low, large-scale imports of consumer goods, which is excessive to our purchasing power, will certainly produce overstocking. Furthermore, blind importation of industrial consumer goods can produce many harmful effects on our socialist cultural development. If a person craves imported foreign goods to meet his needs for clothing and daily necessities, it is not hard to imagine that his nationalistic feelings will be gradually diminished. At present, some people actually think that it is an honor to use imported commodities. This phenomenon should attract due attention.

It is the sacred duty of every sovereign state to protect itself from economic encroachment. Many countries are now adopting the policy of "encouraging exports and restricting imports" in foreign trade. Besides tariffs, capital countries have also adopted the policy of nontariff barriers, and, according to statistics, there are more than 850 measures to serve this purpose. Ours is a socialist country, and we cannot blindly import industrial consumer goods. Imports is an important component of the national economy, and must be strictly governed by the principle of planned economy. In deciding on what to import and how much to import, we must not solely be guided by consideration of the partial interests of the foreign trade departments. More important still, we must carefully weigh the overall interests of the national economy so that, under unified planning and overall arrangements, we can plan and organize our imports and bring into play their positive role in accelerating our socialist modernization drive.

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ECONOMIC PLANNING

DEVELOPMENT OF CHEMICAL INDUSTRY PLANNED IN HARBIN

Harbin HEILONGJIANG RIBAO in Chinese 23 Sep 82 p 1

[Article by correspondent Lu Lingke [0712 0407 2688]: "Planning for Development Along With the In-Depth Study of Documents"]

> [Text] Editor's note: The party committee of Harbin Municipal Chemical Industry Bureau has taken the initiative of studying and acting in accordance with the documents of the 12th National Party Congress. Its spirit is admirable. While intensively studying these documents, it also works out a tentative plan for quadrupling the total output value. This plan has been worked out after intensive investigations and study in a down-to-earth manner, and therefore has a solid basis. The measures to be adopted are all quite practical. Instead of waiting for or relying on outside help, the party committee of Harbin Chemical Industry Bureau has promptly solved its own problems, while studying the documents in the light of realities. Its work style should be learned by all of us.

"What shall we do in order to realize the strategy objective of quadrupling our total output value as laid down in the 12th National Party Congress?" The leading members of the party committee of Harbin Municipal Chemical Industry Bureau have worked out a tentative plan, while intensively studying the documents of the 12th National Party Congress in the light of realities.

On the basis of investigations and study, this bureau has worked out a tentative plan which includes the targets, data and methods. Its target is a progressive increase in the output value of 8.3 percent and a progressive increase in profits of 10 percent during the Sixth Five-Year-Plan; and a progressive increase in output value of 10 percent and a progressive increase in profits of 12 percent during the Seventh Five-Year Plan. Thus by 1990, the output value will be 2.4 times, and the profits will be 2.84 times those in 1980. The goal for the next 10 years is as follows: If the output value will be increased at a progressive rate of 11 percent, then, in 1995, it will amount to 1.5 billion yuan—that is, it will be quadrupled. If the profits can be increased at a progressive rate of 13 percent, then they will be quadrupled and will amount to 170 million yuan in 1993.

How is the feasibility of realizing this target? The leading members produced an abundance of data in three aspects: First, with Daqing right behind, there are rich natural resources; second, there is a good market for its products in the nearby urban rural areas; and third, the chemical industry enterprises are connected in the municipality, and such a layout is advantageous for unified planning and rational technical transformation. Harbin has a good foundation for chemical industrial production. In the 10 years prior to 1980, the progressive rate of increase was 13.9 percent in output value and 6.9 in profits. During the period of readjustment in the past 3 years, the progressive rate was still 8.3 percent in output value with a remarkable profit rate of 27 percent. Compared with the same period last year, our output value and profits in the first 8 months of this year increased by 11 percent and 48 percent respectively. Therefore, the leading members held that the rate of development called for by the tentative plan be achieved as expected.

What is the future path of development? They said: "In the first 10 years, no spectacular development is expected, because we will mainly rely on renovation, transformation and tapping of potential of the existing enterprises, and on improving the quality, increasing the varieties and selectively developing the production of petrochemical industrial products as a means of improving the economic results." During the Sixth Five-Year Plan, there are 53 projects for renovation, transformation and tapping of potential; some of them are already in regular production, while others are still under construction. During the Seventh Five-Year Plan, there will be 22 transformation projects.

The responsible comrades of the bureau were full of confidence when they told the correspondent: Although we have difficulties with technology and funds, these difficulties cannot stop us. We can say that our plan for the Six Five-Year Plan is quite realistic, and that our plan for the Seventh Five-Year Plan has a firm basis. Our goal for the latter 10 years are heartening, and it is quite possible for us to realize the objective of quadrupling our output value. We will strive for a big development.

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ECONOMIC PLANNING

RESTRICTION ON SALT PRODUCTION SUGGESTED IN YUNNAN

Kunming YUNNAN RIBAO in Chinese 5 Aug 82 p 2

[Article by Huang Peilin [7806 1014 2651]: "Small Salt Factories Cannot Be Allowed To Develop Blindly"]

[Text] In our province, we have some backbone salt mines in Pinglang, Mohei, Qiaohou and Fenggang, operating under favorable conditions and with fairly advanced technology. Since their productive capacity is excessive to actual needs, their production has been strictly restricted in accordance with the principle of determining production on the basis of demand and marketing in different designated areas, as a means of guaranteeing full supply.

Since 1979, when the running of enterprises by communes and production brigades was encouraged, there has been quite a rush in setting up small salt factories in certain areas where salt resources are available, such as Chuxiong, Simao and Dali. To a certain extent, these factories have upset the salt market and the planned balance of production, transportation and marketing and resulted in a competition of small and backward units against the large and advanced ones in an irrational way. Most of these small factories are using crude equipment and backward technology which calls high energy consumption and high production costs. Their production can only be sustained by reduction or remission of tax production can only be sustained by reduction or remission of tax or by government subsidy. Some factories have to maintain their production by felling forest trees. Even the forest-preservation fees paid by them cannot make up for the serious losses of forest resources resulting from excessive felling. Furthermore, the impurity of the salt produced by these small factories is far over the allowed limit, and some of the salt contains no iodine. This frustrates the preventive measures against goiter and has brought about a recurrence of this disease in some areas.

Premier Zhao Ziyang strongly pointed out in this report on the work of the government at the Fourth Session of the Fifth National People's Congress: "First of all, with regard to enterprises whose products are in excess supply and of very poor quality and whose consumption of energy and raw and semi-finished materials is too high, or which have incurred losses over the years and caused serious pollution, we should unhesitatingly apply the policy of shutting them down, or suspending their operation, or amalgamating them with other enterprises, or switching them to the manufacture of other products, on

the merits of each case. The state will then be able to allocate its limited amount of energy and raw and semifinished materials to enterprises which can turn out fine quality products with low consumption rates and better economic results." Therefore, the same policy should be strictly enforced in our province in salt production. There should be no further development for small salt factories. Those which have already been developed should be treated on the merits of each case. If their production and sales are satisfactory, their economic results are not bad at all, and they have a complete system of production, these small salt factories should be reorganized in order that the level of their production technology and their management can be raised. If their output is greater than their sales, their production should be restricted. If their products are unmarketable or only partly marketable, and the quality of products and production costs have failed to measure up the required standard for a long time so that they have to rely on tax reduction or remission for their survival, these small salt factories should be closed and retooled in a planned and systematic way. If their products contain some toxic substance and cannot meet the requirements of public health, these factories should be closed immediately.

9411
CSO: 4006/077

GANSU'S CREDIT COOPERATIVES SAID TO BE FLOURISHING

Lanzhou GANSU RIBAO in Chinese 28 Aug 82 p 1

[Article by Guo Gzuqin [6753 1311 2953]: "Credit Cooperatives in Gansu Show Increasing Activity in Their Operations"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the deposit and loan operations of credit cooperatives in the rural areas of our province have continued to flourish. There are now 1,731 credit cooperatives employing some 4,400 people in the province. In addition, 6,800 brigade credit stations have been set up. The extent and range of operations of network service outlets of credit cooperatives in the rural areas have become a fact of life among the masses.

With the implementation of the rural economic policy and the production responsibility system based mainly on "two-party contracts" since the Third Plenary Session of the 11th Party Central Committee, the role played by the cash flow in the rural areas has assumed increasing importance and the functions of credit cooperatives have gradually been expanded. From dealing with simple deposits and loans in the rural areas, they have added such financial services as the transfer and settlement of accounts and the management of cash in the rural areas, functions which are normally assumed by the basic units of agricultural banks. During the 3 years from 1979 to 1981, the credit cooperatives in the province took in an increasing amount of various types of deposits in the rural areas (including collective deposits made by communes and brigades). From 280 million yuan in 1979, it increased to 330 million in 1980 and 370 million in 1981. Aside from using these funds for the extension of loans for production purposes and the payment of deposits, the credit cooperatives also redeposit some 200 million yuan in the banks to facilitate the return of cash to the banks, to stabilize the market and to support the four modernization projects of construction.

In order to assist commune and brigades collectively and commune members individually to develop their production and to help them to meet their living expenses, the credit cooperatives in the province, within the 3-year period from 1979 to July, 1982, extended various loans amounting to 470 million yuan, which is more than the total amount of loans extended in the

8 years from 1970 to 1977, or 74 percent of the total amount of agricultural loans extended by the banks from 1979 to July, 1982. The credit cooperatives have made it an important function of theirs to give enthusiastic financial support to the "two-party contract" responsibility system. In conformance with the policy to relax controls and to enliven the economy, they have added over 10 types of loans to those extended to commune members for food and medical expenses. According to statistics, the credit cooperatives in the province have, from 1980 to July, 1982, extended various types of loans amounting to 380 million yuan, over 50 percent of which was used to assist individual commune members. In order to develop to the full the economic benefits derived from the extension of loans, priority is given by the various credit cooperatives to assist the subsidiary household industries of commune members, vocational households, key households, joint operations and impoverished families. They have served in a positive manner to increase the income of commune members and to enliven monetary operations in the rural areas.

9621
CSO: 4006/025

PROCUREMENT POLICY IN GOLD MINING UNDERTAKEN BY MASSES

Kunming YUNNAN RIBAO in Chinese 9 Aug 82 p 2

[Article by Wang Shixin [3769 0013 2450]: "Effective Measures for Procurement of Gold Mined by Masses"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, there has been an increase in the yield of gold due to a more positive attitude adopted by the masses in gold mining. In the past 2 years, however, the amount of gold procured from the masses in the various counties has dropped sharply. For example, the amount of gold procured in the first half of this year by the Taoyuan Commune in Yongsheng County in Lijiang Prefecture, a key gold mining area in the province, was 41 percent less than that for the same period last year. In Yuanyang County in the Honghe Hani-Yi Auto Prefecture, although there was a 50 percent increase in the number of people who panned for gold in the river than last year, there was an alarming drop in the amount of gold procured. There was a decrease of 67 percent in the amount of procurement in the first half of 1981 compared to the first half of 1980 and a decrease of 57 percent in the first half of this year compared to the first half of 1980. A similar situation exists in various degrees in other prefectures and counties.

The drop in the amount of gold procured from the masses is due mainly to the following reasons:

First, the procurement setup is unsound, the number of procurement agents is too small, and the procurement procedure is inconvenient. At the present time, the people's banks in the province are responsible for the procurement of gold from the masses above the county level, while business offices set up by agricultural banks in the communes are authorized to act on their behalf. However, gold mining by the masses is done mostly in remote mountain areas where business offices have not been set up by agricultural banks in the communes and where such business offices have been set up, there are no procurement agents. So far as is known, there are at the present time only 12 or 13 business offices out of several dozen in the 16 counties which have procurement agents. In areas where there are no business offices or where there are no procurement agents in the business offices, the people have to trudge across mountains and valleys for up to 3 days in order to sell their gold to the people's banks in the county. It is understood that

on market days in some communes in Yongsheng County in Lijiang Prefecture, over 100 people have to wait in line outside the business offices to sell their gold because there is only one purchasing agent. There is considerable resentment among the masses due to the fact that they have to line up from morning to night and still fail to get their business done. Although the precious metals companies in various areas in Yunnan Province have time and again brought the situation to the attention of the concerned provincial authorities, no satisfactory solution has been found. In recent years, the people's banks in the province have conducted classes for the training of some 100 procurement agents, but the number is still too small to meet the needs of the people's banks on the county level.

Secondly, gold is being bought in volume by unlawful elements. The unsound setup of the procurement agencies in the nation and the shortage of personnel have made it possible for unlawful elements to take advantage of the situation. According to available information, unlawful elements from outside have sneaked into five or six counties in the Honghe Auto Prefecture to buy up large quantities of gold at prices higher than that set by the government. In connivance with local pedlars who make the purchases, the unlawful elements resort to various means to buy up the gold and even openly resort to the use of arms to buy gold and to transport their purchases.

Third, control is inadequate. There is at the present time a lack of adequate control in most prefectures and counties over gold mining undertaken by the masses and no clear idea as to how the masses should go about panning for gold and how they should deliver it for sale. Out of six regions and prefectures in the province, there is only one auto prefecture where the work of gold mining undertaken by the masses is under the control of the industrial bureau of the auto prefecture or the county, while gold mining in the other five regions and prefectures is under the control of the commune enterprises administrative bureaus. Better control is exercised in prefectures and counties under the control of industrial bureaus, while most of the five prefectures and auto prefectures under the control of commune enterprises administrative bureaus do not have a firm grasp of the situation and have not shown much concern over the way gold mining is undertaken by the masses.

The existence of the above-mentioned problems has seriously affected the procurement of gold from the masses by the government, offered an opportunity to unlawful elements to engage in wrongdoing and caused heavy losses to the nation. In view of the fact that such problems involve a number of departments, it is suggested that the higher responsible departments should adopt effective measures to bring a solution to the problem as soon as possible.

9621
CSO: 4006/025

HEBEI REDUCES CONSUMPTION OF WOODEN PIT PROPS

Shijiazhuang HEBEI RIBAO in Chinese 7 Sep 82 p 4

[Article by Run Zhu [3387 3796], Yun Qing [0061 1987] and Xiao Xia [2556 1115]: "Consumption of Wooden Pit Props Used in Coal Mines Allocated by Province Shows Decline"]

[Text] From January to July, the consumption of wooden pit props per 10,000 tons of coal allocated by the province has dropped 9.72 percent below the figure set by the national plan, or 5.76 cubic meters less than the figure for the same period last year. This represents the best record for the same period in history and the saving of 19,461 cubic meters of wooden pit props. The Kailuan, Fengfeng and Handan Mining Bureaus and almost one-third of the bureaus and mine throughout the province have achieved the standard for the low consumption of wooden pit props set by the Ministry of Coal Industry.

The coal mines under the allocation plan of the province are actively undergoing the reform of using metal pit props instead of wooden pit props. In addition to using pit props not made of wood in the work of excavation, the Kailuan Mining Bureau has at different times installed iron pillars in the cuts of 12 stopes. These experiments in the use of braces have changed the old practice of using wooden supports in the cuts. Iron step holes have replaced wooden step holes and large wooden stays have been replaced by small wooden stays. From January to July, the consumption of wooden pit props per 10,000 tons of coal by the entire bureau showed a drop of 9.46 percent compared to the same period last year, as a result of which 9,543 cubic meters of wooden pit props has been saved. Faced with the problems of the breaking of supporting beams and high pressure in the old mining area, the Jingxing Mining Bureau embarked on a "campaign" as a reform measure to eliminate the use of large wooden beams and to install metal supports in all the stopes. From January to July, it saved 870 cubic meters of wooden pit props and reduced the cost of supporting each ton of coal by 0.97 yuan compared to the same period last year, or the total amount of 1.17 million yuan. The Handan Mining Bureau, the most progressive in terms of low consumption of wooden pit props in the nation, has continued to address itself to the problem and has replaced all the wooden pit props in its coal mines with metal props for angles of incline exceeding 35 degrees. Today, 90 percent of the pit props used in long wall coal faces and 82 percent used in drifting are made of materials other than wood.

The various bureaus and mines, in strengthening control over the use of wooden pit props, have adopted the quota system in the supply of wooden pit props and the system of paying bonuses for conservation and levying penalties for the excessive use of wooden pit props. They have also made a study of the situation regarding the consumption of wooden pit props so as to deal with the problem in time and to reduce waste in the use of wooden pit props.

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CSO: 4006/025

BRIEFS

NEW MINERAL DEPOSITS--Following adjustments in the work of general geological survey and prospecting, there has been an improvement in the work of prospecting. According to statistics, of the 373 newly discovered mine fields, 250 may be considered to be of large or medium scale. The estimated amount of deposits ascertained in 78 mine fields has been revised upward, while the amount of deposits in 6 mine fields has been newly ascertained. The number of mine fields in the nation whose deposits have been ascertained has increased from 134 to 140. Since the Third Plenary Session of the 11th Party Central Committee, geological work in our nation has centered on the location of mine deposits. A new page has been turned in stepping up mining and geological work relating to energy, nonferrous metals, precious metals and non-metal minerals. A breakthrough has been made in surveying and prospecting for off-shore petroleum. Six deep wells have been drilled at different times in the Nanhai and Zhujiang basin. Natural gas has been found in the Donghai basin. In prospecting for coal fields, a basin containing a potential yield of 2 billion tons of brown coal has been found. [Text] [Beijing GONGREN RIBAO in Chinese 23 Aug 82 p 1] 9621

CSO: 4006/025

INDUSTRY

TIAYUAN STEEL PLANT EMULATES SHOUDU COMPANY

HK190246 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 17 Nov 82

[Excerpts] This year, under the leadership of the provincial and municipal CPC committees and the Ministry of Metallurgy, the Taiyuan Iron and Steel Company has seriously learned from the Shoudu Iron and Steel Company and further enhanced the sense of responsibility of the workers as masters of the house and their enthusiasm for building socialism. An unprecedented upsurge of comparing, learning, catching up, helping and overtaking has arisen in the company. By the end of October, the company's total output value was 641.39 million yuan, representing 102.1 percent of the year's quota. Total profit and profit turned over to the state were respectively 17 percent and 43 percent higher than in the same period last year.

At the beginning of this year, while conveying the spirit of the national metallurgical work conference, the company party committee put forward, after repeated discussion, the slogan "Learn from the Shoudu Iron and Steel Company, catch up with the Maanshan Iron and Steel Company, advance toward progressive national levels and strive to create a six-good enterprise." They also published throughout the company the Shoudu company's various economic and technical targets. In this way every worker could know precisely in what way and how far he lagged behind.

The most basic of the Shoudu company's experiences is the institution of complete economic responsibility systems. The Taiyuan Iron and Steel Company CPC Committee got a good grasp of this experience and seriously learned and popularized it. Contract and guarantee targets have been mapped out from the company down to the plants and mines and from the workshops down to the shifts and individuals. Those who overfulfill them receive bonuses, and those who fail to fulfill them are fined. This has changed the previous management methods of the iron ricebowl and the big pot.

At the same time the company party committee has stepped up education in communist ideology for the workers and cultivated their sense of responsibility as masters of the house.

CSO: 4006/120

BRIEFS

XIZANG CUTS CAPITAL CONSTRUCTION--Since the implementation of the principle of readjusting the national economy, Xizang region has scored gratifying achievements in curtailing capital construction. In 1979, the region included in its plan 659 capital construction projects, 503 of which started in that year. In 1981, the region had only 179 capital construction projects, which were 480 less than in 1979. As a result of the reduction in capital construction projects, capital could be rationally utilized and economic returns could be greatly raised. The amount of investment in capital construction projects in the region which was not completed by the end of 1979 was 127.37 million yuan and the amount of investment in 1981 dropped to 56.57 million yuan. [HK161502 Lhasa Xizang Regional Service in Mandarin 1130 GMT 12 Nov 82]

QINGHAI LARGE RESERVOIR COMPLETED--(Dongbatan) reservoir, the first large reservoir in Qinghai Province with a dam across the trunk stream of the Huangshui rivers, has been completed. On the morning of 1 November, the Qinghai Provincial Water Conservation Bureau held a ceremony at the (Dongbatan) reservoir worksite to mark the completion of the reservoir. The construction of this reservoir began in 1974. Some 4,000 workers and water conservation engineers and technicians in the province took part in construction work. The reservoir's capacity for water storage is 22 million cubic meters. Leaders of the party and the government in the province, including Zhao Haifeng, Ga Bulong, (Huangjicairang) and Wang Fuxiang; and some 300 representatives from various departments attended the ceremony. (Liu Zhigang), deputy director of the provincial water conservation bureau, presided over the ceremony. Zhao Haifeng presented silk banners to workers and units which had taken part in the reservoir construction. The dam is 449 meters long, 22 meters high, 61.5 meters wide at the top. The reservoir now stores 7 million cubic meters of water. [HK151447 Xining Qinghai Provincial Service in Mandarin 2330 GMT 1 Nov 82]

CSO: 4006/1]0

FUJIAN ACCELERATES SETTING UP OF RURAL TRADE MARKETS

Fuzhou FUJIAN RIBAO in Chinese 10 Sep 82 p 2

[Article by Information Department, Fujian Industrial and Commercial Bureau: "Fujian Province Attaches Great Importance to Basic Establishment of Trade Markets in Rural Areas"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, there has been rapid development in the establishment of trade markets in our province. According to incomplete statistics, the province has so far established 436 trade markets in the rural areas, including 202 that are of a permanent and ordinary nature and 234 that are of a simpler type. The amount of investment came to 15.5 million yuan in a market area measuring 220,000 square meters. This has resulted in great improvement in marketing and servicing facilities.

During the 10-year period of domestic upheaval, many of the trade markets and fair grounds in the province were closed down or razed. Others were diverted to other uses. The few that remained were in a dilapidated state. Since the announcement of the policy of opening up trade markets in the rural areas by the Third Plenary Session of the 11th Party Central Committee, trade markets in the cities and rural areas throughout the province have been restored and developed at a rapid pace. However, due to the lack of market space and servicing facilities, the vast majority of the trade markets operate in the open air so that the peasants have to brave the blazing sun in summer and the wind and rain in winter. In response to the demand of the masses, the people's governments in various areas, while directing their efforts toward the restoration and development of village fair trade, also proceeded with the establishment of trade markets in the rural areas. Personnel were assigned to requisition land and to raise investment funds to establish a number of permanent markets as well as general and special markets of a simpler type so that a market network of considerable dimensions throughout the counties of the province was gradually brought into being.

Recent years have seen an increase in investments in the establishment of trade markets in the rural areas. In 1980, 2.4 million yuan was invested in the establishment of 119 markets covering 74,000 square meters in the various areas in the province. In 1981, the amount of investment for the establishment of 189 markets covering 96,000 square meters came to 5.92 million yuan,

or 1.4 times the 1980 figure. In 1982, 9.24 million yuan was invested in the establishment of markets covering 118,000 square meters, or 56 percent higher than the 1981 figure. In the establishment of markets, increasing attention is being paid to the quality of construction materials. A number of markets using reinforced girders and concrete or bricks, wood and concrete have been built. Some of the markets even have several stories. Various services are being offered in the markets, and show cases, stools and meat counters have been installed. Some markets in certain areas have even established guesthouses, hotels and warehouses for the convenience of the peasants. The establishment of a large number of large, medium and small combination markets dealing in a variety of goods, meat, eggs, domestic fowls, sea food, vegetables, articles of daily use, medium size and small farm tools, local and handcrafted products, arts and crafts, birds and farm animals have given a new look to the markets.

While trade markets are being established in the rural areas, the various localities are also developing a number of special markets on the basis of the special features and the various stages of economic development of particular areas to meet the needs of the masses. To promote the establishment of the agricultural production responsibility system, for instance, Zhangzhou invested 200,000 yuan to set up a trading post for farm oxen in Nanshansi in the suburb where over 10,000 are traded every year. Taking advantage of the profusion of flowers grown locally, the various localities have also invested 100,000 yuan to set up flower markets. To meet the needs of the masses to develop production, Putian and Nan'an Counties have set up a livestock breeding market. For the convenience of the peasants from the surrounding counties, Quanzhou has specially set up a vegetables trading post.

The setting up of markets has served to facilitate the exchange of goods between the cities and the rural areas, to promote economic prosperity, and to enliven the market. The volume of village fair trade exceeded 1 billion yuan in 1981 compared to the volume of 500 million yuan in 1978. An increase has also been registered in the first half of 1982 compared to the same period in 1981.

9621
CSO: 4006/025

TRANSPORTATION

XIAMEN INTERNATIONAL AIRPORT TO OPEN NEXT JUNE

OW140804 Beijing XINHUA in English 0719 GMT 14 Nov 82

[Text] Fuzhou, 14 Nov (XINHUA)--The construction of the Xiamen international airport in Fujian Province is in full swing and it is expected to open next June, according to an official of the Xiamen city.

The official said the main runway of the new airport is scheduled to be completed by the end of the year.

The medium-sized Xiamen international airport, the city official said, is being built to accommodate Tridents and Boeing 737's to cope with the growing traffic following the expansion of trade and tourism of the east China province.

By the end of October, workers had completed more than 1.12 million cubic meters of earthwork, laid 80,000 cubic meters of stone fragments for the main runway foundation, totalling 1,600 meters long, and poured 13,000 cubic meters of cement. They also completed 330,000 cubic meters of earthwork to fill up the seaside near the airport, the official said.

Construction is under way for the airport's supporting facilities including navigation system and a feeder railway designated to transport fuel. According to the official, they are expected to be completed in the first half of next year.

Shentu, director-general of the Chinese Administration of Civil Aviation, inspected the airport construction work earlier this month and encouraged the builders to complete the project as scheduled.

Xiamen is one of China's four special economic zones where flexible policies attract overseas investment. The other three zones are in Shenzhen, Zhuhai and Shantou of Guangdong Province.

CSO: 4006/120

TRANSPORTATION

TRANSPORT AIRCRAFT DESIGNERS COMMENDED

HK210608 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 20 Nov 82

[Text] The Liaoyuan Machinery Research Center held a rally on the morning of 19 November to present awards for the design of the YUN-7 aircraft. During the rally, the instructions of the State Council and the Central Military Commission on finalizing the design of the YUN-7 and the commendation order from the Ministry of Aviation Industry to the Liaoyuan Machinery Research Center were read out. Designers, organizational and management personnel, and the logistics personnel who made outstanding contributions during the aircraft development work were awarded first, second and third-class merits.

Leading comrades of the Ministry of Aviation Industry, the industry and communications department of the provincial CPC committee, the provincial office of national defense industries and the provincial third machine-building bureau and other units made speeches of congratulation.

The YUN-7 is a medium and short-range multipurpose aircraft designed for domestic routes. It will become the first-generation Chinese-manufactured passenger aircraft to go into regular use. Comrade Zhou Enlai was earnestly concerned for the aircraft's development.

In the course of designing and trial-producing the YUN-7, the Liaoyuan Machinery Research Center's work personnel worked very hard, especially at key moments in the design work. They were bold in practice and serious in probing. The designers and other personnel put in a lot of hard work on every blueprint and curve of the plane. Personnel of various departments also cooperated closely in achieving success.

At the rally, 26 people were awarded first-class merits, 106 second-class merits and 346 third-class merits. In addition 458 persons were commended. (Chu Chuanbin), a representative of these persons, pledged to continue to work hard and score still greater successes in new design work.

CSO: 4006/120

TRANSPORTATION

NEW HARBOR UNDER CONSTRUCTION IN JIANGSU

OW161329 Beijing XINHUA in English 1134 GMT 16 Nov 82

[Text] Nanjing, 16 Nov (XINHUA)--Construction of Miaolong new harbor is under way in Jiangsu Province, adding a new facility to the port of Lianyun, one of China's ten leading ports, according to an official of the harbon construction office.

The project is included in China's current Sixth Five-Year Plan, the official said.

The preliminary stage of construction covering an area of 400,000 square meters, began in April this year. A navigation channel has been dredged for construction and a tunnel driven through. Workers will have completed 500,000 cubic meters of rock filling by the end of the year.

The official said that tubular steel and concrete piles have been put into place for the navigation-control facilities, piers, bridge approach and wharves.

The first phase of the project, scheduled to begin next year, will include a coal wharf, a 35,000-ton-class berth and a 16,000-ton-class berth. When this stage is completed at the end of 1985, the official said, the new harbor will have an annual handling capacity of 10 million tons of cargo.

The second phase of construction is scheduled to start between 1984 and 1985. It will include five 25,000-ton-class berths, two designed for timber, two for containers and one for bulk grain. These facilities will be able to handle 4.2 million tons of cargo annually by the end of the 1980s.

With expanded facilities, by 1990 the Lianyun port will be able to handle at least 20 million tons yearly. A dozen more deep-water berths will be added thereafter to lift the port's annual capacity to 50 million tons by the end of this century, the official said.

The 1,759-kilometer Longhai railway which originates at Lianyungang and runs westward to Xinjiang carries export and import goods to and from the harbor for places along the line. According to the official, work will begin soon on upgrading the eastern section from Lianyungang to Xuzhou to cope with increasing traffic following expansion of the harbor.

Lianyun port now have five 10,000-ton-class berths, two 5,000-ton-class berths and two 3,000-ton-class berths, with a designed annual capacity of 5.05 million tons of cargo. In 1981, it handled more than 7.5 million tons. In 1949, when new China was founded, this port had only two 3,000-ton-class berths and handled 60,000 tons of cargo annually.

Under construction also are housing projects, schools, recreational and commercial facilities. Some have already been completed, the official said.

CSO: 4006/120

BRIEFS

URUMQI AIRPORT HANGAR--The new aircraft hangar at Urumqi airport has now been completed, and the opening ceremony was held 10 November. This is one of the largest civil aviation hangars in China, being 3,000 square meters in area and a maximum of 16.8 meters in height. It can accommodate a large aircraft, such as a Boeing 707 or IL-62, or simultaneously accommodate two or three medium-sized planes or four to six small ones. Workshops have been built on both sides of the hanger and also at the rear. The hangar will greatly facilitate aircraft maintenance at Urumqi, which is an international as well as a domestic airport. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 14 Nov 82 HK]

XINJIANG HIGHWAY TUNNEL--Urumqi, 22 Oct (XINHUA)--The No 3 tunnel on the Tianshan highway, by far the longest highway tunnel in China, has been driven through. The tunnel is 1,897 meters long and 7.5 meters wide and runs through the Tianshan Mountain at an altitude of 3,800 meters above sea level. [OW100201 Beijing XINHUA Domestic Service in Chinese 0007 GMT 22 Oct 82]

PORTS OPEN TO FOREIGN SHIPS--Beijing, 19 Nov (XINHUA)--Decision of the NPC Standing Committee on the approval of the opening of Changjiang's Nantong and Zhangjia ports to foreign vessels: (Adopted on 19 November 1982) The 25th session of the 5th NPC Standing Committee examined a State Council's motion which requests that Changjiang's Nantong and Zhangjia ports be opened to foreign vessels. The session decides to approve the opening of Changjiang's Nantong and Zhangjia ports to foreign vessels. [Text] [OW200240 Beijing XINHUA Domestic Service in Chinese 1154 GMT 19 Nov 82]

CSO: 4006/120

GENERAL

BRIEFS

SATELLITE GROUND STATIONS--With the approval of the State Council, the Ministry of Posts and Telecommunications recently decided to build satellite telecommunications ground stations at Guangzhou, Zhanjiang and Shantou, to improve the province's internal and external telecommunications. The Guangzhou station is planned to be completed and in operation by the end of next year. These three stations will provide high-standard telecommunications services for South China Sea oil exploitation and for the meteorology, electric power, press and other departments. When the projects are completed and in operation, the province's telecommunications will be greatly improved. The facilities will be able to receive and transmit color television programs, create conditions for increasing the number of television channels in the future, and also pave the way for linking up with the international satellite telecommunications network. The work of drawing up designs for the Guangzhou station has now been completed. [Text] [HK180543 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 17 Nov 82]

CSO: 4006/120 END

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China Report

ECONOMIC AFFAIRS

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ECONOMIC MANAGEMENT

NATION DEVELOPS ECONOMY WITH SPEED, EFFECTIVENESS

Beijing ZHONGGUO CAIMAO BAO in Chinese 26 Oct 82 p 1

[Article by Huang Fushan [7806 1318 1455]: "New Situation Has Emerged Marked by High-Speed Development and Economic Effectiveness"]

[Text] Since the beginning of the year, our industrial and communications fronts have conscientiously implemented the correct guiding thoughts formulated by the national conference on work in the industrial and communications fields. They have shifted the point of emphasis in their economic endeavors to the need of meeting the demands of achieving higher economic benefits and after 9 months of unremitting efforts, have begun to create a new situation marked by the integration of high-speed development and economic effectiveness.

In the first 9 months of this year, the gross value of industrial output increased by 8.6 percent compared to the same period last year. The increase in the output of light and heavy industries has been achieved in a more coordinated manner, it is estimated that the profit tax to be paid by the industrial enterprises will also be increased by 5.7 percent compared to the same period last year. There is a greater variety of products and an improvement in their quality. A change has begun to be made in the situation marked by long years of neglect of economic effectiveness.

The following special features may be noted in the emphasis placed on the integration of high-speed development and economic effectiveness by the industrial and communications fronts:

First, there has been an increase in economic effectiveness in places such as Shanghai, Tianjin, Beijing, Zhejiang and Liaoning which had already achieved a relatively high standard in economics and technology and administration and management, while regions having a weak industrial foundation such as Guangxi, Yunnan, Qinghai and Xinjiang have also achieved an increase in their production and greater economic effectiveness.

Second, the communications departments have made a breakthrough in the use of energy resources which have a controlling effect on economic development. From January to September of this year, the production of coal increased by 8.1 percent, the generation of electric power increased by 6.9 percent,

the volume of freight transported by rail increased by 6.5 percent and the volume of freight carried by vessels under the Ministry of Communications increased by 7.5 percent compared to the same period last year. Considerable progress in the conservation of energy has also been made by the energy production enterprises. According to statistics supplied by the State Statistical Bureau covering 512 key enterprises for the first half of this year, the amount of standard coal saved by the coal, electricity and petroleum departments of the energy production enterprises came to 88 percent of the total saved by the key enterprises In the first 9 months of this year, profits paid into the national treasury were 12.2 percent over the amount for the same period last year, a rate that was higher than the increase in the volume of freight.

Third, the longstanding situation marked by the excess of production costs over the projected estimates has been reversed, and the number of enterprises which operated in the red as well as the amount of losses have been reduced. From January to September of this year, the production cost of comparable products declined by 0.4 percent compared to the same period last year. Thus, the situation marked by production costs exceeding the estimates over a period of years has been reversed. During the same period, the number of enterprises which suffered losses declined by 10.1 percent, while the amount of losses declined by 5.1 percent.

Fourth, in order to bring prosperity to the market, the light and textile industries have begun shifting their emphasis to increasing the variety and improving the quality of their products. The textil industry has integrated its operations in Shanghai and Changzhou from the procurement of raw materials to the development of new products, organized scientific research projects in Dalian, and shared the experiences it has gained with a view to making a breakthrough in developing products and shortening the trial production period of new products.

The upturn in economic effectiveness for the first 9 months of this year may be attributed to the following policies and measures adopted by the Party Central Committee and the State Council:

First, the stage by stage reorganization of the enterprises. This is an important measure for increasing economic benefits through reorganization. According to statistics covering the first batch of 1,017 enterprises in 28 provinces, municipalities and regions which have been reorganized, the gross value of their products from January to August of this year increased by 10.9 percent and the profit taxes paid to the state increased by 13.5 percent compared to the same period last year, a rate that is higher than the national average.

Second, implementation and perfection of the economic responsibility system. Through the perfection of the economic responsibility system, the Capital Steel Company was able to make considerably higher profits consistently this year. From January to September, the production value increased by 6.2 percent, while profits as well as taxes increased by 25.5 percent compared to the same period last year. Many enterprises, benefitig from the experiences gained by the Capital Steel Company in the perfection of the economic responsibility system, have also started to make higher profits.

Third, adjustment of the volume of production to meet the needs of society. A decision has been made this year by the State Council to limit the production of blended washable cotton textiles and to increase the production of pure cotton fabrics which are in demand in the market so as to achieve a balance between production and sales and to prevent the stockpiling of unsold products. On the basis of market demands, the various areas and departments have also adopted measures with considerable success to reduce the production of textiles which are in ample supply and to increase the production of textiles which are in demand.

Fourth, the adoption of the system of issuing permits for the importation of certain industrial consumer goods to prevent the glutting of the domestic market with goods imported by a number of importers in a blind and haphazard manner.

In addition, the regular publication of economic targets and analysis of economic activities have also served to promote economic effectiveness.

The concerned departments are of the opinion that a basic change has yet to be made to improve economic effectiveness, that we must on no account feel satisfied with the little progress that has been made, we must learn and put into practice the spirit of the 12th CPC National Congress in further improving upon its guiding thoughts and in exerting greater efforts in order to achieve notably higher economic benefits.

9621
CSO: 4006/100

WAYS TO IMPROVE ECONOMIC RESULTS DISCUSSED

Beijing SHANGYE JUAIJI [BUSINESS ACCOUNTING] in Chinese No 10, 10 Oct 82, pp 3-5, 22

[Article by Wang Xing, Yan Muxiong and Liu Qixin: "Measures to Improve Economic Effectiveness of Commercial Enterprises Discussed"]

[Text] Economic effectiveness, generally speaking, is the ratio between cost and benefit in economic activities; at the same time, the socialist economic effectiveness must be the integration of production and circulation, value and use value. Products may enter into the realm of consumption only via the realm of circulation. If products were not needed by the society, or if business was not well done, goods could not be sold and would be kept in stock; no value and use value could be achieved, not speaking of economic effectiveness. Thus, the degree of economic effectiveness of commercial enterprises has a direct influence on production and consumption, as well as the economic effectiveness of the whole society's reproduction process.

To improve economic effectiveness of commercial enterprises, we must, as pre-conditions, expend as little labor and material resources as possible, and sell as many commodities to the society as possible, to satisfy the society's consumption needs. Under these pre-conditions, we must increase, with all the possibilities, commodity circulation, reduce cost to a maximum degree, save expenditure, and avoid losses and waste, so that commodities can enter via circulation the territory of consumption in the shortest time and at the fullest speed; the management and control will be in the best state, and the utmost economic effectiveness will be attained.

Since the Third Plenum of the 11th Party Central Committee, the commercial front has constantly been correcting the "leftist" mistakes, and carrying out the reajustment policy; economic effectiveness has increased. However, economic effectiveness as a whole is still low; there is a lot of potential to be exploited. For example, if the commercial enterprises in Hunan Province could increase commodity circulation volume by 1 percent, we could increase in one year 3 million yuan in profit, 0.9-1.8 million yuan in tax revenue. If we could reduce the scope of commodity circulation cost by 1 percent, we could save expenses and in one year increase 4 million yuan in profit. If the total working capital could turn over one day faster, we could take 20 million yuan less from the capital in one year, save 1.4 million

yuan in interests payment, reduce proper waste by 10 percent, and increase 2 million yuan in profit. Thus, we are facing an important task: to seek and study measures to improve economic effectiveness of our commercial enterprises. Based on the current situation of the commercial enterprises, we are of the opinion that we must concentrate on the following 10 tasks:

1. Continue to eliminate the "leftist" influence, establish the concept of economic effectiveness.

The "leftist" ideology has caused great damage in the field of commodity circulation, which was mainly shown in the guiding ideology that emphasizes production, neglects circulation, pursues production value and sales amount, neglects consumers' needs. Their business activities are blindly handled; their accounting is not stressed; the results are great loss and waste and influence, establish the concept of economic effectiveness. We must launch, among the vast workers, the education of "one policy," "two services," "three viewpoints," and "four principles," adhering to the policy with primary emphasis on planned economy and next on market regulation. We must increase planning in macroeconomics, and activities within limits of division of labor and the regulations. Policy of supply has to be carried out; management direction has to be corrected; rules and regulations must be established and perfected, and loopholes stopped up. Only with all these steps taken can we reach our goal: the improvement of economic effectiveness.

2. Vigorously expand the purchase and sales of commodities.

The essence of improving economic effectiveness in commercial enterprises is to expand the purchase and sales of commodities. In recent years, under the circumstances of multi-channel circulation the absolute net total sales of our Province's state-operated commercial enterprises have been growing, yet the scope of growth has been decreasing year by year. In 1981, the net aggregate sales of commodities reached a record high, but the scope increased only 4.5 percent, the lowest in recent years. So if we base our calculation on the average progressive growth rate of the past 3 years, that is 13.5 percent, the net aggregate sales were 500 million yuan less. Besides certain objective reasons, the main existing subjective reasons for the increased aggregate sales on the one hand and the decreased scope on the other hand are: the new circumstances are not fully understood; the work of sales promotion is not well done; the measures taken are ineffective; the colors and varieties of commodities are not appropriate; and there are problems with service quality and service attitude, etc. In order to expand commodity sales, we must, first of all, subjectively make efforts to develop potential from within the enterprises, only then will there be an outlet.

Purchasing of commodities is the material basis of commodity sales; selling is the purpose of purchasing. So in order to increase commodity sales, we must begin with purchasing of goods suitable for the sales' needs, and lay down the basis for promoting commodity sales. For this purpose especially we must forcefully develop a "Five-member joint review," planned procurement and contract system, etc. We must pay close attention to market trends, forcast market changes, react to them in time and with flexibility. We must

control firmly the check points of quantity, quality, specification, variety, color, and price, etc.; support actively production units in developing consumer goods according to the needs; arrange to have suitable, good quality and low price goods sent to the market, and achieve excellence in quality, novelty in color and variety, and low price.

To promote sales, wholesale enterprises must put emphasis on the market, actively take the initiative to introduce commodities to branch wholesale and retail units, make things easy for them, organize them to promote sales of commodities that have large quantities in stock, help them solve problems in sales, so that wholesale enterprises have goods to give, the retailers have goods to sell, the warehouses are filled with goods, and the stores are filled with goods for sale. In sales' work we must stress store management, hold supply meetings and sales shows, bring sample goods to the rural areas, establish liaison salesperson system, consign contract sales, commission sales, second-hand and subsidiary sales. We can deliver certain commodities in advance, accept payments in installments, develop discount rates, and lower the wholesale minimum, etc. In addition, to accomodate customers, we must take sales promotion measures, such as door-to-door sales, home delivery services, etc.

The rural areas are the largest market for industrial goods. In order to promote sales, we must follow the State Council's "Policy on clearing commodity circulation channels between cities and rural areas, supplying more industrial goods to the rural areas," establish various flexible management forms to improve the supply of our rural areas.

3. Improve the stock structure, reduce settling accounts, speed up capital turnover, and increase use effectiveness of the capital.

The speed of capital turnover or the degree of its use effectiveness is one of the important indicators for measuring economic effectiveness of enterprises. At present the speed of capital turnover in commercial enterprises has slowed down. The main reason is that the growth range of the working capital make-up, the most outstanding are the accumulating goods kept in stock and the settling accounts, part of this is abnormal. We must pay serious attention to the situation that goods become less while dead stocks are increasing. In the province, in the six years from 1976 to 1981, the Central Committee had handled "problem goods" worth more than 600 million yuan, an average 100 million yuan each year. Until May, there had still been 370 million yuan of these goods, 20 percent of the total amount of goods in stock, with an estimated loss worth 60-70 million yuan. In 1981, the proportion of settling accounts in the total working capital was 50 percent more than in a normal year. The main causes are that the enterprises have taken the working capital from each other; employees misappropriated public funds; unsettled accounts and cases grew; and in some enterprises the internal communication slackened; inspection was not seriously carried out; business accounting was not done thoroughly; and business was handled in a sloppy way. Especially, the time for sales and transportation of goods was too long, collection for payments for goods was not on time, thus the growth rate of settling accounts was 2.17 times more than that of sales.

Concluding from the above mentioned situation, we must make efforts in two areas to speed up capital turnover: improving stock structure and reducing the proportion of the settling accounts. We must face the reality, investigate, list and analyze problems of irrational stock structure in key enterprises and key transactions, make decisions on what varieties and quantities are to be cut down, and put them in full effect. At present we must forcefully solve the problems of stocked goods, like polyester material, chemical fibre, cotton-yarn socks, nylon stockings, transistor radios and cigarettes. We should also transfer more capital to business, and better organize market supply. At the same time, we must forcefully cut down irrational proportion of settling accounts. The emphasis should be placed on "commissioning to banks to collect the price of goods on bahalf of the sellers," "accounts receivables" and "outstanding accounts receivables," to speed up payment collection, reduce the number of days for collection, settle the recovered accounts receivable. If our province could cut down the proportion of settling accounts from 5.70 percent to 3.72 percent which was the percentage three years ago, 70 million yuan of capital could be transferred for capital turnover.

4. Improve transportation of commodities

This is now the main target to reduce commodity circulation cost and decrease property loss. In 1981, the transportation cost for commodities in our province took up 31 percent of the total commodity circulation expenditure. Due to bad management, the value of property loss has reached 14.77 million yuan. There are severe problems, such as commodity shipping by roundabout routes, shipping to or receiving from wrong places, and large number of goods awaiting shipping, etc. We must emphasize the following five tasks: one, organize commodity circulation according to economic areas, plan rationally commodity circulation, select proper shipping routes and vehicles, fully utilize our transportation tools, and economize, to a maximum degree, the transportation capacity; two, concentrate on the goods that have been awaiting shipping for a long time three, strengthen the inspecting system at the time of receiving goods; four, safekeep the goods in accordance with the related regulations; five forcefully retrieve packaging materials to increase the re-utilization rate of those materials.

5. Improve managing responsibility system.

Since the active and prudent experiment of the management responsibility system in our province, we have taken the first step to change the situation of excessive control and rigid grip on enterprises and have achieved good results for the country, the enterprises and the employees. However, there are some problems. Some enterprises, in reviewing their management achievements, emphasize one-sidedly profit, neglect other things; they stress how much of a bonus to give the workers, but neglect the ideological and political work. This has led to an "eyeing money" trend: Work a lot if there is a lot of profit, work less if there is less profit, and work none if there is no profit. They forget that the basic task of socialist commerce is to serve the people. Therefore, we must follow up thoroughly to see whether the enterprises are following properly the policies and whether they are improving their management direction, quality in service, service attitude, and whether they are

fulfilling every target in their plan. We must not overemphasize the one target: profit. With promotion and improvement of managing responsibility system, we must, at the same time, strengthen ideological and political work among the employees, correct the improper "eyeing money" ideology, educate the employees to handle properly the interests between the country, the enterprises and themselves, and fully mobilize the employees' initiatives, activeness and inventiveness.

6. Consolidate the finances of the enterprises and tighten up discipline in finance and economy.

We must focus enough attention on strengthening the finance and accounting system, reinforcing financial control and tightening discipline in financial administration. These are important measures to consolidate our enterprises, exploit the inner potential and increase economic effectiveness. We must, aiming directly at some of the current problems, such as some enterprises' unclear accounts, inaccurate books, property in disorder, unrealistic cost, excessive loss and waste, and loose cash management, etc., forcefully reorganize and strengthen basic bookkeeping work, periodically carry out comprehensive inspection of the finances, tighten up discipline in financial administration and fill the gaps and holes.

7. Produce use effectiveness of profit reserve fund and renewal and convert capital.

The profit reserve fund and renewal and convert capital in our province's commercial network have reached in one year more than 100 million yuan, but only 30-40 thousand yuan, on an average, is distributed to each of the 4,500 or so enterprises throughout the province, with which nothing can be done. On the one hand, some enterprises have urgent needs to solve their lack of warehouses and residence halls and great difficulties in technical reorganization, on the other hand, others suffer from snags in their projects, money that should be spent is not spent, as their projects in process are unable to produce investment effectiveness because of lengthy turnover and slow progress. In order to solve the conflict between centralization and decentralization, and improve use effectiveness of the two kinds of capital, we must first take proper measures to flexibly allocate the unused and scattered capital, concentrating our strength on a battle of annihilation. Second, we must assign specific personnel for the projects in process, overcome wastefulness in projects under construction. Thirdly, we must implement the economic contract system in all projects, in order to shorten as much as possible the time limit for the projects, and to make them available for use as early as possible.

8. Adhere to business accounting by the masses, promote norm system, and establish sound personal responsibility system.

Business accounting by the masses is one of the forms of the masses' participation in enterprise management and is the basis of business accounting

of the enterprises. In order to coordinate every department and every chain of an enterprise, fully and rationally utilize manpower, material and financial resources, we must establish sound personal responsibility system, specify the employees' responsibilities in their posts, their duties, the requirements in quality and quantity, etc., so that each employee know his/her ability, so everything will be taken care of and everyone has his/her own responsibility. Besides reliance on the masses of control the enterprises, we must also develop mass accounting. For example, the third-level wholesale and retail units, catering services, cargo and ship teams may handle norm control and group-and section-accounting, or accounting per cargo or ship. The second-level wholesale enterprises' accounting may be done by department; the processing factories may have 2-level factory and workshop accounting. Larger enterprises may have 3-level accounting; certain non-staple food processing companies may do accounting by product. There should be standards for accounting, any reward and disciplinary action should have basis, so that effectiveness and quality can be achieved.

9. Strengthen reward control, develop correct relationship between the country, the enterprise and the individual.

A reward is a supplement to "each according to his work." Appropriate use of the reward system can further mobilize employees' activeness, improve enterprise management, and increase economic effectiveness. Our commercial enterprises therefore must follow firmly the State Council's "Several stipulations on carrying out properly the reward system and firmly rejecting excessive use of rewards." First, a reward must result from carrying out the policies and from improved service quality; and should be job-related (such as amount of sales, amount of profit, level of cost, speed of capital turnover). Second, honorary commendations should be combined with material reward. Third, the calculation and distribution of rewards must be based on a set of scientific, comprehensive review norm system, which manifests the principle of "to each according to one's work," as to prevent, on the one hand, the tendency that employees within a sales department or section neglect the collective tasks for the sake of individual rewards.

10. Concentrate on employees' education, improve the employees' quality.

Effective education of employees is a significant strategic measure to improve the quality of our commercial employees. In 1981 there were more than 230,000 employees in our Province's commercial enterprises (including the 40 thousand collective workers of Hungang), 26 percent of them had less than elementary school education, and only 2.43 percent of them had university, high school or vocational school education. Though 71.25 percent of the employees had had senior or junior middle school education, many of them graduated during the ten-year internal tumult; in fact, the level of their education was very low. So we must educate and train, in a planned way, all current cadres and employees. The emphasis should be placed on the training of leading cadres and make-up courses in education and technology should be offered to young and adult employees. We must consider especially the building of a leadership group and training of key members as our priority, and turn the results of the education to economic effectiveness. This will certainly have a great impact on the improvement of economic effectiveness of our commercial enterprises.

12200
CSO: 4006/82

ECONOMIC MANAGEMENT

CONFERENCE ON OVERALL REORGANIZATION OF ENTERPRISES HELD

Nanjing XINHUA RIBAO in Chinese 9 Oct 82 p 1

/Article: "Comrade Gu Xiulian /7357 4423 5571/ Presents Demands to Provincial Enterprise Reorganization Work Conference; Thoroughly Begin Comprehensive Enterprise Reorganization Work; Ultimately Build Socialist Modernized Enterprises Which Have a High Degree of Culture and Chinese Characteristcs"/

/Text/ "Under the guidance of the spirit of the 12th Party Congress and in line with the "Resolution on Carrying Out Comprehensive Reorganization of State Run Industry and Enterprises" of the party Central Committee and the State Council we should definitely summarize experience, overcome inadequacies, unremittingly, solidly and steadily work to begin comprehensive reorganization of enterprises and strive to build enterprises into a firm position suited to the creation overall of a new situation in the four modernizations." Gu Xiulian, provincial party committee secretary, made this demand in a speech on the 8th at the Provincial Enterprise Reorganization Work Conference.

The Provincial Enterprise Reorganization Work Conference began on the 6th and is being held in Nanjing. This is an important conference convened by the provincial party committee and the provincial government. Comrade Gu Xiulian gave a speech at the conference as a representative of the provincial party committee and the provincial government.

When discussing the important significance of comprehensive reorganization of enterprises, Gu Xiulian said that the ultimate aim of this constructive reorganization is to build enterprises into socialist modernized enterprises which have a high degree of material culture, a high degree of spiritual culture, and Chinese characteristics.

She said that Jiangsu's enterprise reorganization work should start with resolving important contradictions in enterprises and proceed to comprehensive reorganization and comprehensive administration. In specific terms, this means the party Central Committee's stress centering on improving economic results, doing the "Five Tasks," improving the "Three Constructions" to achieve the "Six Good Demands." The stress of reorganization is placed on improving economic results.

Reorganizing and building good leadership teams should really be made the key to enterprise reorganization. Reorganization and building good leadership teams in the spirit of the 12th Party Congress is mainly courageously choosing the best young cadres, safely doing work to have old cadres retire to second and third echelons, and correctly bringing about the cooperation and replacement of new and old cadres.

Gu Xiulian then discussed 5 views regarding how enterprises should begin by resolving important contradictions in order of importance and urgency and reorganize them in order of importance and in a measured way:

1. Reorganize and improve the economic responsibility system. At present we should stress establishing a sound system of personal responsibility, strengthen technological management, equipment management, and technical operations management, strengthen original records, calculations, testing, statistical and accounting work, formulate and improve quotas, strengthen standardization work, establish scientific and technological files, establish sound and improved rules and regulations, and strengthen team and group building to make the economic responsibility system a powerful motivating force for various work in enterprises.

2. Under the guidance of the state plan, it is necessary to carry out comprehensive plan management within the enterprises, basing production, technology, sales, and financial affairs in each person and each position. At the same time, they should continue to promote comprehensive quality control and comprehensive economic accounting to guarantee increasing varieties, improving quality, lowering costs, increasing profits, and realizing comprehensive economic results. Financial and trade enterprises should also make rectifying managerial thinking and improving the quality of service an important part of reorganization, firmly establish a political viewpoint, production viewpoint, and mass viewpoint, better to serve production and the people's standard of living. In particular, now we should open channels and organize to move industrial goods to the rural areas and resolve prominent problems in developing cultural trade.

3. We must make reorganization of labor organization an important link in improving enterprise economic results and, in the spirit of daring to do the difficult, gradually resolve this "long standing" problem. Reorganization of labor organization should be carried out in combination with establishing a system of personal responsibility and on the basis of production skills, and professional work should establish qualitative and quantitative standards for allocating personnel gradually to reach the point where personnel are allocated strictly on the basis of qualifications. Economizing with the greatest limitations on labor will increase the vitality of enterprises.

4. Reorganize financial discipline and strengthen finances and accounting work. We should correct the tendency to neglect finance and accounting work, strengthen finance and accounting work and improve the level of financial management. We should implement financial principles, policies, laws and discipline; we should achieve the six demands put forth by the Ministry of Finance within a set time; we must continue to stress attacking serious

crime in the economic area and attack the problems which are revealed in this struggle, make the rules and regulations sound, be strict with enterprise management, and adopt precautionary measures and plug loopholes.

5. Build a socialist spiritual culture and strengthen ideological and political work. At present we should conscientiously study the documents of the 12th Party Congress and implement the spirit of the 12th Party Congress. Through a variety of forms we should begin ideals education, ethical education, discipline education and scientific cultural education. We should conscientiously carry out training of all personnel to raise the political, technological, cultural and professional quality of the broad employees.

8226
CSO: 4006/80

ECONOMIC MANAGEMENT

IMPORTANCE OF ECONOMIC CONSULTING SERVICES STRESSED

Beijing ZHONGGUO CAIMAO BAO in Chinese 27 Jul 82 p 2

[Article: "Utilize the Role of the Brain Trust and Make a Success of Consulting Services"]

[Text] Developing economic consulting services is a new way for the civilian construction and industrial-commercial associations (referred to below as the "two organizations") at all levels to serve the four modernizations and an effective form by which they can bring their capabilities into play in the service of the four modernizations in keeping with the characteristics of their personnel. In recent years these two organizations have set up various types of consulting services in 62 locations including Beijing, Tianjin and Shanghai; the ranks of their consultants have expanded steadily and the range of the topics on which they have provided consultations has grown; they have already had outstanding achievements and made good use of the economic brain trust in such areas as economic policy, economic functions, management, resource development, energy conservation, comprehensive utilization, exploitation of wastes, readjustment of commercial networks, stimulation of markets, market development, increasing rural employment, elimination of overstocks, accelerated capital turnover, development of foreign trade, improvement of financial management, examination and verification of capital construction expenditures, specialized training of young workers, developing the economies of minority regions, and upgrading enterprise production technology. Recently these two organizations held an experience-exchange conference on economic consulting work in Beijing at which they examined and exchanged results and experience in these areas and investigated problems, in order to lay the groundwork for more aware, systematic, effective economic consultation work in the future.

The various departments on our economic front must accord full importance and give energetic support to economic consultation activities. The key is the raising of consciousness and the overcoming of "left" ideological influences. We must realize that economic consulting work is an objective need in the development of our country's national economy. In order to make our national economy develop stabily, healthily and consistently, we must both borrow from the experience of foreign countries and summarize

and learn from the experience of our own people. The Chinese national bourgeoisie left us two legacies. The first is the enterprise, and we have had some success in utilizing, regulating and reforming it. The other is this pool of talent. Many personnel of the two organizations have accumulated a considerable wealth of experience in management activity and in running enterprises, conducting business and engaging in foreign trade; they have the ability to make careful calculations and pursue strict budgeting and to build up business under difficult conditions, in addition to which many of them are experts with much practical experience. They have experience not only in the operation of privately-managed enterprises, but also in the running of the socialist enterprise; they are an important national treasure and an important force for building socialism. Particularly commendable is their fervent patriotism and their burning sense of selfless dedication to the country and their willingness to put their abilities and experience at the service of the four modernizations. In the past, following the victorious socialist transformation of private industry and commerce, because of the interference and influence of the "left" these persons were not used effectively, which must be considered to have been a loss.

Since the Third Plenary Session, the party Central Committee has implemented relevant policies and clearly proclaimed that the great majority of the former industrialists and merchants have been remade into workers who live by their own efforts. The comrades in our economic departments, and particularly leadership comrades, should establish comradely, cooperative relationships with the personnel of these two organizations, have confidence in them, boldly give them free rein, and actively support them in their economic consultation activities, help them solve the various difficulties of their work, give them consulting topics, and create the conditions for utilizing their abilities. They must learn how to use the brain trust organizations for better economic work; they must treat them cordially because our objectives are identical, namely to wage a unified struggle for realization of the four modernizations.

The members of the two organizations must further liberate their thinking, overcome hesitancy, concentrate on studying the new situation, investigate new methods, solve new problems, and provide positive, initiative-taking, locally appropriate, in-depth consulting services, and focus their services on improving management in relation to the key matter of improving economic effectiveness. At the experience-exchange meeting, many representatives declared with patriotic fervor that they wished to leave their tracks on the road to the four modernizations, give a good historical account of themselves, and set a good example for coming generations, thus expressing the common sentiment of the 100,000 members of the two organizations. We wish this brain trust success in their further economic work in the anticipation that they will give of their knowledge, experience and skill and will achieve even greater things in their consulting services.

8480
CSO: 4006/592

ECONOMIC MANAGEMENT

ACCELERATION OF PRODUCT RENEWAL, REPLACEMENT URGED

Beijing ZHONGGUO CAIMAO BAO (China Finance and Trade) in Chinese 20 Oct 82 p 1

[Interview with official from the Ministry of Machine Building by reporter from JIXIE ZHOUBAO (Machine Building Weekly): "Improve Socio-economic Benefits and Acceleratethe Renewal Rate of Products"

[Text] Question: The State Economic Council and the Ministry of Machine Building have jointly published the first lists of old products that are obsolete, inefficient and energy consuming. They have also published the first set of lists recommending energy saving products. What is the significnce of this?

Answer: Energy conservation is a major principle of our country in developing our national economy. Improving old products that waste energy and have poor performance while developing new reliable products that have advanced performance and use little energy are the major tasks of the machine building industry. At the present time, a fair number of electrical and mechanical products waste energy, perform poorly and are inefficient. The list of 16 obsolete products are the most conspicuous of these products. It is essential to resolutely eliminate their use within a fixed period of time.

In recent years, many enterprises have successfully trial-produced and processed in batchs energy saving products that are more advanced and efficient. They have created conditions for eliminating products with high energy consumption. Obsolete energy consuming products are advantageousto improving the economic benefits of society, and can spur on other enterprises that produce outdated energy wasting products to accelerate the renewal and replacement of products.

Question: How should enterprises that produce these obsolete products implement this measure?

Answer: Of the 16 obsolete products specified, all production enterprises should immediately cease putting materials into production for 14 of these products starting on 1 January 1983. Products assembled prior to 1 January 1983 are permitted to leave the plant. Of these, aside from some equipment used for maintenance, all production of the J03 series of electrical machinery must cease on 1 January 1984 and all production of the J02 series must

cease on 1 January 1985. In this way, some enterprises that produce obsolete products specified in these lists will be faced with certain temporary difficulties, however, it will increase the economic benefits of society. This is the bound duty of our machine building industry. We must consider the overall situation and resolutely implement this.

Question: Can enterprises that used to manufacture obsolete products shift production to the newly recommended energy saving products?

Answer: The 40 recommended energy saving products are the prositive results attained by the hard work of manufacturing units. When planning production, we should first consider these enterprises so as to inspire their enthusiasm for preparing and manufacturing energy saving products. In order to ensure the quality of energy saving products, enterprises that used to produce obsolete products must alter production to produce the recommended products. They must get the consent of the concerned special bureau in the Ministry of Machine Building. We must steadily expand the production quotas in qualified enterprises that can ensure product quality for energy saving products in great demand which the trial manufacture enterprises are not equipped to handle.

Question: Are the prices of the 40 recommended energy saving products higher than the similar older products? How should this be handled?

Answer: There are several conditions involved here. (1) After some products were improved there were no changes or very little change in the price of the product as with the CALOC Liberation automobile, the NJ-134 model automobile and the 9-19 series of high pressure centrifugal ventilators. (2) The price of some new products is somewhat higher than the old. However, they are more efficient so that in a year or even three months you can get back the cost of the changeover from the savings in energy consumption as with the nitrogen fertilizer centrifugal ventilator. (3) Due to the high cost of manufacture, a change in materials and the relatively small amount of current production, a small number of products have substantially increased in price. As the quantity produced increases and as production enterprises continue to perfect management and reduce costs, the prices will steadily be readjusted.

Question: There are some consumers who today still use obsolete products. What are they to do about spare parts and replacements?

Answer: Our machine building industry must support the principle of wholeheartedly serving our consumers. There are some consumers who temporarily cannot replace old products. We must organize production supplies of the fittings needed for the obsolete products they are using within a reasonable time. Machine building enterprises must actively push the new recommended energy saving products. They are responsible for helping consumers focus on improving social and economic benefits, actively employ energy saving products and replace poor quality old products.

Question: How long can production continue on non-obsolete old products that can be replaced by new energy saving products?

Answer: Beginning in 1983, production of non-obsolete old products that can now be replaced by new products such as the Sh waterpump, the FE25D textile axial ventilator, the transformer produced according to the JB1300-73 standard and the original BJ212, BJ130 and EQ140 engines must gradually be cut back in a planned way. We must increase the production of recommended products and strive to fully halt production of old products by the end of 1985 and replace them with new products.

Question: In order to implement this measure, what other things should we concentrate on?

Answer: The document which was jointly issued by the State Economic Council and the Ministry of Machine Building is a document of rules and regulations. It is an effective measure for carrying out planned guidance and administrative intervention. Due to the large quantity and broad scope of these obsolete products, this involves work in various areas. Thus it is necessary for concerned machine building enterprises to resolutely implement these two documents. Support and coordination are also essential in every area. We particularly expect support from consumers and hope that they will actively employ energy saving products. Furthermore, we also hope that banking and legal offices will support this work and supervise production enterprises in carrying out the specifications in the document. All contracts for obsolete products that were signed after the cutoff date have no legal binding force. We hope that propaganda departments will no longer promulgate the production of obsolete products and that those involved with advertising will no longer publish advertisements for obsolete products. From now on, planning offices at all levels in the machine building industry are, without exception, not permitted to plan the production of obsolete products. Enterprises that produce energy saving products must conscientiously guarantee the quality of their products and do good work in publicizing and promoting them. Authorized research institutes and manufacturing plants must conduct training classes on utilization, operation and maintenance. They must do good work in technical service. From now on, when printing product sample books and advertising the 40 energy saving products specified and recommended in this document, we may indicate that they are "energy saving products recommended by the State Economic Council and the Ministry of Machine Building" so that consumers can pick out and buy top quality goods.

9864
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FINANCE AND BANKING

JIANGSU COMMUNE MEMBERS' INCOME REACHES NEW LEVELS

Nanjing XINHUA RIBAO in Chinese 13 Aug 82 p 1

[Article: "Cash Income of This Province's Commune Members Reaches Record Levels in First Half-Year"]

[Text] An account survey of the cash income of 1,000 peasant households in 71 localities in 22 counties made by the province statistical office has shown that in the first half-year the cash income of this province's commune members has increased by 38 percent over the same period last year and that the average per capita cash income has risen by 30.10 yuan to 109.30 yuan, 1.3 times the commune members' cash income for the whole of 1978, constituting a new record.

The survey data show that because of implementation of the various rural economic policies and the stress laid on prosperity through labor, commune members' cash income in the first half-year from both collective and family sideline sources has increased considerably. The average per-capita income obtained from the collectives in the first half-year was 37.80 yuan, up 39 percent from the same period last year, while the income from sales of sideline products was 47.60 yuan, up 38.8 percent from the same period last year. On the average a commune member sold 18 jin, 2 liang of grain from "private" plots, fodder plots and excess above contracted output, an increase of 91.4 percent over the same period last year; sales of oil crops were up by 2.6 times from the figure for the whole of last year. In recent years commune family income from handicrafts and transport labor has been increasing rather rapidly; in the first half-year the average per-capita value was 11.30 yuan, up nearly 80 percent from the same period last year.

The survey also shows that the increase in commune members' outlays for the purchase of the means of production has been more rapid than the increase in outlays for the purchase of the means of subsistence. In the first half-year, the average per-capita outlay of commune member households for the means of production was 22.40 yuan, 68.4 percent higher than the same period last year, a greater increase than the 21.7 percent rise in outlays on means of subsistence.

The average per-capita living expense outlay in the households surveyed was 80.9 yuan, up 21.7 percent from the same period last year. Large increases

were posted by outlays on housing and miscellaneous expenses, which were up by 29 and 28 percent respectively from the same period last year. There was a rather large increase in commune members' purchases of durable consumer goods. It is forecast that the commune members' needs for means of subsistence and various consumer goods will continue to increase in the autumn and afterwards, and the mass of commune members earnestly hope that the commercial departments will be able to organize the supplying of more cheap, attractive, in-demand manufactured products to rural markets.

8480
CSO: 4006/630

BRIEFS

STATE TREASURY BONDS--By yesterday, payments on state treasury bonds in our province amounted to 235,590,000 yuan. This is 6.6 percent over this year's quota assigned to our province by the state for state treasury bonds. Units payed 132,830,000 yuan which is 9.9 percent above quota. Individuals payed 102,760,000 yuan which is 2.8 percent above quota. The extent of overfulfillment in Xuzhou Prefecture and Lianyungang Municipality is over 15 percent. The various organs, groups, enterprises and public agencies throughout the province and the broad masses of cadres, employees and peasants were eager to purchase state treasury bonds and to help the national establishment of the four modernizations. Quite a few advance units and model personnages came to thefore. At present, all areas are organizing their strength to focus on doing good work in replacing certificates on individual subscriptions for state treasury bonds so as to ensure that individuals receive state treasury bonds issued by the state [text] [Nanjing XINHUA RIBAO in Chinese 17 Oct 82 p 1] 9864

NEW LOAN TYPE--Recently the [Liaoning] province People's Bank announced to second- and third-level wholesale outlets, state-run retail outlets (including collective commerce responsible to the state commercial organizations) and rural supply and marketing collectives' commercial organizations that it would issue "fixed-period note" discount loans. State-run retail outlets and rural supply and marketing cooperatives may receive fixed-period loans to replenish their supplies of overstocked commodities from the wholesale departments; the bank will release fixed-period note discount loans to the wholesale departments on the basis of fixed-period notes. These loans were established in view of the fact that the commercial departments provincewide have serious commodity overstocks, there are difficulties getting the commodities to the lower levels, commodities saleable in the countryside are stuck in the cities, and the basic-level supply and marketing cooperatives lack funds to replenish their stocks. [Text] [Shenyang LIAONING RIBAO in Chinese 5 Jul 82 p 1] 8480

CSO: 4006/592

INDUSTRY

STATUS, PROSPECTS OF ALLOY STEELS PRODUCTION EXAMINED

Beijing GANGTIE [IRON AND STEEL] in Chinese No 7, Jul 1982 pp 1-7

[Article by Lu Da [7120 6671], Ministry of the Metallurgical Industry: "Current Status and Prospects of Alloy Steel Production in China"]

[Text] I. An Increasingly Important Role for Alloy Steels in the Four Modernizations

Alloy steels are steels containing one or more alloy elements in suitable quantities and having improved or special characteristics. The addition of a certain quantity of an alloy element, sometimes even a minute quantity, to control its structure, can fully bring out the inherent capabilities of iron, can greatly alter the strength of the resulting steel, and may also give the steel characteristics which it originally lacked, such as corrosion resistance, wear resistance and high-temperature capabilities, thus further increasing its range of applications and making possible the use of many modern techniques. Because of these advantages of alloy steels, their suitable use can increase the efficiency and life of machinery and equipment, save resources and energy, save on machine building investments and produce real improvements in economic performance.

Since the founding of New China, our production of and research on alloy steels, which were once completely nonexistent, have undergone great development, so that today not only do all of the principal ordinary steel mills have some capability for producing low-alloy steels and some alloy steels, but in addition the six large administrative regions have developed independent special steel mills as bases for alloy steel production. In 1949 our country produced only 2,000-3,000 tons of alloy steel, and in 1952 the output was only 25,000 tons, while in 1979 a high of 2.5 million tons was reached. Development of low-alloy steels began in 1957, and by 1980 output had reached more than 3 million tons. There are now more than 600 varieties of alloy steel, including a full range of varieties for sheet and plate, piping, wire, strip and shaped sections. There are more than 100 varieties of low-alloy steel. The quality of some high-speed steels, bearing steels, drill steels, cold rolled stainless steel plate, small-diameter geological pipe, low-alloy steel ribbed reinforcing rod and the like are already equal to or close to advanced international standards. Some 69 alloy and low-alloy steel products have already been recognized as national or ministry top-quality products. During

the readjustment of the national economy, the alloy steel requirements of the previous main consumers decreased rather considerably, while the development of new markets has just begun, so that in the past 2 years output of alloy steel has decreased. During the readjustment, the various enterprises have been actively rearranging the focus of the services they provide, energetically readjusting their product mixes, improving product quality, increasing the number of steel varieties, and expanding their services to include agriculture, light industry, municipal construction, export and technical reform of all departments of the national economy, and as a result the picture for alloy steels is a flourishing one. We may say that the readjustment of the national economy has brought the alloy steel production and research into a wider world, promoting their development and leading to new achievements.

A. In rupport of technical reform and equipment replacement in the various departments of the national economy, new high-strength, corrosion-resistant, high-temperature steels have been developed and produced. For example, the cooling towers which the chemical plants use in the production of soda ash are subject to severe corrosion from chloride ion in sea water, so that piping life is only a half year; a molybdenum-containing ultra low-carbon stainless steel pipe has been successfully trial produced, and when the pipe was removed from a cooling tower after 400 days' service and sectioned for examination, no pitting was found, its mechanical properties were good and it had good scouring resistance, so that its use will help increase soda ash output, improve its quality and decrease its production cost. In addition, many types of equipment and assemblies which had always required imported materials are now supplied domestically. The guide rollers of textile machines are subject to stringent requirements as regards surface finish, and these always had to be imported in the past, but now they are being experimentally produced and supplied in this country. Sheet steel for pressure molds in the production of synthetic fibers is subject to stringent requirements as regards [geometry] and [camber]; it is now being supplied in lots, thus decreasing the quantity imported. The valve steels used to make the exhaust valves of automotive and marine internal combustion engines and the intake valves of heavy-duty engines must have excellent thermo plasticity, high-temperature strength and corrosion resistance; in the past these steels were almost all imported, but after several years' energetic effort steels of this type with qualities approaching those of the imported products are being produced in sufficient quantities for this country's needs, thus saving the country large amounts of foreign exchange.

B. Several economical, widely-applicable alloy steels have been produced for light industry and consumer goods. For example, special stainless steel sheet experimentally produced for washing machines is now being used on a trial basis in washing machine plants. Washing machine timer springs were always imported, but after a major effort timer springs began to be produced directly from spring strip, and fatigue tests indicate that their service life is equivalent to that of foreign products. In addition, stainless steel is being furnished to bicycle plants for spokes, chain guards and mudguards, allowing the production of attractively styled bicycles.

C. New materials and new varieties have been provided to various industries for product upgrading and modernization. When the Yangtze River Bridge at

Wuhan was built in 1950's, ordinary carbon steel was used; because of its low strength and span length was only 128 m. In the 1960's when the Yangtze River Bridge at Nanjing was built, Anshan Steel Mill's 16Mn steel was used; the arch span was increased to 160 m. In the 1970's the Anshan Steel Mill also developed the experimental 15MnVN steel, with a strength of 10 kgf/mm^2, higher than that of 16 Mn steel, which was up to international standards for bridge building steel; this steel is planned for use in building the large-span Yangtze River Bridge at Jiujiang. The low-alloy medium-molybdenum steel rail now in production, which has been used on large-radius curves and straight sections, has a wear resistance about twice that of carbon steel; high-silicon steel rail used in small-radius curves has a service life about 3 times as long as carbon steel; rare-earth alloy steel track has been used on a trial basis in small-radius curves for 5 years (and is still in use), and has a service life more than twice that of carbon steel. The 60Si 2Mn steel which was always used in domestically produced automotive springs had a short service life; now the new variety 55SiMnVB has been developed and the spring shape has been changed to the single-face double-slot leaf type, increasing the service life to more than 70,000 km and saving 10 percent in metal.

D. Alloy steel quality has been improved, to the benefit of mechanical and other products. The quality of domestically-produced high-speed tool steels used to be poor, and large quantities of these steels had to be imported. As a result of a joint effort by the Dalian Iron and Steel Mill and the Beijing General Research Insitute of Iron and Steel, M2 high-speed steel with a quality equivalent to international standards has begun to be produced. Last year our country no longer imported high-speed steel to produce cutting tools and boring tools for export. Out-of-furnace refining, vacuum degassing in-ladle powder injection, protective nitrogen annealing and other measures are now used in the production of bearing steel, leading to a marked improvement in quality, and the bearing steels now being supplied are used to produce bearings for export. The carbon equivalent elongation, and yield strength of second-class domestically produced reinforcing rod for construction meets British reinforcing rod standards, and last year it was exported to Southeast Asia and Hong Kong.

Thus it is apparent that alloy steel production and research in this country are continuously progressing and improving in the service of the various departments of the national economy and national defense construction. This year, as the readjustment of the national economy proceeds and the immense undertaking of the four modernizations develops, demand for alloy steels will increase continually and they will make their presence felt in all areas: alloy steels have great potential.

II. Energetically Increasing the Proportion of Alloy Steels

During the last 2 years of readjustment, the path of alloy steels has widened more and more, and the overall production and research situation is good. But there are still many problems in our work. There still exist major contradictions, which express themselves in concentrated form in an incomplete selection of varieties, poor quality of certain products, and high production costs. During the Sixth Five-Year Plan our main tasks are to improve quality, expand the selection of varieties and decrease production costs, strive to make alloy

steels suitable to their markets, and to make them attractive and cheap. Only by doing this can we carry out the assignment of "increasing the proportion of alloy steels in the metallurgical industry."

Increasing the proportion of alloy steels is a major strategic policy for developing the economy, strengthening national defense and improving economic performance. Many of the guidelines on economic construction adopted at the Fourth Session of the Fifth National People's Congress had a close connection with alloy steels. For example, the first guideline calls for "speeding up the development of agriculture," the second for "assigning an important place to development of the consumer goods industry," the third for "increasing the efficiency of energy utilization and intensifying the construction of the energy, communications and transport industries," and the fourth for "focusing on systematic technical reform." All of these requirements are inseparable from the development of alloy steels; in particular the gradual deepening and broadening of technical reform, the replacement of some machinery and equipment, and upgrading and replacement of national defense products and consumer products pose new requirements as regards quantities, varieties and quality of alloy steels. Experience has shown and will continue to show that increasing the proportion of alloy steels is both important and feasible.

In order to gain an understanding of the objective need, in the past 2 years we and the relevant departments have carried out a preliminary survey of requirements for alloy steels, the results of which we summarize below.

A. The output and relative proportion of alloy steels must be greatly increased. In certain major steel-producing countries alloy steels generally account for 10 to 15 percent of all steel output, and it is forecast that this proportion will continue to increase during the 1980's. In our country's alloy steel production, the requirement that the proportion of alloy steels exceeds 8 percent during the Sixth Five-Year Plan is both necessary and practicable. But because of qualitative changes in connotation, it will be quite difficult to turn out alloy steel whose quality, variety and specifications meet the needs of development of the various departments of the national economy and national defense construction. It will be necessary to carry on technical reform and equipment replacement in existing enterprises, to increase the number of essential supporting facilities and to intensify technical and management work.

When determining alloy steel output targets, we must take full account of the energy situation in the various localities. In areas where electricity is in short supply, special steels enterprises must both vigorously conserve energy and exercise strict control over output. In areas where electricity is relatively plentiful, output levels can be suitably increased.

B. We must energetically restructure the product selection, increase output of varieties in short supply, fill in gaps, and make a success of the "eight types of service" (service to agriculture, to light industry and the foodstuffs industry, to municipal construction, to export, and to technical reform of energy and communications, the various departments of the national economy, and the national defense industry). We must increase the output of such short-supply items as alloy sheet steel, pipe, strip and wire. We must make further

use of our country's low-temperature alloy steel varieties as well as bridge, mining and construction varieties, strive to provide a complete range of alloy types, and make more effective use of alloy steels. In addition we must extend the range of products made from certain steels and rectify the previous situation in which only sheet, pipe, shaped sections and wire were supplied. Everything possible must be done to process certain materials into semiproducts for the users. This will not only increase the rate of finished products and decrease production costs, but will be particularly helpful in improving quality.

1. In Light Industry and Consumer Goods

The range of light industrial products is great and there is a profusion of varieties, in addition to which this industry affects the clothing, food, housing and transportation of every household. Effective service must be provided to each department of light industry according to its specific characteristics.

Easily cut lead steel and piano wire for wristwatches, steel for camera shutters and the like used to be imported in large quantities, but in the future new varieties must be developed and production of the best-quality products increased so that a domestic source will be available and it will not be necessary to import them.

A rather large number of steel types are used for some 20 electrical and mechanical consumer products, such as bicycles, sewing machines, washing machines and the like; we must gradually make the transition to specialized varieties and furnish materials which meet the users' needs.

The key point in regard to stainless steel used for medical appliances, contraceptive loops and the like is to improve its quality and increase its corrosion resistance and assure a supply.

As the people's standard of living rises, the demand for stainless steel tableware, cookware and kitchen utensils is increasing, and we must develop new, cheap, corrosion-resistant stainless steels suitable for stamping. In the past we have produced primarily nickel-chromium austenitic stainless steels, which are highly corrosion-resistant and easily machined, but rather expensive. Recently, in order to satisfy the need for daily-use articles, new processes have been used to develop ultra-low-carbon, chromium-containing 00Cr17Ti ferritic stainless steel with improved corrosion resistance and machinability at a much lower price. We must vigorously expand the production of this cheap, attractive stainless steel.

2. Textiles and Chemical Engineering

The textile and chemical engineering industries require many alloy steels. In the last 3 years our metallurgical enterprises have provided some new materials, but these still cannot meet the textile and chemical industries' rapidly expanding requirements in terms of quantity and quality. We are planning to vigorously expand the production of special wear-resistant steel carding wire and to improve its quality; we must press forward with the development and production of guide rollers, steel bobbins, spindle defoggers and steel for

frame springs, and expand the production of very smooth-finished stainless steel sheet and high-quality wire for textiles weaving and printing and dyeing equipment.

In recent years we have imported large quantities of synthetic fiber equipment, many of the key assemblies of which require alloy steels; in order to provide materials for the maintenance of this equipment we must supply the relevant alloy steels, in particular small-diameter stainless steel tubings and 6-8 mm stainless steel sheets.

In order to meet the needs of development and technical reform of the chemical industry and to increase the use rate of chemical engineering equipment, we must develop corrosion-resistant, high-pressure-resistant steel and steel for low-temperature refrigeration equipment. We must provide stainless steel pipe more than 13m long and 102-105 mm large-bore seamless stainless steel pipe for petrochemical equipment. Stainless steel pipe containing aluminum, vanadium and rare earths is used in carbide towers in the chemical fertilizer industry, and high-strength low-alloy steel plate for central boilers must also be developed quickly and its production expanded to meet user needs and improve economic performance. For example, initially 6-mm thick, 25-kg grade 20g sheet steel was used for the inner cylinders of 60,000-ton-ammonia synthesis towers, and 22 layers had to be packed. But if 42-kg grade 15MnV low-alloy steel of the same thickness is used, the number of layers required is decreased to 13, saving more than 50 percent on rolled steel. When 20Al2VRE seamless pipe is used in fertilizer plant carbiding towers, it has a corrosion resistance 3 times greater than that of carbon steel.

3. In the Energy Industry

In order to adapt to the development of the petroleum industry, we must expand the production of oil well casing meeting API specifications. In order to meet the needs of offshore oil extraction, we are organizing the development of high-strength marine plate and (z-direction) exfoliation resistant steel plate for use in oil-drilling platforms, as well as gear rack steel for self-raising platforms, drill pipe and casings for offshore oil drilling, anchor steel, steel cable, steel for collection and transport pipelines and the like.

Our country has extremely plentiful hydropower resources, and the hydroelectric power industry has broad prospects. As capacity increases, the strength of boiler plate must also be increased. We have already provided high-strength low-alloy steel with yield strengths of 50 and 70 kgf/mm^2 in order to meet the material needs of hydroelectric power even more effectively, and we must also develop crack-free weldable steel (CF).

We have made energetic arrangements to supply the coal industry with the steel for V-shaped mine supports, No 10 UP-type shaped steel, No 8 corrugated sections and other light, strong steels.

The construction of nuclear power stations poses new requirements for alloy steel materials and varieties; we must intensify our research and development work and produce results as soon as possible.

4. In Communications and Transport

In order to further conserve energy and decrease vehicle weight, large quantities of alloy steel must be used in railway rolling stock and various types of motor vehicles.

Much of our country's rolling stock is now being scrapped because of rust. The 09MnCuPT steel produced by the Wuhan Iron and Steel Company and the domestic equivalent of the US Cor-ten atmospheric corrosion-resistant steel have met with initial success, and passenger cars and box cars made from them have had a much longer service life. In addition, this country's freight cars have a rather low gross-to-net weight ratio, and if new materials could be made available to decrease this ratio, it would greatly increase rail transport capacities. Recently, 09Mn2 low-alloy steel has been used to produce the DIH-7 light oil tank cars, which are 2 tons lighter than those made from ordinary No 3, steel; we still must develop additional alloy steels. In addition, medium-manganese and high-silicon steel track with a service life greater than that of carbon steel track must be developed and put into use.

Automotive structural members require high-strength automotive sheet metal, and replacement of wood by steel in truck bodies requires steel with corrosion and wear resistance and good cold flexibility; in addition, two-phase steel is used. These types of steel have posed many new and urgent problems. On the one hand, we must make a major effort in research and experimental development, while on the other hand we must effectively improve production equipment.

5. In the Machine-Building Industry

Technical reform of the machine-building industry plays an extremely important role in the technical reform of the entire national economy, and the metallurgical industry must provide various types of alloy and low-alloy steel needed for making sets of large-size equipment. In accordance with market requirements, we must develop bearing tubing, alloy structural steel and spring steel and increase the proportion of M2 and 9-3-4-1 high-speed steel. In the future we must focus on high-grade products in high-speed steel production, while low-grade products can still be produced so as to provide users a relatively wide choice. Use of the tubing to produce axle bearings can increase the steel utilization rate by 10 percent and gives good economic results, so that we should install specialized equipment and increase production of this steel.

In addition, we should strive to approach international standards as regards super-high-strength steel, high-performance corrosion-resistant alloys, high-temperature powder alloys, noncrystalline magnetic materials, metals for magnetic storage, microwave-absorbing materials, and special graphite and carbon fiber materials.

C. We must assign top priority to improving product quality. In refining, the purity of the metal must be increased and stability and uniformity of composition assured; in rolling, an effort must be made to increase precision, to decrease the range of tolerances and to improve surface quality; heat treatment should be used to further improve internal structure and properties;

control and monitoring should be intensified and an effort should be made to implement flaw detection before dispatching; packaging quality must be improved to avoid mixing of varieties, scattering and corrosion. Particular emphasis should be placed on the product quality of high-speed steel, bearing steel and stainless steel. Most high-speed and bearing steel must equal or approach advanced foreign standards for steels of the same types. In the case of stainless steel sheet, emphasis should be placed on surface quality, [variations in geometry], and corrosion resistance. In addition, attention should be devoted to the quality of steel for dies and jigs and drill steel; most of the latter should equal the quality of that from Japan and Sweden.

III. The Iron and Steel Industry Must Consciously Strive To Do Effective Work

The key to increasing the proportion of alloy steel at present consists of the iron and steel enterprises' providing their consumers with products that meet their needs, that are available in a good selection, and that are attractive and cheap, while making an effort to improve product quality. If the varieties are not those needed, if quality is substandard, even increasing output will do no good, but instead will result in greater losses; if a full selection of types is not provided, if there is sheet but no pipe, strip but no wire, then alloy steels will not produce their full effect, excessively high prices of some alloy steels have already directly hindered their more extensive use. Accordingly, the slogan, "suited to needs, full selection, good quality, low price," must guide the common efforts of all comrades involved in alloy steel production and research.

To accomplish this task, we must first relate all alloy steel production and research work to user needs. The more than 20 years' history of the development of alloy steels can be described as the history of the making of such a connection. During the three difficult years, the Soviet Union broke its faith with us, tore up its contracts and took back its specialists. It was under these precarious conditions that our fledgling alloy steel industry contracted a three-way alliance between production, research and users and overcame one difficulty after another to provide the national defense and machine-building industries with all of the urgently-needed special-characteristic alloy steels. As Engels said, "If society should have some technical need, this need can do more to advance science than ten universities." In those years, some new varieties of alloy steel were developed and popularized under the impetus of real need. Thus, all of our enterprises and research units must strengthen their attitude of service to the user, and must come out of their plants and institutes to survey users and listen to their opinions and provide them with good service. This is necessary in order to develop and popularize new varieties. A pump for hydrochloric acid used by an electroplating plant originally had a stainless steel axle with a service life of 3 days; the Beijing General Research Institute of Iron and Steel developed a new superlow-carbon steel axle which has already been in service for a year without replacement. The alloy steel pipe in a certain plant proved to have low hardness and toughness when machined and heat treated by the consumer, so the plant sent engineers for an on-the-spot survey and discovered that the problem was not with the quality of the material, but with the heat treatment process. The engineers participated in studying and improving it, and the quality subsequently met requirements. Thus, when an iron and steel enterprise has produced its

product, it has not yet completed its task: it must conscientiously strive to understand the conditions under which the consumer uses it and solicit feedback in order to improve its own work, help the user select and use materials properly, and steadily improve product quality. Particularly at a time when the production situation has taken a turn for the better, attention should be paid to good technical and sales service. Second, overall enterprise reorganization must be effectively carried out. Currently there are insufficient markets for some alloy steels; one important reason is that the consumers are dissatisfied with poor or variable quality and high price. Although this problem is somewhat influenced by materials costs and outmoded process equipment, it also results from poor enterprise management. In some enterprises this last-mentioned factor is playing the decisive role. If management is poor, even modern equipment will not result in an adequate product; poor management produces serious waste, and even cheap materials will not produce a cheap finished product. There is a great difference between advanced and laggard enterprises in terms of electricity consumption per ton of steel refined in electric furnaces, and in terms of the finished product rate of cold-rolled stainless steel sheet [ingots] owing in large part to management quality. If all enterprises could catch up with the pace-setters, some enterprises' production costs would drop considerably. In addition, there are considerable problems with funds utilization. According to one company's economic analysis, the initial value of its unused, not needed or tied-up fixed assets at the end of 1981 amounted to 10.7 percent of the initial value of all of its fixed assets. Obviously there was great unused potential here. We should conscientiously learn from the experience of the Capital Iron and Steel Company in carrying out more effective enterprise reorganization and tapping further potential from reorganization in connection with promoting the economic responsibility system. In particular, we must conscientiously reorganize basic work, continue to promote comprehensive quality management, comprehensive economic training of all personnel. Primary record-keeping, statistics, measurement, testing, and the setting of labor and materials consumption quotas, optimal processing techniques and optimum operating standards must all be reorganized and made effective so that production technology and management will become increasingly rational. In addition we must carry on effective standards management and must conscientiously investigate and actively utilize international standards and advanced foreign standards. All metallurgical enterprises must draw up their own internal standards on the basis of user requirements, strive to catch up with foreign countries in terms of material quality, and narrow the gap in this area. They must gradually establish special standards for specialized steels and draft standards as quickly as possible for steel varieties which have already gone into extensive use but for which standards have not yet been received. In the future, output of a large number of steel varieties should not be blindly pursued, but existing varieties should be screened and supplemented, efforts should be made to improve existing varieties which are widely used in large quantities, and a gradual approach should be made to series production.

Third, emphasis should be placed on effective technical reform of existing enterprises. Another important reason that this country's alloy steels are of poor quality and production costs are high is outmoded processes and equipment. The bulk of stainless steel abroad is made by argon-oxygen furnace refining, continuous casting and continuous rolling, and production costs are low, while in this country we still use electric arc furnaces, mold casting, cogging with

forging hammers, and single-stand rolling, resulting in relatively high production costs. Recently argon-oxygen furnace refining has been successfully used on an experimental basis, and production costs are likely to drop considerably. Accordingly we must operate in terms of our actual capabilities and orient ourselves toward increasing the range of varieties, improving quality, decreasing production costs and improving economic performance; we must stress technical reform in existing enterprises, particularly in reforming certain key rolling stands, installing some precision refining and precision finishing equipment, and implementing testing techniques.

At present we must start by providing the necessary supporting facilities for such imported or domestically-produced advanced equipment as special steelmaking and forging and pressing equipment, pipe extruding equipment, thick plate rolling equipment and the like so that they constitute production capabilities. In addition, assimilation should be pursued in a planned way in accordance with the actual situation. At the same time, an effort should be made to promote some advanced processes which are inexpensive but are effective in improving quality and decreasing production costs. Currently, injection metallurgical techniques, insulating plates and pouring with protective slags are new techniques which are being disseminated to certain specialty steel plants; guide plates have been used on some rolling mills, yielding excellent results in improving surface quality and equipment availability; some nondestructive testing lines have been built so that flaw detection at dispatching time can be carried out for most alloy steels intended for important uses. All enterprises should adopt a positive attitude in these areas and further disseminate them. They must strive to solve the problem of introducing monitoring computational and control instrumentation, which are very effective in improving quality.

In the process of technical reform the enterprises must mobilize the masses and solicit suggestions for technical innovation and rationalization. There is much unused potential of a wide variety of types in these areas, and all enterprises must strengthen their leadership and conscientiously carry on this work.

Fourth, we must further improve the quality of research and intensify technological development and applications work. In recent years, the development of the alloy steels industry has been inseparable from the achievements of scientific research; the changeover from large-scale importing of high-speed tool steels to their large-scale production and export is the result of relating research closely to production. At present our country has a rather eminent scientific contingent engaged in alloy steels production and research; our country has rich sources of tungsten, molybdenum, nickel, vanadium, manganese, niobium, titanium and rare earths, which are extremely beneficial for developing alloy steels. But we must also be aware that our achievements are still insufficient. Not many new steels are being disseminated in industry on a large scale. For example, rare-earth alloy steels are being applied only to a small extent, primarily because our investigations of the behavior of rare earths in steels have not yet gone deep enough. The rare earths are elements with strong surface activity. When they are added to molten steel, are they present as a cotectic, as compounds, or in some phase state? Are they present in crystals or in the intercrystalline space? These questions require more thorough research before we can have a deeper knowledge of the effect of these elements on steels. But in order to solve problems of this type we must

intensify applied and basic research and technical development research. Recently, research has been conducted abroad on deep-tempering alloy steels, which can be made to have remarkable characteristics without heat treatment or without complex heat treatment, allowing further conservation of metal and decreased energy consumption. This includes applied, basic and theoretical research and the related technical development work. In addition, because no effort has been made to popularize and apply certain research achievements, these achievements outnumber applications and connot properly be converted into productive forces. These facts should warn us that we should effectively organize our present scientific and technical personnel and coordinate them, arrange suitable division of labor and do away with the present situation in which a considerable amount of effort and resources are being wasted in pointless duplication. Enterprise research institutes should engage now primarily in product research, process research, and research in support of technologies; ministry research institutes and academies should function as an effective backup force for front-line research in technical departments, and should put their main efforts into technical development and applied and basic research such as the exploitation of new materials and processes, concentrated efforts on major quality problems, and basic research in such areas as the physical chemistry of metallurgy, solidification, deformation, phase change, microalloying, cracking, corrosion and wear. They should do consulting and advising work regarding the development and utilization of alloy steels. Advanced schools should carry on some applied and basic research and some basic theoretical and technical development work, but should also have a secondary focus on training of personnel. To summarize, all departments involved in research should bring their strengths into play, cooperate effectively, and become a backup force for the production and development of alloy steels so that scientific and technical work on alloy steels forms a complete system extending from theory to production and utilization.

Fifth, we should institute production division of labor on the specialization principle in order to make use of the strengths of all plants. Experience has shown that without specialization there will be redundant construction, production efficiency will be low, product quality will be poor, and production-related consumption and production costs will be high, creating a situation which will not be beneficial to technical reform and the use of new processes and technologies. In the future our special steels industry must increase its competitiveness, and in particular it must move out into the world, readjust, reorganize and reform the existing special steel plants on the basis of specialization, then gradually develop integrated associations in various forms. All enterprises must act in terms of the overall situation and consciously submit to the guidance of the overall plan, striving to bring their strong points into play.

Naturally, moving forward with alloy steels requires not only that all iron and steel enterprises conscientiously strive to make a success of their own work, but also imposes on the higher-level organizations the responsibility of solving some problems which are too great for the enterprises. Because the country is currently experiencing financial difficulties and large amounts of funds are needed everywhere, the funds needed for the special steels area should also be allocated in deliberation fashion on the basis of priorities.

On the one hand we must conscientiously assimilate the lessons of history, effectively use existing funds, and avoid undertaking everything all at once, which would mean that the limited funds would not be able to achieve as much as they should; at the same time, we can expand channels, including such forms of economic cooperation as obtaining bank loans and arranging joint operations with customer organizations.

Our alloy steels sector is an area with a great future. We have abundant alloy resources and extensive markets; even more important, in the course of more than 20 years of production and research, with the common effort and energetic cooperation of sister departments, we have trained an employee contingent which firmly unites the producing and consuming departments, has rather rich experience, and is tough and capable. The leadership of the State Council and the State Planning Commission, the Economic Commission and the Scientific and Technical Commission are all showing great concern for our work, and our sister departments and organizations are constantly giving us energetic support. These are extremely favorable conditions for successful work on our part. We must bestir ourselves in a revolutionary spirit, close ranks and press forward with the work of developing and spreading alloy steels, more effectively accomplish the tasks assigned us by the leadership of the State Council, and make alloy steels play an even greater role in the four modernizations.

8480
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DOMESTIC TRADE

MORE CHANNELS NEEDED FOR RURAL SALES

Shanghai WEN HUI BAO in Chinese 12 Oct 82 p 1

[Article by Chen Jiqing [3088 0679 1987]: "Increasing Channels for the Sale of Industrial Goods in the Countryside"]

[Text] In the early autumn, I went to the suburban markets where I heard and saw some things that provided much food for thought.

Towards the end of August, the Shibaihuo Company broke with convention and took their commodities to Nanqiaozhen in Fengxian County. They displayed samples and took orders for goods. They created a stir in the basic level supply and marketing cooperatives. Many shop employees took turns coming over to see the goods. Within 3 days, their volume of business amounted to over 2 million yuan which is a 20 percent increase over the turnover of ordered goods in urban areas i the autuym and winter of previous years.

A few days earlier, the Chongming and Qiaozhen combined general stores sent goods t the countryside and set up stalls. Word got around and peasants poured in to these supply stations from all over. They competed with each other to buy cotton, general merchandise, alternators and miscellaneous articles for daily use. Business was thriving even for dimianbu [3321 2758 1580] which used to be considered unmarketable. The front of the counter was packed solid. Shop clerks were so busy that they were perspiring profusely. The 3 day turnover reached as much as 26,000 yuan.

Why did the peasants react so positively to the availability of wholesale and retail commodities in the countryside? I discussed this matter with several comrades in supply and marketing cooperatives. They all believe that commodities in the basic level supply and marketing cooperatives are comparatively scarce.

In the past few days, I heard that a peasant in the Baihe Commune had gone to the supply and marketing cooperative to pick out silk hose. He looked about but there were only white hose available on the counters. When he chose nylon hose for his 8 year old child, there were only baby-sized hose to be found. To come to the city to shop took up much time not to mention the cost of the fare. This peasant sighed in despair and went home full of disappointment.

Low reserves in the basic level supply and marketing cooperatives are widespread. It is said that in Nanhui County the supply of varieties of goods in basic level supply and marketing cooperatives is only one fifth of that in urban wholesale outlets. Of course, reserves in basic level supply and marketing cooperatives cannot be as abundant and complete as those urban department stores. However, shortages of the "five items" (small daily articles, hardware, writing materials, sundries and groceries) which are needed in daily life by the peasants are commonly found in some supply and marketing cooperatives. Even commodities that are common in cities such as synthetic fibers, nylons, leather shoes, knitting wool, etc. are either available in only one variety or in only a few sizes in the countryside.

Based on the analyses done by comrades involved in work in rural supply and marketing cooperatives, the primary causes for the insufficient amount of marketable assortments are as follows.

First, the distribution of supplies of goods is not as it should be. At present, the distribution of commodities in the countryside lacks foresight. For instance, textiles inlaid with silver and gold silk, large checked synthetic fibers, white silk hose and highheeled colored leather shoes which are all only marketable in urban areas were sent in large quantities to the countryside. The result is that these commodities remain at the bottom of storerooms. They encroach upon capital and have influenced the stocking up of other commodities.

Second, the delivery of goods is not prompt. Once commodities have been ordered, there are numerous links in the circulation of goods. Bills must be written, goods distributed, delivered and transported. If often takes 10 days, half a month or even longer to get goods out to the countryside. In early July of this year, wholesale departments in Zhoupu ordered over 100 cotton blankets and towels from the urban wholesale outlet. By the middle of August they still had not received them.

Third, it is difficult to build up stocks. At present, procurement points in supply and marketing cooperatives are rare and far away. For example, Nanhui County originally set up wholesale outlets in Huinan, Zhoupu and Datuan. Later on they were combined into the one outlet at Zhoupu. It used to only take half a day for basic level supply and marketing cooperatives to get in stocks, now it takes a full day.

When wholesale departments send goods to the countryside, greatly reduces the gap between wholesale and retail prices. Originally suburban commercial departments went to the urban areas to order goods. It was a long trip. Few people went and negotiations were not possible. Furthermore they frequently only saw sample books not commodities so that they were really in the dark when it came to ordering. When urban wholesale outlets deliver goods to the countryside, even shop clerks in basic level supply and marketing cooperatives can come to consult so that needed goods are stocked. It is even more convenient for the peasants when retail stores deliver goods directly to the countryside. When I walked around the villages, I personally felt that after the system of responsibility in production was implemented, the peasants' concern with production increased and street shopping decreased. The delivery of goods to the doorstop of consumers, without doubt would be welcomed even more.

In order to expand the sales of industrial goods in the countryside and open up rural markets, we must first open up former circulation channels. Commercial sectors in the towns must look toward the countryside, people must go to the countryside and goods must be delivered to the countryside. We must fully develop the functions of basic level supply andmarketing cooperatives and of extensions and deliver commodities to the peasants by means of increased market network outlets. However, it must be noted that suburban and rural regions are vast. There is still much work to be done on perfecting and opening up channels for getting industrial goods t the countryside. At the present time, the growth rate of rural purchasing power is fairly rapid. The peasants ardently hope that they can buy even more satisfactory and suitable industrial products as soon as possible. Consequently, increasing channels for the sale of industrial goods in the countryside coincides with the desires of the peasants. For example, wholesale outlets should be extended to the countryside in order to extend distribution. Retail stores and plants should set up stalls to provide supplies in the countryside or jointly engage in opening up sales with local supply and marketing cooperatives. All this should be strongly encouraged. If things are done in this way, the needs of the peasants will be met. It is also an effective means for urban commercial sector to expand sales.

9864
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DOMESTIC TRADE

IMPORTANCE MUST BE ATTACHED TO MARKET INFORMATION

Shijiazhunag HEBEI RIBAO in Chinese 13 Oct 82 p 1

[Article: "Market Information Must Be Regarded as Matter of Importance"]

[Text] At a symposium held on 6 October by the economic departments of the province to discuss the work of strengthening market information, Gao Yang [7559 2254], first secretary of the provincial party committee, pointed out the need to approach the work of market information as a matter of importance, to make a start in organizing market information work, to make a serious effort to engage in publicity work and to publish articles and reports on the subject. He expressed the opinion that the various economic departments and units should organize symposiums to discuss the important work of information so that the parties concerned may come to appreciate its importance, take the initiative in the collection, the study and the exchange of market information and make full use of the available information materials (publications). Stressing the need on the part of the production departments to acquire an understanding of market conditions and to attach importance to market information, he likened those who concerned themselves only with production without looking ahead and having no regard for market conditions to a blind man riding a blind horse stumbling into a deep water hole and being forced to backtrack after suffering heavy losses.

The symposium was attended by the responsible comrades of the concerned party committees, offices and bureaus of the province. Present at the meeting were leadership comrades in the provincial party committees and the provincial government including Liu Bingyan [0491 4426 1750], Guo Zhi [6753 1807], Liu Ying [0491 5391], Yue Zongtai [1471 1350 3141], Li Feng [2621 6912] and Hong Yi [3163 3015].

Those attending the meeting unanimously agreed that the work of strengthening market information must be regarded as an urgent and important mission. The militant program proposed by the 12th CPC National Congress for the full implementation of the new projects of socialist modernization has made new and greater demands in the commercial field. In his report to the 12th CPC National Congress, Comrade Hu Yaobang pointed out emphatically the problem posed by "poor market forecasts." The work of collecting and disseminating market information, if done in a creditable manner, helps those in leadership positions to draw up plans on the basis of the fluctuating supply and demand situation in the market, to adjust the planned economy to market needs,

to coordinate production, supply and sale of products, to promote production, to strengthen production and administration and management according to a plan, to reduce and to avoid the pitfalls of acting in a blind manner, to add to the competitiveness of products, to better develop industrial and agricultural production, to render better service in improving the livelihood of the people and to achieve greater economic benefits.

After some study, it was decided at the meeting that plans should be made to establish a "Hebei Market Information Center." The concerned departments and the major enterprises under the Provincial Bureau of Commerce and in the various areas and counties of the province are similarly required to set up market information offices with the necessary personnel to establish a market information liaison network throughout the province. The chief functions of market information are as follows:

(1) The achievement of a balance between the purchasing power of the people and the supply of commercial commodities. This involves information on the various factors with reference to the trend of development of the national economy and of industrial and agricultural production as it relates to the purchasing power of the people and the production and circulation of commercial commodities, the investment of funds, the return of cash to the banks, the amount of cash in circulation in the market, market demands in the cities and villages, the channels through which the purchasing power of the people is being directed and changes and developing trends in the patter of consumer needs.

(2) Investigation into and acquiring an understanding of changes in the production and demand situation of the major commodities as well as certain special commodities and the trend of developments. This involves market demands, production capacity, market distribution, market structure, the amount of production, the variety and types of products, raw materials, energy resources, sown areas, the production rate (quantity) of commercial commodities, the amount retained by society, the number of pigs, cows, sheep and domestic fowls in and out of inventory, the cost of products, the amount of profits, prices, the amount purchased, distributed and sold by commercial businesses, the amount stockpiled, the import and export situation, changes in the trend of development and the whole process from the sale of products on a trial basis, the period when the products have reached a point of saturation, the period when the products have reached an unmarketable state and the period for the discontinuation of their production.

(3) Providing information on consumer demands and changes in their demands in the types of merchandise, the quality, variety, specifications, styles, prices and packaging. This includes changes in the level of consumption, the buying habits of consumers and seasonal demands. As regards the types of merchandise, a study should be made as to which enjoy brisk sales, which are slow to sell, which are unmarketable and being stockpiled, which should be discontinued, which show sufficient promise to warrant development and the effect new types of products have on the old.

(4) Providing information on the supply and sales situation in our province of major products from other provinces and the market demand for our products in other provinces.

(5) Providing information on the changing situation regarding special problems and special commercial commodities.

The meeting also affirmed the need to begin the work of economic information by establishing in the province an economic information center for the exchange of information and the eventual inclusion of information relating to production and technical matters.

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DOMESTIC TRADE

REASONS FOR FLOURISHING, STABLE MARKETS EXPLAINED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 10, 15 Oct 82 pp 7-9

[Article by Liu Yi [0491 3015], Minister of Trade, dated 18 August 1982; "Trade Is Brisk, Flourishing and Stable in Our Markets"]

[Text] Since the Third Plenary Session of the 11th CPC Central Committee, commerce, operating under the guidance of the Party Central Committee and the State Council, has earnestly corrected the leftist errors that prevailed for a long time in the field of commodity circulation, and implemented a policy in our national economy which is expressed in the four words: Readjustment, restructuring, reorganization and upgrading. As a result, the markets took on the excellent appearance of a brisk, flourishing and stable trade as has seldom been witnessed since the establishment of our government.

Any discussion of commerce must of necessity deal with agriculture and industry. Ever since systems of production responsibility were in various forms adopted in agriculture, since prices for agricultural products and by-products were raised and the agricultural structure readjusted, the production enthusiasm of the peasants was aroused to the utmost, and the production of such major agricultural products and by-products as grain, cotton, oil, pigs, tobacco, hemp, sugar, tea andfruits rose everywhere and in considerable quantities, exceeding the highest levels that have ever been achieved. After the progressive readjustment of the imbalance between heavy and light industry, the production of manufactured goods for daily use developed rapidly. Clothes made of synthetic fibers are changing almost from day to day the composition of our people's apparel. Production of the "old three items," bicycles, sewing machines and watches, increase at a good speed year after year. The production of the "new three items," television sets, tape recorders and washing machines, is developing several times over. In the wake of the readjustment and development of industrial and agricultural production, great changes also occurred in commerce. In 1981 the total value of retail sales of social commodities rose by 50.74 percent compared with 1978, and the trade in our markets is thriving, brisk, flourishing and stable. It signifies that the party's line, principles and policies since the Third Plenary Session have been tremendously correct and furthermore confirms that our people, under the guidance of the CPC, have complete confidence, and also the strength, to build our country into a powerful, modern socialist state.

Our national economy is now in the state of readjustment. After 3 years, things have taken on a new aspect, and the people of the whole country are overjoyed. Work in the field of commerce started out by creating order out of chaos in the guiding ideology and by relentlessly eliminating the influences of the "leftist" errors. According to the party's policy of "opening up the country to the outside world and enlivening the domestic economy," while upholding the priority of planned economy and following the principle that state-run commerce is to be in dominant position, a rather flexible policy was carried out in procurements and distribution, the relationship between production and consumption was coordinated, the development of commodity production was promoted and the commodity structure was progressively rationalized. A policy of the "three more and one less" was carried out, namely a reform in the system of commodity circulation of "more variety in the economic sector , more variety in management forms, more channels of trade and fewer links in the production chain." A division of labor as regards different types of commodities was also carried out, as well as a new system of opening up relations between city and countryside, and great efforts are being expended on clearing away the obstacles separating city and countryside. It may be expressed in this way: A true socialist unified market is now being established in our country and is being continuously perfected. The initial reforms in this respect have been basically accomplished. Of course, we are still facing many new problems, and there are still a great number of places that are not yet conforming and that will require new reforms.

What are the various reforms and changes in commerce?

First, Adopting a Variety of Procurement and Distribution Patterns and a Variety of Price Structures; Changing the Market Supply Situation From One of Stringency to One of Relaxation.

In the procurement of agricultural and sideline commodities, our state-run commercial enterprises have for a long period of time used only one procurement pattern and one price structure. This is asserting the role of history, and in the future we shall continue to uphold the principle of affording planned pricing the dominant position. However, a single line of procurement prices is not conducive to a proper regulation of production and consumption. After the Third Plenary Session, not only were the posted prices for the procurement of the main agricultural products and sideline products raised, but a new policy of sgpplemental prices and price negotiations was put into effect. This had an important impact on the adjustment of the structure of agriculture and on the overall development of grain and cash crops. It increased peasant income, made more commodities available to the state and greatly improved the market supply situation. Currency released to peasants in 1981 as compared with 1978 for the procurement of agricultural products and sideline products rose: For grain 88.75 percent, for cotton 96.06 percent, for oil-bearing crops, 3.97 times, for pork on the hoof 96.09 percent, for sugar-yielding crops 1.01 times, for tea leaves 94.26 percent and for flue-cured tobacco 59.23 percent. Expressed in kind and calculated for a population of 1 billion, a single average annual share would be: Additional 45 jin of grain, additional 2.7 jin of edible oil, additional 7.4 jin of meat and additional 1.59 jin of sugar. Beginning with the unlimited supply of

pork, the market will step by step ease up allround. The people will not only be able to buy foodstuffs from the shops at list price, but will also buy foodstuffs at negotiated prices and choose foodstuffs at the rural markets.

Second, Handling of Manufactured Goods for Daily Use is Changed From a System of Exclusive Sales Monopolies to a Variety of Procurement and Distribution Methods. Commodities Are No More "Old" and "in Short Supply," but "New" and "Plentiful"

The coordination of production and market situations in the case of manufactured goods for daily use has created a great change in the production of such commodities ever since the Third Plenary Session. For a long time past, the commercial enterprises had adopted a system of exclusive sales monopolies, where the larger or smaller demand was of no direct material concern for the production departments. This is a serious fault of the method of exclusive sales monopolies. Beginning in 1979, faced with the demands by the industry for greater autonomy and guided in its actions by the circumstances, commerce resolutely adjusted the procurement method from the one and only form of monopolies to four forms of procurement and distribution, namely controlled procurement and distribution (uniform distribution), planned purchasing, ordering goods and choosing and buying. This way, on the one hand brings the manufacturing units into contact with the vast world of the markets and on the other hand has the trading departments face the new problems of plan adjustments and market regulations. Judging by the results of implementing these four types of purchasing and marketing, it appears that the products became more and more adapted to marketing potentials, renewals and changes of items was speeded up, production technology was continuously improved and the quality of the products was continuously raised. At present the 11 types of manufactured goods for which the method of controlled procurement and distribution (uniform distribution) has been instituted comprise about 32 percent of the total procurements of manufactured goods; the 27 types of manufactured goods that re procured by planned purchases comprise about 28 percent of the total procurements of manufactured goods; the manufactured goods ordered comprise about 12 percent of the total procurements of manufactured goods; the rest are commodities selected and purchased. The commercial wholesale departments control 70 percent of the sources of all commodities, thus guaranteeing the realization of a socialist unified market, where planned economy is the dominating factor. Compared with 3 years ago, there is a much more abundant variety of designs and colors and a much larger assortment of manufactured goods in today's markets. The old products of the many past years of "habitual uniformity" are undergoing changes and new products vie with each other. There is by far much less lining up of people or scrambling to buy manufactured goods, and selectivity widely prevails. Markets in cities and villages appear flourishing.

Third: Commerce Changed From Exclusive Operations to Social Commercial Structures With a Variety of Economic Sectors; the Market has Become Greatly Animated and Offers Greater Conveniences.

The leftist errors in the operation of trade enterprises resulted in a great reduction of network outlets, a great contraction in the area of services and in having state-run enterprises operate as exclusive traders. Only one single trade channel was available and a "mandarin merchant" style became conspicuous. As a consequence, a whole series of difficulties arose, it was "difficult to eat," "difficult to find housing or room in an inn," "difficult to get a haircut," "difficult to get repairs done," "difficult to buy anything," etc. This caused serious inconveniences for the people. After the Third Plenary Session broadened policies, a breakthrough was effected in the area of commerce by breaking down the exclusive operations and changing thesituation where "only this one trading establishment existed and no branches of it anywhere." Although there was much resistance against this transformation, the results of the breakthrough were excellent. At present the network outlets for urban and rural collective commercial enterprises have risen to 945,000, with personnel numbering 4.5 million which is an increase of 49 percent and 94 percent, respectively, compared with 1978. The individual commercial network outlets in the cities and townships have risen to 1,740,000 with personnel numbering 2.02 million, an increase in both of 38 times compared with 1978. There are 43,000 collective commercial markets and even the large and medium-sized cities are taking a leading role in opening up agricultural markets. In this way, a truly socialist unified market was created for our country's commodity circulation, in which a variety of economic components exist side by side with the state-run commerce in dominant position. The past situation of exclusive business operations was changed, competition is appearing within certain limits and the "difficulties" referred to earlier have seen a certain relaxation. Markets have become enlivened and things have been made convenient for the people.

Fourth: The Domestic Market Changes From a Division of Labor Between City and Countryside to a New System of Division of Labor by Commodities and an Opening-Up of Trade Between City and Countryside, With Great Efforts Being Expended on Opening Up the Rural Markets

The division of labor between city and countryside in our country's domestic markets for manufactured goods came about under the historical conditions of the past. We must first of all affirm that it met the historical needs of the transformation in the production relations as it affected commodity circulation. We must also realize that the separation of city and countryside, which was brought about by the division of labor between city and countryside, violates the objective law of commodity circulation. The reason why the state of separation between city and countryside persisted for a long period of time was solely the prolonged commission of leftist errors and the tight supply and demand situation. Under those circumstances, its harmful effects had not yet become fully obvious. Since the Third Plenary Session, as a result of developing circumstances, also of the progress of the transformation and the demands for a transformation of the entire system of the national economy, the State Council decided to effect a change in the commodity circulation from a system of division of labor between city and countryside to a new system of division of labor by commodities and of opening up of trade between city and countryside, in order to clear the channels for urban-rural commodity exchanges. Of our 1 billion people, 800 million live in the countryside and the rural areas are the principal sector of our market for manufactured goods. The further development of our commodity production relies

mainly on the expansion of the rural market. It is therefore only the opening-up of trade between city and countryside that will help open up the rural markets for manufactured goods, that will help sell agricultural products, sideline and other local products and specialities and that will achieve the smooth interflow of all commodities. At present, this transformation is being launched everywhere, and the people will gradually become aware of its great significance.

Apart from this, there is also the system of responsibility for business management, applied in a number of enterprises, which is now also combined with a reorganization of the enterprises and constantly being perfected. It has also shown excellent results. The establishment of three kinds of commercial storage facilities (cold storage, oil storage, warehouses), the use of science and technology, the development od education, the expansion of the contingents of young staff and workers, etc., in all these respects there have been great changes compared with conditions before the Third Plenary Session and the whole appearance of the commercial front has taken on a new look.

Taking note of all these changes strengthens our firm resolution to march on relentlessly along the political line, principles and policies of the Third Plenary Session, to gain new victories. We must also take note that there are still many unsatisfactory points in our work in the commercial field, where we must strive unceasingly to open up new prospects.

Our country finds itself at present in a new historical era. We intend to build our country into a strong state with modern agriculture, industry, defense, science and technology within the current century. For this purpose we must devote major efforts to the development of our commodity economy, and this deverlopment is conditioned by the development of our trade. This is a problem of which many comrades have become aware throught the practical experiences in recent years. Under the new historical conditions, commerce must not only undertake to solve the tasks of the period of readjustments with their mutual intricate and complex relations, but must simultaneously take in hand a systematic adjustment and reform to solve the new tasks of the new era which are posed by the new circumstances. This requires that we develop commodity circulation and promote a prosperous urban-rural economy according to the needs of the modernizations and the development of a commodity economy, and that we render greater service to the socialist modernizations and to the growing needs of the material and cultural life of the masses.

Our country's commodity economy is a socialist planned economy. Agriculture is decentralized production on the basis of the public ownership system. Industry is comprised of many regional economies, and its management is administration by different levels under unified planning. This objective economic life demands that commerce bring into full play its direct effectiveness in promoting production and guiding production. In the light of market predictions and forecasts, support of policies, patterns of procurement and marketing, an effective reform must be brought about, the development of grain and cash crops as well as diversified operations must be promoted in a planned way and the development of manufactured goods for daily use similarly promoted.

It is necessary to make great effort to create favorable conditions for the completely unimpeded interflow of commodities in all directions and to open up trade between city and countryside on the foundation of an all-round implementation of the State Council's new system of division of labor by commodities. We must study how the reform can be carried one step further, to render the interflow of commodities more reliant on self-initiative, more rational and of greater economic profit. There must not only be a rise in beneficial economic results of commerce itself, but the effect must also be an increase in the beneficial results for the entire social economy. It is also necessary to reorganize the enterprises, enchance the quality of staff and workers and make efforts to improve management. While we must focus on raising economic benefits, arousing the enthusiasm of the staff and workers and on raising the quality of service, we must effect an all-round reorganization and reform of the wholesale and retail trades and of the catering services. We must establish a commodity circulation system in which the state-operated trade enterprises play a dominant role, establish forms of management in which contract operations are dominant and establish a social trade structure in which the collective trade establishments are the assistants and individual trade is supplemental. At the same time, we must expend great efforts on education in commerce, on developing science and technology relevant to commerce, on strengthening ideological and political work, and on raising the ideological and cultural level of staff and workers in commerce and raising their scientific and technological level. We must bring the role of commerce into full play in the construction of our material and spiritual civilization in order to contribute otward building our country into a powerful modern state within this century.

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DOMESTIC TRADE

BRISK MARKET IN FUJIAN COUNTRYSIDE REPORTED

Fuzhou FUJIAN RIBAO in Chinese 23 Aug 82 p 1

[Article by Huang Xuexin [7806 1331 8590], office of Fujian Provincial Supply Marketing Cooperative: "The Market Is Brisk in Our Province's Countryside"]

[Text] Under the guidance of the correct line of the Third Plenary Session of the CPC 11th Central Committee, our province's rural markets are growing brisk and prosperous day by day, the peasants have greatly increased their purchasing power, the demand for goods of middle and high grades is great, and the structure of consumption is becoming more and more urbanized. This fine sight is seldom seen since the founding of the people's republic.

With the implementation of the party's economic policies in the countryside, our province has developed agricultural and sideline production quickly, in addition the state has increased the purchasing prices of farm and sideline products, the peasants have increased remarkably their economic income and enhanced their purchasing power to a great extent. According to the statistics of related departments, from 1979 to 1981, the increase of peasants' net income surpassed the increase of the previous 13 years. In 1981, compared with 1978, the purchasing power had increased by 19 percent every year, and the total increase was 94 yuan in 3 years. Even with many and varied economic sectors and circulation channels, and with scattered commodity sources, our rural supply and marketing system has increased its retail sales of goods to a fairly large extent. From January to July of this year, the amount of retail sales in the countryside of our province reached 932.98 million yuan, showing an increase of 39.94 percent over the same period of 1978. The margin of increase surpassed that of the cities.

As the peasants have raised their standard of living, they have higher and higher demands for industrial products. In the past they were satisfied with only cheap and durable goods, now they want famous brands, look for goods of higher quality and better pattern and style, and in particular wish eagerly to buy goods of middle and high grades and famous brands. From January to July of this year, as compared with the same period of 1978, under the supply and marketing system in the whole province, among the principal varieties of the 4 major categories of goods including foods, clothing, daily articles and housing, the sales volume of sugar increased

79.45 percent, washing powder 52.7 percent, polyester blend fabric 3.42 times, sewing machines 3.96 times, wrist watches 3.29 times, bicycles 2.21 times, and nails and ironwire both doubled. From January to July of this year, 3,946 television sets were sold, in the past no peasant would dare to ask about such highly priced goods. Electric fans have become a daily use article in homes of peasants. Dresses and ready-made clothes, leather shoes and cosmetics including hair lotion and pearl skin cream, which peasants seldom used in the past, have become popular goods in great demand. Machine-made toilet paper is gradually taking the place of straw-paper.

The brisk market in the countryside is also manifested by the fact that the supply and marketing cooperatives in various places are making efforts to expand their networks of stores and find new sources of goods. As compared with 1978, last year our province increased cooperative networks by 36.5 percent, and also added 1,515 agency stores in isolated, remote mountain areas and islands in the sea. In the first half of this year, the amount of money which all the cooperatives spent for their purchase of 35 kinds of principal industrial products accounted for 10 percent of the total appropriation of the state-operated commerce, which greatly enriched the rural markets. To enlarge sales and meet demands, the cooperatives in various places have started the home delivery service, sending itinerant pedlars to villages, setting up stalls in rural fairs, and also such activities as holding periodical meetings for the exhibition and sales of goods and for commodity exchange, carrying out key investigation, market forecasting, and supplying goods in odd lots. Commercial warehouses have become once more active in trade on the vast rural market. At present, there are 62 trading warehouses in our province, which are playing a major role in linking the cities and the countryside, bringing about a prosperous rural economy, and enriching the rural markets.

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FOREIGN TRADE

SIGNIFICANCE OF OPEN-DOOR POLICY EXPLAINED

Beijing GUOJI MAOYI [INTERNATIONAL TRADE] in Chinese No 8, Aug 82 pp 3-7

[Article by Wang Yaotian [3076 1031 3944]: "Strategic Importance of an Open-Door Policy"]

[Text] After the Third Plenary Session, China formally announced its decision to implement the policy of opening up to the outside world. In his Report on Government Work to the Fourth Meeting of the Fifth National People's Congress, Premier Zhao Ziyang said, "China's four modernizations program needs international cooperation.... In economic work we should completely cast aside the natural viewpoint of self-sufficiency...carry out a policy of opening up to the outside world and strengthening international economic and technological exchange...use our strong points, through equal and mutually beneficial international exchange, to make up for our weak points." An article by the editorial department in issue No 8 of HONGQI this year stressed that China must develop all-round foreign economic relations in order to open up new situations. China's opening up to the world policy, therefore, is not an expedient measure but an important strategy in realizing the four modernizations. It is in keeping with the fundamental and long-term interests of the multinational Chinese people.

I. An Open-Door Policy Is Theoretically Correct

The theoretical correctness of the opening up to the world policy can be elucidated in the following three aspects:

(1) The opening up to the world policy suits the progressive trends of historical development. It is a historical necessity.

An important characteristic of current world economic development is the growing trend toward internationalization of production and the economy. Along with the development of large-scale modern industrial production and new science and technology, international economic relations have expanded from the circulation sphere to the production sphere. From exchanges of primary materials, foodstuff and manufactured goods, international trade has developed to take on various forms of cooperation and technological collaboration between productive sectors. The different countries have become increasingly mutually dependent and cooperative in capital, technology, services, and management expertise. Under the circumstances, a

country, while carrying on large-scale modern industrial production, in addition to relying on domestic market, resources, capital, technology, and services, must also use, to varying extents, international markets, resources, capital, technology, management expertise, and services. It is usually difficult for a country to develop large-scale modern industrial production behind closed doors. By utilizing external conditions and carrying out international cooperation and technological exchange, it is possible to develop rapidly at a relatively lower cost.

How should we understand the current trend of the internationalization of production and the economy? This is a theoretical question we must solve when implementing an open-door policy. According to Marxism-Leninism, international division of labor and exchange is the inevitable outcome of the development of productive forces, and the development of productive forces under any circumstances is a progressive trend of historical development. Marx said, "World trade is an indispensable condition for large-machinery industry." ("Letter to B. W. Anenkov" by K. Marx, 28 December 1848) We should understand this to mean that large-machinery production is the necessary way of economic development no matter what the socioeconomic form. China's modernization program is precisely to develop large-machinery production. Therefore, developing world trade is also an indispensable condition for China's economic development, and in order to develop world trade, it is necessary to implement a policy of opening to the world. Lenin believed that "the socialist republic cannot go on existing without making contacts with the world, and should, under the present conditions, link its own existence with its relationship with capitalism." ("Report on the Question of Concession at the Meeting of the Communist Party and League of the Central Council of the All-Russia Trade Union," 11 April 1921, "Complete Works of Lenin," Vol 32, p 303) Lenin also believed that "establishing trade relations with them will increase our own strength...." ("Our Country's Domestic and External Situations and the Task of the Party," 21 November 1920, "Complete Works of Lenin," Vol 31, p 375) The song "The Internationale" by Eugene Pottier has the line: "Internationale will be realized." The realization of international communism will have a material basis only when the internationalization of production and the economy is fully developed on a worldwide scale. Therefore, it is in keeping with the progressive trend of historical development for a country to implement an open-door policy and actively develop foreign economic and trade relations. The proletariat should advocate and promote this trend and has no reason to fear or hinder it.

(2) The correctness of an open-door policy is proven by ancient and contemporary Chinese and by world history.

A review of ancient and contemporary Chinese and world history shows that a country usually prospers when developing exchanges with foreign countries, and declines when closing doors to the outside world. For example, as early as the slave and feudal societies, city-states along the Mediterranean such as Phoenicia, Greece and Venice prospered through overseas trade. In the early days of capitalism, Holland and Britain dominated the seas through trade. In its early period, the United States developed into a world power

by utilizing European capital and technology. After World War II, external conditions played an important role in the economic recovery and development of West Europe and Japan. In Chinese history, the State of Qi, which was situated on the seacoast, followed the advice of Guan Zhong and traded in fish and salt, and so was able to be acknowledged nine times as the leader among the feudal princes and put the kingdom in order. In more recent times, the Qing Dynasty prospered in its early period when it promoted ocean trade and declined in its later period when it closed its doors. While these historical developments occurred under different conditions, they can be studied as reference.

Why is it that the rise and decline of a country is linked to its foreign relations? Recently the Belgian physicist Puligaopu [2528 0448 7559 3184] put forth the theory of dissipation structure. He holds that the systems in the universe, whether animate or inanimate, all interact with their external environments, making them mutually dependent. In natural phenomena, a substance will automatically undergo changes through continually exchanging energy and molecules with the external environment. When the changes reach a definite threshold level, the substance will transform into a new structure. On the contrary, when a system of substance does not come into contact with external environment, it cannot obtain the energy needed for its existence and development. Unable to undergo the process of metabolism, the system of substance will wither. Applying this theory to international economics, it shows that when a country implements an open-door policy, the contact of domestic economic system with external economic systems will contribute to the flourishing of the domestic economy.

(3) The open-door policy favors the development of the national economy.

All modern countries, whatever their socioeconomic systems, should actively develop foreign economic and trade relations under an open-door policy, as it favors the development of the national economy. There is a specious theory that maintains that developing foreign economic and trade relations is to make exchanges with foreign countries, that exchange does not produce value, therefore exchange is like gambling. What the winner gains in gambling is what the loser loses. Adding the two sums, the total remains unchanged. It would seem that in an exchange, what side "A" gains is what side "B" loses. The buying quantity and the selling quantity are the same, with no increased value. Actually, in international trade, under conditions of equality, both buyer and seller can gain benefits. That is to say, each of the two sides taking part in trading either gains the use value of what it lacks, or economizes on its social labor and increases its social products. That is to say, in international exchange, each side exchanges its own superior products for the other's superior products, thereby producing a "net benefit." Marx believed that when country "A" exchanges its wine for the cereals of country "B," the result is that "with the same exchange value, 'A' will gain more cereals and 'B' will gain more wine." ("Das Kapital," Vol 1, p 179) Therefore, as long as international exchange is carried out under conditions of equality, both sides will benefit. Of course, because the economic positions and labor productivity of the two sides are different, one side usually gets a little more and the other side a little less of

the "net benefit" produced by international exchange. But an independent country that can hold the initiative and have the necessary knowledge of international exchange, even if its productive forces are not well developed, can still obtain favorable exchange conditions. Marx said that countries with low productivity "pay out more physical labor in the form of objects than they get, but the commodities they get are cheaper than if they have to produce them themselves." ("Das Kapital," Chinese edition, Vol 3, p 256) Of course, when the monopolies of developed countries are the monopolizing sellers or buyers on the world market, unequal exchanges do occur. But when developing countries, trying to utilize external conditions, take part in international exchange in order to accelerate their own economic development, it may be temporarily at a disadvantage, but this is a necessary state of affairs. Lenin believed that "from the viewpoint of building socialism, even if we have to pay several hundred millions to foreign capitalists, it will be to our advantage if as a result we receive the machines and materials for rebuilding our large-scale industries. These machines and materials can enable us to restore a proletarian economic foundation, and turn the proletariat into a strong proletariat...." ("Tenth National Congress of the Russian Communist Party (Bolshevik)," "Complete Works of Lenin," Vol 32, p 403) It can thus be seen that opening to the world and promoting foreign economic and trade relations is favorable for the building of socialism.

II. Strategic Importance of the Implementation of an Open-Door Policy

All countries in the world, big or small, have their strong and weak points economically. This is due in part to geographical conditions and natural endowments and in part to differences in the development of productive forces. Under closed-door conditions, very often a country's superior essential productive factors (such as land, manpower, capital and technology) are not fully utilized and so are left unused or wasted, while they cannot get the essential productive factors they lack. This will inevitably affect the scale and speed of the country's economic growth. China, for example, boasts of rich natural and human resources, but lacks advanced technology, knowledge, and capital for modern production. On one hand, under closed-door conditions, China was unable to develop its natural resources, to explore and recover its petroleum resources. On the other hand, China's abundant human resources were wasted, to the point of creating unemployment. Under open-door conditions, external conditions can be utilized through all forms of international trade and collaborative production. That is, we can make use of foreign capital, technology and management expertise to set up enterprises and infrastructure we are unable to do so alone. We can make use of advanced foreign technology to shorten the research and development cycle of new products. We can, through equal and mutually beneficial trade, expand export, increase foreign exchange earnings, create jobs, increase social products, and improve people's life. This will accelerate the modernization programs and help bring China out of economic backwardness and achieve prosperity.

Since World War II, some countries that suffered severe economic setbacks and some newly independent Third World countries promptly made use of

favorable postwar world economic conditions and developed their economy to become major economic powers. The People's Republic of China in its early days practiced a policy of "mutual help between town and country, interflow between China and foreign countries." This resulted in definite growth in trade and economic cooperation with the socialist countries, also in some trade with Western capitalist countries. Then an embargo was imposed against China, the Soviet Union perfidiously tore up contracts and withdrew their experts, and, more significantly, China itself followed an ultra-left line during the gang-of-four period. All this affected China's foreign economic and trade relations. Today, however, whether domestically or internationally, an excellent situation exists for China to develop economic cooperation, technological exchange, and trade with foreign countries. We must take prompt advantage of the situation. It is therefore extremely necessary and urgent for us to implement an open-door policy.

In recent years we have accumulated both positive and negative experiences in our external economic cooperation and trade. For example, the petrochemical enterprises built with foreign capital and technology at Jinshan, Liaoyang and Tianjin have increased domestic synthetic fibers to account for 40 percent of the country's textile products. This eased the traditional scramble for land between grain and cotton crops, paid off investment in a relatively short time, increased the products and the quantities of textile exports, and increased profit and taxes turned over to the state. In energy, China is utilizing foreign capital and technology to explore and extract its offshore petroleum resources, opening new ways to solve the energy problem. International collaboration is also being sought in coal mining. Small and medium-sized enterprises are developing international cooperative production in such forms as joint ventures, compensation trade, processing import materials, and assembling import components. The special economic zones in Guangdong and Fujian Provinces are successful in the main though some problems remain to be solved. It is understandable that we have made mistakes since we lack experience in international economic cooperation. We should draw lessons from the mistakes in order to improve our work, not to cite them as reasons of going back to closed-doorism.

The strategic importance of opening to the world lies in utilizing external conditions to promote rapid domestic economic growth, so that China's socialist production will continue to grow and improve. Through external economic cooperation, technical exchange, and trade to utilize other countries' strong points to make up for our weak points, we will be able optimally to satisfy society's constantly increasing material and cultural needs. Instead of weakening self-reliance, this effort will reinforce the material foundation of self-reliance. Opening to the world, therefore, is an important strategic decision that has a direct bearing on the future of the Chinese nation and on whether the socialist economy can be consolidated.

III. Some Apprehensions and How To View Them

Below is a discussion on how to view the apprehensions expressed by some people.

(1) Will opening to the world cause China's economy to be controlled by foreign capitalists?

China had for a long time after the Opium War suffered aggression, oppression and exploitation by imperialism. The memories of these historical lessons are still fresh in our minds. It is, therefore, understandable that some of the cadres and masses are apprehensive about China opening to the outside world. A country's foreign policy is formulated in a given historical period under given internal and external conditions. Whether or not the policy is correct must be looked at against the given internal and external conditions and not be divorced from them. In studying whether China's opening up to the world policy will put China's economy under foreign capitalist control, we must first differentiate between the conditions of the past and the present. First, the world situation today is different from that of the past. Today along with the victories of national liberation movements the world over, close to a hundred colonies have won independence. The days are gone forever when imperialism can do as it pleases without impunity. The Third World people are uniting in the struggle against hegemony and have won initial successes. Though great resistance exists in the north-south dialogues, some positive results have been won. The developing countries are demanding the right to develop their own economy and are fighting to establish a new international economic order. In this new situation, the hegemonists' or even some of the developed countries' attempt to once again turn the Third World into colonies or semi-colonies through economic exploitation and oppression can only remain a dream. Second, the China of today is no longer the old China of the Qing Dynasty or the Kuomintang regime. The Chinese people have stood up. While China's economy is as yet underdeveloped, we are a major sovereign and independent socialist country. In the early 20th century, imperialism forced us to open our doors. Today we implement an open-door policy on our own initiative. The two are essentially different. The former was a move made under coercion for the benefit of other countries. The latter is a national policy the Chinese people are implementing for their own fundamental and long-term interests.

Of course we should see clearly that the essential nature of imperialism and the capitalists remains unchanged. Hegemonists today, like the imperialists of the past, always try to invade, oppress and control other countries. The multinational companies today try to obtain as much profit as they can through different forms of international cooperation and trade. We may be cheated and suffer losses if we make mistakes in our policy or work, if we do not know how to deal with them, if we do not study carefully the legal provisions in the contracts, if we are not clear about the rights and obligations of the two parties of a contract, if we know little or nothing about international economics and trade. Precisely because of this, Premier Zhao Ziyang points out that in order to implement an open-door policy and develop foreign economic relations and trade, we must train economists familiar with the international market and foreign economic and technical development. The problem we face, therefore, is not whether the foreign capitalists are trying to control us economically, but how we can rapidly train a large contingent of specialists in foreign economics and trade specialists so that

we will not suffer losses or be cheated in our dealings with foreign enterprises. This is a problem to be solved in earnest.

(2) Does implementing an open-door policy mean abandoning the policy of trade protection and causing difficulties for China's domestic industrial development?

Implementing a protectionist policy is to protect China's domestic industries from competition from foreign enterprises and products so that domestic industries can develop under protection. This has been one of our important foreign economic and trade policies since the founding of the People's Republic. Protectionist policy, however, does not conflict with an open-door policy. Active development of foreign economic and trade relations under an open-door policy is carried out under the prerequisite of trade protection. That is to say, all Chinese economic sectors and enterprises and their products that should be protected are still protected. China's socialist economic system facilitates the implementation of trade protection. This is because China not only has such measures as custom duties, import controls, foreign exchange controls and other foreign trade controls guaranteeing the trade protection policy, but its socialist economic planning and foreign trade planning themselves embody trade protection. We will not abandon the trade protection policy when implementing an open-door policy.

It should be pointed out, however, that we must have a correct understanding of trade protection. Some of our enterprises maintain a conservative attitude in their business operations, thinking that "the emperor's daughter need not worry about marriage." Some enterprise leaders do not try to think of ways to lower cost and improve product quality and economic results. They think that they will have no trouble finding buyers for their products, whether the products are good or bad, expensive or cheap. Today under an open-door policy, we should have a new understanding of trade protection. When some enterprises keep on turning out poor-quality products and overpricing them and do nothing about innovating technology, we need to import some products of the same type to provide comparison for the consumers. This "imported competition" promoted at our own initiative will have positive, not negative, effects on those enterprises that do nothing about innovating technology and improving management. It will lead to a faster improvement of product quality, rapidly reaching advanced world standards. There is no need to worry that opening up to the world will replace trade protection. In fact, it is necessary to import a small number of competitive products to encourage innovations in domestic enterprises.

(3) Will opening up to the world bring in the corrupt and decadent ideology of other countries and disrupt our socialist spiritual civilization?

Indeed if we relax our vigilance when opening up to the world, and allow smugglers to run rampant, it is entirely possible to have some cadres hit by "sugar-coated bullets" and commit crimes. Typical cases are already happening. We should not, however, "give up eating for fear of choking" and blame the criminal cases on an open-door policy. We should firmly

open up to the world but also firmly conduct education in the "four persists," patriotism and internationalism, and resolutely crack down on smuggling and black market selling. Whatever problem there is it can be solved.

In a word, our policy of opening to the world is an important strategic decision heralding the socialist modernization programs. It is formulated on the basis of positive and negative experiences at home and abroad. It is in keeping with both Marxism-Leninism and the fundamental interests of the Chinese people. It is taking as the foundation independence and self-reliance, using such means as active external economic cooperation, technological exchange, foreign capital, and foreign trade, to develop our strong points and overcome our weak points, and take advantage of the superior aspects of other countries and make them serve China's great goal of modernization. This is a viable policy. Firm implementation of this policy will help build up China's economic strength and place China in the front ranks of world powers politically, economically and technologically in a relatively short time.

9924
CSO: 4006/047

FOREIGN TRADE

PROCESSING IMPORTED MATERIALS IN FUJIAN DEVELOPING

Fuzhou FUJIAN RIBAO in Chinese 20 Aug 82 p 2

[Article by Chen Shoudi [7115 1343 0966]: "Fujian Province Develops Vigorously the Processing of Imported Materials"]

[Text] In recent years, our province has increased annually the import of materials for processing and re-export. In the first half of this year, the increase was greater than that of the same period last year. Facts have shown that the import of raw and auxiliary materials as well as parts and components which are of short supply at home for the production of goods in demand abroad is a fine way of doing one thing to gain many benefits. It can further link domestic production with foreign markets, stimulate our province's economy, increase income, gain more foreign exchange, increase employment, and raise the standard of living. It should be further developed vigorously.

Our province has favorable conditions in many fields for the growth of this business. First of all, the state encourages the development of the business of processing with imported materials. The central departments concerned have also reduced or exempted customs duties on raw and other materials as well as parts and components required for the processing of imported materials, and prescribed the limits of such imports for the protection and promotion of this business.

Next, at present our provincial and prefectural (municipal) authorities have controlled certain quotas of foreign exchange. The provincial authorities have made special provisions for the supply of foreign exchange to processing business, and also allotted special loans in Renminbi for the purchase of foreign exchange which must be paid for in Chinese currency, to provide the processing business with necessary funds.

Third, our rich labor resources provide a favorable condition for the processing business which requires concentrated labor forces. At present, some of our factories and enterprises are not in full operation, and the processing business can increase production and export.

Fourth, our province has carried on the processing business for many years, and has accumulated certain experience in such fields as the import of raw material and production and marketing plans.

Fifth, the processing business has extensive foreign markets. Many overseas Chinese from our province are pleased with native products. Our province is close to Hong Kong and Macao, and it is convenient to sell our export goods in Hong Kong and Macao or to transship our goods from there. These favorable conditions for foreign markets provide our processing business with practical possibilities for development.

In short, our province has many favorable conditions for the development of the processing business. We should utilize fully these favorable conditions to further develop the processing business.

The first question for us to solve is the coordination of the work of importing raw and other materials, production, marketing and transportation. The principal materials come from foreign countries, and all the products are for export. Therefore, from importing raw material to exporting products, we must link the sequence of work, particularly production, marketing and transportation. In our present foreign trade management system, in the business activities at various stages, there is a fairly serious phenomenon of each only looking after its own business. When one stage cannot keep pace, it will affect the normal procedure of the whole business activity. Therefore, to ensure the normal operation of the processing business, we must view the whole province as a chessboard, maintain a comprehensive balance, and make unified plans and arrangements of the work of processing. The whole province should give overall consideration to such problems as the investigation and study from foreign market conditions to domestic productive capacity, from the work of production to the supply of imported raw materials, the marketing of products and transportation, particularly the coordination and balance between the work of production and the work of marketing. Moreover, we must seek unity of action in all work pertaining to the processing of imported materials in order to break the passive state, disorganization and interference of the present system, so that we can develop the processing business more successfully.

The next step is to continuously raise the level of production technique and management. In foreign countries, it is very common to develop foreign trade by means of processing with imported materials for re-export. Therefore, the competition of these products is very keen on the international market. Under such circumstances, the key to the development of our processing business is to continuously renew the patterns and varieties of our products for the changing demand of the market, continuously reduce the cost of production, and make strict demands on the quality of products and the time of delivery. To fulfill these requirements, we must try by every possible means to raise the level of production technique and management.

One more problem we have to study and resolve is losses incurred in the export of products. After the introduction of new rates of foreign exchange for trade, the import of raw materials often incurs losses. As the operation of the processing business is of many links and great expenses, the cost of production of articles for export is fairly high. Losses are incurred in export; moreover, the losses are concentrated at the final unit which does export business. This issue has affected the normal development of the processing business, which should be solved promptly. The way is to

make an all-round consideration by taking our province as a whole, make a comprehensive calculation of the whole account on the losses from import and export, on the revenue from the processing business, on employment and the increase of income and so forth, weigh the economic benefits from the processing business, and financially give necessary support to the processing business in order to promote the development of this business.

9039
CSO: 4006/638

FOREIGN TRADE

DONGWAN COUNTY THRIVES IN PROCESSING WITH IMPORTED MATERIALS

Guangzhou NANFANG RIBAO in Chinese 26 Aug 82 p 1

[Article: "Dongwan Leads Whole Province in Processing Business"]

[Text] In the implementation of opening up to the outside, Dongwan County has vigorously developed businesses of processing with imported materials and patterns, assembling and fitting with imported parts and components, and compensation trade. Thus, the county has effectively promoted industrial and agricultural production, increased the people's income, and improved their living.

Dongwan County has developed the processing business and compensation trade most speedily in Guangdong Province. In more than 3 years, the county's urban areas and rural communes have signed some 1,300 agreements for the processing of imported materials, and imported more than 42,000 sets of equipment of various types. Last year, the county's income from processing reached more than 26 million U.S. dollars, and surpassed all counties in the province. From January to May of this year, the county further developed its processing business, and its income from processing reached more than 12 million U.S. dollars, showing an increase of 35.9 percent over that of the same period last year.

From the experience of this county, we can see that the development of processing business and compensation trade has the following 8 advantages:

1. It strengthens collective economy and promotes agricultural production. Many communes and production teams used their earnings from processing to buy equipment and fertilizer accelerating agricultural and industrial development.

2. It increases the income of commune members, and improves the people's living. In more than 2 years, the Changping commune in this county has earned from processing more than 6.6 million U.S. dollars, and increased on a large scale the distribution to the commune members. Last year, the average collective distribution per capita reached 530 yuan surpassing all communes in the county.

3. It earns foreign exchange for the state. This county started its business of foreign trade in 1957; however, up to 1980 its income from foreign trade amounted only to some 59 million U.S. dollars. In the past 3 years and more, after the introduction of the business of processing and compensation trade, the county has earned for the state more than 59 million U.S. dollars in foreign exchange, which is equal to the total amount of foreign exchange earned from foreign trade in the past 24 years.

4. It helps to readjust the industry, and has revived a number of "dying out" factories. In the course of the national economic readjustment, more than 90 factories and cooperatives in this county were "dying out" because they had no production assignments, or had too few assignments for normal operation. But after they started the business of processing and compensation trade, many enterprises have essentially gone into full operation, and changed from losing money to making profits.

5. It helps to strengthen weak links in industry. In the past, this county turned out only simple light industrial products. With the introduction of the business of processing and compensation trade in the last 2 years, such businesses as woolen and cotton textiles and leather making, which did not exist in the past, have grown up, increased the light industrial products, and filled the gaps in the original industrial departments.

6. It has imported new technology and equipment, and trained a technical force.

7. It has boosted employment. In more than 2 years, the county has given jobs to some 54,000 persons who were waiting for employment.

8. It has promoted social stability. The development of production has set people's minds at rest, so that social order has become better and better.

9039
CSO: 4006/638

FOREIGN TRADE

DEVELOPMENT OF GUANGDONG TOURIST INDUSTRY DESCRIBED

Guangzhou GUANGZHOU RIBAO in Chinese 20 Aug 82 p 1

[Article: "New Prospects for Our Province's Tourist Industry"]

[Text] New prospects have opened up for the tourist industry in this province since the Third Plenary Session of the 11th Party Central Committee: between 1978 and the middle of this year, the total number of tourists received by the entire tourism system has been 3.402 million. The number of tourists received has been increasing annually, reaching more than 461,900 in the first half of this year, which surpasses the total for all of 1978.

In the last few years the province has invested 558.77 million yuan in construction of guest houses, of which 82.3 percent utilized foreign resources. To date a total of 34 guest houses and tourist facilities have been built, are under construction, or have been authorized and are being planned. After construction is completed, they will provide beds for 20,390 tourists, 93 villas and 830 tents. In addition, the province's tourist system is adding a total of more than 2,400 tourist vehicles, most of them high-class tourist vehicles.

Construction in the main scenic areas in this province is also being upgraded, and new tourist attractions are being discovered and developed, gradually developing into seven provincewide scenic networks and lines, including the Conghua-Foshan-Zhaoqing-Xijiaoshan route centered on Guangzhou, the Zhuhai-Zhongshan route, the Shanzhen route, the Zhanjiang-Hainan route, the Huiyang-Boluo route, the Swatou route and the Yunguan-Renhua-Qujiang-Yingde route in northern Guangdong. The newly opened tourist spots include Lingxiau Rock in Yangchun and Yujingguan [Jade Crystal Palace] in Yingde.

The number of overseas Chinese, Hongkong-Amoy Chinese, Taiwanese, people of Chinese ancestry residing abroad and foreigners visiting the province has increased from year to year. Foreign tourists have come from 97 countries and areas including Japan, the United States, West Germany, England, France, Australia and Canada; the total foreign exchange income from tourism, supply and services was U.S. $138.03 million. In the first half of this year, a total of U.S. $87.91 million in foreign exchange has been created, an increase of 22.54 percent from the same period last year.
8480
CSO: 4006/630

FOREIGN TRADE

BRIEFS

FUJIAN EXPORTS GROW--In the first half-year, this province's foreign trade departments continued both to attack serious criminal activity in the economic sphere and to work on their functional responsibilities, so that good results were achieved in both procurement and export. During the period, foreign trade procurement provincewide fulfilled 51.5 percent of the procurement plan for the entire year, an increase of 7.4 percent from the same period last year. At a time when capitalist markets are depressed and prices are falling, the import-export companies strengthened foreign marketing and export activity, fulfilling 46.8 percent of the total annual export plan in the first half of the year, up 4.7 percent from the same period last year. Correcting for falling prices, the actual export volume has increased by about 9 percent. The procurement and export of local and livestock products, light industrial products and textiles all exceeded both halfway marks, and were all up to various degrees from the same period last year. [Text] [Fuzhou FUJIAN RIBAO in Chinese 17 Jul 82 p 1] 8480

CSO: 4006/592

GENERAL

RELIANCE ON PLANNED ECONOMY, USE OF MARKET REGULATION DISCUSSED

Guangzhou GUANGZHOU RIBAO in Chinese 18 Oct 82 p 5

/Article by Zhao Yuanhao /6392 0337 3185/: "An Elementary Discussion of the Principle of Relying Mainly on the Planned Economy and Supplementing it With Market Regulation"/

/Text/ China is a socialist country and based on the foundation of public ownership of the means of production carrying out a planned economy is only natural.

Because a socialist economy was based on the overthrow of capitalist control, and also in criticizing the capital system, it was founded on the insurmountable contradictions between socializing production and private monopoly of the means of production. Planned economy came into being as the antithesis of the anarchic state of capitalist production. That is to say, only when a planned economy is practiced on the foundation of the public ownership of the means of production can the anarchic state of capitalist production be overcome and the cyclical economic crises, as well as the fear and panic they create, be overcome. This is the scientific conclusion reached by Marx in studying the laws of capitalist development and the course of history has completely proven its correctness.

However, due to the "Great Cultural Revolution" and the leftist errors which preceded it, we have not done things according to Marxist-Leninist principles, we have not correctly employed the laws of national economic planned proportional development and other socialist economic laws, thus the proportional relationships of the national economy are seriously out of balance, causing great harm to development of production and the people's standard of living. This is entirely created by human error. The principles of scientific socialism and the principles of Marxist-Leninist economics, however, are not in error. But some people have not seen this point clearly and think that Marxist economic theory is only suited to developed capitalist countries and is not suited to Third World countries such as China; there are also some who think that China is a country in which feudal economic influence is so ingrained and the small producer is so dominant that it is an illustion to try implementing a planned economy. Thus they draw the erroneous conclusion that China can only implement a commodity economy which is regulated automatically by the law of value and implementing a planned economy can bring disaster. Although

people who have reached this conclusion do not necessarily wish to abolish socialism and let capitalism return in China, if their viewpoint were implemented, objectively it would inescapably lead China astray in this direction.

The reason this viewpoint is erroneous is not only because they have forgotten the basic principles of Marxism: without a planned economy there is no socialism. At the same time they have also forgotten that during China's First Five-Year Plan, because we could do things by seeking truth from facts, in accordance with the laws of planned proportional development of the national economy and other socialist economic laws, the results of national economic planning were very good, very good economic benefits were gained and the speed of development was very high; they have also forgotten that from 1962 to 1965, after China carried out its "eight character policy" and rectified the national economy, economic development was good. These facts prove that socialist China, though a country which in the past was heavily influenced by feudalism and in which the small producer dominated, after realizing socialist transformation was able to implement a planned economy and could derive very good economic results. How could it be said that implementing a planned economy in China was an illusion or a disaster? This clearly is an extremely mistaken viewpoint.

At the 12th Congress of the Communist Party of China, Comrade Hu Yaobang pointed out in his report, "Planned production and circulation is the main body of China's national economy. At the same time it permits the production and circulation of some commodities not to be planned but to be regulated by the market, i.e., on the basis of the specific situation at different times, unified state planning defines a certain sphere in which the law of value is a spontaneous regulating function. This is a supplement to planned production and circulation and is subordinate and secondary, but it is also necessary and beneficial." The general spirit is that China should be mainly a planned economy with market regulation secondary.

Why should market regulation be secondary? The main reason is that the national economy cannot be all-encompassing rapidly, but the needs of the people's livelihoods is all encompassing. This is referred to as the limited nature of the scope of national planning and the unlimited nature of people's needs. If we had only national planning of limited scope and no market regulation as a supplement, the unlimited needs of the people could not be met. With market regulation, if we had some goods as a supplement, of course, it is very necessary and beneficial to satisfy the people's needs. This not only will not harm socialism, but will benefit socialism.

To implement the principle of state planning first and market regulation second, requires differential treatment in the planning system: i.e., to carry out directive-type planning over major commodities and enterprises which have a major influence on the national economy and the people's lives, that is, plans will have the force of law and must be completed: guidance-type plans can be carried out over secondary commodities and enterprises with the hope that they can be completed, but tolerating some voluntary adjustment of enterprise plans on the basis of the market situation; there are also some

miscellaneous commodities which can be regulated automatically by the law of value, i.e., what to produce and how much to produce can be freely decided by the enterprise.

Thus, as far as ownership is concerned, it is necessary to affirm the following: the mainstay of large and medium-sized state run enterprises play a guiding role; small sized enterprises and collectively owned enterprises down to small privately owned units will play a supplementary role. A variety of economic forms coexisting will let them flexibly develop their "supplementary" role. Being "supplementary" means to carry out productive and managerial activity within the scope of the leadership of the state run economy and state law and policy, to satisfy the needs of the masses of the people. It would be improper not to have this supplement. It should not be forgotten that people thought 1956 was a golden age. Production developed rapidly then, the proportional relationships were very well adjusted, economic results were very good, market supply could satisfy people's needs. Apart from the fact that national economic planning then conformed to objective economic laws, there was a small number of capitalist enterprises and individual businesses which, under the leadership of the state-run economy and under state management allowed the law of value to play a regulatory role and they "supplemented" the inadequacies of the state plan.

However, "permitting no planning of production and circulation of some goods to be regulated by the market" does not mean that these enterprises and the production of these goods should not be planned management within the enterprise and if this is the understanding, then it is mistaken. For an enterprise to be well managed and to improve economic results it must do a good job of planned management. Planned management is necessary whether it is a socialist owned enterprise or a state capitalist owned enterprise. The more modernized a foreign capitalist enterprise today, the more it demands a high degree of planning in enterprise management (all of a capitalist society cannot have detailed planning, but in each capitalist enterprise the demands of planning work are very meticulous). Therefore, from the angle of management, each enterprise should do its planning work well. Even if some goods are not within the scope of the state plan, either by accepting orders or through market regulation, after the enterprise decides what to produce and how much to produce, it should carry out planned management. Only with good planning can control and coordination be realized, can the enterprise's economic results be improved and at the same time the enterprise improve economic management, and can production be developed to satisfy the constantly growing needs of the masses of the people.

8226
CSO: 4006/80

GENERAL

DEVELOPMENT OF SHANDONG COMMUNE, BRIGADE ENTERPRISES CITED

Jinan DAZHONG RIBAO in Chinese 20 Aug 82 p 1

[Article: "This Province's Commune and Brigade Enterprises Develop Rapidly"]

[Text] Since the Third Plenary Session of the 11th Central Committee, commune and brigade enterprises in this province have developed rather rapidly, making a major contribution to the flourishing of the rural economy, the improvement of the peasants' standard of living, and the stimulation of agricultural production. As of the end of 1981 the total income of the province's commune and brigade enterprises had reached more than 6.56 billion yuan; the average annual increase over the past 3 years has been 7.6 percent. Profits have amounted to more than 1.78 billion yuan, with an average annual increase of 9.1 percent. In the first half of this year the total income of the province's commune and brigade enterprises was up 23.6 percent from the same period last year.

The development of the province's commune and brigade enterprises has been making increasingly evident contributions to the national economy. First, they have strongly stimulated agricultural production: between 1979 and 1981 the total amount of commune and brigade enterprise funds used for support to agriculture totaled 1.08 billion yuan, equivalent to the total outlays on agriculture by our province's financial departments, in addition to which they produced large amounts of medium and small-sized agricultural implements, chemical fertilizer, agricultural pesticides and the like, which directly aided agricultural production. Second, they have increased the revenues of the state financial organs: in the 3-year period the commune and brigade enterprises paid a total of 570 million yuan in taxes to the higher levels, 1.25 times the agricultural tax paid provincewide. Third, they have increased commune members' income: in the 3-year period of a total of 2.05 billion yuan was used by commune and brigade enterprises for distribution to the commune members and wage payments to employees. Fourth, they have produced certain amounts of gold, coal, cement, brick and tile, and export products, have filled some gaps in large-scale industrial production, have caused markets to flourish, have increased foreign exchange earnings, and have aided state construction. Fifth, they have stimulated the construction of rural small towns: in the 3-year period a total of more

than 210 million yuan in commune in brigade enterprises profits has been spent to build hospitals, cooperative clinics and nurseries, homes for the aged, libraries, theaters and the like, improving rural health conditions and enlivening cultural life. Sixth, they have provided employment for more than 3.5 million rural unemployed, making a great contribution to the further stability and unity and consolidating the excellent development situation.

In the past 3 years, our province's commune and brigade enterprises have carried out conscientious readjustment and reorganization work, have further rectified their production orientation, and have readjusted their product mix. According to statistics for the end of 1981, the relative share of light industry and textiles had increased from 45.5 percent in 1979 to a figure of 52.5 percent; the share of the mechanical industry had decreased from 45.1 percent in 1979 to 28.9 percent; and the share of processing industries using agricultural sideline products as starting materials had risen from 15.4 percent in 1979 to 22.2 percent. The proportion of products directly serving the people's livelihood and production has increased considerably. Readjustment and reorganization have strongly promoted the development of commune and brigade enterprises, have improved the rural economic structure, have increased commodity production, and have expanded increased peasant income.

8480
CSO: 4006/630

GENERAL

ECONOMIC, TECHNICAL COOPERATION BY GUANGDONG URGED

Guangzhou YANGCHENG WANBAO in Chinese 28 Jul 82 p 4

[Article by Nie Zhourong [5119 0719 2837]: "Expand Economic and Technical Cooperation and Strive To Develop Guangdong's Economy"]

[Text] Economic and technical cooperation means intensified ties, mutual assistance and common progress in trade, economic activity, banking and loans, and science and technology.

The pursuit of economic and technical cooperation stems from the requirements of large-scale socialized production and proportionate development of the national economy. Socialization of production, and especially division of labor and specialization, inevitably bind the various sectors of the national economy, units and localities closely together and produce far-reaching economic relationships between the domestic economy and foreign economies. At the same time, the development of the national economy objectively requires that certain proportionalities be maintained among the various sectors. But because of various factors, no organization, area or country can produce everything which it needs. In the process of social reproduction, because of natural conditions, production capabilities and limitations in technical level, some social products may temporarily be in short supply and will need to be supplemented, while others will be relatively abundantly supplied and will need to be transferred; mutual economic and technical exchange, the mutual exchange of needed products, and the adjustment of surpluses and scarcities are helpful in making timely adjustment of imbalances between the various parts so that the entire national economy can develop in good adjustment. In addition, the pursuit of economic and technical cooperation is also promoting the development of science and technology and improving economic performance.

The economy of Guangdong is a part of the national socialist economic whole and it must engage in economic and technical cooperation with other provinces, municipalities and regions, and even other countries. Guangdong's economic structure and resource structure dictate that it pursue economic and technical cooperation with other areas. In terms of sectors, the economic structure of Guangdong involves a relatively large relative share for light industry and a relatively small share for heavy industry, with a

rather weak heavy industrial base. In terms of the ownership system, state-run enterprises have a relatively small relative share, while municipal collective and rural commune enterprises are relatively well-developed and occupy a relatively large share. In terms of natural conditions, other than a very few production and livelihood needs, developed resources are by and large insufficient or completely lacking particularly important fuels and raw materials such as coal. This dictates the weakness of Guangdong's basic industrial technology, the shortage of raw and other materials in the production process, the low level of commodity sales included in the state's direct plan, and the insufficiency of the natural resources which are needed to accelerate development of the economy. The solution to all of these problems can be sought only in developing economic and technical cooperation.

Guangdong not only needs to develop economic and technical cooperation with other areas, but in addition it has the prerequisites to do so. First, in recent years the province's economy has developed rather rapidly. National income has increased, foreign trade has developed, there are relatively adequate amounts of domestic and foreign-exchange funds, and production technology, particularly in light industry, is rather advanced. Second, Guangdong is at the southern gateway to our country, it has the geographical advantage of closeness to Hong Kong and Amoy, conditions are favorable for communications and transport, and its commodity economy is well developed. Even more important, the Central Committee's "special policy and flexible measures: with respect to Guangdong have meant that while continuing to adhere to the principle of making overall national planning and the planned economy the primary factor and marked regulation a secondary factor, Guangdong has obtained a fair amount of autonomy in production, circulation, distribution and exchange. These circumstances have all provided extremely favorable conditions for developing economic and technical cooperation and developing Guangdong's economy.

With regard to our province's current situation, we have absorbed the lessons from past economic and technical cooperation, and in our future development of economic and technical cooperation we must focus on the problems listed below.

First, while adhering to the principle of making overall national planning and the planned economy the primary factor and market regulation a secondary factor, in combination with the principle of unity in foreign dealings, we must carry out both effective economic and technical cooperation within the country (including inside the province and with other provinces, municipalities and regions), and effective economic and technical cooperation abroad (including Hong Kong and Amoy), pursuing the two even-handedly and striving to utilize the two types of resources (domestice and foreign), the two markets (domestic and foreign), and the two sets of capabilities (managing the domestic economy and developing foreign economic exchange) so that Guangdong's economy, which has already been vitalized, will develop even further.

Second, there must be a multiplicity of forms. While carrying out effective commodity trade cooperation, a low-level form, we must also achieve effective high-level cooperation in such areas as technology, sets of equipment, funds and the like, pursuing both low-level and high-level forms, and making the changeover from the low level to the high level. Only in this way can we fundamentally raise our province's economic and technical level so as to create the conditions for further comprehensive cooperation. Previously, we carried on significant cooperation only in the low-level form of commodity trade in the circulation sphere, while in the future the focus must be on effective high-level cooperation.

Third, the scope of cooperation must be increased. We must achieve effective cooperation both in the industrial production departments and in the agricultural departments. At our current production and consumption levels, carrying out these two types of cooperation effectively will essentially guarantee coordination of the two major subdivisions of the social reproduction process. In addition, we need to carry on effective cooperation both in the circulation fields of commerce and foreign trade and in the production area. In general, the circulation departments merely play the role of middleman in circulating the social commodities produced in the production sphere (including the means of production and means of subsistence) to the consumer sphere for consumption (including production consumption and livelihood production). It is true that success in this type of cooperation improves the flow of commodities, but it will not do to concentrate solely on this aspect; we must also institute effective cooperation in the production sphere, which directly creates social commodities, if we are to have commodities to circulate. In addition, we need not only cooperation in production technology, but also cooperation in management techniques. If there is a deficiency in either of these two aspects, neither of them is likely to give the proper economic results; only by combining advanced production technology with the associated management techniques can we bring about large improvements in economic effectiveness, and rapid economic development. Although none of the above types of cooperation was adequately pursued in the past, in relative terms overall cooperation in agricultural production was inferior to that in industrial production, cooperation in the production sphere was inferior to cooperation in the circulation sphere, and cooperation in economic management was inferior to cooperation in the production technology area. In the future, all of these aspects must be strengthened with practicable measures to that they will all support each other and will all benefit.

Fourth, we must coordinate the long-term and short-term aspects. We need both effective short-term cooperation and effective long-term cooperation. Short-term cooperation can be used to solve crises in the production process, while long-term cooperation can provide a reliable guarantee that relatively long-term problems in the production process will be solved; neither of the two aspects may be neglected. In view of the fact that the production figures for our province which are being entered in the state plan are comparatively low, long-term cooperation is more important in the long run. Our past cooperation has mostly been of a short-term type; in the future, under the guidance of the state plan, we must carry on

more long-term cooperation to assure smooth functioning of the production process.

Fifth, we must strengthen our leadership of economic and technical cooperation, put the mechanism for economic and technical cooperation in good working order, and improve the functional qualifications of the persons involved in it. We must thoroughly rectify the previous situation in which there was no unified leadership or specialized organization for economic cooperation and the personnel involved were not well qualified, so that we can meet the need for comprehensive, constant economic and technical cooperation. At present there is only limited understanding of our province's situation outside the province, there are blockages in some normal channels of cooperation, and we must effectively change the timid attitude of some cadres and supply and marketing personnel and support and encourage them in their work so as to open all possible channels for cooperation.

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GENERAL

GUANGDONG PROVINCE REORGANIZES FINANCIAL, TRADE SETUPS

Guangzhou NANFANG RIBAO in Chinese 13 Oct 82 p 1

[Article: "Guangdong Party Committee and People's Government Decide To Reorganize Financial and Trade Enterprises"]

[Text] A decision was recently made by the Party Committee and People's Government of Guangdong Province to reorganize in a systematic manner all the financial and trade enterprises, in order to correct the direction of business management, improve administration and management achieve higher economic benefits, raise the level of financial and trade operations in our province to a higher plane and to make further contributions to the new projects of socialist modernization construction on an overall basis.

Since the Third Plenary Session of the 11th Party Central Committee, the financial and trade departments of our province have done a great deal of work and have achieved good results in lending their support to production, expanding commodity circulation, enlivening the market in the cities and villages, promoting industrial and agricultural production, and providing services to improve the livelihood of the people. They also have achieved definite results in reforming the system of financial and trade administration, enlarging the autonomous powers of the enterprises, adopting the managemnt responsibility system on a trial basis, and achieving higher economic benefits. However, many problems continue to plague the financial and trade enterprises. The party committee and the government of the province, in order to enable the financial and trade enterprises to better implement and enforce the party's lines, principles and policies, to further improve the level of administration and management, to render better services to promote industrial and agricultural production and to improve the livelihood of the people, made on 4 October certain decisions regarding the reorganization of financial and trade enterprises.

The decisions stated that the reorganization of financial and trade enterprises must be centered around correcting the direction of business management, improving administration and management, and increasing economic benefits by stages and in groups according to a proper plan and procedure in a sound and comprehensive manner. At present, aside from the need to deal with the basic problem of acquiring a truly correct understanding of and correcting the direction of business management as a guide to our action, it is also necessary to find a solution to the problem of improving administration and management and increasing economic benefits. First, it is necessary to

improve upon and perfect the management responsibility system. We must make clear the economic responsibility of the enterprises to the state, to ensure that the enterprises completely fulfill the various plans set by the state. We must specify the responsibility of the enterprises and their workers to the consumer, to improve the poor attitude of service at present, and put an end to practices inimical to the interests of the public. Consideration should be given to the interests of the state, the enterprises and workers. The enterprises should reduce losses and increase profits, first consideration should be given to ensure the benefits accruing to the state at the same time, the interests of the enterprises and their workers should be taken into account. Second, improvement must be made in labor organization and labor discipline to increase labor efficiency. A limit must be set for the number of workers, and labor must be organized and deployed to eliminate the overstaffing of organizations, the employment of more workers than is necessary, and the unequal distribution of workloads. It is necessary to put the right workers in the right positions to make the best possible use of men. Third, it is necessary to strengthen financial and trade discipline, and perfect the finance and accounting system. We must put an end to the practice of boosting the cost and incurring expenditures indiscriminately, of evading taxes, of holding back profits, of obtaining cash for services not rendered, of extending loans without consideration of their merits, of paying bonuses without just cause and of violating financial and economic discipline. It is absolutely necessary to put in order, to establish and to perfect the finance and accounting system, to strengthen the control of cash, to exercise control of and supervision over credit funds, to tighten up financial and procedures, and to stop up the loopholes. Fourth, it is necessary to consolidate and to establish a leadership corps in the financial and trade enterprises. After we correct and overcome weaknesses, disorganization, ageism, procrastination, bureaucratic practices, and unhealthy party tendencies young and middle-aged cadres who are politically outstanding, correct in their workstyle, conversant with the technical aspects of their operations, and possessed of ability as well as integrity, should be assigned leadership positions.

According to the decisions, the financial and trade enterprises, following their reorganization, are required to meet the following conditions: The establishment of a capable and energetic corps of leaders in the prime of life who have a good knowledge of their business and who are capable of implementing in a resolute manner the programs, principles and policies of the 12th CPC National Congress, achieving and overachieving the various goals set by the state and standing united in waging the struggle. The establishment and perfection of the responsibility system for managers (factory directors and heads of departments) under the leadership of the party committees and the system of workers' congresses under the leadership of party committees and the establishment of a corps of cadres and workers who are both red and expert. Setting a correct direction for operations and a more perfect management responsibility system, controlling production by a system of norms, setting up a sound finance and accounting system, showing a proper attitude in rendering services, achieving the various basic economic quotas and exceeding the highest level achieved in history by their enterprises. In dealing with

the question of profits accruing to the state, the enterprises and workers, we should make sure that a large share of the profits should go to the state and that there should also be a corresponding improvement in the collective welfare of the workers and in their material and cultural life.

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NATIONAL POLICY AND ISSUES

REASONS FOR OPENING UP TO WEST, USING FOREIGN EXCHANGE EXPLAINED

Shanghai SHIJIE JINGJI DAOBAO in Chinese 16 Aug 82 p 3

[Article by Qian Junrui [6929 0193 3843]: "Brief Discussion of the Theoretical Basis for Implementing An Open Door Policy And Using Foreign Capital"]

[Text] The twelfth article of the revised draft of the Constitution of the Peoples Republic of China which was passed at the 23rd session of the 5th CPC Standing Committee stipulated: "The Peoples Republic of China will allow foreign enterprises and other economic organizations or individuals to make investments in China in accordance with the laws of the Peoples Republic of China, and to implement various forms of economic collaboration with Chinese enterprises or other economic organizations," The article also stipulates: "Foreign enterprises and other foreign economic organizations and those Sino-foreign enterprises jointly funded and operated within the borders of China must all obey the laws of the Peoples Republic of China. Their legal rights and interests are protected under the laws of the Peoples Republic of China." The stipulations of this article are completely correct and equitable.

In modern times, economic dealings between nations is a historical certainty. More than 100 years ago, Marx pointed out that in the wake of world markets taking shape, mutual dealings and mutual dependence among nations economically, gradually replaced the circumstances of self-sufficiency of countries and closing the country to international intercourse.

Fostering This State Capitalism of Concessions Is Merely Improving Mass Production to Counter Small-scale Production

After the victory of the October Revolution, under a situation where socialistic reformation of the private ownership of the means of production had not yet taken place, and small-scale production still occupied a dominant position, and where imperialistic countries simultaneously surrounded the Soviet Union and imposed a tight blockade on her, Lenin promulgated a policy of state capitalism, including a concessions system and organizing communes, to overcome the spontaneous influence of small-scale production. Lenin pointed out: "The state capitalism of a concessions system" is merely "our directly making an official written contract with the most advanced civilizations of Western European capitalism." "The renters are capitalists. The

reason they run a business in the manner of capitalist production is to obtain profits. The reason they want to make contracts with the peasants is to obtain raw materials which are extremely hard to come by or which couldn't be obtained another way. The benefit gained by the Soviet regime is the growth of a production force which could immediately or within the shortest time possible increase production output." Lenin also pointed out: "The Soviet regime 'fostered' this state capitalism form of concessions systems to improve mass production to counter small-scale production, to strengthen advanced production techniques to counter backward production, and to strengthen mechanized production to counter man-made production." "Properly and prudently carrying out concessions policies undoubtedly can help us to smoothly and swiftly (to a definite, small extent) improve the production situation and improve the livelihood of the workers and peasants."

Our open door policy which we are now implementing to attract foreign capital, and to engage in jointly managed enterprises will be much better than that of the Soviet Union at the time, regardless of the international and internal conditions. However, there are people in the country who doubt the correctness of this policy. This is a reflection of the side effects left over from the wrong guidance of the "Left" on the economic front. They always fear being wronged; they are afraid there will be the danger that capitalism will be restored; or they construe the concept of self-reliance one-sidedly, and use these fears in opposition to striving for foreign aid.

Of Course There Will Have to be Various Sacrifices As the Price for Obtaining Advanced Technology, Increased Production, and Improved Livelihood of the People

Yes, in using foreign capital and running joint enterprises, we will suffer a little loss. Lenin said a long time ago that the intention of foreign capitalists who come to engage in joint ventures is to make a super profit. He pointed out even more clearly that engaging in concessions, we "of course have to take various sacrifices as the cost, and turn over to the capitalists innumerous poods of the most precious products as the cost." "We have given definite 'contributions' to capitalism throughout the world, and have 'redeemed' them in various aspects." However, "at the same time, we have immediately found a definite way to consolidate the position of the Soviet regime and a way to improve our management conditions. We can gain advanced technology and management methods, increase production, and improve the livelihood of the working people." These opinions of Lenin have a major practical significance as guidance for today's China using foreign capital and importing advanced technology.

This Has the Implication of Developing Capitalism, But It Isn't Dangerous Because the Political Power Is In the Hands of the Workers and Peasants

Some people worry that in socialist China, such things as bringing in foreign capital to run joint enterprises, compensating for trade losses, and bringing in materials for processing will bring with them the danger of restoring capitalism. Lenin had raised this point in April of 1921. He said: "Isn't it dangerous to invite capitalists to come to Russia? Isn't this implying the development of capitalism?--yes, this implies the development of capitalism. However, this is not dangerous because the workers and peasants hold the political power in their hands, and private ownership by landlords and capitalists is unable to be restored." "Under this circumstance, the growth of capitalism is not a danger, and the increase in products in fact can be beneficial to the workers and peasants." In new China, where the people's democratic dictatorship is more consolidated than ever, and where a socialistic economy occupies a position of overwhelming superiority, can using a little foreign capital, and engaging in a little capitalism really cause the reinstating of "private ownership by landlords and capitalists"? Can it really cause the restoration of capitalism within the scope of the entire country? This is absolutely impossible. We say with even more certainty than Lenin did at the time: there is no danger of this! Even though we pay some costs, they will serve to consolidate and develop the socialistic economy for our modernization.

The More There Are Possibilities to Participate In An International Division of Labor and in Expanding Contacts With the World, the More Contributions to Humanity

Some people construe the concept of self-reliance unilaterally, and, in opposition to an open door policy, explain that self-reliance means isolation, closing the country to international discourse, and being self-sufficient. This is completely erroneous ideology of feudalistic small-scale production. When Stalin criticized the erroneous viewpoint of Trotsky, he correctly pointed out that a socialistic state cannot cut off economic dealings with other nations under any circumstances; but, to the contrary, must establish extensive international economic relations. Within ten hectic years, we have suffered from closing the country to international discourse; it has caused our country to become distant from those nations with a fairly advanced scientific technology and economy. After the smashing of the "Gang of Four," especially since the Third Plenum of the 11th Congress of our party, our country entered into a new historical period. The basic duty of this period, just as it is stipulated in the draft of the Constitution, is "concentrate our strength to carry out the socialistic modernization construction." Our implementation of an open door policy, utilizing foreign capital, and importing advanced technology, studying foreign scientific management methods, all are to even better complete the basic duty stated above; and, precisely to increase our strength for self-reliance. Therefore, opening up to the world, striving for foreign aid, and our self-reliance complement each other; and, in no way is one the antithesis of the other.

The stronger our economic strength becomes, and the more possibilities of participating in an international division of effort as we expand our economic dealings with all the countries of the world, the more are the contributions we can make to mankind.

Under No Circumstances Permit International Capital to Encroach On Sovereignty; the Proletariat Must Handle Matters Appropriately and Prudently

Of course, the pre-requisites for implementing an open door policy and utilizing foreign capital must be for us to maintain independence and keep the initiative in our own hands, and to assure equality and mutual benefits. Under no circumstances may we permit international capital to encroach on our sovereignty and violate laws and decrees. As Lenin already stated when he talked about the concessions system: "A concession is a type of rental contract. Based on the contract, the capitalist becomes a renter of a portion of the state property for a specified time limit; but, he is not an owner. Ownership belongs to the state." Lenin also mentioned that in the implementation of the concessions systems, the proletariat must act appropriately and prudently. He further stated: "The whole difficulty with the concessions system lies in when the concessions contract is made. Everything must be carefully considered and thought out and weighed over and over, after the contract is made, adapt supervision of the implementation of the contract must be made." We must also be cautious when implementing an open door policy and in utilizing foreign capital. Under no circumstances should we lower our guard to prevent being duped and cheated. The draft constitution stipulates: "Foreign enterprises and other foreign economic organizations and those Sino-foreign enterprises jointly funded and operated within the borders of China must all obey the laws of the Peoples Republic of China." This is entirely necessary and correct.

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WAYS TO USE FOREIGN CAPITAL, TECHNOLOGY DISCUSSED

Shanghai SHIJIE JINGJI DAOBAO in Chinese 30 Aug 82 p 2

[Article by Li Hao [2621 3493]: "Prospects for China in Using Foreign Capital and Importing Technology"]

[Text] No matter whether we use foreign capital or import technology, the policy adopted by our country is positive and secure. What is meant by positive and secure? Generally speaking, one means having the courage to use it; the second means to make good use of it. More specifically, we can sum up the meanings with the few points below:

A Positive and Secure Policy

First, have a feasible program, and persist in proceeding from less to more and step by step in an orderly way. The scope for a nation to utilize foreign capital and import technology is conditioned by various factors such as the domestic capability of providing complete sets of equipment, the capability to absorb everything domestically, the level of management and administration, capability of foreign exchange payments, and international conditions; it is not a matter of subjectively wanting more of something, and having more or of wanting to complete something fast, and doing it fast. Therefore, we must definitely pay attention to setting a reasonable limit and formulating a feasible program but we cannot lose control and create a situation where we rely on foreign capital. In the initial stages, generally speaking, it is necessary to have slightly stringent control over using foreign capital due to insufficient experience. The trend of our foreign capital flow may be imagined as a parabolic shaped entity, where in the beginning phase it moves from a little to more to its highest point; thereafter, it gradually is reduced. Right now we have just entered the beginning phase, the high tide will come later.

Second, stress economic benefits. Speaking in the broadest sense, the utilization of foreign capital and importing technology must definitely be totally consistent with the rationalization for our industrial structure. The direction in which we cast the foreign capital must be kept well in hand; in using it for those areas where there is a pressing need for growth, there must be an overall balance of advantages to the national economy.

Speaking in the most narrow sense, research must be accomplished to determine the feasibility of each item; there must be assurance for supplying energy sources, natural resources, and communications and transportation; products must be marketable based on demand and enterprises must be able to make a profit. In summary, we must devote attention to the benefits of each item itself, as well as its social benefits.

Third, have options for absorbing foreign capital and technology. There are a fair amount of sources for capital on the international market. Speaking of a China which is in the midst of developing, it is extremely necessary that in this beginning phase, we strive to obtain a number of intermediate and long term loans with intermediate and low interest, and maintain an equitable structure of foreign capital. As for selecting the advanced foreign technology, there should be more importing of that which is suitable for changing the backward situation of our technology, and that which will speed up our modernization construction.

Four, the utilization of foreign capital and the importing of technology must be combined. If we compare foreign capital with technology, the latter is most lacking and most needed by the developing nations, including China. From now on, our country will continue to strictly control the importing of large-scaled complete sets of equipment and stress a change in direction toward importing that special technology which is lacking and the key equipment which is needed. In direct investments from outside the country, we welcome those items which can be combined with importing advanced technology and scientific management methods. The reason is very simple. We wish to buy chickens that can lay eggs and learn ways to catch fish.

Fifth, continuously raising management levels, ultimately to establish a system with a high efficiency rate. We will implement a system of job responsibility, including combining the three actions to "borrow, use, repay" as one; and, for the foreign capital drawn in, to reach a point where it is repaid with interest on time. We must channel the use of foreign capital and the importing of technology into the national economic plans and guarantee capital for complete sets of equipment in the country and the supply of such things as materials for facilities. We must try hard to abolish those bureaucratic ways which cause things to be bogged down in petty details, etc.; at the same time, we must strengthen our work in training cadre and talented people for specialized fields, and establish a specialized corps which has good ideology, proper attitudes, and skills for the jobs. With these efforts, we can raise the management level and the economic benefits.

Only by implementing this positive and secure policy for using foreign capital and importing technology can we take the course towards healthy development, promote the growth of the economy, and enhance our capability for self-reliance; furthermore, the collaborating parties will profit from it.

How Large Is the Amount of Foreign Capital To Be Used?

How large will the amount of foreign capital be which China will use during the 10 years from 1981 to 1990? Many foreign friends are extremely concerned about this question, and have made guesses. Some people believe that if China controls the domestic accumulation of the foreign capital brought in to within 10% and controls the debt repayment rate at 20%, then it is possible to achieve an accumulative total of 40 to 50 billion dollars. Of course, whether or not such a large amount can be used will still depend on many specific conditions both inside and outside the country. Considering such factors as the readjustment of our national economy, supply of energy sources, and basic transportation capabilities, I believe that from a planning standpoint it is inadvisable to go overboard; we should allow for unforeseen circumstances, and can strive to surpass them in the actual implementation.

For a considerable period of time from now on, priority will have to be given to our using foreign capital for construction of basic facilities, harbors, transportation, telecommunications, and the like, and exploiting energy sources and natural resources for mineral products, production of construction materials, and for all the composite developmental projects of a local nature. The objective for these actions is to strengthen the weak links in the state economy and guarantee a follow-up capability for later growth.

Based on the situation in China, the focal point for utilization of foreign capital and the importing of technology will be placed on carrying out technological transformation in our existing enterprises for a number of years to come. Although our mechanized industries have a fairly large production capability, they are backward as far as technology is concerned, and are in urgent need of a boost and a transformation from the importing of advanced technology. From these aspects, foreign collaboration with us can be of great significance.

Concerning future utilization of foreign capital and ways of importing technology, whatever is in vogue internationally, we will select it for use based on specific conditions. We want to explore many ways. We have several specific laws and regulations which are still not complete, but necessary provisions can be stipulated in a contract, and upon government approval of the contract, it is just as legally binding. For all types of loans, we would hope to use more intermediate to long-term loans with intermediate to low interest, but from now on we will make proper use of a number of commercial loans. Through a variety of ways, such as convening international conferences, mutually dispatching specialists, organizing advisors for consultations, and academic exchanges, we can increase mutual understanding and promote cooperation among one another. In June of this year, the "China Investment Promotion Conference" which we jointly held with the United Nations Industrial Development Team in Guangzhou, was a good effort and endeavor.

We hope that the parties cooperating with us will as far as possible expand in numbers from now on. We have always placed cooperation with the Third World countries in the most important position, at the same time, we value strengthening cooperation with the industrialized western nations.

NATIONAL POLICY AND ISSUES

LIAONING INDUSTRIAL LEADERS DISCUSS QUADRUPLING GROSS OUTPUT VALUE

Shenyang LIAONING RIBAO in Chinese 6 Sep 82 p 2

[Article: "The Strategic Objective for China's Economic Construction Can Surely Be Realized"]

[Text] In studying and discussing Comrade Hu Yaobang's report, leading comrades of the municipal party committees and governments and of economic planning departments in Anshan, Dalian, Benxi and Fuxin municipalities noted that the magnificent strategic objective set by the CPC Central Committe is to an extraordinary extent in keeping with Liaoning's reality and expresses the cherished desires of our province's party members, cadres and masses. We have the confidence, the conditions and the capability of meeting this general militant objective.

Gu Zhengrong [6253 2973 2837], member of the Anshan Municipal CPC Committe and deputy secretary of the Anshan CPC Committee said that in the 32 years since the founding of the People's Republic, under the leadership of the CPC Central Committee, there has been an enormous change in the Anshan Iron and Steel Mill. Its production capacity in steel, iron and steel products has increased continuously. By now it has been built into a large, comprehensive iron and steel enterprise which produces 7 million tons of iron, 7 million tons of steel and 4.2 million tons of steel products. The present Anshan mill is the equivalent of eight Anshans before liberation. The accumulated total of iron, steel and steel products produced for the state in the past 32 years is respectively 11, 25 and 22 times that of the 30 years prior to liberation. The number of variety specifications for steel has increased from 31 during the period immediately after liberation to 331 today; for steel products, from 250 to over 82,000. The total of profits and taxes accumulated for the state has been over 5 times the investment by the state. It should be pointed out here that if it were not for the "left" thinking during the first 3 years of the Second Five-Year Plan when we were overanxious for quick results and acted impatiently and if it were not for our big mistakes during the decade of domestic turmoil, we would have had an even somewhat faster pace of economic development. Since the Third Plenary Session of the 11th Party Congress, the Anshan steel mill has cleared away the influence of the "left" guiding thinking, and has traveled along a stable and healthy development track in its economic work. Its economic results have improved markedly. The amount of

profits remitted by the entire company to higher levels increased by 36 percent from 1977 to 1978. On this base, it increased by an average of 6.2 percent per annum between 1979 and 1981. This January through August brought another 771.83 million yuan in profits. Product quality has improved from year to year, the number of varieties has correspondingly increased and consumption has fallen. One after another, 29 products have been evaluated as quality products nationally, provincially and within the Ministry of Metallurgical Industry. Practice has shown the lines, principles and policies of the party since the Third Plenary Session to be entirely correct. At the same time is has thoroughly proven that if our economic work develops at this kind of pace, we will certainly fulfill the great objective of quadrupling our gross annual output value by the end of the century. Gu Zhengrong continued by analyzing the favorable conditions for future economic development. He said that we have brought to an end the many years of domestic chaos in our nation, created stability and unity, and turned the focus of the work of the entire party to modernization. Furthermore, the party's guiding ideology in economic work is correct and its principles and policies are on target. This situation will definitely continue to consolidate and develop for a long time. With over 30 years of strenuous effort, we have already formed a relatively extensive material and technical base. In addition to a rich supply of manpower, materials and resources, the Anshan mill even more importantly has an iron and steel army whose thinking is advanced, who are well-versed in technology and who can fight a hard battle, and management cadres and technicians at each level with rich experience in production struggles. Extra-large enterprises such as Anshan steel are great in manpower, great in industry and even greater in potential. If only we continuously improve the level of management, realse product quality, lower consumption, increase economic benefits and do a good job of technical reform in old enterprises, Anshan can make a big step forward. It is entirely possible for it to meet the militant general objective.

Comrades from the planning commission of Dalian Municipality, recalling the condition of industrial development in Dalian Municipality over the past 3 years, said that due to the readjustment of the national economy during these years, the municipality's gross industrial output value increased by 3.9 percent per year, but that a very large hidden potential remains. Manifested first in the technical reform of key enterprises and key products, over the 3 years, 409 key technical reforms were put into production in the municipality; output value has already increased by 370 million yuan. Next year another 230-plus technical reform items will be put into production, and could increase output value by an additional 250 million yuan. During the sixth and seventh 5-year plan periods, technical reforms could increase annual output value by 200 to 300 million yuan. This item alone could increase industrial output value by over 3 percent a year. Dalian, on the coast, has favorable conditions for developing industrial products for export. The volume and number of products exported has continuously increased over the past 3 years. Total exports of industrial products last year reached over 700 million uan. Long distance foreign sales were made of numerous heavy industrial products, such as 10,000-ton ships, petroleum products, small-scale electrical machinery and refrigeration equipment. Dalian's light industrial products, clothing, shell carving pictures and high-grade glass containers for household use enjoy a very high reputation on the international markets. Henceforth, Dalian's industry must

develop even further. They also noted that shortages of fuel and electrical power during these years have prevented a number of enterprises from producing at full capacity. With further energy extraction and the utilization of energy-saving techniques, industrial output value could increase by over 3 percent per year even with no increase in equipment or investment. They said that if only we persist in carrying out the party's lines, principles and policies and do a solid job, it is entirely possible for the municipality's gross industrial output value to increase by 7 to 10 percent per year. We can certainly quadruple gross output value by the end of the century and fulfill the great objective for 20 year economic construction proposed by the party Central Committee.

Deputy Secretary Ma Boman [7456 3134 3342] of the Fuxin Municipal CPC Committee reflected that the great objective of quadrupling the gross annual value of industrial and agricultural production is entirely possible, in light of the conditions in Fuxin Municipality. Because the party's policies have penetrated into people's hearts since the Third Plenary Session of the 11th Party Congress, industry and agriculture have grown quite rapidly in Fuxin, but because the technical and managerial levels are not high, economic results cannot be considered good, and Fuxin has not attained an ideal pace of development. Another way of looking at this is that the development potential is great. If the municipality's enterprises can attain the levels of advanced enterprises in its prefecture, their output value can multiply. Moreover, Fuxin is rich in energy resources, with preliminarily proven coal reserves of about 500 million tons. Currently, only 100-odd million tons are extracted. We use less than 10 percent of the tens of thousands of tons of usable slag. Henceforth we must direct the force of our attack at developing new energy resources and expanding the construction materials industry, so as to bring Fuxin's advantages into play. We can definitely do a good job of economic construction in this way.

Leading comrades of the Benxi Municipal CPC Committee and the municipal government carried out a serious discussion connected to the industrial realities of Benxi Prefecture. According to them, the most important aspect of current economic construction is not to add to the number of projects or to overreach ourselves. The key in a heavy industrial base such as Benxi is to get a handle on the strategic foci, beginning with building up the energy industry. Benxi is a major consumer of energy, with an overall consumption of 10 percent of the province's and 1 percent of the nation's. This year, a shortfall of 500,000 kwh per day and 600,000 tons of coal for the year have reduced output value by 160 million yuan. Although this problem was studied many times in the past in the municipality, the resulting proposals involved relatively large local investments, so they were never accepted. In studying and discussing Comrade Hu Yaoban's report, the leading comrades of Benxi Municipality could see the importance and urgency of energy source construction. They had the feeling in common that for Benxi Municipality to realize the strategic objective of economic development, it must hold fast to the strategic keypoint of developing energy sources. Money must be spent on the cutting edge and manpower and materials must be committed to where it is the most needed. We definitely can no longer build fires without fuelwood. They unified their thinking and understanding and formulated a program for arduously developing

energy sources during the sixth 5-year plan period. First, they are going to speed up the renovation and construction of local coal mines. Benxi Prefecture has 40 local coal mines. From now on two of these will be renovated each year and two new mines will be built, in an effort to lift the amount of locally produced raw coal from the current 500,000 tons to 1 million tons within 3 years. Second, they are going to renovate old electrical plants and build new ones. Both thermal and hydrolectrical plants are to be promoted. Within 3 years the present boilers at Benxi's electrical generating plant are to be changed into high temperature, high pressure boilers, so that all three sets of equipment will generate 25,000 kw of electricity. At the same time, the sets of large-scale generating equipment at two cement plants will be renovated to improve their generating capacity and speed up the project construction of Beitai iron and steel plant's own electrical plant and of the waste heat generation projects of the Benxi County cement plant and the Huolianzhai concrete plant, thereby striving to bring them into use as early as possible. They will make more thorough use of the water resources of the mountainous districts to build hydroelectric power stations with an installed capacity of 15,000 kw. By 1986, the amount of electricity generated in Benxi Prefecture will increase by 560 million kwh, more than half again as much as at present. Then Benxi Prefecture's energy shortage will be relieved considerably, and a good foundation will be laid for a new economic upsurge.

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NATIONAL POLICY AND ISSUES

HEILONGJIANG VICE GOVERNOR DISCUSSES INDUSTRIAL QUADRUPLING

Harbin HEILONGJIANG RIBAO in Chinese 9 Sep 82 p 4

[Article by Chen Jianfei [7115 0494 7378], Secretary of the Heilongjiang Provincial CPC Committee and Vice-Governor: "Quadrupling Our Province's Industry Is Entirely Possible"]

[Text] In his report to the 12th National Party Congress of the Communist Party of China, Comrade Yu Yaobang proposed that China's gross annual value of industrial and agricultural production quadruple between 1980 and the end of this century. This magnificent goal deeply encourages us, and we support it firmly. The proposal of this target rests on a completely scientific base and corresponds to the actual conditions in China and Heilongjiang. As far as our province's industrial production is concerned, quadrupling is entirely possible.

First, the rate of growth. Quadrupling the gross industrial output value in 1980 of 24.5 billion yuan yields 98 billion yuan. To reach this target in 20 years requires an average annual growth rate of 7.2 percent. During the past 30 years, our province's gross industrial output value has increased by an average of 11.2 percent, even without deducting for the disruption of the "great leap forward" and the effects of the 10 years of chaos. Without these two influences, the rate of growth would undoubtably have been even greater. For example, average annual growth during the First Five Year Plan was 15.7 percent, while from 1963 through 1965 it was 18.8 percent. In the practice of the past 30-odd years, we have accumulated both positive and negative experiences and come to know well some of the principles of economic construction. Especially when this is combined with the implemented spirit of the 12th Congress, it will be entirely possible for Heilongjiang's annual industrial growth to be 7.2 percent or even a bit higher.

Second, look at resource conditions. The rich natural resources of our province are a favorable condition for accelerating the pace of industrial development. For example, we have over 10 billion tons of proven coal deposits. Annual production increased by seven or eight times, from 4.9 million tons in 1950 to 42.44 million tons in 1980. Nonferrous metal deposits are also

considerable. Our reserves of copper are second in China; those of lead and zinc are relatively abundant; and gold reserves constitute a very large percentage of the nation's. We have only just begun to exploit these mineral deposits, and we could greatly speed up the pace of extraction from now on. Heilongjiang's petroleum output is half of China's gross output. There is a broad future for the comprehensive utilization of petroleum products. Once the 300,000 ton ethylene project we are now in the process of building comes on line, we will have over 580,000 tons a year of plastic, chemical fibers and industrial chemicals. The composite value of the reprocessing of these materials will equal the current output value of Daqing. The forestry industry is the same. Although the felling of timber is controlled by plan, prospects are bright for its comprehensive utilization. The current rate of comprehensive utilization of timber is only 20-some percent of the amount felled. There is great potential in raising the rate of utilization to process wood products in a big way. Again, the broad grasslands of our province cover 10 percent of its total area. We can expend a great amount of effort to develop cattle and sheep. Their milk, skins and wool can provide a rich amount of raw materials for light and textile industries. Our province has an even greater advantage in sugar beets and flax. Over the past three years, the annual output of sugar has increased from 160,000 tons to 380,000 tons. We also have a considerable potential in the processing of edible oils and foodstuffs, building materials, paper making and chemical industry.

Third, look at the material and technical base of our enterprises. After 30 years of construction, Heilongjiang now has over 20 billion yuan in fixed assets. We have a relatively solid material and technical base in machine building, metallurgy, petrochemicals, light industry and textiles. We will have to rely in the main on our existing material base to do the quadrupling. Currently, the economic benefits of these assets are not as high as they should be. If we catch up with the advanced levels in the nation, there will be no problem whatsoever with quadrupling output.

Fourth, look at our technical capability. Our province now has over 100,000 engineers, technicians and scientific researchers of various kinds. Each year brings hundreds of achievements in scientific research. When these achievements are turned into direct forces of production, it will forcefully impel the pace of our province's industrial growth and the improvement of its economic efficiency. Henceforth we must further implement the policies on intellectuals and use those people to full advantage in joining scientific research with production in order to propel Heilongjiang's industrial development at a fast pace.

Of course, quadrupling output within twenty years is no easy matter. We will have to expend an enormous amount of labor. But we definitely can reach our goal if only we actively mobilize the people of the province, conscientiously implement the spirit of the 12th Congress, raise our sense of responsibility as masters of our own fate, make full advantage of our superior conditions, unearth our potential in a big way, and do our work in a down-to-earth manner. We should see that the 7.2 percent growth rate does not have to be attained

each year. We can go a bit slower in the first decade, and a bit faster in the second. Some regions and lines of activities can be a bit faster, a bit higher, while others are a bit slower or lower. At present, we must conscientiously carry out our industrial readjustment and reorganization, to make our distribution of industry daily more rational and our industrial structure daily more scientific, and continuously to raise the level of enterprise management. Then, the pace of development will definitely pick up in the last dozen or so years.

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NATIONAL POLICY AND ISSUES

PROBLEMS OF PLANNING TECHNOLOGICAL REFORM DISCUSSED

Chengdu SICHUAN RIBAO in Chinese 17 Sep 82 p 3

[Article by Li Shaoyu [2621 1421 1342] and Tian Guangzhan [3944 0342 0148]: "A Major Condition for Achieving the Strategic Economic Objectives--Discussing the Problems of A Planned Promotion for Technological Reformation"]

[Text] To make a planned drive for technological transformation and further bring into full play the role of our present industrial enterprises within a fairly long period of time from now into the future, is an extremely important undertaking. By successfully completing this undertaking, not only can the present circumstances be changed where jobs for heavy industry are insufficient, enabling the current economic growth to maintain a definite pace, but even more importantly, production capacity can be increased; and the technological level of industry can be raised so as to create good conditions to attain the 20-year economic strategic goals promulgated by the 12th Congress of the Communist Party of China.

Marx has pointed out: "The foundation for the technology of modern industry is revolution." "With the passage of time, there will always come a day when old capital will have to be replaced from top to bottom, and shed in the same way, technology is regenerated with an even more perfect form."

In The Collected Works of Marx and Engels, Volume 23, pp 533, 689, Marx brought to light the inevitability of the reformation and replacement of technology in enterprises, it is a completely accurate scientific truth borne out by historical proofs in the growth of industry in the world. Our country has undergone more than 30 years of construction, we have nearly 400,000 industrial and communications enterprises with fixed total assets value amounting to 500 million yuan, about 31 times that at the time of the founding of the Peoples Republic. This has already layed a preliminary foundation for industrialization. Under this situation, except for some weak links, we could change from implementing a strategy of expanded reproduction through extension as our primary goal to a strategy of expanded reproduction through intension. That is to say, we should principally bring to pass equipment replacement and technological transformation to cause a regeneration of the fixed capital assets of the industrial enterprises through even more perfect forms from a technological standpoint. However, for a long time, because the economic construction work has been obstructed

by the "Left," in our expanded reproduction efforts, more often than not, new construction has been emphasized, but transformation of technology has been disregarded. Emphasis has been placed on "extensive" while making light of "intensive," with not enough importance placed on bringing the role of our present enterprises into play. In recent years, some enterprises have tapped their potentials, made innovations and transformations, but put too much emphasis on expanding quantity and disregarded raising the quality; there was much "extension of what's inside the factory," but little replacement of equipment. In this way, the situation has brought a series of problems to industrial production, one of which is the depreciation of equipment. Equipment belonging to the 1930's through the 1950's constitues 55-60 percent of the original value assessment of our fixed assets; equipment with advanced technology of the 70's and 80's, only constitutes 10-15 percent. In our provinces's textile industry, machines and equipment in use which are 30 or more years old, constitute 58.3 percent of the total production capacity. A second problem is that technology is backward. For example, the light industry production of such things as daily articles, shoes, ceramics and mechanized production of these items is only 30 percent; and labor productivity is only commensurate with that of about 90 percent of the same trades outside the country. Our country lacks energy resources; yet, due to such reasons as backward technology, the utilization rate for the energy resources we do have is only about 30 percent, a very serious loss. A third problem is that products are outmoded. Many of our products are familiar ones which have been "made for ten years straight," and even ones "made for 30 years straight." Of our mechanized production, 60 percent of the products are still at the same standard as that for the 1950's. This cannot but seriously influence technological progress of the national economy at all levels. A fourth problem is that factory buildings are in bad repair. In our country, there exists problems for most cities of factories in bad repair, with the exception of a small number of burgeoning industrial cities. Some of these problems have seriously affected production and have reached a critical stage where solutions have to be found.

The problem is obvious. The existing situation from the standpoint of our industrial production as related above, is incompatible with achieving the strategic objectives promulgated by the 12th Congress, to continue to push forward with socialist modernization and economic construction. The vigorous development of the economy must depend on the present industrial technological foundation. If we are to triple the gross output value of industry and agriculture by the end of the century, we definitely must start now, and relentlessly promote the technological transformation of our industrial enterprises. Only by conscientiously popularizing every kind of technological gain which already has provided good economic benefits, positively adopting new technology, new equipment, new crafts, new materials, and continuously raising production capacity and the level of technology and management, will we be able to successfully lay a foundation for vigorous development of the economy. If we do not carry out a technological transformation, industry will then be unable to smoothly and speedily develop under the present conditions and

enterprises will likewise be unable to grow with new vigor. If this happens, the grand blueprint sketched by the 12th Congress of the Party will then be impossible to successfully achieve.

The practices in many localities these past few years tell us that not only is it necessary to carry out technological reformation for our present enterprises, but also that it is realistic to do so. Since, with original technical equipment, technical personnel and complete facilities to serve as support, a technological reformation, compared to starting from scratch, would have the special characteristics of frugal investment, fast growth, and high yields; it would be easy to handle under our present conditions. Based on calculations of some specialists, relying on the present enterprices to carry out a technological transformation, compared to newly constructed enterprises with the same level of production capacity, will save two-thirds of the required investment; the consumption of equipment and raw materials will be cut almost in half; and, the construction period can also be greatly shortened. This fully illustrates that relying on old businesses to carry out technological reformation to develop industrial production is a new way to develop a socialist economy more quickly and with good savings.

If we are now to conscientiously complete a technological reformation in accordance with the strategic plan of the 12th Party Congress, we need to bring on a true change in ideology and work. First, on the way to implementing expanded reproduction, the first requirement is to change the past guidance of emphasizing "extension of what's in the factory" as a way of tapping latent potentialities, and in making innovations and transformations. Only by meeting these two requirements can we solve the problems in ideology and work. Second, in formulating the plans for technological reformation, we must change from rushing into action to unified planning, with due consideration for all concerned, and proceed step by step, focusing on certain points. Only in this way, can we guarantee that the state economy will grow in a proportioned, coordinated manner for each level. Third, in arranging for equipment items, we must be alert in using advanced achievements in science and technology. Finally, for the accumulation of capital, we should mainly rely on enterprises, and private funding and bank loans, locally and at the branch level. Only with the adoption of these various measures and making the economically beneficial investments, can everything be put into full play.

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NATIONAL POLICY AND ISSUES

USE OF PRIVATE FUNDS FOR PUBLIC ECONOMY URGED

Chengdu SICHUAN RIBAO in Chinese 17 Sep 82 p 3

[Article by Meng Zheng [1322 1767], Zong Qiang [1350 1730], and Yu Ping [1342 1627]: "Private Accumulation of Capital To Run Collective Economy Is Good Approach"]

[Text] Comrade Hu Yaobang pointed out in the political report to the 12th National Congress: in these past few years, the cooperative economy financed and run by young people and other residents in the cities and towns, has grown in many localities and has played a useful role. Looking at the actual situation in our province, the people in the cities and towns have been self-reliant in raising money to set up a collective economy, enabling them to play a crucial role. This is indeed a good way to effectively economize.

What is private ownership of a collective economy in the cities and towns? We believe that it is the socialist public ownership of the economy, where the working people raise money themselves, independently manage and administer it, and take the responsibility themselves for its profits or losses. The special characteristics of this collective economy are that the members within an enterprise jointly own the means of production, work together, and jointly allocate the fruits of production. Only if an enterprise has these characteristics is it worthy of being called an organization with a collective economy. Among these special characteristics, those of raising money on one's own and joint ownership of the means of production form the major foundation for successful management of the collective economy. The staff and workers of a collective enterprise depend on their own strength to raise money or use their own equipment or space, evaluating these in terms of money as a shareholder, bringing about joint ownership of the means of production, before they really feel that they are an owner of the enterprise, thereby they work with increased exertion. In production, they pay attention to careful calculation and strict budgeting, and increase the concern for the enterprise's production and gains in the market. This kind of enterprise will inevitably grow fast, have good results, and become more and more prosperous. On the other hand, collective enterprises which simply rely on the state or those units of businesses which draw money to operate, neither the money nor the means of production are jointly owned by the workers.

Their sense of responsibility as masters falls very short. Some of these people have an attitude of doing no more than what one is paid for, which affects the zeal of the workers. Obviously, these kinds of enterprises which are not worthy of being called collective enterprises are unable to develop soundly.

In the present stage of our country, different economic forms have appropriately different management systems and methods. In the area of economic accounting, sole responsibility for profit or loss is carried out across-the-board, full economic responsibility is assumed for the results of one's own management; from the standpoint of managing an enterprise, widespread democratic managing is implemented. This is one of the signs which differentiates the collective ownership economy of the cities and towns and ownership by the whole people; it is also the strong point and basic feature of a collective economy. These features and strong points stem from the decision that the special characteristics of a collective economy are for the members to raise money on their own and to jointly own the means of production. First, the workers accumulate money and the means of production on their own. These things then become everybody's collective property which can only be used for oneself, others have no right to own them. Using these means of production to launch production management activity, the profits or losses can only be borne by oneself; if there are losses, neither other units nor individuals may provide compensation; if there are profits, no unit has the right to not repay on an equal basis. If collective enterprises implement the sole responsibility for their profits or losses in this manner, then they can bring the initiative of the workers into full play. Since an enterprise's profit or loss is assumed by itself, both are mutually associated with the vital interest of the staff and workers. This can spur all the staff and workers to be concerned about the fruits of production, and will bring about the full play of the role of motivation in a collective economy. This management method of collective responsibility for profits and losses, taking from those, who have too much and give to those who have too little, and "eating out of the same pot," has many advantages. Second, with the members of an enterprise raising money on their own and jointly owning the means of production, they are in an equal position, forming a real and true comradeship. In this way, each staff member and worker can participate in the management of the enterprise and the supervision of the production activity with the air of an owner. They can carefully select the leaders of the enterprise, carry out democratic elections, and initiate participation in making decisions on the major technical problems with production for the enterprise; they can carry out democratic policy decisions, implement supervision of the economic expenses of the enterprise, and conduct democratic financial transactions. With the vast majority of staff and workers implementing democratic management of the enterprises in this manner, there is no doubt that it will be extremely beneficial to the consolidation and development of the collective economy.

At present, in taking the path where the main thing is to raise money privately, the development of a collective economy and the organizing of

labor employment still have special significance. Our country is in the midst of a period of economic readjustment where national financial resources are extremely limited. How to utilize limited money, set up even more enterprises, and arrange for even more employment for those awaiting jobs, are of utmost concern to the people. Under these circumstances, by completing the work, inciting the workers and masses to stand on their own, and amass idle capital to run a collective economy, we can reduce the pressure on the country, and greatly quicken the pace towards developing a collective economy. For example, Shanghai county incited the people to raise money on their own to set up collective enterprises. The people enthusiastically made investments and quickly opened 343 small businesses, finding places for 2,935 people waiting for work. Due to implementing a policy of "the people taking the lead to raise money on their own, supplemented by state aid," the national average amounted to expending only 37 yuan per each person for which employment was found greatly decreasing expenditures. At the same time, this method of raising money on one's own to run an enterprise neither required the layer upon layer of costs for submitting applications nor the layer upon layer of approvals; instead, the procedures for this were both simple and convenient. After the working people have made investments, each and everyone will think of ways and pay attention to management styles which are flexible and easy for soliciting help from potential backers; the enterprise can quickly start operations and conduct business. This is hard to accomplish when using the "waiting and relying on orders" method to run a collective enterprise. Therefore, it may be said categorically that the raising of money on one's own to run a collective economy is a good way to easily accumulate finances and to quickly see the good results.

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NATIONAL POLICY AND ISSUES

'HEBEI RIBAO' CALLS FOR IMPROVED INDUSTRIAL QUALITY

Shijiazhuang HEBEI RIBAO in Chinese 19 Sep 82 p 1

[Article by Commentator: "Use the Spirit of the 12th Party Congress to Motivate Improvements in Product Quality"]

[Text] On the day that we celebrated the victorious convening of the 12th National Congress of the CPC, China's fifth "quality month" also began. All the cadres, staff, workers, engineers and technical personnel on Hebei's industrial, construction and communications fronts must use the spirit of the 12th Party Congress as a motive force in working hard to increase the number of product varieties, improve quality and raise economic effectiveness, in order to lay solid groundwork for realizing the magnificent goals in economic construction.

Since the first "quality month" in 1978, our province's industrial and communications enterprises have actively promoted all-round quality control and striven to improve product quality, create name brands, aim at producing top quality items, and develop new products. The levels of quality management and product quality have both improved. Nonetheless, in light of the requirements of modernization and the livelihood of the people, there are still very large disparities in the types and quality of Hebei's industrial products. The quality of some products is unstable. Compared with a comparable period last year, more products have piled up because of unsalable designs and varieties. Our activities during this year's "quality month" must be centered closely around the core topic of improving economic efficiency, with a wide-scale campaign to "seek real benefits, satisfy the consumer." The various industrial sectors and enterprises must put improvement of product variety and quality control in first place. All localities, departments, and enterprises must act in accordance with social needs and, making reference to the domestic and international advanced levels, draft plans to upgrade and replace products, adopt truly feasible measures, and organize campaigns to compare, study, catch up with and exceed in product quality, so as to transform as rapidly as possible the backward condition of "producing things the same way for a number of years." All products must have grading standards, and the percentage of first-grade and top-quality products must be expanded.

The quality of key products must reach the most advanced national levels in the same industry. We must upgrade the quality of those which have not attained these levels, or renew and replace them. We must limit the production of those old products with backward properties, high energy consumption, or which cause serious pollution, and gradually phase them out. We must give priority in arranging raw materials, fuel and power to high quality name brand products, so as to create inexpensive, marketable products which create and retain their advantages and which provide greater material beauty to society.

At present, strengthening the technical base is a key link in transforming the backwardness of our province's product variety and quality. We must first of all do a good job of standardizing enterprises, focusing on drafting good technical standards and adopting those which are advanced and rational. High quality name brand products at the province level and above must have internal control standards. We must improve our measuring and testing procedures and set up or improve all original records, statistical data and quality files. Each enterprise must do a good job of maintenance and upkeep on its equipment and ensure that its measuring implements and test instruments are in good condition and accurate. At the same time, they must accelerate the renewal and replacement of old products in a planned and measured way, actively improve their work techniques, adopt new technology, develop new products, and raise the competitiveness of their products.

We must actively promote all-round quality management, and set up a quality assurance system. The first batch of over 7,000 reorganized enterprises in Hebei and test-site enterprises for all-round quality management must all promote all-round quality management in a conscientious way. Those enterprises which have not carried out all-round quality management should strive to create the conditions which will allow them to do so as soon as possible. Those which have carried it out should proceed from their own actual conditions and, in conjunction with long-term plans to create first-rate products, carry out factory policy target management, utilizing the method of gradually breaking down the targets to standardize the quality quotas so that they can be operative down to the individual level. They must make "service to the consumer" into in integral part of all-round quality management. They must concentrate on training for all-round quality management, pay attention to training a technical core which understands all-round quality management, set up a set of advanced collectives and individuals in all-round quality management, and develop such management work in even greater breadth and depth.

The key to developing new product varieties and improving product quality lies in the leadership. Leading cadres at all levels must continously raise their consciousness of the importance of product quality, turn the focus of their work from quantity and increasing capacity to quality and increasing product variety, and foster and strengthen the production management principle of survival through quality and development through product variety and the mind set of "serving the consumer." The leading industrial departments at all

levels and the enterprises must have leading cadres who pay special attention to product variety and quality. We must strengthen the quality management organs at each level and staff them with quality management personnel who are professionally experienced and who understand technology. Leading cadres must turn around their work style and get involved with the basic levels. They must carry out investigative studies and concretely aid the enterprises in solving problems which arise in developing new products and in improving quality. They must pay attention to discovering and fostering models, promoting advanced experience, and developing inspections and evaluations of quality management. In our "quality month" activities, we must organize publicity and inspect and commend advanced activities, so that the thinking of "quality first" will strike root among the masses.

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TIANJIN, SHANGHAI ENGAGE IN PRICE COMPETITION

Tianjin TIANJIN RIBAO in Chinese 22 Sep 82 p 2

[Article by Gong Zhao [9654 0664]: "The Role of Price in Competition"]

[Text] With commodities becoming more abundant on the market day by day, and with competition becoming fierce, price has become an important factor in marketing commodities. Comparing numerous production and operating sectors, those who have had the earliest and deepest awareness have often fought a battle of initiative and prevailed in the competition. Some enterprises in Shanghai are particularly prominent in this regard. For example, after we reduced the prices of watches, the retail price in Shanghai was higher than in Tianjin. They felt that this was not good, and sought to bring it down to Tianjin's level. When they set the prices of their commodities, they spared no effort to set them at the most competitive level. Since the beginning of this year there has been a big upswing in purchases of domestically marketed table tennis balls. Shanghai prepared for a major increase in production and set the price at a level which, if matched by other areas, could cause the latter to operate at a loss. The relevant sectors in Tianjin have also done a lot of homework on the pricing of industrial commodities. For example, the Tianjin Knit Goods Mill produces a 32-count combing light rose undershirt with stable quality and a price consistently one-third below Shanghai's; it has become a prestige commodity in the domestic markets. The market for sleeveless garments has already become saturated in China, but various localities are sending in bills of lading one after another. Thewidth of 816 knitted polyester faced material is 5 cm wider than Shanghai's and the quality is also good, yet the price is comparable. At present, polyester knits have become a stagnant commodity in China, but their sales are still quite good.

Our municipality actually has a number of operating units which do not pay much attention to using the economic lever of price to keep on top of the ever-changing market. When prices are nationally uniformly regulated, some suffer major losses because of inadequate information. Before 1981, the 60-count, 3-ply polyester taffeta produced in Tianjin was of the same quality and price as Shanghai's, with sales relatively normal. During the first half of this year, Shanghai's price per unit fell from 4.33 yuan to 3 yuan, while ours went from 4.33 yuan to 3.47 yuan, 15 percent above Shanghai. As a result, various localities have one after another turned to Shanghai to

replenish their stocks. This year, Tianjin's procurement plan linking industry with commerce was 250,000, down 810,000 from last year, with an excess commercial inventory of 500,000. In some cases, it is patent that marketing is affected by prices being too high, yet although prices have to be reduced, those responsible cannot bring themselves to do it. Others, their vision obscured by temporary high demand, blindly seek profits and raise prices. Recently, one factory, whose product had a certain reputation on the market, changed its specifications and raised its selling price. As a consequence, they lost their market and had to change their production. Another factory, whose product was a bit showy but could hardly be counted as a name brand, stubbornly fixed its price at the level of the name brand product, inasmuch as market demand for the good was quite high. The good times did not last, however; within 3 years their sales had slipped badly. During the latter half of this year, national sales orders were only about 4 percent of the year's total. The only way to turn around this passive situation is to change the external appearance and reduce the price to the level of an ordinary product.

To sum up the above, it is not hard to see that the living standards of the Chinese people are still not too high, particularly in the today of the rural markets of the 800 million peasants. This clearly makes it even more important to pay better attention to making small per-unit profits with a quick turnover, and to winning victory through lower prices. Although lower unit profits may reduce a factory's economic benefits a bit in the immediate run, in the long-run they can maintain the expansion of reproduction, as well as yield large economic benefits. On the other hand, the single-minded pursuit of present profits could bring in relatively high economic benefits for a period of time, but very shortly the markets will be lost and inventories will pile up. I'm afraid that even the original benefits may be lost.

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NATIONAL POLICY AND ISSUES

QUADRUPLING OUTPUT REQUIRES IMPROVED EFFICIENCY

Beijing RENMIN RIBAO in Chinese 12 Oct 82 p 5

[Article by Pang Yongjie [7894 3057 3381]: "Travel the Path of Raising Economic Effectiveness"]

[Text] The 12th Congress of the Communist Party of China (CPC) drew up a magnificent blueprint for China's economic and social development. This blueprint unfolds the bright prospect of quadrupling China's annual industrial and agricultural output value in the 20 years from 1981 to the end of the century, allowing the material and cultural living standards of the people to reach a comfortable level. To realize this strategic objective in economic construction, we must travel the path of raising economic effectiveness.

Since our country was founded, its socialist economic construction has proceeded rapidly and scored great achievements. At first, economic effectiveness was also relatively good, but over a relatively long period, "Left" mistakes of blindly pursuing high targets, high levels of accumulation and rapid rates of growth led to relatively serious imbalances in the national economy. The resulting poor efficiency caused extremely serious losses and waste in the economy. Numerous important indicators of economic efficiency not only fell further and further behind advanced world levels but also dropped well below China's first 5-year plan period. Our historical experience tells us that a rapid pace of growth with poor economic efficiency costs us more than we gain. For example, during the second, third and fourth 5-year plans, we paid no heed to efficiency in economic construction and sought exclusively to pursue growth rates in output and output value, losing and wasting a large amount of human, material and financial resources. Actually, only an economically efficient growth rate is a solid one which can continue stably. The pace of the First Five-Year Plan and the 3 years of readjustment was based on maintaining and restoring the comprehensive balance of the national economy and on improved economic efficiency. As a result, social wealth increased and the people received real benefits. Therefore, in the course of our socialist economic construction, we must unify economic efficiency and the rate of growth and accelerate the latter on the precondition of improving the former. The only correct path is one where we strive not only for economic efficiency but also for a fast rate of growth.

After the Third Plenum of the 11th Party Central Committee, things were set to right, and the development of the national economy began to turn onto a new path which was relatively dependable, with relatively good economic efficiency, and along which the people could obtain even more real material benefits. This was an important strategic turnaround. Over the past 3 years, the average annual increase of 4.1 percent in agriculture, a pace which not only exceeds that of the previous several years but is also faster than during the First Five-Year Plan. At the same time, initial successes were scored in improving the effectiveness of energy utilization, in readjusting and turning around enterprises which had been running in the red, in speeding up the turnover in circulating funds and in increasing the rates of consignment for utilization of fixed capital. Nonetheless, the condition of poor economic efficiency which formed over a long period of time has not yet made a fundamental turnaround. Waste in production, construction and circulation is still most startling, and numerous important indicators of economic efficiency remain below the best historical records already attained in the past. This explains that our country's potential for economic development is still quite great. Let me now draw up a few rough accounts comparing changes in economic efficiency in industrial enterprises owned by the whole people over the past 3 years and the past 30 years.

During the 3 years from 1979 to 1981, profits and taxes realized from each 100 yuan of funds (the net value of fixed capital plus normed circulating funds) increased by 26 percent over 1978, but were still 24 percent below the First Five-Year Plan. If they were raised to the level prevailing during the first 5-year plan period, approximately 30 billion more yuan could be provided in profits and taxes. The average increase in national income from each 100 yuan in productive accumulation increased by 117 percent from the Fourth Five-Year Plan to 1979-1981, but was still 24 percent below the first 5-year plan period. If this value were increased to the First Five-Year Plan level, we could increase national income by over 10 billion yuan. In 1981, 1.8 yuan fewer circulating funds were required for each 100 yuan of output value than in 1978, but this was still 6 percent higher than during the First Five-Year Plan. If the amount of circulating funds used could decline by 1 percent, we could save over 3 billion yuan in funds; if it were reduced to the First Five-Year Plan level, we could save nearly 20 billion yuan each year.

These conditions demonstrate that the key link in striving for a fundamental turnaround in the financial and economic conditions and in realizing the goal of quadrupling production is to work hard to raise economic effectiveness in the realms of production, construction and circulation. For industrial and agricultural gross output value to quadruple within 20 years, the average annual growth rate must reach 7.2 percent, and must not have any spurious components. Under present conditions of production, it is clearly insufficient to rely exclusively on the amount of funds and energy provided by the newly added forces of production each year to attain this growth rate. We must seek funds, energy sources and rapid growth in improvements in economic efficiency.

We must ensure that we have correct macropolicies and that the national economy develops in a concerted manner. Comrade Zhou Enlai once pointed out that the greatest savings is that created by plan and the greatest waste was also that

created by plan. If we are to raise our economic efficiency, we must begin by ensuring that macropolicy is in accord with objective reality, and that the long-term, medium-term and annual development plans are definitely extremely reliable. Under the guidance of a correct macropolicy, we will progressively rationalize our economic strucutre, correctly place greatest importance on the production of consumption goods, and retrack the production of the means of production to serve the production of consumer goods and to serve the technical transformation of the entire society.

We must reform our economic management institutions and thoroughly arouse the socialist enthusiasm of the central and local authorities, the enterprises, and the laborers. Another important reason for our country's long-term low economic efficiency lies in the inability of the economic management and distribution institutions to thoroughly arouse the enthusiasm of all parties. Over the past several years, we have already scored some marked successes at test sites for reform in some municipalities and a batch of enterprises. We must definitely act in accordance with the strategic plan of the CPC Central Committee and the State Council and, on the basis of consolidating and completing the initial reforms which we have already carried out, and after making thorough preparations, carry on the reforms in a planned and methodical way. Such reforms will allow the rationalization of our economic management institutions and provide the central and local authorities, the enterprises, and the laborers each with their proper economic responsibilities, rights and interests, thereby thoroughly stimulating their creativity.

We must actively develop science and technology, and carry out technical reforms based on key points and in a step-by-step manner. The key to China's carrying out the four modernizations lies in the modernization of science and technology. Only when the entire economy is armed with modernized technical equipment can we greatly increase labor productivity and economic efficiency, and make a fundamental transformation in the appearance of China's social economy. Therefore, in the course of carrying out the four modernizations, we must carry out renovation of equipment and technical reforms in a focused way in old enterprises, centered closely around raising economic efficiency. At the core of the reform we must place economizing on energy sources and on raw materials, continuously lower their consumption, improve produce quality, and promote the upgrading and replacement of products with next generation products.

We must effectively reorganize our enterprises and work hard to raise the level of their management. The condition of enterprise management is an important factor in determining the quality of economic benefits. It is therfore necessary to carry out an all-round, step-by-step, batch-by-batch reorganization of our enterprises. This reorganization will realistically strengthen the leadership groups while establishing a sound economic responsibility system and raising the level of management.

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'JINGJI YANJIU' DISCUSSES CAPITAL ASSETS RENEWAL

HK240404 Beijing JINGJI YANJIU in Chinese No. 10, 20 Oct 82, pp 64-70

[Article by Tai Yuanchen [2071 0955 2525]: "Problems on the Renewal of Capital Assets"]

[Text] Our Country Has Entered Into a State of Renewal of Capital Assets; Large Amounts of Capital Assets Await Renewal

A big and important lesson requiring study in economic theory and practice is the renewal cycle of capital assets. In the past, people believed that a special phenomenon of capitalist economy was the economic growth cycle formed by the cycle of renewal of capital assets. This phenomenon occurs not only because the replacement and renewal of capital assets, which are cyclical in nature and may lead to overproduction and to periodic economic crises, neither of which capitalist economy can avoid, but also because a periodic economic crisis is usually the start of a large-scale renewal of equipment which in turn brings about an economic recovery. Under a socialist economy, there is no possibility of a marketing crisis caused by overproduction and it is always possible to make planned arrangements for the renewal of capital assets. This is how a socialist economy basically differs from a capitalist economy. But because of the time lag between the compensation for value transfer and the actual material replacement of the capital assets, frequently in certain years only few capital assets need to be renewed whereas in other years a large amount of capital assets needs to be renewed. In this way, the occasional need for material replacement of capital assets cannot be avoided. If this special feature is not taken into account and the planned arrangements are not well carried out, then due to the periodic nature of the renewal of capital assets, violent fluctuations in the development of the economy may occur.

Our country has now entered into the stage of renewal of capital assets and a large amount of capital assets needs to be renewed. This is seen in the following: Of the old enterprises left over from old China, in some cases the buildings are in dangerous condition, and may even collapse, whereas in other cases, the equipment is antiquated but over-aged machines, equipment, boilers, motor vehicles and locomotives are still in use. Of the backbone enterprises built during the periods of the first 5-year plan and the second 5-year plan, the capital assets have been

in use for over 20 years, the precision rate of the equipment has been sharply reduced, maintenance costs have increased, and the number of rejects and substandard products has greatly increased. Many of the enterprises built in the middle and late 1960's were built in a hasty fashion and then put into operation. The cost of production of their products is high and generally they have a very low efficiency rating. They badly need to be renewed and restructured. Twenty years ago when the problem of reproduction of capital assets was discussed, the great majority of the backbone enterprises of the economy had just been built. At the time the main problem was how to deal with the problems left over from the 3 years of the "Great Leap Forward," when both equipment and materials were squandered and subjected to great strain. Today, the renewal period is at hand and the big problem before us is how to attend to the periodic renewal and replacement of the capital assets and how to handle the technical rebuilding of the national economy. The change of conditions and in the points of contradiction that have occurred over the past 20 years should not be regarded lightly.

Of all the industrial and communications enterprises in our country, roughly 42 percent have been in service for over 15 years, about 33 percent for over 20 years, 14 percent for over 25 years, and those which were in existence before liberation, 7 percent. Units located in the old industrial base areas, units belonging to the old trades, and old enterprises which have made a relatively good showing in production control technical strength and mutual coordination and which have low production costs and have reaped fairly good economic results are all facing the dire problem of antiquated equipment, out-of-date production techniques and a steadily declining competitive capacity and economic effect. What is sorely needed is the renewal and restructuring of their capital assets. Shanghai is the oldest industrial base of our country. It has a most notorious problem of its equipment being extremely antiquated. For example, 72 percent of the equipment in its paper mills were built before the 1950's; 31 percent of its stamping machines were manufactured in the 1930's; the great majority of its cigarette-making machines were made in Britain in the 1920's and 1930's; and the great majority of the equipment of its match-making plants were made in Sweden in the 1930's. Of the current equipment of the Shanghai Bureau of Handicraft Industry, over 50 percent are from the period of the 1930's or 1940's while only 9 percent were made after the 1960's. The food-processing industry is one of Shanghai's old industrial trades. The bottling equipment of its beer and aerated water factories is circa 1920. Some of the biscuit-making machines made in the 1930's are still in use after 50 to 60 years' service. For a prolonged period, the 354 sets of vertical cutting lathes at Shanghai's wristwatch plants have been in use 3 shifts a day. At this rate, their life expectancy in terms of years has already been exceeded by 200 percent. As a result, they are in a more or less damaged state, their precision rate has declined, and the number of rejects of their products has greatly increased. The 13 backbone machine tools plants in Shanghai own some 8,780 sets of machine tools, of which 34.5 percent are unstable in quality and have lost their

precision. In other old industrial base areas such as Anshan, Tianjin and Qingdao, more or less the same conditions are found as those in Shanghai. In fact, the number of dangerous buildings of old plants in the old industrial base areas has been steadily increasing. In Shanghai the size of such dangerous buildings is estimated at over 1.4 million square meters and each year only slightly over 100,000 square meters are rebuilt. In the industrial and communications systems of Qingdao, dangerous buildings make up some 28 percent of the total area of the buildings. Such a state of affairs has extremely dangerous effects on the labor safety of the workers and the normal progress of production.

Old and antiquated equipment in industrial and communications enterprises are responsible for a low work efficiency rate and a high consumption of energy. For example, the medium- and low-pressure power generating sets and small-generating sets currently in use in our electric power industry consume, on the average, 40-100 percent more coal than the high efficiency power generating units. The country's industry at present has 200,000 sets of boilers, with an aggregate capacity of 300,000 tons of steam. Coal consumption is 200 million tons a year. Average heating efficiency is not too high already, that is to say, 55 to 60 percent, but there are still in use some 60,000 sets of boilers with a generating capacity of 30,000 tons of steam, which has a heating efficiency rate of less than 40 percent. A large number of old electric motors, old electric fans, water pumps, air compressors, and so forth all need to be replaced or renewed. The price paid for their extra consumption of electric power and heat energy every year should be sufficient to pay for the purchase of new equipment as replacements. In this way the large quantity of old and antiquated equipment still in use has brought in its wake a deteriorating technological state, poor product quality, a low efficiency rate and a continuous rise in production costs.

Innumerable facts have shown that the use of old and antiquated equipment wastes energy and aggravates the tense situation in the supply of electric power, coal and oil. It increases the consumption of raw materials and makes even more outstanding the problem of their insufficient supply. It speeds up the ageing of the production techniques, renders the products old-fashioned and incapable of being improved, and, in short, raises the cost of production, reduces the power of competition, and generally lowers production efficiency. What is more serious is that some enterprises are brought to the verge of suspending production and of being incapable even of maintaining simple reproduction. Hence, if capital assets already due for renewal are not renewed on time, then a number of problems will ensue, the rate of increase in production will be lowered and the economic benefits will be generally reduced.

Shortage of Renewal Funds and Urgent Need for Revision of the Depreciation Rate and Reappraisal of Asset Valuation

Despite the capital assets of our country having already entered into the period for renewal, the topic of the renewal of capital assets has not yet

attracted much attention, actual renewal work has progressed slowly and the funds for renewal are seriously insufficient. At the end of 1980, the gross value of the capital assets of our state-operated industrial and communications enterprises was about 450 billion yuan, of which about 50 percent of the equipment and a portion of the buildings were in bad need of renewal. Unfortunately, the amount of funds available for renewal and rebuilding is limited. On the basis of the amount of yearly depreciation funds set aside at present, it will take about 10 years to complete the renewal of the capital assets which need to be renewed right now. However, by that time, the capital assets that went into operation in the 1970's will be due for renewal and a new renewal period will have arrived.

The sources of funds for the renewal of capital assets should naturally be derived from the depreciation funds. At present, the depreciation rate tends to be on the low side and therefore insufficient funds have been set aside for depreciation. This indeed is a problem that needs urgent attention. The reason why the depreciation rate has been set on the low side is, theoretically speaking, due to the rejection of the theory of the existence of invisible losses. Actually, Marx once said: "In the case of machines, aside from visible depreciation, there is also the so-called invisible depreciation. Thus if a machine of the same structure can be reproduced at a cheaper price, or in the event that some better machines are in competition with the existing machines, the exchange value of the existing machines will suffer a loss."* But people thought that Marx was at the time referring to the capitalist economy. They seemed to think that under a socialist economy there was no real significance of taking into account or computing so-called invisible loss. They reasoned that since under a socialist economy the means of production in circulation within state-operated economic departments could not be considered as commodities, the means of production possessed were in reality only the outer crust of commodities and value, and the state planned and arranged for all the capital investments and their renewal. Whatever the vicissitudes, the state would take the final reckoning and the interests of the enterprises were neither concerned nor affected, nor was there competition between the enterprises. Hence, there was no point in talking about the invisible losses. However, in theory at present, it has been acknowledged that the means of production in circulation between the state-operated departments are in fact commodities, that they must be handled strictly in accordance with accounting procedure and that they should not be allowed "to melt away like meat in a pot of boiling broth." The present trend of development of the world economy and the speed of technological progress simply do not allow us to live like hermits and be content with our backward technology. Turning to the value changes in the capital assets on account of loss and depreciation we should not confine ourselves to their physical depreciation or depletion. Rather, we should take note of the invisible losses, and

*Marx: "Das Kapital," Vol. 1, People's Publishing House, 1975 Edition, p 443.

do our utmost to reduce the economic losses and the impediments to technological progress and to a rise in competitive capacity due to our neglect to taking invisible losses into account.

Because of the above, we must differ from those who contend that since the actual period for the replacement and renewal of capital assets in our country has been in excess of 20-30 years, the present practice of fixing the durability period of equipment at some 20 years is not too long and therefore the depreciation rate is not too low. It is true that in actual practice, even though the depreciation rate has been raised, equipment renewal does not take place ahead of schedule but still has to wait until the expiration of the durability period when there has been a full depreciation of the equipment. However, this practice has been followed because of the long list of overdue renewals and should not be taken as a normal phenomenon. It may be admitted that on an overall basis the current depreciation rate for capital assets is only around 4-5 percent and the durability period is set at over 20 years. The rate is thus too low. Raising the depreciation rate is not only a necessary accounting procedure but will also help to wipe out past overdue accounts in equipment renewal.

Naturally we should start from reality when readjusting the depreciation rate. The suggestion to adopt a high depreciation rate and thus achieve the objective of replacing the equipment in 5 or 7 years is also impractical. Our technological level has not yet advanced to such a level, and besides, our national conditions currently demand that we must make the utmost use of our already existing productive force. Readjustment of the depreciation rate should not be divorced from our country's reality. It must take into account feasibility regarding the country's financial resources. It should likewise take into account the task of compensating depreciated productive power and the state's task of making the necessary accumulations. Therefore, it should be raised gradually. Making too high a readjustment and effecting changes that are too violent will not only adversely affect tapping the potentials of our own productive forces but will also seriously affect state revenues.

The various kinds of capital assets such as buildings, general equipment and specialized equipment differ vastly from each other in the length of their natural durability. The extent of the invisible loss or depletion which they incur on account of progress in science and technology also differs. Hence, it is extremely irrational not to make any differentiation but to fix an overall depreciation rate applicable to an entire trade or even to a single plant. In revising the depreciation rate, it is necessary to make a scientific classification of the various categories of capital assets and formulate for them different durability standards and different depreciation rates. We should not in confusion mix plant buildings, machinery and equipment together under one overall depreciation rate and note no differences between them. In making a classification of depreciation rates, the rate for machinery and equipment should be fixed higher than that for plant buildings, specialized equipment should be higher than that for

general equipment and equipment that can be easily corroded by acids, alkalis and steam should even be higher. This will ensure specialized treatment, bring out the different and special features in the steps of modernising and technically rebuilding the capital assets, and make the depreciation rates conform to reality.

It must also be pointed out that currently many enterprises do not have a true valuation of their capital assets. Their valuation is often times at great variance with the replacement value. This has arisen out of the following causes: Some of the old enterprises left over from old China used the remnant value as the original value and thus marked down the original value of the capital assets. Over many years, management of the enterprises has been in a confused state; some enterprises in confusion entered the expenses incurred in procuring additional fixed assets into the cost of production, and in this way a portion of the machines and equipment was not entered into the books as capital assets. Some enterprises kept incomplete, or no, records of the inward and outward movements of their capital assets. In some cases, the assets were there but there were no accounting records for them while in other cases there were records but no assets. In this way, the account books do not conform to reality. Moreover, in recent years, due to rising construction costs, the replacement cost of capital assets is much higher now than in the 1950's and the 1960's. Hence, like census taking, we should carry out a nationwide revaluation of the capital assets. We must check the accounting records with the actual situation. Capital assets not shown in the account books should be entered into the books. The original value of the capital assets should be readjusted on the basis of the replacement price. We should make an estimate of the actual production capacity and find out exactly how many more years the capital assets can remain in use. This will enable us to have a correct assessment of the situation and provide a reliable basis for accounting and policymaking. In addition, it will make the setting aside of depreciation funds more reasonable.

Use of Depreciation Funds as Accumulation Funds Should be Conditional; Under Current Conditions Their Continued Use as Such Should Not Be Permitted

Currently, there is a situation of a large quantity of capital assets having to be renewed but the renewal funds being seriously insufficient. This situation has much to do with the use and management of depreciation funds. This is because although the depreciation rate has been on the low side, the passage of over 20 years should make it still possible to effect the material replacement of the assets. But now, after the assets have been in use for over 20 to 30 years, the depreciation on paper of the machines has already been completed and has even, in some cases been exceeded and the money for renewal and replacement is lacking. From this, it can be seen that the problem lies in a large proportion of the depreciation funds set aside through the years having been used as capital construction investment in new projects and on enlargement of existing projects. In other words, funds for compensation or replacement purposes have been

used as ordinary accumulation funds. If such a situation persists, then even raising the depreciation rate cannot solve the problem and it will be difficult to realize the urgently needed renewal and replacement of a large quantity of capital assets.

At this point, a problem which needs to be studied is that of depreciation funds not having been used for the renewal of capital assets—could this be due to the centralized management of the depreciation funds? Concerning this problem, many comrades in theoretical circles have contended that many of the evils and malpractices in the use of the depreciation funds are due to the centralized control of these funds and that the problem can be automatically solved if they are dispersed among the enterprises themselves, for them to make their own arrangements. In reality, this is not exactly correct. Over the past 30 years since the founding of the PRC, management of depreciation funds has gone through three separate stages. Before the year 1967, centralized management was in practice and the entire depreciation fund had to be remitted to the state for the purpose of unified arrangements. After 1967, a diversified management system was in practice. The depreciation funds remained in the hands of the enterprises and were subject to their own individual arrangements. From 1978, the system of proportional management, whereby 50 percent was retained by the enterprises, 30 percent was remitted to the state and 20 percent remitted to the localities was impractical. As for the coal, petroleum, forestry and animal husbandry industries and trades, county-run enterprises and those enterprises each with capital assets of less than 1 million yuan in original value, the enterprises were permitted to retain the entire depreciation fund. In this way, through these three periods, three measures were in practice at one time or another.

The phenomenon of the use of depreciation funds in capital construction investments such as new building projects or the enlargement of existing projects is attributable to the centralized management by the state of the depreciation funds. But this is a matter of economic development strategy and is related to the viewpoint of the relative importance of renewal and replacement. In the 3 years of the "Great Leap Forward," due to the tremendous work load on the machines and equipment and the enormous consumption and waste of materials, even simple reproduction was adversely affected. By the 1960's, attention was turned to the renewal of equipment. For certain selected commodities, such as locomotives, motor vehicles, boilers and diesel engines, special funds were earmarked for their renewal, overhauling and "mending of past negligences." In the case of mines, oilfields and forestry, levies were made on the basis of their output quantity and cost of production to provide funds for the purpose of maintaining simple reproduction. All this helped to improve the situation.

If the depreciation funds are retained by the enterprises themselves and subject to their own separate management, does it turn out that the renewals are all promptly made on schedule? The answer is that this is not necessarily the case. In fact, when the funds are managed by the enterprises

themselves, by far the largest portion is bundled together with the general capital construction investment funds, funds for renovation, for reform and tapping of the potentials, and bank loans to be used on the plants' expanded reproduction by extension, while the renewal of equipment is simply left aside. Over a period of nearly 15 years since 1967, the amount of depreciation funds retained by the enterprises plus their own production development funds have amounted to roughly 200 billion yuan. This is indeed not a small figure. But only a limited amount has been spent on renewal of equipment and capital assets have hardly received the benefit of a timely renewal. Of course, there have been exceptions and some enterprises, after taking over the control of their depreciation funds, have strictly followed the scheduled renewal of their equipment, although from the macro-economic viewpoint there is not sufficient evidence to prove that the diversified management of depreciation funds is superior to centralized management. Both do occassionally show concern for the renewal of equipment but both do show signs of treating the matter lightly. This is because the system of centralized control or diversified control is closely connected with the economic control system as a whole and is not directly related to whether or not the capital assets are renewed on schedule.

This brings us to another question, namely: Should depreciation funds be used as accumulation funds? Within theoretical circles, many comrades contend that they should definitely not be so used and believe that it is a malpractice to use depreciation funds on new building or extensions of projects. While this view is tenable under present day conditions, it is neither entirely correct in theory nor if we make an analysis of the different stages over the past 30 years.

As we all know, capital assets are different from circulating funds. The value compensation of circulating funds and the material compensation of consumed raw materials are united together. This is not so in the case of capital assets. While the value transfer of capital assets is continuously realized through the sale of the commodities, what constitutes their value compensation takes the form of depreciation funds in deposit, the material replacement of the capital assets will not take place for a considerable period of time. During the period when such replacement is still not needed, what use should be made of the depreciation funds which serve as the compensation value for the capital assets? Marx pointed out: "Depreciation funds, that is, funds for compensating the depletion of capital assets, are at the same time accumulation funds."*

According to this, depreciation funds, aside from being used as compensation funds for capital assets, can also be used as accumulation funds. In my opinion, the trouble we have had with investments in capital assets does not lie in the use of "depreciation funds" as accumulation funds, nor, and

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*Marx: "On Theory of Surplus Value," "Marx and Engels Collected Works," Vol. 26, pp 58-59.

indeed far less, should we come to the conclusion that depreciation funds should in no case be used as accumulation funds. I believe that the crux of the problem is that we must make clear under what conditions depreciation funds can be used as accumulation funds. When the prime concern of the national economy is with building new enterprises, or when the peak of the cycle for renewal of capital assets has passed and a handsome surplus is found in the depreciation funds following assurances that all currently needed renewals will be well taken care of, then the surplus portion can be utilized as accumulation funds. In such a case, use of the funds is in the nature of a loan. On the other hand, when a large amount of capital assets must be renewed, then the depreciation funds should not be used as accumulation funds and since, in the past, some of the depreciation funds were borrowed for use as accumulation funds, any gap now in depreciation funds for making the necessary material replacement should be filled by repayment from the accumulation funds. In fact, our present situation is exactly this. If the depreciation funds should continue to be used on new building and expanded construction, or on current production measures outside equipment renewal, or are "bundled" together with the plants' outlay for expanded reproduction by intension or by extension, then the outcome will be that the outstanding debt owned to renewal replacement will increasingly grow.

The above leads us to the third problem. This is a problem formerly neglected by people. It concerns the bank's regulation on the use of depreciation funds. As mentioned above, when there is a surplus of depreciation funds, the surplus may be loaned for use as accumulation funds. However, loans must be repaid. Over the past years, we have accumulated a debt of enormous proportions owed to the renewal and replacement account. The problem was that in making the capital asset investments such as new building and expanded building in the heavy industry sector and renewal and technical rebuilding in the light industry sector, funds were borrowed from the depreciation account but the loans were never repaid. As we see it now, in order better to solve this problem, aside from correctly formulating the strategy for economic development, regulation by banks in the control and management of the depreciation funds is indispensable.

The cycle for the value transfer of capital assets and that for their material replacement do not correspond with each other. It thus invariably happens that in certain years there is a bigger demand for renewals whereas in certain other years the demand is smaller. Moreover, old enterprises have a big demand for renewal of their equipment but have insufficient depreciation funds whereas new enterprises temporarily do not need renewal of their equipment and have a surplus of depreciation funds. Likewise, in the old industrial base areas, the renewal funds are insufficient while in the new industrial base areas, there is a surplus of funds. Hence, in the administration of the depreciation funds, there appears the problem of how to regulate their utilization. In the past, stress was laid only on the centralization and unification of these funds under the state and regulation by the banks was never resorted to. This was indeed a mistake.

If regulation by the banks is used as a support measure and the depreciation funds are made to serve as the source of loans, then in the event of the depreciation funds being insufficient, loans should be released only for the purposes of rebuilding of plant premises and renewal of their equipment but when there is a surplus of depreciation funds, they may be loaned out for purposes of capital construction or tapping the potentials and renovation. Loans when due must be repaid so that there are sufficient funds on hand to handle the peak of the renewal cycle when and as it arrives.

As for the diversified management of depreciation funds, since the individual enterprises are intimately concerned, the special feature of the time lag between the period of the value transfer of the capital assets and that of their physical or material replacement is all the more obvious. It is a frequent phenomenon that the depreciation funds of some enterprises show a surplus while those of other units are insufficient. This can be solved by resorting to regulation by banks as a supporting measure. At the same time, in allowing the enterprises to manage the depreciation funds, we must institute a definite economic responsibility system covering the management of the funds. The enterprises should be duty-bound to keep the capital assets in good condition and to use them well. If due to faults in management of the depreciation funds or to their improper use, the required funds are not available when renewal of the equipment falls due, they should be held economically responsible. What happened in the past was that we only talked about letting the enterprises control the depreciation funds but failed to touch upon the matter of economic responsibility. We failed to stipulate that special funds should be for special uses and should be deposited in special accounts. As a result, the funds were used at random and there was no guarantee for renewal or replacement. Only in altering this situation can the enterprises be truly made to give due regard and importance to the use of the funds and can the banks properly exercise their regulatory function.

Strengthening Macrocontrol and Carrying Out Renewal of Equipment in a Planned Manner

The present situation is: A large quantity of equipment needs to be renewed and many buildings must be rebuilt, but the funds for renewal and rebuilding appear to be seriously insufficient. Nevertheless, in reality, a large volume of funds for renewal purposes lies idle and cannot be expended. Facing such a strange contradiction, it may be thought that this proves that funds for renewal are plentiful and that the need for renewal is not so urgent. Such thinking should be blended as that of fantasy!

For a prolonged period, capital construction as a measure to increase capital assets and renewal of capital assets has been subjected to two separate methods of control and not subjected to overall arrangements. Renewal of capital assets is one phase of the work of tapping potentials, renovation and rebuilding. The method of control of funds and materials for tapping potentials, renovation and rebuilding evolved from the four methods of control of the four categories of expenditures in force in the

1950's. These four categories of expenditures were: Expenses for technical organization measures, expenses for trial production of new products, expenses for labor protection safety measures, and expenses for sundry purchases of capital assets. At the time, it was only the beginning of a period of large-scale economic construction and the amount of these four categories of expenses was very small. During the period of the first 5-year plan, they amounted to only 4 percent of capital construction investments. The topic of renewal of equipment had not yet been put on the daily agenda. Hence, there was reason for the differentiated treatment. But now all the funds for renewal and rebuilding and those for production development owned by the enterprises themselves are nearly equal to the amount of capital construction investments. At the same time, renewal of the capital assets is assuming a daily increasing importance. Hence, in the case of the addition and renewal of equipment, which are in the same nature as that of purchasing capital assets, to subject them to separate and different methods of control and treatment without making any overall arrangements or an overall balance naturally causes a series of problems.

One of the problems arising from a situation of there being an urgent need for renewal but the funds for renewal and rebuilding remaining idle and to being expended is: Since there are no overall arrangements for the new addition and renewal of capital assets, they have been subjected to different measures of control and cannot but take a lower standing than capital construction. Once capital construction projects have been sanctioned, all such follow-up jobs such as survey and planning, requisition of land and demolition of existing structures, if any, on the land site, supply of materials and equipment, provision of labor force, and so on, can generally follow and be solved in a definite and smooth manner. This is not the case in the renewal of capital assets. Thus, there are usually gaps in the supply of materials and equipment, the required labor force is usually not procurable, and there are many obstacles to land requisition or the dismantling of existing structures, if necessary, on the land site acquired. In many cases, the enterprises concerned have to seek help from everywhere. Frequently, one obstacle alone blocks the whole process. If this situation in the renewal of capital assets being half-heartedly planned or not planned at all is not changed. Then even though funds are available, the renewal work done cannot be good and it will be difficult to meet the demand for the renewal of a large amount of capital assets when the time for renewal cycle nears.

Then there is also a second problem. This is that the scale of the capital assets investments cannot be controlled and that the control over the direction of the use of the funds is frequently of a questionable nature. According to the state plan for 1980, the scale of capital construction was originally arranged at 42.3 billion yuan but the actual amount spent was 78.8 billion yuan. The 1981 state plan arranged the scale of capital construction at 30 billion yuan, but the actual amount of investments made was 62 billion yuan. In reality, capital construction investments and capital assets investments share the same concept, but not the control

over the source of funds and the planning procedure appear to be all half measures and the quarters concerned are allowed to fight it out among themselves. How can this be considered planning? If the general scale of capital construction investments cannot be kept under control, how can the readjustment of the national economy proceed smoothly? At the same time, if the overall scale is out of macrocontrol, naturally it is all the more difficult to prevent the random use of funds for renewal and rebuilding and of other funds, under various pretexts such as tapping the potentials, renovation or reform, to blindly undertake construction and duplicate construction. People may understand that blind construction and duplicate construction yield poor economic results, are wasteful and should be refrained from but because of the control of capital assets investments being divided and the inducement of power and gain, people can hardly desist from them. It is like a case of people turning a deaf ear to all earnest pleadings. In this way, the direction of the use of funds is out of macrocontrol.

It may also be pointed out that the geographical distribution of industries in our country is irrational in many respects. Take the case of Shanghai for example. Here, plant buildings and civilian dwellings are indiscriminately lumped together, whereas plants which are mutually related are widely separated from each other. Enterprises which can heavily pollute the environment or are noisy in operation are located in the midst of concentrated civilian dwelling districts. Factories turning out commodities which are in urgent market demand literally have their hands tied because of the small areas available to them. All this needs to be changed during the renewal and rebuilding. Yet when we look at Shanghai's overall situation, we may find that within the municipality area industrial development has reached the bursting point. An extremely tense situation is found in such areas as housing, location of stores, communications, and the supply of water and electric power. In fact, the masses of workers and employees are facing big problems in daily life including eating, clothing, housing and shopping. What should be done now is not to aggravate the situation but to ease it gradually. The development of such a situation in Shanghai has been due to the lack of comprehensive planning and an overall balance in such undertakings as tapping the potentials, renovation and rebuilding through the years. In undertaking rebuilding work from now on, the whole municipality should be put under overall planning and the work must proceed in a planned and gradual manner. At the same time, Shanghai is an important industrial base of the country. The direction of its industrial development, how to raise its technological level, and how to improve its products and turn out new products to replace the old ones should all be included in the national industrial program. In this way, any large-scale renewal of capital assets cannot take individual enterprises as units but should be subjected to overall planning, overall arrangements and an overall balance. But the present system of putting the capital asset investments under the two big management sectors, divided into one taking charge of new additions and the other, renewals, proceeds precisely in the opposite direction of the above thesis. The method of undertaking renewals and new building

akin to the fairy tale of the eight immortals crossing the sea with each separately demonstrating his or her wizardry may render the rebuilding work all the more irrational. This is the third problem resulting from the two separate methods of control.

It must also be pointed out that at present our country has entered into the cycle of large quantities of capital assets requiring replacement and renewal while at the same time the country is faced with the enormous task of readjusting the national economy. Combining renewal and readjustment can achieve full results by doing half the work. Attending to renewal without regard to readjustment necessarily involves immense efforts but little results. But how can we link the two closely together? In undertaking renewal and rebuilding, regardless of whether the objective is to rationalize the economic structure, the production structure or the product structure or to achieve the development of technical rebuilding with energy savings as the centre, there must be overall arrangements and an overall balance. If each unit or sector is left to do its own renewal and rebuilding without any overall arrangements then there is the likelihood that before the completion of the old readjustment tasks, new readjustment tasks will appear. This is the fourth problem arising from the two separate methods of control.

Precisely for the above reasons concerning the capital construction investments involving the addition of new capital assets and capital asset investments on renewal and rebuilding, the adoption of two separate methods of control should not be continued. Capital construction and renewal and rebuilding both belong to the category of capital asset investments. They differ from each other only in respect to the source of funds and the planning procedure. Hence, they should be subjected to overall arrangements and an overall balance. Only in doing so can macrocontrol be strengthened and the proper control and use of the entire capital asset investments be achieved.

Making so-called overall arrangements is not equivalent to treating all capital asset investments as capital construction investments and subjecting them to capital construction procedures. Rather, they must still be treated differently in accordance with the size of the projects and whether or not earth-moving work is involved. What is more, it is not equivalent to the abolition of control by grades or departments but the enthusiasm of the parties concerned must be aroused. What must be principally pointed out here is that concerning investments on newly added capital assets and on renewal of capital assets, one department alone should take charge, make overall planning and have control of the entire yearly program for capital asset investments. As for funds, materials and the labor force, an overall balance must be achieved and a clear and smooth passage through all the channels must be ensured. In this way, we can more effectively organize and realize, in a planned manner and step by step, the renewal of capital assets and at the same time improve the results in the utilization of funds for renewal and rebuilding.

The practical experiences in economic development of many countries have shown that the periodic renewal of capital assets precisely offers a good opportunity for technical rebuilding and that, provided correct guidelines and policies are adopted, their competitive power can be raised and economic development will follow. At present our country is in the stage of readjusting the national economy and carrying out a shift in the strategy of economic development and also is facing the periodic renewal of a large amount of capital assets. If we can do a good job in combining them together, and if in the course of the technical rebuilding of the national economy, which has the renewal of equipment as its principal component, bring about expanded reproduction by intension, then this would indeed be a strategic move which can perform an effective and good role in promoting economic readjustment and economic development.

At present, due to the reduction in capital construction investments, heavy industry production has become stagnant. However, since the need for replacing and renewing the capital assets is big and extremely urgent, once the topic of renewal is put on the agenda and due arrangements have been made, those departments which do not have sufficient tasks to perform now may well have too many tasks on hand. Heavy industry serves light industry and also serves the national economy. Once its various departments have been assigned definite tasks, they can motivate each other and the downturn in production can be changed into an upturn. Those already on the upturn can develop even more faster, and, literally speaking, one correct move on the chessboard may well enliven the entire economy.

But we must give ourselves a reminder. Over many years in the past, we have been too anxious for quick results in economic construction and have suffered much because of this. At the present time, a large amount of capital assets is urgently awaiting renewal. Concerning this we must have a deep sense of urgency but we should never retread the old steps of eagerly striving for quick results. In undertaking capital construction, we must "measure our strength" first. The same thing is true with the renewal and rebuilding of capital assets. This is to say: We must have a sense of urgency, undertake the tasks in a scientific manner and in this way practically and realistically perform a good job of renewing and rebuilding capital assets.

CSO: 4006/136

ECONOMIC PLANNING

QIANG XIAOCHU VIEWS REPORT ON SIXTH 5-YEAR PLAN

SK060534 Changchun Jilin Provincial Service in Mandarin 2200 GMT 5 Dec 82

[Text] According to XINHUA, over the past few days, the Jilin provincial delegation to the fifth session of the fifth NPC have examined and discussed in groups Premier Zhao Ziyang's report on the sixth 5-year plan. Deputies maintained that the sixth 5-year plan is one that conforms to the guidelines of the 12th party congress and China's practical situations, is one that effects steady progress in the course of readjustment, is one that further promotes our country's modernization drive and is one that continues to improve people's living conditions.

Deputy Qiang Xiaochu said: The 12th party congress has defined a fighting program for the whole party and all the people in the new historical stage and has shown us a magnificant blueprint for creating a new situation in all fields of socialist modernization. Premier Zhao Ziyang's report on the sixth 5-year plan made at the NPC session is a very important, new step toward fulfilling the fighting program for this century. Premier Zhao Ziyang held: The key to quadrupling the annual gross industrial and agricultural output value by the end of this century lies in the first 10 years. And the success or failure in the first 10 years hinges on the first 5 years. Therefore, success in fulfilling or overfulfilling the sixth 5-year plan would lay a solid foundation and make a good start toward quadrupling the industrial and agricultural output value and toward making the people comparatively well-off. We must fully understand the guidelines of the report and make efforts to implement them in line with the reality of our province.

Deputy Zhang Gensheng said: The sixth 5-year plan is not only positive but also reliable. Through hard work, it is completely possible for our province to attain the goal, which is called for by the sixth 5-year plan, of increasing the yearly industrial and agricultural output value at an average rate of 4 percent, or striving to increase it by 5 percent.

Deputy Wang Daren said: The death of Comrade Jiang Zhuying has given us a bitter lesson. That is, we must firmly and unswervingly implement the party's policy towards intellectuals. In particular, we should open two gates for young and middle-aged intellectuals and show concern for them in three ways. The opening of two gates means: Those intellectuals who

positively ask to join the party and who are really qualified for party membership should be admitted to the party in accordance with its constitution and should not be left outside the party's gate. We should also open the gate of leading bodies. Those young and middle-aged intellectuals who are qualified for cadres should be promoted to leading bodies at all levels.

The showing of concern in three ways means: First, we should show concern for them in the fields of professional promotion and work conditions so as to bring into play their specialities. At the same time, we should take an active interest in their growth. Second, we should show concern for their livelihood. As for the problems of livelihood that should be and can be solved, we should vigorously create conditions and try every means to solve them. Third, we should show concern for their health and gradually establish and perfect a necessary system on health care and holidays.

CSO: 4006/137

ECONOMIC PLANNING

TIANJIN RADIO COMMENTS ON INDUSTRIAL PRODUCTION

SK050725 Tianjin City Service in Mandarin 0030 GMT 5 Dec 82

[Station commentary: "Enhance Our Spirit, Overcome Difficulties and Strive to Fulfill the 1982 Industrial Production Target"]

[Excerpts] This year Tianjin's industrial production has developed at a fair pace. By the end of November, Tianjin had fulfilled 90.8 percent of the annual industrial output value target, an increase of 6.7 percent over the corresponding 1981 period and an indication that the target is being fulfilled relatively well. As long as leaders at all levels and large numbers of workers and staff continue to work hard through to the end, it is completely possible that the annual plan will be fulfilled or overfulfilled increasing industrial production by 6 percent.

Since the beginning of this year, the general situation of Tianjin's industrial production has been good. However, some new situations and problems have cropped up. First, rapid, unpredicted changes have taken place in markets. Some comrades ideologically fall short of the changes. In the past year, heavy industrial production dropped but light industrial production increased. Since the beginning of this year, especially since the second quarter, some changes have taken place in markets. Heavy industry has picked up at a relatively rapid pace, while light and textile industrial departments have slowed down their rate of increase.

Second, all industrial departments are groping in the work of management and supply not yet having formed a complete set of supply methods. They are inadequately staffed and unsatisfactorily organized.

Third, some enterprises have no good emergency measures, trial produce only a few new varieties and designs of products and put their proudcts on the market long after production. As living conditions of urban and rural people steadily improve, industrial products cannot meet the many-sided demands of markets.

Fourth, economic results have not been raised remarkably. Compared with production, the increase of economic results is not ideal.

In light of these problems, principle leading comrades of the municipal CPC Committee and the municipal people's government have strengthened their leadership over production since the second half of this year. Since the municipal cadres' meeting on 27 July, leading comrades have concentrated their efforts on helping industrial enterprises solve many practical problems of supply, production and marketing. In particular, since the convocation of the 12th party congress, leading personnel at all levels and large numbers of workers and staff at industrial departments have made efforts to study and implement the guidelines of the 12th party congress, thus greatly promoting industrial production.

The present industrial production situation is good, however, some problems still remain. We must continue to work hard. Right now, fulfillment of the annual target is not quite assured. We cannot sit back and relax. We should see that there is a possibility of failure in fulfilling the annual target if we relax our efforts. Therefore, leaders at all levels of industrial and non-industrial departments should strengthen their leadership over production, go down to the forefront of production to learn about the situation, intensify their overall awareness, make concerted efforts to increase production and make more contributions to fulfilling the annual target.

CSO: 4006/137

GUANGDONG'S YANG DEYUAN ON ECONOMIC GOALS

HK020843 Beijing ZHONGGUO XINWEN SHE in Chinese 0803 GMT 1 Dec 82

[ZHONGGUO XINWEN SHE headline: "Yang Deyuan Talks About Guangdong's Tasks in the Sixth 5-Year Plan"]

[Text] Beijing, 1 December (ZHONGGUO XINWEN SHE)—Vice Governor Yang Deyuan today told our reporters that the people of Guangdong have much confidence in successfully accomplishing the sixth 5-year plan from 1981-85.

He said: In the period of the "sixth 5-year plan," it is expected that the country's gross value of industrial and agricultural production will increase by 21.7 percent, with an average annual increase of 4 percent. As a province in which special policies are carried out, Guangdong should of course develop faster. It is possible for Guangdong to achieve an annual increase of 5 to 6 percent because in the past few years, the speed was even greater than this.

He said: In order to meet the demand of quadrupling the gross annual value of industrial and agricultural production at the end of this century, it is necessary for Guangdong to increase its gross annual value of industrial and agricultural production by 7.2 percent every year. From 1979 to 1981, there was an average annual increase of 8 percent. It is estimated that there will be an increase of 7.8 percent in 1982 over 1981. The development of Guangdong's national economy shows that it is possible to maintain this tendency of increase.

Yang Deyuan held that Guangdong's economy can grow more quickly because in readjusting the national economy the reliance on policies and science is emphasized. In other words, we practice the open-door policy and the policy of revitalizing the domestic economy. In agriculture, the production responsibility system and diversification are practiced. In industry, the proportionate relationship is readjusted, autonomy of the enterprises expanded, technical transformation vigorously grasped and economic results arduously promoted. The power of these policies has yet to be maintained. As for the reliance on science, we have only just started; there is great potential in this aspect.

He said: In the following years, Guangdong should fully exploit its superiority in rich agricultural resources, reclaim and exploit more than 80 million mu of barren hills and hillside land, more than 7 million mu of fresh water breeding areas and more than 1.75 million mu of shallow beaches and transform more than 10 million mu of medium and low yielding fields. In this way, we can greatly increase the production of grain, oil, aquatic products and livestock and stimulate the development of industry and industrial sideline production.

He said: In the field of industry, we must promote superiority in two aspects and strengthen one weak link.

The first superior aspect is that the foundation of Guangdong's light industry is quite good. In the period of the "sixth 5-year plan," it is necessary to seriously carry out technical transformation in the old enterprises, vigorously develop the light and textile industries and develop new industries. Another superior aspect is the state's emphasis on exploiting the South China Sea oilfield. This will certainly stimulate the development of the petrochemical industry and the enterprises which provide services for the oil bases. In addition, it helps solve Guangdong's energy difficulties.

Energy resources and communication are Guangdong's weakest links. In addition to saving energy, it is necessary to actively develop hydroelectric power, establish nuclear power plants, support the coal industry and exploit the oil shales. It is necessary to quicken the pace of the construction of the multiple track project of the south section of the Beijing-Guangzhou railway and the construction of the Sanshui-Yaogu section of the Sanshui-Maoming railway and to transform the Guangzhou-Shenzhen highway and the Guangzhou-Zhuhai highway.

Education and science are two of the strategic emphases of economic construction. It is necessary to quicken the pace of developing education, train qualified scientists and technicians, make a success of scientific research and popularize the results of scientific research so as to make them genuine productive forces.

Vice Governor Yang Deyuan said: To accomplish the magnificent goal of the "sixth 5-year plan" and the goal for the year 2000, the key is Guangdong's 59 million people's efforts to heighten their fighting spirit and to be united in their struggles. In addition, he expressed that he believes the overseas Chinese whose native place is Guangdong and the several millions of compatriots in Hong Kong and Macao will make contributions to Guangdong's construction of the four modernizations.

CSO: 4006/137

ECONOMIC MANAGEMENT

MANAGEMENT ENCYCLOPEDIA TO BE PUBLISHED

OW052203 Beijing XINHUA Domestic Service in Chinese 0155 GMT 28 Nov 82

[Text] Beijing, 28 Nov (XINHUA)--The propaganda department of the CPC Central Committee and the State Economic Commission have decided to edit and publish the "Encyclopedia on Enterprise Management of China." The editorial committee will be headed by Yuan Baohua as chairman, Deng Liqun as advisor and Ye Lin, Ma Hong, Fang Weizhong, Hua Luogeng and Chen Yu as vice chairmen.

The publication of this encyclopedia, an important project in promoting enterprise management, will play valuable roles in strengthening and improving enterprise management, in improving economic efficiency and in promoting the four modernizations. The encyclopedia will serve as a comparatively comprehensive and suitable reference book to cadres engaged in enterprise management as well as to teaching and research personnel because in this book, the historical changes and developments of enterprise management in China will be systematically arranged, the experiences of enterprise management in our country will be summarized and theories, knowledge and methods concerning enterprise management of foreign countries will be introduced.

On the basis of investigations and studies conducted, the State Economic Commission and the Chinese Association of Enterprise Management separately held two meetings in Beijing and in Tianjin in August and September this year to work out plans for editorial work, to gradually improve plans for collecting entries (drafts for soliciting opinions) and to decide on inviting noted professors and experts to act as chairmen of various sub-committees.

The editorial work will be carried out by coordination among the four departments; various institutes of higher learning, scientific research units, departments engaged in professional work and various enterprises. The drafts of the "encyclopedia" will be written during this winter and next spring, the editorial work for the "encyclopedia" will be started next spring or autumn and the specimen books are expected to be printed in the spring of 1984.

CSO: 4006/137

BRIEFS

ZHEJIANG OVERHAULS FINANCIAL, TRADE ENTERPRISES--Zhejiang Province has begun in an all-around way the experiment on overhauling selected financial and trade enterprises. The first group of enterprises selected for the experiment this winter and next spring include 205 units of commerce, industry, communications, food grain, foreign trade, banking and credit cooperatives. The party and government organizations in all localities in the province attach great importance to the experiment on overhauling selected financial and trade enterprises. The leading cadres at all levels have strengthened their leadership ideologically and organizationally. Many municipalities and counties have set up leading groups for overhauling financial and trade enterprises. Serious arrangements have been made by Ningbo, Shaoxing and Taizhou prefectures and Hangzhou and Ningbo municipalities. Various prefectures, municipalities and counties have dispatched 192 investigation groups for overhauling financial and trade enterprises. The investigation groups, led by responsible comrades, stay and work at selected enterprises. They are composed of 1,067 persons. The overhaul is designed to enhance the economic results and improve the service of the selected enterprises so that they become socialist enterprises that keep to correct operational orientation, offer good service, yield good economic results and are scientifically managed. [Text] [OW160610 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 15 Nov 82]

CSO: 4006/131

FINANCE AND BANKING

SAVINGS DEPOSITS INCREASE IN BEIJING MUNICIPALITY

Beijing BEIJING RIBAO in Chinese 21 Aug 82 p 1

[Article by Ma Wenqi [7803 2429 0796]: "Savings Deposits in Cities and Towns of Beijing Municipality in the Last 3 Years Exceeded Those in the First 30 Years After the Founding of the People's Republic"]

[Text] Since the Third Plenary Session of the Party's 11th National Congress, savings deposits in the cities and towns of our municipality have increased on a large scale. In the 3 years and 7 months from 1979 to the end of July 1982, the savings deposits in the cities and towns of our municipality increased by 903 million yuan. This was more than twice the increase during the 30 years from 1949 to 1978. From January to July of this year, savings deposits increased by 240 million yuan, 29 percent higher than the corresponding period in 1981, and established a record high for the period. By the end of July, total savings deposits in the cities and towns of the municipality had reached 1.81 billion yuan. Based on the population of the municipality, this was an average per capita deposit of 340 yuan, which was 4 times the amount in 1965 and an increase of 55 percent over 1978.

Deposits on a seasonal basis have increased steadily. Because of the withdrawal of funds by the Mutual Assistance Savings Association, deposits in the fourth quarter decreased. However, in the last 3 years, changes in savings deposits were most concentrated in the first quarter and this has been the quarter with the largest increase during the year. Deposits during the second and third quarters have continued their steady increases although at higher rates. Deposits in the fourth quarter have reversed the previous downward trend and have been increasing. As a result, they have changed from the original trend of increases fluctuating higher and lower to increases that have risen year after year. The second is that new depositors have increased greatly. In the last 3 years, depositors have increased by 2.94 million, equal to the total increase in the municipality during the 30 years from 1949 to 1978. The third is that the ratio of long term deposits have been increasing each year. As of the end of July of this year, the ratio of fixed time deposits to total deposits had reached 81.5 percent.

5974
CSO: 4006/81

NEI MONGGOL COMMENTARY ON FINANCIAL WORK

SK151107 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 14 Nov 82

[Short station commentary: "Make Persistent Efforts to Achieve Success in Financial Work"]

[Text] Since the beginning of 1982, a heartening situation has emerged in the region's revenue. By the end of October, the region had fulfilled the annual revenue budget by 97 percent, up 8 percent over the corresponding 1981 period. Meanwhile, three leagues and 30 banners, counties, cities and districts had overfulfilled their annual revenue targets ahead of schedule. This is a result of the penetrating implementation of the principle of readjusting the national economy and concentrating efforts on increasing revenue and curtailing expenditures. However, we should not be content with the present achievements and should continue to grasp revenue work.

The key to solving financial problems lies in developing production. Financial departments at all levels should intensify the idea of supporting agriculture and animal husbandry. [Words indistinct] should firmly support the diversified economy which has already been developed and is springing up, promote the overall development of agriculture, forestry, animal husbandry, sideline production and fishery and bring about a prosperous economy in rural and pastoral areas so as to tap new financial resources.

In the field of industrial production, we should promote the production of goods in short supply and light and textile products which are readily marketable, with stress on increasing economic results. We should also conduct reorganization and integration among enterprises, help develop new products, increase varieties and designs of products, improve product quality and reduce stockpiling and waste in the fields of production and circulation so as to increase production and income. While broadening sources of income, great attention should be paid to reducing expenditures. Now the phenomenon of loss and waste exists in various spheres. At present, we should integrate the activity of dealing blows at serious economic crimes with the general inspection of enterprises. We should promptly return to the state what we have unlawfully taken or pay compensation for it, and hand over to the state income that is owed or gained from tax evasion. We should also establish and amplify financial regulations and rules, strengthen financial supervision, rigorously enforce financial discipline and put an end once and for all to financial waste. So long as we conscientiously study the guidelines and documents of the 12th Party Congress and implement various measures for increasing income and reducing expenditures, the region will completely achieve a financial balance with an additional surplus.

CSO: 4006/131

FINANCE AND BANKING

NEI MONGGOL COMMENDS ADVANCED FINANCIAL UNITS

SK150517 Hohhot Nei Monggol Regional Service in Mandarin 2300 GMT 14 Nov 82

[Text] The autonomous regional people's government issued a circular on 12 November to commend Ih Ju, Alxa and Bayanur Leagues that had prefulfilled or overfulfilled their 1982 revenue plan.

The circular noted: Inspired by the 12th CPC Congress guidelines, localities throughout the region have vigorously grasped the work to increase revenues and curtail expenditures. Ih Ju and Alxa Leagues have taken the lead in the work. They have prefulfilled their annual revenue plan by 3 months. Ih Ju League has overfulfilled its annual revenue plan by 9.2 percent and Alxa League, by 8 percent. By the end of October, Bayanur League overfulfilled its annual revenue plan by 5.8 percent. Meanwhile, there are 30 banners, counties, cities and districts across the region that have prefulfilled or overfulfilled their annual revenue plan.

The autonomous regional people's government extended warm congratulations on the achievement scored by these leagues, municipalities, banners and counties in this regard and notified all localities in the region to hail their remarkable success. The regional people's government also urged these advanced localities to make sustained and further efforts to grasp the work to increase output and practice economy well and to pay more taxes in order to increase revenues, as well as to strive to gain more extra revenues. Localities that lag behind in this regard should consider the study and implementation of the 12th CPC Congress guidelines as motive forces to heighten their spirit, to redouble their efforts, to try hard to catch up with the advanced and to vigorously fulfill or overfulfill their annual revenue plan so as to make contributions to creating a new situation in the region in all fields of socialist modernization.

CSO: 4006/131

FINANCE AND BANKING

BRIEFS

GUANGDONG ENTERPRISE CAPITAL--According to statistics from the provincial finance department, during the 3 years from 1979 to 1981, state-owned enterprises in the province accumulated a total of 1.72 billion yuan in capital. Their capital was thus 1.11 billion yuan more than in 1978, the year before the expansion of financial decisionmaking powers. It is estimated that they will accumulate a further 600 million yuan this year. [HK181524 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 17 Nov 82]

CSO: 4006/132

MINERAL RESOURCES

'XINHUA REPORTS ON DEVELOPMENT OF QAIDAM BASIN

OW171401 Beijing XINHUA Domestic Service in Chinese 0248 GMT 17 Nov 82

[Newsletter by XINHUA reporters Ma Jiqi and Zhang Rongda: "It Is Gratifying to Visit Qaidam Today"]

[Excerpts] Xining, 17 Nov (XINHUA)--The Qaidam Basin, known as a "treasure bowl," is rich in mineral resources. In the past, it was a barren "uninhabited 800-li-wide desert." Today, it is a land in which petroleum, coal, machine-building, tanning and building material industries have been rapidly developed. From there, asbestos and borax are exported to foreign countries. There are railroads leading to the Kunlun Mountain area and highways leading to various parts of the country.

Of the 32 lakes in the basin, 24 are salt lakes with total salt deposit amounting to 60 billion tons. The salt is of good quality and is easy to extract. The Qarhan salt lake, with an area of 5,860 square meters, is a shining pearl in the Qaidam. In the lake, there are more than 40 billion tons of sodium chloride, some 1.6 billion tons of manganese chloride and 150 million tons of potassium chloride.

The Qaidam Basin has abundant petroleum resources and oil extracting prospects there are promising. In 1959, the Lenghu oilfield was built. The petroleum deposits prospected since the third plenary of the 11th CPC Central Committee are equal to the total deposits found in the previous 20 years. The 1981 crude oil output there increased by 47 percent as compared with 1976. At present, a new oilfield--the Duosikule oilfield--with a designed annual crude oil output capacity of 500,000 tons, is being developed. The construction of a refinery with designed capacity of 300,000 tons is being planned.

Since the late 1960's, the people in the Qaidam Basin have planted some 30,000 mu of windbreak forests, cultivated more than 4,000 mu of saplings and grown some 12 million trees.

CSO: 4006/132

MINERAL RESOURCES

COASTAL RESOURCES INVESTIGATION STARTS

OW240637 Beijing XINHUA Domestic Service in Chinese 0130 GMT 24 Nov 82

[Excerpts] Beijing, 24 Nov (XINHUA)--According to XINHUA reporter Chen Baolian, China's first large-scale and comprehensive investigation of the coastal belts and tidal land resources has started in the vast areas along the coasts of 10 provinces, municipalities and autonomous regions from the mouth of the Yalu River in the north to the mouth of the Peicang River in the south.

To date, the fast-moving Jiangsu Province has basically completed its investigation at sea and in the open country along the coastal regions and has begun compiling and analyzing data. Liaoning, Shandong, Zhejiang and Shanghai have also completed 1/3 to 1/2 their investigations. Guangdong Province, which has the longest coast line in the whole country, has completed its investigation in the section near the delta of the Peral River and is now starting investigation along the sector on the eastern coast of Guangdong.

Participating in the investigation are more than 30 departments and over 100 units from the central level to various coastal provinces, municipalities and autonomous regions and about 10,000 people, including scientists, engineers and technicians, cadres, fishermen and commanders and fighters of the PLA units stationed along the coast.

The result of the investigation in various localities showed that the coastal belts--special sections in our country at the juncture of land and sea--are rich in soil, living things and waterway transportation, light industrial, chemical, mineral and power resources, where tourism can also be developed. They are precious areas with potential for development. Many provinces, municipalities and autonomous regions have, on the basis of the investigation, forwarded proposals and plans for the development and utilization of the coastal belts and tidal land resources and for environmental protection and control of the coastal areas.

CSO: 4006/131

MINERAL RESOURCES

COAL MINISTER ON DEVELOPING COAL INDUSTRY

HK241324 Beijing JINGJI GUANLI in Chinese No 10, 15 Oct 82 p 3

[Article for "Write-In Forum on Studying 12th CPC Congress Documents" by Gao Yangwen, minister of coal industry: "Speed Up the Development of the Coal Industry, Ensure the Realization of the Grand Objective of Economic Construction"]

[Text] The 12th CPC National Congress has successfully concluded. With boundless joy and vigor and filled with confidence, the millions of staff and workers on the coal industry front are now embarking on their new march toward realizing the grand strategic objective formulated by the 12th Party Congress.

Energy constitutes a crucial problem in all modernization efforts. This is the case with all countries, but is particularly true in our country, since coal accounts for 70 percent of our energy resources. A growth in the coal industry is essential to realizing our grand objective.

According to estimations made by experts, we must increase our coal output from the present 600 million plus tons to over 1.2 billion tons in order to meet the needs arising from a quadrupled gross annual value of industrial and agricultural production by the end of this century. In order to fulfill this formidable task, we must emancipate our minds and adopt new approaches. We can no longer stick to conventional practices.

The basic requirements for any new approach are: It must lead to a fairly steady increase in coal output, fairly sound development, relative safety in production and construction, comparatively good economic results in enterprises, comparatively good energy-saving results in society, as well as comparatively good overall results in our country as a whole. In order to fulfill these basic requirements, we must effect the following six changes in our coal industry in the next decade or two:

1. Most of our country's key coal mines are now operated by hand. These should be changed into essentially machine-operated mines.

2. We must bring about a fundamental turn for the better in production safety in the coal mines, keep accidents and occupational diseases under control and protect productivity.

3. We must increase the variety of products instead of producing a single product (crude coal). At the same time, we must work toward gasification and liquefaction and raise the energy utilization rate.

4. We must change single-purpose undertakings into multipurpose undertakings and set up coal-chemical or coal-electricity complexes and other coal-related multipurpose undertakings to invigorate the coal industry.

5. We must work in coordination with the transport departments to improve haulage facilities. Small tonnage railway cars and small horsepower locomotives, which are principal means of haulage at present, should gradually give way to the use of big tonnage coal conveyance trains, tow lifts and automatic loading and unloading devices, supplemented by conduits.

6. We must change the practice of running coal mines purely by administrative means to one which combines administrative with economic means. We must formulate rational economic policies and institute systems of scientific administration and responsibility to stimulate the initiative of various localities and enterprises in taking up coal mining and arouse the enthusiasm of staff and workers in production.

The following are the principal measures we propose to take: Continue to carry out technical transformation of mines in a planned way and in selected spots and fully bring into play the role of existing coal-mining enterprises; aim at rational distribution, speed up coal exploitation, shorten construction time and make the most out of our investment; energetically develop local coal-mining industry; devote major efforts to develop coal washing, processing and multiple utilization; promote various forms of economic responsibility system and perfect them; boldly utilize foreign capital and go all out in tapping domestic funds; improve interunit undertakings between localities, departments and enterprises; adopt effective measures to strengthen the contingent of mineral workers; intensify the exploitation of intellectual resources; raise workers' scientific and cultural level and technical quality; and so on.

All staff and workers on the coal industry front must work with one heart and one mind, fight ceaselessly with a firm and indomitable spirit, overcome difficulties and open up new horizons to ensure the successful realization of the strategic objective formulated by the 12th Party Congress.

CSO: 4006/132

BRIEFS

HEILONGJIANG GRAPHITE RESERVES--On 20-24 October the Heilongjiang Administrative Commission for Mineral Reserves, the provincial Geological Bureau and the provincial Construction Materials Bureau held an on-the-spot meeting at the Liumao graphite mine to discuss ways to expand the mine. Liumao graphite mine, located in Jixi Municipality, has been exploited for 40 years. Mining and geological departments of the province have prospected the graphite mine and have finally verified that this mine has the largest reserves of graphite in China. [Harbin HEILONGJIANG RIBAO in Chinese 29 Oct 82 p 1]

HUNAN SODIUM FELDSPAR DEPOSIT--Changsha, 6 Nov (XINHUA)--Chinese geologists reported discovery of a large sodium feldspar deposit in the western Hengshan Mountain area in Hunan Province. Sodium feldspar is used as raw material for making glass and ceramics. Verified ore in the Shibeichong section is estimated at 10 million tons. The ore bed, the thickest of which is more than 60 meters, contains fine quality sodium feldspar, the geologists said. [Text] [Beijing XINHUA in English 0707 GMT 6 Nov 82]

CSO: 4020/27

INDUSTRY

YUNNAN ADJUSTS RATIO BETWEEN AGRICULTURE, INDUSTRIES

Kunming YUNNAN RIBAO in Chinese 18 Aug 82 p 1

/Article: "Yunnan Greatly Improves Ratio between Agriculture and Light and Heavy Industries"/

/Text/ Through vigorous enforcement of the national economy readjustment policy since the Third Plenary Session of the 11th Party Central Committee, Yunnan has largely corrected the long-standing imbalance in the ratio of agricultural and light-heavy industrial production. While agricultural production is being fully developed, light industrial production continues to grow while heavy industrial production is making a recovery at a rapid pace. Through the adoption of a series of policies and measures, our province has in the last 3 years made good progress in reajusting the ratio between agricultural and light-heavy industrial production in five different areas.

First, speeding up the rate of development. In the past 3 years, especially during 1980 and 1981, the rate of increase in agricultural and light industrial production in our province was the highest since the liberation. In agricultural production, the rate of increase was 7.1 percent in 1980 and 8.3 percent in 1981 to chalk up the average rate of increase of 3.4 percent for the past 3 years. In light industrial production, the rate of increase rose from 9.4 percent in 1980 to 17.9 percent in 1981 to register an average annual increase of 11 percent for the same period. The rate of increase came to 18.1 percent for the first 7 months of this year. These rates of increase have surpassed by far the 1.9 percent average annual rate of increase in the heavy industries in the last 3 years.

Second, improvement in the ratio. The value of agricultural and light industrial production increased from 66.9 percent of the total industrial-agricultural output value in 1978 to 69.6 percent in 1981, while heavy industrial production dropped from 33.1 percent to 30.4 percent during the same period.

Third, readjustment of the structure of productive enterprises and their products. The last 3 years has witnessed a 6.1 percent increase in grain production and a 14.1 percent production increase in diversified operations. The ratio of the total value of agricultural products increased from 50.4 percent to 53 percent, that of the forestry, animal husbandry, subsidiary enterprises

and fisheries increased from 33.7 to 36.1 percent, while such products as oil, sugarcane, cured tobacco, tea and rubber also registered sizable increases. The ratio between light and heavy industries changed from 43 and 57 to 49 and 51 percent during that period. The increase is even larger in industrial products using subsidiary agricultural products as raw materials and in products which make use of raw materials of superior quality. The production of durable consumer goods has doubled.

Fourth, an increase in the supply of goods to markets in and out of the province. The last 3 years has witnessed a 38.6 percent increase in the volume of retail trade in commercial commodities. The ratio between the commercial commodities imported into and exported out of the province has changed from 2.7 to 1 to 2.1 to 1. There has been a steady annual increase in the supply of tobacco, sugar, tea, rubber products, nonferrous metals and phosphate products in the nation.

Fifth, impetus provided on a mutual basis by agriculture and the light and heavy industries and their development in a coordinated manner. The last 3 years has seen a 45.7 percent increase in the light industries using subsidiary agricultural products as raw materials. With the development of agriculture and the light industries, there has been an increase in the accumulation of funds. The average annual increase in revenues during the last 3 years came to 7.9 percent. Since June, 1981, the heavy industries have made a gradual comeback. There was a 12.8 percent increase for the first 7 months this year compared to the same period last year.

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INDUSTRY

HEILONGJIANG DEVELOPING DAIRY INDUSTRY VIGOROUSLY

Harbin HEILONGJIANG RIBAO in Chinese 14 Aug 82 p 1

[Article by Reporter Jin Gaojun [7246 0948 0689]: "Heilongjiang Develops Dairy Industry in Vigorous Manner"]

[Text] This year, the dairy industry in Heilongjiang, which leads all other provinces, has continued to be developed in a vigorous manner. Dairy production during the first 7 months of this year reached the highest record for the same period in history. The amount of production came to over 14,000 tons and the amount of profit to 5.1 million yuan, an increase of 34.6 and 96.1 percent respectively compared to the same period last year.

The reporter was told by an obviously elated comrade responsible for the Light Industry Bureau of the province that since the Third Plenary Session of the 11th Party Central Committee, the dairy industry in our province has been developing at a rapid pace, that the average annual increase in the rate of production has been over 37 percent, that the amount of production in 1981 was 1.4 times that of 1978, and that the dairy industry accumulated the amount of 27 million yuan for the state during the 3-year period. That the dairy industry is able to revive after a period of decline is mainly the result of the formulation and implementation of the four-fold policy by the provincial party committee and the provincial government to permit the families of commune members to raise dairy cattle, to grant tax exemptions for milk deliveries, to exchange fodder for milk, and to icnrease the procurement price of milk. According to statistics, the number of dairy cattle in inventory in the province in July, 1982 came to 100,000, or twice the number in 1978.

On 10 August, the reporter paid a visit to a milk products company in Zhaodong County. According to Chi Guosheng [7871 0948 0581], the company manager, the company was able to achieve what it had because of the correct policy adopted since the Third Plenary Session of the 11th Party Central Committee. During the 10-year period of calamity, when the raising of dairy cattle by the families of commune members was frowned upon as "ad adjunct of capitalism," the peasants turned pale at the mention of cows and were afraid to raise dairy cattle. Prior to the "Great Cultural Revolution," there were over 700 commune families which raised dairy cattle in the county. By 1975, only some 50 families were so engaged and all the dairy plants were idled. During the past

3 years, the number of families engaged in raising dairy cattle in the county shot up to 1,500. State-operated dairy farms have come into being, and the communes and brigades in the rural areas are vying with one another in the raising of dairy cattle. Since summer, this milk products company has been collecting over 50 tons of milk a day. It is more than the leadership cadres and workers can do to handle the volume of milk even when the company is kept working three shifts a day.

To develop its resources to the full and to the best advantage, the provincial government has resorted to various means to raise capital funds to assist 20 enterprises in Zhaodong, Anda and Qiqihar to tap their resources, to rebuild and to expand. The replacement of the outdated equipment of the 1950's has increased the productive capacity of the enterprises so that the daily volume of milk treated at the plants throughout the province has increased from some 300 to over 600 tons. Simultaneously, 13 milk products enterprises have been newly established in the half-agricultural and half-pastoral counties of Lindian, Gannan, Zhaoyuan and Lanxi. Making use of the long-term interest-free loans extended by the Danish Government, the provincial government this year has brought in advanced techniques and equipment to begin construction in Anda of a modern large-scale milk products plant capable of handling 200 tons of fresh milk a day.

The milk products establishments in the province are presently engaged in a campaign to excel and to push their brand of products and have achieved gratifying results in seeking to come up to and to exceed the advanced standard set domestically and abroad. The "Shuang Gung" brand of milk powder for babies, the "Wan Da Shan" brand of unsweetened milk powder and the "Red Plum" brand of sweetened condensed milk have at different times been awarded silver medals for excellence by the state. Seven of the 10 products cited for excellence by the Ministry of Light Industry have come from our province. These milk products are prized throughout the nation for their aroma, purity and nutritional value. The backward state of the products characterized by the lack of variety and "sameness over a 10-year period" is a thing of the past. The food industries and milk products research institutes in the province have put the results of their scientific research to practical use in the area of production and have established close cooperation with the productive enterprises in putting out new products every year. Such products as powdered milk for babies, soy bean milk powder, chocolate milk powder and enriched ginseng milk powder which have been put in the market have received favorable response from the consumers. Research has been completed for the production of such new products as coffee milk powder, goat cheese and yoghurt. Research is being undertaken in the production of substitute human milk powder, milk powder for expectant mothers and black tea milk powder.

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INDUSTRY

OVEREMPHASIS ON HEAVY INDUSTRIES IN LIAONING CORRECTED

Shanghai ZHONGGUO CAIMAO BAO in Chinese 7 Oct 82 p 1

[Article: "Liaoning Corrects Situation Marked by Overemphasis on Heavy Industries and Crudity of Products"]

[Text] While implementing in a conscientious manner the policy of readjustment, restructuring, reorganization and upgrading, the industrial departments in Liaoning have found ways and means for the heavy industries to promote the light industries and vice versa and to alter the economic structure based entirely on heavy industries. The change in the situation marked by an overemphasis on heavy industries and the crudity of their products may be seen in the following:

First, the value of the output of the light and textile industries has climbed from 26.7 percent of the total industrial output value in 1978 to 35.9 percent at the annual rate of increase of 15 percent. Compared to 3 years ago, such products as bicycles, watches and sewing machines have increased by over 100 percent while television sets, tape recorders, semiconductor parts, chemical fibers and washing machines have increased by one to three times.

Second, there is an annual increase in quality brand-name products. In 1979, while 23 products were awarded gold or silver medals by the government for excellence, 45, of which 18 being light, textile and electronic products, have been cited for excellence in a preliminary list made public this year. Lead glassware made by the Dalian Glassware Factory ranks first in quality in the nation and among the best in the world. Quality metallurgical products made in Liaoning have long constituted some 40 percent of the best similar products in the nation.

Third, the heavy industries themselves have made adjustments in the structure of their products. Attention is being paid to market needs, client interests and customer services. The sale of products in demand has been increasing year by year. The Anshan Steelworks has introduced 73 new types of steel and steel products, supplied 6.5 million tons of steel which is in short supply to various trades and businesses throughout the nation and completely fulfilled its contracts for steel orders. The Dalian Steelworks, which specializes in the production of special types of steel, has in the past 3 years added to its line of production over 700 types of steel and steel products and over 7,000 specifications.

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INDUSTRY

CAUSES OF SHORTAGE OF STEEL SUPPLIES REVIEWED

Shanghai SHIJIE JINGJI DAOBAO in Chinese 23 Aug 82 p 11

[Article by Wang Qimou [3769 6386 6180]: "Is There a Real Shortage of Steel Supplies at the Present Time?"]

[Text] A shortage of steel developed all of a sudden following the implementation of planned management and the adoption of certain measures by the nation's supply and metallurgical departments in the first half of this year. It came as a great surprise to the people that there should be a sudden shortage of steel in view of the 20 million tons of steel held in stock in the nation and the fact that the heavy industries, which had been in decline the past few years, had only begun to make a recovery this year. Is the shortage due to natural causes or human factors?

To answer this question, it is necessary to have a clear idea of the disposition of the 20 million tons of steel held in stock. Of that amount, 75 percent is in the hands of 400,000 industrial enterprises, basic construction units and their responsible agencies. Less than 20 percent is in the hands of the supply departments, while the rest is held by the steel production bureaus. Of the amount held in stock by the various productive enterprises and basic construction departments, each of the 400,000 enterprises and construction units has in its possession an average of only several dozen tons. Furthermore, a certain amount of steel which has been damaged by rust as a result of having been held in stock over a long period of time can only be made use of locally instead of being shipped to other areas of the nation. In the past 2 or 3 years, Shanghai has made good use of 30,000 tons of steel out of the surplus amount held in stock after it had been reconditioned by the municipal supply departments.

What then has led to the steel shortage?

First, the upturn made this year by the machine and basic construction industries following a period of adjustment. The total output value of the industries has increased by 7.4 percent compared to the same period last year, while the consumption of steel increased by 10.2 percent the first 6 months of the year compared to the same period last year. The increase came to 5 percent in the light and textile industries and the handicraft industries, 8.6 percent in the machine industry and 22 percent in basic constructions.

Second, many of the enterprises are adding to their stockpile. Although at the end of June, 1982, the steel stockpiled in Shanghai was some 40,000 tons less than the amount at the beginning of the year, the amount of steel, not counting that in the hands of the supply departments, stockpiled by the major industries and construction units was only a negligible 500 tons short of the amount at the beginning of the year. That goes to show that while using up steel, many of the units are replenishing their supply in volume and that it is the amount of steel stockpiled by the supply departments that is being reduced. When the amount of steel stockpiled by the supply departments is reduced, the shortage in the varieties and specifications of steel, which is already in short supply, is increased. It is due to the unavailability of certain specifications urgently needed by some units that has led to the supply shortage.

Third, the man-made shortage has led to the blind hoarding of scarce materials. Because of the limitations in the productive capacity of the metallurgical industries and the amount of profit to be realized from their productions, some of the steel varieties and specifications are still in short supply so that the demand continues to exceed the supply. Adding to the problem is the fact that the measures adopted by the concerned departments are less than ideal, so that at the mention of planned leadership, all the same old methods are dusted up and trundled out. This has caused the supply departments of some enterprises to panic and to buy up scarce materials. It is clear therefore that the steel shortage is partly due to human factors. The fact is that the amount of steel produced in the nation this year plus the amount imported from abroad is balanced with consumption needs and can meet not only consumer needs, but that there is even a surplus of 1 or 2 million tons. There should be no shortage of steel this year if the concerned departments would only adopt the proper measures, put out the types and specifications of products which are in demand, allocate steel equitably and deal with the problem of supply in an efficient manner.

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BRIEFS

GOLD-DREDGING BOATS--Following trial runs lasting over a month, three newly-built medium-sized gold-dredging boats and one even newer model constructed by the Wudaogou and Handa Gas Mines under the Heihe Gold Mining Bureau were put into operation on 1 August. Up to yesterday, 344.5 liang of gold has been produced. Construction work on the three new boats which have been put into operation began in February, 1981. They are much superior to the same class of gold-dredging boats presently in use in the nation in point of design, technical procedure and equipment and the way the hull is put together. /Text/ /Harbin HEILONGJIANG RIBAO in Chinese 9 Aug 82 p 1/ 9621

CSO: 4006/073

CONSTRUCTION

LACK OF QUALITY IN CAPITAL CONSTRUCTION CITED

Guangzhou NANFANG RIBAO in Chinese 13 Aug 82 p 2

[Report by staff correspondent Tan Renliang [6223 0117 5328] and staff reporter Wang Dekuan [3769 1795 1401]: "Make Scientific Management Strict, Assure Quality in Construction Work"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the party central committee and party committees at various levels have, for the sake of improving the people's livelihood, provided large sums of investment for construction of housing and other amenities and at the same time adopted flexible measures to accelerate the speed of capital construction. During the past few years, new houses and new multi-storied buildings have mushroomed everywhere, and the aspect of the cities and countryside has undergone a radical change. But, worthy of our attention is that the quality of some construction work is low; some multi-storied buildings have crumbled almost as soon as they are constructed, and some have begun to skew while still being built or have shown cracks as soon as they are completed. All this has brought losses to the state and the people which they should not have sustained.

Why such a situation has come about? In our understanding the main reasons are:

1. The guidance provided by state plans is not followed; projects of capital construction are started at random without advanced approval, or small projects are reported but large ones undertaken resulting in an over-extention of the front of capital construction and shortage of materials and manpower and leading to a deterioration in the quality of construction. For instance, in the Huicheng district of Xinhui County, among 104 construction units and their 200 projects currently under construction, those without advance approval number as many as 38, which make up 19 percent of all projects of capital construction. Among the 162 planned projects of construction work, the situation of reporting small scale but actually constructing on a larger scale is also very serious. The total building space originally approved was 162,026 square meters at a total investment of 27.84 million yuan; but the real space being built amounts to 224,520 square meters, which exceeds the original plans by 36 percent, and the real investment required amounts to 41.08 million yuan, which exceeds the original plans by 49.3 percent. Situations similar to this have

been found everywhere; thus comparing 1981 to 1980, investment in the province's capital construction exceeded its original plans by 23.6 percent. This way, not only the capital and materials become dissipated, but the ranks of the working staff for such new capital construction become augmented considerably, design and construction management fall behind and serious problems are met in maintaining quality of construction.

2. Uniform, relevent management by the responsible capital construction departments has not been followed; thus the situation of having no license but undertaking to do the designing, having no license but getting construction started, and privately recruiting contract work teams at random has become rather common, and this too has seriously affected the quality of our construction. For instance, in expanding its construction of a three-storied weaving workshop with a space of 3,000 square meters, the Xiaolan township textile mill of Zhongshan County, without obtaining the consent of the capital constructions bureaus of the two counties concerned and without following the prescribed procedure of advance examination and approval concerning the handling of cross-county construction work, proceeded directly to have the leaders of the township strike up a connection with the leaders of the hydro-electric power bureau of Xinhui County, and, after the hydro-electric power bureau of Xinhui County contracted this construction work it further contracted the designing and construction undertakings out to the construction team of the Daze Commune in Xinhui County which has no certificates for designing or construction work. Under the condition of having neither geological survey data nor any pile drivers, this construction team nevertheless proceeded blindly to carry out the designing and construction work, with the foundation loading capacity thus falling 3 to 3.5 times short and installing only one third of the reinforcing bars that should have been inserted in the principal beams of the various stories of the structure; in addition, the completed workshop structure turns out to be both low and dark and simply not suitable for meeting the needs of the production of a textile mill. Because of errors in the design, plus shoddy work in the process of the construction, the completed building turns out to settle and crack seriously and, after inspection, to be eventually judged as a dangerous building that must be torn down and rebuilt again. The resultant loss amounted to nearly 100,000 yuan.

3. Some construction teams attempt to earn profits in a one-sided manner; they are engaged in second-hand contracting deals and a devious type of exploitation of hired workers and jerry-building plots; all this, too, has resulted in inferior quality in construction. For instance, the Jiujiang construction team of Nanhai County accepted a contract to build a 6-story dormitory building for the No 1 Middle School of Fushan; the construction space was 2,909 square meters and the per square meter contracted construction fee (for workers and management) was 36.83 yuan. Later, the team contracted it out to the construction team of Dawan Commune in Gaoyao County at 10 yuan per square meter (for work above the floor beams), i.e., with an intermediary's profit of nearly 10 yuan per square meter, and thereby collected nearly 30,000 yuan of illegal income. This resulted in low quality in the construction of the building, with crooked doors and windows. After the Dawan Commune construction team in Gaoyao County accepted the contract, it resorted further to shoddy work and made the quality of the building very low and therefore impossible to meet the requirements of its original design. Again, for instance, peasants of Zhouxin Commune in

Qingyuan County accepted a contract to build two dormitory structures respectively for the Dali Agricultural Science Station and Dali Transformer Station in Nanhai County; the construction space was 860 square meters. But, resorting to shoddy work, they substituted loess clay for sand mortar and bricklaying and they covered walls with field mud; as a result, as soon as it was completed, the buildings immediately became dangerous ones and had to be reconstructed. The loss amounted to several tens of thousands of yuan. According to what has become understood, on the basis of pertinent provisions of the state, all those who are engaged in the construction trade must be approved by the people's government at the superior level and register with the provincial construction committee after examination, with business permits issued to them, before they can start to operate legitimately. Yet, in recent years not only many unlicensed construction teams in the countryside have surged in large numbers into the cities, the commercial enterprises, engineering and transportation outfits, and even schools in some counties have with neither registration nor approval likewise taken it upon themselves to organize construction teams to accept contracts for construction work; this has resulted in low quality in such construction work.

Capital construction is a major undertaking of lasting importance; it is an undertaking to create happiness for our posterity. We must insist on quality first in this undertaking. We must strictly rectify our capital construction undertakings and strictly follow capital construction procedures in our operations and definitely cannot allow such a confusing situation to continue.

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CSO: 4006/005

CONSTRUCTION

NEW DEVELOPMENTS IN CONSTRUCTION MATERIALS INDUSTRIES REPORTED

Beijing GONGREN RIBAO in Chinese 23 Aug 82 p 3

[Report by Shi Chunwu [0670 4783 2976]: "The Construction Materials Industries Which Are Closely Related to the People's Housing Are Developing Forward Continuously in the Midst of the Readjustment of our National Economy and Have Achieved Conspicuous Results; They Have Made a Positive Contribution to the State's Construction Program and the Improvement of the People's Housing Conditions in Our Urban and Rural Areas."]

[Text] In 1981 as compared to 1978, the output of cement, plate glass, sanitary enamel and bricks has increased by large margins. The quality of various construction materials has all improved; 22 of these materials have been honored with a state quality award, and 213 of them have been respectively appraised by various provinces, municipalities and autonomous regions as products of fine quality. In the first half of this year, the total output of the entire system of construction materials industries has increased by 11 percent over that of the corresponding period last year, and the profits therefrom have increased by 41.16 percent over those of the corresponding period last year.

The newly developed light construction materials industries have also achieved very great results during the last few years. Nine new production bases for new construction materials are being built across the country; they are already acquiring parts of their production capabilities and beginning to build housing by batches. Thus, there are across the country already 23 large and medium cities where dwellings built of frames and light boards are now available; housing space of such dwellings already completed amounts to 750,000 square meters, and another 300,000 square meters are going to be added according to plan this year.

Since the Third Plenary Session of the 11th Party Central Committee, an upsurge in farm housing construction has emerged in various places in the countryside along with an improvement in the peasants' living standards. Last year, 8 million farm households across the country built new houses, with resultant newly built housing space amounting to 600 million square meters. The construction materials departments have gradually reoriented their direction of service from cities and factories and mines toward the countryside with yearly increase in the supply of construction materials for farm housing. In 1980, there were

produced 1.2 million cubic meters of cement structures for farm housing; this increased to 2 million cubic meters in 1981. The cement structures produced in these two years, in turn, are equivalent to a saving of 6.4 million cubic meters of housing lumber for the state.

In order to change the backward outlook of the construction materials industries and mollify the contradictions between production and demand, the departments of construction materials have also energetically remodeled old plants and built new plants through the method of concentrating the needed funds. The Beijing new-type construction materials plant, and the three cement plants of Jidong, Huaihai, and Ningguo which have imported advanced equipment from abroad, were built one after another; the asbestos and gypsum board workshops of the Beijing new-type construction materials plant have already been built and launched into production. New techniques achieved through our own research such as out-of-kiln dissolution of cement and the float glass technique have been further perfected in recent years and promoted elsewhere; a contingent of new production lines are thus now joining the construction effort.

9255
CSO: 4006/005

CONSTRUCTION

HOUSING CONSTRUCTION IN BEIJING SUBURBS UNDERWAY

Beijing BEIJING RIBAO in Chinese 18 Aug 82 p 1

[Report: "Under Centralized Leadership and Uniform Planning and the Inspiration of the Spriit of the Third Plenary Session of the 11th Party Central Committee, the Gucheng and Bajiao Districts Have During the Past Three Years Begun Building a New Town: Housing Space Completed Amounts to 88,000 Square Meters, an Equivalent of 6.5 Times That of 30 Years Ago; The New Town Now Has More Than 70,000 Residents"]

[Text] Reporter Huang Huachang [7806 5478 2490] reports: One day in June this year, when a cadre who had worked under the Shijingshan district party committee for many years and who was transferred to an external place 4 years ago came to the capital on official business and returned to the new Gucheng, he somehow failed to find the place where the Gucheng Middle School used to be located. During the past 3 years, the Gucheng and Bajiao districts have undergone tremendous changes; several tens of multi-storied buildings and seven or eights streets have been built, and they have begun to form a new town which accommodates more than 70,000 resident.

Gucheng and Bajiao are situated on the Yongding River delta; they originally consisted merely of forlorn river beaches strewn with rocks. After liberation, the Capital Steel Works built some multi-storied houses along the eastern side of the Gucheng Street and in the Bajiao Village. But between the Gucheng Street and Bajiao Village were still just a stretch of open field, forlorn beach, and a dusty dirt road. In 1979 the Shijingshan district government, under the inspiration of the spirit of the Third Plenary Session of the 11th Party Central Committee and for the sake of speeding up the pace of construction in the capital, followed the uniform plan of the Beijing Municipality and formulated its own construction plan for the Gucheng and Bajiao districts. In May 1980, the district government again responded to the demand of the four directives of the Central Secretariat on the policy of construction in the capital by formulating anew its construction plan. Adopting the policy of a combination of the municipality's development company organizing uniform construction and the Shijingshan District raising its own funds for the construction, it brought into full play the enthusiasm of both the municipality and the district. The Shijingshan district government also paid attention to mobilizing the enthusiasm of various circles so as to make the solution of such troublesome problems as land requisition and house demolition and removal easier;

construction funds, construction materials, and manpower for construction were thus assured in time, and the pace of construction became thereby accelerated too. During the past 3 years, on this 9 square kilometers of land, for housing space alone, more than 200,000 square meters of construction was started, an equivalent of 14.1 times the residential housing space construction started between 1949 and 1978; completed housing space during the same period amounted to 88,000 square meters, an equivalent to 6.55 times the total housing space completed in previous 30 years. At present, the eastern, western, central and northern districts of this new town have already been basically built; efforts are being made right now to build the Bajiao residential area in the northeast and the high-rise residential area in the southwest. The several newly built streets measure 30 meters each in width, and all are of asphalt roads. These roads are joined to Gucheng Street and Shijingshan Street to make a network of thoroughfares in this township area.

In building this new town, because of centralized leadership and uniform planning, the construction of residential housing, public facilities, and commercial service network outlets all got started and completed at the same time. And once the residential houses were built, they were immediately turned over for occupation. During the past 3 years, new houses already delivered for occupation have amounted to 1,200 units. The deployment of commercial network outlets has also proved to be more rational. Along both sides of the newly built Gucheng Eastern Street are multi-storied residential buidlings; on the street have been established commercial service network outlets such as foodstuff, foodgrain, vegetables, snacks, sewing, watch and clock repair, telecommunications, savings, etc. At the center of the town, a commerce building with more than 3,000 square meters of space is being constructed right now in preparation for department store and auxiliary foodstuff operations. In order to enrich the cultural life of the masses, on the western side of Gucheng Southern Road has already been built a movie theater of soft tones and appealing style, and on Gucheng Northern Road, a youth palace. In the southeastern corner of the town, a rather large gymnastic arena is being built, in which a track field, a soccer field and two swimming pools are already completed and put in service. In this new town, there are now six middle schools and seven elementary schools; this makes it very convenient for the children to attend school.

Putting emphasis on making the environment green and beautiful is another characteristic of the construction work in this new town. Along both sides of all roads built here are planted plenty of trees and flowers as well as grass. In the clearings between compounds of multi-storied buildings are developed small patches of green-covered grounds with grass, flowers and trees planted therein. The exquisite, graceful Gucheng Park is situated at the center of the town; it was built within one year with the support of all circles. Because a good job was done in making the place green, the air here is fresh and clean, and the environment very fine.

9255
CSO: 4006/005

DOMESTIC TRADE

RAPID MOVEMENT OF INDUSTRIAL PRODUCTS TO RURAL AREA URGED

Guangzhou GUANGZHOU RIBAO in Chinese 15 Oct 82 p 1

[Article by Huang Shengan [7806 4141 1344] and Sun Jianyu [1327 1017 1938]: "Move Industrial Products to the Hands of the Peasants As Rapidly As Possible; New Measures Have Been Advanced by Related Units of the Municipal Finance and Trade System and Opened Up New Prospect for Industrial Products to Move to the Rural Areas"]

[Text] "The mind thinks of the rural area, the eyes look towards the rural area, people run to the rural area, goods are sent to the rural area." This is the request made to related units of the municipal finance and trade system by the municipal leadership group for tending industrial products to the rural areas to meet the peak buying and selling season.

The fourth quarter of the year is the peak buying and selling season in the rural areas. During the fourth quarter of this year, various industrial products, abundant in quantity and style, will be moved to the rural areas in a steady stream through various means of transport. The specialized companies and wholesale stores for general merchandise, hardware, transportation and electrical appliances, textiles, chemicals, and pharmaceuticals under the municipality's First Bureau of Commerce have decided to break with the custom of doing business in stores and to practice mobile trade. They plan to stage large industrial products exchange, exhibition, and sales fairs with the business and supply and sales in the counties and cities in the last part of October. This type of exhibition and sales fair will change the past practice of only emphasizing wholesale and neglecting retail. The practice of uniting wholesale with retail, goods for future delivery with shelf goods, high grade goods with low cost goods will be adopted, and industrial products will come into direct contact with the peasants. The various specialized companies will one by one tour the communes to engage in sales exhibits and mobile sales. During the height of the autumn harvest season, they will also visit the brigades to set up illuminated night markets. For those products which are currently in relatively tight supply but have a close relationship to the lives of the peasants, such as bicycles, matches, cotton cloth, round nails, iron wire, and woolen yarn, the related departments are thoroughly carrying out the principle of preferential supply to the rural areas and have made suitable arrangements. In order to develop

the sales of televisions, recorders, electric rice cookers, washing machines, and refrigerators and firmly carry out the work of assuring the availability of repairs and maintenance, the municipal hardware, transportation, and electrical appliances companies and general merchandise companies have already announced that they will help the counties and communes to train repair personnel. At the same time, these companies will dispatch people to do repairs in the rural areas.

In order to properly carry out the work of moving industrial products to the rural areas, the municipal sugar, tobacco, and wine company, municipal daily miscellaneous products company, municipal people's bank, and agricultural bank have all expressed that for the movement of industrial products to the rural areas they will turn on the green light in both sources of goods and funding. In addition to continuing to adopt the past effective methods (such as accounting of funds used after completion of sales, installment payment, entrusted sales, expanding commission sales, and other forms of accounting), the various related specialized companies and wholesale shops are planning to adopt methods by which goods received recently but not sold could be returned. This is aimed at eliminating the fears and concerns of some basic level supply and sales associations that they may have a millstone around their necks if they continue to take in goods while there is a shortage of funds or a large stock in the warehouse. In addition, such measures as lowering the benchmark for retail sales and reduction of delivery time will also be put into practice in order to provide the best possible service for the third class wholesale departments and basic level supply and sales associations in the counties.

Based on our understanding, the rural markets have flourished and income of the peasants has shown a general improvement since the Third Plenary Session of Party's 11th National Congress. Based on the information for the first half of this year, the retail of social products in the 6 counties accounted for only 19.6 percent of the total for the entire municipality while they have about half of the total population. Within this percentage, the retail of industrial products under the municipal First Bureau of Commerce was less than 3 percent. The commercial departments in the municipal region are always crying that the warehouse stocks are large and the goods on hand are not being sold. Yet, with money in their pockets, the peasants are finding it difficult to buy the industrial products they like. This shows that there are problems in the work of moving industrial products to the rural areas and it has not been possible to satisfy the increasing material needs of the peasants. Currently, there exists in the movement of industrial products to the rural areas the phenonmenon of free at the top, sluggish in the middle, and clogged at the bottom. The key problem lies in the fact that what we have is a system of division of labor between the urban and rural areas with many links, where the state-operated commerce is responsible above the county and city level and, in the collective towns and rural areas below the county level, the basic level supply and sales associations operate with wholesale goods allocated by the state operations.

This system of divided urban and rural markets and clogged avenues cannot be corrected quickly. However, once management is straightened out, it will be possible to find ways to clear the avenue for the circulation of goods.

In September of this year, the various companies under the municipal First Bureau of Commerce emphasized this work and results were achieved in one month. During September, goods allocated by the bureau to the rural areas amounted to more than 19 million yuan, an increase of 6.3 percent over August. The municipal pharmaceutical and chemical companies also assisted Xinfeng and Longmen to increase their network locations. The hardware, transportation, and electrical appliance companies also dispatched maintenance personnel to repair over 1,300 radios for the rural areas. These practices show that as long as we overcome the ideology of passive waiting, grumbling and blaming others and start to move actively, we can improve the movement of industrial products to the rural areas even under the present circulation system.

In order to more thoroughly carry out the "decision concerning the clearing of the urban and rural avenue of goods circulation and expansion of industrial products movement to the rural areas" of the State Council, a special leadership group was established by our municipality to expand the movement of industrial products to the rural areas. The group has asked that at the same time that goods are delivered to the rural areas during the fourth quarter, forecasts on the rural markets should be strengthened by selecting some representative communes to increase extension points for state operations, which can then be used as observation posts to observe and measure the movement of the rural markets. At the same, investigations for system reform should be moved forward and a new system of division of labor according to products and unified urban and rural control should be established as rapidly as possible.

5974
CSO: 4006/81

DOMESTIC TRADE

BRIEFS

YUNNAN PURCHASE, SALES CONFERENCE--Yesterday evening, the Yunnan Provincial People's Government held a telephone conference to mobilize all finance and trade workers to do well in grasping purchase and sales work in the busy season. Vice Governor Wu Shengmin participated. (Cui Jiequan), director of the provincial finance office, spoke, saying that the period from now to the spring festival next year is a busy commercial season and that all financial and trade departments must do well in grasping purchase and sales work in the busy season. They must firmly grasp the procurement of grain and agricultural and sideline products and vigorously arrange for industrial products to be supplied to rural areas. [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 16 Nov 82]

GUIZHOU NATIONALITY TRADE MEETING--Guizhou Province recently held a meeting of the managers of all nationality trade companies throughout the province. The meeting put forward that in nationality trade in the coming winter and spring, it is necessary to emphasize the following three tasks: 1) We must take the 12th Party Congress documents as our guiding principle and deepen our understanding of the importance and long-term nature of nationality trade work and, in accordance with the provincial people's government's regulations, quickly establish and put on a sound basis the nationality trade companies in the countries where they should be established and assign people to do nationality trade work as quickly as possible; 2) we must do well in investigating and studying the market and vigorously arrange for the production and supply of commodities which are specially needed by the minority-nationality people; and 3) we must promote the sales of nationality commodities. [Giyang Guizhou Provincial Service in Mandarin 1100 GMT 5 Nov 82]

CSO: 4006/131

FOREIGN TRADE

PROPER MANAGEMENT OF SPECIAL ECONOMIC ZONE URGED

Fuzhou FUJIAN RIBAO in Chinese 26 Sep 82 p 2

[Article: Managing Special Economic Zones with Firmness; Abstract of Talk by Wang Yishi [3769 0001 1102], Director of Amoy Special Economic Zone Control Commission"]

[Text] Comrade Hu Yaobang stated in his report that our gross industrial and agricultural production value should be tripled by the end of the century, this is a great and inspiring objective. We are a province for special policy implementation and Amoy is established as a special zone. Our rate of development should be faster and we should make a greater contribution to the magnificent objective.

Implementing an open policy and increasing economic and technical exchanges with the outside, based on the principle of equality and mutual benefit, is the unswerving strategic policy of our country. The proper development of the special economic zones is a component part for carrying out the open policy. The proper development of the special zone not only will be beneficial in pushing forward our socialist modernization construction but also will have an important significance in winning Taiwan back to the fatherland. No one has ever developed a Chinese style special zone. The lack of experience is not important, but we must have confidence and our mental attitude is very important. There is an appropriate saying: "Crossing the river by groping rocks." This sentence implies: that a person must have courage. If someone is always afraid of falling into the river and does not dare to move, he cannot cross the river. The second is that a person must have drive. Crossing the river requires effort. If a person does not have drive, he cannot achieve anything. The third is that a person must be steady, feeling the rocks and moving forward firmly step by step, carefully with one's eyes open. We must develop the special zone properly from the beginning, we must not rush or try to do too much. We should achieve speed through steadiness. We should concentrate on things we are sure of and should not be afraid of problems. We should conscientiously summarize our experiences and should not hesitate to move forward.

The characteristics of a special zone are the import of foreign capital and the export of products. These two characteristics determines that its

economic category has an international character and that it is highly competitive in its development. We cannot develop a special zone independent of the developing conditions of the world economy. Neither can we develop it blindly without restriction and independent of the realities of China. We must persist with the principles of equality and mutual benefit and not national industries. We must also adapt to the characteristics of international competition. We must adopt more flexible, more courageous, and more attractive methods and be able to react quickly and flexibly to new conditions and new problems. To develop a special zone, we must have a strategic perspective. The absorption of foreign capital and import of technology is to strengthen our self-reliance and accelerate the development of the four modernizations. Imported technology must be properly digested and absorbed for our use. No matter what methods we use to absorb foreign capital and import technology, we must adhere to the principles of equality and mutual benefit. "If we want to take, we must first give." If you do not provide others with some benefit, they will not come in. We must think of long-range benefits for the total situation and not quick successes and short-term benefits.

The construction of socialist spiritual civilization occupies a prominent position in the work of the special zone. The contents of spiritual civilization construction are numerous. We should take a firm hold primarily on two of these. The first one is education on patriotism. China is a great nation. The Chinese people have high aspirations and have the capability to reach the world's advanced ranks. The second is education on socialism. Not only must we explain socialism clearly in theory, we must also prove that the socialist system is superior to the capitalist system in actual practice.

The work in the special zone is very difficult. It urgently requires cadres who are capable of widening the prospects. We need cadres with revolutionary idealism, revolutionary drive, and revolutionary toughness, who are not afraid of rebuff, dare to create new things, dare to break through irrational regulations and systems, work with determination and decisiveness, stress actual results, do not seek personal benefits, and work hard to develop the special zone with one mind and one thought. This type of cadre is a "person of understanding." His head is clear and he understands all types of complicated situations. To be such a person, he must first conscientiously study the documents of the Party's 12th National Congress and related documents and directives of the central government, understand their spirit, and use them to direct the special zone work. Second, he must study and draw lessons from experiences abroad and absorb beneficial things. Third, he must strengthen his investigation and study, become completely familiar with his profession, and know his region, department, or unit and the work under his direction as well as he knows his fingers. If we do not have a group of this type of "persons with a mind" and "persons of understanding," it will not be possible to open up a new prospect.

We must have a sense of urgency. The effective time in a year is only 3,000 hours. In the 18 years between now and the end of the century, there are only 50,000 some hours of effective time. To accomplish the gigantic task within this limited time is extremely difficult. We must cherish this limited time and stress work efficiency and economic benefits.

5974
CSO: 4006/81

FOREIGN TRADE

RAPID DEVELOPMENT OF EXPORT TRADE IN YINGKOU

OW171012 Beijing XINHUA in English 0707 GMT 17 Nov 82

[Text] Shenyang, 17 Nov (XINHUA)--Export trade in Liaoning Province's Yingkou has grown at an average annual rate of 37.3 percent in the last 5 years, among the fastest in the country, according to the city's Foreign Trade Bureau.

It attributed the growth to full use of local resources and application of foreign funds to both production techniques and technological upgrading.

This medium-sized city with a population of 2.7 million has 10 export-oriented factories, mainly in the light and textile industries, and 10 export production centers for shell-fish, apples, tomatoes, almonds, asparagus, antlers, rabbits and other farm and sideline produce.

The volume of state purchases for export is 7 percent of the city's total industrial and agricultural output value, the bureau said.

Before 1977, export purchase ranged between 50 million and 80 million yuan. In 1978, it topped 100 million yuan. The figure grew to 150 million yuan in 1979 and 242 million yuan in 1980. In the first 10 months of this year, purchase was more than 204 million yuan.

The city is now exporting 141 products to more than 70 countries and regions.

Since 1973, the city has used more than U.S.$23 million of foreign investment to update production equipment.

In 1981, the textile industry, after being revamped, produced 102.8 million yuan worth of goods compared with 20 million yuan in 1973. In the first 10 months of this year, textile export purchase surpassed 106 million yuan, 14.5 percent more than the same 1981 period.

The city has kept abreast of foreign markets and made production responsive to demands. In the first 10 months of this year, the city has put 25 new products on the international market, maintaining an average established in 1978.

CSO: 4020/27

FOREIGN TRADE

NEWSLETTER NO 4 ON SHENZHEN SPECIAL ECONOMIC ZONE VISIT

OW131321 Beijing XINHUA Domestic Service in Chinese 0146 GMT 11 Nov 82

[Newsletter by XINHUA reporters Qi Xiu, He Yunhua and Li Zhenghie]

[Excerpts] Shenzhen, 11 Nov (XINHUA)--Newsletter: A new attempt at economic management--fourth in series of travel notes on Shenzhen special economic zone.

One of the purposes of running a special economic zone is to absorb advanced foreign experience in enterprise management as a reference for economic reform in our country.

The Shenzhen special economic zone has many economic components, including state-run enterprises, collectively owned enterprises and individual households engaged in business, enterprises by foreign businessmen, joint ventures with Chinese and foreign capital, enterprises run in cooperation between Chinese and foreigners and other activities, such as processing and assembling with materials provided, compensation trade and so forth. The special economic zone is different from the inland as far as the economic structure, management and administration and the systems governing personnel, labor and wages are concerned. In short, the practice of "eating out of the same big pot" and holding a "iron rice bowl" has been basically done away with and only economic results are greatly emphasized.

We visited the Kaida toy factory owned by a traveling trader. The owner of this factory purchased a four-story industrial building in the Shekou industrial district. It started a test production run less than 40 days after moving in, installing equipment and training new workers. This factory now has more than 600 workers and the number of workers will be increased to 1,700 after formally beginning operations. The whole factory has only three management personnel, the factory manager, manager and chief custodian. When we walked into the factory office of about 20 square meters, we found no one sitting at the desks, both the factory manager and the manager were standing and listening to reports and plans. Every worker was busy in the factory. On the assembly line, products were seen rolling along like flowing water and each and every worker worked with great intensity, paying no attention to the visitors. The factory manager, the manager and all workers carried a name tag showing name, position and his personal photo.

Several shift supervisors were checking finished products and filling out evaluation figures. This kind of evaluation chart was the basis for computing workers' pay. Such a way of doing things in an enterprise run by foreign capital with less people and more emphasis on operating efficiency is worthy of our study.

To absorb advanced management experience from enterprises run with foreign capital and at the same time implement the directives of the Central Committee and the State Council, the people's government of the special economic zone, as the leading organ of the special economic zone, initiated the simplification of structure and restructuring of the economic management system, beginning in August last year. The special economic zone government abolished 18 administrative organs at bureau level dealing with industry, commerce, foreign trade and tourism, and converted them to specialized companies, such as the machinery, automobile parts and electronic industrial company and so forth, which conducted economic activities independently. After restructuring, the number of party and government personnel in the whole municipality was reduced from 2,237 to 867, or a reduction of 65 percent.

Personnel and labor management in the special economic zone is based primarily on a contract system. The enterprises will openly recruit workers, based on needs, and choose and hire those who are good. Workers who were hired after evaluation would sign a labor contract with the enterprise, which stated that the factory has the right to dismiss a worker for violation of factory discipline; workers, on the other hand, can also submit their resignation from the enterprise in accordance with the provisions of the contract. The wages for workers and staff members of enterprises in the special zone are computed primarily on piecework. The floating wage system is also applied to most cadres in enterprises in the special zone as to workers in general.

As a whole, the economic management in the special economic zone has these characteristics: 1) Higher operating efficiency with trimmed personnel and simplified structure; 2) the practice of holding the "iron rice bowl" and "eating out of the same big pot" has been done away with among workers and cadres in enterprises. Are these not worthy of being emulated by economic administrative departments in the interior?

CSO: 4006/132

FOREIGN TRADE

NEWSLETTER NO 6 ON SHENZHEN ECONOMIC ZONE

OW162052 Beijing XINHUA Domestic Service in Chinese 0210 GMT 15 Nov 82

[Newsletter by XINHUA reporters Li Zhengjie, Qi Xiu and He Yunhua]

[Excerpts] Shenzhen, 15 Nov (XINHUA)--Newsletter: The special economic zone's style and features--sixth of travel notes on the Shenzhen special economic zone.

What is the nature of social conduct in the Shenzhen special economic zone since it was opened to foreign countries; has it become somewhat "exotic?" This is a question of concern to many people.

While in Shenzhen, we visited a number of factories, farms and parks as well as the cultural palace and interviewed several workers at their home. We went to many stores, big and small, in the downtown sections and we strolled along the streets after nightfall, admiring the evening scene of the town. We were deeply impressed by the seething atmosphere of construction, the people's high spirits at work and the quick tempo of daily life everywhere we went. During the day we saw few people loitering. We did not see anything "exotic" as far as public order, social conduct and the people's speech and deportment there were concerned, although the natives' clothing followed the fashion and the girls preferred bright colors.

The behavior of young people often reflects social conduct. We interviewed a number of young workers in an effort to understand what they were doing and what they were thinking about. Pu Shaoying, a young female worker of the Shahe Overseas Chinese Enterprises Company, told us that she received a telegram from her birthplace on Hainan Island in February of this year telling her to return to her hometown immediately and to start the administrative procedures required for going to the United States. She had been a farm worker in Hainan before she left that island for Shenzhen in August 1981. Before her departure for this special economic zone, her foster father in the United States had instructed her to submit a request to the authorities for permission to leave the country for America. All that was in her mind at the time was to leave that poor gully of Hainan as soon as possible. The telegram she received told her that her request had been approved by the government. She began to hesitate about leaving her job

in Shenzhen, a special economic zone that has undergone rapid change. After 24 hours, she told the secretary of the workshop party branch in the company that she had decided not to leave for America but to stay on her job in Shenzhen.

Her decision was simple and practical. She felt that her livelihood had improved and she had a promising future by choosing to stay on her job here. Her feelings represent those of most young people in this special economic zone.

Since their livelihood is guaranteed, young people here have begun to show interest in studying culture, technology and foreign languages. By authorizing the enrollment of extra students, the evening school run by the Shenzhen Municipal Trade Union Council has enrolled more than 1,800 students. The initial enrollment about 2 years ago was no more than two dozen.

It is inevitable that some "flies" and "mosquitos" have flown into this special economic zone since the country adopted an open-door economic policy. In the trial of strength in the ideological field, the party organizations at all levels here are fully prepared. The Shenzhen Municipal Party Committee has stated explicitly that this zone has adopted special economic policies but that we cannot be special in party discipline and in social conduct which, if anything, should be more strict and more healthy.

After learning of these gratifying achievements here, we are convinced that under the leadership and solicitude of the central authorities, Shenzhen certainly will be built into a highly-cultured and prosperous socialist special economic zone.

CSO: 4006/132

FOREIGN TRADE

BRIEFS

XIZANG TRADE WITH NEPAL--To vigorously develop trade between China and Nepal, the Xizang Regional People's Government has brought the role of Nyalam, Gyirong and Burang Counties into full play and developed a small amount of trade at the border areas. The amount of trade between the region and Nepal in 1981 was some 100 percent more than in 1978. By the beginning of October, the region had exported some 1 million jin of sheep's wool and approximately 10,000 sheep, which was almost equal to the total amount of exports last year. [Lhasa Xizang Regional Service in Mandarin 1130 GMT 15 Nov 82]

XIZANG FOREIGN TRADE--The total amount of foreign trade transacted by state units in Xizang region last year amounted to some 4.487 million yuan, some 37 percent more than in 1979. The majority of commodities exported by the region were nationality handicraft products. The total amount of foreign trade transacted by state units throughout the region in 1979 was 3.996 million yuan, of which 2.738 million yuan was the amount of imports. The amount of imports in 1981 was 371,000 yuan less than in 1979. This has changed the situation in the import and export deficit. The total amount of foreign trade in Tingri, Yadong and Zhongba Counties in 1981 amounted to 1.27 million yuan, 991,000 yuan more than in 1979. [HK171532 Lhasa Xizang Regional Service in Mandarin 1130 GMT 15 Nov 82]

CSO: 4006/131

GENERAL

SICHUAN NPC DEPUTIES HAIL 6TH 5-YEAR PLAN

HK060333 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 5 Dec 82

[Text] According to XINHUA, the Sichuan provincial delegation attending the 5th session of the 5th NPC has been holding panel discussions on Premier Zhao Ziyang's report on the 6th 5-year plan and Minister Wang Bingqian's report on the state of execution of the 1982 state budget and the draft budget for 1983. People's deputy Comrade Zhao Ziyang took part in a panel discussion on the morning of 2 December.

The deputies held: Premier Zhao Ziyang's report on the 6th 5-year plan completely accords with the strategic goals, focal points and measures for the next 20 years set forth by the 12th party congress, clearly stipulates the targets of endeavor for the coming period, and closely links current work to long-term development prospects. It is a truth-seeking and encouraging report. They expressed complete agreement with it.

Deputies Wang Lizhi, Pei Changhui, (Zhou Qingyue), (Luo Tongda), (Wang Yichun) and (Xue Wancai) said: Premier Zhao Ziyang's report has summed up the experiences in China's national economic construction in the past 30 years and more, and accords with the current actual situation in the country. Its goals are clear, guidelines realistic, measures steady, and steps effective. We feel encouraged and enthusiastic at listening to this report. They all held: It is completely possible to accomplish all the tasks of the 6th 5-year plan, so long as the effort is made.

Deputy Meng Dongbo said: Stressing improvement of economic returns is a notable feature of the 6th 5-year plan. There are still great potentials in economic returns in Sichuan's industrial production. The key to fulfilling the 6th 5-year plan lies in an all-round improvement of economic returns. In connection with the situation in Sichuan, the following points should be grasped:

1. Straighten out the existing enterprises in an all-round way, comprehensively solve their problems, and perfect the economic responsibility systems that link responsibilities, rights and interests, so as to improve management standards.

2. In connection with restructuring the enterprises, be resolved to close, suspend, merge or convert a number of enterprises with very poor economic returns.

3. Speed up the pace of reorganization and formation of joint undertakings.

4. Actively promote the progress of science and technology.

5. Actively and steadily speed up the progress of reform of systems.

Deputies (Ke Zhao), (Xu Xi), (Deng Fang), (Tao Zhongliang) and (Wang Huaiwen) said: The 6th 5-year plan attaches great importance to the development of education, science and culture. Premier Zhao Ziyang pointed out in his report: Improving economic returns is the core, science is the key, and education is the foundation. The education departments too must improve economic returns. Viewing the current situation in the institutes of higher education, there are two things to be stressed: 1) the quality of the students trained there is not high; 2) not much is achieved in scientific research. They hoped to be able to gradually solve these problems.

CSO: 4006/137

GENERAL

BRIEFS

GUIZHOU NATIONALITY WORK CONFERENCE--From 1 to 5 November, the Guizhou Provincial CPC Committee held a conference in Guiyang Municipality on nationality work. The conference pointed out that the present and future tasks of the province's nationality work are, under the leadership of CPC committees at all levels, to place the development of the economy in the nationality areas before everything else, to develop modern socialist relations between nationalities, further strengthen the unity of all nationalities and strive to create a new situation in nationality work. Attending were responsible comrades of all prefectural, autonomous prefectural and municipal CPC committees in charge of nationality work and leading comrades of relevant departments, committees, offices and bureaus at the provincial level, totaling 92 people, 48 of whom are minority-nationality cadres. At the conclusion of the conference, Su Gang and Miao Chunting, responsible comrades of the provincial CPC Committee, spoke. In the light of the actual situation in the province, the conference formulated specific measures to carry out nationality work. The conference held that it is essential to strengthen economic construction in the nationality areas and improve the backward aspect of distant border and mountainous nationality areas as quickly as possible so as to improve the livelihood of all minority-nationality people. It is also imperative to really control the growth of population so that nationalities' education, culture, science, public health and physical culture will further develop. [HK161335 Guiyang Guizhou Provincial Service in Mandarin 1100 GMT 5 Nov 82]

CSO: 4006/131

BRIEFS

TRADE MISSION TO BELGIUM, NETHERLANDS--Taipei, 25 Oct (CNA)--Two 25-member Chinese delegations left for Belgium and the Netherlands Monday to attend trade meetings to be held at Brussels and the Hague respectively. The two trade meetings, to be sponsored by the Sino-Belgium [and the Sino-Netherlands] and the economic cooperation respectively, will work out ways to further promote bilateral trade and to introduce more advance technology into this country. The two missions were respectively led by Fu Tzu-han, president of China Steel Corporation, and T.H. Lee, board chairman of Chinese Petroleum Corporation. And members came from Taiwan Power Company, Ret-Ser Engineering Agency, Bank of Communications, Industrial Technology Research Institute, Evergreen Marine Corp and Central Trust of China. [Text] [Taipei CNA in English 1011 GMT 25 Oct 82]

TRADE WITH JAPAN, U.S.--Taipei, 17 Oct (CNA)--The Board of Foreign Trade [BOFT] under the Ministry of Economic Affairs said Saturday that the two-way trade between the Republic of China and Japan during the period January-September 1982 totaled U.S.$5,476 million. The Republic of China exported goods to Japan valued at U.S.$1,830 million while importing U.S.$3,637 million in Japanese products. That left a deficit of U.S.$1,807 million in imports. As to the ROC-U.S. trade, the exports of the Republic of China to the United States during the same period reached U.S.$6,543 million, an increase of 8.5 percent in comparison with last year. The imports from the U.S. during that period totaled U.S.$3,531 million, a 5.5 percent decrease as compared with the same period of 1981. The Republic of China enjoyed an export surplus of U.S.$3,012 million. The BOFT pointed out that the United States occupied 39.3 percent of the ROC's total export worth and 24.5 percent of ROC's total imports during the period, while Japan occupied 11 and 25.3 percent respectively. [Text] [Taipei CNA in English 0239 GMT 18 Oct 82]

SHIPBUILDING, TRADE PROSPECTS--Taipei, 26 Oct (CNA)--The Republic of China will be capable of carrying 70 percent of its exports by the nation's own ships when the third stage of its shipbuilding project is completed, Minister Lien Chan of the Communications Ministry said Monday. Minister Lien took part in a christening ceremony for the state-run Yangming Marine Transport Corporation's two new tankers--"Chen Ming" and "Fu Ming." Addressing the ceremony, Lien said more ships are to be built in order to help develop this country's economy and to strengthen foreign trade.

In the first two stages of the shipbuilding project, Lien said, 45 ships or about 2.2 million tons are to be built before the end of 1984, bringing the quantity of exports to be carried by local ships up to 35 percent. But this percentage will be doubled when the third stage of the project is finished, he added. [Text] [Taipei CNA in English 0259 GMT 26 Oct 82]

MARSHAL ISLANDS FISHING AGREEMENT--Taipei, 23 Oct (CNA)--A fisheries agreement between the government of the Marshal Islands and the government of the Republic of China was signed at the Ministry of Economic Affairs here Friday. The agreement was signed by Vice Economics Minister Chang Hsuin-shuen and Tony Debrum, secretary to the minister of foreign affairs of the Marshal Islands. So far, the Republic of China has signed fisheries agreements with South Africa, the United States, Tuvalu, the Kingdom of Tonga, Australia and the Cook Islands. Under the agreement, the Republic of China Tuna Fishing Association will sign a more detailed agreement with the Marshal Islands authorities for fishing in the economic zone of the Marshal Islands. [Text] [OW260657 Taipei CNA in English 0255 GMT 23 Oct 82]

END

CSO: 4020/26

JPRS 82502

20 December 1982

China Report

ECONOMIC AFFAIRS

No. 295

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20 December 1982

CHINA REPORT

ECONOMIC AFFAIRS

No. 295

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NATIONAL POLICY AND ISSUES

'HEBEI RIBAO' ON FULFILLING GOAL OF QUADRUPLING

HK070516 Sh'jizhuang HEBEI RIBAO in Chinese 25 Nov 82 p 3

[Article by Ding Junqi [0002 0193 1477], deputy director of provincial financial bureau: "Be Full of Confidence in Quadrupling"]

[Text] The general goal laid down by the party's 12th National Congress to quadruple the total industrial and agricultural output value in the period from 1981 to the year 2000 is indeed magnificent and encouraging on the one hand and, on the other, realistic and entirely feasible.

First, in the economic perspective, we may show the feasibility of the general goal with two calculations. One of these calculations is in terms of speed. In the 32 years from 1949 to 1980, the total industrial and agricultural output value of our province increased from 2.949 billion yuan to 29.951 billion yuan, an annual growth rate of 7.8 percent. And, according to the goal of quadrupling, in the current and the following decade, the total output value should increase at an annual rate of 7.2 percent, which is 0.2 percent lower than that in the previous 32 years. The other calculation is in terms of economic returns. During the above-mentioned period, our province's financial income increased from 145 million yuan to 3.5 billion yuan, an annual growth rate of 10.8 percent. The total income in the last 32 years amounted to 54.4 billion yuan, with every 100 yuan providing an accumulation fund (tax plus profit) of 14.51 yuan. This figure shows that even if we do not take the inevitable tendency of improvement in economic returns over the next 18 years into account and just calculate based on the above growth rate, by the year 2000 our province's financial income will still reach 17 billion yuan, a little more than four times the 3.5 billion yuan in 1980. That is to say, our plan is feasible and the goal of quadrupling can be reached both in terms of the production growth rate and the financial accumulation level if we really make efforts. Second, in the political perspective, as everyone knows, our economic work constantly suffered from the influence of "leftist" mistakes and experienced serious setbacks in the last 32 years. Today, as our party's new Central Committee has accomplished the great historical change in setting to right things which had been thrown into disorder, has reached an unprecedentedly profound understanding of the objective law embodied in our country's socialist construction and has accumulated richer experience, the past

mistakes will never be repeated. It is because some comrades forget the fundamental change in the historical and political conditions that they are worried that we will repeat the mistakes of the great leap forward in 1958 and the rash advance of 1978, and that we will once again blindly set high targets. In fact, quadrupling the output value within 20 years is a realistic goal which our party has put forth by careful and comprehensive consideration based on feasibility and actual conditions after drawing lessons from the above two rash advances and, in particular, after summing up the new experience we had obtained since the third plenary session. Furthermore, in attaching equal importance to the realization of the goal of quadrupling and the improvement of the people's living conditions, we have closely related this goal to the people's immediate interests. In contrast to those past unrealistic slogans which ignored the people's livelihood, this new goal may greatly help to mobilize the people's initiative and will surely win the strong support of the broad masses. History is created by the people. The support and the enthusiastic participation of the broad masses of the people under the leadership of the party are the basic guarantee for the realization of our goal.

CSO: 4006/145

NATIONAL POLICY AND ISSUES

NPC DEPUTIES DISCUSS SIXTH 5-YEAR PLAN

OW080543 Beijing Domestic Service in Mandarin 0400 GMT 3 Dec 82

[Excerpts] While examining and disucssing Premier Zhao Ziyang's report yesterday, deputies attending the fifth session of the fifth NPC pointed out: The sixth 5-year plan is inspiring, full of initiative, reliable and realistic.

Li Tinggui, NPC deputy and deputy secretary of the Guizhou Provincial Party Committee, said: Set out in Premier Zhao Ziyang's report are the basic tasks of the sixth 5-year plan and major measures for implementing this plan in an all-round way. I think this plan is comparatively reliable and practical. Take our province of Guizhou for example. Agricultural output in 1981 increased nearly 6 percent over that in 1980, and it went up by 13.9 percent this year compared with 1981. The average annual growth rate was 9.9 percent.

In light of Guangxi's actual conditions, Qiao Xiaoguang, NPC deputy and first secretary of the regional party committee, said: Guangxi has reaped an all-round good harvest this year. It is estimated that the region's grain output will increase by 2.5 billion jin compared with last year. It is estimated that the region's industrial output will increase 8 percent over last year. In the first 2 years of the sixth 5-year plan, our region has overfulfilled its tasks. These facts show that the party's lines, principles and policies laid down since the 3d plenary session of the 11th CPC Central Committee are correct and that the overall economic situation has become better, year by year.

At a group discussion, Yang Chengwu, NPC deputy from the PLA and commander of the Fuzhou PLA units, and Fu Kuiqing, NPC deputy and political commissar of the Fuzhou PLA units, particularly dealt with the question of how the army should support localities during the sixth 5-year plan period. They pointed out: PLA units should do work in the following four aspects: 1) they should help localities publicize the guidelines of the 12th party congress and of the current NPC session; 2) they should continue to work together with local governments and people to nurture villages, towns, islands and schools characterized by civilization; 3) they should concentrate their efforts on undertaking projects of a far-reaching influence and significance for the public good; and 4) they should be ready, at all times, to join the masses of people in dealing with an emergency and to help the latter tide over a natural disaster, and should serve the people wholeheartedly.

CSO: 4006/145

'CHINA DAILY' INTERVIEWS ECONOMIST QIAN JIAJU

HK090557 Beijing CHINA DAILY in English 9 Dec 82 p 2

[Article by Chen Guangfeng]

[Text] Well-known economist Qian Jiaju recently discussed how the nation will realize the goals set in the sixth five-year plan in an interview with CHINA DAILY.

Question: In his report on China's sixth five-year plan, Premier Zhao Ziyang said that China's industrial and agricultural output value is expected to reach 871 billion (449 billion) by 1985, an increase of 21.7 percent over 1980, or an average annual increase of 4 percent.

Don't you think the increase is small? To quadruple industrial and agricultural output value by the year 2,000, as was announced by Secretary-General Hu Yaobang at the party's 12th congress, wouldn't it be necessary to achieve an annual growth rate of at least 7 percent?

Increase

Answer: The 4 percent rate may seem small at first, but it really is not. It is true that the average annual increase of our industrial and agricultural output value should be no smaller than 7 percent in the next two decades, but the increase will not be the same year by year. Rather, it is on a graduated scale.

Suppose the rate is set at 4 or 5 percent for the sixth five-year plan period, 5 or 6 percent for the seventh, 7 to 8 percent for the eighth, and have more than 10 percent for the ninth and afterwards, the goal set by Hu Yaobang is sure to be realized.

The rate for the sixth five-year plan is set at 4 percent because this is the period in which the country's economy will be put on the right track after it had gone off the wrong one in the past few years. Therefore, the 4 percent increase is practical and appropriate.

Emphasis

Question: When Zhao Ziyang said that China will shift the emphasis to improvement of economic performance in the next three years, what did he mean?

Answer: He meant that China should now aim at raising the economic efficiency of its existing enterprises. Specially, China should try to produce more market-oriented goods with as little labour and material consumption as possible, instead of just blindly increasing productivity as in the past.

Question: In your opinion, what are the main obstacles to the raising of economic efficiency of these enterprises?

Answer: China's current price policy is one of the main obstacles because it does not balance the price and the value of products. Up to now, the prices of nearly all major products have been set by the state, and enterprises almost have no right to regulate the prices of its own products even if the enterprise thinks it is necessary.

Price

What is even worse, the price of a product does not change for many years once it is set, even though the production costs of this item have risen or declined. Consequently, the initiative of many enterprises is often crippled, and technical renovations and new techniques can hardly be carried out.

The price of coal, for example, has not been altered for quite some time, although its production cost have been increasing. The result is that the more the mines produce, the more they lose. So they are reluctant to increase production or carry out technical renovations because these would further reduce their profits.

Example

Another example is the water pump factory in Shenyang, Liaoning Province. Through experimentation, the factory succeeded in producing a new energy-conserving water pump. But the new product sells at the same price as the old one. Consequently, the factory had a deficit of 300,000 yuan, and the workers received no bonus. How could any enterprises make technical renovations and try for new products if they suffer instead of gain from their efforts?

On the other hand, some enterprises are making big profits with only a little effort. Wristwatches, for example, can earn handsome profits even if factories are poorly managed or make no improvements in production, for their production costs are low, while their prices are surprisingly high. Such factories also refuse to improve their work, for they are already enjoying more than they deserve, and they are satisfied.

Another obstacle to the raising of economic efficiency is the country's current employment policy. At present, all employees in state-owned enterprises are assigned by the state. Once a person is employed, he has no worries over his future, for he has tenure even if he makes no progress in his work or behaves badly. As more and more people are assigned, and no one dismissed, factories become overstaffed, loafing on the job occurs and productivity drops.

CSO: 4020/29

'CHINA DAILY' DISCUSSES NEW 5-YEAR PLAN

HK090638 Beijing CHINA DAILY in English 9 Dec 82 p 4

["Opinion" column by CHINA DAILY commentator: "The New Five-Year Plan"]

[Text] The new five-year plan for economic and social development (1981-1985) that Premier Zhao Ziyang has presented to the current National People's Congress has targets that are modest and realistic, yet far from conservative.

Its promises of more jobs and higher incomes are heartening news to the billion Chinese people against a backdrop of a world economy that is largely beset with stagflation and unemployment.

The premier's eloquent arguments and the concrete measures he proposes must instill confidence in all in China's efforts to quadruple her gross industrial and agricultural production value by the end of the century.

The plan provides for creating 29 million new jobs in cities and towns. This is on top of some 20 million newly employed in 1979 and 1980. The average per capita net income of peasants will grow six percent annually, which is higher than the 4.3 percent average during the 26 years between 1955 and 1980. This and wage rises for workers will result in a 22 percent increase in per capita consumer spending by the end of 1985, an average annual increase of 4.1 percent. The average from 1953 to 1980 was only 2.6 percent.

During the Zhao years, the government will spend 96.7 billion yuan on education, science, culture and public health, accounting for 15.9 percent of the budgetary expenditure. This is a 68 percent increase compared with the fifth five-year plan period. Among other goals, primary education is to be made universal in most counties, and secondary education made universal in all cities and towns. College graduates in the five years will total 1-1/2 million.

Targets

These targets, and those for production growth as well, are admittedly unambitious. As the premier pointed out in presenting the plan, the economic

readjustments begun in 1979 are to be carried on throughout the five-year period. Fundamental improvement of the nation's economic and financial situation can not be expected until 1987. Until energy output rises markedly and the strain on the transport system is eased substantially, rapid growth based on too heavy capital outlays will result only in serious imbalance and tremendous waste as in days of yore.

Thus, the gross value of 1985 industrial and agricultural output is expected to reach 871 billion yuan, an increase of 21.7 percent over 1980, or an annual average of four percent, though efforts will be made to reach five percent. The actual rise in 1981 was 4.5 percent, and in 1982, it is expected to reach 5.7 percent for an average of 5.2 percent in the first two years of the plan period.

Heavy industrial production is on the rise again. It is expected to be seven percent more this year than last, which saw a drop of 4.7 percent. The recovery of heavy industry after readjustment is an important indicator of the healthy development of the national economy.

Light industrial production is expected to go up by another 5.1 percent in 1982 after an increase of 14.1 percent in 1981. Retail sales rose by an annual average of 9.4 percent in the two years. The shortage of consumer goods has been greatly alleviated for the first time since the last 1950's. This is certainly not an insignificant achievement.

Grain output is estimated at 335 million tons this year, up by 10 million tons from 1981 and surpassing the record harvest of 1979. Continued all-round upsurge in agricultural production and the thriving rural economy make a solid foundation for political stability as well as economic improvement.

Revenues

The drop in state revenues has been halted and a steady increase is expected from next year on. This, according to the premier, is a reflection of the remarkable success of economic readjustment, which has helped attain somewhat better proportions between accumulation and consumption, and among agriculture, light and heavy industries.

The next three years will not be without difficulties. Improvement in economic performance is to be emphasized. Beginning next year large state-operated enterprises will shift by step to paying taxes instead of handing all their profits to the state. Smaller enterprises will be taken over on lease or by contract by workers collectively or individually, who will pay taxes to the state and be responsible for their own gains and losses. Meanwhile, the various responsibility systems in rural areas have proved very effective and must continue.

To carry out the sixth five-year plan and to achieve greater and more rapid development during the subsequent five-year plan periods, China is determined to introduce all the advanced techniques that have been popularized in the developed countries in the 1970's and early 1980's and are applicable to her conditions. In this respect, no fewer than 3,000 items are to be imported in the next three years to renovate existing enterprises, especially middle-sized and smaller ones.

By 1985, the volume of imports will reach 45.3 billion yuan, increasing at an average annual rate of 9.2 percent; that is higher than the growth rate of exports, which is forecast at 8.1 percent. Continued efforts will be made to utilize foreign loans, acquire direct investment by foreign businessmen or establish joint ventures so as to expand the use of foreign funds to an appropriate scale.

CSO: 4020/29

'LANZHOU RIBAO' REPORT ON CHINA'S ANNUAL PRODUCTION

Lanzhou LANZHOU BAO in Chinese 19 Sep 82 p 3

[Report: "China's Production on an Annual Per Capita Basis"]

[Text] China's economic development is uneven from province to province; development figures for the most advanced areas are more than 20 times greater than those for the least developed areas. How to reduce this gap is a very important strategic problem in our economic development. In 1980 China's per capita GVAIO (gross value of agricultural and industrial product) was 678 yuan. Provincial per capita GVAIO figures were as follows: (in yuan)

Shanghai:	5,715	Beijing:	2,824	Tianjin:	2,801
Liaoning:	1,483	Jiangsu:	1,023	Heilongjiang:	899
Jilin:	771	Zhejiang:	723	Hubei:	661
Shandong:	630	Shanxi:	604	Hebei:	583
Gansu:	549	Guangdong:	543	Qinghai:	543
Ningxia:	516	Shaanxi:	506	Hunan:	498
Fujian:	467	Xinjiang:	458	Nei Monggol:	432
Jiangxi:	427	Sichuan:	410	Henan:	407
Anhui:	388	Guangxi:	365	Xizang:	328
Guizhou:	266				
Yunnan:	324				

CSO: 4006/138

'HEBEI RIBAO' ON CUTTING ADMINISTRATIVE COSTS

HK300748 Shijiazhuang HEBEI RIBAO in Chinese 17 Nov 82 p 1

[Report: "Provincial Government Issues 10-Point Regulation on Cutting Administrative Expenditures"]

[Text] In the light of the serious waste caused by cumbersome, overstaffed administrative units and organs at various levels who misuse funds, the provincial government has recently issued a 10-point regulation on economizing on administrative expenditure.

The main points of this 10-point regulation are:

1. Strict control of the number of personnel. Henceforth, all localities, departments and units are not allowed to further enlarge the size of their groups or number of staff without the approval of the provincial party committee and provincial government. The wages, outlays and expenses for personnel added without authorization will as a rule not be supplied by the financial department. Overstaffed units must actively make appropriate arrangements for the placement of unnecessary personnel. Before their placement, the financial department will only allocate wages for the excess personnel but will not allocate public funds for staff welfare funds, wage subsidies or other individual outlay.

2. Improve the management method of public administrative funds. Commencing from 1 January 1983, the management method of "quota responsibility, surplus retention and no subsidy for overspending" will be implemented in the use of public funds by administrative organs at all levels. The quota of public funds per person for the whole year will be reduced by 15 percent on the basis of the 1982 expenditure, and this should be appraised and decided by the financial department and made known to the lower levels individually.

3. Strictly define the limits of expenditure. Public expenditure of all administrative units is limited to: administrative, postal and telecommunications, water and electricity, conference, heating, traveling, rent and lease, vehicle repair and maintenance, automobile fuel, building repairs, business and equipment purchase expenses and other legitimate expenses. The use of administrative

expenses for capital construction, unauthorized purchase of controlled commodities, and private loans, is prohibited. The use of public funds for entertaining, giving presents and attending shows and movies is strictly forbidden.

4. Vigorously economize on expenses for meetings. Meetings that need not necessarily be held should definitely not be held. Meetings that have to be held should keep the number of people and the number of days involved to a minimum.

5. Strictly control traveling expenses. Expenditures such as train and boat tickets, hotel accomodation and boarding expenses incurred by personnel on official duties should be supported by expenses vouchers in strict accordance with the regulations stipulated by the state, and the raising of standards without authorization is not allowed.

6. Strictly control publishing and printing expenses. At present, there are already 87 kinds of newspapers and periodicals in the province, and many of them have been losing money for a long time. In the future, all publicly published newspapers and periodicals must practice enterprise management. They must be responsible for their own profits and losses and will no longer receive financial subsidy. Publications, documents and bulletins of organs for internal circulation must be simplified and reduced, and unnecessary documents and telegrams must not be released.

7. Strengthen the management of motor vehicles. It is necessary to set up and amplify a management system for the use of motor vehicles and strictly control the use of cars for personal affairs. The use of cars for personal matters (such as attending shows and movies, visiting relatives and friends and receiving and sending off relatives and friends) will, as a rule, cost 10 cents a kilometer. The use of departmental cars (including station wagons) for going to and from work will cost 3 yuan per person a month. The use of departmental buses (use of taxis is forbidden) for receiving and seeing off guests, will cost 1.5 yuan per person a month.

8. Strictly control social groups' purchasing power. The purchasing power of social groups within departments and units at various levels must be strictly controlled within the limits passed down by the upper level and must not be allowed to go beyond them. The examination and approval of commodities of a nonproductive nature must generally be put a stop to. The examination and approval of special controlled commodities that can be used directly in production management and natural science research must also be strictly controlled. Departments concerned at all levels must carefully check them over and strengthen supervision. Control offices at various levels have the right to confiscate special controlled commodities purchased without authorization. In serious cases, they must also impose economic or disciplinary sanctions against the personnel involved.

9. Strengthen control over public health services. It is necessary to resolutely change the situation of excessive spending and waste in public health services. In 1983, the quota of the average annual spending per person in the province must be controlled within 40 yuan. If this figure is exceeded, no additional financial assistance will be given.

10. Strictly implement the state financial system and seriously practice financial discipline. It is necessary to strictly implement the limits, criteria and relevant policies of spending stipulated by the state financial system and not raise the criteria or expand the limits without authorization.

CSO: 4006/144

ECONOMIC MANAGEMENT

HEBEI SYMPOSIUM ON ENTERPRISE LEADERSHIP GROUPS

HK021006 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 23 Nov 82

[Summary] At the Hebei Provincial Government's symposium on rectifying and building leadership groups of enterprises in the province, Liu Bingyan, provincial CPC committee secretary and acting governor, stressed: "The administrative commissioners, mayors, county heads and economic committee chairmen of all prefectures, municipalities and counties and the principal responsible persons of all economic departments must personally do well in grasping rectification and building of leadership groups of enterprises. They must speed up straightening out enterprises."

He said: "The key to speeding up rectification and building of leadership groups lies in the fact that cadres at all levels, particularly CPC committees at all levels, must deepen their understanding of the necessity and urgency of reforming the cadre system and the structure of the cadre ranks and deepen their understanding of the importance of the abolition of the actually existing lifelong leadership duties. They must see that at present, leadership groups of enterprises are redundant, that their members are elderly, that there are many nominal posts and deputies, that many members of the leadership groups are elderly and weak, that a fairly large number of them cannot persistently do their normal work and that very few of them are young and energetic and have specialized knowledge, thus affecting our carrying forward the revolutionary cause and forging ahead into the future."

Liu Bingyan pointed out: "To rectify and build leadership groups well, it is essential to give full play to the veteran cadres' backbone role and rely on and trust veteran cadres." He expressed hopes that outstanding middle-aged and young cadres will be promoted to leadership posts at an early date and that veteran cadres will vigorously contribute toward building new leadership groups and will set a good example for the new leadership groups.

All prefectures, municipalities and enterprises must emancipate their minds in promoting outstanding middle-aged and young cadres. It is also necessary to make proper arrangements for the resettlement of retired veteran cadres.

He demanded that governments at all levels and leadership departments at all levels on the industrial and communications front strengthen leadership over straightening out enterprises. Places where leadership groups have been readjusted well must quickly shift the key rectification work to perfecting the economic responsibility system.

This symposium was held in Shijiazhuang on 16 and 17 November. At the symposium, six units, including Xingtai, Chengde and Shijiazhuang municipalities, Xingtai Prefecture and the provincial coal industry administrative bureau, introduced their experiences in rectifying and building leadership groups of enterprises.

CSO: 4006/144

ECONOMIC MANAGEMENT

COMMENTARY CALLS FOR BETTER SERVICE WORK

SK010355 Changchun Jilin Provincial Service in Mandarin 1100 GMT 30 Nov 82

[Station commentary: "Only by Emancipating Thinkings and Relaxing Policy Restrictions Can We Create a New Situation in Service Work"]

[Text] Since the Third Plenary Session of the 11th CPC Central Committee, our province has scored definite results in readjusting and restructuring its commercial enterprises. The urban and rural markets are becoming brisker day by day. However, leftist ideas have not been totally eliminated in commercial work. Baicheng Municipal Catering Service Company's decision to first allowing its subordinate collectively owned catering units to practice the system of independent accounting and then restoring the system of unified management has illustrated this problem.

At present, the main reason for the leftist manifestations in commercial work is that the people fail to thoroughly solve their ideological problems concerning individual management. Most catering units are under unified management and the contact responsibility systems are not flexible enough. Egalitarianism and the practice of eating out of a common bowl still exist in the commercial units, resulting in slow progress in restructuring the management systems. Therefore, only by thoroughly eliminating leftist influence can we emancipate thinking, relax policy restrictions, expedite the progress of restructuring the commercial management systems and create a new situation in commercial work. Eliminating leftist thinking is not an easy task. Some leading comrades who have been in charge of commercial work for years are used to old habits and conventions and lack the spirit of blazing new trails. Such attitudes are not in harmony with our tasks in the commercial field. Hence, we must earnestly study and implement the guidelines of the 12th National Party Congress, rapidly enhance the people's understanding so as to become vanguards in restructuring commercial management systems and make new contributions to creating a new situation in our province's commercial work.

CSO: 4006/144

REWARDS, PENALTIES FOR FACTORY DIRECTORS SUGGESTED

Beijing ZHONGGUO CAIMAO BAO in Chinese 19 Oct 82 p 3

[Article by Zhu Shaoping [2612 1421 1627]: "How We Should Implement Rewards and Penalties for Factory Directors"]

[Text] Through 30 years of industrial construction experience we have trained a large number of talented and politically honest factory directors. They are rich in practical experience and leadership skills and are entirely devoted to their work. Conscientiously, diligently, and with a down-to-earth work-style, they have made great achievements in the areas of administration and management of the factories. On the other hand, there is indeed within our factories also a minority of factory directors whose vitality is low, who drag their feet when conducting business, and who even use the authority of their position to neglect their duties and break the law, resulting in confusion in factory management and enormous losses to the country. For a long time, due to our failure to implement a reward and penalty system applicable to factory director's performance and especially due to the 10 years of internal turmoil, we have created and aggravated the situation as follows: Whether a factory director does a good job or not, it is all the same. He gets no encouragement for good performance. There is no support when difficulties are encountered. There is no disciplinary action directed against law offenders. Since the 3rd Plenary Session of the 11th CCP Central Committee, our factories have undergone enterprise reorganization, resumed and strengthened the rules and regulations system and various forms of economic responsibility systems, gradually bringing about the production administration command systems headed by factory directors, with the nation promulgating a body of laws and policies clearly specifying the position and authority of factory directors within the factories and the responsibilities to be assumed by factory directors toward the country and their staff and workers. If we say the authority and responsibilities of factory directors comprise the standards for their work, then the implementation of the reward and penalty system among factory directors becomes an important and effective means of guaranteeing that factory directors earnestly meet the standards.

Rewards and penalties for factory directors' performance on the job include: Providing rewards for factory directors who have made notable achievements in their work or have contributed significantly to the country, following through with disciplinary action for factory directors who are seriously derelict of duty or violate the law, and bring major losses to the factories and the country as a result. When there is merit, provide rewards; when wrongs

are committed, impose penalities. Keep a clear distinction between incentives and penalties and do not have one without the other. This is a consistent principle in our work and is an important system for carrying out evaluation of factory directors' work.

Rewards for factory directors are generally distinguished as either spiritual rewards or material rewards. Spiritual rewards entail conferral of honorable titles to factory directors such as "Advanced Production Worker", "Model Worker," etc., while material rewards involve the giving of definite sums of money or other material rewards. The purpose of rewarding factory directors is to give recognition to factory directors for work well done and motivate them to further upgrade their performance on the one hand, and to stimulate and encourage cadres even more to look upon the directors as their model as well as to serve the function of spurring on those lagging behind on the other.

A basic prerequisite for rewarding factory directors is that they, under the premise of complying with national policies and laws in an exemplary manner, must have led the factory staff in overall completion of state plans and have made notable achievements in production and managerial work. This is a basic requirement for factory directors and a fundamental obligation which factory directors ought to assume. Under this premise, should a factory director, through his subjective efforts, cause his factory to attain any of the following listed conditions, he should be considered for a reward according to the circumstances: (1) Having reached an advanced level in meeting principal technical and economic targets among the same and similar enterprises throughout the country; (2) production of products which have a competitive capability when placed in the international market and serve to make great contribution to the creation of foreign exchange reserves for the country; (3) three or more successive years of continued increases in production with increased contribution to the state; (4) having made a significant technological breakthrough; (5) having increased economic benefits due to improvements in management and administration leading factories with long term losses to alter their backward position and move from operating with losses to operating with profits for at least a full year. These conditions are to be considered in light of overall circumstances. In implementing the system concretely, the various enterprises and localities, based on sound knowledge of their own characteristics, should be able to exercise flexibility and control over these characteristics and make it possible for factory directors to attain these conditions by means of hard work, without making a prize so easily attainable that it can be won with hardly any effort at all. Upper level management departments of factories should determine the form and quantity of rewards based on the concrete conditions of the aforementioned system. Some comrades maintain that larger bonuses for factory directors may lead to a passive work attitude [of workers and staff members], and that it would be even better to award bonuses with values less than the average bonuses for staff and workers. We are of the opinion that, based on the responsibilities shouldered by factory directors toward the country and their staff and workers, and the amount of work which factory directors actually put out, rewards for factory directors should be greater than rewards for workers and staff members.

At present, directors of isolated factories are taking the lead in breaking laws and violating discipline. Some are instrumental in appropriating state property from closed down or suspended enterprises; some engage in speculation and profiteering and seek illegal profits, and other evade taxes, embezzle profits and indiscriminately disburse bonsues, etc., causing the country to incur great losses. It is imperative to impose penalties on these directors. Caution must be taken when punishing factory directors--first, to fit the punishment to the offense; and second, to keep the scope within bounds. Inappropriate penalties not only fail to serve the function of educating cadres who have committed errors but also promote negative factors. Under what circumstances should we punish factory directors? We think the following circumstances generally warrant punishment: (1) Violation of national policies and laws, and rules and regulations of the factory; (2) 2 successive years of failure to complete state plans or bringing about grave losses to the enterprise due to mismanagement; (3) violation of economic contracts resulting in serious losses to the country or the factory; (4) low quality and quantity of products or repeated generation of incidents related to product quality and quantity; (5) serious violation of financial and economic discipline; (6) serious pollution of the environment and refusal to maintain controls under conditions permitted by the material resources of the factory; (7) creation of grave incidents involving major security violations resulting in heavy losses of lives and property among the people. The reason for punishing factory directors is, by means of penalities, to deal with factory directors who have failed significantly in their duties, to urge them to shoulder responsibility, and to make them realize their mistakes and learn a lesson from them. For this reason, the circumstances mentioned above must be brought about only by serious derelection of duty and malfeasance and lack of responsibility on the part of factory directors before penalities are imposed on them. If, due to the influence of objective conditions, a factory director cannot avoid one or some of these circumstances despite subjective effort, penalities ought not be imposed. In implementing a reward and penalty system we should give special attention to this point.

At present, in implementing a reward and penalty program among factory directors, some units do not care whether or not factory directors have made accomplishments but so long as they have not committed grave errors they award them. Some use withholding or reduction of bonuses as substitutions for penalties for factory directors who fail to do their job. Such methods of penalizing are wrong. Rewards are neither political nor economic payments and we cannot give rewards to every factory director. If a factory director has made no particularly prominent achievement or contribution but simply carried out his leadership duties satisfactorily and within the scope of his defined authority in production and administrative work, then he can only be considered as fulfilling his basic duties and he should not receive awards for doing so. For those factory directors who have failed in their work and have brought losses to their factories, not only should they be denied any reward, they should be punished. We should, based on the circumstances of the errors and degree of responsibility involved, pursue and investigate the economic, administrative and, if applicable, criminal responsibilities of the factory director under the laws. We cannot then treat rewards as "a big rice pot" to be shared by all. Nor can necessary punishments be replaced by deductions from bonuses. We must strictly comply with applicable state stipulations in implementing a reward and penalty program for factory directors.

ECONOMIC MANAGEMENT

GOOD WORK ON ENTERPRISE CONSOLIDATION EMPHASIZED

Nanjing XINHUA RIBAO in Chinese 13 Oct 82 p 1

/Article by staff correspondent: "We Must Use the Spirit of the 12th NPC to Guide Overall Enterprise Consolidation"/

/Text/ The provincial conference on enterprise consolidation lasted for seven days. It began on the 6th and concluded on the 12th. This conference called on all regions to regard comprehensive enterprise consolidation as a practical step in implementing the spirit of the 12th National Party Congress and realizing strategic goals for this century. The leadership at all levels must personally take action to strengthen the direction of enterprise consolidation. During the process of enterprise consolidation, it is necessary to focus on major contradictions and earnestly strive for good results.

Leading comrades in the provincial CPC committee and provincial government such as Han Peixin /7281 1014 0207/, Gu Xiulian /7357 4423 5571/, Zhou Yifeng /6650 0001 1496/, Wang Bingshi /3076 0393 4258/ and Jin Xun /6855 6676/ yesterday attended the closing conference. Comrade Han Peixin gave a speech.

Comrade Han Peixin went into the leadership problems of improving awareness and strengthening the comprehensive consolidation of enterprises. He said that first it is necessary to approach doing good work in enterprise consolidation from the high plane of implementing the spirit of the 12th National Party Congress. Our number one task at the present time is to study and propagate the spirit of the 12th National Party Congress. Work in enterprise consolidation must have the spirit of the 12th National Party Congress as its guide. Enterprise consolidation is closely linked to the great objectives proposed by the 12th National Party Congress. It is a significant measure for promoting the basic improvement of the current state of the national economy. It is also important work for laying a foundation for "quadrupling." Only the foundation of consolidating existing enterprises and implementing our strategic objectives can be considered realistic and reliable.

Comrade Han Peixin said that the whole party must concentrate on work in enterprise consolidation. It must truly be given top priority in the work of party committees and the government. Consolidation involves comprehensive

consolidation and comprehensive administration. It not only will resolve certain existing problems, it also has a bearing on problems in establishing uniquely Chinese socialist enterprises and enterprise management systems. It is a radical change from a guiding ideological and organizational system and to an administrative and management system and measures. Consequently, this task is not only for one or two particular departments, it is the task of the whole party. This task can only be accomplished under the unified leadership of party committees and the government. Urban party committees and the people's government should regard enterprise consolidation as a focal point of their own work and major leading comrades should personally focus on this work. While local and county party committees and governments focus on agricultural production, they must also give this work priority on their agenda. The major leaders must take a personal interest in the matter and responsible comrades in charge must deal with enterprise consolidation in a concrete manner.

Comrade Han Peixin stressed that in order to successfully carry out enterprise consolidation, it is necessary to have the attitude of daring to "confront difficulties," making bold innovations and solving problems in a practical way. We must not draw back when confronted with difficulties nor must we skirt around them. We must rely upon the masses, carry out further investigations and studies, do our best to solve problems and be adept in accumulating and summing up experiences. It is necessary to maintain high standards and make strict demands to truly enable enterprise consolidation to reach the goal of improving economic benefits. We must lay a good foundation for ushering in a new era of economic work.

Comrade Han Peixin went on to point out that at present it is necessary to focus on five items of work in enterprise consolidation. The five tasks are all important and all require earnest and hard work. However, among these five tasks, the reorganization and establishment of leading groups are the key. All enterprises must concentrate on reorganizing and establishing leading groups. Whether or not enterprises are examined and accepted depends on whether their major problems have been resolved and whether economic benefits have improved. Once major problems have been resolved, one can then say that the consolidation of enterprises is basically up to standard.

At the opening of the conference, Comrade Wang Bingshi gave a talk. Comrade Gu Xiulian gave a report on behalf of the provincial CCP committee and the provincial government. The conference summed up and exchanged the experiences of our province during 6 months of work on enterprise consolidation. They printed and distributed over 50 documents. Of these, 24 experiences were introduced to the conference. The substance of these experiences was abundant and each had its own special characteristics. In view of the current problems developing in consolidation work that urgently require solutions, they provided people with new inspiration from various sources. Comrades at the conference held earnest discussions. They further defined the tasks and needs in launching enterprise consolidation.

The conference drew up the following specific plans for work in enterprise consolidation for this year and next. (1) At present it is necessary to

pool our forces to successfully carry out the comprehensive consolidation of the first lot of enterprises. In principle, it should be completed within the year. We must make good use of time, ensure quality, maintain high standards and make strict demands. (2) We must complete preparations for work in comprehensive consolidation of industry and communication enterprises (including capital construction) for next year. We must make arrangement as soon as possible. In principle this must be fully implemented by next year and checked and accepted in stages. (3) Proceeding from the characteristics of commercial enterprises, commercial enterprises in our province must follow the directive of the Central Committee and the spirit of this conference to successfully carry out enterprise consolidation in stages. (4) Next year when carrying out the consolidation of state-run enterprises, we must also focus on consolidating collective enterprises above the county level. (5) In the thorough launching of enterprise consolidation in the upcoming year, enterprises should not assign work teams. The province and each district, municipality and county should guide enterprise consolidation using the method of focusing on particular sites to lead the entire area. It is necessary to rely on the strength of enterprises themselves as much as possible in order to carry out consolidation in a practical manner.

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CSO: 4006/092

FINANCE AND BANKING

JILIN ISSUES CIRCULAR ON CHECKING EXPENDITURES

SK260714 Changchun Jilin Provincial Service in Mandarin 2200 GMT 25 Nov 82

[Text] According to JILIN RIBAO, the provincial CPC committee and the provincial people's government recently issued an en rgency circular urging CPC committees and people's governments at all levels to promptly adopt effective measures to prevent unauthorized expenditures at the end of the year in order to ensure the fulfillment of the 1982 financial budget and to lay a good foundation for 1983 economic construction.

The circular urges CPC committees and people's governments at all levels to pay special attention to the financial issue, make arrangements and adopt measures to control expenditure. Financial departments and accountants at all levels should strictly control expenditures. Except for disaster-relief funds, no additional expenditures should be made. Localities earning more income should not use the above-quota income to arrange for additional expenditures. Localities which fail to fulfill the revenue task should adhere to the principle of committing to fewer expenses. Expenditures without sources of funds should not be listed in the final accounts. All enterprises that have been closed down, suspended, merged or transferred and all removed and merged units should realistically check on their property, equipment and materials and should never privately divide them up in disguised form under any pretence. The issuance of bonuses should be controlled within the limits permitted by the state. On no account should we privately divide up products, money and materials and recklessly issue more bonuses in disguised form. To lighten the burden on the society, we should conscientiously check on the situation of collection of administrative and service charges prior to the end of this year. All irrational charges should be canceled.

Financial departments and banks at all levels should cooperate with one another and make concerted efforts to control expenditures. Financial departments should refuse to allocate funds for expenditures which run counter to regulations. In the meantime, banks should refuse to settle accounts for such expenditures.

The circular stresses: While conducting ideological education, CPC committees and their discipline inspection commissions at all levels should conscientiously investigate and severely deal with units and leading cadres that function counter to financial and economic discipline. We should never allow people who violate financial and economic discipline to gain economic advantages.

CSO: 4006/144

FINANCE AND BANKING

XIZANG FINANCIAL WORK MEETING CONCLUDES

HK060321 Lhasa Xizang Regional Service in Mandarin 1130 GMT 3 Dec 82

[Text] The regional financial work meeting, which concluded in Lhasa on 2 December, set forth three objectives for implementing the 12th Party Congress spirit and creating a new situation in the region's financial work. They are:

1. It is necessary to control and make good use of the subsidiary funds allocated by the central authorities, help key construction projects and give full play to funds in order to lay a foundation in the material and technical fields for the promotion of the economy.

2. It is necessary to minimize losses, increase profits and accumulate more funds for economic construction, while developing production, strengthening management and improving economic results.

3. It is necessary to reform and perfect some basic systems in the fields of finance, taxation and accounting in order to institute as soon as possible a system of exercising both the responsibility and power of purchasing, further overcome the disadvantages of muddling together in the economic field, give full play to all positive factors in promoting the economy and make our region prosperous as quickly as possible.

During the meeting, Yang Zongxin and Pu Qiong, vice chairmen of the regional people's government, listened to reports on the situation and major problems concerning the meeting and made important speeches at the meeting. In their speeches, both of them expounded on the questions of resolutely implementing the 12th Party Congress spirit and quadrupling the gross annual output value of industrial and agricultural production in our region by the end of this century and the role of financial work in economic construction. For this view, they called on the party, government and economic affairs departments at various levels to attach importance to, strengthen and support financial work. Their speeches helped the meeting's participants solve certain ideological problems and broaden their vision so that they enhanced their confidence in bringing about a new situation in the region's financial work.

During the 14-day long regional financial work meeting, more than 100 people including financial bureau chiefs and administrators from six prefectures and municipalities and departments directly under the region earnestly studied the 12th Party Congress documents. They also summed up and exchanged experiences gained in financial work since the central authorities had made important directives on the work in Xizang, studied the problems of how to bring about a new situation in the region's financial work, worked out the 1983 plan for revenues and expenditures of the region and made arrangements for the financial work of the coming year. Thus, the meeting successively achieved expected results.

CSO: 4006/144

FINANCE AND BANKING

INCREASES IN RURAL SAVINGS DEPOSITS DISCUSSED

Beijing BEIJING RIBAO in Chinese 19 Aug 82 p 1

/Article by Qiao Hejing /0829 0735 7231/: "Encouraging Situation Since Third Plenary Session of 11th Party Central Committee; Savings Deposits in Rural Suburbs of Beijing Reach All-time High"/

/Text/ Along with the invigoration and expansion of the rural economy since the Third Plenary Session of the 11th Party Central Committee, an encouraging situation has appeared in savings deposits in the rural suburbs. Current volume of savings and the increase in the past few years are at the highest level for any similar period in history.

According to the figures of the municipal people's bank, at the end of July of this year rural savings had already reached 740 million yuan, an increase of 451.38 million yuan over the same period in 1975, a 1.56-fold increase. Of this amount, savings of commune members reached 277.52 million yuan, an increase of 229.3 million yuan over 1975, a 4.75-fold increase. The savings per capita has climbed from 12.70 yuan to 73.50 yuan. In the past 4 years, the total volume of savings deposits has increased at an annual rate of 26.5 percent, and commune members' savings deposits have increased annually at a rate of 54.9 percent.

The recent increase in rural savings deposits has the following 3 characteristics: 1. While suburban areas have repeatedly suffered from drought, savings deposits have still increased every year and the magnitude of the increase has been large. 2. The commune and brigade allotments have increased every year and at the same time that the commune members' standard of living has improved, commune, brigade and commune member savings deposits have still increased greatly. 3. The number of savings accounts has increased, the proportion of long-range savings deposits has been large and stability has increased. These characteristics reflect the rapid and steady growth of the rural economy and the steady increase in the income of the communes, brigades, and commune members.

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CSO: 4006/58

BRIEFS

FINANCIAL WORK CONFERENCE--The provincial conference on enterprise financial management and improving economic results called on the masses of cadres, staff members and workers on the financial front to do a solid job in fundamental work such as accounting and analysis of economic activities, to improve enterprise finances and accounting, to strengthen financial management, to increase revenues, and to accumulate more funds so as to contribute to the accomplishment of the grand objective set forth at the 12th CPC Congress. The conference held: The situation in provincial revenue is very good. From January to September, provincial revenue totaled 1,504,440,000 yuan, showing an increase of 24.04 percent over that of the same period of 1981. The profits turned in to the state by industrial enterprises registered an increase of 22.45 percent over 1981. However, there are still many unfulfilled economic and technical quotas. The potential for increasing revenues and economizing on expenditures is still great. Therefore, to consolidate and strengthen enterprise finances and accounting is a very necessary task that brooks no delay. [Excerpt] [SK170853 Taiyuan SHANXI RIBAO in Chinese 29 Oct 82 p 1]

CSO: 4006/144

MINERAL RESOURCES

ARTICLES NOTES MEASURES TO IMPROVE COAL SUPPLY

Beijing ZHONGGUO CAIMAO BAO in Chinese 16 Oct 82 p 2

/Article by Yang Xuguang /2799 2484 0342/, Xu Changzhong /6079 2490 0022/, and Zhang Guangyi /1728 0342 5030/: "Adopt Economic Measures, Reform Coal Supply"/

/Text/ The increase in coal production currently has run counter to national economic development. To reform this situation, economic measures should be adopted to improve methods of supply and promote the development of the coal industry.

Coal mines under national control produce about 330 million tons of coal annually and locally controlled coal mines produce about 280 million tons of coal annually. The annual centralized balance gap is about 10 million tons. In 1979, to satisfy the needs of industry and agriculture, the state began paying premium prices for coal production beyond the norm of key coal producing provinces, in the form of economic coal /4842 3444 3561/ and negotiated coal /0588 6231 3561/, and made it part of the resource allocation of the state plan, but this could not satisfy the needs of national economic development. This year, state planned purchases of economic coal /4842 3444 3561/ and negotiated coal /0588 6231 3561/ were 17 million tons and the subsidy was over 300 million yuan, but allocated coal from nationally controlled mines was still short by about 8 million tons. This production supply method of centralized allocation, premium price purchases, and financial subsidies played a role several years ago in promoting production, but with the beginning of market regulation and economic coordination, its positive role has diminished. The main reasons are that: 1. above production norm coal purchased by the state at a premium price (a premium of 10 yuan per ton, or a purchase price of 30 to 40 yuan) is not as high as the price the mines can get by negotiating freely (50 to 80 yuan per ton for negotiated coal), so the mines want to engage in free negotiation; and 2. premium price purchasing increased the state's financial burden.

As we understand it, last year the volume of negotiated coal engaged in between provinces nationwide was at least 15 million tons. In the negotiating process, conditions agreed to by both parties were varied: some exchanged goods for coal, some bought coal at high prices, some invested in coal. As to rail shipment of negotiated coal, some wanted to crowd into the transport

in the state plan and attacked the transport plan. Thus, we should both give serious consideration to the role played by this negotiation method in production and adopt positive measures gradually to guide this reckless process into the state plan. We propose adoption of the following measures:

1. Ensure completion of the state plan. Try not to have a shortage in the post-balancing state coal production plan. Provinces, cities, autonomous regions and enterprises should guarantee completion of the plan to guarantee the state resource allocation; under the supervision of the State Planning Commission and the State Economic Commission, goods and materials, coal, and transportation sections should guarantee allocation, contracting, shipment, and delivery of coal to users; no measures should be adopted which will disrupt or attack the state plan.

2. Methods of handling production beyond the norm and premium purchases from state-controlled coal mines should be implemented. After guaranteeing the completion of state approved production plans by state controlled coal mines, a base should be set and coal beyond the production goal should be divided. The state's share could be 50 percent for purchase at a premium price, sale at a premium price for state distribution of resources; 50 percent could be returned to the local area or enterprise for distribution. This method could first be tried out in some key coal mining provinces and then extended after we have gained some experience.

3. The state should make some of the higher priced coal purchased from locally controlled coal mines part of resource allocation. Policies should be adopted to foster and encourage locally controlled coal mines and to help with the expenses of locally controlled coal mines in maintaining simple reproduction, and at the same time constantly expand the coal transport capability of shipping lines and wharves. The state could purchase over 10 million tons of economic coal and negotiated coal at higher prices (prices could be raised 50 to 100 percent) as state resource allocation to help out coal-poor provinces and the higher price could be borne by the provinces in need of coal. Thus the economic outlays of provinces which need coal could be more advantageous than carrying out exchanges on their own. After coal-producing provinces have completed their purchases, they could also centralize some coal from locally controlled coal mines in the province and through negotiation use it to balance the needs in the province and cooperate with other provinces. Production beyond the norm in coal producing provinces, after meeting their needs, might be placed at the disposal of coal mines and sold to other localities at a negotiated price.

4. Change the mismatching of boilers and types of coal. China's industry presently has over 200,000 boilers and a steam capacity of 370,000 tons. Average heat efficiency rate is over 10 percent below that of foreign countries, so each year we waste over 30 million tons of coal. Apart from the fact that the design of the boilers themselves is not advanced, the important thing is that the types of coal supplied are not suitable. If everything possible was done in the coal allocation process to link up supply with demand, supplying coal of the kind needed, then it would greatly improve the heat efficiency rate and save coal. Economic encouragement should be given to saving coal by improving boiler design and further boiler control technology.

5. Strengthen coal management work. Conduct strict accounting of coal supply and uphold the system of proof of supply and keeping prices above costs. The potential for domestic users and service industries for saving coal is great and various kinds of technological services should be launched to manage coal supply the way the food supply is managed.

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CSO: 4006/58

INDUSTRY

RAPID GROWTH OF LIGHT, TEXTILE INDUSTRIES IN ZHEJIANG

Hangzhou ZHEJIANG RIBAO in Chinese 6 Sep 82 p 3

[Article by correspondent Jin Yu [6855 3842] and reporter Yang Xinyuan [2254 2450 0337]: "Rate of Light and Textile Industrial Growth in Our Province Tops National Level for 2 Consecutive Years"]

[Text] If we take a walk in the marketplace, we will see an abundant supply of light and textile goods, with more varieties than ever before. In the past, consumers with money on hand could not buy such things as worsted woolen goods, wristwatches, glassware, or genuine silk quilt covers. Now they have large varieties of them to choose from. Bicycles and sewing machines were in very short supply in the past; now the supply has greatly increased. In 1980 and 1981, the increase in the total output value of light and textile industries was the highest in the country. This is the result of the "six priorities" policy adopted after the Third Plenary Session of the 11th Party Central Committee and the strong support given to these industries by all trades and undertakings.

Since the Third Plenary Session of the 11th Party Central Committee, the leading departments in the province have treated the development of light and textile industries and the increased production of consumer goods as matters of primary importance, to which they have given strong support in the way of funds, energy, transport, raw materials, capital construction, and technology. For construction funds, for example, a total of 370 million yuan was raised in the past 3 years through 11 channels including loans to support the enterprises in various localities in tapping their resources, expanding their buildings, or renovating their equipment. A total of 177 light industrial projects have been completed and commissioned in the past 3 years. In 1978, only 5,500 bicycles were produced. Since 1979, the provincial light industry bureau has managed to obtain loans of various types totaling more than 20 million yuan to help the Hangzhou Bicycle Plant and the Shaoxing Bicycle Plant expand their factory buildings and renovate their equipment. This year, the output of bicycles will be increased to 650,000. Furthermore, in these 3 years, the productive capacity for cotton textiles was increased by 130,000 spindles, while the output of printed and dyed polyester-cotton fabrics was increased by 58 million meters and that of silk by 30 million meters. The output of sewing machines was also increased by 200,000; that of beer, 46,000 tons; that of wristwatches,

250,000; and that of yellow wine, 32,000 tons. The shortage of these goods on the market is now gradually being alleviated.

To help raise the people's standard of living, the light and textile industries in our province have made great efforts in developing a number of "high-quality, new and refined" products. All-wool gabardine, overcoats, melton and some worsted woolen goods could not be produced in our province in the past. Since 1979, the provincial light industry bureau has helped the Jiaxing No 2 Cotton Textile Mill to trial-produce these products, and total output last year reached 800,000 meters. This year, it is expected to increase to 1.1 million meters. In the past 3 years the production of some itmes such as acrylic fabrics and synthetic plush, all of them started from scratch, has rapidly developed. The light industry, daily-use chemical products, porcelainware, and food trades have paid great attention to the readjustment of their product mix by turning out high-grade products. For example, the daily use chemical products trade has develped the production of "Aide" perfume, "Kongfengchun" pearl cream, hair cream, and so forth; the porcelainware trade has developed fine porcelain, porcelain sets, and so forth; and the food trade has increased the production of bottled wine, powdered milk for infants, "health preservation" milk, high-grade candies, and so forth. The varieties and designs of light and textile industrial products have increased rapidly. In the past 3 years, the province has produced nearly 30,000 new products, new designs and new varieties with new ways of packaging, and in only a few years has begun to change the backwardness of the "monotony" of decades.

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CONSTRUCTION

HOUSING SITUATION IMPROVES IN LIAONING PROVINCE

Shenuang LIAONING RIBAO in Chinese 14 Aug 82 p 1

[Article: "Housing Area Totaling 18 Million Square Meters Completed in Past 3 Years in Our Province"]

[Text] Housing construction is now gathering momentum in our province. The total investment in the past 3 years was equivalent to the sum total of the 28 years from 1950 to 1977, and in these 3 years the total floorspace completed amounted to 18,355,000 square meters, or 1.6 times that of the years from 1966 to 1976. More than 360,000 households have moved into their new houses in the province.

While building new houses, the localities are also speeding up the rebuilding of old ones. In the past 3 years, dangerous and rundown houses totaling more than 1,833,000 square meters were demolished, and in the old districts of the city, approximately 70 percent of the new houses are new. Some of the slum areas, such as Wanquanli, Dongshuncheng, and Zhujianlu in Shenyang and Taoguan in Anshan, have also been rebuilt, so that thousands or tens of thousands of people who for many years had lived in shacks in damp, low-lying areas with poor environments could move into the newly built houses. The people said with elation: "When we moved into these big houses, we felt like we were entering paradise! This shows the merits of the line laid down at the Third Plenary Session of the 11th Party Central Committee!"

Along with the rise in the people's standard of living, the design for the new houses in our province is more and more oriented to convenience and practical use. The area of the rooms, kitchens, and corridors is now larger, and many houses have private kitchens and toilets. Those with more than one story even have balconies, and some of them have overhead or built-in cabins. If their locations are favorable, there are also facilities such as gas supply, trash tanks, and mailboxes in addition to fenced-off yards. These are of great convenience to people's daily lives.

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CONSTRUCTION

PROGRESS OF HOUSING CONSTRUCTION IN SHENYANG REPORTED

Shenyang LIAONING RIBAO in Chinese 21 Aug 82 p 2

[Article by He Shanzhen [0149 3799 3791] and Liu Kewen [0491 0344 2429]: "Residential Housing of 4.44 Million Square Meters Constructed in Shenyang in Past 4 Years"]

[Text] Since the Third Plenary Session of the Party Central Committee, residential housing totaling 4.44 million square meters has been completed in Shenyang. The completed floorspace is 2.5 times that of the previous 10 years. More than 100,000 people have moved into their new homes, and the congestion in living accommodations is gradually being alleviated.

In the past several years, the municipal party committee and municipal government have decided to raise funds from many sources, including 60 percent of the local financial resources and the funds raised by the enterprises, to build residential housing. In the past 4 years, 12 small residential areas, including those in Taishan, Beiling, and Wulihe, have been set up. At present, the per capita living space in Shenyang has risen to fifth among the 14 large cities in the country.

These small residential areas in Shenyang Municipality were built strictly according to the plan, which included housing as well as auxiliary projects. There are single units, double units, as well as triple units, and each unit is accessible to the water supply ans sewer systems and has its own heating equipment. Each household has its own toilet and kitchen. Some of the residential areas have their own schools, hospitals, stores, restaurants, and places of entertainment for the convenience of the residents.

Many of the residential areas were built prior to liberation. The structure of the houses was crude, and the quality was poor. There were heaps of trash everywhere but no drains for the wastewater. The leading comrades of the municipal party committee inspected the areas with dangerous houses, ascertained the situation of the slum areas and the dangerous houses, and then organized the relevant departments to work out plans on the spot for these houses to be repaired. Special funds were allocated for repairs and complete rebuilding, and in 4 years, 150,000 square meters of dangerous houses had been repaired. The slum areas were rebuilt, and a total of 38,000 square meters of housing were built in Dongshuncheng, Wanquanli,

Gangweili, and other areas. Some 800 households have moved into new houses. The people living in Gangweili displayed two large streamers from the fourth to the second floor bearing this couplet:

"Living in new houses, we always think of the solicitude of the party and the government."

"Moving into new homes, we pledge to contribute to the four modernizations."

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CONSTRUCTION

JIANGNAN SHIPYARD COMPLETES DOCK FOR 50,000-TON SHIPS

Shanghai JIEFANG RIBAO in Chinese 26 Sep 82 p 1

[Article: "Jiangnan Shipyard Has Completed a Dock for 50,000-Ton Ships"]

[Text] Jiangnan Shipyard has successfully completed a dock for 50,000-ton ships. This dock, one of the largest drydocks designed and built in China, was formally flooded on 20 September. Previously, Shanhaiguan Shipyard also built a dock for ships of the same tonnage.

This expanded dock is 232 meters long, 40 meters wide, and nearly 12 meters deep, with a maximum water-holding capacity of 93,000 cubic feet. The water discharge system consists of two power pumps capable of discharging 15,000 cubic feet of water per hour. Thus all the water can be discharged within 3 hours. This dock will be adequate for the repair of 35,000-ton freighters and 50,000-ton merchantmen.

This dock is an expansion of the old one, located in the central part of the shipyard only 30 meters from the construction site. To be sure that the construction would not affect the safety and regular production of the surrounding facilities, the shipyard boldly adopted a new technology never before used in China, instead of the old traditional technology, and built the walls prior to the bottom of the dock. This new experiment was a success.

The preparatory work on this project began in May 1977, and construction started in 1980 with the driving of piles for the foundation. The main engineering job was completed ahead of schedule in 2 1/2 years. This project was designed by the No 9 Design and Research Institute of the China General Shipping Industry Company and built by the No 2 Engineering Section of the Third Navigation Engineering Bureau of the Ministry of Communications.

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CONSTRUCTION OF NEW HOTEL IN BEIJING COMPLETED

Beijing BEIJING RIBAO in Chinese 20 Sep 82 p 2

[Article by Xu Zhenzhou [5171 2182 1558] and Zhou Youlai [6392 0645 0171]: "Construction of Fragrant Hill Hotel Completed"]

[Text] The construction of Fragrant Hill Hotel, a typical high-class and modern Chinese hotel with an idyllic atmosphere, has recently been completed.

This hotel was designed separately by the office of a famous American architect of Chinese origin, Bei Luming [6296 1774 6900], the Beijing Architectural Design Academy, and other Chinese and foreign design units, and was built jointly by the Beijing No 6 Municipal Construction Engineering Company, the Machinery and Construction Company, the Equipment Installation Company, and other units. It occupies more than 36,000 square meters and consists of five components of different heights, three or four stories, sprawling along the slope of a hill by Cuihu Lake in Fragrant Hill Park and blending harmoniously with the natural landscape.

Its outer walls are white, inlaid with ancient Chinese bricks and tiles and having a dado of granite. In the guestrooms and corridors, there are not only square and prismatic glass windows but also French windows and moonlight doors. There are more than 10 unique and attractive flowerbeds in the yards, in addition to aritficial waterfalls, lakes, small islands, bridges and streams, decorated by various types of potted landscape. The hotel has 293 suites equipped with a system for calls for room service, air conditioning, a fire-warning system, automatic fire extinguishers, music, television, and other modern equipment. In addition to banquet halls, Chinese and foreign restaurants, friendship stores, beauty parlors, and the lobby, there are also facilities for the tourists to rest and for their entertainment and recreation, such as an indoor swimming pool extending outdoors, a four-seasons garden, a gymnasium, billiard rooms, coffee shops, a bar, a Finnish steam bath, and so on. The whole hotel is elegantly designed, and its equipment is of a high class.

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CONSTRUCTION

SUPPLY OF WATER IN HUANGHE TO RELIEVE TIANJIN DROUGHT

Tianjin TIANJIN RIBAO in Chinese 25 Sep 82 p 1

[Article: "People in Tianjin Will Again Drink the 'Fine Gesture' Water Offered by Hebei, Shandong, and Henan"]

[Text] In accordance with a directive from the State Council, the Ministry of Water Conservancy and Power held a meeting in Tianjin 22-24 September to work out a plan for water to be diverted from the Huanghe into Tianjin again this winter in at least the same quantity as last year. People in our municipality will once again drink the water offered from thousands of miles away and in a fine gesture by Hebei, Shandong, and Henan.

This winter, water from the Huanghe will be diverted through the Weishan channel in Liaocheng Prefecture, Shandong, between the middle of November this year and the middle of January next year. Previous to this, water will be released by the Yuecheng Reservoir on 1 November, and will find its way to Tianjin via the Zhanghe, Weihe and Nanyunhe rivers.

The Party Central Committee and the State Council have expressed great concern over the problem of water supply in Tianjin, and have instructed the Ministry of Water Conservancy and Power to arrange to carry out the work of diverting water from the Huanghe and the Yuecheng into Tianjin as soon as possible. At the meeting held in Tianjin, the Ministry of Water Conservancy and Power worked out specific plans with regard to the timetable, quantity, and control measures for the water to be diverted from these two sources. The meeting was presided over by Li Boning [2621 0130 1380], vice minister of water conservancy and power, and attended by the responsible comrades of the water conservancy departments (bureaus) of Heibei, Shandong, Henan, and Tianjin, the relevant central departments, the Huanghe Water Conservancy Commission, and the Haihe Water Conservancy Commission. The participants unanimously supported the directive of the State Council concerning diverting water from the Huanghe and the Yuecheng into Tianjin and pledged to do this job well. During the meeting, the leading comrades of the municipal party committee and the municipal government--including Chen Weida [7115 0251 6671], Li Ruihuan [2621 3843 3883], Wu Zhen [0702 2182], Zhao Jun [6392 6874], and Liu Jinfeng [0491 2516 1496]--came to meet the representatives.

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CONSTRUCTION

PROGRESS IN CAPITAL CONSTRUCTION REPORTED IN TIANJIN

Tianjin TIANJIN RIBAO in Chinese 16 Sep 82 p 2

[Article: "New Progress in Capital Construction in Our Municipality Through Conscientious Implementation of the Eight-Character Policy of Readjustment, Restructuring, Reorganization, and Improvement"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the eight-character policy of readjustment, restructuring, reorganization, and improvement has been conscientiously implemented on the capital construction front with remarkable success.

Readjustment of Investment Orientation; Improvement of Economic Results

First, readjustment of the relationship between "bones" and "flesh" has increased the ratio of nonproductive investment from 17.9 percent in 1978 to the present 41.9 percent. Second, among productive investments, the investment in light and textiel industries has been increased 1.4-fold in the 3 years since the Third Session of the 11th Party Central Committee, compared with the 3 years prior to it. A number of large and medium-size projects for the Dagang Power Generating Plant and the Petrochemical Fiber Plant, and of light and textile industrial projects, have been completed and commissioned. Third, the ratio of investment in technical transformation in the total investments in fixed assets has been raised. Since the structure of investments has become more rational, the returns on capital construction investment have also improved. The percentage of projects ready for operation has been increased by 16.1 percent over 1980, and the percentage of fixed assets available for use has been increased by 21.8 percent in the 3 years following the Third Plenary Session of the 11th Party Central Committee, compared with the 3 years preceding it. The percentage of completed housing has also increased every year. In 1978, it was 38.2 percent; in 1981, it was increased to 54.9 percent.

Housing Construction Projects Increased Several Times Over

From 1979 to 1981, the completed housing construction area was 7.53 million square meters, an increase of 2.8 times over the 3 years preceding the Third Plenary Session of the 11th Party Central Committee. Particularly in 1981, the area of completed housing exceeded the 3 million mark, hitting an alltime high of 3.12 million square meters.

Urban Construction Accelerated

In the 1979-1981 period, a total of 22 gas drums were constructed, thus increasing the gas storage capacity fourfold compared with 1978. Some 172 kilometers of gas pipes were also laid. At the end of 1971, more than 2,306,000 households in the municipality were using gas. A total of 217 kilometers of water pipes were laid, and the capacity of daily water supply was increased by 180,000 tons. The problem of supplying drinking water for the newly built housing areas occupied by 800,000 people was thus solved. In the city proper, 23 communication routes were newly opened and 17 others were extended. The length of newly opened routes and the number of vehicles was double the figures for the 3 years preceding the Third Plenary Session of the 11th Party Central Committee.

Improvements in Cultural, Educational, and Public Health Undertakings

In the past 3 years, a total floorspace of 224,000 square meters has been added to the school premises, and the number of seats for students has been increased by 68,000. There also has been an increase of 98,000 square meters of hospital wards with an addition of 2,524 hospital beds.

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CONSTRUCTION

REPORT ON CONSTRUCTION OF LIANYUNGANG HARBOR

Nanjing XINHUA RIBAO in Chinese 16 Sep 82 p 2

[Article by correspondent Wu Naihua [0702 0035 5478]: "A Chat at Lianyungang Harbor--Comrade Zhao Yong [6392 6102] of the Lianyungang Construction Command Interviewed"]

[Text] One day when the 12th National Party Congress was still in session, we came to a worksite in Lianyungang on a news-coverage assignment. Here, in both the old and the new harbor areas, work was going on intensively, and an atmosphere of great vitality prevailed. At the Lianyungang construction command post, we met Vice Commander Comrade Zhao Yong.

Comrade Zhao Yong was only slightly over 50 years of age; yet he had already spent 10 years at harbor construction worksites and had acquired a thorough knowledge of harbor construction. He told us that the construction of Lianyungang had been an ardent desire of the people for many years. Even Dr Sun Yatsen thought of building Lianyungang into one of the large harbors of the east to accommodate large vessels. However, by the time of liberation, only decrepit wharves and a number of poverty-stricken dockers were left, and the navigation routes were so badly choked that even 1,000-ton vessels could not pass through. Construction of this harbor actually began after liberation but did not gather momentum until after the Third Plenary Session of the 11th Party Central Committee. Since then, the harbor construction command has gradually eliminated the "leftist" influence and, while expanding the old harbor, has organized the technicians and workers of more than 30 institutes of higher learning and scientific research, prospecting, designing and construction units to do a great deal of infrastructural work for the opening of a new harbor.

We drove to the old harbor to look around. Here we saw three long wharves lying like dragons across the beach. Between every two bulk-cargo wharves was a mole stretching into the sea, and on both sides of the mole were a large number of piledriving ships, crane ships, and tugboats, and many workers busily driving piles and laying concrete spreaders. Comrade Zhao Yong told us that these were the three moles and four bulk-cargo wharves for 10,000-ton ships. To facilitate the construction of these three moles and the new harbor, they took only 1 year to build the east and west "parallel-to-shore" wharves totaling 570 meters in length, increasing the

land surface by more than 46,000 square meters. At the same time, they scanned and surveyed the sea at two anchorage sites of 53 square kilometers and set up two sets of navigation signs to help improve the anchoring service and provide greater convenience for the large vessels sailing in and out of the harbor at night. Furthermore, a number of dormitories for workers and staff members, a store, schools and other facilities for cultural and educational activities and for daily life have been set up. Now the main engineering work on the three moles has already begun. After the completion of these moles, it will be possible for four 10,000-ton vessels to moor simultaneously; the number of deep-water berths in the harbor will be increased from the present five to nine; and the volume of traffic for the harbor will be increased by more than 1.4 million tons.

Comrade Zhao Yong was quite excited when he reviewed the great achievements in harbor construction in the past several years. He said: "This is but the beginning of a long journey. In his report, Comrade Hu Yaobang listed the solution of transportation problems as one of the strategic priorities in economic development, and harbor construction is an important aspect of such a solution. We feel that this is a glorious task set by the party for the broad masses of harbor construction workers. This is a heavy responsibility."

Why should Lianyungang be built into an all-purpose modern harbor? Comrade Zhao Yong pointed out that Lianyungang is located in the central portion of the coastal area and is the terminus of the Longhai Railroad, a large artery linking east to west. It provides the shortest way out to the sea for nine provinces and regions--namely Henan, Shaanxi, Gansu, Qinghai, Xinjiang, Subei, Huaibei, Jindongnan, and Sichuan. This vast inland tract produces abundant underground resources and agricultural sideline products, and some of the commodities, such as coal, salt, mineral ores, cement, masonry materials, and miscellaneous goods have to be exported through Lianyungang harbor. Acceleration of the construction of Lianyungang harbor, therefore, is of great significance in developing domestic and foreign trade and in promoting the economic development of these provinces and regions. It will also play a great role in solving the problem of energy and raw material supplies in some souther provinces and municipalities.

Comrade Zhao Yong said: The capacity of communications and transportation and the speed of their construction must be consistent with the development of the national economy. In the past several years, the number of domestic and foreign vessels calling at Lianyungang has continued to increase. The average number of these calls in the past 3 years was more than 960, the majority of them being 10,000-ton ships, and the volume of cargo handled here was more than 7.5 million tons each year. Lianyjngang has become one of the eight large coastal ports in our country. However, the facilities at Lianyungang are still inadequate for the development of our national economy. One of the most important problems here is the scarcity of berths and the weakness in the loading-unloading service, as a result of which more than 20 ships sometimes have to wait in the harbor to unload, thus causing congestion in the harbor. Last year, the volume of coal and miscellaneous goods handled here was, respectively, 48.6 and 51.5 percent

above the designed capacities, and many materials had to be diverted to Shanghai, Qingdao, and Tianjin to be exported. This increases the pressure on railroads and the expense of commodity circulation. Investigations have revealed that in the 3 years from 1978 to 1980, the diversion of materials of the areas along the Longhai Railroad from Shanghai and Qingdao to Lianyungang has helped the state save more than 30 million yuan in railway freight charges alone. Therefore, accelerating the construction of the old harbor and actively opening the new harbor at Lianyungang, with particular stress on the construction of berths for the Miaoling coal wharf and the other bulk cargo wharves, are the urgent needs of the moment.

We next visited the new harbor site at Miaoling. Here, people were cutting up the mountain to fill the sea, and all we could see in the worksites on or below the mountain were clouds of dust and sweating workers boring holes with drills and then filling them with dynamite. As soon as a signal was given, a loud explosion would be heard, followed by the rolling of rocks down the cliffs. Then trucks with power shovels and dump trucks would arrive to pick up the rocks and transport them to be dumped into the sea. Facing this stirring scene, Comrade Zhao Yong told us that the new harbor is separated from the old harbor by only one mountain. If this mountain can be leveled to fill the sea, we will not only expand the land surface by more than 100,000 square meters for use in building wharves, save the farmland, and cut down on engineering costs, but also open up a direct route between the old and the new harbors and make full use of the existing machinery and technical resources to build more berths. In the new harbor at Miaoling, we will build one deepwater special coal berth for 35,000-ton vessels and another for 16,000-ton vessels, and prepare for the construction of five other deepwater berths for containers, timbers, and bulk grain, to be used by ships of over 10,000 tons. When the first stage of the engineering work is completed in 1985, the annual volume of coal to be handled here will be increased by more than 10 million tons, being 4.7 times the present volume. This will usher in a new period of vigorous development for Lianyungang.

Thousands of workers and staff members from more than 10 municipalities and countries were working vigorously and selflessly at the worksite. Comrade Zhao Yong told us: "The 12th National Party Congress is like a strong east wind inspiring us. We must accomplish the general task laid down by the 12th National Party Congress and proceed steadfastly to complete our tasks one by one. Our tasks are arduous, and there are many difficulties before us. However, as Comrade Hu Yaobang pointed out in his report, no force can ever stop us. The determination and will of the broad masses of harbor construction workers and staff members, likewise, cannot be deterred by any difficulty."

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CONSTRUCTION

REFRIGERATION FACILITIES BUILT FOR VEGETABLES IN BEIJING

Beijing BEIJING RIBAO in Chinese 20 Sep 82 p 2

[Article by Cui Tianfang [1508 1131 2397]: "Refrigerators With a Total Capacity of 100,000 Cubic Meters Built for Vegetables in Beijing"]

[Text] Although it is now a slack season for vegetable production, there are on the market some garlic bolt, cabbage, and other vegetables that grew earlier, in addition to the winter melons, cucumbers, and eggplant that are in season. Why? The reason is that the vegetables harvested 3 or 4 months ago have been kept in cold storage. Now in the municipality there are 17 refrigerators that have a total capacity of 100,000 cubic meters and are capable of storing 35 million jin of vegetables at a time. If these refrigerators are filled to capacity, the vegetables are enough to feed the population of the capital for a whole week.

Because of natural conditions, vegetable production throughout the year is uneven, and the difference between busy and slack months is quite striking. In the 3 months of May, June, and July, the supply is abundant, and sometimes excessive to demand. When the slack season sets in, especially in August and September, vegetables will be rather scarce, and only winter melons, tomatoes, onions, and eggplant can be seen on the market. Formerly, there were no cold storage facilities in the municipality, and vegetables could only be kept in some places at a low temperature and in limited quantities. Thus the supply could not be regulated. That was why large quantities of rotten vegetables could be seen on the market in busy seasons, while their supply would run short or run out in slack seasons. To reduce the seasonal differential and provide greater convenience for the people, the municipal government and the commerical departments since 1979 have allocated more than 24 million yuan to build a number of refrigerators and have greatly increased the storage capacity for fresh vegetables. Prior to 1979, only several million jin could be stored each year; last year, the capacity was increased to more than 130 million jin. The number of varieties in storage was also increased from 4 or 5 to more than 20.

The larger cold-storage capacity has made it possible to store more vegetables when they are in abundant supply, so as to alleviate the pressure of excessive supply during the busy seasons, and to meet market demands during slack seasons by releasing part of those in storage. In June of last year,

climatic effects on vegetable production brought about a "dearth" of vegetables on the market. Thanks to an accurage forecast by the commercial departments, more than 20 million jin of fresh vegetables were stored ahead of schedule in the last 10 days of May. A normal supply in June was thus ensured. Since early this year, the commercial departments have stored up more than 20 million jin of garlic bolts, cabbage, bamboo shoots, and cauliflower, and these were used in good time as a supplement to the supply in August and September.

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CONSTRUCTION

NENJIANG RIVER DIVERSION TO WATER WESTERN GRASSLANDS

Harbin HEILONGJIANG RIBAO in Chinese 22 Sep 82 p 1

[Article by Gao Yan [7559 4291] and Liu Jincheng [0491 6930 2052]: "Flow of Water From Nenjiang River into the Western Grasslands Has Brought Prosperity to the Five Trades"]

[Text] The party's policy of stressing economic results in economic construction has enabled our province to write a proud chapter in the history of comprehensive utilization of the diversion of the Nenjiang. The three trunk canals in the north, south, and middle and the four extended ditches stretching into the western Songnen plain have allowed the waters on the Nenjiang to flow into a large number of small lakes, reservoirs, and reedponds and into a huge tract of parched grassland. Wherever the river water has arrived, industry, agriculture, fishery, forestry, animal husbandry, and sideline production are all flourishing.

The "three diversions" is a gigantic water conservation engineering feat which began in the 1960's. The project called for the drawing of water from the Nenjiang at three points--namely, Nehe County, Fuyu County, and Dorbod Menggol Autonomous County. In the past, attention was paid only to industry and farmland irrigation in the use of water, and the role of the project was not given full play. After the Third Plenary Session of the 11th Party Central Committee, the people broke the old convention of using water for a single purpose, and, in accordance with the unified plan of the provincial party committee, all counties affected by the "three diversions," such as Fuyu, Lindian, Dorbod, Anda, Zhaoyuan, and Daqing counties, promptly readjusted the orientation of the project's service. In 1980, through the tapping of resources, the addition of auxiliary facilities to the northern and middle diversions, the extension of the canals, and the increase in the volume of water being drawn, they brought water to Lianhuan Lake, which was then dry almost to the bottom, and in 2 years the 500,000-mu state-run farm for the breeding of aquatic products was reactivated for fishery. At the same time, people in Dorbod, Zhaoyuan, and Daqing made use of the water from the southern diversion to fill a number of large and small lakes with a total water surface of hundreds of thousands of mu. In Anda County, where there is no river at all, people have to rely on water from the northern diversion to build three reservoirs, namely the Liaoyuan, Donghu, and Qingkenbao reservoirs. Now the volume of water obtained from

the "three diversion" engineering projects has reached 1.2 billion cubic meters each year, an increase of 70 percent over 1978.

The initial benefits of the comprehensive use of the "three diversions" have now become manifest. In addition to supplying water for industrial use by the Daqing Petrochemical Company, this project has helped in the irrigation of 160,000 mu of dry farmland and 340,000 mu of filter beds and nurseries. More than 1 million mu of dried reedponds have become reed marshes, and the annual output of reeds in the past 2 years has exceeded 150,000 tons, more than 10 times that of 1978. The 500,000 mu of grassland, in which the grass formerly became parched, are now flourishing, and the cattle grazing there are growing fat and strong. The water surface used for fish breeding has been increased up to 1 million mu, or fivefold the figure in 1978; the increased area is equivalent to an addition of 800 fishponds of 1,000 mu each. Many reservoirs have formed their own fishing teams, and fishery production by some communes and production brigades close to the ponds is continuing to increase. In summer and autumn, we can see fishing boats plying to and fro and fishermen busily engaged in catching or breeding fish in different ways. The annual catch is more than 2 million jin. With the enlargement of the water surface and the growth of more reeds and grasses, the ecological environment has begun to improve. This improvement also has certain effects on the increase of red-crown cranes and other rare species of birds. In the Wuerta Lake area where the southern diversion takes place, there are now more than 10 species of birds, and more than 200 of these birds are of the crane family. Because of the abundance of water, the Chalong nature preserve, known as the "village of red-crown cranes," is now even more full of vitality.

The benefits brought by the "three diversions" have futher broadened the people's field of vision. At present, the province and the water conservancy departments of the municipalities and counties concerned are working out a plan for additional supplementary projects and for further extension of the canals in an effort to increase the volume of diverted water up to 1.8 billion cubic meters a year.

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CONSTRUCTION

PROSPERITY IN SHEKOU SPECIAL ECONOMIC ZONE DESCRIBED

Beijing GONGREN RIBAO in Chinese 21 Sep 82 p 1

[Article by Dan Fan [0030 1581] and Wang Wenhua [3769 2429 5478]: "Former Deserted Land Now Becomes Flourishing Industrial Zone; Open-Door Policy Lauded by Shekou Builders"]

[Text] The party's correct policy in the experiment with special economic zones is now being lauded by the builders of the Shekou Industrial Zone in Guangdong. Shekou has taken the embryonic form of a modern harbor and a new industrial city.

The Shekou Industrial Zone is part of the first experimental special economic zone set up in out country in 1979. It is located in the western part of Shenzhen Municipality, facing the sea and right in front of a mountain, and is separated from the New Territories of Hong Kong by only a narrow strip of water. On the deserted beach and the wild mountain, the builders have spent 2 years leveling the mountain to fill the sea. By now, a 95-hectare area is available for construction; a 10-kilometer highway and a 600-meter "parallel-to-shore" wharf have been built; 14 kilometers of underground water pipes have been laid; and transformer stations, water supply plants, and a microwave relay station have been set up, in addition to the infrastructural construction of "five accessibilities and one leveling" (accessibility to water supply, accessibility to electric power supply, accessibility by car, accessibility by ship, and accessibility by telecommunication; and leveling of the ground), thus paving the way for the building of plants and enterprises by investors.

In the past 2 years, thousands of foreign entrepreneurs from more than 30 countries and regions have come for inspection, and 32 enterprises and 22 factory owners have invested in the building of enterprises and factories here. The total investment is now close to 500 million Hong Kong dollars. By August of this year, 18 enterprises, including a lacquer plant, an electronic-toy plant, a yacht plant, guesthouses, restaurants, water transport and travel agencies, had started operation. The wasteland of the past has now become a flourishing industrial zone. Last year, revenues in this industrial zone from land rentals, loading and unloading charges at the wharf, and sales of standard factory buildings and dormitories totaled more than 20 million Hong Kong dollars.

9411
CSO: 4006/072

CONSTRUCTION

DEVELOPMENTS IN SHANDONG CAPITAL CONSTRUCTION REPORTED

Jinan DAZHONG RIBAO in Chinese 28 Sep 82 p 1

[Consolidated report: "Captial Construction in Our Province Has Embarked on the Road of Healthy Development"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, we have conscientiously implemented the national economic readjustment policy in carrying out capital construction and have enabled it to embark on the road of healthy development. From 1979 to 1981, we invested 7 billion yuan in capital construction and completed 3,888 projects of various types. Our fixed assets have been increased by 1.2 billion yuan as a contribution to our national economic development.

First, we curtailed our investment in capital construction and controlled its scope. In those 3 years, we carefully cleared up the projects still under construction by halting or putting off for the time being a large number of projects which were not urgently needed and which were going on under unfavorable conditions. By this means, we improved our investment returns. In 1981, 1.8 billion yuan was invested in capital construction, and the value of fixed assets was increased by 1.59 billion yuan. The value of completed projects which have been turned over for use amounted to 88 percent of the total investment in capital construction, and was more than 10 percent above the highest previously attained level since 1968.

Second, while reducing the scope of capital construction, we also corrected the former tendency of stressing production and neglecting the people's livelihood, and gradually increased the nonproductive portion of our total investment to be used on workers' dormitories and on cultural, educational and public health projects. In the past 3 years, a total of 1.17 billion yuan was invested in urban housing construction. This amount, 16.7 percent of our total capital construction investment, was used for building residential houses with a total floorspace of 10.71 million square meters, which is equivalent to 44.9 percent of the total floorspace completed in the 29 years from 1950 to 1978. The average floorspace per person in the urban areas throughout the province was increased from 3.7 to 4.4 square meters.

In working out the ratios in capital construction investments, we have also changed the former practice of stressing heavy industry and slighting light

industry. Investment in heavy industry was reduced from 52.3 percent in 1978 to 41.49 in 1981, while investment in light industry rose from 8.17 percent to 16.8 percent in the same years. For the development of energy resources, we invested more than 220 million yuan, or 31.4 percent of our total capital construction investment, in the past 3 years. The excavation capacity for coal was increased by 4.11 million tons, the exploitation capacity for crude oil was increased by 3.05 million tons, and the installed capacity for power generation was increased by 780,000 watts. In communications and transportation, the projects on 12 sections of the Jinan-Heze railroad and the Jiaoji double-trade line, the Jinan-Wangcun highway, and the 10,000-ton berths in Qingdao and Yantai have been completed and now in regular operation. These projects have played an important role in improving communications and transportation in our province.

Urban construction has also shown remarkable results. We have built and maintained a number of public municipal utilities, and the shortage of water supply and of transportation facilities has been alleviated. The city's appearance and its environmental sanitation have been improved with the planting of trees, and the large number of new houses has helped advance the welfare of the urban population. In the past 3 years, the province invested more than 210 million yuan, equivalent to the grand total in the previous 10 years, in municipal public utilities. Piror to the Third Plenary Session of the 11th Party Central Committee, only 30 counties and towns in the province had supplies of tapwater, and the daily supply capacity was 126,000 tons. Since then, the number of county and town tapwater plants has been increased by 55 (including 2 for towns), and the daily supply capacity has been increased by more than 267,000 tons. In the first half of this year, 83 of the 106 counties in the province--nearly 80 percent of the total--and 2 towns have set up their own tapwater plants or some simplified tapwater facilities. Urban public transportation has also been greatly improved. In the past 3 years, 528 public buses have been added to the transportation fleet; this is half of the total added over the past 30 years. New or extended routes for public transportation have totaled 626 kilometers. Jinan, Qingdao, and four other cities now have cars for hire, and they have 156 vehicles in operation. This is of great convenience to the urban population and has helped promote tourism.

9411
CSO: 4006/072

BRIEFS

TIANJIN CAPITAL CONSTRUCTION--This year, our municipality has had the most important urban construction task since the founding of the People's Republic. To guarantee the completion of this year's task, the municipal engineering bureau has closely coordinated such links as the determination of projects, engineering designs, the demolition of houses and relocation of homes in land requisition, the supply of materials, and various types of advance work. Up to now, among the 20 main projects, the Guangchang Bridge across the Haihe and the overpass across Shiyijing Road in Hedong District are beginning to take shape. Some other projects will require longer construction periods. The widening of Qinjian Road, Heiniu Road, and Jiefangnan Road is expected to be completed this year. Construction of the largest sewage disposal plant in the country, located in Tianjin, and of the stayed cable bridge with the longest span in the country, and extension of the underground railroad station hall toward the west are now actively going on, while nine supporting projects for planned urban construction including the building of roads, for water drainage, and for underground rail maintenance are being accelerated. [Text] [Tianjin TIANJIN RIBAO in Chinese 20 Sep 82 p 1] 9411

JILIN PEASANTS' NEW HOMES--More than 300,000 peasants in the countryside of Jinlin Province have moved into their new homes since the Third Plenary Session of the 11th Party Central Committee. According to statistics of the relevant department, new houses with a total floorspace of 910,000 square meters were built in the countryside in 1979 and 1980, and 103,000 households of commune members have moved into their new homes. Last year, again, new houses with a total floorspace of more than 960,000 square meters were built in the countryside of the province, and more than 153,000 households moved into their new homes. This year, up to August, more than 50,000 peasant households had moved into their new homes. It is anticipated that in the future, 10 million square meters of floorspace will be built each year to accommodate 150,000 peasant households. [Text] [Tianjin TIANJIN RIBAO in Chinese 20 Sep 82 p 3] 9411

TANGSHAN'S NEW LOOK--Tangshan, which was destroyed by an earthquake, is now being rebuilt. Today the people here are having an easy life, and production is going on in full vigor. An atmosphere of prosperity is now prevalent. Since 1978, new buildings with a total floorspace of 10.3 million square meters have been constructed, and 91,800 households have moved into their new houses. The total industrial output value here has already surpassed

its previous level prior to the earthquake. Because of the fairly rapid increase in population, however, approximately 50 percent of the people are still living in "quake-proof" shacks. The municipal government is taking the necessary measures to speed up the construction program. [Text] [Tianjin TIANJIN RIBAO in Chinese 24 Sep 82 p 4] 9411

CSO: 4006/072

DOMESTIC TRADE

REDUCTION OF INDUSTRIAL, AGRICULTURAL EXCHANGE RATE NOTED

OW261322 Beijing XINHUA in English 1139 GMT 26 Nov 82

[Text] Jinan, 26 Nov (XINHUA)--Using the same amount of agricultural products, Chinese peasants can now buy 35.9 percent more industrial products than three years ago, according to material provided by the Ministry of Agriculture, Animal Husbandry and Fishery.

The material was distributed to foreign delegates attending an international symposium on integrated rural development now held in Huangxian County, Shandong Province. It explains how China has brought down the difference in the rate of exchange between industrial and agricultural products. The symposium, opened on the 19th, is sponsored by the Chinese Government and the United Nations Development Program (UNDP) and the Food and Agriculture Organization (FAO).

The material shows that in 1981 Chinese rural residents bought 90.2 percent more consumers goods than in 1978. Calculated on a per capita basis, each member of the rural population spent 117.4 yuan in 1981, 53.9 yuan more than in 1978.

The material attributes this to the increases in the past few years in the purchasing prices of agricultural products to encourage peasant enthusiasm for production. In 1978, the government raised the purchasing prices of cotton, tung oil and a number of forest and native products that did not take land from the acreage sown to food crops. In 1979, the purchasing prices were raised for 18 farm and sideline products including grain, cotton, edible oil and pigs. The following year saw increases in the purchasing prices of cotton and jute. In 1981, the government raised the purchasing prices of cured tobacco, soybean and edible fungus while cutting such prices for honey and some others, output of which was in excess of demand.

Purchasing prices for farm produce are now considered generally reasonable, according to the material. China's policy in the near future is one of stabilizing such prices while making occasional adjustments in individual cases, it says.

In order to ensure a stable life for the urban population, the selling prices of grain, edible oil and other goods remained the same as before or were raised by small margins after the purchasing prices for farm produce were raised. From 1979 to 1981, the Chinese Government subsidized the difference in price increases resulting from the increased purchasing prices for farm and sideline produce by 41,600 million yuan.

CSO: 4020/28

DOMESTIC TRADE

DEMANDS ON NATION'S RURAL MARKETS INCREASE REPORTED

OWOW250912 Beijing XINHUA in English 0706 GMT 25 Nov 82

[Text] Beijing, 25 Nov (XINHUA)--The rural markets' busy autumn season is expected to last longer this year because peasant income has continued to rise, according to surveys by supply and marketing cooperatives in 15 provinces and Shanghai.

A sample survey of 214 households in Hubei Province showed that income from agriculture and sideline production rose about 33 percent over last year, averaging 1,180 yuan per household. Zhejiang Province predicts that each household will spend about 700 yuan, 33 percent more than last year.

Buying and selling started in early August in the southern provinces of Zhejiang, Jiangsu, Hunan, Hubei and Sichuan, one month earlier than usual.

High on the buying list, the surveys showed, are chemical fertilizer, hand tractors and other small farm machines.

A sample survey of 139 households in Jiangsu indicated a 48 percent rise over 1981 in purchases of farm machines and chemicals. These items account for about 19 percent of the family's purchases.

A bigger demand for farm machines is expected in areas where the production responsibility system was instituted earlier.

The rural house building trend is expected to last for the next five years. In Jiangsu, 15 percent of peasant households build new houses each year. A sample survey of 139 households there showed that families will spend 20 percent more on housing this year than last. Even in less better-off areas, peasants have begun to build houses. In northwest China's Gansu Province, an estimated 150,000 households will build houses this year, accounting for 8 percent of the total number of peasant households.

In order to use less farmland, some peasants are building storied houses and this has put a strain on the supply of cement, steel and hardware.

In great demand are bicycles, sewing machines, clocks and television sets and in some better-off areas, washing machines have been added to the list.

A survey in Kunshan County, Jiangsu Province, showed that demand for televisions will go up 600 percent this year. In Baiquan County, Heilongjiang Province, 150 households plan to buy washing machines in the coming winter and spring.

Supply and marketing cooperatives have already felt the pinch and are working to organize supplies to satisfy the demand.

CSO: 4020/28

DOMESTIC TRADE

LIAONING COMMERCE REPORTED FLOURISHING

Shenyang LIAONING RIBAO in Chinese 10 Aug 82 p 1

/Article: "Urban and Rural Markets in Liaoning Province Have Seldom Been So Thriving and Prosperous--In the First Half of 1982 the Situation on the Finance and Trade Front is 'Better Than Last Year in Four Ways': Supporting Industrial and Agricultural Production, Keeping the Markets Well Supplied, Improving Service Quality, and Improving Economic Results"/

/Text/ At the Liaoning Province Finance and Trade Work Conference, our reporter learned that in the first half of 1982, achievements on the frontlines of finance and trade surpassed those of the same period last year in four areas: supporting agricultural, light industrial, and textile production; improving market supply; improving service quality, and improving economic results.

The statistics show that in Liaoning agricultural credits increased 14.8 percent over the same period last year, while credits extended to enterprises for technical transformation or renewal of equipment increased 75 percent. The total amount of commodities purchased by commercial organizations under ownership of the whole people increased 3.7 percent over the same period last year. Retail sales of social commodities increased 5.7 percent. The number of hogs purchased increased by 330,000 head: the meat supply is adequate and the quantity of meat stored is greater than ever before. The quantity of eggs purchased has surpassed the quota for the entire year. In the first half of 1982, not only has the state-run commercial network been extended, but over 10,300 collective or individually-owned commercial and service establishments have been set up. By the end of June, there were already over 69,500 collective commercial establishments, and 102,000 individual commercial establishments. Sources of commodities are rich, and buying and selling are brisk. Seldom since liberation have the urban and rural markets thrived and prospered so. Quality of service has clearly improved since the "five stresses and four points of beauty" and the "all people decorum and courtesy month" movements. Many units have set up "rules for shop employees" and "service pledges." They have increased the services offered and extended hours of business, set out measuring rods and steelyards, introduced door to door service, home deliveries, selling on consignment, etc.: all this has won the approval of the broad masses. The reorganization of enterprises and the improvement of economic results has also produced some initial results. Throughout Liaoning, almost 3,000

persons were assigned to over 700 investigation groups and sent to assist over 1,000 test units in reorganizing their enterprises. The test units made improvement of economic results the core issue, and the reorganization teams the focus. They corrected their ideas about management, improved managerial control, and improved the economic results of their enterprises. The financial departments also strengthened their control of funds, and encouraged the enterprises to increase revenues, cut back on expenses, and improve economic results. In the first half of 1982, financial revenues for the entire province increased over the same period last year by 6.2 percent. Net withdrawal of currency from circulation by banks increased by 170 million yuan over the same period last year: this is unprecedented.

12187
CSO: 4006/075

DOMESTIC TRADE

IMPROVED SUPPLY OF INDUSTRIAL PRODUCTS TO COUNTRYSIDE REPORTED

Chengdu SICHUAN RIBAO in Chinese 17 Sep 82 p 2

/Article by Wang Junzhang /3769 0193 4545/: "Commercial Departments Throughout Sichuan Conscientiously Implement the 'Decision' of the State Council--Actively Open Up the Channels To Increase the Supply of Industrial Products to the Countryside"/

/Text/ Commercial departments throughout Sichuan have conscientiously implemented the State Council 'Decision' by actively and carefully reforming the commodity circulation system and energetically organizing the supply of industrial products to the countryside. This has brought about flourishing rural markets, satisfied the needs of the peasants, and stimulated both industrial and agricultural production.

At the end of June, the State Council issued its 'Decision on Opening Up Urban-Rural Commodity Circulation Channels and Increasing the Supply of Industrial Products to the Countryside.' The Sichuan Provincial Government issued a circular on implementation of the 'Decision,' and assigned responsibility for this work to Vice Governor Guan Xuexi /4619 1331 1835/. At the same time, leading comrades of the Provincial Commercial Department and the Provincial Supply and Marketing Cooperative led three work groups to such places as Yongchuan, Nanchong, and Wenjiang, to study the situation and assist the local authorities in implementing the State Council's 'Decision.' With the participation of the government, leadership of the finance and trade offices, and close cooperation of the commerce and supply and marketing organizations, the various prefectures, municipalities and counties have coordinated the relationship between wholesale and retail trade, and resolved new problems concerning the supply of industrial products to the countryside. In harmonizing the relationship between the state-operated commercial enterprises and the supply and marketing cooperatives, Yuechi County organized the forces on both sides and united them as one. At key market towns, such as Thiya and Pingtan, the grassroots level supply and marketing cooperatives were instructed to step up the marketing of industrial products. Responsible persons from the party committee and government of the Huayun Industrial-Agricultural District, together with the heads of the finance and trade department and commerce bureau, went directly to Shuanghe Commune to investigate market needs and to assist retail stores in displaying and selling goods. Rongchang County's finance office brought together state

and cooperative commercial organizations to exchange views, to unify thinking and understanding on the basis of the 'Decision,' and together to organize seven work groups to make a circuit of the various regions and develop the marketing of industrial products.

In implementing the State Council's 'Decision,' the commercial departments of the various regions have actively and carefully reformed the commodity circulation system on the basis of summarized experience. At present, in Sichuan there are 25 networks in 10 prefectures and 14 counties, which are jointly managed by state-operated wholesale commercial companies and grassroots level supply and marketing cooperatives. After summing up and exchanging experience, and in accordance with economic trends, the localities decided to select 143 retail enterprises in important market towns below the county level as experimental units in the joint management with county level companies of wholesale trade. Through practice and summarizing, they worked hard to gain experiences which could be widely applied by September.

In order to open up and extend new channels for the supply of industrial products to the countryside, the commercial departments of the various regions have strengthened leadership in wholesaling, augmented their wholesale forces, and have done a good job in wholesale work in rural areas. In order to get industrial products down to the rural areas as quickly as possible, the Provincial Commerce Department and the Provincial Supply and Marketing Cooperative have issued a joint circular specifying 15 commodities which are suited for retailing in rural areas, so that they can be allocated to each of the three local levels for wholesale, fully supplying the rural markets. In order to expand the marketing of industrial products in rural areas, the commercial departments of many regions have also actively adopted many kinds of measures to improve wholesaling, to assist retail enterprises in speeding up sales, and to expand the variety of goods: good results have been attained. In July, total sales of Sichuan's commercial system increased by 7.4 percent over the same period last year: this figure includes an increase of wholesale sales to supply and marketing cooperatives of over 10 percent.

12187
CSO: 4006/075

DOMESTIC TRADE

BRIEFS

SHANXI COMMODITY SALES--In order to implement the guidelines of the 12th Party Congress and create a new situation in our province's markets and business work, deputy Governor Zhang Tianyi put forward some focal points for work in his work report to the 17th Standing Committee session of the provincial people's congress. Zhang Tianyi said: Since the beginning of this year, the long-term shortage of market supplies of agricultural and sideline products in our province has been alleviated. In the past, consumers used to wait to purchase daily necessities, though they had the money. But now the situation has changed. They save money and have many choices in purchasing daily necessities. Those dominating business in the markets have changed from sellers to buyers. Various forms of business have made much progress. In the January-September period, state commercial departments throughout the province purchased 4.28 billion yuan of goods from our province and others, an 8.6 percent increase over the corresponding 1981 period. The total volume of retail sales reached 4.21 billion yuan, a 9.1 percent increase over the corresponding 1981 period. Commodity prices basically remain stable. Zhang Tianyi said: In order to meet the peasants' demands for selling agricultural and sideline products and the urban and rural people's needs for purchasing consumption goods, we must further enliven the commodity circulation channels between urban and rural areas in the coming winter and spring so as to expand the purchase and sales of commodities. [Excerpt] [SK171116 Taiyuan SHANXI RIBAO in Chinese 31 Oct 82 p 1]

CSO: 4006/144

FOREIGN TRADE

SHANGHAI JOINT OVERSEAS INVESTMENT CONFERENCE ENDS

OW290827 Beijing XINHUA in English 1625 GMT 26 Nov 82

[Text] Shanghai, 26 Nov (XINHUA)--More than 100 joint Shanghai-overseas investment projects have been proposed by business people attending a three-day conference sponsored by the Shanghai Investment and Trust Corporation (SITC).

The conference, which closed today, marks the first anniversary of the corporation. Representatives from 160 firms, banks and consultancy establishments in 20 countries and regions attended.

The projects, including 60 proposed by SITC, involve Shanghai's light and textile industries, the chemical, pharmaceutical, electrical equipment, machinery, meters, metallurgical and construction materials industries.

Overseas investors focused on key projects for iron and steel mills, electrical equipment factories, cement plants, electrode plants and hoisting equipment factories, and production of vitamin E, refrigerators, washing machines and other household electric appliances.

Representatives from a Japanese company expressed interest in 11 textile projects, bankers and representatives from the United States, West Germany, France, Japan, Hong Kong and Macao visited the city's two bases for foreign investment--Shanghai's first satellite town Minhang and the Hongqiao construction area for foreign consulates, trade office buildings, hotels and commercial and cultural facilities. They suggested a development company be established as early as possible both for overseas contacts and to provide details about investment methods and preference.

CSO: 4020/28

FOREIGN TRADE

COUNTIES SEEKING ECONOMIC COOPERATION

OW280924 Beijing XINHUA in English 0730 GMT 28 Nov 82

[Text] Beijing, 28 Nov (XINHUA)--While China is engaging in cooperation with foreign firms to upgrade its industry, counties in China are seeking domestic partners for economic and technical cooperation.

According to a recent report by the LIBERATION DAILY published in Shanghai, the well-equipped Shanghai county on the outskirts of Shanghai is committed to providing technical assistance to Fengyang County in Anhui Province for developing industrial production.

In return, Fengyang County, poor economically but richly endowed with natural resources, promises to supply its partner with 10,000 to 15,000 tons of fodder grain a year. Such cooperation is expected to be expanded to include co-management and sales of industrial products as well as farm produce processing and mineral resources development, the paper said.

Jiangyin County in Jiangsu Province is committed to a five-year partnership program to help Tongchuan City in Shaanxi Province develop textile industry while the latter will supply Jiangyin County with 50,000 to 70,000 tons of coal at state listed prices, another newspaper report said.

Recently, Jiangyin County provided a 2-million-yuan (about 1-million-U.S.-dollar) interest free loan to Tongchuan for purchasing and installation of textile and bleaching and dyeing equipment and for the testing and training of young workers, the report said.

Earlier, such industrially developed cities and provinces as Shanghai, Beijing, Liaoning and Jiangsu were paired with underdeveloped border regions inhabited by minority nationalities to develop economic and technical cooperation.

CSO: 4020/28

FOREIGN TRADE

EXPANSION OF EXPORT PRODUCTION BASES NOTED

HK010210 Beijing CHINA DAILY in English 1 Dec 82 p 2

[Special to CHINA DAILY: "Export Production Bases Have a Role To Play in Advance"]

[Text] To quadruple China's foreign trade (in real terms) by the end of this century, from U.S.$40 billion now to U.S.$160 billion, is the goal of our foreign economic work.

At present, China exports very little by world standards, making up no more than one per cent of the world export market.

The key for expanding substantially China's exports lies in the growing production of commodities needed in world markets.

Up to now, China has established 24 comprehensive bases for production export products, 90 specialized bases for some individual items as well as 94 factories turning out products mainly for export.

In 1981, these production bases and factories supplied 9.25 billion yuan ($4.67 billion) worth of products for export, accounting for 22 per cent of China's total purchase of products for export.

Many of China's major export products come from these bases.

They include such products as rabbit meat, rabbit hair, peppermint, cassia bark, tung oil, raw lacquer, chestnuts, lotus seeds, black fungus, herbal medicine, feathers and green tea.

The purchase from the production bases of live pigs, frozen pork, peanut kernel, cotton piece goods, polyester, fireworks and porcelain have passed 100 million yuan each.

The comprehensive production base in Foshan, Guangdong Province, offers a typical example.

Over the last nine years, export from this base showed an annual increase of 17.2 per cent. The total purchase from the base for export was 1.23 billion yuan, more than four times the total purchase before it was established.

In order to fully utilize its favourable geographical conditions for exporting to Hong Kong and Macao, Foshan concentrated efforts on producing vegetables, fruits, pond fish, pigs, chicken and silk worms.

At the same time, it turned out products such as electric fans, silk piece goods, garments, raw silk, paper, locks, steel furniture and spare parts for bicycles.

In 1981, Foshan exported 100,000 tons of vegetables worth $30 million and made up one-third of the markets of Hong Kong and Macao, 30,000 tons of pond fish worth $70 million, 10,000 tons of fruits, 16,000 pigs and 360,000 chickens.

CSO: 4020/28

FOREIGN TRADE

GUANGDONG'S REN ZHONGYI STRESSES OPEN-DOOR POLICY

HK030152 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 2 Dec 82

[Text] According to XINHUA, people's deputy and Guangdong Provincial CPC Committee first secretary Ren Zhongyi said at a discussion meeting of the provincial delegation on Premier Zhao Ziyang's report on the 6th 5-Year Plan on the morning of 2 December: The draft of the revised constitution, the report of NPC Standing Committee Vice Chairman Peng Zhen and the report of Premier Zhao Ziyang have all affirmed that China should continue to practice the policy of opening to the outside world and to expand external economic, technical and cultural exchanges in line with the principle of equality and mutual benefit. This is a very important point.

Carrying out external economic, technical and cultural exchanges is an essential condition for social progress in any country. In the current era in particular, if a country seals itself off, it is bound to become backward. We must oppose corrosion by decadent capitalist ideology, but we certainly cannot oppose all foreign influence. We should exclude pollution, not foreigners.

The policy of opening to the world we have practiced in recent years has played a positive role in the country's economic development and technical progress. Viewing Guangdong Province, wherever the policy of opening to the world has been pursued to a greater extent, economic, technical and cultural development has been faster; on the other hand, places that are rather closed up and not very open develop more slowly. Generally viewing the situation now, opening to the world has not been done to excess; in fact it has not been done enough.

Ren Zhongyi said: One of the main contents of the special policy is to open still more to the world. In his report Premier Zhao affirmed that Guangdong and Fujian should continue to practice the special policy and flexible measures. This accords with the desires of the people of the two provinces, and also with the interests of the entire situation in the country's socialist modernization drive.

CSO: 4020/28

FOREIGN TRADE

OPEN POLICY TOWARD FOREIGN COUNTRIES DISCUSSED

Guangzhou YANGCHENG WANBAO in Chinese 6 Oct 82 p 2

/Article by Liao Jianxiang /1675 1696 4382/: "Correctly Implement the Strategic Policy of Being Open Toward Foreign Countries"/

/Text/ In his report "Comprehensively Create a New Situation in Socialist Modernization," Comrade Hu Yaobang said, "In carrying out socialist modernization we must be self-reliant and rely mainly on our arduous struggle. This is absolutely unshakeable. The aim of expanding economic and technical exchange with foreign countries is to strengthen our ability to be self-reliant and to promote the development of our national economy, and definitely not to harm the national economy." He also said, "Implementing the open policy towards foreign countries, expanding economic and technological exchange with foreign countries in accordance with the principle of equality and mutual benefit is China's firm and unswerving strategic policy." This is the correct summation of our practical experience in implementing the open policy toward foreign countries since China was founded and particularly since the Third Plenary Session of the 11th Party Central Committee.

Exchanges of goods and economic and technological exchanges between different countries and regions is the necessary consequence of developing productive socialization. Particularly in areas of economic and technological exchange and where the international division of labor is highly developed, if a country or region with a low economic and technological level and backward productive forces wishes to modernize, and it does not open up to foreign countries, develop economic and technological exchange with foreign countries, and import advanced technological equipment and managerial methods, it will not be able to modernize. Over a hundred years ago Marx and Engels said, "The development of world markets makes the production and consumption of all countries a matter of universal concern." "The past attitude of isolation and self-sufficiency of places and peoples has been replaced by interdependence and interaction of peoples and places." Marx said, "Foreign trade, on the one hand, makes the factor of constant capital cheap and, on the other, makes the necessary means of subsistence converted from variable capital cheap." "Generally speaking, it plays this role because it can expand the scale of production." Expanding foreign trade is an "internal necessity" in the development of the capitalist production method and likewise is extremely

important for the development of the socialist economy. Implementing the open policy toward foreign countries, developing economic and technological exchange with foreign countries, is for socialist economic development a correct policy which is tantamount to law. Since the Third Plenary Session of the 11th Party Central Committee, China's socialist economic construction has been advancing in readjustment and in foreign economic exchange; great achievements have been made in utilizing foreign capital and importing advanced technology and equipment. This has played a very important role in the development of China's national economy.

The open policy toward foreign countries has become China's unswerving strategic policy. It is rooted in self-reliance and has as its aim the strengthening of our ability to be self-reliant. Self-reliance is the starting point and end of the open policy toward foreign countries. That is, the open policy toward foreign countries proceeds from the fundamental interests of the development of China's socialist economy and is based on China's national situation. The open policy toward foreign countries is a constituent part of the strategy to promote national economic development and China's socio-economic development. We are implementing the open policy toward foreign countries and developing economic and technological cooperation with foreign countries to make contact with international capital. Its aim is mainly to reap large profits and to attempt to secure control in production technology, crucial equipment and markets, so that our economy will depend on it. Thus the open policy toward foreign countries involves both cooperation and struggle. If we take as a starting point self-reliance and in economic and technological exchange and cooperation keep clear heads, put development and consolidation of the socialist national economy and increasing our country's economic strength and material economic foundation in first place, balance profit and loss in each economic and technological cooperative project and strive for profit, avoid loss and adopt a policy of extreme caution, then we can promote the development of the socialist economy. Self-reliance and the open policy toward foreign countries is a dialectical unity. We should draw a dividing line between a self-reliant and an isolated and self-sufficient economy. At the same time, we should draw a dividing line between the open policy toward foriegn countries and reliance on foreign power and believing blindly in foreign countries and worshipping them. Lin Biao and the "gang of four" distorted the open policy toward foreign countries into "worshipping and having blind faith in things foreign," "national betrayal," created ideological chaos, and in addition, used the nation's foreign exchange to import personal luxury goods for their own enjoyment which truly made them guilty of the most heinous crimes. To accelerate socialist modernization, we should deepen our knowledge of this question raised by Comrade Hu Yaobang in his report to the 12th Congress, and firmly take self-reliance as a starting point, and corageously and correctly implement the strategic open policy toward foreign countries.

Since the Third Plenary Session of the 11th Party Central Committee we have implemented the strategic policies of open policy toward foreign countries and invigoration of the domestic economy. We have made very great achievements in launching economic and technological exchange and cooperation with foreign countries, developing foreign trade, utilizing foreign capital, importing

advanced technology and equipment and in strengthening the technological reform of existing enterprises. In the 3 years from 1979 to 1981 after the Third Plenary Session of the 11th Party Central Committee our foreign trade nearly doubled. In 1981 the volume of imports and exports reached $40.4 billion. Of that amount, gross exports increased from $9.7 billion in 1978 to $20.9 billion, more than double. There has been a big increase in the first half of this year compared to the same period last year. There have also been achievements in importing foreign advanced technology and utilizing foreign capital to expand the economy. In the few short years since 1979 when the Central Committee decided to implement the special economic zones and flexible measures in Guangdong, our foreign trade has increased greatly and there have been very important developments in such areas of economic and technological cooperation as "three comes one compensation" /processing materials supplied by customers, processing materials according to given samples, assembling, and the compensation trade/, cooperative ventures and jointly capitalized ventures and foreign exchange credit. By the end of 1981, Guangdong had signed over 13,700 contracts, with stipulations which could use over $2.65 billion in foreign capital; over $550 million has already been supplied and over 70,000 pieces of equipment have already been imported. Construction is underway in the 3 special economic zones in Guangdong: Shenzhen, Zhuhai, and Shantou. Shenzhen and Zhuhai, which are already in operation on a preliminary scale and have made evident achievements. Guangdong has imported a great deal of advanced medium and small-scale equipment for the textile, light, electronics, machine building, and chemical industries, many new assembly lines have been adopted and there have been new results in the absorption, creation, and discovery of new technology. At the same time, there have been evident improvements in the technological level of industry, the technological reform of old enterprises has been promoted, technicians have been trained, and some new experience in economic management has been gained. In agriculture, in recent years, Guangdong has imported some superior domestic animal breeds and new production equipment and technological methods which have promoted agricultural modernization with valuable advanced technology and experience. Guangdong's "three comes one compensation" and other cooperative projects with foreign countries have spread to most cities and counties and have played an important role in Guangdong's economic development and raising people's income and improving their standard of living. On a national scale, the open policy toward foreign countries has made great achievements, but there are still many problems. For example, we don't have enough experience, we are lacking in knowledge of the international market and mastery of economic of information, our economic management system cannot catch up, thus being bullish on foreign countries and restricting competition domestically and creating losses; some imported technological equipment has not been compatible, cannot be mastered, absorbed or applied and thus has been idled; some equipment which we can make ourselves has been imported or duplicated; some economic transactions have even hurt China's national economy, etc. We have already learned many lessons from experience in practice in these areas and are gradually improving or resolving these problems. At the same time, under the new historical conditions of the open policy towards foreign countries and invigorating the economy, some comrades have been infected and corrupted by capitalist ideology, domestic and foreign collusion, bribery, stealing state property, speculating and manipulating the market, have destroyed the socialist

economy. After the nation launched the campaign to attack serious criminal activity in the economic realm, there were many great achievements. This struggle will have to go on for a long time to guarantee the smooth promotion of the open policy toward foreign countries and the success of socialist modernization. In the future, encouraged by the spirit of the 12th Party Congress we should rouse our spirits again, plunge into reality, constantly summarize the new experience of the open policy toward foreign countries, and on the foundation of self-reliance do a better job of thoroughly implementing the strategic open policy toward foreign countries, accelerate socialist economic development and make an even greater contribution toward increasing China's ability to be self-reliant and creating a new situation in socialist construction.

8226
CSO: 4006/58

FOREIGN TRADE

NEW DEVELOPMENTS IN FOREIGN TRADE DISCUSSED

Guangzhou NANFANG RIBAO in Chinese 15 Oct 82 pp 1 & 2

[Article by staff correspondent: "Great Possibilities in Foreign Processing, Assembly and Compensatory Trade"]

[Text] It has already been 3 years since our province opened up foreign processing, assembly and compensatory trade (abbreviated as the "three comes and one compensation"). What has happened? What are the prospects for development? The recently concluded provincewide experience exchange conference on foreign processing, assembly and compensatory trade had as its guide the spirit of the 12th National Party Congress. They summed up and exchanged experiences and used a large number of facts to prove that the "three comes and one compensation" is a good thing that benefits the state and the people. They thereby unified understanding and increased confidence. The conference decided that processing and assembly enterprises that have widespread operations must undergo reorganization. This will enable them to become further consolidated and it will open up prospects in compensatory trade that have never before been developed. It is necessary to strengthen leadership and boldly set about opening up new prospects in utilizing foreign capital.

Work in our province on the "three comes and one compensation" has advanced rapidly. At present, of the 109 county towns throughout the province, 67 have already launched this task. This year although work on the "three comes and one compensation" has remained in the phase of consolidation and development, there have been major developments. In the first 8 months of this year, our province signed 4,677 new contracts for foreign processing and assembly which is an increase of 31 percent over the same period last year. Income from construction fees was $94,850,000, an increase of 22 percent over the same period last year. There were also improvements in the management and technical levels in foreign processing and assembly enterprises. In particular, the struggle to combat serious economic crimes and the struggle against corruption caused work on the "three comes and one compensation" to become more consolidated. Economic benefits have been steadily increasing and have demonstrated the broad prospects for development.

—It has promoted the readjustment and development of the national economy so that certain enterprises have revived, thrived and prospered.

--It has introduced technically advanced equipment and new production techniques. It has also accelerated technological transformation of enterprises and businesses. In 3 years over 100,000 pieces (sets) of equipment have been introduced throughout the province. As a result, basic changes occurred in the technical equipment for knitting, wool spinning and clothing industries. There were great improvements in electronics, cotton spinning, packaging, printing, plastics and furniture industries. New advances have begun in mechanical, chemical, construction and rubber industries.

--It has expanded labor employment. At present the number of personnel in the whole province engaged in processing, assembly and compensatory trade has already reached more than 260,000.

--It has developed and strengthened the collective economy of production brigades. Over 60 percent of enterprises involved with foreign processing and assembly in the province are dispersed in rural areas. In 3 years the income from construction fees in production brigade collective enterprises throughout the province amounts to 550 million yuan.

--It has promoted foreign exports and increased the foreign exchange earnings of the state. In 3 years enterprises with "three comes and one compensation" have provided the state with income from construction fees of over $330 million. Furthermore, many businesses have utilized imported advanced equipment to produce higher quality and higher grade products for foreign trade departments. There has also been a large increase in assortments which has strengthened their competitive ability on the international market.

It has been a little over 3 years since our province launched the "three comes and one compensation." Some comrades have all kinds of misgivings about this. They worry that it will affect foreign exports and that they will be at a disadvantage and be taken in. Using a large number of facts, the conference made clear how launching the "three comes and one compensation" has promoted agriculture and industry, accelerated the development of the national economy and opened up new channels for foreign economic trade. It is an important measure for giving full play to the superiority of our province, for absorbing foreign capital and for increasing our capability for self-reliance. This eliminated the apprehensions of many comrades and increased their confidence.

After more than 3 years of practice our province has accumulated much experience in work on the "three comes and one compensation." The conference summed up several fine experiences such as "the three unities," "the three serves," "the three increases" and "the three priorities."

"The three unities": Under the unified leadership and organization of the foreign economic commission, they integrated foreign contract negotiations, centralized the fixing of prices and unified the cooperative relationship between foreign processing and assembly and foreign exports. They strengthened the leadership, unified foreign trade and correctly handled the relationship between relinquishing and exercising control.

"The three serves": They upheld serving the readjustment of the state economy, serving the technological transformation of old enterprises and serving to improve the level of production technology and increasing their export capability. They took full advantage of foreign capital to promote the transformation of old enterprises.

"The three increases": Each plant increased the number of customers, increased their assortment and increased the market. They combined the processing of imported materials with domestic processing. They resolved the unsound passive state of enterprises involved with the "three comes and one compensation" of having individual customers for imported materials. They gave full play to their ability to bring in equipment.

"The three priorities": In processing varieties, enterprises involved with the processing and assembly of imported materials have given priority to labor concentrated products. In production arrangements, priority has been given to production brigades and collective ownership enterprises in cities and towns. As for the scale of production, priority has been given to medium and small sized enterprises in order to meet the needs of numerous medium and small scale customers.

At this conference, the provincial economic commission on foreign trade made new plans concerning current work on the "three comes and one compensation." The focal point at the present time in enterprises involved with the processing and assembly of imported goods is to reorganize, consolidate and make improvements in order to upgrade the technological and management standards and to improve economic benefits in enterprises. They must also strive for better and more rapid advances. It is necessary to make every effort to develop compensatory trade. Cities must focus on transforming old enterprises, utilizing foreign capital, introducing advanced technology and equipment and stepping up the pace of technological transformation in currently existing enterprises. The focal point in the interior and in mountain areas is to tap their natural resources. If compansatory trade enterprises encounter difficulties they may make use of the methods of multilateral compensation or comprehensive compensation in order to promote the more rapid development of this undertaking. In addition, the conference also called on all areas to focus on solving problems such as low construction fees in particular areas and defaulting on construction fees.

This conference was convened on October 6th in Dongwan County and concluded on the 11th. Vice-Governor Zeng Dingshi [2582 1353 4258] attended the conference and gave a speech.

9864
CSO: 4006/092

SHANGHAI CORPORATION HOSTS OVERSEAS INVESTORS

OW241240 Beijing XINHUA in English 1222 GMT 24 Nov 82

[Text] Shanghai, 24 Nov (XINHUA)--The Shanghai Investment and Trust Corporation (S.I.T.C.) is hosting a three-day gathering of business people from abroad to discuss foreign economic cooperation with China's largest industrial city. The meeting which will open here this evening is the biggest yet held in Shanghai, according to a S.I.T.C. official.

Xu Pengfei, general manager of the corporation, said that 260 representatives from more than 100 firms in Hong Kong, Macao, Japan, the United States and European countries had accepted invitations to attend the discussions. This was far more than had been expected, he told XINHUA.

The corporation will propose 60 items for economic cooperation with overseas investors, Xu Pengfei said. Projects include production equipment for video recorders with an annual capacity of 10,000, a large cement plant, and equipment producing silicon chips for large-scale integrated circuits.

Other projects for cooperation include equipment or technology for producing marine radar, integrated circuits, textile machinery, hoisting machines, building materials, paper, foodstuffs, printing and dyeing facilities, medicines, electrical appliances, as well as machines used in metallurgy, textiles and light industry.

According to local officials, the Shanghai Municipal Government worked out initial plans calling for technical transformation and construction of 700 projects. Four hundred of these could use foreign investment.

S.I.T.C. will also give their guests an account of the plans for development of the new Minhang industrial area and the Hongqiao construction area, both on Shanghai's outskirts. Overseas investment is being sought for construction of factories and housing projects in these two areas. The Shanghai Municipal Government will give preferential treatment to investors' Xu Pengfei said.

CSO: 4020/28

BRIEFS

GUANGZHOU EXTERNAL TRADE--A new momentum is now appearing in Guangzhou Municipality's external economic dealings and trade. Talks are being stepped up for a number of technological import projects, so as to facilitate the import of advanced technology and equipment in a planned way for carrying out technical improvement in existing enterprises. According to statistics, from January to September, Guangzhou signed 2,033 contracts for the use of foreign investment to import equipment, 51 percent more than in the same period of last year. The total value of the contracts was $141.06 million, 25 percent more than in the same period last year. Key enterprises planning to use foreign investment to carry out technical improvement have signed contracts or initialled agreements this year for 15 projects including production lines of foodstuffs, elevators, tires, beer, refrigerators, cement, and colored ceramic tiles. At present the cadres, staff and workers of the Guangzhou external economic dealings and trading departments are continuing their efforts to closely cooperate with the industry and communications department. They are resolved to create a new situation in the use of foreign investment. According to our information, the drawing up of contracts for 38 projects for foreign investment import has now been completed. These projects include color television sets, air conditioners, men's and women's clothing and shoes, and vinyl wallpaper. Talks on imported projects for production lines or key equipment for industrial sewing machines, bicycles and small goods trucks are now being stepped up. [Text] [HK300257 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 29 Nov 82]

JAPANESE TRADE DELEGATION--A 5-member Japanese trade delegation including (Mucun-Jinsan), chairman of the board of directors of the (?Kansai) branch of the Japanese International Trade Promotion Association, and (Changqi-Weiyi), president of the Japanese Electric Appliances and [words indistinct] Corporation, visited Tianjin on invitation on 22 November. Chairman (Mucun-Jinsan) has made contributions to developing trade between China and Japan on several occasions. Since 1978, in particular, he has done much beneficial work helping to bring technical innovations to enterprises in our city. When Comrade Chen Weida visited Japan, he met with Chairman (Mucun-Jinsan) and President (Changqi-Weiyi) in Osaka and exchanged views with them on introducing technology and carrying out technical innovations among enterprises in Tianjin. At the invitation of Comrade Chen Weida, Chairman (Mucun-Jinsan), and President (Changqi-Weiyi) visited

Tianjin to further exchange views on expanding economic interchanges and trade between the two countries. With departments concerned in Tianjin, they will discuss and study specific means for further cooperation and will hold forums and report meetings on the issues of introducing technology and implementing technical innovations among plants and enterprises in our city. [Text] [SK230937 Tianjin City Service in Mandarin 0030 GMT 23 Nov 82]

SHANXI FOREIGN TRADE MEETING--A Shanxi provincial foreign trade planning conference was held in Taiyuan from 13 to 19 November. The meeting studied the 12th Party Congress spirit and conveyed the spirit of the national foreign trade planning meeting, discussed how to create a new situation in the province's foreign trade, and mapped out plans for 1983. Shanxi has done a good job in promoting foreign trade since the 3d Plenary Session of the 11th Central Committee. Total value of procurement for foreign trade in 1981 was double that of 1978, while direct exports showed a rise of 250 percent. Despite the gloomy situation on the international market this year, by the end of October the province's procurement for export totalled 424.03 million yuan, a rise of 64 percent over the same period last year. The meeting analyzed the international and domestic economic situation and the favorable conditions for creating a new situation in the province's foreign trade. The meeting held: "Shanxi has abundant mineral resources and a strong industrial foundation. It also has a long history of exporting agricultural, sideline and indigenous products. These provide extremely favorable conditions for creating a new situation in the province's foreign trade." The conference held that the total annual procurement value of Shanxi export commodities should amount to 1.8 billion yuan by the end of the century. The meeting stressed the strategic importance of improving the quality of export commodities and properly solving problems of transport, storage and so on. [HK200622 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 19 Nov 82]

CSO: 4006/144

LABOR AND WAGES

REGULATIONS TO PROTECT FEMALE WORKERS IMPLEMENTED

Tianjin TIANJIN RIBAO in Chinese 21 Sep 82 p 1

/ Article by Dong Peng /5516 7720/, probationer from the Tianjin Normal University Journalism Department: "'Regulations for the Labor Protection of Female Workers' Implemented on a Trial Basis by the First Machine Building Bureau"/

/Text/ Tianjin Municipality's First Machine Building Bureau has achieved some initial successes in its trial implementation of the 'Regulations for the Labor Protection of Female Workers,' designed to guarantee the safety and health of women workers by taking into consideration their physiological characteristics.

The First Machine Building Bureau system has almost 70,000 women workers, constituting 39.9 percent of the total work force. Quite a few of these women workers are engaged in casting, loading and unloading, and other operations involving exposure to poisons or hazards: this has a great effect on the health of women workers and the development of the next generation. According to an investigation of 370 women casters at the Machine Tool Corporation and the General-Purpose Corporation, 82 percent were suffering from women's diseases. For many years, some enterprise leaders have insisted that production tasks are critical, and have neglected labor protection for women workers. Some enterprise leaders have placed one-sided emphasis on, "whatever the men comrades can do, the women comrades can also do." They have been assigned the same types of work and the same quotas; there has been no acknowledgement of essential differences between men and women. As a result of a 2 and 1/2 year investigation, the First Machine Building Bureau has summed up actual conditions in its system and set forth a provisional draft 'Regulations for the Labor Protection of Female Workers,' which have been implemented on a trial basis since February 1982.

In half a year, there have been great improvements in labor protection for women in the enterprises under the First Machine Building Bureau, and the actual difficulties of women workers are gradually being resolved. The leaders of the enterprises see this task as extraordinarily important. They reflect on the fact that for many years it was difficult to solve obvious problems because there were no concrete regulations concerning labor protection for women workers. Now that there is something to go by, enterprises can

resolve labor protection problems of women workers in accordance with actual conditions. Therefore, many enterprises have been quite positive about implementation. An investigation of the Tianjin Hoisting Equipment Plant revealed 11 conditions which were in violation of the regulations: nine of these conditions have already been corrected. The General-Purpose Corporation held a labor-management meeting of section chiefs at the primary level of casting and forging operations; they insisted on a plan which would guarantee that all women casters would be reassigned out of the casting shop within 3 to 5 years. Women workers in the paint spraying operation are also to be gradually reassigned. From now on women workers will not be assigned to the casting operations. Women molding crews have been disbanded in the Tianjin Electric Machinery Plant, the Heavy Machinery and Equipment Plant, the No 1 Machine Tool Plant, and the Construction Machinery Plant.

12187
CSO: 4006/075

LABOR AND WAGES

LABOR FORCE READJUSTMENTS DISCUSSED

Shenyang LIAONING RIBAO in Chinese 20 Sep 82 p 2

/Article: "Dalian No 1 Construction and Engineering Company Readjusts the Composition of Its Labor Force: Cutbacks in Auxiliary Labor Classifications and Increases in Firstline Labor Classifications"/

/Text/ In the course of enterprise reorganization, Dalian's No 1 Construction and Engineering Company has adopted resolute measures to readjust the structure of its labor force: the proportion of nonproductive personnel has fallen, while firstline personnel and personnel in the main labor classifications have increased. Appropriate arrangements have and are being made for surplus personnel. Productivity of the entire work force increased by 8.8 percent in the first half of 1982 over the same period last year, while the amount of work completed increased by 4.8 percent.

Previously, the composition of the work force of this company was uneven. Firstline production personnel constituted only 52.1 percent of the total personnel. The number of workers in the five main labor classifications of bricklayer, mason, plasterer, concrete worker, and scaffold builder, was more than 1,000 below normal. The number of workers in the auxiliary labor categories such as electrician, machine operator, and maintenance, was over 400. Thirty-three percent of the women were unsuited for basic construction. With too many personnel in the enterprise, but not enough in the main labor classifications, it was necessary to hire between 400 and 500 temporary workers and outside contracters to do bricklaying and plastering every year.

In the course of reorganization, they have made great efforts to correct this irrational situation: they have increased personnel in the main labor classifications, and cut back on the auxiliary labor classifications to make a balanced production force. Initially, they used data collected over the years to determine the ratio between the main labor classifications and the auxiliary labor classifications, as well as the ratios among the various main labor classifications. Afterward, they carried out ideological mobilization from top to bottom, trimming the "long lines" and adding to the "short lines" and introduced policies of priority in conversion from collective ownership to ownership by the whole people, and priority in housing allocations, for those labor classifications which are difficult, dirty, or exhausting, this brought about some apparent results in readjustment. At present, bricklayers

have increased from 5.06 percent to 12.99 percent. Masons have increased from 1.24 percent to 3.6 percent. Plasterers have increased from 11.23 percent to 17.02 percent. Concrete workers have increased from 1.31 percent to 4.6 percent. Scaffold builders have increased from 2.82 percent to 3.7 percent. This meets the requirements of construction. For example, when plans were made at the beginning of 1982, it was estimated that the tasks could not be fulfilled without adding 200 temporary plasterers. After readjusting the numbers of workers in the various classifications, and beginning technical training, and production emulation activities, in the first half of 1982 it was not necessary to hire temporary plasterers, the area completed exceeded the norms, and over half of the plan has been fulfilled in under half a year.

12187
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LABOR AND WAGES

SCIENTIFIC, TECHNICAL EXPERTISE SOUGHT

Scientific, Technical Personnel Recruited

Beijing BEIJING RIBAO in Chinese 17 Aug 82 p 1

/Article: "Tonghua Municipality Recruits Scientists and Technicians in Beijing: Responses Already Number 140--Almost 40 Acceptances"/

/Text/ Yesterday, our reporter visited a comrade from Tonghua Municipality, Jilin Province, responsible for recruiting scientific and technical personnel in Beijing. Since the middle of May 1982, he explained, there have already been 140 responses from scientists and technicians in the Beijing area willing to work in Tonghua. As of yesterday, almost 40 have been accepted.

Tonghua Municipality is a medium-sized city in Jilin Province. In recent years its industry output has increased rapidly, and there are over 70,000 employees and workers. However, Tonghua has fewer than 1,000 engineers and technicians, and urgently needs technical skills. In July 1982, the Tonghua Municipal Party Committee and the Municipal Government reached a special decision to recruit scientific and technical personnel from Beijing and other large cities by stages and in groups. Priority in current recruitment is given to scientists and technicians in such industries as textiles, light industry, chemicals, building materials, foods, and medicines. This offer should be seriously considered by well-trained scientific and technical personnel in the required specialties; who are in the prime of life; graduated from institutions of higher learning prior to 1966, or from secondary vocational schools and hold technical posts as engineers; and who would like to work in Tonghua Municipality. There are two forms of recruitment: (1) Transfer from Beijing to Tonghua to settle for an extended period. (2) Contracting for a period of work, and then returning to one's original unit. Scientific and technical volunteers for work in Tonghua can generally be provided with living quarters of about 50 square meters; special arrangements can be made for sons and daughters awaiting work; and the problem of spouses living and working in different regions can be solved. Tonghua Municipality's recruitment of scientific and technical personnel in Beijing has received strong support from the State Ministry of Labor and Personnel, and active cooperation from the Ministry of Nuclear Industry, the Ministry of Electronics Industry, Qinghua University, Beijing University, and other units.

Scientific, Technical Cooperation Sought

Beijing BEIJING RIBAO in Chinese 17 Aug 82 p 1

/Article by Zhao Wenhan /6392 2429 5060/: "Tonghua Increases its Efforts to Attract Technology From Beijing: Decision Made to Solicit Bids on 20 Projects"/

/Text/ In order to increase industrial production, Tonghua Municipality has increased its efforts to attract technology from Beijing. Four methods are used to attract technology: (1) Compensated transferral of the results achieved by scientific research units. (2) Furnishing institutions of higher learning and scientific research units with experimentation facilities and sites. (3) Commissioning research units in Beijing to assist in the completion of scientific research projects concerning production. (4) Soliciting bids in Beijing to tackle key production problems through scientific research. At present, Tonghua Municipality has already decided to solicit bids on 20 projects, and has discussed such matters as transferral of results and commissioning of research projects with several research institutes.

12187
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GENERAL

GUANGDONG'S YANG DEYUAN DISCUSSES ECONOMIC GOALS

HK020843 Beijing ZHONGGUO XINWEN SHE in Chinese 0803 GMT 1 Dec 82

["Yang Deyuan Talks About Guangdong's Tasks in the Sixth 5-Year Plan"--ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 1 Dec (ZHONGGUO XINWEN SHE)--Vice Governor Yang Deyuan today told our reporters that the people of Guangdong have much confidence in successfully accomplishing the Sixth 5-Year Plan from 1981-1985.

He said: In the period of the "Sixth 5-Year Plan," it is expected that the country's gross value of industrial and agricultural production will increase by 21.7 percent, with an average annual increase of 4 percent. As a province in which special policies are carried out, Guangdong should of course develop faster. It is possible for Guangdong to achieve an annual increase of 5 to 6 percent because in the past few years, the speed was even greater than this.

He said: In order to meet the demand of quadrupling the gross annual value of industrial and agricultural production at the end of this century, it is necessary for Guangdong to increase its gross annual value of industrial and agricultural production by 7.2 percent every year. From 1979 to 1981, there was an average annual increase of 8 percent. It is estimated that there will be an increase of 7.8 percent in 1982 over 1981. The development of Guangdong's national economy shows that it is possible to maintain this tendency of increase.

Yang Deyuan held that Guangdong's economy can grow more quickly because in readjusting the national economy the reliance on policies and science is emphasized. In other words, we practice the open-door policy and the policy of revitalizing the domestic economy. In agriculture, the production responsibility system and diversification are practiced. In industry, the proportionate relationship is readjusted, autonomy of the enterprises expanded, technical transformation vigorously grasped and economic results arduously promoted. The power of these policies has yet to be manifested. As for the reliance on science, we have only just started; there is great potential in this aspect.

He said: In the following years, Guangdong should fully exploit its superiority in rich agricultural resources, reclaim and exploit more than 80 million mu of barren hills and hillside land, more than 7 million mu of fresh water breeding,

areas and more than 1.75 million mu of shallow beaches and transform more than 10 million mu of medium and low yielding fields. In this way, We can greatly increase the production of grain, sugar, oil, aquatic products and livestock and stimulate the development of industry and industrial sideline production.

He said: In the field of industry, we must promote superiority in two aspects and strengthen one weak link.

The first superior aspect is that the foundation of Guangdong's light industry is quite good. In the period of the "Sixth 5-Year Plan," it is necessary to seriously carry out technical transformation in the old enterprises, vigorously develop the light and textile industries and develop new industries. Another superior aspect is the state's emphasis on exploiting the South China Sea oil-field. This will certainly stimulate the development of the petrochemical industry and the enterprises which provide services for the oil bases. In addition, it helps solve Guangdong's energy difficulties.

Energy resources and communication are Guangdong's weakest links. In addition to saving energy, it is necessary to actively develop hydroelectric power, establish nuclear power plants, support the coal industry and exploit the oil shales. It is necessary to quicken the pace of the construction of the multiple track project of the south section of the Beijing-Guangzhou railway and the construction of the Sanchui-Yaogu section of the Sanshui-Maoming railway and to transform the Guangzhou-Shenzhen highway and the Guangzhou-Zhuhai highway.

Education and science are two of the strategic emphases of economic construction. It is necessary to quicken the pace of developing education, train qualified scientists and technicians, make a success of scientific research and popularize the results of scientific research so as to make them genuine productive forces.

Vice Governor Yang Deyuan said: To accomplish the magnificent goal of the "Sixth 5-Year Plan" and the goal for the year 2000, the key is Guangdong's 59 million people's efforts to heighten their fighting spirit and to be united in their struggles. In addition, he expressed that he believes the overseas Chinese whose native place is Guangdong and the several millions of compatriots in Hong Kong and Macao will make contributions to Guangdong's construction of the four modernizations.

CSO: 4006/144

GENERAL

'GUANGMING RIBAO' DISCUSSES ROLE OF COASTAL CITIES

HK020335 Beijing GUANGMING RIBAO in Chinese 21 Nov 82 p 3

[Article by Ma Ye [7456 6851], Yan Ganwu [6768 3227 0063] and Wei Bingkun [7614 3521 0981]: "A Concept for Giving Scope to the Role of Central Cities Along China's Coast"]

[Text] The 12th Party Congress has put forth the objective of quadrupling the gross of value of industrial and agricultural production by the end of this century. In order to attain this grand strategic objective, central cities along the coast should assume an arduous task and make a greater contribution to the speedy development of the national economy.

Central cities along the coast occupy an important strategic position in the development of China's economy. They also play a decisive role in the modernization drive. The problem now is to make sure where their strategic position lies. What does their role refer to essentially? Undoubtedly, by giving scope to the role of central cities along the coast, we can more speedily develop the economy of these cities. They can export more commodities in order to obtain more foreign exchange and accumulate more construction funds. However, the role of central cities along the coast does not end here. They should not confine themselves within these limits for they are assuming greater significance and should play a greater role. We hold that central cities along the coast occupy a strategic position as strongholds for organizing mass production, as contact points between domestic and international markets and as centers for regulating social and economic activities. By giving scope to their role, we shall be able to link the economy of the coastal areas with that of the hinterland through the organization of mass production in central cities along the coast; to enter the international market by developing cooperation among various central cities along the coast; and to speed up scientific and technological development and gradually shift social production onto a new technological basis by importing, absorbing and transferring technology through central cities along the coast, thus promoting and bringing along the development of the entire national economy.

This position and role of central cities along the coast are objective realities and not subjective imagination. Viewed from the history of social and economic development in modern times, following the development of social division of labor, socialization of production and commodity economy, industry and commerce tended to concentrate in their geographical positions and form central cities

or economic centers. Some big central cities along the coast have successively developed into comprehensive economic centers on the national scale. In the course of development, these central cities have promoted economic development in the surrounding areas, bringing about numerous small and medium-sized cities, forming links of social and economic activities between the economically developed urbanized areas and the cities and forming an economic network needed in mass production. The formation and development of economic centers, urbanized economic areas and an economic network make it possible to integrate, in the social and economic activities, key points with areas, centralism with decentralism and economization on labor time with rational utilization of space and thus achieve unity between social production and need, between production and circulation and between commodity and use value. A long time ago, the authors of Marxist classics made a theoretical condensation of the role of central cities, particularly the status and role of central cities along the coast, in the objective course of social and economic development. In his article entitled "The Question of Writing a German National Constitution," Engels pointed out: "In order to establish a complete industrial system, it is necessary to link closely all industrial departments and to have coastal cities which are commercially prosperous and which rely on industry in the hinterland." ("Complete Works of Marx and Engels," Vol 4, p 61) When expounding socialization of production, Lenin regarded the formation and development of industrial centers as an important process in the development of the socialization of production and as strongholds for the disposition of machinery and large-scale industry. These expositions by Engels and Lenin are of practical significance in understanding the status and role of central cities in organizing mass production under socialist conditions. Viewed from China's practical conditions, after 30-odd years of construction, social production has achieved rapid development and the socialization of production has attained a certain level. The division of labor between town and country and the urban economy and setup have also considerably developed, thus preparing conditions for supporting central cities, particularly central cities along the coast, and for organizing urbanized economic areas, rational economic network and mass production. In the past, we did not have an adequate understanding of the role of central cities. However, the status and role of central cities do exist. We should recognize them and make use of them.

How shall we give scope to the inherent role of central cities along the coast? Our tentative idea is to gradually establish, under the guidance of planned economy, a management system which can bring into play not only the function of vertical and horizontal management but also the role of economic centers in managing economy. What we should study now is whether it is possible by relying on the vertical and horizontal management alone, to organize the entire social and economic activities in an organic way and to organize mass production according to the internal relations of the economy. Practice has proved that it is impossible to do so. Whether by relying mainly on vertical or on horizontal management, it is impossible to do a good job of integrating horizontal relations with vertical ones in social and economic activities. This will inevitably result in the separation of economic organisms in central cities, in severed economic relations with the surrounding areas and in difficulty in carrying out smooth social reproduction. This shows that, in order to organize mass production well, it is insufficient to rely on the division of labor between vertical and horizontal management, for it is impossible to solve

the problem well. We should proceed from the status and role of central cities along the coast and bestow on them the function of managing economy as economic centers so that the economic centers, the vertical and the horizontal ones manage the economy together. Provided that the three aspects make a rational division of labor and cooperate closely, it is possible to organize mass production well in accordance with the objective requirement of mass production and the internal relations of economy.

According to this tentative idea, it is necessary, in the course of reforming the economic management system, to solve the following problems in the light of actual conditions:

1. In view of the fact that there are numerous and multiple administrative structures in the enterprises of central cities along the coast, it is necessary to place all enterprises, with the exception of those under the management of central departments, under the unified management of the city where the enterprises are located in order to facilitate unified planning, from a complete set and carry out cooperation among specialized departments.

2. In view of decentralization of management, low degree of organization, poor horizontal economic relations and slow progress of economic combination, it is necessary to make use of the favorable conditions in central cities along the coast, such as concentration of production, high degree of integration, relatively good technological basis and extensive economic links, to promote economic combination. The forms of combination should chiefly be those economic integrated bodies between different departments, regions and central cities. The work of promoting this combination should also be organized chiefly by central cities.

3. In view of the fact that central cities along the coast should be geared to the international market but cannot independently engage in foreign trade, it is necessary to expand the competence of central cities along the coast in conducting foreign trade and set up import and export corporations in ports where there are harbour facilities and change the abnormal situation in which a city sets up a port without the harbour facilities. This is conducive to rational division of labor and helps to unify actions in our foreign business dealings, thus integrating domestic market with the international one and attaining domestic unity in our foreign business dealings.

4. In view of multiple links in the circulation of commodity, decentralized domestic market and dislocation between production and sales, it is necessary to give scope to the role of central cities along the coast as trade centers. We should set up commodity circulation networks which are advantageous to the production based on cooperation among specialized departments and which can link up economic exchanges between town and country and between different areas in order to attain a shift from production of commodities to consumption in the shortest time and at the least cost.

5. In view of the scattered scientific and technical force, loose integration of science and technology with production and lack of improvement in products, it is necessary to reform the management system of science and technology and organize in a better way the scientific and technical forces of various departments and fields in central cities along the coast in order to promote technological transformation and technological and product exploitation.

6. In view of the contradiction that exists between the setting up of financial institutions and price management bodies according to administrative areas and giving scope to the role of central cities along the coast as economic centers, it is necessary to set up, according to the scope of economic activities and the requirement of central cities along the coast, corresponding financial system and price management centers.

7. In view of the irrational economic structure and the indefinite orientation of development in central cities along the coast, it is necessary to strengthen planned management of these cities. In long-term planning in particular, it is necessary to take the question of giving scope to the role of central cities along the coast as a strategic principle and make rational arrangements for the productive forces according to central cities, urbanized economic areas and economic network. With respect to the orientation of development for central cities along the coast and the scale of their production and construction by the end of this century, it is also necessary to have a definite plan.

8. In order to meet the requirement of central cities along the coast, which serve as economic centers in administering and coordinating economic activities, it is necessary to set corresponding bodies to coordinate the economic activities between enterprises and economic integrated bodies, between economic integrated bodies themselves and between central cities and the areas with which the cities are connected and to promote the coordinated development of the economy.

We hold that, after the problems enumerated above have been solved, the role of central cities along the coast can be brought into full play.

CSO: 4006/144

GENERAL

OPENING UP NEW PROSPECTS FOR FUJIAN'S ECONOMY URGED

Fuzhou FUJIAN RIBAO in Chinese 30 Sep 82 pp 2, 3

[Article by staff: "Ma Xingyuan [7456 5281 0337] Delivered a Talk During the Enlarged Meeting of the Provincial Party Committee; Opening Up a New Prospect for Fujian's Economy"]

[Text] On 25 September, provincial party committee secretary and Governor Ma Xingyuan delivered a talk on the question of opening up new prospects of Fujian's economy during the enlarged meeting of the provincial party committee.

The talk delivered by Comrade Ma Xingyuan consisted of three parts. The first part was on the current economic conditions of our province and its position in the overall economy of the country. He said that in the years since the 3d Plenum of the 11th CPC Central Committee, the national economy of our province has gradually stepped on to a healthy path of steady development and these years have been the best period of economic construction since the founding of the People's Republic. The 3d Plenum of the 11th CPC Central Committee firmly established the ideological path of seeking truth from facts and rectified the "leftist" errors. The provincial party committee, while thoroughly carrying out a series of new principles and policies of the party Central Committee, has gone through a process of gradual improvement of understanding and gradually seeking unity of thinking. It was not a case of a clear awakening at the very beginning. The provincial party committee and Ma Xingyuan were particularly supportive of the series of policies and measures on work in the rural areas announced during the 3d Plenum of the 11th CPC Central Committee. However, at one time, there was some concern on the responsibility system of linking production to remuneration and on the household responsibility system. The assignment of responsibility for production to the household and the system of dividing the land for private farming were lumped together. Therefore, determination was not great and policies were not effectively carried out. This also affected the understanding of the various levels and departments towards the problem and resulted in a passive attitude. We should learn a lesson from this, that is, to pay special attention to maintaining a consistent position with the party Central Committee politically. This is an extremely important problem, especially today when our party Central Committee is correct, strong and effective, and is greatly trusted by the entire party and all the nationalities of our country. Through a period of actual practice, our understanding towards the rural problem is basically resolved, and the principles and policies of the party have been firmly and thoroughly implemented. As a result, a lively

situation has appeared in the rural areas and important developments have taken place in the grain and diversified enterprises. Grain production has increased by several billion jin in the last few years and the value of agricultural output has increased by 8 percent each year.

At the same time that rural economic policies have been carried out, large amounts of work have also been done on every front of industry and communications foreign economic activities, finance, banking and commerce in accordance with the principles and policies of the 3d Plenum of the 11th CPC Central Committee. Thus, the building up of material civilization and spiritual civilization has been pushed forward and the healthy development of the national economy has been assured. The "leftist" yoke on our province's national economy has been cast off and an inspiring change has taken place. In 1981, the gross industrial and agricultural output value in the province reached 12,532,000,000 yuan (in 1970 constant prices), an increase of 30.6 percent compared to 1978. This was an annual average increase of 9.3 percent, exceeding the rate of annual average increase of 7.6 percent during the period of 1950 to 1981. With the economic development, people's income in both urban and rural areas has increased and their living standards have notably improved. The average net income (including household sideline production) of rural commune members in the province reached 231.65 yuan in 1981, an increase of 94.11 yuan over 1978. During the 3 years, the living conditions of staff and workers in the cities have also had various degrees of improvements. To solve the problem of housing in the cities, state investments during the 3 years totaled more than 480 million yuan, which exceeded the total during the 29 years from 1950 to 1978 by more than 40 million yuan. As a result, housing conditions have improved.

Ma Xingyuan said that although a definite development has taken place in Fujian's economy, because of its poor foundation and low level, it still accounts for only a very small proportion of the total economy of the country. The gap is still very large when compared to some of the advanced provinces. In 1981, the gross industrial and agricultural output value of our province accounted for only 1.8 percent of the national total and the economic position of Fujian in the country is that of a small province. However, it should also be noted that after more than 30 years of construction the economic strength of our province has had a substantial improvement. Some industrial and agricultural products occupy a definite position in the country. For instance, sugar-yielding [crops] are in third place, lumber materials, aquatic products, and canned goods are in fourth place, tea is fifth, hydroelectric power is seventh, and total value of exports is in tenth place.

Fujian occupies a special geographical position and possesses superior natural conditions. In terms of social conditions, Fujian's socialist modernization will have an important influence both inside and outside the province. Ma Xingyuan said that after studying the documents of the 12th CPC National Congress, he deeply feels that Fujian's strategic position and the responsibility for improving Fujian's economic construction are very important.

The second part of Comrade Ma Xingyuan's talk was on the favorable conditions and struggle targets of Fujian's economic development. He asked the question

if our province can quadruple or more than quadruple [its output value] within this century? To clearly establish the objectives of our struggle, it is necessary to go through conscientious and careful consideration and thorough scientific exposition. His view is that on the prerequisite of improving economic benefits, the quadrupling [of output value] without exaggeration is not something that can be achieved very easily. It will require some arduous efforts. However, the mere quadrupling [of output value] for Fujian will not quench its thirst when compared to the entire country. For Fujian to reach the national level, it must at least increase [its output value] by more than four to five times. For this question, a definite conclusion cannot be reached at present. It will require repeated conscientious discussions. I believe that no matter which plan we consider, we must conscientiously analyze all our favorable conditions. First, our current party Central Committee is the best in the history of the party and politically the most mature. In just a few years, it has completed the task of bringing order out of chaos and achieved a stable, united and lively political situation. Historical experience has proved that healthy and rapid development in economic construction can be achieved whenever we are under the direction of the correct line, principles, and policies of the party. The programs and various principles and policies established by the 12th CPC National Congress to create a new prospect in all fields of socialist modernization represent the reinforcement and development of the correct line followed since the 3d Plenum of the 11th CPC Central Committee. That line has been further enriched and perfected in content and it has become even more realistic. As a result, the continuity and stability of our party, state, and people to continue their advance along a correct line have been further guaranteed. This is the most basic favorable condition.

Second, our province currently has over 10,000 enterprises, of which more than 3,000 are state operated. They are the foundation for our advance and the potential is very great. Our province has a large number of small and medium-sized enterprises, especially small and collective enterprises. This is the special characteristic of the enterprises in Fujian. They are small in scale, have poor conditions, and they are backward technologically. These are their weaknesses. However, looking at it the other way, if we can take a firm hold on equipment renovation and technical transformation, they can also be turned around quickly. This is also a favorable condition. Thus, in the near future, our priority must be the reorganization and restructuring of the existing enterprises. All the 10,000-odd enterprises, whether they are state-operated or collectively operated, can increase [their output value] by one or more times through technical transformation. Third, through the implementation of special policies and flexible measures, and construction of the Xiamen special economic zone, we can better utilize foreign capital and markets, import advanced technology, equipment, and management experience, and speed up the economic development of our province. This is also a favorable condition. Fourth, the people of Fujian are hard working and brave. They have a glorious revolutionary tradition, with people of talent coming forth in large numbers. From now on, we must make an even greater effort to train talented people, selecting middle-aged and young cadres in large numbers. First, we must uncover the talented people that we now have. In addition, Fujian has more than 5 million overseas Chinese and foreign nationals of Chinese origin living abroad. They are also very concerned with our economic construction, and we can make better use of

their funds and technical capabilities. This is also a favorable condition for the vigorous development of Fujian's economy. We have so many favorable conditions and we should have the confidence of reaching the national level by the end of this century. If we can perform more outstandingly, there is also the possibility that we will exceed the national level. In summary, we should have concrete objectives of struggle that not only reflect the spirit of the 12th CPC National Congress but also coincide with the actual conditions of Fujian. When the objectives are achieved, important changes will appear in the standards of living of the staff and workers and the peasants, and in the building up of material civilization and spiritial civilization.

The third part of Comrade Ma Xingyuan's talk concerned our strategic priorities and measures. He said that to achieve the objectives of our struggle in the next 20 years, we must accept the experience and lessons of the last 30 some years and straighten out our guiding ideology. First, in accordance with the principles established by the central authorities, we must persist with the principles of mainly relying on ourselves and secondarily relying on outside help and mainly based on internal causes and secondarily based on external causes. Second, everything must proceed from realities. We must adopt measures that suit the time and local conditions and seek truth from facts. Our strategic priorities and measures should be considered on the basis of this guiding ideology.

1. The foundation of agriculture should be improved. Various levels of leadership should all pay attention to increasing foodgrain acreage and developing economic diversification and should not stress foodgrain acreage alone. We have mountains and the ocean, which must be fully utilized. We must work on the "eight large bases." Economic diversification should be developed towards the mountains and the ocean. We now have 32 million mu of foodgrain planting acreage and this should be maintained at a stable rate without any change until the end of this century. On the foundation of maintaining this foodgrain planting acreage, efforts should be made to increase unit yield. To improve agriculture, we must rely first on policy and second on science. Besides, we must undertake farmland capital construction.

Regarding the agricultural production responsibility system, we must maintain the stability, earnestness, and continuity of policy at all cost and must not be easily swayed. On new situations and new problems emerging in the rural areas, we must investigate and study, summarize experiences, adroitly guide action in accordance with circumstances, follow the mass line, and properly solve them.

2. Develop towards the mountains and the ocean. Fujian has over 130 million mu of forest land and 49 million mu of waste hills and wasteland. Of the total, only 60 some million mu have forests. Can we increase this to 100 million mu? Of course, they will cover not only forests for lumber but also mao bamboo and others. To struggle for 20 years, the forested land will be increased to 100 million mu, and the lumber stockpiled will be greatly increased. If we also carry out secondary processing and tertiary processing, the output value will be impressive. Forestry is a large treasure of our province and should be a priority project. Moreover, there is the ocean. The

potential for developing aquatic products is also great. We can develop a processing industry for aquatic products and become an aquatic products processing area.

3. Develop food processing industry. Fujian is rich in natural resources. Our fruits are famous, including longan, litchi, oranges, loquat, pineapple, and banana. Many other good products are not yet developed and utilized. For instance, we have a lot of wild grown carambola in our province. Fujian has so many good produce. A food processing industry should be developed vigorously.

4. Machinery and electronics industries should be developed. A definite foundation exists in Fujian for these industries. We can utilize our favorable condition of opening towards the outside world for the import of advanced technology and the restructuring of the existing enterprises to gain a leading position in the country for some of the machinery and electronics products and to penetrate the international market.

5. We must also create conditions for the development of petrochemicals and chemical industries. After talking about the above areas, Comrade Ma Xingyuan stressed that we should also vigorously develop other economic areas in our province. He said that with regard to the aforementioned areas, one of the strategic priorities we should consider is energy resources, primarily electric power. The priority should be on hydroelectric power. Currently, only 12.5 percent of our hydraulic power resources have been developed. In communications, in addition to the reconstruction of the Yingxia Line, we should continue the construction of the Zhang(ping) Quan(zhou) Railway (extended to Xiaocuogang). The next step is the repair and construction of the railway to (Tang) Gan (Zhou) Long (Yan) [refers to the Ganlong Railway]. After this trunk line is built, we will be able to open up and connect with the southwest passageway. The next thing is to develop ocean transport. In this area, in addition to doing it ourselves, we must also actively cooperate with related departments of the central government in order to develop oceangoing transport.

In terms of strategic priorities, we also have science and technical education. To realize the strategic objectives, it is necessary to speed up the training of personnel. We must have a group of personnel with specialized knowledge in their prime to go to the first lines. In education, we must also emancipate our minds and be flexible in this area. Those who study themselves and are able to pass the examinations should be given diplomas in the same manner. The only goal for this is to raise the scientific and cultural levels of the masses. In science and technology, we must pay particular attention to the development of applied science. We are in urgent need of thousands of applied science personnel who not only are rich in knowledge but also have creative abilities and can explore and develop in practice. This should be our priority in the training of personnel within a future period.

In realizing the objectives of our struggle, I must also stress the strategic problem of controlling population growth. Some regions do not pay enough attention to this problem and have not grasped the problem. The work and leadership must be strengthened. Currently, the natural population growth rate in our

province is 25 percent higher than the national average. It must be strictly controlled. We must properly carry out the work of planned birth to reduce the population growth rate. If our population growth is too fast and we lose control of it, our struggle targets will be seriously affected.

We must unite together and struggle together to fulfill the great tasks of the party's 12th CPC National Congress and to make the necessary contribution to the party and the people.

5974
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GENERAL

STATISTICS ON DURABLE CONSUMER GOODS

Beijing BEIJING RIBAO in Chinese 11 Sep 82 p 2

/Table furnished by the Beijing Municipal Statistical Bureau/

/Table/ Amount of Durable Consumer Goods Owned by Beijing Workers--Per 100 Households

Item	1978	1979	1980	1981	1982 (first half)
Bicycles	135.8	145.7	150.9	153.8	164.6
Sewing machines	58.6	63.9	67.9	71.5	71.5
Watches	208.1	228.3	250.3	255.4	261.6
Electric fans		6.0	20.0	46.8	55.3
Washing machines		0.08	1.9	12.3	15.8
Refrigerators			0.3	1.7	1.9
Radios	97.0	102.8	105.0	108.3	117.8
Televisions	19.2	41.8	65.8	81.7	85.3
Tape recorders	0.6	2.4	9.5	20.0	24.7
Cameras	7.5	9.8	11.4	13.3	16.3

12187
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GENERAL

SHANGHAI NPC DELEGATES ON URBAN DEVELOPMENT

OW070445 Beijing XINHUA in English 0201 GMT 7 Dec 82

[Text] Beijing, December 7 (XINHUA)--China's largest city, Shanghai, will apply more energies to updating its 8,000 existing industrial enterprises than to building new ones in the next few years.

Meanwhile, plans have been afoot to quicken its pace of city reconstruction and improve urban environment by expanding satellite towns.

This was learned in interviews with two Shanghai municipal leaders, who are here attending the National People's Congress (N.P.C.).

Both Han Zheyi, vice-mayor, and Zhang Wentao, chairman of the construction commission, of the city expressed full support for the sixth five-year plan outlined by Premier Zhao Ziyang at the current N.P.C. session.

Han Zheyi said the main objectives of revamping old enterprises are to reduce their energy and raw material consumption, increase the variety and improve the quality of their products and thus make them more competitive in the home and world markets.

Efforts will be focused, first of all, on improving the city's textile, machine-building, electronics and building materials industries, he said. He expected this to bring about, among other things, a noticeable rise in the output and the technical level of the power-generating equipment made in the city.

Transport and communications systems, too, will be improved, Han Zheyi said. In 1985, the Shanghai Port will be able to handle more than 100 million tons of goods. At present, its handling capacity is about 85 million tons.

While importing some new techniques and equipment from abroad, he said, Shanghai will rely mainly on itself in fulfilling the task.

"We are confident, for we have lots of talented scientists in our 51 colleges and 580 research institutes, and lots of experienced workers," he said.

During this period, Zhang Wentao said, a number of factories will move from densely-populated urban districts to outlying areas, either because their present sites are too cramped to allow for expansion or because they cause pollution.

A side-benefit will be increased space for housing, offices, hotels, roads, public utilities and other projects for improving city life, he added.

New housing with a total floor space of 15 million square meters is planned for Shanghai, including its satellite towns, in the five years ending 1985, Zhang Wentao said.

He said Shanghai now has 12 satellite towns, including a power equipment manufacturing center in Minhang, a petrochemical center in Jinshanwei and a research center in Jiading.

A new industrial center is projected for Minhang, where foreign investors will be welcome to set up factories making electronic products, textiles, foodstuffs and other consumer goods.

Zhang Wentao said there will also be a foreign trade, tourism and consular office center in the western suburbs of the city, complete with shops, sports and recreational facilities and postal, banking and other services.

CSO: 4020/29

GENERAL

NINGXIA'S MA XIN ON 5-YEAR PLAN; LOCAL ECONOMY

OW071139 Beijing XINHUA in English 0839 GMT 7 Dec 82

[Text] Beijing, December 7 (XINHUA)--Ningxia as an autonomous region of minority nationalities should learn to "walk on its own feet" while getting support from the state in developing its economy.

This was stated by Ma Xin, chairman of the people's government of the Ningxia Hui Autonomous Region, during group discussions at the current session of the National People's Congress.

Ma Xin, himself of the Hui nationality, said he supports Premier Zhao Ziyang's report on the sixth five-year plan, which promises active assistance from the central government to minority areas.

"Such assistance has played an important role in Ningxia's economic and cultural development," he noted. "Since our autonomous region was set up in 1958, we have received a total of six billion yuan as financial subsidies and capital investment from the central authorities. This has helped us build such giant water conservancy and power generating projects like that at Qingtongxia, expand our irrigated areas, and thus ensure steady progress in agricultural production. We have also built more than 800 industrial enterprises to form a sizable network of coal, power, metallurgical, machine-building, chemical, textile and other industries."

But, to keep pace with the national modernization program, Ningxia must speed up its economic development, he said. "In this development, we must learn to walk on our own feet while accepting support from the state," Ma Xin said.

During the sixth five-year plan period, he continued, Ningxia will pay attention to the following three questions:

One. [as received] Utilization of local resources. Water from the Yellow River and vast expanses of grassland are favorable for the development of agriculture and animal husbandry. Efforts will be made to improve the responsibility system in farm production, popularize the results of scientific research, make better use of arable land, pastures, forests and water surface, and expand the industries suited to local conditions.

Two. [as received] Improvement of economic efficiency. Calculated on a per-capita basis, the state-owned industrial enterprises in Ningxia now have more fixed assets than the national average, but their productivity is only half the national average and their output value from every 100 yuan of fixed assets is one-third of it. This shows that their economic performance is poor and there is a great potential to be tapped.

Three. [as received] Training of economic administrators, scientists and technicians from among the local minority peoples. Though large numbers of such personnel have come from other parts of the country to help in Ningxia's development, greater efforts should be made to train more people of minority nationalities and raise the scientific and cultural level of the people of all nationalities in the region.

CSO: 4020/29

GENERAL

TIE YING ON REACHING ECONOMIC GOALS, TECHNOLOGY

OW081007 Beijing XINHUA in English 0828 GMT 8 Dec 82

[Text] Beijing, December 8 (XINHUA)--Zhejiang Province, with a relatively developed industry and agriculture but lacking energy resources, aims to realize its 1985 economic goal mainly through scientific and technological progress.

This was stated by Tie Ying, chairman of the Zhejiang Provincial People's Congress Standing Committee, while discussing Premier Zhao Ziyang's report on the national economic plan.

Between 1978 and 1981, Zhejiang's industrial and agricultural output value grew at an average annual rate of 15.5 percent. It's grain output reached 10.5 tons per hectare this year. Both figures are among the highest in the country. Zhejiang's weak points lie in its shortage of energy resources, limited farmland, and backward technology in quite a number of its industrial enterprises.

Zhejiang relies on other areas of China for 83 percent of the coal, 100 percent of the petroleum and over 10 percent of the electric power it needs, Tie Ying said. The shortage of coal may restrict the development of Zhejiang, he said.

"A reliable way out lies in science and technology, which will help us solve the problem by reducing energy consumption and improving economic results," Tie Ying said. "In fact, we already successfully reduced the energy consumption for every 10,000 yuan of industrial output from 5.1 tons of standard coal in 1977 to 3.84 tons in 1981. There are still large numbers of small power generating units and industrial boilers that are consuming too much energy. This means room for improvement and progress."

Zhejiang will also strive to develop new energy sources, such as methane gas, tidal waves and solar energy, through the adoption of modern technology, he said.

A large proportion of Zhejiang's factories were built in the 1950's and 1960's, he continued. Their equipment has become outdated. For instance,

old equipment has become outdated. For instance, old fashioned iron-and-wood looms still account for 45 percent of the looms in the silk industry, while high precision machine tools make up less than 15 percent of the equipment of the machine-building industry. "We can make great progress by improving such equipment," Tie Ying said.

Development of agriculture depends on correct policy and progress in science, too, he said. Zhejiang has more than 200,000 scientists and technicians, who will definitely contribute to its economic progress, he stressed.

CSO: 4020/29

GENERAL

FUJIAN GOVERNOR ON ECONOMIC CONSTRUCTION

OW052329 Beijing in Mandarin to Southeast Asia 0900 GMT 2 Dec 82

[Interview with Ma Xingyuan, NPC deputy and Fujian provincial governor by station reporter--recorded]

[Excerpts] [Question] Governor Ma, Fujian is a major home province of overseas Chinese, who are very concerned about things back home. Could you talk about economic development in Fujian in recent years?

[Answer] Allright. Fujian is an important home province of overseas Chinese. Millions of natives of this province are residing abroad, or in Hong Kong and Macao. They have a profound love for their country and home province and hope that their motherland and home province will become prosperous and strong through economic construction. I am glad to inform fellow countrymen residing abroad that, in recent years, the province has undergone marked changes in its national economy, thanks to the implementation of the policy put forward by the central authorities concerning opening to the outside world and enlivening the economy at home and to the adoption of special policies and flexible measures, which have aroused the enthusiasm of people throughout the province and overseas Chinese. In 1981, the province's total industrial and agricultural output value topped 1978 by 36.6 percent, with an annual growth rate averaging 9.3 percent.

In 1981, the province's total grain output was 4.187 billion jin more than 1976, an increase of 34.86 percent. This year's early crops were afflicted by serious natural disasters, but we reaped a bumper harvest of late crops. Total grain output for all of this year is expected to be 4 percent more than last year.

In 1981, the province's total industrial output value topped 1978 by 33.3 percent, with annual growth rate averaging 10.1 percent. The total industrial output value of the first 10 months of this year again topped the same period last year by 8.1 percent. In economic cooperation with foreign countries, the province's total import-export trade volume has increased over the past 3 years. The volume now is 2.6 times the 1978 figure. The use of foreign capital has greatly facilitated our work. By means of operating factories established with Chinese and foreign investment,

cooperation in management and compensatory trade, the province has absorbed more than $100 million of foreign capital.

[Question] Governor Ma, the Xiamen special economic zone has been established for 2 years. Could you explain to our fellow countrymen residing abroad the progress in the construction of the special economic zone?

[Answer] It has been 2 years since the State Council approved the trial operation of the Xiamen special economic zone in November 1980. Leaders of the central authorities have been very concerned about this matter. Our province and Xiamen Municipality have displayed great enthusiasm. In the past 2 years, the special zone has concentrated efforts on rapidly building some projects. Construction of the new modernized Xiamen international airport, which began in early January this year, has picked up speed. It is due for completion next June, when there will be direct flights to Hong Kong from this airport. Telecommunications projects are also under construction. New progress has also been made in tourism. The tourist tower, the tallest building in Xiamen, has been completed and is receiving tourists.

The overall direction of the construction of the Xiamen special zone is correct. Now we are summing up experience, strengthening leadership and studying and formulating policies and regulations on the special zone, to speed up the construction of the Xiamen special economic zone.

[Question] Governor Ma, the 12th party congress called for quadrupling the gross annual value of industrial and agricultural production by the end of this century, a grand economic goal. Since Fujian is an important province, could you explain how this province is going to fulfill this grand goal?

[Answer] In the past 32 years since the founding of new China, Fujian has already laid a certain foundation for its socialist economic construction. From 1950 to 1981, the province's total industrial and agricultural output value increased 12-fold, averaging 8.4 percent in terms of annual growth rate. The broad masses of patriotic overseas Chinese have played an important role in supporting the four modernizations. Therefore, we definitely possess the conditions for carrying out economic construction in Fujian faster and better.

Recently, Comrade Hu Yaobang, general secretary of the CPC Central Committee, inspected Fujian's work and conducted investigations and studies there. He hoped to see Fujian prosper and march in the forefront of the four modernizations. The people throughout the province were greatly inspired. To achieve this goal, it is imperative to rely on the people of Fujian, including Fujian natives residing abroad, to make concerted efforts and exert themselves.

To develop agricultural production, we must first attend to grain production and ensure a steady increase in grain output. Meanwhile, we should make good use of the mountain and marine resources, vigorously develop a diversified

economy and do a good job in building bases for producing aquatic products. In industrial construction, from a long-term point of view, Fujian needs to build large-scale enterprises, like petrochemical plants. However, in the near future, we should concentrate efforts on overcoming the backwardness of Fujian's industrial foundation. Further efforts should be made to ensure success in the construction of railways, ports, communications and power projects. Meanwhile, it is necessary to use foreign capital to import advanced and practical technologies and equipment to transform our existing old enterprises, improve operation and management and raise our industrial production level, to yield economic results faster within a short period.

I am sure that, under the party Central Committee's correct leadership and with the concerted efforts of the people throughout the province, as long as we do our work in a down-to-earth manner, Fujian Province will be able to quadruple the total industrial and agricultural output value by the end of this century. It may score even better achievements.

[Reporter] Thank you.

CSO: 4006/145

GENERAL

SOLID FOUNDATION MUST BE BUILT TO BRING ECONOMIC REVIVAL

Yinchuan NINGXIA RIBAO in Chinese 14 Oct 82 p 3

[Article by Li Jinping [2621 6930 1627]: "Lay Solid Foundation to Usher In New Era of Economic Prosperity"]

[Text] In his report to the 12th CPC National Congress, Comrade Hu Yaobang stated that, in seeking to achieve the target of quadrupling the gross value of our industrial and agricultural output in the next 20 years, our strategic plan should be divided into two stages, namely, the laying of a solid foundation, the building up of our resources and the creation of favorable conditions in the first 10 years and entering into a new era of vigorous economic development in the second.

This strategic plan is totally in line with the spirit of seeking truth from facts and is developed on the basis of the state of our national economy at the present time. While still in the process of reorganization, our national economy has in recent years continued to grow and to make significant gains. Nevertheless, many problems have not yet been solved. The most serious are the low rate of economic effectiveness and the alarming waste in the production, construction and circulation areas. For example, in Ningxia the key industrial enterprises have failed to reach the best all-time record in 19 out of the 31 comparable categories for which allowances for waste have been set. The consumption of standard coal for the firing of rocks for making cement is 92 kilograms higher than the lowest mark in history. For each 100 pieces of embossed carpet, the consumption of wool is 26.4 kilograms more than the all-time low. The consumption of coal for making a ton of pottery is 700 kilograms over the lowest figure in history. While the amount of profit generated by each 100 yuan of the fixed original assets of publicly-owned and independently audited industrial enterprises had reached as high as 58.3 yuan, it came to only 35.1 yuan in 1981. While the lower rate may be attributed to a number of factors, the main reasons are the deleterious effects of "leftist" errors of the past, the unsound structure of the economy, defects in the system of economic administration and distribution, the chaotic state of economic administration and backwardness in production technology. We are presently engaged in finding a solution to these problems. In addition, energy resources and transportation industries at the present time constitute a weak link in our national economy. We must proceed with a series of essential capital

construction in these areas. We must also devote considerable time and effort to develop the necessary personnel, to raise the technical and administrative standard and to make a series of scientific and technological breakthroughs. Under these circumstances, it would not be realistic to expect our national economy to develop at a rapid pace during the first 10 years of the 20-year period.

This strategic plan also signifies a change in the strategy for the development of our national economy from making efforts at all expense to achieve rapid development to seeking to achieve rapid development only if it serves to increase economic benefits. This strategic plan does not require that we progress at too high a speed during the first 10 years, but it does require that we should direct our efforts toward achieving a higher degree of economic effectiveness through reorganizing the economic structure and by reforming the economic administration and distribution system as a means to achieve higher overall economic benefits and to raise the standard of administration and technology in order to achieve higher specific economic benefits. It is only thus that we can achieve a truly rapid rate of economic development, a rate that truly benefits the people.

This strategic plan also points in a systematic way to the trend of future economic development and serves to boost the morale of the people. So long as we can lay a solid foundation in the first 10 years, we can rest assured that it will usher in a new situation marked by an overall upturn in the economy and a new era of economic revival. It is obvious that an improvement in economic effectiveness can by itself speed up the pace of economic development. For instance, if the consumption of energy and raw materials used to produce industrial goods could be reduced by half, each ton of energy and raw materials could be made to serve as two, so that by using the same amount of energy and raw materials, we could increase the value of our products by 100 percent. Greater effectiveness in the use of funds would bring similar results. If the gross production value and taxes generated by each 100 yuan of fixed assets in our region could be raised to 58.3 yuan and 11.7 yuan respectively, something which has been done before, it would be possible to use the fixed assets presently available to increase the production value by 638 million yuan and profit taxes by 198 million yuan. If we would only meet the demands made by Zhao Ziyang in his report to lay a sound foundation in various fields of activity by establishing a sound economic administration system and a proper economic and technical structure for the enterprises, there is no question that we would be able to greatly reinforce the positive attitude of the people and the masses in their productive endeavors, improve the productiveness of labor and economic benefits and ensure the development of the national economy in a coordinated manner. On this premise, there can be no doubt that the rate of economic development in the 90's will far surpass that of the 80's.

Since a towering edifice has to be built from the ground up, it is essential, first of all, to lay a solid foundation. Whether the target of our struggle for economic development in the next 20 years can be achieved depends on how well we do our work in the first 10 years. Considering the relatively backward state of the economy in our minority region, our work of "laying

a foundation" in the 80's is rendered all the more arduous. Generally speaking, the standard in terms of equipment in the industrial enterprises in our region is not too low. The crux of the problem is the low administrative and technical standard of the enterprises. It is to this area that we should direct our efforts. Particularly worthy of note is the fact that the original value of fixed assets of the 28 large and medium-sized enterprises throughout the region comprises 77.6 percent of the amount of publicly-owned and independently audited enterprises in the region, that their gross production value comes to 61.8 percent of that of all the industries, that their workers constitute 62 percent of the work force employed by publicly-owned enterprises and that they therefore occupy a pivotal position in the entire region. However, the effectiveness of many enterprises leaves a great deal to be desired. The gross industrial production value and profit taxes generated by each 100 yuan of original fixed assets fall 3.7 percent and 6.4 percent respectively short of the average for the entire region, while 25 percent of the enterprises suffer deficits. We must, therefore, direct our efforts to this area and seek to put the enterprises in good order one by one. In addition, the inadequacy of railway transportation has already put a serious crimp on the industries in our region, especially as it relates to the development of the coal industry, so every effort must be made to correct the situation. The reform of the system of economic administration must also be undertaken in a creditable manner under the unified planning of the government. "A 1,000-li journey begins with a single step." If we would only redouble our efforts in the 80's in laying a solid foundation for the 90's, there is no doubt that we will see the dawning of a new era of economic revival.

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GENERAL

SYMPOSIUM ON FINANCIAL, TRADE OPERATIONS HELD

Shijiazhuang HEBEI RIBAO in Chinese 12 Oct 82 p 1

[Article: "Hebei Provincial Government Holds Symposium on Financial and Trade Operations"]

[Text] A meeting on financial and trade operations was held by the provincial government from 25 to 28 September. Aside from seriously studying the documents of the 12th CPC National Congress, the meeting, in the spirit of the congress, also discussed the new market trend during the post-autumn busy season and problems relating to the requisition of grain, cotton and oil, the sale of industrial products in the village, increasing production and reducing consumption and initiating a general insepction of financial and economic discipline.

It was unanimously agreed, at the meeting, that the agricultural situation has taken a favorable turn in our province this year, that the autumn crop production as well as cotton and oil products were expected to break the all-time record and that the diversified economy would make significant gains. There is a new breath of life in the villages and the momentum of development has yet to reach its peak. However, the harvesting of bumper crops and changes in the method of delivering such products for sale have greatly added to the workload of the purchasing departments. How to ease "the difficulty of selling corn," "the difficulty of selling peanuts," "the difficulty of selling fruits," "the difficulty of delivering cotton" and "the difficulty of delivering pigs" is an important problem which has to be seriously tackled by the financial and trade departments at various levels. Furthermore, after selling their subsidiary agricultural products, the peasants have to buy the industrial products that they need, to replenish their production materials and to purchase housing construction supplies and other consumer goods for daily use. We must, therefore, make an accurate assessment of the needs of the post-autumn busy season and fully meet the demands posed by developments of the situation both mentally and in the way we approach our work.

It was agreed at the meeting that a solution must be found in our guiding ideology for the following problems in meeting the new situation which has developed in the villages:

First, we must use every means at our command to purchase and to sell the subsidiary agricultural products offered for sale by the peasants. In response to the call of the party and the government, the peasants have developed in a positive manner the production of goods and have actively engaged in diversified operations. They have produced the goods with the sweat of their brows for an entire year. Unless we do our work properly, a severe blow will be dealt the positive attitude of the peasants if they cannot sell what they have to sell, and the continuous development of the favorable situation in the villages will be seriously hampered. At the same time, we must recognize the fact that despite the bumper harvest this year and the increase in what the peasants have to sell, the supply of most commercial commodities still fails to meet the needs of society. The average per capita amount of grains, cotton and oil products available is still low and there is still a deficit in the requisition and sale of grain by the government. The amount of dried and fresh fruits as well as special native products is small. We must exert the greatest effort in purchasing and selling the products which the peasants offer for sale. In the requisition of grain and oil products, the overriding principle of adhering to contract terms as well as the system of covering deficits with surpluses must be upheld. In view of the bumper harvest this year, we must purchase not only the amount stipulated in the contract, but the largest amount possible. We must increase the amount of purchases instead of putting a lid on the limit for whatever reason. Whoever suspends or puts a limit on purchases must be held accountable. This stipulation must be made known to the masses so that they may see to it that it is being enforced.

Second, we must greatly strengthen our work in the commercial field in the villages. There are in our province 52 million people and 4,600 villages which constitute the mainstay of the market. The villages account for over 50 percent of the retail trade in commercial commodities in the province, while 70 percent of the raw materials required by the light and textile indsutries come from the villages. The financial and trade departments must, instead of putting too heavy an emphasis on the market in the cities and too little in the villages as they have been doing in the past, pay due regard to the market in the cities and even more to that in the villages. Once the purchasing and sales operations in the villages are put on the right track, a new look will emerge in the work relating to the entire commercial area.

Third, we must further open up, enlarge and increase the channels for the exchange of commercial commodities. First, we must continue to open up the main channels for state-operated commercial enterprises, ensure the movement of wholesale products to the retailer level, bring about reforms of the dual agencies in the villages and facilitate the sales operations of industrial products so as to ensure the free flos of goods and the utiliza utilization of materials to the fullest extent. It is also necessary to continue to develop collective and individual commercial enterprises on the basis of market needs, especially those engaged in the operation of small-scale businesses dealing in miscellaneous goods, repair services and the service trades.

Fourth, we must strengthen the work of investigation and research in the dissemination of market information. For a long time, the commercial departments have been accustomed to confining themselves to the purchasing, distributing and supplying of commercial commodities, paying scant attention to investigation and research. Due to their lack of market information, they have failed to exercise proper control over the sources of supplies in light of the changing pattern of market supplies and demands, and cannot meet the production and daily needs of the masses to the fullest extent. This line of thinking and workstyle must be changed in dealing with the supply system. We must learn how to do business and how to engage in trade in a knowledgeable manner. We must strengthen the work of market forecasts and of making market information available to the industries in good time. Both the industrial and commercial departments must sharpen their reflexes in response to and strengthen their ability to cope with market changes.

Fifth, we must further enliven the market and exercise better control. The food departments, after having fulfilled the quota of requisitions, must negotiate to make further purchases. We must obtain the products we need from the southern provinces on an exchange basis. After the quota for the unified purchasing of peanuts and sunflower seeds has been met, the food departments should make a positive effort to negotiate for further purchases and for the cancellation of purchases, or issue permits to supply and sales cooperatives to engage in such operations. As regards the second and third classes of subsidiary agricultural products, we must, after the requisite amount has been purchased by the state, exercise some flexibility and permit other departments to engage in purchasing operations at designated areas. They must, however, place themselves under market and price control, and not be permitted to engage in buying sprees or to jack up prices. Industrial products must maintain their competitiveness and seek to break through administrative and territorial barriers. We must, however, avoid purchasing in an indiscriminate manner and glutting the market with an excessive amount of supplies.

Sixth, the financial and trade enterprises must improve their administration operations and pay greater attention to economic effectiveness. In recent years, and especially since the beginning of this year, the economic effectiveness of state and cooperative commercial enterprises has shown a notable decline. Several major economic targets have not been reached, costs have risen, profits have plummeted, the flow of cash has been sluggish, and there has been an increase in the number of units operating in the red. We must make an honest effort to find a solution to this problem. The commercial departments must learn to cope with this new situation, adjust their line of thinking and workstyle, strengthen administration and management and increase economic benefits for society, lend their support to production, make life easier for the masses and protect the interests of the public.

After analyzing the revenues and expenditures of the province, the conference stressed the fact that, on the one hand, there is at the present time a shortage of funds to meet legitimate needs and, on the other, an alarming amount of waste in various areas. The majority of the enterprises have failed to reach the all-time highest economic targets. Some departments and

enterprises spend their money carelessly and lavishly. We must make a determined effort to implement the decisions of the provincial party committee and mobilize all our resources to enforce austerity measures and to eliminate waste. We must get the various units of the departments and enterprises to launch an investigation into their own operations, to organize inter-departmental investigations, to establish a sound system and to stop up the loopholes. This will result not only in an increase of financial receipts, but also serve as an important measure to correct the party workstyle and improper practices. An investigation must be conducted in depth and in a conclusive manner in order to achieve its purpose.

Present at the meeting were the comrades responsible for the work of finance and trade from the various regions as well as from Shijiazhuang and Tangshan, the heads of the financial committees (offices) and the food bureaus as well as the responsible comrades in the concerned departments directly under the jurisdiction of the province.

The meeting was presided over by Deputy Provincial Governors Guo Zhi [6753 1807] and Hong Yi [3163 3015] who also addressed the meeting.

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GENERAL

CAPITAL FUNDS FOR FUJIAN PROVINCE TO ENLIVEN ECONOMY

Fuzhou FUJIAN RIBAO in Chinese 23 Sep 82 p 3

[Article by Wang Fugen [3769 4395 2704]: "Concentrating Capital to Enliven the Domestic Economy"]

[Text] Comrade Hu Yaobang emphatically pointed out in his report to the 12th CPC National Congress: "To realize the strategic objectives of the next 20 years, the state must concentrate the necessary capital, clearly distinguish priorities and carry out key development projects." This is an extremely important strategic policy which will guide our financial and economic work from now on. It is consonant with China's national situation, and fits in with the situation of Fujian. There is no contradiction in implementing this policy and the need to enliven the domestic economy. On the contrary, they are inseparable.

Our socialist economy is a planned economy built upon the foundation of a system with public ownership of the means of production. An overwhelming point of superiority of a socialist economy over a capitalist economy is that we can carry out a planned economy and, with all-round considerations and arrangements for the nation as a whole, implement the distribution of publicly owned financial resources in a planned manner by allowing the state to concentrate the necessary capital for the building of key development projects. To concentrate necessary capital and ensure key development projects are inevitable imperatives of a planned socialist economy.

The policy of concentrating necessary capital and guaranteeing key development projects is a correct policy which is in accord with a planned economy and the inherent demands of public distribution of financial resources. The source of our socialist construction funds is created out of a process which basically relies on the masses to increase production, bring about a prosperous economy, and raise economic effectiveness. However, within a set time frame, the amount of financial resources which can be made available for socialist distribution in the economy is often limited, and the internal structure of the national economy also inevitably demands with increasing urgency a proportionate development and replacement of old and outdated technologies and operation procedures by new and modern technologies and procedures. Therefore, objectively, there inevitably exists necessary and possible contradictions. More than 30 years of experience since the founding of the People's Republic has proven that if there is to be planned, successful distribution of financial

resources, we must remember firmly to act according to our capabilities and to proceed according to the fundamental principle of "meals come first; construction second" and, on the basis of overall balance and all-round consideration with respect to unified planning, see to it that the necessary funds are amassed in order to guarantee key development projects. If strategems are not well thought out, we attend to one thing and overlook other things, or if everyone does things his own way, and acts in a piecemeal manner," "casting pepper" and setting up vendor's stalls everywhere, then it will be impossible to slap and arrange for the key development projects, it will be impossible to enliven the overall situation of economic development, and it will be impossible to raise the ultimate economic benefits of the entire economy. In summary, to allow the state to concentrate the necessary funds, complete key development projects and build up the infrastructures is a prerequisite and basic guarantee toward improving the overall situation of the national economy. If the key development projects of the state cannot be guaranteed completion, and the infrastructures are not built up, the overall situation of the national economy will then be bleak, and the development of various sectors will then inevitably be greatly impeded. Even though there may be some growth at certain times and certain places, it will be difficult to achieve a balance of supply, production and marketing and so the growth will not last.

Using the 1950's as an example, if there had not been state construction of the Ying Xia and Nan Fu lines, the economy of our province could not have reached its present level. Looking ahead at the next 20 years, we will quadruple the annual gross value of the industrial and agricultural output of the entire country. Our province is one which implements special policies and flexible measures. Our original economic situation is somewhat behind and its basis comparatively weak. Therefore, we should do all we can to accelerate the pace of our economic development. Many major projects for development, such as the opening up of harbors, wharfs and airports to the outside world, the development of the dominant indigenous industries such as the sugar industry, forestry and fisheries, and the reinforcement of basic constructions in areas of energy and communications, require us to establish clear priorities and to proceed by stages and in groups. We also need to carry out technological transformation among current enterprises with well formulated plans and proper focus. It is very obvious that, without amassing the required funds yearly, we cannot guarantee these key development projects. Failing to carry on the key develoment projects, we will find it difficult to enliven the Fujian economy. Further improvement of the people's livelihood also cannot be assured.

In view of the present practical situation of the distribution of financial resources in our province, we find that there is an extremely important, practical significance in ea nestly implementing the strategic policy proposed in the 12th CPC National Congress to amass necessary funds to guarantee key development projects. At present, the most striking conflict in the distribution of financial resoucres of our province lies in the over-decentralization of financial resources and the lack of funds to carry on key development projects. Based on the statistical date of 1981, national income of 1981 has increased by approximately 48 percent in comparison to 1978. However, total provincial fiscal revenue has declined from the 26.7 percent of the national income in 1979 to 17 percent extra-budgetary funds

to be appropriated by county, departmental and business units throughout the province were about 76 percent of the total provincial fiscal revenue, up 100 percent as compared to 1978; and fiscal revenues at the provincial level have declined from the 25.8 percent of the total provincial revenue in 1978 to 9.2 percent. In addition, due to the relaxed financial and economic discipline of many units, the condition of "squeezing, removing, spreading, seizing" and "running, faking, dropping, leaking" is relatively serious. Fiscal revenues have thus been considerably reduced, resulting in a shortage of funds for key construction projects. It is therefore clear that amassing necessary funds for key development projects is necessary to enliven the domestic economy and expect a new flourishing economy.

Of course, our emphasis on appropriate concentration of funds does not mean that we deny the localities and enterprises any flexibility, still less lower the standard of living of the people. But while continuing to implement the current financial system and ensure the right to self-management due enterprises, we will, based on the practical situation of different localities and enterprises, properly adjust the ratio of distribution of fiscal revenues and the ratio of profit retained between central and local agencies. In this way, we can guarantee funds for the state's key development projects and see to the needs of the localities and enterprises, thus facilitating the overall revitalization of the domestic economy. Therefore, the concerns and doubts about whether or not amassing capital funds will strangle the domestic economy are without any ground.

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ENERGY: STATUS AND DEVELOPMENT --XII

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NATIONAL POLICY

WORK ON DRAFTING 'CHINA'S ENERGY POLICY OUTLINE RECOMMENDATIONS' COMPLETED

Beijing GUANGMING RIBAO in Chinese 8 Nov 82 p 1

[Report by Song Guangming]

[Text] Thanks to the concern of the Party Central Committee and the State Council, the work of drafting "China's Energy Policy Outline Recommendations" has now been completed. It is China's first such energy policy outline.

The energy "Outline," based on the actual conditions in China, discusses the strategic thinking in drafting an energy policy and calculates the amount of energy supply necessary for the nation to meet its strategic goals of economic growth by the year 2000. The "Outline" puts forth concrete recommendations for technical and economic policies covering energy development, transportation, and comprehensive use, based on a total of 16 considerations: the energy situation in China, energy supply and demand forecasts, energy development strategies, coal, petroleum and natural gas, hydropower, nuclear power, electric power [supply], new energy resources, energy conservation, rural energy, urban civilian energy, energy transmission and shipping, the environmental aspects of energy production and utilization, economic policies on energy and S&T research and education regarding energy. Concerned organs have already begun to put into effect some of these recommendations.

The work of drafting this outline began in 1979, after the 3d Plenum of the 11th Central Committee. Under the joint direction of the State Science and Technology Commission, the State Planning Commission and the former State Energy Commission, the Energy Research Association invited some 500 specialists, professors and management personnel from 170 units representing concerned departments, S&T organs, and institutions of higher learning to participate in the drafting work. After extensive investigations, opinion polls, comprehensive academic studies and deliberation at three conferences of energy specialists covering a period of more than 3 years, it has now been finalized. The entire document runs to [about 250,000 words.] more than 500,000 characters. Throughout the outline draft compilation process, the Energy Research Association handled the bulk of the work of organizing and editing.

CSO: 4013/57

NATIONAL POLICY

ARTICLE ATTEMPTS TO PUT DEVELOPMENT OF HYDROPOWER, THERMAL POWER INTO PROPER PERSPECTIVE

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese, No 4, 25 Aug 82, pp 9-11,17

[Article by Zhang Siping [1728 1835 1627]: "Several Views on the Development of Utilization of Our Nation's Hydraulic Resources--and a Discussion With Comrades Shen Xinxiang [3088 0207 4382] and Guo Zhongxing [6753 0022 5281]"]

[Text] I was inspired by an article entitled "The Position of Hydroelectricity in Our Nation's Energy" written by comrades Shen Xinxiang [3088 0207 4382] and Guo Zhongxing [6753 0022 5281] in the No. 2, 1981 issue of the "Journal of Energy". But I also felt that some viewpoints and methods in the article are worth further discussion. At the same time, as these viewpoints are popular in the present study of our nation's energy economics and energy policy, I will present some views on several questions concerning the development and utilization of hydroelectricity and discuss them with comrades Shen and Guo.

I. We Must Evaluate Our Nation's Energy Resources on an Overall Basis

Hydroenergy is a clean and renewable energy. China's hydraulic resources are rich. This is the superiority of our nation's energy resources, therefore, the poliyc to develop hydroelectricity as a priority is correct. But what is the position of hydroelectricity in our nation's energy? We cannot just evaluate the hydraulic resources themselves. We should evaluate all types of energy resources on an overall basis before we can make a correct conclusion. In describing the position of hydroelectricity in China's energy, comrade Shen has neglected to give an overall evaluation of the positions of our nation's coal, petroleum, nuclear energy, and natural gas. At the same time, in order to explain the importance of hydroelectricity, he has also down-graded the position of coal. I believe this method is unacceptable.

Comrades Shen and Guo estimated the number of years of exploitation of our nation's coal in their article and they concluded: "The number of years of exploitation of the current known reserves in our nation is less than a hundred years." I believe this is not factual: our nation's known reserves of coal total 640 billion tons. Between 1949 and 1979, a span of 30 years, only 8.6 billion tons were extracted. Even if we calculate

at the current 50 percent stoping rate, the known exploitable reserves of coal amount to 320 billion tons. China now produces 600 million tons of coal a year and we plan to reach 1.2 billion tons by the end of this century. At an annual production level of 1.2 billion tons, the exploitable number of years for coal is over 260 years. As prospecting work develops, each year, new reserves are provided. This far surpasses the reserves used up during the current year. Therefore, the development of our nation's coal industry has great potential. Underestimating the position and the function of coal is improper.

In recent years, comrades from all sectors of our nation have shared a tendency in discussing energy problems, i.e., in order to prove the importance of a certain type of energy, each sector improperly underestimates the function of other forms of energy. This phenomenon is unfavorable to correctly evaluate, rationally develop and effectively utilize China's energy resources.

II. We Must Fully Recognize the Dual Nature of Developing and Utilizing Hydroelectricity

The development and utilization of every kind of energy have their advantages and limitations, i.e., an advantageous aspect and an unfavorable aspect. We should see the duality in understanding, evaluating, developing and utilizing various kinds of energy, and we should develop their superiority and their favorable aspects as much as possible and avoid or reduce their limitations and their unfavorable aspects. When the article by Shen and Guo evaluated hydroelectricity, it only saw the superiority of hydroelectricity and it cited five major advantages but it did not discuss the limitations of hydroelectricity. This is not an overall evaluation. Of course, hydroelectricity possesses many superiorities, but compared to thermoelectricity, it also has definite limitations, for example:

1. Greater Investment. The article by Shen and Guo concluded from a comparison of hydroelectricity and thermoelectricity: "When hydroelectricity does not include comprehensive utilization, the investment in hydroelectricity and the investment in thermoelectricity are about the same." This is not accurate enough. According to statistics, from 1950 to 1980, the average investment per kilowatt of installed capacity of hydroelectric power was 660 yuan, but adding the corresponding investment of 261 yuan in the coal mines, the total comes to 921 yuan (the investment in power transmission lines for hydroelectricity is almost the same as the investment in railways to transport coal for thermal power plants). The investment in hydroelectricity is 27 percent higher than thermoelectricity. If we calculate by investment in electrical energy, the investment in hydroelectric power will be even higher. China has insufficient funds for investment, and the higher investment in hydroelectricity is surely one factor limiting the development of hydroelectric power.

2. The Construction Period Is Longer. The article by Shen and Guo held that "the construction period for hydroelectric power is no longer than the construction period for coal-fired electricity." This is not factual. Generally speaking, the construction period of large and medium hydroelectric power stations is 5 to 10 years. The construction period of large and medium thermal power plants is 3 to 5 years, and the construction period of large and medium coal mines is 5 to 10 years. Although the sum of the construction periods for thermoelectric power and coal mines is longer than that for hydroelectric power, if we rationally arrange the construction of coal mines and thermoelectric power, for example, designing both at the same time and constructing both at the same time, then the construction period is shorter than that for hydroelectric power by about 3 years (although large coal mines require about 10 years for completion, generally they can produce coal after 5 years for use by power plants). At present, China has an energy shortage. The long construction period for hydroelectric power is also a limiting factor in the development of hydroelectricity.

3. The Variation in the Output of Hydroelectricity Between the Period of Abundant Water and the Dry Period Is Large. The article by Shen and Guo compared the performance of hydroelectric power and thermal power and concluded: "Hydroelectricity is more versatile in use than thermoelectricity." But hydroelectricity also has the shortcomings of poor regularity and instability. Hydroelectricity is greatly influenced by natural conditions. Generally the guaranteed output constitutes about one-third the installed capacity. This creates a whole series of problems for industrial and agricultural production and in people's life and this is also an outstanding unfavorable aspect of hydroelectricity.

In addition, the article only talked about the "effects of comprehensive utilization" of hydroelectricity and its "improvement of the natural environment", but there is also the possibility that the construction of hydroelectric power stations will destroy the natural ecological balance and unfavorably affect the environment. Mentioning only that thermoelectricity will pollute the environment but not mentioning that hydroelectricity also has its unfavorable aspects is not an overall argument.

Since the founding of the nation, we have undergone a long-lasting "battle between hydroelectricity and thermoelectricity." In the past, some comrades placed too much emphasis on the unfavorable aspects of hydroelectricity, and along with political and economic reasons, they exerted an unwarranted influence upon the development of our hydroelectricity. This of course is a lesson that should be conscientiously learned. But conversely, neglecting the limitations of hydroelectricity and the unfavorable aspects was also inappropriate. I believe it would be more favorable to the full and rational development and utilization of our hydraulic resources if we fully recognize the advantages and the limitations in the development of hydroelectricity and conscientiously solve the limitations.

III. Only by Combining Hydroelectric Power and Thermal Power Can the Superiority of Hydraulic Resources Be Developed

The article by Shen and Guo mentioned that "we should develop hydroelectric power in a big way." This is of course right. But to develop hydroelectric power in a big way and to fully develop the superiority of hydraulic resources, we must base our efforts on the operating requirements of the power system and pay attention to developing thermal power so that hydroelectric power and thermal power can be combined and so that they can mutually supplement each other and be coordinated.

As the modernization of the national economy develops, the amount of electric power demanded by industrial and agricultural production will increase, and quality demands will be higher. Therefore, objectively, the power system must be stable, safe, versatile and economical. To realize this, having only hydroelectric power will not work. This is because China has a monsoon climate with clearly defined dry and wet seasons. At elevations high above sea level, there are basically no natural lakes to regulate the climate, therefore the amount of flow in rivers is extremely seasonal, the guaranteed output of hydroelectric power stations is low, the regulatory function is poor, the difference between peaks and troughs is large, providing only a seasonal supply of electricity. This situation is unsuitable to the need for stable operation of the electric power system. For this, there must be a definite number of thermal power plants that can coordinate the output. As long as thermal power stations have a guaranteed supply of coal, their number of hours of utilization is very high and they can generate electricity in a stable manner. On the other hand, thermal power generators start up slowly, and they are not suitable for the task of peak regulation, frequency regulation, or serving as a reserve during accidents. The power system also requires a fixed number of hydroelectric power stations that are versatile and convenient to regulate peaks and frequency and to serve as a reserve during accidents. Only in this way can the entire power system be safe, versatile, economical and operate in the best state. The most suitable ratio between hydroelectric power and thermal power can only be determined by the actual situation of each power system.

It can be seen that hydroelectric power and thermal power both have their own advantages and limitations. Only by utilizing the advantages to make up for the shortcomings and by coordinating the two can we realize better economic gains and fully develop the superiority of hydroelectric power. In recent years, in some of our regions where the proportion of hydroelectricity is large, the ability of the hydroelectric power facilities has been fully developed during the period of abundant water so that they can carry the basic load. Thermal power has been used to regulate the peaks, to conserve fuel and reduce the cost of production of electricity in the system. During the dry season, thermal power carries the basic load and hydroelectric power is used to regulate the peaks. This arrangement not only develops the superiority of hydroelectric power to adapt to changes in a versatile manner, it also satisfies the needs for electricity in production and realizes good economic results for the entire power system.

IV. The Scale and Rate of Developing Hydroelectric Power Should Suit the Actual Need for Production and Consumption of Electricity

The article by Shen and Guo mentioned several problems that need to be solved in developing hydraulic resources. These, of course, are very important and they need to be solved conscientiously. But, in the rational development of hydraulic resources, we must first solve the problem of determining the scale and the rate of building up hydroelectric power according to the actual need for electricity by every sector of the national economy.

Today, most of China's electric power is not used as the final product for consumption by the people. It is an intermediate product to provide conditions for other sectors to create the final products. According to the requirements of the basic economic laws of socialism, our development of hydraulic resources is not for the sake of development alone but to provide more benefits to the various sectors of the national economy and to benefit people's lives to the maximum extent possible. Therefore, the rate of development of hydroelectric power and its scale are not only limited by the natural conditions of hydraulic resources and the level of state investment, it is also limited by the structure of electricity consumption in the various sectors of the national economy and the actual need. Because it is not possible for our nation to establish a large, unified national power network in the near future, the development of hydroelectric power must be limited by the structure of electricity consumption and the need within the regional power systems. China's hydraulic resources are distributed very unevenly. The production of electricity by each power system, the consumption structure and the actual needs vary greatly. During the course of developing hydroelectric power, we must carry out concrete analysis under the prerequisite of conducting technical and economic comparisons studying the order, time, rate, and scale of development of hydroelectric power in each region. Speaking in general about developing hydroelectric power in a big way does not have any practical meaning.

For example, the power shortage is more outstanding in Hunan, Hubei and Guangxi, Hydraulic resources are more abundant, and there is less coal. On the surface, it seems that we only have to develop hydroelectric power in a big way to solve these regional problems of electric power. But after concrete analysis, the situation is not that simple. These regional power systems have three characteristics: One is that the proportion of hydroelectricity is large, all surpassing 50 percent. The second is that most of the currently existing hydroelectric power stations are runoff power stations, their regulatory function is poor, and the difference between peaks and troughs is very large. For example, the output of electricity generated during the period of abundant water in Hunan can reach 1.59 million kilowatts, but during the dry season it is only 870,000 kilowatts. The output of hydroelectricity of the main power network in Guangxi during the period of abundant water reaches 400,000 kilowatts but it is only 100,000 kilowatts during the dry season. The third is that the dry season is long. Generally speaking, the dry

season lasts 5 to 6 months a year. And with a deficiency in the installed capacity of thermal power which cannot supplement the shortage during the dry season, many enterprises have for many years actually been forced into seasonal production. In view of the balance between electric power supply and demand, the electric power output during the season of abundant water in these regions can basically guarantee the need (In some regions such as Hunan, water is sometimes lost during period of abundant water). The shortage of electricity occurs mainly during the dry season. For example, because of the shortage of electricity during the dry season in Guangxi, the value of industrial production is reduced by 600 to 700 million yuan each year. In Hunan in 1978, production value was reduced 4 billion yuan because some factories were forced to produce seasonally.

To solve the problem of electric power in these regions, we must of course develop hydroelectric power bases with good economic conditions, such as the Wuqiangxi in Hunan, the Hongshui He in Guangxi, and the Qing Jiang in Hubei. But at the same time, we must correspondingly develop thermal power so that hydroelectric power and thermal power can be coordinated to solve the problem of the shortage of electricity in these regions together. If we rely only on developing hydroelectric power, then when the seasonal load is not greatly increased, we will only deepen the seasonal nature of electric power production in these regions, and this will affect the stability of the power system and the economic results of the various sectors of the national economy. At the same time, it is not worth it economically, because if we use the development of hydroelectric power as a measure to solve the problem of shortage of electric power during the dry season, we must require that the guaranteed output of hydroelectric power be sufficient to make up for the installed capacity that is deficient during the dry season. To meet this requirement, we need to increase the installed capacity by several times that of the thermal power stations we construct, and this will make a large amount of installed capacity become a year-round "in-between capacity". This ties up capital and creates a huge waste.

In summary, I believe the development of our nation's electric power industry in the future must be based on the concrete situation and the actual need in each locality. We must suit measures to local circumstances, develop hydroelectric power and thermal power together, and, while planning and building some large hydroelectric power bases, we must correspondingly develop thermal power, use the appropriate development of thermal power to provide necessary conditions for developing the superiority of hydraulic resources, promote the development of the superiority of hydraulic resources to find a numerical balance between electric power supply and demand in each region, to connect the two in time, and to promote the rapid development of all sectors of the national economy.

V. We Must Estimate the Role and the Function of Hydroelectric Power in China's Energy During This Century by Seeking Truth From Facts

Developing hydraulic resources as a priority and gradually improving the proportion of hydroelectricty constitute one of the long-term strategic policies to build up China's energy. But we cannot overestimate the role

of hydroelectricity within this century. We cannot place too much hope on the development of hydroelectricity to develop China's power industry and thus relax our efforts to build up thermal power and develop coal. I believe hydroelectricity cannot become our major energy source within this century. This is not only limited by state investment, it is also limited by the geographic distribution and the characteristics in the development and utilization of hydraulic resources.

First, hydraulic resources are limited by geographic distribution. Although China's hydraulic resources are very rich, the distribution is very unbalanced. Over 80 percent are distributed in the remote southwest and the northwest regions where the economy is not developed. The percentage of hydraulic resources in the northeast, northern China and eastern China, where the economy is developed and where the load of consumption of electricity is concentrated, is 1.9 percent, 1.1 percent and 2.6 percent respectively. The regions with the greatest shortage of electricity in China are the regions where there are less hydraulic resources. If we develop hydroelectricity in the southwest and the northwest in a big way to satisfy the need for electric power in these regions, electricity will have to be transmitted over long distances. This increases state investment and there are still many technical problems that need to be solved. Doing so within this century while our capital is limited is unsuitable. Therefore, within this century, the buildup of our electric power must involve the development of large hydroelectric power bases that are near the load centers and that have better conditions for development, and we must pay attention to the development of thermal power (including nuclear power) in such regions as the northeast, northern China and eastern China to satisfy the need for electric power to develop the economy in these regions.

Second, hydraulic resources are limited by the construction period of hydroelectric power. There must be a process in developing hydraulic resources. The construction of large and medium hydroelectric power stations requires over 10 years from surveying, designing, and construction to completion. Even if we hasten the development of hydroelectric power starting from now, it would still be difficult for hydroelectric power to become our nation's major source of energy. In addition, only a small portion of the 370 million kilowatts of exploitable hydraulic resources has been geologically prospected to a greater extent, and engineering designs up to the stage of selecting dam sites have been drawn up for only a small portion of such resources. About 80 percent of them still require further and massive geological prospecting, planning and designing. This also requires a definite time.

Also, hydraulic resources are limited by the characteristics of utilization. The large-scale utilization of hydraulic resources at the present stage still involves only the generation of electricity. They are not like mineral energy sources (coal, petroleum) which can be used as power as well as fuel or raw materials, and they are not like coal and petroleum, which can be stored in large quantities and which can also be transported

over long distances. In addition, of the amount of coal consumed in our nation at present, less than 20 percent is used to generate electricity. Even if within this century hydroelectric power completely replaces thermal power, it is still not possible for hydroelectric power to become the main source of power in the energy consumption structure. Therefore, within this century, China's consumption of energy will still be mainly the consumption of mineral energy sources, i.e., mainly coal.

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AMBITIOUS ENERGY GOALS CAN BE MET ONLY WITH MASSIVE MODERNIZATION, CONSERVATION

OW061436 Beijing XINHUA Domestic Service in Chinese 1427 GMT 4 Nov 82

[Excerpts] Beijing, 4 Nov (XINHUA)--According to XINHUA reporter Zhou Changnian, in Beijing recently experts of various branches of learning maintained that the seemingly difficult task of attaining the goal put forward by Premier Zhao Ziyang of quadrupling the energy supply by the end of this century is not impossible provided that modern scientific and technological knowhow is applied in energy development and conservation, and that energy resources are managed and utilized in such a manner that the situation of the whole country is taken into consideration.

This view was reflected by some 30 scientists and administrators while attending a symposium sponsored by the China Association for Science and Technology from 1 through 2 November to discuss matters concerning energy. These experts, whose work is related to energy, represent 13 national societies under the association, including geology, coal, petroleum, water conservancy, nuclear research, energy research, railways, chemical engineering, and others.

They pointed out at the meeting that to boost our country's energy supply the development of new bases of coal and oil production must be intensified, the old bases' economic efficiency must be enhanced, and hydroelectric and nuclear power must be developed. To this end, they said, major scientific and technological issues in energy development must be resolved through tackling the major problems, and new achievements and new technologies must be energetically popularized and applied.

These experts unanimously stressed that, in energy development, conservation of energy is just as important as broadening the energy resources.

They said that China's iron and steel industry, while increasing its output, will register a drop of energy consumption equal to 8 million tons of standard coal from 1978 through 1982.

They said that experience during the past three decades and more shows that China's major energy problems lie not so much in inadequate development of new energy resources as in ineffective conservation. They reported that a large number of

factories and enterprises in the country do not even have a basic understanding of energy conservation and that certain energy conservation measures which have been proven effective have not been popularized and applied. They said this abnormality must be quickly corrected.

These experts maintained that in the light of China's technical strength and foundation many major problems in energy development and conservation can be fully resolved, and that much work can be accomplished in energy development. But due to departmentalism in many departments, trades, units and areas, many problems have become entangled and deadlocked and have remained unresolved for a long time. They pointed out that to achieve a more efficient use of our country's energy the nation's needs must be taken into consideration, and ideas of decentralism and departmentalism must be eliminated; all departments, trades, units and areas must be educated to understand that energy is a problem that must be tackled with collective efforts; and leading departments concerned must be urged to properly coordinate the operations of various quarters.

These experts pointed out that the many drawbacks in China's energy administration and utilization have given rise to a tremendous waste of energy as well as manpower and financial resources and have dampened the energy department's enthusiasm. For example, since our economic policy forbids fixing coal prices according to its grades, coal has been marketed with rock for a long time, and our trains have to transport tens of millions of tons of rock every year; and the consuming units have to use dynamite to separate the coal from the rock. Another problem lies in the fact that coal is not used efficiently, thus giving rise to the relatively serious phenomenon that good coal is burned for purposes for which inferior coal would have been adequate. Still another problem in energy conservation has been the phenomenon of "whipping the efficient cattle." This means that those enterprises which have effectively conserved energy are penalized by having their energy supply reduced substantially, and that they are not properly commended for having lowered the production cost and making greater profits as a result of their energy conservation and for the hard work that is involved in certain difficult conservation projects; while the energy supply for those enterprises which are not as effective in conservation and which simply have refused to conserve is not as substantially reduced or not reduced at all. To rectify these abnormalities these experts proposed that the state must formulate the necessary policies and measures for encouraging the development of energy production and energy conservation and for encouraging scientific administration and utilization of energy. They also put forward certain specific measures, such as: coal must be meticulously dressed and processed, different types of coal must be priced differently, supply of various types of coal must be ensured at designated areas; cooperation between the coal and chemical industries and between the coal and electricity departments should be encouraged; production, transportation and marketing of coal must be handled by system engineering methods.

CSO: 4013/55

THERMOPHYSICIST OPTIMISTIC ABOUT ECONOMY, SAYS ENERGY PRODUCTION COULD BE DOUBLED BY YEAR 2000

OW081305 Beijing XINHUA in English 1234 GMT 8 Nov 82

[Text] Beijing, 8 Nov (XINHUA)--"China aims to quadruple the value of industrial and agricultural output by the year 2000 while only doubling its energy production," Professor Wu Zhonghua, executive chairman of the Presidium of the Chinese Academy of Sciences today told the China-U.S. conference on energy, resources and environment.

China is fairly rich in energy resources, the professor said, with established coal deposits reaching 600 billion tons, ranking third in the world. Its hydroelectrical resources are extremely rich with theoretical reserves estimated at 680 million kilowatts, the highest of all countries, said Professor Wu Zhonghua, who is concurrently chairman of the Energy Research Committee and president of The Chinese Society of Engineering Thermophysics.

He added that Chinese geologists had discovered three hundred or more sedimentary basins covering a total area up to 4.5 million square kilometers which are worth prospecting. China has offshore continental shelf areas amounting to 1.2 million or more square kilometers, he noted, forming a solid material basis for the development of China's oil and natural gas industry. "China's oil reserves stand at least at 30 billion tons," he said.

"So, China has a broad vista for the expansion of energy production. We estimate that doubling energy production by the year 2000 is quite possible," he said.

He said that the rate of energy utilization in China now is quite low, which implies that a great amount of energy can be tapped through various measures of energy conservation.

The value of industrial and agricultural output in 1981 in China was 749 billion yuan with the consumption of approximately six hundred million tons of standard coal equivalent.

He predicted that energy utilization will be greatly enhanced if the following conditions are met:

The waste of coal, oil, gas, steam, electricity and hot water is substantially reduced in industry; full use is made of waste heat, gas and hot water; technological processes in many of the present enterprises are improved; and old equipment requiring high energy consumption is replaced by new equipment.

Thus, he added, the goal of quadrupling the value of industrial and agricultural output by the year 2000--2,800 billion yuan can be attained by doubling the energy production--1.2 billion tons of standard coal equivalent.

CSO: 4010/20

NATIONAL POLICY

MINISTRY PLANS NATIONWIDE ACCELERATION OF HYDRO, THERMAL POWER PROJECTS

Beijing RENMIN RIBAO in Chinese 12 Oct 82 p 1

[Text] The Planning and Work Conference now being held by the Ministry of Water Conservancy and Electric Power has reported that to meet the needs of industry and agriculture to quadruple their gross output value, the electric power industry must undergo tremendous growth. In the next 18 years, hydropower must be developed to its fullest potential. Emphasis will be given to developing the hydraulic resources of the middle and upper reaches of the Huang He and the Chang Jiang and their tributaries and on accelerating construction of Longyangxia in Qinghai, Tongjiezi in Sichuan, Gezhouba in Hubei, Wujiangdu in Guizhou, and other large-scale mainstay hydropower stations. Construction of a number of medium-sized hydroelectric stations will also be undertaken. Concurrently, the construction of large-scale thermal power bases in coal-rich mountainous regions such as Shanxi, Nei Monggol, Shaanxi, western Henan, Huaibei and Huainan, southern Shandong, and Liupanshui will be stepped up. Nuclear power plants will be built in eastern China and Guangdong to meet the electricity requirements in areas with chronic power shortages. In farm villages and pastoral areas, suiting methods to local conditions, there will be diversification of power generating resources such as small-scale hydropower, small-scale thermal power, wind power, and geothermal power. Thermal power plants will be developed in urban areas. Due to China's pattern of generating power in the west and transmitting it to the east, we must develop large power grids with direct current transmission and transformer projects.

CSO: 4013/40

NATIONAL POLICY

SHANDONG ENERGY, TRANSPORTATION DEVELOPMENT IS PART OF OVERALL NATIONAL PLAN

SK090940 Jinan Shandong Provincial Service in Mandarin 2300 GMT 8 Oct 82

[Text] Recently a reporter interviewed Comrade (Liu Qingxin), director of the provincial construction committee, to discuss the issue of accelerating construction of key projects to boost the national economy.

Comrade (Liu Qingxin) said: Comrade Hu Yaobang's report to the 12th Party Congress stressed that in order to realize the strategic objective for the next two decades, we must firmly foster the idea of taking the whole country into account. The state must concentrate needed funds on key development projects in their order of importance and urgency, while making constant efforts to improve the living standard of the people. This decision is of great importance.

Comrade (Liu Qingxin) said: To guarantee key projects, attention should be paid to the infrastructure, such as energy and transport projects. We should make great efforts to attend to key energy and transport projects to lay a reliable foundation for the development of the national economy.

Comrade (Liu Qingxin) said: Unlike some general production construction, the construction of energy and transport projects involve a number of localities and departments, need large investment and take a long time--that cannot be undertaken by a locality or a department. In concentrating needed funds on key development projects, the state must encourage localities, departments and enterprises to make their funds available for the key projects most urgently needed by the state. We must urge all localities, departments and all enterprises to firmly foster the idea of taking the whole country into account and resolutely curtail funds for the general processing industry in order to transfer them to the needs of energy and transport projects. Firmly stop those projects which now are not urgently needed, are short of raw materials, fuel and motive force and under blind or duplicated construction. We should make concerted efforts to develop the weak link of energy and transport projects.

Comrade (Liu Qingxin) said to the reporter: In the period of the "sixth 5-year plan" and the "seventh 5-year plan," our province plans to construct some energy and transport projects. At present, some coal-producing bases, the projects of exploiting crude oil in the Shengli oilfields, the (Longkou) powerplant and the (Lunan) powerplant are under construction. The extension projects

of the (Wangtai) powerplant, the Shijiusou port, the Qingdao port, the Yanshi railway and the Jiao-Ji multiple railway tracks are being accelerated.

Those projects, in line with their order of importance and urgency, will change the situation of backwardness of energy and transport and lay a good foundation for the development of a new economy in the next 10 years.

So long as leaders at all levels throughout the province and cadres, staff members and workers of the capital construction fronts conscientiously implement the guidelines of the 12th Party Congress and work with unity, key projects will be guaranteed a smooth development so that we can make a new contribution to the implementation of the grand strategic objective.

CSO: 4013/29

POWER NETWORK

STRATEGY OF POWER SYSTEM DEVELOPMENT DISCUSSED

Beijing DIANLI JISHU [ELECTRIC POWER] in Chinese No 9, 5 Sep 82 pp 70-72

[Article by Fei Yiqun [6316 5042 5028]

[Excerpt] I. The Significance of Developing Power Systems

The inevitable trend in the electric power industry is the development of power systems. This is because developing power systems may reduce capital investment, accelerate capital construction, exploit energy resources rationally, reduce production costs, improve the quality of electric power and the reliability of power supply, and improve the labor production rate. The development of the power system has important economic significance.

1. The distribution of energy resources in China is very uneven, hydraulic resources are concentrated mainly in the southwest, northeast, and central China, coal resources are concentrated mainly in Shanxi, Nei Monggol and Henan, but the demand of electric power in the east is greater than that in the west and the eastern region has a storage of energy resources. In order to deliver the primary energy to the needy areas, extra-high tension AC and DC transmissions are desirable methods; they will form the backbone of large power systems.

2. Due to reliability requirements, the maximum capacity of generators of a power system is related to the generator capacity of the system. Only by enlarging the power system can we use large capacity, high efficiency and low cost-per-unit generators.

3. Petroleum and coal can be conserved by making full use of hydraulic power, but, because of hydrological constraints, the full benefit of the hydro-electric power can be derived only with the complement of thermo-electric power. In the development of large power systems, hydro-electric power bases of different rivers and different hydrological characteristics should be combined with large thermo-electric power bases in order to take advantage of load leveling and regulation among the river systems.

4. China has a vast territory with several time zones from the east to the west, different regions have different weather patterns, and power demand in industry and agriculture, hence the time of peak demand is different too.

By combining the power systems, we can take advantage of the staggered time for peak demand and improve the utilization rate of the generating facility.

5. In order to insure reliability of power supply to the users, each power system must have a certain percentage of spare generators. In a combined power system the capacity of spare equipment and the investment devoted to this purpose may be reduced while maintaining an equal level of reliability.

6. Developing power systems will also facilitate better economic management based on the technical and economic characteristics of different generators, reduce the power consumption and production cost for generation and insure the power quality.

III. Development Status of Power Systems in China

Since the Revolution, the power industry in China has made great progress. By 1981 there were 13 power systems greater than 1 million kilowatts and 6 of them were inter-provincial systems. Today, the capacity of the power systems in east China, north China and northeast China have all exceeded 8 million kilowatts. The highest transmission voltage in China is 500 kilovolts.

In order to meet the power demands of the four-modernizations, we imagine that, in the next decade, the 28 existing power systems of 100,000 kilowatts or greater will be gradually combined into 7 large interprovincial and inter-regional power systems according to the distribution of energy resources in China and the nation's energy policy. The existing power systems in northeastern China, east China, north China, northwest China and central China will be expanded and two inter-provincial power systems in southwest China and south China will gradually take shape. In addition, large inter-regional power systems of central and eastern China, and northwestern and northern China will also emerge. In about 10 years, the capacity of a number of these large power systems may reach 20 million kilowatts.

IV. Technological Policies for Power System Development

In order to develop, construct and manage large power grids in China, there must be technological policies to go along.

1. In developing power systems, there must be an overall vision which gives considerations to the composite equilibrium of energy resources in the whole country and not limited by regional and administrative divisions. In regions with abundant primary energy, attention should be given to delivering power to other regions. These regions should actively assume the construction task of delivering power to other regions and should not make satisfying local power needs their goal. For regions weak on energy resources, self-sufficiency should not be preferentially stressed and building too many uneconomic power stations should be avoided; instead, these regions should rely on the support of power systems in neighboring regions.

2. Power system development must be based on long-term economic considerations, each system should have a 10-20-year long-term plan and a 5-10-year system design. Annual plans should be dictated by system design requirements. Reliability and economic feasibility must be taken into account in the planning and design of all power systems.

3. When new thermo-electric generators are added to power systems, large capacity and high efficiency machines should be used whenever possible according to the actual situation of system capacity, rate of increase of load and system structure and under the pretext of maintaining a certain level of reliability. In general the maximum single-machine capacity of the new addition should not be less than that in the existing system. Table 1 is a guide for selecting the maximum generator capacity based on the reliability standard of the existing system.

Table 1.

Present power system capacity (in 10,000 kw)	Maximum single-machine capacity to be selected (in 10,000 kw)
25~60	2.5~5
60~200	10~20
200~300	20~30
300~750	30~60
800 and above	60 and above

4. In building power systems, attention should be paid to network structure and reliability. Under normal conditions, a network should have sufficient ability to deliver and distribute its full output to the load points; in case of accidents, it should be able to isolate the accident to the minimum extent possible; when an individual component in the network malfunctions, it should not affect the supply of electric power or affects it as little as possible; and the short circuit capacity of power systems at various voltages should be limited to below certain level.

5. The proper voltages should be chosen in developing a power system. The delivery voltage of a power plant or a large hydro- or thermo-electric base should be compatible with its eventual size and should generally maintain dual-loop delivery lines. Table 2 shows the delivery capacity of single loop delivery lines with a voltage of 220 kilovolts or higher, this may serve as a reference for voltage selection.

Table 2.

Voltage (Kilovolts)	Single loop delivery capacity (10,000 kw x 100 Kilometers)
220	45~50
330	130~150
500	300~400
750	800~1000

When the capacity of a power system doubles, it enters a higher voltage bracket. Table 3 shows the power network capacity and the corresponding voltage of the principal trunk line. In the long-term design of a power system, we should anticipate circuits of a new voltage bracket and make timely material and technological preparations for the introduction of a higher voltage bracket.

Table 3.

Total machine capacity of the power system (in 10,000 kw)	Principal trunk line voltage bracket (kilovolts)
below 400	220
400~800	330
800~1600	500
above 1600	750

6. A power system should have adequate load leveling ability. In addition to making use of hydro-electric systems with suitable reservoir capacity and vapor-condensation type thermo-electric system with a higher fuel cost, we may also consider making use of energy storage pump stations or expanding existing hydro-electric stations to bear the load leveling task or deploying thermo-electric generators specifically designed for this purpose.

Since most of the power systems today are already loaded beyond 85 percent, their potential for escalation is not great. Along with the four modernization construction and standard of living improvements, the electric utility structure will undergo changes and there is the possibility of a decrease in system load. In addition, because large capacity, high efficiency machines have a lower load leveling ability and generally can only carry the base load, the load leveling and frequency regulation ability of the system may decrease and no longer meet the needs of an increased demand. For this reason, attention must be given to the construction of load leveling and frequency regulation power sources in the development of power systems.

7. Because reactive source and voltage regulation method are the basis for maintaining the voltage quality of the power supply in a power system, considerations must be given to the construction of reactive source and voltage regulation facility in the development of power systems. Voltage quality and economic efficiency must be insured for a given user power factor. In order not to increase the over-voltage level of a power system, the charging power of an extra-high tension transmission line generally should not be used as a reactive source. In a power system with networks of different voltage, there should be one or several voltage regulation points and voltage monitor points in order to monitor the voltage quality, control the proper flow of reactive current and achieve a local balance of reactive power.

V. Necessary Investigations and Measures in Developing Power Systems

In order to realize the technological policy stated above, the following measures should be studied and employed:

1. The power industry management system should be studied. The present management system principally based on administrative region division should gradually be changed to a management system based on energy resources that is conducive to the development of the economic efficiency of the power systems. How to make this change and the steps to be taken need further study.

2. Research on the safe and steady operation of power systems should be strengthened. The disadvantage of a large power system is that a large area will be affected by any accident and it is more likely to have large area power outage and serious loss. But as long as we pay attention to the study of safety characteristics of the power system and seek out proper measures to prevent large area power outage, incidents may be avoided. When compared to the economic benefits it will provide, the cost required by such technical measures is very small indeed.

3. In collaboration with manufacturing sector and based on the development needs of power systems, we should develop timely new technological equipments that are high quality and low cost, including large hydro-electric and thermo-electric generators, AC and DC transmission and transformer facilities for the new voltage bracket, water pumping energy storage system, thermo-electric load leveling and frequency regulation machine system and reactive and voltage regulation devices.

4. The technical management standard of power systems must be improved as soon as possible in order to meet the needs of large power systems. Statistical and analytical work of various fundamental data should be strengthened and attention should be given to the accumulation of raw data.

5. Study of dynamic economics should be strengthened, including the integrated utilization of energy resources, pricing policy, user power factor management, changes in electric utility structure, effects on dynamic economics due to increased power utilization in agriculture, and power outage loss and reasonable compensation.

6. Technologies for AC and DC extra-high tension, large capacity, and long distance power transmission should be studied, as well as key problems in connecting large inter-regional power systems. The voltage level for extra-high tension power transmission should be determined as soon as possible.

7. Combine the readjustment tasks in the current electric power industry, improve the network structure and emphasize the improvement of the main network structure.

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DEVELOPMENT OF EXTRA-HIGH TENSION POWER TRANSMISSION OUTLINED

Beijing DIANLI JISHU [ELECTRIC POWER] in Chinese No 9, 5 Sep 82 pp 73-78

[Article by Hu Daoji [5170 6670 3444] of the Science and Technology Office, Ministry of Water Conservancy and Electric Power, and Wang Zun [3769 6690] of the Electric Power Institute, Ministry of Water Conservancy and Electric Power: "Development of Extra-high Tension AC and DC Transmission"]

[Excerpts] High tension transmission lines are an important component of a power network. High tension transmission not only delivers great quantities of electric power from the power plant to the user over large distances but also links isolated power plants and users to the network, thereby greatly improving the economy and reliability of power production and supply. In order for the power industry to develop rapidly and economically, we must establish a correct technological policy for high-tension transmission.

Up to the end of 1980, China had a power production capacity of 60.5 million kilowatts from power plants of 500 kw or larger, and 95,632 kilometers of transmission lines of 110 kilovolts or higher. In order to match the great increase in generation capacity and the ever expanding power network, we need to construct several tens of thousand kilometers of transmission lines with a delivery capacity of 1 million kilowatts by the end of this century. How to establish a sound development plan is an urgent topic of study.

China has the world's largest hydraulic reserve, but the resources are confined to southwest, central and northeast China. China's coal resources rank third in the world, but they are mostly concentrated in Shanxi, Henan and Nei Monggol. China's load of electric power is mainly in the industrially developed coastal area where there are no or little energy resources and the distribution of demand and resources is very imbalanced. In order to develop the energy resources effectively and utilize the electric power economically, we are forced to construct many long-distance, extra-high tension AC and DC transmission lines and gradually form a national power network. Therefore, the wise selection of network connection and transmission mode is an important issue. We must begin with a technological policy study for high-tension transmission, voltage, etc., and then make the correct choice.

I. Development History of High-tension Transmission and Power Network in China

In 1949 China had only 1.85 million kilowatts of power generation facilities; by 1980 it had reached 60.5 million kilowatts, an annual rate of increase of 11.9 percent, or a doubling of power output every 6.2 years on average. Today there are six inter-provincial networks that are 3.5 million kilowatts or greater and seven networks in the 1-3.5 million kw range. During the "6-5" period [Sixth 5-Year Plan], seven provincial regional networks will be built and perfected--these are in the northeast, northern, eastern, southwest, central, northwest and southern China--and loosely linked together. In the "7-5" period, construction will begin on several major transmission trunk lines, the linkage among large regional networks will be further strengthened, and finally a national power network will gradually take shape.

In the past 30 years, along with the development of power plants and networks, there have been great increases in transmission line length as well as voltage in high voltage transmission. In 1953 China independently designed and built 220 kv transmission lines in its northeast network and, after 1958, modified part of the 154 kv network into 220 kv lines and formed a 220/60 kv network. In the north China power network, there has been extensive construction of 110 and 220 kv transmission lines in addition to raising the voltage of the existing network; 220 and 110 kv networks have also been built in eastern and central Guangdong and Guangxi, and southwest China. Based on 110 kv transmission lines and combined with the development of the Liujiaxia hydroelectric power station, the northwest region achieved 330 kv transmission in 1972. Today, 500 kv transmission lines are being built to deliver the power from large power stations at mining sites and from the Gezhouba hydroelectric power station to load centers; the first 500 kv transmission line was put into operation during the 4th quarter of 1981. Extra-high tension transmission is under active study to meet the needs of developing remote hydroelectric resources and linking up the networks.

On the whole, the development of the transmission line voltage has been growing approximately proportional to the square root of the power delivered.

The four networks in northeastern, central, northern and eastern China have decided to adopt the 500/220/110(60) kv system; the northwestern network has already acquired the 330/220/110 kv system and the present system in the southwest and in Guangdong and Guangxi is 220/110 kv.

According to the present conductor cross-sectional area of transmission lines at various voltages in China and using the natural delivery power (based on 3,000~5,000 hours of peak load utilization and 1.15 A/mm^2 of economic current density) as a guide, the delivery power at different voltages should be roughly as follows: 40,000 kw at 110 kv, 175,000 kw at 220 kv, 360,000 kw at 330 kv and 1.2 million kw at 500 kv. As of December 1980, China had an equivalent of 8.03819 billion kw-km of high tension transmission lines above 110 kv (8.95019 billion kw-km counting the 500 kv circuit

under construction). Assuming a generation capacity of 60.5 million kw, the average delivery distance is 133 km and the step-down transformer capacity is 1.44 kv-A/kw.

Viewed as a whole, the Chinese power network is flawed by a weak structure and a slow development in transmission voltage. As a result, the power network cannot keep up with the development of power plants. Some large power plants are connected only into the system and not into the power network. Another problem is the link-up of long-distance single-loop transmission lines.

In the future the power industry construction in China should emphasize the development of power plants at mining site and hydroelectric power stations, especially regenerative hydroelectric resources.

The principal area of power supply of the seven cross-provincial networks is generally 1,000 km, and the largest network capacity in China today is 9 million kw. Major hydroelectric power plants to be built for now and in the future include Gezhouba in Hubei, the Ertan, Jinping and Xiangjia dams near the Sichuan and Yunnan border, Longtan and Tianshengqiao in Guangxi and Guizhou, Longyangxia on the upper reaches of the Huang He and the cascade power stations below it; the generation capacity is mostly 2 million kw or more. Large power plants to be built at the mineshaft openings of the Shanxi and Hei Monggol coal mines will have a capacity in the 1.50~2.50 million kw range. Five hundred kv transmission lines will suffice to serve as the skeleton of regional power networks. For the nationwide combined network, however, extra-high tension DC transmission will be more economical and sensible in view of the long distance (1,000~1,500 kilometers or even 2,000 kilometers) of transmission and the requirement to have the least number of touch-down points.

Table 1 shows the specific construction costs (per 10,000 kw-km) of different voltage transmission lines in China. As can be seen, when the power is delivered at the economic delivery capacity, the construction cost decreases as the transmission line voltage increases. Using 220 kv as a baseline, the specific construction cost for 330 kv is 77 percent and the actual construction cost for 500 kv is 50 percent. Even taking into account the fact that in the development stage of the 500 kv network the delivery power is lower and 3x300 mm^2 conductors are used, the specific cost of construction is still only 59 percent. The specific cost of construction of the 500 kv circuit is 22~35 percent lower than that of the 330 kv circuit.

Table 1. Specific Construction Costs of Different Voltage Transmission Lines

Voltage (kv)	Conductor cross-section (mm^2)	Cost (10,000 yuan/km)	Economic delivery capacity (10,000 kw)	Specific cost (yuan/10,000kw-km)	Comparative cost (%)	
110	185	2.7	4.0	6,750	260	200
220	400	5.9	17.5	3,370	131	100
330	2x300	9.3	36.0	2,580	100	77
500	4x300	16.5	120.0	1,380	53	41
500	4x300	20	120.0	1,670	65	50
500	3x300	18	90.0	2,000	78	59

Note: Construction cost for 500 kv circuit itself is 180,000~190,000 yuan/km, and the composite cost is 250,000~280,000 yuan/km. If the extra cost is figured into the cost on a 10-year installment plan, it is about 6,000~10,000 yuan/km, or the actual composite cost is 18,600~20,000 yuan/km. Computation used 20,000 yuan/km.

III. Policies Regarding High-tension Transmission

1. Voltage Serial in the Seven Cross-provincial Networks

The seven cross-provincial networks each serve approximately a 1,000 kilometer area; by the year 2000, the capacity of these networks is estimated to be 20~40 million kilowatts and 500 kv should suffice.

A 500/220/110(60) kv serial will be formed in the four networks in northeast, northern, central and eastern China.

The northwest network has plans to upgrade its 330 kv circuit. Hydroelectric resources in the three northwestern provinces include Longyangxia, Lijiaxia, Laxiwa, Bogongxia, and Jiyouxia, all in the vicinity of Xining City in Qinghai Province; the capacity is 7.6 million kilowatts and the delivery distance to Guanzhong is about 600~800 kilometers. For this network capacity and delivery distance there will be a dozen parallel lines at 330 kv running to the east. In the present condition, in case of an extra-high water level like that in 1981, even with most of the thermoelectric power plants in the northwest network shutdown, Lijiaxia will still have to abandon water. It is expected that in the sixth and seventh five-year plans, hydroelectric power may be delivered to the north China network at a distance over 1,000 km, 330 kv may already be inadequate. If the northwest network were to adopt a higher AC voltage, would it be 500 kv or 750 kv? If DC voltage were used for power delivery to the north China network, what should be the voltage? These are topics for early study and design plans should be made in order to avoid later modification at high costs.

The present voltage in the southwest network is 220/110 kv. Hydroelectric power resources in the southwest is very rich and large amount of hydroelectric power will be delivered in the future. Delivery distance in this network is 300~600 km and the delivery is expected to require 500 kv.

The south China network current has a smaller capacity by the delivery distance of the Hongshui He hydroelectric power to Guangzhou is 800~1,000 km and it is obviously more economic to use 500 kv instead of 330 kv. The hydroelectric power of Tianshengqiao may even be delivered to Guangzhou with DC. These two networks are expected to form a 500/220/110 kv voltage serial.

In the discussion of transmission voltage, the opinion of developing 500 kv voltage is unanimous, but there are different opinions about whether all networks should use 500 kv, except the northwest network which already has 330 kv. These decisions should all be made based on the current specific situation and long-term planning and technological and economic comparisons.

2. Method of Connecting the Networks

China's hydroelectric resources are mostly located in the southwest and coal bases are mostly in Shanxi, Nei Monggol and Henan. Great amounts of electric power needs to be delivered to the east over 1,000~1,500 km distance. The seven cross-provincial networks should also be gradually combined to form a nation-wide network. The problem of selecting a proper connection method is an important issue.

In extra-high tension DC delivery, the equivalent distance for AC and DC delivery has been shortened to 500~700 km due to the deployment of silicon controlled switches and great improvements in switching facility reliability made in recent years. Another advantage for DC delivery is that it does not have instability problems. Using extra-high tension DC delivery in connecting the nation-wide network is worth study in order to avoid low frequency oscillations which may appear in the AC linkup of networks and affect the safe operation.

3. Keeping Construction Costs of Transmission Lines as Low as Possible

In transmitting electric power from power plants at the hydroelectric and mining sites over a long distance, the delivery cost will be 15~30 percent of the construction cost, the transmission line building cost will affect the results of technological and economic comparison and the outcome of the voltage selection.

Power transmission at 500 kv has great development potential, but in the initial phase of developing these networks, the transmission power often cannot reach the natural power, this is an objective rule for network development. If the separation between adjacent voltage levels is reduced, it will invariably lead to an excessively complex voltage order even though there will be more flexibility in the construction process. In order to minimize the total investment and tedious modification of the entire network, the network plan must reconcile short-term and long-term considerations so that the power transmission development precedes the power plant construction and long-term development is dealt within the economic constraints.

In view of the actual development of the early phase 500 kv network, two types of 500 kv circuits should be designed: for large capacity power transmission (such as power delivered from the Gezhouba hydroelectric power plant), the cross-sectional area of conductors should be chosen on the basis of the transmission capacity; for the present small capacity but long distance circuits, small conductors should be used while satisfying corona and interference conditions. With insulation modifications, the small conductor is expected to reduce the construction cost per kilometer by 20 percent. As the network develops, problems with substation and voltage step-up will no longer exist, which will in turn save some initial investment and promote the development of 500 kv networks.

In developing the power network, attention should be given to the following problems in order to reduce construction cost and improve safety: 500 kv post tower lines are too far apart, the steel towers are too heavy and some of the component structure needs improvement; more stay towers should be used as they require 3 less tons of steel than the stand-alone towers; construction costs have been reduced in 330 kv circuits by using pre-stressed concrete posts, the drawback is that the wind load along the line is slightly inadequate and in the future a reinforcing tower should be used in each base and circuits of 220 kv or less should use more concrete posts and pre-stressed concrete posts.

Interference problem of wired communication by the power lines should be solved mostly through protective measures that are technologically and economically feasible, for example, measures should be taken to restrict the short circuit current and dischargers should be installed on communications lines.

4. Simplifying the Voltage Order in Present Networks

In China power networks have 6 voltage levels at 6, 10, 35, 66, 110 and 220 kv. A few circuits use 3, 44, and 154 kv. After 20 years of voltage increases and improvements, the northeast network has been basically consolidated into three voltage levels at 220/66/10 kv. The north China network has been modified to run at four voltages of 220/110/35/10 kv.

In the process of network development, higher voltages gradually emerge as the capacity increases. When networks are developed to a certain level, they begin to suffer from such disadvantages as too many voltage levels, too much repetition, excessive length of line and line loss, frequent accidents and lack of flexibility. It follows that simplification of the voltage structure and modification of old networks are the inevitable rule of network development.

In supplying power to the major cities, the plan should settle on some standard voltage serial (such as 220/10 kv or 110/10 kv) based on the area of service and the load density. In some large cities with greater load density the possibility of using 20 kv to replace 10 kv should be studied in terms of technological and economic feasibilities. The voltage structure

should be simplified whenever possible in the construction and modification of the networks and it should be gradually unified as a standard serial. In the modification of networks, voltage increases should be given the priority whenever possible in order to improve the service ability.

When high voltage electric power is introduced to a concentrated load point, large amplitude voltage step-down is an effective means to reduce staggered voltage structure. When limited by space, circuits at 220 kv or lower should use dual return or multiple return installed on the same post frame.

5. Miniaturizing Substations To Reduce Their Ground Area

By using closed devices the ground area of 220 kv substations and switching stations may be reduced down to 10~20 percent of the conventional area and for 550 kv the reduction may reach less than 10 percent. Fully closed and semi-closed devices may be considered for hydroelectric power stations limited in ground area, substations in coastal and heavily polluted area, and substations taking in high voltage electric power.

IV. Selected Topics for Scientific Research

1. Second Generation 500 kv Tower Post

(1) Statistical computation to match insulation, including limiting the working frequency voltage increase to 1.1~1.3 by using controlled reactor, limiting operation overvoltage to less than a factor of 2; measuring and computing the conductor wind deflection angle; using large diameter insulator; improving voltage of long string insulators and shortening the length of insulator and operating air gap.

(2) Selection of minimum conductor cross-sectional area, including corona loss, radio interference, calculation of electric field strength at ground surface for new number and arrangement of conductors, and the section of ground to conductor height.

(3) Design, test production, stress test and electrical property test of second generation 500 kv tower posts. Carry out designs according to insulation distance, height above ground, number and cross-section of conductors determined in (1) and (2).

2. Extra-high Tension DC Power Transmission

(1) Corona loss, radio interference, television interference, audio noise, conductor cross-section, and DC electric field effects.

(2) Standard of insulation, including insulator and air gap, and transformer insulator and air gap.

(3) Research and development of DC power transmission equipments.

3. Study of Compact Substations

(1) Manufacture and operating characteristics of SF_6 closed transformer.

(2) Research and production of ZnO lightning arrestor.

(3) Research and test of composite insulator.

4. Ultra-high Tension Power Transmission Technology

Note: Comrades Xu Shigao [1776 1102 7559], Chen Deyu [7115 1795 5940], Xu Bowen [1776 0590 2429], Sheng Changda [4141 2490 6671] and Xu Yin [6079 7336] have reviewed and discussed the manuscript.

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POWER NETWORK

CONDITIONS SAID RIGHT FOR RAPID GROWTH OF HEILONGIANG POWER INDUSTRY

SK040546 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 3 Nov 82

[Talk by Cui Qingshi, director of the provincial power industrial bureau: "Strive To Create a New Situation in the Power Industry to Keep Abreast of the New Situation in Industrial and Agricultural Production"]

[Summary] "The power industry is an energy industry as well as a vanguard industry of the national economy. With the vigorous support of the CPC Central Committee, the provincial CPC Committee and people's government at all levels, our province's power industry has made tremendous progress and power output has doubled and redoubled since liberation. However, many new changes have taken place in the structure of power consumption thanks to the development of the national economy. Many departments now consume more power and [words indistinct]. Moreover, household electrical appliances have developed very rapidly in recent years. Consequently, power consumption has been increasing steadily and power has been in short supply for many years."

We must upgrade the power industry if we are to put an end to this strained power supply and to quadruple the province's industrial and agricultural output by the end of the century. The power industry must go ahead with other undertakings. By the end of the century the province's output should increase from 12.78 billion kwh in 1980 to 60.5 billion kwh, an annual increase of 7.94 percent. The installed capacity should increase from 2.27 million kw to 11.15 million kw, an annual increase of 8.28 percent. Judging from the development of the province's power industry and the favorable conditions at present, this goal stands an excellent chance of success. First, the province's power output, at 199 million kwh in the year after liberation, increased by 63 times to 12.78 billion kwh in 1980, averaging an annual increase of 14.4 percent. Second, economic development, which has suffered many setbacks in the past 30 years, will be free of such setbacks in the next 2 decades. Third, our province has verified coal reserves of 15.7 billion tons and water power reserves of 7.43 million kw, of which 5.9 million kw remains untapped.

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POWER NETWORK

BRIEFS

HEILONGJIANG POWER TRANSMISSION LINES--Harbin, 15 Sep (XINHUA)--Heilongjiang Province is stringing three 110,000-volt power transmission lines totaling 812 kilometers in the province to link other lines and form a power network. According to the provincial Power Industry Department, the three high-voltage lines, from Mudanjiang City to Shangzhi County, from Qiqihar City to the provincial capital of Harbin, and from Qiqihar City to Beian County, are scheduled to be completed before the end of next June. Helped by the state, Heilongjiang has built a number of new power plants since 1979 with the generating capacity rising from 1.42 million kilowatts now. Over 100 million yuan have been allocated for building power transmission projects to cope with the construction of new power plants over the past 3 years. Eleven 110,000-volt transmission lines have already been completed and 12 substations newly built or expanded. [Text] [OW231201 Beijing XINHUA in English 0701 GMT 15 Sep 82]

ZHEJIANG POWER TRANSMISSION LINE--Hangzhou, 2 Oct (XINHUA)--A 220,000-volt power transmission line was completed recently in southern Zhejiang Province. This is the second such line completed this year in the province, according to the Zhejiang Power Supply Department. The line, 201.5 kilometers long, extends from the Taizhou thermal power plant now under construction to the Fuchun Jiang hydropower plant and links up with the east China power grid. The first line, completed on 30 June, extends 204 kilometers from Xiaoshan, Zhejiang Province, to Changzhou, Jiangsu Province. Zhejiang Province has over the past 5 years built eight 220,000- and 110,000-volt transmission lines, with a total length of 1,000 kilometers. [Text] [OW021302 Beijing XINHUA in English 1210 GMT 2 Oct 82]

HUBEI ELECTRICITY TRANSMISSION PROJECT--The first phase of the 220,000-volt electricity transmission project from (Fenghuangshan) in Wuchang to (Xinxialu) in Huangshi was completed and put into operation on 1 October. The main part of this project includes the installation of 200,000 volt electricity transmission lines 56 km long, and the construction of a large transformer station with a capacity of 150,000 kilovolt-amperes. This project was designed by the Zhongnan Power Design Institute and was constructed by the Huangshi Electricity Supply Bureau and the No 3 Hebei Provincial Power Department. Huangshi Municipality is an important base of industrial raw materials in the province and uses a very large amount of electricity. After this project is completed and put into operation, the municipality can make full use of the large amount of electricity supplied by the Gezhouba power plant. [HK060928 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 4 Oct 82]

HEILONGJIANG POWER INDUSTRY PROGRESS--According to statistics disclosed by the director of the Heilongjiang Provincial Power Industry Department when he briefed the station reporter, in the period right after the PRC's founding, the province's installed capacity was only 172,000 kw and its power capacity was 199 million kwh. As of 1982, its installed capacity has reached 2.27 million kw and its power capacity, 127.8 billion kwh. The province has scored 12.2-fold and 63-fold increases respectively in its installed capacity and power capacity over the figures in the early period of the PRC's founding. The annual increase has been 8.7 and 14.4 percent respectively. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 19 Oct 82]

SHANDONG POWER GENERATION--Shandong Province overfulfilled by 50 million kwh its third quarter power generation task. From January to September, the province generated 15.9 billion kwh of electricity, 5.4 percent more than in the corresponding 1981 period. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Oct 82]

LIAONING POWER GENERATION--By 30 September, the Dongbei [northeast] power grid had overfulfilled its power generation task for the 9 months of this year by producing 90 million kwh of electricity more than planned. During this period, it also saved 120,000 tons of standard coal and 230,000 tons of oil. Because of a water shortage, hydropower stations reduced their production by an average 6 million kwh a day. However, efforts were made to enable thermal power stations to increase their production by 3 million kwh a day. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 1 Oct 82]

GANSU POWER PRODUCTION--In the first 9 months of 1982, power departments throughout Gansu Province overfulfilled the power generation quota by 830 million Kwh, a record high. As of 28 September, the province had generated 9.74 billion kwh of electricity, 82 percent of the annual target and increase of 11 percent over the corresponding 1981 period. [SK040001 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 2 Oct 82]

NEW GUANGDONG POWER LINE--The 110,000-kilovolt high-tension transmission and transformer project from Xinfeng and Longmen to Zengcheng formally began operations yesterday. Yesterday morning, Comrade Liang Lingguang officiated at a ribbon-cutting ceremony in Zengcheng to celebrate the completion of the project. "This project is a project handled very quickly, very well and very economically by our city and constitutes an important part of our effort to create new prospects for the building of socialist modernization," he announced. This 110,000-kilovolt high-tension transmission and transformer project began in October of last year and the construction phase took only 10 months. The system was tested at the end of August of this year. The completion of the project will enable the small-scale hydropower stations of Xinfeng and Longmen to feed more than 20,000 kilowatts of unused electric power into the larger provincial grid, supplying electricity to Zengcheng, and earning more than 5 million yuan a year for the two mountain counties of Xinfeng and Longmen. Also, the more than 100 million kwh now fed into the power network of Zengcheng by the Huangpu Power Plant may be diverted for industrial production in

the Guangzhou municipal area. This is a project that, upon completion, will see immediate economic benefit. These two mountain counties have 200,000 kilowatts of exploitable hydraulic power resources and have already constructed small-scale hydropower stations with an installed capacity of 46,000 kilowatts, leaving three-fourths of this resource to be developed. [Text] [Guangzhou GUANGZHOU RIBAO in Chinese 1 Oct 82 p 1]

YUNNAN 110,000-KV TRANSMISSION LINE--The 110,000-kilovolt high-tension power transmission line from the Xunjiansi Power Plant to the Yuxi transformer station began operations on 31 August to complete the north-south coordination plan. After a complete overhaul of the Yuxi transformer station, the Xunjiansi Power Plant can supply 400,000 kwh daily to the central Yunnan power grid, basically meeting the power needs of the Yuxi area and easing the overload now on the central Yunnan grid. The transmission line has a total length of 85.5 kilometers and forms a bridge between the central Yunnan grid and the southern Yunnan grid. [Text] [Kunming YUNNAN RIBAO in Chinese 5 Oct 82 p 1]

CSO: 4013/58

USE OF FLUIDIZED-BED BOILERS AS A NEW MEANS OF COMBUSTION PROMOTED

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese, No 4, 25 Aug 82 pp 1-3, 8

[Article by Sun Jian [1327 6943] of the Northeast Power Institute: "As a New Type of Combustion Method the Fluidized-Bed Boiler Should Be Continually Popularized and Used"]

[Text] Recently, there have been different views on whether the fluidized-bed boiler should be popularized and used. According to my own experience over many years in the study of fluidized-bed boilers and the results of investigations, the answer to the question whether this new method of combusion, the fluidized-bed boiler, should be popularized and used, is affirmative.

First, although our nation's superior quality coal, petroleum and natural gas resources are very rich, the distribution of these resources is uneven, and they are especially difficult to mine and transport. Therefore, fully utilizing inferior quality coal, waste coal rock, oil shale and such low thermal value fuel produced locally has become one of the long-range policies of rational utilization of energy resources. The nation's coal mines have accumulated over 1 billion tons of waste coal rock, and each year they produce 50,000,000 to 60,000,000 tons of waste coal rock. The reserves of bone coal in the provinces south of the Chang Jiang are very large. In Zhejiang, Hunan and Hubei provinces alone, the reserves are over 35 billion tons. The amount of heat that can be produced is generally 1,000 to 2,000 kilocalories/kilogram. The reserves of inferior lignite in the three provinces of Hunan, Hubei and Jiangxi amount to 3.63 billion tons. The reserves of oil shale in the three provinces of Jilin, Liaoning, and Guangdong total 29.7 billion tons. The reserves of lignite in the five provinces of Liaoning, Heilongjiang, Jilin, Guangdong, and Yunnan amount to 350,000 billion tons [sic, possibly 35 billion tons]. These massive amounts of fuel of low thermal value could not be used effectively in the past because of limitations in combustion techniques. The successful development of the fluidized-bed boiler and its popularization and use enabled the regions producing low thermal value fuel to fully utilize local resources, conserve superior quality coal and oil imported from far away places, promote the development of local industries, and reduce the transportation burden of the state to supply good coal and oil. Regions producing superior quality coal could fully utilize waste coal rock and inferior coal. A new direction has been found for conserving coal by boilers near coal mines and mining regions, and a new path has been opened for the comprehensive utilization of waste coal

rock to change waste into treasure and to change the harmful into something beneficial. The whole nation's coal mining system now has 482 fluidized-bed boilers of 3,200 steam tons. Each year, they burn 2.5 million tons of waste coal rock and inferior coal, conserving 1 million tons of superior quality coal. Jilin Province now has over 700 fluidized-bed boilers. They burn the province's lignite, waste coal rock, oil shale and inferior bituminous coal. For over 10 years, they have conserved 4 to 5 million tons of superior quality coal for the state and have guaranteed the continued development of local industries.

The popularization and use of the fluidized-bed boiler has opened a new path to improve energy conservation of old style industrial boilers and to burn low thermal value fuel. The experience at all the localities shows that various types of stratified combustion boilers, coal powder boilers and oil-fired boilers can all be converted to fluidized-bed boilers. Up to the present, there are about 2,200 fluidized-bed boilers that have been newly built or have been converted from old style boilers. They produce over 13,200 steam tons.

These fluidized-bed boilers burn about 15 million tons of waste coal rock and various types of inferior coal and oil shale which can conserve and replace 6 million tons of superior quality coal. They have also guaranteed production needs and the development of heat supply for many users who lack superior quality coal. They have conserved superior quality coal, guaranteed production and guaranteed heating.

Second, the technology of medium and small fluidized-bed boilers has basically matured. As a new type of boiler, the fluidized-bed boiler is in the developmental stage, and it cannot be said to be perfect. In particular, some years ago, users converted stratified combustion boilers, coal powder boilers, and oil-fired boilers into fluidized-bed boilers or manufactured fluidized-bed boilers themselves. They were limited by the structure of the original boiler, the conditions at the plant, and technical levels. The structural shape of the boilers was not entirely rational, and there was a lack of matching auxiliary equipment and experience in operation and management, thus ignition of some fluidized-bed boilers was difficult, thermal efficiency was low, they consumed too much electricity, they could not operate continuosuly for long periods, environmental pollution by fly ash was serious. In a definite degree, these factors have affected the popularization and use of fluidized-bed boilers. In fact, some of these problems have already been solved or have been basically solved by many specialized scientific and educational workers and scientific experiment teams of a mass character after continuous research and improvement over the past dozen years. Effective measures to solve some of these problems have already been found. Our nation has developed a rational type of boiler and a ventilation structure that can guarantee stable boiling and combustion of various types of low thermal value fuel for long periods. We have measured many design and operational data. Many boiler workers have created various methods for quick ignition and methods that can guarantee that various types of fluidized-bed boilers can smoothly begin operation. Methods that regulate operation and handle breakdowns and that are suited to the characteristics of various types of fuel have been found in practice. A relatively rich experience in operation and management has been accumulated. Scientific and educational workers have already compiled a method of calculating the heat of combustion of the industrial boiler on the basis of summarizing the achievements in

scientific research, experiments and operation. In recent years, all fluidized-bed boilers, whether they are rebuilt from old style boilers or newly designed and manufactured, can be smoothly ignited and can operate in a stable manner. Fluidized-bed boilers have reached the designed requirements after specialized scientific and educational personnel and workers combined their efforts and after they carefully designed and manufactured the boilers. There are many boilers that need to be ignited only once to begin normal operation. The more than 2,200 fluidized-bed boilers currently available throughout the nation are mainly used by coal mines, small chemical fertilizer plants, light chemical industries and northern business units to provide heat. They can all burn low thermal value fuel produced locally in a stable manner. The regulatory function and continuous operating time not only satisfy the requirements of ordinary industrial use of steam and for heating, they can also be accepted by small power plants. The Jiangmen Glycerin Chemical Plant in Guangdong uses a fluidized-bed boiler that burns 50 tons/hour of inferior quality coal to produce 3,000 kilocalories/kilogram. The longest continuous period of operation was over 3,000 hours, and the cumulative number of hours of operation has surpassed 5,000 hours. The 35 tons/hour fluidized-bed boiler of the Nijiangkou Experimental Bone Coal Power Plant at Yiyang in Hunan uses bone coal with a thermal value of 900 to 1,000 kilocalories/kilogram. It has continually operated for 1,126 hours (the largest 136 tons/hour fluidized-bed boiler in the United States operates continuously for only 50 hours). The boiler has basically reached design parameters. This shows that China's fluidized-bed boilers have already developed towards medium power generation. Medium and small fluidized-bed boilers have advanced from those rebuilt or manufactured by the users themselves to specialized production by boiler manufacturers. On the basis of summarizing the mass experience in manufacturing some industrial boilers, various types of fluidized-bed boilers using low thermal value fuel have already been manufactured. Product evaluation and tests show the output and thermal efficiency of the boilers have both reached the standards stipulated by the First Ministry of Machine Building. They are now being batch produced and supplied to users. In the course of continued research and improvement, some new types of fluidized-bed boilers that have a higher thermal efficiency have emerged. For example, the double bed fluidized-bed boiler designed by Zhejiang University has a thermal efficiency of over 70 percent when burning inferior quality coal with a thermal output of 2,000 kilocalories/kilogram. It has also explored new directions in improving thermal efficiency of large fluidized-bed boilers. The thermal efficiency of the 10 tons/hour anthracite fluidized-bed boiler successfully developed by the Longhai Synthetic Ammonia Plant in Fujian has surpassed 80 percent. The lignite fluidized-bed boiler that has an external and internal horizontal circulation of air and a complete combustion chamber designed by the Northeast Power Institute and the Harbin Industrial University has been tested for nearly 10 years and its combustion efficiency has reached over 96 percent, its thermal efficiency has surpassed 85 percent, and it has been popularized and used in Jilin and Liaoning provinces.

Therefore, it can be said that our nation has already grasped the design, manufacturing, installation, ignition, testing and operation of medium and small fluidized-bed boilers.

Third, the fluidized-bed boiler can utilize low thermal value fuel of the locality near coal mines and mining areas and areas producing low thermal value fuel. This is not only technically feasible, it is also economically rational. Because fluidized-bed boilers burn low thermal value fuel, the thermal output is low and the ash content is high. To obtain the same amount of heat, consumption is larger, there are more cinder and ash, the amount transported is larger, the amount of work in crushing is larger, the equipment system is more complex, the initial investment and the cost of maintenance are all higher than stratified combustion boilers using better quality coal. But because the cost of shipping fuel over short distances is low, the total cost of the fluidized-bed boiler to produce 1 ton of steam (including fuel, water and electricity, manpower, depreciation of equipment and plant, maintenance and major repairs, cost of removing slag and dust) is lower than that of the stratified combustion boiler and the coal powder fired boiler burning superior quality coal. It can be seen from this information that the total cost of producing 1 ton of steam by the fluidized-bed boiler is 2.46 to 4.25 yuan. That of the stratified combustion boiler is 4.44 to 8.8 yuan, and that of the coal powder fired boiler is 3.76 to 5.08 yuan, i.e., the total cost to produce 1 ton of steam by the fluidized-bed boiler is lower than that of the stratified combustion boiler by 2 to 4 yuan and lower than that of the coal powder fired boiler by 1 to 2 yuan.

The Fangshan Mine of the Beijing Mining Bureau originally used two 140-horsepower Lancashire boilers. The total output of steam was 4.38 tons/hour. It burned superior quality lump anthracite (34.6 yuan per ton). Each year, the boiler operated for 4,700 hours, burning a total of 3,240 tons of fuel at a cost of 112,104 yuan (5.45 yuan/ton of steam). The cost of water and electricity, manpower and maintenance was 32,097 yuan (1.55 yuan/ton steam). The total operating cost was 144,201 yuan/year, the total cost per ton of steam was 7 yuan. To conserve good coal and satisfy the needs to develop production, the mine changed to the use of a fluidized-bed boiler producing 6 tons/hour of steam in 1972. It burned waste coal rock (7 yuan per ton). Each year, the boiler operated for 5,625 hours and burned 11,244 tons of fuel at a cost of 78,708 yuan (2.33 yuan/ton steam). The cost of water and electricity, manpower and maintenance was 54,625 yuan (1.62 yuan/ton of steam). The total operating cost was 133,333 yuan/year. The total cost per ton of steam was 3.95 yuan. This shows the total cost to produce 1 ton of steam by the fluidized-bed boiler was 3.05 yuan less than that by the Lancashire boiler, a drop of 43.6 percent. The two Lancashire boilers produced 20,589 tons of steam a year. After replacing them by the fluidized boiler, 62,787 yuan could be saved a year. The total investment in one fluidized-bed boiler with an output of 6 tons/hour (including the plant's internal facilities) is less than 200,000 yuan and the investment can be recovered in about 3 years.

The Shengli Mine of the Fushun Mining Bureau has five Babcock chain grate boilers burning superior quality raw coal (19 yuan per ton). Each year, the boilers operate for 3,600 hours and burn a total of 18,000 tons at a cost of 342,000 yuan (2.97 yuan/ton of steam). The cost for water and electricity, manpower, slag removal and transport, charges for removing surplus dust, equipment inspection and repair is 73,960 yuan (0.64 yuan/ton of steam). The total operating cost is 415,960 yuan. The total cost per ton of steam is 3.61 yuan. The mine built two fluidized-bed boilers producing 10 tons/hour beginning in 1976. The

boilers burned boiling coal (6.2 yuan per ton) with a thermal output of 2,736 to 3,200 kilocalories/kilogram. Each year, the boilers operated for 3,600 hours burning a total of 14,400 tons of fuel at a cost of 89,280 yuan (1.24 yuan/ton of steam). The cost of water and electricity, manpower, removal and transport of slag and surplus dust, equipment inspection and repair, and depreciation of equipment was 87,530 yuan. Total operating cost was 176,810 yuan. The total cost per ton of steam was 2.46 yuan. The total cost per ton of steam of the 10 tons/hour fluidized-bed boiler was 31.9 percent lower than the 6.4 tons/hour Babcock chain grate boiler, and 5,936 tons of raw coal was saved. The two 10 tons/hour fluidized-bed boilers required a total investment of 240,433 yuan and the investment could be recovered in 3 years.

The Power Plant of the Yongrong Mining Bureau in Sichuan originally used five boilers with tumbler boiler slag removers and chain grate removers. The thermal efficiency of the boilers averaged 55 to 60 percent. The consumption of coal was high, and superior quality coal had to be used for normal electric power generation. The cost of electric power generation reached 116 yuan per kilowatt-hour. Losses were serious. In 1975, losses amounted to 140,000 yuan. From 1975, four boilers were rebuilt into fluidized-bed boilers one after the other. They burned washed medium coal and pulverized waste coal rock. Because the thermal efficiency of the boilers was high (over 70 percent), the fuel cost was low, the cost of generating electricity dropped greatly, and losses were changed to profits. A total profit of 7.26 million yuan was realized from 1976 to 1980.

The coal mining system of the whole nation now has 482 fluidized-bed boilers with an output of 3,200 tons of steam. Operating an average of 2,400 hours a year, they produce 7.68 million tons of steam a year. Calculating at an average savings of 1 to 2 yuan in total cost per ton of steam, an average of 11,520,000 yuan per year could be saved. In addition, these fluidized-bed boilers burn 2.5 million tons of waste coal rock each year and save the nation 1 million tons of raw coal, equivalent to actually saving more than 110 million yuan of state funds each year. At present, the fluidized-bed boilers of the coal mining system generally have a low level of management, and auxiliary equipment consumes too much energy because "large horses are used to draw small carts." The structural type of the boilers does not suit the types of coal and the thermal efficiency is not high (averaging about 60 percent). The thermal efficiency of fluidized-bed boilers will greatly improve and electricity consumption will be greatly reduced, and greater economic benefits will be realized by strengthening management, training personnel, improving the structural type of the boilers, substituting highly efficient blowers and matching auxiliary generators.

In regions producing low thermal quality fuel, the fluidized-bed boiler has a higher thermal efficiency than the stratified combustion boiler and the pulverized coal-fired boiler in burning lignite, inferior quality bituminous coal, and oil shale, and it can save fuel and reduce production costs. The fuel for industrial boilers rationed by Jilin Province is basically lignite with a thermal output of less than 3,500 kilocalories/kilogram and inferior quality bituminous coal. The efficiency of this type of fuel burned in ordinary stratified combustion boilers is over 80 percent. The total cost per ton of steam is 4 to 6 yuan. The total investment in building one 6 to 8 tons/hour fluidized-bed boiler is about 200,000 yuan. It can save 2,000 to 2,500 tons of coal a year, and the investment can be recovered within 2 to 3 years.

Fourth, fly ash produced by some of the fluidized-bed boilers currently available in our nation indeed pollute the environment rather seriously. This has caused dissatisfaction among the masses living nearby. The reasons are: 1. Some boilers are not equipped with effective ash removal equipment. 2. Although some boilers have ash removal equipment, but management is poor or there is nobody to manage it, and it does not function as it should in removing ash. 3. Some boilers do not properly handle fallen powder and dust, creating a second source of pollution. In general, the problem of eliminating smoke and removing dust was not emphasized enough in the past. In recent years, under the guidance and supervision of environmental protection departments, many units have emphasized this question and have installed various types of dust removers for fluidized-bed boilers, therefore pollution by fly ash has been greatly reduced. The concentration of some of the dust released has reached or approached the national limits. Most can be accommodated by the environment and the masses are now more satisfied. Every fluidized-bed boiler of the mines of the Beijing Mining Bureau has been equipped with a new type of multi-tubular dust remover. They have been acclaimed by the masses living nearby. The fluidized-bed boiler of the private power plant of the Yongrong Mining Bureau in Sichuan is equipped with a permanent film dust remover made by the power plant itself from bricks. The fluidized-bed boiler of the Shigejie Coal Mine at Luan in Shanxi uses a foam dust remover built by the mine. They have all reduced the concentration of smoke released to a level approaching the state standards for the release of pollutants. These cases show that as long as we strengthen management, the problem of environmental pollution by fly ash can be solved.

It is worth pointing out that the fluidized-bed boiler is a type of low temperature combustion boiler. The amount of nitrogen and chloride compounds produced (NO_x) is far less than that of ordinary stratified combustion boilers and pulverized coal-fired boilers, and while burning coal in the boiling bed, limestone and mica are added to remove sulphur oxides (SO_2, SO_3) in the smoke. The fluidized-bed boiler is the best boiler type to remove pollution caused by such gases as NO_x and SO_2, SO_3. Today, the world is paying attention to the fluidized-bed boiler because it can burn various types of low thermal value fuel, and because it has unique advantages in desulfation and denitration.

In addition, we should also point out that developing the fluidized-bed boiler near coal mines and mining areas to burn waste coal rock can also reduce the area for storage and resulting atmospheric pollution. When developing the fluidized-bed boiler in regions producing low thermal value fuel, the amount of smoke, ash and dust released will naturally be reduced because of the high thermal efficiency of the boiler and its conservation of fuel, i.e., conserving energy while reducing atmospheric pollution.

As centralized heating develops, the capacity of the single industrial boiler will gradually grow. The economics of using stratified combustion boilers is poor. The use of pulverized coal boilers seriously pollutes the environment, while the adaptability of the fluidized bed for fuel is broad. The economic aspect is high and it also benefits environmental protection. This point should attract the attention of concerned departments.

Fifth, our nation has a large group of people who have studied and developed the fluidized-bed boiler and its popularization and application. For over 10 years, we have already trained several thousand scientific and educational workers and several tens of thousands of frontline workers, and we have begun to organize some research enters. To push the development of fluidized-bed boilers forward, some higher educational institutions have also held short-term training classes in fluidized-bed boilers for the localities to train technical personnel in designing, operating and managing fluidized-bed boilers and to train frontline operators.

Now, China has the largest number of fluidized-bed boilers in the world. Therefore, our scientific and educational workers and frontline operators engaged in the study, popularization and use of fluidized-bed boilers can adapt to the needs in developing the fluidized-bed boiler in quantity and in quality.

But, because the fluidized-bed boiler has only a history of a dozen or so years, some problems indeed exist and urgently need to be solved:

1. It is economically irrational because of a lack of technical and economic analysis and because the supply of fuel is unstable, and some regions burn low thermal value fuel that had been transported over long distances.

2. As of now, some fluidized-bed boilers cannot produce expected results when they are designed and built because of a lack of special technical talent and scientific attitude.

3. Auxiliary equipment and facilities of some fluidized-bed boilers are not matched and are incomplete.

4. Throughout the nation, systematic experimental research work is still lacking. Large-scale work has been insufficient. Design work still cannot remove itself from empirical data.

But these problems should not be reasons limiting the popularization and use of fluidized-bed boilers. Although stratified combustion boilers and pulverized coal-fired boilers which are being commonly used today have a history of about 100 years, they still have not solved the major problem of burning waste coal rock, bone coal and inferior quality coal with a thermal output lower than 3,000 kilocalories/kilogram. The fluidized-bed boiler can be perfected only by continued exploration and improvement in popularization and use.

9296
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NEW TECHNOLOGY

GREAT SUCCESS IN USING BONE COAL IN FLUIDIZED-BED BOILER ACHIEVED

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese, No 4, 25 Aug 82 p 48

[Article by Zheng He [6774 0678]: "Success Realized in the Use of Bone Coal for the 35-ton/hour Fluidized-Bed Boiler To Generate Electricity"]

[Text] The Shanghai Power Generation Equipment Design Institute and the Shanghai Boiler Plant have jointly designed a 35-ton/hour fluidized-bed boiler. Built by the Shanghai Boiler Plant, it has been tested for 4 years at the Yiyang Bone Coal Power Generation and Comprehensive Utilization Experiment Plant in Hunan Province. All requirements of the 6,000-kilowatt steam turbine generator have been satisfied. It has already generated over 32,000,000 kilowatt-hours and has operated for a comulative total of more than 6,000 hours.

The fluidized-bed boiler is a new type of boiler created by the application of fluidized-bed techniques of the chemical industry in boiler combustion. It can burn and use various types of low quality fuel which is difficult to use or cannot be used in other combustion facilities. It is also beneficial to environmental protection. Therefore, it has been widely emphasized by the world's nations. China's bone coal, waste coal rock, oil shale and such low thermal value fuel resources are very rich. Several years of research, popularization and use of fluidized-bed boilers have proven that it is technically feasible and economically rational to use fluidized-bed boilers to burn bone coal, waste coal rock and low quality coal. It is a feasible way to develop and utilize low thermal value fuel resources. Because the fluidized-bed boiler, as a new method of combustion, is still in the developmental stage, and in particular, because the fluidized-bed boiler of medium parameters burn low thermal value bone coal of below 1,000 kilocalories, there has always been a lack of successful experience in our nation and abroad.

The Yiyang Bone Coal Power Generation and Comprehensive Utilization Experiment Plant and related units made many major improvements in the boiler and its accessories during the experiment to make the generator safe and stable and to enable it to operate continuously. For example, the number of hidden pipes and heat transfer surface area were reduced, the draft velocity through the holes of the draft cap was increased, the structure of the oil ignition system was improved, and difficulties in ignition, crushing of bone coal, regulation of combustion were overcome. Relatively great breakthroughts were realized technically and economically. The cost of supplying electricity by the

experimental plant approached that of Hunan Province's own power stations with the same capacity using the single boiler and single generator with the same parameters but burning bituminous coal. In addition, the overflowing slag of the power plant was used to test produce chamotte-free cement and masonry cement and in experiments to utilize smoke ash to extract divanadium pentoxide. All indices reached the designed requirements.

Recently, the First Ministry of Machine Building commissioned the Hunan Provincial Science Committee to hold a technical evaluation meeting at the site. Attending experts unanimously believed the success of this experiment will provide a precious experience for the development and utilization of bone coal resources in our nation's southern region where coal is lacking and for the utilization of large quantities of waste coal rock in the northern coal producing regions.

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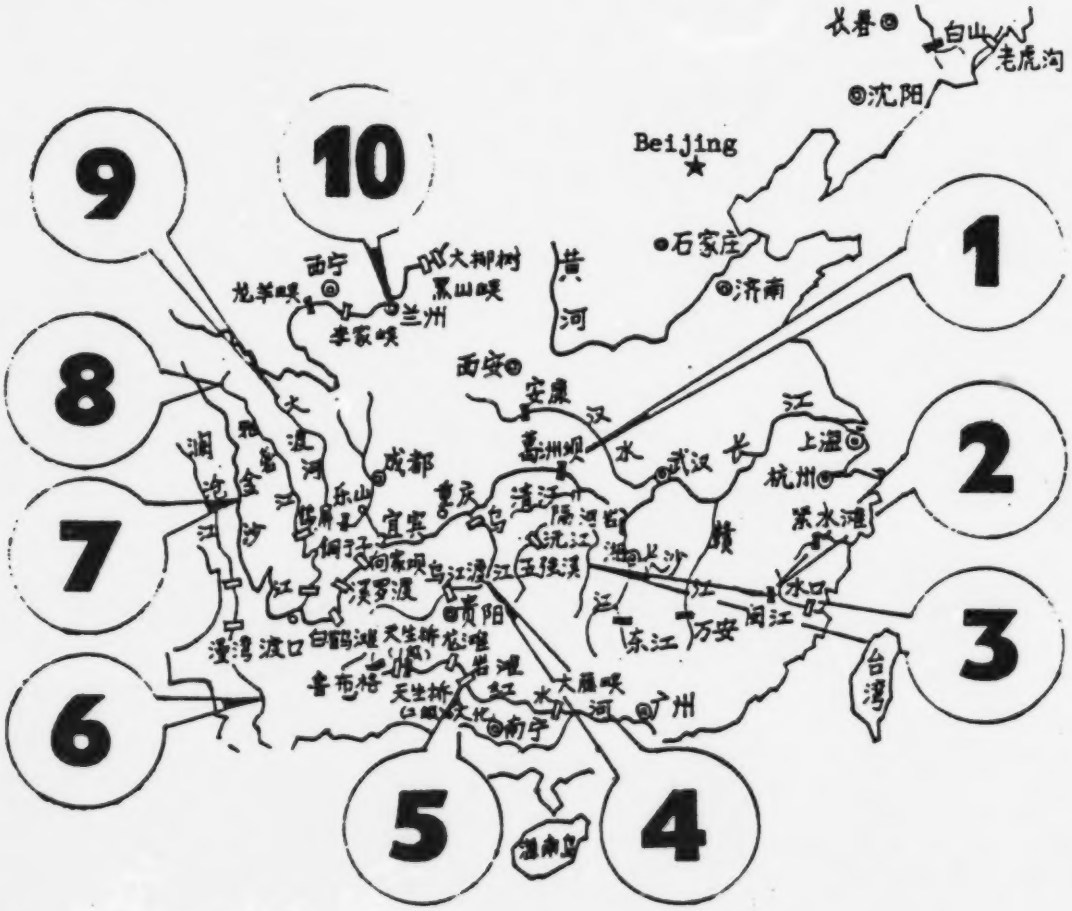
HYDROPOWER

TEN MAJOR HYDROPOWER BASES TO BE BUILT BY END OF CENTURY

Beijing BEIJING RIBAO in Chinese 10 Nov 82 p 4

[Text] Map showing 10 major hydropower bases to be built by China by the end of this century.



[key on next page]

Key [to map]:

1. Upper reaches of the Chang Jiang Hydropower Base: Planned construction of hydropower stations with a total installed capacity of more than 30 million kilowatts. The first stage of Gezhouba, now under construction, went on stream in 1981. The enormous Sanxia [Three Gorges] hydropower station is now being surveyed, planned, and studied.

2. Min-Zhe-Gan [Fujian-Zhejiang-Jiangxi] Hydropower Base: Several dozen hydropower stations with a capacity of 25,000 kilowatts and larger could be built with a total installed capacity of 10 million kilowatts. Of the large- and medium-sized hydropower stations already built, there are the Gutian Xi cascade, Xin'an Jiang, and 15 others. Now under construction are Shaxikou, Jinshuitan, and Wan'an hydropower stations. Still to be built are the Shuikou and other large-scale hydropower stations.

3. West Hunan Hydropower Base: Within the province of Hunan, several dozen large and medium hydropower stations could be built on the Yuan Jiang, Zi Shui, and the Li Shui with a total installed capacity of more than 5 million kilowatts. The Zhexi hydropower station on the Zi Shui and the Fengtan hydropower station on the You Shui have already been built and are generating power. Under construction now is the Majitang hydropower station on the Zi Shui and construction is to begin on the Wuqiangxi large-scale hydropower station.

4. Wu Jiang Hydropower Base: The Wu Jiang is a major tributary on the upper reaches of the Chang Jiang [and the site of] planned cascade power stations with a total installed capacity of more than 5 million kilowatts. The Wujiangdu hydropower station is already generating electricity and surveying and planning work is being stepped up on other large-scale hydropower stations.

5. Hongshui He Hydropower Base: Planned are cascade power stations with a total installed capacity of more than 10 million kilowatts. Now under construction are the Tianshengqiao (2d cascade), Cahua, and other hydropower stations; the Longtan, Yantan, and Datengxia large-scale hydropower stations are to be built in succession.

6. Lancang Jiang Hydropower Base: Planned are cascade hydropower stations with a total installed capacity of more than 6 million kilowatts. The Xiaowan and Manwan hydropower stations are now in the surveying and planning stage.

7. Jinsha Jiang Hydropower Base: Planned are cascade hydropower stations with a total installed capacity of about 50 million kilowatts. The Xiangjiaba and Xiluodu hydropower stations have an installed capacity that could reach 5-10 million kilowatts, [making it] China's largest hydropower base.

8. Yalong Jiang Hydropower Base: The Yalong Jiang is the largest tributary of the Jinsha Jiang and planned are dozens of cascade hydropower stations with a total installed capacity of more than 20 million kilowatts. In addition to the Mofanggou hydropower station now completed, other large-scale hydropower stations such as Ertan are in the planning stage in an effort to begin construction at an early date.

9. Dadu He Hydropower Base: The Dadu He is the largest tributary of the Min Jiang. Planned are cascade hydropower stations with a total installed capacity of about 19 million kilowatts. Already completed is the Gongju hydropower station. Now under construction is the Tongjiezi hydropower station.

10. Huang He Upper-Middle Reaches Hydropower Base: Planned are dozens of cascade hydropower stations with a total installed capacity of 18 million kilowatts. Already completed are Liujiaxia, Yanguoxia, Bapanxia, Qingtongxia, and Sanmenxia; under construction is the Longyangxia hydropower station. To be built in succession are the Lijiaxia and Heishanxia (or Daliushu) and other large-scale hydropower projects.

CSO: 4013/63

ENERGY DEVELOPMENT: SHIFT OF EMPHASIS TO HYDROPOWER

OW101832 Beijing XINHUA in English 1528 GMT 10 Nov 82

[Text] Beijing, 10 Nov (XINHUA)--China plans to give priority to exploiting hydropower potential, Shi Jiayang, professor of hydraulic engineering of Qinghua University, told the first China-U.S. conference on energy, resources and environment here today.

The professor said that only 3 percent of China's abundant hydroelectric power resource has been developed. With long-term planning for China's economic development under contemplation, the development of hydro and thermal power with a gradual shift of emphasis to hydroelectric development must be considered, he said.

The results of China's third nationwide survey of hydroelectric potential in 1977-80 indicate that the total theoretical hydropower potential is 676 million kilowatts, corresponding to an annual energy of 5,920 billion kilowatt hours. According to the preliminary investigation and development plan, there are 11,100 water power sites each with capacity greater than 500 kilowatts, yielding an exploitable hydropower potential of 378 million kilowatts, corresponding to an annual energy output of 1,923 billion kilowatt hours, he said.

The distribution of the hydropower resources in China is quite uneven, but there is rather good coordination with the distribution of other energy resources, Shi said. For instance, in the southwest region, coal deposit constitutes only 13 percent of the national total, but the water power resource is abundant, accounting for 67.8 percent of the country's total.

By the end of 1981, China had built 90,000 hydropower stations, including the small hydropower stations, according to Shi. The total installed capacity of hydropower reached approximately 22 million kilowatts with annual output of 65.5 billion kilowatt hours. At present, China has 18 large hydroelectric plants in operation, each with capacity exceeding 250,000 kilowatts. There are also 95 medium hydroelectric plants each with a capacity of 12,000 to 250,000 kilowatts.

In the future, Professor Shi said, China will mainly tap the hydroelectric potential of large rivers such as the Chang Jiang, Huang He, Hongshui He, Jinsha Jiang, Yalong Jiang, Dadu He, Wujiang and Yarlung Zangbo, the professor said.

He said the huge Sanxia (Three Gorges) project at the upper reaches of the Chang Jiang River, which, if constructed, will be the largest hydroelectric project in China. Up to now, research and planning has been done for the project.

According to the upper dam plan, with a reservoir at the elevation of 200 meters above sea level, the storage capacity would be 73 billion cubic meters. The installed plant capacity would be 25 million kilowatts with an annual output of 110 billion kilowatt hours.

But backwater from the project would extend more than 600 kilometers upstream, causing inundation damage to 45,000 hectares of farmland and requiring the resettlement of nearly 2 million inhabitants, he said.

An alternative plan is to construct a lower dam with reservoir at an elevation 130 or 150 meters above sea level. This would greatly reduce the inundation damage and construction cost, but the installed capacity would be diminished to 7-10 million kilowatts with an annual output of 35-50 billion kilowatt hours, Shi said.

On account of the implications involving economic, social, environmental and security aspects, the final plan of this project remains to be decided, Shi Jiayang said.

CSO: 4010/21

HYDROPOWER

MIN JIANG CHOSEN AS SITE FOR HUGE NEW HYDROPOWER STATION

Fuzhou FUJIAN RIBAO in Chinese 4 Nov 82 p 4

[Excerpts] Each year, the rolling Min Jiang, that misty blue dragon, disgorges an average of 600 billion cubic meters of water into the East China Sea. Experts estimate that if hydroelectric power stations were built wherever conditions permit in the Min River Valley, tens of millions of kilowatt-hours of electricity could be generated. It has been reported that the Central Committee and the State Council have decided to build a power station at Shuikou, one of 10 big hydropower bases to be built within the next 20 years. It will be on the main stream of the Min Jiang above Minqing County. With a narrow riverbed and good geological conditions, it is an excellent site on which to build a dam. After the power station is built, a dam 100 meters high will block the Min Jiang. The power station will have an installed capacity of 1.4 million kilowatts, 5.4 times the total installed capacity of the Gutian Xi cascade power stations; 220,000-kv transmission lines will be mated to the provincial power grid while 500,000-kv power lines will feed power to Jinhua, Hangzhou, and the East China Grid. During the heavy rainfall season, several hundred million kilowatt-hours of electricity can be supplied to Shanghai, Jiangsu, and Zhejiang to meet the power needs of agricultural and industrial production. During low-water periods, thermal power from the larger grid is fed back to make up for the shortage in the province's electric energy, enhancing the benefit from combined hydro and thermal operations.

Whereas before only vessels of 70 to 80 tons were able to negotiate the river, when the project has been completed, large 500-ton ships will be able to pass through the navigation lock of the dam to reach Nanping City, increasing the yearly shipping volume 10-odd times compared to the present. Rerouted rail traffic will triple. Measures have been taken to upgrade the level of flood control for Nanping City. This large-scale hydropower station is at the top of the list of big hydropower projects for the entire East China region. In order to develop energy resources and to realize strategic goals, other large-scale hydropower projects [are planned for] the province. These include Shaxikou, Mianhuatan, and Jiemian, all with an installed capacity of more than 250,000 kilowatts and all in various stages of surveying and planning. In addition, there are about 40 medium-sized hydropower projects with an installed capacity of less than 250,000 kilowatts. In this category, Anxi, Jiangle, Zhouning, and other counties have done a lot of preliminary work on a number of medium-sized hydropower projects. Too numerous to be mentioned here are the province's small-scale hydropower projects of 25,000 kilowatts or less yet to be developed.

According to surveys, something like 1,000 stations of 500 kilowatts or more installed capacity could be built throughout the province with a total installed capacity of 7.05 billion kilowatts. Entirely developed, 32 billion kwh of power could be generated a year, or 12 times the installed capacity of hydropower projects in the province at the present time. This could replace 12 million tons of standard coal a year. If exported, this amount of coal could earn more than $500 million in foreign exchange. Fujian's hydropower resources constitute 46 percent of those in eastern China; of the 15 provinces and municipalities in the north, northeast and east, ours is the richest.

Back in 1950, under very bleak economic conditions and with neglected tasks awaiting reconstruction, Fujian began to develop the Gutian Xi, putting the Gutian Xi cascade power stations into operation to promote economic construction in Fuzhou, Nanping, and other areas. Within a few years after the province's big hydropower stations went on stream, industrial output value grew at a rate of over 10 percent. The industrial output value grew for a variety of reasons, but it was the development of energy resources that led the way.

Fujian's rich hydropower resources are only a few hundred kilometers from the major manufacturing base of Shanghai and the important food and cotton bases of Jiangsu and Zhejiang. Conditions are excellent, and by starting the Shuikou hydroelectric project, Fujian will have a bright future indeed.

CSO: 4013/62

HUNAN HYDROELECTRIC POWER STATION CONSTRUCTION

OW181347 Beijing XINHUA in English 1237 GMT 18 Oct 82

[Text] Changsha, 18 Oct (XINHUA)--Excavation of earth and stone for building the dam of a projected 500,000-kilowatt hydroelectric power station in Hunan Province, central China, has just been completed and work has also been started on foundation for the dam of the project.

The Dongjiang hydroelectric power station, located on the Lei Shui tributary of the Xiang Jiang, which flows into the Dongting Lake, is the biggest hydropower project in the central China province.

Meanwhile, construction of another station, the Majitang hydroelectric power station with a designed capacity of 54,000 kilowatts, is also fully underway. Power generating equipment is being installed. One of the power generating units is expected to be put into trial operation at the end of this year.

At present, there are about 9,400 large, medium-sized and small hydroelectric power stations in the province with a total generating capacity of 1.97 million kilowatts, two of which have a generating capacity of 400,000 kilowatts, the great majority of them are small ones.

Hunan added small hydroelectric power stations with a total of 25,000 kilowatts in the first 8 months this year.

With four big river systems linking the Yangtze River, the province has a total hydroelectric power reserve of 10.8 million kilowatts. About 90 percent of the city suburbs and counties in the province have conditions for building hydroelectric power stations.

A power transmission line from Fengtan to Yiyang was also reported to be completed this May.

CSO: 4010/11

HYDROPOWER

YUNNAN HYDROELECTRIC POWER STATION BIDDING UNDERWAY

HK150121 Beijing CHINA DAILY in English 15 Oct 82 p 2

[Text] Bidding on the construction of a 600-megawatt hydroelectric power station in Yunnan Province is well underway.

Ninety pre-qualification documents have already been sold to prospective foreign contractors, an official at China Water Research and Hydropower Development Corp has revealed.

China National Technical Import Corporation (CNTIC) invited bids from foreign companies early last month. The deadline for submitting applications will fall on 6 November.

World Bank

The construction of the Lubuge hydroelectric power station, which will cost up to $600 million, is expected to start from the fourth quarter of 1982 and be completed by 1989.

The World Bank has agreed to lend money for the project, and discussions are taking place on the exact sum to be extended.

The Kunming Designing Institute in Yunnan Province is working on details of the project with an Australian engineering corporation. A detailed bidding document will be ready in due course.

Yunnan Province is rich in mineral resources, but the shortage of electricity there poses an obstacle to their exploitation, and the growth of industry and agriculture.

Hydroelectric plants at Longyang Gorge in Qinghai Province and Gezhouba in Hubei Province are also under construction.

CSO: 4010/11

HYDROPOWER

SICHUAN'S SMALL-SCALE RURAL HYDROPOWER PROJECTS FLOURISH

Chengdu SICHUAN RIBAO in Chinese 23 Aug 82 p 1

[Article by Guo Xiangshi [6753 0686 4258]: "Fully Develop the Superiority of Hydraulic Resources Under the Guidance of the Spirit of the Third Plenum, Our Province's Small Hydroelectric Power Projects in Farm Villages Have Developed Greatly, During the Past Three Years, 1,670 Small Hydroelectric Power Stations Have Been Built With Installed Capacity of 359,000 Kilowatts"]

[Text] Under the guidance of the spirit of the party's Third Plenum, our province's small hydroelectric power projects in farm villages have developed rapidly. During the past 3 years and more, the province has built a total of 1,670 new small hydroelectric power stations with 2,375 generators installed and with a capacity of 359,000 kilowatts, equivalent to 59 percent of the total installed capacity of small hydroelectric power stations in the farm villages over the years prior to 1979. At present, the province has cumulatively built 8,258 small hydroelectric power stations in farm villages with 9,726 generators installed and a capacity of 913,000 kilowatts. They generate nearly 2.3 billion kilowatt-hours of electricity each year. All of the 195 agricultural counties (cities, wards) throughout the province have built small hydroelectric power stations. Among them, more than 20 counties have an installed capacity surpassing 10,000 kilowatts. There are over 120 counties that have small power networks consisting mainly of small hydroelectric power stations. Over one-half of the electricity consumed by agricultural and county and commune industries is supplied by small hydroelectric power stations.

In recent years, our province's small hydroelectric power stations in farm villages have grown rapidly. They have mainly developed the superiority of hydraulic resources fully, paid attention to natural laws and economic laws in carrying out the tasks, started out from the actual situation, and paid attention to practical results. Each locality has conscientiously implemented the policy of "taking the small projects as the key, allowing communes and brigades to build the projects themselves as the key, allowing the localities to manufacture the equipment as the "key," and insisted on the policy that "whoever builds a project owns the project, manages the project, and benefits from the project," and realized "using electricity to nurture electricity." Many localities provided shares and profit sharing, established joint ventures

by counties and communes, and mobilized the enthusiasm of communes and brigades to build small hydroelectric power stations.

The development of small hydroelectric power stations in farm villages provided electricity to 90 percent of the communes throughout the province. It provided a source of energy to many county towns, farms, small towns, and farm villages. It served importantly to promote the development of agriculture, local industries, commune and brigade enterprises, enlivened the farm village economy, improved the material and cultural life of the masses, increased state and local income, and reduced the pressure on large national networks to supply electricity.

9296
CSO: 4013/162

HYDROPOWER

PHOTOGRAPHS DEPICT TYPICAL SMALL-SCALE HYDROPOWER STATIONS

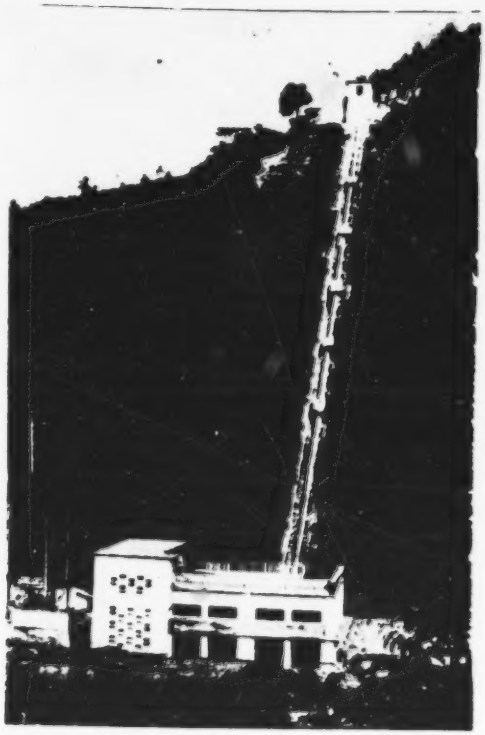
Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese, No 4, 25 Aug 82 inside back cover

[Photo captions]

1. Yidu County, Hubei Province, fully utilized local resources and actively built small hydroelectric power stations. This is the Jintan Hydroelectric Power Station on the Yuyang He.

2. Xiyang Commune, Yongan County, Fujiang Province, is located in the Wuyi Mountains. It is an advanced unit in the nation in building and managing of small hydroelectricity. Photo shows a small hydroelectric power station built on the Neilu Xi.

3. Fangshan County in Beijing Municipality uses the hydraulic resources of Jumahe. In recent years, it has built over 10 small hydroelectric power stations. This is the small hydroelectric power station built by the Liudu Brigade in 1981.



4. Luchuan County in Guangxi has built over 100 small hydroelectric power stations with a total installed capacity of over 10,000 kilowatts. Photo shows a scene of the Shanmukeng Power Station of Shapo Commune in this county.

5. The ancient Dujiang Weir not only uses river water to irrigate good farmland, it also provides energy for agricultural production in the irrigated area. The Wenjiang Irrigated Area alone has built over 600 small hydroelectric power stations generating over 100 million kilowatt-hours of electricity a year. Photo shows the Qingcheng Power Station in Guanxian.

9296
CSO: 4013/169

HYDROPOWER

UNCOORDINATED CONSTRUCTION OF SMALL POWER STATIONS CAN CREATE CHAOS FOR PLANNERS

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese, No 4, 25 Aug 82, pp 4-5, 39

[Article by Tu Hua [0960 5478]: "We Must Prevent Redundant Construction of Small Hydroelectric Power Stations"]

[Text] The question several years ago concerning redundant construction of hydroelectric power projects mainly referred to the redundant construction of large, medium and small hydroelectric power stations in the power network when such power stations joined the power network because most of the small hydroelectric power stations had poor regulatory functions, could generate electricity only during the season of abundant water, and single stations could not guarantee a supply of electricity to its users for the entire year. In letting small hydroelectric power stations generate electricity fully, large and medium hydroelectric power stations may have to lose water. In letting large and medium hydroelectric power stations generate electricity fully, small hydroelectric power stations would have to lose water. This redundant construction was very pronounded in the south where hydroelectricity constitutes a large portion of the power network. But a more serious type of redundant construction was the building of small hydroelectric power stations inside the reservoir area of large and medium hydroelectric power stations, on the dam sections, or at the dam sites, thus causing redundant construction. This article will mainly discuss ways to prevent redundant construction of the latter type.

On 6 February 1982, "People's Daily" published an urgent call: "Hurry Up and Solve the Water Conservancy Dispute in Henan and Shanxi." It was talking about a pumping station with a total capacity of 160 kilowatts jointly built by a brigade in Jincheng County in Shanxi and a production team in Xinyang County in Henan on the Dan He inside the two provinces of Shanxi and Henan. There was a plan to expand it into a small hydroelectric power station of 800 kilowatts. Henan planned to build the new Houzai Hydroelectric Power Station with an installed capacity of 3,200 kilowatts downstream from the water pumping station. After completion of that power station, the upstream water pumping station would be flooded. Before both sides reached an agreement, Henan began construction of the

station, and Shanxi also began preparing materials for construction. After completion of the Houzai Hydroelectric Power Station, the higher leading agencies mediated many times but the dispute had not been solved by the time it was printed in the paper. This is an actual case of building a redundant station on a small river without unified planning.

In the south, a small hydroelectric power station with an installed capacity of 2,130 kilowatts will be flooded by a medium hydroelectric power station now being built inside the reservoir area on a river. The locality has asked the state to appropriate 7.5 million yuan (equivalent to a compensation of about 3,520 yuan per kilowatt) from investment in the construction of this medium hydroelectric power station as compensation for the loss of this small hydroelectric power station. At the same time, the electric power department also agreed to supply electricity to that locality after completion of the medium hydroelectric power station. The locality was not satisfied with such a high compensation fund and continued to ask for an increase in compensation. It asked to move the small hydroelectric power station and rebuild it elsewhere, and asked that an additional 3.5 million yuan be appropriated to rebuild this new small hydroelectric power station so that it could supply electricity to the national power network and sell its electricity to the state after its completion. This means that the state has to compensate 11,000,000 yuan for flooding a small hydroelectric power station of 2,130 kilowatts, and for each kilowatt of electricity generated by the small hydroelectric power station flooded out, the state has to pay over 5,000 yuan. If 2 million kilowatts of the nearly 7 million kilowatts of small hydroelectric power stations throughout the nation are of this type the state will lose several billion yuan in construction capital. If we take into consideration the financial aid already given to these small hydroelectric power stations by the state during the course of their construction, the loss would be even greater. This is one case encountered by the hydroelectric power station now being constructed.

Among the large and medium power stations being planned for construction, there are also similar situations. A hydroelectric power station with a total installed capacity of 4 million kilowatts is being studied for construction on a large river in the south. The reservoir area will flood parts of two provinces. One province pointed out that construction of this large hydroelectric power station will flood six small hydroelectric power stations totalling over 10,000 kilowatts already built in the province. This does not include small hydroelectric power stations of less than 100 kilowatts. Furthermore, construction of this large hydroelectric power station will flood 1,200,000 to 2,000,000 kilowatts of hydraulic resources of medium and small rivers in the province, not including the small hydroelectric power stations to be flooded in the other province. Obviously, construction of this large hydroelectric power station will not be abandoned just for the sake of the several small hydroelectric power stations already built on the tributaries because the gain from the large hydroelectric power station will far surpass the gain from these small hydroelectric power stations. Therefore, in constructing large and medium hydroelectric power stations, if we do not

pay attention to preventing redundant construction of small hydroelectric power stations, they will bring about a major loss to the state. This is a major problem that should be noted in the development of small hydroelectric power stations.

To avoid redundant construction in hydroelectric power the key is to uniformly plan the utilization of river water resources and design and construct projects strictly according to planned requirements. How to rationally develop and utilize the hydraulic resources of a natural river is a relatively complex problem. On the same river, there can be several development plans, for example, if topographical and geological conditions allow, several high dams and large reservoirs can be built in succession to develop the hydraulic resources of the trunk river and the tributaries in a centralized way. Another plan can be to build more low waterhead hydroelectric power stations on the trunk river for scattered development and utilization, reduce the loss of flooding, the amount of work and the degree of difficulty in construction. We can also consider building dams and power stations on the many tributaries to develop small hydroelectric power and not building dams and hydroelectric power stations on the trunk rivers. Among the many plans, there must be one that can satisfy the requirements of all the sectors of the local economy, that will not cause overly large losses in flooding, and that will be economical and rational. After a plan has been selected, only the hydroelectric power stations that are included in the plan selected will be considered and hydroelectric power power stations not included in the plan will no longer exist. Small hydroelectric power stations will not be built within the area of the backwaters of reservoirs of the hydroelectric power stations of the selected plan. This is easy to understand. This principle is generally followed when building large and medium hydroelectric power stations today. Construction projects are selected on the basis of the river plans and the problem of redundant construction does not exist. But in the construction of small hydroelectric power stations, because necessary planning, designing, review and approval systems are lacking, the problem of redundant construction is more outstanding. The redundant construction of small hydroelectric power stations can generally be divided into three types:

One is the placement and building of small hydroelectric power stations inside the reservoir area of large and medium hydroelectric power stations that had already been planned. These small hydroelectric power stations will be flooded after completion of the large and medium hydroelectric power stations and this will increase the cost for compensation and evacuation of the reservoir area of the large and medium hydroelectric power stations.

The second is the placement of several small hydroelectric power stations to be built by counties and communes on river segments already slated for the building of large and medium hydroelctric power stations. For example, on a certain river segment, there is originally one medium hydroelectric power station with an installed capacity of 200,000 kilowatts. The county and commune now set up five low-waterhead runoff type

small hydroelectric power stations on the same segment, each with an installed capacity of 10,000 kilowatts, totaling 50,000 kilowatts. The former is counted and constructed as a medium hydroelectric power station while the latter are counted and constructed as small hydroelectric power stations, creating a redundancy in the count and in construction.

The third is building small hydroelectric power stations at the dam site planned for building large and medium hydroelectric power stations. This destroys the rational development of hydraulic resources, and this is redundant development and construction of hydraulic resources.

The reasons that redundant construction of small hydroelectric power stations has occurred are as follows: 1. ideologically, the damage of redundant construction is not recognized or not noted. In the construction of small hydroelectric power stations, a necessary review and approval system and regulations preventing redundant construction are lacking. Objectively speaking, there are many practical problems. First, except for the overall river plans for some large rivera and rivers with relatively rich hydraulic resources, little survey and design work has been done for many rivers, and their overall river plans have not been drawn up. The hydraulic resources of some rivers have only been generally surveyed, therefore, step development plans for many rivers have not been determined. 2. Although some rivers have been planned and river development plans have been selected, only a few leading agencies and surveying and designing units are grasping the work. But concerned counties and communes within the river valley area do not understand and it is difficult to tell whether a certain small hydroelectric power station on a certain small river would be flooded by large and medium hydroelectric power stations or not. 3. Although some counties and communes understand that certain hydroelectric power stations would be flooded in the future, for immediate benefits, they believe that even if the small power stations are flooded, the counties can always ask the state for compensation. They start out from the benefits of their own regions and still carry out construction.

The most outstanding cases of neglecting the problem of redundant construction of small hydroelectric power stations are found in the statistics on the theoretical reserves of hydraulic resources and the exploitable amount. From 1977 to 1980, China's water conservancy and hydroelectric power departments conducted a third general survey of hydraulic resources. This general survey referred to the results of hydroelectric power surveys, designs, plans and general surveysof the past 30 years and established development plans for all major rivers throughout the nation. The general survey calculated the exploitable hydraulic resources of the unit power station with an installed capacity of over 10,000 kilowatts (some provinces and regions calculated those stations with more than 500 kilowatts) throughout the nation. The total exploitable hydraulic resources throughout the nation was 378 million kilowatts with an annual output of 1,900 billion kilowatt-hour of electricity. These exploitable hydraulic resources are not redundant. But besides the statistical data of this survey, another group of statistics on small hydroelectric power resources of each province throughout the nation was

also compiled. The figure for small hydroelectric resources from September 1978 to August 1980, has been quoted as 150 million kilowatts of exploitable small hydroelectric resources. But in October 1980, the exploitable small hydroelectric resources was determined to be 70,000,000 to 75,000,000 kilowatts. According to this understanding, the exploitable small hydroelectric resources include small hydroelectric power stations inside the reservoir areas of large and medium hydroelectric power stations. This means that in the statistics on small hydroelectric resources, the seed of redundant construction has been sown.

To avoid redundant construction of small hydroelectric power stations, we must first establish clear rules regarding the method of statistical calculations for exploitable small hydroelectric resources and differentiate between redundant small hydroelectric resources and small hydroelectric resources that are not redundant. When the river plan is determined, we must mark the boundary line between the zoned reservoir area and the non-reservoir area according to development plans already selected. When the river plan has not been determined, we can temporarily use the developmental plan drawn up at the time of taking the general survey of hydraulic resources as the foundation to preliminarily mark the border between the zoned reservoir areas and the non-reservoir areas. After this border has been clarified, then all small hydroelectric power stations planned or built in the reservoir area and on the dam sites of already selected hydroelectric power stations are considered redundant small hydroelectric resources, and all small hydroelectric power stations planned and built on small rivers outside the reservoir area are non-redundant construction of small hydroelectric resources.

Non-redundant small hydroelectric resources can be developed and utilized according to the need for electricity by the locality. We must be especially careful in developing and utilizing redundant small hydroelectric resources. If large and medium hydroelectric power stations affecting small hydroelectric power stations are to be built in the near future, then those small hydroelectric power stations which will create a major loss if they are flooded in the future should not be built. If the large and medium hydroelectric power station related to that small hydroelectric power station will not be built in the near future, (or shall we say, the large power station will not be built within the effective period of use of the small hydroelectric power station), then we should allow this type of small hydroelectric power stations to be built temporarily. Because under this situation, when the large and medium hydroelectric power station is completed, that small hydroelectric power station will have completed its historical mission. The investment in the small hydroelectric power station will have been completely recovered, and it can be flooded without creating any loss to the state.

To avoid loss and waste caused by redundant construction of small hydroelectric power stations, we should grasp the following work at present:

I. We should grasp the study and analysis of hydraulic resources, strengthen river plans, and determine the rational stepped development plans for the rivers.

II. We should strengthen long-range plans for large and medium hydro-elec-ric power stations, establish ten-year plans for hydroelectric power according to the conditions of energy resources of the locality and the need for electric power by the locality, 20-year tentative plans, and even longer tentative plans.

III. We should classify small hydroelectric resources, dividing the exploitable small hydroelectric resources into redundant resources and non-redundant resources. Redundant resources can be further divided into temporarily usable and unusable resources according to long-range and tentative plans for large and medium hydroelectric power stations.

IV. We should draw up rules and regulations that should be followed in the construction of small hydroelectric power stations. We must assign special agencies to be responsible for reviewing and approving plans, designs and construction plans for small hydroelectric power stations.

V. We should establish clear regulations regarding the evacuation and compensation for small hydroelectric power stations that are flooded. The present method of compensating small hydroelectric power stations that have been flooded far above the original value of fixed assets of small hydroelectric power stations is wrong. It will prompt localities to blindly build small hydroelectric power stations. Can we consider not compensating any small hydroelectric power station that is built without approval on dam sites of large and medium hydroelectric power stations, on river segments, and inside reservoir areas, and that are flooded after completion of the large and medium hydroelectric power station? When small hydroelectric power stations that have been approved are flooded, they should be compensated according to the net value of fixed assets of the stations (i.e., the original value of fixed assets minus depreciation over the years).

VI. We must popularize knowledge about river planning, educate cadres at each level to follow the state's unified river plans, overcome the abnormal situation of starting out only from the needs of the locality in the development of hydraulic resources, building small hydroelectric power stations at will on the dam site of large and medium projects of comprehensive utilization, dam sections and inside reservoirs, and artificailly setting up obstacles and destroying the rational development and utilization of hydraulic resources.

9296
CSO: 4013/169

BRIEFS

TIBET HYDROELECTRIC CONSTRUCTION--From its source to the southeast valley of Tibet, Yarlung Zangbo Jiang drops over 5,000 meters. There are 10 some cascades along this course, each often as much as several dozen meters. At the Great Bend in Medog County, the drop is over 2,000 meters. Because of the large volume of flow and the concentrated drops, the river has extremely rich hydraulic resources with reserves of over 110 million kw's, second only to the Chang Jiang. However, under the feudal system of the past, this rich hydropower resource could not be utilized. In addition to several state-constructed power stations, more than 500 small rural hydroelectric stations have now been constructed along the Yarlung Zangbo Jiang. Total installed capacity is now more than 54,000 kw. As a result, many Tibetan peasants and herdsmen in the mountains and valleys are now living a new life of "lifhting without oil and working without oxen." (abstracted from the JIEFANG RIBAO) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9, Sep 82 p 31] 5974

WAN'AN HYDROPOWER STATION--The large Wan'an hydroelectric station is the largest of such stations to be constructed in Jiangxi. It will have a generating capcity of 500,000 kw and an annual output of 1.935 billion kwh. When completed, the flood prevention capability in the Jian region will be greatly improved, marine transportation will also be improved, and the 300,000 mou of farmland along both banks of lower Gan Jiang will be benefited directly. (abstracted from the JIANGXI KEJIBAO [JIANGXI SCIENCE AND TECHNOLOGY]) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9, Sep 82 p 31] 5974

WUJIANGDU NO 2 GENERATOR NOW OPERATING--The No 2 generator of the Wujiangdu hydroelectric station in Guizhou has formally joined the power grid for electric power generation. Its generating capacity is 210,000 kw. This hydroelectric station is currently the largest hydroelectric project to be built in the Yanrong region. It has three generating units. The No 1 unit became operational in 1979. (abstracted from XINWEN ZHAOPIAN [NEWS PHOTOGRAPHY] of Xinhua News Agency) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9, Sep 82 p 31] 5974

ETAN REPORTS SMOOTH OPERATION--The Etan hydroelectric station is located in Xincheng County. It was the first medium-sized power station completed on the Hongshui He. The station is equipped with a 60,000-kw. Since joining the power net for electric generation, operation has been normal. (abstracted from GUANGXI KEJIBAO [GUANGXI SCIENCE AND TECHNOLOGY]) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9, Sep 82 p 31] 5974

COMMUNE HYDROELECTRIC STATION TURNS PROFIT--The Gan Jiang hydroelectric station, developed by Magedang Commune in Lingchuan County, Shanxi, has an installed capacity of 500 kw. After joining the power net of the county hydroelectric company, it has been able to supply the power consumption of the county's 11 communes and has increased the income of the collective orgainzation by over 30,000 yuan annually. (abstracted from SHANXI KEJIBAO [SHANXI SCIENCE AND TECHNOLOGY]) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9 Sep 82 p 31] 5974

NEI MONGGOL PRAIRIE POWER STATION--The Hexigten Qi in Nei Monggol has developed a small-scale prairie hydroelectric station of over 10,000 kw. Electricity has been delivered to 16 of the 17 communes in the banner and more than half of the herdsmen's households are now using electric lighting. Small-scale hydroelectric power has promoted the development of industrial, agricultural, and animal husbandry and it has also made the life of the herdsmen easier. (abstracted from RENMING RIBAO) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9 Sep 82 p 31] 5974

MINI HYDROELECTRIC UNIT DISPLAYED--A model XJ13-L-8/2 mini hydroelectric generating unit was exhibited at the Chengdu science and technology results exchange conference in January of this year. The generator and turbine are combined as a single unit and it only requires the installation of a 40- to 50-millimeter water pipe to lead stream or spring water down from a mountain (12 meters) to generate 250 watts of 220-volt alternating current. It can supply the lighting or household electric appliances of two to four families. Its water consumption is small (0.29 cubic meters per minute) and it can satisfy the needs of the scattered households in the mountain regions. It may play an important part in the full utilization of hydraulic resources, conservation of other energy resources, popularization of broadcasting and television, and improvement of the material and cultural well being of the people. (abstracted from DIANZIBAO [ELECTRICAL NEWS]) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9 Sep 82 p 31] 5974

CSO: 4013/36

THERMAL POWER

CHINA BUILDS MORE PIT MOUTH ELECTRIC POWER PLANTS

Beijing GONGREN RIBAO in Chinese 28 Aug 82 p 1

[Text] In order to make use of local coal resources, increase economic gain, and reduce the burden on railroads, China's electric power sector has, since 1979, been building more large-scale pit mouth electric power plants in Shaanxi, Henan, Jiangsu, Shandong, Shanxi, and Hebei. Generators with a total installed capacity of 3,175,000 kilowatts are now operational and generating power.

With power plants built near mines in rich coal deposits, full use can be made of local coal resources, both power and fuel supply can be guaranteed, the pressure on the railroads can be eased, and the cost of generating power can be lowered. Smoke that pollutes the environment of urban areas is reduced as well. It is a new way for the state to develop energy resources. The Dou He Power Plant in the Tangshan mining region of Hebei is the largest pit mouth plant now under construction and already generates 750,000 kilowatts; four additional Chinese-made 200,000-kw generators will be installed for a total capacity of 1,550 mw. The "Liang Huai" coal base of Anhui is also building and expanding a number of large-scale pit mouth power plants and has already put into operation generators with a total capacity of 1,150,000 kilowatts. After three power plants now under construction are completed, the total installed electricity generating capacity will be more than 3 million kilowatts, making it the largest thermal power center in the East China Grid.

CSO: 4013/50

THERMAL POWER

SHENTOU PIT-MOUTH PROJECT IS LARGEST THERMAL POWER PLANT IN SHANXI

Beijing GUANGMING RIBAO in Chinese 3 Nov 82 p 1

[Text] The Shentou Power Plant in Shanxi is one of the nation's large-scale pit-mouth power plants. Under construction for 8 years, the installed capacity is 550,000 kilowatts, making it the largest thermal power plant in Shanxi Province. The third-stage expansion project is now in full swing and after completion will constitute one of China's large-scale power plants of more than 1 million kilowatts [installed capacity]. Its powerful current will be fed into the first 500,000-volt ultrahigh-tension power line now under construction for the Beijing-Tianjin-Tangshan area.

Construction has been accelerated on the Shentou Thermal power plant.

CSO: 4013/56

THERMAL POWER

GUANGDONG TO BUILD GIANT THERMAL POWER PLANT AT SHAJIAO

Guangzhou YANGCHENG WANBAO in Chinese 19 Oct 82 p 1

[Text] In order to improve Guangdong's electric power supply, the State Council has approved the construction of a large-scale thermal power plant in the province, the Shajiao Power Plant. After construction, the power plant will have an installed capacity of 1,200,000 kilowatts, the largest power plant in the province to date. For the Shajiao Power Plant site selection, an area on the coast of the Pearl River Estuary south of Shajiao, Qishan, and Baiheshan in Humen Commune, Dongguan County was chosen. Taipingzhen in Dongguan County is 11 kilometers to the north, Tanquan City is 60 kilometers to the east and Fanyu is just across the river. It is acout 105 kilometers from Guangzhou City. Its geographical location is advantageous and water and land access is convenient.

The Shajiao Power Plant is a two-stage project, with the first stage consisting of the installation of 600,000 kilowatts (three 200,000-kilowatt steam turbine generators). The coal will be shipped from Shanxi Province by rail to Qinhuangdao or Lianyungang where it will be loaded aboard ships. From there, 10,000-ton vessels will bring it to a special pier at the Shajiao Power Plant.

According to the plans, Shajiao Power Plant's No 1 steam turbine generator will go on stream in 1986. Following completion of the first-stage construction, yearly power output could exceed 4 billion kwh, or a 50 percent increase in the current amount of power in the Guangdong power grid. When the time comes, Guangzhou, Tanquan, Foshan, Jiangmen, and other power consumers will witness a dramatic improvement.

Today, the Shajiao Power Plant construction headquarters has been set up, and over one hundred advance personnel are on the site preparing to break ground. It has been reported that this construction project is the largest and most expensive one of its kind undertaken in Guangdong since Liberation.

Guangzhou
Dong Jiang
Huiyang
Foshan
Dongguan
Shunde
Taiping
Shajiao Power Plant
Zhongshan
Pearl River
Daya Wan

CSO: 4013/40

THERMAL POWER

HUAIBEI, HUAINAN MINING REGIONS TO BUILD, EXPAND THERMAL POWER PLANTS

Beijing RENMIN RIBAO in Chinese 13 Aug 82, p 1

[Article: "Huaibei, Huainan Mining Regions To Build and Expand Three Power Plants; They Will Become the Largest Thermal Electric Power Centers in Eastern China"]

[Text] NCNA reporter Tian Xuexiang [3944 1331 4382] reports: The Huainan and Huaibei mining regions, which produce a lot of coal in Anhui Province, are building and expanding a group of thermal power plants. After completion of these plants, the Huainan and Huaibei mining regions will become the largest thermal electric power center in eastern China.

The power plants in the Huainan and Huaibei mining regions now have a total installed capacity of 1,151,000 kilowatts. At present, three large power plants are being constructed with a total installed capacity of 2 million kilowatts. Among them, the Huaibei Power Plant is being enlarged by installing an additional 200,000-kilowatt generator. It will begin production within this year. The first phase construction of the new Lehe Power Plant will install two 300,000-kilowatts generators. At present, construction is being intensified. The first phase construction of the new Pingyu Power Plant plans to install two 600,000-kilowatt generators. Preparatory work has generally been completed and construction will begin soon.

9296
CSO: 4013/161

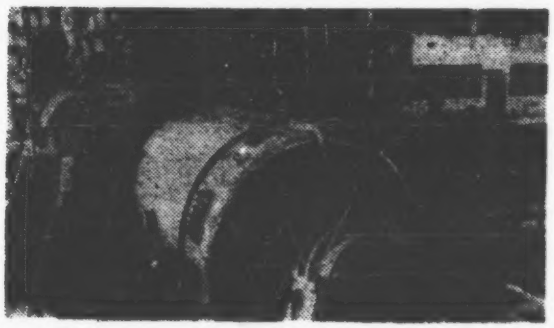
THERMAL POWER

WORKERS HOPE TO HAVE TAIZHOU PLANT GENERATING POWER BEFORE END OF 1982

Hangzhou ZHEJIANG RIBAO in Chinese 1 Nov 82 p 2

[Text] The 500,000 kw Taizhou Power Plant now under construction is one of the most important projects in the nation at present. Its construction and power generation will greatly improve the power use situation in Taizhou, Wenzhou and Lishui, creating a great boost for industrial and agricultural production.

Today, construction personnel, inspired by the spirit of the 12th Party Congress, are painstakingly organizing and rationally managing things to accelerate construction and installation in an effort to have the No 1 generator (125,000 kw) operational before the end of the year—2 months ahead of schedule.



Recent photograph showing the No 1 generator, now installed.

CSO: 4013/66

BRIEFS

ANHUI THERMAL POWER CENTER--Hefei, 12 Aug (XINHUA)--Construction is underway on a large thermal electric power plant at the Anhui coal center on both banks of the Huai He. As part of the effort to one day turn this major coal producer into the biggest thermal power center in East China. Two electric power generating units--each with a designed capacity of 300,000 kilowatts-are being installed at the Luche Thermal Power Plant, now in the first stage of construction, according to provincial authorities. Preparatory work has been completed on the construction of the Pingyu Power Plant, which is scheduled to begin soon. Two 600,000 kilowatt-power generating units will be installed during the first stage of construction. The Anhui coal center is the largest in the area south of China's Huanghe River, where eight new mines with a combined annual production capacity of 15 million tons are to be opened for production between 1981 and 1988. [Beijing XINHUA in English 1254 GMT 12 Aug 82 OW]

QINLING THERMAL POWER PLANT--Xian, 26 Sep (XINHUA)--The second-stage work of the construction of Shaanxi's Qinling Thermal Power Plant is in rapid progress. Now the No 1 generating unit with a 200,000 kw capacity has been installed and put into operation. Another generating unit with the same capacity will also be installed during the second stage of construction. The first-stage work, which has already been completed, has a generating capacity of 250,000 kw. This thermal power plant, located in Huayin County, is the largest of its kind in northeastern China. Coal for this power plant is supplied from the Weibei coalfield. (Text] [Beijing XINHUA Domestic Service in Chinese 0039 GMT 26 Sep 82 OW]

SHANXI POWER PLANT--The Niangziguan Power Plant in Shanxi has put into operation its No 4 generating unit with a capacity of 100,000 kw. The operation of this generating unit has brought the plant's total capacity to 400,000 kw. This thermal power plant, which exploits locally available coal for power generation, will play a significant role in easing the shortage of power supply in northern China and in electrification of the Shijiazhuang-Triyuan Railway. [Text] [Beijing in Mandarin to Taiwan 1500 GMT 5 Oct 82 OW]

DAWUKOU PIT-MOUTH POWER PLANT--Ground was recently broken and construction begun on the Dawukou Power Plant, the first such large-scale project in the Ningxia Huizu Autonomous Region. The Dawukou Power Plant project will have four 100,000-kilowatt generators with a total installed capacity of 400,000 kilowatts. Yearly power output can reach 2 billion kwh and more. The electric power thus generated will be transmitted via high-tension power lines into the Shanxi-Gansu-Qinghai grid, meeting the region's power needs, and also supply power to the Yulin area of Shaanxi and to the western areas of Nei Monggol. After the Dawukou Power Plant becomes operational, a portion of the coal in Ningxia can be used to generate power locally, greatly reducing the burden on the railroads. [Text] [Taiyuan SHANXI RIBAO in Chinese 16 Oct 82 p 4]

CSO: 4013/56

COAL MINISTER NOTES 1.2 BILLION-TON OUTPUT TARGET BY YEAR 2000

HK060346 Beijing CHINA DAILY in English 6 Nov 82 p 2

[Article by Xu Yuanchao]

[Text] China's target for coal production by the end of this century is more than 1.2 billion tons a year, according to Gao Yangwen, minister of coal industry.

He disclosed this in an interview with George Nelson, president of the Sino-British Trade Council and chairman of the General Electric Company PLC.

This target is based on the assumption that there will also be energy-saving efforts. Coal output has climbed to the current 630 million tons from 30 million tons 33 years ago.

To increase annual production by 600 million tons in the next 18 years, 250 large coal mines must be modernized, he said.

China is rich in coal reserves and is undertaking coal exploitation on a large scale.

Mines under construction have 100 million tons of reserves. In addition, China will continue to develop opencast mines, raising their annual output eventually to 200 million tons from the current 20 million tons, Gao said.

Meanwhile, the government will adopt measures to encourage small local mines, leaving most of their production for local consumption, he said.

Every year, the central government allocates money to the coal industry. In addition, investment will come from local governments.

China is still plagued with a shortage of funds.

"We will absorb more funds from abroad and attract more foreign businessmen to invest in China," he said. "Mines using foreign funds now produce an average of 30 million tons of coal a year."

With development of the coal industry, China will expand contacts with foreign countries and absorb more funds in the form of joint ventures and compensation trade, he added.

China and a U.S. firm, Occidental Petroleum, are near agreement on joint development of a large coal mine.

The project--the Antaibao Coal Mine, part of the vast Pingshuo coal field in Shanxi Province--is believed to be the largest joint venture between China and a foreign concern.

The China Coal Development Corporation has also signed a draft agreement with British Shell Coal International for a feasibility study at the Jining No 2 Coal Mine in Shandong Province, east China.

Referring to competition in the world coal market, Gao said: "China has never sought to be a coal exporter.

"We produce coal just for domestic consumption, although small quantities should be exported to compensate for foreign investment and long-term trade agreements with some countries."

Coal trade in the world market totals about 250 million tons a year, about seven million tons of it from China.

Discussing cooperation in developing southwest China's energy, Gao noted that China had imported mining equipment worth $250 million from Britain during the 1970's.

It was mainly hydraulic supports and heading machines.

In the next 18 years, China will import complete sets of equipment and will make other mining equipment in cooperation with British firms.

Cooperation in developing southwest China's energy will be in two steps, he said.

On the one hand, existing mines and ports will be improved. On the other hand, a new railway, a coal mine and a power station will be built and two ports will be expanded.

At the same time, a gasification plant is planned for Yunnan Province.

Gao also discussed with Nelson the possibility of sending to China a survey team of experts in coal mining, railways and ports later this year.

Nelson and his 12-member mission arrived in Beijing last Sunday and leave for home on November 14. The mission will visit Xian, Tianjin and Dalian.

CSO: 4010/22

COAL

NATION'S COAL PROCESSING, UTILIZATION THROUGH YEAR 2000 OUTLINED

OW302106 Beijing XINHUA in English 1512 GMT 29 Oct 82

[Text] Beijing, 29 October (XINHUA)--Coal gasification, liquefaction and coking and coal chemical extraction are the main products of China's coal processing and multi-purpose utilization in the remaining years of this century.

This statement was made by Hao Fengyin, director of the Coal Processing and Utilization Bureau under the Ministry of Coal Industry, in addressing the inauguration of the China Coal Processing and Utilization Association set up here today. The association, composed of coal producers as well as consumers, is committed to help stimulate this field of work in the interest of overall national economic growth.

According to the director, plans were mapped out to make coal processing and utilization suitable for doubling China's annual coal output of 600 million tons by the end of the century. These include:

--Mechanized coal washing and processing, improved quality and increased variety of products to use coal to the best advantage.

--Broaden the scope of business by developing multi-purpose utilization with coal by-products as the chief material. More coal refuse and gangue will be used to make chemicals of coal and building materials. Mining areas are encouraged to produce more molded coal for home and industrial consumption and to build power plants fueled by coal of low calorie value at hand.

--Upgrade techniques for coal processing, rationalize utilization and revamp existing processing plants.

--Carry out feasibility studies of coal gasification, liquefaction, coking and coal chemical extraction in the decade to come.

At present, Hao Fengyin said, coal gasification experiments are being carried out in Shenyang, a heavy industrial city in northeast China, China's leading coal producer of Taiyuan in Shanxi Province and Yantai in Shandong Province.

China is the world's third largest coal producer, at 620 million tons annually. There are now 110 coal washing plants in the country, with a total annual dressing capacity of 110 million tons. Though mechanized coal dressing was introduced in recent years, the capacity is still not commensurate with the gross national output.

By the end of 1981, the director said, China's coal departments had converted 530 old boilers into fluidized-bed boilers fueled by coal refuse, registering a total steam capacity of 3,550 tons. A number of power plants fueled by low calorie value coal have gone into operation. The power plant at Yongrong mining administration in Sichuan Province reduced costs by 40 percent while increasing output by 200 percent after converting all its boilers into fluidized-bed boilers.

Meanwhile, the coal departments had set up 481 kilns and cement plants using gangue, bone coal and coal refuse as raw materials, producing 1,500 million bricks and tiles and more than 500,000 tons of cement each year.

Recent years have witnessed improvements in quality and continuous decreases in cost of such coal chemicals as moutan wax, aluminum chloride, aluminum polymere, and vanadium pentoxide. Vanadium pentoxide has already found its way into the world market.

CSO: 4010/16

COAL

MULTIPLE UTILIZATION, COMPREHENSIVE MANAGEMENT OF COAL INDUSTRY DISCUSSED

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese, No 4, 25 Aug 82 pp 12, 43

[Article by the Policy Research Office of the Ministry of Coal Industry: "On Comprehensive Management of Our Nation's Coal Industry and Comprehensive Utilization"]

[Text] Coal is our nation's main source of energy. Annual output is 620 million tons, constituting 70 percent of the energy structure of the whole nation. How to utilize our nation's coal resources directly affects our nation's buildup of the four modernizations and people's lives. In the past, the coal departments cared only about production and marketing of raw coal. The ability to dress and process coal was weak, comprehensive utilization was weak, the combustion method was backward, thermal efficiency was low, wastefulness was serious, and the environment was polluted. On the other hand, because of singular management, many coal mines suffered losses. These situations affect the expansion of reproduction in the coal industry to a certain degree and the improvement of the life of the workers in mining regions, and they are very unfavorable to the development of the coal industry.

To hasten the rate of development of the coal industry, to fully utilize coal resources, conserve energy and change singular management to diversified management, the development of comprehensive utilization of coal must be carried out. This means, the work of the coal departments does not just involve mining, transportation and marketing, but also processing and utilization. This is an important policy that must be followed in developing the coal industry.

According to surveys, the potential to develop comprehensive management and comprehensive utilization of our nation's coal industry is very great. Our nation produces over 600 million tons of coal each year. Over 100 million tons are washed and processed. If we take out another 200 million tons for washing and processing, increase varieties, supply market needs, we will be able to increase the production value by 2.5 billion yuan with a profit of 800 million yuan. The amount of waste coal rock accumulated over the years at the coal mines unifomrly equipped by the state amounts to 1 billion tons. Each year, 70,000,000 tons of waste rock are newly added. If combustible waste rocks with a higher thermal value are used, each 10,000,000 tons of waste rock can approximately replace 1,500,000 to 2,000,000 tons of superior quality coal. If the coal mines utilize waste coal rock to fire bricks, manufacture cement

and become self sufficient, each year, over 400 million yuan of wealth can be created and a profit of over 40,000,000 yuan can be realized. The future of using the gas in coal mines, gasification of coal, coal chemistry, etc. is broad. The development of comprehensive management of the coal industry and comprehensive utilization will improve the economic gain of our nation's coal industry and promote the development of the coal industry.

The processing and utilization of coal involve many subjects. They are mainly the following:

(1) Preliminary Processing. Preliminary processing of coal involves the following: Washing and selection of coal, classification of coal, supplying the right variety of coal, processing pulverized coal into molded coal, rationally supplying coal to users according to need. Washing, selecting and processing coal well will improve thermal efficiency and conserve coal. For example, by coking coal concentrates, the ash content can be reduced 1 percent and this can conserve 2.66 percent of coal. Each year, the nation can conserve over 1,300,000 tons of coal concentrates. If the steam locomotive burns molded coal, we can conserve about 15 percent of coal, and in a year, we can save 4 million tons of coal. If we make pulverized coal of poor quality for civilian use into molded coal, we can conserve about 15 percent of coal.

(2) The Utilization of Coal Gas. Our nation has an abundance of gas resources in the coal mines. At present, the annual amount extracted is about 310 million cubic meters. Calculating at 9,000 kilocalories of heat generated per cubic meter, this is equivalent to 400,000 tons of standard coal. Gasification of coal includes gasification in factories, gasification in various coal gas furnaces and underground gasification. These can improve thermal efficiency and also reduce pollution.

(3) Liquefaction of Coal. From the long term view, it can replace petroleum. Of course, the main task at present is to carry out scientific research and experimental work.

(4) Coal Chemistry. Chemical products extracted from coal and gas can be supplied to the light industry sector.

(5) Using Inferior Quality Coal in Mining Regions To Generate Electricity. Inferior quality coal used to generate electricity can replace superior quality coal and conserve power and it can also provide electric power to society.

(6) The Utilization of Kerogen Shale. The known reserve of kerogen shale in China is over 30 billion tons. If this part of the resources is utilized as a low thermal value fiel, waste can become treasures and chemical products can be extracted from it.

(7) The Utilization of Sideline Products of Coal Mines and By-products From Burning Coal. These include such things as waste rock, coal cinder, and smoke dust for manufacturing building materials.

(8) Utilization of Paragenic Minerals. Some coal fields not only have reserves of coal resources, they also have other associated and paragenic mineral resources, such as alum, ferric sulfide, clay, gypsum. If they can be uniformly mined, we can save money and labor, and create new wealth.

(9) The Study and Improvement of Counties Burning Coal Stoves. We can develop all types of stoves, from the simple cook stove, water boiling stove to heating aluminum stoves and electricity generating aluminum stoves. The common dual purpose household stove can be rebuilt and this can save 15 percent of coal. If a city uses 4 million tons of coal, then after improving the stoves, over 600,000 tons of coal can be conserved.

To improve comprehensive management of the coal industry, processing and utilization, there are the following suggestions:

First, we must start out from the actual situation in China to develop coal processing and utilization, carry out the projects that require less money and that are easy to do. Projects that pose great difficulties can be taken as scientific research subjects. We should progress from the easy to the difficult, from the small to the large, and develop gradually. By processing coal, we can change low quality coal into high quality coal, change a single product into many kinds of products, change singular management into comprehensive management so as to obtain the best economic benefit for the coal industry and the best results in energy conservation.

To improve people's understanding of comprehensive utilization of coal, we must first create public opinion, carry out propaganda broadly, let comprehensive utilization by the coal industry and the policy of comprehensive management determined by the central authorities take root, and make this work a task for all coal workers and the whole society. Only in this way can a new situation emerge in the processing and utilization of coal.

Second, we must grasp experimental work at certain sites, conscientiously summarize and popularize their experience. For this, we can establish technology popularization stations and guiding groups, train specialized personnel and gradually carry out the work.

Third, we should strengthen scientific research in the processing and utilization of coal, we should include key scientific research projects in the plans, organize forces to do the work so that scientific research can lead and so that scientific research can better serve production.

Fourth, we should organize social forces, including production, use, scientific research, education, materials and commerce to develop the processing and utilization of coal.

Fifth, we should study and establish some economic policies to help coal processing and comprehensive utilization and to mobilize enthusiasm so that coal processing and utilization can develop prosperously towards creating a relatively big change within 3 to 5 years.

9296
CSO: 4013/169

COAL

COAL MINES TO BE UPGRADED WITH IMPORTED EQUIPMENT

OW091233 Beijing XINHUA in English 1210 GMT 9 Nov 82

[Text] Nanjing, November 9 (XINHUA)--A nine-member delegation from Xuzhou, a major east China coal center, will soon leave for the United States and the Federal Republic of Germany to buy winches, pumps, safety control and other mining facilities worth a total of seven million U.S. dollars.

The Xuzhou Mining Administration in Jiangsu Province is executing a compensation trade contract under which the Lotus Corporation of the United States will provide loans of 35.6 million U.S. dollars to renovate one of the administration's 13 mines, provincial authorities said. Through renovation, the Zhangji Mine is expected to increase its annual output from 450,000 tons at present to 1.2 million tons in five years.

The loans--capital plus interest--will be paid back in seven years, provincial authorities said, with 1.35 million tons of coal.

Xuzhou produces more than 10 million tons of coal a year and its coal reserves are verified at no less than 2,000 million tons. Since 1975, according to provincial authorities, the administration has imported 17 sets of hydraulic supports from West Germany and other countries, and eight tunnelling machines from Japan and Austria.

Energy production is one of the strategic priorities in China's modernization endeavour. Central authorities last week announced a decision to call an international investment meeting at the end of 1982 or in early 1983 to solicit more funds for the country's coal industry.

CSO: 4010/22

COAL

FOREIGN FUNDS BOOST SHANDONG COAL INDUSTRY

OW020919 Beijing XINHUA in English 1634 GMT 30 Oct 82

[Text] Beijing, 30 October (XINHUA)--Shandong Province, already one of China's major coal producers, has announced plans to start 46 new mines between now and the year 2000 in order to increase its annual coal output to 80 million tons. It expects to produce 42 million tons in 1982.

Four new mines are now being opened with foreign funds, officials of the Shandong Provincial Coal Industry Bureau told XINHUA today. Some of the equipment for these mines will come from the United States, Japan and France.

At present, foreign capital and technology are used to build coal mines with a combined annual production capacity of 11.5 million tons.

Shandong officials are about to leave Beijing following a 5-day national meeting on coal imports and exports which closed yesterday. It was decided at the meeting that an international investment meeting would be held before the end of 1982 or in early 1983. Mines being constructed with foreign funds across China are expected to produce an annual average of 34 million tons, it was disclosed at the meeting.

Coal reserves in Shandong Province are verified at 16,400 million tons.

CSO: 4010/16

COAL

WAYS TO DEVELOP COAL LIQUEFACTION IN CHINA SUGGESTED

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese, No 4, 25 Aug 82 p 36

[Article by Zhang Zaihao [1728 0961 3185]]

[Text] Coal liquefaction now has a history of 70 years. In recent years, because of the dramatic rise in the price of petroleum, a second golden era of coal has come about. Therefore, coal liquefaction has again been emphasized by all nations. The United States, South Africa, West Germany, Japan, Britain, Canada, the Soviet Union, Australia, and Poland are all actively developing such research. The purpose is to find a substitute for expensive petroleum.

Our nation's research in coal liquefaction is at the beginning stage. The primary task at present is to establish a long range plan and some concrete policies that suit the actual situation based on our nation's concrete situation. For this, the following views are presented regarding the development of our nation's coal liquefaction:

I. As the national economy develops, we should gradually increase the investment in the techniques of coal liquefaction. Our nation has abundant coal resources. The future in developing petroleum is also bright. For a relatively long time, coal will still be the main source in our nation's energy production and consumption structure. The proportion of coal will be about 70 percent. Of course, using coal as the main source is not mainly the direct burning of coal. Directly burning coal can be said to produce no benefits except its thermal efficiency as a one-time energy source, and this still requires further exploration. For example, everyone knows about the inconvenience in storing, transporting and using coal. The problems brought about by coal in environmental protection are serious. In our nation, the amount of dust falling on every square kilometer each month according to regulations should be less than 6 to 8 tons. But, the actual amount of dust falling in the several large cities in our nation's northern region is much higher. The amounts of sulphur dioxide and nitrogen and oxygen compounds released have greatly surpassed the standards stipulated by the state. In the developmental viewpoint, even power stations that burn coal will not remain at directly burning coal for a long period. The United States is testing solvent refining, i.e., coal and a solvent are mixed to become coal paste. This is dissolved and liquefied by hydrogenation under high pressure and high temperature to produce low ash and low sulfur

solid fuel for firing by power plants. Our nation relies mainly on coal. It is entirely necessary to place emphasis on the problem of coal processing and utilization including coal liquefaction.

II. In guiding ideology, emphasis should be on technical preparations to hasten basic research, select technology, test various types of coal, train people.

III. We should not rush things and we should not be influenced by some nations which have hastened the progress in coal liquefaction based on their own specific national situation and thus be anxious to realize achievements by proposing overly high demands.

IV. In scale, our projects should not be too large. At least within this century, we should plan various tasks by taking the establishment of medium test plants as the goal. After realizing success in medium test plants, we still should determine whether the medium test plants should be enlarged to the scale of an industry according to the situation at that time.

V. In method, we should pursue international cooperation to fully utilize advanced technology and capital of foreign nations.

VI. We should develop feasibility studies. The studies can include: long-range prospects of energy supply and demand, the proportion of coal liquefaction products in future energy structure and market demands, the economic nature and the competitive ability of liquefied coal products, the direction of scientific research, the technological line, the conditions to develop liquefaction, such as the distribution of the reserves, hydrogeology, transportation, industrial distribution, site selection, etc.

9296
CSO: 4013/169

COAL

CHINA TO INTENSIFY GEOLOGICAL SURVEYS FOR COAL

OW221229 Beijing XINHUA Domestic Service in Chinese 0055 GMT 20 Oct 82

[Text] Beijing, 20 Oct (XINHUA)--In accordance with the great objective set by the 12th CPC National Congress, the Ministry of Geology and Minerals has decided to make geological surveys for new coalfields the work focus for the next 10 years so as to make available enough energy resources for our economic development in the last decade of this century. This decision was made at a national work conference on coalfield geological survey held recently in Beijing.

The major energy source in China, coal accounts for over 70 percent of the present energy supply and is one of the important factors on which our national economic development hinges. Since we must quadruple the gross annual value of industrial and agricultural production in our country by the end of this century, there must be a correspondingly large increase in the output of coal, the major source of energy. China now has 640 billion dun of proven coal reserves. Of this total, only some 70 billion dun are carefully prospected reserves which can be, but have not yet been, mined. Because of technical, transport and other reasons, about half the carefully prospected proven reserves cannot be exploited in the near future or for a long while. Added to this is the problem of the low percentage of extraction, and hence the low rate of exploitation, of these reserves. Accordingly, there is a shortage of reserved resources for the purpose of formulating a coal industry development plan for the last decade of this century. Intensifying geological surveys for new coalfields has thus become an urgent task.

To meet the needs of developing the coal industry, the Ministry of Geology and Minerals has promptly adjusted its work plan by placing emphasis on geological surveys for new coalfields. The main tasks for the next 10 years have been set out as follows:

1. Surveys for coal reserves should be completed by 1990 in all parts of the country, except parts of Xinjiang, Nei Monggol and Xizang. Data collected should be submitted to the authorities concerned to be used as a scientific basis for drawing up a long-term coal industry development plan and for mapping out a rational distribution of the mining areas.

2. The focus of geological surveys for coalfields will be on Shandong, Henan, Anhui, Shanxi, Nei Monggol, Heilongjiang, Jilin, Ningxia, Yunnan, Guizhou

and Sichuan. The purpose is to provide favorable conditions for coalfield prospecting work during the seventh 5-year plan period and the last decade of this century.

3. Detailed prospecting will be conducted in the large and medium-sized mining areas, which are listed in the national construction and development program, in the hope that considerable proven coal reserves will be found to meet the needs of the development of the coal industry in the near future and further ahead.

The Ministry of Geology and Minerals urges the geological departments in coal-rich areas to uphold the concept of overall and long-term interests and speed up surveys to find more and better coal reserves to support the areas of coal shortage. As for those areas, where geological conditions exist, the geological departments concerned should persist in coalfield geological surveys to find more coal resources if at all possible. The Ministry of Geology and Minerals also requests that geology and mineral departments and coal industry departments at all levels form close ties, coordinate with each other and provide mutual information and material in an effort to create a new situation in the work of geological surveys for coalfields.

CSO: 4013/24

DATUN COAL DRESSING PLANT COMPLETED, RUNNING SMOOTHLY

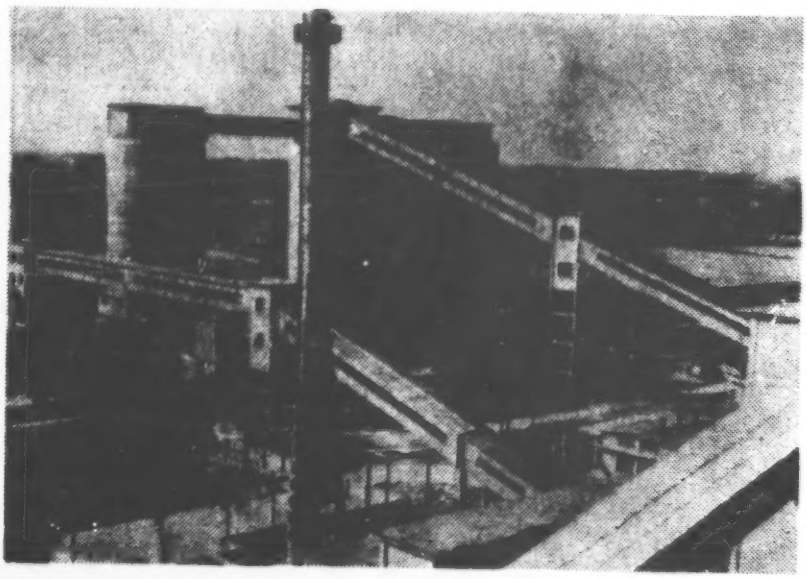
Beijing RENMIN RIBAO in Chinese 26 Aug 82 p 1

[Article: "Coal Dressing Plant in the Datun Coal Field Is Completed and Will Soon Begin Production"]

[Text] A large coal dressing plant that can dress 1.8 million tons of raw coal a year and that is all Chinese-designed, built and equipped--the Datun Coal Field Coal Dressing Plant--has recently been completed and is now being test operated. All equipment has operated normally. It is expected to officially begin production at the beginning of September.

The coal dressing plant in the Datun Coal Field is located inside Pei County in Jiangsu Province on the west bank of Weishan Lake. The plant is one of the key projects of the nation's coal system. After it is completed and begins production, it can provide over 4,000 tons of superior quality coal concentrate a day. It will forcefully support the buildup of industrial production in Shanghai and the east China region.

The total construction area of the plant is 46,000 square meters. The total space of industrial structures is 195,000 cubic meters. It includes 702 pieces of installed equipment.



9296
CSO: 4013/162

COAL

SHANDONG DRAWS UP PLANS TO INCREASE COAL OUTPUT

SK101259 Jinan Shandong Provincial Service in Mandarin 2300 GMT 9 Oct 82

[Text] Comrade (Huang Puyao), deputy director of the Shandong Provincial Coal Industrial Bureau and chief engineer, recently gave a talk to our station reporters, saying that the 12th CPC National Congress has set forth a higher demand for staff and workers on the coal industry front by taking energy resources as one of key strategic points in developing the economy. Therefore, the Provincial Coal Industrial Bureau has successively convened meetings to earnestly analyze our province's conditions for accelerating progress in developing the coal industry while studying the 12th CPC Congress documents. We pledge to assume the glorious and arduous task of historic importance.

Comrade (Huang Puyao) is fully confident in developing the coal industry throughout the province. He stated: Our province has abundant coal resources and is convenient to transportation, which constitutes favorable conditions for developing the coal industry with high speed. Over the past some 30 years, the province has achieved great development in the coal industry, scoring a 2,400 percent increase in raw coal output over the figure of the early stage after the PRC's founding. The province has also greatly upgraded the mine production capacity and the standard of production technology and equipment and steadily developed and expanded the rank of mining staff and workers, laying a solid foundation for accelerating progress in developing the coal industry in the days to come.

Comrade (Huang Puyao) stated: In developing the coal industry with high speed, it is necessary for our province to grasp well the following four tasks:

1. It is necessary to expand the scale in building up new mines and accelerate the speed of building up new mines. Efforts should be made to reach the goal that the province should complete the build-up of new mines with 2 million tons of output each year and complete the build-up of new mines which may yield 55 percent of the output of the provincial annual coal amount by the end of this century.

2. It is necessary to uphold the principle of tapping the latent power and conducting technical innovation and renovations among old collieries to give full scope to the available mines. By 2000, old collieries will be able to fulfill the task of contributing 45 percent of the output of the provincial annual coal amount.

3. It is necessary to do a good job in improving coal tunneling arrangements and steadily upgrading the standard of rational and centralized production. Efforts should be made to gradually mechanize mining operations, change wood pillars to metal ones, automate the means of coal delivery and centralize the control system. Attention should be paid to achieving rapid progress as much as possible in mechanizing and automating mining operations so as to gain better economic returns. To this end, efforts should be made to bring into full play the role of the broad masses of scientific and technical personnel, to strengthen cultural education and technical training among staff and workers on the coal industry front and vigorously upgrade the standard of technology, operation and management.

4. While accelerating progress in developing the coal industry and increasing coal output, it is necessary to do a good job in launching a coal conservation campaign, in upgrading the utilization rate of energy, and in consuming coal in a rational and effective way. Efforts should be made to provide products suitable to consumers so as to create conditions for upgrading the utilization rate of heating energy.

CSO: 4013/24

COAL

HENAN COORDINATES COAL PRODUCTION, SALES

HK120317 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 10 Oct 82

[Text] The coordination of production and sales of coal has been put into practice in our province. The previous production-transportation-sales system under which coal mines, commerce and railway departments were separate in charge of the production, sales and transportation of coal has been transformed. The problems of coal production being divorced from sales and of overstocking of coal have been solved. Rural and urban production and the daily consumption of coal have been facilitated. This experience was given special attention and popularized in the national coal transportation conference convened recently by the Department of Coal Mines in Datong in Shanxi Province.

Henan is one of the important producers of coal in our country. It produces coal for the industries of the central and central southern provinces and cities and for the daily consumption of the rural and urban populations of these areas. In the past, when the production, sales and transportation of coal were divorced from each other, overstocking, washing away by water and self-combustion resulted. The needs of production and peoples' daily livelihood were far from being satisfied. In order to solve this problem, the provincial people's government adopted measures in accordance with the spirit of the directives of the State Council to change from the coal being solely purchased and sold by the Department of Commerce to permitting the coalmines to produce and sell coal themselves. In close coordination with the Railway Department, more than 3 million tons of pure coal were processed in only 1 year.

Last year, the Provincial Coal Transportation and Sales Company was established to unify the production and sales of coal. The coal in our province, except for the coal reserved for the private use of the coal mines and the coal consumed by the local population in their daily lives, is all included in the Provincial Planning Committee distribution plans and integrated adjustments are made by the Provincial Coal Transportation and Sales Company in coordination with the Railway Department in a balanced manner. The orders of the supplier and the capitalist are organized and the Railway Department transports the coal as planned. In this way, the production of coal is promoted. In addition, the relationship between the coal mines and the railway is coordinated, transportation efficiency increased and the overstocking of coal reduced. As a result, revitalization of the coal economy, the superiority of the Henan coal mines, the ensured planned utilization of coal in Henan and other places, cooperation and coordination outside Henan and the organization of importation are actively promoted.

CSO: 4013/24

COAL

ANHUI PROVINCE TO INCREASE COAL PRODUCTION

OW281626 Beijing XINHUA in English 1604 GMT 28 Oct 82

[Text] Beijing, 28 October (XINHUA)--Anhui Province, one of China's major coal producers, will increase its coal output to 60 million tons in 2000. In 1982, it is producing 24 million tons.

This was announced today by a senior member of the Provincial Bureau of Coal Industry who is attending a national conference here. The province will ahcieve the target mainly by expanding the coal centers at the both banks of the Huai River, he said.

Construction is now underway for eight new mines at the centers, which are designed to produce an annual average of 14.7 million tons. Acting upon a proposal from a group of Chinese scientists, the province will from now to 1995 start 16 other mines with combined annual production capacity of 34.6 million tons.

The scientists were headed by Professor Hua Luogeng, China's leading mathematician. They made a 3-month on-the-spot investigations and study at the request of Minister Gao Yangwen of coal industry to help work out a plan for the development of the coal centers, a key energy project in the forthcoming years through to the end of this century.

Coal reserves in Anhui are verified at 22,300 million tons.

Construction will begin in 1983 for four new mines designed to produce 6.4 million tons a year, the Anhui official said.

Development of Anhui coal resources is vital to the economic construction of Shanghai and the six east China Provinces, according to earlier news reports, which furnish one-third of China's gross industrial and agricultural output value.

CSO: 4010/16

COAL

SHANDONG BUILDS YANZHOU COAL PRODUCTION, TRANSPORTATION PROJECTS

SK010834 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Sep 82

[Text] According to our sources, the construction of the Yanzhou Coal Base, the Yanzhou-Shijiusuo Railway Line and the Port of Shijiusuo, which are called large-scale, linked coordinated projects of the southern part of the province, is in full swing.

The Port of Shujiusuo faces the Yellow Sea and is China's first large-scale port built specially for transporting coal. The first stage of the project calls for building two berths--a 100,000-ton-class berth and a 25,000-ton-class berth--with a designed annual coal exporting capacity of 15 million tons. The construction of these two berths is expected to be completed by 1985. From February 1982, when the construction started, to the end of August, more than 67 million yuan--84.4 percent of the planned annual figure--had been invested in the project. Most of the construction items covered by the 1982 plan have been completed prior to the projected schedule.

The 310-kilometer-long Yangzhou-Shijiusuo Railway Line begins from Yanzhou in the west, connects with the Tianjin-Pukou Railway Line, leads directly to the Yanzhou coalfield and ends at the Port of Shijiuso. This railway line is used specially for exporting the coal of Yanzhou and Shanxi and is expected to be completed by 1985. At present, the whole project is in full swing. As of 15 September, over 77 million yuan--71.1 percent of the planned annual figure--had been invested in building the section between Yanzhou and Linyi. Meanwhile, 3.39 million cubic meters of earth and stone have been used to build railway beds, bridges with a total length of 5,300 meters and culverts with a total length of 3,200 meters. The track-laying work has formally started.

The Yanzhou coal base, including the Yanzhou and (Zaoteng) mines, covers an area of over 4,100 square kilometers. The Yanzhou coal base abounds in coal deposits and the quality of the coal is relatively good. It is planned to build or extend five pits with a designed capacity of over 12 million tons in this coal base. As of 1990, a large-scale coal base installation with advanced technological equipment will be built. The construction of the base is developing smoothly. The (Xinglongzhuang) Mine with a designed annual production capacity of 3 million tons has been built and put into production. The (Baodian) Mine with a designed annual production capacity of 3 million tons had consumed some 98 million yuan of investments by the end of August, accounting for 69.2

percent of the total investments. The (Baodian) Mine will be completed and put into production in 1984. The (Dongtan) pit, with a designed annual production capacity of 4 million tons, is expected to be completed in 1987. In the first 8 months of 1982, 9.09 million yuan were invested in building the (Dongtan). The construction of the (Liangzhuang) and (Haili) mines and the coal dressing plant of the (Xinglongzhuang) Mine is also in full swing. The completion of these three major projects will play a major role in increasing coal production capacity, expanding coal exports and promoting the national economy.

CSO: 4013/45

COAL

NEI MONGGOL TO BECOME NATION'S SECOND LARGEST COAL BASE

OW0414 31 Beijing XINHUA Domestic Service in Chinese 0022 GMT 4 Nov 82

[Report by XINHUA reporter Ai Ding]

[Text] Hohhot, 4 Nov (XINHUA)--Vice Minister of Coal Industry Liu Hui said to a reporter in Hohhot recently: Of the five major open-cut coal mines which we are planning to build, four will be in Nei Monggol. By the end of this century, Nei Monggol will become our country's second largest coal energy base, second only to Shanxi Province.

In September and October, some leading comrades of the Ministry of Coal Industry came to Nei Monggol, where they inspected the Huolinhe and Yiminhe open-cut coal mines, which are already under construction, and the Yuanbaoshan and Zhungeer open-cut coal mines, the construction of which is being planned. They also carried out investigations and study at the Dayan and Zhalainuoer Mining Bureaus.

Liu Hui said: Nei Monggol's coal resources are very rich, and its verified coal deposits exceed 190 billion dun, second only to Shanxi. The quality of its coal is also relatively good. Not only that, but the layers of coal are thick, their earthcovers are shallow and their terrain structures are simple, making open-air exploitation convenient. Since the geographical locations of these coalfields are relatively closer to important industrial areas in the northeastern and northern parts of China, exploration of the coal resources in these places at the fastest possible speed will not only be of great significance in prospering Nei Monggol's economy but will also help relieve the tense situation in the supply to energy in the industrial bases in the northeastern and eastern parts of China. It will make a tremendous contribution toward fulfilling the lofty target of striving to quadruple our country's total yearly industrial and agricultural output value by the end of this century as put forward by the 12th CPC National Congress.

In touching upon the exploration plans, Liu Hui said: At present, the important point of the exploration is in the eastern part of Nei Monggol. While speeding up the construction of large-sized open-cut mines, it is also necessary to build a number of new medium- and small-sized open-cut coal mines and coal pits, step up the transformation of the existing coal mines and assist the localities in developing small-sized coal kilns. In carrying out the construction, it is necessary to apply advanced technology, industrial skills and equipment and to synchronize with the railway and power station construction projects, so as to reach the targets of rapid construction speed and high economic results.

CSO: 4013/45

BRIEFS

SMALL COAL MINES--Beijing, 4 Oct (XINHUA)--China now has more than 16,000 coal mines run by communes, production brigades and teams. During the 3 years from 1979 to 1981, output from these small mines increased by an average 10 million dun annually. Last year their production reached some 120 million dun. In addition to meeting local requirements, some of the coal from these small mines was provided to the state as commercial coal to supplement the supply from state-run mines. The small coal mines run by communes, production brigades and teams produce about one-fifth of all the coal mined in the country. [Beijing XINHUA Domestic Service in Chinese 0057 GMT 4 Oct 82]

NEI MONGGOL COAL OUTPUT--In 1982, Nei Monggol Autonomous Region scored an achievement in coal output. According to statistics, the region's collieries whose products are under the state unified plan fulfilled their monthly raw coal output targets. In the third quarter of this year, the region fulfilled its quarterly coal output plan 2 days ahead of schedule. Raw coal output and exploration footage increased more than 30 and 16 percent respectively over the corresponding 1981 period. [SK100554 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 7 Oct 82]

SHANXI COAL OUTPUT--Shanxi produced 11.5 million dun of coal in September, bringing its total coal output in the first 9 months of 106.6 million dun, 13 million dun more than the same period last year. The province's coal mine tunneling footage in the same period was 16.4 percent over the target for the period. [Beijing Domestic Service in Mandarin 1200 GMT 9 Oct 82]

LIAONING COAL OUTPUT--The coal output of Liaoning Province has been increasing year after year. In the first half of 1981, the province witnessed a shortfall in coal output by more than 500,000 tons, having a deficit of 14 million yuan. The Provincial Financial Department subsidized locally-administered collieries by over 28 million yuan. By the end of September, the province overfulfilled 1 million tons of coal, turning deficits into profits. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 11 Oct 82]

COAL CONSERVATION--Beijing, 18 Oct (XINHUA)--China saved 64.82 million tons of coal in the past 2 and one-half years from January 1980, according to the State Economic Commission. Of the total, about two-thirds was saved by restricting production of heavy industry while boosting that of light industry, which uses less fuel per unit production. The remainder was saved by improving management and carrying out technical transformation. Coal accounts for 70 percent of China's primary energy output. While making efforts to expand the energy industry, the country has launched a nationwide conservation drive. [Text] [Beijing XINHUA in English 1233 GMT 18 Oct 82 OW]

CSO: 4010/22

OIL AND GAS

NATION'S STRIDES IN OIL DRILLING WORK HIGHLIGHTED

HK150734 Beijing ZHONGGUO XINWEN SHE in Chinese 1245 GMT 13 Oct 82

["Much Headway Made in China's Oil Drilling Work Over Past Few Years"--ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 31 Jul (ZHONGGUO XINWEN SHE)--In the past few years China's oil drilling level has been improved to a great extent and has entered the stage of scientific drilling.

China has now set up drilling teams capable of all types of production work. The number of drilling teams has increased from a handful in the 1950's to over 700, and the number of drilling staff and workers total 190,000. Apart from this, there is now a considerable number of scientific drilling research teams.

By now the drilling level has been improved in an all-round way and drilling has continued to increase in speed. In the field of well cementation, concrete can now be injected into oilfields at several levels and special technology for well cementation has been adopted. In terms of obtaining cores, short cylinders have been replaced by long cylinders and the rate of obtaining cores has been increased by several percent. Recently, a 46-metre core was removed from a drilling well running to a depth of 4,500 meters in the limestone of Sichuan oilfields. The rate for obtaining core was increased by 100 percent. The quality of wells has been improved to a great extent. The national monthly average speed rate registered a sixfold increase in 1981 compared with 1949. Daqing No 1205 drilling teams and Shengli oilfield No 3252 drilling team have achieved the highest annual records for drilling footage, of 120,000 and 150,000 meters respectively. Huabei oilfield No 4 company has a total of 16 rigs. Wells have been sunk to a depth of over 3,000 meters. Each drilling team has achieved an average annual drilling footage of 15,000 meters. The achievements of these teams have reached the world's advanced levels.

The drilling technology level has been raised markedly over the past few years. Gushers, drills of high efficiency, first grade concrete and other new types of technology have been widely used, and special drilling technology has also been developed. Formerly, we could only sink shallow wells, but we are now able to sink deep or super-deep wells. Before, we could only sink ordinary wells but

we are now able to sink high pressure gaseous wells and special technology wells. Previously, we were only capable of straight drilling but we are now capable of directional drilling and cluster-type drilling. We are now capable of both inland and offshore drilling. Since the foundation of the country, we have sunk a total of 242 wells with a footage of over 4,000 meters, of which 211 were completed in the past 4 years. The average well's construction period was shortened by 295 days in 1981 compared with 1977. Now China is capable of sinking a well with a drilling footage of over 7,000 meters.

Drilling equipment has been greatly improved. China can now mass produce land-used rigs able to bore footages of 1,200, 3,200 and 4,500 meters respectively, and can produce 23 different types of drills. Now 50 percent of the drilling teams are equipped with Chinese-made advanced rigs.

In terms of offshore drilling, China has now established an offshore oil exploration bureau and South Sea oil exploration headquarters, equipped with over 10 drilling platforms. Oil exploration has been initiated in Bohai Bay, the Yellow Sea, East China Sea and South China Sea and a number of high-yield oil and gas wells have been sunk.

According to a person concerned in the Ministry of the Petroleum Industry drilling is the basic means for completing oil source exploration and gas exploitation and it is an important guarantee for a stable annual yield of 100 million tons of crude oil. He added that the actual drilling work is excellent. In the first half of this year, the drilling footage amounted to approximately 3,700,000 meters. According to the annual plan for this year, a drilling footage of 7,000,000 meters is likely to be achieved, establishing the highest record of drilling footage since the founding of the state.

CSO: 4013/30

OIL AND GAS

WANG ENMAO SPEAKS ON UPGRADING XINJIANG PETROLEUM INDUSTRY

HK100310 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 9 Oct 82

[Excerpts] On the afternoon of 8 October, regional CPC committee first secretary Wang Enmao made a speech at a rally convened by the Karamai Municipal CPC Committee of the Xinjiang Petroleum Administrative Bureau in implementing the spirit of the 12th party congress and creating a new situation in Xinjiang's petroleum industry. He stressed: The petroleum industry accounts for a major proportion of the region's national economy. At present the region's oilfield development speed and exploitation level are very far from meeting the needs of the state's modernization drive. In the next few years the focus in China's on-shore oil exploitation will be on the northwest, the focus in the northwest will be on Xinjiang, and the focus in Xinjiang will be on the Junggar and Tarim basins; and the focus in the Junggar basin is on Karamai. The workers on Xinjiang's petroleum front shoulder extremely glorious and arduous responsibilities. He called on the petroleum workers of all nationalities to make still greater contributions to creating a new situation in Xinjiang's petroleum industry, encouraged by the spirit of the 12th party congress.

Leading comrades of the party and government in the region Ismail Amat, Huang Luobin, Qi Guo, Amudong Niyazi and Bai Chengming, and Petroleum Ministry adviser Zhang Wenbin attended the rally.

In his speech, Comrade Wang Enmao highly praised the tremendous contributions of the petroleum workers of all nationalities in the struggle to exploit and build up the Karamai oilfield in the past 26 years, and especially since the 3d plenary session of the 11th Central Committee. He said: In order to implement the 12th party congress spirit and stimulate still faster development of Xinjiang's petroleum industry, the petroleum front must redouble efforts and do a good job in the following tasks:

1. Party and government leaders at all levels must get a good grasp of conveying, studying and implementing the 12th party congress documents.

2. We must work hard to attain the target for endeavor of quadrupling crude oil output by the end of the century. This target has not been set in an arbitrary way; it has been scientifically calculated and has a relatively reliable basis.

3. It is necessary to strengthen the building of socialist spiritual civilization centered on communist ideology.

4. We must continue to strengthen the unity of nationalities and further consolidate and develop the political situation of stability and unity.

5. We must seriously get a good grasp of current production. He expressed the hope that the cadres and workers of all nationalities on the petroleum front would rise on the east wind of the 12th party congress, make still greater efforts, and strive to overfulfill this year's plans and produce more crude oil for state.

Regional CPC committee secretary and government chairman Ismail Amat also spoke at the rally. He said: We should strive to quadruple the region's total annual value of industrial and agricultural production and strive to go further still, so that our per capita national income will approach and catch up with the national average. Developing Xinjiang's petroleum industry plays a decisive role in this endeavor. Xinjiang must grasp oil in order to become rich. Xinjiang must greatly increase oil production in order to become much richer. We believe that, guided by the spirit of the 12th party congress, with the correct leadership of the Central Committee and the close unity and common efforts of the people of all nationalities in Xinjiang, the workers of the Xinjiang petroleum front, with their fine traditions, will certainly make still greater contributions to the cause of socialist construction in the motherland and Xinjiang.

Comrade Wang Enmao and the other leading comrades of the party and government in Xinjiang arrived in Karamai on 5 October.

CSO: 4013/30

OIL AND GAS

XINJIANG OIL INDUSTRY MAPS DEVELOPMENT PLANS

HK110349 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 10 Oct 82

[Excerpts] By the year 2000, Xinjiang's oil reserves, crude oil output and processing, and oil industry total output value will be quadrupled compared with now. This stimulating and vast target was recently put forward by the CPC committee of the Xinjiang Petroleum Administrative Bureau in its development plan for 1983 to the year 2000, drawn up in accordance with the 12th party congress spirit.

(Zhang Yi) deputy secretary of the CPC committee, reported on this plan on 7 October to leading comrades of the party and government in the region who had come to inspect and guide work at the Karamai oilfield. Regional CPC committee first secretary Wang Enmao and government chairman Ismail Amat praised the plan as possessing revolutionary spirit and also taking a realistic approach. They called on all cadres, workers and dependents on the oil front to display the spirit of arduous pioneering and work hard to achieve this vast target.

The bureau CPC committee's development plan for the next 18 years is in three stages, the first being from 1983-1985, and the second from 1986-1990. During these 8 years, it is necessary to concentrate on geological prospecting and also do a good job in tapping potentials in the old production areas and in building up the new areas, to lay the foundation for future development. The third stage is from 1990-1991 to the year 2000. During these 10 years, it is necessary to vigorously develop the oil industry on the basis of the previous stage.

In its scheme, the bureau CPC committee put forward specific measures for fulfilling these plans as well as the strategic aims and arrangements. These measures are mainly as follows:

1. Uphold the principle of putting prospecting first and open up more extensive fields for finding oil, so as to endeavor to get hold of more reserves.

2. Carry out rectification and reform in the enterprises, centered on improving economic returns.

3. Develop science and education and increase investment in brains. It is necessary to set up an oil college, and do a good job in running various types of secondary technical schools and worker sparetime education, to improve the science and cultural levels of the workers.

By the end of September, the bureau had fulfilled the year's well-drilling plan. The quotas for oil extraction and refining had been respectively 76 and 86.7 percent fulfilled. Other economic and technical targets have also been fulfilled well.

CSO: 4013/30

BRIEFS

JILIN OIL PRODUCTION--Jilin Province has established a comprehensively branched and reasonably distributed petroleum industry with fairly high technical standards. The province now has a crude oil production capacity of 1.7 million tons and a crude oil processing capacity of 3.38 million tons, and is capable of producing 45 kinds of products, including fuel oil, lubricating oil and grease. It has greatly accelerated the development of the industry and improved its economic results. Compared with the end of 1978, output value and profit both show a 100-percent increase now. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 2 Oct 82 SK]

SICHUAN NATURAL GAS PRODUCTION--Staff and workers on the Sichuan petroleum front have energetically promoted natural gas output, thus making contributions to solving the problem of energy shortages and responding to the call of the 12th party congress for comprehensively opening up new prospects for socialist modernization. The Sichuan Petroleum Administrative Bureau overfulfilled its natural gas production plan for August by more than 5.2 million cubic meters and overfulfilled its natural gas well-drilling plan for August by more than 5,000 meters. During the first 12 days of September, the bureau fulfilled 41 percent of its natural gas production plan for September. [HK171437 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 17 Sep 82 HK]

CSO: 4013/30

NUCLEAR POWER

CHINA'S NUCLEAR POWER DEVELOPMENT AND THE 'FRENCH CONNECTION'

OW300932 Hong Kong AFP in English 0822 GMT 30 Aug 82

[Report by Charles-Antoine de Nerciat]

[Text] Shanghai, China, 30 Aug (AFP)--A high Shanghai official has indicated that work on the first nuclear station to be entirely built by China has not yet begun in that large eastern port city.

Han Zhiyi, one of the city's deputy mahors, said in a recent interview here with Chairman of AFP Henri Pigeat that the equipment for the station was being manufactured. And "we have the technology and experience in that field," said Mr Han, adding that work on the 300-megawatt nuclear station near Shanghai was "being advanced."

Chinese experts were examining the site where the station was to be built, the deputy mayor said.

In a recent interview with AFP, Chinese Communist Party Chairman Hu Yaobang said the Chinese nuclear power program expected the production of more than 10 million kilowatts in 10 to 20 years.

Besides wholly Chinese-built stations, Mr Hu said China also planned to "import stations of hundreds of thousands, or even two to three million kilowatts, but only on favorable terms."

A French mission has just visited Beijing to resume negotiations on the project for the construction by France of a nuclear station with two sections of 900 megawatts in Guangdong Province. China is expected to supply part of the electricity to Hong Kong.

Referring to the Guangdong project, the deputy mayor said that France will "take into consideration the international competition." The Americans, British and Japanese have also shown interest in the Guangdong project. Mr Han said that he hoped France would take an "enlightened attitude" on the project, undoubtedly suggesting that negotiations between the two countries have not always led to financial arrangements agreeable to China.

CSO: 4010/13

NUCLEAR POWER

NUCLEAR POWERPLANT TO BE LOCATED AT HANGZHOU BAY

OW122148 Beijing XINHUA Domestic Service in Chinese 1345 GMT 10 Nov 82

[Text] Beijing, 10 Nov (XINHUA)--According to JINGJI CANKAO [ECONOMIC REFERENCE] published today, the State Economic Commission has approved the location of the first 300,000-kw pressurized-water reactor nuclear powerplant to be designed and manufactured in China. It will be located in Qinshan of Haiyan County, Zhejiang Province, near the load center of the East China Power Grid. At present, the developing of equipment and the initial designing for the expansion of the project are being stepped up. Preparations for construction will also begin very soon.

Qinshan is located at Hangzhou Bay and the nuclear powerplant will be situated in the mountains facing the sea. The geological quality in the surrounding area and at the powerplant is stable and conditions for transportation and water drainage are convenient.

Nuclear power generation is a rich and yet safe and clean energy source. The energy generated from kg of nuclear fuel (uranium-235) is equivalent to the amount of energy from 2,700 tons of standard coal. Nuclear power generation will not only reduce the bulky volume of fuel thus eliminating the transportation problem for large amounts of coal or petroleum, but also keep the per kwh cost generally lower than other thermal power stations.

Our country has verified the resources of a certain amount of uranium and built a relatively comprehensive system for developing nuclear fuel and other related industries, thereby providing excellent conditions for the development of nuclear power generation.

Our country's energy resources are still relatively poor at present and the distribution of natural resources is very uneven with 70 percent of the hydraulic resources in the southwest and 60 percent of the coal resources in north China. Therefore, it is absolutely necessary to actively develop nuclear power generation in the seriously energy deficient areas in east China, south China and the northeast.

CSO: 4013/53

CONSERVATION

JIANGXI HOLDS CONFERENCE ON ENERGY CONSERVATION

OW071150 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 4 Nov 82

[Excerpts] JIANGXI RIBAO reports: The Jiangxi Provincial Economic Committee held a telephone conference on 2 November. The conference implemented the guidelines of the national telephone conference on unfolding the fourth Energy Conservation Month activities and called for mobilizing the workers and staff on the industrial and transport front to promote the energy conservation month activities in the province.

Vice Governor Liang Kaixuan attended and addressed the conference. The conference held: The province has scored substantial results in energy conservation this year.

Since 1980 the province has carried out 272 technical renovations.

According to incomplete statistics, Jiangxi Province saved 98,000 tons of coal, 76.92 million kwh of electricity and 8,300 tons of fuel oil in the first half of this year.

The conference stressed: In accordance with the guidelines of the national telephone conference on unfolding the fourth Energy Conservation Month activities and in light of the actual conditions in Jiangxi Province, we must pay attention to the following points in promoting energy conservation activities:

1. Earnestly study and understand the guidelines of the 12th CPC National Congress and regard promoting the Energy Conservation Month activities as an important measure for achieving the strategic objective of vigorous economic development. Currently the shortage of energy supply is extremely acute.

Except for ensuring minimum supply of electricity for the coal and chemical industries, all other enterprises in the province have been on electricity rationing or have had no electric supply at all. Therefore, it is not only necessary but also imperative to conserve energy.

2. Strengthen scientific management of energy supply and consumption.

3. Carry out technical renovations and revamp the old equipment aiming at conserving energy.

4. Strengthen leadership over energy conservation work and establish and perfect the energy conservation organs.

5. Work out energy conservation plans for next year and make necessary preparations for production.

CSO: 4013/52

CONSERVATION

JIANGSU PARTY SECRETARY ADDRESSES ENERGY CONSERVATION MEETING

OW020511 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 29 Oct 82

[Excerpts] Following a national teleconference on the fourth Energy Conservation Month called by the State Economic Commission, the Jiangsu Provincial People's Government held a provincial telephone meeting on the evening of 29 October.

At the provincial teleconference, Gu Xiulian, secretary of the provincial party committee, made a speech on how to successfully conduct Energy Conservation Month activities in the province this year. In reviewing the gratifying achievements made in conserving energy in the province this year, Comrade Gu Xiulian said: Despite the energy shortage, the province's total industrial output value in the January-September period increased 9.9 percent, compared with that in the same period last year. From January to September this year, the province saved 750,000 tons of coal, 280 million kilowatt-hours of electricity and over 35,000 tons of processed oil.

At the same time, Comrade Gu Xiulian pointed out: A few units have stressed production to the neglect of energy conservation. As a result, they have failed to carry out effectively their measures to conserve energy.

Comrade Gu Xiulian called on people in all localities to clearly understand the importance of energy conservation and to link this work with the efforts to attain the grand goal set by the 12th party congress.

In conclusion, Comrade Gu Xiulian called for conscientiously carrying out the guidelines and arrangements made by this meeting and taking effective measures to conduct energy conservation activities in order to score new achievements in this regard.

CSO: 4013/52

CONSERVATION

GUANGDONG POWER ORGANS MAKE APPEAL FOR ELECTRICITY CONSERVATION

Guangzhou NANFANG RIBAO in Chinese 22 Aug 82 p 1

[Article by Wen Wei [2429 0251], Peixun [0160 8113], Dekuan [1795 1401]: "Provincial Electric Power Department Appeals to the Localities To Conserve Electricity. Because the Water Level of the Reservoirs of Hydroelectric Power Stations Has Dropped and Because of the Shortage of Oil and Coal, the Whole Province Will Reduce the Supply of Electricity by 1.7 Million Kilowatt Hours Every Day Beginning in September"]

[Text] Because the water level of the reservoirs of the hydroelectric power plants in our province has dropped and because of the shortage of oil and coal supplies, starting from September, the whole province will reduce its daily output of electricity by 1.7 million kilowatt-hours from July, a reduction of 6.4 percent. The daily supply of electricity go Guangzhou City will also be reduced. Concerned departments of the province have appealed to every factory and enterprise and the people and masses to conserve electricity and overcome the difficulty together.

Since the beginning of this year, because of national economic development, production of heavy industry which uses over one half of the electricity of the whole province has risen again. From January to July, consumption of electricity increased by 12.3 percent over the same period last year. Light industry continued to develop and the consumption of electricity has increased 21 percent. The living standards of the people have risen and the consumption of electricity has increased 26.8 percent. The consumption of electricity by other professions has also increased. As the consumption of electricity has rapidly increased, the provincial electric power departments have generated more hydroelectric power from January to July of this year based on the relatively high water level in the reservoirs at the end of last year and forecasts of an abundance of water this year by concerned departments. But, during the first half of this year, rainfall concentrated in a few counties in Shaoguan and Zaoqing Prefectures, causing damage. The water flowing into the large reservoirs of the power network between January and July dropped 16 percent from the same period last year. At the end of July, the water level of the reservoirs of all major hydroelectric power stations in the province generally dropped below the level of the same period last year. The water level of the Xinfengjiang Reservoir of the province's largest hydroelectric power station was 4 meters lower than last year's level. The water level of the Fengshu Dam

Reservoir was 3.79 meters lower and that of the Liuxihe Reservoir was 8.78 meters lower. It is expected that the incoming water during the next few months will not be too much and it is not possible to continue to generate more hydroelectricity. Therefore, plans have been made for all hydroelectric power stations to generate less electricity starting in September. On the other hand, because of the shortage of oil and coal, thermal power stations also cannot generate more electricity.

To solve the problem of the shortage of electric power supply, concerned departments of the province are actively taking measures at present to generate and supply more electricity.

9296
CSO: 4013/161

CONSERVATION

GUANGDONG ISSUES EMERGENCY CIRCULAR ON POWER CONSERVATION

HK140310 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 12 Oct 82

[Text] On 10 October the Guangdong Provincial People's Government issued an emergency circular on the strict implementation of planned power consumption. The circular called on the various localities to vigorously support the efforts of the power departments in supplying power according to the plan and to adopt effective measures to utilize power in strict compliance with the quotas set by the provincial authorities.

The circular stressed that at present the extra power supply situation in our province is still very serious. Since the middle of September, there has been an average daily extra supply of more than 2 million kwh. If this state of affairs is not brought under control, it will certainly exhaust the existing fuel of thermal power plants and the existing water resources of the hydro-electric power plants, thus bringing about a power cut over a large area in the coming winter and spring next year.

The circular stressed that in the event of a serious power shortage, it will be necessary to ensure power supply to key units, make overall arrangements and supply power to selected units. With respect to products which are of very poor quality and whose consumption of energy is too high, or which are unmarketable and kept in stock for a long period, it is necessary to suspend their production in order to alleviate the current power supply shortage. Efforts should be made to strictly limit power consumption in enterprises run by the communes and production brigades in order to ensure power supply for agricultural irrigation and drainage.

The circular called on Guangzhou and various medium-sized cities to act immediately and resolutely abolish, within this year, the system of paying fixed charges for power consumption. Electric meters should be installed within a stated time as otherwise the power supply will be cut or a fine will be imposed.

CSO: 4013/52

BRIEFS

ZHEJIANG ENERGY CONSERVATION--Since the beginning of this year, Zhejiang Province has obtained good results in energy conservation. From January to September, it saved 300,000 tons of coal, 20,000 tons of oil and 55 million kwh of electricity. Total industrial output value topped the same period last year by 8.2 percent, while energy supply only rose by 3 percent over the same period last year. [Hangzhou Zhejiang Provincial Service in Mandarin 1030 GMT 28 Oct 82 OW]

SHANDONG ENERGY CONSERVATION--According to statistics released by 320 enterprises in Shandong Province, during the January-September period, these enterprises each with an annual energy consumption of 10,000 tons of standard coal, increased their production value by 3.42 percent and reduced energy consumption by 0.31 percent compared with the corresponding 1981 period. The average energy consumption for producing 10,000 yuan worth of products declined by 3.64 percent. In the past 9 months, the whole province conserved energy amounted to 85,000 tons of standard coal. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 4 Nov 82 SK]

CSO: 4013/52

SUPPLEMENTAL SOURCES

PLANS TO HARNESS NATION'S HUGE TIDAL POWER RESOURCES STUDIED

Shanghai ZIRAN ZAZHI [NATURE JOURNAL] in Chinese Vol 5 No 7, Jul 82 pp 496-99

[Article by Guo Chengtao [6753 2052 3447] of Huadong Normal University: "Tidal Power Generation"]

[Excerpts] Tidal energy is found in all oceans of the world. The amount of reserves is very abundant. China's sea coast is about 18,000 kilometers long and the reserve is also sizable. How to utilize tidal energy to generate electricity to benefit mankind is a very important subject. In 1980, the Jiangxia Tidal Power Station, our nation's first such power station having a modern technical standard, was completed in Wenling County in Zhejiang Province.

I. Characteristics of Tidal Energy

According to estimates, the world's reserve of tidal energy can reach over 1 billion kilowatts. Fully utilized, it can generate 1,240 billion kilowatt-hours of electricity a year. The reserves in bays are the most abundant, for example, the English Channel has 80 million kilowatts and our nation's Yellow Sea has about 55 million kilowatts.

China's total reserve of tidal energy is about 110 million kilowatts. The annual amount of electricity that can be utilized reaches 90 billion kwh, ranking fourth in the world. The proportion in the two provinces of Fujian and Zhejiang is the largest.

Tidal energy has many features:

A. It is a kind of reproductive energy resource. It completes a cycle every day, and is inexhaustible.

B. It is a stable and reliable energy source. The rise and fall of the tides have a very strong regularity. At present, we can accurately forecast tides of longer periods. It is unlike the hydraulic energy resources of rivers which have years of abundant water, dry years and seasons of abundant water and dry seasons during which the amount of water changes unpredictably.

C. It is an economical energy source. Tides rise and fall by themselves each day and "offer energy right to the door."

D. It is a clean energy source and does not pollute the environment.

E. It is a kind of energy source that has fewer problems. It does not flood large areas of farmland, cities, factories, mines, railroads, and highways and it does not involve evacuation of the population and other such complex problems.

F. Besides the benefit of generating electricity, it can also produce simultaneous benefits from comprehensive utilization. According to understanding, while building tidal power stations at the mouth of the Chang Jiang, Qiantangjiang, Leqingwan Prefecture in Zhejiang, a fairly large area of farmland could be encircled and reclaimed. After the sluice gates of the tidal power stations at the mouths of rivers and bays are built, the water level at the upper reaches of the river or the reservoir area upstream from the sluice gates can be controlled. This controls or reduces the height of the waves, facilitates navigation, and allows boats to avoid the winds. Because the completed sluice gates control the water level in the reservoir, they are beneficial to flood prevention, draining waterlogging, irrigation, breaking tides, protecting the banks of farmland and towns along the coast. The reservoir formed by a tidal power station is beneficial to developing aquatic culture and tourism.

II. Tidal Power Stations

Tidal power stations convert tidal energy into electrical energy. A sluice dam is built at the mouth of a river or in a bay to form a reservoir and water turbine generators are installed in the power station on the inside of the sluice dam or beside the dam. When sea water rises and falls, the amount of intake and outflow of water of the reservoir is controlled, forming a difference between the water levels inside and outside the reservoir. Then this difference is utilized to divert water flow through the water turbine generator.

There are many ways of using tidal power to generate electricity. Categorized by the form of development, there are the following three types:

A. Single reservoir and unidirectional type. Only one reservoir is built and the amount of water intake and output of the reservoir is regulated to satisfy the needs for generating electricity. The diagram is shown in Figure 1. When the power station operates, unidirectional water flow at falling tide is diverted through the water turbine generator to generate electricity. Its concrete operating method is to open the sluice gate at high tide to let the tide water into the reservoir. At level tide, the sluice gate is closed and at receding tide, the gates of the water turbines are opened to let water flow through the water turbine generator to generate electricity.

This kind of power station requires building only one sluicing dam. The structure of the water turbine generator only has to satisfy the requirements for unidirectional water flow to generate electricity. Thus the structure and the hydraulic engineering structures of the generator are relatively simple, the construction cost is less, but generation of electricity is possible only in one direction at receding tide, therefore the time of electric power generation each day is very short, there is less output of electricity, and tidal

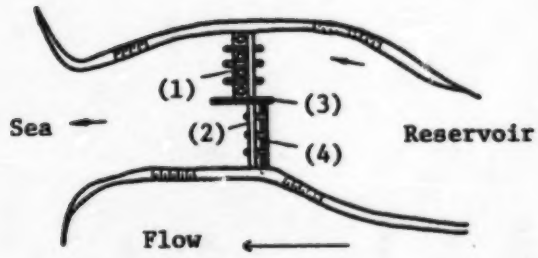


Figure 1. Single Reservoir Unidirectional Tidal Power Station

Key:
(1) Water turbine generator
(2) Bridge
(3) Separation wall
(4) Sluice gate

energy is not fully utilized. For the users that require a longer period of power supply, this is not favorable.

B. Single reservoir bidirectional type. This type is the same as the previous type in that it still uses one reservoir to regulate the intake and outflow of water. The difference is that this type can generate electricity in both directions of water flow at high tide and low tide. Bidirectional generation of electricity at high tide and low tide can be realized in two ways: One way is to build corresponding hydraulic engineering structures. The other is to incorporate corresponding measures in the structure of the water turbine.

The method to realize bidirectional generation of electricity by hydraulic engineering structures is shown in Figure 2. At high tide, water is taken in along the channel illustrated by the solid line to generate electricity. When the tide recedes, water is discharged along the channel illustrated by the dotted line to generate electricity. For the water turbine, the direction of flow and the direction of rotation do not change at high tide or receding tide.

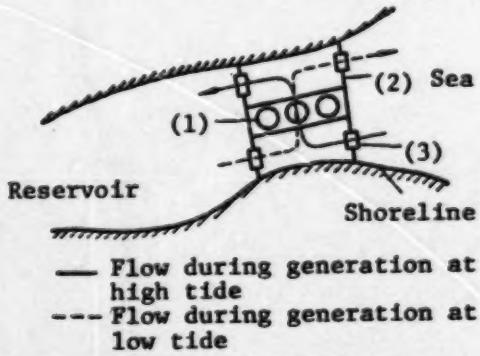


Figure 2. Single Reservoir Bidirectional Tidal Power Station

Key: (1) Water turbine generator (2) Dam (3) Sluice gate

The method to realize bidirectional generation of electricity by the water turbine generator is mainly to enable the generator itself to satisfy both forward and backward reversible operation in the direction of rotation and in the direction of the rotary blades of the water turbine. The hydraulic engineering structures are basically the same as those for the single reservoir type for generating electricity. However, to satisfy the efficiency requirements in bidirectional generation of electricity, the shape of the channels of water flow is changed.

Bidirectional generation of electricity can operate for a longer time and the output of electricity is also larger. But these two types of electricity generation both have a shortcoming, the generation of electricity is discontinuous. The former ceases to generate electricity during high tide and at level tide. The latter still has to cease generation at level tide.

C. Double reservoir unidirectional type. This type requires building two neighboring and connected reservoirs. The water turbine generator is placed between the two reservoirs (as shown in Figure 3). The left reservoir has an intake flood gate specifically to draw water into the reservoir when the tidal water level is higher than the water level inside the reservoir. The right reservoir has a sluice gate specifically to discharge water from the reservoir when the tidal water level is higher than the water level inside the reservoir. In this way, the former always maintains a higher water level and is called the high reservoir. The latter always maintains a lower water level and is called the low reservoir. A differential water level is always maintained between the high reservoir and the low reservoir. The water turbine generator is situated between the two reservoirs. Waterflow continues throughout the day through the water turbine generator to generate electricity continuously. This type requires building two or three embankment dams and two floodgates. The amount of construction and the investment are large and the differential water level that can be utilized is much smaller than the two previous types, therefore the output of electricity is also small.

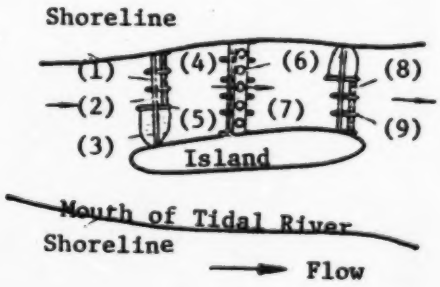


Figure 3. Double Reservoir Unidirectional Tidal Power Station

Key:
(1) Bridge
(2) Intake sluice gate
(3) Dam
(4) High reservoir
(5) Separating wall
(6) Water turbine generator
(7) Low reservoir
(8) Exit sluice gate
(9) Sluice gate buttress

The various developmental types described above all have their advantages and shortcomings. They should be selected on the basis of the local form of tides, the tidal difference, topographic conditions, the load requirements of the power system, the composition of the power generation equipment, construction materials, construction conditions and such technical and economic indices.

The construction of a tidal power station is a combined effort of several single construction projects, mainly the embankment dam, the flood gate and the power plant.

The embankment dam built at the mouth of a river or in a bay functions to separate the area of water in the mouth of the river or in the bay from the outer sea to form a reservoir. There are many types of embankment dams. The low embankment dams built along the coastal regions have been using more rubber dam structural types and blasting methods to construct and treat the foundation in recent years. These types of dams and the construction methods require less amount of construction and investment, and are favorable to the economical character of high tide power generation.

One function of the floodgate is to fill and discharge the water in the reservoir during normal operation, regulate the water level in the reservoir, hasten the formation of the difference in the water levels inside and outside the reservoir, and thus shorten the time of shutdown of the power station and increase the output of electricity. Another function is to hasten the drainage of water inside the reservoir during floods, waterlogging and big tides, or to block the inflow of tidal water to control the highest and the lowest water levels inside the reservoir so that the normal water level for power generation can be restored as quickly as possible. At the same time, it serves to satisfy water conservancy requirements of preventing floods, draining waterlogging, blocking tides, resisting drought and navigation. The width of the sluice gate is larger, the amount of water diverted and discharged is larger, and it can better satisfy the above requirements, but the amount of construction and investment correspondingly increases.

There are many structural types of floodgates. The floor board, floodgate walls and such components of the prefab buoyant flood gate developed in recent years are prefabricated in concrete factories or prepoured on the two banks of the construction site. The prefabricated gate is then installed. Then the assembly is transported on wheels or floated to the site of the flood gate, sank into the water and assembled. Some floor boards and walls of flood gates are made of reinforced concrete slabs and some use the reinforced concrete hollow box structure. The unit rigidity of the empty box structure is better. Seepage prevention, slippage prevention and treatment of the foundation are all easier than for the slab type, and the box structure conserves steel members, but the structural components are thinner, therefore durability is poorer than slab structures. At present, the empty box structure is used more frequently.

During construction of the prefab buoyant flood gate, cofferdams or ditches on the bank are not required. The method of construction is relatively simple, the amount of construction and investment is small and the amount of labor is also small. It is suitable for mouths of rivers which have a relatively wide

water surface and a deeper depth or in harbors and bays. Also, during construction, the flow of water does not need to be interrupted. This avoids conflicts between construction and navigation and draining flood waters. It is not affected by the flooding season. Therefore, construction can be carried out throughout the year. This favors hastening construction speed. There is another important characteristic, it can better adapt to the rock foundation and the soft soil foundation. Because of the above advantages, it is used a lot at present along the coastal regions, such as Guangdong and Jiangsu.

The hydroelectric power plant includes the water turbine generator, transmission equipment, lifting facilities, central control room and lower-level water flow channels and flood gates. The most important equipment is the water turbine generator. Water turbine generators can basically be divided into the vertical shaft type and the horizontal shaft type.

The vertical shaft generator facility connects the axial flow water turbine and the shaft of the generator vertically. This type of generator has a large curvature between the intake of water and the exit of the tailwater. A lot of hydraulic energy is lost, and it requires a larger shell for the water conduit and a large area for the plant housing. This is not ideal for tidal power stations with a small difference in water levels and a larger flow.

The horizontal generator is used more often. The bulb-shaped flow-through generator developed in recent years is better. France built the bulb-shaped flow-through generator after many years of research during the course of building the Rance Tidal Power Station in order to fully utilize the tidal energy of low waterhead and reduce the loss of energy when water flows through the water turbine. Structurally it has the following major characteristics. The water turbine and the generator are connected by one axle. The generator is sealed by steel plates. The entire facility lies in the lower-level channel of flow at the bottom of the plant housing. When the water flows through the channel, it rotates the blades of the water turbine generator to generate electricity. Its structural section is illustrated in Figure 4. The main characteristic of the bulb flow-through water turbine is that the channel of water flow is straight and it has a shorter length, therefore, the loss of hydraulic energy is small and the efficiency in generating electricity is higher. The outer dimensions of the generator are smaller and the dimensions of the plant housing required are also smaller. Thus the amount of construction and investment is small. Many years of operation at domestic and foreign tidal power stations have proved that the shape of this generator produces good results, therefore, it is widely used at present.

In recent years, foreign nations have also developed another new type of generator, it is the blade edge flow-through type generator. Its main structural characteristic is to fix the rotor of the generator directly onto the top of the rotary blades of the water turbine. The stator is fixed on the wall of the channel of waterflow surrounding the rotary blades. This type of generator requires sealing the stator and rotor of the generator so that they will not be infiltrated by water. This can eliminate the bulb structure. According to estimates, the construction cost can be 20 percent less than that of the bulb-shaped flow-through generator. Civil engineering investment is also correspondingly less.

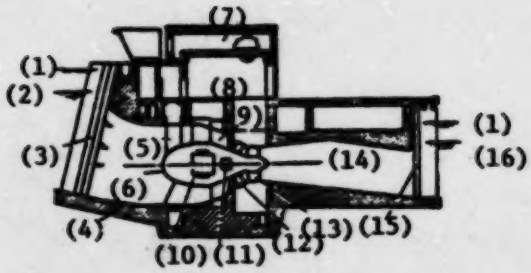


Figure 4

Key:

(1)	High water level	(9)	Buttress
(2)	Low water level	(10)	Generator
(3)	Intake sluice gate trough	(11)	Speed multiplier
(4)	Reinforced concrete structure	(12)	Division blade
(5)	Manhole	(13)	Runner blade
(6)	Bulb	(14)	Tailwater pipe
(7)	Crane	(15)	Tailwater sluice gate trough
(8)	Plant housing	(16)	Low water level

The following is a brief introduction to the major tidal power stations already completed in our nation and abroad:

1. The Jiangxia Tidal Power Station in Zhejiang Province. This is our nation's first medium tidal power station having a modern technical standard. It was completed in May 1980. Results of over a year of operation have been good. The natural conditions of this power station are better. The area of water inside the bay is large, the entrance of the bay is narrow, like a cloth bag. The tidal difference is larger. The maximum tidal difference can compare with the famous Qiantangjiang tidal difference. Therefore, the amount of construction and the investment in the embankment dam are small. The output of electricity is larger. The power station uses single reservoir bidirectional generation of electricity. The power station mainly includes the embankment dam, the sluice gate, and the power plant. Its plane diagram is shown in Figure 5. The water turbine generator uses the bulb-shaped flow-through generator. The generator ceases to generate electricity during level tides and can serve as a sluice gate to discharge water. The efficiency of generating electricity by the generator is high.

Sea water has a high salt content. Corrosion of the water turbine, steel members and such metallic structural components is relatively serious. The Jiangxi Power Station uses the methods of cathode protection and paints. These methods were much more economical than the method of those power stations that used stainless steel to solve such problems. Living organisms of the sea can quickly adhere to the surface of structures in the sea and the water turbine. The water turbines and sluice gates at some power stations could not operate normally. After studying and testing many ways, the Jiangxia Power Station finally solved this problem by electrolyzing the sea water and using paints.

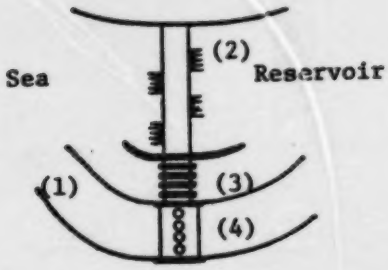


Figure 5.

Key:
(1) Canal
(2) Dam
(3) Sluice gate
(4) Plant housing

While Jiangxia Power Station has realized gains from generating electricity, it also realized many gains from comprehensive utilization, such as aquatic culture, farmland water conservancy, shortening transportation lines, and their total gain was not less than the gain from generating electricity. Therefore, in future research to develop and utilize tidal resources, we should fully develop the gains from comprehensive utilization. When considering the economic properties of a tidal power station, we should fully estimate each gain from comprehensive utilization and its corresponding share of investment. Only in this way can we fully and rationally measure the economic properties of the tidal power station and realize the greatest national economic gain.

In our nation, besides the Jiangxia Tidal Power Station, there are also the Ganzhutan Tidal Power Station in Guangdong, the Shashan Tidal Power Station in Zhejiang, and the Rushankou Tidal Power Station in Shandong. These tidal power stations all have their own characteristics and they operate well.

III. Problems That Need To Be Studied

A. Tidal power stations are characterized by a large amount of flow and a small waterhead. Therefore, they need more and larger water turbine generators. This uses more steel. The power stations are all situated in mouths of tidal rivers or in harbor areas and bays. The construction scale is large and conditions of construction are more complex. These are all reasons for the large investment. But can we aim our efforts at these reasons and think of ways to reduce the investment in capital construction? Analysis of the composition of the entire investment shows that investment in the water turbine constitutes 60 percent of total investment. To reduce the construction cost of water turbines, we can study ways of improvement in two aspects: First, we can change the large amount of flow and small waterhead into a large waterhead and small amount of flow, i.e., using hydraulic transformation to reduce the diameter of the water turbine, the number of units, the amount of steel used and the investment. At present, some units have begun research in this

regard and they have realized preliminary achievements. If we consider a small waterhead, we note that its requirement for structural strength of the water turbine is not high, therefore we can use other materials to replace steel, such as reinforced concrete, wire net cement and glass fiber reinforced plastic. Bulb-shaped flow-through water turbines built of reinforced concrete have already been used in some tidal power stations. Similarly, because of the characteristics of the small waterhead, the requirements for structural strength of engineering structures in the sea, such as the sluice gates and the dams are not high. Some can use light structures such as prefabricated reinforced concrete buoyant sluice gates and rubber dams. In addition, we can also consider using blasting methods to treat the foundations of structures and such advanced construction methods to reduce the amount of construction and investment in engineering structures in the sea by a large scale. The various structural types and construction methods described above all have successful experiences in our nation and abroad. The possibility of realizing large-scale savings in investment by continuing research and popularization on this basis is entirely present.

B. Tidal power stations must cease generating electricity during level tides because the difference in water levels inside and outside the reservoir gradually disappears. This is unfavorable to the users. To solve this problem, we can use double reservoirs for power generation, and we can also join the tidal power station with the large power network so that the power system's hydroelectric power stations, pumping and storage power stations or generators that can be started up in a more versatile manner can compensate and regulate the tidal power station. This means, when the tidal power station stops generating electricity, the hydroelectric power stations and others can generate more electricity to compensate for the deficiency. When the tidal power station generates electricity, hydroelectric power stations and others can generate less electricity, and the electricity can be stored inside the reservoir. These are all feasible ways to solve the problem of intermittent generation of electricity by tidal power stations. In addition, whether there are other better methods still requires further research.

C. The problems of alluviation and silting of mud and sand in the mouths of coastal rivers, harbors and bays commonly exist. After building engineering structures such as tidal power stations in these areas, the pattern of movement of mud and sand in river mouths, harbors and bays will surely change. Therefore, when building tidal power stations, we must study the patterns of change in alluviation and silting of mud and sand under the specific natural conditions of each harbor, each bay and each river mouth, and the actual operating condition of the tidal power station so that we can implement effective construction measures, suppress silting of mud and sand and guarantee normal operation of the power station. The problem of alluviation and silting of mud and sand has different characteristics in each harbor, bay and river mouth, but there are also common patterns. It is necessary to study and explore them. Many localities along the coast have already built sluice gates and many other engineering structures in the sea. Their operation over a long period has accumulated a lot of experience in solving the problems of silting of mud and sand. These have all provided very favorable conditions for solving the problem of silting of mud and sand in the future.

At present, the need for energy resources is very large. It is necessary to develop tidal energy resources in a big way.

Our nation's coastline is long, the reserve of tidal energy resources is rich, and there are many coastal harbors, bays and river mouths. We do not lack favorable topographic conditions to build tidal power stations. Our nation has already built a tidal power station with a modern technical standard. In the future, we have all the conditions to rely on our own technical strength to carry out construction self-reliantly. If we can effectively utilize the new techniques described above through economic analysis, fully develop the gain from comprehensive utilization, tidal energy resources will surely become a fairly effective economic energy resource.

9296
CSO: 4013/148

SUPPLEMENTAL SOURCES

PROSPECTS FOR DEVELOPING OCEAN ENERGY RESOURCES IN CHINA

Beijing NENG YUAN [JOURNAL OF ENERGY] in Chinese No 4, 25 Aug 82 pp 42-43

[Article by Liu Heshou [0491 7729 1343] of the Guangzhou Energy Research Institute of the Chinese Academy of Sciences: "Our Nation's Ocean Energy Resources and Their Development"]

[Text] I. Ocean Energy

The vast oceans contain huge amounts of energy, including thermal energy created by the temperature difference in the upper and lower layers of ocean water, dynamic energy created by tides, tidal currents, waves and such movements of sea water, and chemical energy created by the difference in concentration of salt between fresh water and sea water when fresh water from rivers flows into the ocean.

Ocean energy comes from solar energy and the mutual effects between celestial bodies and the earth. We may say that the ocean is a huge storehouse of energy. The energy it stores is broadly distributed (the oceans occupy 71 percent of the total area of the earth's surface). It is inexhaustible. Compared to hydraulic power and wind power on land, ocean energy is more stable and its variation has a fixed pattern which can be accurately predicted. For example, the energy from temperature differences in sea water within a fixed area of ocean currents changes according to the seasons while the range of variation in tides and tidal currents are cyclic. In addition, ocean energy, when compared to solar energy on land, is present 24 hours a day. These have provided favorable conditions for the development and utilization of ocean energy. Of course, oceanic energy resources are deposited in the ocean environment. The dynamic effects of wind, waves and currents in the ocean sometimes are destructive. Chemical corrosion and the growth of marine life on engineering structures in sea water have brought about many difficulties in construction and design. In addition, density of the energy is low, construction cost is high, and these affect the ability of ocean energy to compete with other types of energy. But as the shortage of energy becomes more severe, it still remains one type of energy which can be utilized at present.

II. Our Nation's Ocean Energy Resources

China's ocean territories are broad. The coastline of the Chinese mainland is over 18,000 kilometers long. There are over 5,000 islands. The coastline

of the islands is about 14,000 kilometers. The East China Sea has an area of 4.88 million square kilometers. South China Sea, in the low latitudes, occupies an area of 3.6 million square kilometers. The amount of fresh water from the rivers flowing into the sea is about 2 to 3 trillion cubic meters/year. The magnitude of ocean energy of all types is higher than that of other nations of the world. Our nation's ocean energy resources are rich. There is a bright future for development and utilization. They will be separately introduced below according to the different types of ocean energy:

1. Tidal Energy. Along our nation's long coastline, there is a rich deposit of tidal energy. According to the two major general surveys conducted in 1958 and 1981, the reserve is 110 million kilowatts, equivalent to an annual output of 275 billion kilowatt hours of electricity. About 38.5 million kilowatts can be developed, or 87 billion kilowatt-hours, equivalent to 47 Xin'an Jiang Hydroelectric Power Stations. China is one of the world's nations with relatively rich tidal energy resources.

2. Ocean Thermal Energy. Most of China's seas are in the lower latitudes. The temperature difference between the ocean surface and the deeper layers is about 20°C. The total area of the sea that can be developed is about 3 million square kilometers. Calculating according to a density of 0.212 kilowatt/square meters of energy flow from sunshine measured on China's Xisha Islands, the total average annual energy from sunshine over that area is 0.6×10^{12} kilowatts. If we calculate the rate of utilization of solar energy and the efficiency of conversion of thermal energy in the ocean at 1 percent and 2 percent respectively, then the amount of thermal energy in the oceans in our nation's territorial seas that can be utilized is about 120 million kilowatts.

3. Wave Energy. The average height of waves in the Yellow Sea and East China Sea is 1 to 1.5 meters and 1.5 meters in the South China Sea. The annual average wave cycle is about 6 seconds. The resources are also rich. According to estimates, the total power of waves transmitted to our nation's shores from the ocean is about 150 million kilowatts.

4. Energy Created by the Difference in Salinity of Sea Water. The amount of fresh water flowing from our nation's rivers into the ocean is about 2 trillion cubic meters a year. The difference in infiltration pressure is about 24 atmospheric pressures. Estimates based on this show that the reserve of such energy is about 150 million kilowatts.

5. Ocean Currents. The ocean currents in the coastal seas of our nation have an estimated energy of 50 to 100 million kilowatts.

6. Tidal Currents. The reserve is also very rich. For example, the energy reserve of tidal currents in the 6 larger navigational channels in the Zhoushan Islands is about 3 to 4 million kilowatts.

III. Views on the Development and Utilization of Ocean Energy

Our nation's oceanic energy resources are rich. The amount that can be converted into useful power is at least 150 million kilowatts. This value is over twofold the total installed capacity of electric power in our nation at present.

Most of it is distributed along the coast of eastern China and Guangdong where sources of energy are lacking, where the population is concentrated and where industry is more developed. Therefore, developing oceanic energy resources in these regions has special meaning.

During the 1950's, our nation built a group of small tidal power stations and obtained large amounts of experimental data. On this basis, we planned and designed the Jiangxia Tidal Power Station in Zhejiang Province. It is second only to the Rance Tidal Power Station of France in the world today. The total installed capacity is 3,000 kilowatts. The first 500-kilowatt generator has already begun operation. We have also conducted some experimental research in wave energy and tidal current energy. But, generally speaking, our nation's research in and development of oceanic energy are only the beginning. The following views on how to develop oceanic energy are presented:

1. Strengthening Leadership. The development of ocean energy involves many sciences, many sectors, and requires a guided and unified plan to concentrate scientific and technical forces to carry out research according to plan and step by step.

2. Carry Out General Survey of Ocean Energy. The development of ocean energy, like the development of other forms of energy, requires a detailed survey of the resources. Therefore, from now on, we should organize a relatively large force to carry out this work. The tidal energy which had been generally surveyed can be further surveyed in detail, and points can be selected to establish a foundation for engineering designs.

3. Strengthen Research in Basic Theory. Because of the special environment in which ocean energy is produced, the energy density is low. To obtain a fairly large magnitude of energy, we must first make breakthroughs in basic theoretical research, and we must carry out simulation experiments and prove the plans. Yet, in this aspect, our strength is weak and it urgently needs to be developed.

4. Start Out From the Practical and Take Small Size as the Key. The development of oceanic energy is still at the beginning stage throughout the world today. The degree of technical development can generally be divided into four types: (1) Tidal energy with mature developmental technology has now entered the stage of technical and economic evaluation and engineering planning. (2) Engineering research in the utilization of thermal energy in the oceans is being carried out. (3) The utilization of wave energy (individual and small projects have already been commercialized) is being experimentally studied using models and real projects. (4) The utilization of ocean currents and the use of differences in salinity are still at the stage of basic study. Research in ocean energy in some nations emphasizes finding an industrial-type energy substitute. Because of the present situation in ocean energy research in our nation and the present strength of our nation, we should start out from the practical, and first develop some small projects to provide electricity for economic buildup and national defense buildup, such as electricity for navigation aids, lighthouses, buoys, oceanographic observation stations, maritime work teams, isolated islands and remote fishing villages. At the same time, we can accumulate experience to prepare well for future large-scale development.

Regions with relatively strong oceanic energy, regions which have a close relationship to industry and agriculture and which also severely lack energy can go one step ahead to carry out some surveys, make plans and develop feasibility studies so that the resources can be developed at an appropriate time.

We believe that our nation's development of ocean energy will become an important link in developing the oceans. In the general trend of transition of the forms of energy and diversification of the energy structure, there will surely be great developments that will benefit mankind.

9296
CSO: 4013/169

SUPPLEMENTAL SOURCES

ZHOUSHAN ISLANDS MAKE SUCCESSFUL USE OF TIDES TO GENERATE POWER

Hangzhou ZHEJIANG RIBAO in Chinese 24 Jul 82 p 1

[Article by Mao Dechuan [3029 1795 0278]: "Experiment To Utilize Tides To Generate Electricity Is Successful in Zhoushan; Ocean Energy Group of the State Scientific and Technological Commission Believes Tides Are Strong Energy Sources To Generate Electricity"]

[Text] The Zhoushan Islands have successfully completed a scientific experiment to generate electricity from tides. This experiment was conducted in Xihoumen Strait outside Hangzhou Bay. The area is the shipping channel between Shanghai and Wenzhou. When the experimental vessel with an installed capacity of 8,000 kilowatts dropped anchor in Sihoumen Strait between Zhoushan Island and Jintang Island, the generator generated electric power as the tides ebbed and flowed. The several dozen electric lamps on board the experimental vessel lit up instantaneously. The electric power generated by the tides cooked the rice on the electric stove and operated the small electric water pump.

This experiment was conducted by the Zhoushan Regional Science Committee and the Dinghai County Science Committee with the help of scientific research agencies and higher educational institutions of the Ministry of Electric Power, the Guangdong Energy Research Institute of the Chinese Academy of Sciences, the East China Power Bureau, and Qinghua University. The experiment went through three experimental stages from indoor simulation and generating electricity on a towed vessel to the generation of electricity by tides at the scene of the anchored vessel. The longest duration of power generation by tides lasted 81 hours. Its voltage was stable, there was no destruction of the ecological balance and environmental pollution.

Recently, the Ocean Energy Group of the State Scientific and Technological Commission and the provincial science committee jointly organized an ocean energy inspection group to go to Xihoumen in Zhoushan to inspect the site. Everyone believed tides are a strong energy source that can generate electricity. Utilizing tides to generate electricity does not require building dams and embankments, it is not afraid of sedimentation of sand and silting, and there is a bright future in developing sources of electricity in the ocean.

9296
CSO: 4013/162

SUPPLEMENTAL SOURCES

YIN FATANG TALKS ON HARNESSING SOLAR, WIND ENERGY IN XIZANG

HK210749 Lhasa Xizang Regional Service in Mandarin 0000 GMT 21 Oct 82

[Text] In his talk to the science and technical personnel of Naqu Prefecture, Yin Fatang, first secretary of the Xizang Regional CPC Committee pointed out: We must strengthen leadership, heighten our confidence and create a new situation in the use of solar energy.

Comrade Yin Fatang said: The building of energy resources is one of the strategic focal points put forward by the 12th CPC Congress. Xizang is rich in energy resources and, in particular, has inexhaustible solar energy resources. It is imperative to grasp this work well.

Recently, the scientific committee of Nazu Prefecture has looked into the work of exploiting and utilizing energy resources. The results of the successful experiment carried out in generating electricity from wind energy in March of this year were quite effective. They have already popularized these experiments in solar cookers and solar water heaters and actively put solar bathrooms into operation. Comrade Yin Fatang was very interested in the work of exploitation and utilization of energy resources in Naqu Prefecture. He made a special trip to the testing ground of the wind energy generator and viewed the generation, distribution and supply systems.

Comrade Yin Fatang said: The strong winds of north Xizang which used to be abhorrent have now become a treasure, cherished by all. Xizang enjoys exceptional advantages in solar energy and also has a long history in utilizing solar energy. Due to lack of attention from the leadership, the work in this field was not grasped well. Comrade Hu Yaobang attaches great importance to the problem of energy resources in Xizang. Whenever he meets me, he mentions this problem. At present, Xizang has placed the problem of energy resources as the key to transformation in 3 years. I hope that you will have confidence and be successful in the utilization of solar energy. This is a concrete measure toward implementing the strategic tasks issued by the 12th CPC Congress. You can recommend yourselves to a great extent if this work is done well, for it not only solves practical needs but also dismisses feudal and superstitious ideas.

CSO: 4013/44

SUPPLEMENTAL SOURCES

BRIEFS

FUJIAN WIND POWER GENERATOR--The installation of a 55-kw experimental wind power generating station, jointly designed by the Fujian Electric Power Experimental Research Institute and the Fujian Machinery Institute, has been completed in Pingtan County. After trial runs, the operation is normal. The tower is 16.5 meters high and the blades have a diameter of 21 meters. (abstracted from FUJIAN KEJIBAO [FUJIAN SCIENCE AND TECHNOLOGY]) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9, Sep 82 p 31] 5974

WIND POWER GENERATOR BUILT IN HEILONGJIANG--The Heilongjiang Machinery Research Institute has successfully trial manufactured a Model FD-17 20-kw wind power generator. This wind power generating unit uses an automatic speed control system. It is suitable for high, cold regions and provides a new power supply for production and daily living of people in the far border rural areas and grazing regions. (abstracted from XINWEN ZHAOPIAN [NEWS PHOTOGRAPHY] of XINHUA News Agency) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9, Sep 82 p 31] 5974

WIND POWER USED ON WEIZHOU ISLAND--Weizhou Island, Guangxi, is located in Beibu Wan. The average wind speed during the year is 5.1 meters/second and can be utilized during all four seasons of the year. In order to utilize this wind power to generate electricity, a wind 2-kw power generator was purchased from Nei Monggol. Based on the actual conditions of the island, the electrical parts of the generator were remodeled and the height of the wind tower was extended from the original 12 meters to 15 meters. It has started generating electricity. Its power supply is meeting the design requirements and adequate power is being supplied to the sea cucumber farm on the island. After seeing this result, the masses on the island are asking for the installation of wind power generators one after another. Through the efforts of the engineering technical personnel of Beihai Municipality Agricultural Machinery Research Institute, a small wind power generator of 300 watts costing only a few hundred yuan has been trial manufactured. It can be used in areas where the average wind speed is over 2 meters/second. Currently, this generator is being modified. Once the final model is decided upon, it will be produced in large numbers. (abstracted from GUANGXI KEJIBAO [GUANGXI SCIENCE AND TECHNOLOGY]) [Text] [Shanghai DIANSHIJIE [ELECTRICAL WORLD] in Chinese No 9, Sep 82 p 31] 5974

CSO: 4013/36 END

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China Report

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ECONOMIC PLANNING

PLANNING COMMISSION VICE MINISTER DISCUSSES NEW PLAN

OW121409 Beijing Domestic Service in Mandarin 1200 GMT 8 Dec 82

[Text] Song Ping, NPC deputy and vice minister in charge of the State Planning Commission, made a special speech on finalizing and implementing the Sixth 5-Year Plan at a group meeting of the Fifth Session of the Fifth NPC.

Song Ping said: The guiding ideology of the Sixth 5-Year Plan is the principle on readjusting the national economy formulated by the 3d Plenary Session of the 11th CPC Central Committee. The plan adheres to the principle of proceeding from the actual conditions, seeking truth from facts and doing what is within our capabilities. An outstanding characteristic of the Sixth 5-Year Plan is its stress on increasing economic results.

Sone Ping said: To insure fulfillment of the goals of the Sixth 5-Year Plan, we must do a solid job in the following fields of work:

First, we must stress the key projects while striking an overall balance and push forward the development of agriculture, energy resources, transport, education and science to spur the development of the national economy as a whole. In developing energy resources, we should sum up experiences and blaze a new path for speedier exploitation.

Second, we must adopt effective measures to strictly control the overall scale of investments in fixed assets. To control the scale of capital construction, the key lies in strictly controlling investments outside the budget and properly handling the relationship between local interests and the overall interests. Except for the construction funds levied by the state for energy and transport development, it is imperative to use the money earmarked for capital construction where it is most needed in accordance with the overall scale of construction stipulated by the state. We must make concerted efforts at all levels to do a good job in capital construction.

Third, we must place technical transformation on the agenda of important matters. During the period of the Sixth 5-Year Plan, 130 billion yuan are earmarked for the technical transformation of existing enterprises. This is another important feature of the Sixth 5-Year Plan. To do a good job in technical transformation, it is first of all necessary for all trades and occupations to proceed from reality and possibility, draw up technical transformation plans and put forward a technical

policy and orientation of development suited to their own characteristics so that the existing enterprises will shift step by step to a new technical basis. It is necessary to bring into full play the role of the vast numbers of intellectuals, organize efforts to tackle key scientific and technological research projects, and do a good job in the "four shifts" in the application of advanced technology [to apply the results of scientific and technological research in laboratories to production, apply those gained in the national defense industry to production for both defense and civilian purposes, apply those gained in the coastal areas to production in the hinterland, and assimilate foreign experience for use in China].

In this way, the chances are very good for us to quadruple our gross annual industrial and agricultural output value by the end of the century.

CSO: 4006/147

ECONOMIC PLANNING

'SIXIANG ZHANXIAN' DISCUSSES YUNNAN DEVELOPMENT

HK080930 Kunming SIXIANG ZHANXIAN in Chinese No 5, 24 Oct 82 pp 14-16

[Article by Zhang Huaiyu [1728 2037 3254] and Yu Chaoxi [0151 2600 0932]: "An Elementary Analysis of the Problems of Yunnan's Economic and Social Development Strategy"]

[Text] Economic theory circles and many practical workers are now discussing the problems of the economic and social development strategy of our country. The following is our elementary analysis of how Yunnan Province defined its strategic principle and the strategy taken by the province in relation to the economic and social development strategy.

Correct Guiding Ideology and Methods Are Needed

In studying the strategy of economic and social development, it is necessary to have correct guiding ideology and methods. First, it is necessary to seek a way to develop the socialist economy and society according to the specific conditions of the province so that its economy and society is able to develop in the most favorable direction toward meeting to the greatest extent the increasing needs of people's material and cultural life and make still greater contributions to the socialist motherland. Second, it is imperative to follow basic Marxist principles on economic and social development so as to guarantee that the economy and society will be able to develop along the socialist road. At the same time, the strategic development of a province must follow the general guiding ideology, strategic principle, line and policies of the economic and social development strategy of the whole country. So the strategic orientation, strategic goal and measures of Yunnan Province must be put under the general strategic goals of the CPC Central Committee.

Proceed From Specific Conditions in Yunnan Province

The ideological line put forth by the 3d Plenary Session of the 11th CPC Central Committee of seeking truth from facts and proceeding from reality is the guiding principle for our work. The defining of Yunnan Province's economic and social development strategy must also follow this guiding ideology, be based on the province's specific conditions and on the full study and understanding of the features of the province while the correct strategy and policy and the defining of the principle for work must also be based on the situations in the province.

What are the specific features of Yunnan Province? They may be summed up in the following:

First, Yunnan Province has a "developing type" economic structure. Its economy and culture are lagging behind those of the provinces in the hinterland and the coastal provinces and prefectures. It is not self-sufficient in finance and grain. It is apparent that this province is an underdeveloped region with a population still living a comparatively poor life. Over the past 30 years and more, the province has carried out the strategy of catching up with and surpassing other provinces in a bid to narrow its differences with the national average level and advanced regions, but these efforts have resulted in bigger and bigger differences. Therefore, it is necessary for us to restudy the selection of strategic ideology, strategic goals and strategic measures; we must no longer follow each step and measure of advanced regions; on the contrary we should have our own way of development.

Second, Yunnan Province has advantageous natural conditions and it abounds in natural resources. It has 10 big advantages (tobacco, sugar, tea, nonferrous metals, phosphorus ores, forests, animal husbandry, rubber, water resources and tourist resources); compared with other provinces and regions, Yunnan Province belongs to the upper and middle level, its climate is better than north China, northeast China and northwest China, while its water and energy resources and other resources are richer than east China and south China and in southwest China the province is second only to Sichuan. Now the question of how to turn these natural advantages into economic advantages, turn the potential advantages into actual advantages and exploit all underground and surface resources for the province itself. At the same time, we must understand that the province has two disadvantages, backward culture and backward transportation, and they constitute a vital weak point that has hindered the development of the economy and society of our province. Therefore we must follow the strategic principle of displaying advantages and avoiding disadvantages, establish the features that according with our conditions and form the economic structure and modes that will display our advantages.

Third, Yunnan Province is characterized by hilly regions, many minority nationalities and a borderline. Hilly regions make up 94 percent of the total area of the province and there are 22 minority nationalities with a total population amounting to one-third of the total provincial population; the province's borderline is more than 4,000 kilometers and borders the three countries of Vietnam, Laos and Burma. This is a unique condition of the province. The province is basically backward in hilly regions, minority nationality regions and border regions. The differences between these areas with the provincial capital of Kunming are even bigger than the differences between the province and the whole country. The economy and society of all of Yunnan Province will develop only when the economy and society of these areas is developed. Therefore, in strategic ideology, prominence must be given to exploiting the hilly areas, developing minority nationality areas and developing the prosperity of border areas, and it is also necessary to gradually shift our key work and investment orientation to these areas. We can in no way just concentrate our attention in plain areas, Han Nationality areas and hinterland areas and without having a far-reaching strategy.

Fourth, economic and cultural construction over the past 30 years and more has formed a certain material and technical foundation for the province. Since the 3d Plenary Session of the 11th CPC Central Committee in particular, provincial industrial and agricultural production has been developing very rapidly. All these achievements are our starting points to continue to make progress. An important problem that has to be considered in defining development strategy is to make a full use of this foundation and display its roles, take measures to make industry support agriculture, heavy industry support light industry, plain areas support hilly areas and advanced departments and areas support backward departments and areas and to promote the economic and social development of the whole province.

Fifth, Yunnan Province is located in the western part of the country with backward transportation. In addition historically, the province was subject to separation by warlords and as a result was closed to hinterland and provinces and coastal provinces and regions, its economy and culture were backward and it was ill-informed. After liberation, the Guizhou-Kunming and Chengdu-Kunming railways were built and the situation in the province has since been greatly improved. But Yunnan Province is a vast area, with precipitous topography. While the economy and society along the railways and highways are comparatively developed, the vast rural areas, hilly regions and nationality regions are still backward and all these areas are characterized by "indigenous" situations. How to improve these situations and develop in a big way the economic and cultural exchanges between these areas and the hinterland areas and advanced areas are important questions that must be considered in defining strategic policy.

The above five points are the basic conditions and features of Yunnan Province, and there are also other aspects such as high population growth, patriarchal feudal thinking, stronger social restrictions toward other provinces and the outside world and more serious influences of the old traditional and habitual force. But all these are the results of a backward economic foundation. The only solution for us is to define a development strategy that is in line with the province's specific conditions and features so that the province will be able to develop its economy and society more rapidly.

Conscientiously Sum Up Experiences and Lessons and Handle Well the Relations Among the Above Mentioned Five Points

In defining the economic and social development strategy for the province, it is imperative to start from summing up experiences and lessons so as to avoid making mistakes again. The following efforts must be made in handling well the relations among the five points mentioned above:

The first is the relations between speed and efficiency. In this aspect, we must learn from the past lessons of seeking high speed but with low efficiency. At the same time, we must choose a new way of making proper speed with better economic efficiency and with more benefits for the people, handle well the dialectical relations between speed and efficiency, carry out work according to our strength and make stable development so that all our works will take the road of higher economic efficiency.

Second, the relations between accumulation and consumption. We must take warning from the past lessons which were characterized by high accumulation and low consumption. We must rationally arrange economic construction and the needs of people's life; that is to say, we have to eat and we have to carry out construction and therefore consideration must be given to these two aspects. The problems of food and clothing are more prominent in our province than in some other provinces and therefore it has become an urgent task for the province to improve people's standard of living and develop the production of consumer goods, including developing agricultural production.

Third, the relations of proportions among agriculture, light industry and heavy industry. We must guard against the reoccurrence of an unbalanced national economy. We must base ourselves on the Marxist principle of proportionate development of social reproduction of the two big categories and proceed from the specific conditions of our province to form a rational economic structure, supply each other's needs through exchanges of goods with other provinces and other countries so that the economy of our province will evolve well and grow strong. The province's economic and social history and its present conditions show that the province must take agriculture as the foundation, and such a foundation is not only required for production, people's life and preparation against war but is also the foundation for making steady progress.

Fourth, the relations between exploitation and protection. We must learn from lessons of other countries and our own lessons in which in the process of industrial and agricultural production, forest and ore resources as well as the ecological balance were spoiled and the environment was damaged. We must correctly handle the relations among exploiting and protecting resources, protecting productivity and protecting the ecological environment. The province is a "developing" region. Therefore, in defining the principle for considering exploiting resources up to actually exploiting them, it is necessary to firmly hold the strategic thinking of rationally protecting the resources and take protective measures right from the beginning through to the end of projects. These measures concern the life of our future generations and therefore are very important.

Fifth, the relations between the production of goods and means of production and population growth. This question is commonly shared by the developing countries. The growth of the population in our province is rather high, particularly in the broad rural areas and in the areas where minority nationality people live. High population growth directly influences the speed of the development of the economy and society and causes some social problems. Therefore, in defining strategic planning, we must coordinate the balance between the production of goods and means of production and the growth of population and take effective measures to control population growth.

Set Up Props for Economic Development

From the long-term point of view, the 10 big advantages of Yunnan Province should and are in a position to be the province's economic prop for supporting finance and national revenues. The production of tobacco and sugar have become economic

advantages for the province and bring in more than 40 percent of the province's income. In addition, this production has very big potential both in quality and per-unit output and can continue to develop in the next several years. But seen from another viewpoint, the development of tobacco production will encounter such problems as contending with sugar and grain production for marketing and contending for land, and therefore its development will be limited. Tea production, nonferrous metals and phosphorus ores also will become provincial economic props in the near future and for quite a long period to come, and this production can be developed in a big way. The problem in tea production is mainly low per-unit output and once the related policy is improved and scientific management is employed, will be quite possible for tea production to double or triple. Compared with the highest record in history, the production of nonferrous metals tends to decrease. But Yunnan Province enjoys exceptional advantages in rich natural resources, therefore measures must be taken to step up the exploitation of new ore mines in the 1980's so as to achieve a relatively big growth in the 1990's and make greater contributions to the country. The construction of phosphorus mines is expected to be completed and to begin production during the Sixth 5-Year Plan and with greater development. The growth of forestry, animal husbandry and rubber production is relatively slow now, therefore, it is imperative to make a breakthrough in the related policy and in scientific technology so as to step up the development of these areas. The problems in the exploitation of water resources include big investment, long construction periods and backward traffic, with difficult construction conditions. The water resources that have already been exploited only make up a little more than 1 percent of the exploitable volume. Now the problem in this aspect is how to raise funds, step up exploitation, develop from small to big and complete one project after another. Efforts must be made in this area so as to make bigger achievements in the next 10 years. All this represents a basic link in the province for achieving complete economic emancipation. Further progress should include exploiting nonferrous ores and phosphorus ores by making use of water resources, combining ore production with electricity and supporting industrial and agricultural production and transportation so that people in both rural and urban areas will receive electricity. In the future the province can also export electricity to other parts of the country and other countries.

Of the 10 big advantages, the tourist industry should draw our attention in particular. Yunnan Province has a number of scenic spots with a good climate and varied topography. There are tropical and sub-tropical areas, wonderful views of glaciers and snow-capped mountains, mountain lakes with transparent and blue waters, rare birds and animals and flowers, scenic spots of various minority nationalities with their own traditions and habits, historical sites of the Nanzhao regime of ancient China in Dali and pictographic cultures in Dongba of the Lijiang River. In short, the province abounds in tourist resources and is in a position to attract a great many tourists from other parts of the country as well as from other countries to promote economic and cultural exchanges with other provinces and other countries. But what is more important is that we can raise funds by developing tourism. Some comrades predicted that once the five tourist regions [word indistinct] more than 100 million yuan. In exploiting tourist resources, it is not necessary for the province to make big investments and build high buildings. Success can be achieved in the provincial tourist industry

by relying on the features of minority nationality regions and other regions. Investment in this industry will bring quick returns, with small capital investment making big profits. Tourism is a "smokeless industry" without pollution, and to promote tourism is a measure with instant results that will add wealth to the province. At present, the problem of transportation has hindered the development of tourism in the province. It is easier to solve transportation problems in tourism than transportation problems in industry and there are a number of experiences in this area both at home and abroad. Efforts must be made to develop tourism during the period of the Sixth 5-Year Plan and make tourism one of the economic props of the province in the next 3-5 years.

Study must also be made on how to develop trading in border areas.

Overcome Disadvantages and Realize Advantages

Although there are a number of advantages in the province, there are also a number of disadvantages. The advantages can be displayed only if we are able to overcome disadvantages. There are five main disadvantages that have to be seriously studied and solved.

The first problem is grain. The province has relied on the grain imported from other places over the past 6 years and this situation has become a factor hindering the development of the province. To solve the grain problems we must mainly rely on increasing per-unit output, concentrate our efforts in developing the farmlands with medium output, consolidate those with high output and gradually transform those with low output. At the same time, efforts must also be made to increase grain production on the basis of giving priority to developing forestry, simultaneously carrying out grain production, animal husbandry production and oil-bearing crops and to gradually developing large-scale agriculture. Yunnan Province is a famous "botanical kingdom," "kingdom of animals" and a "land of medical herbs," with fertile soil and abundant agricultural crops. These situations are mainly formed by advantages in forestry and ecological environment. But if forestry resources are damaged, there will be water and soil erosion, the soil will become poor and the ecological environment will be spoiled and under this condition, such features as "botanical kingdom," the "kingdom of animals" and the "land of medical herbs" will no longer exist and grain production will be directly affected. Therefore, it is imperative to protext the ecological environment.

The second problem is funds. Shortage of funds is another factor that has hindered the development of the province. The province needs an enormous amount of funds for developing transportation facilities, exploiting nonferrous ores, phosphorus ores and water energy resources. Therefore, in addition to seeking state investment, the province must spare no efforts to raise funds and carry out joint venture undertakings with other provinces and municipalities and jointly exploit resources with profits rationally distributed among them. The province may also import capital in a planned way.

The third problem is transportation. The biggest disadvantage of the province is transportation, which has affected the development of the whole economy and society. When efforts are made to have state investment in the building of the Kunming-Nanning and Guangtong-Xiaguan-Shigu railways, the province must at the same time use various forms to develop various transportation facilities and simultaneously develop water, land and air transportation. Some comrades suggested developing hovercrafts that can be used in currents, shallow rivers and other rocky waterways and this measure is expected to increase navigation mileage by more than 3,000 kilometers. In addition, narrow-gauge railways may also be built because they require small investment, their projects can be quickly carried out and they accord with the provincial topography. More heavy-duty trucks must be used to carry more goods and save energy; horses and oxen must be used in carrying goods to hilly areas and overhead cableways must also be built to promote air transportation. In short, it is feasible for the province to improve transportation by using modern and indigenous methods and building various forms of transportation facilities. It is urgent for the province to build a comprehensive research organization to study and solve the transportation problem.

The fourth problem is about science and culture. This problem also represents a major disadvantage of the province. When measures are taken to strengthen mental exploitation, increase investment in science, education, literature and hygiene and strengthen training of workers and staff, it is also important to develop joint ventures and coordination with other provinces so as to change the province's backward scientific technology and economic management. At present it is imperative to pay attention to and use well the existing scientific and technical forces, fully display the roles of scientists and technicians and organize various branches of learning to coordinate in solving key problems. Certain policies must be defined to encourage scientists and technicians to work in border, minority nationality and backward regions.

The fifth problem is population. The province's natural population growth is rather high, about 14 percent. Strong measures must be taken, in particular in rural and minority nationality regions, to gradually reduce the population growth rate.

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ECONOMIC PLANNING

SHANXI ON ROLE OF INDUSTRY IN THREE-FOLD INCREASE

SK081040 Taiyuan SHANXI RIBAO in Chinese 15 Nov 82 p 3

[Article by Liu Zhengzhi [0491 2973 0037], director of the provincial economic commission: "The Important Role of Our Province's Industry in the Three-fold Increase"]

[Excerpt] Over the past three decades and more since PRC's founding, our province has made great progress in industry. By 1981, we had established 9,540 industrial enterprises which were staffed with 3.18 million staff members and workers and owned 16 million yuan of fixed assets. Our 1980 industrial output value was 55 times that of 1949 and, in gross industrial and agricultural output value, increased from 14.2 percent in 1949 to about 70 percent. The situation in which industrial increases are greater than agricultural increases will continue for many years. As the foundation of the national economy, agriculture is certainly a very important part of the economy and should be promoted. However, the fulfillment of the target of quadrupling our industrial and agricultural output value in 20 years will, to a great extent, be decided by the great increase in industrial output value.

Of course, to quadruple the industrial and agricultural output value in 20 years is a general national target. The targets for various provinces and autonomous regions will inevitably be more or less different. This means that in most provinces and regions the industrial and agricultural output value will be quadrupled or better while in others the industrial and agricultural output value will not be quadrupled for various reasons. Such a situation is normal. To be more specific, what should Shanxi's tempo of advance be? Proceeding from reality, the provincial CPC committee has explicitly set forth a target of resolutely quadrupling our industrial and agricultural output value by the end of this century, that is, from 16.9 billion yuan in 1980 to 68 billion yuan in 2000. Since our industrial output value amounts to more than 70 percent of the gross industrial and agricultural output value and industrial development is evidently faster than agricultural development, it is not difficult to see that 70 to 80 per cent of the 3-fold increase is to be shouldered by industry. We should and are able to fulfill this glorious and yet arduous historical task.

Although this task is very arduous, and although we are bound to meet with numerous difficulties and obstacles in the long 20 years, the goal is totally attainable in view of our potential and favorable conditions in various fields

following the gradual elimination of the leftist guiding ideology in economic work, the implementation of party principles and policies and the proper handling of historical problems, the focus of our province's work has shifted to economic construction in a timely manner. In addition, the 12th CPC Congress made overall arrangements in various fields for the fulfillment of this fighting goal in order to bring, within a fairly short period of time, the work of various fields into the correct orbit of promoting the economy. Our province has rich coal, iron, aluminum, copper and other mineral resources and a substantial heavy chemical industry foundation. In particular, our superiority in coal energy is unique. Proven coal reserves account for one-third of the country's reserves. So far, our province has built some 2,900 large, medium-sized and small coal mines which can produce 130 million tons, 50 times our 1949 figure and 20 percent of the state's raw coal output. The production capacity of our heavy industry, such as machinery, chemical, military, power and metallurgical industries, occupies an important position in the country. Our light and textile industries have also achieved fairly great progress after several years of readjustment. Accompanying the utilization of new equipment, the introduction of new technology and the construction of new projects will be an increasingly enhanced production capacity. All these constitute an important material foundation for promoting our industrial economy and achieving a three-fold increase in industrial and agricultural output value.

At present, the production techniques of our existing industrial enterprises lag behind those of other advanced provinces and municipalities. The overwhelming majority of our techniques and equipment are of the standards of the 1959s, the 1960s or even the 1949s or 1939s. Provided we make the best use of our superiority in coal, iron and steel, copper and aluminum, strengthen technical and economic cooperation with other provinces and municipalities, pay close attention to technical training and intelligence exploitation, and accelerate the technical transformation of existing enterprises to renew techniques and equipment, the production capacity and economic results of a great number of industrial and mining enterprises will be greatly improved, the consumption of energy and raw materials will be tremendously reduced and a new situation will develop in which industrial production overall will be lively and the production cycle will be good.

As long as we are not afraid of difficulties, as long as we are good at exploring with our diligent labor and wisdom, our goal is totally attainable.

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ECONOMIC PLANNING

YUNNAN CONGRESS DEPUTIES DISCUSS SIXTH 5-YEAR PLAN

HK090650 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 8 Dec 82

[Text] According to XINHUA reports, the Yunnan provincial delegation attending the Fifth Session of the Fifth NPC held a series of group meetings to consider the report delivered by Premier Zhao Ziyang on the Sixth 5-Year Plan.

The deputies held that the report has fully affirmed a series of party principles and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee and has reflected in concrete terms the requirements of the strategic objectives, priorities and steps defined by the 12th Party Congress. The tasks have been clearly defined, the main points have been stressed and the measures are vigorous. All the deputies had full confidence in fulfilling the Sixth 5-Year Plan.

An Pingsheng said: The Sixth 5-Year Plan is the first 5-year plan for quadrupling the gross annual value of industrial and agricultural production by the end of this century. Viewed from the implementation of the first 2 years of the Sixth 5-Year Plan in Yunnan Province, the annual growth rates of industrial and agricultural production have exceeded the average annual growth rate of the Sixth 5-Year Plan. In 1980, the output value of industrial and agricultural production in Yunnan Province topped the highest level in history. In 1981, however, an increase of 8.1 percent was registered over 1980. This year, an estimated increase of 9.95 percent is to be registered over 1981. The economic results have also increased to some extent year after year. An Pingsheng hoped that, in the 3 years to come, the cadres and masses throughout the province will, in accordance with the guidelines of Zhao Ziyang's report, study diligently, work in a down-to-earth manner, proceed in a orderly way and fulfill the Sixth 5-Year Plan in an all-round way in order to lay a good foundation for attaining the [word indistinct] strategic objective of the national economy by the end of this century.

(Zhao Tinggong) said: When talking about China's rural situation, Premier Zhao Ziyang pointed out that what is especially encouraging is that many localities where agricultural production was relatively backward have speedily transformed their outlook over large areas in 1-2 or 2-3 years--a phenomenon rarely seen since the founding of the PRC. This appraisal is quite correct and it conforms with the actual situation in the Wenshan Zhuang and Miao Autonomous Prefecture.

In the past, agricultural production was backward in Wenshan Prefecture and the economy in the area inhabited by the minority nationalities was underdeveloped. Since the 3d Plenary Session of the 11th CPC Central Committee, the production responsibility system of signing contracts in an all-round way has been practiced and production has developed year after year. In 1981, grain output in the whole prefecture amounted to more than 1.23 billion jin. The problem of feeding the people has been solved. This year, although our prefecture has suffered from a serious plague of insects rarely seen in the past 30 years, we have managed to reap a good harvest in agriculture and diversified undertakings have greatly developed. Seeing such an excellent situation, the broad masses of peasants feel very pleased. They have more faith in the party and government.

Referring to the fact that both the new constitution and Premier Zhao Xiyang's report have placed the development of educational, scientific and cultural undertakings in an important position, (Wu Yinghuai), (Zhu Dexing) and (Du Yanqing) held that this constitutes not only an important condition for ensuring the building of modern material civilization but also an important part for stepping up the building of socialist spiritual civilization. They talked about the fact that education, science, technology and culture are relatively backward in the areas inhabited by the minority nationalities. In order to develop educational work in the areas inhabited by the minority nationalities, it is hoped that the state will adopt special measures and encourage and support teachers and scientific and technical personnel to work in the border areas.

(Lin Yanpi), (Wu Zhengyi) and (Li Rongmeng) aired their views on the exploitation and utilization of energy resources in light of the actual conditions in Yunnan. (Li Yanpi) said that water resources constitute one of the 10 favorable conditions of Yunnan Province. Developing hydroelectric power stations is a good way of solving energy shortage in our province and our country. The middle reaches of the Lancangjiang River provides a good place for exploiting energy resources in Yunnan Province. The Manwan Hydroelectric Power Station project is one of them. Once this power station has been built, its electricity production may reach 5.5 billion kwh, only 0.1 billion kwh less than the total electricity production in the whole province last year. If some multilevel power stations are added, the electricity production may reach 7 billion kwh. Thus, not only will it be possible to solve the problem of energy consumption in both production and daily life in Yunnan, it will also be possible to support nearby provinces in their construction. Therefore, it is hoped that this project will be listed in the state plan as soon as possible so that by 1996 it will go into operation and produce the desired result.

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ECONOMIC PLANNING

QINGHAI CONGRESS DEPUTIES DISCUSS 5-YEAR PLAN

HK070929 Xining Qinghai Provincial Service in Mandarin 1100 GMT 6 Dec 82

[Text] According to XINHUA reports, the Qinghai provincial delegation attending the Fifth Session of the Fifth NPC conscientiously examined the Sixth 5-Year Plan. They spoke glowingly of the current economic situation and discussed the question of how to create a new situation in Qinghai's socialist modernization.

Zhaxi Wangqug, chairman of the provincial people's congress standing committee, said: After studies, I think there are five special features in the Sixth 5-Year Plan: 1) stress has been laid upon improving economic effects; 2) prominence has been given to strategic priorities; 3) the principle of readjustment, restructuring, consolidation and improvement has been implemented; 4) simultaneous attention has been paid to the building of material and spiritual civilization; and 5) the strong measures to be taken have been expressed in specific terms and strict demands have been set. He expressed his conviction that the Sixth 5-Year Plan would certainly be fulfilled through our efforts so as to lay a solid foundation for attaining the objective of quadrupling the output value.

When talking about the current, excellent economic situation, the deputies said that due to the good policy of the party, the rural areas are now thriving and flourishing. In Qinghai, for example, some poor production teams, which used to eat resold grain, have basically solved the problem of food and clothing. Last year a peasant named (Ma Shanma) in Hualong Hui Autonomous County sold 10,000 jin of grain to the state. This year in two communes of Hualong and Minhe Counties alone, 37 peasants have sold 10,000 jin of grain each. In Minh and Huangzhong Counties, each of the 9 enterprises run by communes has an income of more than 1 million yuan. Elatedly pointing to the Shanghai brand watches on their wrists, (Qiao Shengcun) and (Bai Yunyou), two deputies from the Huzhu Tu Autonomous County and Ledu County, said: In the rural areas, many people are wearing this brand of watch. Quite a few people are wearing Titoni or Roma brand watches. In the past it was really terrific for some peasant households to have bicycles, sewing machines and wristwatches. In recent years, however, many peasant households have added radios and walking tractors to the three articles mentioned above.

How to create a new situation in Qinghai's socialist modernization is an important subject which the deputies discussed when examining the Sixth 5-Year Plan. Zhaxi Wangqug, (Han Fucai), (Jiarong Daduo) and other deputies said: Qinghai has three strong points: 1) Prospects are bright for the production of animal husbandry in Qinghai. There are 500 million mu of grassland, which can be utilized for raising more than 20 million domestic animals. This will provide ample funds and raw material for the development of industry in Qinghai. 2) Qinghai has inexhaustible energy resources. Situated in the upper reaches of the Huang He, Qinghai is rich in water resources. From Longyang Gorge to Jishi Gorge there are six places suitable for building power stations. They will provide ample energy resources for Qinghai's economic construction. 3) Qinghai is rich in mineral resources. The deposits of more than 30 mineral resources in Qinghai occupy important positions in our country. The deposit of salt, in particular, amounts to tens of billions of tons. The deposits of sylvite, lead and zinc are also extensive. These mineral resources constitute a very good condition for the development of Qinghai's industry.

They said: In creating a new situation in Qinghai's economic construction, it is necessary to note that the work is gigantic and the tasks are arduous. It is necessary to further emancipate the mind, enhance revolutionary vigor, step up investigation and study and pay attention to weak links so that our objectives, plans and measures are placed on a realistic and reliable basis.

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ECONOMIC PLANNING

SHANXI DEPUTIES DISCUSS REPORT ON 5-YEAR PLAN

HK080949 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 7 Dec 82

[Text] When discussing Premier Zhao Ziyang's report on the Sixth 5-Year Plan, Shanxi deputies to the Fifth Session of the Fifth NPC said that the future of the Chinese people is bright and full of hope. They are determined to make greater efforts to strive for the fulfillment of the Sixth 5-Year Plan. The deputies were enthusiastic and active at the group discussions held in the past few days. They unanimously agreed that the targets of the Sixth 5-Year Plan and the measures to carry out this plan, which was put forth by Premier Zhao Ziyang, are realistic and reliable. They are greatly inspired by this and have more confidence.

Deputy (Huo Shilian) said that the targets put forth by Premier Zhao Ziyang in his report can surely be realized if efforts are made. Judging from Shanxi's situation, agricultural production has rapidly developed since adopting the responsibility system. The total grain output this year exceeds that of last year by 2.04 billion jin. Cotton has increased by 40.7 percent and oil crops, 37.5 percent. The total agricultural output value has increased by more than 16 percent. The number of counties in which per capita collective income is over 100 yuan has increased from 22 last year to 57 this year. At present, the responsibility system is just in the ascendant. Provided we steadily and firmly implement the party's policies and principles mapped out since the 3d Plenary Session of the 11th CPC Central Committee, the agricultural situation will surely become better and better. There is also great potential in industrial production. This year, the total industrial output value is expected to reach about 13 billion yuan, an increase of more than 11 percent over the past year. Through readjustment, light industry has continuously and steadily developed and heavy industry has begun to rise. The superiority in coal production, in particular, has further been brought into play. In Shanxi Province, there are rich reserves of coal, which is full of variety, good in quality and easy to mine. Over the past 3 years or so, coal output has increased by an average of 10 million tons a year. Thus, it is entirely possible by 1985 to fulfill the state plan which requires the production of 155 million tons of coal in this province. Now, efforts are being made to solve the problem of transportation. When it is solved, coal production will certainly be accelerated. Deputy (Ruan Bozhen) said that it is a very important matter that Premier Zhao Ziyang had emphasized giving priority to the increase of economic returns. We must always bear in mind the negative lesson of blindly increasing investment regardless of the material

and financial resources of our country. We must increase economic returns through technological reform and tapping potentials of the existing enterprises. Agricultural production must be developed at a more accelerated pace. This year, the agricultural situation in Shanxi is quite good. It is the best in history. However, state grain subsidies are still needed in this province. We cannot build energy bases on the basis of allotting grain. So, such subsidies should be gradually reduced. We must further emancipate our minds and further develop and perfect the responsibility system. Now that large numbers of specialized households have emerged, we must actively support them in various aspects, such as science, technology and commodity circulation.

Deputies (Wang Jiujin), Kang Yonghe, Zhou Dongye and Jiang Shiyang) said that they all agree with Premier Zhao Ziyang that the increase of economic returns should be given first priority in the Sixth 5-Year Plan. (Wang Jiujin) said that without economic returns, there will be no speed. In economic construction, the increase of economic returns should be put in the first place. In readjusting and reorganizing enterprises, we must take a firm and resolute attitude. Those which must be closed, merged and ceased or changed production should be unhesitatingly dealt with accordingly. (Kang Yonghe) said that in order to increase economic returns, we must also do a good job in solving the problems in the payment system. Payment for labor is the most important economic lever. It is necessary to change the wage system which disregards economic returns and is characterized by everyone eating out of the same big pot. The system of linking wages to economic returns and work efficiency, that is, the system of linking remuneration to output, must be encouraged. The more economic returns are achieved, the higher the wages should be.

Many deputies, especially those from the scientific and technological circles, have made positive suggestions on the building of coal energy bases in Shanxi. Deputy (Qian Yiqi) suggested: 1) to improve the arrangements of coal exploitation so that the outputs of coking coal, anthracite and power coal can better suit needs. 2) to develop coal processing industry and make multiple use of coal so that the useful chemical products and heat energy can be fully recovered and used. 3) to seek more financial sources so that the mines can be run through various channels, such as state investment, local financial allocation, cooperation with other cities and provinces, using foreign investment and so forth. 4) to speed up construction of the coal transport network. 5) to raise the level of automation and mechanization. 6) to speed up the construction of the contingent of exploration and design staff and workers. 7) to actively train scientific and technological workers and raise the technological, operation and management level of the staff and workers. 8) to solve the problem of the lack of water sources in Shanxi Province.

Deputies (Zhang Jiafu, Zhao Lizhi, Shi Huaidi, Cao Shubin, Wang Zutong, Zhao Yuting) and others pointed out that in order to exploit coal in Shanxi, it is necessary to solve the problem of water sources. The fundamental way is to divert water from the Huanghe River into Shanxi. Thus, early preparations must be made to lay good foundations for starting the projects in the future. (Zhao Yuting) said that attention should also be paid to protecting water sources and controlling pollution. A deadline must be drawn for completely controlling and eliminating pollution.

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ECONOMIC PLANNING

GUANGDONG NPC DEPUTIES DISCUSS SIXTH 5-YEAR PLAN

HK080727 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 7 Dec 82

[Text] The Guangdong delegation to the Fifth Session of the Fifth NPC has discussed in the past few days Premier Zhao Ziyang's report on the Sixth 5-Year Plan. During the discussion, the deputies took the floor one after another. They said: Premier Zhao Ziyang's report has summed up the historical experience in China's economic construction and is in conformity with China's national conditions. He has put forth clear targets and effective measures to attain them. Many deputies also made comments and suggestions on how to fulfill the Sixth 5-Year Plan.

Deputy Liu Tianfu said: In the report, Premier Zhao Ziyang put forth important principles such as maintaining an appropriate speed of development in industrial and agricultural output while ensuring an increase of economic returns, controlling the scale of capital construction, and guaranteeing technical transformation of key projects and electricity and petroleum enterprises. All this has summed up China's experience in economic construction in the past 30-odd years. In light of Guangdong's conditions, Liu Tianfu stressed the following aspects of work in fulfilling the Sixth 5-Year Plan.

1. We must continue to maintain a political situation of stability and unity, and the continuity and stability of a series of correct principles and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee.

2. We must continue to reduce restrictions in policies in order to enliven the economy.

3. We must continue to expand economic and technical exchanges with foreign countries and actively introduce advanced technology, experience in management and necessary funds for construction.

4. We must pay attention to training capable persons and using them rationally.

5. We must step up development in energy supply and transportation.

Deputy Liang Lingguang said: An important measure in realizing the Sixth 5-Year Plan in an overall way is to speed up progress in economic structural reforms. In restructuring the economy, we must give full play to the role of key cities. We must correctly handle relations between horizontal and vertical management.

CSO: 4006/147

SICHUAN NPC DEPUTIES DISCUSS SIXTH 5-YEAR PLAN

HK100306 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 9 Dec 82

[Text] According to XINHUA, the Sichuan deputies attending the 5th Session of the 5th NPC have been in high spirits in putting forward schemes while holding panel discussions on Premier Zhao Ziyang's report on the Sixth 5-Year Plan. They have discussed specific ways and means of implementing this plan.

Deputy Meng Dongbo said: The key to fulfilling the Sixth 5-Year Plan lies in improving economic returns in an all-round way. In connection with the actual conditions in Sichuan, we should mainly concentrate on the following points: 1) carry out all-round straightening out of the existing enterprises, tackle the problems in a comprehensive way, and perfect the economic responsibility systems linking responsibilities, rights and interests, so as to improve management standards; 2) in connection with restructuring the enterprises, be resolved to close, suspend, merge or convert a number of enterprises with very poor economic returns; 3) speed up the pace of reorganization and formation of joint undertakings; 4) actively stimulate the progress of science and technology; 5) actively and steadily speed up the progress of reform of systems.

Deputies Li Linzhi, Feng Zhenwu and (Gao Weilong) proposed: To accomplish the task of raising total agricultural output value by an annual 4 to 5 percent during the Sixth 5-Year Plan, Sichuan must increase its agricultural output value by over 1 billion yuan a year. To achieve this aim, we must act as follows: 1) while continuing to grasp grain production, develop diversification and promote stockbreeding, forestry and sideline occupations of all types; 2) actively develop specialized and socialized production management forms that are mainly small and specialized; 3) continually perfect and develop the various types of responsibility systems such as assigning responsibility contracts to each household, fixing output quotas for each household, and organizing specialized and key households, and also promote economic combines, commune and brigade enterprises, agriculture-industry-commerce joint enterprises, agricultural-commercial contracts, and agrotechnology responsibility systems. All these have been developed by the peasants in practice under party leadership since the Third Plenary Session. We must continue to follow this path.

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ECONOMIC PLANNING

YUNNAN'S LIU MINGHUI ON SIXTH 5-YEAR PLAN

HK080749 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 7 Dec 82

[Text] According to XINHUA, Liu Minghui, an NPC deputy and governor of Yunnan Province, said at a group meeting on examining Premier Zhao Ziyang's report on the Sixth 5-Year Plan: Targets specified in the Sixth 5-Year Plan are both encouraging and practical. This plan also gives prominence to key projects. It is necessary to firmly uphold the overall viewpoint of taking into account the country's construction as a whole in order to guarantee the accomplishment of the key projects and correctly handle the relationship between overall and partial interests. People in border areas inhabited mainly by minority nationalities where the economy is less developed should also strive to score some achievements and contribute their efforts to the all-round fulfillment of the Sixth 5-Year Plan.

Liu Mingui said: Without giving prominence to certain key points, the policy will be untenable. Stress cannot be placed everywhere as then, no prominence would be given to those real key points. In order to guarantee the steady development of the national economy as a whole, it is imperative to concentrate our limited funds on the most urgent and most profitable projects. If our country's financial and material resources and technological strength are utilized in an unduly decentralized way, we will succeed in nothing. If everyone tries to develop as fast as others, the result will be failure to all. Although there are not only key development projects located in our Yunnan Province, guaranteeing their smooth construction will also benefit our Yunnan Province, because these projects are in the overall interests and will benefit the state. As long as our national economy develops, things in Yunnan will also be made easier.

He said: The first of the four principles specified by the 12th Party Congress for bringing about an all-round upsurge of the socialist economy is to concentrate funds on key development projects and continue to improve the people's living standards. According to this principle, in the period of the Sixth 5-Year Plan, we must resolutely implement the series of measures laid down by the state for concentrating construction funds, such as the issuance of national treasury bonds and the collection of funds for key energy and transport projects. We should guarantee the fulfillment of our assignments. We should subordinate our work to the needs of the state plan's key points and the overall interest.

Liu Minghui added: This does not mean that it is impossible to achieve considerable development in Yunnan's economic construction. He said: Our province has fairly favorable natural conditions and great potential for developing agricultural production, especially diversified occupations. We have had a certain industrial foundation and great potential for increasing industrial production. In Yunnan, there exist some construction projects invested in by the state and in particular, we can concentrate a certain amount of funds raised from localities on dealing with the province's key projects. Therefore, it is completely possible to score major achievements in our province's economic development and particularly in shifting all economic work onto the track of improving economic results.

Liu Minghui said: The party's line, principles and policies followed since the 3d Plenary Session of the 11th CPC Central Committee have aroused the initiative of the people of all nationalities in socialist construction. Gratifying changes have also occurred in the political and economic situation of our province. Over the past 2 years, the problem of feeding the population of over 10 million in poor mountainous and semi-mountainous areas has basically been solved and people's clothing has also improved. It was suggested in 1969 that Yunnan's total grain output could reach 18 billion jin, but this goal was not attained in the 10 years that followed. It was in 1979, the year after the convening of the 3d Plenary Session of the 11th CPC Central Committee, that Yunnan's grain output reached an unprecedented height. Since then, grain output continued to increase every year and it reached 18.34 billion jin last year. Grain output this year is expected to increase again despite serious natural disasters. Peasants' incomes have increased and their living standards have improved day by day. The unity of all nationalities has also been strengthened. At the same time, the growth rates of total annual output value of industrial and agricultural production in Yunnan in the last 2 years have exceeded the rate stipulated by the Sixth 5-Year Plan. A part of this plan has been fulfilled. Inspired by the spirit of the 12th Party Congress, people of all nationalities in Yunnan are confident and determined to fulfill and overfulfill the Sixth 5-Year Plan. The people of all nationalities in the border areas of Yunnan Province are determined to work in a diligent and down-to-earth way and to actively make their contributions to the fulfillment of the state's Sixth 5-Year Plan.

CSO: 4006/147

ECONOMIC PLANNING

HENAN NPC DELEGATION DISCUSSES SIXTH 5-YEAR PLAN

HK081500 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 7 Dec 82

[Text] Over the past few days, the Henan delegation which is attending the Fifth Session of the Fifth NPC has conducted group discussions on the report by Premier Zhao Ziyang on the Sixth 5-Year Plan. The deputies have unanimously held that the Sixth 5-Year Plan is a plan which steadily develops along the course of readjustment, further pushes our country's modernization forward and enables the people to continue to improve their livelihood. After this plan is passed, our objective of struggle will be more defined and the people throughout the country will be encouraged to strive to create a new situation in socialist modernization.

Zhao Wenfu, deputy, said: The whole Sixth 5-Year Plan is imbued with the spirit of seeking truth from facts, being positive and reliable and allowing for unforeseen circumstances. After efforts are made, the plan can be carried out. As in the whole country, the situation in carrying out the plan for the national economy in our Henan over the past 2 years has been good and the whole economy has developed steadily. The total industrial and agricultural output value of the whole province in 1981 was 7.5 percent more than in 1980. It is estimated that the total industrial output value in 1982 is likely to be 6 percent more than in 1981. Despite serious natural disasters, agricultural production is still on the increase. In particular, total output of summer grain this year is the highest of any previous year. In finance, a balance between income and expenditures has been achieved with a slight surplus. What is more gratifying, rural areas have implemented the party's economic policy.

Since the responsibility system of linking remuneration to output according to contracts was implemented, a prosperous and excellent situation has emerged. Many places will quickly change their poor outlook in 1 to 2 years and specialized households, key households and new economic combined undertakings will spring up like bamboo shoots after a spring rain. This vigorously promotes the development of the production of rural commodities and the prosperity of the rural economy. Such a good economic situation will lay down a solid foundation for the successful fulfillment of the Sixth 5-Year Plan.

He said: In the course of carrying out the Sixth 5-Year Plan, Henen shoulders an important task. We must go all out to make the country strong, rouse ourselves for vigorous efforts to make the country prosperous and do our work well in all aspects. First, we must bring all items of economic work into line with the work of raising economic returns and strive to make a new breakthrough in

economic returns. We must further do well in readjusting and straightening out enterprises. In particular, we must straighten out 36 large enterprises, each of which pays a tax of some 10 million yuan per year. Moreover, we must vigorously strengthen enterprises' technical transformation, raise their management level, tap the potential of existing enterprises and strive to increase production and income. Second, we must establish a concept of the overall situation and guarantee the building of key projects, such as energy resources and communications. In the Sixth 5-Year Plan, the (Yuxi) coal field, and power plant and Puyang oil field in our Henan are included in the state key projects. We must be determined, mobilize the forces of all quarters and, in coordination with relevant departments of the central authorities, embark on the building of these key projects as quickly as possible. Third, we must endeavor to change the backward outlook of the educational, scientific and cultural causes. In the principle of unified planning with due consideration for all concerned, we must properly increase some investments in this aspect where financial resources permit. We must further implement the policy on intellectuals, strengthen the building of the scientific and technological forces and bring their enthusiasm into full play. Fourth, we must further eliminate leftist ideology and continue to boldly reform the economic system. Furthermore, in compliance with the central arrangements, we must do well in systematically reforming the administrative organs.

(Zhao Yi), deputy, said: To do well in technical transformation in enterprises, we must first proceed from the existing foundation of the enterprises and, in light of the specific conditions, formulate specific and feasible plans. We must bring their characteristics and advantages into full play. Second, we must readjust technical transformation and the product mix of the enterprise. We must proceed from the urgent needs of the market. We must have in mind not only the domestic market but also the international market. Third, we must emphasize improving technology to the world level and rely on our efforts.

(Li Zifan), deputy, said: In the Sixth 5-Year Plan, it is extremely correct to grasp energy resources and communications as a key point. Puyang oilfield in Henan is a newly-discovered oil field and its quality is relatively good. The Ministry of Petroleum Industry is organizing a battle there. We must do our best to guarantee the successful building of this key project.

(He Daiwen), deputy, said: Henan must speed up the exploitation and utilization of coal. At present, it is essential to solve the following problems: We must change manual operation into mechanized operation. We must also strengthen production safety. We must change the production of a single product into diversification and do well in multipurpose use. We must turn waste materials into valuable materials. We must solve the transport problems.

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ECONOMIC PLANNING

GUANGXI DEPUTY DISCUSSES SIXTH 5-YEAR PLAN

HK090700 Nanning Guangxi Regional Service in Mandarin 1130 GMT 7 Dec 82

[Text] According to XINHUA, Qiao Xiaoguang, an NPC deputy, said at a group meeting of the current session of the 5th NPC: Our country's Sixth 5-Year Plan for developing the national economy is an action program for realizing the strategic objective set forth by the 12th Party Congress. Premier Zhao Ziyang's report is both encouraging and practical.

He said: According to the Sixth 5-Year Plan and the general strategic objective of quadrupling our country's total annual output value of industry and agriculture by the end of this century, Guangxi Zhuang Nationality Autonomous Region recently worked out its own plans for developing the economy with terms of 5 years, 10 years and 20 years.

Qiao Xiaoguang said: These plans were worked out according to Guangxi's economic development in the last 2 years. Guangxi's situation in the first 2 years of the Sixth 5-Year Plan was fairly good. This year, agriculture has reaped an all-round bumper harvest and grain output is expected to increase by 2.5 billion jin. Total output, per unit yield and margin of growth of this year are all the highest since the founding of the PRC. Compared with 1980, the total output value of industry and agriculture in 1982 is expected to increase by 14.3 percent, of which industrial output value increases by 13.4 percent, and agricultural output value by 15.5 percent.

After analyzing Guangxi's economic situation in the last 2 years, he said: Our guiding principles for working out plans are to emancipate our minds, to broaden our vision, to seek truth from facts and to work hard. By emancipating our minds it is meant that we should continue to smash those old conventions which obstruct our advance and should have the courage to carry out innovation and blaze new trails so as to open up a new prospect. By broadening our vision: we mean that our field of vision should be broadened so that we can see farther and broader. The principle of seeking truth from fact requires us to base our plans and objectives on our actual situation and they must be neither conservative nor prematurely advanced. By working hard we mean that we must boost our spirits and unswervingly struggle so as to score achievements. Quangxi's per capita output value of industry and agriculture still lags far behind the national level. Only by struggling hard can we narrow this gap.

Qiao Xiaoguang said: As the whole country will do, Guangxi will also take two steps in realizing the objective of 20 years, that is, divide it into the first and the second decades. We should link the plan for the first 5 years with the struggle objective of the 20 years. Our region's total industrial and agricultural output value in 1985 will increase by 30 percent against that in 1980, with an average annual growth rate of 5.5 percent. Of that, total industrial output value will grow by an average annual rate of 6 percent and total agricultural output value will grow by an average annual rate of 4.5 percent. Guangxi's 5-year plan and 20-year projection have their foundations: 1. Over the past 15 years, Guangxi has reached a similar growth rate. 2. Increase by a big margin in production can be achieved as long as technical transformation of existing enterprises is properly handled. 3. The increase in investment in fixed assets will speed up the development of industry and agriculture.

Finally, he said: In order to bring about an all-round upsurge of economy in Guangxi, it is necessary to continue to consolidate one foundation--grain; to grasp two mainstays--hydroelectric power and cane sugar; and give play to advantages in eight respects: cane sugar, hydroelectric power, nonferrous metal, building materials, local products, forestry, tourism, foreign trade and the utilization of foreign capital.

He said: At present, we should pay attention to the following points: 1. Raising funds through multiple channels. 2. Energetically developing procession of agricultural and sideline products and industries of comprehensive utilization. 3. Further enlivening the economy under state guidance. 4. Striving for a fundamental turn for the better in supplies in urban and mineral areas within 3 years. 5. Doing a good job in science, education and culture and treating them as strategic tasks.

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AGGREGATE ECONOMIC DATA

'BEIJING REVIEW' CARRIES FIGURES ON PRC DEVELOPMENT

HK100733 Beijing BEIJING REVIEW in English No 49, 29 Nov 82 pp 17-19

["Facts and Figures" column: "National Economy: Major Targets"]

[Text] [Editor's note] Beginning January 1983, BEIJING REVIEW will run a "Facts and Figures" column at irregular intervals to help our readers in their understanding and study of China. Most of the data published in this column will be provided by the State Statistical Bureau with other information contributed from appropriate departments. The following is an example of what will be published in this new column. Please write us if you have any comments and suggestions. [end editor's note]

Absolute Figures

Table I on page 18 highlights China's economic development since the founding of the People's Republic in 1949. Each year listed was historically significant to China.

In 1952, which marked the end of three years of economic restoration following decades of revolutionary wars, the nation's industrial and agricultural production reached an all-time high.

By 1957, the last year of the First Five-Year Plan period, China had basically accomplished the socialist transformation of the means of production and established a number of basic industries, and the economy was growing in a well balanced way and yielding fairly good results.

The decade 1957-1966 witnessed tremendous achievements in all fields of socialist construction. However, the national economy encountered setbacks and difficulties as a result of the 1958 "big leap forward," followed by serious natural adversities and the unilateral tearing up of contracts by the Soviet Union. Hence, the nation's first economic readjustment period which ended in 1965, the eve of the "Cultural Revolution" (1966-76).

The Third Plenary Session of the 11th Party Central Committee, convened towards the end of 1978, repudiated "left" mistakes and decided to switch the emphasis of party and the state work to economic construction. The session marked a great historic turning point in China.

In Table I, the 1952 gross national industrial and agricultural output value was calculated according to the 1952 constant prices; that of 1957 and 1965, according to the 1957 constant prices; that of 1978, 1980 and 1981, according to the 1970 constant prices. The other figures were calculated according to the prices of the corresponding years.

The national income refers to net output value of the five departments of agriculture, industry, building industry, transport and communications and commerce.

Table I

Items	Units	1952	1957	1965	1978	1980	1981
Year end total population	million	574.82	646.53	725.38	958.09	982.55	996.22
Year-end total number of labourers	million	207.29	237.71	286.70	398.56	418.96	432.80
of this: number of workers and staff members	million	16.03	31.01	49.65	94.99	104.44	109.40
Gross national industrial and agricultural output value	million yuan	82,700	124,100	198,400	569,000	661,900	691,900
Total agricultural output value	million yuan	48,400	53,700	59,000	145,900	162,700	172,000
Total industrial output value	million yuan	34,300	70,400	139,400	423,100	499,200	519,900
Total light industrial output value	million yuan	22,100	37,400	70,300	180,600	234,400	267,500
Total heavy industrial output value	million yuan	12,200	33,000	69,100	242,500	264,800	252,400
National income	million yuan	58,900	90,800	138,700	301,000	366,000	388,000
Revenue	"	18,370	31,020	47,330	113,110	108,520	106,430
Expenditure	"	17,600	30,420	46,630	111,100	121,270	108,970
Total capital construction investment	million yaun	4,360	13,830	17,090	47,960	53,940	42,790
Volume of railway freight	ton-kilometers	60,200	134,600	269,800	534,500	571,700	571,200
Total volume of retail sales	million yuan	27,680	47,420	67,030	155,860	214,000	235,000
Total import and export volume (RMB)	million yuan	6,460	10,450	11,840	35,500	56,380	73,530
Total volume of imports	million yuan	3,750	5,000	5,530	18,740	29,140	36,770
Total volume of exports	million yuan	2,710	5,450	6,310	16,760	27,240	36,760

(provided by the State Statistical Bureau)

Indexes

Table II reflects the indexes for the yearly figures listed in Table I and the average annual rates of growth, with 1952 as 100.

Growth rates of the gross national industrial and agricultural output value and the national income were calculated according to comparable prices which exclude the factor of price flucutations.

In China, there are two methods to calculate the average annual growth rate in a period. One is the traditional geometric averaging method, whereby the rate is calculated by averaging the difference between the base year and the last year of the period. The other is the algebraic averaging method. This means calculating the average annual growth rate by averaging the sum total of the growth of every year in the period in question compared with the base year. In ordinary cases, the two methods give more or less the same results. However, when there are fairly large fluctuations in the economic life, there will be big differences in the results obtained by the two methods. Table II uses the first method.

Table II

Items	1957	1965	1980	1981	Average annual percentage growth (1953-81)
Year-end total population	112.5	126.2	170.9	173.3	1.9
Year-end total number of labourers	114.7	138.3	202.1	208.8	2.6
Of this: number of workers and staff members	193.5	309.7	651.5	682.5	6.9
Gross national industrial and agricultural output value	167.8	268.3	906.0	946.8	8.1
Total agricultural output value	124.8	137.1	256.1	270.7	3.5
Total industrial output value	228.6	452.6	1,885.3	1,962.7	10.8
Total light industrial output value	183.2	344.5	1,256.2	1,433.3	9.6
Total heavy industrial output value	310.7	650.6	3,033.5	2,890.9	12.3
National income	153.0	197.5	510.1	525.4	5.9
Revenue	168.9	257.7	590.1	579.4	6.2
Expenditure	172.8	264.9	689.0	619.1	6.5
Total capital construction investment	317.2	392.0	1,238.3	881.4	8.2
Volume of railway freight	223.6	448.2	949.7	948.8	8.1
Total volume of retail sales	171.3	242.2	773.1	849.0	7.7
Total import and export volume	161.8	183.3	872.8	1,138.2	8.7
Total volume of imports	133.3	147.5	777.1	980.5	8.2
Total volume of exports	201.1	232.8	1,005.2	1,356.5	9.4

(provided by the State Statistical Bureau)

CSO: 4020/30

BRIEFS

HUBEI REVENUE QUOTA--This year, Hubei Province has reaped a bumper agricultural harvest, its industrial production has increased and its revenue is likely to reach 3.8 billion yuan--the objective of struggle--and is 150 million more than the quota of 3.65 billion yuan assigned to the province by the state. This information was obtained at the provincial conference on financial work, which concluded yesterday. Some 400 responsible comrades from financial departments at all levels of all prefectures, municipalities and counties attended the conference. Huang Zhizhen Provincial CPC Committee secretary and acting governor, [phrase indistinct] [HK081502 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 4 Dec 82 HK]

SHANDONG COUNTY INVESTMENT--Cangshan County, Shandong Province, had invested 11 million yuan in expanding production by the end of October 1982, twice that of the corresponding 1978 period. In addition to carrying out scientific activities, the county has also invested 1.3 million yuan in improving the facilities of primary schools. This year, Cangshan County has increased grain output by 120 million jin over 1981. The per capita distribution is expected to be 160 yuan, four times that of 1978. [SK230313 Jinan Shandong Provincial Service in Mandarin 2300 GMT 20 Nov 82 SK]

SHANDONG GRAIN, COTTON HARVESTS--Shandong Province's Ling County reaped rich grain and cotton harvests this year. Grain output reached 430 million jin, an increase of 43 percent over 1978, and cotton output reached 570,000 dan, 14 times the 1978 output. The per capita distribution to commune members in 1982 is 250 yuan, about 5 times that of 1978. This year, the county sold 52 million jin of grain to the state. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 21 Nov 82 SK]

HEILONGJIANG INDUSTRIAL PRODUCTION--While upholding the principle of taking the planned economy as dominant with market mechanisms supplementary, Mudanjiang Municipality, Heilongjiang Province, has tried every possible means to raise the economic results of industrial production. By 12 November, the municipality had fulfilled 1.35 billion yuan of industrial output value, up 18.5 percent over the corresponding 1981 period. By the end of October, enterprises covered by the local budget gained profits of 43.68 million yuan, up 19.3 percent over the corresponding 1981 period. Meanwhile, these enterprises handed over 109.79 million yuan of taxes to the state, an increase of 19.1 percent over the corresponding 1981 period. In addition, the quality rate of products turned out by the province has reached 27.3 percent. [SK032359 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 30 Nov 82 SK]

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ECONOMIC MANAGEMENT

REASONS FOR DECLINE IN PRODUCTIVITY EXPLAINED

Shanghai SHIJIE JINGJI DAOBAO in Chinese 11 Oct 82 p 9

[Article by Cao Gueisheng]2580 6311 3932] "Problems in Labor Management"]

[Text] At present, enterprise labor management work is not compatible with the need for increased economic benefits. Labor productivity is the principal indicator reflecting the economic efficiency of labor management. In Shanghai municipality, labor productivity in industries and enterprises declined by 1.6 percent in 1981 in comparison to 1980 - this requires serious attention. Specifically, the principal extant problems in labor management include:

Lack of Criteria for Number of People Employed by Enterprises

In enterprises, there is no definite calculation on which to base the number of people required for the amount of production work, causing upper level management departments to casually send people over to enterprises, and enterprises to blindly increase their staff. Also, within the enterprises, for each kind of personnel, department and workshop, there are no permanent people. When the workload increases, there is an increase in staff; when it subsides, there is a reluctance to reduce the staff. Consequently, there is a gradual increase in the kinds of work and positions created for workers. A job meant for three people is often assigned to four. There is a cotton textile factory whose actual employment level is counted among the advanced ranks among the trades. The textile enterprise carried out general reorganization and introduced fixed quotas for a fixed number of workers. Conducting a comparative analysis of the employment criteria issued by enterprise management, the enterprise discovered that the actual number of production workers exceeded the employment criteria by 1.7 percent. Based on calculations of the number of workers employed for jobs created in accordance with employment criteria and regulations, and eliminating the number of workers hired for self-created positions as a result of self-expansion, it was found that the number of needed employees could be less than the number established by employment criteria by 7.5 percent. As for self-created positions, investigation revealed that some were positions for people with nothing to do or were the result of over-specialization of labor, half of the workers in these positions could be eliminated.

Shortage of Front Line Production Personnel

At present, the front line is tight (production personnel), the second line is loose (auxiliary personnel), and the third line is bloated (administrative and management personnel). All enterprises generally experience shortages in some positions, particularly in production work positions involving toxins, dangers and hardships of hard and heavy labor, and alternating shifts, etc., such as we find in high temperature ceramics and transportation. In Shanghai municipality, statistics on industrial and business workers shows the percentage of each kind of worker and the total number of workers at the end of 1965 - production workers 77.9 percent, management personnel 7.9 percent, engineering and technical personnel 4.9 percent, service workers 6.6 percent. At the end of 1981, the percentage of each kind of worker and the total number of workers was: production workers 74 percent, management personnel 9 percent, engineering and technical personnel 4.2 percent, service workers 8.6 percent. Based on alalysis of bicycle factories, in March of 1980, direct production workers comprised 52.5 percent of the entire factory staff. By June of 1981, the figure declined to 49 percent and, by last July, it again declined to 42.4 percent.

Lack of Proper Arrangements for Surplus Workers

Currently, all enterprises carry some surplus workers. Heavy industrial enterprises such as engineering and metallurgical industries carry relatively more surplus workers, whereas light industrial enterprises such as the textile industry carry relatively few surplus workers. Surplus workers generally fall into 3 categories: The first category includes workers of low educational or technical level who cannot meet the demands of production development work. The majority of these are new workers who entered the factories after 1978. The second category includes woman workers, who are somewhat more prominent in heavy industrial enterprises. Because they are promoted too soon, it is difficult to find appropriate positions for them, which dampens their enthusiasm. The third category of surplus workers are the old, feeble workers, who are incapable of assuming the same duties as physically fit workers, they should be given light work. Some of these workers have to work intermittently. At present, the majority of enterprises keep their surplus staff at their original posts.

Productivity and Man-Hour Utilization Rates Are Low

In Shanghai, all industrial enterprises generally have labor quotas. The problem lies in the incompleteness of quotas for manufactured goods. Old products all have quotas, whereas newly manufactured products do not. Workers who assemble manufactured goods do not necessarily have quotas. Quota revision work for old products is irregular and the quota level particularly low. Usually, quotas fixed for 8 hours of labor can be completed in 6 hours. Quota revision work also involves the amount of cash bonuses to be received by workers. In addition, worker man-hour utilization rate is low. As reflected in statistical charts, the worker man-hour utilization rate does not reach 85 percent. Analysis of certain shipyards has shown: absenteeism among workers exceeds 8 percent, work time taken by

management or auxiliary work is around 7 percent. In addition, work time accupied by other factors divorced from production work is around 12 percent. Thus, the actual man-hour utilization rate is in the neighborhood of 73 percent.

There are many reasons for the above problems, and they are all closely related to the political ideological work of the enterprises, the quality of the worker ranks, and the distribution of cash bonuses, as well as the organization and management of production work, etc.

9519
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ECONOMIC MANAGEMENT

WORK IN ENTERPRISE CONSOLIDATION ENCOURAGED

Nanjing XINHUA RIBAO in Chinese 13 Oct 82 p 1

[Article by Yang Rongjie [2799 2837 2234]: "Over 800 Enterprises Have Entered the Phase of Systems Consolidation"]

[Text] This reporter learned that in our province, the first batch of 823 reorganized enterprises have now all entered the phase of systems consolidation after half a year of work.

In the past 6 months, these enterprises have carried out realistic overall reorganization according to the demands of the "Resolution on Implementing Overall Reorganization of State-run Industrial Enterprises" of the party Central Committee and the State Council based on the specific circumstances of each enterprise. Furthermore, positive results are beginning to appear.

Each area regarded strengthening their leadership in enterprise reorganization as the key point. As a result, leading groups in a majority of enterprises were reorganized and strengthened according to the needs of the cadres in the "four modernizations." As for the first lot of 56 reorganized enterprises in Wuxi, by the end of September, 53 enterprises had undergone reorganization of plant level leading groups. After plant level leading groups had been reorganized in the Wuxi Printing Plant, they promptly focused on consolidating the intermediate core and on reforming the management structure. A new atmosphere now prevails in these enterprises.

The first lot of reorganized enterprises all focused on proceeding from the reality of each plant and selecting the breakthrough point for reorganization. In general, enterprises that had a solid management foundation regarded study as primary and made every effort to give priority to the economic system of responsibility and to reform the system of enterprise management. Enterprises with an intermediate level of management launched activities to investigate and confer by means of emulating the advanced. They began by concentrating on basic work in management and set up and reorganized various management systems. Those enterprises with serious waste reorganized all forms of management by launching activities to oppose waste. Units with lax labor discipline first focused on strengthening labor discipline. After undergoing reorganization there were noticeable improvements in enterprise management and administration. The automobile transport

company in Nanjing Municipality did much work on revising their labor organization. They organized production by fixing the number of staff and quotas. They strengthened work in basic management. They not only increased transport efficiency, they also brought about gratifying changes in the mental attitudes of staff and workers. The whole company strived to ensure that the occupational morality of new people and new things continued. Unsound phenomena such as asking for food and goods from vendors and violating rules and regulations were reduced. During enterprise reorganization, Yangzhou Municipality conscientiously focused on implementing the economic responsibility system at every level. They tried to consolidate responsibilities, rights and benefits so that the level of enterprise management increased substantially.

While undergoing reorganization, many enterprises further rectified management concepts. They focused on product quality, increased variety and assortment and promoted the advancement of production. They obtained relatively good economic benefits. Xuzhou's 11 enterprises which are included among the key points underwent overall reorganization. Between January and August, except for one plant that had a reduction in output value and profits compared to last year due to the limited production and readjusted prices of synthetic fibers, the output value of the other 10 enterprises increased 23 percent over the same period last year. Paid-in profits doubled over the same period last year and far exceeded the growth rate of enterprises throughout the municipality.

Concerned leading departments in the province believe that the results achieved by the first lot of reorganized enterprises are remarkable. However, their development is uneven. Some regions, departments and enterprises do not have an adequate understanding of the major significance of overall reorganization. They do not stress the key points of reorganization. As for the so-called problems of "encountering obstacles" which are extremely difficult and strongly policy-oriented, progress has been quite slow. They still do not focus very much on these areas. It is necessary to sum up experiences, overcome shortcomings and focus on increasing economic benefits under the guidance of the spirit of the 12th National Party Congress. We must do good work on the "five items of work" and do even better work on reorganizing enterprises.

9864
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ECONOMIC EFFECTIVENESS, ECONOMIC CONTRACT SYSTEM

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 10, 15 Oct 82 pp 56-58

[Article by Du Yu [2629 4416]: "The Effectiveness of the Economic Contract System in Raising the Economic Benefits of Commerce"]

[Text] At the end of 1981, the Fourth Session of the Fifth National People's Congress deliberated, adopted and later promulgated and put into effect the "Economic Contract Law of the PRC," the first law on economic contracts since the establishment of our government. This law clearly prescribes that raising economic benefits is one of the major objectives of drawing up and enacting the economic contract law. It also makes detailed and systematic provisions to legally ensure that enterprises and society in general be urged to increase economic benefits by means of economic contracts.

The effectiveness of implementing the economic contract system (which in this context refers mainly to commodity procurement and marketing contracts and other contracts that concern commodity circulation) in raising economic benefits is mainly borne out by the following aspects:

1. Promoting Marketability of Products and Adaptation of Products to Social Needs

The outstanding special features of our present market situation is that consumers save money and delay purchases, that they show greater selectivity in their purchases of goods and that they demand high quality goods at low prices, greater variety in the assortments, new styles and appropriateness for timely application. The inconsistencies between the production and the marketing of a section of our manufactured goods seem to be gradually turning from quantity to quality, pricing, variety of designs and colors, assortments, specification,, time, etc. In the wake of larger production, greater diversification and increased incomes, the countryside still suffers from such problems as obstructed trade channels and insufficient supplies of manufactured goods, also over-stocking and stagnating sales of certain products and difficulties in selling certain agricultural and sideline products. This is one aspect; the other aspect is that in arranging economic plans, there is, to varying degrees, a trend to strive for speed, to lay stress on profits in output value, to disregard the needs of society that

have to be satisfied and to disregard the economic benefits to society. The production of certain products that are not suited for the market and prove unsaleable cause a widening of the discrepancy between the quantities of commodities that can be supplied and the social purchasing power, whereby the financial burden on the state and the economic losses are increased and damage is also done to the economic interests of the enterprises, the producers and the consumers. These two aspects urgently demand that we raise general awareness that for the benefit of adjusting the economic interests of all concerned we must endeavor as far as possible to have the products fit market requirements and accord with social needs. Using a system of economic contracts is a good method to solve this problem. The economic contract is a kind of written agreement concluded on the principle of equality and mutual benefit, of unanimity through consultation and of fair prices and remunerations, that clearly states the mutual obligations and rights between judicial persons for the purpose of realizing a certain economic objective. Both sides, supply and demand (purchaser and consumer), must determine clearly, definitely and in concrete terms at the time of signing the contract the quantity, quality, price, delivery time, also design and color, assortment, specifications, model, etc., of the goods and must furthermore include strict legal limitations and guarantees for the responsibilities undertaken. As the economic interests of both sides are involved, the parties must pay careful and thorough attention to all conditions covering the need and the capability, the use value of the object (e.g. the commodity) and to whether it conforms to the needs of the consumers. If there is a descrepancy between the need and the capability, if the commodity would not conform to the need, then both sides will under normal conditions refrain from signing the contract. This method will have the effect of equalizing price and use value, of encouraging production and business enterprises to initiate production and arrange supplies according to needs and have the commodities conform to market requirements and demands.

2. Increase the Planned Nature of Commodity Circulation

Our present work of market forecasting is extremely weak and the planning phase of procurements and marketing are also weak. There is no coordination between industry and commerce, between agriculture and commerce and in the internal economic relations of commercial operations. We must therefore earnestly improve our work of economic planning and increase its scientific quality. To achieve a high scientific quality in our economic planning, much work will still have to be done, and one item of such work must be to properly solve the problems of relating economic planning with economic contracting. We must regard economic contracting as a major basis and backbone in the realization of plan formulation and plan promotion, so as to render the directive and guiding qualities of the plans concrete and accurate and to achieve the fulfillment of the plans. We must submit the contracts to an examination, effect corrections and supplemental additions, to have them conform to the state of objective reality, and must on the whole bring all non-plan procurements and marketed commodities into line with the state plan, thus joining up planned economy with market regulation, combining the centralized unified control of economic activities in commodity circulation with decentralized flexible operations, and establish an integration of

plan and contracts. It is particularly necessary in our country with its huge rural area and 800 million rural population, largely working under a system of collective ownership, to coordinate state planning with the production and business activities of commune team enterprises, to have them form one organic and united entity. Concluding commodity procurement and marketing contracts, and their strict economic responsibilities, will also instill a greater sense of responsibility in enterprises, staff and workers, will spur them on to an earnest examination and study of production capacities, management conditions, consumption needs, etc., encourage a vigorous market forecasting, alertness to all market information and strengthen the planned nature, and avoid irrational behavior, in procurement and marketing activities. Only if we make a success of our economic planning and also take care simultaneously to make full use of the economic contract system, have our national economy develop in proper proportion and in a coordinated manner and organize our commodity circulation in a planned and rational way, can we reduce irrationalities in our management and circuitous transportation of goods, reduce the intransit time for goods, reduce irrational tie-up of funds and be able to speed up considerably the turnover of commodities and capital, reduce circulation expenses, save time in moving merchandise and to greatly raise the economic benefits for commercial enterprises and for society in general.

3. Beneficial for the Perfection of the System of Management Responsibility in Enterprises

As our country is about to implement the Economic Contract Law, an important special feature to note are the stipulations for contract violations, which lay down various strict responsibilities, particularly economic responsibilities of both parties to the contracts, so that confusion arose from the contracts and contracts became mere formalities. For instance, if the supplier in the case of a procurement and marketing contract does not supply the goods according to the assortment, specifications, quantity, quality and proper time stipulated in the contract, or despatches the goods to the wrong place or wrong unit (person), he will have to pay a penalty for defaulting on his contract obligation and compensate for damages. If the buyer, contrary to contract stipulations, returns goods halfway, does not pay punctually or does not take delivery of the goods, he too will forfeit penalties and have to indemnify for losses incurred. The penalties and compensations for losses must be paid from the profit part of the capital of the enterprises and must not figure as production costs. This will urge the enterprises and their staff and workers to be concerned, out of consideration for their own material interests, about the accurate fulfillment of the contract. It will increase their sense of responsibility and will spur on production and management units to strengthen the internal plan nature of operations. It will make for increased attention to investigation, research and market forecasting, will establish and strengthen the system of personal responsibility, will cause enterprises to adopt principles of business accounting and improve business management. The Economic Contract Law also stipulates that if the economic contract cannot be fulfilled, or not completely fulfilled, due to a fault of the superior leading organ of the business administration office in charge, these agencies must bear the

responsibility for defaulting on the contract. This provision will help establish clear responsibilities and will spur on the said agencies to improve their work. Concretely implemented and conscientiously carried out, these provisions will bring about a closer link between the responsibilities of the enterprises and that of the leading departments. At present some of our commercial enterprises, when carrying out the system of business responsibility, often begin merely from the aspect of profit distribution. If there is no linkage with the execution of party policies, with the overall fulfillment of the plan and raising the quality of service, such enterprises may easily end up merely considering the interests of their own enterprise or their own persons and thus depart from the socialist direction. We must make full use of the economic contract system as an effective method of managing socialist economic enterprises. We must make it a major indicator when measuring the quality of work done at an enterprise to see whether the enterprise is effectively concluding economic contracts and to what extent if fulfills its contracts, and we must urge the enterprises to progressively perfect their systems of business responsibility. While having gained a certain degree of business autonomy, the enterprises must correspondingly bear responsibilities, and after gaining a certain amount of economic benefits must carry out a reasonable distribution of their earnings on the principle of consideration to be given to the state, the collective and the individuals concerned. In this way the rights, responsibilities, operational results and profits of the enterprise will be appropriately combined.

9808
CSO: 4006/109

DOMESTIC TRADE

CHANGES TO IMPROVE MARKETING IN LIGHT INDUSTRIES DISCUSSED

Shanghai JIEFANG RIBAO in Chinese 28 Oct 82 p 1

[Article by Tang Rencheng [0781 0088 2110] and Jiang Mengdan [5592 1125 0030]: "Bureau of Light Industries Proposes Eight Measures For Change"]

[Text] Faced with the current increases in unmarketable products and fierce market competition, what should industrial sectors do? After undergoing earnest analytical discussions, cadres in the Shanghai Bureau of Light Industries concluded that the only solution is to "change what needs to be changed." Recently, they proposed eight measures for change.

This year, although the Shanghai Bureau of Light Industries maintained their superiority in increased production and sales, the number of unmarketable goods also began to increase. At present, there are only three light industrial products supplied by vouchers: bicycles, sewing machines and Qianmen cigarettes. Some goods that in the past were in short supply on the market, are now available in surplus amounts. Even more noteworthy is the fact that the consumer's choice of products has developed from being satisfied with just having a name brand to having one's choice of name brands. They can choose fine, solid and durable new products. Just relying on brand names as before is not regarded favorably.

These changes on the market have produced wide repercussions in the thinking of cadres in the Bureau of Light Industries. Recently, they carried out earnest analysis and studies of production conditions, market conditions and the trends of development. They strongly felt that they could no longer satisfy the needs of yearly advances in production and annual increases in benefits. This kind of arrogance and complacency has seriously hindered new developments in Shanghai's light industries. It has lead to the following results: increases in output and output value have been used to conceal decreases in product quality; increased production and income have been used to conceal an increase in the depletion and cost of some products; brand names have been used to conceal the obsolescence of products and their poor performance. Only by truly opposing arrogance, shattering complacency and radically changing ideology, production, management and work style is it possible to "change what should be changed." In this way, light industries can achieve new advances under new circumstances. They initially planned to start making preparations now so that next year production in light industries would embody changes in the following eight areas.

Change in Guiding Ideology. It is necessary to change from maintaining output and output value to giving priority to the market. It is necessary to organize production, unify production and management and unify rate and benefits in light of the varying needs of international, domestic and rural markets. At present, all the firms of this bureau are stepping up investigations of urban and rural markets. They have gone to visit commercial enterprises and foreign trade departments of their own accord to discuss linking up production and marketing. They are trying to understand market trends for the next 2 years so that they can reorganize production.

Change in Product Structure. They proposed the slogan of "production for one generation, building up reserves for one generation, manufacturing for one generation and planning for one generation." Arrangements have already been made for production next year. Emphasis is on doing good work on the batch production of 17.2 millimeter girls watches, quartz clocks, parallel viewfinder cameras, color film, 107 dual purpose vehicles and 10 new products. At the same time, work has begun on manufacturing and storing nutritious food for children and on another lot of new products. As a result, there are changes in light industrial products every year.

Change in the Mode of Enterprise Organization. The method of production is gradually being transformed from the currently existing method of having large batches with few varieties to small batches with large varieties. At present, based on the bureau's overall arrangements, the clock and watch industry has already begun to carry out appropriate centralization of cooperative linking technologies that have an excessively drawn out technical process. They have set up special plants and special line production for new products. Collaborative project plants have developed departments to arrange for the fittings of new products in order to meet the demands of the entire machine plant.

Change in Methods of Production. Changes in carrying out technological transformation have occurred. Emphasis on rate and profits has given way to emphasis on upgrading and replacing products. For example, in businesses where there have been fairly major changes in the market such as the manufacturing of pens, glass products, chemical products for daily use, enamel thermoses, etc. they are planning to popularize combined molds, multiple molds and conversion molds. They are striving to realize their objectives of having one machine with many functions and one line with a wide assortment.

Change in Work on Information. Recently, the bureau leadership handed down a resolution to transfer personnel to improve work in information and research. They specially established a Light Industries Information Research Institute to launch work in technological information and market forecasting. Concerned departments in the bureau began to set up information exchanges with the information departments of the People's Bank and other units. They are working hard to gradually form an information network that links up higher and lower levels and those at home and those abroad.

Change in the Mode of Manufacturing New Products. It has changed from experimental departments for new products that independently conduct operations to emphasis on new products. They have formed the coordinated processes of planning, manufacture and production. They have broken the limits of departments and accelerated the rate of development of new technologies and new products.

Change in Management. It has changed from waiting for customers to come in and from disregarding the market to taking the initiative to launch an attack and to integrate the management of production. At present, this bureau is summing up experiences in linking up industry and commerce, promoting sales and accelerating production in the three firms involved with manufacturing pens, chemical products for daily use and paper. They are planning to promote this throughout the bureau.

Change in Economic Policy. In order to increase the enthusiasm of basic level enterprises for producing new products, the leadership of this bureau decided that under the conditions permitted by financial reserves, as for all those key new products that influence output value, profits, retained shares and welfare bonuses, the Bureau will provide compensation by implementing the "four acknowledgements of debts." As for collaborative project businesses, such as the firm manufacturing glass products, etc., they are planning to implement the method of internal checks which will be of benefit to the assembly of new products.

9864
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FOREIGN TRADE

CONFERENCE ON ANTI-SMUGGLING CAMPAIGN HELD

Guangzhou GUANGZHOU RIBAO in Chinese 22 Oct 82 p 1

[Article "Provincial People's Government Convened the 3rd Conference on Anti-Smuggling Campaign: Correctly Appraise the Situation and Firmly Carry On the Anti-Smuggling Struggle to the End"]

[Text] The Provincial People's Government convened the 3rd Provincial conference in anti-smuggling campaign at Cong Hua from the 12th to the 17th of this month. With the spirit of the 12th Plenary Session as its driving force, the conference transmitted and carried through the spirit permeated by the 3rd anti-smuggling conference held by the three southeastern coastal provinces, and set-up an anti-smuggling task force to crack down on smuggling activities. The conference asked that each region accurately appraise the anti-smuggling situation, earnestly strengthen leadership, and give full play to the functions of relevant departments at all levels of government to enable them to adopt powerful measures and firmly carry out the anti-smuggling struggle to the end. Provincial vice-governors Wang Ning [3769 1337] and Yang Deyuan [2799 1795 0337] presided over this conference.

The emphasis of this conference was on the analysis of the current status of the anti-smuggling struggle. It was clearly and correctly pointed out that under the correct leadership of the Party Central Committee, State Council, the provincial Party committee and provincial government, in more than a year's time, especially during this past year, various regions have carried through the spirit of the 1st and 2nd anti-smuggling conferences held by the three south-eastern coastal provinces and have implemented relevant decisions of the Party Central Committee and State Council. These regions have launched a penetrating attack against smuggling and blackmarketing activities with good results. Compared to the rampancy of smuggling and blackmarketing of 2 years ago, there has been a positive turnaround. Judging from the first half of the year, we find that large-scale maritime smuggling activities have basically been halted. Black markets with smuggled goods openly laid out for sale have been banned. Smuggling and blackmarketing activities

engaged in by state enterprises, businesses and collective units have been stopped. There is a much heightened awareness among the majority of cadres and people regarding the anti-smuggling struggle, and a large number of serious and important cases have been uncovered and prosecuted. However, the anti-smuggling struggle is still far from completion. We ought to point out that Hong Kong and Macao are our next door neighbors and Taiwan is at our front door, our country and capitalist countries belong to 2 different social systems and have 2 different market and price systems with relatively significant disparities between domestic and foreign prices on many commodities. Unlawful elements will certainly take advantage of these factors and run the risk of danger. For the same reasons, the anti-smuggling struggle is a complex, ardous and long-term struggle.

There has been some increase in inland smuggling activities this past year, especially notable is the smuggling conducted through transportation channels. Using material processing and other trade channels, smugglers operate at a time when materials, parts and finished products are being imported or exported. Based on customhouse statistics, 675 freight-related smuggling cases were tracked down in the first half of the year, with smuggled goods valued at more than 17.17 million yuan. The number of cases and the value of smuggled goods have increased by 57.3 percent and 27.4 percent respectively in comparison with last year's figures for the same period. Cases involving smuggling of Hong Kong currency out of the country have abruptly increased. 3,284 cases involving foreign currency smuggling have been investigated and tracked down, with the amount of currency valued at 4.94 million yuan. The number of cases and the amount of foreign currency seized have increased by 21 percent and 24 percent respectively in comparison with the 4th quarter figures of last year, and 20 cases involve a value of over 1 million yuan. Both the volume and value of cases involving smuggling of foreign currency abroad are unprecedented. Furthermore, since last June, there has been a resurgence in maritime smuggling and blackmarketing activities. From this January to August, the total value of smuggled goods seized amounts to over 78 million yuan. These facts, on the one hand, clearly indicate that our work has achieved new records and, on the other hand, lucidly tell that smuggling and blackmarketing activities still exist and are still serious in certain respects in some areas. If we do not do our work well, promoting a non-resistent, relaxed attitude, there will occur not just a minor relapse but a relatively major relapse of smuggling crimes. Therefore, we must study thoroughly and in depth the 12 important documents. Linking together the practical realities of the local struggles, we must correctly appraise the current struggle situation, continuously enhance our understanding of the importance of the anti-smuggling campaign, and firmly establish a long-term combat mentality. We must look upon the anti-smuggling struggle and the crackdown on criminal activities attacking the economic and other domains as one important guarantee for our efforts to initiate a new phase in socialist construction, and firmly carry on the anti-smuggling struggle to its conclusion.

Based on the extant problems of the present anti-smuggling campaign and the developmental requirements of the situation, the conference placed heavy emphasis on the following: While continuing to strengthen our maritime

anti-smuggling force, in order for it to operate efficiently at sea, we must concurrently and seriously strengthen our inland anti-smuggling force in order for it to perform well on land, and practically stop up the lookholes in freight channels being utilized for smuggling and blackmarketing purposes. Therefore, the conference has conducted earnest discussions in suppressing smuggling and has formulated concrete and practicable measures to resolve issues such as reorganization of the current import-export management system, strengthening of the anti-smuggling administrative agencies, buildup of maritime anti-smuggling troops, and security management of coastal vessels and harbors. We must firmly crackdown on current criminal smuggling and blackmarketing activities and continue to relentlessly seize all major and important smuggling operations.

9519
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TRANSPORTATION

EXPRESS FREIGHT FOR PERISHABLES TO HONG KONG DISCUSSED

Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 5, Sep 82 pp 10-11

[Article by Ban Changqing [3803 7022 7230]: "The Express Trains That Supply Hong Kong and Macao With Fresh Products"]

[Text] A train loaded with fresh and live products takes off from the Jiangan Station in Hankou directly for Shenzhen. The train trails wagons filled with live and noisy poultry and livestock like chickens, ducks, pigs and cattle as well as live, aquatic products like breams, silver carp, mandarin fish and eels. This is the express freight train that has supplied fresh products to Hong Kong and Macao from the inland areas of our country since March 1962.

Fresh and Live Products Turn Rotten

In the past, fresh products for Hong Kong took 4 to 5 hours to transport from Jiangan to Guangzhou on ordinary freight trains. Due to this lengthy transport time, numerous activities en route and the lack of safeguards against transit and reconnections at marshaling and regional section stations, losses of fresh products en route were serious. For example, the death rate of live hogs reached 6 to 9 percent, poultry 10 to 13 percent, live fish 40 to 70 percent. Due to slow transport, on one occasion in the summer of 1961, out of a wagonload of 486 chickens from Hankou to Hong Kong, only 16 survived. On another occasion a wagon load of Huanghe River carp took 8 days to get from Xuchang to Shenzhen. Before reaching Shenzhen they all died and not one was transported to Hong Kong. Normal products that were "live, new and fresh" became "dead, rotten and foul" trash on reaching Hong Kong, which did not fulfill the needs of compatriots in Hong Kong and Macao and also resulted in loss of remittance income.

Hong Kong is small with a total area of 1,061 square kilometers. Its population, according to figures released by authorities, in December, 1981 was 5.2 million but actually there are over 6 million people, 98 percent are Chinese and the others are British, American, Filipino or Indian. In addition, about 200,000 or so tourists visit Hong Kong annually. Macao's area is even smaller, which is merely 16 square kilometers, with a population of almost 300,000. Due to the shortage of land, a large population and lack of resources, Hong Kong and Macao locally produce only a small quantity of

pigs, chickens, ducks, vegetables and other agricultural sideline foodstuff. These items are mainly imported from the Chinese mainland, Taiwan, and Southeast Asian countries. Some come from Australia and various parts of the U.S. but the Chinese mainland plays the major role. However, fresh, live and perishable products are market-dependent commodities that particularly require a guarantee of quality and because of fierce market competition quality control must be strict. In the past, fresh and live products supplied to Hong Kong and Macao suffered damage, death and spoilage because of sluggish transport. At times they were pushed out of the market by foreign goods, creating considerable losses. For example, in 1955 our grain, oil and foodstuffs had 47.68 percent of the market. In 1966 it decreased to 36.68 percent. A similar situation emerged in the past few years. In our supply of eggs to Hong Kong, for instance, the proportion of the 1966 market was 97.47 percent. In 1977, due to a shortage in supply, our share of the market declined to 68.14 percent. Of course, there was more than one cause for such a situation, but poor railway transport was an important factor.

Operating Express Trains

In the early 1960s, in order to speed up the growth of export trade, do well in transport of supplies of goods and materials to Hong Kong and Macao and to change the serious losses of fresh goods, the Ministries of Railways and Foreign Trade commonly agreed on operating an express freight train. First, the No 751 express train was trial-operated from Jiangan Station direct to Shenzhen. Later, No 753 express train was also operated from Xinlonghua Station and No 755 from Zhengzhoubei Station. Beginning in 1979, to speed up the transport of fresh and live commodities from Hunan Province to Hong Kong, the No 751 train was changed to operation from Jiangan and Changsha Stations on alternate days. The express train grew from 1 to 3 operations, and the scope of transport from 3 to 7 provinces and 1 municipality. To speed up the transport of livestock such as pigs, cattle and poultry, assignment for Hong Kong's railways was lightened and the turnover of poultry wagons were speeded up. On the basis of operational conditions of the 3 express trains and through study by the Shenzhenbei Station and the organs in Hong Kong, it was decided that beginning in 1979, every day the 3 special livestock trains would be marshaled at the Shenzhenbei Station to switch to Hong Kong's tracks, and the 3 arriving express freight trains would connect with the 3 special livestock trains. This was a new transformation, and in terms of the transport process, it was in actuality extending the terminal station of the express freight trains from the Shenzhenbei Station to Hong Kong and Kowloon.

Increase in the Supply of Fresh Products to Hong Kong

For 20 years, due to common efforts by the two Ministries of Railways and Foreign Trade, endless strengthening of transport organizational work and improvement of the speed and time of operation of trains, the 3 express freight trains have gradually been transformed and upgraded, and they have played an important role in speeding up foreign trade goods and materials, increasing the quality of commodities, guaranteeing supplies to the market

in Hong Kong and Macao, and expanding the income from remittance. For example, due to the operation of the No 751 express freight train from Jiangan Station to Shenzhenbei Station, the supply of fresh, live and perishable products increased tangibly in quantity and quality. For example, the export of live hogs from Hubei Province was merely 16,531 in 1961. In 1981, it reached 372,000, a 22-fold increase. In 1981 the death rate of live hogs en route was 0.1 to 0.2 percent, a decrease of 5.8 percent from 1961, and on the average each hog lost 16 percent less fat. Compared to 1961, during the entire year of 1981 we exported 86,900 more live hogs and earned over U.S. $8,780,000 more in remittance. In the past, Zhejiang Province supplied Hong Kong with only live large hogs. From 1976, supply grew to include live medium hogs, live geese, white bird-bone chickens, fruit, vegetables and many other varieties of products. In terms of live fowl and livestock alone, the volume of shipment increase from over 148,000 in 1962 to over 379,000 in 1981. Guarantee of meeting the market demands of festivals and holidays in Hong Kong and Macao has also been made. For instance, when market demand for fresh and live products increased for National Day in 1981, the Shanghai Station promptly organized the sources of goods, stressed the transfer of vacant cars, and between 1 to 5 October 500 large hogs were delivered daily, thus increasing remittance income by U.S. $250,000.

Operation of the 3 express freight trains have improved and speeded up the transport of fresh and live products. It has also increased the proportion of our products in the Hong Kong market. For example, the proportion of live hogs has increased from 37.9 percent in 1961 to 97 percent. In particular, the proportion of cattle was only 65.4 percent in 1976 with foreign cattle 34.6 percent . In 1981 it increased to 99.9 percent, basically monopolizing the market. Cattle from Indonesia, Australia and other countries no longer come to Hong Kong. Only 88 head of cattle have come from Thailand. The sale volume of eggs, poultry, frozen food and vegetables have also increased tangibly.

Characteristics of the Express Freight Train

The 3 express freight trains are the stipulated and unique special freight trains on the railway route map in our country. They are in some ways different from other freight trains primarily:

Fixed train running schedules and fixed stops. The No 751 train is set to leave Jiangan at 0028 hour and arrive in Shenzhenbei Station at 0115 hour. The No 753 train is set to leave Xinlonghua at 0218 hour and arrive in Shenzhen at 1055 hour. No 755 is set to leave Zhengzhoubei Station at 0303 hour and arrive in Shenzhenbei Station at 0516 hour. They have few in-between stops and only for such operations as trailing cars, adding ice and water. This guarantees speedy transport of the trains.

Preferential Operation Shortens Stopover Time

In the laying out of route maps, express freight trains have preference over freight trains in general, shortening as far as possible the stopover time at marshaling and regional section stations. This guarantees a higher speed for

express freight trains than other freight trains. For instance, the No 753 train takes 80 hours, 35 minutes to travel the entire course from Xinlonghua to Shenzhenbei Station at an average speed (including stopover time) of 24.1 kilometers per hour. An ordinary freight train would take about 120 hours, or 39 hours, 25 minutes longer at an average speed of 7.9 to 8.0 less kilometers per hour, or 8 kilometers per hour slower.

Marshaling Method for Special Freight Cars

Because the number of cars in an express freight train is small, haulage sometimes does not meet stipulated standards. To avoid lack of axle (that is when a train is not hauling adequate tonnage) and cut down waste, it is correspondingly stipulated with possible trailing of other freight cars. For this, freight car marshaling plan has given concrete provisions for marshaling sequence and details. The No 753 train from Xinlonghua Station, for instance, is stipulated to trail 4 car groups: Starting from the engine, the first group trails the Shenzhen refrigerator cars; the second group trails fresh, and live products as well as goods in general to be unloaded in Shenzhen; the third group trails mechanical refrigerator cars to be unloaded at Shenzhen; and the fourth group trails cars from Yingtan Station and beyond.

Cars Can Switch Tracks from Shenzhen to Kowloon

After the express freight train arrives at Shenzhenbei Station, it switches tracks in Shenzhen where it is hauled directly to Kowloon by a small engine. Moreover, it punctually enters Hong Kong's special line delivery cars thus economizing on expense, further decreasing injury and death of live products, and speeding up the turnover of goods.

Express freight trains have been in operation for 20 years. In these 20 years, due to the mutual coordination and common effort of the Ministries of Railways and Foreign Trade, in practice some methods have been created that are aimed at safeguarding good operation of express freight trains such as the "one cooperation," that is, close cooperation between the Ministries of Railways and Foreign Trade; "two guarantees," that is, foreign trade departments guaranteeing sources of goods and railway departments guaranteeing rail cars: "three preferences," that is, transportation plan gives preferential approval, preferential arrangement in plans for switching and marshaling cars, preferential use of engines and rail lines; and "four fixes," that is, fixed loading location, time for transport cars, marshaling plan, and holding routes. Besides, demands on "high quality, suitable quantity, balance, timeliness" have been made on the supply and transport of fresh and live products. These methods and demands have brought good results.

The main problem existing in the operation of express freight trains is the low wagon trailing rate and timely operation of trains is still not good enough. Further measures are being adopted to resolve them.

9586
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PROGRESS IN RAIL TRANSPORT DISCUSSED

Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 5 28 Sep 82 pp 2-3

[Article by Yuan Kai [0337 1956]: "Long and Busy Rail Transport Lines"]

[Excerpts] This year, railway transportation in our country has taken on a new prospect for comprehensive growth. In the first half of the year both rail passenger and freight volumes have been overfulfilled and reached the highest level for the same period, ever. The quality of service has improved and progress has been made in transforming the present state of railway technology and newly-constructed railroads. Looking at the railway work since National Day, people can see good prospects for future growth.

So far this year, the implementation of the policy of further readjusting the national economy has continued to achieve results and all trades and professions have expanded at a steady pace. Not only has there been a rapid increase in the production of energy resources, light industry, chemical industry, construction materials and materials in support of agriculture, some trades, such as the machinery industry, whose production temporarily decreased during readjustment have also come out of the "slump" and shown a steady increase. Exchanges between towns and country have been active, markets have been prosperous and foreign trade has grown. This has made even greater demands on rail transportation and has provided favorable conditions. It is under such conditions that comprehensive growth has been achieved in rail transport.

Large Increase in Passenger Transport

As you walk into Shenyang Station, which has the highest volume of passengers in the country, you would find it crowded with trains and people and looking particularly busy. This station has over 140,000 passengers who get on and off trains every day and it operates over 140 passenger trains that, including freight and switch cars, pass once every minute or so. In the first half of the year passenger transport was overfulfilled by 51.5 percent, an increase of 8 percent over the same period last year. Many stations on other main lines have a similar situation. In the first half of the year 492,000,000 people were transported nationwide, which is 51.8 percent of the plan or a 3.9 percent increase over the same period last year.

Since the 3rd Plenary Session of the 11th Party Central Committee, transport of passengers by rail has grown rapidly and has doubled the average growth rate since the founding of the state. The growth of the volume of passenger transport this year has some distinct characteristics: First, under the general increase in passenger transport volume of all railways throughout the country, the main lines in coastal regions east of the Beijing-Guangzhou line has had a greater increase. Second, under the increase in the number of passengers travelling long and short distances, the volume of long-distance passengers has had a greater increase. Third, under the increase of passengers at all stations throughout the country, major coastal stations have a greater increase.

Passenger transport volume has increased because of economic growth, a rise in the people's living standard, expansion of tourism, and particularly the growth of production teams and enterprises along coastal areas has promoted close economic exchanges between provinces and cities and between regions. This is a reflection on rail transport of our country's adoption of an open policy toward foreign countries and the policy of enlivening the economy. The increase in passenger transport volume will continue.

Steady Rise of Coal as Key Freight Transport

Coal has always been the greatest amount of material transported by rail in our country. The task of transporting coal from west to east and from north to south is burdensome. In the first half of the year, Taiyuan Railway Bureau whose major task is the transportation of coal has completed 53.6 percent of its year's task in freight including coal. Yumengou Station, the main coal station for outgoing Xishan coal, has increased the capacity of its transport cars, completed its tasks, and has basically satisfied the needs of the Xishan Mining Bureau. Other railway bureaus with considerable coal transport tasks have also completed their tasks.

Due to the readjustment of the national economy, the volume of freight transport by rail has somewhat decreased in the past two years. But this year, following the overall production growth of all trades and professions, steady increases have appeared in rail freight volume. In the transport of energy resources particularly that of coal, due to the increase in raw coal production in the first half of the year by 11.3 percent over the same period last year, the volume of rail transport of raw coal increased over last year by 9.5 percent for a total of 218 million metric tons, or 6.65 million metric tons more than the highest level for the same period, ever.

The total industrial output of the whole country in the first half of the year has doubled that of the same period last year, and the volume of rail freight also increased by 8.2 percent at a total of 551 million metric tons or 53 percent of the year's plan. Not only has the transportation of goods and materials within the plan and of key materials been completed, materials which are outside the plan, locally distributed and for the people's daily use have also been loaded and transported. Following readjustment of the national economy, the structure of rail freight has also undergone corresponding changes. In the volume of rail freight, the portion reflecting

increase of materials in support of agriculture, light and textile industries is considerable, while that reflecting the increase of heavy industrial goods and materials does not have a high corresponding increase even though the machinery industry has picked up.

The distance of passenger and freight transport has also increased. The turnover volume of passengers and freight, the comprehensive product representing rail transport, completed 376.9 billion ton kilometers in the first half of the year, exceeding the highest level in history by 7.5 percent.

Transportation Capacity Has Increased

So far this year, new results have been achieved in tapping the potential of transportation, strengthening organizational work in transportation and expanding transportation capacity. For example, new route maps for trains have been drawn up and new runs have been added according to the conditions of increase in passenger and freight on different lines. On the basis of implementation of new maps after last October, passenger and freight trains have been added on various main lines, with over 60 for passengers and over 100 for freight, so that the overall capacity for passenger and freight transportation has generally increased. The Beijing-Guangzhou, Beijing-Harbin, Beijing-Shanghai and other lines with a pressing demand for passenger transport have adopted the means of marshaling rapid passenger trains or adding carriages to increase the passenger transport volume. In areas and sections where transport is in demand, measures such as increasing the set haulage, organizing balanced or direct transportation have been adopted. Places with favorable conditions have adopted the branch use of new lines to expand transport capacity. For example, good results have been made in utilizing the Beijing-Tongliao line to help share the transport of coal to the Northeast, the newly-constructed Handan-Changzhi line to share the outflow of coal from eastern and southern Shanxi through the Taiyuan-Jiaozuo line, the Jinan-Xinqiao-Xinchang line to share the flow of goods from the Jiao-Ji and Jin-Pu lines, and the Zhicheng-Liuzhou, Xiangfan-Chongqing, Anhui (Wuwu)-Jiangxi (Guixi) and other new lines to share transport with existing railroads.

Rapid Progress in Technical Transformation

Considerable progress has also been made in strengthening the technical transformation of existing railroads, constructing necessary routes and increasing new transport capacity. This mainly involves connecting and expanding routes for transporting coal, resolving outbound coal from Shanxi, outbound coal and phosphorus from the Southwest and opening routes behind coastal ports particularly expanding the outbound transport of coal from Shanxi. For example, overall construction of the Beijing-Qinhuangdao line began in March this year where over 400 bridges and tunnels are undergoing pressing repair. Comprehensive work has also begun on the Beijing-Baotou multiple tracks and the electrification projects of its Fengtai-Shacheng-Datong section. The multiple tracks between Xuzhou and Shangqiu in the eastern section of Long-Hai line have already been handed over for use. Part of the multiple tracks in areas of the Shijiazhuang-Dezhou and Jiao-Ji lines will be completed within the year. The electrification projects of the Shijiazhuang-Taiyuan line and the western section of the Long-Hai line between Tianshui and Lanzhou will be in use within the year. After these

projects are totally completed and in use, routes will increase for the outbound transport of coal from Shanxi, transportation flow will be smooth all-around and outbound freight capacity will increase by 50 percent. Besides, key reconstruction projects due to floods have basically been completed on the Baoji-Chengdu, Baoji-Tianshui and Yangpingguan-Ankang lines which have been hit by natural disasters and seriously blocked.

Moreover, good results have been achieved in maintenance, vehicles, labor, electric work and other areas. The consumption of locomotive fuel has decreased. Coal, oil and electricity have been economized compared to last year. Labor production rate, cost, revenue, profits and other economic quotas in transportation have improved over last year and economic benefits have increased. Profits in transportation in the first half of this year have increased over last year by 16.7 percent.

Although construction work in rail transport has made progress throughout this year, there are still many shortcomings and problems, particularly poor safety in train operations, a high number of accidents, heavy losses and casualties. The quality of service is poor and work efficiency is low. Sale of tickets to passengers is inconvenient. Freight owners often have difficulties in consigning shipment, and goods get lost or damaged. Catering service at stations continues to be poor. Critical comments on these problems have been offered from inside and outside the rail service.

The State Council has recently given important instructions. Leadership of railway departments at all levels and the broad masses of staff workers are adopting vigorous measures to strengthen political and ideological work, maintain strict discipline, strengthen the legal system to maintain safety in train operations, achieve punctual train schedules, give consideration to passengers and goods, provide quality service, bring tangible results, strive to increase economic benefits, stress efficiency of transport and meet the needs of building rail transport by national economic growth and the masses.

9586
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LOCOMOTIVE NOMENCLATURE IN PRC

Beijing TIEDAO ZHISHI in Chinese No 4, 28 Jul 82 pp 20-22

[Article by Pu Jiwu [5543 4764 2976]: "On Locomotive Types and Nomenclature in China"]

[Text] We often see a conspicuous label on the sides or front of railroad locomotives, such as "Advance," "East Wind," or "Shaoshan." Some do not have Chinese characters but letters of the alphabet such as "KD." A few years ago one could also see national phonetic symbols such as " ㄅㄢ." These characters or symbols are followed by several Arabic numerals. What do these markings mean? Herein lies some interesting railroad lore. There are many kinds of locomotives; each kind has different models; and each model has different serial numbers. Reading the markings tells us the kind, model and serial number of the locomotive.

Wheel Arrangement and Axle Arrangement

The three kinds of locomotive used in China today are the steam locomotive, the diesel locomotive and the electric locomotive. Each kind has many different models. The nations of the world use various systems for naming locomotive models. Some use letters of the alphabet, while others use the names of persons; sometimes the names are chosen by the entire country, and sometimes they are chosen by a railroad department or a manufacturer. It is all quite multifarious and complicated. However, they have one point in common: the system of classifying locomotive models by wheel arrangement--"wheel order" or "axle order"--is used internationally.

We know that a locomotive has many wheels and each pair of wheels is connected by an axle. At the front of the locomotive are the "pilot wheels," in the middle are the "driving wheels," and at the rear are the "trailing wheels." The "wheel order" uses Arabic numerals to indicate the number of pilot wheels, driving wheels, and trailing wheels. For example, the Victory class steam locomotive has four pilot wheels, six driving wheels and two trailing wheels: its wheel order is therefore 4-6-2. The "axle order" uses Arabic numerals to indicate the number of axles. If we convert the wheel order to axle order it will be 2-3-1. This indicates that there are two pilot axles, three driving axles, and one trailing axle.

China's steam locomotives have always been classified by wheel order, but diesel and electric locomotives are classified by axle order. Diesel and electric locomotives have two trucks (frames under the locomotive which swivel on curves:

the axles and wheels are mounted on these frames). The number of axles on each truck is indicated by numbers or letters. A subscript "o" indicates electric transmission; a prime "'" indicates hydraulic transmission. A "2" or a "B" indicates two axles; a "3" or a "C" indicates three axles. For example, the Beijing model hydraulic transmission diesel locomotive has the axle order 2'-2', or B'-B'. The East Wind model electric transmission diesel locomotive has the axle order 3_o-3_o or C_o-C_o.

Model Names and Code Names

A "model name" is a name for a type of locomotive with a certain wheel or axle order. "Victory," "Beijing," and "East Wind," are all model names. Locomotives of the same model which differ in power, or which were built at different times, will have subscript numerals as supplementary indicators following the model name. For example, "East $Wind_2$," "East $Wind_3$," etc. Letters may be used as codes for the model names. For example, the pinyin alphabetic spelling of "Victory" is "Shengli": the initial letters "SL" are used as a code name for Victory class locomotives.

Evolution of the Model Names of Steam Locomotives

Prior to liberation the situation with regard to steam locomotives models in China was very complex. At one time there were over 150 locomotive models, and for a long time English, American and Japanese nomenclature was used for the model names. As a result of attrition there are only ten-odd locomotive models in common use today. (See table)

The table shows the wheel orders, model names and the evolution of the code names for steam locomotives. Before liberation, railroads in the northeast used the Japanese syllabary for code names. In July 1950, just after liberation, the national phonetic symbols were designated for use throughout the entire country.

In September 1959, almost 10 years after liberation, another great reform was carried out as the pinyin alphabet was substituted for code names. Except for a few principal locomotive models, this system has been in use since then. Of the various models listed in the table, those most commonly used and most numerous, past and present, are the following: 4-6-2, 2-8-2, 2-8-0, 2-10-2. The 4-6-2 model has a truck with two pairs of pilot wheels, turns easily, and has large diameter drivers (1,750 millimeters): it is suited to high speeds, and is used as a passenger steam locomotive all over the world. In the United States it is called "Pacific," so its code name is PF; the Japanese code name is パシ [pashi]; and the national phonetic code name is 文丁 [poxi]: all are derived from "Pacific." The 2-8-2 model was designed in the United States for Japan around 1920. Its name means "Emperor of Japan." The English name is "Mikado," which is based on a Japanese reading of the character "帝" [di, 'emperor']. Its code names have been シカ [mika], MA, and ムケ [muke]. This model is used extensively as a freight locomotive in China. The 2-8-0 model is called "Consolidation" in English; its code names have been CS, ソリ [sori], ムカ [sile], and KD. It is frequently used for freight and switching.

Table: Wheel Order of Steam Locomotives in Common Use in China

Wheel Order	English Name	Preliberation Codes Eng.	Preliberation Codes Jap.	1950 National Phonetic Codes	1959 Pinyin Alphabet Codes
2-4-0	4-Coupled			[illegible]	
4-4-0	American	AM	アメ	[illegible]	AM
4-4-2	Atlantic			[illegible]	
0-6-0	Six-Wheels	SA	シカ	[illegible]	XK
2-6-0	Mogul	MG	モガ	[illegible]	MG
2-6-2	Prairie	PR	プレ	[illegible]	PL
2-6-4	Double End	TS	タブ	[illegible]	DB
4-6-0	Ten-Wheels	TN	テキ	[illegible]	TH
4-6-2	Pacific	PF	パシ	[illegible]	SL Victory RM The People
2-8-0	Consolidation	CS	ソリ	[illegible]	KD
2-8-2	Mikado	MA	シカ	[illegible]	JS Construction JF Liberation
4-8-2	Mountain	MN	マテ	[illegible]	MT
4-8-4	Confederation	FE		[illegible]	KF
2-10-0	Decapod	DP	デカ	[illegible]	DK
2-8-8-2	Mallet	RB	マレ	[illegible]	ML
2-10-2	Sante Fe	SF	サタ	[illegible]	ST FD QJ Advance

Some of the Principal Steam Locomotive Models

The four models mentioned above have undergone many alterations, resulting in new types. Some of these have become China's principal steam locomotive models.

In September 1959, when locomotive model names were changed throughout the country, the 4-6-2 model name was changed to "Victory," and the code name was changed to SL. This is an important passenger locomotive on some of China's trunk and trunk and branch lines. Locomotives with the same wheel order which were built at different times, or which generate different amounts of power, are distinguished by supplementary subscripts as SL_1, SL_2, SL_3, etc.: there are altogether 14 such varieties.

Subsequently, the Victory model was redesigned to increase the boiler pressure, as well as the speed with which it could be built. The new passenger locomotive built by the Sifang Locomotive Plant was named "The People" (Ren Min), with the code name RM. Aside from the diesels, this is the most important passenger locomotive on China's trunk lines.

In 1959, the 2-8-2 class freight locomotive was renamed "Liberation" (Jie Fang), with the code name JF. Other locomotives of this class are distinguished by subscripts such as JF_2, JF_3, etc. Altogether there are 16 types.

Later the JF model was redesigned and performance was improved by the Dalian Locomotive Plant and other locomotive plants. This new freight locomotive was named "Construction" (Jian She), with the code name JS. This is an important freight locomotive on China's trunk lines.

The 2-10-2 class locomotives imported from the Soviet Union in 1958 were called ФД class steam locomotives. The model was named after the initials in the Russian alphabet of the proletarian revolutionary Feliks Dzerzhinsky. At that time China renamed it "Friendship" (You Hao), with the code name YH. Afterward, it was redesigned in China and turned into a better performing and more powerful 2-10-2 class locomotive called "Peace" (He Ping), with the code name HP. At the beginning of the Cultural Revolution the first type was renamed "Antirevisionist," and the second type renamed "Anti-imperialist." In 1971 the old name of the first type was restored using the pinyin alphabet: "FD"; and the second type was renamed "Advanee" (Qian Jin), with the code name QJ. The Advance model is the most powerful freight steam locomotive in China today.

Changes in the Names of Diesel and Electric Locomotive Models

China began to study diesel and electric locomotives in 1958. In 1964 serial production of a 1,800 horsepower electric transmission diesel locomotive was begun. It was named "Dragon" at first, and then officially renamed "ND." N stands for the pinyin spelling of "diesel" (neiran), and D stands for the pinyin spelling of "electric transmission" (dianchuandong).

At that time trial manufacture of a hydraulic transmission diesel locomotive was taking place. It was named "NY," with N standing for "diesel," and Y standing for "hydraulic transmission" (yechuangdong). Accordingly, the electric transmission diesel locomotives imported from Romania were named ND_2, and those imported from France were named ND_4. The hydraulic transmission diesels imported from West Germany were named NY_5, NY_6, NY_7, etc.

There is a different rule for the naming of electric locomotives. They are classified according to the number of axles and the type of rectifier. The electric locomotive built at the Zhuzhou Locomotive Plant in 1959 was named "$6Y_1$": 6 indicates six axles, and Y indicates "ignitron rectification" (yinranguan zhengliu). Afterward, when silicon semiconductor "ignitron rectification" (yinranguan zhengliu). Afterward, when silicon semiconductor rectifiers were introduced for electric locomotives, this model was named "6G": 6 is the number of axles, and G stands for "silicon" (Gui). The type of electric locomotive imported from France was the 6G.

In August 1967, the high tide of changing street and shop names also affected locomotive nomenclature. The Chinese-built electric transmission diesel locomotive was renamed "East Wind," and the hydraulic transmission model was renamed "The East Is Red." These names are still in use. In 1975 the hydraulic transmission diesel locomotive built by the Beijing 27 Locomotive Plant was named "Beijing." This is the principal passenger locomotive on trunk lines today.

The Chinese-built electric locomotive is named "Shaoshan," with the code name SS.

The Serial Numbers After the Model Name

The serial number consists of three or four digits after the locomotive model name. These numbers are part of a nationwide system to facilitate control, and to prevent errors in the use of locomotives caused by duplicate numbers. The locomotives of each class have individual numbers in a certain sequence. For example, the serial numbers of the Liberation class run from 1 to 2050 for the JF models, from 2051 for the JF_2 models, from 2551 for the JF_3 models, from 2701 for the JF_4 models, and so forth. The serial numbers of the other classes are generated in the same fashion.

The markings on each locomotive consist of a model name and a serial number.

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TRANSPORTATION

YELLOW RIVER BRIDGE AT JINAN COMPLETED

Beijing GONGLU in Chinese No 8, 1982 pp 41, 33

[Article by Zhang Mingfa [1728 2494 7569]: "Yellow River Highway Bridge at Jinan Is Completed and Opened to Traffic"]

[Text] On 14 July 1982 the Yellow River highway bridge at Jinan was completed and a ceremony was held to open it to traffic. The great bridge is altogether 2,023.44 meters long. The main section is a stayed-cable bridge with prestressed concrete continuous girders. It has a span of 488 meters, composed of sections which are 40, 94, 220, 94 and 40 meters long: this is one of the longest bridges constructed to date in China. The approach spans have 51 arches, with spans of 30 meters, for a total length of 1,535.4 meters. They are constructed with pretensioned prestressed concrete compound box girders. The deck has a roadway 15 meters wide and walkways 2 meters wide on both sides. The bridge meets the weight bearing standard: automobile--20, trailer--100. It can also bear large 218 ton flatbed trailers. The channel beneath the bridge meets the standards of a class 4 navigation channel. The entire foundation is constructed of cast-in-place piles with diameters of 1.5 or 1.2 meters. The piles of the main piers are 82 to 88 meters long; the piles of the approach spans and bridge abutments are 40 to 54 meters long. The two main towers are A-frame gate type. The suspension towers are fixed to the supporting abutments without any pier shafts. They are 68.4 meters high. The tower girders are separated in a suspension system. The cables are in a fanlike layout: they are 8 meters apart; there are 11 pairs; each pair is composed of 2 to 4 bundles; and each bundle is made up of 67 to 121 galvanized high strength steel wires which are each 5 millimeters in diameter. The cable anchorages are chill cast pier anchorages. The main girders are double-chambered half-closed box girders, prestressed in three directions.

Although a portion of the capital for the bridge was provided by the state, the greater part was raised by Shandong Province itself. Plans were drawn up by the Shandong Province Communications Planning and Design Institute, while construction was carried out by the construction unit of the Communications Department. Work was begun in December 1978 and completed at the end of June 1982. Examination and acceptance was organized by the Shandong Provincial People's Government. Su Yiran [5685 3015 3544], secretary of the provincial party committee, cut the

ribbon in a bridge opening ceremony attended by Vice Minister of Communications Wang Zhanyi [3769 1455 1150]. The bridge required a capital investment of 36.1 million yuan, 5,164.6 tons of steel, 4,777.2 cubic meters of lumber, and 36,397 tons of cement.

The completion of the Yellow River highway bridge at Jinan has great significance for linking up highway communications between north China and east China, promoting urban and rural economic prosperity, supporting industrial and agricultural construction, benefiting the lives of the people, strengthening national defense, and accelerating the four modernizations construction. At the same time it has given China rich experience in bridge building, and greatly advanced China's bridge building technology.

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TRANSPORTATION

DONG RIVER BRIDGE IN SICHUAN COMPLETED

Beijing GONGLU in Chinese No 8, 1982 p 33

[Article by Ji Cuihua [1323 5050 5478] and Fan Kun [5400 2492]: "Dong River Bridge at Cangxi, Sichuan, Completed and Opened to Traffic"]

[Text] On 14 May the Dong River bridge on the Shima Highway in Yuanba Prefecture, Cangxi County, Sichuan Province, was completed and opened to traffic.

This is a 263.5 meter long prestressed trussed arch highway bridge. The superstructure has three 60 meter and one 35 meter prestressed reinforced concrete trussed arches, and one 4.7 meter prestressed reinforced concrete slab. The bridge deck has a net width of 7 meters, with .75 meter sidewalks on both sides. Gravity pier abutments form the substructure. The loading standard is: automobile--20, trailer--100.

Plans for the Dong River bridge were made by the Highway Bureau of the provincial Communications Department and its No 1 Engineering Office. The bridge was constructed by the No Engineering Office's No 3 Construction Crew. After completion of the bridge, inspection and acceptance was carried out by organizations of the provincial Communications Department and its Highway Bureau, the Nanchong Prefecture Communications Bureau, and other local government and highway maintenance units. All concurred that the engineering quality of the main span is good.

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TRANSPORTATION

QINGHAI-TIBET RAILWAY SECTION COMPLETED

Beijing TIEDAO JIANZHU in Chinese No 9, 1982 p 38

[Article by Liang Yuteng [2733 5038 7506]: "Qinghai-Tibet Railway: Preliminary Inspection Begins on the Haergai-Xireg Section"]

[Text] From 1 June to 14 June 1982 the Qinghai-Tibet Railway Haergai-Xireg Section Preliminary Inspection Leaders' Group, organized by the Ministry of Railways and the railway corps, carried out a preliminary on-the-spot examination of the project, and held a first meeting of the Preliminary Inspection Leaders' Group in Xining.

The 181 kilometer Xining-Haergai section of the Qinghai-Tibet Railway is already in operation. The Haergai-Xireg section runs west from Haergai station, through Gangca County, along the north bank of Qinghai Lake. After passing through Tainjun County, and Guanjiaoyakou in the Wunong Mountains, it enters Ulan County in the Qaidam Basin, and ends at the Xireg depot station. It is altogether 250 kilometers in length. This section runs mostly through a high plateau region: topography and landforms are complex, elevation is high, the cold season is long, and the temperature varies greatly between day and night. This is the first railroad to be constructed in China which is entirely on a high plateau above 3,000 meters.

Construction of the Haergai-Xireg railway began in 1958, but was halted in 1961. Work resumed in 1974, and was completed at the end of 1977. After several further years of work on the accessory installations, production and living facilities are now complete.

It is planned to turn over the Haergai-Xireg section to operating departments at the beginning of 1983. Once it is in operation, it will play an important role in opening up the precious resources of the Qaidam Basin, and in supporting China's four modernization construction; in making prosperous the economies of the various nationalities of Qinghai and Tibet, and in strengthening national defense and national defense construction. At the same time, it will enrich our experience in operating and managing railroads on high plateaus.

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GENERAL

GOAL OF QUADRUPLING DISCUSSED

Shanghai WEN HUI BAO in Chinese 15 Oct 82 p 3

[Article by Zhang Jiguang [1728 4949 0342]: "What is Meant by 'Quadrupling'?"]

[Text] In his report to the 12th National Party Congress, Comrade Hu Yaobang pointed out that in the 20 years from 1981 to the end of this century, if we continue to upgrade economic benefits, the annual gross output value of industry and agriculture throughout the country will guadruple. This is the magnificent strategic objective proposed by the party Central Committee after comprehensive analysis of our nation's economic situation and trends of development.

What is meant by quadrupling?

This so-called quadrupling is based on the 1980 industrial and agricultural gross output value (according to calculations of 1980 constant prices). In the year 2000 our country's industrial and agricultural gross output value will quadruple to almost four times the earlier figure. That is, it will increase from 710,000 million yuan in 1980 to about 2,800 billion yuan.

However, quadrupling is not merely a concept of output value. It includes the unity of rate and benefits and the unity of production construction and the achievements of science and technology. First of all, it will upgrade economic benefits, in the next 20 years, if we reduce consumption, use the same amount of energy resources and raw and processed materials, it will bring about the doubling of value or the doubling of economic benefits. Next, the output value of industrial energy resources and raw and processed materials will double in 20 years. Further, it will improve science and technology and it will improve the range and quality of processing industries by improving technology and increasing the number of new varieties. At the same time, the advancement of science and technology may open up new and developing industrial sectors and enable newly developing industrial sectors such as electronics, nuclear energy, information, petrochemical industries, new materials, etc., to grow to maturity and develop. This will also strongly stimulate growth in the industrial gross output value. In this way quadrupling of the gross output value will occur. Therefore, quadrupling is a general concept that will occur given constant improvements in economic

benefits. Growth in output value is not exaggerated nor is it inflated, it is realistic. It is reached by constantly increasing the level of science and technology, tapping existing potential, decreasing consumption, improving quality and marching towards improved range and quality in production.

Does quadrupling mean that the output value of various products quadruple? This needs further concrete analysis. Quadrupling refers only to the annual industrial and agricultural gross output value and embodies the output or output value of every kind of product. Due to the fact that objective conditions vary, they will not all necessarily quadruple. Some will quadruple exactly, some will less than quadruple and others will more than quadruple. In agriculture for example, because it is restricted by cultivation and natural factors, it would be fairly difficult for grain and cotton to quadruple. As for energy resources, much capital has to be invested and the production cycle is lengthy. Thus, if we set up a mine with a yearly output of 1 million tons of coal, it will require an investment of 200 million yuan and 7 years. If we set up a 10 billion watt hydroelectric power station, it will require an investment of 1 billion yuan and 7 years. It is very difficult to quadruple in these sectors. On the other hand, certain sectors such as the machine building industry are industries that supply material and technical equipment to various sectors of the national economy. They keep up with the needs of development in production and technological transformation so that they may triple or quadruple. Further more, at present our national economic structure is in the process of reorganization and reform. As the economic structure gradually becomes more rational, corresponding changes will occur in the proportional relationship and growth rate of various products.

Does quadrupling imply that the national income and the wages of staff and workers must also quadruple? This too requires further concrete analysis.

There are both connections and differences between the gross output value of industry and agriculture and the national income. The industrial and agricultural gross output value is the total volume of industrial and agricultural products for one year based on currency calculations. The national income is the remaining sum which is deducted from the gross output value and used to compensate for the cost of production materials that have already been used up. Thus the national income total must be less than the gross output value. If the industrial and agricultural gross output value quadruples, whether or not the national income will also quadruple depends on the state of economic benefits. In general, if economic benefits do not change and the gross output value quadruples, the national income will also quadruple. If economic benefits improve remarkably and the same quantity of production materials are used to produce even more products, then the growth rate of the national income will be greater than the growth rate of the gross output value. On the other hand, if economic benefits are cut back, the growth rate of the national income will be somewhat less.

Under normal conditions, the rate of increase for wages will be less than the growth rate of the annual industrial and agricultural gross output value. First of all, this is because some of the national income is used for

accumulation as well as for people's consumption. In the past few years, the state has made major efforts to resolve problems left over from the decade of unrest and to improve the people's standard of living. As a result, the proportion of consumption in the national income rose from 63.5 percent in 1978 to approximately 70 percent in 1981. The people's living standards are continuing to improve. However, the extent of this improvement must be less than the extent of increases in the growth of production and increases in labor productivity. If not, the state will not have the necessary accumulation of capital to carry out extended reproduction. The people's standard of living would lack a material basis that continues to improve. This in turn would influence the basic interests and long-term interests of the people. Second, some of the national income used for consumption goes to increasing the wages of staff and workers in physical production sectors. Some must also be used to increase the wages of staff and workers in non-physical production sectors. Third, following the development of production, the number of staff and workers has also increased. The extent of average wage increases among staff and workers must be less than the extent of increases in the total amount of wages. However, as the report of the 12th National Party Congress pointed out, by the end of this century the income of urban and rural people will double and redouble. According to calculations of the population's average income, we may still reach a comfortable level, that is, reach the level of prosperity of the world's middle class. The people's standard of living will improve in a tangible way.

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